

**The impact of contractor's assistance fund (CAF) on small and medium local contractor's capacity and capability: a case of Dar es Salaam, Tanzania**

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This study examined the effect of Contractors Assistance Fund (CAF) on improving capacity and capability of small and medium local contractor in Tanzania. The main objective of the study was to evaluate the impact brought by the establishment of CAP. As for the study area, Dar es Salaam was selected to be the site for data collection. A sample size comprising of 45 SMLC who are CAF beneficiaries and 15 CI stakeholders were picked to be the main source of primary data. The methods employed during data collection exercise included questionnaire, interview, observation and desk study. In the course of carrying out this study, both qualitative and quantitative data were gathered. The collected data were analyzed using Paired Sample T-test and descriptive statistics (frequency) methods, and the results were discussed to determine specific relationships. The study revealed that out of all registered construction companies, majority (88%) are SMLC. However, much as many construction firms are SMLC, they occupied very few per cent of the market share (25%). Further, the study found that the mean values for all indicators used in determining the magnitude of the effect of CAF was increasing in a range of 1 to 4, except for plants and equipment. This trend implied that CAF has created positive impact to SMLC in the construction industry. Furthermore, it was revealed that more than 30% of CAF beneficiaries upgraded their registration classes through acquiring bid bonds and advance payment guarantees that has helped them to undertake more projects. It is therefore recommended that the existing and emerging challenges regarding CAF operation be solved for sustainability and smooth running of the fund.