

政府總部
勞工及福利局
香港下亞厘畢道
中區政府合署



LABOUR AND WELFARE BUREAU
GOVERNMENT SECRETARIAT

Central Government Offices
Lower Albert Road
Hong Kong

本函檔號 Our Ref.: LWB CR 2/781/10 Pt. 3

電話號碼 Tel No.: (852) 2810 3931

來函檔號 Your Ref.:

傳真號碼 Fax No.: (852) 2524 7635

17 December 2010

Ms Macy NG
Public Accounts Committee
Legislative Council Building
8 Jackson Road
Central
Hong Kong

Dear Ms NG,

**The Director of Audit's Report on the
results of value for money audits (Report No.55)**

The Community Investment and Inclusion Fund (Chapter 11)

Further to our letter dated 13 December 2010, we would like to provide the required additional information in English at Annex, together with a slightly revised Chinese version (amendments made to answer (e) on page 5) for your follow-up action please.

Yours sincerely,

(Ms Karyn CHAN)
for Secretary for Labour and Welfare

c.c.

Chairman, CIIF Committee
SFST
D of Audit

(Attn: Mr K.S. YEUNG)
(Attn: Mr C.K. WONG)
(Attn: Ms Olivia LEE)

(Fax No: 2523 7283)
(Fax No: 2147 5236)
(Fax No: 2583 9063)

Internal

AA/SLW
PMO (CIIF)

**Supplementary information requested by the Public Accounts Committee
at the public hearing held on 30 November 2010**

Q(a) According to the assessment form attached to the assessment and evaluation guidelines of 2002 (Appendix 1 of your letter dated 29 November 2010 refers), “political consideration” was one of the criteria for assessing the Community Investment and Inclusion Fund (CIIF) applications. Please inform the Committee of the reasons for adopting such a criterion when the assessment form was designed, and whether the CIIF Committee had assessed any application by this criterion; if it had, what the details were.

A (a) The assessment form at Appendix 1 of the paper submitted to the Public Accounts Committee (PAC) of the Legislative Council by the Labour and Welfare Bureau (LWB) on 29 November 2010 was a discussion paper on “CIIF applications: assessment procedures and criteria” prepared for the first meeting of the Assessment Sub-committee (currently known as the Assessment and Evaluation Sub-committee) of the CIIF on 20 September 2002. One of the assessment criteria was “other negative factors” which included the draft criterion of “political consideration”. According to the minutes of the meeting, there was no discussion on the draft criterion at the meeting.

After further examining the previous record, it was found that the CIIF Committee had discussed the assessment procedures and criteria at its meeting held on 24 September 2002. The meeting agreed that the Assessment Sub-committee would conduct a “practice run” in late October 2002, with a view to building consensus on the application of the assessment criteria and detailed working arrangements of the assessment procedures as proposed by the Assessment Sub-committee. The Assessment Sub-committee subsequently held its second meeting on 29 October 2002 to further discuss the assessment procedures and criteria. The assessment form attached to the discussion paper for the meeting was revised and the draft criterion of “political consideration” was deleted. When the first batch of applications were submitted to the CIIF Committee for vetting on 9 December 2002, the criterion of “political consideration” was no longer included in the assessment form. Therefore, since the CIIF processed its first batch of applications, “political consideration” had not been one of the criteria for vetting project applications.

We apologise for any misunderstanding caused owing to our failure to submit to the PAC on 29 November 2010 the assessment form which was revised and ultimately adopted in October 2002. As pointed out by the Secretary for Labour and Welfare at the PAC hearing on 30 November 2010, the CIIF has subsequently further revised the assessment form and the most updated version also does not include the criterion of “political consideration”. The assessment forms revised in October 2002 and May 2010 are set out at **Appendices 1 and 2** respectively.

Q(b) According to the funding recommendations prepared by the CIIF Secretariat for the former Assessment Sub-committee meeting on 29 October 2002 (Appendix 4 of your letter dated 29 November 2010 refers), the cost of rental of the following three projects seemed to be very high when compared to the total budget –

Project 1: HWFB Reference No: 11-1

Project 2: HWFB Reference No: 17-1

Project 2: HWFB Reference No: 113-1

Please provide the following information:

- (i) the reasons for the high rental costs of the above projects; and**
- (ii) whether the LWB or the CIIF Committee had ever explored the feasibility of helping the grantees of the above projects to make use of vacant government premises to reduce rental costs; if not, whether the LWB and the CIIF Committee will explore such an option in future?**

