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BACKGROUND

The presence of private nonprofit organizations in Argentina, as in most of the Latin American countries, can be traced back to the colonial period, when the Catholic Church and its adherents created the first charity hospitals and orphanages. Many of these more traditional organizations have persisted through the end of the 20th century, and over time new forms of organizations dedicated to the public good or to the well-being of their members have emerged in response to political, economic, cultural, and social changes and needs.

However, the concept that these different types of organizations, e.g., hospitals, universities, sports clubs, school “cooperators,” neighborhood associations, and human rights organizations, constitute an identifiable sector is relatively recent, and only partially accepted. Indeed, only in the last decade has something that could be called a “third,” “voluntary,” or “nonprofit” sector come to be publicly recognized and become an object of serious academic research. Not surprisingly, therefore, several obstacles remain in the way of achieving the full visibility and strengthening of the Argentine nonprofit sector: (a) the scarcity of quantitative information on

the sector as a whole; (b) the overlap and heterogeneity of both the terms and the legal norms applying to the different types of organizations; and (c) the limited number of studies delving into the structure and development of the sector that take into account the specific historical, cultural, and political features of Argentina.

It is for this reason that the work reported on here is so important. This work was carried out by an Argentine research team at the Centro de Estudios de Estado y Sociedad (CEDES) as part of the Johns Hopkins Comparative Nonprofit Sector Project. It thus offered ample opportunities both to capture local Argentine circumstances and peculiarities and to compare and contrast them to those in other countries both in Latin America and elsewhere in a systematic way. The result is the first comprehensive empirical overview of the Argentine nonprofit sector and the first systematic comparison of Argentine nonprofit realities to those elsewhere in Latin America and the rest of the world.

The present chapter reports on just one set of findings from this project, those relating to the size and structure of the nonprofit sector in Argentina and elsewhere. Subsequent publications will fill in the historical, legal, and policy context of this sector and also examine the impact that this set of institutions is having. The data reported here draw heavily on the 1994 National Economic Census conducted by Instituto Nacional de Estadística y Censos (INDEC-the National Bureau of Statistics and Census). In addition, the project team supplemented this with other government reports and with a special population survey designed to fill in the more informal parts of the “third sector” in Argentina. Unless otherwise noted, financial data are reported in U.S. dollars at the 1995 average exchange rate. (For a more complete statement of the sources of data, see Appendix C. For a more complete statement of the types of organizations included, see Chapter 1 and Appendix A.)

PRINCIPAL FINDINGS

Five major findings emerge from this work on the scope, structure, financing, and role of the nonprofit sector in Argentina:

1. A major economic force

The nonprofit sector turns out to be a significant economic force in Argentina, accounting for considerable shares of national expenditures and employment. More specifically:

- **A $12 billion industry.** Even excluding its religion component, the nonprofit sector in Argentina had operating expenditures of $12 bil-
lion (about 12 billion Argentine pesos) in 1995, or 4.7 percent of the country's gross domestic product, a quite significant amount.3

- A major employer. Behind these expenditures lies a sizable workforce that includes the equivalent of 395,000 full-time equivalent paid workers. This represents 3.7 percent of all nonagricultural workers in the country, 9.4 percent of service employment, and the equivalent of nearly one-third as many people as work for government at all levels—federal, provincial, and municipal (see Table 19.1).

- More employees than in the largest private firms. Put somewhat differently, nonprofit employment in Argentina easily outdistances the employment in the largest private businesses in the country. Thus, compared to the 395,000 paid workers in Argentina's nonprofit organizations, Argentina's 100 largest private corporations together employ approximately 280,000 workers (see Figure 19.1).

