

# **COUNCIL FOR SUSTAINABLE DEVELOPMENT**

Paper No. 02/03

## **Establishment of the Sustainable Development Fund**

### **Purpose**

This paper outlines a proposal to establish the Sustainable Development Fund.

### **Proposal**

2. In order to provide for a source of funding for community initiatives that will promote a wider understanding and application of the principles of sustainable development, we propose that –

- (a) Against the Government's commitment to establishing a Sustainable Development Fund, Members should advise on the proposed scope and objectives of the Fund set out in paragraphs 5 to 7 below, and the proposed funding guidelines at Enclosure for considering applications from community groups;
- (b) Subject to (a), the Director of Administration should, in his capacity as the Controlling Officer, make a submission to the Finance Committee of the Legislative Council to seek approval of an allocation of \$100 million for establishing the Sustainable Development Fund; and
- (c) Subject to Members' advice on the establishment of the Education and Publicity Sub-committee, the Sub-committee should be tasked to, among other things, screen and advise on individual applications for grants from the Sustainable Development Fund against the objectives and funding guidelines as agreed by Members;

- (d) Notwithstanding (c) above, each major application at or above \$500,000 should be submitted directly to the Council for consideration and advice.
- (e) The Director of Administration, being the Controlling Officer, should take into account the Sub-committee's or the Council's advice, as the case may be, in approving grants for individual applications and making payment under the Sustainable Development Fund.

### **Considerations**

3. In his 1999 Policy Address, the Chief Executive emphasised the importance of the community, the business sector and the Government working in partnership to embrace the principles of sustainable development. To encourage the community to develop an understanding of the concept of sustainability and to put the principles of sustainable development into practice, the Chief Executive proposed that a \$100 million grant be made to support community initiatives in this area.

4. In the past year, staff of the Sustainable Development Unit (SDU) have discussed with stakeholder groups the progress of measures to promote sustainable development in the community. On several occasions these groups, including schools, chambers of commerce, non-government organizations and other interested bodies, have indicated that due to the lack of an appropriate funding source, they have been unable to initiate specific studies and programmes aimed at promoting public awareness of key issues related to sustainable development and at encouraging sustainable practices.

#### *Scope and Objectives of the Fund*

5. The creation of the SDF would provide a central source of funding to support initiatives aimed at developing a strong public awareness of the concept of sustainability and its importance. It could also provide funding for projects that would promote sustainable practices in Hong Kong.

6. Specifically, the SDF could be a source of grants for programmes and activities that promote –

- (a) public understanding of the importance of balancing the

need for further economic development with awareness of broader social concerns and respect for the natural environment;

- (b) everyday practices that are consistent with the principles of sustainability; and
- (c) public participation in the discussion of Hong Kong's long-term sustainable development.

7. Given that the main aim of establishing the SDF would be to promote awareness of issues related to sustainable development in the wider community, we propose giving priority to projects likely to make a noticeable impact on the general public's understanding of sustainability. We would therefore encourage applications related to public educational programmes, particularly those that would convey in a direct and practical manner the message that members of the community can and should all play a part in making Hong Kong a sustainable city. Non-profit organizations, educational institutions, professional bodies and registered community groups would be among those eligible to receive grants from the Fund.

#### *Relationship with Existing Funding Schemes*

8. Mindful of the need for the proposed Fund not to “overlap” with existing funding schemes, we have considered the relationship of the SDF to the Environment and Conservation Fund (ECF) and the Community Investment and Inclusion Fund (CIIF). The respective focuses of these two funds are on distinct policy issues, namely the promotion of environmental protection and the conservation of the local environment, and the development of social capital through enhanced mutual help and community participation. However, the concept of sustainable development cuts across a range of policy areas including but not limited to, economic development, environmental awareness, social inclusion, urban planning and development and the promotion of cultural diversity. The focus of the SDF, therefore, would be on projects that facilitate integration between these various policy perspectives, rather than those that primarily address only environmental or social issues. We would propose **not** to support applications that fail to demonstrate clearly full integration of at least two of these considerations. In this respect, the Fund would differ markedly from the ECF and the CIIF.

*Administration of the Fund*

9. While the Council would prescribe the general objectives and funding guidelines for assessing the applications, and the Education and Publicity Sub-committee (or the Council as the case may be) would vet and advise on individual applications, the SDU would provide administrative support to the Council and the Sub-committee to this end. A list of the proposed funding guidelines is at the Enclosure for Members' consideration. For effective management of the Fund account, the Controlling Officer would be given \$10 million annually from the Fund for disbursement. This will, therefore, become the overall cash limit for grants each year. For each major application that requires a grant of \$500,000 or more, we propose that it should be submitted directly to and considered by the Council.

*Monitoring of the Fund*

10. We envisage that initial applications for grants from the SDF would be diverse in range and nature. We therefore propose to review regularly the scope of the Fund, so as to ensure that we can achieve the objectives set out above. The SDU will submit regular reports to the Council on the operation of the Fund.

**Further Action**

11. Subject to Members' advice, we shall prepare a submission to the Finance Committee of the Legislative Council seeking to obtain the necessary funding for establishing the SDF. If the Finance Committee approves the required funding allocation, we aim to establish the Fund and to begin receiving applications shortly afterwards.

Council Secretariat  
March 2003

**Proposed Funding Guidelines**

1. Projects selected for funding support will be expected to enhance the public's understanding of sustainable development, or encourage people in the local community to put the concept of sustainable development into practice.
2. Approval projects should benefit the local community as a whole, and not just a single organisation or a narrow sector.
3. Projects should be non-profit making in nature. Any income derived from a project, which should be set out in the application in the first instance, should be used to further the project's objectives.
4. Funds approved cannot be used to create any permanent posts or recurrent financial commitment.
5. In considering a project proposal, due consideration will be given to -
  - (a) whether there is a demonstrable need for the proposed project;
  - (b) the technical and project management capability of the applicant;
  - (c) whether the proposed project's schedule of implementation is well-planned and the duration is reasonable;
  - (d) whether the proposed budget is reasonable and the project is cost effective in general terms;
  - (e) whether the proposed project has alternative source(s) of funding support or would be more appropriately funded by other source(s) (e.g., the Environment and Conservation Fund, the Community Investment and Inclusion Fund, or the Innovation and Technology Fund);
  - (f) whether the proposed project is likely to duplicate work being done by other groups or individuals; and
  - (g) whether the proposed project has potential to become a self-sufficient ongoing initiative.