

Social Economy Satellite Account 2016

SESA third edition: Social Economy accounted for 3.0% of GVA in 2016

In 2016, Social Economy Gross Value Added (GVA) accounted for 3.0% of total GVA, increasing 14.6%, compared to 2013. This growth was higher than the one observed in the Portuguese economy (8.3%) in the same period.

Social Economy accounted for 5.3% of total compensation of employees and employment and 6.1% of employees of the economy. Compared to 2013, the compensation of employees and employment in the Social Economy increased, respectively, by 8.8% and 8.5%, being more dynamic than the total economy (7.3% and 5.8%, respectively).

By groups of Social Economy entities, Associations with altruistic goals were more relevant in terms of number of entities (92.9%), GVA (60.1%), compensation of employees (61.9%) and employees (64.6%).

Statistics Portugal publishes the results of the third edition of the Social Economy Satellite Account (SESA) for the year 2016. The project was developed by Statistics Portugal in partnership with CASES - António Sérgio Cooperative for the Social Economy, in the scope of a protocol of collaboration between these entities.

With the 2016 edition of SESA, more up-to-date statistical information is available, for a thorough evaluation of the economic dimension and the main characteristics of the Social Economy (SE) in Portugal. The previous editions of SESA reference years were 2013 and 2010.

The key methodological references of this edition of the SESA were the manual of the European System of National and Regional Accounts (ESA 2010) and the Social Economy Framework Law. This edition of SESA also takes in consideration the concepts, methods, classifications and accounting rules of the United Nations "*Handbook of National Accounting: Satellite Account on Non-profit and Related Institutions and Volunteer Work*", of 2018 (with implications in the nomenclature) and the "*Manual for drawing up the satellite accounts of companies in the social economy: co-operatives and mutual societies*" of the *Centre International de Recherches et d'Information sur l'Economie Publique, Sociale et Coopérative* (CIRIEC).

This press release is organized as follows:

1. Main results, including an analysis of the relevance of SE in the national economy;
2. Characterization of SE groups of entities;
3. International comparison.

It is also presented a box with additional information on the economic groups of Cooperatives.

In addition to this press release, an infographic and a set of tables with additional information on the SESA 2016 are available on the Statistics Portugal website (www.ine.pt).

1. Main results

In 2016, 71,885 SE entities generated 3.0% of GVA, 5.3% of total employment and 6.1% of employees (expressed in both cases in units of full-time equivalents (FTE)). The average compensation of employees (for FTE) in SE entities corresponded to 86.3% of the national average.

In comparison with 2013, the number of SE entities increased by 17.3%, GVA increased by 14.6%, employees by 8.8% and total employment by 8.5%, evidencing a more favorable performance than total economy (GVA grew 8.3%, employees 7.2% and total employment 5.8%).

Human health services (C) and social services (D) were the most relevant areas of activity in terms of GVA and employment: Human health services accounted for 24.6% of GVA and 32.1% of employees in the SE, while social services generated 24.3% of GVA and 29.8% of SE employees in 2016.

Culture, communication and recreation (A) organizations accounted for almost 47% of total SESA kind of activity units, but represented only 5.0% of SE employees and GVA.

Table 1 – Main indicators according to the International Classification of Non-Profit and Third Sector Organizations (2016)

International Classification of Nonprofit and Third Sector Organizations (ICNP/TSO)	Kind of activity units	Employment	Employees	Gross Value Added (GVA)
	No	FTE	FTE	10 ⁶ euro
A - Culture, communication, and recreation activities	33,722	12,048	11,789	242
B - Education services	2,594	29,966	29,811	671
C - Human health services	2,386	75,503	75,460	1,186
D - Social services	6,978	70,196	70,000	1,170
E - Environmental protection and animal welfare activities	726	714	702	10
F - Community and economic development, and housing activities	2,106	2,606	2,439	37
G - Civic, advocacy, political and international activities	5,912	2,797	2,769	50
H - Philanthropic Intermediaries and voluntarism promotion	322	190	186	3
I - Religious congregations and associations	8,533	9,802	9,797	175
J - Business, professional, and labor organizations	3,815	8,268	8,128	153
K - Professional, scientific, and administrative services	2,547	5,976	5,775	303
L - Other Activities	2,244	18,222	18,030	821
Social Economy	71,885	236,288	234,886	4,819
National economy	-	4,419,870	3,839,523	162,226
Social Economy/ National economy	-	5.3%	6.1%	3.0%

Analyzing by groups of SE entities (see Table 2), of the approximately 72 thousand units considered, Associations with altruistic goals (AAG) accounted for 92.9% of the total, representing 60.1% of GVA, 64.6% of employees (FTE) and 61.9% of compensation of employees. Cooperatives were the second group with the highest relative weight in terms of number of units, GVA and compensation of employees, while the Holy Houses of Mercy were the second most relevant group in terms of employees. Mutual Associations, which include financial corporations, presented the highest GVA/FTE ratio and the highest average compensation of employees, above the national average in both cases.

Table 2 – Main indicators by groups of entities (2016)

Social Economy groups	Kind of activity units		Gross Value Added (GVA)	Compensation of employees	GVA / FTE	Average compensation of employees
	No	FTE				
			10 ³ euro	10 ³ euro	10 ³ euro by Employees (FTE)	
Cooperatives	2,343	24,402	604,241	572,240	24.8	23.5
Mutual Associations	97	4,842	387,971	212,094	80.1	43.8
Holy Houses of Mercy	387	39,445	596,630	555,267	15.1	14.1
Foundations	619	14,113	332,321	304,296	23.5	21.6
Associations with Altruistic Goals	1,678	305	1,174	3,795	3.9	12.4
Community and Self Management Subsectors	66,761	151,779	2,896,871	2,673,894	19.1	17.6
Social Economy	71,885	234,886	4,819,210	4,321,587	20.5	18.4
National economy	-	3,839,523	162,226,133	81,854,147	42.3	21.3
Social Economy/ National economy	-	6.1%	3.0%	5.3%	48.6%	86.3%

Non-profit institutions serving households constituted the dominant sector, accounting for 91.2% of total kind of activity units in SESA, followed by Non-financial corporations and households, with 8.6% of the total units.

Non-profit institutions serving households were also the most relevant sector in terms of contribution to the SE GVA (71.6% of the total), while Non-financial corporations and Households and Financial corporations generated, respectively, 15.4% and 12.9% of the SE GVA in 2016.

Table 3 – Main indicators by institutional sector (2016)

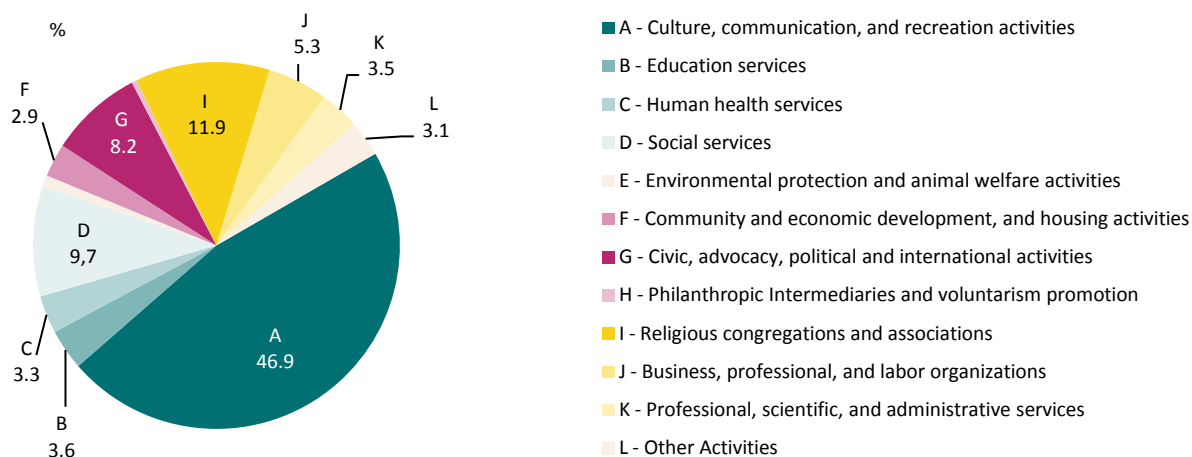
Institutional sector	Kind of activity units		Output	Social Economy GVA	National Economy GVA	Social Economy GVA/ National Economy GVA
	No.	10 ⁶ euro				
			10 ⁶ euro	10 ⁶ euro	10 ⁶ euro	%
Non-financial corporations (S.11) + Households (S.14)	6,190	2,036	741	124,444	0.6	
Financial corporations (S.12)	128	983	620	8,218	7.5	
General government (S.13)	18	17	10	26,116	0.0	
Non-profit institutions serving households (S.15)	65,549	5,842	3,448	3,448	100.0	
Social Economy	71,885	8,878	4,819	-	3.0	
National Economy	-	325,639	162,226	162,226	100.0	
Social Economy/ National economy	-	2.7%	3.0%	-	3.0	

1.1. Social Economy sector composition

In 2016, culture, communication and recreational activities (A) concentrated 46.9% of SE units, maintaining the primacy already observed in previous editions of SESA.

