African Population and Health Research Center

Transforming lives in Africa through research.

JANUARY 2025

An Analysis of Kenya's New Higher Education Funding Model and its Implications on Equity, Quality, and Sustainability

APHRC 2025

For queries, please email: mngware@aphrc.org

Table of Contents

List of Tables

List of Figures

List of Abbreviations and Acronyms

BOOM:	Student Upkeep Fund
CUE:	Commission for University Education
DNA:	Did not answer
DUC:	Differentiated Unit Cost
EFA:	Education for All
GOK:	Government of Kenya
HE:	Higher Education
HEIs:	Higher Education Institutions
HELB:	Higher Education Loans Board
HESLB:	Higher Education Students Loan Board
IMF:	International Monetary Fund
JAB:	Joint Admission Board
JKUAT:	Jommo Kenyatta University of Agriculture and Technology
KCSE:	Kenya Certificate of Secondary Education
KNBS:	Kenya National Bureau of Statistics
KU:	Kenyatta University
KUCCPS:	Kenya Universities and Colleges Central Placement Service
MOE:	Ministry of Education
MTA:	Means Testing App
MTI:	Means Testing Instrument
NHEFM:	New Higher Education Funding Model
PWCFR:	Presidential Working Committee on Funding Reform
PWPER:	Presidential Working Party on Education Reform
SAPs:	Structural Adjustment Programs
SDI:	Subsidy Dependence Index
SID:	Society of International Development
STEM:	Science Technology Engineering and Mathematics
TUK:	Technical University of Kenya
TVET:	Technical and Vocational Education Training
UFB:	University Funding Board
UNDP:	United Nations Development Program
UoN:	University of Nairobi
VLSF:	Variable Scholarship and Loan Fund

Operational Definition of Terms and Concepts

As used in this study, the following terms and concepts will be understood as follows:

Equity: Is the degree of fairness with which the funding agencies such as HELB and UFB distribute loans, bursaries, and scholarships to students accessing higher education. Equity will be measured by the degree to which the means testing tool (MTI) and any other mechanism used by funding agencies is able to discriminate students according to their levels of need fairly.

Evaluation: Is the systematic analysis of the New Higher Education Funding Model (NHEFM) with regard to its alignment with the existing policies locally, regionally, and internationally and how the NHEFM leads to sustainability and equitable distribution of loans and scholarships to students.

Financial Allocations/ Distribution Mechanisms: This refers to any form of financial allocations and distribution mechanism used by the higher education funding agencies, such as the means testing instrument, government capitation, scholarships, loans, household contributions, including the variable loan and scholarship fund (VLSF).

Funding Model: In this study, a premium will be placed on the new higher education funding model (NHEFM) designed through variable loans and scholarship fund (VLSF) proposed by the 2022 Presidential Working Party on Education Reform (PWPER).

Higher Education: The study lays emphasis on university education and technical and vocational education and training, which are funded through Government of Kenya (GOK) scholarships and HELB Loans.

Nexus: Is the perceived qualitative connection or association between one aspect of education and another.

Quality: The study was based on the premise that a well-designed and sustainable students' funding model could potentially improve the standard of higher education through provision of adequate finances that will in turn fund the required academic resources to sustainably provide excellent teaching and learning, maintain modern facilities, develop relevant curricular and support students and staff welfare.

Sustainability: How well the NHEFM can maintain financial health for higher education institutions through sustainable fees charges and how HELB loans and scholarships can be provided to eligible students in higher education institutions without continuous over-reliance on exchequer funding. The sustainability of NHEFM was perceived through the effectiveness of HELB in loan recoveries especially through past loan repayment rates, reduced/ minimal default rates, diversity of funding sources and formal versus informal sources of loan recoveries.

The Policy Analysis Issue

1. The Policy Analysis Issue

The study's aim was to undertake a rapid policy analysis of Kenya's New Higher Education Funding Model (NHEFM) and its implications on equity, quality, and sustainability of higher education financing. It aimed at addressing the challenges encountered in higher education institutions due to massification in enrolment amidst diminishing exchequer financing. The NHEFM was unveiled by the government on 3rd May 2023, after a recommendation by the Presidential Working Party on Education Reform (PWPER). According to the PWPER, the NHEFM replaces the Differentiated Unit Cost (DUC) model previously used to finance higher education and separates placement from automatic funding (Republic of Kenya, 2023).

Furthermore, the PWPER's recommendation stipulates that under this model, universities and Technical and Vocational Education Training (TVET) Colleges will no longer receive block capitation from the exchequer but instead will be funded through varied student loans, scholarships, and household contributions. However, under the NHEFM, all universities accredited by the Commission for University Education (CUE) are eligible for government funding. Higher education stakeholders reckon that although the NHEFM was meant to ease financing challenges in higher education institutions, especially universities, its implementation has not provided the much-needed relief, and there is evidence that students who were funded through this new model are still experiencing challenges in meeting their education needs.

A survey by the Nation Media Group in 2024 revealed that with the implementation of NHEFM, students and their families are now forced to select university courses they can afford rather than what they qualify for and aspire to study, hence curtailing potential career growth (Muchunguh & Atieno, 2024). The survey also revealed that in the 2024/25 budget proposals, the Higher Education Loans Board (HELB) has a financing deficit of over Kshs. 11.4 billion and is only able to fund a paltry 17.2 % of the first-year students, blaming the Universities Fund Board (UFB) for non-compliance to Section 53 (1) and (2) of the University Act 2012 in funding universities by allowing State Department for University Education and Research to fund universities directly (Nyaundi, 2024). More than half of the public universities in Kenya are potentially insolvent over the debt burden which had hit 76 billion, with the University of Nairobi (UoN) carrying the lion's share at 18 billion, followed by the Technical University of Kenya (TuK) at 10.3 billion, Kenyatta University (KU) at 9.5 billion, and Jomo Kenyatta University of Agriculture and Technology (JKUAT) at 8.6 billion (Nyaundi, 2024).

The government has expressed commitment to solving the financial crisis experienced at the local universities, and this led to the creation of the PWPER. Higher education stakeholders have raised concerns over the technical implementation strategy of the NHEFM. It has been noted that the tuition fees implemented by various universities were hurriedly determined and not born of any empirical rigor and deep costing analysis that takes into consideration ability and willingness to pay, hence the implementation of the NHEFM as currently designed has led to a crisis in higher education financing with equity, quality and sustainability ramifications thus occasioning this rapid policy analysis. An example of 'things are not well' in public universities was witnessed in a July 2024 circular from the Ministry of Education (MoE) to stop implementation of the new tuition fees effective September 2024 without offering any alternative. However, the Kenya Universities and Colleges Central Placement Service (KUCCPS) website still retains the new tuition fees implemented in 2023 after the NHEFM was rolled out.

1.1 Aim of Policy Analysis and Research Questions

The main goal of this evaluation was to undertake a rapid policy analysis of Kenya's NHEFM and its implications on equity, quality, and sustainability of higher education financing. This would be critical in supporting policy uptake to strengthen equitable access to quality higher education now and in the future. Equitable access to quality higher education is at the center of Kenya's strategy to build a strong human capital that will transit the country to a strong economy with sustainable growth. Subsequently, the overarching evaluation question was:

i) What is the implication of Kenya's NHEFM on equity, quality, and sustainability of the funding mechanism?

ii) To respond to the main research question, the study developed subsidiary research questions as follows:

iii) How does the NHEFM align with Kenya's higher education financing policies and practices?

iv) What is the nexus between equity and quality implication of the NHEFM in financial allocations, distribution mechanisms, and financial sustainability?

v) What recommendations on best practices can be made by NHEFM to realize equity and quality in higher education?

1.2 The Causal link between the NHEFM and the Outcome Variables

Causality has been defined as a theoretical concept independent of the data used to learn about it. In this evaluation, the outcome variables are access, equity, quality and sustainability of the financing model are denoted by Y and the causal variable is the NHEFM and is denoted by X. However, the causal paths between the possible outcome variables and the predictor variable are myriad and denoted by Z and include financial allocations and distribution mechanisms.

X----------Z----------Y

Figure 1: Nexus between access, Equity and Quality of the NHEFM

Source: Conceptualized by the authors

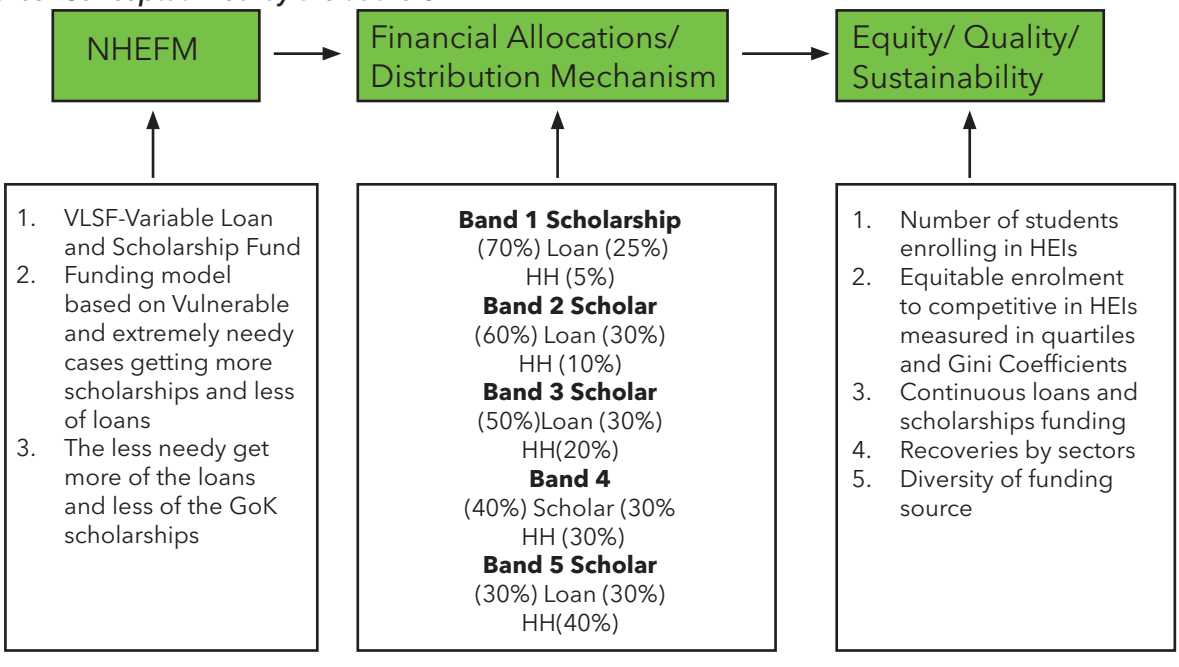


Figure 1 shows that the outcome variables measured by the number of students equitably accessing higher education and the quality of higher education provided, including the sustainability of the financing model adopted, are contingent on the higher education funding model. The NHEFM is the policy directive that determines the current financial allocation and distribution mechanisms of loans and scholarships to students in higher education institutions in Kenya.

1.3 Typology of the New Higher Education Funding Model (NHEFM)

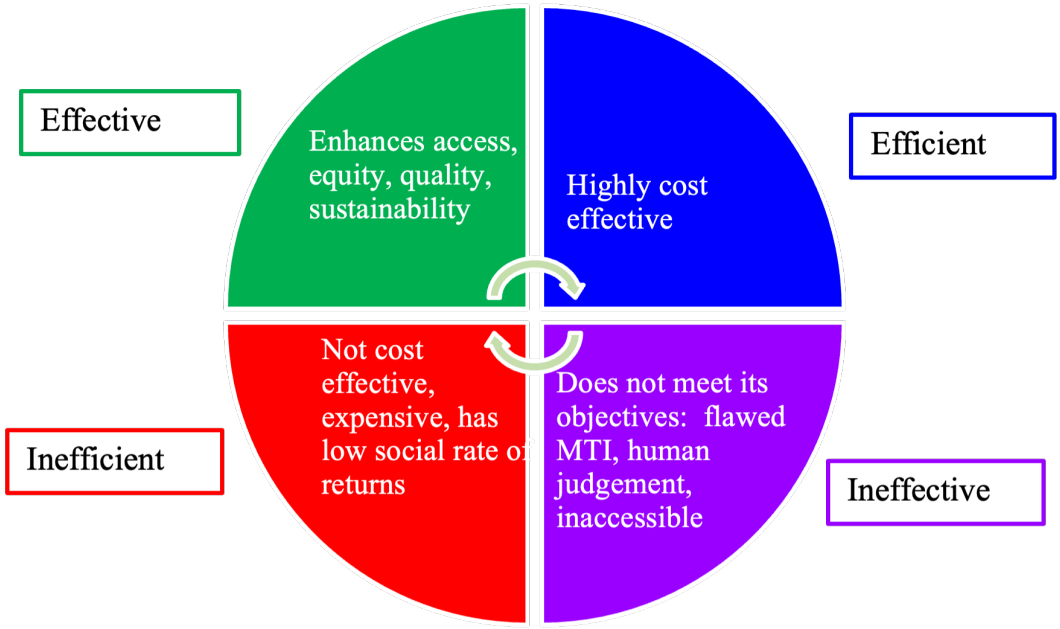


Figure 2: Typological Analysis of Higher Education Funding Models

Source: Conceptualized from the Study Findings

Figure 2 explains the various characteristics of higher education funding models. A funding model is effective when it meets its desired access, equity, quality, and sustainability objectives. This would be the most desirable model of financing. Apart from effectiveness, a funding model would also be required to be efficient. Efficiency is measured by the ability of a funding model to meet its desired objectives at minimal costs. On the contrary, if a funding model is not cost-effective, then it is inefficient. This means it would take the implementing agency a lot of resources to achieve the same or similar outcomes. Such a model would also be ineffective in meeting its objectives of enhancing access, equity, and quality, thus unsustainable in the long run.

The NHEFM is evaluated to be ineffective, just as much as it is inefficient, if it places heavy financial responsibility in the hands of the government to finance higher education. This is unsustainable in the long run as it denies the government the opportunity to finance other competing needs. However, this would be subject to the government's social policies, such as 'free higher education,' should it decide to do so. Similarly, it would be evaluated as ineffective if it relies on human judgment through the means testing instrument (MTI), which may be inaccurate in identifying the various levels of need. It is time-consuming, resource-intensive, and inaccessible, thus necessitating policy change.

2. Materials and Methods of Policy Analysis of NHEFM

The policy evaluation intended to establish the effectiveness of the NHEFM in meeting its objectives. The main purpose of the NHEFM is to enhance equitable access to quality higher education through a sustainable funding model. The process of evaluation of NHEFM was guided by the following approaches and/or elements:

i) The evaluation criteria were identified to guide the evaluation process with the sole aim of assessing the policy performance of the NHEFM. The evaluation was assessed in key areas such as equity in scholarship and HELB loan funding to TVET and university education, including the quality and sustainability of the NHEFM.

ii) Review of NHEFM policy as published in the Presidential Working Party on Educational Reform (Republic of Kenya, 2023) document. This was juxtaposed with other policy documents used to finance higher education, taskforce and presidential working party reports, higher education legislations on funding and financing such as HELB Act (Republic of Kenya, 1995), official reports, and government communications, including other guidelines and regulations contained in official letters and memos on the subject matter. These were analyzed through foresight methodologies to make sense of the data generated to reflect on the future implications. The purpose of foresight methodologies was to establish the thinking process that informed the strategic objectives, decisions, and options behind the policy pronouncement on NHEFM (Leedy, 1997; Voros, 2003; Slaughter, 2004). Foresight methodologies also purposed to inform the implementation matrix and intended outcomes, such as the equitable financing of TVET and university students and the sustainability of the model.

iii) Comprehensive literature review and analysis- of existing higher education financing models the world over. The search extended to academic research findings, conference papers and policy reports. The main objective was to identify key findings, establish trends and best practices to inform the rapid evaluation.

iv) Collection of qualitative and quantitative data related to higher education funding models. This included field data on enrolment trends, disbursements and distribution mechanisms, recoveries, resource mobilization, and performing and non-performing loans. Institutional audit reports and other relevant and available information were also considered. Besides quantitative data, qualitative data was collected through interviews, surveys, and expert consultations with relevant stakeholders.

v) Collating and analyzing data through foresight methodologies. The analysis was classified under four levels - the input, the analytical, the interpretive, and the prospective. Input level was concerned with the status quo, e.g., current financial inputs, and the analytical approaches to anticipate future events, e.g., trends and equity measures. It simplified complex information to understand trends, patterns, and possible impacts. Interpretive analyzed the happenings, e.g., making sense of the data, while the prospective delved into the future, and this was aided by the analyzed trends over a period of time. The objective was to identify gaps, strengths, weaknesses, and opportunities, including good practices for policy recommendation.

Study Findings and Discussions

3. Study Findings and Discussions

Findings are presented in response to the research questions, which were drawn from the purpose of the evaluation as follows:

3.1 How NHEFM Aligns with Higher Education Financing Policies and Practices in Kenya

This section examines in detail how the NHEFM adopted from the Variable Scholarship and Loan Fund (VSLF) model, as recommended by the Presidential Working Party on Education Reform, aligns with various higher education financing policies and practices. According to the report, students admitted to higher education institutions will now be funded through scholarships and loans under various categories of students: Vulnerable, extremely needy, needy, and less needy (Republic of Kenya, 2023). The section examines how the NHEFM aligns with the evolving phases of higher education financing policies and practices in Kenya since independence, namely: the free university education policy, the cost-sharing policy, and the privatization and marketization policy.

The Free University Education Policy: This was implemented at independence in the 1960s and 1970s and was characterized by the free provision of university education for all who qualified for university entry. It was argued that the state had to subsidize the highly expensive university education to enable many Africans to access it. The university was also seen as the epicenter of social and economic development (Merisotis & Wolanin, 2002; Sanyal, 1998). The annual admission to university between 1964/65 Academic Year, for instance, was only 651 students enrolled at the then University College of Nairobi. The number rose to 926 in 1965/66 Academic Year (Republic of Kenya 1969 as cited in Gravenir, Wangenge & Njihia, 2005). Otieno (2005) adds that the government offered highly subsidized higher education free of any direct charges with the hope of stimulating access to university education. From independence up to around 1975, students who qualified to join universities did not pay any direct fees. They were paid Kshs. 5/= per month for their upkeep famously referred to as "boom." However, they were required to pay only Kshs. 5/= towards caution money, which was reimbursed upon graduation if the student did not lose or destroy university property.

