

## **ITEM FOR FINANCE COMMITTEE**

### **HEAD 170 – SOCIAL WELFARE DEPARTMENT**

#### **Subhead 700 General non-recurrent**

#### **Item 470 Partnership Fund for the Disadvantaged**

Members are invited to approve an increase in the non-recurrent commitment of \$200 million for the Partnership Fund for the Disadvantaged under Head 170 Social Welfare Department by \$200 million to \$400 million.

### **PROBLEM**

The one-off funding of \$200 million approved for the establishment of the Partnership Fund for the Disadvantaged (PFD) is expected to be fully committed in 2010-11. There is a need to inject additional funding into PFD so that it can sustain its role in promoting cross-sector collaboration among the business sector, welfare non-governmental organisations (NGOs) and the Government to help the disadvantaged.

### **PROPOSAL**

2. The Secretary for Labour and Welfare proposes to inject a sum of \$200 million into PFD so that the Fund can continue to accept applications and promote cross-sector collaboration.

**/JUSTIFICATION .....**

## JUSTIFICATION

### *Overview*

Encl. 1 3. By mid-May 2010, five rounds of applications have been completed and a total of 319 welfare projects proposed by 111 NGOs, involving a sum of around \$130 million, have been approved. These projects attracted a total donation of \$133 million from over 560 business corporations. So far, the total number of beneficiaries already exceeded 650 000, and the number is expected to increase steadily with more projects to be approved under the Fund in future. A summary of all the approved applications to date is at Enclosure 1.

4. With around \$130 million released/committed under five rounds of applications, only \$60 million<sup>Note</sup> is left for the Sixth Round of applications and beyond. The increasing awareness and popularity of PFD is amply demonstrated by the outcome of the Fifth Round, in which a record number of 142 projects had been approved and the largest funding of \$60 million committed. As such, we expect that the balance of PFD would be fully committed in the Sixth Round of applications to be launched in the second half of 2010-11.

### *Proposed injection into PFD*

5. In support of the Government's policy objective of promoting tripartite partnerships among the business community, the welfare sector and the Government, and in view of the positive response to PFD, the Financial Secretary has proposed in the 2010-11 Budget an injection of \$200 million into PFD to encourage further cross-sector collaboration to help the disadvantaged. This will allow NGOs to attract more donations from the business sector to launch projects that cater for the needs of the disadvantaged and benefit more people in the community.

Encl. 2 6. The eligibility criteria of PFD (extract at Enclosure 2), which have been implemented following the approval of this Committee [vide FCR (2004-05)34] on 17 December 2004, have proven to be effective in shortlisting worthwhile projects for support under the Fund. We will continue to adopt these criteria for selecting project applications.

/7. ....

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<sup>Note</sup> Upon establishment of the PFD in 2005, a maximum of \$10 million (out of the \$200 million commitment) was set aside to fund various support measures, such as promotion and evaluation, facilitating the formation and sustainability of tripartite partnerships, etc. So far, only a small portion of the \$10 million has been used by the Social Welfare Department (SWD) for the above purposes.

7. We also propose that the \$200 million new injection be fully allocated to provide grants for NGOs to implement welfare projects.

### *Previous rounds of applications*

8. Since the inception of the Fund in 2005, five rounds of applications have been approved by the Director of Social Welfare (DSW) on the advice of the Advisory Committee on PFD (ACPFD). A breakdown of the approved projects by the funding amount granted and by NGO status, as well as a summary showing the nature and target beneficiaries of the approved projects are given at Enclosures 3 and 4 respectively.

Encls. 3&4

### *The Sixth Round*

9. SWD plans to launch the Sixth Round of applications in the second half of 2010-11. Drawing reference to the recommendations of the “Evaluative Study of the Partnership Fund for the Disadvantaged in Promoting and Sustaining Partnerships between NGOs and Business Corporations” (Evaluative Study, details are set out in paragraph 11), ACPFD has endorsed that priorities should be given to the following –

- (a) Projects in pursuit of 4 “Es”, namely Enhancement of quality of life, Employment/skills development, Empowerment and Exclusion prevention;
- (b) Projects with promising sustainability of social partnership with business corporations; and
- (c) Projects comprising elements of early intervention with preventive measures targeting at a social problem.

10. Taking into account the operational experience in the previous rounds of applications and the views of the Members at the meeting of the Legislative Council (LegCo) Panel on Welfare Services on 12 April 2010, ACPFD decided that the maximum grant to be received by individual NGOs under PFD should continue to be capped at \$2 million per project and the maximum number of applications per NGO be maintained at 10 for the Sixth Round. Measures will also be developed to encourage more small NGOs to partner with business corporations to apply for PFD to implement more welfare projects.

