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民政及青年事務局

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By email

9 January 2025

Clerk to Public Accoutns Committee
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong
(Attn: Ms Shirley Chan)

Dear Ms Chan,

Public Accounts Committee
Consideration of Chapter 8 of the Director of Audit's Report No. 83
Youth Development Fund

I refer to your letter dated 18 December 2024 to the Secretary for Home and Youth Affairs on the captioned subject. Our reply is enclosed at Annex for consideration by the Public Accounts Committee.

Yours sincerely,

A handwritten signature in black ink, appearing to be "Tori Chan".

(Miss Tori Chan)

for Secretary for Home and Youth Affairs

Encl.

c.c. Secretary for Financial Services and the Treasury
Director of Audit

**Chapter 8 of the Report No. 83 of the Director of Audit
Youth Development Fund**

Questions Raised and Information Requested

Part 1: Introduction

- 1) **According to paragraph 1.9 of the Report No. 83 of the Director of Audit (the Audit Report), as at 30 June 2024, the total approved commitment of the Youth Development Fund (YDF) was \$900 million, but the amounts approved under various schemes totalled only \$244.6 million. Please advise of:**
- (a) the mechanism for allocating the total approved commitment of \$900 million to the various schemes set out in Table 1 of paragraph 1.9 and the amount of allocation for each scheme; and**
 - (b) the percentages of the amount approved for each scheme against the total amount of allocation.**

The Youth Development Fund (YDF) was set up in 2016 and with the aim of supporting youth entrepreneurship and youth development activities through collaboration with non-governmental organisations (NGOs). Over the years, the YDF has been providing financial resources to support various youth development initiatives. As at 30 June 2024, the YDF had a total approved commitment of \$900 million, while the amount of funding approved under various schemes was \$244.6 million.

The Home and Youth Affairs Bureau (HYAB) has already earmarked most of the remaining funding under YDF for new rounds of various youth development schemes / activities in the next few years, covering the Funding Scheme for Youth Entrepreneurship in the Guangdong-Hong Kong-Macao Greater Bay Area (the Entrepreneurship Scheme), the Funding Scheme for Experiential Programmes at Innovation and Entrepreneurial Bases (the Experiential Scheme), the Alliance of Hong Kong Youth Innovation and Entrepreneurial Bases in the Greater Bay Area (the Alliance), the Funding Scheme for Youth Adventure Training Activities (FSYATA) and the Funding Scheme for Youth Positive Thinking Activities (FSYPTA), etc. For example, the HYAB has just announced the programmes under the new round of the Entrepreneurship Scheme and Experiential Scheme in December 2024 and the new allocation of funding is about \$170.7 million. Besides, a new round of FSYATA has been launched in December 2024 and is now accepting applications from eligible NGOs.

To facilitate the Youth Development Commission (YDC) in monitoring the utilisation of YDF, the HYAB regularly reports to YDC the implementation progress of various youth development schemes / activities, the allocation arrangement and financial position of YDF.

Part 2: Entrepreneurial Funding Schemes Providing Start-up Capital Support

2) According to paragraph 2.4 of the Audit Report, under the Entrepreneurship Matching Fund (EMF) or the Funding Scheme for Youth Entrepreneurship in the Guangdong-Hong Kong-Macao Greater Bay Area (Entrepreneurship Scheme), non-governmental organisations (NGOs) applying to become an operator are required to provide a proposal detailing the objectives of the project and expected outcomes, selection and assessment process for young entrepreneurship applicants (YEAs), number of expected YEAs selected and corresponding budget and milestone achievements, etc. Please advise:

(a) in tabulated form, of the amounts of start-up capital support and the actual implementation figures (if any) of the 16 NGO operators under the Entrepreneurship Scheme;

The amounts of start-up capital support and the actual implementation figures of the 16 NGO operators are as follows –

Name of NGO operators	Approved start-up capital subsidy (\$)	No. of youth start-up teams
The Hong Kong University of Science and Technology	5,760,000	12
Proactive Think Tank Limited	3,840,000	12
Hong Kong Youth Synergy Foundation Ltd.	5,760,000	12
The University of Hong Kong acting through HKU Innovation & Entrepreneurship Hub – iDendron	5,920,000	14
Hong Kong General Chamber of Young Entrepreneurs Limited	5,760,000	12
The Hong Kong Polytechnic University	5,760,000	12
The Education University of Hong Kong	5,760,000	12
Tung Wah Group of Hospitals	5,760,000	18
The Y.Elites Association Limited	5,760,000	12
Hong Kong New Generation Cultural Association Limited	5,760,000	16
Kowloon Federation of Associations	3,840,000	13
Hong Kong United Youth Association Limited	5,760,000	12
The Chinese University of Hong Kong	5,760,000	13