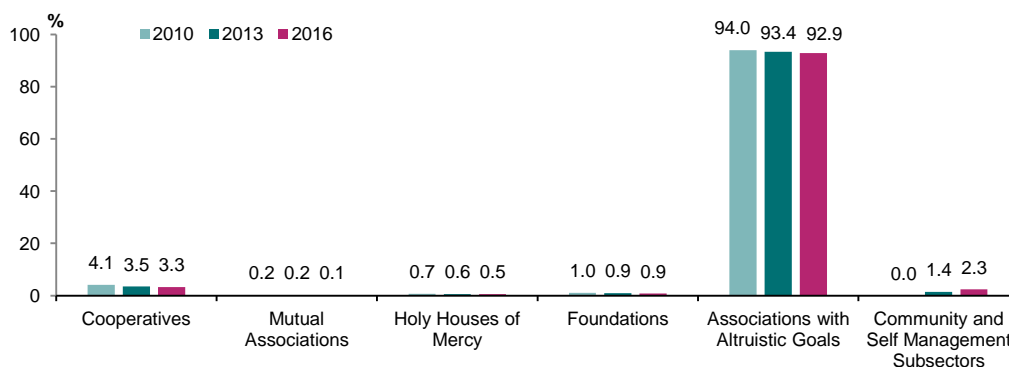
Religious congregations and associations (I) and social services (D) registered a very significant weight in the set of SE entities, attaining, respectively, 11.9% and 9.7% of the total kind of activity units.

Picture 1 – Distribution of kind of activity units according to the International Classification of Non-Profit and Third Sector Organizations



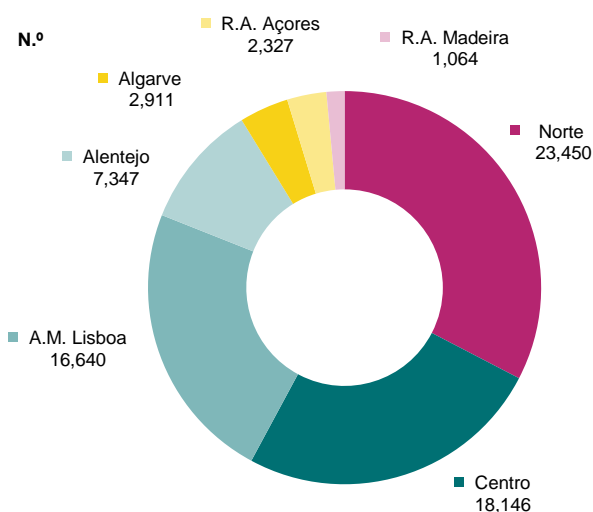
In the distribution of kind of activity units by SE groups of entities there were no significant changes, comparing to 2013, maintaining the predominance of AAG.

Picture 2 – Distribution of kind of activity units by groups of entities

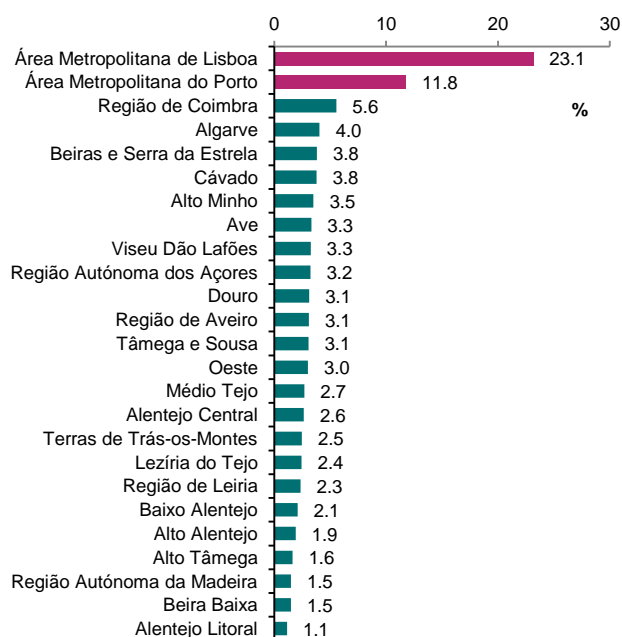


In a territorial perspective (NUTS 2), Norte region had 32.6% of the CSES kind of activity units, followed by Centro (25.2%) and Área Metropolitana de Lisboa (23.1%). Analyzing the distribution by NUTS 3, the Área Metropolitana de Lisboa and Área Metropolitana do Porto, together, concentrated more than 1/3 of the total SE units (34.9%). Despite the increase in the number of entities, the regional structure remained similar to that of 2013, with slight increases of relative importance of the regions mentioned above.

Picture 3 – Distribution of kind of activity units by NUTS 2



Picture 4 – Distribution of kind of activity units by NUTS 3

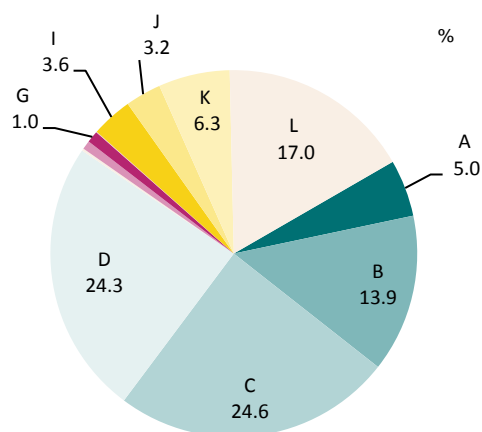


1.2. GVA

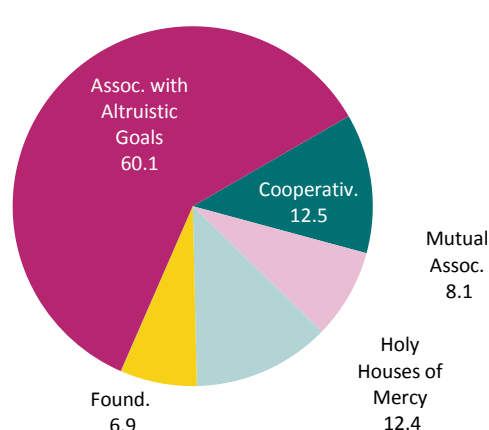
In 2016, human health services (C) accounted for 24.6% of SE GVA, immediately followed by social services (D), which generated 24.3% of SE GVA. It should be noted that SESA 2016 uses the new international reference nomenclature issued by the United Nations, which now includes social support activities with housing (ex: nursing homes) in the human health services category. This resulted in a significant increase of the relative importance of human health services and in a decrease in social services, compared to the SESA results in 2013.

Analyzing the distribution of GVA by groups of entities, the AAG concentrated 60.1% of the GVA, the Cooperatives 12.5% and the Holy Houses of Mercy 12.4% of the total SE GVA, registering a change in positions between Cooperatives and Holy Houses of Mercy, compared to 2013.

Picture 5 – Distribution of SE GVA, according to the International Classification of Non-Profit and Third Sector Organizations

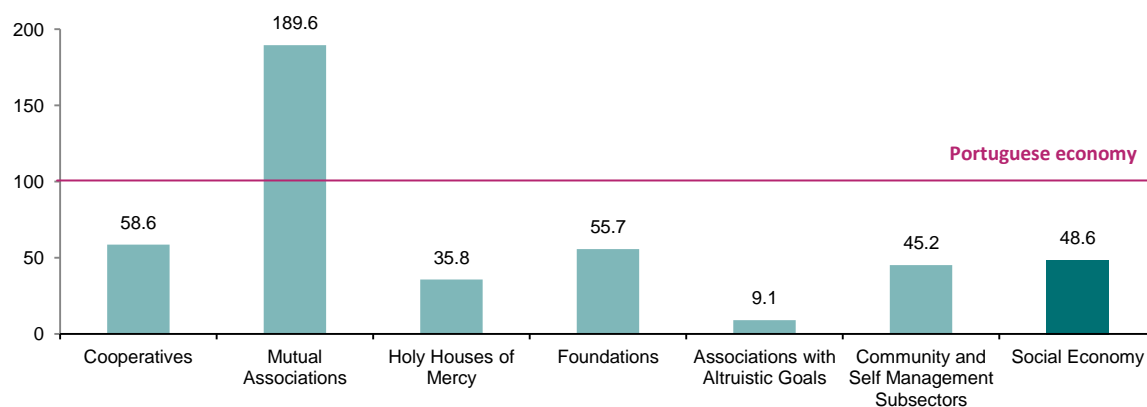


Picture 6 – Distribution of SE GVA, by groups of entities



As in previous editions, the **GVA per (employee) FTE** in SE was lower than the average of the total economy, with the exception of Mutual Associations.

