

## /SOW2021



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### Tradeable and transparent – the way forward for infrastructure funding.

The numbers that come on a price tag for infrastructure do not get any bigger.

Let us start with \$94 trillion. That is probably the largest sum of money quoted anywhere and it is the estimated bill for the required investment in infrastructure worldwide between 2016 and 2040.

That is 19% higher than the current trend and represents \$4 trillion a year.

Our Covid-19 ravaged world is wreaking havoc among the world's economies with governments issuing debt as fast as they dare to keep abreast of an uncertain future.

These same governments have acknowledged investment in our infrastructure is also a vital part of that future – whatever form it may take – and so we could be on the cusp of a cash injection of unprecedented proportions.



The revered British economist John Maynard Keynes was quoted in October by the IMF in its well-publicised clarion cry (2020 Fiscal Monitor) to the world's governments to invest in infrastructure projects.

Workers, said Keynes, should be employed to dig holes in the ground and to fill them back in again, simply as a means of providing employment and boost consumer spending.

No one is suggesting that, least of all the IMF, but the sentiment is clear.

Investment in infrastructure leads to economic recovery and prosperity – an epithet brilliantly tested by Franklin D Roosevelt's New Deal which dragged the United States from the Great Depression of the 1930s in less than a decade.

The current picture of infrastructure investment is, like many gigantic machines, characterised by illiquidity, slow pace and opaque money trails.

The path of vital cash from governments to projects has been long cluttered with inefficiency and lack of clarity.

We are the Estates and Infrastructure Exchange (EIX). EIX, regulated as an exchange in the City of London, exists solely to bring transparent pricing and a clear route to market as well as liquidity in the form of tradeable bonds.

Infrastructure is maturing and growing fast as an asset class, but until now it has not been tradeable on an open and transparent marketplace.

Our ethos too is strongly aimed towards renewable and sustainable projects which embrace the 'Build Back Better' motif.

The EIX process brings more speed – perhaps as fast as 16 weeks for the investor funds to reach a project – and reliable yield over a longer tenor than is currently available.

Though it comes with very big price tags, infrastructure is vital, and the world needs it fast.

But, as EIX's chairman Professor Ian Reeves says: "As far as infrastructure is concerned, it is not the price of it, rather what is the cost of not doing it?"

