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**THE TREATMENT OF THE NGO SECTOR IN THE  
NATIONAL ACCOUNTS: GUIDELINES, EMPIRICAL  
EVIDENCE, AND SOME RELATED ISSUES**

Jan J.P. van Heemst

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# THE TREATMENT OF THE NGO SECTOR IN THE NATIONAL ACCOUNTS: GUIDELINES, EMPIRICAL EVIDENCE, AND SOME RELATED ISSUES

Jan J. P. van Heemst \*

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## 1. Introduction

It is an established fact that non-governmental organisations (NGOs) play an important role in processes of development and change. In many developing countries private organisations can be found which are active in different fields, whether health, education, integrated rural development, mobilization or conscientization, having in common with each other a concern with the poorest segments of society. As such they aim at contributing in one way or the other to creating conditions that will enable these disadvantaged group to improve their situation in economic, social and political terms. The importance which is attached to the developmental role which NGOs play in this connection, is not in the last place related to the effectiveness with which these organisations carry out their activities, especially in comparison to government. For this reason much attention has been paid over the past decade or so to the NGO sector by aid workers, policy makers and researchers, in spite of the fact that this sector assumes in numerical terms only a modest position in society.

As said, NGOs are involved in a wide variety of activities which from an economic perspective may be seen as the production and distribution of certain goods and, more in particular, services. Most NGOs provide the bulk (if not all) of the output produced by them free of charge, or at nominal fees only, to those that form their target groups. Some NGOs may in addition be involved in projects/programmes in which goods are being produced and marketed at commercial prices. An interesting point to note in this connection is, that NGOs in producing goods and services in many instances make use of inputs which have been provided to them free of charge, including voluntary labour services.

Since, as is clear from the above, the activities of NGOs obviously have economic aspects and dimensions, the question may be raised how these activities, as seen from the economic point of view, should be properly incorporated in integrated economic data systems such as national accounts. Subsequently it may be worthwhile to establish to what extent NGO activities are actually being included in national accounting systems, and in what ways this is being done. This all against the background of the assumed importance of the NGO sector and its activities from a developmental point of view.

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The above questions, together with a number of related issues, form the subject of this paper. More in particular it intends to deal with the following.

In the first place a brief, critical review will be given of the main guidelines of the United Nations' System of National Accounts (UNSNA, or for short: SNA) with regard to the sector of 'Private Non-Profit Institutions Serving Households' (PNPISHs) and its activities, as this is the sector in the present SNA which is closest to the NGO sector. Reference will not only be made to the present, i.e. 1968 edition of the UNSNA (henceforth to be referred to as: SNA '68), but also to the proposals made in connection with the 1993 revision of this system (henceforth to be referred to as: SNA '93).

The review will include a concise presentation of the main types of accounts for the PNPISH sector as recommended by SNA (more in particular SNA '68), with a view to provide a frame of reference to another part of the paper which will deal with actual country practices re treatment of NGO activities in their national accounts.

Furthermore data will be presented about the actual size of the NGO sector based on information from the national accounts for a sample of countries. Both the practices adopted and the plausibility of the NGO data as appearing in these accounts will be looked at critically.

The final section of the paper summarizes its main findings, while suggestions for further work are being made.

## 2. NGOs/PNPISHs in SNA '68

As such, NGOs are not being distinguished in the present edition of the SNA, either as a branch of productive activity or as an institutional sector. Rather, SNA '68 makes reference to several categories of non-profit institutions, of which the category of 'Private Non-Profit Institutions Serving Households' (PNPISHs) represents a concept which comes closest in one way or the other to that of the NGO.

More precisely, the concept of PNPISH, about which more will be said below, refers to one out of the three categories of (private) non-profit institutions/organisations distinguished in SNA '68. A second category refers to non-profit bodies linked to government, i.e. organisations which - while having an legal status different from government- are being entirely or mainly financed and/or controlled by government; they render non-profit services to households (e.g. educational services which in some countries, among which the Netherlands, are being delivered by private non-profits, while being largely financed by government), business (e.g. government financed institutions engaged in research and development for the benefit of certain groups of producers, such as farmers) or government itself. A third category refers to private non-profit bodies associated with the business sector, mainly serving this sector, and not being entirely or mainly financed and/or controlled by government (e.g. employers' organisations, chambers of commerce).

It is worth noting, that of the three categories of non-profit institutions distinguished, only the PNPISHs form a institutional sector at the primary level in SNA '68, together with 'Households' (including unincorporated enterprises), 'General Government', 'Non-financial Enterprises', and 'Financial Institutions'. The other two categories, i.e. non-profit bodies linked to government and private non-profit bodies associated with the business sector are supposed to form part of the sectors 'General Government' and 'Non-financial Enterprises' / 'Financial Institutions' respectively.

From SNA '68 one can deduce that PNPISHs are organisations which are primarily engaged in furnishing social and community services to households free of charge, or at prices which do not fully cover their cost of production<sup>(1)</sup>. Examples of services provided by these organisation according to SNA '68 are: education; medical and dental care; welfare assistance; religious, cultural, recreational and social facilities. Much of the activities of these organisations is usually financed through the dues of members, contributions, grants and endowments from individuals, business units and government, and from income from property.

Thus, as is implied by the above definitions, those bodies which are mainly or wholly financed and controlled by the public authorities, although not being legally part of an organ of government, are being excluded from the PNPISH sector. Furthermore, those private non-profits which are primarily engaged in the production of the above mentioned kinds of

services, but sell them at rates comparable to those charged by commercial producers of similar services, are on the basis of the above definition also excluded. Although not explicitly mentioned in SNA '68, they are normally being included in the sector 'Non-financial Enterprises'. Finally, an additional restriction according to SNA '68 is, that those organisations which employ the equivalent of two full time employees or less should be excluded from PNPISH and included in households.

Although PNPISHs are supposed to be mainly engaged in furnishing social and community services to households under non-commercial conditions, they may nevertheless have secondary activities which are of a commercial nature. Examples given by SNA '68 in this connection are: the owning and letting of dwellings, the running of eating and drinking facilities, the operating of retail shops. However, if any of these activities are being carried out by a legal entity which is separate from the PNPISH in question, this legal entity is to be classified as an enterprise.

From what has been said above about PNPISH as a sector in SNA '68 it can be concluded that NGOs, in the sense this term is generally understood, will fit in this category to a certain extent. For purposes of this paper we will therefore consider the terms PNPISH and NGO as more or less synonymous. In what follows below, we will look in more detail at the recommendations given in SNA '68 re the treatment of the activities and transactions of an economic nature in which PNPISHs may be involved, more in particular those concerning production, income receipt and expenditure, and capital accumulation.

### Outputs, inputs and value added

As said, most or all output of PNPISHs consists of goods and, more in particular, services which are being provided at a non-commercial fee, or free of charge, to households. Consequently, this output is not being sold at one kind of market price or the other, for which reason a suitable evaluation basis has to be defined for purposes of valuation of that output. In fact, this case is similar to that of the output of public services by the government which is rendered to the public under comparable conditions.

As in the case of the government, SNA '68 recommends in the case of PNPISHs to value the non-commercial output at the cost of production. This recommendation reflects the outcome of a longstanding debate which has been held in literature on the question of the proper way to evaluate the non-marketed output of government and other institutions. Without going into that discussion here<sup>(2)</sup>, it may be said that the general notion underlying the idea to value these non-marketed services at their cost of production is, that these services are (at least) worth the expenditures made for them. That is to say, they are supposed to have been produced and supplied after a proper balancing of the social advantages and social costs by those involved in taking the relevant decisions in this connection.

The cost of production is defined equal to the sum of the intermediate consumption of goods and services, compensation of

employees (wages and salaries, including allowances, contributions to social security schemes, to pension funds etc. paid by the employer), consumption of fixed capital (i.e. depreciation), and indirect taxes (if applicable). The above measure of the value of output (i.e. cost of production) is to be applied to all goods and services produced by the PNPISHs, except for commercially produced and sold items, provided the cost of production of such items (the quantities of which will in the case of most PNPISH be negligible anyway) can be separated out.<sup>(3)</sup> When the latter is not possible, all cost of production is simply taken together, and the resulting overall total to be considered as an estimate of the total/gross output produced by the PNPISH.

In general, value added is defined as the difference between the gross output value and the value of the intermediate inputs used in the production process. Considering the way in which the gross output of PNPISHs is being defined according to SNA '68, it follows that the value added generated in the productive activities of PNPISHs will be equal to the total production cost minus the value of the intermediate consumption, which will therefore be equal to the sum of compensation of employees, consumption of fixed capital, and indirect taxes.

In reality the values of consumption of fixed capital and indirect taxes will in many cases be relatively small. If so, the gross output value will be about equal to the sum of compensation of employees and intermediate consumption, while the value added will approximate the compensation of employees.

An interesting point to be made in relation to the above measures for gross output and value added is, that they refer only to those labour inputs used in the production process for which compensation has been paid (i.e. compensation of employees). In fact, the value of that compensation is taken as the yardstick for accounting for the use of labour inputs. In other words, the measures in question ignore the use of those labour inputs in the production process of the PNPISH which have been rendered voluntarily, i.e. without remuneration. Consequently it can be argued that in particular in those cases in which the provision of free labour services plays a significant role, the measures of output and value added as defined earlier may result in serious underestimation of the actual size of these variables.

The above point is not a theoretical one, since evidence from both developed and developing countries suggests, that free labour services are indeed of considerable significance in the case of a sizable number of PNPISHs.