### *Effectiveness of PFD*

11. SWD commissioned the Hong Kong Polytechnic University to conduct the Evaluative Study to review and analyse the partnerships of PFD projects, and make recommendations on methods of sustaining such partnerships based on the review of the projects approved in the First and Second Rounds of applications. Completed in mid-2008, the Evaluative Study concluded that the participating NGOs, their business partners and the project beneficiaries in general found the outcomes of PFD projects satisfactory and encouraging. NGOs and the business partners also responded positively to the possibility of continued collaboration after the completion of the projects. The Evaluative Study had also made recommendations on the formation and sustainability of the tripartite partnerships in helping the disadvantaged under PFD. The report of the Evaluative Study has been uploaded onto PFD website for public information.

### *Monitoring of PFD projects*

12. Since the launching of PFD, SWD has introduced a series of measures to monitor and assure the quality of the approved projects. Site visits to NGOs operating PFD projects are conducted by SWD staff and ACPFD members to examine their implementation and assess their effectiveness. Besides, NGOs are required to submit final evaluation reports and audited financial reports upon the completion of their projects. Interim reports may be called for during the implementation period. SWD will continue to adopt the above mechanism to monitor the implementation of projects approved under PFD.

## **FINANCIAL IMPLICATIONS**

13. We propose to increase the approved commitment of PFD by \$200 million, from \$200 million to \$400 million, so as to allow PFD to support more worthwhile projects in future rounds of applications in 2010-11 and beyond. The actual cashflow of PFD is subject to the number of applications received, the amount involved and the number of applications subsequently approved. We will include the estimated provision in the Estimates of the relevant financial years. As in the past, the costs for administering PFD will be met by the existing resources of SWD.

## **PUBLIC CONSULTATION**

14. We consulted the Panel on Welfare Services of LegCo on 12 April 2010. Members were generally in support of the proposed injection.

**BACKGROUND**

15. FC approved in December 2004 a commitment of \$200 million to launch the Fund. PFD aims to promote tripartite partnership among the business corporations, welfare NGOs and the Government in working for the benefit of the disadvantaged groups. Under PFD, the Government provides matching grants to donations in cash or in kind made by business organisations to support NGOs in implementing social welfare initiatives. ACPFD, chaired by DSW and comprising non-official members from the welfare, business and academic sectors, was set up since the commencement of PFD to advise on which applications should be approved and on all matters relating to the operation of PFD, including reviewing and refining the guidelines for assessing applications in the light of experience and changing circumstances.

16. To keep LegCo Members abreast of the development of PFD, we submitted reports to the Panel on Welfare Services of LegCo for meetings held on 11 December 2006 [LC Paper No. CB(2)554/06-07(03)], 12 June 2008 [LC Paper No. CB(2)2162/07-08(01)] and 9 March 2009 [LC Paper No. CB(2)978/08-09(05)] reporting the progress of implementation of PFD since its establishment in 2005.

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Labour and Welfare Bureau  
Social Welfare Department  
May 2010

**Partnership Fund for the Disadvantaged (PFD)**  
**Summary of Approved Applications**  
**(as at 12 May 2010)**

	<b>1<sup>st</sup> Round (Mar 05 – May 05)</b>	<b>2<sup>nd</sup> Round (Oct 05 – Dec 05)</b>	<b>3<sup>rd</sup> Round (July 06 – Jul 07)</b>	<b>4<sup>th</sup> Round (Jan 08 – Jun 08)</b>	<b>5<sup>th</sup> Round (Jan 09 – Jul 09)</b>	<b>Total</b>
<b>No. of approved projects</b>	29	14	54	80	142	<b>319</b>
<b>No. of NGOs involved in approved projects</b> <sup>Note 1</sup>	29	14	41	47	72	-
<b>No. of new NGOs involved in approved projects</b>	29	14	26	12	30	<b>111</b> <sup>Note 2</sup>
<b>No. of business partners involved in approved projects</b> <sup>Note 1</sup>	80	29	108	174	272	-
<b>No. of new business partners involved in approved projects</b>	80	29	93	145	221	<b>568</b> <sup>Note 3</sup>
<b>Amount of grant allocated under PFD</b>	\$8.9 million	\$4.5 million	\$16 million	\$37.86 million	\$59.99 million	<b>\$127.25 million</b>
<b>Amount of donations from business partners (including both cash donations and gift in kind)</b>	\$11.04 million	\$5.13 million	\$17.41 million	\$38.13 million	\$61.56 million	<b>\$133.27 million</b>

<sup>Note 1</sup> The figures indicate the total number of NGOs/business partners involved in a particular round of applications. Since some of these NGOs/business partners may be involved in projects approved in other rounds of application, we have not provided cumulative figures here to avoid double-counting.

<sup>Note 2</sup> In the past five rounds of applications, a total of 111 NGOs received grants under the PFD to implement 319 projects. Among these 111 NGOs, 57 received grants from the PFD to launch more than one project.

