

ITEM FOR FINANCE COMMITTEE

HEAD 149 - GOVERNMENT SECRETARIAT: HEALTH AND WELFARE BUREAU

Subhead 700 General other non-recurrent

New Item “Community Investment and Inclusion Fund”

Members are invited to approve the creation of a new commitment of \$100 million as part of the initial capital for the establishment of the Community Investment and Inclusion Fund.

PROBLEM

In the 2001 Policy Address, the Chief Executive announced plans to establish a \$300 million Community Investment and Inclusion Fund (CIIF). It is necessary to make a grant to the Fund as initial capital.

PROPOSAL

2. We propose to create a new commitment of \$100 million to serve as part of the initial capital for the establishment of the CIIF.

JUSTIFICATION

Background

3. The idea of setting up the Fund to promote mutual care, to develop a community support network and to encourage community participation, was originally proposed by the social welfare sector. The Hong Kong Council of Social Service suggested setting up a “Community Care Fund” to support community

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initiatives targeted at strengthening families and communities. We support the welfare sector in this initiative and believe that the Fund will help foster a harmonious and caring society.

4. The main purpose of the Fund is to provide the resources and a vehicle to promote community participation in supporting individuals and families, especially vulnerable groups. This will serve to reinforce the message that Hong Kong is a caring community. At the same time, the Fund will help to engender a sense of community spirit and enhance social cohesion and inclusion.

5. This initiative corresponds to the vital role played by social capital in addressing social issues, a trend that is developing and is actively encouraged in many countries. Social capital, according to the World Bank, refers to the institutions, relationships, and norms that shape the quality and quantity of a society's social interactions. Social capital plays an important role in building a stronger community and enhancing social cohesion, which is the development of a community of shared values, shared challenges and equal opportunities based on trust, hope and reciprocity among all its members.

Objectives of the CIIF

6. The objectives of the CIIF are –
- (a) to promote community participation and social inclusion, thereby enhancing the support provided through a strengthened community network to, in particular, the vulnerable groups in the community. This will in turn help to reinforce the sense of belonging in the community. The Fund will serve as a catalyst to bring the community closer together by supporting local projects which encourage mutual concern, support and assistance in the community. This bottom-up approach will strengthen the role of the community in supporting a more viable functioning and integrated development of individual community groups, with a view to promoting social cohesion. This will enhance the social networks of individuals and families and will broaden the support available to assist them to resolve social problems; and
 - (b) to encourage and facilitate cross-sectoral cooperation, including non-government organisations and private sector participation, in social networking and community support projects.

7. We envisage that the Fund will achieve these objectives by supporting community-initiated projects such as those which –

- (a) mobilize community resources to promote self-help and mutual-help in the community;
- (b) promote the integration and inclusion of social groups in the community, particularly those who are disadvantaged; and
- (c) encourage volunteerism and enhance the role and quality of the already substantial volunteer efforts which exist today.

Encl.1 Detailed eligibility criteria, application requirements and monitoring mechanism of the Fund are set out in Enclosure 1.

Initial Project Priorities

8. In view of the objectives of the Fund, we intend to propose to the Fund Committee to be set up to administer the Fund that initially, priority should be accorded to projects which –

- (a) carry a welfare element and focus on assisting vulnerable groups;
- (b) target at the grassroots/neighbourhood level;
- (c) encourage community participation and building;
- (d) are innovative or pilot new services;
- (e) possess a longer-term social investment rather than short-term consumption focus;
- (f) exhibit prospects for longer-term sustainability which may produce lasting benefits for the community;
- (g) are in receipt of support from or in collaboration with the private sector etc.; and
- (h) are from organisations which have not been previously supported by CIIF.

9. These will be supplemented in the light of experience and information to be produced by applicants (see para. 4 of Enclosure 1). They will form the basis of the guidelines to be used by the Fund Committee in determining applications.

