

INNOVATION OF INFRASTRUCTURE FINANCING THROUGH OPTIMIZATION OF FINANCIAL INVESTMENT OF DOMESTIC HAJJ FUNDS

Intan Shaferi¹, Rio Dhani Laksana², Chandra Suparno³

Faculty of Economics and Business, Universitas Jenderal Soedirman Indonesia^{1,2}

Department Business Administration, National Dong Hwa University Taiwan³

intan.shaferi@unsoed.ac.id¹, riodhani@unsoed.ac.id², chandrasuparno@gmail.com³

ABSTRACT

The suitability of the management of Hajj funds to be invested in various infrastructure development projects based on sharia principles and laws and regulations can be a benefit. The use of hajj funds for infrastructure financing can increase the value of the benefits of hajj funds even though they contain risks. Therefore, the use of hajj funds to finance infrastructure investment requires further study. The author is interested in conducting a study of the suitability of the policy for the management (investment) of Hajj funds in infrastructure financing in relation to Law Number 34 of 2014 concerning Hajj Financial Management. The article uses descriptive narrative analysis method. Based on the review narrative literature and the Indonesia Government Policy during 2012 until 2020. The analysis used is top down by analyzing macro factors towards the study, especially innovation of infrastructure investment. The existence of this conformity will provide confidence that the interests of prospective pilgrims will always be prioritized. Based on conclusions research is: the price range of hajj finances may be invested to help financing/supplying infrastructure due to the fact hajj finance has the nature of being a deposit fund so that it resembles the use of the wadiah yadh dhamanah principle in an sharia finance attitude, making it possible for the Hajj Financial Control Agency (BPKH) to optimize the value of the benefits of the budget. And based on descriptive literature, the financial investment of hajj funds is aimed at obtaining optimal value for the benefit of improving the implementation of the hajj pilgrimage by prioritizing the security aspects of the prospective hajj pilgrims' funds.

Keywords: *Investment, Hajj Funds, Infrastructure Financing, Investment Innovation*

Received : January 14, 2022 - Revised: February 11, 2022 - Accepted: March 31, 2022.

Occupation : Faculty of Economics and Business, Universitas Jenderal Soedirman Indonesia^{1,2}

Department Business Administration, National Dong Hwa University Taiwan³

E-mail : intan.shaferi@unsoed.ac.id¹, riodhani@unsoed.ac.id², chandrasuparno@gmail.com³

A. INTRODUCTION

Based totally on law no. 34 of 2014 regarding Hajj financial management, Hajj finance is controlled with the aid of the Hajj financial management Agency (BPKH) with the standards of sharia, prudence, advantages, non-profit, transparent, and accountable. Hajj monetary control objectives to enhance the quality of the implementation of the Hajj, rationality, and performance within the use of Hajj Organizing costs (BPIH) and advantages for the gain of Muslims.

Basically all investments that will be carried out by the Hajj Financial Management Agency (BPKH) have been regulated and listed in the general policies contained in the regulations which are the basic concept of the Hajj Management Agency. Hajj Finance. The general policies that become the operational basis in carrying out their duties are Law Number 34 of 2014 concerning the Management of Hajj Funds, Government Regulation Number 5 of 2018 concerning the Implementation of Law Number 34 of 2014 and Regulation of the Hajj Financial Management Agency Number 5 of 2018 concerning Governance Methods and Forms of Hajj Financial Investment. In the process of managing Hajj finances, the Hajj Financial Management Agency has the principles of Hajj financial management so that it runs according to its objectives, including Transparency, Accountability, Independence and Responsibility (Muneeza et al., 2018). The creation of various programs that are systematic and regulated with investment policies that can generate benefits for the congregation and the general public certainly cannot be separated from the hard work of the implementing agency and the supervisory board as the driving force for investment.

The government through the Ministry of Religion (Kemenag) this year officially announced the cancellation of the departure of the congregation in organizing the hajj pilgrimage taking into account the threat to the health, safety and security of the congregation due to the Covid-19 pandemic that hit almost all countries in the world including Indonesia and Saudi Arabia. The management of hajj funds is a crucial problem because these funds are funds for prospective hajj pilgrims which are deposited with the government for the implementation of the hajj pilgrimage (Aziz, 2018). The management of hajj funds must still refer to the applicable laws and regulations.

