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Enhancing  
Self-Reliance

## Guide to Enhancing Self-Reliance Through District Partnership Programme

*“Bringing together various sectors of the community,  
through diverse and remarkable models,  
empowering socially disadvantaged groups”*

Secretariat to Enhancing Self-Reliance  
Through District Partnership Programme  
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## **I. ESR Programme**

1.1 The Enhancing Self-Reliance Through District Partnership Programme (the “ESR Programme”) was first established in 2006 in response to an initiative of the former Commission on Poverty (CoP) to reinforce its work in preventing and alleviating poverty.

### **1.2 Objectives of ESR Programme**

The ESR Programme seeks to promote sustainable poverty prevention and alleviation efforts at the district level that help enhance self-reliance, targeting socially disadvantaged groups, by providing seed grants for eligible organisations to set up social enterprises(the “SEs”). Instead of providing welfare or short-term relief, the ESR Programme aims at increasing the skills and capacities of the socially disadvantaged, providing them opportunities to upgrade themselves and enabling them to be effectively integrated into the community.

1.3 The ESR Programme serves as a funding scheme enabling the plurality of SEs with diverse social objectives, plurality of business models and diverse services/products, targeting at socially disadvantaged groups. That said, it seeks to avoid duplication and competition with other government funding schemes which also support the development of SEs in other context, as far as possible.

1.4 The ESR Programme is administered by a Secretariat (ESR Secretariat) under the Home Affairs Department of the HKSAR Government (the “Government”) which will decide at its sole and absolute discretion whether to approve the applications and disburse funds to approved SE projects having considered the recommendations of the ESR Advisory Committee (the “ESRAC”).

### **1.5 ESR Advisory Committee**

The ESRAC comprising both non-official members from different sectors and representatives from relevant Government Bureaux/Departments, is appointed by the Permanent Secretary for Home Affairs to –

- (a) examine and recommend applications for funding;
- (b) monitor and evaluate the effectiveness of funded projects; and
- (c) advise the Permanent Secretary for Home Affairs on all matters related to the administration of the ESR Programme.

## **II. SEs Funded under ESR Programme**

### **2.1 Funded SEs**

In order to meet the objectives of the ESR Programme, the SE projects funded by the ESR Programme are expected –

- (a) to achieve the social objectives of helping enhance the self-reliance of socially disadvantaged groups and their integration into the community by-
  - (i) creation of job opportunities upgrading their skills and capacities; and/or
  - (ii) provision of products and /or services to meet their specific needs;

#### **AND**

- (b) to become commercially sustainable following the expiry of ESR funding.

### **2.2 Socially Disadvantaged Groups**

For the purpose of the ESR Programme, the socially disadvantaged groups generally refer to those whose access to employment opportunities is limited because of their identity as members of certain social groups. These social groups mainly include –

- (a) under-privileged women (e.g. women who are low-skilled, low-educated, or required to take care family members);
- (b) unengaged youth (including the youth-at-risk);
- (c) unemployed;
- (d) low-skilled / low-educated;
- (e) middle-aged who fail to adapt to the changes of the job market;
- (f) low-income people (e.g. CSSA recipients);
- (g) ex-offenders / rehabilitated drug abusers;
- (h) new arrivals;
- (i) single parents;
- (j) ethnic minorities;
- (k) elderly; and
- (l) people with disabilities.

## 2.3 Start-up and Expansion Projects

Over the last decade, we witnessed the emergence of SEs with proven success. Given that the impressively performed SEs have generated good social impacts, it is beneficial to duplicate or further develop these successful cases to generate additional positive effects to the community. The ESR Programme sees merit to encourage more successful SEs to expand to multiply success for the benefits of the socially disadvantaged. Apart from provision of seed money for setting up new SEs, the ESR Programme extends funding support to SEs with promising expansion potential, no matter whether previously funded by the ESR Programme, to expand business by enlarging the scale of their initial operations or opening additional business units which may be a new geographical unit, or of a new line of products or services, with a view to creating additional social benefits.

### **III. Application**

#### **3.1 Eligibility**

3.1.1 The applicant should be a bona fide non-profit-making organisation which should be –

- (a) a statutory organisation or an organisation registered under the laws of the Hong Kong Special Administrative Region (e.g. the Companies Ordinance (Cap. 622), the Societies Ordinance (Cap. 151), etc.);

#### **AND**

- (b) a charitable institution or trust of a public character, which is tax-exempt under section 88 of the Inland Revenue Ordinance (Cap. 112) (i.e. section 88 organisations).

