

MALAYSIAN SHARED PROSPERITY VISION 2030: NEW ROLES FOR HAJJ FUNDS*

By

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Wealth & Income disparity – same old policy issue in Malaysia

Malaysian Shared Prosperity Vision 2030 (SPV2030)

- A continuation of the Malaysian Vision 2020
- Addressing wealth and income disparities for a united, prosperous and dignified nation
- Underlying principle - equitability of outcome (*kesaksamaan keberhasilan*)
- Needs-based economic approach – policy focus on precise target demographics

Background of Tabung Haji (TH)

- Launched in 1963 as “A Bank” for savings in a more efficient, profitable and syariah way for Hajj
- To Royal Profesor Ungku Aziz who pioneered the idea – TH would serve as a vehicle for poverty alleviation and to address income disparity
- Pilgrims Fund Board Act 1969 (Revised 1973) amended in 1995 for TH to be more productive and innovative in its investments strategies.

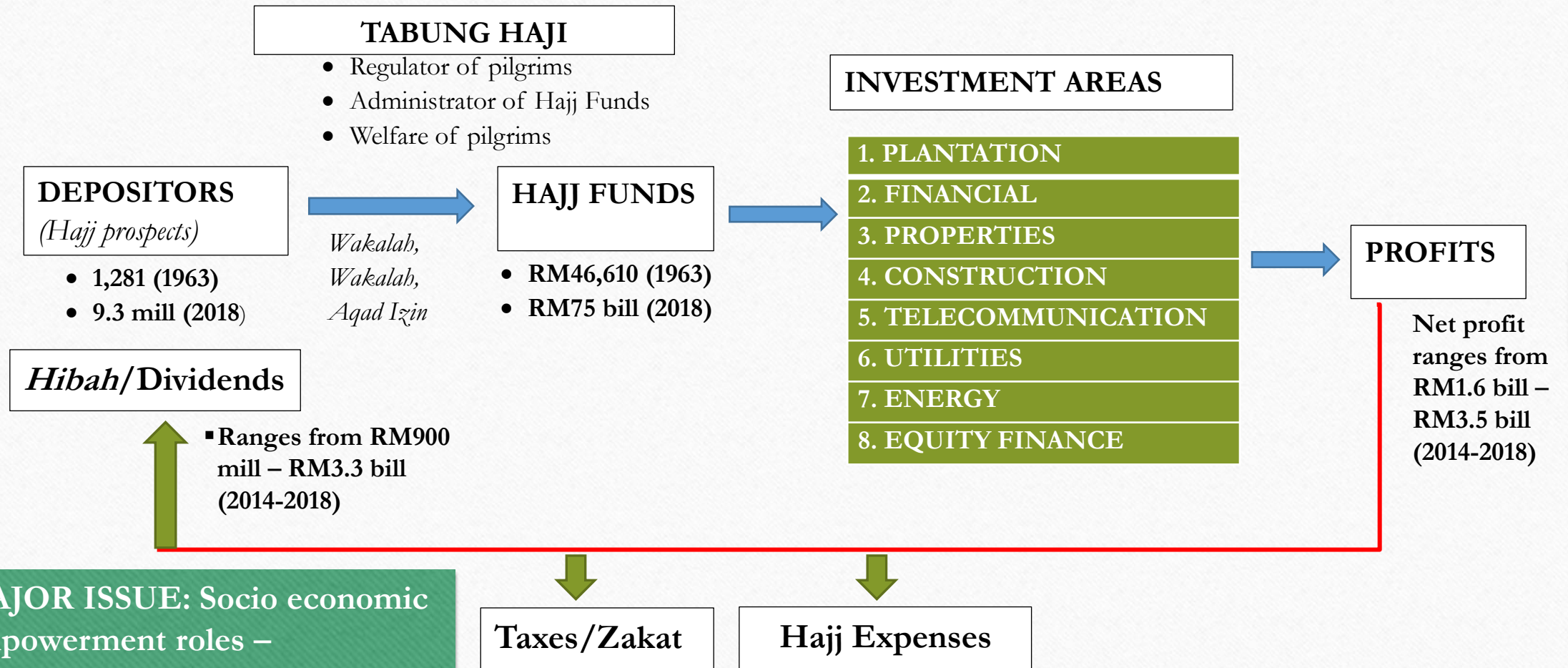
Subsidization of Hajj Costs

- Cost of hajj increases by 8.4% each year from 2010-2019
- Cost of subsidies to cap hajj payment at RM9,980 increases by 34% annually
- Number of hajj quotas = 30,200

