

# 立法會 *Legislative Council*

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## **Panel on Development**

**Special meeting on 3 February 2009**

### **Background brief on Hong Kong Special Administrative Region Government's Post-quake Reconstruction Support Work in Sichuan**

#### **Purpose**

This paper provides background information on the emergency relief and reconstruction support work undertaken by the Hong Kong Special Administrative Region (HKSAR) Government in Sichuan after the Sichuan Wenchuan massive earthquake on 12 May 2008 and a summary of the views and concerns expressed by Members during the relevant discussions of the committees of the Legislative Council (LegCo).

#### **Background**

##### The earthquake at Wenchuan County on 12 May 2008

2. On 12 May 2008, a serious earthquake, the worst one since the Tangshan earthquake in 1976, jolted Wenchuan County, Sichuan Province. According to the State Council Headquarters for Resisting Earthquake and Providing Disaster Relief, as at 10 July 2008, the death toll of the earthquake stood at 69 197, with 374 176 injured and 18 377 missing. The total number of victims was over 46.24 million. The earthquake affected a wide expanse of 440 000 km<sup>2</sup>, of which 125 000 km<sup>2</sup> was hard-hit; 417 counties, 4 656 villages/towns and 47 789 village sub-areas in Sichuan, Gansu, Shaanxi and Chongqing were affected. In Sichuan alone, the quake-stricken area reached 250 000 km<sup>2</sup>, of which 100 000 km<sup>2</sup> was hard-hit. Premises of over 4.5 million households collapsed or were seriously damaged to the extent that they became uninhabitable. Beichuan, Wenchuan and Yingsiu counties were nearly flattened. A total of 22 000 km of expressways, trunk-roads and village roads, 940 bridges, 16 national/provincial trunk-roads, and six railway lines including the Bao-cheng Railway were broken.

### HKSAR's immediate relief to earthquake victims

3. Two days after the earthquake, i.e. on 14 May 2008, the Administration proposed and the Finance Committee (FC) approved the injection of a sum of \$350 million initially to the Disaster Relief Fund in aid of the earthquake victims. On the advice of the Central People's Government (CPG), a sum of \$300 million was channelled to the earthquake victims through the State Council Headquarters for Resisting Earthquake and Providing Disaster Relief. The remaining \$50 million was set aside to cater for applications for grants under the Disaster Relief Fund by major relief organizations to provide emergency relief to the earthquake victims.

### Trust Fund in Support of Reconstruction in the Sichuan Earthquake Stricken Areas

4. The Administration communicated further with the CPG and the Sichuan Provincial Government (SPG) and understood that the Hong Kong and Macao Special Administrative Regions were requested to assist in --

- (a) the reconstruction of public service facilities in the hard-hit counties of Sichuan such as schools, hospitals, rehabilitation centres, homes for the aged, orphanages, women and children healthcare centres, and cultural and sports facilities;
- (b) the key elements of specific infrastructural projects of Sichuan, including roads and bridges; and
- (c) the reconstruction of Wolong Giant Panda Reserve.

Besides, the HKSAR could also offer assistance in accordance with actual needs of the stricken areas such as medical and rehabilitation services, emotional support and counseling services, and other areas of professional training.

5. As the Sichuan Earthquake reconstruction support work falls outside the ambits of the Disaster Relief Fund and "The Secretary for Home Affairs Incorporated -- Donations" dedicated account, the Administration proposed the creation of a new commitment of \$2 billion for the establishment of the Trust Fund in Support of Reconstruction in the Sichuan Earthquake Stricken Areas (Trust Fund) as the HKSAR's financial commitment to the reconstruction support work in the initial stage. The proposal was approved by FC on 18 July 2008. In the relevant FC Paper (FCR(2008-09)40), the Administration's preliminary assessment was that the overall commitment in the reconstruction support work of the HKSAR should not exceed \$10 billion. After off-setting donations from the private organizations and the public, the HKSAR's funding commitment would be less than \$10 billion.

