Technical Assistance Report

Project Number: 55025-001
Knowledge and Support Technical Assistance (KSTA)
December 2021

People's Republic of China: National Strategy and Policy Framework on Adapting to the Aging Population

Asian Development Bank

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KNOWLEDGE AND SUPPORT TECHNICAL ASSISTANCE AT A GLANCE

1.	Basic Data			Project Number: 55025-001
	Project Name	National Strategy and Policy Framework on Adapting to the Aging Population	**Department/Division**	EARD/EASS
	Nature of Activity	Policy Advice	**Executing Agency**	National Development and Reform Commission
	Modality	Regular		
	Country	China, People's Republic of		

2.	Sector	Subsector(s)	ADB Financing ($ million)
✓	Health	Health system development	0.10
	Finance	Inclusive finance	0.03
	Information and communication technology	ICT strategy and policy, and capacity development	0.06
	Public sector management	Social protection initiatives	0.10
		Total	**0.29**

3. Operational Priorities	Climate Change Information	
✓ Addressing remaining poverty and reducing inequalities	GHG Reductions (tons per annum)	0.000
✓ Accelerating progress in gender equality	Climate Change impact on the Project	Low
✓ Strengthening governance and institutional capacity		
	ADB Financing	
	Adaptation ($ million)	0.00
	Mitigation ($ million)	0.00
	Cofinancing	
	Adaptation ($ million)	0.00
	Mitigation ($ million)	0.00

Sustainable Development Goals	Gender Equity and Mainstreaming	
SDG 1.3	Some gender elements (SGE)	✓
SDG 3.8		
SDG 5.b, 5.c	**Poverty Targeting**	
SDG 8.10	General Intervention on Poverty	✓
SDG 11.3		

4.	Risk Categorization	Low

5.	Safeguard Categorization	Safeguard Policy Statement does not apply

6. Financing

Modality and Sources	Amount ($ million)
ADB	**0.28**
Knowledge and Support technical assistance: Technical Assistance Special Fund	0.28
Cofinancing	**0.00**
None	0.00
Counterpart	**0.00**
None	0.00
Total	**0.28**

Currency of ADB Financing: US Dollar

I.   INTRODUCTION

1.   The knowledge and support technical assistance (TA) will help the Government of the People's Republic of China (PRC) respond to rapid population aging by undertaking research and developing national policy tools and action plans related to aging and elderly care. The TA is aligned with strategic priority 3 (aging society and health security) of the Asian Development Bank (ADB) country partnership strategy for the PRC, 2021–2025, which aims to address key challenges in adapting to an aging society.[1]

II.   ISSUES

2.   The number and proportion of older people as a share of the population in the PRC is rapidly growing. Demographic estimates indicate that the country will move from an aging to aged society by 2027,[2] and the proportion of people aged 60 and above is expected to increase from 18.7% in 2020 to 35.0% by 2050—turning the population into one of the oldest in the world at a fast pace.[3] A falling fertility rate, smaller families, and longer life expectancy have decreased the proportion of young people and increased the proportion of older people.[4] These demographic changes will have major economic and social impacts on the country's labor force, health care, elderly care, and pension systems. At the same time, aging provides opportunities for economic development. Rising disposable income and assets among the older population will create demand for goods and services and will catalyze growth in pension and insurance funds. Older people have substantial potential to contribute to sustainable economic growth as part of a multigenerational workforce, which will require development of age-friendly and healthy aging policies, including more flexible work and retirement options; age-friendly workplaces; and retraining, reskilling, and upskilling. These policies will help ensure that older workers can fully participate in the PRC's economic activities.

3.   Aging well is a lifelong process that can be supported by advancements in public health and elderly care services and systems (ECSS), better financial services, use of innovative technologies, and the development of healthy and age-friendly living conditions. Older people represent an increasingly important consumer force, but they have specific needs for financial services and face various challenges in accessing and using financial services and systems. Policymakers must consider these needs to achieve sustainable financial inclusion that is supported by financial protection and education, and responsive financial services and products. Financial inclusion will contribute to greater financial system stability, reduce pressure on public pension schemes, reduce old-age poverty, and improve intergenerational equality.[5] There is a need to develop policies and guides for financial institutions that will help them strengthen financial and digital literacy, support lifetime financial planning, harness inclusive technologies, and encourage multisector participation to address the needs of older people.

