

ITEM FOR FINANCE COMMITTEE

HEAD 142 – GOVERNMENT SECRETARIAT : OFFICES OF THE CHIEF SECRETARY FOR ADMINISTRATION AND THE FINANCIAL SECRETARY

Subhead 700 General other non-recurrent New Item “Sustainable Development Fund”

Members are invited to approve the creation of a new commitment of \$100 million to establish the “Sustainable Development Fund”.

PROBLEM

Funding is required to support community initiatives that promote the principles and practices of sustainable development.

PROPOSAL

2. The Director of Administration proposes to create a new commitment of \$100 million to establish the Sustainable Development Fund (SDF).

JUSTIFICATION

Promoting the Concept of Sustainable Development

3. As part of the vision of ‘Making Hong Kong an Ideal Home’ enshrined in the 1999 Policy Address, the Chief Executive emphasised the importance of the community, the business sector and the Government working in partnership to embrace the principles of sustainable development.

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4. The concept of sustainable development is relatively new to Hong Kong, and is unfamiliar to many in the community. Nonetheless, it is accepted internationally and by local institutions and non-government organisations that a sustainable approach to our long-term development is essential if we are to improve the quality of life for current and future generations.

5. To this end, we should encourage broad community awareness of the concept of sustainability and ways to put sustainable development into practice. The provision of more information on sustainable lifestyles and trends is also important. We believe that an effective way to develop a strong community awareness of the need for a sustainable approach in our daily lives is to provide funding for various institutions and organisations to promote sustainable development through practical projects and educational programmes.

Objectives of the SDF

6. The newly appointed Council for Sustainable Development (CSD) has discussed the objectives of the SDF, and has agreed that the Fund should provide a central source of support for initiatives aimed at developing a strong public awareness of the concept of sustainability, as well as providing grants for projects that would promote sustainable practices in Hong Kong. Specifically, the SDF would be a source of grants for activities that promote –

- (a) public understanding of the importance of advancing the economic, social and environmental interests of the community in a balanced and integrated manner;
- (b) everyday practices that are consistent with the principles of sustainability; and
- (c) public participation in the discussion of Hong Kong's long-term sustainable development.

7. Given that the main aim of establishing the SDF is to promote understanding of sustainable development in the wider community, we further propose giving priority to projects that are likely to make a noticeable impact on the general public's awareness of sustainability. We would therefore encourage applications that relate to public educational programmes, particularly those that could convey in a direct and practical manner the message that we can all play a part in making Hong Kong a sustainable city. Studies and other initiatives consistent with the scope and objectives of the SDF would also be welcome.

/Eligibility

Eligibility for Grants from the SDF

8. Apart from programmes initiated by the CSD, we propose to accept applications for grants from individuals, community-based groups, non-profit or charitable organisations, non-profit-making educational institutions, professional bodies and other non-government sector groups. Government agencies would only be eligible for financial support from the SDF in respect of projects led by non-government partner organisations.

Assessment Criteria and Vetting Process

9. The CSD has established an Education and Publicity Sub-committee (EPSC) to develop programmes to raise public awareness of issues related to Hong Kong's sustainable development. One of the Sub-committee's tasks would be to review and advise on the detailed operation of the Fund, including the award of grants from the SDF. In so doing, the Sub-committee would act in accordance with the proposed objectives and funding guidelines as set out at Enclosure 1.

Encl. 1

Administration of the SDF

10. The day-to-day administration of the SDF would be the responsibility of the Sustainable Development Unit (SDU) under the Administration Wing of the Office of the Chief Secretary for Administration. The authority for awarding grants under the SDF would rest with the Director of Administration in his capacity as the Controlling Officer. The Director would decide on the disbursement of funds on the advice of the CSD and its Education and Publicity Sub-committee.

Relationship with Existing Funding Schemes

11. We have considered the relationship of the SDF to other funds, in particular the Environment and Conservation Fund (ECF), the Innovation and Technology Fund (ITF), the Quality Education Fund (QEF) and the Community Investment and Inclusion Fund (CIIF), to ensure that there would be minimal overlap or duplication among these funds and the SDF. A table comparing the purposes and funding categories of these existing funds is at Enclosure 2 for reference.

Encl. 2

12. Of the funds studied, the ECF and the CIIF appear to share some of the objectives of the SDF. However, they differ markedly from the proposed SDF in that the ECF and the CIIF focus respectively on distinct policy issues, i.e. the promotion of environmental protection and the conservation of the local environment, and the development of social capital through enhanced mutual help and community participation respectively. The concept of sustainable development, on the contrary, cuts across a range of policy areas including, but not limited to, economic development, environmental awareness, social inclusion, urban planning and development and the promotion of cultural diversity. The focus of the SDF would therefore be on initiatives that facilitate integration among these various policy perspectives, rather than those that solely address, for example, environmental or social issues. The CSD would not support applications that fail to demonstrate a clear understanding of the concept of sustainable development, in particular the integration of different fields to achieve long-term sustainability goals. In this respect, the SDF would clearly differ from the ECF and the CIIF.

13. In order to minimise the possibility of overlap or duplication with other funds, the SDU, as the fund administrator, will liaise closely with the administrative offices of the other funds as regards any changes to the scope of sponsorship and processing of applications under such funds. We will also require applicants for grants from the SDF to state whether they have applied for grants from other funding sources.

Annual Review of the Operation of the SDF

14. We envisage that initial applications for grants from the SDF would be diverse in range and nature. We shall review the operation of the SDF annually, in consultation with the CSD, to ensure that we can achieve the objectives of the Fund effectively. If such a review calls for major changes to the criteria for assessing applications, we will inform the relevant Legislative Council Panel.

