



# **ENVIRONMENT AND CONSERVATION FUND**

## **環境及自然保育基金**



### **Guide to Application**



### **Energy Conservation Projects for Non-government Organisations (Energy-cum-carbon Audits and Energy Improvement Works)**

*(Latest version in September 2012)*

Secretariat,  
Energy Conservation Projects Vetting Subcommittee  
5/F Southorn Centre,  
130 Hennessy Road,  
Wan Chai, Hong Kong

Tel : 2835 1700  
Fax : 2827 8138  
Email : [ecp@epd.gov.hk](mailto:ecp@epd.gov.hk)

## **1. INTRODUCTION**

The Government is committed to promote a low carbon economy – an economy based on low energy consumption and low pollution, and to work closely with the international community in tackling the challenges of climate change. The Environment and Conservation Fund (ECF) Committee<sup>1</sup> has set up funding schemes to provide financial incentives to the non-government organisations (NGOs) to carry out two categories of energy conservation projects, namely Energy-cum-carbon Audits and Energy Improvement Works.

### **1.1 Purpose of this Guide**

This Guide provides guidance on application for energy conservation projects conducted by NGOs (namely the energy-cum-carbon audits and energy improvement works) to promote energy conservation. This Guide describes the basic requirements and responsibilities of the recipient organisations for each category of application. Upon approval of funds by the ECF Committee, recipient organisations will sign an agreement with the Government undertaking to observe the conditions of using the allocated grant and the approved budget.

### **1.2 Nature of the Projects**

#### **1.2.1 Energy-cum-carbon Audits**

The objective of the project is to encourage NGOs to carry out energy-cum-carbon audits in their owned / occupied buildings or premises with a view to systematically reviewing the use of energy and quantifying the greenhouse gas (GHG) emissions and to identify opportunities for enhancements of energy efficiency and conservation and reductions in the level of GHG emissions arising from building or premises operations.

#### **1.2.2 Energy Improvement Works**

The objective of the project is to encourage NGOs to carry out alteration, addition or improvement works to upgrade the energy efficiency performance of their owned / occupied building or premises services installations. Building or premises services installations covered under this section include lighting, electrical, air-conditioning, lift and escalator installations.

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<sup>1</sup> The ECF Committee is a statutory body, which mainly comprises non-officials, set up in 1994 under the Environment and Conservation Fund Ordinance to advise Secretary for the Environment on the use of funds. Under the Ordinance, the Secretary is the trustee responsible for the administration of the Fund.

## **1.3 Administration**

Administration of grants for Energy Conservation Projects for Non-government organisations is undertaken by the ECF Energy Conservation Projects Vetting Subcommittee (Vetting Subcommittee) Secretariat.

The Vetting Subcommittee has been established under the ECF Committee to consider the applications. The Vetting Subcommittee comprises representatives of the ECF Committee and other members may also be co-opted into the subcommittee if such is considered necessary by the ECF Committee.

## **2. GUIDE TO APPLICATION**

### **2.1 Who may apply?**

NGOs which are local non-profit making organisations (e.g. green groups or community bodies) granted tax exemption status by the Commissioner of Inland Revenue under Section 88 of the Inland Revenue Ordinance are eligible to apply for subsidies to conduct energy conservation projects in their own / occupied building or premises to promote energy conservation.

Applications from Owners' Corporations registered under the Building Management Ordinance (Cap. 344), owners' organisations or residents' organisations of residential, commercial, industrial buildings or composite buildings comprising any two of these three types of establishments, schools or universities will be excluded because they may receive other forms of Government funding.

### **2.2 What are the funding limits?**

#### **2.2.1 Energy-cum-carbon Audits**

Funds may be granted for full or partial support of projects. The amount of approved total actual expenditure spent for the audit and subsequent reporting to be reimbursed is subject to a maximum of HK\$200,000 for a single building or premises.

#### **2.2.2 Energy Improvement Works**

Funds may be granted for full or partial support of projects. For each application, the amount of approved total actual expenditure spent for the works to be reimbursed for a single building or premises is delineated in the table below:

<b>Amount of approved total actual expenditure spent for the works</b>	<b>Reimbursement amount</b>
Less than or equal to HK\$300,000	Same amount as approved total actual expenditure
More than HK\$300,000	HK\$300,000 plus 80% of the actual expenditure in excess of HK\$300,000, subject to a maximum of HK\$1,000,000

The funding support will only cover expenditures on procurement, delivery or installation of the building services installations under the project. The applicant should absorb the recurrent operating and maintenance costs of the building services installations.

## **2.3 What is the duration of the projects?**

### **2.3.1 Energy-cum-carbon Audits**

Each project may last for at least 4 years, with the first audit to commence within 6 months after the approval of the application.

### **2.3.2 Energy Improvement Works**

Each project should commence within 12 months and complete within 24 months after the approval of the application.

## **2.4 How to apply?**

Applicants have to fill in an application form, which can be obtained from –

- Energy Conservation Projects Vetting Subcommittee Secretariat  
5/F Southorn Centre, 130 Hennessy Road, Wan Chai, Hong Kong  
Tel: 2835 1700  
Fax: 2827 8138  
E-mail : [ecp@epd.gov.hk](mailto:ecp@epd.gov.hk)
- Softcopy can be downloaded from the Internet homepage of

Environment and Conservation Fund Committee  
<http://www.ecf.gov.hk>

**This scheme has been open for applications for three years starting from October 2009.** Completed application form should be returned to the Energy

Conservation Projects Vetting Subcommittee Secretariat *at least four months* before commencement of project.

