

Guide to Application for the Recycling Fund (Industry Support Programme)

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1. INTRODUCTION

1.1 Background

- 1.1.1 The Government issued in May 2013 the “Hong Kong Blueprint for Sustainable Use of Resources 2013-2022” (the Blueprint), setting out a comprehensive strategy to reduce waste and increase recovery and recycling. Effective and sustainable recycling operation is an essential component in our waste management system. In support of the sustainable development of the recycling industry, the Chief Executive announced in his 2014 Policy Address that HK\$1 billion has been earmarked for setting up a Recycling Fund. With the approval of funding by the Finance Committee of the Legislative Council in July 2015, the Recycling Fund was launched in October 2015.
- 1.1.2 The Recycling Fund comprises two parts, namely the Enterprise Support Programme and Industry Support Programme. The former provides funding support for individual Hong Kong enterprises to upgrade and expand their waste recycling operations in Hong Kong. The latter provides funding support for non-profit distributing organisations (NPOs) such as professional bodies, trade and industry organisations, research institutes and other industrial support organisations registered in Hong Kong to undertake non-profit making projects which can assist the local recycling industry in general or in specific sectors in enhancing their operational standards and productivity.
- 1.1.3 The Government has engaged the Hong Kong Productivity Council (HKPC) to be the Implementation Partner as well as the Secretariat for the Recycling Fund (the Secretariat) to assist in the development, promotion, management, operation and monitoring of the recycling fund activities.

1.2 Objectives of the Fund

- 1.2.1 The primary objective of establishing the Recycling Fund is to promote the recovery and recycling of waste by facilitating the upgrading of the operational capabilities and efficiency of the recycling industry for sustainable development in order to achieve the policy objectives of waste reduction in Hong Kong as pledged in the Blueprint and to address some of the bottlenecks/ constraints in the recycling industry. Specifically, the Fund aims to support projects which can –
- (a) raise the quantity and quality of recyclables recovered from the waste stream as well as those of recycled products from their treatment, thus reducing disposal at our landfills;
 - (b) promote markets for recycled products, thus providing greater impetus to local landfill diversion; and
 - (c) enhance the overall capability, capacity, efficiency and skills as well as provide more market information of the recycling industry, thus facilitating its sustainable development.

1.3 Scope of the Programme

- 1.3.1 The Industry Support Programme (the Programme) subsidises non-profit making projects for enhancing the operational standards and productivity of the industry, including upgrading the skills and safety of incumbent and potential employees of the local recycling industry, expanding its potential workforce, as well as certification and accreditation of recycling operations, etc. Funded projects should be for the benefit of the industry as a whole rather than for individual enterprises, and the project outcome should be open for sharing with members of the industry. Assessment on the need, viability and cost-efficiency of proposed projects would be conducted.

1.4 Application Period

- 1.4.1 Subject to funding balance and periodic review, the Recycling Fund will be open for applications till 2027.

2. SAFEGUARDING NATIONAL SECURITY

2.1 By submitting an application for the Programme, the applicant shall acknowledge and undertake to comply with the following clauses:

(a) notwithstanding anything to the contrary in this Guide and/or the agreement signed between the applicant and the Government in respect of the Programme, the Government reserves the right to disqualify the applicant on the grounds that it has engaged, is engaging, or is reasonably believed to have engaged or be engaging in acts or activities that are likely to cause or constitute the occurrence of offences endangering national security or otherwise the exclusion of the organisation from future applications is necessary in the interest of national security, or is necessary to protect the public interest of Hong Kong, public morals, public order or public safety.

(b) the Government may immediately terminate any agreement with the applicant upon the occurrence of any of the following events:

- (i) the applicant has engaged or is engaging in acts or activities that are likely to constitute or cause the occurrence of offences endangering national security or which would otherwise be contrary to the interest of national security;
- (ii) the continued engagement of the applicant or the continued implementation of the Programme is contrary to the interest of national security; or
- (iii) the Government reasonably believes that any of the events mentioned above is about to occur.

2.2 The applicant is required to sign an agreement on safeguarding national security by completing Appendix I of the application form for each application. An application will be considered **invalid** if the Appendix I is not duly signed and submitted along with the application.

3. APPLICATION AND VETTING PROCEDURES

3.1 Eligibility of Applicants

3.1.1 Eligible applicants under the Programme should satisfy the following requirement –

- (a) Non-profit-distributing organisations¹ such as professional bodies, trade and industry organisations, research institutes or other industrial support organisations, which shall either be statutory organisations or organisations duly established, incorporated and registered under the laws of the Hong Kong Special Administrative Region, are eligible to apply.

3.1.2 Projects which are or will be in receipt of other Government or public funding support will not be considered.

3.2 Application Submission

3.2.1 Applications for the Programme are accepted all year round. Applications received will be processed by batches.

3.2.2 The latest Application Form can be obtained at the Secretariat or downloaded from the Recycling Fund website (www.recyclingfund.hk). The Application Form is available in English and Chinese and may be completed in either language. No application fee will be charged.

¹ Non-profit-distributing organisations refer to organisations which do not distribute profits to their directors, shareholders, employees or any other persons. An applicant has to declare in the Application Form that it has not distributed any profit generated by the applicant in the past to any of its directors, shareholders, employees, or any other persons. The applicant shall provide supplementary information, such as the Articles of Associations, to prove that the organisation is non-profit-distributing in nature.

3.2.3 For the Programme, the following documents are required to be submitted for application:

- (a) Duly completed and signed Application Form in 1 hard copy and 1 soft copy (preferably in Microsoft Word/ Word format)
- (b) Registration and supporting documents of the applicant –
 - (i) Copy of Registration Certificate of the Applicant;
 - (ii) Copy of the Certificate of Incorporation and Articles of Association;
 - (iii) Curriculum vitae of the project coordinator, deputy project coordinator(s), key management staff and technical staff of the project team; and
 - (iv) Other documents as listed in Application Form.

The original of the above documents may be required for verification upon request.

3.2.4 The completed Application Form together with the supporting documents set out in Clause 3.2.3 should be sent to the Secretariat in person, by post or by online application submission. If the application is submitted in person, the applicant shall put the Application Form and supporting documents into an envelope addressing to “Recycling Fund Secretariat” and submit to the Reception Counter at G/F of the HKPC Building. The applicant may submit the softcopy of the Application Form and copies of the supporting documents mentioned in Clause 3.2.3 to the Secretariat via the Recycling Fund website (<https://www.recyclingfund.hk/>).

3.2.5 An acknowledgement will be sent to the applicant upon receipt of an application by the Secretariat.

3.2.6 Incomplete applications or applications not submitted in accordance with the format as prescribed in Clause 3.2.4, including an application submitted by facsimile or e-mail or without submission of the original

hard copy, or the Application Form is not duly signed by the person-in-charge of the proposed project or affixed with seal of the applicant, will not be processed.

3.3 Withdraw and Resubmission of Application

3.3.1 The applicant may write to the Secretariat to withdraw an application at any time before the funding agreement is signed between the applicant and the Government.

