

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Regional	Project Title:	Proposed Equity Investment in CreditAccess Asia
Lending/Financing Modality:	Equity Investment	Department/ Division:	Private Sector Operations Department Private Sector Financial Institution

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy

The proposed project will provide equity investment into CreditAccess Asia (CAA) to support its microfinance operations across Asia, specifically in India, Indonesia, Philippines, and Viet Nam and support their growth. These subsidiaries offer financial products and services to women to improve their economic productivity and income-generating capacity. The project will respond to the findings in the India Country Partnership Strategy 2013-2017^a, Indonesia Country Partnership Strategy 2016-2019^b, Philippines Country Partnership Strategy 2011-2016^c, and Viet Nam Country Partnership Strategy 2016-2020^d, which identify lack of economic opportunities and access to financial services as constraints in reducing poverty.

B. Poverty Targeting

☒ General Intervention ☐ Individual or Household (TI-H) ☐ Geographic (TI-G) ☐ Non-Income MDGs (TI-M1, M2, etc.)

The proposed project will promote financial inclusion, which is a core segment in CAA's operation.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. CAA is a holding company of microfinance institutions across South and Southeast Asia, providing financial and non-financial services to approximately 1.8 million underserved women clients and employs 7,325 across the three countries where it currently operates. ADB's proposed equity investment will support CAA and its subsidiaries.

2. Impact channels and expected systemic changes. CAA extends financial services in productive sectors such as animal husbandry, trading sector, agriculture, service, transportation, manufacturing, and retail. Financing economic activities of households in these sectors will enable the same to increase their productivity and address other basic needs such as proper nutrition, good health and education.

3. Focus of (and resources allocated in) the PPTA or due diligence. Due diligence will confirm and assess impact of CAA's operations on involuntary resettlement and indigenous peoples, if any. It will also look at other social dimension concerns such as opportunities to mainstream gender in project design and compliance with labor standards.

4. Specific analysis for policy-based lending. Not applicable.

II. GENDER AND DEVELOPMENT

1. What are the key gender issues in the sector/subsector that are likely to be relevant to this project or program? CAA operating subsidiaries provide financial services in semi-urban and rural areas to large underserved segments, comprising mostly women. CAA directly addresses financing constraints of women through group lending, individual loans and insurance services through its operating subsidiaries targeting mostly economically active women earning less than \$5-6 per day, and who do not have or only have partial access to formal financial institutions. Operating subsidiaries also lend to women micro and small entrepreneurs who do not have collateral or lack the capacity to undergo bureaucratic processes with banks.

2. Does the proposed project or program have the potential to make a contribution to the promotion of gender equity and/or empowerment of women by providing women's access to and use of opportunities, services, resources, assets, and participation in decision making?

☒ Yes ☐ No Please explain. A gender action plan will be prepared and include measures specifically targeted to women clients.

3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?

☐ Yes ☒ No Please explain. Due diligence will confirm client's policy on non-discrimination as well as in promoting equal employment opportunities.

4. Indicate the intended gender mainstreaming category:

☒ GEN (gender equity) ☐ EGM (effective gender mainstreaming)
☐ SGE (some gender elements) ☐ NGE (no gender elements)

