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A Three-Layer Financing Model for Islamic Educational Institutions: Bridging Subsidy Dependence and Institutional Resilience

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ABSTRACT

The sustainability of Islamic educational institutions depends on financing systems capable of balancing institutional autonomy, financial stability, and long-term development. However, existing financing sources, including government assistance, community participation, waqf, and Islamic social finance, have not been optimally integrated to support institutional sustainability. This study aims to analyse financing policies and institutional self-reliance in Islamic educational institutions and formulate an integrated policy model to strengthen their financial sustainability amid institutional transformation. This study employs a qualitative descriptive-analytical policy approach. Data were collected through document analysis of institutional regulations, budget documents, institutional statistics, programme documents, and relevant scholarly literature, supplemented by an illustrative case of a pesantren-based cooperative. The data were analysed using content analysis and thematic synthesis, supported by source triangulation. The findings propose a three-layer financing model comprising certainty, sustainability, and development, integrating government assistance, community participation, educational waqf, Islamic social finance, and institutional enterprises. The study recommends establishing dedicated endowment budget nomenclature, integrating digital philanthropic platforms, strengthening financial governance literacy, and replicating alumni-based enterprise models to enhance institutional autonomy and long-term sustainability.

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INTRODUCTION

Educational financing is a fundamental determinant of institutional quality, equity, and long-term sustainability. For Islamic educational institutions, sustainable financing is particularly important because their historical

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development relies heavily on community participation and philanthropic support. Increasing educational demands require institutions to establish diversified and professionally managed financial systems. Research demonstrates that revenue composition influences the financial health of nonprofit organisations and that diversification affects revenue stability under different economic conditions (Tariq et al., 2025; Choi, 2025). This evidence highlights the risks associated with excessive dependence on limited funding sources. Therefore, developing integrated financing policies is essential to maintaining educational services, strengthening institutional autonomy, and ensuring the long-term sustainability of Islamic education.

The main problem confronting Islamic educational institutions is the imbalance between increasing operational requirements and their limited capacity to mobilise sustainable financial resources. Many institutions remain dependent on community contributions and government assistance, while alternative financing instruments have not been adequately integrated into institutional financial management (Naimah, 2026; Qodriah et al., 2026; Ulfa & Aldin, 2026). This condition increases financial vulnerability when external funding becomes uncertain or insufficient. Educational inequality research indicates that intergovernmental fiscal transfers do not necessarily eliminate disparities in resource distribution (Wirandana & Khoirunurrofik, 2024). Furthermore, Islamic social finance offers alternative mechanisms for addressing educational financing constraints through philanthropic resource mobilisation (Muhammad & Al-Shaghdari, 2024). Consequently, the fundamental challenge is establishing equitable, diversified, and sustainable financing arrangements.

These challenges are reflected in the underutilisation of four potential financing sources: community participation, government assistance, educational waqf, and zakat, infaq, and sadaqah (Islamiyah, 2025; Nazila et al., 2026; Widad et al., 2026). Although these instruments offer opportunities to strengthen institutional financial capacity, their mobilisation and management remain fragmented. Research identifies governance and institutional arrangements as important factors in developing sustainable cash waqf management (Nofianti et al., 2026). Individual participation in cash waqf is also influenced by various behavioural determinants (Masrizal et al., 2023). Meanwhile, fintech adoption offers opportunities to improve the efficiency of zakat distribution (Ahmad & Yahaya, 2023). These conditions demonstrate the need for an integrated financing framework that connects existing resources with productive, transparent, and accountable institutional management.

Previous studies have examined financial sustainability through revenue composition, financial stability, and educational resource allocation (Dermawan & Yusuf, 2026; Fitria, 2024; Maimunah et al., 2025). Tariq et al. (2025) investigate

the relationship between revenue composition and nonprofit financial health, while Choi (2025) examine the effects of revenue diversification on income volatility under different economic conditions. These studies provide important insights into the relationship between funding structures and organisational resilience. In the educational sector, Wirandana and Khoirunurrofik (2024) examine the effectiveness of intergovernmental fiscal transfers in reducing educational inequality. Nevertheless, these studies primarily address financial sustainability, revenue diversification, or resource distribution separately. They provide limited explanations of how government assistance, community participation, Islamic philanthropy, and institutional enterprise can function together within an integrated financing framework for Islamic educational institutions.