4.   Family support in the PRC has traditionally played a major role in providing care for the elderly, but families are increasingly unable to meet the basic needs of older people. The

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[1] ADB. 2021. *Country Partnership Strategy: People's Republic of China, 2021–2025—Toward High-Quality, Green Development*. Manila. The TA first appeared in the business opportunities section of ADB's website on 4 November 2021.
[2] The World Health Organization defines an "aging society" as one in which more than 7% of the population is 65 years or older, and an "aged society" as a society in which more than 14% of the population is 65 years or older.
[3] ADB. 2021. *The Challenges of Population Aging in the People's Republic of China*. Manila.
[4] The United Nations defines an older person as someone who is over 60 years of age.
[5] Global Partnership for Financial Inclusion and Organisation for Economic Co-operation and Development. 2019. *G20 Fukuoka Policy Priorities on Aging and Financial Inclusion*. Fukuoka.

development of an efficient national elderly care system is a key priority. Investing in better ECSS will help the government increase the quantity and improve the quality of ECSS. To achieve these goals, there is a need to (i) assess the challenges to improving the elderly care system, including updating the national elderly care guidelines, improving system quality, and integrating elderly care services; (ii) estimate the required investments in land, labor, capital, technology, and information systems for elderly care; and (iii) develop the government investment program and recommendations for improving the quality of ECSS.

5.   Innovative technologies have the potential to improve well-being, health care, and elderly care support. The emerging technologies range from assistive robots, artificial intelligence-enabled health monitoring smart applications, sensors and wearables, new pharmaceutical drug release mechanisms, portable diagnostics systems, voice-activated devices, intelligent homes, and many other technological solutions to provide support and services for older people. At the same time, digital inclusiveness and closing the digital divide for older people have become critical challenges to address. Developing modern and comprehensive national policy tools and strategies on aging requires in-depth analysis of the extent and impact of digital exclusion and options to improve digital inclusion.

6.   Urbanization is a global trend that has rapidly expanded in the PRC. As the cities are growing, their share of population above 60 years is also increasing.[6] Age-friendly urban development and age-friendly cities are important to tap the potential of older people. There is a need to (i) analyze the development trends and regional distribution of the working-age and older populations in the cities to meet the needs of the various age groups; (ii) develop guidance for and monitor the development of a conducive environment for healthy aging, and other aspects of age-friendly cities; (iii) carry out nationwide evaluation and develop a system to evaluate a city's age-friendliness; and (iv) assess the scale of investments and government fiscal expenditures required for the development of age-friendly cities.

7.   On average, women have lower lifetime earnings, are less digitally and financially literate, use fewer formal financial services including bank accounts, and live longer than men.[7] They often receive smaller pension payments than men, partly because women get paid less during their working years and lose compensation when they leave the labor force for caring duties such as raising children. Therefore, when women reach old age, they are poorer, less educated, more financially and digitally excluded, and are more likely to have unmet care needs than men.[8] The TA will focus on the needs of older women, who have lower lifetime earnings, have higher levels of digital and financial exclusion, yet are also more likely to have unmet care needs, while simultaneously acting as the primary caregivers in the family.

8.   The Government of the PRC has been responding to these challenges by developing national policies and programs to address aging. The PRC's Fourteenth Five-Year Plan, 2021–2025 aims to address population aging and promote long-term balanced population development.[9] The plan calls for implementation of the national strategy to improve welfare policies, develop elderly care services, and raise the statutory retirement age (footnotes 8–10).

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[6] N. Habib, S. Rau et al. 2020. *Healthy and Age-Friendly Cities in the People's Republic of China: Proposal for Health Impact Assessment and Healthy and Age-Friendly City Action and Management Planning*. Manila: ADB.
[7] World Economic Forum. 2021. *Global Gender Gap Report 2021 Insight Report*. Geneva.
[8] X. Chen, J. Giles, Y. Wang, Y. Zhao. 2018. Gender Patterns of Eldercare in China. *Feminist Economics*, 24 (2), pp. 54–76.
[9] Government of the PRC. 2021. *The Outline of the Fourteenth Five-Year Plan for National Economic and Social Development of the People's Republic of China and the Long-Range Objectives Through the Year 2035.* Beijing (in Chinese).

