

Social Welfare Development Fund Guidance Notes for Application

Background

In the Review Report on the Lump Sum Grant Subvention System (LSGSS), the Lump Sum Grant Independent Review Committee (LSGIRC) recommended to set up a \$1 billion Social Welfare Development Fund (SWDF) to support training, capacity enhancement initiatives and service delivery enhancement studies. Grants would be allocated to non-governmental organisations (NGOs) based on the merit of their applications. Besides, the new SWDF should take over the function of the Business Improvement Project (BIP) Scheme. With support obtained from the Lump Sum Grant Steering Committee (LSGSC) and approval-in-principle granted by the Lotteries Fund Advisory Committee (LFAC), the Social Welfare Department (SWD) has set up the SWDF.

2. In preparing the SWDF applications, the NGOs should observe these Guidance Notes.

Scope of the SWDF

3. The SWDF supports the following scopes -

- (a) Training and professional development for NGO board members, subvented staff (not limited to social workers), covering also the cost of workers to relieve staff who go on training;
- (b) Business system upgrading for subvented services of NGOs (both information technology (IT) and non-IT projects), e.g. IT infrastructure, system design and initiatives to enhance NGOs' management capacity or facilitate their re-engineering; and
- (c) Studies for enhancing subvented NGOs' service delivery.

4. For the proposed areas of the supported scopes under the SWDF, please refer to the **Appendix**.

Eligibility

5. All subvented welfare NGOs of SWD, irrespective of whether they are on LSG or conventional mode, can apply for the SWDF.

Phase Implementation of the SWDF

6. The SWDF will operate in three 3-year phases as follows:

- Phase 1 : 2010-11 to 2012-13.
- Phase 2 : 2013-14 to 2015-16.
- Phase 3 : 2016-17 to 2018-19.

Funding Cap to NGO

7. The funding cap for each NGO is set at 9% of the annual SWD subventions in 2009-10¹, or \$2 million, whichever is the higher. The fund to be approved to each NGO will be subject to the amount applied by individual NGO as assessed by SWD.

8. Unless with approval of the SWD based on the NGO's justification for varying the percentage of funding cap for the relevant phases, the maximum amount which an NGO can apply in each phase will be set as follows-

Phase	Total amount of fund an NGO may apply (in terms of % of the NGO's funding cap)
Phase 1 (2010-11 to 2012-13)	33%
Phase 2 (2013-14 to 2015-16)	33%
Phase 3 (2016-17 to 2018-19)	remaining balance of its overall funding cap

Application Schedule

9. The application schedule of SWDF in Phase 1 is as follows:

- The first round from January to June 2010.
- The second round will be in early 2011 (only for those NGOs which had not submitted application from January to June 2010).

¹ The annual subvention allocation to NGOs is as specified in our letters dated 18.3.2009 under the subject "Social Welfare Subventions for 2009-10".

Contribution from NGO

10. NGOs are required to make contribution(s) as specified below:
- (a) 15% of the cost of business system upgrading projects of both IT and non-IT natures; and
 - (b) 50% of programme expenses for training and development programmes outside HK for Board members.
11. In principle, the NGO's contribution should be wholly absorbed by its own resources and should not be charged to LSG and LSG Reserve unless SWD's approval had been sought beforehand.

Application Criteria

12. Each NGO may submit ONE composite application within the application period(s) of Phase 1. The composite application may cover more than one supported scopes but business system upgrading projects of IT-related nature should be prepared in a separate application form to facilitate separate vetting.
13. NGOs have to observe the following special conditions when applying for the SWDF -
- (a) The approved fund should only be used on NGO board members, subvented staff and subvented services. NGO staff working in welfare services funded by grants within control of the SWD and the Labour and Welfare Bureau (such as Lotteries Fund, Partnership Fund for the Disadvantaged, Community Investment and Inclusion Fund) will also be recognised;
 - (b) To enhance the personal capacity of younger social workers particularly those who joined the welfare sector after 2000 and encourage their retention in the sector, the NGO should accord priority to them in the training and professional development plan with a reasonable percentage of the total training budget purposely allocated to them;
 - (c) The budget of training and development expenses for Board members should not exceed 15% of the NGOs' total budget on training and professional development for the phase;

- (d) The budget of training and development programmes outside HK should be planned in the most economical manner and subject to not more than 30% of the NGO's total budget on training and professional development for the phase;
- (e) IT projects under the scope of business system upgrading should be in line with the overall IT development strategy in Hong Kong and the prevailing IT Strategy for the Social Welfare Sector. NGOs should pay special attention to those IT projects which fall outside the scope of supported areas as set out in paragraph 2 of the Appendix. If the actual expenditure of the approved IT project exceeds the approved grant, the NGO should absorb the extra expenditure by its own resources other than LSG or LSG Reserve;
- (f) The scope of studies should target at enhancement of service delivery by means of evaluating and improving the NGO's existing practice or mode of intervention in delivering its subvented services. The projects of studies should be sourced from outside institutions including education institutions, and private consultancies. In selecting a suitable contractor, NGO should observe the procurement procedures in line with those of Lotteries Fund Manual, paying particular attention to "Conflict of Interest" as stipulated in paragraph 6.5 of the Lotteries Fund Manual. Besides, NGOs may employ staff to carry out studies with the condition that proper mechanism e.g. project committees, will be in place to monitor and oversee the operation of the studies;
- (g) Joint applications to SWDF will be accepted with a view to maximising synergy among NGOs and promoting a sharing culture. The NGOs participating in joint projects should take into account their difference in financial capacity, size, organisational culture and infrastructure before committing to make a joint application. The content as well as terms and conditions of the joint projects should be mutually agreed among the participating NGOs. A lead NGO should be identified and responsible for submitting the joint applications, liaison work and settling all issues including exiting arrangement of NGOs.

