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Leading International Practices in Issuing Islamic Instruments

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Abstract:

The Islamic banking system has evolved considerably in recent years, especially after the global financial crisis 2007. In the end of the crisis, the development of Islamic financial instruments has become an imperative necessity, most notably the development of Islamic sukuk that have managed to impose themselves on the world financial markets. Many Islamic and non-Islamic governments have therefore adopted it as a successful and effective system in mobilizing financial resources to finance development projects and infrastructure. This paper highlights the most significant practices in issuing sukuk. The article concluded that bringing the idea of sticking to the international level and dealing with Islamic instruments by the biggest international financial markets shows the extent of the Islamic system's capacity, wisdom and integration and that Islamic sukuk is one of the most successful Islamic financial products.

Keywords: Sukuk, Islamic instruments, Islamic finance
Jel Classification Codes: G20, G23.

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1. INTRODUCTION

Islamic sukuk, due to their fixed characteristics and improved credit features, are one of the most popular and most widely used financial instruments in the capital market. Sukuk have also become a promising option as a funding tool compatible with portfolio theory and financial planning. Financial engineers have provided many sukuk structures for companies to raise funds on the Islamic finance modality for balance sheet purposes expand capital and working capital and refinance debt as a strategy for diversifying their portfolios. After finding the ideal, best and legitimate alternative to traditional bonds, many Muslim countries have resorted to them especially in the last 10 years, which have received a particularly high turnout from the Gulf Cooperation Council (GCC) countries, Malaysia, Iran, Sudan and Pakistan**.** This opened the doors of its deployment and led to the Western world's interest in it and its initiative to participate in and contribute to it like Germany, Britain, Japan and others. More attention is being drawn to the fact that many European governments are taking legal steps in accordance with Islamic law to issue sukuk in their own countries. The motivations for this development may be in many countries outside the Islamic world, but it highlights significantly Western governments' willingness to attract funds from the GCC countries to finance their debt. Through this paper, we will discuss the development of sukuk issuance in the world, especially during the last decade, as well as the most important international experiences in this field.

2. The evolution of sukuk issuance in the world

Islamic sukuk have recently gained considerable importance and wide spread demand as one of the Islamic financial instruments that effectively contribute to the financing of major projects, especially infrastructures, where the issuing of sukuk has grown rapidly in world from 2000 to 2013. Over the course of this period, the issuance of these instruments increased from 1.72 billion dollars, reaching more than four times this amount, with a value of 9.46 billion dollars in 2004.

The Sukuk issuances nearly doubled in 2006 from the preceding year's total of $11.3 billion to $20.4 billion and the trend continued in 2007 when the Sukuk issuances stood at $37.6 billion globally. (COMCEC, 2018, p. 28)

However, the financial crises of 2007-08 took its toll on the Sukuk market as well as the Sukuk issuances declined to $20.9 billion in 2008 and slowly recovered to $34.3 billion.

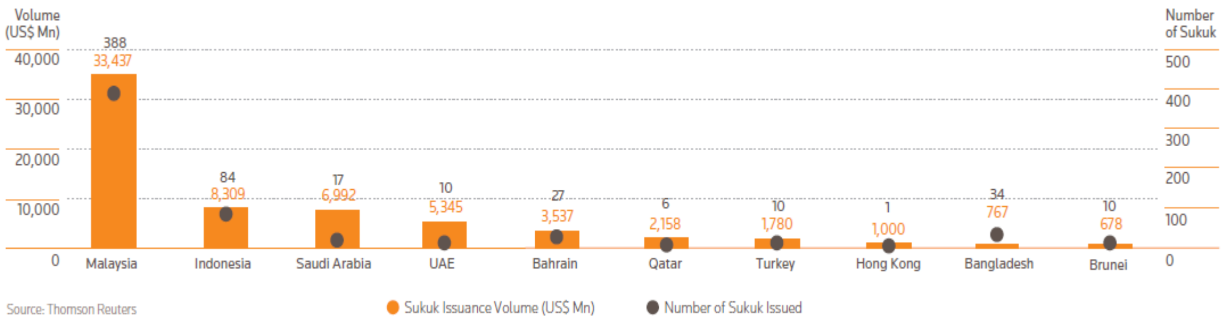
After the crisis, the value of the proposed sukuk rose to about $137.5 billion in 2012. But the effects of the global financial crisis and falling crude oil prices limited the value of the issues after declining export earnings oil in the Arab Gulf countries in particular, as the bank deposits of these countries decreased, resulting in a slow growth in issuing sukuk after 2012 to reach 10.99 billion dollars in 2013.

Recent years have been ranked among the best years of issuing Islamic sukuk, and by the end of 2016, the issuance of sukuk has approached US$319 billion (Marwan & Haneef, 2019, p23-37). This is due to the rise in issues in Saudi Arabia, Qatar, Turkey, Indonesia and the United.

Arab Emirates, where the region is experiencing significant shifts that require more spending on infrastructure and construction projects (Figure1). The global Sukuk issuances during 2017 stood at USD 116.7 billion which is an increase of around 33% over the 2016 issuances of USD 87.9 billion. The longer tenor Sukuk issuances supported by sovereigns continue to grow and the entrance of the governments of Saudi Arabia and Nigeria are among the positive developments this year. (IIFM, 2019)

According to the International Islamic Financial Market (IIFM) report, the world's total issue of Islamic instruments over the next 16 years will exceed US$ 86.74 million.

Fig.1. Top 10 countries in Sukuk volume issued (US$ MILLION, FYE 2015)



Source: World Bank & IsDB, 2019

3. Distribution of Islamic instruments around the world

The sukuk market is one of the fast-growing segments of the Islamic finance industry, having grown at a compound annual growth rate of 5.8 percent for the period 2012-2016 (Aassouli et al., 2018, p. 14). Sukuk accounted for 19.5 percent of global Islamic finance assets at the end of 2017 (World Bank & IsDB, 2019, p. 15).

