

# THE ROLE OF ISLAMIC PHILANTHROPIC INSTITUTIONS IN ACCELERATING THE HALAL CERTIFICATION PROGRAM FOR MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs)



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**Abstrak**

Lembaga filantropi mengupayakan pemberdayaan ekonomi bagi para mustahik, salah satunya dengan mendukung usaha mustahik. Penelitian ini bertujuan untuk menganalisis peran lembaga filantropi Islam dalam mempercepat program sertifikasi halal gratis pada sektor makanan dan minuman berskala mikro, kecil, dan menengah di Indonesia. Metode penelitian yang digunakan adalah penelitian kualitatif dengan deskriptif analisis melalui berbagai sumber sekunder seperti artikel penelitian, buku, laporan, website resmi dan sumber lain yang berkaitan dengan lembaga zakat dan wakaf serta sertifikasi halal bagi UMKM. Penelitian ini menunjukkan bahwa lembaga filantropi Islam seperti lembaga zakat dan wakaf di Indonesia memiliki peran signifikan terhadap percepatan program sertifikasi halal gratis (SEHATI) bagi UMKM. Hal ini karena UMKM sangat dekat dan sudah dibina langsung oleh lembaga filantropi Islam tersebut, sehingga tingkat kepercayaan untuk melakukan sertifikasi halal sudah terpenuhi. Lembaga filantropi Islam dapat menggerakkan sertifikasi halal melalui proses pendampingan yang dilakukan secara rutin melalui program pemberdayaan UMKM terutama bagi para mustahik.

Philanthropic institutions strive for economic empowerment for Mustahik, one of which is by supporting Mustahik businesses. This study aims to analyze the role of Islamic philanthropic institutions in accelerating the free halal certification programme in the micro, small, and medium-scale food and beverage sector in Indonesia. The research method used is qualitative research with descriptive analysis through various secondary sources such as research articles, books, reports, official websites, and other sources related to zakat and waqf institutions and halal certification for MSMEs. This research shows that Islamic philanthropic institutions such as zakat and waqf institutions in Indonesia have a significant role in accelerating the free halal certification programme (SEHATI) for MSMEs. This is because MSMEs are very close and have been directly fostered by the Islamic philanthropic institution, so the level of trust to carry out halal certification has been fulfilled. Islamic philanthropic institutions can promote halal certification through a mentoring process that is carried out routinely through MSME empowerment programmes, especially for mustahik.

## INTRODUCTION

Indonesia, as a country with a majority Muslim population, has great economic potential to continue to develop. Indonesia's economic growth is, of course, not only based on the role of the state but also the private sector and third-sector organizations such as philanthropic institutions. Based on data from the Pew Research Center (2011), the estimated Muslim population in Indonesia in 2030 will reach 238,833,000, or 88% of the total population. In addition, according to the World Giving Index, Indonesia is also ranked first as the most generous country in the world in both 2021 and 2022 (Charities Aid Foundation, 2022). According to this data, there is no doubt that the role of philanthropic institutions, including Islamic philanthropic institutions such as the *zakat*, *infaq*, *sedekah*, and *waqf* institutions (ZISWAF), can play a major role in Indonesia's development ecosystem.



Islamic philanthropic activism in Indonesia has become a central issue among academics, practitioners, and policymakers. Some civic organizations and state institutions promote Islamic philanthropic activism as a medium for fostering social justice (Alwi et al., 2021). The role of Islamic philanthropic institutions is, of course, not just poverty alleviation, which is the goal of the first Sustainable Development Goals. However, Islamic philanthropic institutions have more than that role; there are at least five aspects of the role, including in the fields of *da'wah*, economic empowerment, education, health, and disaster management.

As the meaning of philanthropy emphasizes the concept of humanity, one of the dominant forms of Islamic philanthropic institutions is the assistance process, especially for *mustahik zakat*. Philanthropy in Islam has a wide scope, including zakat, donations, alms, and *waqf* (endowments). Philanthropic institutions in Islam have a role not only for beneficiaries but also for donors and the government. First, for the donor, this can eliminate the feeling of greed and also clean up the possessions. Second, for beneficiaries, Islamic philanthropy can minimize feelings of envy and hatred, so that it can create a spirit of gratitude because the institution facilitates *mustahik* to receive assistance. Third, for the government, Islamic philanthropic institutions can assist in development programs and improve people's welfare, thus reducing the burden on the state and ensuring the fulfillment of the needs of the people (Alwi et al., 2021).

Indonesia is a large country with a large population and is at risk of increasing unemployment due to increasingly fierce competition for human resources. One of the efforts to reduce the unemployment rate is to empower micro, small, and medium enterprises (MSMEs) as business actors. MSME is a sector that has proven to be resilient in facing economic dynamics, including during the monetary crisis in 1997 – 1998, and has become a driving force for economic growth in Indonesia. Therefore, MSMEs are very important in helping Indonesia's development program, especially in reducing program employment and boosting the economy. Data from the Ministry of Cooperatives and SMEs shows that there are 64.2 million MSMEs in Indonesia, with a contribution of 61.07 percent to GDP in March 2021 (Rachma & Hertati, 2022).

