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FINANCIAL MANAGEMENT AND SUSTAINABILITY OF HUMANITARIAN PROJECTS: A CASE OF SELECTED NGO PROJECTS IN KAKUMA REFUGEE CAMP, KENYA

BY

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April 2026

DECLARATION

This research is my original work and has not been presented for a degree in any other university. No part of this work may be reproduced without the permission of the author and The Catholic University of Eastern Africa (CUEA).

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DEDICATION

I dedicate this research to my family and friends for their support, encouragement, and credence in my capabilities throughout my academic journey.

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ABBREVIATIONS AND ACRONYMS

HR – Human Resources

ICT – Information and Communication Technology

IDPs – Internally Displaced Persons

IFRS – International Financial Reporting Standards

INGO – International Non-Governmental Organization

M&E – Monitoring and Evaluation

NGO – Non-Governmental Organization

OECD – Organisation for Economic Co-operation and Development

UNHCR – United Nations High Commissioner for Refugees

USAID – United States Agency for International Development

ABSTRACT

Humanitarian projects play a critical role in addressing vulnerability in displacement settings, yet many interventions in Kakuma Refugee Camp fail to remain functional once donor funding ends, a pattern attributed to weak budgeting, inadequate risk planning, and poor internal controls. This study examined how financial management practices – budgeting, risk management, audit and internal control, and financial planning – influence the sustainability of humanitarian projects implemented by NGOs operating in Kakuma Refugee Camp, Kenya. The specific objectives were to explore how budgeting practices shape sustainability, examine the role of risk management in project continuity, evaluate how audit and internal control systems affect accountability and long-term outcomes, and analyze how financial planning practices contribute to sustainability. The study adopted a qualitative, phenomenological design, drawing on a target population of 25 finance, project management, and field implementation staff across five NGOs, of whom 23 participants (a 92 percent response rate) were purposively sampled and engaged over a four-week data collection period through key informant interviews and focus group discussions. Data were analyzed thematically. The findings showed that participatory, realistic, and closely monitored budgeting, proactive risk management, strong internal audit and control mechanisms, and long-term, locally grounded financial planning significantly enhanced sustainability, while unrealistic budgeting, donor dependency, and weak documentation undermined it. The study concludes that project continuity after donor exit depends more on the quality of internal financial management than on the volume of donor funding received, and recommends that NGOs institutionalize participatory and evidence-based budgeting, invest in forecasting and risk-management capacity, and strengthen audit and internal control systems, while donors adopt more predictable, longer-term funding models. Future research should extend these findings through mixed-methods, comparative, and longitudinal designs across other protracted displacement settings.

CHAPTER ONE: INTRODUCTION

1.0 Introduction

This chapter presents the background and context of the study on financial management and sustainability of humanitarian projects in Kakuma Refugee Camp. The purpose is to outline the research problem, objectives, and questions guiding the study. The chapter is organized into the background, problem statement, objectives, significance, scope, and key definitions of terms.

1.1 Background to the Study

Humanitarian projects are interventions initiated to address emergencies such as conflict, displacement, and disaster, delivered mainly through international and non-governmental organizations. Globally, more than 360 million people needed humanitarian assistance in 2023, with funding needs exceeding USD 57 billion (UN OCHA, 2023). Yet weak financial management – poor budgeting, absent risk planning, and limited internal controls – means that half to two-thirds of humanitarian interventions fail to sustain operations within three years of donor exit (Fedchenko et al., 2023; Feng et al., 2022). Sustainability, understood as a project's capacity to maintain its operations, impact, and relevance after external funding ends (Khalifeh et al., 2020; Trzeciak, 2021), depends on integrated financial systems: realistic budgeting (Orieno et al., 2024), proactive risk management (Simon et al., 2024), transparent internal controls (Pavlenko & Hou, 2022), and long-term financial planning (Bist, 2025). Global assessments show that more than half of humanitarian organizations lack multi-year financial planning tools and a third do not conduct regular internal audits (Humanitarian Accountability Partnership, 2021).

Sub-Saharan Africa absorbs a disproportionate share of humanitarian funding, receiving 43 percent of global assistance in 2022 because of recurrent drought, conflict, and displacement (UNOCHA, 2023), yet weak financial systems and limited institutional continuity keep sustainability low across the region (Chauhan & KA D, 2025). In Kenya, which hosted more than 630,000 registered refugees as of 2023 (UNHCR, 2023), audits have repeatedly uncovered irregular and unsupported expenditure exceeding KES 210 million among NGOs operating in Turkana and Dadaab, alongside widespread non-compliance with statutory financial reporting requirements (Office of the Auditor-General, n.d.; Chepkuto & Kwasira, 2022). These weaknesses leave donor-funded projects without the transition strategies, local financial management, and ownership structures needed to survive once external funding ends.

Kakuma Refugee Camp in Turkana County anchors this study as the setting where these national and regional financial management weaknesses are most acute. Established in 1992 for 20,000 refugees, Kakuma and the adjoining Kalobeyei Settlement now host more than 280,000 refugees and asylum seekers from over ten countries, served by more than 25 NGOs and UN agencies managing an annual budget of roughly KES 10 billion (UNHCR, 2023; Shunda et al., 2025). Despite this scale of investment, sustainability remains low: only 32 percent of livelihood and skills-training programmes continued two years after donor exit, nearly 45 percent of donor-funded education projects lapsed within three years, more than 60 percent of Kakuma-based initiatives lacked a formal risk-mitigation plan, and unsupported procurement expenditure of KES 14.5 million was recorded in over a quarter of sampled transactions (Orieno et al., 2024; Chepkuto & Kwasira, 2022; Vinnytskyi, 2025; Ternell et al., 2020). Budgets in Kakuma routinely omit inflation and maintenance costs, risk management is treated as a formality rather than a discipline, and few NGOs maintain long-term financial plans that integrate cash-flow forecasting, phased handover, or alignment with government systems (Shakibaei et al., 2024).

Existing literature on humanitarian interventions has focused largely on donor accountability, service delivery outcomes, and short-term programme effects (Vinnytskyi, 2025), leaving the empirical relationship between financial management practice and long-term project sustainability under-examined, particularly at the localized level of protracted crisis settings such as Kakuma (Aarseth et al., 2017; Chepkuto & Kwasira, 2022). This study addresses that gap by examining how budgeting, risk management, audit and internal control, and financial planning practices shape the sustainability of humanitarian projects implemented by NGOs in Kakuma Refugee Camp.

1.2 Statement of the Problem

Although donor-funded humanitarian projects are ideally expected to transition to community or government ownership once external funding ends, most of the more than 25 NGO-implemented projects in Kakuma Refugee Camp fail to survive the early post-donor phase, a pattern attributed to weak internal financial management, including inaccurate budgeting, the absence of financial risk planning, weak audit systems, and inadequate financial planning (Wanja & Ronald, 2025). Contextually, this failure is concentrated in protracted, resource-constrained displacement settings such as Kakuma, where financial management operates under conditions rarely captured in mainstream humanitarian research. Conceptually, sustainability continues to be theorized mainly around governance, accountability, and donor compliance, with comparatively little attention paid to financial management as a distinct determinant of project continuity. Empirically, there is a shortage of localized, evidence-based research linking specific financial management practices – budgeting, risk management, audit and internal control, and financial planning – to sustainability outcomes in humanitarian settings; and methodologically, prior studies have relied heavily on quantitative or donor-report data that overlook the lived experiences of the staff who manage these practices daily. Left unaddressed, these gaps mean that donor withdrawal continues to translate into loss of community services, wasted resources, and diminished donor confidence, without a clear, contextually grounded understanding of why (Shakibaei et al., 2024). This study therefore addressed the overarching research question: how do financial management practices – namely budgeting, risk management, audit and internal control, and financial planning – influence the sustainability of humanitarian projects implemented by NGOs in Kakuma Refugee Camp?

1.3 Purpose of the Study

The purpose of this study was to examine how financial management influence the sustainability of humanitarian projects implemented by NGOs operating in Kakuma Refugee Camp, Kenya.

1.4 Objectives of the Study

The study focused on achieving the following specific objectives:

1. To explore how budgeting practices shape the sustainability of humanitarian projects implemented by selected NGOs in Kakuma Refugee Camp.
2. To examine how risk management practices are experienced and applied in influencing the sustainability of humanitarian projects in Kakuma Refugee Camp.

3. To explore the role of audit and internal control mechanisms in supporting the sustainability of humanitarian interventions by NGOs in Kakuma.
4. To examine how financial planning practices contribute to the long-term sustainability of humanitarian projects in Kakuma Refugee Camp.

1.5 Research Questions

The study addressed the following research questions:

1. How do budgeting practices shape the sustainability of humanitarian projects implemented by NGOs in Kakuma Refugee Camp?
2. How are risk management practices applied in influencing the sustainability of humanitarian interventions in Kakuma?
3. What role do audit and internal control mechanisms play in supporting the sustainability of humanitarian projects in Kakuma Refugee Camp?
4. How do financial planning practices contribute to the long-term sustainability of NGO-led humanitarian projects in Kakuma?

1.6 Justification of the Study

This study highlights the importance of financial management in sustaining humanitarian interventions. Budgeting, risk management, internal control and financial planning decide the success of NGO programs in the long run especially in resource-constrained settings like Kakuma Refugee Camp. The knowledge of the effect of these practices on project may assist organizations to become more accountable, minimize resource wastage, and serve to keep donors more confident hence increasing the resilience and sustainability of the interventions.

1.7 Significance of the Study

The research is important as it can enhance knowledge on financial sustainability in humanitarian operations, in this case in long-term refugee cases like Kakuma Refugee Camp. The work is timely in addressing a raging question of financial sustainability of humanitarian initiatives, particularly in the long-term hosting of refugees as the case of Kakuma Refugee Camp. The findings of the study can be useful lessons to the professionals working in humanitarian NGOs, who, so far, could utilize the few sources of literature available on financial management, highlighted in numerous studies, which they can follow to improve their project performance and sustainability. These practical lessons would be beneficial to NGOs in Kakuma as well as displacement sites in the region at large to ensure that they can get the best use of their resources, enhance accountability, and reduce dependence on a cycle of short-term funding.

The research is important in providing guidance to donors and policy makers as it will draw the attention of the financial problems and realities of operations of implementing organizations. This can help to direct more adaptive and sustainable funding systems and promote investor donations, which are not only to answer short-term demands but also to work towards long-term outcomes. The study contributes to the current trend of research in humanitarian financial management and sustainability.

1.8 Scope and Delimitation of the Study

The study was limited to a few NGOs working within the Kakuma Refugee Camp in Kenya and funded by the United Nations High Commissioner of Refugees (UNHCR). This is particularly connected with the power of internal financial management to determine the sustainability of humanitarian projects. The surrounding variables that was analyzed are budgeting, planning, audit and internal financial controls, and management of financial risk. The research makes no mention of other potential external influences on project sustainability, including political, cultural, and environmental forces, and treats such factors as outside the scope of the current study. On the same note, it does not include NGOs working in different refugee settlements or areas within Kenya or the ones not endorsed by UNHCR.

The geographical scope of Kakuma Refugee Camp was based on the strategic importance of the camp and, therefore, it is an effective camp in the continent of Africa because it is a large and old refugee camp that makes it proper to discuss the sustainability challenge of humanitarian interventions in protracted crises. The targeted population is comprised of the finance and project management employees of NGOs with the current activities of UNHCR-funded projects. The results of the study can hardly be generalized and, consequently, cannot be directly applied to NGOs with alternative funding patterns or in other geographical environments. However, the study provides informative directions in financial management protocols that can be applicable among other humanitarian players in the same protracted displacement environment. It was performed in the period running within the framework of the year 2025/2026, and it will be based on both secondary.

1.9 Limitations of the Study

Response bias was encountered in this study since the data used was obtained by self-reports among NGO staff. Some respondents understated or overstated on their financial management practice due to organizational loyalty or need to fulfill the perceived expectation. This could have interfere with the accuracy of collected data. To reduce this, research assured confidentiality and anonymity so as to motivate honest and truthful answers.

The privacy regulations could prevent disclosure of internal financial data, and the organizational policies may limit the access. Consequently, it might decrease the extent of financial information gathered. To overcome this, the study gave attention to overall financial practices and at the same time triangulate the information whenever there is a possibility to use several sources of data.

The project sustainability was affected by external causes like political unrest, varying priorities by donors or the variations in the number of refugees. These were variables that were not within the research control and focus of the research at hand. They could have still indirectly influence the practices under consideration. The research study took this into consideration but only restricted itself to the internal financial management within NGOs in Kakuma Refugee Camp.