The General Office of the State Council issued guidelines on elderly care services that call for strengthening elderly care policies, developing urban and rural elderly care systems, improving elderly care services, and integrating health care and elderly care services.[10] The government developed the Healthy China 2030 Action Plan[11] and the National Plan for Actively Responding to Population Aging in the Medium and Long Term.[12] The plans lay out five areas of action: (i) improving the national income distribution system, steadily increasing pension reserves, and increasing the sustainability of the social security system; (ii) improving effective labor supply by developing a lifelong learning system for senior citizens and striving to achieve fuller employment while creating better quality jobs; (iii) improving the quality of the health care system, including health education, disease prevention, nursing, and hospice care; (iv) refocusing scientific and technological development to address population aging issues; and (v) improving legal frameworks to protect the rights and interests of older people.

9.   The TA will build on ADB's aging-related projects, experiences, lessons learned, and ongoing cooperation with various agencies in the PRC.[13] The lessons from the aging-related projects financed by ADB and other international organizations highlight the importance of focusing on community and home-based elderly care services; improving coordination and cooperation of government agencies in charge of the elderly care policies, systems and services; promoting close cooperation between the social and healthcare institutions; and investing in developing human resources capacity and knowledge. The TA will add value by helping the government develop and implement a national policy framework for aging-related sectors that will enhance the support from ADB and other donors to the development of the PRC's ECSS. The TA will support Strategy 2030's operational priority 1 (addressing remaining poverty and reducing inequalities), operational priority 2 (accelerating progress in gender equality), and operational priority 6 (strengthening governance and institutional capacity).[14]

III.   THE TECHNICAL ASSISTANCE

A.   Impact and Outcome

10.   The TA will be aligned with the following impact: national services and systems for the aging population improved (footnote 12). The TA will have the following outcome: policies and road map to strengthen the aging policy framework improved.[15]

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[10] Government of the PRC, State Council. 2020. *Opinions of the General Office of the State Council on Promoting the Healthy Development of Elderly Care Services*. Regulation No. 52. Beijing (in Chinese).
[11] Government of the PRC, State Council. 2019. *Healthy China 2030 Action Plan*. Beijing.
[12] Government of the PRC, State Council. 2019. *National Plan for Actively Responding to Population Aging in the Medium and Long Term*. Beijing.
[13] ADB established a knowledge partnership with the Beijing Normal University Research Center on Aging for national and international knowledge sharing on aging-related issues. ADB. People's Republic of China: Hebei Elderly Care Development Project; ADB. People's Republic of China: Hubei Yichang Comprehensive Elderly Care Demonstration Project; ADB. People's Republic of China: Public–Private Partnerships Demonstration Program to Transform Delivery of Elderly Care Services in Yichang, Hubei; ADB. People's Republic of China: Demonstration of Guangxi Elderly Care and Health Care Integration and Public–Private Partnership Project; and ADB. People's Republic of China: Public Service Sector Public–Private Partnership Promotion and Elderly Care Demonstration Project.
[14] ADB. 2019. *Strategy 2030 Operational Plan for Priority 1: Addressing Remaining Poverty and Reducing Inequalities, 2019–2024*. Manila; ADB. 2019. *Strategy 2030 Operational Plan for Priority 2: Accelerating Progress in Gender Equality, 2019–2024*. Manila; and ADB. 2019. *Strategy 2030 Operational Plan for Priority 6: Strengthening Governance and Institutional Capacity, 2019–2024*. Manila.
[15] The design and monitoring framework is in Appendix 1.

B.   Outputs, Methods, and Activities

11.   **Output 1: Policy advice on strengthening aging-related services and systems developed.** Output 1 will assist the government to develop policy tools, action plans, and cost estimates that will facilitate implementation of the national plan on responding to population aging (footnote 12). Such tools and action plans will focus on four areas: (i) financial markets and services for older people, (ii) ECSS, (iii) technological support for and digital inclusion of older people, and (iv) livability and age-friendliness of cities. Output 1 will include research, sex-disaggregated data collection and analysis, cost analysis, and field visits to selected cities and provinces (inclusive of rural areas)—including Beijing, Hohhot, Jinan, Shanghai, and Xi'an—chosen for their experience in implementing aging-related policies.

