

Legislative Council Panel on Welfare Services

Improvement Measures for the Enhancing Self-Reliance Through District Partnership Programme

Purpose

This paper sets out the improvement measures for the Enhancing Self-Reliance Through District Partnership Programme (the Programme) of the Home Affairs Department (HAD).

Background

2. The Financial Secretary earmarked \$150 million over five years starting from 2006-07 to strengthen district-based poverty alleviation work and assist socially disadvantaged groups to gain self-reliance, including support for social enterprises (SEs). To implement this initiative, HAD launched the Programme in June 2006 to provide seed grants to eligible non-profit-making organisations for the establishment of SEs.

3. The Programme seeks to promote sustainable poverty prevention and alleviation at the district level that help enhance self-reliance, targeting the socially disadvantaged. Instead of providing welfare or short-term relief, the Programme aims at enhancing the skills and capacities of the employees and providing opportunities for the disadvantaged to upgrade themselves and to be effectively integrated into the community.

4. Since its launch in 2006, the Programme has approved in nine phases of applications a total grant of about \$110 million to some 110 new SE projects, creating some 1 800 job opportunities.

New Measures

5. With the aims of encouraging and facilitating the establishment of more SEs and strengthening the support for grantees, HAD reviewed the Programme in consultation with the relevant stakeholders in 2010. The improvement measures borne out of the review are summarized in the ensuing paragraphs. These measures will be applicable to applications received from the first quarter of 2011 onwards.

(a) Eligibility for application

6. To be eligible for application under the Programme, an applicant should be a bona fide non-profit-making organisation which shall be a statutory organization or an organization registered under the laws of the Hong Kong Special Administrative Region; and an approved charitable institution and trust of a public character under section 88 of the Inland Revenue Ordinance (Cap. 112). Starting from 2011, in addition to section 88 organisations, we will accept, on a trial basis, applications from non-profit-making organisations which have not registered under section 88 of Cap. 112 (non-section 88 applicants). All non-section 88 applicants will be required to provide documentary proof of their non-profit-making status; track record of their non-profit-making undertakings in the past two years; at least two years' audited annual reports; and an explanation as to why they could not or have chosen not to obtain a section 88 status. If their applications are approved, SE projects implemented by them will be subject to additional monitoring measures to ensure the accountability in the use of public fund. The effectiveness of the trial scheme will be reviewed on an interim basis in the third quarter of 2012, and a full review will be conducted in the third quarter in 2013.

(b) Funding period

7. The funding period will be extended from a maximum of two years to a maximum of three years (counting from the signing of the funding agreement), while the funding ceiling of \$3 million per project remains unchanged. Grantees are required to submit progress reports and financial reports half-yearly during the three-year funding period, and annually thereafter for two years.

(c) Fields of business to be encouraged

8. We consider it worthwhile to encourage the establishment of SEs in specific fields of business which may tie in well with prevailing government policies or the needs of the community. In this regard, we would promulgate a list of business fields endorsed by the Programme Advisory Committee for general reference by prospective applicants. We will review the list on a periodic basis. Vetting of applications, whether or not in the encouraged fields, would continue to be based on individual merits, and should meet the Programme's primary objective of creating opportunities for the underprivileged to upgrade their skills to achieve self-reliance.

(d) Monitoring of projects

9. HAD will conduct "exit interviews" with grantees who have ceased or intending to cease operating the SEs. The purpose is to gain insight into reasons for business failure in a more in-depth and structured manner, with a view to drawing up further improvement measures for the Programme in future.

(e) Supplementary grants for grantees with business hardship

10. Grantees with business hardship may apply for a one-off supplementary grant to subsidise the operating expenses provided that they can demonstrate confidence and determination to sustain the SE business with the benefit of the supplementary grant. The supplementary grant, to be approved on an exceptional basis, would not exceed 20% of the original seed grant already approved and the funding ceiling of \$3 million per project would remain unchanged.

(f) Incentive grants for business expansion

11. To incentivise good business performance, grantees with plans to expand their business will be allowed to apply for grants to cover the associated operating expenses. Such grants, if approved, will be disbursed only one time and on a matching basis.

Dissemination

12. We will disseminate the improvement measures through our website (www.had.gov.hk/esr), seminars and workshops, and through our outreach to non-government organizations, charitable bodies and concerned entities in the private sector.

Advice Sought

13. Members are invited to note the new measures of the Programme.

**Home Affairs Department
February 2011**