#### **3.1.2 Pilot Scheme for Non-section 88 Organisations**

Under the “**Pilot Scheme for Non-section 88 Organisations**”, we extend the eligibility to accept **applications from** applicants who are **not tax-exempt under section 88 of the Inland Revenue Ordinance but**

**should be non-profit-making organization or social enterprise.**

They should –

- (a) be organisations or limited companies registered under the laws of the Hong Kong Special Administrative Region; and
- (b)
  - (i) have non-profit-making undertakings for at least one year; or
  - (ii) have experience in running social enterprises (can be in the form of prototype) for at least one year.

Details of the Pilot Scheme for Non-section 88 Organisations are in **Appendix A**.

3.1.3 We welcome cross-sector collaboration and accept joint applications involving more than one organisation. In this case, there should be clear accountability arrangements, with one of the applicants designated as the principal applicant.

3.1.4 The following applications will not be considered –

- (a) Applications submitted by individuals in their personal capacity; and
- (b) Applications submitted by the HKSAR Government (including bureaux, departments etc.).

## **3.2 Application Procedures**

3.2.1 Applications should be made on the prescribed form of the ESR Programme which can be downloaded from the ESR Programme homepage (<http://www.esr.gov.hk>).

3.2.2 All sections of the application form must be completed with all the supporting documents as stated on the covering page of the application form under “Checklist of Documents Required for Submitting Applications”, wherever required; otherwise, the submitted application may not be further processed. The application form must be typed or printed.

3.2.3 An application should contain the following information (for details, please refer to the application form) –

- (a) Name and background of the applicant organisation, and documentary proof of eligibility to apply;
- (b) Details of other co-organizing/assisting/supporting/sponsoring bodies for the proposed project;
- (c) Project objectives;
- (d) Method of implementation;
- (e) Work plan and timetable;
- (f) Expected benefits/achievements of the project, with proposed performance measurement and milestones in quantifiable terms;
- (g) Budget of the project;
- (h) Cash flow projection per year throughout the funding period; and
- (i) Other relevant information in support of the application.

3.2.4 Applicants should submit the duly completed application form together with the required supporting documents to –

(a) **By Post / By Hand**

The Secretariat to the Enhancing Self-Reliance Through  
District Partnership Programme  
Home Affairs Department,  
31/F, Southorn Centre,  
130 Hennessy Road, Wanchai, Hong Kong; or

(b) **By Email**

Please send the soft copy of the required documents (including application form, relevant documentary proof and supplementary information) as attachment to the following email address:

esr\_secretariat@had.gov.hk

3.2.5 **Enquiries from potential applicants**



Potential applicants who would like to know more about the objectives and requirements of the ESR Programme may contact the ESR Secretariat for enquiries and assistance –

Email Address: [esr\\_secretariat@had.gov.hk](mailto:esr_secretariat@had.gov.hk)

Enquiry Tel. No.: 2835 1383

### **3.3 Deadline for Submission**

The ESR Programme is open to application all year round, but deadlines are set roughly on a half-yearly basis to enable the processing of applications in batches. For the closing date of applications, please make reference to the information contained in the homepage of the ESR Programme.

### **3.4 Notification of Results**

Under normal circumstances, applicants will be notified of the decision on the applications within three months after they have attended assessment meetings to present the project proposal or within three months after the ESR Secretariat has received all relevant information of an application, whichever is later. The above decision is final.

### **3.5 Withdrawal**

An applicant who would like to withdraw an application should write to the ESR Secretariat at any time before an agreement is signed between the Government and the applicant.

### **3.6 Re-submission**

A declined application may be re-submitted only if it has been revised substantially or if it has been able to produce new evidence to address the comments made by the ESRAC and/or its Assessment Panels on the project proposal. A re-submitted application will be treated as a new application and will be subject to the same assessment procedures.

## **IV. Assessment of Application Proposals**

### **4.1 Application Assessment**

- 4.1.1 The ESR Secretariat will first conduct a preliminary screening of all applications and, if necessary, seek clarification or supplementary information from the applicant.
- 4.1.2 The ESRAC will examine and recommend applications for funding of the ESR Programme. The applicant may be required to attend interview(s) to present its project proposals in front of ESRAC member(s)/ESR Secretariat.
- 4.1.3 Application which has failed to provide all the required information will be considered as an invalid application and may not be further processed.

