

**Nature Conservation Management Agreement Scheme**

**Purpose**

This paper seeks Members' support for the continuation of Nature Conservation Management Agreement (MA) Scheme through the Environment and Conservation Fund (ECF). Members are also invited to comment on the proposed amendments to "Guide to Application" as set out in paragraph 14 below.

**Background**

2. Under the new Nature Conservation Policy announced in November 2004, the Government undertook to implement, among others, a pilot scheme for MA. The pilot scheme aims at enhancing the ecological value of the sites identified for enhanced conservation. Non-governmental organizations (NGO) may apply for funding from the Environment and Conservation Fund (ECF) for entering into agreements with landowners. The NGOs will provide the landowners with financial incentives in exchange for management rights over their land or their cooperation in enhancing conservation of the sites concerned.

3. In October 2005, the ECF Committee approved a total allocation of \$4.62 million to three NGOs (i.e. Tai Po Environmental Association (TPEA), Hong Kong Bird Watching Society (HKBWS) and Conservancy Association (CA)) to implement three pilot MA projects at Fung Yuen and Long Valley. TPEA's project in Fung Yuen aims at enhancing the diversity of butterflies by conserving the habitat for butterflies. HKBWS forms partnership with farmers to increase the biodiversity in Long Valley. CA's project aims at formulating an agricultural and conservation management strategy in Long Valley.

4. The Environmental Protection Department (EPD) and the Agriculture, Fisheries and Conservation Department (AFCD) are closely monitoring the implementation of the projects. As a condition of the ECF grant, each NGO is required to submit a progress report with information on the progress and financial position of the project once every three months. AFCD also attends meetings of the advisory and management committees of the projects and

conduct site visits to monitor the progress of the projects.

## **Progress**

5. Since implementation of the projects in November/December 2005, three NGOs have signed MA with landowners to actively conserve more than one million square feet of land. The project profiles and the latest progress of the projects are set out at **Annex I**.

## **Evaluation**

### *Conserving and enhancing biodiversity*

6. Though the three pilot projects have only been implemented for just over a year, the results clearly indicate that the pilot projects are effective in conserving and enhancing the biodiversity of the concerned sites. Rice, Water Chestnut (馬蹄) and Chinese Arrow Head (慈菇) fields, which have been absent from Hong Kong for decades, have now been reintroduced through HKBWS and CA's projects. Plantation with native tree species was established on a hill slope, which was previously covered by Mikania, and a butterfly reserve with different habitat types was maintained by the TPEA in Fung Yuen.

7. The mean number of birds recorded in Long Valley in winter 2006-07 was 25% higher than that in winter 2005-06. Besides the mean number recorded in winter, the diversity of birds in winter 2006-07 was also higher than the previous winter. New species have been recorded in Long Valley during the project period, including Rosy Pipit (*Anthus roseatus* 粉紅胸鵯) (a new record for Hong Kong), Great Bittern (*Botaurus stellaris* 大麻鵞), Pied Avocet (*Recurvirostra avosetta* 反嘴鵞), Japanese Thrush (*Turdus cardis* 烏灰鶇), Brown-headed Thrush (*Turdus chrysolaus* 紅腹鶇) and Pale Thrush (*Turdus pallidus* 白腹鶇). The total number of bird species recorded in Long Valley has increased from 187 to 211. In Fung Yuen, 123 butterfly species and 71 bird species were recorded in 2006. As no similar record in 2005 was available, the 2006 figures will be used as baseline data for comparison with future records. From the habitat maintenance and creation angle, the project in Fung Yuen helped increasing habitat diversity of the sites, which help attract different species.

8. The increase in the numbers and diversity of birds as well as the increase in diversity of butterfly habitats suggest that current management measures are effective in enhancing the conservation value of the sites.

### ***Raising the public's awareness of conservation***

9. In addition to the direct benefit to birds and butterflies, the MA projects also increased local villagers' awareness of conservation. Local villagers have participated actively in these projects, through entering into management agreements with the NGOs, joining guided tours or getting recruited and trained as tour guides. The local villagers have gained more understanding on the nature conservation work and some have changed their farming practices as a result. For example, farmers in Long Valley treasure the presence of rare birds in their fields, and accidental removal of larval food plants has been reduced in Fung Yuen. Frequent site visits by staff and volunteers of NGOs also minimized other potential threats such as hill fire, illegal dumping, trapping or collection of wildlife at the sites.