Po Leung Kuk	6,000,000	22
The Society of Rehabilitation and Crime Prevention, Hong Kong	2,400,000	13
The Hong Kong Federation of Youth Groups	5,760,000	12
Total		217

- (b) of the details of as well as the similarities and differences between the selection and assessment processes for YEAs of the 16 NGO operators; and the Bureau's justifications for accepting that different NGO operators may have varied selection and assessment processes for YEAs; and**

According to the guidelines of the Entrepreneurship Scheme, NGO operators must establish a rigorous and fair mechanism for assessing and selecting young entrepreneurship applicants (YEAs). The mechanism should include the establishment of fair and reasonable recruitment procedures and selection criteria and the formation of an assessment panel to conduct selection interviews. Members of the panel should include individuals with relevant industry experience for assessing the business quality of the YEAs. When applying for the Entrepreneurship Scheme, NGO operators are required to provide details on the proposed recruitment procedures and mechanism, the selection criteria for YEAs and the expected number of beneficiaries in their project proposals. The assessment panel established by HYAB and YDC takes into account relevant information as part of the assessment criteria when reviewing the funding applications of NGO operators.

Under the aforementioned principle of fairness and impartiality, the selection and assessment procedures determined by individual NGO operators may vary. For instance, some operators organised entrepreneurship competitions, while others provided entrepreneurship workshops for the YEAs, where mentors would assess and recommend suitable applicants for the next stage of selection. Regarding the selection criteria, operators in general considered factors such as the background and experience of the youth start-up teams, innovative and creative elements of their projects, the business model and its sustainability, financial arrangements and utilisation of funding, social value, etc. Some operators also considered additional factors, such as relevance to the development of the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) and the credit history of the YEAs.

NGO operators successfully applied to join the Entrepreneurship Scheme has adopted various assessment methods to select YEAs, which is conducive to recruiting young entrepreneurs from different backgrounds and industries and at different development stages. In the last round of the Entrepreneurship Scheme, 217 youth start-up teams were recruited and they covered a wide range of businesses, including research and development of innovation and technology projects, retail,

information technology, healthcare, brand design, educational services, etc.

- (c) **whether the Bureau has formulated mechanisms so that it may, based on the actual implementation effectiveness of the Entrepreneurship Scheme, review the funding agreements (e.g. adjusting the maximum funding amounts for NGO operators) or terminate such agreements; if yes, of the details and whether they have been practically implemented; if not, the reasons.**

According to the funding agreements signed between HYAB and NGO operators, the Government has the right to reduce the funding amount under reasonable circumstances, for example, if the activities implemented by the operator deviate from the approved programme proposal, or if the number of recruited youth start-up teams is less than the number originally planned. If the reports submitted by the operator do not comply with the relevant requirements, the Government has the right to terminate the funding agreement.

The HYAB monitors the actual situation and effectiveness of various operators in implementing the Entrepreneurship Scheme through the reports submitted by operators and progress review meetings, etc. If there are any deviations from the funding agreement and the approved programme proposal, the HYAB will follow up with the operator on whether they can provide reasonable explanations and, having regard to the actual circumstances, consider reducing the funding amount.

- 3) **According to paragraph 2.6 of the Audit Report, under EMF, only 9 (27%) NGOs were selected as operators out of 33 applications received; for the first round of the Entrepreneurship Scheme (February 2021 to June 2024), only 16 (48%) NGOs were selected as operators out of 33 applications received; and the explanation given by the Home and Youth Affairs Bureau (HYAB) was that “in view of the substantial amount of funding involved, a rigorous selection process was put in place.” Please advise:**

- (a) **whether the Bureau has set the number of NGOs to be selected as operators (irrespective of the actual number of applications);**
(b) **of the selection criteria and process; and**
(c) **whether the Bureau has provided guidance for prospective NGO applicants to assist them in meeting the eligibility criteria; if yes, of the details; if not, the reasons.**

In launching the Entrepreneurship Scheme, the HYAB provided application guidelines detailing the eligibility and requirements, funding criteria, assessment procedures and standards, etc. Besides, the HYAB conducted briefing sessions and invited interested organisations to attend and put forward their questions. At the time of launching the

Entrepreneurship Scheme, the HYAB did not set a predetermined number of NGO operators to be approved for funding support.

In terms of the assessment process, the secretariat reviews each application received by the application deadline to determine whether they fulfill all the eligibility criteria. The secretariat may also request clarifications from organisations regarding their applications. All applications confirmed to be eligible are submitted to an assessment panel established by HYAB and YDC for consideration. The assessment includes an interview stage. Eligible applicant organisations must attend the interview upon invitation and directly explain their proposed funding programmes to the assessment panel for consideration and review. The panel assesses each application on a merit basis. The assessment criteria include the background and experience of the applicant organisation, target beneficiaries and selection mechanism, programme content, financial arrangement, performance indicators, and other relevant factors.

