ELDERLY CARE SYSTEM DEVELOPMENT IN YICHCANG, PEOPLE’S REPUBLIC OF CHINA

Jie Bai and Yuebin Xu

November 2023
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No. 67 | November 2023

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CONTENTS

TABLES, FIGURES, AND BOX iv

ACKNOWLEDGMENTS v

ABBREVIATIONS vi

I. INTRODUCTION 1

II. PREPARATION OF THE ELDERLY CARE SERVICES 4
   STRATEGIC DEVELOPMENT PLAN
   A. Methodology and Approach 4
   B. The Strategic Plan 6

III. IMPLEMENTATION OF THE ELDERLY CARE SERVICES 9
     STRATEGIC DEVELOPMENT PLAN
     A. Strategic Direction 1: Provision of Elderly Care Services 9
     B. Strategic Direction 2: Financial Sustainability 10
     C. Strategic Direction 3: Service Quality 11
     D. Strategic Direction 4: Partnership Development 12
     E. Strategic Direction 5: Workforce Development and Training 13

IV. PROGRESS IN YICHANG’S ELDERLY CARE SYSTEM DEVELOPMENT 15
    A. Capacity of Elderly Care Services Improved 15
    B. Elderly Care Quality Assurance System in Place 15
    C. Financial Sustainability Improved 16
    D. Workforce Development and Training Strengthened 16
    E. Center of Excellence in Elderly Care Attained 16

V. EXPERIENCES AND LESSONS LEARNED FROM YICHANG 17
    A. National Strategies and Policies 17
    B. Yichang Municipal Government’s Commitment and Leadership 17
    C. ADB’s Support 18
    D. Lessons and Recommendations 20
TABLES, FIGURES, AND BOX

TABLES
1 Goals in the Provision of Elderly Care Services and Their Implementation Progress 9
2 Goals in Financial Sustainability and Their Implementation Progress 10
3 Goals in Service Quality and Their Implementation Progress 12
4 Goals in Partnership Development and Their Implementation Progress 13
5 Goals in Workforce Development and Training and Their Implementation Progress 13

FIGURES
1 ADB’s Technical Assistance and Loan Support for the Elderly Care System Development in Yichang, People’s Republic of China, 2014–2024 2
2 Process of Strategic Plan Development 4
3 Conceptual Framework for the Elderly Care Services Strategic Development Plan 7
4 Joint Efforts of ADB and the Yichang Municipal Government in Implementing the Elderly Care Services Strategic Development Plan 8
5 Status of Implementation of the Elderly Care Services Strategic Development Plan 14
6 Building Blocks of ADB Support for the Elderly Care Services Strategic Development Plan 19

BOX
Hubei Yichang Public–Private Partnerships Demonstration Program to Transform Delivery of Elderly Care Services in Yichang, Hubei 3
ACKNOWLEDGMENTS

This working paper is the result of a large team effort spanning from 2014 to 2022 of processing and implementing the Asian Development Bank (ADB) technical assistance and loan projects in Yichang City, People’s Republic of China. The authors would like to thank the ADB teams led by Wendy Walker, Sofia Shakil, and Hiroko Uchimura who processed these projects and laid the cornerstones for the long-term engagement. This working paper benefitted from the guidance and support of the Yichang Municipal Government, especially Director General Aiping Zhang of the Yichang Finance Bureau and Director General Qingshan Yang of the Yichang Municipal Civil Affairs Bureau.

At ADB, the authors would also like to thank the peer reviewer, Meredith Wyse, for her insightful comments; and the knowledge management team in East Asia Department, especially the knowledge management coordinator, Marivic Dela Cruz. The manuscript editor was Cherry Zafaralla.
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<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
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<tr>
<td>HCBC</td>
<td>home- and community-based care</td>
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<td>LTCI</td>
<td>long-term care insurance</td>
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<tr>
<td>PPP</td>
<td>public–private partnership</td>
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<tr>
<td>PRC</td>
<td>People’s Republic of China</td>
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<td>TA</td>
<td>technical assistance</td>
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<tr>
<td>YCAB</td>
<td>Yichang Municipal Civil Affairs Bureau</td>
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<td>YMG</td>
<td>Yichang Municipal Government</td>
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I. INTRODUCTION

Population aging in the People’s Republic of China (PRC) is a recent and rapid phenomenon. By 2021, its population aged 60 and above had grown to more than 264 million or 18.7% of the total population. The proportion is expected to rapidly grow to 30% by 2035. However, the country’s elderly care system is not ready for such a drastic population transition.

Since the early 2000s, the Government of the PRC has begun to develop a three-tiered elderly care system consisting of home-based care, community-based care, and residential care. Home- and community-based care (HCBC) refers to community-based elderly care facilities, including mainly day care centers and home services, to support older people living at their own residency. Residential care, according to the most recent definition provided by the Ministry of Civil Affairs in 2020, refers to round-the-clock services provided for older people residing in a residential care facility with at least 10 beds. Apart from boarding services, a residential care facility typically provides health and care services and other support, depending on the needs of residents.

However, development of the elderly care system in the PRC has been unbalanced, with the majority of investments made in residential care facilities and less investments on HCBC services. There is a lack of focus on strengthening areas such as financing, quality management, and human resources, which are key system enablers for the delivery of quality services. The 14th Five-Year Plan, 2021–2025 calls for a realignment of the three-tier system strategy by promoting balanced development between HCBC and residential care, strengthening the capacity of residential care facilities for disabled older people, and improving the accessibility to care services.

Yichang is a third-tier city in western Hubei Province in the Yangtze River Economic Belt. In 2020, Yichang had a population of 3.9 million. Population aging is a more pressing challenge for Yichang compared with its peer cities. The Seventh National Population Census of the PRC conducted in 2020 shows that there are over 1 million people aged 60 and above in Yichang, accounting for about 25.0% of the city’s total population—this is significantly higher than both the national level (18.7%) and the provincial level (20.4%).

