



PORTUGAL'S NONPROFIT SECTOR IN COMPARATIVE CONTEXT

Lester M. Salamon, S. Wojciech Sokolowski, Megan Haddock, *and* Helen Stone Tice

a publication of the
Johns Hopkins Center for Civil Society Studies

in cooperation with
Portugal's Instituto Nacional de Estatistica (INE)

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PREFACE

This is a report comparing the scope, composition, and revenue of the nonprofit sector in Portugal to its counterparts in other countries. The report draws on the important new source of data on nonprofit institutions (NPIs) that has resulted from the implementation of the United Nations *Handbook on Nonprofit Institutions in the System of National Accounts*, including particularly the recently issued results generated by Portugal's Instituto Nacional de Estatística - INE (National Institute for Statistics) in its Nonprofit Institutions Satellite Account.

This report was produced by researchers at the Johns Hopkins University Center for Civil Society Studies (JHU/CCSS), who were previously involved in drafting the UN *NPI Handbook*, and who have worked with national statistical offices, including that in Portugal, to implement this *Handbook*.¹ The findings presented in this report have been reviewed by INE officials and by researchers from the Universidade Católica Portuguesa (UCP), which produced a major national study on the nonprofit sector in Portugal in 2006 as part of the Johns Hopkins Comparative Nonprofit Sector Project.²

The authors are grateful to the President of INE, Alda de Caetano Carvalho, and Carlos Coimbra and Ana Cristina Ramos from the National Accounts Department for their cooperation in the production of the NPI satellite account in Portugal and for their assistance in the production and review of this report. This work would not have been possible without Leandro Pontes, Susana Antunes and Alexandra Carvalho. The authors are also grateful to the Luso-American, Aga Khan, and Calouste Gulbenkian Foundations for their support of this work, and to Raquel Campos Franco from Universidade Católica for her careful review of the findings. None of these organizations is responsible for any interpretations or estimates offered here, however. That responsibility lies with the authors alone.

In generating the first-ever "satellite account" on the nonprofit sector in Portugal, the staff of INE has done an enormous service to the Portuguese civil society, or nonprofit, sector. The resulting data should be of enormous help to nonprofit and philanthropic leaders as well as to government officials in demonstrating the considerable scale of this component of the Portuguese economy and in ensuring that this resource for public problem-solving is effectively utilized. Having demonstrated its ability to capture this sector in regular national economic data, it is to be hoped that INE will now be able to update this initial satellite account on NPIs on a regular basis going forward.

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JHU/CCSS	Johns Hopkins University Center for Civil Society Studies
CNP	Comparative Nonprofit Sector Project
EU	European Union
FTE	Full Time Equivalent
GDP	Gross Domestic Product
GVA	Gross Value Added
INE	Instituto Nacional de Estatística
JHU	Johns Hopkins University
SNA	System of National Accounts
NPI	Nonprofit Institution
NPISA	Nonprofit Institution Satellite Account
OECD	Organization for Economic Cooperation and Development
UCP	Universidade Católica Portuguesa
UN	United Nations
UNSD	United Nations Statistics Division

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INTRODUCTION

This report compares the scope, composition and revenue of the Portuguese nonprofit sector to its counterparts in 15 other countries using data from the first-ever Nonprofit Institution Satellite Account produced by Portugal's *Instituto Nacional de Estatística* - INE (National Institute for Statistics) in compliance with the United Nations *Handbook on Nonprofit Institutions in the System of National Accounts* (UN NPI Handbook).³

Satellite accounts are developed in order to present a more detailed picture of a particular section of the economy than is available through established statistical reporting procedures.

BACKGROUND

The idea of treating nonprofit institutions (NPIs) as a distinct sector of the economy has become increasingly prevalent in recent years due in large part to an increased recognition of the important role nonprofit institutions often play in the delivery of public services and in the expression of public sentiments. NPIs are different from private businesses because they do not distribute any profit or surplus they may earn to shareholders, directors, or members, allowing them a certain degree of independence from market forces. At the same time, they are also institutionally separate from government, and therefore are not subjected to the same policy constraints as government agencies. As a result, NPIs are believed to make special contributions to the solution of public problems and the enrichment of national life.⁴

Until recently, reliable data on nonprofit institutions were scarce or non-existent in most countries, which posed a serious obstacle for assessing the role these organizations play in national life. An important reason for this was the treatment of nonprofit institutions in the System of National Accounts, the guidance system for the collection and reporting of economic data by national statistical agencies around the world.⁵

The first effort to overcome these limitations and develop internationally comparable data on the size and scope of the nonprofit sector in Portugal was completed in 2006 by Raquel Campos Franco, Professor and Researcher at the Universidade Católica Portuguesa (UCP) as part of the Johns Hopkins Comparative Nonprofit Sector Project (CNP).⁶ Her work in the early 2000s to portray the basic contours of the nonprofit and volunteer sector, and to document its size and revenue, was a landmark study that established a conceptual framework for defining this set of institutions and their activities in Portugal.⁷

Another attempt to quantify the dimensions of the nonprofit sector was recently carried out by Ana Carvalho⁸ of the University of Minho. This project followed a somewhat different methodology than that developed by the CNP and drew on employment data collected by the Ministry of Labor and Social Solidarity.

These initial private research efforts demonstrated that the nonprofit sector in Portugal represents a significant force, but also highlighted the need for the production of regularly updated, official, data on the sector.

To this end, INE responded to the issuance in 2003 by the United Nations Statistical Division (UNSD) of a new United Nations *Handbook on Nonprofit Institutions in the System of National Accounts* (UN *NPI Handbook*) by committing itself to developing the “satellite account” on the nonprofit sector that this *Handbook* calls for.

Developed in partnership with the Johns Hopkins University Center for Civil Society Studies (CCSS), and drawing largely on the methodology pioneered by the CNP, the UN *NPI Handbook* offers governments a useful methodology for preparing such satellite accounts on nonprofit institutions as part of their regular national accounts economic data-collection and reporting.

The 1993 System of National Accounts (SNA) is a coherent, integrated set of macroeconomic accounts, balance sheets, and tables that government statistical agencies use to form the basis for developing estimates of their national economies (e.g., estimates of GDP). It is based on a set of internationally agreed concepts, definitions, classifications, and accounting rules. These accounts provide a comprehensive and detailed record of the complex economic activities taking place within an economy and of the interaction among the different economic actors.⁹

Although the 1993 SNA is an invaluable tool for measuring the economic activities of economies, its ability to provide a clear picture of the nonprofit sector has long been restricted by a methodological approach that buries significant portions of this sector in the business sector, and thus only permits a portion (often quite small) of the nonprofit sector to be visible in the statistical data. In particular, nonprofit organizations that either serve businesses (e.g. chambers of commerce) or receive substantial parts of their revenue from what are considered “market sales,” even if these sales are partially subsidized by government social benefit payments, are allocated to the business sector in the national accounts and lose their identity as nonprofit institutions. As a result, only a very small portion of the entire nonprofit sector has been identifiable in national accounts statistics.¹⁰

The UN *NPI Handbook* addressed this limitation by developing a methodology for identifying all NPIs, regardless of the source of their income and the sector to which they have consequently been assigned.

BOX 1

NPI Handbook definition of an NPI

The UN NPI Handbook defines NPIs as units that are:

- Organizations
- Non-profit distributing
- Institutionally separate from government
- Self-governing
- Non-compulsory

COVERAGE OF THIS REPORT

This report follows the guidance provided in the UN *NPI Handbook* by defining the nonprofit sector as the set of organizations that do not distribute any profits they may earn to their owners or directors, that are institutionally separate from government, that are self-governing, and in which participation is non-compulsory.¹¹

In the context of Portugal, the following types of legal entities were considered to fit the UN *NPI Handbook* as valid nonprofit institutions so long as they met the UN criteria:

- a) Associations
- b) Foundations (including public foundations)
- c) Public entities ruled by administrative law
- d) International collective bodies
- e) Religious entities

This meant that the following types of entities are covered by this report:

- a) All associations and foundations
- b) Private hospitals and social service agencies
- c) Mutualist associations formed under the statute of Private Institutions for Social Solidarity
- d) Housing and social solidarity cooperatives
- e) Government units classified as nonprofit institutions
- f) Business associations, chambers of commerce and similar market producers
- g) *Misericordias* (Holy Houses of Mercy)
- h) Religious orders (“brotherhoods”)
- i) Private universities, if they have a legal nonprofit status as identified above
- j) Public-private research institutions serving households¹²

Not included are market producers, including cooperatives that distribute profits to their members;¹³ units controlled by public entities (such as government-owned hospitals, public health insurance plans, public universities); and entities that take the legal form of association but are out-of-scope of the *NPI Handbook* definition.

FINDINGS

1 • A significant economic presence: The size of the Portuguese NPI sector

In 2006, nonprofit institutions (NPIs) in Portugal employed nearly 185,000 workers. These workers produced goods and services worth over €5.7 billion,¹⁴ and ultimately contributed €2.7 billion of Gross Value Added¹⁵ to the national economy.

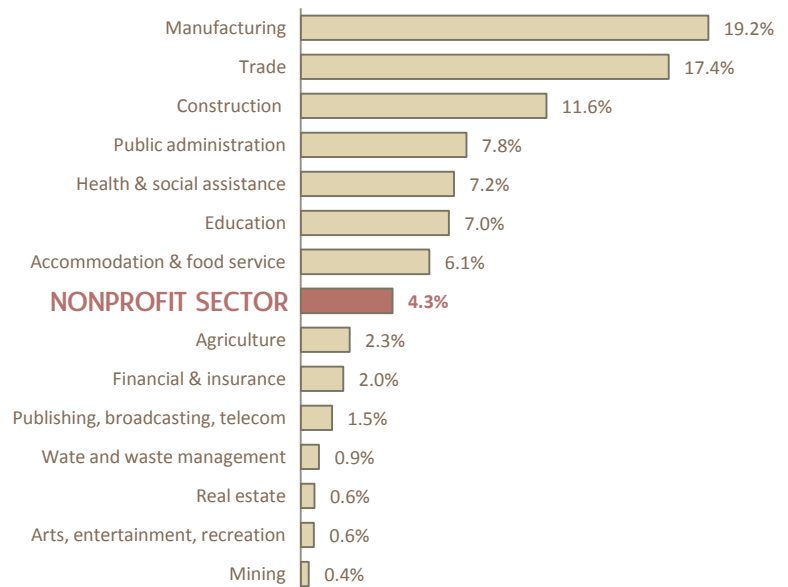
To make these numbers understandable, it may be useful to compare the size of the nonprofit sector in Portugal to Portugal's other major industries, as well as to NPI sectors in other countries on which comparable data are available. These comparisons reveal that the size of the NPI sector in Portugal is relatively substantial when measured in terms of employment but considerably smaller when measured in terms of contribution to the country's gross domestic product. As noted below, this may be because wages in Portugal's nonprofit sector are low compared to those in other economic sectors.

