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. IFC provided both debt and equity financing to the project. The new terminal is expected to open by the end of 2016.

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

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 entails 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. Also included is the construction of a new 1.8 kilometer access road to connect the new terminal with the local road network. The existing terminal will be converted and leased for airport users. The new 65,000 square meter terminal is expected to be completed by the end of 2016.

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.

World Bank Group Role

IFC is supporting the development of the terminal under this landmark public-private partnership, the first in Croatia. IFC is committing as much as €54 million to the project, including a loan of up to €35 million and an equity investment of approximately €19 for a 17.58 percent stake. Other lenders to the project also include the European Investment Bank, Unicredit Bank Austria, and Deutsche Bank. 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.

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.
- Attracts €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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