Since 2014, the Asian Development Bank (ADB) has been supporting Yichang City’s elderly care system development through long-term engagement and a holistic approach, which started with a technical assistance (TA) project to develop the city’s long-term strategic plan on elderly care. The TA supported the Yichang Municipal Government (YMG) in preparing the Elderly Care Services Strategic Development Plan, 2016–2030 (hereafter, strategic plan). This was followed by two investment projects to support the priority areas identified under the strategic plan (Figure 1).
In preparing the strategic plan, new strategies and approaches on elderly care were discussed with the YMG. These strategies include defining the roles of government, engaging the private sector and civil society, improving the quality of long-term care, strengthening quality and safety monitoring, supporting information technology platforms for HCBC, and developing human resources for elderly care. The TA engaged relevant bureaus of the YMG such as civil affairs, housing and urban development, health, finance, and education. Extensive baseline information about the supply of and the need for elderly care was collected, which was invaluable for the YMG at a time when the elderly care sector was just emerging. The YMG endorsed the final strategic plan in June 2016.

In 2016 and 2017, ADB further approved two loan projects to support the priority areas identified in the strategic plan—including an additional TA, the Hubei Yichang Comprehensive Elderly Care Demonstration Project, for the preparation of these loan projects.7

The first loan project, the Public–Private Partnerships (PPPs) Demonstration Program to Transform Delivery of Elderly Care Services in Yichang, Hubei (hereafter L3506), has a loan amount of $50 million and mainly supports the construction and operationalization of two residential care facilities, with different approaches of integrating HCBC and medical care.8 It is the first sovereign PPP-related loan in the PRC that aims to transform the delivery of social services by local governments. As described in the Box, this project uses the results-based lending modality to build the YMG’s capacity for developing, procuring, and managing transparent PPPs and to finance a demonstration PPP for socially inclusive, efficient, and quality elderly care services.9

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7 ADB. PRC: Hubei Yichang Comprehensive Elderly Care Demonstration Project (TA 9237-PRC).
8 ADB. PRC: Public–Private Partnerships Demonstration Program to Transform Delivery of Elderly Care Services in Yichang, Hubei (Loan 3506-PRC).
9 Results-based lending supports government-owned programs through a performance-based form of financing. Disbursements are linked to the achievement of results.
Box: Hubei Yichang Public–Private Partnerships Demonstration Program to Transform Delivery of Elderly Care Services in Yichang, Hubei

A public–private partnership (PPP) is used under this program to (i) leverage the private sector’s innovation and management skills to deliver quality services, and (ii) close the gap between local fiscal capacity and increasing demand. To attract quality service providers rather than developers, the Yichang Municipal Government (YMG) provided the land and is undertaking basic construction of the elderly care service (ECS) facilities with appropriate design parameters, while the PPP contract will be executed with the private sector to fully equip, operate, and maintain the ECS facilities. The services to be provided by the concessionaires to residents and the local community of older people cover different levels of care needs for mildly to fully dependent older people. The PPP contract has provision for price review strategies to make ECS available for low-income older people. The contract payments and/or penalties are linked to service standards with specific key performance indicators.

The loan also includes a capacity-building component to systematically build the YMG’s ability to optimize PPP design and implementation within the national regulatory framework.


The second loan project, the Hubei Yichang Comprehensive Elderly Care Demonstration Project (hereafter L3767), with a loan amount of $150 million, aims to support the development of a three-tier elderly care system in Yichang by improving coverage and utilization of elderly care services. The project has four components: (i) improve HCBC services by developing 16 community-based elderly care centers; (ii) increase elderly care services capacity by establishing a dementia care center and an information and communication technology platform, and strengthening human resources training capacity; (iii) establish facilities and services to support the integration of health care and elderly care by strengthening two geriatric care hospitals and one elderly care nursing home; and (iv) develop the YMG’s elderly care and project management capacity.

With ADB’s support, Yichang has significantly advanced its elderly care system to become a center of excellence in elderly care in the PRC. This working paper provides an analysis on how ADB’s intervention has contributed to the achievements and summarizes the experiences and lessons learned. Section II describes the methodology and key elements of the strategic plan, followed by section III on the implementation of the strategic plan. Section IV summarizes the major achievements in elderly care system in Yichang, and section V analyzes the experiences and lessons learned in Yichang and concludes with recommendations for the future.

10 ADB. People’s Republic of China: Hubei Yichang Comprehensive Elderly Care Demonstration Project (Loan 3767-PRC).
II. PREPARATION OF THE ELDERLY CARE SERVICES STRATEGIC DEVELOPMENT PLAN

A. Methodology and Approach

Based on the Yichang Urban Master Plan, the strategic plan was formulated with an evidence-based and participatory approach through four processes: (i) demand and supply assessment, (ii) international and national best practices analysis, (iii) capacity development, and (iv) focus group and working group discussions (Figure 2).

![Figure 2: Process of Strategic Plan Development](image)


1. Demand and Supply Assessment

Three surveys were conducted to assess the demand and supply of elderly care services in Yichang: (i) a needs assessment survey of 1,076 community-dwelling older people; (ii) a survey of 519 residents in 19 residential care facilities; and (iii) a service provider survey of 21 residential care facilities and 26 HCBC facilities. It was the first time that such surveys had been conducted in Yichang and their findings discussed. Having this knowledge base was instrumental in deepening understanding on the long-term care needs of the population, and the types of services required to respond to these needs.

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[11] The first two surveys used interRAI-HC (Home Care) Assessment Form Version 9.1.2 (the Chinese version was validated in 2001 in Hong Kong, China for assessing care needs at the individual level).
The needs assessment survey was used as a sample to delineate the proportion of function impairment in different levels, which could be used to project the requisite for various care needs. The community-dwelling older people needs assessment survey revealed that about 19% of the sample was functionally impaired, of which about 15% are moderately impaired, 4% severely impaired, and 17% cognitively impaired. Based on the findings, it was estimated that in Yichang’s urban area, about 2,000 older people in their own homes had potential need for residential care, and around 23,000 would require HCBC services.

The residential care facility residents survey shows the necessity to develop HCBC, as only about 50% of the respondents are moderately or severely impaired, and around 70% had moved into the facility because of unavailability of family care. The survey suggested that 20%–40% of the current residential care occupants could use HCBC if such service would be available.

