

**EXCLUSION OF CONTRACTORS IN CONSTRUCTION  
CONTRACTS: AN UNREVEALED RISK IN THE  
CONSTRUCTION INDUSTRY**

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**ABSTRACT**

Contracting firms have been facing temporary and permanent exclusions from participating in tenders as result of not complying with Acts, rules and regulations of their respective countries. Exclusion intends to safeguard Governments and their citizens from unscrupulous contractors. This study seeks to determine risks associated contractors' exclusion from participating in tenders. Using a descriptive research type, data were collected from a population of construction stakeholders. A self-administered questionnaire, interviews, document reviews and literature review were used to collect data from randomly and purposely selected respondents. Quantitative data were analyzed by Statistical Package for Social Sciences (SPSS) through descriptive statistics mainly frequencies and descriptive, and Relative Frequency Index (RFI). Findings reveal varying trends of exclusion from one year to another. The top nine high risks associated with contractors 'exclusion are delay of project completion time; increase in project costs; unpleasant reaction from donors or financiers; deferral of organizations strategic plans, mission and visions; development leaping; contractor's loss of potential staff; contractor's bankruptcy; contractor's financial crises; and diversion and misallocation of resources. This implies that despite the valid reasons leading to contractors' exclusion, there are hidden risks. The paper concludes that exclusion exists with disparities across years, the practice that poses several risks to contractors, clients, consultants and the nation at large. The paper recommends that responsible organs should assess risks associated with exclusion before its implementation.

Key words: contractors, debarment, suspension, tenders, trends, reasons, risks

**1. INTRODUCTION**

Most countries worldwide have Acts, rules and regulations that provide for defaulting contracting firms 'exclusion through deletion, suspension, debarment or blacklisting (Verma, 2012; Campos, 2014; Manuel; 2011; Canni, 2009; United Republic of Tanzania (URT) 1997: 2011; Wagner, 2013). Reasons for exclusions range from those outlined Acts, rules and regulations to those determine from time by regulatory organs responsible for taking such actions. These reasons are found in the

works of Verma (2012), Campos (2014), Manuel (2011), Canni (2009) URT (1997: 2011 & 2013) and Wagner 2013).

Although exclusion is meant to protect Governments and their residents from unscrupulous contracting firms, there have been critics on the suspension and debarment system. Authors such as Aurioly and Soreide (2015), Schooner (2004), Collins (2004), Canni (2009), Bednar (2004), Shaw (2004), Brian (2004), McCullough and Pafford (2004), Patcher (2004), Madsen (2004) and Williams (2007) have spoken their concern on the system. These critics arise because suspension and debarment poses risks to both firms and clients. Likewise, some authors have established that suspension and debarment are not fairly applied. In Tanzania, although stakeholders are aware of contractors' exclusion and its reasons, the construction industry lacks published work on risks associated such exclusion. This study therefore attempts to fill this gap. To fill the gap, a descriptive type of research was adopted. Data were collected using self-administered questionnaires, interview, documents and literature reviews, and analyzed by Statistical Package for Social Sciences (SPSS). The paper presents a snapshot of risks associated with contractors' exclusion from participating in tenders. The findings of this paper bring to the attention of construction stakeholders risks associated with contractors' exclusion for re-thinking exclusion. In addition, the paper documents previous work on reasons and risks of contractors exclusion; a description of how the research was done, analysis and discussion, and, conclusion and recommendations.

