

Methodological annex n°12: The NPISH account in 2020 benchmark

The sector of Non-Profit Institutions Serving Households (NPISH) includes **private non-market units** that serve households. These are institutions that provide goods or services to households for free or at prices that are not economically significant. Their resources mainly come from voluntary contributions from households and transfers from general government. Examples include churches and religious congregations, sports clubs, unions, and political parties.

The scope of this institutional sector is particularly difficult to grasp because these non-market units do not have as many administrative obligations as market units, and data sources are generally not as numerous as for other institutional sectors. As part of the benchmark revision, a new source, the [Associations Survey](#), was used to better delineate the scope of NPISH and, more generally, the classification of associations within the various institutional sectors.

In the 2020 benchmark, the gross value added of NPISH amounts to €40.1 billion in 2019 (1.9% of GDP), is revised upwards by €2.3 billion compared to the 2014 benchmark.

1. What are NPISH ?

The European System of Accounts 2010 (ESA 2010 - European regulation on national accounting rules) defines Non-Profit Institutions Serving Households (NPISH) as “legal entities which serve households and are private non-market producers. Their principal resources are voluntary contributions in cash or in kind from households as consumers, payments from general government, and property income.”

The NPISH sector does not cover the entire associative sector. Only associations serving households (not controlled by general government) are part of the NPISH institutional sector (S.15). These include, for example, social aid associations for children and adults with disabilities, sports federations, and private schools and colleges. Other associations are classified into different institutional sectors; non-financial companies (e.g., private hospitals, indemnity funds affiliated with companies, training centers), financial enterprises (such as insurance and indemnity associations for certain professional schemes), and general government for associations (non-market) controlled by general government (e.g., the Red Cross, AFPA, various medical institutes, local missions, public daycare centers).

NPISH operate in seven homogeneous branches [► [Table 1-1](#)]. Medico-social accommodation (facilities for elderly, disabled, or people with social difficulties) represent about one-third of NPISH activity, and the activities of membership organizations (such as employer organizations, unions, religious and political organizations, and associations operating through voluntary membership) represent about a quarter of NPISH activity. NPISH also include activities related to social work without accommodation (such as home help, childcare, and work-based aid), as well as education (including private schools and

sports education provided by independent professionals). The gross value added in other homogeneous branches is significantly lower: sports, recreational, and leisure activities; creative, artistic, and performing arts activities; libraries, archives, museums, and other cultural activities.

Table 1-1 : Output and gross value added by branch of NPISH - 2019, in euros (billion)

	Output	Gross value added
Residential care activities	18.1	13.1
Activities of associative organizations	16.5	10.7
Social work activities without accommodation	10.4	7.9
Education	7.7	4.6
Sports activities and amusement and recreation activities	4.2	2.2
Arts, entertainment and recreation	2.2	1.4
Libraries, archives, museums	0.3	0.2
Total of NPISH	59.4	40.1

Source : Insee, national accounts

2. A more complete scope of NPISH in the 2020 benchmark

In the 2020 benchmark revision, the scope of the NPISH was revised to be more exhaustive and to better define the boundary between NPISH and non-financial companies. This analysis was primarily based on the results of the latest Associations survey. Moreover, civic services were not properly registered in 2014 benchmark, a new treatment is retained for 2020 benchmark.

2.1 Revision of the NPISH scope using the Associations Survey

The scope of NPISH has been revised to incorporate the results of the latest Associations survey conducted by INSEE in 2018. The purpose of the Associations survey is to provide statistical data on all associations covered by the 1901 law and similar entities, regardless of the number of employees and their activity. The objectives of the survey include: counting active associations by field of activity, estimating the number of their members, assessing their financial and human resources (both employees and volunteers), evaluating their expenditures. The survey is representative of all active associations across the territory. The survey data allow each association to be assigned an institutional sector according to national accounting standards. It was found that a portion of the associative sector was not covered by the scope of national accounting in the 2014 benchmark revision.

In the 2020 benchmark revision, associations are added to the NPISHs. These mainly include associations in the perimeter of recreation or leisure, interest groups, and socio-cultural domains (such as community centers, etc.). This additional scope is added to the branch of activities of associative organizations (NAF 94) and represents €2.2 billion in gross value added in 2019 [► [Table 2-1](#)].

