

**Commission on Strategic Development
Committee on Social Development and Quality of Life**

Tripartite Partnership

Purpose

This paper outlines the development of tripartite partnership (TPP) in Hong Kong and invites members to discuss whether and how TPP should be further promoted.

Definition of TPP

2. Although there is no internationally agreed definition, TPP can be broadly defined as a collaborative effort among the Government, the business sector and the Third Sector (generally referred to as the non-government and non-business sector) to achieve shared and compatible objectives that contribute to the common good of the society.

3. TPPs may take many different forms but may be grouped into three main categories, namely consultative (e.g. ad hoc seminars, workshops and conferences), collaborative (e.g. specific one-off events, campaigns and issue-specific projects), and strategic (e.g. consultative processes, statutory and non-statutory advisory bodies). Financial contribution alone is not considered as a form of TPP.

Benefits of TPP

4. Based on experiences in different parts of the world, TPPs could have the potential to -

- mobilize more resources at the societal level and increase a society's overall capacity in addressing or resolving important socio-economic issues such as education, environmental protection, health and welfare services, which may not otherwise be tackled satisfactorily by one sector alone;

- encourage the assumption of social responsibility by business corporations by providing a channel for the business sector to participate in social and community affairs thereby helping establishing or strengthening their corporate citizenship;
- strengthen the financial and managerial capabilities of Third Sector organizations;
- create synergy and offer added value to partnership projects;
- enhance the quality and increase public acceptance of government policies through enhanced cooperation and communication among the three sectors;
- enhance mutual understanding and reduce possible differences among different sectors, which is conducive to building a harmonious society;
- help better utilize social resources, build up social capital and facilitate social development, thus providing for balanced and sustainable social development; and
- facilitate the development of a civil society¹ and provide a favorable environment for democratic development.

TPPs in Hong Kong

5. Like many other places in the world, most TPPs have evolved in Hong Kong due to the initiatives of individual organizations. The Government is a major player in some of the most important TPPs by providing the necessary financial resources. Many TPPs concern social welfare. The more prominent examples include the Community Investment and Inclusion Fund (CIIF), the Partnership Fund for the Disadvantaged, the “Caring Company” scheme and volunteering work.

6. To build up social capital and encourage self help and mutual help within the community, especially with regard to the disadvantaged groups, the Government has provided a one-off grant of \$300 million to set up the CIIF to support, among others, collaborative efforts of the business sector

¹ There is no universally agreed definition for civil society. The term generally refers to the totality of voluntary civic and social organizations or institutions that operate independently from the Government or the State.

and non-government community organizations. The scheme provides seeding support to projects that mobilize community resources for empowering the disadvantaged and enhancing their support network. A CIIF Secretariat has been established in the Health, Welfare and Food Bureau to administer the scheme.

7. Administered by the Hong Kong Council of Social Service and funded by the Social Welfare Department, the “Caring Company” scheme gives recognition to private companies and others that have demonstrated good corporate citizenship such as volunteering, employing vulnerable groups, etc. Partnership projects under the scheme include employment of people with mental disability to provide household services to a private residential complex; and provision of free checkup service for the equipment under the Personal Emergency Link Service for the elderly by Towngas, during regular safety inspections on town gas installations.

8. The Partnership Fund for the Disadvantaged was set up with a one-off Government grant of \$200 million and is administered by the Social Welfare Department, to provide matching grant for business contributions in order to encourage non-government welfare organizations to find partners in the business sector to assist the needy.

9. The Social Welfare Department has been actively promoting volunteering service in collaboration with, among others, the business sector since 1998. A sub-committee, comprising representatives from the senior management of major corporations, has been set up to advise the Director of Social Welfare to devise strategies to encourage companies to undertake more volunteering work. At present, 135 business corporations are participating in this endeavour.

