

Recycling Fund – Enterprise Support Programme (ESP)
Guidance Notes for Applications on “Standard Project”

This set of Guidance Notes applies to applications of Standard Project (SP) under the Enterprise Support Programme (ESP) and should be read in conjunction with the **Guide to Application for the Recycling Fund (Enterprise Support Programme) (The Guide to Application (ESP))**. For areas not specifically mentioned in this set of Guidance Notes, the general requirements set out in the Guide to Application (ESP) will continue to apply. The Advisory Committee on Recycling Fund (RFAC) and the Secretariat of Recycling Fund (the Secretariat) reserve their right to change any requirements or to decide how requirements should be interpreted / implemented at any time without prior notice.

1 Background

- 1.1 In order to provide targeted assistance to facilitate small and medium enterprises (SMEs) to upgrade their operation efficiency and enhance their capability, a streamlined programme is available for applicants to implement Standard Project (SP) under the Enterprise Support Programme (ESP). Details of the Standard Project (SP) are set out in this set of Guidance Notes.

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 Annex 1 of the application form for each application. An application will be considered invalid if the Annex 1 is not duly signed and submitted along with the application.

3 Funding Scope

3.1 Funding scopes and objectives of the Standard Project - \$1M (SP-\$1M) are set out as follows:

Type (a):	Attending training courses to upgrade the skills of employees and / or enhance the safety and health standards and productivity of enterprises;
Type (b):	Joining accreditation / registration schemes ¹ to enhance the capability, capacity, efficiency or skills of enterprises;
Type (c):	Conducting occupational safety and health audits / carrying out measure(s) as specified in the safety and health audit of enterprises to improve occupational safety and health (OSH) standards; or conducting environmental audit to assess the compliance with relevant requirement or environmental performance;
Type (d):	Procurement/ installation of prescribed equipment or machineries for fostering good practices and reducing nuisances;
Type (e):	Procurement/ installation of prescribed small-scale equipment/ hardware/ machineries for enhancement of capability, capacity, efficiency and skills;
Type (f):	Upgrading the capability of recyclers in collecting, transporting and processing local recyclables or manufacturing recycled products from local recyclables;

¹ For joining accreditation / registration scheme projects, only the initial fee will be supported.
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★ Please refer to Annex 1 for the prescribed list of Type (d) to (f)

4 Funding Amount and Principles

- 4.1 The funding ceiling for each SP-\$1M application is HK\$1,000,000 or 50% of the approved total estimated project cost, whichever is the less. Funding support from the Recycling Fund (“Grant”) would be granted on a matching basis, i.e. the Government will cover a maximum of 50% of the total approved project cost and the applicant has to contribute no less than 50% of the total approved project cost in cash.
- 4.2 The cumulative funding ceiling under SP-\$1M for each applicant (and its related persons)² is HK\$2,000,000³.
- 4.3 The cumulative funding ceiling per applicant under the ESP is HK\$15 million. During the tenure of the ESP, funding support will be granted to each applicant for a maximum of ten (10) approved projects. Funding for SP-\$1M will count towards the cumulative funding ceiling and the maximum number of approved projects under the ESP.
- 4.4 Each SP should be completed within 12 months except for project arranging staff to attend training courses (SP-\$1M Type (a)). Any change request to extend the project period beyond 12 months under the SP would not be approved. For project arranging staff to attend training courses (SP- \$1M Type (a)), the project period could be up to two years to cover attendance by different staff members at different times.
- 4.5 For project to improve the OSH standards (SP-\$1M Type (c)), a phased approach is adopted in assessing the project. The first phase consists of an initial audit carried out by a qualified auditor to assess what measure(s) should be put in place to improve OSH. The second phase consists of the implementation of the measure(s) as proposed in the first phase and the inspection / auditing of the measure(s) by a qualified auditor to assess whether they are appropriate based on the findings of the initial audit. Applicants must submit the report on the initial audit prepared by the qualified auditor in the first phase to the Secretariat and

² Please refer to paragraph 4.1.3 and 4.1.4 of the Guide to Application for the Recycling Fund (Enterprise Support Programme) for the meaning of “related person”.

