

Dedicated Fund Guidance Notes on Application

This set of Guidance Notes serves to facilitate non-governmental organisations (NGOs) operating subvented welfare services to prepare their applications for the Dedicated Fund (DF).

Background

2. The Chief Executive announced in his Policy Address in October 2023 that the Government would set up a dedicated fund of \$500 million to help NGOs meet their development needs for staff training and system enhancement, particularly in enhancing professional knowledge of their staff and strengthening awareness of inter-disciplinary collaboration, as well as encouraging and promoting the application of information technology (IT), etc. This measure is also one of the recommendations put forward in the Review Report on Enhancement of Lump Sum Grant Subvention System¹. The Social Welfare Department (SWD) is responsible for the implementation and management of the DF.

Objective

3. The DF aims to assist NGOs in strengthening staff training and system enhancement, in order to better implement various government welfare policies and provide focused and quality welfare services and support for individuals in need, thereby ensuring the proper use of social welfare resources.

Scope

4. The DF covers the following scope with details set out at **Annex 1**.

(a) Staff Training

(i) Enhancing NGOs' management capacities and professional services

To support NGOs to provide training to enhance their staff's professional knowledge and skills in meeting the needs of different target groups, such as supporting carers and persons in mental recovery, preventing and handling suspected child maltreatment cases, utilising gerontechnology, managing IT, developing supervisory skills, managing crises, and promoting inter-disciplinary collaboration, etc.

(ii) Enhancing understanding of national affairs

To facilitate NGOs to arrange for their staff to participate in national studies programmes (including training on the Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region, i.e. the Hong Kong National Security Law, and the Safeguarding National Security Ordinance) and Mainland exchange tours to enhance their understanding of national affairs (particularly on social welfare services) and the necessity of safeguarding national security.

¹ The Review Report on Enhancement of Lump Sum Grant Subvention System recommended that, where financial conditions permit, the Government should provide subsidy for staff training, business system upgrading (including IT development and non-IT projects) and service studies (Recommendation 2).

(b) System Enhancement

(i) IT projects

To enhance NGOs' management capabilities, facilitate their re-engineering of services / enhancement of service procedures, and improve their service efficiency through the application of IT systems, such as central procurement systems, online registration systems, home care management systems, client information management systems, security risk assessment and audit, etc.

(ii) Non-IT projects

To strengthen NGOs' business management and operations by enhancing non-IT business systems, such as systems for actuarial studies, human resources management, drug dispensing, financial management, etc.

Eligibility

5. NGOs operating subvented welfare services under Lump Sum Grant (LSG) subventions or conventional subvention mode are eligible to apply for the DF. To avoid double subsidy, projects which have received or will receive funding support from other government bureaux / departments (B/Ds) or known funding sources are not eligible for funding support of the DF.

Funding Arrangements

6. Eligible NGOs may apply for the DF under the following three categories -

(a) Agency-based funding

- (i) Agency-based funding is earmarked for every NGO operating subvented welfare services with funding for each NGO capped at 1% of its provisional subventions in 2024-25² or \$500,000, whichever is higher. The funding cap for each NGO is the maximum total amount of funding to be sought from DF during the five-year implementation period from June 2024 to May 2029.
- (ii) The amount of fund to be approved for each NGO is subject to the amount being sought vide the respective NGO's application(s) and the assessment on each project by the SWD.
- (iii) NGOs may include the cost of administrative support³ under the allocation of their funding cap according to their needs. The maximum amount of administrative support for individual NGOs is set at 5% of each approved project sum, or \$500,000, whichever is lower.
- (iv) Unless prior approval from the SWD has been obtained, the maximum period for the implementation of a funded project is three years from the date of approval.
- (v) If an NGO has not applied for DF / has outstanding amount of the agency-based funding by the end of May 2028 (unless otherwise specified) or the applied funding is not approved eventually, the funding earmarked for the respective

2 The provisional subvention allocation to each NGO was specified in the letter of 19 March 2024 issued to NGOs from the SWD under the subject "Social Welfare Subventions for 2024-25".

3 Administrative support includes employing temporary staff and/or hiring outside services for the administration and management of a DF project.

NGO will be reallocated by the SWD.