10. More recently, the Commission on Poverty is exploring how to further promote the development of social enterprises, viz. business activities run either by non-government organizations or by the private sector and seek to achieve both commercial and social purposes². The model fosters integration of social and commercial purposes, strengthens financial management and enterprising spirits of Third Sector organizations, and helps the business sector fulfil corporate social responsibilities. While relatively well developed in overseas countries such as the United Kingdom (UK) and the United States of America (US), the concept is not well understood in Hong Kong yet. Successful experiences both overseas and locally have shown that collaborative efforts of the business sector,

² For more details, please refer to the website of the Commission on Poverty (www.cop.gov.hk).

non-government organizations and the government could often bear good results in tackling social issues (e.g. unemployment, social inclusion, etc.).

11. There are also non-social welfare TPPs. A good example is the Sustainable & Renewable Energy Curriculum Pilot Project, which is jointly undertaken by the China Light and Power Limited and the Education and Manpower Bureau. They have engaged a world-renowned curriculum expert to develop a curriculum to promote the concept of sustainable and renewable energy for Hong Kong teachers. Through the network of teachers of the Hong Kong Association for Science and Mathematics Education, a training of teachers (TOT) programme has been developed. The first TOT has been conducted, and the trained teachers are now testing the materials in the classroom for a one-year trial.

12. As part of a consultancy study commissioned by the Central Policy Unit (CPU)³ in 2004, a survey has been carried out to find out the number and type of partnerships that government departments have had with the business sector and the Third Sector. It was found that most of the surveyed departments, e.g. the Leisure and Cultural Services Department, the Home Affairs Department and the Fire Services Department, have formed bipartite partnership (BPP) and/or TPP through participation in various events and activities including training courses, seminars, conferences and workshops. In the policy formulation process, the Government has provided a vehicle for strategic TPP through cross-sectoral representation on the statutory and advisory bodies. This approach has recently reached a new height with the appointment of more than 150 prominent personalities from different sectors of the community to the territory's most important advisory body, i.e. the Commission on Strategic Development.

13. The participation of the business sector in the provision of social services and benevolent endeavours has a long history in Hong Kong. For instance, the Hongkong and Shanghai Banking Corporation (HSBC) has been directly supporting the local welfare sector for years. In 1982, it established a charitable trust, i.e. Hongkong Bank Foundation, to provide funding support for projects in the areas of education, training, community welfare, environment, and enhancing links between Hong Kong and the Mainland. Large multi-national corporations such as the HSBC and the Standard Chartered Bank have also embraced the concept of "Corporate Social Responsibility" (CSR) in recent years, which is conducive to the

³ The CPU commissioned a "Local Research and Engagement" study in 2004 on the development of TPP in Hong Kong.

development of BPP and TPP in Hong Kong. These companies have encouraged their employees to do volunteer work or make financial donations. This kind of “Community Investment”, which involves employees volunteering skills and time, in-kind donations of goods and services, financial contributions, matched giving programmes, and payroll giving by employees is a major component of CSR.

Third Sector

14. Making reference to the Johns Hopkins University (JHU) definition⁴ and the International Classification of Non-Profit Organizations (ICNPO) system for Third Sector Organizations, there are 14 categories of Third Sector Organizations –

- education and research institutions;
- professional, industry, business organizations and trade unions;
- district and community-based organizations;
- civic and advocacy groups / organizations;
- law and legal service firms;
- political groups / organizations;
- welfare service organizations;
- health service institutions;
- environmental protection organizations;
- sports and recreation organizations;
- arts and culture groups;
- religious groups;
- philanthropic intermediaries (e.g. fund-raising and/or grant-making foundations); and
- international and cross-boundary organizations.

The number of Third Sector organizations in Hong Kong was conservatively estimated to be about 17 000 at the end of 2002, ranging from small voluntary groups to large organizations employing hundreds of people.

⁴ JHU defines 5 basic features that make up the non-profit sector: (1) organized, i.e. institutionalized to some extent; (2) private, i.e. institutionally separate from government; (3) self-governing, i.e. equipped to control their own activities, (4) non-profit-distribution, i.e. not returning profits generally to their owners or directors; (5) voluntary, i.e. involving some meaningful degree of voluntary participation. The use of the JHU classification system has led to some difficulties, as it did not take account of Hong Kong’s specific social environment, and many organizations span several categories such as Caritas and Po Leung Kuk.

