

**The Dimension of NPI in Mozambique:
A Satellite Account Perspective**

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Symbols and Abbreviations

...	Category not applicable
-	Category equal to zero
%	Percentage
CCIS	Cross-Classification of Industry and Sectors
CINSFLU	Census on Non-profit institutions
GDP	Gross Domestic Product
GVA	Gross value added
ICNPO	International Classification of Non-Profit Organizations
IEA	Integrated Economic Account
INE	National Statistical Institute
ISIC	International Standard Industry Classification
JHU/CCSS	Johns Hopkins University Center for Civil Society Studies
NPI	Non-profit Institutions
NPISH	Non-profit Institutions serving Household
MT	Metical (National currency)
ONG	Non-Government Organizations
RGPH	General Population and Housing Census
SA	Satellite account
SAM	Social Accounting Matrix
SNA	System of National Account
SUT	Supply and Use Tables
UN	United Nations
VW	Volunteer work

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Summary

This study gives a first estimate of the economic and social dimension of the NPI sector in Mozambique in a satellite account perspective. It uses the results of the NPI census (CINSFLU) carried out by the National Institute of Statistics between November 2004 and February 2005 and complementary data compiled in accordance with the 1993 SNA. Thus, as conceptual reference the study follows the System of National Account 1993 (SNA 1993) and in the practical aspects of data processing the study follows the Manual of NPI satellite account - “The Handbook on Non-Profit Institutions in the System of National Accounts”, published by the United Nations in 2003.

The results of the study confirm the findings from many other studies worldwide. The contribution of NPI organizations is much higher than the one captured by NPISH sector in the system of national accounts. In quantitative terms, the NPI organizations contribute about 6.1% of total GDP, the equivalent of 4.1 percentage points more than the contribution of NPISH sector to GDP in 2003 estimated at 2%. However, when the voluntary work is considered, the contribution of this sector increases by 0.1 percentage points.

The contribution of NPI to the economy is largely attributed to Education and Research sector which accounts for 51.2% of all GVA generated by NPI in 2003 and 3.2% to GDP, followed by Health with 16.6% (1.0% to GDP), and Development and Housing with 10.0% (0.7% to GDP). Together these three sectors accounts for about 79% of all GVA generated by NPI in 2003 (5% to GDP). Comparing to traditional industries, the economic contribution of NPI sector to GDP in 2003 exceeds these of many ISIC categories as published in the Mozambican national accounts.

From employment perspective, the study also concludes that the NPI organizations have been found to be a significant economic force in Mozambique contributing significantly to national economy both in terms of formal employment (4.4% of the formal employment) as well as in terms of compensation of employee (7.8% of total compensation of employee). The associations constitute the most popular legal form in terms of employment contributing with 59% of the total work force employed by NPI in 2003, followed by NGO with 38%. However, they are the legal forms that contribute lesser in terms of monetary flows. This is not surprising because in Mozambique, like in many other countries in Africa, these and other institutions are emerging and consolidating to fill the space left by public and private institutions.

The opinions and interpretations expressed in this study are of exclusive responsibility of the author and do not necessarily represent the opinions or interpretation of the National Statistics Institute or other institutions which have supported this study.

1. Introduction

In the framework of the system of national accounts (SNA), many institutions identified as “Non-profit organizations” (NPI) are grouped together with the sectors deemed to create, control and finance them, leaving out a small percentage part attributed to a sector called “non-profit institutions serving household” (NPISH). Empirical studies have showed that the economic contribution of NPI organizations is much higher than the one captured by the NPISH sector in the system of national account². One alternative way of measuring the contribution of NPI services as a whole to the economy is through a satellite account (SA) of the sector.

Satellite accounts are an extension of the SNA developed and used to measure separately and, in detailed manner, some aspects not directly observable in the central framework of national accounts (magnifying glass effect).

This study intends to give a first estimate of the economic and social dimension of the NPI sector in Mozambique through a satellite account of the sector. It represents a first tentative estimate of direct and visible contribution of NPI organizations to key macroeconomic variables such as GDP in Mozambique.

Conceptually and methodologically, the SA perspective suggested in this study follows the international guidelines described in the Manual of NPI in the system of national accounts “The Handbook on Non-Profit Institutions in the System of National Accounts”, published by the United Nations in 2003. As far as data concern, the study uses the results of census on Non-profit institutions (CINSFLU) carried out by the National Institute of Statistics (INE) between November 2004 to February 2005 and complementary sources used in the compilation of national account estimates.

We believe that, although the results of this study might be considered tentative, its analytical potential will increase, as more broad studies about this sector in the form of satellite account will be conducted in Mozambique in the future.

The materials included in this study are distributed through eight sections. The first section introduces the study highlighting its importance and motivation. The second section presents the conceptual framework within which the NPI satellite account is developed and extends the discussion to include the classifications used. The terms used to describe the organizations covered by this sector in Mozambique are discussed in the Section three. Section four describes previous and actual practices in terms of data treatment of the NPI in the SNA in Mozambique. The scope and sources of the study are discussed in section five. Section six discusses the treatment of voluntary work followed by presentation of the results in section seven. Finally, section eight presents the main conclusion of the study.

² See Salamon, Lester M., Megan A. Haddock, S. Wojciech Skolowski, and Helen S. Tice. *Measuring Civil Society and Volunteering: Initial Findings from Implementation of the UN Handbook on Non-Profit Institutions*. Working Paper n° 23. (Baltimore: Johns Hopkins Center for Civil Society Studies, 2007).