### ***Empowering NGOs***

10. Participating NGOs also benefited from the projects. They have built up mutual understanding with local villagers and established channels for dialogue on nature conservation matters. Additional information has been obtained on effective management practises for bird and butterfly conservation. For example, preliminary results of the food web study of CA's project and bird monitoring programme of HKBWS's project suggest that shallow water habitats attract birds most, especially the Greater Painted-snipe (*Rostratula benghalensis* 彩鶺). Staff of the NGOs have also gained first-hand experience in habitat conservation and management.

### ***Financial resources***

11. Currently, the ECF's grant is the main source of funding for all the MA projects. The grant has been used as seed money to initiate management agreements and conservation measures. NGOs have been encouraged to identify other sources of funding, such as income from eco-tour, contributions from their members, product sales, etc. For example, HKBWS has obtained about \$10,000 income by organising 11 eco-tours. NGOs should continue their efforts to identify alternative sources of income to reduce their reliance on the ECF grant.

## **Proposal**

### ***Continuation of the MA Scheme***

12. At the meeting on 21 May 2007, the Nature Conservation Subcommittee (NCSC) under Advisory Council on the Environment (ACE) evaluated the progress of the three pilot projects. Recognizing the positive effects of the projects on conservation value of the concerned sites, the NCSC recommended the continuation of the Scheme on a long term basis and support the Administration to seek funding from ECF.

13. We propose that ECF should support the continuation of the Nature Conservation Management Agreement Scheme. Subject to Members' endorsement, we will announce the continuation of the scheme in June 2007 and invite applications for projects on the twelve priority sites identified for enhanced conservation. To provide more flexibility on the timing for implementation of new MA projects, no deadline for submission will be set and applications will be received throughout the year. Instead of allocating a specified amount of sum for Nature Conservation Management projects, we propose that the ECF Committee vets each application on its own merit and decide the appropriate amount of funding after receiving the application. In line with the existing practice, NCSC will first review the applications and submit their recommendations for ECF Committee's consideration.

### ***Review on "Guide to Application"***

14. The Pilot MA projects were vetted in accordance with the "Guide to Application". We have reviewed the operation of the pilot projects and proposed to make several revisions to the "Guide to Application" used in the last round of application. The proposed amendments will simplify the reporting requirement and better suit the need of MA projects. The proposed set of "Guide to Application" for "Nature Conservation Management Agreement Projects" is at **Annex II** for Members' reference. The major amendments are highlighted below:

- (a) submission of progress report be revised from **quarterly to half-yearly**, to lessen the administrative workload of the recipient organization. This frequency of reporting is in line with other similar ECF projects;

- (b) revision of funding ceiling for the **project coordinator from 25% to 35%** of the approved total budget or total actual expenditure for the project, whichever is the less. MA projects are usually labour intensive and the revised ceiling will reflect the actual need of manpower in the execution of project. The percentage is the same or below those of other ECF projects;
- (c) aligning the funding level for “**Hiring of coach**” and “**Souvenir**” with levels applicable to other similar ECF projects (proposed maximum funding level per hiring of coach and per souvenir for officiating guests/judges are \$1500 and \$50 respectively).

### **Advice Sought**

15. Members are invited to support the continuation of the “Nature Conservation Management Agreement Projects” and approve the proposed changes to the “Guide to Application” as set out in paragraph 14 above.

**Environmental Protection Department**  
**June 2007**

**Pilot Nature Conservation Management Agreement Projects**

**A. A Pilot Scheme of Management Agreement on the Private Land with High Conservation Value at Fung Yuen Valley Site of Special Scientific Interest in Tai Po, Hong Kong**

**Project description:**

Land in Fung Yuen receives proactive management for butterfly conservation. Tai Po Environmental Association (TPEA) cooperates with landowners or land operators to apply “Good Practices for Butterfly Conservation” in private lots in Fung Yuen Valley.

**Duration:** 24 months

**Budget:** \$1,743,630

**Major progress (as at end February 2007):**

- TPEA successfully rented 173,900 sq. ft of private land in Fung Yuen for establishing a butterfly reserve, meeting the target size.
- TPEA implemented active conservation measures in Fung Yuen, including site patrols, removal of Mikania, planting of larval food plants and nectar plants as well as raising of larvae for release.
- Seedlings were also planted and managed on a hill slope in Fung Yuen.
- Monthly butterfly surveys are being conducted by the Hong Kong Lepidopterists’ Society and the Chinese University of Hong Kong (CUHK) while bird surveys are carried out by the HKBWS on a quarterly basis.
- In September 2006, a two-month plant survey covering both larval food plants and rare plants was conducted by the CUHK to collect plants information and make recommendations on vegetation management in

relation to butterfly conservation.