By way of example, reference may be made in this connection to the findings from a study by Burton A. Weisbrod (1988) on the voluntary sector in the United States. In this study, which aims at measuring and analysing a number of economic aspects of this sector, the author suggests that in the year 1980 about four-fifth of all volunteer labour was supplied to the nonprofit sector (Weisbrod: 1988; 131). For the latter sector the value of

volunteered time is in recent years probably some 70-90 percent as great as the amount of paid labour (Weisbrod: 1988; 131). Therefore Weisbrod concludes that: "The total amount of labour - paid and unpaid - utilized by the nonprofit sector is, in short, close to twice as large as data on paid labor alone would suggest" (Weisbrod: 1988; 131). But in addition to pointing to the significance of voluntary labour in the case of non-profit organisations, and to its growth in volume over time, the study moreover suggests that the role of voluntary labour is even increasing in relative terms, witnessing the increase in the ratio of voluntary labour to paid labour, as can be concluded from data for the period 1974 - 1985.

While the above findings relate to a study applying to an industrialized economy, results from a study on Sri Lanka by E. James (1980) point to the important role played by voluntary labour in the activities of NGOs active in a developing country. Interesting enough, the author found in her survey that the amount of volunteer labour employed by the Sri Lankan NGOs as expressed in full-time equivalent terms is approximately the same as the number of full-time paid employees working for these organisations (James: 1980; 18). While most of the volunteers in this case appeared to be part-time unskilled workers involved in construction and clerical activities, others were providing part-time managerial and medical services.

Although admittedly the documented evidence on the above issue is rather sparse, whatever is available indicates that freely provided labour forms a very significant input in the activities of NGOs. Therefore, output measures which are based on inputs but which ignore the use of those labour inputs which have been provided for free, are likely to underestimate output levels considerably.

Details re output of a sector or branch of economic activity, and the inputs associated with it, may be presented in a Production account. As far as the PNPISH sector is concerned, SNA '68, suggests a Production account which more in particular enables the presentation of details re the non-commercial production of this sector. This account has the following structure:

PRODUCTION ACCOUNT	
PRODUCERS OF PRIVATE NON-PROFIT SERVICES TO HOUSEHOLD	
* Intermediate consumption	* Services produced for own use
* Compensation of employees	* Non-commodity sales
* Consumption of fixed capital	* Commodities produced
* Indirect taxes	
Gross Input	Gross Output

With regard to this Production account, which could be interpreted as the consolidation of the Production accounts re non-commercial production of all individual PNPISHs, the following may be observed.

Firstly, the values for the input items are subject to what has been remarked above, i.e. as far as labour inputs are concerned only paid labour ('compensation of employees') is being considered.

Gross output, the value of which is equal to that of gross input, is broken down into three components, namely 'services produced for own use', 'non-commodity sales', and 'commodities produced'. The first item basically refers to that part of the output value which has been provided without payment by the users/beneficiaries. From an accounting point of view it is being seen as output (i.e. services) which has been produced for use (i.e. consumption) by the sector itself. An estimate of this value is obtained by taking the difference between the gross input value on the one hand, and the sum of the values of the other two output items on the other hand. These other two items refer to 1) any revenues from non-commercial output (services) supplied, and 2) the value of any commercially produced output for which it is not possible to separate out the cost of production<sup>(4)</sup>.

The gross output concept as referred to in the above account will not necessarily be equal to the total output produced by the sector. This, because the sector may in addition produce goods and services on a commercial basis of which the cost of production can be separated out, in which case that commercially produced output and the associated cost of production are to be accounted for elsewhere in the accounting system, according to SNA '68. Because of the fact that the above Production account basically only concerns non-commercial output generated by the PNPISH sector, reference is being made to 'Producers of Private Non-Profit Services to Households'. The latter concept implies some narrowing down of the PNPISH sector, at least as far as its productive activities is concerned, to those branches that are engaged in the production of output that is being provided free of charge, or at some token (i.e. non-commercial) price.

However, the above kind of Production account can easily be modified so as to refer to all output produced by the PNPISH sector, by including all commercial output as well. That modified account will have an additional item, referring to operating surplus generated in the production of commercial output.

### Income and expenditure

In order to finance their various activities, PNPISHs may fall back on different kinds of income. Among these are transfers from private individuals, transfers from government, transfers from business organisations, revenues from property (in the form of interest, dividends, rents etc.) and other. Furthermore income from commercial (i.e. profit-generating) activities in which a PNPISH may be involved can be one of its sources of income.

Details regarding the various kinds of income of the PNPISH sector can be found in the Income and Outlay account for this sector. The structure of this account as proposed in SNA '68 is given below. The account, which contrasts the income of the sector with its current expenditures, could be interpreted as the consolidation of the Income and Outlay accounts for the individual PNPISHs.

INCOME AND OUTLAY ACCOUNT PRIVATE NON-PROFIT INSTITUTIONS SERVING HOUSEHOLDS	
* Final consumption expenditure	* Operating surplus
* Property income (payable)	* Property income (receiv.)
- Interest	- Interest
- Rent	- Dividends
	- Rent
* Net casualty insurance premiums	* Casualty insurance claims
* Direct taxes	* Current transfers to PNPISH
- On income	* Unfunded employee welfare contributions imputed
- Not elsewhere classified	
* Fines and penalties	
* Social assistance grants	
* Unfunded employee welfare benefits	
* Saving	
=====	=====
Disbursements	Receipts
=====	=====

The receipts side of the account basically presents the different income categories as distinguished in the SNA system with regard to the PNPISH sector. The following observations may be made in this connection.

Firstly, the category 'Current transfers to PNPISHs' is often the largest income category of these institutions. It includes not only the transfers from private sources (contributions, donations, membership fees from private individuals/households as well as from the private business sector), but also those from official sources, i.e. donations and contributions from government including those from inter-governmental organisations<sup>(5)</sup>. In recent writings on NGOs attention has been paid to the possible implications of different sources of finance for the role and functioning of private organisations. Particular attention is in this connection being paid to dependence on private sources in contrast with dependence of governmental sources. Over time, a number of NGOs have witnessed an increase in the share of government transfers in their income, accompanied by a decrease in the share of transfers of private origine, and questions have been raised

about the implications of these developments for the autonomy of the organisations concerned<sup>(6)</sup>. In the above account not any breakdown of the category of transfers has been given. For analytical reasons this is to be regretted, since a further breakdown might help in portraying changes over time in the origin of transfers. As such we would like to suggest, in the light of the theoretical considerations referred to above, to have this category broken down at least according to the dichotomy private - public.

The category 'operating surplus' allows for income in the form of profits from commercial activities, while the category 'property income', with its sub-divisions, speaks for it self. The remaining categories, i.e. 'casualty insurance claims' and 'unfunded employee welfare contributions imputed' will in many cases be rather insignificant.

For most NGOs the larger part of the income is being used for financing the non-commercially produced output, i.e. services that are being rendered free of charge or at token fees to the target groups of the organisations. The production costs of these services, to the extent these are not being met by any payment for them by the actual consumers of these services, is considered to represent the value of services produced for own use. The item 'final consumption expenditure' essentially refers to the 'purchase' of these services by the sector. It corresponds to the item 'production for own use' in the Production account.

Not much need to be said about the other items on the expenditure side of the Income and Outlay account, since most of them speak for themselves. In practice the value of some of these items will be quite insignificant. The item 'Social assistance grants' refers to transfers in cash made by the PNPISH sector to other sectors, e.g. to the household sector.

### Capital formation, and its sources of finance

In addition to having expenditure of a current nature, PNPISHs may be engaged in the making of capital expenditure as well. These expenditure may relate, among other things, to the making of investments in fixed assets by the institutions. Furthermore they may involve the making of financial investments, and the making of capital grants.

Details re capital expenditure, and the sources from which these expenditures are being financed, may according to SNA '68 be presented in the capital finance account for the PNPISH sector. Below we will present below, in a slightly summarized way the structure of this account.

CAPITAL FINANCE ACCOUNT  
PRIVATE NON-PROFIT INSTITUTIONS SERVING HOUSEHOLDS

* Gross fixed capital formation	* Saving
* Purchases of land, net	* Consumption of fixed capital
* Purchases of intangible assets n.e.c., net	* Capital transfers, net
* Net lending	
Gross accumulation	Finance of gross accumulation
* Gold	* Net lending
* Currency and deposits	* Loans n.e.c
* Bills and bonds	* Other liabilities
* Corporate equity securities	
* Other financial assets	
Net acquisition of financial assets	Net incurrence of liabilities plus net lending

The above account has an upper and a lower part. With regard to the upper part the following may be observed.

The income side shows the sources available to the sector for financing its investments. In addition to the sector's own internal savings, depreciation allowance constitutes such a source, since it reflects the reserves made out of the sector's current income for the making of replacement investments. Capital transfers, such as grants and other unrequited transfers of a capital nature coming from other sectors can be another source of finance for the sector's investments. Since a sector may not only receive capital transfers from other sectors, but make them to other sectors as well, the item 'capital transfers' may in principle appear on both sides. In the version above it has been presented as a net item on the income side.

The expenditure side gives the size and composition of the investments made by the sector. These investments may consist in the first place of physical investments, such as investments in fixed assets and investments in land. In addition financial investment may take place, the total value of which is to included under the item 'net lending'.<sup>(7)</sup> This item actually refers to the difference between the total value of what the sector has lent to other sectors in the economy or abroad, and what the sector has borrowed from other sectors. These lendings take different forms, e.g. purchase of bonds or stocks, making of bank deposits etc. All these forms can be considered financial investments. While the physical investments refer to direct investments by the sector itself in relation to its own productive activities, the financial investments represent a transfer of resources to other sectors to be used for investments

in relation to the productive activities of these other sectors.

The lower part of the account shows how the balancing item of the upper part, i.e. the 'net lending' item, finds its reflection in changes in the position of financial assets and liabilities of the sector.



### 3. NGOs/PNPISHs in SNA '93

A revised edition of the present SNA is expected to be published in 1993. A full draft (UN, 1990) of this forthcoming edition of the system has been brought into circulation in 1990. According to this draft the system will differ among other things with respect to the treatment of PNPISHs, at least in certain ways, from the present one. It should be noted however, that in the mean time meetings of experts, commenting on this draft, have recommended certain changes, among other things with respect to the proposed treatment of the PNPISH sector. In this connection the following observation are worth to be made.