(b) Specified staff training projects

Funding is reserved for implementing specified staff training projects that align with the Government's policy objectives and the welfare service needs. The SWD will from time to time initiate invitation to NGOs to apply for additional funding to conduct specified staff training programmes / projects as appropriate. Separate announcement will be made according to the launch of the specified staff training projects.

(c) Mainland exchange tours and national studies programmes

- (i) NGOs may apply for funding to arrange for their staff to participate in Mainland exchange tours⁴ and national studies programmes in order to enhance their understanding of national affairs (particularly on social welfare services) and awareness of national security.
- (ii) NGOs may include the cost of administrative support⁵ in the application of the national studies programmes according to their needs. The maximum amount of administrative support for individual NGOs is set at 5% of each approved project sum, or \$500,000, whichever is lower.
- (iii) Unless prior approval from the SWD has been obtained, the maximum period for the implementation of a funded project is three years from the date of approval.

The subsidies for projects mentioned in paragraphs 6(b) and 6(c) above will not be counted towards the agency-based funding provision.

Submission of Application

7. In respect of the projects specified under paragraphs 6(a) and 6(c), each NGO may, unless otherwise announced, base on their individual operation and development needs submit application(s) at any time on or before **31 May 2028**.

8. The SWD will invite NGOs to apply for specific staff training programmes / projects specified under paragraph 6(b). Information on application and relevant requirements will be announced separately and uploaded onto the SWD website when appropriate.

9. NGOs should complete and submit the prescribed **electronic Application Form (Annex 2)**, together with relevant appendices as tabulated below and other required documents through the electronic submission system of the **Service Performance Management Information System**. Each application must include one completed **Annex 2**, and may

4 For Mainland exchange tours, NGOs can either directly arrange their staff to participate in tours organised by the agency(ies) commissioned by the SWD or organise the tour(s) for their staff by themselves. Detailed requirements and arrangements are set out in paragraphs 1.10 – 1.11 of Annex 1 and the “Notes and Requirements for Mainland Exchange Tour” appended to Appendix B1 of the Application Form.

5 For avoidance of doubt, since the cost on administrative support for Mainland exchange tour(s) will be included in the approved subsidy, no additional funding for administrative cost will be provided for Mainland exchange tour(s). For details, please refer to the “Notes and Requirements for Mainland Exchange Tour” appended to Appendix B1 of the Application Form.

include one or multiple completed appendix(ices) depending on the project(s) / programme(s) involved. The Application Form and appendices can also be downloaded from the SWD website.

Application for Agency-based funding [paragraph 6(a)]	Form
Application Form	Annex 2 +
● Staff Training Project	Appendix A1
● IT Project	Appendix A2
● Non-IT Project	Appendix A3
Application for funding for Mainland exchange tours and/or national studies programmes [paragraph 6(c)]	
Application Form	Annex 2 +
● Mainland Exchange Tour	Appendix B1
● National Studies Programme	Appendix B2

Joint Application

10. To achieve synergy, NGOs are encouraged to submit joint applications that fall within the funding scope, especially for IT projects, where NGOs may consider jointly developing common IT systems based on operational needs. The SWD will allocate additional funding to the NGO responsible for coordinating the joint project for meeting administrative expenses. The amount of additional administrative support⁵ will be capped at 3% of the total funding amount for the joint project or \$500,000, whichever is lower.

11. NGOs participating in the joint project should take into account their differences in financial capacity, size, organisational culture etc, before committing to the submission of the joint project. The content as well as terms and conditions of the joint projects should be mutually agreed and well documented among the participating NGOs.

12. The coordinating NGO should act as a contact point and be responsible for liaising with other participating NGOs. For a joint project, the coordinating NGO and each participating NGO should submit their application form (**Annex 2**) while the coordinating NGO should coordinate the submission of one set of relevant appendix(ices). The coordinating NGO should be responsible for submitting subsequent reports and updating of information for the joint project. Senior management of all participating NGOs should monitor the progress of the joint project, contractors' performance and ensure all contractual requirements are met.

Vetting and Assessment

13. The SWD is responsible for vetting and approval of applications for the DF. For applications of IT-projects, the SWD will seek advice from the Joint Committee on Information Technology for the Social Welfare Sector. Since input from other B/Ds, relevant authorities / organisations on applications of non-IT projects may be required, SWD may consult the relevant party(ies) as deemed necessary.

