



Public Private Partnership (PPP) – Case study

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*Infrastructure Management Programme
Economic Development of Air Transport*

Region: Middle East

State: Saudi Arabia

Airport: Madinah International Airport

Madinah is a major airport in Saudi Arabia and handles domestic flights as well as international services to regional destinations such as Cairo, Doha, Dubai and Istanbul. As the airport approached its maximum capacity of five million passengers per year in 2007, Saudi Arabia's General Authority of Civil Aviation (GACA) liaised with **the private sector to expand, modernize and operate the airport in order to accommodate the projected traffic growth**. GACA continues to play its role of regulator and is responsible for key activities such as air traffic control.

Following a competitive bidding process overseen by the International Finance Corporation (member of the World Bank Group), the concession for Madinah airport was awarded to a **consortium of firms from Turkey (TAV Holdings) and Saudi Arabia (Al Rahji Holding Group and Oger) in 2011**. TAV Holdings has expertise in operating airports as it currently operates five airports in Turkey (Istanbul Ataturk Airport, Ankara Esenboga Airport, Izmir Adnan Menderes Airport, Gazipasa-Antalya Airport and Milas-Bodrum Airport) as well as two airports each in Georgia, Tunisia and Macedonia and one each in Latvia and Croatia.

The consortium is responsible for managing and developing the airport under a 25-year Build-Operate-Transfer (BOT) concession. The concession officially started in June 2012 and the consortium invested USD1.4 billion to build a new terminal and carry out airfield enhancements within 3 years to bring its capacity to 8 million passengers per year.

In 2013, 90% of the airport income came from aeronautical revenue and the consortium intends to reduce this amount to around 85% by increasing non-aeronautical revenue.

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