

**Guidelines for Grants to Non-government Organizations from
The Trust Fund in Support of Reconstruction
In the Sichuan Earthquake Stricken Areas**

Content

1. Preamble
2. Scope, Scale and Duration of Funded Projects
3. Eligibility
4. Application Procedures
5. Submission of Application
6. Date for Submission
7. Assessment of Projects
8. Assessment Criteria
9. Notification of Results
10. Withdrawal
11. Release of Funds
12. Books of Accounts and Records
13. Project Bank Account and Interest
14. Residual Funds
15. Project Monitoring, Regular Progress Reports and Final Evaluation Report
16. Audited Statement of Accounts
17. Tendering, Procurement and Employment of Additional Staff
18. Acknowledgement of Grant and Name-after Arrangements

19. Use of Information and Data

20. Notes about Personal Data

21. Enquiries

Note: The contents of this Guide will be reviewed and updated in the light of actual experience. Subsequent amendments will be promulgated via the Hong Kong Government website on <http://www.gov.hk>.

Guidelines for Grants to Non-government Organisations from The Trust Fund in Support of Reconstruction In the Sichuan Earthquake Stricken Areas

1 Preamble

- 1.1 A massive earthquake that measured 8.0 on the Richter scale struck Weichuan Prefecture of Sichuan Province on 12 May 2008, causing devastating and extensive damage in Sichuan, the earthquake's epicenter, and the neighbouring areas. Thousands of people died in the disaster and Sichuan was particularly hard hit. Post-quake reconstruction is an urgent and colossal task, and assistance from all sides is needed. In view of this, the Hong Kong Special Administrative Region Government (HKSARG) set up the "Trust Fund in Support of Reconstruction in the Sichuan Earthquake Stricken Areas" (the Fund), under a trust deed with the Secretary for Home Affairs Incorporated (SHAI) as the Trustee (the Trustee) in accordance with the Secretary for Home Affairs Incorporation Ordinance (Cap. 1044, laws of Hong Kong) (the Ordinance). This helps coordinate efforts from HKSARG and members of the public to take forward reconstruction support work in the Sichuan earthquake stricken areas under the principle of "One Country, Two Systems", and the overall reconstruction plan of the Mainland. The Fund's source of funding is mainly from funding injection as approved by the Legislative Council and public donation.
- 1.2 To oversee and coordinate HKSARG's overall reconstruction support work, the "Steering Committee on the Hong Kong Special Administrative Region's Support for Reconstruction in the Sichuan Earthquake Stricken Areas" (the Steering Committee) chaired by the Chief Secretary for Administration has been formed. Five working groups dedicated to specific areas of work and providing advice to the Steering Committee have been set up under the Steering Committee, namely the Working Group on Reconstruction Works led by the Development Bureau, Working Group on Medical Health and Rehabilitation Services led by the Food and Health Bureau, Working Group on Home Affairs led by the Home Affairs Bureau, Working Group on Social Work led by the Labour and Welfare Bureau, and the Working Group on Education and Training led by the Education Bureau.
- 1.3 After discussion between the Sichuan Provincial Government and the HKSARG, the Sichuan Government agreed that for those HKSAR Non-government

organizations (NGOs) intending to apply for grants from the Fund to take forward reconstruction work in the Sichuan stricken areas, they are required to form partnership with a government department or organization in Sichuan approved by the Sichuan Provincial Government, and consent should be obtained from the relevant Sichuan government department for the reconstruction projects to ensure that the projects can tie in with the overall planning and needs of the stricken areas.

2 Scope, Scale and Duration of Funded Projects

2.1 To complement the overall national planning of post-quake reconstruction, the Fund will focus on providing funding support for the stricken areas in Sichuan, the most hard-hit area of the Sichuan Wenchuan earthquake. The proposed beneficiaries of the projects under application should be located mainly in the Sichuan stricken areas.

2.2 Proposed reconstruction work should be on a project basis. The proposed project may be in the form of hardware or software, or a combination of both. The former includes reconstruction of community facilities, and the latter includes support services such as medical and rehabilitation services and professional training.

2.3 In order to accommodate more applicants, the general financial limit of the first round applications is set at **HK\$10 million** per project. However, the Steering Committee may consider application of grant for over HK\$10 million, having regard to the special circumstances of individual cases.

2.4 To tie in with the national overall reconstruction planning, in normal circumstances, the proposed project should be completed within 36 months after approval of grant.

3 Eligibility

3.1 The applicant should be a non-profit-making organisation legally incorporated in Hong Kong with charitable status under section 88 of the Inland Revenue Ordinance (Cap. 112, Laws of Hong Kong).

