

An Overview of the Operation of the Environment and Conservation Fund

Purpose

In response to the suggestion of some Members for reviewing the positioning of the Environment and Conservation Fund (ECF) Committee, this paper provides an overview of the existing operation of the ECF to facilitate discussion by Members.

Role and Organization

2. The ECF is a statutory trust fund established in 1994 under the ECF Ordinance (Cap. 450) to provide funding support for educational, research, technology demonstration and other projects and activities in relation to environmental and conservation matters which are non-profit-making in nature. The ECF Committee¹ was set up under the Ordinance to advise the Secretary for the Environment, in his capacity as trustee of the ECF, on the worthiness of projects falling within the above funding scope and the funding allocation to each project. The terms of reference of the ECF Committee is at Appendix 1.

3. Since its establishment, the ECF has set up a robust mechanism for vetting applications seeking ECF funding support and monitoring approved projects. Three Vetting Subcommittees, viz., the Research Projects Vetting Sub-committee (RPVSC), Waste Recovery Projects Vetting Sub-committee (WRPVSC), and Energy Conservation Projects Sub-committee (ECPVSC) were formed. In addition, ECF has authorized the Environmental Campaign Committee (ECC), an advisory body which advises the Government on community environmental education matters and a close partner of the ECF in pursuing community-wide environmental programmes, to set up an Environmental Education and Community Action (EE&CA) Projects Vetting Sub-committee to vet the related projects. The various Vetting Sub-committee are authorized to approve grants up to \$2 million for each project within their purview. For applications exceeding this limit, the recommendations of the Vetting Sub-committees have to be endorsed by the ECF Committee. On financial management, an Investment Committee, chaired by the Secretary for the Environment, was set up in 2008 to advise on and monitor the investment

¹ Under the ECF Ordinance, the ECF Committee comprises a chairman, eight non-official members, and four ex-officio members including the Secretary for the Environment, Permanent Secretary for Education, Director of Environmental Protection, and Director of Agriculture, Fisheries and Conservation or their representatives.

and financial position of the ECF. An organization chart showing the structure and functions of the ECF Committee and its subcommittees is at [Appendix 2](#).

Operation of ECF

Key programme areas

4. In the context of rising public concern over the quality of the living environment, an injection of \$1 billion to ECF was obtained from the LegCo Finance Committee in 2008, with a view to boosting and broadening community participation in matters related to environmental protection and nature conservation via ECF grants to innovative and worthwhile projects. ECF has since enhanced its operation through adopting a targeted approach to pursue priority programme areas which were identified in conjunction with the Administration, and which has taken into consideration aspects of policy directions as well as the concerns of major stakeholders such as green groups and the community at large, namely -

- ✧ territory-wide educational and community involvement campaigns on environmental protection;
- ✧ minor works projects to demonstrate and promote energy efficiency, conservation and waste reduction;
- ✧ technology transfer from professional institutions to practitioners to enhance environmental performance of industrial process; and
- ✧ regional and international policy and technology conferences to promote exchanges amongst professional bodies on latest developments and best practices on environment and conservation matters.

5. To pursue the above priority programme areas, ECF has since expanded its funding scope and introduced new funding schemes. At present, apart from providing funding to the ECC for undertaking large-scale territory-wide campaigns such as the Hong Kong Awards for Environmental Excellence, the Hong Kong Green School Award, the Student Environmental Protection Ambassadors Scheme, and thematic public promotion activities, the ECF supports a wide spectrum of educational, research and other projects and activities on aspects such as energy efficiency, nature conservation and waste reduction. A list of ECF funding schemes is at [Appendix 3](#).

Vetting of applications

6. The ECF is open to applications mainly from local non-profit-making organizations. For technology demonstration projects on waste minimization and recycling, applications from local companies incorporated under the Companies Ordinance may also apply. Detailed Guides to Application have been drawn up for individual funding schemes to assist applicants in better understanding ECF's requirements, standards, and performance indicators. Various funding principles (as set out in Appendix 4), which have been adopted and progressively refined by the ECF Committee over the years, form the basis for assessing funding applications. Based on these principles, elaborate sets of funding guidelines have been developed under the respective funding schemes for guiding the ECF Committees and its Subcommittees in vetting the applications. Given the non-profit making nature of ECF projects, all income arising from an approved project should be ploughed back into the project account for running the project.

