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Social economy in Romania. Preliminary approach¹

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Abstract

During the past 20 years, social economy became a subject of interest because its organisations had to assume an increasing role in the production and supply of social goods and services of public interest. In Romania, although forms of social economy existed for a very long time in society, we can not speak of an institutionally or juridical determined area, with actual outputs. This study⁵ shows the stage of social economy development taking into consideration three forms of social economy which are present in Romania: the cooperatives, the non-governmental organisations and the mutual aid organisations. The three types of organisations have a low potential for social economy activities. There is no specific legislative framework which to encourage the development of social economy activities, while the availability of the public institutions to support the organisations addressing the vulnerable groups is very limited. The cases in which the three forms of social economy address directly the higher employment of the disadvantaged groups are rather isolated. As a general characteristic, except for

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⁵ The subject is treated in detail in the paper *Social economy in Romania – Two regional profiles*

the NGOs, the other types of social economy organisations address indirectly the disadvantaged groups, without any kind of coherent supply of services.

Keywords: social economy, mutual aid, cooperatives, non-profit organisations, mutual aid organisations, vulnerable groups, social inclusion

Introduction

Paradoxically, although the concept of social economy was practically inexistent in the Romanian literature, there is a long tradition of the structures which developed specific activities even from the early years of the past century. Even during the period of the communist regime, the activity of cooperatives had a significant proportion in the economy of most Counties, particularly in the rural area. Most cooperatives were performing niche activities, adapted to the conditions from their area of operation. Because of the lack of employment opportunities in the great enterprises, the cooperatives played an essential role in the development of services or in the exploitation of some neglected resources.

Having rather recent origins at European level (Borzaga, C., Defourny, J., 2001; Borzaga, C., Galera, G., 2004; Zamfir E., Fitzek S., 2010), social economy became known in Romania only during the past two years, the European structural funds playing an important role in the promotion of social economy and supplying funds to finance social economy activities. Consistent funds are allocated to the development of social economy for: stimulating job creation and aptitudes development; consolidating the community capacity for social support; supporting the economic growth and reviving the neighbourhoods; mobilizing the disadvantaged groups.

Social exclusion is a continuous challenge for all the states, and some of the social policy priorities continue to be valid, particularly those pertaining to the labour market: increase the rate of employment; fight against discrimination on the labour market; integration of the people with disabilities, of the ethnic minorities, of the immigrants in the labour market. (Cace, Arpinte, Tomescu, Baboi, & Stanescu, 2008).

Social economy organisations continue to hold a significant potential, particularly by providing open jobs for the people belonging to vulnerable groups “*goods and services that had to be provided at affordable cost to mainly vulnerable social groups were covered, at varying levels, by the social economy sector*” (Cace et al, 2010, p 139). The period of social and economic crisis stresses the importance of the social economy sector, knowing that the loss of job or the employment opportunities affect primarily the people having a lower educational or social capital. The reintegration or insertion of these people on the labour market is more difficult, sometimes very unlikely, with high probability to remain

captives of the social assistance system. The classical solutions to increase the employment of the vulnerable people displayed poor efficiency. The projects with foreign funding or the benefits given to stimulate the increase of the employment rate of the vulnerable people produce temporary effects and are not sufficiently attractive for the employers. Such interventions yielded modest results in almost all the counties included in the survey and significant distortions have been identified in the systems of benefits. The failure of the employment measures for the vulnerable people also affects significantly the social assistance system for these categories of people (Cace, S., Ionescu, M., 2006). Most vulnerable people become captive to the benefits or services, in the lack of mechanisms which to improve employment.

Within this context, social economy offers solutions to reduce social exclusion by increasing the employment rate of the vulnerable people and by creating mechanisms to help these people.

Methodology

The general purpose of the research was to make an evaluation of the social economy sector in terms of its capacity to contribute to the social inclusion of the disadvantaged groups. The research was finished in July 2010 and it included an exploratory component with case studies in the 12 counties from the regions South Muntenia and South-West Oltenia, and a quantitative component which aimed to investigate both the adult population and the representatives of the structures which can implement social economy activities. The case studies collected information from all the relevant institutions at the county level (Chamber of Trade and Industry, County Employment Agency, County Directorate for Social Assistance and Child Protection, County Association/Union of Craftsmen Cooperative Societies, County Union of the Consumption Cooperatives, County Federation of the Pensioners Associations, County Federation of the Pensioners Mutual Aid Organisations), while at the local level we selected structures which supply services for the disadvantaged groups, or which play a significant role in their integration on the labour market: NGOs, Mutual Aid Organisations of the employees, Pensioners Mutual Aid Organisations, Credit Cooperatives, Consumption cooperatives, Craftsmen cooperatives, Agricultural cooperatives and, where there existed, commercial companies of NGOs managing protected workshops.

