Global Civil Society
Dimensions of the Nonprofit Sector

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BACKGROUND

Remaining largely a rural and economically less developed society far into the 20th century, the Eastern European country of Romania endured a particularly oppressive and stringent dictatorship during the Communist era. After the fall of the Ceaușescu regime in 1989, civil society reemerged vigorously, but remained hampered economically by a lack of domestic resources and an outdated and insufficient legal framework. The Romanian nonprofit sector thus has not yet been able to fully reach the level of its Central European counterparts.

The findings presented here are the product of work carried out by a Romanian research team hosted by the Civil Society Development Foundation (CSDF) in Bucharest, as part of the Johns Hopkins Comparative Nonprofit Sector Project. It thus offered ample opportunities both to capture local Romanian circumstances and peculiarities and to compare and contrast them to those in other countries both in Central and Eastern Europe and elsewhere in a systematic way.

The present chapter reports on just one set of findings from this project, those relating to the size of the nonprofit sector in Romania and elsewhere.

Subsequent publications will fill in the historical, legal, and policy context of this sector and also examine the impact that this set of institutions is having. The data reported here draw heavily on a National Nongovernmental Organization (NGO) Census conducted by the Civil Society Development Foundation, surveying the known universe of Romanian nonprofit organizations. Unless otherwise noted, financial data are reported in U.S. dollars at the 1995 average exchange rate. (For a more complete statement of the sources of data, see Appendix C. For a more complete statement of the types of organizations included, see Chapter 1 and Appendix A.)

PRINCIPAL FINDINGS

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

1. A still-developing economic force

In the first place, aside from its social and political importance, the nonprofit sector turns out to be a small but developing economic force in Romania. More specifically:

- **A $90 million industry.** In 1995, the nonprofit sector in Romania had operating expenditures of $90.3 million (ROL183 billion), or 0.3 percent of the country’s gross domestic product, a quite modest amount though impressive in light of the constraints that limited the development of these organizations until quite recently.3

- **An important employer.** Behind these expenditures lies a workforce that includes the equivalent of 37,000 full-time equivalent paid workers. This represents 0.6 percent of all nonagricultural workers in the country, 1.2 percent of service employment, and the equivalent of almost one percent of the workforce of government at all levels, federal, provincial, and municipal (see Table 17.1).

- **More employees than in the largest private firm.** Significantly, even in its relatively embryonic form, nonprofit employment in Romania outdistances the employment in the largest private business in the country, and does so by about 30 percent. Thus, compared to the 37,000 paid workers in Romania’s nonprofit organizations, Romania’s largest private company, Dacia S.A.—a manufacturer of machinery, equipment, and furniture—employs only 29,000 workers (see Figure 17.1).

- **Outdistances some industries.** Indeed, as many people work in the nonprofit sector in Romania as in some entire branches of industry within the country. Thus, nonprofit employment in Romania matches, or even outdistances, employment in industries such as tobacco; paper
and cardboard manufacturing; crude oil processing; coal and nuclear fuel treatment; chemical and synthetic fiber manufacturing; radio, TV, and communication equipment; medical, precision, and optical equipment; and water collection, treatment, and distribution.

• **Volunteer inputs.** This does not capture the full scope of the nonprofit sector in Romania, however, for the sector also attracts a considerable amount of volunteer effort. Indeed, according to representative national surveys on philanthropic behavior undertaken by CSDF in association with the Center for Urban and Regional Sociology in Bucharest, this volunteer effort translates into another 46,000 full-time equivalent employees, which more than doubles the total number of full-time equivalent employees of nonprofit organizations in Romania to close to 84,000 or 1.3 percent of total nonagricultural employment in the country4 (see Figure 17.2).

2. **The smallest nonprofit sector in Eastern and Central Europe**

Not only is the Romanian nonprofit sector still fairly small in relation to the Romanian economy, but it is also small relative to its counterparts elsewhere around the world. So far, it has even lagged somewhat behind the

### Table 17.1 The nonprofit sector in Romania, 1995

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level in the other Eastern and Central European countries included in this study.

- **Significantly below the international average.** As Figure 17.3 shows, the relative size of the nonprofit sector varies greatly among countries, from a high of 12.6 percent of total nonagricultural employment in the Netherlands to a low of 0.4 percent of total employment in Mexico. The overall 22-country average is close to 5 percent. At 0.6 percent, employment in the Romanian nonprofit sector is one of the lowest of all the countries studied. However, it is somewhat higher than in Mexico and is not much below the Slovakian share.

