

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Regional	Project Title:	Investment in OrbiMed Asia Partners V, L.P.
Lending/Financing Modality:	Financial Intermediary, Equity	Department/ Division	Private Sector Operations Department Private Sector Investment Funds and Special Initiatives Division

I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY			
Poverty targeting: General Intervention			
A. Links to the National Poverty Reduction and Inclusive Growth Strategy and Country Partnership Strategy			
<p>The Asian Development Bank (ADB) proposes an equity investment of up to \$75,000,000 in OrbiMed Asia Partners V, L.P. (OAP V), a private equity fund established with an expected fund size of \$1 billion. OAP V is expected to provide mainly growth capital to health care companies operating in India and the People's Republic of China (PRC) across the biopharma, medical technology, health care services, diagnostics, and distribution subsectors. The proposed investment is consistent with ADB Strategy 2030's operational priority 1, which calls for sovereign and nonsovereign operations to combine efforts to achieve the overarching goal of universal health coverage and focuses on addressing poverty and reducing inequalities by generating quality jobs to support inclusive growth for all.^a The proposed investment is also in line with operational priority 2, accelerating progress in gender equality. The proposed investment in OAP V is aligned with ADB's country partnership strategy for India, 2018–2022 and its country partnership strategy for the PRC, 2021–2025, both of which include support for the health sector as a strategic priority.^b</p>			
B. Results from the Poverty and Social Analysis during Transaction TA or Due Diligence			
<p>1. Key poverty and social issues. The PRC was the first country to be affected by coronavirus disease (COVID-19), while India reported its first COVID-19 case in January 2020. Since then both countries have suffered several rounds of upsurges of the disease. The COVID-19 pandemic has shown that demand for critical health care services, including diagnostic, pharmaceutical, and intensive care unit services, can skyrocket during an unexpected health care crisis. The pandemic has increased the need for higher health care capacity reserves and adoption of digital health technologies and stimulated demand for quality health care services and products, as well as hard and soft health infrastructure across the ADB's developing member countries.</p> <p>2. Beneficiaries. OAP V aims to invest in 20–25 health care companies operating in India and the PRC in the biopharma, medical technology, health care services, diagnostics, and distribution subsectors. These investments will benefit the companies' employees, supply chain, contractors, and customers.</p> <p>3. Impact channels. OAP V will promote gender equity. OrbiMed Advisors LLC (OrbiMed) is expected to adopt measures promoting gender equality across OAP V's operations by introducing and implementing a gender lens investing approach in the fund's portfolio and supporting the career development of its female professional staff. ADB will require the fund manager to promote good governance practices in the investees. Investee companies must demonstrate such practices as they seek additional sources of growth capital from institutional and/or individual investors.</p> <p>4. Other social and poverty issues. Not applicable.</p> <p>5. Design features. ADB's proposed investment in OAP V is expected to be highly catalytic in developing effective long-term solutions and responses to the global health care crisis by enhancing disease detection, treatment, and response capacities in the fund's target markets of India and the PRC. OAP V will seek potential investee companies that (i) serve large, underserved markets and/or are developing innovative products or services; (ii) are market leaders in the region or market segment; (iii) are led by strong, proven management teams with deep local market knowledge, operational experience, and access; (iv) offer an attractive entry point valuation; and (v) whose promoters are aligned with the fund in realizing an exit within a 3–6 year investment horizon (slightly longer for early-stage investments, which need more time to mature relative to growth investments).</p>			
II. PARTICIPATION AND EMPOWERING THE POOR			
<p>1. Participatory approaches and project activities that will strengthen inclusiveness in project implementation. The project offers limited opportunities for participation given the private commercial nature of investments in companies.</p> <p>2. CSO participation. The commercial nature of private equity investment also limits the opportunity for participation of civil society organizations in project implementation.</p> <p>3. Approaches of CSO participation envisaged during project implementation.</p>			
<u>NA</u> Information generation and sharing	<u>NA</u> Consultation	<u>NA</u> Collaboration	<u>NA</u> Partnership

