

**Rural Small Scale Farmers' Access to Credit in Iringa and Kilimanjaro Regions,  
Tanzania**

**By**

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**Abstract**

This study is on rural small scale farmers' access to credit in Tanzania. The overall objective of the study was to investigate the factors that determine access to credit for rural small scale farmers. Specifically, the study identified forms of financial markets used by the small scale farmers. Secondly, it identified the credit delivery methods offered by the financial markets. Third, it analysed factors that influence small scale farmers' access to credit and examined the effect of access to credit on small scale farmers' livelihood. The study covered 304 small scale farmers in Mufindi, Iringa Rural District, Moshi Rural District and Rombo Districts in a survey conducted between March and November, 2009. Quantitative techniques were used to analyse the data. The results showed that informal financial markets are dominant in the rural areas. Most of the farmers were found to use friends within their villages as a source of credit. Thus, the most popular credit delivery method in the rural areas was found to be individual lending. Factors found to influence access to credit included, knowledge, attitude, borrowers' transaction costs, house quality, wealth and social capital. Using the marginal probabilities, social capital was found to have the highest influence on access to credit in rural areas. Non income factors affecting access to credit, such as knowledge, education, attitude and social capital were found to have a positive effect on small scale farmers' livelihood. Based on these findings, it is recommended that interventions on credit programs should focus more on social capital both at household and financial markets levels. However more appropriate efforts should also be put in educating the farmers on the benefits of accessing credit. Lastly, interventions on livelihood improvement should focus more on small scale farmers own capabilities rather than income