1.10 Conceptual Framework

The conceptual framework displays how the four primary independent variables Budgeting Practice, Risk Management, Audit and Internal Control and Financial Planning Practice relate to the dependent variable Project Sustainability. Budgeting Practice entails elements like preparation of annual budgets, budget variance analysis, frequency of budgeting monitoring. Risk Management will comprise the financial risk policy, frequency of risk assessment, and risk mitigation measures. Audit and Internal Control deal with internal audit policy, implementation of audit controls procedures and the rate of compliance with the audit procedures. Financial Planning Practice encompasses financial projections, strategic financial alignment, as well as reviewing plan. These financial and governance practices have a combined effect on Project Sustainability, which is represented by the long-term sustainability of the project, the level of community ownership and ability to scale and replicate. According to the framework, sustainable project results are reinforced to the point that the management of these practices is attained.

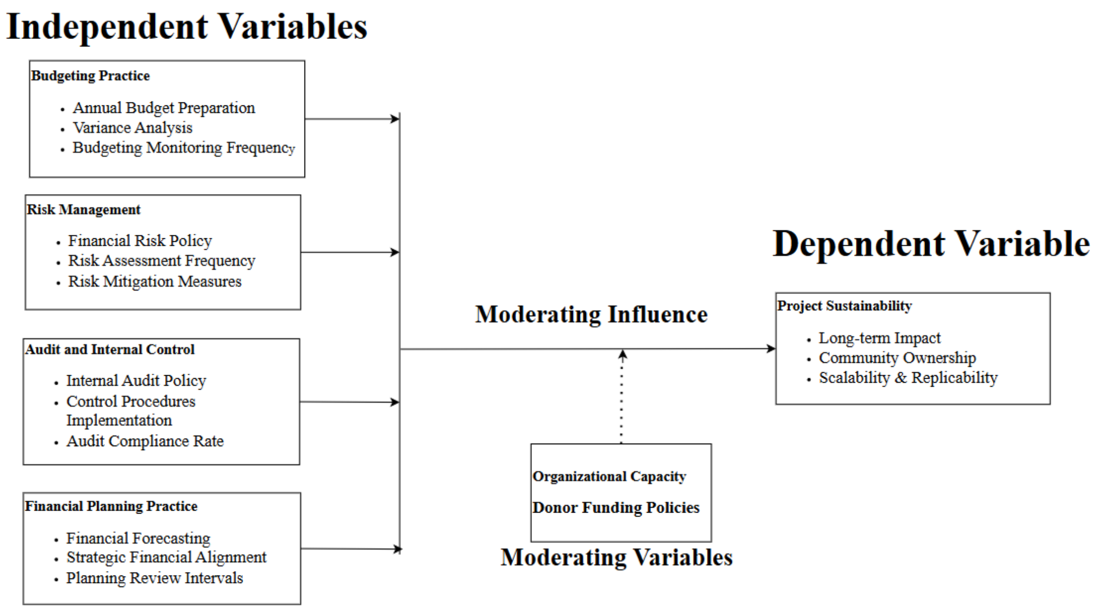

Figure 1: Conceptual framework

1.12 Operational Definition of Terms

1. **Audit**: An independent review of financial records to assess accuracy, compliance, and accountability.
2. **Budgeting Practices**: Planning and monitoring financial allocations to meet project goals within available resources.
3. **Donor Confidence**: Trust that donors place in an NGO's ability to manage funds effectively and achieve results.
4. **Financial Management**: The process of planning, allocating, and controlling financial resources to meet project objectives.
5. **Financial Risk Management**: Identifying and addressing financial threats that may hinder project delivery or continuity.
6. **Humanitarian Projects**: Aid initiatives aimed at saving lives and supporting crisis-affected populations.
7. **Internal Controls**: Policies and procedures used to safeguard assets and ensure accurate financial reporting.
8. **Non-Governmental Organizations (NGOs)**: Independent nonprofit bodies delivering humanitarian and development services.
9. **Project Sustainability**: The capacity of a project to continue providing benefits after donor funding ends.

CHAPTER TWO: LITERATURE REVIEW

2.0 Introduction

This chapter reviews the literature published on the effect of financial management on project sustainability. The review determines such important concepts as budgeting, risk management, audits and internal controls, and financial planning and discusses and finds out how such practices influence the long-term sustainability of donor-funded projects. The theory is grounded on the Resource-Based View (RBV) and Stewardship Theory and is used to discuss the issue.

2.1 Theoretical Framework

The Resource-Based View (Wernerfelt, 1984) and Stewardship Theory (Donaldson and Davis, 1991) are the two concepts on which the discussion is founded. Budgeting, planning and risk management are strategic resources in RBV that are used to achieve sustainability and transparency, audits and internal controls are associated with accountability and long-term continuity in Stewardship Theory (Barney, 1991; Donaldson and Davis, 1991). These give a prism through which the financial practice can be analyzed in terms of facilitating sustainable humanitarian results.

2.1.1 Resource-Based View (RBV)

The Resource-Based View (RBV), developed by Wernerfelt (1984) and extended by Barney (1991), holds that an organization's sustained performance rests on its internal resources and capabilities rather than on external conditions alone. Its central tenet is that resources which are valuable, rare, inimitable, and non-substitutable (VRIN) generate a lasting advantage, and its underlying assumption is that organizations differ systematically in the resources they control, and that these differences, more than market position, explain variation in outcomes (Wernerfelt, 1984; Barney, 1991).

Applied beyond corporate strategy, RBV has been used in project and non-profit management to explain how internal capabilities such as budgeting systems, planning capacity, and skilled personnel translate into sustainable results, including in development and humanitarian settings where internal capability has been shown to predict sustainability more consistently than external funding levels (Kariuki & Kihoro, 2021; Ahmed & Mutiso, 2023).

RBV is applied in this study to treat budgeting, risk management, audit and internal control, and financial planning as internal organizational resources that determine whether humanitarian projects endure beyond donor funding. Framed this way, sustainability is less a function of the volume of external aid received than of how well an organization mobilizes, protects, and deploys these internal financial capabilities (Barney, 1991; Wernerfelt, 1984). This framing directly supports the study's four objectives, each of which examines one such capability as a driver of project continuity.

RBV's principal strength is its clear logic linking internal resources to long-term performance, which helps explain why projects with similar funding levels achieve different sustainability outcomes. Its main limitations are that it underplays external forces such as donor politics, assumes resources can be readily identified and measured, and offers little guidance on how organizations should build or restructure capabilities in volatile environments such as refugee settings (Barney, 1991; Wernerfelt, 1984). These limitations are addressed in this study by pairing RBV with Stewardship Theory, which supplies the accountability and ethical-conduct dimension that RBV does not address.

2.1.2 Stewardship Theory

Stewardship Theory, developed by Donaldson and Davis (1991) as a counterpoint to Agency Theory, holds that managers act as stewards who prioritize collective, organizational, and stakeholder interests over individual self-interest. Its core tenets are trust, accountability, and long-term organizational success, and its underlying assumption is that actors are intrinsically motivated to behave responsibly when structures of transparency and accountability are in place, rather than requiring tight external control to prevent opportunism (Donaldson and Davis, 1991). The theory has been widely applied in corporate governance, public-sector management, and sustainability reporting, particularly where trust and accountability shape outcomes.

In this study, Stewardship Theory is applied to the audit, internal control, and transparency dimensions of financial management, positioning managers and finance staff as stewards of donor and community resources. Where transparency, accountability, and ethical financial conduct are embedded in an organization's practice, the theory predicts greater trust, stakeholder satisfaction, and continuity of humanitarian projects after donor exit (Mwangi & Wanjiru, 2022; Ncube, 2024). This lens complements RBV by explaining not just what internal capabilities exist, but why they are used responsibly.

The theory's strength lies in foregrounding accountability, transparency, and trust-based governance, which reduces reliance on costly oversight mechanisms. Its principal weakness is the assumption that actors will behave responsibly by default, an assumption that is harder to sustain in humanitarian contexts prone to weak oversight, high staff turnover, and, occasionally, corruption (Donaldson and Davis, 1991). Despite this limitation, Stewardship Theory remains relevant to this study because it directly addresses the ethical and accountability dimension of financial management that shapes donor and community confidence in humanitarian projects.

2.2 Sustainability in Humanitarian Projects

Sustainability scholarship converges on the view that financial considerations must be embedded across the full project lifecycle rather than treated as a closing consideration. Soares et al. (2024) argue that budgets which ignore future maintenance and handover costs leave projects dependent on continued donor injections, a pattern Omondi and Cherono (2021) confirm undermines long-term viability. Khalifeh et al. (2020) extend this by framing sustainability management as a set of predictive tools – forecasting funding shortfalls and service-continuity risks – that convert short-term relief into development pathways communities can sustain independently. Shokouhi and Bachari (2025) and Kamau and Otieno (2022) add that sustainability is multidimensional, spanning financial, cultural, social, and institutional systems; interventions that hold budgets fixed against inflation or shifting community needs become outdated quickly, and financial planning that ignores this complexity produces fragile results.

A second, related theme concerns governance and institutional integration. Aarseth et al. (2017) and Yusuf and Hassan (2023) find that accountability structures and audit systems predict sustainability in fragile contexts because they build the donor and community trust on which continuity depends; where auditing and compliance are weak, misallocated resources erode both outcomes and legitimacy. Feng et al. (2022) similarly show that projects which fail to integrate with host-government systems collapse regardless of how well they were resourced at inception, underscoring that sustainability is not simply a matter of adequate funding but of aligning financial and governance systems with the institutional structures that will eventually assume responsibility for services.

2.3 Budgeting Practice and Sustainability in Humanitarian Projects

Budgeting research consistently links long-term project survival to how far budgets look beyond initial implementation. Frost and Rooney (2021) show that capital budgeting confined to construction or service start-up, without provision for maintenance or spare parts, leaves infrastructure such as schools, clinics, and water systems in refugee camps to deteriorate once donor support ends, while Nurfitriani and Latif (2025) argue that appraisal methods anchored only in short-term profitability undervalue interventions, such as education or livelihoods training, whose returns are diffuse and long-term. Klammer and Wilner (1991), writing on corporate practice, similarly warn that budgeting which omits lifecycle costs produces underestimation and eventual service collapse, a pattern Orieno et al. (2024) find repeated in humanitarian settings where budgets prioritize immediate relief over recurrent costs and disruption risk.

A second theme concerns the social and institutional framing of budgets. Murray Svidroňová et al. (2024) find that participatory budgeting, in which stakeholders help shape allocations, builds accountability and legitimacy that purely technical budgeting cannot generate on its own, particularly where beneficiaries otherwise have little influence over how funds are spent. Simon et al. (2024) extend this to the institutional level, arguing that budgets aligned with national or local fiscal calendars enable a more gradual handover of services to host governments and strengthen audit trails, while Carter et al. (2022) show that rigid, line-item budgeting instead produces inefficiency by preventing managers from reallocating resources to emerging needs.

A third theme links budgeting to risk. Orieno et al. (2024) and Pomaza-Ponomarenko et al. (2023) argue that budgets which build in contingency reserves and diversified financing convert budgeting from a static financial schedule into a strategic tool for absorbing shocks such as donor delay, inflation, or political instability. Taken together, this body of work indicates that sustainable budgeting requires lifecycle costing, participatory and institutionally aligned processes, and built-in flexibility for risk – none of which is well captured by budgeting practice confined to short-term implementation costs.

2.4 Risk Management and Sustainability in Humanitarian Projects

Risk management research converges on the idea that sustainability depends less on the absence of shocks than on an organization's capacity to anticipate and absorb them. Bist (2025) shows that systematic risk identification, contractual safeguards, and contingency planning prevent cost overruns and delays from becoming terminal for large projects, a discipline Trzeciak (2021) frames as an ongoing organizational capability rather than a one-off checklist, requiring adaptive monitoring and scenario planning tied to strategy. Applied to humanitarian settings, weak risk estimation produces either inflated budgets or projects that stall when funding falters, while gaps in data, shifting donor policy, and political interference create risks that are structural as much as financial (Bist, 2025; Trzeciak, 2021).

A second theme concerns how risk is designed into projects from the outset. Gaur and Tawalare (2024) find that identifying design risks early, for example through Building Information Modeling, reduces costly late-stage changes and improves long-term asset usability; applied to humanitarian infrastructure, this suggests that schools, clinics, and water systems designed without regard to local maintenance capacity or environmental conditions become unsustainable assets. Hameed (2025) extends this to fragile institutional settings, arguing that sustainability depends on frameworks that formalize risk identification, allocate responsibility clearly, and build in contingency financing, since institutional weaknesses and unpredictable donor cycles compound one another in the absence of such structures.

