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Panel on Welfare Services

**Background brief prepared by the Legislative Council Secretariat
for the meeting on 10 December 2007**

Community Investment and Inclusion Fund

Purpose

This paper provides background information and gives an account of the discussions of the Panel on Welfare Services (the Panel) on the Community Investment and Inclusion Fund (CIIF).

Background

2. In the 2001 Policy Address, the Chief Executive (CE) announced the establishment of a \$300 million CIIF to provide seed money to support the collaborative efforts of community organisations and the private sector in encouraging mutual concern and aid, promoting community participation, and supporting cross-sectoral programmes. The primary objective of the Fund is to enhance social capital that is considered by the Work Bank to be the essential social glue which strengthens social cohesion and is conducive to fostering social harmony.

3. Following consultation with the stakeholders including the Panel, the Administration had drawn up the proposed operational arrangements of CIIF. Funding support was obtained in February 2002, with an allocation of \$100 million from the General Revenue approved by the Finance Committee and a one-off grant of \$200 million from the Lotteries Fund approved by CE. The CIIF Committee was established in April 2002. Supported by a secretariat, the Committee was responsible for, among others, vetting applications for the Fund and monitoring the progress of funded projects.

4. CIIF was formally launched and open for the first batch of applications in August 2002. All non-governmental organizations (NGOs) and private organizations (but not individuals and Government bureaux and departments) are eligible to submit proposals. Funding is project-based. The types of projects which are not eligible include those –

- (a) that are primarily profit-making;
- (b) that involve mainly one-off consumption activities, such as banquets, picnics and trips without any demonstrable long lasting community development benefit;
- (c) where the beneficiaries and implementation locations are outside Hong Kong;
- (d) that duplicate or replace financial resources for existing subvented services; or
- (e) that are in breach of existing policies or legislative requirements.

5. As of April 2006, a total of eight batches of applications had been processed and 102 projects were approved with a total funding of over \$80 million.

Deliberations of the Panel

6. The Panel discussed with the Administration the operation and the progress of funded projects of CIIF at the meetings on 14 January 2002, 21 January 2003, 5 January 2004, 10 January 2005 and 8 May 2006.

Pace of disbursement of CIIF

7. Members generally raised concern about the slow pace of disbursement of CIIF and small number of successful applications, as demonstrated by the fact that after almost four years of operation, the total funding granted to the approved projects under the Fund was only about \$80 million as of April 2006. Members considered that the pace of disbursement of the Fund should be expedited.

8. The Administration advised that since social capital was a new concept within the local context, it would take some time for the prospective applicants to understand the objectives of CIIF. This explained the low success rates of the early batches of applications for the Fund. However, with the efforts put in by the CIIF Committee in promoting the social capital concept and providing assistance to prospective applicants, the proportion of successful projects had increased since the third round of applications. As the prime objectives of the Fund were to promote mutual help and develop community support networks by mobilising community resources and volunteer efforts, the CIIF projects would not involve huge amount of funding, which accounted for the reason why only \$80 million had been disbursed as of April 2006. The Administration added that there was no pre-set timetable for expending the entire Fund.

9. Members also questioned whether the low success rates of applications were due to the stringent assessment criteria adopted by the CIIF Committee. The Administration advised that the CIIF Committee was aware of the need not to overburden the applicants with unnecessary scrutiny. It would encourage innovation from the applicants to come up with effective strategies that could meet the Fund's objectives.

10. As regards the suggestion of introducing measures to encourage more organisations from the business and professional sectors and local community groups to apply for CIIF, the Administration advised that the CIIF Committee had been working closely with District Social Welfare Officers (DSWOs) and District Officers to encourage a wider range of organisations to submit project proposals; much progress in this regard had been made. There was an increasing number of non-welfare organisations, such as women's groups, resident groups and professional bodies, had come forward to apply for the Fund. Efforts in engaging more non-welfare organisations would continue with the strategies being kept under review to ensure effectiveness.

Support to CIIF applicants and successful organisations

11. Members considered that more assistance should be provided to the prospective applicants to turn their ideas into viable project proposals. The assessment criteria of the Fund should also be made clearer to facilitate applicants to better prepare their proposals.

12. The Administration advised that applicants had been given assistance prior to applying for the Fund in a variety of ways. The CIIF Secretariat had organised briefing sessions to explain the objectives of the Fund and the application procedures. Sharing forums involving successful applicants had been conducted to provide feedback and to facilitate experience sharing amongst prospective applicants. Prospective applicants having difficulties in preparing their proposals could also approach the CIIF Secretariat for assistance during the application process. In addition, a CIIF Partnership Scheme was introduced in July 2002 to provide mentoring, practical advice or technical assistance to less well-established applicants to put forward proposals.

13. Members suggested that more support should be provided by the CIIF Committee and Secretariat to successful applicants, say, by encouraging the business sector to participate in developing social capital and by strengthening co-operation among Government departments to facilitate the implementation of CIIF projects, such as in the provision of suitable premises.

