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For information

**Enhanced Operation of
the Environment and Conservation Fund**

PURPOSE

This paper aims to inform Members about the enhanced operation of the Environment and Conservation Fund (ECF) following the injection of a one-off sum of \$1 billion into the ECF in 2007-08 as approved by the Finance Committee on 11 January 2008.

BACKGROUND

2. The ECF is a statutory trust fund open to applications from local non-profit making organisations, tertiary institutions and schools. The ECF currently provides funding to five categories of projects as listed at **Annex A** and would not fund projects which should have been funded by the Government or other alternative funding sources. Since its establishment in 1994 under the Environment and Conservation Fund Ordinance (Cap. 450), the ECF has financed over 1,200 projects with a total commitment of \$228 million. **Annex B** shows the breakdown of the funds allocated to different categories of projects.

3. Over the years, the ECF's support to a wide variety of environmental education and community recycling projects has raised awareness of and support in environmental protection, as evidenced from the increasing acceptance of behaviour changes for environmental causes. In general, the public nowadays is more prepared to join hands with the government to take part in cleaning up the environment. A good indicator is the district-wide recovery rate of municipal solid waste, which has increased from 34% (1.8 million tonnes) in 2000 to 45%

(2.8 million tonnes) in 2006. Another notable change is the wider acceptance of the polluter-pays principle. However, under the current funding scope, the ECF tends to support rather small scale, short-term and localised projects. This may have substantially constrained the ability of the ECF to support worthwhile projects which require a sustained programme or installation of environmental facilities to achieve desired impacts and which involve cross boundary collaboration.

4. Environmental protection and nature conservation has become an issue of increasing public concern in recent years. While the Government is committed to providing good quality living environment to the public through various environmental policies and programmes, participations from different sectors of the community to adopt environmental and conservation practices in their corporate strategies and lifestyles are essential in enhancing the quality of the environment. A substantial injection of funds to the ECF will boost support and participation of the community on environmental protection and nature conservation. With some enhancement to the operation of the ECF, the injection of funds will go a long way in attracting more applications of innovative, worthwhile, larger scale and longer term projects as well as various cross-boundary collaboration programmes which can help address regional environmental problems.

EXPANDED SCOPE OF ENVIRONMENT AND CONSERVATION FUND

5. To encourage participation in concerted promotional efforts on environmental protection and conservation, we recommend that priority programme areas be identified for reference of the potential applicants. We have sought the views of the ECF Committee and initially identified the following programme areas :

- (I) Territory-wide educational and community involvement campaigns on environmental protection;
- (II) Technology transfer from professional institutions to practitioners to enhance environmental performance of industrial process;
- (III) Minor works projects to demonstrate and promote energy efficiency and conservation and waste reduction; and

(IV) Regional and international policy and technology conferences to promote exchanges amongst professional bodies on latest developments and best practices on environment and conservation matters.

However, the ECF Committee will review these programme areas from time to time in the light of the current environmental issues that the community attaches priority to and having regard to the Government's policy initiatives.

(I) Educational and Community Involvement Campaigns on Environmental Protection

6. Solutions to environmental problems are not simply a matter of applying pollution control/prevention or cleaner production technology and enforcement through legislation. While the Government will continue to spare no efforts in tackling environmental problems, protecting the environment needs the awareness and participation of every member of the public. It requires individual in the community to acknowledge that each of us contributes to the problems for the environment, and that each of us must prepare to contribute to the solutions.

7. It is encouraging to see that, over the years, environmental protection has evolved from a slogan to a mindset change that affects people's habits and choices. To move further ahead towards protecting the environment, we hope the enhanced ECF would engage different sectors of the community to implement environmental education campaigns and programmes which could reach into people's daily lives and stimulate behavioural changes. For instance :

- (a) joint projects with district councils for wider understanding of environment issues and solutions through briefings, seminars, information exchanges and study visits;
- (b) development of informative and interactive tools, guidebooks or packages to help promote awareness of environmental impacts brought about by individual behaviours in daily lives and encourage adoption of greener lifestyles;
- (c) recognition schemes for various sectors to honour green practices and commitment to environmental protection such as reducing carbon dioxide emissions; and

- (d) greening projects in collaboration with professional bodies and local and community organisations to help increase the capacity of carbon dioxide absorption, thereby reducing the negative impact of our local greenhouse gas emissions.