Efforts to advance MSMEs continue to be carried out by the government, including in assisting the halal certification process. Halal certification is very important to ensure the safety of Muslim consumers. In addition, consumer confidence will also grow towards products that have been certified halal. The halal certification process has two schemes, namely the regular scheme with a certain fee and the self – declared scheme, which is intended for food and beverage SMEs without animal – derived ingredients such as meat or fish. For this self – declared scheme, the government has launched a Free Halal Certification (SEHATI) program for MSMEs through Halal Product Process Companion in collaboration with various parties. The government is also encouraging Islamic philanthropic institutions to help accelerate the SEHATI program so that the 2024 target is achieved, namely that halal certification for food and beverage products must be implemented on October 17, 2024 (Yana, 2022).

The term 'philanthropy' comes from the Greek language, consisting of two words, namely '*Philos*' (love) and '*Anthropos*' (man). If translated literally, philanthropy is the conceptualization of the practice of giving, service, and association. Therefore, if there is an institution that has the three elements of giving, serving, and association, it is called a philanthropic institution. As for Islamic philanthropy in the historical context, it turns out that it already existed when Islam came to Indonesia as its embodiment, namely in mosques and Islamic boarding schools. Both of them have a very important role in the development of Islamic *da'wah* in the country (Alwi et al., 2021; Murti, 2017).

The potential for developing Islamic philanthropic institutions is enormous, especially in a country with a majority Muslim population like Indonesia. The potential for philanthropy is also enormous and needs to be developed as an alternative source of financial support for community empowerment (Murti, 2017; Sholikhah et al., 2021). A philanthropic institution such as the *Amil Zakat Agency* (BAZ), the *Amil Zakat Institution* (LAZ), or the Waqf Institution has an important role in being a driving force for the process of distributing Islamic philanthropic distribution, such as ZISWAF. ZISWAF aims to become an axis for the economic empowerment of the people. Philanthropic institutions are non – profit institutions that implement their programs. The function of establishing a philanthropic institution is to improve the welfare of the beneficiaries in the long term and sustainably, meaning that the implementation of the programs that are channeled does not only stop to meet the needs of life for a moment but must be sustainable. Islamic philanthropic institutions in Indonesia are quite focused on developing the independence of *mustahik* and poor people through economic empowerment of *mustahik*, who are MSME actors, especially in the food and beverage sector. Currently, the Indonesian government is committed to achieving halal certification for MSMEs through the *SEHATI* (Free Halal Certification) programs.

The halal industry has the potential to develop and is supported by the gradual implementation of mandatory halal regulations under the Halal Product Guarantee Law No. 33 of 2014. To support this program, the Halal Product Assurance Organising Agency (BPJPH) encourages universities to establish Halal centers starting in 2019. The Halal Product Assurance Organizing Agency (BPJPH) and the Ministry of Religion continue to strive to accelerate the achievement of 10 million halal – certified MSME products in 2022. One of them is by strengthening the collaboration of stakeholders in the SEHATI programs, which consists of related ministries and institutions, local governments, and other strategic partners (Ministry of Religious Affairs Republic of Indonesia, 2022).

According to Indonesian Law Number 33 of 2014 concerning Halal Product Guarantee, it is emphasized that food, medicines, cosmetics, and other products must be halal certified, which does not only apply to large company products but also targets MSMEs. Apart from going through the special self – declaration route for simple products free of charge, most MSME zakat management institutions are institutions that collect, manage, and distribute social religious funds, which are intended to improve the economic level of society, both consumptively and productively. Choiri & Ma'adi (2023) explained that zakat management institutions in Bangkalan Regency have not facilitated the halal certification process for MSMEs. This is due to the absence of socialization from zakat institutions at the central level to play an active role in the program. In addition, there are concerns about the addition of the *al-kifayah* standard for *mustahik* (*beneficiaries/zakat recipients*). It needs to be emphasized so that the distribution of zakat is limited for empowerment. Then, the acceleration of the halal certification programs is right on target, and based on sharia provisions, it is also necessary to identify MSME income so that the *mustahik* category can still be accommodated.

Micro, small, and medium enterprises (MSMEs) are productive businesses owned by individuals or individual business entities that meet the criteria for microenterprises stipulated in this law, namely the asset criteria with a maximum of 50 million and the turnover criteria with a maximum of 300 million rupiahs. Micro, small, and medium enterprises (MSMEs) are an effective alternative to reducing poverty in Indonesia, as stipulated in Law Number 20 of 2008 concerning Micro, Small, and Medium Enterprises. MSMEs are a business sector that has a large contribution to economic development

growth and creates sizable job opportunities for domestic workers, so it is very helpful in efforts to reduce unemployment (Hasri et al., 2016).

MSMEs play an important role in the wider corporate ecosystem. According to the World Bank, micro, small, and medium enterprises (MSMEs) are defined as follows: micro enterprises: 1 – 9 employees; small: 10 – 49 employees; and medium: 50 – 249 employees. However, local definitions of MSMEs vary from country to country and are based not only on the number of employees but also on other variables such as turnover and assets. There are around 365 – 445 million MSMEs in emerging markets: 25 – 30 million are formal SMEs, 55 – 70 million are micro – formal, and 285 – 345 million are informal enterprises (UNDESA, 2020).

