

UNITED NATIONS NPI HANDBOOK

TEST REPORT & DATA

THE PHILIPPINES

ANSWERS TO REPORT GUIDE – PHILIPPINES

On Chapter 2; Defining Non-Profit Institution, (NPIs)

1. The working definition of NPI given in paragraph 2.15 of Chapter 2 of the Handbook has been applied in the Philippines both by the National Statistical Coordination Board (NSCB) who is doing the Non-Profit Institution Serving Households (NPISH) sequence of accounts under the Philippine System of National Accounts Implementation of the 1993 SNA (PSNA 93) and NPI Satellite Account and the John Hopkins Comparative Non Profit Sector Project (JHCNPSP-Philippines) who is doing the Survey of the Non-Profit Organizations in the Philippines. The definition clearly distinguishes an NPI from the other institutional sectors, specifically because of two criteria, voluntary and non-profit distributing.

In the case of the Philippines, the four criteria were applied and these seems to be acceptable. The following discusses the findings on the four criteria

1.1 Organized and self-governing

NPIs in the Philippines are found in the following groups: non-government organizations (NGOs), independent people's organizations (POs), cooperatives, civil society, voluntary sector, and non-stock/non-profit corporations. To illustrate, the composition of NPIs in the Philippines is presented in figure 1.

To some extent, NPIs in the Philippines are regulated through registration and/or licensing in specified government agencies and through accreditation. A list of these agencies is shown in Table 1. Corporations, whether stock or non-stock, and partnerships are required to register with Securities and Exchange Commission (SEC) and together with other NPIs are encouraged to enlist for accreditation in specified government agencies, such as the Department of Social Welfare and Development (DSWD), Department of Health (DOH), Department of Education Culture and Sports (DECS) and the Department of Environment and Natural Resources (DENR), among others. Registration and licensing requirements are determined by the organizational form and the major purpose of the organization. This institutionalizes the organization. However, in the Philippines there are still a substantial number of this NPIs that do not register or enlist for accreditation.

Non-stock/non-profit corporations and partnerships, private or public, register with the SEC. The Corporation Code defines this to cover corporations and partnership that do not distribute their income/dividends to their members, trustees or officers. Any profits are used for the furtherance of the purpose(s) of these organizations. Non-stock corporations are formed or organized for charitable, religious, educational, professional, cultural, fraternal, literary, scientific, social, civic service or similar purposes like trade, industry, agricultural and like chambers, or any combination thereof. This covers religious orders/congregations, political parties, foundations, civic organizations, trade/industry associations, mutual benefit associations, churches, business/professional organizations and some international groups operating in the country, charitable organizations and NGOs. There are NGOs, trustee charitable organizations, international NPIs that are organized as non-stock corporations.

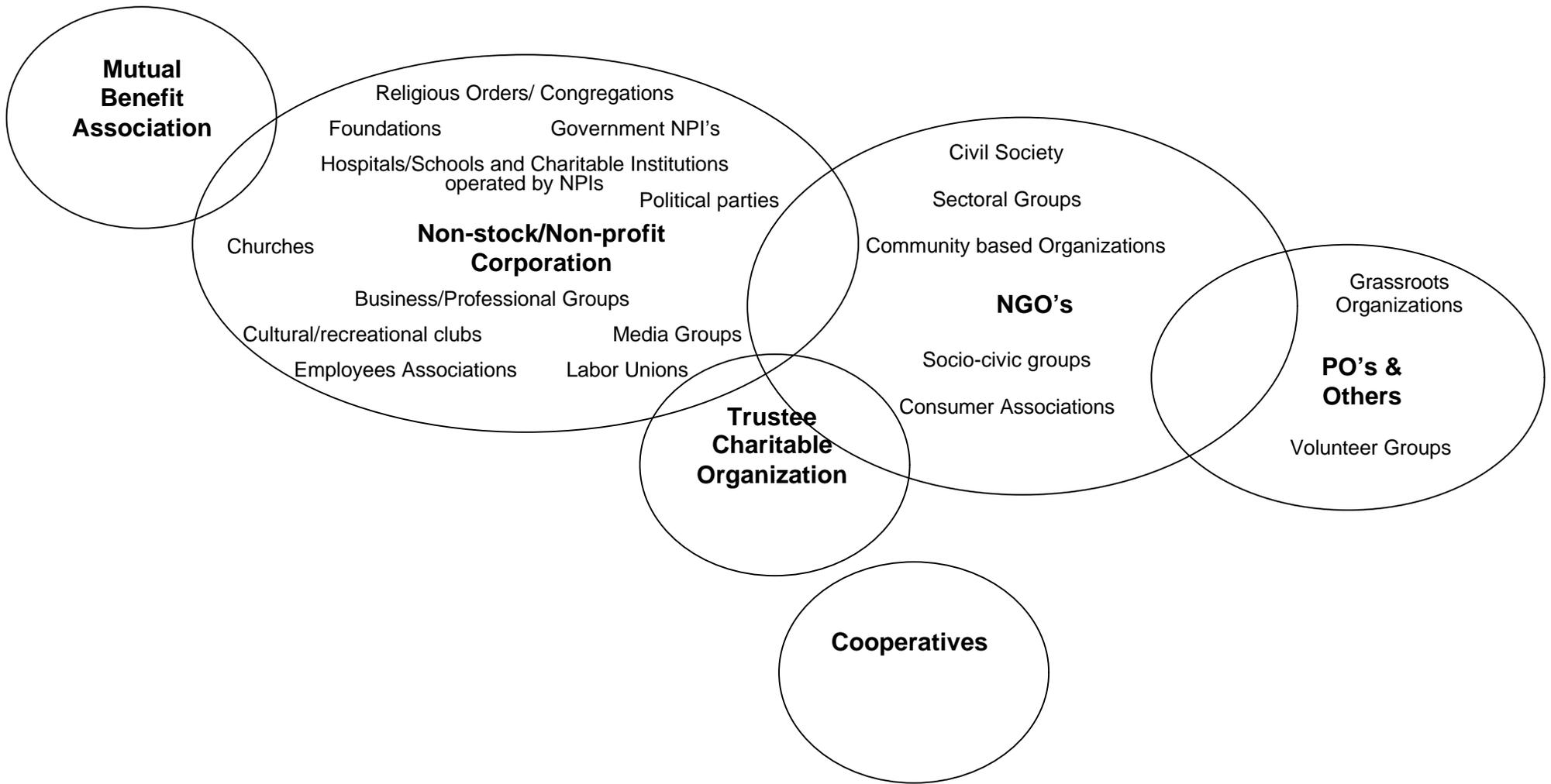


Figure 1. COMPOSITION OF NON-PROFIT INSTITUTIONS in the Philippines

While NGOs are intermediary organizations between the people and the state and they speak for or in behalf of the poor or disadvantaged who are not among their members. These work on issues of social development, environment and economic and political empowerment. NGOs are private groups that enjoy legal recognition and thus have bargaining power plus economic support. Covered under NGOs are sectoral groups, socio-civic organizations, consumer associations and community-based organizations. The boundary between NGOs and POs is not easy to identify.

