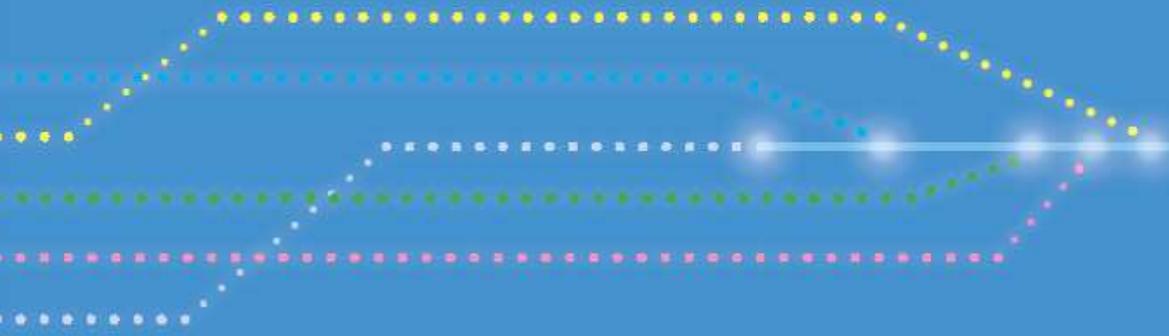


Satellite Account on Nonprofit and Related Institutions and Volunteer Work



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Department of Economic and Social Affairs

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List of Abbreviations

2008 SNA – System of National Accounts 2008

BLS – U.S. Bureau of Labor Statistics

CCSS – Johns Hopkins Center for Civil Society Studies

CIC – Community Interest Corporation (UK)

CIRIEC – Centre of Research and Information on the Public, Social, and Cooperative Economy

COPNI – Classification of Purposes of Nonprofit Institutions

FTE – Full-Time Equivalent

ILO – International Labour Organization

GDP – Gross Domestic Product

GVA – Gross Value Added

IAEG – Inter-agency Expert Group

ICATUS – International Classification of Activities for Time Use Surveys

ICLS – International Conference of Labor Statisticians

ICNPO – International Classification of Nonprofit Organizations

ICNP/TSO – International Classification of Nonprofit and Third Sector Organizations

ISIC – International Standard Industrial Classification

L3C – Low-profit limited liability company

LFS – Labor Force Survey

NPI – Nonprofit Institution

NPISH – Nonprofit Institutions Serving Households

QCEW – Quarterly Census of Employment and Wages (US)

RoW – Rest of World

SDGs – UN Sustainable Development Goals

SNA – System of National Accounts

TSE – Third or Social Economy Sector

TSES-SA – Third or Social Economy Sector Satellite Account

TUS – Time Use Survey

UNECE – United Nations Economic Commission for Europe

UNSD – United Nations Statistics Division

WISE – Work Integration Social Enterprise

Acknowledgements

The Satellite Account on Nonprofit and Related institutions and Volunteer work brings various efforts together to offer comprehensive methodological guidance for creating, in a manner that is compatible with the 2008 SNA, a coherent satellite account on what we are calling the “third, or social economy, sector,” the “TSE sector” for short, embracing three components: (a) NPIs that are not controlled by government; (b) certain related institutions that are not controlled by government, including in-scope cooperatives, mutual societies, and social enterprises; and (c) volunteer work.

The preparation of this *Handbook* started as an update of the 2003 United Nations *Handbook on Nonprofit Institutions in the System of National Account (UN NPI Handbook)*. However, since the 2008 SNA recommends only separate identification of NPIs and is silent on separately identifying the “related” institutions and volunteer work, the framework recommended in this handbook takes a broader approach while still adhering to the methodological concepts of the core SNA. The TSE sector handbook also include the recommendations of other international economic accounting standards such as, the International Standard Industrial Classification (ISIC, Rev.4) and the International Labour Organization *Manual on the Measurement of Volunteer Work (ILO Volunteer Measurement Manual)*; country experiences implementing the *UN NPI Handbook*; and recent discussions in statistical and policy circles about the need to go “beyond GDP” and assess trends in “human well-being.”

Throughout the development of the Handbook, guidance was provided by a consultative group of experts, which reviewed various drafts of the handbook, including an expert review in 2016. The contributions of the experts and their commitment to the *Handbook* are very much acknowledged and appreciated.

Feedback was also received from participants at various meetings and conferences, The *Handbook* has benefited greatly from the numerous useful comments and suggestions made by national statistical offices, central banks, regional commissions, academic associations and international organizations as well as the Inter-secretariat Working Group on National Accounts (ISWGNA) during the global consultation in the period July to August 2017.

The TSE sector Handbook was prepared in close collaboration between the Johns Hopkins University Center for Civil Society Studies and the Economic Statistics Branch of the United Nations Statistics Division. Particular mention may be made of the contributions by Lester M. Salamon, S. Wojciech Sokolowski and Megan Haddock of the Johns Hopkins University Center for Civil Society Studies; and Herman Smith of the United Nations Statistics Division. The *Handbook* was prepared under the overall responsibility of Ivo Havinga (UNSD).

Chapter 1: Introduction

A. Background

1.1 The System of National Accounts (SNA) is the internationally agreed standard set of recommendations on how to compile measures of economic activity in accordance with strict accounting conventions based on economic principles. The recommendations are expressed in terms of a set of concepts, definitions, classifications, and accounting rules that comprise the internationally agreed standards. The accounts provide a comprehensive and detailed record of the complex economic activities taking place within an economy and of the interactions among the different economic agents and groups of agents (2008 SNA, 1.1).¹

1.2 The SNA covers all institutional units that are resident in an economy, and assigns each of them to one of five institutional sectors: financial corporations, non-financial corporations, general government, households, and non-profit institutions serving households (NPISH) (2008 SNA, 1.9 and 1.10).

1.3 In order to maximize its usefulness, the recommendations of the SNA are necessarily of a general nature. The universality of the SNA approach is one of its major advantages and indeed served as a guiding principle for its development and design. At the same time, SNA acknowledges the value of satellite accounts and more targeted handbooks to offer additional guidance and technical advice to national accountants, statisticians, and other users of national accounts on specialized topics that, for one reason or another, may not be specifically addressed in the central framework of the SNA but are nonetheless important for policy or programmatic purposes (2008 SNA, Chapter 29).

1.4 One such specialized topic is measuring the economic activity of non-profit institutions (NPI), related institutions and volunteer work—variously referred to as “non-profit,” “voluntary,” “civil society,” “cooperative, mutual, social enterprise,” or “non-governmental” organizations and volunteer work—and collectively as the “third,” “voluntary,” “non-profit,” “social economy,” or “independent” sector. Types of organizations commonly included under these terms are sports and recreation clubs, art and cultural associations, schools and universities, research institutes, hospitals, social service organizations, religious congregations, faith-based service organizations, humanitarian assistance and relief organizations, charities, advocacy groups, and foundations and charitable trusts. Increasingly, however, this category has been extended to include various entities referred to as “social economy institutions,” including certain cooperatives, mutual societies, social enterprises, and non-stock and benefit corporations as well as volunteer work performed outside formal organizations.

1.5 This handbook brings these various efforts together to offer comprehensive methodological guidance for creating, in a manner that is compatible with the 2008 SNA, a coherent satellite account on what we are calling the “third, or social economy, sector,” the “TSE sector” for short, embracing three components: (a) NPIs that are not controlled by government; (b) certain related institutions that are not controlled by government, including in-scope cooperatives, mutual societies, and social enterprises; and (c) volunteer work. Since the 2008 SNA recommends only separate identification of NPIs and is silent on separately identifying the “related” institutions and volunteer work, the framework recommended in this handbook takes a broader approach while still adhering to the methodological concepts of the core SNA.

1.6 Despite their diverse organizational or legal forms, NPIs, related institutions and volunteer work share a high level of commonality that distinguishes them from other institutional units covered by SNA. This commonality can be characterized as involving the combination of three crucial elements:

- a) They are **private**, i.e., not controlled by government;

¹ United Nations, (2009) “System of National Accounts 2008,” New York: United Nations. Available at: <https://unstats.un.org/unsd/nationalaccount/sna2008.asp>. Hereafter referred to as 2008 SNA.

- b) Their main purpose is to serve a **social or public purpose**, rather than to maximize and distribute returns to invested capital; and
- c) Engagement in them is done of **free will and without compulsion**.

1.7 TSE institutions and volunteer work attract policy interest because of their growing economic presence, their extensive involvement in the solution of public problems, and the consequent contributions they are thought to make to the common good. There is a developing consensus among national authorities, international development agencies, and the scholarly community about the importance of the TSE sector. Recent United Nations documents thus make reference to such institutions and volunteer work as crucial to the achievement of the sustainable development goals and the 2030 Agenda for Sustainable Development.²

1.8 Despite the increased interest in these institutions and volunteer work, systematic empirical information on them has long been highly limited because most of them are not separately identified in existing national statistical data systems, such as the national accounts, even though they are generally covered by these data systems. The main reason for this lack of statistical visibility is the set of rules for allocating institutional units to institutional sectors in the SNA framework. They are allocated to institutional sectors according to whether they are (a) “market producers,” i.e., producers of outputs sold at economically significant prices;³ (b) non-market producers controlled by government; or (c) non-market producers not controlled by government. TSE sector institutions that are market producers not controlled by government are assigned to one of the corporations sectors in national accounts. Those that are non-market producers controlled by government are assigned to the general government sector. And those that are NPIs and non-market producers not controlled by government are assigned to the NPISH sector. As a result of these allocation rules, only those TSE sector institutions assigned to the NPISH sector retain their identity as NPIs while those NPIs and related TSE sector institutions assigned to the corporations and government sectors become statistically “invisible” in the SNA aggregates and lose their identity as TSE sector entities. This is problematic because research has shown that these non-NPISH entities account by far for the overwhelming bulk of the economic activity represented by the TSE sector.

1.9 A similar problem exists for volunteer work. Volunteer work takes two different forms: (a) uncompensated work for or through organizations (2008 SNA para 19.37 to 19.39); and (b) uncompensated work outside any organization provided by members of individual households to neighbors, friends, or communities (2008 SNA para 23.42-45). Under SNA, the contribution of volunteer work for organizations, called organization-based volunteer work, is conceptually included in the output of the units that employ such labor, but its value is estimated at its actual cost, which is zero (2008 SNA para 7.41 and 19.38). Volunteer work performed outside of organizations, called direct volunteer work, is treated as a household sector activity (2008 SNA para 4.21, 23.43). If it results in the production of physical structures, the output is valued at the market value of the structures but the labor input is merged with mixed income and therefore not visible in the reported data. If such work results in the production of services, no value is assigned to the labour inputs and therefore they are not counted at all. As a consequence, neither organization-based nor direct volunteer work is visible in SNA statistics, and, due to the valuation rules for volunteer work, the full value of such volunteer work is not captured in SNA.

1.10 To address the growing public demand for regular information on at least one major component of this “TSE Sector,” i.e. NPIs, the United Nations in 2003 issued a *Handbook on Non-Profit Institutions in the System of National Accounts* (United Nations, 2003, henceforth *2003 NPI Handbook*).⁴ This *2003 NPI Handbook* outlined a

² “The road to dignity by 2030: ending poverty, transforming all lives and protecting the planet: Synthesis report of the Secretary-General on the post-2015 sustainable development agenda,” United Nations General Assembly A/69/700 (4 December 2014), paras.17 and 28. Available at: http://www.un.org/disabilities/documents/reports/SG_Synthesis_Report_Road_to_Dignity_by_2030.pdf [Cited hereafter as: UN, “Road to Dignity Report,” (December, 2014)].

³ Prices are said to be economically significant if they have a significant effect on the amount that producers are willing to supply and the amounts purchasers wish to buy (2008 SNA, par 4.18).

⁴ United Nations, (2003), *Handbook on Non-Profit Institutions in the System of National Accounts*. New York: United Nations, available at: https://unstats.un.org/unsd/publication/seriesf/seriesf_91e.pdf.

methodology for identifying all NPIs included in the SNA framework regardless of the institutional sector to which they are allocated and recommended an approach for creating satellite accounts depicting all NPIs not controlled by government regardless of the institutional sector to which they are assigned. This methodology has been effectively used by a wide array of statistical offices throughout the world to portray the economic activities of this set of institutional units.

1.11 This methodology was further validated by the 2008 revision of SNA, which incorporated key provisions of the *2003 NPI Handbook* into the core SNA in ways that should facilitate the production of TSE sector satellite accounts. Three such sets of explicit recommendations in 2008 SNA in particular are noteworthy here:

- a) **Sub-sectoring.** First, while retaining the sectoral allocation of NPIs reflected in 1993 SNA, 2008 SNA recommends that statistical agencies separately identify the NPI components of the various institutional sectors into which NPIs are allocated (chiefly the corporations and general government sectors) and to report on NPIs separately from the regular corporations and general government units, respectively, in these accounts. This separate identification of NPIs in sectors other than NPISH is the first step toward production of a full TSE sector satellite account, making it possible to derive supplementary tables summarizing all NPI activities in a straightforward manner (2008 SNA para 4.35 and 4.85-4.97).
- b) **Clarification of “control by government.”** Second, 2008 SNA more clearly clarified the basis for determining control by government. In particular, instead of effectively basing the determination of control solely or chiefly on the extent of government funding, 2008 SNA identifies a supplementary set of institutional characteristics for determining whether a non-market NPI is effectively “controlled by” government and therefore appropriately allocated to the general government sector in national accounts statistics (2008 SNA para 4.22). Once this recommendation is fully implemented in national accounts data, NPIs improperly allocated to the general government sector based on their receipt of government funds should be re-allocated to the relevant other sectors. NPIs that remain in the general government sector because they are non-market producers controlled by government are NOT recommended to be included in the TSE sector satellite account.
- c) **Guidance on NPI satellite accounts.** Finally, 2008 SNA includes a separate chapter on NPIs for the first time endorsing the *2003 NPI Handbook* recommendation for the production of NPI satellite accounts and confirms the basic rationale for it (2008 SNA, Chapter 23), a rationale that we summarize in Section B below.

1.12 Although NPIs represent a significant share of the TSE Sector, related institutions and volunteer work are also gaining prominence. Related private institutions are not NPIs but, like NPIs, chiefly serve social or public purposes and are not controlled by government. These “related” institutional units take a variety of organizational forms, such as cooperatives, mutual societies, social enterprises, and non-stock, or benefit, corporations. Volunteer work that serves public purposes without pay also legitimately deserves to be treated as part of the TSE sector. These related institutions and volunteer work have also recently attracted considerable interest among policy makers, private philanthropic institutions, individual citizens, and social-purpose investors striving to direct their resources to the support of social or public purposes, as shown in Box 1.

1.13 Various attempts have been made to identify some of these “related” institutions in official economic statistics,⁵ but none of them has yet been officially adopted as international statistical recommendations.

1.14 More significantly, important headway was achieved in gaining statistical “visibility” for the volunteer-work components of the “TSE Sector” through the development of methodological guidance for identifying and measuring volunteer work by the International Labour Organization.⁶ The resulting ILO *Manual on the*

⁵ See, for example: Barea, J. & Monzón, J.L. (2006) *Manual for Drawing Up the Satellite Accounts of Companies in the Social Economy: Co-operatives and Mutual Societies*, (Brussels: CIRIEC); and Salamon, L.M. & Sokolowski, S.W., “Beyond Nonprofits: Re-conceptualizing the Third Sector,” *Voluntas* (2016) 27: 1515.

⁶ International Labour Organization (2011) *Manual on the Measurement of Volunteer Work*. Geneva: International Labour Organization, available at: http://www.ilo.org/global/publications/books/WCMS_167639/lang--en/index.htm.

Measurement of Volunteer Work offers a consensus definition of volunteer work and recommends a procedure for measuring and valuing such work as part of regular labor force or other household surveys. This breakthrough was further confirmed in 2013 in a broader redefinition of work issued by the ILO that specifically identified volunteer activity as a form of unpaid work that should be measured by countries regularly along with measures of paid and other unpaid employment.⁷

1.15 To maintain compatibility with the 2008 SNA, the “related” institutions are defined in a manner similar to how the 2008 SNA defines NPIs. However, unlike NPIs, which are defined as “legal or social entities created for the purpose of producing goods and services but whose status does not permit them to be a source of income, profit or other financial gain for the units that establish, control or finance them” (2008 SNA para 4.8), the related institutions this handbook recommends for inclusion in the TSE satellite account are in-scope even if they distribute some profit to the units that establish, control, or finance them, but only if such profit distribution is “significantly limited.” This “significantly limited profit distribution” constraint keeps the in-scope focus consistent with the principle outlined in 2008 SNA paras 4.8 and 4.22 that the primary purpose of the entities considered to be in-scope of the satellite account is serving the public good and not generating income or profit to the units that establish, control, or finance them. Operational criteria for deciding what constitutes a “significant” limitation on profit distribution will be outlined in the respective Chapter of this handbook.

1.16 The balance of the present chapter outlines how this handbook addresses these various issues. Before doing so, however, it first reviews why the separate identification in a satellite account of the NPIs, related institutions, and volunteer work for persons other than one’s household or family is useful and appropriate.

B. Why a satellite account for NPIs and related institutions and volunteer work is needed?

1.17 The rationale for the separate identification in a satellite account of the three categories of entities identified in paragraphs 1.10 and 1.11-- (a) NPIs; (b) related cooperatives mutual associations, and social enterprises; and (c) volunteer work-- are quite similar to those outlined in the 2003 *NPI Handbook* and reconfirmed in 2008 SNA (Chapter 23). At base, this rationale flows from the fact that TSE sector entities all exhibit a combination of underlying features that differentiate them from other entities in the respective institutional sectors to which they have been assigned under SNA—i.e., corporations, general government, households and NPISH. As outlined in paragraph 1.6 these features include their private character, their primary focus on social or public purposes, and their adherence to the principle of involvement based on free will. These features find expression in a number of more tangible characteristics that TSE sector entities share, which, when coupled with the policy relevance these entities have attained, makes their separate identification in basic economic statistics increasingly important.

1.18 The TSE sector constitutes a significant and growing economic force in countries throughout the world. Recent research has demonstrated, for example, that the NPI component of this sector alone accounts for 8 to 12 percent of non-agricultural employment in many developed countries and even larger shares of formal employment in many developing regions.⁸ These findings have since been confirmed by data collected by statistical offices that to date have assembled NPI satellite accounts following the 2003 *NPI Handbook* guidelines. These data reveal that NPIs account, on average, for 3.5 percent of GDP. And in high income countries such as Belgium, Canada, or the United States, that contribution exceeds 5 percent, making this collection of entities, if it were an industry, one of the larger contributors to GDP among major industries. In certain fields, such as health

⁷ 19th International Conference of Labour Statisticians, (2013) “Resolution I: Resolution concerning statistics of work, employment and labour underutilization,” Geneva: International Labour Organization, available at:

http://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/normativeinstrument/wcms_230304.pdf.

⁸ Salamon, L.M., Anheier, H.K., List, R., and Associates, (1999), *Global Civil Society: Dimensions of the Nonprofit Sector*, (Baltimore, MD: Johns Hopkins Center for Civil Society Studies, 1999); Salamon, L.M., Sokolowski, S.W., and Associates, (2004), *Global Civil Society: Dimensions of the Nonprofit Sector* Volume II, (Bloomfield, CT: Kumarian Press).

Box 1.1:
Illustrative Official Reports or Enactments on “Third Sector” Institutions

- France created a special Inter-Ministerial Delegation to the Social Economy (Délégation interministérielle à l'Économie Sociale – DIES) in 1981 and in 2012 established a Ministerial Delegate for the social economy within its Ministry of the Economy, Treasury, and Foreign Trade;
- In 1989 the European Commission published a Communication entitled “Businesses in the Economie Sociale sector: Europe’s frontier-free market;”
- In 2006 the European Parliament called on the European Commission “to respect the social economy” and develop a communication highlighting “this cornerstone of the European social model”;
- In 2009 the European Parliament adopted a Resolution that recognized the social economy as “a key operator for fulfilling the Lisbon Strategy objectives;”
- The European Economic and Social Committee has produced major reports on the European social economy in 2008 and 2012 and issued an “Opinion” in 2012 on “Social Economy in Latin America” identifying “social and solidarity economy” as “a key instrument in the fight for decent work.”
- Spain passed a special Social Economy Act in 2011 with similar acts following in Greece, Portugal, France, and Luxembourg;
- In 2011, the European Commission announced a “Social Business Initiative” that “placed the social economy and social innovation at the heart of its concerns;”
- In its 2008 Declaration on Social Justice for a Fair Globalisation, the International Labor Organization (ILO) identified “a strong social economy” as one of the three sets of entities that is “critical to sustainable economic development and employment opportunities.” ILO subsequently launched an annual “Social Economy Academy;” a series of regional reports on the social economy; and a decision at the 19th International Conference of Labor Statisticians in October 2013 to undertake a major effort to improve data on cooperative;
- The United Nations made 2012 the International Year of Cooperatives and recommended steps to “establish methodologies for the collection and dissemination of comparable data on cooperatives....”
- Over a dozen United Nations agencies have formed a Task Force on Social and Solidarity Economy that has identified better global data on this economy as a major need;
- A recent web search of “social economy” yielded 113 million entries in 49 seconds.
- The French Parliament enacted a provision in 2013 calling on INSEE, to develop a satellite account on social economy and similar mandates have been enacted in Romania, Portugal, and Luxembourg;
- The Council of the European Union in its December 7, 2015 Conclusion, called the social economy “a key driver of economic and social development in Europe” and urged “Eurostat and national statistical authorities” to “consider developing and implementing satellite accounts” on social economy.

Sources: European Economic and Social Committee (2012), *Social Economy in the European Union*, Brussels: European Union; European Parliament Resolution of 19 February 2009 [2008/*2250]; European Economic and Social Committee (2008), *The Social Economy in the European Union*, Brussels: European Union; European Commission, (2011), “Communication from the Commission to the European Parliament, The Council, the European Economic and Social Committee, and the Committee on the Regions.” Com (2011) 682, Brussels: 25.10.2011; Social and Solidarity Economy Academy, “Background,” available at <http://socialeconomy.itcilo.org/en/background>, accessed 20 December 2015; ILO Regional Conference “The Social Economy—Africa’s Response to the Global Crisis” Johannesburg, 19-21 October 2009, available at: http://www.ilo.org/wcmsp5/groups/public/---africa/-addis_ababa/documents/publication/wcms_166727.pdf; Mogrovejo, R., Mora, A. & Vanhuynegem, P. (Eds.) (2012), *El cooperativismo en América Latina. Una diversidad de contribuciones al desarrollo sostenible.*, available at: http://www.ilo.org/wcmsp5/groups/public/---americas/---ro-lima/documents/publication/wcms_188087.pdf; International Labour Organization, Department of Statistics, (2013), “Statistics on cooperatives: Why? What? How?,” United Nations General Assembly, (2013), “Cooperatives in social development and the observance of the International Year of Cooperatives: Report of the Secretary General” New York: United Nations, [A/68/168/]; Develtere and B. Fonteneau (eds), *Social economy North and South*, Brussels: De Boeck; Council of the European Union (2015), “The promotion of the social economy as a key driver of economic and social development in Europe,” Brussels: European Union, available at: <http://data.consilium.europa.eu/doc/document/st-13766-2015-init/en/pdf>. Luxembourg law: http://www.uless.lu/images/uless/news/75/docs/ULESS_Law_regarding_the_creation_of_social_impact_companies_2016.pdf; French law: <https://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000029313296&dateTexte=&categorieLien=id>

and social services, NPIs frequently account for 40 or 50 percent of total value added.⁹ And with the “related institutions” added as well, this figure expands significantly.¹⁰

1.19 Reflecting this, TSE sector entities are increasingly a focus of public policy. In particular:

- a) Policymakers around the world have been searching for ways to improve the quality of public services, promote inclusive social and economic development, encourage environmental sustainability, and encourage peace and security, while reducing the size of government. As reflected in the documents reported in Box 1.1 above, NPIs and “related” institutions are widely viewed as important contributors to these outcomes. Without a way to portray the TSE sector entities separately in their statistical systems, countries lack the ability to gauge their contributions or effectively mobilize their talents and contributions.
- b) Recent discussions in statistical and policy circles have emphasized the need to go “beyond GDP” and assess trends in “human well-being.” Also important have been discussions within the UN System about encouraging “inclusive, people-centered sustainable development” as a central focus of the 2030 Agenda for Sustainable Development, leading to the development of the Sustainable Development Goals and targets. NPIs and related institutions are believed to play a significant role in contributing to the SDGs. For policymakers to make the most effective use of NPIs and related institutions, and to assess the extent of their contribution, it is essential that they have the ability to separate the entire TSE sector from other institutional units with which they are inter-mixed in standard SNA usage and generate a clearer picture of the capabilities that the TSE sector represents, both in the aggregate and in particular fields and industries.¹¹

1.20 The institutions considered in-scope of the TSE sector have distinctive features that set them apart from other units in the corporations sectors with which they are grouped in SNA (2008 SNA paras 4.85-4.87) and from similar types of institutions assigned to the general government sector because they are “controlled by” government. The inclusion of TSE institutions in the corporations sectors thus not only obscures the scale of the full set of TSE institutions but also potentially changes the picture that is provided of the other entities in the corporations sectors. Among the distinctive features of NPIs and “related” institutions that justify such separate identification are the following:

- a) They have a different objective function than standard corporations. Reflecting this, they are prohibited or significantly limited in their distribution of profits and income to units that control or finance them. Although they may earn surpluses, the principal purpose of TSE institutions is not to earn financial returns to investors, but to produce goods and services that have some public or social benefit. They therefore are not typically suitable for profit maximizing investment purposes. Entrepreneurs in these institutions are often driven by social or ideological impulses rather than solely pecuniary ones.
- b) Although they often produce goods and services that are sold on the market at economically significant prices, TSE institutions also typically produce goods and services on a non-market basis that are financed through other means (e.g., government payments, charitable contributions, or volunteer effort). TSE

⁹ Salamon, L.M., Sokolowski, S.W., Haddock, M.A, and Tice, H.S., (2013), “The State of Global Civil Society and Volunteering: Latest Findings from Implementation of the UN Nonprofit Handbook,” *Comparative Nonprofit Sector Working Paper No. 49*, (Baltimore: Johns Hopkins Center for Civil Society Studies) available at: ccss.jhu.edu/publications-findings/?did=393.

¹⁰ Salamon, L.M. and Sokolowski, S.W., (2016), “The Size and Scope of the European Third Sector,” *TSI Working Paper No. 12*, Seventh Framework Programme (grant agreement 613034), European Union. (Brussels: Third Sector Impact), available at: http://thirdsectorimpact.eu/site/assets/uploads/documentations/tsi-working-paper-no-12-size-scope-third-sector-europe/TSI-Working-Paper-12_Size-and-Scope.pdf.

¹¹ United Nations Secretary-General’s Independent Expert Advisory Group on the Data Revolution for Sustainable Development, (2014), *A World That Counts: Mobilising The Data Revolution for Sustainable Development*, (New York: United Nations), available at: <http://www.undatarevolution.org/wp-content/uploads/2014/12/A-World-That-Counts2.pdf>; United Nations General Assembly, (2015), “Resolution adopted by the General Assembly on 25 September 2015: Transforming our world—the 2030 Agenda for Sustainable Development,” A/RES/70/1, (New York: United Nations), available at: http://www.un.org/ga/search/view_doc.asp?symbol=A/RES/70/1&Lang=E.

institutions arise to address a number of non-market impulses such as to meet unsatisfied demands for collective goods left by governments and markets, to address new or newly recognized needs, to advocate for citizen concerns, and to assist government to deliver publicly financed services.

- c) They may have different revenue sources than government or for-profit units. TSE institutions may receive a substantial share of their revenue from current transfers that include government grants and voluntary contributions that are not available to market producers. This results in different revenue-raising strategies and orientations to the market.
- d) They have different staffing patterns. The workers in TSE institutions differ from that of for-profit corporations and government agencies because it often includes a substantial number of volunteers. Research shows that the volunteer share of the NPI workforce is on average over 40 percent (Salamon et al. 1999 and 2004). In addition, some TSE institutions intentionally provide employment to persons experiencing particular difficulties in entering the labor market in order to provide training or overcome some obstacle or disability despite the limitation on profit that such activities can entail.
- e) They have traditionally had limited access to investment capital. Because they cannot distribute income, the NPI component of the TSE sector cannot attract equity capital. This alters their capital structure in significant ways, putting more emphasis on debt than equity.¹²
- f) TSE institutions are often eligible for special tax advantages in many countries. Such institutions are often exempt from, or eligible for lower rates on, corporate income taxes, as well as other taxes, such as sales taxes, property taxes, and value added (VAT) taxes.
- g) Legal provisions covering TSE unit governance, registration, reporting, political participation, commercial activities, and other operational or organizational features typically differ markedly from those that apply to for-profit firms. Thus, for example, TSE governing boards are often selected on a one-person/one vote basis by members rather than on the basis of ownership shares, and many countries require TSEs to report publicly on their financial activities on an annual basis.
- h) They do not exercise sovereign authority. Although they often receive government financial support and provide non-market goods and services, TSE institutions lack the defining feature of a government entity, i.e., they are not “legal entities established by political processes that have legislative, judicial, or executive authority over other institutional units within a given area” (2008 SNA para 4.9). Moreover, while they provide public goods and services, they do not have the same powers or restrictions as government in deciding what these goods and services should be and how they should be allocated (2008 SNA para 23.11)
- i) They may have characteristic types of transactions not available to other units in the corporate sectors. TSE institutions have two characteristic transactions that cannot be accommodated in the corporations sectors of SNA: they may have final consumption expenditures and they may receive transfer payments in the form of donations.

1.21 Volunteer work,¹³ the other component of the TSE sector, also shares certain essential features that distinguish it from other household activity. Such work is performed voluntarily and without compulsion for the benefit of others and not for the benefit of the person performing it or that person’s family or household. This distinguishes volunteer work from other household activities, which are undertaken primarily for one’s self or one’s household’s benefit.

¹² The recent development of so-called social impact investment may be altering this constraint on the margin. See, for example, Lester M. Salamon, editor, (2014), *New Frontiers of Philanthropy: A Guide to the New Actors and Tools Reshaping Global Philanthropy and Social Investing* (New York: Oxford University Press).

¹³ While volunteer work is not an institutional unit, but an activity performed within institutional units (organizations or households), it is listed here as a separate component of the TSE sector for heuristic purposes. This handbook recommends a different method of valuing it than the central system does, which results in recording values comparable to paid employment instead of zero. Since this recommendation results in adding substantial additional value added to that recorded in the central system, treating volunteer work as a separate component highlights this addition for heuristic purposes. The terminology for referring to what is here called “direct volunteer work,” i.e., volunteer work done directly person-to-person without the mediation of organizations follows that approved in the 18th International Conference of Labor Statisticians and incorporated in the ILO’s 2011 *Manual on the Measurement of Volunteer Work*

1.22 Although the full scope of the contributions of NPIs and related institutions and volunteer work are intended to be covered in standard National Accounts, the fact that they are not explicitly identified in regular reporting raises the possibility that they may not be fully represented in existing data. The detailed instructions provided in this handbook for generating “satellite accounts” focusing on the full range of non-governmental NPIs and related institutions and volunteer work will go a long way toward addressing these issues. In addition, such accounts will also make it possible to incorporate additional data items of special importance to TSEs, such as the volume of volunteer effort and fully elaborated revenue sources. Like other satellite accounts, the TSE satellite account uses the SNA as the overarching framework. It thus does not change the definition or allocation of TSE entities in the core accounts. Rather it extracts the existing data on these entities from existing SNA sources and reconfigures them to provide a clearer picture of the full contribution to society of NPIs, related institutions, and volunteer work.

C. Overview of this handbook

1.23 To pursue these goals and assist national statistical agencies in identifying the TSE sector consisting of NPIs, related institutions, and volunteer work within SNA, the discussion in this handbook falls into six chapters supplemented by three Annexes.

1.24 Chapter 2, which follows this Introduction, describes the three components of the TSE sector targeted for inclusion in the satellite account recommended for development in this handbook, noting how they are defined in SNA and providing further detail on their allocation to subsectors in the institutional sectors of the SNA.

1.25 Against this background, Chapter 3 articulates a set of more detailed operational features and accompanying decision rules that can be used to differentiate in-scope NPIs, “related” institutions, including cooperatives, mutual societies and social enterprises, and volunteer work from the other institutional units and household activities in the various SNA institutional sectors. These features and decision rules build on ones identified for NPIs in the *2003 NPI Handbook* and in 2008 SNA’s recommendation to subsector the corporations and general government sectors into NPI and non-NPI components, but they also go well beyond this to embrace the related institutions and volunteer work.

1.26 Chapter 4 identifies the key variables for which data are needed for the in-scope components of the resulting TSE sector satellite account. Included here are the standard SNA variables on sources and uses of revenue as well as set of refinements and additions to these core variables that can maximize the clarity and utility of the resulting satellite accounts. In each of these cases, the discussion includes guidance for assembling these data elements.

1.27 Chapter 5 discusses the industry classification of TSE entities. More specifically, it provides an updated and expanded version of the International Classification of Nonprofit Organizations (ICNPO) that was introduced in the *2003 NPI Handbook*. This expanded system, called the International Classification of Nonprofit and Third Sector Organizations (ICNP/TSO), covers the activities of all institutional units potentially in-scope of the TSE sector.

1.28 Chapter 6 goes beyond existing SNA economic measures of output to explore ways to assess the broader *outcomes* of TSE activity, with particular emphasis on their link to the people-centered, inclusive, sustainable development goals identified as central in the United Nations’ 2030 Agenda for Sustainable Development.

1.29 Annex I outlines suggested formats for presenting and disseminating TSE sector satellite account data.

1.30 Annex II provides a brief description of the SNA framework for non-SNA specialists who want to understand the TSE sector and broader TSE sector satellite account data but may not be familiar with the specialized technical knowledge and terminology utilized in the SNA.

Chapter 2: Conceptualizing the TSE Sector

A. Introduction

2.1 This chapter introduces the conceptual framework designed to facilitate the identification of key components of a satellite account on a set of institutions and volunteer work distinguished by the following general characteristics:

- a) They are private, i.e., not controlled by government;
- b) They primarily serve a social or public purpose, i.e., their main purpose is to produce public or collective goods for others rather than to maximize returns to invested capital or to members or directors; and
- c) They are pursued voluntarily and without compulsion.

2.2 The set of entities included in this satellite account are of two types: institutions and volunteer work. The most prominent type of institution is referred to in SNA as *NPIs*. However, NPIs are not the only type of institutions created primarily for the purpose of producing public goods and social benefits rather than maximizing returns to invested capital. There is also a set of “related” institutions that take a variety of organizational forms, such as cooperatives, mutual societies, social enterprises, and non-stock, or benefit, corporations. Both NPIs and these related institutions are of significant interest to policy makers as well as to private investors striving to direct their investment to social or public purposes.

2.3 Volunteer work included in this TSE sector consists of work undertaken without pay or compulsion for persons other than the individuals conducting them or members of their households or immediate families.

2.4 The 2008 SNA recommends separate identification of NPIs in all institutional sectors to which they are allocated (2008 SNA, paras 4.35 and 4.83-4.97), and compilation of satellite accounts covering all of them that are *private, i.e.* not controlled by government (2008 SNA, chapter 23). Although the 2008 SNA does not specifically recommend separate identification of related institutions and volunteer work, such separate identification is fully consistent with the principle underlying the recommendation of separate identification of NPIs. This principle is that these institutions share with NPIs certain characteristics that distinguish them from the financial and nonfinancial corporations with which they are often grouped in SNA. Likewise, volunteer work shares certain characteristics that distinguish them from other unpaid household activities. This step, which is highly desirable for policy purposes, is also fully consistent with the 2008 SNA principles for creating satellite accounts. Specifically, the 2008 SNA endorses completing satellite accounts based on concepts that are alternative to those of the SNA, including those that expand the SNA production boundary (2008 SNA, para 29.6) to allow “experimentation with new concepts and methodologies, with a much wider degree of freedom than is possible within the central system” (2008 SNA, para 29.8).

2.5 Based on these reflections, this handbook recommends the compilation of satellite accounts on the resulting TSE sector to depict the totality of these in-scope entities while preserving the capability to report on the identifiable components separately as well.

2.6 As a first step toward this end, this Chapter seeks to accomplish three tasks:

- a) First, in Section B it outlines the entities potentially eligible for inclusion in this TSE sector consisting of (a) NPIs as defined in the *2003 NPI Handbook* and 2008 SNA; (b) a set of closely related institutions that share with NPIs a primary purpose of producing public goods or social benefits rather than generating returns to invested capital; and (c) volunteer work by household members undertaken without pay, for persons other than themselves or their household members or closely related families;

- b) Next, in Section C the chapter outlines the treatment of the TSE sector entities in the central SNA system, which has the effect of making them indistinguishable from other types of units allocated to the institutional sectors and not assigning any value to volunteer work;
- c) Finally, in Section D the chapter articulates the rationale for separate identification of these TSE entities in the institutional sectors of the SNA and provides more specific guidance on the types of potentially eligible organizations and volunteer work that are in-scope of the TSE sector.

2.7 Against this backdrop, the subsequent chapter turns attention to the specific steps involved in identifying the institutions and volunteer work that are in-scope of the TSE satellite account.

B. Key entities in-scope of the TSE Sector Satellite Account

2.8 As noted, the TSE Sector is made up of three sets of entities: (a) certain NPIs; (b) other institutional units that share certain fundamental characteristics with such NPIs; and (c) certain work without pay whether conducted through in-scope institutions or directly for other households. While all of these types of institutions and volunteer work are potentially eligible for coverage in a TSE Sector Satellite Account (TSE-SA), not all may be appropriate for inclusion.

2.9 **Nonprofit institutions.** NPIs are one of several institutional units identified in the SNA. More specifically, 2008 SNA defines an NPI as “an economic entity that is capable, in its own right, of owning assets, incurring liabilities and engaging in economic activities and in transactions with other entities” (2008 SNA, para 4.2). The characteristic that distinguishes NPIs from other types of institutional units is their purpose—to provide services for the social or individual benefit rather than for profit. Operationally, the 2008 SNA, like its predecessors, defines NPIs as “legal or social entities created for the purpose of producing goods and services but whose status does not permit them to be a source of income, profit or other financial gain for the units that establish, control or finance them” (2008 SNA, paras 4.8 and 4.83).

2.10 NPIs can take different legal forms in different countries (e.g. public charities, public benefit organizations, associations, foundations, non-stock corporations, etc.). However, the key operational criterion determining whether institutions are NPIs is not the legal status but that “the articles of association by which they are established are drawn up in such a way that the institutional units that control or manage them are not entitled to a share in any profits or other income they receive” (2008 SNA, paras 4.8 and 4.83). Strictly interpreted, this operational criterion excludes all institutional units that allow profit distribution, regardless of the purpose for which they have been established.

