

REPORT ON THE DISASTER RELIEF FUND 2007-08

INTRODUCTION

This is the sixth annual report on the Disaster Relief Fund (the Fund), giving an account of grants made for disaster relief outside Hong Kong in the Financial Years 2006-07 and 2007-08 and also reporting on available findings on the performance of these relief efforts.

DISASTER RELIEF FUND

2. A resolution under section 29 of the Public Finance Ordinance (PFO) was introduced into the Legislative Council (LegCo) on 1 December 1993 to establish the Disaster Relief Fund for disaster relief in places outside Hong Kong with an initial appropriation of \$50 million from the General Revenue. The Fund is topped up in the beginning of each financial year, and as necessary during the financial year, depending on calls for relief and the size of the Fund balance and commitments. Separately, in the year 2007-08, the Government received a donation of \$0.5 million to provide relief to snowstorm victims in the Mainland. The donation was credited accordingly to the Fund for the purpose.

3. As with all other PFO funds, the Financial Secretary has been designated as the administrator of the Fund. The LegCo Finance Committee's approval will be required for each individual disbursement exceeding the limit of the delegated power which at present is \$8 million.

DISASTER RELIEF FUND ADVISORY COMMITTEE

4. A Disaster Relief Fund Advisory Committee (the Committee) has been set up since 1 February 1994 to advise on the policy and practices regarding the disbursement of funds for disaster relief, advise on specific amounts to specific recipients and monitor the use of grants. The current membership of the Committee is at **Annex A**.

GUIDELINES AND CONDITIONS FOR APPROVAL OF GRANTS

5. The guidelines adopted by the Committee in considering applications for grants from the Fund are as follows –

- (a) grants should only be made in cases of a specific disaster, not an on-going problem;
- (b) grants should only be made in cases of disasters of such nature and scale that stimulate a response by the international community;
- (c) grants should be made in response to –
 - (i) appeals made to the international community by a government or a relief organisation for disaster relief aid in the country or locality concerned, or
 - (ii) applications submitted by a relief organisation for a disaster relief project being or to be carried out by the organisation;
- (d) the appeal/application should be based on humanitarian grounds. Political considerations will not be taken into account;
- (e) the appeal/application should have received a measure of public support in Hong Kong;
- (f) any application by a relief organisation should be supported by a proposal outlining the nature and scale of the aid project, the number and type of beneficiaries and the size of grant required;
- (g) the relief organisation should have demonstrated a sound track record in providing similar types of disaster relief services and activities;
- (h) the size of the grant should be sufficient to make an impact; and
- (i) when there is more than one application of a similar nature and for the same disaster, regard should be given to the likely number of beneficiaries, the promptness with which the relief may be provided and the nature of the relief to be provided.

6. Individual grants from the Fund takes the form of one-off cash payment. They will be given to the government concerned or to a reputable relief organisation in the field. The grant recipients are required to comply with the following conditions –

- (a) up to but not more than 5% of the grant may be used to cover overheads or other administrative costs. The rest should be spent entirely on disaster relief services and activities; and
- (b) the government/relief organisation concerned should submit an evaluation report and an audited account to the Government of the Hong Kong Special Administrative Region on the use of the grant within six months upon the completion of the relief programme.

MONITORING THE USE OF GRANTS

7. The grants should only be used for the approved purposes. In view of the volatile situation in the disaster-stricken areas, the following measures are put in place to monitor the use of grants –

- (a) the relief organisation should report to the Committee the critical project milestones, such as the commencement date and the completion date of a project, within one month from the respective scheduled date;
- (b) should there be signs of deviation from the approved targets, inclusive of the schedule, the relief area, the number of victims benefited etc., the relief organisation is required to obtain prior approval from the Committee;
- (c) the evaluation report submitted by the relief organisation should comprise an overall assessment of the programme in terms of the number of victims benefited and the total time used to provide emergency relief to them. Other information such as statement of need, project goal, relief items, timeliness of relief actions, coordination with other relief organisations, monitoring effort and project finance etc. should also be provided as far as practicable and applicable; and

- (d) the evaluation report and audited accounts are reviewed by the Secretariat of the Committee and the Audit Commission during the annual audit of the Fund to ensure that the grant conditions are complied with.

