

Current Situation, Problems and Optimization Path of PPP Project Development in the Field of Elderly Care

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Abstract

At present, China's population is aging and the advanced aging of the elderly population is deepening, and the introduction of PPP model into the field of senior care is an important measure to improve China's senior care service system and solve the dilemma of imbalance between supply and demand in the field of senior care. However, the application of PPP model in the field of senior care is not ideal in practice. In this regard, this paper studies the current situation of senior care PPP project development through the micro data of senior care PPP projects in the Center for Government and Social Capital Cooperation of the Ministry of Finance, analyzes the problems of the current senior care PPP project development and puts forward targeted opinions for further development.

Keywords

Pension PPP; Current Situation; Problems; Optimization Path.

1. Introduction

According to the data of the 7th National Population Census, as of November 1, 2020, the number of people aged 60 and over 65 in China reached 264 million and 191 million, accounting for 18.70% and 13.50% of the national population, respectively, and the aging of the population and the advanced aging of the elderly population are deepening, and China has stepped from the stage of rapid aging into the stage of accelerated aging. The increasing population aging will bring many challenges, such as the gradual disappearance of demographic dividend, shrinking labor force, increasing burden coefficient of young adults, increasing medical costs, increasing elderly dependency ratio, decreasing average savings rate, decreasing social investment and decreasing GDP growth rate, etc. At the same time, population aging will also lead to an increase in the burden of retirement for families and society. In the face of an increasingly serious population aging, the 19th Party Congress Report explicitly calls for "actively responding to population aging", and the 2022 government work report emphasizes "actively responding to population aging and optimizing the supply of urban and rural elderly services". However, it is still difficult to meet the growing demand for elderly care facilities, and there are still problems such as insufficient funding for elderly care services, inadequate marketization of elderly care services, and imbalance between supply and demand, etc. It is important to realize the well-being of the elderly to enhance people's livelihood, and the government has the main responsibility for elderly care, but the limited financial resources of the government can hardly meet the growing demand for elderly care.

Introducing the PPP model into the field of senior care is an important initiative to improve the senior care service system and solve the dilemma of imbalance between supply and demand in the field of senior care in China. In recent years, the central and local governments have issued many policy documents to support the application of PPP model in the field of senior care, and strongly encourage the introduction of PPP model into the field of senior care services.

Compared with the high enthusiasm at the policy level, the PPP model in the field of senior care has frequently encountered coldness at the practical level, facing the embarrassing situation of "hot at the top but cold at the bottom". According to the data of the Center for Government and Social Capital Cooperation of the Ministry of Finance, as of the end of January 2022, the total number of PPP projects in the project management database was 10,254 and the investment amount was 16.2 trillion yuan, while the number of PPP projects and the investment amount in the field of senior care were 99 and 61.2 billion yuan respectively, accounting for only 1.0% of the projects and 0.4% of the investment amount. PPP mode still has great development space in China's senior care field.

In order to further study the development of PPP projects in the field of pensions and the existing problems, this paper studies the current development status of pension PPP projects through the data related to pension PPP projects in the Center for Government and Social Capital Cooperation of the Ministry of Finance, and puts forward targeted opinions on promoting the development of PPP model in the field of pensions.