### **4.2 Vetting Criteria**

- 4.2.1 All applications are required to meet the objectives and requirements of the ESR Programme. In assessing applications, we normally consider the following factors including, but not limited to-
  - (a) Nature and extent of social missions/impacts to be achieved;
  - (b) Business viability;
  - (c) Commercial sustainability following the expiry of the funding provided by the ESR Programme;
  - (d) Capability to pursue the social missions/impacts and implement the project proposal;
  - (e) Technical and management capabilities and resourcefulness of the applicant;
  - (f) Commitment of the applicant to the proposed project; and
  - (g) Reasonableness and viability of implementation plan.

That said, each application will be considered on its individual merits.

- 4.2.2 Services or programmes or SEs that are currently receiving funding or will receive funding from other government funding schemes would normally **not** be supported.

[Note :

The Enhancing Employment of People with Disabilities through Small Enterprise Project (3E Project) of the Social Welfare Department provides funding to non-profit-making organisations for setting up business to create job opportunities for persons with disabilities. Projects which aim at employing at least 50% of the workforce from people with disabilities are encouraged to submit applications under the 3E Project.

The Social Innovation and Entrepreneurship Development Fund (SIE Fund) of the Efficiency Unit, amongst others, aims at promoting innovation to help tackle poverty and social exclusion in the community. One of its priorities is the development of Innovative Projects in all different stages (i.e. idea generation, prototype, start-up and scale-up). As SIE Fund highlights social innovation and poverty alleviation, projects which emphasize much on the use of social innovation to solve the poverty issues in a boarder perspective, especially those are of prototype nature, are encouraged to submit application under the SIE Fund.]

- 4.2.3 Priority may be accorded to projects featuring the following characteristics but not limited to –
- (a) ***Strengths of socially disadvantaged*** : the projects can identify and capitalize on the strengths of the target socially disadvantaged groups in the course of carrying out the SE business.
  - (b) ***Significant social impacts*** : the projects will benefit the socially disadvantaged to a great extent, such as provision of a mechanism to assist the employed socially disadvantaged to move into the open labour market to benefit as many people as possible, or provision of an advancement ladder for the socially disadvantaged employees.
  - (c) ***Cross-sector partnerships*** : the projects will involve collaboration

among different sectors such as private sector, organisations at district levels, professional bodies.

- (d) ***District-based approach*** : the projects will adopt district-based approach such as involving collaboration with local organisations, deployment of social capitals (e.g. local resources, network).
- (e) ***Synergy among SEs*** : the projects will involve collaboration and cross-overs among SEs, such as procurement of products / services provided by SEs in the course of carrying out the business of the proposed projects; hence creating synergy and championing development of SEs as a whole.
- (f) ***Added value*** : the projects will create social values and generate positive social impacts in addition to provision of job opportunities and products/services to socially disadvantaged groups. For example, enhancing the well-being of the socially disadvantaged, or encouraging social inclusion.

Applications, whether or not with the above characteristics, will continue to be vetted on the basis of individual merits and on whether they can meet the ESR Programme's objectives and requirements.

## V. Scope of Funding

### 5.1 Form of Funding Support and Coverage

5.1.1 Funding support is normally in the form of a grant to be disbursed at regular intervals, which may be used for –

- (a) necessary **initial capital expenditure** (e.g. equipment, fitting-out works); and
- (b) necessary **operating expenditure** for a **maximum period of three years** (e.g. staff costs) of the approved project.

5.1.2 Successful applicants have to sign an agreement (the “Agreement”) with

the Government for the approved project which will set out the terms for which the funding will be provided. Only expenditures directly incurred for the project during the initial three years after the commencement of the Agreement (the “Funding Period”) and approved items as listed in the Approved Budget of the Agreement for implementing the project, can be charged to the grant unless with justifiable reasons provided to and endorsed by the Government.

- 5.1.3 Unless with the written approval of the Government, virement of funds between the grant for capital expenditure and operating expenditure is **not** allowed.
- 5.1.4 Normally, a central administration overhead of no more than 5% of the approved grant may be accepted to defray the indirect staff costs and other administrative expenses incurred by the grantee organisation exclusively for the purpose of the approved project. Grantees are allowed to justify at the time of application for including more than 5% of the grant for this purpose for exceptional cases. That said, in any cases, no more than 10% of the grant will be allowed for such purpose.
- 5.1.5 Equipment proposed to be purchased must be essential to or specifically required by the project. Applicants are encouraged to use their existing equipment or to lease the additional equipment required, in order to fully utilize the grant.