12.   **Output 2: Policymakers' knowledge and capacity on aging-related policies and issues enhanced.** Output 2 will include a series of workshops, trainings, and seminars, including presentations on knowledge products to relevant government staff, policymakers, civil society organizations, and other stakeholders based on the research and cost analysis carried out under output 1. The TA will develop the capacity of policymakers by training stakeholders from the agencies involved in adapting to aging population. The trainings and seminars will be delivered by experts with international experience on adapting to aging and will include recommendations for interagency coordination on aging-related activities and policies.

C.   Cost and Financing

13.   The TA is estimated to cost $280,000 which will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-other sources).[16] The key expenditure items are listed in Appendix 2. The government will provide counterpart support in the form of counterpart staff time, access to data, and other in-kind contributions.

D.   Implementation Arrangements

14.   ADB will administer the TA. The National Development and Reform Commission will be the executing agency. Implementation arrangements are summarized in the table.

Implementation Arrangements

Aspects	Arrangements		
Indicative implementation period	December 2021–December 2023		
Executing agency	National Development and Reform Commission		
Implementing agency	Social Development Department of the National Development and Reform Commission		
Consultants	To be selected and engaged by ADB		
	Firm: Consultants' qualifications selection	Aging policies and systems technical firm (national, 45 person-months)	$263,000
Disbursement	Disbursement of TA resources will follow ADB's *Technical Assistance Disbursement Handbook* (2020, as amended from time to time).		

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

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[16] Consulting services for studies on financial markets and services and technological support and digital inclusion of older people under output 1 will be funded as follows: $75,000 from ADB. Regional: Strategies for Financing Social Protection to Achieve Sustainable Development Goals in Developing Member Countries; and $50,000 from ADB. Regional: Enhancing ADB's Support for Social Protection to Achieve the Sustainable Development Goals.

15.   ADB will engage the consulting firm in consultation with the executing agency following the ADB Procurement Policy (2017, as amended from time to time) and its associated procurement staff instructions.[17] The national consulting firm will have 45 person-months of total inputs and will be recruited using consultants' qualifications selection method.

IV.   THE PRESIDENT'S DECISION

16.   The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of $280,000 on a grant basis to the Government of the People's Republic of China for National Strategy and Policy Framework on Adapting to the Aging Population, and hereby reports this action to the Board.

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

DESIGN AND MONITORING FRAMEWORK

Impact the TA is Aligned with			
National services and systems for the aging population improved (National Plan for Actively Responding to Population Aging in the Medium and Long Term)[a]			
Results Chain	**Performance Indicators**	**Data Sources and Reporting Mechanisms**	**Risks and Critical Assumptions**
Outcome Policies and road map to strengthen the aging policy framework improved	**By 2024** a. At least four TA-generated policy recommendations on aging adopted by the National Development and Reform Commission (2021 baseline: 0)	a. National Development and Reform Commission certification	A: Development of aging-related services and systems remains a government priority after the Fourteenth Five-Year Plan, 2021–2025 period
Outputs 1. Policy advice on strengthening aging-related services and systems developed	**By 2023** 1a. Comprehensive technical report with recommendations on policy framework prepared (2021 baseline: not prepared)[b] 1b. Technical report 1 with policy tools and action plans on financial markets and services for older people prepared (2021 baseline: not prepared) 1c. Technical report 2 with policy tools and action plans on ECSS development prepared (2021 baseline: not prepared) 1d. Technical report 3 with policy tools and action plans on technological support for and digital inclusion of older people prepared (2021 baseline: not prepared) 1e. Technical report 4 with policy tools and action plans on livability and age-friendliness of cities prepared (2021 baseline: not prepared)	1a. TA final report 1b–e. TA midterm report	R: Challenges in data availability
2. Policymakers' knowledge and capacity on aging-related policies and issues enhanced	2a. At least 75% of training participants (of which 50% are women) improve their understanding of aging-related issues and policy tools and action plans related to financial markets and services for older people, ECSS, technological support for and digital inclusion of older people, and livability and age-friendliness of cities (2021 baseline: 0) (OP 6.1.1) 2b. One knowledge product finalized and disseminated (2021 baseline: 0)	2a. TA final report and survey of participants 2b. Published knowledge product	

