Financing Infrastructure

One of the three broad strategic objectives of the Economic Recovery and Growth Plan (2017 – 2020) is to build a globally competitive economy and one of the plans for achieving this is by investing in infrastructure; thus, every avenue towards developing Nigeria's infrastructure must be explored. The use of Sukuk to raise funds to finance infrastructure, contributes directly to achieving this objective.

The proceeds from the Issuance of the ₦100 billion Sukuk will be used to construct and rehabilitate 25 roads in Nigeria's six geopolitical zones. These roads have been selected by the Federal Ministry of Power, Works and Housing (FMPWH) because of their strategic economic importance. The deployment of the Sukuk proceeds to these projects would improve road infrastructure which because of the multiplier effect of good infrastructure, will translate to many benefits all over the country. Good roads are important for Nigeria's economic development; they connect different parts of the country, facilitate trade, provide access to markets for farmers and link remote areas to essential social services such as education and health.

Many of the prospective investors that the Debt Management Office (DMO) met during the Roadshow were very interested in the fact that the Sukuk is tied to projects and enquired about the specific Roads towards which the ₦100 billion Sukuk would be applied. The level of disclosure and transparency for Sukuk financing which requires the issuer to present full details of how funds will be utilised gives investors information that will guide their investment decision whilst also giving them the ability to monitor the utilisation of the Sukuk proceeds after investing, to confirm that funds have been applied as proposed.   To provide additional comfort to investors, the FGN has appointed two Trustee Firms registered with the Securities and Exchange Commission who will, on behalf of the investors in the Sukuk, monitor the utilisation of the proceeds and the quality of work.