Asset-Based Policy in Hong Kong: Child Development Fund

By Michael Sherraden and Li Zou

Summary
The government of Hong Kong has officially launched the HK$300 million Child Development Fund (CDF) in November 2008. In the words of Hong Kong’s Secretary for Labor and Welfare, Mr. Matthew Cheung Kin-chung, the CDF is to “capitalize on the strengths of various sectors in the community to help our disadvantaged children.” The Hong Kong government drew upon the asset-building research and experience of the Center for Social Development (CSD) at Washington University in St. Louis. In November 2006, Michael Sherraden of CSD delivered a keynote address at the Child Development Forum organized by the Hong Kong Government’s Commission on Poverty, where initial plans and options were considered.

Implementation
The targeted children are aged between 10 and 16 from low-income families. Over 13,600 children are expected to benefit from this program. Six non-government organizations (NGOs) have been chosen to carry out the seven CDF pilot projects. In the first batch, a total of 750 children will participate in the projects. Children between 14 and 16 will account for at least 70% in each pilot project.

TREto work with their mentors and NGOs and make plans for personal development with specific goals. Training opportunities and community
service will be offered. Each participating child will receive guidance from their mentor as they pursue their planned goals.

The monthly savings target for each participating child is HK$200 (US$26) for all participating children and their family during the two-year savings period. The participating NGOs will be responsible inviting business and/or private donors to match savings made by the children. The matching rate is set at least 1:1. As incentives for children, each child who completes the two year program is entitled to receive HK$3,000 (US$387) in the third year. Participating children will be allowed to spend their savings in accordance with their personal development plans in the third year.

Research Plans
CSD has been invited to consult in research led by the Hong Kong Polytechnic University in evaluating the first CDF pioneer projects carried out by seven NGOs. The overarching goal is to use research findings to guide and inform the HK government as it considers using the CDF as a model to promote long-term child development. In the proposal, the research team plans to investigate 1) personal development of adolescents from disadvantaged backgrounds under a mentorship program and a targeted savings plan, 2) accumulation and changes in financial and non-financial assets, and 3) critical success factors in the organization of the pioneer programs.

Mandatory Provident Fund
Another example of asset-based policy in Hong Kong is the Mandatory Provident Fund (MPF), created to encourage its citizens to save and invest over long term for retirement security. In fiscal year 2008, the Hong Kong government distributed fiscal surpluses to support the MPF of employees whose monthly salary is less than HK $10,000. 1.4 million low-waged employees have benefited from this one-time governmental support of HK$6,000.

Challenges
(1) The current pilot projects are planned for three years and serve as a trying-out model to promote children’s development over long term. Although the potential of these pilot projects may be great, it is not possible to predict how these projects will develop in the next three years. (2) As always, the policy landscape is not benign. While some policy thinkers in Hong Kong have a vision of including asset building while maintaining other social supports, others have a vision of reducing or eliminating basic child welfare programs. (3) The long-term challenge will be including all Hong Kong children in the CDF, especially those with disadvantaged backgrounds.

Prospects
CDF is a promising tool for children’s development in Hong Kong. CDF could also serve as a model to inform policies in mainland China and other parts in Southeast Asia.
Appendix: Selected Media Coverage of Asset-Based Policy in Hong Kong


The Hong Kong government announced that the Child Development Fund of 300 million Hong Kong dollars will officially kick off in December 2008.

Representative excerpt: “The idea of the fund is to capitalize on the strengths of various sectors in the community to help our disadvantaged children.” [Hong Kong Secretary for Labour and Welfare Mr. Matthew CHEUNG Kin-chung said at the CDF launching ceremony.

The Hong Kong government has appropriated 300 million Hong Kong dollars for the establishment of a child development fund.

Representative excerpt: “To provide children from a disadvantaged background with more development opportunities, I [Hong Kong Financial Secretary Mr. Henry] will earmark $300 million to set up a child development fund.”


Following CSD’s research, the Hong Kong government views asset-building as an attractive policy tool not only for economic development, but also for social development.

Representative excerpts: “The asset-building approach is a worthwhile approach for us to re-think our policy in assisting children and their families. Passive assistance delivered to children was not conducive to motivating them to plan for their own future.” “Hong Kong should explore a model suitable for the needs of our community... In so doing, we should not limit assets to financial assets only. It should also include intangible assets such as right attitudes and social capital.”


Mr. Henry Tang, Financial Secretary of Hong Kong, used this speech to announce the consideration of asset-building by the Hong Kong government in future socioeconomic policy that transcends the paradigm of income support.

Representative excerpt: “In charting our way forward, we must also be aware of the limitations of simply providing income support without instilling the right attitudes and values in our younger generation.”


This article reports that the Hong Kong government is planning to set up a Child Development Fund to support children with disadvantaged backgrounds. The Fund aims to educate parents and children about long-term savings to support children financially.

This article on the official Hong Kong news site was written by Mr. Henry Tang, Financial Secretary of Hong Kong, to emphasize the need for a change in socioeconomic policy and the central role that asset-building will play in this change.

Representative excerpt: “I think [asset-based financial assistance] will make a longer-term impact for us to prevent inter-generational poverty and to enhance development of children than just to give them instant gratification.”


This site, built for the November 10 meeting at which Prof. Sherraden delivered a keynote address, contains detailed information on current and future policies aimed at enhancing development of children and their families in Hong Kong.

Representative excerpts: “No children should be deprived of healthy and balanced development due to lack of means.” “Instead of providing services and programmes to children, Child Development Fund encourages personal responsibility of children to save and plan for their own future, and fosters shared responsibility among families and others.” “Child Development Fund is based on the asset-based approach developed since 1990s. It emphasises that passive income support is not sufficient to motivate people to achieve self-reliance. Individuals with their own assets and human capital will better plan and work for their own future.”