

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Regional	Project Title:	OrbiMed Asia Partners III, LP Fund
Lending/Financing Modality:	Others – Fund	Department/ Division:	Private Sector Operations Department / Private Sector Investment Funds and Special Initiatives Division

<p>I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY</p> <p>Poverty targeting: general intervention</p> <p>A. Links to the National Poverty Reduction and Inclusive Growth Strategy, and Country Partnership Strategy</p> <p>The proposed transaction will provide equity investment of up to \$60 million in OrbiMed Asia Partners III, LP Fund (OAP III) and build on the initial investment by the Asian Development Bank (ADB) of \$60 million in OrbiMed Asia Partners II (OAP II), increasing ADB’s exposure to a wide range of health care opportunities in the region, primarily in the People’s Republic of China (PRC) and India. OAP III, OrbiMed’s third Asia-focused private equity fund, will continue to target growth equity opportunities in Asia in health care areas such as pharmaceuticals, biotechnology, medical devices, health services, and digital health companies. The transaction is consistent with ADB’s country partnership strategy, 2016–2020 for the PRC,^a which mandates ADB’s private sector operations to explore opportunities to support and provide financing to commercially viable business models in social development, particularly in health. Likewise, the country partnership strategy, 2013–2017 for India^b and India’s Twelfth Five Year Plan, 2012–2017 both recognize health as an area of concern.</p> <p>B. Results from the Poverty and Social Analysis during Project Preparation or Due Diligence</p> <p>1. Key poverty and social issues. A 2016 publication by the Organisation of Economic Co-operation and Development (OECD) and the World Health Organization (WHO)^c observes that the share of deaths from non-communicable diseases among adults is rapidly increasing in the Asia-Pacific region, with cardiovascular diseases and cancers being the most common causes of death. In the PRC, the cancer mortality rate is at 140 deaths per 100,000 population; in India, it is considerably lower at 68 deaths per 100,000 population, while life expectancy in India is also considerably lower than in other countries. Communicable diseases such as respiratory infections, diarrheal diseases, and tuberculosis, along with maternal and perinatal conditions, remain major causes of death in many countries in the Asia-Pacific region. The report cites tuberculosis as the leading cause of death among communicable diseases in the Asia-Pacific region. Four of the five countries in the world with the largest number of tuberculosis incident cases in 2014 were in the Asia-Pacific region—e.g., India (2.2 million), Indonesia (1 million), and the PRC (0.9 million). Recent medical technologies have improved diagnosis and treatment of these conditions, but have also contributed to an increase in health care spending. OAP III’s investment strategy will contribute to combating some of these communicable and noncommunicable diseases by investing in companies that provide cost-effective health products, services, and delivery modalities, particularly for underserved population in the PRC and India.</p> <p>2. Beneficiaries. OAP III aims to invest in 15–20 companies mostly in the PRC and India. OAP III’s investments will be guided by the following principles: (i) improvement in the affordability and quality of health care products and services, particularly for the largely underserved Asian consumers; (ii) better access and more efficient use of health care services outside of major Asian urban cities; and (iii) leveraging of Asia’s cost advantage and local strengths.</p> <p>3. Impact channels. OAP III investments will contribute to making drug therapies accessible and affordable for Asia’s underserved areas. Access to essential and affordable medicines and services is still a challenge, especially in rural areas—out-of-pocket medical expenses push people on low incomes further down the poverty line.</p> <p>4. Other social and poverty issues. – Not applicable.</p> <p>5. Design features. OAP III targets to be launched with \$500 million of capital commitments, which will be invested in 15–20 companies engaged in the delivery of health care goods and services. Investments are expected to support middle-market companies and small and medium-sized enterprises (SMEs) in the health care industries; and increase employment generated by investee companies by at least 10%.</p> <p style="text-align: center;">II. PARTICIPATION AND EMPOWERING THE POOR</p>
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<p>1. Participatory approaches and project activities. Considering the nature of the transaction, opportunities for the participation of the poor and vulnerable are limited, since OAP III is a private equity fund managed by investment professionals.</p> <p>2. Civil society organizations. – Not applicable.</p> <p>3. The following forms of civil society organization participation are envisaged during project implementation, rated as high (H), medium (M), low (L), or not applicable (NA): <input type="checkbox"/> NA Information gathering and sharing <input type="checkbox"/> NA Consultation <input type="checkbox"/> NA Collaboration <input type="checkbox"/> NA Partnership</p> <p>4. Participation plan. <input type="checkbox"/> Yes. <input checked="" type="checkbox"/> No. – Not applicable.</p>