## 5.2 Amount of Grant

- 5.2.1 A funding ceiling of **\$3 million** per project has been set. There is no pre-set level of minimum funding for individual project.
- 5.2.2 The amount of grant for capital and operating expenditure of the project is determined with reference to the information provided in the application and any other factors deemed appropriate.
- 5.2.3 Application for additional funds or extension of the Funding Period will normally **not** be considered. However, eligible grantees may apply for a one-off fund under the **Contingency Grant Scheme** if the approved project encounters financial hardship brought by unforeseen

circumstances. Details of the Contingency Grant Scheme are at **Appendix B**.

## **VI. Administrative Arrangements**

### **6.1 Contractual Requirement**

- 6.1.1 Successful applicants have to comply with all the terms and conditions laid down in the Agreement signed with the Government.
- 6.1.2 Subsequent to the signing of the Agreement, any modification, amendment or addition to the approved project or the Agreement, including the change of project scope, mode of operation, or major budget components<sup>1</sup> shall require **prior written approval of the Government**.

### **6.2 Payment Arrangements**

#### **6.2.1 Capital Expenditure**

- (a) Payment of the grant for capital expenditure will be made on a reimbursement basis and the claims should be supported by respective receipts, invoices or bills, quotations and tendering documents certified by the grantee for works done or equipment delivered.
- (b) All applications for reimbursement of capital expenditure should be submitted not later than one year following the lapse of Funding Period; otherwise, such claims will normally **not** be entertained.

#### **6.2.2 Operating Expenditure**

The grant for operating expenses will be paid in advance on a half-yearly basis or at other intervals considered appropriate by the Government over the Funding Period having regard to the annual cash-flow projection submitted in the project proposal.

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<sup>1</sup> Any single expenditure item shown in Part II of the Application Form, "Budget and Cash Flow Projection", which exceeds 20% of the overall budget is a major component.

- 6.2.3 The last 10% of the grant for capital expenses or operating expenses will only be released upon the submission of all required progress reports and Audited Accounts, and subject to the acceptance of such by the ESR Secretariat.
- 6.2.4 The Government reserves the right to withhold any further payment if the project is observed to be no longer viable or is seen to have substantial deviation from the original plan or is observed to have failed to comply with the requirements of the Agreement or if a large amount of fund remains unspent in the account of the project.
- 6.2.5 The grantee is required to return the deposits (e.g. deposits for rental or public utilities) of the project, which have been funded by the ESR Programme, to the Government –
- (a) when the deposits are refunded to the grantee, for example, upon termination of the project; or
  - (b) by the end of the monitoring period by instalments.

For cases other than termination of projects, the grantee may, with justifications, apply for the Government's exceptional consideration to defer the return of the deposits to the Government, retain the deposits for business expansion of the project and/or providing more jobs/services/products for socially disadvantaged groups, etc. Each application shall be considered on a case-by-case basis.

## ***VII. Obligations of Grantees***

### **7.1 Commencement of business**

Unless with the written approval of the Government, the project should commence active operation/service **within six months** following commencement of the Agreement; otherwise, the Government may terminate the Agreement and claim back all the grants already disbursed, together with interest.

## 7.2 Project Bank Account and Interest

7.2.1 The grantee should keep a separate Hong Kong Dollar account with a bank licensed in Hong Kong solely and exclusively for processing all receipts and payments of the project. Payments from that account for the project should be made by the authorized representative(s) of the organisation that receives the approved funding. Any unspent balance of the grant should be kept at all times in that account.

7.2.2 All interest income generated from the project bank account set out in paragraph 7.2.1 above must be solely used for the project, and no negative interest should be charged to the project.

## 7.3 Books of Accounts and Records

The grantee should maintain separate proper books of accounts and records for the project. The books of accounts and records of the project will need to be kept for inspection for at least seven years<sup>2</sup> after the commencement of the Agreement or until the Grantee's satisfactory completion of the obligations under the Agreement, whichever is the later.

## 7.4 Procurement Procedures

7.4.1 The grantee should exercise utmost prudence in procuring equipment, goods or services for the project and must adhere to the following procedures unless the Government agrees otherwise –

- (a) the grantee must obtain the following number of quotations for every procurement-

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<sup>2</sup> For projects which have obtained the Government's approval on profit sharing, the retention period for the books of accounts and records of the project shall be at least **nine** years after the commencement of the Agreement or until the Grantee's satisfactory completion of the obligations under the Agreement, whichever is the later.



Every Procurement of Aggregate Value of	Number of Quotations Obtained From
More than HK\$5,000 but not exceeding HK\$10,000	At least 2 suppliers
More than HK\$10,000 but not exceeding HK\$150,000	At least 3 suppliers
More than HK\$150,000 but not exceeding HK\$500,000	At least 5 suppliers
More than HK\$500,000	OPEN TENDER

- (b) the grantee should select the supplier that has submitted the lowest bid. If the lowest bid is not selected, full justifications must be given for the decision and properly recorded for subsequent auditing purpose.