2.11 **Related institutions.** Closely related to NPIs are three other sets of institutions: cooperatives, mutual societies, and social enterprises. Unlike NPIs, these organizations generally can distribute profits to their members. However, they also often operate under laws or governance stipulations that place limits on such distribution in order to achieve the social mission of preserving the organizations for the benefit of their members. Where these limits are “significant,” they render the units unsuitable for ordinary profit-seeking investments and clarify their status as primarily public-purpose entities similar to NPIs and therefore legitimately eligible for inclusion in the TSE sector satellite account. Further complicating the situation, in some countries, at least some institutions legally registered as cooperatives, community interest corporations, benefit corporations, work integration social enterprises, sheltered workshops and similar legal forms are effectively prohibited from distributing **any** profits, making them eligible for treatment as NPIs in the SNA. More specifically:

- a) **Cooperatives.** The SNA identifies *cooperatives* as “organizations formed freely by individuals to pursue the economic interests of their members.” 2008 SNA further identifies certain “basic principles” that differentiate such entities from standard for-profit companies, namely: “(a) democratic control, that is, one person, one vote; (b) shared identity, that is, members are both owners and customers; and (c) orientation to provide services to members ‘at cost’” (2008 SNA 23.21). Most cooperatives are allowed to distribute their profits to members, but such profits “are distributed in accordance with their agreed

rules and not necessarily in proportion to shares held....” (2008 SNA para. 4.41). Many countries distinguish different types of cooperatives (e.g. social cooperatives, workers cooperatives, consumer cooperatives, producer cooperatives etc.) with separate legal forms and stipulations required for each. Consequently, many units registered as cooperatives do not effectively operate like corporations, and others are essentially NPIs, i.e. totally prohibited by law of custom from distributing any profits. Those cooperatives that totally or significantly limit their profit distribution are considered in scope of the TSE sector. What constitutes “significantly limited” profit distribution is clarified in Chapter 3 below.

- b) **Mutual societies.** “Mutual societies, like cooperatives, are organized by individuals seeking to improve their economic situation through collective activity,” but “they differ from cooperatives in that they are mechanisms for sharing risk, either personal or property, through periodic contributions to a common fund” (2008 SNA para 23.22). Those mutual societies that significantly or completely limit their profit distribution are considered in scope of the TSE sector.
- c) **Social ventures.** Social ventures (commonly called social enterprises) are units that utilize market means but primarily to serve social purposes such as employing and training disadvantaged individuals (handicapped, long-term unemployed, etc.) who would otherwise not find employment, producing products of special social value, or serving disadvantaged persons in other ways. These institutions, too, make take different legal forms in different countries, such as work integration social enterprises, community interest corporations, benefit corporations, welfare organizations, self-managed enterprises, social impact investment institutions, worker owned companies, etc. The social enterprise is considered an NPI in SNA unless it generates and distributes its surplus to owners or stockholders (2008 SNA, para 23.25). Those social ventures that significantly limit their profit distribution, either directly, or indirectly by virtue of the personnel they hire and train, the social or environmental character of the products they produce, or the clientele they serve, are considered in-scope of the TSE sector.

2.12 **Volunteer work.** Another type of activity undertaken for a social or public purpose rather than to benefit the person who performs it is volunteer work. As defined in a 2011 International Labour Organization (ILO) *Manual on the Measurement of Volunteer Work*¹⁴ and further clarified in a 2013 International Conference of Labor Statisticians (ICLS) *Resolution*,¹⁵ volunteer work is “non-compulsory work performed without pay for others” outside one’s household or family (2013 ICLS *Resolution* para 7(c) and 2013 ICLS *Report*, para 148¹⁶). Volunteer work may take two different forms depending on whether it is performed (a) to or through organizations (2008 SNA paras 19.37-19.39); or (b) directly for others outside one’s household or family (2008 SNA paras 23.42-23.45).

C. Treatment of NPIs, related institutions and volunteer work in 2008 SNA

2.13 Although they share significant common features, the SNA central system allocates the NPIs and related institutions identified in the previous section among the five institutional sectors into which SNA divides all economies in ways that obscure these commonalities and, in the case of volunteer activities, applies valuation methods that significantly understate important aspects of their worth. In this section we identify the allocation rules and valuation methods for these units and activities in 2008 SNA. A subsequent section will then discuss the rationale for pulling them together in a coherent TSE satellite account and briefly introduce operational guidelines by which this can be accomplished.

¹⁴ International Labour Organization (2011) *Manual on the Measurement of Volunteer Work*. (Geneva: International Labour Organization), available at: http://www.ilo.org/global/publications/books/WCMS_167639/lang--en/index.htm.

¹⁵ 19th International Conference of Labour Statisticians, (2013) “Resolution I: Resolution concerning statistics of work, employment and labour underutilization,” (Geneva: International Labour Organization), available at: http://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/normativeinstrument/wcms_230304.pdf.

¹⁶ 19th International Conference of Labour Statisticians, (2013), “Report of the Conference, Geneva, 2–11 October 2013,” (Geneva: International Labour Organization), available at: http://ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/publication/wcms_234124.pdf.

2.14 As reflected in Table 2.1, although the SNA central system includes a separate sector called NPISH, not all NPIs are allocated to this sector. Rather, many of them are allocated to three other institutional sectors identified in the SNA, i.e., financial corporations, nonfinancial corporations and general government (2008 SNA, Annex 1). The bases of these allocations are certain features that NPIs share with other units in these institutional sectors. In particular:

- a) NPI units that are engaged in market production are assigned to the financial or nonfinancial corporations sector as long as they charge fees that are based on their production costs and that are sufficiently high to have a significant influence on the demand for their services. While their nonprofit status may enable them to raise additional funds by appealing for donations from persons, corporations, or government in addition to their revenues from fees, and while this may allow them to charge fees below average costs, SNA considers their real activity to be the provision of educational, health or other services at economically significant prices that are somewhat reduced due to their income from other sources (2008 SNA, para 4.88).
- b) Also assigned to the corporations sector are NPIs whose activities are restricted to serving a particular subset of other market producers. Included here are chambers of commerce; agricultural, manufacturing or trade associations; employers' organizations; and certain research or testing laboratories. Although such NPIs are usually financed by contributions or subscriptions from the group of enterprises concerned, these subscriptions are treated not as transfers but as payments for services rendered and these NPIs are therefore classed as market producers (2008 SNA, para 4.89).
- c) NPIs that are engaged in non-market production¹⁷ but are controlled by government are assigned to the general government sector. The 2008 SNA clarifies guidance regarding which of these economic units meet this "controlled by government" criterion. Fundamentally, "control" means the ability to determine the general policy or program of the NPI (2008 SNA paras 4.89, 4.91, and 4.92). See also para 3.13 below.
- d) NPIs primarily engaged in non-market production that are not controlled by government are described as "non-profit institutions serving households" (NPISHs) and constitute a separate institutional sector in the SNA (2008 SNA, para 4.91). Historically, this has been the only set of NPI units visible in national accounts.

2.15 As also reflected in Table 2.1, cooperatives, mutual associations, and social enterprises are also assigned to a variety of sectors in the SNA. If their articles of incorporation or prevailing laws prevent them from distributing profits to their owners or directors, they are treated as NPIs in the SNA and allocated to institutional sectors on the same basis as other NPIs (2008 SNA, para 23.23). Cooperatives and social enterprises that do distribute profits and that sell their products or services at economically significant prices are typically assigned to the corporations sector, either financial or non-financial depending on their field of activity. Mutual societies that distribute their profits and sell their products at economically significant prices are typically assigned to the financial corporations sector because they typically provide insurance or other financial services.¹⁸

¹⁷ Non-market producers are producers that provide most of their output to others free or at prices that are not economically significant.

¹⁸ As this paragraph makes clear, the legal definitions of cooperatives and social enterprises differ among different countries and among different types of cooperatives within countries. These definitions may therefore differ from the more universal criteria used to identify such institutions under SNA. In particular, national laws may create classes of cooperatives (e.g., social cooperatives) that are completely barred from distributing profits to their directors, investors, or members. Such cooperatives would be classified as NPIs under SNA since they meet the SNA criteria for identification as NPIs. Other cooperatives may have no effective limits on their distribution of profits, such entities would fail to meet the criteria for inclusion as cooperatives in the TSE sector satellite account. To provide maximum flexibility in the presentation of data, Chapter 3 therefore recommends a "modular" approach under which those institutions that are legally registered as cooperatives, mutuals, or social enterprises under national laws but classified as NPIs under SNA guidelines can be flagged so that SNA data can be conveniently reconciled with data generated for national purposes using the diverse national legal definitions of such institutions rather than the systematically comparative SNA ones.

2.16 Volunteer work is also split among various institutional sectors in SNA, but is considered to have no economic value. Volunteer work carried out through organizations is treated as labor input to the production process by these respective institutions and assigned to the same sector as the respective institutions. The SNA recommends valuing this input at its actual cost, however. Since this is zero, the labour inputs are not measured. Direct volunteer work, that is, volunteer work performed by individuals or households directly for other households is allocated to the Household sector. However, SNA measures only that portion of such direct volunteer work that produces tangible products. Direct volunteer work in the production of services, by contrast, is not measured. (2008 SNA, paras 42-45).

Table 2.1: Allocation of TSE units and volunteer work among institutional sectors in the Core SNA

Type of institutional unit ¹⁹	Sectors of the SNA System				
	Non-financial corporations sector (S11)	Financial corporations sector (S12)	General government sector (S13)	Households sector (S14)	NPISH sector (S15)
Corporations (including quasi-corporations) ²⁰	C	C			
Government units (including social security funds)			G		
Households				H	
Non-profit Institutions (NPIs)	NPIs	NPIs	NPIs ²¹		NPIs
Cooperatives ²²	Co-ops	Co-ops			
Mutual societies ²³		M			
Social enterprises ²⁴	SEs	SEs			
Volunteer Work	V	V	V	V ²⁵	V

D. Towards a conceptually and operationally coherent TSE Satellite Account

2.17 The rationale for the separate identification of the TSE sector entities is that although they share some features with other entities with which they are grouped by 2008 SNA, they also differ from them in significant ways. In particular:

- a) NPIs differ from for-profit corporations, both financial and nonfinancial, in that owners or shareholders have no claim on the profits or equity of the NPI. The members, directors, or other stakeholders of an NPI are not entitled to a share in any profits, or surplus, generated by the productive activities of the NPI (2008 SNA, para 4.85c). Such institutions also typically operate under a “capital lock,” under which

¹⁹ Categories are not mutually exclusive.

²⁰ All quasi-corporations, whether owned by households, government units or non-resident institutional units, are grouped with corporations for purposes of sectoring.

²¹ Out of scope of the NPI satellite account and TSE sector.

²² Some legally registered cooperatives are classified as NPIs because they are barred by laws or by-laws from distributing profits.

²³ Some legally registered mutual are classified as NPIs because they are barred by laws or by-laws from distributing profits.

²⁴ Some social enterprises are classified as NPIs because they are barred by laws or by-laws from distributing profits.

²⁵ Direct volunteer work producing services is outside the SNA production boundary and therefore not counted in the central system.

any profit they retain must be dedicated to another similar NPI institution in the event the former NPI ceases to operate or is converted into a for-profit. These features provide tangible assurances that these institutions serve public or social purposes and not just the pecuniary objectives of a set of owners or directors.

- b) Cooperatives and mutual societies also differ from other for-profit corporations, both financial and nonfinancial, in that they are controlled by their members on a one person/one vote basis and not by investors on the basis of invested capital. In addition, while they can distribute profits to their members, they are often significantly limited in their ability to do so, and must often operate with a capital lock, both of which features provide evidence of their public-benefit character.
- c) Social enterprises also differ from for-profit corporations because, while they may be permitted to distribute profits they might generate, they are not profit-maximizing institutions, but rather operate under significant constraints on their profit generation due to limitations on the workers they hire (e.g., former inmates or drug addicts), the products they produce (e.g., affordable glasses for poor students, low-cost solar panels for farmers in remote villages), or the clientele they serve (e.g., disadvantaged populations).
- d) NPIs, cooperatives, mutual societies, and social enterprises also differ from government units in that, unlike government units they are not “established by political processes” and do not “have legislative, judicial or executive authority over other institutional units within a given area” (2008 SNA, paras 4.9, 4.117). While NPIs and cooperatives can be controlled by government, such NPIs are not included in the satellite accounts recommended in this handbook (2008 SNA, para 23.18).
- e) NPIs, cooperatives, and mutual societies differ from households in that households are “small group[s] of persons who share the same living accommodations, who pool some or all of their income and wealth, and who consume certain types of goods and services collectively, mainly housing and food...” (2008 SNA, paras 4.4, 4.149-4.150). While volunteer work is carried out by persons in the household sector, such work differs from most other activities of household members because it is not carried out for the benefit of household members or the volunteer, but for others.²⁶
- f) While nonprofit institutions serving households (NPISH) are NPIs, the NPISH sector embraces only the subset of NPIs that engage in non-market production on behalf of households and excludes NPIs engaged in market production, of which there are many.

2.18 As reflected in Figure 2.1, however, not all NPIs, cooperatives, mutual societies, self-described social enterprises, or household work without pay share the three critical attributes of being private, primarily public benefit-serving, and non-compulsory. To determine which are “in-scope” of the TSE sector satellite account, a set of operational criteria have been developed for both the institutions and the volunteer work. In particular, as discussed more fully in Chapter 3:

- a) The institutions considered in-scope of the TSE sector must meet the following five structural or operational criteria:
 - i. They must meet the defining characteristics of being organizations, that is, institutionalized to some extent;
 - ii. They must be either completely (NPIs) or significantly (cooperatives, mutual societies, social enterprises) limited in the distribution of any profit they might generate to their members, directors, or investors;
 - iii. They must be self-governing;
 - iv. They must engage people on the basis of free choice; and
 - v. They must be *private*, i.e., not controlled by government.
- b) The volunteer work considered in-scope of the TSE sector must meet the following features:

²⁶ Households also produce goods and services for sale on the market in addition to activities carried out without pay for the benefit of the household or, in the case of volunteer work, for the benefit of others.

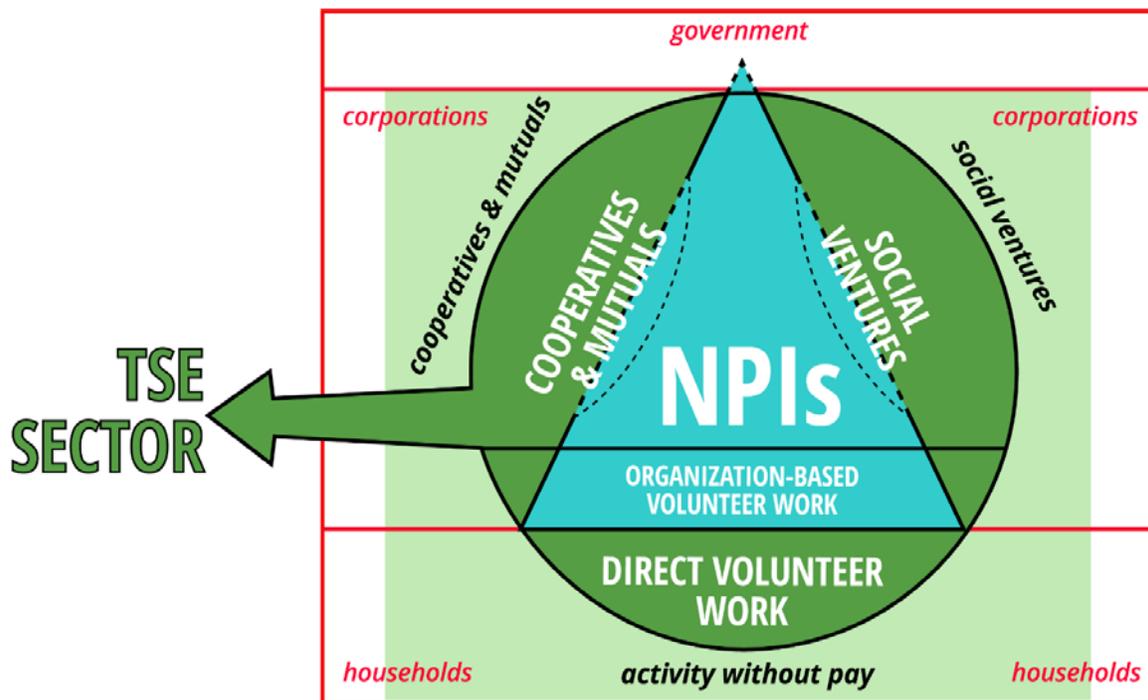
- i. They must produce benefits for others and not just, or chiefly, for the person performing them;
- ii. They must not be incidental to other activities, but rather be carried on for a meaningful period of time;
- iii. They must be unpaid;
- iv. The activity must not be aimed at benefiting members of one’s household or immediate family;
- v. They must be non-compulsory.

2.19 So constrained, the TSE sector covers the following entities:

- a) All NPIs, except those that are “controlled by government”;
- b) All other cooperatives, mutual societies, and social enterprises that are significantly limited by law, governing documents, or widely recognized custom from distributing any profits they may generate to directors, investors, or stakeholders and that are governed by a capital lock requiring that any retained profits be dedicated to a similarly restricted entity in the event of sale, transformation, or dissolution; and
- c) All unpaid activity undertaken without compulsion for the benefit of persons other than oneself or the members of one’s household or immediate family, whether conducted directly or through NPIs or the other related institutions covered in the TSE-SA.

2.20 Figure 2.1 provides a pictorial representation of the TSE sector so described.

Figure 2.1: Conceptual framework for the TSE sector in the System of National Accounts



2.21 SNA 2008 already provides for the separate identification of NPIs in all institutional sectors to which they may be allocated, which provides a first step toward identifying an important component of the TSE sector satellite accounts and provides guidance for the creation of satellite accounts on those NPI components that are not controlled by government. Chapter 3, which follows, reviews these provisions relating to the identification of NPIs and adds to them similar detail on the identification of in-scope “related institutions” and voluntary work.

Chapter 3: Compiling the TSE Satellite Account I—Identifying In-Scope Institutions and Volunteer Work

A. Introduction

3.1 Chapter 2 provided the definition of NPIs and “related” institutions and volunteer work collectively called the Third or Social Economy (TSE) sector. It also outlined the criteria SNA uses for valuing these institutions and volunteer work and allocating them among the various institutional sectors, explained why these allocation and valuation guidelines cause some conceptual difficulties for policymakers and others, and outlined briefly a set of criteria that can be used to assemble a coherent satellite account on the full array of institutions and volunteer work making up the TSE sector.

3.2 The purpose of this chapter is to take two important next steps toward providing guidance on the assembly of the TSES-SA: *first*, by offering detailed guidance on how to identify the full set of institutions and volunteer work considered to be in-scope of the TSE sector; and *second*, to identify the additional criteria that will be needed to permit the modular presentation of the component parts of the TSE sector. Such modular presentation is desirable to facilitate the maximum utilization of the TSES-SA data, and therefore the maximum implementation of the TSES-SA handbook, by making it possible for policy-makers and industry representatives to draw on TSES-SA data to portray alternative conceptions of the social and economic sphere covered by this handbook. Against the background of this chapter, Chapter 4 will then identify the data elements that will ideally be needed on the entities identified as in-scope of this TSE sector.

3.3 The discussion in this Chapter proceeds as follows.

- *Section B* first outlines and explicates the operational rules for identifying the full array of *institutions* that are in-scope of the TSE sector and then provides the guidelines for differentiating the three major types of these institutions—(a) NPIs, (b) cooperatives and mutuals, and (c) social enterprises, using both SNA and, where desired, particular national legal conceptions of these institutional types;
- *Section C* then carries out a similar explication of the operational rules for identifying the full array of *volunteer work* that is in-scope of the TSE sector and then introduces the guidelines for further differentiating the two major types of such work—(a) organization-based; and (b) direct.
- *Section D* then provides general methodological guidance for identifying these in-scope entities and volunteer work in statistical and administrative data systems.

B. Operational rules for identifying in-scope institutions of the TSE sector and guidelines for differentiating the three major types of these in-scope institutions

1. General operational rules for identification of in-scope institutions

3.4 This section takes up the operational rules for identifying institutions that are in-scope of the TSE sector. As discussed more fully in Chapter 2, such units can be found in all institutional sectors of the economy. Therefore, institutions that are in-scope of the TSE sector must be separately identified in each of the sector data files into which they are allocated in the central system. As will become clear, the steps for doing so outlined here build directly on those elaborated in Chapter 23 and Annex A1 of the 2008 SNA, with one modification: in line with the objective of retaining the modular character of the TSES-SA, an additional step is recommended to separate the cooperatives and mutual societies from other market producers and social enterprises that in the central system are merged together with for-profit institutions (FPIs). This reporting format will make in-scope market cooperatives and mutual societies separately visible in the TSES-SA.

3.5 To facilitate the identification of institutions that are in-scope of the TSE sector satellite account, this handbook identifies a set of five operational features (henceforth referred to as the “TSE sector institutions operational definition”). These features have been derived from, and thus operationalize, the three crucial identifying characteristics—*private-ness, primarily public purpose, and free will*-- thought to distinguish these units from other institutional units in the economy, as identified in the previous chapters of this handbook. Each of the five operational features represents an attribute whose presence or absence can be reasonably determined from empirical data. To be considered an institution in-scope of the TSE sector an institution must possess all five features specified in the TSE sector institutions operational definition. Specifically, the institution must be:

- a) **An organization**, that is, institutionalized to some extent, though not necessarily legally registered or constituted;
- b) **Self-governing**, that is, fully responsible for the economic risks and rewards of the organization’s operations;
- c) **Non-compulsory**, that is, involving some meaningful degree of un-coerced free choice on the part of individuals working for, or participating in, its activities;
- d) **Significantly limited in its distribution of surplus (profit)**, that is, prohibited by law, governing document, or set social custom from distributing more than half of any surplus it generates to its directors, employees, investors, or stakeholders;²⁷ and
- e) **Private**, i.e., not controlled by government.

3.6 **Organization** means that the unit has some institutional reality. The entity does not have to be legally registered but simply must possess a meaningful degree of permanence, an internal organizational structure, and meaningful organizational boundaries. So-called “informal organizations” that lack explicit legal standing but otherwise meet the criteria of being organizations with a meaningful degree of internal structure and permanence are included. This is consistent with the 2008 SNA characterization of NPIs as entities that may not have any formal legal status but are “recognized by society” (2008 SNA, para 4.85a).²⁸

3.7 **Self-governing** means that the organization can own assets, incur liabilities, or engage in transactions in its own right, and bears full responsibility for the economic risks and rewards of its operations (2008 SNA, paras 2.49, 3.23, 3.26). The need for this operational feature arises from the interconnectedness of various institutions through legal ownership. Private corporations are often legally owned by other corporations, such as holding companies, by cooperatives, or even by NPIs (e.g., the retail giant IKEA is legally owned and operated by several nonprofit and for-profit corporations). Similarly, NPIs or other TSE units can be owned by private companies. To determine control, however, the SNA distinguishes between legal and economic ownership and puts the emphasis on the latter rather than the former (2008 SNA, paras 2.43, 3.21-3.29). While a TSE unit may be created by a corporation, it is not considered to be controlled by that corporation so long as it retains full responsibility for the economic risks and rewards entailed in its operations (2008 SNA, paras 2.49, 3.23, 3.26). Entities that assume the economic risks and rewards for their own operations are “self-governed” and thus institutionally separate from other units that may legally own them. Such self-governed units are allocated to institutional sectors based on their own economic activities rather than those of the units that may legally own them. Thus, a for-profit business that is fully responsible for the economic risks and rewards of its operations is not in scope of the TSE sector even though it is legally owned by a unit that is in-scope. Likewise, a TSE unit that is fully responsible for its economic risks and rewards is still treated as in-scope of the TSE sector satellite account even if it is legally “owned” by a for-profit corporation. In the case of government control and the private character of TSE units, a somewhat stricter test is involved as will become clear in paragraph 3.15 below.

3.8 The other key indicator that the organization is self-governing is that its governing body has the authority to dissolve the unit and legally dispose of its assets if it so chooses. Organizations whose governing bodies do not

²⁷ As will become clear below, distribution of more than 50 percent of profit is allowed for co-operatives when it is in pursuit of a valid social purpose (e.g., employment advantages for disadvantaged workers or lower costs for members).

²⁸ This may not apply to cooperatives, mutuals, and similar market producers that must be legally registered to be able to operate in most countries.

have this authority are not self-governing. The dissolution of the organization may require following established legal procedures to obtain legally mandated permits and fulfill legal or contractual obligations, but its governing body must have the legal capacity to initiate the dissolution process in its own right. The power of government to nullify the governing body's decision to dissolve the organization, or to dissolve it over the governing body's objection, on any other grounds, violates the self-governing feature.

3. 9 **Non-compulsory** means that membership or participation in an organization's activities is not coerced. This means that any person can choose not to become a member of the organization. Organizations for which membership is decided by birth—such as families, clans, or castes—are not in-scope of the TSE sector. Obligations to belong to organizations can take any of a number of forms—such as set social customs forcing people of certain birth or social status to avow membership in tribes, castes, clans, or religious communities; legal requirements mandating membership in certain organizations; or the use of extra-legal force or credible threat to force people to join gangs or militias or keep them from leaving once they join.

3. 10 Organizations that require membership in order to engage in some activity or profession or to reside in a housing development—such as membership in a professional association (e.g., a bar association) required to practice a profession; membership in a housing association required to purchase a housing unit; membership in a political party required to be a member of organizations affiliated with that party; or membership in a sports association required to obtain a license to practice that sport (e.g., a hunting or angling license)—do not violate the non-compulsory feature so long as individuals may choose to engage or not to engage in these activities or professions. Likewise, the mere existence of social norms, expectations, or informal pressures to enroll or participate in certain organizations (e.g., patriotic societies or gender, age, and ethnic associations) do not violate the non-compulsory feature as long as these expectations or informal pressures are not backed by extrajudicial force or credible threats of using extrajudicial force (by either governmental or non-governmental agents).

3. 11 **Significantly limited in its distribution of surplus (profits)** means that TSE units are organizations that are required—either by law, internal governing rules, or by socially recognized custom²⁹—to retain all, or a significant share, of the profits or surpluses generated by their productive activities rather than distribute them to investors or shareholders. This attribute distinguishes TSE units from corporations, which permit the distribution of all surpluses generated to their owners or shareholders. TSE units may accumulate surplus in a given year, but all, or at least most, of such surplus must be saved or plowed back into the basic mission of the agency and not distributed to the organizations' directors, founders, shareholders, or governing board.³⁰ This is consistent with the 2008 SNA definition of an NPI as a unit whose status does not permit them to be a source of income, profit, or other financial gain for the units that establish, control, or finance them (2008 SNA, paras 4.8, 4.83), but it applies this principle, in somewhat relaxed form, to other market producers, such as cooperatives and mutual associations, as will be further elaborated in Section C of this Chapter.

3. 12 An emerging international consensus appears to be that significant limitation on the distribution of profit means that at least 50 percent of the surplus of any such unit should be retained by the organization and dedicated to pursuing the organization's social mission.³¹ Some adjustment of this specific figure may be

²⁹ The reference to "socially recognized custom" refers to situations, common in a number of countries, where the formal body of laws governing nonprofits may be very limited for various reasons but where prohibitions on the distribution of profits to members or investors are firmly settled in social experience. This is consistent with 2008 SNA's (para 4.6) reference to a "legal or **social** entity" in its definition of an "institutional unit." Formal legal status typically stipulates what the organizations registered under it can legally do. If an organization is registered as a "non-profit," "non-stock," or "tax-exempt" entity, this not only establishes its legal status as an institutional unit, but also implies prohibition on profit distribution. By the same principle, "socially recognized custom" not only establishes the existence of an organization, but it also specifies what kind of organization it is, which may establish expectations about what happens with its surplus.

³⁰ As will become clear below, cooperatives that distribute all or most of their surplus to members can still be in scope of the TSES-SA, but only where such distribution is a central part of the social purpose of the organization to reduce costs to members.

³¹ A recent European Union Council Conclusion thus notes that: "By definition, social economy enterprises *use the majority of their possible profits as a means for achieving their primary social objectives*, rather than maximizing profits for their owners and shareholders." Similarly, a 2017 Luxembourg law on the creation of "social impact

appropriate, however, where the statutory social mission of the unit involves activities that have the effect of significantly reducing the amount of profit earned. This could be the case, for example, where part of the social mission of the organizations is to subsidize the cost of products or services by selling them below market prices for members, or to employ substantial numbers of persons with disabilities, those who are disadvantaged by social exclusion, or who are facing other barriers to employment or access to social resources, thus boosting the costs of training and social support. Such foregone profits due to subsidies or extra costs could be considered part of the retained earnings in support of the organization's social mission. This will be further elaborated in Section C of this Chapter.

3. 13 Significant limitation on the distribution of profit also means that TSE units must be legally bound to transfer any retained earnings or other assets to a similar social-purpose organization in the event of their dissolution (i.e., they must have a capital lock).

3. 14 **Private** means that the organization is not controlled by government. The emphasis here is not on whether the organization receives its income from government, even when this income is substantial; nor does it depend on whether the organization was originally established by a government unit or exercises government-like authority (e.g., issuing licenses to practice particular professions). The ultimate test of not being controlled by government is the ability of the organization's governing body to dissolve the organization on its own authority. More generally, the 2008 SNA significantly clarifies the "controlled by government" criterion by specifying five different indicators that determine whether an entity is "controlled by" government, only one of which involves the source of financing. In addition, the 2008 SNA specifies that the source of financing does not necessarily suffice to indicate control (2008 SNA, para 4.92). Rather, the 2008 SNA advises statistical agencies to determine if an entity is "controlled by government" on the basis of the presence of any combination of the of the following five indicators considered collectively (2008 SNA, para 4.92):

- a) **The appointment of officers.** If the government has the right to appoint the officers managing the organization either under the organization's constitution, its articles of association, other enabling instrument, this may indicate that the organization is controlled by government;
- b) **Other provisions of enabling instrument.** Government control of an organization exists if the enabling instrument contains provisions other than the appointment of officers that effectively allow the government to determine significant aspects of the general policy or program, such as specifying or limiting the functions, objectives, and other operating aspects of the NPI, or giving the government the right to remove key personnel or veto proposed appointments, require prior approval of budgets or financial arrangements.
- c) **Contractual agreements.** Government control of an organization exists if there is a contractual agreement between a government and an organization that may allow the government to determine key aspects of the organization's general policy or program—such as giving it the ability to renege on contractual agreements, prohibiting it from changing its constitution, or prohibiting it from dissolving itself.
- d) **Degree of financing.** An NPI that is mainly financed by government *may be* controlled by that government. However, if the NPI is able to determine its policy or program to a significant extent along the lines mentioned in the previous indicators, then it would not be considered controlled by

companies" identifies as one of the key conditions of such companies that they: "Follow the principle that at least half of the profits realized are reinvested in maintenance and development of the company's business." So, too, a 2014 French law on the social and solidarity economy stipulates that such entities are required to operate on the principle that: "Profits are mostly devoted to the objective of maintaining or developing the activity of the enterprise." See: Council of the European Union, (7 December 2015), "Conclusion on 'The promotion of social economy as a key driver of economic and social development in Europe,'" 15071/15; Soc 711/Emp1 464, para. 9, (Brussels: Council of the European Union), available at: <http://data.consilium.europa.eu/doc/document/ST-15071-2015-INIT/en/pdf>; "The Law of 12 December 2016 establishing the creation of social impact companies," Art. 1, para. 4, Luxembourg, available at: http://www.uless.lu/images/uless/news/75/docs/ULESS_Law_regarding_the_creation_of_social_impact_companies_2016.pdf; and <http://legilux.public.lu/eli/etat/leg/loi/2016/12/12/n1/jo>; and *LOI n° 2014-856 du 31 juillet 2014 relative à l'économie sociale et solidaire, Paris*, NOR: ERNX1315311, Available at: <https://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000029313296&dateTexte=&categorieLien=id>.

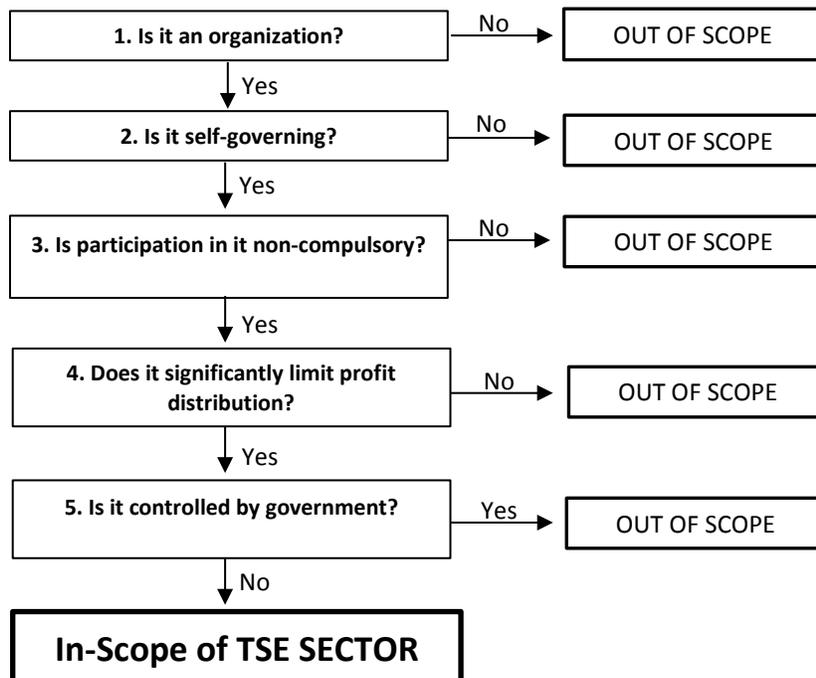
government. For example, an organization may receive funding from multiple government agencies that add up to a significant share of its income, but individually none of these government payments may be large enough to establish government control. The organization’s governing body may also have the authority to reject government funding if it so chooses.

- e) **Risk exposure.** If a government openly allows itself to be exposed to all, or a large proportion of, the financial risks associated with an organization’s activities in ways that allow the government to shape significant aspects of the general policy or program of the organization, then the arrangement constitutes control.

3. 15 By default, all units properly allocated to the general government sector or to public subsectors of the corporations sectors in the central system are considered to be government-controlled. These units should be separately identified as specified in the 2008 SNA sub-sectoring classification rules (2008 SNA, paras 4.148 and 23.9, Annex A1), but are not considered in-scope of the TSE sector satellite account recommended here, just as they are not considered in-scope for the NPI satellite accounts recommended in the 2008 SNA (2008 SNA, para 23.18). In addition, and quite apart from these “controlled by” criteria, by convention the SNA treats certain types of entities such as government statistical agencies, social security agencies, and public universities as units of government, even if they operate with a considerable degree of autonomy. Similarly, it treats central banks as public financial corporations. Such units are therefore considered out-of-scope of the TSE satellite account. By convention, pension funds are also excluded from the TSE sector satellite account.

3. 16 The task of locating the in-scope institutions of the TSE sector involves identifying all units in the economy—whether market producers or not—and applying a sequence of tests shown in Figure 3.1 below to determine whether they meet the operational criteria outlined in this Section. All units that pass this sequence of tests are in scope of the TSE sector. Further tests, outlined subsequently in this section, will subdivide this TSE sector into three institutional sub-sectors: NPIs (both market and non-market), market cooperatives and mutual societies, and market social enterprises.

Figure 3.1: Sequence of tests for determining in-scope TSE sector institutions



3. 17 **Institutions in-scope of the TSE sector** defined above may take a variety of legal or organizational forms, e.g., associations, foundations, cooperatives, mutual societies, corporations, “benefit corporations,” “limited profit

corporations,” “non-stock corporations,” “community benefit corporations,” or equivalent legal or administrative categories. They may be created to provide services for the benefit of members, other persons, or corporations; they may be created for charitable, philanthropic, or welfare reasons to provide goods or services to persons in need; they may be intended to provide health or education services; or they may be intended to promote the interests of groups in business or politics, etc. (2008 SNA, para 4.84). The following are illustrative examples of the kinds of entities that may be considered in scope of the TSE sector *if they pass the tests outlined in Figure 3.1.*

- a) Providers of human services to households, such as hospitals, nursing and residential care facilities, ambulatory clinics, social service providers, daycare centers, universities, colleges, schools, training facilities, housing project;
- b) Providers of subsidized products or services (e.g., food, transportation, credit) for low- or moderate-income persons;
- c) Organizations promoting international cooperation, peace, economic development, or poverty reduction in less developed areas;
- d) Organizations aiming to reduce environmental pollution; protect clean water, air, natural habitat, or endangered species; or promote environmentally sustainable development, eco-tourism, etc.;
- e) Organizations providing professional, administrative, scientific, or technical services to corporations or households;
- f) Organizations providing electricity, water supply, sewage treatment, waste disposal or fire protection to low- or moderate-income communities;
- g) Arts and culture organizations, including museums, performing arts centers, orchestras, ensembles, historical or literary societies, zoological gardens, parks, and recreational facilities;
- h) Clubs involved in sport, training, physical fitness, and competitions;
- i) Advocacy groups that work to promote civil and other rights, or advocate on behalf of the social and political interests of general or special constituencies;
- j) Foundations, i.e., entities that have at their disposal assets or an endowment and, using the income generated by that asset, either make grants to other organizations or carry out their own projects and programs;
- k) Community-based or grassroots associations that are member-based and offer services to, or advocate for, members of a particular neighborhood, community, or village;
- l) Political parties and their affiliates that support the placing of particular candidates into political office;
- m) Social clubs, including touring clubs and country clubs, that provide services and recreation opportunities to individual members and communities;
- n) Labor unions, business, employer and professional associations, chambers of commerce, and similar organizations promoting occupational interests;
- o) Religious congregations, such as parishes, synagogues, mosques, temples, and shrines, which administer religious services and rituals, and lay organizations controlled by these congregations—except for religious institutions affiliated with official state religions;
- p) Organizations providing funeral services or facilitating funeral arrangements;
- q) Volunteer promotion or volunteer-matching organizations that recruit volunteers and coordinate volunteer work;
- r) Social solidarity cooperatives;
- s) Membership organizations committed to reducing costs of purchases for low- or moderate-income members (purchasing cooperatives)
- t) Membership organizations aimed at reducing marketing costs for low- or moderate-income members (marketing cooperatives);
- u) Membership organizations reducing per unit costs of education for members’ children;
- v) Micro-credit organizations offering low-cost credit to low-income borrowers;
- w) Providential mutual societies;
- x) Work Integration social enterprises and sheltered employment centers; or
- y) Benefit, limited-profit, non-stock, community interest and similar corporations.

3. 18 **Out-of-scope units.** Any institution that fails any of the tests outlined in Figure 3.1 is out of the TSE scope regardless of its organizational form or legal status. The following are illustrative examples of the kinds of entities that are out of scope of the TSE sector:

- a) Pension funds (but not necessarily the organizations managing pension funds)
- b) Government agencies and entities;
- c) Government-established NPIs that operate with a degree of autonomy, but nevertheless are fundamentally controlled by government;
- d) Central banks;
- e) Government statistics agencies;
- f) Inter-governmental organizations (e.g. United Nations, International Labor Organization, or the World Bank);
- g) Government-controlled pension funds and similar government social security institutions;
- h) Government-controlled deposit taking corporations;
- i) Government-controlled investment funds;
- j) Government-controlled insurance or re-insurance corporations
- k) Government-controlled hospitals and universities;
- l) Profit-distributing corporations, regardless of their organizational or legal form;
- m) Government-owned and -controlled title holding and similar organizations established for the sole purpose of legal ownership of other organizations;
- n) Cooperatives distributing profits on the basis of investments received;
- o) Sole proprietorships, partnerships, and similar organizational forms effectively under the control of individual households but not constrained by any limitation on the distribution of profit;
- p) Cooperatives not constrained by capital lock or limitation on distribution of profits to other than members;
- q) Household activity other than volunteer work.