### Coordination of reconstruction work in Sichuan Earthquake Stricken Areas

6. To oversee and coordinate HKSAR's efforts in support of the reconstruction of the quake stricken areas, liaise with the Mainland authorities and participate in the work of the Hong Kong-Sichuan Liaison and Coordination Group on Post-quake Reconstruction, the Administration set up a Steering Committee for Reconstruction in Sichuan Earthquake Stricken Areas. The Steering Committee is chaired by the Chief Secretary for Administration and comprises relevant heads of Government bureaux and departments. Its terms of reference and membership are set out in **Appendix I**.

7. Under the Steering Committee, five working groups dedicated to specific areas of work and providing advice to the Steering Committee have been set up, namely the Working Group on Reconstruction Works led by the Development Bureau, Working Group on Medical Health and Rehabilitation Services led by the Food and Health Bureau, Working Group on Home Affairs led by the Home Affairs Bureau, Working Group on Social Work led by the Labour and Welfare Bureau, and the Working Group on Education and Training led by the Education Bureau.

### *Cooperation Arrangement on Support of Restoration and Reconstruction in the Sichuan Earthquake Stricken Areas*

8. The HKSAR Government signed a "Cooperation Arrangement on Support of Restoration and Reconstruction in the Sichuan Earthquake Stricken Areas" (Cooperation Arrangement) with the People's Government of Sichuan Province on 11 October 2008.

9. According to the Cooperation Arrangement, projects directly funded by donations from Hong Kong will be jointly identified by Sichuan and Hong Kong sides, and Hong Kong's assistance in taking forward the agreed projects should be undertaken on a project basis and in phases. Each funded project would be a separate project, and project fund management should follow the principle that disbursement of funds should be made in accordance with the progress of work. The funds required would be released by instalment with regard to the progress of work and in accordance with the relevant financial regulations and rules of the HKSAR. The technical standards of the work projects should comply with the rules and regulations of the Mainland, and should be subject to an appropriate monitoring mechanism.

10. In signing the Cooperation Arrangement, the HKSAR Government agreed to 20 reconstruction projects for implementation in the first stage, with an estimated financial commitment of HK\$1,897 million in total. The first stage reconstruction projects include the setting up of a "Sichuan Hong Kong Rehabilitation Centre" in the Sichuan Provincial People's Hospital, the reconstruction of medical facilities, schools and social welfare facilities in the

province, as well as the construction of a section of 303 Provincial Road from Yingxiu to Wolong. Basic information and preliminary estimates of these projects are given in **Appendix II**.

11. To take forward the reconstruction support work, the Sichuan and Hong Kong sides have agreed to set up a three-tier coordination mechanism which includes a high-level coordination group formed by the Chief Secretary for Administration and Vice-governor of the SPG, a coordination group formed by representatives from the relevant bureaux/departments of the HKSAR Government and SPG, and dedicated project groups for individual projects/areas of work.

#### Involvement of non-governmental organizations (NGOs) from Hong Kong

12. NGOs in Hong Kong may apply to the Trust Fund for financial support to take forward reconstruction support work in Sichuan's earthquake-stricken areas. To this end, they are required to form partnership with a government department or organization approved by the SPG. The projects have to tie in with the overall planning and needs of the stricken areas. The HKSAR Government has promulgated the guidelines for grants to NGOs, and the first round of invitation for applications started on 13 October 2008.

13. By the end of November 2008, the Trust Fund has received over 40 applications from local NGOs. On the recommendation of the Steering Committee, the Trust Fund has approved 12 applications for the first phase, which covered both hardware and software components in the areas of education, medical services, physical and psychological rehabilitation, and training schemes etc. The total amount of grants is about \$87 million. A list of the approved projects is in **Appendix III**.

#### **Views and concerns of Members**

14. To secure funding in aid of the earthquake victims and implement post-earthquake reconstruction in collaboration with the Mainland authorities, the Administration submitted two funding proposals to FC on 14 May 2008 and 18 July 2008. A study mission was arranged for LegCo Members to visit the earthquake stricken areas on 4 to 6 July 2008. On 28 October 2008, the Administration briefed the Panel of Development on the progress of the post-quake reconstruction support work in Sichuan. The major concerns and views expressed by Members during these discussions are summarized in the ensuing paragraphs.