## **2.5 What are the vetting procedures?**

The Vetting Subcommittee can approve an amount up to HK\$2,000,000 for an application. For funding applications exceeding HK\$2,000,000, the recommendations of the Vetting Subcommittee have to be endorsed by the ECF Committee. Information of the approved projects will be uploaded onto the ECF Committee websites.

The following steps will be taken after an application is received –

- Step 1: Upon receipt of an application by the Vetting Subcommittee Secretariat, an interim reply will be sent to the applicant to acknowledge receipt of the application. Where necessary, the Vetting Subcommittee or the Electrical and Mechanical Services Trading Fund (EMSTF) representing the Vetting Subcommittee where appropriate will request the applicant to provide clarification or supplementary information.
- Step 2: The application will be considered at the Vetting Subcommittee meeting (which will usually be held on a quarterly basis).
- Step 3: For funding applications of or below HK\$2,000,000, the Vetting Subcommittee will approve the application, reject it or request the applicant to provide further information. The Vetting Subcommittee will also consider the budget, and where necessary, amend the budget details and set ceilings for individual expenditure items. The Vetting Subcommittee Secretariat will inform the applicant of the Vetting Subcommittee's decision. The Vetting Subcommittee Secretariat will also upload information of the approved projects on the ECF Committee website.

For funding applications above HK\$2,000,000, the Vetting Subcommittee will recommend the application for consideration by the ECF Committee, reject it or request the applicant to provide further information.

For projects that further information is required from the applicant, the Vetting Subcommittee Secretariat or EMSTF representing the Vetting Subcommittee Secretariat where appropriate, will inform the applicant on the required information. The Vetting Subcommittee Secretariat will circulate the applicant's responses to the Vetting Subcommittee members. Members will make a final decision either at the forthcoming meeting or by sending in their views to the Secretariat. The Vetting Subcommittee Secretariat will inform the applicant of the Vetting Subcommittee's decision as soon as practicable.

Step 4: The ECF Committee will consider funding applications above HK\$2,000,000 that have been recommended by the Vetting Subcommittee. The ECF Committee Secretariat will inform the applicant of the ECF Committee's decision. The Secretariat will also upload information of the approved projects on the ECF Committee website.

## **2.6 What are the application criteria?**

### **2.6.1 Energy-cum-carbon Audits**

**2.6.1.1** The energy-cum-carbon audits should be carried out according to the latest edition of the "Guidelines to account for and report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential and Institutional purposes) in Hong Kong" and "Guidelines on Energy Audit" issued by the Government. The energy audit so conducted will serve as the reporting on energy indirect emissions (Scope 2 of the Carbon Audit Guidelines) in the carbon audit.

**2.6.1.2** The audit reports and subsequent progress reports should be certified by a qualified service provider, who –

- (a) is a Registered Professional Engineer in Building Services, Electrical, Mechanical or Environmental discipline registered under the Engineers Registration Ordinance (Cap. 409); or
- (b) is a corporate member of Hong Kong Institution of Engineers in Building Services, Electrical, Mechanical or Environmental discipline, who has no less than 1 year relevant post qualification working experience (i.e. local working experience on engineering design,

installation, commissioning, inspection, testing or maintenance of building services installations in buildings); and

Who has attended seminar / training related to this scheme announced by the Government.

**2.6.1.3** Audit reports to be submitted after the completion of energy-cum-carbon audits should include recommendations or programmes to improve GHG emission and energy efficiency and conservation of the building or premises.

**2.6.1.4** Successful applicants are also required to submit reports in accordance with section 5.10.5 of this Guide.

## **2.6.2 Energy Improvement Works**

**2.6.2.1** The Applicant should engage a qualified service provider, who is either –

(a) a Registered Professional Engineer in Building Services, Electrical, Mechanical or Environmental discipline registered under the Engineers Registration Ordinance (Cap. 409); or

(b) a corporate member of Hong Kong Institution of Engineers in Building Services, Electrical, Mechanical or Environmental discipline, who has no less than 1 year relevant post qualification working experience (i.e. local working experience on engineering design, installation, commissioning, inspection, testing or maintenance of building services installations in buildings);

in certifying the detailed scope of the project, including justifications on the cost effectiveness, monitoring of the procurement of capital items, goods and services, supervising the project and certifying the completion reports on the compliance of the respective Building Energy Codes. The completion reports shall be submitted in the prescribed format.

**2.6.2.2** The building services installations covered under the project shall comply with or be more energy-efficient than the

relevant energy efficiency standards stipulated in the respective Building Energy Codes (2007 edition) issued by the Electrical and Mechanical Services Department upon completion of the project.

