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The Johns Hopkins Comparative Nonprofit Sector Project

Lester M. Salamon, Director

DEFINING THE NONPROFIT SECTOR:

PORTUGAL

by

Raquel Campos Franco

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**WORKING PAPERS
OF
THE JOHNS HOPKINS
COMPARATIVE NONPROFIT SECTOR PROJECT**

**Lester M. Salamon
Director**

***Defining the Nonprofit Sector:
Portugal***

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September 2005

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Center for Civil Society Studies

Preface

This is one in a series of Working Papers produced under the Johns Hopkins Comparative Nonprofit Sector Project, a collaborative effort by scholars around the world to understand the scope, structure, financing, and role of the nonprofit sector using a common framework and approach. Begun in 1991 in 13 countries, the Project continues to expand, currently encompassing more than 40 countries.

The working papers provide a vehicle for the initial dissemination of the work of the Project to an international audience of scholars, practitioners and policy analysts interested in the social and economic role played by nonprofit organizations in different countries, and in the comparative analysis of these important, but often neglected, institutions.

Working Papers are intermediary products, and they are released in the interest of timely distribution of Project results to stimulate scholarly discussion and inform policy debates. A full list of these papers is provided on the inside of the back cover.

The production of these Working Papers owes much to the devoted efforts of our project staff. The present paper benefited greatly from the editorial work of Eileen Hairel, project coordinator, and Mimi Bilzor, communications associate. On behalf of the Project's core staff, I also want to express our deep gratitude to our project colleagues around the world and to the many sponsors of the project listed at the end of this paper.

The views and opinions expressed in these papers are those of the authors and do not necessarily represent the views or opinions of the institutions with which they are affiliated, the Johns Hopkins University, its Institute for Policy Studies, any of its officers or supporters, or the series' editors.

We are delighted to be able to make the early results of this project available in this form and welcome comments and inquiries either about this paper or the project as a whole.

Lester M. Salamon
Project Director



Defining the Nonprofit Sector: Portugal

by
Raquel Campos Franco

Introduction

What we have before us is a very old country, one of the oldest nation-states in the world, but which is also, at just 25 years old, one of the youngest democracies on the planet. It is, by European standards, a small and relatively poor country, but it was, less than thirty years ago, the last multi-continental empire. It is, finally, a society divided between tradition and modernity, revealing one of the fastest rhythms of change and growth in the Western Hemisphere, but also exhibiting, among the European countries, the highest level of social inequalities (Barreto, 2000).

Portuguese society is highly heterogeneous, not only economically and socially, but also politically and culturally. The reciprocal crossing and neutralization of all those heterogeneities has allowed that, until now, Portugal—one of the oldest European nation-states and unarguably the one which has had the frontiers unchanged for a longer period and the one which has a higher ethnical homogeneity—has matched that high heterogeneity and diversity with a high degree of social cohesion. This complex process has been regulated by the state (Santos, 1993).

Despite its past lack of visibility, the nonprofit sector in Portugal is now receiving increased attention. This lack of visibility is partly explained by the absence, until now, of statistical data about the sector as a whole, and by the relatively limited interest academia has shown toward this sector in the past. But this is changing as nonprofits are now seen as performing roles that satisfy many pressing societal needs, especially in a time of growing unemployment.

This paper is the first product of the work being carried out in Portugal through the Johns Hopkins Comparative Nonprofit Sector Project (CNP) by the Portuguese Catholic University¹ in partnership with the Center for Civil Society Studies of the Johns Hopkins University. CNP has been recognized as the first systematic effort to analyze the scope, structure, financing, and role of the private nonprofit sector in a cross-section of countries around the world improving understanding of this sector, and providing a sounder basis for both public and private action towards it. The addition of Portugal to the Johns Hopkins international comparative data set is a promising step for the study of the nonprofit sector in Portugal. And it will certainly be only a first step before many others expected in coming years in the world of research and action toward nonprofits.

¹ Universidade Católica Portuguesa, Faculdade de Economia e Gestão, Centro Regional do Porto.

The purpose of this paper is to present what constitutes the nonprofit sector in Portugal. In Portugal, there are a multitude of terms and concepts describing the set of institutions we are exploring. Some of the most commonly used in Portugal include:

- “nonprofit organizations or institutions” (*organizações ou instituições não lucrativas ou sem fins lucrativos*),
- “social and/or solidarity economy” (*economia social e/ou solidária*),
- “nongovernmental organizations” (*organizações não governamentais*),
- “third sector” (*terceiro sector*),
- “third system” (*terceiro sistema*), and
- “alternative economy” (*economia alternativa*).

More recently, the term “civil society organizations sector” (*sector das organizações da sociedade civil*) has been used in Portugal, although this expression is sometimes understood as a wider phenomenon that may include private for-profit organizations. It is common to find all these terms used interchangeably, though the same meaning is intended.

The term “nonprofit institutions” highlights an important feature held by these organizations: their nonprofit aims. Nevertheless, the term’s use is not always accompanied by awareness that these organizations can perform profitable activities as long as those profits are reinvested in activities instrumental to attaining the organization’s mission.

In Portugal, this collection of organizations is generally known as the “nonprofit sector” or the “social and/or solidarity economy.” This is understood to include associations, foundations, mutualist associations, and cooperatives.

The social sub-sector is perhaps the most visible field of nonprofit activity in Portugal that is recognized as distinct from both the private for-profit sector and the public sector. Terms like “solidarity institutions” (*instituições de solidariedade*), and “social sector” (*sector social*) are widely used to describe this field, although in this context the focus is more narrow than the ones described earlier.

The term “social economy,” widely used in the European Union as well as in Portugal, has more recently been enlarged to the term “social and solidarity economy,” for which different definitions can be found. In a recent study, a group of researchers interviewed several actors in the nonprofit sector and each respondent gave a different definition for “social economy” (Nunes, Reto et al. 2001). Although a widely accepted definition does not exist, common traits attributed to this set of organizations include: nonprofit aims and a commitment to satisfy the needs of people through the supply of goods and services in a spirit of solidarity and sharing to the benefit of entire communities.

One objective basis by which to determine the most commonly used term for this sector is to analyze the terms presented in legal documents that make reference to these organizations. Several of the main legal documents devoted to the sector were searched and summarized in Table 1 below, with specific reference to the terms used. This table clearly shows the considerable diversity in terminology in use.

Table 1

| Denomination | Cooperative + Social Sector | Associations + Foundations | Private Law Non-Profit Collective Persons | Non-profit inst. or organisms | Social economy | Non-profit Associations | Private Inst. Of Social Solidarity |
|-----------------------------------|-----------------------------|----------------------------|---|-------------------------------|----------------|-------------------------|------------------------------------|
| Legal Diplomas | | | | | | | |
| Constitution of the Republic | X | | | Y (1) | | | Y (2) |
| Civil Code | | X | | | | | |
| Public Utility Statute | | X | | | | | |
| IPSS Statute | | | | | | | Z |
| Cooperative Code | X | | X | | | | |
| Mutualist Associations Code | | | | X | X | | Y |
| NGO for the Environment Statute | | | | Z | | Z | |
| NGO Coop.for Development Stat. | | | | Z | | | |
| Museums Law | | | | Z(4) | | | |
| Volunteerism Basis Law | | | | | X | | |
| Public-Private Partnerships | | | | Y(5) | | | |
| Handicapped Persons Ass. Law | | | | Z | | Z | |
| Ass. Representative of Families | | | | Z | | Z | |
| Other Associations Specific Dipl. | | | | | | Z | |

X - Denomination for the sector as a whole

Y - other denominations used, but with a more restricted scope

Z - self-denominations

(1) ...and of recognized public interest, art. 63

(2) art. 63

(3) Consumer Defence Ass., Immigrants Ass., Juvenile Ass., Women Ass.

(4) can be of a public or private nature, art. 6

(5) private nature

The Civil Code and the Public Utility Statute simply refer to “associations” and “foundations.” The Statute of the Private Institutions for Social Solidarity (IPSS), which addresses institutions that are a significant part of the social sub-sector of the Portuguese sector, simply does not make reference to the wider frame, focusing exclusively on the IPSS type of organization. Another term used is “nonprofit collective persons (corporation) of private law.”² The Code of the Mutualist Associations uses the expression “social economy” and also the term “nonprofit institutions.”³ The Volunteering Law also makes reference to the term “social economy.” Other legal documents, concerning specific types of associations, use the terms “nonprofit institutions” or “nonprofit associations.” Clearly, however, Table 1 shows that the most used term is nonprofit institutions.

One critical issue is whether or not there is within Portugal a “sector identity,” or an awareness of these organizations as a sector. Ferrão (2000) considers “identity” in the Portuguese nonprofit sector an issue of survival: “the diversity of organizational forms and of activities types in the social economy must not constitute a barrier to the necessary reinforcement of the identity this sector urgently demands, in order to guarantee a strong and organized collective voice.” Accordingly, Melícias (1989) wrote that “to the denomination of social economy must correspond an awareness, sure and proclaimed, that it is already a reality, and that (guided by the same great principles, by the same ethic, by the same basic ideal of solidarity as soul and motor of the economy) we are all (members of mutualist associations, cooperatives, and other

² The term *peçoas colectivas* (literally translated as “collective persons”) and *peçoas colectivas privadas* (literally, private collective persons) roughly equate to the American concept of corporations, and in this instance refer to not-for-profit corporations, where the corporation is a legal entity (distinct from an individual person) that has rights in the law similar to an individual.

³ Article 18(j).

associations) part of the same family, constituting a real sector, side by side and converging with the public and the private: a sector, alive and active.”

