



Initial Poverty and Social Analysis

July 2019

REG: Proposed Equity Investment
Everbridge Partners Fund I, L.P.

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Asian Development Bank

NOTE

- (i) In this report, "\$" refers to United States dollars.

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INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Regional	Project Title:	Everbridge Partners Fund I, L.P.
Lending/Financing Modality:	Financial Intermediary	Department/ Division:	PSOD/PSTS

I. POVERTY IMPACT AND SOCIAL DIMENSIONS
<p>A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy</p> <p>The proposed investment in Everbridge Partners Fund I, L.P. (Everbridge I) , a fund managed by Everbridge Partners Private Limited (together with its affiliates, Everbridge), will provide equity investments in growth stage opportunities in middle market companies operating in sectors including healthcare, business services, and consumer sectors, primarily in People’s Republic of China (PRC), India and Southeast Asia (Indonesia, Philippines, Thailand and Malaysia). The proposed investment in Everbridge I aligns with operational priorities outlined in ADB’s Strategy 2030.^a These include (i) addressing remaining poverty and reducing inequalities by generating quality jobs, improving education, and achieving better health for all, and (ii) fostering regional cooperation and integration by enhancing connectivity and strengthening finance sector cooperation. The investment in Everbridge I is aligned with ADB’s country partnership strategy, 2016–2020 for the PRC, which promotes finance sector infrastructure and support commercially viable business models to assist in the continued domestic rebalancing from industry to services.^b The investment in the fund is consistent with the country partnership strategy, 2018–2022 for India which (i) includes support for the health sectors as strategic priority; and (ii) focusses on the importance of gender equality.^c The investment in Everbridge I is also consistent with ADB’s country partnership strategy for Indonesia, 2016–2019, which prioritizes inclusive growth by improving job creation, deepening capital markets, and investing in financial infrastructure.^d</p>
<p>B. Poverty Targeting</p> <p><input checked="" type="checkbox"/> General intervention <input type="checkbox"/> Individual or household (TI-H) <input type="checkbox"/> Geographic (TI-G) <input type="checkbox"/> Non-income MDGs (TI-M1, M2)</p> <p>Extreme poverty in the PRC, India and Southeast Asia (Indonesia, Philippines, Thailand and Malaysia) has declined in the last decade. According to ADB statistics report the proportion of population below \$1.90 purchasing power parity (PPP) a day in 2017 in Malaysia and Thailand at zero percent, while the PRC had 0.7%. The Philippines and Indonesia achieved 7.8% and 5.7% respectively, while poverty incidence in India remained a challenge at 21.2% of the population by the same measure in 2017.^e Going forward, private sector financing is essential in these countries where poverty persists for the continued creation of decent jobs to sustain gains in alleviating poverty. Highlighting the need for decent jobs, ADB statistics report that the proportion of employed population below \$1.90 PPP a day in 2018 in India, Indonesia and the Philippines was 13.4%, 5.2% and 4.1% respectively. Health indicators in target countries signal gaps in medical care services could be supported through private sector investment, especially maternal healthcare and cardiovascular, respiratory and oncological disease prevention and treatment. ADB statistics report that maternal mortality rates in 2015 in India, Indonesia and the Philippines remained persistently high at 174, 126 and 114 deaths per 100,000 live births respectively in each country. These figures stand out in sharp contrast with PRC, Malaysia and Thailand where ADB statistics reported 27, 40 and 20 deaths respectively per 100,000 live births in the same year.</p>
<p>C. Poverty and Social Analysis</p> <p>1. Key issues and potential beneficiaries. Populations remain vulnerable to falling back into extreme poverty, especially in India, Philippines and Indonesia where natural disasters, economic shocks, and food insecurity can quickly reverse gains. The primary beneficiaries of the project are the target investee companies in the sectors in which the fund invests (envisaged to be healthcare, business services and consumer sectors), and their employees. Indirect beneficiaries include the businesses and their employees within the supply chains of each investee company.</p> <p>2. Impact channels and expected systemic changes. The project will stimulate private sector investments that will create employment opportunities primarily in the healthcare, business services, and consumer sectors.</p> <p>3. Focus of (and resources allocated in) the transaction TA or due diligence. Due diligence will focus on the fund manager’s capacity to sustainably manage its investees and increase employment opportunity within each portfolio company.</p>
II. GENDER AND DEVELOPMENT
<p>1. What are the key gender issues in the sector and/or subsector that are likely to be relevant to this project or program? In its March 2019 report on improving the gender balance in private equity and venture capital, the International Finance Corporation identified that women are significantly underrepresented among the investment decision-makers at private equity and venture capital firms, as well as in the leadership of companies that receive this investment capital.^f According to the report, women hold only 10% of all senior positions in private equity and venture capital firms globally, and this underrepresentation of women as allocators and recipients of capital put</p>