According to research conducted by Rachma & Hertati (2022), one of the efforts to minimize unemployment is by empowering MSMEs. MSMEs play a role as a support for Indonesia's economic growth, and even the existence of these MSMEs helps Indonesia face the monetary crisis. Penjaringan Sari Village is one of the urban villages in Surabaya City with creative and innovative HR (human resources) potential, so assistance is needed for MSME actors to obtain halal certificates from the MUI (Indonesian Ulama Council). Halal certification plays an important role in ensuring that the business produced by MSME actors is free from illicit products, starting from raw materials and production processes to the product halal guarantee system that meets the standards of the Institute for the Study of Food, Drugs, and Cosmetics of the Indonesian Ulama Council (LPPOM MUI). Meanwhile, training and assistance for MSMEs in the Penjaringan Sari Village is carried out through socialization and mentoring for NIB (Business Identification Number) and assistance with halal labels. This assistance effort is able to make SMEs aware of the importance of the halal label.

Research related to MSME halal certification has also been carried out (Khairunnisa et al., 2020; Nasution, 2021; Pujiyono et al., 2018; Rachma & Hertati, 2022). Then, research related to Islamic philanthropy and empowerment was carried out by (Adinugraha et al., 2023; Alwi et al., 2021; Murti, 2017; Sholikhah et al., 2021). However, to the best of the researcher's knowledge, there is only one study that focuses on the role of Islamic philanthropic institutions and MSME halal certification conducted in Bangkalan, Madura (Choiri & Ma'adi, 2023). Research related to the role of Islamic philanthropic institutions in encouraging MSME halal certification is important, especially regarding how schemes can be implemented. This research is limited to exploring the role of *zakat* and *waqf* institutions or other Islamic philanthropy in assisting free halal certification for MSMEs. Therefore, this study aims to analyze the role of Islamic philanthropic institutions in accelerating the achievement of the free halal certification program (SEHATI), especially in the micro, small, and medium – scale food and beverage sectors in Indonesia. This research provides several alternative collaborations to optimize the achievement of free halal certification for MSMEs through Islamic philanthropic institutions.

## METHOD

This study employs a qualitative methodology and a descriptive way of analysis using desks or secondary research on literature (Tanjung & Devi, 2018). Library research was carried out in this study by collecting various sources, including books, previous research, information from government websites, reports, and other information related to research topics (Yusuf, 2019). A temporary solution to the issue identified at the outset before the study was followed up was found using the library research method, which is a way of data searching or a method of in – depth observation of the theme under study (Habibaty, 2017). This study analyzes previous research literature to analyze the urgency of halal certification, especially for MSMEs, and the role of Islamic philanthropic

institutions in enhancing the achievements of the SEHATI program. Because regulations related to self-declaring halal certification, especially for MSMEs, have only just been published, this research only takes related literature up to 2023. Research related to self-declaring halal certification for MSMEs, especially with the role of philanthropic institutions, is still very rare to find. Most of the previous publications show how to educate and improve literacy about the halal certification process without the role of Islamic philanthropic institutions (Maesyaroh et al., 2022; Moerad et al., 2021; Mustakim et al., 2022; Nurani et al., 2020). The researchers only found one previous study conducted by Choiri & Ma'adi (2023), which analyzed the role of zakat institutions in supporting the process of halal-certified MSME products in Bangkalan, Madura.

## RESULT AND DISCUSSION

### The Urgency of the Free Halal Certification Program (SEHATI) for MSMEs

Based on data from the State of Global Islamic Economy Report (GRIE) 2022, Indonesia is ranked 4<sup>th</sup> on the Global Islamic Economy Indicator (DinarStandard, 2022). This ranking is based on global trade needs including Islamic finance, halal food, Muslim-friendly travel, modest fashion, pharmacy, and cosmetics, followed by media and recreation (Coordinating Ministry for Human Development and Cultural Affairs Indonesia, 2021). Indonesia is included in the top 10 categories in three fields, namely Islamic finance (sixth), modest fashion (third), and halal food (second) (DinarStandard, 2022). This shows that Indonesia's potential and opportunities in the halal food category are enormous. Therefore, halal certification is one of the priority things to do at this time.

Muslim spending on halal food globally reached US\$1.27 trillion in 2021 and is expected to reach US\$1.67 trillion by 2025. Indonesia, Bangladesh, and Egypt are the three countries with the largest spending on halal food. The halal ecosystem is starting to be considered through various regulations in each country, as well as in Indonesia. The Indonesian government is holding digitalization and online capacity-building training for MSMEs that have been affected by financial losses due to the pandemic. In addition, a new halal information system was introduced, including all halal procedures and programs integrated with halal markets, applications, and e-money providers. The Indonesian government also made significant revisions to Halal Product Guarantee Law No. 33 of 2014 to speed up, simplify, and clarify processes, reduce processing time, and facilitate certification for micro and small businesses (DinarStandard, 2022).