While some in Portugal recognize the set of nonprofit organizations as a third sector that is not true for the majority of society. While there are sub-sectors of the social economy that are very visible, such as cooperatives and Private Institutions for Social Solidarity, there is little recognition of a cohesive civil society sector on the whole. This identity of the sector as a whole needs to be built, for the sake of the sector itself. This does not mean reducing the diversity of actors within the sector to an impossible and undesirable homogeneity. It means achieving an understanding and dialogue capacity on the ground, which would help create a strong external image and would ease the relationship with political powers. This would improve understanding of the contours of the Portuguese nonprofit sector and generate a more enabling political environment for the nonprofit sector as a whole.

Part one of this paper focuses on the history of the nonprofit sector in Portugal. To understand this sector in the present, it is important to understand its history. The first task is to identify the most important milestones defining periods of development of Portuguese nonprofit organizations and then to describe how these periods and events have shaped the contours of the sector visible today. The second part of the paper presents and describes the major types of nonprofit organizations in Portugal in terms of definitions, scope of action, and other important type-specific features. The third section describes the Portuguese legal framework governing nonprofit organizations. The fourth part of the paper focuses on the definition of the nonprofit sector in Portugal. The discussion of the definition of the sector will focus on the structural-operational definition and its applicability to the Portuguese context. The fifth section discusses the relationship between the nonprofit sector and Portuguese society. An analysis of the nonprofit sector in Portugal cannot ignore the informal reality that exists in family, neighborhood, and communitarian ties that have been and still are an important arena of action in the provision of certain kinds of services. An understanding of the role of the Roman Catholic Church is also important to understand its preponderance, not only in terms of the provision of spiritual support, but also in terms of the provision of social and educational services to the population.

I. History of the Portuguese Nonprofit Sector

The first milestone in the history of nonprofits in Portugal could be the birth of Portugal as a nation-state in the 12th century. The period from the 12th century until the end of the 15th century was filled with a vast institutional richness including *confrarias* (brotherhoods), *corporações de mesteres* (crafts corporations), *mercearias*, *gafarias*, *hospitais de meninos* (children’s hospitals), and *colégios universitários* (university colleges). It was only in the 15th century, with the *descobrimentos* (maritime discoveries) era, that profound socio-economic changes occurred, and with them the emergence of new kinds of institutions and insurance models—*compromissos marítimos* (maritime commitments), *confrarias dos mareantes* (seamen brotherhoods), and the *Misericórdias* (Holy Houses of Mercy). The 19th century brought the Industrial Revolution resulting in new institutional forms: the *Associações de Socorros Mútuos* (mutual help associations), unions, humanitarian associations, business associations, and the

Círculos Católicos Operários (Catholic Circles of Workers). The first Republic ended in 1926, ushering in an era of authoritarianism in Portugal that would last for 48 years, which brought about stagnancy or even decline in the associative movement, leaving profound marks in the initiative of Portuguese civil society. Though the dictatorial regime would end with a bloodless revolution in 1974, around the time that most Portuguese colonies would achieve independence, profound national transformation had clearly been underway in Portugal since the 1960s.

EARLY ORIGINS (12TH CENTURY–END OF THE 15TH CENTURY)

The Portuguese nonprofit sector is at least as old as the Portuguese nation-state. The origins of the country date back to 1143,⁴ and organized charities existed in the territory even before then.

The Roman Catholic Church was a pillar of the national identity during the formation of the state. To understand the role played by the nonprofit sector in Portugal, we need to take the essence of Christianity into account. The role of civil society in the field of philanthropy resulted from the Christian idea that people need to act in a way deserving of God's mercy. A strong source of inspiration was the Mercy Works (*Obras de Misericórdia*) expressed in the gospel, summarized in Table 2 below:

Table 2

| Spiritual Mercy Works | Corporal Mercy Works |
|---|---|
| <p><i>“to teach the simple ones, to give good advice to those who ask for it, to punish with charity the ones that make mistakes, to comfort the sad ones, to forgive who have offended us, to suffer injuries with patience and to supplicate God for the living creatures and the deceased”</i></p> | <p><i>“to redeem the captive and to visit the prisoners, to cure the sick ones, to cover the naked, to give food to the hungry ones, to give to drink to whom have thirst, to shelter the pilgrims and the poor and to bury the dead”</i></p> |

Because no central power with interest and capacity to adopt coherent policies of assistance existed, the ideology of the Mercy Works was spread by the Church. At the dawn of the 13th century, this resulted in the triumph of a model of assistance that was both informal and diverse (CEHR/UMP, 2002a).

During this period many institutions delivered different kinds of charity and assistance. Some of these were linked to the Catholic Church, while others were private initiatives or were undertaken by the Monarchy:

- *Albergarias/hospitais* or *hospícios* (lodges/hospitals or hospices) offered hospitality to travelers and were strategically located along the course of the journey.
- *Hospedarias* (hostels) were maintained by religious orders and had the function of giving shelter to pilgrims and redeeming the captive.

⁴ By the Zamora Treaty, in 1143. But the definite formal recognition from the Santa Sé was only effective in 1179, with a Bule from the Pope Alexandro III entitled “Manifestis probatum.”

- *Mercearias* were places where, for instance, honored women, widows, or unmarried women more than 50 years old could stay until they died, or where old or handicapped people would find support.
- *Casas para pobres* (houses for the poor) sheltered poor people.
- *Gafarias* practiced medical assistance to the leprosy and tried to diminish the suffering of the patients.
- *Colégios universitários* (university colleges) accepted poor students.
- *Hospitais de meninos* (children's hospitals) gave shelter to orphans and abandoned children and helped them prepare for their professional lives.
- *Hospital para a regeneração de mulheres* (hospitals for women's regeneration) gave shelter to women who had committed sins, with the purpose of preventing relapses.

In addition to these organizations, others developed that focused on supplying services to their own members, as was the case of the *corporações de mesteres* (crafts corporations) and the *confrarias* (brotherhoods). The crafts corporations were designed to preserve the interests and provide assistance to the professional members affected by diseases, mainly through the creation of hospitals. Medieval brotherhoods targeted their services to the *confrades* (brothers) but many also provided charitable assistance to non-members (CEHR/UMP, 2002a). Although inspired by the Mercy Works, brotherhoods also served as mechanisms of local socialization.

Other kinds of self-help organizations were those created to address the impact of disasters in peoples' lives, namely in the case of those engaged in maritime activities as sellers and fishermen. Members of these organizations adopted self-insurance models that were called *compromissos marítimos* (maritime commitments) and *confrarias dos mareantes* (seamen brotherhoods).

Besides being linked to initiatives in the social and in the health area, the Church was also the focus of initiatives in the educational field, even before the birth of the nation. Early examples of that activity are the capitulary schools as well as the convent schools of the Benedictine Order and of the Cistercian Order and, since the 13th century, in the Mendicant Orders.

END OF THE 15TH CENTURY–END OF THE 18TH CENTURY

The Portuguese maritime ventures and discoveries brought about a sociological change and an important change in nonprofit organizations. The departure of men left many women and children alone, and in many cases, in a precarious economic situation. Poverty increased, aggravated by migration of peasants to urban centers where they could not find jobs. This scenario demanded new forms of assistance, putting pressure on public authorities, as well as increasing non-religious citizen mobilization.

These developments were supported by a new idea inspired by the Franciscans⁵ and Dominicans:⁶ the concept of purgatory and the belief that it was acceptable to accumulate wealth

⁵ Members of the Mendicant Order founded by St. Francis Assisi in 1209, whose definite rule was approved by the Pope in 1223. They do not possess any goods, having to live from the work and charity.

if it was used to take care of those in need.⁷ This assumption was an argument in favor of the involvement of people in the development of the nonprofit sector, mainly through donations.

During this period, King D. João II, King D. Manuel, and Queen D. Leonor⁸ undertook a major reform of assistance services, including health services, which were offered by a huge number of small organizations. The social policy implemented focused on three areas—the creation of new institutions, the integration and coordination of existing institutions, and the development of strong technical and administrative capacity.

During this period, a new type of institution, the *Misericórdias* or Holy Houses of Mercy, emerged. Fonseca (1996) suggests that the *Confrarias do Espírito Santo* that existed in several countries including Portugal and the Holy House of Mercy of Florence, Italy may have inspired the development of Portugal's Holy Houses of Mercy. While the *Misericórdias* of Florence concentrated on the provision of health care, the major innovation in Portugal was that the Holy Houses of Mercy emphasized “Mercy Work,” a concept popularized by the Franciscan and Dominican teachings of achieving salvation through good works and charitable donations, especially by the wealthy. Major support for these institutions also came from Queen D. Leonor, who established the Holy House of Mercy of Lisbon, followed by royal acts according privileges to the Holy Houses of Mercy and promoting donations and involvement in the management of the Holy Houses of Mercy as a form of acknowledgement of social status.

In the second half of the 18th century, the Holy Houses of Mercy were impacted by changes in attitudes toward religion among the populace, which resulted in lower donations and funding difficulties. This situation gave the state an opportunity to intervene more in the affairs of local institutions.

The Holy Houses of Mercy have three fundamental characteristics that persist today: Christian inspiration, the brotherhood form of association, and multifaceted activity. Two opposing opinions have persisted throughout the years—one supporting the belief that the Holy Houses of Mercy belong to the Church and should be under the tutelage of the Church, and the other supporting the view that the Holy Houses of Mercy are civil society organizations that above all owe tutelage to civil society itself. The most important reasons behind this enduring controversy surrounding the “ownership” of these institutions are the strong connection to the Church in its purposes, the fact that the Holy Houses of Mercy were created under Canon Law (*Direito Internacional Canónico*), the immense patrimony they were able to accumulate over the centuries, and concerns about keeping the Holy Houses of Mercy focused on their original mission.