### Need for additional funding and proper control over the use of relief funds

15. At the FC meeting on 14 May 2008, members generally considered that additional funds should be provided for emergency relief where necessary, particularly the provision of grants for major relief organizations, in view of the severity of the earthquake. Some members emphasized the importance of ensuring proper use of relief funds, and called for timely submission by relief organizations and relevant Mainland authorities of evaluation reports with clear breakdowns showing the uses and beneficiaries of the relief funds.

### Relief measures for Hong Kong people

16. While appreciating the Administration's efforts in supporting the reconstruction of the Sichuan earthquake stricken areas, some members considered that the Administration should draw up comprehensive measures to help Hong Kong people at the same time, especially the low-income and middle-class citizens, who were hard hit by the escalating cost of living due to the rampaging inflation.

### Funding arrangements

17. At the FC meeting on 18 July 2008, some members expressed the view that while they were sympathetic with the earthquake victims, they had strong reservations over the setting up of a \$2 billion Trust Fund in the absence of details of the reconstruction projects and how they were to be monitored. A member opined that the Administration should first draw up detailed procedures for selecting, monitoring and auditing the reconstruction projects and submit the funding proposal to FC at the beginning of the next term of LegCo. Another member requested the Administration to submit the project proposals to LegCo for approval before implementation.

18. The Administration responded that CPG and SPG would soon map out an overall reconstruction plan for the earthquake stricken areas, and it was desirable for HKSAR to participate early in the reconstruction to provide timely assistance to the earthquake victims. Given the emergency situation, it would not be practicable to submit details of individual reconstruction projects to FC for approval. The establishment of the Steering Committee to oversee the implementation of the projects and making regular progress reports to LegCo was considered to be the most effective arrangement in rendering assistance to the earthquake stricken areas.

### Monitoring of reconstruction projects financed by the Trust Fund

19. At the FC meeting on 18 July 2008, some members opined that since the Trust Fund was financed by contribution of the HKSAR Government and public donations, the Steering Committee should include representatives of the public,

and representatives from different professions and other sectors of the community including LegCo Members should be appointed to the five working groups formed under the Steering Committee.

20. In order to ensure the quality and standards of the works delivered, some members enquired about the possibility of assigning the reconstruction projects to authorized persons/professionals from Hong Kong, with the relevant Government departments certifying the completed works.

21. To achieve greater transparency, some members urged the Administration to publicize the list of reconstruction works projects and enable NGOs to participate as well. There was a suggestion that the Administration should set up a webpage to release updated information concerning the progress of the reconstruction projects and the operation of the Trust Fund.

22. The Administration advised that CPG would issue a new set of standards for the reconstruction projects in the earthquake stricken areas, and works items financed by the Trust Fund would have to comply with such standards. Implementation of the reconstruction programme would be highly transparent, and arrangement could be made for representatives of the community to visit the work sites where appropriate.

23. As regards the suggestion of assigning the reconstruction projects to authorized persons/professionals from Hong Kong, the Administration advised that Hong Kong and foreign professionals without Mainland qualifications would not be able to work in the Mainland, but qualified experts would be invited to help monitor the reconstruction works, and regular progress reports on the projects would be made to LegCo. The Administration would liaise with SPG regarding the appointment of qualified contractors both in the Mainland and Hong Kong to undertake the reconstruction works.

#### Project and fund management

24. The discussion at the meeting of the Panel on Development on 28 October 2008 focused on project and fund management. In view of the abrupt economic downturn after the outbreak of the global financial crisis, some members considered that the Administration should review the HK\$10 billion financial commitment for post-quake reconstruction in Sichuan. A few members suggested that HKSAR's funding commitment should be spread over a longer period of time. Another member reminded the Administration not to make excessive commitments for the remaining projects at too early a stage.

25. While members in general appreciated the urgency in implementing the section of the 303 Provincial Road from Yingziu to Wolong, a Member opined that while essential projects for the Wolong Natural Reserve to function again

should be supported, providing support for other additional enhancement projects might need further consideration.

26. While welcoming that the Administration had provided estimated project costs for the support work in Sichuan, a member expressed the view that reports on how the funds for relief work for previous natural disasters should be provided to facilitate members' consideration of approving further financial commitments for the post-quake support work in Sichuan.