Studies on Corporate Philanthropy, Third Sector and TPPs

15. Apart from having pursuing BPP and TPP for some time, the Government has also embarked on some studies to find out the philanthropic activities of companies and the needs and aspirations of the Third Sector in Hong Kong, and the practices and experiences of TPP both locally and overseas.

Study on Corporate Philanthropy

16. The CPU commissioned a study on the role of companies in the development of a vibrant Third Sector (“Corporate Philanthropy Study“) in 2001. The study examined various philanthropic activities in Hong Kong and attempted to identify measures to enhance business involvement in support for a vibrant Third Sector. According to the responses of the surveyed companies and literature review, the study found that the distinctive characteristics of Hong Kong (e.g. under British rule for more than a century, simple and low tax regime, etc.) might have caused the pattern of philanthropic contributions to be different from those commonly found in western industrialized countries. Companies in Hong Kong tended to increase their contributions when profits increased and tax policy appeared to have comparatively less influence on companies’ philanthropic activities. The surveyed companies were more willing to support education, environmental protection, health and social services than arts and culture. The study also revealed that the Third Sector relied heavily on direct government subsidies and suggested a diversification of funding sources in the long run.

Study on Third Sector

17. The CPU commissioned a consultancy called “The Landscape Study of Hong Kong's Third Sector” in 2002, which was completed in August 2004. The objectives were to study Hong Kong's Third Sector in the following areas: the types, numbers and activities organized by them; their missions, services and methods of delivery, organization structures and decision-making mechanisms, membership and funding; the extent of their networks; and the challenges they faced. The study found that the Third Sector was highly dynamic, innovative and resourceful, and was composed of a large variety of organizations and groups different in mission, size, activities, beneficiaries, and funding sources. The study also revealed that the Third Sector was facing challenges such as insufficient number of staff who had good managerial capability and heavily reliant on Government subvention to support its services.

Studies on TPPs

18. In June 2004, the CPU set up a Tripartite Partnership Panel (TPP Panel) to examine how the cross-sectional partnership among the three sectors could be enhanced. The terms of reference of the Panel were as follows -

- (a) to advise the CPU on the research needs to foster TPP among the Government, the business sector and the Third Sector in Hong Kong;
- (b) to oversee the proposed research, monitor its progress and assess the outcome; and
- (c) to advise the CPU on policy recommendations to foster / enhance TPP in the light of the research findings.

19. Under the guidance of the TPP Panel, the CPU has commissioned two consultancy studies on TPPs. The first one was the “Benchmarking Study from an International Perspective” (“Benchmarking Study”) that aimed to find out the international trend of the development of TPP and the practices adopted by Denmark, the United Kingdom, Australia, Singapore and Japan to foster TPP. The study revealed that it was generally recognized that the government, the business sector and the Third Sector should combine their resources to effectively respond to socio-economic problems. The case studies showed that TPP could be used to resolve employment problems, regenerate neighbourhoods within the community and foster social cohesion.

20. The other study, entitled “Local Research and Engagement” (“Local Study”), aimed to find out the development of TPP in Hong Kong, by means of interviews, surveys and focus group discussions, and make recommendations to the Government to facilitate future development. It found that the Government had been involved in a lot of BPPs and TPPs with the business sector and the Third Sector generating positive outcomes. It also confirmed that BPP and TPP could be used as a tool to address some socio-economic problems in Hong Kong. The consultant put forward a number of recommendations to further improve the existing mechanisms such as a review of the effectiveness of the existing government funding schemes, the enhancement of the managerial capabilities of Third Sector organizations and the development of an information bank to facilitate the transfer of knowledge and experience among the three sectors. The executive summaries of the two studies are at Appendices A and B respectively.

Public Seminars

21. Further to the Corporate Philanthropy Study and the Study on Third Sector, the CPU organized two public seminars in December 2001 and July 2004 respectively to promote a better understanding of the development of the Third Sector in the community.

