

**Funding Guide on
Community Involvement Programme
(For Non-Governmental Organisations)**

Home Affairs Department
(As at March 2024)

Table of Contents		Page
1.	Introduction	1
2.	Ambit of CI Fund	1
3.	Mode of Implementation	2
4.	Scope of Funding	
	4.1 Funding Coverage	3
	4.2 Project Ceiling	3
5.	Application for CI Fund	
	5.1 Invitation of Applications	3
	5.2 Eligibility Criteria for Application	4
	5.3 Details of Application	4
	5.4 Processing Procedures and Funding Approval	5
	5.5 Vetting Criteria	7
6.	Administrative and Financial Arrangements	
	6.1 Procurement of Goods and Services	11
	6.2 Capitalised Items	13
	6.3 Payment Arrangements	15
	6.4 Project Income and Residual Funds	15
	6.5 Sponsorship and Donations	15
	6.6 Variations to Project	16
	6.7 Public Liability and Accident Insurance	17
	6.8 Publications and Publicity	17
7.	Monitoring Mechanism	
	7.1 Progress and Final Reports	20
	7.2 Visit and Evaluation	21
	7.3 Public Scrutiny	21
	7.4 Breach of Terms and Conditions	22
	7.5 Suspension or Termination of Project	22
	7.6 Premature Termination of Project	23
	7.7 Ticket Allocation	24
8.	Conflict of Interest	24
9.	Safeguarding National Security	25

Annex

- A Permissible Items of Expenditure for Projects Financed by CI Fund
- B Sample Application Form for a Grant under CI Fund
- C Terms and Conditions for Receiving CI Fund
- D Record of Quotations for Project Financed by CI Fund
- E Detailed Payment Arrangements for Projects implemented by Non-governmental Organisations (NGOs) and District Offices (DOs), District Councils (DCs) or Committees / Working Groups (C/WGs) under DCs/DOs in collaboration with NGOs
 - Appendix I - Undertaking of Receipt of Advance Payment for Project Financed by CI Fund
 - Appendix II - Income and Expenditure Statement cum Application for Partial/Final Reimbursement of CI Fund (with illustrative example)
 - Appendix III - Specimen Report of an Agreed-Upon Procedures Engagement Conducted by a Certified Public Accountant (Practising) or a Corporate Practice within the Meaning of the Professional Accountants Ordinance (Chapter 50)
 - Appendix IV - Sample Project Ledger for Project Financed by CI Fund (with illustrative example)
 - Appendix V - Sample Petty Cash Book for Project Financed by CI Fund (with illustrative example)
 - Appendix VI - Sample Bank Reconciliation Statement for Project Financed by CI Fund (with illustrative example)
- F1 Final Report for Project Financed by CI Fund
- F2 Progress Report for Project Financed by CI Fund

1 Introduction

- 1.1 The Community Involvement Programme (“CIP”) was introduced to provide funding for community involvement (“CI”) initiatives in the districts to promote community building. An annual provision is made available by the Government of the Hong Kong Special Administrative Region of the People’s Republic of China (“Government”) for implementing CI initiatives to meet the needs of the 18 districts.
- 1.2 This Funding Guide sets out the ambit of CI fund and the administrative and financial arrangements for the application and use of CI fund administered by Home Affairs Department (“HAD”)/District Offices (“DOs”).

2. Ambit of CI Fund

- 2.1 CI fund should be used for meeting district needs and fostering community building. In particular, the ambit of CI fund is to cover the following programmes and activities –
- (a) programmes and activities undertaken at district facilities (such as community halls, libraries, leisure grounds, sports venues and swimming pools);
 - (b) programmes organised in partnership with different sectors and non-governmental organisations;
 - (c) district leisure and sports programmes;
 - (d) district cultural and entertainment programmes;
 - (e) programmes and activities to enhance public library services at district level;
 - (f) district greening activities;
 - (g) programmes to strengthen public hygiene and disease prevention efforts;

- (h) programmes to foster inter-cultural understanding, mutual respect and volunteerism;
- (i) activities to support heritage initiatives at district level;
- (j) activities to build social capital and to help enhance self-reliance;
- (k) projects to enhance public understanding of district governance;
- (l) activities to promote community building, social harmony and public participation in community affairs; and
- (m) any other activities that the Director of Home Affairs (“DHA”) considers appropriate to be funded by CI fund.

3 Mode of Implementation

3.1 CI projects may be implemented by the following parties –

- (a) government departments (including DOs);
- (b) Non-Governmental Organisations (“NGOs”)¹; and
- (c) District Councils (“DCs”) or Committees/Working Groups (“C/WGs”) under DCs/DOs

3.2 NGO partners are generally selected through open invitation (e.g. by posting the invitation on the DO’s/DC’s website) and/or restricted invitation (e.g. by sending invitation letters to a number of NGOs in the district), save for exceptional circumstances. Relevant factors such as the experience and track record of the NGOs and their capability in organising the CI projects concerned should be taken into account in the selection.

