

立法會
Legislative Council

LC Paper No. FC133/12-13(01)

**Background information on the Disaster Relief Fund
and provisions to the Fund in recent years**

Purpose

This paper provides background information on the Disaster Relief Fund ("the Fund") including its operation and a summary of funding provisions to the Fund approved by the Finance Committee ("FC") in recent years.

Disaster Relief Fund

2. The Fund was established on 1 December 1993 following the introduction of a resolution under section 29 of the Public Finance Ordinance ("PFO") into the Legislative Council ("LegCo"). It is to provide a ready mechanism for Hong Kong to respond swiftly to international appeals for humanitarian aid in relief of disasters that occur outside Hong Kong. With an initial appropriation of \$50 million from the General Revenue, the Fund is topped up at the start of each financial year and as necessary during the financial year, depending on calls for relief and the size of the Fund balance and commitments then.

3. As with all other funds covered by PFO, the Financial Secretary has been designated as the administrator of the Fund. The LegCo Finance Committee's approval is required for each disbursement exceeding the limit of the delegated power which, at present, is \$8 million. The Fund is audited by the Audit Commission annually and the audited accounts are submitted to LegCo for information¹.

¹ The Director of Audit submits a report on the accounts of the Government of the Hong Kong Special Administrative Region to LegCo in around November every year. The accounts of the Disaster Relief Fund are included in that report.

Operation of the Fund

Disaster Relief Fund Advisory Committee

4. A Disaster Relief Fund Advisory Committee ("the Committee"), comprising unofficial and official members, was set up on 1 February 1994 to advise on the policy and practices regarding disbursement of funds for disaster relief. It also advises on the size of grants made to recipients and monitors the use of grants.

Guidelines and Conditions for Approval of Grants

5. Grants from the Fund are only made in cases of a specific disaster, not for an on-going problem, and of such nature and scale that stimulates a response by the international community. To enable a fair and objective appraisal of applications for grants from the Fund, the Committee employs a set of guidelines and conditions, which are reviewed as when necessary, for approving the applications. These guidelines and conditions are at **Appendix I**.

Monitoring the Use of Grants

6. To ensure that grants are only used for the approved purposes, the following measures are put in place to monitor the use of grants made to relief organizations –

- (a) the relief organization should report to the Committee the critical project milestones, including the commencement date and completion date of a project, within one month from the respective scheduled date;
- (b) should there be signs of deviation from the approved targets, inclusive of the schedule, relief area, number of victims benefited, etc., the relief organization is required to obtain prior approval from the Committee;
- (c) the relief organization should submit an evaluation report and an audited account on the use of the grant within six months upon completion of the relief programme. The evaluation report submitted should comprise an overall assessment of the programme in terms of the number of victims benefited and the total time used to provide emergency relief to them. Other information such as a statement of need, project goal, relief

items, timeliness of relief actions, coordination with other relief organizations, monitoring effort and project finance, etc. should also be provided, where applicable; and

- (d) the evaluation report and audited accounts are reviewed by the Secretariat of the Committee and the Audit Commission during the annual audit of the Fund to ensure that the grant conditions are complied with.

7. For grants made to governments outside the Hong Kong Special Administrative Region ("HKSAR"), evaluation reports on the use of grants are normally called for from the recipient authorities. The disasters in such cases are usually severe, extensive and complex. As the recipient authorities have to focus their efforts on emergency relief work, the timeframe for submission of evaluation reports is not specified.

Provision to the Disaster Relief Fund

8. Funding provisions to the Fund approved by FC in recent years are summarized below –

Finance Committee meeting	Purpose	Amount sought (\$ million)
19 August 2010	Providing emergency relief to mudslide victims in Gansu Province in the Mainland (FCR(2010-11)40)	50 ²
23 April 2010	Providing emergency relief to earthquake victims in Qinghai Province in the Mainland (FCR(2010-11)6)	130 ³
1 April 2010	Providing emergency relief to drought victims in the Mainland (FCR(2010-11)1)	150 ⁴

² \$50 million to the Government of Gansu Province

³ • \$100 million to the Government of Qinghai Province
• grants totaling HK\$13.139 million for five organizations to carry out relief programmes for victims in Qinghai

