



Initial Poverty and Social Analysis

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Regional: Investment in OrbiMed Asia Partners V,
L.P.

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INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Regional	Project Title:	Investment in OrbiMed Asia Partners V, 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 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 the People's Republic of China (PRC) and India 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,^a 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. 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 country partnership strategy for the PRC, 2021–2025, both of which include support for the health sector as strategic priorities.^b

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. The 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. 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 ADBs developing member countries. 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.
2. Impact channels and expected systemic changes. OAP V will promote gender equity 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, which are critical for investee companies to demonstrate as they seek additional sources of growth capital from institutional and/or individual investors.
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? Private equity funds, by investing in companies that advance gender equality, 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, women-owned companies generated \$0.78 in revenue compared to \$0.31 for men-owned businesses.^c Another study, by Credit Suisse, revealed that investors in companies with strong gender diversity strategies receive excess returns of 3.5%, on average.^d The investment industry needs more women in leadership. Despite clear evidence that gender-diverse teams lead to better financial performance,^e the investment industry

(which includes investment management, mutual funds, hedge funds, private equity and venture capital funds) have one of the lowest shares of women in leadership positions of any sector.^f In Asian private equity and venture capital firms, women are significantly underrepresented with women making up only 18% of employees and holding just 12% of senior roles.^g Across Asia, there are persistent gender gaps in women's access to health due to their more limited time, constrained access to resources and restricted mobility. A 2010 study found that women in Asia were not involved in decisions concerning their health in 50% or more of households.^h Exacerbating these gender barriers is an often severely resource-constrained healthcare delivery system which further reduces both coverage and access. Females in India account for only 33% of hospital visits among children and 43% among the elderly.ⁱ In China, health insurance mainly covers people with formal jobs hence women, who are less likely to obtain and maintain formal employment, are less likely to have health insurance.^j The role of women as healthcare providers represents an important, but significantly untapped, potential. In India, 70% of the healthcare workforce is made up of women, but less than 25% are in leadership positions.^k

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 access to and use of opportunities, services, resources, assets, and participation in decision-making? ☒ Yes ☐ No

Potential gender measures to be analyzed during due diligence may include use of a scorecard to evaluate the fund's investments in relation to gender impact, professional development events and/or expansion of the mentorship program for female staff and increase in the number of women in senior roles.

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 EMPOWERING THE POOR

1. Who are the main stakeholders of the project, including beneficiaries and affected people? Explain how they will each participate in the project's 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.

2. Who are the key, active, and relevant CSOs in the project area? None identified.

3. Are there issues during project design for which participation of the poor and vulnerable is important?

☐ Yes ☒ No If yes, what are these issues?

4. How will the project ensure the participation of beneficiaries and affected people, particularly the poor and vulnerable and/or CSOs, during project design to address these issues?

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.

5. What level of CSO participation is planned during the project design?

[NA] Information generation and sharing [NA] Consultation [NA] Collaboration [NA] Partnership

IV. SOCIAL SAFEGUARDS

- A. Involuntary Resettlement Category** ☐ A ☐ B ☐ C ☒ FI treated as C

1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? ☐ Yes ☒ 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.

2. What action plan is required to address involuntary resettlement as part of the transaction TA or due diligence process?

☐ Resettlement plan ☐ Resettlement framework ☐ Social impact matrix
☐ Environmental and social management system arrangement ☒ None

- B. Indigenous Peoples Category** ☐ A ☐ B ☐ C ☒ FI treated as C

1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples? ☐ Yes ☒ No

2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? ☐ Yes ☒ 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.

3. Will the project require broad community support of affected indigenous communities? ☐ Yes ☒ No

4. What action plan is required to address risks to indigenous peoples as part of the transaction TA or due diligence process?

☐ Indigenous peoples plan ☐ Indigenous peoples planning framework ☐ Social impact matrix

☐ Environmental and social management system arrangement ☒ None

V. OTHER SOCIAL ISSUES AND RISKS

1. What other social issues and risks should be considered in the project design?

☒ Creating decent jobs and employment (L) ☒ Adhering to core labor standards (L) ☐ Labor retrenchment

☐ Spread of communicable diseases, including HIV/AIDS ☐ Increase in human trafficking ☐ Affordability

☐ Increase in unplanned migration ☐ Increase in vulnerability to natural disasters ☐ Creating political instability

☐ Creating internal social conflicts ☐ Others, please specify _____

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.

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?

☒ Yes ☐ No

2. What resources (e.g., consultants, survey budget, and workshop) are allocated for conducting poverty, social, and/or gender analysis; and the participation plan during the transaction TA or due diligence?

The project team will conduct the due diligence in accordance with ADB requirements.

ADB = Asian Development Bank, COVID-19 = coronavirus disease, CSO = civil society organization, GAP = gender action plan, OAP V = OrbiMed Asia Partners V, L.P., PRC = People's Republic of China

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 Boston Consulting Group. 2018. [Why Women-Owned Startups Are a Better Bet](#). Article.
- ^d Credit Suisse. 2021. [The CS Gender 3000 in 2021: Broadening the diversity discussion](#). Switzerland.
- ^e McKinsey and Company. 2015. [Why diversity matters](#). London.
- ^f Biegel, S. et.al. 2020. [Gender Lens Investing Landscape - East and Southeast Asia](#). Tokyo. p.10
- ^g Prequin. [Women in Private Equity](#). London.
- ^h World Health Organization. 2010. [Gender, women and primary health care renewal](#). Geneva.
- ⁱ Vasudevan, Uma et al. 2019. [Household out-of-pocket expenditure on health care](#) - A cross-sectional study among urban and rural households. *Journal of family medicine and primary care* vol. 8,7. Mumbai.
- ^j Zhou, M. et.al. 2021. [Gender differences in health insurance coverage in China](#). International Journal for Equity in Health.
- ^k IndiaMedToday. 2022. [Women leaders tend to utilise a more democratic form of leadership](#). Bangalore.