

Public Information Summary

Host Country	Georgia
Name of Borrower	Abastumani Sanatorium Resort Arazindo LLC (Georgia)
Project Description	Construction and operation of a locally branded hotel in Abastumani.
Proposed DFC Loan	\$8,600,000 (15.5 years)
All-Source Funding Total	\$14,450,000
Policy Review	
Developmental Objectives	The Project is expected to have a development impact in Georgia by establishing a locally branded hotel. International tourism income is a major driver of economic activity in Georgia, accounting for approximately eight percent (8%) of national GDP value added. The Project is expected to hire nearly 200 permanent employees, with expectations of at least 40 percent to be women.
Environment and Social Assessment	<p>Screening: The Project has been reviewed against DFC’s 2020 Environmental and Social Policy Procedures (ESPP) and has been determined to be categorically eligible. Projects involving loans for hotel remodels are screened as Category B under DFC’s environmental and social guidelines because impacts are site-specific and readily mitigated.</p> <p>Applicable Standards: Under DFC’s ESPP, the Borrower is required to comply with applicable local and national laws and regulations related to environmental and social performance. DFC’s environmental and social desk-review due diligence indicates that the investment will have impacts that must be managed in a manner consistent with the following International Finance Corporation’s (IFC) 2012 Performance Standards (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 • PS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources

DFC's due diligence assessment indicates that because the Project involves the renovation of an existing property that does not require any additional land, significant adverse impacts with respect to land acquisition and resettlement, indigenous peoples, and cultural heritage are not anticipated. Therefore, PS 5, 7, and 8 are not triggered at this time.

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

Host country requirements. According to the Georgian code, the reconstruction/rehabilitation works of existing buildings are not listed as activities subject to environmental impact assessment or to environmental screenings. Also, the Georgian Waste Management Code (adopted on 26.12.2014, last amended on 05.07.2018) require the Project to manage all wastes in a way that protects the environment. The corporate waste management plan should be approved by the Ministry of Environment's Department of Environmental Supervision and the implementation is the responsibility of an environmental manager.

Environmental and Social Risks and Mitigation: The Project involves the remodeling of a three-floor sanatorium built in 1920 into an upscale hotel with 76 guestrooms, restaurant with the terrace, spa, fitness center, food and beverage areas, meeting/conference rooms, offices, and lounge. The Project is situated 300 meters from the Borjomi-Kharagauli National Park.

Key potential environmental and social risks and impacts associated with this Project include occupational health and safety measures for workers conducting construction and maintenance activities, availability of potable water, wastewater and solid waste disposal services, life safety and fire protection, human resources management, and contractor management, and potential impacts on biodiversity. The Borrower will be required to develop Project-specific Environmental and Social Management System, which include management plans for occupational health and safety, waste management, life and fire safety, labor management, and biodiversity management. Additionally, the Borrower will commission a biodiversity report, revise its human resources policies, and develop an employee grievance mechanism.