

Satellite Accounts for the Social Economy In Romania:
Results and Lessons Learnt
from a National Research Based on CIRIEC
Methodology"

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CIVIL SOCIETY DEVELOPMENT FOUNDATION CSDF ROMANIA

History - Registered 1994,

Resource Centre for NGOs in Romania

Research work

- Participated in the Johns Hopkins Nonprofit Research Project 1996-1999
- Developed a research team on NPOs active during the same period
- Kept a public Directory of NGOs in Romania 1996-2000
- First study on cooperative sector since the fall of the communist regime published in 1998
- Study on NPO sector based on incomplete statistical data in 2010

Since then

Context

Social economy in Romania

Insufficiently known

Lack of **data** and analysis needed for proper policy making

Lack of **awareness** on the sector given recent history

Lack of education/
confusion CSR – ES.

Insufficiently recognised

Lack of adequate **social /civil dialogic mechanisms**, diversity of actors,

No common Social Economy platform at national level to gather social enterprising NGOs, credit unions, coops

Inadequate attempts of regulation

**Risk?
Regulating
Social
economy –
A Missed
opportunity**

Romanian King Ferdinand attends the Congress of Cooperatives 1925



Why research?

To rediscover a lost tradition and entrepreneurial organisational form

The cooperative system in Romania dates back 120 years - the first Romanian association of cooperatives was in fact one of the founders of the International Cooperative Alliance in 1895.

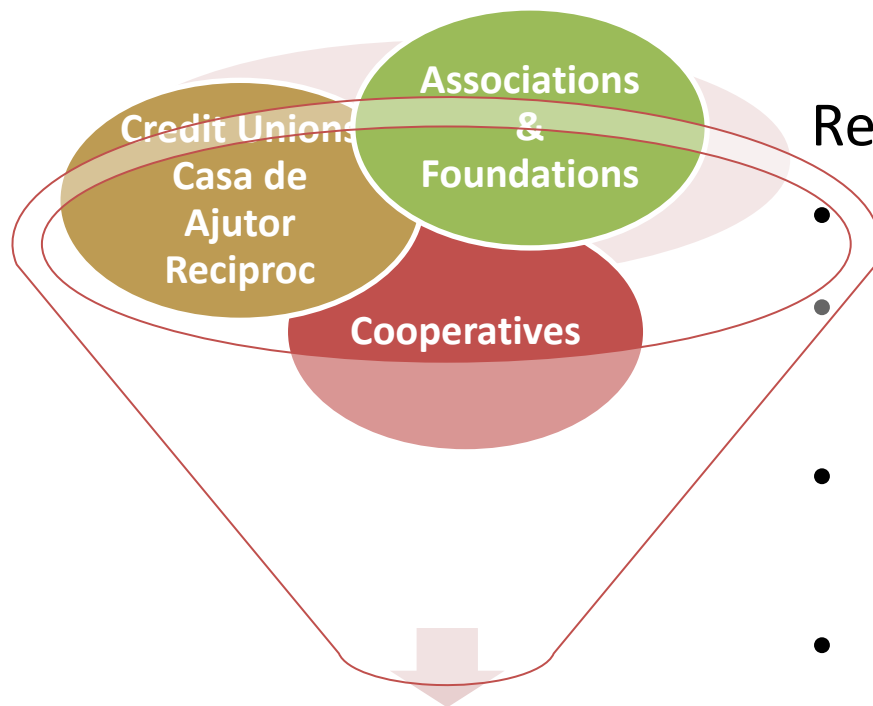
It was appropriated by the planned economy system and almost disappeared – was privatized, de-mutualised - with the transition to the market economy.

Only credit unions and credit coops survived.

