

## FORMULATION OF THE HAJJ INVESTMENT FINANCIAL FOR INFRASTRUCTURE IN HAJJ FINANCIAL MANAGEMENT EXECUTIVE BOARD

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### ABSTRACT

The researcher aims to analyze the formulation of the Hajj investment financial policy for infrastructure in Hajj Financial Management Executive Board (BPKH). Based on Law 34/2014, Hajj financial investment in infrastructure infrastructure is intended to gain value for the improvement of haj pilgrimage services by prioritizing the aspects of security and integrity of funds for prospective pilgrims. The research method use qualitative method. Data and information obtained through observation, interviews with actors involved in the policy formulation process that supports research documentation and literature study. Furthermore, in the analysis of the policy formulation using Mustopadidjaja's (2003) theory, namely seven steps in the policy formulation process. From this study it was found that the formulation of the Hajj financial investment policy for infrastructure can be carried out by the government because it already has a legal umbrella and there is still insufficient support from the APBN to finance infrastructure development, it just needs stronger reasons and clear criteria for the type of infrastructure investment, especially direct investment. And the importance of socialization and information to stakeholders, especially pilgrims and Muslims in general, the value of the benefits it gets so there is clarity. Furthermore, the supervisory supervision involves an accountable and trusted institution to increase public trust in the BPKH institution in particular and the government in general.

**Keywords:** policy formulation, hajj finance, infrastructure investment

### 1. INTRODUCTION

Investment is an important component in promoting a more sustainable economic growth. To grow an economy requires the formation of capital in addition to the capital stock. Investment will affect the country's economic growth. With an increase in investment, it will encourage activities in other sectors, including job creation and encourage economic growth (R.F. Harrord, 1949).

President Joko Widodo in his inauguration remarks for the members of the Supervisory Board and Members of the Hajj Financial Management Executive Board (BPKH) at the State Palace, Wednesday, July 26, 2017 put forward the idea that hajj funds can be managed and invested in infrastructure development, by placing these funds in a place that is safe from risk but it has a big advantage.

The President's statement received a positive response from the Minister of Religion, Lukman Hakim Saifuddin who said that the deposit funds for the Hajj Organizing Fee (BPIH) can be managed for productive things, including infrastructure development as long as it meets sharia principles, is full of prudence, clearly produces value, benefits, in accordance with statutory regulations, as well as for the benefit of the pilgrims and the wider community. A similar support was expressed by Anggito Abimanyu at the State Palace when he was sworn in as a member of BPKH (Hajj Financial Management Agency) on Wednesday, July 26 2017, BPKH members who expressed BPKH's readiness to carry out the President's instructions to invest hajj funds for infrastructure and conduct mapping related investments to be made.

The Hajj Financial Management Agency (BPKH) in 2018 managed to achieve the target of more than 100 percent of managed funds, namely from the planned Rp. 111.8 trillion, realized to Rp. 113 trillion. This achievement was also followed by an increase in the number of new pilgrims to 664 thousand people, an increase of 120 percent. In addition, BPKH also made indirect cost savings of IDR 224 billion. Meanwhile, the Hajj funds managed by BPKH contributed 32 percent of the total third-party funds of Islamic Commercial Banks. BPKH declared 2019 as the year of investment. Investments are made to improve Hajj services in Indonesia in a transparent, accountable manner and in accordance with sharia principles. Then the Hajj Financial Management Agency (BPKH) recorded that the total hajj funds collected throughout 2019 reached Rp 125 trillion. This figure increased from the total in the previous period in 2018 which only reached Rp. 113 trillion.

The strategy that has been taken by the Ministry of Religion to optimize the management of Hajj funds so that the benefits can be used to improve the quality of the implementation of the Hajj is to develop these funds through investment. Seeing the huge potential for hajj funds, instead of using the funds as idle funds, President Jokowi then

asked to be able to invest the hajj funds directly in the infrastructure sector, without going through the issuance of sukuk.

The government considers that investment instruments for infrastructure projects can provide benefits so that they are carried out with prudence principles and follow the applicable laws and regulations. The idea from the government is that Hajj funds can be managed and invested in infrastructure development, by placing these funds in a place that is safe from risks but has great benefits.