Table (01) shows the total global issuance of sukuk, comparing domestic issuance and international issuance in the period 2001 to December 2010. The main market for sukuk in the period is Malaysia where 58.51% of sukuk was traded.

Table 1. Total Sukuk issued by value in some countries between 2001 and 2010.

Countries	Ratio to total value %	Value of issued sukuk in one million Dollars
Malaysia	58.51	115393.76
The United States Imarates	16.33	32201
Saudi Arab	7.78	15351.88
Sudan	6.62	13057.713
Bahrain	3.19	6291.69

Indonesia	2.36	4658.5
Pakistan	1.75	3447.207
Quatar	1.27	2500.79
Kuwait	0.8	1575
Brunei Darussalam	0.6	1175.91
USA	0.39	767
Britain	0.15	271
Singapore	0.1	191.96
Germany	0.06	123
Turkey	0.05	100
Japan	0.05	100
Gambia	00	2.086
Total	100	197208.496

Source : Alvi, 2020, pp. 1–57.

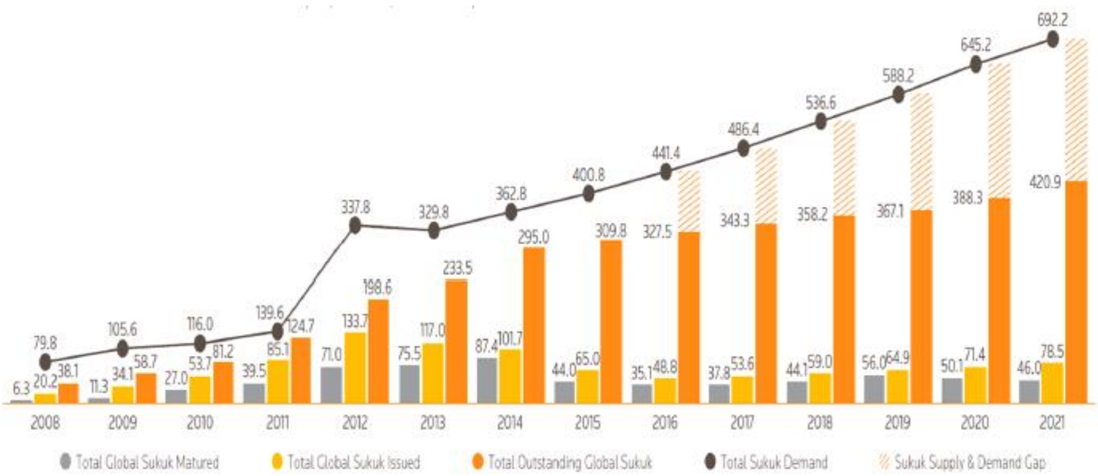
There was a possibility for the Gulf Cooperation Council (GCC) to catch up and play significant role in the market (Barqawi, 2018, p. 48). The United Arab Emirates was the leader of the Islamic capital market in the GCC by 16.33% with its issues in the period exceeding 32 billion dollars. The UAE was able to maintain its place in 2008 despite the mortgage crisis. However, during the period 2009-2010 has played a less important role due to the global shortage of liquidity in addition to the corrective cycle in the real estate market in Dubai.

The third place was occuped by Saudi Arabia with 7.78%, followed by Sudan 6.62%, Bahrain 3.19%, Indonesia 2.36%, Pakistan 1.75%, Qatar 1.27%, Kuwait and Brunei Darussalam 0.8% and 0.6%, respectively.

The use of Islamic instruments was not restricted to Islamic countries. The rapid growth, efficient operation, stability of Islamic finance and the increase of Muslim population around the world led to the increasing popularity of Islamic products, expanding its reach to non-Muslims countries as well. The numbers of sukuk issuance are rising in Asia, the USA as well as Europe.(Barqawi, 2018, p. 47)

In recent years, the issuance of international instruments (instruments directed at foreign investors) has been increasing, especially those denominated in dollars, reflecting the strong demand (Figure 2), for higher returns under lower global interest rates. Foreign investors tend to favor dollar-denominated instruments compared to instruments denominated in local currencies in order to reduce foreign exchange risks (Ogino, 2018, p. 5).

Fig.2. Demand for and Supply of Sukuk, 2008–2021



Source : World Bank & IsDB, 2019

At the end of 2014, there were two versions of the instruments (Table 2). The first is Goldman Sachs, the leading investment bank. The second is the International Immunization Financing Facility (IFFIM), both of which have issued instruments worth US$ 500 million (IFFIm, 2014, p. 1).

Table 2. Some Sukuk issues at the end of 2014

International funding Facility for Immunization	Goldman Sachs
November 2014	September 2014
500 million US dollars	500 million US dollars
Financial services	Financial services
Murabaha	Agency
3 years	5 years

Source: (Bank negara Malaysia, 2017)

4. Some of the international experiences of the Islamic sukuk issues

Many Muslim and Western countries have sought to issue Islamic instruments, which have become prominent in supporting the economy and mobilizing savings. Malaysia is the leading country in this field by having the largest Islamic financial markets, and the following is a review of the most important international experiences in the issuance of Islamic instruments, highlighting the country of Malaysia as an international center for Islamic finance.

4.1. Malaysia

- **Major Sukuk issued by Malaysia**

The Malaysian sukuk market has defined several stages of the development of the Malaysian stock market, through the strategy developed by the Malaysian authorities, which has made it an international center for Islamic finance and a status for the issue of instruments in the domestic market.

In 1983, the Malaysian Government issued Sharia-compliant government instruments called Government Investment Certificates-GIC, and there are Islamic instruments issued by private companies, where the Boustead Holdings in Malaysia has issued instruments for the establishment of a power station. The idea of these instruments was presented in Malaysia in 1990.

In 1990, Shell MDS SDN BHD, a foreign non-Islamic corporation, was issued one of the first Islamic instruments in Malaysia, on the basis of a "sell-for-sale" of RM125 million (equivalent to $30 million). However, there were no active releases by other countries after this release (Asyraf Wajdi Dasuki, 2009).