Perhaps the most accurate measurement of the scale of nonprofit activity is the size of its workforce. Not only do nonprofits tend to concentrate in labor-intensive service industries, but they also provide a substantial amount of services at no or reduced cost to the recipients. Therefore, the effort expended to produce these services is the most direct indicator of the scope of nonprofit activity.

As shown in **FIGURE 1**, the NPI sector's workforce of 185,000 workers represents 4.3 percent of Portugal's total employment.¹⁶ This turns out to be the eighth largest workforce in the country when compared to all Portuguese industries—larger than the agriculture (2.3 percent), financial services (2.0 percent), and publishing and broadcasting (1.5 percent) industries.

An alternative approach to measuring the scale of nonprofit activity is to look at how much value it adds to the national economy. This is, in fact, a standard measure of the size of economic activity used by economists. **The Gross Value Added (GVA) by nonprofits in Portugal—€2.7 billion—adds 2.0 percent to the national economy.**

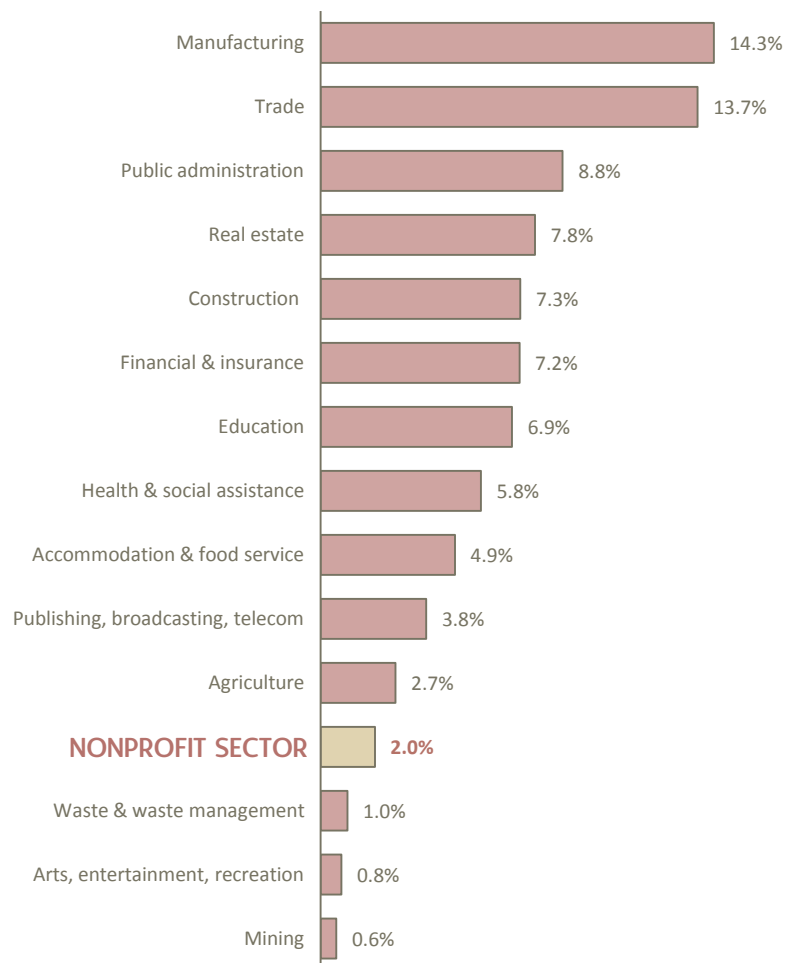
FIGURE 1
Share of total employment, NPIs vs. selected industries*, Portugal, 2006



* NPIs are excluded from industry employment to avoid double counting.

Source: INE

FIGURE 2
Contribution to gross value added, NPI vs. selected industries*,
Portugal, 2006 (SNA based)



* NPIs are excluded from industry employment to avoid double counting.

Source: INE

As shown in **FIGURE 2**, this represents about three times as much as the value added by mining and quarrying (0.6 percent), and arts, entertainment and recreation services (0.8 percent), and twice as much as water and waste management (1.0 percent). However, the NPI sector ranked below most other industries and agriculture in terms of value added.

How do we explain this discrepancy between the NPI share of total employment and the share of the value added to the economy? Two explanations seem possible: **a) differences in employee compensation**, and **b) differences in the labor share of value added.**¹⁷

a) Differences in employee compensation. The value added to the economy by an institutional unit depends, to a large extent, on the value of the labor time it engages. The higher the employee compensation, the higher the value of goods and services added to the national economy. Likewise, if the compensation of employees in a particular sector of the economy is lower than that of other sectors, the value added will also be lower than that of sectors paying better wages, even though the number of people it employs may be relatively high.

This indeed seems to be the case for NPIs in Portugal. As **FIGURE 3** shows, the average employee compensation in the nonprofit sector (€14,709) is below the national average (€18,679) and well below the average compensation paid by financial corporations and government.

Of course, these differences in employee compensation do not indicate that nonprofit workers are “less valuable” or “less important,” but rather that they tend to serve people who cannot afford to pay higher prices for the services they receive. From that point of view, the difference in compensation can be interpreted as a form of charitable contribution made by nonprofit workers to the recipients of their services.

b) Differences in labor share of value added.

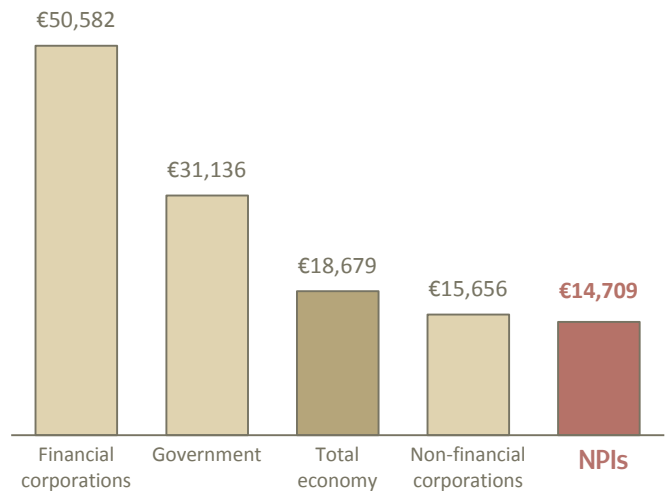
While employee compensation represents a major component of the value added, profits and savings may also represent another significant component. Therefore, quite apart from employee compensation, a sector that distributes more profits or accrues more savings will have a higher value added than a sector that does not distribute profits or has lower savings. Since nonprofits do not distribute profits by definition, their value added is likely to be lower than that of comparable establishments that do.

FIGURE 4 compares the share of value added attributable to the compensation of employees in different institutional sectors. In the nonprofit sector, compensation of employees represents 86 percent of the GVA¹⁸ which is significantly higher than the comparable value in the economy as a whole (57 percent). In this respect, NPIs fall much closer to the government sector (87 percent) than the financial sector (40 percent) or non-financial corporation sector (51 percent).

This means that in the nonprofit sector, non-labor factors (especially profits) contribute very little (14 percent) to the sector's value added, but in the corporate sector these non-labor factors contribute nearly half or more to the value added. As explained earlier, this is the result of the fact that nonprofits typically operate in fields where revenues are constrained by the service recipients' inability to pay, and thus cannot generate significant surplus (profits or savings).

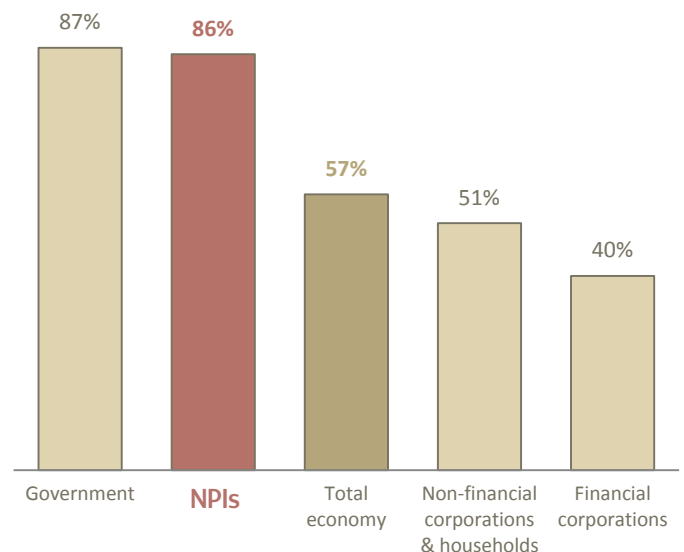
In sum, the relatively low value added of the NPI sector seems to be a result of two factors: the lower than average wages in the NPI sector, and the low share of non-labor factors (profit and savings) in the sector's GVA. Considering only the value added by the NPI sector, therefore, understates the full economic impact of the NPI sector, especially in comparison to the for-profit sector. To obtain a more comprehensive view of NPI activities, it is also necessary to examine the sector's employment structure. The paid employment data presented in the 2006 NPI satellite account indicates a much larger role of NPIs in the Portuguese economy than the value added data alone seems to suggest.

