Performance contracting is aimed at performance improvement within the public sector. However, despite the improvements in performance in some sectors like education and banking, Technical and Vocational Educational Training (TVET) Institutions still face challenges such as consistent decline in quality of training and lack of relevance in skills offered. Most studies focus on factors influencing performance contracting and how performance contracting affects efficiency, creativity and innovation and consistency. There is limited focus on effect of performance contracting on the quality service delivery in TVET Institutions. Consequently, the effect of performance contracting on quality service delivery in TVET institutions context is unknown. Effect of contracting on efficiency, contracting on creativity and innovation and contracting on consistency, on quality service delivery in TVET institutions is unknown. This study purposed to determine the effects of performance contracting on quality service delivery in TVET institutions. Specific objectives were to establish effect of contracting on efficiency on quality service delivery, determine effect of contracting on creativity and innovation on quality service delivery and to analyze the effect of contracting on consistency on quality service delivery in TVET institutions in Siaya County, Kenya. The conceptual framework depicts performance contracting as independent variable and quality service delivery as dependent variable. The study was anchored from Agency Theory. Correlation survey design was used in the study. The population was 80 heads and assistant heads of the TVET institutions of whom a saturated sample shall be used. Self administered questionnaire was used to collect data. Reliability of instrument was established at $\alpha = 0.71$ and $0.77$, for performance contracting and quality service delivery respectively. The validity test was done using expert review. Results show ($B= .145$, $p=.043$), ($B= .185$, $p=0.013$) and $B=.414$, $p=000$) for objectives one, two and three respectively. The findings mean that contracting on efficiency has significant positive effect on quality service delivery accounting for 14.5% percent rise in quality service delivery. Contracting on creativity and innovation has significant positive effect on quality service delivery and accounts for 18.5% rise in quality service delivery. Contracting on consistency has significant effect in quality service delivery and accounts for 41.4% increase in quality service delivery. $R^2$ is 0.398. This means that the three predictors together predict up to 39.8 % rise in quality service delivery. It is expected that findings from the study may contribute to knowledge to improve on effective utilization of resources by corporate bodies, stakeholders and other related institutions. The study results may help government improve policy on the operations of the performance contracting. It may also provide basis for academia to conduct further research.