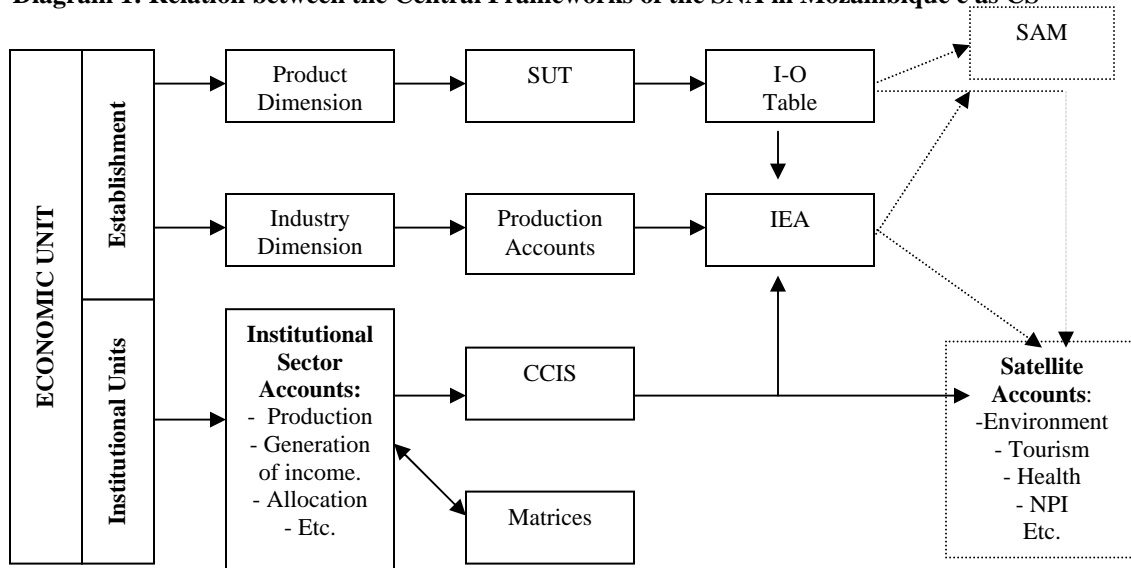
2. Conceptual Framework

The System of National Accounts

The system of national accounts is “a set of coherent, consistent and integrated macroeconomic accounts, balance sheets and tables based on a set of internationally agreed concepts, definitions, classifications and accounting rules” (INE, 1998:1. It provides a comprehensive accounting framework within which economic data can be compiled and presented in a format that is designed for purposes of economic analysis.

The compilation of national accounts according to 1993 SNA establishes the correspondence and coherence between the different sources of basic statistical data. In this perspective, the 1993 SNA can be considered as a tool for coordination of statistical system much more powerful, covering areas that traditionally were included in social domain and given its scope, the system also constitute an important framework for integration of economic statistics which allows the possibility of development of satellite accounts as shown in the diagram below:

Diagram 1: Relation between the Central Frameworks of the SNA in Mozambique e as CS



In this way, the satellite accounts constitute a framework of accounts designed to extend the analytical capacity of national accounts to specific areas of economic and/or social interest - Environment, Tourism, Health, NPI, etc. without overloading the central framework of the SNA, and constituting in this way, a supplement to the system of national accounts of the countries which in turn allows analyses of the contribution of a specific sector to the respective national economies.

The conceptual reference of the compilation of Mozambique National Accounts follows the recommendation set out in the system of national accounts (SNA 1993) which group

the institutional units within five economic sectors on the base of economic transactions in which they are involved, the objectives for which they serve, and the units which are deemed to control or finance them. The SNA identify five such sectors which constitute the core building block of the national accounts, namely:

- No-Financial corporations (S.11)
- Financial corporations (S.12)
- General government (S.13)
- Household (S.14) and
- Non-profit Institutions Serving Household (S.15)

Each of these institutional sectors is made up by institutional units, defined as “an economic entity that is capable, in its own right, of owning assets, incurring liabilities and engaging in economic activities and in transactions with other entities”. Although the SNA establishes separately institutional sector serving mainly households (non-profit institutions serving households – S.15), other NPI and their respective statistics data appear in the SNA in a aggregate manner in other institutional sectors such as Financial and No-Financial corporation sectors (S.11 – S.14) as shown by the Table 1, which at the end it turn out to be difficult or almost impossible to identify separately the NPI from the aggregate data. Salamon et all (2007:) argues that, “because of this difficulty one fraction relatively small of all economic activity of NPI is visible in the NPISH sector of SNA, and consequently, only data from this sector are published by the countries, or are not published at all”. In fact, the contribution to GDP of NPIs based on the NPISH sector in the Mozambican SNA was estimated to be only 2% in 2003.

Table 1: Treatment of Non-profit Institutions in the NPI satellite account

Type of Institutional Units	Institutional Sectors in the SNA				
	No-Financial Corporations (S.11)	Financial Corporations (S.12)	General Government (S.13)	Households (S.14)	NPISH (S.15)
Corporations	C ₁	C ₂			
General Government			G		
Households				H	
Non-profit Institutions	NPI ₁	NPI ₂	NPI ₃	NPI ₄	NPI ₅ = S.15

Sources: Handbook on Non-profit in the System of National Accounts, United Nations, NY 2003

However, while the NPI satellite account manual recommends to identify separately the NPI sub-sectors, in Mozambique like many other countries (developed or developing countries), have not yet implemented such recommendations in spite of its growing importance in the provision of social well-being and other services.

It was in recognition of this that Mozambique joined in 2005 the global effort of implementing the Manual of Non-profit Institutions in the System of National Accounts, which recommends the general statistical guidelines and standards internationally accepted to develop data on non-profit organizations in the framework of SNA 1993, with the objective of improving and put at disposition of the government, academia,

international organizations and users in general, data of this growing sector, whose visibility is ignored or less developed as part of data compilation of NPI in the system of national accounts.

