



A New Model for Rural Revitalisation: Rediscovering Hong Kong's Forgotten Treasures

Executive Summary

Hong Kong | September 2016

Introduction



The Global Institute For Tomorrow (GIFT) is an independent pan-Asian think tank providing content-rich and intellectually-challenging executive education from an Asian worldview. Based on GIFT's internationally recognised experiential Global Leaders Programme, the **Hong Kong Young Leaders Programme (YLP)** is an annual platform to inspire a new generation of leaders and a new precedent of constructive dialogue and ideas, as well as promote cooperation and collaboration across sectors.

In September 2016, twenty young professionals from business, government and civil society participated in the 2nd annual YLP conducted in partnership with **The Hong Kong Countryside Foundation**.

Through field-research, stakeholder interviews and site visits to Lai Chi Wo and neighboring villages, participants developed a new institutional framework and village renewal model that supports and improves the physical, cultural and economic revitalisation of Lai Chi Wo and neighboring villages and enables the adaptation of the model across other Country Park enclaves.

The following pages are an **Executive Summary** of the proposal produced. More detailed analysis can be found in the full report which is available upon request.

Hong Kong's Forgotten Treasures

Hong Kong is known primarily for its ultra-urban lifestyles and high population density. There is another side to Asia's World City which reflects its rural heritage and presents an opportunity for creative new thinking around sustainable development and social impact investments.

About three quarters of the territory is countryside, including 24 country parks and 22 special areas created for nature conservation. Located within the country parks are 77 mostly deserted villages known as country park enclaves which offer some of the last remaining connections to Hong Kong's traditional cultures and way of life.

Once home to active agricultural and trading communities, mass emigration from the 1950s onwards led to the cultural, economic and physical decline of these villages. Pockets of private land surrounded by protected natural landscapes, 'enclaves' were originally excluded from the Country Parks' boundaries to avoid infringing on the legal rights of the villagers who lived there or owned the land.

The remoteness, lack of amenities and freezes on development make it almost impossible for indigenous inhabitants or new settlers to reside in these villages.

In recent years local communities and NGOs, with support from private and corporate philanthropy, have been working to promote the conservation and traditional values of these rural areas.



Supporting Partners



The Hong Kong Countryside Foundation

The Hong Kong Countryside Foundation Ltd., a non-profit organisation, was established to provide a vehicle to manage Hong Kong's natural assets and to secure for the long term public benefit, conservation and restoration of countryside, habitats, natural landscape and biological diversity of Hong Kong.

Successful Prototype

The opportunities for agriculture, education, cultural activities, recreation and rural businesses are significant in enclaves but so are the challenges, particularly when it comes to financial and environmental sustainability. **Lai Chi Wo** is a case in point.

Located in the northeastern New Territories, Lai Chi Wo is one of the oldest Hakka villages in Hong Kong with a history dating back to more than 300 years. Once one of the most affluent hamlets in the area, the village is flanked by a feng shui woodland and features a diverse variety of flora and fauna.

The Sustainable Lai Chi Wo programme, supported by the Hongkong and Shanghai Banking Corporation Limited, is co-organised by the Policy for Sustainability Lab of HKU, the Hong Kong Countryside Foundation, the Produce Green Foundation and the Conservancy Association with support from Lai Chi Wo villagers. The programme was launched in 2013 and has seen good success in rehabilitating farmland, restoring traditional houses and attracting visitors and even some residents to the village.

Now the question is how to learn from and strengthen efforts in Lai Chi Wo to propose a model which could be adapted and applied to other enclaves across Hong Kong to create living villages and offer a viable alternative to ultra-urban life.

Hong Kong's Countryside has Much to Offer

Food Production

There is good potential for waste-free natural livestock and crop farming in Hong Kong and yet 90% of its fresh meat and vegetables are imported. Increased food production on our doorstep can support food security, improve food safety and diversify the economy.

Cultural Heritage

Hakka culture is intrinsic to Hong Kong's history as well as its rural and agricultural heritage. The countryside and enclaves in particular provide a window into this heritage which all Hong Kong residents, especially young people, should be aware of.

