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CONDITIONS FOR THE USE AND ALLOCATION OF FUND

1 Contractual Requirements

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

2 Use of Funds

2.1 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.

2.2 The benefits must accrue to the community as a whole, and not just an individual, a single private organization or a consortium of private companies.

3 Disbursement and Reimbursement of Funds

3.1 The recipient organization will receive between 25-50% of the grant upon approval as determined by the Secretariat taking into account the amount of grants involved. The recipient organization may apply in writing for a further disbursement if it proves that the previous payment has been fully spent and that further expenditure is required for undertaking the project as scheduled. The last 10% of the approved grant will normally only be released after completion of project subject to submission of a completion report together with a statement of accounts endorsed by the Secretariat of the ECF Committee or the relevant vetting subcommittee in accordance with the requirement specified in paragraphs 5 and 6 below.

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.

3.3 Amount to be reimbursed for individual items of the budget will not exceed the approved amount for that item.

3.4 The grant could be reduced on a pro-rata basis in the following circumstances -

- (a) the scope and/or activities of the project are changed
- (b) the actual frequency of activities (e.g. seminars) is less than proposed
- (c) the number of participants is less than proposed and the grant

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allocated is according to the number of participants

- (d) the number of publications (e.g. leaflets) is less than that proposed
 - (e) the duration of project is reduced
- 3.5 Any items not on the approved list of budget items will not be reimbursed.
- 3.6 Income derived from the project during the project period, including sales of output, fees generated from activities and interest income generated from cash in hand for the project, should be ploughed back into the project account.
- 3.7 Any unspent balance of the grant shall be returned to the ECF within two months after the completion of the project.
- 3.8 Income derived from the project after the project period, including sales of output, should be returned to ECF for offsetting part or whole of the project's cost. Failure to report and return such income to ECF will render the organization ineligible for future funding support.

4 Project Interest

- 4.1 The ECF funds shall be paid into a risk-free interest-bearing account opened with a licensed bank.
- 4.2 Interest incomes generated from the ECF funds and other receipts for a project have to be reasonably apportioned to the project and no negative interest should be charged to the project. The use of interest is subject to the approval of the ECF Committee or the relevant vetting subcommittee, and in no circumstances should the interest earned be applied for other uses outside the project.
- 4.3 The recipient organization may be required to compensate the Government for loss of interest income if the ECF fund is not properly handled. Where necessary, the Government will initiate legal action for suitable remedies.

5 Progress and Completion Reports

- 5.1 Ongoing projects are monitored and completed projects are reviewed by the ECF Committee or the relevant vetting subcommittee. For projects lasting more than six months, recipient organizations have to submit half-yearly progress reports with information on the financial position of the projects together with original or certified true copies of invoices and receipts for expenses to the Secretariat of the ECF Committee or the relevant vetting subcommittee. For projects

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receiving a grant more than \$300,000 and lasting more than 18 months, recipient organizations are also required to submit, once every 12 months, a statement of accounts audited by certified public accountants (practising) within the meaning of section 2 of the Professional Accountants Ordinance (Cap 50) to the Secretariat of the ECF Committee or the relevant vetting subcommittee. Except for the first disbursement, all disbursements will be subject to satisfactory performance or progress of the project. The recipient organizations are requested to conduct surveys with their participants in each sub-programme with a view to better assessing the effectiveness of the projects. The Secretariat of the ECF Committee or the relevant vetting subcommittee may carry out on-site inspections and surprised checks to examine the progress and achievements of the projects at anytime.

- 5.2 Within two months of completion of the project or before the date specified in the agreement, recipient organizations have to submit a completion report with attachment of a statement of accounts to the Secretariat of the ECF Committee or the relevant vetting subcommittee (for projects receiving a grant more than \$300,000, the statement of accounts should be audited by certified public accountants (practising) within the meaning of section 2 of the Professional Accountants Ordinance (Cap 50)). If an extension of the submission deadline is required, approval should be obtained from the Secretariat of the ECF Committee or the relevant vetting subcommittee. The ECF Committee or the relevant vetting subcommittee will assess the success or effectiveness of the project by comparing the project results against its original objectives and targets as set out in the project proposal.
- 5.3 Progress reports and completion report should be signed off by the person-in-charge of the recipient organization. All progress reports and completion reports should be submitted in such format as prescribed in the Progress/Completion Report Form.
- 5.4 Unsatisfactory performance will affect the organization's future chance of getting funding support, and the organization's management will be informed.
- 5.5 For specific projects like minor works projects, recipient organizations are required to complete post-implementation review on the effectiveness of the projects.

