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Panel on Welfare Services

**Background brief prepared by the Legislative Council Secretariat
for the meeting on 10 December 2012**

Community Investment and Inclusion Fund

Purpose

This paper provides background information and gives an account of the discussions at meetings of the Council and its committees on the Community Investment and Inclusion Fund ("CIIF").

Background

2. In the 2001 Policy Address, the Chief Executive announced the establishment of a \$300 million CIIF to provide seed money to support the collaborative efforts of community organizations and the private sector in encouraging mutual concern and aid, promoting community participation, and supporting cross-sectoral programmes. The primary objective of the Fund is to enhance social capital that is considered by the World Bank to be the essential social glue which strengthens social cohesion and is conducive to fostering social harmony.
3. Funding support was obtained in February 2002. The CIIF Committee was subsequently established in April 2002. Supported by a secretariat, the Committee was responsible for, among others, vetting applications for CIIF and monitoring the progress of funded projects.
4. CIIF was formally launched and open for the first batch of applications in August 2002. All non-governmental organizations ("NGOs") and private organizations (but not individuals and Government bureaux and departments) are eligible to submit proposals. Funding is project-based. The types of projects which are not eligible include those –

- (a) that are primarily profit-making;
- (b) that involve mainly one-off consumption activities, such as banquets, picnics and trips without any demonstrable long lasting community development benefit;
- (c) where the beneficiaries and implementation locations are outside Hong Kong;
- (d) that duplicate or replace financial resources for existing subvented services; or
- (e) that are in breach of existing policies or legislative requirements.

5. As at end-February 2012, CIIF had received a total of 1 041 applications, of which 254 (24%) and 787 applications (76%) were approved and rejected respectively. The total amount of approved allocation was about \$240 million.

6. The Financial Secretary had announced in his 2012-2013 Budget to inject an additional \$200 million into CIIF to ensure that it could continue to perform its social function in furthering social capital development at the district level.

Past discussions by Members

Pace of disbursement of CIIF and small number of successful applications

7. Members of the WS Panel generally raised concern about the slow pace of disbursement of CIIF. Some members, however, pointed out that CIIF project organizers had to observe closely the directives given by the CIIF Committee such that the implementation of the projects would be in line with the models/strategies developed by the Committee. They were of the view that such requirement should be reviewed to allow project organizers having more autonomy and diversity in implementing their projects. Some other members said that the back-and-forth communication between the CIIF Secretariat and the prospective applicants should be streamlined. To their knowledge, funding from CIIF would be disbursed only if the prospective applicants had revised the project scope by adopting the social capital models/strategies development by the CIIF Committee. This had not only slowed down the pace of funding disbursement and kick-off of the projects, but also stifled the diversity of the project types. Moreover, successful applicants would be under the close scrutiny of the CIIF Secretariat in the course of implementing the approved projects.

8. The concern about the slow pace of fund disbursement was also raised by the Public Accounts Committee ("PAC") in its Report No. 55 published in 2010. In addition, PAC was also concerned about the small number of successful applications.

9. In response, the Administration pointed out that in approving projects, the CIIF Committee took into account a number of factors, including the prudent use of public funds and encouragement of creativity and participation of organizations, and so on. When CIIF was first set up in April 2002, the Committee had made it clear that the seed money would be used to support projects that could foster the development of social capital while one-off activities and projects lacking long-lasting impact would not be supported. When assessing applications, the CIIF Committee would accord priority to the effectiveness of the projects in terms of promotion of multi-partite collaboration and sustainable development of social capital rather than focusing on the number of projects approved.

10. The Administration added that notwithstanding its above response, it agreed that CIIF should continue to actively encourage more applications from eligible organizations so as to promote social capital. CIIF had further enhanced its publicity and promotion efforts. Apart from strengthening co-operation with stakeholders in the districts, CIIF had commissioned a consultant to conduct a half-yearly brand building exercise with a view to enhancing public understanding and recognition of CIIF and social capital and encouraging joint participation and implementation of the social capital concept. CIIF handled all applications in a fair and impartial manner. To enable applicants to have a better understanding of CIIF's requirements, the CIIF Secretariat regularly organized briefing sessions, arranged grantees and prospective applicants to share their experience in the good modes of operation and implementation of successful projects, provided individual consultation service for applicants in need as well as reviewed from time to time the possibility of streamlining administrative procedures. The CIIF Secretariat had also enhanced support services to grantees, including providing clear guidelines on reporting of project achievements, organizing sharing sessions and training workshops, as well as inviting academics to explain the prerequisites for effective implementation of social capital projects and developing effective assessment tools and methods.

11. At the special Finance Committee ("FC") meetings in March 2012 which examined the Estimates of Expenditure 2012-2013, Members raised a written question on –

- (a) whether the application procedures and conditions of CIIF would be improved as they had been considered by the general public as complex and harsh; and
- (b) whether the Administration would provide additional manpower and resources to cope with the new jobs which might be brought by its proposed injection of funds to CIIF.

