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Panel on Security

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for the meeting on 13 April 2010**

Beat Drugs Fund

According to the website of the Narcotics Division of the Security Bureau, the Government established a Beat Drugs Fund ("BDF") in March 1996 with a capital base of \$350 million to promote community efforts to beat drugs. Income generated from BDF is used to provide financial support for anti-drug projects which meet the funding criteria set down by BDF. These projects include community-wide anti-drug activities covering preventive education and publicity, treatment, rehabilitation and research.

2. BDF is administered by the Beat Drugs Fund Association ("the Association") which is a non-profit making limited company incorporated under the Companies Ordinance (Cap. 32). The Narcotics Division of the Security Bureau provides secretarial support to the Association.

3. Applications for funding are considered by a Governing Committee chaired by the Permanent Secretary for Security, having regard to the advice of the Action Committee Against Narcotics ("ACAN"). Its terms of reference are -

- (a) to oversee the administration and investment of BDF;
- (b) to consider applications for financial support from BDF; and
- (c) to decide on the grants having regard to the recommendations of ACAN.

4. To provide expert advice on the investment of the Association's funds, an Investment Subcommittee chaired by the Director of Accounting Services has been set up with the following terms of reference -

- (a) to advise the Governing Committee on the investment strategy for the Association;

- (b) within the investment strategy approved by the Governing Committee, to formulate proposals for the acquisition and disposal of investments;
- (c) to recommend to the Governing Committee the appointment of external investment managers and the terms and conditions of their appointment; and
- (d) to monitor the performance of external investment managers when appointed and to ensure that the guidelines laid down for them are observed.

5. To ensure that grants from BDF are spent cost-effectively, approved projects are monitored by means of -

- (a) half-yearly progress reports and full project reports submitted by grantees within two months after completion of projects; and
- (b) visits by members of the Governing Committee of the Association, ACAN and staff of the Narcotics Division.

6. Funding applications are assessed by relevant government departments before consideration by a vetting panel to be formed by members of ACAN subcommittees. Upon the advice of ACAN, recommendations will be considered by the Governing Committee. The granting of funds depends, amongst other things, on whether there is a demonstrated need for the proposed project and the benefits to be derived for the anti-drug cause. To ensure that funding can benefit more project proponents, grant for any one project will not normally exceed \$3 million. The project duration does not normally last for more than two years. For programmes that are exceptionally innovative, the maximum grant can be increased up to \$5 million and the maximum duration extended to three years.