

## **RELATIONSHIP BETWEEN USAID FUNDING AND LEVEL OF EDUCATION ACCESS IN NAIROBI KENYA**

**M'masi Sylvia.**

Masters of Arts Public Policy and Administration, Kenyatta University, Kenya.

**Dr. Edna Moi.**

Lecturer, Kenyatta University, Kenya.

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**International Academic Journal of Arts and Humanities (IAJAH) | ISSN 2520-4688**

**Received:** 26<sup>th</sup> October 2022

**Published:** 3<sup>rd</sup> November 2022

Full Length Research

**Available Online at:** [https://iajournals.org/articles/iajah\\_v1\\_i2\\_472\\_481.pdf](https://iajournals.org/articles/iajah_v1_i2_472_481.pdf)

**Citation:** M'masi, S., Moi, E. (2022). Relationship between USAID funding and level of education access in Nairobi Kenya. *International Academic Journal of Arts and Humanities*, 1(2), 472-481.

## **ABSTRACT**

Education access is quite important to each and every individual in a country. In Kenya the illiteracy levels are slowly declining due to more and more citizens gaining access to education. In the past education access had only been a preserve of the wealthy, in the society. Currently also the poor and less privileged in the society have access to education. The research was necessitated by the fact that despite the government and other stakeholders combining efforts to ensure more and more Kenyans had access to education especially in Nairobi which is the capital of Kenya, the level of education access was increasing at a very slow rate. From data obtained from NGO's such as USAID the slow increase in the level of education access in Nairobi was blamed on inadequate funding. When funding was increased, the level of education access was on the increase but once the funding was reduced education access was on the decline. With USAID reducing its funding in the Kenyan education sector over the past few years, many parents found it difficult to educate their children especially in the Nairobi slum dwellings where earnings are low. The research was guided by the operating income approach and the human capital theory. These two theories were used since they relate closely to the levels of capital and resource

utilization and the expected results. Since most of the data was readily available from USAID itself, the government and most of the learning institutions which received funding from USAID, a casual research approach suited the study. Despite the casual approach, primary data was collected from USAID staff and some of the stakeholders, where a total of 120 respondents were interviewed. They were distributed amongst USAID staff and policy implementation stakeholders where the partners accounted for the bulk of respondents. A pre-structured questionnaire was mailed to the respondents which allowed them to fill it at their own free time. Simple regression analysis and correlation analysis were used to analyze most of the data collected. The main finding of the study was that whenever USAID faces tough economic times, they are forced to cut funding into most of their projects such as educational projects being undertaken in Nairobi. To deal with such occurrences there was need for USAID to have clearly set goals and time periods within which the goals must be achieved whether funding is reduced or not.

**Keywords:** Operating income, human capital, policy implementation, resource utilization.

## **INTRODUCTION**

In the 21st century most governments are finding it difficult to meet all the needs of their citizens. Most of these needs are quite essential hence it is difficult for the government to fully depend on the private sector to avail these needs. Most of these services are referred to

as public services since the government provides them expecting little or no profits at all. If the government charges for these services, then the charges are quite low since they can't be compared to the amount of money invested by the government. Examples of such services include education and health. Most of the education and health facilities are government funded though private providers exist but they are not as many compared to government run facilities.

Since the government provides these services to large masses, for instance education, there are some gaps which exist. It is the duty of the private sector to fill these gaps and nongovernmental organizations such as USAID. The difference between NGO's and the private sector is NGO's fill in the gaps left with a philanthropic or a humanitarian agenda while the private sector fills the gap with a profit making agenda (Diaz & Reece, 2020). For instance, education access in Kenya is on the rise due to involvement of NGO's in education provision. USAID funds both private and public learning institutions depending on the urgency present.

Generally, when NGO's such as USAID are poorly funded or poorly run it means the populations they serve will no longer have access to the services they offer (Bilginoglu & Yozgat, 2018). For instance, if USAID completely withdraws its funding towards education in Nairobi the number of students who will no longer be able to access education will increase. This explains why the contribution of USAID towards the development of developing nations such as Kenya can't be downplayed.

Despite the importance of USAID being known and its contribution to economic development through various activities, the organization faces a lot of challenges. One of the major challenges faced by USAID is inadequate funding. USAID was and is always willing to engage in as many development and educational projects as possible but due to inadequate funds priority is only given to the most critical issues. The criteria used by USAID, in prioritizing critical educational programs to fund are difficult to understand since this is a decision by those in leadership positions. Whenever a poor decision is made, this reflects in the results achieved (Gifford, 2019). In most cases the results deviate from the set goals.

To analyze how funding affects education projects undertaken by USAID, there needs to be a dependent variable and an independent variable. In the study the independent variable was funding while the dependent variable was the level of education. Whenever funding changed, there was a corresponding change which reflected in the level of education access in Nairobi Kenya (UNESCO, 2013). This change was not much evident in the well-off suburbs of Nairobi but in the slum schools which mainly relied on USAID and donor funding, the effects were quickly evident.