- Since commencement of the project, the TEPA has been organising various workshops and voluntary programmes for different sectors of the community. So far, a total of 67 workshops with over 2,600 participants and a number of media visits were organized to promote the Management Agreement (MA) project.
- A website of the project with an ecological database has been launched for public viewing.

**Achievements in meeting conservation objectives:**

<b>Key conservation objectives</b>	<b>Achievements</b>
To reduce environmentally incompatible behaviour on the private land in Fung Yuen Valley	Daily site patrol and inspection by TPEA staff over the past year reported only one illegal war-game playing incident. The presence of staff and volunteer helped safeguard the site.
To enhance the habitat and butterfly species diversity	Removal of invasive weeds, and planting of native tree species, larval food plants and nectar plants have greatly enhanced the habitat diversity. A total of 123 butterfly species were recorded in 2006.
To promote the public's awareness of conservation	Through various workshops and media coverage, the public's awareness of Fung Yuen and butterfly conservation has been raised over the past year.

## **B. Birds and Humans in Harmony – A Sustainable Management Scheme in Long Valley**

### **Project description:**

The Hong Kong Bird Watching Society (HKBWS) forms partnership with farmers to maintain and increase the biodiversity of Long Valley, especially for avifauna. Shallow water habitat, wet agricultural land, fallow dry agricultural land as well as farmland margin vegetation are created or maintained.

**Duration:** 24 months

**Budget:** \$1,362,560

### **Major progress (as at end February 2007):**

- HKBWS has signed 21 agreements with 13 farmers involving 386,200 sq. ft of farmland, close to their target size.
- Various measures have been implemented to create a better environment for birds in Long Valley. Fallow wet agricultural land was converted to shallow water habitats and wet agricultural lands are being managed for wetland associated species such as snipes, sandpipers and plovers.
- HKBWS also planted Flowering Chinese Cabbage (菜心) in fallow dry agricultural land and tomatoes on farmland margins to attract pipits, buntings and munias.
- HKBWS has also re-introduced the planting of Rice, Water Chestnut and Chinese Arrow Head (which have been absent in Hong Kong for decades) to enhance the biodiversity of the habitats in Long Valley.
- A systematic monitoring programme is being carried out to study the relationship between different habitats, management measures and birds.
- Eco-tours were organised for VIP, the press and the general public. Volunteers were recruited to participate in the pilot project, either as

eco-tour guides or directly involved in the conservation measures. Many of the volunteers are local villagers.

**Achievements in meeting conservation objectives:**

<b>Key conservation objectives</b>	<b>Achievement</b>
To coordinate appropriate farming and conservation activities to maintain and enhance the biodiversity of the habitat	HKBWS has entered into agreements with farmers or landowners. Environmentally friendly farming practices and conservation measures are being implemented on private land.
To improve sustainability of the agricultural activities	Traditional agricultural activities are maintained or reintroduced, and organic farming is being promoted.

## **C. Sustainable Habitat Management in Long Valley**

### **Project description:**

The Conservancy Association (CA) cooperates with local farmers to manage their farmlands through Habitat Deterioration Prevention Agreement or Habitat Diversity Enhancement Agreement. Active conservation works are carried out to enhance the heterogeneity within the habitat of abandoned agricultural lands. Food web study is conducted to provide important ecological information of Long Valley.

**Duration:** 29 months (with five-months extension)

**Budget:** \$1,514,160

### **Major progress (as at end February 2007):**

- CA has entered into 24 management agreements with 15 farmers for habitat management of 493,000 sq. ft of farmland, doubled the size proposed in the application.
- Formerly abandoned farmlands are now being maintained by local farmers as wet agricultural land or marshes to prevent deterioration of habitat.
- Environment friendly management practices (including organic farming) have been introduced to farmers in wet agriculture.
- Apart from the target farmlands, the CA was able to enter into an agreement with a water flea farm owner in October 2006, successfully conserving one of last few pieces of water flea farmland in Hong Kong.
- CA is collaborating with the Department of Biodiversity and Ecology, University of Hong Kong (HKU) to conduct a food web study to enhance our understanding of the food web systems for birds.
- A post-graduate student supervised by a HKU professor is studying the relationship between habitat types, management measures, food availability and bird utilization.

- Small scale studies on the potential threats of apple snails and Mikania are also being undertaken by CA to facilitate formulation of a control plan.
- CA has been organizing activities to publicize the MA project through workshops, media and VIP tours. Local villagers are trained to lead the guided tours.
- CA is also assisting the farmers to promote their organic produces in local markets.

