ABSTRACT

This study was conducted to assess the contribution of Development Financial Institutions (DFIs) to the performance of investment companies in Tanzania. Specifically, the study aimed at achieving three objectives that is (i) to determine Investors' perceptions about financial services from DFIs. (ii) to find out how investors access financial services from DFIs and (iii) to assess the performance of investments supported by DFIs in Tanzania. The study involved 32 respondents. Data were collected by use of questionnaire. The findings show that the performance of investment companies supported by DFIs by providing long-term finance is better than those financed by non DFIs which prefer to finance working capital (short-term facilities) normally matured in one year repaid at high interest rate with limited or no grace period at all. Results indicate that Investors perceive DFIs to have unprofessional staff in dealing with investments. No notable bureaucracy was reported to exist though processing of loans is slow. Interest rate was viewed low with enough grace period during project implementation but there were tendencies of underfinancing projects. Likewise, long repayment schedules on loans are considered which match with cash flows. Lastly, the findings reveal that either investor takes own initiatives or referred by their colleagues to seek finance from DFIs. It is therefore concluded that Investors have varying perceptions on accessing financial services from DFIs for their investments. The study made number of recommendations. First, lenders (DFIs) and government should create public awareness on the role and contribution of DFIs in the country to unlock the wrong Investors' perception about financial services in order to attract more investors to access finance. Second, the lenders (DFIs) should employ qualified staff in dealing with investments or outsource them when the need arises. Third, DFIs should ensure investment performance has multiplier effect in the community as the nation as a whole.

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