(II) Technology Transfer to Practitioners

8. With the tightening up in environmental legislation and the growing concerns on the pollution discharged and nuisances caused by different industrial processes, there is an increasing need to encourage collaboration between industrial groups and the research community to promote and adopt new nuisance abatement technologies. Other than the development of new technologies locally, we will also encourage the adoption of new technologies or concepts introduced by other countries. The opportunities will further develop research capacity, promote innovation, cooperation and knowledge transfer between the research community and industrial groups in application of clean technologies at operational phases.

9. In this connection, it is noted that pollution, in particular air and water pollution, respects no boundary, and the scope of projects to be funded under the ECF should be expanded to cover cross boundary pollution and abatement measures. To address such regional environmental issues, we will support collaboration programme among universities, research institutions and the industrial sector in developing innovative technologies to tackle pollution problems generated by different operation processes. The outcome of such abatement measures will be disseminated and become a model for similar trade to follow in Hong Kong as well as in the Pearl River Delta Region.

(III) Minor Works

10. Necessary hardware (such as recycling bins, composting machines, solar panels, etc) could be crucial and inductive in stimulating sustained behavioural changes. We will provide funding to schools and organisations to purchase and install equipment and environmental facilities in their premises in a bid to promote energy efficiency and saving, or waste reduction and treatment or recycling :

- (a) at school level – installation of green features at their campus including

demonstration set up on renewable energy, small scale composting facilities of food waste, green roofs and other greening features, waste minimization, source separation and recycling system, washing and related facilities for the implementation of green lunch, interactive models in environmental corners, etc.

- (b) at community level – provision of facilities as appropriate to enhance the current source separation of wastes programme in all housing estates.
- (c) at institutional level – installation of microgeneration technologies (including solar photo-voltaics, wind turbines, solar thermal hot water, bio-energy and fuel cells etc.) as well as replacement of energy saving equipment (including energy saving light bulbs, T5 florescent tubes, movement sensors, etc.) in the community buildings of non-profit making organisations.

(IV) Regional and International Conferences and Joint Studies

11. To raise HKSAR's profile as a leading green city, we will encourage local universities, research institutions and professional bodies to jointly organise with their regional/international counterparts high level seminars and conferences to facilitate exchange of best practices, expertise and experience on environmental issues. In addition, collaborative studies on common environmental issues which are of direct and major concern to Hong Kong and to the PRD can also be supported. This would help promote collaboration among Hong Kong, Guangdong and other Mainland provinces for better understanding, managing and solving common environmental problems. The ECF is open to applications from local non-profit making bodies and projects organised by eligible local bodies which partner with institutions outside Hong Kong can also be supported.

ENHANCED OPERATION OF ENVIRONMENT AND CONSERVATION FUND

A theme based approach

12. Project proponents are encouraged to focus on specific theme(s) which

support the priority programme areas as identified and promulgated by the ECF Committee. Interested applicants would be given more information on the efforts the Government is taking in tackling environmental issues such that the projects could not only help the public gain better understanding on Government's initiatives but also help the Government gauge public response on the implementation of environmental policies. In order to encourage innovation from the community, project proponents who would like to seek funding support from the ECF to projects on areas outside those identified by the ECF can still come forward and their applications will be considered on their own merits.

An outcome based approach

13. Project proponents are also required to adopt an outcome based approach by placing more emphasis on the benefits and deliverables of the projects. Although not all environmental benefits could be quantified, the projects would be vetted and monitored against the specific targets set and the expected demonstrable outcomes as far as practicable. In addition, recipients of funding support may also be required to include experience sharing sessions as part of their deliverables in a bid to facilitate knowledge transfer among interested applicant parties and help roll out similar worthwhile projects in different sectors in the community.