4. Participation plan.	
<input type="checkbox"/> Yes. <input checked="" type="checkbox"/> No. A plan is not required as the project has no significant social safeguards issues. <input type="checkbox"/> Other plans and/or frameworks	
III. GENDER AND DEVELOPMENT	
Gender mainstreaming category: effective gender mainstreaming	
<p>1. Key issues. Women entrepreneurs face a substantial capital gap, which the International Finance Corporation estimates at more than \$1.45 trillion. However, the situation is improving. The Wharton Social Impact Initiative found that capital raised by private equity, venture capital, and private debt funds to invest in businesses that are owned or led by women or benefit women quadrupled from \$1.1 billion in 2017 to more than \$4.8 billion in 2019.^c By investing in companies that advance gender equality, private equity funds are driving the closure of gender gaps while generating higher economic returns. The growing popularity of gender lens investing is backed by evidence that investing in women makes economic sense. A study by the Boston Consulting Group found that for every \$1 of investment raised, companies owned by women generated \$0.78 in revenue compared with \$0.31 for businesses owned by men.^d Another study revealed that investors in companies with strong gender diversity strategies receive excess returns of 3.5% on average.^e Further, gender diversity in leadership is known to spur long-term innovation and creativity. By eliminating gender inequalities, Asia and the Pacific can add \$4.5 trillion to regional annual gross domestic product by 2025, a 12% increase over a no-action scenario.^f Despite clear evidence that gender-diverse teams lead to better financial performance,^g the investment industry (which includes investment management, mutual funds, hedge funds, private equity, and venture capital funds) has one of the lowest shares of women in leadership positions of any sector.^h In Asian private equity and venture capital firms, women are significantly underrepresented, making up only 18% of employees and holding just 12% of senior roles.ⁱ OrbiMed's employee handbook includes a zero-tolerance policy toward discrimination, harassment, and inappropriate workplace behavior. Firm-wide mandatory training on these policies is conducted annually. OrbiMed also has a structured mentorship program to help develop a diverse pool of talented professionals across the firm and build a strong pipeline of future senior professionals, including female and minority team members. OrbiMed has a policy on preventing sexual harassment that applies globally. On 31 December 2021, women made up 29% of the fund's staff.</p>	
<p>2. Key actions. Key features of the gender action plan are as follows: (i) a gender and impact scorecard is used to evaluate OAP V's investment, (ii) events are held for female investment staff globally to promote exchange and develop professional networks, (iii) all female investment professionals in OrbiMed's Asia offices engage in a mentorship program, and (iv) the number of women at or above director level is increased.</p>	
<input checked="" type="checkbox"/> Gender action plan <input type="checkbox"/> Other actions or measures <input type="checkbox"/> No action or measure	
IV. ADDRESSING SOCIAL SAFEGUARD ISSUES	
<p>A. Involuntary Resettlement Safeguard Category: <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input checked="" type="checkbox"/> FI treated as C</p>	
<p>1. Key impacts. No involuntary resettlement impacts are anticipated. Portfolio companies utilize land and building spaces that are either leased or purchased through willing seller, willing buyer arrangements. They will have no recourse to government-led compulsory acquisition that would result in involuntary land acquisition.</p>	
<p>2. Strategy to address the impacts. No strategy is required. However, the environmental and social management system (ESMS) requires the screening of proposed portfolio companies for any involuntary displacement.</p>	
<p>3. Plan or other Actions.</p>	
<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <input type="checkbox"/> Resettlement plan <input type="checkbox"/> Resettlement framework <input type="checkbox"/> Environmental and social management system arrangement <input checked="" type="checkbox"/> No action </div> <div style="width: 45%;"> <input type="checkbox"/> Combined resettlement and indigenous peoples plan <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework <input type="checkbox"/> Social impact matrix </div> </div>	
<p>B. Indigenous Peoples Safeguard Category: <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input checked="" type="checkbox"/> FI treated as C</p>	
<p>1. Key impacts. No involuntary resettlement impacts are anticipated. Portfolio companies are not expected to have any impacts on sociocultural groups that may be considered tribes or indigenous communities. ADB will not contribute capital to any proposed investment that is likely to result in impacts on indigenous peoples.</p>	
<p>Is broad community support triggered? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	
<p>2. Strategy to address the impacts. No strategy is required. However, the ESMS requires the screening of proposed portfolio companies for direct or indirect adverse or beneficial impacts on distinct and vulnerable ethnic minority groups.</p>	

3. Plan or other actions.	
<input type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> Social impact matrix <input checked="" type="checkbox"/> No action	<input type="checkbox"/> Combined resettlement plan and indigenous peoples plan <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework <input type="checkbox"/> Indigenous peoples plan elements integrated in project with a summary
V. ADDRESSING OTHER SOCIAL RISKS	
A. Risks in the Labor Market	
1. Relevance of the project for the country's or region's or sector's labor market.	
<input type="checkbox"/> unemployment <input type="checkbox"/> underemployment <input type="checkbox"/> retrenchment <input checked="" type="checkbox"/> core labor standards (L)	
2. Labor market impact. Investments in portfolio companies may lead to job creation and employment. The ESMS includes monitoring of measures taken by investees to comply with national labor laws and internationally recognized core labor standards, following ADB's Social Protection Strategy.	
B. Affordability	
The fund's investment will help in achieving universal health coverage, including access to affordable essential medicines and vaccines for all	
C. Communicable Diseases and Other Social Risks	
1. The impact of the following risks are rated as high (H), medium (M), low (L), or not applicable (NA):	
<input type="checkbox"/> Communicable diseases (NA) <input type="checkbox"/> Human trafficking (NA) <input type="checkbox"/> Others (please specify) _____	
2. Risks to people in project area.	
None identified	
VI. MONITORING AND EVALUATION	
1. Targets and indicators. The fund targets enhance gender inclusivity by increasing the number of women in top management positions and providing female investment staff with opportunities for developing professional networks and participating in mentorship programs.	
2. Required human resources. OrbiMed has engaged an environmental and social (E&S) safeguard manager who is responsible for E&S management procedures and monitoring.	
3. Information in the project administration manual. Not applicable.	
4. Monitoring tools. The fund will submit to ADB annual E&S monitoring reports.	

Sources: Asian Development Bank and OrbiMed Asia Partners.

^a ADB. 2018. [Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific](#). Manila.

^b ADB. 2017. [Country Partnership Strategy: India, 2018–2022—Accelerating Inclusive Economic Transformation](#). Manila; and ADB. 2016. [Country Partnership Strategy: People's Republic of China—Transforming Partnership: People's Republic of China and Asian Development Bank, 2016–2020](#). Manila.

^c S. Biegel, M. Brown, and S. Hunt. 2021. [Tracking Venture Capital, Private Equity, and Private Debt with a Gender Lens](#). Philadelphia, PA: Wharton Social Initiative.

^d Boston Consulting Group. 2018. [Why Women-Owned Startups Are a Better Bet](#). Article.

^e Credit Suisse. 2021. [The CS Gender 3000 in 2021: Broadening the Diversity Discussion](#). Switzerland.

^f ADB. [Unlocking Private Investment to Drive Positive Change for Women in Asia and the Pacific](#). Manila.

^g McKinsey & Company. 2015. [Why Diversity Matters](#). London.

^h S. Biegel, et al. 2020. [Gender Lens Investing Landscape—East & Southeast Asia](#). Tokyo. p.10.

ⁱ Preqin. [Women in Private Equity](#).