FIGURE 3
Average employee compensation, NPIs vs other sectors, Portugal, 2006



Source: INE

FIGURE 4
Employee compensation share of gross value added,* by sector, Portugal, 2006

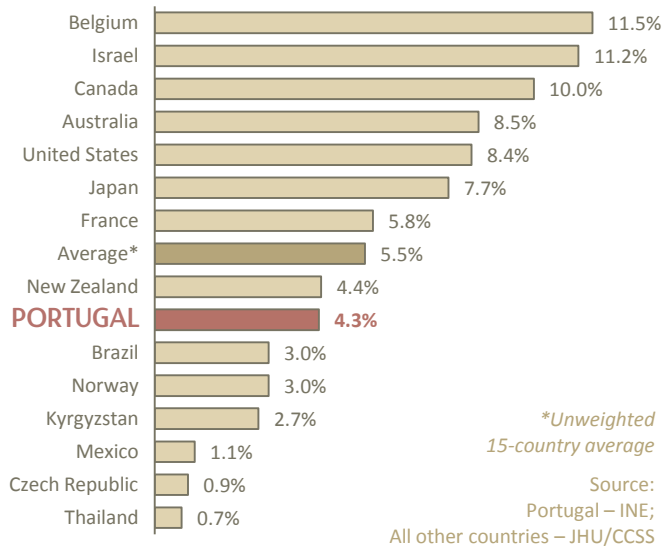


* Including subsidies on production

Source: INE

2 • Portugal in comparison to other countries

FIGURE 5
NPI share of total employment, by country, ca. 2002-2010



In addition to Portugal, 15 other countries have produced NPI satellite accounts to date, which makes it possible to gauge the scale of the NPI sector in Portugal by comparing it to that in other countries.¹⁹

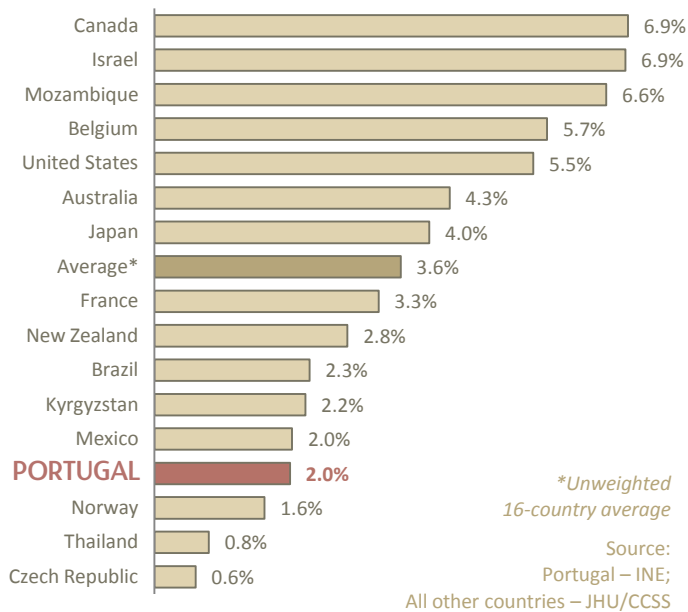
Using the share of NPI employment as the measure of NPI economic activity (FIGURE 5), Portugal ranks 9th, above Brazil, Norway, Kyrgyzstan, Mexico, the Czech Republic, and Thailand, but still below two other EU countries on which comparable data are available—France and Belgium.

Using the contribution to the GDP, or value added, as the metric (FIGURE 6) results in a picture of the size of the Portuguese nonprofit sector that is substantially below the international average (2.0 vs. 3.6 percent).²⁰ Though by this metric the Portuguese nonprofit sector is larger than that in two other European countries—Norway and the Czech Republic—it is far smaller than that in Belgium (5.7 percent) and France (3.3 percent).

To summarize, although the relative size of the nonprofit sector's economic activity in Portugal varies depending on whether the share of employment or the value added is used as the measure, the overall size of the sector is relatively small in comparison to other industries and other developed countries. This finding is quite surprising given Portugal's long history of charitable activities, many linked to the Catholic Church, and the strong social economy and cooperative tradition.

Several possible explanations for this outcome can be hypothesized. In the first place, Portugal's relatively recent experience under authoritarianism may have played a role in stifling the NPI sector. Such regimes are typically hostile to the development of civil society institutions of the sort being examined here. While philanthropic and nonprofit institutions have expanded in Portugal since the 1976 democratization of the country, such institutions typically require decades of enabling legal and political conditions to develop firm social and financial roots. What is more, most of health services and social assistance in Portugal are provided by the public sector, which "crowded out" Catholic charities from these fields, as will be discussed in the next section. Finally, some portion of civil society activities provided through nonprofit institutions in other settings might be handled through market cooperatives in Portugal, and are not included in the NPI satellite account. INE does plan to produce a subsequent satellite account on the country's "social economy" sector, which will cover both market and non-market cooperatives and mutuals, and will provide greater insight into this question.

FIGURE 6
NPI contribution to GDP, by country, ca. 2002-2010 (SNA-based)



3 • Composition of the nonprofit sector

Nonprofit institutions, of course, do not simply produce economic value. More importantly, they perform certain social functions that range from the delivery of human services, education and research, cultural amenities, and a wide array of civic activities. These various functions fall into two broad categories: service functions and expressive functions. Service functions involve the delivery of direct services such as education, health, housing, economic development promotion, and the like. Expressive functions involve activities that provide avenues for the expression of cultural, spiritual, professional, or policy values, interests, and beliefs. Included here are cultural institutions, sports and recreation groups, professional associations, advocacy groups, community organizations, environmental organizations, human rights groups, social movements, and the like. The distinction between service and expressive activities is approximate, as many organizations engage in both.²¹ Nevertheless, it can be helpful in comparing the composition of the nonprofit sector across different countries.

A distinctive feature of the Portuguese nonprofit sector in comparison to other countries is the unusually large share of organizations that provide social assistance, which will be discussed below. This section will also show that while the overall contribution of the NPI sector to the Portuguese economy as a whole is relatively small, its contribution is quite substantial in the fields where NPIs are active, especially social work and arts and recreation.

3.1 • Distribution of nonprofit activity

As **FIGURE 7** shows, most nonprofit activity in Portugal is concentrated in the service fields, which represents 72 percent of total NPI employment. Of this, social assistance accounts for more than half (52 percent), education accounts for 11 percent, and health care represents 7 percent.

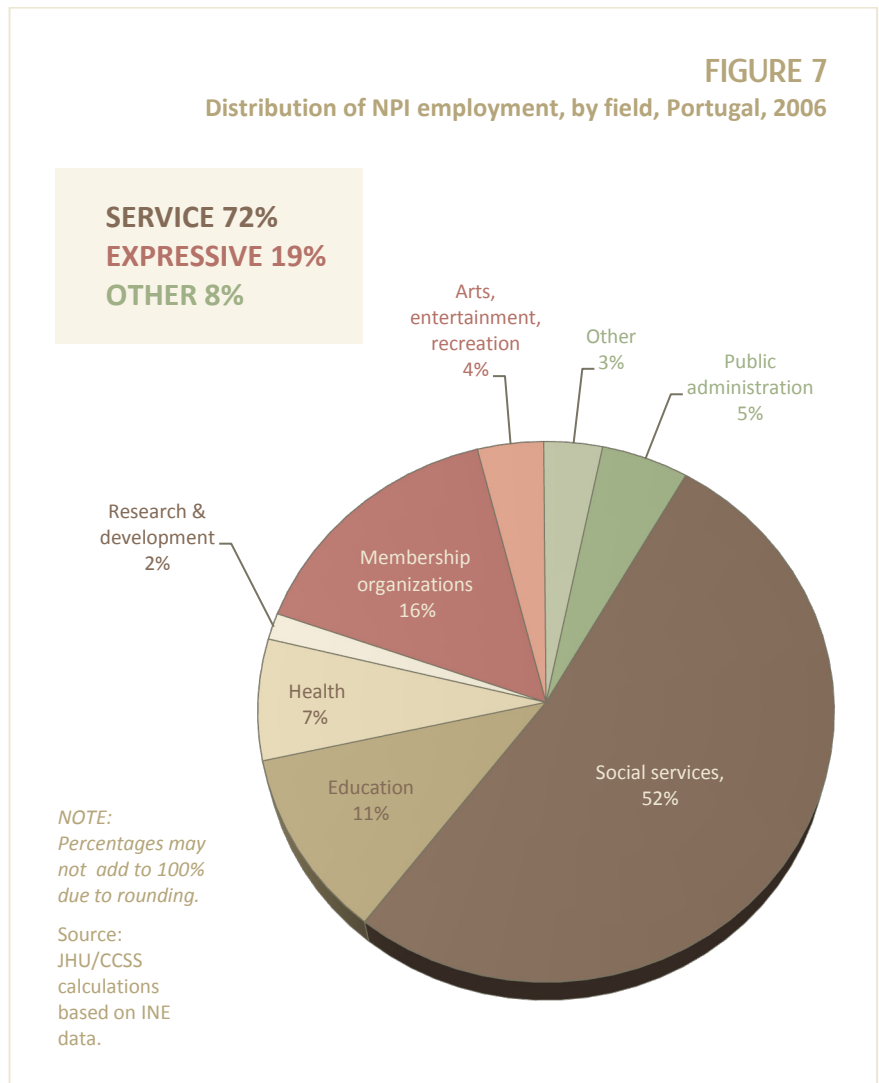
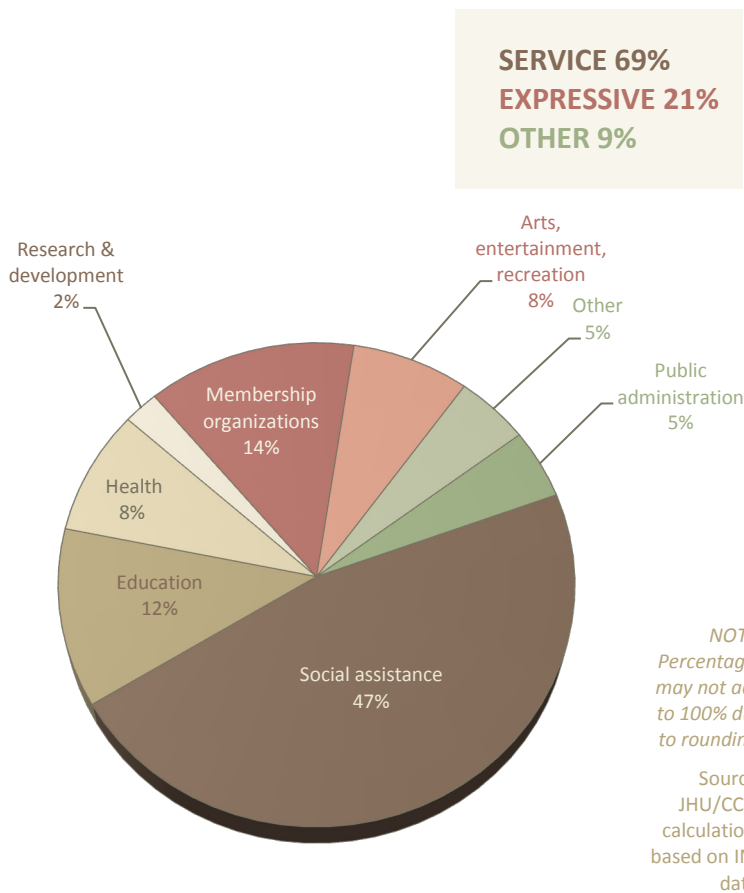