**Achievements in meeting conservation objectives:**

<b>Key conservation objectives</b>	<b>Achievements</b>
To find out viable options for farmers to maintain active agricultural areas, particularly the wet farmlands, in order to enhance the local biodiversity	Active agricultural areas are being maintained under management agreements with farmers or land owners. Efforts are also made to explore ways to sustain active agricultural activities e.g. through eco-tourism and promotion of organic produce.
To formulate effective agricultural and conservation management strategy for Long Valley	In progress. Ecological and financial data are being collected for assessing the effectiveness of various management practices with a view to formulate a long-term strategy.

**GUIDE TO APPLICATION**

Nature Conservation Management Agreement Projects

Funded by

**ENVIRONMENT AND CONSERVATION FUND**

Please send your application to –

Conservation Division  
Environmental Protection Department

Room 4712, 47/F, Revenue Tower, 5 Gloucester Road  
Wanchai, Hong Kong

For enquiries, please contact:  
Environmental Protection Department  
Room 4712, 47/F, Revenue Tower, 5 Gloucester Road, Wanchai, Hong Kong  
Tel: 2594 6418 and Fax: 2838 2155  
Email: [enquiry@epd.gov.hk](mailto:enquiry@epd.gov.hk)

## **1. INTRODUCTION**

The Environment, Transport and Works Bureau (ETWB) has announced a new nature conservation policy to better achieve the nature conservation objectives, especially enhancing conservation of ecologically important sites which are in private ownership. Under the new policy, management agreement option with landowners was proposed. Following the success of the pilot scheme for management agreements, the Environment and Conservation Fund (ECF) Committee support the continuation of the Scheme and will provide allocation for this cause.

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

This Guide provides guidance on application for funding management agreement projects under the new nature conservation policy, and describes the basic requirements and responsibilities for recipient organisations. Upon approval of funds by the Environment and Conservation Fund (ECF) Committee<sup>1</sup>, 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 Projects**

Nature Conservation management agreement projects must contribute to enhancing the conservation of the sites concerned through management agreements between non-governmental organisations (NGOs) and landowners. Under these agreements, NGOs may provide landowners with financial incentives in exchange for management rights over their land or their cooperation in enhancing conservation of the priority sites listed in *Appendix 1*.

### **1.3 Administration**

Applications will be administered by Environmental Protection Department (EPD) and the Agriculture, Fisheries and Conservation Department (AFCD).

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

## **2. GUIDE TO APPLICATION**

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

Registered local non-profit making organisations (e.g. universities, community bodies, green groups) or groups formed under a registered non-profit making organisations in Hong Kong are eligible to apply.

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

There are no funding limits. Funds may be granted for full or partial support of projects.

### **2.3 What is the duration of each project?**

Each conservation management agreement project should last for at least 12 months and not more than 24 months.

### **2.4 How to apply?**

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

- Environmental Protection Department  
Room 4712, 47/F, Revenue Tower, 5 Gloucester Road, Wanchai, Hong Kong  
Tel.: 2594 6418; Fax: 2838 2155
  
- Agriculture, Fisheries and Conservation Department  
5/F Cheung Sha Wan Government Offices  
303 Cheung Sha Wan Road, Kowloon  
Tel: 2150 6919; Fax: 2314 2802
  
- Softcopy of this Guide can be downloaded from –  
AFCD website: <http://www.afcd.gov.hk>  
EPD website: [http://www.epd.gov.hk/epd/english/boards/ecfc/appl\\_for\\_ecf.html](http://www.epd.gov.hk/epd/english/boards/ecfc/appl_for_ecf.html)

Completed application form should be signed by the person-in-charge and returned to Conservation Division, Environmental Protection Department (at Room 4712, 47/F, Revenue Tower, 5 Gloucester Road, Wanchai) at least four months before commencement of the project.

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

All applications received will first be vetted by EPD and AFCD in consultation with other relevant government departments and the Advisory Council on the Environment (ACE) or its subcommittee where appropriate. The recommendations will then be submitted to the ECF Committee for endorsement. Information of the approved projects will be uploaded onto the websites of EPD and the ECF Committee.

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

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

- (1) the benefits that a proposed project will bring to the efforts in enhancing the conservation of the site concerned, better achieving the nature conservation objectives, and evaluating the effectiveness of this new conservation measure;
- (2) the sustainability of a proposed project including its resource implications, participation of the landowner(s) and local community, nature and enforceability of the management agreement concerned;
- (3) the technical and project management capability of the applicant organisation, as well as its track record, including the effectiveness of past projects, and its ability to comply with funding conditions;
- (4) whether the proposed project's schedule of implementation is well-planned and practicable, and the duration is reasonable;
- (5) whether the proposed budget is reasonable and realistic, and whether the project is cost-effective, with full justification for every expenditure item;
- (6) 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; and
- (7) if recurrent expenditure is incurred, whether the proposed project has potential to become self-sufficient after a certain period of time.