3.3.2 An application that has been rejected may be resubmitted only if it has been revised substantially or supported by new evidence to address the comments made by the Secretariat and/ or Advisory Committee on Recycling Fund (RFAC) in previous vetting. The resubmitted application will be treated as a new application and will be processed as set out in Clause 3.4.

3.4 Application Procedure

3.4.1 Applications will be processed by batches. Applicants should pay attention to the batch cut-off date² of each batch of applications, which will be announced at the Recycling Fund website (www.recyclingfund.hk). Any application received by the Secretariat after a particular batch cut-off date will be processed together with the next batch of applications to be received by the next batch cut-off date.

3.5 Assessment and Vetting of Applications

3.5.1 Applications received will be assessed according to the following procedures:

(a) Upon receipt of an application, the Secretariat will send an

² The batch cut-off date is defined as the last date to receive the application by the Secretariat to be handled in a particular batch period. An application with a postage date later than the corresponding batch cut-off date will be processed together with the next batch of applications to be received by the next batch cut-off date. In addition, applications submitted through email will not be considered.

acknowledge reply to the applicant to confirm receiving the application. The Secretariat will conduct an initial assessment of all applications and may seek clarification or request supplementary information from the applicants and/ or other related parties during the vetting process as necessary. However, it should be noted that applicants should provide adequate and comprehensive information in their applications, and the Secretariat is not obliged to request additional information from applicants. On-site meetings or inspections may be conducted to verify the provided information and the applicant shall allow and facilitate the Secretariat in conducting these meetings or inspections. The Secretariat may seek views from relevant government departments from public policy perspectives.

- (b) The RFAC, chaired by a non-official and comprising of non-official members drawn from different sectors relevant to the promotion of waste reduction and recycling, will further assess all applications having regard to the results of the initial assessment by the Secretariat. The RFAC will formulate its recommendations on the approval or otherwise of the applications, the amount to be supported and the terms and conditions for approving the funding, for consideration by the Government.
- (c) The Government, represented by the Environmental Protection Department (EPD), will further assess all applications having regard to the recommendations of the RFAC. Based on the advice of the RFAC, the EPD would make the decisions.

3.6 Assessment Timetable

- 3.6.1 The RFAC will usually meet once every 3 months for assessing the applications, however, depending on the number of applications received, the RFAC may meet more frequent if deemed necessary. Applicants can refer to the Recycling Fund website for the latest information on important events and dates regarding the application process.

3.7 Vetting Criteria

3.7.1 All applications would be vetted by the Secretariat, RFAC and the Government based on individual merits of the applications. The guiding principles are:

(a) The Objectives

- (i) Whether the project has the potential to enhance the overall capability, capacity, efficiency as well as market information of the recycling industry, thus facilitating its sustainable development;

(b) The Project Effectiveness

- (i) Whether the implementation and publicity plan of the project is clear and be cost-effective in achieving the project objectives;
- (ii) The financial ability of the applicant to undertake the project;
- (iii) Whether the project is needed and viable taking into account of the current situation in waste management;
- (iv) Whether the benefits of the project could be sustained after the project period;

(c) Project Implementation

- (i) The feasibility of the proposed implementation plan;
- (ii) The project should have clear, concrete and quantifiable deliverables/ milestones (e.g. number of participants in training programmes, qualifications obtained, etc.) and a reasonable schedule to facilitate progress monitoring and assessment of project outcome;
- (iii) Whether the applicant and project team possess the technical and operational capability to undertake the project; and
- (iv) Whether the applicant has demonstrated management capability and commitment to undertake the project.

- (d) For submission of any new application(s) for conducting similar projects by the same applicant or similar to other prevailing projects / practices in the industry, in addition to applicant's past performance (please refer to clause 5.1.2), the following additional vetting criteria will be adopted:
 - (i) Whether the applicant has clearly indicated the new element(s) (which should also constitute as majority of the project) in their new application(s), such as targeting new recyclable(s), using new technology, using smart system, adopting new methodology and / or new key approach etc., which is different from their previously approved project(s).
- (e) Conviction and Prosecution Records
 - (i) An application will be rejected* if the applicant has three or more convictions related to environmental legislation³ within the three years preceding the application submission date (or before signing funding agreement/undertaking of the approved project).
 - (ii) An application will be suspended* until a verdict is reached, if the applicant has any of the following related to environmental legislation within the three years preceding the application submission date (or before signing funding agreement /undertaking of the approved project):
 - 1) two convictions and one or more summonses issued;
 - 2) one conviction and two or more summonses issued;
 - 3) three or more summonses issued.

³ Environmental Legislation include: Air Pollution Control Ordinance (Cap. 311) ; Water Pollution Control Ordinance (Cap. 358) ; Noise Control Ordinance (Cap. 400); Waste Disposal Ordinance (Cap. 354); Hazardous Chemicals Control Ordinance (Cap. 595); Product Eco-responsibility Ordinance (Cap. 603); Mercury Control Ordinance (Cap. 640); Ozone Layer Protection Ordinance (Cap. 403); Dumping at Sea Ordinance (Cap. 466); Environmental Impact Assessment Ordinance (Cap. 499)

(*Exceptions on applications for procuring prescribed equipment or machineries in relation to pollution abatement measures for fostering good practices and reducing nuisances under “Standard Project” of the Enterprise Support Programme)

- 3.7.2 The Government may review and revise the above vetting criteria from time to time as appropriate. The most updated vetting criteria would be available at the website of the Recycling Fund (www.recyclingfund.hk).

3.8 Notification of Results

- 3.8.1 The Secretariat will notify the applicants of the assessment result in writing once the Government has made the decision having regard to the recommendation of RFAC. The reason of rejection will be stated in the notification if the application is declined.
- 3.8.2 An initial approval-in-principle will be given to the applicant. The applicant may be required to revise the project details of the Application Form based on the advice of the RFAC and/ or the Government. The approved project proposal will be appended to and form a part of the funding agreement.
- 3.8.3 The successful applications will be posted onto the Recycling Fund website and other media or channels for the purpose of promotion of the Recycling Fund, if appropriate.

4. FINANCIAL ARRANGEMENTS

4.1 Funding Amount and Principles

- 4.1.1 Funding support for NPOs such as professional bodies, trade and industry organisations, research institutes and other industrial support

organisations to conduct programmes for the upgrading and development of the recycling industry may cover up to 100% of approved total estimated project cost, which is the total expenditure incurred by the applicant in carrying out the project including the cash contribution from the applicant, depending on the merits of the case. The amount of funding will be capped at HK\$15 million per project.

4.1.2 Each applicant⁴ would be limited for a cumulative of 10 approved projects and cumulative funding ceiling of HK\$30 million within a period of 5 years⁵.

4.1.3 If the applicant reaches any of the quota mentioned in Clause 4.1.2, a break period of two years is required before submission of any new application(s) for the Programme.

4.1.4 The two-year break period would be calculated from the project completion date of the last project for the Programme.