As was observed in the previous section, in SNA '68 the PNPISH sector is being distinguished as one of the five institutional sectors at the primary level, together with 'Households', 'General Government', 'Non-financial Enterprises', and 'Financial Institutions'. However, according to the draft version of SNA '93 the PNPISH sector is not anymore among the institutional sectors of the first level. In the new set-up, which has four primary sectors (i.e. 'Households', 'Non-financial Corporations', 'Financial Corporations', and 'General Government') the PNPISH sector is supposed to form part of the sector 'Household'. Among the reasons that presumably are behind this proposed change in status of the PNPISH sector, one could mention the problems encountered in collecting data for this sector, in combination with the existing diversity in views about the macro-economic significance of the size and role of the sector.

An obvious implication of this change would be, that at the primary level of sectoring transactions relating to the PNPISH sector can not any longer be separately distinguished, since these transactions have been incorporated in the expanded sector 'Households'.

However, in the meantime the Fifth Expert Group on SNA Coordination has in its meeting in Harare in April 1991 unanimously recommended the PNPISH sector to remain a separate sector at the first level.

According to SNA '93 draft a rather simplified kind of of Production account, referring to PNPISHs as an institutional (sub-)sector is being proposed, in which on the output side only the total value of gross output is presented, without giving details about its breakdown. The breakdown of value added into its different components is now shown in a separate account, i.e. the 'Generation of income' account. Unlike in SNA '68, no Production account has been proposed for the presentation of details with regard to the production of non-commercial output by the sector.

The system calls furthermore for similar types of accounts (providing however more details on output) according to the different kinds of productive activities (commercial and non-commercial) in which the various types of institutional units are engaged. Basically, these activities are supposed to be classified according to ISIC categories, further broken down according commercial and non-commercial production.

As such, no Production and Generation of income account for just the production of non-commercial output by the sector are being required anylonger. However, by rearranging the basic data to be used for the compilation of the accounts according to the modified ISIC classification, it should still be possible to compile a Production account for non-commercial output by the sector along the lines to the format presented in the previous section.

As far as the valuation of outputs and inputs is concerned, it is worth noting that the recommendations according to SNA '93 draft are the same as those laid down in SNA '68. This implies among other things that labour inputs remain to be valued at the actual compensation paid. Earlier we have commented already on the implications of this practice.

In the proposal for SNA '93 income & outlay transactions of the PNPISH (sub-)sector are being presented in a set of accounts which may be interpreted as segmentations of the Income and Outlay account of SNA '68. In this way incomings and outgoings of different nature are being singled out more clearly. In addition a few more balancing items, which for certain analytical purposes are thought to be meaningful, are being obtained. Moreover, for certain segments of the Income and Outlay account alternative formulations are being proposed, in order to enable the presentation of different final consumption concepts considered analytically important. More in particular this concerns the concept of 'final consumption expenditure' in contrast with that of 'actual final consumption'. 'Final consumption expenditure' refers to all transactions on final consumption of goods and services for which a sector is the ultimate bearer of the expense, irrespective of which sector is the actual consumer of these goods and services. As such, it includes in the case of the PNPISH sector the value of all goods and services provided free of charge to households. 'Actual final consumption' on the other hand refers to the value of goods and services actually consumed by the sector in question. It therefore excludes the value of any goods and services of which the actual consumption can be attributed to other sectors. In the case of the PNPISH sector this means that the value of those goods and services of which the expenses are being borne by this sector, but of which the actual consumption can be attributed to the household sector, should be considered as final consumption of the latter sector. The actual final consumption of the PNPISH sector will then in practice be equal to that part of the value of the final consumption expenditure of this sector of which the actual consumption cannot be attributed to other sectors, more in particular the household sector.

With regard to income and outlay transactions of the PNPISH (sub-)sector it may be noted, that also in SNA '93 draft no explicit recommendation is being made for a breakdown of current transfers received by the sector according to their origine. Earlier we emphasized already the importance of such a breakdown, more in particular in terms of transfers received from government versus transfers received from other sources.

Other accounts which according to the SNA '93 draft are being proposed for the PNPISH (sub-)sector include a set of accumulation accounts. These accounts can be seen as elaborations, as well as modifications of SNA '68 Capital-Finance account as earlier referred to. In addition, a opening and closing balance sheet is being proposed.



#### 4. Country practices

In this section an overview will be presented of the coverage of the activities of the PNPISH sector in the national accounts of countries, in the sense that an indication will be given of the number of countries that report, directly or indirectly, on these activities in their national accounts. The overview is based on an analysis of data published in 'National Accounts Statistics: Main Aggregates and Detailed Tables 1985', published by the United Nations (1987). This publication (referred to below as: UNNAS '85) was at the time work on this paper was started the latest issue available of the UN publications containing country data on national accounts statistics. For purposes of this global overview we are of the opinion however, that the pattern as emerging from our analysis of data from UNNAS '85 is still relevant, at least indicative, in spite of the fact that in the mean time more recent issues of UNNAS have been published. The data in these annual UN publications on national accounts statistics come from questionnaires which are being sent by the UN Statistical Office to countries, requesting them to fill the various tables on the basis of the data available to them. The tables in these questionnaires correspond to the accounts and tables of the UN System of National Accounts (SNA), or, in the case of the (formerly) centrally planned economies to the accounts and tables composing the Material Product System (MPS), the latter system being the accounting system as developed by UN for centrally planned economies.

In table I below we indicate for different items related to the PNPISH sector the number of countries that according to UNNAS '85 present estimates for the items concerned on a more regular basis, i.e. for more than one single year. More in particular the items refer to estimates, for the PNPISH sector or a related sectoral aggregate, with respect to production, consumption, capital formation and other economic aspects, either expressed in the form of single concepts, or in full accounts.

About the countries for which their reporting behaviour re PNPISHs has been looked into, the following may be said. Of the 159 countries reporting in UNNAS '85 those applying the MPS accounting system have not been considered, as in this system no allowance is being made for the activities of PNPISHs. The set of countries thus left for further examination, of which the total number is equal to hundred and forty seven, has been broken down into two sub-sets, i.e. referring to 'developing' and 'developed' countries respectively. The latter group is basically composed of all industrial market economies (with a total number of twenty one countries), while all other countries have been included in the former sub-set (with a total number of hundred and twenty seven countries).

With regard to the interpretation of the different items in table I (which has three main sections), as well as the actual figures presented there, the following observations may be made.

Section A of table I concerns items which refer to productive aspects of the PNPISH sector, for which countries may give estimates.

Item A.1, 'Value Added of institutional sector of PNPISHs' refers to table 1.9 of UNNAS '85, in which among other things estimates may be presented of the total value added generated by PNPISHs as an institutional sector. Conceptually, this estimate should include the value added generated in the production of services on a non-profit bases, as well as any value added generated in production of a commercial nature. Although not explicitly stated, the estimates referred to are supposed to be expressed at current prices.

The figures in Table I show, that for this item less than five percent of the 'developing' countries present data, while in the case of the 'developed' countries a little more than a quarter of the countries do so.

Item A.2, 'Value Added of activity branch 'Other Producers', current prices' refers to a rest category included in table 1.10 of UNNAS '85. In this table value added estimates are presented, at current prices, for different categories of productive activities, i.e. for various kinds of productive activities on a commercial basis (the so-called 'Industries'), for the production of services on a non-commercial basis by government, and finally for the above-mentioned rest category in question. This category applies in the first place to the production of services by PNPISHs on a non-commercial basis (possibly inclusive of any commercial production by the latter which for statistical reasons could not be separated fully from the non-commercial production). However, this category also includes the production of domestic services. As such, an estimate presented in this category refers therefore to the combined value added as generated in the (non-commercial) production of services by PNPISHs, and in the production of domestic services. Of course, it could be argued that in particular in the case of those countries in which domestic services play a minor role, the estimate given in this category will refer mainly to the value added generated in the production of services by PNPISHs, and could therefore, at least in principle be taken as an approximation of the latter value.

The figures for item A.2 make clear, that in the case of the 'developing' countries about two-fifth of them, i.e. 40.5 % give estimates for it, and in the case of the 'developed' countries about three-quarter of them, i.e. 76.2% do so.

Item A.3 refers to table 1.11 of UNNAS '85, and concerns the same kind of estimate as the one in relation to A.2, this time expressed in constant price terms.

The figures on the number of countries reporting are in the case of A.3 somewhat smaller than in that of A.2, especially for the 'developing' countries. In itself this finding is fully in line with a more general phenomenon, namely, that countries tend on the whole to report less on estimates at constant prices than on those at current prices.