⁶ Originated in Toulouse and had the aim of preaching, teaching and fighting the heretics. Among the first friars was the Portuguese Soeiro Gomes who arrived in Portugal in 1217 to create the first convent, among many others that followed. They would have an important role in the teaching of Theology.

⁷ According to Le Goff (1993), the belief in the purgatory began in the 12th century. It seems to have spread slowly until the end of the medieval period. According to José Mattoso (quoted in Sá, 2001), it is only at the end of the 15th century that the purgatory was viewed by the elites as a third place, where it was possible to be saved if mercy acts were performed and masses for the souls were prayed.

⁸ D. João II ruled from 1481 until 1495, and D. Manuel from 1495 until 1521. D. Leonor (born in 1458 and died in 1525) was the wife of a king - D. João II—from whom she widowed, and was sister of the king that followed - D. Manuel.

The Holy Houses of Mercy still exist, many of them with centuries of history, and yet new ones are created every year. The focus of their activity is mainly social action, which is supported primarily by state funds. Few are devoted to health, which was an important purpose of the Holy Houses of Mercy until 1974. In 1974, following the revolution that ended 48 years of a dictatorial regime, the Holy Houses of Mercy lost their hospitals which were subjected to a nationalization process. A few of them have resumed a health focus in recent years.

Three other types of associations, focused on economic concerns, emerged as a way of providing people with means to face natural disasters, and professional contingences, and at the same time, promoting solidarity among people from the same professional activity.

One example of these economic-based civil society associations was the *celeiros comuns* (common granaries). These associations were the result of the initiative of common people who asked the public authorities to provide them with a legal framework covering the solidarity practices already in place. These associations were a way of accumulating stores of grains supplied by all peasants during good times, to be loaned to peasants to ensure the continuity of agricultural activity for those affected by natural disasters or difficult times.

These principals of solidarity spread to other peasants' activities such as cattle breeding. In this context, other forms of local solidarity emerged as *mutual insurance schemes* and *mutual credit associations*. Their aim was to provide means to those in need through contributions collected from all members of the association. Members contributed goods and money equally to a collective fund that could make low interest loans to members in difficulty.

Another type of civil society solidarity scheme was the result of the organization *Casa dos Vinte e Quatro* (house of the twenty-four) initiatives. The origins of the *Casa dos Vinte e Quatro* in Lisbon can be traced back to the end of the 14th century, where it was an organization of *mesteirais* (professionals) that formed the basis of a new public administration organization at a local level. It is believed that this kind of organization was inspired by the experience of one group in London governed by 24 aldermen at the beginning of the 14th century. *Casa dos Vinte e Quatro* has expanded beyond its role in public and political life, where it helped resolve some political situations, to a role in provision of help and solidarity to its members. Professionals who assembled under the umbrella of *Casa dos Vinte e Quatro* developed assistance mechanisms for providing health care, elderly care, funeral assistance, and help to widows. Moreover, *Casa dos Vinte e Quatro* addressed the spiritual concerns of its members by providing them with private organizations such as chapels and churches, and establishing patron saints (*santos patronos*).

END OF THE 18TH CENTURY–END OF THE FIRST REPUBLIC (1926)

The industrial revolution was delayed in Portugal by political instability as well as a lack of natural resources, skilled labor and capital. At the end of the first quarter of the 19th century a new industrial and social environment developed progressively following the introduction of a new legal industrial framework, the emergence of new social classes, and new forms of worker and citizen associations, political ideas, and movements.

A lack of public institutions to help those in need in this new socio-economic context led to the emergence of “workers associations” aimed at self-organizing for the defense of their rights in the industrial relationship and providing a security network in case of job loss, illness, death, and professional incapacity. However, many of these new associations lacked the resources necessary to ensure the economic viability of their activities. This fact, in conjunction with the lack of a legal framework and state support, led to the failure of many of these initiatives.

The lower middle class was losing purchasing power and becoming increasingly marginalized. The peasants and communities of fishermen were concerned about the risks associated with their economic activity, and local communities were asked to solve the problems linked with the survival of the widows and children of those that died. It was in this context that a new type of mutualism movement flourished after the second quarter of the 19th century. The first type of institution generated by this new mutualism movement was based on neighborhood solidarity: the *Associações de Socorro Mútuo*. These mutualist associations covered many social risks playing an important role in the areas of health, education, and culture. Another type of institution for provision of mutual help emerged among the maritime communities. These institutions also spread beyond maritime communities to others facing natural risks and disasters such as great fires and plagues. For example, the *humanitarian institutions of voluntary firemen* expanded all over the country. The *mútuas agrícolas* (agricultural mutuals) emerged among peasants, and provided credit and mutual insurance. Farmer and peasant unions (*sindicatos agrícolas*) also emerged with the purpose of promoting solidarity among farmers. However, farmer and peasant unions didn’t last long. The farmer’s lack of commitment to the associative movement caused weakness and the failure of these unions, and resulted in a return to previous forms of organizations, which were more traditional and corporatist.

The middle class, namely state officers, liberal professions, and merchants, were also losing status and income. As the corporatist framework and assistance schemes were disappearing, new forms of association among members of the middle class, emerged such as mutuality schemes that sought to provide help in case of illness and provide credit in case of financial difficulties. The associations with an insurance profile were designated as *montepios*, whereas the associations with a credit saving deposits profile were designated as *caixas económicas*.

At the same time, new business leaders and capitalists were organizing themselves to defend their interests before the government. Therefore, strong *business associations* emerged. Two were particularly important, connected with wine export and merchants involved with international trade: the *Associação Comercial de Lisboa* (Lisbon’s Commercial Association),⁹ and the *Associação Comercial do Porto* (Porto’s Commercial Association),¹⁰ both founded in 1834.

⁹ It was formed under the name “Associação Mercantil Lisbonense,” in 1855 the name changed to “Associação Comercial de Lisboa,” and in 1903 it acquired the statute of “Camãra do Comércio e Indústria Portuguesa” (Portuguese Chamber of Commerce and Industry).

¹⁰ Its origins go back to the end of the 18th century when was created the “Juntina,” with the purpose of congregating the business men of the city of Porto in a forum of reflection and defense of their rights, their communities’ and the region’s. It has the statute of “Cãmara do Comércio e Indústria” (Chamber of Commerce and Industry).
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During this period, Portuguese law directly addressed issues relating to the burgeoning sector. The 1838 Constitution guaranteed the right of association. However, the liberalization of access to economic activity during 1834¹¹ failed to be followed by the provision of a legal framework adapted to the needs of good governance of the associations that resulted from this new social and economic environment. This lack of a legal framework was a source of weakness and failure for many associations.

It was only in 1891 that a legal framework was created for these institutions.¹² This law provided the framework for the creation of the so-called *associações de classe* (class associations). These associations were composed of more than 20 people from the same profession or correlated professions, with the aim of protecting their economic, industrial, commercial or agricultural interests. These were the precursor of the union movement. This law also allowed the integration of the growing union movement at a higher level: *uniões*¹³ and federations (two types of associations of associations).

Another type of institution that appeared in the 19th century was the cooperative. The cooperative movement began to develop in Portugal around 1840, and the Basis Law of Cooperatives was created in 1867. Nevertheless, until the Republic in 1910, this was a fragile movement on the ground, although it was ideologically very rich and it had state support.

The social developments related to the liberalization of economic activity were matters of political and intellectual debate. The authority and influence of the Catholic Church were under pressure from the trade union movement and as a result of new forms of poverty. It was in this context of economic and political transformation that the Catholic Church sought a way to bring together capitalists and workers.

The *Círculos Católicos Operários* (Catholic Circle of Workers, CCO) emerged at the end of the 19th century (1878) and was the first relevant attempt to create an organized Catholic presence in the Portuguese workers' movement. These were organizations for workers, dominated by aristocrats and conservative Catholics, designed to provide assistance and spread the Catholic perspective to all workers. However, the resulting efforts were more focused on recreation and Christian education than creating better working conditions. Acting more like a religious movement than a social one, and spending more time trying to recover religious influence rather than fighting for more relevant social needs, the CCO rapidly lost importance.

AUTHORITARIANISM, 1926–1974

After two decades of political instability, a military “coup d’état” on 28 May 1926 brought about the end of the first Republic and ushered in an authoritarian regime that would last

¹¹ A civil war that opposed the liberals to the defenders of the Ancien Regime (old regime) took place from 1832-34. The liberals won and initiated in 1834 a series of measures to abolish the privileges and the structures of a society that had been dominated by the nobles and the Church. One of the measures was to extinguish all convents, monasteries, schools, hospices, and any other religious people houses, and all their belongings were confiscated. This also happened to some seigniorial entities (mainly from 1833-35) (Castro, 1983).

¹² Decree of 9th of May 1891.

¹³ Can be translated into “unions,” not confusing this name with the “unions” meaning in Portuguese “sindicatos”

for 48 years. The ideological build-up of the new authoritarian regime began within two years with the construction of the so-called *Estado Novo* or “New Order.” António Oliveira Salazar, President of the Council of Ministers, orchestrated this new constitutional order based in “solid, prudent, and conciliated nationalism” (Marques, 1986).

