



Initial Poverty and Social Analysis

Project Number: 56201-001
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Regional: Investment in Quadria Capital Fund III LP

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ABBREVIATIONS

ADB	–	Asian Development Bank
CDMO	–	contract development and manufacturing organization
CRO	–	contract research organization
CSO	–	civil society organization
ESMS	--	environment and social management system
TA	–	technical assistance
WHO	--	World Health Organization

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INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Regional (India, Indonesia, Malaysia, Philippines, Singapore, Thailand, Viet Nam)	Project Title:	Equity Investment to Quadria Capital Fund III L.P.
Lending/Financing Modality:	Financial Intermediary	Department/ Division:	Private Sector Operations Department / Financial Institutions Division

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

The investment aligns with ADB's Strategy 2030 operational priority 1, addressing remaining poverty and reducing inequalities (including contributing to the overarching goal of universal health coverage); operational priority 2, accelerating progress in gender equality; and operational priority 3, tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability. The investment is also aligned with ADB's country partnership strategies, 2018–2022 for India, Indonesia, Thailand, Vietnam, and Philippines, which include support for the health sectors as strategic priorities.^a

B. Poverty Targeting General Intervention

The investment will target companies that are producing or distributing essential medicines targeting tier II/III cities or rural or peri-urban areas where access to quality healthcare and services is less compared to major cities and urban areas. It will also target those providing healthcare services targeting low-income segments or involved in producing new medical products and services, or promoting use of digital health services.

C. Poverty and Social Analysis

- 1 Key issues and potential beneficiaries. Expected beneficiaries are the clients/patients of the target investee companies/health care providers in the countries to be covered under Fund III. Currently, hospital beds in the region is around 10x less than the WHO recommended levels. Average out-of-pocket expenditure is around 56%, pushing 65 million people into poverty because of healthcare expenses and between 5.7 million and 8.4 million yearly deaths result in lower middle-income countries due to poor quality of care. Around 50% of premature non-communicable disease mortality is also linked to lack of awareness.
2. Impact channels and expected systemic changes. The investment will be mostly for healthcare services (hospitals, single specialty centers, diagnostics, out of hospital care), pharmaceuticals and life sciences (own products, outsourcing models like CDMO, CRO); medical devices and consumables, health-tech, consumer healthcare and distribution/retail. These will ultimately help improve quality and access to health care by the population, including the poor and vulnerable groups.
3. Focus of (and resources allocated in) the transaction TA or due diligence. Due diligence for the project is focused on the review of Quadria's ESMS (policies/procedures) and current portfolio to check E&S risks or management and impacts on investee companies' clients, and inclusiveness in the due diligence process for selecting investments.

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? Key issues evolve around the private equity funding gap for women in the region. Southeast Asia has a higher incidence of women entrepreneurs compared to men. However, inequalities persist on the business growth capacities, where women-owned businesses tend to be smaller, have lower average sales, and have fewer employees. The gap is even more pronounced when it comes to accessing capital.^b Despite clear evidence that gender-diverse teams lead to better financial performance,^c 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.^d 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.^e Gender gaps in the healthcare sector persist both in the supply of healthcare and in consumers' access. Women are less likely than men to use hospital services and outpatient surgery, and some of that gender difference is explained by differences in economic resources and health needs. Exacerbating these gender barriers is an often severely resource-constrained healthcare delivery system which further reduces both coverage and access.^f
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

The project presents an opportunity to consider bringing gender lens strategies into the new fund's investments. Gender due diligence will explore gender inclusion into the fund's investment frameworks and also assess the gender sensitivity in the fund's policies and corporate environment to encourage better women's participation.

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 are the potential investee companies (health care providers) and their clients which will benefit from the improved and increased availability or accessibility of health care services. Also considered stakeholders are those who may be affected by the proposed investments, including informal users of sites to be used for the construction of facilities and IP communities where the facilities may be located.

2. Who are the key, active, and relevant CSOs in the project area? There are several active health advocacy CSOs, and community-based organizations providing basic health or medical services in the target countries.

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? Concerns related to accessibility and affordability of services particularly for the poor and vulnerable would need to be considered

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 due diligence review in the selection of investments will also include site visits and interviews with different stakeholders, including community leaders and CSOs that would also look into impacts and feedback on the proposed investments. CSOs can participate during the due diligence process and through Quadria's system for receiving and addressing queries and concerns or the GRM required to be set up by each investee company.

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

Information generation and sharing (M) Consultation (M) Collaboration Partnership

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

Based on the experience from Quadria Fund I and Quadria Fund II, IR issues are not anticipated since works are generally on existing facilities and site. However, since the investments under Quadria Fund III are still to be identified, IR impacts cannot be totally ruled out. Hence, screening for IR impacts will be needed.

2. What action plan is required to address involuntary resettlement as part of the transaction TA or due diligence process? Environmental and social management system arrangement

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

Based on experience from Quadria Fund I and Quadria Fund II, IP issues are not anticipated from the investments. None was located in IP areas nor displacement of IPs. However, this cannot be totally ruled out for Quadria Fund III since the locations of the investments are still to be determine. IP communities situated near the health facilities to be supported through Quadria Fund III may benefit from the improved/expanded services health services. Screening for IP impacts will be needed to confirm and specific actions will be needed for investments that would impact on IPs.

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? <input checked="" type="checkbox"/> Environmental and social management system arrangement
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 (M) <input checked="" type="checkbox"/> Adhering to core labor standards (M) <input type="checkbox"/> Labor retrenchment <input checked="" type="checkbox"/> Spread of communicable diseases, including HIV/AIDS (M) <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? Quadria Fund III ESMS will include provisions for doing due diligence on labor on the investee companies and during construction.
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
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? A team from ADB-PSOD is responsible for the conduct of environmental and social due diligence.

ADB = Asian Development Bank; CDMO = contract development and manufacturing organization; CRO = contract research organization; CSO = civil society organization; ESMS = environmental and social management system; TA = technical assistance; WHO = World Health Organization

^a ADB, 2017. Country Partnership Strategy: India, 2018-2022^{3/4}Accelerating Inclusive Economic Transformation. Manila. ADB, 2020. Country Partnership Strategy: Indonesia, 2020–2024 —Emerging Stronger. Manila. ADB, 2021. Country Partnership Strategy: Thailand, 2021–2025 —Prosperity and Sustainability through Knowledge and Private-Sector-Led Growth. Manila. ADB, 2016. Country Partnership Strategy: Viet Nam, 2016–2020 Fostering More Inclusive and Environmentally Sustainable Growth. Manila. ADB, 2018. Country Partnership Strategy: Philippines, 2018–2023 —High and Inclusive Growth. Manila

^b International Finance Corporation. 2021. [Women and E-commerce in Southeast Asia](#). World Bank. Washington

^c McKinsey and Company. 2015. [Why diversity matters](#). London.

^d A. Aslam et.al. 2020. [Gender Lens Investing Landscape - East and Southeast Asia](#). Tokyo.

^e Prequin. [Women in Private Equity](#). London.

^f Song, Jing, Rowland W. Chang, Larry M. Manheim, and Dorothy D. Dunlop. 2006. "Gender Differences across Race/Ethnicity in Use of Health Care among Medicare-Aged Americans." *Journal of Women's Health* 15 (10): 1205–13.

Sources: ADB and Quadria Capital.