## **2.7 What are the vetting criteria?**

The following broad criteria will be used in assessing the merits of individual applications –

- (a) the projects must contribute to promoting a low carbon economy in Hong Kong by identifying enhancements of energy efficiency and conservation and reduction of GHG emissions in Hong Kong;
- (b) the projects must be non-profit making in nature;
- (c) the technical and project management capability of the applicant, as well as the past performance of the applicant, including the effectiveness of past projects, and the applicant's ability to comply with funding conditions;
- (d) whether the proposed project's schedule of implementation is well-planned and practicable, and the duration is reasonable;
- (e) whether the proposed budget is reasonable and realistic, and whether the project is cost-effective, with full justification for every expenditure item;
- (f) whether the proposed project has alternative sources of funding, and whether it would be more appropriate for the proposed project to be funded by other sources;
- (g) whether there is or likely to be a duplication of the work already or currently carried out by similar buildings or premises (e.g. buildings or premises of similar structure, similar purpose, in close proximity to each other and under the same management);
- (h) priority will be given to applications involving buildings or premises with high potential of energy saving and reduction in carbon emission;
- (i) priority will be given to applications that seek to complement with other initiatives that promote environmental protection;
- (j) priority will be given to energy improvement works applications that have previously conducted energy or carbon audits, or energy-cum-carbon audits;



- (k) if recurrent expenditure is incurred, whether the proposed project has potential to become self-sufficient after a certain period of time;
- (l) due consideration will be given to repeated applications from individual organisation; and
- (m) the proposed project in the application which starts (i.e. contract awarded or confirmed) before the approval of the Energy Conservation Projects Vetting Subcommittee is given shall not be supported.

## **2.8 Avoidance of Conflict of Interests**

To avoid conflict of interest, members of Vetting Subcommittee and the ECF Committee who are directly or indirectly related to an application will be required to declare interest and refrain from taking part in the discussion of that application by leaving the venue where the deliberation takes place. This will apply to members who live in that building / premises, are part of the project team and / or members who belong to the same organisation.

## **2.9 When will I know the result?**

For funding applications of or below HK\$2,000,000, the applicants will normally be notified of the decision of the Vetting Subcommittee within four months, depending on the schedule of meetings (normally held quarterly in March, June, September and December) and if any additional information is required. Funding applications over HK\$2,000,000 would be submitted to the ECF Committee for consideration. The applicants will be informed of the outcome shortly after the ECF Committee meeting, which is normally held quarterly.

## **2.10 Can I withdraw my application?**

The applicant can write to the Vetting Subcommittee Secretariat to withdraw an application at any time before an agreement is signed with the Government.

## **2.11 Can I resubmit my application?**

A declined application may be resubmitted only if it has been revised substantially or if it has been able to produce new evidence to address the comments made by the Vetting Subcommittee in its earlier review. In completing the application form for a resubmitted application, the applicant should set out clearly the differences of the resubmitted application vis-à-vis the previous one. The revised application will be treated as a new application, and will be subject to the same assessment procedures as set out in the preceding paragraphs.

### **3. APPLICATION FORM**

#### **3.1 General**

**3.1.1** Section A of the application form should be completed by all applicants. Depending on the projects applied for, please fill in section B (Energy-cum-carbon Audits), and / or section C (Energy Improvement Works) as appropriate. Supporting documents should be submitted together with the application form whenever required. Where the information sought is not applicable or not available, please fill in “NA”.

**3.1.2** The application form must be typed or printed on both sides of a paper and duly signed by the person-in-charge (i.e. the head or deputy head of the applicant organisation). The completed application form should be submitted in both hard and soft copies (in words format).

**3.1.3** Please give clear and concise information. Additional pages may be attached to the form if such is necessary.

**3.1.4** Acknowledgment will be sent to the applicant organisation after receipt of an application.

### **4. SECTION A – DATA SHEET**

#### **4.1 Applicant Organisation**

Please provide the name of applicant in Chinese and English. An NGO which is a local non-profit making organisation (e.g. green groups or community bodies) granted tax exemption status by the Commissioner of Inland Revenue under Section 88 of the Inland Revenue Ordinance may apply for subsidies to conduct energy conservation projects in its own / occupied building or premises. The applicant NGO should provide a copy of the relevant documentary proof.

#### **4.2 Chairman / Head of the Organisation**

Please provide the name of the Chairman / Head of the Organisation in Chinese or English and the registration details of the Organisation.

#### **4.3 Proposed Projects**

Please indicate which project(s) is / are applying i.e. energy-cum-carbon audits and / or energy improvement works.

#### **4.4 Grant Requested**

Please indicate the grant applied for each section of the application and the amount of grant requested. The total amount of grant applied equals the estimated expenditure deducted by the amount of funding from other funds / funding schemes. Please also refer to the funding limit as specified in paragraph 2.2 above.

### **5. SECTION B – ENERGY-CUM-CARBON AUDITS**

#### **5.1 Building / Premises Information**

The applicant should provide the name, address, ownership / occupancy information, floor area and electricity consumption of the past 12 months of the building or premises.

#### **5.2 Person-in-charge of the Project**

He or she can be:

- (a) the chairman of the applicant organisation; or
- (b) a member of the applicant organisation, with written consent from the organisation.

#### **5.3 Qualified Service Provider**

The applicant should provide the name and the qualifications of the qualified service provider (with documentary proof). In case the information of qualified service provider is not available when submitting the application, the applicant is required to submit to the Vetting Subcommittee Secretariat or EMSTF where appropriate relevant details for approval before the commencement of the audit.

#### **5.4 Duration of the Project**

The applicant should fill in the expected date of commencement of the first audit, completion of the first audit, and submissions of the progress reports and / or final report. The expected dates of submission of the progress reports should respectively be within 12, 24 and 36 months from the date of the first audit.

#### **5.5 Estimated Expenditure**

The estimated expenditure should cover all the audit reports. It should only cover expenditures on procurement of service to be used in the Energy-cum-carbon Audits projects, and should not cover any capital or recurrent costs arising from the recommendations of the audit reports or subsequent progress reports.

