Social Economy Satellite Account

Technical Project

Department of National Accounts
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Contents

1. Identification of the operation

- PEN Code: 8485.
- PEN [Statistics Operations Inventory] name: Social Economy Satellite Account.
- Responsible unit: Department of National Accounts.
- Background of the operation: New operation.

2. Origin of the Demand and Identifiable Need

The statistical framework of the System of National Accounts 2008 (SNA 2008), prepared and distributed under the auspices of the United Nations, the European Commission, the Organisation for Economic Co-operation and Development, the International Monetary Fund and the World Bank, includes a chapter on the satellite account for Non-Profit Institutions (NPIs)[1]. This chapter confirms the growing economic and political interest in studying the contribution that institutions such as NPIs make to the economy. The types of organisations commonly included among NPIs are: sports and recreational clubs, arts and cultural associations, schools and universities, research institutes, hospitals, social service organizations, religious congregations, humanitarian aid and assistance organisations, charities, foundations and charitable trusts.

Given that other institutions related to the social economy, as well as the importance of volunteer work, are also gaining importance, the United Nations has published a manual that expands upon the units and concepts included in the NPI satellite account. The Satellite Account on Non-profit and Related Institutions and Volunteer Work (SESA handbook)[2]. This handbook has been established on a global scale to be a comparable methodological framework for the social economy satellite account and in line with the SNA 2008. Although NPIs now represent an important part of the social economy sector, related institutions and volunteer work are also present in the handbook. Indeed, the category of NPI has been expanding to include certain cooperatives, mutuals, social enterprises, non-stock corporations and charitable organisations. Volunteer work carried out outside of formal organisations within the social economy has also been included.

From a European perspective, social economy satellite accounts have received strong support in the European Union, as highlighted in the Conclusions of the Council of the European Union of 7 December 2015 (point 19). In October 2016, a report by the Commission's Expert Group on Social Entrepreneurship (EGCES) called for a European Action Plan for the Social Economy and Social Enterprises.

[1] System of National Accounts, Chapter 23 (United Nations, 2008) https://unstats.un.org/unsd/nationalaccount/docs/SNA2008Spanish.pdf
[2] Satellite Account on Non-profit and Related Institutions and Volunteer Work (United Nations, 2018) https://unstats.un.org/unsd/nationalaccount/docs/UN_TSE_HB_FNL_web.pdf

The request to develop a specific satellite account was backed by the Madrid Declaration signed by 11 European countries in May 2017, as there is currently no European statistical framework to compile and publish the social economy satellite account. *On 8 October 2018 in Luxembourg,* there was a meeting of the Ministers of Labour and Employment. It was a follow-up meeting of the Monitoring Committee of the Luxembourg Declaration of 2015. At that meeting, several delegates expressed great interest in developing a social economy satellite account for their country.

This statistical operation does not impose any burden on the informants, as it is a summary statistic that uses already available data from both in administrative and other statistical sources.

3. Project Objectives

The Social Economy Satellite Account (SESA) statistic is established as an annex to the central framework of the System of National Accounts (SNA) and aims to provide a complete and comparable picture of what is called the third sector or social economy sector, covering three components: non-profit institutions (NPIs), related institutions and voluntary work.

Despite the growing interest in social economy institutions and voluntary work, information about them has been limited because they are not identified separately in the SNA. The main reason for this lack of statistical visibility is the rules for assigning institutional units to institutional sectors within the SNA framework. These units are assigned according to whether they are: market producers (producers of products sold at economically significant prices), non-market producers controlled by public administrations, or non-market producers not controlled by public administrations. Social economy institutions that are market producers not controlled by public administrations are assigned in the national accounts to the sectors “Non-financial corporations” or “Financial institutions”. Those that are non-market producers controlled by public administrations are assigned to the "Public Administrations" sector. Those that are NPIs and non-market producers not controlled by public administrations are assigned to the sector “Non-profit institutions serving households” (NPISH). As a result, only social economy institutions assigned to the NPISH sector retain their identity as NPISHs, while social economy institutions assigned to market sectors do not appear separately in the SNA aggregates.

A similar problem exists for volunteer work. Volunteer work takes two forms: unpaid work for or through organisations (SCN 2008, paragraphs 19.37 to 19.39), while unpaid work outside any organisation provided by members of individual households to neighbours, friends or communities (SCN 2008, paragraphs 23.42 to 23.45). According to the SNA, the contribution of volunteer work for organisations, called organisation-based volunteer work, is conceptually included in the output of the units that employ such labour, but its value is estimated at its actual cost, which is zero (SNA 2008, paragraphs 7.41 and 19.38). Volunteer work carried out outside organisations (direct volunteer work) is treated as a Households sector activity (SCN 2008, paragraphs 4.21 and 23.43). If that activity results in the production of goods; the production is valued at the market value of those goods, but the labour input is integrated into the mixed income and, therefore, is not visible in isolation. If such work results in the production of services, no value is assigned to labour inputs. Therefore, due to the rules for placing a value on volunteer work, the total value of such volunteer work is not reflected in the SNA.