- Volunteer inputs. Even this does not capture the full scope of the nonprofit sector in Argentina, for this sector also attracts a considerable amount of volunteer effort. Indeed, an estimated 20 percent of the

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**Table 19.1** The nonprofit sector in Argentina, 1995

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>$12.0 billion in expenditures</td>
<td>— 4.7 percent of GDP</td>
</tr>
<tr>
<td>395,000 paid employees</td>
<td>— 3.7 percent of total nonagricultural employment</td>
</tr>
<tr>
<td></td>
<td>— 9.4 percent of total service employment</td>
</tr>
<tr>
<td></td>
<td>— 30.9 percent of public sector employment</td>
</tr>
</tbody>
</table>

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**Figure 19.1** Employment in nonprofits vs. largest private firms in Argentina, 1995

![Diagram](image-url)
Argentine population reports contributing their time to nonprofit organizations. This translates into another 264,000 FTE employees, which boosts the total number of FTE employees of nonprofit organizations in Argentina to 659,000, or 6 percent of total nonagricultural employment in the country (see Figure 19.2).

- **Religion.** The inclusion of religion, moreover, would boost these totals by another 68,899 paid employees and 127,000 full-time equivalent volunteers. As also shown in Figure 19.2, with religion included, nonprofit paid employment therefore rises to 4.4 percent of the total and paid plus volunteer employment to 7.7 percent. Religion also boosts operating expenditures by $1.2 billion, thus bringing total expenditures to $13.2 billion, the equivalent of 5.1 percent of gross domestic product.

2. **One of the largest nonprofit sectors in Latin America**

While the Argentine nonprofit sector is fairly sizable in relation to the Argentine economy, it is clearly large relative to its counterparts elsewhere in Latin America, though still below the level in Western European countries.
• **Slightly below the international average.** As Figure 19.3 shows, the relative size of the nonprofit sector varies greatly among countries, from a high of 12.6 percent of total nonagricultural employment in the Netherlands to a low of less than 1 percent of total employment in

![Nonprofit share of total employment, by country, 1995](image-url)

**Figure 19.3** Nonprofit share of total employment, by country, 1995
Mexico. The overall 22-country average, however, was close to 5 percent. This means that Argentina, at 3.7 percent without religion, falls somewhat below the global average. However, it still exceeds Japan and Finland and comes close to some of the Western European countries, such as France (4.9 percent) and Spain (4.5 percent).

- **Considerably above the Latin American and Central European averages.** Although it falls below the 22-country average, however, nonprofit employment as a share of total employment is still considerably higher in Argentina than it is elsewhere in Latin America and also higher than it is in Central Europe. Thus, as shown in Figure 19.4, FTE employment in nonprofit organizations in Argentina, at 3.7 percent of total employment, is proportionally 60 percent greater than the Latin American average of 2.2 percent. Indeed, none of the other Latin American countries covered by this project comes close to Argentina in the scale of its nonprofit employment. And Argentina is even farther above the Central European average of 1.1 percent.

- **Margin widens with volunteers.** This margin widens, moreover, when volunteers are added. Thus, with volunteer time included, nonprofit organizations account for 6.0 percent of total employment in Ar-

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**Figure 19.4** Nonprofit share of employment in Argentina and in four regions, 1995
gentina, which is twice as much as the Latin American regional average of 3.0 percent (see Figure 19.4).

3. A rich history of nonprofit activity

That the nonprofit sector is relatively highly developed in Argentina is a product of the rich history that such institutions have had in this country and the country’s current transition process. This history includes:

- The extensive array of Catholic Church-inspired organizations created to found monasteries, take care of cemeteries, and assist the poor in colonial times;
- The secular organizations such as the Sociedad de Beneficencia (Society of Beneficence) created by groups of high society women under the general tutelage of the governmental authorities with the secularization of Argentine society following independence and during the early 19th century;
- The sizable number of mutual benefit organizations, social and sport clubs, schools, and libraries created by the massive waves of immigrants that arrived in Argentina in the late 19th and early 20th centuries, and the subsequent transformation of many of these organizations into labor unions and social welfare institutions in the early part of the 20th century;
- The further institutionalization of civil society organizations during the Peronist period following World War II and their greater integration into the state system, with the formation of obras sociales (workers’ mutual insurance organizations linked mainly to trade unions) and of the unidades básicas (basic units) that formed the social base of the Peronist movement in local neighborhoods throughout the country;
- The numerous research centers and foundations created by scientists and intellectuals forced to leave the public universities during the late 1960s and 1970s, a period marked by political instability and military dictatorships;
- The human rights organizations that emerged during the last military dictatorship (1976-1983) demanding state action against human rights violations. These organizations played a central role in the democratic transition in the 1980s.

