

# CHANGE, IMPACT, SUSTAINABLE DEVELOPMENT

HOW THE ISLAMIC DEVELOPMENT  
BANK GROUP IS IMPROVING  
PEOPLE'S LIVES

# INFRASTRUCTURE

MODERN TRANSPORT  
CONNECTIONS IN  
JORDAN

6



2020

# INTRODUCTION

A country's flagship airport is more than infrastructure; it is most visitors' initial encounter with a nation. First impressions count, and the Queen Alia International Airport (QAIA), which handles 97% of air traffic for the Hashemite Kingdom of Jordan, was falling behind modern standards. "We wanted to establish a regional hub, create employment opportunities, add economic value, and support tourism in Jordan," said Farid A. Abu ElShaikh, Deputy Chief Financial Officer at the Airport International Group (AIG). This project helped rehabilitate and expand QAIA, and provided Jordan with a state-of-the-art airport to match its ambitions.

# THE CHALLENGE

Millions of people visit Jordan each year, for business and to explore cultural wonders such as Petra. But for years, QAIA's capacity was too low to meet rising demand and support the country's economic development. The airport, first built in 1983, was also becoming outdated, with facilities that failed to meet modern travelers' expectations. The Government recognized the need to act but did not want to assume high levels of debt while developing the airport. Instead, it approached partners to contribute to the costs through a public-private partnership (PPP). Not only did this bring in finance, it also ensured that the project could draw on partners' experience in similar projects to revitalize key national infrastructure. An added challenge, which applies to all airports today, is to cut emissions. Jordan's CO<sub>2</sub> emissions per capita have actually declined since the airport was completed – and at just 2.2 tons in 2017 were well below the global average.



# THE PROJECT

The project aim – to construct a modern terminal with increased capacity, serving up to 12 million passengers each year – was an opportunity for IsDB to work alongside reputable partners, such as the International Finance Corporation of the World Bank Group, while supporting the Member Country to achieve its development objectives. AIG, a consortium of local and international partners, was not only a funder but also implemented the project through a ‘build, transfer, operate’ scheme. The consortium signed a rehabilitation, expansion and operation agreement with a 25-year concession period, and the project was split into two phases to minimize disruptions to the airport’s ongoing operations during construction.

The focus of the first phase was constructing a new terminal complex, designed by renowned architect Norman Foster; the second phase delivered expansion. The new terminal included two boarding piers, an aircraft contact point, and separate departure and arrival halls. A new access road was also installed, along with parking facilities for 2,000 cars.

Efforts were made to improve service standards at QAIA and bring them in line with international best practices. This was achieved through a training program for airport staff, and improvements to check-in times, baggage delivery services, and the quality of shops, food and drinks available. AIG also sought to improve the airport’s operations management to ensure the long-term efficiency and maintenance of the new infrastructure.

Further developments included 2 new business lounges, 4 prayer rooms and an upgraded Wi-Fi system, as well as 10 travelators, 24 escalators and 18 elevators to ensure passengers could move around the expanded airport easily.

# RESULTS

The new terminal complex raised annual passenger capacity from 3.5 million to 9 million, rising to 12 million in the second phase. Toward making the most of this capacity, actual airport use continues to rise. From January to November 2019, QAIA welcomed 8,264,489 passengers and handled 73,619 aircraft movements: increases on the 2018 figures of 6% and 3.8%, respectively. The airport is also scoring well with customers – traveling lives are easier and business is smoother. The time taken for passengers to reach gates after checking in has shown a 23% reduction over 5 years. In February 2020, the airport received global recognition for customer experience from the Airports Council International (ACI). ACI had already also given special awards to the airport, both for best improvement and for best airport in the Middle East.

IN ADDITION TO EMPLOYING AROUND

# 1,500

STAFF DURING CONSTRUCTION, THE PROJECT HELPED TO CREATE ABOUT

# 8,000

NEW JOBS AT THE AIRPORT

REVENUES FROM THE AIRPORT GREW

# 50%

FOR THE MEMBER COUNTRY AS THE GOVERNMENT EARNS A PRE-TAX CONCESSION FEE FROM THE AIRPORT REHABILITATION, EXPANSION AND OPERATION AGREEMENT





## LESSONS LEARNED

Multilateral development banks can play a pivotal role in attracting private finance to nationally strategic projects. The strong institutional framework set out in the PPP was essential to attracting strong financial and technical partners. The project strengthened the capacity of those involved, ensuring that the necessary team was in place to maintain the infrastructure long term. Furthermore, a comprehensive master plan will ensure the airport's future, with annual investments of around JD5–6 million (about US\$7.05–8.46 million). However, the project highlighted that involving all major partners in planning and delivery from the outset is important. For example, there was a significant change in the design, as the main sponsor was not involved in the initial design discussions. The final design enhanced the project overall, but did play a part in the initially estimated project cost rising. In summary, the QAIA project has provided the Government with new revenue, created thousands of jobs – and ensures Jordan has an airport with quality service that matches the nation's reputation for world-class business and tourism.