Another stream of literature focuses on Islamic social finance and its contributions to poverty reduction, economic recovery, and institutional development. Ascarya (2022) examines Islamic social finance in economic recovery, while Herianingrum et al. (2024) investigate zakat as an instrument of poverty reduction. Mustari et al. (2024) highlight multipartner governance in zakat fundraising, whereas Hudayati et al. (2023) examine organisational governance and zakat fund management. Despite these contributions, three research gaps remain. First, Islamic social finance is rarely integrated with government assistance and institutional enterprise in educational financing research. Second, the relationship between financing diversification and institutional transformation remains insufficiently explored. Third, limited attention has been given to translating these financing instruments into a comprehensive institutional policy model.

This study introduces an integrated financing architecture based on four complementary pillars: community participation, government assistance, educational waqf, and Islamic social finance. Its principal novelty lies in organising these financing sources into a three-layer model comprising certainty, sustainability, and development. The certainty layer ensures continuity of essential educational financing; the sustainability layer strengthens long-term financial resources through productive endowments; and the development layer supports institutional growth through philanthropy and enterprise. Unlike approaches that equate financial self-reliance with independence from government support, this model positions institutional autonomy as the capacity to manage multiple complementary funding sources. This architecture provides an integrated approach to connecting financing diversification, institutional governance, and organisational transformation.

Accordingly, this study addresses three research questions: how are financing sources configured within Islamic educational institutions, how can government policies and Islamic philanthropic instruments strengthen

institutional financial capacity, and what policy model can support sustainable institutional self-reliance? It argues that institutional sustainability cannot be achieved through dependence on a single financing source but requires the integration of predictable public support, community participation, productive waqf, Islamic social finance, and institutional enterprise. The proposed three-layer model offers an analytical and policy framework for strengthening financial resilience while maintaining the educational and social missions of Islamic institutions. This study contributes to the development of an integrated financing policy that connects resource diversification, financial accountability, and institutional transformation.

RESEARCH METHODS

This study employed a qualitative approach with a descriptive-analytical policy design. This approach was selected because financing policies and institutional self-reliance involve interconnected regulatory, financial, social, and organisational dimensions that require contextual interpretation. Rather than testing causal relationships, the study examined existing financing arrangements, evaluated their implementation, and formulated policy recommendations for strengthening institutional sustainability. An illustrative case of a pesantren-based cooperative was also incorporated to demonstrate how institutional enterprises can contribute to financing diversification and financial resilience. The analytical framework was informed by research on financial sustainability, revenue diversification, and institutional resilience (Mukhibad et al., 2025; Chen, 2021).

The study was conducted in Kutai Kartanegara Regency, East Kalimantan, Indonesia. This location was purposively selected because of its resource-rich regional fiscal context and the existence of local government programmes supporting Islamic educational institutions, particularly pesantren. These characteristics provide a relevant context for examining the relationship between regional fiscal capacity, public financing policies, and institutional financial self-reliance. The location also offers an opportunity to investigate how regional policy support can be integrated with community participation, educational waqf, and Islamic social finance. The selection therefore reflects the importance of examining financing sustainability through the interaction of national policy frameworks and regional institutional conditions.

Data were collected through documentation using purposively selected sources relevant to the four financing pillars. The documents comprised (1) legislation and government policy concerning pesantren and educational financing; (2) institutional statistics and budget documents from relevant government agencies, the Indonesian Waqf Board, and zakat institutions; (3)

regional government programme documents and reports; and (4) scholarly publications and illustrative materials concerning pesantren-based cooperatives. Document selection considered relevance, institutional credibility, authenticity, and consistency with the research objectives. Scholarly literature on educational financial sustainability, waqf governance, and integrated Islamic social finance was used to contextualise the documentary findings (Mukhibad et al., 2025; Lestari et al., 2023).