POs on the other hand are also citizen groups with demonstrated capacity to promote public interest and with identifiable leadership, membership and structure. These also assist the poor but are owned/operated by the same group that benefits from its services. These groups although majority usually do not have legal personality are given limited legal recognition and only a small number apply for accreditation. Making up this group are grassroots organizations and volunteer groups.

Table 1. List of Government Registration/Accreditation Agencies for NPIs

Criterion	Registration	Licensing/accreditation
Organizational Form		
Association, corporation	Securities and Exchange Commission (SEC)	
Mutual benefit association	SEC	Insurance Commission (IC)
Trustee	SEC	IC
Social welfare or work organization	SEC	Department of Social Welfare
Labor union	Department of Labor and Employment (DOLE), SEC, Cooperative Development Authority (CDA)	
Foundations	SEC	DOH, DENR, National Economic Development Authority (NEDA)
Type/purpose		
Health care/services		Department of Health (DOH)
Environment		Department of Environment and Natural Resource (DENR)
Education and research		Department of Science and Technology (DOST) Department of Education Culture and Sports (DECS)
Social welfare services		DSWD, Department of Justice (DOJ)
Housing	Home Insurance Guaranty Corporation (HIGC)	National Housing Authority HIGC
Agriculture		Department of Agriculture, Department of Agrarian Reform
Employment		DOLE
Culture and arts		DECS, National Commission for Culture and Arts
International associations	SEC	NEDA

Source: Philippine JHCNPSP

Mutual benefit associations and trustee charitable organizations can be non-stock corporations/partnerships and are required to register with the SEC and enlist for accreditation to the Insurance Commission (IC). They report their operations to the IC. Another group of NPIs are cooperatives, which are under the regulatory supervision of the Cooperatives Development Authority (CDA).

While full registration is still something to be desired, NPIs in the Philippines can be considered as organized since these are given legal recognition by government and society as a result of their role. Further, most NPIs have a semblance of an organization, with leaders, members, and structure. Given this scenario, in the meantime, the NSCB considered all NPIs listed by the specified government agencies as organized.

1.2 Private

These are institutions, which are not part of government. To identify these, the different lists handled by specified government agencies taken together provided a list of private NPIs, except for SEC which includes government (public) non-stock corporations. However, the later can be removed through the list of government corporations of the Commission on Audit (COA). POs and NGOs that help government provide some of its services and get funding support/grants from it are private organizations. Farther, financial data specifically the net worth section of the Receipts and Expenditures statements can also help identify whether these NPIs are private or public institutions. Thus, in the present system of listing for NPIs, private vs. public is identifiable.

1.3 Voluntary

Voluntary means non-compulsory, i.e., that membership and contributions of time and money are not required or enforced by law or other wise coerced. This criteria is essential in defining an NPI but this was difficult to operationalize, except for identified volunteer groups. One has to go through the membership provision/information of these organizations to identify their voluntary feature, which requires a lot of man-hours to do. In the case of the Philippines, initially all the NPIs covered were assumed to have this voluntary feature.

The JHCNPSP-Philippines included in its survey volunteerism. Pending results of the survey, the NSCB will determine how to apply this towards refining its estimates.

1.4 Non-Profit Distributing

Only private non-stock/non-profit corporations, cooperatives and non-profit mutual benefit associations and charitable associations are explicitly non-profit-distributing organizations. In the case of POs and NGOs, this feature may not apply to a small segment but since there is no way to determine this, in the meantime we assumed that all those covered by the NSCB Philippine NPI Satellite Account are non-profit distributing organizations.

2. The borderline cases presented in paragraph 2.19 actually resulted in the identification of other NPIs and the transfer of cooperatives and mutual benefit associations and trustee charitable organizations from non-financial/financial corporations to NPIs. In the case of cooperatives, these are generally non-stock and non-profit organizations. Their primordial objective is to help their members through provision of cheaper credit, assistance in marketing of their products, and provision of livelihood opportunities, among others. In the case of the Philippines, all cooperatives were considered to be NPIs.

For mutual benefit and trustee charitable organizations, all those covered by the IC were also counted as NPIs since these organizations were intended to improve the economic situation of its members. Again, exclusion of non-NPI mutual benefit associations was not possible at this point.

Self-help groups are assumed to be part of POs (Figure 1) and a number of these may not have registered or seek accreditation. In the meantime, NPI groups with data were covered.

Other borderline cases encountered in the Philippines include educational and health institutions that charges fees for their services. Their income are used to fund scholarships and other social services provided by the organization/religious orders to which these NPIs are affiliated. To differentiate these, the assumption was to consider those educational or health institutions operated by religious organizations/orders, churches, known charitable institutions as NPIs.

On Chapter 3: Classifying Non-Profit Institutions

3. The proposed ICNPO given in paragraphs 3.7 to 3.13 of Chapter 3 while comprehensive does not fully capture the relevant concerns in the country such as agriculture, agrarian reform and community development. In the Philippines some NPIs undertake multi-activities which makes difficult classifying these into the ICNPO.

The NSCB tried to apply the ICNPO to available NPI data with the following results. Where data are obtained form the ASE/CE, these NPIs were classified according to their major activity. SEC data were also classified by industry group. In the case of NPIs whose data were sourced from DSWD, these were classified based on their major expenditures since their activities could not be identified through their revenue. For NPIs that carry out multi-activities, the classification considered the major activity or expenditures, see Table 2.