2. Analysis of the Current Situation of PPP Projects in China's Senior Care Sector

2.1. Analysis of the Number of Senior Citizen PPP Projects Launched

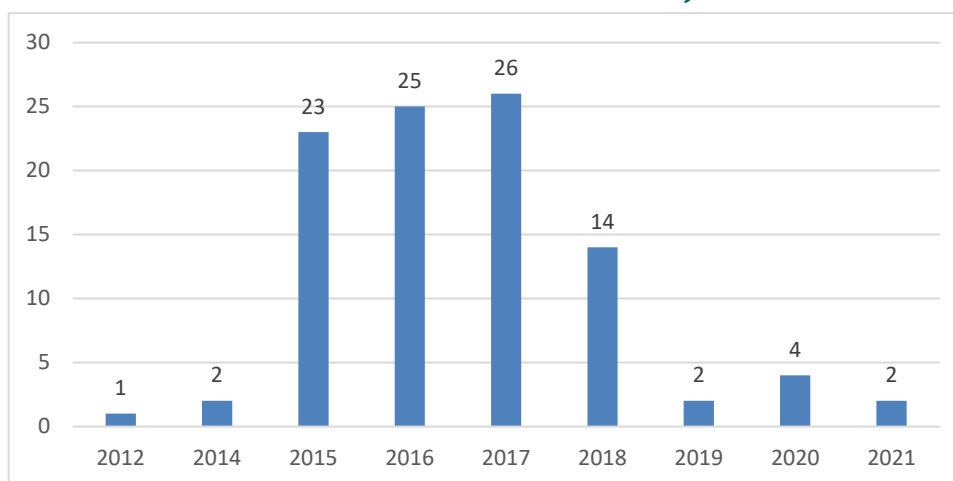


Figure 1. Number of senior care PPP projects initiated in the management database over the years

Data source: Ministry of Finance CPPPC project database

As can be seen from Figure 1, pension PPP projects were mainly concentrated in 2015, 2016 and 2017 launches, and the number of pension PPP project launches decreased significantly from 2018. Compared with 2017, the number of pension PPP project launches decreased by 12 in 2018, while the number of pension PPP project launches was 2, 4 and 2 in 2019, 2020 and 2021, respectively, and the cumulative number of launches in three years was only 8, which was less than one-third of the number of launches in 2017.