A(b)(i) Regarding the three applications mentioned in your letter, the reasons for the high estimated rental costs are as follows –

- Application No. 11-1: the project aims to identify a regular venue in Kwai Tsing for setting up a “cyber café for the elderly” to provide a platform for mutual acquaintance for the elders in the district;
- Application No. 17-1: the project aims to identify a regular venue in Fu Cheong Estate, Sham Shui Po, for provision of after-school care service; and

- Application No.113-1: the project aims to rent a shop in the shopping centre near Po Tin Interim Housing (IH) for office use by the project staff and for IH residents to gather.
- (b)(ii) The CIIF has been encouraging applicants to establish networks of mutual help with local stakeholders in pursuance of the development of the social capital concept. Among the three applications, Application No.11-1 was finally not accepted by the CIIF Committee. As for the other two applications (i.e. Application No. 17-1 and Application No.113-1), the then CIIF Assessment Sub-committee, when discussing the applications, considered that the proposals had the potential for developing social capital. However, the Sub-committee also noted that the estimated rental costs were on the high side and thus encouraged the applicants to co-operate with local stakeholders to make effective use of the existing community resources so as to reduce unnecessary rental costs. Subsequently, as recommended by the Sub-committee, the two applicants actively discussed with local groups and successfully secured the provision of venues by local stakeholders to achieve the benefits of sharing community resources. Among them, the operating organisation of Application No.17-1 worked with the residents' associations of the participating estates and the estimated rental costs were significantly reduced from the original \$540,000 to \$30,000, which accounted for 4.72% of the total amount of funding approved. The operating organisation of Application No.113-1, in coordination with local religious groups, also reduced the estimated rental costs from the original \$288,000 to \$36,000, which accounted for 3.58% of the total amount of funding approved. The two applications were formally approved by the CIIF Committee after amendments had been made to the estimated costs. In line with its objective of establishing social capital in the community, the CIIF will continue to encourage applicants to make active efforts to implement projects jointly with local stakeholders, including government departments.

Q(c) It was mentioned at the hearing that grantees might apply for advance of operating funds. The Committee would like to know –

- (i) the number of projects for which advanced funds had been made to the grantees since the establishment of the CIIF in 2002;**
- (ii) for each of the above projects, the percentage of the funds advanced versus the total amount of the approved budget;**
- (iii) the CIIF Committee's mechanism of advancing funds as**

compared to similar funds in the Government, including the criteria for approving application for advance.

A(c)(i) A total of 229 projects have been approved by the CIIF since its establishment in 2002. Four of the projects were granted advance payment of part of the subsidies by the CIIF Committee.

A(c)(ii) Information on the four projects which were granted advance payment of part of the subsidies by the CIIF Committee is as follows –

- Project 1: the amount of advance payment of subsidies granted was \$131,075, which accounted for about 13% of the total approved budget;
- Project 2: the amount of advance payment of subsidies granted was \$75,000, which accounted for about 5% of the total approved budget;
- Project 3: the amount of advance payment of subsidies granted was \$150,000, which accounted for about 10% of the total approved budget; and
- Project 4: the amount of advance payment of subsidies granted was \$100,000, which accounted for about 9% of the total approved budget.

A(c)(iii) The CIIF funds are mainly disbursed in the form of reimbursement on a regular basis. To prevent potential abuse of public funds, the CIIF Committee will consider and handle requests for advance payment of subsidies only on a case-by-case basis under exceptional circumstances. The amount of funding involved normally would not exceed the estimated costs for the first three months of the projects. For the four applications approved previously, the main considerations of the CIIF Committee included the track record of the applicants, their affordability for advance payment of costs, as well as the expenditure items which require advanced funds and the reasonableness of the amount of funds involved.

The CIIF is unique in nature and has a clear objective and positioning. It provides seed money to facilitate and promote the development of social capital. It does not provide financial support for individuals or support various social welfare programmes. Thus, it is not appropriate to make a comparison of the funding arrangements between the CIIF and other government funds.

Q(d) Please provide information on the CIIF Committee's mechanism of reporting project progress by grantees as compared to similar funds in the Government.

A(d) According to the Conditions of Grant (COG) of the CIIF, grantees are required to submit four quarterly reports every year during the implementation period to enable the CIIF Secretariat to conduct timely monitoring and provide advice and support to the grantees when necessary to help them complete the projects. To facilitate the reporting of project performance by the operating organisations, we have revised the quarterly performance report form in early 2010 to set out clearly the items that need to be reported, so as to make it easier for the operating organisations to complete the report form and understand the requirements of the CIIF. The CIIF Secretariat will also send guidelines to grantees via e-mail about half a month before each reporting deadline to remind them of the need to submit their reports on time and the points to note.