GRANTS APPROVED AND RELIEF PROGRAMMES SUPPORTED

Number of applications approved (Annex B-1)

8. Since the establishment of the Fund to date, i.e. from 1 December 1993 to 31 March 2008, the Committee received a total of 259 applications for grants from the Fund. Of these, 213 were approved, representing a success rate of 82%. For the remaining 46 applications, 38 were declined and eight withdrawn by the relief organisations.

9. In the year 2006-07, 14 applications were received, of which 12 were approved and two were declined. In the year 2007-08, 34 applications were received, 25 of them were approved, seven were declined and two withdrawn by the relief organisations.

Amount of grants approved (Annex B-2)

10. The total amount of grants made from the Fund since its establishment in 1993 is \$642.65 million. Calls on the Fund vary from year to year. Depending on the number, scale and nature of the disasters, the annual total amount of grants approved ranged from \$8.15 million in 2001-02 to \$272.34 million in 2007-08.

11. Excluding the applications withdrawn or declined, in the year 2006-07, the total amount applied for and approved was \$26.39 million and \$19.88 million respectively; in the year 2007-08, the amount were \$275.36 million and \$272.34 million respectively.

Grants approved by recipients (Annex B-3)

12. A total of ten relief agencies and eight governments have received

grants from the Fund since its establishment. The five non-government organisations which received the largest amounts of grants are Hong Kong Red Cross, Médecins Sans Frontières, Oxfam Hong Kong, The Salvation Army and World Vision Hong Kong. They have altogether received \$384.31 million from the Fund, representing some 60% of the total amount approved.

Grants approved by countries / geographical regions (Annex B-4)

13. Some 71% of the total approved grants were for carrying out relief programmes in the Mainland since the establishment of the Fund.

14. In the year 2006-07, four programmes were carried out in the Mainland (\$6.5 million in total) and eight in the rest of Asia, including Indonesia and the Philippines (\$13.38 million in total). For the year 2007-08, 18 programmes were carried out in the Mainland (\$260.05 million in total), six in the rest of Asia, including Bangladesh, India, Nepal and Pakistan (\$10.79 million in total) and one in Peru in Latin America (\$1.5 million).

Relief programmes approved by nature of disaster (Annex B-5)

15. Around 37% and 32% of all programmes approved by the Committee were for the relief of victims of floods and earthquakes/tsunamis respectively.

16. Among the 12 programmes approved in 2006-07, six were for the relief of earthquake victims (\$10.88 million in total), three for flood victims (\$5 million in total), two for typhoon victims (\$2.5 million in total) and one for drought victims (\$1.5 million). Of the 25 programmes approved in 2007-08, three were for the relief of earthquake victims (\$5.5 million in total), ten for flood victims (\$25.76 million in total), two for typhoon victims (\$3.65 million in total) and ten for snowstorm victims (\$237.43 million).

Government-to-government assistance for the Mainland snowstorm

17. The snowstorm in early 2008 in the Mainland brought unprecedented damage in the last hundred years. The Government of the

HKSAR (HKSARG) was in close contact with the Central People's Government (CPG) to understand the situation and seek advice on how the HKSARG could help and contribute towards the disaster relief work. The advice of the CPG was that aid from the HKSARG would best be channeled towards Hunan and Guizhou, which were the two provinces hit hardest by the snowstorms. The Committee approved a donation of \$100 million each to the Hunan and Guizhou provincial governments to enable them to provide emergency relief and related rehabilitation work. Separately, HKSARG was also in touch with the Guangdong authorities to see if they would need any help. The Guangdong authorities were very appreciative of the offer and suggested that the Municipality of Shaoguan, which had suffered badly from the damage caused by the snowstorms, would benefit from help from Hong Kong. The Committee therefore approved a donation of \$10 million to the Shaoguan Municipal Government to assist their relief work. Apart from the assistance provided to local governments, as at 1 April 2008, the Committee also approved eight programmes with grants totaling \$28.72 million for seven organisations to provide relief for snowstorm victims in eight provinces in the Mainland.