Picture 7 – GVA/Employee (FTE), by groups of entities (Portuguese economy = 100)

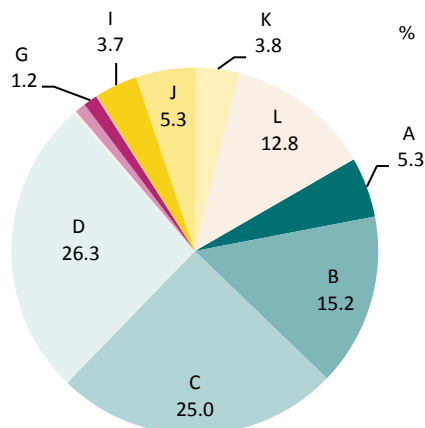


1.3. Compensation of employees

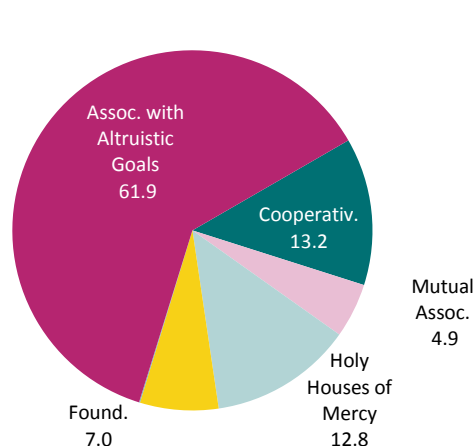
In 2016, social services (D) accounted for 26.3% of the total SE compensation of employees, followed by human health services (C) (25.0%) and education services (B) (15.2%).

By **groups of entities**, the AAG (61.9%) stood out, followed by Cooperatives (13.2%), Holy Houses of Mercy (12.8%), Foundations (7.0%), Mutual Associations (4.9%) and Community and Self-Management Subsectors (0.1%).

Picture 8 – Distribution of SE compensation of employees, according to the International Classification of Non-Profit and Third Sector Organizations

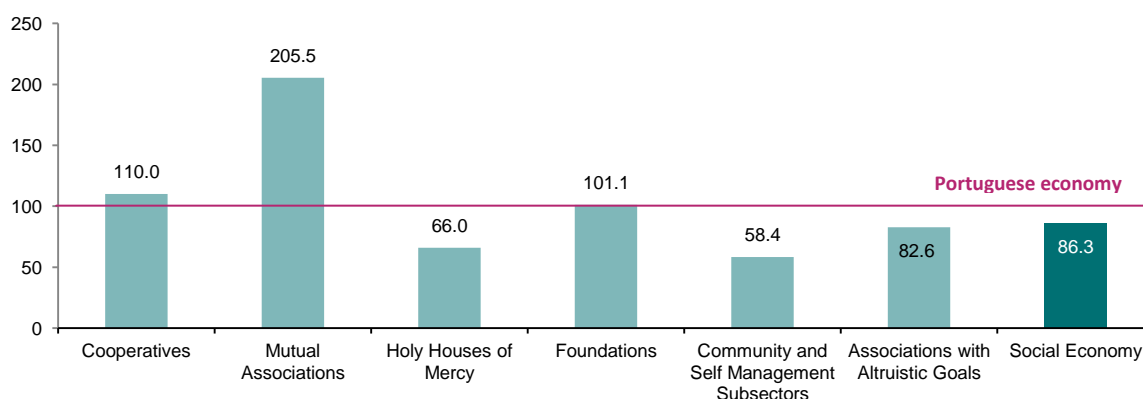


Picture 9 – Distribution of SE compensation of employees, by groups of entities



The average compensation of employees in SE (FTE) was lower than that of the Portuguese economy (86.3%), showing a significant dispersion by groups of entities. The Mutual Associations were the SE group with the highest average compensation of employees, followed by the Cooperatives and the Foundations, both with higher average compensation than the total economy. At the other extreme were the Community and Self-Management Subsectors entities, with the lowest average compensation of employees.

Picture 10 – Compensation of Employees/Employees (FTE), by SE groups of entities (Portuguese economy = 100)

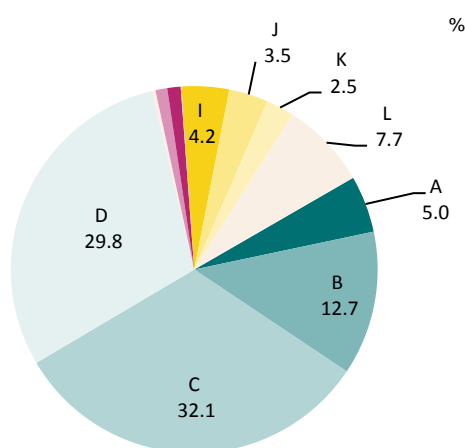


1.4. Employment

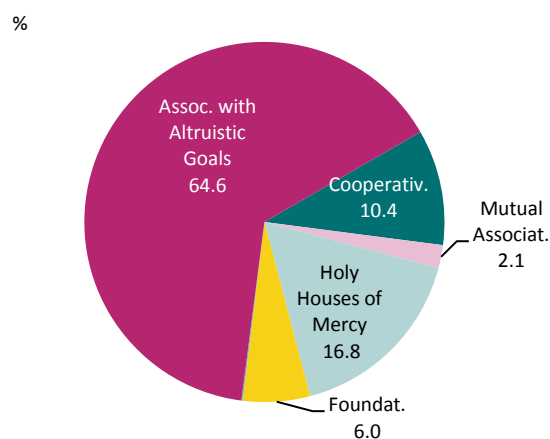
In 2016, 32.1% of SE employees (FTE) concentrated in human health services (C), followed by social services (D) (29.8%) and education services (B) (12.7%).

Analyzing the distribution of employees (FTE) by SE groups of entities, AAG stood out (64.6% of the total). The Holy Houses of Mercy accounted for 16.8%, Cooperatives 10.4%, Foundations 6.0%, Mutual Associations 2.1% and Community and Self-Management Subsectors 0.1%.

Picture 11 – Distribution of SE employees, according to the International Classification of Non-Profit and Third Sector Organizations



Picture 12 – Distribution of SE employees, by groups of entities



1.5. Social Economy in the Portuguese Economy

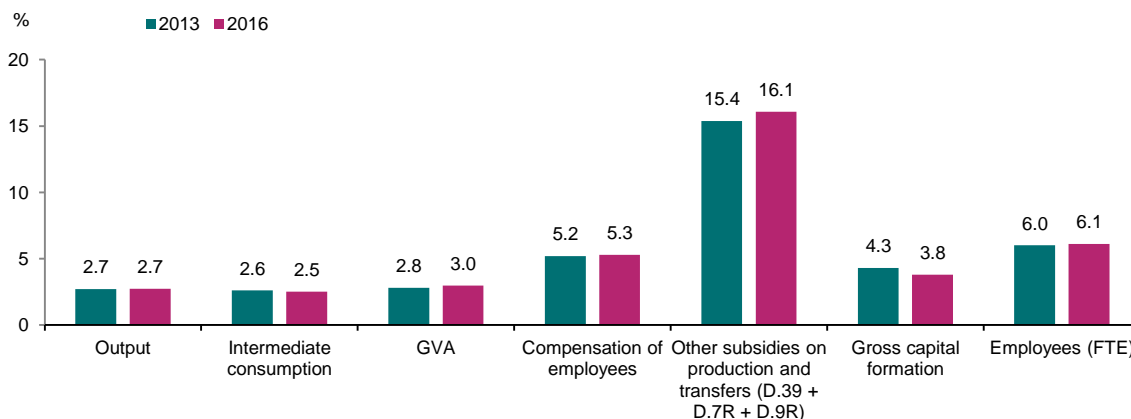
In 2016, SE represented 2.7% of national **output** and 3.0% of the **GVA**, surpassing the relative importance in terms of GVA observed in the previous edition of CSES (2.8% in 2013).

There was a decrease in the **Gross Capital Formation** (GFC) in SE, from 4.3% in 2013 to 3.8% in 2016, as a result of a slower growth than that observed in the national economy (2.4 % vs. 17.7%).

