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Panel on Welfare Services

**Background brief prepared by the Legislative Council Secretariat
for the meeting on 16 April 2009**

Community Investment and Inclusion Fund

Purpose

This paper provides background information and gives an account of the discussions of the Panel on Welfare Services (the Panel) on the Community Investment and Inclusion Fund (CIIF).

Background

2. In the 2001 Policy Address, the Chief Executive (CE) 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. Following consultation with the stakeholders including the Panel, the Administration had drawn up the proposed operational arrangements of CIIF. Funding support was obtained in February 2002, with an allocation of \$100 million from the General Revenue approved by the Finance Committee and a one-off grant of \$200 million from the Lotteries Fund approved by CE. The CIIF Committee was established in April 2002. Supported by a secretariat, the Committee was responsible for, among others, vetting applications for the Fund 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 of October 2007, a total of 11 batches of applications had been processed, with funding of over \$110 million allocated to 147 proposals. The projects spanned all 18 districts, and involved over 320 000 participants and over 3 000 project partners.

Deliberations of the Panel

Pace of disbursement of CIIF

6. Members generally raised concern about the slow pace of disbursement of CIIF and the small number of successful applications as, after five years of operation, the total funding granted to the approved projects under the Fund was only about \$110 million as of October 2007. Members considered that the pace of disbursement of the Fund should be expedited, and an independent study should be conducted to assess the effectiveness of CIIF in promoting social capital building in the community.

7. The Administration advised that since social capital was a new concept within the local context, it would take some time for the prospective applicants to understand the objectives of CIIF. This explained the low success rates of the early batches of applications for the Fund. However, with the efforts put in by the CIIF Committee in promoting the social capital concept and providing assistance to prospective applicants, the proportion of successful projects had increased since the third round of applications. As the prime objectives of the Fund were to promote mutual help and develop community support networks by mobilising community resources and volunteer efforts, the CIIF projects would not involve huge amount of funding. The Administration further advised that while the CIIF Committee would step up its efforts to encourage more applications for and expedite the pace of disbursement of the Fund, it was equally important to uphold the principle of prudent use of public funds when assessing applications. In addition, there was no pre-set timetable for expending the entire Fund.

8. Members were advised that the Administration had commissioned a consortium comprising academics from five local universities to assess the effectiveness of the CIIF projects. The study was completed in 2006 and affirmed the effectiveness of the social capital building strategies promoted by CIIF. Another evaluation study would be carried out in 2008.

9. Members also questioned whether the low success rates of applications were due to the stringent assessment criteria adopted by the CIIF Committee. The Administration advised that the CIIF Committee was aware of the need not to overburden the applicants with unnecessary scrutiny. It would encourage innovation from the applicants to come up with effective strategies that could meet the Fund's objectives.

10. As regards the suggestion of introducing measures to encourage more organizations from the business and professional sectors and local community groups to apply for CIIF, the Administration advised that the CIIF Committee had been working closely with District Social Welfare Officers and District Officers to encourage a wider range of organizations to submit project proposals; much progress in this regard had been made. An increasing number of non-welfare organizations, such as women's groups, resident groups and professional bodies, had come forward to apply for the Fund. Efforts in engaging more non-welfare organizations would continue with the strategies kept under review to ensure effectiveness.

Support to CIIF applicants and successful organizations

11. Members considered that more assistance should be provided to the prospective applicants to turn their ideas into viable project proposals. The assessment criteria of the Fund should also be made clearer to facilitate applicants to better prepare their proposals. This apart, more support should be provided by the CIIF Committee and Secretariat to successful applicants, say, by encouraging the business sector to participate in developing social capital and by strengthening co-operation among Government departments to facilitate the implementation of CIIF projects, such as in the provision of suitable premises.

12. The Administration advised that applicants had been given assistance prior to applying for the Fund in a variety of ways. The CIIF Secretariat had organized briefing sessions to explain the objectives of the Fund and the application procedures. Sharing forums involving successful applicants had been conducted to provide feedback and to facilitate experience sharing amongst prospective applicants. Prospective applicants having difficulties in preparing their proposals could also approach the CIIF Secretariat for assistance during the application process. In addition, a CIIF Partnership Scheme was introduced in July 2002 to provide mentoring, practical advice or technical assistance to less well-established applicants to put forward proposals. The Administration would continue to discuss with the CIIF Committee ways to strengthen support and assistance to less well-established successful applicants where appropriate.

