

**Terms and Conditions for Receiving Community Involvement (CI) Fund**

**The terms and conditions set out below apply to Non-governmental Organisations (NGOs) either implementing the CI projects on their own or in collaboration with District Offices (DOs), District Councils (DCs) or Committees/Working Groups (C/WGs) under DCs/DOs. All of them will be referred to as “grantee” in the following paragraphs.**

1. Agreement

1.1 By accepting the Community Involvement (CI) Fund from the Hong Kong Special Administrative Region (HKSAR) Government (“Government”), 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 the Funding Guide on Community Involvement Programme (the Funding Guide) and additionally prescribed by the Director of Home Affairs (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.); and
- (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. procuring goods/services or inviting quotations for the project from the grantee’s subsidiary/ related company, or a staff member’s own company or his immediate family’s company) arising from their involvement in the approved project, will declare any interest

## Annex C

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 interests<sup>1</sup>, will avoid accepting lavish or frequent 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. The grantee should remind its member(s), employee(s), agent(s), contractor(s) and co-organiser(s) involved in the CI project to observe the above probity requirements.

- 1.2 The grantee is further subject to the acknowledgement and undertakings under “Safeguarding National Security” in paragraph 6 below.
- 1.3 DHA or his/her authorised officers may suspend or terminate the funding support to grantee for an approved project at any time for reasons including but not limited to –
  - (a) the grantee fails to observe any provisions of the 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,

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<sup>1</sup> If there is a conflict of interest, the grantee shall decide whether the persons or organisations concerned shall abstain from the process(es) concerned and record the reasons for its decision.

## Annex C

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.

1.4 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 DHA or his/her authorised officers considers lifting the suspension.

1.5 In case of termination of fund, DHA or his/her authorised officers 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.

1.6 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 willful misconduct including any breaches of laws (e.g. falsified claims, infringement of copyrights and etc.).

## 2. Use of Grant

2.1 The grantee is required to 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 DHA's or his/her authorised officers' prior written endorsement must be obtained.

2.2 The grantee is required to utilise all other sources of income (including cash donations and sponsorship) in the first instance prior to the use of CI fund to meet project expenses. Any unspent amount of CI fund shall be returned to the Government immediately.

3. Procurement and Recruitment Requirements

- 3.1 The grantee is required to strictly follow the prescribed procurement procedures in the Funding Guide for procurement using CI fund. In addition, if more than 50% of the total estimated cost of a project is financed by CI fund, the grantee shall follow the relevant procurement procedures for the entire project, including the use of funds from other sources of finance. Failure to observe the procurement guidelines may result in rejection of application for reimbursement, or refund of CI fund to the Government immediately.
- 3.2 The grantee 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.
- 3.3 For procurement of capitalised items, the grantee is required to –
- (a) 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;
  - (b) obtain prior written approval from DHA or his/her authorised officers in case of selling, transferring or disposing of an item; and
  - (c) report immediately in writing all cases of loss or deficiency to the respective DO and make a report to the police if the losses or deficiencies involve a criminal act or suspected criminal act. The grantee shall also investigate the loss or deficiency and forward their report, to be supported by the police report if appropriate, to the respective DO.

The Government reserves the right to take back the capitalised items procured with CI fund if necessary and any costs so incurred, e.g. transportation expenses, are to be borne by the grantee. For cases of loss or deficiency, the Government may recover from the grantee concerned any financial losses where appropriate.

4. **Reporting Requirements**

- 4.1 When the project duration lasts for more than one year, the grantee is required to submit six-monthly progress reports on the project to the DO within two months of the end of each six-month period. Failure to submit a progress report on time may result in cessation of advance payment and/or reimbursement.
- 4.2 The grantee is required to submit a final report and an itemised income and expenditure statement together with supporting receipts<sup>2</sup> or a report from a certified public accountant (Practising) within two months upon completion of the project. Relevant documents may be published by the Government as and when necessary.
- 4.3 Subsequent to the receipt of advance payment for the first year in implementing a cross-year project, the grantee must at least submit one claim for reimbursement of expenses incurred during the year together with an up-to-date income & expenditure statement and supporting receipts<sup>2</sup> before they can apply for the advance payment for the subsequent year(s) of project implementation.
- 4.4 The grantee is required to provide written explanations to the DO in the event that the project is delayed beyond the scheduled implementation date or prematurely terminated during the preparation or implementation stage. Failure to provide acceptable explanations may result in having to refund the amount of CI fund to the Government immediately.
- 4.5 The grantee is required to submit verifiable proof, such as photographs or posters, to show that the activities of the approved project have been held.