4.1.5 Special Consideration

For some special cases, special consideration by RFAC and Government can be made to determine whether the requirements in clause 4.1.2 - 4.1.4 could be exempted:

- (a) Applications from different departments/ faculties of the same university/ tertiary education institute;
- (b) New project from the same applicant reaching any of the quota mentioned in clause 4.1.2, but focusing on different recyclables from their previous approved applications;

⁴ Considering the special nature of the project, clause 4.1.2 is not applicable to applications from the solicitation theme “Supporting Residential Buildings in Adopting Smart Bins Technology in Food Waste Collection and Recycling” (RSB).

⁵ Projects that were approved, on-going or completed during the past five-year period calculated from the date of application receipt will be included in the cumulative approved projects and funding ceiling.

- (c) Urgent market situation which requires swift assistance from the Programme.

4.2 Funding Arrangement

4.2.1 The arrangement for the disbursement of funds to applicants can be determined and agreed upon before signing the funding agreement and will typically follow the procedures below –

- (a) The upfront payment (up to 30% of the estimated grant) will be disbursed upon signing of the funding agreement, opening of the project account and/ or production of evidence showing the availability of at least 50% of the total cash contribution (if applicable, such as when the estimated project cost exceeds the estimated grant);
- (b) For projects with duration exceeding 18 months, up to 65% of the estimated grant to be disbursed every 12 months and subject to the completion of proposed project deliverables and performance targets (except the final one), schedule of payment and acceptance of the progress reports and the yearly audited account statements at the intervals of 12 months after project commencement. For projects with a shorter duration or with shorter milestones, the RFAC will advise on whether a shorter disbursement interval would be appropriate on a case-by-case basis;
- (c) the amount of the proposed Interim Payment shall normally be up to 100% of the expenditure item(s) projected to be incurred in the Approved Budget for the coming year following the date when the Interim Payment is sought to be paid, or such other lesser amount at the discretion of the Secretariat having regard to the nature of the Project, and progress schedule and commitment of the applicant (including but not limited to the Project Deliverables) as set out in the Approved Project Proposal by the applicant and whether the projected expenditure departs from the budgeted amount of the expenditure item in the Approved Budget;

- (d) Interim fund disbursement of every 6-month could also be made to the applicants provided that necessary progress report(s) and annual audited accounts are submitted and accepted by the Secretariat and RFAC as stipulated in Clauses 4.6 and 5.2;
- (e) Final payment will be made to the applicant after satisfactorily completing all project deliverables and achievement of performance targets by the end of the project and acceptance of the final report and final audited account statement by the RFAC/ Government. The actual amount of final payment will be proposed by the Secretariat for endorsement of RFAC, having regard to the actual project cost and income both as audited in the final audited account and the balance of the grant.

4.2.2 In the case of unsatisfactory performance or for any reason that the applicant is unable to attain the project targets, the Government, with the RFAC's advice, reserves the right to reduce the amount of the approved funding based on the performance of the applicant, by taking into account of the progress already made in implementing the project, percentage of the quantifiable milestones completed and/ or other factors deemed relevant. In addition, if the applicant is unable to provide or substantiate the provision of the cash and/ or in-kind contribution for the project, the Government, with the RFAC's advice, reserves the right to reduce the amount of the approved funding with reference to the cash and/ or in-kind contribution already made.

4.2.3 If the applicant fails to comply with the terms and conditions stipulated in the funding agreement, the Government may withhold disbursement of any part of funding support to the applicant and/ or request return of the disbursed funding in full or in part from the applicant. Under such circumstance, the Secretariat will inform the applicant of the decision and its reason.

4.2.4 The applicant is not entitled to charge any interest or claim any compensation or relief of whatsoever nature against the Government/ Secretariat in the event of any late or reduction or withholding of

payment of funding support for any reason whatsoever.

4.3 Expenditure Items

4.3.1 Each application has to be supported by a detailed budget with itemised breakdown of expenditures.

4.3.2 Only expenditures directly incurred for the project and described in the approved budget items within the project duration can be charged to the funding support. The following items directly incurred for the project may be funded.

(a) Additional Manpower

Only the salary (including employer's contributions to the Mandatory Provident Fund) of the additional manpower directly incurred for the project will be funded.

Monthly time sharing record should be maintained for manpower charged on a pro-rata/ hourly basis.

(b) Additional Equipment

Only the cost of procuring or leasing of additional equipment for implementing the project can be charged to the funding support. Equipment proposed to be purchased or leased must be essential to or specifically required by the project. The applicant is encouraged to use their existing equipment as far as possible.

Applicants wishing to procure vehicles for the project must also provide a secure parking space for the vehicle so as to ensure its safe custody and will not cause any disturbance to the surrounding.

(c) Other Direct Costs

All other costs directly incurred for the project with the exception of overheads and other unallowable cost items set out under below [Clause 4.3.2 (d)] will be funded. Fundable direct costs may include:

- (i) Expense for consumables.
- (ii) External consultancy fees.

- (iii) Production and promotion cost of project deliverables (such as printing of leaflets, production of CD-ROMs, advertising and organising seminars).
- (iv) Travelling expenses - expense shall be incurred by project team members. For flight charges, only cost of economy class fare is covered.
- (v) Direct transportation and manpower expenses necessary to organise and/ or support study missions.
- (vi) Local transportation expense for activity that is directly related to the project.
- (vii) External audit fees, bank charges only on audit confirmation, account opening and cheque book designated for Recycling Fund Projects.
- (viii) All related insurances including third party liability insurance, vehicle insurance, employee compensation insurance, fire insurance, etc for the project.
- (ix) Patent registration fees - patent registration fees directly relating to the project of not more than HK\$250,000, or 90% of the total direct costs involved in patent applications (whichever is the less) may also be included in the budget.
- (x) For Local universities [University Grants Committee (UGC)-funded institutions only] and the Vocational Training Council, the application can include administrative overheads of up to 15% of the funding requested. The administrative overheads should be included as part of the project expenditure in the financial information to be provided by the applicant.

(d) Unallowable Costs

- (i) Unless otherwise expressly approved by the RFAC/ Government/ Secretariat, the funding support will not cover overhead expenses (such as salary of existing employee, rental, renovation expenses and utility expenses), entertainment expenses, expenses for meals and other administration costs.

4.4 Account and Interest

- 4.4.1 The applicant is required to open under its name and maintain a separate interest-bearing bank account (“project account”) with a licensed bank registered under the Banking Ordinance (Cap. 155) solely and exclusively for the purpose of processing all receipts and payments of the project. All project funds (the funding support under the Programme and cash contribution by the applicant, if applicable) should be deposited into the project account. All payments exclusively applied to the project for which they are paid shall be paid out from the project account. All project funds shall be kept in the project account by the applicant until such funds are spent (paid) in compliance with the funding agreement or returned to the Government/ Secretariat by the applicant in accordance with the funding agreement.
- 4.4.2 The applicant shall ensure that all interest generated from the project account shall be reflected in the financial statements and audited accounts of the project, and has to be kept in the project account.
- 4.4.3 Without prejudice to any other rights or remedies which the Government/ Secretariat may have, the applicant may be required to compensate the Government/ Secretariat for loss of interest income if the project funds are not properly handled in accordance with the above requirements.
- 4.4.4 Interest income as stated in the final audited accounts would be used to off-set the final disbursement to the applicant.

