

# Terminology CGLC Southern Africa<sup>1</sup>



## WORK IN PROGRESS

Terminology	Abbreviation	Description of term	Additions, comments from members
Assets		As used here, we intend “asset” to mean “capital” -- including cash, stocks, bonds, real estate and other resources -- controlled by a philanthropic institution. In many countries “assets” are synonymous with “endowment.”	
Capital reserve		A sum of money reserved for the time of financial crisis. This is also called a “Reserve fund” and is money set aside only to be used in case of emergency. The Board of Directors will make the final decision about the use of this fund, and the Executive Director can make the proposal to the Board.	
Charity		The word "charity" can be used to describe a type of organisation or a concept. In popular use the term charity is often used as a synonym for voluntary, or not-for-profit organisations, popularly understood as organisation that raise funds for or offer support to the disadvantaged in society. However, the legal meaning of the term can differ from the popular understanding. In legal terms, a charity is an entity established for altruistic purposes that the law regards as charitable. While many governments endorse organisations as eligible for charitable status, the relevant tax office might not set the criteria to decide whether or not an organisation is a charity. Criteria for deciding what is a charity have been established by case law. Some organisations that would be generally referred to by members of the public as "charities" are not charities under specific country's laws. It is important to understand the distinction when seeking philanthropic funding, as many philanthropic bodies are limited to only funding organisations which are legally charitable - that is, those which have been endorsed as a Tax Concession Charity.	
Civic organisations	COs	The Government of the Republic of Namibia Civic Organizations Partnership Policy (COPP) uses the term ‘civic organization’ to encompass all the organizations “found at all levels of civil society between the individual or family and the state”, including non-governmental organizations (NGOs), community-based organizations (CBOs), clubs, and groups such as foundations, women’s groups, trade unions, chambers of commerce, and faith-based organizations. The COPP goes on to identify the following as the common characteristics of civic organizations (COs): <ul style="list-style-type: none"> <li>• They are non-profit distributing.</li> </ul>	

<sup>1</sup> First draft as at November 2009 Retreat.

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		<ul style="list-style-type: none"> <li>• They operate in the public interest or in the interest of their members and/or sponsors.</li> <li>• They adhere to democratic structures.</li> <li>• Involvement is voluntary.</li> <li>• They portray high levels of participation.</li> <li>• They emphasize empowerment of beneficiaries.</li> <li>• They operate independently (both financially and administratively) from the state and donors.</li> </ul>	
Community Based Organisation	CBO	<p>These are voluntary not-for-profit non-governmental organisations with aims and activities limited to a locality that has a unique identity, as a city or a - more often - a neighbourhood or a housing area within a neighbourhood. In some cases, CBOs are also defined by being a membership organisation with restrictions on membership, e.g. housing associations with membership restricted to local residents.</p> <p>While an NGO targets certain issues, a CBO usually puts emphasis on holistic improvement of quality of life in a neighbourhood, although the focus can cover anything from heritage preservation to social inclusion.</p> <p>CBOs are non-governmental organisations, are not for profit and addresses the development needs and issues that exist within the direct community where it operates, activities are usually local, self-help orientated.</p>	
Community Grantmaker / Foundation	CG	<p>An independent philanthropic organisation working in a specific geographic area which, over time, builds up a collection of endowed funds from many donors in the community. It provides services to the community and its donors, makes grants and undertakes community leadership and partnership activities to address a wide variety of needs in its service area.<sup>2</sup></p> <p>A community foundation is a vehicle for local donors who wish to contribute their cash, trusts, bequests or real property to create permanent endowments that will benefit the community in perpetuity. Using the investment earnings on each endowed fund, a community foundation makes and builds capacity within the community to address local needs and opportunities. Their task is to build substantial, permanent funds from which grants are made to local charitable and community organisations. These funds function much like permanent community savings accounts, where the community - personified in the board and its decision-making bodies - has the say over how to distribute the</p>	

<sup>2</sup> Adapted from a statement by Suzanne Feurt.