The New Order was based on the idea of a society organized around corporations that were the pillars of the political regime, embracing and reconciling the different interests present in Portuguese society, namely worker and capitalist interests, farmer and peasant interests, and fishermen interests. According to the New Order philosophy, the workers, peasants, and fishermen would be members of and represented by associations—*corporatist trade unions*, *Casas do Povo* (Houses of the People), and *Casas dos Pescadores* (Houses of Fishermen)—that would emanate from the ideological principles and the organizational framework of the “corporatist state.” These organizations would accept and would be subordinate to the principle of harmony or convergence of interests among different social classes, which was the justification for the abolition of all political parties. In addition, industrialists, farmers, and businessmen would be part of and represented by *grémios* (guilds). There was no place for more than a single trade union and guild for each sector, and no place for more than a *Casa do Povo* or *Casa dos Pescadores* for each locality. Workers, peasants, farmers, fishermen, industrialists, and businessmen were required to be enrolled as members of their sector or local representative association.

The New Order created opportunities for the creation of cooperatives, especially in agriculture. Nevertheless, this movement was constantly under surveillance (Namorado, 2002). Consumer cooperatives were severely limited, and agricultural cooperatives were used as instruments for economic regulation and to control rising wages in other sectors. The creation of federations was prohibited.

Freedom of association was seen as contrary to the national interest and, therefore, forbidden and persecuted. Political parties and, more generally, civic movements were seen as an expression of foreign interests or particular interests that were not compatible with the national interest.

As a consequence, the New Order resulted in the decline of nonprofits in general, and the mutualism movement in particular, especially after 1930, when mutuals’ resistance to the new political order was overturned by political and police persecution. Mutual leaders and promoters were accused and even imprisoned as “communist activists.” Other factors that contributed to decline in the mutualism movement included:

- The introduction of the compulsory social security system, covering the risks of illness, disability, death, and survivor benefits, which were previously covered exclusively by the mutualism movement;
- State audits of mutualist associations, which was a way of controlling not only the financial soundness and legality of their activities, but also the activities of their members within and outside the associations; and
- The emergence of the corporatist organizations, which led to the annihilation of free association and mutualism in those areas.

The decline of mutualist associations was slightly interrupted after 1965, due in part to the high quality of service attributed to the mutualism movement and to the renewal of political opposition to the authoritarian regime (Rosendo, 1996). This resurgence was stimulated by death of Salazar in 1970, after more than forty years of absolute rule. Marcelo Caetano, who replaced Salazar, was one of the principal leaders of the regime, the so-called “New State.” Under Caetano’s leadership the creation of civil society associations was more tolerated than before, so long as they had non-political purposes.

War in the Portuguese colonies was a crucial element in national life of the 1960s and early 1970s, requiring a considerable portion of the national budget, and reinforcing the severity of the dictatorial regime (Barreto, 2002). The colonial war¹⁴ lasted for 13 years, represented about fifty percent of public expenditures, and mobilized, on average, 200,000 soldiers per year. By 1975 all Portuguese colonies had gained their independence.

Although Marcelo Caetano created a somewhat more liberal atmosphere, his government persecuted those who were against the colonial war or who supported ideas close to the communist party. In the social policy field, Caetano’s government took some initiatives to extend the state social protection, increasing the number of the beneficiaries of the social security system.

The goal of mutualist organizations evolved, focusing less on assistance-oriented activities and increasingly on politics resulting in a new political attitude in relation to the associative movement and trade union movement. The most striking effects of this new environment were the foundation of cooperative associations with intellectual purposes by the young urban middle class, the election of trade union leaders known for their opposition to the regime, and the foundation of new associations by opposition representatives as a way of bypassing the political parties prohibition. Notwithstanding these initiatives, the mutualist associative movement continued to decline from 1968 to 1974. In fact, for common people, the political constraints were always there, forming bureaucratic obstacles to the foundation of new associations. At the same time, economic and social changes in internal and cross border migration decreased the attractiveness of the mutualism movement as a way of solving people’s problems.

DEMOCRACY, AFTER 1974

Revolution brought an end to authoritarianism in Portugal on 25 April 1974. Following the introduction of the freedom of speech and association, movements and institutions defending rights and political representation grew rapidly. This led to an explosion of associative movements concerned with every aspect of social life, such as the improvement of housing conditions through resident associations (*associações de moradores*), the preservation of employment, improvement of working conditions, parent associations, and services to help children.

¹⁴ Although there were several colonial conflicts between Portugal and her colonies in the 1960s and early 1970s, these conflicts were “managed” as a single war, hence the use of the term “colonial war” to refer to multiple conflicts throughout the Portuguese colonies.

With the introduction of the 1976 Constitution of the Republic, the state centralized the regulation process, imposing a legal standard that favored certain sectors of civil society over others. One type of institution that benefited from state permissiveness was the *Associações Particulares de Assistência* (Private Welfare Associations, known today as Private Institutions of Social Solidarity, *Instituições Particulares de Solidariedade Social*, or IPSS). In 1979, the statute of the IPSS was approved,¹⁵ and it was directed to all institutions that supplied services of Social Security. In 1983, with the revision of this statute,¹⁶ the action of the IPSS was enlarged to include health, education, professional training, and housing.

The Portuguese government was under pressure to solve the main problems that concerned Portuguese society, namely:

- To guarantee a national minimum way of life and social protection, through a national minimum wage, unemployment benefits, and the institutionalization of the social pension;
- To establish a social welfare state similar to the most advanced in Europe through universal social protection;
- To create a national health service—a public health system—open to the population, independent of an individual's region or place, occupation, and social condition; and
- An educational network accessible to all.

(See Section V, the Nonprofit Sector and Portuguese Society, for a more complete discussion of the Portuguese welfare state.)

This evolution, in line with what has occurred in other European countries, is particularly important if the current crises, which affect social security systems throughout Europe, as well as in Portugal, are taken into account. This essentially financial crisis, due in part to a reduction of the number of people in the workforce and a greater life expectancy, will call for a new commitment from civil society. This new commitment will need to include new ways of supporting social risks, namely through a revival of mutual assistance mechanisms, or new ways of collecting taxes in order to ensure the financial balance of the welfare state. In any case, this may no longer be solely a state matter, but rather it may be an issue for all people as equity and solidarity are subjects that concern everyone. This means that Portugal, as well as other European and Western countries, may need to emerge from the current lack of awareness and interest in mutual assistance typical of people reliant on a welfare state (Barreto, 2000).

The political freedom that came with the 25 April 1974 revolution has not resulted in an increase in the number of mutualist associations. On the contrary, in 1967 there were about 179 associations with 565,997 associated members; in 1990, the number of associations decreased to 122. Nevertheless, the total number of members increased during this period, reaching about 700,000 members in 1998. This resulted from efforts to maintain memberships in the most solidly established associations, followed by consolidation of existing associations and an increase in their memberships. Even though Portuguese mutualist associations gained members

¹⁵ Law Decree n. 518-G2/79, of the 29th of December.

¹⁶ Law Decree n. 119/83, of the 25th of February.

since 1974, the new political conditions were not enough to ensure that the Portuguese mutualist movement caught up to levels found in other European countries.

Portugal's accession to EFTA (European Free Trade Association) as a founding member followed the process of increasing economic openness that began in 1959. After the political revolution in 1974, Portugal put forward its application to the European Economic Community of EEC (now the European Union, EU). Portugal's accession to the EEC in 1986 had varied impact on the nonprofit sector in Portugal. On the one hand, the income inflows coming from EU structural funds reinforced state responsibility for matters that had been covered by the mutualism movement and civil society associations. This evolution has been described as "state dependency" or "subsidy dependency" (see Section V). On the other hand, the fact that access to some European funding requires some kind of association or cooperation among those who are concerned or interested has been a factor for the creation or reinforcement of some association movements.

II. Major Types of Nonprofit Organizations in Portugal

ASSOCIATIONS

A wide set of different associations can be found in Portugal, including associations of voluntary firemen, consumers' defense, popular education, students, families, immigrants, juveniles, women, parents, the disabled, environment, and leisure or cultural activities. Each has specific laws regulating them (in many cases more than one).

Although Non-Governmental Organizations for the Environment are explicitly referred to in the law as (environmental) associations, the law for Non-Governmental Organizations of Cooperation for Development does not refer to them specifically as associations. Therefore they must be interpreted as another type of *pessoas colectivas* (corporation),¹⁷ as are cooperatives and museums.

ASSOCIAÇÕES MUTUALISTAS / MUTUALIST ASSOCIATIONS

Mutualist associations are Private Institutions of Social Solidarity (IPSS) with an unlimited number of members, non-determined capital, and non-defined duration that practice reciprocal aid in the members and their families' interests, essentially through membership dues, by the terms established in the code of mutualist associations.¹⁸

The main aims of mutualist associations are to grant social security and health benefits. The social security benefits can include handicapped, elderly, or survivor pensions; other financial contributions in cases of illness, maternity, unemployment, accidents at work or professional diseases, or payments in case of death. Health support can be in the form of preventive, curative, or rehabilitation medicine, and support in the payment of therapy.

¹⁷ See footnote 2.

¹⁸ Law-Decree n. 72/90, of the 3rd March, 1st article.

There are approximately 120 mutualist associations in Portugal, with about 900,000 members, 2 million beneficiaries, and 4,100 workers to whom we can add hundreds of voluntary leaders and managers.¹⁹ The umbrella organization that represents the interests of these institutions is *União das Mutualidades Portuguesas* (Union of the Portuguese Mutualities).

COOPERATIVES

Cooperatives are autonomous collective people, freely constituted, of variable capital and composition, that through cooperation and self-help among its members aim to satisfy their economic, social, or cultural needs and aspirations without profit.²⁰

Cooperatives are oriented by a set of principles set in the law: free and voluntary participation of all the people willing to use their services and/or being a member; democratic management by members; economic participation of members; autonomy and independence of the cooperative; promotion of education, training and information of its members in order to promote an effective development of the cooperative, and the general public in order to promote knowledge about the nature and advantages of the cooperation; inter-institutional cooperation; and the principle of care for the community. Cooperatives operate in a number of fields in Portugal, as summarized in Table 3 below.