- **Lagging behind the Eastern and Central European average.** In addition to falling significantly below the 22-country average, the nonprofit share of total employment in Romania is also considerably lower than it is elsewhere in Eastern and Central Europe. Thus, as shown in Figure 17.4, full-time equivalent employment in nonprofit organizations in Romania, at 0.6 percent of total employment, is only slightly more than half of the Eastern and Central European average of 1.1 percent. This appears to be, in part, a reflection of the fact that the overall development of the Romanian economy has not kept pace with that of its Central European counterparts.
• **Margin narrows with volunteers.** This margin narrows considerably, however, when volunteers are added. Thus, with volunteer time included, nonprofit organizations account for 1.3 percent of total employment in Romania, which is considerably closer to the regional average of 1.7 percent (see Figure 17.4). What this suggests is that Romanian
nonprofits enjoy considerable popular support even though they lack economic resources.

3. A troubled history of nonprofit activity

That the nonprofit sector is relatively underdeveloped in Romania is very likely a product of the troubled history of this country and its philanthropic and nonprofit institutions. This history includes:

- The precarious geopolitical position that Romania maintained essentially until the 20th century, which left the territories with predominantly Romanian populations politically divided and ruled from the outside in the shifting power balances of the neighboring Austro-Hungarian, Ottoman, and Russian empires;
- The traditionally rural and atomistic organization of Romanian society and economy that hindered the modernization of the Romanian territories until late in the 19th century;
- The prevalence of the Orthodox Church, which, unlike the Catholic Church in Western and Central Europe, failed to foster the notion of charity and the responsibility of individuals to take on a significant role in social affairs;
- The late unification of all predominantly Romanian territories, which occurred only after the First World War. The development of a
nascent democracy and civil society during the inter-war period ended
soon again with the abolition of parliamentary pluralism in 1938, mili-
tary rule during World War II, and the subsequent Communist take-
over; and
• The extreme economic policies and political suppression of the totali-
tarian Communist regime under Nicolae Ceaușescu, which left the
country resource-poor and with a severely shattered economic and so-
cial structure after the revolution of 1989.

4. Culture and recreation dominance

Similar to other Eastern and Central European countries, but unlike the
all-country average, the culture and recreation field clearly dominates the
nonprofit scene in Romania.

• Thirty-four percent of nonprofit employment in culture and recre-
ation. Of all the types of nonprofit activity, the one that accounts for
the largest share of nonprofit employment in Romania is culture and
recreation. As shown in Figure 17.5, 34 percent of all nonprofit em-
ployment in Romania is concentrated in the culture and recreation
field. This is almost exactly on par with the Eastern and Central Euro-
pean average of 35 percent, but greatly exceeds the 22-country aver-
age of 14 percent. This situation very likely reflects aspects of the her-
itage of the previous regime, as culture and recreation were among
the few fields of social activity tolerated and even encouraged by the
Communist state.

• Sizable nonprofit presence in social services. Another sizable portion
of total nonprofit employment in Romania is in the social service
field. Altogether, this field accounts for one-fifth, or 21 percent, of to-
tal nonprofit employment, which puts Romania slightly ahead of the
22-country average of 18 percent, and also represents a much stronger
presence than in Central and Eastern Europe on average (12 per-
cent). This very likely reflects, in part, the extraordinary social needs
of groups, such as orphans and the elderly, burdened by the extreme
economic distress and hardship caused by Romania’s slow and hesi-
tant progress towards economic restructuring and political liberaliza-
tion. As a result, important segments of the Romanian NGO scene
have emerged in an attempt to offer an appropriate response to these
urgent social needs.

• Relatively smaller shares of nonprofit employment in education and
health, and in professional associations. Compared to the overall 22-
country average, education and health absorb a smaller share of non-
profit employment in Romania. Thus, while these two fields absorb al-
most half of nonprofit employment on average within the 22 project countries, they account for only 31 percent of nonprofit employment in Romania. This very likely reflects the continued position of dominance that the state has maintained in these two crucial service areas. Romania also shows a relatively small share of employment in professional associ-
ations (comprising 3.6 percent of total nonprofit employment), which stands in contrast to the regional pattern in which professional associations and unions typically constitute a relative stronghold of nonprofit activity. This stronghold typically exists because, like cultural and recreational organizations, professional associations were historically tolerated, and even encouraged, by the Communist regime. While trade unions and professional associations do have relatively high membership rates in Romania, employment in these organizations nevertheless remains relatively small. This is mostly due to a chronic deficiency of resources that all organizations in this field suffer and the absence of any material support from the state. In addition, unions, for the most part only present in large state-owned corporations, typically work to maintain their position and status within the context of their individual enterprises. These unions focus primarily on solving concrete work-related problems for which dedicated and professional staff is less needed.