FIGURE 8

Distribution of NPI gross value added, by field, Portugal, 2006



Unlike the disparate picture of overall nonprofit size that emerged when looking at the sector’s employment size as opposed to its contribution to value added, the sector’s composition looks roughly the same whether viewed through the prism of employment or through the prism of value added. Thus, as shown in **FIGURE 8** service fields account for 69 percent of the total value added by NPIs, roughly equivalent to the 72 percent of nonprofit employment they engage. The largest of the service fields is social assistance, which accounts for 47 percent of the NPI value added. The remaining three service fields, education (12%), health (8%), and research and development (2%) account for the remaining 22 percent of the NPI value added. The largest expressive field, membership organizations, represents 14 percent of the total value added by NPIs. Arts and culture, the second largest of the expressive fields accounts for 8 percent of the total.

These data demonstrate that the dominant NPI activity in Portugal is the provision of social assistance. It is important to note, however, that a significant share of social assistance is represented by the *Misericordias* (Holy Houses of Mercy), publicly funded Catholic relief organizations that provide both social assistance as well as health services.²² There are about 400 *Misericordias* in Portugal operating 19 hospitals that deliver about 90 percent of nonprofit health care services.²³ Because of their dual function in providing both health care and social assistance, choosing which field to assign them to posed a challenge for INE, and had consequences for how the actual distribution of nonprofit activity in Portugal is portrayed. *Misericordias* were ultimately assigned to the social assistance field, but had they been assigned to the health field instead (in whole or in part), the distribution of nonprofit activity would look rather different.

3.2 • Nonprofit share of selected fields

Although the NPI share of overall economic activity is relatively small, its share is quite large in those fields where nonprofits typically concentrate. These include the major fields of social assistance; arts, entertainment, and recreation; and membership organizations. But as with its overall contribution to the economy, the nonprofit sector's contribution in the different fields is greater when measured in terms of employment than when measured in terms of value added.

Looking first at employment, as shown in **FIGURE 9**, NPIs employ 97 percent of workers in membership organizations. Furthermore, social assistance NPIs together about 83 percent of all workers in this field (doubtless due in important part to the inclusion of the *Misericordias* in the social assistance category). In sporting activities, NPIs employ 41 percent of all workers. In the remaining five fields, the NPI shares of total employment range from 21 percent in recreation to 7 percent in education.

A somewhat different picture of the nonprofit role in particular fields emerges from looking at data on the value added in the respective fields (**FIGURE 10**). Thus, while Portuguese nonprofits accounted for 83 percent of employment in social assistance, they account for only 76 percent of the value added in this field. Similarly, while nonprofits account for 41 percent of the employment in sporting activities, they account for a smaller 35 percent of the value added. Similar patterns exist in all of the fields as well.

What these data suggest is that NPI wages are not only lower than country-wide wages overall, but they are lower than for-profit or government wages even in the fields where nonprofits are most actively involved.

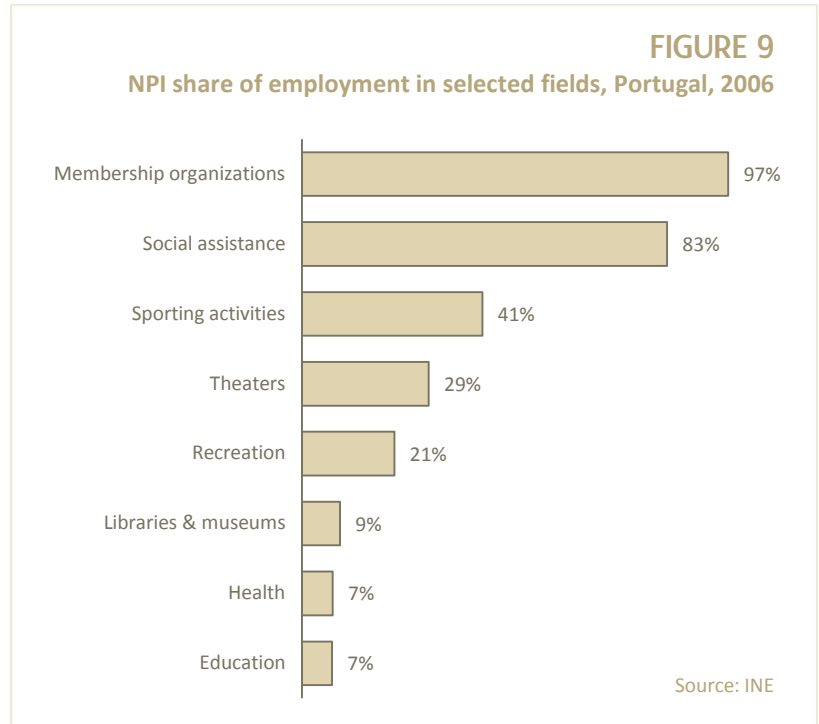
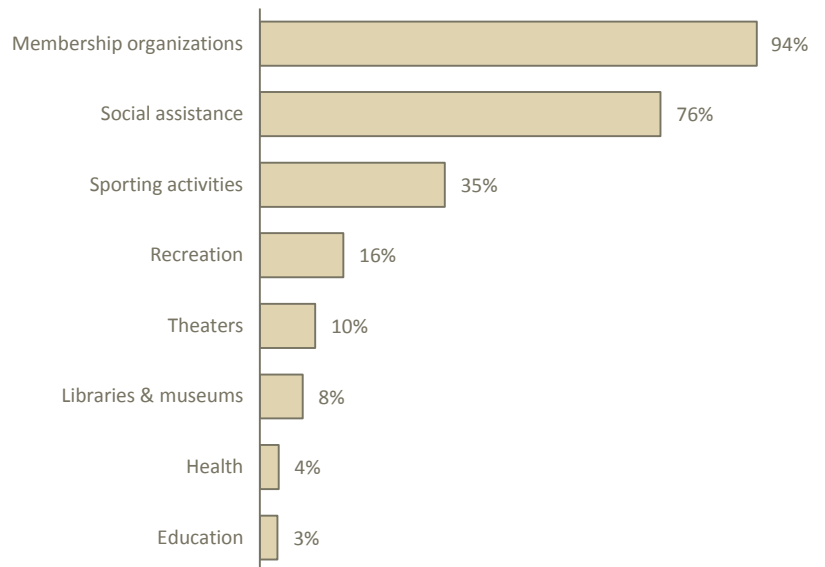


FIGURE 10
NPI share of gross value added in selected fields, Portugal, 2006



Source: INE

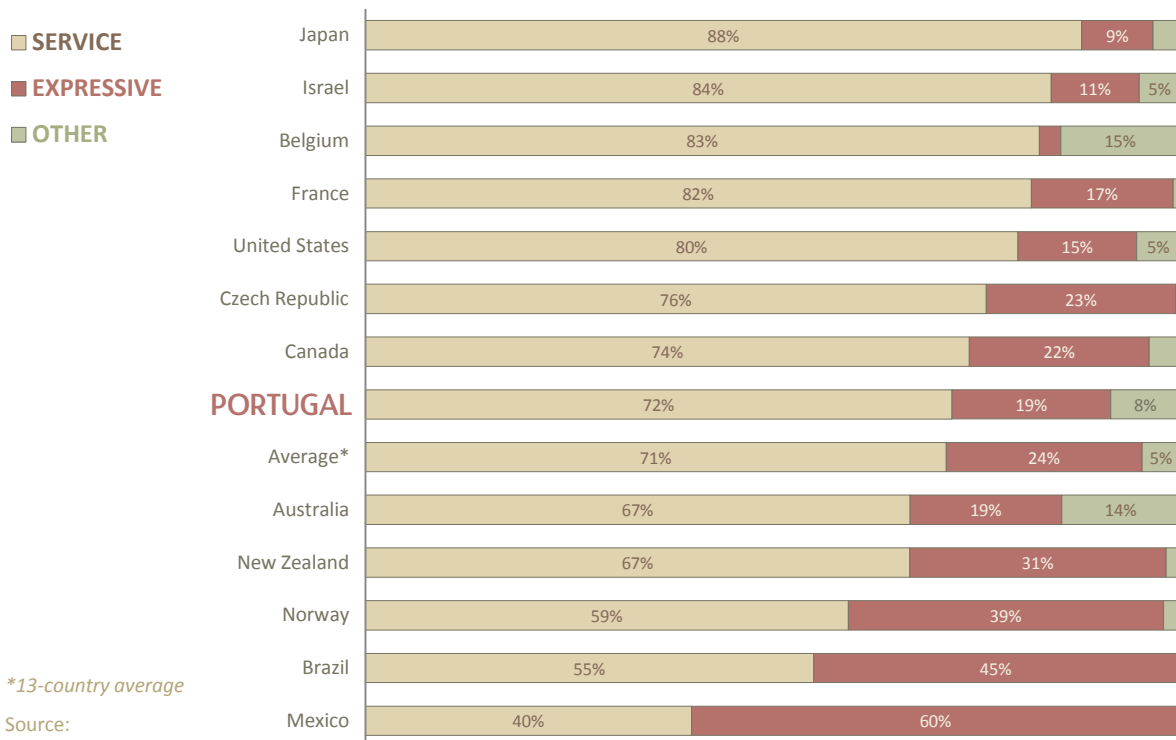
3.3 • Composition of Portuguese NPI sector compared to other countries

The distribution of nonprofit activity by major type of activity in Portugal is fairly typical compared to that in other countries that have completed satellite accounts, at least when measured in terms of employment. Given the ambiguities in separating certain activity fields (such as health and social assistance, education and research, or civic and occupational activities), it is most fruitful to compare countries in terms of the distribution of nonprofit activity between the basic service and expressive fields.²⁴ These data reveal that Portugal's shares of service and expressive activities (at 72 and 19 percent, respectively) are very close to the 13-country average²⁵ (at 71 and 24 percent, respectively) as shown in **FIGURE 11**.