## **5.6 Sources of Funding from Other Funds / Funding Schemes**

The applicant should specify with details (including the source, amount, whether approval has been obtained) whether it has applied for funding from other funds / funding schemes for such energy-cum-carbon audits.

Applicants' intention to seek sources of funding from other funds / funding schemes should be stated if details are not available when their applications are submitted. The applicant is required to notify the Vetting Subcommittee Secretariat or EMSTF where appropriate of other sources of funding after the respective applications have been approved.

## **5.7 Total Amount of Grant Applied**

The amount of grant applied equals the estimated expenditure deducted by the amount of funding from other funds / funding schemes subject to a cap as appropriate. Please also refer to the funding limit as specified in paragraph 2.2 above.

## **5.8 Other Environmental Initiatives Implemented / Planned to be Implemented in the Building / Premises**

Priority will be given to those proposals that seek to complement with other initiatives to promote environmental protection. The applicant should provide details of such initiative in the application.

## **5.9 Budget Guidelines**

The application should be accompanied with a detailed budget for the project. Each expenditure item should be reasonable, realistic and clearly broken down. All expenditure items must be incurred between the commencement and completion date of the project with supporting receipts (original).

### **5.9.1 Manpower**

The recipient organisation is expected to have the ability to supervise and the expertise to undertake the proposed project. Hence, **no** funding will be granted for employment of additional supervisory / administrative staff for undertaking the project.

### **5.9.2 Others**

- 5.9.2.1** All essential elements of an application will be considered in an integral manner.
- 5.9.2.2** All applications are considered on their individual merits. Funding for implementing the recommendations of the audit reports or the subsequent progress reports will **not** be given under the funding scheme for energy-cum-carbon audits.

## **5.10 Conditions for the Use and Allocation of Fund**

### **5.10.1 Contractual Requirements**

For each project in which funds have been approved, the recipient organisation has to sign an agreement with the Government and comply with all the terms of the agreement.

### **5.10.2 Use of Funds**

**5.10.2.1** Subject to other conditions as set out in this Guide, the allocated funds shall not be used as payments to individual members of the public as a financial reward for their participation in the activities associated with the project.

**5.10.2.2** The proposed project must accrue benefits to the district / local community as a whole, and not just an individual, a single private organisation or a consortium of private companies.

### **5.10.3 Disbursement and Reimbursement of Funds**

**5.10.3.1** The funding will normally be disbursed on reimbursement basis (i.e. the recipients to settle payment before seeking reimbursement from the ECF). The recipient organisation may submit a proposed plan for disbursement to the Vetting Subcommittee for consideration. Interim payment may be released to the recipient organisation subject to endorsement of the proposed payment plan and submission of audit reports and subsequent progress reports. The last 10% of the approved grant will normally only be released after completion of the project, i.e. the submission of the 3rd progress reports (or the final report) and the statement of accounts to the satisfaction of Vetting Subcommittee in accordance with the requirement specified in paragraphs 5.10.5 and 5.10.6 below.

- 5.10.3.2** All revenue received, irrespective of whether it has been declared in the proposal, must be defrayed against the actual expenditure before calculating the amount to be reimbursed as final payment.
- 5.10.3.3** Amount to be reimbursed for individual item of the budget will not exceed the approved amount for that item. Prior approval must be obtained from the Vetting Subcommittee should there be any changes in the approved amount. However, the Vetting Subcommittee Secretariat may increase the approved amount of an individual item by up to 20% provided that the total amount to be paid will not exceed the total grant approved.
- 5.10.3.4** The amount of grant shall not exceed the actual payment made by the project. Should the actual payment made for the project be less than the budget submitted in the application, the amount of grant should be adjusted downwards according to this principle. However, should the actual payment made be more than the budget submitted in the application, any upward adjustment of the grant would be subject to prior approval by the Vetting Subcommittee.
- 5.10.3.5** Any item not on the approved list of budget items will **not** be reimbursed.
- 5.10.3.6** Income derived from the project during the project period, including sales of output, fee generated from activities and interest income generated from cash in hand for the project should be ploughed back into the project account.
- 5.10.3.7** Any unspent balance of the grant shall be returned to the ECF within two months after completion of the project.
- 5.10.3.8** For applications receiving grant of or below HK\$150,000, auditing will not be required, but the Vetting Subcommittee reserves the right to check all financial records kept by the recipient organisations relating to the use of the grant.

#### **5.10.4 Procurement of Capital Items, Goods and Services**

- 5.10.4.1** The recipient organisation should exercise utmost prudence in procuring goods or services for the project and must

adhere to the following procedures unless the Vetting Subcommittee agrees otherwise –

- (a) for every procurement the aggregate value of which exceeds HK\$5,000 but does not exceed HK\$10,000, tender from at least two suppliers should be obtained ;
- (b) for every procurement the aggregate value of which exceeds HK\$10,000 but does not exceed HK\$200,000, tender from at least three suppliers should be obtained; and
- (c) for every procurement the aggregate value of which exceeds HK\$200,000, tender from five suppliers should be obtained.

**5.10.4.2** The recipient organisation should select the supplier that has submitted the lowest bid. If the lowest bid is not selected, full justifications must be given and prior agreement must be obtained from the Vetting Subcommittee.

**5.10.4.3** In case the recipient organisation intends to procure the items from a company / organisation / individual without following the procurement process in paragraph 5.10.4.1 above, it has to provide details, justifications and its relationship with the company / organisation / individual in the application form. If the application is approved, subsequent approval from the Vetting Subcommittee will not be required.