Ecosystem Services

Hong Kong's rich natural resources and biodiversity offer untold benefits to our society. While these benefits are yet to be quantified they include purification of air and water, habitat for species and moderation of extreme weather conditions.

Alternative Lifestyle

The countryside offers an alternative lifestyle for those wishing to escape the stress and strain of busy city life. With buy-in from villagers and landowners enclaves can be restored to "living villages" once again if residents can be attracted to (re)settle.

Leisure/Eco-tourism

Hong Kong residents already enjoy world-class hiking trails across the territory. There is immense potential for domestic and international eco-tourism which can increase awareness around the value of our countryside and conservation in general.

Photo credit:
Faculty of Social Sciences/HKU

A New Model for Rural Renewal

Currently village revitalisation efforts often require inputs from ten or more government departments across multiple bureaus, ranging from the Transport Department to the Agriculture, Fisheries and Conservation Department.

To consolidate and coordinate efforts it is proposed that a new statutory body – the **Rural Renewal Authority (RRA)** – be established. A quasi-governmental agency, the RRA would have a mandate to promote, coordinate and fund the revitalisation of country park enclaves as well as other rural renewal initiatives.

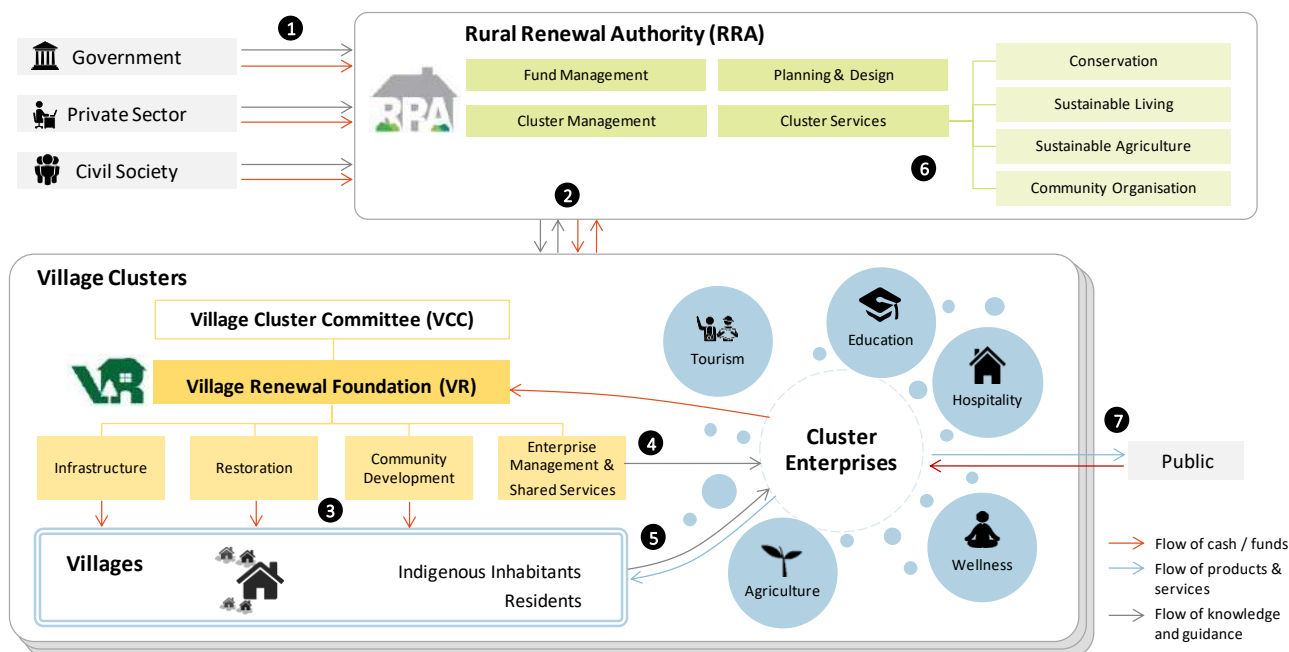


Proposed Logo developed during the YLP

A cluster-based approach whereby enclaves are grouped together into 10-15 clusters territory-wide is proposed to make implementation more viable. Each cluster would establish a new company limited-by-guarantee called a **Village Renewal Foundation (VR)** overseen by a board, the **Village Cluster Committee (VCC)**.