Data analysis involved four interconnected stages: data condensation, data display, verification, and conclusion drawing. First, data condensation was conducted by selecting, organising, and classifying relevant information according to the four financing pillars: community participation, government assistance, educational waqf, and Islamic social finance. Second, data display was undertaken through thematic matrices and comparative descriptions to identify financing patterns, implementation gaps, and institutional challenges. Third, data verification involved comparing information across documentary sources to strengthen consistency and credibility. Finally, conclusions were formulated through thematic synthesis to develop a three-layer financing policy model comprising certainty, sustainability, and development. The analysis also considered governance and institutional accountability as essential dimensions of sustainable Islamic social finance (Wahyuni et al., 2021; Zakiy et al., 2024).

RESULTS AND DISCUSSION

Results

Configuration of Financing Sources and Institutional Self-Reliance

The documentary analysis identified four principal financing categories supporting Islamic educational institutions: (1) community participation, comprising tuition or *syahriyah* fees, parental contributions, and alumni donations; (2) government assistance, including school operational assistance, the Smart Indonesia Programme, professional allowances, infrastructure rehabilitation, and the Pesantren Endowment Fund; (3) educational waqf; and (4) Islamic social finance, particularly zakat, infaq, and sadaqah. These categories represent different institutional financing mechanisms, with varying sources, management arrangements, and degrees of continuity. Presidential Regulation No. 82 of 2021 explicitly identifies community contributions as a primary source of pesantren financing, followed by support from central and regional governments (Republic of Indonesia, 2021).

The findings indicate that institutional self-reliance is associated with the capacity to mobilise and manage multiple financing sources rather than depending exclusively on one funding stream. The four categories exhibit different financing characteristics. Community contributions provide direct

operational support, government assistance supplies public funding, waqf offers opportunities for long-term asset development, and Islamic social finance provides additional resources for educational and social programmes. The documentary evidence also identifies institutional enterprises as a potential supplementary source of income. These findings establish the configuration of financing sources as the principal analytical category for examining financial sustainability in Islamic educational institutions.

Government Financing Policies and Institutional Funding Conditions

The analysis of legal and policy documents demonstrates that the regulatory recognition of Islamic educational institutions has expanded. Law No. 18 of 2019 concerning Pesantren and Presidential Regulation No. 82 of 2021 provide a formal basis for government involvement in pesantren financing. These regulations recognise the educational, religious outreach (*da'wah*), and community empowerment functions of pesantren and establish opportunities for central and regional government financial support (Republic of Indonesia, 2019, 2021).

However, the availability of regulatory provisions does not automatically translate into equivalent financing coverage across educational institutions. The 2026 state budget documents show that the Ministry of Religious Affairs received IDR 75.62 trillion, covering 42,369 educational and religious institutions, while the Smart Indonesia Programme allocated IDR 2.08 trillion to 2,607,195 madrasah students and santri (Infopendidikan.bic.id, 2026). The school renovation programme allocated IDR 22.5 trillion to 850 madrasahs and 11,686 general schools (Sekretariat Negara RI, 2025). The number of general schools receiving renovation support was approximately 13.7 times the number of madrasahs. This figure describes the distribution of beneficiary institutions rather than the comparative value of funding received by each institution.

Table 1. Selected Education Budget Allocations in the 2026 State Budget

Budget item	Allocation	Coverage
Education function budget	IDR 769.09 trillion	All educational levels and government institutions
Ministry of Religious Affairs	IDR 75.62 trillion	42,369 institutions
School operational assistance (BOS)	IDR 64.3 trillion	53.6 million students
Smart Indonesia Programme	IDR 2.08 trillion	2,607,195 students
Madrasah and school renovation	IDR 22.5 trillion	850 madrasahs and 11,686 schools
Additional revitalisation and digitalisation proposal	IDR 24.8 trillion	Madrasah revitalisation and digitalisation

Source: Compiled from Sekretariat Negara RI (2025), Infopendidikan.bic.id (2026), and Suara Pemerintah (2026).