6 Statement of accounts

- 6.1 Within two months of completion of the project or before the date specified in the agreement, recipient organizations have to submit a complete statement of accounts, attached to the completion report, to the Secretariat of the ECF Committee or the relevant vetting subcommittee. If an extension of the submission deadline is required, approval should be obtained from the Secretariat.

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- 6.2 For projects receiving a grant of or below \$300,000, the grant received must be shown in a complete statement of accounts, together with the original or certified true copies of invoices and receipts. Auditing will not be required, but the Secretariat of the ECF Committee or the relevant subcommittee reserves the right to check all financial records kept by the recipient organization relating to the use of the grant.
- 6.3 For projects receiving a grant more than \$300,000, the following should be noted –
- (a) The statement of accounts attached to the completion report 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 and that the conditions of grants are met.
 - (b) For projects lasting more than 18 months, recipient organizations are also required to submit a statement of accounts audited by certified public accountants (practising) to the Secretariat of the ECF Committee or the relevant vetting subcommittee once every 12 months.
- 6.4 For projects receiving a grant more than \$150,000, the funds should be kept in a separate account opened with a licenced bank to facilitate the checking of all financial records by the government and auditors as and when necessary.

7 Intellectual Property Rights Arising from Projects and the Use of Project Results

- 7.1 Unless negotiated otherwise between the Secretariat of the ECF Committee or the relevant vetting subcommittee and the recipient organization, the recipient organization will solely own all intellectual property rights arising from the project.
- 7.2 The recipient organization is required to grant unconditionally and irrevocably to the Government the right to publish results, findings and any other information provided in the application, progress report(s), completion report and other publications or publicity materials.

8 Publicity of Project Events and Results

- 8.1 Recipient organizations should try to publicize the project results or any events related to the project through publications, seminars, workshops, conferences and exhibitions etc. They should also provide information about the events such that the Secretariat of the

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ECF Committee or the relevant vetting subcommittee might conduct spot checks on the proposed activities.

- 8.2 Recipient organizations should notify the Secretariat of the ECF Committee or the relevant vetting subcommittee of the project results before publicizing them. Copies of publications or publicity materials produced under the project must be made available to the Secretariat of the ECF Committee or the relevant vetting subcommittee within one month after the completion of the project.
- 8.3 Project findings may be uploaded on the websites of EPD for public access.
- 8.4 Projects which receive funding support from the ECF, including the activities, publicity and other events organized under the projects, as well as their related educational, publicity and other related materials, should not be used for purposes of personal, political, commercial or religious publicity of any individuals or organizations. Nor should any such activities, events or materials arising from an ECF-funded project be presented in a way as to induce public perception of any personal, political, commercial or religious publicity of any kind, or misrepresent any association of any individuals or organizations with the ECF. In addition, activities and events organized and materials produced under the projects should not be implemented or distributed in a way which may adversely affect ECF's image, or cause any liability to ECF.
- 8.5 For publicity materials produced under ECF-funded projects or activities, the size of the name and / or logo of the organizers / co-organizing / assisting / supporting / sponsoring bodies should not be larger, or placed in a more prominent position, than those of the ECF. For example:

Order from top to bottom:

ECF Organizers

Co-organizing / assisting / supporting / sponsoring bodies

Order from left to right:

**ECF Organizers Co-organizing / assisting / supporting
/ sponsoring bodies**

- 8.6 For the purpose of identification, the recipient organization should issue suitable work identity cards for staff and/or volunteers carrying out activities under approved projects. Staff and/or volunteers should not wear other uniforms apart from those of the recipient organization. Where other means of identification is proposed, prior approval should

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be obtained from the Secretariat of the ECF Committee or the relevant vetting subcommittee.

- 8.7 The recipient organization is obliged to submit a copy / sample / artwork of all publicity materials proposed, produced or used for the project or its activities for review by the Secretariat as and when required, and should follow the advice of the Secretariat on the format and presentation of such materials whenever required.
- 8.8 When considering the location and arrangements for displaying publicity materials, the recipient organization should comply with the relevant legislation and regulations, and obtain the endorsement of all relevant authorities, Government departments and other relevant parties, including consultation of parties affected as appropriate. ECF's funding support for the project should in no way be construed as support for the proposed location and arrangements for the display of such publicity materials.