Funding Allocation and Surplus

14. The approved fund will be allocated to each NGO on a yearly basis within the

phase in accordance with the funding needs of individual NGO and the proposed time schedule of the projects approved on the condition that the total amount allocated will not exceed the funding cap in the phase.

15. Any surplus of funds can be carried forward to the next year until the end of Phase 1 to facilitate optimum use of resources and to meet the needs of NGOs. Any surplus of approved funds still existing by the end of Phase 1 will be clawed back unless prior approval for using the surplus in subsequent phase is obtained.

Vetting of Applications

16. All applications submitted by the NGOs, except IT projects, will be vetted by the Subventions Section of SWD subject to endorsement of the LFAC and the Financial Services and the Treasury Bureau (FSTB) as appropriate. Application for IT projects will be submitted in separate application form to be vetted by the Information Systems and Technology Branch (ISTB) of SWD in consultation with the Joint Committee on Information Technology for the Social Welfare Sector (JCIT) and then the endorsement of the LFAC. If the number of applications for IT project is considerable, ISTB may need to prioritise the applications according to the date of applications for vetting.

Reporting Requirements

17. NGOs are required to submit-

- “Disclosure of SWDF in NGO’s Audited Financial Statement” to account for income and expenditure. It should be submitted to Finance Branch of SWD, with a copy to Subventions Section of SWD by end of October each year;
- “Annual Progress Report (APR) of SWDF ” to provide interim report on the utilization of the approved funding and implementation progress of the approved projects. It should be submitted to Subventions Section of SWD by end October of the first and second years in each phase;
- “Evaluation Report” to report the overall usage of the SWDF in each phase. It should be submitted to Subventions Section of SWD upon completion of each phase.

(Remark: The above reporting forms will be issued to NGOs in due course.)

18. All projects should be completed according to the implementation plans as stated in the applications approved by SWD. For extension of projects and change of the approved usage within scopes, NGOs have to explain and provide justifications in their APRs. If there are other changes (such as funding requirement for any one phase exceeding the approved allocation), prior approval of SWD should be sought. Any unspent balance at the end of the phase and use of fund outside the supported scopes without SWD's prior approval under the SWDF will be subject to claw back.

19. For IT-related projects, NGOs will also be required to submit to the ISTB (a) the progress reports at intervals as advised by the ISTB having regard to the individual circumstances of the projects; and (b) final evaluation reports after completion of the projects.

Social Welfare Department
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Proposed Areas of the Supported Scopes under Social Welfare Development Fund

This is not intended to be a comprehensive list and NGOs may put up proposals to the SWD for consideration in other areas after taking into account their specific need.

1. Training and professional development for NGO board members and subvented staff (not limited to social workers), covering also the cost of workers to relieve staff who go on training.
 - Professional training / Job-related training
 - Seminar/Talk/Sharing Session
 - Overseas training / Exchange programme
 - Purchasing materials/equipments/references for training purpose
 - Covering the cost for relieving staff on temporary basis while subvented staff is on leave for training

2. Business system upgrading for subvented services of NGOs [both information technology (IT) and non-IT projects], e.g. IT infrastructure, system design and initiatives to enhance NGOs' management capacity or facilitate their re-engineering.
 - While there are various channels and funding mechanisms for NGOs to purchase personal computers (PCs) and the related peripherals, the IT infrastructure under the scope of system upgrading of the SWDF would exclude the replacing / upgrading of standalone PCs and the related peripherals including printer, scanner and USB flash drive², etc.
 - Business system upgrading may include IT and non-IT projects on organizational restructuring and service re-engineering. Examples of the relevant areas may include:
 - Comprehensive organizational review, process/activity analysis and productivity improvement for optimizing utilization of common facilities/resources amongst service units.
 - Human resources management including staff appraisal, duties rescheduling, rationalization of staff and salary structure, and volunteers'

² The existing sources of funding for NGOs to purchase IT equipments included (i) one-off allocation in 2009 to replace personal computers of NGOs; and (ii) annual Block Grant at 1.5% of the NGO's respective recurrent subventions to replace/upgrade the IT equipments and its related software/peripherals are endorsed by LFAC in July 2009.

management.

- Accounting and financial management including budget and cost control, financial management practice, fund-raising strategy.
 - Service management, delivery and monitoring such as programme planning and evaluation practice, marketing research on service users' feedback, membership development, continuous quality improvement, environmental friendly devices like illumination system and installation of ozone laundry system, outcome measurement, and risk management etc.
- IT projects under scope of business system upgrading may include system planning, tools/software application etc. In helping NGOs make good use of web-based technologies to provide subvented welfare services, SWD allow NGO to use SWDF to develop or enhance their corporate websites subject to vetting by the ISTB of SWD in consultation with the JCIT.
 - To facilitate NGOs on carrying out their IT projects in a smooth manner, NGOs are allowed to use the SWDF to cover the staff cost for drawing up proposals and overseeing the IT projects. The staff cost incurred should be non-recurrent in nature and on project-by-project basis.
 - IT projects aim at improving the service delivery or enhancing e-services such as e-parenting, e-volunteerism etc while entailing consequential upgrading of the existing homepage and system security may be considered if they are assessed as not violating the prevailing IT strategy.
 - The following IT projects will not be considered during Phase 1 of the SWDF, pending a review of the IT Strategy for the Social Welfare Sector:
 - Intranet including setting up of Local Area Network.
 - Client Information System.
 - Proposals on consultancy service and IT strategic planning/strategic plan development, etc.

3. Studies aim at enhancing NGOs' service delivery

- Studies / consultations to be procured should be targeted at enhancement of service delivery by means of evaluating and improving the NGO's existing practice or mode of intervention in delivering its subvented service(s).