Halal certification for MSME products is very important, including reaching the global market. According to data from the State of Global Islamic Economy Report (GRIE) 2022, the halal food sector continues to grow in non-Muslim majority countries, indicating significant opportunities for stakeholders. The Islamic Food and Nutrition Council of America (IFANCA) has a mission to make halal food accessible to everyone. This is so that consumers can feel that food is halal, safe for health, and preserves core values in the religion of the Muslim community (DinarStandard, 2022). If MSME products are halal certified, they can increase opportunities to enter national and global markets.

Indonesia Law Number 33 of 2014 concerning Halal Product Guarantee emphasizes that food, medicine, cosmetics, and other products must be halal certified, which not only applies to the products of large companies but also targets micro, small, and medium enterprises (MSMEs) (Choiri & Ma'adi, 2023). The halal industry has the potential to develop, supported by the gradual implementation of mandatory halal regulations according to Law No. 33 of 2014 concerning Guarantees for Halal Products. To support this program, the Halal Product Assurance Organizing Agency (BPJPH) has been encouraging universities to establish Halal Centers since 2019 (Arsil et al., 2022). Regulations that encourage halal certification will certainly have an impact on MSMEs

engaged in food and beverages in Indonesia. Therefore, to direct the positive impact on guaranteeing the *Halal* of MSME products in Indonesia, the government has also launched a Free Halal Certificate (SEHATI) program for micro and small business actors in the food and beverage sector in Indonesia.

The acceleration of the halal certification process, especially for MSMEs, is supported by the Halal Product Assurance Organizing Agency (BPJPH). In 2022, the SEHATI program was launched for MSMEs with a quota of up to 25,000 halal certificates (Choiri & Ma'adi, 2023). This limited funding from the state through BPJPH needs to be supported by various other institutions, such as Islamic philanthropic institutions, organizations, and private companies, through their social funds, to support the process of accelerating the halal certification program for these MSMEs.

The urgency of halal certification for MSMEs can be described as research that has been carried out in several related studies. Choiri & Ma'adi (2023) analyzed how to implement halal certification for MSME actors in Bangkalan, Madura, and East Java. The results of this study indicate that the halal task force at the Ministry of Religion of Bangkalan and offices in Bangkalan Regency are still focused on socialization and have not yet entered the technical administrative aspects required by MSMEs, such as the taxpayer identification number (NPWP) and business identification number (NIB), which are requirements in the management of halal certification by self – declaring.

To apply for a halal certificate through the self – declaration scheme, business actors are required to have an NIB, which can be registered through a website – based system, namely Online Single Submission (OSS). After the NIB is obtained, only then can you apply for halal certification through the SIHALAL system, which is also website – based. However, micro – and small – business actors usually have problems in terms of administrative techniques, especially those related to technology. Therefore, the role of assistants in the process of halal products is very important to accompany from the initial process until the halal certificate is obtained. The use of OSS and SIHALAL can also be done through applications on gadgets so that they are easier to use.

The urgency of halal certification was also conveyed by Khairunnisa et al.(2020) in their research, which stated that there was an increase in the turnover of MSME players in Bogor after having halal certification. In addition, halal certification also needs to be carried out to face global competition (Pujiyono et al., 2018). The era of globalization allows products from other countries to enter Indonesia if they meet the requirements, including halal certification, and vice versa. This allows Indonesian MSME products that are halal – certified to be more easily accepted by the national and global markets so that they can improve people's welfare. However, it is necessary to realize that halal literacy and technology in obtaining halal certification have not been fully understood by MSME actors, especially at the micro and small business level. Therefore, cooperation with various parties needs to be carried out to support the halal certification.

Choiri & Ma'adi (2023) explained in their research that MSME actors complained about the various stages of the process that had to be followed, and some had to deal with unscrupulous licensing. This makes MSME actors choose not to carry out the halal certification process. In addition, the persistence of MSME actors is also needed because the main data that needs to be input into the system is based on explanations from the MSME actors themselves.

The process of applying for halal certification can be done through this regular route, which should be carried out by both MSMEs and large companies. However, the regular route requires a lot of resources and funding. For example, if a meatball seller has beef or chicken as its basic ingredients, then the halal product process must go through a halal supervisor by implementing a halal product guarantee system (SJPH). Apart from

