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**Panel on Welfare Services**

**Background brief prepared by the Legislative Council Secretariat  
for the meeting on 9 March 2009**

**Partnership Fund for the Disadvantaged**

**Purpose**

This paper provides information on Members' deliberations on the establishment and implementation of the Partnership Fund for the Disadvantaged (PFD).

**Background**

2. In the 2004-2005 Budget, the Financial Secretary had earmarked \$200 million on a one-off basis for promoting the development of tripartite social partnership of the Government, the business sector and the welfare non-governmental organisations (NGOs) in helping the disadvantaged.

3. Following consultation with the stakeholders, the Administration decided that funding would be disbursed in the form of a Matching Grant to incentivise the welfare sector to seek and secure corporate participation in organising projects for the direct benefit of the disadvantaged. The Fund would be used for two main purposes –

- (a) *Matching Grant Portion* (about \$190 million): funding applications would be invited from NGOs in the welfare sector for projects to help the disadvantaged. Grants to NGOs would be calculated in accordance with the contributions from business corporations, in cash or in kind or both, on a dollar-to-dollar matching basis; and
- (b) *Support Measures Portion* (up to a maximum of \$10 million): various support measures would be carried out to facilitate the formation and sustainability of tripartite partnership.

## **Deliberations of the Panel**

### Proposed arrangement for the allocation of the Matching Grant

4. At the meeting of the Panel on Welfare Services (the Panel) on 8 November 2004, the Administration briefed members on the following arrangements for the allocation of the Matching Grant –

- (a) all bona-fide charitable welfare NGOs having tax-exempted status under section 88 of the Inland Revenue Ordinance (Cap. 112) could apply for the Grant;
- (b) the applications should involve welfare-oriented initiatives. Contributions in cash or in kind from business corporations registered and operating their business in Hong Kong would be accepted for matching purpose;
- (c) eligible proposals should be an initiative within the welfare ambit but not receiving funding support from the Government in any form. The initiative would be delivered in Hong Kong and benefit the underprivileged groups directly; and
- (d) priority would be accorded to proposals which met the Government's welfare policy objectives in building individual capacity, strengthening families and enhancing community mutual support. Donations from corporations running business in connection with smoking would not be matched by the Grant.

5. The Administration's initial plan was to arrange for two rounds of funding allocations, with about \$80 million to be earmarked for the first round and around \$110 million for the second round. Any unallocated funding of the first round would be transferred to the second round. Each applicant NGO would be allowed to submit one application in the first round. Allocation for each application would be capped at the ceiling of \$500,000. In addition, NGOs would be allowed to use not more than 15% of the allocation from the Grant for staffing and administrative expenses.

6. While Panel members raised no objection to the proposal, they expressed reservation about setting a ceiling of 15% of the Grant for staffing and administrative expenses. After taking into account members' views, the Administration agreed not to mandate a ceiling for staffing or administrative expenses but would, when considering applications, accord priority to proposals which used funding in a way that would bring maximum benefits to the disadvantaged groups.

7. A suggestion to increase the portion of funding reserved for support measures from \$10 million to \$20 million was also made at the Panel meeting. The Administration pointed out that the primary objective of PFD was to

encourage the formation of partnership for the direct benefit of disadvantaged groups, and the forming of partnership was in itself a learning process for NGOs. The amount of \$10 million to be spent on promoting tripartite social partnership was considered adequate at the initial stage, and would be reviewed in the light of experience.

8. The funding proposal for the establishment of PFD was approved by the Finance Committee (FC) on 17 December 2004. While members were supportive of the establishment of PFD, some members expressed concern that smaller welfare organisations which did not have well established connections with the business sector would not be able to secure contributions and benefit from the Matching Grant. They considered that assistance should be provided to these organisations.

9. The Administration explained that the purpose of capping the allocation for each successful application at a maximum of \$500,000 was aimed at facilitating smaller welfare organisations to secure funding. Apart from launching extensive publicity on the establishment of PFD, the Administration would also provide necessary assistance to facilitate matching between welfare organisations and the business sector.

#### Progress of PFD

##### *First and second rounds of applications*

10. At the Panel meetings on 13 October and 11 December 2006, members were advised that two rounds of applications had been invited in March and October 2005 respectively. A total of 43 projects had been approved, involving grant from PFD of over \$13 million. These projects had attracted 109 business partners, with total business sponsorship (in cash or in kind) of over \$16 million, and a total of 120 000 disadvantaged persons were expected to be benefited from these projects. The amount of PFD grant approved for each project ranged from \$30,000 to \$500,000, and the projects lasted from two months to three years.

11. Noting that only \$13 million, which represented 6.5% of PFD, had been allocated to 43 approved projects in the first two rounds of applications, members were concerned about the slow progress of PFD and whether the approving criteria were too stringent. Some members pointed out that some applications were unsuccessful because the partners of the applicant NGOs were charitable non-profit making organisations instead of business organisations.