4) According to paragraph 2.7(c) of the Audit Report, under the Entrepreneurship Scheme, out of 2 805 applications received by the 16 NGO operators, only 217 (8%) YEAs were selected for providing start-up capital subsidy and related services. Please advise of:

- (a) the estimated number of YEAs selected (irrespective of the actual number of applications) as compiled from the proposals of the 16 NGO operators;**
- (b) further to the above, the percentage of the 217 YEAs selected against the estimated number of applicants selected; and**
- (c) the number of unsuccessful YEAs by each NGO operator (listed by the main reasons for unsuccessful application).**

According to the proposals submitted by the 16 NGO operators with approved funding, the total expected number of selected YEAs was 228. The various NGO operators conducted the selection of YEAs based on their proposed assessment procedures, and selected a total of 217 teams in the end, which accounted for 95% of the original estimated number.

The numbers of unsuccessful YEAs rejected by each NGO operators are set out in the table below. The main reasons for unsuccessful application included incomplete application, lack of creative elements in the business plan, relatively low scores in commercial viability and market competitiveness, poor interview performance, withdrawal of selected applicants, etc.

Name of NGO operators	No. of unsuccessful YEAs
The Hong Kong University of Science and Technology	8

Proactive Think Tank Limited	144
Hong Kong Youth Synergy Foundation Ltd.	70
The University of Hong Kong acting through HKU Innovation & Entrepreneurship Hub – iDendron	82
Hong Kong General Chamber of Young Entrepreneurs Limited	236
The Hong Kong Polytechnic University	58
The Education University of Hong Kong	22
Tung Wah Group of Hospitals	116
The Y.Elites Association Limited	219
Hong Kong New Generation Cultural Association Limited	140
Kowloon Federation of Associations	215
Hong Kong United Youth Association Limited	186
The Chinese University of Hong Kong	31
Po Leung Kuk	828
The Society of Rehabilitation and Crime Prevention, Hong Kong	35
The Hong Kong Federation of Youth Groups	198
Total	2 588

5) **According to paragraph 2.8 of the Audit Report, the HYAB has not compiled statistics and reported the acceptance rate of YEAs regularly. Please advise:**

- (a) **of the Bureau's reasons for not compiling and reporting the relevant figures regularly; and**
- (b) **whether the Bureau has maintained other data relating to the implementation of the Entrepreneurship Scheme; if yes, of the details; if not, the reasons and how the Bureau monitors the implementation effectiveness of the schemes run by the NGO operators.**

According to the guidelines of the Entrepreneurship Scheme, each programme of the funded NGO operators should generally support no fewer than 10 youth start-up teams. When submitting an application, the operator must specify the number of youth start-up teams they intend to recruit in their proposal. The assessment panel takes into account relevant information as part of the assessment criteria when reviewing the funding application.

The HYAB has maintained key data and information related to the implementation of the Entrepreneurship Scheme, including the status of NGO operators and individual start-up teams in achieving their milestone targets, the number of youth start-up teams settling in the Mainland cities of GBA, feedbacks from youth start-up teams, etc. in order to monitor the effectiveness and performance of the operators.

- 6) **According to paragraph 2.12 of the Audit Report, upon selection of NGO operators by the assessment panel formed under the Action Group on Youth Development Fund and Programmes, the HYAB signed a funding agreement with each of them. Please advise:**
- (a) **of the main terms of such funding agreements and any mechanism stipulated therein on monitoring the NGO operators' performance (including break clauses); and**
 - (b) **whether the Bureau will, in response to the audit findings of the Audit Commission (the Audit), review the funding agreements to identify room for improvement.**

The funding agreement signed between HYAB and NGO operators contains a complete set of terms and conditions for the approved funding. It clearly outlines the relationship between the Government and the funded operators as well as their respective obligations and legal responsibilities. The main terms of the funding agreement cover the requirements of the Entrepreneurship Scheme, monitoring mechanism (such as the requirement for operators to submit progress reports in accordance with the provisions of the funding agreement, and to assist in arranging monitoring visits and meetings for HYAB and YDC representatives), arrangements for funding disbursement, governing laws, books and records-keeping requirements, procurement rules etc.

If the HYAB is of the view that the funded operator has not performed satisfactorily in implementing the Entrepreneurship Scheme, or if the operator fails to achieve the preset objectives or outcomes of the Entrepreneurship Scheme, or if the operator violates any terms or conditions of the funding agreement, the HYAB may take various follow-up actions against the operator, including terminating the funding agreement, reducing the funding amount, ceasing the disbursement of remaining funds to the operator, temporarily disqualifying the operator from applying for funding from YDF in future, etc.