**5.10.4.4** All quotations and tendering documents should be kept for inspection by the Vetting Subcommittee.

**5.10.4.5** The Vetting Subcommittee reserves the right to accept the tendering method.

## **5.10.5 Reports**

**5.10.5.1** The recipient organisation has to commence an energy-cum-carbon audit within six months upon approval of the application and to submit three subsequent annual progress reports or a final report before the date specified in the agreement with the Government. Disbursements will normally be subject to satisfactory submission of the audit reports or progress reports. The Vetting Subcommittee

Secretariat or the EMSTF where appropriate may carry out on-site visits or surprised checks to examine the progress and achievements of the project at any time.

**5.10.5.2** All audit reports should be certified by qualified service provider, signed off by the person-in-charge and submitted to the Vetting Subcommittee Secretariat or the EMSTF where appropriate.

**5.10.5.3** Audit reports should be prepared to adequately cover the following areas –

- (a) all required information as suggested in the Section VI: Reporting Emissions and Removal of the latest version of the Carbon Audit Guidelines (a sample is included in Annex B of the latest version of the Carbon Audit Guidelines);
- (b) the recommended measures for the applicant to adopt which can effectively reduce the emissions of GHG in the next three years immediately after the completion of the audit report and in the longer term; and
- (c) a statement signed by the certifier to include, as a minimum –
  - (i) a description of the level of assurance; and
  - (ii) the certifier's conclusion indicating any qualification or limitations (examples of statements for reasonable and limited levels of assurance can be found in Annex A of ISO14064-3:2006)

**5.10.5.4** Progress reports should be prepared to adequately cover the following areas -

- (a) all required information as suggested in the Section VI: Reporting Emissions and Removal of the latest version of the Carbon Audit Guidelines (a sample is included in Annex B of the latest version of the Carbon Audit Guidelines);



- (b) the applicant's plan(s) and action(s) in taking forward the measures which can effectively reduce the emissions of GHG as recommended in the first carbon audit report, including those plan(s) of adoption which may extend beyond the reporting period of the progress report, and the progress of implementing these plans and actions;
- (c) any recalculations made to the carbon audit report and previous progress reports with justifications;
- (d) the changes in the total GHG emissions and removals, with breakdowns by scopes, in the reporting year of the progress report with respect to that in the reporting year of the carbon audit report; and
- (e) a statement signed by the certifier to include, as a minimum –
  - (i) a description of the level of assurance; and
  - (ii) the certifier's conclusion indicating any qualification or limitations (examples of statements for reasonable and limited levels of assurance can be found in Annex A of ISO14064-3:2006).

**5.10.5.5** The Vetting Subcommittee Secretariat or the EMSTF where appropriate may approach the applicant for additional information to be included in the report if that is considered necessary. Unsatisfactory performance will affect the organisation's future chance of getting funding and disbursement of funding.

## **5.10.6 Statement of Accounts**

**5.10.6.1** Within two months after completion of the project or before the date specified in the agreement, the recipient organisation has to submit a complete statement of accounts to the Vetting Subcommittee Secretariat or the EMSTF where appropriate. If an extension of the submission deadline is required, prior approval should be obtained from the Vetting Subcommittee.

**5.10.6.2** For any project receiving a grant of or below HK\$150,000, the grant received must be shown in a complete statement of accounts, together with the original or certified true copy, as appropriate, of invoices and receipts. The ECF / Vetting Subcommittee reserves the right to check all financial records kept by the recipient organisation relating to use of the grant.

**5.10.6.3** For projects receiving a grant more than HK\$150,000, the statement of accounts must be audited by certified public accountants (practising) within the meaning of section 2 of the Professional Accountants Ordinance (Cap 50), providing assurance that the audited accounts properly presented the financial position of the project and that the conditions of the grant are met.

### **5.10.7 Use of Project Results**

The recipient organisation is required to grant unconditionally and irrevocably to the Government the right to publish results, findings and any other information provided in the application, audit reports, progress reports in relation to this application in Government's publications or publicity materials.

### **5.10.8 Acknowledgement of Support and Disclaimer**

**5.10.8.1** The source of funding (the name and logo of the ECF) must be acknowledged in all publicity materials relating to the project.

**5.10.8.2** The logo of the ECF may be used and printed onto various categories of publicity materials with a view to promulgating the contribution of the funds. Examples of publicity materials include publicity leaflets / posters / banners; reports and publications of project outcome; and advertisements on paper and electronic media.

**5.10.8.3** Use of the name and logo of the ECF for other purposes is subject to the prior approval of the Vetting Subcommittee in consultation with the ECF Committee.

**5.10.8.4** In no circumstances shall the name and logo of the ECF or the Government be used for publicity for commercial interest or other purposes which may damage the image and / or cause any liability to the ECF.

## **5.10.9 Suspension / Termination of Funding Granted**

**5.10.9.1** The Vetting Subcommittee may suspend / terminate funding granted to a project under the following circumstances –

- (a) if the project does not commence within six months after approval of the grant and no reasonable explanation has been given;
- (b) the Vetting Subcommittee considers that the project has not progressed satisfactorily and no reasonable explanation has been given; or
- (c) if the recipient organisation fails to comply with the funding conditions as set out in this Guide and / or the approval letter and no reasonable explanation has been given.

