

For information

Legislative Council Finance Committee

Internet Learning Support Programme

Purpose

As requested by Members, this paper provides information on the selection of implementation agent for the Internet Learning Support Programme (ILSP) and the rationale of implementing the programme in two geographical regions by separate organisations.

Selection of Programme Implementers

2. To implement a five-year Internet Learning Support Programme to assist students from low-income families to undertake web-based learning at home, OGCIO launched an open Request for Proposal (RFP) exercise between May and July 2010 with a view to identifying a non-profit organisation as implementation agent. The RFP invitation document has set out the objectives and requirements of the programme as well as the assessment criteria, as follows —

- (a) in respect of the capability of the Implementer —
 - (i) business skills required to develop the necessary product and service offerings;
 - (ii) knowledge and comprehension of the learning needs of the target low-income families with children;
 - (iii) capability of managing and sustaining a business start-up of comparable target market size or turnover;
 - (iv) experience of managing a project involving substantial public funding support; and
 - (v) ability to work with non-governmental organisations, government departments and district and community service networks in the sale and marketing and delivery of the organisation's services;

- (b) in respect of the proposal —
- (i) delivery against programme objectives;
 - (ii) cost effectiveness of operation and financial management of the programme;
 - (iii) governance and performance management mechanism for the programme and for the Implementer;
 - (iv) effectiveness of relationship management amongst the parties involved in the programme; and
 - (v) risk management of the programme.

3. Proponents were required to set out the constituents of the governing body of the proposed Implementer, how it would be formed, as well as the arrangements for corporate governance, management and control, and public accountability. The RFP envisaged that the proposed Implementer would be a limited company under the Company Ordinance satisfying the provisions for being exempted from tax under Section 88 of the Inland Revenue Ordinance. These requirements were reported in our submission to the Legislative Council Finance Committee (FC) (ref. FCR (2010-11)15) when we sought funding approval for the programme in May 2010.

4. Five proposals were received when the RFP closed on 5 July 2010. All of them fulfilled the mandatory requirements, detailed at the Annex, on the capability of the proposed Implementer. All the five proposals were assessed by an Evaluation Panel, led by the Government Chief Information Officer (GCIO) and comprising representatives of the Education Bureau (EDB) and the Office of the Telecommunications Authority (OFTA), in accordance with the published process and criteria.

5. Two leading contenders, i.e. the Hong Kong Council of Social Service (HKCSS) and the eInclusion Foundation Limited (eInclusion), emerged. Their proposals provided sound and creditable details of their service delivery and business models in achieving the programme objectives. On organisation set-up, HKCSS, founded in 1947, undertook to establish a new Implementer if selected. In the case of eInclusion, it is a newly formed non-profit organisation which will serve as the Implementer if selected. It comprises two core partners, the Boys' & Girls' Clubs Association of Hong Kong and the Internet Professional Association, both of which are well-established organisations with long history of community service.

6. After the evaluation, OGCIO concluded that it would be in the best interests of low-income families if the programme could be executed so as to incorporate the best elements of the two leading proposals. The evaluation process and the proposed way forward were reviewed and accepted by a committee chaired by the Permanent Secretary for Commerce and Economic Development (Communications and Technology) and comprising three representatives from the Financial Services and the Treasury Bureau and the Education Bureau.

7. OGCIO informed all five proponents on 22 October 2010 that the RFP exercise had been concluded without selecting a single proposal. OGCIO also informed proponents that the Government would explore the possibility of collaboration between HKCSS and eInclusion in jointly establishing a non-profit organisation to implement the programme.

Implementation Approach

8. The Government engaged HKCSS and eInclusion in intensive discussions in November and December 2010 to explore possible collaboration arrangements. While HKCSS and eInclusion share the belief in the benefits of this programme to low-income families and are fully committed to ensuring its successful delivery, there was difficulty reaching agreement on a collaboration model to co-found an implementation agent to take it forward. The Government therefore reviewed various fallback options carefully, including forming an FSI (Financial Secretary Incorporated) company, OGCIO acting as implementer, single tendering/re-tendering, and dual-implementer approach with HKCSS and eInclusion as Implementers. Having regard to procedural concerns, accountability, speed of securing stakeholders' agreement and finalising implementation details, and resource implications etc., the Government accepted that engaging HKCSS and eInclusion to implement the programme in two geographical zones would be the fallback in the event that co-founding one implementation agent could not materialise. In early January 2011, when it became evident that attempts to invite HKCSS and eInclusion to co-found a single implementer failed, the Bureau offered, and HKCSS and eInclusion accepted, a dual-implementer approach.

9. The target beneficiaries and the overall funding commitment under the programme would remain the same with the engagement of two non-profit organisations as implementation agents. The refined implementation approach is therefore in line with the objective and scope of the commitment as approved by FC. We reported this implementation arrangement to the Legislative Council Panel on Information Technology and Broadcasting through an information note issued on 8 January 2011 and updated the Panel of the progress of implementation on 14 March 2011.

10. The two Implementers are making good progress to roll out the programme as scheduled. Of the \$220 million commitment approved by FC, the Implementers will each be allocated \$100 million over a five-year period from 2011-12 to 2015-16 to implement the programme in their respective service zones, inclusive of total administrative costs capped at \$11.25 million each in line with our undertaking to FC in May 2010. The remaining \$20 million is kept by OGCIO as central reserve to meet common and special requirements. A programme portal (www.ilearnathome.hk) providing information on the Implementers' service zones and training resources is being developed.

11. OGCIO has agreed with the Implementers on the minimum service standards, including speed and up-time of Internet access service, minimum configuration and software bundle of computer equipment, availability of technical support (through hotline helpdesk, customer support centre, usage support at home), student and parent training, social support, handling of complaints and referral arrangements between the two Implementers. We are now discussing with the Implementers the performance targets, such as number of beneficiaries reached and served, conversion of non-users to Internet users, number of training sessions and number of user support sessions, etc., for the purpose of monitoring their effectiveness and performance. We aim at finalising the Funding and Operation Agreement with the Implementers in April and launching the Programme by July 2011. OGCIO will review annually the operational and financial performance of the programme and the Implementers, and will conduct a mid-term review of the implementation arrangements in two years.

Clarification

12. We would like to reiterate our clarification in the earlier submission to the Legislative Council Panel on Information Technology and Broadcasting that the Under Secretary for Commerce and Economic Development was not involved at all in the RFP exercise and any part of the subsequent discussions with the HKCSS or eInclusion.

Office of the Government Chief Information Officer
Commerce and Economic Development Bureau
April 2011

Mandatory Requirements on the Capability of the Proposed Implementer

- (1) **Business skills required to develop the necessary product and service offerings**
 - One full-time key management team member with ten years of management experience, including at least two years in a senior position in Internet service provision or related industries; and,
 - One board member with five years of operational experience in providing services to low-income families with children in Hong Kong

- (2) **Knowledge and comprehension of the learning needs of the target low-income families with children**
 - One board member with five years of management or research experience in the education sector

- (3) **Capability of managing and sustaining a business start-up of comparable target market size or turnover**
 - One board member with experience of managing and sustaining a start-up in the information, technology and communications industry with a comparable market size of 400,000 direct customers or an annual turnover of HK\$ 120 million

- (4) **Experience in managing a social project with substantial public funding support**
 - One board member with ten years of experience in non-government organisations (NGOs) which has a minimum income of HK\$25 million per year from subventions, donations or investments, either in a full-time role or in a role assuring proper use of public money