



Technical Assistance Report

Project Number: 51389-001
Knowledge and Support Technical Assistance (KSTA)
September 2018

People's Republic of China: Policy and Capacity Building for Elderly Care

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 4 September 2018)

Currency unit	–	yuan (CNY)
CNY1.00	=	\$0.146
\$1.00	=	CNY6.839

ABBREVIATIONS

ADB	–	Asian Development Bank
PRC	–	People’s Republic of China
TA	–	technical assistance

NOTE

In this report, “\$” refers to United States dollars.

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KNOWLEDGE AND SUPPORT TECHNICAL ASSISTANCE AT A GLANCE

1. Basic Data		Project Number: 51389-001	
Project Name	Policy and Capacity Building for Elderly Care	Department/Division	EARD/EASS
Nature of Activity	Capacity Development, Policy Advice	Executing Agency	Department of Social Development, National Development and Reform Commission
Modality	Regular		
Country	China, People's Republic of		
2. Sector	Subsector(s)	ADB Financing (\$ million)	
✓ Health	Health insurance and subsidized health programs		0.25
	Health sector development and reform		0.15
		Total	0.40
3. Strategic Agenda	Subcomponents	Climate Change Information	
Inclusive economic growth (IEG)	Pillar 3: Extreme deprivation prevented and effects of shocks reduced (Social Protection)	Climate Change impact on the Project	Low
4. Drivers of Change	Components	Gender Equity and Mainstreaming	
Governance and capacity development (GCD)	Institutional development	No gender elements (NGE)	✓
Knowledge solutions (KNS)	Institutional systems and political economy		
Partnerships (PAR)	Knowledge sharing activities		
Private sector development (PSD)	Foundations Official cofinancing Promotion of private sector investment		
5. Poverty and SDG Targeting		Location Impact	
Geographic Targeting	No	Nation-wide	High
Household Targeting	No		
SDG Targeting	Yes		
SDG Goals	SDG1, SDG3		
6. Risk Categorization	Low		
7. Safeguard Categorization	Safeguard Policy Statement does not apply		
8. Financing			
Modality and Sources		Amount (\$ million)	
ADB		0.40	
Knowledge and Support technical assistance: Technical Assistance Special Fund		0.40	
Cofinancing		0.35	
Republic of Korea e-Asia and Knowledge Partnership Fund (Full ADB Administration)		0.35	
Counterpart		0.00	
None		0.00	
Total		0.75	

I. INTRODUCTION

1. The knowledge and support technical assistance (TA) will support the development of a policy framework for a sustainable elderly care system in the People's Republic of China (PRC) through analysis of international good practices on elderly care policies, analysis of domestic implementation practices, and capacity building of central and local governments.

2. The TA¹ is included in the country operations business plan for the PRC, 2018–2020.²

II. ISSUES

3. The PRC has the largest elderly population and is one of the most rapidly aging countries in the world. The population aged 65 years and above was 150 million in 2016.³ Further, the proportion of the population aged 65 years and above is estimated to increase more than 14% by 2025⁴ and will soon enter an “aged society.”⁵ To address the rising needs of the elderly, the government has taken actions to strengthen their social protection. The Twelfth Five-Year Plan, 2011–2015 indicated the need to develop a three-tiered system of elderly care services,⁶ which has further been supported under the Thirteenth Five-Year Plan, 2016–2020.⁷

4. However, responses to the care needs are still limited. Available services are inadequate to meet the care needs of the elderly. Home-based delivery care and community-based day care are underdeveloped.⁸ The limited availability of home- and community-based care leads to an overreliance on residential care.⁹ Even for residential care, the availability of quality care is still limited. Because of the lack of a standardized care needs assessment, elderly people who are accessing services might not necessarily need care, but just prefer having the care. Also, because of the lack of a standardized practical monitoring system, it is difficult to ensure the quality of services.

5. Further, providing affordable elderly care services is a challenge. A critical bottleneck in providing needed and affordable services is the shortage of skilled caregivers and care managers. Only a limited number of training and educational institutions have integrated elderly-related courses into their programs. In addition, a career development path remains unclear for workers in this sector, which makes it difficult to attract potential workers.

