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Panel on Welfare Services

**Background brief prepared by the Legislative Council Secretariat
for the meeting on 13 June 2011**

Child Development Fund

Purpose

This paper provides background information on the setting up of the Child Development Fund ("CDF") and a summary of discussions by the Subcommittee to Study the Subject of Combating Poverty ("the Subcommittee") and the Panel on Welfare Services ("the Panel") on the subject.

Background

2. One of the key recommendations of the former Commission on Poverty ("CoP") is to set up a CDF to provide more development opportunities for children from a disadvantaged background, with a view to reducing inter-generational poverty. CoP also recommended that the Fund –

- (a) should be used to promote building personal development plans among children from a disadvantaged background under on-going guidance and mentorship from non-governmental organisations ("NGOs") and voluntary mentors; and
- (b) should encourage targeted savings in order to examine whether asset-building habits would yield positive behavioural and mindset change among children from a disadvantaged background.

3. The Government had earmarked \$300 million for the establishment of the CDF in the 2007-2008 Budget.

Issues of concern raised by Members

Proposed establishment of CDF

4. The Subcommittee formed under the House Committee in the Third Legislative Council ("LegCo") had studied the subject of CDF at its meetings on 19 January, 26 March and 18 June 2007. Members were advised that at the Child Development Forum organised by CoP on 10 November 2006, participants expressed support for exploring the asset-building approach¹ as a way to help motivate children and their families coming from a disadvantaged background to build up their own assets and plan for their future. CoP was also in general supportive of the initiative to explore the asset-building approach as an additional measure to help promote child development and to tackle inter-generational poverty.

5. Members were further advised that three broad models of CDF, namely, the Child Personal Development Fund², the Child Targeted Savings Fund³, and the Child Trust Fund⁴, had been put forward for public discussion. While the Administration was studying the most suitable model to be adopted, it would consider supporting some pilot projects using the asset-building approach in the short-term. This would facilitate the Administration and the community as a whole to consolidate the local experience and consider which model could best suit the needs of children and youth in Hong Kong.

6. While welcoming the setting up of a CDF, members considered that instead of launching a short-term fund, sustainable assistance should be

¹ According to CoP, asset building encourages the disadvantaged to build up "assets". Such assets can be both financial savings and non-financial ones (such as human capital and social network).

² The Child Personal Development Fund will be used to support voluntary community-based programmes to promote personal development of children from a disadvantaged background. Participating children will not be required to save money to build up financial assets.

³ The Child Targeted Savings Fund is similar to the Child Personal Development Fund, but will involve accumulation of financial assets (savings) from the participating children and their families, for some targeted personal development purposes.

⁴ The Child Trust Fund is a universal programme which encourages the accumulation of longer-term financial savings and investment for all children, with additional incentives to encourage voluntary savings for children from a disadvantaged background.

provided for children from a disadvantaged background to help them get out of poverty. Some members expressed concern about the ability of low-income families to save, and suggested that measures should be introduced to encourage them to make contributions to the Fund. Members also urged the Administration to take a more proactive approach in promoting the concept of CDF in the business sector, with a view to encouraging more business organisations to give donations to the Fund.

7. The Administration advised that since the objective of the asset-building approach was to motivate children and their families to build up their own assets and plan for their own future, all children and families would be encouraged to do so irrespective of their financial conditions. To encourage the disadvantaged families to make contributions to CDF, the Administration would consider introducing incentives such as matching funds from the Government and/or the business sector. The Administration would also step up efforts to promote CDF in the business sector and encourage more business organisations to make donations.

8. Responding to members' concern about the timetable for launching CDF in Hong Kong, the Administration advised that there were two to three NGOs piloting asset-building programmes based on the Child Personal Development model to promote personal development of children and youth. The Administration was considering setting up a fund for taking forward this model under which NGOs could start to apply for funding for pilot asset-building programmes in 2007-2008. Separately, the Administration had received two proposals from NGOs applying for Government subsidy to launch asset-building programmes targeting disadvantaged children based on the Child Targeted Savings Fund model. Given that the NGOs concerned had secured donations from the business sector, these pilot projects were expected to be launched shortly subject to the NGOs concerned having undertaken the necessary preparation work. As regards the Child Trust Fund model, the Administration advised that there were divergent views in the community towards the suggestion for CDF to be a universal scheme and to last for a longer period of time.

Proposed mode of operation of CDF

9. At its meeting on 14 January 2008, the Panel was consulted on the funding proposal to set up a \$300 million CDF to try out a new model for promoting the longer-term development of children from a disadvantaged background. According to the Administration, CDF would comprise three key components, namely personal development plans, mentorship programme and targeted savings. Before deciding how the \$300 million

CDF should be deployed in the long term, the Administration would use part of the allocation to implement the first batch of seven pioneer projects in seven regions/districts, with a minimum of 100 children from each region/district. The pioneer projects would aim at secondary school students aged 12 to 16 who lived in households receiving Comprehensive Social Security Assistance ("CSSA") or full grants from the Student Financial Assistance Agency; or those who lived in households with income not exceeding 75% of the Median Monthly Domestic Household Income, with priority given to children aged 14 to 16. The savings target for the participating children and their families were proposed to be set at \$200 per month for a period of two years. For truly deserving cases, the operating NGOs would exercise discretion or make alternative arrangements to facilitate the smooth completion of the savings part of the programme.