In 1997, the Malaysian government-owned Khazanah launched the first Murabaha instruments named Khazanah, which were interest-free instruments (zero coupon). The issuance of this instrument by the Government was an attempt to create an alternative instrument for local traditional bonds.

In 2000, the BHD Management RHB was the first Islamic investment bond fund.

In 2002, Malaysia was keen to help establish the international sukuk market, issuing Sukuk Bank Negara Malaysia IJARAH) at the Labuan International Exchange with a value of US$600 million due to 2007.Malaysia has thus become the world's leading exporter of international Islamic instruments. These leasing instruments have supported sovereign assets in the form of government administrative buildings, hospitals and academic institutions (Radzi, 2018, p. 2).

In 2003, the first sukuk al-istisna worth 56 Malaysian ringgit, released by SKS Power SDN BHD with a 5-to-9-year maturity of 46.5% of the total global issue (Suruhanjaya Sekuriti, 2020, p. 97). And the issues continued, on July 2004, Ingress Corporation Limited Bhd issued a sum of RM 160 at the local level.

December 2004, the International Finance Corporation (IFC), the private sector arm of the World Bank Group, today launched an Islamic Malaysian ringgit (MYR) denominated bond issue in the domestic market. The MYR 500 million (approximately US$132 million equivalent) three-year bonds were issued as Bai Bithaman Ajil Islamic Securities. IFC is the first supranational to issue Islamic securities in the Malaysian market, and first supranational to issue domestic Islamic bonds in any market (IFC).

In 2005, the World Bank issued Islamic bonds for which it was dissolved in 2010, estimated at 760 million RMB. The deal is the largest operation in ringgit, and Malaysia is one of the first countries to issue local currency instruments, accounting for 62% of the sukuk market issued in local currency.

Also, the first Musharaka Sukuk was issued by a company with a capital of One Berhad, amounting to RM2.5 billion. In addition to the issuance of the first bonds for sale and construction of the property called Musharaka Sukuk at the international level, and the issuance was issued by Cagamas MBS Bhd on the principle of Musharaka. The idea of Cagamas mudarabah bonds (CMB) is based on converting Islamic housing debts into bonds or securities, on an Islamic basis, and the amount was estimated at 2.05 billion ringgit.

The first speculative bond worth RM80.0 million was issued by PG Municipal Assets Bhd. This issue is the first Islamic Municipal Bond in Malaysia (Berhad, 2006) to be regulated on property taxes levied by the local authority.

In 2006, a joint product of Dow Jones Indexes and Citigroup, provided a benchmark for investors seeking exposure to Sharia-compliant fixed-income investments called the Dow Jones Citigroup index. It was the first attempt to harness the power of applying Shari'ah (Islamic law)-compliant screening principles for market performance measurement. The index also helps to increase the volume of trading of these instruments in secondary markets, and easy comparison with the performance of other investment instruments.

This year also saw the issuance of the first such transferable securities to finance Malaysia Telecom, issued by Malaysia's Khazanah Nasional Berhad – the Malaysian Government's investment arm, with an issue volume of $750 million ($650 million in actual issue volume with an over allocation of $100 million). The five-year maturity was due in 2011. In the year 2007, it was followed with musharakah bonds, which are also exchangeable, with a volume of $850 million. As well as, Binariang GSM SDN BHD issued RM1 billion worth of instruments.

On January 2011, Malaysia's diplomatic Forensic Index was launched in cooperation with Malaysia's Bloomberg Stock Exchange and Malaysia's Islamic Banking Association, and the Index is a benchmark for Islamic sovereign bond investments in Malaysia and a measure of the performance of government securities denominated in Islamic Sharia-compliant Malaysian ringgit.

Furthermore, Malaysia has developed the latest types of instruments specifically designed to meet the needs of investors, leading to the emergence of the first global instruments of sustainable investment and responsibility (SRI) issued by the State Agency, instruments to finance the expansion of Kuala Lumpur International Airport (2013).

In 2010, the Central Bank of Malaysia (CBE) issued $45 billion of the total international exported instruments worth $116.4 billion.

In 2015**,** Malaysia successfully introduced for the first time in the world Sukuk al-Ihsan of "social responsibility" for school education in local ringgit. Ihsan Sukuk Bhd was established in early 2015 to issue a ringgit denominated SRI Sukuk programme amounted RM1 billion (Reuters et al., 2015, pp. 1–96) , This SRI sukuk is structured to promote a new method of fund "trust schools" through the Islamic capital market. This sukuk also created another milestone for Islamic Capital Markets (ICM) as the first SRI sukuk approved under SRI Framework by SC and was rating as AAA by RAM Rating Services Bhd (Wahab & Mohamed-Naim, 2019, p. 42).

Malaysia continued its dominance in the sukuk market in 2016 with 46.4% new global issuances of all currencies originating from Malaysia. Sukuk outstanding reached RM 661.08 billion by end of 2016, commanding 54% of global sukuk outstanding) (Islamic & Report, 2017, p. 83) (Figure 3). Sukuk issuances in 2016 amounted to 129.45 billion RM, totaling 32 sukuk (Figure 4).

Fig.3. Value of Sukuk Oustanding in Malaysia (RM billion)