The small number of students made free provision of university education possible. However, by the end of 1969, annual intake had reached 1779, and this meant more resources were needed to fund university education. This led the government to introduce some form of cost recovery in 1975 when students who joined the university in that year were supported through a modest loan scheme of Kshs. 7000. However, the loan was unstructured, and there was no formal way of repayment until HELB was created in 1995 to equitably disburse and recover outstanding loans (Republic of Kenya, 1995).

Under the NHEFM, the government will bear differentiated household contributions, HELB loans, and scholarship portions. However, in the past year since the publication of the PWPER report, there have been numerous policy shifts. According to the PWPER Report (Republic of Kenya, 2023:167), the NHEFM shifted the burden of funding students from vulnerable and extremely needy households to the State through scholarships[1] at 82% and HELB loans at 18%, and 70% and 30%, respectively. The two bands had zero household contributions from the students or their families. This policy seems to mirror the free university provision policy that was adopted in the '60s and part of the '70s, where higher education was absolutely free for the few numbers of students admitted but was abandoned because of sustainability

1 Needy – 53% Scholarship, 40% loan and 7% household of the cost of the programme. Less Needy – 38% Scholarship, 55% loan and 7% household of the cost of the programme. See https://www.universitiesfund.go.ke/wp-content/uploads/2023/08/UF-FAQs-.pdf

challenges. However, less than three months of the NHEFM implementation and perhaps sensing the potential challenges associated with sustainability, the state shifted policy and imposed a 5% household contribution for students in Band 1, 10% in Band 2, 20% in Band 3, 30% in Band 4 and 40% in Band 5 respectively over and above HELB loans imposed for every band. This implies that as the demand for higher education rises, the more the state shifts the burden away from free provision to the private beneficiaries of higher education.

This led to the conclusion that there is no provision for free higher education under the NHEFM. However, in its reports, the government has admitted that more than half of the population (51%) in rural areas and 33% in urban areas live below the poverty line[2] with Turkana and Wajir Counties leading in poverty index at 87.5% (KNBS & SID 2013). This means that under the NHEFM, children from Wajir and Turkana Counties have less than 12.5% affordability to access to higher education in Kenya while those from other rural households have a 49% affordability chance – due to poverty constraints. The determination of a 12.5% chance for Turkana and 49% is based on the poverty index. Poverty is measured at the national poverty line of Ksh 3,947 and Ksh 7,193 per month per person (in adult equivalent terms) for rural and urban areas, respectively. It is notable that the exchange rate in 2021 was 1 USD to Kshs. 113. Thus implementation of the NHEFM in its current form could lead to serious intergenerational inequalities and calls for a rethinking of the model.

The cost-sharing policy: This policy arose in 1988 from the World Bank's prescribed reforms in the higher education sector that came with the infamous structural adjustment policies (SAPs), akin to what is being witnessed under NHEFM. The Bank's thought process was published in an influential policy paper titled "Education in Sub-Saharan Africa: Policies for Adjustment, Revitalization and Expansion" (World Bank, 1988). The paper condemned the cost of university education in Sub-Saharan Africa as being needlessly high and called upon African governments to relieve the burden on public resources of financing by increasing the participation of beneficiaries and their families (World Bank, 1988). The economic theory behind this recommendation was premised on the argument that university education had higher private returns on investment than social returns. Hence, individuals should pay for their university education as they benefit most compared to society (Psacharopoulos & Patrinos, 2018). The paper also decried the high levels of government subsidy for university education and strongly advised governments in SSA to introduce fees in public universities, for instructional and non-instructional services such as food and accommodation. The government responded by introducing cost-sharing, which required students or their parents to cover both tuition and the cost of their maintenance. In Kenya, the severity of these adjustments started being felt in 1994 when the government cut allocations to the Ministry of Education from about 40% to 30% and, at the same time, adopted the unit cost mode of financing university education, where universities were allocated Kshs. 120,000 for every student (regardless of the program of study), and the government contributed Ksh 70,000[3] while the student paid the balance of Kshs. 50,000. Indeed, Ksh 120,000 remained the assumed 'unit cost' of university education up to October 2023 when the new funding model was set in (Republic of Kenya, 2023).

This arbitrary 'unit cost' has been said to be inadequate, especially for institutions that offer STEM programs. HELB loans had also been pegged on this 'unit cost' and were meant to supplement the student's contribution.

2 Spending below USD 1.90 per day per person (KNBS & SID, 2013).

3 In 1991, the government spent 415 million on 40,000 undergraduate students. Approximately Ksh 10,400 for every student. https://www.theelephant.info/analysis/2024/04/09/looking-back-at-the-saps-processes-of-the-early-1990s-the-ts-cs/

The introduction of cost-sharing also saw the abolition of all student allowances of Ksh 5,040 (a.k.a boom) per semester, fully subsidized food and accommodation, which university students had hitherto been enjoying (Mondoh, 2004). Kihara (2003) cites a study carried out in 1997, which showed that after the introduction of the unit-based method of financing university education, the institutions were under-funded in the range of 10 to 35 percent, depending on the nature of the academic program. The 1997 survey showed that Kenyan higher education institutions required about Kshs. 130,000 annually for every student in social sciences, Ksh 175,000 for pure and natural sciences, and Ksh 256,000 for those in medical-related courses. This is exclusive of the Ksh 40,000 required by the students per semester for accommodation and subsistence (Kihara, 2003).

The NHEFM has given guidelines on the nature of tuition fees to be paid in different programs. Different universities have implemented different tuition fee charges. However, the institutionalized charges are deficient in any empirical evidence as a basis for new tuition fee guidelines, including other charges preferred for food items, attachments, and educational trips. The absence of an empirical basis to guide the tuition fees means that even in the wake of the NHEFM, universities are either overcharging or undercharging hence many higher education institutions will be unable to break even in some programs or operate at an optimal level (Odebero et al., 2021). However, various public universities publish program costs, though it is not clear how they conduct their cost analysis and what are the ingredients of such costing.

Gravenir, Wangenge, and Njihia (2005) observed that the cost-sharing policy went hand in hand with a heavy subsidy of the system. The subsidy, which still applies to date, covers all students admitted through the Joint Admission Board (JAB) - now known as KUCCPS- irrespective of their ability or inability to pay. In the NHEFM, the same policy has been retained where all students eligible for admission to TVET for certificate and diploma courses and to universities for degree programs are placed through KUCCPS and funded differently by the government. This policy on government subsidy has been criticized as students from financially able households are still funded. Through the KUCCPS admission policy, all students who are placed in various public universities (which does not cover students who opted to join private universities) are funded by the government, as shown in Table 1. The funding takes the form of scholarships, loans, and bursaries depending on the student's level of need as determined by the MTI. The MTI is used to place students in band taxonomies, and this categorization determines the level of government subsidy as follows.

Table1: Scholarship, Loan and Household Contribution in the NHEFM

Modified Band*	% Scholarship	%Tuition Loan	Upkeep	% Household Contribution
1	70	25	60,000	5
2	60	30	55,000	10
3	50	30	50,000	20
4	40	30	45,000	30
5	30	30	40,000	40

Source: *Government Circulars, August, 2024.*
Notes: * Modified by the government based on the initial banding shown in Table 2.

From Table 1, it is evident that students in Band 1 enjoy more scholarships and fewer loans. They also enjoy less household contribution, while those in Band 5 get more loans and fewer scholarships and have a higher household contribution. Thus, it is evident that in furtherance of the cost-sharing policy, the government has placed a substantial share of higher education costs on families (households) and students, seemingly under the assumption that they will earn more private future returns. This cost-sharing policy is meant to try and reduce the private rates of returns accruing to individuals and their families and transfer the benefits to society through guaranteed loans and household contributions. The aspect of loan repayment with some interest and household contribution ensures that society recoups all or part of the direct and indirect costs of higher education investment. However, the aspect of GoK scholarships given to students ensures that the society also contributes substantially to the costs of higher education premised on the social benefits accruing to the society.

Furthermore, this is in line with political expediency to invest more in higher education[4]. The investment share of contribution should be determined by benefits accrued. As of 2024, there are no recent studies determining the rates of return to higher education. Therefore, many African governments rely on dated studies that revealed higher rates of return to private investment in higher education than social rates of return, hence the requirement for higher contributions from households and students in the NHEFM framework.

Privatization and Marketization Policy: which was set in the year 2000, was buffeted by the Kenyan government's withdrawal from taking an active and direct role in funding public universities. The government, through pronouncements at graduation ceremonies of public universities and other forums, called upon public universities to increase their revenue by diversifying their sources of income (Kiamba, 2004). In response to the government's challenge, and their own need for survival, universities embraced both privatization and commercialization - hence the birth of the popularly known Module II or parallel degree programs.

Privatization refers to the admission of privately sponsored fee-paying students over and above the quota of students that come in with government subsidies (Kiamba, 2004). Since the introduction of parallel programs, a debate around issues of quality and equity in access has persisted. It was observed that the parallel programs opened up access to university education because, in the past, public universities admitted only about 8,600 students annually, which was only about 28% of the KCSE (end of secondary school exam) candidates. Some 17,000 qualified Kenyans, having a minimum of a mean grade of C+ in KCSE, missed higher education places every year after about 1,200 were absorbed into private institutions and 3,000 into foreign universities (Onyango, 2002; Muleka, 2005). During this period, it was common for students who scored between C+ and B plain (inclusive) to miss direct admission to public universities, forcing those able to pay to join the module II programs.

Critics of the parallel degree program accused it of compromising the quality of higher education in the country, citing the massive numbers admitted, large class sizes (Mwiria, 2005; Bone, 2003), and the low entry behavior (Chacha, 2000. 4; Ramani, 2004). Other scholars on the subject (Gravenir, Wangenge & Njihia, 2005) sought to dispel the notion that parallel program students were less qualified. They argued that a reasonable number of the privately-sponsored students scored highly, earning A- and even A, in Kenya Certificate of Secondary Examinations (KCSE), but the Joint Admission Board (JAB) failed to place them in their preferred programs, citing limited capacity as the reason.

4 See for example https://africacheck.org/sites/default/files/media/documents/2022-08/Kenya%20Kwanza%20UDA%20Manifesto%202022.pdf

Such students turned down JAB's offers and instead enrolled in their preferred courses through the parallel programs. This was used as the reason to bargain for HELB loans to be extended to privately sponsored students. Following the shortcomings in JAB's admission policy, KUCCPS was established to coordinate the selection and placement of government-sponsored students to Kenyan universities and colleges (Republic of Kenya, 2012). According to information published on the KUCCPS website, it places all students who have sat KCSE in public and private institutions to pursue certificates, diplomas, Bachelor's degrees, and master's, and doctoral degrees for programs recognized by respective regulatory bodies.

The NHEFM is implemented at a time when KUCCPS policy on placement considers all students in public and private higher education institutions eligible for funding. JAB's placement policy had certain controls that aided government capitation from being extended to private institutions of higher learning. JAB controlled the admission criteria to public universities and colleges by requiring a mean score of B- and above for university admission and C+ and above for colleges to be eligible for admission under government sponsorship (note the minimum entry qualification to universities in Kenya remains a C+ in KCSE). JAB's screening for government scholarships had advantages and disadvantages. The financial advantage was that the small number of top performers received support for further studies, and this had a control effect on the exchequer budgetary allocations to HELB, colleges, and university capitation.

However, the disadvantage was that students' access to competitive programs like medicine was limited to those who attained very high scores and from privileged households. These students dominated these competitive programs through Module II programs offered by public universities. Besides, the JAB policy stifled the supply of higher education opportunities relative to demand; hence, this meant many eligible learners opted for foreign universities and colleges (Odebero, Angel & Middel, 2015). Furthermore, it raised an elitist society with equity concerns, given that performance is mainly determined by the cost of inputs, which are disproportionately afforded by affluent families. It also created the "Diploma Disease" and a cut-throat meritocratic society where the Kenyans embraced survival for the fittest and this is blamed for high malpractices in KCSE as students, parents and schools competed for these few slots to attain the set score of B- for admission to university.

The unit cost mode of financing, good as it may be, has a mixed bag. There is no research evidence to establish the actual cost of each program before implementing the tuition charges on differentiated unit cost (DUC), and even if it were, costs of the program change over time, and the DUC analysis needed to be conducted and new charges implemented as per university and TVET institutions strategic plans. Had the DUC analysis been consistently conducted, the net effect would have been a generation of sufficient revenue for universities to grow the quality of infrastructure and other requirements. Besides, in advising universities to turn to other/alternative sources of financing, the government did not have a proper policy to assist universities in implementing other approaches, for example, the Public Private Partnership (PPP) as an alternative source of financing. Hence, many universities are struggling financially in a situation where opportunities exist to generate support through the PPP (Oketch, et al., 2023).

3.2 The Nexus between Equity and Quality Implication of the NHEFM in Financial Allocations, Distribution Mechanisms, and Financial Sustainability

This section explains the relationship between fairness (Equity) and how it impacts quality arising from the NHEFM. It addresses how loans and scholarships are distributed through the NHEFM and the long-term viability of the financial allocation and distribution mechanism. In principle, the section examines how equity in financial decisions will affect the quality and sustainability of pecuniary resources under the NHEFM.

Following the PWPER report (2023), the Government of Kenya implemented the Variable Scholarship and Loan Funding (VSLF), which has become known as the NHEFM, to replace the Differentiated Unit Cost Model (Republic of Kenya, 2023). According to the report, the Model combines scholarships and loans and is appropriate for various categories of students: Vulnerable, extremely needy, needy, and less needy. The report recommended scholarships and loans in HEIs to be distributed to students in four distinct categories as shown in Table 2.3

Table 2: New Higher Education Funding Model through VSLF Formula

Student Category	Scholarships %	Loans%	Household %
Vulnerable	82%	18%	0
Extremely needy	70%	30%	0
Needy	53%	40%	7
Less Needy	38%	55%	7

Source: Republic of Kenya, 2023

According to the PWPER Report (2023), the VSLF model was to be funded based on the actual cost of the program in universities and TVET colleges. Universities were henceforth required to undertake a comprehensive survey on the actual cost of programs for funding through the model.

The PWPER report also gave the following guidelines for implementing the VSLF model:

i) On average 61% of the cost of the program in universities and 58% in TVET shall be GoK scholarships.
ii) Loans will average 36% in universities and 32% in TVET, respectively.
iii) The household contribution to the program costs will average 7% in universities and 10% in TVET – focusing on the needy and less needy (see Table 2).

Subsequent to this policy, guidelines on tuition fees chargeable per program were issued as shown in Table 3.

[3]At implementation, the government shifted policy to banding categorization shown in Table 1

Table 3: Program Costs As Reported By PWPER

Cluster	Subject Area	Annual Cost (Ksh)
Ia	Medicine – Pre-Clinical 306,000 , loan 183,000, scholarship 000, burs00 A- 78	360,000
Ib	Medicine – Clinical	720,000
IIa	Dentistry – Pre-Clinical	360,000
IIb	Dentistry – Clinical	720,000
IIIa	Veterinary Medicine – Pre-Clinical	324,000
IIIb	Veterinary Medicine – Clinical	564,000
IVa	Pharmacy-Pre – Clinical	324,000
IVb	Pharmacy – Clinical	504,000
Va	Architectural Studies – Architecture Part I	360,000
Vb	Architecture – Professional (Part II)	432,000
VI	Engineering Surveying	396,000
VII	The Built Environment and Design – Construction, Real Estate, Urban and Regional Planning, Landscape Architecture, Design, Computing.	360,000
VIII	Agriculture, Health Sciences, Food Sciences, Natural Resource Management and the Natural Environment- Agriculture, Food Science and Technology, Medical Laboratory Science and Technology, Animal Science, Nursing, Clinical Medicine (BSc.), Radiography, Agribusiness Management, Sport Science, Foods and Nutrition, Medical Psychology, Physical therapy, Public Health, Environmental Health, Community Health and Development, Wildlife Science and Management, Agribusiness Management.	324,000
IX	Applied Sciences and Education (Science and Technology) Education (Science, Tech, and Special Needs), Exercise and Sport Science, Biochemistry, Biotechnology, Biomedical Sciences, Applied Microbiology and Molecular Biology, Applied and Technical Physics, Applied and Technical Chemistry, Applied and Technical Biology, Statistics, Actuarial Science, Financial Engineering, Environmental Science.	288,000
X	Basic Sciences Mathematics, Physics, Chemistry, Biology, Geography (B.Sc.).	264,000
XI	Applied Social Sciences and the Arts (Professional), Hospitality, Media and Communication Studies, Library and Information Studies, Business Information Technology, Sport Science and Management, Fashion Design, Interior Design, Music (B.Mus.), Civil Aviation Management, Maritime Management, Agribusiness Management, Theatre and Film Studies, Fine Art, Food Service and Management.	240,000
XII	Business, Law, Education (Arts), Economics.	216,000

XIII	Applied Humanities and Social Sciences – Geography (BA), Public Administration, Psychology, Music (BA), Peace and Security Studies, Disaster Management, Anthropology, Languages, BA with Education, Language and Communication, International Relations and Diplomacy, Social Work and Development Studies.	180,000
XIV	Basic Humanities, and Social Sciences Economics, Geography (BA), Basic Humanities and Social Sciences - History, Philosophy, Religion, Sociology, Literature, Political Science, Linguistics.	144,000

Source: PWPER,2023

Upon issuance of the fee guidelines for the various programs, universities were directed not to exceed fee charges on the guidelines issued. A spot check on the UFB and KUCCPS websites revealed that universities increased their annual tuition fee charges from an average of Kshs. 120,000 that had been instituted by the DUC model, by over 100% in some programs, especially STEM-related ones. However, most universities were charging less than what was set perhaps in a bid to attract students. Table 4 shows a sample cost of various programs in select public universities and TVETs between the 2023/2024 and 2024/2025 academic years.

Table 4: Current Fees Charged in Selected Programs in Two Public Universities

Institution	Program	Fees Charged
Laikipia	Agriculture Education & Extension	275,400
	B.Ed Arts	183,600
	BSc Chemistry	244,800
University of Nairobi	Veterinary medicine	521,000
	B.Ed Arts	344,000
	MbchB	637,000
	Civil Engineering	374,850
	BA	160,653

Source: UFB 2024

Table 5: Tuition Fees in TVET Institutions

TVET Institution	Public/Private	Fees Charged
Ramogi Institute of Technology	Public	67,189
Kenya Coast National Polytechnic	Public	56,420

Source UFB, 2023

The implementation of the new fee guidelines pauses both advantages and disadvantages in the provision of higher education. In support of the model, the government argued that most universities were technically insolvent under the Differentiated Unit Cost (DUC) model, which could not raise sufficient revenue to fund university operations. Thus, the DUC model had to be replaced. It is argued that the NHEFM is also poised to generate more revenue for universities, which would attract more students, and this could raise the quality of higher education. However, the NHEFM pauses the equity challenge if students from vulnerable families are not assisted to meet all or part of the tuition fees to access higher

education. Furthermore, universities with programs considered unattractive will continue to experience challenges with enrolment, consequently shutting down.