<p>access to financing at risk for female entrepreneurs and may reduce investment returns for funds. Within the Everbridge senior team of eight senior professionals, only one is female, she is not a partner and she is not on the investment committee. She is however one of two managing directors. More broadly, except for Thailand the Philippines, the countries targeted for investment by the fund were reported as below the global average gender parity score in the World Economic Forum's Global Gender Gap Index 2018.⁹ No target country was found to have wage equality for similar work, despite their being near parity and above (i.e. more women) in the share of men and women holding professional and technical jobs, except in India. Inequality between men and women also exists in the political systems of each country, except the Philippines where slightly more women than men are political representatives. Educational attainment rates are largely on par between men and women across the countries, however literacy rates for Indian women are reported as marginally lower for women than men in India (59.3 and 78.9 respectively).</p>
<p>2. Does the proposed project or program have the potential to contribute 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? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>As Everbridge recognizes the importance of gender equality in its operations and that of its investees, it has indicated to ADB its willingness to consider implementation of gender inclusion and diversity actions. ADB will during due diligence explore opportunities for gender mainstreaming in the fund manager's business, during its investment appraisal process and in its portfolio companies.</p>
<p>3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>While such impacts are not expected, ADB will ensure during due diligence that Everbridge has appropriate policies and procedures in place to ensure that its investments do not cause adverse impacts on women or girls or widen inequalities.</p>
<p>4. Indicate the intended gender mainstreaming category:</p> <p><input type="checkbox"/> GEN (gender equity) <input type="checkbox"/> EGM (effective gender mainstreaming) <input checked="" type="checkbox"/> SGE (some gender elements) <input type="checkbox"/> NGE (no gender elements)</p>
<p>III. PARTICIPATION AND EMPOWERMENT</p>
<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. The primary beneficiaries of the project are the target investee companies in the sectors in which the fund invests (envisaged to be healthcare, business services and consumer sectors), and their employees. Indirect beneficiaries include the businesses and their employees within the supply chains of each investee company. During due diligence, the project team will assess how beneficiaries in these sectors can benefit from Everbridge I portfolio company business activities.</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? The project will have few opportunities for participation given the private commercial nature of investments in companies. If Everbridge I portfolio companies are required to conduct public consultation due to the nature of their business activities, the fund manager will require such consultation to be carried out in accordance with applicable national laws and regulations and the ADB Safeguard Policy Statement 2009 (SPS). The project is expected to stimulate private sector investments that will create employment opportunities primarily in the healthcare, business services, and consumer sectors.</p> <p>3. What are the key, active, and relevant civil society organizations (CSOs) in the project area? What is the level of civil society organization participation in the project design? <input checked="" type="checkbox"/> Information generation and sharing (L) <input type="checkbox"/> Consultation <input type="checkbox"/> Collaboration <input type="checkbox"/> 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 should they be addressed? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>The commercial nature of fund investments will not require a participation plan, however any community outreach or support activities by investees will be monitored by the fund manager and reported to ADB in the Annual Environmental and Social Performance Report.</p>
<p>IV. SOCIAL SAFEGUARDS</p>
<p>A. Involuntary Resettlement Category <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input checked="" type="checkbox"/> FI</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 Portfolio companies currently managed by the fund manager have not caused involuntary physical or economic displacement impacts and future investments by Everbridge I are similarly not expected to involve land acquisition nor physical nor economic displacement impacts.</p>
<p>2. What action plan is required to address involuntary resettlement as part of the transaction TA or due diligence process?</p>