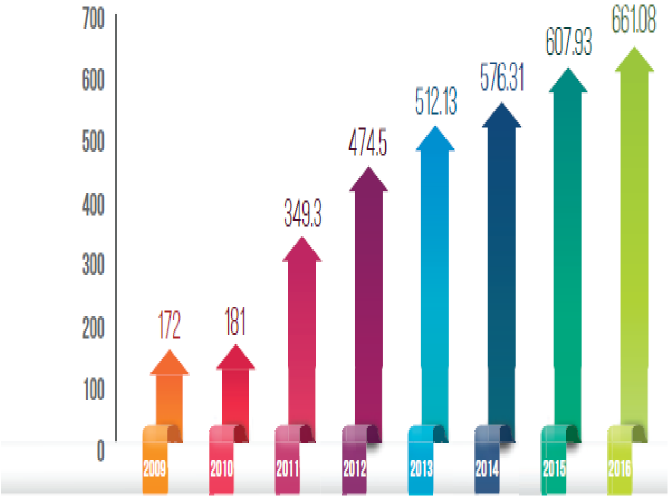
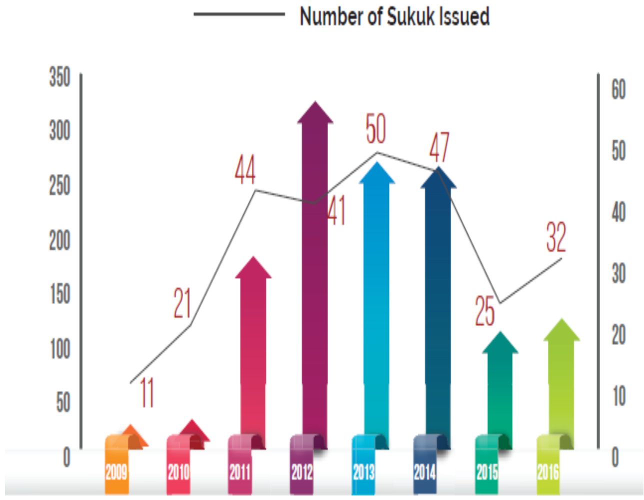


Fig.4. Value of Sukuk issuance (RM billion) and number of Sukuk issuance in Malaysia



Source: Securities Commission Malaysia Report, 2017

On August 2017, the world's first green instruments were issued with world bank-inspired and supported by Tadau Energy Malaysia's solar company, which mobilized RM250 million to finance the construction of 50 MW solar photovoltaic power plant in a new step towards what is known as green finance. These green instruments are green Islamic bonds whose proceeds are used to finance environmentally sustainable infrastructure projects.

- **Development of Islamic instruments exported in Malaysia's financial market (2005-2016)**

In Table 3, we note that the ratio of Islamic instruments exported on the Malaysia stock exchange was 69.13%. The issue of instruments was increasing between 2005 and 2015 and surpassed 75% in 2007.

Table 3. The development of the trading volume of Sukuk and bonds in the Malaysian stock market

Years	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total Sukuk (billion)	43.32	42.0	121.	43.2	34	40.3	78.9	71.0	99.13	76.07	48.33	63.7
Total bonds (billion)	62.66	75.8	158.	140	57.5	63.5	112.33	103	148.07	138.14	118.46	141
Total Sukuk to Total Bonds (%)	69.13	55.4	76.4	30.8	59.1	63.4	70.23	68.8	66.95	55.06	40.8	45.2

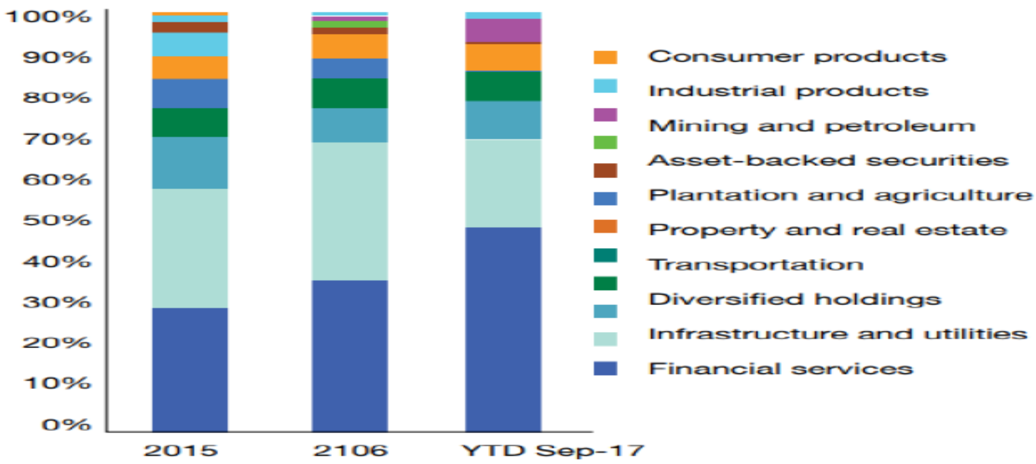
Source: Securities commissions Malaysia, Annuel Report (2006.2008.2010.2011.2012. 2014.2016)

However, on 2008, there was a lower issue of instruments than conventional bonds, due to the 2008 global financial crisis. After this crisis, the Islamic instruments restored their position as they controlled the bond market in Malaysia's stock exchange, especially the first market). This good performance is due to the strategies undertaken by the Malaysian Government, where the first of 2001 to 2004 focused on supporting local institutions, and the second focused on key developments, which made the Malaysian Stock Exchange more open, as we noted in 2005 and 2006. Between 2007 and 2010, the Malaysian Islamic Financial Market (MIFI) relied on attracting foreign investment, which was demonstrated by the high rate of issuance of these instruments without the global crisis of the period and beyond.

It should be noted that during 2016, the world's exported instruments totaled $8.74 billion. The volume of Malaysian instruments was estimated at $7.34 billion, or 4.46%, which confirms that Malaysia is considered an Islamic financial center for international finance compared to other countries such as the Arab Gulf Council (Abbou, 2017, p. 56) .

Malaysia’s Sukuk issuance by sector including; financial service, infrastructure and utilities, diversified holdings, transportation, property and real estate, plantation and agriculture, asset-backed securities, mining and petroleum, industrial products, and consumer products is presented in (Figure 5).

Fig.5. Malaysia’s Sukuk Issuance by Sector



Source : Ghafoor et al., 2018, p. 189

4.2. United Arab Emirates

The United Arab Emirates has witnessed several Islamic issues; the most important is a $500 million issue for Emirates Airlines. The Emirates Airline Sukuk is based on Ijarah was Istisna’a. Ijarah is buying and leasing of assets by the investor to the issuer. Istisnaa’ is a sale contract by way of order for certain product with certain specifications and certain mode of delivery and payment either in cash or deferred (IIFM, 2017, p 61) .