2.2. Analysis of the Cumulative Landing and Admission of Pension PPP Projects

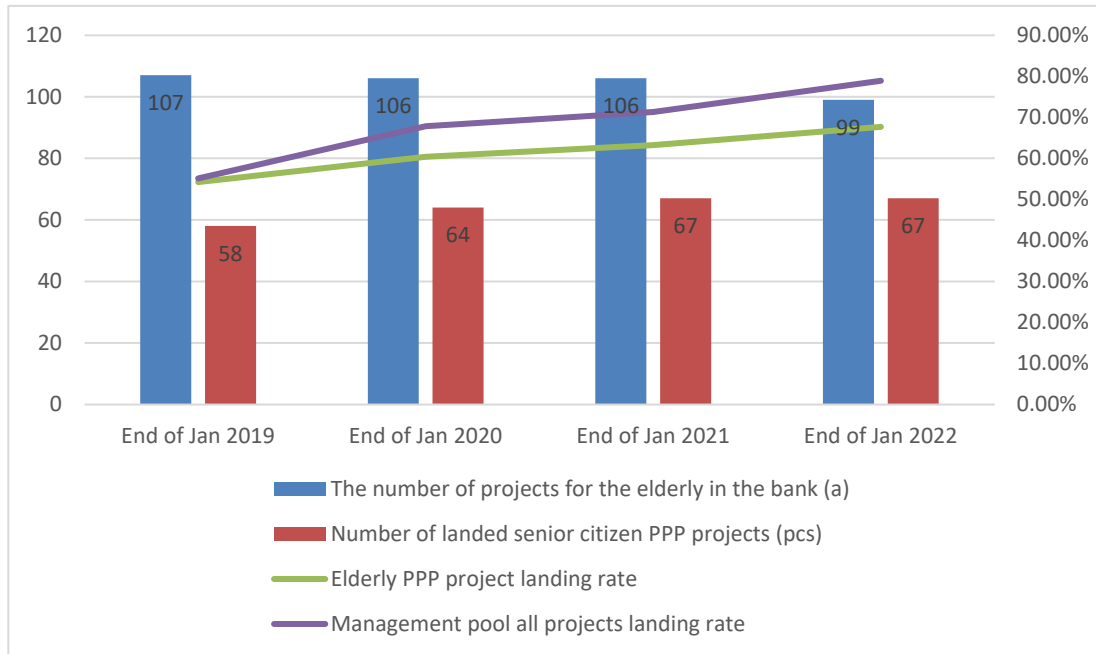


Figure 2. Cumulative entry and landing of elderly PPP projects

Data source: Ministry of Finance CPPPC Project database

As can be seen from Figure 2, the cumulative accession of pension PPP projects has decreased rather than increased since the past three years, and the cumulative accession of pension PPP projects decreased by 8 at the end of January 2022 compared with the end of January 2019, indicating that more pension PPP projects were withdrawn than new ones. In terms of cumulative landed projects, the cumulative number of landed projects of pension PPP projects is on an upward trend, and the ratio of the landing rate of pension PPP projects, i.e., the sum of the number of projects in the transfer and execution stages to the number of projects in the four stages of preparation, procurement, execution and transfer, is also on an upward trend. However, there is still a gap compared with the landing rate of all PPP projects in the management database, and the gap is gradually widening.

2.3. Analysis of the Distribution of Pension PPP Projects by Region

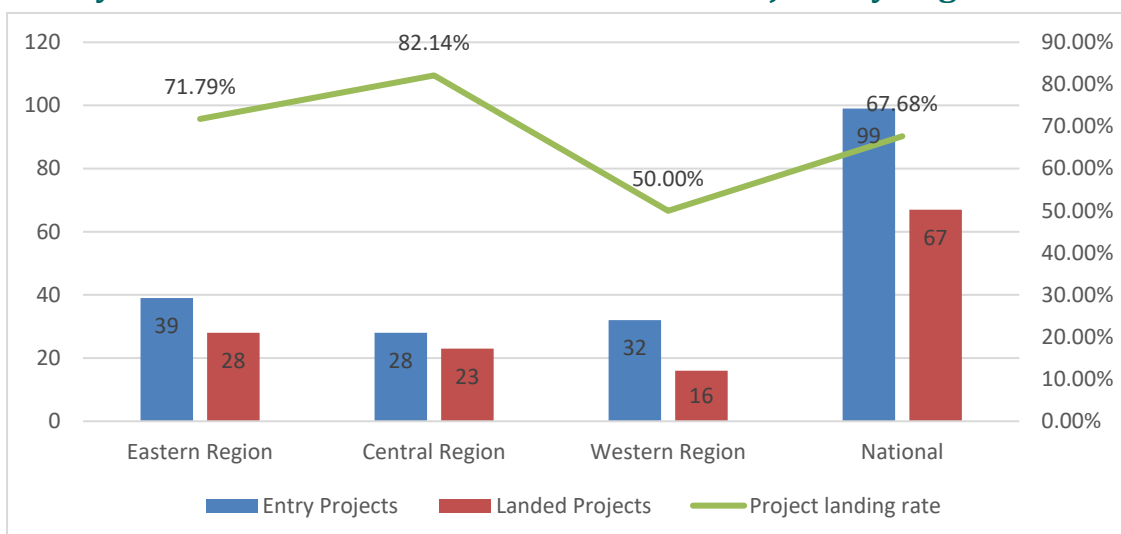


Figure 3. Regional distribution of senior care PPP projects

Data source: Ministry of Finance CPPPC project database

In terms of regional distribution, the regional heterogeneity of pension PPP projects in the east, middle and west regions is obvious, the number of projects in the east, middle and west regions are 39, 28 and 32 respectively, of which 28, 23 and 16 are landed respectively, and the landing rate is 71.79%, 82.14% and 50.00% respectively. In terms of landing rate, the central region has the highest landing rate, the eastern region has the second lowest, and the western region has the lowest landing rate.