Based on records from the Ministry of Religion, the average return on investment from the management of hajj funds by BPKH is 5.4% per year. In 2019, the use of invested hajj funds was Rp. 70.02 trillion and Rp. 54.03 trillion was placed in banking. Hajj Financial Management Agency (BPKH) manages Hajj fund investments with a low to moderate risk profile, and 90% of the investment is placed in the form of state sharia securities and corporate sukuk.

Currently, Indonesia is faced with the challenge of providing infrastructure. Based on the 2020-2024 RPJMN, the investment requirement is IDR 35,212.4 – 35,455.6 trillion. Of the total needs, BUMN and the government will contribute 6-7 percent and 11-12 percent, while the rest will be met by the public or the private sector. Based on the RPJMN, there is a financing gap of IDR 32,311 trillion. The government currently requires various sources of financing to cover the gap in the need for financing infrastructure development.

The Hajj Financial Management Agency (BPKH) in implementing investment provisions requires a systematic design in order to carry out professional implementation. The use of the Hajj funds in infrastructure financing can increase the value of the benefits of the Hajj funds, but it carries a relatively high risk. The use of hajj funds to finance infrastructure investment requires a separate study, considering that the hajj funds touch the interests of the community for the pilgrimage. As the Introduction of this Hajj funds issue suggests, paying close attention on the review narrative of *Law Number 34 of 2014 concerning Hajj Financial Management*. The paper will formulate the problem of how infrastructure financing can support the optimization of increasing the financial investment of Hajj funds.

B. THEORITICAL

Infrastructure Investment

Infrastructure is a public facility and infrastructure, including public facilities such as hospitals, roads, bridges, sanitation, and telephones. Infrastructure plays a very important role as a locomotive for regional and national development to drive the wheels of economic growth in a country. The existence of infrastructure will inspire extended productiveness of production elements, facilitate the mobility of the populace, items and offerings, in addition to facilitate trade among regions.

Innovation of Infrastructure Financing Through Optimization of Financial Investment of Domestic Hajj Funds

Intan Shaferi¹, Rio Dhani Laksana², Chandra Suparno³

In the world bank report, infrastructure is split into 3 groups, specifically (Bintoro, 2012)

1. Monetary infrastructure is a bodily asset that offers offerings and is utilized in manufacturing and very last intake which includes public utilities (telecommunication, ingesting water, sanitation, and fuel), public works (dams, irrigation canals, and drainage) in addition to the transportation zone (roads, railways). , ports and airports)
2. Social infrastructure is an asset that helps community health and knowledge inclusive of training (faculties and libraries), health (hospitals, health facilities) and for activity (parks, museums, and others).
3. Administrative/institutional infrastructure, is the infrastructure in various administrative activities, which include law enforcement, administrative control and coordination as well as culture.

Hajj and Investment Finance Fund

The origin 48 paragraph (1) of Law 34/2014 states that the placement and/or investment of Hajj Finance can be done in the form of banking products, securities, gold, direct investments and other investments. This shows that the alternative investment placement in the management of Hajj is wide enough to obtain optimal benefits.

The elucidation of Article 46 of Law 34/2014 explains the criteria for investments that can be made using Hajj funds must meet the aspects of security, benefit value, liquidity, and the principle of prudence. Investments that meet the "security aspect" are Hajj Financial management that must be carried out by prioritizing the anticipation of the risk of loss on Hajj Financial management to ensure the financing of the Hajj. In addition, in carrying out investment activities, risk aspects must also be considered, including default, reputation, market and operational risks. What is meant by "benefit value" is that part of the Hajj Fund can be placed and/or invested with sharia principles and taking into account risk factors and is liquid.

Investment is defined as a commitment to a number of funds or other resources made at this time, with the aim of obtaining a number of benefits in the future. As part of God's gift, Islam encourages its people not to keep their wealth, but to use it

productively through various muamalah and transactions that are justified by sharia. Islam encourages humans to use as widely as possible all the resources that Allah has created and entrusted to humans for use. Wealth is considered an important means that can pave the way for humans to reach their ultimate goals (Awaluddin, 2020).

C. METHODOLOGY

The writing uses descriptive analysis method. The paper uses descriptive analysis method. Based on the review the Indonesia Government Policy narrative of *Law Number 34 of 2014 concerning Hajj Financial Management*. The analysis used is top down by analyzing macro factors towards the study, especially innovation of infrastructure investment. The writing emphasizes the investment of Hajj funds which are managed by the Hajj Financial Management Agency. The analysis used is investment analysis for infrastructure financing innovation through optimizing the level of return on domestic Hajj financial investment in the Hajj financial management agency.

