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THOUGHT LEADERSHIP BRIEF

Scaling Home- and Community-Based Services for Older People Through PPPs in China

Zilin Li and Stuart Gietel-Basten

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KEY POINTS

- Public–private partnerships (PPPs) have supported the rapid expansion of home- and community-based services (HCBS) for older people in China. Yet, concerns remain regarding service utilisation and long-term sustainability.
- PPPs in China's social service sector operate within a state-led model, in which non-state actors primarily act as policy implementers.
- China's administrative structure and blurred boundaries between the state and society are key to understanding the coordination challenges in PPPs.
- Harnessing the synergistic gains of PPPs requires regulatory frameworks that are transparent and consistently applied, alongside stronger communication and coordination mechanisms among various actors.

ISSUE

Population ageing is putting increasing pressure on governments worldwide to expand long-term care services for older people. Demand for home- and community-based services (HCBS) is rising as family structures change, multimorbidity prevalence increases, and institutional care becomes more costly and less desirable. China officially shifted its policy focus from institutional care to HCBS since the 12th Five-Year Plan for the Development of Elder Care Services (2011–2015) (State Council, 2011). The central government established targets for a "90–7–3" structure, aiming to have 90% of older adults receiving care at home, 7% supported by community-based services, and 3% receiving institutional care.

Meanwhile, China's broader economic transition and public-sector reforms have supported the use of public–private partnerships (PPPs) as a valuable policy tool for delivering public infrastructure and services since the 2000s. Through the involvement of

non-governmental organisations (NGOs) and private enterprises, PPPs are expected to enhance efficiency by leveraging specialised expertise and flexible service delivery, while offering greater capacity to respond to increasingly heterogeneous social needs. The elder care sector has followed this trend, with governments increasingly encouraging the participation of non-state actors[1] and the use of market mechanisms.

Despite the fact that aging in place aligns with older people's preferences and PPPs improve service capacity and options, HCBS utilization remains low (Zhou & Walker, 2021). At the same time, although policy and market narratives are optimistic about the elder care industry, most service organizations still struggle to establish sustainable business models (The Paper, 2024). These realities reveal inefficiencies in PPP-based HCBS and raise concerns about effective utilization, service quality, and long-term sustainability.

As widely recognized in the PPP literature, establishing PPPs does not, in itself, guarantee the achievement of PPP's synergy effects (Lægreid et al., 2015). PPPs are complex institutional arrangements involving multiple actors with differing priorities, incentives, and degrees of power. Collaboration often spans multiple administrative levels and policy networks governed by distinct institutional rules and values. As PPPs have diffused globally, they have taken varied forms across political and institutional contexts; nonetheless, harnessing their full potential remains a common governance challenge (Hodge et al., 2018).

ASSESSMENT

Our research examines how PPPs operate in the HCBS sector in Guangzhou, a pioneer city in PPP initiatives, elder care service development, and policy experiments. Based on semi-structured interviews with service organizations engaging in PPP-based HCBS provision, we assessed how partnership dynamics and coordination challenges unfold in China.

PPPs in China's HCBS sector are fundamentally state-led. The central government sets the overall policy direction, while local governments serve as commissioners to define participation criteria, expected outcomes, and evaluation standards. Recent reforms in Guangzhou illustrate how these dynamics play out in practice.

In 2020, the Guangzhou municipal government launched a flagship programme, the Guangzhou Sub-district Comprehensive Elder Care Service Centre (Yikang Centre) Construction and Improvement Action Plan, to promote the comprehensive provision of HCBS. This approach encourages private capital investment while allowing comprehensive HCBS centres to deliver both marketized and public-funded services through government procurement. The municipal government set an ambitious target to reach full coverage at the community level by 2025. Each centre must exceed 1,000 square metres and provide a wide range of professional services, including long-term care and healthcare-related support.

To facilitate this expansion, sub-district governments allocated approximately RMB 500,000 per centre annually through public procurement (as of 2021). However, this funding does not cover start-up costs such as renovation and equipment. Therefore, service providers typically need to invest an additional 50 to 100 percent of the public funding to meet establishment and qualification requirements.

Underlying these substantial investments from both the local government and service organizations is the strong state capacity in mobilizing social resources. Guangzhou's designation in 2016 as a national pilot city for HCBS development encouraged strong local government commitment, as policy experimentation offers opportunities for innovation and political recognition. By the end of 2024, the city achieved full community-level coverage of HCBS facilities, reflecting strong implementation momentum. Meanwhile, enthusiastic participation by non-state actors, particularly private enterprises, occurs despite the HCBS industry still being in its early stages and mature, profitable business models remaining limited. Nonetheless, ongoing policy support provides service organizations with confidence in the HCBS sector's long-term development. It leads them to view PPPs as strategic investments that offer branding opportunities and early market entry.

The above-mentioned requirements on service organizations have also significantly shaped the provider landscape. For an extended period, NGOs, particularly social work agencies, were the primary partners in community-based services in Guangzhou, reflecting earlier policies that were primarily focused on meeting the basic needs of the most disadvantaged populations. As policy expectations for HCBS have shifted toward large-scale professional provision and the needs of households across different income levels, most grassroots NGOs lack the financial and professional capacity to meet these requirements and are redirecting their efforts toward small-scale, niche services that leverage their community networks and expertise. Consequently, private enterprises have become the dominant provider of the comprehensive HCBS centres in Guangzhou.