The HYAB agrees with the audit recommendations, and will take appropriate follow-up actions and improvement measures, which include reviewing and enhancing the relevant funding agreements and guidelines in implementing the new round of the Entrepreneurship Scheme.

- 7) **According to paragraph 2.14(b) of the Audit Report, Audit visited 2 NGO operators' offices (Operator A and Operator B). While both NGO operators indicated that they had adopted a declaration approach to manage conflict of interest, Audit later noted that Operator A had no documentary records showing that its 9 assessment panel members from external parties had made their declarations of conflict of interest. Please advise:**

- (a) **of the measures put in place by the Bureau to ensure the proper management of declarations of conflict of interest by NGO operators in the selection of participants; and**
- (b) **given that in paragraph 3.32 of the Audit Report, Operator D under the Funding Scheme for Experiential Programmes at Innovation and Entrepreneurial Bases in the Gunagdong-Hong Kong-Macao Greater Bay Area (the Experiential Scheme) replied to Audit’s enquiry in August 2024 that its assessment panel members were not required to declare conflict of interest, whether the requirements relating to declaration of conflict of interest for various schemes under YDF differ; if yes, of the details.**

Currently, for schemes funded under YDF that involve the direct recruitment of service beneficiaries by NGO operators, we generally require the operators to determine the implementation details of the relevant mechanism (e.g. selection method, arrangement for the declaration of conflict of interest, etc.) in accordance with rigorous and fair principles.

According to the guidelines of the Entrepreneurship Scheme, operators must put in place a rigorous and fair mechanism for assessing and selecting YEAs. The mechanism should include the establishment of fair and reasonable recruitment procedures and selection criteria and the formation of an assessment panel to conduct selection interviews and assess the business quality of the YEAs. Under the new round of the Entrepreneurship Scheme, the HYAB will require operators to adopt the best practices in managing conflict of interest in the selection.

- 8) **According to paragraph 2.20 of the Audit Report, NGO operators are required to sign an agreement with each selected YEA, and such agreements must incorporate the “applicable terms and conditions” from the funding agreements between HYAB and NGO operators. However, the HYAB did not specify which terms and conditions were “applicable”. The Audit examined the agreements of the 16 NGO operators signed with selected YEAs and noted inconsistencies in the terms and conditions incorporated. Please advise:**

- (a) **of the reasons such “applicable terms and conditions” were not specified; and**
- (b) **whether clearer guidelines or examples will be given to NGO operators on what constitutes “applicable” terms and conditions; if yes, of the details; if not, the reasons.**

According to the guidelines of the Entrepreneurship Scheme, selected youth start-up teams must sign an agreement with the NGO operator in order to receive funding. This agreement must include applicable terms specified in the agreement signed between HYAB and the operator. On the premise of complying with the terms and conditions outlined in the relevant funding agreement, operators may draw up the

content of the agreement to be signed with the youth start-up teams having regard to the characteristics of the entrepreneurial programmes and operation of the operators, etc.

Under the new round of the Entrepreneurship Scheme, the HYAB will provide clearer guidance to NGO operator, such as explaining the applicable terms and conditions at briefing sessions and providing sample agreements for reference, in order to facilitate the drafting of agreements by the operators.

9) According to paragraph 2.28 of the Audit Report, if the scope/scale of the programmes/activities under the entrepreneurial support and incubation services has been reduced against the funding proposals, the subsidy shall be reduced on a proportional basis or to such amount as the Government deems fit. However, there were some programmes/activities with numbers of beneficiaries falling short of the expected numbers, and yet the HYAB made the final payments for the relevant service component without adjustments. Please advise:

- (a) in tabulated form, of the number of programmes to date with numbers of beneficiaries falling short of the expected numbers while final payments were made without adjustments, and the differences between the actual and expected numbers of beneficiaries;**
- (b) given that another explanation provided by HYAB was that “the NGO operators concerned had met the target numbers of types of programmes/activities with the required frequencies”, whether it implies that the NGO operators would be considered to have achieved the target upon meeting any one of the target numbers, be it the number of types of programmes/activities organised or the expected number of beneficiaries; and**
- (c) whether the Bureau has taken measures in requiring NGO operators to promptly rectify the shortfall in case of under-achievements in their programmes and activities; if yes, of the details; if not, the reasons.**

As of today, the final payment procedures have been completed for 8 NGO operators. In respect of entrepreneurial support and incubation services, these 8 operators implemented a total of 113 individual programmes/activities. Among them, the actual number of beneficiaries of 20 programmes/activities fell short of the expected numbers and they involved 4 operators. The details are listed below.