III. GENDER AND DEVELOPMENT
<p>Gender mainstreaming category: no gender elements</p>
<p>A. Key issues. The OECD and the World Bank report that breast cancer accounts for around 187,000 deaths per year in the Asia-Pacific region, while cervical cancer causes 138,000 deaths per year in the region. Both conditions are preventable and curable if detected early. However, financial, geographical, and sociocultural barriers prevent women from meeting their health care needs. Lack of financial resources and the high cost of medical products and services are often factors that hinder women, especially those in low-income households, from getting medical attention. In addition, the number and distribution of health service providers are inadequate, and female health care professionals are lacking, particularly in rural areas.</p>
<p>B. Key actions. <input type="checkbox"/> Gender action plan <input type="checkbox"/> Other actions or measures <input checked="" type="checkbox"/> No action or measure OAP III's strategy is to invest in health care companies operating in underserved areas and may include opportunities to invest in companies that focus on women's and children's health. This will be monitored in the annual reports submitted to ADB. The annual report will also include sex-disaggregated information on employment generated by OAP III investee companies.</p>
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. – Given the nature of OAP III's planned portfolio, no involuntary resettlement impact is expected. 2. Strategy to address the impacts. – Not applicable. 3. Plan or other actions. <input checked="" type="checkbox"/> Environmental and social management system (ESMS) arrangements.</p>
<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. – Given the nature of OAP III's planned portfolio, no impacts are expected on indigenous peoples. OAP III investments will not affect indigenous peoples' distinct habitats or ancestral territories, indigenous knowledge, food production systems, natural resource management, crafts, and trade. Is broad community support triggered? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No 2. Strategy to address the impacts. – Not applicable. 3. Plan or other actions. <input checked="" type="checkbox"/> ESMS arrangements.</p>
V. ADDRESSING OTHER SOCIAL RISKS
<p>A. Risks in the Labor Market</p> <p>1. Relevance of the project for the country's or region's or sector's labor market, indicated as high (H), medium (M), and low or not significant (L). <input type="checkbox"/> unemployment <input type="checkbox"/> underemployment <input type="checkbox"/> retrenchment <input checked="" type="checkbox"/> core labor standards</p> <p>2. Labor market impact. Investments in portfolio companies may lead to job creation and employment. The ESMS will include monitoring of measures taken by investees to comply with national labor laws and internationally recognized core labor standards, in accordance with ADB's Social Protection Strategy.</p>
<p>B. Affordability</p> <p>The fund will explore investment opportunities in manufacturing, marketing, and distribution of products that can improve the affordability and quality of pharmaceuticals, medical devices, and diagnostics, which will help meet unmet consumer needs, especially of those in lower-income groups.</p>
<p>C. Communicable Diseases and Other Social Risks</p> <p>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) _____</p> <p>2. Risks to people in project area. – Not applicable</p>

VI. MONITORING AND EVALUATION

1. **Targets and indicators.** The fund targets at least 75% of its investment in middle-market companies and SMEs in the health care industries by 2023, an increase of at least 10% in the employment generation of its investee companies, and at least 70% of investee companies demonstrating a measurable improvement in the delivery of health care goods and services.
2. **Required human resources.** OAP III will assign an ESMS officer to monitor the environmental and social impacts of the investee companies.
3. **Information in the project administration manual.** Not applicable.
4. **Monitoring tools.** OrbiMed will include the status and progress of these indicators in its annual reports to ADB. ADB's project team will review the reports and conduct review missions to validate and monitor progress of the project.

Sources:

^a ADB. 2016. Country Partnership Strategy: People's Republic of China, 2016–2020. Manila.

^b ADB. 2013. Country Partnership Strategy: India, 2013–2017. Manila.

^c OECD/WHO (2016), *Health at a Glance: Asia/Pacific 2016: Measuring Progress towards Universal Health Coverage*. Paris: OECD Publishing.