³ The approved funding amount of SP-\$1M (on-going projects) together with any other previous Grants from SP-\$1M, which have been disbursed to the applicant and his related persons (if any) shall not exceed HK\$2 million.

obtain the prior approval from the RFAC / Government before proceeding to the second phase. If the applicant fails to do so, the RFAC / Government has the right to withhold or reduce the total granted amount to only include the initial audit.

- 4.6 A SP application may be rejected if it is made to circumvent any prescribed limit and requirement under the ESP.

5 Application Submission

- 5.1 Applicants are required to fill in the designated SP - \$1M application form.
- 5.2 During application submission, applicants are required to submit reference quotations for the equipment, machinery or service that will be purchased in the project for assessment. For any single item with estimated expenditure over HK\$5,000 but not exceeding HK\$800,000, the applicant shall submit at least one quotation. For any single item with estimated expenditure over HK\$800,000, the applicant shall submit at least 5 quotations.
- 5.3 To minimise the risk, applicants are highly recommended NOT to procure equipment, machinery or service with relatively high cost, such as compactor trucks / side loaders / tankers, pelletizers, separators, etc. before the application is approved and the project is commenced.
- 5.4 For project arranging staff to attend training courses (SP-\$1M Type (a)), the applicant can enroll training courses after submitting an application to the Secretariat even before obtaining approval on its application from the Secretariat. Applicants can also submit its application to the Secretariat for the attended training courses at any time up to within 7 days after the completion of the relevant course, providing that the applicant has fulfilled all the eligibility and other applicable requirements. Within an application, the applicant has the liberty to send any reasonable number of its staff to attend any reasonable number of courses, as long as the total amount of funding sought under the application falls within the funding cap of SP.
- 5.5 The applicants should note that the RFAC / Government is not bound to approve the application or grant the full amount requested by the applicant. Subject to the actual situation and reasonableness of the applications, the applicant may have to bear the full or remaining cost of the project.

6 Assessment Procedures

6.1 Applications will be assessed according to the following procedures:

- (a) All applications received would be assessed and submitted to the RFAC for consideration within six months starting from the receipt date. Applicants are also required to submit all supplementary information within 4 months after application submission or the applications may be rejected.
- (b) 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. On-site meetings or inspections may be conducted to verify the provided information.
- (c) The RFAC will further assess all applications having regard to the results of the initial assessment carried out 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.
- (d) The Government will further assess all applications having regard to the recommendations of the RFAC. Based on the advice of the RFAC, the Government would decide whether to approve the applications.

7 Vetting Criteria

7.1 The guiding principles for vetting are:

- (a) Whether the project / procurement / installation of prescribed items can achieve the expected benefits under the scopes of the respective project type and has the potential to enhance the overall efficiency, safety, skills and capability in collecting, transporting and processing local recyclables or manufacturing recycled products from local recyclables of the applicants;
- (b) The scope of work and implementation schedule of the project/ procurement / installation of prescribed items should be clear and reasonable;

- (c) The project / procurement / installation of prescribed items should have a reasonable and realistic budget with itemised cost breakdown; and
- (d) The project should have clear, concrete and quantifiable deliverables (e.g. number of participants in training programmes, qualifications obtained, number and type of equipment purchased, etc.) to facilitate assessment of project outcome.
- (e) To ensure more efficient use of resources, the RFAC / Government will take into account the applicant's past performance in their previous approved projects under the Recycling Fund schemes, including but not limited to achievement of its key performance indicators, when approving the project.
- (f) The application for purchasing the same items as the previously approved SP-\$1M project Type (e) within two years⁴ will not be considered unless with strong justifications.
- (g) Conviction and Prosecution Records
 - (i) An application will be rejected* if the applicant has three or more convictions related to environmental legislation⁵ 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;

⁴ Two years period is calculated from the completion date stated on the Undertaking of the previously approved SP-\$1M project to the Secretariat's receipt date of the new SP-\$1M project.