4.5 Procurement of Goods and Services

- 4.5.1 The applicant shall exercise the utmost prudence in procuring equipment, goods or services for the project and must adhere to the following procedures unless the Government/ Secretariat agrees otherwise⁶:

⁶ Suppliers, service providers, contractors or lessors from Hong Kong selected within the project should have a valid business registration

- (a) For every procurement or lease of equipment, goods or services in relation to or for the purposes of the project, the aggregate value of which does not exceed HK\$50,000, the applicant shall invite quotations in writing from at least two suppliers/ service providers/ contractors or lessors and accept the lowest conforming quotation. Full justifications must be given if less than two suppliers/ service providers/ contractors or lessors could be identified from the market. If the lowest conforming quotation is not selected, prior written consent must be obtained from the Secretariat and full justifications shall be given. For purchasing with the aggregate value of which does not exceed HK\$5,000 and for mainly consumables such as stationery, two quotations from suppliers / service providers / contractors or lessors are not required⁷. However, the Secretariat reserves the right to request the applicants to provide quotations for purchasing or procurement of items if necessary.
- (b) For every procurement or lease of equipment, goods or services in relation to or for the purposes of the project, the aggregate value of which is over HK\$50,000 but does not exceed HK\$200,000, the applicant shall invite quotations in writing from at least three suppliers/ service providers/ contractors or lessors and accept the lowest conforming quotation. Full justifications must be given if less than three suppliers/ service providers/ contractors or lessors could be identified from the market. If the lowest conforming quotation is not selected, prior written consent must be obtained from the Secretariat and full justifications shall be given;
- (c) For every procurement or lease of equipment, goods or services in relation to or for the purposes of the project, the aggregate value of which is over HK\$200,000 but does not exceed HK\$1.36 million, the applicant shall invite quotations in writing

⁷ All purchases from the same vendor within 30 days will be treated as aggregated value of a single purchase; if the aggregated value exceeds \$5,000, applicant is required to acquire adequate number of quotations as required.

from at least five suppliers/ service providers/ contractors or lessors and accept the lowest conforming quotation. Full justifications must be given if less than five suppliers/ service providers/ contractors or lessors could be identified from the market. If the lowest conforming quotation is not selected, prior written consent must be obtained from the Secretariat and full justifications shall be given.

- (d) For every procurement or lease of equipment, goods or services in relation to or for the purposes of the project, the aggregate value of which exceeds HK\$1.36 million, the applicant shall refer to “Guidelines for Open Tender” document with laid down tender assessment criteria and accept the lowest conforming bid. The applicant shall make use of the public channels that are easily accessible by the general public to publicise the tender notices. If the lowest conforming bid is not selected, prior written consent must be obtained from the Secretariat and full justifications shall be given.
- (e) For every procurement or lease of equipment, goods or services in relation to or for the purposes of the project and the aggregate value of which exceeds HK\$500,000, when there is only (i) single quotation received or (ii) single bidding proposal received via open tender, the applicant shall apply in writing to obtain prior written approval from the Secretariat with supporting documentary evidence to demonstrate the rationale for such award of purchase order or contract before the purchase order can be issued or signing of the contract. The Secretariat may in its sole discretion determine whether or not to grant its approval, and approval will be granted based on full justification provided by the applicant.

- 4.5.2 For budgetary items, quotations and/ or tenders of which the price is unreasonably high compared to the current market price, the Secretariat has the right to approve funding close to the market price as assessed by Secretariat or request the applicant to re-invite suppliers to submit quotations or repeat the tendering process before issuance of purchase

orders or award of contract.

4.5.3 Applicants should pay attention to the followings:

- a) Applicants should obtain quotations directly from suppliers as far as possible to ensure the authenticity of the quotations;
- b) If, under unavoidable circumstances, the applicant obtains quotation through an agent, such agent cannot be one of the suppliers. The applicant should also ensure that the agent has no interest in any supplier that provides the quotation;
- c) Regardless of how quotations are obtained, applicants are also responsible for ensuring the authenticity of all quotation documents.

4.5.4 Unless prior written approval from the Government/ Secretariat is obtained, the applicant should only engage a service provider/ contractors who are not “related persons”.

- (a) Where the applicant is a company, the expression of “related person” of the applicant includes any criterion of the following:
 - (i) a shareholder (corporate or individual) which beneficially owns 30% or more of the issued share capital of the applicant (“substantial shareholder”); or
 - (ii) a holding company or a subsidiary of the applicant; or
 - (iii) a holding company or a subsidiary of a substantial shareholder (being a company) of the applicant; or
 - (iv) a company or partnership or sole proprietorship or other type of business entity in which a substantial shareholder (being an individual) of the applicant beneficially owns 30% or more of its issued share capital or equity interest or controls the composition of its board of directors (in the case of a company); or
 - (v) a director of the applicant.

The expressions of “holding company”, “subsidiary” and “officer” have the meanings assigned to them under the Companies Ordinance (Cap. 622 of the Laws of Hong Kong).

- (b) Where the applicant is a sole proprietorship or partnership,

“related person” of the applicant includes any criterion of the following:

- (i) any partner of the applicant (if it is a partnership); or
- (ii) the spouse, parent, child, brother or sister of the applicant, and, in deducing such a relationship, an adopted child shall be deemed to be a child of both of the natural parents and the adopting parents, and a step child to be a child of both the natural parents and of any step parents; or
- (iii) a company or partnership or sole proprietorship or other type of business entity in which the applicant or any partner or any of the persons mentioned in (b) above of the applicant beneficially directly or indirectly owns 30% or more of its issued share capital or controls the composition of its board of directors.

4.5.5 The applicant shall not carry out fragmentation of orders or bids by dividing procurement requirements into instalments or by reducing the usual duration of contracts with the purpose or effect of avoiding the need to obtain quotations or abusing the procedures and practices to purchase the subsidised items.

4.5.6 The Secretariat/ RFAC may request and the applicant shall provide to the Secretariat/ RFAC all information related to the selection of a supplier.

4.5.7 All quotations and tendering documents should be kept properly for inspection by the Government/ Secretariat.

4.5.8 The applicant shall seek prior consent from the Secretariat for varying the approved budget by reallocating the projected expenditure amount for one item to another from time to time provided that:

- (a) any internal reallocation of expenditure shall be among the approved expenditure items as stated in Approved Budget;
- (b) no reallocation from one original expenditure item to another shall exceed 10% of the total approved amount for the original

expenditure item or up to HK\$500,000, whichever the lower; and

- (c) the reallocation shall not adversely affect the quantity and quality of any Project Deliverables under the Project.

The above is only applicable to situations where the project deliverables remain unchanged. In addition, the revised approved budget shall comply with the relevant rules in the Guide.

If any reallocation of expenditure exceeds the limit as stated in (a) or (b) above, the applicant shall apply in writing to obtain the prior written approval from the Secretariat with supporting documentary evidence to demonstrate the need and benefit for such reallocation of funds. The Secretariat may in its sole discretion determine whether or not to grant its approval, and approval will be granted based on full justification.

