Investing in sustainable development projects

General remarks from an industrial point of view (aerospace industry)

Sharing Knowledge Foundation, Jordan

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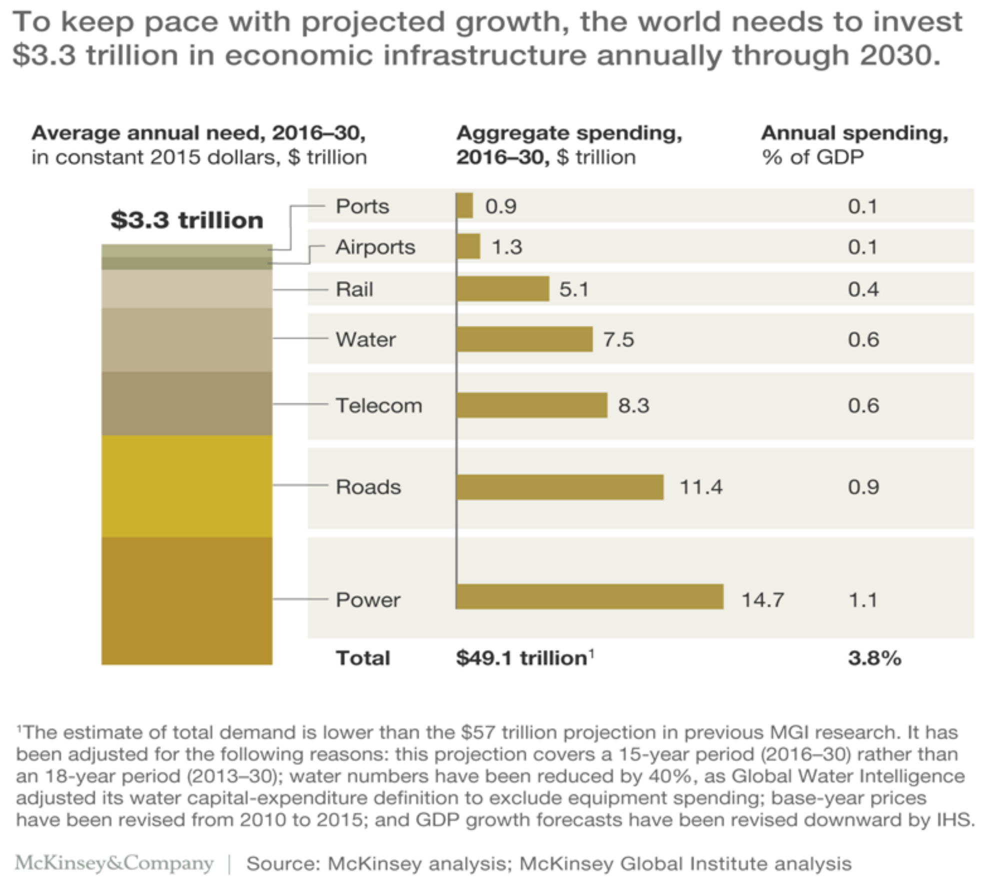
How to satisfy needs for infrastructure investment when public funds are short?



- Global needs for infrastructure investment:
  more than 49 trillion USD by 2030
- A challenge when **public funds are lacking**
- Governments use funding of projects through
  Public-Private Partnerships/PPP

"PPP is a long term contract between a private party and a government entity for providing a public asset or service, in which the private party bears significant risk and management responsibility; remuneration is linked to performance" *(Knowledge Lab World Bank Group)*

- Obstacles for private investment:
  Mobilization of capital over the long term
- Projects sometimes fail or are delayed
- Infrastructure requires stable + sustainable investment
- PPPs for infrastructure development = public and private sectors create jointly innovative solutions
- Benefits for the community to be measured in the long term

Key lessons learnt from Jordan (my understanding) include:

- Government commitment
- Clear strategy
- Macro-economic stability
- Sufficient legal authority
- Centralized privatization agency
- Efficient intra-governmental coordination

- Highly-qualified external advisors
- Sufficient funding
- Fair concession design, reasonable risk allocation and transparent bidding process
- Flexible transaction structure
- Long term global impact monitoring
- Patience

Successful PPP project: Queen Alia International Airport Amman

- Queen Alia International Airport: best airport of its size in the Middle East (Airports Council International 2014, 2015, 2016)

- 25- year renovation and expansion PPP project co-financed by IFC World Bank and Islamic Development Bank, facilitating private investment

- Bid won by an international consortium (Airport International Group), the Government was offered a 54% share of gross revenue

- Expansion to a capacity of 12 million passengers per year for the new terminal

- Construction completed 2 years later than planned (2013)

- Significant traffic growth + 9% (in 2016, 7,4 million passengers compared to 3,9 million in 2007), better than expected

Airbus Group: focus on education, science and technology in Jordan

Why we are interested in Jordan:

- Favorable business environment
- Attractive Business Park concept
- Well educated young people, excellent engineers
- Push for new technologies and innovation, moving to a knowledge-based economy
- High value added

Why we do not invest yet in the country‘s infrastructure:

- No aerospace capabilities
- Small market
- No offset-obligations
- Cost base quite high vs. Tunisia p.ex.