A further finding concerns the Pesantren Endowment Fund, which forms part of the national Education Endowment Fund managed by the Education Fund Management Institution (LPDP). At the end of 2021, the endowment managed by LPDP amounted to IDR 81.117 trillion, within total education-related endowments of IDR 99.107 trillion (Kementerian Keuangan RI, 2022). However, the reviewed documents do not identify a separate allocation ceiling or dedicated budget nomenclature for the pesantren component. Consequently, the specific amount allocated to pesantren cannot be identified from the available documentation. The 2026 national congress of Nahdlatul Ulama subsequently called for more explicit annual allocations, disbursement mechanisms, and recipient criteria, particularly for smaller pesantren (P3M.or.id, 2026b).

The institutional structure for pesantren governance also underwent an organisational development with the establishment of a Directorate General for Pesantren through Presidential Regulation No. 18 of 2026 (Kantor Kementerian Agama Kabupaten Labuhanbatu Utara, 2025). This development represents a formal organisational arrangement for pesantren administration. However, the available documents do not yet establish the extent to which the new directorate has changed budget distribution, financing access, or institutional financial performance.

Educational Waqf and Islamic Philanthropy: Potential and Actual Utilisation

The documentary findings reveal substantial differences between the availability of waqf assets and their utilisation for productive economic activities. National waqf records reported 435,768 waqf land locations covering approximately 277,203 hectares in 2025 (Badan Wakaf Indonesia, 2026). Their utilisation was distributed across religious buildings (65.2%), educational facilities (18.7%), social purposes (8.9%), and economic activities (4.8%). These figures indicate that educational facilities constitute the second-largest category of waqf land utilisation, although the proportion designated for economic activities remains comparatively limited.

The distinction between waqf ownership and productive asset management is particularly evident in the reported figures for economically valuable waqf land. Of approximately 451,000 waqf plots, around 45,000 were identified as having economic value, while only approximately 2,000 were managed productively (MUI.or.id, 2025). This represents approximately 4.4% of economically valuable plots. The figures indicate that most identified economically valuable waqf plots have not yet been managed as productive assets.

Cash waqf demonstrates a similar gap between estimated potential and reported collection. Its estimated annual potential reaches IDR 180 trillion, whereas reported collection amounts to approximately IDR 3.5 trillion

cumulatively (Kompas.com, 2025c). The reported amount is below 2% of the estimated annual potential in nominal comparison. However, because the potential is expressed annually while collection is reported cumulatively, this comparison should not be interpreted as a precise annual realisation rate.

Table 2. Estimated Potential and Reported Realisation of Islamic Social Finance

Financing instrument	Estimated potential	Reported realisation	Reported comparison
Cash waqf	IDR 180 trillion annually	Approximately IDR 3.5 trillion cumulatively	Below 2% in nominal comparison
Zakat	IDR 327 trillion annually	Approximately IDR 41 trillion	Approximately 12.5%
Economically valuable waqf land	Approximately 45,000 plots	Approximately 2,000 productively managed plots	Approximately 4.4%

Source: Compiled from Kompas.com (2025c), Kompas.id (2025), and MUI.or.id (2025). Ratios are calculated by the author.

Another documentary finding concerns the institutional positioning of educational organisations within the waqf management system. The Indonesian Waqf Board's Waqf Goes to Campus initiative recognises educational institutions, including campuses and pesantren, as potential waqf institutions established to serve public interests (Badan Wakaf Indonesia, 2025). This initiative identifies an institutional opportunity for educational organisations to participate more directly in waqf management rather than functioning solely as beneficiaries of philanthropic funding.

