

## **Phase 3 (Third Round) of Social Welfare Development Fund Guidance Notes for Application**

### **Objective**

The purpose of the Guidance Notes for Application (Guidance Notes) is to facilitate subvented welfare non-governmental organisations (NGOs) to prepare their applications for the Phase 3 (Third Round) of Social Welfare Development Fund (SWDF). NGOs are advised to follow the Guidance Notes to ensure a clear understanding of the use of SWDF and its requirements, the smooth processing of the applications and proper implementation of the approved projects.

### **Background**

2. In the Review Report on the Lump Sum Grant Subvention System, the Lump Sum Grant Independent Review Committee recommended that a \$1 billion SWDF be set up to support training, capacity enhancement initiatives and service delivery enhancement studies. Grants will be allocated to NGOs based on the merit of their applications. 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 SWDF to be implemented in three consecutive three-year phases from 2010-11 to 2018-19. With endorsement from LFAC on 16 July 2020, SWDF will launch Phase 3 (Third Round) in 2020-21 with project implementation for 18 months.

### **Scope of SWDF**

3. In Phase 3 (Third Round), SWDF only supports project implementation under Scope A<sup>1</sup>: training and professional development (T&D) programmes for NGO board members, subvented staff (not limited to social workers), covering also the cost of workers to relieve staff who go on training.

4. Please refer to **Appendix 1** for illustrations of -

- projects/items which are considered to be under Scope A of SWDF; and
- projects/items which are outside the ambit of SWDF.

### **Eligibility**

5. All SWD-subvented welfare NGOs, irrespective of whether they are on Lump Sum Grant (LSG) subvention or conventional subvention mode, may apply for SWDF.

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<sup>1</sup> Unlike Phase 1, 2 and 3 (First and Second Rounds), Scope B (Business System Upgrading) and Scope C (Studies on Enhancing Service Delivery) are not applicable to Phase 3 (Third Round).

## **Implementation Period of Phase 3 (Third Round) of SWDF**

6. In Phase 3 (Third Round) of SWDF, the project implementation period will be limited to 18 months from the date of endorsement by LFAC. Any deferment of implementation will not be allowed and NGOs may have to bear the relevant cost concerned for any implementation outside the approved period.

## **Funding Cap for NGOs**

7. In Phase 3 (Third Round), the maximum amount of fund (i.e. the funding cap) that each NGO may apply for is set at 0.25% of its annual subventions in 2020-21 or \$60,000, whichever is the higher<sup>2</sup>. NGOs may apply for administrative support according to their needs. The total amount applied for training and professional development programmes under Scope A, together with the amount applied for administrative support, should not exceed the NGO's funding cap for application in Phase 3 (Third Round). The funding position of each NGO is specified in the letter of invitation for application in Phase 3 (Third Round).

## **Application Schedule**

8. The schedule of application for Phase 3 of SWDF (Third Round) is from **23 July 2020 to 18 September 2020**.

## **Contribution from NGOs**

9. NGOs are required to make contributions on the expenses as specified below -

- 50% of programme expenses for T&D programmes outside Hong Kong for Board members (refer to Scope A in paragraph 3 above).

10. In principle, an NGO's contribution should be wholly absorbed by its own resources and should not be charged to Lump Sum Grant (LSG) or LSG Reserve unless with SWD's prior approval.

## **Application Criteria**

11. In Phase 3 (Third Round), each NGO can only submit ONE application.

12. The period of project implementation of Phase 3 (Third Round) will be limited to 18 months from the date of endorsement by LFAC.

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<sup>2</sup> The annual subvention allocation to NGOs was specified in the letter from SWD dated 20 March 2020 under the subject of "Social Welfare Subventions for 2020-21".

13. To maximise synergy and to promote a sharing culture among NGOs, NGOs may submit a joint application for an individual project. The participating NGOs should take into account their differences in financial capacity, size, organisational culture and infrastructures before committing themselves to the joint application. The content as well as the terms and conditions of the joint project should be mutually agreed among the participating NGOs. A lead NGO should be identified and be responsible for submitting the joint application, liaison work and settling all issues including an exit arrangement for the participating NGOs.

14. NGOs have to observe the following special conditions when applying for SWDF -

#### Scope A – T&D Programmes

##### *Targets of the T&D Programmes*

- (a) the fund should only be used for NGO board members, subvented staff and subvented services. NGO staff working in welfare services funded by grants within the control of SWD and Labour and Welfare Bureau (LWB) (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 Year 2000 and to encourage their retention in the sector, NGOs should accord priority to younger social workers in the T&D plan with a reasonable percentage of the total training budget designated for their purpose;
- (c) if a T&D programme such as a sharing session, talk or seminar planned for (a) above can accept more participants at no additional cost, NGOs are given the flexibility to involve their non-subvented staff to participate in the programme without being required to apportion the cost. For control purpose, NGOs should keep documentary proof to show that the number of non-subvented staff attending the T&D programme at no additional cost should not exceed 40% of the total number of the enrolled participants in the T&D programme;