⁴ \$40 million each to the Governments of Guangxi, Guizhou and Yunnan Province/Region and \$18.59 million for six organizations to carry out relief programmes for victims in Guangxi, Guizhou and Yunnan

Finance Committee meeting	Purpose	Amount sought (\$ million)
17 August 2009	Providing emergency relief to the typhoon victims in Taiwan (FCR(2009-10)40)	50
14 May 2008	Provide emergency relief to the earthquake victims in Sichuan (FCR(2008-09)15)	350 ⁵
5 February 2008	Provide emergency relief to snowstorm victims in the Mainland provided under the Disaster Relief Fund (FCR(2007-08)56)	250 ⁶

9. The Administration has provided reports on the use of grants from the Fund for emergency relief to disaster victims. The hyperlinks of the reports are shown in **Appendix II**.

HKSAR's work in support of reconstruction in the Sichuan earthquake stricken areas

10. Separately, the Administration undertook to submit regular reports to LegCo on the latest progress of the HKSAR's work in support of reconstruction in the Sichuan earthquake stricken areas. To this end, the Administration submitted nine progress reports to the Panel on

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- ⁵ • \$300 million to the Disaster Relief Headquarters of the Central People's Government;
- \$0.8 million worth of supplies for environmental cleansing and disinfection to the Relief Command of Yingxiu Town, Wenchuan County ;
 - \$4.3 million worth of tents to Hong Kong and Macao Affairs Office, Sichuan Provincial People's Government; and
 - grants totalling \$21.24 million for five organizations to carry out relief programmes for the earthquake victims.

- ⁶ • \$100 million to the provincial government of Guizhou Province;
- \$100 million to the provincial government of Hunan Province;
 - \$10 million to the municipal government of Shaoguan of Guangdong Province; and
 - grants totalling \$28.72 million for seven organizations to carry out relief programmes for the snowstorms victims.

Development at its meetings on 3 February 2009, 18 June 2009, 24 November 2009, 22 June 2010, 16 December 2010, 28 June 2011, 19 December 2011, 28 June 2012 and 7 January 2013. Further details are set out below.

11. The FC approved injection of a total of HK\$9 billion into the Trust Fund in Support of Reconstruction in the Sichuan Earthquake Stricken Areas ("Trust Fund") in July 2008, February and July 2009 to take forward the three stages of the HKSAR's reconstruction work. Taking into account the HK\$1 billion donation by the Hong Kong Jockey Club and public donation, the HKSAR committed a total of about HK\$10 billion to support reconstruction in Sichuan. The HKSAR Government is directly involved in 151 reconstruction projects spanning across 12 hard-hit cities (prefectures). The total commitment for these projects amounts to RMB¥7.503 billion, or around HK\$8.593 billion. These projects cover five categories, including 56 education, 35 medical and health, 35 social welfare services, and two infrastructure projects, as well as 23 projects of reconstruction in the Wolong Nature Reserve ("Wolong"). As at end of November 2012, 127 projects have been completed. Except for the two infrastructure projects, namely Provincial Road 303 and Mianmao Highway, and several Wolong projects of which work progress have been affected by natural disasters such as torrential rains and mudslides, it is estimated that all HKSAR Government-led projects can be completed in early 2013.

12. The Trust Fund approved a total commitment of HK\$262 million to support 32⁷ Non-Governmental Organizations ("NGO") projects in areas of education, medical services, physiological and psychological rehabilitation, social welfare, training schemes and public facilities etc,

⁷ The reconstruction of the teaching block of Mianyang Ethnic Secondary School ("the School") undertaken by the Hong Kong Federation of Education Workers Education Organization Limited ("the Federation") had originally received funding support of HK\$2 million from the Trust Fund. The teaching block was completed and opened in March 2010. On 21 May 2012, the Mainland media reported, and the HKSAR Government confirmed, that without prior consent of the HKSAR Government, the teaching block of the School was torn down. Given the latest development, the Federation has written to the HKSAR Government, indicating its intention to withdraw its funding application and return the HK\$2 million funding support to the Trust Fund. On 24 May 2012, the HKSAR Government discussed the above issue with the Sichuan side. Subsequently, the Sichuan side agreed and confirmed that the HK\$2 million funding was refunded to the Trust Fund on 28 May 2012. The Trust Fund has excluded the School from its list of reconstruction projects. In other words, there are now 32 NGO projects funded by the Trust Fund.

comprising both hardware construction and software service provision such as training and counselling. As at end of November 2012, among the 32 NGO projects, 28 construction projects have been completed and another 4 non-construction projects have commenced their service provision, serving local community.