3. 19 **Borderline units.** Certain other types of organizations are likely to occupy a grey area between the TSE sector and out-of-scope units because it may be difficult to determine with reasonable certainty whether they meet the operational criteria specified in this Chapter. The following are illustrative examples of such entities:

- a) Cooperatives or mutual societies that allow the distribution of more than 50% of their profits to members are normally excluded from the TSE sector. However, such entities may be considered potentially in-scope if either or both of the following two conditions are met: first, if they are established principally to provide mutual benefits to their members by lowering the cost of cooperative-provided benefits and the distribution of profits in excess of 50% is exclusively to members; or second, if by law, by-laws, or settled social custom they purposely forego the profit they could reasonably earn in order to serve disadvantaged populations (e.g. by providing employment opportunities to such persons or by offering below-market products or services to them). For further detail, see para. 3.31 of this chapter.
- b) Self-help groups are similar to both cooperatives and mutual societies that individuals join to accomplish goals of mutual support that would be unattainable on an individual level. They differ from both, however, in that they are not principally engaged in market activities. As a general rule, self-help groups are treated as membership organizations in SNA (SNA 23.24) and should therefore be included within the TSE satellite account as NPIs, unless they lack a sufficient degree of organizational structure.
- c) Units legally registered as NPIs or cooperatives that under market pressures adopt capital structures, distribution of profit on the basis of capital invested, or management and control mechanisms characteristic of for-profit enterprises, or that otherwise register under cooperative or NPI legal forms without adhering to the principles and restrictions governing NPIs or cooperatives are out of scope of the TSE sector. National laws usually make provision for disqualification from non-profit or cooperative status for violations of these restrictions, but the implementation of such laws is frequently imperfect, making it difficult to determine if these units are in- or out-of-scope.

- d) Quasi-non-governmental organizations are non-market producers designed to function at arm's length from government departments, thus avoiding direct political control. To the extent that they are truly self-governing entities and may go out of existence on their own authority, they are appropriately considered in-scope of the TSE sector satellite account, even if they exercise the limited authority delegated to them by government agencies (2008 SNA, para 23.26). Otherwise they should be treated as public corporations;
- e) Indigenous or territorial groups are organized around either cultural or ethnic groupings or a particular geographic area, mainly with the purpose of improving the welfare of their members. Examples include "band councils" in Canada (a form of First Nations government), peasant or native communities in Peru, and tribal governments in the United States. The difficulty in determining their TSE status arises when such groups operate as de facto local governments, often making and enforcing their own laws. When that is the case, these groups do not embody the "private (institutionally separate from government)" feature and fall outside the scope of the TSE sector (2008 SNA, 23.29). This would be the case, for example, of Indian Tribal Governments in the United States.
- f) **Informal and temporary units.** Sometimes several households pool resources of knowledge and volunteer labor to serve their local community, such as teaching in informal schools, offering medical assistance, or repairing or building roads, wells, school buildings, etc. To the extent that such units meet the operational features for identifying in-scope NPIs they are included in the TSE sector as NPIs.

2. Guidelines for differentiating the major types of institutions in-scope of the TSE sector

3. 20 As previously noted, there are three major types of institutions in-scope of the TSE sector: (a) private NPIs; (b) private cooperatives and mutual societies; and (c) private social enterprises, though as the previous section has indicated not all institutions of these types may meet the in-scope criteria of the TSES-SA. Because of the substantial interest in understanding not only the overall scale and character of the institutions of the TSE sector, but also of the identifiable types of such institutions, , this subsection offers guidelines on how this differentiation of types of TSE sector institutions can be carried out in accordance with SNA subsectoring guidelines.

3. 21 To do so, it adheres to the classification rules outlined in 2008 SNA (4.33 to 4.36, 4.96 to 4.103, 4.128 to 4.133, and Annex 1 Section B),³² which provide a foundation for differentiating NPIs from for-profit entities. In order to facilitate the modular approach to TSE satellite account reporting, it is necessary to make a further subdivision of the for-profit institutions in the financial and non-financial sectors to identify cooperatives, mutuals, and social enterprises, which are differentiated on the basis of being significantly limited in their distribution of profit, as discussed in the previous section.

3. 22 In this subsection we first take up the guidelines for identifying NPIs, drawing on 2008 SNA paras. 4.8, 4.83, and 23.13-23.19. We then take up the guidelines for differentiating what we have referred to as the "related" TSE sector institutions, i.e. cooperatives and social enterprises, drawing particularly on the definition of cooperatives provided in 2008 SNA paras. 4.41 and 23.21.

B.2.1. Nonprofit institutions

3. 23 The 2008 SNA defines NPIs as "legal or social entities created for the purpose of producing goods and services but whose status does not permit them to be a source of income, profit or other financial gain for the units that establish, control or finance them" (2008 SNA, paras 4.8 and 4.83). This total prohibition on profit

³² 2008 SNA recognizes three main bases for differentiating subsectors of the five institutional sectors (i) government vs. private control; (ii) national vs. foreign control; and (iii) nonprofit vs. for-profit status. Using this structure, 2008 SNA identifies 130 different subsectors. For a full listing of these subsectors, see 2008 SNA, Annex 1, Section B.

distribution is thus a special case of the “limited profit distribution” feature defining the overall scope of the TSE sector (para 3.13 of this chapter).

Table 3.1: SNA Subsector Classification and Recommended Adaptation in TSE Sector Satellite Account

Bases for Differentiating Subsectors: Core SNA vs. TSES-SA Addition				
Control of Units	Profit-Distribution			
	Existing Basis (Core SNA)		TSES-SA Addition	
	Complete limitation on profit distribution	No limit on profit distribution	Limited Profit distribution	
Private	NPIs (Module N)	Profit-distributing Corporations, cooperatives, mutuals (Module Corps)	Cooperatives, mutuals (Module C-M)	Social enterprises (Module S)
	In-Scope of TSES-SA	Out of scope	In-scope	In-scope

3. 24 The key operational criterion determining whether institutions are NPIs is that: *“the articles of association by which they are established are drawn up in such a way that the institutional units that control or manage them are not entitled to a share in any profits or other income they receive”* (2008 SNA, paras 4.8 and 4.83). This means that to qualify as an NPI, an organization can generate surplus from its activities, but it must retain all such surplus and plow it back into its operations instead of distributing it to its members, employees, directors, or other stakeholders. This feature distinguishes NPIs from the other two types of in-scope TSE institutions (cooperatives/mutuals and social enterprises) that permit distribution of some of their profits to their stakeholders.

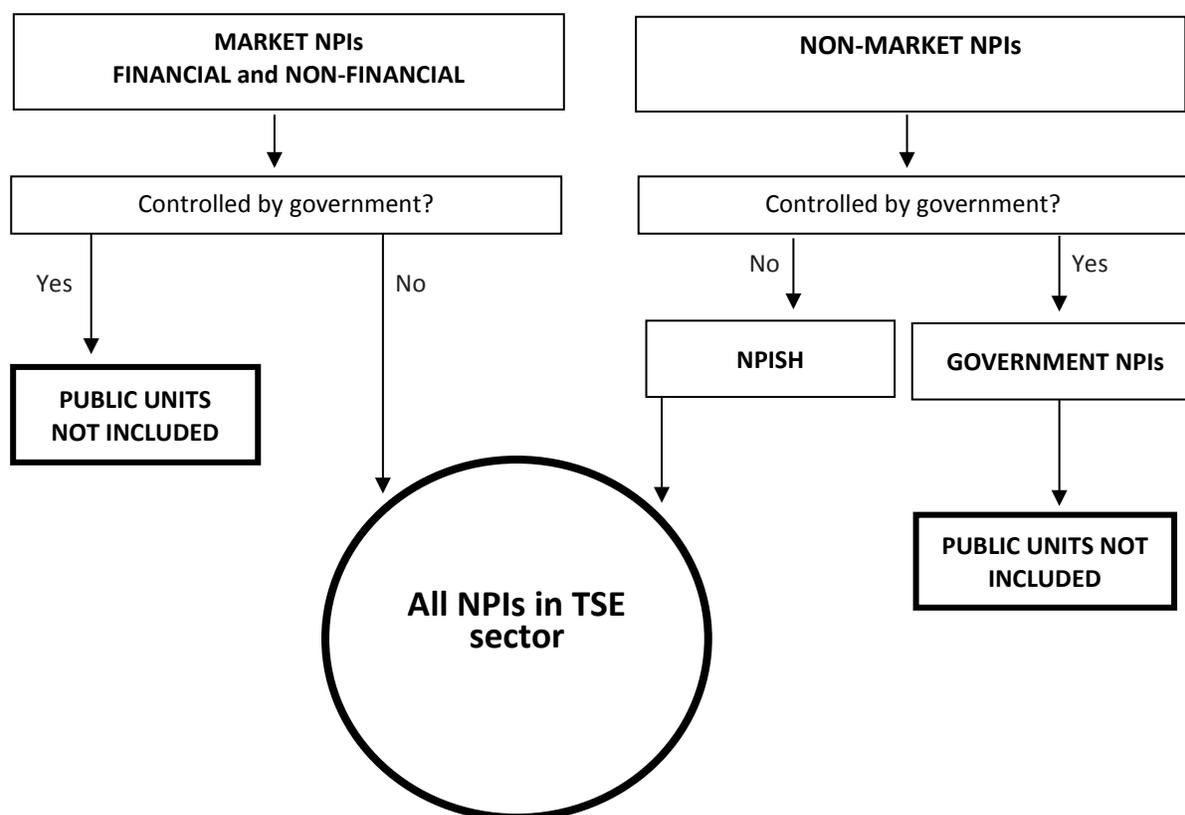
3. 25 Included in the NPI subsector of the TSE sector, as shown in Figure 3.2 below, are thus NPIs that are “market producers” and allocated to the corporations sector in the central system,³³ as well as those that are “non-market producers” and allocated to the NPISH institutional sector. In both cases, excluded from the TSE sector are NPIs, whether market or non-market producers, that are controlled by government as defined in 2008 SNA (4.77 to 4.80 and 4.92) and in section B1 of this chapter (para 3.15).

3. 26 NPIs are a distinct subsector of the TSE sector and should ideally be reported separately from other so-called “related institutions” in the TSE satellite account. These NPIs can take a variety of legal or organizational forms, e.g., associations, foundations, sheltered workshops, or non-stock corporations. As will be noted more fully below, some may be cooperatives, mutual societies, or social enterprises that differ from the other such entities with which they may share a common legal status by meeting the differentiating defining feature of NPIs—chiefly the complete prohibition on the distribution of any profits they may earn. In terms of functions, NPI entities may be created to provide services for the benefit of persons or corporations; to serve charitable, philanthropic, or welfare purposes by providing goods or services to persons in need; to provide health or education services; or to promote the interests of groups in business or politics, etc. (2008 SNA, para 4.84). For certain reporting purposes, however, it might also be useful to identify those NPIs that have the legal status of cooperatives, mutuals, or social enterprises as such and to report on them together with other entities of the same legal status.³⁴

³³ Market producers are producers that sell most or all of their output at prices that are economically significant, that is, at prices that have a significant influence on the amounts the producers are willing to supply and on the amounts purchasers wish to buy.

³⁴ This will be especially important in settings where policy attention has come to focus on the concept of “social economy,” which often embraces cooperatives, mutuals, and social enterprises as a distinct legal class.

Figure 3.2: Identification of NPIs in-scope of the TSE Sector Satellite Account in relation to their treatment in the central system



B.2.2. Related institutions

3. 27 The two remaining types of institutions in-scope of the TSE sector—cooperatives/mutuals and social enterprises—share with each other one singular feature that differentiates them from NPIs: i.e., unlike NPIs, which totally prohibit distribution of all profits, these two types of in-scope related institutions permit such distribution, though only to a limited extent. Such institutions, comprising cooperatives, mutuals, and social enterprises, are frequently referred to as “social economy institutions” in policy documents, though this term often extends to NPIs as well.

3. 28 Beyond this one commonality, however, these two types of related institutions differ from each other in certain significant ways that it is useful to acknowledge in the TSE satellite account. We therefore take up first the differentiating features of cooperatives and mutuals and then consider the differentiating features of social enterprises.

3. 29 **Cooperatives and mutuals.** The guidelines for identifying cooperatives and mutual societies are well specified in 2008 SNA. Thus, 2008 SNA para 23.21 defines cooperatives as “organizations formed freely by individuals to pursue the economic interests of their members.”. 2008 SNA para 23.21 further identifies three additional common features of cooperatives:

- a) democratic control (one person, one vote);
- b) shared identity (members are both owners and customers); and
- c) orientation to provide services to members “at cost.”

Mutuals share these features but tend to focus their activities in the sphere of finance.

3. 30 Another key feature of cooperatives and mutuals relates to the basis on which profit distribution is permissible. For cooperatives and mutuals, profit can be distributed on the basis of member activity but not to members or other stakeholders on the basis of fees paid or capital invested (2008 SNA para. 4.41).³⁵

3. 31 **Social enterprises.** “Social enterprises” are a less fully articulated class of entities than cooperatives within the framework of the SNA. However, they have attracted considerable interest in policy circles, as noted previously. Various countries have created special legal categories for such entities with such names as “benefit corporations,” “limited profit corporations,” “non-stock corporations,” “community benefit corporations” or equivalent legal or administrative categories.

3. 32 Underlying these various categories are certain common features characteristic of in-scope social enterprises. In particular, like cooperatives, they are market producers but—as components of the TSE sector—market producers that operate under a legal or significant-social constraint on their distribution of profit. This feature differentiates them from other for-profit companies with which they are grouped in the central system.

3. 33 Unlike cooperatives, however, social enterprises do not operate under a “democratic control” constraint. Rather, they are typically owned and controlled by entrepreneurs, do not often have members, and are not necessarily obliged to provide services to members at cost so long as they pursue some social mission that effectively limits the profit that they seek. At the same time, they must meet the other operational criteria for in-scope TSE sector units, such as a capital lock on retained earnings.

3. 34 Social enterprises also differ from cooperatives in having no constraint with respect to the basis on which the limited distribution of profit is permissible. In particular, social enterprises can distribute their limited profit to investors on the basis of capital invested as well as to entrepreneur/owners themselves.

3. 35 The TSE sector thus encompasses three distinct institutional subsectors that are delineated by rules governing their organizational structure and what they can do with any profit they may earn. More specifically, the following delineation guidelines can be used to differentiate these TSE sector institutional subsectors:

- a) The NPI or “N” module consists of units that totally prohibit distribution of any profits to their stakeholders. NPIs can be governed by their members or by self-perpetuating boards of directors.
- b) The cooperative and mutual or “C-M” module consists of units that are governed by their members according to the principle of one person/one vote; that cannot distribute more than 50% of any profit they may earn; that must apply a capital lock to any retained earnings; and that may not include in any permissible profit distribution any distribution based on fees paid or capital invested.
- c) The social enterprise or “S” module consists of units that cannot distribute more than 50% of any profit they may earn; that must apply a capital lock to any retained earnings; but that can be owned and governed by individual entrepreneurs, and that can include in their permissible limited profit distribution some distribution on the basis of capital invested.

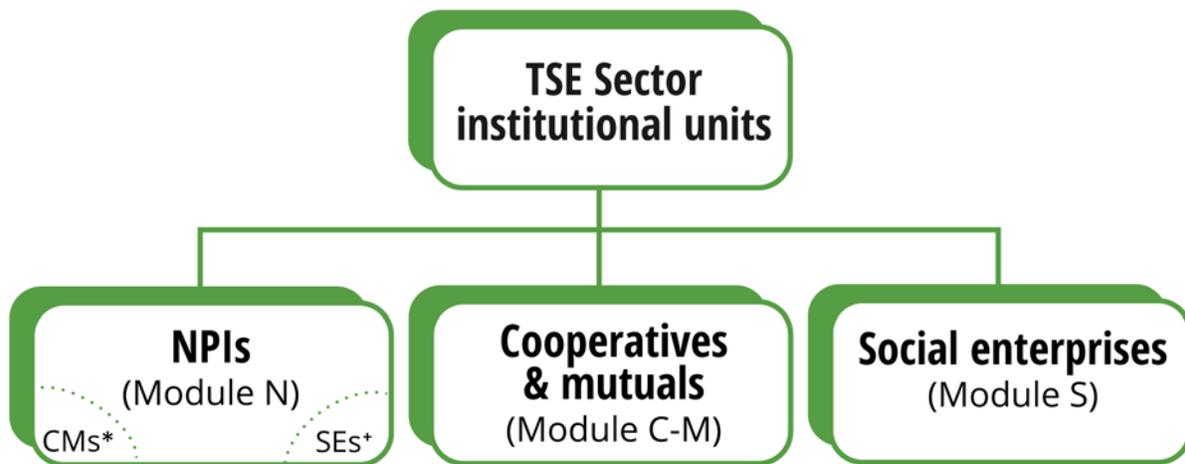
3. 36 Figure 3.3 shows the modular structure of the TSE sector.

3. 37 As noted in previous sections, these three subsectors or modules of the TSE sector embrace a variety of legal forms that differ from country to country. While the variety of such legal forms is likely too great to justify separate reporting on each, it may be useful for policy and maximum data utilization purposes to identify and break out for reporting purposes at least the cooperatives and social enterprises that are included in the NPI

³⁵ International Labour Organization, (2017), “Conceptual Framework on Measurement of Cooperatives and its Operationalization,” (Geneva: ILO), Part 1, Chapter 1, available at: http://www.ilo.org/global/topics/cooperatives/publications/WCMS_578683/lang-en/index.htm; CIRIEC, (2007), “Manual for Drawing Up the Satellite Accounts of Companies in the Social Economy: Co-Operatives and Mutual Societies,” (Liege: Centre Internationale de Recherches et de l’Information sur l’Économie Sociale et Coopérative), available at: <http://ec.europa.eu/enterprise/entrepreneurship/coop/projects-studies/projects-introduction.htm>. Payment of interest at reasonable rates does not constitute distribution of profit on the basis of capital invested.

module of the TSES-SA, as suggested in Figure 3.3. This would make it possible to combine these units with those in the cooperative or social enterprise modules, respectively, where there is specific policy interest in a full picture of these two legal types. In the case of cooperatives, these units will likely be identifiable by virtue of the term “cooperative” or its national cognates in their legal title. In the case of social enterprises, no such common term has surfaced for depicting them in legal terms, but terms such as mutual benefit company, sheltered workshop, work integration social enterprise (WISE), community interest company (CIC), benefit corporation, limited liability company, nonstock corporation and, of course, social enterprise or social venture are among the most common that are so far in use.

Figure 3.3: Modular structure of the TSE sector institutions



* Legally registered cooperatives and mutuals meeting NPI criteria

+ Social enterprises registered, or otherwise meeting the criteria, as NPIs

C. General operational rules for in-scope volunteer work and guidelines for differentiating two major forms of such work

1. General operational rules for in-scope volunteer work

3. 38 In this section we take up the defining features of the household activity considered to be in-scope of the TSE sector. This activity is commonly referred to as “volunteering,” or “volunteer work.”

3. 39 The 19th International Conference of Labor Statisticians³⁶ defines volunteer work as “*work performed by persons of working age who, during a short reference period, performed any unpaid, non-compulsory activity to produce goods or provide services for others, where:*

- a) ‘any activity’ refers to work for at least one hour;

³⁶ International Conference of Labour Statisticians, (2013), “Resolution concerning statistics of work, employment and labour underutilization,” available at: http://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/normativeinstrument/wcms_230304.pdf.

- b) 'unpaid' is interpreted as the absence of remuneration in cash or in-kind for work done or hours worked; nevertheless, volunteer workers may receive some small form of support or stipend in cash, when below one third of local market wages (e.g. for out-of-pocket expenses or to cover living expenses incurred for the activity), or in-kind (e.g. meals, transportation, symbolic gifts);
- c) 'non-compulsory' is interpreted as work carried out without civil, legal, or administrative requirements that are different from the fulfilment of social responsibilities of a communal, cultural, or religious nature;
- d) production 'for others' refers to work performed: (i) through, or for, organizations comprising market and non-market units (i.e. organization-based volunteer work) including through or for self-help, mutual aid, or community-based groups of which the volunteer is a member; or (ii) directly for households other than the household of the volunteer worker or of related family members (i.e. direct volunteer work)."

3. 40 This definition closely follows that elaborated in the International Labor Organization *Manual on the Measurement of Volunteer Work* issued in 2011.³⁷

3. 41 To be considered an **activity**, volunteer work must last for at least one hour during a given reference period. This follows the same standard as one applied to paid employment. The purpose of this one-hour requirement is to exclude actions that are incidental to other activities, such as helping an elderly person across the street one day or giving somebody a lift on one's way to work. Counting such incidental actions would blur the boundaries between volunteer work and other own-use activities.

3. 42 **Unpaid** means that the person performing them is not entitled to any compensation in cash or kind. Although this feature is straightforward and self-explanatory, its application may be problematic in those circumstances where people performing activities receive something of value that is not formally defined as compensation or wages. This may include token gifts of appreciation, accommodations, reimbursement of expenses, or stipends. The test of whether such transfers of value constitute compensation is asking the question: "Does the value received by the performer exceed the expenses that he or she incurs or is likely to incur to perform the activity?" If the answer is no, then the transfer does not qualify as compensation.

3. 43 **Non-compulsory** means that volunteer work involves a meaningful element of individual choice and absence of any legal obligations or coercion. This means that a volunteer can refuse to perform volunteer work if he or she so chooses without facing penalties. Social or peer pressure to perform such work does not count as compulsion, but the presence of administrative or legal penalties for non-performance do. For example, being uninvited to social events for refusal to perform volunteer work does not count as compulsion, but the sanctions involving termination of employment, demotion, or denial of graduation from school do.

3. 44 **Production for others** means that the primary beneficiary of volunteer work is someone or some cause not exclusively or chiefly for the person performing it. The test here is whether the activity could be replaced by that of a paid substitute. Thus, for example, time spent playing the piano for one's personal enjoyment would not be considered volunteer work, whereas playing the piano for residents of a nursing home would qualify. Activities whose primary purpose is to harm others do not meet the "production for others" criterion.

3. 45 The following types of activities are excluded from volunteer work:

³⁷ International Labour Organization, (2011), *Manual on the Measurement of Volunteer Work*, (Geneva: International Labour Organization), available at: http://www.ilo.org/global/publications/books/WCMS_167639/lang--en/index.htm. The main difference is that the 19th ICLS narrows down the scope of volunteer work by excluding work performed for households of related family members. The ILO *Manual* does not make such exclusion and counts work for all households other than that of the volunteer worker, including, possibly, households of family members of the volunteer. One complication of the later ICLS definition is the variation in the definition of "family" from country to country. Statistics agencies are encouraged to provide some clarification of their own interpretation of this concept in reporting their data on volunteer work.

- a) Community service and work by prisoners ordered by a court or similar authority, compulsory military or alternative civilian service;
- b) Unpaid work required as part of education or training programs (i.e., unpaid trainees or interns); and
- c) Work for others performed during the working time associated with employment, or during paid time off from an employee's job granted by the employer.

3. 46 Volunteer work is not an institutional unit but an activity performed within institutional units (organizations or households). Its identification here as separate components of the TSE sector is designed for heuristic purposes and reflects the valuation method for volunteer work recommended in this handbook, following recommendations in 2008 SNA and the ILO *Manual on the Measurement of Volunteer Work*, as will be discussed in detail in Chapter 4 below. Volunteer work taking place within organizations is referred to as *organization-based volunteer work*, and volunteer work performed informally by individuals in households is referred to as *direct volunteer work*.

3. 47 Given its nature as an activity performed within institutional units, organization-based volunteer work is assigned in the SNA to the same institutional sector as the unit in which it takes place. This, in turn, has implications for the portion of organization-based volunteer work that is in-scope of the TSE sector. In particular, only that organization-based volunteer work carried out through or for organizations that are themselves in-scope of the TSE sector is in-scope of the TSE sector. This includes NPIs and in-scope cooperatives, mutuals, and social enterprises. Not included, however, is organization-based volunteer work done to or through government agencies or for-profit companies.³⁸

3. 48 Unlike organization-based volunteer work, all direct volunteer work is considered in scope of the TSE sector even though the institutional unit within which it is performed (the household) is not. This is consistent with SNA treatment of household work in the production of goods or services for sale to others, which is treated as the work of individual household enterprises. In the case of the volunteer work done for others without pay, the household members are considered household volunteer workers. This usage makes it possible to reflect the full value of such volunteer work in the TSES-SA.

3. 49 The task of locating volunteer work activities that are in-scope of the TSE sector involves applying a sequence of tests shown in Figure 3.4 below to determine whether they meet the operational criteria outlined in this section. All activities that pass this sequence of tests qualify as volunteer work that is in scope of the TSE sector. Further tests, outlined in section C2 below, will further help differentiate these in-scope volunteer work between the two major types—organization-based and direct.

3. 50 Applying the criteria listed in Figure 3.4 yields the following illustrative forms of volunteer activity that are likely in- or out-of-scope of the TSE Sector Satellite Account:

³⁸ Although volunteer work for government organizations and for-profit corporations is out of scope of the TSE sector, in some countries, volunteer work for government or for-profit corporations accounts for a significant share of all volunteer work. In such settings, there may be considerable policy interest in reporting these additional types of volunteer work in economic statistics. However, any such reporting should clearly differentiate such out-of-scope volunteer work from the in-scope portion to permit accurate cross-national comparisons. In addition, care should be taken to exclude such out-of-scope volunteer work activity that does not meet the operational guidelines for true volunteer work articulated earlier in this chapter and established in the 19th ICLS regulation on forms of work, which exclude from volunteer work mandatory activities such as required internships and mandatory public service as well as paid volunteer work such as that in corporate volunteer programs that give workers released time with pay to engage in “volunteer work”.

Figure 3.4: Sequence of tests for determining volunteer work in-scope of the TSE sector

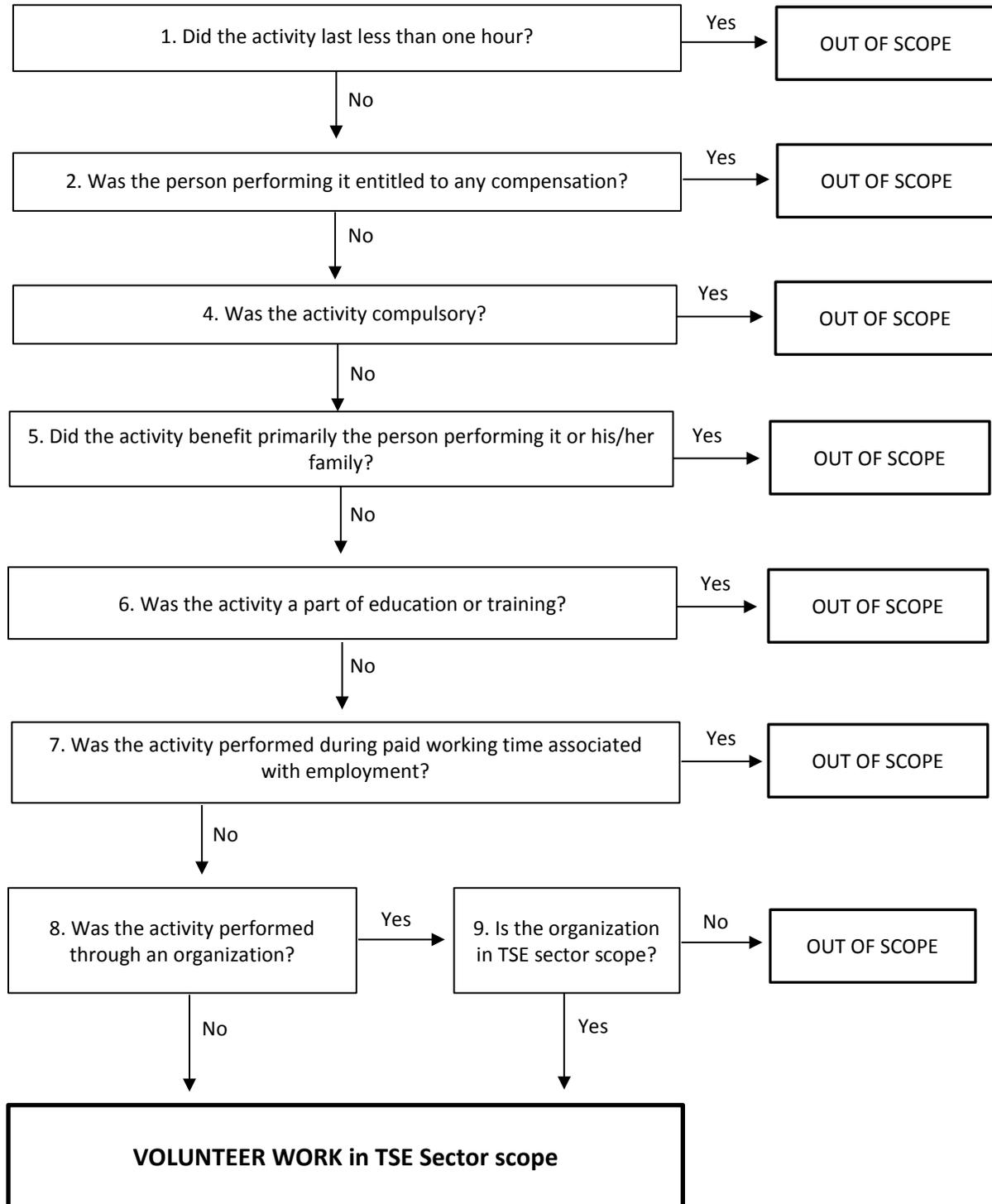


Table 3.2: Illustrative examples of volunteer work likely to be in- or out-of-scope of the TSE Sector Satellite Account

Type of activity	In Scope	Out of scope
Unpaid work for a nonprofit organization	X	
Unpaid work for a labor union or a professional association	X	
Unpaid work for a religious congregation or association	X	
Unpaid work required to complete education or apprenticeship		X
Helping neighbors or strangers without compensation	X	
Helping/taking care of animals (outside an organization)	X	
Participation in neighborhood clean-up activities	X	
Arranging cultural, social, or religious events (outside an organization)	X	
Attending religious services or cultural events		X
Serving as an unpaid usher at a for-profit musical concert		X
Pro-bono professional work or counseling for friends or neighbors	X	
Helping own family members		X
Participating in corporate volunteer program during working time		X
Participating in cultural, social, or religious events		X
Episodic activities (e.g. giving directions to a passerby)		X
Incidental activities (e.g. offering someone a ride on one's way to work)		X
Legally mandated voluntary service		X
Any unpaid work by persons under 15 years of age		X
Any activity intended to harm people, animals, or community		X
Traveling to perform volunteer work		X
Waiting to perform volunteer work		X
Activities for the benefit of performer (e.g. sports, music, sight-seeing)		X

2. Guidelines for differentiating major forms of volunteer work

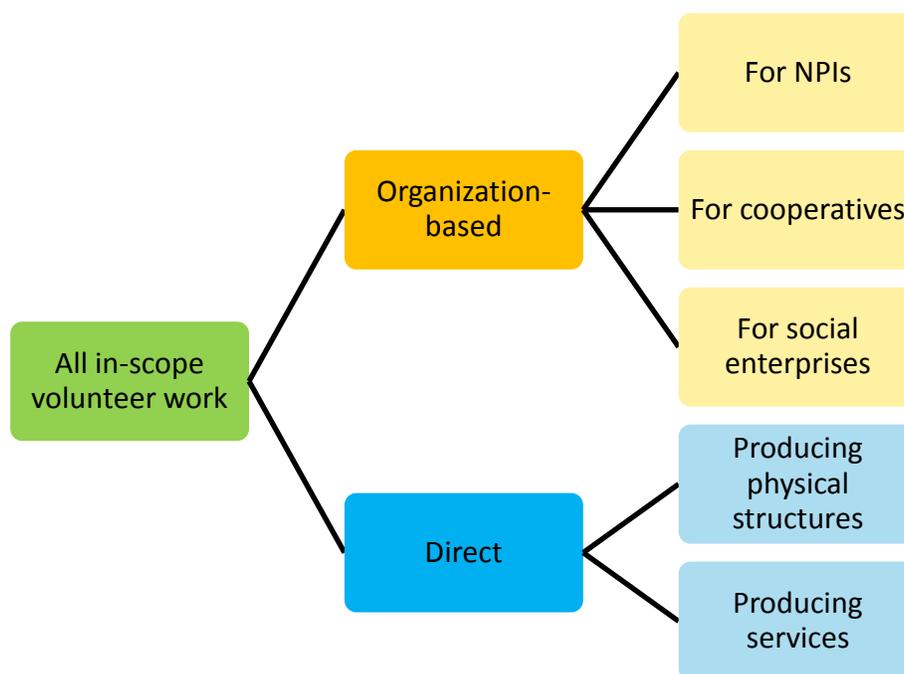
3. 51 As previously noted, in-scope volunteer work falls into two distinct categories: (a) **organization-based volunteer work**, which takes place in the context of in-scope institutions, which were identified in section B.1 of this chapter; and (b) **direct volunteer work**, which takes place in the context of units in the household sector. These two types have sufficient differences in the realm of practice, and have attracted sufficiently different treatment within the SNA, to deserve separate reporting in the TSE satellite account. This subsection identifies guidelines for making this differentiation.

3. 52 **Organization-based volunteer work** can be carried out through or for a variety of types of organizations (e.g. government bodies, for-profit companies, cooperatives, or nonprofit organizations). As noted previously, for the purpose of the TSE sector satellite account, only that organization-based volunteer work carried out to or through organizations that are themselves in-scope of the TSE sector is in-scope of the TSE sector and therefore included in the TSE sector satellite account. Such in-scope volunteer work should be separately differentiated from direct volunteer work and can be further tagged in terms of the type of in-scope organization through which it is performed.

3. 53 **Direct volunteer work** represents unpaid work carried on directly by individuals outside of organizations and is allocated to the household sector in the central system. As noted previously, the central system values such volunteer work differently depending on whether it leads to the production of physical structures or of services. For the purposes of the TSE satellite account, however, all direct volunteer work, whether producing services or physical structures, is considered in scope and therefore appropriate to be reported in the TSE satellite account. Chapter 4 of this handbook provides further guidance for assigning value to these activities.

3. 54 Figure 3.5 summarizes the types of volunteer work that should be included in the TSE satellite account.

Figure 3.5: Differentiation of the types of volunteer work included in the TSE satellite account



D. Locating the in-scope components of the TSE Sector

3. 55 As noted in Chapter 2, TSE entities can be found in a wide range of economic activities. Conversely, almost all types of economic activity can be performed not only by TSEs but also by for-profits and government units. A central task of carrying out the recommendations on compilation and sub-sectoring of a TSE satellite account is therefore to distinguish TSE entities from the other entities included in the various institutional sectors. This will require special methodological procedures. This section provides some general guidance for such procedures, bearing in mind that the available sources for implementing these procedures will likely vary from country to country. It does so in two steps: *first*, it takes up the basic approach for identifying the volunteer work in-scope of the TSE sector; *then* it takes up the somewhat more complicated approach for identifying the institutions of this sector.

1. Locating the volunteer work in-scope of the TSE sector

3. 56 The recommended approach for identifying the volunteer work that is in-scope of the TSE sector is the use of household surveys. The ILO *Manual on the Measurement of Volunteer Work* (see note 12) provides detailed methodological guidance for measuring volunteer work, both direct and organization-based, using labor force surveys (LFS), so there is no need to repeat this information here.

3. 57 Alternative data sources for direct volunteer work include regular social surveys and time use surveys (TUS) that use the International Classification of Activities for Time Use Statistics (ICATUS) or its equivalent. Specifically, Division 51 “Unpaid direct volunteer work for other households,” covers direct volunteer work and

Division 52 covers organization-based volunteer work.³⁹ Further detail on the valuation of volunteer work will be covered in Chapter 4 below.

2. Locating the potential in-scope institutions of the TSE sector

3. 58 Identifying the institutions of the TSE sector involves differentiating the in-scope TSE institutions from the non-TSE sector institutions in the various institutional sectors to which TSE institutions are allocated in the central system. The backdrop for this task should be a country's business register or similar comprehensive listing of all units resident in the country. However, since the business register itself may not contain TSE flags, two prior steps will likely be needed. The first of these steps is to narrow down the search to the easily identifiable groups or classes likely to contain units in the TSE scope. Once such groupings or classes have been identified, a second set of steps will determine which units actually meet the operational criteria outlined in section B1 of this Chapter. The discussion below outlines these steps more precisely.

3. 59 The steps involved in identifying potential in-scope TSE institutions can typically take a variety of forms. In particular:

- a) Organizations that prohibit or limit distribution of any surplus they generate to their stakeholders often must register under a different *legal or tax status* than organizations that do not have such a prohibition. Examples include non-profit or charitable organizations, various types of cooperatives and mutual associations, corporations limited by guarantee, non-stock corporations, benefit corporations, or entities eligible for special tax treatment.
- b) Determining what legal forms, if any, carry a profit distribution constraint may also require consultations with *legal experts* or other persons with knowledge of the NPI and the broader social economy sector in the country, embracing cooperatives, mutual societies, and social enterprises.
- c) Listings maintained by various *umbrella organizations* representing NPIs, cooperatives, social enterprises, and/or related institutions in the country can also be helpful. Often these external listings may carry numerical or other identifiers that correspond to those on the business register, making cross-checking possible.
- d) However, it is also likely that legal forms may include a mix of units, some of which are totally or significantly limited from profit distribution while others are not. In such situations additional information will be needed to further subdivide the groups of units with common legal form. This additional information is often provided by *tax status or ownership type*. Such information can be included in the business register itself or found in other administrative records, such as tax records, or registries of various types of organizations.

3. 60 Figure 3.6 illustrates the typical process of identifying groupings of TSE entities by combining information most readily available in administrative records. In some instances, only one of these elements will suffice to identify such subsets, while in other instances additional elements (e.g., separate laws for TSE entities that apply in different fields of activity) may be necessary. Box 3.1 provides an illustrative example of how this procedure was applied in practice in one country.