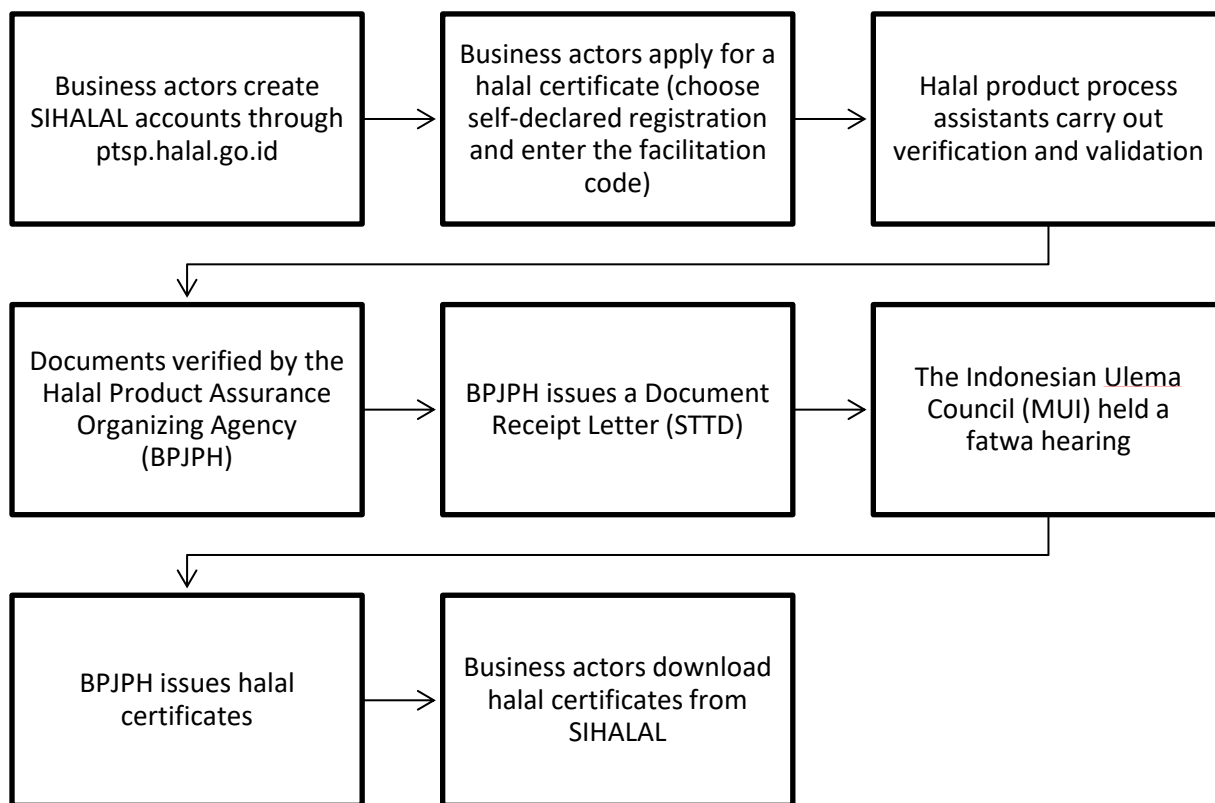
going through the regular route, there is also a self – declared line that is intended for MSMEs with simple product categories (one of the conditions is non – meat – based products).

The free halal certification acceleration program through SEHATI, organized by the Halal Product Guarantee Agency (BPJPH), can be accessed free of charge by micro – and small – business actors, namely at the stage of the halal fatwa application process. However, the initial process, including the administrative completeness of SEHATI, requires stages that must be fulfilled by micro and small businesses in the self – declared category (Choiri & Ma'adi, 2023). The stages before submitting for halal certification need to be followed carefully because they relate to the data of business actors and also the products proposed.

Following are some of the terms and conditions for applying for halal certification with a self – declared (Indah, 2022): First, the product is not at risk or uses materials that have been confirmed as halal. Second, the production process is guaranteed to be halal and simple. Third, have annual sales results (turnover) of a maximum of IDR 500 million as evidenced by an independent statement and business capital of up to a maximum of 2 billion rupiah. Fourth, have a Business Identification Number (NIB). Fifth, having locations, places, and processing equipment for halal products (PPH) that are separate from locations, places, and processing equipment for non – halal products. Sixth, have or do not have a distribution permit (PIRT/MD/UMOT/UKOT), a sanitary hygiene – eligible certificate (SLHS) for food and beverage products with a shelf life of less than seven days, or other industrial permits for products produced by the agency or relevant agencies. Seventh, have outlets and production facilities at at least one location. Eighth, has been actively producing one year before the application for halal certification. Ninth, the products produced are in the form of goods (not services or business restaurants, canteens, catering, taverns, houses, or food stalls).

The next requirement is the tenth; the materials used have been confirmed as halal. This is evidenced by a halal certificate or by being included in the list of ingredients according to the Decree of the Minister of Religion Number 1360 of 2021 concerning materials that are exempt from the obligation to be halal certified. Eleventh, which does not use hazardous materials, has been verified as halal by the halal product process assistant. Twelfth, it has been verified as halal by the partner in the process of making halal products. Thirteenth, types of products or product groups that are halal certified do not contain elements of slaughtered animals, unless they come from producers or slaughterhouses or poultry slaughterhouses that have been halal certified. Fourth, using production equipment with simple technology or done manually and semi – automatically (home business, not factory business). Fifteenth, the product preservation process does not use radiation techniques, genetic engineering, the use of ozone (ozonization), or a combination of several preservation methods (hurdle technology). Finally, the sixteenth is to complete the documents for submitting halal certification with an online statement mechanism for business actors through SIHALAL.

The following is an overview of the flow of halal certification through self – declaration that can be carried out by business actors after all the initial stages above have been fulfilled.