Thus, the objective of a satellite account is to measure separately and, in detailed manner, some phenomenon not directly observable in the central framework of national accounts (magnifying glass effect). The need of measuring such phenomenon in an isolated manner, make it possible that some supplementary tables be created which allows better visualization of the subject matter. In this way, the satellite accounts constitute an extension of SNA designed and used to clarify some data particularities, needed for specialized analyses, which are not included or explicitly reflected in the general compilation framework of the system.

More specifically, the aim of this study is:

- To identify the contributions of NPIs included separately in the different institutional sectors in the framework of SNA (as illustrated by the Table 2) and to group them in order to measure its contribution to the economy as a whole.
- To extend the NA in order to include other indicators which increase the contributions of NPIs in the value added namely, the value of volunteer work;
- To extend the NA in order to include other structural variables such as employment;

Table 2 Identification of NPIs in the NPI Satellite Accounts

Institutional Units	Corporations		General Government		Households		NPISH		TOTAL	
	SNA	NPI	SNA	NPI	SNA	NPI	SNA	NPI	SNA	NPI
No-Financial Corporations	S.11	Market No-financial	...	...	...	...	...	...	S.11	Market No-financial
Financial Corporations	S.12	Market financial	...	...	...	...	...	...	S.12	Market financial
General Government	...	...	S.13	Controlled by the General Government	...	...	...	...	S.13	Controlled by the General Government
Households	...	...	...	...	S.14	...	...	...	S.14	...
NPISH	...	...	...	...	...	...	S.15	Serving household	S.15	Serving household

... Category not applicable

Classifications Used in this Study

The specific definitions of the structure of nomenclatures constitute a key element in national accounting because they determine the content of different variables retained for building the accounts of the system.

For practical purposes, the classification used follow the recommendations contained in the SNA Manual which classify the NPI according to the economic activity in which they are engaged using the International Classification by Type of all Economic Activity (CITA) which has correspondence with ISIC Rev.3 and the International Classification of Non-profit Organizations (ICNPO) which classify the NPI according to its function or objective on 12 sector of activities and 29 sub-sectors³.

In this way it was possible to classify all NPI data by category of ICNPO, which allowed classify the production data, intermediate consumption, employment indicators and gross capital formation, derived based on a direct link between ICNPO and ISIC Rev.3

3. Terms Used to Describe the NPI

General Terms

The SNA 1993 defines the NPI as “legal or social entities created for purpose of producing goods and services whose status does not permit them to be a source of income, profit or other financial gain to the units that establish, control or finance them” (SCN 1993: 4.161).

A NPI defined in this way does not mean that it cannot or is not able to generate profit. As referred in the SNA 1993 “...although they may not be a source of profit to other institutional units, NPIs may nevertheless be market producers if they produce service for which they charge prices or fees that are economically significant (which allows them to generate surplus - positive or negative). However, any positive surplus they may generate, cannot be appropriated by other institutional units”.

It is argued that a NPI thus defined differ from other three types of institutional units identified in the SNA – the corporations (financial and no-financial), the general government units and household. In particular,

- a) *The corporations* differ from NPI in the sense that “they are created for the purpose of engaging in market production for profit or other financial gain for their owners” (SNA 1993: 4.47).
- b) *The General Government Units* differ from NPI in the sense that “they are the unique kind of legal entities established by political processes which have legislative, judicial or executive authority over other institutional units within a

³ For practical reasons, the calculations were carried out at most aggregated level (12 sector of activities)

given geographical territory” including the “the authority of rising funds through tax charges or compulsory transfers from other institutional units”. (SNA 1993: 4.104).

- c) *The Household* differ from a NPI in the sense that “is a small group of peoples which share the same living accommodation, who pool some, or all, of their income and wealth and who consume certain types of goods and services collectively, mainly housing and food” (SNA 1993: 4.132).

While the main function of the S.15 sector in the SNA is to produce and provide other non-market production for individual consumption using resources mainly from voluntary contribution of households as consumers, property income, transfers from general government and from the rest of the world, the nucleus of the definition of the Non-profit sector suggested by Salamon and Anheier (1992) is based on a structural and operational definition which consider NPI as:

- (a) *Organizations* in the sense that they have some institutional reality, are legal entities with some grade of internal organizational structure;
- (b) *Non-profit making* and, by law or custom, do not distribute, to their owners or the units which control them, the operating surplus;
- (c) *Privates* in the sense that are institutionally separated from general government, that is, are not part of general government apparatus and do not exert on their own right, government authority;
- (d) *Autonomous* in the sense that are able to control their own activities and set up their own organizational structure;
- (e) *Not Compulsory* in the sense that their constitution, admission and their activities involve some grade of voluntary participation.

The NPI sector thus defined, include all non-profit organizations, which satisfy the five criteria, independently in which sector can be attributed by the SNA with (a) and (b) being applicable to the definition in the central framework of SNA.

We can also distinguish two types of NPI: market and non-market producers. By definition, market producers are these NPI, which sell all or part of their goods or services at an economically significant price. This type of NPI can be found in the financial or non-financial corporation sector depending on the main activity they are engaged. Examples of such NPI are colleges, universities, clinics and hospitals which, based on their production cost, are able to apply prices or fees economically significant which in turn affect the demand of these services.

Analogously, the non-market producers are these NPI, which their production is majority not economically valued. As a consequence, they cannot generate profit and their source of income comes generally from private donations, contribution from associates, and transfers from general government. The NPI classified in this group can be found either in the general government - if they are governed by and financed mainly by general government, and consequently, they belong to the institutional sector of general

government, and these which depend mainly from private donations and contributions from associates, and consequently, their belong either to the households sector or NPISH in the SNA 1993. It is argued that in this way, in the framework of SA, it is possible to identify the components within as well as outside NPI in the framework of SNA 1993 sectors.

