

立法會 *Legislative Council*

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Panel on Environmental Affairs

Meeting on 28 March 2011

Updated background brief on Environment and Conservation Fund (Position as at 22 March 2011)

Purpose

This paper sets out the background to and the latest development of the Environment and Conservation Fund (ECF), and gives a brief account of the views and concerns expressed by the Panel on Environmental Affairs (the Panel).

Environment and Conservation Fund

2. ECF was established in 1994 under the Environment and Conservation Fund Ordinance (Cap. 450) (the Ordinance) to provide financial support for research, waste recovery and educational projects that promote environmental protection and nature conservation. ECF has received a total of \$200 million injection from the Government since its establishment in 1994. The Finance Committee (FC) approved an injection of \$50 million each in 1994 and 1998, \$100 million in 2002 and \$35 million in 2006.

Operation of ECF

3. Under the Ordinance, the Secretary for the Environment (SEN) is the trustee responsible for the administration of ECF. A statutory body, the ECF Committee which comprises mainly non-officials, has been set up under the Ordinance to advise SEN on the use of funds and to vet proposals for applications for the funds. Separately, the ECF Committee also provides funding to the Environmental Campaign Committee (ECC) for carrying out territory-wide environmental publicity and public education campaigns. In view of the diverse nature of funding applications, the ECF Committee has set

up two Vetting Subcommittees and authorized ECC to vet educational and community involvement projects which cost \$150,000 or less. Some large-scale projects may also be vetted by the ECF Committee.

4. In assessing funding applications, the following assessment criteria will be adopted -

- (a) Projects must contribute to the overall environment of Hong Kong, to raise environmental awareness of the local community, or to mobilize the community to take action to improve the environment;
- (b) The benefits must accrue to the district/local community as a whole, and not just to individuals, a single private organization or a consortium of private companies; and
- (c) Projects must be non-profit making in nature.

5. Project proponents are required to set out targets/deliverables in their funding applications. In considering a project proposal, due consideration is given to the following factors -

- (a) The benefits that it will bring to Hong Kong's environment, ecology, flora and fauna etc., or the extent to which it will enhance the environmental awareness of local community;
- (b) Whether there is a demonstrable need for the proposed project;
- (c) Whether the programmes of the project proposal can bring about positive impacts in the longer run;
- (d) The technical and project management capability of the applicant, as well as the past performance of the applicant, including the effectiveness of past projects, and the applicant's ability to comply with the funding conditions;
- (e) Whether the proposed schedule of implementation is well-planned and practicable, and the duration is reasonable;
- (f) Whether the proposed budget is prudent, realistic and cost-effective, with full justification for every expenditure item;
- (g) Whether the proposed project has alternative sources of funding support;

- (h) Whether the proposed project should more appropriately be funded by other sources;
- (i) Whether there is or likely to be a duplication of the work already or currently carried out by other groups; and
- (j) If recurrent expenditure is incurred, whether the proposed project has potential to become self-sufficient after a certain period of time.

After funding has been approved, project proponents are required to submit regular progress reports to the Secretariat of the ECF Committee for review. Payments to the project proponents are made by instalments subject to satisfactory progress reports.

Expansion of the scope of ECF

6. In his Policy Address 2007-2008, the Chief Executive announced the injection of \$1 billion into ECF so that it could expand the scope of programmes supported under the Fund to broaden partnership with different sectors in the community, enhance community's participation, and enhance cross boundary collaboration in environment and conservation matters. After consultation with the ECF Committee, the following priority programme areas have been identified -

- (a) Territory-wide educational and community involvement campaigns on environmental protection;
- (b) Technology transfer from professional institutions to practitioners to enhance environmental performance of industrial process;
- (c) Minor works projects to demonstrate and promote energy efficiency and conservation as well as waste reduction; and
- (d) Regional and international policy and technology conferences to promote exchanges among professional bodies on latest developments and best practices on environment and conservation matters.

7. Taking into account the expanded scope, the ECF funding guidelines have to be adjusted to allow greater flexibility for the applicant organizations, including non-governmental organizations, industries, and educational institutes, in the use of grant and help strengthen the capacity of the community in taking on larger scale and longer term environmental projects. Without

compromising the prudent control on the use of fund, the limits over the following aspects have been raised -

- (a) Funding caps per application;
- (b) Staff costs;
- (c) General administrative costs;
- (d) Minor works and equipment;
- (e) Study missions outside Hong Kong;
- (f) Production of publications and websites, as well as purchase of education materials and computer software; and
- (g) Duration of funded projects.

Deliberations of the Panels

8. The proposals to inject \$35 million and \$1 billion into ECF were discussed by the Panel at its meeting on 23 January 2006 and 26 November 2007 respectively. While supporting the provision of more funds to support environmental projects, some members questioned the propriety of using large amount of ECF fund on promotional projects. They considered that the additional funding of \$1 billion should be gainfully used for more worthwhile projects, such as those relating to energy efficiency and nature conservation. Given that a total commitment of \$228 million had been allocated to ECF over the years, there was a need for the Administration to justify the cost-effectiveness of the projects previously funded under ECF. At members' request, the Administration had provided supplementary information on the evaluation of effectiveness of projects funded under ECF, breakdown of budgets of the projects etc. The relevant paper (LC Paper No. CB(1) 431/07-08(01)) is hyperlinked below for ease of reference.

9. The funding proposal for injection of \$1 billion into ECF was approved by FC on 11 January 2008.

Latest development

10. In his Policy Address 2010-2011, the Chief Executive announced that \$500 million has been earmarked for injection into ECF as necessary. The Administration proposes to brief the Panel on the proposed injection at the Panel meeting on 28 March 2011.

Relevant papers

Information paper provided by the Administration for the Environmental Affairs Panel meeting on 23 January 2006

<http://www.legco.gov.hk/yr05-06/english/panels/ea/papers/ea0123cb1-725-6-e.pdf>

Minutes of the Environmental Affairs Panel meeting on 23 January 2006

<http://www.legco.gov.hk/yr05-06/english/panels/ea/minutes/ea060123.pdf>

Discussion paper provided by Administration for the FC meeting on 17 February 2006.

<http://www.legco.gov.hk/yr05-06/english/fc/fc/papers/f05-43e.pdf>

Minutes of the FC meeting on 17 February 2006

<http://www.legco.gov.hk/yr05-06/english/fc/fc/minutes/fc060217.pdf>

Information papers provided by the Administration for the Environmental Affairs Panel meeting on 26 November 2007

<http://www.legco.gov.hk/yr07-08/english/panels/ea/papers/ea1126cb1-283-5-e.pdf>

<http://www.legco.gov.hk/yr07-08/english/panels/ea/papers/ea1126cb1-431-1-e.pdf>

Minutes of the Environmental Affairs Panel meeting on 26 November 2007

<http://www.legco.gov.hk/yr07-08/english/panels/ea/minutes/ea071126.pdf>

Discussion paper provided by Administration for the FC meeting on 11 January 2008

<http://www.legco.gov.hk/yr07-08/english/fc/fc/papers/f07-48e.pdf>

Minutes of the FC meeting on 11 January 2008

<http://www.legco.gov.hk/yr07-08/english/fc/fc/minutes/fc080111.pdf>

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