- **Average share of nonprofit development and advocacy employment.**
  Compared to the nonprofit employment in the fields of culture and recreation, social welfare, education, and health, the share of Romanian nonprofit employment in the development field and in the related fields of advocacy and environmental protection is considerably smaller. Altogether, these fields absorb close to 9 percent of all nonprofit employment in the country, essentially on par with the 22-country average of 8.9 percent, but considerably less than the Central European average of 12 percent. An additional 2 percent of nonprofit employees fall into other categories, including philanthropy and international activities.

- **Pattern shifts with volunteers.**
  This pattern changes considerably when volunteer inputs are factored in. In particular, as shown in Figure 17.6, with volunteers included, the social services share of total nonprofit employment rises dramatically, from one-fifth to almost one-third of the total. In fact, the social services field attracts close to 42 percent of all volunteering in this country. Again this is a reflection of the extreme social and humanitarian needs that arose as a result of Romania's economic and political transition and the evident willingness of Romanian citizens to pitch in voluntarily to help. The two other fields that disproportionately benefit from volunteer labor are the environment, which boosts its share of employment from less than 1 percent to slightly more than 2 percent, and international activities, which goes from 1 percent to 4 percent.

An important ambiguity is thus evident in the structure of the nonprofit sector in Romania that is in some respects similar to that in other Eastern and Central European countries. This is apparent in the relatively strong position of the culture and recreation field in the employment base of the
Romanian nonprofit sector. Culture and recreation represent a larger share of nonprofit employment in Romania than in the combined fields of education and health—two of the core constituents of nonprofit activity throughout the world. This is a reflection of the fact that cultural, sports, and hobby activities were among the only social activities tolerated, and
even supported, by the Communist regime. In contrast to the Central European countries studied in this project, however, professional associations and unions—remnants of the Communist era that play an important role in the composition of Eastern and Central European nonprofit sectors—constitute only a relatively small part of nonprofit employment in Romania. This special characteristic of the Romanian nonprofit sector must be understood in the context of the extreme brutality and oppressiveness of the Ceaușescu regime, which left Romanians even more distrusting of social institutions than the citizens of other countries in the region.

The harshness of Communist totalitarianism in Romania—aiming at the near total destruction of the traditional social and economic bases of Romanian society—also led to the economic collapse and severe pauperization of Romania after 1989. With an economy in deep recession and state social welfare expenditures, in real terms, falling considerably behind the pre-1989 levels, a domestic resource base to sustain the nascent, re-emerging civil society was essentially lacking. This, in turn, helps to explain why the Romanian nonprofit sector did not reach the same level of development as its Central European counterparts.

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

It is not surprising that the Romanian nonprofit sector receives the bulk of its revenue not from private philanthropy, the Romanian government, or even private fees or payments, but from international public sector sources. In particular:

- **International public sector income dominant.** The dominant source of income of nonprofit organizations in Romania is provided by international government sources, including the European Union, the United States, and a broad range of other mostly Western European countries. As reflected in Figure 17.7, total public sector support alone accounts for almost half (45 percent) of all nonprofit revenue in Romania. The share of domestic public sector payments, however, is less than 7 percent, a mere fraction of the assistance provided by international governments.

- **Limited support from philanthropy and fees.** By contrast, both private philanthropy and fee income provide much smaller shares of total revenue. Thus, as Figure 17.7 shows, private philanthropy—from individuals, corporations, and foundations combined—accounts for 26.5 percent of nonprofit income in Romania, while fees account for 28.5 percent.

- **Total international support accounts for more than half of revenue.** A significant share of the private philanthropy received by Romanian
nonprofits comes from international funders, as well, including the Soros Foundation and other private foundations outside of Romania. Including this private international aid, over half of Romanian nonprofit income comes from foreign sources.

- **Revenue structure with volunteers.** This pattern of nonprofit revenue changes dramatically, however, when volunteers are factored into the picture. In fact, as shown in Figure 17.8, with volunteers included, private philanthropy increases from slightly more than one-quarter (26.5%)

Figure 17.7  Sources of nonprofit revenue in Romania, 1995

![Pie chart showing sources of nonprofit revenue in Romania, 1995](image)

Figure 17.8  Sources of nonprofit revenue in Romania, with volunteers, 1995

![Pie chart showing sources of nonprofit revenue in Romania, with volunteers, 1995](image)
percent) of Romanian nonprofit income to two-thirds (66.5 percent), thereby clearly overtaking both fee income, which drops from 28.5 percent to 13 percent, as well as public sector support, which decreases from almost half (45 percent) to only one-fifth of total revenue. This again reflects the considerable voluntary energy that has been tapped by the Romanian nonprofit sector.