**Source:** The Halal Product Assurance Organizing Agency (BPJPH) (2023)

**Figure 1.** Self – Declare Halal Certification Diagram Process

Figure 1 shows the halal certification process with self – declaration, which is usually intended for MSMEs with government assistance so that there is no cost at all. The halal certification process requires an understanding of business regulations, internet access, and technology, as well as an understanding of how halal certification is finally issued for a product. Therefore, MSME players need assistance regarding this process, and Islamic philanthropic institutions can help with this, especially for *mustahik* who are still productive.

The Halal Product Assurance Organization Agency (BPJPH) was established as a mandate for Law Number 33 concerning Halal Product Guarantee. BPJPH has the authority to regulate halal certification, which is currently mandatory, including for MSMEs. However, several factors cause the reluctance of business actors to carry out halal certification, including legal factors, law enforcement, society, economics and accessibility, knowledge, and also the availability of facilities (Aliyudin et al., 2022). Therefore, a third party is needed to support MSMEs to be able to carry out halal certification, one of which is Islamic philanthropic institutions such as *zakat* and *waqf* institutions.

Accelerating the free halal certification program for MSMEs needs to be carried out immediately because the government has required that all food and beverage products be halal – certified by October 17, 2024 (Yana, 2022). One of the studies with halal certification assistance activities for MSMEs conducted by the Muhammadiyah University of Sukabumi showed that of 7 villages in Cisaat District with a target of achieving 700 MSMEs, there were only 479, or 68.4%, who had Business Identification Numbers (NIB) and only 185, or 26.4%, MSMEs that had been submitted to the sihalal account for the halal certification process (Amal et al., 2023). This shows that halal certification for MSMEs needs to be massively driven by all institutions and not just by the government.



## The Role of Islamic Philanthropic Institutions to Accelerate Halal Certification for MSMEs

The potential for MSME development is quite good in poverty alleviation because it turns out that the MSME sector has a large contribution to employment, which absorbs more than 99.45% of the workforce and contributes to GDP of around 30% (Supriyanto, 2006). MSME empowerment needs to be done so that the welfare of MSME actors can be achieved. This empowerment can be carried out through Islamic philanthropic institutions such as zakat and waqf institutions. A philanthropic institution such as the Amil Zakat Agency (BAZ) or the Amil Zakat Institution (LAZ) has an important role in being a driving force for the process of distributing Islamic philanthropic distribution, such as ZISWAF (Murti, 2017).

Islam strongly encourages charity to eradicate social inequality and ensure that riches do not solely benefit the wealthy. Islamic philanthropy, or Islamic social finance, has enormous potential to help economic growth. Socialization regarding the terms Islamic social finance and Islamic philanthropy still needs to be enhanced because it has been optimized to help economic growth, specifically in micro – enterprises (Adinugraha et al., 2023). The potential for developing Islamic philanthropy is enormous in the form of the generosity of Muslims through zakat, *infaq*, *shadaqah*, and endowments (waqf). If managed productively, Islamic philanthropy in the form of ZISWAF will be able to carry out maximum functions, such as providing public facilities, economic empowerment, and so on (Murti, 2017).

Islamic philanthropic institutions can also cooperate in distributing ZISWAF from donors for MSME assistance, including assistance with halal certification. Murti (2017) explains that *infaq* is not only material in nature, such as money or goods, but can also be non – material in the form of skills and expertise. This instrument does not target individuals per individual but groups of people who will later be useful for their welfare. Therefore, MSMEs under the guidance of Islamic philanthropic institutions can be grouped first so that the assistance can run effectively.

The role of Islamic philanthropic institutions can be maximized when the benefits distributed are not only consumptive but also productive, which in the end will provide capital for *mustahik* (Murti, 2017). This ecosystem will then create a pattern of fair distribution based on the teachings of the Quran. When viewed from the perspective of empowerment, the people's economy will also increase through financial support and assistance to manage the business received by MSME actors from Islamic philanthropic institutions to arrange halal certification for their products. Apart from being a halal guarantee for consumers, halal certification can also provide economic benefits for producers. Some of these are due to increased consumer confidence in producers, the existence of unique selling points, the opportunity to penetrate a wider halal market, and the possibility of increasing income (Nurani et al., 2020). Research conducted by Fitri et al. (2023) also states that halal certification can increase the innovation of MSME players, which can indirectly have a positive impact on financial performance.

The Ministry of Cooperatives and SMEs noted that there were 65.47 million MSMEs in Indonesia, which continued to grow as COVID – 19 hit. Based on the number of business actors, the majority of the MSME sector consists of culinary, fashion, and agribusiness businesses (Ministry of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia, 2021). The MSME sector in Indonesia is a sector that has survived during the pandemic due to the many layoffs and sluggish business cycles, so people survive by setting up micro – enterprises. According to the Ministry of Cooperatives and MSMEs, the development of the halal industry in Indonesia must go

hand in hand and be aligned to support MSMEs through various accelerations. This includes simplification and acceleration of licensing, halal certification facilities, and fostering halal incubation in various fields (Ministry of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia, 2021).