12. In reply, the Administration said that –

- (a) to enable a better understanding of CIIF's application requirements, the CIIF Secretariat had, in addition to taking the measures mentioned in paragraph 10 above, reviewed from time to time whether there was scope to streamline administrative procedures. In end-2009, the CIIF Secretariat revised the application form to provide a clearer framework for submission of funding proposals, while a set of clearer and more concrete assessment criteria had also been developed in early 2010 to facilitate applicants' better understanding of the requirements; and
- (b) when CIIF was established in 2002, the relevant FC submission indicated that the then Health and Welfare Bureau (the Labour and Welfare Bureau since July 2007) would provide secretariat service for CIIF. Having regard to the increasing number of projects and the development of CIIF, the Administration had allocated additional resources over the past few years to strengthen the manpower of the Secretariat. The strength of the CIIF Secretariat had increased from five in 2002 to 13 as at March 2012. The Administration would continue to closely keep in view the manpower situation and requirements of the CIIF Secretariat.

Scope of CIIF projects

13. Some members of the WS Panel were concerned that the ambit of CIIF projects was too restrictive. They wondered whether CIIF would fund (a) projects adopting the "conflict approach" for resolving matters of concern in the community; and (b) applications which promoted community networking for the purpose of introducing new initiatives not provided under the Government's existing policies, for example, unemployment assistance.

14. According to the Administration, the main objective of CIIF was to promote social capital, through enhancing individuals' capacity, social networking and cross-sectoral collaboration. CIIF would consider applications from various sectors applying different approaches to promote social capital

development insofar as they were in line with CIIF's objectives. In this connection, CIIF had supported projects which helped to enhance employability and collaboration between employers and workers.

15. At the special FC meetings in March 2012, Members raised a written question on whether the scope of and the projects subsidized by CIIF would be broadened and expanded with the proposed injection of funds to CIIF.

16. In reply, the Administration said that CIIF aimed to build up social capital in Hong Kong with clear objectives and positioning and did not overlap with other existing funds. When assessing applications, the CIIF Committee would accord priority to the effectiveness of the projects in terms of promotion of cross-sectoral collaboration and sustainable development of social capital. One-off activities and projects lacking long-lasting impact would not be supported. Since 2010, CIIF had been stepping up efforts in promoting social capital and engaging cross-sectoral partners, including developing various collaboration models such as "medical-welfare-community" model and "family-community-school" model. With the injection, CIIF would continue to actively encourage more applications from eligible organizations with a view to deriving more diverse collaboration models and intensifying the impact of social capital in Hong Kong.

Sustainability of CIIF projects

17. Members of the WS Panel were concerned about the sustainability of CIIF projects, particularly those flagship projects which could serve as a model for adoption by other project teams for wider implementation.

18. According to the Administration, it saw great potentials in those flagship projects for wider implementation in the territory and for mainstreaming as regular services. A wide variety of projects of different themes targeted at specific sectors of the community could also be implemented across the territory. In regard to the sustainability of CIIF projects, of the 209 CIIF projects approved in or before April 2009, the funding period of some 90 projects had expired and half of them could be sustained on their own, by ways of merging into the agency's mainstream services or becoming self-financing, whereas many others had proceeded to a second phase development under CIIF.

Follow-up reviews and overall evaluation of effectiveness of CIIF

19. As follow-up reviews had not been conducted on completed CIIF projects to assess their effectiveness, PAC pointed out that it was not ascertainable how successful the projects funded by the CIIF had been able to promote and build social capital. PAC was also concerned that the operation and requirements of

CIIF might not be conducive to encouraging smaller organizations to apply for the CIIF funding. PAC urged that the Secretary for Labour and Welfare and the CIIF Committee should, before completion of the second external review, critically review the overall achievement of the CIIF objectives and work out the way forward for CIIF, taking into account the availability of other sources of funding that supported the development of social capital.

20. In response, the Administration explained that it would devise guidelines and framework for project assessment and put in place a mechanism for following up completed projects so as to ensure their sustainable development. As regards CIIF's effectiveness in social capital development, the Administration had commissioned independent consultants to conduct the second evaluation study of CIIF which was expected to be completed in early 2012. Taking into account the target, scale and timing of the evaluation study, the Administration was of the view that the independent consultants should continue with their work instead of conducting a self-evaluation in parallel before the completion of the independent evaluation to avoid duplication of resources and ensure the independence of the study. The Administration would actively follow up the findings of the independent evaluation study and consider the future development of and injection into CIIF in due course.

Latest development

21. The Administration will consult the WS Panel on the injection proposal at its meeting on 10 December 2012 with a view to seeking FC's approval in the first quarter of 2013.

Relevant papers

22. A list of relevant papers on the Legislative Council website is in the **Appendix**.

Relevant papers on Community Investment and Inclusion Fund

Committee	Date of meeting	Paper
Panel on Welfare Services	16 April 2009 (Item IV)	Agenda Minutes CB(2)1620/08-09(01)
Legislative Council	16 February 2011	Official Record of Proceedings Pages 12 - 13 Report of the Public Accounts Committee on the Reports of the Director of Audit on the Accounts of the Government of the Hong Kong Special Administrative Region for the year ended 31 March 2010 and the Results of Value for Money Audits (Report No. 55) (February 2011 - Chapter 3 of Part 8)
Legislative Council	18 May 2011	Official Record of Proceedings Pages 12 - 13 The Government minute in response to the Public Accounts Committee Report No. 57 of February 2012 Pages 19 - 20

Finance Committee	8 March 2012	<u>Administration's replies to members' written questions in examining the Estimates of Expenditure 2012-2013 Pages 40 - 41 and 113 - 114</u>
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