In 2006, the Dubai government represented by the Department of Civil Aviation signed an agreement with six Islamic banks under the management of Dubai Islamic Bank, according to which Ijarah Sukuk were issued to develop and expand its airport with a volume of one billion US dollars, which was fully covered. In addition, $25 million worth of instruments have been issued to the Ministry of Endowments for the construction of some endowment properties.

On September 2014, the Sharjah government announced its first capital market deal, by issuing Ijarah Sukuk worth $ 750 million, with a profit rate of 3.764%, with a 10-year maturity.

In 2015, the world's largest instrument was listed in the Nasdaq Dubai market, among four instruments with a total value of $6 billion, with Dubai leading the listing of instruments (mostly from sovereign parties) worldwide. The total value of the listed securities on the Dubai stock market, Nasdaq Dubai and Dubai Financial, was estimated at 36 billion dollars, the vast majority of which is in the Nasdaq Dubai. By the end of the first quarter of 2018, the UAE's sukuk issues amounted to $3.75 billion, or 22% of the world's total issued instruments, worth $17 billion.

The UAE was the second largest exporter of international instruments after Malaysia, and the first Gulf in terms of volume of issues amounting to 4.8 billion dollars, with local companies and banks accounting for 73% of the total.

In 2018, Dubai Islamic Bank (DIB) issued $5 billion worth of instruments with a five-year maturity date. This is the first major US dollar-denominated instrument deal in the Cooperation countries in 2018. In the same year Damak Real Estate has issued $400 million in 5-year instruments and Sharjah Islamic Bank worth $500 million. Emirates Airlines also raised financing from a $ 600 million sukuk issue in amortization form over 10 years with legal maturity in March 2028, and used the proceeds of the issuance for general purposes including aircraft financing and working capital.

On March 2018, sovereign instruments were introduced by the Emirate of Sharjah, valued at $1 billion, over a period of ten years. This is in the Emirate's largest debt-market deal, the first major issue of sovereign instruments in the world markets of the Middle East in 2018.

On September of the same year, Abu Dhabi Islamic Bank, the leading Islamic financial services group, issued $750 million worth of non-term sukuk to support the first part of the capital and in accordance with the regulation framework of the Basel III Agreement issued by the Central Bank of the United Arab Emirates.

On December, the Emirate issued $200 million worth of sukuk on NASDAQ Dubai. Furthermore, Al-Dar Investments succeeded in issuing the first US dollar instruments at a fixed interest rate for 7 years at a value of 500 million dollars. Al-Dar Al-Investments is the largest diversified real estate investment company in Abu Dhabi.

4.3. Saudi Arabia

The majority of the sukuk issuances in Saudi Arabia are denominated in Riyal. On 2004, HANCO Rent-A Car issued the first corporate sukuk. The next sukuk issuance took place in

2006 by Saudi Arabian Basic Industries Corporation (SABIC). The issuance of SABIC sukuk generated tremendous attention as it received SAR 4.3 billion in order, overshooting the SAR 3 billion (US$ 800m) cap set by the CMA. The second in the same year was by Saudi Electricity Company which made headlines by issuing sukuk worth SAR 5 billion (US$ 1.33 billion) in July 2006, the largest ever by a Saudi corporation.

On August 2011, the Saudi International Petrochemical Company, "Sipchem", launched speculative sukuk worth SAR 108 billion. The purpose of this issue was to finance future projects for the company.

In 2014, Saudi Arabia became the second largest issuer of sukuk by issuing a total of 15 issuances with a total value of US$ 12.1 billion. During 2014, eight listed companies in the Saudi market issued Islamic instruments with a total value of 19.6 billion rials ($5.2 billion) ,48% of which were for Saudi Electricity Company.

The issue included two sukuk certificates, the first worth $1,500 million due after 10 years with a return of 4%, the second with a return of $1000 million, due after 30 years with a return of 5.5% and paying the return on each tranche every six months.

On June 2014, Fawaz AbdulAziz Al-Hokair Company issued 500 million riyals worth of sukuk due after 5 years. These sukuk were issued on the basis of a special offering to a select group of investors in Saudi Arabia, where a number of government institutions, insurance companies, financial and investment funds, banking institutions and companies participated, reflecting the company's financial solvency and investor confidence in it.

In 2014, the Saudi Telecom Company (STC) issued sukuk worth 2 billion riyals. This is part of a program established in May 2014. By the same date, the Saudi Investment Bank (SAIB) has made a special launch of secondary Sukuk in Saudi Arabia valued at 2 billion riyals with a maturity of 10 years with the bank's right to recover the Sukuk at the end of the fifth year. The return on Sukuk was the ratio of the Saibor index for six months + 1.45% and is paid on a semi-annual basis. In 2017, some $8 billion, or 30 billion, was issued.

While the orders for subscription to the Sukuk amounted to 33 billion dollars, which is equivalent to 123 billion riyals. According to the Moody's report, Saudi Arabia is the largest source of instruments in value among GCC countries since 2017, issuing about $9.5 billion of instruments during the first seven months of 2018, and accounting for nearly 55% of the total issues of instruments in the region. Government issues also accounted for 85% of the instruments issued during the year. Whereas in September 2018, the Saudi Ministry of Finance accepted the sale of domestic Islamic sukuk worth 4 billion riyals ($ 1.1 billion), and this process is considered to be the reopening of an issue that was originally offered in August 2018. According to a statement by the Ministry of Finance, the total volume of the offering after its reopening increased To 7.465 billion riyals ($ 1.99 billion). It also sold five-year sukuk worth 2.25 billion riyals, seven-year bonds worth 500 million riyals, and ten-year Islamic bonds worth 1.25 billion riyals. In the same year, the Saudi Electricity Company issued international Islamic sukuk worth $ 2 billion. These instruments were divided into two segments, the first worth $800 million (3 billion riyals) and due after five years, and the second worth $1.2 billion (4.5 billion riyals), and due after 10 years. The $2 billion release is the first premium investment class to be floated by Saudi companies since 2014.

