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PUBLIC-PRIVATE PARTNERSHIPS BRIEFS

# Jordan: Queen Alia Airport



## Overview

The Queen Alia Airport is Jordan's main international airport and a key component of the country's transport, trade and tourism infrastructure. In 2007, IFC served as transaction advisor to the Jordanian government on structuring and awarding a 25-year concession to a private sector operator responsible for reconstructing and expanding the airport's terminal. It was the first successful airport public-private partnership in the Middle East. IFC subsequently financed the project by providing and arranging \$280 million in loans. The new terminal was opened in March 2013 and by mid-2014, IFC provided and arranged an additional \$68 million in loans to finance an expansion of the new terminal's related facilities.

This series showcases how the World Bank Group supports the development and implementation of public-private partnerships. This support comes in the form of public sector loans, private sector finance, sector and transaction advice, guarantees, and output-based aid.

## Background

The Queen Alia International Airport (QAIA) is located 36 kilometers from the capital, Amman. Built in 1983, it handled almost all of the country's air traffic. However, it did not have the capacity to meet growing demand and it was too old and too small to be expanded. To address these constraints, the Jordanian government sought a private partner to reconstruct the airport's terminal and expand its facilities. The project was key to supporting the tourism industry, which contributes approximately 10 percent of the country's GDP. Greater airport capacity was also expected to stimulate trade and drive economic growth.

## Project Description

The project consisted of the construction of a new terminal to replace the existing terminal, expanding the new terminal's related facilities and operating the entire airport under a 25-year concession. The project aimed at increasing the airport's capacity to handle long-term traffic growth and establish it as a regional transportation hub. The goal of the new terminal project was to improve operations, increase quality of service, and serve as a model for other infrastructure projects in the country.

Following the successful completion and opening of the new terminal, a second phase to expand the new terminal's related facilities was launched, with completion expected by the end of 2016. The new terminal will cover more than 100,000 square meters and the airport will be able to handle 12 million passengers.

## World Bank Group Role

In 2007, IFC successfully advised the government of Jordan on a pioneering public-private partnership for the QAIA. Through a competitive bidding process, Airport International Group (AIG) was awarded a 25-year concession to construct a new terminal to replace the existing one, expand the new terminal's related facilities, and operate the entire airport. The partnership sought to address the constraints on the

government's resources. Subsequently, IFC played a leading role in raising the project's debt financing, by providing \$120 million in loans to AIG and arranging a syndication of \$160 million from international banks. The Islamic Development Bank also helped finance the project with a \$100 million loan. The new terminal was successfully completed and it opened for traffic in March 2013. In mid-2014, IFC provided a \$21 million additional loan and arranged a further \$47 million syndication to finance an expansion of the new terminal's related facilities to ensure that overall airport capacity continues to meet traffic growth. The Islamic Development Bank participated in this second financing package with a \$25 million loan.

## Outcomes

- Capacity of the airport will be increased from about 4 million passengers in 2007 to 12 million passengers by the end of 2016.
- With QAIA serving as a regional hub, Jordan's transport and tourism industries, regional links, and cross-border trade are expected to grow.
- The number of international flights has increased from 120 flights per day from 55 international destinations in 2007 to more than 175 daily flights from over 60 international destinations in 2015.
- Over \$1 billion in foreign investment, and a substantial number of jobs is expected to be generated through the reconstruction and operation of the airport.
- The PPP resulted in a \$700 million investment, 100 percent financed by the private sector
- The PPP has generated significant gains for the public sector: cumulative \$450 million since inception, and an annual estimated minimum of \$200 million going forward.
- Since the PPP, the airport has won numerous awards including the 2013 Gold Award for top PPP in Europe, Central Asia, MENA (IFC/*Infrastructure Journal*), the ACI Award for 1st rank in the category: Best Improvement by Region: Middle East 2013; and ACI's Best Airport in the Region: Middle East, 2014.
- QAIA has become Airport Carbon Accredited, streamlining its activities related to environmental protection.

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