

Halal Certification Online to Drive Halal Value Chain (HVC) During the Covid-19 Pandemic

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Abstract

Halal Value Chains (HVC) have grown quite rapidly over the last five years. This is shown from the number of Indonesian halal food exports to global food exports ranging from 15 to 18% from 2015 to 2020. Thus, the halal label plays an important role in encouraging the increase in the value and transactions of HVC. (Lembaga Pengkajian Pangan Obat-obatan dan Kosmetika) LPPOM MUI, currently has provided (Online Halal Certification Service System) CEROL-SS23000, to speed up and make it easier for producers to register their products so they can get halal certificates. This study uses a qualitative descriptive approach. The purpose of this study was to find out how the halal certification process carried out by LPPOM-MUI and the development of HVC survived the Covid-19 pandemic. Based on the results of the researcher's analysis, during the LPPOM MUI pandemic, three breakthroughs were made to simplify the halal certification process. First, making adjustments to the audit method known as Modified On Site Audit (MosA), secondly accelerating the halal certification audit process and thirdly extending the validity period of the halal certificate. Although the demand for halal certification has increased, HVC throughout 2020 decreased by a total of -1.72% but this is better than the national GDP level. The PRM (Muslim Friendly Tourism) sector and Muslim fashion were the worst sectors to experience contraction with a percentage decline of -12.53% and -9.87%, respectively. Meanwhile, halal food grew 1.58% and the halal agriculture sector grew 1.85%.

Keywords: Certification, Halal, HVC

INTRODUCTION

Halal Value Chain (HVC) has experienced quite rapid growth over the last five years. The increasing global market share is a big capital for Indonesia to increase HVC. This is shown by the number of exports of Indonesian halal food ingredients to global food exporters ranging from 15 to 18 percent from 2015 to 2020. (BI, 2020)

The data shows that Indonesia has great potential in the development of the halal industrial sector. The high potential of the Indonesian state in the halal industry can support growth and improve the national economy.

The increase in value in halal industrial activities in Indonesia is also supported by increased awareness of the importance of consuming the halal industrial sector from the Indonesian population, which is 12.7 percent of the

world's Muslim population. This awareness will ultimately change the lifestyle or habit of consuming a product. This change has a significant impact on the trend of halal lifestyle or halal lifestyle which is a universal indicator so that it is accepted and followed for all circles of society. (Annisa, 2019)

To ensure a halal product, certification is needed to ensure it is halal. In Indonesia, the process of granting halal certification is carried out through an independent institution, namely the Majelis Ulama Indonesia (MUI), in this case it is directly handled by the Lembaga Pengkajian Pangan Obat-obatan dan Kosmetika (LPPOM). Currently, LPPOM MUI has provided an Sistem Pelayanan Sertifikasi Halal Online (CEROL-SS23000), to make it easier for business actors to register and process halal certification.

There are still many food business actors who carry out halal certification on marketed products. Directing this to happen because there are still producers who believe that the certification process to get a halal label is difficult. In the beginning, the LPPOM MUI halal label certification process from 1992 to 2011, the submission for halal label certification was still using a manual system, where producers had to send the requirements directly to LPPOM MUI. In addition to the large number of document requirements, the time required is also relatively long.

Since 2011, LPPOM MUI has continued to develop an online halal label certification service system and process called CEROL-SS23000. This system aims to provide faster and better halal certification services, making it easier for food producers to obtain halal certificates. The advantages of this system are that the activation process is faster and can monitor the progress of the halal labeling process in real time, and can reduce paper usage (LPPOM MUI 2013). (Ha Phi Ro, 2017)

As for the audit implementation, LPPOM MUI uses (Modified Onsite Audit) MosA, which is an audit modified with a certain method, effective since March 19, 2020. In principle, this system meets the requirements of the Komite Akreditasi Nasional (KAN) to conduct an assessment of the Sistem Jaminan Halal (SJH).) at one product. Even so. With this system, it really helps the process of giving halal labels to products that will be marketed by producers, during the Covid-19 pandemic which is still happening today. Based on the description above, researchers are interested in researching how to do Halal Certification Online to Drive Halal Value Chain (HVC) during the Covid-19 Pandemic.