The SE **net borrowing** worsened from EUR 412.0 million (0.2% of GDP) in 2013 to EUR 598.4 million (0.3% of GDP) in 2016. Comparatively, in the same period, the net lending of the Portuguese economy diminished from 3,945.6 million euros in 2013 to 1,951.6 million euros in 2016.

With regard to **compensation of employees**, the share of SE in national economy increased from 5.2% in 2013 to 5.3% in 2016. In line with this evolution, the relative importance of **employees** (FTE) increased from 6.0% in 2013 to 6.1% of total employees (FTE) in 2016.

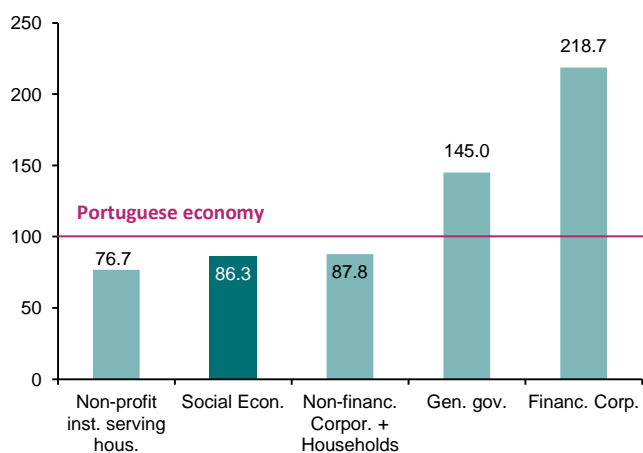
Picture 13 – Social Economy in the Portuguese Economy - main aggregates



SE **average compensation of employees** corresponded to 86.3% of the of the national economy average (86.4% in 2013), which is lower than the average compensation of employees registered in the institutional sector of the Financial corporations (S.12) and of General government (S.13).

Analyzing the compensation of employees / GVA ratio, it was observed that a significant part of the SE was destined for compensation of employees (89.7%), a much higher percentage than that observed for the whole economy (50.5%).

Picture 14 – Average compensation of employees by Institutional Sector (Portuguese economy = 100)



Picture 15 – Compensation of employees / GVA, by Institutional Sector

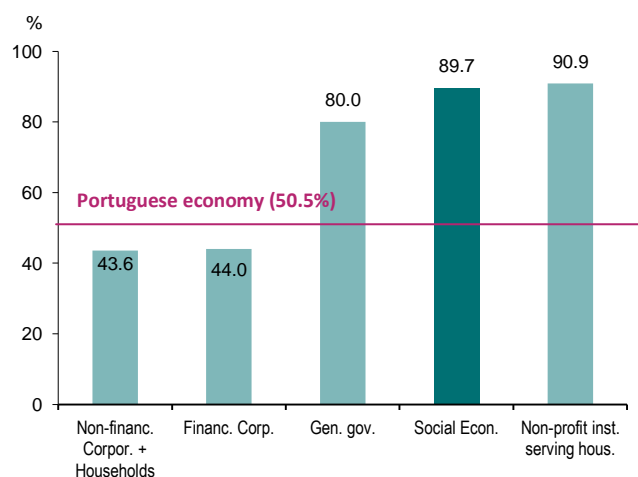


Table 4 – SESA main results with the Portuguese economy (PE) as a reference

	Unit	Levels	2013		2016		Variation rate (%)	SESA/PE (%)	
			2013	2016	2013/2016	2013	2016		
Number of kind of activity units	No.	SESA	61,268	71,885			17.3		
GVA	10 ⁶ euro	SESA	4,206.5	4,819.2			14.6	2.8	3.0
		PE	149,768.4	162,226.1			8.3		
Employment (FTE)	No	SESA	217,744	236,288			8.5	5.2	5.3
		PE	4,178,797	4,419,870			5.8		
GVA/FTE	10 ³ euro	SESA	19.3	20.4			5.6	53.9	55.6
		PE	35.8	36.7			2.4		
Compensation of employees	10 ⁶ euro	SESA	3,973.1	4,321.6			8.8	5.2	5.3
		PE	76,279.9	81,854.1			7.3		
Employees (FTE)	No	SESA	215,963	234,886			8.8	6.0	6.1
		PE	3,582,077	3,839,523			7.2		
Average compensation of employees	10 ³ euro	SESA	18.4	18.4			0.0	86.4	86.3
		PE	21.3	21.3			0.1		
Compensation of employees/GVA	%	SESA	94.5	89.7			-5.1	185.4	177.7
		PE	50.9	50.5			-0.9		
GCF	10 ⁶ euro	SESA	1,081.8	1,107.8			2.4	4.3	3.8
		PE	24,913.8	29,318.7			17.7		
Net lending (+) / Net borrowing (-)	10 ⁶ euro	SESA	-412.0	-598.4					
		PE	3,945.6	1,951.6					

2. Social Economy characterization by groups of entities

Table 5 summarizes the main results, by groups of entities, showing the main activity registered in each group in terms of kind of activity units (KAU), GVA, compensation of employees and employees. Further detail on these variables is presented for each group in the following sub chapters.

Table 5 – SESA results, by groups of entities and main activity

		Kind of activity units		GVA		Compensation of employees		Employees (FTE)	
		No.	%	10 ⁶ euro	%	10 ⁶ euro	%	FTE	%
Social Economy	Main activity	Culture, communication, and recreation activities	46.9	Human health services	24.6	Social services	26.3	Human health services	32.1
	Social Economy (SE) Total	71,885		4,819		4,322		234,886	
Cooperatives	Main activity	Trade activities	17.3	Financial and insurance services	42.4	Financial and insurance services	32.4	Education services	22.5
	Total of Cooperatives	2,343		604		572		24,402	
	Weight (%) of Cooperatives in SE	3.3		12.5		13.2		10.4	
Mutual Associations	Main activity	Social services	71.1	Financial and insurance services	90.2	Financial and insurance services	90.4	Financial and insurance services	74.6
	Total of Mutual Associations	97		388		212		4,842	
	Weight (%) of Mutual Assoc. in SE	0.1		8.1		4.9		2.1	
Holy Houses of Mercy	Main activity	Human health services	79.3	Human health services	86.1	Human health services	85.8	Human health services	87.1
	Total of Holy Houses of Mercy	387		597		555		39,445	
	Weight (%) of H.H. of Mercy in SE	0.5		12.4		12.8		16.8	
Foundations	Main activity	Social services	29.6	Education services	27.8	Education services	28.1	Human health services	32.4
	Total of Foundations	619		332		304		14,113	
	Weight (%) of Foundations in SE	0.9		6.9		7.0		6.0	
Associations with Altruistic Goals	Main activity	Culture, communication, and recreation activities	49.8	Social services	34.5	Social services	34.4	Social services	38
	Total of Assoc. with Altruistic Goals	66,761		2,897		2,674		151,779	
	Weight (%) of Assoc. Altr. Goals in SE	92.9		60.1		61.9		64.6	

2.1. Main groups of Social Economy

2.1.1. Cooperatives¹

In 2016, there was a 10.7% increase in the number of Cooperatives, compared to 2013, and a total of 2,343 cooperatives were considered in SESA. The main activities were trade activities (17.3%) (included in other activities (L)) and culture, communication and recreational activities (A) (14.3%).

¹ These results do not include corporations 100% owned, directly or indirectly, by cooperatives, following the principles of the Social Economy Framework Law. A box is presented at the end of this sub chapter specifically dedicated to the relevance of these entities within the cooperative sector.

GVA, compensation of employees and employees increased, compared to 2013.

Table 6 – Main indicators - Cooperatives

	2013	2016
Number of Cooperatives (No.)	2,117	2,343
GVA (10 ⁶ euro)	489.5	604.2
Compensation of employees (10 ⁶ euro)	564.4	572.2
Employees - FTE (No.)	24,316	24,402
Net lending (+) / Net borrowing (-) (10 ⁶ euro)	88.5	179.1

In terms of GVA structure, financial and insurance services (L60) stood out as they accounted for 42.4% of GVA in 2016, despite representing only 3.9% of the total Cooperatives.

The compensation of employees distribution was similar to that of the GVA, with financial and insurance services (L60) supporting almost 1/3 of the compensation of employees in this SE group.

With regard to employees (FTE), education services (B) stood out with 22.5% of the total employees of this group.

In 2016, the net lending of Cooperatives more than doubled compared to 2013, amounting to EUR 179.1 million, reflecting not only the increase in the balance of the generation of income account, but also the decrease in gross capital formation (GFC).