- **Different from other Eastern and Central European countries.** The pattern of nonprofit finance evident in Romania differs significantly from that elsewhere in Eastern and Central Europe. Thus, as shown in Figure 17.9, unlike Romania, the nonprofit organizations in the Central European project countries (the Czech Republic, Hungary, and Slovakia) derived the largest share of their revenue from fees. Thus, compared to Romania’s 29 percent, the share of total nonprofit income coming from fees stood at 46 percent for the Eastern and Central European countries on average. The public sector and private philanthropy shares of nonprofit revenue in Romania also deviate from the regional average, with both types of income comprising higher shares in Romania than elsewhere in the region (private philanthropy constitutes 27 percent in Romania vs. 21 percent on average.

![Figure 17.9](image-url)
in Central Europe; and public sector support constitutes 45 percent in Romania vs. 33 percent on average in Central Europe). Clearly, the deviation of the Romanian revenue profile from the regional pattern results from the extreme scarcity of domestic resources and the concomitant disproportionately strong share of international public and private support.

- **Deviation from the global average.** Not only does the revenue structure of the Romanian nonprofit sector generally differ from that elsewhere in Eastern and Central Europe, but it also differs considerably from that evident elsewhere in the world. Thus, as Figure 17.9 also shows, while fees and charges are the dominant element in the financial base of the nonprofit sector globally, their importance is considerably less pronounced in Romania (49 percent of total revenue on average in the 22 project countries compared to 29 percent in Romania). By contrast, the share of private philanthropy in Romania is more than twice the global average (27 percent in Romania vs. 11 percent globally); and the share of public sector payments is also notably higher. As noted before, this deviation from the global average largely reflects the resource poverty within Romania and the presence of foreign support.

- **Variations by subsector.** This overall pattern of nonprofit finance operates in almost all fields in Romania, as shown in Figure 17.10:
  
  **Public sector-dominant field.** In all but two fields (professional associations and development), government sources play the dominant role in financing nonprofit action in Romania. Again, this is a reflection of the significant role that international public support—provided by multilateral agencies as well as a large number of individual Western countries—plays in the financing of the nonprofit sector in Romania. Substantial assistance flows into core welfare services such as health, social care, and education, as well as other fields that have gained importance in the Eastern and Central European context. In the case of the philanthropy field, the nearly 50 percent share of government revenue is a result of the fact that Western governments occasionally channel their assistance through local intermediaries. In the base year, 1995, before the establishment of the Civil Society Development Foundation, for example, significant funds provided by the European Union’s PHARE assistance program were distributed by the International Management Foundation in Bucharest. Fees and private philanthropy play an important role among all of these fields. However, in only two fields—culture and recreation, and civic and advocacy—do these two revenue sources begin to approach the level of government support.

  **Fee-dominant field.** Fee income is the dominant source of income in one of the fields of nonprofit action for which data were gathered. Pri-
vate fees constitute 81 percent of total revenue within professional organizations and unions; these fees essentially consist of membership dues and other earned income.

Co-dominant field. In the development and housing field, fee income is very substantial, but essentially on par with public sector payments. These two revenue sources, fee income and government income, are
thus essentially co-dominant within the development and housing field. The nearly equal share of these two sources of revenue is very likely a reflection of the distinct financing patterns of the two main subgroups. While housing tends to be dominated by (rental) fee income, the development arena has been one of the prime targets for some international government assistance programs, such as the European Union’s PHARE Program.

CONCLUSIONS AND IMPLICATIONS

The nonprofit sector that emerges from the evidence presented here is an important and complex set of institutions in Romanian society. At the same time, this sector remains an extremely fragile organism in Romania, struggling to meet the overwhelming humanitarian, cultural, environmental, and development needs of Romanian society without yet having a firm domestic support structure in place. The social and economic destruction that the Ceausescu regime left behind greatly diminished the state’s ability to fulfill its social welfare responsibilities; comprehensive government policies aimed at fostering a partnership with the nonprofit sector did not take shape in the years after 1989. Moreover, even the legal framework has remained both outdated and insufficient. In fact, the Law of 1924, enacted during the brief democratic interlude of the inter-war period, still constitutes the legal base for nonprofit activities and voluntary action. In addition, the infiltration of Romanian society by the Communist state and especially its brutal secret police, Securitate, left major scars on the psyche of the Romanian population. Thus, many social institutions still face a high degree of public mistrust and skepticism, or at least indifference. In this respect, the relatively high willingness of Romanians to volunteer for nonprofit organizations is a good sign. On the other hand, population surveys on the associative and philanthropic behavior of Romanians also show that only one-third of the population have a very good opinion of nonprofit organizations, whereas 8 percent have a very bad opinion and 58 percent have no opinion or are indifferent. Thus, while the Romanian nonprofit sector has made outstanding progress in gaining the trust of the Romanian public, a lot of work still lies ahead.