**5.10.9.2** In each of the above cases of suspension / termination of funding granted, the Vetting Subcommittee shall give one month notice to the recipient organisation, stating the reasons for the suspension / termination. In cases of suspension, the recipient organisation should demonstrate that measures have been taken to rectify the problems and change the unsatisfactory situation before the Vetting Subcommittee will lift the suspension. In cases of termination, the balance of the grant or any funding given in advance shall be returned to the ECF.

**5.10.9.3** Any suspension or termination of a project will affect the organisation's chance of getting financial support from the ECF or similar funding in future.

**5.10.9.4** The ECF grant shall be entitled to be refunded by the recipient organisation of part or all of a grant which has been used other than in accordance with the terms of the approved project.

**5.10.9.5** Any major changes to the project must be approved by the Vetting Subcommittee. Such major changes include –

- (a) revision to the budget (except for any downward adjustment of the budget as detailed in paragraph 5.10.3.4;
- (b) change of the person-in-charge;
- (c) deferral of the submission of progress reports or statements of accounts.

**5.10.9.6** The Vetting Subcommittee may suspend / terminate funding granted to the project if the project is being carried out under any of the circumstances outlined in paragraph 5.10.9.5 without prior approval.

**5.10.9.7** Any proposed minor changes to a project should be submitted to the Vetting Subcommittee Secretariat for approval.

#### **5.10.10 Ethical Practices**

**5.10.10.1** The recipient organisations are required to adopt a policy of openness and fairness in the procurement process when running ECF-funded projects.

**5.10.10.2** The recipient organisations should prohibit their members, staff and agents from soliciting or accepting any advantages and require them to declare any conflict of interest in connection with the ECF-funded projects. All records of declaration of interest relating to projects funded by the ECF should be properly documented and submitted for inspection by the Vetting Subcommittee Secretariat or the EMSTF where appropriate.

#### **5.10.11 Others**

**5.10.11.1** The applicant shall bear all responsibility, financial or otherwise, for expenditure or other liabilities arising from the projects.

**5.10.11.2** The Government and the ECF Committee shall bear no responsibility, financial or otherwise, for expenditure or other liabilities arising from the projects.

**5.10.11.3** The Secretary for the Environment may at any time, if he

considers fit, amend or add to the above conditions, without prior notice to recipient organisations.

## **6. SECTION C - ENERGY IMPROVEMENT WORKS**

### **6.1 Building / Premises Information**

The applicant should provide the name, address, ownership / occupancy information, floor area and electricity consumption of the past 12 months of the building or premises.

### **6.2 Person-in-charge of the Project**

He or she can be:

- (a) the chairman of the applicant organisation; or
- (b) a member of the applicant organisation, with written consent from the organisation.

### **6.3 Qualified Service Provider**

The applicant should provide the name and the qualifications of the qualified service provider (with documentary proof). In case the information of qualified service provider is not available when submitting the application, the applicant is required to submit to the Vetting Subcommittee Secretariat or EMSTF where appropriate relevant details for approval before the commencement of the project.

### **6.4 Duration of the Project**

The applicant should fill in the expected commencement and completion date of the project. The commencement date should be within 12 months and the completion date should be within 24 months after the approval of the application.

### **6.5 Estimated Expenditure**

Estimated expenditure should cover expenditures on procurement, delivery or installation of the building / premises services installations under the project. Expenditure on the necessary associated works can also be covered in the project. However, the applicant should absorb the recurrent maintenance costs and the running costs of the building / premises services installations.

Estimated expenditure should have breakdowns in unit cost, number of unit, and total expenditure of each item. It should be noted that only energy saving items

would be funded.

## **6.6 Sources of Funding from Other Funds / Funding Schemes**

The applicant should specify with details (including the source, amount, whether approval has been obtained) whether it has applied for funding from other funds / funding schemes (e.g. Building Safety Loan Scheme operated by the Buildings Department) for the installation(s) covered in the project.

Applicants' intention to seek sources of funding from other funds / funding schemes should be stated if details are not available when their applications are submitted. The applicant is required to notify the Vetting Subcommittee Secretariat or the EMSTF where appropriate of other sources of funding after the respective applications have been approved.

## **6.7 Estimated Revenue Generated from the Project**

Estimated revenue gains from the project (e.g. sale of building services installations to be replaced) should normally be deducted from the amount of grant applied for. Applicants should provide full explanation if this is not possible.

## **6.8 Total Amount of Grant Applied**

Total amount of grant applied equals the estimated expenditure deducted by the amount of funding from other funds / funding schemes and the estimated revenue, subject to a cap as appropriate. Please also refer to the funding limit as specified in paragraph 2.2 above.

## **6.9 Other Environmental Initiatives Implemented / Planned to be Implemented in the Building / Premises**

Priority will be given to those proposals that seek to complement with other initiatives to promote environmental protection. The applicant should provide details of such initiative in the application.

## **6.10 Budget Guidelines**

The application should be accompanied with a detailed budget proposal for the project. Each expenditure item should be reasonable, realistic and clearly broken down. All expenditure items must be incurred between the commencement and completion date of the project with supporting receipts (original).

### **6.10.1 Manpower**

The recipient organisation is expected to have the ability to supervise and the expertise to undertake the proposed project. Hence, **no** funding will be granted for employment of additional supervisory / administrative staff for undertaking the project.

### **6.10.2 Others**

**6.10.2.1** All essential elements of an application will be considered in an integral manner.

**6.10.2.2** All applications are considered on their individual merits. Funding for the recurrent maintenance costs and running costs of the building / premises services installations will **not** be given under this funding scheme.