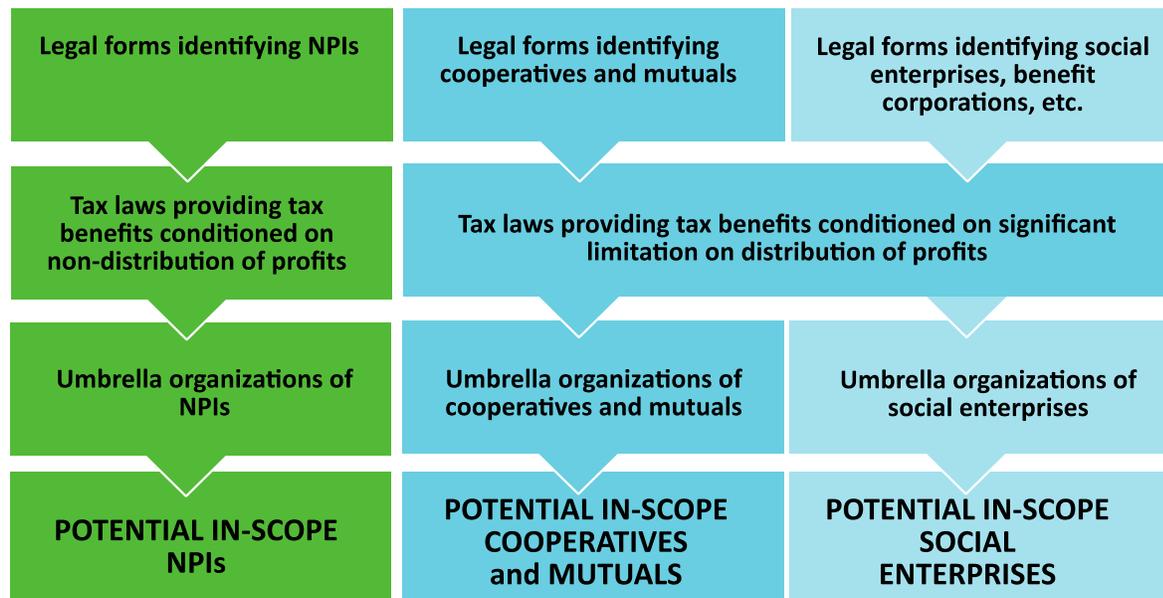
3. 61 Separating in- and out-of-scope units based on their legal or tax status alone may not always be possible. In such situations, special procedures must be employed to identify in-scope TSE units, particularly in cases where a legally defined class of units contains cases of in-scope units and out-of-scope units. One way to proceed is to examine certain revealing features of the operations of the units under scrutiny. For example, current transactions are typically recorded in the existing statistical data system used to compile national accounts. Some of those transactions or combinations of transactions are unique to units that prohibit or substantially limit surplus distribution or that pursue social missions that substantially limit their surplus generation capacity. Identifying such

³⁹United Nations, *International Classification of Activities for Time Use Statistics 2016* (ICATUS 2016).³⁹

transactions may be instrumental to identifying units in the TSE sector. Below is an illustrative list of such possible ways of identifying in-scope units:

- a) The presence of significant *miscellaneous current transfers* (e.g. government grants, philanthropic contributions, membership dues) may serve as a proxy for a significant social-purpose mission. Similarly, the absence of dividends paid to owners or members over a period of years can tag an organization or class of organizations as limiting the generation and/or distribution of profits and likely suggesting a prohibition on the distribution of profits on the basis of invested capital. Finally, since one of the tests for whether an organization is operating under a limitation on its distribution of profit is its employment of a significant number of people with special needs, this characteristic should show up in higher employee compensation expenses than comparable units that do not employ such people since such employees may need special support systems, such as transportation, special facilities, additional training, addiction services, paid sick leave, and in-kind compensation.
- b) Another possibility is to use the *industry as an indicator of the out-of-scope status*. For example, some countries have found that all, or virtually all, cooperatives or mutual societies operating in the finance and insurance industries allow unlimited distribution of profits and/or distribution based on capital invested. Therefore, the industry classification code may be used to flag likely in- and out-of-scope units.
- c) Since it is possible that none of these operational characteristics alone may be sufficient to properly identify units in scope of the TSE sector as defined in this Chapter, and several such characteristics may need to be considered jointly, statistical offices may want to consider using statistical techniques, such as discriminant analysis, to classify objects into mutually exclusive and exhaustive groups based on a set of measurable features of those objects.⁴⁰ Another option would be to use relatively small probability samples of units drawn from the “mixed” categories and examine each unit in the sample individually to determine whether it is likely to be in or out of scope. This sample can then be used to estimate the shares of employment or various financial flows that are in and out of scope. These shares can then be applied to the entire class of units from which the samples were drawn.

Figure 3.6: Sources of information likely to be helpful in identifying potential in-scope TSE Units



⁴⁰ For details on this technique, see Klecka, W.R., (1980), *Discriminant Analysis*, (New York: Sage Publications).

Box 3.1

Case study: Identifying NPIs in the U.S.

The U.S. Quarterly Census of Employment and Wages (QCEW) is a comprehensive listing of all businesses in the United States with employees covered by Unemployment Insurance (UI). These businesses are required to report employment for each month and quarterly wages and unemployment insurance contributions to the respective state each quarter. The data for all states is centrally managed by the federal Bureau of Labor Statistics (BLS). While the QCEW contains information on the ownership of units, this information only distinguishes between government and private ownership but does not distinguish private between for-profit and nonprofit. As a consequence, official labor force statistics make no distinction between for-profit and nonprofit places of employment, obscuring the relative scale of nonprofit employment in the country, either overall or by industry.

Fortunately, the U.S. tax authority maintains a separate file of organizations that have been granted tax exemptions under several provisions of the U.S. tax code, one of which corresponds closely to the category of NPIs as defined in this handbook. While far from complete, this Exempt Organization Master File turned out to carry an identification number for each organization that corresponded to a number also carried on the QCEW data-set. With the cooperation of the U.S. Bureau of Labor Statistics, researchers from the Johns Hopkins Center for Civil Society Studies were able to merge these two data sets and identify the vast majority of NPIs in the QCEW data set. In the process, they were able to generate the first empirical estimates of the size of the NPI workforce, overall and by field and state, in the United States.

For more information see: Salamon, L.M. and Sokolowski, S.W., (September 2005), "Nonprofit Organizations: New Insights from QCEW Data," *Monthly Labor Review*, pp. 19-26, available at: <http://ccss.jhu.edu/publications-findings/?did=273>; and United States Bureau of Labor Statistics, "Research Data on the Nonprofit Sector," <https://www.bls.gov/bdm/nonprofits/nonprofits.htm>.

3. 62 Identifying social enterprises in the existing records poses a particular challenge because the legal framework regulating these entities is still developing as of the date of this handbook. Some countries have established distinct legal forms for these organizations, e.g. "community benefit corporations" in the United Kingdom; "benefit corporations" and "L³C," or low-profit limited liability companies in the United States; "social impact companies" in Luxembourg; and "social cooperatives" in Italy.⁴¹ Such provisions explicitly allow such corporations to direct some of their proceeds to a social or environmental mission and relieve them of the requirement to maximize their returns to investors and shareholders. Companies that choose to register under these laws are thus likely to be candidates for inclusion in the TSE satellite account. However, as noted, many countries have yet to enact such laws. Even where they do exist, moreover, the incentives for official registration under these laws is often insufficient to convince social enterprises to undertake the registration. Accordingly, many such enterprises opt to register as NPIs while others register under alternative corporate statuses. As a result, other methods for identifying social enterprises may be needed. Among the more promising are likely to be membership lists maintained by the many social enterprise networks that have surfaced in a growing number of countries, by social impact investment organizations (e.g., the European Venture Philanthropy Association, and by social impact certification agencies, such as B-lab, a global non-profit organization operating in the United States,

⁴¹ See: Lane, M.C., (2011), *Social Enterprise: Empowering Mission-Driven Entrepreneurs*. (Chicago: American Bar Association), p. 11. Luxembourg's "Law of 12 December 2016 establishing the creation of social impact companies" is available at: http://www.uless.lu/images/uless/news/75/docs/ULESS_Law_regarding_the_creation_of_social_impact_companies_2016.pdf.

Europe, South America, Canada, Australia, and New Zealand).⁴²

3. Testing whether potentially in-scope organizations meet the TSE defining operational features

3. 63 Once legally defined classes of units likely to contain in-scope units have been identified in the data, the next step is to determine which units in these classes meet the operational definition of TSEs in-scope for the TSE satellite account as outlined in section B1 of this Chapter. Table 3.3 provides a tool that can be used to complete this step. All categories of potential TSEs that can be identified should be listed here (e.g. by legal form, tax status, ownership type, or other potential identifiers) and each category should be tested against the defining features of in-scope TSE sector units. In each case, some notation should be made about whether None, Some, or All of the entities in the particular category meet the specified criterion.

Table 3.3: Grid for assessing the categories of potential NPIs and related institutions that fit the criteria for inclusion in the TSE Sector Satellite Account

Categories of Potential In-Scope TSE Institutions	Share of Units Meeting Defining Features of In-Scope TSE Institutions					In-Scope? (None, Some, All)
	1 Organiza- tion? (None, Some, All)	2 Self- governing? (None, Some, All)	3 Non- compulsor y? (None, Some, All)	4 Limited-profit- distributing? (None, Some, All)	5 Private? (None, Some, All)	
I. Legal form						
A NPIs						
A.1: Social servc orgs						
A.2: Education orgs						
A.3: Hospitals						
A.4: Religious orgs						
Add lines as needed						
B. Cooperatives						
B.1: Purchasing coops						
B. 2.:Agric Mrktg coops						
B.3: Consumer coops						
B.4.: Housing coops						
Add lines as needed						
C. Social Enterprises						
C.1: Sheltered workshops						
C.2: Work Integration						
C. 3: Benefit Corps						
C.4-? Other						
II. Tax Exemptions						
A1: Income taxes						
A2: Value added taxes						
A3: Property taxes						
A4: Contributn exemptns						
A5						
Add lines as needed						

⁴² For further information on B-lab, see: <https://www.bcorporation.net/what-are-b-corps/about-b-lab>. For further information on the European Venture Philanthropy Association and its expanding network of associations in other countries, see: <https://evpa.eu.com/>.

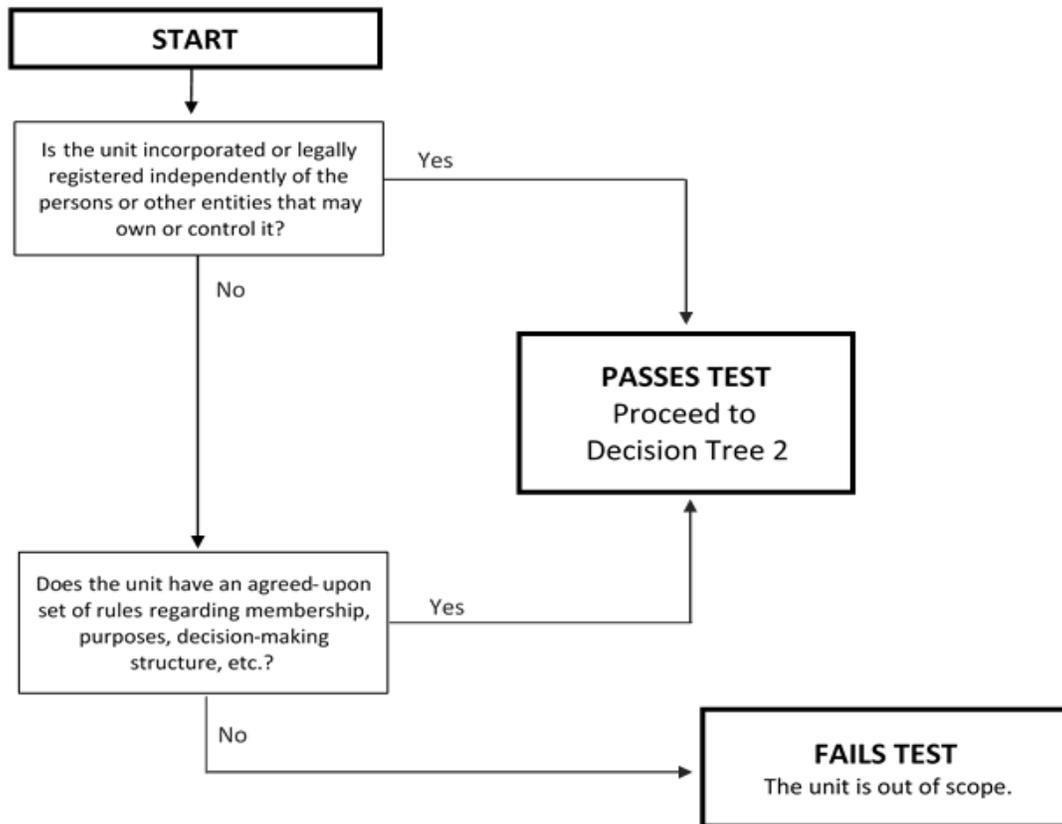
3. 64 To assist in this process of identifying institutions in-scope of the TSE sector decision trees for each of the operational features, are provided below (Figures 3.7 to 3.11). For each group of organizations identified in the first column of Table 3.3, use the decision trees in the order listed below to test whether all, some, or none of the units in the group embody the given feature and then record the overall result of all five tests in the final column. If all units in a group pass all tests, the entire group is added to the list of institutions and the test ends for that group. If none of the units passes all tests, the entire group is excluded and the test is applied from the start to another group of units. If some but not all units pass all five tests, the group should be divided into more homogenous subsets until it is possible to decide whether either all or none of the units in these subsets fail or pass the tests. If it is impossible to further split groups indicating “some” TSE presence, alternative means of identifying in-scope TSEs in those groups should be deployed, including case by case examination of each record in that group. Consultation with persons knowledgeable about the types of units in-scope of the TSE sector in the country can be extremely helpful in this process. This process ends once all or virtually all units in-scope of the TSE sector have been identified. Once the set of in-scope units has been identified, two additional decision trees (Figures 3.12 and 3.13) are provided to help with allocating these units to one of the three institutional subsectors of this sector—NPIs, cooperatives, and social enterprises.

Table 3.3: Grid for assessing the categories of potential NPIs and related institutions that fit the criteria for inclusion in the TSE Sector Satellite Account

Categories of Potential In-Scope TSE Institutions	Share of Units Meeting Defining Features of In-Scope TSE Institutions					In-Scope? (None, Some, All)
	1 Organiza- tion? (None, Some, All)	2 Self- governing ? (None, Some, All)	3 Non- compulsory ? (None, Some, All)	4 Limited-profit- distributing? (None, Some, All)	5 Private? (None, Some, All)	
I. Legal form						
A NPIs						
A.1: Social servc orgs						
A.2: Education orgs						
A.3: Hospitals						
A.4: Religious orgs						
Add lines as needed						
B. Cooperatives						
B.1: Purchasing coops						
B. 2.:Agric Mrktg coops						
B.3: Consumer coops						
B.4.: Housing coops						
Add lines as needed						
C. Social Enterprises						
C.1: Sheltered workshops						
C.2: Work Integration						
C. 3: Benefit Corps						
C.4-? Other						
II. Tax Exemptions						
A1: Income taxes						
A2: Value added taxes						
A3: Property taxes						
A4: Contributn exemptns						
A5						
Add lines as needed						

3. 65 **Organization test.** The first decision tree (Figure 3.7) outlines a test of whether the entities in question are organizations. All legally registered units meet this test by definition, but it is also possible for unregistered organizations to do so if they meet additional tests. Even unregistered organizations can be considered to be organizations if their existence is recognized by society and there is evidence of agreed-upon rules, a decision-making structure, and some meaningful degree of organizational permanence. All units that pass any of these tests are organizations and should proceed to the next test. Those that fail are out of scope.

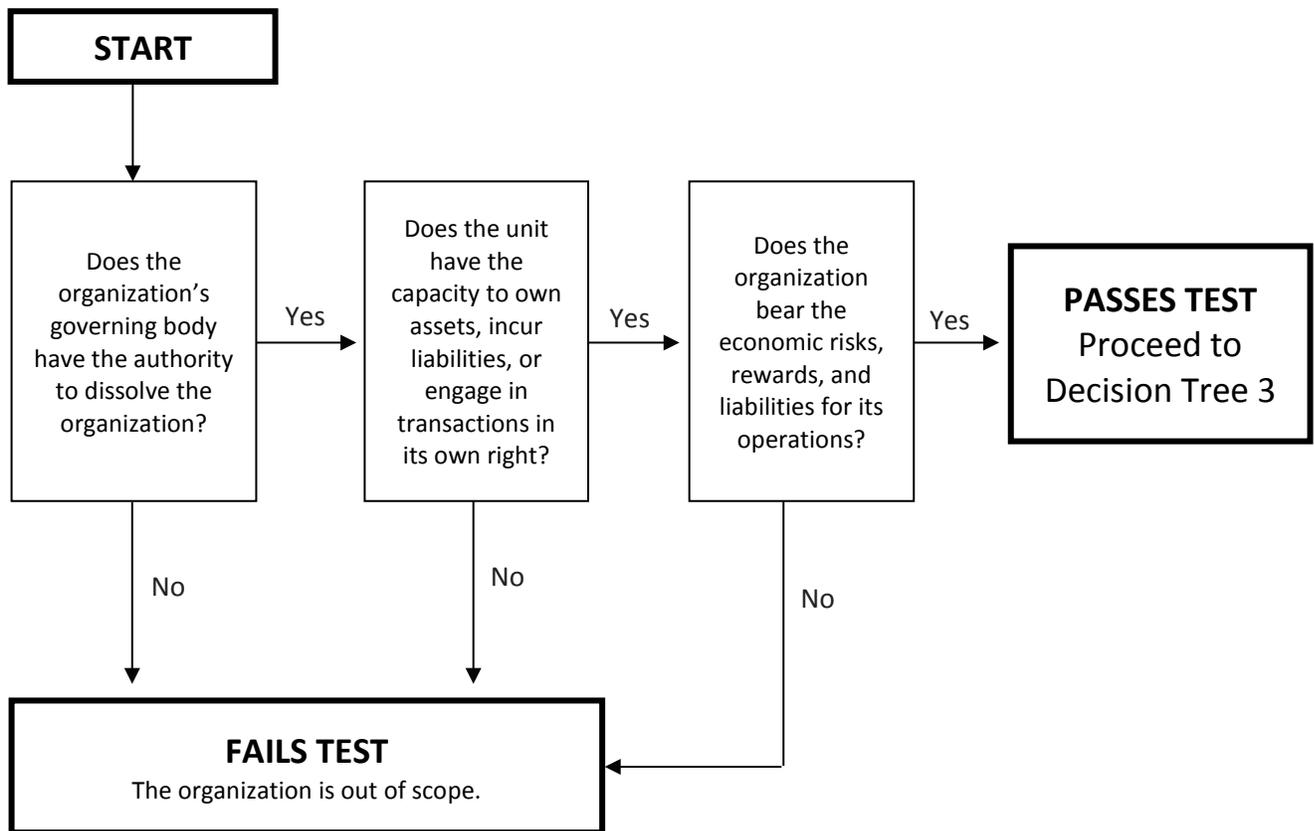
Figure 3.7 Decision Tree 1—Organization test



3. 66 **Self-governing test.** The second test in the sequence (Figure 3.8) determines whether organizations are self-governed. Determining self-governance gains particular urgency due to the presence of large groups of corporations or conglomerates in which a parent corporation controls several subsidiaries, some of which may control subsidiaries of their own, and so on (2008 SNA 4.51). This test focuses primarily on self-governance *vis-à-vis* other private-sector organizations, such as for-profit companies or other TSE sector units, but it is also relevant to establishing self-governance *vis-à-vis* government. However, a more comprehensive test of government control for units that pass the self-governing test is administered in decision tree 5 (figure 3.11 below). According to 2008 SNA, what is important in making judgments about whether an organization is self-governing is not the locus of legal ownership but the locus of economic control, and this applies to both circumstances in which other private-sector units own NPIs, cooperatives, or social enterprises and to those in which NPIs, cooperatives, or social enterprises own for-profit companies (2008 SNA, paras 2.43, 3.23-3.29). While such TSE units may be legally owned by a corporation or holding company, they remain self-governing so long as they are fully responsible for the economic risks and rewards that their operations entail. Organizations that assume the risks and rewards for their own operations are thus “self-governed” and institutionally separate from other units that may legally own them. As such, they are allocated to economic sectors based on their own economic activities rather than those of the units that may legally own them. A for-profit corporation that might be owned by a foundation (e.g. IKEA) would therefore not be allocated to the TSE sector as an NPI so long as the corporation maintains full responsibility

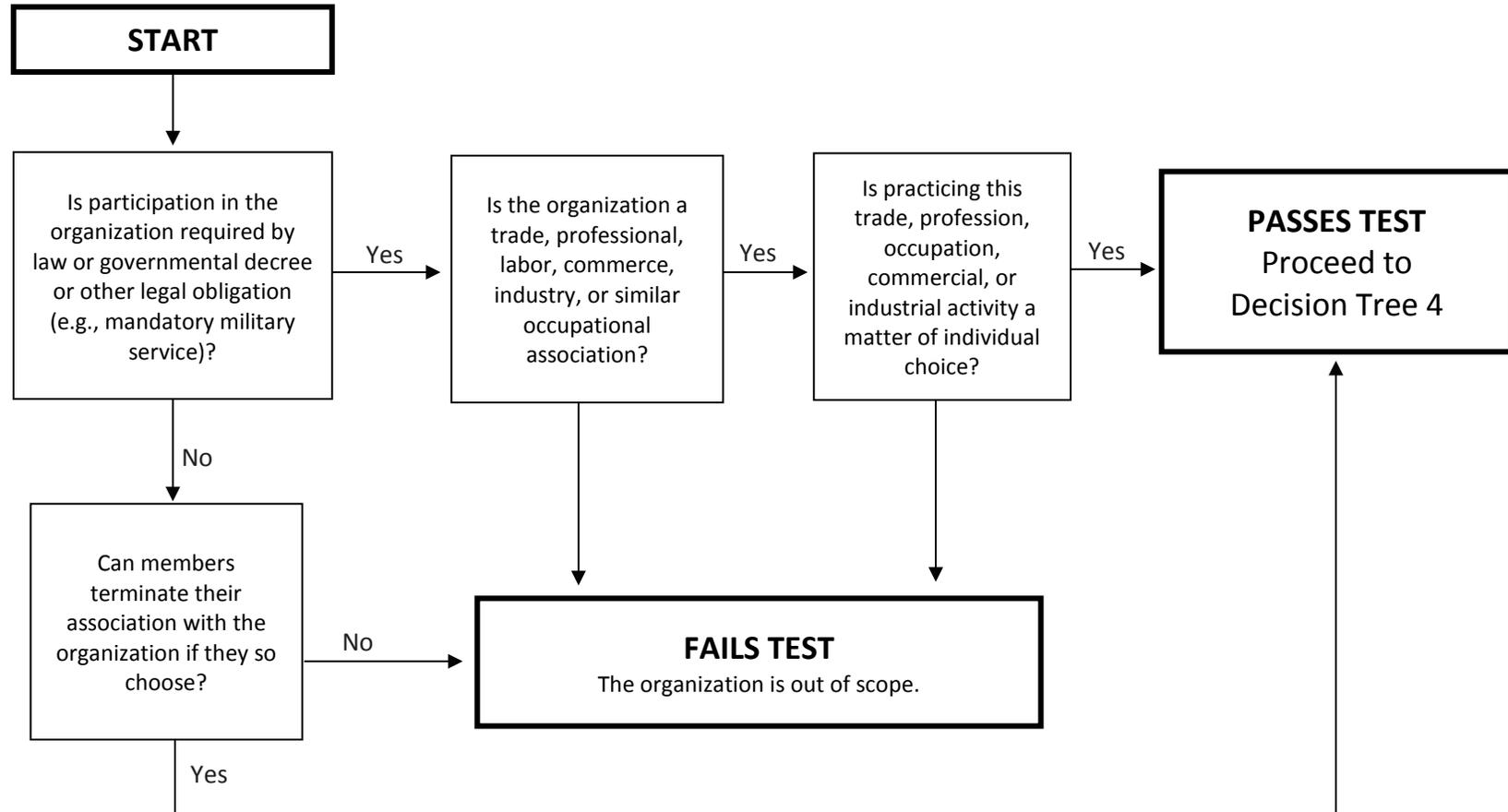
for any economic risks or rewards its operations entail. Similarly, a nonprofit legally owned by a for-profit holding company would be allocated to the TSE sector satellite account so long as it remains significantly responsible for the economic risks and rewards for its operations. Another important indicator of self-governance is the capability to own assets, incur liabilities, or engage in transactions in their own right. Finally, self-governing organizations are ones that have the authority to dissolve themselves by their own authority. Legal requirements to follow due process to legalize such dissolution or to limit the ways in which the assets of the organization are disposed of generally do not constitute an infringement on this power. Governing bodies of organizations that are controlled by other units, be it private corporations or government, generally lack the capacity to dissolve the organization on their own authority. The self-governing test related to control by private institutions consists of three questions inquiring whether the organization’s governing body has the authority to dissolve it, whether the organization can own assets and enter transactions, and whether it bears the economic risks and rewards of its activities. Those units that fail this test are out of scope of the TSE sector.

Figure 3.8: Decision Tree 2—Self-governing test



3. 67 **Non-compulsory test.** The third test in the sequence (Figure 3.9) seeks to determine if participation in the organizations, whether as members, employees, or supporters, is compulsory. This is a straightforward application of the conditions outlined in paragraphs 3.11 and 3.12. The only borderline cases are professional or trade associations in which membership is required to practice a trade or a profession. If the decision to practice a profession or trade is itself open to individual choice, then the obligation to join a professional or trade association does not make such associations out of scope of the TSE sector. All units that fail this test are out of scope.

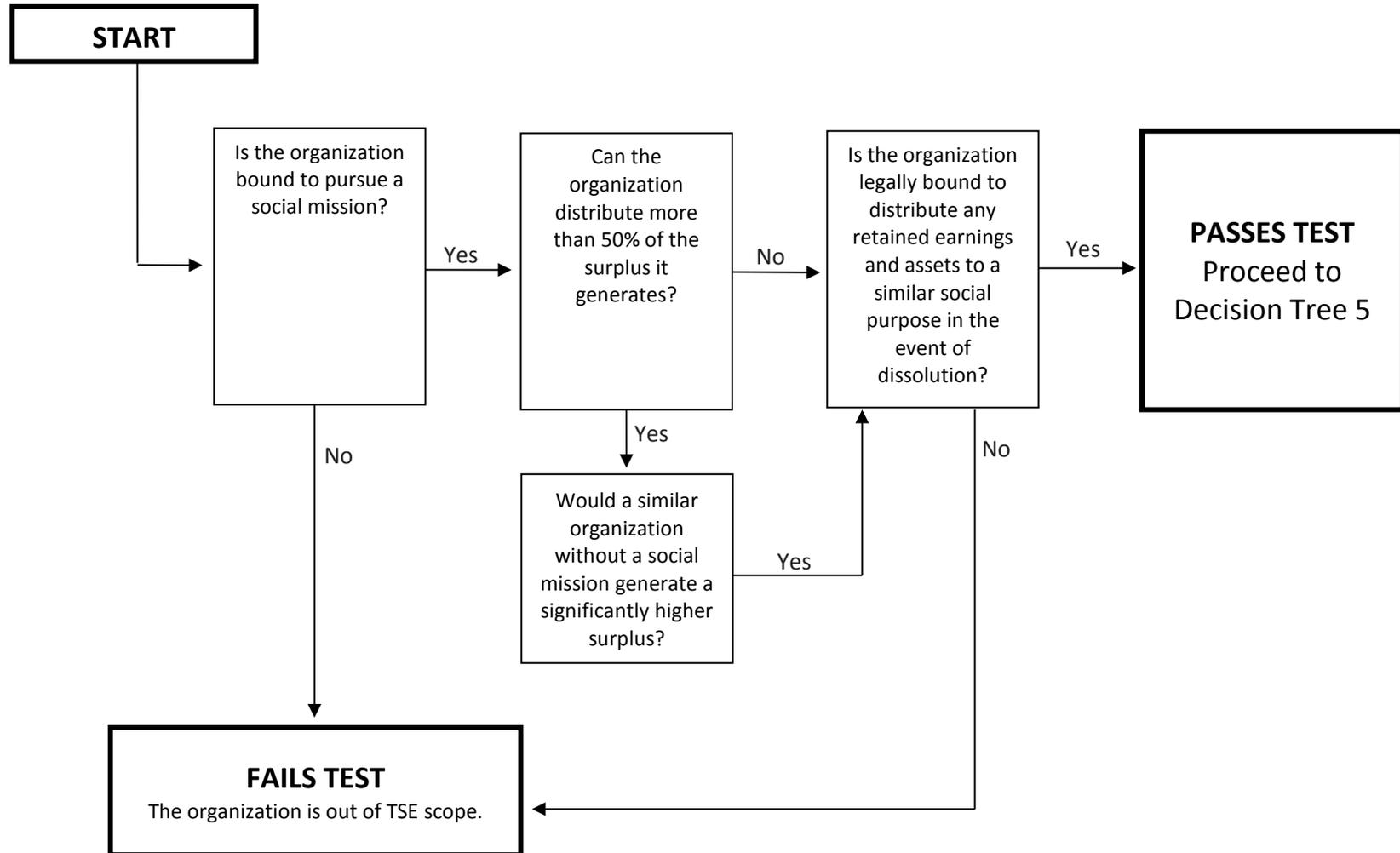
Figure 3.9: Decision Tree 3—Non-compulsory test



3. 68 **Limited profit distribution test.** This test (Figure 3.10) is a straightforward application of conditions laid out in section B1 of this chapter and consists of three questions: (i) whether the organization is bound by law, governing document, or a set social custom to pursue a social mission; (ii) whether it can distribute more than half of any profit it may generate; and (iii) whether it is legally bound to distribute any retained earnings or other assets to a similar social purpose organization in the event of dissolution. If the answer to the second question is affirmative, a further test is administered to determine if the pursuit of

the social mission (including focusing on serving or employing disadvantaged persons or providing products or services to members at below-market costs) significantly limits the organization’s profit-earning potential. The third question indicates the presence of a capital lock. All units that fail this set of tests are out-of-scope.

Figure 3.10: Decision Tree 4—Limited-profit-distributing test



3. 69 **Private test.** The final test in the sequence of determining whether an organization fall in the TSE sector scope (Figure 3.11) aims to determine whether the organizations are private, i.e., *not controlled by government*. A first question that must be resolved here is whether the organizations were individually established directly by governmental action through a legislative or governmental process. Entities such as government statistical agencies, public universities, and government hospitals typically have the character of being created by specific legislative enactments as opposed to by private individuals. As such, governmental enactments are also needed to terminate them. Such government-enacted organizations thus differ from organizations that might be created by private individuals under general laws authorizing the creation of such types of organizations. As such, organizations created by specific legislative enactment are not in scope of the TSE sector.

3. 70 Equally important in judging the public or private character of organizations, and hence the degree to which they are “controlled by government,” relates to their possession of any legislative, judicial, or executive authority over other units or persons. Organizations that have such authority are typically governments and are out of scope. As noted previously, some organizations, such as professional or employer associations, may exercise such authority on behalf of government, so the crucial test is whether they exercise this authority in their own right or on behalf of government agencies responsible for regulating this particular activity area. If they exercise the authority on behalf of other government agencies and not in their own right, they can still meet the “private” test. This can usually be determined by consulting the applicable legal statutes.

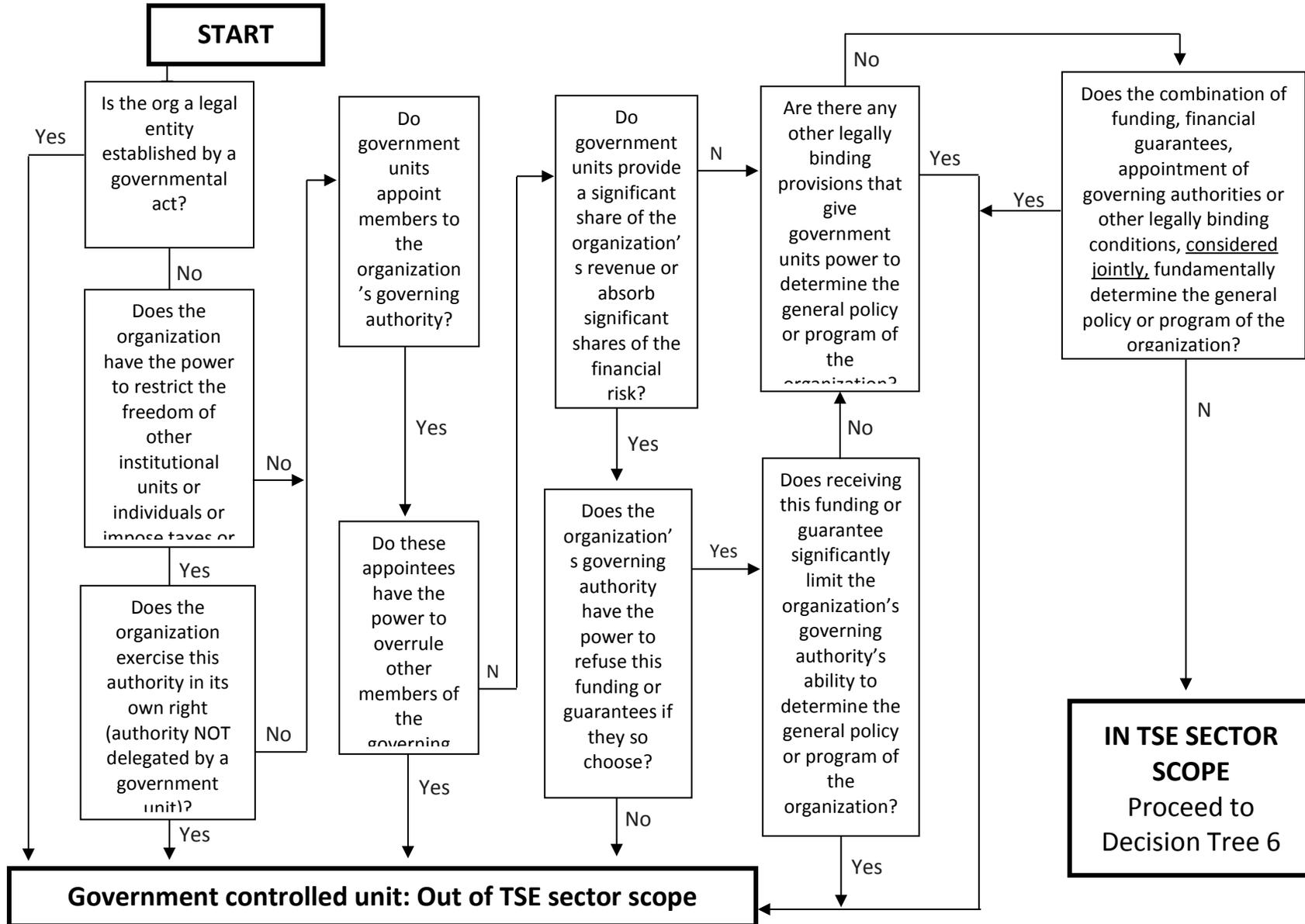
3. 71 A third line of questioning relating to the private character of organizations focuses on control of an organization’s governing body. The appointment of officers by a government unit amounts to control only if the appointees have greater voting or veto power than other members of the organization’s governing authority. Similarly, this third line of questioning considers whether funding by a government unit is so substantial or confining that it leads to effective control. Several factors must be considered here: whether the organization can seek alternative sources of funding; and whether the funding comes from a variety of governmental sources even if they are all the same *type* of source (e.g., multiple departments or levels of government). Receiving government funding typically does not necessarily restrict an organization’s decision-making autonomy.

3. 72 A fourth determinant of government control considers whether, regardless of any of the other factors, the organization still retains the power to determine its general policy or program. Government control can be established on any of these indicators individually or several of them jointly. All units identified here as controlled by government are out of scope of the TSE satellite account.

3. 73 Entities must pass the *full sequence* of these five tests to be considered in-scope of the TSE sector and the TSE satellite account. Once they do so, entities that meet these in-scope tests should be flagged in the business registers’ data systems. Attempt should also be made to ensure that all such identifiers have been incorporated into the data systems used to compile national accounts statistics. This may require checking these listings against the business register to ensure that there are no significant gaps in coverage of in-scope units. Such gaps may not be obvious, as they may include small organizations that do not meet reporting requirements, administrative or other records not judged to be central to national accounts work, or simply the result of lack of adequate staff resources to maintain all facets of business register updating. Once preliminary lists of TSE institutions have been identified from the business register itself or other administrative records, consultations may therefore fruitfully be conducted with experts. The aim of the consultations should be to determine the size of coverage gaps in the listings, if any, and the likely effect of these gaps on the national estimates of the financial flows of the TSE sector. If those effects are likely to be substantial, experts should also suggest possible ways of overcoming them.

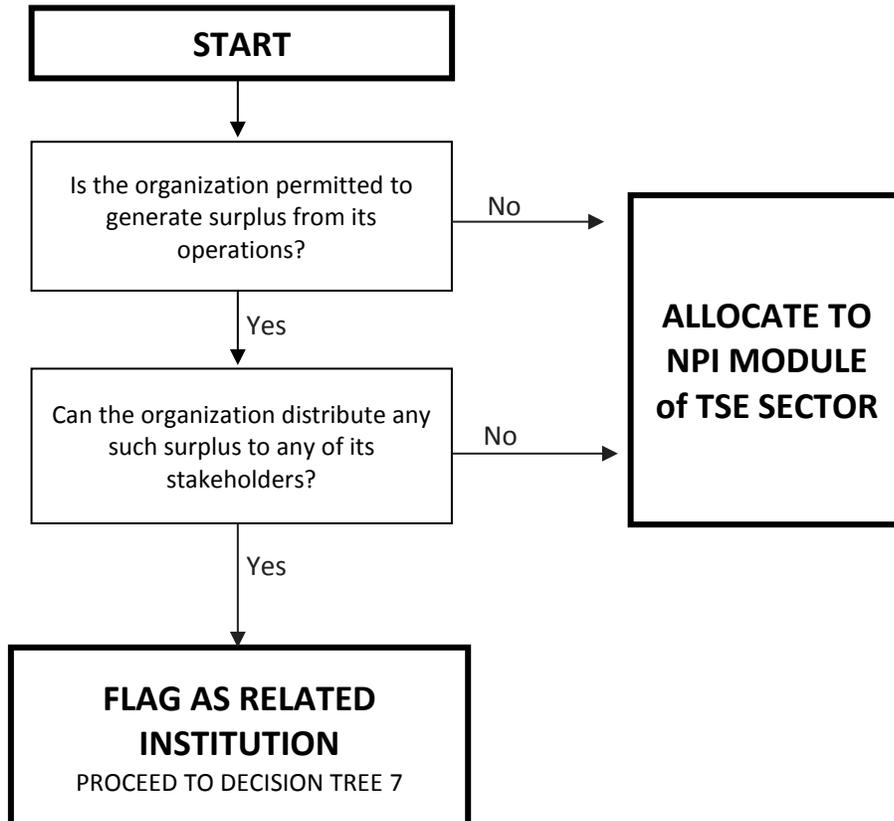
3. 74 Once all in-scope units have been identified, the second round of tests allocates these units to one of the three institutional subsectors of the TSE sector: NPIs, cooperatives, and social enterprises. These tests apply only to in-scope units and follow operational rules set forth in Section B2 of this chapter.

Figure 3.11: Decision Tree 5—Private test



3. 75 The first in this sequence is the **NPI module test** (Figure 3.12). It consists of two questions: (i) whether the unit can earn any profits; and (ii) whether it can distribute any such profits to its stakeholders. If the answer to the first or the second question is negative, the unit is allocated to the NPI module. All other units are considered “related institutions” and tested for further module allocation.