¹ The offices of Legislative Council Members, DC Members, political parties and associations, are not regarded as NGOs for the purpose of applying for CI fund.

4 Scope of Funding

4.1 Funding Coverage

4.1.1 Grantees² shall use the CI fund provided to meet the expenses wholly and necessarily incurred for the approved project during the project period as per the approved plan and not used to cover expenditure already incurred prior to funding approval, save for very exceptional and unavoidable circumstances in which prior written endorsement from DO must be obtained.

4.1.2 In making the application and in implementing the approved project, the non-governmental applicants shall refer to the permissible items of expenditure and the relevant expenditure limits at Annex A.

4.1.3 In endorsing a project, DHA or his/her authorised officers may support an additional amount of not more than **5% of the approved project fund** as contingency to meet any unforeseen commitment arising from the items of expenditure.

4.2 Project Ceiling

A maximum amount of **\$2.5 million** (including the 5% contingency as stated in paragraph 4.1.3) may be approved for each project.

5 Application for CI Fund

5.1 Invitation of Applications

5.1.1 DOs will from time to time invite applications for grant of CI fund to organise CI projects from NGOs.

5.1.2 In particular, DOs may also invite NGOs to bid for projects now undertaken by designated organisations³ on behalf of DOs

² Grantees refer to all recipients of CI fund, namely government departments (including DOs), DCs, C/WGs under DCs/DOs as well as NGOs.

³ Designated organisations refer to those generally well-established local organisations with long-term working partnership with DOs as well as having proven capability and good track record in organising various CI projects, including large scale or theme-specific ones, for the local community and the people who live, work or study in the districts.

(e.g. management of a district football team and organising a dragon boat race, etc.).

5.2 Eligibility Criteria for Application

5.2.1 NGOs fulfilling the following criteria are eligible to apply for CI fund –

(a) a statutory organisation or an organisation registered under the laws of the Hong Kong Special Administrative Region (HKSAR) (e.g. the Companies Ordinance (Cap. 622) and the Societies Ordinance (Cap. 151) or an exempted institution or trust under section 88 of the Inland Revenue Ordinance (Cap. 112)) and established wholly or mainly for the benefit of the district in which it is set up. For territory-wide organisations established to serve the public as a whole, their application shall involve a project that will benefit the local community and the people who live, work or study in the district; or

(b) a body of persons (whether incorporated or not) established wholly or mainly for the benefit of the district in which it is set up; or an organisation established to serve the general public which organises activities for the benefit of the local community and the people who live, work or study in the district.

5.2.2 The offices of Legislative Council Members, DC Members, political parties and associations, however, are not regarded as NGOs for the purpose of applying for CI fund.

5.3 Details of Application

5.3.1 Applicants are required to submit an application to the respective DO which should set out the project proposal [Sample Application Form at Annex B in which the section on declaration and consent (i.e. Parts 7 and 8⁴) must be included and shall not be amended] by the designated deadline with the following information –

⁴ The person signing the application which contains the declaration in Parts 7 and 8 shall confirm that all members of the Applicant have declared on interest and National Security Law as per the application requirements.

- (a) the name and background of the organiser, and documentary proof of eligibility to apply, if applicable (see paragraph 5.2.1);
- (b) details and form of collaboration with other co-organising bodies for the project, if any;
- (c) details of the project such as its nature, purpose and the venue for the event;
- (d) the work plan and timetable;
- (e) the budget of the project with an itemised breakdown;
- (f) the expected benefits/achievements of the project (with proposed performance measurement and milestones in quantifiable terms, if applicable);
- (g) the other sources of funding support (e.g. proceeds from ticket sales and cash donations, etc.) expected to be received (see paragraphs 6.4-6.5);
- (h) the cash flow projection throughout the funding period;
- (i) ticket allocation arrangement, if applicable (see paragraph 7.7); and
- (j) any other relevant information in support of the application, having regard to the vetting criteria as set out in paragraph 5.5.

5.4 Processing Procedures and Funding Approval

5.4.1 Upon receipt of an application, DOs will examine the project proposal to check whether it is within the ambit of CI fund and whether the proposed items of expenditure fall within the list of permissible items of expenditure and the relevant expenditure limits. Where necessary, DOs will consult government departments which may have an interest in the proposed project

and seek clarification from the applicants. DOs will then decide whether the application is approved, and inform the applicant of the outcome accordingly.

