

For discussion on  
14 January 2002

## **LEGCO PANEL ON WELFARE SERVICES**

### **Community Investment and Inclusion Fund**

#### **Purpose**

In the 2001 Policy Address, the Chief Executive announced plans to establish a \$300 million “Community Investment and Inclusion Fund” (CIIF). This paper seeks Members’ advice on the proposed allocation of funds from the General Revenue for the establishment of the Fund.

#### **Recommendation**

2. We recommend that \$100 million be allocated from General Revenue to the CIIF. An additional \$200 million will also be sought from the Lotteries Fund.

#### **Background**

##### **Community Investment and Inclusion Fund**

3. The idea of setting up the Fund to promote mutual care, to develop a community support network and to encourage community participation, was originally proposed by the social welfare sector. In its “Annual Proposal to the Chief Executive” submitted in 2001, the Hong Kong Council of Social Service suggested setting up a “Community Care Fund” to support community initiatives targeted at strengthening families and communities. We share the view of the social welfare sector and recognize the importance of fostering a harmonious and caring society.

4. The prime purpose of the Fund is to provide the resources and a vehicle to promote community participation in supporting

individuals and families especially the more vulnerable, thereby reinforcing the message that Hong Kong is a caring community. At the same time, this will build up a sense of community spirit and enhance social cohesion.

5. This initiative corresponds to the increasing role played by social capital in addressing social issues, a trend that is developing and is actively encouraged in many countries. Social capital, according to the World Bank, refers to the institutions, relationships, and norms that shape the quality and quantity of a society's social interactions. Social capital plays an important role in building a stronger community and enhancing social cohesion, that is, the development of a community of shared values, shared challenges and equal opportunities based on trust, hope and reciprocity among all its members.

### **Objectives of the CIIF**

6. The objectives of the CIIF are –
- (a) to serve as a catalyst to bring the community closer together by supporting local projects which promote community participation and social inclusion. In turn, this will reinforce the sense of belonging in the community. The Fund will also encourage mutual concern, support and assistance in the community. This will strengthen the role of the community in supporting a more viable functioning and integrated development of individual community groups, with a view to promoting social cohesion;
  - (b) to encourage and facilitate cross-sectoral cooperation including NGO and private sector participation, in social networking and community support projects; and
  - (c) to commission and fund research on community support issues with the purpose of enhancing the community support network. Particular emphasis will be placed on how best to build up social cohesion and develop social capital in Hong Kong.

7. We envisage that the Fund will achieve these objectives by supporting projects which –

- (a) mobilize community resources to promote self-help and mutual-help in the community;
- (b) promote the integration and inclusion of social groups into the community, in particular those who are disadvantaged; and
- (c) encourage volunteerism and enhance the role and quality of volunteer efforts.

### **Eligibility Criteria**

8. We envisage that the Fund will primarily support community projects and research studies. Successful applications will require a clear focus regarding objectives, target groups, issues to be addressed and outcomes. We intend to support projects that are likely to be sustainable in the longer-term, preferably on a self-financing basis. Also, projects should normally be non-profit distributing in nature, with any profits re-invested back into the project.

9. Applications should be submitted by organizations or community groups, that is, not from individuals or Government Departments. Joint applications are permissible. Applicants may apply for one-off capital funding or time-limited recurrent funds or a combination of both. And, projects should not normally exceed 3 years' duration.

### **Initial Priorities**

10. In view of the objectives of the Fund, we intend to accord priority to projects which focus at the grassroots/neighbourhood level, encourage community participation and building, that are welfare in nature, and with a longer-term investment rather than short-term consumption focus. We will in particular, welcome applications in receipt of support from or in collaboration with the private sector, and which lack funding support from other Government or charitable sources.

## **Fund Duration**

11. The CIIF will initially be set up for 3 years, after which time its operation will be reviewed. The review would also cover the treatment of any unspent funds.

## **Approving Authority**

12. Similar to the structural arrangement of many other funds such as the Lotteries Fund and the Quality Education Fund, we plan to set up a dedicated committee to examine and determine applications under the Fund. The Committee will comprise representatives from relevant bureaux and departments, and non-official members from various sectors including welfare, education, business and academic. The Health and Welfare Bureau will serve as the Secretariat for the Committee. The proposed terms of reference and structure of the Committee is at the Annex.

## **Funding**

13. Launching of the Fund requires an initial capital injection of \$300 million with public funding from both the General Revenue (\$100 million) and the Lotteries Fund (\$200 million). The injection from the General Revenue represents a firm and practical commitment from the Government to strengthen our community support network and to foster a caring society.

14. In deciding on the level of the initial capital injection, we have taken account of the experience of a number of existing funds such as the Sir Robert Ho Tung Charitable Fund and the Chinese Permanent Cemeteries Charity Donations Fund. These provide support for non-governmental organizations to conduct welfare or charitable projects, on a scale which we expect to be broadly comparable to those to be supported by the CIIF. Recent experience indicates that, each fund supports between 100 to 200 applications per annum, and the average level of funding per application ranges from \$120,000 to \$330,000. However, in view of the broader scope of the CIIF, we expect a greater number of applications. We have thus estimated the level of initial

funding required on the following basis:

Estimated number of applications approved per year:	400
Estimated average level of funding per application:	\$250,000
Years of operation:	3
Estimated level of initial capital funding:	$400 \times \$250,000 \times 3 =$ \$300 million

15. As regards the other source of funding, it is specified in the Government Lotteries Ordinance that the Financial Secretary “may appropriate from the Lotteries Fund moneys for the purpose of financing, by way of grant, loan or advances, the support and development of such social welfare services in Hong Kong as the Chief Executive after consultation with the Social Welfare Advisory Committee, may approve”. As such, we will consult the Social Welfare Advisory Committee on 17 January 2002 on this funding proposal. Subject to approval by the Chief Executive, we propose that the injection from the Lotteries Fund be made at the beginning of the 2002-03 financial year.

16. The initial capital of \$300 million will be held under the Director of Social Welfare Incorporated. The Social Welfare Department will assist with the administration of the Fund.

### **Manpower Implications**

17. The workload arising from the setting up of the Fund will initially be absorbed by staff in the Health and Welfare Bureau. We will review the additional manpower requirement, in the light of the number of applications received. However, we envisage the need to recruit a small number of non civil-service contract staff to assist with the processing of applications received and the monitoring of approved projects. Consideration will be given to inviting interested academics, social workers and other professionals to assist in the monitoring and evaluation of projects funded, the criteria and process of which, will be considered by the Committee in due course.

## **Way Forward**

18. Subject to Members' views, we will proceed to seek approval from the Finance Committee of this Council for the allocation of \$100 million to the Fund in the first quarter of 2002. We propose that this allocation be made at the beginning of the 2002-03 financial year.

19. We envisage that the Fund will open for application shortly after funding approval has been obtained from the Finance Committee (General Revenue) and the Chief Executive (Lotteries Fund), and the Fund Committee has been set up and agreed the Fund's operating procedures.

## **Advice Sought**

20. Members are invited to advise on the proposed allocation of funds to support the establishment of the CIIF.

Health and Welfare Bureau  
January 2002

**Committee on the Community Investment and Inclusion Fund**

**Proposed terms of reference**

1. To examine and determine applications for funding from the Community Investment and Inclusion Fund, and to decide on the level of funding for each successful application; and
2. To advise the Secretary for Health and Welfare on all matters related to the administration of the Fund.

**Proposed Membership**

Chairperson: A non-official

Members:

- Ex-officio Members: representatives from relevant bureaux and departments
- Non-official Members: will form the majority of the Committee

Secretariat: Health and Welfare Bureau