The **VR** would receive initial funding from **RRA** to kick-start revitalisation efforts and ultimately create a thriving financially and environmentally sustainable rural economy.

Institutional Framework and Village Renewal Model



1 The RRA board consists of representatives from the government, private sector and civil society. Funding will come from the government, private sector and charitable foundations.

2 RRA manages village clusters by coordinating with cluster level VCC and VR.

3 VR channels resources into villages for conservation, restoration and infrastructure.

4 VR manages cluster enterprises and provides them with shared services such as accounting and online service platform.

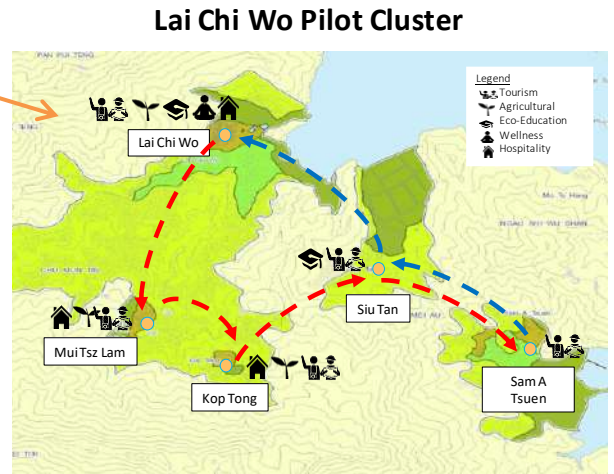
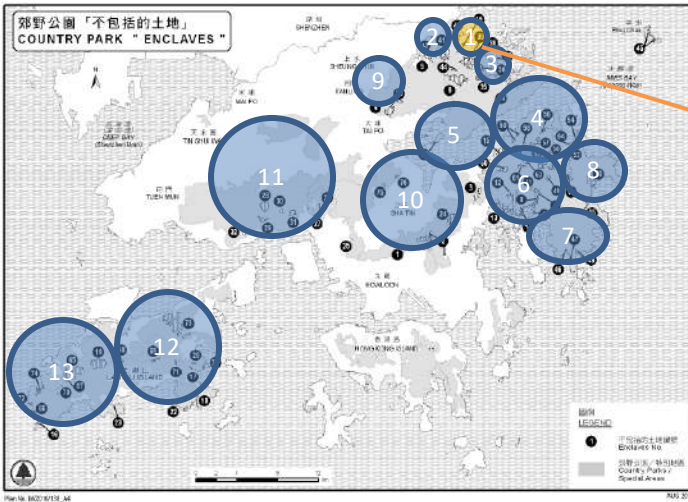
5 Indigenous Inhabitants and residents can become operators of cluster enterprises, as can individuals/businesses from outside.