INSTITUTE OF SOCIAL ECONOMY

a programme of CSDF since 2011

*LEARNING AND ADVOCATING FOR THE
SOCIAL ECONOMY IN ROMANIA*



SOCIAL ECONOMY

- Research activity in cooperation with
- National Centre for Statistics
 - University of Bucharest – Faculty of Sociology
 - Institute of Research Quality of Life Romanian Academy
 - EURICSE Trento Italy

IES Romania Research activities on SE

- Prometheus project 2011 - 2013

National surveys on representative samples of

1. Cooperatives – worker, consumer, credit
2. Credit unions
3. Agriculture and forestry associations and cooperatives, commons
4. Registered social services providers – NGOs (A&F) and public sector
5. Registered employment services providers
6. Protected workshops – private commercial and NGOs (A&F)
7. Church and religious organisations

Sampling and field work –

National Centre for Training in Statistics – a subsidiary of the National Institute of Statistics

IES Romania

Research activities on SE

Statistics of the SE sector
Atlas of Social Economy
2012

2013

Including

Associations and foundations

Cooperatives

Credit unions - mutuals

*Main economic indicators – assets, turnover,
profit/loss*

Employment in the sector

Sectors of activity

Territorial distribution – rural/urban, region



IES Romania

Research activities on SE

Statistics of the SE sector

Project **Making SE in Romania visible** – financed by EC DG Enterprise 2013-2014

Partners

Lead CSDF – Institute of Social Economy IES

National Centre of Statistics, Ministry of Labor and Social Protection

Context – Draft Law on social economy Social Enterprises, WISE

Purposes

1. Atlas of Social Economy 2014
2. Pilot the creation of a Statistical Register of Companies in the Social Economy
3. Satellite accounts



Statistics of social economy in Romania

Satellite accounts project 2013 - 2014

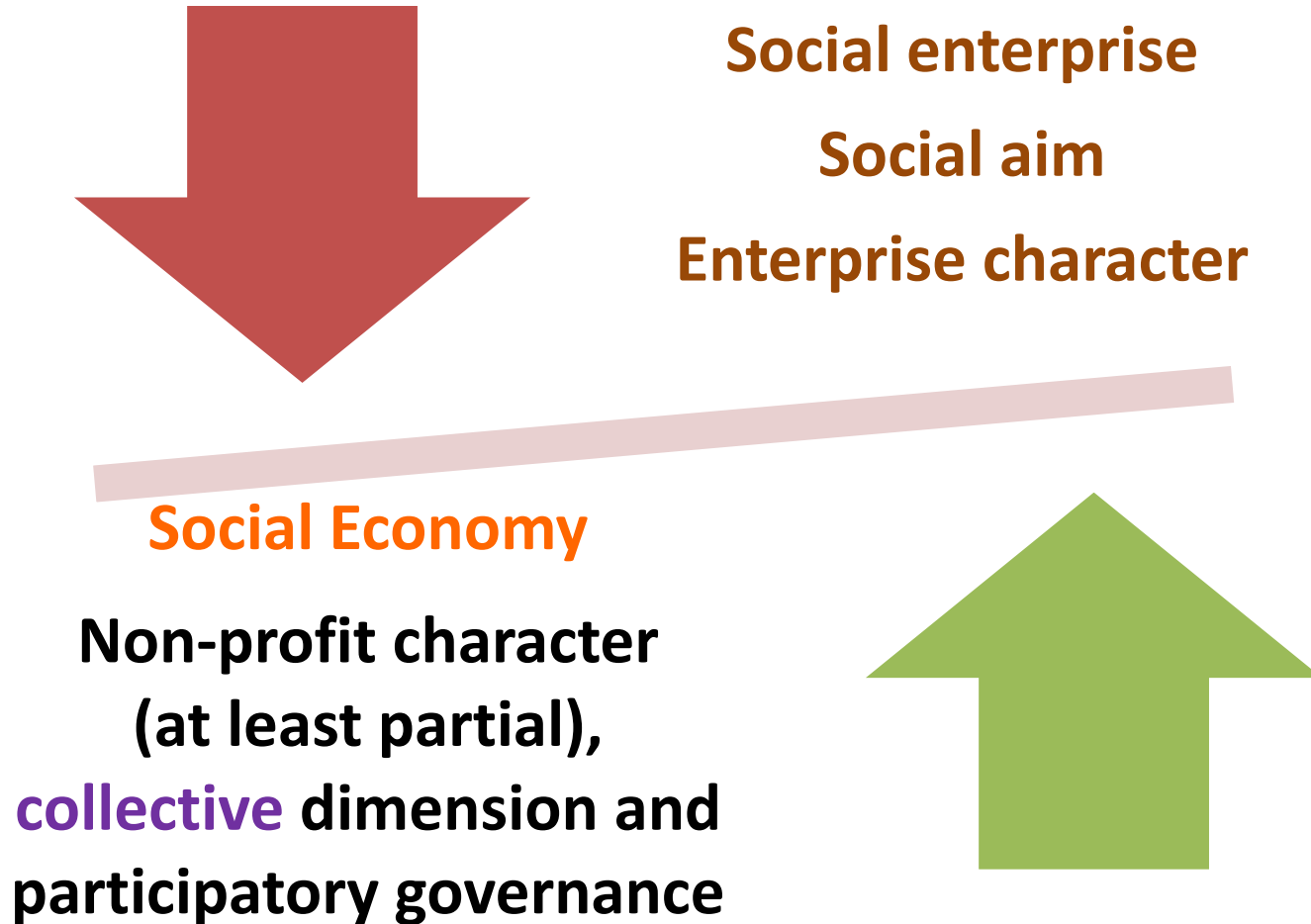
1. Identification of the population to be included in the satellite accounts of SE.