The provider survey revealed four main features in Yichang’s elderly care services provision: (i) public residential care facilities can better provide services in terms of both level and scope of care than the private ones, particularly for the impaired older people; (ii) provision of dementia care is very limited; (iii) HCBC services are generally underdeveloped, which is limited to domestic help and recreational and social support services; and (iv) both residential care and HCBC lacked overall planning linked to the targets of service and levels and scope of care, as reflected in the absence of care needs assessment.

2. International and National Best Practices

ADB’s TA to the PRC for the Strategic Elderly Care Services Development in Yichang (TA 8672–PRC) drew relevant experience from national and international best practices, which were incorporated in Yichang’s strategic plan (footnote 6). Canada; Hong Kong, China; Japan; and the United States were selected as the international cases because they have (i) effective reforms for elderly care services in the areas of finance, organization, regulations, and public expectation management; (ii) various elderly care models for comparison; and (iii) sufficient documentation. Three private elderly care enterprises in Beijing representing the best practices of home-based care, community-based care, and residential care were selected as national cases. Six key findings from the case studies were found to be applicable to Yichang: (i) governments usually lead elderly care policy development and funding; (ii) the fundamental goal of long-term care is to enable the older people to age at home and in the community as much as possible, with residential care as the last resort; (iii) elderly care development needs a systemic approach; (iv) financial sustainability and quality assurance are critical elements; (v) partnerships with informal caregivers are necessary; and (vi) most countries are striving to strengthen their elderly care workforce.

Based on the above findings, the TA provided the YMG with seven recommendations:

(i) redefining elderly care as long-term care instead of general services for the older people;
(ii) government taking the lead in mobilizing resources and setting strategic directions;
(iii) enhancing elderly care services sustainability by (a) determining the public funding responsibility; (b) focusing public-funded care resources on those who are poor and with functional impairments; and (c) exploring multiple funding sources, such as long-term care insurance (LTCI) and users’ fees;
(iv) strengthening elderly care quality assurance;
(v) developing partnerships with key stakeholders, including the private sector, civil society, and informal caregivers;
(vi) developing elderly care workforce, including caregivers and managers; and
(vii) managing public expectations by encouraging personal preparedness and cultivating proper understanding of elderly care.
3. Capacity Development

Capacity development was provided to the YMG to align the perception of elderly care and understanding of key concepts. A 3-day training course covered the key concepts, theories, international trends, and national best practices in elderly care; as well as the use of management instruments such as needs assessment, quality assurance, health care and elderly care integration, and costing of services. A combination of short lectures, case studies, simulation exercises, and discussions enabled interactive and effective learning during the training course. Forty-five representatives from government and elderly care institutes visited elderly care facilities in Canada, Japan, the Republic of Korea, and the United States, and obtained practical knowledge in elderly care facility operation and management.

4. Focus Groups and Working Groups Discussion

Four focus group discussions with the older people, caregivers, volunteers, and community workers were conducted to (i) understand the elderly care demand and challenges in Yichang City; (ii) collect the opinions of stakeholders on affordability, quality, and coverage of elderly care services; and (iii) gather suggestions for future programs and policies. In addition, key stakeholders from government agencies, elderly care service providers, and education and training institutions formed working groups to review and provide inputs to the proposed strategic plan.

B. The Strategic Plan

The strategic plan laid out two high-level objectives for Yichang’s elderly care system development: (i) foster a high-quality life for the older people who need care, and (ii) enable Yichang to become a center of excellence in elderly care in the PRC. Four principles were introduced: (i) aging in place, which is for care services to support the older people’s preferences to remain at home and in their communities as long as possible; (ii) mainstreaming aging, which is to create “a society for all” and to make population aging a positive dynamic rather than a threat or burden to society; (iii) effectiveness and efficiency, which require both facility design and service provision to be evidence-based to achieve the best outcome and to address the multiple needs of the older people with efficient use of time and resources; and (iv) active aging, which is to provide preventive health and social participation programs to keep the older people healthy and as contributing members of the communities.

The objectives and principles are pursued by five strategic directions: (i) provision of elderly care services, (ii) financial sustainability, (iii) service quality, (iv) partnership development, and (v) workforce development and training. Each direction comprises several goals to be accomplished with specific timelines, performance indicators, responsibilities, and cost estimates. Figure 3 presents the conceptual framework of the strategic plan. The strategic plan envisaged an equitable, high-quality, and sustainable elderly care system to be established in Yichang by 2030, which can provide integrated health and care services to the physically and cognitively impaired older people.

In 2016, the YMG endorsed the strategic plan and has been implementing it with ADB support (Figure 4).
Figure 3: Conceptual Framework for the Elderly Care Services Strategic Development Plan

OBJECTIVE 1:
Foster a high-quality life for the older people who need care

OBJECTIVE 2:
Enable Yichang to become a center of excellence in elderly care in the PRC

Strategic Direction 1: Provision of elderly care services
Strategic Direction 2: Financial sustainability
Strategic Direction 3: Service quality
Strategic Direction 4: Partnership development
Strategic Direction 5: Workforce development and training

PRINCIPLES
• Aging in place
• Mainstreaming aging
• Effectiveness and efficiency
• Active aging

PRC = People’s Republic of China.
Figure 4: Joint Efforts of ADB and the Yichang Municipal Government in Implementing the Elderly Care Services Strategic Development Plan

<table>
<thead>
<tr>
<th>Provision of EC</th>
<th>Financial Sustainability</th>
<th>Service Quality</th>
<th>EC Partnership Development</th>
<th>EC Workforce Development and Training</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establish effective EC management, eligibility assessment, and IT systems</td>
<td>Establish a fund pool and standardization of EC fees</td>
<td>Establish an EC quality and risk management system</td>
<td>Promote active aging for everyone</td>
<td>Conduct demand analysis for workers in the EC system</td>
</tr>
<tr>
<td>Develop a geriatric hospital</td>
<td>Reform the EC subsidy system</td>
<td>Establish EC service standards</td>
<td>Support informal caregivers</td>
<td>Develop incentives, career planning, and training opportunities</td>
</tr>
<tr>
<td>Pilot a PPP residential care facility</td>
<td>Promote health and EC integration</td>
<td>Pilot the accreditation of EC providers</td>
<td>Promote volunteering</td>
<td>Innovate in recruitment and retention of HR</td>
</tr>
<tr>
<td>Pilot rehabilitation of existing facilities</td>
<td>Promote involvement of the private sector</td>
<td>Set standards on pay-for-performance</td>
<td>Foster mutual help programs</td>
<td>Develop a training center with local partners</td>
</tr>
<tr>
<td>Develop HCBC services, including dementia care</td>
<td>Study the feasibility of establishing an EC insurance system</td>
<td></td>
<td>Improve the capacity of grid workers to enhance their EC functions</td>
<td></td>
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<tr>
<td>Promote universal design and pilot home modification program</td>
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</tr>
</tbody>
</table>