Processing time

18. The target application processing time is 14 working days from the date of receipt of full information from the applicant to the date of notification of the result. In the past two financial years, all applications were processed within the target time. Excluding those applications withdrawn, in 2006-07 the average processing time of the 14 applications processed was 4.3 working days and in 2007-08, the average processing time of the 32 applications processed was 2.3 working days.

REVIEW OF PROJECTS APPROVED IN 2006-07

19. Relief organisations are required to submit audited accounts and evaluation reports within six months upon completion of the relief projects. For the 11 projects carried out by relief agencies and approved in the Financial Year 2006-07 (**Annex C**), the required documents of most programmes had not yet been due when the Report of the Fund was issued in

April last year. The evaluation papers of all these programmes have now been submitted. The 11 projects by relief agencies, except for one, have satisfactorily met the following prescribed targets –

- (a) Use of grants – All grants were used for the designated purposes to cover the budget of relief programme as approved and that prior approval from the Committee was obtained for any change in the use of grants. Not more than 5% of individual grant was used to cover overheads or other administrative costs. Four relief programmes recorded a total of unexpended balance of about \$1 million which was refunded to the Fund.
- (b) Number of beneficiaries – All relief programmes have achieved the original proposed target number of beneficiaries in proportion to the grant approved. The 11 programmes in aggregate provided immediate emergency relief to some 410 000 disaster victims.
- (c) Timeliness of project completion – All relief projects were delivered according to the approved schedules within one to three months' time.

The exceptional case was a relief programme carried out in two additional geographical locations of the beneficiary country without justifiable reasons for not obtaining the prior approval of the Committee. As a result, only one third of the original proposed target number of beneficiaries in proportion to the grant approved was achieved. On request, the concerned relief organisation would return the non-approved expenditure amounting to about \$0.3 million to the Fund by instalments.

20. As regards the disbursement to the Indonesian Government for emergency relief of earthquake victims, the evaluation report on the use of the grant has confirmed that timely assistance was rendered to help the victims over the calamities that had fallen upon them.

REVIEW OF PROJECTS APPROVED IN 2007-08

21. Of the 22 projects carried out by relief agencies and approved in the Financial Year 2007-08 (**Annex D**), the evaluation reports and audited

accounts of six projects have been accepted by the Secretariat. All but one of these programmes have satisfactorily achieved the original proposed target number of beneficiaries in proportion to the grant approved. The exceptional programme has under-achieved the target number of beneficiaries by 11%. The discrepancy was a result of several external factors beyond the control of the organisation, including the inflation in the price of rice and other commodities in the Mainland, the unexpectedly high transportation cost in delivering the relief materials to mountainous areas and the depreciation of the Hong Kong dollar against the Renminbi. For the other 16 projects, the reports are either being examined by the Secretariat or are due later in the year. The Secretariat will monitor their submissions and examine their findings as and when they are received. The outcome of the examination will be reported in the annual report of the Fund for the year 2008-09 which will be issued in April 2009.

Secretariat
Disaster Relief Fund Advisory Committee
2 May 2008

Disaster Relief Fund Advisory Committee

Membership

Chairman

Chief Secretary for Administration) *ex-officio*
)

