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Integrating Waqf into the Halal Meat Supply Chain: Strengthening Indonesia's Halal Economy

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Abstract: Indonesia, with the largest Muslim population globally, holds significant potential for a sustainable halal economy. Strengthening halal industry infrastructure, particularly in the halal meat supply chain, requires innovative financing mechanisms. This study develops a conceptual framework for integrating productive waqf as a strategic financing instrument to support halal-certified infrastructure, enhance supply chain coordination, and promote inclusive economic growth. Using a qualitative descriptive approach based on an interpretive literature review, the study synthesizes academic, institutional, and policy sources related to waqf governance, Islamic social finance, and halal value chain development. Findings indicate that productive waqf can function as institutional capital to address infrastructure gaps, empower communities, and reinforce halal-compliant enterprises. The study contributes to the literature on Islamic social finance by conceptualizing waqf as infrastructure financing within halal supply chains and provides policy insights for policymakers, regulators, and Islamic financial institutions to strengthen a sustainable halal ecosystem in Indonesia.

Keywords: Waqf, Halal Meat Supply Chain, Halal Industry, Halal Economy, Halal Certification.

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INTRODUCTION

The halal economy is understood not merely as an economic sector governed by Sharia rules, but as a form of institutionalized piety embedded in everyday economic practices (Fischer & Nisa, 2025). It extends beyond food and Islamic finance to encompass ethical business practices, environmental sustainability, social responsibility, and spiritual values in economic activities (Aziz & Khatami, 2025). While global literature highlights migrant-driven halal economies, in Muslim-majority countries such as Indonesia, halal economic development is shaped not only by community networks but also by formal regulatory frameworks, state-led certification systems, and large-scale financing mechanisms (Esteves & McGarrigle, 2025). Understanding these structural and institutional dimensions is essential for analyzing how the halal economy can be strengthened in Indonesia.

Indonesia has the largest Muslim population in the world, with approximately 87.2% of its population adhering to Islam (Zustika & Nurendra, 2025). This demographic composition generates substantial and sustained demand for halal products, particularly halal meat, which plays a vital role in nutrition, economic activity, social interaction, and religious observance. Consequently, the halal meat sector occupies a strategic position within the national halal economy and reflects the effectiveness of halal governance and supporting infrastructure.

The enactment of the Halal Product Assurance Law (Undang-Undang Jaminan Produk Halal/UU JPH) demonstrates the government's commitment to protecting Muslim consumers. The law mandates halal certification for products and services related to food, beverages, medicines, cosmetics, and slaughtering processes (Badan Penyelenggara Jaminan Produk Halal, 2024a; 2024b). Beginning 18 October 2024, medium and large enterprises are required to comply with halal certification, while micro and small enterprises are granted a grace period until 17 October 2026. However, the successful implementation of this policy depends heavily on adequate halal-certified infrastructure, institutional readiness, and sustainable financing mechanisms.

In practice, significant structural challenges persist. The number of halal-certified slaughterhouses (Rumah Potong Hewan/RPH) remains limited, with only 79 ruminant and 165 poultry slaughterhouses meeting halal standards, while more than 500 slaughterhouses remain uncertified (IPB University, 2024). This infrastructure gap weakens halal traceability and risks undermining consumer trust. Without innovative financing and institutional solutions, mandatory halal certification may be difficult to implement effectively.

One potential solution lies in Islamic economic instruments, particularly waqf. Historically, waqf has supported education, health services, social welfare, and economic development (Robiatun et al., 2021). In contemporary contexts, waqf has evolved into productive waqf, in which assets or funds are invested in Sharia-compliant ventures to generate sustainable economic returns (Uyun & Hamida, 2024). The Indonesian Waqf Board estimates the potential value of waqf assets at IDR 2,000 trillion, with annual cash waqf potential reaching IDR 181 trillion (Badan Wakaf Indonesia, 2016), indicating a substantial untapped resource for national development.

Despite this potential, waqf utilization remains constrained by low public literacy, limited professional nazhir, weak institutional governance, suboptimal regulatory implementation, and the absence of an integrated digital monitoring system (Badan Strategi Kebijakan Dalam Negeri/BSKDN, 2025). These constraints have limited waqf's effectiveness as a transformative socio-economic instrument. However, if strategically integrated with priority sectors such as the halal industry, waqf could become a sustainable financing mechanism to support halal-certified infrastructure development and policy implementation.