For the quantitative component we have investigated both the potential “*demand*” for social economy (adult population with the age above 18), as well as the “*offer*” (structures which develop or which have the potential to develop social economy activities).

For the “*demand*” (adult population) we formed two representative samples which included 2675 subjects (59.5%) for South Muntenia Region and 1823

subjects (40.5% subjects for South-West Oltenia. From the two main samples we selected the people belonging to the disadvantaged groups function of the access to social benefits and services (unemployment benefit, social aid, aid for home heating). The category of vulnerable people included 1144 respondents, representing 42.76% of the total sample for South Muntenia and 574 (31.49%) for South-West Oltenia.

The „offer” of social economy included the structures which have direct activities with vulnerable groups or whose activity has a significant impact for the reinsertion of the vulnerable people. Our option was determined by the fact that the syntagma of social enterprise is not acknowledged legally, while the field of social economy has just a handful of partial regulations. According to the International Centre of Research and Information on the Public, Social and Cooperative (CIRIEC, 2007), social economy is the set of private enterprises organised formally, endowed with decision-making autonomy and freedom of association, created with the purpose to meet the needs of their members by means of the market, by the manufacture of goods and supply of services, insurances and financing, in which the decision-making process and profit or surplus distribution between the members is not directly related to the contribution to the capital or to the annual fees paid by the members, each of them having one vote. Social economy also includes the formally established private organisations endowed with decision-making autonomy and freedom of association, which supply non-commercial services for households and whose surplus, if any, cannot be appropriated by the economic agents which establish, control or finance them.

In the case of Romania, the definition is not functional because the cumulated conditions required for the establishment of a social enterprise don't exist. Hence, we took into consideration a set of criteria applicable to structures which have characteristics close to those of the social economy, and which have a high potential to develop activities in this field. The social component must be approached not just in terms of mission or social projects financed with resources obtained from economic activities. The professional organisations, even if they don't implement social activities, may generate social impact by increasing the access to the labour market of the vulnerable groups. Significant effects may also be identified at the level of the credit cooperatives, even if basically they are IFN, by facilitating the access to financing of some categories which cannot meet the criteria required to take bank credits (CC give credits not just to pensioners, but also to the beneficiaries of social aid etc.).

The major criteria used to identify the types of relevant social economy structures are the democratic control over the organisation, the entirely social purpose and the significant impact for the disadvantaged social groups (by job creation, by supporting local development etc.). In agreement with this set of criteria, the organisations targeted by the survey are the cooperatives, the mutual aid organisations and the non-governmental organisations active in the field of social inclusion. The protected workshops, as structure of social economy fitting

best the common definitions in this matter, were included only in the qualitative component, given their low number in the two surveyed regions.

According to our estimates, the research covered about 26% of the CAR (mutual aid organisations), 33% of the cooperatives and a third of the NGOs active in the field of social inclusion, which have relevant social economy activities.

Table 1 – Number of social economy organisations included in the quantitative research

			CAR	COOP	NGOs
South-West Oltenia	County	Dolj	7	35	9
		Gorj	38	20	14
		Mehedinţi	0	14	16
		Olt	16	12	6
		Valcea	11	37	17
	Total region		72	118	62
South Muntenia	County	Argeş	59	34	24
		Calarasi	14	12	3
		Dambovita	13	39	32
		Giurgiu	13	5	3
		Ialomita	10	18	8
		Prahova	33	27	13
		Teleorman	22	12	5
	Total region		164	147	88
TOTAL			236	265	150

Context

The two investigated regions are among the poorest in Romania. Per capita GDP is much below the national average in both regions. Oltenia is on the penultimate position in terms of economic development, only North-East region being poorer among the regions of Romania. South-West region Oltenia belongs to the areas with lower economic activity and with a low contribution to the national GDP. Some of the poorest areas of the country are located here, as well as several disfavoured mining regions which experienced several tough stages of reorganization during the late 90s.