2.4. Analysis of the Project Entry and Landing Situation of Pension PPP Projects by Province

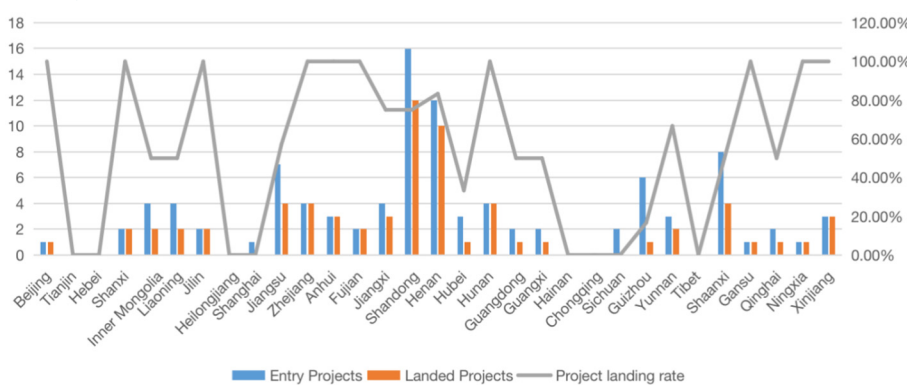


Figure 4. Distribution of pension PPP projects by province
Data source: Ministry of Finance CPPPC project database

Specifically in each province (municipality directly under the Central Government and autonomous region), the number of pension PPP projects in each province (municipality directly under the Central Government and autonomous region) and the number of landed projects are significantly different, among which the number of pension PPP projects in Shandong Province and Henan Province is in the leading position in the country, while there are no pension PPP projects in Tianjin, Hebei, Heilongjiang, Chongqing, Hainan and Tibet Province. In terms of landed projects, Shandong Province and Henan Province are also in the leading position, while Shanghai and Sichuan have not landed any of their projects. From the landing rate, Beijing, Shanxi, Jilin, Zhejiang, Anhui, Fujian, Hunan, Gansu, Ningxia, Xinjiang ten provinces (municipalities directly under the Central Government and autonomous regions) landing rate of 100%, while Guizhou Province landing rate of nearly 16.67%, Hubei Province landing rate of only 33.33%, there are obvious differences in the landing rate.

2.5. Analysis of the Secondary Industry Situation of Pension PPP Projects

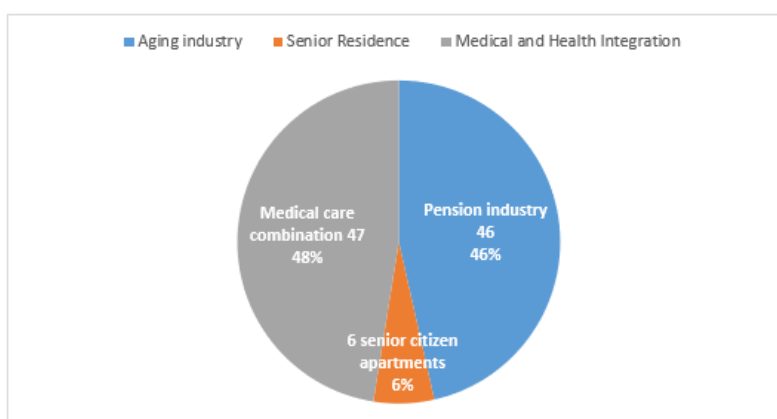


Figure 5. Secondary industry situation of senior care PPP projects
Data source: Ministry of Finance CPPPC project database

In terms of the distribution of the secondary industry of the elderly PPP projects, the elderly PPP projects mainly include the combination of medical and nursing care and the elderly industry, which together account for nearly 94% of the total number of projects, and the elderly apartment projects account for a relatively low percentage. This is consistent with the national policy of vigorously developing combined medical and health care services in recent years. It can be seen that China's senior care PPP projects are mainly in the middle and high-end senior care industry, and the universality is relatively weak.

3. Problems in the Development of Senior Care PPP Projects

3.1. Low Entry Rate of Senior Citizen PPP Projects

Since 2014, the Ministry of Finance and the National Development and Reform Commission began to intensively issue PPP-related policies and guidance documents, and the PPP model began to receive high attention, with a high number of pension PPP project launches in 2015, 2016 and 2017. However, since 2017, the Ministry of Finance and the National Development and Reform Commission began to gradually promote the standardized development of the PPP model, and since then, the number of pension PPP project launches began to drop significantly, and the number of pension PPP project launches in 2018 was significantly lower compared to 2017. And in the last three years, only 8 pension PPP projects were launched in total, and the rate of pension PPP projects in the database is low.