On April 2018, the Saudi Ministry of Finance issued $1.3 billion worth of Islamic instruments in an effort to reform the economy and address the budget deficit resulting from a sharp decline in oil export revenues due to falling prices since mid-2014. In October 2018, the ministry sold 3.25 billion riyals worth of domestic sukuk for $866.44 million. These instruments have been divided into three segments for five, seven and ten years. Saudi Arabia collected 2.33 billion riyals from the sale of five-year sukuk, 360 million riyals for seven-year sukuk and 560 million riyals for 10-year sukuk.

4.4. Sudan

Sudan's experience in issuing Islamic sukuk is a unique and pioneering experience, especially in the field of sovereign government instruments. The Sudanese government has developed sukuk as an alternative tool for monetary policy for open market operations. On 1998, the Central Bank of Sudan issued the government musharakah Certificates (GMCs) called “Shamam”, assets that represent specific shares in a special fund containing assets owned by the Bank of Sudan and the Ministry of Finance in the banking sector, aimed at controlling liquidity at banks. These certificates were liquidated in 2004, with a total proceeds of Shamam issues equivalent to 391.302 million Sudanese pounds sold through 87 auctions.

Shahama Bonds or Government Musharakah Certificates (GMCs). These are short-term securities issued since 1999, to raise short-term government financing to cover such costs as civil service and defense expenses. These certificates were also issued on of the principle of profit-and-loss participation and are negotiable between the public, banks and institutions. During 2016, the volume of issuance of these certificates reached 41 certificates with an issue size exceeding 2 billion pounds.

In 2003, government investment certificates (Sarh) were issued for 60 million pounds. These are financial instruments based on the principle of Islamic law issued by the Ministry of Finance and National Economy and are managed and marketed in the first market through The Sudan Financial Services Company. The revenue of these instruments is used to finance infrastructure projects and health, education and water sectors in the various states of Sudan.

The period from May 2003 to December 2009 witnessed the launch of fourteen issuances of government investment sukuk (Sarh), which were subscribed in periodic periods every year, taking into account the needs of the Ministry of Finance to finance development during the year. The volume of resources achieved reached about 2.237 million Sudanese pounds. By the end of 2012, the volume of the issue was cancelled 345.1 million pounds through 21 issues.

In 2005, certificates of collective investment in foreign currencies (Shomokh) were issued. These certificates issued with a one-year term (Avril 2009-Avril 2010) give investors the opportunity to invest in a fund to finance the import of strategic goods in accordance with Islamic finance formulas. Its aim is to enable the Central Bank of Sudan to manage the country's foreign exchange resources and achieve a rewarding return for foreign currency investors. However, these certificates did not achieve the desired goal of financing the import of direct goods and remained in the account of the Central Bank of Sudan until it was liquidated in April 2017.

In 2010, Ijarah certificates of lease assets of Khartoum Petroleum Refinery (Shama) were issued and are based on the government's share of the oil refinery built in Gili, north of Khartoum, in a declining partnership with Chinese companies, with a value of about 2 billion Sudanese pounds.

In 2012, certificates for the capital of the Sudanese electric transport company (Nur) were introduced and completed in 2014. It is a medium-term (three-year) investment fund with a capital of $758 million, a nominal value of $100 per certificate, and an expected annual return of 7% each paid at least a month in the same or equivalent currency, and the goal was to provide appropriate resources to the State (Brika & Mrabti, June 2017).

On December 2014, the Finance and Economic Planning Tower leasing certificates were issued for an amount not exceeding 150 million Sudanese pounds.

4.5. Pakistan

Pakistan is one of the first countries to deal in the Islamic financial market. In 1980, the Government of Pakistan, represented by its banks and financial institutions, issued certificates of participation for medium and long terms as an alternative to issuing interest-bearing bonds, which are convertible instruments, based on the principle of profit and loss participation . It was issued to mobilize medium and long-term financial resources in the local currency of industry and others.

In 2005, the first $600 million issue of government Islamic instruments, co-managed by the Dubai Islamic Bank, was also witnessed, and due to the strong demand from investors, the subscription was closed at $2.1 billion. On March 2009, the Government of Pakistan issued the fourth largest issuance of lease sukuk with a value of US$ 1,000 million (Table 4)**.**

Table 4. International Sukuk Issued by the Government of Pakistan

Auction	Issue Date	Maturity Date	Amount of Sukuk
Pakistan First International Sukuk	Jan-05	Jan-10	US$ 600 million
Pakistan Second International Sukuk	Nov-14	Nov-19	US$ 1,000 million
Pakistan Third International Sukuk	Oct-16	Oct-21	US$ 1,000 million
Pakistan Fourth International Sukuk	Nov-17	Nov-22	US$ 1,000 million

Source : Ghafoor et al., 2018, p. 171

Overall 107 Sukuk valuing US$ 10,472 million have been issued in the domestic market by December 2017. Nineteen (19) of these are Government of Pakistan (GoP) Ijara Sukuk while remaining 88 have been issued by corporate or quasi-sovereign entities (COMCEC, 2018, pp. 1–58) (Table 5).

Table 5 : Entity wise & Year wise Breakup of Sukuk (cumulative as of end year in percent)

Year	Corporate	Sovereign	Quasi-Sovereign
2006	7.2	0.0	92.8
2007	55.5	0.0	44.5
2008	48.6	14.0	37.4
2009	43.3	29.0	27.7
2010	27.1	55.7	17.2
2011	15.9	72.7	11.4
2012	11.5	79.3	9.2
2013	10.7	78.5	10.8
2014	11.0	78.3	10.7
2015	9.2	79.3	11.5
2016	8.9	74.2	16.9
2017	10.5	73.1	16.4

Source: COMCEC, 2018, p. 14

The value of Pakistani Islamic sukuk issues reached nearly $665 billion for 44 issues during the period 2001-2013, making it the seventh place in the world with 15% of the total value of Islamic sukuk issues by country.

