PARTNERSHIP FOR AFRICAN SOCIAL & GOVERNANCE RESEARCH

Re-Imagining University Financing in Kenya

Research Report
MAY 2025

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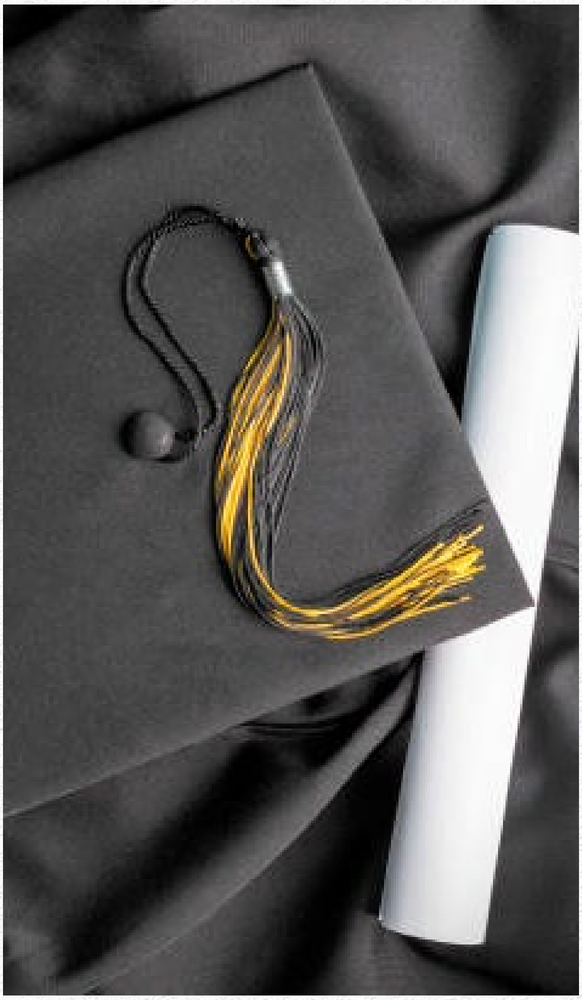

Acronyms

AAHEFA	Association of African Higher Education Financing Agencies
APHRC	African Population and Health Research Centre
AU	Africa Union
CAUT	Canadian Association of University Teachers
CDF	Constituency Development Fund
CEO	Chief Executive Officer
COVID-19	Coronavirus Disease 2019
CS	Cabinet Secretary
CUE	Commission for University Education
DfE	Department for Education, UK
DUC	Differentiated Unit Cost
FGDs	Focus Group Discussions
GETFund	Ghana Education Trust Fund
GoK	Government of Kenya
HE	Higher Education
HELB	Higher Education Loans Board
IA	Implementing Agency
ID	National Identity
IDI	In-depth Oral Interview
IMF	International Monetary Fund
IREC	Institutional Research and Ethics Committee
KACE	Kenya Advanced Certificate of Education
KCCB	Kenya Conference of Catholic Bishops
KES	Kenya Shillings
KHRC	Kenya Human Rights Commission
KII	Key Informant Interviews
KRA	Kenya Revenue Authority
KUCCPS	Kenya University Central Colleges Placement Service
MCA	Members of County Assembly
MEAL	Monitoring, Evaluation and Learning
MoE	Ministry of Education
MP	Member of Parliament
MTC	Mean Testing Criteria
MTI	Mean Testing Instrument
MTRH	Moi Teaching and Referral Hospital
MUCHS	Moi University College of Health

NACOSTI	National Council for Science Technology and Innovation
NCCK	National Council of Churches in Kenya
NEMIS	National Education Management Information System
NESSP	National Education Strategic Plan
NFM	New Funding Model
NGAOs	National Government Administrative Officials
NG-CDF	National Government Constituencies Development Fund
NHIF	National Hospital Insurance Fund
NIH	National Institutes of Health
NSF	National Science Foundation
NSFAS	National Student Financial Aid Scheme
NTSA	National Transport and Safety Authority
OECD	Organisation for Economic Co-operation and Development
PASGR	Partnership for African Social and Governance Research
PedAL	Pedagogical Leadership in Africa
PLWD	Persons Living with Disability
PS	Permanent Secretary
PWPER	Presidential Working Party on Education Reforms
SCFM	Student-Centred Funding Model
SLTF	Student Loans Trust Fund
STEM	Science, Technology, Engineering, and Mathematics
TETFund	Tertiary Education Trust Fund
TVET	Technical Education and Vocational Training
UF	Universities Fund
UFB	University Funding Board
USLS	University Student Loan Scheme
UN SDGs	United Nations Sustainable Development Goals
VAT	Value Added Tax
WB	World Bank

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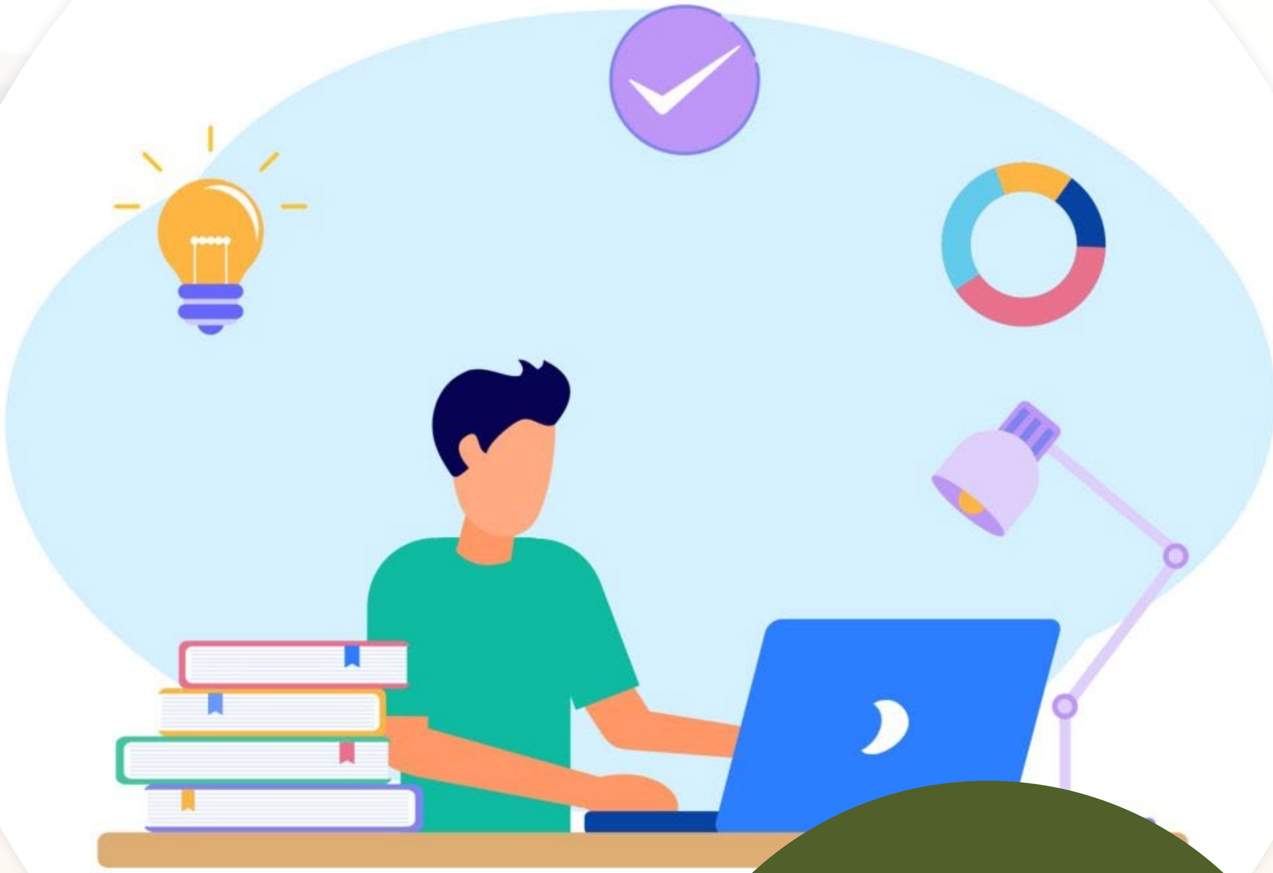
Illustrations



Executive Summary

During the Corona Virus Disease that broke out in 2019 (COVID-19), the Partnership for African Social and Governance Research (PASGR) conducted extensive research on the challenges of equitable access to Higher Education (HE) in Africa. The organisation held numerous convenings, engaging HE stakeholders, who included policy makers, university managers, researchers, media, among others. The research and the convenings concurred with various scholars that university financing is one of the major challenges of equitable access to HE across Africa. Consequently, PASGR, together with various stakeholders, co-conceptualised and co-designed a new research project to generate relevant evidence and stimulate policy dialogues around the newly adopted HE financial model in Kenya. The aim was to identify effective, innovative, and sustainable practices for continued improvement as the model was rolled out, and to inform future policy and practice for increased equitable access to HE. The project's implementation leveraged PASGR's *Utafiti Sera* (evidence-policy) approach, bringing together key stakeholders through a co-creation process. This ensured that implementers of the new model and other stakeholders were involved; right from the conceptualisation stage to project implementation with a view to make the project outcomes context-based, relevant, and impactful.

The objectives of the research project were to:

1. explore internal (official) and external stakeholder perspectives on the new funding model to understand its purpose, design, and rationale
2. identify and analyse various aspects of the funding model design to understand how they interact with each other and impact equitable access to quality education
3. describe the implementation of the new funding model and its impact on promoting equitable access to quality higher education
4. assess the sustainability of the new funding model to determine its long-term viability and impact on equitable access to quality higher education

The research adopted a mixed-methods design that integrated quantitative online surveys with qualitative key informant interviews and focus group discussions. A total of 1,068 undergraduate students from 34 universities across Kenya were selected through stratified cluster sampling and surveyed online, while 212 stakeholders, including policymakers, university officials, students, parents, civil society and faith-based organisations, and National Government Administrators (NGAOs), were purposively sampled for interviews and FGDs. Quantitative data were managed via REDCap and analysed using RCore; while qualitative data were thematically analysed. Utafiti Sera mainstreamed stakeholder engagement for co-production of research evidence for policy uptake. Moi Teaching and Referral Hospital / Moi University College of Health Sciences-Institutional Research and Ethics Committee (MTRH/MUCHS-IREC) provided ethics review and approval, while the National Council for Science Technology and Innovation (NACOSTI) licensed the study. Informed consent and confidentiality were strictly observed.

Key findings suggest that the New Funding Model (NFM) provides a theoretically firm foundation with great potential to promote equitable access to sustainable quality HE in Kenya. However, the model continues the traditional overreliance on the Government for university funding, which is not feasible. The implementation of the new funding model faces major challenges arising from lack of piloting of NFM and Monitoring Evaluation and Learning (MEAL) that intersected with a complex and shifting higher education ecosystem, characterised by declining government funding, weak public participation, poor communication and coordination, ineffective institutional management, deteriorating quality of teaching and learning, a lack of sustainability, and the absence of a unifying national ethos grounded on integrity. The findings further suggest that there are broader issues of governance and ethics underlying these challenges. These issues were, however, beyond the scope of this study and should be a subject of further exploration.

Based on the current findings, this research project recommends re-imagining university financing towards zero debt in entrepreneurial public universities, with less dependence on government fiscal funding, and characterised by effective stakeholder engagement, communication, and financial management. To achieve this, the research recommends the following:

(i) Review the NFM by revising the banding system to significantly reduce Government funding to universities; pilot the NFM to identify emerging issues, and put in place a system to effectively address them; and to have robust MEAL processes which provide lessons that can immediately be pooled into improving the implementation process.

(ii) Continuous strengthening of the capacity for effective stakeholder, communication and financial management of HE institutions and setting up of a comprehensive supportive policy framework. This will be achieved by specifically establishing an implementation framework that ensures inclusive stakeholder participation; improving communication between government implementing agencies and external stakeholders; promoting innovative, transparent and accountable financial management in universities, such as diversifying revenue streams that are independent of government funding; and,

(iii) Developing and implementing harmonised, comprehensive university funding policy reforms that facilitate effective institutional management in all these aspects.

It is envisaged that such re-imagination would facilitate the achievement of sustainable and equitable access to quality higher education. This project broadens the scope of PASGR's work to streamline HE and its outcomes through relevant policies and negotiated programmatic actions. Its relevance goes beyond Kenya's HE sector, and its outcomes are expected to have a wider impact on the broader HE sectors within Africa.

Introduction

1.0 Background Information

Sustainable Development Goal (SDG) 4 on *quality education* is foundational to achieving all other SDGs. Evidence consistently indicates a positive relationship between education and reduction of poverty and hunger (SDG 1 & 2); and improved health and wellbeing, as well as improved gender equality (SDG 3 & 5). This may be said of nearly all SDGs. Africa's Agenda 2063 pays a premium to the importance of education and skills development in promoting economic growth, reducing poverty and inequality, and ensuring that Africa's young people are prepared to meet the challenges and opportunities of the future. In Kenya, access to quality education is a fundamental human right, an aspiration enshrined in the constitution through Article 55(a).

As in many African countries, Kenyan universities have been experiencing challenges in promoting quality and relevant education (World Bank, 2019). Key among these is a crisis in financing (Mukhwana et al.,2020). Several authors highlight the inability of universities in Kenya to meet their financial obligations (Minyoso, 2020; Mukhwana et al., 2020; Munene, 2024; Nganga, 2025), a situation that has resulted in these universities being heavily indebted. Several factors have contributed to this situation, among them reduced public spending on university education against a rising student population, poor management, and issues of governance and ethics in the HE sector. These scholars have called for a review of existing financing models and establishing more realistic and feasible strategies to avert a potential shutdown of university education in Kenya.

One of the specific targets of SDG 4 is "ensuring equal access for all women and men to affordable, quality technical, vocational and tertiary education, including university". Despite major government efforts to reduce inequalities in access to Higher Education (HE), these injustices have prevailed in Kenya. The COVID-19 pandemic worsened the situation. At the height of the pandemic, the Partnership for African Social and Governance Research (PASGR) conducted

a nationwide study to investigate COVID-19 impacts on equitable access to quality HE in Kenya. The central finding was clear: COVID-19 not only exposed already existing cracks in the HE sector crisis, including a dire financial crisis earlier identified by the World Bank (2019), but also drastically aggravated inequitable access to relevant and quality education. While various factors emerged as key contributors to this situation, HE funding emerged as the most urgent and serious challenge; universities struggled to financially support an efficient transition to online teaching and learning to mitigate the disruptions (PASGR, 2023).

This finding corroborates other rapid studies conducted during the pandemic, which confirmed that universities worldwide experience serious financial challenges exacerbated by reduced public and private funding as allocations were redirected to COVID-19 responses (Marinoni, et al., 2020; Wangege-Ouma & Kupe, 2020; World Bank, 2020). Kenyan universities were especially affected, as were many African universities, since they were already facing funding challenges pre-COVID-19 (World Bank, 2019). While a few private universities transitioned to online teaching and learning, public universities shuttered. Later when a few public universities reopened and attempted to introduce online teaching and learning, many students could not afford to access the services due to funding challenges.

With effective management of COVID 19, all universities resumed face-to-face teaching and learning while others resorted to blended (online and in-person) learning. The HE situation in Kenya post-COVID-19 has remained largely unchanged. Research indicates that poor online teaching and learning infrastructure, and learning disruptions for many students, attributed to low funding, negatively affect the quality of education and aggravates access inequalities (PASGR, 2023).

1.0.1. PASGR Workshop: Strengthening of Equitable Access to Quality Higher Education in the Post-pandemic Environment

In March 2023, PASGR organised a workshop in Mombasa, Kenya, whose goal was to disseminate the findings of the research: 'Strengthening of Equitable Access to Quality Higher Education in the post-pandemic environment'. The workshop also aimed to provide a platform to interrogate and deliberate on evidence and policy recommendations emanating from the findings. 40 key stakeholders from Kenya's Higher education sector, who also included vice chancellors, higher education regulators and funders, researchers, the civil society, and the private sector attended the workshop. Consensus was built on the urgency of addressing the financing of higher education in Kenya for equitable access to quality HE in the country. The workshop recommended:

(i) reimagining the existing financing model of higher education through a policy change and practical reforms towards allocation of funds based on assessment of individual student needs;

(ii) reviewing debt financing to keep up with demand.

Coincidentally, shortly after he was elected the President of Kenya in 2022, His Excellency Dr William Ruto constituted an Education taskforce to deal with the funding crisis, among other challenges facing the HE sector.

A few months later, the Presidential Working Party on Education Reforms released their report. They recommended discarding the government funding model for HE, which provided capitation based on a differentiated unit cost (DUC). The Party recommended a new model that directly funds students for specific university courses with bursaries and loans based on the level of their vulnerability, determined by a Means Testing Criteria (MTC). The New Financing Model (NFM) was immediately implemented in the 2023/24 academic year. Implementing this model appeared to be a major step towards addressing inequitable access to HE against reduced fiscal funding. However, given that the model was not piloted, PASGR considered it important to independently study the implementation process by intensively engaging key stakeholders. The goal was to identify effective, innovative, and sustainable practices for continued improvement as the model was rolled out, and to inform future policy and practice for increased equitable access to HE.

Consequently, PASGR organised a co-design workshop in Nairobi in May 2024, bringing together 29 participants from the Commission for University Education (CUE), Higher Education Loans Board (HELB), Universities Fund (UF), Kenya Universities and Colleges Central Placement Service (KUCCPS), media, members of various unviersity management boards, university lecturers, and researchers. Insights from the inception meeting informed the design of a research project titled Reimagining University Financing in Kenya. Additionally, an in-depth analysis of policy gaps in university financing identified key enablers and barriers affecting the use of evidence for inclusive and sustainable HE in Kenya. These discussions helped refine the project's purpose, objectives, research questions, and approach. By consensus, the following aim, objectives and key research question were identified:

Aim: to generate relevant evidence and stimulate policy dialogues around the newly implemented HE financial model in Kenya in order to identify effective, innovative, and sustainable practices for continued improvement as the model is rolled out so as to inform future policy and practice on increased equitable access to HE in Kenya and beyond.

