Poverty and Social Analysis (Summary)

Project Number: 50201
November 2016

PRC: Public-Private Partnerships Demonstration Program to
Government Delivery of Elderly Care Services in Yichang, Hubei
ABBREVIATIONS

ADB — Asian Development Bank
ECS — elderly care services
HBCS — home-based and community-based service
PRC — People’s Republic of China
PPP — public-private partnership
PSA — poverty and social analysis
YCA — Yichang Civil Affairs Bureau
YMG — Yichang Municipal Government
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I. Introduction

1. The proposed Public-Private Partnerships Demonstration Program to Transform Delivery of Elderly Care Services (the program) in Yichang City will be a demonstration model for urban elderly care services improvement. The two key pillars of the program are economic sustainability and social inclusiveness. This poverty and social analysis (PSA) aims to identify the program’s target beneficiary groups, their socioeconomic conditions, expectations and willingness to participate in elderly care services program, and their perspectives on elderly care services and recommendation regarding different types of urban elderly care services. The PSA also examines the contribution the program will make to reduce urban poverty and to serve elderly beneficiaries ranging from vulnerable poor to middle income and high income earners and thereby to improve their living standards.

2. In this report, Yichang Municipality refers to its jurisdiction over 9 counties (cities), including Yiling (District), Yidu, Zhijiang, Dangyang (City), Zigui, Changyang, Yuanan, Xingshan, and Wufeng (County). And Yichang City is the hub of Yichang Municipality Regional Administrative Office, with 5 downtown districts - Xiling, Wujiaogang, Dianjun, Xiaoting, and Gaoxin. Due to the nature of 'urban poor', this project has focused on the ageing population in Yichang city. Most statistics, updated by YMG Smart Office Data Center, has excluded the elders who are currently residing in 45 villages within the above 5 districts.

II. Demographic Profile and Ageing

3. In 2010, the People’s Republic of China (PRC) alone had almost 114 million old people, more than any developing region. The country has already become an aging society by global standards, with people aged over 65 years old accounting for more than 10% of the total population, compared with the standard 7% used globally to identify an aging society.\(^1\)

4. The proportion of people above the age of 60 across the PRC is expected to grow from roughly 12% in 2010 to 34% by 2050 as a result of the PRC’s “one-child” policy and low mortality. The population is aging rapidly at a time when the per capita income remains modest; social security systems cover a broad portion of the population, but are still insufficient to meet the financial needs of retired senior citizens.

5. Yichang is one of the most rapidly ageing cities in the PRC. By the end of 2015, the number of old people aged 60 and above in Yichang Municipality amounted to 0.83 million, accounting for about 20% of its population with local residence,\(^2\) which is higher than the 15.5% national average. In Yichang City, the total number of senior residents ages 60 and older was 147,926 by the mid of May 2016. 16,899 of them are super-aged at 80 and above.

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\(^1\) World Bank. 2015. China Focus: Aging population has limited impact on China growth.

\(^2\) The Status Quo of Elderly Care Services Development in Yichang City, pp. 1–3, 15 Mar. 2016
In Yichang City, the distribution of elders as per age and gender shows that, with the ageing process, the ratio of gender is getting imbalanced and female elders are rapidly increasing at the upper age. When approaching the age of 80–90, the total number of women are 5%–10% higher than that of men. Although this only reflects a phenomenon that women live longer life than men on average, research findings suggest that women are easily to suffer from IADL, cognitive, and LTC impairments and thus may demand more support for overall assistance. Elderly women are much more likely than men to suffer from cognitive impairment because of their lifetime disadvantages in socioeconomic status: Women traditionally have much smaller social networks and fewer opportunities for leisure activities than men have.

III. Beneficiaries of the Program and Affordability of EC Services

Old people in special circumstances are given a monthly fixed amount of subsidies in order to receive community-based services ranging from CNY50 to CNY150 depending on the severity of their difficulties. These include “three-nos” elderly, the functionally impaired, and single elders living on dibao. According to the statistics provided by YMG Smart Office Data Center, by the mid of May 2016 the number of old people under this category in the downtown were 2,888, of which 663 were aged at 80 and above.

The expected major beneficiaries of EC services and facilities, supported by this program, will be the lower-middle income elders in Yichang Municipality. A major income source for the lower-middle income elder is pension benefit which is about CNY1,744 per month on average as of 2015. More than 115 thousand elders fall into this category, and they are the majority of the elders in Yichang Municipality. Further, a cross-subsidy scheme in ECS facility could be designed under a PPP model of this program. It would allow a private service provider to make decent profits through serving the well-off elders on the condition of service provision to the lower-income elders. This program will not worse-off the poor but will increase the accessibility of needed ECS for the lower-middle income elders, i.e., the majority of the elders, as well as part of the poor elders.