Bothe regions have a low level of economic development. There are very little noticeable differences in terms of employment and unemployment both inter- and intraregional. Generally, the employment rate is low, below 50%, while the

unemployment rate is quite high, 8-12%. In 2009, unemployment increased substantially, two or three times in counties such as Ialomița. South-East Muntenia region seems to have a slightly better situation, slightly higher employment rate and lower unemployment rate. On the other hand, this region is more affected by the long-term unemployment. At county level, Teleorman from Muntenia and Mehedinți from Oltenia are the most vulnerable. Low employment, quite high unemployment and, within it, a high proportion of long-term unemployment in both surveyed regions are explained by the low school attendance and the lower educational stock. Muntenia seems to have a more disadvantaged situation in terms of education, than Oltenia. We must, however, mention that the urban population from Oltenia accounts for a higher proportion within the total population (47.9%) than Muntenia (41.,4%).

The low level of economic development is joined by the high number of people belonging to vulnerable groups. Related to the national average number of people with disabilities within the total population (3.2%), region South Muntenia has the highest rate (3.45%), second to regions West (3.51%) and North West (3.61%). Region South-West Oltenia has a rate of just 3.14%, including, however, two counties with the highest rates at the level of the two regions: Mehedinți (4.58%) and Prahova (4.64%). According to ANPH data (Statistical bulletin, July 2010), in region South Muntenia there are 49 operational centres for the people with disabilities, while in region South-West Oltenia there are 47 operational centres. These centres supply assistance to 9,323 people with disabilities, slightly over 5% of the total number of people with disabilities from the two regions. The proportion of institutionalised people with disabilities is higher in the region South Muntenia (2.53% of the total number of people with disabilities) compared to just 2.01% in region South-West Oltenia.

The proportion of Roma people in the regions South Muntenia and South-West Oltenia is higher than in the other counties: 2.9% and 2.6% Roma people from the total population, higher than the national average value of 2.5% (according to the data of 2002 Census). The Roma population is confronted with several difficulties, the most significant being: low participation in school education, unemployment rate almost 50%, existence of major factors of social exclusion (no identity papers, no ownership papers for their dwellings) no professional qualifications, therefore low opportunities for integration in the labour market.

Both counties have a large number of people beneficiaries of social services due to the low employment rates and to the precarious incomes. Both regions have Roma population in higher proportions than the national average, which increase the proportion of vulnerable people.

Summing all the analysed indicators, Oltenia is more vulnerable in terms of general economic development, of employment and pension level, while Muntenia is more vulnerable in terms of long-term unemployment, education and level of

wages. The most vulnerable counties which cumulate several types of problems are Teleroman, Giurgiu, Călăraşi and Mehedinţi, while the counties with the best standings are Prahova, Gorj, Argeş.

Situation of the social economy organisation at the national level

Although in Romania, social economy is a rather new concept, there is a long tradition of some forms of social economy which appeared in the early 20th century. Even during the period of the communist regime, the cooperatives held a significant proportion in the economic activity. For some counties, particularly in southern Romania, the activity of the *craftsmen cooperatives* accounted for about 50% of the economic activity of that county before 1989. The cooperative sector provided not just the framework for economic activity. The great cooperatives were operating following the pattern of the socialist enterprises, supplying services for the employees and their families (kindergartens, doctor's office etc.). For this type of structures, the period 1990-2000 meant the drastic reduction of activity by the sale of assets or by cancellation due to the new economic conditions. After 2000, the activity of the cooperative sector continued to shrink, even stronger in the counties where it predominated before 1989 (for instance, Teleorman County). According to <http://www.banknews.ro>, at the national level, the turnover of the consumption cooperatives increased with by 9% in 2008, compared to 2007. A different trend was noticed in the number of the staff or members: the number of employees decreased by more than 14% in 2007 compared to 2006, while the number of members decreased by 13.5% during the same period (source: calculations based on the Annual Report of the SMEs, 2008).

The evolution of the number of cooperative is also worrying. In 2007, the number of production cooperatives decreased by almost 19%, while the number of services cooperatives decreased by 7%. There were no significant changes in the number of commercial cooperatives.

