

**For discussion  
on 17 July 2015**

**Legislative Council Panel on Home Affairs  
Youth Development Policy and Youth Development Fund**

**Purpose**

This paper updates the Panel on the Home Affairs Bureau (“HAB”)’s work on youth development, as well as seeks the Panel’s views on the proposed arrangements of Youth Development Fund (“the Fund”).

**(I) Youth Development Policy**

2. The SAR Government has always emphasised on youth development. Various bureaux implement an array of measures to nurture the next generation, which covers education, employment and whole-person development. HAB implements youth development policy to foster a culture of multi-faceted excellence and to provide diversified learning, training and development opportunities to young people who have different aspirations. We hope that young people can develop an active approach to life and a positive sense of social awareness. They should be interested in the developments of Hong Kong and our country, as well as having an international perspective in seeing things. They should thoroughly understand their individual rights and be happy to take on social obligations. Under this policy direction, we have implemented the following measures in the past few years.

**(1) Broaden young people’s horizons and provide more training opportunities**

3. We continued to increase our funding support in the recent two financial years for community organisations, youth organisations, schools and uniformed groups, etc. to organise more youth exchange programmes on the Mainland through the “Funding Scheme for Youth Exchange in the Mainland” jointly operated by HAB and the Commission on Youth (“CoY”). In the meantime, we have actively strengthened our efforts to

extend the “International Youth Exchange Programme” to more countries for more young people to benefit from overseas exchanges. Also, additional resources have been allocated in the recent two financial years to the “Funding Scheme for Youth Internship in the Mainland” jointly organised by HAB and the CoY. We will enhance cooperation with Guangdong this year, offering more internship opportunities on the Mainland for our youth by increasing the number of internship placements in Guangdong enterprises, institutions, organisations, etc. The number of young people benefitted from the above programmes has increased from about 9 700 in 2013-14 to about 19 000 in 2015-16.

4. Hong Kong has made bilateral working holiday scheme (“WHS”) arrangements with ten economies, providing young people an opportunity to enrich their life and work exposure, as well as experience foreign culture and customs, through holidaymaking. As at the end of 2014, over 50 000 young people from Hong Kong have participated in the WHS. The Labour Department has been promoting the WHS through various channels, including organising talks, setting up webpages, distributing publicity materials, etc.

5. The Chief Executive (“CE”) has announced in this year’s Policy Address that the Government will work in collaboration with the United Nations Volunteers and local voluntary agencies to send 10 university students from Hong Kong every year to volunteer at the United Nations agencies in Southeast Asia. The first batch of participants for this programme has been successfully selected. Upon completion of the pre-departure training, they have set off to overseas service points to commence voluntary work starting this June. Apart from this, we will also launch the “Guangdong-Hong Kong Youth Volunteers Programme”. Tertiary students from Hong Kong will join their counterparts in Guangdong to take part in a 7-day voluntary service programme in the rural areas of Guangdong during the summer holiday. In addition, the Service Corps Programme, since its introduction in 2011, has attracted some 100 young people to provide voluntary teaching and other services in the underprivileged areas on the Mainland for 6 months to a year. The Service Corps members were complimented for their performance by the local authorities, as well as by teachers and students. In view of this, we will regularise its funding starting from 2015-16, so that the youth can

continue to have the opportunity to participate in training with a longer duration.

6. Furthermore, we provide subvention every year to 13 uniformed groups and other organisations (e.g. Scout Association of Hong Kong, Hong Kong Red Cross and The Hong Kong Award for Young People) for them to organise various kinds of youth activities. The objectives are to promote positive values, broaden the horizons of young people, encourage them to take part in voluntary and community services and strengthen leadership skills. From 2014-15 onwards, HAB has doubled the annual subvention for uniformed groups and other organisations to over \$100 million for about 113 000 young people.

## **(2) Enhance communication with young people**

7. With the support of the CoY, we will continue to collaborate with community organisations, youth organisations, universities and other stakeholders to promote various youth development activities through the funding provided by the Youth Programme Co-ordinating Committee. The biennial Youth Summit, jointly organised by HAB and the CoY, aims to provide a platform for young people to express their opinions on social policies. In the previous Youth Summit held in March 2015, the CE and the secretaries of some bureaux were invited to interact and exchange with young people. Opinion received in the Summit was forwarded to relevant bureaux for reference and follow-up. In order to provide more opportunities for young people to have direct communication with Government officials and community leaders, we will also continue to organise Youth Exchange Sessions (“Y.E.S.”). In the past five years, we have organised a total of 19 Y.E.S., covering a wide range of discussion topics, such as population policy, the RESCUE Drug Testing Scheme, political reform, waste management, etc.

## **(3) Support to youths receiving education**

8. HAB offers different schemes to allow young people to further explore their own potentials and excel their abilities. We launched the “Funding Scheme for Youth Life Planning Activities” at the end of last year. In the next two years, we will provide a total of more than \$25

million for non-governmental organisations (“NGOs”) and secondary schools to jointly organise activities that can enhance the awareness and understanding of students, parents and teachers towards life planning and multiple pathways. Over 230 secondary schools with some 80 000 students, teachers and parents are expected to benefit from the Scheme.