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		earned interest. Community grantmaker: independent, non-government, non-corporate development grantmakers; intermediary grantmakers; and community foundations and development trusts. <sup>3</sup>	
Community grantmaker leader		The Chief Executive, senior executive staff, or members of the Board.	
Corporate Social Investment	CSI	Corporate Social Responsibility (CSR) is a descriptive term and there is currently no generally accepted definition, as the language is still evolving. Two useful definitions which cover the essential concepts are: The commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life. <sup>4</sup> Operating a business in a manner that meets or exceeds the ethical, legal, commercial and public expectations that society has of business. <sup>5</sup>	
Endowment		A capital fund, usually invested in perpetuity, to provide income for grantmaking purposes. Financial assets used to fund the creation of a private foundation or to create a fund within a community foundation. The income from an endowment, and/or a portion of its capital, can be used to operate programs or provide grants.  An amount of money set aside in a specific account that is not used by the grant maker, but the interest of which can be either used as income in the fund's budget or interest can be re-invested in the Endowment. An Endowment can also include property or other assets (like a building) that have significant economic value. An Endowment lends to the sustainability of a fund by making the organisation's existence more permanent.	
Faith Based Organisations	FBO	This term is used for the NPOs that are allied to a particular religion (or religions) or a specific church.  Formed in accordance with and supported by the philosophical outlook of a specific religious group.	
Foundation		An independent, self-governing, nonprofit entity, with an established and reliable source of income, the mission of which is to serve a charitable purpose and benefit the public. Foundation assets (often "endowment") often produce income that can or must be distributed for charitable purposes, either through grants (a grantmaking foundation) or through the operation of its own programs (operating foundation).	

<sup>3</sup> CGLC brochure

<sup>4</sup> World Business Council on Sustainable Development

<sup>5</sup> Business for Social Responsibility Retrieved from "[http://philanthropywiki.org.au/index.php/Corporate\\_Social\\_Responsibility](http://philanthropywiki.org.au/index.php/Corporate_Social_Responsibility)"

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		<p>A non-profit, legally constituted entity that manages an endowment or "trust" and may or may not be required by law to give away or use a percentage of its income (interest on the endowment or income from donations to its endowment) each year. A foundation does not rely on fundraising to operate, though it may engage in fundraising in periods of growth to increase its endowment. A foundation does not raise funds or ask for grants from other entities to pay its operating costs or finance its programmes.</p>	
Fundraising		<p>Is the practice of seeking Funds for the support of a particular organisation, individual or cause.  Fundraising and philanthropy are not the same thing, although they are often confused. Put simply, philanthropy is the act of giving; fundraising is the act of asking.  Fundraising" is the term referring to the process of soliciting and gathering money by requesting donations from individuals, businesses, charitable foundations, or governmental agencies. Although fundraising typically refers to efforts to gather funds for not-for-profit organizations, it is sometimes used to refer to the identification and solicitation of investors or other sources of capital for for-profit enterprises.</p>	
Fundraising expenses		<p>Expenses directly related to fundraising activities, such as the salary of the fundraising staff, communications materials or events to attract, cultivate and keep donors.</p>	
Grantee / Beneficiary		<p>Individual or organisation that receives a grant</p> <p>A non-profit organisation or group, that can be legally constituted or not, that applies for and receives grant money from a grant maker.</p>	
Grantmaker		<p>Individual or organisation that makes a grant. The term "grantmaker" is a descriptive term and may be used to refer to many different types of organisations or individuals.  Grantmaking is the process of providing a grant (a sum of money) to an individual or organisation so that they may carry out activities for the common good. In Australia, grantmaking frequently refers to the provision of grants to nonprofit organisations by philanthropic foundations and companies.</p>	
Grantmaking		<p>A process which involves the grantmaker publicising a call for proposals; reception of project proposals; the grantmaker making a decision to fund or not fund each project based on criteria set forth in the call and agreed upon by the fund (board and/or staff, particular to each fund); the donation of money (the grant); and the reception and review of report(s) from the grantee at the end of the project and grant period.  Grantmaking themes and subject areas may vary year by year depending on the amount of money in the fund's budget,</p>	

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		restrictions placed on some money from donors (like foundations or individual donors who place restrictions on how money can be used)	
Grantmaking budget		The amount of money awarded to grantee-partners, the sum of the amount of all grants awarded in one financial year. The grantmaking budget should also include the transaction costs incurred for transferring money	
Grantmaking foundation		A foundation that fulfills its public benefit mission through the allocation of funds to third parties. For purposes of this document, a grantmaking foundation uses over <b>80%</b> of expenditures for grantmaking.	
Grantmaking related expenses		Costs directly related to the process of awarding grants. These may include the salaries of staff or fees to consultants who design the call for proposals and review the proposals received by the fund. Grantmaking-related expenses also include the costs of following up the grantee-partners (telephone and other communications expenses) during the grant project period.	
Grantseekers		A grantseeker is an individual or organisation actively seeking grants or funding from philanthropic sources.	
In-kind contribution		Donation of goods or services, time or expertise, rather than cash or appreciated property.	
Individual Donors		Individual donors are those who are making donations from their personal finances, but have not established a legal vehicle for their giving	
Knowledge Management		Knowledge management is a term relating to systems which enable the effective creation, sharing, storage and application of knowledge. This may include both explicit knowledge (that which is easily accessible and clearly articulated to anyone who reads, sees or hears it) and tacit knowledge (that which is unwritten and not openly expressed, but is understood through a synthesis of experience, shared values, and cultural understandings). Knowledge management is important to philanthropy because of the large quantities of knowledge which philanthropic foundations generate through their grantmaking work. It can be argued that sharing knowledge is directly related to the mission and aims of most charitable foundations:	
Knowledge Sharing		Sharing knowledge about a foundation-funded program can help others design more effective programs which will provide more benefit than the original program could Sharing knowledge about why a foundation-funded initiative did not succeed can assist others to not make the same mistake	