METHOD

This type of research that the researcher writes uses a qualitative and descriptive approach by using literature review data published in book form by Bank Indonesia with the title Synergizing Economic Development for Islamic Finance and several journals and reports on the halal value chain. Meanwhile, secondary or supporting data used are data from quotes from news portals and websites.

The purpose of this literature review is to obtain a theoretical foundation that can be used to support the solution to the problem being researched by the author. Then the other purpose of this literature review is to get an idea and picture related to what other researchers have done before. This literature review contains an explanation of the theory, then findings and other research materials obtained from reference materials to be used as the basis for research activities.

The process of analyzing research data is carried out comprehensively and pays more attention to the characteristics of the data, the quality of the data and also the relationship between things that compare it with relevant theoretical concepts, so that it can provide accurate data information about how to use online halal certification to encourage halal value chain (HVC) During the Covid-19 Pandemic. (Nugroho, 2019)

RESULTS AND DISCUSSION

1. Halal Certification With CEROL-SS23000 System

In carrying out halal certification, LPPOM MUI develops an integrated management system and is compiled, implemented and maintained with the aim of regulating materials, production processes, then human resources employed, as well as procedures for maintaining the continuity of halal product production in accordance with the provisions of LPPOM MUI. This halal assurance system will result in the halal status of the certified product itself. With a rating category of A (very good) then B (good enough) and C (failed to get a halal label).

a. Halal Certification Stages For Companies

There are several stages that must be passed by a business entity or company in conducting halal certification on products:

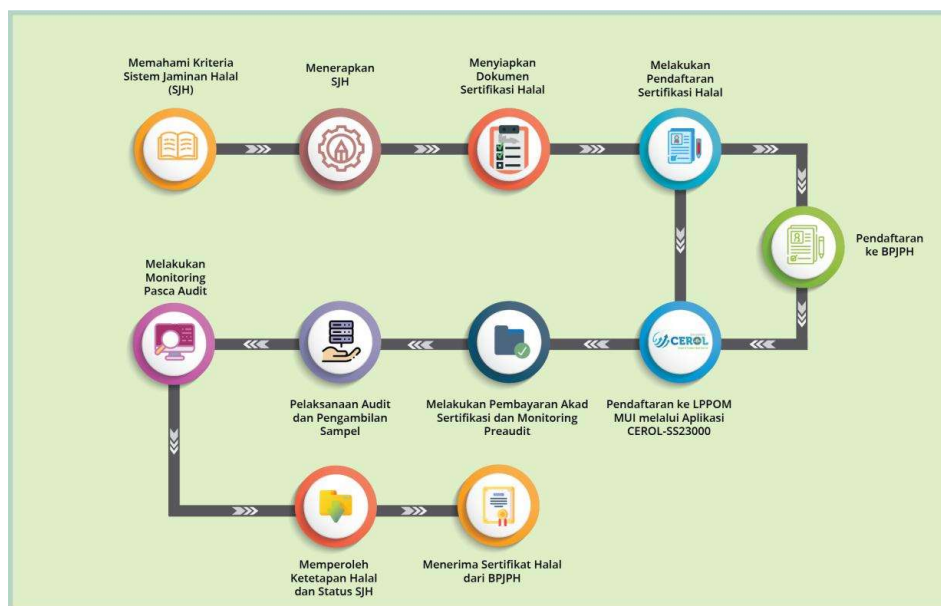


Figure 1. The process of the halal assurance system at LPPOM MUI
(www.halalmui.org)

1) Understanding the HAS Criteria'

Producers need to know the HAS criteria contained in the Halal Assurance System or HAS 23000. 11 criteria have been determined, namely making halal policies with full commitment, forming a halal management team, conducting training and education to the halal team, materials used to make products, then product quality, production facilities or places to produce goods and services, make a written description of the production process, traceability of the materials used, handling of products if they do not meet production standard criteria, company internal audits, and reviewing management.