However, this has not been realized properly due to various problems found, namely: First, the deposit of Hajj funds continues to grow and the waiting list for Hajj departures also increases. This is because the number of pilgrims who register continues to grow, automatically depositing Hajj money is piling up. If it is not managed properly, there can be a loss of hajj money due to inflation which results in prospective hajj pilgrims not leaving (costs swell due to inflation). Second, BPKH as the institution that carries out the mandate for the management of Hajj finances for the optimization of Hajj funds. The value of the benefits for the implementation of the pilgrimage and the benefit of the community. The management of hajj money, especially infrastructure investment, is a polemic because it has risks because the management of hajj money must be safe, not reducing the integrity of the hajj money but also profitable. Third, the source of funds to build infrastructure that comes from the State Budget (State Revenue and Expenditure Budget) is currently not sufficient. However, BPKH itself needs the management of hajj money to improve the infrastructure of hajj services, such as hajj dormitories, lodging places for hajj pilgrims in Saudi Arabia.

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By using Mustopadidjaja's (2003) theory, there are two questions in this study, namely: (1) What is the process of formulating Hajj financial investment policies for infrastructure at the Hajj Financial Management Agency (BPKH)? (2) What are the obstacles to the formulation of the Hajj financial investment policy for infrastructure at the Hajj Financial Management Agency (BPKH)?

## 2. RESEARCH METHODOLOGY

This study uses qualitative research methods, namely to describe or explain something as it is, the data obtained will be analyzed and described based on the discovery of facts in the field. The tools used in the study were cameras, recorders and in-depth interview guide sheets (Creswell, 2016).

Primary data sources in this study, it was obtained through interview, observation, literature study and documentation study. Data analysis carried out at the time of data collection included three stages: data reduction, data display, and verification conclusion. In this study also used triangulation techniques (Neuman, 2006).

## 3. RESULTS AND DISCUSSION

Based on the results of the research on the formulation of the Hajj financial investment policy for infrastructure at the Hajj Financial Management Agency (BPKH), it was found:

*First.* The government has understood the lack of infrastructure conditions. Therefore, in recent years the government has tried to increase infrastructure development by increasing the allocation of government spending for infrastructure development. However, according to economists, the value of infrastructure spending contained in the APBN is still below the ideal value of at least 20% of the APBN expenditure. Economists estimate the need for funds to increase economic growth by means of public-private partnerships (public private partnerships) as well as non-budget infrastructure financing (PINA). Infrastructure projects that have high economic value and have the potential to



**Fifth.** Determination of Criteria. In this study, researchers used 3 aspects that influence the formulation of Hajj financial investment policies for infrastructure, namely:

- a. *Political Aspect.* Therefore, the Hajj financial investment policy with the creation of the Hajj Financial Management Agency (BPKH) which specifically oversees financial management is the political will of President Jokowi. Due to his leadership, one of the important programs is to maximize the acceleration of infrastructure development. However, socio-politically, obstacles were found, namely the lack of public trust in the government in terms of financial management of the hajj. Moreover, for example, coupled with the practice of corruption that still haunts the bureaucracy in this country. In addition, BPKH does not have a reserve fund for losses like bank institutions.
- b. *Economic Aspect.* The return on investment of Hajj funds in the infrastructure sector can reach 12%, while deposits are only able to provide a profit of 5%. However, the investment of Hajj funds must be handled carefully because in accordance with the provisions of Article 3 of Law no. 34 of 2014 the objectives of Hajj financial management are to improve: a. the quality of the Organization of the Hajj; b. rationality and efficiency of the use of BPIH; and c. benefits for the benefit of Muslims, so that investment in Hajj funds must be directed to these three objectives.
- c. *Legal Aspects.* Referring to the provisions in Law no. 34 of 2014 and the results of the Ijtima Ulama IV Commission B-2 Fatwa Commission of the Indonesian Ulama Council (MUI) in 2012, the management of hajj funds for investment purposes in the productive sector such as infrastructure development is still possible. The condition is that the investment has a low level of risk, has value for the benefit of the pilgrims, and its management is based on sharia principles (Rongiyati, 2017).