TABLE I. NUMBER OF COUNTRIES FOR WHICH PNPISH - RELATED  
DATA ARE PRESENTED IN UNITED NATIONS YEARBOOK  
OF NATIONAL ACCOUNTS STATISTICS 1985

SECTION A: DATA RE PRODUCTION

	DEVELOPING COUNTRIES		DEVELOPED COUNTRIES		ALL COUNTRIES	
	NR.	%	NR.	%	NR.	%
TOTAL NUMBER OF COUNTRIES	126	100.0	21	100.0	147	100.0
1 Value Added of institu- tional sector of PNPISHs (table 1.9)	6	4.8	6	28.6	12	8.2
2 Value Added of activity branch 'Other Producers', curr.pr. (table 1.10)	51	40.5	16	76.2	67	45.6
3 Value Added of activity branch 'Other Producers', const.pr. (table 1.11)	38	30.2	15	71.4	53	36.1
4 Derivation of Value Added 'Other Producers', Curr.pr. (table 4.1)	24	19.0	11	52.4	35	23.8
5 Derivation of Value Added 'Other Producers', Const.pr. (table 4.2)	18	14.3	10	47.6	28	19.0
6 Cost components of Value Added of 'Other Producers', (table 4.3)	17	13.5	15	71.4	32	21.8

Item A.4, 'Derivation of Value Added of 'Other Producers'', refers to table 4.1 of UNNAS '85, which allows among other things for the presentation of current price estimates of the value added, the gross output value, and the value of intermediate consumption as related to the production of the category of 'Other Producers'. As noted above, this category applies primarily to the production of services by PNPISHs on a non-commercial basis, but also includes the production of domestic services. It was observed earlier, that in the case of the production of (non-commercial) services by PNPISHs the value of gross output is measured by the cost of production, being equal to the sum of intermediate consumption, compensation of employees, consumption of fixed capital, and indirect taxes (if any), the latter three items representing the gross value added generated. In other words, by adding to the value added (which is obtained as the sum of the three items mentioned) the value of the intermediate consumption, an estimate of the gross output value is obtained in the above case. With regard to producers of domestic services, who are also included in the category of 'Other Producers', it may be observed that according to the SNA guidelines both the value added and the value of gross output should be taken equal to the compensation of employees paid. From the above it follows therefore, that the estimate reported for the gross output value of 'Other Producers' is in principle equal to the sum of the gross output generated in the production of non-commercial services by PNPISHs and the compensation of employees paid in connection with domestic services. In a similar vein will the estimate reported for the value added of 'Other Producers' be equal to the sum of the value added generated in the production of non-commercial services by PNPISHs and the compensation of employees paid in connection with domestic services.

According to the figures in table I only 24 out of the 126 'developing' countries (which is about 19%) report estimates in relation to this item. However, the number of countries which give estimates for all components (i.e. gross output; intermediate consumption; and value added) is even less, amounting to a number of no more than 16. The other 8 countries only give estimates for value added, which is fact the same figure as reported by them already in relation to item A.2. In the case of the 'developed' countries the situation seems somewhat better: 11 out of the 21 countries (i.e. 52.4%) report estimates. However, of the 11 countries reporting, only 6 provide estimates for all components concerned.

Item A.5 refers to table 4.2 of UNNAS '85, and concerns the same kind of estimates as those in relation to A.4, but now expressed in constant price terms. Again is the number of countries presenting these constant price estimates smaller than that of countries presenting estimates at current prices. This appears again to be true especially for the 'developing' countries.

Item A.6, finally, refers to table 4.3 of UNNAS '85, which allows among other things for the presentation, expressed at current prices, of estimates of the various components of which the value added of the category of 'Other Producers' is composed.

In the case of this category these components are: compensation of employees, consumption of fixed capital, and indirect taxes. However, it should be noted that the values referring to the items consumption of fixed capital and indirect taxes in actual fact just represent the values as applying to the (non-commercial) activities of the PNPIH sector, because for the domestic services the value of these items is a priori supposed to be zero.

Table I makes clear, that again only a relatively small number of the 'developing' countries report in connection with this item, namely 13.5%. In the case of the 'developed' countries the situation looks better, as 15 out of the 21 countries (over 70%) appear to present estimates in this connection. However, some of the 15 countries provide estimates for only some the components in question.

At this point it is worth noting, that the sets of countries that appear to report estimates in relation to the different production-related items as taken from various tables of UNNAS '85 are largely overlapping, or form sub-sets of each other. This is logical, since the aggregates and their components in the tables to which the items refer are interrelated in several ways. In other words, it is largely the same (sub-) set of countries for which estimates are given in UNNAS '85 in relation to the production-related items referred to in section A of table I.

Section B of the table deals with items related to consumption and capital formation by PNPIHs, for which countries may present estimates.

Item B.1 refers to table 2.5 of UNNAS '85, in which among other things estimates of final consumption expenditure by PNPIHs as expressed at current prices may be presented. As explained earlier, this item is a measure of the value of the services which PNPIHs produce for own use, i.e. that part of the value of their output of services for which they receive no payment from the consumer.

The figures in the table make clear, that as far as 'developing' countries are concerned only about 10% present estimates in this connection. In the case of 'developed' countries the situation is somewhat better: 38% of them give estimates for this aggregate. It may be added, that just a few countries present not only estimates for the aggregate value of final consumption expenditure by PNPIHs, but also details about the composition, indicating the kind of services involved (i.e. health services, educational services, social services etc.).

Item B.2 refers to table 2.6 of UNNAS '85, and concerns the same kind of estimate as the one in relation to B.1, but this time in constant price terms.

Once again is the number of countries reporting these constant price estimates smaller than that of countries presenting similar estimates at current prices. This appears

TABLE I NUMBER OF COUNTRIES FOR WHICH PNPISH - RELATED DATA  
ARE PRESENTED IN UNITED NATIONS YEARBOOK OF NATIONAL  
ACCOUNTS STATISTICS 1985 (Continued)

SECTION B: DATA RE FINAL CONSUMPTION  
AND CAPITAL FORMATION

	DEVELOPING COUNTRIES		DEVELOPED COUNTRIES		ALL COUNTRIES	
	NR.	%	NR.	%	NR.	%
TOTAL NUMBER OF COUNTRIES	126	100.0	21	100.0	147	100.0
1 Final Consumption Expen- diture of PNPISHs curr.pr. (table 2.5)	13	10.3	8	38.1	21	14.3
2 Final Consumption Expen- diture of PNPISHs const.pr. (table 2.6)	5	4.0	7	33.3	12	8.2
3 Gross Capital Formation of PNPISHs curr.pr. (table 2.9)	5	4.0	2	9.5	7	4.8
4 Gross Capital Formation of PNPISHs const.pr. (table 2.10)	0	0.0	1	4.8	1	0.7
5 Gross Fixed Capital Formation of PNPISHs curr.pr. (table 2.11)	5	4.0	5	23.8	10	6.8
6 Gross Fixed Capital Formation of PNPISHs const.pr. (table 2.12)	1	0.8	4	19.0	5	3.4

again to be true in particular for the 'developing' countries.

Item B.3 refers to table 2.9 of UNNAS '85, in which among other things estimates of gross capital formation and of its main components, i.e. increase in stocks and gross fixed capital formation (i.e. investments in fixed assets), by PNPISHs as expressed at current prices may be presented.

According to the data in table I very few countries, whether 'developing' or 'developed', supply estimates in this connection. The percentages are 4.0 and 9.5 respectively.

Item B.4 refers to table 2.10 of UNNAS '85, and concerns estimates of gross capital formation and of its main components by PNPISHs at constant prices.

Hardly any country appears to provide estimates in relation to this item.

Item B.5 refers to table 2.11 of UNNAS '85, in which among other things estimates of gross fixed capital formation by PNPISHs may be presented, expressed at current prices.

The data in table I make clear, that only a (very) limited number of countries provide estimates for this aggregate. The percentages are 4.0 and 23.8 in the case of 'developing' and 'developed' countries respectively.

Finally, item B.6 refers to table 2.12, concerning estimates of gross fixed capital formation at constant prices.

As in the previous case, is the number of countries presenting estimates for this aggregate for PNPISHs quite small, especially as far as 'developing' countries are concerned.

The last section of table I, section C, provides details on numbers of countries which have given estimates in connection with tables 3.41 to 3.44 of UNNAS '85. These tables concerns complete accounts for production, income and outlay, capital accumulation and capital finance for the PNPISH sector. Specimens of most of these accounts have been given in section 2 of this paper<sup>(8)</sup>. It is obvious, that a number of the aggregates and components referred to in sections A and B of table I, form explicitly or implicitly parts of the kinds of accounts mentioned above.

With regard to the Production account for the PNPISH sector it appears that only one 'developing' country (i.e. 0.8%) presents estimates, while in the case of the 'developed' countries four (19.0%) do so.

As far as the Income and Outlay account is concerned, the same situation can be observed, while also in the cases of the Capital Accumulation and the Capital Finance accounts the situation is largely similar.

In the case of the 'developing' countries it is each time the same country which provides estimates in relation to the four kinds of accounts. Also in the case of the 'developed' countries a large overlap exists in the sense that in total only six countries are involved in presenting estimates in relation to some or all of the four different kinds of accounts concerned.

The overall impression from this overview of reporting

TABLE I NUMBER OF COUNTRIES FOR WHICH PNPISH - RELATED DATA  
ARE PRESENTED IN UNITED NATIONS YEARBOOK OF NATIONAL  
ACCOUNTS STATISTICS 1985 (Continued)

SECTION C: FULLY DETAILED ACCOUNTS

	DEVELOPING COUNTRIES		DEVELOPED COUNTRIES		ALL COUNTRIES	
	NR.	%	NR.	%	NR.	%
TOTAL NUMBER OF COUNTRIES	126	100.0	21	100.0	147	100.0
-----						
1 Production Account sector of PNPISHs (table 3.41)	1	0.8	4	19.0	5	3.4
2 Income & Outlay Account sector of PNPISHs (table 3.42)	1	0.8	4	19.0	5	3.4
3 Capital Accumulation Account sector of PNPISHs (table 3.43)	1	0.8	5	23.8	6	4.1
4 Capital Finance Account sector of PNPISHs (table 3.44)	1	0.8	3	14.3	4	2.7

Data derived from: UNNAS '85 (UN, 1987)

behaviour of countries with respect to national accounts estimates pertaining to the PNPISH sector no doubt is, that on the whole reporting performance seems rather low. This appears to be true in particular for the 'developing' countries, but also with respect to the 'developed' countries the impression is, that reporting performance is on the low side.

With a view to put the reporting performance of countries re PNPISHs in a comparative perspective, we will contrast the above evidence with some data on the reporting performance of the same set of countries with respect to the government sector. Data as relating to the latter have been presented in table II, which should be seen in conjunction with the data given in Table I.