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		Learning from the knowledge of others in the sector enables a foundation to take advantage of other foundations' learning, processes and strategies Knowledge sharing in the sector means that a foundation which wishes to promote a program or initiative is able to back up its claims of effectiveness and to attract more partners and co-funders	
Leadership		To guide and/or inspire others.	
Matching Grants		Matching grant is a grant made with the specification that the grant amount must be matched (usually matched equally) with funds from another source.	
Millennium Development Goals	MDG	The Millennium Development Goals (MDGs) are eight goals to be achieved by 2015 that respond to the world's main development challenges. The MDGs are drawn from the actions and targets contained in the Millennium Declaration that was adopted by 189 nations-and signed by 147 heads of state and governments during the UN Millennium Summit in September 2000.	
Mixed operating model		A foundation whose expenditures are used for both operating their own programs and providing grants to third-parties. Neither operating expenditures nor grant-making expenditures are greater than 80% of total expenditures. <sup>6</sup>	
Networks		Loose collaboration – “working” and “netting”; members not necessarily alike. Main purpose is to share information resources and is development orientated.  Networks are usually formed among organizations that are similar and which share the same values and types of activities. Attending conferences and events to meet key people (including donors) and to build useful relationships are all part of networking. <sup>7</sup>	
Non-governmental organisation	NGO	Non-Governmental Organisation, not for profit, values based, addresses development issues, carries out activities in relation to lobbying and advocacy, beneficiaries are broadly national / international, emphasis on public interest.  A non-profit organisation formed by people outside of government. Some are large and international (e.g., the Red Cross, Amnesty International, the Girl Scouts); others may be small and local (e.g., an organization to advocate for women working in factories in a small city; a coalition to promote women's rights in one refugee camp).	
Not-For-Profit Organisation	NPO	A not-for-profit organisation is an organisation whose primary objective is something other than the generation of profit, and	

<sup>6</sup> WINGS

<sup>7</sup> EU/NSA/PMU ECORYS manual

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		<p>which does not distribute any profit to the organisation's members. A not-for-profit organisation may have a "profit" - or surplus - left over after operating costs, but whereas a for-profit business would distribute that profit to its owners, shareholders or members, a not-for-profit must use the surplus to further the purpose of the organisation and its activities.</p> <p>Not-for-profit organisations are entitled to pay salaries and to engage in activities which will earn money such as charging for services, selling or leasing property, and investing in shares.</p> <p>Not-for-profit organisations range from sporting clubs and hobby groups to community centres, neighbourhood houses, traditional charities, disability support groups, aged care homes, etc.</p> <p>A nonprofit organization (abbreviated NPO, also not-for-profit[1]) is an organization that does not distribute its surplus funds to owners or shareholders, but instead uses them to help pursue its goals. Examples of NPOs include charities (i.e. charitable organizations) , trade unions, and public arts organizations. Most governments and government agencies meet this definition, but in most countries they are considered a separate type of organization and not counted as NPOs.</p> <p>A Non-profit Organisation is defined as: a trust, company or other association of persons:- (a) established for a public purpose, and (b) the income and property of which are not distributable to its members or office bearers except as reasonable compensation for services rendered.<sup>8</sup></p>	
Operation Support / Cost		<p>A contribution given to cover an organisation's day-to-day on-going current expenses , such as salaries, utilities, office supplies and other administrative costs.</p> <p>Budget expenses for the core operation of the fund, such as rent, utilities, communication (telephone, internet), and administrative costs.</p>	
Operational expenses		The total expenditures of an institution less the total of grants distributed.	
Operating foundation		A foundation that primarily operates its own programs, projects, or activities. Operating foundations may also engage in limited grantmaking. For purposes of this study, an operating foundation is a foundation in which over 80% of expenditures are used to operate their own programs. <sup>9</sup>	
Outcome		<p>Direct and indirect effects of the project</p> <p>Outcome is the long-term effect of the activities undertaken. In grantmaking this could include the increase in the economic capacity of the residents as a result of a number of activities - including the number of training places provided. In assessing</p>	