5. **Publication and Publicity Requirements**

- 5.1 Unless negotiated otherwise between the Government and the grantee, all the intellectual property rights in the deliverables relating to and/or arising from the CI projects (“Deliverables”) shall be the sole and exclusive property of

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<sup>2</sup> A receipt submitted for reimbursement purposes must bear the date of purchase and full description of the individual expenditure items. Otherwise, supporting documents such as invoices and billing statements showing the aforesaid details are to be submitted to supplement the receipt.

## Annex C

the Government and shall be and remain vested in the Government immediately upon creation;

- 5.2 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, published and circulate) the Deliverables for the sole purpose of performing the grantee's obligations under the 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.
- 5.3 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 the 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.
- 5.4 The grantees 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 the 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 the Funding Guide or other applicable laws of the HKSAR and that the deliverables will not involve any act or activity that constitutes or, in the reasonable opinion of HAD is likely to constitute, an offence under the Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region ("HKNSL") and relevant laws of

## Annex C

HKSAR concerning national security; or may otherwise, in the reasonable opinion of HAD, be contrary to the interest of national security (collectively “Prohibited Act”).

- 5.5 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 the Funding Guide infringes any intellectual property rights or any other rights of any person.
- 5.6 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 the 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).
- 5.7 The grantee shall irrevocably waives and undertakes 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 5.6 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).

## Annex C

- 5.8 “Intellectual property rights” in this Annex C 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.
- 5.9 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, 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.
- 5.10 The grantee acknowledges that the DO reserves the rights to review and amend the content and design of all Deliverables, to stop the distribution of them, and to demand the grantee to immediately recall the Deliverables already displayed, published and/or circulated in public at any time.
- 5.11 Further, all grantees are required to ensure that the name of HAD and, as far as practicable, the logos 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.

6. Safeguarding National Security

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

- (a) it, and all its members, employees, agents, contractors and co-organisers (collectively, “Relevant Personnel”) shall comply with the 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.

6.2 Notwithstanding anything to the contrary in the 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 funding support 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; or
- (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.

6.3 The Government may report any matter referred to in paragraph 6.2 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.

7. Others

7.1 The grantee shall indemnify and keep the Government fully and effectively indemnified in relation to the approved project from and against –

- (a) 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 the Funding Guide infringes any intellectual property rights or any other rights of any person; and
- (b) all liabilities (including liability to pay compensation and damages), damages, losses, costs, charges and expenses which the Government may sustain or incur (including all legal and other costs, charges, and expenses, on a full indemnity basis, which the Government may pay or incur in relation to any demand, claim, action, proceeding or investigation instituted by or against the Government), which in any case arise directly or indirectly from, or as a result of, or in connection with, or which relate in any way to –
  - (i) any damage to property or personal injury or death suffered by any person in connection with or in the course of or as a result of any activity organised or carried out by the grantee in relation to the approved project;

## Annex C

- (ii) the breach by the grantee of any provision in the Funding Guide and/or any laws of the HKSAR;
- (iii) the negligence, recklessness, or willful misconduct of the grantee, its member(s), employee(s), agent(s), contractor(s) and co-organiser(s) in relation to the conduct of the approved project; and
- (iv) any Deliverables or materials developed or produced under the approved project which infringe or are alleged to infringe any laws of the HKSAR.

7.2 DHA or his/her authorised officers reserve the right, without prior consultation with or notice to the grantee, to amend or add to the terms and conditions set out in the Funding Guide at any time. 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 CI Programme 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.