

PROJECT INFORMATION DOCUMENT (PID) CONCEPT STAGE

Report No.: PIDC48470

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| Project Name | Anhui Aged Care System Demonstration Project (P154716) |
| Region | EAST ASIA AND PACIFIC |
| Country | China |
| Lending Instrument | Investment Project Financing |
| Project ID | P154716 |
| Borrower(s) | People's Republic of China |
| Implementing Agency | Anhui Provincial Department of Civil affairs |
| Environmental Category | B-Partial Assessment |
| Date PID Prepared/ Updated | 28-Jul-2016 |
| Date PID Approved/ Disclosed | 28-Jul-2016 |
| Estimated Date of Appraisal Completion | 08-Nov-2016 |
| Estimated Date of Board Approval | 28-Mar-2017 |
| Concept Review Decision | Track II - The review did authorize the preparation to continue |

I. Introduction and Context

Country Context

Rapid declines in fertility, coupled with rapid extensions of life expectancy, have resulted in an unprecedented pace and scale of population ageing in China. China will move from being an ageing to an aged society by 2027 (from having 7 percent of the population over 65 years of age to 14 percent) in just 25 years. Furthermore, the proportion of people over 80 years of age has been increasing faster than the proportion of the total elderly population. This trend has important implications because those over 80 are much more likely than those aged 60 to 80 to have some impairment or functional disability, and therefore require help with activities of daily living (ADL) - which increases demand on elderly care services.

Traditionally, elderly care in China has been confined to the familial sphere, long enshrined by the Confucian norm of filial piety. Under this cultural mandate, which is also codified in current Chinese law, adult children are required to care for elderly parents physically, financially and emotionally. Institutional elderly care was rare and limited to a small number of publicly supported welfare recipients. In urban areas, they are referred to as "three Nos" (san wu) people who have lost the ability to work, have no source of income, and have no legal guardians to support them. In rural

areas, people who qualify as "three Nos" "five guarantees" (wu bao) are elders to whom the local government guarantees food, clothing, housing, medical care and burial expenses. Over the past several decades, rapid demographic and socioeconomic changes have eroded the family care system for the aged, escalating concerns that families alone may not continue to be able to shoulder the responsibilities for and burdens of elderly care. These concerns are compounded by one-child family policy in China, which has been in effect for more than 30 years and has further strained the capacities of family caregivers.

Anhui - an agricultural province located in the central region of China along the middle part of Yangtze River - faces particular difficulty with meeting the elderly care needs of its population. Its population is aging faster than that of many other provinces of China. Today, about 10 percent of the population of the province is over 65, which is above the national average. This is partly explained by the fact that Anhui is a migrant-sending province - nearly 15 million of Anhui population of 61 million work in other parts of the country. One of the common socio-economic trends in China is that migrant workers, who tend to be relatively young, often leave behind their ageing parents when migrating to take up economic opportunities in other cities. In addition, the Anhui Department of Civil Affairs (DOCA) estimates that, of the 6.9 million people over 65 living in Anhui, about 1.5 million have some impairment or functional disability, for which they require help with activities of daily living.

Most elderly care services in Anhui are supplied informally, just as in the rest of China, and are provided by family members, relatives or other unpaid caregivers at home. The spouse and children are the most common informal care providers. A quarter of the elderly in urban Anhui who need care do not receive it. This rate is double the rate in urban China overall.

Sectoral and Institutional Context

The government is aware of the need to develop an efficient and sustainable approach to aged care. A policy framework has been developed through a number of directives, laws and regulations. The vision promoted in these policy documents is to build a well-functioning market for elderly care services where individuals can find services that satisfy their needs, preferences and resource constraints. The envisaged system will have three tiers: home-based care will be its bedrock, and it will be supported by community-based care and underpinned with institutional care. The documents make clear that private provision and private (self) payment will play the main role in the elderly care system going forward, while the government will continue to allocate funding to cover services for selected vulnerable groups. At the same time, the government signaled that it will devote public resources and will develop policies to stimulate the market for private provision of all three tiers of services, and it also signaled its readiness for stewardship of the elderly care market.