A third theme ties risk management directly to financial exposure. Chauhan and KA D (2025) show that exchange-rate volatility, inflation, and cash-flow disruption can undermine even well-funded projects unless addressed through hedging, staged disbursement, and rigid financial controls, a pattern especially acute where donor funds arrive in foreign currency but are spent in unstable local economies. Awate et al. (2025), examining donor-funded WASH projects in Nairobi, confirm that risk management planning which extends beyond technical hazards to financing, governance, and community ownership is what allows services to survive donor withdrawal. Collectively, this literature indicates that sustainable risk management in humanitarian projects requires financial buffers, realistic cost planning, and controls against misallocation, not merely the availability of funds.

2.5 Audit and Internal Control on Sustainability in Humanitarian Projects

Auditing is consistently linked to sustainability because it converts short-term compliance into a mechanism for long-term accountability. Fedchenko et al. (2023) find that nationally audited projects show stronger accountability and closer alignment with sustainable development goals, since audits surface inefficiencies and irregularities that would otherwise erode donor and community trust, particularly where funds pass through multiple channels, as is typical in humanitarian aid. Alsaid and Ambilichu (2024) add that linking internal controls to measurable performance indicators, such as the share of facilities still functioning after project completion, translates accountability into evidence that funders and beneficiaries can act on.

A second theme concerns who controls resources and how visibly. Onyango et al. (n.d.), examining private-sector involvement in Kakuma, find that weak audit trails expose private investment to duplication and unfair service delivery, while Mwangi (2024), studying women's agricultural projects in the same camp, shows that internal controls that guard against exclusion also sustain participation once external actors withdraw. Kitawi et al. (2021) similarly find that e-learning programmes in Kakuma depend on accountability systems to prevent over-costing and uneven access, reinforcing that internal controls do more than protect funds: they determine who continues to benefit from a project after donors leave.

A third theme links controls to trust and perception. Tucholski (2021) finds that Kakuma residents' scepticism toward humanitarian aid tracks closely with perceived mismanagement, meaning weak accountability erodes not just resources but community willingness to sustain services. Karl and Scholz Karl (2022) extend this to supply chains, showing that weak auditing of procurement and distribution produces wastage and unequal access that compromise both efficiency and continuity. Together, these studies indicate that audit and internal control systems function simultaneously as financial safeguards and as the basis of the social trust that sustains humanitarian projects after donor exit.

2.6 Financial Planning Practice and Sustainability in Humanitarian Projects

Financial planning research emphasizes that sustainability requires treating the whole project lifecycle, not just the implementation phase, as the planning horizon. Soares et al. (2024) argue that considering resource constraints, risk exposure, and post-implementation costs from the outset keeps projects viable as external funding declines, while Irfan et al. (2021) show that project managers' forecasting, budgeting, and risk-anticipation skills are decisive for outcomes – skills that are often underdeveloped in the volatility of humanitarian work. Gallagher (2022) adds that sound cash-flow management and cost forecasting balance immediate liquidity against future obligations, a balance humanitarian projects frequently lose when cash-flow disruptions or unrealistic estimates trigger early collapse despite substantial initial investment.

A second theme concerns leadership, measurement, and localization. Suriyankietkaew et al. (2022) find that financially prudent, stakeholder-engaged leadership is what allows organizations to balance present needs against future sustainability, while Rajabi et al. (2022) show that embedding measurable sustainability indicators, such as lifecycle cost or maintenance provision, into planning improves transparency and allows managers to detect and correct gaps before projects collapse. Guarini et al. (2022) argue that standardized, donor-led planning templates underperform in practice because they overlook local cultural, political, and institutional realities, and that localized financial planning instead improves ownership and eases integration into host-government systems.

Finally, financial planning is inseparable from risk management. Pomaza-Ponomarenko et al. (2023) show that planning which fails to anticipate financial risks such as inflation, donor withdrawal, or political instability leaves organizations exposed to disruptions they could otherwise buffer against through reserves and flexible allocation. Read together, this literature suggests that financial planning supports sustainability only when it is lifecycle-oriented, locally grounded, indicator-driven, and explicitly integrated with risk management, rather than treated as a narrow budgeting exercise.

2.7 Gaps in Literature Reviewed

Table 1: Research Gap and Study Contributions

Author	Study Title	Findings	Knowledge Gaps
Soares et al. (2024)	Sustainability in project management practices	Links financial practices to sustainability.	Broad sustainability focus, little on finance.
Khalifeh et al. (2020)	The impact of project sustainability management (PSM) on project success: A systematic literature review	Applies sustainability–success link to refugee projects.	Few humanitarian contexts explored.
Aarseth et al. (2017)	Project sustainability strategies: A systematic literature review	Adds audits and controls to governance.	Governance focus, weak finance lens.
Shokouhi & Bachari (2025)	An overview of the aspects of sustainability in project management	Stresses budgeting and risk planning.	Multidimensional but light on financial aspects.
Feng et al. (2022)	Project sustainability and public-private partnership: The role of government relation orientation and project	Extends governance principles to refugee projects.	PPP-focused, limited humanitarian application.

	governance		
Frost & Rooney (2021)	Considerations of sustainability in capital budgeting decision-making	Applies lifecycle budgeting to aid projects.	Corporate focus, not humanitarian.
Murray Svidroňová et al. (2024)	Determinants of sustainability of participatory budgeting: Slovak perspective	Adapts participatory budgeting to refugee contexts.	Public sector emphasis only.
Orieno et al. (2024)	Sustainability in project management: A comprehensive review	Centers budgeting around long-term sustainability.	Finance not isolated in prior studies.
Simon et al. (2024)	Budgeting and sustainability	Aligns humanitarian budgets to government systems.	Public budgeting lacks aid linkage.
Nurfitriani & Latif (2025)	Sustainable capital budgeting: Assessing long-term effects beyond profitability	Applies social-return budgeting to aid.	Profit-based focus, not donor-funded projects.
Carter et al. (2022)	Principles-based budgeting: Resources	Uses flexible, accountable	Academic-only focus, limited field

	for revisioning academic planning	budgeting in aid.	evidence.
Klammer & Wilner (1991)	Capital budgeting practices—A survey of corporate use	Warns against short-term budgeting in aid.	Corporate-only context.
Bist (2025)	Risk management in large-scale construction projects: Identifying key challenges and effective mitigation strategies	Extends risk registers to humanitarian projects.	Construction-only focus.
Trzeciak (2021)	Sustainable risk management in IT enterprises	Adapts adaptive risk methods to aid.	IT-specific, not applied to aid.
Gaur & Tawalare (2024)	Assessing the implications of BIM on sustainability of construction projects through design risk management	Applies design risk assessment to refugee projects.	Construction design focus only.
Hameed (2025)	A framework for risk management in infrastructure projects: A case study of developing countries	Uses risk management frameworks in humanitarian aid.	Focused on infrastructure, not aid.

Chauhan & KA D (2025)	Risk management strategies in large-scale infrastructure projects: A financial perspective	Links financial risk planning to aid sustainability.	Infrastructure focus, limited aid application.
Awate et al. (2025)	Risk management planning and the sustainability of donor-funded water, sanitation and hygiene projects in Nairobi City County, Kenya	Generalizes risk management for aid settings.	WASH-specific research only.
Fedchenko et al. (2023)	Audit of national projects as a factor in achieving sustainable development goals	Applies audit practices to donor-funded aid.	Focused on national projects.
Alsaid & Ambilichu (2024)	Performance measurement in urban development: unfolding a case of sustainability KPIs reporting	Ties KPIs to aid accountability.	Weak focus on control integration.
Onyango et al. (n.d.)	The role of the private sector in the implementation of humanitarian projects: A case of Kakuma	Adds internal controls to private aid projects.	Limited oversight of private roles.

	Refugee Camp, Turkana West Sub County, Kenya		
Mwangi (2024)	Empowering women in refugee camps through sustainable agriculture for nutrition: A case study of Kakuma Refugee Camp in Kenya	Connects controls to project continuity.	Weak control systems explored.
Kitawi et al. (2021)	Effectiveness of e-learning in refugee camps: A case study of certified public accountancy course offered at Kakuma Refugee Camp	Links accountability to sustainability.	Focused on e-learning only.
Tucholski (2021)	Perception of refugees towards international humanitarian aid in the Kakuma Refugee Camp, Kenya	Shows transparency builds trust.	Focused on perception, not control systems.
Karl & Scholz Karl (2022)	Human rights for refugees: enhancing sustainable	Adds audits to aid logistics.	Supply chain focus only.

	humanitarian supply chain to guarantee a health environment in refugee settlements		
Irfan et al. (2021)	Role of project planning and project manager competencies on public sector project success	Applies planning skills to humanitarian aid.	Public sector-only lens.
Suriyankietkaew et al. (2022)	Sustainable leadership practices and competencies of SMEs for sustainability and resilience: A community-based social enterprise study	Extends sustainable leadership to aid settings.	SME leadership focus.
Gallagher (2022)	Financial management: Principles and practice	Applies cash flow management to aid.	Generic finance perspective.
Rajabi et al. (2022)	Identification and assessment of sustainability performance indicators for construction projects	Uses sustainability indicators in aid projects.	Construction indicators focus.
Guarini et al.	Localizing the	Localizes aid	SDG localization

(2022)	Sustainable Development Goals: a managerial perspective	financial planning.	focus only.
Pomaza-Ponomarenko et al. (2023)	Innovative risk management: identification, assessment and management of risks in the context of innovative project management	Embeds risk analysis in financial planning.	Generic innovation risk, not aid-focused.

3. CHAPTER THREE: RESEARCH METHODOLOGY

3.0 Introduction

The chapter presents the methodology used in the study on the effect of financial management on the sustainability of humanitarian project in Kakuma Refugee Camp and Kalobeyei Settlement. It describes the research strategy, research design, study location, study population, sampling method, data collection tools, pilot testing, reliability, data collection methods, data analysis methods and ethical issues.

3.1 Research Design

The study used qualitative approach and phenomenological design. Qualitative approach was suitable since the focus was to study experiences, perceptions, and practices of the staff at the NGO and not measure variables numerically. Creswell and Poth (2016) state that qualitative methods best address research questions that involve the need to understand the processes, meaning, and the perspectives under their social context.

A phenomenological design was chosen specifically, rather than a broader qualitative approach, because the study's central concern was how finance, project management, and field implementation staff experienced and made sense of budgeting, risk management, audit and internal control, and financial planning in their day-to-day work, not to establish statistical cause-and-effect. The word "influence" in the purpose and research questions is therefore used in the everyday sense of how these practices shape or bear on project continuity as perceived and described by participants, rather than as a claim to quantified causal effect; phenomenology was judged the best fit for surfacing this lived, first-person understanding of financial practice and its perceived consequences for sustainability (Creswell and Poth, 2016).

3.2 Study Area

The research was held in Kakuma Refugee Camp and Kalobeyei Settlement in Turkana County of northwestern Kenya. It was built in 1992 and is currently one of the largest refugee camps in Africa along with Kalobeyei where there are more than 280,000 refugees and asylum seekers of South Sudan, Somalia, Ethiopia, the Democratic Republic of Congo, and others (Ogutu, 2025). These locations have seen the influx of many international and local NGOs who undertake donor-financed undertakings in the spheres of health, education, livelihoods, water and sanitation, and protection. The study purposely chose five NGOs, that is, Lutheran World Federation (LWF), Danish Refugee Council (DRC), Norwegian Refugee Council (NRC), Windle International Kenya (WIK), and World Vision Kenya. The choice of these organizations can be explained by the fact that they have been operating in Kakuma and Kalobeyei since long, as well as due to the fact that they are highly involved in financial management and project implementation.

3.3 Target Population

The target population included 25 NGO personnel directly involved in the financial planning, management and control of donor-funded humanitarian projects. It entailed 4 project managers, 4 finance officers, 3 internal auditors, 2 program coordinators, 2 monitoring and evaluation officers, 6 field implementation staff and 4 community liaison officers who were employed at humanitarian organizations. Patton (2015) states that such participants may be regarded as key informants since they possess insider information and real-world skills on financial systems and practices of sustainability in their organizations. Their views were critical towards realizing how financial management influences the sustainability of humanitarian projects in the long-term.