Table 2-1 : Impact of the additional scope on the branch account of activities of associative organizations of NPISHs - 2019, in euros (billion)

Opération	Base 2014	Base 2020	Révision
Output	13,1	16,1	3
Intermediate consumption	4,8	5,6	0,8
Taxes	0,3	0,4	0,1
Subsidies	-0,2	-0,2	0
Gross value added	8,3	10,5	2,2
Compensation of employees	8,0	10,2	2,2

Source : Insee, national accounts

Using the Associations survey also allowed for the completion of the scope of the institutional sector of non-financial corporations [► [Table 2-2](#)]. Thus, in 2020 benchmark, the institutional sector of non-financial corporations (S.11) was supplemented by commercial associations, primarily in the sectors of entertainment, sports education, and associative activities. These associations, not filing tax returns, do not appear in the main source of non-financial corporations data (Esane), and were therefore not accounted for in the 2014 benchmark. The gross value added of non-financial corporations is increased by €2.5 billion.

Table 2-2 : Associations not covered in 2014 benchmark by national accounting

	Number of as- sociations	Compensations of employees (€ billion)
Total of associations in 2018	173 604	62,8
Associations not covered by the 2014 benchmark	28 481	5,5
Associations not covered in the scope of non-financial corporations	25 253	3,5
Associations not covered in the scope of NPISHs	3 227	2,0

Note : The Association survey determines the amount of compensations in 2018. This amount was then updated for 2019 in order to estimate the additional scope for NPISHs and non-financial corporations.

Source : Insee, Association survey 2018

For NPISHs, the amount of compensations from the additional scope has been added to the wages and salaries of the branch of associative organization activities in the 2020 benchmark. Other operations, particularly the output of the branch, have also been increased proportionately.

NPISHs are mainly funded by voluntary contributions in cash or in kind made by households. Thus, the extension of the NPISHs' scope has as counterpart an increase in current transfers paid by households to finance them. However, the disposable income of households is not affected to the extent of the revision of transfers paid by households, as part of these transfers fund remunerations paid by NPISHs to households.

2.2 Compensation of civic service

Civic service is a public encouragement and support initiative for civic engagement. It was created in 2010. Young people aged 16 to 25 can commit to a mission of general interest with local authorities or associations for 6 to 12 months. In return, the young person receives a stipend of approximately 700 euros per month.

Compensations related to civic services were recorded as a transfer to households (D.759) in the 2014 benchmark. However, civic services are more like employment. Thus, in the 2020 benchmark, these civic service compensations are counted as salaries paid by the organizations that host volunteers on civic service (mainly local authorities and associations). The allowances paid by the State are recorded in transfers to NPISHs (D.751) and no longer as a transfer to households.

Civic service compensations represent approximately 500 million euros in 2020. These compensations are distributed between 60% for NPISHs and 40% for the public administration sectors (mainly local government). Within the NPISH sector, the compensations are primarily distributed between the branch of associative organization activities and the branch of sports associations."

3. The gross value added of NPISHs is increased by €2.3 billion

The main revisions of the NPISH account between the 2014 and 2020 benchmarks concern output (€+3.4 billion), gross value added (€+2.3 billion), and compensation of employees (€+2.3 billion), which increase due to an extension of the scope [► [Table 3-1](#)]. However, NPISH savings hardly change (€+0.1 billion), as does their financing capacity or requirement (€+0.5 billion), linked to an increase in current transfers paid by households to finance this surplus of activity.

Table 3-1 : Main elements of the NPISH account - 2019, in euros (billion)

	2014 Benchmark	2020 Benchmark	Revision
Output	56,0	59,4	3,4
Intermediate consumption	18,3	19,4	1,1
Gross value added	37,7	40,0	2,3
Compensation of employees	33,0	35,3	2,3
(Taxes – subsidies) on products	0,2	0,2	0,1
Property income paid	-0,7	-0,6	0,1
Social benefits (paid)	50,5	53,9	3,4
Current transfers received s	47,5	51,2	3,7
Gross saving	2,3	2,4	0,1
Gross Fixed Capital Formation (GFCF)	5,0	5,1	0,1
Capital transfers received	2,3	2,8	0,5
Net lending (+) / Net borrowing (-)	-0,4	0,1	0,5

Source : Insee, national accounts

4. Link

Reference	Link
Associations Survey	https://www.insee.fr/fr/metadonnees/source/operation/s1494/pre-sentation