Items 1 and 2 concern value added estimates of the institutional sector 'General Government' (included in table 1.9 of UNNAS '85) and value added estimates of the activity branch of 'Producers of Government Services' (included in table 1.10 of UNNAS '85).

When comparing the figures on reporting performance for these items to those for similar items as relating to the institutional sector of PNPISHs and the activity branch of 'Other Producers' respectively (see Table I items A.1 and A.2), it will be clear that on the whole value added estimates re government and its productive activities are more widely available than for the private non-profit sector. This is true in particular for value added estimates for 'Producers of Government Services' in comparison to estimates for 'Other Producers', especially when comparing among the sub-group of 'developing' countries. While over 80% of the latter countries provide estimates relating to value added of 'Producers of Government Services', about 40% do so for the branch of 'Other Producers'.

Furthermore it is clear, that also value added estimates referring to the institutional sector 'General Government' are being provided by more countries (as seen by sub-group as well as combined) than is the case with respect to the institutional sector of PNPISHs. At the same time it is true however, that reporting performance re value added for both types of institutional sectors can on the whole be considered rather low.

Item 3 of table II refers to numbers of countries reporting on final consumption expenditure of general government, by functions, at current prices (table 2.1 of UNNAS '85), and may be compared to similar data re the PNPISH sector as given under item B.1 of table I. The comparison makes clear that a substantially larger number of countries present (in varying degrees) details on final expenditure of the former sector than of the latter.

A similar conclusion can be drawn with regard to the reporting on gross fixed capital formation by 'Producers of Government Services' in comparison to that by the PNPISH sector. When comparing items 4 of table II to item B.5 of table I, it

TABLE II NUMBER OF COUNTRIES FOR WHICH GENERAL GOVERNMENT  
(GENGOV) - RELATED DATA ARE PRESENTED IN UNITED  
NATIONS YEARBOOK OF NATIONAL ACCOUNTS STATISTICS  
1985

	DEVELOPING COUNTRIES		DEVELOPED COUNTRIES		ALL COUNTRIES	
	NR.	%	NR.	%	NR.	%
TOTAL NUMBER OF COUNTRIES	126	100.0	21	100.0	147	100.0
1 Value Added of institutional sector of GENGGOV (table 1.9)	9	7.1	9	42.9	18	12.2
2 Value Added of activity 'Producers of Government services' curr.pr. (table 1.10)	105	83.3	19	90.4	123	83.7
3 GENGGOV Final Consumption Expenditure by function curr.pr. (table 2.1)	44	34.9	13	61.9	57	38.8
4 Gross Fixed Capital Formation of 'Producers of Government Services' curr.pr. (table 2.11)	20	15.9	15	71.4	35	23.8
5 Production Account sector of GENGGOV (table 3.11)	2	1.6	7	33.3	9	6.1
6 Income & Outlay Account sector of GENGGOV (table 3.12)	4	3.2	12	57.1	16	10.9
7 Capital Accumulation Account sector of GENGGOV (table 3.13)	4	3.2	12	57.1	16	10.9
8 Capital Finance Account sector of GENGGOV (table 3.14)	2	1.6	9	42.9	11	7.5

Data derived from: UNNAS '85 (UN, 1987)

appears that three to four times as many countries present data on gross fixed capital formation by government than by the private non-profit sector.

Items 5 to 8 of table II provide details on numbers of countries which have given estimates in relation to tables 3.11 to 3.14 of UNNAS '85, the latter tables representing complete accounts for production, income and outlay, capital accumulation and capital finance for the general government. When comparing the data given under these items to similar ones for the PNPISH sector (see items C.1 to C.4 of table I) it must be concluded that for all four types of accounts it holds that more countries report estimates for the government sector than for the private non-profit sector.

Already earlier it was concluded that on the whole the reporting performance of countries re national accounts estimates for the private non-project sector is rather poor in absolute terms. The comparative evidence on reporting performance vis-a-vis the government sector has made it furthermore clear that also in relative terms the private non-profit sector is being represented poorly from a national accounting point of view.



## 5. The Size of Non-Profit Activities

In this section more will be said about the actual size of the activities of the private non-profit sector. For this purpose we will have a closer look at value added data, as well as at data on final consumption expenditure, for a selection of countries taken from those that have reported estimates for these items in UNNAS '85 in relation to this sector.

As far as value added is concerned, two kinds of estimates referring to the private non-profit sector and its activities may be considered in this connection. The UN national accounts publications refer on the one hand to value added estimates for institutional sectors. As has been pointed out already elsewhere, such estimates of value added for PNPISH as an institutional sector include not only value added generated in the production of services on a non-profit basis, but also concern any value added resulting from commercial activities in which private non-profits may be engaged.

On the other hand reference is being made to estimates of value added by kind of economic activity, based on an activity classification. This classification includes a category 'Other Producers', which, as was explained already earlier, refers to the combined value added as generated in the (non-commercial) production of services by PNPISHs and in the production of domestic (i.e. household) services.

The second measure has the disadvantage that it includes a component unrelated to the PNPISH sector which in some cases may be relatively small, but in other cases (especially in developing countries) not. Estimates based on this measure should therefore from a logical (not necessarily statistical) point of view be interpreted as a maximum estimate of value added generated in the (non-commercial) production of services by the PNPISH sector.

While the second measure suffers from point of view of our analysis from the disadvantage just mentioned, it was shown in section 3 that many more countries present estimates for this measure, than for the first one. Nevertheless we will present some data based on both measures, keeping in mind their limitations.

The figures in Table III represent the value added of the activity group 'Other Producers' expressed as a percentage of GDP (current price basis). The upper part of the table gives these percentages for the years mentioned for a selection of 'developing' countries, the lower part for a selection of 'developed' countries. The figures refer generally speaking to the years 1975, 1980, 1985 and, data permitting, to a more recent year (i.e. '86, '87 or '88). The basic data underlying the percentages have been taken from UNNAS '85 and UNNAS '88 (i.e. the UN publication 'National Accounts Statistics: Main Aggregates and Detailed Tables 1989).

The data in table III suggest in the first place the existence of considerable variation in the value added share of 'Other Producers' in GDP, among countries. The highest figure is

TABLE III VALUE ADDED OF 'OTHER PRODUCERS' AS A PERCENTAGE OF GDP - Data for a Selection of Countries

DEVELOPING COUNTRIES	1975	1980	1985	1986/87/88	
Bolivia	0.74	0.81	0.40	-	
Botswana	3.26	3.65	1.93	-	
Burkina Faso	1.06	0.76	1.44	-	
Cameroon	1.54	1.28	-	-	
Chile	1.22	0.91	-	-	
Congo	-	0.19	0.18	0.24	('86)
Ecuador	0.52	0.59	0.38	0.31	('88)
Ethiopia	1.16	0.80	0.72	0.63	('88)
Ghana	0.47	0.21	0.08	0.09	('86)
Ivory Coast	0.71	0.72	-	-	
Jamaica	1.54	0.93	0.75	0.80	('88)
Jordan	1.78	1.57	1.01	0.93	('87)
Kenya	0.74	0.89	1.04	1.04	('88)
South Korea	-	1.85	2.53	2.45	('88)
Lesotho	0.90	11.00	9.50	8.62	('88)
Niger	0.48	0.47	0.49	0.62	('87)
Panama	1.27	1.05	1.18	1.26	('88)
Peru	0.90	1.04	1.30	1.93	('88)
Portugal	0.69	1.06	0.97	-	
Philippines	1.10	0.97	0.70	0.55	('88)
Puert Rico	0.85	0.70	0.71	0.73	('88)
Senegal	0.81	1.39	1.21	1.13	('86)
Sierra Leone	0.33	0.19	-	-	
South Africa	2.70	1.98	2.28	2.16	('88)
Sri Lanka	0.28	0.19	0.19	0.19	('88)
Syrian A. R.	0.09	0.06	0.07	0.07	('86)
Un. Arab Em.	-	0.18	0.37	0.50	('88)
DEVELOPED COUNTRIES	1975	1980	1985	1986/87/88	
Austria	0.73	0.72	0.76	0.73	('88)
Belgium	1.11	1.16	1.04	0.92	('88)
Canada	2.22	2.15	2.34	2.36	('86)
Denmark	0.57	0.61	0.55	0.61	('88)
Finland	1.82	1.74	1.81	1.78	('88)
France	0.77	0.72	-	-	
West-Germany	1.86	1.84	1.99	2.10	('88)
Iceland	0.98	1.08	0.67	0.71	('87)
Italy	0.87	0.76	0.87	0.85	('88)
Japan	1.53	1.78	1.95	2.03	('88)
Luxembourg	0.40	0.43	0.47	0.48	('88)
Netherlands	0.34	0.31	0.27	0.28	('88)
New Zealand	0.90	1.09	0.78	0.88	('88)
Spain	0.69	0.80	-	-	
Sweden	0.71	1.30	1.23	1.27	('88)
United Kingdom	1.40	1.29	1.48	1.60	('87)

Data derived from: UNNAS '85 (UN,1987) and UNNAS '88 (UN,1989)

for Lesotho, with 11.0% in 1980; the lowest for Syria, with 0.06%, also in 1980. The figures for Lesotho are surprising, not only because of the high percentage for 1980 as such, but equally so because for 1975 the percentage is not more than 0.90. At the same time one may add, that in the case of some other countries too considerably fluctuations in the percentages can be observed although not as dramatic as in the Lesotho case. Some other cases in point are: Bolivia: 0.81% in 1980 compared to 0.40% in 1985; Botswana: 3.65% in 1980 compared 1.93% in 1985; Ghana: 0.47% in 1975, compared to 0.21% in 1985, and compared to 0.08% in 1985. While in such cases the data suggest that the share of value added of 'Other Producers' in GDP has been halved in a period of five years, one might at the same time express doubts about the reliability of the underlying data, at least in a number of cases. This latter issue will be taken up later on, however.