Table 2: Target Population

Data Collection Method	Participant Category	Target Population
Key Informant Interviews	Project Managers	4
	Finance Officers	4
	Internal Auditors	3
	Program Coordinators	2
	Monitoring and Evaluation Officers	2
Focus Group Discussions	Field Implementation Staff (FGD1)	6
	Community Liaison Officers (FGD 2)	4
Total		**25**

Table 3: Sample population

Data Collection Method	Participant Category	Sample Size
Key Informant Interviews	Project Managers	4
	Finance Officers	3

Data Collection Method	Participant Category	Sample Size
	Internal Auditors	3
	Program Coordinators	2
	Monitoring and Evaluation Officers	2
Subtotal		**14**
Focus Group Discussions	Field Implementation Staff	5
	Community Liaison Officers	4
Subtotal		**9**
Total		**23**

3.5 Sample Size and Sampling Procedures

The sample size was determined to balance depth of information with practical feasibility. Of the 25 NGO staff constituting the target population, 23 participants were purposively sampled: 14 through key informant interviews and 9 through two focus group discussions. This size was guided by the principle of data saturation, whereby the sample was considered adequate once additional interviews or discussions ceased to yield new themes (Guest, Bunce, & Johnson, 2006).

3.5.1 Sampling Procedure

Purposive sampling was used to select participants directly involved in budgeting, auditing, donor compliance, reporting, and other financial and project management functions (Palinkas et al., 2015). To minimize selection bias, sampling deliberately spanned seven role categories – finance officers, project managers, monitoring and evaluation officers, internal auditors, program coordinators, field implementation staff, and community liaison officers – rather than concentrating on senior staff alone. Fourteen participants were reached through key informant interviews, while the remaining nine were organized into two focus group discussions: field implementation staff (FGD 1, n=5) and community liaison officers (FGD 2, n=4), each grouped by shared professional role to keep discussions focused and comparable.

3.6 Data Collection Instruments

Key informant interview guide and a focus group discussion guide developed by the researcher was the primary data collection tools. The guides were organized into four thematic areas namely financial planning and budgeting, auditing and accountability, donor compliance and reporting, and sustainability practices. The open-ended questions in each section had follow-up probes to elicit more discussion. The guides were created based on the analysis of the current literature on the financial management and project sustainability (Agyemang and Modisane, 2023; Ziolo et al., 2020) and reviewed by the academic supervisors to make them clear and focused on the purpose of the study.

It is deemed proper to apply both the key informant interview and focus group discussions since the study focuses on specialized staff who can offer organizational level information. According to Marshall and Rossman (2014), interviews are an effective way of accessing views and experiences of the participants, particularly in instances where complexity of organizational practices is to be explored. On the other hand, focus groups discussions encouraged exchange and collective reflection among the participants who are carrying out the same functions. The triangulation and reduction of bias as well as the comprehensive view of financial management practices that affect the sustainability of the project was increased by the combination of these methods.

3.6.1 Pilot Testing of the Instruments

The pilot test involved conducting interviews with two of the NGO staff in Lodwar in an environment similar to that expected for the main data collection process. Pilot testing is widely recognized as an important step for enhancing the validity and reliability of qualitative research instruments (van Teijlingen & Hundley, 2001). These sessions were interactive, with participants responding to the questions, as well as giving feedback on the clarity, relevance and flow of the questions. Notes were taken during and following the sessions to document their responses and the performance of the instruments used.

This process identified questions where the wording needed to be modified to increase understanding, particularly when applying technical financial terms that were not easily understood when spoken. The order of questions was also reconsidered according to how participants navigated the conversation, resulting in adjustments to the order of these questions. Furthermore, questions that tackled comparable issues were condensed to eliminate repetition and improve clarity.It is therefore concluded that the pilot testing process contributed to the improvement of the validity and reliability of the data collection instruments, consistent with recommendations that pilot studies help refine research tools before the main study.

3.7 Validity of the instrument

Rigor was addressed through Lincoln and Guba's (1985) framework of trustworthiness, which serves as the qualitative equivalent of validity and reliability. Credibility, the equivalent of internal validity, was established through triangulating key informant interviews with focus group discussions and through member checking, in which participants reviewed a summary of findings for accuracy, and by peer debriefing, in which an independent colleague familiar with qualitative methods reviewed emerging codes and interpretations to challenge assumptions and surface blind spots in the analysis. Transferability, the equivalent of external validity, was supported by providing a thick description of the Kakuma and Kalobeyei context so that readers can judge for themselves how far the findings apply to other humanitarian settings. Dependability was maintained through a documented audit trail of coding decisions and analytic procedures, while confirmability was pursued through reflexivity and analytic memoing to limit the influence of the researcher's own assumptions on interpretation. Together, these four criteria substituted for conventional quantitative validity and reliability tests, which are not applicable to a qualitative, phenomenological design.

3.8 Data Collection Procedure

Key informant interviews and focus group discussions were scheduled at times convenient to participants and conducted in small-group settings to minimize the influence of external pressures and organizational power dynamics. Sessions were conducted face-to-face in English following informed consent, and were audio-recorded with participants' permission (Creswell and Poth, 2016). Data collection took place over a four-week period, with each key informant interview lasting approximately 45 to 60 minutes and each focus group discussion lasting approximately 75 to 90 minutes. Ethical and methodological rigor, including maintaining a calm, private setting that encouraged candid responses, was prioritized throughout.

3.9 Data Analysis Techniques

Thematic analysis based on the six steps of the Braun Clarke (2006) framework was used to analyze the data. This includes becoming acquainted with the data, creating starting codes, searching patterns, reviewing themes, defining and naming themes and writing up the findings. The data was organized and coded using NVivo software and this enhanced rigor and transparency in the analytic process (Jackson and Bazeley, 2019). Coding was deductive, being carried out through dimensions of sustainability like financial, institutional, and programmatic dimensions, and inductive whereby themes was generated directly through the stories of participants.

3.10 Ethical Considerations

The study complied with the existing ethical principles. NACOSTI provided ethical approval and additional permission was requested to the participating NGOs. The respondents were informed and given consent, they were assured of their right to volunteer and their freedom to withdraw at any point during the study without any penalty. Anonymity was also protected confidentiality by using codes instead of personal identifiers by using codes instead of personal identifiers and anonymization of transcripts. Information was safely stored in password-protected documents and was retained for five years, after which it was securely destroyed. Risks that may occur were countered through conducting discussions in a private manner hence eliminating the fear of biting the bullet on air regarding the expression of critical views on organizational practices. The researcher also practiced reflexivity in order to take into consideration the impact of personal background and outsider status on relations with participants. Notably, the refugees themselves were not interviewed, which eliminated the risk of ethical issues of involving vulnerable groups in the research (Orb, Eisenhauer, and Wynaden, 2001).

CHAPTER FOUR: DATA ANALYSIS, PRESENTATIONS, AND INTERPRETATIONS

4.0 Introduction

This chapter discusses the analysis, reporting and interpretation of the data collected. This chapter discusses the response rates of the sample and the demographics of the respondents and explores the results against the objectives of the study through thematic analysis in the areas of budgeting, risk management, audit and internal controls, and financial planning in terms of the sustainability of humanitarian projects.

4.1 Participation Rate

Table 4: Response rate summary

Data Collection Method	**Participant Category**	**Target**	**Actual Participants**	**Response Rate**
Key Informant Interviews	Project Managers	4	4	100%
	Finance Officers	4	3	75%
	Internal Auditors	3	3	100%
	Program Coordinators	2	2	100%
	Monitoring & Evaluation Officers	2	2	100%
Subtotal		**15**	**14**	**93%**
Focus Group	Field Implementation Staff	6	5	83%

Discussions	(FDG 1)			
	Community Liaison Officers (FGD 2)	4	4	100%
Subtotal		**10**	**9**	**90%**
Total		**25**	**23**	**92%**

4.3 Demographic Characteristics

Tables 4.1 and 4.2 present the composition of the 23 respondents by role and by years of experience. The sample was weighted toward field-facing and financial roles: project managers, finance officers and field implementation staff together accounted for the largest share of participants, reflecting their day-to-day responsibility for budgeting, disbursement and monitoring decisions, while internal auditors, programme coordinators, monitoring and evaluation officers and community liaison officers were included in smaller numbers to capture oversight, coordination and community-facing perspectives without diluting the focus on financial practice. Experience levels were similarly broad, ranging from one to more than ten years, which allowed the study to draw on both recent hires familiar with current systems and long-serving staff able to speak to how practices had changed over time. Because all five participating organizations are international NGOs with broadly comparable governance structures, the sample is best read as representative of established, UNHCR-affiliated implementers in Kakuma and Kalobeyei rather than of smaller or purely national NGOs, and the findings should be interpreted with this composition in mind.

Table 5: Distribution of respondents by role

Role	Number of Respondents
Project Managers	4
Finance Officers	3
Internal Auditors	3
Program Coordinators	2
Monitoring & Evaluation Officers	2
Field Implementation Staff	5
Community Liaison Officers	4
Total	**23**

Table 6: Years of experience respondents

Years of Experience	Respondents
1–3 years	5
4–6 years	7
7–10 years	6
Above 10 years	5

4.4 Objective One: To Explore how Budgeting Practices Shape Sustainability of humanitarian Projects

The first objective investigated the impact of budgeting practices on sustainability of humanitarian projects in Kakuma Refugee Camp. In line with the thematic analysis approach, the results are presented in the form of key themes that emerged from the data: participatory budgeting, unrealistic budgeting, budget variance monitoring, lifecycle costing and flexible budgeting. These themes are discussed using participant reports, interpretation, literature and theoretical insights to infer how they impact sustainability.

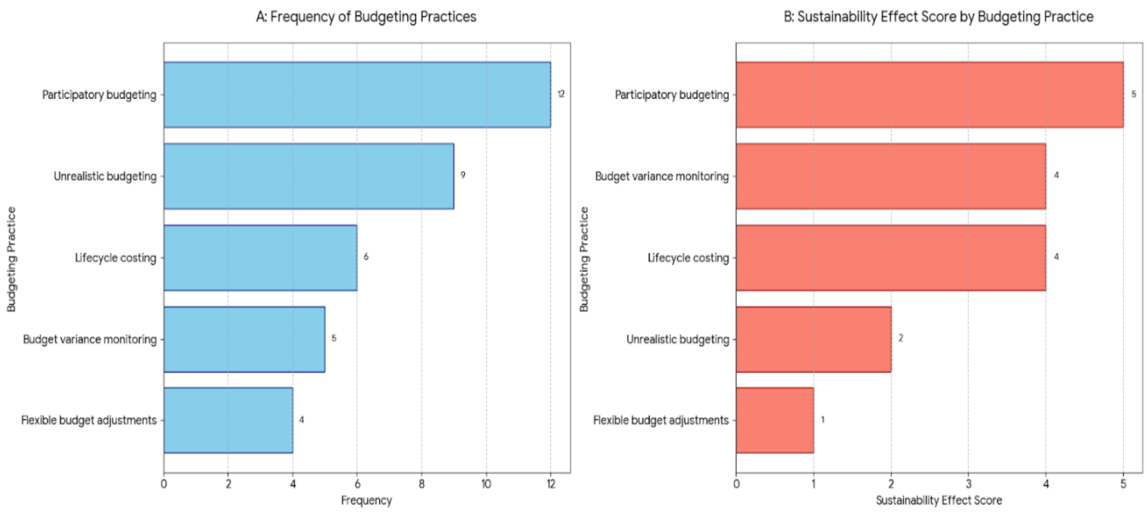

Figure 2: Budgeting practice effectiveness

4.4.1 Participatory Budgeting

The most popular theme was participatory budgeting, as demonstrated by the highest frequency (12) and the strong effect on sustainability (5), suggesting stakeholder engagement, especially with the community, in financial decision-making is a key aspect of project sustainability. The findings suggest that participatory approaches enhance inclusion, transparency and shared ownership in resource allocation, leading to ownership and sustainable commitment to maintaining the project. As one respondent explained:

> "Once the community is involved in the budgeting process, they will understand that the resources are scarce and why some projects are prioritised over the others. This will reduce the complains and create ownership as they feel that they have been included in the decision making. They will even be willing to assist and sustain the project even after the donors are gone as they have been involved in the project from the beginning." (FGD1-3)

This insight indicates that participatory budgeting increases trust, minimises resistance to implementation and ensures financial decisions are in line with local needs, thereby contributing to sustainability even after the donors have left. In terms of Stewardship Theory, this view suggests that the role of the managers and implementers as stewards who act in the interests of the stakeholders, promotes accountability and ownership. Likewise, the Resource-Based View (RBV) treats participatory budgeting as an intangible resource that is valuable, rare and inimitable, offering a sustainable competitive advantage in the implementation of projects. This view is corroborated by Murray Svidronova et al. (2024), who claim that participatory budgeting promotes accountability and sustainability through stakeholder engagement, and Simon et al. (2024), who stress that prioritising financial decisions based on stakeholder needs supports institutional sustainability. While some research has found that participatory approaches can lead to delays in decision-making for emergency responses, the Kakuma case shows that in the long-term humanitarian context, its advantages in improving sustainability outweigh its disadvantages. The insights from this study suggest that participatory budgeting should be institutionalised in humanitarian organisations as a routine financial management approach to enhance ownership, accountability and sustainability.