¹ The TA first appeared in the business opportunities section of the website of the Asian Development Bank (ADB) on 2 August 2018.

² ADB. 2018. *Country Operations Business Plan: People's Republic of China, 2018–2020*. Manila.

³ Government of the PRC, National Bureau of Statistics. 2018. *China Statistical Yearbook 2017*. Beijing.

⁴ United Nations Development Programme. 2016. *Asia-Pacific Human Development Report—Shaping the Future: How Changing Demographics Can Power Human Development*. New York.

⁵ An aged society is defined as a country in which the ratio of the population aged 65 years and above to the total population is more than 14%.

⁶ These three tiers are home-based delivery care, community-based day care, and residential care.

⁷ Government of the PRC, State Council. 2010. *Twelfth Five-Year Plan for National Economic and Social Development, 2011–2015*. Beijing; Government of the PRC, State Council. 2015. *Thirteenth Five-Year Plan for National Economic and Social Development, 2016–2020*. Beijing.

⁸ Home-based care delivers care services for the elderly at home. Community-based day care provides care services for elderly individuals who come to a community elderly care center during the daytime. These home- and community-based services enable family members to return to the labor market and/or enable elderly people without family members to receive needed care services at home or community elderly care centers.

⁹ Residential care provides institutional care for elderly people who need care for daily living activities such as bathing and eating. If a residential institution has appropriate facilities and capacities, it could also provide rehabilitation and basic health care services.

6. Another challenge to providing affordable elderly care is limited financial sources. The level of relevant subsidies is limited. In addition, the subsidies are mostly provided based on inputs such as the number of beds, while those provided on the basis of service and/or performance are severely limited. Also, a model of long-term care insurance to be replicated across provinces and cities is yet to be established, although pilots of long-term care insurance have been implemented since 2016.¹⁰ Considering the current average pension level in the PRC, it would not be realistic to fully rely on user charges to provide quality elderly care services.¹¹

7. A clear financial framework is yet to be established for the elderly care sector because of insufficient financial sources and inadequate subsidies. Also, roles and responsibilities have not been clearly aligned between the public and the private sectors. Without a clear financial framework and responsibility alignment in the elderly care sector, it is difficult to design a sustainable business model. The private sector could potentially take a greater role in service provision for the elderly care sector; however, this potential market has not been explored yet.

8. Adapting to a rapidly aging population will be a key for the PRC to attain inclusive growth. The Asian Development Bank (ADB) has supported local governments in the PRC to develop their elderly care services since 2013.¹² To further develop a standardized elderly care system in the PRC, it is necessary to establish a policy framework of an overall elderly care system. Building on the experiences of ADB support for PRC elderly care development, the TA will further help the Government of the PRC set up a policy framework of an elderly care system to adapt to the aging population. A focal area of ADB support is to help address development challenges in adapting to the aging population. The TA is also aligned with ADB's country partnership strategy for the PRC, 2016–2020 (the strategic pillar on inclusive economic growth); the Strategy 2030; and the Operational Plan for Health, 2015–2020, which includes elderly care as a focus area.¹³

III. THE TECHNICAL ASSISTANCE

A. Impact and Outcome

9. The TA is aligned with the following impact: a comprehensive elderly care system responding to care needs of the elderly in the PRC established.¹⁴ The TA will have the following outcome: policy framework for adequate and affordable elderly care service provision developed.¹⁵

¹⁰ Pilots of long-term care insurance have been conducted in 15 cities across different provinces in the PRC. Government of the PRC, Ministry of Human Resources and Social Security. 2016. *Guiding Opinion on the Implementation of the Long-Term Care Insurance*. Beijing.

¹¹ The level of pension income varies across localities in the PRC. Based on the available data as of July 2018, for example, the monthly average pension income was about CNY2,500 in Dalian City in 2016 and about CNY2,200 in Nanning City of Guangxi Zhuang Autonomous Region in 2017.

¹² ADB. 2013. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the People's Republic of China for the Guangxi Nanning Vocational Education Development Project*. Manila.

¹³ ADB. 2018. *Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific*. Manila; ADB. 2016. *Country Partnership Strategy: People's Republic of China, 2016–2020—Transforming Partnership: People's Republic of China and Asian Development Bank*. Manila; and ADB. 2015. *Operational Plan for Health, 2015–2020*. Manila.