Therefore, the project's objective is to adhere to the framework recommended in the SESA handbook, which takes a broader approach; since it does not focus exclusively on NPIs, it does so in a way that is fully consistent with the methodological concepts of the SNA 2008 and the ESA 2010.

4. Type of Operation

This is a summary statistic, although it makes intensive use of statistical and administrative records to obtain individual economic information on units identified as an NPI or similar concepts. It will be measured in levels and the aggregate results will be published in tables.

5. Content

5.1. POPULATION UNDER STUDY

The SESA handbook states that entities within the scope of reference are characterised and distinguished from other institutional units outside the scope because they share three crucial elements:

(i) They are private, that is, they are not controlled by public administrations.

(ii) Their primary reason for being is to serve a social or public purpose, rather than maximising and distributing surpluses to invested capital.

(iii) Participation in them is voluntary and not mandatory.

Among the types of institutional units that could encompass these three characteristics would be: associations, non-profit organisations, business associations, professional colleges, foundations, religious organisations, cooperatives and mutuals, and various types of social enterprises. However, not all potential entities meet the criteria for inclusion in the social economy sector according to the elements defined above.

The SESA handbook also translates these general elements into operational terms, so that they can be used when identifying the institutional units included within the scope of the social economy sector. Thus, the handbook establishes five operational characteristics to identify institutional units within the scope of the SESA. Therefore, in order to be within the scope of the SESA, an institutional unit must be:

a. An **organisation**, that is, institutionalised to some extent, although not necessarily legally registered or constituted.
b. **Self-governed**, that is, fully responsible for the economic risks and benefits of the organisation's operations.
c. **Non-mandatory**, that is, it involves some significant degree of free choice, not coerced, on the part of the people who work or participate in its activities.
d. **Significantly limited in its distribution of surpluses** (profits), that is, prohibited by law, statute or established social customs from distributing anything (in the case of non-profit institutions) or more than half (in the case of cooperatives, mutuals and social enterprises) of any surplus it generates to its directors, employees, investors or stakeholders. This criterion is intended to serve as a substitute for the concept of primarily serving social or public purposes. The distribution of more than 50% of profits to cooperatives is permitted when it pursues a valid social purpose (e.g., employment benefits for disadvantaged workers or lower costs for members).
e. **Private**, that is, not controlled by public administrations.

5.2 GEOGRAPHICAL OR TERRITORIAL SCOPE

It is made up of the resident units within the national economic territory. Included within the national economic territory are:

- The area (geographical territory) subject to the management and control of a single administration.
- Other free zones, including warehouses and factories under customs control.
- The national airspace, territorial waters and the continental shelf located in international waters over which the country enjoys exclusive rights.
- Territorial enclaves, which are geographical territories located in the rest of the world and used, by virtue of international treaties or agreements between States, by the country's public administrations (embassies, consulates, military bases, etc.)
- Deposits (oil, gas, etc.) located in international waters outside the continental shelf of the country, exploited by resident units in the territory according to the previous points.

5.3 DATA REFERENCE PERIOD

The Social Economy Satellite Account is a structural operation and is intended to be published for the first time for the 2021 reference year.

5.4 STUDY AND CLASSIFICATION VARIABLES

The aggregates under study are the following:

- Production
- Gross value added
- Employee remuneration
- Value attributed to volunteer work
- Employment and volunteer work

The classification variables for these aggregates will be the following:

- Activity branch (Sections of the CNAE-2009)
- Institutional sector

5.5 BASE STATISTICS

An initial task for this statistic is to generate a complete directory with all the identified units that meet the operational requirements for inclusion in the satellite account. This directory of units included in the SESA is developed from the Central Directory of Companies (DIRCE), selecting the units considered to meet the operational characteristics indicated in the SESA handbook and be within the reference scope, based on the variables collected in the DIRCE itself. In addition, other units are included that, while meeting the operational criteria to be within the SESA, are not easily selectable from the DIRCE. For this purpose, specific alternative directories will be used.

Thus, when forming the SESA directory, the following strata are obtained, depending on the type of unit in question:

Associations and foundations

Those DIRCE units whose first character on their Tax Identification Number (NIF) is “G” (Associations and foundations).

Job insertion cooperatives

Units whose first character of their NIF is “F” (Cooperative Societies) are selected from the DIRCE and which are also either registered in the registers of Job Insertion Entities of the Autonomous Communities; or whose corporate name includes the expression "job insertion cooperative" or similar.