Starting from **CIRIEC Manual** - A Statistical Register of Companies in the Social Economy - five major groups of SE companies:

- a) co-operatives,
- b) mutual societies – No insurance mutual – credit unions (which are somehow cooperatives, and social credit unions)
- c) social economy business groups – only those registered – with a legal status
- d) other companies in the social economy – in Romania there are yet no other legal business forms for social companies
- e) non-profit institutions serving social economy entities.

We have included NPOs – market/ and non-market

Complementary or competing concepts?



**In Romania we promoted Social economy in the
broad sense including NPOs – A&F**

Statistics of social economy in Romania

Satellite accounts project 2013 - 2014

1. Identification of the population to be included in the satellite accounts of SE.

Based on existing identification criteria for organisations of the Institute of Statistics such as ownership (public/private), legal structure, etc. and previous experience in the Prometheus project, **entities** which belong to the sector were **selected** – we assisted them with guidance on SE criteria.

Issues

We have included also **the non-market sector - NPOs without economic activities** and reported them total and market/non-market. Among NPOs were also found other entities such as credit unions or agricultural societies which are a legal form with combined features from both associations and cooperatives .

Operationalisation of SE criteria - Are existing cooperatives still social?

Statistics of social economy in Romania

Satellite accounts project 2013 - 2014

1. Identification of the population to be included in the satellite accounts of SE.
 - In order to identify **companies controlled by SE entities** based on information on shareholders we cooperated with the Register of Companies – shareholders organisations from SE sector.
 - **Missing entities** – e.g. **housing owners' associations** (not clear whether the same or different from housing coops?) - they do not file balance sheets with the national tax authorities, they use single-entry bookkeeping and file the situation of assets and liabilities balance only with the local councils.
 - A Register that would last in the national statistical system was therefore not possible to be established – only for the project duration

Statistics of social economy in Romania

2. Sources of data - data from the Balance Sheets and the Profit and Loss Accounts for fiscal years 2011 and 2012

Number of institutional units of SE identified in the records of the National Institute of Statistics