Partnership with potential collaborators

14. Public engagement, which forms an integral part in the promotion of environmental protection, could be achieved through partnership with targeted groups and associations. To this end, we will adopt a more proactive approach in identifying potential collaborators, which include social service organisations, education, professional and the business sectors, green groups to take on projects which could bring about noticeable and widespread impact on the community.

Changes to the existing funding guidelines

15. Taking into account the expanded scope, the ECF funding guidelines will need to be adjusted to allow greater flexibility for the applicant organisations in the use of grant and help strengthen the capacity of our community including the NGOs, industry and educational institutes in taking on larger scale and longer

term environmental projects. Without compromising the prudent control on the use of fund, we have sought ECF Committee Members' agreement to suitably raise the limit over the following aspects –

- (a) funding cap per application to \$500,000 by all Vetting Sub-committees;
- (b) total staff costs per application to below 50% of the total project cost;
- (c) supporting general administrative costs per application up to a cap of 10% of the total approved grant or actual expenditure, whichever is the less (only for applications from green groups and NGOs without receiving government subventions);
- (d) supporting minor works projects (such as installation of green roofs, recycling of waste and demonstration set-up on renewable energy, etc.) on a case-by-case basis and subject to a cap of \$500,000 per building;
- (e) considering support for study missions outside Hong Kong on a case-by-case basis;
- (f) considering support for production of publications and websites and the purchase of education materials and computer software; and
- (g) no maximum limit on the duration will be set for funded projects.

CONCLUSION

16. Members are invited to note the enhancements set out in paragraphs 5 to 15.

**Environmental Protection Department
February 2008**

Annex A

Environment and Conservation Fund Funded Projects

Community Waste Recovery Projects

- Action projects, which are community-based and result-oriented, to enhance awareness and ensure sustained participation of the public in waste prevention and recovery. Such projects should bring about sustained and tangible effect in local communities, and thus should not be one-off publicity events.

Environmental Education and Community Action Projects

- Educational programmes or activities to enhance community awareness of environmental problems in Hong Kong and environmental projects in which individual groups are mobilized to take direct and positive action to improve and conserve the environment in Hong Kong.

Pilot Nature Conservation Management Agreement Projects

- Projects that contribute to enhancing the conservation of the sites concerned through management agreements between non-governmental organisations (NGOs) and landowners. Under these agreements, NGOs may provide landowners with financial incentives in exchange for management rights over their land or their cooperation in enhancing conservation of the priority sites.

Public Education Programme on Management of Municipal Waste

- Programme to promote the policy initiatives set out in the Policy Framework for the Management of Municipal Solid Waste (2005-2014) in accordance with the proposed timetable. The Government will identify the target policy initiatives/themes at least once a year and openly invite proposals.

Research and Technology Demonstration Projects

- Projects that have contribution in a direct and practical way towards the environmental improvement and conservation of the local environment and should not be too theoretical in nature. They include the introduction and development of new technologies, such as the technology on waste minimization and recycling. For technology demonstration projects in particular, projects should promote waste minimisation and recycling technologies and encourage the adoption of these technologies by different sectors in Hong Kong. The benefits must accrue to one or more industries, and not just individual companies. Successful projects should be publicised so as to disseminate the results of completed projects and to ensure widespread adoption of the technologies by relevant sectors.

Annex B

Breakdown of Funds Allocated to Different Categories of Projects

Project Category	Type of Applicants	Number of Projects Approved	Approved Amount (\$M)	Percentage
Environmental Education & Community Action	Green Groups	144	12.2	5.4%
	Community Groups	413	9.9	4.3%
	Schools	194	1.9	0.8%
	Tertiary Institutions	26	1.1	0.5%
Community Waste Recovery	Green Groups/ Community Groups/ Housing Estates / Residential Buildings	146	24.1	10.6%
Research & Technology Demonstration	Research Institutions	114	35.1	15.4%
Conservation Management Agreement	Green Groups	3	4.6	2.0%
Public Education Programme on Management of Municipal Waste	Green Groups	3	1.5	0.7%
Territory-wide environmental campaigns implemented by the Environmental Campaign Committee	-	167	137.6	60.3%
Total		1,210	228	100.0%