D. RESULTS AND DISCUSSION

Hajj Financial Fund Management

Law no: 34/2014 establishes the Hajj Financial Management Agency (BPKH) as stated in Article 20 to 33. The Hajj Financial Management Agency (BPKH) is authorized to place and invest Hajj Finance. In addition, BPKH is also authorized to cooperate with other institutions.

The origin 48 paragraph (1) of Law 34/2014 states that the placement and/or investment of Hajj Finance can be done in the form of banking products, securities, gold, direct investments and other investments. This shows that the alternative investment placement in the management of Hajj is wide enough to obtain optimal benefits.

Article 46 of Law 34/2014 regulates the procedures for managing Hajj finances. The article requires that the financial management of Hajj be carried out at Islamic Commercial Banks and/or Sharia Business Units. In addition, the financial

Innovation of Infrastructure Financing Through Optimization of Financial Investment of Domestic Hajj Funds

Intan Shaferi¹, Rio Dhani Laksana², Chandra Suparno³

management of Hajj can be invested in accordance with sharia principles by considering the aspects of security, prudence, value of benefits, and liquidity.

Islamic banking products that can be used as a form of investment activity are time deposits or savings (Ascarya, 2003). Meanwhile, Islamic banking products can use the *mudarabah mutlaqah* and *mudarabah al-muqayyadah* schemes. The *mudarabah mutlaqah* scheme is a collaboration between the owner of the funds that provides capital and gives full authority to the Islamic bank in determining the type and place of investment, while profits and losses are divided according to the initial agreement. The *mudarabah al muqayyadah* scheme allows fund owners to use Islamic banks as an extension to invest in certain business sectors (Sakinah, 2015).

Based on Law No. 10/1998 as amended Law No. 7/1992 on Banking, the criteria for Securities include an interest (shares), or an obligation from the issuer (such as bonds), in the form commonly traded in the capital market. and the money market. The definition of sharia securities is securities issued based on sharia principles, both by the Government and corporations, as evidence of participation in the ownership of sharia securities assets, both in rupiah and foreign currencies. Sharia securities, which include investment instruments, include *sukuk* (sharia bonds) and shares (DSN-MUI, 2014).

Direct investment is equity participation (share ownership), purchase of bonds or direct lending to a company/institution/project (Sinurat, 2010). PP 49/2011 defines direct investment as equity participation and/or lending by government investment agencies to finance business activities. Other investments cover a wide range of investment activities other than those stated in Article 48 of Law 34/2014. Other investments can be made in real assets such as land, buildings or machinery, as well as other financial assets such as mutual fund units (Andina, 2014)

The Explanation Section of Article 46 of Law 34/2014 explains the criteria for investments that can be made using hajj funds must meet the aspects of security, benefit value, liquidity, and the principle of prudence. Investments that meet the "security aspect" are Hajj Financial management that must be carried out by prioritizing the anticipation of the risk of loss on Hajj Financial management to ensure the financing of the Hajj. In addition, in carrying out investment activities, risk aspects

must also be considered, including default, reputation, market and operational risks. What is meant by "benefit value" is that part of the Hajj Fund can be placed and/or invested with sharia principles and taking into account risk factors and is liquid. What is meant by "liquidity" is considering the ability and smoothness of payments in the context of the ongoing and future Hajj Services. On the other hand, Article 2 letter b of Law 34/2014 explains the "prudence principle" is that Hajj finance is carried out carefully, thoroughly, safely, and in an orderly manner and by considering aspects of financial risk.

Investment Analysis

The origin of 7 paragraph (I) of Law 34/2014 states that the deposit for Hajj Organizing Fees (BPIH) and/or Special BPIH is a pilgrim deposit fund for the Organization of the Hajj. The explanation of the article states that the funds deposited by the Hajj pilgrims are funds that are not recorded in the state revenue and expenditure budget. Furthermore, based on Article 46 of Law 32/2014, the financial management of Hajj can be invested.