Table 3. Types of Cooperatives

| | |
|--------------------------------|----------------------|
| <i>Consumo</i> | Consumer |
| <i>Comercialização</i> | Commercialization |
| <i>Agrícola</i> | Agricultural |
| <i>Crédito</i> | Credit |
| <i>Habituação e construção</i> | Housing and Building |
| <i>Produção operária</i> | Production |
| <i>Artesanato</i> | Handicrafts |
| <i>Pescas</i> | Fisheries |
| <i>Cultura</i> | Cultural |
| <i>Serviços</i> | Services |
| <i>Ensino</i> | Education |
| <i>Solidariedade social</i> | Social Solidarity |

In 2003, there were a total of 3,128 cooperatives in Portugal, of which 124 were Social Solidarity Cooperatives and 565 Housing and Building Cooperatives.²¹

There are also several levels of organization in the structure of cooperatives in Portugal. These include individual cooperatives, associations of cooperatives or federations, and associations of federations, or confederations. It is possible to find all three levels of cooperatives in the fields listed in Table 3. However, not all fields have the three levels of organization.

¹⁹ www.uniaomutualidadesportuguesas.pt

²⁰ Cooperative Code, art. 2 n.1.

²¹ In www.inscoop.pt, May 2005.

There is no agreement on whether all Portuguese cooperatives should be included in the third sector. As noted in Section III, the Portuguese Constitution gives cooperatives (and the social organizations) a place in the economy separate from both the private for-profit sector and the public sector. However, the Cooperative Legal Code contains an exception allowing for the distribution of profits among the members, although this does not mean that all cooperatives make such distributions. Therefore, because we are not able to ensure that cooperatives constituted under the Cooperative Legal Code prohibit the distribution of profits, we have excluded cooperatives from our analysis of the Portuguese civil society sector.

The noted exceptions to this exclusion are Social Solidarity Cooperatives and Housing and Building Cooperatives, which are by definition included in the “third sector,” because even though they are subject to the Cooperative Code, they also have specific regulations prohibiting the distribution of surpluses. Unfortunately, data limitations prevent us from reporting Social Solidarity Cooperatives and Housing and Building Cooperatives statistics in our analysis. The only cooperatives included in our data are associations of cooperatives (i.e., federations), and associations of federations (i.e., confederations).

FOUNDATIONS

According to the Portuguese Civil Code, *pessoas colectivas* (corporations)²² can be divided in two groups: associations and foundations. The legal framework that underlies foundations is very simple and clear, something that cannot be said about its practice. By law, Portuguese foundations are required to have sufficient endowments to meet their organizational mission prior to receiving legal status. In practice, however, the Ministry of Internal Administration has certified the creation of foundations that do not have sufficient endowments to satisfy their mission. These foundations then rely on public funds to survive.²³ This has led to significant debate regarding reform of the legislation regulating foundations in Portugal, although no changes to the law have been made to date.²⁴

The foundation as a type of nonprofit organization is a relatively recent phenomenon in Portugal. The first Civil Code to introduce reference to the new legal figure of “foundations” was published in 1867.²⁵ Even so, the two oldest foundations in Portugal were constituted in 1908 and 1909 respectively: the *Fundação Comendador Joaquim de Sá Couto* and the *Fundação Francisco António Meireles*. The *Fundação Casa de Bragança* is the third oldest and was created in 1933.²⁶

The mission of the *Centro Português de Fundações* (Portuguese Foundations Center or CPF) is the cooperation and solidarity among its members foundations for the defense of their

²² See footnote 2.

²³ A written reference to this practice can be found in Machete (1993): “There have been multiplied the examples of foundations that will only be able to subsist thanks to the annual subsidies of the State budget.” (p.19)

²⁴ Ribeiro, 2001; Alarcão, 2002; MAI, 2002; Machete e Antunes, 2004.

²⁵ This Civil Code in its 35th article covered foundations as well as associations of uninterested purpose. (Machete, 1993, p. 14)

²⁶ These foundations were named after their founders, Comendador Joaquim de Sá Couto, Francisco António Meireles, and Casa de Bragança.

common interests. CPF has more than 80 members. Of the 350 foundations listed in the 1996 guide from the CPF,²⁷ approximately 100 are known to be active and operating.

LOCAL DEVELOPMENT ORGANIZATIONS (LDOs)

Local development organizations are a Western phenomenon of the late 20th century. Underlying this associative movement according to Animar (2003), “There is, on one side, an ideal sense of local development that is equated with the deepening of democracy, complementing the representative dimension with the participative one, and on the other side, the growing plurality of the economy (public, private, solidarity, environmental...), matching the global with the local, the short-run with the long-run.” Local development organizations emerged as an “alternative” form of development or political movement that empowers disenfranchised people and territories. Local development organizations recognize that social problems are better addressed in a pro-active way rather than in a reactive way, as happened with the associational and cooperative movements in the 19th century.

This movement was triggered on a large scale in rural areas with the launch of the EU program, PIC-LEADER. The PIC-LEADER program appeared to complement already existing rural development programs with innovative forms of local intervention through the creation of grassroots civil society organizations.

The legal form of LDOs varies and includes public, private for-profit, and nonprofit entities. Local development organizations make use of a diverse set of sources of funding, including public national programs, European Union programs, and agreements and protocols with state or local public authorities. Currently, there are over 300 nonprofit local development organizations in Portugal (Animar, 2003). There are two umbrella organizations for LDOs: *Animar*, which was created in 1993, and the *Federação Minha Terra* (Federation *Minha Terra*), which was created in 2000.

MISERICÓRDIAS / HOLY HOUSES OF MERCY

Holy Houses of Mercy, as previously explained, are among the oldest nonprofit organizations in Portugal. The first Holy House of Mercy—*Santa Casa da Misericórdia de Lisboa*—was instituted in 1498 and continues to this day, albeit as a public institution. Since then, new Holy Houses of Mercy have come and gone, but the pace of creating new Holy Houses of Mercy was particularly high in the 16th and 20th centuries.

Holy Houses of Mercy have always been devoted to the fulfillment of all of the Mercy Works (see Table 2). Today their activities broadly address social action, as well as provide health services. However, Holy Houses of Mercy lost the management of their hospitals in favor of the state after the 1974 revolution, which integrated them into the public health network.²⁸ In 1980, a law authorized the payment of compensation to *Misericórdias* for the losses caused,²⁹

²⁷ This list includes only the organizations of which CPF has knowledge.

²⁸ Law Decrees n. 704/74 of the 7th December, 618/75 of the 11th November.

²⁹ Law Decree n. 14/80, of the 26th February.

and in 1981, a law was passed allowing the devolution to the Holy Houses of Mercy of the hospitals that had been taken from them, on case by case basis.³⁰

There are approximately 400 Holy Houses of Mercy in Portugal today. The *União das Misericórdias* (Union of the Portuguese Holy Houses of Mercy) is an umbrella organization that aims to represent the interests of these institutions.

MUSEUMS

In 2004, for the first time a law concerning all museums was promulgated.³¹ This law defines a museum as a nonprofit institution of a permanent character, whether legally registered or not, and with an organizational structure that allows the accomplishment of a certain set of purposes whether the museum is a public or private organization.

According to 2003 INE (National Statistics Office) data, there are 260 entities classified as museums in Portugal. The Portuguese Museum Network (*Rede Portuguesa de Museus*, RPM) provides an organized system that facilitates decentralization, mediation, qualification, and cooperation among museums.³² This structure is part of the public institution—the Portuguese Museums Institute (*Instituto Português dos Museus*). Among RPM members are 20 private nonprofit institutions and several other public museums.

NONGOVERNMENTAL ORGANIZATIONS OF COOPERATION FOR DEVELOPMENT (ONGD)

The ONGD are *pessoas colectivas privadas* (private corporations), without profit motives. Their objectives are the creation and support of programs and projects of social, cultural, environmental, civic, or economic aims to benefit developing countries (e.g., cooperation for development, humanitarian assistance, emergency relief, and protection and promotion of human rights).

The ONGD Platform is a private association that aims to enhance the work of member organizations. They develop actions at a political and legal level, and promote good practices through training and information sharing.³³ In 2005, the ONGD Platform had 49 members. The *Instituto Português de Apoio ao Desenvolvimento*³⁴ (Portuguese Institute of Support to Development) shows 97 ONGD registered in 2005.

INSTITUIÇÕES PARTICULARES DE SOLIDARIEDADE SOCIAL / PRIVATE INSTITUTIONS OF SOCIAL SOLIDARITY

Private Institutions of Social Solidarity (IPSS) are organizations constituted without a profit motive, by the private initiative of people, with the purpose of giving organized expression

³⁰ Law Decree n. 489/82, of the 28th December.

³¹ Law n. 47/2004, of the 19th of August. (Lei Quadro dos Museus)

³² www.rpmuseus-pt.org

³³ www.plataformaongd.pt

³⁴ www.ipad.mne.gov.pt

to the moral duty of solidarity and justice among individuals. Private Institutions of Social Solidarity are not administered by the state or local public authorities. Private Institutions of Social Solidarity pursue the following aims through the granting of goods and services: child and youth support, family support, social and community integration, protection of elderly and handicapped citizens, health promotion and protection through preventive, curative and rehabilitative medical care, citizen education and professional training, and population housing problems.

