



**Board of Directors Notational Vote
Monday, February 5, 2024**

Information summaries for the below listed projects can be found below.

Meeting Agenda

I. PROJECT APPROVALS

- a. Africa Finance Corporation – Nigeria and Africa Regional
- b. VACAP Hospitality S.A. – Senegal

Public Information Summary

Host Country	Nigeria and Africa Regional
Name of Borrower	Africa Finance Corporation
Project Description	A direct corporate loan of up to \$250,000,000 that will qualify as Tier 2 capital for the purpose of: (i) strengthening the Borrower’s capital position; (ii) maintaining its prudential ratios; and (iii) supporting the economic recovery across member states in Africa amid high inflation, interest rates, and geopolitical instability.
Proposed DFC Loan	\$250,000,000
All-Source Funding Total	\$417,000,000
Policy Review	
Developmental Objectives	<p>At a time when Africa’s development needs have increased, Africa is experiencing what the International Monetary Fund notes is an “acute funding squeeze” with many sources of traditional financing being structurally underfunded and therefore limiting the region’s ability to finance its pressing development requirements locally. Private capital markets are similarly constrained by higher interest rates and depreciating currencies, resulting in higher debt-service costs and reduced access to new funding. The current status quo has left the region relying too heavily on funding from varied international sources, where flows are often sharply procyclical, and development spending is left vulnerable to sudden shifts in global sentiment.</p> <p>In response to this challenge, the Project seeks to provide relatively uncommon patient long-term and less pro-cyclical capital to the Borrower’s Tier 2 financing layer to address its liquidity requirements. More specifically, as a Nigerian-based development finance institution operating across the continent, the Project will enable the Borrower to strengthen its balance sheet, increase its asset base, potentially raise and/or otherwise mobilize additional private capital, and effectively achieve and maintain internal regulatory capital adequacy ratios above Basel guidelines in a regional macroeconomic environment characterized by instability, shallow financial markets, high interest rates, and inflation.</p>

Environment and Social Assessment

The Project has been reviewed against the DFC's 2020 Environmental and Social Policies and Procedures manual ("ESPP") and has been determined to be categorically eligible. DFC Tier 2 capital loans to financial institutions for the expansion of leveraging capital to increase investment potential are screened as a Financial Intermediary C (FI-C) for environmental and social assessment.

To ensure that the Borrower's practices are consistent with the DFC's statutory and policy requirements, the DFC loan will be subject to conditions regarding the use of proceeds. The primary environmental and social issues identified in this transaction relate to the need for an Environmental and Social Policy and commensurate Human Resources Policies ("ESP") that meet the 2012 IFC Performance Standards.

Under the DFC's ESPP, the Borrower is required to comply with applicable local and national laws and regulations related to environmental and social performance and applicable provisions of the 2012 International Finance Corporation's Performance Standard ("PS") 1 and 2. A desk review based due diligence assessment indicates that because the Project will use DFC support for leveraging additional capital for investments to a financial institution in Nigeria, significant adverse impacts concerning community health and safety, biodiversity, land acquisition and resettlement, indigenous peoples, and cultural heritage are not anticipated; therefore, PS 3, 5, 6, 7, and 8 are not triggered at this time. The Borrower does utilize private security and therefore, relevant aspects of IFC PS 4, Community Health, Safety, and Security are triggered.

The Borrower has an environmental and social policy and environmental management system as described in IFC PS 1, grievance mechanisms, and human resources policies generally commensurate with its investment strategy. However, the Borrower will be required to update its environmental and social policy to include aligned risk categorization and monitoring procedures commensurate to the environmental and social risks, and provide a security management policy in accordance with DFC's 2020 Environmental Policy and Procedures.

Public Information Summary

Host Country	Senegal
Name of Borrower	VACAP Hospitality S.A.
Project Description	Construction and operation of two hotels in Dakar, Senegal.
Proposed DFC Loan	\$81,000,000
All-Source Funding Total	\$162,000,000
Policy Review	
Developmental Objectives	<p>The Project is expected to have a positive development impact in Senegal by supporting job creation and generating increased revenues and capacity in the tourism and travel sector, supporting Dakar’s growing position as a vibrant commercial hub for West Africa. Tourism arrivals in Senegal doubled between 2010 and 2019, with the tourism industry supporting 9% of total GDP and 369,000 jobs in 2019. While the global COVID pandemic significantly impacted the tourism industry in 2020 and 2021, employment in the travel and tourism industry is projected to grow an additional 13% by 2028. Dakar is also growing as a regional business hub, contributing to a 17% increase in visitor arrivals in 2023 compared to 2019 and necessitating an increase in international-quality accommodations. The Project will help facilitate the overall growth of the travel sector and overall international commercial ties, while creating hundreds of new full-time jobs, the majority of which are expected to go to women. The Project will also directly generate significant local economic activity through procurement in the Project’s supply chain.</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 commercial 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</p>

developed, implemented, and managed in accordance with the IFC's 2012 Performance Standards and industry-specific best practices.

Applicable Standards: Under DFC's Environmental and Social Policies, the Borrower is required to comply with applicable national laws and regulations related to environmental and social performance. DFC's environmental and social due diligence indicates the Project will have impacts which must be managed in a manner consistent with the following International Finance Corporation's (IFC) Performance Standards (PS):

- 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 due diligence assessment indicates the Project involves the construction of two new hotels located on the Atlantic Ocean coastline in the city of Dakar, Senegal.

The Project site is not located in or near any protected area or sensitive ecosystem and adverse impacts on biodiversity are not anticipated. No indigenous communities or cultural heritage have been identified in the Project areas, and the Borrower represents that the site was purchased more than ten years ago on a willing seller/willing buyer basis. Therefore PS 5, 6, 7, and 8 are not triggered at this time.

The Project will be required to meet applicable provisions of the IFC Environmental Health and Safety General Guidelines (2007) and the EHS Guidelines for Tourism and Hospitality Development (2007).

Environmental and Social Risks and Mitigation: The Borrower prepared an Environmental and Social Impact Assessment to identify and manage the environmental and social risks associated with the Project. The Project ESIA includes an Environmental Management Plan, Hygiene, Health and Safety at Work Plan, and Emergency Response Plan that identifies its procedures to ensure a safe and healthy work environment. The Borrower will be required to develop and implement a certified Life and Fire Master Plan for the Project prior to commissioning.

The Project will have social impacts that must be mitigated in a manner consistent with the IFC Performance Standards, DFC's Environmental and Social Policy and Procedures, and applicable local laws. DFC's

	<p>statutorily required language regarding the rights of association, organization and collective bargaining, minimum age of employment, and prohibition against the use of forced labor, will be supplemented with provisions concerning non-discrimination, hours of work, the timely payment of wages, and hazardous working conditions. Standard and supplemental contract language will be applied to all workers of the Project, including contracted workers.</p> <p>The Project has in place appropriate oversight for working conditions during construction activities. The Project's labor management system incorporates Marriott International's corporate social policies, which are in alignment with local law and IFC Performance Standards. The Borrower will be required to update their human resources system and security plan.</p>
--	---