

# 管理整筆撥款的實踐智慧 與管治層面對的挑戰

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## The Lump Sum Grant Conundrum

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# *Myths* and Realities of LUMP SUM GRANT



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# LSG is enough



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# Realities

Whether mid-point salary is enough depends on NGOs staff situation and their strategic choice:

- Commitment to snapshot staff
- Staff remuneration policy
- Staff Turnover Rate and Vacancy Rate
- Dilution effect of new service
- Extent of Cross-subsidization
- Additional manpower to meet growing service demand
- Fund-raising ability

**Same bowl of rice for different appetites.  
One size could not fit ALL.**



# LSG is flexible



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# Realities

**Non FSA-related activities  
not recognized  
(no-cross subsidization)**

**Financial Commitment to  
Snapshot staff**

**Difficult to discontinue new  
services**

**Market Mechanism may  
create equity issue**

**Variable pay may  
undermine staff morale**

**Workers Unions'  
surveillance on NGO's  
salary policy**



# **LSG = Less Administrative Work**



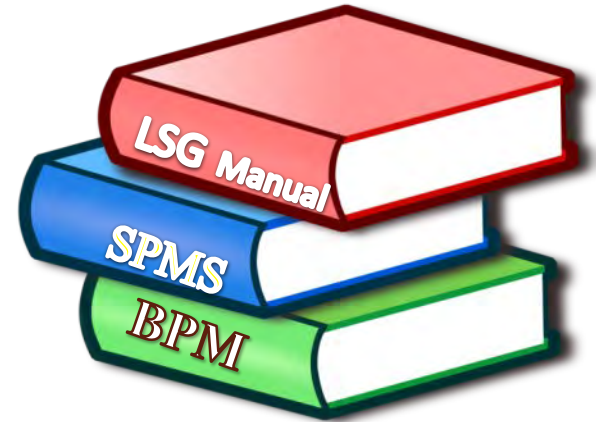
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# Realities

Compared with Modal System,  
LSG Manual, SPMS, BPM also demand much  
management inputs.

- Report on remuneration package of staff at top 3 tiers
- Return on departures from LF Procurement Procedures (coming)
- Apportion HQs expenses in FSA & non-FSA related accounts



# **Claw back of LSG is wastage of welfare resources**



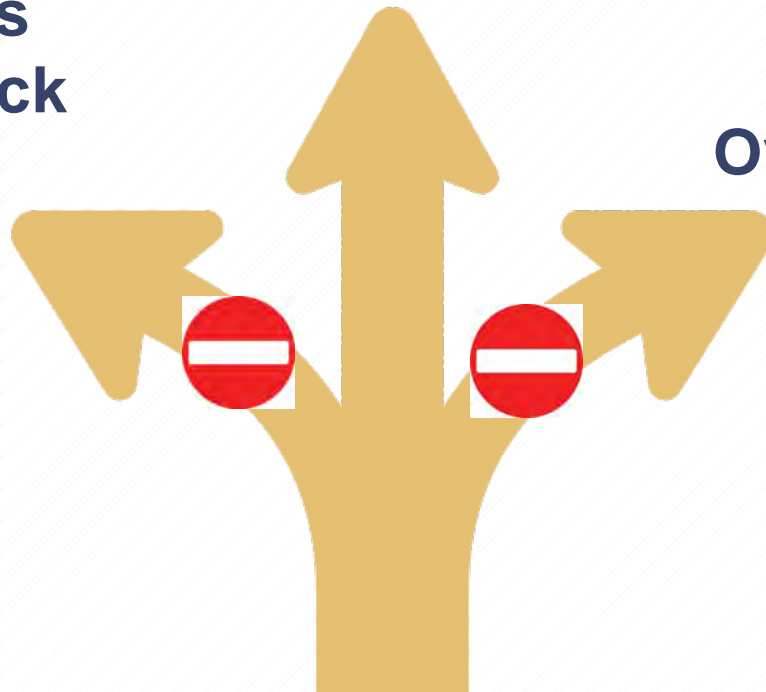
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# Realities