Against this backdrop, a new sector of formal elderly care services has started emerging in China to meet the needs of frail and disabled elders who can no longer be cared for adequately by family caregivers. This nascent sector is evolving across the country, catalyzed by government policies and private-sector initiatives. Currently, formal services - both publicly and privately provided - are available to the general population and require private payment. Private facilities charge higher prices as compared to the public facilities and those public facilities that are better equipped and offer an attractive array of services keep a wait list for interested clients. Free services are available to san wu and wu bao senior citizens and are typically provided in public residential facilities that receive funding from the government budget (from various levels of government).

A similar landscape has developed in Anhui. In terms of institutional care, overall by the end of 2014 there were about 2,000 public aged care facilities in Anhui with 300,000 beds in total, and 400 private aged care facilities with 50,000 beds. The overwhelming majority of public facilities are in rural areas; in fact public rural facilities host about 171,000 elderly, while urban public facilities host 16,000 elderly. In recent years both urban and rural public facilities started accepting self-paying patients, charging them prices that are typically below those of similar-purpose private facilities. Private facilities receive government one-time construction subsidy and/or operating subsidy.

Formal home-based care and community care are largely underdeveloped, but are receiving increasing attention. While official data show that there are 1,030 urban community aged day care centers in Anhui, many of these are in sub-standard condition and offer few services. Home based care started developing recently, including through government contracting with non-government organizations. The coverage is still low, eligibility is restricted to Dibaio beneficiaries over certain age, and the set of services provided at home and covered by public funding is restricted.

The primary regulatory mechanism the government deploys to engage private providers is registration and entry licensing. Providers need to go through qualification reviews to obtain the relevant licenses. There are some checks of the services provided that are commissioned by the public agencies, but the government needs to develop a robust system to hold these external providers accountable for the services they deliver. In order to provide elder care services, registered providers then need to obtain operating licenses. There is no unified information system that keeps data on both public and private providers. Only a few localities place the subsidy funds in the hands of consumers; mostly the payments are made by the contracting government agency to the provider.

Going forward, Anhui Province aims to improve its provision of elder care services. Consistent with these National-level documents, the strategy for elder care development in Anhui is articulated in the Action Plan on Accelerating Aged Care Sector by Anhui Provincial Government (Wan [2014] No. 60), (hereafter the Action Plan). The near term objective set out for Anhui is that by the end of 2020, Anhui will have achieved a fully functional aged care system with reasonable layout and appropriate dimension to cover both rural and urban areas and it will be well aligned with local needs. Consistent with the current direct delivery governance regime, provincial authorities have set input targets - aiming to increase the number of (institutional) care facility beds to 45 beds per 1,000 people over 65 years old; reach universal coverage by community aged-care stations in the cities, and near universal coverage by community service facilities with aged-care provision in towns and rural areas (the targets are 90 percent for towns and 80 percent for rural communities).

Relationship to CAS

This project promotes inclusive development - one of the pillars of the China Country Partnership Strategy (CPS) for FY13-FY16 (Report No. 67566-CN). To support the continued development in China, the CPS notes the need for enhancing access to social services. The elderly care services will be available in the market and that the state will help the citizen to afford these services. The project also supports the twin goals of extreme poverty eradication and shared prosperity of the World Bank.

II. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)

The proposed PDO of this project is to support the government of Anhui province in establishing and managing a diversified (public and private) system of delivery of elderly care services, including home, community and residential services, that serves the key target group: the elderly with physical or mental impairments or limitations of activities of daily living.