Specific objectives

1. Explore internal (official) and external stakeholders' persepctives on the new funding model to understand its purpose, design and rationale.
2. Identify and analyse various aspects of the funding model design to understand how they interact with each other and their impact on equitable access to quality education.
3. Describe the implementation of the new funding model and its impact on promoting equitable access to quality higher education.
4. Assess the sustainability of the new funding model to determine its long-term viability and impact on equitable access to quality higher education.

? **Central question:** How does the New Funding Model promote sustainable and equitable Quality Higher Education outcomes, and what challenges and successes does it face?

The Study adopted a mixed-method approach comprising qualitative and quantitative research methods with pertinent research participants comprising university top managers, administrators, faculty, parents, students, media, civil society organisations, faith-based organisations, and HE policymakers. On 4th April 2025, PASGR held a findings validation workshop to provide an opportunity for study participants, researchers, and other key stakeholders to interrogate the research findings, considering emerging discourses on university financing. The workshop's objective was twofold: (i) review and refine the research findings to ensure their accuracy and alignment with stakeholders' values, while maintaining the consistency and credibility of the research findings, and (ii) foster stakeholder ownership of the generated evidence, thereby increasing the study's relevance and impact. At the workshop, researchers presented the research findings to the stakeholders, who provided critical feedback, which is integrated into this final report.

To provide adequate background to the study, the report begins with a political economy analysis of the evolution of Kenya's university funding. It also conducts a policy gaps review. Section 2 of the report presents the research design and methodology. The research findings are discussed in Section 3. The report concludes with technical and policy recommendations, and areas of further study in section 4.

1.1 Kenya's University Funding: A Political Economy Analysis

1.1.0. Introduction

Prior to primary data collection, the study applied a political economy analysis to explore the evolution, structure, and impact of university funding in Kenya while evaluating how past and current funding models have promoted equity, quality, and sustainability, while aligning with the principles of transparency and public accountability. Additionally, this analysis examined the influence of political ideologies, global economic trends, and donor-driven policies on the design and implementation of these models. The goal was to generate insights that can inform the reimagining of a more inclusive, sustainable, and contextually relevant higher education financing framework for Kenya.

1.1.1 Evolution and Political Economy of University Funding in Kenya

Since independence in 1963, the national Government of Kenya has considered HE a crucial catalyst for national development, social mobility, and innovation. Consequently, it has implemented various reforms to expand access and improve the quality of HE. With the United Nations Sustainable Development Goals (SDGs), particularly SDG 4, which emphasises inclusive and equitable quality education and lifelong learning opportunities, the Government has continued to prioritise HE (Okuro, 2024).

The centralisation of HE as a key pillar in national development elicits an unending debate over whether HE is a public or private good. International bodies such as the World Bank (WB) and International Monetary Fund (IMF) have advocated for market-oriented loan-based reforms that shift the cost of HE from the state to individuals on the premise that they are the beneficiaries (Edwards et al., 2023; Task Force on Higher Education and Society 2000). However, this perspective has been criticised as potentially exacerbating inequalities and limiting HE access for the marginalised.

In contrast, local perspectives, especially those from Kenyan policymakers, scholars, and education practitioners, tend to frame higher education as a public good. They emphasise the redistributive and democratizing roles of public education to advocate for funding models grounded in equity and social justice principles (Oketch, 2022). This unresolved tension between public and private good paradigms undermines Kenya's ability to develop a stable, equitable, and sustainable higher education financing model, perpetuating inefficiencies and limiting the transformative potential of higher education.

Historically, Kenya's HE funding trajectory has evolved through multiple models, each influenced by political ideologies, global economic trends, and donor-driven priorities. These changes ideally demonstrate government efforts to enhance equity, quality, and sustainability in HE (Nyang'au, 2014). However, external influence on funding objectives, design, and implementation potentially limit the government and HE institutions from developing a context-sensitive financing framework. Consequently, they have become passive recipients rather than active participants in the HE ecosystem (Munene, 2024; Oanda & Jowi, 2012; Salmi, 2009).

Between 1963 and 1983, the government adopted a free and low-key loan scheme HE funding model. Immediately after independence, HE was considered a public good in the context of the priority of producing a skilled workforce for national development. The government provided tuition, accommodation, and living expenses through a combination of direct public funding using a tax model to support public universities and student loans offered through

the University Student Loan Scheme (USLS). This model was based exclusively on academic merit where entry to university was determined by performance in the Kenya Advanced Certificate of Education (popularly known as A-level). However, by ignoring intersectional factors such as socioeconomic status, geography, and ethnicity, this meritocratic criterion perpetuated inequities in access to HE. As a result, this model disproportionately benefited students from urban and affluent backgrounds, who had a higher likelihood of qualifying for university due to their access to quality early education at the primary and secondary levels (Sifuna & Kamere, 2019).

Due to a budget deficit caused by the global recession in 1973, the government, under the influence of the World Bank and International Monetary Fund, revised this model. Instead of the model being completely free, the government introduced a scheme where the government would pay the entire tuition fee and advance loans to cater for accommodation, meals, and books. These would be repaid beginning three years after graduation at an interest rate of 2%. The first university cohort to be advanced loans graduated in 1977, with their first loan repayments due in 1980. Loan recovery was, however, undermined by governance and ethical lapses (Munene, 2019; Munene, 2024). Without clear loan management and recovery policies, civil servants at the Ministry of Education diverted the loan portfolio for personal patronage, obstructing repayment efforts. Politicians compounded this by treating student loans as rewards for cronies and ethnic supporters, further distorting the system (Munene, 2024).

The fully subsidised HE model became unsustainable as surging student numbers coincided with the 1970s oil shock, which eroded government revenues and strained budgets. In response, under the guidance of the IMF and WB, the government introduced cost-sharing between the government and students in 1984 (Rodrigues and Wandiga, 1997). In this model, students and families were required to contribute to educational expenses. While cost-sharing eased the government budget pressure, it disproportionately affected low-income students' accessibility to HE (Buchmann, 2003).

To address inequitable access to HE, the government established the Higher Education Loans Board (HELB) in 1995 through the Higher Education Loans Board Act Cap 213. HELB's loan scheme initially was designed to support students in public universities, reflecting the traditional view of higher education as a public good funded by the state. However, the subsequent expansion of HELB funding to include students in private universities. This shift widened access to HE but deepened the debate on whether higher education should be treated as a public entitlement or a market-driven private investment. By extending public financial support to students in private institutions, the government implicitly affirmed that the societal value of higher education transcends institutional ownership. This highlights the need for funding models grounded in both equity and public accountability.

HELB ushered in an era of professional loaning that aimed to shift from arbitrary and patronage-guided loaning. The MTI (Means Testing Instrument) was developed as a mechanism for assessing and allocating loans to learners. It outlined the financing framework where each academic program was allocated a flat rate of US$1,200 per year per student, an amount administered between the Treasury and HELB. In this period, universities adopted a dual-track system: admitting both government-sponsored and self-sponsored (parallel) students who paid full tuition. This strategy aimed to diversify funding sources and meet the growing demand for access to HE loans.

The establishment of HELB and adoption of a dual-track system dramatically expanded access to HE. It provided loans to over 1.1 million students across public and private universities, polytechnics, and Technical Education and Vocational Training (TVET) institutions (HELB, 2020). This influx of credit led to a rapid rise in enrolment, particularly among self-sponsored students who otherwise could not afford tuition (Ngolovoi, 2008). Consequently, HELB helped democratise entry beyond the limited government-sponsored slots, aligning with Kenya's goal of building human capital.

However, persistent gender and economic disparities characterised higher loan distribution in Kenya. Specifically, an evaluation study in Bungoma District showed that loan allocations were skewed toward male students and those from medium socio-economic backgrounds, with Gini coefficients below 0.2, indicating moderate inequality that only gradually declined over successive cohorts (Odebero et al., 2007). While the overall uniformity of allocations improved over four academic years, students from the poorest quintiles remained underrepresented, suggesting that the loan scheme alone could not fully offset pre-existing socio-economic barriers (Odebero et al., 2007).

In terms of quality and sustainability, HELB's loan-driven expansion outpaced institutional capacity, exacerbating faculty shortages, overcrowded classrooms, and under-resourced laboratories and libraries (Marcucci et al., 2008). This undermined the quality of education. At the same time, a high default rate of over 30% strained HELB's financial base, limiting its ability to replenish funds for new borrowers, thereby negatively impacting the scheme's long-term viability goal (Ngolovoi, 2008).

In 2017, the Differentiated Unit Cost (DUC) model was introduced in Kenya to align government funding with the actual cost of delivering specific academic programs, ensuring high-cost courses like medicine and engineering receive proportionally more resources. It also responded to financial sustainability challenges in public universities, aiming to improve efficiency and fairness in resource allocation based on enrolment and program needs. However, the government's failure to fully fund the stipulated amounts led to significant financial deficits in universities, thereby compromising education quality. Additionally, the DUC model did not adequately address socio-economic disparities among students, focusing primarily on program costs without considering students' financial backgrounds (Universities Fund, 2023).

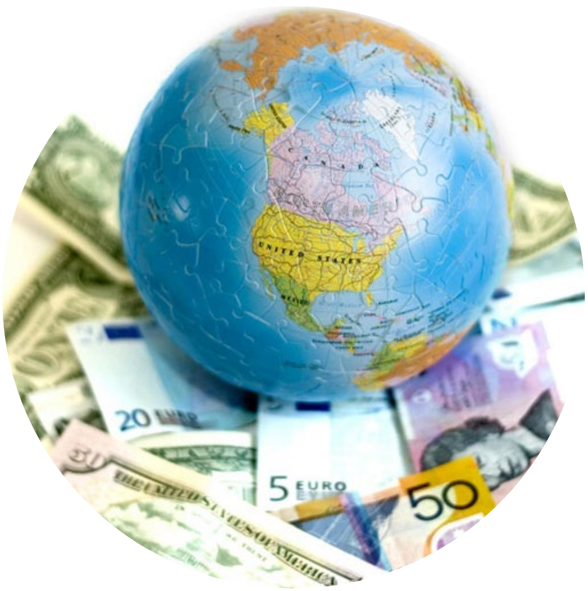
The evolution of HE funding in Kenya reflects the government's efforts to enhance equity, quality, and sustainability. However, funding remains a critical constraint. The COVID-19 pandemic exposed and exacerbated these vulnerabilities. Public universities struggled to transition to online learning due to infrastructure deficits and a lack of funding, leading to prolonged closure (PASGR, 2023; World Bank, 2020). In contrast, most private universities continued operations remotely, revealing stark inequalities in access and learning continuity. A nationwide study by PASGR (2023) confirmed that HE financing was the most urgent challenge affecting quality and equity, reinforcing the need for systemic reform.

To address the funding crisis for equitable access to quality HE, in July 2023, His Excellency President Dr. William Samoei Ruto launched a student-centred funding model following recommendations from the Presidential Working Party on Education Reforms (Republic of Kenya, 2023). Departing from the DUC approach, which provided block grants to institutions, the new framework allocates bursaries and loans directly to students for specific courses based on vulnerability, assessed through Means Testing Criteria (Republic of Kenya, 2023). Implementation began in the 2023/24 academic year.

This model aims to enhance equity by providing more support to students from disadvantaged backgrounds. However, its implementation has faced criticism regarding the accuracy and transparency of the Means Testing Instrument (MTI), with concerns about potential misclassification of students' financial needs. Additionally, its sustainability is questioned, given existing financial constraints and the need for robust mechanisms to ensure effective loan recovery and continued government support (African Population and Health Research Center, 2025).

1.1.2 A Comparative Analysis of University Funding Model Globally: Lessons for Kenya

Across the world, higher education funding models vary in design and impact. South Africa's National Student Financial Aid Scheme (NSFAS) provides means-tested loans and bursaries to over 700,000 students, expanding access but at the same time struggling with administrative delays, funding shortfalls, and a growing trust deficit among stakeholders (Schulze-Cleven, 2017). These challenges highlight the importance of building strong administrative systems and transparent disbursement mechanisms. For Kenya, which recently introduced a Student-Centered Funding Model (SCFM) that also relies on means testing, South Africa's experience underscores the need to invest in robust digital infrastructure, efficient targeting, and accountability to ensure the intended support reaches the most deserving students in a timely and credible manner.



In Ghana, HE funding approach combines a 2.5% VAT-based Ghana Education Trust Fund (GETFund) with the Student Loans Trust Fund (SLTF). This dual mechanism has helped diversify the country's revenue sources for HE. It has aided investment in infrastructure, research, and student support. However, low repayment rates and slow disbursement of loans have posed serious challenges, affecting access and weakening institutional stability (Atuahene, 2009). The Ghanaian experience points to the value of earmarked funding streams in ensuring more predictable financing. Kenya could adopt a similar approach by introducing a modest, ring-fenced education levy to stabilise funding and enable multi-year planning for both universities and financial aid programs, reducing its dependence on annual budgetary allocations that are often politically or economically constrained.

Rwanda has implemented a cost-sharing model that blends student contributions with targeted government scholarships and emerging student loan schemes. This model has improved enrolment and financial efficiency, particularly by encouraging co-responsibility for higher education costs. However, its effectiveness is hampered by weaknesses in means testing, resulting in misclassification of beneficiaries and growing concerns over fairness and potential corruption (Semugaza, 2005). Kenya, which also uses a means-testing mechanism under the SCFM, would need to establish transparent and verifiable eligibility criteria, strengthen data systems, incorporate independent oversight, and engage local stakeholders in the assessment process to enhance fairness and foster trust in the funding model.

In Nigeria, the Tertiary Education Trust Fund (TETFund) is financed through a 2% tax on corporate profits. This fund supports university infrastructure, research, and faculty development, and has significantly improved the physical and academic environment in many institutions. However, criticisms have emerged regarding the Fund's focus on capital development at the expense of student welfare, and the risk of political interference in resource allocation (Federal Republic of Nigeria, 2011). Kenya can draw from this model by establishing a similar education levy targeting the private sector, but with a clear, transparent framework that ensures equitable distribution across both infrastructure and student needs while minimizing the risk of politicisation.

In Britain (specifically England, though similar principles extend across the UK), university funding relies heavily on tuition fees underpinned by government-backed, income-contingent student loans (Higher Education Funding Council for England, 2013; Browne Review, 2010). After policy reforms in 2012, public universities can charge up to a capped annual tuition rate, with students eligible for government-subsidised loans to cover these fees (Higher Education Funding Council for England, 2013). A portion of government funding continues to support research through competitive grants, while teaching subsidies are directed primarily toward high-cost disciplines such as science, technology, engineering, and mathematics (STEM) (Browne, 2010; Universities UK, 2021).

Additionally, institutions in Britain augment revenue through international student fees and industry partnerships. However, rising tuition has intensified debates over student debt and equitable access (Higher Education Funding Council for England, 2013; Universities UK, 2021). For Kenya, a key lesson is to balance student contributions and state support in a way that fosters accessibility without creating dependency and untenable debt levels. Further, there is a need to allocate targeted funding for priority disciplines that drive national development (Browne, 2010).

Canada's university funding model blends substantial provincial government grants, federal research support, and tuition fees (Usher, 2019; Canadian Association of University Teachers (CAUT), 2020). While funding levels differ by province, governmental contributions overall keep tuition relatively lower compared to many other countries (CAUT, 2020). Federal initiatives, such as scholarships, research chairs, and targeted grants for specific populations (for example, marginalised students) augment provincial allocations (Usher, 2019).

Further, philanthropic donations and endowments play a growing role, particularly in larger institutions (CAUT, 2020). This approach underscores cooperative efforts among federal, provincial, and institutional bodies to maintain accessible, regulated tuition while supporting robust research output and innovative program development (Usher, 2019). Kenya can learn from this model by adapting a centralised coordinating system of funding across multiple governmental levels, diversify revenue sources beyond tuition and state allocations, and introduce targeted scholarships or subsidies for underrepresented groups to promote equity (CAUT, 2020).

The United States higher education system is multifaceted, comprising public state universities, private nonprofits, and for-profit institutions (Thelin, 2019). Public universities depend on state appropriations, federal research grants, and tuition income. Private institutions often rely on tuition, endowments, and donations (Zemskyet al., 2005). High-profile research universities benefit from substantial federal funding (for example, via agencies like the National Science Foundation (NSF) and the National Institutes of Health (NIH) and large philanthropic endowments (Thelin, 2019). However, escalating tuition and student debt, alongside inequalities in state funding allocations, continue to provoke policy debates (Zemsky et al., 2005). Kenya can glean two primary insights from this model: invest in philanthropic outreach and robust research funding to bolster innovation, and implement strong regulatory frameworks that prioritise transparency and accountability, thereby preventing unsustainable debt for students (Thelin, 2019).

China's university funding model relies on substantive government investment and cost sharing. A hallmark of China's model is its stratified tier system, in which elite universities receive disproportionately larger state subsidies and more autonomy. In contrast, the bulk of institutions, often in less-developed provinces, operate on tighter budgets and rely more on basic government allocations and tuition (Guo et al., 2019; Han et al., 2023). While this approach fosters rapid development of top research universities, it also raises concerns about equity and resource concentration. China's funding strategies strongly emphasise science, technology, engineering, and mathematics (STEM) programs that align with national economic priorities (Hu, 2023). Government grants are tied to measurable research outputs, such as international publications, patents, industry partnerships, and global competitiveness. Chinese universities also diversify their incomes through technology transfer, alumni donations, endowments, and international student recruitment (Mok, 2021).

A key lesson for Kenya is to adopt a model that combines robust public investment with cost sharing so that neither the government nor families bear the entire financial burden. Public funding should be linked to measurable outcomes, such as research productivity and industry collaborations, to enhance educational quality, accountability, and long-term sustainability. Further, universities should diversify revenue streams through mechanisms like technology transfer and alumni donations to avoid depending on a single revenue stream.