PPPs extend beyond contractual arrangements and also involve ongoing relational interactions among actors. In China's social service sector, these relationships have often been characterised by asymmetric power dynamics between state and non-state actors, particularly when NGOs are the primary partners. NGOs depend heavily on government funding, which constrains their operational autonomy. Despite decades of engagement in public service delivery, China's NGO sector remains dominated by small-scale organisations

[1] We use 'non-state actors' to represent what is typically referred to in China as 'social forces' (shehui liliang), which include both nonprofit and for-profit organisations and entities that are not a part of the government (Luo & Zhan, 2018).

with limited management capacity and a shortage of specialised agencies (Hasmath & Hsu, 2014). They are also frequently required to undertake tasks beyond their original service contracts, which stretches their limited resources and reduces attention to service users.

With increased private-sector involvement in Guangzhou's elder care sector, PPP dynamics have changed significantly. More widespread use of market principles and substantial financial and professional investments in PPPs enhances the financial independence of service organizations and provides greater flexibility in daily operations. However, their influence beyond the organizational level, such as evaluation standards, remains limited. Most interviewees see themselves as policy takers within the government-established framework for PPPs, highlighting the hierarchical nature of state–non-state relations.

Although PPPs have driven the rapid expansion of HCBS in Guangzhou, the expected gains in service integration and in addressing unmet care needs have not yet been fully realized. These limitations are shaped by coordination challenges arising from institutional fragmentation and strategic behavior, which must be understood within China's distinctive political and social context.

Comprehensive HCBS centres aim to deliver a range of services, but achieving this requires coordination across sectors and networks, which can be challenging under China's tiao–kuai structure, which splits authority between functional departments and local governments (Lieberthal, 1997). A typical example is the integration of healthcare and long-term care. Although frequently emphasised in policy discourse, progress has been incremental because these services operate under separate financing arrangements and regulatory frameworks and are managed by siloed departments. Vertical fragmentation further complicates coordination. For instance, Civil affairs authorities establish overarching standards and evaluation frameworks, whereas district governments oversee contracting and funding decisions. Decentralisation allows local flexibility; however, social welfare is often a lower political priority for local cadres, which can lead to a focus on measurable indicators, such as service coverage, rather than service quality. Functional authorities that define long-term goals have limited leverage over the political incentives shaping local implementation, leading to uneven application of standards and weaker incentives for providers to invest in quality improvement.

Beyond administrative fragmentation, misaligned priorities between state and non-state actors also pose additional challenges for the provision of PPP-based HCBS. In quasi-welfare sectors such as elder care, responsibilities for welfare provision are not always clearly understood by the public. Although policy discourse emphasises extensive service coverage and strong government commitment, public-funded services focus on securing the needs of the most disadvantaged populations.

While PPPs are intended to meet the needs of households across different income levels and gradually promote marketized services, this objective has not been clearly communicated in public discourse. As a result, many households continue to perceive elder care as a shared responsibility involving families, markets, and the state for everyone, while the fact is that public-funded services are reserved for targeted populations. This discrepancy between public perceptions and actual welfare arrangements further reduces willingness to pay, particularly in a context where incomes among older adults are limited and service consumption habits are still developing. Therefore, public-funded services dominate comprehensive HCBS centres, but demand for higher-quality, innovative market services remains limited. Due to uncertain returns and slim margins, providers lack incentives to invest in new care models or improve services, leading to a tendency to maintain the status quo.

RECOMMENDATIONS

Improving the effectiveness of PPPs requires procurement and regulatory frameworks that are transparent, consistently applied, and adaptable to evolving care needs. Against the backdrop of increased diversity of actors, clearer and more coherent standards for PPP procurement, implementation, and evaluation can reduce uncertainty for service providers and support fairer competition. Performance management should also move beyond expansion targets alone and incorporate indicators related to service integration, quality, and user experience.

Effective HCBS provision further depends on coordination across actors, sectors, and administrative levels. Strengthening relational governance through regular communication, trust-building, and shared problem-solving can enhance coordination and reduce implementation frictions. Both formal and informal communication platforms can facilitate intersectoral dialogue and support collaboration, which is essential for delivering integrated social services. In particular, increasing the involvement of non-state actors in policy design and evaluation can improve responsiveness to diverse social needs and stimulate service innovation.

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Zilin Li is a postdoctoral researcher in the Department of Equity, Ethics and Policy, Faculty of Medicine and Health Sciences, McGill University and holds a PhD in Public Policy from the Hong Kong University of Science and Technology. Her research examines how social and policy factors shape inequalities in health and well-being, with a focus on population aging, informal caregiving, and the design and governance of health and social care systems. Her research appears in journals such as *Social Science & Medicine* and *Social Policy and Society*.

Stuart Gietel-Basten is a Professor of Social Science and Public Policy at the Hong Kong University of Science and Technology. He is also the Associate Dean (Research) of the School of Humanities and Social Sciences, Associate Director of the Center for Aging Science and Associate Director of Leadership and Public Policy Executive Education.