22. After the conclusion of the Benchmarking Study and the Local Study, the CPU organized a seminar on 24 November 2005 to disseminate the findings and recommendations of the two studies and to solicit the views of different stakeholders. After the seminar, the TPP Panel made the following observations –

- (a) The Government had been going in the right direction in developing BPP and TPP in Hong Kong. The soft sell approach adopted by the Government in encouraging the business sector and the Third Sector to foster partnership had been effective. The business sector had been free to participate in philanthropic activities while the Third Sector could obtain funding to support their activities.
- (b) The Government had been increasing its resources and efforts in promoting TPP. The number of policy commitments made and the areas covered in the Chief Executive's Policy Addresses concerning TPP had increased since 2001.
- (c) Comparing Hong Kong with the five countries studied in the Benchmarking Study (i.e. Denmark, UK, Australia, Singapore and Japan), the breadth and depth of TPP activities in Hong Kong were comparable if not above average.
- (d) The community recognized the long and successful history of BPP/TPP to help resolve socio-economic problems in Hong Kong such as creation of job opportunities for the disadvantaged, reduction of wealth gap, etc.
- (e) BPP/TPP could be formed outside the traditional arena of social service, employment and education.
- (f) The diversity of the existing regulatory framework could allow Third Sector organizations to register under different Ordinances to suit their operational needs.

23. With the objective of fostering more harmony in the community, the TPP Panel made the following recommendations -

- (a) The Government could take the lead in promoting further development of TPP in a comprehensive and coordinated manner. This could include the setting up of a high level committee to monitor and steer the development of TPP in Hong Kong; facilitating the development of an information bank containing information on the Third Sector, BPPs and TPPs; and exploring the possibilities of extra funding source for TPP while maintaining the existing level of funding.
- (b) The Government could rationalize the operation of various funding schemes for similar target groups and the administrative structures of various government bureaux / departments / agencies that administered these funding schemes or were responsible for TPP development.
- (c) The Government could enhance its effort to educate the three sectors about the benefits of TPP. The common misconception among the Third Sector that the Government was promoting TPP as a tool to reduce social and welfare expenditure had hindered the development of deeper partnership between the Government and the Third Sector. Specifically, the TPP Panel suggested that the Government should consider -
 - (i) educating civil servants and public officers that TPP could help enhance the quality and public acceptance of government policies;
 - (ii) encouraging the business sector to better discharge CSR (e.g. the transfer of managerial skills in addition to donations) and/or enter into more TPPs, which would help them create a more sustainable business environment;
 - (iii) educating Third Sector organizations that TPP could help strengthen their financial and managerial capabilities; and
 - (iv) educating the general public through civic education on the core values, key objectives and benefits of TPP.

Some Potential Obstacles

24. There are obstacles to the successful operation of TPPs in Hong Kong. For instance, the vast majority of businesses in Hong Kong are small and medium enterprises. They may not have the manpower and resources required to enter into TPPs. As a corollary, TPPs are mostly practised by large corporations, which are already involved in many public services. In some cases, even the Government bureau concerned has experienced resource constraints in supporting TPP. In addition, it is difficult to expect the business community to work in unity under one banner. Companies prefer to run their own projects in their own way to suit their own purposes, such as image building and marketing.

Advice Sought

25. From the above studies and the feedback from various stakeholders, it should be fair to say that Hong Kong compares well with other places in practising and promoting TPP. It is also clear that most stakeholders feel that more should and can be done to further foster TPP and make TPP practices more effective and efficient. Members are invited to discuss the following issues relating to the future development of TPP in Hong Kong –

- whether a strategy should be developed to promote TPP community-wide instead of the present relatively piecemeal approach, which concerns mainly the welfare sector;
- whether and how a cross-sectoral platform should be set up to facilitate discussion among the three sectors;
- whether further recognition and other incentives should be given to encourage good CSR practices and TPP projects;
- how to enhance the understanding of and encourage participation in TPPs;
- how small and medium enterprises can be encouraged to participate in TPPs;
- whether and how to encourage more TPPs in areas such as culture, environmental protection, etc.;
- the value of TPP to the sustainable development of the society; and

- what should be an appropriate description or definition of a civil society and TPP's role in furthering its development.