4.4.2 Unrealistic Budgeting

Unrealistic budgeting was a frequent theme (frequency = 9) with a low sustainability effect score (2) that indicated a disconnect between the financial management practices and sustainability. It is clear from the data that budgets are often made to address the expectation of the donors as opposed to what is needed at the ground and therefore the costs are understated and later on, the project runs out of money. One respondent noted:

> "Budget is often made to meet the expectation of the donors rather than on the ground. There is a need to have a budget which looks efficient and cost effective and in reality, the cost is underestimated. As the project is implemented, the budget is proved to be short and the project is strangled or even dying out altogether." (KII-EXT2)

This suggests there is a problem in the financial planning process, where precision is sacrificed and as a result, funding shortfalls, delays and even project abandonment occur. Unrealistic budgeting is seen as a lack of internal resource management capability (in terms of costing and financial planning) from the RBV perspective, while from Stewardship Theory, it shows the lack of responsible financial stewardship, as it affects accountability and efficiency in resource use. The study's finding resonates with Klammer and Wilner (1991), who warn against simplistic budgeting that does not consider lifecycle costs, and Soares et al. (2024), who underline the perils of unsustainable financial planning. Although some studies advocate for rough budgeting in uncertain environments, the results of this study reveal that unrealistic budgeting is not just a response to the context, but also a persistent weakness that affects sustainability. The results highlight the need for humanitarian agencies to use realistic and context-specific budgeting that matches project demands and operational realities to avoid budget shortfalls and improve sustainability.

4.4.3 Budget Variance Monitoring

While variance monitoring of budget items is less commonly used (frequency = 5), it was shown to have a strong sustainability impact (score = 4), suggesting that it is an effective but underused practice. Our results demonstrate that frequent monitoring of financial performance allows prompt detection and correction of variance and thus enhances the financial control and sustainability of the project. One respondent stated:

> “By monitoring budget variances on a regular basis we can identify the problem at an early stage and introduce a change if needed. This helps us to adhere to our budget and ensures that we use resources in most required areas. Without that, we accumulate financial issues which affect the sustainability of the project at the end of the day.” (KII-EXT42

This indicates that monitoring of variance improves accountability, efficiency and responsiveness of financial management. In terms of Stewardship Theory, it ensures transparency and efficient resource allocation and from the RBV point of view, it is a dynamic capability that allows organizations to adapt to the environment and improve the use of resources. This finding aligns with Aarseth et al.'s (2017) focus on the importance of financial monitoring for sustainability and Carter et al's (2022) association between accountability and efficiency and responsiveness. While other studies warn of potential for increased monitoring costs in intensive monitoring, the current results suggest that, in the context of risky humanitarian operations, the advantages of variance monitoring outweigh any disadvantages. These findings suggest that increasing budget monitoring is crucial to enhance financial self-discipline, decision-making and sustainable project delivery

4.4.4 Lifecycle Costing

Lifecycle costing was identified as a moderately implemented theme (frequency = 6) with a high sustainability impact (score = 4), showing that considering lifecycle costing is important in the planning of projects. Research findings show the failure of projects is contributed by the fact that most of the projects are being evaluated based on the implementation cost without looking at the post-implementation cost (maintenance, training and operations). One participant explained:

> "Majority of the projects are failures because the budget only focuses on implementation and does not take into account the impact of the projects after implementation. Maintenance, training and operational costs are not considered. Once the project funding is cut, then no one is left to maintain the project and the project later fails even if it was initially successful."(KII-EXT4)

This finding shows that when lifecycle costs are not incorporated, project sustainability is negatively impacted. From the RBV perspective, lifecycle costing is a dynamic capability of an organisation that increases its resilience and performance over time, while Stewardship Theory highlights that it promotes sustainable financial management. The finding is consistent with Frost and Rooney (2021) and Orieno et al. (2024) who stress the need to include long-term cost considerations in budgeting. While some studies suggest lifecycle costing may not be feasible in the uncertain humanitarian environment, the findings show even limited promotion of lifecycle costing enhances sustainability. The findings indicate that incorporating lifecycle costing in budgeting systems is essential for ensuring projects' sustainability and continuity after funding.

4.4.5 Flexible Budgeting adjustments

Flexible budgeting was identified as the least applied theme (frequency = 4) with the smallest sustainability effect (1), which means that it has a limited impact on sustainability, if used in its current form. While flexibility is linked to adaptability and resilience, the research shows that in the absence of robust planning and control systems, flexibility does not result in better sustainability and may even create inefficiencies. This finding is not aligned with some literature that sees flexibility as a driver of resilience, but is consistent with Carter et al. (2022) who suggest that flexibility needs to be complemented with effective governance structures.

From an RBV point of view, this reflects an inability of the organisation to effectively add value to the use of flexibility as a resource. From a Stewardship Theory point of view, this may be due to the absence of effective accountability measures to prevent gaming or inefficient allocation of resources in flexible systems. The results suggest flexibility needs to be supported by effective control structures to be effective. These findings indicate that flexible budgeting should be complemented by effective governance arrangements, monitoring and planning practices to ensure that it enhances rather than erodes financial control, contributing to project sustainability.

4.4.6 Summary

The themes show that budgeting practices are integral to the sustainability of humanitarian projects. The themes of participatory budgeting, budget variance monitoring, and lifecycle costing are found to be critical for improving sustainability through increased accountability, better resource allocation and improved planning. On the other hand, unrealistic budgeting and mis-managed flexibility negatively impact on sustainability by eroding financial discipline and planning effectiveness. In all, the analysis shows that enhancing financial and governance processes within humanitarian organisations is essential to deliver sustainable outcomes.

4.5 Objective Two: To Examine How Risk Management Influence Sustainability of humanitarian Projects

The second objective was to identify the key financial risks that impact on the sustainability of humanitarian projects in Kakuma Refugee Camp. Using thematic analysis, the results are presented in the following themes which emerged from the data: delays in donor funding, inflation and price changes, exchange rate changes, procurement fraud and inadequate documentation systems. These themes represent both external and internal financial risks, and the impacts on project sustainability.

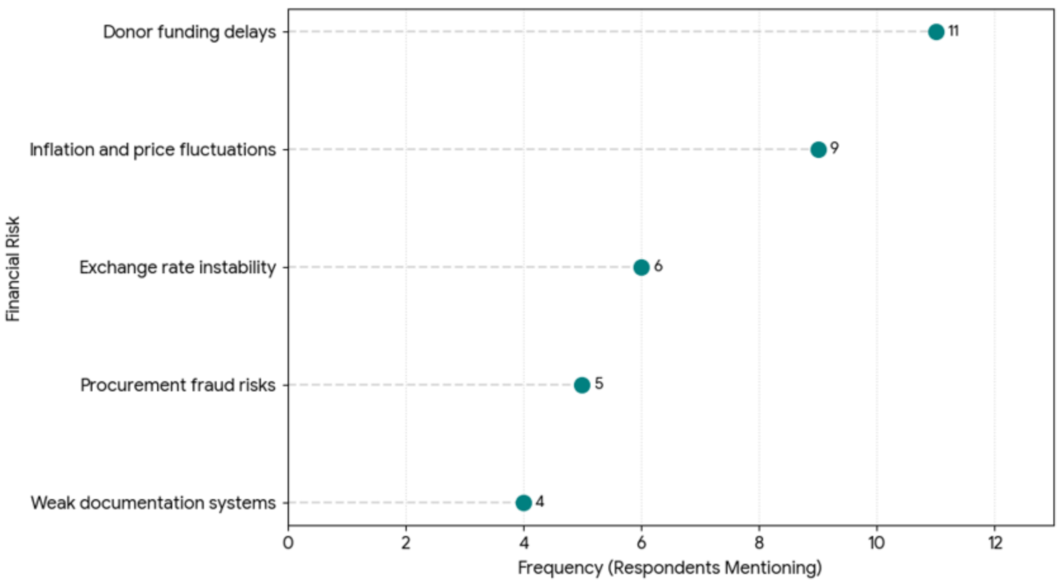

Figure 3: Major financial risks identified

4.5.1 Donor Funding Delays

The most prominent risk was found to be a delay in donor funding, reflecting the external financial risks to humanitarian projects. This research shows that the over-dependence on donor funding makes projects vulnerable to delay, which in turn impacts project implementation schedule, staff payment and procurement. One participant explained:

> "Any delay in the project is influenced by donor funding. You are unable to pay employees on time, unable to acquire materials, and activities delayed. Once the funds come, it is always late and the project is hard to revive. This renders it extremely hard to maintain the project in the long-term perspective." (FGD1-4)

This reflects a lack of control over financial resources, making it hard for an organisation to plan for the long term and to continue a project. This is consistent with the Resource-Based View (RBV), where financial sustainability and performance is dependent on resources that are under the control of the organisation. Over-dependence on external funding increases vulnerability and threatens sustainability. From the Stewardship Theory perspective, while managers may be stewards of stakeholders' interests, their capacity for accountability and sustainability is limited by the uncertainty of financial flows.

The result is in line with Chauhan and KA D (2025), who discuss the effect of financial flow disruptions on project continuity, and Bist (2025), who points out that, due to funding delays, cascading risks emerge such as implementation delays and higher costs. While some studies claim that external risks are inherent in humanitarian settings, the results suggest that absence of internal financial capacity and contingency plans to manage external risks creates risk for sustainability. The findings point to the need for increased internal financial capacity and a diversified funding strategy for minimising risks associated with donors.

4.5.2 Inflation and Price Fluctuations

Inflation and price variations were cited as a key risk to project sustainability. These global economic factors raise prices of goods and services, resulting in budget shortfalls and declines in real estate value. One respondent stated:

> "Prices keep on changing, especially of materials and transportation. What was planned at the start is not enough after a few months. So we have to cut activities or quality which affects the effectiveness and sustainability of the project." (KII-EXT12)

This insight suggests the lack of consideration of inflationary changes negatively impacts financial planning and project delivery. In terms of the RBV, the capacity to plan for and manage inflationary risks is a key resource that contributes to organisational resilience. Failure to account for inflation in financial planning indicates a lack of financial planning skills. Stewardship Theory also stresses financial management, implying that not accounting for inflation undermines accountability to donors and beneficiaries.

This view is echoed by Pomaza-Ponomarenko et al. (2023), who postulate that financial planning must include risk analysis to manage economic uncertainty; and Orieno et al. (2024), who stress the need for flexible budgeting processes that take inflation into account. While some sources imply that inflation is an uncontrollable factor for organisations, the results suggest that financial planning and risk management can minimise its effects on sustainability. These findings indicate that incorporating inflation projections and contingency measures into budgeting frameworks are crucial for financial stability and for delivering project outcomes.

4.5.3 Exchange Rate instability

Another external financial risk was the exchange rate instability, which impacted projects funded in external currency and implemented locally. Exchange rate variations change the value of the project funding, resulting in budget variability and uncertainty. This risk is emblematic of the challenges of the global funding environment, in which exchange rate fluctuations can affect the costs and funding of projects.

The capability to manage exchange rate risks, through flexible budgeting or financial approaches, is a strategic resource that increases the organisation's resilience, according to the RBV. Stewardship Theory also highlights the need for accountability and transparency in managing these risks as fluctuations can lead to budgetary mismatches. The results are in line with Chauhan and KA D (2025), who list exchange rate risks as a significant financial risk in donor projects.

However, another study finds that smaller organisations may not have the capacity to adopt more sophisticated financial risk mitigation strategies like hedging, affecting how they deal with exchange rate fluctuations. Therefore, financial risk management capacity building would be helpful to build resilience. In summary, the results suggest that currency fluctuations are a critical limitation to financial planning and sustainability, especially for externally funded humanitarian projects.

4.5.4 Procurement Fraud Risk

Procurement fraud was an important internal risk, reflecting problems in governance and internal controls. Procurement fraud is an internal risk that is a reflection of inefficiencies and ethical issues within the project that impact on resource use and project performance. One participant noted:

> "At times the procurement processes are compromised and it results in overpricing or spoilt goods. This wastage of resources would lead to the project failing to achieve its objectives and sustainability would also be compromised as no one would be getting his/her money's worth for value."(FGD2-3)

This suggests that procurement fraud results in inefficient allocation of resources, and poor quality in the delivery of the project. In the light of Stewardship Theory, procurement fraud is an example of a lack of stewardship, accountability, transparency and ethical responsibility in financial management. RBV also implies that effective internal controls are important organisational capabilities that drive firm performance and sustainability.