Monitoring of approved projects

7. Apart from vetting applications for ECF funding, the ECF Committee and various Vetting Sub-committees, with the support of the ECF Secretariat, play a role in monitoring the approved projects. Under the existing monitoring mechanism, project proponents are required to submit regular progress reports to the ECF Secretariat for review. Progress reports and completion reports of projects may be circulated to Members for information and comment on as-needed basis. Payments to project proponents are made by installments subject to the satisfactory progress of the projects. For projects receiving a grant more than HK\$150,000 and lasting more than 18 months, recipient organizations are required to submit, once every 12 months, a statement of accounts audited by a certified public accountant. For projects costing \$150,000 or less, only a complete statement of accounts, together with the original copy of invoices and receipts are required.

8. The Secretariat of the ECF Committee and Vetting Sub-committees may carry out inspections to examine the progress of the projects. Random inspection by Members may also be conducted.

Evaluation of funded projects

9. The success or effectiveness of each completed project would be evaluated by comparing the project results against its original objectives and targets as set out in the original project proposal. To assess the effectiveness of ECF-funded projects, a set of broad performance indicators have been drawn up (Appendix 5). Upon completion of project, evaluation would be made to assess each project against these performance indicators, where applicable, as

well as other additional indicators specially drawn up for individual projects. For some of the projects such as research projects, project teams may also be required to complete post-implementation review on the effectiveness of the projects.

Effectiveness of ECF-funded Initiatives

10. Up to the end of June 2012, the ECF has financed over 3,500 projects with a total commitment of around \$1,460 million. Since the injection in 2008, the number of projects supported by the ECF has increased substantially to a total of around 2,300 projects, surpassing the total of about 1,200 projects in the immediately preceding 14 years from 1994 when the ECF was first established. A breakdown of these approved projects by key programme areas, policy areas (including energy efficiency, waste, air, nature conservation, climate change and environmental education) and funding schemes is at Appendix 6. In the course of monitoring ECF's financial position and funding requirements, the ECF Secretariat has recently reviewed the achievements of ECF-funded projects and initiatives. Results suggest that the projects funded by the ECF have successfully promoted public awareness of and support for environmental protection.

Broadening partnership with key stakeholders

11. Through the various funding schemes, the ECF provided resources to empower various strategic partners in undertaking environmental projects, which has enhanced the capacity at the community level to initiate projects complementary to various environmental policy initiatives. Under the **Green NGO Scheme**, for instance, the ECF has secured the participation of six established charitable bodies² to become green strategic partners, so as to ride on their wide community service networks, totalling about 700 service units, to promote green messages to over 9 million stakeholders in the community, and to build up role models of green organizations. The commitment of these reputable organizations to participate in the Scheme and adopt green practices is vital to the long-term development of a green culture across various segments of the community.

Enhancing community involvement in environmental campaigns

12. Through funding **ECC's large scale environmental campaigns and initiatives**, ECF has contributed significantly to educating the public on green practices and deepening the community's involvement in green campaigns and driving action changes. To reduce waste at source and encourage waste

² The six charitable bodies include the Tung Wah Group of Hospitals, Po Leung Kuk, Yan Chai Hospital, Yan Oi Tong, Sik Sik Yuen and Pok Oi Hospital.

recovery and recycling, the ECC has actively sought to incentivise and facilitate residents' organizations and property management companies to participate in waste separation by distributing standard complimentary recycling bins for buildings for use in communal areas. Over 80% of the population has waste separation facilities provided in their housing estates. By providing complimentary waste separation bins, nearly 100% of day schools in Hong Kong have waste separation facilities. With the concerted efforts of various programmes in promoting waste recycling, Hong Kong has achieved 52% municipal solid waste recovery rate, up from 43% in 2005. In addition, with ECC's efforts in promoting the green school campaign over the years, it is now common for schools to set out environmental policy and practices, such as not to turn on air-conditioners until the temperature is over 25.5°C, which also serves as education on behavioral change for students.

13. For **EE&CA's Minor Works projects**, as of end June 2012, a total of 809 minor works projects involving 688 schools and 40 NGO premises were approved. The educational activities of these projects include talks, exhibitions, planting activities, activities blended in the school curriculum such as science, physics, geography etc. The associated education activities have reached out to over 300,000 stakeholders; about 47,000 kWh of clean energy was generated with the renewable energy facilities and over 2,320,000 kWh electricity was saved with the energy efficient installations. Apart from these tangible benefits, EPD has commissioned a study to evaluate the educational and demonstrational effects of these projects. Results indicated that nearly all participants of Minor Works Projects considered themselves to have benefited from the funded installations / facilities or the related educational activities, particularly in terms of improved environmental awareness; increased knowledge on renewable energy, waste separation, energy saving or better use of resources; and increased concern about environmental protection and social responsibilities.

