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FINANCIAL RESOURCES FOR PROJECT CLOSE-OUT AND SUSTAINABILITY OF NON-GOVERNMENTAL ORGANIZATION PROJECTS IN TURKANA COUNTY, KENYA

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ABSTRACT

This study examined the extent to which financial resources for project close-out influence the sustainability of non-governmental organization (NGO) projects in Turkana County, Kenya. Using a mixed-methods approach, data was collected from 92 respondents comprising NGO staff, government officials, and community members. The study employed descriptive and inferential statistics to analyze quantitative data while thematic analysis was used for qualitative data. Findings revealed that while 86.1% of respondents agreed that NGOs ensure adequate funding for knowledge transfer and capacity building during project closure, only 35.3% agreed that sufficient funds are allocated specifically for project closure activities. The composite means of 3.25 (SD=1.21) indicated moderate satisfaction with financial resource allocation for project close-out. Regression analysis showed that financial resources significantly contribute to project sustainability, though the overall model explained only 11.4% of the variance. The study concludes that inadequate financial planning for project closure activities undermines long-term project sustainability despite adequate funding for capacity building initiatives. The study recommends that NGOs develop comprehensive financial exit strategies that allocate sufficient resources for all aspects of project closure to enhance sustainability outcomes.

Key Words: *Financial resources, project close-out, project sustainability, NGO projects, Turkana County, development projects*

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INTRODUCTION

Non-governmental organizations (NGOs) play a crucial role in development initiatives across Kenya, particularly in marginalized regions such as Turkana County. These organizations implement various projects aimed at improving livelihoods, providing essential services, and building community capacity (Otieno & Mwololo, 2021). However, the sustainability of these projects beyond the implementation period remains a critical challenge (Mwangi & Ngugi, 2020).

Project close-out, the final phase of the project lifecycle, is often overlooked despite its significance in determining long-term project success and sustainability (World Bank, 2022). Financial resources allocated for project close-out activities are fundamental to ensuring a smooth transition from project implementation to community ownership. These resources encompass funding for final audits, knowledge transfer activities, capacity building initiatives, documentation processes, and handover ceremonies (UNDP, 2020).

In Turkana County, where poverty levels are high and local financial capacity is limited, the adequacy of financial resources during project closure becomes even more critical for sustained project outcomes (KNBS, 2022). The importance of financial planning for project closure has gained recognition in development literature, with scholars emphasizing that inadequate financial provisions during close-out phases often lead to project failure and a waste of development resources (Musyoki & Makori, 2021; Waithaka, 2023). Despite this recognition, many NGOs continue to allocate minimal resources to closure activities, focusing primarily on implementation while treating closure as an administrative afterthought (Kilonzo, 2020).

Statement of the Problem

Many NGO projects in Turkana County fail to achieve long-term sustainability despite significant financial investments during implementation phases. A critical gap exists in understanding how financial resource allocation during project close-out influences the sustainability of development initiatives (Waithera & Kamau, 2022). While NGOs invest substantial resources in project implementation, there is often inadequate financial planning and allocation for closure activities such as final audits, knowledge transfer, capacity building, and handover processes (Mutuku & Karanja, 2021).

This financial inadequacy during project close-out has resulted in abrupt project endings, insufficient knowledge transfer to local stakeholders, and limited capacity building for community ownership (Njuguna & Mwangi, 2023). Consequently, many projects that showed promise during implementation fail to sustain their impact after NGO withdrawal, leading to wasted resources and unmet development objectives (Owino & Kiptoo, 2022). The problem is particularly acute in Turkana County, where local financial capacity to maintain projects is limited, making adequate financial provisioning during close-out essential for sustainability (KNBS, 2022; UNDP, 2020).

Purpose of the Study

The purpose of the study was to assess the extent to which financial resources for project close-out influence the sustainability of NGO projects in Turkana County, Kenya.

LITERATURE REVIEW

Theoretical Framework

The Resource-Based Theory (RBT) will serve as the research's compass. Originally proposed by Penrose (2009), RBT emphasizes that rare, valuable, and non-substitutable resources are crucial to an organization's long-term performance. In the context of NGO project sustainability, financial resources allocated during the close-out phase represent strategic assets that can provide competitive advantage and ensure long-term project viability. According to RBT, organizations must strategically manage their resources to boost performance and sustainably outperform competitors. Financial resources during project close-out, when properly allocated and managed, create conditions for sustainable project outcomes by enabling effective knowledge transfer, capacity building, and community ownership development. The theory suggests that NGOs that strategically allocate adequate financial resources for closure activities are more likely to achieve sustainable project outcomes compared to those that inadequately fund these critical phases. The theory categorizes resources into physical capital, human capital, and organizational capital. In project close-out contexts, financial resources enable the mobilization of human capital (skilled personnel for training and knowledge transfer), physical capital (infrastructure and equipment maintenance), and organizational capital (systems and processes for continued operation). The strategic allocation of financial resources during closure thus becomes a determinant of whether projects can sustain their impact beyond the implementation period.