The finding is consistent with Fedchenko et al. (2023), who stress the value of audits and controls in averting financial mismanagement, and Karl and Scholz Karl (2022), who stress the importance of transparent procurement systems. While some research warns of the risks of highly structured procurement systems stifling decision-making, the findings suggest that weak controls have a greater impact on sustainability than slower decision-making. This finding suggests improving procurement systems and internal controls is crucial for improving accountability and sustainability.

4.5.5 Weak Documentation Systems

Poor documentation and record-keeping, while not mentioned as often, is an internal risk factor impacting on accountability and transparency. The findings indicate weak documentation systems limit the capacity to monitor financial performance, assess results and inform decision making. This was a less visible risk compared to external risks, but is an internal risk with long-term implications for governance and sustainability.

From the Resource-Based View (RBV) perspective, documentation systems play an important role as a resource that facilitates knowledge, monitoring and accountability. Stewardship Theory also highlights the need for clear and precise documentation for sound financial oversight. Our results are consistent with Alsaid and Ambilichu (2024), who contend that performance measurement and reporting systems are needed to monitor sustainability performance.

The low occurrence of this risk may indicate that it is less prominent among practitioners, despite the role of documentation to support institutional learning and improvement. Poor documentation can result in poor efficiency, duplication of work and reduced accountability, which can impact project success. This analysis indicates enhancing documentation is critical for improving transparency, learning and sustainability.

4.5.6 Summary

The themes identified suggest that financial risks have a substantial impact on the sustainability of humanitarian projects, and can be both external and internal. Delays in donor funding, inflation and exchange rate fluctuations show that projects are susceptible to external economic factors, while procurement fraud and inadequate documentation systems show internal governance issues. These findings prove that sustainability is not only achieved through risk management of external factors, but also through improving internal financial management and control. In summary, managing risks through proactive planning, governance and capacity building is essential to managing financial risks and ensuring project sustainability.

4.6 Objective Three: To Evaluate the Role of Audit and Internal Controlon Sustainability of humanitarian Projects

The third objective examined the role of audit and internal control practices in supporting sustainability of humanitarian projects in Kakuma Refugee Camp. Using thematic analysis, we present the results in key themes as identified from the data: internal audits, procurement oversight committees (POCs), financial reporting systems, compliance monitoring procedures, and documentation. These themes capture the key governance processes used to ensure accountability, transparency and effective resource allocation, all vital for sustainability.

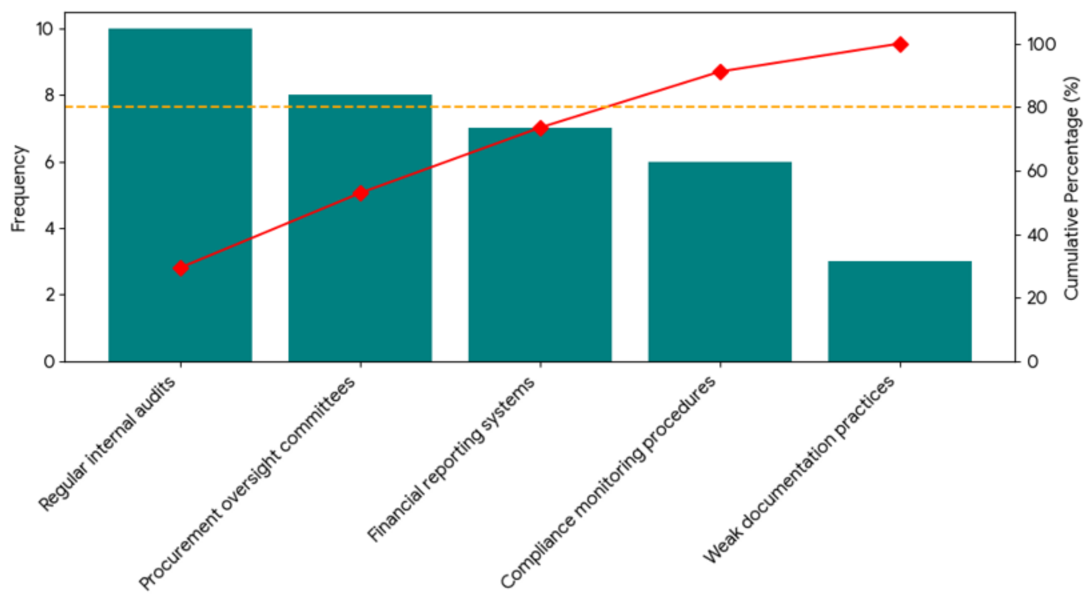

Figure 4: Internal control practices

4.6.1 Regular Internal Audits

Internal audits were one of the most visible and powerful practices in the audit and control systems, as participants highlighted their importance in improving financial discipline, uncovering irregularities and ensuring that procedures are followed. The results suggest that periodic internal audits are a key tool to enhance accountability and control over the misuse of funds, thereby contributing to sustain humanitarian projects. One participant explained:

> “Regular internal audits are helpers in knowing if we are doing the things as they should be done, if we are using the money properly. Without the audits, it's very easy to overlook the use or even misuse of the money. Audits bring sanity in the system and ensure that everybody takes the proper procedures.” (KII-EXT9)

This insight indicates that internal audits not only expose financial mismanagement but that they also promote a sense of accountability and compliance within an organisation. Through ongoing monitoring, audits help ensure that financial resources are allocated in an efficient and effective manner in line with project goals, thus minimising the chance of inefficiencies and improving sustainability. Holding managers accountable to stakeholders and acting in the best interest of stakeholders is a core tenet of Stewardship Theory, and internal audits exemplify this by promoting transparency and accountability in the use of resources. Likewise, the Resource-Based View (RBV) considers internal audit systems as a valuable resource that lowers financial risks and improves efficiency, thus promoting sustainability.

This finding echoes the view of Fedchenko et al. (2023) and Karl and Scholz Karl (2022) argue that audit systems play a vital role in enhancing governance, transparency and stakeholder confidence. Although some studies have suggested that too much auditing can slow down processes and create bureaucratic costs, this study's findings suggest that the advantages of internal audits in enhancing accountability and sustainability outweigh these potential costs, especially in risky humanitarian environments. This finding implies that it is critical to sustain internal audits and ensure they are conducted regularly to ensure financial accountability and support sustainable project implementation.

4.6.2 Procurement Oversight Committee

Another key theme was that of procurement oversight committees, which are vital for promoting good governance, fairness and transparency in resource allocation. The findings reveal that the committees offer oversight in the procurement process, preventing corruption, discrimination and misallocation of resources, among the major risks to project sustainability. One respondent noted:

> "The procurement oversight committees ensure that no individual makes decisions. There is transparency and it reduces the chance of corruption and favoritism. Through effective procurement processes, the project gets quality goods and services thus enhancing the chances of the project being sustainable." (FGD2-1)

This response shows that procurement oversight committees improve the quality of procurement decisions by ensuring power is dispersed and introduces group accountability. These committees make sure that procurement decisions are transparent and in-line with project goals, leading to the efficient use of resources and better project outcomes. From a Stewardship Theory perspective, procurement oversight enhances accountability by avoiding a concentration of power and ensuring that the interests of stakeholders are considered. From a RBV standpoint, it is a resource that improves efficiency and mitigates the financial risks.

The result supports Carter et al. (2022), who highlight procurement controls need to be strong to avoid financial mismanagement and achieve value for money. While research suggests such committees can slow procurement, the results suggest that not having oversight is more likely to undermine sustainability than efficiency. These findings indicate procurement oversight committees are vital governance mechanisms that should be improved to improve transparency, accountability and sustainability.

4.6.3 Financial Reporting Systems

Financial reporting systems were a noted theme that identified the importance of information systems to improve transparency, accountability and decision-making. The results suggest that reporting systems help organisations monitor financial performance, interact with stakeholders, and plan and evaluate activities. They help to document the allocation and use of resources and thus foster trust and funding stability.

The financial reporting systems support accountability through the provision of timely and relevant information about the use of resources from the perspective of Stewardship Theory. It promotes transparency and helps to ensure sound financial practices. From an RBV perspective, financial reporting systems are seen as key capabilities that enhance performance management, strategic decision-making and planning, which leads to sustainability.

The results are in line with Alsaid and Ambilichu (2024) who assert the importance of reporting systems in measuring sustainability performance and holding organisations accountable. Although there is some literature suggesting that reporting requirements can be costly, especially in resource-limited settings, the results show that the benefits of transparency and enhanced decision-making outweigh these costs. The findings indicate that improving financial reporting systems is crucial for better accountability and stakeholder communication and for the success of sustainable projects.

4.6.4 Compliance Monitoring Procedures

A notable theme was compliance monitoring procedures, which are crucial to ensuring compliance with policies, donor guidelines and regulatory frameworks. The results suggest that compliance monitoring procedures help organizations avoid sanctions, build trust and ensure project activities comply with guidelines. While not the most prevalent practice, it is a key process in strengthening governance mechanisms and promoting sustainability.

In terms of Stewardship Theory, compliance monitoring is an ethical duty to follow rules and regulations, ensuring accountability and stewardship. In the context of the RBV, it is seen as a resource that improves governance and minimises risks through adherence to standards and consistency.

The results indicate compliance monitoring, despite being seen as constrainng, is crucial for accountability and ensuring project integrity. While some research suggests that compliance processes can decrease flexibility, the findings suggest that compliance is important in maintaining donor trust and ensuring project sustainability. The results indicate that organisations should improve their compliance monitoring to improve governance and enable sustainability.

4.6.5 Weak Documentation Practices

Poor documentation practices were identified as a key weakness in internal control systems that impacts sustainability. The research suggests that poor documentation practice is a key factor that affects accountability and transparency, and hampers efforts to monitor the performance of projects and the use of resources. One participant explained:

> "Documentation has been an overlooked aspect yet it has a lot of significance. In the absence of proper records, one may find it hard to even trace what has

been done, what resources have been utilized and what should be improved. Poor documentation may result in confusion, repetition of work and even accountability is lost." (FGD1-4)

This quote illustrates that documentation is not just about the technicalities of governance but also about knowledge management and learning. Inadequate documentation results in loss of memory, duplication of effort and decreased monitoring and evaluation capacity, which are all detrimental to sustainability. From an RBV point of view, documentation systems are critical resources that aid in knowledge and decision-making processes. In the Stewardship Theory, they enhance transparency and provide information for performance assessment.

The results indicate that the low priority given to documentation is an undervaluing of the role of documentation despite its vital role in supporting accountability and coordination. Inadequate documentation hampers the audit, reporting and compliance functions, thereby compromising the internal control system. These findings suggest that improving documentation systems is crucial for enhancing accountability and coordination, and ensuring the sustainability of humanitarian projects.

4.6.6 Summary

The theme analysis show that audit and internal control systems are important for improving the sustainability of humanitarian projects through improved accountability, transparency and governance. Procurement oversight committees, internal audits, financial reporting and compliance monitoring systems and procedures all contribute to enhancing sustainability through better financial management and risk mitigation, with poor documentation as a major gap in this process. In summary, the research has shown that sustainability is dependent on the effectiveness of internal control systems and the capacity of organisations to create effective governance systems that ensure good management of their resources.

4.7 Objective Four: To Analyze How Financial Planning Contributes to Sustainability of humanitarian Projects

Objective four examined the challenges in financial planning for the sustainability of humanitarian projects in Kakuma Refugee Camp. Through thematic analysis, the results are grouped into following themes: dependency on donor funding, weak long term financial planning, forecasting capacity, short funding cycle, and integration with government systems. These themes demonstrate how funding structures and planning and forecasting capacities limit long-term sustainability.