## Piloting New Initiatives to meet Emerging Community Needs

**Surplus  
Claw back**

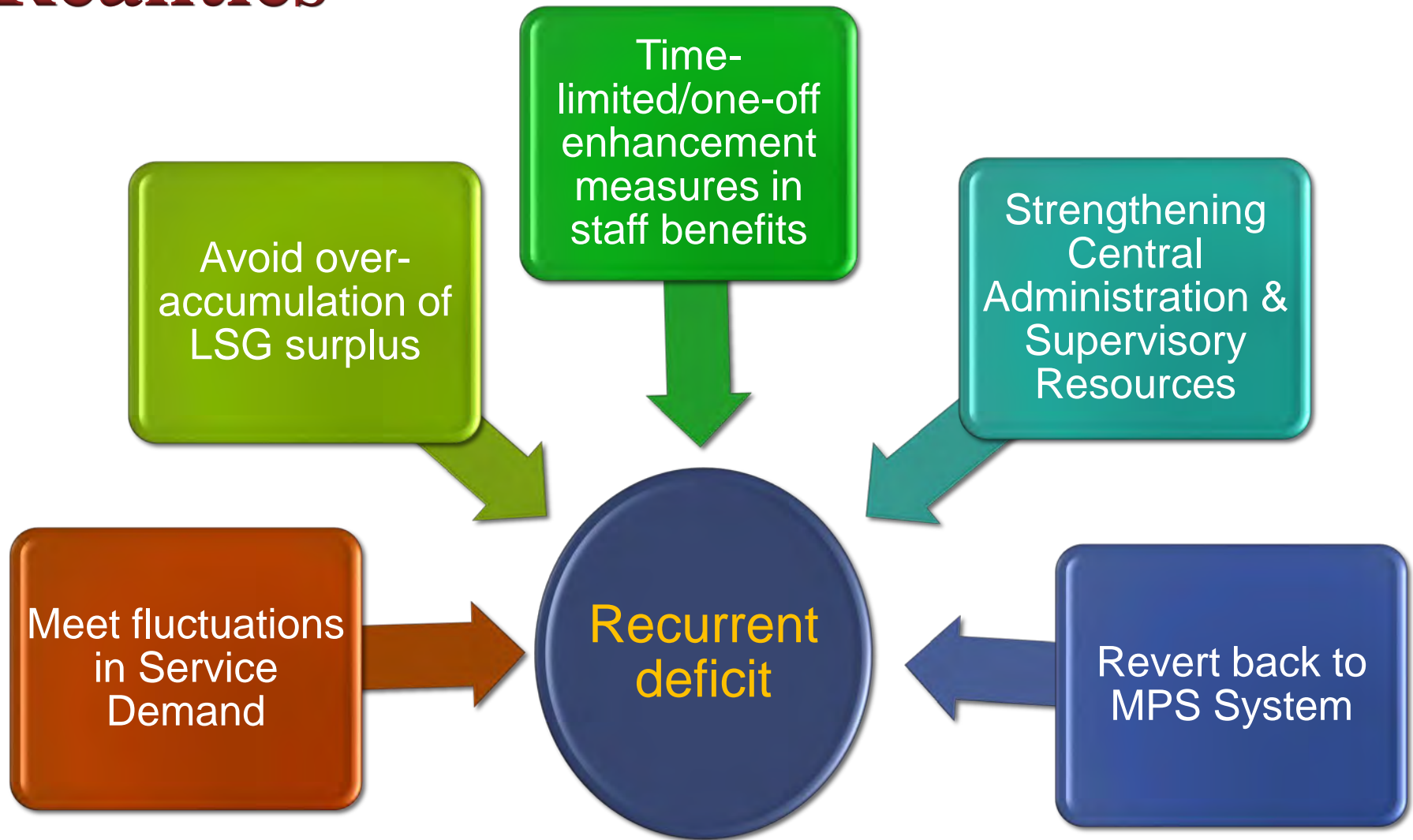
**Financial  
Risks of  
Over-spending**



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# **Recurrent deficit in LSG implies Poor Financial Management**

# Realities



Transparency, accountability and compliance are **NO LESS** than conventional subvention System.

