

Legislative Council Panel on Welfare Services

Proposed Injection of Further Funding into the Partnership Fund for the Disadvantaged

PURPOSE

This paper seeks Members' support for the Administration's proposal to inject \$200 million into the Partnership Fund for the Disadvantaged (PFD) as announced in the 2010-11 Budget.

BACKGROUND

2. The \$200 million PFD was launched in March 2005 following the approval of the Finance Committee (FC) of the Legislative Council (Paper No. FCR (2004-05)34) in December 2004. It aims to promote tripartite partnership among the Government, business sector and welfare non-governmental organisations (NGOs) in working for the benefit of the disadvantaged groups. Under the 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. An Advisory Committee comprising both official members and non-official members from the welfare, business and academic sectors has been set up to examine and advise the Director of Social Welfare (DSW) on which applications should be approved and on all matters relating to the operation of the Fund, including reviewing and refining the guidelines for assessing applications in the light of experience and changing circumstances.

UPDATED PROGRESS

Overview

3. By February 2010, more than 280 welfare projects implemented by over 90 NGOs have been approved under the PFD, involving an amount of more than \$103 million. These projects attracted donations from over 480 business partners, benefiting over 650 000 disadvantaged persons in total.

Previous rounds of application

4. DSW, on the advice of the Advisory Committee on the PFD, had approved a total of four rounds of applications between 2005 and 2008. To encourage applications, facilitating measures such as raising the maximum amount of the grant for each project and allowing each NGO to submit more applications were introduced. These measures offer NGOs greater incentives to seek larger amounts of sponsorships from more business partners, so that more projects could be launched to help the disadvantaged. In these four rounds of applications, a total of 177 projects involving a total amount of \$67 million were approved under the PFD. With matching grants from business partners, the NGOs had obtained around \$140 million to implement welfare projects targeting different groups of disadvantaged people.

5. The Social Welfare Department (SWD) invited applications for the Fifth Round from January to July 2009. To assist vulnerable individuals and families affected by the financial tsunami at that time, further facilitating measures were introduced, including raising the maximum amount of the PFD grant to \$3 million per project for those which could strengthen support for these individuals and families, such as those providing employment assistance, financial management or counseling. Yet, the maximum PFD amount for projects serving other disadvantaged groups remained at \$2 million per project.

6. A total of 161 applications were received in the Fifth Round. As at the end of February 2010, 111 projects have been approved, involving an amount of \$36 million under the PFD. The processing of applications under the Fifth Round is expected to be completed by April 2010. If endorsed by the Advisory Committee, the total number of projects approved in the five rounds of applications may rise to some 330, involving a total PFD grant of around \$140 million. A summary of all the approved applications to date is at **Annex A**.

Evaluative study on promoting and sustaining partnership between NGOs and the business sector

7. Commissioned by SWD, the Hong Kong Polytechnic University had conducted an “Evaluative Study on Promoting and Sustaining Partnership between NGOs and the Business Corporations” based on the review of 43 PFD projects approved in the First and Second Rounds. Findings and recommendations of the study were reported to Members of this Panel at the meeting of 12 June 2008. To recapitulate, the study concluded that the NGOs, the business partners and the project participants in general found the outcomes of the 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 study had also made recommendations

on the formation and sustainability of the tripartite partnerships in helping the disadvantaged under the PFD, which are summarised as follows –

- (a) NGOs may adopt appropriate marketing and networking strategies to strengthen their relationships with business corporations. On the other hand, the business partners may also have a clear corporate policy to serve the disadvantaged and let the NGOs know about their vision;
- (b) NGOs and the business partners should capitalise on their respective strengths in the promotion of corporate image;
- (c) To sustain the partnerships, the NGOs and the business partners should be encouraged to boost the involvement and collaboration of their staff at various levels; and
- (d) Stories on successful partnerships to help the disadvantaged can be publicised by the NGOs to attract more business corporations to support their welfare projects.

