

- MULTILATERAL DEVELOPMENT BANKS' COLLABORATION:
INFRASTRUCTURE INVESTMENT PROJECT BRIEFS

Croatia: Zagreb International Airport



Overview

Zagreb International Airport, the largest in Croatia, is a key gateway for tourism and business, making it a critical element in the country's economy. At a capacity of two million passengers per year, however, the airport was unable to keep up with growing demand for airport services. In 2009, the Government of Croatia decided to build and operate a new terminal under a public-private partnership.

The Zagreb Airport International Company (ZAIC) won the tender and took over management of the airport in December 2013. The new terminal was inaugurated on March 2017.

The European Investment Bank (EIB), the International Finance Corporation (IFC), Deutsche Bank, and Unicredit Bank Austria provided financing to the project.

This series showcases how the Multilateral Development Banks' collaboration supports the development and implementation of infrastructure investment. This support comes in the form of public sector loans, private sector finance, sector and transaction advice, guarantees, and output-based aid.

Background

Tourism is a major contributor to the Croatian economy and a key driver of employment. The Zagreb International Airport, built in 1962, had gone through several stages of expansion. However, by 2009 it was clear that the passenger terminal, with an annual capacity of two million passengers, could no longer accommodate growing market demand. The government initiated a tender for the design of a new terminal, which would then be built and managed by a private operator under a public-private partnership.

Project Description

The project entailed the expansion of capacity at Zagreb International Airport, the county's largest, under a 30-year concession to finance, design, construct and operate a new, state-of-the-art passenger terminal. Under the concession, the operator is also responsible for managing the operation of the entire airport until 2042, including refurbishment and maintenance of runways, the cargo terminal, car parks and future property developments. The project also included the construction of a new 1.8 kilometer access road to connect the new 65,000 square meter terminal with the local road network. The existing terminal was to be converted and leased for airport users.

The project comprises a total investment of €331 million: €243 million for the design and construction of the new terminal and €88 million for the maintenance of the airport infrastructure. When completed, it will accommodate five million passengers annually, over twice the current capacity.

A consortium, the Zagreb Airport International Company (ZAIC), was awarded the concession in February 2012. The agreement was signed in April 2012 with the Ministry of Maritime Affairs, Transport and Infrastructure of Croatia.

Ownership of the consortium is as follows: Aéroports de Paris Management, a wholly-owned subsidiary

of Aéroports de Paris (20.77 percent); Bouygues Bâtiment International, a subsidiary of Bouygues Construction (20.77 percent); the Marguerite Fund (20.77 percent); TAV Airports (15 percent); and Viadukt, a Croatian construction company (5.11 percent). The consortium took over management of the Zagreb Airport in December 2013.

Multilateral Development Banks' Role

- EIB supported the airport with a loan of €80 million to finance Phase 1 of the expansion.
- IFC committed €54 million to the project, including a loan of up to €35 million and an equity investment of €19 for a 17.58 percent stake.
- Deutsche Bank and Unicredit Bank Austria also provided finance in the amount of €39.5 million each.

Outcomes

The project improves a critical component of Croatia's economic infrastructure, supporting tourism, investment, and trade:

- Upgrades essential infrastructure in Croatia without adding a burden to state finances.
- Mobilizes €331 million in investment.
- Adds 65,000 square meters of terminal space.
- More than doubles passenger capacity from two to five million people annually.
- Boosts the tourism sector, a major driver of employment in Croatia, and encourages trade and investment.

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