⁵ 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)

3. three or more summonses issued.

(*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”)

8 Eligibility

- 8.1 Any enterprise (including but not limited to sole proprietor, partnership, private company and public company) duly established, incorporated and registered under the laws of Hong Kong or its place of incorporation with a valid business registration certificate issued under the Business Registration Ordinance (Cap 310 of the Laws of Hong Kong) for carrying on a business in Hong Kong (unless it is exempted from the requirement to apply for a business certificate under such Ordinance (where applicable)) and have substantive business operations in Hong Kong. The applicant must provide documentary evidence proving its substantive business operations at the time of application. Such evidence can be employee records, tax returns, business transaction documents such as business contracts, invoices, etc. Besides, the applicant should have been involved in recycling related operation with a proven track record for at least 1 year before submitting an application to the Recycling Fund.
- 8.2 Eligible recycling companies must be conducting actual processing of local recyclables (e.g. collection, sorting, baling, dismantling, shredding, pelletising of recyclables etc.) as the major business. Those companies without conducting actual processing of local recyclables, e.g. repair and maintenance companies, cleansing companies, logistic service providers (e.g. transporting construction & demolition waste/refuse/grease trap waste etc.), engineering and demolishing companies, warehouses, companies processing imported recyclables, trading companies mainly engaged in buying and selling recyclables (e.g. second-hand/thrift shops) etc. are not eligible for SP-\$1M.
- 8.3 The following enterprises are also eligible to apply for certain types of project:
 - (a) Local Manufacturers who can partner with local recyclers for supplying local recyclables to make plastic or paper products.

- (b) Local Manufacturers who have been using local recyclables as raw materials to make plastic or paper products.

9 Funding Arrangement

- 9.1 Applicants of SP are not required to open a project bank account for the sole purpose of processing all payments relating to the project. The applicant is, however, still required to keep proper and separate books and records for expenses incurred under the project.
- 9.2 There will be no upfront payment to the applicants under SP. Disbursement of funds for SP could be made in full to the applicant on a reimbursement basis after the completion of the projects when the following documents are accepted by the RFAC, Government and / or Secretariat:
 - (a) Submission of the claim form to the Secretariat within 1 month after project completion with supporting documents demonstrating the completion of project and deployment of the funded equipment (Examples of the documents that may serve as the relevant proof are at Annex 2);
 - (b) Applicant could apply early disbursement of payment if:
 - (i) Minimum 50% of the equipment cost is paid and the equipment is deployed; or
 - (ii) Letter of Credit issued by bank could be provided.
 - (c) For project to purchase machineries under SP-\$1M (Type (f)), the grantee shall keep all the transaction records of sources of recyclables and sales of recycled products / processed recyclables such as supplier documents, receipts for the sales of the recyclables, material balance summary, etc. under the project. They should be submitted or made available to the Secretariat / Government upon request.
- 9.3 The applicants should immediately provide clarification and additional information on the contents of the claim form upon request of the Secretariat. 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.

- 9.4 In the case where the claim form is rejected by the RFAC and / or the Government, the applicant should resubmit the documents within one month after the relevant notification by the Secretariat.
- 9.5 One interim fund disbursement for SP could be made to the applicants on a reimbursement basis during the project period when the following documents are accepted by the Secretariat and following conditions are satisfied:
- (a) Submission of a claim form with supporting document to demonstrate it has completed the project in a right proportion by proceeding for at least half of the project period (Examples of the documents that may serve as the relevant proof are at Annex 2)⁶;
 - (b) The RFAC / Secretariat is satisfied that there is a reasonable prospect for the applicant to complete the remaining project as scheduled; and
 - (c) The amount of fund to be disbursed is proportional to the level of project completed or maximum of 75% of approved funding support, whichever is lower.

The Secretariat may also conduct on-site inspections, vet relevant records and take other appropriate measures to verify the completion of the tasks and deliverables for the individual projects.

