

**Enhancements for Vetting Funding Applications
for the Environment and Conservation Fund**

Purpose

The purpose of this paper is to invite members to endorse the enhanced vetting procedures for funding applications and revisions to funding guidelines for the Environment and Conservation Fund (ECF).

Background

2. The objective of the ECF as provided by section 4 of the ECF Ordinance (Cap. 450) is for the purpose of funding education, research and other projects and activities in relation to environment and conservation matters. The ECF Committee (the Committee) shall advise the Secretary for the Environment (SEN) who is the trustee of the ECF on the use of funds. The SEN proposes to the Finance Committee of the Legislative Council an injection of \$1 billion into the ECF with a view to expand the scope of programmes in a bid to broaden partnership with different sectors in the community, to enhance community's participation and to encourage cross boundary collaboration in environment and conservation matters.

Procedures for Vetting Funding Applications

3. The Committee has the overall authority in vetting funding applications and advising SEN on the use of funds. The Committee has established two Vetting Subcommittees (viz. Research Projects Vetting Sub-committee (RPVS) and Community Waste Recovery Projects Vetting Sub-committee (CWRPVS)) and authorised the Environmental Campaign Committee (ECC) to set up an Environmental Education and Community Action (EE&CA) Projects Vetting Sub-committee to vet ECF's EE&CA Projects. Both the RPVS and ECC can approve grants up to \$150,000 for a project. For applications exceeding this limit, the recommendations of the RPVS or ECC will have to be endorsed by the ECF Committee. The CWRPVS, on the other hand, could vet community waste recovery projects that cost \$500,000 or less. For projects exceeding \$500,000, the recommendations of the Sub-committee will have to be approved by ECF Committee. The CWRPVS is also responsible for vetting applications for the Programme on Source Separation of Domestic Waste with a maximum grant of \$250,000 per housing estate. Funding applications are considered at the Committee's meetings, or by circulation, as circumstances require.

4. As the injection of funds will go a long way in attracting more applications of innovative, worthwhile, larger scale and longer term project, the funding amount to be granted per application will become more substantive and further enhancement to the existing monitoring mechanism is necessary. The level of funding amount per application to be approved by the existing RPVS and ECC's EE&CA Projects Vetting Sub-committee are proposed to be revised to the level of \$500,000 that would be the same as the CWRPVS. The proposed revised terms of reference of the RPVS is at **Annex A**.

5. It has been proposed in the ECF Paper 29/2007-08 that the ECF funding scope will be expanded to cover new programmes including minor works projects to demonstrate and promote energy efficiency, conservation and waste reduction. Installation of these environmental facilities and green roofing works in schools and community buildings of the non-profit-making organizations would enhance community's participation and further promote environmental education. As the actual number of applications and scale of projects are rather indefinite at this initial stage, it is proposed to invite the ECC's EE&CA Projects Vetting Subcommittee, which is now responsible for vetting applications on environmental education and community action projects to vet and monitor applications of these new minor works projects. The membership of the new ECC's EE&CA Projects Vetting Subcommittee would be expanded and representatives from different government departments would be invited to provide the necessary technical advice as and when necessary. Members may also consider if a new and dedicated vetting sub-committee is required to process these new applications after we have gained experience in implementation of these minor works projects.

Proposed Revisions to Funding Guidelines

6. As stated in the ECF Paper 29/2007-08, the existing funding guidelines would need to be revised to cope with the enhanced funding scope. After consultation with members of the Committee and the subcommittees, comments on the following funding guidelines which would be applicable to all types of ECF funded projects are summarized in **Annex B** -

- (a) funding caps per application;
- (b) staff costs;
- (c) general administrative costs;
- (d) minor works and equipment;
- (e) overseas expenses and study missions outside Hong Kong;
- (f) production of publications and websites and the purchase of education materials and computer software;
- (g) duration of funded projects; and

(h) others (half-yearly audited statement of accounts, final disbursement and expenses on souvenirs for ceremonies).

7. Some members also raised comments related to specific types of projects which would be further discussed by the relevant vetting subcommittees.

Advice Sought

8. Members are invited to advise on the proposed revisions to the vetting procedures and funding guidelines as stipulated in paragraphs 4 to 7. Subject to Members' views, the Secretariat would revise the guides to applications and application forms accordingly and revise the terms of reference of the EE&CAVS for endorsement by the ECC.

Secretariat, Environment and Conservation Fund Committee
January 2008

Annex A

Research Projects Vetting Subcommittee

Terms of Reference

1. To vet applications seeking funding support for **\$500,000** or below from local non-profit making organisations to undertake environmental research and technology demonstration projects and advise on their relative priorities for funding support;
2. To make recommendations to the Environment and Conservation Fund Committee on the exact amount of fund to be allocated for each project supported if the grant is over **\$500,000**;
3. To advise the trustee on the exact amount of fund to be allocated for each project supported if the grant is **\$500,000** or below and report back to the Environment and Conservation Fund Committee;
4. To monitor progress of funded projects; and
5. To review completed projects to see if they have achieved the project objectives set out in the proposal.