Private Institutions of Social Solidarity can have one of the following forms: social solidarity associations, social action voluntary associations, mutualist associations, social solidarity foundations, or Holy Houses of Mercy. All these institutions can be grouped in unions, federations, and confederations.³⁵

Organizations can acquire the statute of Private Institutions of Social Solidarity when they are constituted if they satisfy the requirements inscribed in law, or by submitting a request to the appropriate body after their inception. Private Institutions of Social Solidarity are financially supported by the state under cooperation agreements. Private Institutions of Social Solidarity can also assume the management of state owned facilities devoted to social aims (i.e., social equipments) under a management agreement. State support has evolved into a contract approach, by which the state pays an established fee for each beneficiary that an organization serves.

Similar to the structure of cooperatives, Private Institutions of Social Solidarity have a second structural level, the *uniões distritais* (district unions). District unions are federations that defend the interests of Private Institutions of Social Solidarity with regard to political powers and provide many kinds of support, such as accountancy and legal advice support services. There is also a third level institution, the *Confederação das IPSS* (Private Institutions of Social Solidarity Confederations), which represent the district unions.

The presence of the Catholic Church in Private Institutions of Social Solidarity is very strong.³⁶ *Centros sociais e paroquiais* (parish and social centers) provide services similar to those rendered by any other private welfare organization. Catholic Church centers account for more than 50 percent of the social welfare institutions financially supported by the state that provide social services. It is obligatory by law that priests are the managers responsible for all the social and parish centers in Portugal. Moreover, priests are also present in leadership roles in other Private Institutions of Social Solidarity and Holy Houses of Mercy. While the Catholic Church is not the only church in Portugal offering social support to the population, it is the largest denomination.

One challenge facing Private Institutions of Social Solidarity is that social services for the population of some regions within Portugal are over-supplied while others are under-supplied.

³⁵ Law-Decree n. 119/83, of 25th January, art. n. 7.

³⁶ They have also always developed a relevant role in the educational field, and also a minor role in the health area.

III. The Portuguese Legal Framework

Portugal does not have a unified legal regime for nonprofit organizations. Within Portugal's civil law system, the legal framework for nonprofits is dispersed through a wide range of laws, which regulate the formation of different types of organizations. This causes some confusion and lack of understanding about the legal framework, which somehow diminishes the impact of the nonprofit sector in Portugal.

The right of association, guaranteed by the Portuguese Constitution, is of absolute importance for the nonprofit sector in Portugal, which is largely composed of associations incorporated as nonprofit organizations.

The Constitution of the Portuguese Republic,³⁷ in the part devoted to the "economic organization" of the country,³⁸ refers to the co-existence of three sectors in the economy using the following terms: public sector, private sector, and cooperative and social sector. Article 82 explains that the cooperative and social sector includes: the means of production that are owned and managed by cooperatives, following cooperative principles, the communitarian means of production owned and managed by local communities, the means of production that are utilized collectively by workers, and the means of production owned and managed by collective persons, without profit, that have social welfare as the primary aim, namely entities with a mutualist nature.

In Portugal, nonprofit organizations are, above all, *peçoas colectivas privadas* (private corporations)³⁹ as stated in the Portuguese Civil Code, which is their primary legal source. The Civil Code establishes general rules regarding the attainment of legal personality, legal capacity, governance, legal representation, liability of both the organization and the board members, and dissolution. However, the Civil Code covers only two types of nonprofit organizations specified by the structural-operational definition: *associations* whose aim is not the economic profit of their members, and *fundações de interesse social* (public-serving foundations).⁴⁰ Almost all nonprofit organizations included in the project are subject to specific laws.

Pessoas colectivas (corporations) in Portugal can be of private law, public law, or Ecclesiastic Law. Ecclesiastic Law, also known as Canon Law (*Direito Internacional Canónico*), has an international character. *Pessoas colectivas* (corporations) of private law can be interpreted in a wide sense and in a narrow sense, as described in Table 4:

³⁷ Dated 2.4.1976 and last revised by the Constitutional Law nº1/2004, of the 24th July (6th revision).

³⁸ Article 80 (fundamental principles)

³⁹ See footnote 2.

⁴⁰ Portuguese law does not allow for private foundations (i.e., family foundations) that do not serve the public benefit.

Table 4

| Wide sense |
|---|
| <p>The concept of <i>peessoas colectivas</i> (corporations) includes all the formations that, not being singular people, have legal personality in the terms defined by private law. Those are: associations, foundations, commercial societies, civil societies under commercial form, company complementary groupings (<i>agrupamentos complementares de empresas</i>) and European economic interest groupings (<i>agrupamentos europeus de interesse económico</i>), cooperatives, and nongovernmental organizations (e.g., NGOs of cooperation for development) and museums.</p> <p>Among these, the <i>peessoas colectivas</i> (corporations) included under the structural-operational definition are associations, foundations, Social Solidarity and Housing and Building Cooperatives, NGOs, and private nonprofit museums.</p> |
| Narrow sense |
| <p>The Portuguese Civil Code defines three types of organizations as being <i>peessoas colectivas</i> (corporations): associations, foundations and societies, the latter constituting the private for-profit sector, and the former (associations and foundations) constituting the private nonprofit sector. Associations are presented as <i>peessoas colectivas</i> (corporations) whose purpose is not the profit of their members. Foundations must be public-serving, which means that private interest foundations are not permitted by law.</p> |

(Hörster, 1992, adapted)

According to legal scholars, the primary legal framework regulating nonprofit organizations in Portugal is private law. However, certain types of nonprofit organizations (e.g., foundations) are registered and regulated by public law. The legal framework of nonprofit organizations sometimes intersects with public law as the acquisition of legal status by some organizations (e.g., foundations) depends on a discretionary enactment by the state.

Nonprofit organizations must aggregate two elements to become *peessoas colectivas privadas* (private corporations) with full legal personality: the “element of fact” and the “element of law” (or recognition). The element of fact means that there must be a group of people, an endowment, or both, minimally organized, with a non-profit-distributing or social purpose, and a clear intention to create an autonomous legal entity. If all these requirements are met, the organization can acquire legal status by “recognition,” derived either directly from the law (e.g., associations) or by individual concession by the public administration, where legal personality is conferred on a case by case basis (e.g., foundations).

Once legal status is acquired and after mandatory registration in the *Registo Nacional de Pessoas Colectivas* (the National File of Corporations), nonprofit organizations are granted “*necessary or convenient*” legal capacity for the fulfillment of their mission. According to this principle, nonprofit organizations can only perform non-related activities (e.g., business activities) if they are deemed as *necessary or convenient* for accomplishing their main goals. Thus, any profits generated by non-related activities must always be reallocated into the primary mission of the nonprofit organization.

Depending on their mission, some *peçoas colectivas privadas* (private corporations) can be declared of *benefício público* (public benefit). This qualification involves a more demanding legal status, in terms of accountability and reporting, mainly because it entails a potential tax-benefit status. To be recognized as a *peçoas colectiva de utilidade pública* (corporation of public benefit), organizations must make a special petition to the Prime Minister's office. The government reviews each case⁴¹ and confers public benefit on a case by case basis. Organizations constituted under the IPSS, Private Collective Persons (Corporations) of Administrative Public Benefit, and Non-governmental Organizations of Cooperation for Development statutes automatically become public benefit organizations, with the benefits associated by this status.

In Portugal, private nonprofit organizations receive the same tax treatment as for-profit organizations with the exception of cooperatives, which automatically benefit from a special tax status. Nonprofit organizations can gain access to certain tax exemptions, and individual and corporate contributions to such organizations can be automatically considered under the Statute of Patronage/Giving only after the qualification of public benefit. For instance, public benefit organizations with scientific, cultural, charity, social welfare, or environmental protection aims can be recognized as income-tax exempted by a special act of the Minister of Finance.

Nonprofit organizations in Portugal have a private and independent character, which generally releases them from supervision or regulation by the state. Foundation activities, however, are subject to some supervision by the public administration, particularly as related to safeguarding endowments and the modification of their legal structure. Public benefit organizations must submit their annual report to the Prime Minister's office and must share any requested information with any government agency (national or municipal) that provides financial support to the organization. Private nonprofit organizations that receive public funds can be subject to the successive or a posteriori control of the Portuguese Court of Auditors to ensure "good financial management and a system of internal control."⁴² In terms of governance and transparency, *peçoas colectivas privadas* (private corporations), according to the Civil Code, must have at least a board of directors (*assembleia geral*) and a supervisory board (*conselho fiscal*) that act as a financial controller.

IV. Defining the Portuguese Nonprofit Sector

THE STRUCTURAL-OPERATIONAL DEFINITION

The structural-operational definition of the nonprofit sector is a conceptual framework, developed with the input of researchers participating in the CNP Project that has been tested in all the countries that have embraced this research endeavor. It is also the definition used as a reference in the UN Handbook on Nonprofit Institutions in the System of National Accounts, which was developed by the Johns Hopkins Center for Civil Society Studies in cooperation with

⁴¹ Pursuant to Law-Decree n. 460/77, of the 7th of November.

⁴² Art. 2 n.1, Law 14/96.

the United Nations Statistics Division and an international team of statistical experts, and which is now being implemented in several countries around the world.

The structural-operational definition emphasizes the basic structure and operation of nonprofit organizations. Specifically, the nonprofit sector is defined as the set of entities that are organized, private, non-profit-distributing, self-governing, and voluntary (Salamon and Anheier, 1997). To be considered part of the nonprofit sector, an organization must meet all five of these criteria. Most nonprofit organizations in Portugal fulfill all of these criteria, which attests to the adequacy of the proposed definition to the national reality. Nevertheless, there is a set of organizations that can be considered to occupy a grey area, therefore constituting borderline or hybrid cases. These cases will be explored in greater detail in the non-profit-distributing section below.