The *credit cooperatives* operated in Romania as early as since the end of the 19th century and they developed rapidly exactly during the period in which the banking institutions were experiencing problems. Adapted to the need for financing of some categories which the banking sector ignored, the credit cooperatives had a significant share of the market and a significant impact by the support of the entrepreneurs, particularly of those in the rural regions. Banned after the instauration of the communist regime, the cooperatives have been reinstated by a legal regulation from 1954. Although they didn't have the importance acquired at the beginning of the century, the credit cooperatives had a less dynamic evolution than the other types of cooperatives. Their activity was not restrained significantly, while the successive regulations of the NBR during the recent years contributed to the consolidation of their image. The recent years meant the increase of the

number of members for the popular banks because the banking sector limited the crediting operations.

The *NGOs* had a legal framework as early as in 1924, but they didn't have such a spectacular evolution as the other types of organisations. Their decline started in 1938 and continued during the period of the communist regime. For the non-governmental sector, 1990 was the start of a rapid development. Beyond the actual number of NGOs that were established for tax evasion purposes, the number of active organisations increased significantly. However, there are several weak spots of the non-governmental sector which affect significantly the odds of success for the vulnerable people seeking reintegration services. According to FDSC estimations, in 2001, only 15-17% of the NGOs operated or provided services in the rural areas.

The *mutual aid organisations (CAR)* had a different evolution function of their type. While the employee CAR shrunk their activity depending on the evolution of the large economic operators, or were badly affected by the periods of sacking or by the dissolution of large enterprises, the pensioners CAR were less affected. The recent narrowing of the banking activity encourages their activity, however, within limits marked by a higher prudence in granting loans. The sector is stable and has growth potential. Another advantage is that even if the banking credit will be released, CAR activity will not be affected because it targets market areas which are neglected by the banking sector.

Current situation of the social economy organisations in the regions South Muntenia and South-West Oltenia

Cooperatives

The research data show that except for the credit cooperatives, for all the other types of cooperatives, the only positive trend was that of the turnover, the average turnover increasing slightly in 2009 compared to 2008. The profit and number of staff, however, continued the decreasing trend noticed in 2006-2007. Thus, the profit decreased by almost 35% in 2008, compared to 2007 and by 25% in 2009, compared to the previous year.

The number of cooperative employees decreases annually, the most important decrease being in 2006, compared to 2005. The trend remains constant for four consecutive years, sufficient to estimate that if no concrete measures of support are taken, in the coming years we will be speaking at the past tense about the cooperative sector. The evolution of the number of employees is calculated only for the functional cooperatives at the moment of the survey and it doesn't include the loss of employees due to the dissolution of cooperatives during the period of survey. According to the 2008 Annual SMEs Report, the number of the production

cooperatives decreased by almost 19% and that of the services cooperative decreased by 7% in 2007.

Table 2 – Proportion of employees in the cooperatives compared to the previous year (%)

	South West Oltenia	South Muntenia
2006	81.5	86.6
2007	90.7	91.0
2008	89.4	92.4
2009	94.7	91.2

The most significant loss of employees for South West Oltenia region occurred in the craftsmen cooperatives, which lost 16% of their employees in 2006, about 8% in 2007 and 2008 and 11% in 2009. The staff of the consumption cooperatives remained constant; only in 2008 there was a 10% decrease, partially recovered in 2009.

The loss of employees in the craftsmen cooperatives was rather constant in South Muntenia region in 2006-2007. In 2009, the number of employees decreased in average by more than 20%, the most affected being the clothing and footwear manufacturing cooperatives. Some of these cooperatives reduced dramatically the number of staff in 2008-2009, from 30-40 people to just 5-10 employees.

The evaluation of the cooperatives representatives for 2010 rightfully contradict the trends of the previous years: if about 40% estimated that the profit and turnover will decrease, just 24.5% consider that the number of employees will decrease. The negative trend of the 3 indicators is explained by the representatives of the cooperatives by the constant decrease of the orders and contracts. The most frequently mentioned solution to alleviate the adverse effects in terms of profit, turnover and employees, was the improvement of the economic environment. A low number of representatives invoked support from the state institutions (aspect treated at length in the next section) or punctual solution (merging with another cooperative or changing the profile of activity).