It is notable that the Government further modified the Variable Loan and Scholarship Fund (VLSF) as proposed by the PWPER (Republic of Kenya, 2023) and categorized students into five bands of financial support as follows:

Table 6: NHEFM Through Band Categorization

Level of Need	Band Categorization	%GOK Scholarship	%HELB Loan	%Household Contribution
Vulnerable	1	70	25	5
Extremely Needy	2	60	30	10
Needy	3	50	30	20
Less Needy	4	40	30	30
Much Less needy	5	30	30	40

Source: Republic of Kenya, 2023

In a span of less than 3 months after the release of the funding formula by the PWPER, the government modified the funding categorization of students from 4 to 5 categories. It is not clear what informed this decision. This caused confusion among the stakeholders who were already grappling with the initial guidelines of funding through 4 categories. The hallmark of the financing formula is the categorization of students: it must be rational and verifiable. The existing taxonomies of banding students into 4 or 5 categories suffer from a lack of clarity and has previously been a bone of contention between the government and university students. The latter argues that the majority of students are placed in the wrong band. The PWPER does not explain why there are so many categories and there is no rational explanation for the threshold for each taxonomy.

To throw the spanner into the works, as of July 2024, the government released another circular nullifying the fees relating to the full cost of the degree program (***See Appendix VII: Press Release from Ministry of Education***):

> ***"The Ministry of Education wishes to inform the public and students that the fees to be paid by students and their families/guardians as relates to the full cost of each degree program as previously communicated in the admission letters is hereby nullified and does not apply any more. Beginning the 5th Day of August 2024, the respective universities will communicate the new fees to be paid by each student as household contribution" (sic)***

However, despite the communique, as of the beginning of October 2024, the KUCCPS website continues to display the new fees, and it's not clear whether or not the new fees have been rescinded. The NHEFM household taxonomies suffer from a lack of clarity on how they differentiate between **the vulnerable, extremely needy, needy, and less needy**, as the income threshold is not rationalized and/or justified.

To shed more light on income thresholds, we look into the literature. In an IMF working paper: *Classification of countries based on their level of development: How it is done and how it could be done,* Lynge Nielsen makes a strange revelation:

> ***UNDP, World Bank, and the IMF's existing taxonomies lack clarity regarding how they distinguish among country groupings. The World Bank does not explain why the threshold between developed and developing countries is a per capita income level of US$6,000 in 1987 prices, and the UNDP does not provide any rationale for why the ratio of developed and developing countries is one to three. As for the IMF's classification system, it is not clear what threshold is used. The paper proposes an alternative transparent methodology where data with clear diversity—rather than judgment or ad hoc rules—determine the thresholds (p. 41).***

Perhaps the easiest part of the NHEFM was the normative part of categorizing the model in different levels of need. An explicit system must follow the levels of need taxonomy that categorizes household income for HELB loan and scholarship applicants in TVET and universities with clearly articulated views, especially scientific, of what constitutes a particular need taxonomy. A data-driven approach to categorizing the level of need taxonomy could easily prove useful. It is, therefore, worthwhile to explore what a generally accepted, rational, and principle-based classification system of HELB loan and scholarship applicants in TVET and universities ought to look like.

If meticulously implemented with equity principles, such as horizontal and vertical funding (OECD, 2021), the new student-centered model could generate more revenue for universities, which attract more students (perhaps due to historical background, costs, quality, and relevance of programs) but unattractive universities will continue to experience budgetary challenges and could even be forced out of business by market forces. Further justification of the NHEFM is that the DUC model was based on the high private rates of returns associated with higher education investment as opposed to social rates, and doing so by maintaining low tuition fees for university programmes.

Thus, the DUC model was transferring the burden of footing university education to society. Indeed, it meant therefore that society was transferring wealth from the poor to the rich, who would earn more in the future owing to earlier studies that indicated that access to higher education is mainly dominated by children of middle and high-income families (Psacharopoulos & Woodhall, 1985). According to Carr-Hill (2020), in SSA, only 1 to 3 % of students come from parents with no more than primary education and with no land, while about 57% of students' parents have post-secondary qualifications.

The Government has struggled with higher education financing under the DUC model over the past five years, which had lower tuition fees and HELB Loan requirements, as shown in the table below. Does it, therefore, mean that since about half of the population of parents and/or guardians have post-secondary qualifications (which implies access to an income stream), they can afford to pay the university fees for their children? We will revisit this question in a later section.

Table 7: Comparison of Public Universities Funding under DUC Model and Allocation Deficit

Financial Year	2018/ 2019	2019/ 2020	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024
Enrolment	233,218	241,015	271,446	324,182	356,188	
DUC requirement in billions Kshs	46.18	63.58	73.81	89.14	97.38	
*Allocation in Billions (Ksh)	35.34	40.51	41.91	43.84	44.24	49.45
DUC % allocations	66.40	60.70	53.73	49.51	48.1	
Deficit	10.84	23.07	31.90	45.30	53.14	

Source: Republic of Kenya, 2023. Notes*: Does not include HELB loans

Table 7 indicates that DUC financial requirements have continued to skyrocket, with a growth of 111% between the 2018/19 and 2022/23 financial years. Whereas financial allocations continue to rise (growth of 25% for the same period), it has not matched the students' enrolment, and this has led to massive deficits from 2018 to date, and this may compromise the quality of university education in Kenya.

Already, there are indications that there are universities that are technically insolvent, with most of them unable to pay salaries – in addition to a debt burden of Ksh. 76 Billion. For the deficit of Ksh. 164.22 billion, it should be noted that about Ksh. 76 billion remains outstanding, and this means that part of the debt may not have been bridged but some higher education institutions, especially universities, had to resort to survival strategies so as to absorb the deficit. Some of the survival strategies included overloading teaching staff beyond the required number of lectures per week, withdrawing non-compelling services such as tea and snacks, cutting down on stationery, non-provision of technical materials in the laboratories and where field assessments were involved, some universities reduced the number of technical field assessments or withdrew them all together hence compromising the quality of learning for their graduates.

In the 2024/25 FY, the Government has allocated Kshs. 25.5 billion for HELB loans and bursaries in universities and TVETs, Kshs. 15.95 billion for the new funding model and a further Kshs. 33.5 Billion for the continuing students under DUC. Initial estimates show that for the Government to fund scholarships and loans for the 1st and 2nd cohorts under the new model, it may require over 42.9 billion for universities only let alone TVETs. This means that the budgeted amount may be inadequate to fully cater for continuing students under the DUC model and the two cohorts under the NHEFM.

We now point out the following challenges in the implementation of NHEFM.

i) There is no explanation of how the actual cost of the degree programs is determined.

ii) Besides, the actual cost of the programs should differ from one university if the universities are operating at an optimal level by posting the low cost of their programs and leveraging on numbers rather than operating on a unified cost. This has not been seen so far.

iii) As pointed out, funding based on the actual cost of the program will lead loan beneficiaries to receive higher loans and, therefore, pay more interest and a possibility of higher default rates. With the current state of unemployment and low recovery rate of the loaned funds, the burden on the exchequer will continue to grow, thus affecting the provisions of other services by the government.

iv) High unemployment rates mean that students will continue to default on repayments, and this will add interest to the already bigger loans given to students. This will consequently lead to high rates

of outstanding loans and this may be a subject of future political tensions between politicians and the Government, with the former using the abolishing of student aid as a campaign tool. There is no evidence of a national empirical survey to establish households falling under vulnerable, extremely needy, needy, and less needy to establish equity in the proposed funding models and allocations under each category. In any case, the model ignores 'the not needy' category falling under the highest income categorization of households.

Government reports place more than half of the population (51%) in rural areas and 33% in urban areas below the poverty line (KNBS & SID 2013) and this gives an average of 42% of the population as living below the poverty line. According to the World Bank (2020) the proportion of the population of Kenyans living below the poverty line is over 36% (about 17.1 million Kenyans). This led to the computation of the working population as follows:

Table 8: Distribution of Population Age 5 Years and above by Activity Status, Sex: Persons in the labour force

Percentages in parenthesis

Kenya	Total	Working %	Seeking work/no work available%	Persons outside the labour force %
Kenya	41,235,190 190	19,677,401(47.7%)	2,621,158(6.35%)	18,927,688(45.9%)
Male	20,317,125	9,789,958	1,478,110	9,044,599
Female	20,916,821	9,886,838	1,142,914	9,882,589

Source: Kenya Population and Housing Census (KPHC) 2019

From the table, if only 47.7% of the population is working, then it implies that the working population has the burden of fending for over 52.3% of the population outside the labour force and 6.35% of those seeking work and no work is available, over and above those attending basic education and HEIs. Further computations by the Kenya Population and Housing Census (KPHC) data (2019) reveal that of the 6,354,211 households engaged in agricultural production, over 88.7 are only engaged in subsistence agriculture, with a paltry 7.91 engaged in commercial agriculture.

In addition, the census indicates that only 47% of Kenya's population own mobile phones, with more females (47.6%) owning phones than males (47.0%). However, out of 12,043,016 households, 56.9% owned stand-alone radio, with another 40.7% owning functional TV sets. However, regarding car ownership, only 6.3% of Kenyans own cars, with another 0.9% owning either a lorry, truck, or bus and a further 8.8% owning refrigerators. The proportion of households owning the primary dwelling unit they occupied was 61.3 %, while those occupying rented dwelling units were 38.7%. Most owned dwelling units were constructed (93.9%), 3.3% were inherited and 2.8% were purchased. Putting these data into perspective, the Government gives the following distribution of wealth in households.

Table 9: Quintile distribution of household wealth

	Poorest	Poor	Middle	Rich	Richest
Rural	32.2	30.9	25.2	9.7	2.0
Urban	0.8	2.7	11.8	36.2	48.5
National Average	20.0	20.0	20.0	20.0	20.0

Source: KNBS, Vol XI, April, 2022

The table indicates that, on average, the distribution of wealth across all socio-economic groupings stands at 20.0 per band category. This means that the poor and poorest stand at 40.0%. Earlier reports placed more than half of Kenya's population (51%) in rural areas and 33% in urban areas below the poverty line (KNBS & SID 2013). However, if we take both the poorest and the poor as living below the poverty line, then the computations with a slight margin of error will support World Bank reports that found the proportion of households of Kenyans living below the poverty line to be 36% (about 17.1 million Kenyans) (World Bank, 2020). However, what is worrying is the disparity between rural and urban households because the report establishes up to 63.1% of rural households as living below the poverty line and only 3.5% of urban households as living below the poverty line, contrary to its earlier publications (KNBS, 2022; KNBS & SID 2013).

Considering the two reports, we easily arrive at the following percentages of the household taxonomies for the NHEFM.

Table 10: Proposed household taxonomies and wealth distribution for the NHEFM

Level of Need	Band Categorization	%Household Taxonomy
Vulnerable	1	40
Extremely Needy	2	30
Needy	3	20
Less Needy	4	9.1
Much Less needy	5	0.9

By implication, according to KNBS statistics of known socio-economic indicators, 6.3% of households in Kenya who own cars belong to the less needy income Band 5 category and can fund higher education under the NHEFM with minimal support. About 0.9% of those who own trucks, lorries, and buses could fall under the much less needy taxonomy, while the vulnerable taxonomy of the conventional households is represented by over 40% and 30%, respectively. This computation is also supported by the self-reported findings we re-visit later in this report.

No framework was established to incentivize loan recipients who decide to repay their loans immediately by offering discounted rates, as is currently the case in developed economies. This is justified because early re-payment means that the loaned funds are not subject to inflation rates, reducing the cash value in the long run. It means that the same funds or parts are available to assist other needy cases, thus reducing the burden on the exchequer allocations.

The funding models under HELB loans that are based on the actual cost of the programs with increased loans from HELB will result in increased (subject to employment and/or income-earning opportunities post-graduation) higher education loans payable by recipients. This will lead to reduced private rates of return on higher education investment and this has the net effect of lowering demand for higher education. The fall in demand will have a more significant effect on the STEM programs because they attract higher fees and require more input. This may call for a policy intervention. Justification of public financing of higher education is premised on studies that showed a relationship between a country's economic development and a balanced investment across all education sectors with a growing focus on higher education (Fehnel, 2003) cited in Teferra and Altbach (2003). Another study of global higher education also affirms the link between growth in the ratio of tertiary education enrolments and growth in national income (Taskforce on Higher Education and Society, 2000).

In support of this school of thought, Carnoy (1995) points out that Ghana and Korea were similar in population, GNP, and percentage budgetary investment in education in the 60's. South Korea made a long-term commitment to massive access to education at all levels and changed curricula to put more emphasis on maths and science, but Ghana continued with the same education policies. Since the '60s, the economic development of the two countries has continued to diverge sharply, with South Korea becoming an important player in the global economy while Ghana lags behind.

In an influential study, *"The Roles of Science and Technology in National Development';* Anaeto et al. (2016) posit that science and technology are the blood birth to the socioeconomic development of any nation because technology is the foundation of wealth creation, improvement of the quality of life and transformation of any society. The study observed that the gap between developed and developing countries is largely attributable to the differences in technology and its application. It recommends re-orienting the educational curriculum to scientific thinking to develop new technologies and adapt the existing ones to improve societal well-being. This is supported by South Korea's economic development, which is contingent on a high-quality education system at all levels that has created the world's most educated workforce, with over 70% of the 25-34-year youth having attained tertiary education, regarded as one of the highest in the world.

The household contributions of between 5% and 40% are not based on any rigorous empirical finding or rationale. This means the funding model shifts the burden of higher education provision largely to private families. With the current high unemployment rates and dwindling income opportunities, this will further plummet investment in higher education and could, in the long run, affect socio-economic development in the country.

In the final analysis, the model is silent on how the various household categorizations of vulnerable, extremely needy, needy, and less needy will be used to validate the income bands. Kenya as a country is in a situation where employment is largely (about 83%) from the informal sector, and proper analysis is needed to rationalize and validate information used to categorize applicants into income bands. No means testing tool is provided to guide the disbursement process to the various social groupings; neither is the public process appended to show the validation process. This resulted in inordinate delays in the disbursement of loans and bursaries to higher education institutions from around May 2023, when students were admitted, to September 2023, when the funds were disbursed, hence disrupting the provision of services to higher education institutions.

In an interview with a higher education stakeholder, it was revealed that because of these inherent weaknesses, and by invoking the provisions of the constitution of Kenya 2010, the funding formula was revised in September 2023, and students were categorized into Band 1 to 5. Those in Band 1 are allocated more bursaries, less loans, and less household contributions, while those in Band 5 receive fewer bursaries but get higher loans and have a higher household contribution. This makes sense and is in line with literature and expectations. The revised formula now places household contribution at 5%, 10%, 20%, 30%, and 40% in bands 1,2,3,4,5, respectively. Of concern, however, is that all household categories receive scholarships and loans, perhaps as an acknowledgment of the difficult economic conditions being experienced. Furthermore, it may be counterproductive and/or expensive to attempt to identify the few households that can afford university education without government support. The requirement that those in bands 1 and 2, which are of the vulnerable and highly needy category, being required to pay a household contribution of 5% and 10% did not consider varied costs of programs, especially more expensive programs like medicine and this may have led students to opt for cheaper programs rather than what they qualify for – hence introducing a bias in admission that is detrimental to these bands. Furthermore, the contribution of 5 to 10 percent, much as it appears to be minor, can be constraining for a household living below the poverty line. Suppose the vulnerable and extremely needy students opt out of expensive programs in medicine and STEM, for example. In that case, it means that such programs will be taken up by less needy students and this may lead to inequalities in access to competitive programs and could lead to intergenerational inequalities since such programs also tend to have higher private returns due to market demands.

3.3 Interrogating Equity in HELB Loans and Scholarship Funding and Distribution Mechanism to TVET and University Students

The approach: Before the inception of the NHEFM, HELB allocated loans to almost every student admitted through JAB/KUCCPS. Most students received between Kshs. 35,000-45000 for tuition and personal expenses. Upon the implementation of the NHEFM, the tuition fee was revised upwards, and the net effect led to increased HELB loans and UFB scholarship allocations. Our policy analysis aimed to establish the extent of equity in GoK scholarships and HELB loan funding and distribution mechanism(s) and the sustainability of the fund.

The study targeted students admitted to higher education institutions through KUCCPS placement in the 2023-2024 academic year. More particularly, only students funded through the NHEFM were targeted. According to the Education Sector Report (Republic of Kenya, 2023), over 392,143 and 429,724 students were placed in universities and TVETs. However, a report from the Commission for University Education indicates that only 123,453 students were able to report to universities in the year 2023 (CUE, 2024). Hence, the target population of university students was 123,453 respondents for universities and another 193,000 from the TVET, making a total of 316,453. The Kenya National Bureau of Statistics (KNBS) was used to compute the sample population for more reliability using Slovin's formula (Slovin, 1960) shown below.

$$n = \frac{N}{1+Ne^2}$$

N = Population size

E = Margin on error

Thus N= 316,453

e = 0.04

n = 1280

The computation led to a sample population of 1,280 respondents which was proportionately allocated to TVET and university at 60.9% and 39.04%, respectively. The proportionate allocation led to a sample population of 780 respondents from TVET institutions and 499 university students. However, when the survey CTO was sent out for online responses, it yielded up to 1658 responses with a proportionate representation of 990 TVET students representing 59.7% of the sample population and 668 responses from universities representing 40.28% - which is very close to the intended samples. The responses were found appropriate and representative of the sample and hence adopted. The explanatory sequential mixed methods research design was employed. Quantitative data from students was collected through cross-sectional surveys that employed guided online survey CTO questionnaires which our research assistants administered. The research assistants were deployed across the sampled HEIs and worked with contacts such as student leaders on and off campus and the respective offices of the Dean of Students to identify the target respondents. Qualitative data was collected through physical and virtual in-depth interviews with key informants, namely, university administrators (5), Ministry of Education (MoE) officials (2), Commission for University Education (CUE) (2), and Higher Education Loans Board (HELB) officials (3). This design used a combination of follow-up and participant selection models so that the qualitative data explained or expanded on the quantitative results (Creswell, Plano Clark, et al., 2003). This allowed for rich contextual information as well as provided a comprehensive picture of the equity, quality and sustainability situations arising from NHEFM (Rossman & Wilson, 1985; Tashakkori & Teddlie, 1998; Creswell, et al (2003).

