This is a new section of the Public-Private Partnership Resource Center website and is currently in draft form. Your feedback is welcome: If you would like to comment on the content of this section of the website or if you have suggestions for links or materials that could be included please contact us at ppp@worldbank.org.

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Jozini Tiger Lodge, Jozini Municipality of KwaZulu-Natal, South Africa

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On this page: *A case study on Jozini Tiger Lodge, Jozini Municipality of KwaZulu-Natal, South Africa. Find more at the Municipal Public-Private Partnership Framework - Project Summaries section for brief summaries of around 100 projects from around the world, examples of successes and challenges, as well as innovative ideas on solutions, or visit the Guidelines on Innovative Revenues for Infrastructure section.*

Project Summary:

Background

The Jozini municipality is situated among several UNESCO World Heritage Sites, strategically located near Mozambique and Swaziland, and home to the third largest dam in Africa. It has a population of about 187,000 people, of which some 72 percent are under 29 years of age. Despite its strategic location with abundant opportunities for tourism, it struggled with challenges related to poverty caused by unemployment, limited resources, and poor access to basic infrastructure. To boost the economy of the area and tap into the tourism opportunities provided by the Soccer World Cup coming to South Africa in 2010, the municipality, private sector representatives, the National Empowerment Fund (NEF), and local community groups decided in 2008 to establish a PPP to build the Jozini Tiger Lodge, a 4-star hotel, using an old hotel site which had been closed 30 years earlier.

Project Structure

This culminated in ten-year PPP agreement signed by all key stakeholders. Under the agreement, the municipality, as the main facilitator of the PPP, was responsible for helping with the provision of services and providing necessary approvals. The private investors were responsible for designing the concept and project plan, in addition to providing seed and venture capital. In turn, the local community would make the necessary land available to private investors for the development of the hotel infrastructure. NEF financed the project by providing an initial working capital loan in the amount of RD 28 million (USD 2 million). At the end of the contract term, ownership of the Jozini Tiger Lodge transfers to the local community.

During the ten-year agreement, the private partners own 69 percent of the shares in the Jozini Tiger Lodge and are responsible for providing the financial means necessary to maintain and sustain the high-quality standard of the lodge, which is vital to sustaining its image and market value and ensuring its profitability. The local community owns 31 percent of the shares through a Community Trust, which uses the dividends from its shares in the lodge to assist the community. In addition, the agreement stipulates that 80 percent of persons employed at the lodge must come from the local community.

Lessons Learned

Construction of the lodge was completed in December 2009, and the lodge opened in March 2010, four months ahead of the Soccer World Cup. It consists of 70 guestrooms, conference venues, a spa, a wellness center, and a swimming pool. Within the first six months since its opening, the lodge broke even in terms of generating sufficient revenue to cover loan payments and operations and maintenance costs. In 2012, revenue increased sharply, by 117 percent year-on-year, due to an increase in conference, wedding, and day visitor business. To accommodate the increased demand, the lodge built an additional, 21-room bed and breakfast.

At the end of the project, Jozini had become a tourist destination. Due to that success, large companies were attracted to invest in businesses within the Jozini area, which further increased infrastructure development. This helped spur employment, boosted the local economy, and increased the general living standard of the local community.[1]

The project shows the value of the affected community's engagement and buy-in for mobilizing a tourism project in a disadvantaged community. By communicating with and involving the local community, the project helped ignite a sense of belonging and pride, which are vital to the sustainability of this project.

Footnote 1: Source(s) accessed on February 17, 2019 Local Government Tourism Conference 'Tourism Development: Why Local Government Matters Report', SA National Department of Tourism (NDT), 2013.

https://www.tourism. gov.za/CurrentProjects/ Documents/Jozini%20 Tiger%20Lodge%20 Story%20-%20Rethinking% 20PPPs%20 in%20Tourism.pdf

https://www.ajhtl.com/ uploads/7/1/6/ 3/7163688/article_41_ vol_7__2__2018.pdf

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The Guidelines on Innovative Revenues for Infrastructure (IRI) is intended to be a living document and will be reviewed at regular intervals. They have not been prepared with any specific transaction in mind and are meant to serve only as general guidance. It is therefore critical that the Guidelines be reviewed and adapted for specific transactions.

To find more, visit the Innovative Revenues for Infrastructure section and the Content Outline, or Download the Full Report. For feedback on the content of this section of the website or suggestions for links or materials that could be included, please contact the Public-Private Partnership Resource Center at ppp@worldbank.org.

