Sarcouncil Journal of Economics and Business Management

ISSN(Online): 2945-3593

Volume- 02| Issue- 03| 2023

Research Article

Received: 20-01-2023 | Accepted: 08-02-2023 | Published: 29-03-2023

Challenges Facing Microfinance Institutions (MFIs)) In Meeting Their Mission of Poverty Alleviation: Evidence from Microfinance Institutions in Dodoma City, Tanzania

***Mawazo H. Baruti*[1], *Gration J. Muhoza*[2], *and Kweyamba Maximilian Pastory*[3]**

[1]*Institute of Rural Development Planning, P.O.BOX 138, Dodoma, Tanzania*

[2]*Local Government Training Institute, P.O.BOX 1125, Dodoma, Tanzania*

[3]*Local Government Training Institute, P.O.BOX 1125, Dodoma, Tanzania*

Abstract: Microfinance has become very important in global poverty reduction debates. The popular assumption is that enabling poor households access to credit helps households begin micro entrepreneurship which would enable them improve their incomes and eventually escape poverty. The purpose of this paper is to introduce practical evidence about challenges facing microfinance institutions in meeting their mission of poverty alleviation and to examine what role microfinance institutions can play in eradication of poverty particularly in Dodoma City. A survey research method has been adopted to examine challenges facing microfinance institutions (MFIs) in poverty alleviation. The data were collected through questionnaires filled by forty five (45) respondents equally selected from three (3) microfinance institutions operating in Dodoma, namely; FINCA Microfinance Bank, BRAC Tanzania and ASA Microfinance. The results of the questionnaire were then analyzed with the aid of SPSS using descriptive statistics. The results revealed that microfinance institutions have a positive impact on alleviation of poverty among poor people, however insufficient support from governments, default risk inherited from borrowers and communication gaps and inadequate awareness found to be the major challenges facing MFIs in meeting their mission of poverty alleviation.

Keywords: Challenges, Microfinance, Microfinance Institutions, Poverty, Poverty alleviation.

INTRODUCTION

Poverty is a pandemic that has attracted policymakers and researchers to postulate channels of poverty alleviation which need an immediate address so that the societies' living standards can be improved (Bent 2019). Poverty is defined by several authors as it is the situation of having not enough money to meet the basic needs of human beings (Hulme, *et al*, 1996). Poverty is defined to include income and non-income human development attributes (PRSP, 2000). According to the World Bank, if a person lives on $1.90 a day or less, they are living in extreme poverty. Currently, it is estimated that over 767 million people in the world fall under that category (ZIMSTAT, 2020). Research has shown that poverty can only be destroyed if societies are equipped with the necessary resources to quick jump-start their income economic activities such as small-scale farming, small business, and sole trading (Khan, *et al*, 2020). Poverty alleviation is the set of steps taken in an economic and humanitarian way to eradicate poverty in a country (Manzoor, *et al*, 2019). Theoretically illustrated that poverty alleviation involves improving the living conditions of already poor people. (Takaruva, 2016).

Poverty reduction was institutionalised in the mid of 19th century with the establishment of the World Bank in 1944. Its formation was aimed at granting loans to developing countries' governments and institutions through its structural adjustment programmes (Kim, *et al*, 2018). However, these programmes were found to be highly unsuccessful in helping poor societies and, thus, poverty reduction (Morduch, 2000). The failure of the formal institutions in poverty reduction accounted for a shift in the thinking related to the development and led to the emergence of microfinance institutions (MFIs) (Abrar, *et al*, 2016). Microfinance consists of financial services available to poor people who cannot enter the formal financial sector and historically is designed to aid in poverty alleviation. Varying in formality, historical microfinance systems have provided valuable financial services for group members, including savings programs, credit programs, and insurance programs. Microfinance does not only cover financial services but also non-financial assistance such as training and business advice (Pilipinas, 2002). According to Matovu, (2006), microfinance can be an effective tool to use in poverty eradication and plays an important role in poverty alleviation. The principal providers of financial services to the poor and low income households in the rural and urban areas of Tanzania consist of licensed commercial banks, regional and rural unit banks; savings and credit cooperative societies; and several NGOs whose micro-credit delivery operations are funded and supported with technical

***Corresponding Author:** Mawazo H. Baruti

DOI-https://doi.org/ 10.5281/zenodo.7925192

assistance by international donors (Randhawa, *et al*, 2003).