The questionnaires were piloted on 5% of randomly selected students that are not included in the sample. The Cronbach's alpha for all items was above 7.0, indicating good internal consistency. The results of the pilot validation were not included in the final analysis. The study was conducted in the months of June-July 2024 with more follow-up interviews in September 2024.

Quantitative Data Analysis: All questionnaires were adequately checked for completeness and captured in the data capture/entry program followed by cleaning of the data obtained. Quantitative data was constructed and coded according to different variables of the study in terms of the corresponding constructs including the respondents' demographics. Data from the survey questionnaires was analyzed descriptively to determine key indicators of the study variables using the Statistical Package for the Social Sciences (SPSS). Ethical issues were handled at Masinde Muliro University of Science and Technology as per MMUST Institutional Ethics Approval policy (Appendix IV).

Empirical Findings

Our descriptive statistics are as follows: Out of 1658 respondents, a considerable proportion (43.4%) were undergraduate students, while 38.3% were enrolled in diploma programs. Students enrolled for certificate courses were a minority at 17.2%. Most diploma and certificate students were found in TVETs, by design, while 1.1% did not answer. Out of 1658 respondents, a majority (55.4%) were male while the female were fewer at (44.6%). However, there were more males (67.5%) with disabilities compared to females (32.5%). Of the study participants in both TVET and universities, the majority of the students were males, with TVET having slightly male participants (56.8%) compared to females (43.2%). The self-reported surveys reveal that male and female enrolment in universities is almost at par at 53% compared to women at (47%).

Regarding the type of primary school attended before transitioning to secondary and then higher education, public secondary schools still account for a bigger majority of the study participants (89%) as compared to private schools (10.5%). This mirrors the proportion of secondary school enrolment by school type – for instance, in 2021 (about 3 years ago), the proportion of private secondary school enrolment was 217,724, while that in public secondary schools was 3,109,873; and the proportion of

private primary school enrolment was 1,450,000, while that in public primary schools was 8,592,810 (Republic of Kenya, 2023). Students accessing universities have a slight lead in attendance in private primary schools (11.3%) compared to TVET students (9.9%). This mirrors similar studies (Zuilkowski, Piper, Ong'ele & Kiminza 2017), which found that the decision by parents to send their children to low-cost private primary schools was mainly driven by the perceived quality concerns compared to parents taking their children to public primary schools. This prompted the survey to seek to establish average family income juxtaposed against enrolment in either TVET or universities as follows;

Table 11: Household Average Monthly Income and Access to Higher Education

		Are you enrolled in a TVET institution or Public University?					
		TVET		**UNIVERSITY**		**TOTAL**	
Indicate the average income per month of the person who pays your fees- Tick one box)	KES 00 -10,000	859	86.8%	571	85.5%	1430	86.2%
	KES 11,000- 40,000	100	10.1%	80	12.0%	180	10.9%
	KES 41,000- 70,000	17	1.7%	14	2.1%	31	1.9%
	KES 71,000- 110,000	9	0.9%	2	0.3%	11	0.7%
	KES111,000-00,000	2	0.2%	1	0.1%	3	0.2%
	Above KES200,000	3	0.3%	0	0.0%	3	0.2%
	Total	**990**	**100.0%**	**668**	**100.0%**	**1658**	**100.0%**

From the foregoing table, it is evident that over 8 of every 10 (86.2%) sampled students come from households earning between Kshs 00-10,000 per month. From our sample, students from families falling under the vulnerable and extremely needy category (from the self-reported responses) of higher education funding were over 86% of those admitted to both TVETs and universities. Needy students were 11% while the remaining (2%) fell in the less needy category. However, around (1%) of the households would be described as much less needy.

This prompted the survey to focus on how the students were categorized by the means testing instrument (MTI) and juxtapose against their level of agreement with existing household taxonomies, as well as from the self-reported income bands. The findings now follow.

Table 12: Comparison of HELB MTI Categorization and Students' Self-Reported Income Bands

		Are you enrolled at a TVET institution or university?					
		TVET		**UNIVERSITY**		**TOTAL**	
Indicate the household category that the MTI placed you in	1. Vulnerable	129	13.0%	128	19.2%	257	15.5%
	2. Extremely Needy	203	20.5%	192	28.7%	395	23.8%
	3. Needy	525	53.0%	215	32.2%	740	44.6%
	4. Less needy	133	13.4%	133	19.9%	266	16.0%
	Total	990	100.0%	668	100.0%	1658	100.0%
Do you agree with the Household category you were placed?	No	248	25.1%	345	51.6%	593	35.8%
	Yes	742	74.9%	323	48.4%	1065	64.2%
	Total	**990**	**100.0%**	**668**	**100.0%**	**1658**	**100.0%**

The Table indicates that the students falling into the Vulnerable taxonomies categorized by the HELB MTI were a paltry 13% for TVET and 19.9% for universities. Those who were extremely needy were 20.5% in TVET and 28.7% in universities. Added together, vulnerable and extremely needy taxonomies, as determined by HELB MTI total only 33.5% for TVET and 47.9% for universities. Based on self-reported income bands, this falls far much below what we found (86%) in our sample using self-reported income as shown in Table 9. From our sample, the MTI as determined by HELB underestimates the size of extremely needy students by over 52.5 % and 38.1% respectively for TVET and universities. Similarly, the MTI over concentrates recipients in the third and fourth taxonomy for TVET and universities at 53% and 13.4% For TVET and 32.2% and 19.9% for universities relative to their fair share of 11% and 2% respectively. Simply put, TVET and universities in the needy and less needy category are over represented by 43% and 11.4%, and 22% and 17.9% for needy and less needy at university level respectively. No student reported being placed in the much less needy category.

According to the Economic Survey (2024), over 63% of Africa's population live below poverty line. It further shows that as of 2019, 61.9% of Kenya's rural population were multi-dimensionally poor, with the national average of the multidimensional poverty standing at 50.8%. However, statistics released by the University Funding Board (UFB) indicates that less than 12% of applicants were placed in the band 1 to enjoy 95% government support. Whereas the NHEFM reserves Band 1 for students from families whose income doesn't exceed Kshs. 5,995, there is no rational basis to restrict Band 1 to income of only Ksh 5,995 given the current economic realities, inflation rates, unemployment rates, household income for various social groups and the standard number of members per household. This was buttressed by a recent report from KNBS (2023), which placed rural and urban poverty lines at Kshs. 3252 and Kshs. 5995 per adult person per month for provision of both food and non-food expenditure while the Kenya Demographic Health Survey 2022 (KNBS & ICF, 2023) confirmed that households in Kenya hold an average of 3.7 members. World Bank Poverty Statistics of 2015/16 also confirm rural and urban poverty lines at Kshs. 3,252 and Kshs. 5,995 per adult person per month for the provision of both food and non-food expenditure, and the 2023 statistics by KNBS that tallies with World Bank rates of 2015 over 10 years ago needed to factor in inflation rates. Most importantly, inflation rates in Kenya place the exchange rate per dollar at an average of Kshs. 130, rate of USD 1 to Kshs. 130 in April 2024. Hence, the standard expenditure measure below 1.9 USD for people living below the poverty line would translate to Ksh 7410 per adult person or Ksh 29,640 per household.

Consequently, the survey finds that the MTI categorization for students is underrepresented, and this is attributable to the misconceptualization of the MTI for households falling under the lowest band category. The misconceptualization arises out of NHEFM's failure to consider the fact that the average households in Kenya hold up to 3.7 members, which would raise expenditure in Band 1 to up to Kshs. 29,640.

Similarly, HELB loan categorization of students in the third and fourth bands is inequitable as it places more students in these household categories relative to the deserved share. This finding is cemented by the respondents where a significant number (36%) did not agree with the household categorization they were placed by the MTI, with a larger majority of the respondents (51.6%) in universities disagreeing with MTI determination of their level of need. This may be attributed to the flawed MTI that has five bands, but the questionnaire that solicits information on household income has 10 entries that are mixed up in income progression. Whereas the NHEFM places Band 3 for respondents with an income of up to Kshs. 70,000; however, there is no such income group on the means-testing questionnaire items. The income group shown is between Ksh 55,782 and Ksh 87, 890, which is called middle - middle income Group. Hence the students responding to this income range item according to MTI have a high risk of being placed in band 3 and 4 and this perpetuates inequalities. Above all, what's the difference between

upper middle income group and middle upper income? They are treated differently in income bands in the means testing questionnaire with different income brackets yet in terms of income, they ought to be one and the same thing. Against all expectations, band 4 and 5 have the same threshold of upto Kshs. 200,000.

This prompted the survey to seek answers on possible causes of inequitable allocations. The findings are as follows:

From students' responses, more respondents in TVET (43%) admitted that some applicants influence the success of loan applications compared to university students where only 38% of the respondents posted a similar view. Asked to state how the applications were influenced, Table 13 gives the findings.

Table:13: How Applicants Influenced their Loan Applications

Are you enrolled in a TVET Institution or University?						
TVET		**University**		**Total**		**Percentage Total**
Influence	438	44.2%	347	44.2%	785	100%
By use of 'tall' relatives or politicians	80	14.49%	44	13.7%	124	100%
Canvasing through HELB Officers	242	43.8%	97	30.2%	339	100%
Cheating by giving false information	132	23.9%	136	42.3%	268	100%
Through cash handouts to HELB officers	98	17.7%	44	13.7%	142	100%
Total	**990**	**59.7%**	**668**	**40.3%**	**1658**	**100.0%**

Most respondents were unanimous that loan applications were influenced by human interventions but the mode of influence varied. The mode of influence includes cheating by giving false information, which ranked highest at 42.3% among university students, and canvasing through HELB officers, which came second at 30.2%. The use of 'tall' relatives and cash handouts to HELB officers was tied at 13.7%. For TVET students who responded, they ranked canvasing through HELB officers as the most prominent method of influencing their applications, followed by cheating through false information. This finding is similar to an earlier study (Odebero et al, 2007) that revealed the presence of human intervention in HELB loan applications. This perception dents the image of HELB on the effectiveness of their MTI in targeting the most needy. Such practices can be mitigated through technology to institutionalize a computerized system in the application and means testing process. To make the technology more efficient in targeting the exact needs of the applicants, multiple sources of information should be used - as validation and/or checks.

To determine the level of need, the survey sought to establish whether the recipients enrolled in TVET and universities had ever deferred studies because of fees and whether they had ever received bursary support at the secondary school level. The following responses were observed.

Table 14: Students Who Deferred Studies or Received Bursary at Secondary School Level

		Are you enrolled in a TVET Institution or University?					
	TVET		**University**		**Total**		
Have you ever deferred studies because of fees	No	709	71.6%	614	91.9%	1323	79.8%
	Yes	281	28.4%	54	8.1%	335	20.2%
	Total	**990**	**100.0%**	**668**	**100.0%**	**1658**	**100.0%**
		Are you enrolled in a TVET Institution or University?					
	TVET		**University**		**Total**		
Did you receive any bursary at Secondary school	No	418	42.2%	276	41.3%	694	41.9%
	Yes	572	57.8%	392	58.7%	964	58.1%
	Total	**990**	**100.0%**	**668**	**100.0%**	**1658**	**100.0%**

The results show that about 28% of TVET students had deferred studies because of fees, compared to only 8.1% at the university. Similarly, over half of the study participants from both universities and TVET got bursary support to complete their secondary school education. This may indicate the vulnerability of most students joining TVET and universities.

By implication, the survey establishes that nearly 60% of students in TVET and universities are extremely needy and could only have finished secondary school through bursary support. This has implications for the NHEFM as it implies that close to a similar number of students (86%) may fall into the vulnerable and extremely needy category requiring state support to access higher education.

This prompted the survey to seek to find out if the less poor also received or did not receive support at the secondary school level. The survey shows that over 29% of those who received bursary support at secondary school were placed in band 1, 23.3% were placed in band 2, and 26.0% were in band 3. However, over 20% were placed in bands 4 and 5. If bursary support targets the poor at the secondary school level, it implies that the MTI is faulty since it is unable to single out the most needy for maximum support.

This prompted the survey to compute the level of equity in the NHEFM using Lorenz Curve and Gini Coefficients. This involved computing the cumulative percentages of TVET and university students on one hand and the cumulative percentages of HELB loans received and UFB GOK scholarships received on the other hand.

Principles of the Lorenz Curve and Gini Coefficient

Lorenz curve has long been used to portray a geometric representation of the distribution of loans to a group of recipients (Todaro, 1980). It measures the cumulative percentage of recipients from the poorest to the richest on the vertical axis (Y-axis) while the cumulative percentage of loans and scholarships is put on the horizontal axis (X-axis).

The cumulative percentages are described in terms of quartiles, which express the distribution in either four parts, or quintiles that describe the distribution in five parts, or deciles in ten parts (Psacharopoulos &Woodhall, 1985).

How the Lorenz Curve and Gini Coefficient Were Interpreted

In the Lorenz curve, the diagonal line (line of perfect equality) is the ideal and varies from zero [perfect equality] to one [perfect inequality]. It implies that each quintile receives loans and scholarships proportional to its size. However, in practice, the Lorenz curve bends to the bottom. The more the Lorenz line curved away from the diagonal line, the greater the degree of inequality. The Gini coefficient is considered an aggregate inequality measure.

Plotting the Lorenz Curve

Based on the data from our survey, Lorenz curves were plotted in Excel. The vertical axis reflected the number of loans and GoK scholarship recipients not in absolute terms but in cumulative percentages. The horizontal axis portrayed the share in total income of the loan and scholarships associated with or received by each percentage of the population in the NHEFM.

This is also in cumulative terms so that both axes are of the same length and scaling. The extent of deviation of the Lorenz curve from the line of perfect equality reflected the degree of inequalities in GoK scholarships and HELB loan allocations and distribution mechanisms of the NHEFM. The procedure was repeated for TVET loans and scholarships and university students HELB loans and scholarships to determine the extent of equality.

Computation of the Gini Coefficient/Concentration Ratios

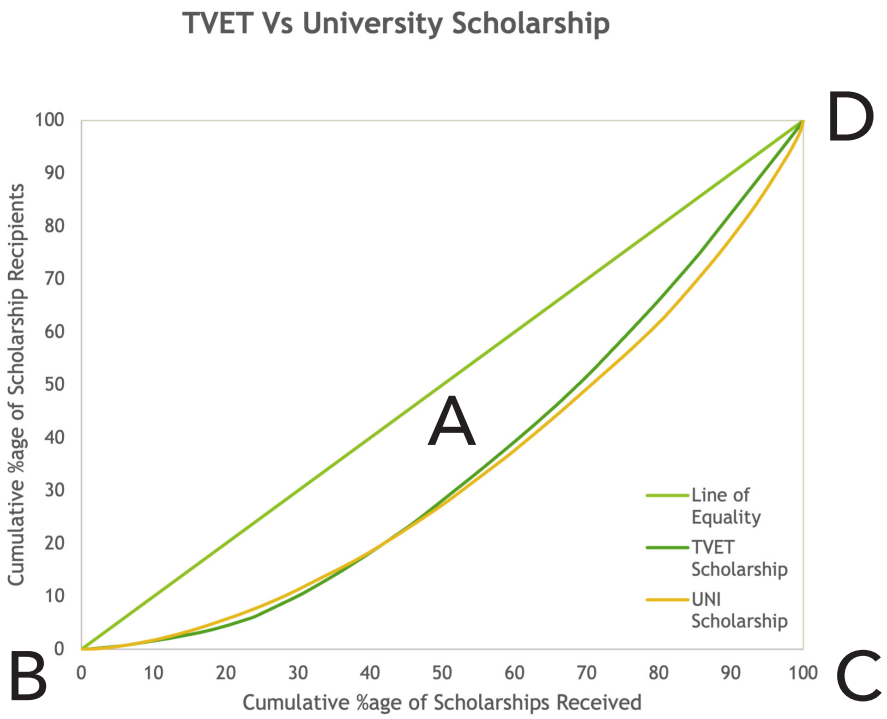
In order to calculate the precise coefficient of inequality in HELB loans and GoK scholarships for TVET and university students, a Gini coefficient was estimated from the Lorenz Curve. Gini coefficient is an index that ranges between 0 (perfect equality) and 1 (perfect inequality) - the closer the index is to zero, the stronger the equality (this is the desired outcome) of the distribution of the loans/scholarships.

A coefficient closer to zero signifies a move to equal sharing of the scholarships/loans, while closer to 1 signifies that only one group or a few groups access the scholarships/loans. This was found necessary because, whereas the Lorenz curve relays information in figurative terms, the Gini coefficient gives a precise value (index) of the extent of inequity in loan allocations through the NHEFM.

In order to find the actual Gini coefficient, we adopted the procedures used by Berkey (1990).
Let x be the shaded part A.

$$\text{Gini- Coefficient} = \frac{(BCD) - X}{BCD}$$

Computations were done, and results were generated in Excel. Figure 3 presents the findings.



- Gini index for TVET scholarship allocation under the NHEFM =0.30
- Gini index for universities scholarship allocations under the NHEFM=0.32

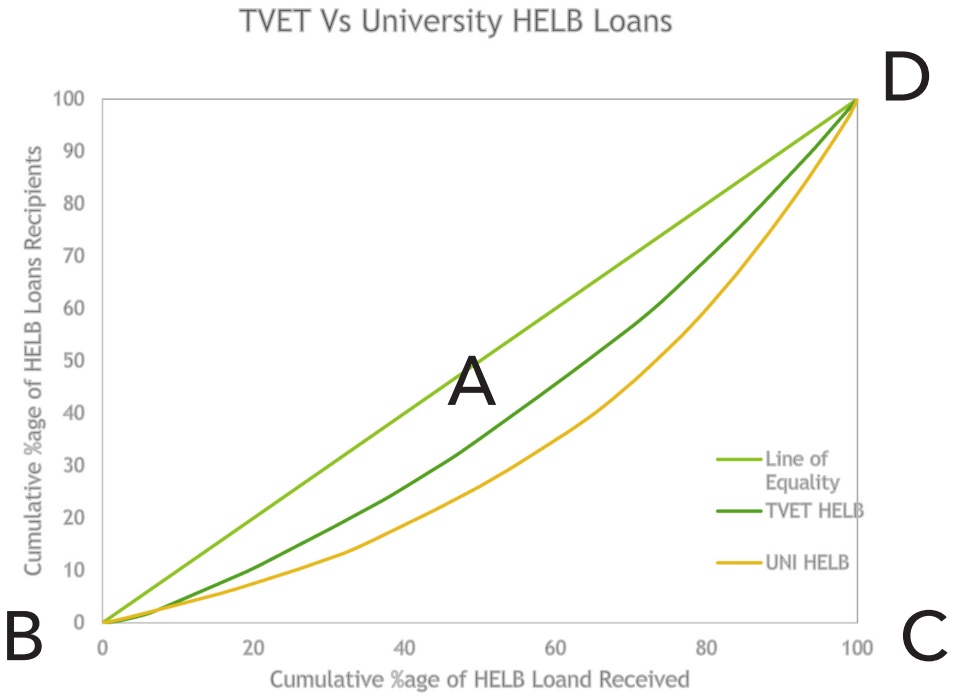
Figure3: TVET and University Scholarships

The Lorenz Curve indicates in figurative terms that in the 2023/24 FY, inequalities in the distribution of loans through the NHEFM existed with an index/coefficient of 0.32 for GoK scholarships for universities and 0.30 Gini-index for TVET recipients. The inequalities are at 32% and 30% for universities and TVET institutions, respectively, and signals to stakeholders that all is not well with the NHEFM. The findings mirror similar studies (Wachiye et al., 2006) which also held that HELB loan disbursements were inequitable and blamed it on the flawed means testing tool.