- 4.5.9 The Secretariat reserves the right to withhold disbursement of any percentage of the funding support if the applicant fails to comply with the procurement guidelines when procuring equipment/ service for the project.
- 4.5.10 The applicant is also advised to observe the guidelines set out in the *Best Practice Checklist – Procurement* compiled by the Independent Commission Against Corruption (ICAC) and any guidance from the Secretariat/Government in execution of the procurement including but not limited to drawing up specifications, using of marking scheme and tender assessment.
- 4.5.11 If applicant plans to purchase second (2nd) hand equipment in the project, please refer to **Annex 2** for the requirement

4.6 Financial Reports

- 4.6.1 The applicant will be required to submit the following financial reports to the Secretariat:

- (a) For projects with implementation period not exceeding 18 months, final audited accounts from the project commencement date to the project completion date or the expiry or termination date of funding agreement (together with the final report) shall be submitted not later than three months after project completion or the expiry or termination of the funding agreement, whichever is earlier.
 - (b) For projects with implementation period exceeding 18 months,
 - (i) annual audited accounts for every 12 months (together with the relevant progress report), to be submitted within 1 month after the relevant 12-month period; and
 - (ii) final audited accounts from the project commencement date to the project completion date or the expiry or termination date of funding agreement (together with the final report) shall be submitted not later than three months after project completion or the expiry or termination of the funding agreement, whichever is earlier.
- 4.6.2 The audited accounts shall contain all income and receivables including the funds supported by the Government under the Programme, contribution by the applicant and payments for the project. The audited accounts shall also comprise of Statement of Income and Expenditure, Detailed Statement of Income and Expenditure, Statement of Financial Position, Notes to the Accounts and the Auditors' Report. The accounts of a project shall be generated from and in alignment with the books and records of the project.
- 4.6.3 Late submission of the audited accounts may lead to suspension or termination of the funding support for the project.
- 4.6.4 Any record of mishandling of public funds or lack of discipline in financial management or any breach of the funding agreement by an organisation will be taken into account by the RFAC and Government in considering future applications from the same organisation or the project team. Any such record may prejudice that organisation's future

applications under the Recycling Fund.

4.7 Auditing Requirements

- 4.7.1 To ensure that the project funds have been solely and properly applied to the projects and expended/ received in accordance with the approved budget, the required accounts shall be audited by an independent auditor who must be either a certified public accountant (practising) (CPA (practising)), a CPA firm or a corporate practice registered with the Accounting and Financial Reporting Council (AFRC) under the Accounting and Financial Reporting Council Ordinance (Cap. 588) (the Auditors).
- 4.7.2 The Government/ RFAC/ Secretariat or their authorised representatives shall have the right to communicate with the Auditors concerned on matters regarding the project accounts and the supporting statements. In conducting the audits, the Auditors should comply with the relevant Standards and Statements of Professional Ethics issued and updated from time to time by the Hong Kong Institute of Certified Public Accountants. In the audited accounts, the Auditors are required to express an audit opinion as to whether the applicant and the accountants of the project have complied, in all material respects, with all the requirements set out in the “Notes for Auditors on Financial Statements Audit of Funded Enterprises/ Funded Organizations” [which can be downloaded from the Recycling Fund website (www.recyclingfund.hk)] and to make full disclosure of any non-compliant material.

4.8 Risk in and Title to the Equipment

- 4.8.1 The risk in the equipment (e.g. loss, damages, liabilities, etc.) shall be borne by and remain with the applicant whilst it is in the applicant’s possession or control. The full legal and equitable title and interest in any piece of equipment funded under the Recycling Fund shall vest with the Government unless it has been passed and vested to the applicant.
- 4.8.2 During such time as title in any one or more pieces of the equipment

remains in the Government:

- (a) the applicant shall keep an “Equipment Register” to account for such equipment and is also required to submit the “Equipment Register” to the Secretariat on a regular or need basis.;
- (b) the applicant shall be responsible for the maintenance of the equipment in serviceable condition (fair wear and tear excepted);
- (c) the applicant shall place on each such equipment clear marks indicating that it is owned by the Government and shall not remove, obscure or delete such marks;
- (d) unless obtaining written approval from the Secretariat, the applicant shall not sell, lease, mortgage, transfer or dispose of the equipment or use the equipment as security or collateral for any borrowing of whatsoever nature, charge or create any encumbrance over, or otherwise part with possession of, such equipment or do anything or purport to do anything inconsistent with the title of the Government in such equipment;
- (e) the applicant shall use the equipment solely and exclusively for the purpose of the project; and
- (f) the Government may at any time within 3 years after the actual completion of the project or the completion date (whichever is later), by giving reasonable notice to the applicant, direct the applicant to release and transfer such equipment at the unit purchase price of HK\$100,000 or above to the Government or another party and the applicant shall within 7 days abide by such direction and release and transfer the equipment as directed.

4.8.3 If the Government does not direct the applicant to release and transfer the equipment in accordance with Clause 4.8.2(f) above, the title in such equipment shall pass to and vest in the applicant on the expiry of the period specified in Clause 4.8.2(f) absolutely without the Government having to do any further act of conveyance or assurance.

4.9 Hiring of Project Staff

- 4.9.1 In recruiting staff for the project, the applicant shall abide by the principles of openness, fairness and competitiveness, and shall follow the General Guidelines on Staff Recruitment at **Annex 1**.
- 4.9.2 Any staff member of the applicant organisation taking part in a recruitment exercise (e.g. as a recruitment panel member) shall be required to declare any conflict of interest and refrain from participating in the selection process if a candidate under consideration is his family member, relative or close personal friend. Please note that failure to avoid or properly handle conflict of interest situations may give rise to criticism of favouritism, abuse of authority and even allegations of corruption. The RFAC reserves the right to recall the grant in full should any irregularities or criminal elements are discovered after the disbursement of grant to an applicant. Please see **Annex 1** for more details on the guidelines for hiring project staff.

4.10 Return of Residual Funds

- 4.10.1 Where the total payment of Grant under Clauses 4.2.1(a), (b) and (c) (viz. the total Upfront Payment and Interim Payments) exceeds the amount of the Actual Grant, such excess is to be known as the Residual Funds. Upon the expiry or termination of the funding agreement or the completion of the project, whichever is earlier, the applicant shall repay, regardless of whether or not there is any such balance in the Project Account, such Residual Funds to the Government through the Secretariat within 1 month after submission of the Final Audited Accounts.
- 4.10.2 The Government may initiate legal action for suitable remedies in case of delay in the return of residual funds to the Government.

5. OBLIGATIONS OF THE APPLICANT

5.1 Monitoring Mechanism

5.1.1 The applicant should set out in the Application Form the key performance indicators for assessing the effectiveness of the project and also state specifically how to evaluate the effectiveness of the project. The focus of both the key performance indicators and the methodology should be on the outcome and impact of the project, and these should be measured quantifiably as far as possible. The methodology to measure the key performance indicators may include the number of activities to be held, the number of participants attending the activities, satisfaction survey to the participants, survey with the relevant stakeholders on the guideline, report or standard produced under the project, etc.