14. Applications will be processed on a first come first served basis. Revision to the application(s) may be required before processing, if the application form is not properly completed. An NGO applicant may be required to provide justifications and/or supplementary information to facilitate vetting of the application. Failure to provide such information within

the specified time frame will render the application unsuccessful.

15. Approval of applications (including the funding amount) depends on individual merits. In assessing an application, due consideration will be given including but not limited to the following factors -

- (a) Objective(s) of the proposed project which seeks to:
 - (i) enhance staff's professional knowledge and skills in meeting the needs of different target groups;
 - (ii) enhance staff's understanding of national affairs and the necessity of safeguarding national security;
 - (iii) enhance NGOs' management capabilities, facilitate their re-engineering of services / enhancement of service procedures, and improve their service efficiency through the application of IT systems; and/or
 - (iv) strengthen NGOs' business management and operations by enhancing non-IT business systems.
- (b) Feasibility of project implementation.
- (c) Cost-effectiveness of the project.
- (d) Evaluation plan of the project.

Notification of Result

16. Under normal circumstance, the applicant NGOs will be notified the result of their applications within one month after the SWD's confirmation that all the required information and documents submitted are in order. For projects which involve input from other B/Ds / organisations / sections on the vetting, IT projects and Mainland exchange tours, depending on their complexity, it may take more than one month for vetting the applications concerned upon receiving all the required information and documents.

Disbursement of Approved Funding

17. Regarding staff training and non-IT projects under the agency-based funding, the approved funds will be allocated to each NGO on a one-off or a yearly basis based on the funding request of the NGO, the vetting assessment and the approved project schedule.

18. For IT projects, the approved funds will be allocated to NGOs on a yearly basis based on their funding request and the approved project schedule. The SWD reserves the right to withhold the funding allocation of the subsequent years for an IT project if the NGO has yet to start or the implementation progress as indicated in the interim report, which has to be submitted at the halfway of the project schedule, is below 30% of the project milestones. Please refer to the following example of payment arrangement for IT projects with duration from 1 to 3 years

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Project duration	1st payment	2nd payment	3rd payment
1-year project	1 st month (upon approval)	/	/
2-year project	1 st month (upon approval)	14 th month (meets the implementation progress as indicated in the interim report submitted in the 13 th month)	/
3-year project	1 st month (upon approval)	13 th month	25 th month (meets the implementation progress as indicated in the interim report submitted in the 19 th month)

19. For Mainland exchange tours and national studies programmes, 70% of the approved funds will be first allocated to the applicant NGO upon approval of the project. The remaining 30% will be disbursed to the applicant NGO upon completion of the project and submission of the respective evaluation report and the required documents. The SWD reserves the right to withdraw all or part of the funding allocation if the project is not implemented as approved.

20. All the approved funds will be allocated to NGOs via their bank accounts for receiving subventions. NGOs should keep the funding allocation in an interest-bearing account with a bank licensed in Hong Kong⁶. The interests form part of the DF and should be disclosed in the relevant note to the NGO's Audited Financial Statements to be submitted to the SWD.

Legal and Other Obligations

21. An NGO allocated with the DF should warrant and undertake that, throughout the continuance of using the DF, it shall comply with all applicable laws, regulations, orders, codes or requirements of any agency or authority of the Government or professional bodies for the purpose of carrying out the projects, including without limitation the Hong Kong National Security Law, the Safeguarding National Security Ordinance, the Prevention of Bribery Ordinance (Cap. 201), the Employment Ordinance (Cap. 57), the Personal Data (Privacy) Ordinance (Cap. 486), the Competition Ordinance (Cap. 619), other legislations, regulations and by-laws.

22. The SWD may immediately terminate the DF allocation upon the occurrence of any of the following events –

- (a) the NGO has engaged or is engaging in acts or activities that are likely to constitute or cause the occurrence of offences endangering national security or which would otherwise be contrary to the interest of national security; or
- (b) the continued engagement of the NGO or the continued implementation of the programmes / project funded by the DF is contrary to the interest of national security; or
- (c) the SWD reasonably believes that any of the events mentioned above is about to occur.