3.2. Low Landing Rate of Pension PPP Projects

In recent years, the number of pension PPP projects has remained stable and slightly decreasing, and the number of landed projects and project landing rate have slightly increased, but the landing rate of pension PPP projects are lower than the landing rate of all projects in the PPP project management library in the same period, and the gap has gradually become larger. At the end of January 2019, the overall project landing rate of the management library was only 0.89% higher than the landing rate of pension PPP projects, and as of January 2022 At the end of January 2019, the number of landed PPP projects in the elderly sector was 67, and the landing rate was only 67.7%, which was much lower than the landing rate of 78.9% for all PPP projects in the management pool. The application of PPP in the field of elderly care is not high and the landing rate is low.

3.3. Uneven Regional Distribution of Pension PPP Projects

At present, there is a big difference in the development of pension PPP projects in the eastern, central and western regions In terms of the projects in the library, the eastern region is the most, the western region is the second, and finally the central region, while in terms of the landing rate, the central region is the highest, with more than 80% of the projects landed, followed by the eastern region, the landing rate of pension PPP projects in the western region is significantly lower than that in the central and eastern regions, with only 50% of the projects landed. The landing rate of pension PPP projects in the western region is significantly lower than that in the central and eastern regions, with only 50% of the projects launched. Specifically for each province (municipality directly under the central government and autonomous region), the number of pension PPP projects in each province (municipality directly under the central government and autonomous region) in China varies significantly, among which the number of pension PPP projects in Shandong Province and Henan Province are in the leading position in the country, and some provinces have no pension PPP projects in the database and landed. The landing rate of Guizhou Province and Hebei Province is much lower than the national average, and the landed projects are less than 40% of the launched projects.

3.4. Weak Universality of Pension PPP Projects

At present, PPP projects for the elderly mainly include two secondary sectors, namely medical and nursing care integration and the elderly care industry. The combined medical and nursing care project combines professional medical technology with living and aging to further meet the specialized needs of the sick or disabled elderly for integrated nursing care. The elderly care industry mainly includes rehabilitation and nursing care centers, which integrate residence, medical care and leisure, forming a comprehensive supporting elderly care service industrial park. Both of them further improve the quality of rate elderly services, but different from the general nursing homes, the combination of medical care and elderly care industry is more high-end in terms of elderly service quality, service integration, etc., and more expensive, with relatively weak universality and low and middle income groups, which can hardly afford their elderly care expenses.

4. Suggestions for the Development of Pension PPP Projects

4.1. Government Further Supports the Development of PPP Projects for the Elderly

First, local governments should further vigorously develop the local economy to provide a favorable economic environment for the implementation of senior care PPP projects. Second, for regions with high population aging and high demand for senior care services, PPP mode can be further applied to provide senior care infrastructure and promote the development of senior care services. Then, the government should increase the capital expenditure for senior care services to provide more financial support for the implementation of senior care PPP projects. Finally, the tax policy system for senior care PPP projects should be improved to encourage social capital to actively participate in the senior care industry by granting corresponding tax relief and lowering the industry entry threshold.

4.2. Development of PPP Projects for the Elderly by District

At present, there are still big differences in the development of senior care PPP projects in different regions of China. For the eastern regions with higher level of economic development, local governments can further introduce relevant policies to support the development of local senior care PPP projects. For the central region, which has a high degree of population aging and the highest landing rate of senior care PPP projects but the economic development level is not as high as the eastern region, it is still necessary to further introduce social capital to improve the supply level of senior care services and alleviate the imbalance of senior care supply and demand. For the western region, which has the lowest landing rate of senior care PPP projects, local governments can introduce more preferential policies to attract social capital investment.

4.3. Improve the Development Pattern of PPP Projects for the Elderly

At present, the existing senior care PPP projects are mainly high-end senior care institutions, which are difficult for low- and middle-income groups to afford, which is not in line with the original intention of improving the senior care service system in China with the PPP model. Therefore, China's senior care PPP projects should further expand to the low end, develop supplementary and improved senior care services, use the PPP model to expand urban community senior care institutions and improve the service quality and facility construction of senior care institutions in backward rural areas, and further improve the fee standards and fee strategies of senior care service institutions in order to ensure certain income to attract social capital investment.

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