

MOSHI CO-OPERATIVE UNIVERSITY

DISSERTATION ABBRIDGMENT

Title:

**“Procurement Practices and Performance of Public Water Projects in Tanzania: A
Case of Moshi Municipality.”**

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INTRODUCTION

Globally, the importance of effective procurement management is increasingly recognized as essential for achieving project success and maximizing value for stakeholders (Barla, 2018; Ambekar, Deshmukh & Hudnurkar, 2020). Effective procurement practices are considered vital to the success of construction projects and other public sector initiatives across Europe, Bangladesh, Australia, China, Hong Kong, India, Indonesia, Korea, Pakistan, and Palau (Ezeanyim, Uchenu & Ezeanolue, 2020; Adeniyi *et al.*, 2020).

Regionally, strengthening procurement systems is increasingly recognized as critical to promoting sustainable economic development. However, persistent challenges continue to hinder the achievement of intended project outcomes (Kibona, 2017; John, 2018; Bag, Gupta & Kumar, 2021). Procurement practices, defined by the Council of Supply Management Professionals (2011) as philosophies, methods, and processes that help organizations manage costs and deliver results under challenging conditions, are especially relevant in the public sector.

In Tanzania, procurement weaknesses have often been linked to inadequate vendor management systems, weak enforcement of contractual obligations, and repeated gaps in identifying and mitigating risks in public projects (Mgawe & Kiwango, 2023). Annual audit reports consistently highlight challenges such as poor contractor vetting, inconsistent supervision, and weak compliance with procurement regulations problems especially common in local government authorities overseeing water infrastructure projects (Controller and Auditor General, 2024). These issues collectively undermine project reliability, cost efficiency, and timely delivery.

Projects in developing countries are often constrained by cost, time, and quality limitations, resulting in inefficiencies, cost overruns, delays, and poor-quality outcomes (Ezeanyim *et al.*, 2020; Owiti, 2017). Both the public and private sectors increasingly integrate procurement processes to enhance competitiveness, transparency, efficiency, and accountability (Ogwang, 2017; Alabdullah, 2021). Despite reforms, weak procurement systems, poor practices, and inadequate enforcement continue to cause significant financial losses. Tanzania alone loses approximately US\$100 million annually due to procurement inefficiencies (World Bank, 2018). This underscores the need for continual improvement to strengthen procurement systems and enhance project performance.

Through a cross-sectional study design, focused on municipal water projects, including KCMC Boreholes, Mang'ana Spring, Kisumbe Spring, Rumbanga Spring, Kyaronga Spring, Karanga Darajani, Njoro ya Ghoha, and Miwaleni constructed in Moshi were examined. Data were collected using interviews and survey questionnaires, and a subsequent analysis with SPSS offered significant insights.

SUMMARY OF FINDINGS

The study found that procurement risk management has a statistically significant influence on project performance, consistent with Mwalukasa and Sallwa (2024), who observed that systematic risk identification and mitigation improve institutional outcomes. In contrast, vendor relationship management and contractual relationships were not statistically significant predictors of project performance. This differs from findings by Celestine and Ndeto (2023) and Ibrahim (2022), who reported strong effects in other project contexts. The discrepancy may reflect contextual factors in Moshi Municipality, such as weak enforcement structures, limited monitoring capacity, and inconsistent vendor engagement, which reduce the predictive power of these variables despite positive perceptions in descriptive data.

Vendor relationship management was highly rated by respondents, with over 90% reporting strong collaboration, frequent communication, and trust between vendors and project teams. Most respondents indicated that vendors delivered on time and met quality standards. Interviews highlighted the role of meetings, regular feedback, and transparency in facilitating project execution. However, regression analysis showed that vendor relationship management accounted for only 6% of performance variation and had no statistically significant effect on project outcomes ($R^2 = 0.06$, $p = .471$). This suggests that, while stakeholders perceive vendor collaboration as beneficial, its direct influence on measurable indicators such as quality, timeliness, and sustainability remains limited.

Procurement risk management, on the other hand, was both highly rated and statistically significant. Over 90% of respondents agreed that risks were systematically identified, mitigation strategies were implemented, and quality assurance measures were embedded in procurement processes. Interviews revealed the use of environmental screening, SWOT analysis, insurance coverage, and regular procurement audits as part of ongoing risk monitoring. Regression results confirmed a positive and significant relationship between risk

management and project performance ($R^2 = 0.091$, $\beta = .302$, $p = .006$), indicating that risk management accounted for 9.1% of observed variation. This establishes it as the strongest and most consistent predictor of public project performance among the procurement practices examined.