According to Na, hajj funds have been invested in and contributed to the country's development since 2010, including for infrastructure, almost 40 percent of hajj funds have been for infrastructure since 7 years ago, and now all the mechanisms are clearer and more transparent. He continued, Minister of Religion Lukman Hakim Saefuddin said that the funds for depositing the costs of organizing the pilgrimage (BPPI) could be managed for infrastructure development by referring to the constitution and fiqh rules. As long as it fulfills sharia principles, is full of prudence, clearly produces value for benefits, in accordance with statutory regulations and for the benefit of the pilgrims and the wider community, and Hajj funds may be used for infrastructure investment.

During the period 2016-2020, hajj funds originating from the initial deposit of hajj costs and benefit value (optimization) increased by an average of 11.75 percent. The following table shows the value of Hajj funds from 2016-2020:

Innovation of Infrastructure Financing Through Optimization of Financial Investment of Domestic Hajj Funds

Intan Shaferi¹, Rio Dhani Laksana², Chandra Suparno³

Table I. Hajj Fund 2016-2020 (Trillion Rupiah)

Year	Hajj Accumulation Fund (in Trillion Rupiah)	Percentage Increase
2016	90.6	11.17%
2017	102.51	13.15%
2018	112.35	9.60%
2019	124.67	11.2%
2020	137.13	10.60%

Source: Ministry of Religion, BPKH, data processed

Based on the decision of the Ijtima' Ulama, the Fatwa Commission of the Indonesian Ulema Council in 2012 at the Cipasung Islamic Boarding School, it was stated that the ownership status of the BPIH deposit funds included in the waiting list which was accommodated in the account of the Minister of Religion legally belonged to the registrant (prospective hajj). The BPIH deposited funds may be used for productive (profitable) matters, the results of which are used/invested in the property of the prospective hajj pilgrims who are on the waiting list.

Deposited funds in Islamic law are called wadiah. With regard to the management of Hajj finances, Article 7 paragraph (1) and Article 46 of Law 34/2014, the status of the initial deposit of BPIH pilgrims as a deposit that can be invested in Islamic finance resembles the principle of wadiah yadh dhamanah. The principle of wadiah yadh dhamanah (guarantor's hand) implies that the depositor is responsible for any damage or loss that occurs to the goods/assets deposited (Jumali, 2018). On the other hand, the depositary obtains permission from the safekeeping party to use the deposited goods/assets for business activities, provided that the depositor will return the goods/assets deposited in full at the time the depositor wishes.

The accumulation of funds from the Hajj Financial Management Agency (BPKH) and the relatively long waiting time provide the ability to make long-term investments. There is also a need for Hajj funds for finance Hajj operations for the current year are an average of Rp 9 trillion. This creates long-term investment opportunities, listed in infrastructure. The need for national infrastructure financing

opens up opportunities for Hajj financial investment to support the provision of infrastructure. Article 48 paragraph (1) of Law no. 34 of 2014 allows the development of Hajj finance through various investment activities, including infrastructure financing. These investment activities can be tried in the form of direct investment or indirect investment, real estate investment or financial legacy.

Based on authorities law wide variety 5 of 2018 the share of funding and location of funds, which BPKH can attempt are as follows: to start with, three years since the Hajj Fund management body became established, funds within the form of bank products (Giro, financial savings, and Time Deposits) are very big 50% of the total placement of Hajj price range. After three years, the maximum financial institution placement is decreased to 30% of the overall placement of Hajj price range. 2d, a most of 20% of the entire placement/investment of Hajj finances is achieved in direct investment, consisting of: business ownership, capital participation, investment cooperation and other direct investments. 1/3, a most of 5% of the full Hajj economic placement/funding is placed within the shape of gold, each licensed gold bars in the usa or gold bills controlled via Islamic economic establishments that are regulated and supervised by means of the monetary offerings Authority (OJK). Fourth, funding in securities includes: sukuk issued by the imperative authorities and/or through financial institution Indonesia, sharia shares indexed at the Indonesia impact trade, sharia mutual price range, securities sponsored by means of sharia background, sharia real estate investment finances and other sharia securities.

Fifth, different investments that are not listed in the above kinds with a maximum nominal cost of 10% (10 percent) of the overall financial placement/funding for Hajj. sharia shares listed at the Indonesia effect trade, sharia mutual price range, sharia history-backed securities, sharia actual estate funding price range and other sharia securities. 5th, other investments that are not indexed in the above kinds with a most nominal fee of 10% (10 percentage) of the whole financial placement/investment for Hajj. sharia shares indexed on the Indonesia effect trade, sharia mutual price range, sharia history-backed securities, sharia actual property funding finances and other sharia securities. fifth, other investments that are not listed inside the above sorts with a most nominal price of 10% (10 percentage) of the full financial placement for Hajj.