The analysis of zakat financing also indicates a substantial difference between estimated national potential and reported collection. National zakat potential is estimated at IDR 327 trillion annually, compared with approximately IDR 41 trillion in reported collection, equivalent to around 12.5% of the estimated potential (Kompas.id, 2025). Furthermore, the national planning agency established a 2026 collection target of IDR 67 trillion, with 84,625 villages and urban wards identified as potential collection bases (BAZNAS, n.d.).

Educational utilisation of zakat is evident in scholarship programmes. One documented programme for 2026 targeted 2,500 high-achieving santri (P3M.or.id, 2026a). The available evidence therefore identifies scholarships as an existing mechanism through which zakat resources support educational participation. However, the reviewed documents do not provide sufficient information to establish the proportion of national zakat collection allocated specifically to Islamic educational institutions.

Digital fundraising also appears in the documentary evidence as an emerging mechanism for Islamic philanthropic collection. Reports indicate that digital zakat collection may increase fundraising efficiency by up to 45%,

although integration among national, regional, and local collection institutions remains limited (BAZNAS Kabupaten Minahasa, 2025). The available evidence identifies digitalisation as an existing development in Islamic philanthropic management, but does not establish the actual contribution of digital channels to the financing of individual madrasahs or pesantren.

Enterprise-Based Institutional Self-Reliance: The Sidogiri Pesantren Cooperative

The illustrative case of the Sidogiri pesantren cooperative provides evidence of how institutional enterprise can become an additional source of financial resources. Established in 1961 as a store serving students' daily needs, the cooperative subsequently developed into a broader network of economic and Islamic financial activities. Its reported assets increased from approximately IDR 13 billion in 2005 to more than IDR 1 trillion, while combined business turnover reached approximately IDR 12 trillion (BMT UGT Nusantara, 2019a). The cooperative also contributes to pesantren operational financing through the distribution of part of its residual earnings (BMT UGT Nusantara, 2019b).

The documentary analysis identifies three organisational characteristics of this enterprise model. First, the cooperative operates through an extensive network of santri, alumni, and the wider community, providing a membership and economic participation base. Second, its activities are organised through a legally incorporated cooperative structure, establishing a formal organisational framework for economic management. Third, its operations are associated with Islamic organisational values, namely *siddiq*, *tabligh*, *amanah*, and *fathanah*, which are reflected in its institutional identity and business practices.

These characteristics demonstrate the presence of an institutional enterprise that connects economic activities with the educational organisation's broader mission. The case also provides an example of how cooperative activities can generate supplementary income for pesantren operations. Nevertheless, the available documentation does not provide comparative financial performance data across different pesantren or establish the minimum organisational requirements for replicating the model in smaller institutions. Accordingly, Sidogiri is presented as an illustrative institutional case rather than evidence that the same financial outcomes can be achieved by all Islamic educational institutions.

Synthesis of Findings: A Three-Layer Financing Model

The synthesis of the documentary findings produces a three-layer financing model consisting of certainty, sustainability, and development. The model organises the four financing pillars and institutional enterprise according to their respective functions in supporting educational operations, preserving long-term financial resources, and expanding institutional economic capacity.

The first layer, **Certainty**, comprises government assistance, including school operational funding, educators' professional allowances, student assistance, and the Pesantren Endowment Fund. The documentary findings identify these instruments as sources of public financial support. This layer represents the financing component associated with maintaining the continuity of essential educational services.

The second layer, **Sustainability**, comprises productive waqf, cash waqf, and institutional endowments. Its principal financing characteristic is the utilisation of endowed assets to generate income while maintaining the underlying capital. The findings on waqf land utilisation and cash waqf collection indicate the availability of assets and fundraising opportunities, alongside limitations in productive management and realised collection.

The third layer, **Development**, comprises institutional enterprises, direct zakat, infaq, and sadaqah mobilisation, corporate social responsibility funding, and alumni networks. The Sidogiri cooperative illustrates the contribution of enterprise activities to institutional income, while the documented zakat and digital fundraising programmes demonstrate additional mechanisms for mobilising philanthropic resources.