Table 2. CLASSIFICATION OF PHILIPPINE NPIs, by ICNPO

<u>INCPO</u>	<u>Types of Expenditures/Activity</u>
Health	health, nutrition and day care* programs, medical/dental services
Social services	social services, emergency relief assistance, aid in crises, situation and home life assistance, community services
Development and housing	livelihood project, community development, trade industry, real estate, finance
Education and research	research, upliftment of moral values* training values/advocacy and educational assistance
Environmental	protection of the environment
Philanthropic intermediaries and volunteerism promotion	foundation*

For some, expenditures were fairly straightforward and identifiable. However, there were expenditures such as those marked with asterisk that were vague and assumptions had to be made. For example, upliftment of moral values can be classified under education or religion, while day care can be grouped under education or development or housing. Educational assistance can be viewed as financing and will fall under development and housing. Foundations can serve a number of purposes such as education and health. Given available data, these foundations were classified into health, education, etc., based on their major expenditures and not under philanthropic groups. Where data available was just the financial statements, the ICNPO was not identifiable.

4. The classifications provided in paragraphs 3.17-3.21 proved to be helpful in classifying other NPIs with available data, such as cooperatives, trustee charitable organizations, mutual benefit associations and hospital/health centers with assistance from the government. Cooperatives and mutual benefit associations were grouped under development and housing since their major activity was to provide financing to its members. NGOs were categorized under their major activity according to largest expenditures.

Hospitals and other health care organizations considered as NPIs were classified under health, even if these are affiliated with religious groups. International organizations with affiliates in the Philippines were covered and classified according to purpose.

5. Yes, the concordance between the ICNPO and ISIC Rev 3 given in table 3.3 can be adopted and will be useful in the Philippines with some little revision to conform this to Philippine conditions.

6. The SNA sectoral classifications given in paragraph 3.26 was also applied in the case of the Philippines. This was difficult given the limitations of the present data. Only a manual search can identify which non-stock serve households and which ones do not. The NSCB made the following assumptions: NPISH were considered as all non-market; cooperatives and mutuals were classified as market NPIs serving households. There were no available samples for government NPI, except for the six identified government, which are actually government corporations. Other NPIs were also covered and these included market NPIs, NPIs serving business and even NPISH.

On Chapter 4: Key variables and tables of the NPI Satellite Account

7. Yes, all the variables selected are appropriate, except that some data items were not readily available as follows: market output, third party payments from government, holding gains and acquisition and stock of assets, imputed value of volunteer employment membership and capacity. Market output will require more information on nature of output. Third party payments from the government is a data gap, including volunteer employment, membership and capacity. Current transfers are disaggregated only into households and foreign sources. Membership can probably be processed from general information forms while capacity measures still need to be identified and developed to ascertain what data are needed. Only a special NPI survey or the processing of administrative forms such as the general information forms of non-profit organizations from SEC/BIR will allow completion of the short form.

Although the Philippines was able to fill up a substantial portion of the data items in the short form, the values were based on blown up estimates from about 624 financial statements of NPIs, which the NSCB collected/processed for the NPISH sequence of accounts. Given the sample estimates based on the 624 NPIs, per unit parameters were estimated and later applied to the total number of NPIs reported by the JHCNPSP-Philippines. To this were added estimates for other NPIs, which were obtained from other sources like the ASE/CE of NSO, IC, CDA, among others. The difficulty lies in disaggregating the total estimated value to the different NPI sectors, i.e., non-financial/financial corporations, government, households and NPISH.

Given our experience in dealing with available data on NPIs, we believe that the most effective, efficient and sustainable approach is to build-up the data requirements of the NPI Satellite Account through the source government agencies that are responsible for registering/accrediting the different groups of NPIs. Even this approach will not guaranty full coverage and will entail a lot of data preparation and cleaning, much coordination work but it will ensure the provision of NPI data. On the other hand, this will require less resources and ensure sustainability of data support. Doing a survey can be very expensive with also very little results.

The NSCB, who is doing the operationalization of the Philippines NPI Satellite Account made use of the limited results of the preliminary JHCNPSP-Philippines Survey on Non-Profit Organizations to do indirect estimates of imputed value of volunteer compensation based on parameters from the survey.

While we were able to compile only part of the requirements of the NPI Satellite Account, the NSCB will continue to improve on the current NPI Account using a building-up or a modular approach given the lack of resources to do this. Assistance to government data source agencies has to be provided to improve their administrative data reporting/collection and processing systems to address the requirements of the Philippine NPI Satellite Accounts.

8. With the limited data available, doing the three versions resorted to the use of a lot of imputations/assumptions. Only the first version (SNA basis) was estimated directly. The second and third versions made use of parameters from the preliminary JHCNPSP-Philippines Survey of Non-Profit Institutions. Ratios/parameters obtained from the results were applied to disaggregate between the NPI and non-NPI output and compensation.

9. There was no problem with the sequencing of and description of items in the accounts since this is consistent with the 1993 SNA Sequence of Accounts. The problem though is operationalizing the whole sequence of accounts for the NPIs. This can only be done gradually by building up the data for NPIs through administrative data. In the case of the Philippines, the NSCB started by using available data to do production and income accounts for NPISH. This was later augmented to include estimates of other NPIs.

10. The economy-wide average wage is not very clear. Does this refer to the legislated wage or the minimum wage or the minimum average earnings for the whole economy, which can be higher. The use of an economy-wide average wage for valuing volunteer labor will yield higher estimates since the basis for the average is total compensation. This is the case in the Philippines. Valuing volunteer work is a problem. If we are to be conservative, I suggest either the legislated or minimum average wage, which is fairly stable. This assumes, however, that the bulk of volunteer work are provided by the lower income group or the value of volunteer work is equated only with that of ordinary labor.

11. Yes, the Philippines was able to compile Table I of the NPI Satellite Account. For each data item values were blown up estimates based on a sample of 624 establishments for NPISH. This was augmented by estimates for other NPIs. This was obtained as simply the sum of estimates for cooperatives, mutual benefit associations, charitable organizations, public NPIs, and other NPIs providing services. The later were not blown up because of inadequate data. Thus the resulting estimates were understated.

