DEBT MANAGEMENT OFFICE
NIGERIA

Press Release

USING SUKUK TO FINANCE INFRASTRUCTURE
-DMO inspects Roads financed by Sukuk

Officials of the Debt Management Office, Federal Ministry of Power Works and Housing, Federal Ministry of Finance and Office of the Accountant-General of the Federation started the inspection of the Roads being financed with the Sovereign Sukuk issued in 2017.

The proceeds of the ₦100 billion Sukuk were designated for the financing of 25 Road Projects across the six geopolitical zones of the country. From the list of Road Projects made available to the public when the Sukuk was issued, these were major roads that will facilitate the movement of people, goods and services, thereby contributing to economic growth and development. It would be recalled that the current administration had prioritised investment in infrastructure as a major focus in its plans for the growth of the economy and job creation. The Sukuk represents a promise kept and a step forward in Nigeria's drive for the development of infrastructure, which is in line with the Economic Recovery and Growth Plan (ERGP) launched by the Government in 2017.

The team visited the Abuja-Abaji-Lokoja Road, the Obajana-Okene Road, the Suleja-Minna Road and the Kaduna Eastern Bypass Road. During the Inspection, the Team assessed progress on the work that had been done as well as ongoing rehabilitation and construction works on the roads. The Team interacted with the various contractors handling the projects. The inspection revealed that significant amount of work had been done and the contractors expressed their appreciation for the Sukuk which assured them of prompt payment for work done. The Sukuk has incentivised the contractors to accelerate work on the selected roads because of the confidence that the Government had dedicated funds already in place to pay them upon completion of milestones.

Of particular significance was the fact that the funds from the Sukuk had made it possible to construct the Okene Bypass, a new road which would ensure a safer and more convenient journey for travellers and residents by moving traffic away from the township and reducing congestion on the roads within the town. Similarly, the Kaduna Eastern Bypass, whose construction had been delayed by inadequate funding, will ease traffic within the Kaduna metropolis, while also improving the travel experience for persons transiting through Kaduna to other towns.

According to information made available, the Government delegation will inspect all the Sukuk-financed Roads to confirm that the Sukuk funds have been utilised as planned.

Analysts believe that this debut Sukuk has breathed new life into old projects and provided funding for new ones. It is, therefore, a financing instrument that is very appropriate for the development of infrastructure.