#### Tendering process and technical standards

27. At the Panel of Development on 28 October 2008, some members expressed concerns about the tendering procedures, progress monitoring and standard of reconstruction projects. Some members expressed the view that the integrity of the tendering process should be safeguarded and suggested that the tendering procedures should be examined by the Independent Commission Against Corruption (ICAC) in Hong Kong. They considered that that the Sichuan side should follow the best practices in tendering.

28. The Administration responded that there would be open tendering and only enterprises with a higher level of qualification could participate in the tendering. The use of the HK\$2 billion public funds would be in compliance with Hong Kong legislation, and subject to the examination by ICAC and Director of Audit. The Sichuan side had indicated that it would follow stringent tendering regulations promulgated by the Mainland authorities. While the technical standards would follow Mainland legislation and regulations, the Sichuan side was keen to draw on Hong Kong's technical and project management experiences.

#### Participation of NGOs and professionals from Hong Kong

29. Some members considered that the Administration should help organize professionals in Hong Kong to participate in the support work projects in Sichuan. The Administration advised that local professionals would be invited to join dedicated project groups to provide advice and exchange views with their Mainland counterparts on different aspects of the projects.

30. Some members believed that the best way to establish rapport with the Sichuan earthquake victims was for Hong Kong people to participate directly in the reconstruction support work. The involvement of Hong Kong's NGOs in post-quake support work was worth supporting. There was also a view that the Administration should assist Hong Kong NGOs in obtaining greater flexibility in the planning and delivering of their support services and in helping Mainland voluntary organizations in capacity building. Providing support services and training the trainers should be done in parallel. There should be a channel to assist Hong Kong NGOs if they had difficulties in carrying out reconstruction

support work in Sichuan. The assessment of the applications from NGOs for grants from the Trust Fund should be fair, and there should be an appeal mechanism for NGOs whose applications were rejected by the Trust Fund.

Recent development

31. Subsequent to the briefing for the Panel on Development on the progress of the HKSAR's the post-quake reconstruction support work in Sichuan on 28 October 2008, the Administration announced on 22 December 2008 the first stage grants from the Trust Fund to Hong Kong NGOs. The Administration will update Members on the latest progress of the reconstruction support work and the plans about the second stage reconstruction support work at the meeting of the Panel on Development on 3 February 2009.

Relevant papers

32. A list of relevant papers is in **Appendix IV**.

Council Business Division 1  
Legislative Council Secretariat  
2 February 2009

**Steering Committee on the HKSAR's Support  
for Reconstruction in the Sichuan Earthquake Stricken Areas**

**Terms of Reference**

- (1) To oversee and coordinate the work of the Government of HKSAR in support of the reconstruction in the stricken areas of the Sichuan earthquake.
- (2) To liaise with relevant Mainland counterparts to take forward HKSAR's work in support of the reconstruction.

**Membership**

Chief Secretary for Administration (Convenor)  
Financial Secretary  
Secretary for Education  
Secretary for Constitutional and Mainland Affairs  
Secretary for Food and Health  
Secretary for Home Affairs  
Secretary for Labour and Welfare  
Secretary for Development  
Secretary for the Civil Secretary/Permanent Secretary for the Civil Service  
Secretary for the Financial Services and the Treasury/Permanent Secretary for  
Financial Services and the Treasury (Treasury)  
Director of Information Services  
Director of Administration

*Note: Representatives of other policy bureaux/departments and co-opted members will attend Committee meetings as and when necessary.*

*(source: Enclosure 2 to FCR(2008-09)40)*

**Appendix II**

**Hong Kong Special Administrative Region Government  
First Stage Post-quake Restoration  
and Reconstruction Projects in Sichuan**