In sum, Portugal's nonprofit sector is composed of a larger than average share of social service activities. This is likely a reflection of the fact that a major set of human service providers in the country, the *Misericordias*, have been classified solely into the social assistance field in Portugal even though a substantial portion of their activity is in the health field. However, when looking from the perspective of more broadly defined service vs. expressive activities, the composition of Portugal's nonprofit sector is close to the international average.

FIGURE 11

Distribution of NPI employment by service vs. expressive activities, Portugal vs. 12 countries, ca. 2002-2010



*13-country average

Source:
Portugal – INE;
All other countries – JHU/CCSS

4 • Nonprofit finances

Analyzing nonprofit revenues and expenditures through the lens of national accounts aggregates can be a challenging task because the accounting concepts used in national accounts do not always correspond to those typically associated with individual organizations. As a result, the national accounts concepts must be “translated” into commonly understood financial concepts pertaining to NPIs, but this “translation” is not always fully possible due to data limitations.

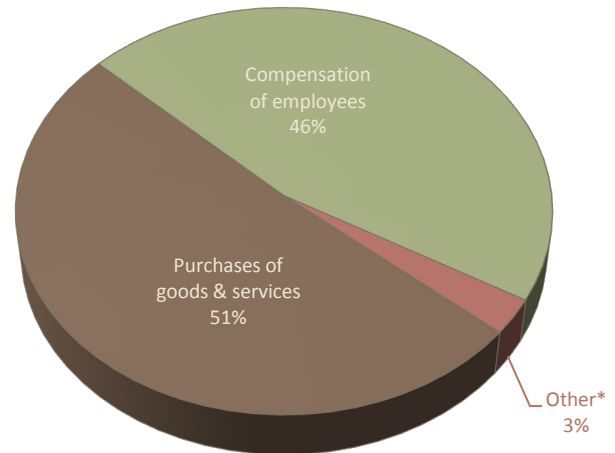
We focus first on the operating expenditures of NPIs and their distribution by major type, and then concentrate on the revenues and their distribution by transaction type and source. The resulting picture of expenditures and revenues that emerges from the translation of national accounting aggregates reveals that the Portuguese NPI sector tends to spend a smaller share of its resources on employee compensation than NPIs in most other countries on which data are available. At the same time, the shares of revenues coming from market sales, government payments, and private transfers do not differ markedly from those in most other countries on which data are available; however, these findings should be viewed as preliminary because an unusually large share of this revenue could not be attributed to any of these three sources.

4.1 • NPI expenditures in Portugal

NPIs incur various types of expenditures in the production of goods and services. The national accounts group these expenditures into four major categories: (a) purchases of goods and services from other sectors of the economy, mainly corporations (“intermediate consumption”); (b) wages and benefits paid to people employed by NPIs; (c) interest and rent paid by NPIs; and (d) taxes. In the case of NPIs, the last two categories entail relatively small sums of money, and are thus grouped together for the purpose of this report.

As shown in **FIGURE 12**, the operating expenditures of Portuguese NPIs totaled nearly €5.9 billion²⁶ in 2006. Over half (51 percent) of these expenditures were made in the purchase of goods and services from other institutional units of the economy that were used by the NPIs to carry out their missions. Wages and benefits for employees accounted for 46 percent of expenditures, and rent, interest payments and taxes accounted for only 3 percent.

FIGURE 12
NPI expenditure structure, Portugal, 2006

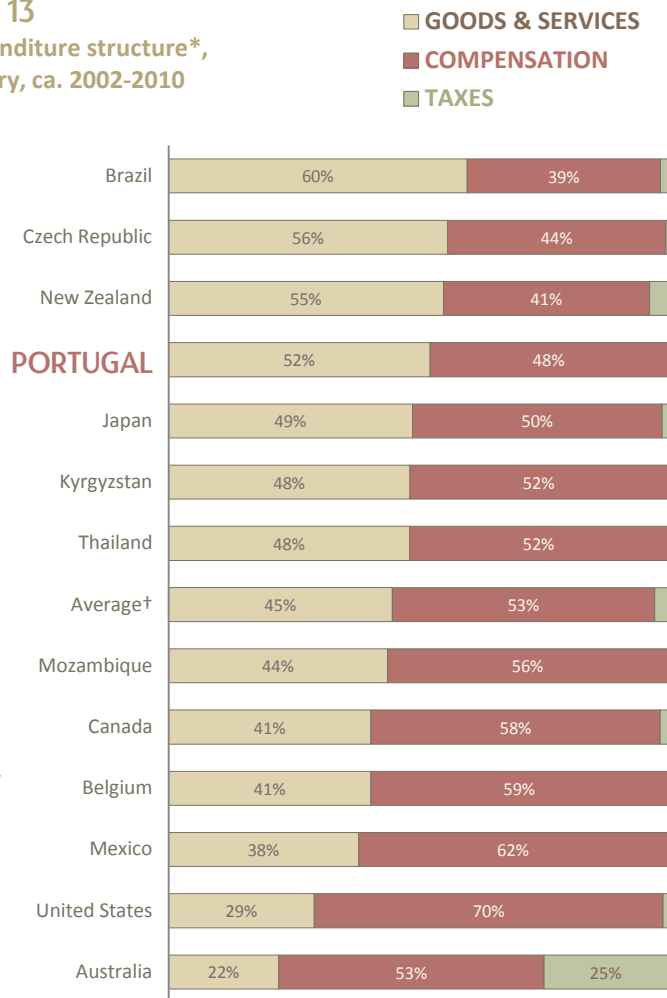


Total = €5.9 billion

* Includes rent, interest, and taxes.

Source: JHU/CCSS calculations based on INE data

FIGURE 13
NPI expenditure structure*,
by country, ca. 2002-2010



*Rent and interest payments excluded due to data unavailability.
†13-country average
Source: Portugal – INE; All other countries – JHU/CCSS

4.2 • Portugal NPI expenditures compared to other countries

As shown in **FIGURE 13**, the employee compensation share of NPI operating expenditures is relatively low in Portugal compared to that in other countries (48 vs. 53 percent average for other countries).²⁷ A likely explanation is the low wages paid by Portuguese NPIs (see Figure 3 above).

4.3 • NPI revenue sources in Portugal

To provide a composite picture of the NPI revenue structure, the UN *NPI Handbook* recommends grouping NPI revenue both by the type of transaction, i.e., market sales, transfers (which include grants and donations), and property income; as well as by the source of these funds, i.e., government, corporations, and households.

The Portuguese satellite account data compiled by INE contain aggregate information about NPI revenue from transfers, market sales, and property income; however these revenue streams are not broken down by source.

Of particular concern is identifying NPI revenue from government sources, including both government purchase of NPI goods and services on the market and government transfers. Government payments to NPIs for services take the form of either government contracts or reimbursements for services rendered by NPIs to households. Because the data sources on which the Portuguese satellite account relies do not distinguish the source of market sales, it is impossible to estimate the share of market sales attributable to government reimbursements. In the case of transfers, government transfers are merged with private transfers from households and other institutions. Here, however, unpublished National Accounts working tables compiled by INE are available to determine at least a portion of government transfers.²⁸

Given the data limitations, our estimate of the government share of NPI revenue in Portugal remains incomplete and focuses only on those resources received by NPIs from government in the form of transfers—including government grants, but not reimbursements or contract payments. While this procedure is likely to underestimate the actual value of nonprofit revenues that originate in government payments, this proved to be the best first-approximation given the data limitations.

FIGURE 14 shows the estimate of the distribution of NPI revenue in Portugal by type and source that results from this procedure.

Our revenue estimation takes as the starting point transactions reported in NPISA,²⁹ which total (€4,767.4 million.) This value is lower than the total value of operating expenditures reported in Section 4.1 above. We hypothesize that the difference (€ 1,103.4 million) may represent NPI revenues not explicitly identified in NPISA and report it as “other revenue.”

Revenue from fees comes to 31 percent of NPI revenue. Included here is revenue from the sale of goods and services (23 percent), and property income (dividends and rents received) which represents an additional 8 percent of NPI revenue. For the purpose of cross national comparison, these two revenue sources are combined into a single category called “fees.” We treat these fees as coming from the private sector, even though some portion is probably attributable to government, as noted above.

We estimate that government funds account for about 41 percent of NPI revenue, though this is could be an underestimate of the true total for the reasons explained above. This revenue category includes subsidies on production (7 percent),³⁰ other current transfers from government (30 percent), as well as taxes received by NPIs in the government sector (3 percent).

Transfers from the private sector, which include private philanthropy, membership dues, corporate gifts, and similar payments to NPIs account for 10 percent of NPI revenue. Although membership dues are treated as “gifts” in national accounts, a significant share of them are actually fees for services (e.g., membership in clubs providing recreational or leisure activities). Furthermore, transfers from other EU countries may be included here as well. Therefore, this estimate probably overstates the value of private philanthropic donations to nonprofits.

The “other” category represents the balance between NPI expenditures and the total of NPI revenues received from fees, government, and philanthropy as described above. Figure 14 thus shows that 19 percent of NPI revenue in Portugal is received from some other source, though due to data limitations it is not clear what kind of money flow or source this represents. Several possibilities include donations in kind received by NPIs, bank loans, proceeds from the sale of assets, transfers from abroad, or a statistical discrepancy resulting from data limitations or methodological differences in estimating different types of transactions involving NPIs.