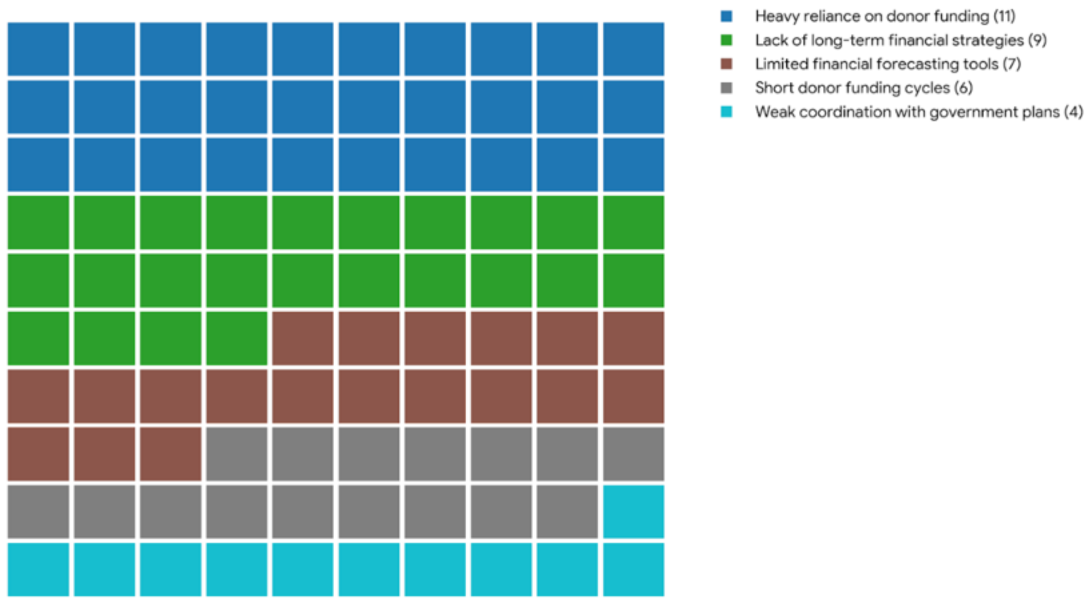

Figure 5: Proportional view on planning barriers

4.7.1 Donor Dependency

The most prominent issue was donor dependency, which constituted the highest share of responses (29.7%), suggesting humanitarian projects are very dependent on external funding sources that are not always predictable and flexible. The results reveal that this dependency prevents long-term planning and exposes organisations to risk of funding gaps, which impacts on the sustainability and continuity of projects. One participant noted:

> "We are almost 100% dependent on donor funding and in case of any delays or funding adjustments, project activities are interrupted. It becomes hard to plan and maintain the project since there are no sure internal funding sources. In most instances we have to change priorities according to the choices of the donors instead of their real needs in the project." (KII-EXT13)

This suggests that not only is donor dependency a financial issue, but it also has implications for the decision-making process, where organisations may have to prioritise according to donor interests, rather than the needs of the community. This means projects can become misaligned with their original goals and priorities, as well as short-term rather than long-term focused. This highlights the view from the Resource-Based View (RBV) that poor internal financial capacity limits sustainability, since sustainable financial performance depends on resources that are controlled by the organisation, and from Stewardship Theory, where donor dependency limits managers' ability to act in the best interests of stakeholders because of the influence over financial decision-making. The study also reveals that donor dependency results in a vulnerability trap as firms are trapped in a cycle of being unable to save or invest in their capacity, exacerbating the situation of long-term dependency and negatively affecting sustainability.

4.7.2 Weak Long-Term Financial Planning

Poor long-term financial planning was a prominent theme (24.3%) and refers to the practice of focusing on financial plans aligned to the funding cycle rather than creating plans for sustainability beyond external funding. The results suggest that many projects do not have financial strategies for post-funding sustainability, and as such, even when projects are successful, they fall apart after donor funding stops. One participant explained:

> "Most projects are planned within the funding time frame of donors and very little attention is given to the post funding phase. No specific financial strategies are in place to sustain continuation and hence even good projects find it hard to survive. This limits the overall effectiveness and sustainability of the programs."(FGD1-4)

This indicates that a lack of forward planning and planning hampers sustainability by constraining the capacity of organisations to plan for the future and develop continuity options. From the RBV view, this represents limited strategic capacities in financial planning, while Stewardship Theory would see this as a lack of stewardship in financial planning. The results show that this short-term focus results in a cycle of project starting and stopping without significant impact, fuelling inefficiencies and reliance on external funding.

4.7.3 Limited Financial Forecasting Capacity

The theme of limited financial forecasting capacity (18.9%) was crucial, revealing the lack of planning and preparedness in response to financial risks such as inflation, funding uncertainty and operational uncertainties. Our results suggest the lack of forecasting capacity and tools leads to reactive strategies, in which financial decision-making occurs in response to problems rather than in anticipation.

From an RBV standpoint, forecasting is a key resource of organizations that is essential for planning and risk mitigation, and its lack is an internal organizational weakness. Stewardship Theory also explains that inadequate forecasting has a negative impact on accountability, as managers cannot make sound financial decisions to ensure long-term sustainability. The findings suggest that in the absence of sound forecasting systems, organizations are less resilient and hence more susceptible to the effects of financial crises and less likely to sustain project outcomes.

4.7.4 Short Donor Funding Cycles

The theme of short donor funding cycles (16.2%) is a separate and vital theme which reflects the funding model shortcomings of donor agencies in supporting long-term financial sustainability and planning. The data suggests funding is delivered in short cycles, usually linked to annual and project cycles, limiting an organisation's capacity to plan for long-term sustainability. This incentivises short-term rather than sustainable planning, with emphasis on short-term deliverables.

The findings indicate that short-term funding cycles promote reactive and piecemeal planning, as funding that is received must be used within short periods and in response to changing funding cycles. This hampers investment in sustainability-related activities such as capacity building, maintenance planning and integration. According to the RBV, short funding cycles limit the building of long-term capabilities as organizations are unable to access stable resources. Likewise, Stewardship Theory implies that short funding cycles constrain managers' abilities to make responsible and strategic decisions, focusing instead on short-term deliverables to maintain funding.

The research also suggests that the short time-frames of funding contribute to instability, lack of continuity and institutionalising sustainable practices. Projects are often tailored to meet funding cycles, rather than sustainability needs, leading to interventions that do not stand up beyond the funding cycle. This shows that donor funding arrangements have a considerable impact on sustainability, in addition to organisational factors.

4.7.5 Weak Coordination with Government Systems

The theme of weak coordination with government systems (10.8%) was a less commonly discussed but important theme and reflects the issues surrounding coordination between humanitarian projects and national development agendas. The results show that projects are frequently not well integrated with government systems, which presents a challenge to project integration, support and sustainable projects beyond the life of the project. One participant stated:

> "Projects are not always well coordinated between the project plans and government development structures, which results in gaps at project termination. If it is not aligned, government institutions will have difficulties in taking over or sponsoring projects. This affects sustainability of the project in terms of not being integrated with the government systems but in isolation." (KII-EXT6)

This finding implies that coordination failure creates systems that are set up in isolation from existing institutional structures, which makes sustainability of the project challenging after the project completion. This finding is reflective of the lack of organisational capacity to tap into external institutional resources, as explained by the RBV, but also the importance of co-governance and integration with existing stakeholder systems, as explained by Stewardship Theory. The results also align with Systems Theory, which focuses on the inter-connections between actors, in that sustainability needs to be achieved through embeddedness in existing institutional systems rather than independent implementation strategies.

4.7.6 Summary

The thematic analysis shows financial planning has a great impact on the sustainability of humanitarian projects, and the internal constraints on planning as well as the external funding cycle play important roles. Dependency on donors, lack of strategic planning, forecasting and short donor funding cycles create short-termism and limit the ability to develop sustainable financial plans to improve project sustainability, while limited coordination with government systems prevents institutional integration and continuity. Overall, the results suggest that sustainability requires a shift towards long-term, strategic and system-integrated approaches to planning that decrease donor dependency, enhance internal capacity and support long-term project outcomes.

4.8 Summative Analysis

The results of Objectives One to Four give an in-depth and intersecting insight on the effects of financial management practices on the sustainability of humanitarian projects in Kakuma Refugee Camp. Making a combination of evidence provided by approaches of budgeting, risk management, audit and internal control system, and financial planning barriers, one can easily see an obvious pattern of sustainability: it does not rely on financial function but depends on the interaction between internal organizational possibilities and external environmental limitations. This synthesis can be best described using the resources-based View (RBV) and the Stewardship Theory combined, which always clarifies the role of internal competencies and accountability processes in long-term project results.

Among the four goals, there is one of the most common results: the central position of internal capabilities to decide on sustainability. According to RBV, organizations sustain the performance by developing and successfully mobilizing valuable, rare, and inimitable resources. Such resources are manifested in this study through such practices as participatory budgeting, budget variance monitoring, lifecycle costing, internal audits, procurement oversight, financial reporting systems. All these practices indicate the organizational capabilities that increase the accuracy of the planning process, resource usage, accountability, and flexibility. An example is that the practice of participatory budgeting was not only the most commonly used, but also the most impactful in terms of sustainability, which is notable in the context of stakeholder engagement as a strategic capability enhancing ownership and continuity. Likewise, at least as rarely used and yet highly effective, were the variance monitoring and lifecycle costing, which implies that the underused capabilities could promise high potential in enhancing sustainability performance in case they are institutionalized.

Meanwhile, the results indicate the existence of severe flaws in internal capabilities that weaken sustainability. Inadequate financial planning and technical expertise, as well as knowledge management, are exemplified by unrealistic budgeting, inadequate financial forecasting tools, and poor documentation practices. These weaknesses (through the RBV angle) imply that there is lack or underdevelopment of some of the important organizational resources that can be used to achieve long term success. Unrealistic budgeting, e.g., the approach that cannot match the operational realities with financial plans results in disruptions in the project and eventual failure. In the same vein, fewer forecasting instruments hamper risk anticipation including inflation and funding volatility as well as planning proactively as opposed to reactively. Poor documentation practices also make such challenges more severe by compromising institutional memory and accountability hence lowering the performance of other financial management systems. All these findings support the assertion of RBV that the key to sustainability lies in the power and combination of internal capabilities.

The Stewardship Theory supports the results with the focus on accountability, transparency, and ethical responsibility in financial management. Positive sustainability outcomes are closely related to such practices as participatory budgeting, internal audit, procurement control, and financial reporting since they facilitate trustbuilding, responsible use of resources, and long-term decision-making. One of the main control systems that help to avoid mismanagement is internal audits and procurement control, whereas financial reporting enhances transparency and trust among stakeholders. The results are however also characterized by tensions between the stewardship ideals and the operating realities in which external factors like donor funding delays, inflation, exchange rate variability, and short funding cycles restrict the autonomy of managers. Managers are supposed to serve the interests of the stakeholders, but since these environments are unpredictable in their nature of financing, their capacity to do so becomes limited, and their donor dependency puts the interest in short-term compliance instead of long-term sustainability.

One of the lessons is that there is imbalance between the pressures on the outside and the capabilities on the inside in influencing the results of sustainability. Such external risks as donor dependency and macroeconomic instability prevail, which emphasize the susceptibility of humanitarian projects to circumstances outside their control. Nonetheless, well-developed internal systems, especially good budget, monitoring and internal controls, can help an organization to adjust to these hurdles and this substantiates the RBV position that internal capabilities are essential. Also identified in the findings is the lack of correspondence between the frequency and the effectiveness of the practices where most frequently used practices such as unrealistic budgeting do not add much to the sustainability as compared to high-impact practices that are not used as much such as variance monitoring and lifecycle costing. This shows that the choices are a lot of convenience based, both inefficient use of resources and not following the stewardship principles.

The Pareto analysis also indicates that most of the effectiveness of internal controls is explained by a small number of key mechanisms including internal audits, procurement controls, and financial reporting which can be used to suggest that an emphasis placed on these areas will greatly improve sustainability. This is consistent with RBV and Stewardship Theory, which stress on the significance of critical capabilities and accountability structures. But poor documentation practices remain an unrecognized but significant blank, which subverts accountability and coordination. The results also show the inter-relationship of financial management in which, a weak budgeting, planning, or documentation can have an overall performance impact. All in all, sustainability is a product of external limitations and internal strengths, though, finally, it is a matter of whether the organizations are efficient enough when managing the financial resources and controlling them.

SUMMARY OF THE FINDINGS, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

The chapter contains the synthesis of the research results on the impact of financial management practices on the sustainability of humanitarian projects in Kakuma Refugee Camp and Kalobeyei Settlement. It combines both the empirical findings presented in Chapter Four and the theoretical resources of the Resource-Based View (RBV) and Stewardship Theory to make conclusions.

5. 1 Summary of Findings

5.1.1 Budgeting Practices and Sustainability of humanitarian Projects

Budgeting practices proved central to sustainability, though their effect varied by type. Participatory budgeting was both the most common and the most effective practice, generating ownership, transparency, and post-donor commitment when stakeholders helped shape financial priorities. Unrealistic budgeting, driven by donor expectations rather than ground realities, was equally common but among the least effective, exposing a structural gap between planning and implementation. Budget variance monitoring and lifecycle costing were used less often but proved highly effective wherever applied, indicating under-exploited tools with strong potential if institutionalized, whereas flexible budgeting added little value on its own, mattering only when paired with governance and accountability structures. Overall, sustainability depends less on how much is budgeted than on whether budgeting is participatory, realistic, monitored, and lifecycle-aware.

