

**For discussion on
16 April 2013**

Legislative Council Panel on Welfare Services

Progress and Enhancement Measures of Child Development Fund Projects

Purpose

This paper briefs Members on the latest progress of the Child Development Fund (CDF) projects and the enhancement measures for future batches of such projects.

Background

2. The \$300-million CDF was set up in April 2008. It funds projects which promote the longer-term development of children aged between 10 and 16 from a disadvantaged background¹ and encourage them to develop an asset-building habit, with a view to reducing inter-generational poverty. CDF projects are implemented with the joint efforts of the family, the private sector, the community and the Government. With funding from CDF and the assistance of volunteer mentors, non-governmental organisations (NGOs) organise specially designed projects for the participants, teaching them how to formulate personal development plans (PDPs) and implement them using their own savings, matching donations and Government's special financial incentive. **Annex A** gives the content and mode of operation of CDF projects.

Progress of the First Three Batches of Projects

3. So far, three batches of 40 CDF projects have been rolled out, benefiting over 4 000 children. Commenced in April 2009, the seven projects in the first batch (benefiting 728 participating children) ended in March 2012. The second batch of 15 projects came into operation in October 2010 and will end in September 2013. With the Administration's encouragement, the operating NGOs of these second batch projects have recruited 74 ethnic

¹ Children aged 10 to 16 may participate in CDF projects if:

- (i) their family is receiving Comprehensive Social Security Assistance or full grant under the student finance schemes administered by the Student Financial Assistance Agency, or their household income is less than 75% of the Median Monthly Domestic Household Income; and
- (ii) they have not participated in any CDF project before.

minorities and 53 children with disabilities, among the 1 464 second batch participating children². As for the 18 third batch projects, 16 commenced in January 2012 and two started in April 2012. Among the 2 106 third batch participating children, 35 are ethnic minorities, 60 are children with disabilities and 55 live in cubicle apartments³.

4. Among the 728 and 1 464 participants of the first and second batch participating children, respectively 721 (99.0%) and 1 441 (98.4%) successfully completed the two-year targeted savings programme. Under the guidance of the operating NGOs and the mentors, the participating children would make use of the targeted savings (including their own savings, private sector's matching contribution and the Government's special financial incentive) to implement their PDPs in the third year. At present, the second batch participants are at the stage of putting their PDPs into implementation. Their PDPs are mostly related to education (such as learning a language and joining a study tour), skills enhancement (such as sports training, attending music or computer courses) as well as vocational training (such as attending beauty care and cooking classes). The third batch participants are proceeding with their targeted savings programme.

5. We have commissioned the Hong Kong Polytechnic University (the Consultant) to conduct a longitudinal study to evaluate the first batch projects, and the study was completed in end-2012. The Consultant has reaffirmed contribution of the three key components (i.e. PDP, mentorship programme and targeted savings) to the objectives of CDF. Specifically, the Consultant is of the view that CDF has helped create favourable conditions for participating children to overcome inter-generational poverty. With PDP, participating children have been induced to conduct longer-term planning for their future development. They have higher expectation on their academic performance, have less delinquent behaviour and have exhibited better time management. The mentorship programme has enlarged participating children's social network by giving them exposure to environment and opportunities not provided by their own families. The process of accumulating savings and implementing PDP has prepared participating children for their future personal and career development. The Consultant's report is available at the Labour and Welfare Bureau's website.

² These are end-December 2012 figures.

³ These are end-December 2012 figures.

Enhancement Measures for Future Batches

6. Taking into account the Consultant's recommendations, comments made by members of the Steering Committee on Child Development Fund (SCCDF), and practical experience gained in implementing the first three batches of CDF projects, we intend to take forward a number of enhancement measures for future batches of CDF projects.

Mentorship, Training and PDP Implementation

7. The Consultant considered that mentor training is very important for the development of CDF projects. At present, operating NGOs are required to provide a minimum of four programmes on training and guidance to the mentors in the first two years of a CDF project. Taking into account the Consultant's recommendation, we will require NGOs to add one programme in the third year to help mentors guide their mentees in implementing PDPs. The NGOs are also welcome to provide more training / guidance programmes to the mentors. We will also seek to enhance public awareness of CDF's objectives and the role and contribution of mentors so as to help NGOs recruit and retain mentors. The Administration would also reach out to target groups of mentors from different sectors, such as Government departments, school alumni and corporations. We will also make arrangements to show our appreciation and recognition to the contribution of the mentors.