¹⁴ Government of the PRC, State Council. 2017. *Notice on Issuing the Thirteenth Five-Year Plan for Developing Undertakings for Development of Aging and Establishment of an Elderly Care System*. Beijing.

¹⁵ The design and monitoring framework is in Appendix 1.

B. Outputs, Methods, and Activities

10. **Output 1: System design for elderly care service provision prepared.** Output 1 will focus on four key issues to design a system and ensure the provision of adequate elderly care services for those in need: (i) developing a three-tiered system of elderly care service provision, covering the analysis of developing such systems in urban and rural areas; (ii) developing a care needs assessment scheme to determine care needs and eligibility; (iii) setting practical service standards and quality monitoring of the services; and (iv) integrating elderly care and medical care.

11. **Output 2: Policy framework for affordable elderly care service provision identified.** Output 2 will focus on two key resources to deliver affordable elderly care services—financial sources and human resources—targeting the regular pensioners.¹⁶ Policy recommendations will be made on (i) establishing a multi-pillar elderly care financial system through analyzing the design and level of appropriate subsidies, as well as the analysis of developing such systems in urban and rural areas; (ii) designing a possible long-term care insurance program for the PRC; (iii) exploring other potential funding sources for elderly care; (iv) preparing a strategy on human resource development for the next 10–20 years through analyzing the types and scale of human resources needed in the elderly care sector, as well as examining means to leverage experts and resources available in the private sector to fill the supply gap; (v) identifying education and training systems for needed human resources; and (vi) developing a career development strategy in the sector.¹⁷

12. **Output 3: A model of elderly care industry development improved.** Output 3 will support the development of a market to enhance the involvement of private sector, including civil society organizations and nonprofit organizations. Based on a review of international good practices and domestic practices in the PRC, an analysis will be conducted on the (i) adequate responsibility alignment between governments and the private sector, (ii) possible options for public and private cooperation, (iii) incentives to attract the private sector, and (iv) possible business models providing affordable services for regular pensioners. The analysis will also examine the use of new equipment, information and communication technology, and high technology for the efficient provision of elderly care services; and analyze international good practices on developing a management information system for elderly care–health care services.

13. **Output 4: Capacity of central and local governments to develop elderly care policies strengthened.** Output 4 will provide opportunities for the central government and local governments, such as provincial and municipal governments, to strengthen and share their knowledge on elderly care systems through trainings, seminars, and workshops. The output will also include field visits to (i) an advanced country to study elderly care system development and to learn international good practices, and (ii) PRC provinces to learn from advanced domestic experiences and to enhance understanding of local practices.¹⁸

¹⁶ Regular pensioners are elderly people who receive pension benefits from *old-age pension insurance for enterprise workers*.

¹⁷ Outputs 1 and 2 will be strengthened through learning from the relevant regional experiences provided by the following TA project: ADB. 2015. *Technical Assistance for Universal Health Coverage for Inclusive Growth: Supporting the Implementation of Operational Plan for Health, 2015–2020*. Manila.

¹⁸ This output will be coordinated with a regional TA project that is developing tools, research, and experience across regions. ADB. 2016. *Technical Assistance for Strengthening Developing Member Countries' Capacity in Elderly Care*. Manila. The activities and findings under the regional TA project will help achieve output 4 of the TA.

C. Cost and Financing

14. The TA is estimated to cost \$787,500, of which (i) \$400,000 will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-other sources) and (ii) \$350,000 will be financed on a grant basis by Republic of Korea e-Asia and Knowledge Partnership Fund and administered by ADB. The key expenditure items are listed in Appendix 2.

15. The government will provide counterpart support in the form of office space for meetings, counterpart staff, assistance in arranging meetings with related agencies, and other in-kind contributions.

D. Implementation Arrangements

16. ADB will administer the TA. The Department of Social Development of the National Development and Reform Commission will be the executing agency. The executing agency will coordinate with provincial and municipal governments to organize the training seminars and workshops. To deliver quality outputs efficiently, the TA will be coordinated with ongoing TA projects, supporting development of developing member countries' capacity in elderly care and universal health coverage (footnotes 17 and 18).