NGOs

The two regions, South-West Oltenia and South Muntenia, include counties with the poorest presence of NGOs. For instance, in Teleorman there is no NGO licensed for social services. In Giurgiu, Călărași or Mehedinți there is a low activity in the non-governmental sector. The poor representation is accompanied by the reduction of activity in a significant share of the non-governmental sector, particularly of the small organisations. If until 2005-2007, the NGOs had access to a wide variety of funding sources adapted to their potential to develop services

for the beneficiaries, once the most active fund providers had withdrawn, the small NGOs from the poorly represented areas were affected by the difficulty to access structural funds.

In the lack of an updated database with the active NGOs, we cannot make correct estimations as to their number in the two areas. We can, however, say that the trend of the recent years is to narrow the activity and even the dissolution of the small organisations from the border counties of South Muntenia region which have no more access to funding sources adapted to their capacity. The data collected for the selected NGOs support this hypothesis. The interview operators mentioned that a significant number of NGOs were no longer functional, some of them being accredited, in 2008 by the Ministry of Labour, to supply social services.

The average budget of the NGOs from the two regions increased by 14% in 2008 compared to 2007, and by 9% in 2009, compared to 2008. However, over 27% of the NGOs displayed 50% variations of the annual budget, which confirms their dependence on project-based financing. The average increase of the budgets was stronger in the South-West Oltenia region, where the annual increase was almost 20% in 2008 compared to 2007 and 18% in 2009 compared to 2008. The growth was more modest in South Muntenia region, 10.4% in 2008 and 3.2% in 2009, compared to the previous years.

Table 3 – Proportion of the average NGO budget compared to the previous year (%)

	South West Oltenia	South Muntenia
2008	119.2	110.4
2009	117.6	103.2

Just 6.7% of the NGOs, most of them from South Muntenia region, obtained income in 2009 from economic activities. In most cases the income represent the payment of services through CNAS (for 6 organisations), the others obtaining resources from rentals (2) or occasional incomes (hosting events, sales of promotion materials). No organisation obtained income through a commercial company (the most usual way used by the social economy organisations).

Table 4 – Proportion of funds within the total budget, by source of financing (%)

Source of financing	South West Oltenia	South Muntenia
1. Economic activities	0.5	9.5
2. Application for non-reimbursable funding	39.1	29.6
3. Direct application to financier	37.8	10.2
4. Subsidies from public and local authorities	8.9	10.5
5. Sponsorship	5.7	8.9
6. Membership fees	3.5	7.2
7. Campaign for 2% from the individual income tax.	4.0	5.1
8. Other sources (donations etc.)	0.5	19.0
TOTAL	100	100

The most important source of financing for 2009 are the applications for non-reimbursable funding (39.1% for South West Oltenia and 29.6% for South Muntenia). Significant differences are noticed in the funds attracted by direct application to financier, which represent 37.8% for the NGOs from South West Oltenia and just 10.2% for South Muntenia. The main tendency of the NGOs from South West Oltenia is to draw funds by application for financing, either by competition, or by direct financing (76.9% from the average budget), while the NGOs from South Muntenia obtain incomes from more diversified sources, but without having the certitude of a stable income such as donations, occasional economic activities). The annual increase of the average NGO budget in the two regions is significantly higher in South West Oltenia region than in South Muntenia (Table 3).

The average number of employees decreased in a non-significant manner in 2009, compared to 2008 (1%). When the NGOs had to decrease their staff, this happened because projects ended. A non-significant proportion of NGOs representatives also mentioned other causes (such as retirement, high operational costs or sacking). The number of volunteers displayed the same trend, but the main reason for reduction was, in the opinion of NGOs representatives, the lack of motivation, followed by the lack of financing and of projects.

As in the case of the cooperatives, the estimations of NGOs representatives regarding the evolution of the staff number, of the number of volunteers and of the budget in 2010 are in poor agreement with the main trends observed in the two regions in the previous years. 50% of South West Oltenia and 69.3% of South Muntenia NGOs representatives estimate that the budget will remain constant or will increase. Just 4.8% of South West Oltenia representatives estimate that the number of employees will increase in 2010 and 53.2% estimate that the number of employees will remain constant. The estimations are more optimistic in South Muntenia: 5.7% of the representatives estimate that the number of employees will

increase and 70% estimate that the number of employees will remain constant. South West Oltenia representatives estimated a more prudent evolution for the number of volunteers too (67.7% for constant evolution or increase), compared to South Muntenia representatives (86.4%). When the representatives estimated reductions in the number of employees, volunteers or in the budget, these were due to the lack of financing opportunities and to the unfavourable economic environment.