Specific Terms Used in Mozambique

The term “non-profit sector” is still at its initial stage in Mozambique and has not yet gained space in the national literature. However, the terms and concepts most frequently used to describe and or characterize the organizations generally covered by this sector include: (i) Associations; (ii) Foundations; (iii) No-government Organizations; and (iv) Other legal forms. The complete definition of each of these terms can be found in INE (2006:189).

It is important to bear in mind that, although the term “ONG” and “Sociedade Civil” are the most used in a day to day language, the associations constitute the most popular legal form representing about 92% of all universe of NPI in 2003 of which 53% are religious associations. This is not surprising because in Mozambique, like in many other countries in Africa, these and other institutions are emerging and consolidating to fill the space left by public and private institutions.

4. Previous and Actual Practices in the Treatment of NPI in the Mozambique

Previous Practices

When implementing the SNA 1993 in Mozambique in 1998, the scope of NPI in the SNA compilation was very limited indeed, and generally restricted to NPISH. The scope was determined on the basis of employment identified in the 1997 Population Census, covering social services related to religious organizations, political parties, professional organizations, labour unions and also international organizations. This information was used in compiling data on value added, output and final consumption of NPISH, as follows.

- As employment identified in the population census was remunerated, average wages (based on HH survey data) was imputed to the number of employees, so that compensation of employees could be derived. It was further assumed (based on i-o coefficients used in the SUT) that value added (=compensation employees) was 70% and intermediate consumption 30% of output.
- Based on these assumptions, output was derived. It was furthermore assumed that the output of NPI services is not sold and thus equal to final consumption of NPIs.
- The final consumption data were then reconciled with the amounts of private donations, as recorded by the government, so that there could be consistency between

value added, output, final consumption and finance. The above treatment, of course, assumed that the NPI thus identified implicitly were NPISH.

The above procedure did not establish a clear link between the value added, output and final consumption data and the NPI operating in Mozambique, as the data were linked to employment and not to the financial statements of the institutions themselves.

There were other deficiencies in the estimates. Some of the employment figures based on the population census data could contain duplications in the areas of health and education, as the contributions of these sectors to GDP were obtained through the respective public and private organizations operating in the fields of education and health.

Also, capital formation data were not linked to the NPISH, as it was recorded in principle as capital formation of the government sector. Furthermore, volunteer labour could not be measured through these estimation methods as such information was not available from population census records. And finally, the scope of the estimates was restricted to NPISH only, as other NPI were either covered in other sectors (government sector) or not covered at all (NPI supporting business operations).

Actual Practices

In implementing the new base year (2003), a new approach in the treatment of NPI was tested. The scope of NPI, although still limited to S.15 sector, its data treatment was strongly improved from the imputation method to direct calculation based on the results of the CENSFLU carried out by INE between November 2004 to February 2005 with 2003 as the reference year.

Based on CENSFLU results it was possible, through a direct link between ICNPO and ISIC Rev.3, to identify the production and intermediate consumption variables, which in turn allowed computing the gross value added (GVA) defined as the difference between production and intermediate consumption. Yet, the CINSFLU results allowed identifying other variables needed for calculating gross operating surplus and gross mixed income both defined as the difference between VA and compensation of employee plus net taxes⁴. Given that the supply and use tables of national accounts allows allocation the supply from NPI to the uses, it was possible to determine part of the production, which is market and no-market, and, consequently, identify the production of NPI as a whole.

⁴ Mixed income is a concept related to the household sector and it is analogue to the concept of operating surplus for the corporation sector.

5. Scope and Data Sources

Scope

The national accounts cover all resident units within the geographic territory of Mozambique⁵, including those of the informal sector that conduct economic transactions. All transactions within the production boundary of the SNA, including the informal sector, and NPI institutions are covered in principle. Thus, the economic value of NPI – the value of sales and transfers, compensation of employee and other items related to revenue and expenditures are, in principle, all included in the economic aggregates of national accounts such as GDP and final consumption of the household.

Source of Data

As noted in previous sections, until more recently the scope of NPI in the compilation of NA in Mozambique was very limited, and generally restricted to NPISHs. However, resulting from physical and social reconstruction, administrative consolidation and political reaffirmation following the violence process that worsened social problems, it was expected that these and other institutions could emerge to occupy the space not fulfilled by public and private institutions. INE (2006) argues that the NPI generally cover needs and interest that the government and private sector do not tackle and although the presence of such organizations is virtually tangible in each community, they have not yet been investigated properly. The lack of visibility is in part explained because of absence of statistical data of the sector as a whole. It was in recognition of this importance that in the context of Italian Project supporting the National Statistical System (SEN), it was integrated a component of Census of non-profit organizations with the objective of producing data about this sector which, although its growing importance, it was under developed as part of national account compilation.

The CENSFLU has produced huge variety of statistical data relative to NPI. Although the data collection covered the period between November 2004 and February 2005, the reference period was 2003. In this regard, the reference period of this study has set out to be 2003 coinciding with the base year of national accounts and the main data source used in the compilation of this SA be the CENSFLU 2004/05.

6. Treatment of Volunteer Work

The volunteer work is one of the emerging areas whose scale and number has been increasing both in Mozambique and internationally. However, economic statistics covering such type of employment are limited and in many case do not exist at all. As noted in the press of partnership between the International Labour Organization (ILO) and the Johns Hopkins University Center for Civil Society Studies (JHU/CCSS) in April 2007 “Volunteer work is a crucial renewable resource for social and environmental problem-solving the world over. Despite the contributions that volunteer work makes

⁵ Including the free zones

both to the volunteers themselves and to the beneficiaries of their generosity, however, little sustained effort has gone into the measurement of the scope, scale, or distribution of such work”. Indeed, according to SNA, “no compensation of employee is payable in respect of unpaid work undertaken voluntarily, including the work done by members of a household within an unincorporated enterprise owned by the same household” (SNA 1993:7.21). Empirical studies suggest that the volunteer work represents, in certain field of NPI actuation, an higher contribution, and its exclusion from the production or GVA measurement make it possible that these variables be underestimated in the value due by this type of work (see for example, Statistics Canada (2006); Yamuchi (2007), Statistics NZ (2007) among others studies).