##### *Short-term and Long-term T&D Programmes*

- (d) NGOs may apply for fund to support short-term and/or long-term T&D programmes which are in line with the NGOs' human resources management policy. In arranging staff to attend long-term training that lasts for more than one year, NGOs should have a selection mechanism in place to ensure proper and fair use of the resources. Normally a staff should not attend more than one long-term training course within the same phase. In addition, NGOs should have a policy on staff retention, e.g.

requiring staff attending long-term training to undertake to serve in the same NGO for a certain minimum period, for example two years, after completion of the training;

#### *Budget Cap for Board Members and Outside-HK T&D Programmes*

- (e) the budget of T&D expenses for Board members should not exceed 15% of the NGO's total budget on T&D for the phase unless with SWD's prior approval;
- (f) the budget of T&D programmes outside Hong Kong should be planned in the most economical manner and be subject to not more than 30% of the NGO's total budget on T&D for the phase; and

#### *Employment of Relief Workers*

- (g) the fund may cover the cost of employing relief workers to relieve the existing subvented staff during the period when the latter attend training. If the relief workers are deployed to perform duties other than the aforementioned purpose, the cost should be apportioned accordingly.

### **Administrative Support**

15. NGOs may include the cost of administrative support under SWDF Phase 3<sup>3</sup>. NGOs may apply for administrative support according to their needs via their SWDF applications. The maximum amount of administrative support for individual NGOs is set at 5% of the NGO's funding cap in Phase 3 (Third Round), as well as 5% of the funding cap in "Phase 3 as a whole".

16. The cost of administrative support should be designated for use on employing temporary staff and/or hiring of outside services for the administration and management of SWDF. The duties/services relating to administrative support may include organising sharing sessions/talks/seminars, coordinating staff to attend training, procuring, liaising with the contractor, etc. If the staff are deployed to perform duties other than the afore-mentioned purposes, the cost should be apportioned accordingly.

### **Vetting of Applications**

17. All applications will be vetted by the Subventions Section of SWD and be subject to the endorsement of LFAC. The **Application Form (July 2020)** should be sent to Subventions Section of SWD at 38/F., Sunlight Tower, 248 Queen's Road East, Wan Chai, Hong Kong.

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<sup>3</sup> For the Phase 3 (First and Second Rounds), the maximum amount of administrative support for individual NGOs was set at 5% of the NGO's funding cap for the phase, or \$680,000, whichever was the less.

18. For an application involving any project of a complicated nature or a significant budget, the NGO may be required to provide detailed justifications and/or supplementary information to facilitate vetting of the application.

19. If an application form is not properly completed or any required information is missing, the NGO will be required to revise the application and/or to provide any necessary information before the application can be further processed.

### **Funding Allocation**

20. The approved fund will be allocated to each NGO on a yearly basis in accordance with the funding needs of the NGO and the time schedule of the projects approved on the condition that the total amount allocated will not exceed the funding cap in the phase.

21. NGOs should keep the unspent balance of allocation in an interest-bearing account with a bank licensed in Hong Kong. The interests form part of SWDF which should be shown in the reports to be submitted to SWD.

### **Procurement**

22. NGOs should achieve the best value for money in service procurement to conduct the approved projects (including sharing sessions/seminars/talks, outside-Hong Kong training programmes, business system upgrading projects, studies, etc). To exercise good corporate governance, NGOs should comply with their own procurement guidelines, which should be devised in line with those set out in the Lotteries Fund (LF) Manual especially, among others, the number of returned quotations/tenders as stated in paragraph 6.2 of the LF Manual extracted in **Appendix 2**.

23. NGOs may refer to the Best Practice Checklist – Strengthening Integrity and Accountability – Grantee’s Guidebook issued by the Hong Kong Independent Commission Against Corruption which provides advice and guidelines in respect of good management practices including the handling of procurement. The booklet is accessible via [http://www.icac.org.hk/filemanager/en/Content\\_1031/grantee.pdf](http://www.icac.org.hk/filemanager/en/Content_1031/grantee.pdf).

### **Surplus, Deficit and Virement of Fund**

24. To facilitate the optimal use of resources and to meet the needs of NGOs, any surplus of fund can be carried forward to the next year until the end of the implementation period<sup>4</sup> as endorsed by LFAC.

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<sup>4</sup> In Phase 3 (Third Round), the maximum period of implementation is 18 months from the date of endorsement by LFAC. Extension beyond 18 months is not allowed.

25. Any deficits of fund arising from spending in excess of the overall approved funds for each phase will be borne by the NGOs concerned. Application for supplementary fund from SWDF will not be considered.

26. In Phase 3 (Third Round), virement of funds among the approved projects under Scope A is allowed. However, as a rule, virement of funds from one project to another project should not create any adverse impact on the first project.