Although MFIs seen to be the best alternative source of financial services for low income earners in rural and urban areas in Tanzania, still most of them fail to accomplish their mission of poverty alleviation at fullest range. Evidence has shown that these MFIs have limited coverage, poor organisational structures and some are donor driven. Liheta, *et al*, (2014) concludes that though there is an increasing number of microfinance institutions in Tanzania, their overall performance has become poor since few of them have clear goals, objectives and resilient organizational structure. Most of the MFIs are seen to performing poorly and dies naturally leaving well performing MFIs who shows good trend to the expenses of the majority poor people of Tanzania. Therefore, this paper examines the role of microfinance institutions in poverty eradication and also investigates challenges facing microfinance institutions in meeting their mission of poverty alleviation.

LITERATURE REVIEW

1. Definition of Key Terms and Concepts

Various scholars such as Brau, *et al*, (2005) and Christen, (1997) view MFIs as embedded into two key words which are micro and finance. To these scholars, microfinance plainly means small credit. On the same line, Drake, *et al*, (2002) and Westley, (2004) define Microfinance Institution as an organ meant for the provision of financial services to low-income and vulnerable people because of fluctuations of income. Kessy (2006) define microfinance as the provision of savings, credit, and insurance facilities can enable the poor people to smooth their consumption, manage their risk better, gradually build their asset base, develop their micro enterprises, enhance their income earning capacity, and enjoy an improved quality of life. Initially, microfinance was introduced to the globe by Muhammad Yunus in 1976 in Jobra’s village in Bangladesh (Khan, *et al*, 2007). It has currently been an effective instrument for poverty reduction (Ajit, *et al*, 2012). However, the contribution of microfinance services in poverty reduction got more attention in 2005, after the United Nations (UN) announced the year of international microcredit. Many microfinance institutions have arisen and have attracted the poorer communities and have developed new strategies to realize their vision (Khan, *et al*, 2007). Since then, most developing countries have been using microfinance as the best strategy to eradicate poverty (Garcia, *et al*, 2020: United Nations, 2006)

2. Overview of microfinance in Tanzania

Micro financing in Tanzania started in 1995 with SACCOS (savings and credit cooperative organization) and NGOs, since then microfinance has been linked to poverty alleviation programs and women (Harvey, *et al*., 2018). In December 2018, the parliament of the United Republic of Tanzania enacted a Microfinance Act which seeks to clarify the framework under which microfinance institutions are governed, regulated, and operate. The Act provides for licensing, regulation and supervision of a highly segmented microfinance sector in Tanzania Mainland and Zanzibar. The 2018 Microfinance Act was enacted “in order to operationalise the National Microfinance Policy 2017” whose main objective was to create an enabling environment for the microfinance sub sector to contribute to poverty reduction. The Act structures microfinance businesses, categorizing them into four tiers that reflect their size, function, and potential for development: Tier 1 is comprised of deposit-taking institutions such as banks and microfinance banks; Tier 2 non-deposit-taking institutions such as those that offer credit; Tier 3, SACCOs; and Tier 4, community financial groups (Microfinance Act, 2018). The Bank of Tanzania developed a national microfinance directory which to date has listed 691 Savings and Credit Cooperatives (SACCOs) (TCDC, 2022), 48 Savings and Credit Associations (SACAs), 45 Community Based Operations (CBOs), 62 Non-governmental Organisations (NGOs), 36 commercial banks, 3 Microfinance banks, 2 companies, and 95 government programs. The listed Microfinance Banks are; Finca Microfinance Bank (Tanzania), Vision Fund Tanzania Microfinance Bank and Yetu Microfinance Bank (B.O.T, 2022).

Although the number of Microfinance institutions has increased, the outreach to the poor as well as the social impact is still low (Marr, *et al*, 2011: Triodos, 2011). Recent statistics shows that the need for financial services is still high as more than half of the country population is still excluded from financial services (FinScope, 2009). According to FSDT Report (2017), only 16.72 percent of Tanzania’s population is banked, and 27.85 percent is entirely financially excluded. Mobile money and microfinance have extended financial inclusion to almost half of Tanzania’s population. By 2017, 48.6 percent of the

Publisher: SARC Publisher

population was served by financial NGOs, mobile money, and other micro institutions. Almost half of Tanzania's population was financially serviced by less formal financial institutions such as Savings and Credit Cooperatives (SACCOs), Savings and Credit Associations (SACAs), Rotating Credit and Savings Associations (ROSCAs) and other microfinance institutions (MFIs) (MOF, 2017).