The concept of community in Islam has three objectives: people – oriented and *masalah* – oriented. People – oriented means that development is based on human bases and interests; human resources are the key to civilization. Furthermore, *masalah* – oriented means victory in both the world and the hereafter. This means that this concept must also be useful according to Islamic law (Choiri & Ma'adi, 2023). Efforts to accelerate halal certification for micro and small businesses, especially the beneficiaries (*mustahik*), by Islamic philanthropic institutions are one form of building the welfare of the people.

Building the people's economy through free halal certificate facilities for MSMEs can be carried out through community empowerment strategies (Choiri & Ma'adi, 2023). This concept encourages *Mustahik* groups to be able to create job opportunities independently. According to Law Number 23 of 2011 concerning Zakat Management, it is explained that the definition of zakat management is the process of implementing and coordinating supervision in the collection, distribution, and utilization of zakat.

Distribution of benefits with the concept of empowerment is an effort to distribute *zakat*, *infaq*, *shodaqah*, or other social funds to *mustahik* so that they are more economically independent (Choiri & Ma'adi, 2023). Imam Al – Syairazi explained that if an indigent person is able and has manpower, he should be given the tools to work, and if he has trade knowledge, he should be given business capital so he can buy merchandise or develop his business (Furqon, 2015). In the context of this study, halal certification of a product, especially that owned by MSME actors, is one of the efforts to develop a business. This is because the existence of a halal certificate can increase public trust, attract investors to help with capital, and also provide guarantees to consumers. When a product can increase its sales, it will also have an impact on zakat receipts from these MSME actors. So that Islamic philanthropic institutions such as zakat and *waqf* institutions have a role in this halal industrial ecosystem on an ongoing basis.

Choiri & Ma'adi (2023), in their research, explain the strategies that need to be carried out by zakat institutions in supporting halal certification of MSME products as follows: First, there is openness in the MSME registration process that will access financing for the halal certification process. Second, zakat institutions need to pay attention to the eligibility aspect through a survey to ensure that they meet the *mustahik* criteria and *fiqh*. Third, there are *mustahik* groupings, such as MSME groups, labor groups, or workers' groups. This is to avoid fraud in the distribution process. Fourth, assistance is carried out in the role of zakat institutions, accompanied by periodic coaching to ensure that the process runs according to applicable regulations. Fifth, there are third parties, such as educational institutions or halal study centers that oversee the halal certification process. Sixth, there is regular supervision, control, and evaluation.

The Indonesian government, through the National Sharia Economic and Finance Committee (KNEKS), also supports the acceleration of the development of MSMEs in the halal industry in various aspects. One of them is through the Division of Sharia Social Funds; KNEKS organizes training for prospective assistants in the process of making halal products. Collaboration with various parties is carried out in organizing training to increase the number of assistants to process these halal products. For example, KNEKS collaborated with the National Amil Zakat Agency (BAZNAS) and the World Halal center Nahdlatul Ulama (WHC NU) in March 2023. Amil Zakat Institutions can assist MSMEs in managing the halal certification process with a self – declared scheme. Apart from that,

KNEKS also encourages the existence of Halal, Safe, and Healthy Culinary Zones (KHAS Zones) based on programs funded by sharia social funds (Jamilullah, 2023). KNEKS has also collaborated with various other parties, such as the Halal Inspection Institute (LPH) in universities and the Zakat Forum.

In relation to the role of zakat institutions in helping micro and small businesses for *mustahik*, in the opinion of Choiri & Ma'adi (2023), the categorization of the poor in contemporary *zakat fiqh* is the limit of adequacy (*had al-kifayah*), namely the acquisition of a decent life, not only in the amount of money earned. Therefore, there needs to be firmness for zakat institutions in determining *mustahik* who will be assisted in the halal certification process for their food and beverage businesses. According to Imam Nawawi and Ibnu Hazm, a decent life includes primary and secondary needs; some also mention the standard of living based on *nisab* (Sahroni et al., 2018).

Based on the income aspect, those included in the MSME category in Indonesia are businesses with an income of less than 500 million rupiah per year. If so, then the MSME classification with a certain limit has exceeded the *nisab* category of gold zakat of 85 grams per year. These MSMEs are already included in the *muzakki* category, so they are not allowed to access assistance from zakat institutions as *mustahik*. MSMEs with incomes that do not meet their needs or work solely to fulfill *had al-kifayah* are micro and small businesses that are included in *mustahik*, so they need to be assisted in a free halal certification program through zakat institutions (Choiri & Ma'adi, 2023). However, Islamic philanthropic institutions can also optimize funds other than *zakat*, such as *infaq* and alms, to help other MSME actors who are not *mustahik* but need assistance. This can increase public trust in related *zakat* and *waqf* institutions. The long-term impact is the potential for MSME actors who are also assisted to become *muzakki*, or permanent donors, at related *zakat* institutions.

## **The Efforts of Islamic Philanthropic Institutions in Encouraging the SEHATI Program**

Islamic philanthropic institutions play a significant role in empowering the community's economy, especially in the micro and small business sectors. This is because Islamic philanthropic institutions such as *zakat* and *waqf* institutions are institutions that deal directly with the lives of these business actors, which are supported through productive business funding from ZISWAF. Therefore, efforts to empower the community by these institutions can also be optimized through assistance in the free halal certification process (SEHATI) so that products from *mustahik* or beneficiaries are more guaranteed to be halal.