- 9.6 The actual grant will be determined by the RFAC and Government having regard to the actual project cost as stated in the claim form and as shown in the official receipts.
- 9.7 If the applicant completes the project without fully meeting the proposed objectives, the RFAC / Government 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 milestones and/or other factors deemed relevant. The RFAC / Government has sole discretion to disburse any amount of the payment if the project objectives are not met.

⁶ For projects arranging staff to attend training courses (SP-\$1M Type (a)), applicant may apply for reimbursement after completion of relevant courses without waiting for the expiry of the maximum two-year project period.
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- 9.8 Neither the Government nor the Secretariat, whether on its own account or for and on behalf of the Government, makes any representation or warranty, by virtue of the Government's Grant hereunder, as to the safety, value or utility of the Project. Nothing done by the Government or Secretariat shall be treated as an endorsement of the project or of the applicant, nor shall the name of the Government be used for any purpose by the applicant or be publicised in any way by the applicant, except for the acknowledgement of the funding support from the Government placed by the applicant on equipment, facilities or in publications for disseminating the result/ experience gained in the Project.
- 9.9 All relevant expenditure incurred as early as after the date of submission of application can be recognised and funded, provided that the application is approved by the RFAC and the applicants have followed the prevailing requirements (e.g. with adequate number of quotations) in conducting the procurement process.⁷ The applicants shall bear the risk that the application could be rejected or the approved funding amount could be deducted. In addition to keeping all relevant documents related to the purchase of the equipment, machinery or service (including quotations, receipts, etc.), applicants should take photos of the purchased equipment or machinery upon delivery for records. If applicants cannot provide the photo records timely, the vetting results of the applications or the funding reimbursement may be affected.

10 Financial and Budgetary Control

- 10.1 The applicants shall seek prior consent from the Secretariat for varying the approved budget by reallocation 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 20% in total of the amount originally approved for the original expenditure item or in the value of up to HK\$60,000, whichever the lower; and
 - (c) the reallocation shall not adversely affect the quantity and quality of any project deliverables under the project.

⁷ To minimise the risk, applicants are highly recommended NOT to procure equipment, machinery or service with relatively high cost, such as compactor trucks / side loaders / tankers, pelletizers, separators, etc. before the application is approved and commenced.
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If any reallocation of expenditure exceeds the limit as stated in Clause 10.1 (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.

The above is only applicable to situations where and there is no change to the project deliverables. In addition, the revised approved budget shall comply with the relevant rules in the Guide to Application (ESP) and this Guidance Notes.

11 Procurement of Resources

11.1 Without prejudice to the strict observance of these objectives and requirements, the applicant shall adhere to the following procurement procedures and practices unless the Government agrees otherwise⁸:

- (a) for every procurement or lease of the 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 or contractors or service providers or lessors and accept the lower quotation. Full justifications must be given if less than two suppliers or contractors or service providers 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 every purchasing with the aggregate value of which is below HK\$5,000, two quotations from suppliers are not mandatory⁹. However, the Secretariat reserves the right to request the applicant to provide quotations for purchasing or procurement of items if necessary.
- (b) for every procurement or lease of the 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 or contractors or service providers or lessors and accept the lowest quotation. Full justifications must be given if less than three suppliers or contractors or service providers or lessors could be identified from the market. If the

⁸ Suppliers, service providers, contractors or lessors from Hong Kong selected within the project should have a valid business registration.

⁹ 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.

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 the 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 from at least five suppliers or contractors or service providers or lessors and accept the lowest quotation. Full justifications must be given if less than five suppliers or contractors or service providers 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 the 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 use open and competitive tendering procedures 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 Secretariat and full justifications shall be given; and
- (e) for every procurement or lease of the equipment, goods or services in relation to or for the purposes of the project and the aggregate value of which exceeds HK\$150,000, 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 the prior written approval from the Secretariat with supporting documentary evidence to demonstrate the rationale for such award of purchase order or 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.

11.2 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 the 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.

11.3 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.

11.4 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.

