Review of Quality Education Fund

PRUPOSE

   This paper informs Members of the outcomes of recent reviews conducted on the Quality Education Fund (QEF).

BACKGROUND

2.   At the special meeting of the LegCo Panel on Education held on 1 March 2002, Members noted that the QEF Steering Committee had initiated a number of studies on the operations of the QEF with a view to improving efficiency and enhancing effectiveness. Members therefore asked to be informed of the outcomes of the studies when they were completed. The studies include a process review by the Management Services Agency (MSA) and a consultancy study on project evaluation by the Melbourne University Private (MUP). In addition, the QEF has also conducted an opinion survey to collect feedback from users.

PRESENT POSITION

3.   The studies and the survey have recently been completed. Three copies each of the full reports have been deposited with the LegCo Secretariat for Members' perusal. The main findings and recommendations are set out in the following paragraphs for ease of reference.

MSA Review

4.   The MSA surveyed the practices of six other local and overseas grants agencies and advised that they were similar to those of the QEF. A number of system and process improvement measures were recommended, including the adoption of a peer review system for application assessment, the streamlining of project monitoring, the automation of QEF operations and the introduction of a system to collect feedback from users regularly. Another recommendation was that the QEF should follow the practice of the other funding agencies in allowing appeals on only procedural matters, and not professional judgement.

QEF Survey

5.   The survey was completed with a high response rate of 67% out of a survey population of 7 545.   Overall, 97% of the respondents found the QEF valuable and 92% were satisfied with the performance of QEF.   On the impact of QEF, majority of the respondents considered that QEF had helped a great deal in the provision of additional resources to schools (95%), in promoting a new school culture (89%), in teachers' professional development (86%) and in enhancing teaching effectiveness (93%).   Nevertheless, the findings also revealed a considerable level of dissatisfaction with the workload for applicants in connection with the preparation of project proposals and with the insufficient details provided in the reject letters for unsuccessful applications.

MUP Study

6.   For their study on QEF, the consultants had surveyed the practices of eight international funding agencies, including the Alberta Initiative in School Improvement and the Bill and Melinda Gates Foundation.   They found that QEF had had a major impact on school education in Hong Kong and there was clear evidence of transformation of learning and teaching through the implementation of QEF projects.   They were impressed with the dissemination activities conducted by QEF and concurred with the current dissemination strategy.   To further the impact of QEF, they suggested that a more strategic funding approach should be adopted and recommended a very comprehensive evaluation model to help schools in the development of project proposals and for subsequent evaluation of the success of the projects.   The consultants were strongly of the view that, since the circumstances of each school differed, the projects should be evaluated in the context of the school's circumstances and needs.   This self-evaluation process is in line with the established approach adopted by the QEF.   Nevertheless, the consultants developed a rigorous and systematic model to guide schools in their self-reflection of needs and self-evaluation of project impact.   We shall, in conjunction with the Education Department disseminate the framework to schools.

Way Forward

7.   In the light of the review findings and after consultation with the Education Commission, the QEF Steering Committee has decided the way forward for QEF as follows:

(a)   Annual call for applications for funding would continue. Project themes would be suggested for each call having regard to the education priorities prevailing at the time and the needs of the school sector;

(b)   in line with the mandate approved by the Finance Committee in 1997, the Fund would continue to be open to all for applications;

(c)   a funding ceiling for each call would be set having regard to the annual income of the Fund. For the next call (i.e. the 6th call), the ceiling is set at $145 million which is the estimated annual income based on a projected annual rate of return of 4% on the present balance of the Fund;

(d)   to ensure that more schools would benefit from the Fund notwithstanding the ceiling on total grant, each school or organization would only be allowed to submit one application and the maximum amount of grant for each project would be set at $500,000. In exceptional cases, the maximum grant could be up to $5 million subject to the condition that the total grants for such cases would not exceed 30% of the overall funding ceiling;

(e)   the application and assessment procedures would be streamlined and made more transparent. More information and assistance would be provided to applicants for the preparation of project proposals. Reject reasons for unsuccessful applications would be more detailed. The existing system for appeals on procedural matters would continue and would be more widely promulgated;

(f)   the impact of projects would be more effectively evaluated with performance indicators on output and outcomes. The evaluation model recommended by MUP would be introduced to the schools and training workshops would be organized to assist schools in the use of the model;

(g)   a classification system would be introduced to enhance the monitoring process to ensure the effectiveness of QEF projects;

(h)   a systematic and focussed approach would continue to be adopted for the promotion and dissemination of good practices evolved from the implementation of projects; and

(i)   the strategies and the mode of operation of QEF would be reviewed on conclusion of each call exercise so as to ensure that the QEF fulfills its objectives and that optimum benefits are made with the grants.