Mutual aid organisations (CAR)

The dynamics of the annual turnover of the CAR is significantly different depending on the type of members. The annual turnover of the pensioner CAR increased constantly in both regions, between 4-8% in 2007-2009. The annual turnover of the employee CAR increased by 6% in 2008 compared to 2007 in the CAR from South West Oltenia region and by 3% in the CAR from South Muntenia. In 2009, the rate of growth of the budget of the employee CAR maintained in South Muntenia region (4%), while remaining the same in South West Oltenia region compared to the previous year. The dynamics is caused by the evolution of the number of members of the employee CAR, which decreased slightly compared to the previous years. The effects of the shrinking number of members are felt in the following years. These data don't include the dissolution of the CAR affiliated to the economic operators which terminated their activity.

Table 5 – Dynamics of the number of members, compared to the previous year (%)

	South West Oltenia		South Muntenia	
	pensioner CAR	employee CAR	pensioner CAR	employee CAR
2008	100.3	100.8	106.1	86.3
2009	101.3	98.7	103.4	94.3

For 2010, CAR representatives estimated optimistically the evolution of the number of members, of the turnover, of the profit and of the employee number. Except for one pensioner CAR, 57% estimated that the number of members will remain constant and 37% estimated that it will increase. 57% of the employee CAR estimated that the number of members will remain constant and 23.5% estimated that it will increase, while 15.5% estimated that the number of employees will decrease. The main reasons invoked by employee CAR representatives for this evolution are the decrease of incomes and the unemployment. The staff of CAR is rather modest compared to that of the cooperatives.

The CAR were not affected by major variations of their budget, but the budget of employee CAR decreased because the number of members decreased. The most affected CAR will be those affiliated to the large economic operators and which have significant variations of their volume of activity. The massive layoffs,

the closure of some units/work locations affect directly the activity of these CAR units. The CAR with high proportions of members among the employees from public services will decrease their volume of activity, although the number of members will probably increase. The recent pay cuts operated for the employees paid from the state budget will make them go to the CAR established in the enterprises where they are working. However, the qualitative survey data show that the representatives of the employee CAR are extra cautious to accept new members under unfavourable contexts (imminent layoffs, pay cuts). The value of the loans given to the recent members is lower than the maximal limits set by the law, just to avoid the potential payment problems.

The NGOs are still dependent on external financing. No situations have been identified in which an NGO obtained significant and constant incomes from economic activities. The proportion of such types of income is 0.5% for South West Oltenia and 9.5% for South Muntenia, in this category also being included the income obtained from the Houses of Health Insurances for various services performed for beneficiaries.

Immediate perspectives for the social economy

The sector of the craftsmen cooperatives, despite the steep decline of the recent period, provides a significant number of jobs, particularly in the rural areas. The credit cooperatives or the mutual aid organisations, despite the additional prudential measures, are a form of support for the people on low incomes and for the farmers confronted with temporary difficulties to cover the current expenditure.

It is critical that, by the volume of activity, the cooperatives have a low impact in relation with the importance they had before 1989. They do not address explicitly the disadvantaged groups, the cooperative sector being itself a disfavoured sector experiencing a critical situation. There are no concrete forms of support and no intention to support the activity of cooperatives has been expressed. After a period in which the patrimony of the cooperatives has actually been stolen, there still are legal stipulations which prevent the cooperatives to take possession of the land or buildings which they use. The representatives of cooperatives estimate that the preservation of these provisions expose the cooperative sector to significant risks which only add to the risks generated by the economic crisis.

The sector of the credit cooperatives or of the mutual aid organisations has the opportunity of a revival similar to that from the early 19th century. The research data show a slight increase of their volume of activity, contradictory trend with that of the commercial banks. The prudence in crediting, the use of social networks to admit new members or to settle the disputes with the bad payers ensure the reduction of the risks that may generate dysfunctions or even bankruptcy. The

specialisation of the crediting activity, particularly among the credit cooperatives, avoids the direct competition with the commercial banks. The restrictive regulations of the Central Bank may create difficulties for the credit cooperatives by reducing the funds available for crediting and by the additional bureaucratic measures.