Imputing the Volunteer Work

The valuation of volunteer work is difficult elsewhere. Generally, it is done from a limited base of statistics both in terms of qualitative and quantitative, which obliges the resource of different and courageous hypothesis and the imputation of a significant part of the production. On the other hand, contrarily to the paid employment, there is no internationally accepted methodology to value unpaid work undertaken voluntarily, but different approaches, which explain, from the various perspectives, the way unpaid work undertaken voluntarily could be valued. UN (2003:69) distinguishes two approaches: the “opportunity cost” and “market or replacement cost”.

While the first method “values the volunteer time at what the time is worth to the volunteer in some alternative pursuit”, the second method “values the time at what it would cost the non-profit organizations to replace it with paid labour”. The last approach assume that the voluntarism could be substituted by paid salary, that is, the voluntarism and paid salary are perfect substitutes both in terms of capacity and productivity.

UN (2003) argues that, “although theoretically desirable for some purposes, the opportunity cost approach is not often used because it makes considerable statistical demand”. Consequently, in this study we follow the recommended procedure for the NPI satellite account and we use the replacement cost approach which requires two type of data: hours worked in voluntary regime and shadow wage at which to value the volunteer time. Thus, assuming the shadow wage for volunteer as the average gross salary for occupational activities in which the volunteer are involved, the value (compensation of employee) at what it would cost the NPI to replace the volunteer work with paid labour was estimated by multiplying the average gross salary with the equivalent employment in each occupational activities in which the volunteer are involved.⁶ Following these results, in the production account, the compensation of employee, GVA and gross production were adjusted up by the amount of compensation imputed for the volunteer work, leaving the intermediate consumption unchanged.

⁶ In calculating equivalent employment it was assumed that there are 40 hours per week for 49 weeks

7. The Findings

This section presents the main finding of the study. In particular, it shows the direct contribution of NPI in the economy measured in terms of the following aggregates:

- **Gross Value Added**
 - With and without imputed volunteer work
- **Employment – Measured in terms of:**
 - *Compensation of employees (with and without imputed volunteer work).*
 - *Number of employee (with and without imputed volunteer work)*

Contribution of Non-profit Institutions to the Economy

The gross value added (GVA) of NPI is defined as the difference between the gross value of production at basic prices and the intermediate consumption at market prices. Table 3 shows the contribution to GDP relationship between SNA gross value added by ICNPO classification and the contribution of NPI sector taking 2003 as the reference period. In terms of this aggregate, the economic value of services provided by NPIs amounted to 6,792.3 Millions of Meticaís in this year, the equivalent of 6.1% to GDP. However, when the volunteer work (VW) is imputed, the share of this sector increases 0.1 percentage points fixing the contribution of this sector at 6.2% to GDP.

Table 3. GVA of NPI with and without imputed volunteer work

Sectors of Activity	Values in (10 ⁶ MT)			Contribution (%)	
	SNA	VW	Total	To GVA _{NPI}	To GDP
Culture and recreation	106.0	3.6	109.6	1.6	0.1
Education and research	3,541.7	6.0	3,547.7	51.2	3.2
Health and Social Services	1,133.5	13.6	1,147.1	16.6	1.0
Environment	164.0	5.1	169.1	2.4	0.2
Development and housing	793.4	6.0	799.4	11.5	0.7
Law, advocacy and politics	398.0	21.4	419.4	6.1	0.4
Philanthropic intermediaries and voluntarism promotion	12.4	3.0	15.4	0.2	0.0
International cooperation	81.0	0.7	81.7	1.2	0.1
Religion	234.8	67.6	302.4	4.4	0.3
Business and professional associations	70.5	1.4	71.9	1.0	0.1
Other activities	257.0	6.6	263.6	3.8	0.2
TOTAL NPI	6,792.3	135.1	6,927.3	100.0	6.2

The contribution of NPI to the economy is largely attributed to Education and Research sector which accounts for 51.2% of all GVA generated by NPI in 2003 and 3.2% to GDP,

followed by Health and social services with 16.6% (1.0% to GDP), Development and Housing with 10.0% (0.7% to GDP). Together these three sectors accounts for about 79% of all GVA generated by NPI in 2003 (5% to GDP). The remaining 21% are attributed to the remaining sectors with individual contribution to total GVA generated by NPI ranging from 6.1% (Low, advocacy and politics) to 0.2% (Philanthropic intermediaries and voluntarism promotion).

It is also important to note that comparing to traditional industries⁷ (Table 4), the economic contribution of NPI sector to GDP in this year exceeds these of many ISIC categories as published in the Mozambican national accounts being surpassed only by the following categories: Agriculture, hunting and forestry (A); Manufacturing (D), Wholesale and retail trade (G), Transport and communications (I), and Real estate, renting and business activities (K).