## **2.7 Avoidance of Conflict of Interests**

To avoid conflict of interest, members of ACE (or its 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 are part of the project team and/or members who belong to the same organisation.

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

It normally takes within six months to process an application. If no additional information is required, the applicant will be informed of the outcome shortly after the ECF Committee meeting, which is normally held quarterly.

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

The applicant organisation can write to the EPD to withdraw an application at any time before an agreement is signed with the Government.

### **3. PROJECT PROPOSAL**

The applicant organisation should submit a project proposal covering the details of the programme.

#### **3.1 Project Title**

A project title, in both English and Chinese, has to be provided for each application.

#### **3.2 Duration of Project**

This section should give the commencement and completion date and duration of project.

#### **3.3 Nature and Purpose of Project**

In clear and specific terms, state how the project will contribute to enhancing the conservation of the sites concerned through management agreements between non-governmental organisations (NGOs) and landowners. Under these agreements, NGOs may provide landowners with financial incentives in exchange for management rights over their land or their cooperation in enhancing conservation of the priority sites listed in *Appendix 1*.

#### **3.4 Name of Recipient Organisation**

Give the name of recipient organisation in Chinese and English. You must be a local non-profit making organisation or a group formed under a registered non-profit making organisation in Hong Kong.

#### **3.5 Details of Team Members**

Give details of the project team structure, the person – in – charge and the supporting staff.

#### **3.6 Role of the Recipient Organisation**

State the role the recipient organisation will play in organizing and implementing the project. Projects in which the recipient organisation does not make a major contribution will not be eligible for funding support.

#### **3.7 Details of other co-organizing/assisting/supporting/sponsoring bodies for the proposed project**

Give details of other co-organizing/assisting/supporting/sponsoring bodies.

#### **3.8 Project Details**

State the following –

(a) the target site;

- (b) the target habitats and species be conserved; and
- (c) the estimated area of site to be conserved under the management agreement
- (d) the anticipated number of participants of each activity

### **3.9 Method of implementation of project**

State clearly the implementation method to be employed and show how this could help achieve the purpose of the project.

### **3.10 The Workplan, Timetable and Deliverables**

- (a) Workplan - Give a detailed workplan describing the various activities that will be carried out under the project.
- (b) Timetable - Give a timetable showing the length and sequence of the various activities in the project.
- (c) Deliverables – Give targeted quantifiable and quality results and publicity plans to announce project results

### **3.11 First time applicant**

For applicant organisation which applies to the ECF for the first time, please provide the following information –

- (a) background information of the organisation;
- (b) information about key members of the organisation and the person-in-charge of the project;
- (c) experience in organizing environmental activities; and
- (d) documentary proof of the organisation's non-profit making status.

## **4. BUDGET GUIDELINES**

The application should be accompanied by a detailed budget for the project. Each income and expenditure item should be reasonable, realistic and clearly broken down. All expenditure items must be incurred between the commencement and completion dates of the project. For items which “will not normally be supported”/“may only be supported with full justification”/“only supported on a case-by-case basis”, please provide detailed justifications in the form of an attachment to this application.

### **4.1 Manpower**

- 4.1.1 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, hire of professional advisors or training course for staff of the recipient organisation for undertaking the project.
- 4.1.2 Funding for project coordinators or their assistants (full/part-time) may be considered on a case-by-case basis but the total amount for covering the cost of project coordinators/research assistants should not exceed 35% of the total approved amount or the total actual expenditure, whichever is the less.
- 4.1.3 Direct labour cost (for hiring of full/part-time workers) involved in conducting nature conservation or related activities on the site concerned may be supported. The actual amount to be granted will depend on the modus operandi of the project.

### **4.2 Equipment and Capital Items**

Funding for equipment/capital items may be granted if the equipment/capital item is essential for implementation of the project; and that the recipient organisation will bear all subsequent recurrent costs, including maintenance costs, of the equipment/capital items.

### **4.3 Rental Payment and Renovation Fee**

- 4.3.1 Funding for renting land and premises necessary for the implementation of the project (e.g. land for implementing nature conservation or related activities or premises for establishment of a site office to conduct the activities) may be considered. The actual amount will depend on the size and location of the selected land/venue. This does not apply to land/premises under the possession of the recipient organisation, its office bearers or persons associated with the recipient organisation.
- 4.3.2 One-off payment for basic renovation of premises necessary for the implementation of the project will be considered, subject to a ceiling of HK\$20,000.