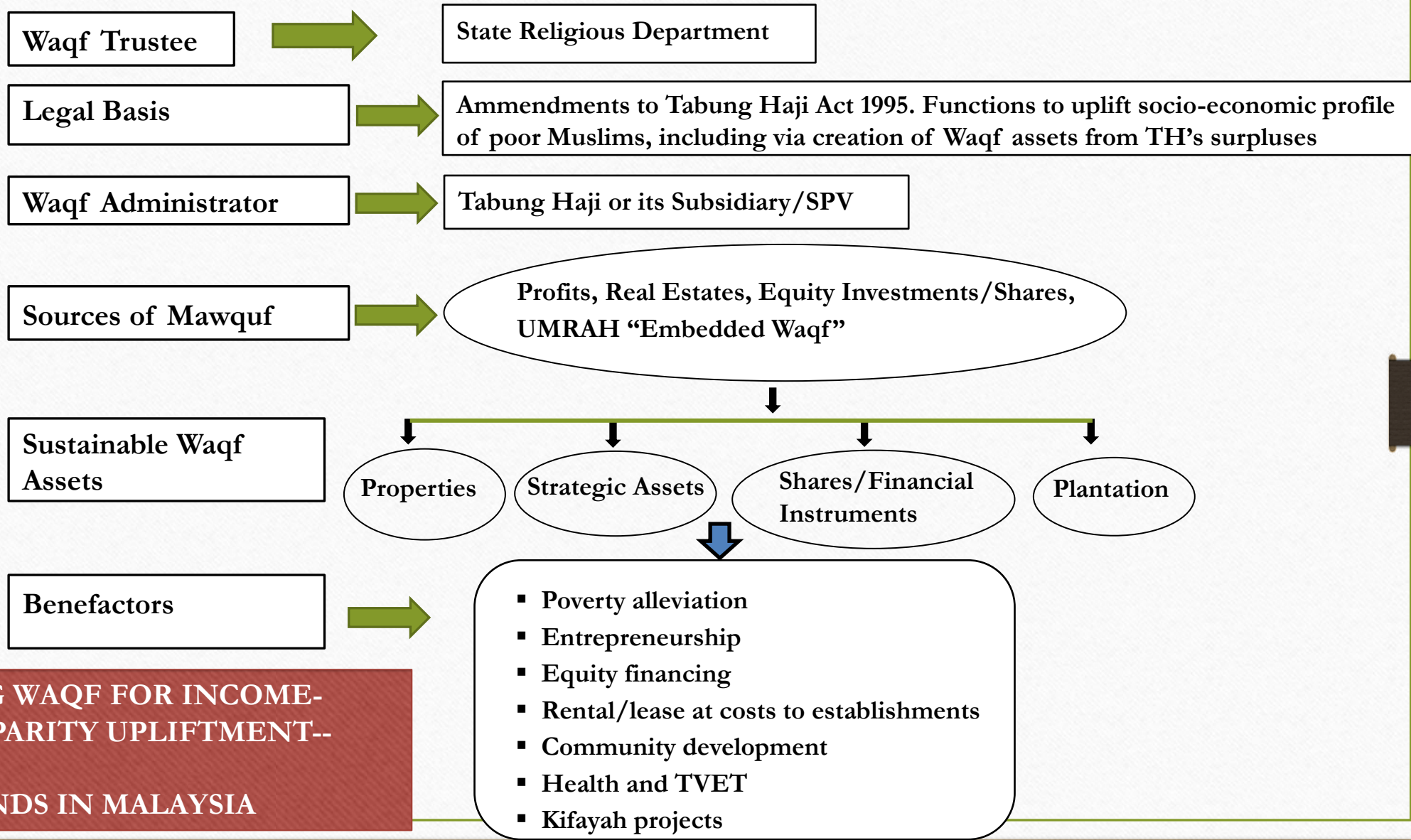
2010	2015	2019
<ul style="list-style-type: none">• Hajj Cost = RM13,040• Hajj Payment = RM9,980• Subsidy = RM3,060 (23.5%)	<ul style="list-style-type: none">• Hajj Cost = RM17,720• Hajj Payment = RM9,980• Subsidy = RM7,290 (42.2%)	<ul style="list-style-type: none">• Hajj Cost = RM22,900• Hajj Payment = RM9,980• Subsidy = RM12,470 (56.4%)

Policy issue – capping hajj payment serves the needs for low cost hajj but entails substantial foregone benefits to Muslims in terms of socio-economic empowerment!

MODUS OPERANDI OF TABUNG HAJI (TH)



MAJOR ISSUE: Socio economic empowerment roles – entrepreneurship development, poverty alleviation and income distribution?



UNLEASHING WAQF FOR INCOME-WEALTH DISPARITY UPLIFTMENT--NEW ROLES FOR HAJJ FUNDS IN MALAYSIA

- Poverty alleviation
- Entrepreneurship
- Equity financing
- Rental/lease at costs to establishments
- Community development
- Health and TVET
- Kifayah projects

Why Unleash Waqf for TH?

- Strategic instrument – targeted for wealth creation for the ummah at large
- Assets created for permanence
- Sustained generation of benefits from Waqf assets
- Contribute to cost efficiency of establishments
- Economically resilient, insulated from changing market conditions – do away with contemporary asset valuation framework – to consider bequest, altruism, and option value motives