Programme / Activity	Expected no. of beneficiaries	Actual no. of beneficiaries	Difference between actual and expected no. of beneficiaries
1	250	196	-54
2	250	167	-83
3	40 - 60	34	-6

4	40 - 60	31	-9
5	40 - 60	25	-15
6	40 - 60	35	-5
7	53	45	-8
8	36	4	-32
9	36	24	-12
10	72	14	-58
11	36	17	-19
12	48	19	-29
13	48	19	-29
14	48	19	-29
15	48	40	-8
16	80 - 120	49	-31
17	48	38	-10
18	80 - 120	60	-20
19	48	38	-10
20	48	19	-29

The HYAB has been monitoring and following up on the implementation progress of programmes by NGO operators. The shortfall in the expected number of beneficiaries for individual programmes/activities was mainly attributed to the significant impact of the COVID-19 epidemic on the attendance at physical programmes/activities. Although the number of beneficiaries for individual programmes/activities of the aforementioned 4 operators fell short of the expected numbers, all of these 4 operators had their overall actual number of beneficiaries exceeded the overall expected number if we take into account all programmes/activities organised by each of them. Besides, the frequencies of relevant programmes/activities organised achieved the target frequencies required for organising relevant programmes/activities. After considering the above factors, the HYAB did not adjust the final payment for the relevant service component.

Under the new round of the Entrepreneurship Scheme, the HYAB will continue to closely monitor the performance of NGO operators and the achievement of their respective stipulated targets, and remind operators that they must implement the programmes in accordance with the approved proposal. The HYAB will also provide suitable guidance and support to the operators as and when necessary.

- 10) **According to paragraph 2.34(b) of the Audit Report, there were delays in the submission of reports by all 16 NGO operators between February 2021 and June 2024. Among the 158 reports which were due for submission on or before 30 June 2024, 86 (54%) reports were submitted late, ranging from 4 days to 27 months (averaging 6 months). Please advise:**

- (a) **of the reasons for HYAB to allow such delays in the submission of reports by NGO operators;**
- (b) **of any stepped-up efforts by HYAB to ensure timely submission of reports by NGO operators; and**
- (c) **whether track records (including punctuality of submission of reports) of NGO operators are among the considerations for renewal of their contracts; if yes, of the details; if not, the reasons.**

Delay in the submission of reports by NGO operators is undesirable. The HYAB agrees with the audit recommendations and will enhance monitoring of submission of reports by the operators. For operators with overdue reports, the HYAB will take prompt follow-up actions including the issue of written reminders. During the assessment of applications for the Entrepreneurship Scheme, the assessment panel will take into account the past performance of the applicant organisations (including record of late submission of reports, etc.) as part of the assessment criteria.

- 11) According to paragraph 2.42 of the Audit Report, up to June 2024, the HYAB did not maintain and report statistics on the survival rates of start-ups established under EMF or the Entrepreneurship Scheme. Please advise:**

- (a) **of the reasons for not using such survival rates to assess the effectiveness of the Scheme;**
- (b) **while Audit has recommended that the Bureau should set more outcome indicators making reference to market/international practices (e.g. measuring survival rates for start-ups under the Entrepreneurship Scheme) as appropriate, according to paragraph 2.44(b) of the Audit Report, the Bureau had not undertaken to use such survival rates to assess the effectiveness of the Scheme, and only indicated that it would consider compiling more management information; in this regard, of the details of such management information; and**
- (c) **of the Bureau's existing means for assessing the effectiveness of the Entrepreneurship Scheme; whether monitoring visits at start-ups are conducted to learn about their operation; if yes, of the details; if not, the reasons.**

The objective of the Entrepreneurship Scheme is to subsidise NGO operators in implementing youth entrepreneurial programmes and providing start-up capital to young people who are interested in starting their businesses in Hong Kong and the Mainland cities of GBA. At the same time, it enables young people to acquire valuable knowledge and experience during the entrepreneurial and operating process in the course of the funding period. The funded service period of different NGO operators ranges from one to three years.

The HYAB has been following up on the implementation of the programmes through various channels, including interim progress review meetings and sharing sessions with all NGO operators (along with the selected youth start-up teams), monitoring visits, attending activities organised by operators and start-up teams, etc. In respect of monitoring and evaluating the effectiveness and performance of the Entrepreneurship Scheme, the key data and information considered by HYAB include the progress of NGO operators and individual start-up teams in achieving their milestone targets, the number of youth start-up teams settled in the Mainland cities of GBA, feedbacks from youth start-up teams, etc., in order to keep in view the effectiveness and performance of the operators.

Taking the previous round of the Entrepreneurship Scheme as an example, 16 NGO operators provided capital support and entrepreneurial support services to a total of 217 youth start-up teams. Among them, 211 teams (about 97%) successfully completed the funded service period under the Entrepreneurship Scheme and all relevant milestone targets, while the remaining 6 teams withdrew because of having secured funding from new investors or other personal reasons. So far, more than 70 start-up teams have settled in the Mainland cities of GBA.