8.   A summary of the key recommendations of the reviews and the deliberations of the QEF Steering Committee on each of them is attached for Members' ease of reference.

Quality Education Fund Steering Committee
October 2002

Way Forward for Quality Education Fund

I. Strategic Planning, Organization and Support

Item	Recommendations in Study and Survey Reports*		Deliberations of QEF Steering Committee and progress made
	Details	**Report**	
1	To develop a strategic plan, having regard to the aim of QEF grants to create optimum value in the education system and to adjust the plan periodically based on the outcomes and evaluation of funded projects. There should be an over-arching philosophy about the purpose of the Fund and this needs to be widely communicated.	Audit Report para. 2.9 PAC Report para. 54 MUP Final Report P. 25	The QEF Steering Committee has thoroughly discussed the way forward for QEF in the light of the findings and recommendations of the MSA study, the QEF survey and the MUP study. Having regard to the objectives of the Fund, its financial position and the priorities in the education system, a strategic plan has been developed. The plan will set out the funding direction and priorities, the desired impact on the education system and school sector, the promotion of partnership with stakeholders and the dissemination strategy for quality project outcomes for the wider benefits of the education sector. It will also set out the organization and systems for the effective and efficient management of QEF.
2	To consider transferring the administration of the QEF from EMB to ED to enhance operational efficiency and project outcomes.	Audit Report para. 2.42 PAC Report para. 54	EMB and ED will be merged as from January 2003.
3	To develop systematic documentation (such as procedural manuals and selection guidelines) to facilitate reference and ensure greater consistency. To enhance the operational transparency by publicizing key operational information, e.g. assessment criteria, assessment mechanism, committee structure. Transparency and accountability should be evident in all matters relating to the utilization of the Fund.	Audit Report para. 3.4 MSA Report para. 128 Survey Report P.21 MUP Final Report P. 28	Actions have been taken to develop procedural manuals and operational guidelines for ease of reference by applicants, grantees, school sector, members of QEF committees and staff of the QEF Secretariat. These manuals and guidelines will be updated periodically. They will be placed in the QEF Resource Centre and uploaded onto the QEF Homepage for access by the public.
4	To explore the development of an electronic application and assessment process. To set up a web-based operation platform for QEF	Audit Report para. 3.9 (b)(ii) MSA Report para. 110	The QEF Steering Committee has endorsed in principle the construction of a web-based operation platform for QEF operations. QEF is now exploring with the Information Technology Services Department to ascertain the feasibility of setting up such a platform.
5	To improve the link between fund investment and the grants programme and to establish a formal mechanism for reports on the financial position of the Fund to be made to the QEF Steering Committee.	Audit Report para 3.48 (a) PAC Report para. 54	A system has been established for reports on the financial position of the Fund to be made to the QEF Steering Committee on a regular basis. Six-monthly reports will be made and the system has started to operate from January 2002.
6	To set a formal budget for all aspects of QEF operation, including the grants programme, the awards programme and the cost of QEF administration.	Audit Report para. 3.48 (b) MSA Report para. 39	In its recent deliberations on the strategies and the way forward for QEF, the Steering Committee has decided that there should be annual budgets for the operations of QEF. The budget should include the maximum of grant payments for each call of applications, the expenditure for dissemination activities and the administration cost of QEF. The budget will be reviewed and revised if necessary in the light of the latest financial position and the priorities of QEF.
7	To combine the Assessment Subcommittee (ASC) and Promotion and Monitoring Subcommittee (PMSC) of the QEF Steering Committee to form designated subcommittees to oversee projects throughout the application, assessment, monitoring, evaluation and dissemination processes.	MSA Report para. 34	The recommendation has been agreed by the QEF Steering Committee. The new subcommittees will be formed in January 2003 when the appointment of the current committees expires. The formation of the new subcommittees will be in time for the assessment of the 6th call applications.
8	To transfer the ownership of project assets to grantees which have very little reallocation potential.	MSA Report para. 106	Consideration is being given to the recommendation.
9	Building a capacity for project management at the school level should be a high priority, particularly for leadership development for principals and other leaders at the school level. Such development should be part of the requirements for school-based management.	MUP Final Report P. 27 and 28	This recommendation would be pursued with ED under their programmes for principal and teacher development.
10	Partnership with stakeholders in the education sector and community organizations should be encouraged in project funding and implementation.	MUP Final Report P. 28	It has been the practice of QEF to encourage partnership with the education sector and the non-education sector in the pursuit of quality education and in the implementation of school initiatives. Efforts will continue to be made to promote and enter into partnership with stakeholders concerned.