### **4.4 Other sponsorships**

Applicants are encouraged to seek sponsorships from other sources to fund part of the projects applying for ECF. However, applicants should clearly indicate in their submission details (including the source, amount, and income to be generated) regarding sponsorships outside ECF. Applicants' intention to seek other sponsorships should be stated if details are not available when their applications are submitted.

#### **4.5 Others**

- 4.5.1 All essential elements of an application will be considered in an integral manner. For projects involving production of publication, the recipient organisation should include details of publication arrangements in the application together with its budget for overall assessment.
- 4.5.2 All applications are considered on their individual merits. For projects involving recurrent expenditures, the recipient organisation has to demonstrate that such expenses will be of a specified finite duration or that the project is able to become self-financing after a certain period of time.
- 4.5.3 Funding for public education activities in connection with the project, hire of transport, light meals for unpaid voluntary workers and premium for public liability insurance will be allowed. The level of funding for such expenses are set out in *Appendix 2*.
- 4.5.4 Funding for general administrative costs incurred by the recipient organisation in undertaking the project will not normally be given. Under exceptional circumstances and if the recipient organisation can fully justify to the satisfaction of the relevant vetting authorities including EPD and AFCD, funding may be granted. But under no circumstances will such funding granted be in excess of 20% of the total approved grant or the total actual expenditure, whichever is the less.
- 4.5.5 Requests for funding for contingency items will be considered on a case-by-case basis.
- 4.5.6 Funding will not be granted to the recipient organisation for renting or purchasing materials already in the organisation's stock.
- 4.5.7 Funding for payments to individuals as a reward for their participation in the activities organised under a project will not be given.
- 4.5.8 The applicants may provide a proposed payment schedule in accordance with the conditions in paragraph 5.3 below to EPD/AFCD for consideration

### **5. CONDITIONS FOR THE USE AND ALLOCATION OF FUND**

#### **5.1 Contractual Requirements**

For each project for 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.

## **5.2 Use of Funds**

- 5.2.1 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.
- 5.2.2 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.

## **5.3 Disbursement and Reimbursement of Funds**

- 5.3.1 Disbursement of approved allocation will take into account the estimated cash flow of the project. The recipient organisation will receive between 25-50% of the grant upon approval depending on the nature of the project. The recipient organisation may submit a proposed plan for payment to EPD/AFCD for consideration. Interim payment may be released to the recipient organisation subject to endorsement of the proposed payment plan and progress report, but the last 10% will normally be released only after completion of the project, subject to submission of a statement of accounts and a completion report to the satisfaction of EPD/AFCD.
- 5.3.2 All revenue/income received/derived from the project (including sales of output, fees generated from activities conducted and interest income generated from cash in hand for the project), irrespective of whether it has been declared in the application, must be defrayed against the actual expenditure before calculating the amount to be reimbursed as the final payment; or ploughed back into the project account as set out in the agreement signed between the Government and the recipient organisation.
- 5.3.3 Amount to be reimbursed for individual items of the budget will not exceed the approved amount for that item. However, EPD/AFCD 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 approved total.
- 5.3.4 The grant could be reduced on a pro-rata basis in the following circumstances –
  - (a) the scope and/or activities of the project have been changed;
  - (b) the actual area of the site conserved under the management agreement is less than originally proposed;
  - (c) the actual frequency of activities conducted (e.g. field visits) is less than originally proposed;
  - (d) the number of participants is less than originally proposed and the grant allocated is decided according to the number of participants;
  - (e) the number of publication (e.g. leaflets) is less than originally proposed; or
  - (f) the duration of the project has been reduced.
- 5.3.5 Any item not on the approved list of budget items will not be reimbursed.
- 5.3.6 Any unspent balance of the grant shall be returned to ECF within two months after completion of the project.

- 5.3.7 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 funded amount.

#### **5.4 Project Interest**

- 5.4.1 The ECF grant shall be paid into a risk-free interest-bearing account opened with a licensed bank.
- 5.4.2 Interest incomes generated from the ECF grant and other receipts for a project have to be defrayed against the actual expenditure before calculating the amount to be reimbursed as the final payment, if any.
- 5.4.3 The recipient organisation may be required to compensate the Government for loss of interest income if the ECF grant is not properly handled. Where necessary, the Government will initiate legal action for suitable remedies.

