Down to bu$ine$$

In 2006, the government set aside HK$150 million to fund social enterprises. But a short-sighted approach and poor planning have resulted in a less-than-admirable success rate, writes **Lana Lam**.

In early 2007, the Hong Kong Single Parents Association (HKSPA) was given HK$900,000 by the government to start a social enterprise. The organisation promised to set up a home-help service for the elderly, within which long-term welfare-dependent single mothers with little education would be trained in home maintenance.

Two years later, only about 40 women – mostly in their late 30s or 40s and from poor districts such as Sham Shui Po and Kowloon City – had received training, the government funding had dried up and clients were complaining about the service. In its final months, the HKSPA poured its own money into the business in a desperate bid to keep it afloat, but to no avail – it was wound up. The government did not recover the grant money and most of the women the scheme targeted found themselves back on state handouts.

This is not a rare case but one that reflects what happened to many of the government-subsidised social enterprises born from an initiative announced by Financial Secretary John Tsang Chun-wah in 2006. He had HK$150 million to hand out. Only non-profit entities with charity status were eligible for the funding, which was limited to two years.

Jessie Yu Sau-chu, chief executive of the HKSPA, says she learned many lessons from the exercise.

"After the project wound up, some of the women found jobs but only a few could stand alone. Most of them had to go back to [Comprehensive Social Security Assistance] but at least they had had the experience," says the 59-year-old single mother of two, who started the HKSPA in 1991 after having left an abusive relationship.

Yu blames a number of factors for the project's demise.

"At the very beginning, we wrote in our proposal that we needed three staff and a small shop in a commercial building near the MTR, which cost HK$8,000 per month, so people could see the business. But when we were called to see the vetting committee, they said we only needed one staff member and a smaller shop, for HK$6,000 per month. So this is what we got."

The business was set up in a housing estate.

"It was not near the MTR and not many passers-by came past our shop. This was one of the reasons it failed. Why couldn't [the committee] see that we ... needed these things?"

After 18 months, Yu knew the project was doomed.

"I said I needed more time and asked if they could maybe give us three years, but they said no," she says. "[The government] said that because we couldn't raise money after two years, we had wasted the funding. But it's such a short period. Even in the private sector, they can't promise they can break even within two years. We are not business people, we are social workers. We need time to learn how to run a business."

According to a 2010 survey by the Hong Kong General Chamber of Social Enterprises, although most social enterprises struggle to break even, government-funded ones are the least profitable. The »