9. The Multi-faceted Excellence Scholarship, which was announced in the Policy Address last year, provides full sponsorship to universities and tertiary institutions for them to admit annually a total of about 20 local students who excel in sports, arts and/or community service. The selection exercise for the first year of the scholarship has been completed. Universities will send admission offers to the nominated students. The first batch of scholarship recipients is expected to commence university studies this September.

#### **(4) Youth Hostel Scheme**

10. We will continue to implement the Youth Hostel Scheme. The project in Tai Po by the Hong Kong Federation of Youth Groups and the project in Sheung Wan by the Tung Wah Group of Hospitals progress more quickly – the pre-construction consultancy studies are completed and other statutory procedures, such as lease modification and submission of town planning applications, are now underway. As for the project by Hong Kong Association of Youth Development in Mongkok and the project by the Hong Kong Girl Guides Association in Jordan, pre-construction consultancy studies are ongoing. In addition, the pre-construction consultancy study on the Po Leung Kuk’s project in Yuen Long is also in progress and its town planning application will be submitted soon. These five projects are expected to provide over 2 000 hostel places. It is estimated that the first batch of hostel places under the entire plan will be completed in 2017/18 the earliest.

#### **(II) Youth Development Fund**

11. The CE announced in the Policy Address this year that the Government would set up a \$300 million Youth Development Fund to support innovative youth development activities which were not covered by existing schemes, including subsidy in the form of matching funds for

NGOs to assist young people in starting their own business.

12. In the past few months, a focus group under the CoY has held several meetings and reached some preliminary consensus on the operation of the Fund. The CoY has already set up the Working Group on Youth Development Fund (“the Working Group”) to further deliberate on the Fund’s operational details and communicate with stakeholders. In the course of discussions, the CoY invited young entrepreneurs, experts, academics and organisations with experience in assisting youth entrepreneurship for sharing. In the current stage, we propose that the Fund be operated according to the principles stated in paragraphs 13-22 below when giving support to young entrepreneurs:

(1) Operational arrangements of the entrepreneurship matching fund

(a) *Eligibility criteria of NGOs*

13. The Fund will support NGOs to launch entrepreneurship projects by way of matching funds, so that they can directly assist young people in starting their own business. After consulting the Working Group, we recommend that, regardless of whether NGOs would assist young entrepreneurs with grant or loan, the Fund would provide a grant with conditions, and the ratio of the matching fund would be capped at 1:2. For example, if an NGO intends to provide a capital of \$1 million to young entrepreneurs for their start-ups, the Fund can offer a matching grant of \$2 million at most. In accordance with the principle of prudent and fair use of public funds, the maximum amount of matching fund available to each NGO is capped at \$3 million. The Fund will conduct an grant allocation exercise once a year until it is depleted.

14. Members agreed to adopt a lenient approach to decide which NGOs can work with the Fund. Most Members were of the view that, apart from providing start-up grants, it is more important for the Fund to offer professional training consultations and support to young entrepreneurs through organisations with entrepreneurial and business experiences (or organisations with such connections and inter-personal networks). Therefore, the target partners of the Fund should not be limited to non-profit making charitable bodies (i.e. tax-exempt charities

under section 88 of the Inland Revenue Ordinance) only. Business associations, professional bodies, charitable organisations set up by commercial firms and educational institutions (such as universities) may also submit applications.

15. In order to ensure that young entrepreneurs can make an informed decision on the development direction of their businesses, NGOs are required to provide appropriate information by inviting mentors to share their experience with and offer guidance to participants through, for example, briefing sessions or workshops. NGOs should also provide other forms of support, such as matching young entrepreneurs with mentors with relevant experience for regular follow-ups, offering business information and professional guidance, assisting in establishing business networks, etc.

16. Additional expenditure will be involved if NGOs are required to operate and follow up on the entrepreneurship programmes in the long run. The Government may separately allocate a certain percentage of funding for NGOs to meet their administrative costs, according to the scale and needs of the entrepreneurship programmes.

*(b) Eligibility and requirements of young entrepreneurs*

17. In general, the targets of youth activities are young people aged 15 to 29. However, considering that persons under the age of 18 cannot fulfil contracts and take up other legal obligations on their own, and that entrepreneurs need certain work and life experience before they can identify their career aspiration, seize market opportunities and find their entrepreneurial direction. Therefore, after making reference to the age limit of other similar entrepreneurship schemes<sup>1</sup>, we suggest setting an age range of 18 to 35 for applicants of the Fund. Furthermore, as it often takes several attempts for start-ups to succeed, the Fund will not limit its support to first-time business starters.

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<sup>1</sup> For example, the “Youth Business Hong Kong” programme operated by the Hong Kong Federation of Youth Groups and the “Youth Business Project” organised by the Hong Kong United Youth Association both have an age limit of 18 to 35.