### **Reporting Requirements**

27. In Phase 3 (Third Round), NGOs are required to submit -

- (a) the “Disclosure in NGO’s Audited Financial Statements” to account for the income and expenditure. It should be submitted to the Finance Branch of SWD, with a copy to the Subventions Section by the end of October 2021, 2022 (and 2023 if applicable);
- (b) the “Annual Progress Report (APR)” to provide an interim report on the utilisation of the approved funding and implementation progress of the approved projects. It should be submitted to the Subventions Section by the end October 2021, 2022 (and 2023 if applicable); and
- (c) the “Evaluation Report” to report the overall usage of SWDF. It should be submitted to the Subventions Section by the end October 2022, and 2023 if applicable.

28. NGOs’ books of account and all other relevant records and information related to SWDF should be retained by NGOs for at least seven years after the completion of all project(s) in the phase and made available for inspection by authorised staff of SWD at all reasonable times. Visits to NGOs may also be arranged for the purpose of monitoring the approved projects.

### **Claw Back Arrangement**

29. Any surplus of fund after the implementation period as endorsed by LFAC will be clawed back. Any fund used outside the supported scopes without SWD’s prior approval, and any fund in respect of the approved projects that receive double benefits (e.g. from other sources of financial support) will be subject to claw back.

### **Sharing of SWDF Information**

30. To promote a sharing culture so as to inspire innovative ideas in project planning and management among NGOs, SWD and/or its approved agent may make

use of the information provided by NGOs on their approved projects for sharing among NGOs in the form of sharing sessions and/or by way of the e-Platform, etc. In due course NGOs may be invited to share their experience in project planning and management.

**Social Welfare Department**  
**July 2020**

**Social Welfare Development Fund - Phase 3 (Third Round)  
Illustration of Projects under Scope A**

**Part A – Proposed Areas under Scope A of SWDF**

*Scope A – T&D Programmes*

1. Job-related training/professional training 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. Examples are as follows -
  - Long-term training such as Master degree, Bachelor degree, Associate degree etc.
  - Short-term training such as 1-day workshop, 3-day language course, 1-month certificate course etc.
  - Seminars/talks/sharing sessions.
  - Overseas training/exchange programme covering course registration fee, transportation cost including air/land/sea passage (economy class only) as well as the related tax and surcharges, board and lodging.
  - Staff retreat training.
  - The cost for employment of relief workers on temporary basis to relieve the existing subvented staff during the period when the latter attend training.
2. Purchasing materials/tools/reference books for direct training purpose such as tools/materials for sand therapy/drawing therapy/music therapy, dummy for first aid course, dolls for child abuse training demonstration etc. Unless with strong justifications and with SWD's approval, the maximum amount for the above purchasing items should be capped at \$20,000 for each NGO for the phase regardless of the organisation size.

The examples quoted in the above paragraphs are not meant to be exhaustive, and NGOs may put up proposals to SWD for consideration after taking into account their specific needs. All proposals are subject to vetting by SWD as well as endorsement by the relevant committees.

**Part B – Items that are outside the Ambit of SWDF**

1. Work projects, fitting-out or renovation works, purchase or replenishment of furniture and equipment items etc, which are covered under the grants outlined in Chapters 3 to 5 of the LF Manual.
2. Salaries for staff on training leave.
3. Expenses on publicity, venue set-up, souvenirs for sharing sessions/seminars/ talks.



**Extract from Paragraph 6.2 of the Lotteries Fund Manual**

**6.2 Quotation and Tender Ceilings**

6.2.1 Except as provided in paragraphs 6.3.2 and 6.7.9 below, the quotation / tender ceilings are as follows -

<b>Value of a single procurement / contract</b>	<b>Quotation / tender requirement</b>
(a) Not exceeding \$5,000	Quotations or tenders may be dispensed with.
(b) Exceeding \$5,000 and not exceeding \$20,000	NGOs should obtain quotations from at least two contractors or suppliers. All verbal quotations should be properly documented or confirmed in writing. Written quotations are however required for the appointment of APs or Consultants.
(c) Exceeding \$20,000 and not exceeding \$50,000	NGOs should obtain written quotations from at least two contractors or suppliers.
(d) (i) For works projects exceeding \$50,000 and not exceeding \$1,000,000	} NGOs should obtain written quotations from at least five contractors or suppliers, although some form of tendering (open or restricted where justified) is generally preferred, especially for higher value contracts.
(ii) For services exceeding \$50,000 and not exceeding \$500,000	
(iii) For stores exceeding \$50,000 and not exceeding \$200,000	
(e) (i) For works projects exceeding \$1,000,000	} NGOs must conduct tendering with tender documents containing all requirements and specifications. Where a marking scheme is adopted for assessment of tenders, this should be drawn up before inviting tenders.
(ii) For services exceeding \$500,000	
(iii) For stores exceeding \$200,000	