4. Education dominance

Similar to other Latin American countries, education clearly dominates the nonprofit scene in Argentina.
• **Over 40 percent of nonprofit employment in education.** Of all the types of nonprofit activity, the one that accounts for the largest share of nonprofit employment in Argentina is education, mostly primary and secondary education. As shown in Figure 19.5, 41.2 percent of all
nonprofit employment in Argentina is in the education field. This is comparable to the Latin American average of 44.4 percent, but it greatly exceeds the 22-country average of 30.2 percent. This situation very likely reflects the long tradition of Catholic elementary and secondary schooling in Argentina and elsewhere in Latin America.

- **Relatively smaller shares of nonprofit employment in health and social services.** Compared to the overall 22-country average, health and social services absorb a smaller share of nonprofit employment in Argentina. Thus, while these two fields absorb nearly 37.9 percent of nonprofit employment on average, they account for only 24.1 percent of nonprofit employment in Argentina. This difference reflects the state’s intervention in the provision of health and social services over time. Nevertheless, the Argentine nonprofit sector has a long tradition in the delivery of health care in particular, and even today has a sizable presence in this field, represented most prominently by the nonprofit hospitals, mutual associations, medical foundations, and obras sociales, i.e., the mutual associations created at the end of the 19th century that have emerged as pivotal elements in the Argentine health care and social welfare systems.

- **Sizable nonprofit presence in professions and social life.** Another sizable portion of total nonprofit employment in Argentina is in the culture and recreation field and in the professions. Altogether, these two fields account for 21.9 percent of all nonprofit employment, of which 15.1 percent is in social and recreational activity and almost 7 percent in professional associations and unions. This reflects, in part, the prominence of community-based sports programs in Argentine society. In addition, Argentina has long had a strong union movement and professional middle class, both of which have created significant organizational bases.

- **Limited nonprofit development and advocacy employment.** Compared to the employment in nonprofit education, social welfare, sports and professional organizations, the share of Argentine nonprofit employment in the development field and in the related fields of advocacy and environmental protection is considerably smaller. Altogether, these fields absorb 6.4 percent of all nonprofit employment in the country, slightly less than the 22-country average of 8.9 percent. An additional 6.4 percent of nonprofit employees fall into other categories, including philanthropy, international, and “other.”

- **Pattern shifts with volunteers.** This pattern changes considerably when volunteer inputs are factored in. In particular, as shown in Figure 19.6, with volunteers included, the development share of nonprofit employment jumps from 5.7 percent to 15.7 percent and the combined civic and advocacy and environment share increases from less than 1 percent
to 3.3 percent. Similarly, the share of nonprofit employment absorbed in the social services field also swells, from 10.7 percent without volunteers included to 13.5 percent with volunteers. While education still dominates the Argentine nonprofit sector’s activities with volunteers counted in, its dominance is nowhere near as extensive thanks to the
ability of development, advocacy, and social service organizations to attract volunteers.

5. Most revenue from fees, not philanthropy or public sector

The Argentine nonprofit sector receives the bulk of its revenue not from private philanthropy but from fees and charges, and does so to an even greater extent than do nonprofit organizations in most other countries outside of Latin America. In particular:

- **Fee income dominant.** The overwhelmingly dominant source of income of nonprofit organizations in Argentina is fees and charges for the services that these organizations provide. As reflected in Figure 19.7, this source alone accounts for nearly three-quarters, or 73.1 percent, of all nonprofit revenue in Argentina.5

- **Limited support from philanthropy and the public sector.** In contrast, private philanthropy and the public sector provide much smaller shares of total revenues. Thus, as Figure 19.7 shows, private philanthropy—from individuals, corporations, and foundations combined—accounts for only 7.5 percent of nonprofit income in Argentina, while public sector payments, including compulsory payments to the obras sociales which are used to finance health and related social welfare benefits, account for 19.5 percent.