<sup>Note 3</sup> A total of 89 business partners sponsored more than one PFD project through cash donations or gift in kind.

**Eligibility Criteria**<sup>Note</sup>  
**for the Partnership Fund for the Disadvantaged**

**Eligible Applicants**

Bona-fide charitable welfare NGOs having tax-exempted status under Section 88 of the Inland Revenue Ordinance can apply for the Fund.

**Proposals to be Accepted for Consideration**

2. The Fund is an additional source of public resources to promote the development of tripartite social partnership. Project proposals meeting the following conditions will be eligible for further consideration –

- (a) the proposal should be an initiative in support of the Government's welfare policy but currently not receiving funding support from the Government in any form (e.g. being supported under a funding and service agreement with SWD, being a service contract awarded by SWD, or funded by any public funds such as the Lotteries Fund, the Community Investment and Inclusion Fund), or from any established charitable Trusts/Foundations, etc.;
- (b) the initiative should be delivered in Hong Kong, and would benefit directly the welfare of the underprivileged groups such as people with disability, elderly people with inadequate social support, children from deprived families and victims of family violence/abuse, etc.;
- (c) contributions should be made by business corporations registered and operating their business in Hong Kong;
- (d) the proposal submitted by an applicant NGO should have a business corporation's contribution in cash, in kind or a combination of the two, but contribution in service would not be recognized for matching purpose under the Fund. We have not proposed to accept contribution in services as this may affect the development of corporate volunteering work. Moreover, it would be difficult to quantify and monitor such contributions in services;

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<sup>Note</sup> The eligibility criteria may be subject to changes as deemed necessary in light of the actual experience gained during implementation.

- (e) the proposals should not have received any committed business contributions before the formal launch of the Fund. This is to encourage the formation of more partnerships between NGOs and business corporations, which is the prime objective of the Fund. In the same spirit, proposals should not be self-financing projects either, as they are already operating in a cost-recovery mode through fee charging; and
- (f) donations should not come from corporations running business in connection with smoking.

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**Breakdown of PFD Grant by Amount Approved and by Subvention Status of NGO  
(as at 12 May 2010)**

Subvention status of NGO <sup>Note 2</sup>	1st Round		2nd Round		3rd Round		4th Round		5th Round		Total <sup>Note 1</sup>		
	S	NS	S	NS	S	NS	S	NS	S	NS	S	NS	Total number of NGO applications approved (accumulative figure)
<b>No. of approved projects</b>													
<b>PFD grant below \$0.5 million</b>	17	4	10	1	29	14	41	11	78	23	175	53	228 (71.5%)
<b>PFD grant of \$0.5 - \$0.99 million</b>	6	2	3	-	9	2	13	4	18	5	49	13	62 (19.4%)
<b>PFD grant of \$1 - \$1.99 million</b>	-	-	-	-	-	-	4	4	6	7	10	11	21 (6.6%)
<b>PFD grant of \$2 million or above</b>	-	-	-	-	-	-	2	1	3	2	5	3	8 (2.5%)
<b>Sub-total</b>	23 (79%)	6 (21%)	13 (93%)	1 (7%)	38 (70%)	16 (30%)	60 (75%)	20 (25%)	105 (74%)	37 (26%)	239 (75%)	80 (25%)	319
<b>Total</b>	29		14		54		80		142		<b>319</b>		

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Note 1 Since the Third Round, each NGO can submit more than one application in each round. Therefore, the figures provided in the "Total" column represent the total number of NGO applications approved instead of the total number of NGOs involved. By mid-May 2010, the total number of NGOs implementing PFD projects was 111.

Note 2 "S" refers to NGOs receiving subvention from SWD; "NS" refers to NGOs not receiving subvention from SWD.

**Nature and Target Beneficiaries of Approved Projects under PFD**

<b>Nature / Category</b>	<b>Target Beneficiaries</b>	<b>Number of Projects<sup>Note</sup></b>	<b>Approved Amount involved in the Category</b>	<b>Total Amount of the Category</b>
Elderly Services	Elderly	72	\$21.25 million	\$21.25 million
Family and Child Welfare Services	Deprived families	69	\$29.37 million	\$53.04 million
	Disadvantaged Women	10	\$4.04 million	
	Disadvantaged Children	38	\$14.57 million	
	New Arrivals	68	\$3.89 million	
	Ethnic Minorities	13	\$1.17 million	
Rehabilitation and Medical Social Services	People with Disabilities	81	\$21.06 million	\$21.06 million
Youth and Corrections Service	Disadvantaged Youth	48	\$13.65 million	\$15 million
	Ex-offenders	4	\$1.35 million	
Services for Other Disadvantaged Groups	Unemployed	12	\$6.39 million	\$16.91 million
	Others (including street sleepers, chronically illness and drug abusers)	73	\$10.52 million	

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<sup>Note</sup> Some projects serve more than one category of target beneficiaries.