<sup>8</sup> Dept Social Development, South Africa

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		the outcomes of a programme, one would normally assess both the intended outcome and the unintended outcomes - the consequences of the activity beyond the immediate outputs. It is less likely to be measured in physical or monetary units, and is more likely to be considered at the evaluation stage. Outcome is sometimes described as Result or Impact	
Partnerships		Mutual dependency for performance; shared risk and rewards; identity co-determinant.  A partnership involves the joint activity of more than one party, in some sort of collaborative (working together) or team effort.	
Philanthropy		The planned and structured giving of money, time, information, goods and services, voice and influence to improve the wellbeing of humanity and the community.  The act of donating money, goods, services, time and/or effort to support a socially beneficial cause, with a defined objective and with no financial or material reward to the donor. In a more general sense, philanthropy may encompass any altruistic activity intended to promote good or improve human quality of life. <sup>10</sup>	
Pro Bono		The term pro bono comes from the Latin pro bono publico, "for the public good". Pro Bono generally refers to the provision of professional services voluntarily and free of charge. It is most commonly used to refer to legal services, but can also refer to other types of professional service such as accounting or auditing.	
Public Benefit Organisation	PBO	This represents a non-profit organisation that has been certified by the South African Revenue Service (SARS) as being exempt from paying tax on its income. The South African Income Tax Act requires that public benefit activities be carried out for the benefit of or should be widely accessible to, the general public at large, incl. any sector thereof (other than small and exclusive groups).	
<b>Social change</b>		Attaining social change requires that the contextual factors underlying social problems must be addressed. <sup>11</sup>	
<b>Social justice</b>		Social justice is linked to "equality of opportunities for well-being, both within and among generations of people [...] having at least three aspects: economic, social, and environmental." <sup>12</sup>  An overarching framework for development wherein the existence of equal rights and equitable opportunities to access	

<sup>10</sup> From International Network of Women's Funds (INWF) terminology

<sup>11</sup> Philanthropy and social justice in South Africa: addressing Underlying causes or mitigating impact? By Halima Mahomed.

<sup>12</sup> The World Bank Institute's Development Education Program (undated) in Philanthropy and social justice in South Africa: addressing Underlying causes or mitigating impact? By Halima Mahomed.



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		those rights result in the realization of just outcomes for those who bear the brunt of poverty, inequality, marginalisation, vulnerability, oppression, and discrimination.	
Social justice philanthropy (also referred to as social change philanthropy)		Philanthropy aimed at addressing the structural issues and barriers that prevent (i) the recognition of equal rights for all, (ii) equitable opportunities to access those rights and (iii) the realization of those rights into just outcomes for those who bear the brunt of poverty, <sup>13</sup> marginalisation, vulnerability, oppression and discrimination.	
Umbrella body		An organisation which supports others operating in a particular area (geographic, activity or function). Often, but not always, the supported organisations are members of the umbrella. Also known as second tier, intermediary or infrastructure organisation. <sup>14</sup>	
Values		The moral principles or accepted standards of a person or group The values are the standards or principles that guide the process. Ideally, they should be agreed and shared between the stakeholders. As an example, participation is one of the main values	
Venture Philanthropy		Venture philanthropy is the application of venture capital principles and practices, such as long-term investment and capacity building, to not-for-profit organisations. Venture Philanthropy assists nonprofit organizations in the plan, launch and management of new programs or social purpose enterprises.	

Check list: PhilanthropyWiki. The PhilanthropyWiki provides a first-port-of-call to the philanthropy and not-for-profit sectors, nationally and internationally, on philanthropy, grantseeking and charitable organisations in Australia. It forms a comprehensive bank of knowledge, securing a deeper understanding and a research base for the philanthropy sector. With the PhilanthropyWiki we aim to harness, access and manage the wealth of information and knowledge our staff, trustees and Members possess, encouraging its dissemination and effective sector-wide knowledge management. Glossary from: [www.ensure.org/guidebook/glossary.htm](http://www.ensure.org/guidebook/glossary.htm)

<sup>13</sup> Philanthropy and social justice in South Africa: addressing Underlying causes or mitigating impact? By Halima Mahomed.

<sup>14</sup> <http://www.volresource.org.uk/briefing/govern.htm>