The following data were not available; third party payments, consumption of fixed capital, and employment (paid and volunteer). Employment was not available for all NPIs covered. Current transfers was divided only into households and foreign sources. Market output was the output of the additional NPIs covered, other than NPISH and government NPIs. This method was resorted to because of inadequate data. As more data are processed by the source agencies for NSCB, the estimated values will be improved.

To fill up the second version, ratio of volunteer employment was based on the results of the Survey of Non-Profit Organizations of the JHCNPSP-Philippines. Again, these were very crude estimates, which can be improved as more data are processed.

12. We also tried to fill up the sub-tables in Table II. Table II-1 was completed but there were no breakdown for certain items. Sub-tables II-2 and II-3 were compiled but due to inadequate data were not completed. Only Table II-4 was not operationalized because there were no available data on total paid and volunteer employment for NPIs.

Table II-1 disaggregates expenditures by ICNPO. This was the less difficult one to do because available data identified the purpose of the expenditures. The biggest expenditure dictated the ICNPO group that was applied. However breakdown was limited only to a few groups; see Table II-1.

To estimate the value of each expenditure, total expenditures was broken-down using ratios of expenditures estimated by NSCB. The following table shows the expenditure ratios used. There was no data on consumption of fixed capital so this was not filled up. Share of volunteer labor and output made use of available parameters/ratios from the JHCNPSP-Philippines Report to do versions 2 and 3.

Table 3. SHARE OF EXPENDITURES by ICNPO

Selected Non-Profit Institution Activities: Philippines	
Activities	Total Share to Expenditures
Education and Research	23.82
Health	16.48
Development and Housing	23.16
Social Services	36.54
Total	<u>100.00 %</u>

Table II-2 presents the revenues into ICNPO activities. For NPISH, data did not provide the nature or purpose of the revenue to allow ICNPO breakdown. For other NPIs the activity was identifiable and this provided the basis for classifying other NPIs within ICNPO. Thus for NPISH, classification to ICNPO was still based on expenditures. Only version I (SNA basis) was done for Table II-2.

Table II-3 refers to the composition of transfer payments. Similar to Table II-2, data on transfer payments could not be used to classify current transfers to ICNPO. Disaggregation to ICNPO was based on major expenditures. Transfer payments received from and paid to was only broken down into households and the rest of the world (ROW). Given the Integrated Economic Accounts (IEA) compiled for the PSNA 93, this provided total transfer payments received and paid by NPISH from/to the different sectors. We honored this value and added to it the partial estimates of transfers for cooperatives, mutual benefit associations, government NPIs, NPIs providing private services, and trustee charitable organizations to arrive at an approximate total transfers for all NPIs. Again this was not a complete estimate, specifically for other NPIs.

Table II-4 classifies NPIs into ICNPO groups based on employment. This was not operationalized because of the incomplete data on employment.

13. Table III involves the IEA for NPIs, which the NSCB had undertaken under the PSNA 93. It provided a disaggregation of the items in the sequence of accounts into the different institutional sectors. Having completed the IEA for NPISH, to complete Table III-1, the partial estimates for the other NPIs were simply added to the NPISH estimates and entered into the SNA sectors where they belong. Entries under the column others which pertain to the non-NPI sectors were taken from the IEA results of NSCB.

The problem is the understatement of the estimates for the NPIs other than NPISH. We hope that with availability of resources, the NSCB can improve its present coverage of NPIs.

To come up with the three versions, ratios obtained from the Survey of Non-Profit Organizations of the JHCNPSP-Philippines were applied.

14. Table IV-1 to IV-3 also applied data from the IEA. Only Table IV-1 was compiled but was not completed. The part on employment was not filled up due to incomplete data. Tables IV-2 and IV-3 were not filled up also for lack of data.

The disaggregation by activity for both output and value added followed the same structure and were based on: for cooperatives, data on economic activity were identifiable, thus these were classified into manufacturing, construction, trade, financial and others; mutual benefit associations, under financial; other services were classified under education, health and community and social activities. NPISH output and value added were distributed to either education, health and other community and other social services depending on their major expenditure.

The problem encountered was the understatement of total estimated values for other NPIs because of data. As resources become available, we can separate NPIs from the non-financial, financial, government and household sectors.

Table IV-4a, which shows the final consumption expenditures of General Government by purpose, was compiled, except that the coverage of NPI General Government was only partial. We only included what we were able to identify from the list of government corporations. Further data processing was required. The estimate for volunteer labor was derived using ratios obtained from the report of the JHCNPSP-Philippines.

On Table IV-4.b, which presents the final individual consumption expenditure by sector, was compiled but only version 1 (SNA basis). This was possible because there were data which were used for the PSNA 93. Individual consumption of general government by purpose was obtained from government financial statements.

15. Table V-1, which deals with number, organizational set-up and members of NPIs, was not filled up since most of the data was not available. Legal organization and membership will be possible when more data are processed. The questionnaire does not include a description of legal type A, B and C?

Table V-2 on paid employees, volunteers and members of non-profit organizations, this table was not also compiled for lack of data.

Table V-3 is concerned with donations to non-profit organizations. Data from the Family Income and Expenditures Survey (FIES) of NSO was tapped to provide the required data. This assumed that expenditures on gifts, donations refer to “giving” to non-profit organizations from families. The data provided was understated.

Table V-4, which contains selected capacity and output indicators, these indicators will have to be identified and data for these collected by the country. While some capacity/output indicators are presently available for the profit sector, this is not necessarily the case for NPIs. A special survey/data collection system for NPIs is necessary.

16. Table VI summarizes the key dimensions of the consolidated NPI sector, which include data on revenues, expenditures, structure by ICNPO. This table was accomplished only to the extent that data was available. Specifically, the structure section was not filled up.

On Chapter 5. Implementing the NPI Satellite Account-Data Sources

17. Yes and NO, the data compilation framework as contained in chapter 5 can work for the Philippines. The Philippines does not have a complete Register of NPIs but it has separate lists of specific organization maintained by government registration/accreditation agencies, which include NPIs. However, the lists can also include non NPIs (refer to Table 1). The commercial business registers available generally include only for profit organizations. All of these lists, however, are not mutually exclusive and there are overlaps/duplications. Also, these lists are cumulative and have no system of purging dead organizations.

There is no separate classification for NPIs at present. However, we have plans to tap the Bureau of Internal Revenue (BIR) for their list of tax-exempt corporations/institutions. These can be considered as all NPIs.

