

**Review on the Applications Assessment Mechanism of the
Research Projects Vetting Subcommittee**

Purpose

With the adoption of a new budgetary management approach for the Environment and Conservation Fund (ECF) after the capital injection of \$5,000 million in June 2013, the ECF Committee recently met to consider the budgetary allocations in 2013-14, and agreed on the broad principles and changes to the applications assessment mechanism for the various funding schemes under the new approach. Members are now invited to consider the details of the applications assessment mechanism and implementation arrangements for the Research, Technology Demonstration and Conference Projects (RTDC) funding scheme based on the broad principles and framework agreed by the ECF Committee, as well as the budgetary management arrangements for RTDC funding scheme.

Funding Injection into the Environment and Conservation Fund

2. As a long-term commitment to environmental protection and conservation, the Chief Executive proposed in his 2013 Policy Address to inject \$5,000 million into the ECF so that investment returns of the fund can provide long-term and sustained support for community green actions. The proposed capital injection was approved by the Finance Committee of the Legislative Council on 14 June 2013.

3. As the funding schemes and activities of the ECF would henceforth mainly rely on the investment returns generated from the capital injection, its expenditure commitment will have to tie in with the investment returns. For this reason, it is necessary to adopt budgetary control to sustain the long-term operations of the ECF. With the agreement of the ECF Investment Committee, investment arrangements for the newly injected amount were made with the Hong Kong Monetary Authority (HKMA).

Budget for Research, Technology Demonstration and Conference Projects

4. The ECF Committee met on 4 September 2013 to consider the budget allocations in 2013-14 as well as the revised framework for assessing funding applications to tie in with the new budgetary management approach. After review, the ECF Committee agreed to reserve an amount of \$220 million for use by the various funding schemes in 2013-14, including an allocation of \$14 million for use by RTDC projects under the purview of the Research Projects Vetting Subcommittee (RPVSC). The allocation has taken into account the actual expenditure of the RTDC funding scheme in recent years, as well as its anticipated level of activities this year. (Statistics on applications and amounts approved for RTDC projects are at **Appendix 1** for reference.) The ECF Committee will further decide on the 2014-15 budget allocations in March 2014, after considering the available investment return for 2014 to be announced by the HKMA in early 2014.

Broad Principles for Applications Assessment

5. With the capital injection providing a seed money to generate annual investment returns for funding support made under the ECF, there is a need to revise the current mode of handling applications under the ECF. The opportunity is also taken to enhance fairness and accountability in the processing of applications of ECF grants. After discussion, the ECF Committee agreed that in future, **invitations for applications** for each funding scheme should be called at scheduled intervals, so that the received applications could be considered on a **competition basis** on account of the **merits** of individual applications. The frequency of invitations will be determined based on the nature of projects of each funding scheme, but there should be **no less than one round of invitation each year**. Based on the above principles, the ECF Committee has agreed to revise the applications assessment framework including broad principles and key issues for each funding scheme. The major changes for the **applications assessment mechanism for the RTDC funding scheme** as endorsed by the ECF Committee are set out at **Appendix 2**. RRVSC has been tasked to further consider the detailed arrangements for the assessment mechanism including the implementation details.

6. The ECF Committee was aware that a good number of funding applications received by the Secretariat under the various funding schemes had yet to be considered by the respective Vetting Subcommittees. Since funds are

now available, the ECF Committee agreed that the respective Vetting Subcommittees should immediately consider these applications in hand according to the existing assessment arrangements. For management purposes, the date of **4 September 2013** was adopted as a **cut-off date** for applications received under the existing mechanism. Further applications received after the cut-off date will be considered together with applications received under the invitations to be scheduled under individual funding schemes. Subsequent to the ECF Committee meeting, a public announcement was issued to inform interested applicants and the public of the above arrangements for handling applications.

Tasks for RPSVC

7. For budgetary control, the ECF Committee has tasked the various Vetting Subcommittees (including RPSVC) to **manage the deployment of the budget allocated** for funding schemes within their purview, including considering the amount to be reserved for existing applications and applications received under the new invitation system. The Vetting Subcommittees were also requested to draw up the **detailed assessment arrangements** based on the broad principles mentioned in paragraphs 5 and 6 above and the endorsed assessment framework (i.e. Appendix 2 for RTDC projects), and to **finalize the implementation details** for their funding schemes. They should also convene meetings with a view to **clearing the applications already in hand** as soon as possible.

Advice Sought

8. Based on the budget allocation as well as broad principles and assessment framework endorsed by the ECF Committee mentioned in paragraphs 4 to 7 and Appendix 2, **proposed details of the revised assessment mechanism and implementation arrangements for RTDC projects** are set out at **Appendices 3 and 4** for Members' consideration.

Way Forward

9. Subject to Members' views on the proposed changes to the assessment mechanism set out at Appendices 3 and 4, the Secretariat would follow up to amend the Guide to Application and application form for RTDC

projects, and arrange further meetings for Members to consider the 44 applications already received by the cut-off date of 4 September 2013.

10. For Members' information, as agreed by the ECF Committee, briefings on the revised assessment mechanism of the various funding schemes would be arranged for relevant organizations and other potential ECF applicants, so as to draw their interests in pursuing worthwhile projects under the schedule of the ECF, and ensure that funding will be utilized in supporting programmes that best meet the community's needs.

**Secretariat, ECF Research Projects Vetting Subcommittee
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