Organized

“Organized” means institutionalized to some extent. This can mean that an organization is either formally registered or that an unregistered entity shows proof of having regular meetings, rules of procedure, or some degree of organizational permanence.

In Portugal most nonprofits are formally registered, therefore complying with the elements imposed by law to attain the legal status of *pessoa colectiva* (corporation, refer to Footnote 36 for a detailed discussion of this concept). This legal requirement guarantees that nonprofits in Portugal are organizations as defined by the structural-operational definition. Ad-hoc or temporary initiatives, such as *comissões especiais* (special commissions)⁴³ in Portugal are excluded from the set of nonprofits.

Private

“Private” refers to entities that are institutionally separate from the government, meaning that nonprofit organizations are neither part of the governmental apparatus nor controlled by the government.

In the Portuguese case, this characteristic of private autonomy clarifies the distinction between the public sector and the private nonprofit sector. It eliminates from the nonprofit sector all public *pessoas colectivas* (corporations) as well as those semi-public organizations in which the state holds a major position, for example, local development partnerships. In such cases, if the public partner organization has a majority on the board, the partnership cannot be considered a part of the nonprofit sector. Other examples are those foundations in which the government is a founding institution and has the right to appoint nominees to its governing bodies. When public powers are clearly in supremacy in the decision-making process, the foundation does not belong to the nonprofit sector. There are other cases in which the creation of a foundation constitutes an evasion of the Public Administration to the Private Law. In these cases the resulting foundations are not a part of the nonprofit sector.

⁴³ For instance, for the organization of feasts, like those organized annually by university students, known as “Queima das Fitas.”

Non-profit-distributing

“Non-profit-distributing” means that any surplus generated by an organization may not be distributed to its owners, officers, or members, but plowed back in to the organization’s mission.

This criterion applies to all the major organizational forms of the paper discussed in Section II, except for certain types of cooperatives and mutualist associations.⁴⁴ The law governing cooperatives (Cooperative Code) allows the distribution of profits to members, with the exception of Social Solidarity and Building and Housing Cooperatives, which are legally prohibited from distributing profits. While the law governing mutualist associations (Mutualities Code) generally prohibits profit distribution, it makes an exception that allows the use of profits for reducing membership fees or increasing benefits.

While there is undoubtedly considerable ambiguity in the creation and regulation of these organizations, we have excluded mutuals and most cooperatives from our analysis. However, mutualist associations are included in the scope of our study, as are Social Solidarity and Building and Housing Cooperatives, which are explicitly prohibited from profit distribution, and thus included in the sector.

Self-governing

“Self-governing” means equipped to control their own activities, that is, nonprofit organizations must have their own internal procedures for governance and must not be controlled by outside entities.

To fulfill this criterion, organizations must have a well-defined governing body, with well-defined responsibilities and competences that guarantee independent governance, as well as an independent decision-making process. The Portuguese Civil Code requires that *pessoas colectivas privadas* (private corporations), which include private nonprofit organizations, have a board of directors and a financial oversight board independent of government influence. This criterion is closely connected with the notions of accountability and transparency, which are increasingly demanded of all kind of organizations, including nonprofit entities.

Voluntary

“Voluntary” means that membership and contributions of time and money are not required or enforced by law or otherwise made a condition of citizenship or determined by birth. Failure to meet the “voluntary” criterion would exclude any entity from the nonprofit sector, as defined here. The term also stipulates non-remunerated participation in the organization’s activities by at least some members of the entity, which is often practiced in this type of organization. However, the absence of such unremunerated participation does not necessarily exclude the organization from being a part of the nonprofit sector.

⁴⁴ For the purpose of this analysis, we have made a distinction between a “mutual” and “mutualist associations,” where the term mutual refers to an organization very similar to a bank or insurance company, and the term mutualist association refers to an association permitted by law to provide better benefits, not to distribute profits.

All organizational forms discussed in Section II meet this criterion, since their membership is not compulsory or ascribed by birth in Portugal. Volunteer participation is also required to obtain certain legal status (e.g., Private Institution of Social Solidarity), and is actively promoted by state policies (e.g., the Statue for Volunteerism of 1998 and the “volunteer banks” promoted by the *Conselho Nacional de Promoção do Voluntariado* [National Council for Volunteer Promotion]). While not every organization employs volunteers, there is clearly a meaningful level of volunteer participation in most of the organizations discussed in Section II of this paper.

CLASSIFICATION SYSTEMS

The classification system widely used in Portugal is the Economic Activities Classification (CAE Rev. 2), which is based on the Classification System of Economic Activities (NACE Rev. 1), adopted by the European Community.⁴⁵

The International Classification of Nonprofit Organizations (ICNPO) was developed collaboratively with the cooperation of researchers from countries participating in the Comparative Nonprofit Sector Project and was designed to be applicable to all project countries. The ICNPO is fundamentally built on the International Standard Industrial Classification (ISIC Rev. 3), but adds some detail to fields with heavy concentrations of nonprofit institutions. It is fundamentally an activity-based system (as is ISIC), but it does include some purpose criteria where the similarity of nonprofit activities warrant it (e.g., grouping housing production and financing under a single category “housing and development,” ICNPO 6200). Since NACE closely resembles ISIC, on which ICNPO is fundamentally built, mapping CAE into ICNPO followed procedures established in the *UN Handbook on Nonprofit Institutions in the System of National Accounts*.⁴⁶

In comparison with the Economic Activities Classification (CAE), widely used in Portugal, the ICNPO brings a fundamental advantage in classifying the growing group of institutions devoted to local development, which find real recognition in the ICNPO (Group 6) that cannot be found in CAE. On the contrary, there is a large group of *associações culturais, recreativas e desportivas* (cultural, recreational and sportive associations) that can have cultural, recreational, and/or sports aims and activities concurrently. Because these organizations’

⁴⁵ This classification is based on NACE (revision 1)⁴⁵, the Statistical Classification of Economic Activities in the European Community, which is a 4-digit activity classification drawn up in 1990. Codes in CAE are the same as NACE’s up to the 4th digit, but add one more digit, having up to 5 digits.

Benefiting from the work of revision of the United Nations’ International Standard Industrial Classification of All Economic Activities (ISIC Rev. 3), published in 1989, NACE Rev. 1 is a more detailed version of ISIC Rev. 3 appropriate to European circumstances. NACE Rev. 1 is also directly related with the European Union’s Statistical Classification of Products by Activity (CPA), which is based on the United Nations’ Central Product Classification (CPC).

Nonprofit organizations are spread out among the different categories of CAE, based on their principal area of activity. Several CAE codes include some nonprofit organizations together with private for-profit and/or public organizations (e.g., Part of the organizations included in 02020—Agriculture, hunting and forestry: Institutions of surveillance, detection and prevention of forest fires, PNP (private nonprofit)—are nonprofit, among others that are not. Those that are nonprofit are firemen associations). The only code entirely devoted to private nonprofit organizations is code 91 - Other community, social and personal services.

⁴⁶ *UN Handbook on Nonprofit Institutions in the System of National Accounts*, pp.36-78.

activities cannot be disaggregated in the CAE, it is difficult to know where to classify them in the more specialized ICNPO system, which separates those three areas.

Table 5 maps Portuguese nonprofit organizations to the ICNPO. While this is an incomplete picture, given the Portuguese nonprofit sector's diversity and the challenges of assigning multi-function Portuguese sports, cultural, and recreational associations to ICNPO groups (1100, 1200, or 1300), which separate sports and recreation from culture, the table illustrates where most organizations can be found in the ICNPO.

Table 5. Concordance between Portuguese Nonprofits and the ICNPO

| ICNPO Group | | Type of Organization in Portugal |
|-------------|--|---|
| 1 | Culture and Recreation | Cultural, recreational and sportive associations Cultural foundations Social and recreational clubs (Rotary, Lions, etc.) Museums Zoos and aquariums Historical, literary societies, Performing arts associations and companies: theatre, dance, etc. |
| 2 | Education and Research | Schools, for instance linked to religious congregations Catholic universities Education cooperatives Research centers |
| 3 | Health | Hospitals Nursing homes |
| 4 | Social Services | IPSS and other welfare associations (devoted to children, youth, elderly, handicapped, family, homeless) Voluntary firemen associations, etc. |
| 5 | Environment | Nongovernmental environmental organizations Animals defense associations |
| 6 | Development and Housing | Local development organizations Housing and building cooperatives Residents associations |
| 7 | Law, Advocacy and Politics | Advocacy associations (of various types—women's rights, minorities' rights [e.g., immigrants' associations and anti-racism associations]) Political parties |
| 8 | Philanthropic Intermediaries and Voluntarism promotion | Foundations (grant giving) Associations promoting voluntarism Food banks |
| 9 | International | Nongovernmental organizations for development, Branches of international organizations operating in Portugal (e.g., Portuguese Red Cross) |
| 10 | Religion | Religious associations Religious institutes/congregations |
| 11 | Business, Professional Associations, Unions | Business associations Professional associations Unions |
| 12 | Not elsewhere classified | |

V. The Nonprofit Sector and Portuguese Society

The size, structure, and role of the nonprofit sector in Portugal has been shaped by the Catholic Church and ruling monarchs, political and economic revolutions, immigration, and integration into the European Union. The relationship between the people and the sector has at times been slowed by strong familial and communal ties but has also been strengthened by democratic transition, new forms of social action spurred by it, and investment from Europe.