## **2. EXCLUSION OF CONTRACTORS**

### **2.1. Exclusion definition**

Exclusion can be temporary or permanent. Temporary exclusion entails blacklisting, debarment and suspension. Kate (2008) defines exclusion of contractors as a collective word, which means the process of debarment and suspension of contractors collectively. Cayia and McCaslin (2015) define suspension as action taken by a suspending official to disqualify a contractor temporary from government contracting and government-approved subcontracting. They also define debarment as action taken by a debarring official to exclude a contractor from government contracting and government-approved subcontracting for a reasonable, specific period. In many cases debarment and suspension are used interchangeably but more importantly they intend to mean temporary exclusion. Manuel (2011) elaborates that debarment generally removes contractors' eligibility for federal contracts for a fixed period of time, while suspension removes their eligibility for the duration of an investigation or litigation. The Public procurement Act No. 7 of 2011 of Tanzania uses blacklisting and debarment interchangeably which means temporary exclusion from participating in public tenders. Canni (2009) defines suspension as an interim measure to be imposed "pending the completion of investigation or legal proceedings. Consequently, suspension can be assumed under the same ground as blacklisting and debarment or temporary exclusion but with no specified time limit. Other countries including Tanzania practice cross - debarment (Campos, 2014; URT, 2011; Aurioly and Soreide, 2015). Cross debarment is where the contractor is debarred or suspended

in foreign country after confirming that it is debarred in own country or in one state after confirming that it is debarred in own state.

Permanent exclusion entails deletion or de-registration. Deletion or de-registration means de-registering a company/individual who was once registered in by a certain board or institution. URT (1997) states that deletion is almost the same as de-registration but the main difference is that in deletion the firm/individual is being excluded from the registration due to professional/board's misconduct. According to URT (1997) de-registration is not necessary the misconduct but it is a request by the firm /individual to be de-registered from the board/ institution's register.

## 2.2 Trends and reasons of exclusion

Researchers worldwide have listed reasons for contractors' exclusion from participating in construction contracts. Most of these reasons are traced in various countries acts, rules or regulations. Verma (2012) explains that grounds for suspension and debarment in India are:

- if a firm is suspected to be of doubtful loyalty to India;
- if the Criminal Bureau of Investigation (CBI) or any other investigating agency recommends such a course in respect of a case under investigation;
- or if the Ministry/ Department is *prima facie* of the view that a firm is guilty of an offence involving moral turpitude in relation to business dealings which, if established, would result in business dealings with it being banned.

Campos (2014) and Manuel (2011) disclose causes of debarment to include:

- serious violation of the terms of a government contract, such as intentional failure to perform according to the contract terms and history of unsatisfactory performance;
- violations of the Drug-Free Workplace Act of 1988;
- intentional labeling company's products with "Made in America" inscription, when the products are not made in the United States area;
- commission of an unfair trade practice pursuant to the Defense Production Act;
- delinquent federal taxes in an amount that exceeds \$3000;
- knowing failure by a principal, until three years after final payment on Government contracts, to timely disclose credible evidence of violation of Federal criminal law, civil False Claims Act or significant overpayment on the contract (mandatory disclosure provision); and
- any other serious cause that affects the present responsibility of the contractor or subcontractor.

The World Bank's approach focus on specific bad acts committed by contractors, classified as "sanctionable practices" - corrupt practice, fraudulent practice, collusive practice, coercive practice and obstruction (Campos, 2014).

Wagner (2013) lists the grounds for debarment and these include:

- acts such as commission of fraud or a criminal offense in connection with obtaining, attempting to obtain or performing a public contract or subcontract;
- violation of Federal or State antitrust statutes relating to the submission of offers;

- commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, violation Federal criminal tax laws, or receiving stolen property; and
- commission of any offense indicating a lack of business integrity or business honesty.

Canni (2009) explains that the blanket provisions provide that contractors may be suspended or debarred for committing any offense indicating "a lack of business integrity or business honesty" or "any other cause of so serious or compelling a nature" that affects the contractor's present responsibility. Manuel (2008) points out that companies can be debarred from contracts due to allegations of fraud, mismanagement, and similar improprieties. Yukins (2013) explains that as anti-corruption initiatives around the world gain momentum, one device for fighting corruption is debarment or "blacklisting" of corrupt or unqualified contractors and individuals has emerged as specifically noteworthy tool. Williams (2007) critically examines corruption-related exclusions and suggests that there is likely to be a number of problems with the implementation of these exclusions.