Consequently, in order to reduce the level of inequalities, there is a need to input ingenuity in the disbursements and distribution mechanism, and this calls for an evidence-based means to the categorization of recipients and establish baseline data from which to categorize families according to their levels of need. The baseline data should then be used to revise the HELB MTI through the use of digital technology.

This finding is buttressed by the preceding analysis that revealed the existence of human intervention that aided the success of student loans and scholarships through cash handouts, the use of 'tall' relatives, and canvasing through senior HELB officers, among other deceitful means. There needs to be accountability structures that hold officers accountable and if malpractice is identified, there would be legal consequences.

The existence of inequalities in the GoK scholarships led to the computation of equity in HELB loan distribution for TVET and university students in the 2023/24 FY through the NHEFM. The findings are as follows.



- Gini index for HELB loan to TVET students under NHEFM =0.21
- Gini index for HELB loan to university students under the NHEFM=0.3

Figure4: TVET and University HELB Loans

The Lorenz Curve indicates that there were moderate inequalities in the disbursement of HELB loans through the NHEFM to university students with a **Gini index of 0.33 (33%)**. However, the level of inequalities in the disbursements of HELB loans were lower for TVET students with a coefficient of 0.126 equivalent to 12.6%. It is therefore concluded that HELB loan disbursement to recipients through the NHEFM has moderate inequalities for university students and lower inequalities for TVET students. The index could be explained by the implementation of the new tuition fee guidelines that resulted in higher tuition fees and higher HELB loans coupled with the new funding model, whose implementation is still being understood by policy actors. Moreover, this could still be attributable to the MTI in use that is vulnerable to human intervention as seen in the preceding analysis in this paper. In My Gov Aug. 27th 2024 Issue No.9 (www.mygov.go.ke), the government published the MTI parameters which are:

i) Family structure (Orphanhood)
ii) Gender
iii) Course type
iv) Previous school type
v) Expenditure on education
vi) Family size and composition
vii) Marginalization
viii) Persons living with disabilities

The government further stated that the scientific method uses income bands as follows:

Table15: MTI Parameters

Band	Monthly Income	GOK Scholarship	HELB Loan	Upkeep Loan	Household Contribution (%)
1	0-5,995	70	25	60,000	5
2	5,996-23,670	60	30	55,000	10
3	23,671-70,000	50	30	50,000	20
4	71,000-120,000	40	30	45,000	30
5	120,000≥	30	30	40,000	40

Source: MyGov 27th August 2024, Issue No. 9.

From the foregoing table, it is clear that the MTI parameters are simply tags or nominal in nature because the parameters are non-numeric and do not have any value. However, the students are then categorized on an ordinal scale by giving the rankings of household categories into bands 1-5. It is these ordered scales of ranking that yield the amount of funding of government support that a student gets. The inequalities deduced from this MTI arise from the fact that the parameters are nominal and must be analyzed further to determine the ordinal values to be assigned to students to determine the amount of scholarships and loans. It is this process that lacks sufficient rigor hence leading to the forgoing inequalities.

Besides, the amount allocated of monthly income as the basis of band 1 is an arbitrary monthly income of ksh 0- 5,995 while band 2 is ksh 5,996-23,670. As pointed out elsewhere in this paper, an income of **0-5995 is not justifiable** given the current **economic realities, inflation rates, unemployment rates and the average number of members per household**. Besides, we argue that **individual incomes are not household income** and the individual income should be put into context to bear on the average **family size currently standing at 3.7 per household** and the best way to do this would be to multiply income by 4 to arrive at the household income below the poverty line.

In addition, using income banding as a funding determinant introduces other significant challenges. A small change in income from Ksh 23,670, where individuals are required to contribute 10%, to Ksh 23,671 results in a dramatic increase in household contributions, from 10% to 20% (Table 15). This disproportionate shift, where an **additional Ksh 1** leads to a **10% increase in the contribution**, is neither equitable nor justified.

3.4 HELB Loan Recoveries and Financial Sustainability of the NHEFM

In an attempt to have a proactive institution that could address the needs of the vulnerable against dwindling financial resources and recover outstanding loans in order to strengthen sustainability, HELB was created in 1995 under an Act of Parliament. HELB is an autonomous body charged with the responsibility of recovering loans already lent out to Kenyans who benefited from the scheme since 1974 and disbursing it to needy Kenyan students pursuing higher education within and outside Kenya (HELB review, 2004; Republic of Kenya, 2012). However, Muchungu (2023) found that as of 2023, only about 37% of HELB's budget was financed from loan recoveries and the default rate stood at 27%. Otieno (2023) states that the Board requires Kshs. 10.5 Billion from the treasury to process loans and bursaries for

university and college students. This means that the Board has lost 3% towards creating a revolving fund since 2004, when the recoveries accounted for 40% of the HELB budget to 37% in 2023.

This paints a feeble picture on the sustainability of the NHEFM. The inability of the Board to effectively recover funds from past recipients implies that the Board will be unable to create a revolving fund to minimize the financial burden on the exchequer. From our secondary data sources, the situation on capitation and loan recoveries from 2011/12 FY to 2022/2023 FY was as shown in Table 16. Of interest to note is that in the 2011/12 FY, loan recoveries were much higher than GoK allocations (GoK allocation to recovery ratio of 311%), but by the FY 2022/2023, the loan recoveries as a proportion of GoK allocations had drastically gone down to 41%.

Table16: Proportion of Loan Recoveries on HELB Budget (GOK Capitation+Recoveries)

	Total GOK Capitation	Loan Recoveries	Proportion of Loan Recovery
Financial Year	**Kshs**	**Kshs**	
2011/2012	883,512,500	2,745,057,607	0.608
2012/2013	2,745,230,212	3,267,275,334	0.543
2013/2014	3,340,055,500	3,191,376,592	0.488
2014/2015	4,889,055,500	3,304,063,898	0.403
2015/2016	6,533,055,500	3,917,191,051	0.374
2016/2017	6,642,881,825	4,057,154,812	0.379
2017/2018	7,657,260,924	4,917,689,067	0.391
2018/2019	7,493,838,580	4,353,730,591	0.367
2019/2020	8,575,686,406	4,508,401,051	0.344
2020/2021	9,134,248,542	4,349,133,776	0.322
2021/2022	11,304,248,542	5,208,898,364	0.315
2022/2023	11,093,598,080	4,523,038,100	0.289

Data Source: HELB Statistics 2023

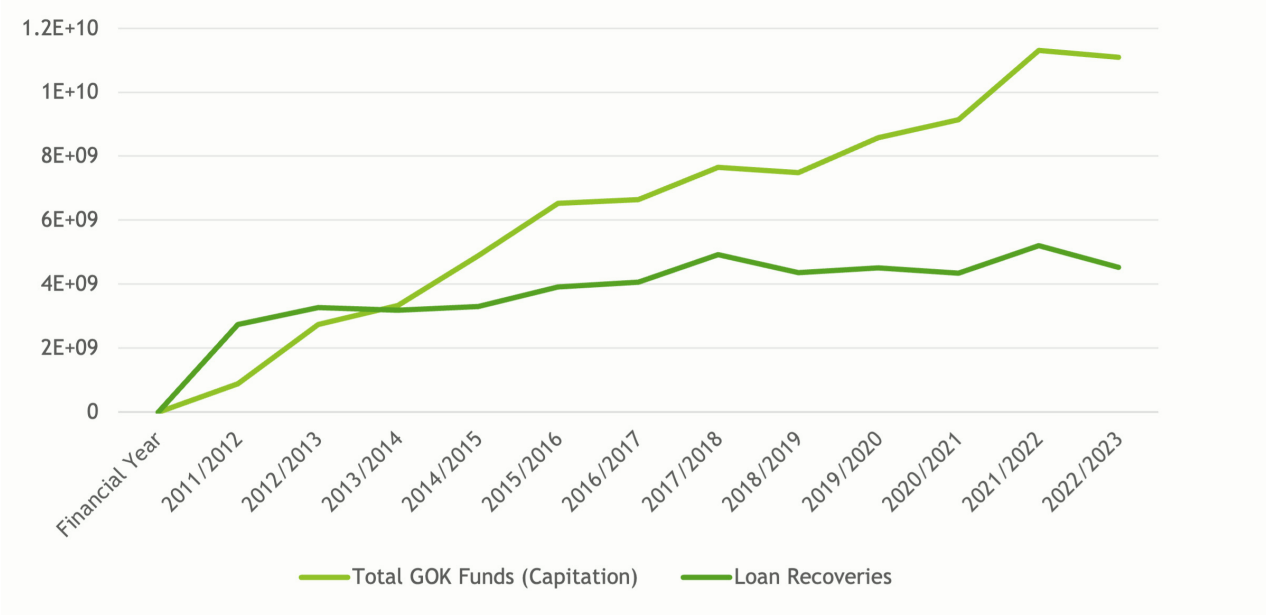


Figure5: Trends in Loan Recovery and GOK Funds

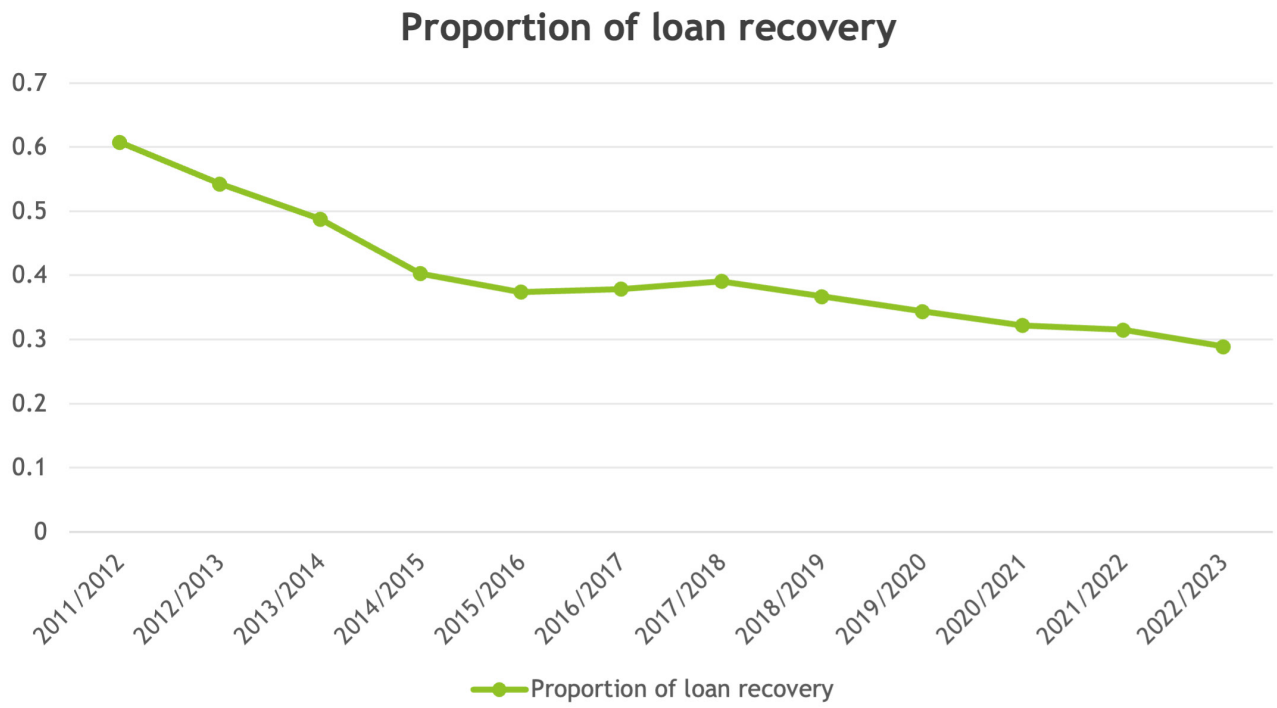


Figure 6: Proportion of Loan Recovery as a Percentage of Total Loans Disbursed

From 2011/12, HELB loans were mainly drawn from recoveries, accounting for over 60% of total loans disbursed, while GOK capitation accounted for less than 40%. However, from 2013/2014 FY, the main source of HELB loans has been Government capitation, which accounts for over 51% of the total loans disbursed. As of 2022/2023 FY, the proportion HELB loan recoveries dropped to only 28.9% of the total loans disbursed.

The trend in GoK capitation against loan recoveries indicates that whereas the Government capitation is growing exponentially, loan recoveries remained constant relative to government capitation and growth in students' numbers. This can be attributable to change in education policy especially the requirement that all students admitted by KUCCPS be financed by HELB meant that all students scoring C+ and above were placed for higher education by KUCCPS and hence financing through HELB was inevitable.

Equally, HELB decided to expand its mandate, and around 2016, the board decided to start funding students admitted to TVET colleges. Initially, only university students got funded. The two policy changes meant that HELB was constrained financially to cater for all needy cases.

Subsequently, the Board's effort toward creating a revolving fund remains a mirage; hence, higher education student financing will continue to burden the taxpayer. Although HELB has improved in its loan recovery effort targeting Government of Kenya ministries, NGOs, professionals in the diaspora and mobilized resources from other sources other than government revenue, the efforts have not been sufficient to create a revolving fund to significantly relieve the exchequer.

This finding is exemplified by HELB sectoral recoveries as shown in the Table below.

Table7: Comparison of HELB Loan Recoveries in the Formal and Informal Sectors

Financial Year	Formal Sector	Informal Sector	Total Collected
2011/2012	2,051,079,751	693,977,856	2,745,057,607
2012/2013	2,018,644,144	1,248,631,190	3,267,275,334
2013/2014	2,284,781,149	906,595,443	3,191,376,592
2014/2015	2,341,430,459	1,015,937,540	3,357,367,998.92
2015/2016	2,796,203,310	1,341,133,476	4,137,336,786.93
2016/2017	3,606,245,373	1,383,679,916.47	4,989,925,289.28
2017/2018	2,358,134,318	2,091,131,094.35	4,449,265,412.50
2018/2019	2,952,727,584	1,559,767,821.49	4,512,495,405.49
2019/2020	2,984,316,917	1,365,478,398.79	4,349,795,315.70
2020/2021	3,235,465,551	1,114,329,764.49	4,349,795,315.70
2021/2022	3,484,618,927	1,724,279,443.05	5,208,898,369.62
2022/2023	3,322,518,250	1,200,519,849.85	4,523,038,100.00

Source: HELB statistical data 2023

From the table, it is evident that HELB's main source of revenue to finance its operations is the formal sector. In addition, HELB has largely grown its revenue collection from the formal sector from 2 billion in 2011 to Ksh 3.2 billion in 2023. On the other hand, revenue collections from the informal sector have grown from 694 million to 1.2 billion, thus doubling the collection from that sector. However, the collections from the formal and informal sectors remain relatively low, particularly the informal sector. This may be indicative of the encumbrances encountered by the Board in recovering HELB loans from the informal sector which has more job opportunities estimated at over 80% of job opportunities such as the self-employed and jua kali sector. It also means that HELB has not developed sufficient ingenuity and proactive sector friendly systems to track and recover funds lent to recipients working in the informal sector e.g., lipa mdogo mdogo or a flexible digital platform that allows you to pay any time and any amount as opposed to relying on bank deductions of salary deductions by employers. This prompted the computation of the subsidy dependence index.

Subsidy Dependence Index (SDI)

To further analyze the sustainability of the NHEFM, the study adopted the subsidy dependence index (SDI) (Kipesha, 2013). This was used to measure not only the level of subsidy of HELB funding operations but could also potentially give an indication of the interest rate HELB would have to charge when awarding HELB loans to students in order to raise enough revenue for its operations (Richman & Fred, 2010: Kipesha, 2013, as cited in Mussa, 2015).

According to Mussa (2015), the SDI model is frequently used to measure the sustainability of firms that receive subsidies from the government. In analyzing the sustainability of NHEFM through scholarships and loan subsidies, SDI was preferred because over 50% of HELB operations are financed through government subsidies. The model was used to measure the ratio of the revenue received from GoK through HELB loan and operational capitation together with ratio of revenue it got through lending. If the subsidy exceeded zero [0] it meant HELB still required GoK subsidies to continue operating, i.e., it was below financial sustainability. SDI that was equal to One [1] meant that HELB was operating optimally at a breakeven point. However, an SDI of less than One [<1] indicated that HELB was operating below the optimal level and hence unsustainable.

