

The Impact of MFIS on poverty reduction in Tanzania: a case of selected MFSI in Mtwara region

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The purpose of this study was to research on the MFIs in Tanzania so as to describe the impact of MFIs on poverty reduction. The study was carried out in Mtwara Region Results of the study revealed that PRIDE (T) uses solidarity group guarantee as an alternative to conventional collateral system. This system appeared to enable Pride to reach the poorest communities. In contrary, SIDO, NMB and CRDB Bank use the conventional collateral system which is not very fruitful 1 to poor resource communities. Nevertheless, considering prevailing changes and competition in the financial sectors, NMB and CRDB Bank have opted to collaborate with the SACCOs to increase their outreach to the poor community. The study findings show further that the relationship between MFIs services and poverty reduction level differs from one client to another. Regarding the outreach and accessibility of MFIs services to the poor community, it was revealed that the level was very small. Furthermore, it has been observed that interactions between MFIs with their clients will have more impact on poverty reduction indicators as may contribute to improvements on the amount of loan, interest rates, lending conditions repayments period and introductions of non-financial services. In addition to that, the study results show that, market segmentations is primary in the extent of the influence of the impact of MFIs services to poverty reduction. The study recommends for the improvement of sustainability of the MFIs services, emphasizes on the importance of Government, donors, churches and the whole community support to SACCOs as by so doing the level of outreach and access will be increased, in order to have sustainable impact on poverty reduction indicators.