6 The RRA provides supporting services to VR/VCC and shares best practice across different clusters.

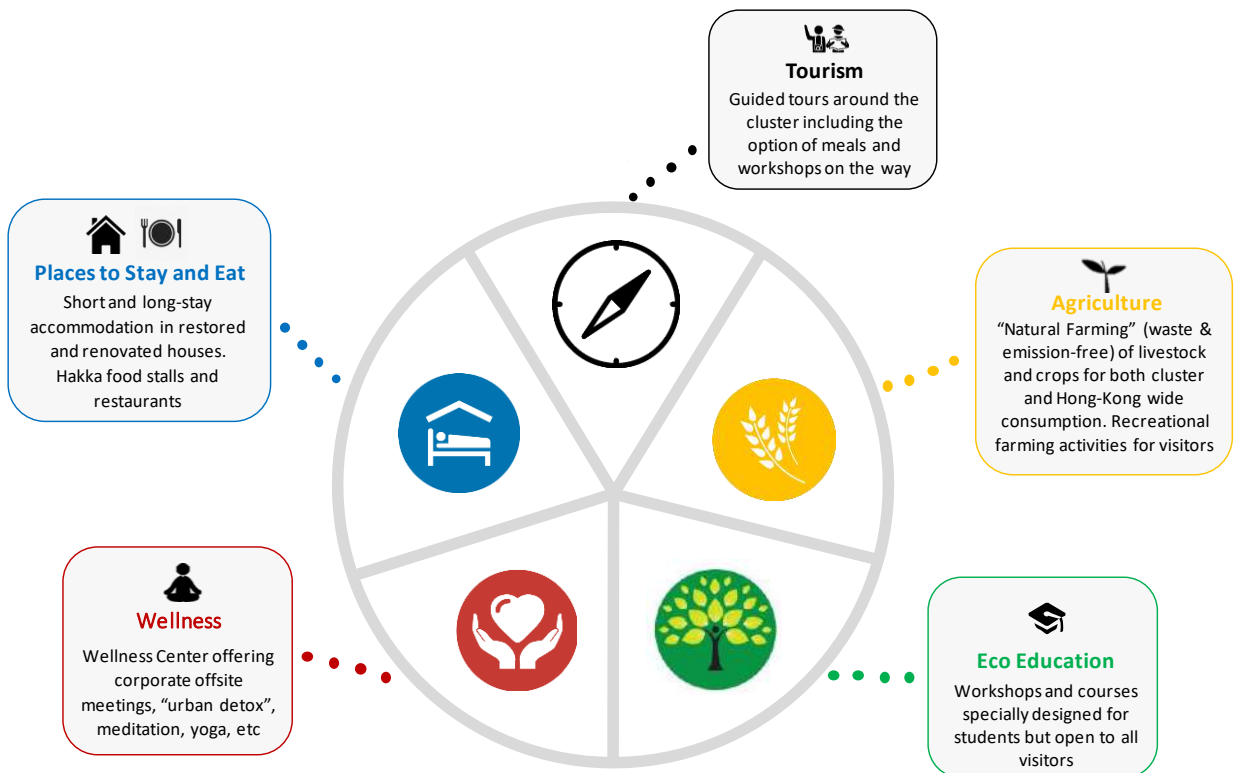
7 Cluster enterprises provide services to the local community and visitors generating income in the process.

Lai Chi Wo Pilot Cluster

It is proposed that Lai Chi Wo and its four neighboring villages be selected as a pilot cluster, leveraging the successful groundwork of the “Sustainable Lai Chi Wo” Project to assess the feasibility of a cluster-based approach.



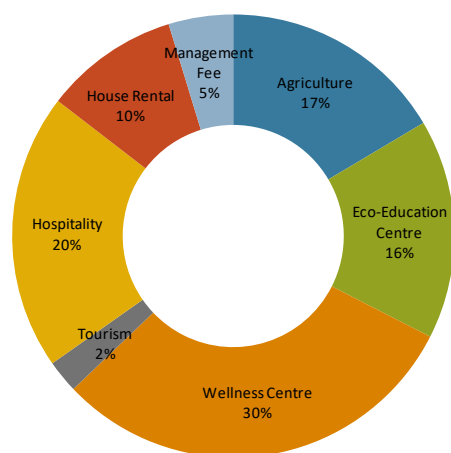
A key aspect of this village renewal model will be **cluster enterprises** which are akin to business units of VR. All set-up costs will be covered by VR and enterprises would be run by third party operators under a service agreement. Operators would ideally be indigenous inhabitants or new residents but could also be entrepreneurs or existing businesses based outside the cluster. Operators will pay a monthly fee to VR as well as a 50% share of any surplus. Based on the characteristics of the Lai Chi Wo Cluster, enterprises in the following five areas are proposed:



Self-sustaining Cluster Revitalisation

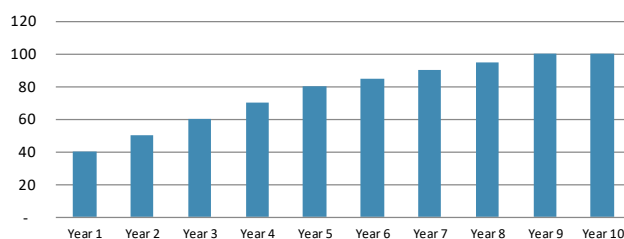
- Using the Lai Chi Wo cluster as a pilot, financial projections show that **a total investment of HK\$ 133.3 million is required over a ten year period** to sign long-term leases for land and houses, rehabilitate land, restore and renovate houses, set-up a range of cluster enterprises as well as carry out minor infrastructure projects. Initial funding of HK\$80 million (60% of total) is required from RRA from Year 0-4.
- VR will be self-sustaining from the first full year of operations. By year five revenues grow to HK\$39.8 million with a surplus HK\$4.8 million. These revenue generating activities allow **VR** to cover all its operations as well as invest a cumulative HK\$53.3 million into housing restoration and renovation and HK\$8.6 million into cluster and community development over ten years.
- Additionally, HK\$25 million can be returned to **RRA**. It is expected that **RRA** would eventually be in a position to cover all its operational costs so that 100% of government funding can be directly spent on rural revitalisation.

Revenue Breakdown, Year 5

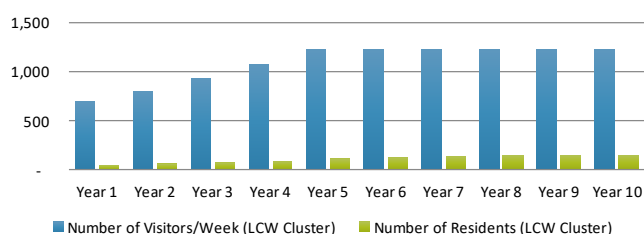


VR will generate a total revenue of HK\$39.8 million in Year 5. Wellness, Education, Hospitality and Tourism will account for 68% of its revenue. Agriculture will also play a crucial role in creating a self-sustaining community.

Houses Restored



Visitors & Residents



Lai Chi Wo Cluster will have 100 houses restored through RRA funding and VR retained earnings by Year 9, creating a community of 150 residents with over 1200 visitors per week.

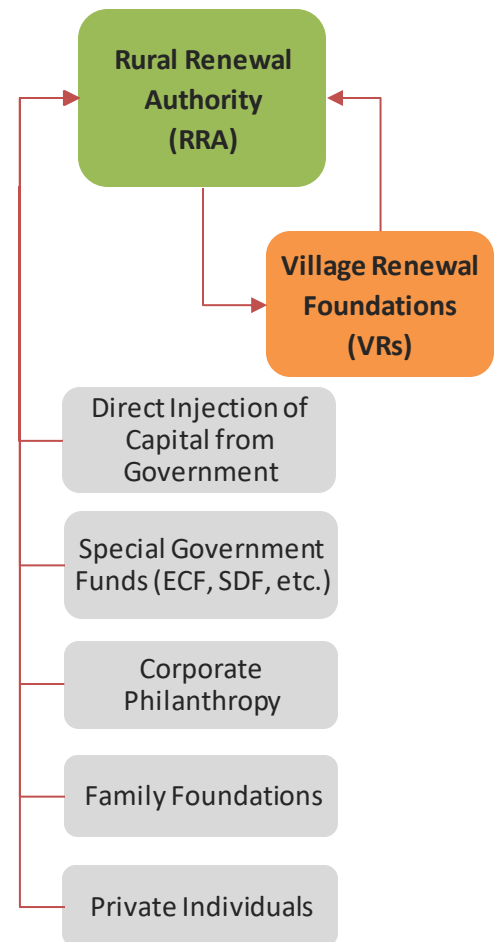
In scaling up, shared services and revitalisation efforts can be developed across clusters to help rural enterprises better manage their operations and pool resources for restoration, community development, etc. Experience and best practices can also be shared among clusters.

Financial Management: RRA Funding

Like other quasi-governmental agencies, it is proposed that **RRA** receive direct and indirect financial support from the Hong Kong Government through capital injections, land subsidies and so on.