II. Scope of Funding

Item	Recommendations in Study and Survey Reports*		Deliberations of QEF Steering Committee and progress made
	Details	**Report**	
11	To review the present funding practices, in particular for "standard projects", and consider the optimum proportion of funds for allocating to "standard projects", for fostering innovation and for providing supplementary facilities in schools.	Audit Report para. 2.22 PAC Report para. 54 Survey Report P.20 and P.21	As explained before, the intention of introducing "standard projects" was to provide explicit application guidelines to schools with similar needs. Application packages were standardized to reduce schools' burden in the preparation of project proposals. The term "standard projects" therefore represents an efficiency drive to make the application process more user-friendly. According to the findings of the survey on QEF, 87% of the respondents found the standard application packages helpful and more than 80% of the respondents indicated support for the continuation of "standard projects". The QEF Steering Committee adopted a focussed approach for the 5th call of applications under which themes in line with the education reform priorities were designated and the approach had proved successful. In the light of the experience gained and having regard to the priorities in the education system, the Steering Committee has suggested project areas for priority funding for the 6th call. They are "learning and teaching effectiveness", "language enhancement", "professional development" and "moral and civic education". These funding priorities will be reviewed for each call for applications taking into account the needs of the school sector and the education policies prevailing at the time.
12	To consider funding proven "standard projects" through the existing school budget process instead of through the QEF, if there are long-term needs for the projects and their on-going operations have recurrent expenditure implications. To consider providing recurrent funding for schools to implement projects which had been confirmed as worthy of dissemination to other schools. To consider a second stage of funding for a project should there be evidence of success of the project and also evidence of longer-term independent sustainability of the project.	Audit Report para. 2.26 Minutes of meeting of Education Panel para. 11 MUP Final Report P. 28	According to the approved ambit of the QEF, only one-off projects with no recurrent funding implications would be funded. For the continued funding of successful projects in the grantee schools and for the funding of such projects for implementation in other schools, it would be necessary to explore with ED on the funding possibility under the normal government resources allocation system. The QEF has in the past exceptionally funded projects with phased implementation. Consideration would be given to continue to fund such projects on a selective basis having regard to the merits of each case.
13	To ensure that the aims of research projects align with the objectives of the QEF and that the funding for research projects with uncertain outcomes is kept to a low level; to consider also giving funding support by phases for complex research projects with a long time-frame.	Audit Report para. 2.32 (a), (c) and (d)	The QEF Steering Committee has taken note of the comments of the Director of Audit. As a matter of fact, all research projects funded in the past aligned with the objectives of QEF. For large-scale projects with a long time-frame, it has been the practice to provide grants on a phased basis.
14	To conduct a review of various funding sources that are available for educational purposes in Hong Kong (as listed in Appendix D of the Audit Report) with a view to improving coordination and avoiding duplication of funding.	Audit Report para. 2.36 PAC Report para. 54	The review has been conducted. Each funding source has its own funding ambit and focus although there may be occasional and inadvertent overlap. There are safeguard measures to ensure that there would be no duplication of funding for the same project activities and close coordination with the other funding sources would continue.
15	To inform LegCo of grants exceeding $10 million To seek the approval of LegCo for grants exceeding $10 million	PAC Report para 54 Minutes of meeting of Education Panel para. 36	LegCo Education Panel has already been advised that it would be informed of grants exceeding $10 million. On approval for grants exceeding $10 million, it should be noted that, in accordance with the FCai setting up the QEF, the use of funds under the QEF is designed to be different from that of normal Government expenditure under the General Revenue Account.
16	To consider setting an upper limit for each grant	Minutes of meeting of Education Panel para. 33	Please see item 15 above.