Having first looked at the extreme values given in table III, we will now pay some attention to the global picture as emerging from the data. In table IV we have summarised the data for the years 1980 and 1985 in terms of four size classes (i.e. '< 1%'; '1%-2%'; '2-3%'; '>3%') indicating the number of countries for which the percentage share of 'Other Producers' falls in a particular size class. The pattern as emerging from this gives us some indication about the variation in shares among countries. However, since the number of countries is small, no firm conclusions should be drawn from this.

With regard to the data for 1980 it can be concluded that the value added share of 'Other Producers' turns out to be less than 1% in more than half (i.e. 63%) of the number of 'developing' countries. For a minority of these countries (37%) therefore this share was larger than 1%. However, in only 7% of the 'developing' countries the share was larger than 3%.

In the case of the 'developed' countries one finds that in little less than half the number of countries concerned the percentage share was above 1%, in no case it was over 3%. In fact, in almost all of these cases the figure was between 1% and 2%.

Taking all countries together, it appears, on the basis of official statistics, that in 1980 in the majority (56%) of the countries the value added share of 'Other Producers' was less than 1%. For 37% of the number of countries examined this share was found to be between 1% and 2%; and in 2% of the countries between 2% and 3%. In 5% of the countries the share was over 3% of GDP.

Looking at the data for 1985, the overall picture looks much the same. In the case of the 'developing' countries the GDP share of 'Other Producers' is again for the majority of them (for 57% of them in this year) less than 1%. In only a few of the cases for which the share is above 1%, it is actually larger than 2%. For half the number of 'developed' countries the share is below 1%, for the other half for which it is above 1%, it is in almost all cases between 1% and 2%.

TABLE IV SIZE CLASS DISTRIBUTION OF PERCENTAGE SHARES OF  
VALUE ADDED OF 'OTHER PRODUCERS' IN GDP

YEAR: 1980				
SHARE:	<1%	1% - 2%	2% - 3%	>3%
DEVELOPING COUNTRIES (N = 27)				
Number	17	8	0	2
Percentage	63	30	0	7
DEVELOPED COUNTRIES (N = 16)				
Number	7	8	1	0
Percentage	44	50	6	0
ALL COUNTRIES (N = 43)				
Number	24	16	1	2
Percentage	56	37	2	5

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YEAR: 1985				
SHARE:	<1%	1% - 2%	2% - 3%	>3%
DEVELOPING COUNTRIES (N = 23)				
Number	13	7	2	1
Percentage	57	30	9	4
DEVELOPED COUNTRIES (N = 14)				
Number	7	6	1	0
Percentage	50	43	7	0
ALL COUNTRIES (N = 37)				
Number	20	13	3	1
Percentage	54	35	8	3

Source: Table III

When taking all countries together, the pattern re the size of GDP share of 'Other Producers' for 1985 is very similar to that for 1980.

The above analysis of the size of GDP share of 'Other Producers', which was done for 1980 and 1985, yielding by and large the same pattern, leads to the following conclusion.

In more than half of the number of 'developing' countries the size of this share is below 1%; therefore in somewhat less than half of this number is larger than 1%. In most of the latter cases it is between 1% and 3%. In the 'developed' countries the situation is such, that in about half of their number the share is larger than 1%. In all these cases it is between 1% and 3%.

Apparently, in the case of a considerable number of countries, 'developing' and 'developed' alike, the value added contributions of 'Other Producers' to GDP is in a range of 1% to 3%. Although from a macro-economic point of view these figures may perhaps be considered small, they should certainly not be considered as being entirely insignificant.

In order to appreciate better these figures, the following points should be considered as well.

In the first place, as was already earlier pointed out, these figures refer to the combined value added generated in the (non-commercial) production of services by PNPISHs and in the production of domestic services. The share of the value added generated by only the PNPISH in non-commercial production may therefore be less than the figures referred to above.

Secondly, it should on the other hand be considered that the data on which the value added estimates for 'Other Producers' are based may suffer from undercoverage, with respect to both its PNPISH sector component and its domestic services component. Among the indications for this are personal communications which the author of this paper got from representatives of statistical offices making statement to that effect. Reasons for this under coverage, as far as PNPISHs are concerned, are among other things related to lack of adequate, up-to-date registers, combined with a low frequency of surveys in which data on these organisations are being collected. As a consequence, estimates of value added, gross output, final consumption expenditure etc. for the private non-profit sector are often based on extrapolation of (incomplete) benchmark year data, in which questionable assumptions may be used.

Already earlier we pointed to the drastic fluctuations over time in the GDP shares of 'Other Producers' in a number of cases. While different explanations could be given for this, one should certainly not rule out the possibility that this is in the first place an indication of the reliability of the underlying data.

A third consideration relates to the fact that the value added estimates for the NPISH sector as included in 'Other Producers' have been made in conformity with the SNA conventions.

As was outlined in section 2, value added generated in the non-commercial output of this sector will under these conventions basically be computed as the sum of compensation of employees, consumption of fixed capital and indirect taxes. As such it ignores the use of free labour inputs. Since in most cases the values for consumption of fixed capital and indirect taxes are (assumed to be) small, value added will come close to the value of compensation of employees.

Some further evidence on the relationship between value added and the value of compensation of employees is given in Table V, which is based on data taken from UNNAS '85 and UNNAS '88, and referring to the year 1980

Column (1) of this table gives for a selection of 'developing' and 'developed' countries the percentage share of compensation of employees in the value added of 'Other Producers'. The data suggest that for the vast majority of countries, 'developing' and 'developed' alike, this share is very high indeed. In a very large number of cases it is actually higher than 90%. In most cases therefore, value added by 'Other Producers' appears to be determined mainly by compensation of employees, i.e. the expenditures related to (paid) labour inputs.

In the light of the above evidence one would wonder, what the size of value added for 'Other Producers' would have been if unpaid labour inputs, valued at an appropriate wage rate, had been taken into account as well. Earlier we suggested, that the amount of these labour inputs in PNPISHs might be quite substantial. Reference was made to two studies (one for the USA, the other one for Sri Lanka) which showed in both cases that the amount of unpaid labour was not much less than the amount of paid labour inputs. To the extent that these findings apply more generally, one cannot escape the conclusion that the inclusion of an estimate for freely provided labour inputs in the value added of PNPISHs would have increased considerably the share of 'Other Producers' in GDP. This all, of course, on the assumption that the value added of 'Other Producers' is mainly composed of value added by the private non-profit sector anyway.

Actually, the above argument concerning the impact of the inclusion of an appropriate estimate for freely provided labour inputs on value added of the non-commercial output of PNPISHs could be extended to its gross output value. Gross output value equals the sum of value added and the intermediate input value. In many cases, value added represents the larger component of the two, as is being suggested by the second column of table V. This column (2) gives data on the percentage share of value added in gross output of 'Other Producers'. According to these data, value added represents in the majority of cases more than three-quarters of the gross output value. To the extent that the different findings from table V are in a more general sense applicable to the relationship between value of labour inputs, value added and gross output non-profit sector, it will be clear that inclusion of an estimate for unpaid labour may have a considerable impact on the size of value added, as well as on gross output value.

TABLE V COMPENSATION OF EMPLOYEES, VALUE ADDED, AND GROSS  
OUTPUT OF 'OTHER PRODUCERS': PERCENTAGE RELATIONSHIPS  
Data for a selection of countries; Year: 1980

	Comp. of Empl. as a percentage of Value Added	Value added as a percentage of Gross Output
Bolivia	100.0	86.5
Botswana	96.9	76.5
Burkina Faso	98.4	94.9
Cameroon	97.8	92.4
Chile	94.1	64.8
Ecuador	100.0	-
Ghana	-	78.6
Jamaica	99.3	-
Jordan	95.5	91.1
Kenya	100.0	-
South Korea	93.5	67.7
Lesotho	100.0	-
Peru	100.0	-
Portugal	100.0	82.1
Austria	-	86.6
Belgium	100.0	-
Canada	99.9	-
Denmark	96.9	88.7
Finland	47.1	-
West-Germany	90.4	70.9
Iceland	90.8	-
Italy	97.8	-
Japan	92.1	59.9
Luxembourg	95.0	-
Netherlands	100.0	100.0
New Zealand	87.6	-
Sweden	98.1	73.1
United Kingdom	91.0	-

Data derived from: UNNAS '85 (UN,1987) and UNNAS '88 (UN,1989)

The foregoing discussion has centred mainly on data regarding value added of 'Other Producers', and its share in GDP, as a possible indicator of the relative size of private non-profit sector activities. Now we will have a look at some data referring to value added of PNPISHs as an institutional sector. As was outlined earlier, this kind of value added estimate will include value added generated in commercial activities in which the sector is engaged (if any).

Table VI is in design similar to Table III, and presents data for a selection of countries on the percentage share of value added (net, at factor cost) of the PNPISH sector in total domestic income, net, at factor cost. The basic data underlying the percentages have again been taken from UNNAS '85 and UNNAS '88. The selection of countries for which data are presented in table IV is basically a sub set of that of table III, as much less countries report on value added of PNPISH as an institutional sector.

With a view to put the data presented in table VI in a comparative perspective, in particular re table III, the following point is worth making. The data in table VI refer to value added of the institutional sector PNPISHs in terms of its percentage share in domestic income. Both the sectoral value added and the domestic income are expressed in terms of factor costs, i.e. net of (net) indirect taxes, and net of depreciation. The data in table III on the other hand refer to value added of 'Other Producers' (i.e. value added generated in the non-commercial activities of PNPISHs plus value added from domestic services) in terms of its percentage share in GDP. In this case both the value added of 'Other Producers' and GDP are in principle expressed in terms of market prices, i.e. inclusive of (net) indirect taxes, and inclusive of depreciation.