7.4.2 All quotations and tendering documents in relation to the project should be kept for inspection by the authorized staff of the Government and the Director of Audit for at least seven years<sup>2</sup> after the commencement of the Agreement or until the Grantee’s satisfactory completion of the obligations under the Agreement, whichever is the later.

**7.5 Title to Equipment**

7.5.1 An equipment register shall be maintained to account for all fixed assets with individual cost of \$1,000 or above purchased by using the grant.

7.5.2 The title to equipment procured with the grant will be held by the applicant. Throughout the Funding Period and the subsequent Monitoring Period (i.e. the monitoring period normally refers to the three years immediately after the Funding Period<sup>3</sup>), prior written approval from the Government is required for transfer, sale or disposal of the equipment/fixed asset purchased with the grant. Sales proceeds, if any, shall be re-invested into the project and be kept in the account mentioned in paragraph 7.2.1 above at all times before re-investment.

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<sup>3</sup> For projects which have obtained the Government’s approval on profit sharing, the Monitoring Period shall be the **five** years immediately after the Funding Period. Please see paragraph 8.1 for details.

- 7.5.3 Grantees (including those terminated projects) should dispose of the capital items of the projects procured with the grant according to the “Guidelines on Disposal of Capital Items” available on the ESR Programme’s webpage.

## 7.6 Project Income and Residual Funds

- 7.6.1 Unless the grantee have fulfilled the requirement as stated in paragraph 8 below, all incomes and surplus arising from the project, irrespective of whether it has been declared in the proposal, should stay with the project and be accounted for at the end of the Funding Period and the subsequent Monitoring Period, with a view to being ploughed back to support the continuation of the project.
- 7.6.2 Upon the expiry of the Funding Period or termination of the project, any unspent amount of the grant over the deficit of the project will be clawed back and returned to the Government. If the grantee intends to retain part or the whole of the unspent grant for sustaining or expanding the business of the project, the grantee should apply **within two months** from the date of expiry of the Funding Period for retention of the unspent grant, together with justifications to the Government for consideration. Each case shall be considered on individual merits.
- 7.6.3 The Government accepts no liabilities for deficits arising from the project.

## 7.7 Employment of Staff

Should staff be employed for the project (as approved in the project proposal), the principles of openness, fairness and competitiveness should be strictly observed during recruitment. The employment terms should comply with the relevant Ordinances (including employment-related legislation such as statutory minimum wage) and should not be better than those for comparable jobs in the civil service.

## 7.8 Acknowledgement of Government's Funding Support and Display of ESR Programme Logo

The grantee shall ensure that (a) the acknowledgement of the Government's funding support, (b) the ESR Programme logo and (c) other logos as may be specified by the Government (all in the form and substance as may be specified by the Government) are shown or displayed in a conspicuous manner on all advertising, promotional and publicity materials and publications (whether written or in electronic form or medium) relating to the grantee's project.

## 7.9 Regular Progress Reports

7.9.1 The grantee **is normally** required to submit the following reports<sup>4</sup> on the project within two months following the end of the respective reporting period<sup>5</sup>–

- (a) **half-yearly** progress reports for each year during the Funding Period; and
- (b) **annual** progress reports (including annual Audited Accounts) for each year during the Agreement Period (i.e. the Funding Period and the subsequent Monitoring Period). Detailed requirements for the Audited Account can be found in paragraph 7.10 below.

For cases where applicable, the grantee is also required to submit a copy of the latest Annual Return<sup>6</sup> of the project together with the progress report.

7.9.2 Failure to submit a report in a timely manner or submission of reports containing insufficient, incomplete or false information may result in deferral or termination of project funding.

7.9.3 In case the project is terminated, the grantee will be required to submit a progress report (including the Audited Accounts) covering the period from the end date of the last required progress report to the date of

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<sup>4</sup> The progress reports should be completed in accordance with the standard template which can be downloaded from the homepage of the ESR Programme.

<sup>5</sup> "Reporting period" refers to the time period that the half-yearly or annual progress reports cover.

<sup>6</sup> "Annual Return" refers to the Annual Returns delivered by local companies to the Company Registry of the Government.

termination and the proposed disposal arrangements of the capital items to be submitted within two months following the date of termination of the project.