8. In addition to training for mentors, the Consultant also suggested that training for parents/guardians be strengthened in the third year of CDF projects. At present, NGOs are required to provide a minimum of four training programmes to parents/guardians to help their children conduct life planning and financial planning (i.e. twice a year in the first two years). We will require NGOs to add one programme in the third year to help parents/guardians support their children in implementing PDPs.⁴

9. In light of the above enhanced training requirements for mentors and parents/guardians as well as inflation in the past five years⁵, we will increase the training provision from \$15,000 per participating child by one-third to \$20,000 per participating child.

⁴ NGOs are also required to provide a minimum of ten training programmes to the participating children – four in the first and second years, and two in the third year. This requirement will be retained.

⁵ The rate of change in the Composite Consumer Price Index for January 2013, as compared to that for January 2008 was 18.0%.

Targeted Savings

10. As mentioned in paragraph 4 above, 99.0% and 98.4% of the participating children of the first and second batches respectively successfully completed the two-year targeted savings programme. Most of them saved \$200 per month. Only 35 of them (i.e. 16 and 19 in the first and second batches respectively) had to adjust their savings target to below \$200 per month. Whereas for the third batch, 27 children have adjusted their savings target to below \$200 per month. So far for the three batches, altogether 63 children had encountered temporary financial difficulty and obtained assistance from operating NGOs' emergency funds to meet their monthly savings target. Regarding the use of targeted savings on PDP implementation, the Consultant has reported that only 16.3% of children of the first batch projects captured in its study⁶ used up all the targeted savings in the third year to implement their PDPs.

11. We agree to the Consultant's recommendation that the monthly savings target of \$200, the current matching ratio of at least 1:1 and the two-year time span for savings are appropriate and should be maintained. As suggested by the Consultant, we would nonetheless review the monthly savings target, the matching ratio and amount of special financial incentive as and when necessary.

Resource for Operating NGOs

12. The Consultant pointed out that operating a CDF project is rather labour-intensive. Apart from planning and administering the projects, recruiting mentors and matching donations, NGOs also have to maintain close liaison with the participating children, their parents/guardians and mentors, guide and monitor the implementation of PDPs and ensure timely contribution to targeted savings. The Consultant also considered that resources may be provided to help NGOs acquire appropriate information technology (IT) facilities or software for managing their projects. Additional resources may also be provided to enable them to provide more training to their staff, so as to enhance their understanding of the asset-based model adopted by CDF projects, as well as strengthen their ability in mentor recruitment, training, supervision and guiding the participating children in formulating and implementing their PDPs.

⁶ This covers 332 participants who have responded to the relevant questions of the Consultant.

13. We will increase the administrative fee from \$1,500 by one-third to \$2,000 per participating children. This has taken into account inflation in the past five years, the administrative work required on the part of the NGOs, as well as the need for NGOs to acquire IT facilities and provide training to their staff.

Project Size

14. Noting the Consultant's comment that the first batch's project size of 100-120 children per project was optimal, we consider that each project should offer no less than 100 places. To allow for flexibility and maintain project quality, each new project will be allowed to recruit an extra of up to 15% of participants. Our target is to roll out 20 projects per batch each year. As such, there would be 2 000 – 2 300 new participants joining CDF projects each year.

Other Enhancement Measures for the Operation of CDF Projects

15. Taking into account the Consultant's recommendations and previous experience, we will also introduce a number of enhancement measures with regard to the operational arrangements of CDF projects. They are set out at **Annex B**.

16. For the past three batches, since NGOs could only bid for one project (which lasts for three years) at a time, some SCDF members consider that the lack of certainty of being able to run CDF projects for a longer period have made it difficult for them to plan and commit resources in running CDF projects. In view of this, we are considering to adopt a "one-plus-one approach" for awarding future batches of CDF projects starting from 2014. Under the proposed one-plus-one approach, each selected NGO would be awarded two projects in one go but the award of the second project is subject to the performance of NGOs in implementing the first project. If the NGO's performance is assessed to be satisfactory towards the end of the third year, it could start its second project in the fourth year. With this assurance, NGOs should be able to better plan ahead in terms of its resources allocation. This "one-plus-one approach" would also facilitate NGOs to "roll over" their mentors from the first project to the second one, thus help build up a quality pool of experienced mentors. In the meantime, we will take into account views of NGO and those of the other interested parties in formulating further details of this approach.

