

**For discussion on
14 January 2008**

**Legislative Council Panel on Welfare Services
Child Development Fund**

Purpose

This paper briefs Members on our proposal to set up a \$300 million Child Development Fund (CDF) to try out a new model for promoting the longer-term personal development of children from a disadvantaged background.

Justification

Background

2. Inter-generational poverty is one of the major concerns among the disadvantaged families. Having reviewed the existing services and programmes in Hong Kong as well as overseas experience, the then Commission on Poverty recommended that a CDF should be set up in Hong Kong to draw on the resources from the family, the private sector, the community and the Government effectively in support of the longer-term development of children from a disadvantaged background. In the 2007-08 Budget Speech, the Financial Secretary announced that \$300 million would be earmarked for the establishment of the CDF.

Objectives of the CDF

3. The CDF seeks to encourage children from a disadvantaged background to plan for the future and cultivate positive attitudes with a view to reducing inter-generational poverty. It also aims to provide these children with more personal development opportunities. Through formulating and implementing personal development plans, the CDF seeks to encourage these children to develop an asset-building habit and to accumulate financial assets as well as non-financial assets (such as right attitudes and a proper mindset, personal resilience and capacities as well as social networks) which are important assets for their future development.

Key components of the CDF

4. The CDF should have three major 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. The CDF should encourage the use of a more child-focused approach to assist 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) set by participating children and their families. As the aim of the CDF is to promote personal development of participating children with a view to reducing inter-generational poverty, the development targets should be related to capacity enhancement (i.e. education, vocational training or skills enhancement) which could better equip the children for future career and personal development, instead of purely leisure or extra-curricular activities. On-going guidance should be provided to participating children in developing and implementing their personal development plans by their mentors and through the basic training provided/identified by the non-governmental organizations (NGOs) which should include life planning and financial planning skills. At the same time, participants should also be encouraged to participate in community services.

Mentorship Programme

6. A personal mentor, who is a volunteer, will be identified for each participating child. Mentors should provide guidance to children so that they could draw up their personal development plans with development targets. These mentors should preferably also build relationship and share their experience with the children's parents/guardians. Appropriate training and guidance will be provided to the mentors recruited.

Targeted Savings

7. The CDF will encourage participating children to accumulate financial assets to facilitate their future development.

Proposed mode of operation of the CDF

Pioneer projects

8. Before deciding how the \$300 million CDF should be deployed in the long term, we will use part of the allocation to implement pioneer projects on child development. We suggest implementing the first batch of seven pioneer projects in seven 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, at least 700 children will benefit under the pioneer projects. Taking into account the practical experience in implementation of the first batch of projects, modifications/improvements to the design or arrangements can be considered for subsequent batches to be launched in future.

Target Participants

9. Secondary school students aged 12-16 who live in households receiving Comprehensive Social Security Assistance or full grants from the Student Financial Assistance Agency; or those who live in households with income not exceeding 75% of the Median Monthly Domestic Household Income^{Note} are eligible to participate in the CDF pioneer projects. As some senior secondary school students may choose to receive vocational training or join the labour market soon, we propose that priority of the CDF pioneer projects should be given to those between the ages of 14 to 16.

Operating NGOs

10. 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.

11. The operating NGOs are expected to be responsible for the operation of the projects, including:

- (a) the identification and recruitment/solicitation of participating children, suitable mentors and matching contributions;
- (b) the provision of training and guidance to participating

^{Note} This requirement also applies to the grant of medical fee waivers by public hospitals.

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) the provision of training and guidance to the parents/guardians to engage them in the life planning and financial planning for the children;
- (d) the provision of training and guidance to the mentors;
- (e) monitoring the implementation of the savings programmes and the short-term development targets of the children; and
- (f) the organization of regular sharing sessions for participating children, their parents/guardians, mentors and donors etc.

Project proposal

12. For the first batch of pioneer projects, we propose that each child should develop a personal development plan with specific development targets. Participating children would be asked to 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 children's achievement of their targets set.

13. The savings target for participating children and their families is proposed to be set at \$200 per month. But for truly deserving cases, operating NGOs may exercise discretion or make alternative arrangement to facilitate the smooth completion of the savings part of the programme. The operating NGOs should seek partnership from the business sector as well as individual donors (who may include other children from better off families) to provide matching contribution (at least 1:1 matching contribution). In this regard, the Government will promote the CDF to the private sector to encourage sponsorship to NGOs.

14. In addition, the Government will provide special financial incentive (\$3,000) for each participating child upon completion of the two-year savings programme.

15. 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/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.

Monitoring and Evaluation

16. A dedicated vetting committee, comprising representatives of the Labour and Welfare Bureau (LWB) and the Social Welfare Department (SWD), will be set up to consider proposals from interested NGOs.

17. A Steering Committee, comprising largely unofficial members, will be set up under LWB to give policy steer to the design as well as oversee and monitor the implementation of the CDF. Operating NGOs will be invited to make presentations to the Steering Committee.

18. The performance of the operating NGOs in delivering the services will be bound by the contract agreements for the pioneer projects. The operating NGOs will also be required to present progress reports to the Steering Committee.

19. The implementation of the CDF will be closely monitored throughout the process, while the final evaluation of the overall CDF project will be conducted after completion of the first batch of the seven pioneer projects. The results of the evaluation will be taken into account in considering the long-term way forward.

Financial Implications

20. We propose to create a new commitment of \$300 million for setting up the CDF. The actual provision to be used 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 the breakdown of the funding required as

follows -

Item	\$ million
Special financial incentive	40.8
Training/programmes for children, their parents/guardians and mentors	204.0
Administrative cost for operating NGOs	20.4
Evaluation study	4.0
Monitoring, promotion and publicity	7.5
Contingency	<u>23.3</u>
Total	<u>300.0</u>

Public Consultation

21. The Social Welfare Advisory Committee was consulted on 20 December 2007 and supported the proposal.

Way Forward

22. Subject to Members' comments, we plan to submit the proposal to the Finance Committee for consideration at its meeting on 22 February 2008.

Labour and Welfare Bureau
December 2007