2) Implement HAS and Provide Registration Documents

After the company or producer understands the criteria and requirements for halal, the company must implement SJH before registering its products, such as manually making HAS, establishing and implementing halal policies and socializing it to all employees who are involved in the business. Then create a Management Team that handles halal, provides training or training to all employees, conducts HAS internal audits and reviews HAS implementation management.

3) Producers must prepare files and documents intended for halal label certification, namely:

- a) The HAS Manual which has covered 11 criteria is determined.
- b) Diagram that describes the flow of the production process.
- c) A statement from the producer if the production facility is only intended to produce halal goods, not mixing with haram goods
- d) Include a list of addresses of places of production as a whole
- e) Evidence that the halal provisions have been disseminated to the relevant stake holders
- f) Evidence of having conducted training
- g) Evidence of having carried out an internal audit
- h) Legal business licenses, examples such as SIUP, ITUP, and others from the kelurahan
- i) Have a Food Safety Certificate (SFS) from a body that has been accredited by KAN or a similar authorized institution.
- j) Facility data and information:
 - a. For the production of processed food, then medicines, cosmetics, and the like (include the name and address of the factory, PIC and contact)
 - b. For a restaurant: the head office (name and address, PIC and contact), then the kitchen, warehouse and outlets (name and address)
 - c. For the slaughterhouse category: RPH (name and address of the factory, PIC and contact person)
- k) Product supporting data, namely product name, product category and product types
- l) Material information (name of material used, country of producer, supplier, and material document).
- m) Create a product matrix, ie what materials are used for each product.

4) Carry out the registration stage for halal label certification (upload files/data)

5) The company or business entity must first register with BPJPH in order to obtain the cover letter needed to register for halal label certification to LPPOM MUI.

6) The registration process for LPPOM MUI halal label certification can be done in parallel and registration with BPJPH. Registration to LPPOM MUI can also be done online using the Cerol system or through www.e-lppommui.org. (MUI, 2021)

b. Halal Certification Stages for UMKM

The requirements for obtaining halal label certification for Usaha Mikro Kecil Menengah (UMKM) are summarized from the official account of the Kementerian Koperasi and UKM as follows:

- 1) Have NIB (Nomor Induk Berusaha)
- 2) Have NIK (Nomer Induk Kependudukan)
- 3) Have a clear residence and production address
- 4) Must fill in registration or online form at bit.ly/Sertifikat_Halal_UMI
- 5) Business capital equal to IDR 1 billion or less (excluding land and building assets used by the business)
- 6) Annual turnover or income below or a maximum of IDR 2 billion
- 7) Have at least one type of business product and have an active market for at least 1 year.
- 8) Have a social media account or website
- 9) Enter product name
- 10) Have Sertifikat Produksi 'Pangan dan Industri Rumah Tangga' (SPP-IRT)
- 11) Compile a list of the composition of the materials used and the product processing process
- 12) Contains a pledge or contract for the halal product and the materials used and the Halal Product Process. (Kompas, 2021)

2. Halal Certification During the Covid-19 Pandemic

The halal label certification process continues despite restrictions on physical contact during the Covid-19 pandemic. Muti Arintawati as executive director of LPPOM MUI, explained that there was an increase in the demand for halal certification of products from UMKM and companies. From 2018 data to May 1, 2021, that the number of halal-certified products at the Majeleis Ulama Indonesia head office, there is a fairly rapid increase. The number of products that have halal certification has reached 1,066 products as of May 1, 2021. This figure is a cumulative number from 2020. (Liputan6, 2021)

The increase in the number of requests for halal certification is inseparable from the new policy carried out by LPPOM MUI during the Covid-19 pandemic. There are three things that are done by LPPOM MUI, namely the certification audit process with the MosA system, then cutting the halal certificate audit time and extending the validity period of the halal certificate from 2 years to 4 years.