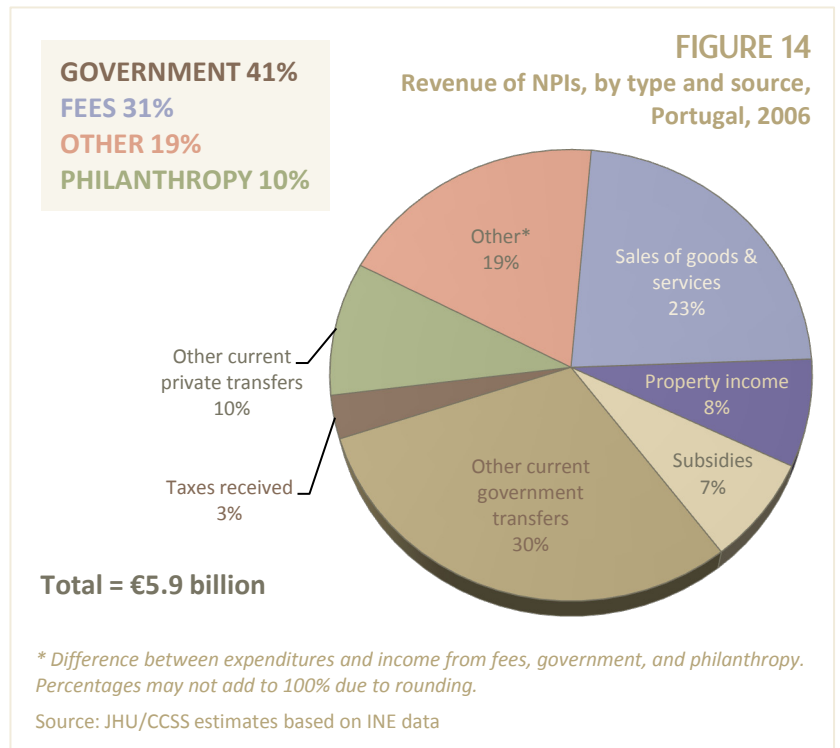
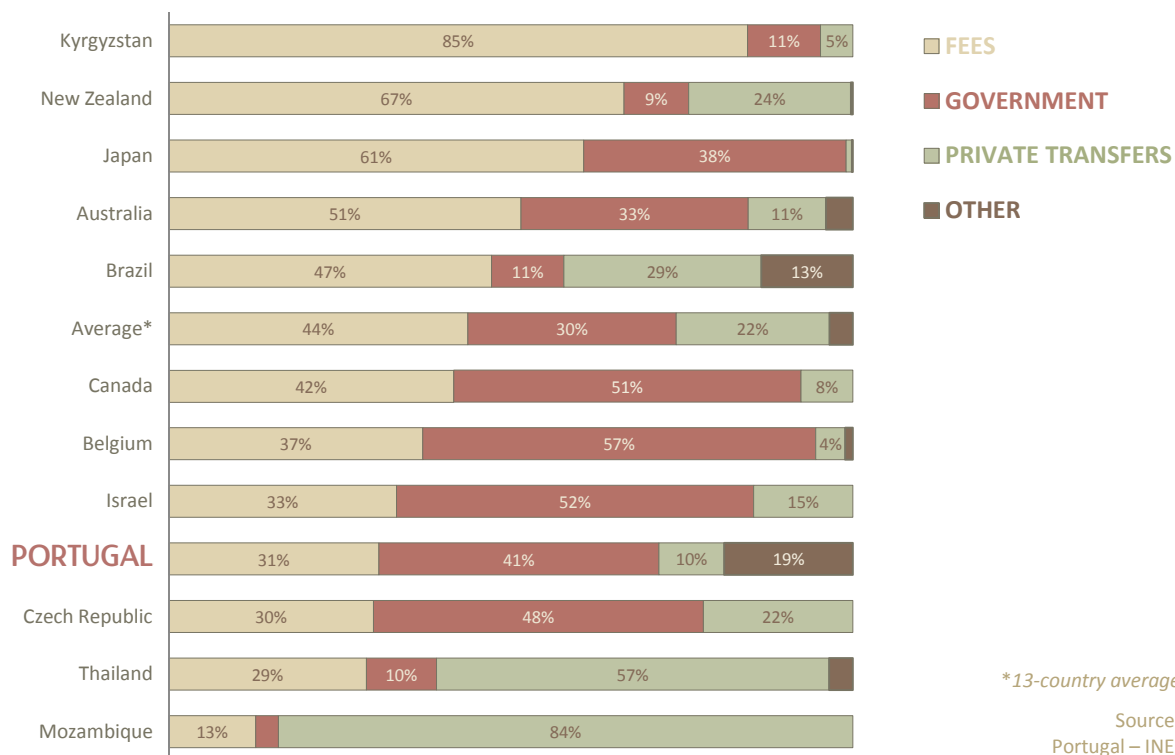


FIGURE 15
NPI revenue, by source, by country, ca. 2002-2010



*13-country average

Source:
Portugal – INE;
All other countries – JHU/CCSS

4.4 • NPI revenue sources in Portugal compared to other countries

Comparing Portugal’s NPI revenue structure to those of other countries on which comparable data are available shows that, on the one hand, the share of revenue from government in Portugal appears to be similar to those in other OECD countries. As **FIGURE 15** shows, at 41 percent, the government share of NPI revenue in Portugal is above the 12-country average (30 percent), while below that of other EU countries (Belgium – 57 percent, Czech Republic – 48 percent) and Canada (51 percent), and higher than that of Australia (33 percent) Japan (38 percent) and New Zealand (9 percent).³¹

However, the fee share in Portugal appears markedly below the 13-country average (31 vs. 44 percent, respectively) and also appears to be lower than that of other OECD countries, except the Czech Republic. The share of private transfers in the revenue of Portuguese NPIs (10 percent) is well below the 13-country average (22 percent), though this is inflated by very high values for the developing countries—Brazil, Mozambique, and Thailand³²—but it is in line with the OECD average (11 percent). What is more, Portugal has an unusually large share of “other” revenue sources (19 percent vs. 3 percent average), which may contain different types of payments representing different revenue streams as well as statistical discrepancy. Due to data limitations, it is difficult to interpret this figure at this stage.

The release of the first NPI satellite account represents a milestone in putting nonprofit institutions on the economic map of Portugal. This breakthrough makes it possible to relate the full NPI sector to other components of the Portuguese economy in a systematic fashion and also to compare Portugal's NPI sector to its counterparts in other parts of the world. Among other things, this report has revealed a nonprofit sector that is larger than previously estimated, employs a significant number of paid workers, and generates its financial resources from a diverse range of sources and is thus not dependent on donations as a primary source of revenue.

At the same time, perhaps reflecting the country's long spell of authoritarian control, the nonprofit sector of Portugal has yet to catch up to its counterparts in other countries in aggregate scale, and lags behind other components of Portuguese economy in wage rates and in the overall level of resources it can command. Shares of revenue computed against the base of nonprofit revenue thus probably exaggerate the absolute extent of both government and philanthropic support.

Though the Portuguese nonprofit sector has achieved an impressive scale measured against where it stood when the Salazar regime ended, it is clear that it still has some distance to go to catch up to its counterparts elsewhere in Europe. If this report and the data on which it is based help to put the sector's achievements into context, but also stimulate its further development, it will have served its purpose well. Hopefully, future editions of the NPI satellite account will make it possible to keep track of this future growth and development.

CONCLUSION

APPENDIX 1:

Data tables from the satellite account on non-profit institutions in Portugal

This Appendix presents the basic Satellite Account on Nonprofit Institutions in Portugal, embracing the following SNA accounts:

- Production account
- Generation of income account
- Allocation of primary income account
- Secondary distribution of income account
- Use of income account
- Capital account

In addition, the table shows NPI employment distributed by economic activity groups as defined by the International Standard Industrial Classification. Groups with no NPI employment have been omitted.

APPENDIX TABLE I

Aggregate NPI Sector in Portugal, 2006 (SNA Basis)

CODE	TRANSACTION	(THOUSANDS EURO)	
I:	Production account	Uses	Resources
P.1	Output a/		5 712 326
P.11	Market output		1,351,671
	Of which: Third-party payments		
P.12	Output for own final use		37,323
P.13	Other non-market output		4,323,332
P.2	Intermediate consumption	2,987,892	
B.1g	<i>Value added, gross</i>	2,724,434	
K.1	Consumption of fixed capital	655,987	
B.1n	<i>Value added, net</i>	2,068,447	
II.1.1:	Generation of income account	Uses	Resources
B.1n	<i>Value added, net</i>		2,068,447
D.1	Compensation of employees	2,716,172	
D.11	Wages and salaries	2,228,443	
D.12	Employers' social contributions	487,729	
D.29	Other taxes on production	6,492	
D.39	Other subsidies on production	-442,169	
B.2n	<i>Operating surplus, net</i>	-212,048	
II.1.2	Allocation of primary income account	Uses	Resources
B.2n	<i>Operating surplus a/</i>		-212,048
D.2	Taxes on production and imports		182,604
D.4	Property income	160,207	451,265
D.41	Interest	155,601	239,126
D.42	Distributed income of corporations		196,849
D.44	Property income attributed to insurance policy holders		3,462
D.45	Rent	4,606	11,828
B.5n	<i>Balance of primary incomes, net</i>	261,614	
II.2	Secondary distribution of income account	Uses	Resources
B.5n	<i>Balance of primary incomes, net</i>		261,614
D.5	Current taxes on income, wealth, etc.	9,967	0
D.6	Social contributions and benefits	72,433	67,040
D.7	Other current transfers	70,913	2,339,681
	Private philanthropy		
	Government grants and transfers		
	Foreign grants and transfers		
B.6n	<i>Disposable income, net</i>	2,515,022	
II.3	Redistribution of income in kind account	Uses	Resources
B.6n	<i>Disposable income, net</i>		2,515,022
D.63	Social transfers in kind	3,140,895	
B.7n	<i>Adjusted disposable income, net</i>	-625,873	
II.4.1	Use of disposable income account	Uses	Resources
B.6n	<i>Disposable income, net</i>		2,515,022
P.3	Final consumption expenditure	3,222,415	
B.8n	<i>Saving, net</i>	-707,393	