1.1.3 Policy Gaps in University Funding

A political economy analysis of key policies and instruments reveals enduring gaps that undermine equity, quality, and sustainability in higher education financing. Although the Constitution of Kenya (2010) affirms the right to education, it lacks explicit guidance on how this right would be implemented through funding models. This absence has resulted in inconsistent support, especially for students from marginalised regions, low-income families, and historically disadvantaged groups, creating a fragmented funding landscape shaped more by political discretion than by clear legal frameworks.

The Universities Act (2012) mandates the creation of the Universities Fund and its role in developing funding criteria. However, it lacks enforcement mechanisms to ensure consistent application. Without binding performance benchmarks or equity safeguards, universities would pursue enrolment numbers without adequate regard for educational quality or fair resource distribution. This opens space for elite capture, underfunding of critical programs, and institutional disparities based on political alignment or geographical proximity to power.

The Public Finance Management Act (2012) treats higher education funding as part of general public expenditure, governed more by macroeconomic considerations than the unique needs of the education sector. As a result, funding to universities is determined by broader fiscal ceilings, rather than cost-based models that reflect actual program needs. This has led to delayed disbursements, erratic funding, and a reliance on annual budget negotiations. These conditions stifle institutional planning and adaptability.

Strategic policy documents such as Sessional Paper No. 1 of 2005 and the National Education Sector Strategic Plan (NESSP) 2018–2022 articulate commendable aspirations for access, equity, and efficiency. However, their lack of legal enforceability means they serve more as vision statements than binding commitments. Universities are not obliged to adhere to their objectives, leading to significant variation in implementation and, in many cases, a disconnect between national education goals and actual institutional practices.

Model-specific instruments such as the differentiated unit cost (DUC) funding introduced in 2016 and the student-centred funding launched in 2023 were designed to address inefficiencies in resource allocation. The DUC model aimed to align funding with the actual cost of delivering academic programs and student enrolment levels, promoting fairness by directing more resources to high-cost disciplines like medicine and engineering. However, its reliance on administrative guidelines rather than legislation resulted in inconsistent implementation and diluted impact.

The SCFM represents a shift toward equity by using the MTI to allocate financial support based on student need. However, the lack of statutory anchoring weakens its implementation, making it susceptible to inconsistencies and exclusion errors. Without a legal framework to ensure standardisation, accountability, and oversight, the model risks misallocating resources and failing to support the most vulnerable students, raising concerns about its long-term sustainability.

Generally, Kenya's university funding models tend to prioritise financial inflows at the expense of governance and ethical considerations (Munene, 2024; Oanda & Jowi, 2012; Salmi, 2009). By emphasizing revenue generation and cost-sharing mechanisms, key areas such as accountability, transparency, and equitable resource allocation are often overlooked, leading to potential mismanagement and corruption that undermine educational quality.

Another critical issue is the overreliance on government allocations. Public universities currently rely on state funding for up to 80% of their recurrent expenditures, making them financially fragile, especially as government support becomes increasingly constrained. This heavy dependence undermines both instructional quality and infrastructural development. It also disproportionately affects students facing intersecting challenges such as poverty, disability, or gender-based marginalisation.

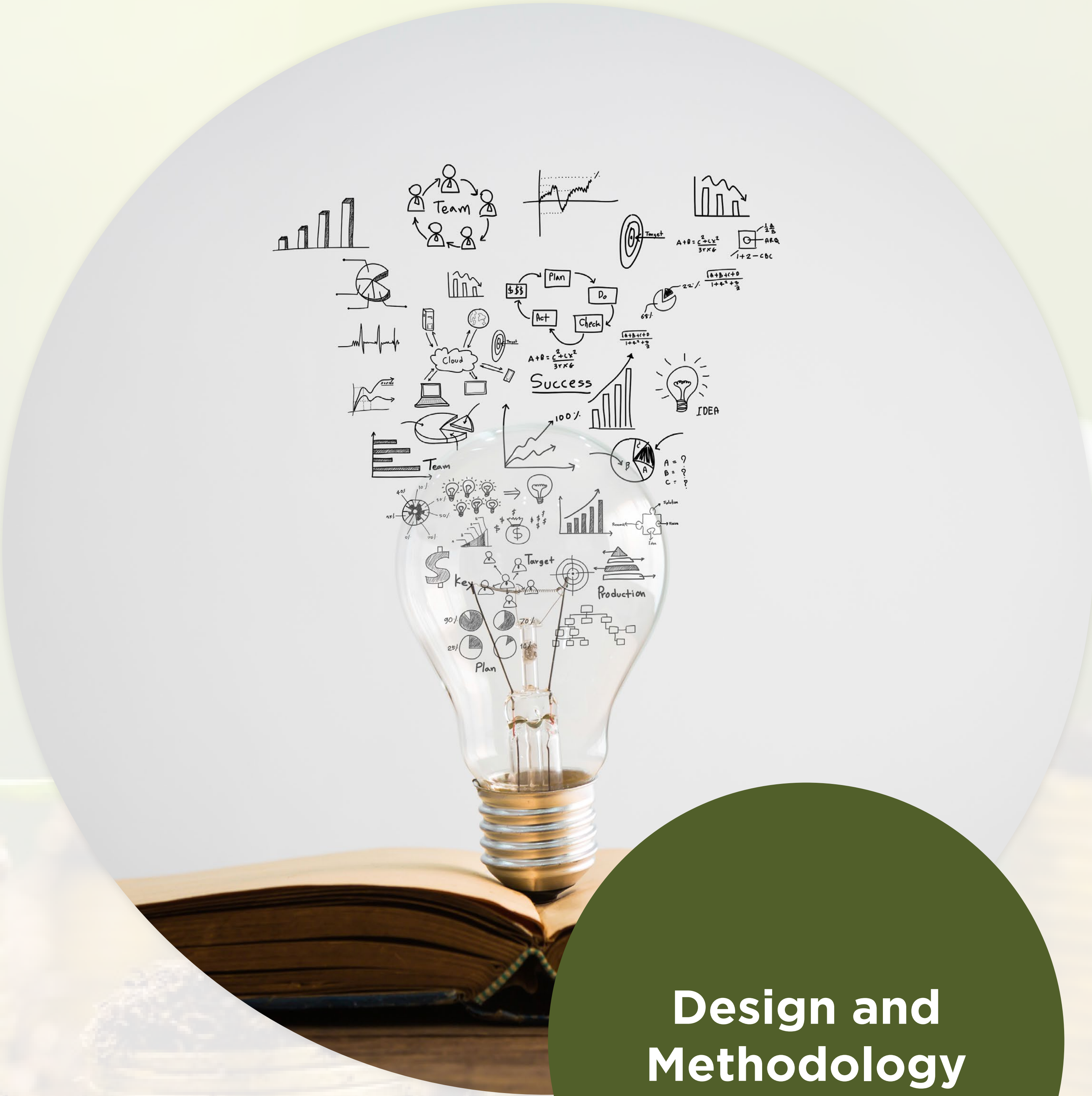
Lastly, Kenya's university funding models lack meaningful stakeholder involvement. Most reforms are introduced through top-down government directives with minimal input from university governors, administrators, faculty, students, or civil society. This exclusion results in funding policies that are detached from stakeholders' lived realities, often triggering resistance during implementation due to their limited relevance, adaptability to local contexts, and lack of ownership.

1.1.4 Summary

The analysis presented above suggests that effective university funding transcends mere financial injection. It needs to be anchored in policies that promote equity, quality, and long-term sustainability. Equally important is the creation of a diversified funding model that balances public allocations, tuition fees, and alternative revenue sources to reduce overreliance on any single source and therefore support resilient and adaptive financial planning.

Crucially, the design and implementation of funding models should be grounded in inclusive stakeholder participation, drawing on insights from policy implementers, university governors and administrators, faculty, students, and the wider community to ensure resource allocation reflects actual institutional and learner needs. An intersectional approach is also vital to address complex and dynamic challenges that students face owing to their socioeconomic background, gender, disability, and geographic location, among other factors (OECD, 2023).

It is against this background that we sought to investigate the successes and challenges of the NFM against its purpose, rationale, and design as presented by internal stakeholders.



Design and Methodology

2.0. Research Design

The study was guided by PASGR's *Utafiti Sera* (Kiswahili for *research-policy*) framework that promotes co-production, translation, and uptake of research evidence into policy through inclusive, participatory, and sustained dialogue among researchers, policymakers, and other stakeholders. It employed a mixed-methods design, by combining quantitative online surveys administered to undergraduate students, and qualitative Key Informant Interviews (KIIs) and Focus Group Discussions (FGDs) conducted with a broad range of policy-makers and other key stakeholders around a policy issue. Integration of multiple methods allowed for a comprehensive exploration and triangulation of findings on the new funding model. *Utafiti Sera House* brought together key stakeholders to conceptualise, co-generate evidence, debate on policy implications of findings, and influence the policy uptake and adoption of this report.

2.1. Methodology

2.1.1. Quantitative Methodology

Target Population

Undergraduate students in their first and second years of study (enrolled in 2024/25 and in 2023/24 academic years) were targeted based on their direct experience with the new funding model.

Sampling Procedures and Sample Size

At the university level, the survey employed a multi-stage stratified cluster sampling method. The universities were explicitly stratified by geographic location and the type of university. Under geographic location, there were 8 regions namely; Nairobi, Coast, Eastern, North Eastern, Rift Valley, Nyanza, Western and Central regions. Under university type, the universities were categorised into public chartered, public university constituent colleges, private chartered and private constituent colleges. The six old public universities in Kenya: University of Nairobi, Moi University, Kenyatta University, Jomo Kenyatta University of Technology, Maseno University and Egerton University, were selected with a probability equal to one due to their possibilities of high student population and an established infrastructure for attracting partnerships. Random sampling was employed for the other universities in each stratum.

The sample size was computed for the survey using the Cochran sample size calculation formulae for infinite populations below;

$$n = \frac{(Z^2 \, p \,(1-p)}{d^2}$$

where *n* is the sample size or number of entities to be selected for the study from the population of interest, *p* is the estimated prevalence of the reference indicator, is the -score/critical value for the level of confidence, and *d* is the margin of error. In the above formulae, the -score was set at 1.96 for the 95% confidence levels, while the anticipated prevalence for the key indicator was set at 50%, assuming maximum. The precision was set at ±3%. Applying the formulae, the total sample size for the survey was computed at 1,068 undergraduate students. This number allows for random selection of an average stake of 35 undergraduate students per university for a maximum number of 31 out of 62 universities from the four clusters of interest. Taking into consideration a non-response rate of 10% for the target population, the number is adjusted to 34 universities, randomly selected using the SPSS complex samples selection module.

At the school/faculty level, the selection of undergraduate students and lecturers took into consideration purposively selected faculties/ schools of Education (including Special Education), e-learning/open distance education, Arts and Social Sciences, and one "extreme" faculty/school, for instance Engineering or Medicine, which rely on practical sessions to train students. Table 2 shows the list of sampled universities.

Table 1 List of 34 Sampled Universities

S/N	Reg	County	Type_Rev	Stratum	University	Type	Type_Rev_Name
1	1	Uasin Gishu	1	11	University of Eldoret	Public	Public Chartered
2	1	Kericho	1	11	University of Kabianga	Public	Public Chartered
3	1	Uasin Gishu	1	11	Moi University	Public	Public Chartered
4	1	Nakuru	1	11	Egerton University	Public	Public Chartered
5	1	Nakuru	2	12	Kabarak University	Private	Private Chartered
6	1	Kajiado	2	12	East African University	Private	Private Chartered
7	1	Bomet	3	13	Bomet University College	Public	Constituent College
8	2	Nyeri	1	21	Dedan Kimathi University of Technology	Public	Public Chartered
9	2	Murang'a	1	21	Murang'a University of Technology	Public	Public Chartered
10	2	Kiambu	1	21	Jomo Kenyatta University Of Agriculture and Technology	Public	Public Chartered
11	2	Kiambu	2	22	Pan African University Institute for Basic Sciences Technology and Innovation	Private	Private Chartered
12	2	Kiambu	2	22	Zetech University	Private	Private Chartered
13	3	Siaya	1	31	Jaramogi Oginga Odinga University of Science and Technology	Public	Public Chartered
14	3	Migori	1	31	Rongo University	Public	Public Chartered
15	3	Kisumu	1	31	Maseno University	Public	Public Chartered
16	3	Kisumu	2	32	Great Lakes University	Private	Private Chartered
17	3	Homabay	3	33	Tom Mboya University College (Maseno University)	Public	Constituent College
18	4	Meru	1	41	Meru University of Science and Technology	Public	Public Chartered
19	4	Kitui	1	41	South Eastern Kenya University	Public	Public Chartered
20	4	Makueni	2	42	Lukenya University	Private	Private Chartered
21	4	Machakos	2	42	Scott Christian University	Private	Private Chartered
22	4	Tharaka Nithi	3	43	Tharaka University College	Public	Constituent College
23	5	Nairobi	1	51	Co-operative University of Kenya	Public	Public Chartered
24	5	Nairobi	1	51	University of Nairobi	Public	Public Chartered

25	5	Nairobi	1	51	Technical University of Kenya	Public	Public Chartered
26	5	Nairobi	1	51	Kenyatta University	Public	Public Chartered
27	5	Nairobi	2	52	Amref International University	Private	Private Chartered
28	5	Nairobi	2	52	KAG East University	Private	Private Chartered
29	5	Nairobi	2	52	Pioneer International University	Private	Private Chartered
30	5	Nairobi	2	52	United States International University – Africa	Private	Private Chartered
31	6	Kakamega	1	61	Masinde Muliro University Of Science and Technology	Public	Public Chartered
32	6	Busia	3	63	Alupe University	Public	Public Chartered
33	7	Garissa	1	71	Garissa University	Public	Public Chartered
34	8	Mombasa	1	81	Pwani University	Public	Public Chartered

Recruitment

Participants were recruited through an online survey distributed via institutional email lists, social media platforms, and university-affiliated communication channels. The digital approach allowed a broad reach and accessibility, enabling respondents to participate, at their convenience, while ensuring anonymity and confidentiality. Inclusion criteria were clearly stated at the beginning of the survey, and informed consent was obtained electronically.

Data Collection

An online survey tool was used to collect data across predefined domains relevant to the study objectives. The key domains covered included demographics, knowledge and awareness of the new funding model, attitude towards design and implementation of the model, satisfaction with its processes, and perception of its impact in terms of access, equity, and sustainability. The structured format of the tool facilitated standardised responses, enabling quantitative analysis while maintaining quality and respondent confidentiality.

Data Management and Analysis

Data from the online survey were managed using REDCap, a secure web-based platform designed for data collection and management. Responses were captured in real-time and stored in a centralised, password-protected database with user-specific controls. Data cleaning procedures were conducted within REDCap. Data was exported to RCore for further analysis. Descriptive statistics were used to summarise participants' characteristics and key variables across the domains.

2.1.2. Qualitative Methodology

Study population

Internal and external stakeholders were considered for one-on-one in-depth key informant interviews:

(i) internal participants comprised officials directly involved in policy making and implementation of the new funding model, including high ranking officials from the Department of Higher Education in the national Ministry of Education (MoE), other Model implementing agencies (CUE, KUCCPS, HELB, and UF) as well as other relevant officials, such as members of the Presidential Working Party on Education Reforms (PWPER) and NGAOs and,

(ii) external stakeholders were key persons directly affected by the Model, including members of top university management boards, deans and principals of colleges, faculty members, administrators, students, parents/guardians and members of the public. A sample of 140 participants was interviewed using IDIs, either virtually or face-to-face.

In addition to one-on-one, in-depth key informant interviews, 72 parents were interviewed using FGDs as planned. This allowed for more open, free-flowing conversations since, in FGDs, attention was not on an individual but on discussions around parents' general experiences with the NFM.

Study Sites

The IDIs and FGDs were conducted at the Dedan Kimathi University of Technology, Jomo Kenyatta University, Kabarak University, Kilifi University, Kisii University, Maseno University, Masinde Muliro University of Science and Technology, Moi University of Science and Technology, Riara University, Turkana University, and the University of Nairobi, among others.

Sampling Procedures and Sample Size

Purposive sampling was utilised to identify and select 140 participants involved in higher education policy-making, administration, implementation, or advocacy across 11 sites. Efforts were made to ensure diversity in participants' institutional affiliations, demographics, and roles within the HE sector. Below is a sample and sampling frame:

Table 2 Stakeholders involved in-depth Interviews

	Internal Stakeholders							External Stakeholders					
	NGAOs	MoE	Par/Pub	CUE	KUCCPS	HELB	UFB	Uma	Ds/Pr	Fa	Ad	CSOs	FBOs
Male	8	1	11	1	1	1	1	11	11	11	11	3	4
Female	3	1	9	1	0	1	1	9	11	11	11	3	4
Total	11	2	20	2	1	2	2	20	22	22	22	6	8

Key:

MoE (Ministry of Education);
Par/Pub (Parents/Members of the Public);
CUE (Commission for University Education);
KUCCPS (Kenya Universities and Colleges Central Placement Services);
HELB (Higher Education Loans Board);
UFB (Universities Funding Board);
Uma (Members of University Management – VCs, and DVCs in charge of Finance);
Ds/Pr (Deans of Schools/Directors Q/A and College Principals);
Fa (Faculty, also called teaching staff);
Ad (Administrative Staff); St (Students); and
NGAOs (National Government Administrative Officers).
CSOs – Civil Society Organisations
FBOs – Faith-Based Organisations

Inclusion/Exclusion Criteria

In addition to being a stakeholder of public HE in Kenya, one had to meet the following criteria to be enrolled in the study for KII or FGD:

- Be over 18
- Be of sound mind
- Provide informed consent

Data Collection

Semi-structured one-on-one oral interviews were conducted to explore stakeholders' perspectives on the purpose, design, and rationale of the new funding model. An interview guide was developed based on the research objectives and relevant literature, covering topics such as objectives of the new funding model, implementation strategies, perceived benefits, challenges, and recommendations for improvement. Interviews were conducted either in person or virtually, depending on participant preferences and logistical considerations. All interviews were audio-recorded with participants' consent, and detailed field notes were taken during the interviews.