The findings are as follows:

Table18: Trend in Subsidy Dependence Index 2011-2023

Financial Year	Subsidy Dependence Index (SDI)	Ratio of Revenue from Lending	Ratio of Revenue from External Sources
2011/2012	0.243	0.757	0.000
2012/2013	0.457	0.543	0.000
2013/2014	0.496	0.476	0.057
2014/2015	0.573	0.390	0.064
2015/2016	0.599	0.361	0.068
2016/2017	0.586	0.360	0.093
2017/2018	0.569	0.368	0.111
2018/2019	0.575	0.337	0.153
2019/2020	0.592	0.314	0.159
2020/2021	0.608	0.292	0.163
2021/2022	0.625	0.290	0.136
2022/2023	0.617	0.254	0.210
2023/2024	-	-	-

Source: Computed from HELB statistical data 2023

The trend in SDI was also depicted figuratively as follows:

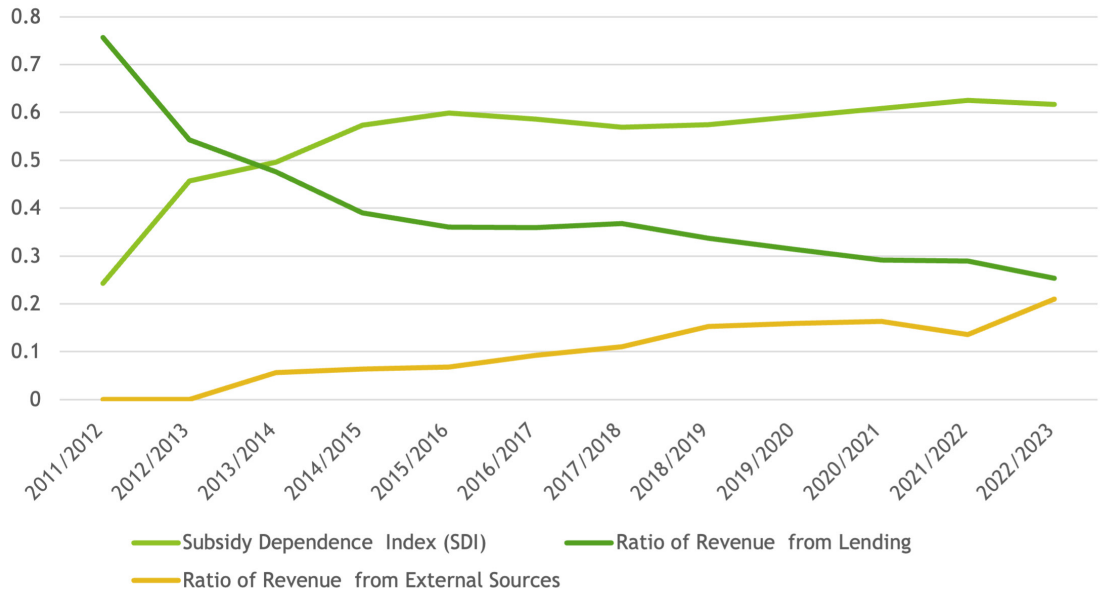


Figure7: Trend in Subsidy Dependence Index 2011-2023

Source: Computed from HELB Statistical Data 2023

From the Figure presented, it is clear that as the ratio of revenue from lending falls, the subsidy dependence index (SDI) rises. The SDI rose significantly from around 0.2 in 2012 to 0.6 in 2016 and posited an averaged at 0.5. However, the trend shows that SDI has stagnated at a ratio of 0.6 from 2016 to date. Stagnation in SDI indicates that the sustainability of the NHEFM is in serious doubt without major innovative measures aimed at mobilizing resources from external sources other than the GoK exchequer. Simply put, the ratio of revenue from loan recoveries has steadily fallen from a ratio of 0.75 in 2012 to 0.2 in 2023.

Consequently, it can safely be concluded that the NHEFM will be unsustainable without exchequer financing. This finding is supported by the Auditor General report (Republic of Kenya, 2023), which pointed out various financial improprieties, wastefulness of public resources, and doubtful income generated in breach of HELB credit policy. The report points out that over Kshs. 232,528,893 raised from penalties on loan default cannot be confirmed because it was raised in total breach of the internal credit policy from unsuspecting loanees. Similarly, up to Kshs. 743,143 675 was irregularly raised through non-refundable deposits on overpayments which were not refunded in 2022 and need to be refunded, and a further balance of Kshs. 8,978,003,959 included in the book balance comprising of principal and penalties which has been long outstanding and fall within the purview of doubtful collectability (Republic of Kenya, 2022).

This implies that revenue streams from lending are likely to fall owing to collections in breach of credit policy, collections from overpayments that were not refunded, and long outstanding penalties of doubtful collectability. Such illegal collections collected outside the provisions of the law point to a much bigger problem from not just the side of HELB but also the employers who must be held accountable for continuing to remit deductions from employees even after they have completed repayments of their loans. The upshot points to the need for HELB to sensitize employers, employees, and the general public to the internal credit policy used in the control of public deductions and repayments. There is also the need for HELB to share quarterly statements showing deductions and balances of loans owed to the agency.

Conclusions, Recommendations and Implications for Policy and Practice

4. Conclusions, Recommendations and Implications for Policy and Practice

The following conclusions and recommendations are reached, with some singled out as possible best practices.

1. The study found that under the NHEFM, it is student-focused, where both public and private universities will be funded based on students' fees, loans, and scholarships, noting that students in private universities will not qualify for scholarships under the NHEFM. Whereas universities that are more attractive to students, especially more established universities, will continue receiving more students and hence more funding, some universities may have to contend with inadequate financing, especially those that do not attract enough students to support their operations. This may result in a disproportionate allocation of national resources that could influence the quality of education and training in favor of well-established institutions. We conclude that competition among higher education institutions arising from NHEFM is healthy but calls for institutions to plan how to remain competitive. This should involve identifying niche areas within specialized courses that equip students with competitive skills, as well as programs that drive or have the potential to drive key sectors of the economy and industry, attracting more students. Such courses and programs should attract priority funding. Additionally, public institutions and the surrounding communities must prioritize efficient management of public resources while promoting outreach programs that foster social cohesion and draw in more students. The government, through the Ministry of Education (MoE), has a critical role in decentralizing the management of public institutions. In response to increasing demand, some TVET institutions and universities have exceeded their enrollment capacities. It is recommended that the expansion of universities be accompanied by a corresponding increase in funding infrastructural expansion to ensure that quality is maintained and sustained.
2. It was established that the change in policy to allow private universities to admit students through KUCCPS means that some of the students who would have been admitted to public universities and generate revenue from the government have their share go to private universities. Proponents of government financing of students in private universities argue that this opens up more opportunities for access to higher education while maintaining quality since some public universities have strained their facilities. However, critics have argued that it is inappropriate for the government to finance private universities where government capitation is not subjected to audit by the Auditor General and when public universities are reeling from underfunding. We reach a recommendation that there are compelling reasons for private universities to admit GOK fee-paying students since the NHEFM is student-centered and the funding goes to students but not HEIs, and this allows the students not just the flexibility but also the freedom of choice to decide where to enroll and the course of doing. Allowing students, the freedom to choose and receive GoK funding in private institutions creates a healthy competition that makes HE costs competitive in the long run. It is also recommended that the MOE could bring an amendment to the University Act 2012 that will not only allow the auditor General's office to audit NHEFM in the private HEIs but also entrench the public private partnership (PPP) in higher education financing.
3. The survey established that unregulated costing of the programs by universities and HEIs render the NHEFM too expensive beyond the reach of many Kenyans and this has prompted the debate on why government should take care of capital and salary costs in HEIs akin to TVET institutions and basic education institutions without regard to tuition fees. It is recommended that the NHEFM be implemented alongside a tuition fee policy that maintains tuition fees in HEIs at an optimal level that will lead to reduced tuition fees, especially in more expensive programs in STEM subjects. This could be achieved through MOE, which could be empowered through a policy or a legislative framework that is introduced through the University Act 2012 that establishes a tuition fees committee whose role would be periodic review and maintenance of tuition fees at an optimal, affordable, but sustainable level.

4. The study finds that in the final analysis, HELB and UFB require higher GoK capitation under the new funding model to meet the demands of HELB loans and scholarship financing to needy students in TVETS and universities. It is concluded that government allocation falls short of meeting the demand under the NHEFM for HELB loans and UFB scholarships sustainably. We recommend a systematic approach to planning and implementing the NHEFM in a phased manner. This would involve calculating the HELB loan and UFB scholarship requirements for students across various programs. These figures would then be compared with the budgetary needs under the previous financing model, identifying the financial gap that must be addressed under the NHEFM. This analysis will provide the Treasury with insights into potential revenue streams to bridge the gap and the timeline needed for the full-phased implementation of the NHEFM. While the phased implementation of the NHEFM is essential for supporting future student cohorts, it is equally important to consider the financial needs of students who are already enrolled. This may involve evaluating and rationalizing tuition fees to ensure that they remain affordable and sustainable for current students, thereby promoting access to education for all.
5. The survey found that PWPER, which proposed the NHEFM, gave new guidelines on the nature of tuition fees to be paid in different programs in a differentiated unit cost model. However, although different universities had implemented different tuition fee charges, the charges institutionalized were deficient of any empirical rigor as a basis for new tuition fees, including other charges preferred for food and non-food items. This absence of a solid empirical foundation means that, despite the advent of the NHEFM, many higher education institutions are overcharging or undercharging in some programs, leading to financial imbalances in certain programs and preventing them from operating at optimal efficiency. In light of these challenges, we recommend that the Ministry or relevant regulatory bodies establish policy guidelines to assist TVET institutions and universities in developing a scientifically informed and rationalized fee structure. Such a framework would enable these institutions to operate both optimally and sustainably while maximizing the social rates of return on education. Additionally, financing for students through the NHEFM should align with this rationalized fee structure, ensuring that tuition fees are adjusted to sustainable levels without compromising the financial health of the institutions. This approach will help create a more equitable and effective funding environment for higher education.
6. The study further established that earlier placement policies had certain controls that grew with government capitation and revenue streams. This is because they controlled the admission criteria to public universities and colleges, such that one had to score high to gain university admission under government sponsorship. However, screening for government scholarships has advantages and disadvantages. The disadvantage is that only the top cream in society received support for further studies. Also, access to competitive programs like medicine was limited to those who attained very high scores; hence, children from privileged households dominated competitive programs through module two programs of private fee-paying students. This survey finds that access to university education is no longer a preserve of the rich and middle class thanks to the Free Primary Education policy and Free Tuition Secondary Education policies implemented in 2002 and 2008, respectively5. Hence, it is fair to recommend that the KUCCPS Education for All (EFA) placement policy adopts a graduated funding model. This model should be based on rational planning that considers available pecuniary resources at the national treasury and gradually graduates into EFA goal funding for students completing high school as resources at the disposal of the government increase through HELB recoveries, mobilized resources, economic growth, PPP and government savings. Furthermore, the government should explore additional strategies to enhance access to university education. These strategies must include increasing the budgetary allocation for higher education, particularly for universities and rationalizing the rising costs of academic programs to ensure they remain affordable for all potential students. By implementing these recommendations, the government can create a more equitable educational landscape that fosters access to higher education for all.

[5]*The survey found that 86% of the respondents had a household income of 0-10,000 based on self-reported Household income*

7. The survey identified significant inequalities stemming from the HELB Means Test Instrument (MTI), primarily due to the nominal parameters used by HELB. These parameters require further analysis to assign appropriate weights and values for determining the Government of Kenya (GOK) scholarships and loans. Our findings indicate that the current process lacks sufficient rigor and justification, perpetuating student inequalities. Additionally, we observed that the monthly income thresholds set for Band 1 (Kshs. 1-5,995) and Band 2 (Kshs. 5,996-23,670) are not justifiable when considering contemporary economic realities, including inflation rates, unemployment rates, household incomes across various social groups, and the average number of members in a household. In light of these factors, it is inappropriate to limit Band 1 to an income cap of only Kshs. 5,995. This conclusion is further supported by a recent report from the Kenya National Bureau of Statistics (KNBS) (2023), which established the rural and urban poverty lines at Kshs. 3,252 and Kshs. 5,995 per adult per month, respectively. Moreover, the Kenya Demographic Health Survey 2022 (KNBS & ICF, 2023) indicates that Kenyan households average 3.7 members. In response to these findings, we recommend that the Ministry of Education reevaluates the household expenditure criteria for Band 1, proposing an increase from the current threshold of Kshs. 5,995 to Kshs. 29,640, while adjusting the ceilings for other bands accordingly. This revision would better reflect the economic realities faced by households and promote a more equitable distribution of scholarships and loans among students.
8. The survey reveals that the Means Test Instrument (MTI) employed by the Higher Education Loans Board (HELB) is inequitable, denying more than 52.5% of income shares for Technical and Vocational Education and Training (TVET) institutions and 38.1% for universities to households in the bottom income quintiles. Additionally, the MTI disproportionately allocates scholarships to students in the third and fourth quintiles, with 53% of TVET recipients and 32.2% of university recipients coming from these groups, far exceeding their fair share of 11% and 2% respectively. This misallocation contributes to long-term intergenerational inequality. Consequently, the study concludes that the MTI categorization is fundamentally flawed due to errors in its conceptualization, particularly concerning households in the lowest quintile (Band 1) and the subsequent band categories. Specifically, the MTI framework fails to account for the average household size in Kenya, which is approximately 3.7 members. This oversight suggests that the expenditure threshold for Band 1 should be adjusted to approximately Kshs. 23,980 to better reflect actual living conditions. **Therefore, we recommend that the government, through the Presidential Working Committee on Review of NFM (see Appendix VIII), recognize the fundamental flaws and inequities in the current MTI and consider either a comprehensive overhaul or complete replacement of the system with a more equitable approach that allocates funding based on individual MTI scores**. The MTI should also be redesigned to **employ technology and innovative methodologies**, allowing for precise determination of income levels from the lowest to the highest income thresholds. This would ensure that scholarships and loans are allocated more accurately and efficiently according to students' varying financial needs.
9. The survey finds that there are competitive programs which the NHEFM could have pushed beyond the reach of ordinary Kenyans especially **STEM programs**. It is recommended that the Presidential Working Committee on Review of the New University Education Funding Model singles out such programs and develops ingenious mechanisms to keep them within the reach of ordinary Kenyans. STEM programs including Medicine, dentistry, veterinary medicine, pharmacy, architecture, engineering and computing, **require intervention to keep them accessible** by imputing into the MTI or the MTA a provision for additional logic that awards higher scholarship and loan support equitably based on the program requirements and or **rationalizing tuition fees**.

10. The survey established that most respondents were unanimous that HELB loan applications were influenced by human factors, which ranged from cheating by giving false information and canvassing through HELB officers, while cash handouts to HELB officers and the use of tall politicians also influenced the loan applications. It is concluded that this perception dents the image of HELB on the effectiveness of their MTI in targeting the most needy. It is recommended that such perceptions be minimized through PWCFR to input a policy that compels the funding agency to institutionalize the use of technology, such as in the application and means testing process devoid of human interference. This recommendation gains support from the finding that there were inequalities in funding scholarships through the NHEFM at over 32.3% and 30% for universities and TVET institutions, respectively, and inequity in the disbursement of HELB loans through the NHEFM to TVET and university students with a Gini index of 0.2052 for TVET and 0.3315 for university students. Such inequalities compel a recommendation aimed at reducing the level of inequalities arising from disbursements through the **use of ambiguous approaches in the disbursements and distribution mechanism and overall re-assessment of the MTI in the categorization of recipients** and establishing baseline data from which to categorize families according to their levels of need.
11. It was established that in the 2011/12 FY, HELB loans were mainly drawn from recoveries, which accounted for over 60% of total loans disbursed, while GoK capitation accounted for less than 40%. However, from 2013/2014 FY, the main source of HELB loans has been Government capitation, which accounts for over 51% of the total loans disbursed. As from 2022/2023 FY, the proportion of HELB loan recoveries dropped to only 28.9% of the total loans disbursed. This led to the conclusion that whereas the Government capitations is growing exponentially, loan recoveries remained constant relative to government capitation and growth in students' numbers attributable to change in education policy especially the requirement that all students admitted by KUCCPS for TVET and University education be financed by HELB and UFB. It is noted that the Board's effort towards creation of a revolving fund remains a mirage hence higher education students financing will continue to be a burden to the tax payer. This was confounded by the discovery that as of 2023, only about 37% of HELB's budget was financed from loan recoveries and the default rate was high at 27% hence compelling treasury to inject over Kshs 10.5 Billion to enable the board to process loans and bursaries for university and college students. Hence we find merit in recommending that the MOEST through HELB and UFB adopt a **graduated rate of funding of all KCSE graduates** eligible for admission to HEIs so as to ease the burden to the exchequer.
12. It is also evident from the survey that SDI rose significantly from around 0.2 in 2012 to 0.6 in 2016 and averaged at 0.5. It was clear that as the ratio of revenue from lending subsided, the subsidy dependence index (SDI) rose. However, the trend shows that SDI has stagnated at a ratio of 0.6 from 2016 to date. It is concluded that stagnation in SDI is an indication that the sustainability of the NHEFM towards the **creation of a revolving fund is in serious doubt** without major innovative measures by HELB aimed at mobilizing resources from external sources other than the GoK exchequer and developing ingenious measures in loan recovery. This school of thought is sustained by the same finding that reflects the falling of ratio of revenue from lending from a ratio of 0.75 in 2012 to a paltry 0.2 in 2023.
13. Since the sustainability of NHEFM is in doubt, it is recommended that GoK develops funding policies that are aimed at living within its means. However, it is also recommended that HELB develops ingenious means of loan recoveries and mobilization of resources that will not only improve revenue from lending but also improve ratio of revenue from external sources. The best practice would be to review the HELB Act 1995 and University Act (2012), and TVET Act (2013) **and legislate a functional public-private partnership that encourages ingenious higher education financing and resource mobilization strategies through private banks for higher education loaning and tax rebates that encourage foundations and private entities to support charity.**

REFERENCES

Anaeto, F. C., Asiabaka, C. C., Ani, A. O., Nnadi, F. N., Ugwoke, F. O., Asiabaka, I. P., ... & Ihekeronye, N. (2016). The roles of science and technology in national development. *Direct Research Journal of Social Science and Educational Studies*, *3*(3), 38-43.Burger, Philippe (2021).

Bone, G. (2003). 'These are the things that ail our university system.' Letter to the editor, Daily Nation, July 18th. 2003.

Carr-Hill, R. (2020). Inequalities in access to higher education in Africa: How large are they? Do they mirror the situation in the metropole 60 years ago?. *International Journal of Educational Development*, *72*, 102122.

Chacha-Nyaigotti, C. (2002) 'Tuiton Fees in Universities: Parental Contribution' in Mwamila B. L., Omari, I., Mbuya, E., Proceedings of an International Conference on Financing of Higher Education in Eastern and Southern Africa, Dar–Es-Salaam, 24-26 March, 2002

Carnoy, M. (1995c). "Education, Economic Growth and Technological Change", In Carnoy, USA: Pen State Press.

Creswell, J. W., Clark, V. L. P., Gutmann, M. L., & Hanson, W. E. (2003). Advanced mixed. *Handbook of mixed methods in social & behavioral research*, *209*, 209-240.

Gravenir, F.Q., Wangenge, G.O. & Njihia, M.(2005). "Rethinking the Financing of Kenya's Higher Education: Options for Enhancing Equity, Access and Quality." Paper Prepared for the Regional Conference on the Financing Higher Education Organised by HELB. Nairobi: 27th-28th October, 2005.

KNBS & ICF, 2023. *Kenya Demographic Health Survey 2022*.Nairobi: KNBS

HELB Review, (2004). Financing Higher Education in Kenya. Issue No. 5 (August).

Kenya National Bureau of Statistics (2024), *Economic Survey*. Nairobi: KNBS.