In the case of the Philippines, the work of establishing the NPI list/register was initiated by JHCNPSP-Philippines. A lot of time went into the cleaning of the list/data as well as in completing the first part of the survey form on the identification of NPIs.

The NSCB can start with the list prepared by the JHCNPSP-Philippines and add to this list as more data of specified government agencies not covered by the Study are explored. The NPI list can then be used as a tentative frame for NPIs which can be matched with the listing of establishments/enterprises that is currently used by NSO for its establishment surveys. The NSO list includes NPIs that are visible and can be counted. These are not, however, identified as NPIs. The NPIs per se have yet to be covered in the current surveys/censuses.

The problem, however, is for the CE/ASE to cover these NPIs. It may be very expensive to conduct a survey of NPIs at this point unless their identity and whereabouts have been established. In the meantime, the NSCB will try to work on the tentative list to identify its sample for purposes of building up the estimate for the NPI Satellite Account.

As part of the PSNA 93 Study, the NSCB compiled the NPISH Sequence of Accounts for the Philippines, using the financial data of selected NPIs from the DSWD, SEC and BIR. In addition, it also collected financial data for cooperatives, mutual benefit associations, charitable organizations and some private services establishments to come up with even partial NPI estimates for the other SNA sectors.

18. The Philippine NPI data was built from various sources: special studies, administrative and survey data. The administrative data consisted of financial statements and general information forms submitted to specific government agencies such as the SEC, DSWD, COA, BIR, DECS, DENR, IC, DOH and local government bodies and BIR. These are intended for regulatory/administration purposes. While there are now more organizations registering with these government agencies not all submit their financial statements. Some of these organizations are not necessarily NPIs. There are some who register for tax purposes but do not operate as such. Most often, the information provided are incomplete and no total values are reported.

In the case of the Philippines, the initial effort was to operationalize the NPISH Sequence of Accounts as part of the 1993 SNA Implementation. Not all of the government agencies mentioned above were tapped for data because of lack of resources. Financial data were collected from those which were readily available such as from DSWD, BIR and SEC for the NPISH Accounts. Only 624 of these statements were processed. To do the Philippine NPI Satellite Account, this was supplemented with available financial statements of NPIs from IC and CDA. With resources, the NSCB would have been able to process more NPI data. This will be done later. Under the BIR, NPIs are considered under exempt enterprises. Annex A presents a summary of the type of data collected by selected government agencies concerned with specific NPI groups.

Survey data on NPI were also obtained from the ASE/CE of the NSO. These covered NPIs such as cooperatives, NGOs and other non-profit organizations which are classified under the industries where they operate. For example, NPIs may be found under construction, trade, finance, social and community service, education and medical services. The ASE/CE excludes religious orders/churches, professional association, business organizations, and labor unions. Since the ASE/CE do not separate NPIs, the problem of using this pertains to classifying an establishment as in-or-out of the NPI sector. In the meantime the assumption made was that those categorized under cooperative and the “others” type of legal organization are mostly NPIs. In the case of schools and hospitals, those operated by religious orders and charitable organizations were assumed to be NPIs.

Another survey that is a potential source of NPI data is the FIES of the NSO. It generates data on contributions of households to NPIs and vice-versa.

While the surveys showed totals for the different sectors/industries and household type, there were no specific totals for NPIs since this was not identified as one of the legal forms of organizations.

Despite the problems encountered, we still believe that use of administrative data combined with survey data is the more efficient and sustainable approach of building up NPI data. Administrative data have solid possibilities for collecting the required NPI data. A system can be developed to address some of the problems such as identifying NPISH, overlapping lists, non-operating and dead organizations. Administrative forms can be improved to collect the data required for the NPI Satellite Account. With proper coordination and advocacy, compliance to administrative forms can be improved.

The NSCB, with available resources, intends to pursue the Philippine NPI Satellite Account. Given current resources, we can only do this on a step-by-step approach, that is one group of NPI at a time.

19. Given the methodology adopted by NSCB to estimate the contributions to GDP of all sectors including NPIs, it has substantially covered NPIs. The problem, however, is that NPIs were estimated as a certain portion of the sectoral accounts. Only the NPISH was separately estimated. Thus to come up with a separate estimate of NPIs by sector, by industry, the NSCB made an attempt to weed out from the sectoral estimates the contributions of NPIs through the individual financial data and in the case of the survey data by applying apportionment ratios based on the JHCNPSP-Philippines Report and other special studies.

As mentioned in item 18 of the Report Guide, surveys and censuses do not carry a separate category for NPIs. Some were assumed to be under the corporate group under legal organization and others were covered as cooperatives or as others. Administrative records to a certain extent allow a better estimate of NPIs since these are individual records.

20. Yes, there were many NPIs that were not covered by the statistical surveys but the reason for this is the lack of a list of NPIs. The NPIs that are visible will be listed by the NSO listing system. The ASE/CE was not intended to deal with non-profit organizations as a separate group. In addition, the size of NPIs can exclude them from the coverage of the ASE/CE. Moreover, the CE/ASE excludes certain groups of NPIs (see item 18).

21. Completing the tables require lesser time then collecting and processing the NPI data. In the case of the Philippine preparing/completing the tables given the present data situation will take at least six months to one year. The following Table 4 provides a schedule of activities and the amount of time needed to do the estimates for the NPI Satellite Account.

Table 4. Schedule of Activities and Person-Days required for the Philippine NPI Satellite Account

Activities	132 Days/ 6 Months	Person-Days
1. Data collection	2 months	44
2. Processing of data	1.5 months	33
3. Estimation	1.5 months	33
4. Balancing of Accounts	1 month	22
TOTAL	6 months	132

22. The number one data gap that needs to be addressed is the Register of NPIs. Since the JHCNPSP-Philippines has already developed a list, then cleaning and improving the list is necessary.

The second data gap is on classification by ICNPO as well as by economic activity. Other data sources such as General Information Forms, financial reports, etc. have to be explored to classify NPIs properly into the ICNPO and industry groupings. Data on members/membership are also available from these forms.

Another major data gap is employment including volunteer-employment. Employment is not covered by present administrative data. This cannot be provided by present available data. The JHCNPSP-Philippines has included this in its Survey of Non-Profit Organizations but this data has not been processed.