In Tanzania there are three regulatory organs which can exercise exclusion basing on the provisions of their Acts, Bylaws or Regulations. These organs are Public Procurement Regulatory Authority (PPRA) under Sect 62 of the Act No. 7 of 2011 and Regulation 93 of Regulations 2013; Contractors Registration Board under Section 13 (1) and 15 of the Act No. 17 of 1997 and its miscellaneous amendments Act No. 15 of 2008; and Architects and Quantity Surveyors Registration Board under Sect 4 (iv) of the Act No. 4 of 2010. Recently, there are a number of reported incidences on contractors` failure to comply with these Acts, rules and regulations. Aurioly and Soreide (2015) disclose that in Tanzania, the country's Public Procurement Regulatory Authority suspended 19 firms from competing for public procurement contracts for one year, starting October 2014.

contractors registration board of tanzania through its act no. 17 of 1997 and its miscellaneous amendments act no. 15 of 2008 state that the board shall de-register any registered contractor including its principals or partner if it:

- is found to have been guilty of any act or omission amounting to improper, disgraceful or gross professional misconduct, after due inquiry held by the Board; has breached the regulations or by-laws of the Board;
- has a business license which has not been issued by the Licensing Committee of the Ministry responsible for trade; and
- has procured, a business license without proof of having submitted annual returns to the Registrar of Companies the previous year, having submitted a registration certificate of the Board to the licensing authority or submitting proof of having paid the registration or annual subscription fees to the Board for the year of which the business license is being sought.

Furthermore, the Act states that the Board may delete or de-registered a contractor if:

- the contractor has failed to notify the Registrar of his current address;
- requested that his name be deleted from the register,
- failed to pay annual subscription fees for two consecutive years;
- failed to meet the current registration criteria of the Board;
- failed to discharge his duties, responsibilities and obligations as a contractor;
- and
- been found by the Board to be guilty of any contravention of this Act or subsidiary legislation made under the Act or of any such misconduct as is referred to in section 15.

The PPA of 2011 prescribes grounds that may lead to debarment which include:

- fraud or corruption practices;
- failing to abide with a bid securing declaration;
- breaching a procurement contract;
- tenderer making false representation about qualifications during tender proceeding; and
- any other ground deemed necessary.

The tenderer can be barred for the period determined by PPRA depending on the gravity of the offence.

## **2.2. *Risks of exclusion***

Exclusion of contractors from participating in public or private projects is a move that is designed to shape their behaviours and safeguard the interest of Governments and their citizens. However, in the process of exercising this right, risks cannot be avoided. Aurioly and Soreide (2015) urge that tendency to exclude suppliers on suspicions of corruption or because of general underperformance, will pose different forms of risk to good procurement. They further state some of these risks to include:

- possible inflation in the number of firms found ineligible for bidding;
- debarment rules may become a handy tool for those seeking a reason to exclude a supplier or terminate a contract; and
- society may find it difficult to tell in these cases whether the debarment decision is motivated by a supplier's underperformance or corruption or by some challenge on the side of the procurement agency, such as lack of funds to finance the completion of a contract.

Campos (2014) explains that the impact of debarment is practically the same in United States, Brazil and World Bank's systems. He further points out that after debarment, the contractor can no longer be contracted by any federal agency (automatic cross-debarment). Canni (2009) categorizes exclusion risks as direct and collateral consequences. Direct consequence means excluding a contractor from competing for and receiving new contract awards. Collateral consequences include:

- termination of ongoing contracts;
- reputational damage and loss of goodwill;
- loss of revenue;
- contraction of credit;
- denial of loans;

- reducing the size of the business;
- delaying or canceling business goals and objectives;
- reducing employee salaries and/or benefits;
- laying off employees;
- loss of employees to competitors;
- denial of commercial contracts;
- denial of state local contracts; and
- bankruptcy.