5.1.2 Unsatisfactory performance in project implementation, non-compliance with the terms and conditions set out in the Funding Agreement or breach of any laws of the Hong Kong Special Administrative Region will affect the applicant's future chance of getting funding support.

5.2 Progress/ Final Reports

5.2.1 To facilitate the monitoring and evaluation of approved projects, the applicant is required to submit progress report(s) (if applicable) and a final report after the completion of the project or the expiry or termination of the relevant funding agreements to the Secretariat, which shall include an end-of-project evaluation that measures the efficacy of the project against the indicators stated in the application. Depending on the project duration, the arrangement for the submission of reports as well as the audited accounts mentioned in Clause 4.6 is as follows:

Project Duration	Submission of Progress Report and Annual Audited Accounts	Submission of Final Report and Final Audited Accounts
18 months or below	Not required*	Within 3 months upon project completion

Project Duration	Submission of Progress Report and Annual Audited Accounts	Submission of Final Report and Final Audited Accounts
More than 18 months	Progress report(s) every 12-month, to be submitted within 1 month after the relevant 12-month period* Annual audited accounts every 12 months, to be submitted within 1 month after the relevant 12-month period	Within 3 months upon project completion

** It is optional for applicants to submit progress report(s) every 6 months and annual audited accounts in order to receive a more frequent funding payment(s).*

Each progress report should include a summary of the project progress against the project implementation plan set out in the Application Form appended to the funding agreement as well as a statement of income and expenditure for the reporting period. It should also include the “Equipment Register”, work, deliverables and benefits that have been completed and achieved during the reporting period, the difficulties and problems encountered as well as any remedial and improvement actions planned and undertaken. The progress reports should be signed by the project coordinator and endorsed by the senior management of the applicant.

5.2.2 Applicants of all approved projects are required to submit final reports (and final audited accounts as referred to in Clause 4.6) covering the period from project commencement date to the project completion date or the expiry or termination date of the funding agreement to the Secretariat within 3 months after project completion or expiry or termination of the funding agreement. Each final report should include a summary of the work and deliverables completed and the benefits achieved under the project as well as a statement of income and expenditures against the objectives, deliverables and budget of the project as set out in the Project Details of the Application Form appended to the project agreement. It should also include the “Equipment

Register” and contain an evaluation of the project results, including an account of any unresolved issues, and set out the number of additional staff employed in Hong Kong for implementing the project and/ or the number of additional staff to be employed in Hong Kong as a result of the benefits of the project. The final report submitted should be signed by the project coordinator and endorsed by the senior management of the applicant.

- 5.2.3 The Secretariat will review the project progress and evaluate the project results by comparing the project progress/ deliverables reported in the progress/ final reports, such as number of companies/ participants attending the training courses, number of seminars/ training courses to be held, against its original objectives and deliverables as set out in the Application Form appended to the funding agreement. The applicant should immediately provide clarification and additional information on the contents of the progress/ final reports upon request of the Secretariat.
- 5.2.4 The Secretariat may conduct on-site checking, including random, surprise and routine inspections, to verify the project progress and results for individual projects. The Secretariat has the right to request access to any information related to the project. In this connection, the applicant shall cooperate with the Secretariat for the proper arrangement of on-site checking and make available all project documents and explain to the Secretariat for any matters relating to the progress and results of the project. The Secretariat may also require the applicant to attend meetings to examine the progress of the project.
- 5.2.5 All progress and final reports will be submitted to the RFAC for consideration. Late submission of the progress/ final reports may lead to suspension or termination of the funding support for the project.
- 5.2.6 In the case where a progress/ final report is rejected by the RFAC, the applicant should resubmit the progress/ or final report within one month after the relevant notification by the Secretariat.
- 5.2.7 If the applicant completes the project without fully meeting the proposed targets/ objectives, the RFAC reserves the right to reduce the approved

funding by an amount that is based on the progress already made in implementing the project, completion of the quantifiable milestones and/or other factors deemed relevant.

6. ADMINISTRATIVE HIGHLIGHTS

6.1 Contractual Requirements

- 6.1.1 The applicant is required to sign a funding agreement with the Government and to comply with all the terms and conditions of the agreement, this Guide and the instructions and correspondences issued by the Secretariat or the Government from time to time in respect of the project or the Programme.

6.2 Prior Approval Requirements

- 6.2.1 An approved project has to be carried out strictly in accordance with the funding agreement. Any modification, amendment or addition to the project of the funding agreement, including but not limited to change of project duration, project scope, budget or replacement of the project coordinator or deputy project coordinator, shall require prior written approval by the Secretariat or Government. Reasons with supporting documents for the changes must be provided.

6.3 Suspension or Termination of Funding Support

- 6.3.1 The Government / Secretariat, with the advice of RFAC reserves the right to suspend or terminate funding support for an approved project. Circumstances which warrant suspension or termination of funding support may include but are not limited to a lack of satisfactory progress or a slim chance of completion of a project, failure to submit progress/ final reports or audited accounts within the stipulated deadlines, non-acceptance of those reports/ accounts by the RFAC and Government, a breach of the terms and conditions of the funding agreement, or if the RFAC and Government sees fit to terminate the project in public interest. Once the project is suspended or terminated, the applicant may have to

return all/ part of the Government funding disbursed in respect of these projects together with all administrative, legal and other costs and interest within 1 month after submission of the final audited accounts of the project, and provide any accounting thereof (regardless of whether the applicant has already spent the funds or not). The applicant shall also seek the written consent from the Government / Secretariat on the handling of the funded hardware including public auction if it has resale value.

6.3.2 Once a project is suspended or terminated, the applicant will not be entitled to the receipt of Government funding under the Recycling Fund and any cost incurred in the project after suspension and termination of Government funding will solely be borne by the applicant himself.

6.3.3 Requirements of all applications, agreements and projects:

- (i) notwithstanding anything to the contrary in the agreement signed between the applicant organisation and the Government in respect of the project, the Government reserves the right to disqualify an application on the grounds that the applicant organisation has engaged, is engaging, or is reasonably believed to have engaged or be engaging in acts or activities that are likely to cause or constitute the occurrence of offences endangering national security or otherwise the exclusion is necessary in the interest of national security, or is necessary to protect the public interest of Hong Kong, public morals, public order or public safety.
- (ii) the Government may immediately terminate the agreement upon the occurrence of any of the following events:
 - the recipient organisation has engaged or is engaging in acts or activities that are likely to constitute or cause the occurrence of offences endangering national security or which would otherwise be contrary to the interest of national security;
 - the continued engagement of the applicant organisation or the

continued implementation of the project is contrary to the interest of national security; or

- the Government reasonably believes that any of the events mentioned above is about to occur.

6.4 Books and Records

6.4.1 The applicant shall keep a proper and separate set of books and records for the project. The books and records shall be maintained in such a manner so as to enable the production of statement of income and expenditure (items in the same format as shown in the approved budget) and Statement of Financial Position in respect of each project. All transactions relating to the project shall be properly and timely recorded in its books of accounts.