Project Management

13. The Administration has advised that in accordance with the Cooperation Arrangement, Sichuan is responsible for the day-to-day management and supervision of the HKSAR reconstruction projects. The technical standards of these projects should comply with relevant laws and regulations in the Mainland. Proper monitoring mechanism should be in place, including appointment of independent supervision engineers, to monitor the implementation of the projects. According to the relevant Mainland laws and regulations, and the individual Project Cooperation Arrangements, the Sichuan construction quality supervision unit should be responsible for project supervision and management. The construction agents, design agents, supervision agents and works agents of the projects should be held accountable for the quality of the projects. The HKSAR also plays a pivotal role in project supervision, including organizing regular and spot inspections as and when necessary by various bureaux/departments of the HKSAR Government, such as on-site inspections to examine progress, quality and use of the funds of the projects, so as to ensure that the projects are implemented according to relevant requirements. The HKSAR Government also engages independent professional consultants to carry out on-site technical audits having regard to the progress of projects. The scope of technical audits covers implementation progress, financial and quality management. The independent professional consultants will submit to the HKSAR Government reports on the observations in the inspections. If problems (including defects in workmanship) are identified, the Administration will refer the problems to the Sichuan side through the liaison and coordination mechanism established between Hong Kong and Sichuan and request the latter to follow up and rectify the problems to satisfaction. According to the Administration, up till now, the above Hong Kong–Sichuan monitoring mechanism, including the independent professional consultants, have not identified any major problems on quality or irregularities. As for defects in workmanship which do not affect the normal and safe usage of facilities, the Sichuan side is actively following up, and most of the defects have been rectified promptly.

Funding Management

14. Apart from the above monitoring mechanism, the HKSAR Government releases project funds based on actual progress of works. According to the Cooperation Arrangement, a Dedicated Account has to be set up for each reconstruction project under the SCHKMAO to specifically handle HKSAR's reconstruction funds; and funds are to be transferred to the Dedicated Account by the Hong Kong side according to the project milestones specified in the respective Project Cooperation Arrangements. Each project unit needs to submit funding application for approval of the SCHKMAO, having regard to the progress of works.

15. Regarding the HKSAR Government's monitoring of the use of funds, the Administration has advised that the Trustee (i.e. Secretary for Home Affairs Incorporated) ("SHAI") shall, under the Secretary for Home Affairs Ordinance (Cap 1044), submit a copy of the SHAI's audited statement of accounts, together with the report by the Director of Audit and a report by the corporation on the administration of the Trust Fund during the period covered by the audited statement of accounts to the LegCo not later than three months after the audited statement of accounts and the report thereon are received by the corporation from the Director of Audit. The Trust Fund's audited annual statement of accounts (as at 31 March 2012) had been completed and was submitted to the LegCo on 7 November 2012 by the Trustee. The latest report submitted to the Panel on Development can be found at the following hyperlink: <http://www.legco.gov.hk/yr12-13/english/panels/dev/papers/devcb1-261-1-e.pdf>.