11.5 If applicant plans to purchase second (2nd) hand equipment in the project, please refer to **Annex 4** for the requirement.

12 Obligations, undertaking and indemnity

12.1 The applicants should warrant and undertake and with continuing effect throughout the continuance of the project duration that:

- (a) it shall have been duly established, incorporated and registered under the laws of Hong Kong or its place of incorporation with a valid business registration certificate issued under the Business Registration Ordinance (Cap 310 of the Laws of Hong Kong) for carrying on a business in Hong Kong (unless it is exempted from the requirement to apply for a business certificate under such Ordinance (where applicable)) and shall have substantive business operation in Hong Kong throughout the project duration;
- (b) it shall, upon request, allow and facilitate the Secretariat, the Government or any person on behalf of the Secretariat or the Government to enter at all reasonable times into and upon any premises of or controlled by the applicant, where any document or record pertaining to the Project is kept or any item arising out of the Project is being carried out, experimented, manufactured, displayed or stored, for the purpose of inspection or copying, or for verifying the accuracy of any information given by the applicant to the Secretariat or the Government, or otherwise verifying that the applicant has complied with its obligations under the terms of the project; and
- (c) it shall comply in all respects (including the giving of all the necessary notices, the paying of all necessary fees and the obtaining of all necessary licences, consents and approvals) with all the provisions of all legislations, regulations and by-laws applicable to the project, including but not limited to, the Employment Ordinance (Cap. 57), the Employees' Compensation Ordinance

(Cap. 282), the Mandatory Provident Fund Schemes Ordinance (Cap. 485), the Occupational Safety and Health Ordinance (Cap. 509) and the Minimum Wage Ordinance (Cap. 608) and other legislations, regulations and by-laws pertaining to the health and safety of any persons who are or will be employed by the applicant in relation to the operation of the project and the carrying out of the applicant's obligations under the terms of the project.

- (d) it shall comply in all respects of the Summary Offences Ordinance (Cap. 228), the Fixed Penalty (Public Cleanliness and Obstruction) Ordinance (Cap. 570) and the Public Health and Municipal Services Ordinance (Cap. 132) and all environmental legislations [particularly Noise Control Ordinance (Cap 400), Air Pollution Control Ordinance (Cap 311), Waste Disposal Ordinance (Cap 354), Water Pollution Control Ordinance (Cap 358) and Environmental Impact Assessment Ordinance (Cap 499)] so that the handling of materials in relation to the Project and the use of Equipment including any facilities, vehicles or other items used for carrying out the Project shall not cause any obstruction, nuisance or hazard to the public, and shall be operated at approved project implementation location and/or other location with proper authorization or permitted use.

12.2 The applicants shall indemnify and keep indemnified each of the Government, the Secretariat, each member of the Advisory Committee 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 applicants, regardless of whether such breach was caused by the applicants or any member of the project team; or
- (b) any act or omission or negligence of the applicants 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, Advisory Committee or the Government from

time to time being untrue, misleading, forged or incomplete; or

- (e) any failure of the applicants 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).

12.3 The applicant shall endeavor to avoid creating obstruction of public places in implementing the project. The applicant shall also observe that illegal shopfront extensions can be issued with Fixed Penalty Notices under the Fixed Penalty (Public Cleanliness & Obstruction) Ordinance on top of summonses for the obstruction of public places.

13 Risk in and Title to the Equipment

13.1 The full legal and equitable title and interest in any piece of the equipment funded under the SP shall vest with the applicants. The risk in the equipment (e.g. loss, damages, liabilities, etc.) shall also be borne by and remain with the applicants.

13.2 During the project period and for a period of two years thereafter (unless with approval of the Government / Secretariat), the applicants shall be prohibited from selling, mortgaging, transferring or disposing of the equipment purchased under the project or use the equipment purchased under the project as security or collateral for any borrowing of whatsoever nature or using the equipment purchased for purposes other than carrying out recycling operations in accordance with the objectives of the SP of the Recycling Fund and shall keep an “Equipment Register” to account for such equipment, apply acknowledgement of the funding support on the equipment and be responsible for the use and maintenance of the equipment in serviceable condition (fair wear and tear excepted). The applicants shall use the equipment solely and exclusively for the purpose of the project.