From a conceptual point it can be argued, that in those cases where value added of 'Other Producers' is actually equal to the value added generated in the non-commercial activities of PNPISHs (which will be the case when value added from domestic services would be equal to zero), the percentages presented in Table VI would, generally speaking, be larger than those in table II. They would be so for two reasons. The first reason is related to the fact that in practice the value added as generated in the non-commercial activities of the private non-profit sector is about equal to its net value added at factor cost (since depreciation and indirect taxes appear on the basis of our evidence to be negligible in most cases), while GDP at market prices is usually considerably larger than domestic income, net, at factor costs. But secondly, in addition to this, do the percentage figures in Table VI refer to the value added (net, at factor costs) of PNPISHs as an institutional sector, and include therefore any value added from commercial activities in addition to that from non-commercial activity.

The above argument is, as said, subject to the assumption that value added of domestic services is equal to zero. If therefore nevertheless a percentage for a particular country in a particular year in Table VI appears to be lower than that for a corresponding figure in Table III, this may conceptually

TABLE VI      VALUE ADDED, NET, AT FACTOR COST OF PNPISH SECTOR  
AS A PERCENTAGE OF DOMESTIC INCOME, NET, AT FACTOR  
COST

Data for a selection of countries

	1975	1980	1985	1986/87/88
Cameroon	0.54	0.50	-	-
Congo	-	0.15	0.08	0.14 ('86)
Ivory Coast	0.36	-	-	-
Jordan	-	1.74	2.13	2.18 ('87)
Portugal	-	0.30	-	-
Zimbabwe	1.63	2.73	2.41	-
Austria	0.76	0.78	0.88	0.85 ('88)
West-Germany	2.01	2.03	2.24	2.39 ('88)
France	0.37	0.35	0.32	0.30 ('88)
Japan	1.83	2.02	2.27	2.38 ('88)
Sweden	0.87	0.91	-	-
USA	3.78	3.89	4.22	4.61 ('88)

Data derived from: UNNAS '85 (UN, 1987) and UNNAS '88 (UN, 1989)

speaking be interpreted as pointing to the fact that in the estimate of value added for 'Other Producers' is included a non-zero (i.e. positive) estimate for value added generated in domestic services. Obviously, this whole reasoning assumes perfect consistency from a statistical point of view in the basic data underlying the data as presented in these tables. It will be with the above arguments in mind, that we will now have a closer look at table VI.

The few data that are available in Table VI for a couple of 'developing' countries indicate that in most cases (with Jordan as an exception) the percentage shares of value added at factor costs in domestic income, net, at factor cost, are smaller than the percentages as given in table III, for these countries and years. As was argued above, this suggests that in the cases in question the value added data re 'Other Producers' do include a positive estimate for value added of domestic services. Consequently, the actual share of value added generated by PNPISHs in non-commercial activities would therefore be smaller than the percentages given in that table, at least for the country concerned.

As far as the 'developed' countries are concerned, the figure in table VI are in most cases larger than those given in table III for the countries and years in question, with France as an exception. It was argued above, that such a finding might generally be expected in those cases where the value added of domestic services is very small or negligible, as is actually the case in many developed countries. The positive difference between the figures in table VI and table III as observed for most 'developed' countries may, at least partly, be attributed to value added generated by PNPISHs in commercial activities.

For convenience's sake we have summarised the data from table VI in table VII, employing again the same size classes as used earlier.

Since the data in table VI are so few, not much significance should be attached (if any at all) to the pattern emerging from table VII. For the year 1980 the latter table shows, that for 3 out of the 5 'developing' countries the percentage share in question was less than 1% of net domestic factor income. In the two remaining cases it was between 1% and 3%. For the 'developed' countries the table makes clear that in 3 out of the 6 cases the percentage share was larger than 1% in 1980; in one case (USA) it was larger than 3%.

For 1985 data for only three 'developing' countries are being given. In 2 cases the percentage share is between 2 and 3 percent. In the remaining one it is less than 1%.

For 2 out of the 5 'developed' countries for which data are available for 1985 the percentage share is between 2% and 3%. For one country (USA again) it is larger than 3%. In the two remaining cases the share is below 1%.

In summary one could therefore say, that the little evidence available for the share of value added of the private non-profit

TABLE VII SIZE CLASS DISTRIBUTION OF PERCENTAGE SHARES OF  
VALUE ADDED OF PNPISH SECTOR IN GDP

YEAR: 1980				
SHARE:	<1%	1% - 2%	2% - 3%	>3%
DEVELOPING COUNTRIES (N = 5)				
Number	3	1	1	0
Percentage	60	20	20	0
DEVELOPED COUNTRIES (N = 6)				
Number	3	0	2	1
Percentage	50	0	33	17
ALL COUNTRIES (N = 11)				
Number	6	1	3	1
Percentage	55	9	27	9
-----				
YEAR: 1985				
SHARE:	<1%	1% - 2%	2% - 3%	>3%
DEVELOPING COUNTRIES (N = 3)				
Number	1	0	2	0
Percentage	33	0	67	0
DEVELOPED COUNTRIES (N = 5)				
Number	2	0	2	1
Percentage	40	0	40	20
ALL COUNTRIES (N = 8)				
Number	3	0	4	1
Percentage	38	0	50	13

Source: Table VI

sector in net domestic factor income points in some cases to percentages of less than 1%; however, in other cases the percentages vary from 1% to 4%. In view of data limitations no generalized conclusion can be drawn from this, however.

The term 'final consumption expenditure of PNPISHs' refers to that part of the gross output value of non-commercial production which has not been covered by revenues (fees etc.), and which has not been used for purposes of own-account capital formation by these organisations. In other words, it refers to the value of the services that has been provided free of charge, the costs of which are being born by the non-profits.

In table VIII figures are given on final consumption expenditure expressed as a percentage of GDP at market prices, for a selection of countries. The sources on which these figures are based are again UNNAS '85 and UNNAS '88. The structure of table VIII is similar to that of tables III and VI.

As far as development over time of the percentage shares is concerned, the data in table VIII do not really suggest a uniform trend in one direction or the other. Different kinds of developments can be observed for both 'developing' and 'developed' countries. Among the 'developing' countries that show a (mainly) upward trend are Puerto Rico and South Korea. Others show a downward trend, e.g. Botswana, Portugal, Zimbabwe. For again others the pattern is more fluctuating, like in the case of Israel and South Africa.

Among the 'developed' countries that show an upward trend in share are: Denmark, West-Germany, Japan, New Zealand and United Kingdom. For France on the other hand, the share has gone down over time. Finally, a more fluctuating pattern can be observed for Finland, Italy and Sweden.

Next we will have a look at the size range of the shares. For that purpose we have summarized the data from table XIII in table IX, of which the structure is the same as that for earlier summary tables. The data apply again to the year 1980 and 1985.

The data for 1980 show, that in the case of the 'developing' countries the shares for half of them is between 1% and 2%. In the other half it is less than 1%.

In the case of the 'developed' countries it appears that for one-third of them the share is larger than 1%, lying in all these cases in the 1%-2% range. In the remaining two-thirds of the cases, the share is therefore below 1%.

The 1985 data show for 'developing' and 'developed' countries alike a similar range as for 1980. Percentage shares are again within the 0%-2% range. In the case of 'developing' countries, shares are in most cases less than 1%, in a minority of cases (i.e. 2 out of the 7) in the 1%-2% range. As for 'developed countries', it appears that in one-third of the cases the shares are in the 1%-2% range, while in the remaining two-thirds they are below 1%.

TABLE VIII      FINAL CONSUMPTION EXPENDITURE OF PNPIH SECTOR  
 AS A PERCENTAGE OF GDP  
 Data for a selection of countries

	1975	1980	1985	1987/88
Botswana	1.22	0.94	0.68	-
Chile	1.72	1.18	-	-
Israel	-	1.72	1.41	1.56 ('88)
South Korea	0.59	0.63	0.92	0.81 ('88)
Portugal	-	0.38	0.34	0.30 ('88)
Puerto Rico	1.38	1.56	1.83	1.85 ('88)
South Africa	0.96	0.82	0.98	0.92 ('88)
Zimbabwe	1.45	1.02	0.74	0.71 ('87)
Denmark	0.35	0.47	0.49	0.60 ('88)
Finland	1.85	1.82	1.89	1.84 ('88)
West-Germany	0.82	0.77	0.83	0.91 ('88)
France	0.30	0.29	0.27	0.25 ('88)
Italy	0.27	0.27	0.28	0.25 ('88)
Japan	0.57	0.76	0.80	0.81 ('88)
New Zealand	0.75	0.96	0.83	0.90 ('88)
Sweden	0.70	1.53	1.53	1.27 ('88)
United Kingdom	1.26	1.21	1.48	1.60 ('87)

Data derived from: UNNAS '85 (UN, 1987) and UNNAS '88 (UN, 1989)

TABLE IX SIZE CLASS DISTRIBUTION OF PERCENTAGE SHARES OF  
FINAL CONSUMPTION EXPENDITURE OF PNPIH SECTOR IN  
GDP

YEAR: 1980				
SHARE:	<1%	1% - 2%	2% - 3%	>3%
DEVELOPING COUNTRIES (N = 8)				
Number	4	4	0	0
Percentage	50	50	0	0
DEVELOPED COUNTRIES (N = 9)				
Number	6	3	0	0
Percentage	67	33	0	0
ALL COUNTRIES (N = 17)				
Number	10	7	0	0
Percentage	59	41	0	0
-----				
YEAR: 1985				
SHARE:	<1%	1% - 2%	2% - 3%	>3%
DEVELOPING COUNTRIES (N = 7)				
Number	5	2	0	0
Percentage	71	29	0	0
DEVELOPED COUNTRIES (N = 9)				
Number	6	3	0	0
Percentage	67	33	0	0
ALL COUNTRIES (N = 16)				
Number	11	5	0	0
Percentage	69	31	0	0

Source: Table VIII

Summing up, it appears from the data that the value of services freely provided by the PNPIH sector is somewhere in the 0%-2% range in terms of GDP share for the countries in question. In a number of cases the percentage is between 1% and 2% (i.e. for 7 out of the 17 in 1980, and for 5 and of the 16 in 1985), in the remaining ones it is between 0% and 1%.