Proposed changes to the funding guidelines under the Enhanced ECF

Note on abbreviation

- CWR : Community Waste Recovery Projects
- EE&CA : Environmental Education & Community Action Projects
- NCMA : Nature Conservation Management Agreement Projects
- PEP : Public Education Programme on Municipal Solid Waste
- R&TD : Research & Technology Demonstration Projects

Types of projects	Existing funding guidelines	Proposed changes	Comments from Members of ECF Committee and Subcommittees
(a) Funding caps per application			
CWR	- Normally below \$500,000 - >\$500,000 to be approved by ECFC	- No change	-
EE&CA	- Normally below \$150,000 - >\$150,000 to be approved by ECFC	- >\$500,000 to be approved by ECFC - Normally below \$500,000	-
NCMA	- No limit	- No change	-
PEP	- Normally below \$500,000	- Normally below \$500,000 - >\$500,000 to be considered on a case by case basis with full justifications	-
R&TD	- >\$150,000 to be approved by the ECFC - >\$150,000 to be assessed by two external assessors before consideration by Vetting Sub-committee	- >\$500,000 to be approved by the ECFC - >\$500,000 to be assessed by two external assessors before consideration by Vetting Sub-committee	- >\$150,000 to be assessed by two external assessors before consideration by Vetting Subcommittee. But Vetting Subcommittee may waive such requirement.

Types of projects	Existing funding guidelines	Proposed changes	Comments from Members of ECF Committee and Subcommittees
(b) Staff costs			
CWR	<ul style="list-style-type: none"> - Monthly salary of part-time project coordinators/assistants should not exceed one-third of their monthly salaries which should be below \$18,000 - Total staff costs <25% of total approved amount or total actual expenditure, whichever is the less 	<ul style="list-style-type: none"> - Total staff costs should normally be below 50% of the total project cost - Monthly salary to be considered case-by-case 	<ul style="list-style-type: none"> - Funding for full-time staff for CWR projects should be considered.
EE&CA NCMA	<ul style="list-style-type: none"> - Total staff costs <35% of total approved amount or total actual expenditure, whichever is the less 		
PEP	<ul style="list-style-type: none"> - Total staff costs <50% of total approved amount or total actual expenditure, whichever is the less 		
R&TD	<ul style="list-style-type: none"> - Monthly salary to be considered case-by-case based on a set of guidelines on pay range 	<ul style="list-style-type: none"> - No change 	<ul style="list-style-type: none"> -

Types of projects	Existing funding guidelines	Proposed changes	Comments from Members of ECF Committee and Subcommittees
(c) General administrative costs			
CWR	- No funding for general administrative and overhead costs	-	-
EE&CA			
PEP			
NCMA	- Funding for general administrative costs is normally not supported	- Only for applications from green groups and NGOs without receiving government subventions, overhead costs could be supported, subject to a cap of 10% of the total approved grant or actual expenditure, whichever is the less	
R&TD	- Under special circumstances and subject to a cap of 20% of the total approved grant or actual expenditure, whichever is the less		

Types of projects	Existing funding guidelines	Proposed changes	Comments from Members of ECF Committee and Subcommittees
(d)(i) Minor works			
CWR	- One-off payment for renovation of premises only, subject to a ceiling of \$20,000	- Minor works (such as installation of green roofs, recycling of waste and demonstration set-up on renewable energy, etc.) could be considered on a case-by-case basis, subject to a cap of \$500,000 on the total expenses on minor works and the purchase of equipment	- The cap of \$500,000 might be reconsidered because there is conditions that expenditures have to be reasonable, realistic and sufficiently broken down.
NCMA			
EE&CA	- No funding for capital works projects will be supported		
PEP	- No specific provisions for capital works projects.		
R&TD	- Each request for capital items to be considered on a case-by-case basis and recipient organizations to bear all subsequent recurrent and maintenance costs		

Types of projects	Existing funding guidelines	Proposed changes	Comments from Members of ECF Committee and Subcommittees
(d)(ii) Equipment and environmental facilities			
CWR	<ul style="list-style-type: none"> - Purchase of equipment is subject to a ceiling of \$50,000 	<ul style="list-style-type: none"> - Purchase of equipment (e.g. composting machinery, recycling of waste and energy saving equipments, etc.) could be considered on a case-by-case basis, subject to a cap of \$500,000 on the total expenses on minor works and the purchase of equipment 	<ul style="list-style-type: none"> - Instead of setting a 2-year restriction on funding recurrent maintenance cost, the subcommittee may consider on individual merits to allow flexibility.
NCMA	<ul style="list-style-type: none"> - The title of equipment remains with Government 	<ul style="list-style-type: none"> - Funding for recurrent maintenance costs of the approved equipment during the project period or up to the initial two years upon installation, whichever is the less, could be considered 	<ul style="list-style-type: none"> - Another comment is to let the relevant subcommittee consider it on a case-by-case basis after satisfactory completion of the project.
EE&CA	<ul style="list-style-type: none"> - No funding for equipment will be supported 	<ul style="list-style-type: none"> - Title of equipments procured with the fund will be held by the applicant 	
PEP	<ul style="list-style-type: none"> - Each request for equipment to be considered on a case-by-case basis and recipient organizations to bear all subsequent recurrent and maintenance costs 		
R&TD	<ul style="list-style-type: none"> - Title of equipment remains with Government 		