Innovation of Infrastructure Financing Through Optimization of Financial Investment of Domestic Hajj Funds

Intan Shaferi¹, Rio Dhani Laksana², Chandra Suparno³

And The collected hajj funds can be invested in improving hajj services through direct investment in fields related to hajj, for example investment in purchasing hajj planes, hajj accommodation/hotels, hajj hospitals, hajj dormitories, hajj catering, and hajj education (Awaluddin, 2020). Through the management of Hajj finances, Hajj financial investment for infrastructure financing can support improving the quality of Hajj implementation while maintaining the security of funds deposited by prospective Hajj pilgrims and providing benefits for the people/community.

E. CONCLUSION

Based on the description of the discussion above, the following conclusions can be drawn:

- a. First, the price range of hajj finances may be invested to help financing/supplying infrastructure due to the fact hajj finance has the nature of being a deposit fund so that it resembles the use of the wadiah yadh dhamanah principle in an Islamic/sharia finance attitude, making it possible for the Hajj financial control company (BPKH) to optimize the value of the benefits of the budget. Hajj and preserve to prioritize the benefit of the pilgrims' price range.
- b. Second, Law 34 No. 2014, the financial investment of hajj funds in infrastructure financing is aimed at obtaining optimal value for the benefit of improving the implementation of the hajj pilgrimage by prioritizing the security aspects of the prospective hajj pilgrims' funds. In addition, the financial investment of Hajj funds is prioritized on infrastructure that supports the improvement of Hajj services.

REFERENCES

- Andina, A. T. (2014). Analisis Perbandingan Kinerja Reksa Dana Campuran dan Reksa Dana Saham dengan Menggunakan Metode Indeks Sharpe. In *Skripsi Upi* (Vol. 3).
- Ascarya, D. Y. (2003). Bank syariah: Gambaran umum pusat. In *pengertian Bank Syariah journal* (Vol. 14, Issue 14).
- Awaluddin. (2020). Analisis Fiqh Terhadap Akad Dana Talangan Haji Pada Bank Syariah. *Seminar Nasional Teknologi Komputer Dan Sains (SAINTEKS)*, 1(1).
- Aziz, R. M. (2018). Hahslm Theory as Guidance of Straight Path in Management of Hajj and Finance. *KnE Social Sciences*, 3(8).
<https://doi.org/10.18502/kss.v3i8.2503>
- DSN-MUI. (2014). *Fatwa Dewan Syariah Nasional-Majelis Ulama Indonesia No: 94/DSN-MUI/IV/2014 Tentang Repo Surat Berharga Syariah (SBS) Berdasarkan Prinsip Syariah*. 19, 1–9.
- Jumali, E. (2018). Management of Hajj funds in Indonesia. *Journal of Legal, Ethical and Regulatory Issues*, 21(3).
- Muneeza, A., Sudeen, A., Nasution, A., & Nurmalasari, R. (2018). A Comparative Study of Hajj Fund Management Institutions in Malaysia, Indonesia and Maldives. *International Journal of Management and Applied Research*, 5(3).
<https://doi.org/10.18646/2056.53.18-009>
- Sakinah, S. (2015). Investasi Dalam Islam. *Iqtishadia: Jurnal Ekonomi & Perbankan Syariah*, 1(2). <https://doi.org/10.19105/iqtishadia.v1i2.483>
- Sinurat, J. A. . (2010). *Tinjauan Yuridis Terhadap Investasi Asing yang Hendak Melakukan Pembelian Saham Mayoritas Melalui Investasi Portofolio dalam Pasar Modal (Ditinjau dari UU Nomor 8 Tahun 1995 Tentang Pasar Modal dan UU Nomor 25 Tahun 2007 Tentang Penanaman Modal)*.
<http://lib.ui.ac.id/detail?id=128947&lokasi=lokal>
- Ristu Bintoro. (2012). *Analisis investasi...*, FT UI, 2012.

Innovation of Infrastructure Financing Through Optimization of Financial Investment of Domestic Hajj Funds

Intan Shaferi¹, Rio Dhani Laksana², Chandra Suparno³