a. Halal Audit With MosA Method

Modified On-site Audit or MosA is a process which compares audit evidence with the 11 criteria of the Halal Assurance System (SJH) required by LPPOM MUI which has been modified so that it can still be used as a reference in making decisions on the determination of halal by the Komisi Fatma Majelis Ulama Indonesia (KF-MUI). Modification of MosA is carried out using certain methods, so that procedures, policies, or evidence collection in the field and inspection of production facilities are carried out correctly. This is done to ensure smoothness during the halal label certification process. (Ha Phi Ro, 2017)

Ir. Muti Arintawati as Director of Halal Audit of LPPOM MUI, explained that the MosA protocol was implemented to avoid delays in the process when applying for halal certification. This is because the Covid-19 pandemic has affected the company's overall growth rate. It is hoped that with the passage of the protocol, the LPPOM MUI halal label certification service will continue to run optimally. The implementation of the MosA protocol will not conflict with the rules or references of SNI ISO/IEC 17065' which have been determined by the Komisi Akreditasi Nasional (KAN).

This provision is in accordance with the letter issued by KAN number: 004/KAN/04/2020 regarding the policy of certification bodies, verification and validation agencies regarding the anticipation of the impact of the pandemic. So that the results of the MOsA audit can still be held legally accountable. (MUI, 2021)

b. Cutting Time for Halal Certification Audits

Referring to Law Number 33/2014, the halal certification process for domestic products takes up to 97 working days and halal certification for foreign products takes 117 working days. This latest rule cuts to 21 working days. The 21 working day period is calculated after the completion of all documents and the requirements of business actors are met. The time cuts include business processes, halal certification services made by BPJPH, LPH and the Majelis Ulama Indonesia (MUI).

The regulation provides the option for UMK to perform halal-self-declare. However, this does not mean that it is just auto-halal, but must go through a mechanism that is implemented with certain criteria. Among them, the product uses no risk raw materials and supporting materials that are definitely halal. The production process is also simple and must be ensured halal.

The regulation also opens up as much opportunity as possible for the participation of the community in the implementation of JPH through Islamic organizations. Among them are to establish LPH, prepare Halal Auditors, Halal Supervisors, socialization and education about JPH, assistance in the process of halal products, publication that products are under assistance, marketing in networks of legal Islamic mass organizations and supervision of circulating halal products. (Halal, 2021)

c. Halal Certificate Validity Extension

The current regulations on halal certification that lead to changes have changed the validity period of the MUI halal provisions, which were previously

valid for two years to four years. The validity period of the halal certificate is stated in Undang-undang nomer 33 tahun 2014 concerning Jaminan Prodak Halal (UU JPH) article 42, which is "a halal certificate is valid for four years from the date of issuance by BPJPH, unless there is a change in the composition of the ingredients". This is also stated in Law Number 11 of 2020 concerning Job Creation and Government Regulation Number 31 of 2019 concerning JPH Operators.

In Government Regulation Number 39 of 2021 Article 118 it is stated that the cooperation between BPJPH and MUI is carried out in terms of determining product halalness, which is issued by MUI in the form of a decision to determine product halalness. Based on this, in accordance with Kep-49/DHN-MUI/V/2021 concerning Changes in the validity period of the

Indonesian Ulema Council's halal decree, the validity period of the Halal Decree is four years from the previous two years. Chairman of the MUI for Fatwa, Dr. H.M. Asrorun Ni'am Sholeh, M.A. the product fatwa decision will be updated again based on the results of the extension audit. This follows the applicable regulations, which is once every 4 years. (Halal, 2021)

3. Halal Value Chain (HVC) During the Covid-19 Pandemic

To make it easier to classify HVC into four sectors, namely sharia agriculture, the food sector, the Pariwisata Ramah Muslim (PRM) sector and the Muslim fashion sector. Of these four sectors, there are only two sectors that are able to grow positively amid the contraction of the national economy, namely the agricultural sector and halal food.

a. Sharia Agriculture Sector
The increasing risk of food security as a result of the Covid-19 pandemic, performance in the agricultural sector is still able to grow positively. In 2020 the agricultural sector rose in a positive direction, although not too significant, namely 1.8%, although not as bright as in the years before the pandemic which was able to sit at 3.76%. The agricultural sector has a fairly good resilience compared to other sectors.