ADB supported | Joint effort | YMG’s own initiative

ADB = Asian Development Bank, EC = elderly care, HCBC = home- and community-based care, HR = human resources, IT = information technology, PPP = public-private partnership, YMG = Yichang Municipal Government.

Source: ADB.
III. IMPLEMENTATION OF THE ELDERLY CARE SERVICES STRATEGIC DEVELOPMENT PLAN

A. Strategic Direction 1: Provision of Elderly Care Services

Strategic direction 1 is to increase the care capacity for older people with physical and cognitive impairments, and to improve integration of health and elderly care. The eight goals to be achieved under this strategic direction and their respective implementation progress are indicated in Table 1.

Table 1: Goals in the Provision of Elderly Care Services and Their Implementation Progress

<table>
<thead>
<tr>
<th>Goal</th>
<th>Implementation Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal 1: Set up a high-level effective elderly care management system with an integrated elderly care office</td>
<td>In 2018, the YMG established a city-level elderly care leading group for the ADB loan projects, with the vice mayor as the head and the YCAB as the standing office. Concerned government agencies, including YCAB, Yichang Finance Bureau, YHC, and the housing and urban and rural development were members of the leading group.</td>
</tr>
<tr>
<td>Goal 2: Implement an elderly care eligibility assessment system, including admission criteria, rules, and regulations</td>
<td>In 2018, the YMG adopted the needs assessment tool developed by the Ministry of Civil Affairs to assess the care needs of the older people and their eligibility for government subsidies and admission to public-funded elderly care facilities. All elderly care facilities are required to conduct needs assessment at admission to determine the level of care to be provided.</td>
</tr>
<tr>
<td>Goal 3: Develop a geriatric hospital as a national demonstration project</td>
<td>ADB’s L3767 financed the construction and operationalization of two geriatric hospitals with 810 beds, which are under construction and expected to start operations in 2024.</td>
</tr>
<tr>
<td>Goal 4: Pilot a nursing home project to be replicated in other residential care facilities</td>
<td>ADB’s L3767 financed the construction and operationalization of a nursing home with 198 beds, which is under construction and expected to start operations in 2024.</td>
</tr>
<tr>
<td>Goal 5: Pilot an elderly care facility rehabilitation project, with standards for operation in place</td>
<td>The two geriatric hospitals and nursing home under goals 3 and 4 will provide rehabilitation services as well.</td>
</tr>
<tr>
<td>Goal 6: Pilot comprehensive HCBC projects, especially for the older people with special needs such as dementia</td>
<td>In 2018, Yichang became one of the pilot cities of the national HCBC program. With central government subsidy of about CNY30 million (around $4.54 million), the YMG constructed or renovated 80 HCBC facilities following national design and service standards. In addition, L3767 financed 16 HCBC centers and a dementia care center with 210 beds. L3506 financed elderly care facilities providing both residential care and HCBC services.</td>
</tr>
<tr>
<td>Goal 7: Promote universal design and pilot home modification</td>
<td>Since 2021, the YMG has been implementing a home-modification program for the older people with financial difficulty or disabilities with government subsidy. By mid-2022, around 2,000 PSD have benefited from the program. The YMG is developing city-level design standards for home modification. Universal designs have been applied in new residential communities.</td>
</tr>
</tbody>
</table>
Goal 8: Establish an elderly care information system and make use of information technology to support the delivery of elderly care services

ADB’s L3767 financed a city information and communication technology platform to support the exchange of information, monitor elderly care services, and link elderly care and health care services. In 2021, YHC developed an information system to improve health care and elderly care integration, which has been used by over 30 residential care facilities.

Notes:
1. $1 = CNY6.612 as of 2018 (average).
2. L3506 pertains to the loan project, Public–Private Partnerships Demonstration Program to Transform Delivery of Elderly Care Services in Yichang, Hubei.
3. L3767 pertains to the loan project, Hubei Yichang Comprehensive Elderly Care Demonstration Project.
7. PSD refers to people with no working ability, no sources of income, and no family caregivers. These people were also known as “Three Nos People,” who are mostly older people.

Source: ADB.

B. Strategic Direction 2: Financial Sustainability

Strategic direction 2 is to ensure the efficiency and effectiveness of financial investments and the sustainability of elderly care services. Table 2 summarizes the six goals to be achieved under this strategic direction and their respective implementation progress.

Table 2: Goals in Financial Sustainability and Their Implementation Progress

<table>
<thead>
<tr>
<th>Goal</th>
<th>Implementation Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal 1: Establish a comprehensive fund-raising system for elderly care, including the establishment of a funding pool and the standardization of elderly care fee charging</td>
<td>In 2016, the YMG established the Three–Gorge Elderly Care Development Fund of CNY500 million (around $75 million). By 2018, this fund had committed financial support of CNY47 million for three elderly care projects. The YMG has developed a city-level fee-charging standard for both residential and HCBC services, which became effective in 2018.</td>
</tr>
<tr>
<td>Goal 2: Establish an elderly care subsidy payment system, including the rules and regulations on the allocation and risk management of elderly care subsidy</td>
<td>Since 2018, the YMG has been providing care subsidies for the older people with either impairments or financial difficulties. Eligible older people receive (i) CNY300–CNY400 a month to pay government-purchased home-based services from qualified service providers, and (ii) CNY600–CNY1,000 a month for residential care and day care services.</td>
</tr>
<tr>
<td>Goal 3: Integrate resources of the health commission and the civil affairs bureau</td>
<td>Health care and elderly care integration comprised the major focus of the YMG and the national policy emphasis on upgrading the elderly care system. Four models of integration have been adopted in Yichang for health care and elderly care facilities to collaborate and share resources. Medical care expenditure incurred in the elderly care facilities can be covered by medical insurances.</td>
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Goal 4: Promote the involvement and investment of the private sector in elderly care through government subsidies and other preferential policies

