



Initial Poverty and Social Assessment

Project Number: 43934
31 August 2010

Proposed Equity Investment ShoreCap II Limited (REG)

An initial poverty and social assessment (IPSA) is prepared in the early stage of the project cycle to assess the significance of social issues for a project. In accordance with ADB's public communications policy (PCP, 2005), the IPSA is disclosed upon completion. The final summary social assessment is included as an appendix to the project's report and recommendation of the President.

Asian Development Bank

INITIAL POVERTY AND SOCIAL ANALYSIS

Country/Project
Title:

REG: ShoreCap II Limited

Lending/Financing Modality:

Equity Investment

Department/
Division:

PSOD/PSCM

I. POVERTY ISSUES

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

ShoreCap II Limited (the Fund) is being established to invest in small business banks (SBBs) and microfinance institutions (MFIs) in Africa and across several ADB DMCs. This project is aligned with ADB's central mission of poverty reduction through the implementation of various ADB strategies vis-a-vis: (i) promotion of microfinancing; (ii) support of SMEs; (iii) enhancement of financial markets; and (iv) encouragement of appropriate private sector-led initiatives in addressing these goals. This project would directly address all three key elements of ADB's Poverty Reduction Strategy, namely the promotion of: (i) pro-poor, sustainable economic growth (through assistance to micro and small enterprises provided by the Fund's investees); (ii) social development (through ensuring that Fund investees reach out to poor, under-served areas of their economies, as well as embrace socially sound practices); and (iii) good governance (through the Fund's active role within investee institutions to promote good corporate governance as a core part of the investment strategy).

B. Targeting Classification

1. Select the targeting classification of the project:

General Intervention Individual or Household (TI-H); Geographic (TI-G); Non-Income MDGs

2. Explain the basis for the targeting classification:

The Fund is being established to invest in SBBs and MFIs that will lend to the poor and underbanked populations in Asian developing markets.

C. Poverty Analysis

1. If the project is classified as TI-H, or if it is policy-based, what type of poverty impact analysis is needed? N/A

2. What resources are allocated in the PPTA/due diligence? N/A

3. If GI, is there any opportunity for pro-poor design (e.g., social inclusion subcomponents, cross subsidy, pro-poor governance, and pro-poor growth)? No.

II. SOCIAL DEVELOPMENT ISSUES

A. Initial Social Analysis

Based on existing information:

1. Who are the potential primary beneficiaries of the project? How do the poor and the socially excluded benefit from the project? The primary beneficiaries of the project are investee institutions such as microfinance institutions and small business banks. The secondary beneficiaries of the project are clients of MFIs and SBBs who will use the funds to establish or expand small-scale businesses.

2. What are the potential needs of beneficiaries in relation to the proposed project? Investee institutions need capital and capacity building support. Clients of investee institutions will need information on type of financing available.

3. What are the potential constraints in accessing the proposed benefits and services, and how will the project address them? None.

B. Consultation and Participation

1. Indicate the potential initial stakeholders. This is an equity investment in a Fund. Initial stakeholders include the members of the fund management team and their external advisors.

2. What type of consultation and participation (C&P) is required during the PPTA or project processing?

The Project is an equity investment to a Fund that will lend to MFIs and SBBs. Consultation activities were limited to meetings with the fund manager on the structure of the fund.

3. What level of participation is envisaged for project design?

Information sharing Consultation Collaborative decision making Empowerment

4. Will a C&P plan be prepared? Yes No Please explain. The ESMS includes provisions to undertake consultation and participation activities during design and implementation of each investment that will be financed by the Fund.

C. Gender and Development			
<p>1. What are the key gender issues in the sector/subsector that are likely to be relevant to this project/program? Availability of credit and non-credit services particularly in rural areas will benefit micro businesses or small enterprises which may be owned by women.</p> <p>2. Does the proposed project/program have the potential to promote gender equality and/or women's empowerment by improving women's access to and use of opportunities, services, resources, assets, and participation in decision making? <input checked="" type="checkbox"/> Yes Some gender benefits are expected. <input type="checkbox"/> No Please explain.</p> <p>3. Could the proposed project have an adverse impact on women and/or girls or to widen gender inequality? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please explain. Credit and non-credit services will be extended by MFIs and SBBs to all.</p>			
III. SOCIAL SAFEGUARD ISSUES AND OTHER SOCIAL RISKS			
Issue	Nature of Social Issue	Significant/Limited/ No Impact/Not Known	Plan or Other Action Required
Involuntary Resettlement	The Fund will finance micro- and small businesses which are not expected to acquire land through expropriation or restrict access to land or cause physical or economic displacement	No impact.	<input type="checkbox"/> Full Plan <input type="checkbox"/> Short Plan <input checked="" type="checkbox"/> Framework/ESMS <input type="checkbox"/> No Action <input type="checkbox"/> Uncertain
Indigenous Peoples	MFIs and SBBs in which the Fund will invest in may extend credit and non-credit services in localities where ethnic minorities or Indigenous Peoples are present.	Not known.	<input type="checkbox"/> Plan <input type="checkbox"/> Other Action <input checked="" type="checkbox"/> Framework/ESMS <input type="checkbox"/> No Action <input type="checkbox"/> Uncertain
Labor <input checked="" type="checkbox"/> Employment Opportunities <input type="checkbox"/> Labor Retrenchment <input checked="" type="checkbox"/> Core Labor Standards	Employment opportunities indirectly generated by financing new or expansion of existing microenterprises.	Limited. Investee institutions will be required to abide by applicable occupational, health and safety requirements, and child and forced labor laws, rules and regulations in the country in which they operate.	<input type="checkbox"/> Plan <input checked="" type="checkbox"/> Other Action <input type="checkbox"/> No Action <input type="checkbox"/> Uncertain
Affordability	No impact.	No impact.	<input type="checkbox"/> Action <input checked="" type="checkbox"/> No Action <input type="checkbox"/> Uncertain
Other Risks and/or Vulnerabilities <input type="checkbox"/> HIV/AIDS <input type="checkbox"/> Human Trafficking <input type="checkbox"/> Others	No impact.	No impact.	<input type="checkbox"/> Plan <input type="checkbox"/> Other Action <input checked="" type="checkbox"/> No Action <input type="checkbox"/> Uncertain
IV. PPTA/DUE DILIGENCE RESOURCE REQUIREMENT			
<p>1. Do the TOR for the due diligence include poverty, social and gender analysis and the relevant specialist/s? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, please explain why</p> <p>2. Are resources (consultants, survey budget, and workshop) allocated for conducting poverty, social and/or gender analysis, and C&P during the PPTA/due diligence? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If no, please explain why. Due diligence undertaken by PSOC staff.</p>			