## 7.10 Audited Accounts

- 7.10.1 Grantees are required to submit annual Audited Accounts of the projects in the format as stated in the “Notes for Auditors of Grantees” which is available in the ESR Programme’s webpage. All such accounts must have been audited by an independent practising certified public accountant.
- 7.10.3 Grantees should identify their own auditors. Should the auditing of the project incur extra cost (in terms of auditors’ remuneration), the extra cost can be claimed on a reimbursement basis from the ESR Programme (not as part of the grant for the project), according to the following scale –

<b>Size of the Grant</b>	<b>Maximum Remuneration Payable to Auditors (for every Annual Report)</b>
Less than \$1 million	\$6,000
\$1 million to \$3 million	\$12,000

## 7.11 Visit, Review Meeting and Mentorship Scheme

- 7.11.1 Members of the ESRAC, staff of the ESR Secretariat and any persons so authorized by the Government may conduct visits to approved projects, or organise review meetings to examine the progress and level of achievement of the project. Grantees will be required to assist in arranging such visits and meetings. Failure to render such assistance may result in deferral or termination of project funding.
- 7.11.2 If the grantee has engaged its own adviser(s) for the approved project at the time of application, the grantee should report to the Government about the type and progress of the advice received from the adviser(s) during the Funding Period.

7.11.3 Grantees may be assigned mentors who would provide advice on the operation of the projects under the Social Enterprises Mentorship Scheme. Under such circumstances, relevant information and data of the application and the operation of the projects will be forwarded to the assigned mentor(s) for the purpose of the Scheme.

## **7.12. Corruption Prevention Best Practices**

The Corruption Prevention Department of the Independent Commission Against Corruption has developed a set of Best Practice Modules for SEs on how to plug corruption loopholes. Grantees can make reference to the Best Practices which can be read and downloaded from the ICAC website at [www.icac.org.hk](http://www.icac.org.hk).

## ***VIII. Profit Distribution and Upfront Investment***

### **8.1 Profit Distribution**

8.1.1 Unless the grantee has applied at the time of funding application, with the approval of the Government and until the grantee has made the required upfront investment, the grantee shall ensure that the annual distributable profits of the project shall not be distributed.

8.1.2 Subject to paragraph 8.1.1, if the grantee has obtained the Government's approval on distributing profit at the time of approving the funding application of the project, the grantee may distribute not more than 20% of the annual distributable profits of the project as dividends on the condition that—

- (a) the grantee has made an upfront investment of not less than 50% of the required setup costs of the project as soon as practicable after signing the Agreement of the project;
- (b) the grantee shall keep and use all the upfront investment mentioned in (a) above wholly and solely for the project throughout the Agreement Period unless under exceptional circumstances and with prior written approval of the Government;

- (c) normally the grantee shall distribute not more than 20% of the annual distributable profits as dividends, but is allowed to justify and seek the Government's prior approval if the grantee wants to distribute more than 20% of annual distributable profits, subject to a cap of 35% ("Dividend Cap"), for a particular year; and
- (d) unlike projects which do not intend to distribute profits, the Agreement Period of projects which have been allowed to distribute profits will be 8 years (i.e. Funding Period of 3 years and the subsequent Monitoring Period of 5 years), instead of 6 years. The grantee shall observe the requirements of the ESR Programme throughout the Agreement Period.

8.1.3 The grantee shall incorporate the requirement of the Dividend Cap into the Memorandum and Articles of the funded SE project, where applicable as soon as practicable after signing the Agreement.

## **8.2 Upfront Investment**

8.2.1 The upfront investment must be in the form of cash and to be deposited to the designated bank account of the project soon after the commencement of the Agreement Period and before the Government releases any payment of grant.

8.2.2 In-kind contribution will not be taken into account as upfront investment unless there are exceptional circumstances justifying it and approved by the Government (Example of in-kind contribution which may be considered exceptionally is free rental charges for the operating venue of the project. In any case, the applicants will be required to demonstrate the necessity of the in-kind contribution to the operation of the project at the time of funding application and provide documentary proof of their monetary value such as by an independent valuation expert). The acceptance and the final monetary value of the in-kind contribution as upfront investment will be at the sole and absolute discretion of the Government.

### **8.3 Engagement of Partners**

- 8.3.1 The grantee may engage partners for resources and expertise support to help in the development of the project. Such engagement shall not give rise to any change of ownership and/or the social objectives of the project. The ownership and the social objectives as pledged in the approved application shall remain unchanged, unless with the prior written exceptional approval of the Government having regard to individual merits of each case. In any case, the grantee shall maintain the continued overall control of the management of the project.
- 8.3.2 Should the grantee fails to observe paragraph. 8.3.1 above, the grantee shall, upon Government's request, repay forthwith to the Government the full grant or part thereof.