Balance sheet type / year		2008	2009	2010	2011	2012	Total 2011- 2012
CAR_Credit Unions	Long	204	23	7	8	10	18
	Short	902	263	808	260	282	542
	<i>total</i>	<i>1106</i>	<i>286</i>	<i>815</i>	<i>268</i>	<i>292</i>	<i>560</i>
Credit cooperatives	<i>total</i>	<i>51</i>	<i>34</i>	<i>46</i>	<i>45</i>	<i>48</i>	<i>93</i>
ONG	Long	3323	3015	3226	2425	2465	4890
	Short	17405	20768	26485	26768	30808	57576
	<i>total</i>	<i>20728</i>	<i>23783</i>	<i>29711</i>	<i>29193</i>	<i>33273</i>	<i>62466</i>
UNITS - SE COMPANIES	rapan			-	n.a.	90	90
	uu			-	36	39	75
	Long	4	27	9	117	9	126
	Short	1842	1730	2775	3010	3061	6071
	<i>Total</i>	<i>1846</i>	<i>1757</i>	<i>2784</i>	<i>3163</i>	<i>3199</i>	<i>6362</i>
TOTAL		23731	25860	33356	32669	36812	69481

Statistics of social economy in Romania

Satellite accounts project 2013 - 2014

2. Sources of data - data from the Balance Sheets and the Profit and Loss Accounts for fiscal years 2011 and 2012

- Balance sheet data from the National Statistics Institute for most entities.
- For credit unions affiliated to the National Union of Credit Unions of Employees who has around 2000 affiliates we have used the sector consolidated balance sheet produced by the Union. (missing from the National Institute of Statistics records)
- Groups of SE have been included only for 2012

The various categories of institutional units use different balance sheet forms – sometimes even the same type of units use different forms which complicate further data processing and analysis.

Moreover the balance sheet forms change from one year to the other.

Statistics of social economy in Romania

Satellite accounts project 2013 - 2014

3. Drawing up the accounts of the SE included in the Statistical Record by institutional sector – **not by industry** *

- The following aggregates have been calculated
 - output of goods and services,
 - Gross value added
 - compensation of employees (from NPOs available in the balance sheets only for those with market/economic activity)
 - Net lending (+) / net borrowing (-)

and balancing items, such as

- The financial accounts were not calculated – in Romania the National Bank calculates these accounts

* NACE for NPOs poses problems – there is a Code
– other non-profit activities

Statistics of social economy in Romania

Satellite accounts project 2013 - 2014

3. Accounts of the SE by institutional sector

Non financial corporations sector

– cooperatives other than credit, SE groups -companies

Macroeconomic aggregates – non financial corporation sector of the SE (thou. lei)	2011	2012*
Output of goods and services	1,378,634	3,712,410
Gross value added	1,342,364	3,434,913
Compensation of employees	406,651	847,660
Gross operating surplus	935,713	2,912,015
Gross fixed capital formation	133,120	351,177
Net lending (+) / net borrowing (-)	801,670	2,195,498
Ratios specific to national accounts %		
Value added rate	97.4	92.5
Investment ratio	69.7	84.8
Gross operating surplus rate	9.9	10.2

* Includes SE groups

Statistics of social economy in Romania

Satellite accounts project 2013 - 2014

3. Accounts of the SE by institutional sector

Financial corporations sector – credit cooperatives and credit unions (CU were previously reported under the Non-profit sector).

Macroeconomic aggregates of financial sector of the SE (credit unions and coops) (thou. lei)	2011	2012*
Output of goods and services	522.274	641.617
Gross value added	472.013	579.821
Compensation of employees	244.294	362.641
Gross operating surplus	227.719	217.180
Gross fixed capital formation	2.660	3.192
Net lending (+) / net borrowing (-)	299.097	373.666
Ratios specific to national accounts %		
Value added rate	90.4	90.4
Investment ratio	48.2	37.5
Gross operating surplus rate	0.6	0.6

Statistics of social economy in Romania

Satellite accounts project 2013 - 2014

3. Accounts of the SE financial sector by industry

NACE Code		Output of goods and services	Gross value added	Compensation of employees	Gross operating surplus	Gross fixed capital formation	Net lending (+) / net borrowing (-)
		P1	P2	3=1-2	D1	B2	P51
6492	Other financial service activities, except insurance and pension funding	391.209	28.703	362.506	180.883	181.623	1.826
6419	Other monetary intermediation	131.065	21.558	109.507	63.411	46.096	834
	Total	522.274	50.261	472.013	244.294	227.719	2.660

