MODERNISATION OF MEDINA AIRPORT, SAUDI ARABIA

It was announced from Jeddah on 1st November that IFC, a member of the World Bank Group, is helping Saudi Arabia expand Medina’s international airport under a public-private partnership project that is the first of its kind in the region and is expected to spur economic development and help accommodate a growing number of religious pilgrims.

Saudi Arabia’s General Authority of Civil Aviation (GACA) has announced that TAV Airports Holding of Turkey, in partnership with Saudi Oger and Al Rajhi Holdings of Saudi Arabia, will develop and maintain the Prince Mohammed Bin Abdulaziz International Airport over the next 25 years. IFC, as the lead advisor, helped the authority structure the arrangement, the first full public-private airport partnership in a Gulf Co-operation Council country. The project will generate jobs locally and support the development of Saudi Arabia’s burgeoning religious tourism market.

“This is a continuation of GACA’s efforts to introduce private-sector participation in its activities,” said H.E. Faisal Al-Sugair, GACA president. “This will considerably improve our ability to welcome a greater number of passengers while providing a higher level of service for many years to come. We are delighted with the result and look forward to partnering with the TAV consortium.”

The consortium will build a modern terminal capable of handling eight million passengers a year by 2015, double the airport’s current capacity. By 2034, it will be expanded to accommodate 16 million people. The terminal will be eco-friendly, conforming to the standards of LEED, an internationally recognized certification system for green buildings. It would be the first airport in the region to be recognized by LEED.

“This transaction shows the significant benefits of governments pursuing their infrastructure requirements through public-private partnerships,” said Dimitris Tsitsiragos, IFC’s Vice President for Eastern and Southern Europe, Central Asia, Middle East and North Africa. “As the first full airport public-private partnership in the region, this should encourage further private sector involvement and promote infrastructure development.”

The initiative is part of IFC’s Public-Private Partnership program, which aims to provide people across the Middle East and North Africa with access to clean water, steady power supplies, safe roads, and other infrastructure essentials through joint
efforts between governments and the private sector. With states across the region facing financial limitations, public-private partnerships are a key tool in extending services to millions, an effort that can in turn foster economic development and create much-needed jobs.

IFC, a member of the World Bank Group, is the largest global development institution focused exclusively on the private sector. It helps developing countries achieve sustainable growth by financing investment, providing advisory services to businesses and governments, and mobilizing capital in the international financial markets. In the fiscal year 2011, amid economic uncertainty across the globe, IFC helped its clients create jobs, strengthen environmental performance, and contribute to their local communities all the while driving its investments to an all-time high of nearly $19 billion.