Previous studies highlight the promise of this integration. Maesaroh and Nuryitmawan (2024) show that waqf can function as a powerful Islamic social finance instrument with multiplier effects on community welfare. Fadhilah and Azmi (2024) demonstrate that productive waqf strengthens economic resilience in pesantren communities, while Saputra (2020) argues that waqf can support halal MSMEs through collaboration with Islamic financial institutions and capacity-building programs to ensure halal certification. These findings suggest that productive waqf can strengthen halal value chains, create employment, and promote inclusive economic growth.

Nevertheless, existing studies have not sufficiently explored the integration of waqf specifically within the halal meat supply chain as a systemic solution to infrastructure gaps and financing constraints. This study addresses this gap by examining how productive waqf can be integrated into the halal meat ecosystem to support halal certification, strengthen supply chains, and enhance community welfare. This study is among the first to conceptualize waqf as infrastructure financing within halal meat supply chains.

Therefore, this study aims to develop a conceptual framework for integrating productive waqf into the halal meat supply chain as a sustainable financing mechanism to strengthen Indonesia's halal economy. Accordingly, this study examines the integration of productive waqf within the halal industry, with particular focus on the halal meat supply chain in Indonesia. Beyond conceptual development, the study also seeks to formulate policy recommendations for optimizing the role of waqf in supporting mandatory halal certification and enhancing the halal economy in an inclusive and sustainable manner.

LITERATURE REVIEW

Definition of Waqf

The term waqf (also spelled *wakaf*) originates from the Arabic word *waqafa*, derived from *wakafa*, meaning "to restrain," "to stop," or "to remain." Linguistically, *wakafa–yaqufu–waqfan* is equivalent to *habasa–yahbisu–tahbisan*, also meaning to restrain or withhold. Terminologically, waqf refers to the act of restraining ownership rights over an asset so that the endowed property cannot be inherited, mortgaged, lent, sold, gifted, or transferred in any form. The utilization of waqf assets must align with the donor's (*wakif*) intentions and objectives, without expecting any compensation (Ihwanudin, 2023).

In Indonesian law, Law No. 41 of 2004 concerning Waqf (Article 1) defines waqf as a legal act by which a *wakif* separates and/or transfers part of their property to be utilized permanently or for a certain period, in accordance with its purpose for religious worship and/or public welfare under Sharia principles. Within the context of economic development, this legal framework positions waqf not merely as a charitable institution but as a strategic financial instrument capable of supporting long-term socio-economic objectives, including sectoral development such as the halal industry. Despite extensive conceptual and legal discussions, research examining waqf's operational integration with specific economic sectors, particularly the halal industry, as a sustainable financing mechanism, remains limited.

Concept and Types of Waqf

According to Yasniwati et al. (2019, pp. 1–2), waqf is a unique philanthropic instrument in Islamic economics, distinct from grants (*hibah*), almsgiving (*infaq*), and zakat. Its key feature is transferring property ownership from private hands to Allah SWT, allowing society to enjoy the benefits sustainably and perpetually.

Barkah et al. (2020, pp. 218–220) classify waqf into two main types: waqf ahli and waqf khairi. *Waqf ahli*, or *waqf dzurri*, is designated for family members, offering spiritual rewards and family preservation. However, it often faces challenges in distribution and sustainability and is considered less productive. Some countries, such as Egypt and Turkey, have reduced the use of family waqf (waqf ahli), while discussions continue regarding the possibility of re-evaluating its application in Indonesia.

In contrast, waqf khairi is allocated for public benefit—religious or social—such as schools, hospitals, mosques, orphanages, and public infrastructure. It generates broader societal benefits, aligning with the fundamental objective of waqf to enhance community welfare. From an economic integration perspective, waqf khairi is particularly relevant to the halal industry, as it can fund productive public infrastructure such as halal-certified slaughterhouses (RPH), logistics systems, and business centers, supporting both religious obligations and economic objectives. Despite its relevance, limited scholarship explores how waqf khairi can be strategically aligned with halal industry development.