5.4.2 By accepting the fund, the grantee agrees, warrants and undertakes, among other things, that –

- (a) the grantee will carry out the CI project in accordance with the provisions in this Funding Guide (including Annexes) and additionally prescribed by DHA or his/her authorised officers (if any) as well as the approved plan and budget;
- (b) all information supplied, and statements and representations made in the application and in the course of conducting the CI project, or otherwise in the progress, final and audited account reports, financial statements or project materials are true, accurate and complete;
- (c) activities undertaken, every person/organisation employed or engaged, and any work or material produced or involved in the CI project shall comply with the laws of the HKSAR (including Places of Public Entertainment Ordinance Cap. 172, Copyright Ordinance Cap. 528, Trade Descriptions Ordinance Cap. 362 and Personal Data (Privacy) Ordinance Cap. 486, etc.);
- (d) the grantee, its member(s), employee(s), agent(s), contractor(s) and co-organiser(s) involved in the CI project will avoid engaging in activities which may result in actual, potential or perceived conflict of interest (e.g. a project staff member procuring goods/services or inviting quotations for the project from company of his own or his immediate family) arising from their involvement in the approved project, will declare any interest during procurement of goods and services, recruitment and other processes in managing/implementing projects (e.g. ticket allocation, adjudicating at competitions) which might involve financial or personal interests⁵, will avoid accepting lavish or frequent

⁵ If there is a conflict of interest, the grantee shall decide whether the persons or organisations shall abstain from the process(es) concerned and record the reasons for its decision on the Final Report (at [Annex F1](#)).

entertainment from persons with whom it has business dealings (e.g. service recipients, suppliers or contractors) to avoid placing themselves in a position of obligation, and be prohibited from soliciting, accepting or offering advantages in the course of planning and executing the project; and

- (e) The grantee, including its Authorised Persons, Designated Officer-in-charge and/or any other responsible persons will be held accountable for all the liabilities or legal actions arising from its/their negligence, recklessness, or wilful misconduct including any breaches of laws (e.g. falsified claims, infringement of copyrights and etc.).

In particular, NGOs either implementing the CI projects on their own or in collaboration with DOs, DCs or C/WGs under DCs/DOs are required to observe the terms and conditions at Annex C in implementing the approved projects.

5.4.3 All grantees are further subject to the acknowledgement and undertakings under “Safeguarding National Security” in Section 9.

5.4.4 DHA or his/her authorised officers reserves the right to amend or add to the terms and conditions set out in this Funding Guide at any time without prior consultation with or notice to the grantee. The grantee is required to observe and comply with any additional terms and conditions as may be prescribed by DHA or his/her authorised officers from time to time in relation to the CIP as the circumstances may require and ensure that its member(s), employee(s), agent(s), contractor(s) and co-organiser(s) involved in the project shall also do so.

5.5 Vetting Criteria

5.5.1 Funding support may be given to projects that fall under the ambit of CI fund (see Section 2) and the relevant expenditure limits (see Paragraph 4.1.2 and Annex A). Funds expended must directly benefit the local community and the people who live, work or study in the district.

5.5.2 DOs may determine the respective priorities or themes for expending CI fund in a particular year but generally it is expected higher priorities be accorded to projects featuring the following characteristics –

- (a) programmes and activities with district characteristics and undertaken at district level;
- (b) joint projects in collaboration with different sectors and NGOs aiming to achieve a particular social objective;
- (c) continuity: programmes which seek to plant seeds for more activities of similar nature to be held in future, thereby producing long-lasting and sustainable benefits to the community;
- (d) professionalism: projects proposed by NGOs which possess the necessary experience, capacity, resources and know-how relevant to the community activities; or
- (e) inclusiveness: projects targeted at the underprivileged such as the singleton elderly, ethnic minorities, the disabled, new arrivals and neglected children, etc. as well as the family as a unit.

5.5.3 The following types of projects will **not** normally be supported –

- (a) projects that may give undue credit or publicity to an individual, a commercial firm, a political party or association;
- (b) projects that are intended for the exclusive or personal benefit of an individual;
- (c) projects that involve disbursement of cash relief;
- (d) projects that are launched primarily for profit-making or fund-raising purposes; or
- (e) projects that are more appropriately charged to other government or departmental votes.

5.5.4 CI fund will **not** be granted to any projects that in the reasonable opinion of HAD may –

- (a) incite hatred, ill-feeling towards the Central Authorities (i.e. the body of central power under the constitutional order established by the Constitution of the People’s Republic of China), the Government, any particular personality or any group of persons;
- (b) cause embarrassment to the Central Authorities, the Government; or
- (c) be contrary to public policy or the interest of national security.

5.5.5 In addition, **no** funding will be provided under the CIP to –

- (a) any person who has engaged in, or is suspected by HAD to have engaged in or to be engaging in:
 - (i) any act or activity that constitutes, or is likely to constitute, an offence endangering national security under the law of the HKSAR (including the Law of the People’s Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region (“HKNSL”)) (“Specified Offence”); or
 - (ii) any act or activity that is or may be contrary to the interest of national security,

(the acts and activities referred to in (i) and (ii) above are collectively referred to as “Prohibited Acts”, and individually, “Prohibited Act”); or
- (b) finance any project which involves, or may, in the reasonable opinion of HAD, involve commission of any Prohibited Act.