Regarding contractual relationships, respondents recognized the importance of contracts: over 80% agreed that vendors met contractual expectations, milestones were monitored, and disputes were resolved through structured procedures. Progress meetings, service level agreements, and performance evaluations supported compliance, though challenges such as ambiguous clauses, delayed approvals, and limited enforcement persisted. Despite these positive perceptions, regression analysis revealed that contractual relationships had no statistically significant effect on project performance. This indicates that while contracts serve as formal governance frameworks, their effectiveness in directly driving project outcomes depends on integration with robust enforcement and monitoring systems.

Overall, public water projects in Moshi Municipality were perceived as performing well in terms of quality, timeliness, and sustainability. Respondents reported that projects met quality standards, adhered to schedules, and incorporated sustainability measures such as maintenance planning and beneficiary usability. However, regression results indicated that only procurement risk management significantly predicted measurable project performance, while vendor and contractual relationships did not. These findings suggest that, although public water projects are generally successful, measurable outcomes are primarily driven by systematic risk management rather than collaboration or contractual mechanisms alone.

CONCLUSION

The study concludes that vendor relationship management functions as an enabling factor rather than a direct predictor of project performance in Moshi Municipality. While collaboration, trust, and communication enhance coordination and project continuity, they do not significantly influence measurable performance indicators ($p = .471$). Vendor relationships, therefore, require integration with stronger compliance and monitoring mechanisms to affect project outcomes.

Procurement risk management emerged as the strongest determinant of project performance. Systematic risk identification, mitigation strategies, and monitoring mechanisms significantly reduced uncertainties, delays, and quality failures, thereby improving project outcomes.

Regression analysis confirmed its positive and significant effect ($\beta = 0.302$, $p = .006$), establishing risk management as the primary predictor of performance. Proactive risk governance enhances project resilience and strengthens stakeholder accountability and sustainability.

In contrast, contractual relationships serve primarily as a formal framework guiding procurement operations. While contracts establish responsibilities, timelines, and dispute resolution procedures, their influence is limited by weak enforcement, ambiguous clauses, and informal conflict-resolution practices. Contracts facilitate coordination and compliance but do not guarantee accountability or measurable project success without complementary oversight systems.

In summary, public water projects in Moshi Municipality are generally perceived as satisfactory in quality, timeliness, and sustainability. However, measurable outcomes are driven primarily by effective procurement risk management. Vendor relationship management and contractual relationships act as supportive enablers rather than direct determinants of performance. Sustainable public project success therefore depends on embedding collaboration and compliance practices within robust risk management frameworks.

RECOMMENDATIONS

The study provides recommendation in all key findings showing how magnitude of each factor have the impact on the project performance and providing what should be done as

Procurement Risk Management

- Establish quarterly procurement risk review meetings within the Municipal Water Department.
- Train procurement and engineering staff in risk mapping and mitigation techniques.
- Develop a municipal-level vendor performance monitoring tool aligned with PPRA guidelines.
- Institutionalize a digital procurement tracking system to enhance transparency and documentation.
- Collaborate with PPRA to pilot enhanced risk governance models tailored for water projects.

Vendor Relationship Management:

- Institutionalize structured collaboration frameworks across all water projects, including quarterly progress review meetings, standardized feedback mechanisms, and transparent performance reporting channels.
- The PPRA should issue guidelines linking vendor collaboration to measurable outcomes such as delivery timelines and quality indicators.
- Implement continuous capacity-building programs for vendors focused on compliance, ethics, and quality assurance.

Contract Management:

- Establish specialized Contract Administration Units within major water projects to ensure clarity of contract clauses, timely approvals, and proper documentation.
- Monitor compliance with service level agreements and financial terms monthly, supported by transparent penalties for non-compliance.
- PPRA should develop a national compliance registry tracking vendor performance and contract adherence across public institutions.

Project Performance Monitoring:

- Consolidate quality and sustainability gains through integrated monitoring and evaluation systems.
- Align vendor oversight, contract enforcement, and risk management practices across procurement, engineering, and financial teams.
- Institutionalize preventive maintenance plans and beneficiary engagement strategies.
- Establish project performance dashboards accessible to managers and citizens to enhance transparency and continuous improvement.