Kenya National Bureau of Statistics & Society of International Development (2023), *2019 Kenya Population and Housing Census: Analytical Report on Household and Family Dynamics*. Nairobi: KNBS.

Kenya National Bureau of Statistics (2023), *Poverty Report: Based on the 2019 Kenya Continuous Household Survey*. Nairobi. KNBS.

Kenya National Bureau of Statistics (2022), *2019 Kenya Population and Housing Census: Analytical Report on Household and Family Dynamics, Volume XI*. Nairobi: KNBS.

Kenya National Bureau of Statistics (2019), *2019 Kenya Population and Housing Census: Distribtion of Population by Socio-econmic Charateristics, Volume IV*. Nairobi: KNBS.

KNBS (2019) Kenya Population and Housing Census (KPHC) Vol. IV. Nairobi: KNBS

Kiamba, C. (2004). 'Privately Sponsored Students and Other Income Generating Activities at the University of Nairobi', in the Journal of Higher Education in Africa, Vol.2, No.2, pp.53-73.

Kiambati, K., Oketch, T. Odebero OS. & Kalunda, E., (2023). "Opportunities for Public Private Partnerships in Strengthening Access to Higher Education in Kenya during and Post COVID 19." Nairobi: Partnership in Social Science Governance Research.

Kihara, J., (2003). 'How Problems in Kenya's Public Universities Started', in Daily Nation, November, 28.

Merisotis , J., and Wolanin, T. (2002). "Means Testing: Is it Viable in Eastern and Southern Africa" In Mwamila, B. et al. Proceedings of an International Conference on Financing of Higher Education in Eastern and Southern Africa. Dar es Salaam, 24-26 march 2002.

Mondoh, H.O.. (2002). Impact of the Pay as You Eat System on University Education in Kenya. Journal of Education and Human Resources 2 (1) 1563-0188.

Mussa, L. (2015). *The role of school discipline on students' academic performance in Dar es Salaam Region, Tanzania*. Med thesis submitted to the Open University of Tanzania

Muchunguh, D., & Atieno, W. (2024, June 5). Funding model crisis: Thousands option out of university. https://nation.africa/kenya/news/education/funding-model-crisis-thousands-opt-out-of-university--4647068

Nielsen, L. (2011). Classification of Countries Based on their Level of Development: How it is done and how it could be done. IMF: Working Paper Series, WP/11/31.

Musa, A. A., (2015). Sustainability of Higher Education Students Loan Scheme (HESLS) in Tanzania. *European Journal of Business and Management*. Vol.7 No.9, ISSN 2222-2839.pp 149-163

Odebero OS, Munda, S.W,. Ogenga, P. O., Umulkheri, A., & Kokonya,. D. (2021). *Optimal Operation of Functional Units at MMUST: Towards a Cost Recovery Strategy*. Vijaywada: International Multidisciplinary Research Foundation.

Odebero OS, Ulf Engel and Mathias Middell (2015). Factors Influencing Unequal Cross Border Higher Education Students' Mobility in East African Community. *Research Journal of Education* ISSN: 2413-0540 Vol. **1**, No. 4, pp: 35-49,available at **:** http://arpgweb.com/?ic=journal&journal=15&info=aims

OECD. (2021). Towards equity in school funding policies. OECD Education Policy Perspectives. https://www.oecd.org/content/dam/oecd/en/publications/reports/2021/10/towards-equity-in-school-funding-policies_36658b76/6a3d127a-en.pdf

Otieno, W. (2005) 'Enhancing Student Choice and Institutional Efficiency in Higher Education: The Prospects of Educational Vouchers in Kenya.' Unpublished PhD Thesis, Kenyatta University.

Psacharopoulos, G. and Woodhall, M. (1985). *Education for Development: An Analysis for Investment Choices. 2nd Edition.* Washington DC: Oxford University Press.

Ramani, K. (2004). 'Budding Geniuses or Plain Cheats?' East African Standard (June 13). Nairobi.

Republic of Kenya, (1995). The Higher Education Loans Board Act. Nairobi: Government Printer. https://kenyalaw.org/kl/fileadmin/pdfdownloads/Acts/HigherEducationLoansBoardAct_Cap213A.pdf

Republic of Kenya, (1988). *Report of the Presidential Working Party on Education and Manpower for the Next Decade and Beyond (Kamunge Report)*. Nairobi: JKF.

Republic of Kenya, (2022). *Report of the Auditor General on Higher Education Loans Board for the Year Ended 30 June, 2022*. Nairobi. Government Printers.

Republic of Kenya. (2023). Report of the presidential working party on education reform. https://www.education.go.ke/node/429

Republic of Kenya (2012). *Universities Act*. Nairobi: Government Printers.

Rossman & Wilson, (1985). Numbers and Words: Combining Quantitative and Qualitative Methods in a Single Large-Scale Evaluation Study
Available online at https://doi.org/10.1177/0193841X8500900505

Sanyal, B. (1998). *Diversification of Sources and the Role of Privatisation in the Financing Higher Education in the Arab States Region*. Paris: IIEP-UNESCO.

Slovin, E. (1960). *Slovin's Formula for Sampling Technique*. Retrieved on July 1st 2024.

Tashakkori A. & Teddlie, C. (1998). Mixed Methodology: Combining Qualitative and Quantitative Approaches. *Applied Social Research Methods.* No.46. Thousands Oaks CA-Sages

Task Force on Higher Education and Society. (2000). *Higher education in developing countries: Peril and promise.* Washington, DC: Task Force on Higher Education and Society, World Bank.

Teferra, D. and Altbach P. (2003). *African Higher Education: Challenges in the 21st Century*. Higher Education 47, 21-50.

World Bank. (1988). *Education in Sub-Saharan Africa: Policies for Adjustment, Revitalisation and Expansion*. Washington DC: World Bank.

APPENDICES

Appendix I: Survey CTO For Helb Loan and Scholarship Fund Recipients Under the NHEFM

The aim of this survey is to undertake a rapid policy analysis of Kenya's New Higher Education Funding Model (NHEFM) and its implications on equity and quality of higher education (HE) to support policy uptake.

You are requested to complete this questionnaire by ticking [a] the appropriate places or filling the blank spaces. To ensure that the information you give will be effectively used, please respond to the items as honestly as possible. The information gathered through the questionnaire will be used for the purposes of this study only and will be treated with strict confidentiality. I understand that my participation is voluntary and that I am free to withdraw at any time without giving reasons and without costs.

Please fill in the spaces provided or tick [☑] where it is appropriate.

Section 1: Demographic Information

1. Your Gender 1. Male [ ] 2. Female [ ] National ID Number (optional) _____
2. Do you suffer from any physical disability 1. Yes [ ] 2. No.[ ]
3. Is so state the type of disability_____
4. Your PWD Registration Number_____
5. Are you enrolled in the TVET or University? 1. University [ ] 2. TVET [ ]
6. Select the name of the institution you are enrolled in_____
7. Indicate the type of primary school attended 1. Public [ ] 2. Private [ ]
8. KCSE score [ ].
9. Insert Examination year _____
10. Insert category of the last secondary school you attended
    1. National [ ]
    2. Extra County (Provincial) [ ]
    3. County (District) [ ]
    4. Sub-County (Harambee) [ ]
11. What course are you enrolled in? E.g. (B.E.D). Arts Kiswahili/ History) _____
12. Level of enrolment 1. Certificate [ ] 2.Diploma [ ] 3. Undergraduate 4. Masters [ ] 5. PhD [ ]
13. Year of study? 1. Year one Semester 1 [ ] Semester 2 [ ]
    2. Year two semester 1 [ ] Semester 2 [ ]

Section 2: Socio-Economic Status Information

14. Who pays your University fees? 1. Mother [ ]
    2. Father [ ]
    3. Guardian[ ]
    4. Self [ ]
    5. Any other (Please Specify)……
15. State if your parents are alive or deceased?
    Father 1 live [ ] 2. Deceased [ ]
    Mother 1 Alive [ ] 2. Deceased [ ]
    Any other (please specify)……

16. What is the highest level of education reached by the person who pays your fees?
    1. Primary [ ]
    2. Secondary [ ]
    3. A-Level [ ]
    4. Middle level [ ]
    5. University [ ]
    6. Postgraduate [ ]
    7. No formal education [ ]
17. Indicate the average income per month of the person who pays your fees collected from salary, businesses or faming or any other source of income such as land, rental houses, kiosks, etc in Kshs as follows:
    1. 1000-10,000 [ ]
    2. 11000-40000 [ ]
    3. 41000-70,000 [ ]
    4. 71,000-110,000 [ ]
    5. 111,000-200,000 [ ]
    6. Above-201,000 [ ]
18. What is the occupation of the person who pays your college fees?_____
19. Indicate the number of siblings under the care of the person who pays your college fees_____

Section 3: GoK Loan/Scholarship/Bursary/Household Contribution Information

20. Did you ever apply for the following? (you can tick more than 1)
    i) HELB loan? 1. Yes [ ] 2. No[ ]
    ii) Bursary? 1. Yes [ ] 2. No[ ]
    iii) Scholarship 1. Yes [ ] 2. No[ ]
21. If Yes indicate the household category that the Means Testing Instrument placed, you in.
    1. Vulnerable [ ]
    2. Extremely needy [ ]
    3. Needy [ ]
    4. Less needy [ ]
22. Indicate the Band level that you were placed in.
    1. Band 1 [ ]
    2. Band 2. [ ]
    3. Band 3 [ ]
    4. Band 4. [ ]
    5. Band 5. [ ]
23. Do you agree with the House Hold level that the means testing Instrument placed you? 1. Yes [ ] No. [ ]
24. If not which house hold category do you think you belong? (Tick one box)
    i) Vulnerable [ ]
    ii) Extremely needy [ ]
    iii) Needy [ ]
    iv) Less needy [ ]

25. Indicate the amount of HELB **LOAN** you applied for and amount you received from HELB per semester as follows.

Year	Semester 1 HELB loan Applied for in Ksh	Semester 1 HELB Loan Awarded in Ksh	Semester 2 HELB Loan Applied For in Ksh	Semester 2 HELB Loan Awarded in Ksh	Total Loan Awarded for the academic year
2023					
2024					

26. Indicate the amount of Government Scholarship you applied for and amount you received per semester as follows.

Year	Semester 1 GOK scholarship Applied for in Ksh	Semester 1 GOK scholarship Awarded in Ksh	Semester 2 GOK scholarship Applied For in Ksh	Semester 2 GOK scholarship Awarded in Ksh	Total GOK scholarship Awarded for the academic year
2023					
2024					

27. Indicate the amount of GoK Bursary you applied for and amount you received from as follows.

Year	Semester 1Bursary Applied for in Ksh	Semester 1 Bursary Awarded in Ksh	Semester 2 Bursary Applied For in Ksh	Semester 2 Bursary Awarded in Ksh	Total Bursary Awarded for the academic year
2023					
2024					

28. Indicate the amount of funding support in Ksh you got from other sources eg CDF, Elimu Bursary, Equity Bank or any other source _____
29. Indicate the course you are enrolled in _____and the tuition fees for the course in Ksh? _____
30. Indicate the **total amount paid for you by GoK (Loan/Bursary/scholarship)** and the amount of household contribution you have paid and **BALANCE** owed to the institution you are studying in.

Year	Semester 1 Total amount paid by GOK in ksh	Semester 1 Total Household Contribution paid in Ksh	Semester 2 Total amount paid by GOK in ksh	Semester 2 Total Household Contribution paid in Ksh	Fees Balance for the academic year
2023					
2024					

31. Indicate the amount allocated for personal needs through loan or bursary

Year	Semester 1 Total amount paid for personal needs ksh	Semester 2 Total amount paid for personal needs ksh	Total in Ksh
2023			
2024			

In your view are all loan beneficiaries genuine? 1. Yes [ ] 2. No [ ]

32. In your opinion do some applicants influence the success of their loan applications? 1. Yes [ ] 2. No [ ]
33. If Yes, how do they influence? 1. Canvassing through HELB officers? [ ]
    2. Cheating by giving false information [ ]
    3. By use of tall relatives or politicians [ ]
    4. Through cash handouts to HELB officers [ ]
34. Apart from fees, how much money did you spend on laptop, traveling, personal effects, books, Subsistence, laboratory, and research per year?

Laptop/mobile phone and bundles	Personal effects and subsistence at the university	Laboratory/research/assignments and e-books	Total in Ksh

35. Have you ever deferred studies because of fees? 1. Yes [ ] 2. No [ ]
36. If Yes for what period (please Specify) _____?
37. Did you receive any bursary at Secondary School? 1. Yes [ ] 2. No [ ]
38. What challenges do you experience with the Variable, Loan and Scholarship Funding model (VLSF) model? _____
    _____
    _____
39. What suggestion would you make to improve the Variable, Loan and Scholarship Funding model (VLSF) model? _____

Appendix II: Interview Schedule for Administrators of NHEFM

(30-45minutes)

The aim of this survey is to undertake a rapid policy analysis of Kenya's New Higher Education Funding Model (NHEFM) and its implications on equity and quality of higher education (HE) to support policy uptake. To ensure that the information you give will be effectively used, please respond to the questions as honestly as possible. The information gathered through the interview will be used for the purposes of this study only and will be treated with strict confidentiality. Participation is voluntary and you are free to withdraw at any time without giving reasons and without costs.

1. Name of the Institution:
2. Public or Private:
3. Number of students enrolled in the institution before and after the introduction of the NHEFM by gender.
4. The amount of funding the institution received after the introduction of the NHEFM for the new and continuing students.
5. Whether the institutions' finances have improved as a result of the introduction of the NHEFM compared to the old model.
6. Views on the new funding formula through the Variable, Scholarship and Loans Fund (VSLF) the practical implementation of the model, equity, and quality implications and the financial stability of the institutions in the short and long run.
7. Views on how NHEFM aligns with higher education financing policies in Kenya and best practices in Kenya, in the region and world over..
8. Views on how the NHEFM financial allocations, distribution mechanisms, and practices promote equity, quality and financial sustainability of the institution.
9. Whether there are any strengths, weaknesses, opportunities, and threats in the new NHEFM through the VSLF.
10. Recommendations for best practice for the NHEFM in realizing equity and quality in higher education.

Thank you for participating in the interview

Appendix III: Ethical Review Application Letter

CHAIRMAN:
INSTITUTIONAL ETHICAL REVIEW COMMITTEE (IREC)
MASINDE MULIRO UNIVERSITY OF SCIENCE AND TECHNOLOGY,
P.O. BOX 190-50100,
KAKAMEGA, KENYA

DATE: 10/6/2022

ATTN Prof Gordon Nguka (Chairman IREC)

RE: REQUEST FOR ETHICAL APPROVAL IRO: SURVEY OF KENYA'S NEW HIGHER EDUCATION FUNDING MODEL AND ITS IMPLICATIONS ON EQUITY AND QUALITY OF HIGHER EDUCATION.

I hope this finds you well. We are currently carrying out a survey in collaboration with African Population and Health Research Centre (APHRC) geared towards a rapid policy analysis of Kenya's New Higher Education Funding Model (NHEFM) and its implications on equity and quality of higher education (HE) to support policy uptake. The study is important for MMUST and APHRC in advising Government and other stakeholders on policy implication of the new funding model. It is also important for other policy actors including all public and private universities, students, staff, MOEST, HELB, UFB, KUCCPS, APHRC, among others.

The study targets all undergraduate students who joined Kenya's universities in September, 2023 and were funded through the new funding formula (NHEFM). The purpose of this letter is to kindly request your good office for ethical review of the survey and consequent approval. We further request that we get this approved the earliest possible to enable as be on time.

Attached please find the concept work plan including objectives, methodology and expected output.

Appendix IV: New Fees Under the New Funding Model

LAIKIPIA UNIVERSITY

P.O. Box 1100-20300,
NYAHURURU,
KENYA

TEL: +254-(0) 20 2671779, 20-2671771;
Cell: +254 0729285902, 0729281902
raa@laikipia.ac.ke; www.laikipia.ac.ke

OFFICE OF THE REGISTRAR
(ACADEMIC AFFAIRS)

BACHELOR OF AGRIBUSINESS MANAGEMENT

THE FEE STRUCTURE (KES) FOR YOUR PROGRAM IS AS FOLLOWS:

SEMESTER 1	SEMESTER 2	TOTAL (per year)
Kes. 105,500	Kes. 98,500	Kes. 204,000

Once you apply for Funding, you will be categorized into any of these groups and fees will be paid from the following sources as shown below:

STUDENT CATEGORY		FUNDING SOURCES (KES)		
		GOV. SCHOLARSHIP	HELB LOAN	HOUSEHOLD
1	VULNERABLE	167,280 (82%)	36,720 (18%)	NIL (0%)
2	EXTREMELY NEEDY	142,800 (70%)	61,200 (30%)	NIL (0%)
3	NEEDY	108,120 (53%)	81,600 (40%)	14,280 (7%)
4	LESS NEEDY	77,520 (38%)	112,200 (55%)	14,280 (7%)

Please Pay fees into any of the bank accounts listed below and remember to bring the banking slip for validation.

Bank	Kenya Commercial Bank	Co-operative Bank of Kenya	Equity Bank
Account Name	Laikipia University	Laikipia University	Laikipia University
Account Number	1101909080	01129501778000	0160295840456

NOTES

1. The **Vulnerable** and the **Extremely Needy** students will NOT be required to pay any fees. Their fees will be fully financed by the government through scholarship, bursaries and loan;
2. The **Needy** and the **Less Needy** students are required to pay 7% of the programme cost per year. This implies that they will be required to pay half of that amount per semester;
3. All students should apply for funding through www.hef.co.ke. to be eligible for Government Scholarship and HELB loan;
4. Students will receive upkeep loan amount per annum (p.a) as follows: **Less Needy Kshs. 24,000**, **Needy Kshs. 29,000**, **Extremely Needy 39,000** and the **Vulnerable Kshs. 44,000**. Please note upkeep money will be paid by HELB directly to the students;
5. If you do not apply for government funding, you will be expected to pay at least 50% of the first Semester fee, before registration and admission;
6. Students can access their fee statement through the students' portal;
7. No cash payment will be made on campus for fees or accommodation charges;
8. An official fee statement can be availed to sponsors/parents on request prior to any session.

