

LEGISLATIVE COUNCIL

Panel on Environmental Affairs

Panel on Planning, Lands and Works

Establishment of the Sustainable Development Fund

Purpose

This note aims to explain to Members the proposal to establish the Sustainable Development Fund.

Considerations

2. As part of the vision of ‘Making Hong Kong an Ideal Home’ enshrined in the 1999 Policy Address, the Chief Executive emphasised the importance of the community, the business sector and the Government working in partnership to embrace the principles of sustainable development. To encourage the community to gain an understanding of the concept of sustainable development and to put its principles into practice, the Chief Executive announced that \$100 million would be earmarked to support community initiatives in this area. Special emphasis would be placed on educational programmes aimed at helping the community develop a strong awareness of sustainability.

Details of the Proposal

Broad Scope and Objectives of the Fund

3. At the first meeting of the newly appointed Council for Sustainable Development (CSD) in April 2003, Members discussed the detailed proposal to establish a Sustainable Development Fund (SDF), and advised on the scope and objectives of the proposed fund.

4. The CSD agreed that the SDF should provide a central source of funding to support initiatives aimed at developing a strong public awareness of the concept of sustainability and its importance. It could also provide funding for projects that would promote sustainable practices in Hong Kong. Specifically, the SDF would be a source of grants for activities that promote –

- (a) public understanding of the importance of advancing the economic, social and environmental interests of the community in a balanced and integrated manner;
- (b) everyday practices that are consistent with the principles of sustainability; and
- (c) public participation in the discussion of Hong Kong's long-term sustainable development.

Given that the main aim of establishing the SDF is to promote understanding

of sustainable development in the wider community, we further propose giving priority to projects that are likely **to make a noticeable impact on the general public's awareness of sustainability**. We would therefore encourage applications that relate to public educational programmes, particularly those that could convey in a direct and practical manner the message that we can all play a part in making Hong Kong a sustainable city. Non-profit organisations, educational institutions, professional bodies and registered community groups would be among those eligible to receive grants from the Fund.

Eligibility for Grants from the SDF

5. We propose to accept applications for grants from the SDF throughout the year from community-based groups, non-profit or charitable organisations, non-profit-making educational institutions, relevant professional bodies and other non-government sector groups. We would also encourage applications from student groups or bodies to conduct projects or studies consistent with the scope and objectives of the SDF.

Assessment of Applications

6. The CSD decided at its first meeting to form an Education and Publicity Sub-committee (EPSC) to assist the Council in developing strategies and programmes to raise public awareness of issues related to Hong Kong's sustainable development. The EPSC comprises members of the CSD as well as "co-opted" members from outside the Council with appropriate expertise, knowledge and experience. One of the

Sub-committee's tasks would be to review and advise on whether to support applications for grants from the SDF, in accordance with the broad objectives and funding guidelines agreed by the Council, set out at **Annex**.

Administration of the Fund

7. The day-to-day administration of the SDF would be the responsibility of the Sustainable Development Unit (SDU) under the Administration Wing of the Office of the Chief Secretary for Administration, which also provides the Secretariat to the CSD and its sub-committees. The authority for awarding grants under the SDF would rest with the Director of Administration in his capacity as the Vote Controller. The Director will decide on the disbursement on the advice of the CSD.

Relationship with Existing Funding Schemes

8. We have considered the relationship of the SDF to other funds, in particular the Environment and Conservation Fund (ECF) and the Community Investment and Inclusion Fund (CIIF), to ensure that there is minimal overlap or duplication in how these funds should be used.

9. The ECF and the CIIF focus on distinct policy issues, namely the promotion of environmental protection and the conservation of the local environment, as well as the development of social capital through enhance mutual help and community participation. The concept of sustainable development cuts across a range of policy areas including, but not limited to, economic development, environmental awareness, social inclusion, urban

planning and development and the promotion of cultural diversity. It also pertains to the long-term realisation of sustainability objectives. The focus of the SDF would therefore be on projects that facilitate **integration** between these various policy perspectives, rather than those that solely address, for example, environmental or social issues. The CSD does not consider it appropriate to support applications that fail to demonstrate a clear understanding of the concept of sustainable development, in particular the integration of different fields to achieve long-term sustainability goals. In this respect, the Fund would differ markedly from the ECF and the CIIF.

Annual Review of the Operation of the SDF

10. We envisage that initial applications for grants from the SDF would be diverse in range and nature. We shall review the operation and scope of the SDF annually, in consultation with the CSD, to ensure that we can achieve the objectives of the Fund.

Financial Implications

11. We propose to make a submission to the Finance Committee of the Legislative Council on 13 June for an allocation of \$100 million to a new Capital Account commitment to establish the SDF. The Director of Administration will absorb within his current operating budget the administrative costs involved in the operation of the SDF, including the staffing requirements involved in publicising the Fund, screening applications, monitoring the use of grants and reviewing the scope of SDF in consultation with the CSD.

Implementation

12. Subject to the Finance Committee's approval of the necessary funding commitment, we plan to establish the SDF formally and promulgate the funding guidelines widely, before we begin to receive applications.

Sustainable Development Unit
Administration Wing
May 2003

**Sustainable Development Fund
Proposed Funding Guidelines**

1. Projects selected for funding support will be expected to enhance Hong Kong people's understanding of sustainable development, or encourage the local community to put the concept of sustainable development into practice.
2. The concept of sustainable development involves integrating the economic, social and environmental aspects of development. Hence, projects failing to demonstrate clearly full integration of at least two of these aspects would not be supported.
3. The benefits must accrue to the local community as a whole, and not just a single organisation, a consortium of companies or a narrow sector.
4. Projects should be non-profit making in nature. Any income derived from a project, which should be set out in the application in the first instance, should be used to further the project's objectives.
5. Funds approved cannot be used to create any permanent posts or recurrent financial commitment.

6. In considering a project proposal, due consideration will be given to -
 - (a) whether there is a demonstrable need for the proposed project;
 - (b) the technical and project management capability of the applicant;
 - (c) whether the proposed project's schedule of implementation is well-planned and the duration is reasonable;
 - (d) whether the proposed budget is reasonable and cost effective in general terms;
 - (e) whether the proposed project has alternative source(s) of funding support or would be more appropriately funded by other source(s) (e.g., the Environment and Conservation Fund, the Community Investment and Inclusion Fund, etc.);
 - (f) whether there is or likely to be duplication of the work by the proposed project and other community groups; and
 - (g) whether the proposed project has the potential to become a self-sufficient ongoing initiative.

7. Successful applicants will be required to provide regular progress reports on the implementation of projects, and to complete an end-of-project evaluation that measures the success of the project against its stated aims.