Council Business Division 1
Legislative Council Secretariat
23 April 2013

Appendix II

Funding provisions for the Disaster Relief Fund approved by the Finance Committee in recent years and the Administration's reports on the use of grants from the Fund

Finance Committee meeting	Purpose (with webpage link to relevant paper)	Amount sought (\$ million)	Date of the Administration's report to the Finance Committee (with webpage link to relevant paper)
19 August 2010	Providing emergency relief to mudslide victims in Gansu Province in the Mainland (FCR(2010-11)40) http://www.legco.gov.hk/yr09-10/english/fc/fc/papers/f10-40e.pdf	50	16 July 2012 http://www.legco.gov.hk/yr11-12/english/fc/fc/papers/fcfc-173-1-e.pdf
23 April 2010	Providing emergency relief to earthquake victims in Qinghai Province in the Mainland (FCR(2010-11)6) http://www.legco.gov.hk/yr09-10/english/fc/fc/papers/f10-06e.pdf	130	16 July 2012 http://www.legco.gov.hk/yr11-12/english/fc/fc/papers/fcfc-173-1-e.pdf
1 April 2010	Providing emergency relief to drought victims in the Mainland (FCR(2010-11)1) http://www.legco.gov.hk/yr09-10/english/fc/fc/papers/f10-01e.pdf	150	16 July 2012 http://www.legco.gov.hk/yr11-12/english/fc/fc/papers/fcfc-173-1-e.pdf

Finance Committee meeting	Purpose (with webpage link to relevant paper)	Amount sought (\$ million)	Date of the Administration's report to the Finance Committee (with webpage link to relevant paper)
17 August 2009	Providing emergency relief to the typhoon victims in Taiwan (FCR(2009-10)40) http://www.legco.gov.hk/yr08-09/english/fc/fc/papers/f09-40e.pdf	50	5 September 2011 http://www.legco.gov.hk/yr08-09/english/fc/fc/papers/fc0817fc-113-e.pdf
14 May 2008	Provide emergency relief to the earthquake victims in Sichuan (FCR(2008-09)15) http://www.legco.gov.hk/yr07-08/english/fc/fc/papers/f08-15e.pdf	350	8 October 2009 http://www.legco.gov.hk/yr07-08/english/fc/fc/papers/fc0514fc-158-e.pdf
5 February 2008	Provide emergency relief to snowstorm victims in the Mainland provided under the Disaster Relief Fund (FCR(2007-08)56) http://www.legco.gov.hk/yr07-08/english/fc/fc/papers/f07-56e.pdf	250	27 October 2008 http://www.legco.gov.hk/yr07-08/english/fc/fc/papers/fc0205fc-11-e.pdf 19 December 2008 http://www.legco.gov.hk/yr07-08/english/fc/fc/papers/fc0205fc-47-e.pdf 2 September 2009 http://www.legco.gov.hk/yr07-08/english/fc/fc/papers/fc0205fc-154-e.pdf

Guidelines for Grants from the Disaster Relief Fund

I. Coverage

- (1) Grants should only be made in cases of a specific disaster, not an on-going problem.
- (2) Grants should only be made in cases of disasters of such nature and scale that stimulate a response by the international community.

II. Assessment of Proposals

- (3) Grants should be made in response to-
 - (a) appeals made to the international community by a government or a relief organisation for disaster relief aid in the country or locality concerned; or
 - (b) applications submitted by a relief organisation for a disaster relief project being or to be carried out by the organisation. Retroactive funding is not supported.
- (4) The appeal/application should be based on humanitarian grounds. Political considerations will not be taken into account.
- (5) The appeal/application should have received a measure of public support in Hong Kong.
- (6) Any application by a relief organisation should be supported by a proposal outlining the nature and scale of the aid project, the number and type of beneficiaries and the size of grant required.
- (7) The relief organisation should have demonstrated a sound track record in providing similar types of disaster relief services and activities.
- (8) The size of the grant should be sufficient to make an impact.
- (9) When there is more than one application of a similar nature and for the same disaster, regard should be given to the likely number of beneficiaries, the promptness with which the relief may be provided and the nature of the relief to be provided.

III. Conditions of Grant

- (10) Individual grants should take the form of one-off cash payments.
- (11) The grant should be given to the government concerned or to a reputable relief organisation in the field.
- (12) Up to 5% of the grant may be used to cover overheads or other administrative costs. The rest should be spent entirely on disaster relief services and activities.
- (13) The government/relief organisation concerned should be required to submit an evaluation report / an evaluation report and an audited account respectively to the Government of the Hong Kong Special Administrative Region on the use of the grant within a specified period.