Besides one-on-one semi-structured interviews, parents of first- and second-year students directly affected by the implementation of the new model were engaged in eight FGDs using a semi-structured discussion guide. FGDs allowed for intense and unguarded discussions among parents on their perspectives and experiences of the model. This provided more insights to help the researchers interpret data.

Data Analysis

Thematic analysis was employed to analyse the qualitative data collected from oral interviews and FGDs. This involved several iterative steps, including generation of codes from the one-on-one interview/FGD transcripts, which were later organised into broader themes and sub-themes to identify patterns and trends in stakeholders' perspectives on the new funding model.

2.2. Study Limitation

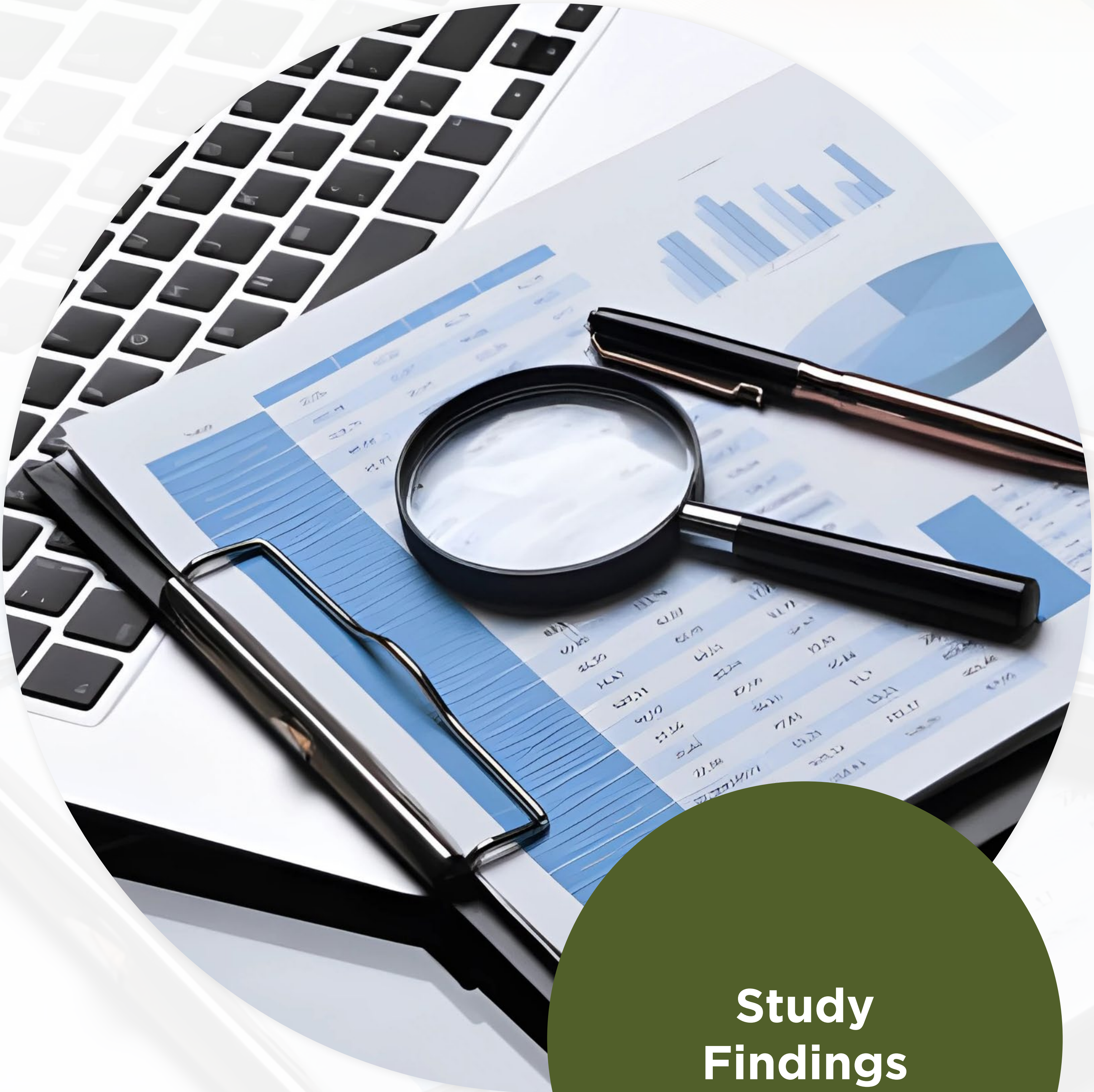
This study faced challenges due to the fluid and evolving nature of the implementation of the new funding model, which persists even as at the time of writing this report. Protests by Gen Z in June 2024, critical public opinion of government programs, and contestations of the constitutionality and legality of the model by Civil Society actors have seen some policy revisions in the model's design. These revisions, which have been more reactionary than proactive, and the uncertainty associated with the contestations, have limited a full evaluation of the implementation procedures, still in flux, making it difficult to systematically assess the successes and challenges of NFM. Nevertheless, the responses provide useful insights and highlight why piloting and/or effective monitoring and evaluation was necessary.

2.3. Ethical Considerations

Before embarking on the study, the research protocol was submitted to the Moi Teaching and Referral Hospital / Moi University College of Health Sciences-Institutional Research and Ethics Committee (MTRH/MUCHS-IREC) for ethics review and approval. With an ethics approved protocol, a research license was sought from the National Council for Science, Technology and Innovations (NACOSTI). Permissions were sought from the various university authorities to carry out research in the specific spaces/institutions.

For the quantitative component, informed consent was sought and anonymity was maintained by excluding personal identifiers such as names and date of birth. For the qualitative component, informed consent was sought from all potential participants, and consent form attached to the first page of each interview tool. The consent did not spell out the names but presented an indication of their consent, either through use of the initials of their names or signing.

Privacy and confidentiality were maintained where possible. Use of personal de-identified data and securing data in password protected laptop accessible only to the Study was adopted to ensure confidentiality. To promote data validity and reliability, data collected through different methods from different people were triangulated so that each of the key findings presented in this report emerged from at least three different participants, and data was collected using at least two methods. All four researchers discussed each of the key findings with due reflection and reflexivity, paying due consideration to each researcher's position to rid the findings of biases. Finally, a draft report was presented at a validation workshop attended by policy actors and key stakeholders. Contributions from the workshop have been integrated into this final report.



Study Findings

3.0. Introduction

The central question this study addresses is: *How does the New Funding Model promote sustainable and equitable quality HE, and what are the challenges and successes?* This section discusses findings on the successes and challenges of the design and implementation of the NFM. The findings are categorised into three themes: (i) communication and stakeholder engagements, (ii) design, and (iii) institutional management. Using the voices of study participants, the Study illustrates how these successes and challenges played out.

3.1. Communication and Stakeholder Engagement

To assess the successes and challenges of NFM, it was necessary to understand how internal stakeholders, Government officials responsible for the implementation of NFM, and external stakeholders, comprising a broad range of actors, understood the purpose, rationale, and design of the NFM. This section compares and contrasts data from internal and external stakeholders' perspectives under the communication and stakeholder engagement theme, in relation to the stated goal of the NFM: ***to promote equitable and sustainable quality university education.***

3.1.1. Divergent Understanding of the NFM

Government officials implementing the NFM demonstrated a clear and consistent understanding of the foundational aspects of the NFM, namely; purpose, rationale, and design. They reported that the Government of Kenya aims at transitioning university funding from equal access to equitable access for effective use of dwindling government resources without compromising quality and sustainable higher education. This will target public resources to students most in need, unlike the earlier models where every student was funded. The NFM requires students in need to apply for scholarships and/or loans. For example, an officer from Implementing Agency 4 said: *"Before, grants were equal—just divide the available funds. Now, we consider family background, economic status, gender, and marginalisation."* Allocations of government support is based on household capacity measured by such socio-economic indicators as family size, income, and geographic marginalisation

Similarly, internal stakeholders were unanimous that the rationale is grounded in fiscal sustainability: with an increasing number of university students, the government can no longer afford blanket subsidies. Households who can afford to pay for their university education are expected to do so to allow limited government resources to support the most vulnerable. Implementing Officer 2 said:

> *The Government can no longer afford to support the ever-increasing number of students joining university in Kenya, and so, those who do not need support should pay for their education while those who cannot are funded according to need.*

Implementing Officer 3 had a similar position: *"With the MTI, we look at the family background, socioeconomic status, affirmative action, gender, marginalised areas, family size, marital status, and expenditure on education."*

Government officials noted that the move from institution- to student-based funding was designed to promote efficiency, transparency and accountability in public universities: unlike the DUC model, NFM would disburse funds based on individual student enrolment, progression compliance to funding policy and procedures. Implementing Officer 2 added:

> *With the DUC, we continued sending monies to universities for students who had not reported for whatever reason, had died, had deferred and so on.*

These reforms were expected to promote competition among institutions, leading to improved academic quality and to labour-aligned educational programs. Implementing Officer 1 reported that the model,

> … *allows universities to determine the actual cost of their various programs. With these measures, universities are bound to become competitive to attract students.*

By fostering competition, the NFM compels institutions to optimise resource use, refine curricula, and strengthen teaching capacity, both of which are key drivers of academic efficiency and quality. Further, the NFM links future disbursements to demonstrable outcomes, ensuring that funding rewards institutional performance rather than inputs. An official of the PWPER explained: "*We should fund not just based on input but also on graduation rates and program impact*." It is envisaged that promoting efficient resource use, quality education, and equitable access would make university education sustainable by addressing unemployment and waste of resources.

In sharp contrast to government officials, external stakeholders responded differently across the different categories of participants, with some level of concurrence. 37% of the students said they had a poor understanding of the NFM while over 60% said criteria was based on parental income and financial need and 62% got information from social media, which was the highest percentage. Surprisingly, while many of the external stakeholders outrightly responded to some of the questions with *'I don't know"*, some key stakeholders provided more details. For example, some concurred that the NFM aims at reducing government expenditure on university education though they put it differently. Generally, parents and students seemed to agree that the purpose of the NFM is for the Government to "scrap free and subsidised university education and collect money from parents. *Serikali imetuachia mzigo* **(the government has left the burden on us)** … university education should be free as it has always been." (a parent).

This finding raises important questions: Is University education a public good in Kenya? To what extent should higher education remain publicly funded? Are there public policies that address these concerns?

Table 3 Stakeholder Perceptions of NFM's Goal, Purpose and Design

	Stakeholder Group	Understanding Type	Key Verbatim Quote on Perception on Goal, Purpose and Design
Internal Stakeholders	MoE	Uniform	*Those who do not need support should pay for their education.*
	Implementing agencies 1,2, 3, & 4	Uniform	*Before the grants were equal, just divide the available funds. Now we consider family background, economic status, gender…*
	NGAOs	Divergent	*I have no information to give them. I need it myself but I don't have it.*
	PWPER	Uniform	*We should fund not just based on input but also on graduation rates*
External Stakeholders	University Management	Divergent	*Students struggle with application process due to lack of clear guidance*
	Faculty	Divergent	*…there is no way that fees from parents can pay salaries."*
	CSOs	Divergent	*student who have university qualification …are opting to go to the polytechnic*

External Stakeholders	Parents & Students	Divergent	*…the government has left the burden on us*
	External (Parents)	Divergent	*University education should be free as has always been*

Faculty and administrators expressed similar perspectives: that implementation of the model was the government's attempt to withdraw support from universities. A faculty member at a public university said: "*… the government is keen to stop paying salaries, but this won't work. University education is too important to be ignored. …there is no way that fees from parents can pay salaries.*"

Other external stakeholders interpreted the introduction of NFM as a part of a broad agenda to promote Technical and Vocational Education and Training at the expense of university education. A faculty in a public university in North Eastern Kenya said: "*The government wants to kill universities. Maybe this is their way of promoting STEM. … but there is STEM in universities. I don't know. I don't understand.*"

Misunderstanding also emerged among external stakeholders on the technical aspects of the model. Many were unable to explain the five funding bands and how MTI works. Faculty, administrators, parents and students struggled to distinguish between loans, bursaries and scholarships and wondered what goes directly to universities and what goes to the students. A member of faculty with a child enrolled at a public university for the 2024/25 academic year said:

> *I don't know whether it is all the money or the school fees that go to the university. I don't know. But I think it is the students' upkeep and loans that go to the student. Then the scholarships are sent directly to the university.*

Analysis of the various voices suggest that stakeholders were (mis)understanding NFM based on their self interest.

3.1.2. Communication Gaps

The gap in communication was wider in rural and marginalised regions due to the digital divide fomented by limited digital literacy and access. Students without reliable internet connectivity missed application deadlines while others were locked out due to inequitable access to information and application process.

The students said they had no respite since the National Government Administrative Officers (NGAOs) were excluded from planning and dissemination of the NFM. All the NGAOs interviewed were unanimous that they received no formal briefing or training on the NFM. Yet, both students and parents constantly came to their offices to seek information and support on how to apply for funding. A NGAO within the outskirts of Nairobi, said:

> *… I have no information to give them. I need it myself but I don't have it. We are not involved. I don't know who is involved.*

Exclusion of NGAOs further weakened public engagement. The result is that students from vulnerable populations had to rely on social media updates some of which are unreliable and confusing.

3.1.3. Consequences of Fragmented Communication

Despite good communication among implementing agencies, manifested in the alignment of their perspectives on purpose, rationale and design of NFM, their fragmented and uncoordinated messaging, resulted in widespread misunderstanding. At some point, universities released letters of admission replete with invoices to students before they had been banded.

On this mixup, an official from Implementing Agency 2 said: "*XXX university made a very serious mistake. They sent parents letters demanding 2.2 million, which caused panic*". A participant from a civil society organisation referred to this event saying: *"The admission letters included total cost of the course instead of stating how much the student would pay. This created an uproar."* However, an official from Implementing Agency 1 defended the communication from the universities: *"We communicated the actual cost of the program, not what parents would pay after the scholarships and loans. Kenyans should know how much university education costs."*

These contradictory messages not only created the impression that university education was no longer affordable but also discouraged enrolment in universities. It also led to increased dropout rates and deferments, public protests, and several legal petitions. In December 2024, the High Court ruled that there was inadequate public participation in the design and implementation of NFM, underscoring the consequences of ineffective communication. This promoted a lack of trust in the process. Referring to the inconsistent and fragmented communication, and the consequence thereof. A single mother expressed her opinion thus: *"last week they sent us letters to pay so much money, …Then they withdrew the letter and said it is only to show us how much university education costs. I don't believe anyone anymore"*.

3.1.4. Overreliance on Digital Platforms

Findings also indicate that the implementation of the New University Funding Model (NFM) relied heavily on digital platforms, which significantly disadvantaged students and families in rural and marginalised areas. Limited internet access and low digital literacy prevented many from completing online applications, submitting required documents for means testing, or tracking their funding status. As a result, some of the most vulnerable learners were excluded from accessing support. A Finance Officer from a public university noted: *"Many students and parents don't understand how funding allocations are made,"* while a National Government Administrative Officer remarked, *"Students from rural areas find it difficult to provide documentation for means testing."* These challenges were compounded by the absence of alternative communication channels such as physical help desks, mobile outreach teams, or radio announcements. Consequently, access to university funding became contingent not only on financial need but also on geographic location and access to information, undermining the model's objective of promoting equitable access to higher education as is captured by the case of student X below, which illustrates the struggles and consequences of ineffective communication.

The findings also suggest that heavy reliance on digital platforms resulted in inadequate dissemination of information about the NFM, significantly disadvantaging students and families in rural and marginalised communities. As a Finance Officer from a public university explained, *"Many students and parents don't understand how funding allocations are made."* As a result, many students missed critical application deadlines or failed to provide the necessary documentation for means testing, effectively locking out some of the most vulnerable learners the NFM was intended to support.

The case of Student X, illustrates the struggles and consequences of ineffective communication among students from vulnerable backgrounds.

The case of student X

I live with my parents in….. I scored A and was admitted to … for … program. Then in … I received a letter indicating that I had been admitted to … and I was expected to pay … as university fees. When I discussed the letter with my parents, they said they would definitely not afford this and told me to find something else to do. I did not know that we were supposed to apply for university funding until when I met my brother when he came for our grandfather's funeral. My brother works in Nairobi and earns 15 thousand a month. He gave me 500 shillings and advised me to go to Huduma Centre in Nakuru town and apply for university funding immediately since the deadline was only 4 days away. He reminded me not to forget my birth certificate. Fortunately, I had my birth certificate. We had applied for them in high school. The following day I took my ID, my examination results, and my birth certificate and went to Nakuru town. I paid 140 shillings to get to Nakuru at about 8.30 a.m. I went to Huduma centre and sat in the queue. I got to the front at 10.30 a.m only to be told that I needed to have a specific form. I was requested to go to a cybercafé within the post office to get this. I went to the cybercafé where they asked for my ID. They asked me to pay 150 shillings by MPesa. I had the money in cash so they told me to go and load the money in MPesa. I went out and loaded. By the time I came back it was almost midday. We started completing the form. Then they asked for copies of my parents' IDs. I didn't have them. They said they can't move without these. I returned home. I spent 140 shillings on fare back home. When I explained to my parents that I needed their IDs, my mother had no problem but my father was hesitant to give me his because he said he had heard that university students were getting huge loans from government and with unemployment, their parents were the ones who would pay for the loan. He feared that his small farm inherited from his father would be sold to pay the loan. I did not press for this because anyway, I didn't even have money to go back to Nakuru town. Then the deadline came and I gave up applying for the loan. A week later my brother called and said the deadline had been extended. He, convinced my father to give me his ID and sent me 1000 shillings with strict instructions to spend the money wisely. ….