3. Empirical Analysis of Relevant Studies

Studies on MFIs have been conducted in various countries all over the world. The findings from these studies are useful to new researches on microfinance. Some of the studies, which had a significant contribution, include the study by Muhammad and Dahir, (2010, 2015). In his study on microfinance in Pakistan, Muhammad, (2010) assessed the challenges and opportunities facing microfinance sector. The study revealed that numerous challenges are ahead of microfinance sector like improper regulations, increasing competition, innovative and diversified products, profitability, stability and limited management capacity of micro finance institutions (MFIs). Similarly while, Dahir, (2015) in his study on the challenges facing microfinance institutions in poverty eradication in Mogadishu, he found that the major challenges facing microfinance institutions range from default risk inherited from borrowers and lack of understanding the concept of microfinance by the clients to inadequate donor funding where the microfinance institutions do not have enough adequate capital from donor to meet the needs of the microfinance beneficiaries in order to help those who need assistance of the microfinance. Similarly, the study by Never, (2017) assessed the challenges facing microfinance institutions in managing credits in Tanzania. The study found that lack of resources for close follow up, disintegration of systems across departments, inconsistencies in credit risk-rating management and insufficient regulatory requirements are the major challenges facing MFI's in credit risk management.

Provident, *et al*, (2008), investigated critical look at the role of microfinance banks in poverty reduction in Tanzania, the study based on questionnaires, semi structured interviews, observations and documentary reviews. The main findings of their study showed that majority of the poor do not access microfinance services loans because they lack guarantors, assets, businesses, salaried employment, savings account in banks, ability to make pre-loan weekly deposit on Special Savings Account which are required as collaterals. Similarly Dejene, C. (2021) assessed the role of microfinance institutions on poverty reduction in Ethiopia. The study used a binary logistic regression to identify the key determinants of the income improvement of respondents. The findings confirmed that education level, voluntary saving, and utilization of loan for the intended purposes are statistically significant and positively contributed to the income improvement of the respondents in the study area. The finding revealed that most of the respondents' income improved after they joined the program which impacted positively in improving their standards of living.

Other studies on microfinance services, in Tanzania were carried out by Kuzilwa, (2002) and Rweyemamu, *et al*, (2003). Kuzilwa examines the role of credit in generating entrepreneurial activities. He used qualitative case studies with a sample survey of businesses that gained access to credit from a Tanzanian government financial source. The findings reveal that the output of enterprises increased following the access to the credit. It was further observed that the enterprises whose owners received business training and advice performed better than those who did not receive training. He recommended that an environment should be created where informal and quasi-informal financial institutions can continue to be easily accessed by micro and small businesses. Rweyemamu, *et al*, (2003) evaluated the performance of, and constraints facing, semi-formal microfinance institutions providing credit in the Mbeya and Mwanza regions. The primary data, which were supplemented, by secondary data, were collected through a formal survey of 222 farmers participating in the Agricultural Development Programme in Mbozi and the Mwanza Women Development Association in Ukerewe. The analysis of this study revealed that the interest rates were a significant barrier to the borrowing decision. Borrowers also cited problems with lengthy credit procurement procedures and the amount disbursed being inadequate. On the side of institutions, the study observed that both credit programmes experienced poor repayment rates, especially in the early years of operation, with farmers citing poor crop yields, low producer prices and untimely acquisition of loans as reasons for non-payment.

To sum up, extant works of literature are inconsistent and inconclusive. Furthermore, previous study works have not examined the challenges facing microfinance institution in

Publisher: SARC Publisher

meeting their mission of poverty alleviation by targeting the study area. This study, therefore, intends to contribute to the literature by filling these gaps.

MATERIAL AND METHODS

1. Research Design, Population, Sample and Sampling procedures

This study adopted a descriptive approach; the purpose of descriptive research is to describe an accurate profile of persons, events or situations. In addition to, this study used a quantitative approach. Quantitative is any data collection technique (such as a questionnaire) or data analysis procedure (such as graphs or statistics) that generates or uses numerical data (Saunders, *et al*, 2009). The study was conducted in survey research approach. Surveys are information-collecting method use to describe, compare, or explain individual and societal knowledge, feelings, values, preferences, and behaviour (Fink, 2009). This study was conducted among microfinance institutions in Dodoma City. The researcher selected three (3) microfinance institutions namely; FINCA Microfinance Bank, BRAC Tanzania and ASA Microfinance. The researcher selected those institutions because of their accessibility and being the popular institutions providing microfinance programs serving large number of customers in Dodoma City. The target population for this study involved all employees working in microfinance sector in Dodoma City. The sample size was forty five (45) respondents of which 15 respondents were drawn from each selected institution using simple random sampling method.