The Paradigm Shift had entirely altered the ecology of the subvented sector

LSG is a **double-edged sword**.



# Some Suggestions



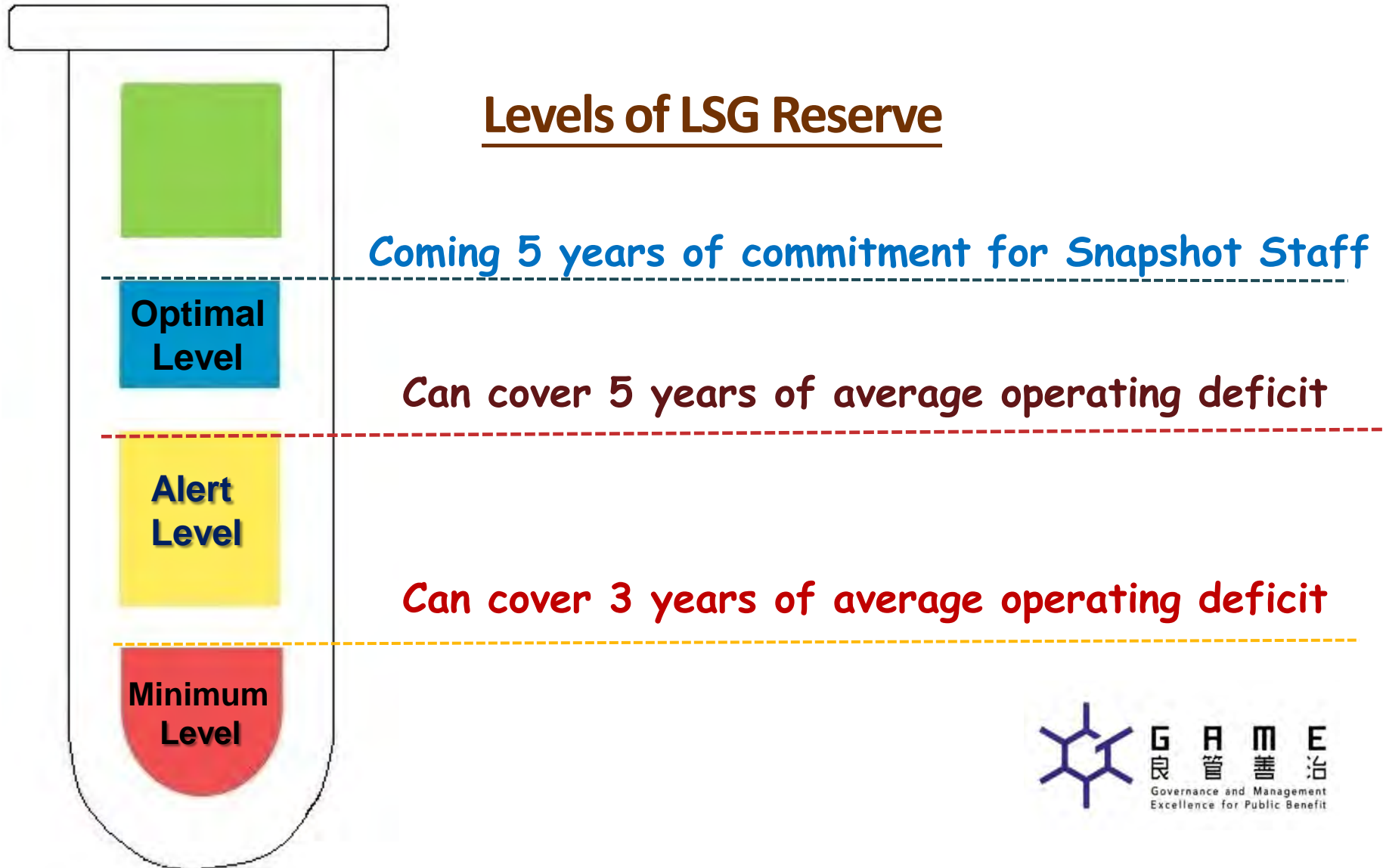
# 1. Actuarial Study



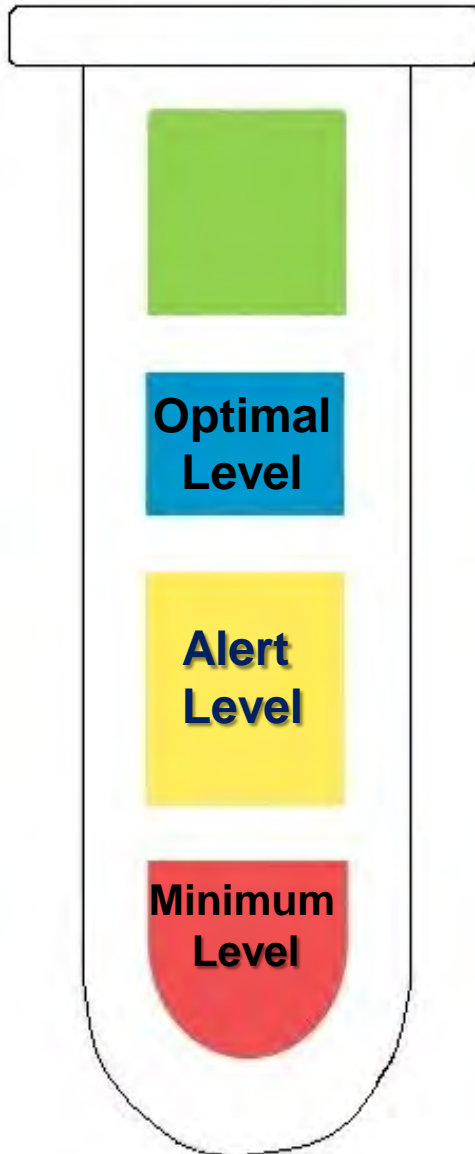
Personal Emoluments Projection with due consideration of turnover rates and vacancy rates of different ranks of staff



## 2. Set up a LSG Surplus Monitoring Mechanism



## Action to be taken



**Snapshot staff commitment released**

➡ **Long Term Improvement**

**Savings from staff turnovers and vacancies**

➡ **Time limited Enhancement**

➡ **Service re-vamping**

➡ **Re-vamping of staff remuneration package & supervision structure**  
➡ **Search Alternative Resources**

