

## **ITEM FOR FINANCE COMMITTEE**

### **HEAD 141 – GOVERNMENT SECRETARIAT : LABOUR AND WELFARE BUREAU**

#### **Subhead 700 General non-recurrent New Item “Child Development Fund”**

Members are invited to approve a new commitment of \$300 million for establishing the Child Development Fund.

#### **PROBLEM**

There are calls from the community to promote the personal development of children from a disadvantaged background with a view to reducing inter-generational poverty.

#### **PROPOSAL**

2. The Secretary for Labour and Welfare proposes to create a new commitment of \$300 million for establishing the Child Development Fund (CDF) with a view to trying out a new model for promoting the longer-term personal development of children from a disadvantaged background.

#### **JUSTIFICATION**

##### **Objectives of the CDF**

3. Inter-generational poverty has become a growing concern in the community. Having reviewed the existing services and programmes in Hong Kong as well as overseas experience in promoting child development, the then Commission on Poverty recommended that a CDF should be set up to draw on and

consolidate resources from the family, the private sector, the community and the Government to support the longer-term personal development of children from a disadvantaged background. The CDF aims to provide participating children with more personal development opportunities. More importantly, through formulating and implementing personal development plans, the CDF seeks to encourage these children to plan for the future, develop an asset-building habit and accumulate financial assets as well as non-financial assets (such as positive attitudes and a proper mindset, personal resilience and capacities as well as social networks) which are important to their future development.

### **Key components of the CDF**

4. The CDF has three key components, namely personal development plans, mentorship programme and targeted savings. These three components will enhance the children's abilities to manage resources and plan for their own future.

### ***Personal Development Plans***

5. Adopting a more child-focused approach, the CDF assists children from a disadvantaged background to overcome their less favourable circumstances through developing personal development plans with specific targets (both short-term and long-term ones). As the aim of the CDF is to promote personal development of participating children with a view to reducing inter-generational poverty, instead of purely leisure or extra-curricular activities, the development targets will be geared towards capacity enhancement (i.e. education, vocational training or skills enhancement) to better equip participating children for future career and personal development. These children will also be encouraged to participate in community services.

6. On-going guidance will be provided to participating children in developing and implementing their personal development plans by their mentors and through the training (including those related to life planning and financial planning skills) identified/provided by the operating non-governmental organisations (NGOs). These training programmes are also intended to serve a broader objective of helping participating children develop a more forward-planning perspective and build up non-financial assets. To this end, we propose to set aside \$15,000 per each participating child for the provision of relevant training programmes.

*/Mentorship .....*

### *Mentorship Programme*

7. The operating NGOs will identify a personal mentor, who is a volunteer, for each participating child. Mentors will provide guidance to children in drawing up and implementing their personal development plans with specific development targets. These mentors will also be encouraged to share their life experiences with the children and engage the children's parents/guardians in the process. Appropriate training and guidance will be provided to the mentors recruited.

### *Targeted Savings*

8. There will be a savings programme under the CDF to help participating children accumulate financial assets to realise their personal development plans. Under the savings programme, participating children will save for the first two years and then spend the savings in accordance with their personal development plans. In the third year, the operating NGOs will monitor the progress of how the children have achieved their development targets. The savings target for each participating child and his or her family is proposed to be set at \$200 per month during the two-year savings period. Nonetheless, we appreciate that flexibility should be allowed to address the special needs or circumstances of individual children and their families. Hence, we propose that participating children and their families can agree with the operating NGOs to set a lower savings target.

9. To tap community resources to help these children from a disadvantaged background, the operating NGOs will seek partnership from the business sector as well as individual donors (who may include other children from better off families) to provide matching contribution for the resources accumulated by participating children under the savings programme (at least 1:1 matching contribution). In this regard, the Government will promote the CDF to the private sector to encourage sponsorship to NGOs. The Government will also provide special financial incentive (\$3,000) for each participating child upon completion of the two-year savings programme.

10. The operating NGOs, with the assistance of the mentors, will monitor the savings situation of participants. Except for unforeseen circumstances, any participant who fails to save the pre-determined amount on a monthly basis during the first two years will only get back his or her portion of savings (i.e. no matching from the private sector or financial incentive from the Government). The matching contribution from the donors and financial incentive from the Government will be disbursed to the participants through the operating NGOs at the end of the two-year period after the participants have completed the savings programme.

**/Proposed .....**

## **Proposed Mode of Operation of the CDF**

### ***Target Participants***

11. Children aged 10-16 who are receiving Comprehensive Social Security Assistance or full grants from student finance schemes administered by the Student Financial Assistance Agency; or whose household income is less than 75% of the Median Monthly Domestic Household Income<sup>Note</sup> are eligible to participate in the CDF pioneer projects. We consider that priority should be given to children aged 14-16 as some of them may choose to receive vocational training or join the labour market after completing senior secondary education, and there is a more pressing need for them to plan for their future. As such, we propose that children within this age range should constitute no less than 70% of the participants in each pioneer project.