III. PARTICIPATION AND EMPOWERMENT
<p>1. Who are the main stakeholders of the project, including beneficiaries and negatively affected people? Identify how they will participate in the project design.</p> <p>Key stakeholders comprise women borrowers of CAA's operating subsidiaries. This will be considered in setting project targets and indicators.</p> <p>2. How can the project contribute (in a systemic way) to engaging and empowering stakeholders and beneficiaries, particularly, the poor, vulnerable and excluded groups? What issues in the project design require participation of the poor and excluded?</p> <p>CAA operating subsidiaries partner with civil society organizations for the delivery of its non-financial services and corporate social responsibility activities.</p> <p>3. What are the key, active, and relevant civil society organizations in the project area? What is the level of civil society organization participation in the project design?</p> <p><input checked="" type="checkbox"/> M Information generation and sharing <input type="checkbox"/> L Consultation <input type="checkbox"/> L Collaboration <input type="checkbox"/> N Partnership</p> <p>4. Are there issues during project design for which participation of the poor and excluded is important? What are they and how shall they be addressed? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Not applicable. CAA's microfinance operations are limited to lending products and other financial services.</p>
IV. SOCIAL SAFEGUARDS
<p>A. Involuntary Resettlement Category <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input checked="" type="checkbox"/> FI (treated as C)</p>
<p>1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Loan sizes offered by CAA operating subsidiaries to joint liability groups (JLGs) and micro entrepreneurs range from \$200 to \$500, and \$500 to \$2100, respectively, in sectors such as retail trading activities, food service or catering industry, and agriculture. Activities financed by operating subsidiaries are unlikely to generate involuntary resettlement impacts.</p> <p>2. What action plan is required to address involuntary resettlement as part of the PPTA or due diligence process?</p> <p><input type="checkbox"/> Resettlement plan <input type="checkbox"/> Resettlement framework <input type="checkbox"/> Social impact matrix</p> <p><input type="checkbox"/> Environmental and social management system arrangement <input checked="" type="checkbox"/> None</p>
<p>B. Indigenous Peoples Category <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input checked="" type="checkbox"/> FI (treated as C)</p>
<p>1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Ticket sizes of loans offered by CAA operating subsidiaries to JLG and micro entrepreneurs range from \$200 to \$500 and \$500 to \$2100, respectively, in sectors such as retail trading activities, food service or catering industry, and agriculture. Activities financed by operating subsidiaries are unlikely to generate impacts on indigenous peoples.</p> <p>3. Will the project require broad community support of affected indigenous communities? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Not applicable.</p> <p>4. What action plan is required to address risks to indigenous peoples as part of the PPTA or due diligence process?</p> <p><input type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Social Impact matrix</p> <p><input type="checkbox"/> Environmental and social management system arrangement <input checked="" type="checkbox"/> None</p>
V. OTHER SOCIAL ISSUES AND RISKS
<p>1. What other social issues and risks should be considered in the project design?</p> <p><input checked="" type="checkbox"/> L Creating decent jobs and employment <input checked="" type="checkbox"/> L Adhering to core labor standards <input type="checkbox"/> Labor retrenchment</p> <p><input type="checkbox"/> Spread of communicable diseases, including HIV/AIDS <input type="checkbox"/> Increase in human trafficking <input type="checkbox"/> Affordability</p> <p><input type="checkbox"/> Increase in unplanned migration <input type="checkbox"/> Increase in vulnerability to natural disasters <input type="checkbox"/> Creating political instability</p> <p><input type="checkbox"/> Creating internal social conflicts <input type="checkbox"/> Others, please specify _____</p> <p>2. How are these additional social issues and risks going to be addressed in the project design?</p> <p>Due diligence will confirm compliance of client to core labor standards.</p>
VI. PPTA OR DUE DILIGENCE RESOURCE REQUIREMENT
<p>1. Do the terms of reference for the PPTA (or other due diligence) contain key information needed to be gathered during PPTA or due diligence process to better analyze (i) poverty and social impact; (ii) gender impact, (iii) participation dimensions; (iv) social safeguards; and (v) other social risks. Are the relevant specialists identified?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>2. What resources (e.g., consultants, survey budget, and workshop) are allocated for conducting poverty, social</p>

and/or gender analysis, and participation plan during the PPTA or due diligence?

ADB staff will conduct due diligence and assess poverty, social, and gender concerns relevant to the proposed project.

^a ADB. 2013. Country Partnership Strategy: India, 2013-2017. Manila.

^b ADB. 2016. Country Partnership Strategy: Indonesia, 2016-2019. Manila.

^c ADB. 2011. Country Partnership Strategy: Philippines, 2011-2016. Manila.

^d ADB. 2016. Country Partnership Strategy: Viet Nam, 2016-2020. Manila.