Table 4. NPI share of industry Gross Value Added (10⁶ MT) ^{a)}

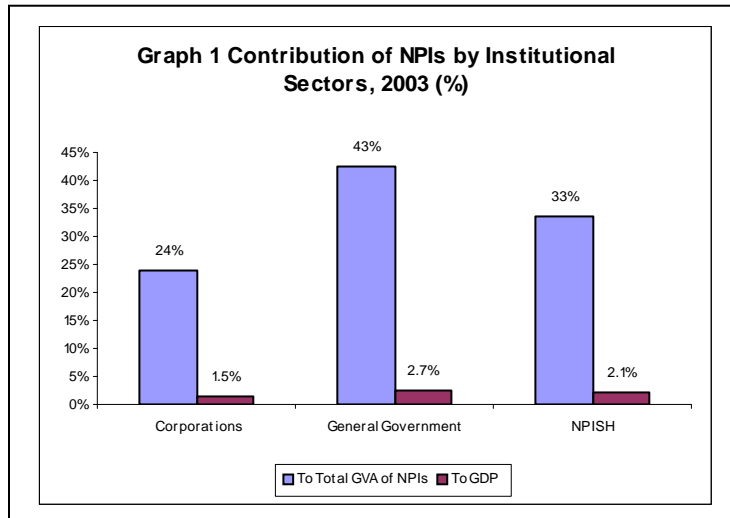
Industries	NPI Gross Value Added	Industry Gross Value Added	Share of Industry to Total GVA	NPI Share of Industry GVA
Agriculture, forestry and fishing	-	26,006.5	25.2	-
Fishing	-	2,125.5	2.1	-
Mining	-	657.2	0.6	-
Manufacturing	-	16,635.9	16.1	-
Electricity, gas and water supply	-	5,071.2	4.9	-
Construction	-	3,826.1	3.7	-
Trade and Repair services	-	11,023.7	10.7	-
Hotels and Restaurants	-	1,621.3	1.6	-
Transport and Communications	-	10,421.0	10.1	-
Finance Services	-	3,705.9	3.6	-
Real estate, renting and business activities	793.4	10,613.6	10.3	7.5
Public Administration, Defence and Social Insurance	-	4,134.4	4.0	-
Education	3,541.7	3,658.6	3.5	96.8
Health and Social Services	1,147.1	1,326.5	1.3	86.5
Social Services	1,445.1	2,379.8	2.3	60.7
Total	6,927.3	103,207.3	100.0	6.7

a) Values at basic price; - Category equal to zero

⁷ Please note that NPI are not industries (they are institutional units).

Contribution of NPI by Institutional Sector

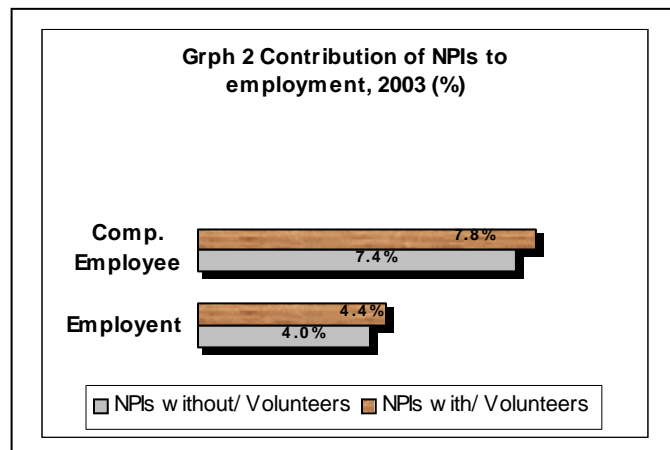
In terms of institutional units which are deemed to create and/or have control of their operations (Graph 1), the General Government contribute about 43% of whole GVA



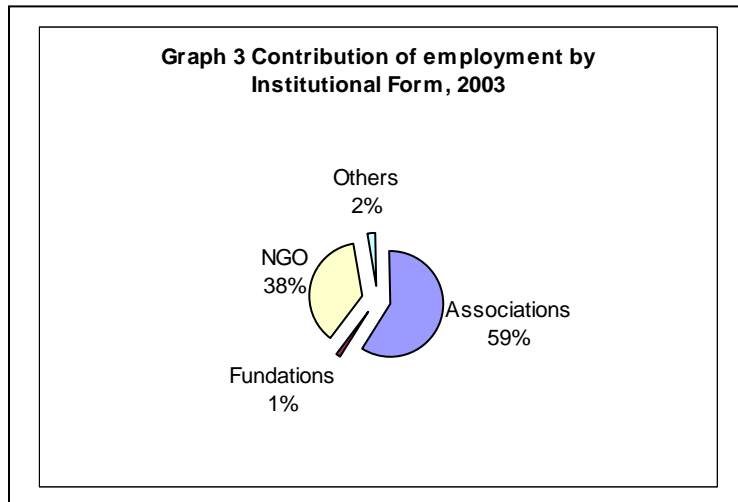
generated by NPI, the equivalent to 2.7% to GDP, followed by NPISH with 33% (2% to GDP) and finally the Corporation sector with 24% of the GVA generated by NPIs and 1.5% to GDP. These findings support the arguments according to which, a relatively small fraction generated by NPI (represented by NPISH) is visible in the SNA.

Contribution of NPI to Employment

In terms of employment, this study also concluded that the NPI contributed significantly to the economy in 2003 both in terms of formal employment as well as in terms of compensation of employee (Graph 2). Effectively, about 4.0% of formal employment captured in the business register (FUE) and 7.4% of total compensation of employee estimated in the SCNA in 2003 come from the contribution of NPI. However, when the employment is adjusted to consider volunteer work in terms of equivalent employment, the contribution of NPI rises 0.4 percentage points both in terms of employment and compensation of employee.



In terms of institutional forms (Graph 3), the associations not only constitute the most popular legal form but also are the ones which together contribute more to employment with about 59% of all work force employed by NPI in 2003, followed by non-government organizations with 38%. In terms of activities as classified by ICNPO (Table 5), the religious associations absorb 31.8% of the total work force employed in the NPI sector, followed by Low, Advocacy and Politic with 20%. The remaining sectors of activities contribute between 12.7% (health and social services) to 0.1% (Philanthropic and voluntarism promotion).