Figure 3.12: Decision Tree 6—NPI module test

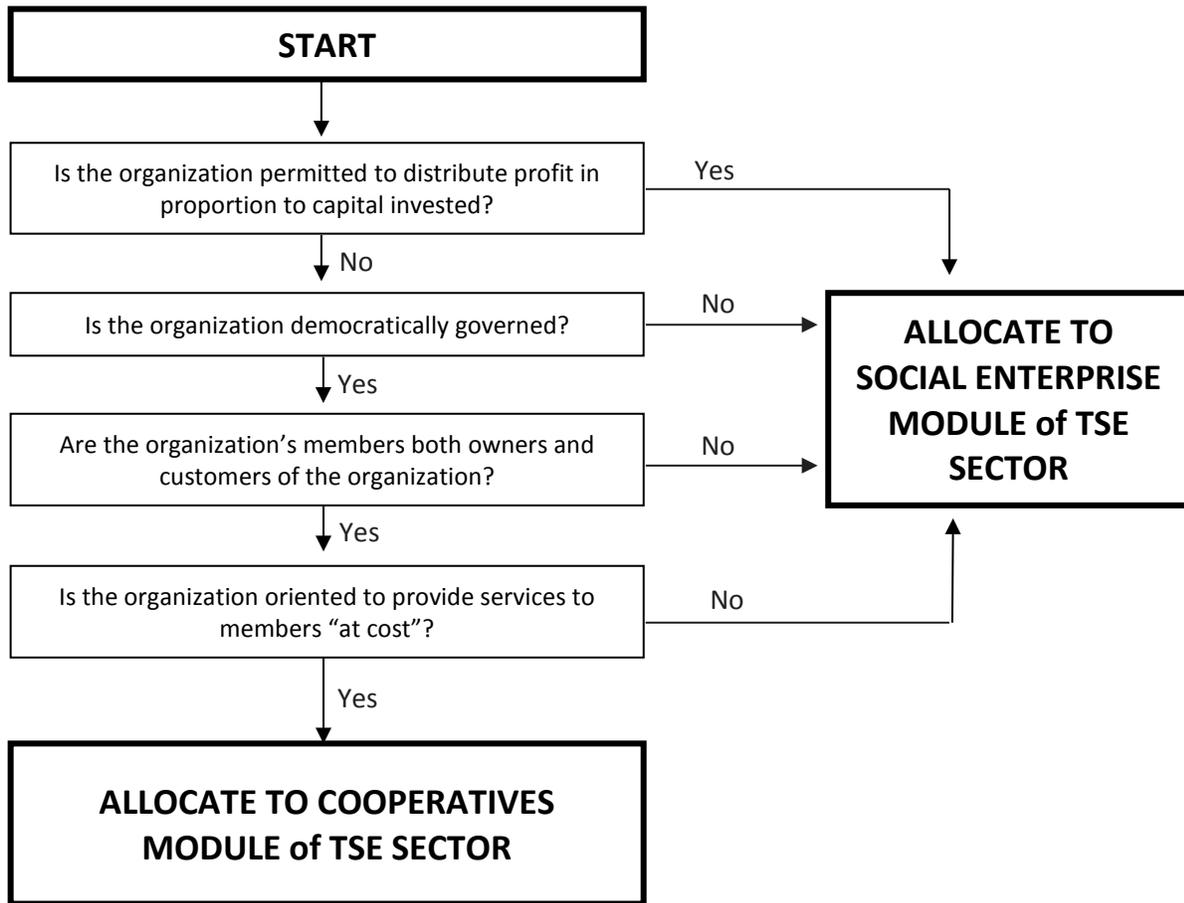


3. 76 The next test in the sequence is the **cooperatives module test** (Figure 3.13). Following the operational rules outlined in subsection B2, it consists of questions about whether the unit meets the four criteria defining cooperatives: prohibition to distribute profits in proportion to invested capital or fees paid; democratic governance; shared identity (members are both owners and customers); and orientation to provide services to members “at cost.” All units that meet these criteria are considered cooperatives and assigned to the cooperative module.

3. 77 The final step is to assign the remaining in-scope institutions that fail to meet the criteria either as NPIs or cooperatives or mutuals. By default, all such units are considered social enterprises and assigned to the social enterprise module.

3. 78 Once these steps are taken, it will be possible to assemble the full complement of data on the in-scope entities so identified to produce a full picture of the TSE satellite account institutions, overall and by separate subsectors. Chapter 4 discusses the data elements most critical to include in the TSE satellite account and how these data elements can be secured, both with respect to the institutions just discussed, and the volunteer work to be addressed more fully in Chapter 4.

Figure 3.13: Decision Tree 7—Cooperative module test



Chapter 4: Compiling the TSE Satellite Account II—Assembling the Data

4.1 Previous Chapters have delineated the scope of a recommended TSE sector satellite account embracing NPIs, “related” so-called social economy institutions (cooperatives, mutual societies, and social enterprises), and volunteer work. These Chapters also outlined the methodology and operational rules for identifying the institutions and volunteer work in-scope of the TSE sector satellite account in the various institutional sectors into which SNA allocates them. The purpose of this present Chapter is to outline the data items to be assembled on the institutions and volunteer work in-scope of the TSESA.

4.2 Most of the required data items are already included in the central national accounts system (referred to here as “core variables or “core flows”). The task of assembling the satellite account core variables should thus be straightforward once the sub-sectoring recommended in Chapters 2 and 3 of this handbook is put in place: fundamentally, it consists of adding together the values on the core TSE variables for all NPIs and “related” institutions not controlled by government found in the sectors to which they are assigned in the SNA. At the same time, this Chapter identifies a set of refinements and additions to these core variables that can maximize the clarity and utility of the resulting satellite accounts. These refinements and additions should also be covered in the TSE sector satellite account.

4.3 To do so, the discussion here falls into three parts. In particular, part A reviews the core SNA variables that will be carried over into the TSE satellite account. Part B then identifies two recommended elaborations of the core SNA variables that will enhance the utility of the TSE satellite account by bringing into clearer focus certain features that are especially important for TSEs. Part C then identifies two additional variables related to the workers of the TSE sector that will help provide a fuller picture of TSE output and details how these variables can be derived.

A. Core SNA flows

4.4 The heart of the TSE Satellite Account consists of the core variables already included in SNA data. This includes the information the SNA provides about the behavior of institutional units, the activities in which they engage—namely production, consumption, and the accumulation of assets—and the transactions and flows among them (2008 SNA, para 1.7). This logical sequence of interconnected flows and stocks is referred to as the “sequence of accounts” (SNA 2008, paras 1.13-1.22).

4.5 As noted above, the major elaboration introduced by the 2008 SNA is the recommendation to identify the flows and stocks of NPIs separately in the national accounts. In addition, the present TSE satellite account handbook recommends separate identification of flows and stocks of “related” institutions. To do so, national accounts statisticians will need to estimate separately the values on the core SNA data elements for NPIs and “related” institutions assigned to the various institutional sectors in the central SNA system. Once this is done, the job of compiling a TSESA will consist of the fairly straightforward task of combining all of these values relating to TSE entities that were identified in Chapter 3 above as in-scope of the TSE satellite account.

4.6 To assist with this task, tables 4.1 and 4.2 below highlight the data elements likely to be most relevant for TSEs in the SNA “current accounts” and “accumulation accounts,” respectively.

4.7 The transactions reported in the current accounts are shown in Table 4.1. The current accounts record the production of goods and services, the generation of income by production, the subsequent distribution and redistribution of income among institutional units, and the use of income for purposes of consumption or saving (SNA 2008, para 1.16). Detailed definitions and instructions for recording these flows are found in the relevant chapters of the 2008 SNA. Table 4.1

provides a non-duplicative list⁴³ of those data elements (transactions and balancing items) that are likely to be most relevant for TSEs.

Table 4.1: Existing core SNA current account data items to be carried into TSES-SA

SNA Account	Transaction/balancing item name	2008 SNA code
Production	Output	P1
	Market output	P11
	Output for own final use	P12
	Non-market output of NPISH	P13
	Intermediate consumption	P2
	Value added, gross	B1g
	Consumption of fixed capital	P51c
	Value added, net	B1n
Generation of Income	Compensation of employees	D1
	Taxes on production and imports	D2
	Subsidies ⁴⁴	D3
	Operating surplus, gross	B2g
Allocation of primary income	Property income	D4
	Balance of primary income, gross	B5g
Secondary distribution of income	Other social insurance benefits	D622
	Miscellaneous current transfers	D75
Use of disposable income	Disposable income, gross	B6g
	Final consumption expenditure	P3
	Saving, gross	B8g
Redistribution of income in kind	Social transfers in kind	D63

4.8 The transactions or flows reported in the accumulation accounts are shown in table 4.2. Accumulation accounts cover changes in assets and liabilities and changes in net worth and include the following four accounts: the capital account, the financial account, the other changes in the volume of assets account, and the revaluation account. The accumulation accounts show all changes that occur between two balance sheets (2008 SNA, para 2.84). Detailed definitions and instructions for recording data elements in these accounts are found in the relevant chapters of the 2008 SNA. Table 4.2 provides only a non-duplicative list of those data elements that are most likely to be relevant for TSEs.

B. Elaborations on core SNA data items recommended for TSE Sector Satellite Accounts

4.9 As noted earlier, certain special features of TSEs make it highly desirable to elaborate on the core SNA variables in several ways. In this section we examine three major such recommended elaborations.

1. Additional detail on sources of revenue

4.10 Unlike private businesses, NPIs and many “related” institutions receive revenue not only from market sales to governments, other businesses, and households, but also from transfers (grants) from governments and corporations, from membership dues paid by individuals and institutions, and from philanthropic gifts from households, corporations, and other nonprofits (e.g., foundations). From a policy perspective, it is enormously helpful to track the separate sources of these revenues. Especially important is to have an accurate picture of the share of TSE revenue coming ultimately from

⁴³ Some data elements appear more than once in the sequence of accounts, but they are listed only once in this section for the sake of brevity.

⁴⁴ See: Vu, V., (1998), “Other subsidies on production to non-market producers,” *SNA News and Notes*, Issue 7.

government sources because these sources have grown significantly in scale and importance and have special policy relevance. In most developed countries, government payments to NPIs, either directly as purchases (contracts) or grants, or indirectly through reimbursements of services provided to individuals, account for between 40 and 80 percent of overall NPI revenue.⁴⁵ Also of considerable interest within the TSE sector are trends in private charitable support from individuals, foundations, or corporations. Finally, as previously noted, the TSES-SA treats volunteer work as a producer of economic value that is not fully recorded in the central SNA system but deserving of recognition in the TSES-SA. A discussion of how to value such work is presented in paras. 4.38 to 4.45.

Table 4.2: Existing core SNA accumulation account flows to be carried into TSES-SA

SNA Account	Transaction/flow/balancing item name	2008 SNA code
Capital	Gross capital formation	P5g
	Gross fixed capital formation	P51g
	Consumption of fixed capital	P51c
	Changes in inventories	P52
	Acquisitions less disposals of valuables	P53
	Acquisitions less disposals of non-produced assets	NP
	Capital transfers, receivable	D9r
	Capital transfers, payable	D9p
	Net lending (+) / net borrowing (-)	B9
Financial	Net acquisition of financial assets	
	Monetary gold and SDRs	F1
	Currency and deposits	F2
	Debt securities	F3
	Loans	F4
	Equity and investment fund shares	F5
	Insurance, pension, and standardized guarantee schemes	F6
	Financial derivatives and employee stock options	F7
	Other accounts receivable/payable	F8
Other changes in the volume of assets	Economic appearance of assets	K1
	Economic disappearance of non-produced non-financial assets	K2
	Catastrophic losses	K3
	Uncompensated seizures	K4
	Other changes in volume n.e.c.	K5
	Changes in classification	K6
	Total other changes in volume	
	Changes in net worth due to other changes in volume of assets	B102
Revaluation	Non-financial assets	AN
	Financial assets/liabilities	AF

4.11 Standard SNA treatment of such revenue flows makes it difficult to identify some of these sources of revenue in the national accounts, however. For example, in the SNA government transfers to TSEs are combined with other miscellaneous current transfers, where it is merged with transfers from the rest of the world, membership dues paid to NPIs by households, and private philanthropy (i.e., donations of money given to NPIs by households, philanthropic intermediaries, or private businesses). In addition, government contracts are treated as market sales and consequently recorded together with other output of TSEs. Government reimbursements of services provided to households are reported in the SNA as social transfers in kind from government to households and consequently also included in the output of TSEs

⁴⁵ Salamon, L.M., Sokolowki, S.W., and Associates, (2004), *Global Civil Society: Dimensions of the Nonprofit Sector, Volume 2*, (Bloomfield, CT, Kumarian Press).

that receive them as private payments for services they render to eligible individuals. This SNA recording of government support has the effect of obscuring the overall size of government support to TSEs by combining grants with private philanthropy and dues and recording government contract purchases and reimbursement payments as market sales.

4.12 To clarify the scale of both government and private charitable support to TSEs, it is recommended that the TSES-SA supplement the standard SNA reporting on revenue flows of funds to TSEs based on the type of transaction, regrouping the various flows into three categories based primarily on the source of revenue and only secondarily on the transaction type. The four categories are: (a) government support, including government grants, contracts, reimbursement payments, and transfers from the rest of the world; (b) non-governmental purchases; (c) charitable transfers from individuals, corporations, foundations, and the rest of the world; and (d) membership dues. Table 4.3 depicts the SNA location of the various components of these three types of flows to TSEs. Thus, for example, government support includes (i) government purchases that are treated as market sales and grouped with other output in SNA, (ii) government grants (including foreign government grants) that are grouped with other transfers in SNA, and (iii) government-funded voucher-type reimbursements for services to households that are treated as market sales to households and also grouped with other output in SNA.

Table 4.3: Revenue flows to TSEs: TSE Satellite Account vs. SNA categorization

TSE SATELLITE ACCOUNT CATEGORIZATION	SNA CATEGORIES IN WHICH THE TSESA VARIABLE CAN BE FOUND
Source and transaction type	Transaction Type
Government	
Government transfers	Transfers (D75) including those from RoW
Of which from RoW (S.2)	Transfers (D75)
Government contracts	Output (P11)
Government vouchers	Output (P11)
Non-government payments	
Household purchases	Output (P11)
Corporate purchases	Output (P11)
TSE purchases	Output (P11)
Dividends, rent, interest, etc.	Property Income (D4)
Dues paid by:	
Corporations	Output (P11)
TSEs	Output (P11)
Households	Transfers (D75) including those from RoW
Philanthropy from:	
Households	Transfers (D75)
Of which imputed value of volunteer work	See paras. 4.38-4.45
Foundations	Transfers (D75)
Corporations	Transfers (D75)
RoW (S.2)	Transfers (D75)
Capital Transfers from:	
Households	Transfers (D9)
Foundations	Transfers (D9)
Corporations	Transfers (D9)
RoW (S.2)	Transfers (D9)
TOTAL	TOTAL

4.13 The separate identification of membership dues to TSE sector units is needed in view of the separate treatment of such dues depending on the type of TSE unit in question. In particular, subscriptions and membership dues paid to NPIs

servicing businesses are a part of the market output of these NPIs, whereas subscriptions and membership dues to NPIs serving households (NPISH) are treated as miscellaneous current transfers (2008 SNA, para 4.89), i.e., along with charitable donations and government transfers. In addition, certain dues, such as those to health or social clubs, have the character of payments for services or other benefits available only to members rather than charitable contributions available for services open to the general public. It is therefore recommended that these membership dues be reported separately for TSE units. This will make it possible to separate the share of such membership dues that truly represent philanthropic support, such as dues to environmental or human rights organizations, from dues that are essentially the purchase of “club goods.”

4.14 The sources of capital transfers to TSEs reported in the capital account should also be identified in the TSE satellite account, to the extent possible. This is consistent with the general argument about the need to clarify the relative weight of government and private charitable support to TSEs. These transfers should be reported separately from any government payments recorded in the current accounts.

4.15 Table 4.4 lists the additional information needed to implement this clarification of revenue sources recommended for identification in the TSES-SA. The remaining paragraphs in this section provide guidance that statistical offices may find useful for compiling the set of regrouped revenue data elements recommended for the TSES-SA. Paragraphs 4.16 through 4.18 offer guidance for estimating government payments related to output and miscellaneous current transfers to TSEs. Paragraphs 4.19 and 4.20 offer guidance for estimating the value of subscriptions and membership dues payable to NPISH organizations. Paragraphs 4.38 to 4.45 provide guidance on the valuations of household contributions in the form of volunteer work.

Table 4.4: Information needed to clarify revenue flows in the TSE Sector Satellite Account

Flow name, Standard SNA	SNA Code	Additional information needed for TSES-SA
Output	P1	<ul style="list-style-type: none"> Identify portion of output attributable to government contracts and reimbursements for services to households
Miscellaneous current transfers	D75	<ul style="list-style-type: none"> Identify government transfer share of miscellaneous current transfers Identify portion of miscellaneous current transfers from subscriptions and membership dues to NPISH Identify portion of miscellaneous current transfers from philanthropic gifts from corporations and households Identify portion of miscellaneous current transfers from RoW (by source, if possible)
Capital transfers, receivable	D9r	<ul style="list-style-type: none"> Separately Identify capital transfers from government, from corporations and households, and from the rest of the world (by source, if possible)

4.16 Broadly speaking, identifying the various sources of government support to TSE sector units can be done in either or both of two ways. The first is to work from the provider side, i.e., from government budget data. The second is to work from the recipient side, i.e., from data on TSE sector revenues.

4.17 To estimate government payments to TSE sector units from government budget data, all government programs that provide financial resources to TSEs either directly, through transfers or contracts, or indirectly, through reimbursements for particular services, need to be identified. The outlays under these programs in a given reference year need to be identified. Then the share of these program outlays that flow to TSEs needs to be estimated. If the government data systems do not track these flows of revenue, it will be necessary to estimate the TSE share of the government program payments that flow to TSEs. This can be done by consulting program experts or by using some proxy that reflects the TSE share of a particular program. Potential proxies could be the TSE share of Gross Value Added in a particular economic activity, the TSE share of total employment in the field, or some other relevant capacity measure. These TSE shares of activity can then be applied to the total outlays in a field or program to yield an estimate of the amount of government

revenue reaching TSEs in the field or under the various programs.

4.18 If the government budget data do not allow reliable estimation of government payments to TSEs, an alternative approach is to focus on the recipient side of the government-TSE transaction. Many countries require some or all TSEs to submit regular financial reports that include detail on the amount and sources of their revenues. If such reports are unavailable or provide insufficient detail on revenue sources, a probability sample of the TSEs can be drawn and used to estimate the parameter in question for the entire population. Alternatively, economic surveys or censuses may collect the relevant information.

4.19 The purpose of identifying membership dues in miscellaneous current transfers to NPISH is to provide a clearer picture of private charitable contributions, also included in miscellaneous current transfers. This, too, can be done in two ways. The first is to work from the recipient side, i.e., from data on NPISH revenues in a manner similar to that described in paragraph 4.18 above for identifying government payments, if such data are available. The second method is to generate an estimate based on the main type of activity in which NPISH units engage. These activities can be grouped into two categories: public serving, i.e., providing goods and services available to the general public; and member serving, i.e., providing goods or services available only to members of the organization. All miscellaneous current transfers from households and corporations to public-serving NPISH units can be treated as private philanthropic gifts, whereas all such transfers to member-serving NPISH units can be treated as membership dues. Membership dues to market producers, including NPIs and “related” institutions, are treated as market output rather than miscellaneous current transfers and do not need to be separately identified. This assumes that NPIs primarily funded through dues are allocated to the NPISH sector such that their dues are treated as contributions.

4.20 The distinction between public- and member-serving NPISHs can be based on their economic activity (International Standard Industry Classification Rev. 4, [ISIC, Rev. 4]46) or on administrative data sources containing information on public purposes served by these organizations. Predominantly member-serving organizations include, but are not limited to, such entities as the following: social clubs, fraternal lodges, sports and recreation clubs, automobile clubs, gardening clubs, hobby clubs, book discussion clubs, consumer clubs, fraternities, sororities, and alumni associations, parent-teacher associations,⁴⁷ burial or cremation societies, labor and trade unions, professional associations, homeowners’ and property owners’ or tenants’ associations, political action committees, and political campaign organizations. Predominantly public-serving organizations include, but are not limited to, such entities as the following: social assistance and family support organizations, counseling service organizations (legal, psychological, marriage, etc.), health care and health promotion organizations, regional or neighborhood development promotion organizations, museums, galleries, performing arts organizations, broadcasting centers, historical sites and monuments preservation organizations, science or literacy promotion organizations, public parks, zoological gardens, and natural preserves maintenance organizations, human and civil rights advocacy organizations, antipoverty organizations, substance abuse prevention and public safety advocacy organizations, animal rights and welfare organizations, environmental conservation and advocacy organizations, foundations and charitable trusts, community foundations, volunteering promotion organizations, international collaboration and exchange organizations, and world peace and understanding organizations.

2. Non-market output of market TSEs

4.21 Another element that should ideally receive additional elaboration in the TSES-SA is the non-market output of market TSEs. In the standard SNA-based approach, non-market output is estimated for NPISH (2008 SNA, paras 6.94-6.98), but not for NPIs or “related” institutions that are allocated to the corporations sector, on the assumption that market producers do not generate non-market output. However, unlike other market producers, market TSEs may have substantial non-market output that is not captured in their market receipts. Such output is typically supported by volunteer work,

⁴⁶ United Nations, (2008), International Standard Industry Classification, Rev. 4, (New York: United Nations), available at: <https://unstats.un.org/unsd/cr/registry/isic-4.asp>.

⁴⁷ In practical terms, transfer payments from households to religious congregations should be treated as membership dues, but transfer payments from religious congregations to public service organizations (e.g., family support organizations) should be treated as charitable donations. Since congregations are supported for the most part by contributions from their members, this approach nets out the charitable share of these contributions from the cost of delivering member services (facility maintenance, compensation of personnel, materials and supplies, etc.)

charitable contributions, or other transfers that do not show up in sales revenue. For example, an educational or a health care institution may provide some of its services free of charge or at prices below the production cost. While non-market output of market TSEs is not included in SNA-based accounts, the value of such output should be estimated for the purpose of assembling TSES-SAs to determine the actual full value added of the TSE institutions.

4.22 To cope with this challenge, this handbook recommends that for the purpose of constructing the TSE satellite account, the non-market output of market TSEs be valued in the same way that the SNA values the output of non-market NPIs—i.e., on an operating expense basis. This information can be obtained with relative ease by summing total production costs, including consumption of fixed capital and taxes (net of subsidies) on production (2008 SNA, para 6.94)⁴⁸ plus the value of volunteer labor as presented below. Where cost exceeds sales, the difference between cost and sales is taken to be the measure of non-market output. However, where sales exceed cost, non-market output is assumed to be zero and the volunteer labor, if any, as valued below, is assumed to be a part of the factors of production responsible for market output.

4.23 Sometimes the total production cost method may be inadequate for estimating the actual value of non-market output. Many organizations cross-subsidize their non-market (social or charitable) activities with market sales of goods and services. If the market sales cover the total operating costs of such an organization, the non-market output is invisible to the total production cost method. In such situations, an alternative approach is available that follows the method of estimating the value of direct volunteer work producing physical goods and structures (2008 SNA, para 23.43) discussed in more detail later in this Chapter. This alternative approach first measures the volume of goods or services provided by market TSEs on a non-market basis (e.g., the number of patient-hours provided free of charge, the number of students with tuition waivers, or the number of clients served on a pro-bono basis), and then assigns an imputed market value to these goods and services. The information on the volume of non-market goods or services may be available from annual reports of the units providing such services and extrapolated to the entire population in scope. The imputed market value can be estimated by one of the two widely accepted techniques: replacement cost or contingent valuation. The replacement cost technique determines the imputed value of non-market production by what it would cost to purchase similar or comparable goods or services sold on the market.⁴⁹ The contingent valuation technique surveys the recipients of non-market goods to determine how much they would be willing to pay for these goods if they had to buy them on the market.⁵⁰

4.24 For purposes of the TSE satellite account, the value of the non-market output of market TSE units should be reported along with the value of the nonmarket output of NPISHs on line P13 of the output table outlined in Annex I of this handbook.

3. TSE worker variables

4.25 In addition to the “core” SNA variables and the enhanced TSESA variables, two important sets of non-financial “worker” variables are recommended for inclusion in the TSE satellite accounts. As outlined more fully in table 4.5, these “worker” variables measure the full scope of human resources engaged in the TSE sector, including both paid workers and volunteers.

⁴⁸ Taxes and subsidies on products are excluded from this calculation. By convention, no net return to capital is included for non-market production. That means that the expenses associated with the non-market output of market NPIs must be added to the measures of NPI output. These expenses must include consumption of fixed capital and taxes on production (less subsidies) and the value of volunteer labor, but not return to capital.

⁴⁹ For more details on this technique see: Abraham, K.G. and Mackie, C., eds, (2005), *Beyond the market: Designing nonmarket accounts for the United States*. (Washington, DC: National Academies Press); a International Labour Organization (2011) *Manual on the Measurement of Volunteer Work*. Geneva: International Labour Organization, Chapter 6, available at: http://www.ilo.org/global/publications/books/WCMS_167639/lang--en/index.htm.

⁵⁰ For more details on this technique see: Arrow, K., Solow, R., Portney, P.R., Leamer, E.E., Radner, R. and Schuman, H., (1993), *Report of the NOAA Panel on Contingent Valuation*, (Washington, DC: United States Department of Commerce, National Oceanic and Atmospheric Administration), available at: <http://www.darrp.noaa.gov/library/pdf/cvblue.pdf>.

Table 4.5: Recommended worker variables to include in TSE satellite accounts

Name and description	Code
Employment, count of employed persons	ECNT
Employment, full time equivalent (FTE)	EFTE
Volunteers, count of persons	VCNT
Volunteers, number of hours	VHRS
Volunteers, full time equivalent (FTE)	VFTE
Imputed value of volunteer work	VVAL

4.26 The need for these worker measures arises from the fact that financial variables alone do not provide a full picture of the TSE sector contribution to the economy. A major reason for this is that TSE units rely to a significant degree on volunteer labor to produce both market and non-market output (2008 SNA, para 23.11). Indeed, volunteers make up on average 40 percent of the NPI workers globally.⁵¹ By SNA convention, the value of this labor is estimated at cost, and since volunteers typically receive no compensation, this value is considered to be zero.

4.27 In addition, many TSEs produce non-market output that is financed by transfers and unpaid volunteer work rather than market sales. Measuring the quantity of labor therefore provides a more direct expression of the scale of nonprofit activity than do financial data based on market revenue. This is particularly important in view of empirical research showing that NPIs, a core component of the TSE sector, employ significant numbers of people, that NPIs often outdistance for-profit institutions in job creation, and that NPIs create jobs even during economic downturns.⁵²

4.28 **B.3.a Paid employment.** An elaborate system for measuring employment has been developed under the auspices of the International Labour Organization. As defined by the 19th International Conference of Labor Statisticians Resolution, employment covers all persons engaged in “any activity to produce goods or provide services for pay or profit” (2013 ICLS Resolution I, para. 2753). Employment is typically measured by the number of persons employed for at least one hour within a specified reference period,⁵⁴ regardless of the number of hours actually worked. Since some employed persons work part-time, an alternative measure, Full-Time Equivalent (FTE) employment is often used. FTE employment represents the number of full-time equivalent jobs, defined as the total hours worked by all workers during a reference period divided by the average annual hours considered to represent a full-time job.

4.29 Reliable data on employment are typically available from labor force surveys, which are regularly conducted in most countries. These surveys use either households or establishments as their unit of observation. Establishment surveys allow for the estimation of TSE employment only if their respondent records can be matched with an already existing register of TSEs of the sort likely to result from the steps outlined in Chapter 3 of this handbook.⁵⁵ Household surveys allow for the estimation of TSE employment only if they provide a positive identification of the institutions in which the respondents are employed, and it is possible to match these units with the records of a TSE register.

4.30 If identifying TSE institutions in the existing labor force or other surveys is not possible, a special survey of TSE institutions may be needed. The most efficient and cost-effective means of carrying out such a special survey is to develop a

⁵¹ Salamon et. al., 2004 (*Global Civil Society*, Vol 2).

⁵² Salamon, L.M., Sokolowski, S.W., and Geller, S.L., (2012), “Holding the Fort: Nonprofit Employment during a Decade of Turmoil,” *Nonprofit Economic Data Bulletin #39*, (Baltimore: Johns Hopkins Center for Civil Society Studies), available at: <http://ccss.jhu.edu/publications-findings/?did=369>; Salamon, S. Wojciech Sokolowski, and Megan Haddock, (2013), “The State of Global Civil Society and Volunteering,” (Baltimore: Center for Civil Society Studies), available at: <http://ccss.jhu.edu/publications-findings/?did=393>.

⁵³ 19th International Conference of Labour Statisticians, (2013) “Resolution I: Resolution concerning statistics of work, employment and labour underutilization,” Geneva: International Labour Organization, available at: http://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/normativeinstrument/wcms_230304.pdf.

⁵⁴ Thirteenth International Conference of Labour Statisticians, Geneva, 1982.

⁵⁵ For more details on this method of identifying TSEs in employment data see Box 1 in Chapter 3 and Salamon, L.M. and Sokolowski, S.W., (2005), “Nonprofit Organizations: New Insights from QCEW data,” *Monthly Labor Review*, (September 2005), pp. 19-26, available at: <http://ccss.jhu.edu/publications-findings/?did=273>.

supplement to an existing labor force or other survey of establishments that already collects employment data, so that the TSE supplement need only ask questions to allow for the identification of the TSE status of each respondent establishment. If the TSE status of every unit can be unambiguously determined by its legal status, as discussed in Chapter 3, this identification can consist of a single screen question asking for the unit’s legal status. However, if this method of identification is not feasible, then a series of screen questions testing each of the five defining features should be asked. Since units covered by establishment surveys are by definition organizations in which participation is most likely non-compulsory, only questions about non-profit distribution constraints, self-governance, and independence from government control need to be included in the supplement. Table 4.6 shows a sample supplement to an existing establishment survey (or census) collecting employment data that consists of a series of screen questions allowing identification of TSEs among the respondents.

Table 4.6: Sample TSE supplement to a survey or census of establishments

Step	Question	Answers and skip logic
1	Introduction: The purpose of the next few questions is to determine if this organization can be classified as a nonprofit organization, a cooperative or a mutual society in our country’s official statistics. This classification is for statistical purposes only. Answering these questions will not affect your current legal or tax status or any other aspect of your business.	
2	Does the organization have a binding prohibition against distributing any profit it generates?	Y/N if Y, go to Step 7.
3	Is the organization bound to pursue a social mission?	Y/N if N organizations is out of scope
4	Does the organization have a binding requirement to devote at least half of any profits it generates to its social or environmental purpose?	Y/N, if N organization is out of scope
5	Does the organization have a “capital lock” requiring any retained earnings to remain dedicated to the same type of organization in the event of dissolution or sale?	Y/N, if N organization is out of scope
6	Is the organization prohibited from distributing profits in proportion to invested capital or fees paid?	Y/N, if N organization is out of scope
7	Is membership in this organization compulsory?	Y/N if Y, organization out of scope
8	Does the organization have the capacity to own assets, incur liabilities, or engage in transactions in its own right?	Y/N if N, organization out of scope.
9	Is the organization providing most of its goods and service to other units free of charge or at prices that are not economically significant?	Y/N If N organization is a non-market producer, if Y it is a market producer
10	Do governmental units determine the general policy or programs of the organization or possess the authority to dissolve the organization?	Y/N, if Y organization is out of scope
	Decision Rules	1. If 2 and 10=Y, it is NPI in S13 2. If 2 and 9=Y and 10=N, it is S15 (NPISH) 3. If 2 or 3 thru 6=Y and 10=Y, it is government controlled 4 If 2 or 3 thru 6=Y and 10=N, it is TSE in S11/S12 in TSESA scope

4.31 Once TSEs have been identified by this supplement, the employment data can be obtained from the instrument to which the supplement has been attached.

4.32 If further survey work is not possible, an alternative estimate of TSE employment can be obtained using the compensation of employees data (D1) that should be available as part of the core SNA data. For this purpose, the TSE share of employee compensation among entities in a particular industry can be computed and the resulting percentage applied against the number of total paid workers in that industry to estimate the number of TSE paid workers in the industry. This could be computed for each industry in which TSEs are significantly involved. If TSEs pay lower wages than for-profits in a particular industry, or if they use more part-time workers, this will understate the number of TSE workers. If TSE wages are higher, however, this will over estimate the number of TSE workers. Adjustments should ideally be made for these disparities.

4.33 **B.3.b. Volunteer work.** As already mentioned in Chapters 2 and 3 of this handbook, volunteer work is one of the main components of the TSE sector. Therefore, an accurate measurement of the economic impact of the TSE sector must

take volunteer work into account. However, little sustained effort has been made to measure the scale, scope, and distribution of volunteer work. The few existing surveys—both official and private—use different definitions, different methodologies, and different survey platforms, yielding widely different results.⁵⁶ As a result, volunteer work estimates have been sketchy even in countries that have already produced NPI satellite accounts.

4.34 The importance of the contributions of volunteer work to national economies was recognized by the 2008 International Conference of Labour Statisticians, which called for the development of international guidelines on the measurement of volunteer work. This led, as previously noted, to the issuance by the International Labour Organization in 2011 of a *Manual on the Measurement of Volunteer Work* (ILO Manual)⁵⁷ developed in cooperation with an international Technical Experts Group and vetted through the labor force divisions of a number of national statistical agencies. This Manual offers a consensus definition of volunteer work and recommends a procedure for measuring and valuing such work as part of regular labor force or other household surveys. The importance of measuring volunteer work was further confirmed in 2013 in a broader redefinition of work issued by the ILO that specifically identified volunteer activity as a form of unpaid work that should be measured by countries regularly along with measures of paid and other unpaid employment. As modified by the 2013 International Conference of Labour Statisticians in its “Resolution concerning statistics of work, employment and labour underutilization” (2013 ICLS Resolution I), volunteer work is defined as “unpaid non-compulsory work; that is, time individuals give without pay to activities performed either through an organization or directly for others outside their own household or related family members.”⁵⁸ The term “related family members” is somewhat ambiguous, of course, and may vary somewhat from country to country. For the sake of comparability, our suggestion is to use the concept of “immediate family” or “next of kin,” which can be taken to mean parents, grandparents, siblings, children, and grandchildren of household members.

4.35 Six measures of volunteer work are of primary interest for the purposes of the TSE satellite account: 1) the number of persons who volunteered during a particular reference period; 2) the number of hours they volunteered; 3) whether the volunteer work is direct or channeled through an organization and, if the latter, what type of organization; 4) the industry (field) of the organizations through which the volunteer work is carried out; (5) the tasks performed by the volunteers; and 6) the monetary value represented by this work (ILO Manual, paras 5.5-5.10). Five of these are directly measured and the sixth is derived from the ones measured plus additional data. It will also be useful to collect available demographic data on the volunteers if such data are available on the survey platforms used to measure the other variables.

4.36 The number of persons who volunteered is a convenient measure of the extent to which a country’s population engages in volunteer work and can be used to compute the percentage of the population that engages in volunteer work compared to the adult population of that country (known as the “volunteer rate”) (ILO Manual, Chapter 6).

4.37 However, since volunteer work is typically performed in irregular time intervals of irregular duration, reliance on the number of persons volunteering can give an inaccurate picture of the scale of volunteer work that is carried out. It is therefore necessary to collect information as well on the number of hours volunteered. This makes it possible to compare volunteer input to that of paid employment by converting the volunteer hours into full-time equivalent (FTE) jobs as described in paragraph 4.28 of this Chapter.

4.38 Devising a suitable approach to valuing volunteer work has posed significant challenges to researchers and statisticians alike. The two most recent approaches developed within the statistical community are those outlined, respectively, in the ILO *Manual on the Measurement of Volunteer Work*, and the more recent United Nations Economic

⁵⁶ Salamon, L.M., Sokolowski, S.W., and Haddock, M., (2011), “Measuring the Economic Value of Volunteer Work Globally—Concepts, Estimates, and a Roadmap to the Future,” *Annals of Public and Cooperative Economics*, 82:3 (Fall 2011), pp. 217-252, available at: ccss.jhu.edu/publications-findings/?did=321.

⁵⁷ International Labour Organization, (2011), *Manual on the Measurement of Volunteer Work*. (Geneva: International Labour Organization), available at: http://www.ilo.org/global/publications/books/WCMS_167639/lang-en/index.htm.

⁵⁸ For a more extensive discussion of this definition, see the ILO *Manual*, para 3.5. The reference to “related family members” in this definition surfaced in a 2013 ILO Resolution on the meaning of work and replaces the term “household” in the original version of the definition embodied in the ILO *Manual*.

Commission for Europe Guide for Valuing Unpaid Household Work.⁵⁹ Both of these sources recommend the use of a “replacement cost” approach to valuing volunteer work and this approach is fundamentally the one recommended here.

4.39 In the replacement cost method, the value of volunteer work is imputed by what it would cost to hire someone for pay to do the work that the volunteer is doing without pay. This approach essentially requires measuring the duration (number of hours) of the performed volunteer work and applying an appropriate wage received by employees performing comparable work. This approach differs from that long employed in the SNA. Under the SNA approach, as noted previously, organization-based volunteer work is valued as its cost to the sponsoring organization, which, by definition, is zero or near-zero. On the other hand, the SNA approach values direct volunteer work that leads to the production of physical structures at the value of those goods but treats direct volunteer work leading to the production of services as outside the production boundary of the economy and therefore not appropriate to count. The overall consequence is to minimize the valuation of volunteer work.

4.40 Under the newly-recommended statistical procedures adopted for the TSE sector satellite account, valuation based on the cost to a sponsoring organization or on the value of a produced good (but not a produced service) is replaced by a valuation based on a replacement wage. Two broadly defined methods are available for determining the appropriate replacement wage, however: the “generalist” method and the “specialist” method. The generalist method applies an average gross wage across a range of industries and occupations. The specialist method determines wages that are specific to the industry, occupation, and (if feasible) skill and experience level of the performed volunteer work.

4.41 The major difference between the ILO Manual and the UNECE Guide is that the former recommends application of the specialist method across the board to all volunteer work, whereas the UNECE Guide acknowledges the likelihood that the productivity of direct volunteers is unlikely to match those of specialist workers in the organizational setting, and therefore the quality of service per hour of work is likely to be less (Guide for Valuing Unpaid Household Work, para 7.5.3). Accordingly, it recommends the use of the generalist method to value direct volunteer work.

4.42 Applying the specialist approach requires the determination of wages paid in the same industry for the same occupational tasks as those performed by the organization-based volunteer workers and applying those wages to the time spent on the organization-based volunteer work. Provisions to account for differences in skill and experience levels between volunteers and paid workers should also be made, if such information is available.

4.43 To generate the data required for this replacement cost approach, the ILO Manual recommends periodic additions of a short special supplement to labor force surveys (LFS), and this handbook recommends adoption of this method for use in compiling the TSE sector satellite accounts. This supplement, shown in Appendix 4.1 of this Chapter, captures all the information that is needed for reporting both the volume (number of hours worked) and the value of volunteer work, secured by asking respondents not only about the hours of volunteer work carried out in a reference period, but also the actual tasks carried out in each volunteer engagement.

4.44 Where use of the specialist replacement cost method is not feasible because of data limitations or other factors, the recommendation is to use the next best available generalist detail possible. Possible alternatives here include: (a) the average wage by industry; (b) the average wage by occupation; (c) the average wages of high, medium, and low-skilled workers; or (d) a minimum wage or the wage of a low-paying occupation, such as social work without accommodation (ISIC Rev.4 Division 88) or personal services activities (ISIC Rev.4 Division 96).