The Sixth Round of application

8. SWD plans to invite NGOs to apply for funding to launch projects under the Sixth Round of application in the second half of 2010-11. Drawing reference from the recommendations of the Evaluative Study, the Advisory Committee on the PFD has recently considered and 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 partnerships with business corporations; and
- (c) Projects comprising elements of early intervention with preventive measures targeting a social problem.

To encourage more NGOs to take part in tripartite partnerships, the maximum number of applications per NGO will be reduced from ten to five for this round, and the maximum grant to be received by individual NGOs under the PFD will continue to be capped at \$2 million per project.

PROPOSED INJECTION OF FUNDING

9. In view of the positive response from the NGOs and the business sector on the PFD, and in line with the Government's policy objective of promoting tripartite partnerships among the welfare sector, the business community and the Government, the Financial Secretary has proposed in the 2010-11 Budget an injection of \$200 million into the 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 can cater for various kinds of needs of the disadvantaged and benefit more people.

10. The eligibility criteria of the PFD (extract at **Annex B**), as set out in the Enclosure 1 of the FC paper mentioned in paragraph 2 above, have proven to be effective in shortlisting worthwhile projects for support under the Fund. We shall continue to adopt the criteria for selecting the project applications.

11. It is proposed that the \$200 million new injection will be fully allocated to provide grants for the NGOs to implement welfare projects.

FINANCIAL IMPLICATIONS

12. A one-off injection of \$200 million into the PFD will be required in 2010-11 for the proposal. FC's approval is necessary to increase the existing non-recurrent commitment from \$200 million to \$400 million for the PFD under Head 170 Social Welfare Department. As in the past, the costs for administering the PFD will be absorbed by the existing resources of SWD.

WAY FORWARD

13. Subject to Members' views, we will, before the end of the current Legislative Council session, seek FC's approval for an increase in the commitment for the PFD as mentioned in paragraph 12 above.

ADVICE SOUGHT

14. Members are invited to note and comment on the injection proposal to the PFD.

Social Welfare Department
April 2010

**The Partnership Fund for the Disadvantaged (PFD)
Summary of Approved Applications**

	1st Round (Mar 05 – May 05)	2nd Round (Oct 05 – Dec 05)	3rd Round (July 06 – Jul 07)	4th Round (Jan 08 – Jun 08)	5th Round ^{Note 1} (Jan 09 – Jul 09)	Total
No. of Approved Projects	29	14	54	80	111	288
No. of NGOs involved in approved projects ^{Note 2}	29	14	41	47	45	-
No. of New NGOs involved in approved projects	29	14	26	12	17	98 ^{Note 3}
No. of Business Partners involved in approved projects ^{Note 2}	80	29	108	174	225	-
No. of New Business Partners involved in approved projects	80	29	93	145	139	486 ^{Note 4}
Amount of Grant Allocated under PFD	\$8.9 million	\$4.5 million	\$16 million	\$37.86 million	\$36 million	\$103.26 million
Amount of Donations from Business Partners (including both cash donations and gift in kind)	\$11.04 million	\$5.13 million	\$17.41 million	\$38.13 million	\$37.5 million	\$109.21 million

Note 1 – As at the end of February 2010, there were 42 applications received in the Fifth Round being processed by SWD.

Note 2 – The figures indicate the total number of NGOs / business partners involved in a particular round of application. 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.

Note 3 – In the past five rounds of applications, a total of 98 NGOs have been approved for grants under the PFD to implement 288 projects. Out of these 98 NGOs, 54 had received grants from the PFD to launch more than one project.

Note 4 – A total of 64 business partners had sponsored more than one PFD project through cash donations or gift in kind.

**Eligibility Criteria
for the Partnership Fund for the Disadvantaged^{Note}**

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 applicant NGO should have 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;
- (e) the proposals should not have received any committed business contributions before the formal launch of the Fund. This is to

^{Note} The eligibility criteria may be subject to changes as deemed necessary in light of the actual experience gained during implementation.

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.