I don't know what the cyber completed. They said they had completed many forms and they knew what was the best way to present my case to get a high amount of loan. When the results of my application came, I was in band 5. My parents can't afford the money required from them by the university. I have no hope of ever joining the university.

Ironically, students from wealthier backgrounds, who had better access to information and digital platforms, were able to navigate the application system more effectively and derive greater benefit from the NFM. A parent observed, *"Some students who are from rich backgrounds present themselves as poor by taking advantage of the information they have on what is needed to be classified as needy or vulnerable."* This created mistrust, as indicated by data from the student survey. For instance, 56% of students reported a lack of confidence that funds are allocated without favouritism or clear criteria, while 59% disagreed that the model is administered fairly and ethically. Additionally, 58% expressed doubt that the model would provide adequate financial support, and 62% believed the NFM would negatively affect the quality of education. These responses reflect significant concerns about the transparency, fairness, and effectiveness of the model's implementation.

In stark contrast, students from vulnerable households often faced significant informational barriers and cultural hesitations. Many were reluctant to present themselves as needy due to pride, stigma, or misunderstanding of the application process. One parent explained,

> *I have actually been struggling to pay this girl's fees, but I kept pushing myself knowing that once she gets to university the government will pay her fees… but the sad thing is that she was not happy …hesitant to declare her household needy. I can't tell what she wrote in the application form because she was put in Band 5. Now I can't pay the required fees… finally, we agreed with her mother (who is single) to take her to a technical institute.*

A participant from a faith-based organisation corroborated this, *"The trend already realises students who had university qualifications are not enrolling in the university but opting to go to the polytechnic."*

Data from the Ministry of Education corroborated these concerns, showing that by the close of the application window, more than half of first-year students had not applied for funding. Survey results with students reinforced this pattern: 38% of participants reported finding the funding application process complex and difficult, while 39% cited a lack of clarity in the application instructions. These findings highlight inequitable access to the application process.

3.1.5. Insufficient Financial Information

The lack of adequate and clear information regarding university financing had further consequences for educational participation. A public university management board member noted, *"Some students join school without fully understanding the financial obligations, which later forces them to drop out or defer."* Rising rates of dropout and deferment disrupted class composition and weakened peer learning experiences, undermining the vibrancy and quality of academic environments.

Faced with financial uncertainty and confusion about their funding status, many families increasingly turned to short-term solutions such as Constituency Development Fund (CDF) bursaries. As a Finance Officer at a public university observed, *"Parents are now seeking bursaries from CDF to pay for tuition."* This growing reliance on ad hoc support mechanisms is an indication that the NFM's funding streams were not reliably reaching the students who needed them most, thus raising serious questions about the model's long-term viability and ability to deliver on its promises of equitable access and sustainable university financing.

This fragmented communication landscape ironically had serious consequences for equitable access. Some families, already struggling economically, were deterred from enrolling their children in university after receiving admission letters, quoting seemingly unaffordable fees. Whether it was only a perception or reality, high university tuition costs under the new model have led many students to opt for TVET institutes instead of universities, despite qualifying for degree programs even; all this while financial support was technically available but access to it poorly explained.

3.1.6. Cost of Ineffective Communication

Further, the inconsistent communication exposed the model to legal and political challenges. The culmination of this was the December 2024 High Court ruling, which criticised the government for *"grossly inadequate public participation"* in the design and rollout of the NFM. Such judicial and public criticism not only forces reactive adjustments but also severely undermines confidence in the future sustainability of the model.

The quality of education also suffered. The delays in funding disbursement, coupled with the confusion surrounding fee payments, contributed to rising dropout rates and learning interruptions in the form of strikes. A member of the management board at a public university observed, *"Dropout rates have increased since the introduction of the new funding model,"* highlighting how financial instability among students translated into academic instability for the institutions, and apathy to the model..

Ineffective communication questioned the sustainability of the NFM. Frequent policy reversals, inconsistent communication, and crisis-driven adjustments strained the universities' ability to plan and operate effectively. As a Finance Officer from a public university noted: *"Uncertainty in funding disbursement has disrupted academic calendars."* This illustrates how unpredictable financial flows have jeopardised programmatic development, infrastructural investments, and long-term institutional stability.

An analysis of both primary and secondary data reveals a fundamental communication concern: No name has been universally adopted and used consistently across all internal stakeholders and among implementing agencies. In the websites of some individual agencies, different names are used to refer to the New University Funding Model. Different stakeholders apply variant terms depending on the context, leading to inconsistencies in communication and interpretation. The term "New Funding Model (NFM)" is the most commonly used in the public discourse and by the media, while the Ministry of Education frequently refers to it as the "New Higher Education Funding Model." The Universities Fund often emphasises the term "Student-Centred Funding Model (SCFM)," reflecting the model's focus on individual learner needs rather than institutional block funding. Meanwhile, HELB uses the label "Variable Scholarships and Loans Funding (VSLF)", particularly when referencing the Means Testing Instrument used to assess students' financial capacity. This variation in terminology across implementing agencies has contributed to confusion among students, parents, university staff, and the general public.

Table 4 The New University Funding Model by any Other Name

Stakeholders	Preferred Name
Public and the Media	New Funding Model (NFM)
Ministry of Education	New Higher Education Funding Model
Universities Fund	Student-Centred Funding Model (SCFM)
HELB	Variable Scholarships and Loans Funding (VSLF)

In-depth oral interviews produced data that point to contextual issues exacerbating ineffective communication. These are: (i) coming soon after heavily contested national elections, the national political environment was characterised by tension and lack of trust, and (ii) the international environment was characterised by post-COVID-19 economic crisis, negative geopolitical tensions, and the fake-news era.

3.1.7. Conclusion

Despite a lack of a common reference to the NFM, unanimity in perspectives of internal stakeholders suggests clear, consistent, and comprehensive internal sharing of information. This is a major success as it points to potential smooth collaboration in the implementation of the model. However, lack of involvement of the NGAOs, who engage directly with local communities and have traditionally been the link between national government and the public in the communication and implementation of government policies, appears to have been a major lapse in the strategy. On the other hand, unclear and multiple understanding of what NFM is, sometimes manifested in divergent perspectives by categories of participants, point to ineffective stakeholder engagement and communication at both the design and implementation stages of the model.

The *confusion and mistrust* surrounding the implementation of the NFM highlight serious communication failures despite consistent understanding of the model among internal stakeholders (government officials implementing the model, except NGAOs). Inconsistent and contradictory messages from different offices created uncertainty, turning the funding model into a contested space influenced by competing interests. Various external actors, including parents, university officials, and local administrators, interpreted and relayed information differently, leading to widespread misunderstanding. The situation was worsened by the spread of misinformation through social media, which filled the void left by unclear official communication. As a result, trust in the process was eroded, and many external stakeholders felt excluded and/or misinformed.

Ineffective communication worked against NFM's implementation, and worse, NFM's goal of promoting equitable access to sustainable and quality education. The findings above suggest that many students from marginalised backgrounds suffered inequitable access to information and to the application process and therefore failed to apply and/or enrol for the university programs. For example, it's likely that many parents and students gave up on university education when they received the letter from the ministry with full costs of their programs.

Similarly, ineffective communication had negative implications on the quality of education programmes at the university as it disrupted programs, leading to increased dropout rates and deferrals, especially by students from vulnerable households. Members of public university management boards, administrators, and members of faculty didn't seem to understand the NFM model. They expressed disappointment and a lack of confidence in the NFM. This doesn't augur well for the quality of education programmes. Ultimately, ineffective communication and stakeholder engagement had serious implications on the sustainability of university funding, and of equitable access to quality education due to a lack of understanding and ownership of policy change and practice.

Global and national geopolitical tensions, post-COVID socio-economic crises, and the fake news era complicated the situation, with dire implications on equitable access to sustainable quality university education.

3.2. NFM Design

This section critically analyses the findings on the design and implementation of these features, drawing on official documentation and field interviews. The discussion is structured around two thematic areas: (i) the development and application of the MTI, and (ii) the operationalisation of student-centred funding. It offers a detailed evaluation of their strengths, weaknesses, and the emerging challenges to equitable, quality and sustainable Higher Education.

3.2.1. Development and Application of the Means Testing Instrument

At the core of the NFM lies the Means Testing Instrument (MTI). The MTI is a structured tool consisting of a series of questions that assess key socio-demographic and economic variables to determine the financial need of individual students. Its primary goal is to support equitable access to higher education (HE) by systematically evaluating and classifying students into different funding bands based on their financial circumstances.

Through this tool, the government estimates the aggregate household income of each applicant and assigns students into one of five funding bands: the lower a household's ability to pay, the higher the proportion of government support provided through a combination of loans, scholarships, and bursaries. Figure 1 illustrates the structure of the student-centred funding model (MoE, 2023).

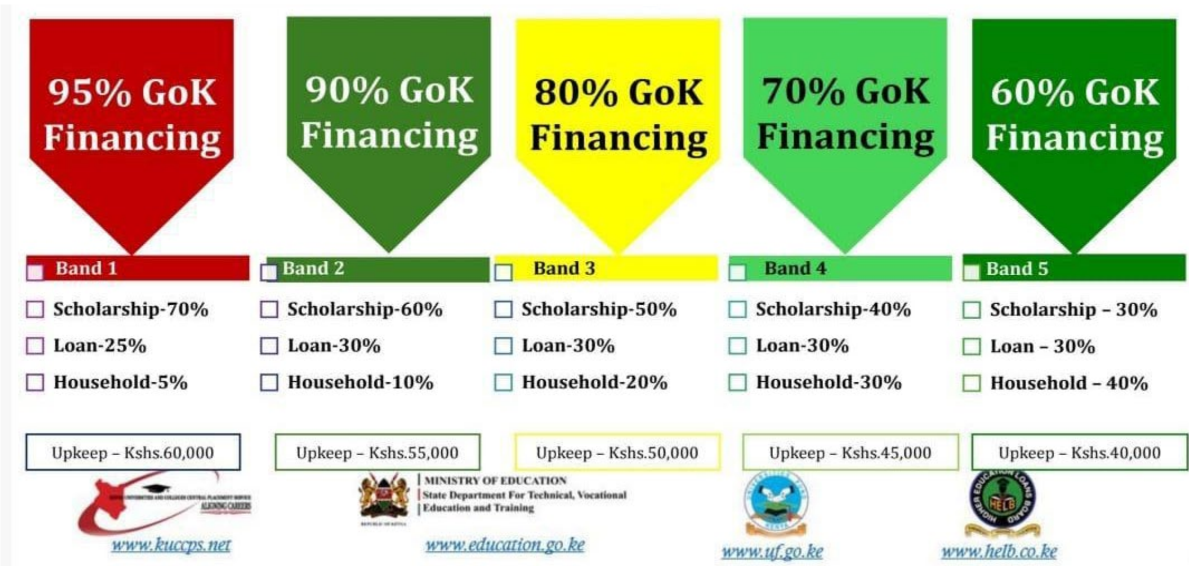


***Figure 1:** Student Centred Model*

The MTI is presented as a clear, well-structured document that facilitates implementation.

Findings of this study showed that it is theoretically sound because it draws on a range of socio-economic variables rather than relying on a few isolated indicators. Beyond assessing parental income, it considers aggregate household income (capturing extended family support where applicable), parental status (such as single parenthood and orphan hood), household location (whether urban, rural, or marginalised), the type of secondary school attended, gender, disability status, and household expenditure patterns, among other factors. As an officer from the Implementing Agency 1 explained:

> *The Means Testing Instrument doesn't just look at the parent's income. We also check where the student comes from, what school they went to, whether the parents are alive, if the household has other sources of income... It's a broader way of understanding need, not just what the parent says.*

Similarly, an officer from an implementing Agency 2 affirmed that, *"It is not only about the income of father and mother. It is about the family, the environment, marginalised status. We use different government records to assess the full situation of a student."*

This comprehensive approach makes the assessment of financial need more objective and better reflects the complex socio-economic realities students face. In Kenya, where extended family members often contribute to educational expenses, the MTI appropriately captures the broader communal structure of support. As a representative from a faith-based organisation observed,

> *In our African setting, a child is supported by the family, not just parents. The model should reflect this reality because an elder brother or sister can also be paying school fees.*

Thus, the MTI aligns closely with the African principle of communitarianism and is particularly suited to Kenya's socio-cultural context.

Successes of MTI

One of the most notable strengths of the MTI is its progressive shift from equality-based to equity-based funding. Previously, university funding operated under a blanket system where all government-sponsored students received similar grants, regardless of their household financial circumstances. The MTI disrupted this approach by introducing needs-based targeting through a structured band categorisation. An officer from Implementing Agency 1 emphasised this shift: *"Before, grants were equal—just divide the available funds. Now, we consider family background, economic status, gender, and marginalisation."*

Similarly, a faculty member in a private university observed, *"The model looks at where the child comes from and decides what they need. If you are from a well-to-do family, you co-partner with the government, but if you are from a poor family, you get full support."* Thus, the MTI reinforces principles of social justice while ensuring scarce public resources prioritise students who would otherwise be excluded from higher education.

Another notable strength of the MTI is its reliance on a multi-dimensional socio-economic assessment framework. Unlike previous models that primarily depended on self-declared parental income, the MTI incorporates a broad range of factors as presented earlier. As an officer from Implementing Agency 1 noted: *"We look at the family background, socioeconomic status, affirmative action, gender, marginalised areas, family size, marital status, and expenditure on education."*

The use of multiple data points sourced from agencies such as the Kenya Revenue Authority (KRA), National Hospital Insurance Fund (NHIF), National Transport and Safety Authority (NTSA), and National Education Management Information System (NEMIS) enhances the robustness of financial need evaluation. This multidimensional approach aligns more accurately with the complex realities of poverty, where vulnerability is shaped by an interplay of diverse factors rather than income alone. An officer with Implementing Agency 2 noted: *"We validate with KRA, NTSA, NHIF, and (Persons with Disabilities) (PWD) registration… It's not that we take information at face value."* This method theoretically strengthens the fairness, accuracy, and credibility of funding allocations compared to the previous systems.

The MTI also holds significant potential for optimizing the use of public resources in the higher education sector. By ensuring that government support is concentrated among students with genuine financial need, while wealthier families contribute proportionally more, the model aims to enhance fiscal efficiency. A participant from a faith-based organisation said:

> *Somehow, they needed to bring the people with resources to do higher bits of funding and to try to help those who may not be very much with resources.*

In an environment where student numbers continue to rise and government budgets are increasingly constrained, this kind of efficient targeting is critical.

The MTI also lays an important foundation for greater transparency in university funding decisions. Under previous systems, grants were allocated at the institutional level without clear accountability to individual students regarding the basis for distribution. In contrast, the MTI introduces a systematic, published banding system, allowing students and families to better understand how funding decisions are made. An officer from Implementing Agency 2 noted: *"One of the key success stories on accountability that was there in loan* is also now being extended to the scholarship side."

Further, the new model requires students to express their interest in funding annually, fostering a direct relationship between students and the government. As the same officer from Implementing Agency 2 explained, *"Now, with the new funding model, what will happen is that every year, just like the loan, you must express interest,"* the officer added. This structural change enhances transparency, empowers students by making them active participants in the funding process, and reduces the likelihood of behind-the-scenes manipulations at university administrative levels. By strengthening trust in the fairness of financial aid distribution, the MTI contributes to rebuilding public confidence in the integrity of government support for higher education.

Challenges of MTI

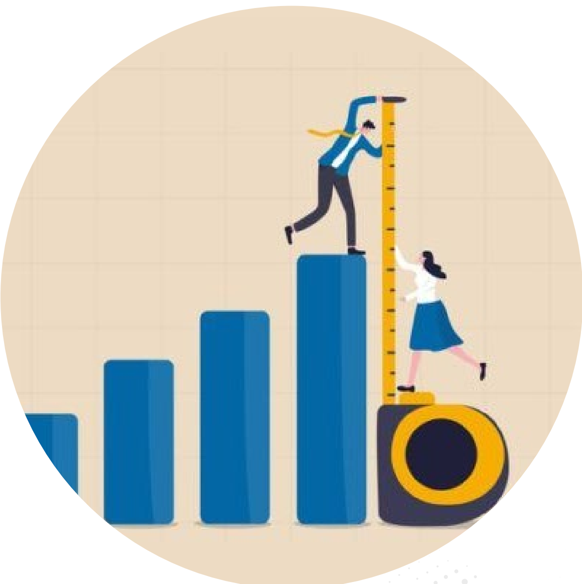
However, while the MTI introduces important reforms in the allocation of university funding, the study identified several critical challenges that undermine its effectiveness and potential to achieve long-term impact.

One major concern is the sustainability of the model. Although the MTI seeks to optimise the distribution of resources by targeting financial need, it relies on government funding to cover between 60% and 95% of university education costs. This high dependency raises serious questions about the long-term fiscal viability of the model, particularly given the continuous rise in student enrolments. Student survey data revealed that among the 99% of respondents who had heard about the model, 57% believed it was not sustainable.

A former official at Implementing Agency 3 underscored this risk, observing, *"The Student-centred model is not sustainable because it is focused on outflows… We have no sense of the inflows."* Without parallel strategies to diversify revenue streams such as private sector sponsorships, research and consultancies, alumni and other philanthropic contributions, and innovative income-generating activities within universities, the MTI risks overwhelming the government to collapsing under its own financial weight.

Another major challenge lies in the quality and reliability of the data used to classify students. The MTI depends on information from several government databases, including KRA, NHIF, NTSA, and NEMIS. However, these systems are often incomplete, outdated, or fail to capture informal sector realities. As a result, students from low-income households who lack formal documentation may be misclassified into higher funding bands, while wealthier families who are adept at manipulating the system may conceal their true incomes and unfairly benefit. An Implementing Agency 1 officer noted this problem, observing: *"Some students from humble backgrounds end up in higher bands because they lack sufficient documentation."* A parent's voice further illustrated the human cost of this misclassification: *"My daughter refused to say we are poor... and now she's in Band 5. We've opted for a TVET."* Where socio-economic profiling is inaccurate, the MTI risks entrenching existing inequalities rather than addressing them, thus undermining the fundamental principle of equity that it seeks to uphold.