The CIIF provides seed money to facilitate and promote the development of social capital. It has a clear objective and positioning. It does not provide financial support for individuals or support various social welfare programmes. Thus, it is not appropriate to make a comparison of operation between the CIIF and other government funds.

Q(e) According to paragraph 3.13 of the Audit Report, of the 10 completed projects, the sustainability of seven of them was questionable. Please inform the Committee whether the CIIF Committee had conducted any review on why these seven projects could not sustain; if it had, what the findings were; if it had not, whether it would conduct such a review.

A(e) According to paragraph 3.13 of the Audit Report, among the 10 projects of which the funding period had expired, the sustainability of seven projects was questionable. We believe that the Audit Commission mainly meant that the projects could not sustain financially, e.g. other sources of subsidies were still required.

The CIIF Committee considers that the concept of sustainability should be interpreted from a wider perspective. The projects need not necessarily be implemented in their original modes of operation. In fact, if the operating organisations can adopt effective social capital strategies in implementing the projects, the social outcomes of the projects will become sustainable. These social outcomes include the enhancement of participants' capacity through role transformation,

successful establishment of networks of mutual help in the neighbourhood, and creation of more development opportunities in society through multi-partite collaboration etc. We consider that nine of the 10 projects mentioned in the Audit Report are sustainable in terms of social outcomes. The remaining project was completed in 2005 and the relevant project staff had already departed. The grantee indicated that it could not provide information for assessment purpose.

The CIIF Committee from time to time reviews the overall performance of project sustainability. Five local academic institutions were commissioned to jointly conduct an evaluation study for the CIIF between 2004 and 2006. The study confirmed the effectiveness of the CIIF in fostering mutual support in the neighbourhood, tripartite collaboration among the community, business sector and the Government, as well as community participation etc. The CIIF has commissioned independent consultants to launch the second evaluation study in October 2010. The study is expected to be completed in early 2012.

Q(f) According to paragraph 5.20 of the Audit Report, the ownership of assets such as furniture and equipment acquired through CIIF funding remains with the CIIF. Please inform the Committee whether the current establishment of the CIIF Secretariat is sufficient to properly carry out its asset management duties, including implementing the Audit's recommendations in paragraph 5.23 of the Audit Report; if not, the number of additional staff required.

Q(g) Compared to other similar funds in the Government, whether manpower of the CIIF Secretariat is considered sufficient.

A The requirements on procurement and asset management for the grantees have been set out in the COG of the CIIF. We accept the (f) &(g) recommendations on asset management in paragraph 5.23 of the Audit Report and will further enhance the asset management mechanism.

When the CIIF was established in 2002, the relevant paper of the Finance Committee indicated that the then Health and Wealth Bureau (the Labour and Welfare Bureau since July 2007) would provide secretariat service for the CIIF. Having regard to the increasing number of projects and the development of the CIIF, the Administration has allocated additional resources over the past few years to strengthen the manpower of the Secretariat. The strength of the Secretariat has increased from five at the inception of the CIIF in 2002 to 11 now. The

Administration will continue to closely keep in view the manpower situation and requirements of the Secretariat in the light of the future development of the CIIF.

The CIIF provides seed money to facilitate and promote the development of social capital. Its objective and positioning are different from other government funds and hence it is not appropriate to make a comparison.

Labour and Welfare Bureau
The Community Investment and Inclusion Fund Committee
December 2010

**Summary of Project Proposal and
Recommendation from CIIF Secretariat**

(A) Details of Application

HWFB Reference No.:

Name of Applicant(s):

Name of Collaborating Groups:

Name of Project Proposal:

Total Amount Requested from CIIF:

(B) Summary of the Proposal :

<ul style="list-style-type: none">■ Key objectives ■ Main outputs ■ Target group(s) ■ Location ■ Unique feature:
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(C) Summary of Proposed Outcome (Including Performance Targets, Indicators, Degree of Application/Development/Promotion of Social Capital, etc.) :

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(D) Amount Requested from CIIF:

Item	Expenditure	Income	Amount Requested
Total			

(E) Consolidated Comments from CIIF Secretariat :