In accordance with the audit recommendations, the HYAB will continue to keep under review the achievements of the key performance indicators of the Entrepreneurship Scheme, and consider compiling more management information such as the operational data of youth start-up teams during their participation in the Entrepreneurship Scheme and the survival rate of respective start-up teams at the completion of the Scheme. The information will be reported to YDC to facilitate the evaluation of the effectiveness of the Scheme.

Part 3: The Experiential Scheme

- 12) According to Table 4 in paragraph 3.5 of the Audit Report, the actual number of participants of the Experiential Scheme as at August 2023 was 301, which was only 39% of the target number of participants of 767. Please advise:
- (a) apart from the epidemic's impact, of the other factors causing the actual number of participants to fall short of the target;
 - (b) whether the Bureau has reviewed the reasons for the under-achievements of the Scheme; if yes, of the details and whether such under-achievements are related to the failure of the Scheme to meet the actual expectations of young people; and
 - (c) whether the Bureau has adjusted components of the Scheme having regard to its under-achievements; if yes, of the details; if not, the reasons.

With the resumption of normal travel in early 2023, the HYAB immediately resumed the programmes for completion by end of August 2023. The NGO operators faced various degrees of challenges in resuming the programmes, including recruitment difficulties at the initial stage of full resumption of normal travel, tight preparation time, manpower shortage of NGO operators, changes in the circumstances of the connection, mode of cooperation with innovation and entrepreneurial bases in the Mainland, etc. Despite all these challenges, the HYAB worked hand in hand with various operators to complete 12 experiential programmes in less than 6 months, which benefitted some 300 youth participants.

According to the questionnaire survey conducted with the concerned participants, most participants agreed that taking part in the experiential programmes helped deepen their understanding of the entrepreneurial environment, policies, and development opportunities in the Mainland cities of GBA. Youth participants considered that their participation in the experiential programmes had increased their knowledge of entrepreneurship-related information in the Mainland, including the entrepreneurial environment and policies, entrepreneurial bases, development opportunities, workplace culture, etc.

After reviewing the implementation and effectiveness of the previous round of the Experiential Scheme, the HYAB introduced several enhancement measures for the new round of the scheme launched in April 2024, such as:

- (i) expanding the scope of the scheme from the Mainland cities of GBA to all provinces and municipalities in the Mainland, so as to encourage young people to explore entrepreneurial opportunities in the enormous Mainland market;
- (ii) expanding the eligibility of youth participants from those aged between 18 and 35 to those aged between 18 and 39, so as to encourage more young people of different backgrounds and ages to participate;
- (iii) relaxing the requirement for the duration of the experiential programmes from 6 to 28 days to 1 to 28 days, thereby facilitating more young people to participate; and
- (iv) increasing the ratio of funded supporting staff from 1:12 to 1:10, so that operators can provide better support for the programmes.

The HYAB will continue to work closely with NGO operators in the implementation and publicity efforts of the Scheme.

13) According to paragraph 3.16(c) of the Audit Report, Operator C only provided 1 roadshow to 4 tertiary institutions each, totalling 4 roadshows, instead of 8 as stated in the funding proposal. Please advise:

- (a) of the reasons for the discrepancy between the actual number of roadshows and the number stated in the funding proposal;**
- (b) whether the grant was disbursed according to the actual number of roadshows; and**
- (c) whether any mechanisms are in place to monitor if programmes under the Scheme are implemented according to their funding proposals; if yes, of the details; if not, the reasons.**

With the resumption of normal travel in early 2023, the HYAB immediately resumed the programmes for completion by end of August 2023. The NGO operators had a relatively tight preparation time for implementing the programmes. According to HYAB's understanding, Operator C applied for roadshow venues from 8 post-secondary institutions, but eventually only 4 institutions were able to arrange venues for Operator C to organise one roadshow each. The approved funding for Operator C did not include the costs for organising roadshows.

According to the funding guidelines for the Experiential Scheme, NGO operators must submit activity reports, auditor reports and financial reports, activity photos, videos and relevant documents, etc. for HYAB's review, so as to ensure that the actual implementation of the Experiential Scheme aligns with the approved programme proposal. In addition, the HYAB randomly selects funded experiential programmes for conducting monitoring visits of the activities held in Hong Kong.

14) According to paragraph 3.29 of the Audit Report, of a total of 45 participants in a programme organised by Operator C, the particulars (including the names) of 5 (11%) participants on the list of programme participants submitted to HYAB by Operator C did not tally with its records. Please advise:

- (a) of the reasons for such discrepancies in records and whether the 5 actual participants have never participated in any programmes organised under the Experiential Scheme by other NGO operators; and**
- (b) whether the Bureau will explore enhancing flexibility of the related mechanism so as to allow, through a specified mechanism, another person to participate in place of an admitted youth applicant; if yes, of the details; if not, the reasons.**

According to HYAB's understanding, Operator C had not properly verified the participant list, resulting in discrepancies in the information

of 5 participants in the list submitted to HYAB against the records of Operator C. After verification, all the 5 actual participants were eligible youths and had never participated in other programmes under the Experiential Scheme.