Authors in United States of America (Schooner, 2004; Collins, 2004; Bednar, 2004; Shaw, 2004; Brian, 2004; McCullough and Pafford, 2004; Patcher, 2004; Madsen, 2004; Zucker, 2004) have expressed their concerns on suspension and debarment system. Schooner (2004) gives an overall criticism of the process. Collins (2004) insists on making the process more equitable, predictable and efficient to preserve the Government's interest. Bednar (2004) is questioning on debarment of an entire corporation; serious misconduct wholly unrelated to the formation or performance of federal contracts; and regulatory standards and safeguards allowing agencies in exceptional circumstances to award new work to debarred corporations. Shaw (2004) argues on the access to information by the debarring organs to prove whether a contractor acted responsibly (alleged underlying misconduct actually occurred) or it is presently responsible (the contractor and its management are currently addressing the problems revealed by the underlying misconduct). He further urges that contractors should not be debarred regardless of the severity of misconduct committed by its employees. Brian (2004) blames the current suspension and debarment system that fail to capture improper activity by major contractors operating within the federal public procurement. McCullough and Pafford (2004) caution contractors, particularly commercial firms new to the public procurement arena, to be aware of the risks associated with the government's suspension and debarment. They further list risks of suspension and debarment as: cancellation of procurements by the Government; inability to obtain additional contracts from the Government; indefinite quantity contracts in progress may be limited or options may go unexercised; and inability to perform on subcontracts with other contractors. Patcher (2004) points out that there are more arenas for suspension and debarment than fraud and contract-specific issues such as lack of business integrity and urges contractors to be more vigilant than ever to ensure the adequacy of their internal compliance mechanisms.

### **3. METHODOLOGY**

The study employed a descriptive type of research that is attempting to uncover risks of contractors' exclusion. Using this type of research, data on trends, reasons and risks of contractors' exclusion were gathered. This involved reaching out regulatory boards, clients, consultants and contractors to provide information. The sample size envisaged was 100. Sampling methods used were purpose and random sampling. Purpose sampling was used to select regulatory boards and clients while random sampling was used to select consultants and contractors.

Data for the study was collected using multiple sources of evidence mainly literature review, documents review, interviews and questionnaires. Review of literature intended to establish work done on the subject matter and the gap. Interviews were conducted with two officials one from Public Procurement Regulatory Authority and another from Contractors Registration Board to obtain more on information on firms excluded and the prevailing reasons. Similarly, documents review mainly internal reports on debarment and suspension and Acts establishing these organs were reviewed to extract reasons for exclusion as provided by their respective Acts and the extent of implementation. Questionnaires containing open and closed questions on reasons and risks of exclusions were self-administered to selected respondents. Hundred questionnaires were sent out and 73 were filled and returned. Out of 73 filled questionnaires, only 58 were fairly filled for use in the study equating to 58% success.

The collected quantitative data were analyzed using the Statistical Package for Social Sciences (SPSS) software version 16.0. Descriptive statistics mainly frequencies and descriptive were employed. Furthermore, for ranking purposes, the Relative Frequency Index (RFI) was calculated. Relative Frequency Index (RFI) is calculated as follows:  $RAI = \Sigma W / A \times N$

Where; W = weight given to each variable by respondents

A = highest weight

N = total number of respondents.

For the purpose of this study A=5 and N=58. However, for the purpose of this study, amongst 58 returned questionnaires, some of the reasons and risks were skipped by respondents thus N varies from 58 to 55.

Relative Frequency Index (RFI) comparison table was used to assess the results by taking into account the average scores and the RFI as follows:

**Table 1. Relative Frequency Index (RFI)**

Average Score	RFI	Reason ranking /Risk level
4.0 to 5.0	0.80 to 1.00	High (H)
3.0 to < 4.0	0.60 to <0.80	Medium (M)
1.0 to <3.0	0.20 to <0.60	Low (L)

(Source: Adapted from Chileshe *et al.*, 2007)

#### 4. ANALYSIS AND DISCUSSION

Analysis was done to establish the reasons for and risks associated with excluding contractors from participating in construction projects. Exclusions considered include: deletion, debarment, blacklisting and suspension. Other areas considered in analysis are respondents profile, types exclusions experienced and trends of exclusion.