Waqf Potential in Indonesia

Waqf in Indonesia is recognized as an Islamic philanthropic instrument with considerable potential to enhance national welfare. This potential is supported by Law No. 41 of 2004, which aims to ensure waqf is managed professionally and efficiently. Waqf assets include both immovable assets, such as land, and movable assets, such as cash waqf. According to the Ministry of Religious Affairs' SIWAK data as of June 2022, waqf land potential reaches 432,477 locations, covering a total area of 56,425.24 hectares. Meanwhile, the Indonesian Waqf Board (BWI) estimates that the potential of cash waqf could reach IDR 180 trillion per year.

Despite this substantial potential, a significant gap exists between potential and realization, mainly due to challenges related to trust, human resources, management systems, and the competence of nazhir (waqf managers). Waqf land, estimated to be worth thousands of trillions of rupiah, faces issues such as legality, certification, and the lack of data on strategically located land that could be productively developed. Currently, waqf land utilization is still dominated by social purposes, such as mosques (43.67%) and prayer rooms (*musholla*, 27.93%). Estimates of cash waqf potential vary, ranging from IDR 3.0 trillion to IDR 11.82 trillion per year, depending on the calculation scenario (Sunuwati, 2022, pp. 33–40).

This underutilization indicates that waqf has not yet been systematically integrated into national economic development strategies, including the halal industry. Productive and sector-focused waqf investment could provide sustainable financing for halal-certified infrastructure, MSME development, and value-chain strengthening, thereby directly supporting Indonesia's halal economy. While several studies highlight the magnitude of waqf potential, empirical and conceptual research on channeling this potential specifically toward halal industry development remains limited.

Halal Industry

The halal industry encompasses business activities that produce goods and services in compliance with Islamic Sharia principles. The concept has grown alongside rising global demand for halal products and services. Historically, it was referred to as the halal economy, which predates the widespread use of the term halal industry.

Etymologically, the term combines "industry", defined in Kamus Besar Bahasa Indonesia (KBBI) as the processing or manufacturing of goods using equipment and machinery, and "halal", which refers to what is permissible under Islamic law. Therefore, the halal industry involves producing or processing goods using methods and facilities compliant with Islamic teachings (Sukoso et al., 2020, p. 42).

Beyond compliance, the halal industry represents an integrated economic ecosystem, including production, certification, distribution, consumption, and financing. Its growth is driven not only by religious obligations but also by increasing global demand for ethical, safe, and high-quality products. Strengthening the halal industry requires regulatory enforcement, sustainable financing mechanisms, institutional capacity, and infrastructure areas where waqf has significant potential. Existing research has focused predominantly on halal certification and regulation, with limited attention to innovative Islamic social finance instruments, such as waqf, as sources of sustainable financing for halal industry infrastructure.

Halal Center

A Halal Center, as defined by Sukoso and Al Huda (2023, pp. 39–40), is an institution established to support and strengthen halal supervisors, particularly for MSMEs that lack formal institutional structures. Its functions include providing guidance, assistance, and supervision to help businesses meet halal standards in accordance with Sharia.

Ideally, Halal Centers are located within universities, which possess the necessary human resources, expertise, and fulfill the Tridharma Perguruan Tinggi, pillar of community service. In the context of waqf integration, Halal Centers can serve as strategic nodes for channeling waqf-based financing into halal MSME development, certification facilitation, and capacity building.

This institutional synergy positions waqf not only as a social finance instrument but also as a catalyst for strengthening the halal industry ecosystem.

Despite their growing role, limited research examines Halal Centers' potential as intermediaries for waqf-based financing within halal value chains. While the literature has extensively discussed waqf as an Islamic philanthropic instrument and the halal industry as a growing economic sector, systematic integration particularly operationalizing waqf to strengthen halal value chains remains underexplored. Most studies address either waqf governance or halal certification independently, without examining how waqf can function as sustainable infrastructure financing.

Therefore, this study aims to conceptualize and analyze productive waqf integration within the halal industry as a strategy for strengthening Indonesia's halal economy. Overall, the literature indicates strong theoretical potential for waqf and halal industry integration, yet practical frameworks for using waqf as infrastructure financing within halal supply chains remain limited.

METHOD

Literature Review Approach

This study adopts a qualitative and conceptual literature review approach to interpret and synthesize existing knowledge on waqf governance and halal industry development. The review is exploratory and interpretive, aiming to develop theoretical linkages and conceptual insights rather than statistically aggregating empirical findings. Unlike formal systematic reviews, this study applies an interpretive synthesis of relevant literature to construct a coherent conceptual understanding of waqf integration within the halal value chain.