Box – Cooperatives Business Groups

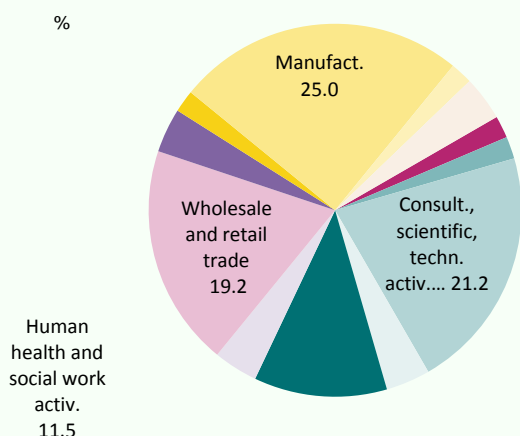
SESA results do not include corporations 100% owned by cooperative capital. This box intends to highlight the relevance of Cooperatives economic groups, by presenting autonomous and complementary information.

In 2016, 56 corporations (including holding companies) were identified as being owned by Cooperatives and economic and financial information was available for 52 of these units.

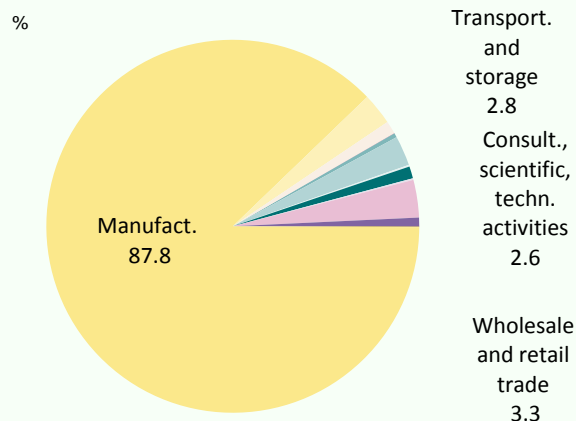
These companies concentrated their activity in manufacturing (25%), consultancy, scientific, technical and related activities (21.2%) and wholesale and retail trade (19.2%). About 65% of companies, 100% owned by Cooperatives, developed their economic activity in these three areas.

This subset of 52 companies generated approximately EUR 106.2 million of GVA, with manufacturing making the highest contribution to this result (87.8%). The GVA of corporations decreased compared to 2013 (EUR 137.8 million).

Picture 16 – Cooperatives business groups, by activity



Picture 17 – Cooperatives business groups GVA, by activity

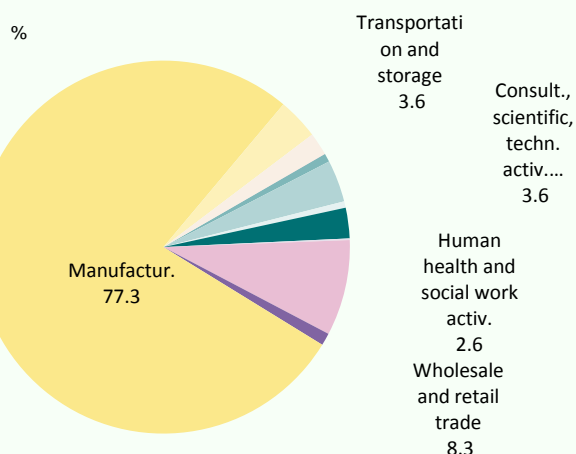


In these 52 companies, compensation of employees amounted to EUR 50.3 million, with 77.3% of this concentrated in manufacturing and 8.3% in wholesale and retail trade.

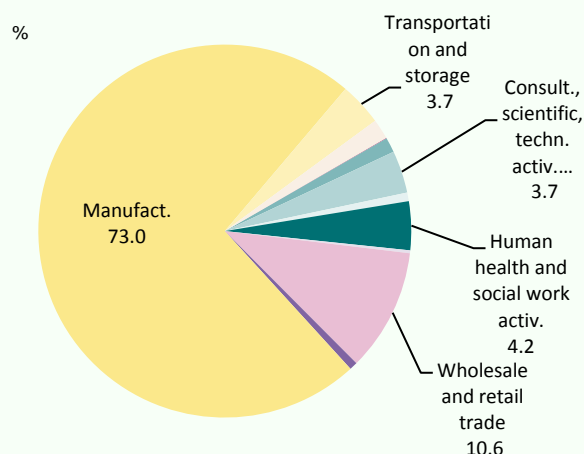
In terms of employees, this group of companies occupied 2,013 FTE employees, of which 73.0% in manufacturing and 10.6% in wholesale and retail trade.

Box – Cooperatives Business Group (cont.)

Picture 18 - Cooperatives business groups compensation of employees, by activity



Picture 19 – Cooperatives business groups employees, by activity

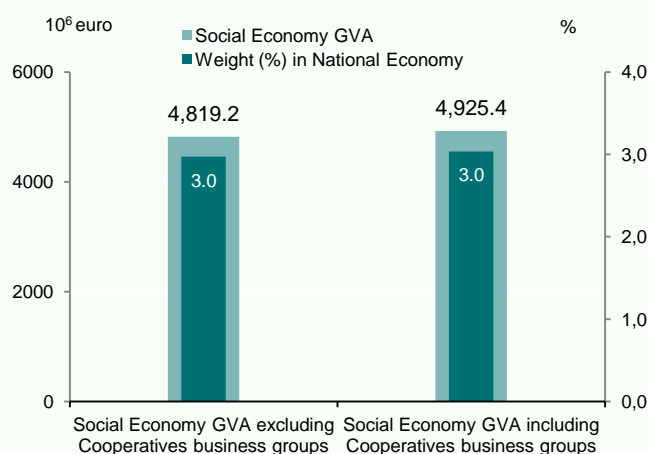


Considering the contribution of these companies, Cooperatives GVA would amount to EUR 710.5 million in 2016, reinforcing their position as the second most important group of entities in Social Economy.

Picture 20 – SE GVA, by group of entities, including Cooperatives business groups GVA



Picture 21 – SE GVA excluding and including Cooperatives business groups GVA



2.1.2 Mutual Associations

In 2016, the number of Mutual Associations decreased by 12.6% compared to 2013, accounting for 97 units. 71.1% were in the area of social services (D) and 19.6% developed financial and insurance services (L60).

Contrary to GVA, compensation of employees evidenced a slight decrease (-2.0%), as well as employees (-1.1%).

Table 7 – Main indicators – Mutual Associations

	2013	2016
Number of Mutual Associations (No.)	111	97
GVA (10 ⁶ euro)	352.2	388.0
Compensation of employees (10 ⁶ euro)	216.4	212.1
Employees - FTE (No.)	4,896	4,842
Net lending (+) / Net borrowing (-) (10 ⁶ euro)	50.8	-124.0

Financial and insurance services (L60) accounted for 90.2% of total GVA and 90.4% of compensation of employees in this SE group.

In the distribution of employees (ETC), financial and insurance services (L60) accounted for 74.6% of the total, followed by social services (D), with 17.4% of the total.

Mutual Associations went from a net lending of EUR 51 million in 2013 to a net borrowing of EUR 124 million in 2016, thus contributing significantly (EUR 175 million) to the increase of the SE net lending.

2.1.3. Holy Houses of Mercy

In 2016, this SE group included a total of 387 units, remaining practically unchanged compared to 2013 (-0.5%). Almost 80% of the Holy Houses of Mercy developed human health services (C), while 17.6% worked in the area of social services (D). As already mentioned, it should be noted that, with the new nomenclature, social support activities with housing, which include, in particular, nursing homes and long term care units, are now included in health services, which had a significant impact on this SE group (see methodological notes).

Facing 2013, the Holy Houses of Mercy GVA increased by 10.2% and compensation of employees increased by 16.3%, in line with the increase in employees.

Table 8 – Main indicators – Holy Houses of Mercy

	2013	2016
Number of Holy Houses of Mercy (No.)	389	387
GVA (10 ⁶ euro)	541.2	596.6
Compensation of employees (10 ⁶ euro)	477.5	555.3
Employees - FTE (No.)	35,469	39,445

Human health services (C) were the most relevant activity, with 86.1% of total GVA, 85.8% of compensation of employees and 87.1% of employees.

Social services (D) were the second most important activity of the Holy Houses of Mercy, generating 12.5% of the total GVA, 12.9% of compensation of employees and 11.9% of employees of this group of SE.

2.1.4 Foundations

The number of Foundations increased by 7.1% compared to 2013, to 619 units. Almost 30% of the Foundations developed activity in social services (D), followed by culture, communication and recreational activities (A) (21.2%) and human health services (C) (17.1%).

The Foundations GVA grew by 32.4% compared to 2013, reaching EUR 332.3 million. Between 2013 and 2016, there was also an increase of 28.8% in compensation of employees and 29.8% in employees.