##### 4.1. Respondents' profile

Table 2 presents information on respondents who participated in the study. The information summarized in the table covers part played by the respondents, profession, experience and project performed by the respondents.

**Table 2. Respondents' Profile**

<b>Variable</b>	<b>Frequency</b>	<b>Percent</b>
<b>Part played by the respondent</b>		
Consultants	14	25.0
Clients	23	41.1
Contractors	16	28.6
Regulatory bodies	3	5.4
Total	56	100.0
<b>Profession</b>		
Architect	8	14.3
Engineer	26	46.4
Quantity Surveyor	20	35.7
Construction Manager	1	1.8
Others	1	1.8
Total	56	100.0
<b>Experience</b>		
0 - 1 years	4	6.9
2 - 5 years	11	19.0
6 - 10 years	22	37.9
Over 10 years	21	36.2
Total	58	100.0
<b>Number of projects performed</b>		
0 - 1 projects	12	20.7
2 - 5 projects	17	29.3
6 - 10 projects	14	24.1
Over 10 Projects	15	25.9
Total	58	100.0

Results indicate that majority of respondents were clients (41%) followed by contractors (28.6%). Regarding professionals, engineers (46.4%) and Quantity Surveyors (35.7%) participation was good comparing to others. Experience of respondents was remarkable as most of them have experience of over 5 years distributed as between 6-10 years (37.9%) and over 10 years (36.2%). The number of projects that experienced exclusions as indicated by respondents is fairly distributed across the groups with slightly more between 2-5 projects (29.3%).

#### **4.2. Experience on types of exclusion**

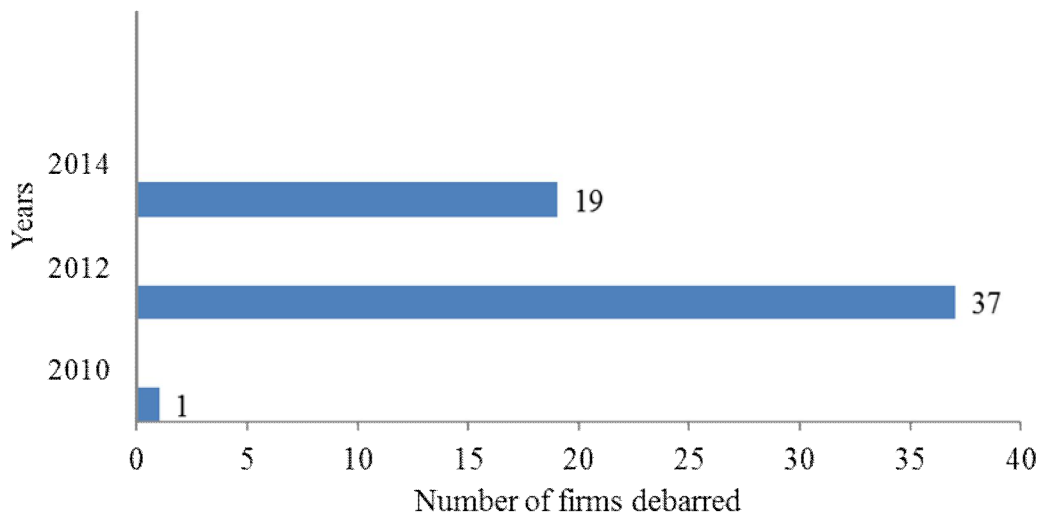
Clients, consultants and contractors at a given point have experienced exclusion of contractors from participating in tenders. Respondents were requested to indicate types of exclusion they have experienced. Results indicate that majority of respondents have experienced deletion (46%) followed by debarment / blacklisting (37%) and



suspension (18%). This is expected because every year the Contractors Registration Board (CRB) deletes defaulting construction firms which in most cases employees, employers, clients and even consultants are involved.