Statistics of social economy in Romania

Satellite accounts project 2013 - 2014

3. Accounts of the SE by institutional sector

Macroeconomic aggregates of The Non-profit institutional sector (thou. lei)	2011	2012
Output of goods and services	3.906.873	4.226.006
Gross value added	2.009.030	2.140.819
Compensation of employees	1.937.230	2.085.187
Gross operating surplus	71.800	55.632
Gross fixed capital formation	153.236	126.346
Net lending (+) / net borrowing (-)	-2.722.697	-3.898.267
Ratios specific to national accounts %		
Value added rate	51.4	50.7
Investment ratio	3.6	2.6
Gross operating surplus rate	7.6	5.9

Statistics of SE in Romania - Satellite accounts project

Table used for generation of accounts

		U T I L I Z A R I				R E S U R S E					
		Conturile sectoarelor				Conturile sectoarelor					
		SQS	Instit. financiare	Adminis- tratia privata	Total	SQS	Instit. financiare	Adminis- tratia privata	Total		
Operatiunile		S11	S12	S15		S11	S12	S15		Operatiunile	
		I. CONTUL DE PRODUCTIE									
P 1	Productia de bunuri si				5735981	1378634	522274	3835073	5735981	P 1	Productia de bunuri si servicii
P 11	- Productie de piata				765848			765848	765848	P 11	- Productie de piata
P 12	- Productia pentru consum final propriu				323432			323432	323432	P 12	- Productia pentru consum final propriu
P 13	- Alta productie non-piata				2745793			2745793	2745793	P 13	- Alta productie non-piata
P 2	Consumul intermediar	36270	50261	1897843	1984374				1984374	P 2	Consumul intermediar
B 1	Valoarea adaugata bruta	1342364	472013	1937230	3751607				3751607	B 1	Valoarea adaugata bruta
		II.1.1. CONTUL DE EXPLOATARE									
B 1	Valoarea adaugata bruta					1342364	472013	1937230	3751607	B 1	Valoarea adaugata bruta
D 1	Remunerarea salariatilor	406651	244294	1937230	2258273					D 1	Remunerarea salariatilor
D 11	Salarii brute si indemnizatii brute	406651	244294	1937230	2258273					D 11	Salarii brute si indemnizatii brute
B 2	Excedentul brut de exploatare	935713	227719	71800	1565134					B 2	Excedentul brut de exploatare
						II.1.2. CONTUL DE ALOCARE A VENITURILOR PRIMARE					
B 2	Excedentul brut de					935713	227719	71800	1565134	B 2	Excedentul brut de exploatare
D 4	Venituri din proprietate	2169	9149	8698	20016	1246	83187	113230	197663	D 4	Venituri din proprietate
B 5	Soldul brut al veniturilor primare	934790	301757	176332	1742781					B 5	Soldul brut al veniturilor primare
		II.4.1. CONTUL DE UTILIZARE A VENITULUI DIS				II.4.1. CONTUL DE UTILIZARE A VENITULUI DISPONIBIL					
B 5	Soldul brut al veniturilor primare					934789.9	301757.0	176332.0	1742781.0	B 5	Soldul brut al veniturilor primare
P 3	Cheltuiala pentru consum			2745793	2745793				2745793	P 3	Cheltuiala pentru consum final
P 31	Cheltuiala pentru consum individual			2745793	2745793				2745793	P 31	Cheltuiala pentru consum individual
B 8	Economia bruta	934790	301757	-2569461	-1003012					B 8	Economia bruta
P 51	Formarea bruta de capital	133120	2660	153236	289016				289016	P 51	Formarea bruta de capital fix
K 1	Consumul de capital fix			71800	71800				71800	K 1	Consumul de capital fix
B 9	Capacitatea (+)/necesarul(-) de finantare	801670	299097	-2722697						B 9	Capacitatea (+)/necesarul(-) de finantare

Statistics of social economy in Romania

Satellite accounts project 2013 - 2014

4. EMPLOYMENT - Indicators of the nonmonetary activity - (social accounting matrix)

- **Labour market data – total no. of employees** only from balance sheets – No data were available for these types of companies from other statistical sources

Details such as structure of personnel by category Men Women, type of workers – Farmers, Manual workers, Administration, sales and services, Management are available in surveys – have not been processed together

Issues:

- No data on real working time of employees,
- Using employment data from balance sheets only poses problems in some cases – e.g. Many small credit unions registered members as employees.

