Demand for education has considerably increased in Kenya. Yet the two sources of financing education are experiencing constraint even with the cost-sharing strategy. This is limiting the government achievement of the goals of education. The purpose of the study was to investigate the implementation of the cost-sharing policy and its impact on the secondary school education in Nyeri District. The study focused on the following objectives; to find out the role of government, household and communities in the financing of education; role of Head teacher and challenges they face in implementing the cost-sharing policy; Determine the overall impact of the cost-sharing policy on public secondary school education and identify alternative sources of funding for schools.

Literature related to the study was reviewed. Simple random sampling was used to select 12 secondary schools in which the head teachers were respondent. Included in the sample are 12 P.T.A chairmen 48 class teachers, and the District Education Officer.

The study was carried out using the descriptive survey design and data collected using questionnaires. Data collected from the filed was coded and entered into computer for analysis using the statistical package for social sciences. Descriptive statistics including frequencies and percentages were used in data analysis and finding reported in summary form using tables. The study established that the government, the parents and the communities participated in financing of the education. However the level of participation was found to be limited due to poverty and the negative attitude towards cost sharing policy. Through the study, the researcher come up with recommendation that could be used by policy makers in the ministry of education when formulating policies regarding financing of education in Kenya. The government, development partners, academic, private sector and stakeholders should jointly review the cost sharing policy at the secondary level, looking into viable partnership for positive solutions in promoting access to and quality of secondary education.