

**For discussion on
12 January 2015**

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 Child Development Fund (CDF) projects and the enhancement measures for pursuing new projects to be funded under an additional financial commitment of \$300 million pledged by the Chief Executive in his 2014 Policy Address.

CDF Projects: The Progress

Progress: 2008 ó 2013

2. A \$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, private sector, community and Government. With funding from CDF and the assistance of volunteer mentors, project operators organise specially designed three-year projects for the participants, teaching them how to formulate personal development plans (PDPs) and implement PDPs using their own savings, matching donations and Government's special financial incentive. The operators provide training and guidance to the participants, their parents/guardians and mentors throughout the three-year project period to facilitate their

¹ Children aged 10 to 16 may join CDF projects if -

- (a) their families are 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 (MMDHI); and
- (b) they have not participated in any CDF project before.

completion of the project. When CDF projects were first rolled out, the financing model was as follows:

- (a) A training provision of \$15,000 per participant was provided to the operator to provide a minimum of ten training/guidance programmes to the participants and four training/guidance programmes to parents/guardians and mentors respectively;
- (b) An administrative fee of \$1,500 per participant was provided to the operator;
- (c) Each participant would join a targeted savings programme to save a maximum of \$200 per month for two years and such savings would be matched at a ratio of at least 1:1 by private donors; and
- (d) Upon successful completion of the targeted savings programme, the participant would be given a Government special financial incentive of \$3,000 which serves the purpose of recognising the efforts of the participant in building up a savings habit, as well as helping the participant accumulate some financial asset so that he/she could have the resources for implementing his/her PDP.

3. At the meeting of this Panel held on 16 April 2013, Members were briefed on the then progress of CDF. At that time, three batches of altogether 40 CDF projects had been rolled out via non-governmental organisations (NGOs), benefiting over 4 200 children.

4. The Labour and Welfare Bureau (LWB) had commissioned the Hong Kong Polytechnic University (the Consultant) to conduct a longitudinal study on the first batch of CDF projects. The study was completed in end-2012² and we briefed Members of the study findings at the meeting held on 16 April 2013. Briefly, the Consultant was of the view that CDF had helped create favourable conditions for participants to overcome inter-generational poverty. Specifically, participants had been induced, through formulation and implementation of PDPs, to conduct

² The Consultant's report is available at LWB's website.

longer-term planning for their future development. They had higher expectation of their academic performance, less delinquent behaviour and exhibited better time management. The mentorship programme had enlarged the participants' social networks by giving them exposure to environment and opportunities not provided by their own families. The process of accumulating savings and implementing PDP had prepared participants for their future personal and career development.

5. On 16 April 2013, Members were also briefed on a number of enhancement measures for CDF projects which had been introduced by the Steering Committee on Child Development Fund (SCCDF)³, having taking into account the Consultant's recommendations, practical experience in implementing the first three batches of CDF projects and feedback of the operating NGOs and other stakeholders. These measures included:

- (a) increasing the minimum number of training/guidance sessions for both mentors and parents/guardians from four to five and correspondingly increasing the training provision from \$15,000 to \$20,000 per participant (please refer to item (a) of paragraph 2 above); and
- (b) increasing the administrative fee from \$1,500 to \$2,000 per participant (please refer to item (b) of paragraph 2 above).

6. As we briefed Members on 16 April 2013, the SCCDF had agreed to introduce a new "one-plus-one" approach whereby each selected NGO would be awarded two consecutive projects in one go and could proceed to launch the second project without further bidding, subject to its satisfactory performance in implementing the first project. NGOs generally welcome this new approach as they should be able to better plan their resources for six years ahead. This new approach could also facilitate NGOs to "roll over" their mentors from the first project to the second one and build up a quality pool of experienced mentors.

³ The SCCDF is chaired by the Permanent Secretary for Labour and Welfare. It is currently comprised of 12 non-official members coming from different sectors/background, such as welfare services, youth development, academia/education, medical, business and media. The Assistant Director of Social Welfare (Youth & Corrections) (as representative of the Director of Social Welfare) is an ex-officio member.

7. At the 16 April 2013 meeting, we also briefed Members on SCCDF's decision to experiment a school-based approach in implementing CDF projects to extend the reach of CDF projects and strengthen the community's capacity in supporting CDF projects.

Progress since April 2013

8. In January 2014, we rolled out the fourth batch of NGO-run CDF projects⁴. Comprising 21 projects and over 2 200 participants, these fourth batch projects will be completed by the end of 2016. The new 'one-plus-one' approach will be implemented in the case of the upcoming fifth batch, which will include 20 projects to be rolled out in the second quarter of 2015 benefiting 2 000 to 2 300 participants, and another 20 projects to be rolled out in the third quarter of 2018 benefiting another 2 000 to 2 300 participants.

9. In 2014, the CDF rolled out seven school-based pilot projects (including two joint-school projects), covering over 400 children. While these pilots are still at a very early stage (five have been implemented for one year while two have started for nine months), they have generally demonstrated the schools' advantage in identifying and recruiting suitable participants since their students are the natural source of participants. Some schools have made use of their school-based network (e.g. school sponsoring body and alumni) in mentor recruitment. The participants and mentors are participating actively in the training programmes/activities. It is hoped that upon completion of the pilots, the participants' interpersonal skills and social networks would be strengthened, the participants would be able to develop a positive attitude and have their horizon broadened, etc.