Criteria / Aspects	Rating <i>(Please tick as appropriate)</i>						Justifications
	Low			High			
	0	1	2	3	4	5	
Track Record & Capability							
Technical Feasibility							
Proposal Quality & Social Capital Outcomes							
Financial Viability/ reasonableness of budget							

Other Planned Outcome											
Additional Factors / Other Comments / sustainability											
Other Negative Factors											
<p><i>Comments from CIIF Secretariat / other government departments:</i></p> <table border="0"> <tr> <td style="width: 50%;"><u>Departments</u></td> <td style="width: 50%;"><u>Comments</u></td> </tr> <tr> <td> </td> <td></td> </tr> </table>								<u>Departments</u>	<u>Comments</u>	 	
<u>Departments</u>	<u>Comments</u>										
Overall Recommendations:	<input type="checkbox"/> Recommend to approve <input type="checkbox"/> Recommend to reject <input type="checkbox"/> Marginal – issues for further consideration										

(F) Recommendation from CIIF Assessment Sub-committee :

- Proposal supported
Suggested Amount of Grant: _____
- Proposal not supported
- Proposal to be re-submitted

Comments from CIIF Assessment Sub-committee:

Signature of Chairperson (CIIF Assessment Sub-committee) : _____

G) Decision by the CIIF Committee :

The application for CIIF grant is:

Approved by CIIF Committee; and
The amount of grant approved is: _____.

Decision deferred on current proposal, for applicant to consider resubmission after modification.

Proposal not supported.

Signature: _____

Date: _____

Name: _____
(Chairman – CIIF Committee)

Assessment of CIIF Project Proposals

Initial vetting and analysis by the CIIF Secretariat (Office Use Only):

(1) **Disqualifying Factors** Ineligible applicants (e.g. Individuals, gov't dept.) _____

Ineligible project (e.g. currently funded by other subvention,
are eligible to / should apply other existing funds): _____

Others: _____

(2) Initial Ratings :

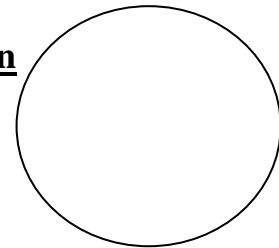
Assessment Criteria	Indicators	Rating					
		0	1	2	3	4	5
I. Applicants' background and capability	(a) Proven track record/demonstrated experience of applicant organisation's management committee and/or staff, in operating related programmes.						
	(b) Balancing consideration: new group, ability to innovate.						
	(c) Clear governance accountability: <ul style="list-style-type: none"> - being a registered organization? - has appropriate affiliation? - being sponsored by a registered organisation? 						
II. Technical Feasibility	(a) Clearly specified project objectives.						
	(b) Clearly stated community benefits to be achieved.						
	(c) Evidence of need identified.						
	(d) Evidence of clear programme logic: that the proposed programmes will achieve the planned results						

Assessment Criteria	Indicators	Rating					
		0	1	2	3	4	5
III. Project Quality and Potential Social Capital Outcomes	(a) Evidence of positive values to be achieved. Would the established values result in positive or negative social capital?						
	(b) Evidence of network(s) being established and its nature including: <ul style="list-style-type: none"> - the size and strength of the network; - whether it would contribute bridging and linking among groups; and 						
	(c) Whether the established network(s) would enhance existing relationships or produce added and positive value to groups.						
	(d) Extent of increase in social participation and social solidarity to be achieved.						
	(e) Extent of community self-initiation.						
	(f) Clear target group: the capacity of the project to identify and engage marginalized groups.						
	(g) Evidence of innovation and hence serve as a project model for others to follow/refer to.						
	(h) Evidence of self and mutual help to be achieved.						
	(i) Degree of inclusion (in main stream society) of marginalized groups such as people with disability, elderly, disengaged youth, unemployed people, etc.						
	(j) Evidence of development, promotion and application of social capital in Hong Kong.						
	(k) Operational sustainability, in terms of: <ul style="list-style-type: none"> - continuity (how long?) beyond funding period; - transfer of skill and knowledge. 						
	(l) Support from/engagement with other community groups.						
	(m) Potential to be a snowball agent: i.e. the capacity of the applicants to arouse other groups' interest to pursue similar projects or to adopt similar practices.						