The above evidence was enough to term education as being very sensitive and capital intensive. Despite the governments and NGO's plus other stake holders channeling billions of funding towards education access, any slight change in funding especially a reduction yielded

results almost immediately. This meant that there was a very high relationship between USAID funding and the level of education access in Nairobi. It was also clear that if the study was carried out in other regions in Kenya or away from Kenya the results yielded would closely correlate to the finding in Nairobi Kenya. This made USAID funding a global concern.

### **Statement of the Problem**

Kenya being a developing nation, the government seemed to have failed in its mandate of ensuring education access to all the citizens of Kenya more so Nairobi. Due to the high population in Nairobi, despite there being so many public schools the level of education access was still considered to be low. In most of the public schools due to high numbers of students, student's access education but the quality of education accessed was poor. This led to mushrooming of private schools which seemed to offer better education compared to public schools run by the government. The private schools were so exploitative since their main aim was making profits.

In an effort to ensure that public schools offered quality education and the private schools did not exploit the parents, USAID had to step in. USAID offered some form of help to both private and public schools. Any time the level of USAID help declined due to capital constraints faced by the organization levels of education access were on the decline in Nairobi. The necessitated the research on the relationship between USAID funding and education access levels and what improvements should be done.

### **Objectives of the Study**

- i. To evaluate why most schools in Nairobi relied on donor funding from USAID and other NGO's.
- ii. To find out why USAID faces/faced inadequate capital challenges.

## **THEORETICAL LITERATURE REVIEW**

Theoretical literature review builds on existing studies relating to the research topic which were done in the past (Afriye, 2015). When this literature is merged with information obtained from the research topic, meaningful findings and conclusions which are sensible were made.

### **Operating Income Theory**

This is a theory which was advanced forward in the year 1959, by a scholar known as Durand. From the theory the net worth of an institution for instance a school or an organization was based on the operating income posted by the organization. The operating income is always the difference calculated from the total revenues of the organization and the total expenditures. Organizations with higher operating incomes were capable of meeting

their operational expenses without having to rely on financial assistance from outside (Schwab et al, 2019). Based on this theory since most schools in Nairobi had low operating incomes, they had to rely on funding from external sources such as USAID.

The main reason why this was experienced was, most of the public schools are not profit oriented hence they have high expenditures compared to revenues. This leads to low operating incomes. In order to increase their operating income, they relied on internal funding from the government which was low; hence to remain afloat they had to seek the assistance of external funding such as USAID donor funds. Wherever schools in Nairobi received donor funding from USAID, they would sustain their activities but when USAID was unable to offer funding the next option was seek loans from banks or request the parents to support the school.

This led to a situation where, wherever parents were asked to financially support the schools due to economic hardships, they could not afford the money. Since their children would not receive services without this money, they had to drop out of school. This led to low access to education in Nairobi all because donor funding by USAID was not there or it was reduced.

### **Human Capital Theory**

The human capital theory was first developed in the year 1963 by Becker. Later on Becker teamed up with other scholars such as Jacob Mincer so as to make improvements to his theory. The theory stated that the main role of training in each and every set up was to improve the skills of the individuals. Applying this to the study, the main role of education which is a form of training is to equip learners with skills which they can use in future to empower their lives and that of the country too. Further the theory states that for this training to take place the environment must be conducive enough and there had to be high capital investment.

Applying the theory to most schools in Nairobi, for the learning environment to be conducive, the institutions had to invest capital. The institutions had inadequate capital; hence they had to turn to USAID for funding since government funding is not sufficient. On the other hand, USAID was faced with similar challenges; hence they advanced the little funding they had to Nairobi schools. At the end a learning environment which was not conducive at all was created leading to low access to education (Sullivan, 2019). For instance, due to inadequate funding, the teacher to student ratio in most Nairobi schools was very high.

### **Empirical Literature Review**

According to a study conducted by USAID in the US in 2018, USAID is also responsible for economic growth in their country of origin. Most of the funding USAID receives was from the US government and notable business figures and organizations globally through partnerships. Once the pool of money advanced to the organization by the US government

and other partners declines the organization first reduced its expenditures in the US. When expenditure in US is reduced it means even in other countries USAID had to do the same. In Kenya expenditure on education had to be reduced.

Moving closer to Kenya, when USAID reduced its funding to the education sector in Ghana, most students in the country were unable to access education. To deal with this phenomenon Ghana had to seek financial assistance to fund its educational activities from other donor partners such as United Kingdom and China. This was enough proof that most sub Saharan African countries rely on donor funding in education.

According to a study conducted in 2016, the main challenge facing education in Kenya was inadequate funds. Despite donors channeling billions towards education in Kenya, access to education was still not convincing enough (Gabriel, et al 2016). This meant that for education uptake to be high in Kenya donor funding had to be increased. What if USAID on its part did not have the ability to increase funding?

## **RESEARCH METHODOLOGY**

### **Research Design**

A research design which was self-explanatory was used since descriptive data was used to make the findings and conclusions of the research. This research design was best applicable since the researcher had the freedom to collect lots of data which related to the study topic.

### **Target Population**

The target population consisted of the 120 respondents in the study. From the respondents only 27 were working for USAID in various departments while the remaining 93 were drawn from various partner institutions working with USAID. This meant that data obtained was not static in nature but exploratory since it was obtained from a wide variety of fields.