The failure to integrate available data comprehensively worsens these issues. Although NEMIS tracks students who received government bursaries in primary and secondary schools due to financial hardship, this information is not fully incorporated into the MTI's financial need assessments. As a result, inconsistencies arise where students previously recognised as vulnerable are suddenly misclassified when applying for university funding. Besides, socio-demographics change; a student who was previously vulnerable may no longer be a year later, and vice versa. There is a need to constantly update data. Such gaps in data gathering and integration undermine the model's equity objectives and leave the most vulnerable students without sufficient support.



Although the NFM model was designed to prioritise marginalised students, and although it aligns with Kenya's marginalisation policies, its application has been inconsistent, leading to the exclusion gaps during execution. One critical issue is the lack of clear mechanisms to verify financial hardship in rural areas. Some students are unfairly classified for lack of real-life verification mechanisms.

Beyond technical issues, the MTI's design overlooks critical local verification mechanisms. NGAOs (Chiefs and village elders), who possess deeper knowledge of household realities in rural and marginalised areas, are excluded from the financial need verification process. A representative from a faith-based organisation stressed the importance of community-based knowledge by asserting, *"You cannot exclude the chiefs who understand family backgrounds and expect good results."* In areas where formal records are sparse or non-existent, the exclusion of local intelligence weakens the reliability of financial assessments, further risking misclassification and exclusion of deserving students.

The structure of the MTI has also had unintended effects on equitable access to high-cost professional programs. Under the current model, students placed in Band 5, for instance, must pay up to KES 175,000 per year for a Medicine degree at the University of Nairobi, while those in Band 1 pay only KES 35,000. By contrast, a Bachelor of Arts at Moi University costs around KES 160,000, with Band 1 students paying KES 8,000 and Band 5 students paying KES 64,000 annually. These cost disparities mean that students from low-income households, even if academically qualified, often cannot afford to pursue expensive professional degrees. A faculty member from a public university highlighted the impact of this trend by stating that, *"More students qualified for the high-cost courses will drop… if parents cannot meet the cost."* This structural bias risks reinforcing social stratification, with wealthier students accessing high-return professional careers, while poorer students are channelled into cheaper, lower-income programs.

Such an outcome starkly contradicts the ethical promise of equal opportunity in education. Beyond affordability, the fairness of the MTI's classification criteria has been questioned. The model does not account for unexpected financial hardships, such as job losses or medical emergencies, which can drastically affect a household's ability to pay for education. Furthermore, bias in determining financial need has been observed, with some students categorised based on school attended rather than their actual financial background. This blanket assumption fails to consider students who attended national schools through scholarships or bursaries and does not reflect their actual financial standing.

Suffice to note that all models are theoretical and their application in real life is bound to have some challenges (Pearson 2020). This is why before rollout of a model at a national scale, piloting helps identify barriers and unexpected emerging issues and quickly addresses these for desired outcomes. Hence, the major pitfalls of the NFM include a lack of piloting of the model, and worse, a lack of a systematic and robust monitoring, evaluation and learning (MEAL) process. This Study kept searching and requesting to peruse any tools on MEAL with the implementation of NFM, but they did not get any. A senior administrator from a public university said, *"No verification mechanism exists for correcting misclassification errors"*. This was validated by a Nairobi-based parent in his observation that the government seemed to have implemented the model before they understood it: *"By now, the government should have sent the money to the universities. Why did it launch the program when it knew it did not have enough money?"* A Finance Officer from a private university concurred. *"There is no clarity on how the MTI system evaluates applicants."*

Beyond the absence of a pilot study, as noted in the course of this study, the MTI is being challenged because it lacks an enabling Act of Parliament (Otieno, 2025), uses a banding algorithm alleged to disadvantage poorer and marginalised students (Cheruiyot & Muchunguh, 2025), and was introduced without the constitutionally required public participation (Mwangi, 2024). These flaws have shifted debate from technical refinement to deeper concerns about the model's legality, equity, and democratic legitimacy (APHRC, 2025).

The rollout of the New Funding Model (NFM), implemented without piloting or a robust Monitoring, Evaluation, Accountability, and Learning (MEAL) framework, deepened existing inequalities among institutions and students, creating winners and losers. Private universities and TVET institutions, with greater financial and administrative flexibility, adapted more readily, while public universities struggled under bureaucratic constraints and chronic underfunding. Students from urban, well-resourced households were better positioned to navigate the application process, while those from low-income, rural areas encountered significant barriers, including limited digital access, lack of guidance, and difficulties with documentation.

As a result, many students from disadvantaged backgrounds opted for more affordable technical and vocational training. A parent from Nairobi noted:

> *Many parents have opted for TVETs due to affordability.*

Meanwhile, private universities benefited from the shift by aligning their programs with industry demands and emphasizing on quality education. A faculty member from a private university observed: *"We have intensified efforts to align our programs with industry demand… We're fully booked till 2027."* These trends illustrate how, instead of narrowing gaps in access and institutional strength, the NFM further entrenched pre-existing disparities.

The implementation of the Means Testing Instrument (MTI) under Kenya's New Funding Model (NFM) has encountered significant challenges, primarily stemming from divergent stakeholder perceptions. Government officials and implementing agencies often present the model as a cost-reducing intervention that enhances access to higher education. In contrast, many external stakeholders—including students, parents, and university administrators perceive it as increasing the financial burden on households. This contrast is reflected in public sentiment, with a parent stating: *"The government has left the burden to us,"* while a Ministry of Education official asserted: *"University education has never been cheaper."* These opposing perspectives reflect a partial truth on both sides: while the model has reduced costs for some students, it has simultaneously increased them for others, depending on their assigned funding band and program of *study.*

Under the previous Differentiated Unit Cost (DUC) model, government-sponsored students paid a uniform fee of approximately KES 16,000 per semester, regardless of their academic program, and benefited from subsidised campus accommodation. The NFM, however, introduced differentiated cost-sharing based on actual program costs and the financial need of students as determined by the MTI. For instance, a student admitted to a Bachelor of Medicine program at the University of Nairobi costing approximately KES 700,000 per year would pay KES 35,000 if placed in Band 1, representing a highly subsidised rate. Conversely, a student in Band 5 would be required to pay 40% of the total cost, amounting to KES 175,000 annually. Similar disparities are evident in lower-cost programs; for example, a Bachelor of Arts student at Moi University in Band 1 pays KES 8,000 per year, while a Band 5 student pays KES 64,000 substantially higher than the flat rate under the DUC model.

These differentiated outcomes have contributed to mixed stakeholder responses. While some view the MTI as an equitable approach to resource allocation, others perceive it as exclusionary and financially unsustainable. Survey data reflect this divide: 58% of students expressed a lack of confidence in the NFM's ability to provide sufficient financial support, while 62% believed the model would negatively impact the quality of education. Additionally, concerns emerged regarding unequal institutional funding, with some universities perceived as being disproportionately advantaged, further exacerbating structural disparities in the higher education sector.

The resulting mistrust has hindered broad acceptance of the MTI and complicated its implementation. These tensions are compounded by unresolved debates over whether higher education in Kenya should be regarded as a public or private good. Those who view higher education as a public good argue that it should be predominantly funded by the government to ensure equitable access for all, regardless of socioeconomic background. Conversely, proponents of the private good perspective believe that individuals should bear a greater share of the costs, especially those pursuing high-return degrees, thereby justifying the differentiated cost-sharing. The lack of consensus on this fundamental question continues to shape stakeholder reactions, with equity advocates criticizing the financial burden placed on vulnerable households, while fiscal conservatives defend the model's emphasis on personal and family responsibility. Thus, the ideological tension over the purpose and funding of higher education lies at the heart of the implementation challenges facing the MTI.

3.2.2. Student Centredness

Another significant feature introduced by the NFM is student-centredness. Unlike the previous institutional funding approach, where money was allocated directly to universities based on a blanket formula, the NFM redirects funds to follow individual students. Under this system, allocations are based on two primary factors: the specific programme a student is enrolled in, and the actual cost of running that programme at the respective university. The aim is to promote competition, efficiency, and financial accountability by pushing universities to become more responsible for the costs they generate. Funds are no longer awarded in bulk to institutions but instead reflect programme-specific expenditures, with percentages determined by each university's costing. For instance, an undergraduate degree in Medicine and Surgery at the University of Nairobi costs significantly more than the same degree at Moi University, highlighting how programme costs can vary widely even within similar fields. However, according to government officials, including members of the PWPER interviewed in this study, this outcome was not what they anticipated.

Theoretically, this model aimed to encourage universities to empirically determine the real costs of their academic offerings, improving budget discipline, pricing transparency, and resource rationalisation. A senior government official explained this intent clearly, stating: "*Before the model, even universities didn't know the true cost of programs.*" The hope was that stakeholders, especially parents and students, would eventually appreciate the actual cost of university education and move away from assumptions of a blanket government subsidy. Another government official elaborated: "*For the first time in Kenya, we were hoping to get to a point where all stakeholders, especially parents, can appreciate the true cost of university education.*" However, these ambitions have not been fully realised on the ground.

The implementation of student-centred funding has faced significant costing challenges. When the study sought to understand how universities determined the costs of their specific programmes, it emerged that none of those interviewed had done an empirical assessment of the needs to run such a programme. A dean from a public university reported: "*We simply estimated, because there was no time,*" while a faculty member said: "*Some universities used parallel programs, & others compared with other institutions.* "A former official at Implementing Agency 3 wondered how a Bachelor of Medicine and Surgery program would cost KES 600,000 per year given the many and expensive inputs that go into the program. He asked, "*Who decides that training a medical student for a year costs 600K? These are not evidence-based figures.*" Most of the programs across universities put the cost of training this student at KES 600,000. KES 700,000 is the highest any public university has cited.

As the field data revealed, instead of conducting empirical assessments, many public and private universities largely relied on subjective factors to determine the costs of their programmes. Some public universities, for instance, set low fees by comparing themselves to older, more established institutions, hoping to attract more students and achieve financial sustainability. When asked to explain the optimal number of students needed in a program such as Medicine to maintain quality education, many could not provide a clear answer.

Similarly, private universities had not conducted rigorous cost assessments either. Instead, they adjusted fees based on market competition. For example, one major private university in Nairobi initially reduced fees in certain programs to compete with public universities but later raised them once challenges in public universities' implementation of the funding model became evident. Without standardised, evidence-based costing mechanisms, universities have introduced inconsistencies in program pricing, undermining the fairness, transparency, and sustainability that the NFM sought to promote. Consequently, the costs of the same degree program can be drastically different across universities, complicating student choices and further embedding institutional inequalities.

Also, with the student-centred model, money goes to the student and not to universities. An official with Implementing Agency 2 reported that this was necessary to curb issues of lack of financial transparency and accountability in public universities. He said:

> *… with the former model, all universities were declaring that they were universities of science and technology to get more money and some would declare more students than they actually had on the ground.*

This idea that what is declared in public is often different from what is 'on the ground' (reality) is common in Kenya, especially in politics. It indicates dishonesty.

While the student-centred model seemed like a great way to deal with issues of poor management, it introduced new challenges at the student level. Many students who lack financial literacy, misuse or misappropriate funds. A Finance Officer from a public university reported: *"Students ask for more money than is required… Parents end up overpaying fees. Then students come to us to request for refunds…. others even eat their fees and drop out of school without telling their parents."* Similarly, a university administrator from a public institution recounted:

> *Students often come to us saying they have paid more fees than necessary and they would like to have the extra money refunded. For some of them, the money would have been paid by different donors and bursary funds. Instead of being honest to the donors, they lie about it and keep asking for refunds……. I always tell them it is donor money and if the school fees have been paid, we send the money back to the donor so that another child can benefit.*

3.3. Institutional Management

This section discusses the findings of this study on the management of the implementation of NFM at both the implementing agencies (internal stakeholders) and the universities (external stakeholders). Institutional management refers to the day-to-day coordination of all operations (policies, strategies) and resources (human, infrastructure, time, financial and others) in an institution to achieve institutional goals effectively with due respect to institutional values. Crucial aspects for creating an effectively functioning institution are the management of communication and stakeholder engagement, strategic planning, leadership and governance, human resource management, financial management, infrastructure and technology, risk, sustainability (Abo-Khalil, 2004) and quality product (services/goods), change and innovation, and Monitoring, Evaluation and Learning (MEAL).

Following its design, the NFM envisioned close collaboration among multiple institutions to realise its objectives. Agencies such as HELB, UF, KUCCPS, and CUE, together with universities, were expected to work seamlessly together. Politically, the model enjoyed unprecedented support, with the President personally taking the lead in its development and launch. Emphasizing education as a catalyst for national development and a social equaliser, the President constituted the Presidential Working Party on Education Reform (PWPER) soon after his election. Within a short time, the PWPER produced the New Funding Model, which the President launched for immediate implementation. His commitment remained evident throughout, as he consistently intervened to unlock operational bottlenecks. A senior Ministry of Education (MoE) official noted: *"When different stakeholders pointed at the challenges of the implementation of the model, the President appointed a committee to review and refine the model."* The President's direct engagements, such as the City Hall sessions where he personally explained the NFM to the public, underscored his political will to anchor higher education financing reforms.

Government officials operationalised this vision by providing policy leadership and technical oversight. The Cabinet Secretary for Education championed the model publicly, framing it as a sustainable solution to long-standing financing challenges. The Principal Secretary responsible for Higher Education coordinated implementing agencies to align their mandates to national priorities. Operationally, agencies such as HELB, UF, KUCCPS, and CUE had established structures and adequate funding, and their leadership demonstrated a shared understanding of the model's rationale. As a senior officer explained, *"His Excellency the President on 3rd of May 2023 included a variable funding model, of vulnerable, needy, less needy, and able… We now have band one, two, three, up to five."* Such political and technical leadership provided a strong foundation for the model's ambition to promote equitable access to quality, sustainable higher education.

However, while political commitment was high, significant management and operational weaknesses emerged during the model's rollout. Strategic planning at the institutional level was notably insufficient. Universities were also not adequately prepared to implement the sweeping changes the model required. In the absence of a piloting phase of MEAL, and with limited preparatory guidance, institutions were forced into a reactive mode. As a member of the university management board in a public university admitted: *"Universities are struggling to adapt to a system they were not prepared for."* This lack of preparedness disproportionately affected institutions: well-resourced universities with flexible systems adapted more quickly, while less-resourced universities, often serving marginalised populations, struggled. The gap widened the inequality in access to higher education, disadvantaging students who relied on fragile institutions for upward mobility. Furthermore, disruptions to academic programs and administrative services arising from poor planning compromised the quality of education, while repeated operational crises raised doubts about the long-term sustainability of the new funding framework.

Communication and stakeholder engagement failures significantly contributed to confusion and mistrust surrounding the implementation of the New Funding Model (NFM). While consultations were held at the national level, key stakeholders particularly students, parents, local administrators, and universities appear to have been excluded from meaningful participation. This omission is especially concerning given that students are the primary beneficiaries of the model. One university administrator observed: *"Students were not involved in discussions, yet they are the ones most affected."*

Survey data with first- and second-year students reinforces this concern. Although 99% of them had heard of the NFM, 37% reported having a poor understanding of how it works. More than 60% believed the funding criteria were based solely on parental income and financial need, suggesting limited awareness of the broader evaluation factors. Notably, 62% of students cited social media as their primary source of information, the highest reported channel, indicating a lack of structured, official communication. Further, 57% expressed a lack of confidence that the NFM would provide adequate financial support. These findings point to a significant communication gap and lack of engagement with those most directly impacted by the policy, ultimately undermining trust and weakening the effectiveness of implementation.

Within universities, the lack of human resource preparation placed an additional strain on service delivery, which directly impacted the quality of education. Staff tasked with explaining the funding processes and assisting students were themselves inadequately trained, creating bottlenecks and confusion. One administrator in a public university observed: *"University staff were not properly trained on how to handle the new funding model."* This resulted in delays in student registration, increased deferments, and administrative errors. When universities are unable to effectively guide students through critical funding processes, it disrupts academic calendars, reduces learning time, and ultimately compromises educational quality. Struggling students, especially those from vulnerable backgrounds, bore the brunt of these inefficiencies, facing disruptions that affected not only their studies but also their psychosocial well-being.

While these issues point at communication and stakeholder challenges, they also point at poor governance and weak leadership in universities. It is not clear why universities waited for communication and engagement from the internal stakeholders while they could have proactively sought for it. Much later, the study noted that some universities began to take initiatives and seek information and engagement, though late. For example, when this Study was collecting data, an interview session with one official from the implementing agencies was delayed because the official was sensitizing the senate of an old large public university in Nairobi. Two other big universities in western Kenya were taking other initiatives like inviting potential students to their universities for support on how to apply for HELB loans, and scholarships.

The study also established that financial management under the NFM introduced new vulnerabilities that threatened institutional sustainability. By transferring much of the financial responsibility to families while reducing predictable government support, universities became financially unstable. A finance officer at a public university observed:

> *Universities rely on tuition fees, but many students cannot pay on time.*

This instability resulted in operational deficits, delayed salary payments, stalled infrastructure development, and compromised research activities. Institutions that normally depended on timely and stable funding from the government under the old model now struggled to maintain service delivery. Consequently, universities found themselves increasingly unable to invest in quality enhancement, research, and future growth, hence affecting institutional sustainability.

The financial burden on students also had direct equity implications: many from middle- and low-income families either deferred their studies or dropped out entirely, reinforcing systemic inequalities in access to higher education. Furthermore, the lack of coordination among implementing agencies has resulted in fragmented implementation and role duplication. A former Vice Chancellor of a public university observed, *"Agencies are always fighting… no clear synergy. Just duplication."*

Other participants, who included HELB and UF, Finance officers and Registrars of universities, and faculty, pointed to poor coordination between universities, admission process, and the funding agencies. A CEO of one university agency said: *"… University X (urban middle) messed us. They messed us by admitting the students before the processes of classification of students had started."* A local government administrator remarked: *"We were not consulted, and now we are dealing with the consequences of a poorly designed system."* A senior university administrator echoed this sentiment, pointing to poor coordination, which could result from many factors, such as lack of policy frameworks, guidelines, and standard operating procedures.