13.3 The applicants shall commit and continue to use the equipment for carrying out recycling operations in accordance with the objectives of the SP of the Recycling Fund at least for two years after the completion of the project (for sole procurement / installation of prescribed items, it refers to the period after the completion of procurement / installation of the prescribed items) and shall make such equipment (including prescribed items) available for inspection by the Secretariat upon its request. If the applicant intends to sell, mortgage, transfer, dispose of or discontinue the use of any equipment / facilities for carrying out recycling operations in accordance with the objectives of the SP of the Recycling

Fund with a unit purchase price of HK\$100,000 or above at any time within two years after the actual completion of the approved project or the estimated completion date (whichever is later), the applicant shall promptly notify the Secretariat in writing with full justification and can only proceed upon obtaining written approval from the Government / Secretariat.

- 13.4 To safeguard the Grant, the applicant shall, where applicable, at its own expense effect and maintain during the continuance of the project duration appropriate insurance policies (e.g. Property All Risks) to insure the equipment. The applicant shall provide the Government or the Secretariat with a certified copy of such insurance policy as soon as reasonable practicable upon written request by the Government or the Secretariat.

14 Recordkeeping Requirement for SP - \$1M (Type (f))

- 14.1 For funded equipment stipulated in Clause 3.1 under SP-\$1M (Type (f)) in handling local recyclables, the grantee shall also keep all the transaction records of the sources of recyclables and sales of recycled products / processed recyclables such as supplier documents, receipts for the sales of the recyclables, material balance summary, etc. during the project period and at least for seven years after the completion of the project and submit or make available all such supporting documents to the Secretariat upon request.

15 Contractual Requirements

- 15.1 Successful applicants of SP shall sign an undertaking. They shall carry out and complete the project in accordance with the undertaking form, Guide to Application (ESP), this Guidance Notes, the approved project proposal, the approved budget and all requirements and directives as may from time to time be prescribed or given by the Secretariat or the Government in writing whether specifically to the applicant or generally to all applicant of the Fund.
- 15.2 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 and facilities, publicity / media events or in publications related to a project funded under the Programme.

16 Probity Clause

- 16.1 The applicant shall observe the Prevention of Bribery Ordinance (Cap. 201) (“PBO”). Applicants shall not, and shall procure that its project team, directors, employees, agents, suppliers, 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 any money, gifts or advantages (as defined in the PBO) in relation to the project.
- 16.2 The offer of an advantage to the Secretariat or any member of the RFAC / Government with 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.
- 16.3 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 ICAC in order to execute the Funding Agreement in an ethical and accountable manner which meets the public expectation.

**The Secretariat, Recycling Fund,
Hong Kong Productivity Council**

Prescribed list of equipment or machineries for fostering good practices and reducing nuisances (for SP - \$1M Type (d))

1. Dust screens for air quality control
2. Acoustic screens or shields for reducing noise level
3. Installation of racks / partitions or lifting equipment for maximizing storage capacity
4. Installation of deodorization units
5. Truck body works (e.g. additional installation for providing full cover and containment of goods or devices related to OSH, etc.)

Prescribed list of small-scale equipment / hardware / machineries for enhancement of capability, capacity, efficiency and skills (for SP - \$1M Type (e))

1. Balers
2. Metal cages and related parts
3. Chain lifts
4. Weight scales
5. Equipment installed on the trucks (e.g. hydraulic goods loaders (tail lift), cranes etc.)
6. Conveyor belts
7. Crushers or shredders
8. Forklift trucks / reach stackers
9. Loaders
10. Equipment for manual handling (e.g. hand trucks, platform trolleys etc.)
11. Hand tools (e.g. saws, screw drivers etc.)
12. Pallet trucks
13. Degaussers / hard disk erasers
14. Electric wire debarkers
15. Reusable collection bags (for collecting, keeping and transferring recyclables)
16. Collection bins for recyclables (other than standard waste separation bins)
17. Material handling tools (e.g. grapplers with chains equipped with hoisting facilities, grapplers of excavators, etc.)