### **Sampling Frame**

For the purpose of the study a total of 400 respondents were considered. The 400 were distributed among staff working at UN headquarters and those working for various partners working with USAID in the education sector. Since any number between 10%-30% is acceptable in the study the following sampling frame was used.

### **Sample Size**

<b>Category</b>	<b>Respondents</b>	<b>Percentage (%)</b>
USAID Agency Staff	90	27
Implementing Partners	310	93
<b>Total</b>	<b>400</b>	<b>120</b>

### **Data Collection**

Both primary and secondary data was used in the study. Secondary data was obtained from various journal publications, articles, and the government and from USAID records. Primary data was obtained through a questionnaire which was open ended and close ended. This was quite effective since the researcher dropped the questions or emailed them to the respondents.

### **Pilot Testing**

A pilot study was conducted three months before the actual research took place. The pilot study comprised of only 20 respondents. From the pilot study the researcher was able to identify the challenges and limitations which might be experienced in the actual research. The researcher had to mitigate these shortcomings to ensure data collected was reliable to increase the validity of the results/findings.

### **Data Analysis and Presentation**

Data was collected, sorted and then safely stored. This allowed for easy retrieval of the data to conduct various test on it. Mainly, the data was analyzed using the SPSS software version 2022, where inferential statistics and ratios were derived. In addition the data was presented in form of pie charts and tables. This made it easy to track all the data and associated findings.

### **Model Specification**

For the purposes of the study a simple linear model was adopted. The model was simple since the variables to be measured in the study were also quite few. This model can be best explained as per the below table.

#### **Independent Variable**

#### **Dependent Variable**

Government Spending on Education

Level of education Access.

USAID Spending on Education

Representing this model empirically, the below formula was obtained

$$Y_t = \beta_1 U_t + G_t + E_t$$

Y- Level of education access

$\beta_1$ - Beta Coefficient

U- Level of USAID Expenditure

G- Level of government expenditure

E- Error Margin

t- Time period.

Before Analysis of the data linearity and hypothesis tests were conducted.

## **Linearity Test**

A linearity test was necessitated to establish the dependent and independent variables linearity relation. From the Karl-Pearson test, linearity is distributed between the values -1 and +1. Any value above +1 shows high levels of linearity while values below -1 shows low levels of linearity. The study data had a score of +5 which means there was high linearity between the variables under study.

## **Hypothesis Testing**

The study made an assumption that other sources of funding to learning institutions other than government and donor funding were present. Linear regression was used where the confidence levels assigned were 95% with a significance value of 0.05. Any value of *P* below 0.05 made the hypothesis to be rejected, which values above that meant the hypothesis was accepted.

## **RESEARCH FINDINGS**

### **Inferential Statistics Analysis**

The main purpose of the research was to establish how USAID funding and the level of education access in Nairobi Kenya are related. From the study, the dependent variable was the level of education access while the independent variable was USAID funding. This means the values of education access changed depending on the changes of USAID funding. Linear regression was used to find out the relationship between USAID funding and levels of education access. The main values considered for the study after regression were the R value, R squared value and the value of P.

<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted Squared</b>	<b>R</b>	<b>Std. Error of the Estimate</b>
1	0.6823	0.7284	0.5418		0.037

R Value- 0.6823

R Square- 0.7284

Adjusted R Squared- 0.5418

From the above findings the following conclusions were made

- The R squared value means that if external factors are present, USAID funding contributed to the level of education access by 72.84%
- The adjusted R Squared value means that if external factors are eliminated, USAID funding contributed to education access by 54.18%
- The R value of 68.23% shows the significance levels of the model.

## Hypothesis Testing

In testing the hypothesis, any P value below 0.05 led to rejection of hypothesis while any value above 0.05 led to acceptance of hypothesis.

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	-20891.5	34017.13	-0.61415	0.542981	-89881.4	48098.46	-89881.4	48098.46
X Variable 1	1.558166	0.048251	32.29293	3.53E-28	1.460308	1.656023	1.460308	1.656023

From the above table after regression was done of USAID funding against levels of education access in Nairobi, a P value of 0.54 was obtained hence the hypothesis was accepted.

## CONCLUSION AND FINDINGS

### Conclusion

From the research it was concluded that USAID funding contributed greatly to education access in Nairobi Kenya especially in the slum dwellings. Wherever USAID funding increased the level of education access increased too but whenever the funding decreased the levels of education access declined too.

### Recommendation

Based on the findings, three recommendations were made. The first recommendation made was to have USAID work in partnership with other stake holders in the education sector in Nairobi. From findings obtained, when USAID partnered with other stake holder's education access was higher compared to when USAID funded education alone. The second recommendation was to have a wider pool of resources for learning institutions in Kenya since funding from USAID and the government was not sufficient always hence the need for other sources of financing. The final recommendation made was creation of a multi-sector taskforce to find out all challenges being experienced by USAID and learning institutions so as to eradicate them and improve education access and its quality for sustainable growth and development to happen in Nairobi and all over Kenya.

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