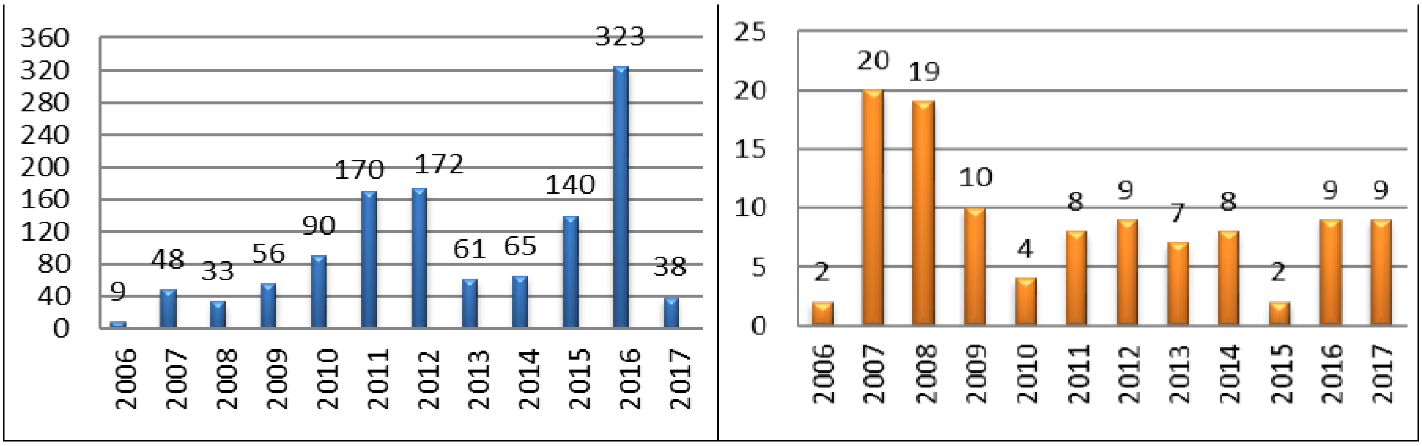
On October 2014, Pakistan's unit of Bahrain's Al Baraka Banking Group announced the raising of RRs 2 billion ($19.5 million) from the first issue of secondary instruments in Pakistan.

In spite of the fact that a late participant to the Sukuk maket, Pakistan has been encountering enduring development in Sukuk since 2007. The development backed off in 2008 in terms of Sukuk value however it began grabbing again particularly for the years 2010-12 and 2015-16. In 2017, 9 Sukuk were issued with Rs 38 billion Sukuk value (Ghafoor et al., 2018, p. 170) .(Figure 6)

With the introduction of Basel III global banking standards around the world, a number of Islamic banks have issued secondary debt instruments as a source of finance, including banks in Turkey, Malaysia, Saudi Arabia and the UAE. On January 2019, the Pakistani government agreed to offer 200 billion rupees ($1.44 billion) worth of Islamic sukuk to cover arrears in the local electricity sector.

Fig.6. Year Wise Domestic Sukuk Summary

Sukuk Value (in billion Rs)	Number of sukuk issues



Source: COMCEC, 2018, p. 13

4.6. Islamic Development Bank (IDB)

It is an international bank that is a member of the Organization of the Islamic Conference (OIC). The bank is one of the first entities to issue Islamic sukuk, reaching about $ 400 million in 2003. The same year the first initiatives launched by the bank in August, which were hybrid sukuk valued at $ 400 million. The Bank participated as a manager in issuing $600 million worth of sukuk to Qatar.

The second issue in 2005 was for $500 million. Between 2010 and 2014, the Bank issued several issued the agency's instruments, the largest in 2014, at $1.5 billion, and all issues were part of the medium-term permit program.

In addition to its USD-denominated MTN (Medium-term notes) programme, the IDB has also issued a local currency RM1.0 billion MTN programme in Malaysia, to finance projects in ringgit. To date, 3 tranches of RM sukuk have been issued, amounting to RM700 million. The 10-year MTN programme was established in August 2008 and will expire in August 2018. The programme is registered with the SC and is listed and tradable on Bursa Malaysia under the issuer/SPV name of Tadamun Services Berhad (COMCEC, 2018, p. 21).

As of June 2017, the IDB had issued all its sukuk under an MTN programme, except for its debut sukuk in 2003, which was registered and approved by the Financial Services Authority/United Kingdom Listing Authority (UKLA). The IDB sukuk is currently listed on the London Stock Exchange, Bursa Malaysia (Exempt Regime), Nasdaq Dubai and Borsa Istanbul.

On September 27, 2017, the Islamic Development Bank priced US $ 1.25 billion in sukuk, with a five-year maturity and an annual return of 2.393%, with the participation of several regional and international banks, such as Boubyan Bank, Emirates NBD, Gulf International Bank Capital. Goldman Sachs, HSBC, Natixis and Standard Chartered. These new instruments were issued under the Bank's medium term sukuk issues program of $25 billion. 56% of the instruments were allocated to investors in the Middle East and Africa and 37% to investors in Asia 7% to investors from the European continent. In November 2018, NASDAQ Dubai welcomed the inclusion of 650 million euros worth of sukuk by the Islamic

Development Bank, the first euro listing by the Bank (9 listings) with a total value of $11.8 million.

4.7. Turkey

Turkey is one of the largest sukuk dealers, and it has succeeded in financing many projects by offering sukuk, as it considers them more effective than traditional bonds. In 1984, Musharakah Sukuk were issued in the amount of $ 200 million allocated to finance the construction of a suspension bridge on the Bosphorus Strait and Muhammad Al-Fateh Bridge, and this issuance was well received by investors and generated a good return. It also issued Islamic bonds in 2003, amounting to $ 500 million.

In 2010, Turkey saw its first $100 million sovereign sukuk issue for three years from the Istanbul-based Kuwait Turkish Islamic Bank.