4.45 In view of the complexities of the specialist approach and questions about the productivity of direct volunteering, the UNECE recommends valuing direct volunteer work using the generalist method and this approach deserves careful consideration. To implement the generalist approach in the context of direct volunteer work, it is recommended to use the average wage for construction (ISIC Rev 4 Section F) or repair of personal and household goods (ISIC Rev4 Group 952) for goods-producing direct volunteer work, and the average wage for social work without accommodation (ISIC Rev.4 Division

⁵⁹ UNECE, (2017), *Guide on Valuing Unpaid Household Service Work*, ECE/CES/STAT/2017/3, (New York and Geneva: United Nations), available at: <http://www.unece.org/fileadmin/DAM/stats/publications/2018/ECECESSTAT20173.pdf>.

88) or other personal services activities (ISIC Rev.4 Division 96) for direct volunteer work resulting in the production of services.

4.46 Labor force surveys have enormous advantages for the collection of reliable data on volunteer work. They typically rely on household surveys, entail the largest sample sizes of any official or unofficial such surveys except for periodic censuses, are conducted at least annually and often on a monthly rolling basis, and are most likely to survive budget cuts because employment is an especially critical economic variable. Add to this the fact that such surveys are carried out by employment experts, who are well-versed in translating respondent descriptions of tasks into standard occupational classifications, which is crucial to identifying the appropriate replacement wage at which this work should be valued. More detailed information on this methodology is provided in the ILO Manual on the Measurement of Volunteer Work.

4.47 Because of the difficulties of getting access to labor force surveys, other alternative vehicles for generating reliable and comparable data on volunteer work may need to be explored. One such potentially promising alternative is time use surveys (TUS) that use the International Classification of Activities for Time Use Statistics (ICATUS)⁶⁰ or its equivalent. TUSs provide a highly reliable measure of time spent on volunteer work, making it possible to estimate the total number of FTE volunteer workers in the economy during a given reference period. This estimation involves multiplying the average number of minutes per person per day reported in the TUS by the size of the adult population and by the number of days in the reference period, and then dividing this product by the average number of hours per a full-time job during that reference period. TUSs increasingly rely on quite sizable samples, are carried out in most countries, and make it possible through its ICATUS classification structure to differentiate between direct volunteer work, captured under the Major Division 5 “Unpaid volunteer, trainee and other unpaid work” in Division 51 “Unpaid direct volunteer work for other households,” and organization-based volunteer work, captured in Division 52 “Unpaid community- and organization-based volunteer work.” But some of the volunteer work captured in Division 52 likely takes place in organizations that are out of scope of the TSE satellite account. In addition, TUSs capture only limited information on the occupational characteristics of volunteer work (see Appendix 4.2 of this Chapter) and no information on the industry in which organization volunteer work occurred—both pieces of information are needed for estimating volunteer value using the replacement cost method discussed above. Another potential problem is that volunteer work take, on average, a rather small portion of the 24-hour time spans utilized for time use surveys, so TUS reports often aggregate all of them to the Major Division level, which makes it impossible to distinguish organization-based and direct volunteer work as well as out of scope volunteer work (e.g. trainee work), though this problem can be at least partially mitigated by access TUS microdata.⁶¹

4.48 Another possible alternative data source on volunteer work are general social surveys routinely carried out in many countries. These, too, are household surveys that collect substantial amounts of demographic data that can be useful in analyzing volunteer work. While not nearly as sizable as the samples used for labor force surveys, these are often quite robust surveys. Inclusion of regular supplements on volunteer work in periodic fieldings of these surveys can therefore be quite useful and can substitute for labor force surveys if such surveys are not available. However, the quality of the data generated from these surveys varies due to possible self-selection, non-response, or recall bias. What is more, these surveys often have their own objectives, which may or may not be consistent with those of the volunteer survey. Where the use of such surveys is necessary, therefore, care must be taken to adhere as closely as possible to the definitions and coverage of the volunteer supplement recommended in the ILO Manual and that corrections are made for non-response and recall biases.

4.49 Ideally, demographic data on both volunteers and paid workers associated with the TSE sector should also be collected along with data on the industry in which such work is carried on. This will permit the disaggregation of the data elements listed in Table 4.6 by industry and socio-demographic or geographic subcategories to meet individual country needs. For example, employment can be disaggregated by sex, age, or ethnicity. Volunteer work can be disaggregated by labor force status, sex, age, educational attainment, or ethnicity. As implementation of the ILO Manual and its integration into the satellite account process expands, the array of countries able to generate comparable and reliable data on volunteer work will grow, making it feasible to provide the fuller picture of TSE activity that the TSE satellite account seeks to offer.

⁶⁰ United Nations, (2017), “International Classification of Activities for Time Use Statistics 2016 (ICATUS 2016), (New York: United Nations), available at: <https://unstats.un.org/unsd/statcom/48th-session/documents/BG-3h-ICATUS-2016-13-February-2017-E.pdf>.

⁶¹ This problem can be easily resolved by directly accessing TUS microdata and recalculating them at the desired level of aggregation.

4.50 In carrying out this valuation, care should be taken to adhere to the in-scope guidelines identified for volunteer work in Section C.1 of Chapter 3, however. In particular, organization-based and direct volunteer work are in-scope of the TSE sector. However, in the case of organization-based volunteer work, only that volunteer activity carried out in or through in-scope TSE sector organizations is itself in-scope of the TSE sector and eligible for inclusion in the TSE sector satellite account (see paras 3.49 and 3.50 and Figure 3.5 of this handbook). All direct volunteer work is eligible for inclusion in the TSE sector satellite account, however, regardless of whether it leads to the production of goods or services.

Appendix 4.1: Recommended Survey Module and Coding Book for the Measurement of Volunteer Work

Step or variable	Question	Coding
RS_RULE	<i>[Please indicate whether the information in this questionnaire pertains to the respondent him/herself or to other members of the household.]</i>	01if respondent answers for him/herself 02if other members of the household provide proxy response
START	So far, I have been asking you about paid work. The next few questions are about <u>unpaid non-compulsory</u> work that you did, that is, time you gave without pay to activities performed either through organizations or directly for others outside your own household and immediate family members. <i>[Note: Work is understood here to be an activity that could, in principle, be done for pay.]</i> <i>[Note: Reimbursement of expenses does not disqualify an activity.]</i>	n.a.
WORK_01	In the last four weeks <i>[provide dates marking the period]</i> did you spend any time on this kind of <u>unpaid</u> activity? <i>[If “Yes,” proceed to WORK_02. If “No” or “Not sure,” proceed to PROMPT_01]</i>	01 Yes 02 No 09 Don’t know/Not sure
WORK_02	Please tell me what kind of <u>unpaid</u> work you did. Please mention as many activities as you can remember. Why don’t you start with the <u>unpaid</u> work that <i>[you did most recently/on which you spent the most time]</i> . <i>[Record response verbatim for subsequent occupational coding.</i> <i>If respondent mentions more than one type of activity, differentiate answers from WORK_02 to WORK_03 by a, b, c, at end of each stated activity.]</i>	WORK_021Record response verbatim. WORK_022Assign activity code from ISCO-88 Index
HOUR_01	I would like to determine the total number of hours you did this <i>[repeat back to the respondent the first activity they reported, then repeat HOUR_01 through TYPE_ORG04 for each additional activity mentioned]</i> in the last four weeks. Do you recall approximately how many hours you spent on this <u>unpaid</u> activity? <i>[If “Yes,” record number of hours indicated and go to TYPE_ORG01. If “No” or “Not sure,” go to HOUR_02</i> <i>If respondent reports a volunteer activity that is carried out concomitantly with paid work, then this activity would not qualify as volunteer work.</i> <i>If respondent reports a volunteer activity that is carried out concomitantly with unpaid work for a member of the respondent’s household, then ask the respondent to estimate the amount of time attributable to the volunteer activity.]</i>	Record response verbatim or enter estimation based on HOUR_01 and HOUR_03.
HOUR_02	If you do not recall the total number of hours, could you perhaps recall how many times you engaged in this activity in the last four weeks? <i>[Record response verbatim for subsequent frequency coding]</i>	Enter the number of times
HOUR_03	And how many hours did you spend doing this <u>unpaid</u> work <i>[the last time you did it/on average each time you did it]</i> ? <i>[Record response verbatim]</i>	Enter the number of hours
TYPE_ORG01	Did you do this <u>unpaid</u> work for or through an organization? <i>[If “No,” code <i>[direct]</i> and go to WORK_03.</i>	01 Yes 02 No 09 Don’t know
TYPE_ORG02	What is the name of the organization for which you did this <u>unpaid</u> work? <i>[Record response verbatim for subsequent industry and sector coding. If more than one organization is mentioned, repeat questions TYPE_ORG03-04 for every organization.]</i>	TYPE_ORG021 Record response verbatim TYPE_ORG022 Assign industry code from ISIC, Rev.4 Index (leave blank if answer to TYPE_ORG-1 is “No” or “Don’t know” TYPE_ORG032Assign sector code (leave blank if TYPE_ORG01 is “Don’t know” 00 Direct volunteer work in S14 (if TYPE_ORG01 is “No”) 01 NPI or NPISH 02 Cooperatives/social enterprise 03 For profit business (S11/12) 04 Government incl NPI in S13 09 Don’t know/Not sure

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Step or variable	Question	Coding
TYPE_ORG03	<p><i>If name of organization is not in code book, or if no code book is used, ask</i> What does this organization do? ____ (80 spaces)</p> <p><i>[Record response verbatim for subsequent industry coding.]</i></p>	TYPE_ORG031 Record response verbatim TYPE_ORG032 Assign industry code from ISIC, Rev.4 Index (leave blank if answer to TYPE_ORG-1 is "No" or "Don't know")
TYPE_ORG04	<p>I will now read you a list of four types of organization. Please tell me which best describes the organization for which you worked.</p> <p>A. charity/nonprofit organization/NGO/union/religious organization B. Cooperative or social enterprise with limited profit distribution C. For-profit Business D. Government E. Don't know /Not sure F. Not sure</p> <p><i>[Record response verbatim for subsequent sector coding.]</i> <i>If respondent mentions more than one type of activity, ask questions from HOUR_01 to TYPE_ORG04 for each activity separately. Then proceed to WORK_03]</i></p>	TYPE_ORG041 Record response verbatim TYPE_ORG042 Assign sector code (leave blank if answer to TYPE_ORG01 is "Don't know") 00 Direct volunteer work (if TYPE_ORG01 is "No") 0 see above
WORK_03	<p>Is there any other <u>unpaid</u> non-compulsory time you gave without pay to activities performed either through organizations or directly for others outside your own household or for immediate family members <i>[provide dates marking the period]</i>?</p> <p><i>[If "Yes," go to WORK_02. If "No," proceed to END]</i></p>	01 Yes 02 No
PROMPT_01	<p>Sometimes people don't think of some activities as <u>unpaid</u> work. I have a list of other types of unpaid work you may have done. Have you done any of these? If you gave any time without pay to these activities during the past four weeks <i>[provide dates marking the period]</i>, please respond with a "Yes" to each as I read them out. Otherwise, say "No."</p>	n.a.
PROMPT_02	<p>Did you work without pay for a community organization, such as fundraising, providing administrative support, or serving on the board of a school, library, health care center, NGO, club, union, religious congregation, or association?</p> <p>___ Yes/___ No</p> <p><i>[Note: The specific examples of activity considered to be within the scope of the survey may vary from country to country. However the overall types of activity should remain the same in order to maintain international comparability.]</i></p>	01 Yes 02 No
PROMPT_03	<p>Did you work without pay to clean or improve your community (e.g. picking up rubbish) or work to improve the water supply, parks, or roads?</p> <p>___ Yes/___ No</p>	01 Yes 02 No
PROMPT_04	<p>Did you work without pay to organize an event, such as a community gathering, a sporting or cultural activity, a religious celebration, or a political event to make others aware of an issue?</p> <p>___ Yes/___ No</p>	01 Yes 02 No
PROMPT_05	<p>Did you work without pay to provide any assistance to persons outside your household (such as the elderly, children, the poor or disaster victims), prepare and serve food, or transport persons or goods?</p> <p>___ Yes/___ No</p>	01 Yes 02 No
PROMPT_06	<p>Did you work without pay to conduct any coaching, officiating or counselling, or provide any free medical care or legal advice, or gather information or scientific data?</p> <p>___ Yes/___ No</p>	01 Yes 02 No
PROMPT_07	<p><i>[If respondent says "yes" to any one of the questions in PROMPT_02 to PROMPT_06, say:</i> "You said that you [read back the examples provided for the questions they responded "Yes" to: 1. worked for a community organization, 2. worked to clean or improve your community, 3. worked to organize an event, 4. provided assistance to persons outside of</p>	n.a.

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Step or variable	Question	Coding
	<p>your household, and/or 5. Provided coaching, counseling, medical legal, or food or transport services.]</p> <p><i>Ask questions from WORK_02 to TYPE_ORG04 for each activity. If respondent says "No" proceed to END]</i></p>	
END	End of survey module	n.a.

Appendix 4.2: Excerpt from the International Classification of Activities for Time Use Statistics 2016 (ICATUS 2016)

5 Unpaid volunteer, trainee and other unpaid work

- 51 Unpaid direct volunteer work for other households
 - 511 Unpaid volunteer household maintenance, management, construction, renovation and repair
 - 512 Unpaid volunteer shopping/purchasing goods and services
 - 513 Unpaid volunteer childcare and instruction
 - 514 Unpaid volunteer care for adults
 - 515 Unpaid volunteer unpaid help in enterprises owned by other households
 - 519 Other activities related to direct unpaid volunteer work for other households
- 52 Unpaid community- and organization-based volunteer work
 - 521 Unpaid volunteer work on road/building repair, clearing and preparing land, cleaning (streets, markets, etc.), and construction
 - 522 Unpaid volunteer work preparing/serving meals, cleaning up
 - 523 Unpaid volunteer cultural activities, recreation and sports activities
 - 524 Unpaid volunteer office/administrative work
 - 529 Other activities related to community- and organization-based unpaid volunteer work
- 53 Unpaid trainee work and related activities
 - 530 Unpaid trainee work and related activities
- 54 Travelling time related to unpaid volunteer, trainee and other unpaid work
 - 540 Travelling time related to unpaid volunteer, trainee and other unpaid work
- 59 Other unpaid work activities
 - 590 Other unpaid work activities

Chapter 5: Economic Activity Classification of TSE Sector Institutions and Volunteer Work

A. Introduction

5.1 Chapters 2 and 3 of this handbook described procedures to identify the universe of TSE sector institutions and volunteer work. This Chapter discusses how to classify this universe of institutions and volunteer work into different fields of activity in order to portray its composition and make it possible to compare its role and impact in different fields cross-nationally. The discussion focuses mostly on the activity classification of institutions since major issues related to the classification of volunteer work was covered in Chapter 4. However, a section at the end of the chapter also provides further guidance on sources that can be useful in handling the activity classification of volunteer work as well.

5.2 Three classification systems are available for the purpose of identifying the fields of activity of in-scope TSE institutions:

- a) The first is the **International Standard Industrial Classification System (ISIC)** developed by the United Nations for classifying data according to the kind of economic activity involved (ISIC Rev. 4). This system is now in its fourth version following a major revision completed in 2008. Several countries or regions have developed regional variants of this system. Three major such variants are the North American Industry Classification System (NAICS) developed in the United States and used also in Canada and Mexico, a European counterpart known as NACE formulated under the auspices of Eurostat in Europe, and the Australian and New Zealand standard industrial classification (ANZIC).
- b) The second such system is the **International Classification of Nonprofit and Third Sector Organizations (ICNP/TSO)**. This classification represents the first revision of the International Classification of Nonprofit Organizations (ICNPO) developed in the early 1990s as part of an international research project designed to generate systematic economic data on nonprofit institutions (NPIs) globally. The need for such a specialized classification structure for NPIs was dictated by two considerations. In the first place, the industrial classification system commonly in use at that time (ISIC Rev. 2, and Standard Industrial Classification [SIC] in the U.S.) did not provide sufficient detail to differentiate many of the most crucial types of NPIs. The second limitation of the existing industry classification was making it difficult to differentiate the many different functions that nonprofits perform. Thus, for example, a major function of NPIs is the promotion of affordable housing and community development but the ISIC structure allocates various housing and community development activities—such as housing construction, housing management, housing finance, and provision of public utilities such as water and electricity—to a variety of different industries whereas the ICNPO structure pulls these housing and community development activities together. Similar problems arise with environmental protection and animal welfare services, which are also split among numerous industries, such as forestry, agriculture, or veterinary medicine in the ISIC structure but are brought together under Group 5, environment and animal protection. ICNPO has been used extensively by countries that have carried out the recommendations of the 2003 *NPI Handbook* for compiling “satellite accounts” on nonprofit institutions. Since this present handbook recommends the broadening of the scope of entities covered by the TSE satellite account, this necessitates a substantial extension of the ICNPO to reflect activities of the “related” institutions and direct volunteer work.
- c) The third classification system is the **Classification of Purposes of Nonprofit Institutions (COPNI)**, which is relevant to NPISHs only. COPNI classifies individual outlays of NPISHs according to the purpose that these outlays serve rather than the “economic activities” or fields in which they operate.

5.3 This chapter reviews the advantages and disadvantages of these different classification systems for the various objectives for which the separate identification of TSE sector institutions might be relevant and outlines a strategy that best achieves these various objectives.

B. International Standard Industrial Classification (ISIC Rev. 4)

5.4 ISIC Rev. 4 is the international statistical standard for the economic activity classification system for all economic units covered by the SNA.⁶² All TSE sector institutions will therefore already be classified in ISIC Rev. 4 terms and these classifications will carry over into the institutional sector tables that 2008 SNA⁶³ recommends, as well as into the TSE satellite account data. This has the great advantage of facilitating comparative analyses of the TSE sector role in different industries in comparison to other institutional units in the same industries both within countries and among countries.

5.5 In order to take full advantage of this feature of ISIC Rev. 4, however, it will be necessary to report data on TSE sector institutions at the three-digit aggregation level and provide comparable detail on the other units in these same industries.

5.6 This is particularly the case given the fact that although TSE sector units can be found in any Section of ISIC Rev. 4, they tend to congregate in certain industries and are only really clearly visible at the three-digit level. To illustrate this, Table 5.1 lists industries where most TSE sector institutions can typically be found. This list is not exhaustive, however.

Table 5.1: Industries with likely presence of TSE sector institutions, by ISIC Rev. 4 Categories

SECTION	TITLE
Section A	Agriculture, forestry and fishing
Section F	Construction
Section G	Wholesale and retail trade
Section J	Information and communication
Section K	Financial and insurance activities
Section L	Real estate activities
Section M	Professional, scientific, and technical activities
Section P	Education
Section Q	Human health and social work activities
Section R	Arts, entertainment, and recreation
Section S	Other service activities

C. International Classification of Nonprofit and Third Sector Organizations (ICNP/TSO)

5.7 While ISIC Rev. 4 is the standard economic activity classification recommended in the 2008 SNA, the ICNP/TSO has certain advantages that recommend its use in the TSE satellite accounts. For one thing, as already noted, the ICNPO—the predecessor of ICNP/TSO—has been adopted by numerous statistical agencies that have completed NPI satellite accounts in accordance with the 2003 UN *NPI Handbook*, which recommended use of the ICNPO. The use of ICNP/TSO, which is based on the same principles and compatible with ICNPO, will thus facilitate time series analyses.

5.8 Perhaps more importantly, as noted above, while ICNP/TSO, like ISIC, classifies TSE units by economic activity at the lowest level of aggregation, it groups them by similar activities at the higher levels of aggregation, which adds new information not readily available in the existing industry classification systems. This is especially important in the development of satellite accounts because such accounts are frequently used for policy purposes for which such purpose identification can be important. As a result, it is possible with ICNP/TSO to achieve the special objectives of a satellite

⁶² United Nations, (2008), “International Standard Industrial Classification, Rev. 4,” (New York: United Nations), available at: <http://unstats.un.org/unsd/class/default.asp>.

⁶³ United Nations, (2009) “System of National Accounts 2008,” (New York: United Nations), available at: <https://unstats.un.org/unsd/nationalaccount/sna2008.asp>.

account while still adhering to conventions and activity classifications associated with ISIC Rev. 4 and its international counterparts, making it easy to cross-walk between them.

5.9 While the ICNPO has been used successfully to classify NPIs in the countries that have so far developed NPI satellite accounts, this use has also identified the need for its further revision. This need arises from several factors. *First*, because it found few NPIs in such fields as manufacturing, agriculture, mining, trade, or finance, the original ICNPO implicitly grouped these industries into one major group, the major group 12 (n.e.c.). However, more recent studies have discovered non-trivial NPI presence in some of these industries. *Second*, new kinds of NPIs have emerged—such as microfinance institutions and social enterprises providing employment opportunities for disadvantaged populations. *Third*, some of the major groups of the original ICNPO turned out to be populated by very few organizations; this argued for eliminating them as major groups. This was the case, for example, of the major group set aside for International NPIs. *Finally*, the expansion of the scope of coverage of the revised satellite account guidance document from NPIs to the TSE sector necessitates the expansion of the activity fields in which these units operate. To meet these needs, this handbook presents a revised version of ICNPO called ICNP/TSO, which was worked out in cooperation with a number of statistical agencies that have implemented the NPI satellite account in the past. ICNP/TSO retains the basic structure of the ICNPO, but introduces new fields in which NPIs and related institutions have been found and reconfigures certain groups to allow for easier concordance with ISIC Rev. 4. This means that fewer ISIC categories need to be split at the two-digit level in these crosswalks.

5.10 **Structure.** The ICNP/TSO system consists of three hierarchically organized levels of aggregation. The main aggregates, called “Sections” are subdivided into “Groups,” which in turn are subdivided into “Sub-groups.” To facilitate reporting in a machine-readable format, each Section, Group, and Subgroup is denoted by a single alphanumeric digit as follows: Sections are denoted by capital letters A through L, and Groups and Subgroups are denoted by numerals 1 through 8, while the numeral 9 is reserved for “catch all” categories of entities not elsewhere classified. The resultant coding system consists of one- two- and three-digit alphanumeric strings denoting different levels of hierarchical aggregation. Appendix 5.1 to this Chapter shows the basic structure of ICNP/TSO with annotations.

5.11 **Covered entities.** ICNP/TSO covers all entities in-scope of the TSE sector as defined in Chapters 2 and 3 above, regardless of the institutional sector to which they are assigned. The only exclusion are units classified as public administration and defense (Division 84 of ISIC Rev. 4), which by definition are out of scope of the satellite account.

5.12 **Unit of analysis.** The unit of analysis for classification of TSE sector institutions is identical to SNA practice for other types of organizations. Thus, the “institutional unit” will be the unit of analysis in this handbook for all variables in the full sequence of the integrated economic accounts, and the “establishment” will be the unit of analysis for variables in the production accounts for industries. For conglomerates in which a parent corporation controls multiple establishments (e.g., certain universities or hospitals), each individual establishment should be treated as a separate institutional unit (2008 SNA, paras. 4.51 and 4.52).

5.13 **Focus on economic activities.** As noted, the basis of classification for ICNP/TSO, like that of ISIC, is the “economic activity” of the unit. Units are thus differentiated according to the types of services or goods they produce (e.g., health, education, social assistance, construction of housing, professional services, etc.). In accordance with a convention adopted for ISIC, under ICNP/TSO the economic activity of a unit is usually measured as the activity that represents the largest share of: (a) value added; (b) gross output if value added is not available; or (c) employment if neither value added nor gross output is available.

5.14 **Treatment of multipurpose units.** The treatment of multipurpose units in the satellite account should be consistent with the treatment of multipurpose entities elsewhere in the 2008 SNA. In particular, to the extent that the organization carries out its various activities in separate units, each unit will be classified according to its major activity. Where separate units are not defined, the whole organization should be classified by its major activity—that is, the activity that represents the largest share of value added, gross output, or employment. Further, religious congregations—churches, synagogues, mosques, and other religious worship organizations—are included in Section I (Religious congregations and associations). Religiously-affiliated service organizations (e.g., schools, clinics, day-care centers, hospitals) are included in

the appropriate service fields in which they primarily operate (health, education, etc.) rather than in Section I.

5.15 ICNP/TSO is “backward compatible” to ICNPO at the Group and Division levels. Sections A through J are fundamentally identical to Major ICNPO Groups 1 through 11 with some minor deviations. Specifically, ICNPO subgroup 2400 “Research” has been reassigned to the newly introduced Section K (Professional, scientific, financial, and administrative services) rather than Section B (Education services). The main reason is that research is performed either by divisions of universities that are not institutional units themselves, and thus cannot be classified separately from “Higher education,” or by separate units, such as research laboratories, that engage in very different activities and perform very different functions than educational institutions. Second, ICNPO subgroup 6300 “Employment and training” has been reassigned to Section D “Social services”, which is consistent with how these activities are classified in the existing industry classification systems. Third, ICNPO subgroup 7200 “Law and legal services” has been split as it groups several fundamentally different activities together and assigned in the revised version as follows: “Legal services” are now the subgroup K21 (Legal and mediation services); “Victim support and rehabilitation services” are reassigned to subgroup D19 “Other individual and family services;” and “Consumer protections” is now part of the subgroup G11 “Social advocacy.” Crosswalks from ICNPO to ICNP/TSO and ISIC Rev. 4 to ICNP/TSO are provided in Appendices 5.2 and 5.3 of this Chapter.

5.16 It is recommended that countries compiling a TSE satellite account use ICNP/TSO at the most detailed level possible in addition to their “default” ISIC Rev. 4, or other industry classification systems. This will facilitate the analysis of this information by users and allow for international comparisons to other countries compiling satellite accounts.

D. Classification of Purposes of Nonprofit Institutions Serving Households (COPNI)

5.17 Unlike ISIC Rev. 4 and similar industry classification systems, which are designed to categorize a wide range of economic activities, COPNI is a classification that focuses on the purpose of outlays of the subset of NPIs providing services to households (NPISH).⁶⁴ The COPNI classification system identifies eight major purposes of the outlays of NPISH: housing, health, recreation and culture, education, social protection, religion, political parties, labor and professional organizations, and environmental protection. Each of these main purposes is further subdivided into more specific purpose areas, including research and development activities in the areas of health, education, social protection, and environmental protection.

5.18 COPNI classifies a range of transactions by NPISHs, including outlays on final consumption expenditure, intermediate consumption, gross capital formation and current transfers.. By convention, all consumption expenditure of NPISHs are treated as individual consumption in the 2008 SNA. The main purpose is to classify expenditure of NPISHs by purpose in a manner consistent with the purposes of individual consumption expenditure of households and general government in order to obtain the SNA aggregate of actual final consumption expenditure of households. COPNI is therefore useful for highlighting social and policy functions performed by NPISHs. Although it is possible to link the purpose classification to the economic activity classification of NPIs its usefulness may be somewhat limited by the narrow scope of coverage that includes only NPISH and not the entire TSE sector. For that reason, COPNI has not been widely used for presenting statistics in NPI satellite accounts.

E. Further guidance on classification of volunteer work

5.19 To implement this handbook’s recommendation to estimate the value of volunteer work by the replacement cost method (Chapter 4, Section C), other classification systems may be needed. Specifically, estimating the value of organization-based volunteer work using the ‘specialist’ approach requires knowledge of occupational characteristics of that work. The ILO *Manual on the Measurement of Volunteer Work* recommends use of the International Standard

⁶⁴ United Nations, (2000), “Classification of expenditure according to purpose: Classification of the functions of government (COFOG), Classification of individual consumption according to purpose (COICOP), Classification of the purposes of nonprofit institutions serving households (COPNI), Classification of the outlays of producers according to purpose (COPP).” Department of Economic and Social Affairs, Statistics Division, Statistical papers, Series M, No. 84, (New York: United Nations), available at: <http://unstats.un.org/unsd/cr/registry/regcst.asp?Cl=6&Lg=1>.

Classification of Occupations (ISCO88 or its newer version ISCO08) for this purpose. Further information on this classification can be found at <http://www.ilo.org/public/english/bureau/stat/isco/isco08/>.

5.20 Since volunteer workers often do not have the same skills as paid employees, it may also be beneficial to make adjustments for that skill level difference. One possible approach to differentiating such skill differences is a hierarchical classification system of occupational skills. One potentially useful such system is the “Data, People and Things” system that ranks job functions on three dimensions: data processing, interaction with people, and manipulating objects or things. Further information on this classification can be found at https://occupationalinfo.org/appendxb_1.html.

5.21 What follows are three appendices laying out the ICNP/TSO and its relationship to ICNPO and ISIC Rev. 4. Appendix 5.1 provides a fuller elaboration of the ICNP/TSO classification structure. Appendix 5.2 provides a crosswalk between ICNP/TSO and the original ICNPO. Finally, Appendix 5.3 provides a cross-walk between ICNP/TSO and ISIC, Rev. 4.

Appendix 5.1: International Classification of Nonprofit and Third Sector Organizations ICNP/TSO (December 2017)

Section	Group	Sub-group	Title	Notes
Section A: Culture, communication, and recreation activities				ICNPO Major Group 1
	A10		Culture and arts	
		A11	Performing and visual arts	Includes theaters, galleries, music halls, dance studios, agencies promoting arts, etc.
		A12	Museums, zoos, parks, historical sites, and similar institutions	Excludes libraries classified as 130 and natural preserves classified as E10
		A19	Culture and arts n.e.c.	
	A20		Sports and recreation	
		A21	Sports activities	Includes amateur sports associations, agencies promoting sports, etc.
		A22	Amusement and recreation services	Includes recreational facilities, but excludes member-serving orgs and social clubs (G13)
		A29	Sports and recreation n.e.c	
	A30		Information and communication services	Includes broadcasting, publishing, libraries, media centers etc.
	A90		Culture and arts services n.e.c.	
Section B: Education services				ICNPO Major Group 2 (except research now classified as K10))
	B10		Pre-primary, primary and secondary education	
		B11	Pre-primary education	
		B12	Primary education	Includes institutions providing basic academic courses for very young children, i.e. kindergartens and elementary schools
		B13	Secondary education	Includes institutions providing academic courses typically for adolescents who completed primary education
		B19	Primary and secondary education n.e.c	
	B20		Higher education	Includes institutions providing advanced academic courses for students who completed secondary education
		B21	Colleges and universities	Includes institutions offering 4 or more years of academic courses leading to an academic degree
		B29	Higher education n.e.c.	Includes community colleges and similar institutions not qualifying as B21
	B30		Other education	
		B31	Technical, vocational, and continuing education	
		B32	Education support services	Includes testing and academic guidance services, student exchange etc.
	B90		Education services n.e.c.	
Section C: Human health services				ICNPO Major Group 3
	C10		Ambulatory health services	
		C11	General ambulatory health care services	Includes institutions providing general healthcare services

Appendix 5.1: International Classification of Nonprofit and Third Sector Organizations ICNP/TSO (December 2017)

Section	Group	Sub-group	Title	Notes
		C12	Specialized outpatient care centers	Includes family planning, mental health or substance abuse treatment, rehabilitation, etc.
		C13	Emergency medical response	Includes ambulance service, Red Cross, Doctors Without Borders, etc.
		C14	Medical and diagnostic laboratories	Includes testing labs, kidney dialysis centers, etc.
		C19	Ambulatory health care services n.e.c.	
	C20		Hospitals	
		C21	General hospitals	
		C22	Specialty, psychiatric and substance abuse hospitals	
		C29	Hospitals n.e.c.	
	C30		Nursing and residential care services	
		C31	Residential nursing care facilities	Includes convalescent homes, hospice, residential care, and similar institutions providing continuous nursing care
		C32	Residential care for the elderly	Includes retirement/assisted living homes for the elderly and similar facilities
		C39	Nursing and residential care services, n.e.c.	
Section D			Social services	ICNPO Major Group 4 (includes employment and training formerly in ICNPO Group 6)
	D10		Individual and family services	
		D11	Child and youth services	Excludes child day care (D20)
		D12	Elderly services	
		D13	Services for people with disabilities	
		D14	Family services	
		D19	Other individual and family services	Includes self-help groups like Alcoholics Anonymous, ex-offender rehabilitation, crisis intervention, help lines etc.
	D20		Child day care services	Excludes kindergartens and similar institutions for very young children classified as pre-primary education (B11)
	D30		Emergency and relief services	
		D31	Community food services	
		D32	Temporary shelters	
		D33	Emergency and relief services	Includes institutions providing assistance in natural disasters, life events (e.g. burial societies), etc.
		D34	Refugee assistance	
		D39	Emergency and relief services, n.e.c.	
	D40		Vocational rehab services for people with barriers to employment	

Appendix 5.1: International Classification of Nonprofit and Third Sector Organizations ICNP/TSO (December 2017)

Section	Group	Sub-group	Title	Notes
		D41	Job counseling or training activities	Excluding vocational and trade schools (B31)
		D42	Sheltered workshops	Separate from activities in other groups (e.g. L20, L30 etc.)
		D49	Vocational rehabilitation services, n.e.c.	
	D90		Social services, n.e.c.	
Section E: Environmental protection and animal welfare activities				ICNPO Major Group 5 (Excludes orgs engaged in environmental and animal welfare advocacy, which should be classified in G12)
	E10		Natural resource management/protection	
		E11	Land or water management activities	Includes natural preserves, green spaces, wildlife sanctuaries, etc.
		E12	Pollution abatement and control activities	
		E13	Eco-tourism	
		E14	Eco-farming and forestry	
		E19	Natural resource management, conservation, and protection n.e.c.	
	E20		Animal health and welfare activities	
		E21	Animal sanctuaries and shelters	
		E22	Veterinary services	
		E29	Animal health and welfare activities, n.e.c.	
	E90		Environmental protection and animal welfare activities, n.e.c.	
Section F: Community and economic development, and housing activities				ICNPO Major Group 6 (except employment and training now classified as D40)
	F10		Construction of housing and infrastructure	
		F11	Construction of housing	
		F12	Construction of infrastructure	Roads, water and sewage lines, alternative energy infrastructure (e.g. solar, geothermal, etc.)
		F19	Construction of housing and infrastructure n.e.c.	
	F20		Community and economic development activities	Includes financing or management of community and econ development projects
	F30		Housing management and maintenance	Homeowner, tenant, community and neighborhood associations, management of public or coop housing, etc.
	F40		Utilities and waste management	Includes providers of water, sewage, and energy such as gas, electricity, or alternative energy
	F50		Indigenous people self-governance	Organizations established to manage and preserve indigenous culture, language, heritage, land, and physical assets

Appendix 5.1: International Classification of Nonprofit and Third Sector Organizations ICNP/TSO (December 2017)

Section	Group	Sub-group	Title	Notes
	F90		Community and economic development, and housing, n.e.c.	
Section G: Civic, advocacy, political and international activities				ICNPO Major Group 7 (plus international activities formerly classified as ICNPO Group 9)
	G10		Civic, advocacy and social participation activities	Excluding political interest representation (840)
		G11	Social advocacy	Includes advocacy for human and civil rights, public safety, literacy, science, and similar public serving activities
		G12	Environment conservation and animal welfare advocacy	
		G13	Social clubs and similar member-serving activities	Includes social/hobby/automobile/country clubs, consumer associations, fraternities, sororities, and similar member-serving activities; excludes housing and community associations (F30)
		G14	Social youth organizations	Boy and Girl Scouts, etc.
		G15	Social organizations for the elderly	
		G16	Social organizations for the disabled	
		G19	Civic, advocacy and social participation activities n.e.c.	
	G20		Political activities	
		G21	Political parties	
		G22	Political action, lobbying and similar activities	
		G29	Political activities, n.e.c.	
	G30		International activities	Former Major Group 9, includes institutions primarily engaged in promoting international exchange, aid, and collaboration; excludes direct providers of services, such as education, health, social assistance, environmental protection or community development, which should be classified in Sections B through F accordingly
	G90		Civic, advocacy, political and international activities, n.e.c.	
Section H: Philanthropic Intermediaries and voluntarism promotion				ICNPO Major Group 8
	H10		Grantmaking foundations	
	H90		Other philanthropic intermediaries and voluntarism promotion	Includes operating foundations, fund-raising organizations, volunteer recruitment organizations, etc.
Section I: Religious congregations and associations				ICNPO Major Group 10
	I10		Religious congregations	

Appendix 5.1: International Classification of Nonprofit and Third Sector Organizations ICNP/TSO (December 2017)

Section	Group	Sub-group	Title	Notes
	I90		Other religious associations	I Includes institutions primarily engaged in promoting religious faith; excludes faith-based direct providers of services, such as education, health or social assistance, which should be classified in Sections B, C, or D accordingly
Section J: Business, professional, and labor organizations				ICNPO Major Group 11
	J10		Business and employers associations	
	J20		Professional associations	
	J30		Labor unions	
	J90		Business, professional, and labor organizations, n.e.c.	
Section K: Professional, scientific, and administrative services				Newly added
	K10		Scientific research and testing services	Includes research in natural and social sciences and humanities former sub group 2400
	K20		Professional services	Includes legal, mediation, accounting, architectural, engineering and similar services; excludes education support (B32), and individual and family service (D10)
		K21	Legal and mediation services	
		K22	Public relations and related services	
		K23	Accounting, bookkeeping and related services	
		K29	Professional services, n.e.c.	
	K30		Management and administrative services	Units engaged in administering, overseeing, and managing other establishments, except housing (F30) and landscape care and maintenance service activities (E10)
	K90		Professional, scientific, and administrative services n.e.c	
Section L: Other Activities				ICNPO Major Group 12 with added detail and household activities
	L10		Agriculture, forestry and fishing	Excluding eco farming and forestry (E14)
	L20		Manufacturing	
	L30		Accommodation, catering and food services	
	L40		Trade activities	Includes retail and wholesale trade
	L50		Transportation and storage activities	
	L60		Financial and insurance services	
	L70		Real estate activities	
	L80		Unpaid activities of households	Direct volunteer work
		L81	Unpaid goods-producing activities of households	
		L82	Unpaid service-producing activities of households	
	L90		Activities not elsewhere classified	

Appendix 5.2: ICNPO to ICNP/TSO concordance

ICNPO	ICNPO Title	ICNP/TSO
01000	CULTURE AND RECREATION	A
01100	Culture and Arts	A10
		A30
01200	Sports	A21
01300	Other Recreation & Service Clubs	A12
		A29
01900	Culture and Recreation n.e.c.	A90
02000	EDUCATION AND RESEARCH	B
02100	Primary & Secondary Education	B10
02200	Higher Education	B20
02300	Other Education	B30
02400	Research	K10
02900	Education and Research n.e.c.	B90
03000	HEALTH	C
03100	Hospitals & Rehabilitation	C20
03200	Nursing Homes	C30
03300	Mental Health	C22
03400	Other Health Service	C10
03900	Health n.e.c.	C90
04000	SOCIAL SERVICES	D
04100	Social Services	D10
		D20
04200	Emergency & Relief	D30
04300	Income Support & Maintenance	D30
04900	Social Services n.e.c.	D90
05000	ENVIRONMENT	E
05100	Environment	E10
05200	Animals	E20
05900	Environment n.e.c.	E90
06000	DEVELOPMENT AND HOUSING	F
06100	Community Development	F20
		F30
		F40
06200	Housing	F10
		F30
06300	Employment & Training	D40
06900	Development and Housing n.e.c.	F90
07000	CIVIC AND ADVOCACY	G
07100	Civic & Advocacy Organizations	G10