17. The implementation arrangements are summarized in the table.

Implementation Arrangements

Aspects	Arrangements		
Indicative implementation period	September 2018–September 2020		
Executing agency	Department of Social Development, National Development and Reform Commission		
Consultants	To be selected and engaged by ADB		
	Individual consultants selection	International (17 person-months)	\$324,000
	Individual consultants selection	National (29 person-months)	\$165,000
Disbursement	The TA resources will be disbursed following ADB's <i>Technical Assistance Disbursement Handbook</i> (2010, as amended from time to time).		

ADB = Asian Development Bank, TA = technical assistance.
Source: ADB.

18. **Consulting services.** ADB will engage the consultants following the ADB Procurement Policy (2017, as amended from time to time) and its associated project administration instructions and/or staff instructions.¹⁹ A total of 17.0 person-months of international and 29.0 person-months of national consulting inputs are required to cover the (i) overall design of an elderly care system based on a three-tiered system of elderly care services; (ii) schemes of elderly care needs assessment and quality monitoring; (iii) elderly care financial framework; (iv) elderly care-related human resource development plan; (v) integration of elderly care and health care; and (vi) elderly care industry development, including issues of private sector involvement and the utilization of information and communication technology. To produce quality and practical policy recommendations, a combination of international and national consultants will be engaged to work on each of the policy issues. The team leader (national consultant) and the deputy team leader (international consultant) will closely consult with the executing agency on respective policy issues.

¹⁹ Terms of Reference for Consultants (accessible from the list of linked documents in Appendix 3).

IV. THE PRESIDENT'S DECISION

19. The President, acting under the authority delegated by the Board, has approved (i) the Asian Development Bank administering a portion of technical assistance not exceeding the equivalent of \$350,000 to be financed on a grant basis by the Republic of Korea e-Asia and Knowledge Partnership Fund and (ii) ADB providing balance not exceeding the equivalent of \$400,000 on a grant basis to the Government of the People's Republic of China for Policy and Capacity Building for Elderly Care, and hereby reports this action to the Board.

DESIGN AND MONITORING FRAMEWORK

Impact the TA is Aligned with			
A comprehensive elderly care system responding to care needs of the elderly in the PRC established (Notice on Issuing the Thirteenth Five-Year Plan for Developing Undertakings for Development of Aging and Establishment of an Elderly Care System) ^a			
Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
Outcome Policy framework for adequate and affordable elderly care service provision developed	By 2021 Policy recommendations for elderly care system development submitted to the Social Development Department, National Development and Reform Commission (2018 baseline: NA)	ADB TA policy recommendations on elderly care system development	Commitment of the government to establish an elderly care system is not sustained. Coordination among relevant ministries and agencies to establish an elderly care system is limited.
Outputs 1. System design framework for elderly care service provision prepared 2. Policy framework for affordable elderly care service provision identified 3. A model of elderly care industry development improved	1a. By March 2020, a report on a system of elderly care service provision prepared (2018 baseline: NA) 1b. By August 2020, policy recommendations on a system of elderly care service provision prepared (2018 baseline: NA) 2a. By March 2020, a report on affordable elderly care service provision prepared (2018 baseline: NA) 2b. By August 2020, policy recommendations on affordable elderly care service provision prepared (2018 baseline: NA) 3a. By March 2020, a study report on elderly care industry development prepared (2018 baseline: NA) 3b. By August 2020, policy recommendations on elderly care industry development prepared (2018 baseline: NA)	1a. ADB TA project technical report 1–2 1b. ADB TA policy recommendations 1–2 2a. ADB TA project technical report 3–4 2b. ADB TA policy recommendations 3 3a. ADB TA project technical report 5–6 3b. ADB TA policy recommendations 4	Necessary data and information not available. Staff turnover will affect the continuity of program implementation.