There are four sub-sectors experiencing a slowdown in 2020, namely horticultural crops, fisheries, plantations as well as agricultural and hunting services. The livestock sector was corrected by -0.33%. The sub-sector that experienced the most different pattern from the other sub-sectors was food crops. In 2019 food crops -1.73% and in 2020 grew 3.54%. (BI, 2020)

b. Halal Food and Beverage Sector

The growth of the halal food and beverage sector has increased amid the economic downturn due to the Covid-19 pandemic. This sector was able to achieve a positive number of 1.58%. However, this growth slowed from the previous year which recorded a positive number of 7.78%. Similar to other HVC sectors, growth in 2020 is the lowest in the last 5 years. In general, business actors in the halal food and beverage sector have experienced negative turmoil due to the Covid-19 pandemic due to the decline in the number of requests.

The condition of the decline in this sector is the result of a survey conducted by Bank Indonesia in the fourth quarter of 2020. Many respondents

who are engaged in this sector admit that their income has decreased by 35.57%, even though these business actors have not reduced employees.

During the pandemic, the value of transactions for purchasing halal food and beverages through online or e-commerce marketplaces has greatly increased. Based on the data recorded by BI, from the month of Mie to December, cumulatively it grew by 168.95% compared to 2019. Online shopping is a solution in the midst of a pandemic that limits the work operations of producers. (BI, 2020)

c. Sektor Fesyen Muslim

Muslim fashion experienced a downturn in all sub-sectors. By -8.87% decrease in 2020. This is far in contrast to 2019 which was actually able to grow 12.38%. There are two sub-sectors for Muslim fashion, namely the leather industry sub-sector, leather goods and footwear, and the apparel textile industry.

When viewed from the pattern of quarterly report data throughout 2020, Muslim fashion experienced a decline in growth. The majority of business actors in this sector have been negatively impacted by the COVID-19 pandemic, resulting from a decrease in the number of requests for goods, a decrease in sales turnover, loss of the consumer market, difficulty in obtaining production raw materials and decreased capacity. The contributor to the Muslim fashion sales figure is supported by the sale of e-commerce marketplaces, with a cumulative transaction value of 41.76% compared to the period in 2019.d. Muslim Friendly Tourism Sector

This sector was the highest contributor to contraction with a contraction rate of -12.53%. Of course, this figure makes a negative contribution to HVC growth in 2020, and for the first time in the last five years it has decreased. All sub-sectors in Muslim-friendly tourism experienced a decline, especially in the aviation or air transportation sub-sector which fell by -50.01%, rail transportation -24.40% and tourism accommodation service providers -24.40%. During the Covid-19 pandemic, the increase in travel activity began to increase towards the end of 2020 along with the long holiday. End of October 2020 the number of requests increased. (BI, 2020)

CONCLUSION

Based on the description of the research, conclusions can be drawn:

1. During the Covid-19 pandemic the number of requests for halal certification increased significantly. The number of products that have halal certification has reached 1,066 products as of May 1, 2021. This figure is a cumulative number from 2020.
2. Rare things done by LPPOM MUI for halal certification during the Covid-19 pandemic, namely document audits using the MosA system, cutting audit process time and extending the validity period of halal certificates.
3. Despite the increasing demand for halal certification, HVC throughout 2020 experienced a total decline of -1.72% but this is better than the national GDP

level. The PRM (Pariwisata Ramah Muslim) and Muslim fashion sectors were the worst sectors to experience

contraction with percentage declines of -12.53% and -9.87%, respectively. Meanwhile, halal food grew 1.58% and the halal agriculture sector grew 1.85%. From the findings above, the author suggests that researchers who are interested in writing HVC can explore the issue of the process of adjusting all HVC sectors during the Covid-19 pandemic.

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