3.2 The applicant is required to form partnership with a government department or organization in Sichuan approved by the Sichuan Provincial Government, and consent should be obtained from the relevant Sichuan government department for the reconstruction projects to ensure that the projects tie in with the overall planning

and needs of the stricken areas. The responsible coordination authority of Sichuan Provincial Government is the Hong Kong and Macao Affairs Office of the People's Government of the Sichuan Province (the Sichuan HKMAO). The Applicant may submit its application after obtaining the consent of the Sichuan HKMAO.

- 3.3 The applicant should have the capabilities and abilities to take forward the proposed project.

4 Application Procedures

- 4.1 Application should be made to the Secretariat of the Fund (the Secretariat) in the prescribed application form. The application form can be obtained from the Secretariat or the Public Services Enquiry Centres of the District Offices, or downloaded from the Hong Kong Government website (<http://www.gov.hk>).

- 4.2 An applicant wishing to apply for grant for more than one project should complete one application form for each project. Each and every application will be processed individually. In case there is any connection between different proposed projects by the same applicant, and that a particular project cannot start unless and until another project has obtained the Fund's approval, such connection should be declared in the application forms of the related projects.

- 4.3 For joint applications involving two or more organizations, the relevant organizations should state clearly their respective roles and responsibilities, and agree among themselves one representing organization as the principal applicant.

- 4.4 Save as provided in paragraph 4.5 below, failure to comply with the basic requirements in paragraph 3 above will result in the application being put aside until the applicant is able to provide further information/proofs to the effect that it has complied with the basic requirements. In case the assessment process has started and it is not possible to further process the application in question, the application will be processed in the next round of application, and there is no need for the applicant to apply again.

- 4.5 In cases where the applicant fails to comply with the requirement stated in paragraph 3.1 above but have documents attached proving that application for recognition as an approved charitable institution or trust is being made, its

application will still be processed. However, the application process will be deemed to be complete only after it has formally obtained the status.

- 4.6 An applicant may be asked to provide further information or supporting documents after the Secretariat has received its application.

5 Submission of Application

- 5.1 The following documents should be sent by hand or by post as soon as possible to the Secretariat (Address: Home Affairs Bureau, 31st floor, Southorn Centre, 130 Hennessy Road, Wan Chai , Hong Kong) :

- (a) the original plus two copies of the duly completed application form;
- (b) a disk copy or CD-ROM containing the soft copies of the duly completed application form;
- (c) copies of relevant company/corporation registration documents;
- (d) proofs of registration as a charitable organisation (see paragraph 3.1 above);
- (e) copies of the endorsement/approval documents from the Sichuan Provincial Government (see paragraph 3.2); and
- (f) supplementary information of the application, if any.

6 Date for Submission

- 6.1 The first round of invitation for application will start on 13 October 2008. The Steering Committee aims to carry out assessment of the applications received in the first round by end November 2008. Applications not submitted in time for assessment in the first round will be processed in the next round, and there is no need for the applicant to apply again.

7 Assessment of Projects

- 7.1 Relevant policy bureaux leading the five working groups under the Steering Committee will conduct initial assessment of projects under their respective

purview having regard to the nature of the individual projects, and consult the relevant working group(s). The Steering Committee will make recommendations on the application to the Trustee.

7.2 To facilitate the assessment work, the applicant may be invited to give presentations of its proposal(s) to the Steering Committee or its working groups.

8 Assessment Criteria

8.1 The assessment criteria include :

- (a) Whether the proposed project can tie in with the overall reconstruction planning, the needs of the stricken area in Sichuan, and the overall direction and priorities regarding HKSAR's reconstruction support work in the Sichuan stricken area.
- (b) Whether the project is technically viable;
- (c) Whether the project is financially viable (including the sources and use of funds other than those from the Fund, and the operational and recurrent expenditure arrangements during and after the implementation of the project (if applicable)); and
- (d) The objectives, main services provided, sources of fund, organisation, management and track record of the applicant.

9 Notification of Results

9.1 Upon completion of the assessment work, the Secretariat will inform the Applicants of the results as soon as possible.

9.2 The Secretariat will inform the applicant of the sum granted, and the terms and conditions of grant once its application is approved. With reasons, the Fund may withdraw any approvals already granted, and the organizations receiving grant are not entitled to any compensation.

9.3 The Fund is not obliged to accept any application. The Fund has the right to make public the outcome of the application and the names of the successful applicant(s)

without first seeking prior consent from the successful applicant(s) or other applicant(s). The applicant should not consider its application successful without a written notification from the Secretariat to this effect.

10 Withdrawal

10.1 Any applicant may write to the Secretariat to withdraw its application any time before confirming funding arrangements with the Fund.