17	A more strategic approach should be taken in funding projects which should be related to the educational priorities for the school system. It should result in the funding of a smaller number of projects, the implementation of which could be extended to other schools, taking into account the capacity of the schools for project management and the amount of block grants provided to them for implementing small-scale projects. Increase in the current block grants for schools provided under the normal Government funding machinery is suggested.	MUP Final Report P. 25 and P.26	The QEF Steering Committee had already taken a strategic approach for the funding of projects in the 5th call for applications having regard to the priorities in the education system. A similar approach would be adopted for future calls. It would be for the Administration to consider whether there would be increase in the current block grants for schools provided under the normal Government funding system.
18	Small-scale projects should not be funded if schools could resource them under the normal budgeting process. Projects should not be supported if they would normally be funded for all schools as part of a system-wide budget for recurrent or capital expenditure. The project should be related to and part of school planning, with clear indication on its priority in school activities and its location in a model for school improvement.	MUP Final Report P. 26	The recommendation would be taken into account when project proposals are assessed.
19	The system should allow for the support of a limited number of projects which are so innovative that they cannot in general conform to the various approaches recommended by MUP and special guidelines should be prepared for such projects.	MUP Final Report P. 28	The QEF Steering Committee has noted the recommendation which will be further considered.

III. Application and Assessment

Item	Recommendations in Study and Survey Reports*		Deliberations of QEF Steering Committee and progress made
	Details	**Report**	
20	To streamline the application and assessment processes and provide assistance to applicants, e.g. development of pricing standards, provision of application guidelines and funding range for projects, introduction of standard budget items, organization of seminars on proposal preparation, simplification of application requirements for "standard projects" etc.	Audit Report para. 3.9 and 5.24 (e) PAC Report para. 54 MSA Report para. 57 Survey Report P. 19	According to the findings of the survey on QEF, 84% of the respondents were satisfied with the application and assessment processes. Nevertheless, improvements will continue to be made to the application and assessment procedures as appropriate. The guidelines for application will be expanded to include elaborate assessment criteria, pricing standards, funding range for projects, standard budgetary items, evaluation model as recommended by MUP, etc. Briefing sessions will be organized in November/December 2002 to assist applicants in their preparation of project proposals. The assessment mechanism will also be announced to facilitate better understanding of the processes and the timeframe.
21	To consider setting up a formal appeal mechanism for unsuccessful applications To accept appeals against procedural matters only	Minutes of meeting of Education Panel para. 32 MSA Report para. 132	Under the existing mechanism, unsuccessful applicants could appeal to the QEF Steering Committee and there were cases whose appeals were successful. According to the survey of the MSA on similar funding organizations, both local and overseas, appeals on procedural matters only would be accepted, but not on professional judgement. Hence, as recommended by the MSA, the QEF would in future accept appeals on procedural matters only.
22	To delegate the authority for endorsement of small-value applications to the ASC	MSA Report para. 52	The recommendation has been carefully examined. It is considered more desirable to retain the existing practice whereby the ASC recommends the funding of projects and the Steering Committee endorses the recommendations for the reason that a two-tier assessment would be seen by applicants as a fairer and more open system. Besides, the QEF Steering Committee would be able to ensure a holistic and strategic approach on funding.
23	To examine the feasibility of peer review for assessment of applications in the long run.	MSA Report para. 68	The recommendation will be further considered.
24	To consider a system for "all year round applications" To announce new application arrangements early, preferably before the summer break To make early announcement of unsuccessful applications and provide detailed reasons for the rejection	Survey Report P. 20 MSA Report para. 119 Survey Report P. 20	The present arrangement for call of applications ties in better with the timetable of school activities. Besides, following the imposition of an annual limit on funding for each call in order to better ensure the sustainability of the Fund, it would not be practicable to accept applications all the year round. To do so would make containing the grants approved within the annual limit almost impossible, unless we were prepared to accord higher priority to the "first-come-first-served" principle than to consideration of the merits of an application. Assessment of applications normally takes four to five months to complete. The actual duration really depends on the number of applications received. Under the present arrangements, the deadline for applications is normally end December and assessment starts in January in the following year. Depending on the number of applications received, the assessment exercise normally finishes in around May. On completion of each assessment exercise, a review will be conducted on the application and assessment processes to decide on the arrangements for the next call for applications. Taking into account the time required for the assessment and the review, announcement of the next call of applications would be around October. Efforts will be made to speed up the assessment process to enable earlier announcement of results, while maintaining the quality of assessment. Attempts will also be made to provide more details in the reject letters to unsuccessful applicants.
25	To avoid handling applications from government departments by QEF Secretariat to avoid conflict of interest	MSA Report para. 124	The QEF Steering Committee has taken note of this recommendation.