5.1.2 Risk Management and Sustainabilityof humanitarian Projects

Financial risk, both external and internal, materially threatened sustainability. Donor funding delays were the most disruptive risk, undermining implementation schedules, staff payment, and continuity, followed closely by inflation and price fluctuations, which eroded the purchasing power of allocated funds and forced scope reductions. Exchange rate instability posed a comparable threat for projects funded in foreign currency. Internal risks – procurement fraud and weak documentation – were reported less frequently but were no less damaging, compromising resource efficiency and monitoring capacity. Together, these findings show that external risks are more visible and immediate, while internal governance systems determine how well organizations absorb them.

5.1.3 Audit and Internal Control Systems and Sustainabilityof humanitarian Projects

Audit and internal control systems anchored accountability, transparency, and efficient resource use. Regular internal audits were the most valued mechanism, followed closely by procurement oversight committees and financial reporting systems, together accounting for most of the internal control effectiveness observed. Compliance monitoring played a supportive but secondary role, while weak documentation, though least frequently cited, emerged as a critical gap undermining institutional memory and accountability. This concentration of effectiveness in a small number of high-impact mechanisms suggests that targeted investment in audits, procurement oversight, and reporting systems – rather than broad but shallow control efforts – offers the most direct route to sustainability.

5.1.4 Financial Planning and Sustainabilityof humanitarian Projects

Financial planning was constrained by both external dependency and internal capacity gaps. Heavy reliance on donor funding was the most significant barrier, compounded by short funding cycles that pushed organizations toward short-term outputs rather than long-term strategy. Internally, the absence of long-term financial strategies and limited forecasting tools left organizations reactive rather than proactive, while weak coordination with government systems, though less frequently cited, further limited integration into structures capable of sustaining services after donor exit. These findings point to the need for financial planning that is more strategic, forward-looking, and integrated with host-government systems.

5.3 Theoretical Implications of the Study

The results of the present study contribute greatly to the theoretical definitions of financial management and sustainability in humanitarian settings since they support and increase the range of the applicability of the Resource-Based View (RBV) and the Stewardship Theory. The research substantiates the main hypothesis of RBV according to which internal organizational capabilities play a significant role in determining sustainable performance. The following practices, i.e. participatory budgeting, variance monitoring, lifecycle costing, internal audits and financial reporting systems became the main capabilities that develop efficiency, responsibility and flexibility. Meanwhile, the research also points out that the availability of the resources is not enough; the important thing is how effectively the mentioned resources can find their application and fit into the organizational processes. This expands RBV in understanding the necessity of using capabilities and aligning it with sustainability goals.

Likewise, the work supports the Stewardship Theory by showing that sustainable financial management involves accountability, transparency, and stakeholder involvement as its core concept. The actions that corresponded to the principles of stewardship were always linked to the positive outcomes, which implies that the responsible and ethical management contributes to the improvement of the efficiency and trust. Nevertheless, the article also demonstrates shortcomings of the Stewardship Theory in situations where external factors like dependency of donors and economic insecurity are present. Although managers are likely to behave in the best interest of the stakeholders, they are limited to do so because of factors which are beyond their control. It implies that stewardship should be contextualized in the environments where external dependencies play a vital role in the behavior of the organization.

5.4 Implication of the Study findings to my Programme

This study also has implications to the programme undertaken by the researcher especially in project management, development studies and humanitarian practice areas. The given study also points to the significance of considering the financial management principles in designing and implementing the programme, and the fact that sustainability is not merely a technical or an operational problem, but also a financial one. The implications of this study to practitioners and students working in these areas is that they need to acquire competencies in budgeting, risk management, and financial planning as key parts of successful project-management.

Moreover, the study shows that a holistic approach to financial management, which involves budgeting, risk management, internal control and planning, is a necessary step toward achieving financial management success. This also has some implication in terms of curriculum development, where training programmes should focus more on practical skills on financial analysis, forecasting and accountability mechanisms. It is also clear that the capacity building areas identified in the findings including financial forecasting and strategic planning are important to enhance sustainability results.

5.5 Conclusions

This study set out to examine how financial management practices shape the sustainability of humanitarian projects implemented by NGOs in Kakuma Refugee Camp. On budgeting, the study concludes that participatory, lifecycle-aware, and closely monitored budgeting significantly enhances sustainability, while unrealistic and inflexible budgeting undermines it. On risk management, it concludes that external risks – donor delays, inflation, and exchange rate volatility – pose the greatest threat to continuity, but their impact is substantially reduced where organizations build strong internal financial capacity and contingency planning. On audit and internal control, it concludes that a small number of high-impact mechanisms, principally regular internal audits, procurement oversight, and financial reporting, drive most of the accountability and transparency that sustain donor and community trust. On financial planning, it concludes that donor dependency and short funding cycles, combined with weak internal forecasting capacity, are the primary obstacles to long-term continuity.

Overall, the study concludes that financial management, not the volume of donor funding alone, is the decisive factor in whether humanitarian projects in Kakuma survive beyond donor exit – directly answering the study's overarching research question: sustainability is achieved where budgeting, risk management, audit and internal control, and financial planning function together as integrated, accountable, and locally grounded systems rather than as isolated donor-compliance requirements.

5.6 Recommendations

Because participatory budgeting was both the most common and most effective practice identified, NGOs and donors should institutionalize it as a governance principle rather than a procedural add-on, embedding structured stakeholder input into financial decisions at every stage of the project cycle to convert the ownership and transparency gains observed in this study into a routine organizational capability.

Given that unrealistic budgeting was simultaneously widespread and among the least effective practices, humanitarian organizations should shift toward evidence-based, risk-sensitive costing grounded in needs assessments and market data, while donors should adjust funding structures to reward realistic budgets over the artificially lean proposals that competitive funding currently incentivizes.

Since budget variance monitoring and lifecycle costing were shown to be highly effective but underused, organizations should invest in the financial systems, reporting tools, and staff capacity needed to make variance analysis and lifecycle costing routine components of project management rather than occasional exercises.

Because donor funding delays and short funding cycles emerged as the most damaging risks to continuity, donor agencies should move toward more predictable, longer-horizon funding models that allow implementing organizations to plan beyond a single project cycle, while implementing organizations build the forecasting and scenario-planning capacity needed to absorb the volatility, inflation, and exchange-rate risk that this study found to be the most disruptive to sustainability.

Feasibility of these recommendations in the Kakuma context specifically depends on constraints that are more acute there than in less protracted settings: NGOs operate with lean field teams, intermittent connectivity for NVivo-style reporting tools, and finance staff who already carry multiple roles, so participatory budgeting and lifecycle costing are only feasible if introduced through short, low-bandwidth tools (structured checklists, simple spreadsheets, community budget forums held alongside existing distribution days) rather than software-intensive systems. Similarly, longer-horizon donor funding and forecasting capacity are feasible in Kakuma only to the extent that UNHCR and its partner NGOs jointly commit to multi-year planning cycles that match the protracted nature of the camp, since any single implementing NGO acting alone has limited leverage over donor timelines. On this basis, participatory budgeting and variance monitoring are judged the most immediately feasible recommendations for Kakuma, while donor-level funding reform is feasible only over the medium to long term and requires coordinated advocacy across the NGOs operating in the camp rather than unilateral action by any one organization.

5.7 Suggestions for further studies

Future research should test the generalizability of these findings using mixed-methods and comparative designs across other protracted displacement settings, since this study's qualitative, single-site design, while offering depth, cannot establish how far its conclusions extend beyond Kakuma. Longitudinal studies that track specific NGO projects from donor exit through subsequent years would help clarify which financial management practices produce sustainability over time rather than merely at a single point of assessment. Further studies might also quantify the effect of specific risk-mitigation measures, such as hedging or contingency reserves, on continuity outcomes, and examine how digital financial management systems affect transparency, efficiency, and sustainability in humanitarian settings.

5.8 Contribution to the body of knowledge

This study contributes to the body of knowledge by providing empirical, context-specific evidence of how financial management practices – budgeting, risk management, audit and internal control, and financial planning – shape the sustainability of humanitarian projects in a protracted refugee displacement setting, an area where prior research has remained thin. It extends the theoretical literature by applying the Resource-Based View and Stewardship Theory jointly, showing how internal organizational capability and accountable stewardship interact with external donor constraints to determine sustainability outcomes. Practically, it offers NGOs, donors, and policymakers an evidence-based basis for prioritizing high-impact financial management practices, and it adds to development studies and humanitarian management scholarship by demonstrating that project continuity after donor exit is best understood as a function of financial management quality rather than of funding volume alone.

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APPENDIX

Research Instrument: Key Informant Interview Guide

Introduction

Hello, my name is Roylex Kinigi from the Catholic University of Eastern Africa. I am conducting a study on Financial Management and Sustainability of Humanitarian Projects: A Case of Selected NGO Projects in Kakuma Refugee Camp, Kenya. The purpose of this interview is to understand your experiences and views on financial management practices and how they influence the sustainability of humanitarian projects. Your responses will remain confidential and will be used solely for academic purposes. Thank you very much for taking the time to participate.

Section 1: Sustainability of Humanitarian Projects

1. How does your organization define sustainability within humanitarian projects? ____

   ____

   ____

2. What strategies are used to ensure project benefits continue after donor funding ends? ____

   ____

   ____

3. In your view, what are the major factors that enhance or hinder sustainability in the Kakuma context? ______________________________________

   ____

   ____

4. How does community ownership and local capacity contribute to project sustainability? ____
____
____

Section 2: Budgeting Practice and Sustainability in Humanitarian Projects

5. How are project budgets developed, reviewed, and approved in your organization? ____
____
____

6. To what extent do budgets include provisions for long-term activities such as maintenance or handover? ____________________________________
____
____

7. What challenges do you encounter when trying to align budgets with sustainability objectives? _______________________________________
____
____

8. How does involving staff or communities in the budgeting process influence project sustainability? ____
____
____

Section 3: Risk Management and Sustainability in Humanitarian Projects

9. How does your organization identify and assess financial risks in project implementation? ____

10. What risk mitigation measures are in place to address issues such as inflation or funding delays? ____

11. How does effective risk management contribute to the long-term continuity of projects? ____

12. What types of financial or operational risks have posed the greatest threat to sustainability? ____

Section 4: Audit, Internal Control, and Sustainability in Humanitarian Projects

13. How often are internal or external audits conducted, and what areas do they focus on? ____

14. How have audit results influenced project accountability and performance in your experience? ____

15. What internal control systems exist to ensure transparency and prevent misuse of funds?

16. What challenges have you experienced in maintaining effective internal control systems?

Section 5: Financial Planning Practice and Sustainability in Humanitarian Projects

17. Does your organization prepare long-term financial plans for donor-funded projects?

18. How are financial forecasts or projections used to support sustainability?

19. What mechanisms are in place to ensure financial continuity after donor withdrawal?

20. What improvements would you suggest to strengthen financial planning for project sustainability? ____
____
____

Research Instrument: Focus Group Discussion (Fgd) Guide

Introduction

Hello, my name is Roylex Kinigi from the Catholic University of Eastern Africa. I am conducting a study on Financial Management and Sustainability of Humanitarian Projects: A Case of Selected NGO Projects in Kakuma Refugee Camp, Kenya. Thank you all for participating in this discussion. The purpose is to gather your shared experiences and perspectives on how financial management practices affect project sustainability. Your responses will remain confidential and will only be used for academic purposes.

Section 1: Sustainability of Humanitarian Project

1. What does sustainability mean to you in your daily project work? ———

2. What factors have helped some projects remain functional after donor exit? ———

3. What challenges commonly prevent projects from being sustained once funding ends? ———

Section 2: Budgeting Practice and Sustainability in Humanitarian Projects

4. How are staff at the field level involved in budgeting processes? ___________

____

____

____

5. Are budgets flexible enough to respond to emerging project needs or changes?

____

____

____

6. How does budgeting influence the ability of projects to achieve long-term sustainability? ____

____

____

Section 3: Risk Management and Sustainability in Humanitarian Projects

7. How does your organization or team identify and handle financial or operational risks? ____

____

____

8. Can you share examples where effective or poor risk management influenced project outcomes? ____

____

____

9. What improvements are needed in risk management to enhance sustainability?

____

____

____

Section 4: Audit, Internal Control, and Sustainability in Humanitarian Projects

10. How do audit processes and internal controls affect project delivery or accountability? ____

    ____

    ____

11. Do you feel these mechanisms strengthen transparency and sustainability? —

    ____

    ____

    ____

12. What are the main challenges encountered when implementing internal control procedures? ____

    ____

    ____

Section 5: Financial Planning Practice and Sustainability in Humanitarian Projects

13. Are sustainability goals considered during financial planning and project design? ____

    ____

    ____

14. How can financial planning be improved to ensure projects continue beyond donor support? ____

____

____

15. What practical recommendations would you give to improve financial management for sustainability? ____________________________________

____

____

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