9 Acknowledgement of Support and Disclaimer

- 9.1 The source of funding (both the name and logo of the ECF) must be acknowledged in all publicity materials relating to the project. Failure in making proper acknowledgement may result in suspension or termination of funding support and affect the future applications.
- 9.2 The logo of ECF may be used and printed onto the following 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.
- 9.3 Use of the name and logo for other purposes is subject to the prior approval of the Secretariat of the ECF Committee or the relevant vetting subcommittee.
- 9.4 In no circumstances shall the name and logo of ECF be used for publicity for commercial interest or other purposes which may damage the image and / or cause any liability to ECF. A disclaimer should be added to all publications and media briefs relating to ECF-funded projects: *“Any opinions, findings, conclusions or recommendations expressed in this material / event do not necessarily reflect the views of the Government of the Hong Kong Special Administrative Region and the Environment and Conservation Fund.”*

10 Procurement of Capital Items, Goods and Services

- 10.1 The recipient organization should exercise utmost prudence in procuring capital items, goods or services for the project and must

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adhere to the following procedures unless the Secretariat or the relevant vetting subcommittee agrees otherwise –

- (a) for every procurement the aggregate value of which is \$5,000 or below, quotations from suppliers are not required.
 - (b) for every procurement the aggregate value of which is more than \$5,000 but less than \$10,000, quotations from at least two suppliers should be obtained.
 - (c) for every procurement the aggregate value of which is \$10,000 or more, but less than \$500,000, quotations from at least three suppliers should be obtained.
 - (d) for every procurement the aggregate value of which is \$500,000 or more, open tendering should be used.
- 10.2 The recipient organization 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 ECF Committee or the relevant vetting subcommittee.
- 10.3 In case the recipient organization intends to procure the items from a company / organization / individual without following the open procurement process in paragraph 10.1 above, it has to provide details, justifications and its relationship with the company / organization / individual in the application form. If the application is approved, subsequent approval from the ECF Committee or the relevant vetting subcommittee will not be required.
- 10.4 In the case of universities, they may adhere to their established / current standard procurement procedures.
- 10.5 All quotations and tendering documents should be kept for inspection by the Secretariat of the ECF Committee or the relevant subcommittee.

11 Title of Capital Items, Educational Materials and Compute Softwares

- 11.1 The title of capital items, educational materials and computer softwares procured with the fund will remain with the Government during the project period. Upon satisfactory completion of the project, the title of the items may be changed to the recipient organization on a case-by-case basis.

12 Suspension/Termination of Funding Support

- 12.1 The ECF Committee may suspend/terminate support for a project under the following circumstances -

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- (a) if the project does not commence within four months of the approval of the grant and no reasonable explanation has been given;
 - (b) the ECF Committee or the relevant vetting subcommittee considers that the project has not progressed satisfactorily and no reasonable explanation has been given; or
 - (c) if the recipient organization fails to comply with the funding conditions as set out in this Guide and/or the approval letter/ and/or in the agreement and no reasonable explanation has been given.
- 12.2 In each of the above cases of suspension/termination, the ECF Committee or the relevant vetting subcommittee shall give one month notice to the recipient organization, stating the reasons for the suspension / termination. In cases of suspension, the recipient organization should demonstrate that measures have been taken to rectify the problems and change the unsatisfactory situation before the ECF Committee or the relevant 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. The ECF Committee or the relevant vetting subcommittee will consider possible redeployment of the capital items, educational materials and computer softwares acquired for the project.
- 12.3 Any suspension or termination of a project will affect the organization's future chance of getting financial support from ECF, and the organization's management will be informed.
- 12.4 The ECF shall be entitled to be refunded by the recipient organization of part or all of a grant which has been used other than in accordance with the terms of the approved project.
- 12.5 Any major changes to the project must be approved by the ECF Committee or the relevant vetting subcommittee. Such major changes include -
- (a) revision to the objectives and/or content;
 - (b) change of team leader;
 - (c) transfer of project to another organization; or
 - (d) deferral of progress/completion reports/statement of accounts submission date.
- 12.6 The ECF Committee or the relevant vetting subcommittee may suspend/terminate funding granted to the project if the project is being carried out under any of the above circumstances without prior approval.

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12.7 Any proposed minor changes to a project should be submitted to the Secretariat of the ECF Committee or the relevant vetting subcommittee for approval.

13 Others

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

13.2 The Government, ECF Committee and its vetting subcommittee shall bare no responsibility, financial or otherwise, for expenditure or other liabilities arising from the projects.

13.3 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 organizations.