Item	Location	Project Title	Duration (month)	Estimated Project Cost (RMB 100m)
<b>Infrastructure</b>				<b>Sub-total = 7.6560</b>
1*	Wenchuan County, Aba Prefecture	A section of 303 Provincial Road from Yingxiu to Wolong	24	7.6560
<b>Education facilities</b>				<b>Sub-total = 2.2915</b>
2*	Wenchuan County, Aba Prefecture	Shuimo Secondary School in Wenchuan	24	0.5570
3	Cangxi County, Guangyuan	Sichuan Cangxi Secondary School	24	0.6523
4	Santai County, Mianyang	Number 1 Secondary School in Santai	24	0.7737
5	Jingyang District, Deyang	Number 1 Primary School in Deyang	24	0.1481
6	Jingyang District, Deyang	Huashan Road Primary School in Deyang	24	0.1604
<b>Integrated social welfare facilities</b>				<b>Sub-total = 1.3826</b>
7	Chaotian District, Guangyuan	Integrated social welfare services centre in Chaotian	24	0.3384
8	Yuanba District, Guangyuan	Integrated social welfare services centre in Yuanba	24	0.3168
9	Youxian District, Mianyang	Integrated social welfare services centre in Youxian	24	0.2554
10	Jingyang District, Deyang	Integrated social welfare services centre in Deyang	24	0.4720
<b>Medical facilities</b>				<b>Sub-total = 5.1228</b>
11	Chaotian District, Guangyuan	Chinese medicine hospital of Chaotian	18	0.2378

<b>Item</b>	<b>Location</b>	<b>Project Title</b>	<b>Duration (month)</b>	<b>Estimated Project Cost (RMB 100m)</b>
12	Wangcang County, Guangyuan	People's hospital of Wangcang	24	0.3600
13	Yuanba District, Guangyuan	People's hospital of Yuanba	18	0.1343
14	Zitong County, Mianyang	People's hospital of Zitong	15	0.6228
15	Yanting County, Mianyang	Chinese medicine hospital of Yanting	24	0.1985
16	Jingyang District, Deyang	Number 2 people's hospital of Deyang	24	0.7701
17	Jingyang District, Deyang	Chinese medicine hospital (people's hospital) of Jingyang	24	0.3079
18	Guanghan, Deyang	People's hospital of Guanghan	24	0.2460
19*	Chengdu	Sichuan Hong Kong Rehabilitation Technology Complex of Sichuan People's Hospital (with the Sichuan Hong Kong Rehabilitation Centre)	36	2.2454 (Estimated cost of Sichuan Hong Kong Rehabilitation Centre only)
<b>Wolong Natural Reserve</b>			<b>Sub-total = 0.2000</b>	
20*	Aba Prefecture	Drawing up of plans	12	0.2000
			<b>Total</b>	<b>RMB16.6529</b>

**Note**

1. Estimated costs of projects listed in this Appendix are only rough estimates of costs calculated on the basis of preliminary information provided by the Sichuan side and have been agreed in principle by the Sichuan and Hong Kong sides. Both sides will further discuss the content, scale and project estimates of each project and may revise the project estimates in the light of actual circumstances as appropriate when need arises.
2. Projects marked with \* are high priority projects.

*(source: Annex 3 to the Cooperation Arrangement, which is annexed to LC Paper No. CB(1)112/08-09(01))*

**Appendix III**

**Trust Fund in Support of Reconstruction in the  
Sichuan Earthquake Stricken Areas  
First Phase Funding Grants for NGO Projects  
Projects Summary**

	<b>Organisation</b>	<b>Work Item</b>	<b>Amount (HK\$)</b>
1.	Rotary Club of Kowloon West Limited jointly with Association of Engineering Professionals in Society	Reconstruction of Yuenjia Primary School in Jingyang District, Deyang City	1,500,000
2.	The Association of Chinese Evangelical Ministry Limited	Reconstruction of the Teaching Building in No. 3 Junior Middle School, Gaoping District, Nanchong City	10,000,000
3.	The Association of Chinese Evangelical Ministry Limited	Reconstruction of the Junior Secondary Section of Baita Secondary School, Gaoping District, Nanchong City	10,000,000
4.	The Youth Foundation	Sichuan Post-disaster Psychological Rehabilitation Training and Service Project	7,980,000
5.	Sowers Action	Reconstruction of the Town Central Qunxing Branch Primary School, Lianhe Town, Zhongjiang County, Deyang City and Teachers Training	7,036,000
6.	Sowers Action	Reconstruction of the Nine-Year Central School in Shiquan Township, Zhongjiang County, Deyang City and Teachers Training	8,157,000