**Sixth.** Alternative assessment. Several alternative investment instruments in infrastructure financing that meet these aspects include:

- a. Banking products: Mudarabah al-muqayyadah deposits which are intended for infrastructure financing. In addition, there is an alternative to the use of musyarakah mutanaqishah contracts between the Hajj Financial Management Agency (BPKH) and banks (Septiana, 2015).
- b. Securities: Shares of infrastructure companies or government-issued sukuk, infrastructure companies or projects.
- c. Providing loans to companies or infrastructure projects.
- d. Other investments are through investment in collective funds (mutual funds) formed for infrastructure financing or investment in land/buildings in infrastructure development/projects. Hajj financial investment can be carried out through the purchase and sale of securities issued by companies listed on the stock exchange engaged in the infrastructure sector. In relation to the provision of Hajj infrastructure, Hajj financial investment can be directed to the purchase of shares/capital participation or the purchase of sukuk by infrastructure companies that issue sukuk. In addition, Hajj financial investments can also be made through the purchase of shares or sukuk issued by infrastructure financing companies established by the Government, such as PT Sarana Multi Infrastruktur (Persero). Considering the nature of the hajj funds as the initial deposit funds of BPIH hajj pilgrims, the selection of investment instruments in order to support the provision of infrastructure is carried out carefully and prioritizes the security of the integrity/overall of the initial BPIH deposit funds belonging to the hajj pilgrims. Therefore, investment in infrastructure financing that meets the aspects of security, prudence, value benefits, and liquidity is an investment instrument with a full guarantee from the issuer of debt securities (one hundred percent of the value of the debt).

**Seventh.** Recommendation Formulation. As for investment instruments that are safe/fully guaranteed for return on investment, such as state sukuk or in financing other infrastructure projects that are fully guaranteed by the government. One of the investment instruments for infrastructure financing that meets the security aspects of government sukuk issued specifically for financing infrastructure development. The government is seen as a party that understands infrastructure development and is able to minimize risks in securities (sukuk). Several alternatives are based on investment instruments in infrastructure financing that meet these aspects, including:

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out through the purchase and sale of securities issued by companies listed on the stock exchange engaged in the infrastructure sector. In relation to the provision of Hajj infrastructure, Hajj financial investment can be directed to the purchase of shares/capital participation or the purchase of sukuk by infrastructure companies that issue sukuk. In addition, Hajj financial investments can also be made through the purchase of shares or sukuk issued by infrastructure financing companies established by the Government, such as PT. Sarana Multi Infrastruktur (Persero). Considering the nature of the hajj funds as the initial deposit funds of BPIH hajj pilgrims, the selection of investment instruments in order to support the provision of infrastructure is carried out carefully and carefully and prioritizes the security of the integrity/overall of the initial BPIH deposit funds belonging to the hajj pilgrims. Therefore, investment in infrastructure financing that meets the aspects of security, prudence, value benefits, and liquidity is an investment instrument with a full guarantee from the issuer of debt securities (one hundred percent of the value of the debt).

The investment instruments are safe and fully guaranteed on investment returns, such as state sukuk or other infrastructure project financing which are fully guaranteed by the government. One of the investment instruments for infrastructure financing that meets the security aspects of government sukuk issued specifically for infrastructure development. The government is seen as a party that understands infrastructure development and is able to minimize risks in securities (sukuk). Given that government sukuk are also actively traded in the secondary market, government sukuk fulfills the liquidity aspect. However, the researcher realizes that the suggestions put forward are not entirely correct and good. Of course, some things must be returned to the existing regulations. Beyond that, the system and mechanism for managing the Hajj finances must always be transparent and accountable, both in this world and in the hereafter.

#### 4. CONCLUSION

Based on the description of the results of the research and discussion that have been described previously, conclusions can be drawn: *First*, the process of formulating Hajj financial investment policies for financing infrastructure development can basically be carried out by the government, especially since there is already a legal umbrella for this. Hajj finance can be invested to support infrastructure development financing where the funding allocation in the APBN is still insufficient, because Hajj finance has a wakalah nature (delegation of mandate) so that it is possible for the manager (BPKH) to optimize the value of the benefits of Hajj funds and continue to prioritize the security and integrity of the pilgrims' funds. hajj. Based on Law 34/2014, Hajj financial investment in infrastructure financing is aimed at obtaining optimal value for the improvement of services for the implementation of the Hajj pilgrimage by prioritizing the security aspects and the integrity of the funds of prospective pilgrims.

*Second*, the obstacle faced in the process of formulating the hajj financial investment policy for infrastructure is socially and politically, the lack of public trust in the government in terms of managing the hajj finances. Moreover, for example, coupled with the practice of corruption that still haunts the bureaucracy in this country. In addition, BPKH does not have a reserve fund for losses like bank institutions. The implementation of investment for infrastructure financing is limited to the types of investments that are very safe and get full returns, such as state sukuk.

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