Table 9 – Main indicators – Foundations

	2013	2016
Number of Foundations (No.)	578	619
GVA (10 ⁶ euro)	250.9	332.3
Compensation of employees (10 ⁶ euro)	236.3	304.3
Employees - FTE (No.)	10,871	14,113

Education services (B), although comprising only 8.6% of Foundations, were the most relevant activity in terms of GVA structure (27.8%) and compensation of employees (28.1%). In terms of employees, the most important activity were human health services (C), with 32.4% of employees, which was also the second activity with the highest GVA (23.0%) and compensation of employees (21.1% %).

2.1.5 Associations with Altruistic Goals (AAG)

In 2016, the AAG remained the largest SE group, comprising 66,761 units, which represented an increase of 16.7% facing 2013.

Almost 50% of AAG developed culture, communication and recreational activities (A), followed by religion (I) (12.7%) and social services (D) (9.7%).

There was an increase in GVA, compensation of employees and employees in AAG, compared to 2013.

Table 10 – Main indicators – AAG

	2013	2016
Number of Associations with Altruistic Goals (No.)	57,196	66,761
GVA (10 ⁶ euro)	2,566.3	2,896.9
Compensation of employees (10 ⁶ euro)	2,472.3	2,673.9
Employees - FTE (No.)	140,050	151,779

Regarding GVA, the most relevant activities were social services (D) (34.5%), followed by human health services (C) (19.9%) and education services (B) (16.2%). The activity with the highest number of AAG units (culture, communication and recreational activities) represented only 5.9% of this group GVA.

Social services (D) were also more relevant in terms of compensation of employees (34.4% of the total) and employees (38.0%) in AAG.

2.2. Private Institutions of Social Solidarity (IPSS)

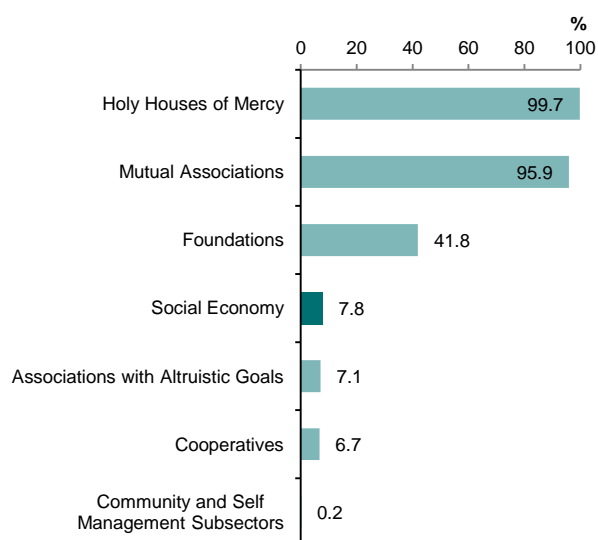
In 2016, 5,622 entities with IPSS or equivalent status were identified, which represented an increase of 0.7% over 2013.

Therefore, in 2016, 7.8% of the total SE entities held the IPSS or equivalent status, the majority of which were constituted by AAG (84.0%), followed by Holy Houses of Mercy (6.9%), Foundations (4.6%), Cooperatives (2.8%) and Mutual Associations (1.7%).

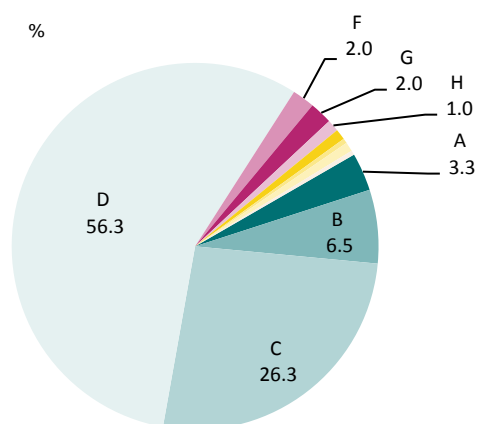
More than 95% of the Holy Houses of Mercy and Mutual Associations and less than 10% of the total Cooperatives and AAG were IPSS.

In 2016, IPSS developed their activity in social services (D) (56.3%), followed by human health services (C) (26.3%) and education services (B) (6.5%).

Picture 22 – IPSS by groups of entities



Picture 23 – IPSS by activity, according to the International Classification of Non-Profit and Third Sector Organizations

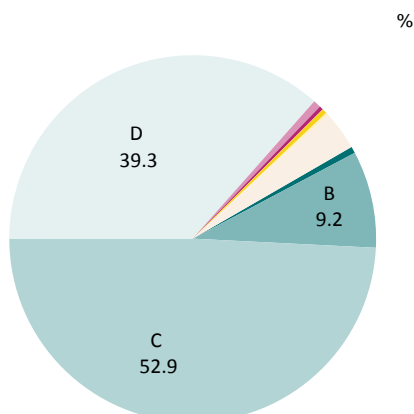


Regarding IPSS GVA, the dominant activity were human health services (C) (52.9%), followed by social services (D) (39.3%) and education services (B) (9.2%), with a slight change facing the number of units distribution.

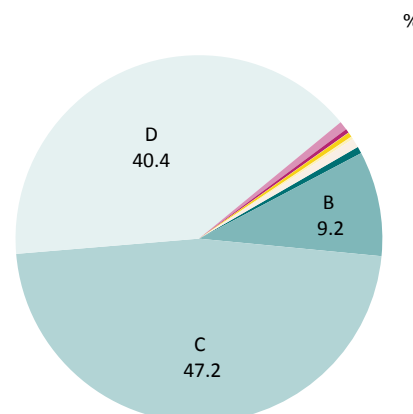
Compensation of employees' structure is consistent with the GVA distribution, highlighting human health services (C) (47.2%), followed by social services (D) (40.4%) and education services (B) (9.2%).

It should be recalled that the significant weight of human health services in the IPSS group (which includes most of the Holy Houses of Mercy) is related to the use of the new international nomenclature (see methodological notes). In fact, more than 80% of the IPSS GVA generated by human health services was affected by this change.

Picture 24 – IPSS GVA by activity, according to the International Classification of Non-Profit and Third Sector Organizations

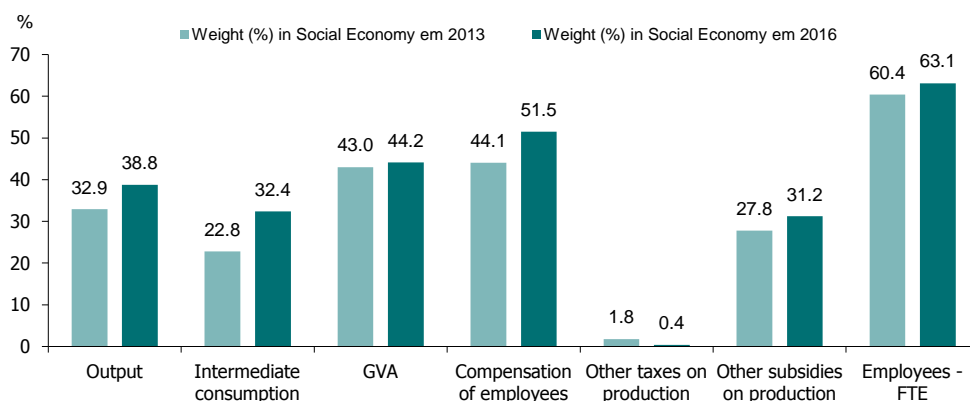


Picture 25 – IPSS compensation of employees by activity, according to the International Classification of Non-Profit and Third Sector Organizations



In 2016, IPSS reinforced their relative importance in SE, representing 38.8% of output, 44.2% of GVA, 51.5% of compensation of employees, 31.2% of other subsidies on production and 63.1% of employees (FTE).

Picture 26 – Weight of IPSS in Social Economy in 2013 e 2016



2.2. Other Social Economy entities with special status

The compilation of information on other SE entities holding special status is a new feature in this SESA edition. This relates non-governmental environmental organizations (ONGA), non-governmental organizations for development (ONGD), non-governmental organizations for the disabled (ONGPD), non-governmental women's associations (ONGM) and representative associations of immigrants and their descendants (ARID).

105 units with ONGA status were identified, exclusively concentrated in the AAG group, with a GVA of EUR 5.5 million in 2016.

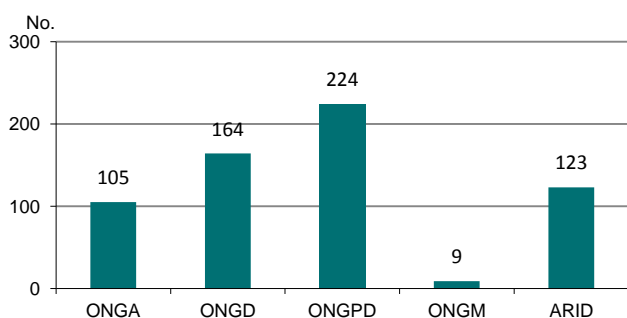
Of the 164 entities holding the ONGD status, 86.6% were included in the AAG group, generating a GVA of almost EUR 75 million.