THE CATHOLIC CHURCH

According to Sousa Franco,⁴⁷ the Catholic Church was the first civil society institution in Portugal. Between the 12th and 15th centuries, there was a relative harmony between the Catholic Church and the state, although there was some confusion between ecclesiastic and civil authority. This was common all over Europe and never caused major conflict in Portugal. The Reform movement and the conflicts between Catholics and Protestants that existed throughout most of Europe did not reach Portugal. The relationship between the Catholic majority and the Moorish and Jewish religious minorities was peaceful, although segregated, as minorities were protected by the state until the end of the 15th century.

The Church-state relationship, until the 19th century, consisted primarily of “non-identification, with union, between the state and a religion of regalist bias.”⁴⁸ However, in the 19th century, the state did intervene in the Church’s *associações de fiéis* (followers’ associations) reducing them to the status of state public services. In 1834, the state even nationalized some Church possessions.

The 20th century brought more severe conflicts between the Catholic Church and the state. The Law of Separation⁴⁹ established the separation between church and state, and the state no longer recognized the legal personality of the Catholic Church and the *Santa Sé*. The possessions of the Church were nationalized, again reinforcing the dependency of the Catholic Church on the state. Nevertheless, these conflicts did not seem to undermine the peaceful popular attitude towards religion (Adragão, 2001).

The Constitution of 1933, which was the fundamental law during the New Order, brought with it the first stable relationship between the Catholic Church and the state, which would be improved in the years to come. Religious freedom was recognized, and the separation between the Church and the state was consecrated.

The Law of Religious Freedom, established in 1971, guaranteed the religious freedom of all people. In 2001, a new version of the Law of Religious Freedom signaled a transition from a model of relative separation to a model of cooperation between the state and religious organizations. The Concordata of 2004 established the rights of the Catholic Church as an institution. According to Adragão (2004), it does not constitute a privilege, but it rather

⁴⁷ Quoted in Adragão (2002). Sousa Franco, A. L., “La Iglesia y el Poder (1974-1987), in «Revista de Estudios Políticos» (Nueva Época), núms. 60-61, p. 389.

⁴⁸ Adragão (2001)

⁴⁹ 20 April 1911.

recognizes the organizational specificity of the Catholic Church. The new Concordata also established a new regime in terms of tax exemption.

THE EFFECTS OF IMMIGRATION ON CULTURAL HOMOGENEITY

Portuguese society has been relatively homogeneous, in language, race, and religion. Traditionally, Portugal has been a country of emigration illustrated by the large number of Portuguese expatriots all over the world. Emigration slowed in the latter decades of the 20th century and now Portugal is a country of immigration.

Portugal's first wave of immigrants came from former Portuguese colonies in Africa and Brazil. More recently, the countries of origin are mostly Eastern European. The changes resulting from this immigration are the source of a series of complex problems in Portugal. As Barreto (2000) points out, "the Portuguese are preparing themselves to live, in their own home, what the emigrants had lived, for decades in other countries." As a direct consequence of this phenomenon, there is a growing number of immigrant associations in Portugal. Their intervention can be viewed in three different phases:

- The first type of organization, which formed in the 1970s and 1980s, was focused on providing basic services (housing, education, and children's services) to newly arrived immigrants.
- The second phase of the immigrant associative movement, which began in the 1990s, focused on fostering the growth of political intervention by immigrant nonprofit organizations advocating that the Portuguese state and society recognize immigrants' social, political, and citizenship rights.
- The third and last phase of the immigrant association movement is focused on the consolidation of immigrants' social and political status, as well as their legal recognition by national and international official entities.

WELFARE STATE / WELFARE SOCIETY

Although Portuguese civil society is sometimes described as weak if measured against the family or neighborhood space, it could be described as relatively stronger and more autonomous than some other civil societies in Europe. Santos (1993) suggests that Portuguese civil society is a strong "welfare society" because it is supported by familial and communal ties. It is not a traditional "welfare state," although it is able to fill the voids that exist in the state and for-profit sector. What makes Portugal a welfare society is that direct support to people in need is often provided by family and community, either through voluntarism or donation, without the intermediation of a nonprofit organization. A vivid example of the capacity of the Portuguese society to support those in need without necessarily relying on organizations was the entrance in the country of the *retornados* (returned) following the colonial war. "In the 1970s, the return of white settlers from Africa constituted, in proportion to the population, the greatest flow of people returning rapidly to their country of origin in Europe: more than 7 per cent in just one year" (Barreto, 2002). Portuguese society was able to integrate the returned in a gradual and peaceful process despite all fears from the political authorities.

In spite of this view, Portugal is commonly described as a “welfare state.” While the roots of the social security system can be traced to the 18th century, the greatest advancements in terms of welfare occurred in Portugal in the 20th century.

The state made significant efforts to provide wide social security, health, and education coverage to the population. Barreto (2000) describes this universal coverage:

- **Social security.** All citizens have been gradually and rapidly covered by a series of pensions and subsidies.
- **Health.** All citizens have the right to health care, regardless of their social, professional, or economic condition.
- **Education.** The rise in the level of education of the population, together with the growth of the collective efforts of solidarity and advocacy (associations, unions, etc.), was very important to raise an awareness towards individual rights and facilitated the elimination of illiteracy among young people.

However, Barreto concludes that despite steep growth, and the universalization of the system, quality and success are not guaranteed. In effect, “The universalization and the diversification of the public social security and protection systems, achieved in a short period of time (less than 30 years), do not imply necessarily efficiency, quality, and social equity. But, in a certain sense, they are also the consequence of the economic difficulties of a country that, having grown extraordinarily during 40 years, is still far from the level of wages and of welfare of most of the European countries” (Barreto, 2000).

In terms of the social provision of services (*acção social*), the Portuguese state has been relying on Private Institutions for Social Welfare, with which it hopes to develop a relationship based on partnership, under the principle of subsidiarity.⁵⁰ Private Institutions of Social Solidarity are highly dependent on the financial support of the state and their autonomy is relative. The relationship between the state and these institutions has been often described as “dependency” and “subsidy-dependency.” This is not only true in the social action area but also in other kinds of nonprofit organizations, such as the ones devoted to culture, recreation, sports, and humanitarian purposes (e.g., voluntary firemen associations).

Conclusion

Portugal’s nonprofit sector has deep historical roots but is simultaneously developing and strengthening its role in society. There are very old nonprofit organizations still active and relevant, such as the Holy Houses of Mercy, and also very recent organizations created after the 1974 revolution devoted to a diverse range of activities, such as advocacy associations promoting environmental issues, immigrants’ rights, and women’s rights. New initiatives, some of which are supported by the European Union, seek to alleviate poverty, reduce social exclusion, and address unemployment problems. The diversity and deep historical roots are undoubtedly the

⁵⁰ The principle of subsidiarity was introduced for the first time in the Social Security Basis Law in its last document, approved in 2002—Law n.32/2002.

strength of the Portuguese nonprofit sector. They form an institutional base that is widely recognized and valued by society and thus can serve as a foundation on which new civil society institutions, meeting 21st century demands, can be built.

At the same time, the Portuguese nonprofit sector faces many challenges. Perhaps the most pressing of these is self-understanding of the sector as a cohesive entity. Although some people in Portugal recognize the set of nonprofit organizations as a third sector, this is not true for the majority of society. While some sub-sectors of the social economy are very visible, such as cooperatives and Private Institutions for Social Solidarity, there is little recognition of a cohesive civil society sector as a whole. The relatively recent transition to democracy has led to a reawakening within the sector. However, the popular perception of the sector remains weak and the sector itself widely misunderstood. The identity of the sector as a whole needs to be built, for the sake of the sector itself and to realize the potential role nonprofits can play in building a stronger welfare state. This does not mean reducing the diversity of actors within the sector to an impossible and undesirable homogeneity. Rather, it means achieving an understanding and dialogue capacity on the ground, which would help to create a strong image, and would ease the relationship with political powers. This would also improve understanding of the contours of the Portuguese nonprofit sector and generate a more enabling political environment for the nonprofit sector as a whole.

With the end of the Salazar regime, the revolution of 1974, and subsequent democratization, Portugal's nonprofit sector experienced a renaissance. Civic and political participation increased considerably. Over the past 30 years, the sector has evolved significantly. Labor conflicts and suburbanization, coupled with increased mobility, have resulted in the decline of traditional associative habits. However, new forms of civic and social participation have emerged at the national and local level in order to influence public policy, to defend the rights new social groups, or to ensure new forms of solidarity including volunteerism, international aid, ecology and the environment, cultural expression, and the defense of consumer rights.

Another challenge is popular mobilization and participation. While changing political conditions resulting from the 1974 revolution and EU membership energized public initiatives and participation, parity between the Portuguese and European mutualism movements and their contributions to social welfare has not yet been achieved. The causes of this disparity have roots dating back centuries. The 19th century experiences of other European countries, especially in the formation of mutualist associations, were rooted in very different circumstances, such as an early and more profound industrial revolution. In Portugal, after many centuries of absolutist monarchy, a brief period of liberalism and democracy, followed by a half century of authoritarian rule, paternalistic attitudes that inhibit initiative and public participation are still entrenched in the population. Finally, Portuguese mutualist associations were heavily constrained by the state throughout most of the 20th century and were crowded out of their traditional public service role of providing health care, education, and social services.

The consequence of this has at times resulted in a passive attitude and a lack of initiative within the third sector. As the government struggles to build a true European style welfare partnership state, some of the services needed by the population continue to be provided by

families and communities. As a result, there are great opportunities for the Portuguese civil society sector to grow and take an increasingly active role in providing goods and services in areas such as social services, culture and leisure, advocacy, and local development.

We hope this project has provided new and useful information about the Portuguese civil society sector. With the data being collected on the size, structure, and financing of Portugal's civil society sector, we hope to shed new light on the contributions of these organizations and their potential to address many of the challenges Portugal faces in the 21st century.

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