#### 4.3. Trends of exclusion

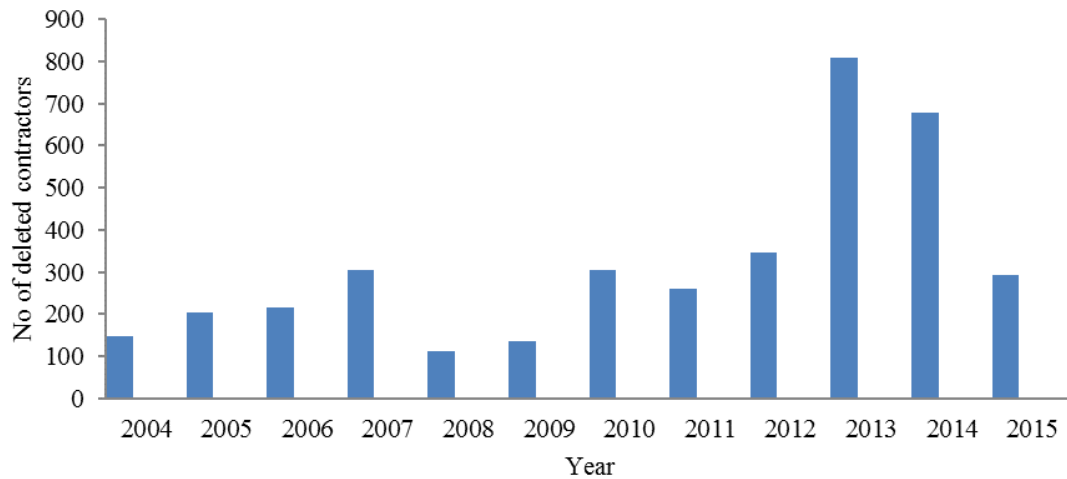
This part covers debarment / blacklisting by PPRA and deletion by CRB. Trend of exclusion for this study was meant for 10 years i.e. from 2004 to 2014. However, an interview with PPRA official revealed that although the Public Procurement Act of 2004 had a debarment section, the authority started debarring firms from year 2010. Figure 1 presents number of firms debarred by PPRA each year from 2010. The grounds for debarment are stipulated in the Public Procurement Act 2011 and its Regulations 2013.



**Figure 1. Trend of debarment by PPRA**

Figure 1 above depicts an increment in contractors` debarment by PPRA although there was about 50% of reduction between 2012 and 2014. In 2012, the authority debarred 37 firms out of those 29 firms building/civil contractors were debarred for one year (i.e. from 2012 to 2013). In 2014, the Public Procurement Regulatory Authority debarred 19 firms including their directors for a period of one year for failure to meet their contractual obligations. Out of Nineteen firms debarred, 12 were construction firms. PPRA also practices cross debarment if World Bank, international organization or a foreign country debars a firm, it will also face more years of debarment in Tanzania. For instance, section 62 (2) of PPA provides for additional 10 years in case the firm is debarred by World Bank, international organization or a foreign country because of fraud and corruption and 5 years for other reasons.

Figure 2 presents number of firms delete by CRB each year from 2004. The Contractors Registration Board Act No. 17 of 1997 and its miscellaneous amendments Act No. 3 of 2011 stipulate reasons for deletion. About 679 contractors were de-registered in year 2014. However, there is a slight improvement compared to year 2013 when 809 contractors were deregistered.



**Figure 2. Trend of deletion by CRB**

Results indicate that majority of contractors were deleted in year 2013 followed by year 2014 and there is a notable reduction in deletion in 2015. An interview with CRB official revealed that there was a new requirement for contractors to pay the registration fees in the same year in place of the old system where a contractor could pay current year’s fee in the next year. The new requirement led to mass deletions in year 2013 and 2014. He added that even fewer deletions are anticipated in future because many contractors are now aware of the same year fee payment requirement.

**4.4. Reasons for exclusions**

Table 3 and 4 presents major and minor reasons for exclusion of contractors extracted from the regulatory authorities Acts and literature. Twenty-four reasons were listed for respondents to indicate frequency of reasons leading to exclusion using: 5= very frequent, 4= frequent, 3 = average, 2 = rarely and 1= not at all.