<input type="checkbox"/> Resettlement plan	<input type="checkbox"/> Resettlement framework	<input type="checkbox"/> Social impact matrix
<input checked="" type="checkbox"/> Environmental and social management system arrangement		<input type="checkbox"/> None
B. Indigenous Peoples Category <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input checked="" type="checkbox"/> FI		
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		
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 Portfolio companies managed by Everbridge have not adversely affected or targeted as beneficiaries distinct and vulnerable indigenous peoples or ethnic minority communities and future investments through Everbridge I are similarly not expected to involve impacts.		
3. Will the project require broad community support of affected indigenous communities? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No During due diligence the team will ensure that Everbridge I has an environmental and social management system in place that will screen for impacts on indigenous or ethnic minority groups in the areas where portfolio companies are undertaking their business activities.		
4. What action plan is required to address risks to indigenous peoples as part of the transaction TA or due diligence process?		
<input type="checkbox"/> Indigenous peoples plan	<input type="checkbox"/> Indigenous peoples planning framework	<input type="checkbox"/> Social impact matrix
<input checked="" type="checkbox"/> Environmental and social management system arrangement		<input type="checkbox"/> None
V. OTHER SOCIAL ISSUES AND RISKS		
1. What other social issues and risks should be considered in the project design?		
<input checked="" type="checkbox"/> Creating decent jobs and employment (L) <input checked="" type="checkbox"/> Adhering to core labor standards (L) <input checked="" type="checkbox"/> Labor retrenchment (L)		
<input type="checkbox"/> Spread of communicable diseases, including HIV/AIDS <input type="checkbox"/> Increase in human trafficking <input type="checkbox"/> Affordability		
<input type="checkbox"/> Increase in unplanned migration <input type="checkbox"/> Increase in vulnerability to natural disasters <input type="checkbox"/> Creating political instability		
<input type="checkbox"/> Creating internal social conflicts <input type="checkbox"/> Others, please specify _____		
2. How are these additional social issues and risks going to be addressed in the project design? The fund manager's investment pipeline includes companies operating in the healthcare, business services and consumer sectors, which present national labor issues related to contractualization (i.e. short-term and unprotected temporary work arrangements). Retrenchment can also be an issue in private equity investments. During due diligence the team will assess the fund manager's capacity and resources to identify and manage labor risks in portfolio companies.		
VI. TRANSACTION TA OR DUE DILIGENCE RESOURCE REQUIREMENT		
1. Do the terms of reference for the transaction TA (or other due diligence) contain key information needed to be gathered during transaction TA 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? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
2. What resources (e.g., consultants, survey budget, and workshop) are allocated for conducting poverty, social, and/or gender analysis, and participation plan during the transaction TA or due diligence? Due diligence will be undertaken by the project team in accordance with ADB requirements for financial intermediaries. the team will ensure that post-investment, the Everbridge I fund manager has adequate resources and capacity to undertake required due diligence and analysis for its investments in target companies.		

^aADB. 2018. Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific. Manila.

^bADB. 2015. Country Partnership Strategy: People's Republic of China—Transforming Partnership: People's Republic of China and Asian Development Bank, 2016–2020. Manila.

^c ADB. 2017. Country Partnership Strategy: India, 2018-2022—Accelerating Inclusive Economic Transformation. Manila.

^d ADB. 2016. Country Partnership Strategy: Indonesia, 2016–2019—Towards a Higher, More Inclusive, and Sustainable Growth Path. Manila.

^e ADB. 2019. Basic Statistics 2019. Manila.

^f International Finance Corporation. 2019. Moving toward gender balance in private equity and venture capital. Washington.

^g World Economic Forum. 2018. The Global Gender Gap Report 2018. Washington. Source: ADB.