10. Members and the deputations attending the meeting were in general supportive of setting up CDF. Some deputations considered that to allow more disadvantaged children to participate in the pioneer projects, the Administration should make matching contributions, and the savings target should be set at different levels, say, \$50, \$100 or \$200. Given some 230 000 disadvantaged children, the deputations also considered that the Administration should cater for the development needs of younger children and set out a long-term plan and a concrete timetable for bringing these children under CDF.

11. Members shared the deputations' concerns about the implementation details and the long-term way forward for CDF. Members expressed concern about the ability of low-income families to save \$200 per month for a period of two years. To help children from a disadvantaged background to get out of poverty, they considered that the Administration should enhance its support for the disadvantaged families. In the light of the financial hardship faced by the needy families, members suggested that the savings target of \$200 per month should not be set across the board, and the Government should make matching contributions and expand the scope of CDF.

12. The Administration advised that CDF sought to encourage children from a disadvantaged background to plan for the future. Apart from encouraging the disadvantaged children to develop an asset-building habit and to accumulate financial assets, CDF also aimed to encourage participating children to accumulate non-financial assets, such as right attitudes and a proper mindset, personal resilience and capacities as well as social networks, instead of just focusing on the amount of savings to be

achieved. To this end, apart from providing special financial incentive of \$3,000 for each participating child upon completion of the savings programme, the Administration had also proposed to set aside \$15,000 for the provision of training to each participating child to help them achieve their development targets as set out in their personal development plans.

13. Members noted that as a first step to try out a new service model, a minimum target of 700 participating children was set for the first batch of seven CDF pioneer projects. Subsequent batches of pioneer projects would be rolled out upon completion of the first batch of projects. It was estimated that if the proposed model of the first batch of projects was to be adopted, a total of some 13 600 children would benefit from CDF. The Administration would monitor the implementation of the first batch of the pioneer projects to see if modifications or improvements to the design or arrangements were required for subsequent batches of projects.

14. Members urged the Administration to consider seriously the deputations' suggestions, and provide a response to the issues of concern raised such as the asset-building component of CDF, the age requirement of the participating children and the number of participants. Members also requested the Administration to consider fully the Panel's views before submitting the funding proposal to the Finance Committee ("FC").

15. Having regard to members' views, the Administration subsequently proposed to revise the proposal as follows –

- (a) to lower the age requirement from 12-16 to 10-16, with priority given to youngsters aged 14 to 16 as some students might choose to receive vocational training or join the labour market after completing senior secondary education, and they had a more urgent need to learn how to formulate and implement their development plans. As such, the Administration proposed that children aged 10 to 13 should constitute no more than 30% of the participants in each pioneer project;
- (b) while the seven CDF pioneer projects would involve a minimum of 700 participants, the operating NGOs would be welcome and encouraged to provide a higher number of participants in their proposals; and

- (c) while the savings target would be set at \$200 per month, participating children and their families, together with the operating NGOs, could agree to set a lower savings target.

16. Members were advised that subject to the approval of FC, the Administration would proceed with the preparation work for the implementation of CDF. Members welcomed the revised proposal and requested the Government to report to the Panel on the progress of the pioneer projects. The funding proposal for CDF was approved by FC at its meeting on 25 April 2008. The Government announced the launch of CDF in November 2008.

Implementation of the first batch of CDF projects

17. At its meetings on 13 July 2009 and 14 May 2010, the Panel was briefed on the progress of the implementation of CDF. According to the Administration, the first batch of seven pioneer projects were rolled out in December 2008 by six operating NGOs, and a total of 750 participating children were recruited. Of these children, 71% were aged between 14 and 16 while 29% were aged between 10 and 13. More than 690 volunteers from all walks of life had been recruited by the operating NGOs as personal mentors of the participating children. In the view of the Administration, the pioneer projects had secured enthusiastic support from various parties in the private sector and the community.

Participating children

18. Noting that only 750 children were recruited for the first batch of the pioneer projects, members generally considered that the number of participating children was on the low side as a total of some 13 600 children were expected to benefit from CDF upon its full implementation. They strongly urged the Administration to draw up a concrete timetable for implementing the subsequent batches of projects and roll out the projects expeditiously. Some members also expressed concern about the selection criteria for participating children.

19. The Administration advised that children aged 10 to 16 who were receiving CSSA or full grants from student finance schemes administered by the Student Financial Assistance Agency or whose household incomes were less than 75% of the Median Monthly Domestic Household Income were eligible for participation in the pioneer projects. The participating children came from different backgrounds and were recruited and selected by the operating NGOs through their own networks, such as schools in the

region/district. As a first step to try out a new service model, a target of at least 700 participating children was set for the first batch of the pioneer projects. Moreover, the operating NGOs needed time to recruit suitable and sufficient mentors.