Research conducted by Arsil et al. (2022) regarding the Halal center collaboration development strategy shows that there are seven actors in this matter, namely BPJPH, government, private companies, Halal centers, MSMEs, consumers, and Professional Certification Institutions (LSP). Then the objectives of the cooperation strategy are to strengthen the Halal center, accelerate MSME halal certification, and strengthen inter-agency performance. Strategies that can be implemented are cooperation with the private sector, cooperation in utilizing government assistance funds, and collaboration with professional certification institutions. The research concluded that the factors that influence the cooperation of the Halal center with other institutions are capital and agency policies, and the main cooperation strategy is through the use of government assistance funds. In previous research, there has been no strategy for cooperation with Islamic philanthropic institutions.

This research tries to describe various possible efforts that can be made by Islamic philanthropic institutions to encourage the SEHATI program. Three efforts that can be made are:

### **Collaboration with the National Sharia Economy and Finance Committee (KNEKS)**

Islamic philanthropic institutions can apply for cooperation with the National Sharia Economic and Finance Committee (KNEKS) to be able to propose *amil* and their volunteers as assistants in the process of producing halal products. Then, KNEKS can connect with the Halal Inspection Agency to conduct training and facilitate micro and small business actors assisted by related Islamic philanthropic institutions to obtain halal certificates. This can benefit various parties; Islamic philanthropic institutions can have resources that are not only experts in distributing benefits but also assist directly in the halal certification process. The *mustahik* can fulfill their needs to be economically independent, not only in terms of funding and management but also halal certification.

### **Collaboration with Universities through the Campus Zakat Program**

Merdeka Belajar Kampus Merdeka (MBKM), which was initiated by the Ministry of Education, Research, and Culture at this time, allows students to study directly at institutions or companies in full in one semester. Islamic philanthropic institutions, through the Campus Zakat programme, can encourage students who enter the programme to take part in training as assistants in the production of halal products. It is intended that after the Campus Zakat programme is completed, students, besides having skills in managing ZISWAF, will also have competence in mentoring MSME actors. If you rely only on the *amil* to assist in the processing of halal certificates, it will not be optimal due to time constraints. However, if a team can be formed with Zakat Campus students, then the results can be more optimal and sustainable.

### **Cooperation with Private Companies**

As an Islamic philanthropic institution, it is only natural to have cooperation with private companies, especially in the distribution of company zakat or zakat from the company's employees. In addition to zakat funds, Islamic philanthropic institutions can also collaborate to distribute corporate social responsibility (CSR) funds. To support the acceleration of the SEHATI program, it would be better if there was an allocation of funds from *zakat*, *infaq*, alms, endowments, or CSR from private companies channeled through Islamic philanthropic institutions to assist in assisting halal certification for micro and small business actors. This will have a positive impact not only on micro and small businesses but also on companies that channel their social funds to Islamic philanthropic institutions. Islamic philanthropic institutions can create branding as an institution that encourages their *mustahik* to pay attention to the halal guarantee of their business products. When it is halal – certified, products from *Mustahik* can be distributed more widely because they are trusted and guaranteed. One of the requirements for a product to enter a large – scale shopping center is that it be halal – certified.

### **CONCLUSION**

Islamic philanthropic institutions in Indonesia play a significant role in building awareness and empowering communities to achieve prosperity. The mentoring process is one of the roles of Islamic philanthropic institutions for *mustahik*, or beneficiaries, who need it. Efforts to accelerate the achievement of the free halal certification program (SEHATI) launched by the government need to be supported, including by Islamic

philanthropic institutions. This is because Islamic philanthropic institutions are very close to empowered micro – and small – business actors in the regions. The trust factor of business actors in companions also affects the smoothness of the halal certification process. Activists of Islamic philanthropic institutions need to understand the halal certification process to encourage economic growth for the micro and small business actors they support. Strategic cooperation needs to be carried out so that it has a significant impact.

This research proposes some collaboration strategies for Islamic philanthropic institutions to accelerate the halal certification process for MSMEs. First, collaboration with the National Sharia Economy and Finance Committee (KNEKS); second, collaboration with higher education institutions through the Campus Zakat Program; third, collaboration with private companies through corporate social responsibility (CSR) funds or other charity – based programs. Islamic philanthropy is very strategic because the beneficiaries trust the institutions that help them achieve their welfare. This research provides practical insight into optimizing the role of Islamic philanthropic institutions to help *Mustahik* develop their businesses through halal certification.

This research aims to serve as the foundation for policy recommendations, particularly for Islamic philanthropic institutions designing *mustahik* assistance programs within their empowerment initiatives. For the government, it highlights the necessity of strategic collaboration with these institutions to expedite the SEHATI program's success. While this research offers valuable insights, it remains at a conceptual stage and necessitates further investigation. Future research can delve deeper into potential opportunities by conducting stakeholder interviews with entities like BPJPH, KNEKS, zakat and waqf institutions, halal inspection bodies, and MSME representatives. Additionally, exploring best practices already implemented to achieve MSME halal certification targets could provide valuable information for future strategies.

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