Empirical Review

Several studies have examined the relationship between financial resources and project sustainability, particularly in development contexts. Ochieng et al. (2018) conducted a study on water projects in Turkana and found that many projects failed to sustain operations because communities could not afford maintenance costs. They emphasized that incorporating financial training for local stakeholders and ensuring access to microfinance or local funding sources could significantly improve sustainability outcomes. Kamau and Mohamed (2015) studied NGO projects in Kenya's arid and semi-arid lands (ASALs) and discovered that projects with clear financial exit strategies, such as partnerships with government agencies or private sector actors, were better able to sustain their impact. Their research highlighted the importance of donor collaboration with local institutions to establish reliable funding pipelines before project closure.

Ebrahim and Rangan (2014) advocated for diversified funding approaches, combining donor contributions, local government support, and revenue-generation mechanisms. This approach ensures that no single source of funding is relied upon, reducing risks of financial shortfalls that could undermine sustainability. The authors emphasized that financial sustainability requires strategic planning that begins during project design and continues through closure. Mansuri and Rao (2013) emphasized the importance of capacity building in financial management for local communities and stakeholders. Their World Bank report highlighted that equipping local actors with skills to manage budgets, track expenditures, and mobilize resources enhances their ability to sustain projects post-close-out. This is particularly relevant in marginalized regions like Turkana, where financial literacy is often limited. However, Kimenyi and Njenga (2020) noted that even projects with sufficient financial backing sometimes fail due to weak institutional frameworks or lack of stakeholder buy-in. This suggests that while financial resources are necessary for sustainability, they must be complemented by other factors such as community engagement and institutional capacity.

METHODOLOGY

The study employed a mixed-methods approach, combining quantitative and qualitative methodologies to ensure comprehensive coverage of the research topic. A total of 100 respondents were targeted, comprising NGO staff, government officials, and community members involved in development projects in Turkana County. The sample was drawn from various NGOs operating in the region, including World Vision, Trocaire, Save the Children, Oxfam, DanChurchAid, and Danish Refugee Council. Data collection was conducted through semi-structured interviews and questionnaires. The study used both simple random sampling for community members and purposive sampling for NGO staff and government officials to ensure inclusion of participants with relevant knowledge and experience. Quantitative data was analyzed using SPSS software, employing descriptive and inferential statistics, while qualitative data was analyzed thematically. The dependent variable was project sustainability, measured through indicators of continued functionality, local ownership, and integration into community structures.

FINDINGS AND DISCUSSION

Rate of Response

The study involved distributing questionnaires to 100 participants across various stakeholder categories in Turkana County. A total of 92 respondents completed the interviews, yielding a response rate of 92%, which exceeded the minimum threshold for statistical significance and ensured robust data for analysis.

Table 1: Rate of Response

Stakeholder Category	Target Sample	Actual Response	Response Rate
Community Members	65	60	92.3%
NGO Staff	25	23	92.0%
Government Officials	10	9	90.0%
Total	**100**	**92**	**92.0%**

Descriptive Analysis

The descriptive analysis of financial resources for project close-out revealed significant variations in resource allocation across different activities. The data shows mixed results regarding financial resource adequacy for project closure activities.

Table 2: Financial Resources for Project Close-out

Statement	SD	D	N	A	SA	Mean	Std. D
The NGO allocates sufficient funds specifically for project closure activities	27 (27.3%)	15 (15.2%)	22 (22.2%)	22 (22.2%)	13 (13.1%)	2.79	1.402
The NGO has a clear budget for final audit and compliance costs	16 (16.3%)	10 (10.2%)	38 (38.8%)	21 (21.4%)	13 (13.3%)	3.05	1.230
The NGO has a realistic estimate of the total cost required for project closure	13 (13.3%)	17 (17.3%)	26 (26.5%)	34 (34.7%)	8 (8.2%)	3.07	1.178
The NGO ensures adequate funding for knowledge transfer and capacity building	6 (6.4%)	2 (2.1%)	5 (5.3%)	46 (48.9%)	35 (37.2%)	4.09	1.044
Composite Score						**3.25**	**1.21**