Key Results (From PCN)

1. Strengthening the capacity of the government of Anhui province to exercise stewardship over the diversified elderly care service delivery system.
2. Strengthening the delivery capacity of the diversified service provision systems of elderly care delivery in five municipalities in Anhui province.
3. Improving the balance of elderly care services in five municipalities in Anhui province;
4. Improving the affordability of elderly care services in five municipalities in Anhui province

III. Preliminary Description

Concept Description

The project has four components: (i) Supporting the development of government stewardship capacity for the elderly care system; (ii) Strengthening the delivery and management of community and home-based services; (iii) Strengthening the delivery and management of nursing care; and (iv) Project management. There are six major sites in the proposed project - the municipalities of Anqing, LuAn, Wuhu, Xuancheng (Ningguo City and Xuanzhou District), and Suzhou.

Component 1: Supporting the development of government stewardship capacity for the elderly care system

This project will develop the capacity of the government to exercise stewardship over a diversified elderly care system. The main stewardship functions to be strengthened by this component are: (i) to design and manage the delivery of a continuum of care, through developing an information system and designing an architecture for provider-commissioner relations; (ii) to create a system for disability certification/ability evaluation; and (iii) to develop and uphold quality standards.

Component 2: Strengthening the delivery and management of community and home-based services

Community-based stations supporting home based care provision are envisaged as a backbone of the aged care strategy in the province. Accordingly, the project activities supported by this component include building and/or upgrading the community-based stations and purchasing home-based care from service providers (Anqing and LuAn). Preparation of meals, basic cleaning, assistance with caring for bedridden seniors, and respite services are among the services envisaged for home based care and in community based settings. Developing Internet of Things (IOT) to expand the outreach of community care and to improve the integration of medical and social care services is also envisaged in this component (Wuhu).

Component 3: Strengthening the delivery and management of nursing care

This component will support construction/upgrading tertiary skilled nursing facilities and welfare homes. Urban tertiary skilled nursing facilities will be constructed in LuAn, Wuhu and Anqing. Each nursing facility will be attached to a public tertiary hospital. The design and location of facilities conform to good international and local practices of concentrating facilities in places with

high population density and focusing on elderly people with disabilities.

This component of the project will also increase the capacity of residential urban welfare homes in Ningguo and Xuanzhou. Further, this component will upgrade the rural facilities and increase the skilled-nursing content of services in Suzhou and Wuhu. Strengthening welfare homes is included in the project in order to support the government in its role of a major direct provider of elderly care for the poor. While current welfare homes started to admit self-paying patients with ADL limitations, it is critically important that welfare homes refrain from prioritizing self-paying patients over sun-wu and wu-bao elderly.

Component 4: Project management

This component will support project management-related work at the provincial and sub-provincial levels by establishing and maintaining Project Management Offices and by building the capacity of project management staff. This will ensure an effective and efficient implementation in compliance with the operations policies and procedures of the World Bank as well as with domestic rules.

IV. Safeguard Policies that might apply

| Safeguard Policies Triggered by the Project | Yes | No | TBD |
|--|------------|-----------|------------|
| Environmental Assessment OP/BP 4.01 | x | | |
| Natural Habitats OP/BP 4.04 | | x | |
| Forests OP/BP 4.36 | | x | |
| Pest Management OP 4.09 | | x | |
| Physical Cultural Resources OP/BP 4.11 | | x | |
| Indigenous Peoples OP/BP 4.10 | | x | |
| Involuntary Resettlement OP/BP 4.12 | x | | |
| Safety of Dams OP/BP 4.37 | | x | |
| Projects on International Waterways OP/BP 7.50 | | x | |
| Projects in Disputed Areas OP/BP 7.60 | | x | |

V. Financing (in USD Million)

| | | | |
|---|--------|-----------------------|---------------|
| Total Project Cost: | 196.70 | Total Bank Financing: | 140.00 |
| Financing Gap: | 0.00 | | |
| Financing Source | | | Amount |
| Borrower | | | 56.70 |
| International Bank for Reconstruction and Development | | | 140.00 |
| Total | | | 196.70 |

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