Research Design

This research employs a qualitative descriptive design based on secondary data analysis. The study examines how waqf can be integrated into halal industry development through conceptual interpretation of academic literature, regulatory frameworks, and policy discussions. No primary data collection, such as interviews or surveys, was conducted.

Data Sources

Data for this study were collected exclusively from secondary sources, including peer-reviewed academic publications, government regulations and policy documents, institutional reports, and analytical or policy-based documents related to waqf governance, halal industry development, and Islamic social finance. These sources were carefully selected based on their relevance, analytical depth, and recency to ensure alignment with the research objectives and the conceptual focus of the study.

Selection Criteria

The literature was primarily obtained from academic databases such as Scopus, Google Scholar, and institutional reports published between 2016 and 2025 to ensure both relevance and recency. The selection process was guided by each source's conceptual contribution to understanding productive waqf utilization, halal value chain development, institutional coordination, and the integration of Islamic social finance. Titles and abstracts were screened to assess alignment with these key themes, and only sources providing substantive analytical or theoretical insights were included in the qualitative analysis.

Analytical Method

Data were analyzed using qualitative content analysis to identify recurring themes, conceptual relationships, and patterns related to waqf utilization, halal industry infrastructure, and institutional dynamics. Relevant information was organized through structured documentation to support interpretive synthesis and conceptual development. This process enabled the formulation of a theoretical framework illustrating how productive waqf integration may contribute to strengthening the halal economy.

RESULTS AND DISCUSSION

The following section presents an analytical synthesis derived from the reviewed literature.

Summary of Literature Content Analysis

To demonstrate how the literature was systematically analyzed, Table 1 presents a synthesis of key sources, their waqf focus, halal industry focus, and principal findings.

Table 1. Summary of Literature Content Analysis

Source	Waqf Focus	Halal Industry Focus	Key Findings
Maesaroh & Nuryitmawan (2024)	Cash waqf as productive financing	MSMEs and halal business development	Cash waqf can function as sustainable capital for halal enterprises and strengthen halal ecosystems.
Abiba & Suprayitno (2023)	Waqf-based livestock farming	Community empowerment in halal meat production	Productive waqf in livestock enhances social capital and community economic resilience.
Barkah et al. (2020)	Institutional waqf management	Halal industry financing	Professional and digital waqf management is essential for halal industry sustainability.
Saputra (2020)	Productive waqf integration	Halal food MSMEs	Waqf can support halal MSMEs through partnerships with Islamic microfinance institutions.
Majid & Sukmana (2023)	Waqf-based agricultural financing	Halal supply chain financing	Sharia financing models (e.g., salam, ijarah) using waqf funds improve farmer access to capital.
Badan Wakaf Indonesia (2016)	Waqf land utilization	Halal slaughterhouse infrastructure	Waqf-based RPU in Batam demonstrates feasibility of integrating waqf with halal-certified infrastructure development.
Changalima (2025)	Waqf asset productivity	Halal logistics and cold chain	Halal-standard storage and logistics are critical for maintaining halal integrity across supply chains.
Febriyanti & Syihabuddin (2025)	Waqf for socio-economic development	Halal ecosystem strengthening	Productive waqf creates employment and enhances halal service provision.

Source: Processed by the authors.

Availability of Halal Meat in Indonesia

The halal economy is a rapidly expanding global sector. According to the *State of the Global Islamic Economy Report 2024/25*, global halal food expenditure reached US$1.43 trillion in 2023 and is projected to reach US$1.94 trillion by 2028 (DinarStandard, 2025). In this global landscape, Indonesia holds a strategic position, ranking second worldwide in the halal food sector.

However, despite this strong global positioning, significant structural challenges persist at the domestic level, particularly in ensuring the availability and integrity of halal meat supply.

Currently, national beef production in Indonesia remains insufficient to meet the continuously growing level of domestic consumption. An analysis of production and consumption data from 2020–2024 reveals the magnitude of this structural challenge. As shown in Table 2, national beef production fluctuated between 453,418 tons in 2020 and 499,708 tons in 2022, before declining to 479,549 tons in 2024. Meanwhile, consumption remained consistently high during the same period. As presented in Table 3, national consumption ranged from 680,019 tons in 2023 to 759,668 tons in 2024. The resulting annual deficit, calculated as the difference between consumption and production, has therefore widened significantly over time.