For the purpose of this Funding Guide and any agreement made between the Government and a grantee in relation to the grant of CI fund, any determination made by the HAD on whether an act or activity is likely to constitute a Specified Offence, or is or may be contrary to the interest of national security, is final and conclusive.

5.5.6 The following criteria will also be used to assess the merits of individual applications –

- (a) whether the applicant has a satisfactory performance record in delivering past projects, having regard to the final reports it submitted and the project evaluation reports completed by DCs/DOs previously;
- (b) whether the project's implementation schedule is well planned and practicable;
- (c) whether the proposed budget is prudent and realistic; whether the proposed project is cost-effective and whether the proposed items of expenditure are reasonable in terms of nature and quantity;
- (d) whether the proposed project has alternative sources of funding support, or should more appropriately be funded by other sources;
- (e) whether there is or likely to be a duplication of events already or currently carried out by other groups; and
- (f) whether the applicant is suspected to be a person referred to in paragraph 5.5.5 (a) above.

5.5.7 Every application will be considered on its own merits. Under no circumstances should block grants be made to an applicant to cover several projects prior to obtaining details of individual projects; or cross-subsidy of projects be allowed by transferring expenses from one project to another.

5.5.8 Where possible, an applicant shall approach a single source of government funds for seeking financial assistance for a project unless sufficient funds cannot be secured from any single source. In addition, CI fund should not normally be used to supplement public funds provided by the Government under another vote for the same project.

6 Administrative and Financial Arrangements

6.1 Procurement of Goods and Services

6.1.1 NGOs shall exercise utmost prudence and uphold the principles of openness, fairness, competitiveness, transparency, pro-innovation, integrity and value for money in dealing with procurement, recruitment, and any other processes in managing/implementing projects as appropriate. They are also advised to make reference to the Corruption Prevention Best Practice Checklist on procurement and Best Practice Checklist on Grantee's Guidebook issued by the Independent Commission Against Corruption (ICAC) where appropriate. The checklist is available on ICAC's website at www.icac.org.hk.

6.1.2 The NGO shall strictly observe the following quotation requirements in making procurement with CI fund regardless of the value and accept the lowest conforming offer or the conforming offer with the highest overall score (if a marking scheme is used) –

Item of procurement	Estimated value	No. of written quotations required
Goods	\$5,000 or below ⁶	Preferably 2
	\$5,001 – \$50,000	2
	\$50,001 – \$1,360,000	5
Services	\$9,000 or below ⁶	Preferably 2
	\$9,001 – \$50,000	2
	\$50,001 – \$1,360,000	5

For procurement of goods and services exceeding \$1,360,000, open tendering procedures shall be used.

6.1.3 The NGO shall nominate its employee(s) or member(s) as designated person(s) for the procurement and be able to provide their particulars (e.g. ID card number and address) to the Government as and when necessary.

⁶ Minor purchases of goods and services can also be made in cash to meet immediate needs. No quotations will be required if the total value of the purchase does not exceed \$1,500.

- 6.1.4 Prior to the procurement, the designated person shall obtain the required number of quotations and complete a record of quotations at Annex D. All written quotations from suppliers shall be attached. If a written quotation cannot be obtained for purchases of less than \$50,000, the supplier shall be asked to confirm the quoted price in writing (e.g. fax message). The confirmation shall be attached to the record of quotations. Subsequent to the procurement, the designated person shall be responsible for the receipt and use of goods and services for the project and ensure that such goods/services are ordered, received and appropriately used for the project concerned.
- 6.1.5 If more than 50% of the total estimated cost of a project is financed by CI fund, the NGO shall follow the procurement procedures as stated in paragraphs 6.1.1 - 6.1.4 in implementing the entire project, irrespective of whether the procurement is made using CI fund or other sources of finance.
- 6.1.6 In case where the procurement procedures as stated in paragraphs 6.1.1 - 6.1.5 are not followed (e.g. a sponsor has made specific requests to hire a particular supplier/contractor), full justifications must be given and properly recorded in Annex D for auditing purposes.
- 6.1.7 The NGO is not required to submit the record of quotations at Annex D to DO unless being requested to do so. If requested, the NGO shall submit the form together with the quotations according to the deadline set by the DO.
- 6.1.8 In conducting procurement, recruitment and any other project-managing/implementing processes using the CI fund, the NGO shall take into account its continuing duty to safeguard national security and exercise its professional judgment and prudence in assessing any potential national security concerns in every stage of the procurement, recruitment or other relevant processes in project management/implementation in order to ensure that no Prohibited Act will at any time be committed in relation to the project. The grantee shall ensure that the contracts or agreements made for the procurement, recruitment or other project-managing/implementing processes incorporate express provisions conferring on it the right

to terminate the contracts or agreements in the interest of national security.

6.1.9 All quotations and documents in relation to the procurement of a project shall be kept for five years⁷ for inspection by the Government as and when necessary.