II.4.2	Use of adjusted disposable income account	Uses	Resources
B.7n	Adjusted disposable income, net		-625,873
P.4	Actual final consumption	81,520	
B.8n	Saving, net	-707,393	
III.1	Capital account	Uses	Resources
B.8n	Saving, net		-707,393
P.5	Gross capital formation	878,851	
P.51	Gross fixed capital formation	884,703	
P.52	Changes in inventories	-9,012	
P.53	Acquisitions less disposals of valuables	3,160	
K.1	Consumption of fixed capital	-655,987	
K.2	Acquisitions less disposals of non-produced non-financial assets	14,597	
D.9	Capital transfers, receivable		341,156
	Private philanthropy		
	Government grants and transfers		
	Foreign grants and transfers		
D.9	Capital transfers, payable (-)		-3,210
	Private philanthropy		
	Government grants and transfers		
	Foreign grants and transfers		
B.9	Net lending (+) / net borrowing (-)	-606,908	
B.10.1	Changes in net worth due to saving and capital transfers	-369,447	

CODE	EMPLOYMENT BY INDUSTRY*	THOUSANDS
	Total	184,660
A	Agriculture, hunting, forestry and fishing	316
C	Manufacturing	285
D	Electricity, gas and water supply	1
E	Water, sewerage, waste management and remediation activities	36
F	Construction	761
G	Wholesale and retail trade, repair of motor vehicles and motorcycles	379
H	Transportation and storage	15
I	Accommodation and food service activities	1,439
J	Publishing, audiovisual, broadcasting activities and telecommunications	122
K	Financial and insurance activities	127
L	Real estate activities	166
M	Business activities, scientific research and development	2,919
N	Administrative and support service activities	381
O	Public administration and defense; compulsory social security	9,355
P	Education	20,422
Q	Human health services and social work	109,691
86	Human health services	13,391
87	Social work with accommodation	39,112
88	Social work without accommodation	57,188
R	Arts, entertainment and recreation	7,083
90	Theater, music, dance, and other artistic and literary activities	936
91	Libraries, archives, museums, and other cultural activities	239
932	Entertainment and recreation activities	997
S	Other services activities	31,162
94	Activities of membership organizations	28,912
96	Other personal service activities	2,250

* Classified by International Standard Industrial Classification.

Source: INE

APPENDIX 2:

Defining the nonprofit sector in Portugal

A.2.1 • Current SNA treatment of the NPI sector

The basic conceptual framework of the UN *NPI Handbook* methodology, outlined in **FIGURE A2.1**, calls for identifying those NPIs classified in each of the four institutional sectors of the national economy (non-financial corporations, financial corporations, government, and households) and then producing a separate set of tabulations on the aggregate dimensions of the compiled NPI units. These aggregate dimensions include standard data elements as defined in the 1993 SNA, as well as a few data elements that are of particular relevance to NPIs.

A.2.2 • UN *NPI Handbook* definition of an NPI

The first task for INE in compiling the NPI satellite account in Portugal was to identify the universe of organizations considered part of the nonprofit sector to be included in the NPI satellite account. To do so, the UN *NPI Handbook* identifies five characteristics that an institutional unit must meet to qualify as an NPI. These characteristics are briefly described in the paragraphs that follow:

TYPE OF INSTITUTIONAL UNIT	SECTORS OF THE SNA SYSTEM				
	Nonfinancial Corporations Sector S.11	Financial Corporations Sector S.12	General Government Sector S.13	Households Sector S.14	NPISH Sector S.15
Corporations	C ₁	C ₂			
Government units			G		
Households				H	
Nonprofit institutions	N ₁	N ₂	N ₃	N ₄	N ₅

a) Organized. The entity must demonstrate some institutional reality, as evinced by “some degree of internal organizational structure; persistence of goals, structure, and activities; meaningful organizational boundaries; or a legal charter of incorporation. Excluded are purely ad hoc and temporary gatherings of people with no real structure or organizational identity.”

b) Not-for-profit. An NPI is an organization that does not exist primarily to generate profits, either directly or indirectly, and are not primarily guided by commercial goals and considerations. NPIs may accumulate surplus, but any such surplus must be plowed back into the basic mission of the agency, not distributed to the organizations’ owners, members, founders or governing board. In this sense, NPIs may be profit-making but they are “non-profit-distributing,” which differentiates NPIs from for-profit businesses.

c) Institutionally separate from government. An NPI is not part of the apparatus of government and does not exercise governmental authority in its own right. The organization may receive significant financial support from government, and it may have public officials on its board. However, it has sufficient discretion with regard to the management of both its production and its use of funds than its operating and financing activities cannot be fully integrated with government finances in practice.

d) Self-governing. An NPI must be able to control its own activities and is not under the effective control of any other entity. To be considered self-governing, the organization must control its management and operations to a significant extent, have its own internal governance procedures, and enjoy a meaningful degree of autonomy.

e) Non-compulsory. Membership in and contributions of time and money to an NPI are not required or enforced by law or otherwise made a condition of citizenship.

It is important to underscore that neither the source of revenue nor the legal form are factored into these five criteria. The predominance of philanthropic donations, presence of a surplus, or formal registration or legal designation does not determine whether an organization qualifies as an NPI or not according to the UN NPI Handbook. Source of revenue is not considered a defining criterion because NPIs generate income from many different sources, which often vary from country to country and over time in response to changing conditions. Similarly, legal and registration status are not defining criteria because legal status often reflects policy preferences that vary from country to country and are therefore poorly suited for constructing cross-nationally valid definitions.³³

A.2.3 • NPIs in-scope and out-of-scope in Portugal

To identify nonprofit organizations in Portugal that met the UN NPI Handbook definition, INE first considered classes of organizations that seemed likely to be in scope. Specifically, the following types of organizations were considered:

- a) Associations
- b) Foundations (including public foundations)
- c) Public entities ruled by administrative law
- d) International collective bodies
- e) Religious entities

These classes of organizations were then further scrutinized to exclude those units that do not meet the NPI definitional criteria. Specifically, INE identified market producers including cooperatives, units controlled by public entities (such as government-owned hospitals, public health insurance plans, public universities), and business associations that are out-of-scope for the NPI definition.

Some types of organizations required additional scrutiny to determine whether or not they should be included in the satellite account. The following “borderline cases” were ultimately included in the NPI satellite account:

- a) Mutualist associations formed under the statute of Private Institutions for Social Solidarity
- b) Misericordias (Holy Houses of Mercy)
- c) Housing and social solidarity cooperatives
- d) Government units classified as nonprofit institutions
- e) Business associations, chambers of commerce and similar market producers
- f) Religious orders (“brotherhoods”)
- g) Private universities, if they have a legal nonprofit status as identified above
- h) Public-private research institutions serving households³⁴

“Social solidarity cooperatives” and “housing cooperatives” were included in the NPI Satellite Account, because they meet the UN NPI Handbook definitional criteria. Unlike other cooperatives, they are barred by law from distributing profits to their owners or members and therefore meet the definition of a nonprofit institution.

APPENDIX 3:

Sources, files, and variables used in constructing the NPI satellite account

A.3.1 • Data sources

INE had previously compiled a full set of accounts for the Nonprofit Institutions Serving households (NPISH) sector, which in Portugal, unlike many other countries, covers the great majority of NPIs. The main data source for NPIs is the Business Register, which covers all institutions in Portugal without any systematic exclusions. The register is updated continuously and allows identification of active NPIs. Data sources identifying NPIs allocated to other economic sectors include:

- a) The Simplified Business Information System, which is a set of mandatory financial forms filed by all units subject to income tax (although many NPIs are exempt from income tax, some complete the forms voluntarily).
- b) Social Security reports filed monthly by all employers
- c) Business reports
- d) An informal survey for reference year 2006 carried out by INE's National Accounts Department.³⁴

A.3.2 Data elements

In addition to standard data elements defined in the 1993 SNA, the UN *NPI Handbook* calls for the assembly of additional data elements that are of a particular relevance for NPIs. These additional data element fall into two broadly defined groups: more detailed disaggregation of standard 1993 SNA data elements, and data elements not identified in the 1993 SNA.

Disaggregation of standard 1993 SNA data elements. National accounting concepts for the economy as a whole do not always easily correspond to those policy makers or the general public typically associate with individual nonprofit organizations. Specifically, the national accounts classify financial in-flows as market sales, property income,³⁵ and transfers (payments for which the payer does not receive anything of equivalent value in return). This is sufficient for estimating the aggregate value of economic activity, but it tells very little how the nonprofits manage to finance their activities, and what the role of other institutions, especially government, play in financing nonprofit operations. Therefore, more detailed information that disaggregates these two major transaction types by the source of the funds (e.g. households, government, or private businesses) is needed for a more thorough understanding of nonprofit economic activities.

To meet this need, the *NPI Handbook* calls for disaggregating transfers to NPIs by the institutional sector that originated these transfers (i.e., government, corporations, and households). This allows for the separate identification of government and corporate grants and donations from households. Furthermore, the *NPI Handbook* recommends disaggregation of market sales of NPIs by the source of funds that paid for these sales (government vs. private.) This allows one to distinguish between not just sales to government vs. sales to the private sector, but also for the identification of government vouchers or other forms of reimbursement that NPIs receive for their services.³⁶ This poses considerable difficulty,

because government payments that cover social benefits are considered in the 1993 SNA as transfers to households rather than payments to nonprofits (or other types of providers), whereas financial records of organizational units often do not differentiate between government reimbursements and other forms of payments.

Additional data elements. In addition to calling for a greater level of detail in the standard SNA data elements, the NPI Handbook recommends assembling data on two dimensions that are not captured by the standard SNA methodology: volunteer input and its imputed monetary value, and the non-market output of “market” NPIs.³⁷

Volunteering is often assumed to be outside the production boundary of the economy, and their contribution small, or too difficult to measure, and thus was rarely taken into account. However, considerable numbers of volunteers are engaged in nonprofit activity that is within the production boundary, and their effort often contributes a great deal to economic output. On these grounds, the NPI *Handbook* recommends assembling data on the amount of volunteer time engaged in NPI activities and the monetary value of this time.