**Table 3. Major Reasons for Exclusions**

S/N	Reason	N	Mean score	Std. Dev	RFI	Rank
1	Incapacity of the contractors	57	4.16	1.049	0.832	1
2	Failure to commence the contract	56	4.12	1.028	0.824	2
3	Failure to complete the work	57	4.07	1.083	0.814	3

4	Lack of subsoil investigation leading to increase in construction costs	56	4.05	1.069	0.810	4
5	Awarding of the contract to underpriced bid	55	4.04	.981	0.808	5
6	Increased in project scope leading to higher specifications than the contractor could manage.	57	4.04	1.052	0.808	6

**Table 4. Average to Minor Reasons for Exclusions**

7	Contractors` failure to meet the current registration criteria of CRB	57	3.98	1.261	0.796	7
8	Poor workmanship and performance, and, slow progress on site	56	3.98	1.152	0.796	8
9	Failure of the contractor to discharge his duties, responsibilities and obligations	57	3.95	1.093	0.790	9
10	Inadequate contract administration	57	3.82	1.182	0.764	10
11	Late issuing of instruction and poor communication among the project team members	57	3.47	1.054	0.694	11
12	Lack of site meeting	57	3.47	1.151	0.694	12
13	Abandonment of the site or removal of plant by the contractor	56	3.41	1.156	0.682	13
14	Extensive contractual claim arising from delays	57	2.96	1.295	0.592	14
15	Employing other contractors to carry out the same work without informing the Project manager / Team leader	55	2.91	.986	0.582	15
16	Contractors not having a signboard which shows the names and addresses of the project, client, consultants and the contractors of the project.	57	2.86	1.060	0.572	16
17	Failure of the employer to give access to the site	56	2.70	.971	0.540	17
18	Contractor making false representation about his/her qualification during tender proceedings	57	2.05	.953	0.410	18
19	Public Intervention	56	2.04	.972	0.408	19
20	Been found by the CRB to be guilty of any contravention of the Contractor Registration Act or subsidiary legislation made under the Act or of any such misconduct.	58	1.93	.915	0.386	20

21	Presence of error in project documentation	56	1.86	.749	0.372	21
22	The contractor failing to abide with a bid securing declaration during tendering	57	1.84	.882	0.368	22
23	Corrupt, fraudulent, collusive, coercive or obstructive practices or inducement is established against the contractor	57	1.72	1.176	0.344	23
24	Contractor having a business license not issued by the licensing committee of the ministry responsible for trade.	58	1.62	.791	0.324	24

Results indicate top six reasons of exclusion with RFI between 1.0 and 0.80. These are: incapacity of the contractors, failure to commence the contract, failure to complete the work, lack of subsoil investigation that may lead to increase in construction cost, awarding of the contract to underpriced bid and increased in project scope leading to higher specifications than the contractor could manage are highly ranked reasons leading to exclusions. On the other hand, reasons such as contractor's failure to abide with a bid securing declaration during tendering; when corrupt, fraudulent, collusive, coercive or obstructive practices or inducement is established against the contractor; and when the contractor has a business license which has not been issued by the Licensing Committee of the Ministry responsible for trade were lowly ranked with RFI of 0.368, 0.344 and 0.324 respectively.

Another reasons for exclusion which did not feature well is contractors` not having a signboard which shows the names and addresses of the project, client, consultant and the main contractor of the project (RFI =0.572). However, this is among the reasons AQRB base to issue a **'STOP ORDER'** which suspends project activities for a period of time till when such requirement is met. Moreover, interviews with CRB officials revealed that more than 80% of the contractors are deleted due to failure to abide with registration criteria and few are deleted due to non-performance and even fewer are deleted on their own accord in accordance with Section 13(1) (b) of the CRB Act.

#### 4.5. *Risks of exclusion*

Table 5 presents risks for exclusion of contractors extracted from literature. Nineteen risks were listed for respondents to indicate frequency of risks resulting from exclusions using: 5= very frequent, 4= frequent, 3 = average, 2 = rarely and 1= not at all.