6.2 Capitalised Items

6.2.1 A capitalised item refers to any piece of equipment or furniture with a unit cost of over \$1,000 and no more than \$200,000; and an expected life-span of one year or more. Computer software and fixtures such as built-in cabinets are not classified as capitalised items.

6.2.2 Procurement shall only be made if the item is considered absolutely essential for implementing CI projects and where it is more cost-effective to acquire the item by procurement than renting it.

6.2.3 Capitalised items may be procured with CI fund, subject to the following conditions –

- (a) the item shall be wholly and necessarily used for the implementation of the approved project;
- (b) there shall be a continued need for the item in implementing CI projects in the future (otherwise the item should be hired rather than purchased);
- (c) storage of the item is not a problem (otherwise the item should be hired rather than purchased);
- (d) the item shall not become the personal property of any individual person and shall be the property of the Government; and

⁷ NGOs not subjected to any requirements imposed by the relevant ordinances under which they are registered to keep financial, accounting and procurement records may return the records and documents concerned to DO if they have practical difficulties in keeping such information or in the event of their disbandment before the end of the five-year retention period.

- (e) the item shall not give rise to any recurrent costs, e.g. electricity charges, to be met from CI fund.
- 6.2.4 When NGOs procure capitalised items for their projects or projects organised in partnership with DO, DC or C/WG under DC/DO, they shall maintain a register to account for all capitalised items procured with CI fund. The capitalised items and the register shall be made available for inspection by the Government as and when necessary.
- 6.2.5 If the capitalised items are found to be not being used for the project or if the project is terminated during the implementation stage or within the project period, the Government reserves the right to take back the capitalised items procured with CI fund and any costs so incurred, e.g. transportation expenses, are to be borne by the NGO.
- 6.2.6 If the capitalised item is no longer required for implementing CI projects but is still serviceable, the NGO concerned shall return the item to the Government. In case of selling, transferring an item to another party for implementing CI projects or disposing of an item, the NGO concerned is required to obtain prior written approval from the respective DO.
- 6.2.7 NGOs shall also account for any deficiencies between the physical and ledger balances of capitalised items under their custody. They have to report immediately, in writing, all cases of loss or deficiency to the respective DO. They shall make a report to the police if the losses or deficiencies involve a criminal act or suspected criminal act. They shall also investigate the loss or deficiency and forward their report, to be supported by the police report if appropriate, to the respective DO. Where appropriate, the Government may recover from the NGO concerned any financial losses arising from the loss or deficiency of capitalised items under their custody.

6.3 Payment Arrangements

Reimbursement of CI fund is normally made to an NGO on completion of a project. To facilitate implementation of the project, however, payment can be made in the form of advance payment and partial reimbursements. Details of the payment arrangements, the supporting documents required and other relevant requirements are at Annex E.

6.4 Project Income and Residual Funds

6.4.1 Fees may be charged for the programmes and activities financed by CI fund. Grantees shall, where appropriate, follow Government's fee-charging policy and arrangements in formulating charges for CI projects.

6.4.2 Irrespective of whether they have so declared in the project proposals, NGOs shall utilise all income in the first instance before CI fund is used to meet project expenses. The same arrangement shall apply to sponsorship, cash donations and other sources of income. Any surplus funds identified from the project upon its completion shall be returned to the Government. All records pertaining to the receipt of income shall be kept for five years⁷ for inspection by the Government as and when necessary.

6.5 Sponsorship and Donations

6.5.1 Sponsorship in cash or in kind and donations are generally acceptable except for sponsorship/donations from companies selling tobacco and hard liquor, or from those individuals or organisations who are the contractors for the same item of service or equipment for a project. In addition, acceptance of sponsorship/donations must neither lead to any actual, potential or perceived conflict of interest, embarrassment to the Government or national security concerns, nor be in breach of the prevailing government regulations and the terms and conditions in this Funding Guide (including Annexes), HKNSL and the laws of the HKSAR.

- 6.5.2 All sponsorship/donations in cash and in kind such as prizes, food, beverages and provision of printing services must be acknowledged in writing and disbursed according to the wishes of the sponsors/donors. Contributions unspent or unused shall be returned to the sponsors/donors unless they wish to contribute them to other projects.
- 6.5.3 The name and logo of the sponsor/donor shall not be bigger or placed in a more prominent position than that of the Government (including HAD and other government departments which organise the event) when acknowledging sponsorship/donations in any publicity material relating to the project.
- 6.5.4 Applicants will be required to provide details of all sources of sponsorship and donations as far as practicable when they apply for CI fund and, where necessary, during the implementation of the project. On completion of the project, they shall indicate in the income and expenditure statement the amount of sponsorship and donations received.
- 6.5.5 The names of the sponsors/donors, the type, amount and ultimate usage of sponsorship/donations received, as well as copies of the acknowledgement letters to sponsors/donors in relation to the project shall be kept for five years⁷ for inspection by the Government as and when necessary.