#### **5.5 Progress and Completion Reports**

- 5.5.1 The recipient organisation has to submit a progress report with certified statement of account of its project once every six months to EPD/AFCD. Except for the first disbursement, all disbursements will be subject to satisfactory progress of the project. EPD/AFCD may carry out visits or surprise checks to examine the progress of the project.
- 5.5.2 Within two months after completion of the reporting period / project or before the date specified in the agreement, the recipient organisation has to submit a progress / completion report to EPD/AFCD. If an extension of the submission deadline is required, prior approval should be obtained from EPD/AFCD. EPD/AFCD 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 application.
- 5.5.3 All progress and completion reports should be signed off by the person-in-charge of the project and submitted in such format as prescribed in the Progress/Completion Report Form.
- 5.5.4 Unsatisfactory performance will affect the organisation's future chance of getting funding. The organisation's management will be informed.

#### **5.6 Statement of accounts**

- 5.6.1 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, attached to the completion report, to EPD/AFCD. If an extension of the submission deadline is required, prior approval should be obtained from EPD/AFCD.
- 5.6.2 For any project receiving a grant under HK\$150,000, the grant received must be shown in a complete statement of accounts, together with the original copy of

invoices and receipts. Auditing will not be required, but EPD/AFCD reserves the right to check all financial records kept by the recipient organisation relating to use of the grant.

- 5.6.3 For any project receiving a grant of HK\$150,000 or more, the statement of accounts attached to the completion report must be an audited statement of account prepared by an auditing firm, providing assurance that the audited accounts properly presented the financial position of the project and that the conditions of the grant were met.
- 5.6.4 For any project lasting more than 18 months, the recipient organisation has to submit certified statement of accounts to EPD/AFCD in each progress report and within two months after completion of the project.
- 5.6.5 For universities, a statement of accounts certified by the finance office of the institution will be acceptable, regardless of the amount of the grant involved in a project.

## **5.7 Intellectual Property Rights Arising from Projects and the Use of Project Results**

- 5.7.1 Unless negotiated and agreed otherwise with EPD/AFCD, the recipient organisation will solely own all intellectual property arising from the project.
- 5.7.2 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, progress report(s), completion report and other publications or publicity materials.

## **5.8 Publicity of Project Events and Results**

- 5.8.1 The recipient organisation should, as far as practicable, publicise the project results or any events related to the project through publications, seminars, workshops, conferences and exhibitions etc.. It should also provide information about the events to EPD/AFCD.
- 5.8.2 The recipient organisation should notify EPD/AFCD of the project results before publicising them. Copies of publications or publicity materials produced under the project must be made available to EPD/AFCD within one month after completion of the project.
- 5.8.3 Project findings will be uploaded on the websites of EPD and the ECF Committee for public access.

## **5.9 Procurement of Equipment and Capital Items**

- 5.9.1 The recipient organisation should exercise utmost prudence in procuring equipment, goods or services for the project and must adhere to the following procedures unless EPD/AFCD agrees otherwise –
  - (a) for every procurement the aggregate value of which is more than HK\$5,000 but less than HK\$10,000, quotations from at least two suppliers

should be obtained. 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 EPD/AFCD;

(b) for every procurement the aggregate value of which is HK\$10,000 or more, but less than HK\$500,000, quotations from at least three suppliers should be obtained. 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 EPD/AFCD; and

(c) for every procurement the aggregate value of which is HK\$500,000 or more, open tendering should be used.

5.9.2 In the case of universities, they may adhere to their established/current standard procurement procedures.

5.9.3 In case the recipient organisation intends to procure equipment or capital items from one company/organisation/individual, it has to provide details, justifications and its relationship with the company/organisation/individual in the application form for not following the open procurement process in paragraph 5.9.1 above. If the application is approved, subsequent approval from EPD/AFCD will not be required.

5.9.4 All quotations and tendering documents should be kept for inspection by EPD/AFCD.

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

The title of equipment/capital items acquired for implementation of the funded project will remain with the Government. The recipient organisation should surrender to EPD/AFCD the equipment/capital items upon completion of the project.

## **5.11 Acknowledgement of Support and Disclaimer**

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

5.11.2 The logo of 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.

5.11.3 Use of the name and logo of ECF or EPD/AFCD for other purposes is subject to the prior approval of EPD/AFCD in consultation with the ECF Committee.