224 ONGPD were identified, of which 82.1% were included in AAG and 17.9% in Cooperatives. The ONGPD GVA amounted to EUR 82.7 million, in 2016.

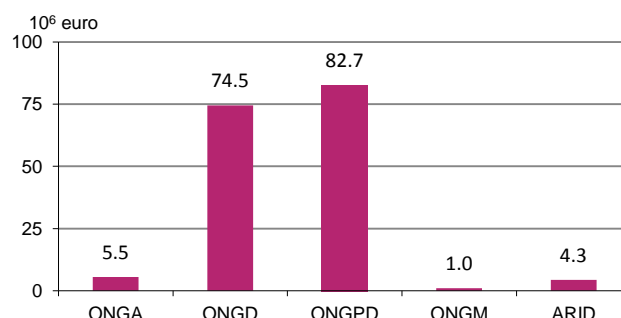
The ONGM were the smallest group, including only 9 entities from the AAG group, accounting for a GVA close to EUR 1 million.

Finally, the 123 ARID, exclusively concentrated in AAG, generated around EUR 4 million euros in 2016.

Picture 27 – Number of units with special status, by groups



Picture 28 – Special status units GVA, by groups



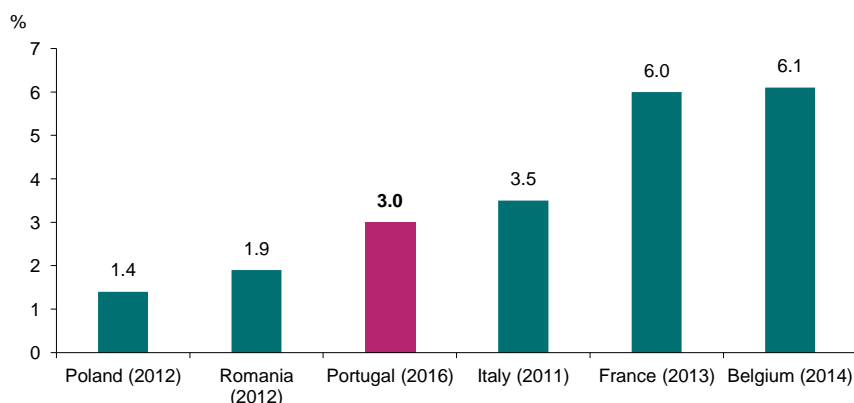
3. International Comparisons

There are not many countries that have implemented, on a regular and systematic basis, SE Satellite Accounts. The comparisons with the results of other countries should be carried out with some caution, for three fundamental reasons:

- (i) Not all data presented originate from explicit Satellite Accounts, based on information from the National Accounts, according to ESA 2010;
- (ii) The reference year may be different; and
- (iii) There is no total harmonization in the type of units considered in the scope of SE².

In any case, regarding GVA, Portugal seems to occupy a median position in the distribution of countries with available information.

Picture 29 – Social Economy in National Economy (GVA or GDP)

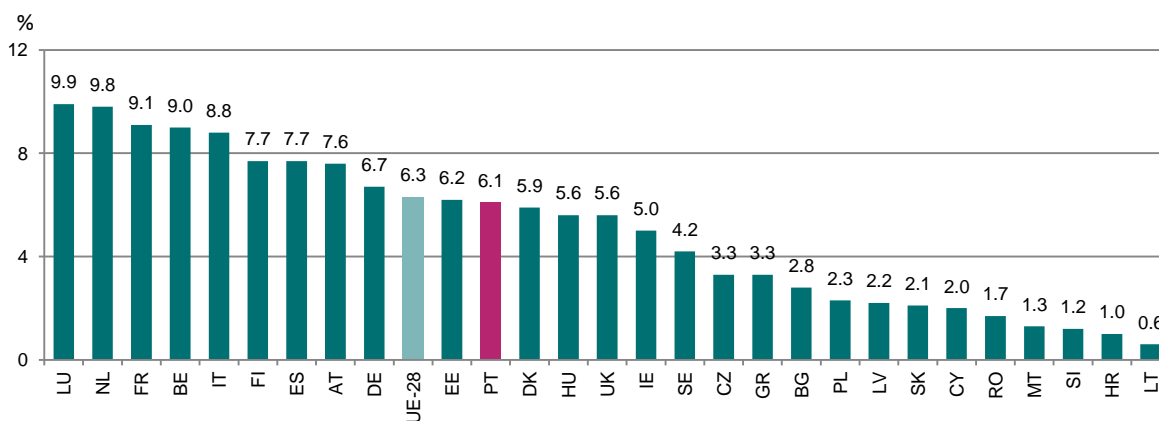


Sources: Social Economy Satellite Account (2016), Statistics Portugal; "Le poids économique des Institutions sans but lucratif en Belgique (Editions 2017)", Fondation Roi Baudouin (2017); "Made in ESS : une démarche portée par la CRESS Champagne-Ardenne - Fondements de l'Économie Sociale et Solidaire"; "The third sector in Poland. Associations, foundations, faith-based charities, professional and business associations, employers' organizations in 2012", Statistical analyses and studies, Central Statistical Office, (2014); "Atlas of social economy 2014 edition - Statistical overview of the reality of the social economy in Romania", Cristina Barna, Irina Opincaru, Anuța Vameșu (2016), "La rilevanza dell'economia sociale in Italia", Carlo Borzaga, Chiara Carini, Flaviano Zandonai (2014).

² For example, Belgium only includes non-profit institutions.

Considering the weight of SE employees³ in total employees of national economy, Portugal is in an intermediate position, slightly below the European Union average for the 28 countries, between Estonia and Denmark.

Picture 30 – Weight of SE employees in total employees of National economy (2014-2015)



Sources: Social Economy Satellite Account (2016), Statistics Portugal; CIRIEC – “Recent Evolutions of the Social Economy in the European Union” (other countries – 2014-2015).

³ It was not possible to confirm whether, in all countries, employees were measured in FTE.

Methodological Notes

1. Introduction

SESA 2016 is integrated into the conceptual framework of the Portuguese National Accounts System (PNAS). Its main objective is to provide economic information on SE, designed as a satellite of National Accounts (NA). The choice of NA as a reference reflects their importance as a reliable, systematized and internationally comparable representation of the economy.

2. Methodological References

The NA satellite accounts have as their first reference the concepts and methods of NA, defined in the **European System of National and Regional Accounts** (ESA 2010). The satellite accounts aim to increase the capacity of observation of particular phenomena, constituting extensions with greater detail of the NA.

SESA 2013 also has as its main methodological reference the **Social Economy Framework Law** (Law no. 30/2013, of May 8), which, among other issues, establishes the type of entities that should integrate the SE, as well as the principles that should guide the activities developed by these entities.

3. Concepts and Classifications

In SESA 2016 preparation were also taken into account the concepts, methods, classifications and accounting rules of the United Nations "*Handbook on Non-profit and Related Institutions and Volunteer Work*", of 2018, and those of the "*Manual for drawing up the satellite accounts of companies in the social economy: co-operatives and mutual societies*" from the *Centre International de Recherches et d'Information sur l'Economie Publique, Sociale et Coopérative* (CIRIEC).

These manuals, in addition to being international references, enhance the comparison of the Account with other international experiences. Nevertheless, sometimes it was necessary to reconcile understandings from both approaches.

In accordance with the Social Economy Legal Framework, SE is understood as the set of economic and social activities, freely carried out by Cooperatives, Mutual Associations, Holy Houses of Mercy, Foundations, Private Institutions of Social Solidarity (IPSS), Associations with Altruistic Goals, which operate in the cultural, recreational, sports and local development spheres, entities covered by the Community and Self-managed Sub-sectors, integrated under the Constitution in the cooperative and social sector, as well as other entities with legal personality that respect the principles.

Thereby, according to the Social Economy Legal Framework, the SE entities were classified in the following groups:

- Cooperatives;
- Mutual Associations;
- Holy Houses of Mercy;
- Foundations;
- Community and Self-Managed Sub-Sectors;
- Associations with Altruistic Goals (AAG).

Estimations were also made for entities having the "IPSS" (Social Solidarity Private Institutions) or equivalent status, since these can take different forms and legal nature, and are dispersed by all SE groups of entities.