6.6 Variations to Project

- 6.6.1 Projects shall be carried out in accordance with the approved plan and budget.
- 6.6.2 In case of major amendments or variations (i.e. changes in project nature and cashflow requirement; the addition of items of expenditure not covered in the original approval and other additional expenditure exceeding the 5% contingency funds (see paragraph 4.1.3)), the NGO shall give reasons to DOs and seek its prior written approval.
- 6.6.3 As regards other changes/variations to the project, the NGO shall also keep DOs informed in writing.

6.7 Public Liability and Accident Insurance

- 6.7.1 If a project is co-organised by a government department (including DO) and an NGO, the liability for an accident will be apportioned between the two parties. The actual apportionment will depend on the facts and circumstances of individual cases, and will be subject to legal advice.
- 6.7.2 NGOs are responsible for taking out insurance for their activities. For projects solely financed by CI fund but organised in partnership with NGOs, the NGOs are allowed to take out insurance using CI fund.
- 6.7.3 The premium and premium levy for public liability insurance and accident insurance are permissible items of expenditure for the grant of CI fund.

6.8 Publications and Publicity

- 6.8.1 Unless negotiated otherwise between the Government and the grantee, all the intellectual property rights in the deliverables relating to and/or arising from CI projects (e.g. publications and publicity materials) (“Deliverables”) shall be the sole and exclusive property of the Government and shall be and remain vested in the Government immediately upon creation.
- 6.8.2 The Government hereby grants for the benefits of the grantee and its authorised users a revocable, non-exclusive, royalty-free and non-sub-licensable licence in the course of the CI projects to use (including to reproduce, display, publish and circulate) the Deliverables for the sole purpose of performing the grantee’s obligations under this Funding Guide. For the avoidance of doubt, all intellectual property rights of whatever nature in any altered or modified Deliverables shall belong to and shall be and remain vested in the Government absolutely as soon as it is created.
- 6.8.3 If any materials of which the intellectual property rights are owned by third parties and incorporated into the Deliverables or supplied or used by the grantee in the performance of its obligations under

this Funding Guide (“Third Party Materials”), the grantee shall identify the Third Party Materials to the Government and keep the Government informed in writing of such Third Party Materials. The grantee hereby grants for the benefits of the Government, or in case it is not empowered to do so, shall at its own costs and expenses procure that there will be granted, in favour of the Government, its authorised users, assigns and successors-in-title, an irrevocable, non-exclusive, royalty-free, worldwide, perpetual and sub-licensable licence to use the Third Party Materials (including the doing of any acts restricted by copyright set out in sections 22 to 29 of the Copyright Ordinance (Cap. 528 of the Laws of Hong Kong)), on or before the use and incorporation of the Third Party Materials in the Deliverables in accordance with the terms hereof.

- 6.8.4 The grantee undertakes to ensure that the use, design, creation, development, production or provision of any of the Deliverables and the use, operation, custody or possession by the Government, its authorised users, assigns and successors-in-title of the Deliverables for any of the purposes contemplated by this Funding Guide do not and will not infringe any intellectual property rights or any other rights of any persons, terms and conditions set out in this Funding Guide or other applicable laws of the HKSAR and that the Deliverables will not involve any Prohibited Act.
- 6.8.5 The grantee shall indemnify and keep the Government fully and effectively indemnified against all actions, costs, claims, demands, damages, expenses (including without limitation the fees and disbursements of lawyers agents and expert witnesses) and any awards and costs which may be agreed to be paid in settlement of any proceedings and liabilities of whatsoever nature arising out of or in connection with any allegation and/or claim that the use, design, creation, development, production or provision of any of the Deliverables and the use, operation, custody or possession by the Government, its authorised users, assigns and successors-in-title of the Deliverables for any of the purposes contemplated by this Funding Guide infringes any intellectual property rights or any other rights of any person.

- 6.8.6 The grantee shall, at its own cost and expense and before the fixation and/or recording of any performances in relation to the Deliverables, obtain all the consent and clearance from the performers as may be necessary for such fixation and/or recording of the performances and for any use and exploitation of such fixation or recording, or copies thereof, by the grantee and the Government, its authorised users, assigns and successors-in-title as contemplated by this Funding Guide. For the purpose of this paragraph, the terms “performance”, “performer” and “fixation” shall have the same meanings as those assigned to them in section 200 of the Copyright Ordinance (Cap. 528 of the Laws of Hong Kong).
- 6.8.7 The grantee shall irrevocably waive and undertake to procure at its own cost and expense all relevant authors, directors of the Deliverables or any part thereof (including any Third Party Materials) and performers as referred to in paragraph 6.8.6 to irrevocably waive all moral rights (whether past present or future) in the respective items or performances (as the case may be). Such waiver shall operate in favour of the Government, its authorised users, assigns and successors-in-title and shall take effect upon creation of such items or delivery of such items to the Government or upon the grant of the licences to the Government, its authorised users, assigns and successors-in-title, or upon each of the relevant performance is given (as the case may be).
- 6.8.8 “Intellectual property rights” in this Funding Guide means patents, trade marks, service marks, trade names, design rights, copyright, domain names, database rights, rights in know-how, new inventions, designs or processes and other intellectual property rights whether now known or created in future (of whatever nature and wherever arising) and in each case whether registered or unregistered and including applications for the grant of any such rights.
- 6.8.9 The production, publication and circulation of the Deliverables can only be made for non-profitable purpose. In addition, all Deliverables must:

- (a) neither be used for purposes of personal, political or commercial publicity of any individuals or organisations, nor be implemented, presented or distributed in a way as to induce public perception of any personal, political or commercial publicity of any kind, misrepresent any associations of any individuals or organisations with HAD;
- (b) comply with the laws of the HKSAR; and
- (c) not adversely affect the image of and cause any liabilities to the Central Authorities, the Government or HAD.

6.8.10 In addition, DOs reserve the right to review and amend the content and design of all Deliverables, to stop the distribution of them, as well as to demand the grantee to immediately recall them which are displayed, published and/or circulated in public at any time. The grantee shall also submit a set of published Deliverables to the DO upon completion of the approved project for reimbursement and record purposes.

6.8.11 Further, all grantees are required to ensure that the name and, as far as practicable, the logos⁸ of “Government-funded Programme” and HAD are displayed in all publicity materials of the CI projects. However, in no circumstances shall the name and logos of the Government be used or misrepresented for any personal, political or commercial publicity or other purposes which may adversely affect the image of and/or cause any liabilities to the Central Authorities, the Government or HAD.

7 **Monitoring Mechanism**

7.1 Progress and Final Reports

7.1.1 To ensure that CI fund is used in accordance with the approved budget and purposes, the grantee is required to submit a final report to the DO within two months of completion of the project.

⁸ The grantee can obtain the electronic file of the logos from the DOs.

7.1.2 In addition to the final report, NGOs are required to submit six-monthly progress reports if the project is of a duration of more than one year. All progress reports shall be submitted within two months of the end of each six-month period. The formats of the Final and Progress Reports are at Annexes F1 and F2 respectively.

7.1.3 Apart from the final and progress reports, the NGOs are also required to submit verifiable proof, such as photographs or posters, to show that the activities of the approved project have been held.

7.2 Visit and Evaluation

7.2.1 DO staff will conduct visits or attend the activities on a random basis. They will examine the progress of the project and evaluate whether the objectives of the project have been met.

7.2.2 Where appropriate, DOs may invite DC members who do not have an interest in the organisation or the project under evaluation to conduct visits or attend the activities on a random basis as project observers and provide feedbacks on the project efficacy to DOs as applicable.

7.2.3 DOs will inform the grantee if unsatisfactory evaluation findings are identified and provide it with an opportunity to comment on the evaluation result for incorporation into the evaluation reports. Reference will be made to the evaluation reports when considering applications for CI fund in future.

7.3 Public Scrutiny

7.3.1 For evaluation purposes, DOs may invite participants to provide feedback on the performance and effectiveness of the CI projects, especially those of a larger scale and which last for a longer period. To facilitate public participation and evaluation, a list of the current and upcoming CI projects together with a relevant summary of approval results will be publicised through various means such as HAD/DO websites and notice boards.

7.3.2 Documents submitted by the grantees, such as application forms, reimbursement claims and related documents, may be released for

public inspection provided that any disclosure of personal data shall be in accordance with the requirements and/or exemptions as provided in the Personal Data (Privacy) Ordinance (Cap. 486).

7.4 Breach of Terms and Conditions

7.4.1 To ensure that the terms and conditions for receiving CI fund imposed on grantees are fully observed, DOs will conduct audit checks of the records kept by the grantees on a random basis. Apart from suspending or terminating the funding support, DOs may also impose the following penalty to NGO which fails to observe the terms and conditions imposed on it in implementing the CI project without a reasonable explanation –

- (a) low priority would be accorded when the NGO next submits an application for CI fund; and
- (b) if the NGO is subsequently granted CI fund for implementing CI projects and fails again to observe the terms and conditions, further applications for funds will be rejected.

7.4.2 DOs will inform the NGO of the irregularities found and the penalty imposed for the breach, if any.

7.5 Suspension or Termination of Project

7.5.1 Without prejudice to Section 9 below, DOs may suspend or terminate the funding support to grantee of an approved project at any time for reasons including but not limited to –

- (a) the grantee fails to observe any provisions of this Funding Guide (including Annexes) and/or any conditions imposed by DHA or his/her authorised officers;
- (b) the approved project has a substantial deviation from the original plan;
- (c) there is a lack of material progress of the implementation of the approved project in a satisfactory and/or material way without a reasonable explanation;

- (d) the project is observed to be no longer viable or unable to be completed in accordance with the time-line in the approved plan;
- (e) the information submitted by grantees (e.g. application form and project reports) is incorrect, incomplete or false;
- (f) HAD has had reasonable grounds to believe that the approved project, any matter proposed to be performed or conducted under the project plan, or the person employed or engaged by the approved project breaches or is likely to breach the laws of the HKSAR; and
- (g) HAD reasonably considers that it is contrary to the interest of national security or the interest of the public to provide the CI fund to the grantee.

