

## ABSTRACT

Microfinance institution has to be considered by all the development partners for the aim of improving income and living standard of poor people of rural and urban. This study examined the performance of MFIs on poverty reduction in terms of accessibility to microfinance services such as loans, savings, employment opportunity, income generation and living standard of people improvement as the among the government efforts towards the polices and strategies of fighting against poverty in both rural and urban communities. The study was limited to PRIDE Tanzania and Vision Fund Tanzania as a case study within a frame work of different methodology. The collected data were grouped into two category whereby random sampling procedures were used to select a sample of 50 respondents which involves 10 pride staffs and 40 pride clients and secondary data from Vision Fund Tanzania. The data collected were grouped into two categories which include primary data which includes clients demographic data were collected from PRIDE Tanzania meanwhile the secondary data of the of the impact of micro finance loans of the income level were collected from Vision Fund Tanzania. Data were collected through the use of questionnaire, interviews, focused group discussion and documentary review. The qualitative data were coded and analyzed to give frequencies and percentage. The quantitative data were coded to provide answers on regression model giving values of f-statistics, t-statistic, P-value and R-squared. The findings of the study reveal that PRIDE and Vision Fund Tanzania is a good strategy for poverty eradication towards economic development and this was revealed by the ordinary least square method derived by data collected from Vision Fund Tanzania. In particular, it was revealed that the MFIs services are not accessible by poor people so as they can reduce poverty level instead are highly used by rich people and hence increase income inequality between rural and urban communities, the number of times that poor people access loans from PRIDE reveals that 64.3% have accessed loans 1-3 times while 21.4% have access loans 4-5 times and 18.7% more than 5 times. On the other hand, findings reveal that there is little or no emphasis on the provisional of business education to the client before and after receiving loans. Based on the research findings the study recommended that both the government and MFIs should improve their financial infrastructure so that it can be easy to be access by more people. On the other side MFIs, should provide entrepreneur skills to their clients before taking loans and make follow up on how the business is effective.

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