**Table 4. Risks of Exclusions**

S/N	Risks	N	Mean score	Std. Dev	RFI	Risk level
1	Delay of project completion time	57	4.46	.847	0.892	H
2	Increase in project costs	57	4.39	.861	0.878	H
3	Unpleasant reaction from the donors or financiers	56	4.27	.798	0.854	H
4	Deferral of organization`s strategic plan as well as the mission and vision.	57	4.26	1.027	0.852	H
5	Development leaping	57	4.25	.872	0.850	H
6	Contractor`s loss of potential staff	57	4.25	1.123	0.850	H
7	Contractor`s bankruptcy	57	4.23	1.102	0.846	H
8	Contractor's financial crises	56	4.07	.970	0.814	H
9	Diversion and misallocation of resources	57	4.00	1.018	0.800	H
10	Rises political agenda	57	3.98	1.026	0.796	M
11	Additional cost of procuring another contractor	57	3.98	1.009	0.796	M
12	Loss of reputation of the contractor	56	3.96	.953	0.792	M
13	Cost of handling and operating legal measures	56	3.95	1.017	0.790	M
14	Loss of opportunity to participate in public and private tenders	57	3.63	1.144	0.726	M
15	Disqualified to start a new supply, contracting or consulting firm during that period	57	3.56	1.225	0.712	M
16	Uncompleted projects especially road projects brings about interruptions of peoples day to day activities which may be very chaos to the society	56	3.55	1.143	0.71	M
17	Discourages people`s enthusiasm to promote and stir the development projects	57	2.98	1.026	0.596	L
18	Environmental pollution	56	2.82	.974	0.564	L
19	Removes the trust of the people to their leaders	57	2.79	.940	0.558	L

Results reveals nine top highly ranked risks of exclusion with RFI between 1.0 and 0.80. The lowly ranked exclusion risks are discourages people`s enthusiasm to promote and stir the development projects, environmental pollution and removes the trust of the people to their leaders with RFI of 0.596, 0.564 and 0.558 respectively. This finding is line with works of Canni (2009) and McCullough and Pafford (2004) which collectively reveal that loss of employees to competitors, financial crises, bankruptcy and inability to execute contracts at hand are among the risks of exclusions. However, most of these works (Aurioly and Soreide, 2015; Campos, 2014; Canni, 2009; McCullough and

Pafford, 2004) have repeatedly pointed out loss of opportunity by the contractor to participate in new public contracts as major risk which was found medium in this study. Most provisions of Acts, rules and regulations provide for a debarred or suspended contractor to continue with contracts in hand. This in turn exerts a number of risks to clients' whom their projects are left to proceed such as bankruptcy, financial crises, loss of potential staff and diversion and misallocation of resources.

## **5. CONCLUSION AND RECOMMENDATIONS**

The trend of exclusion of contractors from contracts appears to be varying across the years. Despite these fluctuations, exclusion of contractors still exists. There are many good reasons for excluding contractors from participating in construction projects. These reasons range from non-compliance to country laws to any other justifiable reasons. Reasons leading to contractors' exclusion from participating in tender in Tanzania are linked to failure to deliver the contract such as incapacity of the contractors, failure to commence the contract, failure to complete the work, and awarding of the contract to underpriced bid. These reasons which serve as measures to improve performance as well as enhance compliance pose risks to project participants particularly clients, contractors and even consultants. Basing on 19 risks assessed nine were ranked high and seven-ranked medium indicating the severity of the problem. From this observation and recommendations made in similar studies, this study recommends that:

- Deletion, debarment, blacklisting or suspension shall be exercised upon assessing risks associated with such action; and
- Contractors and clients shall be educated on the risks of exclusion through seminars and workshops for them to make informed decision.

This research has determined risks of exclusion in three levels mainly, High (H), Medium (M) and Low (L). A Further research is of utmost important to establish the probability of their occurrence and eventual consequences.

## **6. ACKNOWLEDGEMENT**

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