| 26 | To provide opportunities for presentation of project proposals by applicants to ASC or Steering Committee | Survey Report P. 20 and P.21 | A system for presentation of project proposals to the ASC and the Steering Committee will be worked out and implemented in the next call for applications. |

IV. Performance Measures and Evaluation

Item	Recommendations in Study and Survey Reports*		Deliberations of QEF Steering Committee and progress made
	Details	**Report**	
27	To develop guidelines on specific evaluation methodology to facilitate the preparation of project proposals by applicants and to require the submission of evaluation method and outcome measures in all funding applications.	Audit Report para. 4.16 (a) and (b) PAC Report para. 54	MUP has recommended an evaluation model for schools to develop project proposals and measure project outcomes and output. Training will be provided to schools for the use of this evaluation model.
28	To assist grantees to develop performance indicators and performance measures linked to the objectives of QEF.	Audit Report para. 4.16 (c) PAC Report para. 54	Training will be provided to schools in the development of performance indicators and performance measures having regard to the evaluation methodology recommended by MUP.
29	The impact of a project should be clearly specified in the proposal and appropriate indicators and approaches to the measurement of impact should be evident. A project should normally not be permitted to commence unless the evaluation methodology is fully developed and specified along with the indicators and measures.	MUP Final Report P. 26	The recommendation will be taken forward after training has been provided to schools on the use of the evaluation model and the development of performance indicators. For the next call of applications which will commence in November 2002, applicants will be encouraged to follow the evaluation model in preparing their project proposals.
30	To provide training for the school sector on the preparation of project proposals, in particular on the evaluation methodology. Such training should be integrated with other forms of training that are offered under the normal system to build the capacity of schools in school-based management in general and project management in particular.	MUP Final Report P. 29	Briefing sessions will be organized for the school sector in November 2002 on the preparation of project proposals. Arrangement is also being made to engage MUP to run seminars or training workshops for the schools specifically on the application of the evaluation model in December 2002.

V. Monitoring

Item	Recommendations in Study and Survey Reports*		Deliberations of QEF Steering Committee and progress made
	Details	**Report**	
31	To closely monitor the outcomes of the tertiary institutions research projects and the large-scale ED projects so as to ensure that they are practical and useful having regard to the objectives of the QEF.	Audit Report para. 2.32 (b) PAC Report para. 54	Close monitoring of projects concerned will continue. The projects will be carefully evaluated on their completion to assess the outcome benefits.
32	To devise a more cost-effective methodology for project monitoring through a risk assessment exercise of QEF projects. To strengthen the monitoring and evaluation mechanism. To streamline the monitoring of project progress and financial control, e.g. classification of projects for monitoring, reduction of progress reports, delegation of authority to grantees to reallocate funds among non-salary budget items To provide feedback of external reviewers to grantees on project implementation	Audit Report para. 3.24(a) PAC Report para. 54 Minutes of meeting of Education Panel para. 27 MSA Report para. 80, 87 and 97 Survey Report P. 22	Consideration is being given to the best ways to streamline and strengthen the monitoring and evaluation processes.
33	To explore the possibility for project monitoring under the existing school audit system.	Audit Report para. 3.24(b)	The feasibility of embedding project monitoring in the school audit system will be explored with ED.
34	To require the grantee, on completion of the project, to provide (i) a certificate acknowledging that the grant has been spent in accordance with the terms and conditions of the grant and that the project has been implemented as planned, and (ii) a certified statement of expenditure covering the whole period.	Audit Report para. 3.33(a)	The recommendation will be implemented.
35	To explore the possibility of introducing, for larger projects, a grant payment system linked to the achievement of performance targets for the projects.	Audit Report para. 3.33(b)	Consideration will be given to the recommendation in relation to the introduction of the evaluation model proposed by MUP for the school sector.
36	To evaluate the system of monitoring by external reviewers, e.g. the effectiveness of the system, the appropriateness of the honorarium payable to the reviewers.	Audit Report para. 3.41	The effectiveness of the existing system is being reviewed and improvements will be made where necessary.
37	Progress report should include evidence of impact measured according to the evaluation indicators. Evidence of such impact should be the subject of expert external validation. Along with such validation, self and peer monitoring should be part of any funding system where large number of projects are funded. Close monitoring by Secretariat staff should be restricted to large projects and be performed on a sample basis.	MUP Final Report P. 27	Consideration will be given to the recommendation in relation to the introduction of the evaluation model proposed by MUP for the school sector.