7.5.2 In the event of suspension or termination of funding support as per paragraph 7.5.1, the respective DO will inform the grantee in writing. In case of suspension of fund, the grantee shall demonstrate that measures have been taken to improve the unsatisfactory situation and rectify the problems before DO considers lifting the suspension. In case of termination, DO may withhold any further payment and/or demand from the grantee an immediate return of all or part of the Grant, in which event the grantee shall be liable for any loss or damages the Government may sustain as a result of or in relation to any breach or default by the Grantee. The DO will consider the possible redeployment of the items procured with CI fund, and the grantee is obliged to return the items upon DO's requests.

7.6 Premature Termination of Project

7.6.1 The grantee shall inform the DO in writing in the event of premature termination of a project during the preparation or implementation stage.

7.6.2 Depending on the circumstances and the reasons provided by the grantee, the DO may, where applicable, endorse reimbursement of

expenses already incurred in the preparation/implementation of the project. If DO considers that the cessation of the project is due to negligence, recklessness or wilful misconduct of the grantee, no subsequent reimbursement should be made and the grantee shall be required to return immediately to the Government the full/partial amount of the advance payment and/or reimbursement previously received.

- 7.6.3 As for items purchased with CI fund in prematurely terminated projects, the DO will consider the possible redeployment of the items concerned; and the grantee is obliged to return the items upon DO's requests and to bear any costs so incurred e.g. transportation expenses. Prior approval has to be sought from DO in case the grantee wishes to dispose the items or contribute them to other approved CI projects.

7.7 Ticket Allocation

For activities involving ticket allocation, grantees shall ensure that the tickets are distributed, allocated or sold in an open and fair manner. Generally speaking, CI fund should not be used to subsidise any discounts offered in favour of particular persons (e.g. members of a particular organisation). Applicants for the CI fund have to state in their applications the ticket allocation proposal.

8 Conflict of Interest

- 8.1 Project applicants shall avoid engaging in activities which may give rise to actual, potential or perceived conflicts of interests in the management and/or implementation of the project. The applicants shall also make the relevant declaration of interest on the Application Form (at Annex B) and the Final Report (at Annex F1) for any pecuniary or other interest in matters relating to the proposal and/or arisen throughout the implementation of the approved project, including for example, previous business dealings with any DC Members (or their assistants) or members of C/WGs under DCs, DOs and DO staff.

- 8.2 If there is a conflict of interest, the applicant shall decide whether the persons or organisations concerned shall abstain from the relevant process(es) and record the reasons for its decision on the Final Report (at Annex F1).

9 Safeguarding National Security

- 9.1 Every applicant and grantee is regarded to have warranted and undertaken to the Government that –

- (a) it, and all its member(s), employee(s), agent(s), contractor(s) and co-organiser(s) (collectively, “Relevant Personnel”) shall comply with all applicable laws of the HKSAR (including the HKNSL);
- (b) neither it nor any of the Relevant Personnel shall commit any Prohibited Act;
- (c) no Prohibited Act will be committed in delivering or carrying out the project to which an application for CI fund or a grant of CI fund relates; and
- (d) it shall forthwith upon its becoming aware of commission of a Prohibited Act by any person, report the Prohibited Act to the Police and other relevant law enforcement agencies.

- 9.2 Notwithstanding anything to the contrary in this Funding Guide and/or the agreement made between the Government and a grantee in relation to the grant of the CI fund, the Government may at any time terminate the CI funding provided to the grantee if –

- (a) the grantee or any of the Relevant Personnel commits any Prohibited Act;
- (b) HAD is of the reasonable opinion that any Prohibited Act has been or may be committed in the delivery or carrying out of the project funded by the CI fund;
- (c) HAD is of the reasonable opinion that it is contrary to the interest of national security to continue to provide the CI fund or to continue to implement the project funded by the CI fund;

- (d) HAD reasonably considers the termination to be necessary in order to protect the public interest (including public morals, public order or public safety) of the HKSAR; or
- (e) If the grant of CI fund to a grantee is terminated under paragraph 9.2 (a) to (d) above, paragraph 7.5.2 shall apply and the Government may report any matter referred to in paragraph 9.2 (a) to (d) to the law enforcement agency/agencies at any time. The grantee and/or the Relevant Personnel concerned will be held accountable for all the liabilities or legal actions arisen therefrom.

9.3 The grantee (excluding the government department) is required to duly sign an undertaking in the Application Form (at Annex B) on safeguarding national security. Otherwise, the application will be considered **invalid**.