11 Release of Funds

11.1 For projects not fully funded by the Fund, the applicant should exhaust its other sources of fund declared before using the grants from the Fund.

11.2 In case the project is a capital works project, funds will be released in the following manner :

- (a) The successful applicant shall submit a milestone timetable, as well as a proposed timetable of cash-flow requirement. Except for projects of a special nature, the milestones will generally be divided into four phases, namely completion of foundation, completion of 50% of the superstructure, completion of the superstructure, as well as completion of building services, internal fitting and any other remaining works.
- (b) The Trustee will, in accordance with the approved milestone and cash-flow requirement timetable, transfer funds to the successful applicant's designated bank account in Hong Kong, or designated bank account in the Mainland via the dedicated account set up by the Sichuan Provincial Government.
- (c) The first installment shall be released in the form of advance payment to the applicant in accordance with the estimates for the first milestone, and in the manner as stated in paragraph 11.2(b) above. After completion of the first milestone, the applicant shall submit a report by an independent certification entity to the Secretariat to confirm the completion of the works completed. Upon the Secretariat's confirmation of agreement, the Trustee will arrange release of funds for the second milestone installment in advance to the applicant in the same manner as stated in paragraph 11.2(b) above.

- 11.3 For non-works projects, funds will be released in the following manner :
- (a) The successful applicant shall submit a proposed timetable of cash-flow requirement.
 - (b) In normal circumstances, the Trustee will, in accordance with the approved cash-flow timetable, transfer funds to the successful applicant's designated bank account in Hong Kong, or designated bank account in the Mainland via the dedicated account set up by the Sichuan Provincial Government.
- 11.4 As a general rule, for funded capital works projects, not more than 1% of the construction costs may be used for indirect expenses or other administration expenses.
- 11.5 For funded non-works projects, in general, a maximum of 5% of the sum granted may be used for day-to-day operational and administration costs related to the implementation of the proposed project, such as office rental, electricity, and personal emolument and related allowance of dedicated administrative staff during the project's implementation. This does not include expenditures unrelated to day-to-day operational and administration costs, such as accommodation and transportation costs for volunteers (Note: these items of expenditures should be recorded as a separate entry in the overall project estimates).
- 11.6 Any overrun of the original estimates for whatever reason(s) shall be borne by the applicant with its own resources. As a general rule, the Fund will not grant additional funding to make up the shortfall.
- 11.7 If the successful applicant fails to commence and implement the approved project without any reasonable explanation, the Trustee reserves the right to terminate the grant and seek full repayment of the moneys already transferred to the successful applicant.

12 Books of Accounts and Records

- 12.1 The successful applicant should maintain separate proper books of accounts and records for each and every project. The books of accounts and records of the project will need to be kept for inspection, and may only be destroyed seven years after the end of the financial year in which the entry occurred.

13 Project Bank Account and Interest

- 13.1 The successful applicant should keep a separate interest-bearing account with a bank licensed in Hong Kong for any unused funds. All interest accrued should be ploughed back into the project. For funds transferred to designated Mainland bank account via the dedicated account set up by the Sichuan Provincial Government, the accounting arrangements should comply with the relevant rules and regulations of the Sichuan Provincial Government. Any interest accrued should also be ploughed back into the project.
- 13.2 Under no circumstances shall the interest accrued be used for purposes outside the project.

14 Residual Funds

- 14.1 Funds granted by the Fund unspent upon completion of the project shall be returned to the Fund within one month of the completion of the project, or disposed of in such manner as directed by the Secretariat.

15 Project Monitoring, Regular Progress Reports and Final Evaluation Report

- 15.1 The successful applicant will be required to submit the following reports on the project:
- (a) Upon confirmation of acceptance of grant, within 15 days following the end of each quarter, the successful applicant shall submit a quarterly progress report to report progress of the preceding quarter.
 - (b) In addition, for works projects, the successful applicant shall also submit milestone progress reports in accordance with the arrangements as stated in paragraph 11.2 (c) above.
 - (c) Annual reports (including annual audited accounting statements) shall be submitted within two months following the end of the accounting period.
 - (d) Final evaluation report (including the final audited accounts) shall be submitted within two months following completion of the project.

- 15.2 For the annual reports and the final evaluation report, they should contain audited accounts and the Auditor's Reports. If the successful applicant fails to submit reports in accordance with paragraphs 15.1(a), (b), (c) and (d) above, or submit report(s) containing insufficient, incomplete or false information, the Trustee reserves the rights to terminate the grant and seek full repayment of the moneys already granted to the successful applicant.
- 15.3 The successful applicant shall provide any necessary information required by the Secretariat or relevant government bureaux/departments for the purpose of project monitoring. The Secretariat and relevant government bureaux/departments, and their entrusted professional agencies/personnel may conduct project inspection work on a regular or ad hoc basis to check on the progress, quantity and quality of the materials used, as well as the use of the granted funds. During the course of the monitoring work, the Secretariat or relevant government bureaux/departments may need to liaise directly with the successful applicants.
- 15.4 On top of the requirements as set out in paragraphs 15.1 to 15.3 above, the successful applicant shall comply with any other guidelines and procedures as specified by the Fund.