Funding

10. Taking account of the experience in terms of the number of projects supported each year and the average level of grant for each project of a number of existing funds which support projects on a scale broadly comparable to those to be supported by the CIIF, we estimate the level of initial funding required to be \$300 million. We do not intend to set a quota on the number of projects to be supported, nor the level of allocation per annum, nor a ceiling on funding for individual projects. However, we intend to set a lower limit of \$20,000 per project, to ensure that the project will be of a sufficient scale to make an impact in the local community.

11. The grants to individual projects can be one-off capital funding or time-limited recurrent funding or a combination of both. We will consider supporting the staff costs and honorarium payments, where appropriate, for projects on a time-limited basis. As the primary objective of funded projects should not be profit-making, any profit arises will be required to be re-invested back into the project. Given the initial duration of the Fund, projects will only be supported for a maximum of three years.

12. It is the Government's firm commitment to strengthen our community support network and to foster a caring society. We therefore recommend that \$100 million of the initial capital for the CIIF be funded from the General Revenue Account, whilst the remaining \$200 million will be sought from the Lotteries Fund. We would also welcome public donations to the CIIF.

13. The initial capital of \$300 million for the CIIF will be held under the Director of Social Welfare Incorporated. The Social Welfare Department will assist with the administration of the Fund.

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Funding Approval

14. We will set up a dedicated committee to examine and approve applications under the Fund. The Committee will also play an important role in promoting the longer term development of social capital and community participation.

15. The Committee will comprise a majority of non-official members and representatives from relevant bureaux and departments. The non-official members will come from a wide variety of sectors, including welfare, education, business, academic, grassroots, and others as appropriate.

16. In view of the likely cross-sectoral nature of the proposed projects, which may as a result involve a number of different programme areas, the Health and Welfare Bureau will serve as the Secretariat for the Committee to ensure effective co-ordination amongst the departments involved. The proposed terms of reference and structure of the Committee is at Enclosure 2.

Encl. 2

Implementation

17. We plan to invite applications shortly after funds have been approved. We expect to disburse grants for successful applications in early 2002-03.

Review

18. We intend to continuously evaluate the effectiveness of the Fund and individual projects' contribution to the overall objectives by inviting interested academics to undertake this important task in the course of the operation of the Fund, in order to provide an independent assessment. The results of the evaluation will be taken into account in considering the Fund's way forward.

FINANCIAL IMPLICATIONS

19. Subject to Members' approval of the proposed commitment, we will provide the grant to CIIF having regard to its cash flow requirements through supplementary provision under delegated authority.

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20. The workload arising from the setting up of the Fund will initially be absorbed by staff in the Health and Welfare Bureau. We will review the manpower requirement in the light of the actual number of applications received.

BACKGROUND INFORMATION

21. The Chief Executive announced in the 2001 Policy Address that the Government planned to provide an initial \$300 million grant. We propose that \$100 million should be from the General Revenue Account and \$200 million from the Lotteries Fund. The objective of the Fund is to encourage mutual concern and help among people, enhance the community support network and promote community participation in local and cross-sectoral programmes.

22. Since the announcement of the establishment of the CIIF in the 2001 Policy Address, we have been actively seeking views from the welfare sector and community groups on the operation of the Fund. These include the Hong Kong Council of Social Service, the Hong Kong Social Workers Association, academics and a number of NGOs. The Women's Commission also held a meeting with various women groups and service agencies in October 2001, which was attended by representatives from more than 50 organisations. Responses from the community are very positive, and the objectives and broad direction of the Fund are supported. We have taken account of their views in formulating the proposed operational arrangements. The Social Welfare Advisory Committee supports the proposed allocation of \$200 million from the Lotteries Fund which will serve as part of the initial capital of CIIF. Subject to approval by the Chief Executive, the injection from the Lotteries Fund will be made in phases to the CIIF.

23. We briefed the Legislative Council Panel on Welfare Services on 14 January 2002. Questions and comments on the Fund from Members have been addressed in this paper.