Assessment Criteria	Indicators	Rating					
		0	1	2	3	4	5
IV. Financial Viability	<p>(a) Reasonableness of proposed budget. Criteria including:</p> <ul style="list-style-type: none"> - appropriateness in terms of proposed items to be acquired, their quantity and budget price. - appropriateness in terms of no. of staff to be recruited, use of volunteers and the total package. - cost-effectiveness of the project relating to the end-products to be developed. <p>(b) Financial capability of applicant's organization:</p> <ul style="list-style-type: none"> - does the applicant provide financial reports? - operational position of the organization, was it in a surplus or deficit position? - the balance sheet strength of the applicants (e.g. Was it in a net asset or liabilities position?) <p>(c) Existence of any source of financing or backing (contribution from own organisation or from sponsor?)</p> <p>(d) Financial sustainability after funding period</p> <ul style="list-style-type: none"> - existence of future funding source; - evidence of self-financing. 						
V. Other Planned Outcome	Specify						
VI. Possible Negative (Risk) Factors	<p>(a) Contravene Government interests/policies.</p> <p>(b) Possible conflict of interest amongst grantee, partners, volunteers, staff, participants.</p> <p>(c) Negative effect on the creditability of the Fund.</p> <p>(d) Others</p>						

Assessment Criteria	Indicators	Rating					
		0	1	2	3	4	5
VII. Additional Factors and Other Comments	Specify Perhaps can mention the risk of the Fund being used to provide gap funding for what should basically be a subvented service (?)						
VIII. Overall Rating	(a) Social capital outcome is not cleared / not specified in the Proposal. (b) No clear evidence of building up networks and related bridging and linking among groups. (c) No evidence on sustainability after the funding period. (d) Unclear justification on budgeting of 1 legal officer.						

Assessment Summary of CIIF Application



A. Eligibility of Applicant:

- under Companies Ordinance
- under Societies Ordinance
- be a member of umbrella organizations such as the Hong Kong Council of Social Service or federation / coalition of women groups (i.e. _____)
- Section 88 of Inland Revenue Ordinance (i.e. _____)
- none of the above; not eligible for application (No need to continue the assessment)**

B. Status of Application:

- new application
- new phase of development of an existing funded project
(please provide info: _____)
- resubmitted application (please provide info.: _____)

C. Comments from relevant Bureaux/ Departments (For details, please refer to Annex A):

	SWD	LD	EDB	HAB	HAD
Strongly support					
Support					
Not support					
No Comment					

D. Outcomes of Pre-assessment Meeting with the Applicants (if any):

Date :	Time :
CIIF Representatives:	
Organization Representatives:	
Discussion Content:	
(a) <u>Understanding of Social Capital</u>	
(b) <u>Intervention Model & Strategies</u>	
(c) <u>Outcome & Indicator Measures</u>	
(d) <u>Financial Budget & Cost Effectiveness</u>	
(e) <u>Sustainability and Contribution to SC Building</u>	
(f) <u>Others</u>	
Follow up & Recommendations:	
Outcome:	

Project Name (App No): Name of Applicant(s):

E. Assessment from CIIF Secretariat:

(Please provide reasons to justify the rating of each assessment criteria. Full mark is 100, with passing mark of each vetting category as follows: Part A: 5 ; Part B: 35 ; Part C: 8)

Criteria / Aspects	Rating	
	Initial (before pre-assessment meeting)	Final (after pre-assessment meeting)
Part A Understanding of SC Building (sub-total: 10%)		
1. Clear SC objectives with SC potential (5%)		
2. Accurate assessment and able to fulfill community needs (5%)		
Part B Project Effectiveness (sub-total: 70%)		
3. Effective and innovative intervention model & networking strategies (15%)		
4. Strategic programme plan in achieving project objectives (10%)		
5. Concrete outcome indicators & effective evaluation tools (15%)		
6. Support from key collaborators with effective synergy effects (10%)		
7. Sustainability & contribution to SC building (10%)		
8. Reasonableness and cost-effectiveness of the proposed budget (10%)		
Part C Organization's Capability (sub-total: 15%)		
9. Organization's track record, effective leadership & strategic advantages (10%)		
10. Organization's financial position & financial management capability (5 %)		
Part D Others (sub-total: 5%)		
11. Risk management (5%)		
Total Rating:		

Project Name (App No):
Name of Applicant(s):

Overall Comments:

Recommendation:

- Recommend to approve (70 marks or above with Part A to C achieving the passing marks)
- Recommend to reject (below 50 marks)
- Marginal – issues for further consideration (51-69 marks **OR** 70 marks or above but fail in passing one of the vetting category)

Prepared by APMO: _____ Signature: _____ Date: _____

Verified by PMO / DPMO: _____ Signature: _____ Date: _____