Other data gaps such as third party payments from government and more detailed data on transfers will require some time to do because this will involve going through government financial reports to generate this data.

23. Additional steps to come up with constant price estimates include the development of the methodology for this based on available data. One can start with looking for equivalent/similar goods and services in the market, the prices of which can be used as deflators. Another alternative is to use volume indicators or develop earnings/compensation indices as deflators.

Other Questions

24. The PSNA started compiling institutional sector accounts in the latest revised series, with base year 1985 and completed in 1995. Thus the current PSNA series (1946 to present) include the following institutional accounts under the Production Accounts, Gross Value Added (GVA) by factor share shown for each institutional sector; and Income and Outlay Accounts by Institution. The institutions are: 1.) private corporations; 2.) government corporations; 3.) general government; and 4.) households, including non-profit institutions serving households and unincorporated enterprises.

The Philippines will soon be moving to the 1993 SNA. It has completed pilot of the Sequence of Accounts for all institutional sectors for 1994 to 1997 and which will be updated this year and in the next years. Implementation of the 1993 SNA is scheduled in 2004.

With the implementation of the 1993 SNA, the following institutional sectors will be adopted:

1. non-financial corporations;
2. financial corporations;
3. general government;
4. households; and
5. non-profit institutions serving households

The extent of the compilation of the Sequence of Accounts for each sector will vary depending on the availability of data.

NPIs will definitely be covered and separated. However, because of data problems still and resource constraints, improvements in coverage will be gradual. Hopefully in 2004 we will have a better coverage of NPIs.

25. The development of the NPI Satellite Account has provided new insights for the development of institutional sector accounts such as: different institutions have their own peculiarities/characteristics/behavior, while following a common format, each account involves different approaches as of dealing with or measuring output, inputs, employment, income and investments. Coverage of each sector account has to be clearly defined to avoid double counting. There is a different classification system for each sector.

26. There has been significant increase in NPI and government continues to promote tie-ups with NPIs in terms of assisting it provide services to the citizenry. The NPIs are now involved in a new role of addressing concerns such as sustainable development and poverty alleviation, among others. Thus, measuring the contribution of these NPIs and how it relates to the total economy and to the other sectors will be very useful for economic analysis.

The PSNA has actually taken steps to include NPIs by first doing the Sequence of Accounts with the PSNA 93 and the Philippine NPI Satellite Account. An attempt to separate estimates for other sectoral NPIs was undertaken. Processing of more data will be done gradually.

27. The difference between separating the NPI and non-NPI components in the financial, non-financial and government sectors did not as yet provide a clear picture of these NPIs because of the still very limited coverage of these NPIs.

REFERENCES

Defining the Non-Profit Sector: The Philippines, Ledevina V. Carino, August 2000, Occasional Paper No. 2000-03, Philippine Non Profit Sector Project

NPISH Sector in the 1993 SNA Data Assessment PSNA 93, November 1998 Margarita Guerrero

Expenditures of Non-Profit Institutions in the Philippines: Methods, Data and Initial Estimates for 1997, Ramil K. Racelio, June 2001

Initial Report on the Partial Results of the Survey of Non Profit Organizations (Draft) JHCNPSP-Philippines

Coverage/Source	Monitoring	Forms/Reports	Database	Format	Contents
Cooperative Development Authority					
<ul style="list-style-type: none"> ● All cooperatives 	<ul style="list-style-type: none"> ● through the regional offices ● submission of annual report to central office 	<ul style="list-style-type: none"> ● Annual Financial Statement ● Form CDA-AR-1 (Annual Report) ● Simplified economic survey for newly registered cooperatives 	<ul style="list-style-type: none"> ● Available since 1990 ● Source: Articles of cooperation 	<ul style="list-style-type: none"> ● Computerized 	<ul style="list-style-type: none"> ● No. of members ● Capitalization ● Area of operation ● Address ● Activity ● Date of General Assembly
<p>Note: Cooperatives registers with the CDA for accreditation. Annual Financial Statements are submitted together with Form CDA-AR-1</p>					
Philippine Business for Social Progress					
<ul style="list-style-type: none"> ● All partners for community-based project ● Directory of corporate foundation 		<ul style="list-style-type: none"> ● Survey conducted in 1996 on corporate foundation 	<ul style="list-style-type: none"> ● Available 	<ul style="list-style-type: none"> ● Computerized 	<ul style="list-style-type: none"> ● Telephone No. ● Address ● date founded ● type of foundation ● program/budget for 1996 ● Officers ● No. of full-time staff ● Objectives of foundation ● Areas of concern ● sources of funds ● affiliates
<p>Note: PSBP as an NGO registers to the SEC for accreditation as a non-profit institution. It also registers with BIR for tax exemption.</p>					

Bureau of Labor Relations

● All labor unions	<ul style="list-style-type: none"> ● Annual Financial Statement ● Fees collected ● Expenses ● Seminars ● Resource speakers ● Rental/Eqpt. 	● Financial Statement	<ul style="list-style-type: none"> ● Available ● Database starts in 1996 	● Computerized	<ul style="list-style-type: none"> ● General information on labor Unions e.g ● No. of members ● CBA
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Note: Labor unions registers with BLR for accreditation.
 Labor unions are usually not generating income. Income usually comes from dues paid by members.
 Federations usually generates income. The Workers Organization development program provides buffer fund to federations for livelihood projects

Association of Child Caring Institutions

● Child Caring Institutions - 33 members	● through networking	● Annual report	● Available	● Computerized	● General information
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Note: Funds comes from donations
 SEC registered for accreditation
 BIR registered for tax exemption

Association of Foundations Philippines Inc.