Types of projects	Existing funding guidelines	Proposed changes	Comments from Members of ECF Committee and Subcommittees
(e) Overseas expenses and study missions outside Hong Kong			
CWR	- Funding for overseas travel will not normally be supported	- Overseas expenses (such as overseas trips, rental of overseas venue, etc.) could be considered on a case-by-case basis, subject to a cap of 30% of the amount of overseas expenses requested	-
EE&CA			
PEP			
R&TD	- Overseas participants in a local function are normally expected to pay for their own travelling and living expenses		
NCMA	- No specific provisions for funding for overseas expenses but such expenses will not normally be supported		

Types of projects	Existing funding guidelines	Proposed changes	Comments from Members of ECF Committee and Subcommittees
(f) (i) Production of publications and website			
EE&CA	<ul style="list-style-type: none"> - Funding for production of publications and newspapers should not normally be supported to encourage the use of electronic means for communication - Web design may be supported but no funding for rental and maintenance of website 	<ul style="list-style-type: none"> - Funding for production of practical and promotional guides on green lifestyle, energy efficiency, eco-tours and nature conservation could be considered - Funding for website design and maintenance could be considered 	-
CWR	-		
NCMA	-		
R&TD	-		
PEP	<ul style="list-style-type: none"> - Funding for production of publications to be considered on a case-by-case basis and recipient organizations should provide details of publication arrangement for overall assessment - No specific provisions for production of website (CWR, NCMA and R&TD) - Funding for web design, rental and maintenance of website may be supported (PEP) 		

Types of projects	Existing funding guidelines	Proposed changes	Comments from Members of ECF Committee and Subcommittees
(f) (ii) Purchase of education materials and computer software			
CWR	- No specific provision on funding for the purchase of education materials and computer software	- Expenses on education materials and computer software could be considered on the condition that the education materials and computer software are essential	-
EE&CA			
PEP			
NCMA			
R&TD		- Title of education materials and computer software procured with the fund will be held by the applicant	
(g) Duration of funded projects			
CWR	- Each CWR project should last at least 12 months and not more than 30 months	- No maximum limit on funded project duration	-
NCMA	- Each funded project should last at least 12 months and not more than 24 months	- For CWR, NCMA and PEP projects, the projects should last at least 12 months	
PEP			
EE&CA	- No specific limit on duration of funded projects	- Duration of each funded project could be considered on a case-by-case basis	
R&TD			

Types of projects	Existing funding guidelines	Proposed changes	Comments from Members of ECF Committee and Subcommittees
(h) Others (i) Half-yearly audited financial statements			
EE&CA	- For projects last more than 6 months, half-yearly progress report should be submitted together with a financial report of the project	- For projects receiving a grant over \$150,000 and last more than 6 months, half-yearly progress report should be submitted together with an audited financial statement	- The proposed requirement of a half-yearly audited financial statement is rather onerous
NCMA			- The limit of \$3,000 for auditor fees per CWR project is considered unrealistic and should be revised.
R&TD	- Documentary proof including original copy of invoices and receipts should be provided		
CWR	- Three-monthly progress report should be submitted together with a financial report of the project		
PEP	- Documentary proof including original copy of invoices and receipts should be provided		
(h) Others (ii) Final disbursement			
CWR	- For all projects, the last 10% of the approved grant will not normally be disbursed until after project completion subject to submission of a complete statement of accounts and a completion report endorsed by the Vetting Subcommittee Secretariat and / or EPD	- No change	- Proposed to reduce the percentage of final disbursement from 10% to 5%
EE&CA			
NCMA			
PEP			
R&TD			

Types of projects	Existing funding guidelines	Proposed changes	Comments from Members of ECF Committee and Subcommittees
(h) Others (iii) Souvenirs			
CWR	<ul style="list-style-type: none"> - Expenses on souvenirs for officiating guests at ceremonies are allowed. The maximum unit price is \$50 	<ul style="list-style-type: none"> - No change 	<ul style="list-style-type: none"> - To avoid creation of other forms of waste, no funding for souvenirs in all ceremonies is suggested
EE&CA			
NCMA			
PEP			
R&TD	<ul style="list-style-type: none"> - No specific details on expenses for souvenirs 		