Key Activities with Milestones
1.   Policy advice on strengthening aging-related services and systems developed
1.1 In close coordination with executing agency staff, prepare a detailed research plan to be finalized and approved at the inception workshop (Q2 2022)
1.2 Review literature, analyze international experience, and undertake research and cost analysis to prepare technical report 1: financial services for older people (Q2 2022–Q4 2022)
1.3 Review literature, analyze international experience, and undertake research and cost analysis to prepare technical report 2: ECSS development (Q2 2022–Q4 2022)
1.4 Review literature, analyze international experience, and undertake research and cost analysis to prepare technical report 3: technological support for and digital inclusion of older people (Q2 2022–Q4 2022)
1.5 Review literature, analyze international experience, and undertake research and cost analysis to prepare technical report 4: livability and age-friendliness of cities (Q2 2022–Q4 2022)
1.6 On the basis of the four technical reports, prepare a comprehensive technical report on the policy framework that includes policy recommendations and action plans on the selected aging-related issues, with a concise executive summary (Q1 2023)
2.   Policymakers' knowledge and capacity on aging-related policies and issues enhanced
2.1 In close coordination with executing agency staff, draft a detailed capacity development and knowledge sharing plan that includes a methodology to assess performance indicator 2a to be finalized and approved at the inception workshop (Q2 2022)
2.2 Organize inception, midterm, and final workshops (Q2 2022–Q4 2023)
2.3 Implement the capacity development and knowledge sharing plan, including a series of capacity development activities aimed at stakeholders from government agencies, cities, municipalities, private sector, civil society organizations, and social forces involved in actively responding to population aging (Q4 2022–Q3 2023)
2.4 Produce and disseminate a knowledge product based on the technical report and case studies in English and Chinese (Q2 2023)

Inputs
ADB: $280,000 (Technical Assistance Special Fund–other sources)
Note: The government will provide counterpart support in the form of counterpart staff time, access to data, and other in-kind contributions.

A = assumption, ADB = Asian Development Bank, ECSS = elderly care services and systems, OP = operational priority, Q = quarter, R = risk, TA = technical assistance.

[a] Government of the People's Republic of China, State Council. 2019. *National Plan for Actively Responding to Population Aging in the Medium and Long Term*. Beijing.
[b] The four technical reports will include sex-disaggregated data and analysis, and will present policy recommendations and plans responding to the specific needs of older women in the People's Republic of China.

Contribution to Strategy 2030 Operational Priorities:
The expected values and methodological details for all OP indicators to which this TA will contribute results are detailed in Contribution to Strategy 2030 Operational Priorities (accessible from the list of linked documents in Appendix 3). In addition to the OP indicators tagged in the design and monitoring framework, this TA will contribute results for:
OP 1.3: Poor and vulnerable people with improved standards of living (number)
OP 2.5.3: Savings and insurance schemes for women implemented or established (number)
Source: ADB.

COST ESTIMATES AND FINANCING PLAN
($'000)

Item	Amount
Asian Development Bank[a]	
1. Consultants	
a. Remuneration and per diem	
i. National consultants	237.0
b. Out-of-pocket expenditures	
i. International and local travel	5.0
ii. Reports and communications[b]	4.0
2. Surveys	5.0
3. Training, seminars, workshops, and conferences[c]	6.0
4. Miscellaneous TA administration costs[d]	6.0
5. Contingencies	17.0
Total	**280.0**

Note: The technical assistance (TA) is estimated to cost $300,000, of which contributions from the Asian Development Bank (ADB) are presented in the table above. The government will provide counterpart support in the form of counterpart staff time, access to data, and other in-kind contributions. The value of the government contribution is estimated to account for 6.6% of the total TA cost.

[a] Financed by ADB's Technical Assistance Special Fund (TASF-other sources).
[b] Includes research assistance and translation of reports.
[c] Includes resource persons, translation and interpretation services, and other workshop-related expenses. All trainings will be provided in-country.
[d] Includes editorial and online production services for knowledge products as well translation and dissemination; and software license costs.
Source: ADB estimates.

LIST OF LINKED DOCUMENTS
http://www.adb.org/Documents/LinkedDocs/?id=55025-001-TAReport

1.   Terms of Reference for Consultants
2.   Contribution to Strategy 2030 Operational Priorities