12. To encourage more applications for PFD, the Administration advised that the following facilitation measures had been introduced prior to inviting the third round of applications –

- (a) NGOs could submit their applications any time until 20 July 2007 for the third round;
- (b) the maximum amount of PFD grant for each project had been increased from \$500,000 to \$1,000,000 in a bid to provide a greater incentive for NGOs to secure larger sponsorship;
- (c) each NGO could submit a total of three applications per round; and
- (d) contributions from charitable trusts/foundations established and managed by business corporations registered and operating their business in Hong Kong would be accepted as business contributions.

13. Some members remained concerned that small NGOs which did not have well established connections with the business sector would be at a disadvantaged position to secure contributions and benefit from PFD. They considered that assistance should be provided to these organisations.

14. The Administration responded that as PFD aimed to encourage the welfare sector to take the initiative in building up closer social partnership with business corporations, the Administration considered it inappropriate to play an active role in the matching process. Notwithstanding this, the Administration would facilitate the formation of partnership between NGOs and the business sector through enhanced publicity efforts and the establishment of a web-based platform where NGOs could upload their proposals for business sponsorship. In addition, briefing sessions had been/would be held prior to inviting applications, and these could provide a platform for NGOs and business corporations to match partners.

#### *Third and fourth rounds of applications*

15. Members were updated of the progress of PFD, in particular the position on the third and fourth rounds of applications on 12 June 2008. Applications for the third round were invited from July 2006 to July 2007. To encourage applications, the Administration introduced facilitating measures such as raising the maximum amount of the grant for each project from \$500,000 to \$1 million and allowing each NGO to submit up to three applications. A total of 54 projects were approved for 41 NGOs which had secured contributions from 108 business partners. About \$16 million was granted in total. The amount of grants for each project ranged from about \$40,000 to \$900,000, and the projects lasted from three months to three years.

16. The fourth round of applications was launched between January and June 2008. Further facilitating measures, including raising the maximum amount of the PFD grant for each project from \$1 million to \$2 million and allowing each NGO to submit a maximum of 10 applications, were introduced.

The Administration advised that these measures aimed to provide NGOs with greater incentive to secure larger sponsorships so that more disadvantaged people could benefit. NGOs could also implement more projects to cater for different users.

17. Since the launch of PFD in 2005 and up to 30 May 2008, the Advisory Committee of PFD had approved a total of 110 projects for 69 NGOs, involving grants of over \$34 million. These projects attracted over 210 business partners, benefiting about 410 000 disadvantaged persons.

#### Evaluation study

18. Members were advised that the Social Welfare Department had commissioned the Hong Kong Polytechnic University to conduct an "Evaluation Study on Promoting and Sustaining Partnership between NGOs and Business Corporations" based on the review of 43 approved projects in the first and second rounds of applications. The study aimed at identifying (i) the critical success factors and hurdles for NGOs in forming and sustaining partnerships with business corporations; (ii) how far the approved projects had achieved the objectives of promoting social partnership formation and helping the disadvantaged; and (iii) best practices of NGOs in forming sustainable partnerships.

19. The findings of the study revealed that most NGOs, business partners and service users were pleased with the outcomes of the projects; and NGOs and business corporations responded positively to the possibility of continued collaboration after the completion of their projects. Strategic partnerships were formed in more than 60% of the 43 PFD projects under study, and these partnerships are more likely to sustain. Some good practices which would be conducive to forming and sustaining the partnerships were also identified.

20. The study made recommendations on how to facilitate the formation and maintenance of tripartite partnerships in helping the disadvantaged –

- (a) to facilitate the formation of partnerships, NGOs may adopt appropriate marketing and networking strategies and strengthen their relationships with business corporations. The business partners may also have a clear corporate policy to serve the disadvantaged and let NGOs know more about their vision in this regard. The Government can also assist the small NGOs in identifying suitable partners if necessary;
- (b) to create a win-win situation for NGOs and their business partners, both parties should capitalise on their respective strengths in the promotion of corporate image. While NGOs would have greater support from their business partners in terms of financial and manpower resources, the business corporations would also have a better understanding of the community and the

needs of their customers. The Government should give recognition to the participating corporations and NGOs and encourage them to sustain their partnerships;

- (c) to sustain the partnership, the involvement of staff of NGOs and business partners at various levels should be encouraged. NGOs should pay more attention to the good practices. The Government can provide more training and sharing opportunities for them in this regard; and
- (d) to continuously engage their partners in helping the disadvantaged, NGOs may publicise their work and success stories, so that the business partners could be attracted to support their services after the completion of the PFD projects. The Government can encourage those NGOs with good performance to keep up the momentum.

### **Relevant papers**

21. Members may wish to refer to the Administration's papers for the meetings of the Panel on 8 November 2004, 13 October and 11 December 2006, and 12 June 2008, FC on 17 December 2004 and the relevant minutes of meetings for details.

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