Since 2018, the YMG has been promoting private sector investment in elderly care by simplifying approval procedures; improving the investment environment; strengthening preferential policies for land allocation, taxation benefits, and financial policies; and providing government subsidies for the construction and operation of elderly care facilities. The YMG also allows publicly funded elderly care facilities to contract services to private sector providers. By the end of 2021, 87 out of 235 residential care facilities in Yichang are either private or operated by private sector service providers. In addition, ADB's L3506 is piloting a genuine and transparent public–private partnership to leverage the private sector’s efficiency and proficiency in elderly care.

Goal 5: Study the feasibility of establishing an LTCI

In 2019, the YMG launched a pilot LTCI program, with the same coverage as the urban employees’ health insurance program. The LTCI (i) identified the sources of premium, (ii) contracted commercial insurance companies through public open bidding, (iii) designated qualified elderly care facilities, and (iv) delineated service coverage and eligibility assessment mechanism. The annual premium is CNY80 per person, of which CNY60 is from government fiscal revenues, CNY10 is from individual contributions, and CNY10 is from a medical insurance fund. Aged insurers of the urban employees’ health insurance program with moderate or above impairments are eligible for LTCI benefits.

Goal 6: Reform elderly care subsidy, such as removal of the two-tiered residential care system, provision of standardized elderly care packages, and promotion of choices for PSD

PSD and other people receiving care subsidies from the government can choose service providers.


Notes:
1. $1 = CNY6.64 as of 2016 (average).
2. L3506 pertains to the loan project, Public–Private Partnerships Demonstration Program to Transform Delivery of Elderly Care Services in Yichang, Hubei.
6. PSD refers to people with no working ability, no sources of income, and no family caregivers. These people were also known as “Three Nos People,” who are mostly older people. YMG. 2021. Methods of Providing Care Subsidies for Old People with Financial Difficulties in the Urban Areas. Yichang.

Source: ADB.

C. Strategic Direction 3: Service Quality

Strategic direction 3 is to introduce an assurance mechanism to continuously improve the quality of elderly care services and the safety of the service users. Table 3 presents the five goals to be achieved under this strategic direction and their respective implementation progress.
Table 3: Goals in Service Quality and Their Implementation Progress

<table>
<thead>
<tr>
<th>Goal</th>
<th>Implementation Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal 1: Establish an elderly care quality and risk management system, including the feasibility of setting up an elderly care quality and risk management office</td>
<td>The YCAB was designated as the standing office to manage the quality standards on elderly care, including the design and implementation of the quality and risk management system for Yichang.</td>
</tr>
<tr>
<td>Goal 2: Establish elderly care service standards, including clinical and nonclinical standards</td>
<td>The YCAB has led in the development of several elderly care quality standards that are already in use. ADB's L3767 provides consultant service support to the YCAB, relevant bureaus, and agencies to set up service standards on elderly care services in Yichang as well as an adequate performance evaluation scheme, which includes developing key performance indicators for service providers of community elderly care centers, the dementia care center, and the elderly care nursing home.</td>
</tr>
<tr>
<td>Goal 3: Pilot project on the accreditation of elderly care service providers</td>
<td>The YMG has put in place the accreditation of elderly care service providers, following the national standard for residential care services and city-level standards for HCBC services.</td>
</tr>
<tr>
<td>Goal 4: Set standards on pay-for-performance, such as paying elderly care providers for managing service occupancy rate, and recruiting and retaining staff through incentive mechanism</td>
<td>All elderly care facilities in Yichang must pass the YCAB's performance assessment to become eligible for government subsidies, and facilities with high level of performance can receive additional financial rewards from the government. ADB's L3506 piloted a performance-based PPP contract. A project-specific service standard with key performance indicators and evaluation methods has been developed and built into the PPP contract. The performance is linked with contract payment and penalty.</td>
</tr>
<tr>
<td>Goal 5: Make use of market forces, such as government service contracts and “money follows the older people”</td>
<td>By the end of 2021, 26 out of the total 235 residential care facilities in Yichang have contracted services to the private sector. ADB's L3506 piloted a PPP to engage professional private service providers. The service providers are given pricing autonomy as long as the service is affordable to middle-lower-income older people, which is subject to the YCAB's review and approval.</td>
</tr>
</tbody>
</table>


Notes:
1. L3506 pertains to the loan project, Public–Private Partnerships Demonstration Program to Transform Delivery of Elderly Care Services in Yichang, Hubei.
2. L3767 pertains to the loan project, Hubei Yichang Comprehensive Elderly Care Demonstration Project.
Source: ADB.

D. Strategic Direction 4: Partnership Development

Strategic direction 4 supports the development of the informal support network comprising family members, friends, relatives, neighbors, and volunteers as partners in delivering elderly care. The strategy is to promote cost containment through prevention and voluntary work. The five goals to be achieved under this strategic direction and their respective implementation progress are indicated in Table 4.
Table 4: Goals in Partnership Development and Their Implementation Progress