The Experiential Scheme does not restrict NGO operators from replacing youth participants. According to the funding guidelines for the Experiential Scheme, operators must submit a list of eligible youths participating in the experiential programme at least three days prior to the departure of the experiential tour for HYAB's record and review. If there are any changes in the participants, operators should promptly submit an updated list to HYAB.

- 15) According to paragraph 3.42 of the Audit Report, while there were delays in submission of completion reports by 8 NGO operators and submission of audited financial statements by 12 NGO operators, the HYAB sent overdue report reminders to only 7 (58%) NGO operators. Furthermore, the reminders were sent 1 to 86 days (averaging 39 days) after the due dates of the reports. Please advise of:**

- (a) the reasons for the Bureau not having sent a reminder to each NGO operator whose report / financial statement was overdue;**
- (b) the reasons for the failure to send timely reminders; and**
- (c) any follow-up actions by the Bureau if an NGO operator, having received a reminder, still fails to submit its report by the deadline.**

Prior to the deadlines of submission, the HYAB had issued an email reminder to all NGO operators that they must submit the activity and summary reports and financial statements before the deadlines specified in the funding agreement. For overdue reports, the HYAB contacted relevant operators via email or phone to follow up and urged them to submit the reports as soon as possible. According to the funding guidelines for the Experiential Scheme, if the funded operators do not submit the reports by the stipulated dates, the HYAB reserves the right to withdraw funding.

Delay in the submission of reports by NGO operators is undesirable. The HYAB agrees with the audit recommendations and will enhance monitoring of submission of reports by the operators. For operators with overdue reports, the HYAB will take prompt follow-up actions including the issue of written reminders. During the assessment of applications for the Experiential Scheme, the assessment panel will take into account the past performance of the applicant organisations (including record of late submission of reports, etc.) as part of the assessment criteria.

Part 4: Other Youth Development Schemes

16) According to paragraph 4.6(a) of the Audit Report, as at 30 June 2024, the actual numbers of participants under the Funding Scheme for Youth Adventure Training Activities (FSYATA) ranged from 15% to 55% of the target numbers, with 3 out of 4 NGO operators achieving less than half of the target numbers; while the actual numbers of participants under the Funding Scheme for Youth Positive Thinking Activities (FSYPTA) ranged from 17% to 84%, with 4 out of 7 NGO operators achieving less than half of the target numbers. Please advise:

(a) whether the under-achievement in the number of participants will affect the actual amount of funding granted to the operator;

The FSYPTA subsidises eligible NGOs to organise projects with different themes, to promote young people's physical and mental well-being, nurture positive thinking and values among them, and enable them to become a new generation of youth with a sense of ownership and responsibility, and an aspiration and willingness to contribute to the development of our country and Hong Kong. As for the FSYATA, it subsidises eligible NGOs to provide adventure training activities of quality and scale for young people in a structured manner. Sponsored projects have been rolling out since the summer of 2023 for a period of about two years. Depending on the nature of sponsored projects and activities involved, the number of participants did not necessarily spread evenly throughout the project period. We are confident that the NGO operators would generally achieve their expected number of participants when they complete their projects.

The HYAB had all along been closely monitoring the progress of implementation of the schemes by way of kick-off meetings, regular reports and returns, follow-up meetings with NGO operators, inviting NGO operators to meetings of the Action Group to report progress of their projects, monitoring visits, etc. According to the relevant grant agreements, the actual funding amount under both funding schemes will depend on the actual number of youth beneficiaries. If the total actual number of youth beneficiaries is less than the original number specified in the sponsored project, the funding amount may be reduced proportionally regardless of the actual expenditure. Notwithstanding this, the HYAB would continue to closely monitor the performance of NGO operators and provide due guidance to them as and when necessary.

(b) whether the Bureau has reviewed if the content of the relevant schemes is consistent with the target participants' expectations; if yes, of the details; if not, the reasons; and

The HYAB has been collecting feedback on the relevant schemes from youth participants via NGO operators. For instance, we have provided templates of assessment questionnaire and required NGO operators to

arrange an assessment questionnaire for youth participants to complete immediately after the conclusion of the programme to collect their feedback. No less than 70% of responding participants consider themselves having developed a positive outlook on life after joining the sponsored project. Moreover, representatives of HYAB and Action Group members of YDC will from time to time participate in activities of the sponsored projects as observers to review the progress as well as effectiveness of the sponsored projects, and listen to stakeholders' feedback.