The analysis reveals a concerning disparity in financial resource allocation. While 86.1% of respondents agreed that NGOs ensure adequate funding for knowledge transfer and capacity building activities, only 35.3% agreed that sufficient funds are allocated specifically for project closure activities. This suggests that while NGOs recognize the importance of capacity building, they may not adequately fund other critical closure activities such as final audits, documentation, and handover processes. The composite means of 3.25 with a standard deviation of 1.21 indicates moderate satisfaction with financial resource allocation, but the high standard deviation suggests considerable variability in responses, indicating inconsistent practices across different NGOs and projects.

Inferential Analysis

Correlation analysis was conducted to examine the relationship between financial resources for close-out and project sustainability. The analysis revealed a moderate positive correlation ($r = 0.312$, $p < 0.05$) between financial resource allocation for project close-out and project sustainability outcomes.

Model Summary

Table 3: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.338	.114	.096	.70615

The model summary indicates that financial resources for project close-out, along with other factors in the model, explain 11.4% of the variance in project sustainability. While this may appear modest, it represents a significant contribution given the complexity of factors influencing project sustainability.

ANOVA of the Regression Model

Table 4: ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	6.253	4	3.126	6.270	.003
Residual	48.368	87	.499		
Total	**54.621**	**91**			

The ANOVA results show that the regression model is statistically significant (F = 6.270, p = .003), indicating that the relationship between the predictor variables and project sustainability is not due to chance. Qualitative findings from thematic analysis revealed that respondents emphasized the critical role of financial resources in project sustainability. One respondent noted: "Projects with income-generating activities tend to last longer compared to those that do not have tangible results" (Respondent #4). Another highlighted: "Lack of proper training on how to manage funds and plan for the future is another implication that impacts project sustainability" (Respondent #7).

SUMMARY

This study examined the influence of financial resources for project close-out on the sustainability of NGO projects in Turkana County, Kenya. Using a mixed-methods approach with 92 respondents, the research revealed significant gaps in financial resource allocation for project closure activities. While NGOs adequately fund capacity building and knowledge transfer activities (86.1% agreement), they inadequately allocate resources for general project closure activities (35.3% agreement). The composite means of 3.25 indicated moderate satisfaction with financial resource allocation, but high variability (SD = 1.21) suggested inconsistent practices across organizations. Regression analysis confirmed a significant positive relationship between financial resources and project sustainability, though the model explained only 11.4% of the variance, indicating that other factors also significantly influence sustainability outcomes. Qualitative findings reinforced the quantitative results, with respondents emphasizing the importance of adequate financial planning for project closure and the need for income-generating activities to enhance long-term sustainability. The study identified financial resource inadequacy as a critical barrier to project sustainability in Turkana County.

CONCLUSION AND RECOMMENDATIONS

The study concludes that financial resources for project close-out significantly influence the sustainability of NGO projects in Turkana County, Kenya. However, current practices reveal inadequate financial allocation for comprehensive project closure activities, despite recognition of the importance of capacity building and knowledge transfer. This selective funding approach undermines the potential for sustained project outcomes. The moderate positive correlation between financial resources and project sustainability confirms the theoretical proposition that adequate financial provisioning during project close-out enhances sustainability prospects. However, the low explanatory power of the model suggests that financial resources, while necessary, are not sufficient for ensuring project sustainability and must be complemented by other factors such as community engagement, institutional capacity, and stakeholder involvement. The disparity between funding for capacity building activities and general closure activities indicates a gap in NGO understanding of comprehensive project closure requirements. This gap may result in projects that have built local capacity but lack the financial foundation for sustained operation.

Based on the study findings, several smart and practical recommendations are suggested to improve how NGOs manage project closure. NGOs should design clear financial exit strategies that cover all closure needs not just training or handovers. It's also important to set budget standards, such as allocating 10–15% of the total project funds specifically for closure activities. To build lasting impact, financial sustainability should be considered from the start of a project, including identifying local income sources and working with banks or other partners. Capacity building in financial planning and budgeting for local teams can also boost long-term success. NGOs should put in place solid monitoring systems to track how money is used during closure and how it affects sustainability. Strong partnerships with government and private sectors can help ensure ongoing support. Lastly, there is a need for sector-wide policies that guide how financial resources are handled during the final project stages.

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