<table>
<thead>
<tr>
<th>Goal</th>
<th>Implementation Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal 1: Promote active aging for all</td>
<td>The YMG has initiated a program to promote active aging, including health education; health management provided by community health institutions; and participation in sports, leisure, and tourism. Most HCBC facilities are open to the general public as an anchor point for community activities of older people.</td>
</tr>
<tr>
<td>Goal 2: Support informal caregivers through measures such as respite care, caregiver education, and preferential tax benefits for caregiving</td>
<td>Several national regulations and policies encourage strengthening family care through activities such as promotion of filial piety, family caregiver training, and respite care. However, such activities have not been systematically rolled out in Yichang and no financial incentives for informal caregiving, such as tax refund, have been put in place.</td>
</tr>
<tr>
<td>Goal 3: Promote volunteering in elderly care, such as time banking</td>
<td>As elsewhere in the PRC, Yichang has a division under the YCAB responsible for recruiting, registering, training, and coordinating voluntary services, of which elderly care is a major component. A time bank system has been put in place to incentivize voluntary services in all aspects. Some HCBC facilities have joined the system, which provides in-kind rewards to the volunteers.</td>
</tr>
<tr>
<td>Goal 4: Foster mutual help among neighbors, encouraging people with similar interests to offer reciprocal care</td>
<td>The YMG has been piloting mutual help, particularly in rural areas. The government provides subsidies to incentivize younger people to provide daily care to the older people. Community residential committees have assigned community workers to collect information of care needs and to link the older people with service providers.</td>
</tr>
<tr>
<td>Goal 5: Improve the capacity of grid workers to enhance their functions in elderly care</td>
<td>Grid workers have been supporting community elderly care, including through regular home visits and reporting cases in need in Yichang. In 2021, the YMG started to hire social workers in communities to manage social care work for the older people.</td>
</tr>
</tbody>
</table>


* The grid management system is an extension of grassroots governance in the PRC, in which communities are further divided into a certain number of grids. A grid worker is one employed by street offices or residents’ committees to work in the grid to perform a variety of duties, such as collecting information, implementing policies, and providing services.


E. Strategic Direction 5: Workforce Development and Training

Strategic direction 5 is to recruit and retain an elderly care workforce through the provision of training opportunities, safe working environment, and financial subsidies; and to use innovative methods to entice more young people to join the elderly care workforce. Table 5 presents the four goals to be achieved under this strategic direction and their respective implementation progress.

Table 5: Goals in Workforce Development and Training and Their Implementation Progress

<table>
<thead>
<tr>
<th>Goal</th>
<th>Implementation Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal 1: Estimate demand of the elderly care workforce, including the types and number of professional and frontline workers</td>
<td>No action taken yet.</td>
</tr>
<tr>
<td>Goal 2: Provide subsidies; career planning (including registration, certification, and opportunity for career advancement); and training opportunities for elderly care workers</td>
<td>The YMG has been providing subsidies for all caregivers and nurses working in elderly care facilities, including (i) a lump sum for college graduates to become caregivers, (ii) a lump sum for caregivers who have worked for 5–10 years, (iii) a differentiated monthly subsidy for caregivers linked to their occupational skill levels, and (iv) subsidies for caregivers to undertake skills training. Other measures, such as career opportunities and symbolic awards, have been taken to motivate caregivers to improve their care skills.</td>
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continued on next page
Goal 3: Use innovative methods to recruit and retain elderly care workers

The YCAB and Yichang Human Resources and Social Security Bureau have jointly set up an elderly care skill tournament program for caregivers to earn credit for wage increase.\(^a\)

Goal 4: Pilot an LTC workers training center

In 2017, supported by the Yichang Municipal Health Commission, Hubei Three-Gorge Polytechnic established an elderly care and nursing school, of which ADB’s L3767 finances the teaching and training equipment. The school offers educational and training programs in elderly care and rehabilitation. By 2022, the school has trained over 3,000 elderly care caregivers. L3767 also finances the construction of a Caregiver and Manager Training and Career Center to strengthen elderly care-related courses and trainers.


Note: L3767 pertains to the loan project, Hubei Yichang Comprehensive Elderly Care Demonstration Project.


Source: ADB.

By 2022, most of the goals in the strategic plan have been achieved or will be achieved by the completion of ADB projects (Figure 5). There are three goals whose implementation has either just started or not yet started: (i) promote universal design and pilot home modification, (ii) support informal caregivers, and (iii) conduct demand analysis of the workforce in the elderly care system.

**Figure 5: Status of Implementation of the Elderly Care Services Strategic Development Plan**

<table>
<thead>
<tr>
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<th>Implementation Progress</th>
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<td>Goal 3: Use innovative methods to recruit and retain elderly care workers</td>
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</tr>
</tbody>
</table>

EC = elderly care, HCBC = home- and community-based care, HR = human resources, IT = information technology, PPP = public–private partnership.

IV. PROGRESS IN YICHANG’S ELDERLY CARE SYSTEM DEVELOPMENT

With its long-term partnership with ADB, Yichang has significantly advanced its elderly care system.

A. Capacity of Elderly Care Services Improved

Residential care facilities have increased, as demonstrated by their expanded nursing care capacity. From 2012 to 2021, the residential care facilities in Yichang have increased from 149 to 235 and the number of beds increased from 14,630 to 35,520, averaging 35 beds per 1,000 population aged 60 and above. Some 52% of the beds can provide nursing care, which effectively responded to the target of 55% of nursing care beds in residential care facilities, as stated in the 14th Five-Year Plan, 2021–2025 (footnote 4).

HCBC has been largely developed. By 2022, the YMG had established 186 comprehensive HCBC centers, covering all street offices and townships. This aims to make HCBC services accessible to all communities within a 15-minute walk. In addition to HCBC services, these centers have also started to provide health management and preliminary medical care services.

The capacity of geriatric care will soon be significantly increased through the two geriatric hospitals being developed under L3767. Integration of health care and elderly care has been widely rolled out in all 236 elderly care facilities in Yichang. By the end of 2021, 63 facilities had medical care services and another 103 have established collaboration with medical institutions.

Dementia care and rehabilitation services have sprung from the two ADB loan projects—L3506 (footnote 8) and L3767 (footnote 10)—and are being accommodated in more and more facilities.

B. Elderly Care Quality Assurance System in Place

An elderly care quality assurance system has been put in place in Yichang. In 2017, the Ministry of Civil Affairs established a comprehensive elderly care service standards framework, following which specific service standards at national, provincial, and city levels were formulated. The YMG has issued nine local standards for HCBC services, such as home care for people with disabilities and construction and management of HCBC centers. These service standards have also laid out respective performance evaluation mechanisms to ensure compliance, including user satisfaction surveys, government agency inspections, and third-party evaluations. For example, since 2017, the Yichang Municipal Civil Affairs Bureau (YCBAB) has been conducting inspections to ensure that at least 60% of elderly care facilities can meet the national service standards for residential care facilities. Still, the quality assurance system is quite extensive and needs to be further developed. ADB will continue to support the preparation of the specific service standards that the YMG needs.