## **6.11 Conditions for the Use and Allocation of Fund**

### **6.11.1 Contractual Requirements**

For each project in which funds have been approved, the recipient organisation has to sign an agreement with the Government and comply with all the terms of the agreement.

### **6.11.2 Use of Funds**

**6.11.2.1** Subject to other conditions as set out in this Guide, the allocated funds shall not be used as payments to individual members of the public as a financial reward for their participation in the activities associated with the project.

**6.11.2.2** The proposed project must accrue benefits to the district / local community as a whole, and not just an individual, a single private organisation or a consortium of private companies.

### **6.11.3 Disbursement and Reimbursement of Funds**

**6.11.3.1** The funding will normally be disbursed on reimbursement basis (i.e. the recipients to settle payment before seeking reimbursement from the ECF). The disbursement and reimbursement of funds should depend on the cash flow requirement, actual payment made and the nature of the

project. The recipient organisation may submit a proposed plan for disbursement to the Vetting Subcommittee for consideration. Disbursement may be released to the recipient organisation subject to endorsement of the proposed payment plan and submission of supporting documents such as invoices. The last 10% of the approved grant will normally only be released after the submission of the completion report and the statement of accounts to the satisfaction of the Vetting Subcommittee in accordance with the requirement specified in paragraphs 6.11.5 and 6.11.6 below.

- 6.11.3.2** All revenue received, irrespective of whether it has been declared in the proposal, must be defrayed against the actual expenditure before calculating the amount to be reimbursed as final payment.
- 6.11.3.3** Amount to be reimbursed for individual item of the budget will not exceed the approved amount for that item. Prior approval must be obtained from the Vetting Subcommittee should there be any changes in the approved amount. However, the Vetting Subcommittee Secretariat may increase the approved amount of an individual item by up to 20% provided that the total amount to be paid will not exceed the total grant approved.
- 6.11.3.4** The amount of grant shall not exceed the actual payment made by the projects subject to a cap as appropriate as stated in paragraph 2.2. Should the actual payment made for the project is less than the budget submitted in the application, the amount of grant should be adjusted downwards according to this principle. However, in the case where the actual payment will exceed the budget submitted in the application, any upward adjustment of the grant would be subject to prior approval by the Vetting Subcommittee.
- 6.11.3.5** Any item not on the approved list of budget items will **not** be reimbursed.
- 6.11.3.6** Income derived from the project during the project period, including sales of output, fee generated from activities and interest income generated from cash in hand for the project, should be ploughed back into the project account.



**6.11.3.7** Any unspent balance of the grant shall be returned to the ECF within six months after completion of the project.

**6.11.3.8** For applications receiving grant of or below HK\$150,000, auditing will not be required, but the Vetting Subcommittee reserve the right to check all financial records kept by the recipient organisations relating to the use of the grant.

#### **6.11.4 Procurement of Capital Items, Goods and Services**

**6.11.4.1** The recipient organisation should exercise utmost prudence in procuring goods or services for the project and must adhere to the following procedures unless the Vetting Subcommittee agrees otherwise –

- (a) for every procurement the aggregate value of which exceeds HK\$5,000 but does not exceed HK\$10,000, tender from at least two suppliers should be obtained ;
- (b) for every procurement the aggregate value of which exceeds HK\$10,000 but does not exceed HK\$200,000, tender from at least three suppliers should be obtained; and
- (c) for every procurement the aggregate value of which exceeds HK\$200,000, tender from five suppliers should be obtained.

**6.11.4.2** The recipient organisation should select the supplier that has submitted the lowest bid. If the lowest bid is not selected, full justifications must be given and prior agreement must be obtained from the Vetting Subcommittee. Besides, unless prior approval has been obtained from the Vetting Subcommittee, the recipient organisation should not carry out tender negotiation or any similar actions that may affect the result and fairness of the tender process.

**6.11.4.3** In procuring goods or services, the tender document should not specify the brands, models and places of manufacture for fairness sake.

**6.11.4.4** The tender document should require the suppliers to list out the unit cost and number of unit of each item (in particular

for lift and escalator installations) for reference by the Vetting Subcommittee in approving funding.

**6.11.4.5** In case the recipient organisation intends to procure the items from a company / organisation / individual without following the procurement process in paragraph 6.11.4.1 above, it has to provide details, justifications and its relationship with the company / organisation / individual in the application form. If the application is approved, subsequent approval from the Vetting Subcommittee will not be required.

**6.11.4.6** For tender of which the price is unreasonable, the Vetting Subcommittee has the right to approve funding close to market price as assessed by the Vetting Subcommittee Secretariat or the EMSTF.

**6.11.4.7** All quotations and tendering documents should be kept for inspection by the Vetting Subcommittee.

**6.11.4.8** The Vetting Subcommittee reserves the right to accept the tendering method. If the recipient organisation uses marking scheme to assess tenders, the assessment criteria should be clearly stated in the tender document.

## **6.11.5 Reports**

**6.11.5.1** Ongoing projects are monitored and completed projects are reviewed by the Vetting Subcommittee or the EMSTF. The Vetting Subcommittee Secretariat or EMSTF where appropriate and may carry out on-site visits or surprised checks to examine the progress and achievements of the project at any time.

**6.11.5.2** All completion reports should be submitted to the Vetting Subcommittee Secretariat or the EMSTF in six months after the completion of the project, certified by the qualified service provider and signed off by the person-in-charge.