16 Audited Statement of Accounts

- 16.1 The successful applicant is required to submit annual audited accounts. Audited accounts up to the end of the funding period should also be submitted. The accounts must contain the Auditor's Report (including an assurance that the funding was spent in accordance with the conditions of grant), Balance Sheet, Income and Expenditure Statement, Cash Flow Statement and Notes to Account. All such accounts must have been audited by an independent certified public accountant registered under section 22 of the Professional Accounts Ordinance (Cap. 50, Laws of Hong Kong). The form and content of the auditor's report should be in line with Hong Kong Standards on Auditing 700 issued by the Hong Kong Institute of Certified Public Accountants.
- 16.2 Audited accounts should be submitted within two months following the end of the accounting period, and the final audited statement of the project should be submitted no later than two months following the completion/termination of the project.

16.3 The fees charged by auditor(s) engaged by the applicant may be reimbursed as indirect expenses in the project estimates. The related charges should be included in the project estimates.

17 Tendering, Procurement and Employment of Additional Staff

17.1 The applicant should follow the relevant legislation, regulations and institutional procedures of the Mainland in conducting tendering in the Mainland, and may call for contracting enterprises with a higher level of qualification to ensure that the successful contractor has the requisite capability and quality to complete the project.

17.2 The successful applicants should exercise utmost prudence and care in procuring equipment, goods or services in relation to the project. They should ensure that all purchases of the equipment, goods or services of any value in relation to the project are made on an open and competitive basis, and only from those suppliers who are not their associates or associated persons, unless otherwise approved in writing by the Secretariat, in order to ensure openness, fairness and value for money.

17.3 All quotations and tendering documents in relation to the project should be kept for inspection by the Secretariat for at least seven years after completion of the project.

17.4 For additional staff to be employed for the project, the principles of openness, fairness and competitiveness should be strictly observed during the recruitment process and the employment terms should comply with any relevant legislation and regulations in HKSAR and the Mainland (for recruitment made in the Mainland).

17.5 Including but not limited to procurement and recruitment, the successful applicant should prevent any possible conflict of interest.

17.6 It is the responsibility of the successful applicant to ensure that its management and staff conform with the requirements of the Prevention of Bribery Ordinance (Cap. 201, Laws of Hong Kong).

18 Acknowledgement of Grant and Name-after arrangements

18.1 The successful applicant is required to make acknowledgement of the financial support it receives from the Fund to the general public and the Sichuan Provincial Government.

18.2 If an applicant wants to specify the name of a project after a particular donor/funding organization, irrespective of whether this takes place during the application stage, implementation stage or upon completion, prior approval from the Trustee and the Sichuan Provincial Government is required. In general, the donor/funding organization is expected to contribute a certain amount to the approved parts of the project as agreed by the Trustee.

19 Use of Information and Data

19.1 The Trustee and the HKSARG has the right to make use of/disclose information provided in the application form (as well as related information) as necessary for the purposes of assessing the proposal, reporting progress to the Legislative Council, working with monitoring authorities in the Mainland for project management purposes, conducting research, and sharing with other parties concerned.

20 Notes about Personal Data

20.1 The personal data provided by means of this application form will be used by the relevant departments of HKSARG, the Steering Committee and its working groups to process the application and any other directly related purposes. The provision of personal data by means of this form is voluntary.

20.2 The Secretariat may disclose to other relevant government bureaux, departments, or other authorized organizations personal data which the applicant provided for the application of grant for the purposes mentioned in paragraph 20.1 above.

20.3 The applicant has a right of access and correction with respect to personal data as provided for in Sections 18 and 22, and Principle 6 of Schedule 1 of the Personal Data (Privacy) Ordinance (Cap. 486, Laws of Hong Kong). The right of access includes the right to obtain a copy of the personal data provided in the application form. In addition, the applicant has the right to request for correction of the personal data provided.

21 Enquiries

21.1 Enquiries about the application and other matters should be addressed to the Constitutional and Mainland Affairs Bureau :

Address: Constitutional and Mainland Affairs Bureau, 3rd Floor, Central
Government Offices, Lower Albert Road, Hong Kong

E-mail: ecmlau@cmab.gov.hk

Telephone: 2810 2197

Home Affairs Bureau
Constitutional and Mainland Affairs Bureau
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