Secretariat to the Commission on Strategic Development
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Study on Tripartite Partnership : Benchmarking Study from an International Perspective

The Central Policy Unit commissioned the Hong Kong Policy Research Institute Ltd. to conduct a Benchmarking Study on Tripartite Partnership (TPP) from an International Perspective (Benchmarking Study) in September 2004. Five countries, namely Denmark, the United Kingdom, Australia, Singapore and Japan, were covered. The key findings are as follows

International Trend

It is generally recognized that the Government, business sector and Third Sector (i.e. non-Government and non-business sector) should combine their resources and competences to effectively respond to socio-economic problems. There is however no internationally agreed definition for TPP.

TPPs in Selected Countries

Denmark : The Danish Government acts as both a facilitator and a practitioner in fostering TPP for social inclusion and Corporate Social Responsibility (CSR)

Denmark was challenged by economic recession and high unemployment in the early 1990s, and active participation of enterprises was required to keep up with its social welfare policy. The Danish Government adopted the following measures to foster TPP for social inclusion :

- (a) the launch of an "our common concern – the social responsibility of companies" campaign by the Ministry of Social Affairs in 1994;
- (b) the establishment of various wage subsidy schemes to subsidise enterprises to employ people with low working capabilities;
- (c) the establishment and funding of the Copenhagen Centre for evaluation, research and dissemination of CSR practices;
- (d) the sponsoring of the Danish Network of Business Leaders Awards to recognise good practices of social responsibility; and
- (e) the requirement of all public institutions to hire a certain proportion of employees on subsidised wage schemes, and allowing only enterprises that have attained certain level of social index (a measurement of CSR devised by Ministry of Social Affairs) to bid for Government contracts for goods and services to show the Government is practitioner of CSR.

The Danish Government has adopted a "soft intervention" policy in the labour market by encouraging private enterprises to voluntarily practise CSR, which has led to a decline in unemployment rate from 12.3% in 1993 to below 5% in 2000. Two surveys conducted by the Danish National Institute of Social Research in 1996 and 1998 revealed that enterprises had changed their attitude. More than 70% of the respondents considered that enterprises should take on some employment responsibility.

The United Kingdom (UK) : The British Government acts as both a facilitator and a practitioner in fostering TPP for neighbourhood regeneration

Business community partnership has had a long history in UK with philanthropic activities since the 19th century. UK had serious economic problems in the 1980s with very high unemployment rate. At that time, with the support of the government, a group of prominent business leaders set up "Business in the community" (BiTC) to promote CSR. Since the election of the Labour Government, the status of the Third Sector has been elevated from a potential contractor for government services to a potential partner that can help the government achieve its objectives of greater social cohesion and improving public services. The following policies and measures were implemented :

- (a) the launch of a New Deal for Communities plan in 1998 to bridge the gap between the most deprived neighbourhoods and the rest of the country;
 - (b) the enactment of the Local Government Act in 2000 to require all local authorities to prepare community planning strategies in consultation with the community organisations;
 - (c) the launch of the National Strategy Action Plan – New Commitment to Neighbourhood Renewal in 2001;
 - (d) the establishment of the Neighbourhood Renewal Fund and Neighbourhood Management Pilot Scheme to enhance capacity building for local community;
 - (e) the reorganisation of administrative structure and the setting up of a cross-departmental committee led by a Vice Minister;
 - (f) the recruitment of business brokers to promote business community partnership;
 - (g) the sponsor of the BiTC's annual Awards for Excellence to recognise good CSR practices;
 - (h) the appointment of the first CSR Minister and the requirement of all departments to add the socially responsible investment condition in the selection of government suppliers of good and services to show the government is a practitioner of CSR; and
 - (i) the provision of tax incentives.
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The neighbourhood regeneration strategy has been successful in transforming many poor neighbourhoods of the country. With the injection of new types of businesses and industries, the cities with mainly traditional manufacturing industries have achieved economic growth. Some cities have succeeded in attracting the organisation of prestigious global events. The number of working people in these cities has increased at a rate faster than the national average. The outflow of population from these cities has been reversed. The education standards have been raised. Poverty reduction is showing an encouraging trend, and crime rates have fallen.