- **Revenue structure with volunteers.** This pattern of nonprofit revenue changes significantly when volunteers are factored into the picture. In

![Figure 19.7](image_url)  
**Figure 19.7**  Sources of nonprofit revenue in Argentina, 1995
fact, as shown in Figure 19.8, private philanthropy increases substantially, from 7.5 percent to 23.0 percent. It thus overtakes public sector support, whose proportion declines from 19.5 percent to 16.2 percent. Even with volunteers included, however, fees remain the dominant revenue source.

• **Revenue structure with religion.** The overall pattern of nonprofit finance in Argentina changes dramatically when account is taken of religious institutions, such as churches and synagogues. Such religious institutions account for approximately 12 percent of the total revenue of the Argentine nonprofit sector, almost all of it from private giving. With religion included, therefore, the philanthropic share of total nonprofit revenue in Argentina rises from 7.5 percent to 18.6 percent. With volunteers included as well, the private giving share rises to 33.4 percent (see Figure 19.9).

• **Similar to other Latin American countries.** The pattern of nonprofit finance evident in Argentina is quite similar to that elsewhere in Latin America. Thus, as shown in Figure 19.10, like Argentina, the nonprofit organizations in the other Latin American countries included in this project (Brazil, Colombia, Mexico, and Peru) also derived the overwhelming majority of their revenues from fees and charges. Thus, compared to Argentina’s 73.1 percent, the share of total nonprofit income coming from fees stood at 74.0 percent for all five Latin American countries. The public sector and philanthropic shares of nonprofit revenue in Argentina deviated slightly from the regional average, with public sector support stronger in Argentina than else-

![Figure 19.8](image_url)  
Sources of nonprofit revenue in Argentina, with volunteers, 1995
where in the region (19.5 percent vs. 15.5 percent on average) and private giving somewhat weaker (7.5 percent vs. 10.4 percent).

- **Deviation from the global average.** While the revenue structure of the Argentine nonprofit sector generally mirrors that elsewhere in Latin America, it differs considerably from that evident elsewhere in the world, and particularly in the more developed countries. Thus, as Figure 19.10 also shows, while fees and charges are the dominant element in the financial base of the nonprofit sector globally, this dominance is considerably less pronounced than it is in Argentina (49.4 percent of total revenue compared to 73.1 percent in Argentina). By contrast, public sector payments comprise a considerably larger share of nonprofit income in these other countries on average (40.1 percent vs. 19.5 percent in Argentina). Quite clearly, a different pattern of cooperation has taken shape between nonprofit organizations and the state in these other countries. This is markedly so in Western Europe, where public sector payments comprise on average well over half of nonprofit revenues. Evidently, the long history of adversarial relations between the state and nonprofit groups in Argentina has yielded a very different pattern of nonprofit finance, one that is far more dependent on charitable contributions and private fees.

- **Variations by subsector.** Even this does not do full justice to the complexities of nonprofit finance in Argentina, however. This is so because important differences exist in the finances of nonprofit organizations by field of activity. In fact, three quite distinct patterns of
nonprofit finance are evident among Argentine nonprofits, as shown in Figure 19.11:

**Fee-dominant fields.** Fee income is the dominant source of income in seven fields of nonprofit action for which data were gathered. This is understandable enough in the cases of business and professional, as well as social and cultural, associations where membership dues are the primary source of income. But fee income also plays the dominant role in financing nonprofit health and educational establishments, as well as social service, environment, and development organizations, in Argentina. In the cases of health and education, this reliance on fees reflects in part the dominance of public sector entities in direct service provision in these fields and the relatively limited amount of state subsidies for nonprofit providers, which derive approximately one-quarter of their income from public sector sources, well below the 22-country average. However, public sector support for primary and secondary education is stronger, accounting for nearly one-third of the revenue for this subfield. In the case of social services, environment, and development, the prominence of private fees reflects the fact that these are organized as associations or mutual help groups that collect
membership fees, though in the case of social services, public sector payments are also significant.