Members

The Honourable Jasper TSANG Yok-sing, GBS, JP
GBS JP

The Honourable Andrew LIAO Cheung-sing, SBS, SC, JP
SBS SC JP

The Honourable Mrs Sophie LEUNG LAU Yau-fun, GBS, JP
GBS JP

Dr the Honourable KWOK Ka-ki

Mr Michael LAI Kam-cheung, MH, JP
MH JP

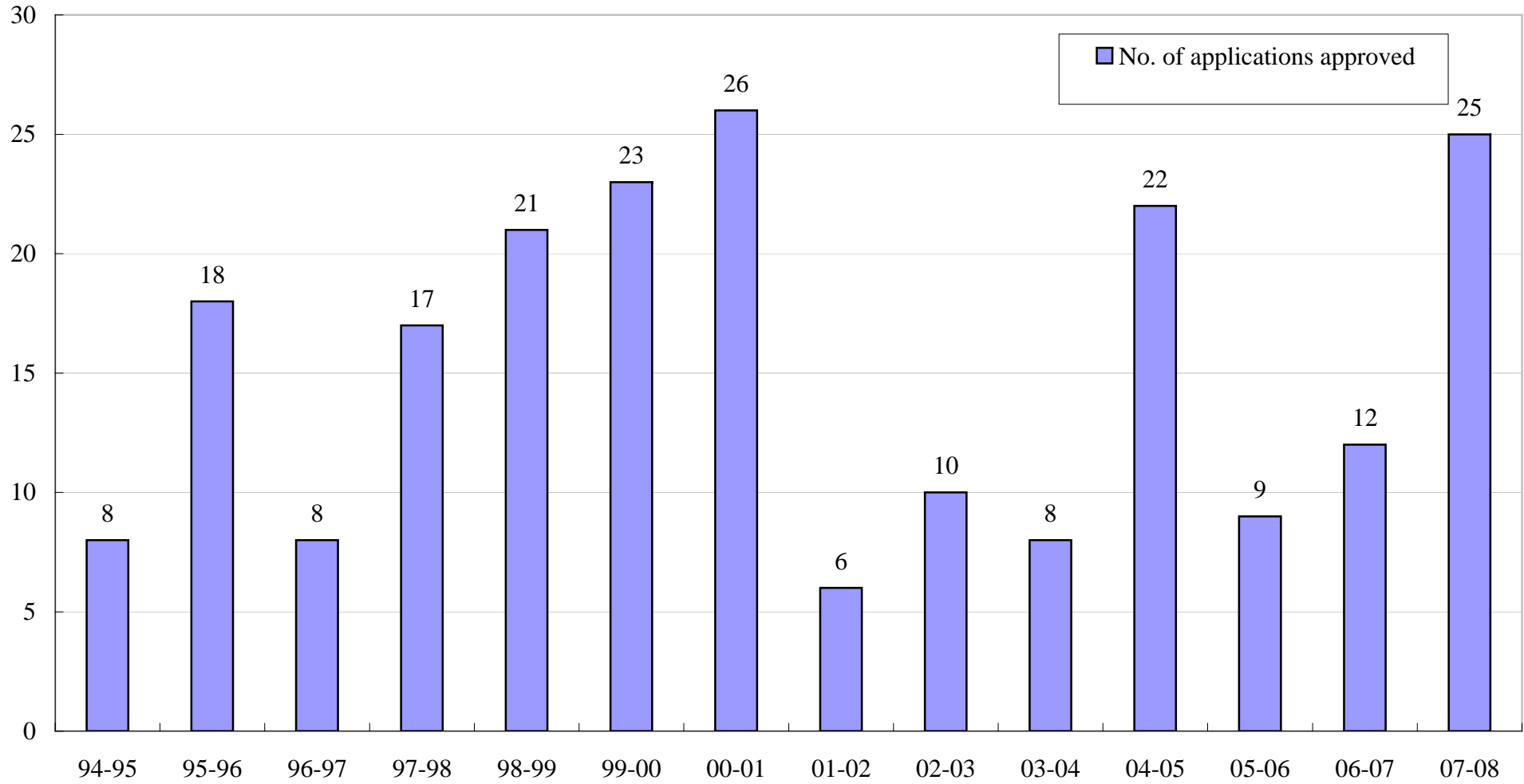
Mr Irving KOO Yee-yin, SBS, JP
SBS JP

Secretary for Financial Services and the Treasury) *ex-officio*
)

Secretary for Labour and Welfare) *ex-officio*
)