Further Enhancement for CDF Projects

10. The SCCDF has recently reviewed the operation of CDF projects, taking into account the past operating experience, comments from the NGOs and schools and other stakeholders, and it has agreed to introduce the following enhancement measures:

⁴ The enhancement measures reported to Members at the 16 April 2013 meeting, except the 'one-plus-one' approach and the school-based pilots, were implemented since the rolling out of the fourth batch projects.

- (a) For school-based pilots, given the initial positive observations as set out in paragraph 9 above, the SCCDF considers it desirable to roll out more school-based pilots in the 2015-16 academic year to further experiment the school-based approach. Preparation is being made for this purpose;
- (b) Noting that each CDF project lasts for three years, that students would be leaving the operating schools after completion of Primary 6 or Secondary 6, and that not many Primary 4 students would have reached 10 years old, members of the SCCDF considered that, to cater for the schools' specific circumstances, the entry age criterion of 10 to 16 years old could be fine-tuned to make students from Primary 4 to Secondary 4 eligible (irrespective of their age)⁵. The entry age range of participants for projects run by NGOs would be kept at 10 to 16⁶;
- (c) Noting that the last round of enhancement measures were implemented in January 2014, the training provision and administrative fee per participant would be increased by 10% each for the first batch of new projects beyond 2015. This would mean a training provision and administrative fee of \$22,000 and \$2,200 respectively; and
- (d) The Government's special financial incentive (as referred to in item (d) of paragraph 2 above) could be adjusted from a fixed amount of \$3,000 to a matching contribution of 1:1 i.e. a maximum of \$4,800 (\$200 x 24 months) per participant. Also, the private sector matching donation will be fixed at 1:1 to the participant's own savings. In other words, the participant's targeted savings will have 1:1:1 tripartite contribution from the participant himself/herself, private sector matching donation and Government's special financial incentive. However, if

⁵ They would also have to subject to the means test as set out in footnote 1 above.

⁶ Given that CDF's target participants generally come from low-income families, children at appropriate age range from families under the upcoming Low-income Working Family Allowance (LIFA) Scheme (of which the income limit will be set at 60% of MMDHI, with other eligibility criteria) would also be covered. This will be implemented upon the launch of the LIFA Scheme for projects operated by both NGOs and schools.

the participant has set a monthly savings target lower than \$125 (meaning a total 24-month contribution below \$3,000), the Government would still provide a fixed amount of \$3,000 special financial incentive upon his/her completion of the targeted savings programme, so that he/she would not be worse off than the participants in previous batches.

11. To enhance public awareness and understanding of CDF projects and their impact, thereby help attract more members of the public, business sector and other community groups to support CDF in mentor recruitment and providing matching donation, a number of publicity activities have been pursued. For example, feature mentor-mentee stories and NGO-business sector partnership have been publicised through the electronic and printed media. To show our appreciation to the mentors and supporting organisations, annual large-scaled ceremony is being held. NGOs, schools and other supporting organisations have also been holding various events to thank their partners and appeal to wider community support. In addition to the training provided by the operators, the Government will also step up our efforts in arranging value-added activities for the participants to help broaden their horizon, enrich their social experience and build up their self-confidence.

Increase in Financial Commitment

12. With the award of the fifth batch projects to NGOs and additional school-based pilots later this year (as referred to in paragraphs 8 and 10(a) above), the original allocation of \$300 million for CDF would be fully committed with no spare resources to fund future projects. In this regard, the Chief Executive announced in his 2014 Policy Address that an additional \$300 million would be earmarked for CDF to ensure its sustainability, thus increasing the total commitment to \$600 million.

13. We estimate that the additional allocation of \$300 million could benefit an additional of 9 700 new participants in the future batches of NGO-run / school-based projects to be launched beyond 2015. Such new batches will apply the enhancement measures set out in paragraph 10 above. Part of the increased financial commitment would be used to apply the same enhancement measures to the second leg of the fifth batch projects, which will be rolled out in the third quarter of 2018 benefiting 2 000 ó 2 300 children (as referred to in paragraph 8 above). The

increase in commitment by \$300 million to \$600 million will be included and reflected in the draft Estimates of 2015-16 financial year.

14. The estimated cost breakdown of the additional commitment is as follows⁷ ó

	Item	\$ million
(a)	Training/programmes for children, their parents/guardians and mentors (\$22,000 x 9 700)	213.4
(b)	Administrative cost for project operators (\$2,200 x 9 700)	21.3
(c)	Special financial incentive (\$4,800 x 9 700)	46.6
(d)	Additional provision for the second leg of the fifth batch projects ⁸ (\$4,000 x 2 300)	9.2
(e)	Promotion, publicity and other administrative expenses	7.0
(f)	Contingency	2.5
	Total	300.0

15. The workload arising from the continuation and enhancement of the CDF will continue to be met through internal deployment of existing resources of LWB and the Social Welfare Department.

⁷ The actual cost breakdown may change and will depend on whether the arrangements and financial provision per participant will be further adjusted, taking into account the development of CDF projects and future circumstances.

⁸ To apply the enhancement measures set out in paragraph 10 to the second leg of the fifth batch projects, the additional provision per participant required would be \$4,000 (i.e. \$2,000 for training + \$200 for administration + \$1,800 for special financial incentive).

Advice Sought

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

Labour and Welfare Bureau
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