Appendix 5.2: ICNPO to ICNP/TSO concordance

ICNPO	ICNPO Title	ICNP/TSO
07200	Law & Legal Services	K21
		D19
		G10
07300	Political Organizations	G20
07900	Civic and Advocacy n.e.c.	G90
08000	PHILANTHROPY	H
08100	Grant-making foundations	H10
08200	Other philanthropic intermediaries	H90
08900	Philanthropy n.e.c.	H90
09000	INTERNATIONAL ACTIVITIES	G30
09100	International activities	G30
10000	RELIGIOUS CONGREGATIONS	I
10100	Religious congregations and associations	I10
		I90
11000	BUSINESS AND PROFESSIONAL ASSOCIATIONS	J
11100	Business associations	J10
11200	Professional associations	J20
11300	Unions	J30
11900	Professional associations n.e.c.	J90
12000	NOT ELSEWHERE CLASSIFIED	L
		L10
		L20
		L30
		L40
		L50
		L60
		L90

Appendix 5.3: ISIC Rev. 4 to ICNP/TSO concordance

ISIC Rev 4	ISIC Title	ICNP/TSO
A	Agriculture, forestry and fishing	
01	Crop and animal production, hunting and related service activities	L10, E14
02	Forestry and logging	E10
B	Mining and quarrying	L90
C	Manufacturing	L20
D	Electricity, gas, steam, and air conditioning supply	
35	Electricity, gas, steam, and air conditioning supply	F40
E	Water supply; sewerage, waste management and remediation activities	
36	Water collection, treatment, and supply	F40
37	Sewerage	F40
38	Waste collection, treatment, and disposal activities; materials recovery	F40
39	Remediation activities and other waste management services	F40
F	Construction	
41	Construction of buildings	F11
42	Civil engineering	F12
43	Specialized construction activities	F19
G	Wholesale and retail trade; repair of motor vehicles and motorcycles	
45	Wholesale and retail trade and repair of motor vehicles and motorcycles	L40
46	Wholesale trade, except of motor vehicles and motorcycles	L40
47	Retail trade, except of motor vehicles and motorcycles	L40
H	Transportation and storage	
49	Land transport and transport via pipelines	L50
50	Water transport	L50
51	Air transport	L50
52	Warehousing and support activities for transportation	L50
53	Postal and courier activities	L50
I	Accommodation and food service activities	
55	Accommodation	L30
56	Food and beverage service activities	L30
J	Information and communication	
58	Publishing activities	A30
59	Motion picture, video and television programme production, sound recording and music publishing activities	A30
60	Programming and broadcasting activities	A30
61	Telecommunications	A30
62	Computer programming, consultancy, and related activities	A30
63	Information service activities	A30
K	Financial and insurance activities	
64	Financial service activities, except insurance and pension funding	L60
65	Insurance, reinsurance, and pension funding, except compulsory social security	L60
66	Activities auxiliary to financial service and insurance activities	L60
L	Real estate activities	

Appendix 5.3: ISIC Rev. 4 to ICNP/TSO concordance

ISIC Rev 4	ISIC Title	ICNP/TSO
68	Real estate activities	L70
M	Professional, scientific, and technical activities	
69	Legal and accounting activities	K21, K22
70	Activities of head offices; management consultancy activities	K90
71	Architectural and engineering activities; technical testing and analysis	K90
72	Scientific research and development	K10
73	Advertising and market research	K22
74	Other professional, scientific, and technical activities	K90
75	Veterinary activities	E22
N	Administrative and support service activities	
77	Rental and leasing activities	K30
78	Employment activities	K30
79	Travel agency, tour operator, reservation service and related activities	K30
80	Security and investigation activities	K30
813	Landscape care and maintenance service activities	E10
82	Office administrative, office support and other business support activities	K30
O	Public administration and defense; compulsory social security	
8412	Regulation of the activities of providing health care, education, cultural services and other social services, excluding social security	F50
8423	Public order and safety activities	D30, F50
P	Education	
85	Education	
851	Pre-primary and primary education	B10
852	Secondary education	B10
853	Higher education	B20
854	Other education	B30, B90
855	Educational support activities	B32
Q	Human health and social work activities	
86	Human health activities	
861	Hospital activities	C20
862	Medical and dental practice activities	C10
869	Other human health activities	C90
87	Residential care activities	C30
871	Residential nursing care facilities	C31
872	Residential care activities for mental retardation, mental health, and substance abuse	C39
873	Residential care activities for the elderly and disabled	C32
879	Other residential care activities	C39
88	Social work activities without accommodation	
881	Social work activities without accommodation for the elderly and disabled	D10
889	Other social work activities without accommodation	D20, D30, D40, D90
R	Arts, entertainment, and recreation	

Appendix 5.3: ISIC Rev. 4 to ICNP/TSO concordance

ISIC Rev 4	ISIC Title	ICNP/TSO
90	Creative, arts and entertainment activities	A10
91	Libraries, archives, museums, and other cultural activities	A12, A30
92	Gambling and betting activities	A29
93	Sports activities and amusement and recreation activities	A20
931	Sports activities	A21
932	Other amusement and recreation activities	A29
S	Other service activities	
94	Activities of membership organizations	
9411	Activities of business and employers membership organizations	J10
9412	Activities of professional membership organizations	J20
942	Activities of trade unions	J30
9491	Activities of religious organizations	I
9492	Activities of political organizations	G20
9499	Activities of other membership organizations n.e.c.	G10, G30, G90, H
95	Repair of computers and personal and household goods	L90
96	Other personal service activities	L90
T	Activities of households as employers; undifferentiated goods	
97	Activities of households as employers of domestic personnel	out of scope
98	Undifferentiated goods	L80
U	Activities of extraterritorial organizations and bodies	G30
99	Activities of extraterritorial organizations and bodies	G30

Chapter 6: Assessing TSE Impacts by Measuring TSE Inputs, Outputs, and Outcomes

A. Introduction

6.1 Important as the capacity measures of the TSE sector developed in Chapters 3 and 4 of this handbook might be, they remain an approximation for what is ultimately of interest to policy makers and TSE stakeholders: *the impact these organizations and volunteer work have on society*. Production of TSE impact data at the national level has been limited to date because basic data on the scope and structure of the TSE sector have not been available. This Chapter considers how data on the scope, economic activities, and funding of the TSE sector resulting from the development of TSE sector satellite accounts might be used to describe TSE sector contributions to policy objectives. In doing so, this handbook recognizes that economic transactions are only one measure of TSE sector contributions, and do not capture the non-economic contributions that the TSE sector makes to promoting inclusivity, transparency, accountability, solidarity, social cohesion, and the general well-being of the population.

6.2 Knowledge of the full scale of TSE sector contributions to society is not just an academic pursuit. These data can also provide an important basis for evidence-based policy-making and for efforts to improve the enabling environment for the TSE sector.

6.3 In order to provide measures that are internationally-relevant to all countries, this Chapter focuses on the United Nations Sustainable Development Agenda, adopted in September 2015, which offers a priority set of policy goals. The Sustainable Development Goals (SDGs) provide a broad set of objectives to guide the global development agenda in all countries until at least 2030, and can thus serve as a useful and relevant framework for a discussion of how the impact of the TSE sector on the achievement of the SDGs might be measured.⁶⁵ Indicators that seek to directly measure the achievement of the SDGs were proposed to the Statistical Commission in March 2016 by the Inter-Agency Expert Group (IAEG) on SDG Indicators. The measures presented in this chapter are designed to build on those adopted by the IAEG.

6.4 Understanding the impact of the TSE sector is highly important because achieving the SDGs will require not just the efforts of governments and the private business sector, but also the skills and resources of nonprofit institutions, the broader “social economy” sector, and the millions of volunteers. For example⁶⁶:

- a) TSE sector organizations are crucial links in the chain of actions needed to end poverty and create economically productive opportunities for all citizens (SDG 1);
- b) Farmers cooperatives, TSE sector sustainable agriculture programs, nutrition education programs, food distribution programs, and many more play important roles in overcoming hunger and achieving food security and improved nutrition (SDG 2);
- c) TSE sector entities are critical providers of health care in developed and developing settings alike (SDG 3);
- d) Nonprofit and social enterprise institutions are significant supplements to inadequate educational systems in a wide range of countries, offer early childhood education, educational opportunities for women, and a variety of experimental offerings (SDG 4);
- e) Nonprofit institutions have been a major global force in promoting gender equality and empowering women and girls (SDG 5);

⁶⁵ The approved set of Sustainable Development Goals can be accessed at: <http://www.un.org/sustainabledevelopment/>. They are also listed in Appendix 6.1 of this Chapter.

⁶⁶ Salamon, L.M. and Haddock, M.A., (2016), “SDGs and NPIs: Private Nonprofit Institutions—The Foot Soldiers for the UN Sustainable Development Goals,” *CCSS Working Paper No. 25*, (Baltimore: Johns Hopkins Center for Civil Society Studies), available at: http://ccss.jhu.edu/wp-content/uploads/downloads/2015/11/SDGs-NPIs_Salamon-Haddock_5.2015.pdf.

- f) Nonprofit institutions have long played critical roles in promoting environmental protection, encouraging protection of the planet's water supply, and, through organizations such as the World Toilet Association, addressing the debilitating realities of grossly inadequate or nonexistent sanitation facilities in large parts of the globe (SDG 6);
- g) Nonprofits have done some of the earliest and leading research on climate change and the impact of irresponsible energy usage on the global environment;
- h) TSE sector entities have pioneered various options for renewable energy, and developed cost-effective ways to deliver low cost solar and other forms of power to remote areas (SDG 7);
- i) The TSE sector is a major contributor to employment, accounting, in many countries, for the second or third largest paid workforce, and offering worker training programs to displaced or immigrant workers (SDG 8);
- j) TSE sector entities micro-credit organizations have allowed small- and mid-sized enterprises to get started and to grow and have joined other nonprofits in promoting social innovation across a broad front (SDG 9);
- k) Thousands of nonprofit human rights organizations are at work around the world providing voice to the voiceless and protecting the rights of minorities, women, and children (SDG 10);
- l) TSE organizations are major providers of affordable housing while nonprofit community development organizations work to upgrade neighborhoods, eliminate blight, house the homeless, and improve living conditions in slums (SDG 11);
- m) TSE organizations have led advocacy efforts to promote resource and energy efficiency, sustainable infrastructure, access to basic services, green and decent jobs, and a better quality of life for all (SDG 12);
- n) TSE environmental organizations have been leaders in the battle to combat global warming (SDG 13);
- o) TSE institutions have also been in the lead in promoting sustainable uses of the world's oceans and marine resources (SDG 14);
- p) TSE organizations have been the catalysts for a host of sustainable production methods, sustainable forestry practices, sustainable fishery practices, and investment guidelines that penalize companies that operate in ways that degrade the environment, destroy precious ecosystems, or otherwise harm the world's natural environment (SDG 15);
- q) TSE organizations have played a vital role in easing conflicts around the world (SDG 16); and
- r) TSE organizations have helped to strengthen the capacity of national statistics agencies to develop, implement, and report on measurements of the nonprofit sector and volunteer work (SDG 17).

6.5 The successful implementation of SDGs or similar policy objectives depends on the identification of institutional capacities that can be mobilized to pursue these objectives. Since TSE sector units are an essential element of that institutional capacity, policy planners and implementers will benefit from reliable information on the role that this sector does or can play in implementing these policies. This Chapter provides tools that can be utilized to provide this information. Specifically, it outlines a workable methodology for assembling empirical information to evaluate the TSE sector contributions to specified policy objectives in a manner allowing for statistical control of external factors that may affect the quantity and quality of these contributions. The empirical measures draw chiefly on readily available or easily created administrative and statistical records with occasional supplementation through targeted surveys.

6.6 Our goal here is not to provide an exhaustive catalogue of all possible options, but to suggest the basic rudiments of a workable way to approach what has long been a difficult task: to get beyond financial measures of the scope and size of different sets of economic units as the only indicators of social impact and to identify a workable path toward a fuller measure of the consequences that different economic sectors—in this case particularly what we here term the TSE sector—have for the achievement of identified policy goals. We fully expect that individual countries will choose different paths to fulfillment of the targeted goals. This will require adjustment of the illustrative outputs and outcomes to take account of these choices and of the data elements that will be needed as a consequence. But the basic structure presented here should provide a common framework of concepts and methodologies that can easily be adapted to local decisions about how targeted goals will be addressed.

B. Assessing impacts by systematically counting inputs, outputs, and outcomes: The TSE Sector Contribution Model

6.7 Numerous experimental approaches to identifying the social effects or contributions of the activities of various types of organizations have been proposed by a wide array of research and consulting firms around the world. An important driving force behind these efforts has been the 2002 World Summit on Sustainable Development convened by the United Nations to define measurable indicators of sustainable development (United Nations, 2007), and the series of recommendations to incorporate social outcome measures into the System of National Accounts formulated by an international group of prominent social scientists and statisticians.⁶⁷ Social outcomes were intrinsic to the Millennium Development Goals and continue to be so in the 2030 Agenda for Sustainable Development. This Chapter contributes to this effort by offering the TSE Sector Contribution Model, inspired by the program logic model widely used by managers and evaluators to assess the effectiveness of programs run by individual organizations, to determine how much the TSE sector contributes to goals set in policy objectives and the scale and relative effectiveness of that contribution compared to that made by other types of institutional units.

6.8 The TSE Sector Contribution Model recommended here differentiates four elements: inputs, outputs, outcomes, and impacts. These elements are defined as:

- a) *Inputs* are organizational resources whether human or financial (e.g. the number of employees and volunteers, or the amount of expenditures) used in the production and delivery of a service or program.
- b) *Outputs* denote the number of people or households served by a program within a defined reference period (e.g., one year).⁶⁸
- c) *Outcomes* means the benefits obtained as a direct result of program interventions, such as improvements in health, education, job skills, social skills, quality of the environment, etc., within the same reference period.
- d) *Impacts* represent extended benefits accrued over a longer time period not only to direct beneficiaries of a program but also to the community in which they live and the society of which they are a part.

6.9 In conventional impact measurement approaches, possible social impacts of a program or policy intervention encompass a wide range of possible benefits over a long period of time. This conceptualization is very difficult to operationalize and even more difficult to measure because, as the scope of potential social benefits broadens, the number of possible intervening factors affecting these benefits grows exponentially, making it very difficult, if not impossible, to quantify the contribution of the original intervention to these benefits. To make this approach more useful for policy planning and assessment, it is necessary to narrow this range of possible impacts to the outcomes that are attributable to a given intervention that is arguably germane to a particular impact. In other words, we use impacts as a framing device and focus our empirical attention on the extent of success in achieving outcomes that policy-makers are convinced will contribute to these impacts. While this approach does not capture the entire range of potential benefits of a program or policy intervention, such as general well-being or quality of life, it can generate empirical data to measure the contributions that different institutional units make toward specific policy objectives. These data can also serve as the basis for future studies into other types of social impacts resulting from these policy interventions.

⁶⁷ United Nations, *Indicators of Sustainable Development: Guidelines and Methodologies*. New York: United Nations, 2007); United Nations General Assembly, "Transforming our world: the 2030 Agenda for Sustainable Development," Resolution adopted by the General Assembly on 25 September 2015. http://www.un.org/ga/search/view_doc.asp?symbol=A/RES/70/1&Lang=E

⁶⁸ "Outputs" should not be confused with the concept of "Output" (P.1) in the SNA. This Chapter uses the plural form "outputs" for the former and the singular form "output" for the latter.

6.10 More specifically, the TSE Sector Contribution Model measures the relative contribution of the TSE sector to numerical target outcomes that policy makers set to achieve the impacts sought by the SDGs. It does so by collecting data not only on the inputs and outputs of programs carried out by the TSE sector, government, and for-profit organizations in pursuit of certain policy objectives, but also on the outcomes that result. And it uses these data to evaluate the relative contribution of each of these types of entities to the numerical outcome targets in question. This comparison has the effect of serving as a way to control for external influences by measuring the performance of several types of units on the same set of outcomes during the same time period. The model is not intended to address the question of whether these numerical outcomes fully achieve the impact targeted. Rather, it takes the achievement of meaningful outcomes targeted on these impacts as *ipso facto* evidence of progress toward the impact goals and systematically compares and contrasts the success or failure of TSEs in making such progress to that of the other involved institutions given the relative resources they are able to deploy.

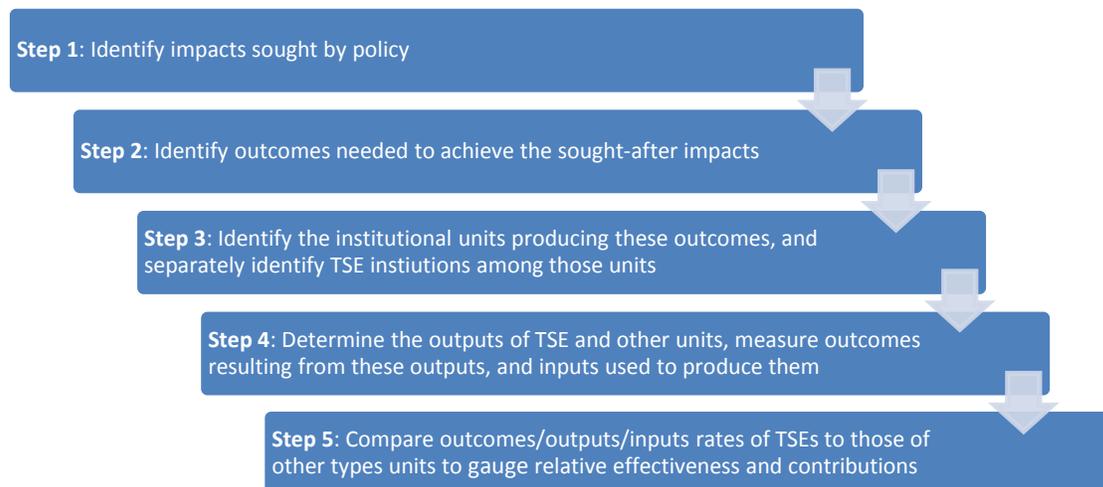
6.11 Figure 6.1 depicts this more focused impact measurement approach being pursued here. In particular, the TSE Sector Contribution Model starts with the identification of specific impacts being sought, and then proceeds to identify outcomes that policymakers believe constitute progress toward these impact goals. For example, if the impact sought by a policy is reduction of unemployment, then an outcome contributing to the achievement of this impact could be providing certain sought-after job skills to unemployed persons. In this way, the model provides a way to measure the relative contribution of TSEs compared to other types of units towards the achievement of specific policy objectives without being required to account for the myriad other factors that might influence this ultimate impact goal.

6.12 The next step involves the identification of all institutions that will deliver these outcomes (e.g., employment training leading to the acquisition of those identified job skills) and separate identification of TSE sector institutions (if any) among those units.

6.13 The subsequent step entails determination of the inputs available to these various types of units (i.e., organizational resources, such as total expenditures, labor expenditures, or, if such financial measures are unavailable, the number of staff), the outputs that are produced (e.g., the number of people receiving the training), and the actual outcomes resulting from this output (e.g., the number of trainees who become employed after the training).

6.14 The final step involves a comparison of the ratios of outputs to inputs, and outcomes to outputs for each type of institution to determine the relative effectiveness of each type of unit in achieving the outcomes being sought and thus contributing to progress toward the desired impact.

Figure 6.1: TSE Sector Contribution Logic Model



6.15 The key advantage of the TSE Sector Contribution Model is that it narrows the scope of possible impacts resulting from program interventions carried out by TSE sector institutions to concrete policy outcomes actually being sought by policymakers. This, in turn, makes it possible to determine the relative effectiveness of the TSE sector in achieving these objectives by measuring their outcomes and comparing their ratios of outcomes to outputs and to inputs to those of other types of units producing similar outputs and outcomes. This makes the TSE Sector Contribution Model a useful tool for evaluating the relative contribution of the TSE sector to the attainment of any of a number of policy objectives, including those specified by the SDGs adopted by the UN and its member states.

6.16 The SDGs specify broadly defined goals that can be achieved in many different ways, making it highly likely that countries will select different strategies and different sets of outcomes. For example, “ending poverty in all its forms” (SDG 1) can be achieved by several different national approaches, such as creating new jobs, designing and implementing employment training programs, promoting small businesses, or improving agricultural productivity. A great strength of the TSE Sector Contribution Model is that it can easily be adapted to the particular programmatic initiatives that the different countries adopt in order to make progress toward the SDG goals.

6.17 To do so, the effective deployment of the Model requires at least five steps that translate the broad policy objectives into specific interventions and numerical target outcome goals and that then measure the outputs and outcomes that result. In particular, these steps include:

- a) *Needs assessment* to identify specific numerical targets that the country must meet to make progress toward achieving a given SDG or other policy objective. For example, if the needs assessment determines that 1 million households in the country live on income below the poverty line, then the numerical targets to meet SDG1, “End poverty in all its forms,” is to bring the income of 1 million households to a level above the poverty line.
- b) *Identification of different policy interventions* that policy planners believe will help achieve this numerical target. For example, lifting incomes above the poverty line might be achieved through employing people currently facing barriers to employment, expanding business opportunities, promoting rapid industrialization, improving agricultural productivity, or providing income support to households in need. Since not every path leading to a particular target involves the TSE sector, this step should also identify those paths on which TSE sector units have been, or could be, involved in a significant way.
- c) *Specification of annual target outcomes* that the policy intervention aims to achieve. Since meeting policy outcomes that contribute to achieving SDGs may require long-term efforts, this step requires setting interim, annual target outcomes to be met. For example, if the specified intervention to “Ensure inclusive and equitable quality education” (SDG 4) entails providing primary education to 5 million impoverished children, then given a 5-year economic planning cycle, the annual targets may call for 1 million low income children graduating from primary educational institutions with requisite skills per year.
- d) *Identification of institutions performing the policy interventions*. It is likely that policy interventions will be performed by units in different institutional sectors, including general government and corporations. It is therefore critical to identify TSE institutions among these units following guidelines provided in Chapters 2 and 3 of this handbook, recognizing that these units may fall into a variety of industries (as defined by ISIC).
- e) *Assembly of numerical data on the inputs, outputs, and outcomes of the TSE sector and other types of units performing the identified policy intervention*. The input data represent the resources (e.g., compensation of employees, total expenditures, number of paid employees) utilized by the various types of institutions performing a specified policy intervention during the reference period of one year. This information should be available from regular national accounts or employment statistics for all institutional units, and from the satellite account for the TSE sector, as described in Chapter 4 of this handbook. However, data on outputs and outcomes must be assembled separately from administrative and other records, most of which should be readily available or easily developed. The

remainder of this chapter describes these additional data and provides general guidelines for their assembly.

6.18 The compilation of reliable output and outcome measures is critical for the successful implementation of the TSE Sector Contribution Model. The *output measures* are typically straightforward. As noted previously, in the case of services, they represent the total number of people or households receiving the specified service or policy intervention—e.g., the number of people receiving vaccination, the number of students enrolled in educational programs, or the number of patients in health care institutions. In the case of goods production, the output measures typically include the volume or count of the units produced during the reference period—e.g., the number of housing units, the length of irrigation canals, etc. The output data may also include more detailed breakdowns of the number of people receiving services by socio-demographic groups (e.g. males and females) or by geographic regions (e.g. rural and urban), if such detail is of policy interest.

6.19 The *outcome measures* pose a more challenging task. In the TSE Sector Contribution Model outcomes represent benefits obtained as a direct result of program interventions, and these may be difficult to define or empirically measure. In the ideal case, the policy may specify outcomes and an effective way of measuring them—for example, a specified number of households with incomes initially below the poverty level that attain income above the policy-specified threshold within a specified period or the number of students who have successfully completed a given level of education and found employment. But in many cases the policy objective may be stated in terms of outputs rather than outcomes—for example, enrolling a specified number of low income children in primary schools (SDG 4). Although policy makers obviously expect some benefits flowing from enrolling children in school, such as literacy, job skills, or increased earning potential, those benefits may not be clearly spelled out in policy documents and thus subject to different interpretations. In other cases, the outcomes may be specified but difficult to measure, e.g., inclusive, safe, resilient, and sustainable human settlements (SDG 11). The goal, however, is to work toward clearly specified and measurable outcomes indicators.

6.20 Where tangible outcome measures are difficult to develop, the implementation of the TSE Sector Contribution Model requires development of suitable *proxy measures* for the intended outcomes. For example, proxy measures for the outcomes of education may include the number of students who successfully graduate from a given level of education, the number of students who passed a skill test, the number of students who obtained employment, or the income that students earned after graduation. These proxy measures depend on specific policy objectives and the availability of data, but they should follow three general principles: *reliability*; *a clear link to the policy intervention*; and *ready availability*. *Reliability* means that the measure yields consistent results on repeated measurements. For example, counting people or physical units meeting certain requirements is more reliable than quality assessments based on subjective perceptions. *Clear link to policy intervention* means that there is a well understood cause/effect relation between the intervention and the outcome. For example, counting students who successfully graduated or passed a skill test is closer to the policy intervention of providing education than assessing the household income after graduation because many factors unrelated to education may affect that income. *Ready availability* means that the proxy measure is already available in existing administrative data on programs or could be easily assembled at a relatively small cost.

6.21 A second complication in outcome measurement may arise from the fact that several different types of institutions may be involved in producing desired outcomes. For example, health care services often involve a process that consists of several distinct procedures, such as prevention, diagnosis, medical intervention, and post intervention convalescence, and these are frequently performed by different institutions, such as individual practitioners (doctors or dentists), primary care clinics, diagnostic labs, hospitals, or residential care facilities. For that reason, the evaluation of the health care outcomes—i.e. cure, containment, or prevention of illness—can be

properly addressed only at the entire system level that includes multiple institutions.⁶⁹ However, to properly account for the contribution of TSE institutions to these outcomes, it is necessary to record the *interim outcomes* that are attained by the intermediate units in the system, for example, non-profit primary health care providers, diagnostic labs, or hospitals. Examples of such interim outcomes that contribute to the *final outcomes* sought by the policy may include diagnosis, triage, or referral for treatment in specialized units, etc. Another circumstance under which recording interim outcomes may be needed is when the interventions span several years, as is the case, for example, with primary education, which spans 6 to 8 years to complete. In such cases, the interim outcomes refer to different stages in this educational process, i.e. the advancement from one grade level to another, while the final outcomes represent successful completion of the entire process, e.g. graduation or passing of the final examination.

6.22 The ultimate decision about which type of outcomes should be counted in the TSE Sector Contribution Model depends on the *institutional structure of the entity or entities delivering the policy intervention*. If this structure is *fragmented*, i.e., one type of unit providing referrals or services to other types of units to achieve the final policy outcomes, counting interim outcomes will be necessary to evaluate the TSE sector contribution. If the institutional structure is *integrated*, however, i.e. with each type of unit involved in policy intervention able to achieve the desired final outcome without referrals to other types of units, counting final outcomes may be sufficient to evaluate the TSE sector contributions. Examples typical of *integrated* policy intervention structures include ambulatory services, vaccinations, short term training, etc. In such situations, all outcomes are final outcomes. In other instances, the organization of the intervention may be fragmented. For example, a policy intervention may require completion of primary education, or the completion of secondary or tertiary education. The former is integrated because primary schools can achieve the desired final outcomes without referring students to other types of units. The latter are fragmented because to achieve the final outcome, primary schools feed students to secondary schools, and secondary schools to tertiary institutions.

6.23 A central challenge of any outcome measuring approach is to differentiate the effects attributable to the policy intervention from effects resulting from a wide variety of possible intervening external factors, such as natural disasters, economic depressions, general economic growth, or other policy interventions that fortuitously affect the intended outcomes. To take account of these external factors, some *control mechanism* is needed to hold these other factors constant. As noted earlier, in the TSE Sector Contribution Model, the comparison between the performance of TSE institutions and volunteer work and that of other types of institutional units operating in the same area or industry provides this necessary control mechanism. The basic logic here is that both the TSE institutions and the other units in a particular industry will be operating in the *same policy field*, in the *same external environment*, experiencing roughly the *same external factors*. Comparing the performance of these different sectors operating in the same environment during the same time period thus holds the environmental factors constant and makes it possible to assess the relative performance of TSE units while controlling for possible distorting factors. To work, however, control groups for the different sectors should have a similar balance of collective and individual services, as comparing a group providing mostly individual services (e.g. individual counseling) to one providing mostly collective services (e.g. information dissemination) will be misleading. To satisfy this condition, it may be necessary to subdivide industries into more homogenous subsets for the purpose of comparison (e.g. for-profit and TSE units providing individual counseling, or government and TSE profit units disseminating information).

6.24 To keep track of these performance indicators, it is useful to compile a Comparative Institutional Performance Matrix for each set of inputs, outputs, and outcomes. Table 6.1 provides an illustrative example of such a Matrix for primary education institutions involved in a hypothetical policy intervention to achieve SDG 4. This hypothetical policy intervention established annual target goals of 1.5 million low income children receiving

⁶⁹ See for example, Abraham, K.G. and Mackie, C., eds, (2005), *Beyond the Market: Designing Nonmarket Accounts for the United States*, (Washington, DC: National Academies Press), pp. 121-22; Triplett, J.E., (2001), "Measuring Health Output: The Draft Eurostat Handbook on Price and Volume Measures in National Accounts," paper presented at the Eurostat-CBS Seminar, Voorburg, Netherlands, March 14-16, 2001, available at: https://www.brookings.edu/wp-content/uploads/2016/06/04_medical_measures_triplett.pdf.

primary education. All types of primary schools—non-profit, public, and private-for profit—participate in this policy intervention. Since this hypothetical policy intervention does not specify any particular outcomes, it is assumed that the successful completion of primary education (i.e., fulfilling the necessary requirements for graduation) is the appropriate proxy for the intended outputs. Other outcome measures, such as admission to secondary educational institutions or finding employment, may also be considered.

Table 6.1: Illustrative example of a Comparative Institutional Performance Matrix for primary education, one year

Desired Impact:		SDG4—Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all			
Intervention:		Provide primary education to all low-income children			
Annual target goals:		1.5 million low income children receiving primary education			
		Type of institution			
Line	Measure	All schools (1)	TSE sector schools (2)	Public schools (3)	For-profit schools (4)
1	Inputs (e.g. employees)	950,000	237,500	665,000	47,500
2	Inputs shares	100%	25%	70%	5%
3	Outputs (low income students enrolled)	1,500,000	350,000	1,100,000	50,000
4	Output shares	100%	23%	73%	3%
5	Outcomes (final, e.g. students graduating)	205,000	51,000	145,000	9,000
6	Outcome shares (Absolute Performance Shares)	100%	25%	71%	4%
7	Efficiency Scores (Outputs/Inputs, I4/I2)	1	0.92	1.04	0.6
8	Relative Efficiency Indexes (TSE Efficiency/Government Efficiency, col 2, I.7/col 3, I.7 and vice versa)		.88	1.13	
9	Effectiveness Score (Outcomes/Outputs, I.6/I.4)	1	1.09	0.97	1.33
10	Relative Effectiveness Indexes (TSE Effectiveness/Government Effectiveness, col. 2, I.6/col 3, I.6, and vice versa)		1.12	.89	

6.25 The illustrative inputs measure in Table 6.1 (line 1) is the number of staff employed in the reference year in the primary schools broken down by TSE sector schools and two reference groups: public and private-for-profit schools. The use of two reference groups is dictated by the fact that public and private for-profit schools operate in very different ways (e.g., selection of students, student/teacher ratio, etc.), and lumping them together may produce misleading results. The input shares (line 2) are the percentage shares of staff employed in each type of institution. The output measure (line 3) is the number of low income students enrolled during the target year in these three types of schools, while line 4 shows the shares of these outputs for each type of institution. The outcome measure (line 5) is the number of students successfully completing primary education (graduating) in the reference period. Alternative outcome measures, such as the number of graduates admitted to secondary institutions or entering the labor force, may also be used, if data permit.

6.26 Once the inputs, outputs, and outcomes of the various institutional sectors involved in a particular policy intervention are determined, three possible relative performance measures can be computed.

- a) The first of these is what we can term the *Absolute TSE Sector Performance Share*. This index simply calculates the shares of outcomes that each of the types of institution active in the policy arena is responsible for. Useful though this can be, however, it fails to take account of the relative starting positions of the different types of institutions in the arena. For example, knowing that TSE units account for 25 percent of the target outputs toward the goal of graduating disadvantaged students from primary education does not allow us to judge the performance of TSE units toward this policy goal without knowing whether TSE units accounted for more or less than 25 percent of the available primary education institutional resources or inputs. Accordingly, it is useful to compute indexes that take more explicit account of these starting points.

- b) A more robust relative performance indicator is thus needed to take account of these differential starting points. We refer to this as the *Relative Efficiency Index*. This index is computed in two steps: first, an *Efficiency Score*, computed by dividing the share of outputs by the share of inputs, is calculated for each institutional sector (Table 6.1, line 7); second, the efficiency score of the TSE sector institutions is then computed as a ratio of the efficiency scores of the other two institutional sectors (the control groups), and vice versa. This index thus controls not only for the external environment but also for the differences in scale of involvement of the different sectors in the particular policy arena being examined. Thus, for example, as shown in the Performance Matrix presented in Table 6.1, if public institutions account for 70 percent of the inputs of personnel and resources available in the provision of primary education in a country and produce 73 percent of the output goals of graduated students, they will have a *TSE Efficiency Score* of 1.04 (73/70). By contrast, if TSE units account for 25 percent of the inputs but produce only 23 percent of the outputs, their *Efficiency Score* would be only .92. Putting these two together yields a “relative efficiency score” of only .88 for TSE units relative to government sector providers, compared to 1.13 for government sector providers compared to TSE ones (Table 6.1, line 8). (A comparable comparison can be made between TSE units and for-profit providers.)
- c) While the *Relative Efficiency Score* measures the relative performance of TSEs in producing the *quantity* of outputs, however, it does not address the question of the *quality* of performance, i.e., the extent to which the outputs translate into outcomes. For this, a third index is needed, a *Relative Effectiveness Index*, which measures the ratio of the share of outcomes (final or interim) to the share of outputs produced by TSE units and the control group institutions. Thus, as shown in Table 6.1’s performance matrix (line 9), if TSE sector units account for 25 percent of the target outcomes sought in getting low-income students to master primary education with only 23 percent of the outputs, they have an effectiveness score of 1.09 (25/23). By contrast, if the public institutions involved in primary education produce 73 percent of the outputs but only 71 percent of the ultimate outcomes, their effectiveness score is only 0.97. Putting these two together yields a *Relative Effectiveness Index* (Table 6.1, line 10) of 1.12 (1.09/.97) for TSE sector schools vs. public institutions versus 0.89 (.97/1.09) for public institutions in comparison to TSE ones. (Here, again, a similar pair of *Effectiveness Indexes* can be computed comparing TSE *Effectiveness* to that of for-profits, and vice versa.)

6.27 Similar Institutional Performance Matrices can be constructed for the relative performance of TSEs in relation to other SDGs, particularly those in other fields with substantial TSE institution presence. One such field is *social services*, where TSE institutions account on average for about one third of total employment.⁷⁰ This makes TSE institutions major players in the attainment of many SDGs, such as ending poverty (SDG1), assuring gender equality (SDG 5), reduction of inequality (SDG 10), or making human settlements inclusive, safe, and resilient (SDG 11). Input measures in this field include expenditures or the number of paid workers in social service institutions. Output measures are the numbers of people receiving services during the reference period. Outcomes will vary depending on policy goals and program interventions. Examples include reduction in arrests of at-risk youth, decline in recidivism rates of ex-convicts, increased employment of people with long-term unemployment history, decline in numbers of malnourished children, or decreased rates of violence against women.

6.28 Another field with substantial TSE institution presence is *environmental protection*. Unlike the service fields, the outputs in this field are often measured not by the number of people served but by quantity indicators, such as the size of the area under environmental protection. Ultimate outcomes here can be measured in improved human health (e.g., reduced cases of asthma), or improved water quality. Relevant SDGs include Goals 13 “Take urgent action to combat climate change and its impacts;” 14 “Conserve and sustainably use the oceans, seas and marine resources for sustainable development;” and 15 “Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.” The specific policy interventions to achieve these goals may vary from service provision (e.g., cleanup of polluted areas), to improved forestry practices (e.g., reforestation and sustainable logging), or

⁷⁰ Estimates based on data for 32 countries covered by the Johns Hopkins Comparative Nonprofit Sector Project.

simply designating protected areas. TSE institutions have been traditionally involved in environmental cleanups and sustainable forestry and related activities (e.g., ecotourism). The inputs in these activities can be measured by the expenditures or the number of paid staff working in institutions in different sectors. The outputs are defined by specific policy objectives and will vary from country to country or region to region. Examples include cleanup of a certain areas of land or bodies of water, removal of a certain volume of pollutants or debris, number of acres of sustainable growing and cultivation of trees, a certain number of people visiting ecotourism facilities, or a certain volume of recycled materials. In most instances, the outcomes of environmental protection are classic public goods, e.g., cleaner air, cleaner water, more open space. The measurement of such outcomes may be challenging. One method of estimating the environmental outcomes is based on the contingent valuation approach, commonly used by governments, lawyers, and realtors to assess environmental damage.⁷¹ This involves using carefully designed surveys to assess the stated willingness to pay for an environmental amenity by people benefitting from it. The contingent valuation method measures the outcomes of environmental protection as the imputed monetary value of benefits resulting from this protection.

6.29 Community development and housing is another focus area of the SDGs (Goals 6, 7, 9, and 11) where TSE institutions play a significant role. As reflected in Table 6.2, this field encompasses both service- and goods-producing industries in at least three sub-fields—housing, community infrastructure, and economic development promotion. Industries listed in this table can easily be matched to activities classified by ISIC Rev. 4 and ICNP/TSO (See Chapter 5 of this handbook). Each of these activities produces different outputs, as shown in Table 6.2. Possible outcomes here could include the number of low-income housing units built in a reference period, the number of people living in managed or cooperative housing, the volume of water or electricity delivered, or the length of roads or water conduits constructed. Outcomes could include reductions in the rate of homelessness, reductions in shelter occupancy, reduction in the number of vacant houses, rising housing prices, increased park attendance. Also possible is measuring outcomes through the contingent valuation method discussed above to assess the perceived monetary value of community improvements resulting from the production of these community development goods or services.

Table 6.2: Outputs associated with the SDG of community development, by type of activity

Type of industry:	Housing	Infrastructure	Development promotion
Service	Management or maintenance of dwelling units	<ul style="list-style-type: none"> – Water, energy, or sanitation services; – Transportation services 	<ul style="list-style-type: none"> – Economic development activities (tourism, commerce, jobs, etc.); – Quality of life improvements
Goods production	Construction or rehabilitation of dwelling units	<ul style="list-style-type: none"> – Construction or rehabilitation of water, energy, or sanitation facilities; – Road construction or rehabilitation 	<ul style="list-style-type: none"> – Construction of schools, clinics, etc.; – Construction of public spaces and parks; neighborhood improvements
Possible links to SDGs	Goals 1 and 9	Goals 6, 7, and 9	Goals 1, 3, 4, 8, and 9

⁷¹ For an overview of different approaches to valuing environmental damage see: Arrow, K., Solow, R., Portney, P.R., Leamer, E.E., and Radner, R., (1993), *Report of the NOAA Panel on Contingent Valuation*, January 11, 1993, available at: http://www.economia.unimib.it/DATA/moduli/7_6067/materiale/noaa%20report.pdf; Howard Schuman, H. (2000) "Ecosystem Valuation," available at: <http://www.ecosystemvaluation.org/index.html>; in real estate: Mundy, B. and McLean, D., (1998), "The Addition of Contingent Valuation and Conjoint Analysis to the Required Body of Knowledge for the Estimation of Environmental Damage to Real Estate," *Journal of Real Estate Practice and Education*, 1:1, pp. 1-19, available at: <http://aresjournals.org/doi/abs/10.5555/repe.1.1.k65351n63860860p>; McLean, D., Mundy, B., and Kilpatrick, J.A., (1999), "Summation of Evidentiary Rules for Real Estate Experts Mandated by Daubert v. Merrill Dow Pharmaceuticals," *Real Estate Issues*, 24:3, pp. 24-32, available at: <https://www.greenfieldadvisors.com/researchlogin/docs/kilpatrick/journals/JK%20Summation%20of%20Evidentiary%20Rules.pdf>.