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

- **Resource development.** Perhaps the overriding need in Romania at present is to create a sustainable domestic financial base for the sector to combat its weak economic capacity, lead the sector beyond its current state of vulnerability, and ultimately reduce its dependence on international assistance. The key challenges lie in fostering closer relationships with the public sector both nationally and locally, increasing
domestic government support, and developing comprehensive government policies in this respect. Moreover, this will also require significant improvements in the fiscal incentives currently provided to further stimulate individual giving, business support, and the development of institutional philanthropy locally.

- **Reforming the legal framework.** Another key challenge is the need for a substantial reform and modernization of the general legal framework for the sector. The Law of 1924 is not only outdated, it also contains elements directly contrary to the current needs of the sector; for example, it considers donations to be an exceptional (rather than proper and necessary) source of financing.

- **Fostering legitimacy.** The persistent ambiguity of the Romanian nonprofit sector is due, in large part, to the legitimacy problems the sector continues to face. For better or worse, the early evolution of the sector in the immediate aftermath of the fall of Communism produced a limited, but highly publicized, number of scams, scandals, and other questionable transactions relating to the transformation of the assets of formerly government or party agencies and social organizations in Romania as well as in other countries in the region. In combination with the lingering popular indifference to, if not mistrust of, nonprofit organizations and other types of societal institutions, this has posed a significant legitimacy challenge. To overcome this, a significant investment in public education will be needed along with the development of effective codes of conduct by nonprofit organizations themselves.

- **Capacity building.** A final conclusion that emerges from the data presented here concerns the time frame required for building a truly viable and self-sustaining nonprofit sector in Romania. As was shown here, despite some considerable growth, five years after the fall of Communism, the Romanian nonprofit sector remained a pale reflection of its counterparts elsewhere in the world, even compared to Central Europe. To grow and nurture a sustainable nonprofit sector obviously takes more than a few years of investment. Accordingly, it is crucial to continue to expand training and capacity building efforts at significant levels in the foreseeable future. So, too, it seems pertinent to continue efforts to nurture an institutional infrastructure for this sector in Romania, to facilitate training efforts and information sharing, and to provide a unified voice vis-a-vis the government, especially at the national level.

Recently, important headway has been made on many of these challenges, as it increasingly has become clear that the civic movement and the broad range of nongovernmental organizations in Romania have become
an essential factor in the post-Communist evolution of society as well as in Romania's ability to cope with the dynamics of the complex transition processes. With the election of both a new government in 1996 and a former NGO leader as the country's president, the initial "cold" period in the government/nonprofit relations has come to an end. Nevertheless, much remains to be done to enhance the growing maturation of the sector, increase its sustainability, and put it more firmly on the social, economic, and political map of this country.

ENDNOTES

1. The work in Romania was coordinated first by Dan Stancu and then Daniel Saulean of the Civil Society Development Foundation in Bucharest, who served as successive local associates over the three-year period of the project. Assisting them were Carmen Epure, Stefan Constantinescu, Simona Luca, Adrian Baboi, Oana Tiganescu, and Bogdan Berianu. The team was aided, in turn, by a local advisory committee made up of seven prominent local scholars and experts (see Appendix D for a list of committee members). The Johns Hopkins project was directed by Lester M. Salamon and Helmut K. Anheier and the Central and Eastern European portion of the work was overseen by Stefan Toepler.

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

3. Technically, the more precise comparison is between nonprofit contribution to "value added" and gross domestic product. For the nonprofit sector, "value added" in economic terms essentially equals the sum of wages and the imputed value of volunteer time. On this basis, the nonprofit sector in Romania accounted for 0.6 percent of total value added, an actually larger amount.

4. For further details, see Romanians' Philanthropic and Associative Behavior. Results of a national opinion survey conducted by the Center for Urban and Regional Sociology on behalf of the Civil Society Development Foundation. Bucharest: CSDF, 1997.