Statistics of social economy in Romania

Satellite accounts project 2013 - 2014

4. EMPLOYMENT - Indicators of the nonmonetary activity - (social accounting matrix)

- **Labour market data**

- **Business data**

e.g. No. of members - No. of companies association - available only in the Credit Unions consolidates balance sheets

Statistics of social economy in Romania

Satellite accounts project 2013 - 2014

4. Analysis of data

There is a need for analysis of data once produced together with the sectors concerned and in a comparative perspective. At national level there is limited capacity to analyze data.

Statistics of the social economy sector

Methodological issues

- UN Handbook on **Non-profit Institutions** in the System of National Accounts
- CIRIEC Manual for drawing up the satellite Accounts of companies in the **social Economy: co-operatives and mutual Societies** based on ESA95

In **Romania** we wanted to produce data for the whole SE sector – market and non-market. We have used the **CIRIEC** Manual and added also **NPOs** as they correspond to the CIRIEC working definition of SE entities

Issues - recommendations

- Lack of awareness on the UN Handbook on NPI
- Develop a single Guide for all social economy companies

Results

- First time when official aggregate data were published on the SE sector in Romania and the institutional sectors that are part of it
- Increased awareness on sectors social and economic contribution
- Improved understanding among experts in the National Statistical Institute

Results

Gross valued added (VAB) (%)	2011	2012
Non-financial institutions	0.5	1.2
Financial institutions	3.4	4.0
Overall weight of SE in total national economy	1.3	1.9

Lessons learnt

Being the first time when such research was undertaken by the National Institute of Statistics NSI

- most efforts were on **identifying the institutional units to be included**
- would not have been possible for NSI without cooperation with people from the SE sector
- **Difficult to continue** if there is no unitary legal framework – definitions and administrative procedures and enforcement
- Need for exchange of experience – peer review of findings – analysis

CIRIEC Manual

- In relation with European System of Accounts ESA 1995 – easy for statistical offices to follow
- includes a Guide to the 1995 ESA for non-specialists – user friendly for non-experts as well
- User friendly – step-by-step main stages are described in detail

Issues - recommendations

- Manual does not include NPOs - if you want to cover the social economy sector as a whole – as we wanted in Romania – you need other methodologies
- NPOs would be easily included as such since the Non-profit institutions serving households (S.15) are an institutional sector under ESA95
- ESA 95 has changed – what impact?

CIRIEC Companies in the social economy

Working definition - issues

Working definition of co-operatives, mutual societies and other similar **companies in SE** included in the satellite accounts - criteria:

1. **Private** - not part of or controlled by the *public sector* - majority of capital and decision-making power in governance structures controlled by private members.

Issues

- For NPOs (Associations & Foundations AF) it is difficult to identify participation of public sector in ownership /governance
- NPO Registry includes info on members and governing structure composition - GONGOs difficult to identify – currently the national statistics
- National Statistical Institute includes under private entities all NPOs – as foreseen in ESA95?
- In Romania by law local governments cannot participate in establishing a cooperative only a company or a NPO

CIRIEC Companies in the social economy

Working definition - issues

CIRIEC working definition - criteria:

2. *Formally organised* – SE companies are institutional units that have decision-making autonomy, keep a complete set of accounts and, usually, possess independent legal status.

Issues

We have included only organisations with an independent separate legal status

3. *Autonomy of decision* - capacity to choose and dismiss their governing bodies and to control their activities.

Issues

Not operationalised