6.30 In addition to service delivery and goods production, TSE institutions also engage in a variety of *expressive activities*, which include social participation; advocacy; promotion of social solidarity or ethnic, racial, or religious values; representation of economic and political interests; as well as cultural and recreational activities. The social outcomes and outputs associated with these activities do not always take the form of concrete services or goods as is the case with other activities of TSE units. The full benefit of attending a musical performance may not be as obvious as that resulting from a health care treatment, for example. However, the SDGs do identify a range of possible benefits associated with expressive activities. Included here are: SDG 5, “Achieve gender equality and empower all women and girls;” SDG 16, “Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable and inclusive institutions at all levels;” as well as the range of impacts associated with the promotion of environmental improvement (SDGs 13, 14, and 15), and reducing inequality (SDG 16). Indeed, a case can be made that expressive activities of TSE sector units and volunteer work, such as advocacy, can be highly instrumental in advancing virtually every one of the SDGs.

6.31 A useful distinction in assessing the contributions of TSE institutions through their expressive activities is reflected in the two different groupings of expressive activities identified in ICNP/TSO: first, “culture, arts, communication, and recreation activities” (Section A); and second, broadly defined social participation, expression, and interest representation activities represented by Sections E and G through J. Each of these two groupings can be further refined, subdivided into their component parts, and linked to certain SDGs, as shown in Table 6.3.

Table 6.3: Illustrative expressive activities and their possible links to SDGs

Illustrative SDGs	Types of Expressive Activities							
	Culture, communication, recreation			Social participation, expression, interest representation				
	Culture and arts	Sports and recreation	Information and communication services	Social advocacy	Environment conservation and animal welfare advocacy	Occupational interest representation	Political interest representation	International activities
5: Gender equality				X				
8: Inclusive growth, decent work						X		
10: Reduced inequality				X				X
11: Inclusive communities	X	X	X					
13: Reduce climate change					X			
14: Protect marine resources					X			
15: Protect land resources					X			
16: Promote justice				X			X	

6.32 The aim in assessing the outcomes of expressive activities is to know the level of success of the advocacy or expressive activities undertaken. Examples include news coverage generated by expressive activities, legislative changes resulting from public involvement, or changes in public or corporate behavior. Since this is exceedingly difficult to pin down, particularly in the time span likely to be available for the measurement of progress on the Sustainable Development Goals, it seems likely that a fallback approach will be needed. Such a fallback position could take the form of utilizing the *outputs* of such activities as a proxy for the *outcomes* on the theory that for these activities; “the medium may be the message,” i.e., the more plentiful the involvement in the activities, the more efficacious they are likely to be. A feasible approach to assessing the social consequences of these activities may therefore be to measure the level of social participation that they generate. Such participation can take any of at least the following three forms: the number of paid employees in advocacy organizations; the number of volunteers engaged in the advocacy efforts; and the number of participants (e.g., members, supporters, activists, protesters, etc.) in the events organized by the advocacy organizations.

6.33 It seems highly likely, however, that this fallback approach will only make sense in the context of measuring the impact of the TSE sector on particular impact goals. Adding together all of the expressive outputs into a universal measure of the impact of TSE sector expressive activity is likely to be misleading. What is more, if

assembling data needed for this analysis is too difficult, an alternative approach based on public perception methods (discussed in Section D below) may be used instead.

6.34 The TSE Sector Contribution Model does not attempt to make adjustments for variations in the capabilities or salary levels of personnel in the different sectors, or of the presence of volunteer workers that TSE units in particular often bring to their tasks. But consistent with the TSE sector satellite account effort to measure the economic value of volunteer work it may be useful to assess as well the extra contribution to TSE sector outcomes for which volunteers may be responsible. Doing so directly by differentiating the outputs produced by volunteers from those produced by paid staff is likely to be extremely difficult, if not impossible. For one thing, volunteers may not be involved in producing particular outputs or outcomes, and the time they spend is not proportionate to their numbers in the labor force of TSE units, creating difficult estimating challenges. Therefore, the measurement of volunteer contribution to outputs and outcomes must use indirect methods. One such method could involve calculating the output per unit of paid staff input or employee compensation for the types of institutions in the field that do not engage volunteers and apply that rate to the respective input measure of the TSE sector organizations to see what their paid workers or level of employee compensation would yield in the way of outputs if only their paid workers were involved in producing the given output. If a difference surfaces between the actual outputs of these TSE units and their estimated outputs with the paid staff only, this difference can be credited to the extra output generated by the volunteer workers. The resulting volunteer share of the outputs can then be used to estimate the volunteer share of the outcomes.

C. Data assembly for the TSE Sector Contribution Model

6.35 The greatest challenge in implementing the TSE Sector Contribution Model is identifying the sources of data needed to populate Comparative Institutional Performance Matrices for SDGs. This Section offers some general suggestions about possible data sources that may be useful. However, given the novelty of this task for statistical agencies responsible for compiling national accounts, it is recommended that the national accounts statisticians consult other units in their own agencies and private research organizations (e.g. universities, public opinion or marketing research firms) dealing with surveys of quality of life, education, health, or general well-being. It is also advisable to take an incremental approach by working first on fields in which data relevant to the outcome measurement task are most conveniently available, or by working first on fields identified by policy officials as the ones they are prioritizing for their work on implementing the SDGs. This will root the impact measurement work more securely in local circumstances and priorities.

6.36 **Industry statistics.** Some data required to implement the TSE Sector Contribution Model can be obtained from available industry statistics. Many countries routinely collect administrative and statistical data on activities in major fields, such as education, health care, social assistance, or housing. A key requirement in utilizing these data in the TSE Sector Contribution Model is that TSE sector institutions and activities can be identified in the data sources, as outlined in Chapters 2 and 3 of this handbook. This requires tapping into the existing statistical or administrative data, but also may call for setting up new reporting systems that allow for the collection of relevant outcome data, as recommended by the UN Statistical Commission's Global Working Group on Big Data for Official Statistics.⁷²

6.37 **Organizational surveys.** In situations where such data may not be available even for major fields, alternative approaches to data assembly will be needed. One such approach relies on a short survey of a relatively small sample of TSE institutions and other types of units active in a particular SDG area of work. Such a survey can target several representative institutions in the area of work—for example, nonprofit and public schools, or nonprofit and public hospitals. If no detailed stratification, e.g. by geographical region or by size of institution is needed, the sample can be rather small (e.g. 30-50 units per sector). The information obtained by the survey can be limited to the bare minimum needed for the proper sectoral allocation of annual inputs, outputs, and

⁷² See: <https://unstats.un.org/bigdata/>

outcomes. A sample organizational survey questionnaire is included in the Appendix 6.2 to this Chapter.

6.38 Assembling the data needed to populate the Comparative Institutional Performance Matrices required by the TSE Sector Contribution Model in the expressive fields, such as arts and culture or advocacy activities, may also utilize the survey approach. Some of the necessary information, such as employment, may already be available from the sources used to compile the national accounts, but other information, such as the number of volunteers or participants may not be readily available. Some organizations can provide the necessary data on the outputs (e.g. the numbers of tickets sold, the number of their members, the number of participants in public events, the number of publications sold or distributed, views of their website, etc.). However, should sampling representative organizations in these fields prove difficult, an alternative methodology assessing public perceptions of these activities can be utilized instead. This methodology is discussed in paragraphs 6.39 to 6.43 below.

6.39 **Big data sources.** Recent advances in telecommunication technologies, such as mobile telephony or the internet, open new opportunities for collecting data on the usage of various services. For example, analysis of mobile phone records or website visits may yield useful information about “electronic traffic” to different types of organizations, which in turn may serve as a proxy for outputs of these organizations, especially in the fields of advocacy or culture. Simple mobile apps can be created that allow subscribers to report using specific types of services in real time. TSE sectors often spearhead innovations in this area to increase their public outreach. Therefore, this handbook recommends giving these non-conventional data assembly tools serious consideration and working with telecommunication services and TSE sectors to explore their potential.

6.40 **User perceptions.** Another approach for generating output and outcome data recommended in this Chapter aims primarily at determining the quality of outcomes delivered by different institutional venues by focusing on the “demand side” of these services—the clients or users, and more generally, the public that ultimately benefits from these services. The main benefit of this approach is the relatively low cost of data collection, mainly through household opinion surveys. The disadvantages include limited, if any, information on the actual outputs of institutions delivering services, limited ability to reliably identify TSE units among service providers, and lack of clearly defined benchmarks allowing longitudinal and cross-national comparability of the collected information.⁷³

6.41 There is a variety of instruments for measuring quality of services at the system level in major service fields, such as health and education. The World Health Organization conducts a variety of surveys assessing the quality of health care systems world-wide.⁷⁴ Likewise, the United Nations Educational, Scientific, and Cultural Organization conducts surveys of education systems worldwide.⁷⁵ The UK-based international organization, Keystone, has developed a web-based platform called the “Feedback Commons” that allows users to design a survey questionnaire to measure the level of satisfaction that recipients of nonprofit services feel.⁷⁶ Finally, general social surveys in many countries include questions measuring respondent’s trust or confidence in a wide array of public institutions, including TSE sectors. These surveys, if available, are a possible source of valuable information about the quality of services delivered by the TSE sector, provided that TSE units can be separately identified in these data.

6.42 In some expressive fields, such as advocacy, defense of human rights, or accountability and transparency promotion, output and outcome data required for the TSE Sector Contribution Model matrices may be unavailable. In such situations, public opinion surveys measuring public perceptions of advocacy activities of various types of

⁷³ Most opinion surveys use intensity scales, aka Likert scales, that record responses in the form of symbols representing varying levels of the respondent’s subjective feelings or attitudes toward the subject being investigated (e.g. from extremely positive to extremely negative) This exemplifies the ordinal level of measurement that allows rank-ordering of responses from lowest to highest for individual respondents, but makes comparisons of answers given by different respondents difficult, since the actual values of those responses are not clearly defined and thus subjective.

⁷⁴ See: http://www.who.int/healthinfo/tools_data_collection/en/

⁷⁵ See: <http://www.uis.unesco.org/UISQuestionnaires/Pages/default.aspx>

⁷⁶ See: <http://feedbackcommons.org/>

organizations operating in this area may be the only feasible option for data collection. Such advocacy efforts can be undertaken by a small number of well-known TSE organizations (such as Transparency International, Greenpeace, or International AIDS Society), governmental and inter-governmental agencies (e.g., United Nations Programme on HIV/AIDS, United Nations Environment Programme, etc.), or a larger number of smaller, grassroots organizations. If different organizational units in different institutional sectors are involved in a specific type of advocacy effort, separating and comparing them may offer useful information about their relative contributions to public perceptions of the issues targeted by a policy.

6.43 Public perceptions of advocacy efforts have two different components: the familiarity with the organizations engaged in an advocacy campaign, and the perceptions of the results achieved by the campaign. The first component represents the interim outcomes of the campaign, and the second component the final outcomes (or rather perceptions thereof). Appendix 6.3 to this Chapter includes a list of suggested data items that can be used in a public opinion survey to measure perceptions of outcomes of specific advocacy efforts. These items represent outcomes by cumulative scaling, each item indicating an increased level of intensity.⁷⁷ The instrument should be designed to measure advocacy efforts linked to specific SDGs or similar policy goals carried out by the TSE sectors and the organizations in the control group, e.g., governmental agencies or for-profit firms. These questions can be used as a supplement to the existing general social surveys or public opinion polls. Alternatively, they can be used in an online survey, for example, on websites of media organizations or similar sites with high volume traffic. The data collected by these questions can be entered into the inputs/outputs/outcomes matrix, as shown in Table 6.4.

Table 6.4: Illustrative example of a Comparative Institutional Performance Matrix for advocacy activities based on citizen perceptions

Impact sought:	SDG5—Achieve gender equality and empower all women and girls	
Intervention:	Increase the number of female candidates in local elections	
	% of Positive by Type of Unit	
	TSE sector	Control group
Inputs (paid staff, expenditure)	\$5,000,000	\$12,000,000
Outputs (size of target audience)	8,000,000	15,000,000
Interim Outcomes ⁷⁸ (familiarity):		
1. Heard about organizations	40%	60%
2. Learned about organizations from media	30%	60%
3. Attended events arranged by organizations	25%	20%
4. Gave money to organizations	15%	10%
5. Volunteered for organizations	10%	5%
Final Outcomes (perceived results)		
1. % Members aware of campaign	40%	50%
2. % Public aware of campaign	30%	45%
3. Public opinion changed toward goal	30%	20%
4. % believing gov't policy changed toward goals	20%	20%
5. % saying behavior of people changed to goals	10%	4%

⁷⁷ Known as Guttman scaling.

⁷⁸ These items represent suggested data items listed in Appendix 6.3. The values represent percent of survey respondents answering “yes” to each data item.

APPENDICES

6.44 Following are three appendices that can be useful in carrying out this impact measurement work. Included are:

- a)** Appendix 6.1, which provides a convenient list of the 17 major Sustainable Development Goals;
- b)** Appendix 6.2, which provides a model of the types of questions that could be used for organizational surveys designed to capture information on the inputs, outputs, and outcomes of particular types of organizations in different program areas; and
- c)** Appendix 6.3, which provides a model of the types of questions that could be used for surveys of public perceptions of the effectiveness of particular advocacy activities.

Appendix 6.1: United Nations Sustainable Development Goals

- Goal 1:** End poverty in all forms.
- Goal 2:** End hunger; achieve food security and improved nutrition; and promote sustainable agriculture.
- Goal 3:** Ensure healthy lives and promote well-being for all at all ages.
- Goal 4:** Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.
- Goal 5:** Achieve gender equality and empower all women and girls.
- Goal 6:** Ensure availability and sustainable management of water and sanitation for all.
- Goal 7:** Ensure access to affordable, reliable, sustainable, and modern energy for all.
- Goal 8:** Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all.
- Goal 9:** Build resilient infrastructure; promote inclusive and sustainable industrialization; and foster innovation.
- Goal 10:** Reduce inequality within and among countries.
- Goal 11:** Make cities and human settlements inclusive, safe, resilient, and sustainable.
- Goal 12:** Ensure sustainable consumption and production patterns.
- Goal 13:** Take urgent action to combat climate change and its impacts.
- Goal 14:** Conserve and sustainably use the oceans, seas, and marine resources for sustainable development.
- Goal 15:** Protect, restore, and promote sustainable use of terrestrial ecosystems; sustainably manage forests; combat desertification; and halt and reverse land degradation and halt biodiversity loss.
- Goal 16:** Promote peaceful and inclusive societies for sustainable development; provide access to justice for all; and build effective, accountable, and inclusive institutions at all levels.
- Goal 17:** Strengthen the means of implementation and revitalize the global partnership for sustainable development.

Appendix 6.2: Suggested data elements on outcomes and outputs for inclusion in an organizational survey

Step 1: Does the organization provide service programs related to [describe policy intervention e.g. primary education for low income students, vaccinations, medical treatment, etc.]? Yes/No

- Y: proceed to the next question
- N: end the questionnaire

Step 2: Determination of profit distribution and government control:

- Question 1: Is the organization a business seeking to maximize profits from market operations? Y/N; if N go to Question 2.7
- Question 2: Are there any limitations on the distribution of these profits to owners or stakeholders? Y/N; if N, end of questionnaire
- Question 3: Is the organization required to pursue a social mission that limits how much profit it can earn or distribute? Y/N; if N, end of questionnaire
- Question 4: Is the organization required to retain at least 50% of surplus generated by its operations? Y/N; if N, end of questionnaire
- Question 5: If the organization is liquidated (sold or dissolved), are the owners or stakeholders entitled to the proceeds from the liquidation? Y/N; if Y, end of questionnaire
- Question 6: Is the organization prohibited from distributing the surplus from its operation in proportion to the invested capital (shares) or fees paid to the organization Y/N
- Question 7: Is the organization a government agency or controlled by such an agency? Y/N; if Y, end of questionnaire

[Outline SNA criteria for government control if needed].

Step 3: Determination of the outputs of the service program:

- Question 3.1: How many people, households, or institutional units participated in this program (e.g., how many low-income students were enrolled in primary education programs; how many people received vaccinations or medical treatment etc.) during [year]?
Expected answer: the number of people, households, or institutional units

Step 4. Determination of the outcomes of the service program:

- Question 4.1: Does your organization's program aim to _____ [describe outcomes sought by the policy or a proxy measure of this outcome]? Y/N
Y: proceed to the next question
N: end of questionnaire
- Question 4.2: Do the participants in this program achieve _____ [benefit described in Q4.1] after completing the program without additional referrals, or must they be referred to another organization?
A: They can achieve these outcomes without additional referral
A: They must be referred to another organization—skip to question 4.4
A: Both
- Question 4.3: How many program participants achieved _____ [benefit described in Q4.1] after completing the program during [year]?
Expected answer: the number of people, households, institutional units
- Question 4.4: How many program participants were referred to another organization to achieve _____ [benefit described in Q4.1] after completing the program during [year]?
Expected answer: the number of people, households, institutional units

Step 5. Determination of the inputs i.e. organizational resources deployed to implement the program:

(You may choose only questions 5.1 through 5.3, 5.4 through 5.5, or all questions)

- Question 5.1: How many employees were engaged in delivering the service during [year]?
Expected answer: number of people, broken down by full and part-time status if necessary
- Question 5.2: How many volunteers were engaged in delivering the service program during [year]?
Expected answer: number of people
- Question 5.3: What is the average number of hours spent on delivering the service program by one volunteer during [year]?
Expected answer: number of hours
- Question 5.4: What is the total cost of delivering the service program during [year]?
Expected answer: program cost in currency units
- Question 5.5: What is the total revenue generated by the service program during [year]?
Expected answer: program revenue in currency units

End of questionnaire

Appendix 6.3: Suggested data elements for a survey of public perceptions of advocacy activities

Instruction: I would like to ask you a few questions about a public campaign/outreach effort to mobilize support to [describe SDG or other policy intervention]. I will read you names of different types of organizations involved in this campaign/outreach. Please tell me if you know of any of these organizations.

Question 1: Here is the first group of organizations: [list a few well-known TSE organizations advocating for this policy intervention]. Do you know of any of these organizations? A/N
If affirmative answer (A): proceed to the next question
If negative answer (N): skip to Question 4

Question 2: I will read to you several statements that describe different levels of familiarity with these organizations. Please say “yes” for each statement that describes how familiar you are with these organizations.

- 2.1. I have heard about these organizations
- 2.2. I learned what these organizations do from newspapers/radio/television/social media
- 2.3. I attended an event/rally/meeting organized by these organizations
- 2.4. I gave money/something of value to these organizations
- 2.5. I help/work without pay for these organizations

Question 3: I will now read you several statements that describe different results of organizational activities. Please say “yes” if you think that these organizations achieved the results described by each statement.

- 3.1. Inform their members/supporters about [describe SDG or other policy intervention]
- 3.2. Inform the public about [describe SDG or other policy intervention]
- 3.3. Influence public opinion on [describe SDG or other policy intervention]
- 3.4. Influence government policy on [describe SDG or other policy intervention]
- 3.5. Significantly changed behavior/practices regarding [describe SDG or other policy intervention]

Question 4: Question 4. Here is another group of organizations [list a few well-known governmental and inter-governmental agencies advocating for this policy intervention]. Do you know of any of these organizations? A/N

- If affirmative answer (A): ask Questions 2 and 3 again
- If negative answer (N): end of questionnaire

End of questionnair

Annex 1

A1. Sample table format for reporting TSE Satellite Account, by account type

! Denotes TSA satellite account specific elements

Production Account

Code	Transactions and balancing items	TSE sector				
		Direct volunteering	Social enterprises	Cooperatives and mutuals	NPIs	Total
P1	Output					
P11	Market output					
!P11g	of which: government*					
P12	Output for own final use					
P13	Non-market output					
P2	Intermediate consumption					
B1g	Value added, gross					

*) The portion of output attributable to government contracts and reimbursements for services to households.

Generation of Income Account

Code	Transactions and balancing items	TSE sector				
		Direct volunteering	Social enterprises	Cooperatives and mutuals	NPIs	Total
D1	Compensation of employees					
D11	Wages and salaries					
D12	Employers' social contributions					
!VOV	Imputed value of volunteers (replacement cost)					
D2	Taxes on production					
D3	Subsidies on production					
B2g	Operating surplus, gross					
B3g	Mixed income, gross					

Allocation of primary income account

Code	Transactions and balancing items	TSE sector				
		Direct volunteering	Social enterprises	Cooperatives and mutuals	NPIs	Total
D4	Property income receivable					
D41	Interest					
D42	Distributed income of corporations					
D44	Investment Income disbursements					
D45	Rent					
D4	Less: Property income payable					
D41	Interest					
D42	Distributed income of corporations					
D44	Investment Income disbursements					
D45	Rent					
B5g	Balance of primary income					

Secondary Distribution of Income Account

Code	Transactions and balancing items	TSE sector				
		Direct volunteering	Social enterprises	Cooperatives and mutuals	NPIs	Total
D7	Other current transfers receivable					
D75	Miscellaneous current transfers					
D751	Current transfers to NPISHs					
!D751g	of which: from government					
!D751md	of which: membership dues					
!D751p	of which: gifts from households and corporations					
D752	Current transfers between resident and non-resident households					
D759	Other miscellaneous current transfers					
D5	Less: Current taxes on income, wealth, etc.					
D61	Less: Net social contributions					
D62	Less: Social benefits other than social transfers in kind					
D7	Less: Other current transfers payable					
B6g	Disposable income, gross					

A2. Sample table format for reporting TSE sector Gross Value Added, by industry (ISIC rev. 4 shown)

Code	ISIC Rev. 4 Title	TSE sector				
		Total	NPIs	Cooperatives and mutuals	Social enterprises	Direct volunteer work
	All industries					
A	Agriculture, forestry and fishing					
B	Mining and quarrying					
C	Manufacturing					
D	Electricity, gas, steam and air conditioning supply					
E	Water supply; sewerage, waste management and remediation activities					
F	Construction					
G	Wholesale and retail trade; repair of motor vehicles and motorcycles					
H	Transportation and storage					
I	Accommodation and food service activities					
J	Information and communication					
K	Financial and insurance activities					
L	Real estate activities					
M	Professional, scientific and technical activities					
N	Administrative and support service activities					
O	Public administration and defence; compulsory social security					
P	Education					
Q	Human health and social work activities					
R	Arts, entertainment and recreation					
S	Other service activities					
94	Activities of membership organizations					
T	Activities of households as employers; undifferentiated goods					
U	Activities of extraterritorial organizations and bodies					

A3. Sample table format for reporting TSE sector staff data, by industry (ISIC rev. 4 shown) or occupation (ISCO-08*), by TSE sector component

Code	ISIC Rev. 4 Title (or ISCO-08)	TSE Sector				NPIs				Cooperatives and mutuals				Social enterprises				Direct volunteer work	
		Paid staff		Volunteers		Paid staff		Volunteers		Paid staff		Volunteers		Paid staff		Volunteers		FTE jobs	Imputed Value (replacement cost)
		FTE jobs	Compensation (D11)	FTE jobs	Imputed Value (replacement cost)	FTE jobs	Compensation (D11)	FTE jobs	Imputed Value (replacement cost)	FTE jobs	Compensation (D11)	FTE jobs	Imputed Value (replacement cost)	FTE jobs	Compensation (D11)	FTE jobs	Imputed Value (replacement cost)		
	All industries																		
A	Agriculture, forestry and fishing																		
B	Mining and quarrying																		
C	Manufacturing																		
D	Electricity, gas, steam and air conditioning supply																		
E	Water supply; sewerage, waste management and remediation																		
F	Construction																		
G	Wholesale and retail trade; repair of motor vehicles and motorcycles																		
H	Transportation and storage																		
I	Accommodation and food service activities																		
J	Information and communication																		
K	Financial and insurance activities																		
L	Real estate activities																		
M	Professional, scientific and technical activities																		
N	Administrative and support service activities																		
O	Public administration and defence; compulsory social security																		
P	Education																		
Q	Human health and social work activities																		
R	Arts, entertainment and recreation																		
S	Other service activities																		
T	Activities of households as employers; undifferentiated goods																		
U	Activities of extraterritorial organizations and bodies																		

*) <http://www.ilo.org/public/english/bureau/stat/isco/isco08/>

A4. Sample table format for TSE institutions, by industry, sources of support* and TSE Sector component (ICNP/TSO shown)

* See table 4.3 TSE SATELLITE ACCOUNT RECORDING column for definitions of revenue sources, and para 4.43 for definition of imputed value of volunteer work.

Code	Title	Government				Private purchases				Dues				Private current transfers				Private capital transfers				Annex: Non-Financial Support--Imputed value of volunteers				
		NPIs	Coops and mutuals	Social enterprises	Government subtotal	NPIs	Coops and mutuals	Social enterprises	Pvt purchase subtotal	Purchases	Membership dues	Gifts	Dues subtotal	NPIs	Coops and mutuals	Social enterprises	Current transfer subtotal	NPIs	Coops and mutuals	Social enterprises	Capital transfer subtotal	NPIs	Coops and mutuals	Social enterprises	Direct volunteering	Volunteering subtotal
A	Culture, communication, and recreation activities																									
B	Education services																									
C	Human health services																									
D	Social services																									
E	Environmental protection and animal welfare activities																									
F	Community and economic development, and housing activities																									
G	Civic, advocacy, political and international activities																									
H	Philanthropic Intermediaries and voluntarism promotion																									
I	Religious congregations and associations																									
J	Business, professional, and labor organizations																									
K	Professional, scientific, and administrative services																									
L	Other Activities																									
L90	Activities not elsewhere classified																									

A5. Format for machine-readable TSE satellite account data file (fixed length TXT file)

Or variable length, each element separated by a comma (CSV format file)

Element	Description	Column	Length	Type
Country	Country name	1	30	Text
Ctry_code	Country code (ISO-alpha3 code)	31	3	Text
Year	Year of reporting	34	4	Text
COMP	TSE sector component	38	1	Number
Class_name	Industry classification (ISIC or ICNPO)	39	3	Text
Class_group	Group code in the industry classification	42	4	Text
P1	Output	46	14	Number
P11	Market output	60	14	Number
P11g	Market output (govt part)	74	14	Number
P13	Other non-market output	88	14	Number
P2	Intermediate consumption	102	14	Number
B1g	Value added, gross	116	14	Number
B1n	Value added, net	130	14	Number
D1	Compensation of employees	144	14	Number
D11	Wages and salaries	158	14	Number
D2	Taxes on production and imports	172	14	Number
D3	Subsidies	186	14	Number
B2g	Operating surplus, gross	200	14	Number
B2n	Operating surplus, net	214	14	Number
D4_p	Property income paid	228	14	Number
D4_r	Property income received	242	14	Number
D75_r	Miscellaneous current transfers received	256	14	Number
D75g_r	Miscellaneous current transfers (govt part) received	270	14	Number
D75p_r	Miscellaneous current transfers (corporations + households) received	284	14	Number
D75pc_r	Miscellaneous current transfers (corporations) received	298	14	Number
D75ph_r	Miscellaneous current transfers (households) received	312	14	Number
D75r_r	Miscellaneous current transfers (RoW) received	326	14	Number
D7_n	Other current transfers net	340	14	Number
D75_n	Miscellaneous current transfers net	354	14	Number
D75g_n	Miscellaneous current transfers (govt part) net	368	14	Number
D75p_n	Miscellaneous current transfers (corporations + households) net	382	14	Number
D75pc_n	Miscellaneous current transfers (corporations) net	396	14	Number
D75ph_n	Miscellaneous current transfers (households) net	410	14	Number
D75r_n	Miscellaneous current transfers (RoW) net	424	14	Number
D75f_p	Transfers to RoW	438	14	Number
D75f_r	Transfers from RoW	452	14	Number
D75f_n	Transfers to/ from RoW (net)	466	14	Number
B6g	Disposable income, gross	480	14	Number

Satellite Account on Nonprofit and Related Institutions and Volunteer Work

Element	Description	Column	Length	Type
B6n	Disposable income, net	494	14	Number
D63	Social transfers in kind	508	14	Number
B7g	Adjusted disposable income, gross	522	14	Number
B7n	Adjusted disposable income, net	536	14	Number
P3	Final consumption expenditure	550	14	Number
B8g	Savings, gross	564	14	Number
B8n	Savings, net	578	14	Number
P51	Gross fixed capital formation	592	14	Number
P52	Changes in inventories	606	14	Number
P53	Acquisitions less disposals of valuables	620	14	Number
K2	Acquisitions less disposals of nonproduced nonfinancial assets	634	14	Number
D9_r	Capital transfers receivable	648	14	Number
D9_p	Capital transfers payable	662	14	Number
B9	Net lending/borrowing	676	14	Number
TOTR	Total NPI revenue (market output, property income and transfers)	690	14	Number
GOVR	NPI revenue from government (transfers, contracts and reimbursements)	704	14	Number
FEER	NPI revenue from private sales (718	14	Number
PHLR	NPI revenue from private transfers (donations)	732	14	Number
MDR	NPI revenue from membership dues	746	14	Number
OTHR	Other revenues (n.e.c.)	760	14	Number
PEP	Paid employment, number of persons	774	8	Number
PEF	Paid employment,FTE	782	8	Number
PEH	Paid employment, hours	790	8	Number
VOP	Volunteers, number of persons	798	8	Number
VOF	Volunteers, FTE	806	8	Number
VOH	Volunteer hours	814	8	Number
VOV	Value of volunteer work	822	8	Number

TSE sector components codes (COMP)

Code	TSE Sector Component
1	NPIs total
2	Nonprofit cooperatives and mutual societies
3	Related institutions total
4	Market cooperatives and mutual societies
5	Direct volunteer work total
6	Direct volunteer work (goods producing)

Note: fixed length file records variables at pre-defined positions (column), so each variable occupies the same length

Comma separate values separates variables by a comma, so the length of each variable is the actual number of digits needed to record the value

List of ISO-alpha3 codes can be found here: <https://unstats.un.org/unsd/methodology/m49/>

Annex II: The System of National Accounts and the TSE Sector—A primer for non-specialists

A2.1 The System of National Accounts (SNA) constitutes the internationally agreed standard set of recommendations on how to measure economic activity in accordance with strict accounting conventions based on economic principles. The recommendations are expressed in terms of a set of concepts, definitions, classifications, and accounting rules that together allow the development of systematic comparative data on national economies throughout the world. The resulting accounts provide a comprehensive and detailed record of the complex economic activities taking place within an economy and of the interactions among the different economic agents and groups of agents drawing on a wide variety of administrative records and economic surveys.

A2.2 The SNA covers all institutional units that are resident in a national economy, including those in scope of the TSE sector, and assigns each of them to one of five institutional sectors: **financial corporations, non-financial corporations, governments, households, and non-profit institutions serving households**. Institutional units are assigned to sectors based on the type of economic activities they perform. Specifically:

- Units that undertake production in the market and aim to sell their products at economically significant prices⁷⁹ are assigned to the corporations sector, which is further subdivided into two parts, **non-financial corporations and financial corporations**, based on the secondary criterion of their main product;
- Units undertaking production of individual and collective goods at prices that are not economically significant, and that undertake consumption of goods and services (on behalf of the population are assigned to the **general government sector**;
- Units that undertake consumption on their own behalf are assigned to the **household sector**;
- Units that are not market producers and not controlled by government are assigned to the **non-profit institutions serving households (NPISH) sector**.

A2.3 The SNA provides information about the behavior of institutional units and the activities in which they engage—namely production, consumption, and the accumulation of assets—by recording the exchange of goods, services, and assets among institutional units in the form of transactions. These transactions are reported as a logical sequence of interconnected flows of economic values that begins with production of goods and services, and ends with consumption expenditures and saving that are carried forward into the capital account. This logical sequence of interconnected flows is referred to as the “sequence of accounts.”

A2.4 There are three types of accounts in the SNA—the current account, the capital account, and the financial account. Each account in the sequence starts with an initial value, followed by the values representing relevant transactions. The final element of each account, called the **balancing item**, is the difference between the opening item and the values of transactions subtracted from it. The balancing item is then forwarded to the next account in the sequence, where it is treated as the initial value, from which the transactions relevant for this account are then subtracted.

A2.5 The sequence of current accounts starts with the **production account**, which reflects the value of all goods and services sold by producers less the expenses incurred in the production process. The balancing item is **the value added** to the national economy. The sum of value added by all institutional units in the national economy is popularly known as the Gross Value Added or GDP.⁸⁰ The next element in the current account sequence is a series of **income accounts**, which represent remuneration received by so-called factors of production, i.e., individuals engaged in different capacities in the production process, such as labor, owners of property used in production, and entrepreneurs or owners of institutional units producing the goods. Income accounts include several different

⁷⁹ Economically significant prices are those that have a significant influence on the amounts of goods or services the producers are willing to supply and on the amounts purchasers wish to buy.

⁸⁰ More precisely $GDP = GVA + \text{taxes on products} - \text{subsidies on products}$.

“cuts” on the income of the factors of production, of which the following three show transactions of particular relevance to the TSE satellite accounts: **the generation of income account** focusing on the income of labor (compensation of employees) and government (taxes on production less subsidies); **the allocation of primary income account**, which shows income of property owners, including rent, interest and dividends; and the **secondary distribution of income account**, which shows taxes on income, social contributions, and transfers, including government grants, membership dues paid to NPISH, and private philanthropic contributions. The balancing item of these accounts, after incomes of different factors of production and transfers are factored in, are respectively the operating surplus, the balance of primary incomes, and the disposable income. The final component of the current account sequence is the **use of disposable income account** that separates disposable income into spending on consumed goods and services (final consumption expenditure) and saving. Saving are then transferred to the **capital account**, which deals with changes in the values of assets held by institutional units. It records transactions in non-financial assets. The **financial account**, in turn, records transactions in financial assets and liabilities.

A2.6 Each of these accounts records aggregate in-flows (called **resources**) to the units in an institutional sector and aggregate out-flows from the sector (called **uses**). These roughly correspond to the concepts of revenues and expenditures. This system allows recording certain transactions among different institutional sectors. For example, property income identified as “resources” indicates investment income or rent receivable from units in other institutional sectors, while property income identified as “uses” indicates investment income or rent payable to other institutional sectors. Likewise, transfers identified as “resources” represent income receivable from other sectors in the form of government grants, or corporate and individual philanthropy, whereas those identified as “uses” represent grants or contributions payable to other sectors, including households.

A2.7 Taken together, therefore, the SNA system provides a very rich and systematic picture of the scale of operation of national economies that is at once conceptually integrated and fully cross-nationally comparative. Virtually every country in the world has a national accounts staff in its statistical or economic analysis department and the staffs of such departments are conversant with the SNA system and consequently, within the limits of available data, produce data that adheres to the commonly agreed rules. The SNA is also periodically reassessed and revised to cope with new economic realities. In 2008, the entire SNA system completed a lengthy revision process, leading to the replacement of the then-existent 1993 SNA with the 2008 version.

SNA and TSE institutions and volunteer work

A2.8 Although market producers take a wide variety of organizational forms, such as sole proprietorship, collectively owned units, or corporate entities, they are unambiguously assigned to the corporations sector (financial or non-financial). However, the treatment of TSE units is not as straightforward because these units engage in several different types of economic activities. Some sell their products at economically significant prices like corporations do, and some provide individual or collective goods at prices that are not economically significant like government does. Some of the latter may actually be set up and controlled by government, while others may undertake activities similar to government but act independently of it. As a consequence, SNA assigns TSE units to different institutional sectors:

- **TSE units that are primarily engaged in market production** (e.g., certain NPIs, cooperatives, mutual societies, and social ventures) are assigned to the corporations sectors (financial or non-financial) as long as they charge fees that are based on their production costs and that are sufficiently high to have a significant influence on the demand for their services.
- **NPIs whose activities are restricted to serving a particular subset of other market producers**, such as chambers of commerce; agricultural, manufacturing, or trade associations; employers’ organizations; and research or testing laboratories are also assigned to the corporations sector (financial or non-financial) even if they are financed by dues.

- **NPIs that are engaged in non-market production and are controlled by government** are assigned to the general government sector.⁸¹
- **NPIs engaged in non-market production that are not controlled by government** are described as “non-profit institutions serving households” (NPISH) and constitute a separate institutional sector in the SNA.
- **Direct volunteer work** is treated as part of household sector activities; but only that portion of direct volunteer work that results in the production of physical structures is counted in the SNA, whereas the portion that results in the production of services is considered outside of what is called the “production boundary” of the economy.

A2.9 ***The main consequence of these sectoring rules is that the only TSE institutions that are “visible” in the SNA are those allocated to the NPISH sector. All other types of TSE units—market NPIs, government-controlled NPIs, cooperatives, and social enterprises are assigned to the corporations or the general government sectors and merged with other units in those sectors.*** And once they are so merged their identities as NPIs, cooperatives, or social enterprises are lost from view.

A2.10 Similar problems arise in the treatment of volunteer work in the standard SNA. For one thing, the value of volunteer work through organizations is measured at the actual cost to the employer, which is zero, thus making such work virtually invisible in national accounts data. The value of direct volunteer work producing physical structures is measured by the market value of produced goods or by the implicit value of the labor input used to produce these goods (a.k.a., the “replacement cost” method). But the value of direct volunteer work that produces services is treated as “outside the production boundary of the economy,” and not measured, even in theory. What this means in practice is that most TSE units and most direct volunteer work are not visible in the basic System of National Accounts data, even though most of it is present in these data. It was for this reason that the United Nations Statistics Division, with the help of the Johns Hopkins Center for Civil Society Studies, produced a *Handbook on Non-profit Institutions in the System of National Accounts* providing guidance for the creation of special “satellite accounts” on the nonprofit institution portion of this TSE sector; and why 2008 SNA took the second major step of calling for the separate identification of NPIs in the various institutional sectors to which they are assigned. Now the present handbook applies the same logic to the other TSE sector units—cooperatives, mutual societies, and social enterprises—as well as to direct volunteer work that leads to the production of services as well as products and recommends the use of a “replacement cost approach” to its valuation.

A2.11 Also of note is that the flows shown in the sequence of current accounts contain only limited information about the sources of these flows. Thus, market “output,” or sales of goods or services, do not have information on whether the payment for these goods or services came from private households or government reimbursements in the form of social benefits (e.g., health insurance payments). Likewise, transfers from private philanthropy and government grants are typically merged together. This handbook therefore also recommends the additional identification of the sources of these flows in order to more clearly explicate the sources of support that TSE sector units receive. In addition, it suggests a methodology for identifying these sources. Furthermore, this handbook also provides a methodology for documenting the amount and value of volunteer work, both through organizations and directly, drawing on the ILO *Manual on the Measurement of Volunteer Work*, which is also summarized in this handbook.

⁸¹ Control means the ability to determine the general policy or program of the NPI. Receiving government funding alone does not necessarily imply government control. Other relevant factors include appointments of the unit’s governing body, provisions allowing setting policy or programs, and the governing body’s capacity to dissolve the unit or refuse funding from government sources.