Nature conservation

14. On the front of nature conservation, the **Nature Conservation Management Agreement Scheme** has achieved very impressive results. The ECF-funded programme in the Long Valley, for instance, has effectively conserved important freshwater wetland habitats, enhancing the species richness and diversity, as well as raising public awareness on nature conservation. It has facilitated a substantial increase in the number of bird species in the area from 221 in 2005 to 275 at present, which also accounts for about 54% of the total number of bird species in Hong Kong. A series of conservation education programmes organized by the project organizer have helped spread the message on nature conservation, and attracted over 17,000 visitors, bird watchers, nature lovers and wildlife photographers to visit the Long Valley.

Waste recovery

15. On **waste recovery**, arrangements have been made for setting up waste separation facilities on floors of buildings to facilitate waste separation at source. Networks have also been strengthened for the recyclables to be collected and recycled, and more stable outlets are provided for these materials. Among these projects, two NGOs obtained funding to run the processing centres for waste plastic and waste electrical and electronic equipment (WEEE) for three years. The centres process community waste plastic and WEEE and turn them into recyclable materials with added values, providing more stable outlets for these materials that lack a market outlet, and in turn alleviating the burden of disposing of these waste materials at landfills. Through various projects, over 600 housing estates and 1,200 buildings, 170 schools, 100 community groups and 770 shops / companies have been engaged, raising awareness and participation by the community in waste reduction and recycling. For schools funded by ECF to implement on-site meal portioning, it is estimated that the use of about 59,000 disposable lunch boxes daily could be avoided. In addition, it is estimated that schools practicing on-site meal portioning could reduce food waste by 30% or more.

Energy conservation

16. Under the 3-year **Buildings Energy Efficiency Funding Schemes** to subsidize building owners to conduct energy-cum-carbon audits and energy efficiency projects, over 2,000 applications covering some 11,000 buildings were received up to end of June 2012. The energy efficiency projects, when completed, are expected to result in an estimated reduction in energy consumption by over 150 million kWh per year, representing a reduction in carbon emission of 105,000 tonnes per year. A comparable 3-year **Energy Conservation Projects for NGOs** programme received 447 funding applications by end of June 2012, out of which 242 projects were approved. The approved energy improvement works projects are estimated to result in a saving in electricity consumption of 7.44 million kWh per annum, which is equivalent to a reduction of 5,200 tonnes of carbon emissions. Education programmes carried out by the NGOs have reached out to 1.5 million participants and in turn engaged them in energy conservation

Research and technology demonstration

17. Through providing funding support for research projects on themes related to priority environmental issues, the ECF has continued to develop research capacity and encourage knowledge transfer to the industrial sectors, so as to keep the latter abreast of latest green technologies and to stay competitive. In addition, the ECF has reviewed its positioning and accords priority to research projects or studies whose outcome will have potential for general

application in the fields concerning environment and conservation so as to enhance performance in environmental protection. A list of priority research themes has been introduced since April 2010 so as to focus resources to build up knowledge and talents on areas of priority. The current list of priority research themes is at Appendix 7. ECF-funded **research and technology demonstration** projects cover a wide range of topics including conservation of biological diversity, waste reduction and recycling, air and water quality, use of sustainable energy, etc. The projects carried out with ECF funding support have shown to be of practical value to the industrial sectors.

Conferences on environmental issues

18. ECF-funded **conferences** have successfully brought together experts from various sectors including academia, researchers, industry practitioners, consultants, government officials, representatives of regulatory bodies, green groups etc. from both local and international institutions. Overall, the participants considered these conferences and related activities to be useful and effective in providing a platform for exchange of views and best practices on major environment-related issues. The media coverage, publicity, proceedings and publications arising from the conferences also helped promote public awareness on environmental concerns. ECF's funding support for these projects has enhanced Hong Kong's position as a focal point for international conferences on environmental issues.

Benchmarking

Environmental awareness

19. At present, studies on the benchmarking of environmental awareness are largely lacking, apparently because of the cognitive and attitudinal elements involved, which render cross-culture and cross-regional comparison, identification of best practices, and formulation of standards difficult, if meaningful. Rather, benchmarking in the field of environmental protection often focuses on the actual environmental performance, which is the result of a myriad of contributing factors, of which environmental awareness and related behavioural changes are included.