This SESA edition also includes, for the first time, an estimation for other SE with special status, including non-governmental environmental organizations (ONGA), non-governmental organizations for development (ONGD), non-governmental organizations for the disabled (ONGPD), non-governmental women's associations (ONGM) and associations representing immigrants and their descendants (ARID).

Methodological Notes (cont.)

It should also be mentioned that the respective savings banks were included in the groups of Holy Houses of Mercy and Mutual Associations, since their legal regime (Law no. 190/2015, of 10 September) states that they should respect, with the necessary adaptations, the guiding principles governing the activity of the Social Economy, as well as the mutuality principles provided by the Code of Mutual Societies, and may only be constituted for the exclusive pursuit of the purposes of Mutual Associations, Holy Houses of Mercy or other charitable institutions, having also some restrictions in the allocation of surpluses. These last two characteristics were already included in the previous legal system of savings banks, regulated by the Law no. 136/79 of 18 May.

In terms of classification of the institutional sectors provided by ESA 2010, the units of SESA 2016 are constituted by:

- Non-profit institutions classified under the institutional sector of non-financial corporations (S.11) (e.g.: Cooperatives, except mutual agricultural credit banks, schools, universities and research centers; economic social and community development associations; professional associations; etc.);
- Market non-profit institutions classified under the institutional sector of financial corporations (S.12) (e.g.: Mutual Associations, mutual agricultural credit banks, saving banks attached to Houses of Mercy and Mutual Associations);
- General Government (S.13) (*Régies* cooperatives);
- Small size non-profit institutions classified under the institutional sector of Households (S.14) (e.g.: parents or in charge of education associations; common lands, etc.).
- Institutional units classified under the institutional sector of Non-profit institutions serving households (S.15); (e.g.: associations of social solidarity, *casas do povo* (community meeting houses), day care centers, Holy Houses of Mercy; sports and recreational clubs; local development associations; political parties, trade unions, parish centers, non-governmental environmental organizations, cults and congregations, etc.).

According to the guiding principles of the Social Economy Legal Framework, no entities of the institutional sector of General government (S.13) were considered in the SESA 2016, except for *Régies* Cooperatives, considering their specificity. Also, no units of the institutional subsector of public non-financial corporations (S.11001) were included in the SESA, with the exception of some Cooperatives classified within this subsector.

Units included in SESA 2016 were classified twice, according to the National Accounts classification by industry, base 2006, (NRCN06) (consistent with the CAE Rev.3 – a national classification which is an adaptation of NACE rev.2) and according to the “*International Classification of Nonprofit and Third Sector Organizations (ICNP/TSO)*”, which corresponds the first revision of the “*International Classification of Nonprofit Organizations (ICNPO)*”, and was established by the United Nations “*Handbook on Non-profit and Related Institutions and Volunteer Work*” (2018).

This international nomenclature has replaced the “*Classification of Social Economy Entities' Activities*” (CSEEA), which was an adaptation of the “*International Classification of Nonprofit Organizations*” (ICNPO), specifically designed by Statistics Portugal and CASES - Cooperative António Sérgio for the Social Economy, to be used in the national SESA.

The classification criteria in ICNP / TSO was the main activity of the unit, with reference to its classification in the Nomenclature of Industries of National Accounts (NRCN06) and / or the Portuguese Classification of Economic Activities (CAE Rev.3) (ISIC Rev. 4), as well as the correspondence table in “*Annex 5.3 Correspondence between the International Standard Industrial Classification of All Economic Activities Rev.4 (ISIC Rev. 4) and the International Classification of Non-profit and Third Sector Organizations (ICNP/TSO)*” included in the United Nations “*Handbook on Non-profit and Related Institutions and Volunteer Work*”.

Methodological Notes (cont.)

With regard to ICNP / TSO, the main changes with impact in 2016 SESA edition, were the following:

- Transfer of social clubs (examples: numismatics, philately, automobile fan clubs, dogs fan clubs, etc.) from the scope of culture, communication and recreation activities to civic, advocacy, political and international activities;
- Transfer of scientific research from the field of education to professional, scientific, accounting and administrative services;
- Transfer of activities classified under ISIC Rev. 4 code 87 (corresponding to NACE Rev.2 division 87 and section 87 of CAE Rev.3) from the scope of social services to human health services.

Considering the significant change in the classification of the units included in SESA 2016 due to the use of the new international nomenclature, recommended by the United Nations, evolution analysis of the results in the various editions of CSES, by activity, should be avoided.

The following table describes, generically, some examples of activities included in each of the sections of ICNP / TSO:

Table 11 – International Classification of Non-Profit and Third Sector Organizations – Activity Examples

Section	Activity Examples
A - Culture, communication and recreation activities	Performing and visual arts, museums, zoos, parks, historical sites, sports activities, information and communication, among others.
B – Education services	Pre-primary education, primary education, secondary education, higher education, colleges and universities, education support services, among others.
C – Human health services	Ambulatory health services, emergency medical response, medical and diagnostic laboratories, hospitals, nursing and residential care activities, among others.
D – Social services	Child and youth services, services for the elderly and for people with disabilities, temporary shelters, emergency and relief services, refugees assistance, job counselling or training activities, among others.
E – Environmental protection and animal welfare activities	Land or water management activities, pollution abatement and control activities, eco-tourism, eco-farming and forestry, natural resource management, animal sanctuaries and shelters, veterinary services, animal health and welfare activities, among others.
F – Community and economic development, and housing activities	Construction of housing and infrastructure, community and economic development activities, housing management and maintenance, utilities and waste management, indigenous people self-governance, among others.
G – Civic, advocacy, political and international activities	Social advocacy, environmental conservation and animal welfare advocacy, social clubs and other member serving activities, social organizations for the elderly, political activities, political action, lobbying and similar activities, among others.
H – Philanthropic intermediaries and voluntarism promotion	Grant-making foundations and other philanthropic intermediaries and voluntarism promotion organizations.
I – Religious congregations and associations	Religious congregations and other religious associations.
J – Business, professional and labour organizations	Business and employers' associations, professional associations, labour unions, among others.
K – Professional, scientific, accounting and administrative services	Scientific research and testing services, legal and mediation services, accounting, bookkeeping and related services, public relations and related services, management and administrative services, among others.
L – Other activities	Agriculture, forestry and fishing, manufacturing, accommodation, catering and food services, trade activities, transport and storage activities, financial and insurance activities, real estate activities, among others.

Methodological Notes (cont.)

Whenever possible, disaggregated information on section L - Other activities of the ICNP / TSO is presented, considering its relevance, namely in the Cooperative and Mutual Associations groups.

4. Data sources

Statistics Portugal

- National Accounts (Base 2011);
- General Register of Statistical Units;
- Survey on employers associations, unions, federations and confederations
- Survey on Mutual Associations;
- Labour Force Survey;
- Survey of Fire Brigade entities;
- Survey on environmental non-governmental organizations;

Other sources

- Detailed financial information from the General government;
- *Archeevo* data base from Secretaria-Geral of Ministry of Internal Affairs;
- General Account of the State;
- Earnings monthly declarations to social security;
- Financial statements of the cooperatives accredited by CASES;
- Simplified Business Information;
- Survey on National Scientific and Technological Potential;
- Social Security lists;
- Budgets and accounts of non-profit institutions;
- Reports and accounts of non-profit institutions;
- Single Report of the Strategy and Planning Office of the Ministry of Labour, Solidarity and Social Security;
- Websites of SE entities;
- Website of the Ministry of Justice (<https://publicacoes.mj.pt/Pesquisa.aspx>).

5. Final considerations

The SESA should be considered as a project under development, in line with the evolution advocated by institutions of international reference such as the UN, Eurostat and CIRIEC, especially due to the updating and permanent renewal of the concepts and methodologies adopted for the compilation of information, in the context of NA, as well as the reformulation of the concept of volunteer work and the methodologies for its measurement.

Notwithstanding its relevance as a "portrait" of the SE economic dimension, SESA is only a partial view of it. In fact, the analysis of the SE relevance should not only focus on the economic component, but also the number of members / associates and beneficiaries of the services provided by these entities, the analysis of externalities, multiplier effects and impacts of their performance, namely in the reduction of poverty and social inequalities in the national territory, among other possible analysis views, that go beyond the scope of this Satellite Account.

In order to deepen the knowledge about the SE units, Statistics Portugal recently launched the "Survey on the Social Economy Sector", which intends to characterize this sector, answering questions such as: What are the activities developed by these entities? What is the internal composition of these entities? What relation these entities have with public and private sector entities? What is the labour relationship model adopted by these entities? What role does volunteering play in the direction and development of the activity of these entities? What is the qualification and average wage level of employees, and managers of these entities?

The results of this new statistical operation are expected to be released in the last quarter of 2019.