Mentors

20. Members expressed grave concern about the difficulties encountered by the operating NGOs in recruiting quality mentors and the training/assistance to the recruited mentors for the provision of proper guidance to the children. Some members considered that to expedite the full implementation of the CDF projects, more operating NGOs should be invited to enlarge the network and a central register be introduced to facilitate matching of mentors and children across the territory.

21. The Administration advised that instead of recruiting the mentors centrally by the Government, the operating NGOs were tasked to recruit mentors, with a minimum ratio of mentor to mentees at one to three. While there was strong demand for mentors, the quality of mentors would not be compromised. As regards training to mentors, a guidebook had been prepared by the Labour and Welfare Bureau for mentors' understanding of their roles and responsibilities and training programmes had been organised by the operating NGOs to equip mentors with relevant knowledge and skills. The Administration would also consider members' suggestion to request mentors to make periodic progress report on their mentorship with the mentees.

Personal development plans and targeted savings

22. Members were advised that the participating children had started their two-year savings programme since April 2009. The Government had set aside \$15,000 for each participating child under the CDF pioneer projects for the provision of relevant training programmes for a period of two years so as to help them develop and pursue their own personal development plans with specific targets. Up to 31 March 2010, about 350 training sessions had been organised by the operating NGOs for the participating children, their parents and mentors. While there was no minimum attendance requirement for them, the average attendance rate was 70%.

23. Members noted that 13 participating children had set a lower savings target of below \$200 per month and five children had withdrawn from the savings programme. They expressed concern about the development of

these children concerned. The Administration advised that the operating NGOs had discussed with the children concerned and their parents to try to explore other feasible alternatives before they decided to withdraw from the targeted savings programme. Four of them continued to participate in the mentorship programme and attend training programmes provided by the operating NGOs.

24. Concern was raised about the specific personal development plans developed by participating children and whether the savings were adequate to realise their plans. Some members considered that CDF projects should aim at early identification of the target participants for appropriate assistance, instead of focusing on the development of one's potential and talents.

25. According to the Administration, each participating child would be able to accumulate about \$13,000 (inclusive of the matching contributions from the partner organisations or individual donors and the special financial incentive of \$3,000 from CDF) upon the completion of the two-year savings plan. The mentors would provide on-going guidance to the children in developing their own plans. Since the participating children would develop their own personal development plans in the first two years of each project with the assistance of their mentors and the operating NGOs, most of the children had yet to finalise their personal development plans. The Administration undertook to report to the Panel when more information on the personal development plans was available.

Monitoring and evaluation

26. According to the Administration, a Steering Committee on Child Development Fund ("SCCDF"), chaired by the Permanent Secretary for Labour and Welfare and comprised members from different sectors of the community, had been set up to steer the design and to oversee and monitor the implementation of CDF. The operating NGOs would make progress reports to SCCDF regularly.

27. This apart, the Administration had commissioned the Polytechnic University of Hong Kong to conduct a consultancy study on CDF, which was scheduled for completion by mid-2012, to evaluate the pioneer projects and make recommendations on how to further develop CDF into a longer-term model. Based on the initial observations of the consultancy team, the CDF projects were bringing about positive changes to the participants, including improving communication between the participating children and their family members, and building up a savings habit. The

Administration would keep members informed of the consultant's major observations.

The second batch of CDF projects

28. According to the Administration, it would consider the timetable for rolling out the subsequent batches of CDF as well as the plan to further develop CDF taking into account the practical experience in implementing the first batch of pioneer projects. It envisaged that CDF would be fully implemented by batches in three to five years' time.

29. At its meeting on 14 May 2010, the Panel was advised that the second batch of 15 CDF projects would be rolled out in June 2010, and the number of target beneficiaries would be doubled to 1 500 children. These projects would be similar to those in the first batch in terms of project content. In order to facilitate children's participation in the training programmes and activities, the Government would reduce the geographical coverage of each project by rolling out 15 projects in 13 districts. The Administration had also taken into consideration the feedback and suggestions made by the operating NGOs in planning the second batch projects. For instance, the operating NGOs were encouraged to recruit disabled and ethnic minorities children to participate in the projects.

Latest developments

30. According to the Administration, the participating children of the first batch of CDF projects have drawn up their personal development plans by March/April 2011, and it will brief the Panel on the progress of CDF projects at its meeting on 13 June 2011.

Relevant papers

31. A list of the relevant papers on the LegCo website is in the **Appendix**.

Appendix

Relevant papers on Child Development Fund

Committee	Date of meeting	Paper
Subcommittee to Study the Subject of Combating Poverty	19 January 2007 (Item I)	Agenda Minutes
Subcommittee to Study the Subject of Combating Poverty	26 March 2007 (Item I)	Agenda Minutes
Subcommittee to Study the Subject of Combating Poverty	18 June 2007 (Item II)	Agenda Minutes
Panel on Welfare Services	14 January 2008 (Item V)	Agenda Minutes
Panel on Welfare Services	14 February 2008 (Item VI)	Agenda Minutes
Finance Committee	25 April 2008	Minutes FCR(2008-09)4
Panel on Welfare Services	13 July 2009 (Item III)	Agenda Minutes
Panel on Welfare Services	14 May 2010 (Item IV)	Agenda Minutes CB(2)2293/09-10(01)