13. Members were concerned about the sustainability of CIIF projects after expiry of the funding period. They pointed out that some CIIF projects could not sustain on their own after the expiry of the funding period if no further funds were injected from CIIF or the Administration. Members suggested that additional funding should be provided to worthwhile CIIF projects after their initial funding had been used up. Consideration should also be given to taking further actions to facilitate the formation and operation of co-operative type social enterprises under CIIF. Notably, the Administration should review expeditiously the Co-operative Societies Ordinance (Cap. 33) with a view to facilitating the formation and operation of co-operative type social enterprises formed under CIIF.

14. The Administration explained that while funding from CIIF served as seed money to start off the project, funding support for up to three years was usually provided to allow ample time for the project organizers to learn how to take over self-management of the project. Sustainability, including the ability of the project team to finance and manage the project on its own after the CIIF funding period, was one of the major considerations of the CIIF Committee in supporting a project proposal. As such, project teams were required to indicate their plan for sustainability from the start. The Administration also advised that if resources permitted, and if there were projects still worthy of support at the end of the three-year period, consideration would be given to extending the duration of the funding period. Another possibility was to solicit sponsorship from the corporate sector and to encourage volunteerism from within the relevant local community.

15. Members were advised that of 147 projects approved as of October 2007, some 40 projects had ceased to receive funding from CIIF. About 60% of them could be sustained on their own, by ways of merging into the agency's mainstream services, becoming self-managing and self-financing, proceeding to a second-phase development or supporting by other funding schemes. As of February 2008, four CIIF-funded projects failed to sustain the networks established during the project period, mainly because of movements in project staff, project participants not fully prepared for self-management, and the lack of meaningful programmes to sustain the motivation and interest of the core participants. In one of the cases, the agency was dissolved.

16. In response to members' suggestion of turning CIIF projects worthy of support into mainstream services, the Administration advised that while CIIF projects shared the common goals of encouraging mutual help and promoting cross-sectoral partnerships, extension of successful CIIF projects to other districts should take into account the service needs and characteristics of different local communities.

17. On the review of the Co-operative Societies Ordinance, the Administration explained that the major difficulties faced by the needy groups in forming co-operatives was the lack of professional knowledge/experience in starting and operating a business. This concern was beyond the legislative framework of the Ordinance. The restrictions under the Ordinance, such as the requirement for

co-operatives to have a minimum number of 10 members, was only of secondary concern. The Administration also advised that the Commission on Poverty had discussed how to promote the development of social enterprise, including co-operatives, from a strategic perspective. The review of the Co-operative Ordinance should be undertaken within the broad context of promoting social enterprise development in Hong Kong. Members were also advised that the CIIF Committee had maintained close contact with the committees of other programmes such as the Enhancing Self-Reliance Through District Partnership Programme to identify ways to enhance support for successful applicants who wished to set up social enterprises to continue with the work of the CIIF projects.

Relationship with other Government funded projects

18. Members noted with concern that some CIIF projects were similar to other initiatives funded by the Government. For example, the CIIF projects containing an employment related component would overlap with the Government's initiatives to help the unemployed and the disadvantaged persons. To avoid inefficient use of resources, members considered that more coordination should be made by the Administration to ensure that there was no service duplication between CIIF projects and other Government funded projects.

19. The Administration advised that sufficient safeguards against resource duplication between CIIF projects and other Government funded projects were already in place. Full consultation with the relevant Government departments would be made in respect of each proposal, before the applications were considered by the CIIF Committee as regards the quality, relevance, potential and cost-effectiveness of the proposal.

Next phase of development of CIIF

20. At its meeting on 10 December 2007, the Panel was briefed on the Fund's strategic focus for the next phase of development. Having regard to the need to strengthen family resilience and promote mutual help in Tin Shui Wai, the CIIF Committee was seriously considering ways to encourage and support local groups to come up with project proposals to strengthen family values and neighbourhood mutual support in the district. Members noted that the Fund was planning the following further actions to enhance the impact of CIIF –

- (a) proactively engaging new partners, in particular organizations which had strong community networks and private companies which were prepared to take up corporate social responsibilities;
- (b) encouraging the development of flagship projects which could serve as models to stimulate other projects;
- (c) enhancing public relations and publicity to promote the benefits of social capital building and good practice models;

- (d) facilitating the application of social capital concepts to regular welfare services where appropriate; and
- (e) reviewing the effectiveness of CIIF projects from time to time and seeking continuous improvements.

Relevant papers

21. Members are invited to access the Legislative Council's website at <http://www.legco.gov.hk> to view the Administration's papers for the meetings of the Panel on Welfare Services on 14 January 2002, 21 January 2003, 5 January 2004, 10 January 2005, 8 May 2006 and 10 December 2007, and the relevant minutes of the meetings.

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