**6.11.5.3** All completion reports should be submitted in such format as prescribed in the Complete Report Form.

**6.11.5.4** In the completion report, recipient organisations are required to complete post-implementation review on the effectiveness of the projects.

**6.11.5.5** The Vetting Subcommittee Secretariat or the EMSTF may approach the applicant for additional information to be included in the report if that is considered necessary. Unsatisfactory performance will affect the organisation's future chance of getting funding and disbursement of funding.

## **6.11.6 Statement of Accounts**

**6.11.6.1** Within six months after completion of the project or before the date specified in the agreement, the recipient organisation has to submit a complete statement of accounts to the Vetting Subcommittee Secretariat or the EMSTF where appropriate. If an extension of the submission deadline is required, prior approval should be obtained from the Vetting Subcommittee.

**6.11.6.2** For any project receiving a grant of or below HK\$150,000, the grant received must be shown in a complete statement of accounts, together with the original or certified true copy, as appropriate, of invoices and receipts. The ECF / Vetting Subcommittee reserves the right to check all financial records kept by the recipient organisation relating to use of the grant.

**6.11.6.3** For projects receiving a grant more than HK\$150,000, the statement of accounts must be audited by certified public accountants (practising) within the meaning of section 2 of the Professional Accountants Ordinance (Cap 50), providing assurance that the audited accounts properly presented the financial position of the project and that the conditions of the grant are met.

## **6.11.7 Use of Project Results**

The recipient organisation is required to grant unconditionally and irrevocably to the Government the right to publish results, findings and any other information provided in the application and the completion reports etc. in relation to this application in Government's publications or publicity materials.

## **6.11.8 Title of Equipment and Capital Items**

**6.11.8.1** The applicants shall have full ownership and responsibility of the equipment and capital items procured by the fund.

**6.11.8.2** Any use of the capital items procured by the fund to generate revenue (e.g. resale) within five years after the completion of the project must be subject to prior approval by the Vetting Subcommittee.

## **6.11.9 Acknowledgement of Support and Disclaimer**

**6.11.9.1** The source of funding (the name and logo of the ECF) must be acknowledged in all publicity materials relating to the project.

**6.11.9.2** The logo of the ECF may be used and printed onto various categories of publicity materials with a view to promulgating the contribution of the funds. Examples of publicity materials include publicity leaflets / posters / banners; reports and publications of project outcome; and advertisements on paper and electronic media.

**6.11.9.3** Use of the name and logo of the ECF for other purposes is subject to the prior approval of the Vetting Subcommittee in consultation with the ECF Committee.

**6.11.9.4** In no circumstances shall the name and logo of the ECF or the Government be used for publicity for commercial interest or other purposes which may damage the image and / or cause any liability to the ECF.

## **6.11.10 Suspension / Termination of Funding Granted**

**6.11.10.1** The Vetting Subcommittee may suspend / terminate funding granted to a project under the following circumstances –

- (a) if the project does not commence within 12 months after approval of the grant and no reasonable explanation has been given;
- (b) the Vetting Subcommittee considers that the project has not progressed satisfactorily and no reasonable explanation has been given; or

- (c) if the recipient organisation fails to comply with the funding conditions as set out in this Guide and / or the approval letter and no reasonable explanation has been given.

**6.11.10.2** In each of the above cases of suspension / termination of funding granted, the Vetting Subcommittee shall give one month notice to the recipient organisation, stating the reasons for the suspension / termination. In cases of suspension, the recipient organisation should demonstrate that measures have been taken to rectify the problems and change the unsatisfactory situation before the Vetting Subcommittee will lift the suspension. In cases of termination, the balance of the grant or any funding given in advance shall be returned to the ECF.

**6.11.10.3** Any suspension or termination of a project will affect the organisation's chance of getting financial support from the ECF or similar funding in future.

**6.11.10.4** The ECF grant shall be entitled to be refunded by the recipient organisation of part or all of a grant which has been used other than in accordance with the terms of the approved project.

**6.11.10.5** Any major changes to the project must be approved by the Vetting Subcommittee. Such major changes include –

- (a) revision to the budget (except for any downward adjustment of the budget as detailed in paragraph 6.11.3.4);
- (b) change of the person-in-charge;
- (c) deferral of the submission of completion reports or statements of accounts.

**6.11.10.6** The Vetting Subcommittee may suspend / terminate funding granted to the project if the project is being carried out under any of the circumstances outlined in paragraph 6.11.10.5 without prior approval.

**6.11.10.7** Any proposed minor changes to a project should be submitted to the Vetting Subcommittee Secretariat for approval.

#### **6.11.11 Ethical Practices**

**6.11.11.1** The recipient organisations are required to adopt a policy of openness and fairness in the procurement process when running ECF-funded projects.

**6.11.11.2** The recipient organisations should prohibit their members, staffs and agents from soliciting or accepting any advantages and require them to declare any conflict of interest in connection with the ECF-funded projects. All records of declaration of interest relating to projects funded by the ECF should be properly documented and submitted for inspection by the Vetting Subcommittee Secretariat or the EMSTF where appropriate.

#### **6.11.12 Others**

**6.11.12.1** The applicant shall bear all responsibility, financial or otherwise, for expenditure or other liabilities arising from the projects.

**6.11.12.2** The Government and the ECF Committee shall bear no responsibility, financial or otherwise, for expenditure or other liabilities arising from the projects.

**6.11.12.3** The Secretary for the Environment may at any time, if he considers fit, amend or add to the above conditions, without prior notice to recipient organisations.