Table 3. Three-Layer Financing Model for Islamic Educational Institutions

Financing layer	Main financing instruments	Principal actors	Identified financing characteristics
1. Certainty	Operational assistance, professional allowances, student aid, Pesantren Endowment Fund	Central and regional governments	Public financing for essential educational services
2. Sustainability	Productive waqf, cash waqf, institutional endowment	Educational institutions as *nazhir*, Indonesian Waqf Board, endowment managers	Long-term asset management and income generation
3. Development	Institutional enterprises, zakat, infaq, sadaqah, CSR, alumni networks	Educational institutions, alumni, zakat agencies, business partners	Additional income generation and resource mobilisation

Source: Author's synthesis based on documentary findings.

The regional documentary evidence further illustrates the relationship between public financing and institutional development. In Kutai Kartanegara Regency, local government statements report an annual stimulus of IDR 100 million for each pesantren, distributed gradually, alongside assistance of at least IDR 200 million for the construction or rehabilitation of places of worship, including those associated with pesantren (ANTARA Kaltim, 2024). Local government statements also identify economic empowerment as part of the broader function of pesantren.

A Ministry of Religious Affairs field study in the regency identifies institutional capacity, coordination, and information systems as areas requiring improvement to strengthen pesantren independence and competitiveness (Baisuni et al., 2025). These documented conditions show the coexistence of regional financial support and institutional capacity requirements. Within the proposed financing model, regional government assistance corresponds to the Certainty layer, while waqf management and enterprise development represent the other two financing layers. The documentary findings therefore establish the regional context in which the three-layer financing architecture can be considered, although the actual financial effects of its implementation have not yet been measured.

Discussion

The findings demonstrate that the financial sustainability of Islamic educational institutions depends on the integration of multiple financing sources rather than reliance on a single funding mechanism. The identification of four financing pillars—community participation, government assistance, educational waqf, and Islamic social finance—extends previous research on revenue diversification in educational institutions. Mukhibad et al. (2025) and Trinh et al. (2025) emphasise the importance of diversified revenue structures in strengthening institutional financial sustainability. Similarly, Green et al. (2021) associate income dependence with organisational financial vulnerability. The present findings are consistent with these perspectives but extend their analytical scope by incorporating Islamic philanthropic instruments into educational financing. This integration demonstrates that financial self-reliance should be understood as the institutional capacity to coordinate complementary funding sources while maintaining the continuity of educational services.

The findings concerning government financing reveal that regulatory recognition and actual financing accessibility represent two distinct institutional conditions. Although government regulations provide a formal foundation for supporting pesantren, the documentary evidence indicates that financing arrangements still require more explicit allocation mechanisms and institutional targeting. This finding is consistent with Said et al. (2023), who highlight the importance of government funding and institutional revenue capacity in the financial health of public universities. Trinh et al. (2025) similarly identify institutional and funding-related factors as determinants of financial sustainability. However, the present study extends these arguments by positioning government assistance as the certainty layer of institutional

financing. This perspective suggests that public funding and institutional self-reliance are complementary rather than competing objectives, particularly for educational institutions with limited financial resources.

The substantial difference between waqf potential and its productive utilisation provides another important finding. Although educational waqf represents an established financing instrument, the limited proportion of economically valuable waqf land managed productively indicates that asset ownership does not automatically generate sustainable institutional income. This finding complements Lestari et al. (2023), who emphasise the importance of institutional capacity, governance, and regulatory arrangements in developing the national waqf system. It also corresponds with Yusgiantoro et al. (2024), who demonstrate the relevance of institutional characteristics, governance, and social capital to the sustainability of waqf-based institutions. The present study extends these perspectives by connecting waqf management directly to the financing requirements of Islamic educational institutions. Consequently, productive waqf should be considered not merely an asset-management activity but also a potential mechanism for generating long-term educational financing.