VI.   Dissemination

Item	Recommendations in Study and Survey Reports*		Deliberations of QEF Steering Committee and progress made
	Details	**Report**	
38	To adopt a proactive role in funding worthwhile projects for the provision of professional development programmes for teachers, for the evaluation of such programmes and for the conduct of researches to identify factors that influence learning outcomes.	Audit Report para. 5.24 (a)	The QEFSC has taken note of this recommendation. Further consideration will be given to the merits of the recommendation and the details of implementation.
39	To review the current dissemination practices and formulate a more effective dissemination strategy.

Dissemination should occur within a well-developed system of knowledge management and should utilize a range of technologies.

The existing dissemination strategy should be further developed to ensure that there are connections between the subject of dissemination and the needs of the school system and its schools. Research should also be conducted on the outcomes of dissemination to assist in the identification of the most effective processes and products. | Audit Report para. 5.24 (b) – (d)
PAC Report para. 54
Survey Report P. 23
MUP Final Report P. 27

MUP Final Report P. 27 | A review was conducted by the Working Group on QEF Dissemination and it was recommended that a focussed approach should be taken in disseminating the good practices and the products of QEF projects. Examples include the conduct of workshops and seminars on a theme basis for specific categories of participants so as to arouse more interest, enhance participation, encourage more sharing of experience and facilitate acquisition of knowledge.

A more systematic approach has also been adopted to take forward the dissemination function. A more comprehensive database has been developed and provides easy access to schools and the public through internet or by visits to the QEF Resource Centre. An evaluation methodology for the assessment of the impact and the effectiveness of the dissemination activities is also being developed.

In its consultancy study, the MUP endorsed the current dissemination strategy and considered that "There are many commendable aspects of dissemination" and the dissemination activities conducted so far "are exemplary by international standards", as commented in P.16 of its second report on Training and Dissemination.

The dissemination strategy will be further developed as recommended by the MUP and will be reviewed on a regular basis to enhance its impact and effectiveness. |

VII. Awards Programme

Item	Recommendations in Study and Survey Reports*		Deliberations of QEF Steering Committee and progress made
	Details	**Report**	
40	To develop a plan to capture the learning that has been acquired through the Outstanding School Awards (OSA) process and to devise an approach for the QEF to disseminate the acquired learning to the broader educational community.	Audit Report para. 6.21 (a) and (b)	The QEF Steering Committee has decided to carry out highlight studies of the good practices of all the award-winning schools and to produce snapshots of these good practices for dissemination to the school sector. Tender arrangements are being made for the conduct of these studies. It is expected that the studies would commence in October 2002 and would take about nine months to complete.
41	To conduct a review of the OSA process to determine the mechanism for future awards and to consider giving suitable recognition to the academic achievements of students in assessing schools for the OSA in future exercises.	Audit Report para. 6.21 (c) and (d) PAC Report para. 54	A review of the OSA exercise is being conducted.
42	To introduce an outstanding teachers award (OTA) at an early date, having regard to the knowledge of local organizations and organizations in advanced countries which are experienced in operating similar award schemes.	Audit Report para. 6.28 PAC Report para 54	Subject to the final decision of the Advisory Committee on Teacher Education and Qualification on their proposal to award accomplished teachers, a decision will be made on the way forward for the OTA.

Note[(*)]:

- Audit Report No. 37

- Public Accounts Committee (PAC) Report No. 37

- Minutes of meeting of Education Panel on 1.3.2002

- Report of the Management Services Agency (MSA)

- Survey report by ACNielsen

- Consultancy study report by Melbourne University Private (MUP)

10.2002