**Private philanthropy-dominant fields.** While private philanthropy is far from the dominant source of nonprofit income in Argentina overall, it
turns out to be the dominant source of income both for foundations, which would naturally be expected to be supported chiefly by private philanthropy, and for civic and advocacy organizations. These latter organizations represent, in a sense, the more political side of the nonprofit sector, which has been quite important in the development of Argentine society especially since the early 1980s. As a general rule, such organizations lacked access to domestic public sector support in the context of a generally repressive state from the latter 1950s through the early 1980s. Indeed, they have functioned as mechanisms to defend human rights and the rights of the disadvantaged against state power, and, in the 1990s, have come to take the lead in anti-corruption and public accountability efforts. They have therefore been forced to rely extensively on private charitable support, mostly from international foundations during the years of authoritarian rule, but increasingly also from domestic sources since then. In addition, they have had to devise other income-generating strategies, including the sale of their services, to generate close to a third of their revenue.

Public sector-dominant field. In only one field (international) does government play the dominant role in financing nonprofit action in Argentina. For the most part, this consists of the Argentine government’s counterpart contributions required by agreements with international agencies such as UNICEF and the UN Development Programme.

While not the dominant source of income, the public sector is still a considerable source of nonprofit revenue in some fields: social services, where it accounts for 46 percent of the total; health, where it accounts for 27.2 percent; and education, where it accounts for 21 percent. In the case of social services, this largely results, however, from the mandatory social welfare payments channeled through the obras sociales.

CONCLUSIONS AND IMPLICATIONS

The nonprofit sector thus emerges from the evidence presented here as both a sizable and a rather complex set of institutions in Argentine society. Not only does this set of institutions serve important human needs, it also constitutes a major, and apparently growing, economic force and is a significant contributor to political as well as social life.

At the same time, this sector is a somewhat fragile organism in Argentina, undergoing significant changes as the nation itself is in the midst of structural transformation, with results for both that are still quite uncertain. Until very recently, nonprofit organizations were hardly distinguishable as an
identifiable sector in Argentine society, in large part because the borders between the public and private spheres of action were never clear. A history of clientelism kept some of the more traditional service-oriented and neighborhood-based organizations subservient to state institutions or to powerful economic elites. At the same time, numerous associations and mutual help groups emerged in the late 19th and early 20th centuries quite independent of government intervention or notice. At the beginning of the 1970s, however, new types of nonprofit institutions emerged, among them those known popularly as “nongovernmental organizations” (NGOs). These NGOs, generally formed by professionals, have gained a reputation for their commitment to establishing a sphere of citizen action independent of the authoritarian state and serving as a rallying point for human rights, for civil control over governmental actions, and for the political and economic empowerment of the poor. These newer institutions, like their more traditional counterparts, remain vulnerable at the present time, however, in the wake of an ongoing realignment of the roles of the state, the market and the civil society sectors. These nonprofit organizations generally lack a secure revenue base, face enormous management challenges, and operate in a legal environment that is far too complex and ambiguous.

To correct these problems, a number of steps seem appropriate:

- **Making “sector” a reality.** In the first place, serious steps are needed to bridge the divide that exists between the various components of the Argentine nonprofit sector and foster a common understanding of a “sector” sharing common interests and needs. The emergence of the concept of “civil society” has been useful in this regard, but more dialogue and interaction will be required. What is more, it will be necessary to increase the visibility of this set of organizations with the general public, with political leaders, and with the business community.

- **Capacity building.** One way to foster a sense of a distinctive nonprofit sector in Argentina is to invest in the capacity of this sector through improved training and strengthening of infrastructure organizations. Although considerable effort has been put into training nonprofit personnel in Argentina, indigenous capacity to provide such training, and indigenous infrastructure organizations, have been lacking until recently. Building these capabilities thus seems a high priority. Equally important is further encouraging indigenous philanthropic institutions to buttress the financial base of the sector. In short, Argentina is ripe for a major nonprofit sector capacity-building campaign to bring its civil society sector more fully into a position to operate with partners in government and the business sector.
• **Regularizing partnerships with government and business.** The relationship between the nonprofit sector and the state has long been complicated in Argentina. Many early nonprofit institutions were fostered by the state, while the Peronist and later regimes integrated other nonprofit institutions, such as the obras sociales, into state social welfare systems. During the thirty years between the fall of the Perón government and the re-establishment of democracy, however, relations between government and at least one portion of the nonprofit sector, the NGOs, deteriorated badly, as NGOs formed specifically to challenge authoritarian rule and protect civil and human rights that the regime was infringing.