14. The Administration advised that the CIIF Committee had made various efforts to encourage cross-sectoral collaboration and partnerships in developing social capital, and breakthroughs had been made in this regard. It would continue to discuss with the CIIF Committee ways to strengthen support and assistance to less well-established successful applicants where appropriate.

Relationship with other Government funded projects

15. Members noted with concern that some CIIF projects were similar to other initiatives funded by the Government. For example, the CIIF projects containing an employment related component would overlap with the Government's initiatives to help the unemployed and the disadvantaged persons. To avoid inefficient use of resources, members considered that more co-ordination should be made by the Administration to ensure that there was no service duplication between CIIF projects and other Government funded projects.

16. The Administration advised that sufficient safeguards against resource duplication between CIIF projects and other Government funded projects were already in place. Full consultation with the relevant Government departments would be made in respect of each proposal, before the applications were considered by the CIIF Committee as regards the quality, relevance, potential and cost-effectiveness of the proposal.

Future development of CIIF projects

17. Members expressed concern that some CIIF projects could not sustain on their own after the expiry of the funding period if no further funds were injected from CIIF or the Administration. They suggested that additional funding should be provided to worthwhile CIIF projects after their initial funding had been used up.

18. The Administration advised that one of the major considerations adopted by the CIIF Committee for supporting a project proposal was that the project results were able to be self-sustained, and that it could be self-financed with the support of its collaborators if any ongoing operation was necessary. While funding from CIIF served as seed money to start off the project, funding support for up to three years was usually provided to allow ample time for the project organisers to learn how to take over self-management of the project. If resources permitted, and if there were projects still worthy of support at the end of the three-year period, consideration would be given to extending the duration of the funding period. Another possibility was to solicit sponsorship from the corporate sector and to encourage volunteerism from within the relevant local community.

19. In response to members' suggestion of turning CIIF projects worthy of support into mainstream services, the Administration advised that while CIIF projects shared the common goals of encouraging mutual help and promoting cross-sectoral partnerships, extension of successful CIIF projects to other districts should take into account the service needs and characteristics of different local communities. The CIIF Committee would continue their efforts to promote the good practices of successful projects to maximise their impact, for example, through regular discussions with DSWOs and NGOs concerned.

20. At the Panel meeting on 10 January 2005 and 8 May 2006, members pointed out that the barriers posed by the Co-operative Societies Ordinance

(Cap. 33) had made it difficult for successful applicants to establish co-operatives to continue with the work of the CIIF projects after the expiry of the funding period. For example, the lack of an employer and employee relationship in a co-operative formed under the Ordinance had made it impossible for the co-operatives to purchase employees insurance for their workers/members. Having regard to the fact that the Ordinance could not meet present day requirements, members urged the Administration to expeditiously review the Ordinance with a view to facilitating the formation and operation of co-operative type social enterprises (SE) formed under CIIF.

21. The Administration advised that it would convey members' concern about the limitations posed by the Co-operative Societies Ordinance on the formation of co-operatives to the relevant bureau/departments for consideration. The CIIF Secretariat had organised a seminar in 2004 inviting those already in operating co-operatives to share their experience, and would meet with some community organisations with an interest to set up co-operatives to see what types of support and assistance could be provided to them.

22. The Administration further advised that while it was willing to review the Co-operative Societies Ordinance with a view to facilitating the formation of co-operatives of SE nature, the major difficulties faced by the needy groups in forming co-operatives was the lack of professional knowledge/experience in starting and operating a business. This concern was beyond the legislative framework of the Ordinance. The restrictions under the Ordinance, such as the requirement for co-operatives to have a minimum number of 10 members, was only of secondary concern.

23. The Administration added that the Commission on Poverty had discussed how to promote the development of SE, including co-operatives, from a strategic perspective. The review of the Co-operative Ordinance should be undertaken within the broad context of promoting the SE development in Hong Kong.

24. At the meeting on 8 May 2006, the Panel was informed by the Administration that it had commissioned an evaluation consortium (the Consortium), which comprised seven research teams from five tertiary institutions, to conduct an independent evaluation on the CIIF operation and funded projects in 2004. The final reports of the Consortium studies were submitted in March 2006. The Consortium made a number of recommendations to enhance the CIIF operation, promote good practices, and assist the further development of social capital in Hong Kong. The next phase of the CIIF development would focus on:

- (a) the promotion of good practices such as through customized "guided" tours to specific CIIF projects and repackaging of the CIIF promotional materials;
- (b) greater promotion of tripartite partnership and cross-sector collaboration models;

- (c) more systematic training and development of the sector and collaborators on social capital theories and practices; and
- (d) exploration of areas for future research, including specific topics such as strategies on achieving sustainability; anchoring of core members, longitudinal studies on effectiveness of specific strategies, and development of social capital indicators, etc.

Latest development

25. The Administration will brief the Panel on the progress of CIIF at the meeting on 10 December 2007.

Relevant papers

26. Members are invited to access the Legislative Council's website at <http://www.legco.gov.hk> to view the Administration's papers for the meetings of the Panel on Welfare Services on 14 January 2002, 21 January 2003, 5 January 2004, 10 January 2005 and 8 May 2006, and the relevant minutes of the meetings.

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