IV. Overview of EC Services in Yichang

According to the records of YMG Civil Affairs Bureau (YCAB), in Yichang Municipality (up to the county level), there are 57 care homes and/or welfare houses, among which 17 are public-owned with 3,388 beds and 40 are private-run with 4,127 beds. In Yichang City, there

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3 Xu YB, 2015, pp.1-53
5 No sources of income, no ability to work, and no family supporters or whose family supporters are unable to support them; who are guaranteed food, clothing, medical care, housing and burial expenses.
are 27 care homes and/or welfare houses, among which 6 are public-owned with 1,400 beds and 21 are private-run with 2501 beds (3921 beds in total). However, the proportion of nursing beds in the EC market is still very low (not even up to 10% yet). In comparison with the 30% as a target set by the government authority, the total supply of nursing care beds are seriously in deficit. Also, 10 of those EC facilities have not even been granted for EC permits yet, whilst 16 of them have no medical licenses or related health care support.

10. According to the PSA findings, the basic fee of EC facilities in this city starts from CNY1,000–CNY1,600 per bed per month, mainly covering bed rate, three meals and room cleaning. The nursing care can be charged from CNY300 to CNY1,500 (depending on care levels). So far, according to experts opinion, only the Municipal Social Welfare House has been perceived of the best EC facility in Yichang. Indeed, it is fully occupied and there are over 1,000 elders on the waiting list. However, it is a state-funded and public-owned EC facility running a residential care (RC) model with different levels of care services but with no dementia care. For the rest EC facilities, people are mainly concerned with their care scope and service quality. According to the PSA findings, senior citizens are expecting more health care functions such as clinic, pharmacy, rehabilitation, physical therapy, and activity programs. Very few private care homes have quite high occupancy rate as the majority of them face serious challenges in recruiting residents due to low affordability. The low occupancy rate may attribute to the low quality (and capacity) of care services other than the demand of ECS from the market.

11. As to home-based and community-based service (HBCS) providers, according to YCAB, 39 of them are organized by the public sector, 26 are public-funded but under private operations, and the rest are purely private. These are normally based in local street office or community councils, supported by social workers, volunteers and/or private operators. The PSA findings showed that people who receive community-based support are pleased with (i) free access to EC equipment (such as massage armchair); (ii) free health check-up; (iii) half price for hairdressing; and (iv) free access to activity rooms. Yet, day care, library, and computer rooms are rarely used. This is mainly because (i) if elderly persons are still healthy and active, they do not need day care; (ii) if old people are getting seriously fragile, they are unable to move around and their kids would rather seek home-based care (HBC) other than day care; and (iii) most low-income elderly people are also poorly educated, especially with regard to the essence and necessity of day care.

12. Similarly, most HBC services under the government subsidy scheme are happy with phone call greetings, housekeeping, hairdressing, hospital visits, health check-up, eye test, shopping, diapering, birthday, and festival celebrations. Some domestic service providers have done HBCS for 600–800 elderly families, usually for those who are aged at 80 or above, living alone or have no children and are in need of assistances for daily life. The HBCS includes 4 hours services each time, including preparing lunch, doing cleanup, and walking with old people. However, low-income senior people would prefer to cook themselves in order to reduce their living cost. For HBCS, the focus group participants mentioned that it is essential to introduce more features of (i) health care, (ii) recreational program, (iii) meal
services (high demand from middle-income elders), (iv) physical therapy, (v) Chinese medicine, and (vi) rehabilitation.

13. To meet the care needs of the elderly, the YMG aimed to increase the number of beds in residential care facilities to a level of 29 per thousand people aged 60 and above. In 2014, it was reported that a total number of 207 community-based elderly service centers was established in urban areas and 708 mutual-help activity centers in rural areas.

14. Meanwhile, Yichang government has also taken some measures to support the development of privately operated elderly care facilities by providing them each with a lump sum of CNY500–CNY1,000 of construction subsidies if they have 50 beds or above in the urban areas and an annual amount of CNY360 of operational subsidies per bed if they have been in operation for 11 months.