Table 2. Development of Beef Production in Major Producing Provinces in Indonesia, 2020–2024 (tons)

No	Province	2020	2021	2022	2023	2024*
1	East Java	91,028	108,284	100,207	97,490	97,951
2	West Java	80,996	78,135	72,445	77,508	86,433
3	Central Java	59,952	65,151	68,251	80,553	82,097
4	Banten	20,363	17,933	20,411	18,037	19,162
5	Lampung	14,930	21,130	21,887	17,818	18,549
6	North Sumatra	12,986	13,745	15,327	14,179	18,376
7	DKI Jakarta	7,241	16,382	14,987	13,487	14,894
	Others	165,923	167,042	186,194	141,964	142,088
	Indonesia	**453,418**	**487,802**	**499,708**	**461,035**	**479,549**

Source: Sekretariat Jenderal Kementerian Pertanian (2025).
*Temporary figures

As shown in Table 2 and Table 3, national beef production in 2024 reached only 479,549 tons, while consumption amounted to 759,668 tons. This resulted in a deficit of 280,119 tons, representing the highest gap recorded during the five-year period. Provinces such as West Java and DKI Jakarta serve as major consumption centers but produce significantly less than they consume. Consequently, these regions rely heavily on inter-island trade as well as meat imports to satisfy market demand. This geographical mismatch increases the risk of non-halal contamination during long-distance transportation and storage processes, particularly in situations where cold chain infrastructure is still limited or inadequately developed.

The deficit recorded in 2024, amounting to 280,119 tons, represents the largest gap within the observed five-year period and clearly underscores the growing imbalance between domestic supply and demand. This deficit also exceeds earlier estimates suggesting a shortage of “more than 100,000 tons,” thereby highlighting the urgency of implementing structural interventions aimed at strengthening domestic production and improving supply chain efficiency.

Table 3. Beef and Buffalo Meat Consumption in Major Producing Provinces in Indonesia, 2020–2024 (tons)

No	Province	2020	2021	2022	2023	2024
1	East Java	138,250	153,690	133,150	131,762	148,514
2	West Java	171,990	153,200	167,110	156,761	173,002
3	Central Java	87,540	41,170	83,870	83,832	96,063
4	Banten	41,010	44,420	40,020	36,970	41,235
5	Lampung	23,130	6,110	22,320	21,619	25,201
6	North Sumatra	10,360	13,900	10,120	10,536	11,346
7	DKI Jakarta	67,480	76,880	65,340	70,108	72,600

Others	257,390	207,590	173,460	168,431	191,707
Indonesia	**717,150**	**696,960**	**695,390**	**680,019**	**759,668**

Source: Badan Pusat Statistik (BPS), 2020–2024, processed by the authors.

Regional disparities further complicate the structure of the halal meat supply chain. East Java and West Java together account for approximately 35–40 percent of national production. Nevertheless, West Java consistently consumes nearly double the amount of beef it produces. For example, in 2024, West Java produced only 86,433 tons but consumed 173,002 tons, resulting in a deficit of 86,569 tons. A similar situation is observed in DKI Jakarta, where local production reached only 14,894 tons while consumption amounted to 72,600 tons. As a result, the capital region relies almost entirely on inter-island supply flows and imported meat. These spatial imbalances increase logistical complexity within the supply chain and further heighten the risk of non-halal contamination during long-distance transportation and storage, particularly when cold-chain systems are insufficient.

This substantial domestic demand contrasts sharply with the limited availability of halal-certified infrastructure. The persistent production–consumption gap has direct implications for halal product assurance throughout the supply chain. With only 79 ruminant slaughterhouses certified halal nationwide (IPB University, 2024), the current infrastructure capacity remains insufficient to process the required volume of meat needed to meet domestic demand, let alone to ensure strict compliance with halal standards at every critical control point. Imported meat, which partially fills this deficit, introduces additional verification challenges, as not all exporting countries operate halal certification systems that are formally recognized by Indonesia's halal authority.

