

Microfinance Institutions and Financing of Micro and Small Enterprises
A Case of Hai District
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This study focused on examining the role of Microfinance Institutions (MEI%) in the financing of Micro and Small Enterprises (MSEs) in Hai District taking TAI SACCOs and PRIDE as a case study. The study aimed to identify the factors influencing MFIs finance MSEs, to find out the procedures and conditions applied by MFIs in offering of loans to customers and to identify the characteristics of MSEs. The research applied purposive and simple random sampling in selecting the respondents. Data were collected by using open ended and close ended questionnaires, key informant interviews and documentary reviews. Data analysis involved the use of descriptive methods and content analysis. The study revealed that factors influencing MFIs to finance MSEs include business location and influence of social capital, lack of interests from commercial banks, higher profitability and business growth opportunity. The financing of MSEs in the study area depended on business location, business industry, business age, business ownership and keeping business records. It is concluded that the emergence of MFIs has brought transformation in MSEs in Tanzania. The study recommends that the MFI practitioners should provide regular training to management and customers and flexibility in loan policies