6.4.2 Accrual basis of accounting shall be adopted for the project. Expenditure can only be charged to the project account after the equipment and goods have been received or services delivered. Accordingly, prepayments or deposits will not be recognised as expenditures for charging to the project account unless and until the equipment and goods have been received or services delivered. Moreover, the expenditure to be charged shall be incurred within the project duration only. All receipts and expenditure of the project, including the grant by the Government and contribution by the applicant shall be fully and properly recorded in the books and records in accordance with the funding agreement, and all requirements, instructions and correspondences issued by the Secretariat or Government in respect of the project.

6.4.3 The applicant is required to maintain, during the continuance of the funding agreement and for a minimum of seven years after the completion of the project or the expiry or termination of the funding agreement, full and proper books of accounts and records of the project (including receipts, counterfoils, vouchers, quotations and tendering documents and other supporting documents). In this connection, the Secretariat, Government and their authorised representatives (including

Independent Commission Against Corruption “ICAC”) shall be allowed access to all or any of the books and records for conducting audit, inspection, verification and copying from time to time upon reasonable notice of such books and records at any time when such books and records are kept. When so requested in this connection, the applicant will be obliged to make available all project books of accounts and records and explain to the Secretariat, Government and their authorised representatives any matters relating to the receipt, expenditure or custody of any money derived from the project. The Government/ Secretariat reserves the right to require the applicant to return any mis-spent amount together with the interest income accrued to the Government.

6.5 Appointment of Project Coordinators

- 6.5.1 The applicant will be required to appoint a project coordinator and a deputy project coordinator who will be responsible for overseeing the implementation of the project, monitoring the proper use of funds in accordance with the approved budget, terms and conditions of funding and funding agreement, exercising economy and prudence in the use of funds, liaising with the Secretariat and attending meetings on the project as necessary.

6.6 Participation in Publicity and Promotional Activities

- 6.6.1 Applicants will be required to share the experience gained in implementing the projects approved under the Programme with other enterprises and/ or organisations. They will need to participate in the publicity and promotional activities of the Programme when being invited by the Secretariat/ Government to share their experience gained in the projects. These activities may include seminars, workshops, conferences, exhibitions, etc. as well as site visits to the factories/ workshops of applicants as arranged by the Secretariat or Government. The applicant shall allow and facilitate the Secretariat, the Government or any authorised person (including ICAC) to enter at all reasonable times into and upon any premises of or controlled by the applicant for the purpose of conducting these activities. The applicant will also need

to provide input/ contribute materials for publication to share their experience when being requested by the Secretariat or Government. The applicant cannot charge fees on the Secretariat or Government for participating in these activities or providing input/ contributing materials for publication.

6.7 Intellectual Property Rights (IPRs)

- 6.7.1 The ownership in relation to the IPRs arising from the Project Deliverables should be owned by the Government and the RFAC.
- 6.7.2 The applicant shall not infringe the IPRs of any person when conducting the Project. The Project Deliverables shall not infringe the IPRs of any person.
- 6.7.3 All Audited Accounts, Interim Progress Reports, Final Report and Promotional Contribution (collectively “Materials”) once submitted or performed (in the case of presentation) will become the property of the Government. Without prejudice to all other rights and powers of the Government under the Terms of the Project (including in particular its right to disclose information in the Materials), the applicant grants to each of the Government, the Secretariat and their respective assigns, successors-in-title and authorised users, a royalty-free, non-exclusive, irrevocable, sub-licensable, transferable, world-wide, unrestricted right and licence to use or exercise all or any Intellectual Property Rights subsisting in the Materials for the purposes of administration of the Terms of the Project, promotion of the Recycling Fund, resolution of dispute arising from the Terms of the Project, and for all other purposes incidental thereto or in connection therewith. Such right and licence shall continue to subsist so long as all or any Intellectual Property Rights subsist in the Materials under any applicable law, including the laws of Hong Kong.
- 6.7.4 The applicant shall indemnify the Government, the Secretariat and their respective assigns, successors-in-title, and authorised users on the terms set out in Clause 6.13 in the event if the exercise by any of them of the rights mentioned in Clause 6.7.3 above infringes or is alleged to infringe the Intellectual Property Rights of any person.
- 6.7.5 The applicant shall irrevocably waive, and undertake to procure at its own cost and expense all authors and presenters or any part thereof to irrevocably waive, all moral rights (whether past, present or future) in the Materials. The waiver shall operate in favour of the Government, the Secretariat and their respective assigns, successors-in-title and authorised users and shall take effect from the date of submission of the Materials.

6.8 Acknowledgement of Support and Disclaimer

6.8.1 Applicants are allowed to publicise their implementation of the projects funded under the Programme and the project results on their own initiatives through publications, seminars, workshops, conferences, exhibitions, site visits, etc. with prior notice to the Government/ Secretariat. Acknowledgement of funding support must appear on all equipment, facilities, publicity/ media events or in publications related to a project funded under the Programme.

6.8.2 Information on funded projects (including names of the applicant, the amount of the funding and the nature of the supported project) will be uploaded onto the website of the Recycling Fund and other channels or media for the purpose of the promotion of the Recycling Fund, if appropriate, or for public information.

6.8.3 The following disclaimer should also be included in any publications and publicity/ media events related to a project funded under the Programme:

“Any opinions, findings, conclusions or recommendations expressed in this material/ event do not reflect the views of the Government of the Hong Kong Special Administrative Region, the Advisory Committee on Recycling Fund or the Recycling Fund Secretariat.”

6.8.4 To acknowledge the source of funding, “Recycling Fund” should be added at the beginning of the project title while both the name and logo of the Recycling Fund should be used in all publicity materials resulting from a project.

6.8.5 For publicity materials produced under the Recycling Fund funded projects or activities, the sizes of the names and/or logos of the grantees and/or assisting/supporting/sponsoring bodies should not be larger, or placed in a more prominent position, than those of the Recycling Fund. For example:

Order from top to bottom, Order from left to right:

Recycling Fund Grantees
Assisting / supporting / sponsoring bodies

- 6.8.6 Applicants must ensure that all deliverables/ products/ goods derived from a supported project must conform to relevant industry standards/ regulations as appropriate. The Government/ RFAC/ Secretariat does not guarantee nor endorse the quality of any deliverables/ products/ goods derived from supported projects and shall not be responsible for any direct, indirect, incidental or consequential damages, loss of use or profits, or cost of procurement of substitute goods or services, in contract, tort or otherwise arising out of the deliverables/ products/ goods in connection with the Recycling Fund.

