

Commission on Poverty
Child Development Fund – Way Forward

PURPOSE

This paper reports the discussions of the Task Force on Children and Youth (the Task Force), and invites Members' views on the way forward in establishing the Child Development Fund (the CDF) in Hong Kong.

BACKGROUND

2. The Government accepted the recommendation of the Commission on Poverty (CoP) to set up a CDF in Hong Kong. In the 2007-08 Budget Speech, the Financial Secretary announced that \$300 million would be earmarked for the purpose of providing children from a disadvantaged background with more development opportunities. The Government keeps an open mind on how best to make use of the additional resources.

3. The Task Force deliberated on the key features and possible arrangements of the CDF at the meeting of 13 February 2007. A seminar was held on 24 April 2007 to gather more views from key stakeholders on the objectives, features, target beneficiaries and mode of operation of the CDF.

KEY FEATURES OF THE CDF

4. On the basis of the views gathered from previous CoP discussions¹, the Task Force considered that the CDF should have the following two key features -

(i) Personal Development Plans

5. The CDF should encourage the use of a more child-focused approach to assist children from a disadvantaged background to overcome their less favourable circumstances through developing personal development plans with special targets set by the participating children and their families. On-going guidance in developing and achieving the personal development plans should be provided, either through staff of the non-governmental

¹ For more details of the previous CoP discussions on the CDF, please refer to www.cop.gov.hk and www.cdf.gov.hk

organisations (NGOs) or through organising a network of volunteer mentors. For example, these personal development advisors should guide the participants on how to make use of the available services and programmes to achieve their targets. Instead of leisure or extra-curricular activities, the development targets should be related to capacity enhancement (e.g. education, vocational training and skills enhancement) which could better equip the children for future career and development.

(ii) Targeted Savings Element

6. From relevant overseas experience, targeted savings is an important element of the asset-building approach which encourages accumulation of assets among the poor (financial savings, as well as skills, proper attitudes and support network). The Task Force considers that this element is key to enhancing the children's abilities to manage resources and plan for their own future. Nevertheless, the Task Force noted that the community has not formed a clear consensus in support of the approach to encourage savings among the poor, and considered it important to tap more views from key stakeholders.

STAKEHOLDERS' VIEWS ON THE CDF

7. Over 100 participants from NGOs, the business community, government and the academic sector participated at the seminar held on 24 April, and discussed the way forward in implementing the CDF in Hong Kong. The major views of the participants are summarised below (paragraphs 8 - 15).

(I) Objectives of the CDF

8. In order to tackle intergenerational poverty, participants strongly considered that the CDF should not be positioned as a fund simply to alleviate poverty, but to encourage children and youth from a disadvantaged background to move out of poverty by strengthening their capacities and giving them hope.

9. Participants also supported the idea that the CDF should not overlap with the existing services and programmes to ensure a more efficient use of resources and to achieve a greater impact. In this regard, they supported using the CDF to try out the asset-building approach and to support trial projects. While accumulating financial assets and a knowledge of financial planning were important assets for children's future development, in the Hong Kong context, participants considered that accumulation of non-financial assets, such as right attitudes and a proper mindset, personal resilience and capacities as well as social networks were more important to the future development of children.

(II) Targeted Savings Element

10. A majority of the participants considered it crucial to include the targeted savings element in CDF projects to complement personal development plans. Instead of being passive recipients of services and assistance, many participants shared the view that the savings process could empower the disadvantaged to accumulate assets and help them to plan for their future, which was essential to help them move out of poverty and become self-reliant. Some participants remained concerned that it might be difficult for the poor to save, and requested the Government to consider providing alternatives, e.g. by allowing the children to contribute through non-monetary means (e.g. voluntary work), allowing others to contribute to their savings accounts on their behalf, or providing "emergency" assistance (i.e. financial assistance) when the children and families were too financially strained to save for a month or two.

11. Regarding the suggested savings formula², many participants expressed concern that the total amount to be saved (about \$10,000) in two years was too low for lifting a child out of the "poverty trap". In order to accumulate a larger sum, some proposed to lengthen the two-year project duration to six years (so that about \$30,000 could be saved). Participants however noted that according to empirical evidence overseas, it was difficult for poor families to save regularly for an extended period. From the experience of Savings Gateway (a pilot scheme) in the U.K., the duration was between 12 to 18 months. Extending the pilot to a six-year period would also mean that assessment of the impact of the trials projects could not be completed until after six years to facilitate the Government to consider the longer-term model. There was a need for the Government to balance the length of the savings period and the amount to be saved for the trial CDF.