### 3. Uphold 6 Principles in Financial Management



# IMPACT on GOVERNANCE-EXECUTIVE RELATIONSHIP



# 1. The Growing Consciousness of Fiduciary Duties of NGO Governance



## 2. The Diminishing Confidence to the Management

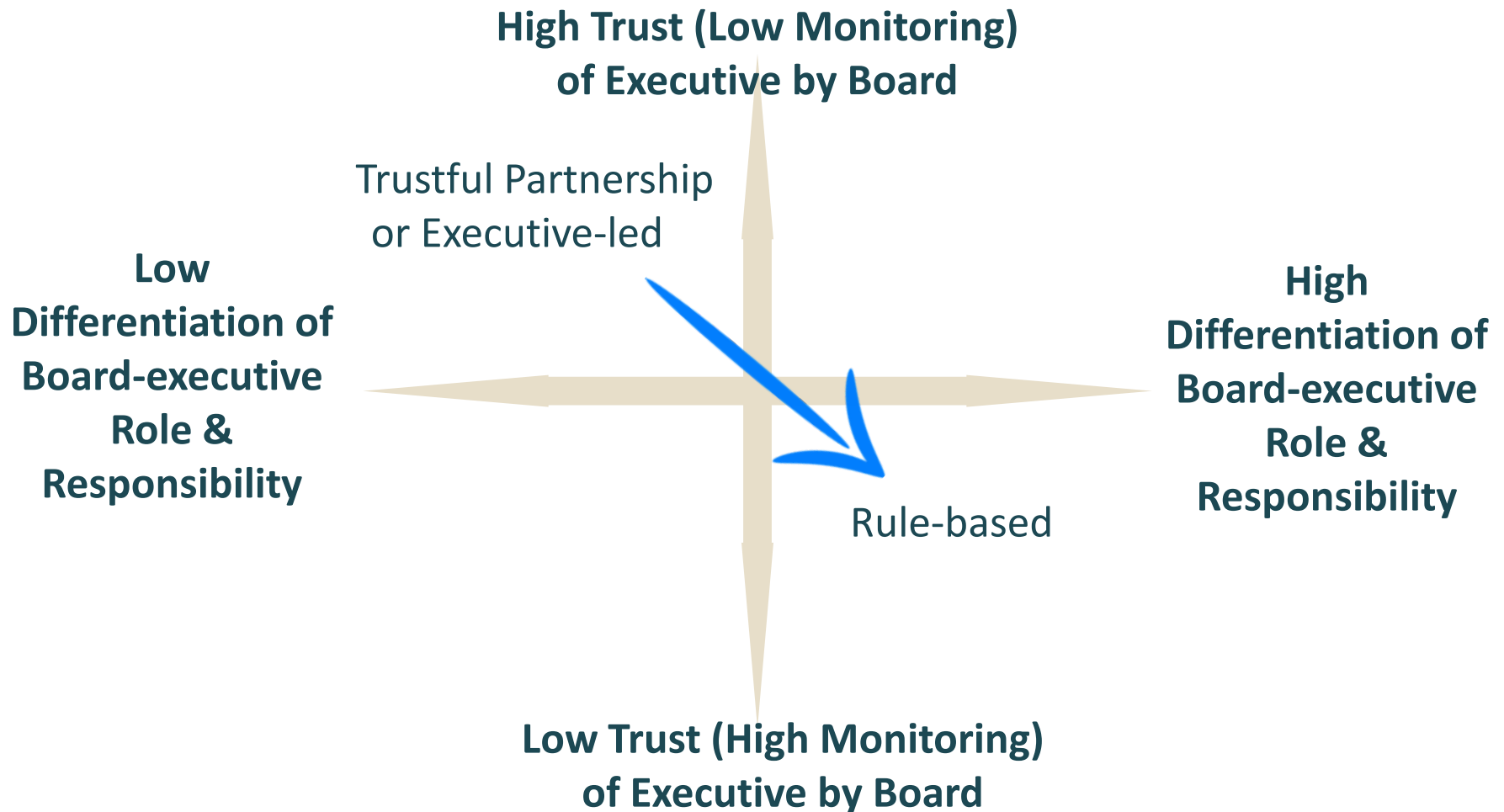
**Executive-led**



**Governance-led**



### 3. From trustful Partnership to Rule-based



## 4. Proliferation of Monitoring governance Structures



Remuneration  
Committee



Internal Audit  
Committee



Risk Management  
Committee



# Reflection

Would **Managerialism**  
haunt NGO governance again ?



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# Reflection

- Process Re-engineering for 3Es : Efficiency, Economy & Efficacy ?
- Apply ISO standards in NGO Management?



# Reflection

- Adopt market principles in remunerating staff ?
- More Internal Monitoring Structures?

# Reflection

- More BM from Professionals rather than Community Representatives?
- More Compliance-driven CEOs, less mission-driven leaders ?

# Reflection

- NGO creativity & autonomy undermined ?
- What's the cost of a tightly managed NGO sector?
- Do we want isomorphic subvented NGOs ?

The Reward of an NGO Head is not Profit.  
It is rather the Freedom to Serve.