**Detailed Eligibility Criteria, Application Requirements and
Monitoring Mechanism of the Community Investment and Inclusion Fund**

Eligibility Criteria

The Administration intends to propose to the Fund Committee, which will be set up to administer the Fund, the following –

(i) Nature of Projects to be Supported

2. The Fund should primarily support community projects which seek to promote the broad objectives of the Fund. Whilst the focus will be on projects which assist neighbourhood-level groups, applications from functional groups and those with a territory-wide application will also be considered. We aim to provide an effective means to encourage bottom-up initiatives and opportunities for community participation. We do not, however, intend to support one-off consumption activities (such as banquets, picnics and trips), which will not have long lasting effect on community development.

(ii) Eligible Applicants

3. Applications may be submitted by welfare organisations (subvented and non-subvented) and community groups, but not from individuals or government departments. Joint applications involving different organisations will be permissible. Organisations should normally be registered under, for example, the Companies Ordinance, the Societies Ordinance or section 88 of the Inland Revenue Ordinance, or be a member of umbrella organisations such as the Hong Kong Council of Social Service or federation / coalition of women groups. For those who are not registered or members of umbrella organisations, preference will be given to those who are affiliated to a registered organisation or who possess a proven track record in organising public activities.

Application Requirements

4. We envisage that applicants will be required to provide the following information, as far as possible –

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- (a) details of their organisation (such as their aims and objectives, history, composition, activities and projects organised etc.)
- (b) the clear objectives of the proposed project, and how they relate to the objectives of the Fund;
- (c) target groups to benefit (e.g. single-parent families, new arrival families etc.), expected number of beneficiaries, how they will identify and recruit the target group;
- (d) details of the project (including operational plan, budget and timeframe);
- (e) intended outcomes of the project with performance indicators, if available;
- (f) any proposed additional monitoring and evaluation mechanism in addition to that required by the CIIF Committee;
- (g) financial and staffing plan;
- (h) the possible future of the projects, with a focus on their sustainability;
- (i) contribution (in terms of volunteer time and/or money from third parties); and
- (j) other components, such as training plans for staff and volunteers etc.

5. Some local community groups and organisations may require assistance to formulate their project plans. As such, the District Social Welfare Offices, the District Offices under the Home Affairs Department, the Health and Welfare Bureau (as the Fund Secretariat), the Hong Kong Council of Social Service as well as non-governmental organisations will provide assistance to applicants in completing the application procedures. The Committee may also invite applicants to discuss their proposed projects with a view, where necessary, to enhancing their submissions.

/Monitoring

Monitoring Mechanism

6. Given the use of public funds, it will be important to monitor and evaluate the outcomes of funded projects. We will therefore propose to the Committee that half-yearly reports be submitted on the progress of all funded projects, and that a separate final evaluative report be submitted at the end of the project. All of these should contain a financial progress report detailing the actual expenditure against the budget plan. Projects in receipt of funds in excess of a certain amount (possibly in the order of \$250,000) will be required to submit annual audited accounts. In addition, we will arrange visits to projects by both members of the Committee and staff of the Secretariat. We also intend to invite external assessors including interested academics, social workers and other professionals to advise on the operation of the project, where appropriate, and to assist in the monitoring and evaluation of individual projects as well as on the Fund as a whole.

7. An annual public forum will be held to review progress of the Fund to discuss, a sampling of projects and to share best practices. In this connection, operators of funded projects may be invited to share their experiences in organising community projects.

Committee on the Community Investment and Inclusion Fund

Proposed terms of reference

1. To advise the Secretary for Health and Welfare the most appropriate and effective means to facilitate the development of social capital in Hong Kong.
2. To handle applications for funding from the Community Investment and Inclusion Fund, including to examine and approve applications, to decide on the level of funding for each successful application, and to monitor and evaluate the effectiveness of funded projects.
3. To advise the Secretary for Health and Welfare on all matters related to the administration of the Fund.

Proposed Membership

Chairperson: A non-official

Members:

- Ex-officio Members: representatives from relevant bureaux and departments
- Non-official Members: will form the majority of the Committee

Secretariat: Health and Welfare Bureau