Despite these strains, an important priority for the future is to build a firmer foundation for broader cooperation between these two sectors. Such cooperation will be crucial for the long-term financial viability of the nonprofit sector, but it must be based on a reasonable degree of autonomy for the nonprofit partners. Critical to this is the creation of stable institutional settings for public-private cooperation and of contractual guarantees and mechanisms of public accountability and transparency regarding the management and distribution of funds.

• **Making room in the public space.** One way to foster a greater partnership between nonprofit organizations and the state is to ensure nonprofit organizations a more secure place at the table in the so-called “public space” that has recently opened in Argentina. Clearly, advances have been made in bringing nonprofit organizations into the process of public policy formulation and implementation in Argentina, but much has yet to be done.

• **Reforming the legal and tax framework.** The legal framework for nonprofit organizations in Argentina mainly consists of the general provisions of the civil code. However, they are insufficient considering the complex reality and dynamics of the sector. Thus, a set of ad hoc rules has been developed by national and local public agencies. This complicated and sometimes overlapping framework creates difficulties for the accountability of the organizations, the visibility of the sector as a whole, and the possibility of obtaining empirical data.

• **Building the philanthropic base.** Also important to the future development of the nonprofit sector in Argentina will be the building of a more secure fiscal base, particularly for the civic, advocacy, development, and environmental organizations that have played such an important part in the development of a new type of nonprofit presence in Argentine society. Given the pressures likely to persist on government budgets, this will require building up the base of indigenous philanthropic support through encouragement of private giving.
within Argentine society and fostering foundations and other institutional mechanisms of private philanthropy.

Important changes are underway in Argentine society at the present time as memories of military rule subside and the economy responds to the strictures of economic adjustment. In this climate, new opportunities exist to regularize not only economic life, but political and social life as well. Among the more hopeful developments signaling such regularization is the emergence of a definable “nonprofit sector,” a set of institutions outside the market and the state through which citizens can join together to pursue a wide variety of social, political, and economic objectives. Such institutions have a long and distinguished history in Argentina, yet their recent evolution still constitutes an important new beginning. From the evidence presented here, it is clear that this set of institutions already plays a more important economic role in Argentina than it does in most other Latin American countries. The evidence presented here should help lay the groundwork for the improved position that this set of organizations rightfully deserves.

ENDNOTES

1. The work in Argentina was coordinated by Mario Roitter of CEDES, who acted as local associate to the project. Assisting him were Andrea Campetella, Inés González Bombal, Candela Garay, and Daniel Gropper. The team was aided, in turn, by a local advisory committee made up of 11 prominent philanthropic, government, academic, and business leaders (see Appendix D for a list of committee members). The Johns Hopkins project was directed by Lester M. Salamon and Helmut K. Anheier and the Latin American portion of the work overseen by Regina List.

2. The definitions and approaches used in the project were developed collaboratively with the cooperation of the Argentine researchers and researchers in other countries and were designed to be applicable to Argentina and the other project countries. For a full description of this definition and the types of organizations included, see Appendix A. For a full list of the other countries included, see Chapter 1 above and Lester M. Salamon and Helmut K. Anheier, The Emerging Sector Revisited: A Summary, Revised Estimates (Baltimore, MD: The Johns Hopkins Center for Civil Society Studies, 1999).

3. Technically, the more precise comparison is between nonprofit contribution to “value added” and gross domestic product. For the nonprofit sector, “value added” in economic terms essentially equals the sum of wages and the imputed value of volunteer time. On this basis, the nonprofit sector in Argentina accounted for 3.2 percent of total value added, still a quite significant amount.


5. This figure would be even higher if the revenues received by the obras sociales were treated as fees. These revenues are collected from workers by a set of institutions known as...
obras sociales, which are akin to mutual societies, and then used to finance health care and
other social services for the contributors. However, contributions to these funds are required
by law. Therefore, the contributions are quite similar to tax payments since they are mand-
dated by governmental authorities. They have been categorized therefore as public sector
payments.