

Minutes of the
Social Welfare Advisory Committee (SWAC) Meeting
held on 19 October 2004

Present

Mr Wilfred Wong Ying-wai (Chairman)

Mrs Cheung Ang Siew-mei

Dr Stephen Chow Chun-kay

Dr Miranda Chung Chan Lai-foon

Dr Leung Cho-bun

Prof Diana Mak Ping-see

Mr Poon Huen-wai

Mr Aaron Wan Chi-keung

Ms Marina Wong Yu-pok

Mr Stephen Yau How-boa

Mr Silva Yeung Tak-wah

Miss Jessie Yu Sau-chu

Ms Wendy Cheung (Secretary)

In Attendance

Health, Welfare and Food Bureau (HWFB)

Ms Linda Lai Deputy Secretary for Health, Welfare & Food (Family

and Women)

Ms Salina Yan Deputy Secretary for Health, Welfare & Food (Elderly Services)

Mr Freely Cheng Principal Assistant Secretary for Health, Welfare & Food (Family)

Social Welfare Department (SWD)

Mr Paul Tang Director of Social Welfare

Ms Ann Hon Assistant Director of Social Welfare (Subventions and Performance Monitoring)

Mr T H Fu Chief Social Work Officer (Subventions)

Absent with Apologies

Ms Vivien Chan

Mr Darwin Chen

Ms Christine Fang Meng-sang

Mr Keith Lam Hon-keung

Mr Wilfred Lee

(1) Matching Grant for Welfare Services (SWAC Paper No. 12/04)

The paper sought Members' views on the proposed arrangements for the \$200 million one-off grant earmarked in the 2004-05 Budget by the Financial Secretary for the promotion of tripartite social partnership among Government, the business community and the welfare sector. The Social Welfare Department (SWD) had conducted consultation sessions from April to October 2004 with the welfare sector and business corporations, which generally welcomed the idea.

2. Most of the \$200 million one-off grant would be allocated to NGOs in the form of a Matching Grant (the Grant). All welfare NGOs could apply for the Grant. Contributions in cash, in kind or in service from business corporations would be accepted for matching purpose. There would be two rounds of funding allocation in which \$100 million was earmarked for the first round and about \$80 million for

the second. Matching allocation for each application would be capped at a maximum of \$500,000. For each proposal, NGOs should contain the administrative and staffing expenses at no more than 15% of the overall cost. As a means to sustain the impetus of the Grant, a small amount from the \$200 million would be reserved for the purposes of conducting evaluative studies or projects for the overall programme.

3. Members noted the following Government' s responses in reply to the concerns raised by the Hong Kong Council of Social Service (HKCSS) on the Grant tabled at the meeting :

- (a) SWD was ready to consider all welfare-oriented initiatives meeting the objectives of the Grant. There was no restriction on using the Grant for only time-limited projects;
- (b) it was agreed that the eligibility criteria and application procedures would be designed in a simple and easy-to-access way;
- (c) to ensure that the Grant should create a greater impact and bring direct benefit to disadvantaged groups, it was proposed to contain the administrative expenses (including staffing costs) to no more than 15% of the overall cost;
- (d) SWD' s intention of not including proposals which had started before the formal launch of the Grant was a measure to encourage NGOs to further extend their partnership with business corporations;
- (e) NGOs were expected to have plans to maintain a sustainable partnership with the business corporations after the end of the project;
- (f) the suggestion of open applications all year round would mean that applications would be assessed on a first-come-first-served basis rather than merit basis, and it was contrary to the majority views of NGOs. On the other hand, the proposed arrangement for invitation of applications in two rounds would allow NGOs to have sufficient time to formulate their proposals and solicit support from business corporations. It would also allow the Administration to have a chance to take into account the experience in the first round for

refining the arrangements for the second round;

- (g) as regards the suggestion for SWD to grant approval-in-principle to NGOs before business contribution was secured so as to facilitate the NGOs to identify their business partner(s), SWD considered that this would pre-empt the decision of the Vetting Committee and hold up funding commitments for other applications; and
- (h) a web-based platform would be established to facilitate the formation of partnerships between NGOs and business corporations.

4. Members also made the following comments at the meeting :

- (a) the eligibility criteria for the Grant needed to be more clearly set out to avoid any possible dispute because NGOs not within the traditional welfare ambit might also be able to carry out 'welfare' initiatives. Some Members considered that the criteria should not be determined simply by the technical definition on whether the applicant NGO was a welfare agency. The effectiveness and impact of the proposed initiatives in helping the disadvantaged groups should also be considered;
- (b) as it might not be easy in practice for SWD to control the actual expenses of the applicant NGO and such control might create unnecessary work, the criterion on capping of administrative and staffing expenses at no more than 15% of the overall budget should be removed;
- (c) while the larger NGOs might have spare capacity to meet the additional staffing requirements, some smaller NGOs might have practical difficulty in relying only on its existing staff to implement new service initiatives given their limited resources. Therefore, the Government should allow some flexibility in the cap for administrative and staffing cost;
- (d) under the proposed arrangements for the Grant, it seemed that only tangible and simple initiatives could get funding, whereas sophisticated proposals involving more manpower input might not be able to do so because of the 15% cap. There was also some reservation on whether

small NGOs would have long-term sustainability plans with their business partners;

