

**The factors affecting urban micro financed small scale businesses in creation of new employment opportunities: a case of Promotion of Rural Initiatives and Development Enterprises (PRIDE) and Presidential Trust Fund (PTF) in Dar es Salaam region**

**Deusdedit William**

**Master of Arts (Development Studies)**

**University of Dar es Salaam, Institute of Development Studies, 2005**

The study was set out to identify the key determinant factors leading to success and failure of micro financed small business in new jobs creation. The study also did the following: investigated accessibility to credit, examined the effectiveness of small businesses in new jobs creation, and the sustainability of small businesses depending on microfinance. The study findings revealed that: availability of adequate capital, individual business skills, individual self discipline, reliability of market, good selection of business type and reliable business premises were most important factors for effectiveness of small business. On the other hand the study results identified: costs for credits, lack of storage facilities, lack of permanent business premises, inefficient market, lack of individual creativity, lack of training, and poor selection of business type to invest in, as factors inhibiting urban micro financed small business in new jobs creation. The study also revealed that, access to credit was still difficulty to many urban poor who lacked ownership of small businesses. About the ability of credit to influence establishment of small business, the study found that credit from both PRIDE Tanzania and PTF could not influence, instead the credit was meant to support the already existing business only. In addition the study revealed micro financed small business to be effective in creating self-employment for borrowers, household members and few people outside family ties who were normally paid. At least the study found that three fifth of these businesses were sustainable. Therefore, the study recommended that, PRIDE and PTF need to review their conditions and policies of giving loans, in order to create conducive environment for the most in need. In addition the government has been recommended to make a close monitoring of the activities performed by micro finance institutions in the country.