In terms of type of employment, the full-time employee constitute the type of employment most representative with 64.8% of all personnel employed by NPI, followed by Clerics with 23.8%. The participation of remaining type of employment varies between volunteers measured in terms of equivalent employment with 6% and the other types with 2.5%.

The Contribution of NPI Sector in Mozambique in a Global Perspective

From a global perspective, comparing the contribution of NPI sector in Mozambique as captured by satellite account of the sector, exceeds the contribution of this sector in many countries, as shown by Table 5 below.

Table 5. Contribution to GDP of NPI Sector of Mozambique in a global perspective (%)⁸

Average 9 Countries	Australia 1999-2000	Belgium 2001	Canada 2004	France 2002	Japan 2004	Mozambique 2003	New Zealand 2004	Czech Republic 2004	United States
5.1	4.7	5	6.9	4.2	5.2	6.2	4.9	1.3	7.2

⁸ With exception of the contribution of NPI sector of Mozambique, data from other countries were extracted from Table 2 in Salamon, Lester M. et al (2007). *Measuring Civil Society and Volunteering: Initial findings from implementation of the UN Handbook on Nonprofit Institutions*. Working Paper N° 23. (Baltimore: Johns Hopkins Center for Civil Society Studies, 2007).

8. Conclusions

The main conclusion emerging from this study is that the NPI sector is a significant economic force in Mozambique contributing with 6,792.3 Millions of Meticaais in 2003, the equivalent to 6.1% to total GDP in this year. However, when volunteer service is imputed in terms of its equivalent employment, the contribution of this sector increases by 0.1 percentage points, fixing it at 6.2% to total GDP. This finding confirm the thesis according to which the contribution of NPI sector is much higher than the one captured by INPISH sector in the system of national accounts which, in the case of Mozambique was estimated to be 2% to GDP in 2003.

The contribution of NPI to the economy is largely attributed to Education and Research sector which accounts for 51.2% of all GVA generated by NPI in 2003 and 3.2% to GDP, followed by Health with 16.6% (1.0% to GDP), Development and Housing with 10.0% (0.7% to GDP). Together these three sectors accounts for about 79% of all GVA generated by NPI in 2003 (5% to GDP).

Comparing to traditional industries, the economic contribution of NPI sector to GDP in 2003 exceeds these of many ISIC categories as published in the Mozambican national accounts.

From employment perspective, the study also concludes that the NPI sector contributes significantly to the economy both in terms of formal employment as well as in terms of compensation of employee accounting for 4.4% and 7.8% respectively. The associations are the most popular legal form representing about 59% of all work force employed by the NPI sector in 2003 followed by Non-government organizations with 38%. In terms of activities as classified by ICNPO, the Religious associations employing about 31% of total human resources employed by the NPI sector are the most significant NPIs in terms of employment, but its monetary contribution is insignificant. The remaining sectors of activities contribute between 12.7% (health and social services) and 0.1% (Philanthropic intermediaries and voluntarism promotion).

Unnecessary is to say that these results are in the best of hypothesis tentative. The question of the economic and social impact of NPI is difficult to answer empirically, and this study does not intend to give a definitive answer. Given this constrains we suggest that more studies should be carried out which should consider, for example, performance variables such as number of visitor in the museums, number of graduates students, etc.

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ANEXES

Table 6 Type of Employment by Sectors of Activity of NPI (%)

Sectors of Activities	Full-time Employee		Public Employee		Consultants		Volunteers a)		Clerics		Total	
	N°	%	N°	%	N°	%	N°	%	N°	%	N°	%
Culture and recreation	2372	6.3	143	0.4	73	0.2	52	0.1	30	0.1	2670	7.1
Education and research	3412	9.1	470	1.3	116	0.3	68	0.2	187	0.5	4253	11.4
Health and social services	4166	11.1	80	0.2	164	0.4	110	0.3	227	0.6	4747	12.7
Environment	150	0.4	28	0.1	5	0.0	7	0.0	22	0.1	212	0.6
Development and Housing	3111	8.3	60	0.2	48	0.1	30	0.1	29	0.1	3278	8.8
Law, advocacy and politics	6237	16.7	89	0.2	49	0.1	746	2.0	241	0.6	7362	19.7
Philanthropic intermediaries and voluntarism promotion	13	0.0	3	0.0	4	0.0	6	0.0	7	0.0	33	0.1
International cooperation	340	0.9	16	0.0	17	0.0	4	0.0	6	0.0	383	1.0
Religion	2118	5.7	133	0.4	372	1.0	1144	3.1	8109	21.7	11876	31.8
Business and professional associations, unions	559	1.5	4	0.0	24	0.1	11	0.0	1	0.0	599	1.6
Other activities	1767	4.7	20	0.1	72	0.2	60	0.2	54	0.1	1973	5.3
Total	24245	64.9	1046	2.8	944	2.5	2238	6.0	8913	23.8	37386	100.0

a) In terms of equivalent employment

Table 7 Aggregate NPI sector, 2003 (10⁶ MTs)

SNA transactions, other flows & stocks	Total NPIs. SNA Basis		Total NPIs with Volunteer labour	
	U	R	U	R
I: Production Account				
P1 Output (at basic price)		11,646.6		11,781.7
P11 Market Output		3,438.7		3,438.7
P12 Output for own final use		0		0
P13 Other non-market output		8,207.9		8,343.0
P2 Intermediate Consumption	4,854.3		4854.3	
B.1g Value Added, gross	6,792.3		6,927.3	
I.1.1: Generation of Income Account				
B.1g Value Added, gross		6,792.3		6,927.3
D.1 Compensation of employees	6,205.3		6,340.3	
D.11 Wages and salaries	6,030.3		6,165.3	
D.12 Employee´ social contributions	175		175	
D.29 Other taxes on production	0		0	
D.39 Other subsidies on production	0		0	
B.2 Operating surplus	587		587	