12 Street offices are extensions of district people’s governments in the urban areas, which govern a certain number of residents’ committees; whereas, townships are the grassroots governments under the county government in rural areas.
C. Financial Sustainability Improved

The financial sustainability of Yichang’s elderly care services has been improved through diversified and expanded financing sources. Public investments and subsidies have been increasing. In 2021, the YMG’s subsidy reached nearly CNY10 million (around $1.55 million), provided to both elderly care providers and users. From 2014 to 2022, the YMG’s investment in elderly care services reached over CNY5 billion. The launch of the LTCI pilot shoulders part of the care expenditure for older people with disabilities. By May 2021, the LTCI program has covered 455,300 urban residents, accounting for 19% of the urban population and 12% of the total population. Approximately 1,400 older people assessed as severely or moderately disabled are entitled to the benefit of nursing services of up to CNY1,500 per month. Expanded engagement of the private sector in investment has also increased the financing for elderly care in Yichang.

D. Workforce Development and Training Strengthened

With various training programs provided by educational institutes and government agencies, mainly the YCAB and the Yichang Municipal Health Commission, the elderly care service workforce in Yichang has expanded in both number and variety. As of 2022, Yichang had 1,265 elderly care service managers and 2,803 elderly caregivers and nurses, of which 264 hold middle or senior professional certificates. In addition, there were 384 social workers, 160 psychological counselors, 176 rehabilitation teachers, and 182 dietitians with professional certificates.

E. Center of Excellence in Elderly Care Attained

With the progress in elderly care system development, the other objective in the strategic plan of Yichang to become a center of excellence in elderly care has also been fulfilled. In July 2022, Yichang was listed by the Government of the PRC as among the first batch of “national key contact cities” actively responding to an aging population. National key contact cities are model cities that explore innovations in elderly care service systems, operational models, supporting elements, age-friendly environment, and institutional mechanism that can be replicated nationwide.

Yichang has been recognized in its innovative features, such as having genuine and transparent PPP to deliver elderly care services and creating better career opportunities and reward mechanisms to improve caregivers’ retention and career development. Another innovation is the successful conversion of an underused clinic into a community nursing care center for disabled older people, with an efficient and effective service management system. The center has been successfully operated for over 5 years.

Yichang has been spearheading the development of elderly care service standards in the PRC. The YMG participated in the development of two national standards and is leading the preparation of five provincial standards for the elderly care services sector, which is quite an exceptional feat for a municipal government.

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15 $1 = CNY6.45 as of 2021 (average).
V. EXPERIENCES AND LESSONS LEARNED FROM YICHANG

The long-term partnership between ADB and the YMG provides experiences and lessons for cities and countries that need to develop their elderly care system to address population aging challenges. The success of the partnership can be attributed to three factors: (i) national strategies and policies, (ii) the YMG’s commitment and leadership, and (iii) ADB’s support.

A. National Strategies and Policies

The PRC has made the active response to population aging a national strategy and has prioritized elderly care system development. Since 2013, rapidly evolving national policies have set the directions and frameworks that guide and drive local governments in developing their own elderly care systems. The development of national policies has proactively incorporated international experiences and trends. This is why the recommendations from ADB to Yichang are generally in line with the national policy directions, although most of them came before the official announcement of the national policies. This has placed Yichang in an advanced position to translate the national policies into implementation plans and actions in a timely manner at the local level. For example, the strategic plan, endorsed in 2016, is well aligned with the national policy highlights in the 13th Five-Year Plan, 2016–2020 and the 14th Five-Year Plan, 2021–2025, emphasizing, among others, the development of HCBC services, promoting integration of health care and elderly care, engaging the private sector, increasing supply of services for people with care needs or functional impairments, and strengthening service monitoring and evaluation.

The national government has been using various pilot programs to incentivize local governments to explore feasible solutions and innovations to implement the national strategies and policies, which can later be replicated in other places. Usually, each pilot program supports implementation of a key policy with specific selection criteria, financial support and mechanism, and performance evaluation method. Such pilot programs are open for application by all local governments on a competitive basis.

B. Yichang Municipal Government’s Commitment and Leadership

Yichang is among the first batch of cities that has prioritized the development of an elderly care system. The YMG’s strong commitment and leadership have played an important role in the success of its elderly care system. Not only did the YMG recognize elderly care as a pressing development challenge, it recognized it as an emerging sector that can potentially drive the city’s economic growth in the future.

Under ADB project support, the YMG was able to set up an effective institutional mechanism for an elderly care system, which is key to its development and requires heavy coordination effort. Such mechanism features city-level leadership, cross-sector engagement, and strong day-to-day management. A project leading group, chaired by the vice mayor, has been set up to act as a steering committee, with all concerned government agencies engaged as group members, such as civil affairs, finance, health, education, housing, and urban construction. A project management office has been established to supervise overall project implementation and coordinate bureaus and agencies. Directors of the key bureaus are members of the project management office to ensure effective senior-level cross-sector coordination. In 2019, the YMG set up a new state-owned enterprise, the YCJT Group Kangyang Industry Investment Co. Ltd., to implement the two ADB loan projects—L3506 (footnote 8) and L3767 (footnote 10)—and to continue to develop and manage public-funded elderly care facilities in Yichang. Such strengthened institutional capacity of the YMG through ADB projects will continue to benefit future enhancements to its elderly care system.
Aside from ADB support, the YMG has been seeking resources for its elderly care system from national pilot programs. The YMG benefited mainly from two national programs: (i) in 2018, Yichang was selected as one of the national HCBC pilot cities and received CNY30 million from the central government; and (ii) in 2019, Yichang became a pilot city for the National Development and Reform Commission’s program in engaging the private sector to develop inclusive and accessible elderly care services, receiving CNY60 million from the central government. The YMG’s first application for an ADB loan in 2012, which proposed the construction of large residential facilities outside the city, failed because it was not aligned with the key principle of supporting “aging in place.” After this failure, the YMG pivoted its approach and applied for TA support for a strategic plan that paved the way for the two ADB loan projects, with not only financing resources but also knowledge and capacity development to support the development of an elderly care system.