Social initiative cooperatives

DIRCE units whose first character of their NIF is “F” (Cooperative Societies) and which are also either registered in the registers of Social Initiative Cooperatives of the Autonomous Communities; or whose corporate name includes the expression "social initiative cooperative" or similar.

Professional associations

Units from the DIRCE whose main economic activity code according to the CNAE 2009 is “9412- Activities of professional organisations” are taken, provided they do not have the letter “G” in their NIF, since they will already be included in the section “Associations and Foundations”.

Job insertion companies

These units are added through the records of Job Insertion Entities of the Autonomous Communities and which do not have the letter "F" in their NIF since they will already be in the section of "Job Insertion Cooperatives".

Other chambers of commerce

In addition, entities from the list of Chambers of Commerce in the Common Directory of Organic Units and Offices that do not have the letter “G” in their NIF are included, since they would have already been included in the section “Associations and Foundations”.

Religious institutions

Those DIRCE units whose first character of the Tax Identification Number (NIF) is “R” (Religious Congregations) are selected.

Other entities

These are private non-profit entities that have not been previously included and that are either located in the DIRCE under the non-profit sector for households and therefore are within the reference framework, or are listed among the taxpayers of Corporation Tax as non-profit entities (under the terms of Law 49/2002) and are not controlled by public administrations[3].

Once the SESA directory is built, its records are cross-referenced with other sources to obtain individual economic information from a sample. To do this, several sources are used:

[3] According to the list provided by the IGAE [the Spanish State Comptroller] of entities belonging to the public sector.

- **Corporate Income Tax (CIT) returns,** provided by AEAT [Spanish Tax Agency] on Non-Profit Institutions, under the terms of Law 49/2002. Regarding the economic variables recorded for each NPI in the CIT declaration.
- **Aggregate accounting data of mutual insurance companies** included within the scope of the SESA and provided by the Directorate General of Insurance and Pension Funds (DGSyFP).
- **Accounting reports issued** by the institutions themselves for the strata about which there is not enough information.

The following sources are used for estimating the imputed value of volunteer work in Spain:

- The **Living Conditions Survey** (LCS), which provides the participation rate of people aged 16 and over in volunteer work (organisation-based volunteering and direct volunteering) broken down by demographic and social variables.
- The **Volunteer Observatory Survey,** from the *Plataforma del Voluntariado en España* (Volunteering Platform in Spain), also provides information on participation in volunteer work through organisations on an annual basis.
- The **Time Use Survey** on the average time spent on direct volunteering tasks and through organisations.
- The **Annual national accounts of Spain: aggregates by branch of activity,** to determine the average salary to be attributed to equivalent volunteer work.

6. Characteristics of the project

6.1. OBSERVATION UNITS TO WHICH THE PRIMARY DATA REFER

The units of observation are, in the first instance, the institutions contained in the SESA Directory and which in turn contain economic information in the Corporate Income Tax (CIT) Declarations or in the economic data of the DGSyFP (mutuals within the scope of the SESA). In a second phase, additional observation units may be added; in those strata over which there is no coverage through administrative records and where economic information of the entity has been published.

6.2 DATA COLLECTION METHODOLOGY

Once the SESA directory is obtained, the records in this directory are linked to the annual list provided by the AEAT on the economic variables contained in the Corporate Income Tax returns of the NPI for that year. For this purpose, the Tax ID number is used as an identifier, one which is common to both files. As mentioned, in some cases economic reports published on the websites of the institutions without coverage may be added.

6.3 SAMPLE DESIGN

Since it is a cross-referencing of statistical and administrative records, there is no prior sample design. To measure the population coverage of the sample, the number of salaried workers in each stratum is taken as the reference variable.

The sample size and coverage obtained for the year 2018 are detailed in the following table:

Population and sample of entities within the SESA

	Population		Sample		Sample coverage	
Stratum Workers	Units	Salaried	Units Workers	Salaried	Units Workers	Salaried
1. Associations/foundations	76,398	496,848	10,338	281,520	13.5%	56.7%
1.1 Business associations	3,132	6,687	219	1,195	7.0%	17.9%
1.2 Mutual insurance companies	29	2,744	29	2,744	100.0%	100.0%
1.3 Fishermen's guilds	186	1,126	13	157	7.0%	13.9%
1.4 Chambers of commerce	34	109	6	73	17.6%	67.0%
1.5 Other associations/foundations	73,017	486,182	10,100	280,095	13.8%	57.6%
2. Cooperatives	296	6,596	12	859	4.1%	13.0%
2.1 Job insertion cooperatives	23	702	3	355	13.0%	50.6%
2.2 Social initiative cooperatives	273	5,894	9	504	3.3%	8.6%
3. Professional associations/colleges	896	5,226	21	598	2.3%	11.4%
4. Job insertion companies	189	3,975	8	603	4.2%	15.2%
5. Other chambers of commerce	79	1,549	16	746	20.3%	48.2%
6. Religious institutions	6,630	190,092	1,085	48,458	16.4%	25.5%
7. Other entities: Other NPISHs and other NPIs			4,062	52,140		

6.4 MEANS OF DATA COLLECTION AND PROCESSING

The units that are part of the SESA directory are established according to the DIRCE business directory. This, in turn, is updated annually through the receipt of a very broad set of sources (administrative, statistical or private), which the DIRCE Management Unit has access to in the form of individually identified microdata.