- (e) given large NGOs with many service units would still be regarded as one NGO and be allowed to submit one application only, the matching ceiling for each application should be increased to above \$500,000 to encourage participation from larger NGOs;
- (f) the capping of the allocation amount for each application might limit the amount of business contributions as there was a tendency for business corporations to give donations on a matching basis. On the other hand, some Members shared the view that the cap would allow participation from more NGOs so that they could enhance their capacity in forming partnership with the business sector in the process;
- (g) SWD should consider ways to encourage business corporations to give their ideas of welfare programmes for NGOs to take up, or to provide assistance to NGOs and business corporations for identifying suitable partners. Concrete measures should also be taken to encourage more contributions from the business sector, e.g. giving recognition to business corporations making significant contributions, etc. SWD might also seek business corporations' assistance in monitoring the utilization of grant by NGOs;
- (h) some Members disagreed with the proposal to accept contributions in kind or in service for matching purpose because it would be difficult to convert them into monetary value and this might lead to abuses; and
- (i) long-term efforts and resources would be needed if the Government wished to incentivise the welfare sector to expand their network in seeking and securing corporate participation and encouraging the social responsibility of the business sector.

5. The Government made the following responses :

- (a) as regards eligibility criteria, given the purpose of the Grant was to support the welfare sector in forming partnership with business corporations, only welfare NGOs were eligible to apply

for the Grant;

- (b) although operation of the Grant should be simple, for public accountability reasons and bringing greater impact and direct benefit to the needy, it would be appropriate to introduce a cap on the administrative and staffing cost. SWD and the business corporations would not hope to see that a major proportion of the grant was spent on hiring staff instead of benefiting needy groups directly. If the actual administrative and staffing expenses really exceeded the proposed ceiling of 15%, the NGOs were expected to absorb such additional costs within their own budget as their own contributions;
- (c) as regards the capping of allocation for each application, it was not Government's intention to restrict the contributions of the business corporations to a maximum of \$500,000. Such a cap only represented the ceiling of the grant that could be matched by the Government. The limit would also serve to encourage the participation of more NGOs, particularly small and medium ones;
- (d) it would be difficult to solicit business partners' assistance in monitoring the use of Grant by NGOs. However, SWD would require NGOs to submit audited financial statements and certify that the Grant was spent for purposes as specified in the applications. The NGOs' reports on progress and final results would also be uploaded to the website for public scrutiny;
- (e) business corporations were welcome to propose initiatives, but the applicants should still be welfare agencies. In addition, in order to maintain impartiality, SWD would not be directly involved in the matching process. However, it would provide the relevant information to all enquiring NGOs or corporations;
- (f) SWD was considering ways to recognize business corporations' contributions;
- (g) the Grant aimed to encourage partnership between welfare sector and business community to create a caring society. For initiatives serving other objectives, NGOs might continue to seek funding as appropriate from other funding sources, such as the Community Investment and Inclusion Fund;

- (h) translation of contributions in service or in kind into monetary terms would be a controversial issue. However, it was the view of NGOs that more flexibility should be given to include contributions other than in cash. In the actual arrangement for contributions in kind, reference would be made to a designated list that was currently adopted by the Government and there should be little opportunities for abuse; and
- (i) although the Grant was of a one-off nature, it would serve to kick-start a longer-term effort to encourage tripartite social partnership to create a more cohesive and caring society. Therefore, the NGOs were expected to provide practical plans to create a sustainable partnership with the business corporations after completion of their project funded by the Grant.

6. The meeting concluded that while Members generally supported the broad arrangements of the Grant, they were also concerned with the details which were important for successful implementation. In particular, the Administration might give more thoughts to the following issues before launching the Grant :

- (a) the eligibility criteria of NGOs should be more clearly defined. It was generally agreed that only welfare agencies which had obtained the requisite status should be eligible to apply for the Grant. This would minimize any possible disputes;
- (b) the translation of contributions in kind and in service into monetary value could be problematic, especially for contributions in service which would be more difficult to quantify in practice. Also, small business corporations might not have the spare capacity to offer services to NGOs;
- (c) the allocation ceiling for each application at \$500,000 might not encourage the business corporation to contribute a large amount. To set a good example, the Government might wish to show its generosity first by raising its matching amount for each application to say \$1 million. Business corporations should also be given more public recognition for attracting their participation; and
- (d) on the amount of grant earmarked for the two tranches of funding allocation, it was suggested

that the Government consider earmarking a smaller amount for the first round to first try out the scheme and allow the building up of a pool of sample projects for NGOs to make reference. Such publicity by concrete examples should be very effective. When the operation of the Grant went smooth, then a larger amount could be earmarked for the second round or even more rounds of allocation. This would be able to create a greater impact on the community

7. SWD would review the issues and comments raised by Members in the meeting before finalising the implementation details of the Grant.

Health, Welfare and Food Bureau

February 2005