Furthermore, the output of NPIs that, under the SNA methodology, are assigned to the corporate sector is valued in the same way as that of all business enterprises: by the value of their market sales. However, this approach underestimates the output of these “market” NPIs because NPIs often provide goods or services for free or below their market prices. Consequently, the NPI Handbook recommends assembling data on the value of this non-market output of “market” variables.

Following these recommendations, INE assembled data on non-market output of “market” NPI. However, it was unable to assemble data on volunteering as well as to disaggregate market sales and transfers per NPI Handbook specifications.

- ¹ Lester M. Salamon, Megan Haddock, S. Wojciech Sokolowski, and Helen Stone Tice of the Johns Hopkins Center for Civil Society Studies prepared this report. Report and figure design by Chelsea Newhouse. For further information on the Johns Hopkins Center for Civil Society Studies, go to ccss.jhu.edu.
- ² Raquel Campos Franco, S. Wojciech Sokolowski, Eileen M. H. Hairel, and Lester Salamon, *The Portuguese Nonprofit Sector in Comparative Perspective*, Universidade Católica Portuguesa and the Johns Hopkins Center for Civil Society Studies, 2006. Available at ccss.jhu.edu.
- ³ To date, fifteen countries, including Portugal, have produced NPI satellite accounts following the methodology outlined in the *UN NPI Handbook*. We also include the comparable U.S. data in this report. While the U.S. has not produced an NPI satellite account per se, it separately identified NPIs in the household sector, which are a major part of the nonprofit sector in the United States (see NIPA Tables 2.9 and 7.20 at bea.gov and Charles Ian Mead, Clinton P. McCully, and Marshall B. Reinsdorf “Income and Outlays of Households and of Nonprofit Institutions Serving Households,” *Survey of Current Business*, April 2003). The Portuguese figures used in this report are derived from the tabulations produced by INE. In some instances they may not match those published on the INE website (ine.pt) because it was necessary to make some adjustments to the website data in order to bring Portugal data fully into alignment with data from NPI satellite accounts on other countries. For example, other countries did not generally include so-called nonmarket output of market NPIs in their satellite account figures, as Portugal did. The report distinguished between official NPISA data released by INE, and JHU/CCSS estimates based on INE data and other sources.
- ⁴ For more information about contributions and drawbacks of NPIs see: Salamon, Lester M., Leslie C. Hems, and Kathryn Chinnock. “The Nonprofit Sector: For What and for Whom?” Working Papers of the Johns Hopkins Comparative Nonprofit Sector Project, no. 37. Baltimore: The Johns Hopkins Center for Civil Society Studies, 2000. Available at ccss.jhu.edu.
- ⁵ For a discussion of these limitations, see: Lester M. Salamon, “Putting Civil Society on the Economic Map of the World,” *Annals of Public and Cooperative Economics*, Vol. 81, No. 2, (Summer 2010):167-210.
- ⁶ 46 countries now participate in the Comparative Nonprofit Sector Project. For more information, please visit ccss.jhu.edu.
- ⁷ Franco, et. al. 2006. Available at ccss.jhu.edu.
- ⁸ Ana Carvalho, Quantifying the third sector in Portugal: an overview and evolution from 1977 to 2007, *Voluntas* (2010) 21:588–610.
- ⁹ *System of National Accounts*, United Nations, 1993.
- ¹⁰ The conventional 1993 SNA approach makes visible only a subset of NPIs, namely those providing direct services to households that are given away for free or sold at prices below their market value and therefore subsidized by grants and donations.
- ¹¹ It is important to underscore that neither the source of revenue nor the legal form are factored into these five criteria. The predominance of philanthropic donations, presence of a surplus, or formal registration or legal designation does not determine whether or not an organization qualifies as an NPI according the *UN NPI Handbook*. For further detail on the *UN NPI Handbook’s* definition of a nonprofit institution, see Appendix 2.
- ¹² Given data limitations, determining the nonprofit status of research organizations proved to be problematic, which INE solved by using the research subject as an indicator. Thus, research organizations focusing on “commercial concerns” (e.g., construction, engineering, etc.) were considered to be engaged in business activity, and were deemed out-of-scope for the NPI satellite account, while research organizations focusing on “household concerns” (e.g., health, social science) were considered in-scope.

- ¹³ INE plans to develop a separate satellite account for the “social economy,” which includes all cooperatives and mutuals.
- ¹⁴ The findings presented in this report are derived from SNA-based detailed tabulations provided to the CCSS research team by INE. To maintain comparability to other country data, the results do not include nonmarket output of market NPIs, which are merged with the SNA-based estimates on the tables published on INE’s website. The estimates that the CCSS researchers derived from the INE data do not necessarily match the data published on the INE website.
- ¹⁵ The “value added” is the total market value of goods or services produced by the industry less the value of goods and services used in the production process. It represents the contribution a firm or an industry is making to the Gross Domestic Product (GDP). Value added is reported in “gross” terms, which includes consumption of fixed capital (depreciation), and “net” terms that exclude depreciation.
- ¹⁶ Data on volunteering were not available in the satellite accounts produced by INE, and therefore are not included in this report. However, the UCP-JHU Comparative Nonprofit Sector Project research estimated the number of volunteers in Portugal at over 67,000 full-time equivalent jobs, or about 1.3 percent of total employment. Adding volunteers would increase the NPI share of total employment to about 5.7 percent.
- ¹⁷ In the system of national accounts, value added is the sum of the compensation of employees, other taxes on production less other subsidies on production, and the “operating surplus,” which represents profits and other property income as well as savings. While NPIs cannot distribute profits by definition, they can still have operating surplus, i.e., an excess of revenues over expenditures, from which they can accrue savings or make investments.
- ¹⁸ Not counting subsidies on production, i.e., payments that the private businesses receive from government to influence their level of production or prices of their product sold in the market. Subsidies on production that some NPIs may receive should not be confused with government grants, which are considered transfers to cover the production of goods provided by NPIs at no or substantially below cost. In SNA, other subsidies on production are recorded as a negative value that is subtracted from the value added. Since this method of recording may result in a seemingly counter-intuitive effect of compensation of employees exceeding the value added of the recipients of those subsidies (see also endnote 25), GVA figures used in this comparison are net of subsidies.
- ¹⁹ This count includes the U.S., which has produced comparable data.
- ²⁰ This report uses unweighted averages in its international comparisons, which has the effect of giving each country an equal weight regardless of the size of its economy or population.
- ²¹ Gauging the extent to which NPIs perform these functions can be achieved in two different ways: first, by looking at how NPI economic resources, employment, and value added are distributed across different activity fields; and second, by assessing the nonprofit shares of total employment and value added in the fields where NPIs are active.
- ²² In 1974, *Misericórdias* lost the control of their hospitals, which were nationalized and integrated into the public health network. However, legislation passed in 1981 allowed them to regain the control of some hospitals that they previously owned (Franco, 2005 – WP#43).
- ²³ Personal communication with the President of the União das Misericórdias (the Misericórdias Federation) in Portugal, January 23, 2012.
- ²⁴ The share of social assistance in nonprofit employment in Portugal (47 percent) is twice the international average (21 percent) for twelve countries for which comparable data are available. As noted earlier, however, the extraordinarily large share of nonprofit employment in social assistance in Portugal may be a result of treating all of the employment in *Misericórdia* as belonging to the social assistance field even though a substantial share is related to health. However the Portuguese shares of nonprofit employment in social assistance and health are very similar to those observed in France (47 and 10 percent, respectively.)
- ²⁵ Distribution of NPI employment was not available for Kyrgyzstan and Mozambique. For all other countries, the distribution of employment data come from an earlier study carried out by the JHU/CCSS research team.

- ²⁶ This figure was estimated by JHU/CCSS from the nonprofit institution satellite account data compiled by INE. It represents the sum of the following transactions: intermediate consumption, compensation of employees, other taxes on production, and property income paid.
- ²⁷ Rent and interest payments were excluded from the international comparison, because data on these transactions were not available for all countries. However, the effect of this exclusion is very small since these payments typically represent a very small share of nonprofit operating expenditures. In Portugal this exclusion increases the share of employee compensation from 46 to 48 percent.
- ²⁸ The methodology used to derive this estimate takes as a starting point miscellaneous current transfers (D.75) received by NPISH from general government (€1,775.3million) and current transfers within general government (D.73) received from government by NPIs in the government sector (€2.7 million). These figures are derived from unpublished internal National Accounts working tables compiled by INE and made available to JHU/CCSS. Their sum represents the government share of miscellaneous current transfers (D.75) received by NPIs (€2,339,7 million), as reported in NPISA, while the remainder represents private transfers received by NPIs.
- ²⁹ We sum the following transactions: market output, other subsidies on production, taxes on products received by NPIs in the government sector, property income received, and other current transfers received.
- ³⁰ These represent government subsidies of products sold at market prices, which are received primarily by for-profit businesses, although some nonprofits may also receive them, if they sell their product at market prices. They are different than government grants to fund non-market output of NPIs, which are reported as current transfers.
- ³¹ Since the New Zealand figure underestimates NPI sales to government, the actual government share is likely to be significantly higher.
- ³² In Mozambique, the bulk of this figure (about 72 percent) represents transfers from other countries, most likely different forms of foreign aid. In Thailand, the bulk of this figure (about 82 percent) represent payments to cremation societies which nominally are treated as donations but in fact are payments for burial services.
- ³³ Given data limitations, determining the nonprofit status of the research institutions proved to be problematic, which INE solved by using the research subject as an indicator. Thus, research organizations focusing on “commercial concerns” (e.g., construction, engineering, etc.) were considered to be engaged in business activity, and were deemed out-of-scope for the NPI Satellite Account, while research organizations focusing on “household concerns” (e.g., health, social science) were considered in-scope.
- ³⁴ The survey used a probability sample of 1,072 units stratified by the ICNPO, plus a certainty sample of 186 units covering large employers in each ICNPO group.
- ³⁵ Reported in the national accounts as “miscellaneous current transfers” (D.75).
- ³⁶ This is prevalent in the health sector, where government vouchers are often provided for health services in markets where private health insurance and out-of-pocket payments are also made.
- ³⁷ Consistent with the principle of satellite accounts, these two additional variables are not to be added to the SNA-based aggregates, but rather reported separately to avoid any confusion.

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