The findings on zakat, infaq, and sadaqah demonstrate that Islamic social finance offers an additional financing opportunity, although its institutional contribution depends on effective mobilisation and governance. The reported gap between estimated zakat potential and actual collection, together with the limited integration of digital fundraising, indicates that the availability of philanthropic resources does not necessarily translate into accessible educational funding. This finding is consistent with Widiastuti et al. (2022), who develop an integrated governance framework for Islamic social finance, and Widiastuti et al. (2025), who examine digital cash waqf participation. Furthermore, Wahyuni et al. (2021) and Zakiy et al. (2024) emphasise the importance of governance and accountability in Islamic philanthropic institutions. The contribution of this study is to position Islamic social finance within a broader educational financing architecture rather than treating zakat and waqf as independent funding programmes.

The Sidogiri cooperative case illustrates how institutional enterprises can complement conventional educational financing through economic activities supported by organisational networks. Its development demonstrates the potential relationship between community participation, institutional trust, cooperative organisation, and revenue generation. This finding is consistent with Green et al. (2021), who associate organisational financial resilience with income structures, and Jegers (2024), who highlights the importance of funding diversification in nonprofit organisations. Nevertheless, the Sidogiri case introduces an institutional dimension that is particularly relevant to Islamic

education: the mobilisation of alumni and community networks through enterprise structures connected to the educational institution. Unlike approaches that emphasise revenue diversification primarily as a financial strategy, this study identifies institutional enterprise as a development instrument. However, its replication requires attention to managerial capacity, organisational readiness, and the distinctive characteristics of individual pesantren.

The integration of these findings produces the principal contribution of this study: a three-layer financing model comprising certainty, sustainability, and development. This model extends previous research by connecting the functions of public financing, productive waqf, Islamic social finance, and institutional enterprise within a single policy architecture. Whereas Mukhibad et al. (2025) and Trinh et al. (2025) focus on financial sustainability through institutional funding structures, and Widiastuti et al. (2022) emphasise integrated Islamic social finance governance, the proposed model connects both perspectives with the institutional financing requirements of Islamic education. Its novelty lies in distinguishing the functional roles of financing sources: government assistance maintains basic financing certainty, waqf supports long-term financial sustainability, and philanthropy and enterprise facilitate institutional development. Thus, financial self-reliance is conceptualised as an integrated financing capability rather than the withdrawal of public support.

The findings also have implications for the formulation of educational financing policies and institutional transformation. Dedicated budget nomenclature for the Pesantren Endowment Fund, stronger integration of digital philanthropic channels, improved financial governance capacity, and support for alumni-based enterprises are important policy directions emerging from the proposed model. These recommendations are consistent with Lestari et al. (2023) and Widiastuti et al. (2022), who emphasise institutional governance in developing Islamic social finance, as well as Yusgiantoro et al. (2024), who highlight the importance of institutional capacity in sustaining waqf-based activities. The study's broader contribution is an integrative financing architecture that connects public responsibility, Islamic philanthropy, asset productivity, and institutional entrepreneurship. Nevertheless, the proposed model remains a policy framework derived from documentary analysis and an illustrative case, requiring further empirical assessment to establish its effectiveness across institutions with different financial and organisational capacities.

CONCLUSION

This study concludes that the financial sustainability of Islamic educational institutions depends not merely on the availability of financing sources but on their integration, management, and long-term utilisation. The main lesson is that community participation, government assistance, educational

waqf, and Islamic social finance must function as complementary resources to strengthen institutional self-reliance. The implications of the research findings are reflected in the proposed three-layer financing model of certainty, sustainability, and development, which provides a policy framework for integrating public funding, productive endowments, philanthropy, and institutional enterprises. The study contributes to the development of Islamic educational financing literature by offering an integrated financing architecture that connects financial diversification with institutional transformation and organisational resilience. Nevertheless, the research is limited by its reliance on documentary analysis and a single illustrative pesantren cooperative case, meaning that the proposed model has not been empirically tested across different institutional contexts. Future research should incorporate interviews, institutional financial records, and comparative case studies across regions to validate the model and examine the managerial capacities required for its implementation, particularly among smaller Islamic educational institutions.

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