

Public Information Summary

Host Country	Zambia
Name of Borrower	African Eagle Hotels & Resorts
Project Description	Construction and operation of an internationally branded and managed hotel in Lusaka.
Proposed DFC Loan	\$17,100,000 (16-year tenor)
All-Source Funding Total	\$34,200,000
Policy Review	
Developmental Objectives	<p>The Project is expected to have a positive development impact on Zambia’s tourism sector through job creation stemming from the construction of an 87-bed, Hilton-branded hotel. According to the U.S. International Trade Administration, Zambia lacks adequate hotel room capacity in key tourist destinations, and Zambia currently ranks 98th out of 117 countries on the World Economic Forum’s 2021 Travel and Tourism Development Index. Prior to the COVID-19 pandemic, tourism’s contribution to Zambia’s GDP was approximately 7.4% and provided close to 478,000 jobs, which fell to 4.5% of GDP and 367,400 jobs in 2020. The DFC-supported Project is expected to contribute to inclusive employment in the tourism sector, as women are expected to hold approximately 40% of newly created full-time jobs.</p>
Environment and Social Assessment	<p><i>Screening:</i> The Project has been reviewed against DFC’s categorical prohibitions and has been determined to be categorically eligible. Projects involving investments in hotel developments are generally screened as Category B projects under DFC’s environmental and social guidelines because impacts are site-specific and readily mitigated. In addition to typical impacts from construction activities, the primary environmental and social issues associated with the Project include the need for life and fire safety measures and a robust environmental and social management system to ensure the Project is developed, implemented, and managed in accordance with the International Finance Corporation’s (IFC) 2012 Performance Standards (PS) and industry-specific best practices.</p> <p><i>Applicable Standards:</i> DFC’s environmental and social due diligence indicates the Project will have impacts which must be managed in a manner consistent with the following of the IFC’s PS:</p> <ul style="list-style-type: none"> • PS 1: Assessment and Management of Environmental and Social Risks and Impacts

- PS 2: Labor and Working Conditions
- PS 3: Resource Efficiency and Pollution Prevention
- PS 4: Community Health, Safety, and Security

A desk-review based due diligence assessment indicates that the project site is not located in or near protected areas or sensitive ecosystems. Significant adverse impacts concerning land acquisition and resettlement, indigenous peoples, and cultural heritage are not anticipated. Therefore, PS 5, 6, 7, and 8 are not triggered at this time.

In addition to the above standards, the Project will be required to comply with the IFC's Environmental Health and Safety (EHS) General Guidelines (2007) and the IFC's EHS Guidelines for Tourism and Hospitality Development (2007).

Environmental and Social Risks and Mitigation: In addition to typical impacts from construction activities, the primary environmental and social issues associated with the Project include the need for life and fire safety measures and a robust environmental and social management system (ESMS) to ensure the Project is developed, implemented, PS and industry-specific best practices. The Borrower will also be required to update plans and policies related to the sub-contractor management and grievance mechanisms for workers and communities.

The Borrower prepared an Environmental Impact Assessment to local standards which identified potential environmental risks associated with the Project. The design, construction, and operation of the Project will be guided by a set of plans, policies, and programs in accordance with Hilton's design and operational requirements. The Project Developer and Project Manager have developed a set of policies and procedures for the construction phase of the Project which will be overseen by the Project Developer's EHS Manager. Although Hilton has broad environmental and social policies governing operations of its hotels, site-specific occupational health and safety and emergency preparedness and response plans have not yet been developed. The Borrower will be required to prepare and submit these to DFC for approval prior to the start of operations of the hotel.

The Project will comply with Hilton's life and fire safety standards which mirror British standards. The Borrower will be required to develop and implement a certified Life and Fire Master Plan for the Project prior to occupancy.