The YMG was highly collaborative and open to learning during the development of the strategic plan. This enabled the TA project team to apply some foreign practices in the PRC at that time, such as needs assessment surveys and focus group discussions. In addition, the YMG was firm in taking on the key, challenging steps during implementation of the strategic plan. For example, the elderly care facility sites are located in consolidated living communities as much as possible, which favored the aging-in-place principle even as this was challenging in relation to land acquisition and resettlement. The YMG stuck to the plan and made great effort to avail of the land and idle state-owned properties, conducting meaningful consultation with the communities in the process.

Like the national government, the YMG has been using public subsidy as an effective tool to incentivize the market players to adopt elderly care reforms. For example, the YMG provides construction and operation subsidies for institutions for the older people that have been operating for over a year to accommodate nursing and hospice care.

C. ADB’s Support

ADB’s support to Yichang City through well-integrated TA projects, loan projects, and knowledge work has greatly contributed to the success of Yichang’s elderly care system development.

ADB’s TA project, Strategic Elderly Care Services Development in Yichang (TA 8672-PRC), enabled the YMG to formulate a strategic plan that is evidence-based, participatory, and consistent with international and national best practices (footnote 6). The strategic plan laid out the high-level objectives and principles that redefined the course of the elderly care system development, turning the YMG’s focus from facility construction to strengthening the support systems. The concept of long-term care allows the government to devote limited public resources to the older people with functional impairments. Guided by the high-level objectives, strategic directions, and principles, the loan projects were able to identify areas to support, which will have profound development impact with high level of synergy with other government initiatives.

ADB also supported the YMG to reap the valuable operational knowledge generated from the TA and loan projects. In September 2022, ADB and the ADB Institute jointly hosted the Elderly Care System Development Forum. One of the highlights in this event was an in-depth examination of the Yichang City case study. Lessons learned were shared with counterparts in the PRC and other developing member countries in the form of presentations and videos, enabling wider replication of the Yichang experience. National and local media’s reporting on this event significantly raised the visibility of this successful case. The knowledge sharing, in turn, benefited the PPP procurement under L3506. It showed the strong commitment and support from ADB and the YMG and greatly boosted the market’s confidence. The transaction attracted three bidders when the elderly care market was heavily depressed.
by the coronavirus disease (COVID-19) pandemic. ADB and the ADB–PRC Regional Knowledge Sharing Initiative established an event website where the key deliverables were uploaded for continuous knowledge sharing. More knowledge events and works will follow as more operational knowledge becomes available during the later stages of project implementation.

In all these three building blocks (i.e., the TA, loan projects, and knowledge work), capacity building has been the key enabler (Figure 6). Under the TA, the training workshop and international study tours have strengthened the YMG’s understanding of the key concepts and knowledge on the elderly care sector. L3506 has built the YMG’s capacity to design, procure, and implement elderly care PPP projects; whereas, L3767 used capacity-building components to strengthen both the YMG’s support systems and the implementing agencies’ capacity to sustain operation and maintenance of the facilities. Through the preparation of the knowledge events, the YMG staff have learned more about how to draw and present their lessons and experiences for wider recognition and replication.

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**Figure 6: Building Blocks of ADB Support for the Elderly Care Services Strategic Development Plan**

- **TA**
  - Generate Operational Knowledge
  - Provide High-Level Guidance
  - Support Priority Area

- **Capacity Building**
  - Generate Operational Knowledge
  - Strengthen Demonstration Effect and Benefit PPP Transaction by Boosting Market Confidence

- **Knowledge**
  - Generate Operational Knowledge

- **Loan**

ADB = Asian Development Bank, PPP = public–private partnership, TA = technical assistance.

Source: ADB.

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D. Lessons and Recommendations

The following are the lessons learned in Yichang and recommendations for the future:

(i) **Flexibility for a fast-evolving sector.** The elderly care sector in the PRC has been evolving very fast in terms of policy, regulation, standards, and market conditions. For example, the capacity development of one of the loan projects (L3767) was originally designed to provide consulting services to help the YMG develop its elderly care service standards. Before the consulting services were in place during implementation, the YMG had already issued some standards and preliminarily set up a quality assurance mechanism. Another example is that the upgraded fire-control standards for elderly care facilities have made rehabilitation of some buildings infeasible; therefore, some project sites must be changed. Such changes required flexibility in project design and technical solutions to allow adjustments from time to time during project implementation.

(ii) **Rural elderly care system to be developed.** Most interventions so far have catered to the urban areas, while the elderly care system is still considerably lagging in the rural areas. Specific solutions should be explored for the rural areas where there are bigger challenges from lower financial capacity, strained family support, scattered residential areas, and worsening mental health issues.

(iii) **Service coordination of medical and elderly care.** The integration of medical and elderly care services has been focused on the accessibility of both types of care in the same facility. Medical care facilities have been adding elderly care services, and elderly care facilities have been adding medical care services, without both coordinating sufficiently. The duplicated efforts may lead to oversupply in facilities with both medical and elderly care services. Going forward, it is important to strengthen service coordination by building linkages between medical and elderly care providers, and supporting transitions between medical and elderly care services with different types of elderly care facilities.

(iv) **Impact evaluation.** It is recommended that an impact evaluation be conducted after project completion to fully assess the success of the long-term partnership between ADB and the YMG in Yichang’s elderly care system development.
Elderly Care System Development in Yichang, People’s Republic of China

Population aging has become a rapid phenomenon in the People’s Republic of China (PRC); hence, the government commenced developing a three-tiered elderly care system consisting of home-based care, community-based care, and residential care. This working paper provides an analysis on how the Asian Development Bank’s intervention has contributed to the achievements in the elderly care system development in Yichang, Hubei Province through long-term engagement and a holistic approach. Yichang has been spearheading the development of elderly care service standards in the PRC and has envisaged in its strategic development plan for elderly care services to become the country’s center of excellence.

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ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. Established in 1966, it is owned by 68 members—49 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.