Page **1** of **1**

Vision: *A University for Valued Transformation of Society*
Mission: *To serve students and society through research, education, scholarship, training, innovation, outreach and consultancy*

Laikipia University is ISO 9001:2015 and ISO/IEC 27001:2013 Certified

LAIKIPIA UNIVERSITY

P.O. Box 1100-20300,
NYAHURURU,
KENYA

TEL: +254-(0) 20 2671779, 20-2671771;
Cell: +254 0729285902, 0729281902
raa@laikipia.ac.ke; www.laikipia.ac.ke

OFFICE OF THE REGISTRAR
(ACADEMIC AFFAIRS)

BACHELOR OF AGRICULTURAL EDUCATION & EXTENSION

THE FEE STRUCTURE (KES) FOR YOUR PROGRAM IS AS FOLLOWS:

SEMESTER 1	SEMESTER 2	TOTAL (per year)
Kes. 141,200	Kes. 134,200	Kes. 275,400

Once you apply for Funding, you will be categorized into any of these groups and fees will be paid from the following sources as shown below:

STUDENT CATEGORY		FUNDING SOURCES (KES)		
		GOV. SCHOLARSHIP	HELB LOAN	HOUSEHOLD
1	VULNERABLE	225,828 (82%)	49,572 (18%)	NIL (0%)
2	EXTREMELY NEEDY	192,917 (70%)	(30%)	NIL (0%)
3	NEEDY	145,962 (53%)	110,160 (40%)	19,278 (7%)
4	LESS NEEDY	104,652 (38%)	151,470 (55%)	19,278 (7%)

Please Pay fees into any of the bank accounts listed below and remember to bring the banking slip for validation.

Bank	Kenya Commercial Bank	Co-operative Bank of Kenya	Equity Bank
Account Name	Laikipia University	Laikipia University	Laikipia University
Account Number	1101909080	01129501778000	0160295840456

NOTES

1. The **Vulnerable** and the **Extremely Needy** students will NOT be required to pay any fees. Their fees will be fully financed by the government through scholarship, bursaries and loan;
2. The **Needy** and the **Less Needy** students are required to pay 7% of the programme cost per year. This implies that they will be required to pay half of that amount per semester;
3. All students should apply for funding through www.hef.co.ke. to be eligible for Government Scholarship and HELB loan;
4. Students will receive upkeep loan amount per annum (p.a) as follows: **Less Needy Kshs. 24,000**, **Needy Kshs. 29,000**, **Extremely Needy 39,000** and the **Vulnerable Kshs. 44,000**. Please note upkeep money will be paid by HELB directly to the students;
5. If you do not apply for government funding, you will be expected to pay at least 50% of the first Semester fee, before registration and admission;
6. Students can access their fee statement through the students' portal;
7. No cash payment will be made on campus for fees or accommodation charges;
8. An official fee statement can be availed to sponsors/parents on request prior to any session.

LAIKIPIA UNIVERSITY

P.O. Box 1100-20300,
NYAHURURU,
KENYA

TEL: +254-(0) 20 2671779, 20-2671771;
Cell: +254 0729285902, 0729281902
raa@laikipia.ac.ke; www.laikipia.ac.ke

OFFICE OF THE REGISTRAR
(ACADEMIC AFFAIRS)

BACHELOR OF ARTS (ENGLISH & COMMUNICATION)

THE FEE STRUCTURE (KES) FOR YOUR PROGRAM IS AS FOLLOWS:

SEMESTER 1	SEMESTER 2	TOTAL (per year)
Kes. 80,000	Kes. 73,000	Kes. 153,000

Once you apply for Funding, you will be categorized into any of these groups and fees will be paid from the following sources as shown below:

STUDENT CATEGORY		FUNDING SOURCES (KES)		
		GOV. SCHOLARSHIP	HELB LOAN	HOUSEHOLD
1	VULNERABLE	125,460 (82%)	27,540 (18%)	NIL (0%)
2	EXTREMELY NEEDY	107,100 (70%)	45,900 (30%)	NIL (0%)
3	NEEDY	81,090 (53%)	61,200 (40%)	10,710 (7%)
4	LESS NEEDY	58,140 (38%)	84,150 (55%)	10,710 (7%)

Please Pay fees into any of the bank accounts listed below and remember to bring the banking slip for validation.

Bank	Kenya Commercial Bank	Co-operative Bank of Kenya	Equity Bank
Account Name	Laikipia University	Laikipia University	Laikipia University
Account Number	1101909080	01129501778000	0160295840456

NOTES

1. The **Vulnerable** and the **Extremely Needy** students will NOT be required to pay any fees. Their fees will be fully financed by the government through scholarship, bursaries and loan;
2. The **Needy** and the **Less Needy** students are required to pay 7% of the programme cost per year. This implies that they will be required to pay half of that amount per semester;
3. All students should apply for funding through www.hef.co.ke. to be eligible for Government Scholarship and HELB loan;
4. Students will receive upkeep loan amount per annum (p.a) as follows: **Less Needy Kshs. 24,000**, **Needy Kshs. 29,000**, **Extremely Needy 39,000** and the **Vulnerable Kshs. 44,000**. Please note upkeep money will be paid by HELB directly to the students;
5. If you do not apply for government funding, you will be expected to pay at least 50% of the first Semester fee, before registration and admission;
6. Students can access their fee statement through the students' portal;
7. No cash payment will be made on campus for fees or accommodation charges;
8. An official fee statement can be availed to sponsors/parents on request prior to any session.

LAIKIPIA UNIVERSITY

P.O. Box 1100-20300,
NYAHURURU,
KENYA

TEL: +254-(0) 20 2671779, 20-2671771;
Cell: +254 0729285902, 0729281902
raa@laikipia.ac.ke; www.laikipia.ac.ke

OFFICE OF THE REGISTRAR
(ACADEMIC AFFAIRS)

BACHELOR OF SCIENCE (BIOCHEMISTRY)

THE FEE STRUCTURE (KES) FOR YOUR PROGRAM IS AS FOLLOWS:

SEMESTER 1	SEMESTER 2	TOTAL (per year)
Kes. 125,900	Kes. 118,900	Kes. 244,800

Once you apply for Funding, you will be categorized into any of these groups and fees will be paid from the following sources as shown below:

STUDENT CATEGORY		FUNDING SOURCES (KES)		
		GOV. SCHOLARSHIP	HELB LOAN	HOUSEHOLD
1	VULNERABLE	184,008 (82%)	44,064 (18%)	NIL (0%)
2	EXTREMELY NEEDY	157,080 (70%)	67,320 (30%)	NIL (0%)
3	NEEDY	129,744 (53%)	97,920 (40%)	17,136 (7%)
4	LESS NEEDY	93,024 (38%)	134,640 (55%)	17,136 (7%)

Please Pay fees into any of the bank accounts listed below and remember to bring the banking slip for validation.

Bank	Kenya Commercial Bank	Co-operative Bank of Kenya	Equity Bank
Account Name	Laikipia University	Laikipia University	Laikipia University
Account Number	1101909080	01129501778000	0160295840456

NOTES

1. The **Vulnerable** and the **Extremely Needy** students will NOT be required to pay any fees. Their fees will be fully financed by the government through scholarship, bursaries and loan;
2. The **Needy** and the **Less Needy** students are required to pay 7% of the programme cost per year. This implies that they will be required to pay half of that amount per semester;
3. All students should apply for funding through www.hef.co.ke. to be eligible for Government Scholarship and HELB loan;
4. Students will receive upkeep loan amount per annum (p.a) as follows: **Less Needy Kshs. 24,000**, **Needy Kshs. 29,000**, **Extremely Needy 39,000** and the **Vulnerable Kshs. 44,000**. Please note upkeep money will be paid by HELB directly to the students;
5. If you do not apply for government funding, you will be expected to pay at least 50% of the first Semester fee, before registration and admission;
6. Students can access their fee statement through the students' portal;
7. No cash payment will be made on campus for fees or accommodation charges;
8. An official fee statement can be availed to sponsors/parents on request prior to any session.

Appendix V: Press Statement from the PS State Department of University Education Nullifying New Tuition Fees

REPUBLIC OF KENYA
MINISTRY OF EDUCATION
STATE DEPARTMENT FOR HIGHER EDUCATION AND RESEARCH
OFFICE OF THE PRINCIPAL SECRETARY

19th July, 2024

PRESS RELEASE

KENYA CERTIFICATE OF SECONDARY EDUCATION (KCSE) 2023 COHORT – UNIVERSITY FEES

Kenya Universities and Colleges Central Placement Service (KUCCPS) placed the Kenya Certificate of Secondary Education (KCSE) 2023 Cohort of students in various degree programmes. This information was communicated to the students by respective universities.

The Ministry of Education wishes to inform the public, particularly parents/guardians of students, and, students that **the fees to be paid** by students and their families/guardians as relates to the full cost of each degree programme as previously communicated in the admission letters is hereby **nullified**, and, **does not apply any more**.

Beginning the **5th Day of August 2024**, the respective universities will communicate the **new fees to be paid by each student** as household contribution.

It is also important for the students and their parents/guardians to note that their **placement in the respective academic programmes remains unchanged**. We wish to confirm that their places in the academic programmes are firmly secured.

Dr. Beatrice Muganda Inyangala
PRINCIPAL SECRETARY

Appendix VI: Presidential Working Committee on Funding Reform (PWCFR)

SPECIAL ISSUE

THE KENYA GAZETTE

Published by Authority of the Republic of Kenya

(Registered as a Newspaper at the G.P.O.)

Vol. CXXVI—No. 142 **NAIROBI, 16th September, 2024** **Price Sh. 60**

GAZETTE NOTICE NO. 11818

THE CONSTITUTION OF KENYA

EXECUTIVE ORDER NO. 8 of 2024

THE NATIONAL COMMITTEE ON REVIEW OF THE NEW UNIVERSITY EDUCATION FUNDING MODEL

WHEREAS, education is the foundation upon which a nation builds its most invaluable asset, its people, through: nurturing intellect, fostering critical thought, and shaping the capacities that are essential for leadership, innovation, and societal advancement;

WHEREAS, Higher Education is a key driver of our national development agenda through advancing knowledge, catalyzing research and innovation, and forging human capital that meets the evolving needs of our society and economy;

WHEREAS, since the dawn of the Republic, various policies have been instituted to expand access to quality, relevant and affordable university education in recognition of its role as a pillar of national progress and development.

WHEREAS, as part of these interventions, the Presidential Working Party on Education Reform (2023) proposed a transformative model to revitalize the financing of Higher Education; heralding a new direction in the equitable provision of university education;

WHEREAS, the New Funding Model for Universities and Technical, Vocational Education and Training Institutions (TVETs), launched in May 2023, aspires to provide equitable access to Higher Education through a needs-based system of scholarships and loans; with student eligibility being determined by a Means Testing Instrument (MTI);

WHEREAS, there is increasing concern about the effectiveness of the Means Testing Instrument in terms of inconsistency in costing methodologies for university programmes, which calls for a unified approach to foster trust and ensure fairness;

WHEREAS, our National Values and Principles of Governance require all public entities to utilize inclusive and participatory processes when making or implementing public policy decisions; and

WHEREAS, there exists a profound public interest in instituting a framework to critically assess both the overarching cost structure of University Academic Programmes as well as the emerging financing model, in order to realize the collective aspiration for enhanced access to quality, relevant and affordable university education.

NOW Therefore, I, William Samoei Ruto, President of the Republic of Kenya and Commander in Chief of the Defence Forces, in exercise of the powers conferred upon me by the Constitution and the Statute Laws of the Republic of Kenya, do order and direct:

I. THAT the National Working Committee on Review of the New University Education Funding Model is hereby established.

II. THAT the Committee shall comprise the following four Workstreams/ sub-committees:

II.I The Workstream on the Review and Refinement of the New Funding Model for Universities and Technical, Vocational Education and Training Institutions (TVETs);

II.II The Workstream on Appeals arising from the categorization of students into various eligibility bands for allocation of Scholarships and Loans;

II.III The Workstream on Structure of Student Loans; and

II.IV The Workstream on the Review of the cost of University Academic Programmes.

III. THAT the Chairpersons and Co-Chairpersons of the Workstreams shall constitute the coordination Board of the Committee for the New University Education Funding Model, as follows:

Japheth Micheni Ntiba (Prof.) — *Chairperson*

Members:

Chairpersons and Co-Chairpersons of the four workstreams

Joint Secretaries:

Lead Joint Secretaries from the four Workstreams.

IV. THAT the Workstream on the Review and Refinement of the New Funding Model for Universities and Technical, Vocational Education and Training Institutions (TVETs) shall be constituted as follows:

Karuti Kanyinga (Prof.) — *Chairperson*

Dibora Zainab Hirbo — *Co-Chair*

[3627

Members:

Mogesi R Maroa,
Vincent Tarus,
Ignatius Kiptoo Ruto,
Tracey Nyaboe Morara,
Ubah Abdi Hussein,
Felix Ochieng,
Ferdinand Awuonda,
Philip Nyayo Ivutha,
Abdikassim Mohamed,
Phostine Wandera,
Fidel Wandiga,
Solomon Ndundi Alfred,
Elizabeth Waigwe Wanjiku,
Faith Wanjiku Kamau,
Ruth Mwikali Mwangangi,
Stephen Odebero,
Kibibi Ndope,
Jared Osoro,
Constantine Wasonga Opiyo,
Emmanuel Manyasa,
Caroline Waithera,
Richard Kipkoech,
Jared Ongaro,
Eunice Kigen,
Martin Muluka,
Nicholas Wasonga Orago,
Paul Waweru,
Joseph Rotich,
Syrus Mutuku,
Peter Alingo,

Joint Secretaries:

Moses Njeru Mbaruku,
Jemima Onsare,

Secretariat:

Diana Mutisya,
Alex Kibet,

V. THAT the Workstream on Appeals arising from the categorization of students into various eligibility bands for allocation of Scholarships and Loans shall be constituted as follows:

Walubengo Waningilo — *Chairperson*

Lucy Machugu — *Co-Chair*

Members:

Ronald K. Cheruiyot,
Elisha Ochieng Oyugi,
Raphael Oguk,
Ramesh Saxena,
Goeffly Mokua,
Evans Kipkorir Serem,
Gitonga Gichangi,
Calvin Juma,
David Kisindai,
Harrison Nganga Muiruri,
Ruth Wamuhu Njiu,
Wainaina Gichere,
Loyan Kimanthi Micheni,
Samuel Jackinda Obilo,
James Magoka,
Emily Ntinyari,
Moses Ambani,
Josiah Munene,
Martin Oleche,
Joyce Mutinda,
Romanus Odhiambo,
Michael Kibet Kibiriti,
Khaemba Ongeti,
Wangeci Catherine,
Phylis Mutua,

Joint Secretaries:

Margaret Campbell,
Allan Chacha,

Secretariat:

Darius Mogaka,
Kingori Ndegwa,

VI. THAT the Workstream on Structure of Student Loans shall be constituted as follows:

Robert Oduor Otieno — *Chairperson*

Aron Kiprotich Bett — *Co-Chair*

Members:

Nabangi Alex Wanyonyi,
Pascal Juma,
Bill Clinton,
Fatuma Boku Marsa,
Kipkorir Brian,
Bonface Odeda,
Boaz Gori Onserio,
Erick Ochieng,
Dismas Kiptoo,
Paul Wathuta Kiragu,
Joseph Tioko,
Ohanga Grace Wangare,
Salome Thinguri,
Jane Nyagaturi Mbatia,
Bernard Kiprono,
Arnold Munene Njoka,
Grace Chitayi Nyongesa,
Charles Njoroge Mbau,

Joint Secretaries:

Tiberius Barasa,
Clarise Osore,

Secretariat:

Geoffrey Monari,
Emmanuel Abook,

VII THAT the Workstream on the Review of the Cost of University Academic Programmes shall be constituted as follows:

Mohamed S. Rajab (Prof.) — *Chairperson*

Patrick Malanga — *Co-Chair*

Members:

Rehema Josphine,
Melodie Wairimu,
Vincent Kipkorir,
Evanson Muchanga,
Oketch Solomon,
Francis Onondi,
Don Ochieng,
Elvis Odiwour,
Njoroge Wanjohi,
Stephen Kabiri,
Maureen Cherono,
Philomena Nthenya,
Mutethia Stephen Isaiah,
Abed Mureithi,
Okech Abagi,
Janet Ouko,
Samuel Nthenge,
John Mutinda Mutiso,
Charles Mukwaya,
David Njoroge,
Daniel Mugendi,
Farhiya Jehon Ali,
Henry Mutembei,
Robison Kigen,
John Njera,
Jennifer Chebet,
Denis Mwiti Kaburu,
Rosemary Bowen,
Carren Agengo,
Gerald Ouma,
Isaac Litali,

Joint Secretaries:

Mathew Rotich,
Joseph Musyoki,

Secretariat:

Agnes Mercy Wahome,
Josphat Nzuki,

VIII. THE TERMS OF REFERENCE of the National Working Committee are as follows:

(a) To review the efficacy of the New Funding Model in fostering access to quality and affordable university/higher education;

(b) To appraise the implementation of the New Funding Model for KCSE 2022 and KCSE 2023 candidates who were placed in public and private universities and TVETs;

(c) To evaluate the effectiveness of the Means Testing Instrument (MTI) in ensuring that the categorization of students captures their socio-economic realities;

(d) To assess the effectiveness of the appeals mechanism in the resolution of student categorization concerns and/or challenges in relation to the bands for access of scholarships and loans;

(e) To establish the potential of the New Funding Model to steer the Nation towards the sustainable funding of Public Universities and TVETs;

(f) To analyse and make recommendations for the rationalization of the cost of university programs and mobilization of the requisite resources for funding university education;

(g) To review the structure of student loans with regard to the terms of the loans, including current interest rates, penalties and repayments periods, considering post-graduation employment and work prospects and incomes.

IX. In the performance of its mandate, the Committee shall:

(a) Report to and be accountable to the President through the Cabinet Secretary for Education;

(b) Consult with stakeholders in the education sector including industry players, associations and lobby groups, regulators and Government agencies, and any other person or entity as the Committee shall deem necessary;

(c) Hold such number of meetings, consultative sessions, public events and engagements as the Committee shall consider necessary for the purposes of receiving information or views in furtherance of its terms of reference;

(d) Have such powers as may be necessary or expedient for the proper execution of its functions;

(e) Regulate its own procedure;

(f) May consider and use the reports of any past or ongoing initiatives as the Committee may deem relevant to its mandate; and

(g) Request and receive any information or document that may be relevant to the discharge of its mandate.

X. The National Committee will serve for a period of eight (8) weeks with effect from the date hereof, or for such longer period as may be specified by notice in the *Gazette*.

XI. The Secretariat of the Committee as well as its Workstream shall be located at the Ministry of Education Headquarters at Jogoo House.

Dated the 16th September, 2024.

WILLIAM SAMOEI RUTO,
President.

PRINTED AND PUBLISHED BY THE GOVERNMENT PRINTER, NAIROBI