	<b>Organisation</b>	<b>Work Item</b>	<b>Amount (HK\$)</b>
7.	Hong Kong Federation of Education Workers Education Organisation Limited	Reconstruction of Yongfeng Primary School of Yongfeng Town Central School in Zhongjiang County, Deyang City	2,000,000
8.	Department of Health Technology and Informatics, The Hong Kong Polytechnic University	Prosthetics and Orthotics Professional Training Support Project for the Sichuan Earthquake Stricken Areas	4,316,000
9.	Department of Rehabilitation Sciences, The Hong Kong Polytechnic University	Physiotherapy and Occupational Therapy Professional Training Support Project for the Sichuan Earthquake Stricken Areas	6,105,000
10.	The Hong Kong Society for Rehabilitation	Community-based Resource Centre for the Sichuan Earthquake Stricken Areas	7,836,293
11.	Scout Association of Hong Kong	Strengthening and reconstructing of the Deyang City Youth and Children's Palace	10,449,000
12.	The StandTALL Project of Chinese Speaking Orthopaedic Society	Sichuan-Hong Kong Rehabilitation Training and Development Centre	11,670,000
		<b>Total :</b>	<b>HK\$87,049,293</b>

*(source: Annex to press release of the Administration entitled "Government approved the first stage Sichuan Reconstruction Trust Fund NGO projects" on 22 December 2008.)*

## HKSARG's post-quake reconstruction support work in Sichuan

## List of relevant papers

Date	Meeting	References
14 May 2008	The Finance Committee discussed with the Administration on the supplementary provision of \$350 million to enable an injection to be made to the Disaster Relief Fund.	Information paper <a href="http://www.legco.gov.hk/yr07-08/english/fc/fc/papers/f08-15e.pdf">http://www.legco.gov.hk/yr07-08/english/fc/fc/papers/f08-15e.pdf</a>  Minutes of meeting <a href="http://www.legco.gov.hk/yr07-08/english/fc/fc/minutes/fc080514.pdf">http://www.legco.gov.hk/yr07-08/english/fc/fc/minutes/fc080514.pdf</a>
14 July 2008	The Administration briefed the Finance Committee on its plan to participate in the reconstruction work in Sichuan.	Information paper <a href="http://www.legco.gov.hk/yr07-08/english/fc/fc/papers/fc0714fc-112-e.pdf">http://www.legco.gov.hk/yr07-08/english/fc/fc/papers/fc0714fc-112-e.pdf</a>  Verbatim record of proceedings <a href="http://www.legco.gov.hk/yr07-08/chinese/fc/fc/minutes/fc080714a.pdf">http://www.legco.gov.hk/yr07-08/chinese/fc/fc/minutes/fc080714a.pdf</a>
18 July 2008	The Finance Committee discussed with the Administration on the subject of the "Trust Fund in Support of Reconstruction in the Sichuan Earthquake Stricken Areas".	Information paper <a href="http://www.legco.gov.hk/yr07-08/english/fc/fc/papers/f08-40e.pdf">http://www.legco.gov.hk/yr07-08/english/fc/fc/papers/f08-40e.pdf</a>  Minutes of meeting <a href="http://www.legco.gov.hk/yr07-08/english/fc/fc/minutes/fc080718.pdf">http://www.legco.gov.hk/yr07-08/english/fc/fc/minutes/fc080718.pdf</a>

<b>Date</b>	<b>Meeting</b>	<b>References</b>
28 October 2008	The Panel on Development discussed with the Administration on "HKSAR's post-quake reconstruction support work in Sichuan".	Information paper <a href="http://www.legco.gov.hk/yr08-09/english/panels/dev/papers/dev1028cb1-112-1-e.pdf">http://www.legco.gov.hk/yr08-09/english/panels/dev/papers/dev1028cb1-112-1-e.pdf</a>  Minutes of meeting <a href="http://www.legco.gov.hk/yr08-09/english/panels/dev/minutes/dev20081028.pdf">http://www.legco.gov.hk/yr08-09/english/panels/dev/minutes/dev20081028.pdf</a>
22 December 2008	Press release of the Administration entitled "Government approved the first stage Sichuan Reconstruction Trust Fund NGO projects"	Website <a href="http://www.info.gov.hk/gia/general/200812/22/P200812220267.htm">http://www.info.gov.hk/gia/general/200812/22/P200812220267.htm</a>