V. EC Service Providers

15. The analysis of PSA data showed that the major challenges for EC providers are consumers’ expectations, affordability of services, willingness to pay, facility credibility, service capability, and labor constraints. Particularly, according to the PSA:

(i) some low-income elders would prefer home–stay relying on kids for informal care, whilst others are willing to accept residential care but with low affordability;
(ii) middle-income elders have a good awareness of EC issues with better affordability but are not satisfied with the current EC conditions and quality;
(iii) people are only willing to pay 50–80% of their pension income for the basic EC package no matter how high their monthly income is. This information has been verified by service providers during the consultations and individual interviews;
(iv) if future EC players want to introduce more prominent features of EC services at a much better care quality, the key is how to deliver them at an affordable price;
(v) a better quality of care service is also constrained by the severe shortage of skilled labors in this industry. The gap between the supply and demand of skilled care worker is almost 10 million nationwide. In Yichang, the municipal welfare house organizes short-term training programs for care workers on behalf of the Civil Affairs Bureau and Three Gorgeous Polytechnic has EC nursing courses. Many people are not even willing to engage in the society as care workers, and the majority of them are on temporary hire with no pension contributions. While professional EC managers need to be cultivated locally or hired from outside Yichang, potential care workers can also be sought from

local *dibao* people with labor potential. This may help improve the quantity of labor supply but also reduce the poverty of the city in general. Also, women, as the vast majority of care workforce in the EC industry, are in low profile in terms of social status, education and skill. All these challenges could provoke EC providers into limited service capacity.

VI. Proposed Program Sites

16. Overall, the four proposed sites – Art School, Business School, Tourism School and Xiling PS Bureau are all within Xiling District. In particular, Art School and PS Bureau are next door to each other, so they can potentially be one EC premise to serve the neighborhood elderly residents.

17. According to the YMG Smart Office Data Center (July 2016), the density of elderly population in the vicinity of these four sites are very high. Within the 1 km and 3 km radius of Tourism School, there are over 10,000 and 50,000 senior residents respectively; with the same measure for Business School and Art School/PS Bureau, there are nearly 20,000 and 80,000 old people in the surrounding area. From this point of view, the site advantages are obvious. Yet the fact that these four sites are presented in a concentration mode within one single district is against the distribution mode that allows a wider coverage of elders in the whole city.

18. It is also indicated that over 5,000 super-age elders (aged at and above 80) are residing within the 3 km radius of the tourism school site, and almost 10,000 super-age residents are near both business and art school sites. This can be inferred that nearly 7,500 residents (2,500 around Tourism School, 5,000 around Business or Art School) are impaired and thus are in need of EC services for either residence care or HCBS.

VII. Vulnerability and Social Inclusion of Elderly People

19. Aging is divers. Therefore, social inclusion becomes a very important feature for EC services. Given the increasing life expectancy and growth of rapidly aging societies, heterogeneity of old population group must be taken into account which characterized first of all by income, gender, and ethnicity. Consequently, these social characteristics determine access and affordability of ECS for elder people.

20. As mentioned earlier in this report, taking into account the affordability of EC services and willingness to pay of elderly people, the program first of all targets the lower-middle income elders in Yichang Municipality. The program will also ensure that about 20% of ECS will be provided to the low-income elders in need.

21. As to the gender, there are two issues in ECS sector. One is related to elderly women who live longer than elderly men, and despite a lifetime of providing care to others, they are more likely to live alone, live in poverty, and lack care themselves when they are elderly.
According to different international studies, women need more attention and special care than men despite their longevity as they suffer from dementia and other diseases more than men. In addition, due to low income, poor assets, and small savings, they have low willingness to pay for the EC services needed. Therefore, it is important to ensure that female elders have a better access to ECS facilities and services provided under the program. In addition, the program has to ensure that PPP ECS facilities’ design is gender-responsive and provided services are gender-sensitive. The other issue is related to a caregiving sector of EC services. The fact is that the majority of professional and family caregivers are women. This usually has an adverse impact on their socioeconomic, socio-physiological, and health status. The work of professional caregivers is usually low-paid and stressful with no social benefits. For the family caregivers, given the persistence of gender inequality in the workforce, including the gender gap in wages, they are more likely than men to cut back on work hours or quit their jobs because of their caregiving duties and are thus left with less income, small savings, and reduced pensions.