NGOs

The NGOs are exposed to the risks generated by the low number of financing opportunities. Compared to the period before 2007, the number of financiers is lower, the main source being the structural instruments. This situation affects particularly the small organisations and those relying on volunteer activity and it will increase the regional disparities of the presence of NGOs active in social inclusion. For instance, in Teleorman County there is no NGO accredited for social services, which affects the quality and volume of services addressing the vulnerable people.

Support from the state institutions for the social economy organisations

No forms of direct support for the social economy activities have been noticed. Although several types of aid for the social economy organisations have been mentioned, the structure of these aids shows that the authorities support indirectly and partially the social economy by facilities oriented mainly towards the disadvantaged groups (by means of the social services of the NGOs) or towards the vulnerable ones which, nevertheless, have a good potential to influence the voting decisions (the pensioner CAR). Most forms of support are stipulated by the specific laws regulating the activity of each type of social economy organisation and they have an insignificant impact for the sustainable development of the sector.

Just 10 CAR units (4.2%) declared to have received various forms of support from the state, the most frequent one being the renting of residential area or headquarters area at preferential prices. All CAR units which received state support were pensioner CAR and they mentioned several services for the members in difficulty, other than loans. Except for one CAR unit, all the other CAR units which received support operate in small towns or in the rural areas.

In the case of the cooperatives too, the support granted by the authorities was rather modest, just 15 cooperatives (5.3%) mentioning a support. The proportion of the cooperatives supported by the state is two-fold higher in South Muntenia than in South-West Oltenia. Most supported organisations are agricultural, and

the most frequent forms of support are the payment of subsidies or exempts and facilities with the payment of taxes and dues to the local budgets.

Almost 30% of the NGOs have been supported nu the local authorities, the most frequent forms of support being the subsidies and the non-reimbursable funds. Most of the supported NGOs run activities in the field of social services, healthcare, education, or make charities. The least aided organisations are those involved in culture or environmental protection. There are significant differences between regions: just 14.5% of the NGOs received aid in South-West Oltenia while 41% of the NGOs from South Muntenia received state support.

No concrete measures have yet been taken to support the social economy sector, or to stimulate the social economy activities among the existing structures. There is no legal framework to this purpose, which may lessen the impact of the social economy projects financed from structural funds.

Conclusions

Beyond the significant impact which they have for the protection of the vulnerable or disadvantaged social categories, there is a low potential to develop social economy activities at the level of the three types of organisations. There is no legal framework which to encourage the development of social economy activities (the syntagma doesn't even exist in the Romanian laws) and the availability of the public institutions to support the organisations addressing the vulnerable groups is very limited. The cases in which the mentioned structures address directly the increase of the employment rate for the disadvantaged groups are rather isolate. As general characteristic, except for the NGOs, the other types address indirectly the disadvantaged groups, without any kind of services provided consistently to support their social reintegration. However, by the nature of their activity and of the working areas, they produce significant forms of indirect impact.

Their evolution during the recent years is not encouraging and there are no concrete forms of support by the state. Beyond the lack of a strategy for the social economy sector, there are no clear-cut measures addressing the social economy organizations. Of the three types of entities, the cooperatives displayed the strongest decrease of activity and employee number. What is worrying is the fact that the unfavourable economic environment doesn't seem to be the main cause, since the average turnover and the number of employees have decreased constantly during the recent years. Most probably, the effects of the economic crisis will be felt over the next 1-2 years, particularly by the cooperatives which operate in the fields worst affected by the crisis (constructions, textile production). The consumption cooperatives are also likely to reduce their activity because most of them operate in the rural areas where self-consumption is expected to increase.

The recent evolution of the social economy sector allows no optimistic estimation. The sector of the consumption cooperatives or that of the craftsmen cooperatives are represented almost symbolically in terms of workforce absorption. The reckless and even fraudulent management of the cooperatives and of the Union of cooperatives during the early post-1989 years reduced dramatically the cooperative sector. There were no significant interventions in support of the cooperatives, except for some legal provisions. The county institutions do not provide forms of support or facilities to the cooperatives, appreciating their activity only from the perspective of a commercial company.

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