(III) Role of Various Parties

12. In order to develop trial child development projects in Hong Kong, participants expressed the view that the roles of NGOs, the Government, the business community and the family were very important. Their views were as follows:

NGOs – Participants noted that NGOs would play an important role in implementing the child development projects, including organising quality mentorship programmes to guide the development of personal development plans of the children. Participants nevertheless considered that a more significant part of the additional resources should be used on the children themselves instead of covering the administration costs of the programmes.

Government - Participants considered that it was important to demonstrate the

² It is suggested that children and their families should be encouraged to save at a moderate level (e.g. \$200 a month), plus matching contribution from the private sector, say 1:1. In two years, there should be \$9,600 in savings.

Government's strong commitment to tackle intergenerational poverty in the CDF by providing funding to encourage the children to accumulate assets. They were aware of the difficulties for the Government to provide matching contributions to encourage personal savings. Participants suggested the Government to explore other alternatives, e.g. provide funds for each participating children to complete their personal development plans, and to allow flexibility to the NGOs to help the children make the best use of the funds.

Business sector – Participants noted that some private companies would share the objectives of the CDF and would be interested in supporting child development projects. Nevertheless, many NGOs expressed the view that it was difficult to secure private sector support. Some private sector representatives expressed that it was equally difficult for private sector companies and charity foundations to process diverse requests from different NGOs. Participants considered that more coordination of similar requests among NGOs might enable the private sector to support social causes more effectively by sharing out the funding required.

Family – Participants shared the view that family members, especially parents, played a vital role in child development. In order to tackle intergenerational poverty, solutions and programmes must be family-based. They considered that it was important to include a family perspective in designing and implementing the CDF, and for parents to participate in the programmes e.g. in developing the personal development plans, in monitoring the achievement of development targets etc.

(IV) Targeted Beneficiaries

13. While disadvantaged children and youth living in households receiving Comprehensive Social Security Assistance and children and youth receiving full grants from the Student Financial Assistance Agency (SFAA) should be included in the Scheme, participants considered that the CDF should also provide flexibility to NGOs to cover children and youth from working poor families, say those receiving 50% or 75% grants from SFAA. While priority might be given to the most needy, participants supported the idea that NGOs should be allowed to include a percentage of children from the working poor/"near CSSA" families (i.e., families with incomes near or below the CSSA payment rates for similar sized families).

14. Concerning the age of the targeted beneficiaries, participants in general considered that young children at 6 years old or above should be capable of learning how to develop themselves under the guidance of mentors. There was also merit in intervening in early childhood and to help young children to develop the right attitudes early. On the other hand, some participants suggested that given the CDF would be at a trial stage, more focused efforts to help secondary students would achieve quicker and more visible impacts in terms of helping them to develop asset building habits.

(V) Funding

15. Some participants were also concerned that some NGOs might not be able to raise sufficient funds from the community and the business sector to provide dollar for dollar matching for the targeted savings scheme. Special consideration should be given to NGOs who could not raise funds for matched savings so that they could still use the "personal development plan" model to assist disadvantaged children.

ADVICE SOUGHT

16. Over the past few months, the Task Force has conducted an in-depth examination of the relevant local and overseas experience, and has conducted a series of consultation with key stakeholders on how best to promote the development among children from a disadvantaged background. The Task Force notes there is a relatively strong consensus among key stakeholders in support of trying out the asset-building approach in Hong Kong as a new approach to tackle intergenerational poverty. Most Task Force members considered that the targeted savings element should be an essential feature of the CDF, which can give the CDF a clear positioning and avoid duplicating other existing funding sources.

17. The Task Force however notes that there are some diverse views on the detailed operation of the CDF -

- (i) whether the targeted savings element should be an essential feature of the trial child development projects (paragraph 10);
- (ii) whether the duration of savings should be extended from two years to a longer period in order to accumulate a more decent sum of savings (paragraph 11);
- (iii) the roles of different parties, in particular concerning funding support from the Government to encourage children to accumulate assets (paragraph 12); and
- (iv) whether the CDF should focus on a particular age groups at the trial stage in order to achieve quicker and more visible impact (paragraph 14).

18. Members are invited to offer comments on the above to facilitate the Administration to consider the way forward.

Commission Secretariat

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