Implementation Timetable

15. Subject to Members' approval of this proposal, we plan to invite applications for grants from the SDF shortly.

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FINANCIAL IMPLICATIONS

16. We plan to disburse the \$100 million in the SDF more or less evenly over a period of 10 years, i.e. about \$10 million a year. The Director of Administration will absorb within his current operating budget the administrative costs involved in the operation of the SDF, including the staffing requirements involved in publicising the Fund, screening applications, monitoring the use of grants and reviewing its scope.

17. Subject to Members' approval of this proposal, the Secretary for Financial Services and the Treasury shall approve under delegated authority the supplementary provision required in 2003-04 by deleting an equivalent amount under Head 106 Miscellaneous Services Subhead 789 Additional Commitments. Sufficient provision will be included in future Estimates for expenditure from 2004-05 onwards.

CONSULTATION WITH LEGISLATIVE COUNCIL PANEL

18. We have consulted the Legislative Council Panel on Environmental Affairs and Panel on Planning, Lands and Works on our proposal. At a joint meeting of the Panels held on 14 May 2003, Members generally supported the establishment of the SDF, while suggesting clarification of some of the funding guidelines. We have taken these views into account in drawing up the funding guidelines at Enclosure 1.

BACKGROUND INFORMATION

19. In his 1999 Policy Address, the Chief Executive emphasised the need for the community to work in partnership to achieve sustainable development, in particular –

- finding ways to increase prosperity and improve the quality of life while reducing overall pollution and waste;
- meeting our own needs and aspirations without doing damage to the prospects of future generations; and
- reducing the environmental burden we put on our neighbours and helping to preserve common resources.

20. In order to help build awareness and encourage the community to put the concept of sustainable development into practice, the Chief Executive also announced the intention to establish the CSD and a \$100 million fund to support community initiatives in this area. The Council was appointed on 1 March 2003, and at its first meeting on 1 April 2003, members agreed to establish an Education and Publicity Sub-committee, one of whose tasks would be to advise on the award of grants from the SDF. The membership of the Council and the Sub-committee is Encl. 3 & 4 shown at Enclosures 3 and 4 respectively.

21. The internationally accepted definition of sustainable development is – “Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.” The Plan of Implementation of the 2002 United Nations World Summit of Sustainable Development specifically states the need to –

“Enhance partnerships between governmental and non-governmental sectors, including all major groups, as well as volunteer groups, on programmes and activities for the achievement of sustainable development at all levels.”

Administration Wing
Chief Secretary for Administration’s Office
June 2003

**Sustainable Development Fund
Proposed Funding Guidelines**

Nature of Projects to be Supported

1. Projects selected for funding support will be expected to enhance Hong Kong people's understanding of sustainable development, or encourage the local community to put the concept of sustainable development into practice. Studies or research projects that meet these criteria would be eligible for grants from the Fund.
2. The concept of sustainable development involves integrating the economic, social and environmental aspects of development. Projects failing to demonstrate clearly full integration of at least two of these aspects would not be supported.
3. The benefits must accrue to the local community as a whole, and not just a single organisation, a consortium of companies or a narrow sector.
4. Projects should be non-profit making in nature. Any income derived from a project should be used to further the project's objectives.
5. In considering a project proposal, due consideration will be given to –
 - (a) whether there is a demonstrable need for the proposed project;
 - (b) the technical and project management capability of the applicant;
 - (c) whether the proposed project's schedule of implementation is well-planned and the duration is reasonable;
 - (d) whether the proposed budget is reasonable and cost effective in general terms;
 - (e) whether the proposed project has one or more alternative sources of funding support or would be more appropriately funded by other sources;

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- (f) whether there is likely to be duplication of work between the proposed project and other community projects; and
- (g) whether the proposed project has the potential to become a self-sufficient ongoing initiative.

Eligibility for Grants

- 6. Applications may be submitted by non-government and community organisations as well as by individuals. Joint applications involving different organisations will be acceptable. Government departments may only apply for grants in partnership with non-government organisations, and in such cases the latter should be the lead partner in the proposed project.

Administrative Matters and Monitoring Mechanism

- 7. Funds approved cannot be used to create any permanent staff posts or recurrent financial commitment.
- 8. Except in the case of applications from schools and individuals, the minimum amount to be applied for should be not less than HK\$50,000. Applicants will be required to provide a full, itemized budget for proposed projects.
- 9. Successful applicants will be required to provide regular progress reports on the implementation of projects, and to complete an end-of-project evaluation that measures the success of the project against its stated aims.

A Comparison of the Purposes and Funding Categories of Four Existing Funds

Name of Fund	Environment and Conservation Fund	Community Investment and Inclusion Fund	Quality Education Fund	Innovation and Technology Fund
Purpose of Fund	Supports educational, research, technology demonstration and other projects and activities in relation to environmental and conservation matters, as well as community waste recovery projects.	Encourages mutual concern and aid among people, promotes community participation at the local level and supports cross-sectoral programmes to develop social capital.	Sponsors worthwhile projects that benefit pre-primary, primary, secondary and special education.	Finances projects that contribute to innovation and technology upgrading in industry, as well as those essential to the upgrading and development of industry in Hong Kong.
Funding Categories	<ol style="list-style-type: none"> 1. Environmental Education & Community Action 2. Environmental Research and Technology 3. Community Waste Recovery 	Local or territory-wide community-initiated projects that seek to promote social capital	<ol style="list-style-type: none"> 1. Information Technology in Schools 2. Education Research 3. School-based Management 4. All-round Education 5. Effective Learning 	<ol style="list-style-type: none"> 1. Innovation and Technology Support 2. University-Industry Collaboration 3. General Support 4. Small Entrepreneurship Research Assistance 5. Innovative Product Development Assistance

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