- (c) **further to the above, whether the Bureau will make appropriate adjustments if the content of the schemes falls short of target participants' expectation; if yes, of the details; if not, the reasons.**

The first round of both schemes have been well received since their launch. Taking into consideration feedback of stakeholders (including youth participants, partnering schools/organisations and Action Group members) on the first round, the HYAB will implement suitable enhancement measures for the schemes as necessary to better address the need of stakeholders.

- 17) **According to paragraphs 4.9 and 4.10 of the Audit Report, the HYAB required the NGO operator of the Pilot Scheme on Youth Outdoor Adventure Training Activities to procure external consultancy services to conduct a review on the effectiveness of the scheme. The NGO operator concerned was responsible for conducting the tender exercise, and during the tender evaluation process, it made changes to the tender price of the successful tenderer with no documentation on the reasons for such amendments. According to Note 36 of paragraph 4.10(a) of the Audit Report, the records of the NGO operator concerned showed that no adjustment had been made to the other 3 tenderers' tender prices. Please advise:**

- (a) **whether the successful tenderer was the lowest bidder; whether the Bureau has tracked down the reasons for the changes to the tender price of the successful tenderer so as to judge whether the tendering procedure was fair; if yes, of the details; if not, the reasons;**

According to information provided by the concerned NGO operator, after tender closing, it has requested relevant tenderers by emails to clarify their respective quotes (including content and items of service to be covered) in accordance with established procedure. However, actions taken were not documented in relevant minutes. The NGO operator confirmed that the tender assessment panel evaluated quotes based on the clarified information on tender contents as well as tender prices, and the successful tenderer was the lowest bidder.

- (b) whether the Bureau has established a review mechanism on NGO operators' compliance with the procurement best practices in the funding guidelines;**

There is relevant provision in the funding guidelines on the procurement best practices for compliance by the NGO operator. It is stipulated in the guidelines that written explanation should be provided to the Task Force if the NGO operator fails to comply with the procurement best practices. If the Task Force does not accept its explanation, approved grants may not be disbursed. In addition, upon completion of the sponsored project, the NGO operator was required to submit, among others, completion report, income and expenditure report (verified by independent auditor) and independent auditor's report for the Bureau's consideration. In particular, the auditor's report should state clearly that all expenditure in respect of the Pilot Scheme were made within the scope as approved by the Task Force on Youth Development Fund and Activities, and the use of funds was in compliance with provisions in the "Implementation and Funding Guidelines of the Pilot Scheme on Youth Outdoor Adventure Training Activities 2021-23" issued by the Task Force, and the requirements and directives as may from time to time be prescribed or given by the Government. There were no irregularities reported by the auditor on the relevant income and expenditure report or use of funds in the abovementioned auditor report submitted by the NGO operator.

- (c) given that the NGO operator was required to procure external consultancy services to conduct a review on the effectiveness of the scheme to be implemented by such NGO, of the ways to ensure fairness in the tendering procedure and the independency of the consultancy, as well as the reasons for the Bureau not procuring external consultancy services itself; and**

According to funding guidelines, apart from evaluation of the effectiveness of the pilot scheme, the third party consultant engaged by the NGO operation was also responsible for reviewing the training programmes based on evidence, collection of data and deriving evaluation criteria on the effectiveness of adventure training programmes, reviewing the pilot scheme and making recommendations to the Task Force/YDC on enhancements as well as full implementation of outdoor adventure training activities. The NGO operator was responsible for taking forward the consultancy study in accordance with the consultancy's proposal and instructions of the Task Force and the Government, as well as supervising the consultancy study with regular progress reports to the Task Force. As the concerned NGO operator is experienced in the implementation of outdoor adventure training activities, it would be more effective for the NGO to engage and supervise the consultancy study, particularly on how to enhance and fully implement the outdoor adventure training activities. Moreover, as mentioned in (b) above, there is relevant provision in the funding guidelines on the procurement best practices for compliance by the

NGO operator, including requesting its procuring officer and officer-in-charge of the project to declare interest so as to avoid any actual or perceived conflict of interest, ensuring the fairness of the tender process as well as independency of the consultant engaged.

- (d) **apart from the measures set out in paragraph 4.16(b) of the Audit Report (i.e. incorporating relevant provisions on the procurement best practices in regular reminders for NGO operators' attention and compliance), of any other measures to urge NGO operators to comply with the provisions; whether mandatory requirements will be considered for adoption; if yes, of the details; if not, the reasons.**

Guides to Application of FSYPTA and FSYATA stipulate that the Government and YDC reserve the right to suspend or terminate the funding support for a sponsored project or to terminate the Grant Agreement for an NGO operator's persistent or flagrant failure to carry out the whole or any part of the sponsored project in accordance with the Agreement. When processing future funding applications submitted by the NGO operator (whether under the concerned funding scheme or other schemes), YDC may also take into account its track record with regard to proper implementation of a sponsored project.