Beyond quantitative constraints, the complexity of the halal supply chain itself presents significant challenges in maintaining a comprehensive halal assurance system from the farm level to final consumers, particularly during slaughtering, processing, and distribution stages. Economically, the structure of the supply chain is also relatively fragile, as livestock farmers tend to bear the highest production costs while receiving the lowest profit margins compared to other actors involved in the distribution chain.

From an operational perspective, beef availability in international markets often involves extensive aging and deboning processes. In contrast, Indonesian Muslim consumers generally prefer fresh meat with minimal processing. In addition, business relationships among supply chain actors remain weakly institutionalized. Transactions are frequently informal, short-term oriented, and characterized by limited monitoring or coordination among supply chain partners.

Environmental considerations further complicate the sustainability of the livestock sector. Livestock waste generates significant emissions and environmental externalities, thereby requiring improvements in feed management, manure treatment, and waste utilization at the farm level. Addressing these structural challenges requires a transition toward more collaborative and integrated business models supported by digital technologies that can shorten distribution channels, improve traceability, preserve meat freshness, and maintain halal integrity throughout the supply chain (Mahbubi, 2023).

Taken together, these structural constraints highlight the urgent need for an integrated halal meat supply chain system capable of ensuring product integrity, improving distribution efficiency, and supporting the long-term sustainability of Indonesia's halal industry.

Integration of Waqf with the Halal Industry

Productive waqf holds substantial potential to support the halal industry as a long-term, low-cost financing mechanism. Cash waqf can serve as investment capital for halal enterprises, particularly micro-scale operations such as slaughterhouses. When professionally managed, waqf can function as a structural foundation for a sustainable halal ecosystem (Maesaroh & Nuryitmawan, 2024).

A practical illustration is the waqf-based poultry slaughterhouse (RPU) established in Batam by the Indonesian Waqf Board. A 3,000 m² waqf land parcel was developed into a facility capable of processing 7,000–10,000 poultry per day. The financing structure combined community waqf contributions with private investment, demonstrating collaboration between philanthropic capital and commercial financing (Badan Wakaf Indonesia, 2016).

Within the halal meat supply chain, productive waqf can be operationalized through three strategic pathways:

1. Establishment of modern halal-certified slaughterhouses (RPH)
2. Development of community-based halal farms
3. Provision of halal-standard distribution and storage infrastructure

Firstly, building modern halal-certified slaughterhouses (RPH) acts as a catalyst for meeting halal meat demand, particularly given the limited number of existing certified facilities. With the mandatory halal certification regulation for products circulating in Indonesia, these facilities can serve as a platform for utilizing waqf funds effectively for community welfare.

The establishment of a slaughterhouse (RPH) requires a structured and integrated halal management system encompassing Islamic jurisprudence (fiqh) governing slaughter, food safety standards, and applicable halal regulatory frameworks. This system ensures the consistent maintenance of halal integrity throughout all operational stages. A central component is the slaughtering process, which must be performed by competent and trained Muslim slaughterers, ensuring alignment between animal welfare principles and Sharia compliance. Accordingly, control and supervision of these operations are a primary responsibility of slaughterhouse management (Khamnurak et al., 2025).

Secondly, community-based halal farms ensure the availability of safe, halal-compliant meat while strengthening local economic independence. Community involvement fosters ownership and expands the social benefits of farm outputs. Professional and transparent management of waqf farms can become a sustainable empowerment model, enhancing both the halal ecosystem and community welfare. Research by Abiba & Suprayitno (2023) indicates that productive waqf in livestock farming facilitates community empowerment and strengthens social capital through local involvement. Fadhil et al. (2025) found that institutional and social capital aspects are crucial for sustainability, illustrating their potential as a systematic economic empowerment strategy.

In this context, cash waqf serves as a strategic Islamic social finance instrument to strengthen the development of community-based halal farms. By repositioning waqf as productive capital integrated with modern Islamic financial systems, it can support financing for halal farming, farmer empowerment, and reinforcement of halal value chains. Integration with contemporary halal financial instruments enables inclusive and sustainable long-term funding, promoting halal economic growth, social welfare, and environmental sustainability in line with maqasid sharia. However, optimizing the role of waqf still requires stronger institutional support, improved public literacy, and coordinated policy frameworks (Ishom et al., 2025).