Especially in these cases where the percentage share in over 1%, the efforts of the non-profit sector cannot be considered entirely negligible. Furthermore we would like to stress here, that the measures of final consumptions expenditure are among other things being determined by the SNA valuation conventions re labour inputs. This implies also in this case, that its value might have been (substantially) higher, if account would have been taken of the use of voluntary labour in the generation of the output of the non-profit sector.

In the presentation above we have given data for a number of countries on some measures that might provide an indication of the relative size of the activities of the private non-profit sector in the countries concerned. While the analysis of the data suggested among other things a fair amount of variation to exist among countries, it is difficult to draw firm conclusions from it, that apply more generally, with regard to the actual size of the private non-profit sector. This, because qualitative as well as quantitative aspects as pertaining to the available data prevent us from drawing such kind of conclusions.

As far as qualitative aspects is concerned the following may be recalled.

In the first place there are indications which make us to believe that in some cases the coverage of the activities of non-profit organisations is inadequate. In practice this means that coverage is incomplete, leading to underestimation of the activities of this sector.

Secondly, estimates of the various measures for which data were presented all include an element which involves the use of the value of compensation of employees as the measure (according to SNA guidelines) for the use of labour inputs; thereby ignoring the value of any unpaid labour. Especially in those cases, where freely provided labour services form a considerable part of the labour inputs supplied, the values for the various measures might have been substantially higher when due account had been taken of the unpaid labour inputs.

Thirdly, the estimates of the value added generated in non-commercial activities of the non-profit sector are not presented separately in our data sources (i.e. the annual UN publications on National Accounts Statistics), but given together with estimates of value added generated in domestic services, under the heading 'Other Producers'. As a result, only some indirect conclusions about the size of non-commercially generated value added for PNPIHs could be arrived at, involving the making of certain assumptions.

With regard to quantitative aspects pertaining to our data, we point once more to the relatively small number of countries which provide estimates for the measures concerned, as had earlier become clear from the analysis in section 4. As a result, no general conclusions can be drawn from the patterns as emerging from the data presented in this section. At most they may be seen as indications.

## 6. Conclusions and Suggestions

In the previous sections we have touched upon some issues related to the UN guidelines for the treatment of the activities of the private non-profit sector in the national accounts. Furthermore evidence has been given on the reporting practice of 'developing' and 'developed' countries on this sector in their national accounts. Finally, on the basis of what is actually being reported by the countries concerned, some data have been presented about the size of the private non-profit sector according to various measures.

With regard to the SNA guidelines on the treatment of the PNPISH sector attention has among other things been paid to the recommendations concerning the valuation of the output produced and inputs used by the sector. Especially the implications of valuating labour inputs on the basis of the actual payments made have been given ample attention, since the measures of output and value added are both being affected by the way in which labour inputs are being valued. It was argued that the application of this valuation rule is likely to result into substantial underestimation of the size of the activities of the PNPISH sector in comparison to that of other sectors.

Since underestimation of output etc. of the PNPISH sector as a consequence of aforementioned valuation practice should obviously be judged undesirable, the adoption of alternative valuation rules should be seriously considered, in spite of the theoretical and practical problems to be encountered in this. In this connection we would like to propose in more concrete terms, to have the actual amount of compensation of employees paid replaced by an amount which represents the total market value of the various labour inputs used, irrespective of the question how the labour has actually been compensated. Thus not only the unpaid labour inputs should be valued at a representative wage-rate, but those labour inputs which received compensation should be (re)valued in this way as well, since these compensations are in many instances no reflection of actual market values.

In order to implement the approach suggested above, among other things the following will be required:

1. The making of estimates, in volume terms, of all labour inputs supplied in relation to the productive activities of the organisations, whether on a paid or an unpaid basis. These estimates should, if possible, be sub-classified according to some kind of occupational/skill classification, considering the diversity which in this respect can be found among the labour inputs playing a role in the activities of NGOs. The estimates should furthermore reflect adequately the variations in intensity with which labour inputs are being supplied by those involved, i.e. take due account of full-time supply as well as different degrees of part-time supply.

In practice the making of these kind of estimates will imply in the first place establishing numbers of persons involved per occupational/skill category, after which these figures

are to be re-expressed on a time-unit basis, while taking account of full-time and part-time supplies.

2. The selection, for purposes of valuation, of a set of wage-rates which can be considered to reflect adequately the market value of the different kinds of labour inputs distinguished.

Thusfar, very few attempts are being known of, which aim at valuing in a comprehensive manner the various labour inputs used in the productive activities of NGOs. According to G. Rudney and P. Young (1989: 65), one such attempt has been made by Eisner (1985). However, the above elements involved in the measurement of the market value of NGO labour inputs are to a certain extent similar to those adopted in the making of value estimates of household work. The experiences gained in making the latter kind of estimates may also be of use in making further elaborations of the approach proposed above<sup>(9)</sup>.

Another issue touched upon in relation to the SNA guidelines on the treatment of the PNPISH sector was the question of the desirability of presenting the sector as a separate sector at the primary level. On this issue we are in full agreement with those who argue that the behaviour of the units that constitute the PNPISH sector (i.e. the private non-profit institutions) is fundamentally different from that of the units that constitute the household sector in a narrow sense. Combining the two sectors into one single sector (i.e. a sector 'Households' in a wide sense), as is being suggested in the draft version of SNA '93, will consequently be totally undesirable from an analytical point. Recommendations to retain the PNPISH sector as a separate sector at the primary level, as recently made in reaction to the SNA '93 proposals on this point, are therefore wholeheartedly supported by us.

Neither SNA '68, nor the draft of SNA '93 do, as far as the Income and Outlay account is concerned, suggest any breakdown of the transfers received by the PNPISH sector. In this connection we have stressed the importance of a breakdown according to (sector of) origin of these transfers. More in particular we have pointed to the analytical desirability of being able to distinguish transfers of public origin from those of private origin.

The overall impression emerging from the data about the size of the activities of the PNPISH sector is, that the size should be considered only very modest by any standard, at least in relative terms. However, it was observed that no firm and easily generalizable conclusions can be drawn from these data for the following reasons:

- 1) the coverage of the activities of the sector is in many cases probably far from complete;
- 2) the estimates presented involve a valuation procedure which ignores the inputs of voluntary labour;

- 3) the data as presented here concern a rather small number of countries, due to the fact that only a limited number of countries report on activities in relation to the PNPISH sector.

Improvement of the coverage of the activities of the PNPISH sector in combination with the application of a valuation basis which takes account of the inputs of voluntary labour will in our opinion result in a considerable upward adjustment of data concerning output and other measures for the sector.



## NOTES

- (1) With regard to the question at what point exactly a non-profit organisation (i.e. an organisation which is not established for the purpose of generating profits for the benefit of its owners) engaged in the production of social or community services may be considered to provide its services at prices not covering fully the cost of production, SNA '68 is not specific. One seemingly obvious way, in line with the above definition, to operationalize the cutting-off point is, by comparing the revenues from the services supplied to their cost of production. In case the former covers less than a certain percentage (e.g. 50%) of the latter, the institution should be classified as a PNPISH.

However, others try to operationalize the cutting-off point by suggesting a comparison between the sum of voluntary household contributions and property income on the one hand, and the cost of production on the other. In case the former covers more than a certain percentage (e.g. 50%) of the latter, the institution should be classified as a PNPISH (see, for example, H. G. Fekkes: 1985: 10).

- (2) For a good review of the different positions taken in this debate, see P. Studenski (1958, chapter 14).
- (3) The marketed output of which the costs can be separated out is valued at actual market prices, while the thus obtained total output value of these items is not included among the output of PNPISHs, but included among the output produced by commercial producers, i.e. 'Industries' in SNA '68 terminology.
- (4) Included in the latter item is also the value of any own-account fixed capital formation by the PNPISH sector for which it is not possible to separate out the costs of production. In those cases where this is possible however, the value of the own-account fixed capital formation has to be included among the output of 'Industries'.
- (5) Note that 'transfers' does not refer to any payments made in return for goods or services supplied; such payments have been accounted for in the Production account.
- (6) For a more general discussion on this financial dependency issue of NGOs, and possible implications for their autonomy, see for example van der Heyden (1987)
- (7) In principle two positions are possible, namely a) the total of 'own' resources available exceeds total direct investment; b) total 'own' resources are smaller than total direct investment. In the first case a surplus of resources exist that will be put at the disposal of other sectors; this will be reflected in a positive value for net lending, this item being in fact the balancing item of this account. In the second case 'own' resources fall short of total direct investment, pointing to the use, through borrowings, of sources from elsewhere to bridge the gap. In this case the value for the net lending item will be negative.
- (8) The type of Production account presented in section 2 refers to 'Producers of Private Non-profit Services to Households',

rather than to PNPISHs as an institutional sector. However, as was pointed out in the main text, the Production account for PNPISHs as an institutional sector would be very similar to the one presented in section 2. The concept of 'capital accumulation account' as used in the context of table 3.43 of UNNAS '85 is to be understood as an account which has basically the same structure as the upper part of the Capital Finance account presented in section 2, while the concept of 'Capital Finance account' as used in the context of table 3.44 of UNNAS '85 is to be understood as an account which has basically the same structure as the lower part of the Capital Finance account presented in section 2.

- (9) Of the many references which deal with different aspects - theoretical as well as practical - of the measurement and valuation of household activities, one may mention here: H. J. Adler and O. Hawrylyshyn (1978); M. Murphy (1978; 1982); O. Hawrylyshyn (1976); H. M. Peskin and J. Peskin (1978); I. A. H. Sirageldin (1973)

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