(c) *Nature, mode and location of businesses*

18. In order to facilitate NGOs to effectively follow up and to ensure that the businesses comply with the commercial laws and regulations in Hong Kong, young participants will be required by the Fund to apply for company and business registration for their business establishments in Hong Kong. However, we note that with the prevalence of various online business platforms, such as eBay, Taobao, etc., quite a number of entrepreneurs have actively sought to develop overseas markets in recent years. Therefore, although the businesses concerned are required to register in Hong Kong, the Fund will not restrict the scope of operation. This is to encourage young people to expand their global outlook and explore opportunities outside Hong Kong.

19. As regards the nature of businesses, Members considered that the Government should not set any limit, thus allowing young people to fully unleash their creativity. However, certain businesses that might embarrass the Government should not be supported, such as tobacco.

20. Provision of business start-up information is an essential part in supporting young entrepreneurs. Therefore, we propose that all participants be required to first attend briefing sessions organised by NGOs, in order to understand the steps and requirements of setting up a company, as well as the characteristics of different types of companies or organisations. They can then make their own decisions according to their circumstances and needs.

(d) *Monitoring mechanism*

21. The Government will closely monitor NGOs to ensure that they are impartial and fair when they use the fund, vet the projects and provide grants. NGOs are required to pass the assessment and an interview conducted by an assessment panel to make sure that all arrangements are comprehensive and appropriate. Only then will the Fund disburse the funding in phases to the approved applicants. To ensure the prudent use of public funds, the NGOs concerned must sign an agreement with the Government, requiring the submission of, for example, project reports, financial reports, etc., at a time specified by the Fund. Representatives

of HAB or the CoY may also attend any project activities as observers to monitor the progress of the projects. Should any irregularities be found, the Government has the right to recover from the approved applicants any disbursement in full.

22. When making an application to NGOs, young entrepreneurs are required to submit it together with a detailed business plan and budget, and to pass an interview arranged by the relevant NGO. HAB or the CoY has the right to appoint representatives as observers. The relevant NGO must formulate a set of criteria for assessment and obtain the agreement from HAB and the CoY, before determining which applications to be subsidised and the amount of funding. When the funding has been approved, entrepreneurs are required to report to the relevant NGOs regularly on their financial situation. NGOs should also formulate a set of comprehensive funding or loan mechanism to determine the arrangements for repayment methods and recovery of arrears on their own.

(2) Other innovative activities

23. Apart from entrepreneurship initiatives, the Fund will also support NGOs (of the same definition as mentioned in paragraph 14 above) to organise innovative youth development activities which are not covered by various existing funding schemes. It is not easy to clearly define innovative activities. As far as the activities are concerned, they can be innovative in terms of form or content. For instance, individual NGOs may share with young people the knowledge of starting a business through competitions and training. Participants who are suitable to start their own businesses may then be selected to prepare specific business start-up plans under guidance. These activities are no doubt closely related to supporting young entrepreneurs. However, considering the activity content, the expenditure on these activities should apparently be separated from the NGOs' administrative costs for directly running the entrepreneurship programmes. In fact, based on the mission of the Fund as mentioned in the Policy Address, the scope of support should not be confined to activities relating to youth entrepreneurship. For example, activities that nurture creativity of young people may also be considered.



24. We propose that any activities which are innovative, beneficial to youth development and not covered by existing Government schemes be accepted under the Fund. Activities may not necessarily be related to entrepreneurship, provided that they consist of the above elements. Therefore, we set the upper age limit of young beneficiaries at 35. As regards the funding mode, we propose providing support in the form of a grant with conditions, i.e. similar to the funding for young entrepreneurship projects. The ratio of the matching fund would be also capped at 1:2.

25. We will collaborate with the CoY to formulate a set of criteria for vetting funding applications from NGOs in relation to innovative activities. Factors to be considered include the extent of innovation, the number of beneficiaries, whether it could apply for other Government support, etc., of the proposed activities.

### Financial Implications

26. The Fund involves a one-off non-recurrent provision of \$300 million. Sufficient funding has been reserved.

27. The estimated cash flow requirement is as follows:

	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22 and</u> <u>each</u> <u>subsequent</u> <u>year</u>	<u>Total</u>
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Youth							
Development	30,000	30,000	30,000	30,000	30,000	30,000	300,000
Fund							

### Way Forward

28. We will continue to discuss the details with the Working Group under the CoY and maintain communication with stakeholders. When

the operation details of the Fund have been finalised, we expect to submit a funding application to the LegCo Finance Committee in the fourth quarter this year. Subject to funding approval, we will review the operation and effectiveness of the Fund when it has been implemented for some time.

### **Advice Sought**

29. Members are invited to comment on the above matters and to support HAB's funding application to the Finance Committee in relation to the proposed arrangements of the Fund.

**Home Affairs Bureau**  
**July 2015**