IN APRIL 2018, THE AIRPORT BECAME THE FIRST IN THE MIDDLE EAST TO BE ACCREDITED

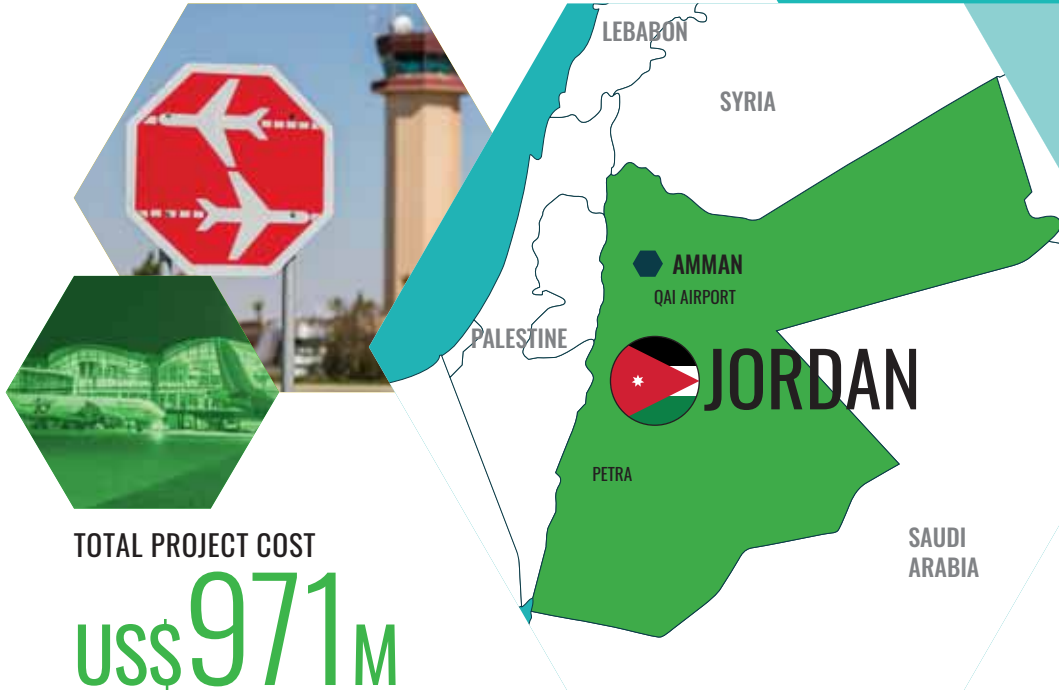
## CARBON NEUTRAL

THIS 'AIRPORT CARBON ACCREDITATION' WILL ALSO BE ENHANCED BY A SOLAR PLANT TO LOWER ELECTRICITY COSTS

ISDB MEMBERSHIP COVERS

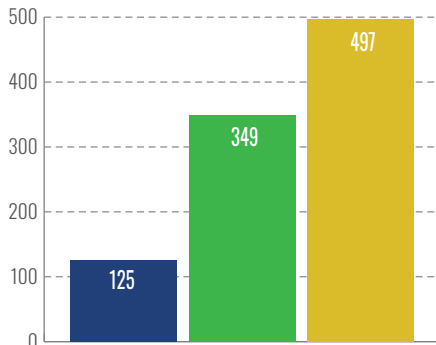
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COUNTRIES SPREAD OVER 4 CONTINENTS



TOTAL PROJECT COST

# US\$971M



### CONTRIBUTIONS

● ISLAMIC DEVELOPMENT BANK

US\$125M

● INTERNATIONAL FINANCE CORPORATION (IFC)

US\$349M

● GOVERNMENT OF JORDAN / SPONSORS

US\$497M

DISCLAIMER THE MAP IS FOR ILLUSTRATIVE PURPOSES ONLY

**"The new airport is wonderful: very clean and spacious, with efficient and polite staff. The hospitality areas were particularly good."**

Jane Ward, tourist.

**"We wanted to establish a regional hub, create employment opportunities, add economic value, and support tourism in Jordan."**

Farid A. Abu ElShaikh, Deputy Chief Financial Officer, Airport International Group (AIG).

**"It's important for potential investors ... to see the success of a PPP that worked ... [The project] is an amazing strong signal to send to the outside world and to potential investors."**

Kjeld Binger, Chief Executive Officer, AIG.

JORDAN IS NOW CONNECTED TO OVER

100

DESTINATIONS WORLDWIDE, WITH  
THE AIRPORT NOW SERVING

49

AIRLINES AND

5

CARGO OPERATORS



## CONTACT US

Islamic Development Bank  
8111 King Khalid St.  
Al Nuzlah Al Yamania Dist.  
Unit No. 1  
Jeddah 22332-2444  
Kingdom of Saudi Arabia

✉ [info@isdb.org](mailto:info@isdb.org)

☎ +966 12 6361400

🌐 [www.isdb.org](http://www.isdb.org)