Participation of Schools

17. The Consultant has suggested that the role of various entities (including schools) could be strengthened in CDF so as to improve the community's capacity in supporting CDF projects. Some SCCDF members have suggested experimenting a school-based approach in operating CDF projects, given that the schools themselves would naturally be the source of participating children, thus saving the effort in participant recruitment. The schools' alumni could also be a source of mentors. A task force under SCCDF is now exploring the desirability of piloting the school-based approach by inviting a few schools to take up the operation of CDF projects. Such pilots, if pursued, will not affect the number of CDF projects awarded to NGOs each year.

Next Step

18. The Labour and Welfare Bureau and the Social Welfare Department recently met the NGOs on 14 March 2013 to listen to their views on the CDF projects and the above enhancement measures. Their feedback was generally positive. We will implement the enhancement measures set out in paragraphs 7 – 14 and Annex B in the coming fourth batch of CDF projects to be awarded later this year (third quarter of 2013). Taking into account the maximum of 115 participating children per project, the estimated financial implications of each project would be in the order as indicated below –

	Item	Resource Involved
(a)	Special financial incentive (\$3,000 x 115)	\$345,000
(b)	Training/programmes for children, their parents/guardians and mentors (\$20,000 x 115)	\$2,300,000
(c)	Administrative cost for operating NGOs (\$2,000 x 115) (i.e. 10% of (b))	\$230,000
	Total	\$2,875,000

19. The SCCDF will continue exploring how to further enhance the CDF projects, with particular emphasis on ongoing liaison with NGOs, recruitment of mentors, as well as promotion and publicity, etc.

Advice Sought

20. Members are invited to note the content of this paper.

Labour and Welfare Bureau
April 2013

Content and Mode of Operation of the First Three Batches of Child Development Fund (CDF) Projects

CDF provides funds to non-governmental organisations (NGOs) to operate projects which last three years each. All projects have three key components, namely, personal development plan (PDP), mentorship programme and targeted savings. Each participating child is assigned a volunteer personal mentor.

2. In the first two years of the project, the participating children benefit from the friendship and guidance of their mentors. They also attend training programmes organized by the operating NGOs. These training programmes cover topics such as self-awareness, personal development, financial management, etc. The Government has set aside \$15,000 for the provision of relevant training programmes for each participating child. With the help of mentors and the operating NGOs, the participating children formulate PDPs by the end of the second year and set specific short-term and long-term development targets for themselves.

3. Also in the first two years, the participating children take part in a targeted savings programme to save up to \$200 per month. At the same time, the operating NGOs solicit donations of the business sector and individual donors to match the children's savings. In addition, the Government provides a special financial incentive of \$3,000 for each participating child who has completed the targeted savings programme.

4. In the third year of the project, the participating children use the savings (including the matching contribution and the special financial incentive) to implement their PDPs under the guidance and supervision of the operating NGOs and mentors.

Other Proposed Enhancement Measures for Operating CDF Projects

Apart from those set out in the main paper, a number of enhancement measures with regard to the operational arrangements of CDF projects will also be introduced. They are –

- (a) To build in flexibility in the bidding process so as to allow the Social Welfare Department (SWD) to adjust the number of projects in individual districts, having regard to the varying service needs (i.e. the estimated number of eligible children) in each district and the quality of proposals received;
- (b) To review the number and size of projects for each batch as and when necessary;
- (c) To take into account school timetable in considering the schedule of rolling out new batches of projects, so as to minimize disruption to the participants' school work or PDP implementation;
- (d) SWD to continue provide appropriate channels for operating NGOs to share experience among themselves and to communicate with SWD so as to consider further improvement as necessary;
- (e) To continue encourage operating NGOs to recruit children with special needs (i.e. ethnic minorities, children with disabilities or those living in cubicle apartments) in CDF projects, provided that they are capable to do so;
- (f) To encourage NGOs to enable parents and mentors to get access to training materials through appropriate means, in case they were absent from certain training sessions;
- (g) To ensure effective use of targeted savings and implementation of PDP, SWD will improve its guidelines to request operating NGOs to follow up more proactively with participating children who have not spent any targeted savings in the first half of the third year of projects;
- (h) SWD to request operating NGOs to start preparing participants to draw

up their PDP early, i.e. in the first year of CDF project;

- (i) To encourage operating NGOs to provide training to parents on how to help their children take forward / adjust PDP in case of unforeseeable circumstances; and
- (j) To encourage operating NGOs to provide, as far as possible, at least one programme specifically related to the PDP of individual participating children, so as to enhance their understanding of what they are aspiring to.