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
4. Capacity of central and local governments to develop elderly care policies strengthened	4a. By August 2020, more than 70% of participants in two training seminars report improved understanding on elderly care system and policies (2018 baseline: NA)	4a. ADB TA project progress report	
<p>Key Activities with Milestones</p> <p>1. System design for elderly care service provision prepared</p> <p>1.1 Complete analysis of international good practices on elderly care systems, focusing on four issues by Q3 2019</p> <p>1.2 Complete analysis of relevant domestic practices by Q3 2019</p> <p>1.3 Complete analysis of policy recommendations by Q1 2020</p> <p>1.4 Finalize technical reports 1-2 by Q2 2020</p> <p>1.5 Prepare policy recommendations reports 1-2 by August 2020</p> <p>2. Policy framework for affordable elderly care service provision identified</p> <p>2.1 Complete analysis of international good practices on financial and human resources by Q3 2019</p> <p>2.2 Complete analysis of relevant domestic practices by Q3 2019</p> <p>2.3 Complete analysis of policy recommendations by Q1 2020</p> <p>2.4 Finalize technical reports 3-4 by Q2 2020</p> <p>2.5 Prepare policy recommendations report 3 by August 2020</p> <p>3. A model of elderly care industry development improved</p> <p>3.1 Complete analysis of international good practices on elderly care industry development and a business case by Q3 2019</p> <p>3.2 Complete analysis of relevant domestic practices by Q3 2019</p> <p>3.3 Complete analysis of policy recommendations by Q1 2020</p> <p>3.4 Finalize technical reports 5-4 by Q2 2020</p> <p>3.5 Prepare policy recommendations report 4 by August 2020</p> <p>4. Capacity of central and local governments to develop elderly care policies strengthened</p> <p>4.1 Organize trainings and seminars by August 2020</p> <p>4.2 Conduct international and domestic field training visits by August 2020</p>			
<p>Inputs</p> <p>ADB: \$400,000</p> <p>EAKPF: \$350,000</p> <p>Note: The government will provide counterpart support in the form of office space for meetings, counterpart staff, assistance in arranging meetings with related agencies, and other in-kind contributions.</p>			

ADB = Asian Development Bank, EAKPF = Republic of Korea e-Asia and Knowledge Partnership Fund, NA = not applicable, PRC = People's Republic of China, TA = technical assistance.

^a Government of the PRC, State Council. 2017. *Notice on Issuing the Thirteenth Five-Year Plan for Developing Undertakings for Development of Aging and Establishment of an Elderly Care System*. Beijing.

Source: ADB.

COST ESTIMATES AND FINANCING PLAN

(\$'000)

Item	EAKPF ^a	TASF ^b	Total Cost
Asian Development Bank			
1. Consultants			
a. Remuneration and per diem			
i. International consultants	178.00	146.00	324.00
ii. National consultants	47.00	118.00	165.00
b. Out-of-pocket expenditures			
i. International and local travel	57.00	29.00	86.00
ii. Reports and communications	0.00	12.00	12.00
iii. Survey	0.00	6.00	6.00
2. Training, seminars, and workshop ^c	60.00	28.00	88.00
3. Miscellaneous administration and support ^d	0.00	30.00	30.00
4. Contingencies	8.00	31.00	39.00
Total	350.00	400.00	750.00

Note: The technical assistance (TA) is estimated to cost \$787,500, of which contributions from the Asian Development Bank and the Republic of Korea e-Asia and Knowledge Partnership Fund are presented in the table above. The government will provide counterpart support in the form of office space for meetings, counterpart staff, assistance in arranging meetings with related agencies, and other in-kind contributions. The value of government contribution is estimated to account for 5% of the total TA cost.

^a Financed by Republic of Korea e-Asia and Knowledge Partnership Fund (EAKPF). Administered by the Asian Development Bank.

^b Financed by the Asian Development Bank's Technical Assistance Special Fund (TASF-other sources).

^c Including venue rental, participants' travel and accommodation, interpretation, translation, and other logistics and administration costs for conferences, seminars, workshops, trainings, an international field visit and domestic field visits, research networking, and other high-level meetings. Workshops, trainings, international and domestic field visits, or seminars must be conducted in Asian Development Bank eligible member countries.

^d Including editing and translation of reports and other logistics and administration costs.

Source: Asian Development Bank estimates.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/LinkedDocs/?id=51389-001-TARreport>

1. Terms of Reference for Consultants