Note: Application for purchasing the same items under this category within 2 years of the applicant's previous approved SP-\$1M application will not be considered unless with strong justifications.

Upgrading the capability of recyclers in processing local recyclables or manufacturing recycled products from local recyclables (for SP – \$1M Type 1M - (f))

<u>Processing equipment for waste papers and plastics:</u> 1. Compactor trucks (Please refer to Annex 3 for the requirements for purchasing compactor trucks) 2. Sorters for waste plastics / papers 3. Label and cap removers 4. Washers 5. Dryers 6. Pelletizers 7. Crushers or shredders 8. PET yarn machines 9. Hot-melting machines / cold compactor and air filtering equipment for processing expanded polystyrene 10. Extrusion / plastic bag making machines 11. Molding machines (e.g. blow molding, injection molding, thermoforming, etc.) 12. Pulp molding machines for making paper products 13. Molds for producing plastic or paper products 14. Necessary equipment / facilities associated with the prescribed items for facilitating the production process of recycled plastic / paper products or meeting relevant environmental legislation	<u>Processing equipment for waste metals:</u> 1. Crushers (e.g. crusher, grinder, cutter, etc.) 2. Separators (e.g. magnetic separator, eddy current separator, vibratory separator/screener, cable granulator, etc.) 3. Dust Collectors (e.g. dust collector, air purifier, bag filter, etc.) 4. Dewatering machines (e.g. dewatering machine, dryer, etc.) 5. Conveyors 6. Furnace 7. Container Loader 8. Others necessary equipment associated with the prescribed items for facilitating the production process of recycled metal products or meeting relevant environmental legislation (e.g. blower, damper, silencer/noise enclosure, operation monitoring system, control panel, blade sharpeners, air-compressor and air-cylinder, etc.)
<u>Processing equipment for food waste and concentrated fat waste sludge¹⁰:</u>	

¹⁰ Applicant is required to send the recyclables to recycling facilities.
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1. Side loaders / tankers (vehicle with sealed containers, 5-7 tonnes, max. height 4.5m) (Please refer to Annex 3 for the requirements for purchasing side loaders / tanker)
2. Food waste collection bins for facilitating operation of side loader / tanker
3. Mobile scales to record weight of food waste collection bin
4. Electronic vehicle weighing systems

Processing equipment for waste wood:

1. Shredders (e.g. Sawdust machine, shredder or grinder (especially to reduce the wood sizes))
2. Briquettes presses
3. Biochar makers (converting wasted wood into biochar for soil conditioner) and its associated equipment (such as the cooling unit to speed up the cooling process of biomass after pyrolysis)
4. Band Saws (e.g. large band saw to cut large tree trunk into pieces of wood for further processing, or horizontal band saw)
5. Chainsaws (portable mechanic saw for cutting tree trunk/branches)
6. Giant Saws (large saw that would efficiently cut tree trunk into several pieces in one go)
7. Dry Wood Cabinet
8. Necessary equipment / facilities associated with the prescribed items for facilitating the production process of recycled wood products or meeting relevant environmental legislation

The Government / Secretariat reserve the right to decide whether any model or type of equipment could be considered as the prescribed item, and to determine whether the requested equipment is suitable for the proposed recyclables.