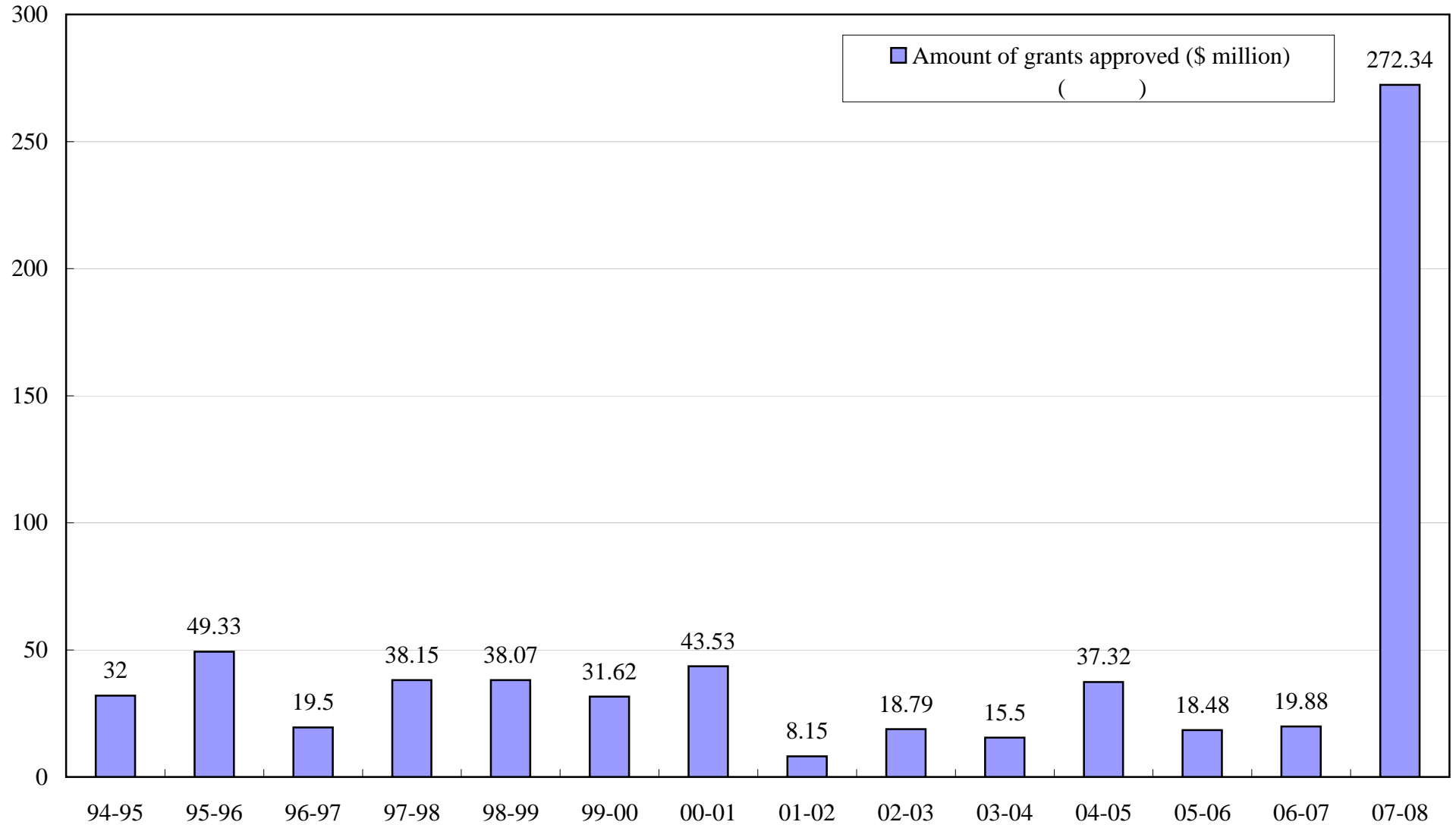
DISASTER RELIEF FUND

**NUMBER OF APPLICATIONS APPROVED FOR THE YEARS ENDED 31 MARCH 2008
2008 3 31**



DISASTER RELIEF FUND

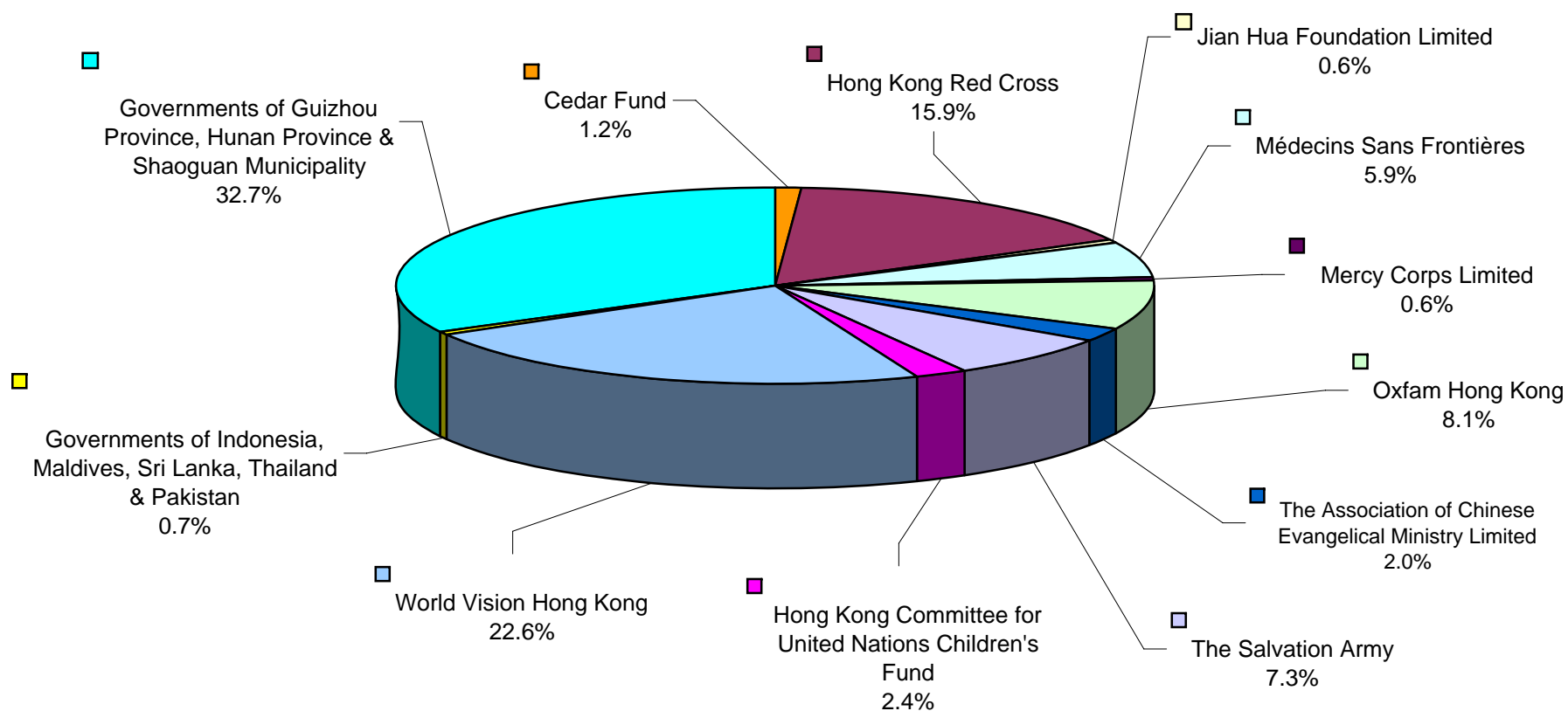
**GRANTS APPROVED FOR THE YEARS ENDED 31 MARCH 2008
2008 3 31**



DISASTER RELIEF FUND

GRANTS APPROVED BY RECIPIENTS (\$ million)
FOR THE YEARS ENDED 31 MARCH 2008

2008 3 31 ()



DISASTER RELIEF FUND

**GRANTS APPROVED BY GEOGRAPHICAL REGIONS (\$ million)
FOR THE YEARS ENDED 31 MARCH 2008
2008 3 31 ()**