This Study appreciates the role of the various agencies responsible for education policy, funding, and implementation, especially given the context within which the new funding model is being implemented. However, lack of collaboration creates systemic challenges that disproportionately affect marginalised and underserved populations. This undermines the development of coherent, long-term strategies necessary for resilient education financing. Stakeholders noted that the current structure is marked by fragmented responsibilities among various agencies, including ministries of education, funding bodies, and local authorities, which often operate in isolation. Limited communication between these entities leads to inefficiencies, such as missed opportunities for data sharing. Additionally, competition for limited funds prevents resource consolidation, while a lack of transparency and accountability in funding allocation further exacerbates these challenges.

This Study also noted that the various implementing agencies are physically located in different parts of Nairobi and yet a lot of coordination is required among them. While information and communication technologies enable fast communication, face-to-face communication remains a more effective way of communicating. Given the close coordination agencies need to have, it would make sense to have them under one roof, perhaps even within the Office of the Department of Higher Education in the Ministry of Education.

Besides, stakeholders working closely with the implementing agencies would wish to have a 'one-stop-shop' for all matters related to high education funding. A national government administrative officer who is also a parent of a first-year student working within the outskirts of Nairobi expressed his frustrations moving from KUCCPS to see where his son had been placed to going to HELB to find out how the application for loans is done, and wondering if he needed to go to the University Fund Offices to apply for scholarships. All three institutions are located in different places. Universities also concur that the implementing agencies could be better coordinated, noting poor management of resources as their premise.

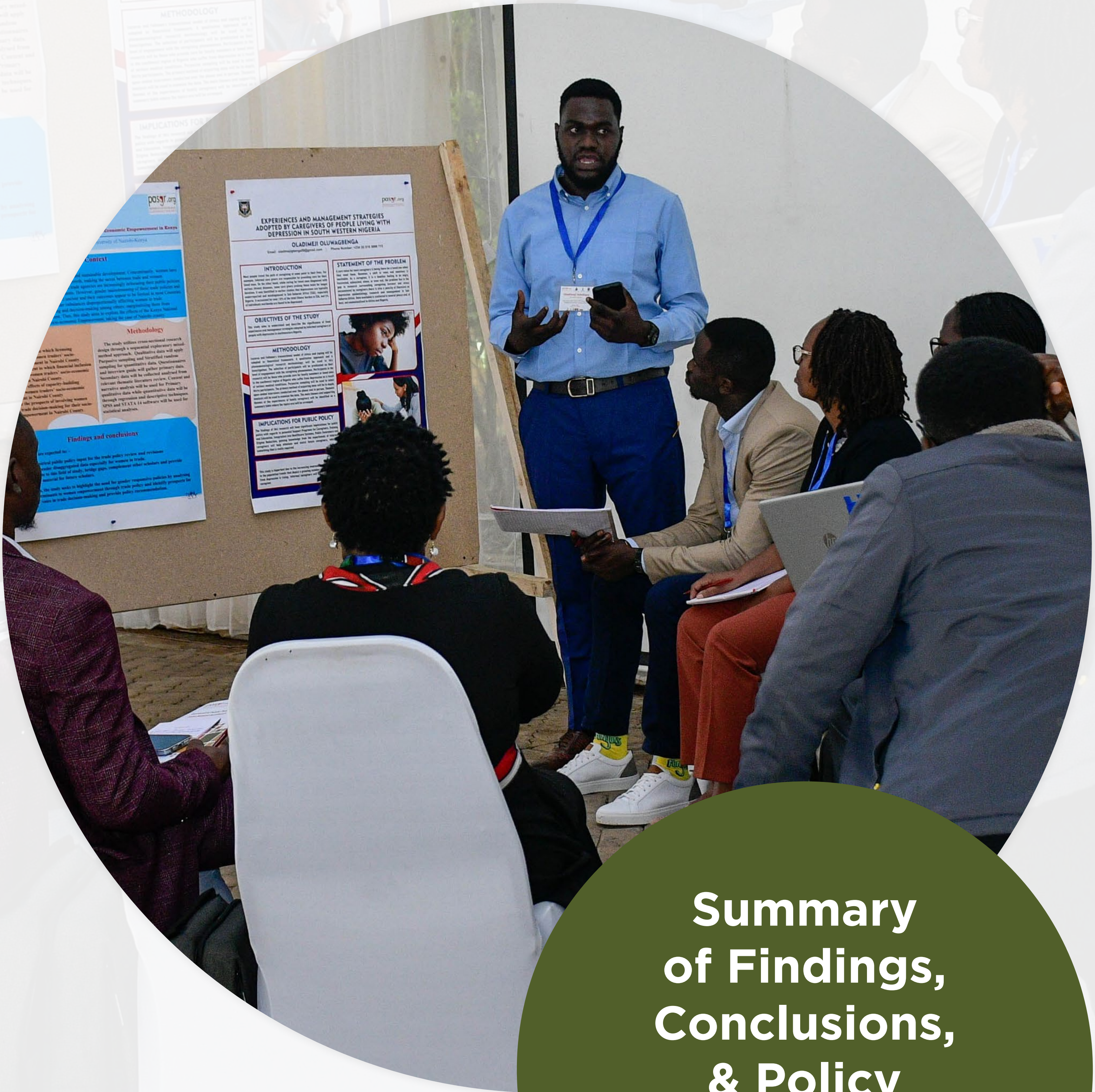
3.4. Conclusion

Institutional management is poor across internal and external stakeholders, more so among external stakeholders. Internal stakeholders displayed several letdowns: (i) poor communication and stakeholder engagement, (ii) poor coordination with other stakeholders, (iii) poor planning, which was marked by a lack of piloting of MTI, and (iv) lack of risk evaluation and a robust monitoring and evaluation process. Beyond these setbacks, they suffered from mismanagement of financial resources, as is evidenced by the problematic disbursement of funds to banded students.

Rather than be proactive, as is expected of effective institutional managers and administrators, external stakeholders waited for information and engagement. By the time some of them started looking for information and engagement, NFM was already off to a chaotic start. This is symptomatic of poor leadership and governance. External stakeholders also displayed poor financial management and planning. A case in point is when they estimated the costs of university programs without empirical evidence. Moreover, in spite of the financial crisis the universities were experiencing, none of them raised the impracticality of implementing an unpiloted funding model in such an environment.

Ethical issues emerged as both internal and external stakeholders were interviewed. Interestingly, everyone seemed to be blaming everyone else for dishonesty except themselves. Further complicating matters, universities faced significant financial instability. Since their revenues depend on student enrolments and prompt payment of tuition, fluctuations in program popularity and students' financial capacity directly impacted university budgets. One vice-chancellor, speaking on this issue, admitted: "*But what do you do? This is what we are forced to do. This model is student-centred, so the more students you have in these attractive courses, the more money you get from government.*" As a result, universities may prioritise quantity over quality to maximise funding, jeopardizing long-term investments in faculty, infrastructure, and research excellence.

Deeper analysis of the failures of both internal and external stakeholders suggest that the challenge was beyond them; it had to do with poor leadership, governance and ethics. We did not pursue this issue because it was outside our scope, but it's definitely an interesting subject of interrogation in future studies



Summary of Findings, Conclusions, & Policy Recommendations

4.0. Introduction

This section summarises the key findings and conclusions of the study, and against each of the conclusions, policy recommendations are suggested. While in reality these overlap significantly, they are presented separately for clarity and simplicity. However, a holistic approach to reimagining university financing towards holistic reforms for optimal effect is recommended.

4.1. Summary of Key Findings

A theoretical analysis of the purpose, rationale, and design of the New Funding Model (NFM) reveals a well-conceived and solid model with significant potential to advance equitable and sustainable access to quality higher education in Kenya. The shift from equality to equity, operationalised through the Means Testing Instrument (MTI), which integrates multiple socioeconomic variables, represents a critical innovation in targeting student needs and allocating resources fairly. This design marks a notable step forward in addressing systemic disparities in access.

While government officers were ostensibly reading from the same script, except for NGAOs, regarding the purpose, rationale, and design of the NFM, external stakeholders don't seem to have been adequately engaged in the development of the design and implementation of the model design. Besides, communication on the model was either poor or inadequate. This is clear from the discrepancies noted under the findings of this study and may largely explain why, almost two years later, the model's implementation is yet to effectively take root.

Challenges related to the model's technical design were normal and should have been expected. All models and the tools associated with them are theoretical, and their application in real life is bound to have some challenges. Rollout of the MIT at a national scale without piloting and without a systematic and robust monitoring, evaluation, and learning (MEAL) process to help identify barriers and quickly address unexpected emerging issues was a potential setup for glitches and bottlenecks. However, one key challenge of the model is that it recommends continued over-reliance on government funding, with between 95% and 60% of all funding coming from the government. This is not sustainable since the government was already falling behind in its financial obligations to university funding long before NFM was introduced.

Digital communication, which is not accessible to many Kenyans, especially the marginalised, was relied on. NGAOs, who are national government administrative officials at the grassroots and therefore closest to the public, were not involved in either the design or the implementation of the model. With the challenges of ineffective stakeholder engagement and communication, it is not surprising that the implementation of the NFM remains, at best, unstable.

Beyond the challenges of communication and model design, effective implementation of the NFM is hindered by a complex interplay of structural and contextual challenges within the higher education ecosystem. These include persistent overreliance on diminishing government funding, lack of HE stakeholders' involvement, poor coordination, deteriorating quality of teaching and learning, ineffective institutional management, governance deficits, and a broader lack of a national ethos undermined by limited transparency and accountability among stakeholders. Additionally, the absence of a supportive geopolitical environment, locally, nationally and internationally, further complicates efforts to realise the model's goals.

These interconnected issues reveal the fragile balance between equity, quality, and sustainability, where failure in one domain jeopardises progress in the others. To address this, the study has disentangled the factors limiting the NFM's success, offering practical recommendations that are aligned with its findings. Ultimately, the study underscores the urgent need for a holistic, inclusive, and policy-anchored infrastructural framework to translate the vision of reimagined university financing into tangible and equitable outcomes in higher education.

4.2. Conclusions, Re-imaginations, and Policy Recommendations

The NFM, with its goal to promote sustainable and equitable access to quality HE using the MIT and a student-centred approach, is a bold and achievable move in the right direction. However, it promotes continued overreliance on government funding, which has not been forthcoming. Moreover, effective implementation of the NFM is marred by inadequate and fragmented communication, lack of piloting, and lack of a robust system of monitoring and evaluation, which is necessary to address issues emerging from implementation in diverse cultural contexts. This study recommends a review of the model. Thankfully, a committee to do this is in place.

This study makes the following conclusions, re-imaginations, and policy recommendations towards sustainable and equitable access to HE in Kenya and beyond:

Conclusion 1: The current financial crises in public universities and continued overreliance on dwindling government funding, even with the NFM, have negative implications for equitable access to sustainable and quality education.

Re-imagination 1: Zero debt in entrepreneurial public universities, independent of government fiscal funding

Policy Implication 1: Is university education a public good? Without clear policy guidelines in response to this question, expectations by external stakeholders that the government will continue to fund university education abound, and equitable access to sustainable and quality education will remain a mirage.

Conclusion 2: Despite top-level government support and effective communication among internal stakeholders, ineffective communication and inadequate stakeholder engagement interacted with an unfavourable national and international geopolitical and economic environment (characterised by post-COVID-19 economic crisis and a social media fake-news era, among other factors) to make NFM's implementation challenging.

Re-imagination 2: Effective communication and adequate stakeholder engagement in the design and implementation of HE policies and procedures in an environment of trust among all stakeholders.

Policy Implication 2: A comprehensive communication strategy with clear but flexible standard operating procedures that use available means of communication according to contextual realities.

Conclusion 3: Ineffective management of universities, manifested in ineffective communication and poor financial management, including, for example, a lack of transparency, accountability, and leadership in fundraising and other initiatives, makes public universities dependent on government fiscal funding, jeopardizing equitable access to sustainable, quality university education.

Re-imagination 3: Sustainable, effective institutional management of HE characterised by effective communication, and financial management manifested in fiscal independence from government, and in diverse internal and external funding sources.

Conclusion 4: A lack of a harmonised and comprehensive/holistic policy framework makes it difficult for universities and other agencies to translate theory on effective HE management into practice, as manifested in poor communication, stakeholder management, and financial management.

Re-imagination 4: A harmonised and comprehensive/holistic policy framework implemented to address the complex situation of university funding in Kenya by supporting public universities and other HE agencies to effectively translate theory on communication and financial management into practice for sustainable and equitable access to quality HE

Policy Recommendation 4: Development and implementation of a comprehensive/holistic policy framework on university funding to address the debt crisis in public universities; to support effective institutional HE management, especially on communication, stakeholder engagement and diversification of funding sources through introduction of market-oriented loan-based reforms, Public Private Partnership (PPP), internal income generating activities, including research, consultancies and commercialisation of university resources; and foundation, alumni and other philanthropic fundraising initiatives, among other factors. for sustainable and equitable quality HE.

Table 5 Alignment of Findings, Conclusions, Re-imaginations, and Recommendations

Finding	Conclusion	Re-imagination	Recommendation
Overreliance on diminishing government funding	Financial crises at the universities have negative implications on equitable access to sustainable and quality education	Zero-debt universities that are independent of government funding.	A policy framework is needed on whether education is a public or private good.
Poor communication and global crises made implementation of NMF difficult	Ineffective stakeholder engagement	Effective communication, engagement of all stakeholders in a trust environment.	Comprehensive communication strategy based on contextual realities.
No harmonised and comprehensive/holistic funding policy framework	Difficulty in translating theory on effective HE management into practice	Refined, comprehensive funding policy fosters sustainable and equitable access to quality HE	Development and implementation of a comprehensive/holistic policy framework on university funding
Poor management of universities evidenced by ineffective communications	Overreliance on government funding hinders sustainability and independence of universities.	Professionally managed, financially sustainable institutions benchmarked by effective communication strategies	Universities should explore other models of funding, including fundraising, to supplement government funding.

4.3 Areas for Further Research

Two areas of further research emerged:

i) The process of disentangling the various intersecting challenges limiting the success of NFM suggests that all the challenges are related to ineffective HE management at institutional levels. However, in-depth analysis of the data provided in this report points at governance and ethics issues as the root cause of ineffective institutional management. However, governance and ethics issues were outside the scope of this study. This would be a useful area to focus on in the future.

ii) This study focused on reimagining university financing in the context of the successes and challenges of the implementation of the NFM in Kenya. Study participants, therefore, included the national Ministry of Education and the NFM implementation agencies directly involved in the implementation, and university management board members, managers, faculty, students (2023/24 & 2024/25 academic years), and their parents, civil society actors, and NGAOs. Private business corporations (e.g., banks, hospitals, telecommunications firms like Safaricom and Airtel), and alumni did not participate. This study suggests that these private business corporations and alumni have a potentially pivotal role in future data and resource mobilisation for universities. This highlights the need for further research on their perspectives, especially on their role in promoting sustainable and equitable quality university education.

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Appendices

Appendix I: Survey Tool

Introduction

Thank you for consenting to participate in this survey. Your input will help us understand the various aspects of the current University funding model design in Kenya and its impact on equitable access to quality education.

A: Demographic

1. Role: Please specify your role within the organization (e.g., administrator, teacher, parent, community member).
2. Organization Type: Which type of organization are you associated with? (e.g., school, district, nonprofit, government agency)

B: Funding Model

3. Please indicate the main sources of funding for your? institution.
   a. ☐ Government
   b. ☐ Student fees
   c. ☐ Income generating Units
   d. ☐ Research
   e. ☐ Endowment funds/ Alumni
   f. ☐ Other (please specify): ____________________
   g.
4. How stable are the funding sources?
   a. ☐ Highly stable
   b. ☐ Somewhat stable
   c. ☐ Unpredictable
   d. ☐ Unstable
5. How would you rate the clarity of the current funding model objectives? (1-5 scale, with 1 being unclear and 5 being very clear)
6. On a scale of 1 to 10, how well do you believe the current funding model aligns with your educational goals and priorities?
7. How are institutional budget priorities determined within the current funding model? (Multiple choice)
   a. ☐ Based on academic program needs
   b. ☐ Allocated evenly across departments
   c. ☐ Based on student population demographics
   d. ☐ Other (please specify)
8. Which areas receive the highest budget allocation in our organization? (Select all that apply)
   a. ☐ Instructional materials
   b. ☐ Teacher salaries
   c. ☐ Facilities maintenance
   d. ☐ Technology infrastructure

e. ☐ Student support services

f. ☐ Other (please specify): ____________________

9. In your opinion, how does the current funding model address issues of equity in access to resources? (Open-ended)

10. What improvements would you suggest to enhance the effectiveness of our funding model in promoting equitable access to quality education? (Open-ended)

C: Equitable Access to Quality Education

11. In your opinion how do the funding decisions impact equitable access to quality education? (Scale: 1 = Negatively, 5 = Neutral, 10 = Positively)

12. Are you aware of any specific policies or guidelines in place to ensure equitable distribution of resources? (Yes/No)

13. How do you address disparities in educational opportunities among different student groups (e.g., low-income students, students with disabilities)?