Australia : The Australian Government acts as a facilitator to foster community business partnership

The welfare state of Australia faced serious budgetary challenges in 1996, and the government embarked on the Prime Minister's Community Business Partnership campaign in 1998. The campaign aimed to provide incentive and address impediments to philanthropy, and support community and business organisations to develop partnerships. In short, the following measures were implemented:

- (a) the promotion of CSR and individual social responsibility;
- (b) the facilitation of information dissemination;
- (c) the grant of the Prime Minister's Awards for Excellence in Community Business Partnership; and
- (d) the provision of tax deduction for corporate philanthropy.

The impact of these measures has been limited and confined to an increased awareness of the need for community business partnership. The common form of community business partnership included corporate philanthropy and employee volunteering. The community generally perceived the government's promotion of more business philanthropic activities as a measure to make up the shortfall of government budget for social welfare.

Singapore : The Singaporean Government acts as a facilitator to foster TPP for social cohesion

The Singaporean Government has been implementing a series of initiatives since late 1990s to foster TPP to enhance harmonious industrial relationship, social cohesion and competitiveness of enterprises to meet the challenges arising from globalization. The measures include :

- (a) the setting up of the Community Development Councils (CDC) in 1997 by legislation to enhance social cohesion and harmony;
- (b) the sponsoring of the CDC Corporate Partnership Programme;
- (c) the establishment of the National Volunteer & Philanthropy Centre to promote and encourage corporate philanthropy and volunteering work;
- (d) the setting up of a Social Enterprise Fund to support start-up or scale-up of social enterprises;
- (e) the setting up of the Tripartite Task Force on Wage Restructuring in 2003 through the Ministry of Manpower;
- (f) the publication of guidelines on Family Friendly Workplace Practices prepared by National Tripartite Advisory Panel headed by the Permanent Secretary for the Ministry of Manpower in August 2004; and
- (g) the launch of the National Tripartite Initiative on Corporate Social Responsibility in May 2004 to promote the importance of CSR in local business community.

The tripartite approach in managing industrial relationship has brought about positive results, with most industrial disputes being settled through negotiation and only 0.05% at industrial arbitration courts.

Japan : The Japanese Government facilitates only the growth of non-profit organisations (NPOs) in the context of community business partnership

In Japan, there is minimal government involvement in promoting TPP. Regarding the promotion of community business partnership, the Japanese Government clearly opposed in 2004 standardisation or legislation for CSR. It encouraged the business sector to self-regulate through its business federations, mainly the Japanese Federation of Economic Organisations. The role of the government is to facilitate the growth of NPOs by adopting the following policies and measures :

- (a) the enactment of a law to promote specified non-profit activities in 1998;
- (b) the amendment of part of special tax measures law in 2001 to allow tax-deductible donations to NPOs; and
- (c) the establishment of local NPO support centres funded by local prefecture governments to provide management skills, infrastructure and facilities to NPOs.

Conclusion and Recommendations

The Benchmarking Study showed that whether the government could have a community business partnership or TPP would depend on the availability of a clear focus on the most imminent issue and the role (i.e. facilitator or practitioner or both) taken by the government. It is recommended that the Hong Kong Special Administrative Region Government should study the goals of fostering TPP in Hong Kong and the role of government, and thereafter study the choice of policy instruments, and develop a strategy to promote CSR.

Study on Tripartite Partnership : Local Research and Engagement

The Central Policy Unit commissioned the Civic Exchange to conduct a Local Research and Engagement Study (Local Study) on tripartite partnership (TPP) in September 2004. The key findings are as follows.

Definition of TPP

TPP is defined as a collaborative effort among representatives from the public sector (government), private sector (business) and Third Sector (non-government and non-business sector) to achieve shared and compatible objectives that contribute to the common good of the community.