In parallel, economic microdata is also received from the NPIs that have completed the annual Corporate Income Tax return from the AEAT in that same year.

In each defined strata, the individual accounting data of the observed sample have been translated into national accounts operations, according to the following allocation:

From accounting and corporate income tax data to national accounts operations (SESA)

National accounts operations	Code of the General Plan of Accounting (GPA)	CIT Code	Description of accounting/tax codes
P1. Production			
P11. Market production	700 + 701 + 702 + 703 + 704 + 705 - 706 - 708 - 709	B255	Net amount of turnover
	+71 + 7930 - 6930	+B258	Stock variation of finished products and those in process of manufacture
	+75	+B266	Ancillary income and other management income
P12. Production for FPUs	73	B259	Work carried out by the company for assets
P2. Intermediate consumption	6060 + 6080 + 6090 + 610 - 600	B261	Consumption of goods
	+6061 + 6062 + 6081 + 6082 + 6091 + 6092 + 611 + 612 - 601 - 602	+B262	Consumption of raw materials and other consumable materials
	+607	+B263	Work performed by other companies
	+62+651+659 (1)	+Part of (B279-B281-B282) (2)	Other operating expenses
D1. Employee remuneration			
D11. Wages and salaries	640 + 6450	B271 + B276	Wages and salaries
D12. Social security contributions paid by employers	641 + 642 + 643 + 649 + 644 + 6457	B278	Social security contributions paid by employers
D2. Taxes on production	636 + 639 - 631- 634	B281	Taxes
D3. Grants	Part of 740 + 747 (3)	Part of B269 (4)	Operating grants taken to income
D4. Property income (resources)	760 + 761 + 762 + 767 + 769	B297	Financial income
D4. Property income (employees)		B305 + B626	Financial expenses
D41. Interests	660 + 661 + 662 + 664 + 665 + 669	B305	Financial expenses
D42. Distributed income from D7 companies. Other current		B626	Financial expenses
transfers (resources)			
D.72. Non-life insurance indemnities	Estimated using 625 (5)	Part of (B279-B281-B282) (6)	Insurance premiums
D.75. Miscellaneous current transfers	Part of 740+747 (7)	Part of B269 (8)	
D5. Current taxes on income, wealth, etc. 630 D7. Other		C592	Corporate income tax
current transfers (jobs)			
D.71. Net non-life insurance premiums	Estimated using 625 (9)	Part of (B279-B281-B282) (10)	Other operating expenses Other
D75. Miscellaneous current transfers	companies	Part of (B279-B281-B282) (11)	operating expenses

Once the flows and stocks of each sampling unit have been compiled, they will be raised to the flows and stocks of each stratum by means of an expansion factor. This raising factor will take into account the sample coverage in terms of business and employment figures within each stratum (those entities in the sample that are not in the DIRCE form a self-represented stratum, which has an expansion factor of 1)

On the other hand, the value attributed to volunteering activities through organisations is estimated and incorporated within the stratum of associations and foundations. Finally, the imputed value of direct volunteering activities is also incorporated globally.

6.5 DATA COLLECTION FREQUENCY

For the creation of the directories, both DIRCE and AEAT send the microdata on an annual basis.

7. Dissemination plan and frequency

7.1 DISSEMINATION PLAN

The results tables obtained on the following aggregates of NPIs and related entities will be incorporated into the INEbase website:

- Production
- Gross value added
- Employee remuneration
- Value attributed to volunteer work
- Employment

These aggregates will be published by institutional sector and also by the type of activity (CNAE-2009) that correspond to the NPIs and related entities.

The operation's standardised methodological report and the methodological document will also be published.

7.2 DISSEMINATION FREQUENCY

The dissemination of the Social Economy Satellite Account will be carried out every three years.

8. Implementation schedule

The following work is planned:

- January-May 2024: Drafting of the Technical Project
- June–July 2024: Preparation of the SESA directory for the year 2021
- August-December 2024: Compilation of the accounts for the year 2021
- January-March 2025: Presentation and dissemination of results for the year 2021

9. Cost estimate

The estimated budgetary allotment necessary to fund this statistic provided for in the 2024 Annual Programme is 53,050 euros.

As already mentioned, this statistical operation does not impose any burden on the informants. as it is a summary statistic that uses already available data from both in administrative and other sources.