⁶ An interest-bearing Hong Kong dollar account established and maintained with a licensed bank in Hong Kong under the Banking Ordinance (Cap. 155).

23. It is the responsibility of NGOs to ensure that the implementation of the DF projects should comply with the relevant Corruption Prevention and Probity requirements set out in the Lump Sum Grant Subvention Manual.

Procurement

24. NGOs should achieve the best value for money in service procurement to conduct the approved projects. 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 Lump Sum Grant Subvention Manual.

Surplus, Deficit and Return of Funds

25. Revised budget for the approved projects or virement of funds among the approved projects for staff training, IT projects and non-IT projects under the agency-based funding category are allowed. Virement of funds from one project to another should not create any adverse impact on the former project. The NGO concerned should seek prior approval of the SWD by the Updating Form (**Annex 3**) as early as possible.

26. All projects should be completed according to the implementation plans stated in the applications as approved by the SWD. If there are changes such as extension of the implementation period of an approved project or cancellation of an approved project, the NGO concerned should submit the Updating Form (**Annex 3**) to the SWD for prior approval as soon as possible.

27. Any deficits of fund arising from spending in excess of (i) the funding cap of the agency-based funding, or (ii) the approved funds for individual project as set out in paragraphs 6(b) and 6(c) above shall be borne by the NGO concerned. Application for supplementary funds from the DF will not be considered.

28. To facilitate the optimal use of resources and to meet the needs of NGOs, if there are surplus funds accumulated from approved projects, the SWD will advise the NGOs concerned separately on the utilisation of these surplus funds before the close of the application period. Any surplus of the funds disbursed shall be returned to the SWD at the end of the implementation of DF.

29. Any funds used outside the supported scopes without the SWD's prior approval, and any funds in respect of the approved projects that receive double benefits (e.g. from other sources of financial support) shall be returned to the SWD.

30. If an NGO no longer operates subvented welfare services under LSG subventions or conventional subvention mode, its eligibility of DF is deemed to be terminated. The NGO must terminate all the approved projects, complete all the evaluation reports and/or documentation as required, and return all the unspent balance of the approved funds to the SWD as soon as possible.

Evaluation Requirements

31. An NGO receiving DF is required to submit -

- (a) Audited Financial Statements (AFS) of the NGO as a whole with the disclosure on the usage of the DF in the notes to the AFS to account for the fund received, interest earned, expenditure and any unspent balance (by the end of October each year before the completion of the project);
- (b) For IT projects, an Interim Report (**Annex 4A**) half-way of the approved project schedule and an Overall Evaluation Report (**Annex 4B**) within three months after completion of each project; and
- (c) For all staff training and non-IT projects, an Evaluation Report (**Annex 5**) within three months after completion of each project.

32. NGOs should retain their books of account and all other relevant records and information related to the DF for at least seven years after the completion of all projects and made available for inspection by authorised staff of the SWD at all reasonable times. NGOs are obliged to receive staff of the SWD the purpose of monitoring and inspection of the approved projects in different means including without limitation to visits to NGOs, on-site visit to the project activities, inspection of documents and interview with participating staff, which may from time to time be arranged by the SWD.

Sharing of DF Project

33. To promote a sharing culture so as to inspire innovative ideas in project planning and management among NGOs, the 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 different platforms where appropriate. NGOs may also be invited to share their experience in project planning and management.

34. For IT projects, the SWD may request / advise NGOs to provide the design of service-related IT applications, common business modules / logic or Application Programming Interface of their approved projects, for sharing among NGOs.

Display of Designated Logo “Subsidised Service by the Social Welfare Department”

35. To fully reflect the Government’s commitment to provide / support welfare service by the DF and facilitate the public to identify the projects funded by the DF, NGOs are requested to display a designated logo through different means as follows –

- (a) display the designated logo on publicity materials, including but not limited to service pamphlets, posters, banners, websites, newspapers, television and social media where applicable, when introducing and/or promoting projects funded by the DF;
- (b) include the designated logo in annual reports, newsletters, publications etc. to indicate the projects are funded by the DF; and
- (c) display the designated logo in any other forms as advised or approved by the SWD.