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

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

- 5.12.1 EPD/AFCD 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) EPD/AFCD considers that the project has not progressed satisfactorily and no reasonable explanation has been given;
  - (c) the team leader leaves the recipient organisation prior to completion of the project and there is no one available who has been involved in the project and considered suitable by EPD/AFCD to take over the role of team leader; or
  - (d) 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.
- 5.12.2 In each of the above cases of suspension/termination of funding granted, EPD/AFCD 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 EPD/AFCD will lift the suspension. In cases of termination, the balance of the grant or any funding given in advance shall be returned to ECF. EPD/AFCD will, in consultation with the ECF Committee, consider possible redeployment of the equipment acquired for the project.
- 5.12.3 Any suspension or termination of a project will affect the organisation's chance of getting financial support from ECF or similar funding in future. The organisation's management will be informed.
- 5.12.4 The ECF grant shall be entitled to be refunded by the recipient organisation of part or all of a grant which was used other than in accordance with the terms of the approved project.
- 5.12.5 Any major changes to the project must be approved by EPD/AFCD in consultation with the ECF Committee. Such major changes include –
- (a) revision to the budget;
  - (b) change of the team leader;
  - (c) transfer of the project to another organisation; or
  - (d) deferral of the submission of progress/completion reports/statement of accounts.
- 5.12.6 EPD/AFCD may suspend/terminate funding granted to the project if the project is being carried out under any of the above circumstances without prior approval.

5.12.7 Any proposed minor changes to a project should be submitted to EPD/AFCD for approval.

**5.13 Others**

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

5.13.2 The Secretary for the Environment, Transport and Works may at any time, if she considers fit, amend or add to the above conditions, without prior notice to recipient organisations.

**List of Sites for Implementation of  
Nature Conservation Management Agreement Projects**

**Sites**

Ramsar Site

Sha Lo Tung

Tai Ho

Fung Yuen

Luk Keng Marsh

Mui Tsz Lam and Mau Ping

Wu Kau Tang

Long Valley and Ho Sheung Heung

Deep Bay Wetland outside Ramsar Site

Cheung Sheung

Yung Shue O

Sham Chung

**Level of Funding Granted for Expenses and Staff for  
Nature Conservation Management Agreement Projects**

<b>Items</b>	<b>Level of funding granted</b>
1. Publicity – including items such as banners, posters, leaflets, postage, etc.	Maximum: 10% of the total budget
2. Opening/closing ceremony – including invitation cards, souvenirs for officiating guests, set up and decoration, backdrop, rental payment of venue, PA system, etc.	Maximum: HK\$10,000 per project
3. Invitation cards	Unit Price: HK\$4 Maximum: HK\$2,000
4. Hire of speakers/instructors	Maximum HK\$500 for a speaker for each function The funding support may be adjusted upwards on the merit of each case
5. Refreshment	HK\$6 per head Maximum: HK\$6,000 per project
6. Meal allowance for volunteers	For half-day activities – Maximum: HK\$34 per day  For full day activities – Maximum: HK\$48 per day
7. Insurance for third party liabilities	HK\$1,500 per activity Quotation must be provided.
8. Hiring of coach	HK\$1,500 per coach Quotation must be provided.
9. Souvenir	For volunteer, unit price:HK\$3 Maximum: HK\$600 per day of function  For officiating guests and judges only for function other than ceremony, maximum unit price :HK\$50
10. Exhibition panels	Unit price: HK\$1,000 Maximum: HK\$8,000
11. Educational Materials	Maximum: HK\$1,000

12. Stationery	Maximum: HK\$500
13. Films and film development	Maximum: HK\$1,000
14. Video tapes	Maximum: HK\$500
15. Admission fee for environmental visits and other activities	Maximum: HK\$100 per head Participants are required to pay 40% of the admission fee.
16. Project Coordinator/assistants	Funding for project coordinators/assistants (full-time or part-time) may be considered on a case-by-case basis but the total amount for covering the cost of project coordinators/research assistants should not exceed 35% of the total approved amount or the total actual expenditure, whichever the less.
17. Direct labour cost (full-time / part-time workers) involved in conservation management work	HK\$35 per hour for each labour
18. Minor equipment or tools	Maximum: HK\$50,000
19. Basic renovation or premises necessary for the project	One-off payment. Maximum: HK\$20,000
20. Licence Fee	Applicants are requested to comply with regulations of Hong Kong and apply to all authorities concerned for licences to conduct the project.
21. Administrative and overhead cost	Only supported with full justification to the satisfaction of EPD/AFCD in consultation with the ECF Committee.
22. Miscellaneous and contingency items	Only supported with full justification to the satisfaction of EPD/AFCD in consultation with the ECF Committee.

Remarks: The level of funding granted may be adjusted by EPD/AFCD in consultation with the ECF Committee as and when necessary.