Thirdly, provision of halal-standard distribution and storage facilities requires strict operational standards to maintain product quality throughout the supply chain. Facilities must meet hygiene and food safety requirements, include reliable temperature monitoring systems, and provide staff training on halal meat handling. Integrated logistics systems can further improve efficiency and accuracy, enhancing consumer confidence in halal integrity (Changalima, 2025).

Waqf assets, such as land or buildings, can serve as financing instruments for cold storage, distribution warehouses, and logistics systems, transforming traditionally static waqf assets into productive resources. Productive waqf can thus support the development of halal food infrastructure, reducing initial investment costs while providing collective community benefits (Maulana, 2025).

Socio-Economic Benefits

Integration of productive waqf into Indonesia's halal supply chain offers tangible socio-economic benefits, including the provision of halal-compliant services from upstream to downstream through professionally managed business units. This strengthens the halal ecosystem, promotes socio-economic inclusion, and can generate employment for local communities (Anisa & Oktaviani, 2025).

Expanding this model allows productive waqf to serve as capital for actors along the halal supply chain, including farmers, slaughterhouses, meat processors, and distributors. Waqf functions not only as a philanthropic instrument but also as social-economic capital, enhancing the capacity of halal-compliant MSMEs, expanding market access, and promoting income and welfare among industry participants (Abdussalam et al., 2024).

Halal centers also play a pivotal role in strengthening the halal ecosystem through education, guidance, and supervision in slaughterhouse operations, providing competent human resources to ensure halal compliance (Sabiqin et al., 2025).

Challenges and Implementation Strategies

A SWOT analysis by Iskandar & Sungit (2023) highlights Indonesia's well-established waqf institutions and their integration of social and commercial funds as strengths. However, weaknesses include limited digitalization in waqf collection and insufficient instruments linking waqf to halal products. These obstacles hinder stable, structured financing for livestock, slaughter, and distribution businesses, complicating the development of a sustainable halal industry ecosystem. Suggested strategies include vertical integration through professional waqf management, digitalization of waqf administration, and formal registration of nazhir to enhance transparency and accountability.

Slaughterhouse (RPH) management faces challenges such as risk of falsifying halal status, manipulation of slaughter data, weak oversight, and low transparency. Addressing these requires a systematic and standardized governance approach, including clear division of roles, documented and auditable workflows, and integration of digital technology. The use of blockchain with Proof of Authority maintains integrity and reliability of halal data, while QR codes enable traceability and accountability to regulators and consumers (Wijaya et al., 2025).

Majid & Sukmana (2023) identified financing challenges for agricultural actors, particularly farmers, which can impede halal meat supply. Proposed solutions include Sharia-compliant financing mechanisms such as mudharabah-salam or ijarah, utilizing waqf funds as initial capital. This provides interest-free, accessible financing, strengthening the halal supply chain. Success depends on professional, transparent waqf management and supportive regulations.

Field evidence from the Batam RPU established by BWI in 2016 shows operational challenges, primarily limited land for poultry farming. Efforts to revive the facility involve collaboration with the Mayor of Batam, Nazhir Wakaf Mitra Umat, and PT Ebisu Combol Chicken Farm (Japan), leveraging integrated feed-to-restaurant business. Regulatory support from BWI and nazhir utilizes Batam's strategic location for halal meat exports to international markets, such as Singapore. This integrated supply chain approach addresses food losses, promotes halal food sovereignty, and underscores the importance of local government support in sustaining productive waqf in the halal supply chain (Dinas Komunikasi dan Informatika Batam, 2025).

CONCLUSION AND SUGGESTIONS

Conclusion

This study demonstrates the strategic potential of waqf-based financing as an alternative and complementary mechanism to strengthen halal industry infrastructure and halal-certified enterprises in Indonesia. By integrating Islamic social finance with productive economic activities, waqf can help overcome structural challenges, including limited capital access, high infrastructure costs, and institutional gaps in maintaining halal standards. Productive waqf thus functions not only as a philanthropic instrument but also as a sustainable economic resource capable of supporting business formalization, supply chain resilience, and inclusive growth within the halal economy.

