

**Strategies to meet challenges of population aging in rural China:
A risk management policy framework**

**Xu Yuebin
School of Social Development and Public Policy,
Beijing Normal University
2011. 12**

Outline

- Population aging in China
- Main risks for rural old people
- Strategies to mitigating the risks

Population aging in China

- In 1999 China became an aging country when its population aged 60 and over reached 10% of the national population. In 2010, the total population grew to 1,370 million, of which the aged population was 178 million or 13.26%; estimated to reach 248 million or 17% of the national population by 2020 and 31% by 2050.
- While the share of rural population declined from around 70% in the mid 19990s to 50% in 2010, the rate of population aging is much higher in the countryside than in the cities, estimated to be over 18% or 123 million.
- Along with increasing trend of rural-urban migration of labor force and families, the countryside is becoming “villages for the aged”.
- “Aging before getting rich” is frequently used to characterize the challenges of population aging in China where resources to meet the needs of the elderly population are limited.

3

Main risks for rural old people

- Currently, rural old people in China are facing three main types of risks:
 - Risks of poverty or income insecurity due to partial coverage of formal income protection programs and declining ability for self-help through farming;
 - Risks of ill-health due to limited access to healthcare services,
 - Risks of being neglected due to unavailability of children for practical support and absence of community services.

4

Risks of poverty

➤ Partial coverage of income security programs

Old age pensions

- **New rural pensions** - adopted nationwide in 2009, and expected to cover all eligible rural people by 2012. In early 2011, the schemes covered over 174 million participants, with over 50 million old people receiving pensions, at an average monthly rate of 70 CNY.
- **Pensions for rural-urban migrant workers** – promotion started in 2009, with schemes being either attached to urban employee pensions or created as separate pools. In 2010, the schemes covered 33 million participants or 13.5% of the total 250 million migrant workers. Affordability, portability are among the major factors leading to low participation rates.

Social assistance

- **Dibao** - In 2010, the program covered over 52 million rural residents at an average monthly rate of 74 CNY. Among the recipients, 32 percent were old people. Elderly poverty underestimated: Old people with adult children are generally ineligible for benefits.
 - **Wubao** - In 2010, the program covered about 5.7 million rural elderly people, of which 1.56 million were cared for in Homes for the Aged and 3.93 million separately in villages. Benefits averaged 1,500 Yuan for separately cared elderly and over 2500 Yuan for those cared in the homes.

Risks of poverty

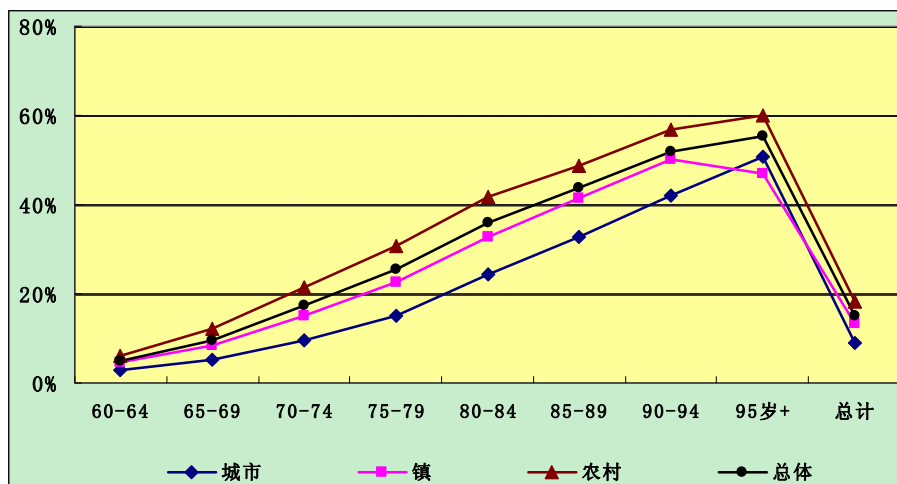
- Declining self-support ability through farming
 - Deteriorating rural infrastructures;
 - High reliance on cash income for agricultural production;
 - 40-50 million farmers lost land, and were unable to find jobs in cities and towns;
“Three nos” farmers
- Uncertainties in financial support by migrant families.

Risks of being neglected in practical support

- **Community services for the aged is almost non-existent in the countryside.**
 - Homes for the Aged admit only old people without a family, and take care of only those with the ability to perform the daily activities, due to constraints in funding and personnel.
 - Old people with a family are cared primarily by spouse or children.
- **Support by children is generally unavailable.**
 - Rural-urban migration has led to general unavailability of adult children to attend to the practical needs of their aged parents left behind in the villages;
 - According to an investigation by Office of National Aging Committee in 2009, over 40% of rural old people live in empty-nest households.

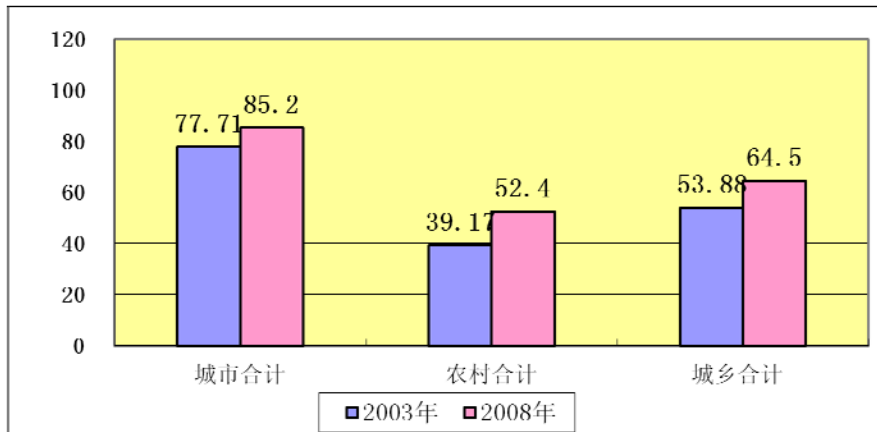
Risks of being neglected in practical support

- Rural old people have a higher rate of being disabled.



Risks of ill-health

- Over 50 percent of rural old people live with a chronic disease.



9

Risks of ill-health

- **Healthcare policies cover only part of the costs.**
 - New rural cooperative medical system (NCMS): Nationwide adoption in 2002, covering over 98% of rural population in 2010 with per capita funding averaging 157 Yuan, and paying around 60% of inpatient care costs;
 - Medical financial assistance (MFA): Nationwide adoption in 2003, with benefits paid to support dibao recipients to participate in NCMS and reimburse part of their inpatient care costs after reimbursement by NCMS;

10

A risk management policy framework

Risks	Policies and roles	
Poverty	NRPS, Dibao, Financial support for old people engaged in agricultural production; Financial incentives for family support	Government
Being neglected	Expanding services of Homes for the aged; Village-based mutual-help groups; Encouraging family support by migrant workers	Government, NGOs, Communities, Families
Ill health, disabilities	NCMS, MFA; Accessibility to village clinics; Outreach services; Preventative programs, e.g. health promotion, health and disease management	Government , NGOs, Communities,

Government plays a major role in making a change

- Extending eligibilities of old people for social assistance, particularly MFA, and raising benefit rates for those living in poverty;
- Providing financial support for old people working the family fields, reducing their reliance on cash income for farming;
- Increasing access of old people to medical services in village clinics, provide outreach services, and implement health management programs;
- Turning Homes for the Aged into community service centers and nursing homes available for all elderly people in need;
- Providing financial incentives to encourage organization of mutual-help groups among the aged, so that those healthy, able-bodied old people can take care of those who are less able.