● All members (From 25th Anniversary Celebration Souvenir Program - Nov. 7, 1997)			● Available		● Multi Purpose (social development, welfare, arts and culture)
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Securities and Exchange Commission

<ul style="list-style-type: none"> ● All Corporations both profit and non-profit numbering about 4000,000 	<ul style="list-style-type: none"> ● Done through 7 extension offices nationwide ● Registration done one time for a period of 50 years 	<ul style="list-style-type: none"> ● Financial statements for corporations ● For non-profit institutions submission of financial statement is optional ● Annual submission 	<ul style="list-style-type: none"> ● Available ● List includes those who registered even during pre-war 	<ul style="list-style-type: none"> ● Computerized 	<ul style="list-style-type: none"> ● Information recorded were those included in the top 5,000 corporations publications ● See attached list of items
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Department of Social Welfare and Development (Standards and Regulations Bureau)

<ul style="list-style-type: none"> ● Accredited and not accredited NGO's ● 260 Accredited NGO's ● 452 total NGO's 	<ul style="list-style-type: none"> ● Through field personnel 	<ul style="list-style-type: none"> ● Information Sheet ● Financial Statement submitted annually 	<ul style="list-style-type: none"> ● Available 	<ul style="list-style-type: none"> ● Computerized 	<ul style="list-style-type: none"> ● Name, address and contact person ● Annual budget ● Funding source ● Network affiliation ● No. of staff ● Board members
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NATCCO

<ul style="list-style-type: none"> ● All affiliates listed in the COOP Review: Profile and Performance of NATCCO affiliates, Vol. 1 - Narrative Report, 1997) 			<ul style="list-style-type: none"> ● Available 		<ul style="list-style-type: none"> ● Listing of the 1994 top 100 reporting cooperatives, their addresses and asset size
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Department of Education, Culture and Sports

● Private Elementary and secondary schools			● Available		
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Association of Foundations

● Development Directory: Philippine Foundations, NGO's and People's Organizations (1995)			● Available		<ul style="list-style-type: none"> ● Descriptive directory of 130 members ● Profile and directory of members of 10 national and 3 regional networks ● Basic contact information
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Department of Environment and Natural Resources

● Directory of National Bureau and Regional NGO Desk Officers as of Aug. 1998			● Available		<ul style="list-style-type: none"> ● Name of officers ● Office address ● Telephone and fax number
● Directory of NGO's (DENR, as of Aug. 1998)			● Available		<ul style="list-style-type: none"> ● Name ● address ● contact person of each member ● NGOs

Insurance Commission					
● List of trust for charitable uses			● Available		

NASSA-JP					
● 1997-1998 Annual Report			● Available		<ul style="list-style-type: none"> ● Directory of social action center ● Financial Statements ● Sources of fund (local and foreign) ● Positions on the national office

National Council of Social Development Foundation of the Philippines, Inc. (as of Sept. 1998)					
● List of member organization			● Available		

Philippine Hospital's Association					
● Journal of PHA's publication			● Available		<ul style="list-style-type: none"> ● Name ● Address ● Contact person

PHILSSA					
● Roster of members			● Available		<ul style="list-style-type: none"> ● Name ● Organizational data ● Contact Person ● Support services and client sector ● Areas of operation

Bureau of Internal Revenue					
● Tax Filers	● Through tax forms	<ul style="list-style-type: none"> ● Form 1556-A/1901, 1903-Applications for Registration ● For 170xAIF-Account Information Form ● Form 170x-Annual Income Tax Return ● Form 1706/7-Capital Gains Tax Return ● Form 180x-Transfer Tax Forms (Estate, donors) 	● Available by arrangement	● Computerized	● (See sample summary of Form 1702)

DATA ITEMS

	Data Items	D-base fieldnames	Definition (to be checked and edited)
	Current Assets		Unrestricted cash or to the assets that can be converted to cash within one-year period. The 5 customary subdivisions of current assets are cash, temporary investments, receivables, inventories and prepaid expenses.
	Cash		Includes cash deposits in financial institutions and cash items on hand that are acceptable for deposit at face value by financial institutions as well as short term cash investments.
	Cash, marketable securities/short term investments, receivables	GASSETS	
1	Receivables, net of allowance for doubtful accounts		Receivables - represent amounts collectible from customers and others, most frequently arising from sales of merchandise, claims for money lent, or the performance of services. They may or may not be interest-bearing, collateralized or billed.
2	Inventories	ENDINV	Constitute items of tangible personal property, which are a) held for sale in the ordinary course of business, b) in the process production for such sale, or c) to be currently consumed in the production of goods and services to be available for sale
	Other current assets	CASSETS	Inventories including land held for resale (for land development companies) and waiting assets such as mineral deposits, ore reserves, accrued receivables, deferred income tax or tax credits, prepaid expenses, deposits another current assets.
3	Investment in securities		
	Long term investments	LINVEST	
	Fixed assets	FASSETS	Tangible physical properties relatively long-lived resources which are used for more than one year in the regular operation of a business. Fixed assets consist, in general, of land, building, machinery, tools and equipment, furniture and fixture less depreciation, natural resources less depreciation.
4	Investment in real estate		

5	Property, plant and equipment, net of accumulated depreciation		
6	Other assets	OASSETS	Long-term receivable, intangibles assets, organizational/development cost, deferred charges and other assets.
7	Total assets	TASSETS	Aggregate amount of all resources owned by the corporation. It is the sum current, fixed and other assets
8	Current liabilities	CLIABS	Consist in general, of note accounts, loans and dividends payable, accruals, deposits, current maturity of a funded debt, unearned income and deferred expenses
9	Long-term liabilities	LLIABS	Obligations with maturities of more than one year that normally will not be paid within the accounting period. Long-term liabilities include mortgages, bonds, debentures, serial notes, purchase money obligations and long-term payables.
10	Other liabilities	OLIABS	
11	Total liabilities	TLIABS	Obligations which are payable within one year or whose liquidation is reasonably expected to require the use existing current assets or the creation of other liabilities.
12	Stockholders' equity = TA - TL		Total amount contributed by the stockholders and all accumulations of retained earnings. It is the total of paid-up capital, deposits for future subscription, capital paid in excess of par value, retained earnings, and appraisal capital or revaluation surplus less treasury stocks.
	Authorized Capital stock	AUTHRZD	
	Total subscribed capital	SUBSCR	
	Issued & Outstanding Capital	ISSUED	
	Paid-in capital	PAIDIN	
13	Paid-up capital	PAIDUP	The aggregate of the par or stated value of capital stock for which full consideration has been received
14	Additional paid-up capital		
15	Treasury notes		
16	Revaluation surplus		
17	Others		
18	Retained earnings, beginning		
19	Cash dividend declared		
20	Stock dividend declared		

