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**Panel on Welfare Services**

**Background brief prepared by Legislative Council Secretariat  
for the meeting on 14 February 2011**

**Enhancing Self-Reliance Through District Partnership Programme**

**Purpose**

This paper gives an account of the implementation of the Enhancing Self-Reliance Through District Partnership Programme ("ESR Programme") and the discussions by the Panel on Welfare Services ("the Panel") and the Subcommittee to Study the Subject of Combating Poverty ("the Subcommittee") on the ESR Programme.

**Background**

2. In the 2006-2007 Budget, the Financial Secretary announced that \$150 million would be earmarked over the next five years to strengthen district-based poverty alleviation work and assist socially disadvantaged groups to gain self-reliance, including support for social enterprises.

3. The Home Affairs Department ("HAD") launched the ESR Programme in June 2006 to implement the above initiative. According to the Administration, the ESR Programme had also taken into account the renewed emphasis on district partnership contained in the consultation document on Review on the Role, Functions and Composition of District Councils published on 27 April 2006.

**Deliberations of the Panel and the Subcommittee**

4. At the meeting on 22 June 2006, the Subcommittee was briefed on the launch of the ESR Programme. Members were advised that the purpose of the

Programme was to promote sustainable poverty prevention and alleviation efforts at the district level that helped enhance self-reliance, targeting at socially disadvantaged groups.

5. In respect of the application and assessment of the project proposals, members were advised that based on the principles and criteria endorsed by the Task Force on District-Based Approach formed under the former Commission on Poverty, the Home Affairs Bureau had developed a set of funding application guidelines. Deadlines for the vetting of funding applications from eligible organisations would be set half-yearly, and the deadline for the first batch of applications was 31 August 2006. The funding ceiling for each approved project was \$3 million and the maximum funding period was two years. Approved projects should commence operation/service within six months after approval of the grant. Members were further advised that an advisory committee comprising representatives from the Labour Department, HAD and the Social Welfare Department and non-officials from different sectors was set up to vet applications for funding. Higher priority would be accorded to projects that aimed at continuation after the funding period. The advisory committee would also monitor and evaluate the effectiveness of approved projects.

6. Some members were concerned that only a limited number of low-income workers could benefit from the ESR Programme as only 10 projects of \$3 million each could be funded under the Programme in a year. These members expressed doubts about the effectiveness of the proposed measures in combating the problem of working poor and helping the socially disadvantaged groups. Some members took the view that as non-governmental organisations did not have the knowledge of running a business, it would be extremely difficult for them to manage such business on commercial principles and make such business sustainable. They were concerned that the operators of social enterprises would have used up the funding approved under the ESR Programme before they had acquired the necessary knowledge and skills for running a business. These members stressed that in addition to providing seed money for starting social enterprises, there should be comprehensive support services for their sustainable development.

7. The Subcommittee was provided with an update of the implementation of the ESR Programme in November 2006. According to the Administration, eligible organisations could submit funding applications all year round with deadlines set half-yearly to facilitate the vetting of applications by an Advisory Committee. A total of 82 applications had been received for the first phase by the closing date of 31 August 2006. These applications comprised projects such as cafeteria, massage for health care, beauty care, sale of used

clothes/items, guided-tour service, household maintenance and cleaning services, etc. By the end of October 2006, the Advisory Committee vetted and endorsed the first batch of 15 applications involving grants of about \$13 million. The approved projects would be implemented in districts including Sham Shui Po, Kwun Tong, Tin Shui Wai and Tung Chung, and would create some 200 jobs. The ESR Programme Secretariat would continue to process the remaining applications. Members were advised that the Advisory Committee and the Programme Secretariat would provide appropriate support to the successful applicants in their project implementation.

8. On the publicity arrangement for the ESR Programme, the Administration advised that in addition to issuing leaflets on the Programme, HAD would also organise briefing sessions for interested organisations and frontline staff. Separately, District Officers would also brief the District Councils, their committees and interested organisations in the districts.

9. At the Subcommittee meeting on 11 December 2007, members were advised that the ESR Programme had approved under the first three phases of applications a total of about \$67 million to some 70 new social enterprise projects that would create some 1 300 jobs for the socially disadvantaged groups. Thirty-six of these social enterprise projects were being/would be implemented in less well-off districts such as Kwun Tong, Sham Shui Po, Tuen Mun, Yuen Long, Tin Shui Wai and Tung Chung. By the end of December 2007, about \$83 million remained available for application, and HAD was processing applications received under phase 4.

10. Given that the ESR Programme was to provide seed money for eligible non-governmental organisations and district organisations to set up social enterprises, some members suggested that consideration be given to accepting applications for the ESR Programme from organisations which were yet to be recognised as non-profit making organisations under section 88 of the Inland Revenue Ordinance ("IRO") (Cap. 112). The Administration advised that the ESR Programme aimed to provide seed grants for eligible organisations to run social enterprises during their initial operations. While the Administration welcomed the participation of the private sector in operating social enterprises, applicants for the ESR Programme should be non-profit making organisations within the meaning of section 88 of IRO so as to ensure the prudent use of public money.

11. The Panel was provided with an annual update of the implementation of the ESR Programme at the meetings to receive briefings from the Secretary for Home Affairs on the policy initiatives as set out in the Policy Address. At the Panel meeting on 22 October 2009, members noted that the ESR Programme

had approved under the first five phases of applications a total grant of about \$88 million to about 90 new social enterprise projects, creating some 1 500 jobs for the socially disadvantaged.

12. At the Panel meeting on 20 October 2010, members noted that the ESR Programme had approved under the eight phases of applications a total grant of about \$110 million to 106 new SE projects, creating some 1 700 jobs for the socially disadvantaged. HAD was reviewing different aspects of the ESR Programme, including the eligibility for application, the funding amount and duration, and the support measures available for approved social enterprise projects.

### **Relevant papers**

13. Members are invited to access the Legislative Council website at <http://www.legco.gov.hk> to view the Administration's papers and relevant minutes of the meetings of the Panel and the Subcommittee.

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