



Initial Poverty and Social Analysis

December 2019

REG: Asian Sustainable Infrastructure Mobilization Project

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Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
CCH	–	Clifford Capital Holdings Pe. Ltd.

NOTE

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

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INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Regional	Project Title:	Asian Sustainable Infrastructure Mobilization Project
Lending/Financing Modality:	Equity	Department/Division:	Private Sector Operations Department / Infrastructure Finance Division 2 Private Sector Financial Institutions Division

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

The proposed investment in Clifford Capital Holdings Pte. Ltd. (CCH) will help catalyze and attract long-term institutional capital to the underserved infrastructure financing market in Asia. The proposed investment in CCH aligns with operational priorities outlined in the Asian Development Bank (ADB) Strategy 2030.^a These include (i) addressing remaining poverty and reducing inequalities by generating quality jobs and increasing private investments in the poor and vulnerable developing member countries, (ii) accelerating progress in gender equality by enhancing women's participation and access to decision-making and leadership roles within CCH, and (iii) supporting economic and social growth through regional infrastructure development which promotes higher quality connectivity and integration within the region.

B. Poverty Targeting

General intervention Individual or household (TI-H) Geographic (TI-G) Non-income MDGs (TI-M1, M2, etc.)

This investment will help facilitate quality job creation in these economies, including by small and medium-sized enterprises, through enhancing the sustainability of capital markets providing finance to infrastructure-focused companies.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. The infrastructure sector is a key source of employment across ADB's 45 developing member economies. While many of these economies have reached middle-income status, many continue to face challenges caused by entrenched poverty and vulnerability, climate change, and global economic uncertainty. The primary beneficiaries of the investment are infrastructure sector companies that will utilize the services of the CCH group companies, and their employees. Indirect beneficiaries include the businesses and their employees within the supply chains of each CCH client company.

2. Impact channels and expected systemic changes. The expansion of four commercial financial institutions under CCH, supported by patient institutional investors and based in the finance sector hub of Singapore, will stimulate private sector investments that will create regional infrastructure and finance sector employment opportunities.

3. Focus of (and resources allocated in) the transaction TA or due diligence. Due diligence will focus on the project's compliance with environmental and social undertakings in the environmental and social management systems (ESMS) of CCH's group companies as well as gender inclusivity in CCH policy and procedures.

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? CCH and its group companies will be established in Singapore. The gender wage gap widened in Singapore in 2018, with the median monthly wage for women representing 88% of that for men in the country (91% in 2017).^b The median monthly wage for women working in the finance and insurance industries was 80% of salaries for men. Women are significantly underrepresented in the "professional" category of the finance and insurance industries, despite being overrepresented in the more junior positions in such companies and are significantly excluded from board-level decision-making.^c

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

The project presents an opportunity to promote gender inclusivity in a finance sector company through skills enhancement and leadership training. Due diligence will assess CCH retention and promotion policy for enhancement opportunities.

3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality? Yes No

The Project is not expected to cause any specific cultural or social impact upon or exclude any socioeconomic group, including women, from benefiting from the project.

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? The expected beneficiaries of the project are client infrastructure sector companies and their stakeholders involved in, or affected by, business operations.

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? CCH and its group companies will have few opportunities for participation given the financial services and commercial nature of their business activities with client companies. If client companies are required to conduct public consultation because it is required in the jurisdiction in which they operate due to the nature of their business activities, CCH is expected to require such consultation to be carried out in accordance with applicable national laws and regulations. Due diligence will review how, and the degree to which, CCH and its group operating companies assess compliance with public consultation and participation in client company operations.

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?

Information generation and sharing (L) Consultation Collaboration Partnership

CCH group companies operate as financial intermediaries that aim to mobilize long-term institutional capital to finance infrastructure companies in Asia. This role as intermediary provides limited opportunity for direct engagement with civil society organizations interested in their clients' business activities apart from information gathering and sharing in the public domain.

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? Yes No

The commercial nature of CCH's financial intermediation business activities will not require a project participation plan. The ESMS for CCH's group operating companies require assessment of the stakeholder engagement requirements of a client during transaction due diligence. Due diligence will review opportunities for CCH to enhance its engagement with external stakeholders.

IV. SOCIAL SAFEGUARDS

A. Involuntary Resettlement Category A B C FI

1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? Yes No CCH's group companies may finance companies engaged in business activities that may cause involuntary physical or economic displacement impacts. The CCH group companies, especially CCPL and Bayfront, can be part of syndicates that include mostly Equator Principles signatory banks, and therefore the underlying projects ascribe to requisite standards, alongside other international E&S standards including the IFC Performance Standards and the ADB's Safeguard Policy Statement. Due diligence will include a corporate audit of the ESMS of each group company that is eligible to use ADB equity investment proceeds against the objectives, principles, and requirements of ADB's Safeguard Policy Statement.

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

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 CCH's group companies may finance companies engaged in business activities that may adversely affect or target as beneficiaries distinct and vulnerable indigenous peoples or ethnic minority communities. The CCH group companies, especially CCPL and Bayfront, can be part of syndicates that include mostly Equator Principles signatory banks, and therefore the underlying projects ascribe to requisite standards, alongside other international E&S standards including the IFC Performance Standards and the ADB's Safeguard Policy Statement. Due diligence will include a corporate audit of the ESMS of each group company that is eligible to use ADB equity investment proceeds against the objectives, principles, and requirements of ADB's Safeguard Policy Statement. Past and current performance of CCH group company financing activity will be assessed during due diligence for the presence of subprojects that have affected Indigenous Peoples' territories or resources and have required attainment of broad community support.

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 (L) Increase in human trafficking (L) 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? Due diligence will assess CCH resources and capacity to identify and manage all social risks associated with infrastructure projects in Asia. These risks include labor related risks, especially forced and child labor, and health and safety risks as they relate to limiting the spread of communicable diseases and worker accommodation.

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 participation plan during the transaction TA or due diligence? An experienced independent consultant has been commissioned by ADB to undertake a safeguards audit.

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

^b <https://www.valuechampion.sg/singapores-gender-wage-gap-widened-2018>

^c McKinsey Global Institute. 2018. *The power of parity: advancing women's equality in Asia Pacific*. Brussels. Source: Asian Development Bank.