### ***IX. Termination of Project***

- 9.1 Prior written approval from the Government is required for termination of the project for any reason during the Funding Period and the subsequent Monitoring Period.
- 9.2 Should the project cease operation or change ownership for any reasons during the Funding Period and the subsequent Monitoring Period, the grantee shall, upon Government's request, repay to the Government the full grant or part thereof. The Government reserves the right for prior claim to any sales proceeds arising from its cessation or ownership transfer, with the exact amount to be reviewed individually up to the maximum level of the approved grant.
- 9.3 For projects which have ceased or intending to cease operating within the Funding Period and the subsequent Monitoring Period, grantees are required to participate in an "exit interview". The purpose is for the Government to gain insight into the reasons, with a view to drawing up further improvement measures for the ESR Programme.

## ***X. Use of Information and Data of the Project***

10.1 Any relevant information and data of the applicant and the operation of the projects may be used by the Government to conduct research, surveys, promotion of social enterprises and sharing sessions in relation to the ESR Programme.

## ***XI. Notes on Personal Data of the Applicants***

### **11.1 Purposes of Collection**

The personal data provided as part of the application will be used by the Government to process the application and conduct research, evaluate studies, conduct training/sharing sessions, for daily implementation of the ESR Programme, for monitoring the performance of the Agreements in respect of the grant under the ESR Programme, for meeting the requirements to make disclosure under the requirements of any law and any other purposes relating to any of the above. The provision of personal data by means of the application is compulsory.

### **11.2 Classes of Transferees**

The personal data provided by means of application to the ESR Programme may be disclosed by the Government to any of the following persons for the purposes set out in paragraph 11.1 –

- (a) any person who is involved in or relating to the ESR Programme (including any agent, contractor or third party service provider who provides administrative, telecommunications, computer, payment or other services to the Government);
- (b) any person to whom the Government is under an obligation to make disclosure under the requirements of any law; and
- (c) any other person who is under a duty of confidentiality to the Government.



### **11.3 Access to Personal Data**

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. The applicant's right of access includes the right to obtain a copy of the personal data provided in the application.

### **11.4 Enquiries**

Enquiries concerning the personal data collected by means of application to the ESR Programme, including requests for access and corrections, should be addressed to the ESR Secretariat.

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## **Enhancing Self-Reliance Through District Partnership Programme**

### **Pilot Scheme for Non-section 88 Organisations**

The **Pilot Scheme for Non-section 88 Organisations\*** (the “Pilot Scheme”) is to allow applicants who **are not tax-exempt under section 88 of the Inland Revenue Ordinance (Cap. 112) but are –**

- (a) non-profit making organisations; and
- (b) private companies with past experience in running social enterprises (including those in the form of prototypes),

to apply for grants under the Enhancing Self-Reliance Through District Partnership Programme (the “ESR Programme”) for **setting up or scaling up social enterprises.**

### **Eligibility for Application**

2. Under the Pilot Scheme, applicants should be non-profit-making organization or social enterprise. They should –

- (a) be organisations or limited companies registered under the laws of the Hong Kong Special Administrative Region; and
- (b)
  - (i) have non-profit-making undertakings for at least one year; or
  - (ii) have experience in running social enterprises (can be in the form of prototype) for at least one year.

### **Application Procedures**

3. In making application, applicants are required to submit the following to the ESR Secretariat –

- (a) The following duly completed prescribed forms\* -
  - (i) Application form of ESR Programme;
  - (ii) Proforma for the Pilot Scheme for Non-section 88 Organisations;

*\*the forms can be downloaded from the ESR Programme website (www.esr.gov.hk)*

- (b) The following documentary proof -
  - (i) that the applicant is an organization/limited company registered under the laws of the Hong Kong Special Administrative Region;
  - (ii) showing the status of the applicant (*e.g. Memorandum and Articles of Association, Constitution of the organisation, etc*);
- (c) Records of (i) applicant's main business / service activities for at least the immediate past year; and (ii) non-profit-making undertakings or social enterprise business activities (including social objectives pursued) of the applicant for at least the immediate past year; and
- (d) Financial statements of the applicant of at least the immediate past year (preferably with auditor's reports).

## **Enquiry**

4. For enquiries, please contact the ESR Secretariat at telephone no. 2835 1383 or by email at [esr\\_secretariat@had.gov.hk](mailto:esr_secretariat@had.gov.hk).