D: Sustainability of the new funding Model

14. On a scale of 1 to 5, how would you rate the financial stability of your institution under the new funding model compared to the previous year?

    a. ☐ Very unstable

    b. ☐ Somewhat unstable

    c. ☐ Neutral

    d. ☐ Somewhat stable

    e. ☐ Very stable

15. How satisfied are you with the current funding allocations and resource distribution under the new funding model?

    a. ☐ Very dissatisfied

    b. ☐ Dissatisfied

    c. ☐ Neutral

    d. ☐ Satisfied

    e. ☐ Very satisfied

16. Have you observed any changes in the availability of resources (e.g., facilities, equipment, staffing) since the implementation of the new funding model?

    a. ☐ Yes, resources have significantly decreased

    b. ☐ Yes, resources have slightly decreased

    c. ☐ No significant change in resources

    d. ☐ Yes, resources have slightly increased

    e. ☐ Yes, resources have significantly increased

17. How would you rate the effectiveness of the new funding model in promoting equitable access to educational opportunities for all students?

    a. ☐ Very ineffective

    b. ☐ Ineffective

    c. ☐ Neutral

d. ☐ Effective

e. ☐ Very effective

18. What challenges have you encountered in implementing the new funding model within the past year?

a. ☐ Limited funding/resources

b. ☐ Unclear budget priorities

c. ☐ Administrative burdens

d. ☐ Resistance to change

e. ☐ Other (please specify)

19. To what extent do you think the new funding model supports long-term financial sustainability for our institution?

a. ☐ Not at all

b. ☐ Slightly

c. ☐ Moderately

d. ☐ Considerably

e. ☐ Very much

20. How transparent do you perceive the decision-making processes related to resource allocation and budgeting under the new funding model?

a. ☐ Not transparent at all

b. ☐ Slightly transparent

c. ☐ Moderately transparent

d. ☐ Very transparent

e. ☐ Extremely transparent

21. Have you noticed any positive outcomes or improvements in educational quality as a result of the new funding model within the past year?

a. ☐ Yes, significantly improved

b. ☐ Yes, slightly improved

c. ☐ No noticeable change

d. ☐ Yes, slightly worsened

e. ☐ Yes, significantly worsened

22. In your opinion, what changes or adjustments could be made to the new funding model to enhance its sustainability and effectiveness in the future?

23. Overall, how optimistic are you about the future success of our institution under the new funding model?

a. ☐ Very pessimistic

b. ☐ Pessimistic

c. ☐ Neutral

d. [ ] Optimistic

e. [ ] Very optimistic

24. Considering the one-year timeframe, do you think the funding model is sustainable in the long run? (Yes/No)
25. If no, what adjustments or strategies would you recommend?
26. What opportunities do you see for enhancing the sustainability and effectiveness of the funding model with regard to promoting equitable access to quality university education?
27. Any other comment on this study?

Thank you for participating in this survey! Your insights will contribute to improving our funding strategies and ensuring equitable access to quality education

APPENDIX II: INTERVIEW SCHEDULE GUIDE FOR KEY STAKEHOLDERS & KEY INFORMANTS

Introduction

After participant has provided informed consent to participate in the interview, we shall proceed as follows:

Thank you for consenting to participate in this conversation. Your input will help us understand the various aspects of the current University funding model design in Kenya and its impact on equitable access to quality education. Please remember that you are still free to opt out of the study if you wish. Note also that if you feel uncomfortable responding to any question, you may just say 'pass' and we will skip the question.

Any questions?

Policymakers:

1. Tell me about yourself, your position in the university (or wherever), how long you have worked with your institution and what your day to day work involve.
2. How does the new university funding model promote equitable access to higher education while ensuring quality and excellence across institutions?
3. What specific measures have been incorporated into the funding model to address socio-economic disparities and increase participation from socio-economic vulnerable groups?
4. How does the new funding model prioritize ethical considerations and governance principles to ensure transparency, accountability, and fairness in resource allocation?
5. What mechanisms are in place to monitor and evaluate the impact of the funding model on access, equity, and educational outcomes?
6. How are the objectives and rationale of the new funding model communicated to stakeholders, including, institutions, faculty, students, and the public?
7. What strategies are in place ensure that the new funding model aligns with government policies and priorities for higher education, research, and societal development?
8. How is the new funding model supporting initiatives to enhance student success, retention, and graduation rates, particularly for marginalized and disadvantaged student populations?
9. What ethical considerations are guiding the design and implementation of the new funding model, and how do you plan to address any potential conflicts or challenges?
10. How will governance structures be strengthened to uphold ethical standards, prevent misconduct, and promote responsible stewardship of resources under the new funding model?
11. How do you envision the funding model contributing to the broader national goals of fostering a knowledgeable, skilled, and inclusive society?
12. How can the new funding model be sustainable?

University Administrators

1. Tell me about yourself, your position in the university (or wherever), how long you have worked with your institution and what your day to day work involve.
2. In what ways does the university new funding model expanding access to educational opportunities while maintaining high standards of academic excellence and student support services?

3. How does the funding model integrate principles of equity and fairness in resource allocation to ensure that all students have equal opportunities to succeed?
4. What initiatives are there in place to enhance the quality of education, including curriculum development, faculty training, and student engagement, under the new funding model?
5. How does the new funding model promote ethical behavior and responsible conduct among faculty, staff, and administrators within the institution?
6. How do you communicate the values and principles underlying the funding model to faculty, staff, students, and other stakeholders?
7. What mechanisms will be established/ or in place to solicit feedback from stakeholders and incorporate their input into decision-making processes related to the new funding model?
8. How will governance structures be reformed or strengthened to ensure transparency, accountability, and integrity in financial management and decision-making?
9. What strategies are in place / will be employed to address any disparities or inequities that may arise in the implementation of the funding model?
10. How does the institution uphold ethical standards in research, teaching, and service activities, and how will these be integrated into the new funding model?
11. How do you plan to foster a culture of academic integrity, social responsibility, and ethical leadership among students and faculty under the new funding model?

Faculty Members

1. Tell me about yourself, your position in the university (or wherever), how long you have worked with your institution and what your day to day work involve.
2. How does the new university funding model enhance access to research funding, academic resources, and professional development opportunities for faculty members across disciplines?
3. In what ways do you perceive the funding model influencing teaching practices, curriculum design, and academic innovation to promote inclusivity and diversity in the classroom?
4. How well-informed do you feel about the ethical principles and governance frameworks embedded within the funding model, and how do you plan to uphold these in your academic activities?
5. Do you believe the funding model aligns with the academic goals and priorities of your department or discipline, particularly in terms of promoting access, equity, and quality of education?
6. How does the new funding model compare to previous models in terms of supporting faculty initiatives, interdisciplinary collaboration, and community engagement?
7. What concerns, if any, do you have about the potential implications of the funding model for academic freedom, intellectual property rights, and research ethics?
8. Are there any specific aspects of the funding model that you would like to see addressed or clarified to better support faculty members in their teaching, research, and service roles?
9. How do you plan to integrate ethical considerations and social responsibility into your teaching, research, and mentoring activities under the new funding model?
10. How will governance structures within your department or faculty be adapted to ensure ethical conduct, transparency, and accountability in decision-making processes?
11. How do you envision faculty members contributing to the ethical and equitable implementation of the funding model, both within the institution and in collaboration with external partners?

Students

1. Tell me about yourself, what programme are you enrolled for in your university how long you have been a student with your institution and what your day to day activities are.
2. How do you perceive the new university funding model expanding access to higher education for diverse student populations, including those from underprivileged backgrounds or historically marginalized groups?
3. In what ways do you anticipate the funding model improving the quality of education, student support services, and campus facilities to enhance the overall learning experience?
4. How well-informed do you feel about the ethical principles and governance mechanisms embedded within the funding model, and how do you plan to advocate for their implementation?
5. Do you believe the funding model supports the university's commitment to diversity, inclusion, and student success, and if so, how?
6. How does the new funding model compare to previous models in terms of supporting student needs, such as financial aid, scholarships, mental health services, and academic advising?
7. What concerns or expectations do you have regarding the impact of the funding model on your academic journey, personal development, and career aspirations?
8. Are there any specific aspects of the funding model that you would like to see improved or changed to better meet student needs and promote a more equitable and inclusive campus environment?
9. How do you plan to participate in governance structures and decision-making processes related to the implementation of the funding model, and how will you advocate for student interests and concerns?
10. How will student organizations and campus groups be involved in promoting ethical conduct, social responsibility, and community engagement under the new funding model?
11. How do you envision students contributing to the ethical and equitable implementation of the funding model, both within the institution and in collaboration with external stakeholders?

Relevant Government Officials

1. Tell me about yourself, your position in the university (or wherever), how long you have worked with your institution and what your day to day work involve.
2. How do you anticipate the new university funding model advancing government objectives for expanding access to higher education, improving educational quality, and fostering social inclusion and mobility?
3. In what ways do you perceive the funding model aligning with broader government policies and priorities for research, innovation, and workforce development?
4. How will the government support institutions in implementing the funding model and addressing any challenges or barriers that may arise during the transition?
5. What mechanisms will be put in place to ensure that the funding model promotes ethical conduct, transparency, and accountability in the use of public funds?
6. How will the government collaborate with universities and other stakeholders to monitor and evaluate the effectiveness of the funding model in achieving its intended goals?
7. How do you plan to engage with policymakers, university administrators, faculty, students, and other stakeholders to solicit feedback and input on the performance and outcomes of the funding model?

8. What policy interventions or incentives are in place /will be introduced to encourage institutions to prioritize access, equity, and quality in their strategic planning and decision-making processes?
9. How does the government plan to address potential ethical dilemmas or conflicts of interest that may arise in the implementation of the new funding model, particularly concerning research ethics and academic integrity?
10. How will the government ensure that governance structures within universities are strengthened to uphold ethical standards, prevent misconduct, and promote responsible stewardship of resources?
11. What strategies will be employed to foster collaboration and knowledge-sharing among institutions, government agencies, industry partners, and community stakeholders to maximize the impact of the funding model on society and the economy?

Appendix III: Fgd Guide Themes

(i) Description of the new Funding Model
(ii) Policies related to the New Funding Model
(iii) Factors related to quality Higher Education
(iv) Factors related to access to HE
(v) Factors related to equitable access to HE
(vi) Sustainability of the model
(vii) Strategies to address issues of Governance and Ethics
(viii) Strategies to strengthen equitable access to HE
(ix) Strategies to strengthen the sustainability of university funding
(x) Any other themes that may emerge and are relevant.

Appendix IV: Informed Consent Form

MOI TEACHING & REFERRAL HOSPITAL / MOI UNIVERSITY COLLEGE OF HEALTH SCIENCES -INSTITUTIONAL RESEARCH AND ETHICS COMMITTEE(MTRH/MU-IREC)

INFORMED CONSENT FORM

Study Title: Re-Imagining University Financing in Kenya for Equitable Access to Quality University Education

Name of Principal Investigator(s): Prof. Eunice Kamaara

Co-investigator(s): Prof. Ann Mwangi, Dr. Elizabeth A Owino, Dr. Erick Masese

Name of Organization: Partnership for African Social Governance Research (PASGR)

6th Floor, I&M Bank House, 2nd Ngong Avenue

PO Box 76418-00508 | Nairobi, Kenya

Telephone Number: (+254) (0) 731 000 065

Name of Sponsor/Funding Agency: Carnegie Corporation of New York

Informed Consent Form for:

Internal and external stakeholders of Higher Education Financing including national Ministry of Higher Education including HELB and UF, the Commission for University Education (CUE), Kenya Universities and Colleges Central Placement Services (KUCCPS), NCCK, KCCB, among other key policy makers, University Vice Chancellors, Deans and other university managers, lecturers, administrative staff, support staff, student leaders, students, and parents.

This Informed Consent Form has two parts:

- Part I: Information Sheet [to share information about the study with you]
- Part II: Certificate of Consent [for signatures if you choose to participate]

PART I: INFORMATION SHEET

Introduction:

You are being asked to take part in a research study. This information is provided to tell you about the study. Please read this form carefully. You will be given a chance to ask questions.

Taking part in this research study is voluntary. Saying no will not affect your rights in any way. You are also free to withdraw from this study at any time. You may provide a reason if you wish otherwise you don't have to. If after data collection you choose to quit, you can request that information provided by you be destroyed under supervision. This would be before data is de-identified and aggregated. We do not expect any risks or any benefits directly to you in participating in this started but you will be notified if new information becomes available about possible risks or benefits of this research. You will receive a copy of this form for your records, if you wish, after it is signed.

Purpose of the study:

The aim of this study is to generate new knowledge on the newly government- implemented university financing model in Kenya in order to identify how its various aspects work and how it promotes or hinders equitable access to quality higher education in the country.

Study site: Kenya

Study population:

Internal and external stakeholders of Higher Education Financing including national Ministry of Higher Education including HELB and UFB, the Commission for University Education (CUE), Kenya Universities and Colleges Central Placement Services (KUCCPS), NCCK, KCCB, Media, among other key policy makers, University Vice Chancellors, Deans and other university managers, lecturers, administrative staff, support staff, student leaders, students, and parents.

Study procedures: Quantitative interviews using questionnaires, qualitative interviews using in-depth oral interview schedules and focus group discussions using a guide.

If you agree you will do the following:

If you agree to participate in this study, your participation will involve interviews only. In these, you will be interviewed either on your own or in a group to get your perspectives on the new university financing model.

Benefits:

There will be no benefits to you as an individual. However, the information that you provide will be used to provide evidence on the university financing model. We are already engaging policy actors to design and implement this study so that the evidence we produce may be taken up by policy makers to review current policies or make new ones in order to improve university financing in Kenya. We will convene a conference at the end of the project, to bring aboard all evidence and disseminate the findings to the research community, policymakers and other relevant decision makers, students, the media, civil society and interested public. Although this work is based on Kenya's HE financing challenge, generated knowledge is expected to have relevance to the broader African HE contexts which are facing the same challenges as the university context in Kenya. Therefore, HE policy makers from other African countries will be invited to participate in this conference and so their universities may benefit from this study. Beyond the conference, we will compile research findings into a working paper and policy brief. Other project outputs will include short video documentaries; a newspaper article; a blog; and Tweets and LinkedIn posts on PASGR's social media platforms in order to reach all interested parties.

Risks/Discomforts:

Since this study involves interviews only, we do not expect any risks or discomforts to you. If in the course of participation, you find that there are potential risks and discomforts for you, please let us know and we will address the risks or/and discontinue the interviews.

Reimbursements:

We request you to volunteer in participating in this study. Therefore, we will not pay you any money. Unless we require you to incur expenses in participation, there will be no reimbursements. If you incur expenses say in travelling to participate or to busy data to log in and speak with us, we will reimburse you up to 1000 Kenya shillings upon production of valid receipts.

Confidentiality:

All reasonable efforts will be made to keep your protected information private and confidential. Using or sharing of the information that you will provide will follow Kenya National privacy guidelines. By signing the consent document for this study, you are giving permission the Partnership for Social and Governance Research (PASGR), the organization for whom we are conducting this study, for the use and disclosure of your study information. PASGR will retain your research records for at least six years after the study is completed. At that time, the research information will be destroyed by shredding all hard copies and deleting all soft copies of the information. If you decide to withdraw your permission for use of your personal data, please contact the PI, Professor Eunice Kamaara in writing and let them know your decision. At that time, we will stop further collection of any information about you. However, the information collected before this withdrawal may continue to be used (without identifying you) for the purposes of reporting and research quality.

Compensation for injury:

We do not expect any injury related to participation in the study because the study involves interviews only and these will be done with your permission and at your convenience.

PART II: CONSENT OF PATICIPANT:

I have read or have had someone read to me the description of the research study. The investigator or his/her representative has explained the study to me and has answered all the questions I have at this time. I have been told of the potential risks, discomfort, and possible benefits of the study to stakeholders. I freely volunteer to take part in this study.

____

Name of Participant

____________________ ____________________

Signature of participant/Thumbprint Date & Time

____

Name of Witness [Optional]

____________________ ____________________

Signature of Witness Date & Time

____________________ ____________________

Name of the person obtaining consent Signature of person obtaining consent

____

Printed name of the investigator

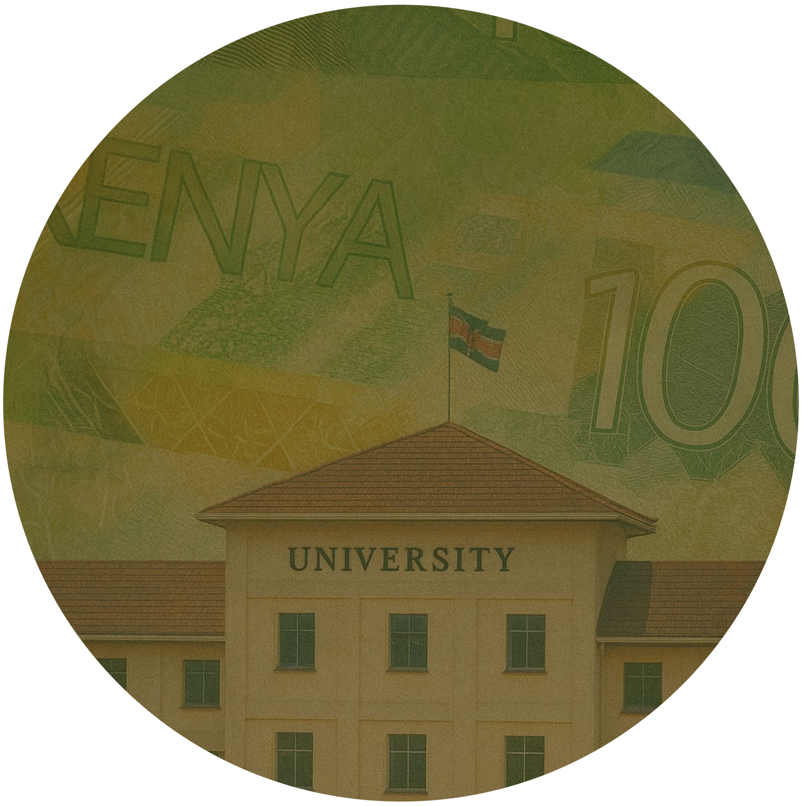
____________________ ____________________

Signature of Investigator Date

Contacts for questions about the study

Questions about the study: PI Contact Information: +254 (0)715 653 017 Email: ekamaara@gmail.com

Questions about your rights as a participant: You may contact the Institutional Ethics and Research Committee (MTRH//MU-IREC) 0787723677 or email irec@mtrh.go.ke or irecoffice@gmail.com. The MTRH//MU-IREC is a group of people that review studies for safety and to protect the rights of participants.



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