On September 2012 Turkish Treasury issued a 1.5 billion dollars worth of Sukuk which attracted a 1.9 billion dollars worth order from 95 investors all around the world. The Sukuk sales has already reached 1 billion dollars as of May 2013 and it is expected to treble that amount to reach 3 billion dollars by the end of this year according to HSBC Holdings Plc, the world's biggest underwriter of Sukuk.

The General Union of Turkish Islamic Banks also revealed that the value of sukuk issues during the first nine months of 2016 amounted to 1.305 million Turkish liras (about 344 million Dollars). According to the statement, government issues from 2010 to July 2016 reached 26.8 billion lira ($7.16 billion), and private sector issues reached 15.5 billion lira ($4.14 billion), with a total of 42.3 billion liras ($11.30 billion).

On February 2018 Al Baraka Turk Participation Bank (one of the banking units of Al Baraka Banking Group S.A.P.) announced its success in issuing the first tier 1 permanent capital instruments in Turkey and the first listed first-class instruments in accordance with Basel III requirements. This pioneering process is a major milestone for Turkey’s participatory banking sector and an important source of innovation for the Turkish banking sector as a whole. The $205 million worth of instruments were priced at a profit rate of 10% and involved many regional and international banks.

4.8. India

The year 2009, saw the issuance of $23.3 billion worth of instruments against $14.9 billion issued in 2008. The Islamic sukuk market in 2010 reached about $100 billion, so with the addition of banks and other Islamic finance instruments, the volume of that financial market is over $1 trillion.

In 2015, India also succeeded in issuing green bonds worth about 120 million dollars, equivalent to 10 billion rupees, to finance infrastructure projects involving wind and solar energy production.

4.9. Indonesia

In 2009, Indonesia issued sukuk worth about 14 trillion rupees, including $7.65 billion worth of global sukuk.

In 2017, Indonesia, the world's most populous Muslim country, sold sovereign green sukuk worth $1.55 billion for five years, the world's first sovereign green sukuk priced at 3.75 percent.

In 2018, Indonesia issued two $3 billion Islamic sovereign sukuk on NASDAQ Dubai. According to a statement from the Middle East International Financial Exchange, the Indonesian state is the main source of sovereign instruments globally and is a milestone in every global issue, such as the launch of the first instruments in the form of an agency in 2014. It also issued the highest individual payment value of us dollar instruments from Asia in May 2015.After the last offering for 2018, sukuk issues rose to 10 issues worth $14.5 billion. The total value of the sukuk listed on the Dubai Stock Exchange was approximately $56.47 billion, making it the largest value compared to any listing position in the world.

4.10. Jordan

Jordan is considered a pioneer for a long time. In February 1988, it issued muqarada sukuk to finance the reconstruction of some endowment lands, called the muqarada bonds.On the occasion of this issuance, a decision was issued by the International Islamic Fiqh Academy entitled Muqarazah Bonds and Investment Bonds in February 1988. It was the first consensus decision in Sukuk that included the basic provisions for issuance, circulation, and means of hedging and extinguishing risks. In 2012, jordan's Central Shariah Authority issued the law on the issuance of Islamic instruments, called the Islamic Finance Instruments Act of 2012, which repealed the temporary loan bonds law.

On October 2016, the Central Bank of Jordan issued sovereign sukuk under a new structure, which is the structure of Ijarah Muntahia Bittamleek, with a value of 34 million Jordanian dinars, maturing after 5 years. The purpose of this issuance was to finance construction work and remaining finishes on the new building of the Ministry of Finance**.**

On August 2018, the National Electricity Company announced its issuance of instruments Murabaha for ordering the purchase of the Jordanian government guarantee at the value of 150 million dinars Jordanian for 5 years (Central Bank of Jordan, 2018).

4.11. Japan

On 2008, the Japanese Financial Services Agency, known as JFSA, which is a governmental institution responsible for enacting financial laws and legislation, gave the green light to Japanese banks by introducing Islamic financial transactions into their banking system. This decision allowed several major Japanese institutions to be adopted Islamic instruments.

The first Japanese sukuk were issued through Aeon Credit Services Malaysia in Malaysia in 2007 using the Musharaka sukuk formula. Then UMW Toyota Capital followed in 2008, using Musharaka sukuk as well. In 2010, Nomura Holdings issued leasing sukuk, followed by Toyota Automotive in 2012 for $88 million, before Mitsubishi Bank issued $500 million worth of sukuk in 2014. This experience gave a good impression to the Japanese, and this success culminated in the launch of the first instrument adopting the Japanese yen. Bank of Tokyo Mitsubishi UFJ announced the launch of the first Japanese currency-based sukuk worth ¥2 billion.

4.12. Britain

In 2008, the British government announced its intention to issue Islamic instruments to finance the state's budget, and the instruments do not seem to be alien to Britain, which is seeking to make the financial and business district of its capital London a hub for international Islamic finance operations .

In 2014, Britain became the first Western country to issue Islamic bonds or sukuk, raising 200 million pounds ($268 million) from a five-year agreement that was covered 10 times. The return on these instruments is set at 2.036 percent, but they are backed by real estate holdings of the government, where profit is based on the reward of participation in capital in order to avoid the concept of interest in riba, which is forbidden in Islam. These sukuk have been well received by major investors in the UK and major Islamic finance centers around the world.

5. CONCLUSION

The 2007 global financial crisis has greatly boosted the confidence of the Islamic world and the West in Islamic financial instruments in general and in sukuk in particular. The Islamic sukuk market has shown its ability to face many of the obstacles faced by the global financial markets. This must be adopted as a successful and effective system in mobilizing financial resources to finance development projects and infrastructure. So, The issue of sukuk has been the focus of investments by many Islamic and non-Islamic countries, which have allowed central banks to use them within monetary policy frameworks and in accordance with Islamic law, thus contributing to the absorption of liquidity and thus reducing inflation and providing the opportunity for financial institutions around the world to invest their surplus funds.

In the end, it can be said that bringing the idea of sticking to the international level and dealing with it by the biggest international financial markets shows the extent of the Islamic system's capacity, wisdom and integration and Islamic sukuk are considered one of the most successful Islamic financial products.

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