From a theoretical perspective, this study contributes to the literature on Islamic social finance by conceptualizing waqf as a form of infrastructure financing embedded within halal value chains, particularly in the halal meat supply chain. This framework positions waqf as institutional capital that links spiritual values with long-term productive investment, extending its role beyond social welfare toward development-oriented economic impact. Policy optimization requires stronger governance, professional management, structured financing, and collaboration among waqf institutions, Islamic financial institutions, halal certification bodies, academic institutions, and industry actors to ensure productive allocation and the sustainability of halal value chains.

Despite being limited to a conceptual and literature-based design, this study provides a foundation for future empirical research. Evaluations of pilot projects, quantitative impact assessments, and longitudinal or comparative regional studies are necessary to test the operational feasibility, governance effectiveness, and socio-economic outcomes of waqf integration in halal supply chains. Overall, the integration of productive waqf and halal industry development represents a promising model of inclusive economic transformation, aligning religious principles with productive investment, social welfare, and sustainable development grounded in sharia-based economic principles.

Suggestion

For policymakers and industry practitioners, it is recommended to strengthen inter-institutional collaboration to support the optimization of productive waqf within the halal meat supply chain in Indonesia. Waqf institutions, Islamic financial institutions, and halal certification bodies need to establish robust governance and professional management mechanisms to ensure the productive allocation of waqf funds. Furthermore, practitioners are advised to adopt digital technology systems, such as blockchain and QR codes, to enhance the transparency and traceability of animal slaughter data. These strategic measures are imperative for the effective implementation of mandatory halal certification, while simultaneously fostering the sustainable development of the national halal industry ecosystem.

For future researchers, this study suggests conducting further empirical research that extends beyond mere conceptual approaches or literature reviews. Future scholars are advised to conduct in-depth evaluations of productive waqf pilot projects, such as waqf-based slaughterhouses, to assess their operational feasibility. Additionally, subsequent research must employ quantitative impact assessments to measure the governance effectiveness and the socio-economic outcomes of waqf integration in practical terms. Cross-regional comparative studies or longitudinal research are also highly encouraged to enable researchers to comprehensively understand the dynamics of halal supply chain integration across various regional contexts.

IMPLICATIONS

Theoretically, the integration of productive waqf into the halal meat supply chain contributes to a broader understanding of Islamic social finance, extending beyond its traditional confines of mere social welfare. By conceptualizing waqf as institutional capital for infrastructure financing, this instrument serves as a conduit bridging spiritual values with long-term productive investments within the halal value chain. Consequently, the utilization of productive waqf can help mitigate critical infrastructure deficits, such as the scarcity of halal-compliant slaughterhouses and cold storage facilities. This ultimately fosters the systemic reinforcement of halal product assurance across the upstream-to-downstream spectrum, thereby significantly bolstering Muslim consumer confidence.

From a socio-economic perspective, the mobilization of waqf funds as working capital for supply chain actors directly enhances the capacity of halal micro, small, and medium enterprises (MSMEs). When productive waqf is allocated to develop community-based farming or modern logistics facilities, the tangible creation of new employment opportunities for local communities is realized. Such strengthening of regional economic independence subsequently catalyzes inclusive economic growth and fortifies the resilience of the national halal industry ecosystem. For policymakers, these findings carry significant implications, emphasizing that the strengthening of regulatory frameworks and inter-institutional coordination is an absolute prerequisite to fully realizing the vast potential of waqf funds.

LIMITATIONS

The primary limitation of this study resides in its descriptive qualitative design, which relies exclusively on the analysis of secondary data. The research entirely adopts an interpretive literature review approach without the inclusion of primary data collection methods, such as in-depth interviews or surveys with industry practitioners. Consequently, the analysis presented is primarily oriented toward the formulation of a conceptual framework and theoretical synthesis, rather than the statistical testing of empirical findings in the field. Furthermore, due to the absence of a formal systematic review methodology, the findings of this study may not fully capture the nuanced operational dynamics that occur at the practical implementation level.

An additional limitation pertains to the research scope, which is confined strictly to the context of the halal meat supply chain and the regulatory dynamics within Indonesia. The synthesized data and literature are centered on specific domestic conditions, notably the Halal Product Assurance Law and the role of the Indonesian Waqf Board, thereby limiting the generalizability of the findings to other countries. Moreover, this research has not extensively explored the technical constraints associated with more specific commercial business models regarding the integration of waqf into other industrial sectors. These constraints indicate that the proposed framework still necessitates the validation of its operational feasibility and governance effectiveness across diverse market environments.

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