22. Another important issue from ECS social inclusiveness perspective is the ethnicity of elderly people. The diversity of Chinese population makes it important to consider how ethnicity affects aging and the caregiving experience. Many low-income ethnic minorities enter old age after a lifetime of cumulative disadvantage, during which limited access to economic opportunity has obstructed efforts to accumulate savings for retirement and limited access to EC and health care services. According to the Yichang Municipal Ethnic Minority & Religious Affairs Bureau, most of minority ethnic residents in Yichang City have already been assimilated into the PRC’s social mainstream. However, several ethnic minority groups, especially those who follow the faith of Islam continue to maintain their cultural and ritual identities across socioeconomic strata in the city. The 5th session of the 5th YMG Chinese People’s Political Consultative Conference (CPPCC) has examined the Hui ethnic minority’s religious and cultural beliefs, traditional customs, and the way of life. The study found that the majority of them are the poor and vulnerable, and they constitute the marginalized segment of the urban population. As a result, some casual workers of minority ethnic origin may not get equal opportunities with others in finding employment at ECS facilities during the construction phase of the program. If they get employed at such sites, they may need prayer rooms and separate cafeterias to cater to their religious and special food needs of some ethnic minority elders. This risk may also apply to those ethnic minority members who aspire to work as ECS workers during the facility operation phase. These potential social risks were raised at several focus group consultations held with the Hanyi and Bai ethnic minority communities. Notwithstanding the social risk of these vulnerable groups not being included in the target group for the ECS under the PPP program, no negative impacts are anticipated on ethnic minorities.

23. Below table summarizes number of the most vulnerable elderly people as per six parameters being distributed in the city as well as in the vicinity of the four program sites who should be considered for social inclusiveness purpose.
<table>
<thead>
<tr>
<th>Parameters</th>
<th>Yichang City</th>
<th>Tourism School</th>
<th>Business (or Art) School</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Age-based</strong></td>
<td>&gt;=/80: 16899</td>
<td>&gt;=/80: 5364</td>
<td>&gt;=/80: 9277 (10351)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gender-based</th>
<th></th>
<th></th>
<th>TBD</th>
<th>TBD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minority</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hui</td>
<td></td>
<td></td>
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</tbody>
</table>

| **Ethnic-based** | | | | |
| Minority | | | | |
| Hui | | | | |

| **Disability-based** | | | | |
| Disability (Overall) | | | | |
| Vision | | | | |
| Hearing | | | | |
| Speech | | | | |
| Intelligence | | | | |
| Mental | | | | |
| Physical Extremity | | | | |

| **Family status** | | | | |
| Without spouse | | | | |
| Empty-nest | | | | |
| Housing conditions | | | | |

| **Income-based** | | | | |
| Dibao elders | CNY500–CNY750 | | | |
| Between dibao elders and low-income elders | CNY500/CNY750–1,320 | | | |

| **Other** | | | | |

*Table 1: Identification of Elderly Beneficiaries for Social Inclusiveness*
24. First of all, the super-age elderly people are the most vulnerable and care issues related to them are prominent. Second, over 20,000 elders without spouse and 7,383 empty nest elder needs special attentions for their EC needs. Third, it is essential to take the 5,262 elders with various disabilities (mental, visual, physical, hearing, speech, and intellectual) into account. For instance, Braille, sign language and speech therapist should be hired; Braille tiles, sound and color shall be deployed in architecture, landscape, road and room planning; and dementia care zone should be purposively set up for such EC facilities.

25. Moreover, for the 228 Hui senior citizens who believe in Islam, Halal Special Treatment or Muslim Canteen/pray room shall be accommodated in one of those program sites (preferably around business school where has about 150 Hui elders in its vicinity). For Tujia and Bai and other ethnic minorities who have almost been approximate to Han, it may worthy of highlighting some of their cultural features and activities into recreational programs in EC planning. Therefore, it is important to include in the PPP contract that the ECS providers must make adequate provision for the requirements of ethnic minority elderly including in their specific dietary, cultural, and recreational needs, and provide preferential employment opportunities for ethnic minorities in subproject-related workforce and at ECS facilities.

26. In addition, the single, divorced elderly women (or widow) with different levels of impairments and with no kids (or whose kids do not live in Yichang), should have a priority in access to EC services when in need. Psychology counselors or therapist for female elders may be considered. Also, amongst a large quantity of elders who still live in 16,000 old flats built before late 1990s without elevators, ramp ways, a proportion of them may seek assistance to support their elderly life either via residence care or HBCS model.

27. Certainly, it is important to set criteria and guidelines (based on care needs, elder characters, and income levels) for future policies and practices on social inclusiveness of elders in related EC services. While it is crucial to let the vulnerable group of elders have the first priority in access to EC services, YMG may think of a mix payment or contribution scheme from individual, family, and government.