There are three different levels of partnership, namely consultative, collaborative and strategic. Financial contribution in isolation is not considered to constitute partnership.

The Third Sector

The number of Third Sector organisations was conservatively estimated at around 17 000 at the end of 2002, ranging from small voluntary groups to large organisations employing hundreds of people. The laws and regulatory bodies in Hong Kong provide the framework within which Third Sector organisations operate. The legal and regulatory environment is however highly fragmented. Most Third Sector organisations are registered as societies or companies limited by guarantee, which may or may not be registered as charities. As a result, a lot of these organisations are operating without the necessary regulatory safeguards to ensure good corporate governance.

Government Policy and Practice on TPP

While there is currently no comprehensive policy in fostering TPP in Hong Kong, the momentum in recognition of the potential value and importance of cross-sectoral partnerships has been picking up in recent years. Since 2001, the Chief Executive's policy addresses have advocated the importance of achieving a vibrant and progressive society through harnessing the potential synergies of the community, business sector and government. In 2001 and 2005, these policy statements were crystallized in the announcement of the establishment of significant funding schemes specifically aimed at fostering TPPs particularly in the social welfare area. Cross-sectoral partnerships are encouraged in social welfare, environmental protection, sustainable development, labour and various policy areas under the Home Affairs Bureau.

The Government has been promoting TPP through the following :

- (a) establishing and administering funding as well as partnership recognition schemes;
- (b) providing a platform for the establishment and development of TPPs; and
- (c) improving Third Sector accountability and their corporate governance.

In addition, the Government provides a potential vehicle for strategic TPP in the policy formulation process through cross-sectoral representation on statutory and advisory bodies.

Recognising small and medium enterprises' (SMEs) resource constraints and insufficient experience in dealing with the Third Sector, the Government has specifically geared certain funding schemes for SMEs.

Of the 53 government departments surveyed, almost all have had experience of bipartite partnership (BPP) and / or TPP mainly through participation in events, training courses, seminars, conferences and workshops.

Business Practices on BPP / TPP

In addition to financial contributions, the emergence of Corporate Social Responsibility (CSR) imported through locally based multinational corporations in the last five to ten years has contributed to the development of BPP and TPP in Hong Kong.

A strong component of CSR practices is "Community Investment", which includes partnerships involving employee volunteering skills and time, in-kind donations of both goods and services and financial contributions including cash donations, matched giving programmes and payroll giving by employees.

Conclusion and Recommendations

The Local Study found that the Government had been involved in a lot of BPPs and TPPs with the business sector and Third Sector with positive outcomes. It also confirmed that BPP or TPP could be an option to address socio-economic problems, depending on the nature and circumstances of the problems. The Study came up with the following recommendations to the Government to further improve the existing mechanism :

(a) Developing Trust with Society

- * Clarify policy intention that promoting TPP is not to pave way for reducing public expenditure in social services
- * Provide better access to information
- * Use consultative system more optimally to help build trust between the civil society and the Government
- * Open meetings of consultative committees as far as possible
- * Widen the pool of potential appointees from different sectors and backgrounds for appointment to consultative committees

(b) Enhancing the Regulatory Environment

- * Review existing legal and regulatory framework applicable to the Third Sector under the Societies Ordinance and the Companies Ordinance
- * Consider a long-term mechanism to help the non- profit organisations develop

(c) Reviewing Government Funding Schemes

- * Review the effectiveness of government funding schemes

(d) Increasing Capacity

- * Develop skills further in the Government, business sector and Third Sector to build all round capacity for BPPs and TPPs
 - * Cross-fertilize skills and ideas by short-term secondment of civil servants to the business sector and Third Sector
 - * Promote volunteerism among civil servants
 - * Encourage the business sector and / or Third Sector to produce a user-friendly guide on how to structure BPP / TPP that may be useful to all sectors
 - * Develop a clearing house / an information bank to provide information on the Third Sector, BPPs, TPPs and relevant information
 - * Make publicly available the government contacts on BPP / TPP issues
 - * Enhance understanding of global and local issues, such as environmental, social and political crises
-