6.9 Environmental Performance, Waste Reduction and Recycling in Project Implementation

- 6.9.1 The applicant shall endeavor to implement the project in an environmentally friendly manner. Environmental impacts potentially generated from the implementation of the project should be well assessed, minimised and mitigated. In particular, thorough waste reduction and recycling measures should be implemented. The applicant is advised to refer to the following guidelines compiled by the EPD or the guidelines suggested in the EPD website or the Waste Reduction Website or other relevant materials:

- (a) Waste Reduction Tips for Event Organiser

<https://www.wastereduction.gov.hk/en-hk/waste-reduction-programme/greening-your-events#waste-reduction-and-recycling-tips>

- (b) Green Event Guidebook

https://www.wastereduction.gov.hk/sites/default/files/green_event/GreenEvent_Guidebook_Eng.pdf

- (c) Green Procurement

https://www.eeb.gov.hk/en/susdev/green_procure/green_spec.html

6.10 Prevention of Bribery

- 6.10.1 The applicant shall observe the Prevention of Bribery Ordinance (Cap. 201) (“PBO”) and shall procure that its project team, directors, employees, agents, consultants, contractors and other personnel who are in any way involved in the project shall not offer to or solicit or accept from any person (including HKPC staff) any money, gifts or advantages (as defined in the PBO) in relation to the project.
- 6.10.2 The offer of an advantage to the Secretariat or any member of the RFAC/ Government either with or without a view to influencing the approval of an application is an offence under the PBO. Any such offer by the project team, directors, employees, agents, consultants, contractors and other personnel who are in any way involved in the project will render the application null and void. The Government may also cancel the application approved and hold the applicant liable for any loss or damage which the Government may sustain.
- 6.10.3 The applicant is also advised to observe the guidelines set out in the “*Best Practice Checklist – Strengthening Integrity and Accountability – Grantee’s Guidebook*” compiled by the Independent Commission Against Corruption (ICAC) in order to execute the Funding Agreement in an ethical and accountable manner which meets the public expectation.
- 6.10.4 ICAC may conduct corruption prevention reviews for grantees of the Recycling Fund.

6.11 Avoidance of Conflict of Interest

- 6.11.1 To avoid conflict of interest, RFAC members who are directly or indirectly related to an application will be required to declare his/her interests. Where considered appropriate, the Chairman may request members concerned to refrain from participating in the discussion on the relevant application.

6.12 Assignment

- 6.12.1 Unless prior written approval from the Government/ Secretariat is obtained, the applicant shall not assign, transfer, sub-contract or otherwise dispose of any or all of its interests, rights, benefits or obligations under the funding agreement.

6.13 Indemnity

- 6.13.1 The applicant shall indemnify and keep indemnified each of the Government, Secretariat, each member of the RFAC, and any assigns and successors-in-title of each of them (collectively “Indemnified Parties”) fully and effectively indemnified against (i) all losses, damage, liabilities, and costs (including all legal fees and other awards, costs, payments, charges and expenses on a full indemnity basis) suffered or incurred by an Indemnified Party; and (ii) all action, proceedings, claims, and demands threatened, brought or established against an Indemnified Party (whether or not successful, compromised, settled, withdrawn or discontinued) (collectively, “Third Party Claims”); and everything mentioned in (i) above due to such Third Party Claims, which in any case arise directly or indirectly in connection with, out of or in relation to:

- (a) any breach of the Terms of the Project by the applicant , regardless of whether such breach was caused by the applicant or any member of the Project Team; or
- (b) any act or omission or negligence of the applicant or any member of the Project Team in the implementation of the Project; or
- (c) any allegation or claim that the use, operation or possession of the Project Deliverables or the Materials or the exercise by an Indemnified Party of any right granted under the funding agreement in relation to such Materials infringes any IPRs of any persons; or

- (d) any warranties or representations made by the applicant in the funding agreement, or in the Approved Proposal or in the Approved Budget or in any document (including in any of the Reports) or information provided by the applicant to the Secretariat, RFAC or the Government from time to time being untrue, misleading, forged or incomplete; or
- (e) any failure of the applicant or of the Project Team to comply with or observe any applicable law or regulation (regardless of the law or regulation of which jurisdiction in the implementation of the Project).

7. ENQUIRIES

Enquiries regarding the Recycling Fund can be addressed to –

Address: The Secretariat, Recycling Fund
3/F, HKPC Building, 78 Tat Chee Avenue,
Kowloon, Hong Kong

Telephone: (852) 2788 5658

Fax: (852) 3187 4559

E-mail: enquiry@recyclingfund.hk

Website: www.recyclingfund.hk

- End -

Annex 1

General Guidelines on Staff Recruitment

Introduction

These guidelines deal with the adoption of a system of staff recruitment where staff is employed to carry out the Recycling Fund projects. They serve as a ready reference for the applicant who is allocated with any grant from the Recycling Fund. The main issues are openness, fairness and competitiveness in staff recruitment.

Staff Recruitment

Personnel outside the organisation may be recruited to help with the implementation of Recycling Fund projects as stipulated in the application by adopting a credible recruitment procedure. To ensure fairness, staff shall be recruited through an open and competitive system. A gist of the recruitment procedures is given in “Appendix to Annex 1” for reference.

Conflict of Interest

Any staff member taking part in a recruitment exercise (e.g. as a recruitment panel member) shall be required to declare any conflict of interest and refrain from participating in the selection process if a candidate under consideration is his family member, relative or close personal friend. Please note that failure to avoid or properly handle conflict of interest situations may give rise to criticism of favouritism, abuse of authority and even allegations of corruption. The RFAC reserves the right to recall the grant in full should any irregularities or criminal elements are discovered after the disbursement of grant to an applicant.

Reference Material

The Independent Commission Against Corruption (ICAC) has published a booklet “Staff Administration” providing organisations with information on good practices on staff recruitment procedures. Copies of the booklet are available free from the “Corruption Prevention Advisory Service” of ICAC (tel. 2526 6363). The applicants are advised to obtain this booklet for reference.

Staff Recruitment Procedures

- Job vacancies shall be widely advertised in local newspapers and/ or other channels.
- The advertisement shall set out clearly the job descriptions and requirements, and other essential information such as the application deadline and the contact point for enquiries.
- All applications received shall be systematically recorded.
- Shortlisting for interview shall be based on specified criteria.
- If practicable, a recruitment panel shall be formed to conduct selection interviews and skill tests as necessary.
- A standard assessment form shall be devised to record assessment by individual panel members.
- Assessment of candidates and recommendations of panel members shall be properly documented.
- Approving authority for the staff appointment shall be defined clearly.

Annex 2

Requirement on Purchase of Second (2nd) Hand Equipment

1. For normal application purchasing new equipment, applicant is only required to submit 1 quotation during the vetting stage for assessment. For application purchasing 2nd hand equipment, applicant is required to submit 1 quotation of the items in new condition and another quotation for the items in 2nd hand condition at vetting stage for reference to determine the funding amount.
2. The 2nd hand equipment quotation should clearly state:
 - a. The year of manufacturing of the equipment
 - b. The major specification (e.g. tonnage of the truck) of the equipment is the same as the new equipment
3. Maximum recognisable cost of the 2nd hand equipment is calculated accordingly with reference to a number of factors including the reference price of new equipment, depreciation of equipment, etc.
4. When applying for reimbursement, applicant is still required to submit enough number of quotations (the quotation of the items in new condition submitted at vetting stage does not count) in accordance to the price range. In general, applicants are required to submit enough number of 2nd hand equipment quotations with year of manufacturing and major specification being stated on all of them.
5. When applying for reimbursement, if applicant choose another 2nd hand equipment with longer no. of year of usage than the 2nd hand equipment stated in the quotation provided at vetting stage, the maximum recognisable equipment cost for reimbursement would be calculated again.