20. The Environmental Protection Department has attempted to measure the effectiveness of ECF-funded initiatives in enhancing environmental awareness by commissioning the Kadoorie Institute of the University of Hong Kong to undertake a study, which has yielded positive results on the impact of Minor Works projects supported by ECF in raising environmental awareness

and facilitating environmental education. More importantly, a set of assessment tools has been developed for on-going collection of data on the impact of the projects. This would provide a useful internal benchmark for assessing the effectiveness of individual projects in enhancing the environmental awareness of participants and related parties, and provide cases of best practices and role models for reference of other project proponents and applicants. To further the efforts in this aspect, the ECC will undertake a survey on environmental consciousness of the people in Hong Kong, with a view to providing an evidence-based framework for formulating environmental programmes in the future.

Environmental performance

21. As far as environmental performance is concerned, with the implementation of multi-pronged strategies in environmental protection, Hong Kong has grown to be recognized as a green and low carbon city. As a result of initiatives taken in the area of waste management, for instance, Hong Kong's overall municipal solid waste recovery rate, as compared with that of other international cities, currently stands at 52%, which is 4% higher than that of Singapore (48%). In the domestic sector, Hong Kong's municipal solid waste recovery rate (40%) also compares favourably with New York City (26%) and London (27%). On the other hand, being a member of the C40 Cities Climate Leadership group, Hong Kong is committed to reduce carbon emissions with concrete actions. Comparatively, Hong Kong has a per capita Greenhouse Gas emission of 6 tonnes, which is lower than most developed economies like Australia (26 tonnes), USA (23 tonnes), UK (10 tonnes), Japan (10 tonnes) and Singapore (9 tonnes). These achievements have been the results of a series of co-ordinated improvement measures; the contributions of ECF-funded projects, with their success in engaging key stakeholders as well as the wider community for support on environmental protection, are beyond doubt.

Funding Position

22. Since its establishment in 1994, the ECF has received six injections with total amount of \$1,735 million, the latest two being \$1,000 million in January 2008 and \$500 million in May 2011. As at 31 May 2012, the uncommitted balance of ECF stands at \$155.6 million (i.e. after deducting the committed funds for approved projects and funds set aside for designated schemes). Based on the past trends of applications approved under various ECF schemes since the 2008 injection, tentatively it is projected that the likely demand in future financial years would be in the order of \$150 million per year

(analysis at Appendix 8). To sustain support for community participation in environmental projects, further funding injection to the ECF may be required. The Secretariat is currently refining the assessment on funding requirements in the years ahead, and will seek Members' views when a more substantive proposal on funding injection is worked out.

Publicity and Positioning

23. To publicize the ECF's role in promoting environmental protection to potential applicants and the general public, and to strengthen ECF's work ties and communication with stakeholders and the community in general, the following arrangements have been made-

- The Youth Portal of the website GovHK has lent support and made feature videos of selected ECF projects to showcase community involvement in environmental protection.
- The EE&CA Projects Vetting Subcommittee organizes an annual sharing session for potential applicant organizations to share experience in project organization.
- Briefings were provided to District Councils to introduce the role and operations of ECF.
- The ECF has engaged an increasing number of district bodies to undertake projects at the community level. For some projects, district bodies have set up recycling outlets, promoted waste recycling leveraging the strong district networks and engaged environmental ambassadors to encourage the neighbourhood to join source separation of waste.
- The ECF has also supported projects that showcase Hong Kong's efforts in environmental protection and facilitate exchange with other cities. For instance, the Department of Architecture of the University of Hong Kong staged the project Counterpart Cities in collaboration with Shenzhen. The project included a series of exhibitions, workshops and researches on the multi-lateral impacts of climate change on Hong Kong and the need for innovative solutions and integration with the greater Pearl River Delta, and provided a platform to exchange knowledge between the academic and professional worlds and the public at large and between Hong Kong and Shenzhen.
- ECF Committee and Vetting Sub-committee Members' participation,

- from time to time, at launching / closing ceremonies, events, and site visits related to major ECF-funded projects have helped project ECF's role and involvement in environmental protection activities.

24. The Secretariat will continue to co-ordinate the above publicity activities. Subject to Members' views, the Secretariat would formalize the arrangement of keeping Members informed of future publicity events related to ECF projects in advance, so that they may consider participating in these activities where appropriate.

Advice Sought

25. Members are invited to note the contents of this paper for reference.

**Secretariat, Environment and Conservation Fund Committee
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