### ***Pioneer Projects***

12. As a start, we suggest implementing the first batch of seven pioneer projects each in the following regions/districts - Hong Kong Island, Kowloon East, Kowloon West, New Territories East, New Territories West, Tin Shui Wai and Tung Chung, with a minimum of 100 children from each region/district. In other words, the seven pioneer projects will involve at least 700 participants and the operating NGOs will be encouraged to take on a greater number of participants if their capacity so allows. These seven pioneer projects represent only the first batch of projects under the CDF. In the light of experience, subsequent batches of projects will be rolled out in future and we may not wait for the completion of the first batch of pioneer projects before launching the second batch. We will also take into account the practical experience in implementing the first batch of projects to see if modifications/improvements to the design or arrangements are required for subsequent batches of projects. With a funding commitment of \$300 million, we estimate that at least 13 600 children will benefit from the CDF, if the proposed model of the first batch of pioneer projects is to be adopted.

### ***Operating NGOs***

13. We propose that the first batch of CDF pioneer projects should be run by experienced NGOs with a good track record on the provision of children and youth services in Hong Kong. The operating NGOs will be responsible for the operation of the projects, including –

- (a) identification and recruitment/solicitation of participating children, suitable mentors and matching contributions;

/(b) .....

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<sup>Note</sup> This requirement also applies to the grant of medical fee waivers by public hospitals.

- (b) provision of training and guidance to participating children, including the use of existing services and programmes, to help them achieve the short-term as well as long-term development targets as set out in their personal development plans;
- (c) provision of training and guidance to the parents/guardians to engage them in the life planning and financial planning for the children;
- (d) provision of training and guidance to the mentors;
- (e) monitoring of the implementation of the savings programmes and the short-term development targets of the children; and
- (f) organisation of regular sharing sessions for participating children, their parents/guardians, mentors and donors, etc.

### ***Implementation and Evaluation***

14. Subject to Members' funding approval, we will invite interested NGOs to submit proposals for implementing the first batch of pioneer projects which are expected to be launched in the latter half of 2008. We will conduct an evaluation of the first batch of the seven pioneer projects, and take into account the results of the evaluation in deciding how the CDF can be further developed into a long-term model to promote the personal development of children from a disadvantaged background.

### **Administration and Monitoring**

15. A steering committee, comprising largely unofficial members, will be set up under the Labour and Welfare Bureau (LWB) to give policy steer to the design as well as oversee and monitor the implementation of the CDF. A dedicated vetting committee, comprising representatives of the LWB and the Social Welfare Department, will be set up to consider service proposals from interested NGOs.

16. We will put in place a framework to monitor closely the implementation of the pioneer projects. The performance of the operating NGOs will be bound by the contract agreements for the pioneer projects. The operating NGOs will also be required to present progress reports to the above steering committee.

**/FINANCIAL .....**

**FINANCIAL IMPLICATIONS**

17. We propose to earmark non-recurrent funding of \$300 million for setting up the CDF. The amount is intended to support the CDF pioneer projects and examine the outcome before deciding on the long-term model suitable for Hong Kong. The actual expenditure to be incurred will depend on the number of participating children as well as whether the design/arrangements need to be modified taking into account the experience of the pioneer projects. Based on the design of the first batch of pioneer projects, we estimate that the cost breakdown is as follows –

<b>Item</b>	<b>\$ million</b>
(a) Special financial incentive (\$3,000 x 13 600)	40.8
(b) Training/programmes for children, their parents/guardians and mentors (\$15,000 x 13 600)	204.0
(c) Administrative cost for operating NGOs (10% of (b))	20.4
(d) Evaluation study	4.0
(e) Monitoring, promotion and publicity	7.5
(f) Contingency	23.3
<b>Total</b>	<b>300.0</b>

18. The total expenditure for the first batch of seven pioneer projects with the participation of 700 children is estimated to be around \$22.6 million, over 90% of which will be spent in the first three years of implementation. As we have to take into account the experience of the seven pioneer projects in rolling out subsequent projects, it is therefore not possible to estimate the cash flow of the Fund at this stage. If Members approve the proposal, we will offset the supplementary provision required for implementing the pioneer projects in 2008-09 by deleting an equivalent amount under Head 106 Miscellaneous Services Subhead 789 Additional commitments. We will include sufficient funds in the Estimates of the subsequent financial years for meeting the cash flow required. We will also report regularly to the Legislative Council (LegCo) Panel on Welfare Services on the progress of implementation of the pioneer projects.

19. The additional workload arising from the setting up of the CDF will be met through internal deployment at the initial stage. We will review the manpower requirement in the light of operational experience.

**PUBLIC CONSULTATION**

20. We consulted the Social Welfare Advisory Committee on 20 December 2007 and the Committee supported the proposal.

21. We briefed the LegCo Panel on Welfare Services on the proposal on 14 January and 14 February 2008. Whilst expressing general support of the funding proposal, Members requested the Government to report to the Panel on the progress of the pioneer projects six months after implementation.

**BACKGROUND**

22. The Financial Secretary announced in the 2007-08 Budget Speech that the Government would earmark \$300 million to set up a CDF to provide children from a disadvantaged background with more development opportunities.

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Labour and Welfare Bureau  
April 2008