Requirements of Supporting Documents for Fund Reimbursement

SP - \$1M

Supporting documents demonstrating the completion of the tasks and deliverables should be submitted along with the completed claim form to the Secretariat for seeking fund reimbursement. Examples of the documents that may serve the relevant proof are as follows:

- (a) Training certificates for the staff, official receipt from the training institutes, employment contract to show participants is the staff of the applicant (For project arranging staff to attend training courses (SP-\$1M Type (a) project)).
- (b) Accreditation / registration certificate (For project joining accreditation / registration schemes (SP-\$1M Type (b) project)).
- (c) Report on the finding of the initial OSH audit by the qualified auditors, photos showing the installation of the hardware / equipment as specified in the OSH audit at the applicant's premises, qualified auditor's report on the inspection / auditing of the OSH measures taken by the applicant (For project improving the OSH standard (SP-\$1M Type (c) project)).
- (d) Report on the finding of the environmental audit by qualified auditors / organisations (For project conducting environmental audit (SP-\$1M Type (c) project)).
- (e) Evidence to demonstrate that the compactor truck procured or truck with purchased equipment installed belongs to the grantees including the Vehicle Registration Document, etc. (For project carrying out prescribed truck body works or installing prescribed equipment on the trucks (SP-\$1M Types (d) to (f) projects)).
- (f) Photos of procured and installed equipment / machinery at the premises of the applicant or as stated in the approved application (For project procuring prescribed equipment or machinery (SP-\$1M Types (d) to (f) projects)).
- (g) Transaction records of collection sources of recyclables and sales of recycled products / processed recyclables under the project such as supplier documents, receipts for the sales of the recyclables, material balance summary, contract, etc. (SP-\$1M Types (f)) projects).
- (h) Procurement documents / receipts for the procurement of funded items under the project.

Requirements for purchasing compactor trucks / side loaders / tankers

Standard Project to purchase compactor truck / side loader / tanker under SP-\$1M shall fulfil the following requirements:

Compactor truck:	Side loader / tanker:
1. The compactor trucks should be fully-enclosed and equipped with metal tailgate cover and waste water tank/sump tank. 2. The compactor trucks must be equipped with a plug-in auxiliary power feature by using electricity power to avoid running the engine for operation of the compactor while at stop status.	1. The collection operation with side loaders shall comply with all requirements under relevant Environmental (e.g. discharge of cleansing water, operation noise); Transport (vehicle license); Environmental Hygiene (e.g. odour emission, leakage of leachate); Public Cleansing and Prevention of Nuisances Regulation; and Occupational Safety & Health (e.g. PPE, safety training) ordinances and regulations. 2. Maximum height: 4.5m
Requirements for both compactor truck and side loader / tanker: 1. The applicant must not operate the compactor truck / side loader / tanker to collect materials other than separated recyclables (i.e. the compactor truck / side loader / tanker should not be used for collecting general refuse). 2. The applicant shall identify guarded parking spaces for parking the compactor truck / side loader / tanker so as to ensure its safe custody and avoid causing any disturbance to the surrounding. 3. Applicants are encouraged to adopt compactor truck / side loader / tanker equipped with engines of the latest emission standards. Compactor truck / side loader / tanker covered under the programme of “Phasing Out Pre-Euro IV Diesel Commercial Vehicles” will not be considered. 4. Appropriate warning / signal lights, signs and retro-reflective aids shall be installed at the rear of the compactor truck / side loader / tanker. When the compactor truck / side loader / tanker is in the course of collecting recyclables, its warning / signal lights shall be switched on to remind other passerby about its collection operation. 5. The compactor truck / side loader / tanker should be equipped with safety devices for assisting its reversing (e.g. reversing camera and video system, reversing sensors and alarming systems).	

Applicant is required to provide the following technical specifications of proposed compactor truck / side loader / tanker :

1. Gross vehicle weight of the truck (e.g. G.V.W.: 24 tonnes, 16 tonnes, etc.)
2. Capacity of the compactor / side loader / tanker (e.g. 12 tonnes, 7 tonnes, number and size of compartments, and other relevant information (if any), etc.)
3. Compaction ratio (by volume) (*for compactor truck only*)
4. Height of the truck (*for side loader / tanker only*)
5. Emission standard of the truck engine
6. Others
 - i. The associated equipment / installation to mitigate environmental nuisance (e.g. for preventing leachate leakage and controlling odour)
 - ii. Other associated feature, if any, facilitating the collection of recyclables / food waste (e.g. multiple compartments, installed mobile weighting system, etc.)

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.