21	Other adjustments		
22	Retained earnings, ending	RETEARN	
23	Gross revenue (GR) = NS + RI + II + DS + ES + OI	Revenue	Net sales plus non-operating income such as interest, dividends, rent and other income. Equity in subsidiaries is also included in the computation of gross revenue. For the financial sector, it is the total earnings.
24	Net sales (NS) = COS + GP	NETSALES	Gross sales less returns and allowances, and cash discounts. In the case of the financial, utility and services sectors, net sales represent total operating revenues. It does not include dividends, interest, rental and other non-operating income/revenues
25	Cost of sales (COS)	COSALES	
26	Gross profit (GP)	GPROFIT	
27	Rent income (RI)	RENTINC	
28	Interest income(II)	INTRINC	
29	Dividend income (DI)	DVDNINC	Interest income earned on loans extended to others
30	Equity in subsidiaries = only gains are included in the gross revenue	EQTYSUB	
31	Other income (OI)	OINCOME	
32	Operating expenses= administrative, general and selling expenses	OPEREXP	
33	Rent expense	RENTEXP	
34	Taxes and license	TXLICNS	Expense for taxes and license other than income tax such as corporate residence tax
35	Salaries and wages	SALWAGE	Gross remuneration of officers and employees for regular and overtime services rendered.
	Other labor Cost	LBRCOST	
36	Depreciation	DEPRECN	
37	Interest expense	INTEXP	
38	Net profit/(loss) before tax	PROBTAX	Net profit/loss realized/incurred by the corporation before deducting income tax payable during the year.
39	Provision for income tax	PROVTAX	
40	Net profit/(loss) after tax		Profit/loss realized/incurred by the corporation net of income tax due during the year and is added to the beginning retained earnings

BUREAU OF INTERNAL REVENUE (BIR) DATA ITEMS
Form 1702 Corporation/partnership Annual Income Tax Return

Annex C

1	PSIC Code - Industry (see attached industry code)
2	Total Assets
Section A. Revenues of Income and Deductions	
3	Gross income (from Section C) = Gross income from business shall be equivalent to gross sales less sales returns, discounts and allowances and costs of goods sold, Sec. 27 NIRC. For those engaged in sales of services, gross income means gross receipts less sales returns, allowances and discounts.
4	Deductions (from Section D)
5	Net Income = Gross Income less deductions = taxable income
Section B. Computation of Tax	
6	Tax due
7	Tax credits/payments (from section E)
8	Tax payable
Section C. Gross Income	
9	Gross sales during the year
10	Cost of sales -- Cost of goods sold for trader, cost of goods of goods manufactures and sold -- cost of goods sold shall include all business expenses directly incurred to produce the merchandise to bring them to their present location and use. (SEC 27 NIRC)
	a. For trading or merchandising concern, cost of goods sold shall include the invoice cost of the goods sold, plus import duties, freight in transporting the goods to the place where the goods are actually sold, including insurance while the goods are in transit.
	b. For manufacturing concern, cost of goods manufactured and sold shall include all costs of production of finished goods, such as raw materials used, direct labor and manufacturing overhead, freight cost, insurance premiums and other costs incurred to bring the raw materials to the factory or warehouse.

	c. Cost of services shall mean all direct costs and expenses necessarily incurred to provide the services required by the customer and clients including salaries and employees benefits of personnel, consultants and specialists directly rendering the services and ii) cost of facilities directly utilized in providing the services such as depreciation or rental of equipment used and cost of supplies. That in the case of banks, cost of services shall include interest expense.
11	Gross profit = Gross sales less cost of sales
12	Sale of services
13	Interest on loans and discounts (income)
14	Service charges, fees and commissions
15	Others: Dividend and royalty not subject to final withholding tax; prizes and winnings not exceeding 3,000 pesos and other income.
16	Sales or exchange of capital assets other than shares of stocks: kind of property each with gross selling price/value, cost or other basis, expenses of sale amount of tax withheld
17	Gain(loss) from the sale of exchange of capital assets other than shares of stocks - gross selling price/value less (cost or other basis, expense of sale amount of tax withheld)
Section D. Deductions (not standard for every tax filer)	
18	Interest payments and bank charges
19	Compensation and fringe benefits/salaries, wages and bonuses
20	Bad debts written-off against allowance for possible losses
21	Travel and transportation
22	Depreciation (section D, schedule 2)
23	Rent, light and water
24	Insurance
25	Security and janitorial services
26	Stationery and supplies
27	Representations and entertainment
28	Taxes and licenses
29	Maintenance and repairs
30	Communication
31	Pension cost
32	Advertising
33	Professional fees/management fees
34	Litigation and assets acquired expenses
35	Miscellaneous

Estimation of depreciation (Schedule 2)	
36	Date of acquisition of property
37	Estimated life from date of acquisition
38	Method of depreciation
39	Cost or other basis
40	Accumulated depreciation
41	Depreciation allowed this year
Section F. Reconciliation of Net Income	
42	Non-taxable income, such as dividend income
43	Income subject to final income tax, such as interest income
44	Charges against reserve
45	Net profit (loss) per book = taxable income + non-taxable income-unallowable deduction.
	Unallowable deduction, such as: Depreciation on appraisal increment, Equity in net losses of affiliated companies, Provision for doubtful accounts, Unrealized foreign exchange loss in 1996/1995
46	Retained earnings at the beginning of taxable year (balance sheet entries)
47	Other credits to retained earnings such as: provision for income tax-deferred, transfer of revaluation increment deducted from operations through additional depreciation charges and pertaining to disposal assets.
48	Dividends paid during the year whether in cash stock or other property
49	Other debits to retained earnings such as provision for income tax-current

PSIC Activities with NPIs

- Division 73. Research and Development
R & D – natural science and engineering
R & D – social science and humanities
R & D – Information Technology
- Division 81. Private Educational Services
private pre-elementary schools
private elementary schools
private higher educational institutions
- Division 85. Health and Social Welfare
private hospitals, sanitariums and others similar institutions
private medical clinics & laboratories
private dental clinics & laboratories
private child care clinics
social work activities
- Division 91. Activities of membership organization, n.e.c.
Business employees and professional organizations
Trade union
Other membership organization
- Division 92. Recreational Cultural, Services
Libraries, museums, botanical & zoological gardens, art galleries &
other cultural services, n.e.c.
sporting activities