Table 8. Revenue by Sectors of Activity and Origin as percentage of Total Revenue of NPIs, 2003 (%)

SECTOR OS OF ACTIVITIES	From Foreign Countries	From Government			From Private Enterprises and Households					TOTAL	
		Subsidies	Contracts	Total	Sales of						
					Member Fees	Goods & Services	Donations	Investment	Others		Total
Culture and recreation	0.6	0.6	0.1	0.7	0.4	0.3	0.2	0.2	1.9	3.1	4.4
Education and research	6.6	0.2	0.2	0.3	1.0	0.7	0.4	0.2	1.0	3.2	10.2
Health	10.2	0.1	0.1	0.2	0.3	0.6	0.9	0.2	0.6	2.5	13.0
Social services	7.0	0.1	0.1	0.2	0.3	0.4	0.3	0.1	0.6	1.7	8.9
Environment	7.3	0.0	0.0	0.1	0.1	0.1	0.1	0.0	0.1	0.4	7.7
Development and Housing	19.7	0.6	0.1	0.7	0.4	1.1	0.4	0.4	2.2	4.4	24.9
Law, advocacy and politics	5.9	0.4	0.2	0.6	0.8	0.4	0.6	0.3	0.8	2.9	9.3
Philanthropic intermediaries and voluntarism promotion	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3
International cooperation	1.8	0.0	0.0	0.0	0.0	0.1	0.2	0.0	0.1	0.4	2.2
Religion	3.1	0.1	0.0	0.1	1.6	0.3	0.5	0.4	0.8	3.6	6.9
Business and professional associations, unions	1.6	0.1	0.0	0.1	0.2	0.1	0.1	0.0	0.2	0.6	2.3
Other activities	7.1	0.1	0.1	0.2	0.2	1.3	0.3	0.2	0.5	2.6	9.9
Total	71.3	2.3	1.0	3.3	5.3	5.4	3.9	2.0	8.9	25.4	100.0

Source: INE. 2006. The Non-profit Institutions in Mozambique: Output from the First National Census (2004/05).

Table 9. Expenses by Type & Sectors of Activity as Percentage of Total Type of Expenses, 2003 (%)

SECTOR OF ACTIVITIES	TYPE OF EXPENSES OF NPIS								Total
	Wages and Salaries	Compensation to Consultant and Advisor	Reimbursement to Volunteers	Purchasing of Good and Services	Subsidies, grants and Income Support	Fees and Taxes	Purchasing of capital items	Other Expenses	
Culture and recreation	5.4	1.6	5.9	3.7	2.2	3.9	3.5	5.2	4.4
Education and research	12.3	10.8	8.2	10.0	11.0	8.9	9.5	8.2	10.2
Health	13.2	10.0	16.1	13.1	9.2	8.7	12.8	13.2	12.7
Social services	9.1	8.1	9.5	9.1	5.4	8.0	9.4	10.1	9.0
Environment	4.7	4.4	1.8	11.9	0.8	24.8	1.6	10.0	7.8
Development and Housing	27.7	34.0	25.6	22.5	20.5	18.1	29.3	24.1	24.8
Law, advocacy and politics	8.0	6.1	12.9	6.6	35.7	10.9	5.0	6.3	9.4
Philanthropic intermediaries and voluntarism promotion	0.3	0.4	0.7	0.3	0.3	0.2	0.3	0.5	0.3
International cooperation	2.6	1.5	0.9	1.8	3.4	1.3	1.5	2.4	2.2
Religion	5.5	10.8	8.2	7.8	4.6	4.7	6.6	8.7	7.0
Business and professional associations, unions	2.5	4.0	2.6	1.7	1.1	2.0	1.5	3.2	2.3
Other activities	8.8	8.2	7.8	11.5	6.0	8.5	19.0	8.3	9.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Calculations based on Table 8 by dividing each item by Total Expenses in its respective column.

Table 10. Expenses by Type & Sectors of Activity as Percentage of Total Expenses of NPIs, 2003 (%)

SECTOR OF ACTIVITIES	TYPE OF EXPENSES OF NPIs								Total
	Wages and Salaries	Compensation to Consultant and Advisor	Reimbursement to Volunteers	Purchasing of Good and Services	Subsidies, grants and Income Support	Fees and Taxes	Purchasing of capital items	Other Expenses	
Culture and recreation	1.57	0.02	0.07	1.00	0.18	0.11	0.25	1.18	4.4
Education and research	3.57	0.16	0.10	2.70	0.90	0.24	0.69	1.88	10.2
Health	3.82	0.15	0.20	3.54	0.76	0.23	0.93	3.02	12.7
Social services	2.64	0.12	0.12	2.46	0.45	0.21	0.68	2.31	9.0
Environment	1.35	0.07	0.02	3.22	0.07	0.67	0.12	2.30	7.8
Development and Housing	8.05	0.52	0.32	6.08	1.69	0.49	2.13	5.52	24.8
Law, advocacy and politics	2.32	0.09	0.16	1.79	2.93	0.29	0.36	1.44	9.4
Philanthropic intermediaries and voluntarism promotion	0.09	0.01	0.01	0.08	0.02	0.01	0.02	0.11	0.3
International cooperation	0.75	0.02	0.01	0.49	0.28	0.03	0.11	0.55	2.2
Religion	1.61	0.16	0.10	2.10	0.38	0.13	0.48	2.00	7.0
Business and professional associations, unions	0.73	0.06	0.03	0.47	0.09	0.05	0.11	0.73	2.3
Other activities	2.55	0.12	0.10	3.12	0.49	0.23	1.38	1.91	9.9
Total	29.1	1.5	1.2	27.0	8.2	2.7	7.3	23.0	100.0

Source: Calculations based on Table 8 by dividing each item by Total Expenses.