



Initial Poverty and Social Analysis

July 2020

REG: Equity Investment in OrbiMed Asia Partners
IV, L.P.

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Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
OAP IV	–	OrbiMed Asia Partners IV, L.P.
PRC	–	People's Republic of China

NOTE

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

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INITIAL POVERTY AND SOCIAL ANALYSIS

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

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy
 The Asian Development Bank (ADB) proposes an equity investment of up to \$75,000,000 in OrbiMed Asia Partners IV, L.P. (OAP IV), a private equity fund established with an expected fund size of \$650 million. OAP IV is expected to provide mainly growth capital to health care companies operating in the People's Republic of China (PRC) and India across the biopharma, medical technology, health care services, diagnostics, and distribution subsectors. The proposed investment in OAP IV is aligned with ADB's country partnership strategy for India, 2018–2022 and country partnership strategy for the PRC, 2016–2020, both of which include support for the health sector as strategic priorities.^a

B. Poverty Targeting
 General intervention Individual or household (TI-H) Geographic (TI-G) Non-income MDGs (TI-M1, M2, etc.)
 The transaction aims to support universal health coverage, addressing poverty and reducing inequalities by generating quality jobs to support inclusive growth for all, and accelerating progress in gender equality.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. 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. This pandemic is pushing the need for higher health care capacity reserves and stimulating direct demand for health care services and products, and soft and hard health infrastructure across ADB's developing member countries. OAP IV aims to invest in 15–20 health care companies operating in India and the PRC in the biopharma, medical technology, health care services, diagnostics, and distribution subsectors.
2. Impact channels and expected systemic changes. OAP IV 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 team 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).
3. Focus of (and resources allocated in) the transaction TA or due diligence. The due diligence will examine the potential social safeguards impacts and other social risks of the investment and examine potential improvements in OrbiMed's environmental and social management system based on its performance in the past two funds.
4. Specific analysis for policy-based lending. Not applicable.

II. GENDER AND DEVELOPMENT

1. What are the key gender issues in the sector and/or subsector that are likely to be relevant to this project or program? Women are significantly underrepresented among the investment decision makers at private equity and venture capital firms across the globe. In these investment institutions in Asia, women account for 18% of employees and occupy only 12% of senior roles—the lowest figure of any asset class and unchanged from 2017.^b
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? Yes No
3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality? Yes No
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

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 main stakeholders of the investment are the investee companies and their employees. Due to the nature of the project, there will be limited scope for them to participate in the project design.

<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 nature of the investment in the fund limits opportunities of engaging and empowering stakeholders and beneficiaries. However, the investment is expected to boost support for health care companies and may increase employment.</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? [NA] Information generation and sharing [NA] Consultation [NA] Collaboration [NA] 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>
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 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. What action plan is required to address involuntary resettlement as part of the transaction TA or due diligence process? <input type="checkbox"/> Resettlement plan <input type="checkbox"/> Resettlement framework <input type="checkbox"/> Social impact matrix <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 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>3. Will the project require broad community support of affected indigenous communities? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>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 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? <input checked="" type="checkbox"/> Creating decent jobs and employment (L) <input checked="" type="checkbox"/> Adhering to core labor standards (L) <input type="checkbox"/> Labor retrenchment <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 _____</p> <p>2. How are these additional social issues and risks going to be addressed in the project design? Investments in portfolio companies may lead to job creation and employment. The environmental and social management system 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.</p>
VI. TRANSACTION TA OR DUE DILIGENCE RESOURCE REQUIREMENT
<p>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</p> <p>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? The project team will conduct the due diligence in accordance with ADB requirements.</p>

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- ^a 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.
- ^b Preqin Ltd. 2019. *Women in Private Equity*. London.