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## **Enhancing Self-Reliance Through District Partnership Programme**

### **A Guide to Contingency Grant**

#### **I. Introduction**

- 1.1 The Contingency Grant Scheme is to put in place a standing mechanism of disbursing fund to grantees of the Enhancing Self-Reliance Through District Partnership Programme (ESR) Programme to help their ESR social enterprise (SE) projects tide over financial hardship brought by unforeseeable circumstances.

#### **II. Application for Contingency Grant**

- 2.1 Under the Contingency Grant Scheme, eligible ESR grantee may apply for a **one-off** grant to subsidise the operating expense of its ESR SE project which encounters financial hardship brought by unforeseeable circumstances provided that it demonstrates confidence and determination to sustain the business with the benefit of the contingency grant. Increase in rental charges would not normally be considered as a valid reason for applying for contingency grant. The contingency grant would only be approved on an exceptional basis.

##### **2.2 *Eligibility***

- 2.2.1 To be eligible for application of contingency grant -

- (a) the applicant must be an ESR grantee whose project is still within the Funding Period. The project concerned should normally be in operation for at least 2 years;
- (b) the applicant should put in its application not less than six months before the end of the Funding Period of the project concerned;
- (c) The project concerned must not have been awarded of any contingency grant or business expansion grant under the ESR Programme before; and

- (d) The operating deficits of the project should be worse than anticipated.

### ***2.3 Application Procedures***

- 2.3.1 Applications should be made on the **prescribed form** which can be obtained from the ESR Programme Secretariat. The application form must be typed or printed.
- 2.3.2 The completed application form, together with the supplementary information showing the nature and scope of financial hardship, business plan to overcome the hardship, etc. should be sent to the ESR Secretariat at the following address –

The Secretariat to the Enhancing Self-Reliance Through District  
Partnership Programme  
Home Affairs Department  
31/F, Southorn Centre  
130 Hennessy Road  
Wan Chai, Hong Kong

## **III. Scope of Contingency Grant**

### ***3.1 Coverage of Grant***

- 3.1.1 The contingency grant disbursed must be used to cover only the operating expenditure of the project to be incurred after the approval of the grant, not any outstanding debts or expenses incurred before the approval of the grant.

### ***3.2 Amount of Grant***

- 3.2.1 The amount of the contingency grant will be determined having regard to the difference between the original estimated profit / deficit and the revised estimated deficit of the second year of the project.
- 3.2.2 Normally, the contingency grant would not exceed 25% of the original seed grant of the project unless circumstances justify otherwise.
- 3.2.3 The total of the contingency grant and the seed grant should not exceed the cap

of \$3 million per project.

#### IV. Assessment of Applications

##### 4.1 *Assessment criteria*

4.1.1 All applications will be assessed on the basis of, but not limited to, the following criteria -

- (a) ***Nature of Financial Hardship*** : The financial hardship of the SE must be brought by unforeseeable circumstances. Increase in rental charges would **not** normally be considered as a valid reason;
- (b) ***Past Efforts*** : Based on information from progress reports submitted, the applicant will be assessed on the improvement measures implemented in the past years, including but not limited to cost-saving measures, promotion and efforts for improving business viability (e.g. efforts in looking for a mentor and/or business partnership);
- (c) ***Viability and Effectiveness of Improvement Plan*** : Particular attention will be paid to the viability and effectiveness of the proposed improvement measures, additional resources required and implementation timetable;
- (d) ***Capability of Applicant*** : The applicant should demonstrate the capability, confidence and determination, and the support it has secured to sustain its business with the benefit of the contingency grant; and
- (e) ***Commitment of Applicant*** : Whether the applicant is committed to its business and improving its business. This will be assessed basing on the observations made during site visits, sharing forums, our day-to-day interaction with the applicant and the project related personnel, and the applicant's track record of report submission.

##### 4.2 *Assessment Process*

4.2.1 After receipt of application, the ESR Secretariat will first make a preliminary assessment of the application and seek clarifications or supplementary information from the applicant.

- 4.2.2 The application will then be considered by an Assessment Panel comprising two ESRAC Members, which will interview the applicant who would be requested to present the case before the panel.
- 4.2.3 The Assessment Panel will then submit its recommendations to the ESRAC for endorsement.

### **4.3 *Payment Arrangements***

- 4.3.1 When the application is approved, the contingency grant will be disbursed upon signing of the supplementary agreement.

## **V. Enquiry**

- 5.1 For enquiries, please contact the ESR Secretariat at telephone no. 2835 1383 or by email to [esr\\_secretariat@had.gov.hk](mailto:esr_secretariat@had.gov.hk).

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