It is also proposed that RRA seek additional funding from other sources included but not limited to:

- Special Government Funds relevant to rural revitalisation such as the Environment & Conservation Fund (ECF), the Sustainable Development Fund (SDF), the Sustainable Agricultural Development Fund (SADF), etc.
- Corporate philanthropy from iconic Hong Kong companies whose philanthropic efforts are aligned with the values of rural revitalisation or who simply wish to support meaningful initiatives to create a better Hong Kong.
- Family Foundations and private individuals with a track record of investing in conservation and heritage, particularly those whose patrons can trace their own roots back to villages or country park enclaves in Hong Kong.
- Cluster **VRs** will also channel a portion of their financial surplus back to **RRA** so that it can recoup at least some of the capital outlay to **VRs**.



Enabling Policies

A range of enabling policies will be instrumental in realising successful enclave revitalisation. It is critical to have the backing of the HKSAR Government.

Feasibility Study	<ul style="list-style-type: none"> A government sponsored comprehensive feasibility study on the proposed rural renewal model should be conducted by an independent third party such as a local university or NGO with relevant expertise. Feasibility study lays the foundation for legislative support and the provision of long-term funding.
RRA Ordinance	<ul style="list-style-type: none"> An Ordinance to be enacted to establish Rural Renewal Authority (RRA) as a statutory body for the purpose of carrying out enclave revitalization and rural renewal in Hong Kong.
Business Licensing	<ul style="list-style-type: none"> Review of existing regulations to allow flexibility around the statutory requirements on village economic activities, such as food and beverage, agriculture production, guided tour, accommodations, recreation service and etc. To develop licensing requirements and guidelines specifically for rural villages as standards for urban settings may not be appropriate.
Transport and Infrastructure	<ul style="list-style-type: none"> The provision of restricted roads, ferry services, minibus routes and trails to improve access to remote enclaves for visitors and residents whilst considering the environmental carrying capacity of respective areas concurrent to formal establishment of new clusters. The development of basic services (electricity, sewerage and drainage, etc) in advance of or concurrent to revitalisation efforts in a given cluster.
Agriculture	<ul style="list-style-type: none"> To recognise and support the restoration and productive use of land previously zoned for agriculture providing only sustainable agricultural practices (tbd) are used on said land. Designate space at the new Hong Kong Agri-Park as a Rural Renewal R&D Zone for the express purpose of exploring agricultural technologies and practices which may be adopted by agribusinesses operating in revitalised villages. Sustainable Agricultural Development Fund (SADF) to support R&D in adapting state-of-the-art waste-free and odour-free Natural Farming of pigs and poultry. If deemed suitable, the issuance of new pig and poultry farming licenses should be relaxed.
Education	<ul style="list-style-type: none"> Collaboration with Education Bureau to make annual Rural Renewal Field Trips mandatory for all students between 8 and 16 years old (this would be a major boost for village economies).
Environment	<ul style="list-style-type: none"> To protect ecologically important habitats and biodiversity hotspots within all enclaves in collaboration with the local community and stakeholders aiming at striking a balance between “human” and “nature”. To support community education in stopping the use of disposable containers and plastics and impose ban and fines for the usage of disposable plastic materials in all enclaves.

Key Drivers for Success

- Legislative Action** to set-up RRA and make long-term funding available for rural renewal;
- Engaging Key Stakeholders** including but not limited to: indigenous inhabitants, Landowners, Rural Committees, Government depts., Heung Yee Kuk and others to start forging the way forward, starting with the Lai Chi Wo cluster;
- Enabling Policies** which support rural renewal, enterprise development and environmental conservation;
- Governance Mechanisms** to ensure strong financial management and protection of stakeholder interests.

For more information on the proposed Rural Renewal Model or the Hong Kong Young Leaders Programme please contact GIFT at enquiry@global-inst.com. You can download the full report [here](#).



GIFT GLOBAL
INSTITUTE
FOR TOMORROW.

Tomorrow Matters.