2. Data Collection Procedure

The data for this study were collected through questionnaires that were administered to microfinance institutions operating in Dodoma City. Questionnaires were used in view of the reality that the study is concerned with variables that cannot be observed, such information is best way of collecting data through questionnaires (Saunders, *et al*, 2009). The questionnaire contained three sections, namely demographic information, i.e. gender, age, level of education and experience, research objective one and research objective two accompanied by a five point Likert scale.

3. Data Processing and Analysis

In this study, 45 sets of questionnaires were used to collect primary data and 45 respondents responded, which is a 100% response rate. After data collection, each questionnaire was inspected for errors, cleaned and then coded and entered into the SPSS software for analysis. All questionnaires were found to be properly filled. Descriptive statistics were used to analyze the data collected using frequencies, percentages and mean.

FINDINGS

1. Profile of Respondents

This chapter presents the in-depth social-demographic information of the respondents which include; gender, age, education and experience. As suggested by Gbadamosi, (2013), Randall, *et al*, (2016), social-demographic information was an important aspect in describing the phenomenon. Social-demographic information gathered under this study offered several significances including setting basis for the description of respondent's distribution in terms of gender, age, education and experience. The results on gender of the respondents as presented in Table 1 below indicate that majority of the respondents were male contributing to 53.3% of the total respondents while 46.7% represent females.

Table 1: Gender of respondents

Gender		Frequency	Percent	Valid Percent	Cumulative Percent
	Male	24	53.3	53.3	53.3
	Female	21	46.7	46.7	100.0
	Total	45	100.0	100.0	

Source: *Primary data, 2023.*

The findings as presented in Table 2 below show that majority of the employees employed in microfinance sector in Dodoma City are of age between 21-40 years accounting to 97.8 %.This group represent an active group to engage in production processes (Randall, *et al*, 2016). Therefore, most of the employees employed in microfinance sector in Dodoma City are still active and young.

Publisher: SARC Publisher

Table 2: Age of respondents

Age	Frequency	Percent	Valid Percent	Cumulative Percent
21-23	1	2.2	2.2	2.2
24-26	6	13.3	13.3	15.6
27-29	9	20.0	20.0	35.6
30-33	19	42.2	42.2	77.8
34-37	7	15.6	15.6	93.3
38-40	2	4.4	4.4	97.8
>40	1	2.2	2.2	100.0
Total	45	100.0	100.0	

Source: Primary data, 2023.

The findings as presented in Table 3 below show that 75.6% of all respondents are bachelor degree graduates while 24.4% are ordinary diploma graduates. This implies that; majority of employees employed in microfinance sector in Dodoma city are graduates.

Table 3: Respondents' education level

Education level	Frequency	Percent	Valid Percent	Cumulative Percent
Diploma	11	24.4	24.4	24.4
Bachelor	34	75.6	75.6	100.0
Total	45	100.0	100.0	

Source: Primary data, 2023.

The findings as presented in Table 4 below show that majority of the respondents accounting for 66.7% have a work experience ranging from three years and above. This implies that most of the employees employed in microfinance sector in Dodoma City are experienced.

Table 4: Respondents' work experience in microfinance sector

Experience	Frequency	Percent	Valid Percent	Cumulative Percent
One year	3	6.7	6.7	6.7
Two years	12	26.7	26.7	33.3
Three years	7	15.6	15.6	48.9
Above three years	23	51.1	51.1	100.0
Total	45	100.0	100.0	

Source: Primary data, 2023.

2. Analysis of the Role of Microfinance Institutions

Results in Table 5 below indicates that microfinance plays a greater role because mean scores for overall of the total sample (3.896), for respondents are significantly greater than the mean scale 3.60. Microfinance is very important for poor people as well as businesses and it is the technique of poverty reduction, and provides diversified, dependable and timely financial services to the poor people and existing business, creates employment, encourages a new business development, and empowers women or other disadvantaged population groups.

Table 5: Role of microfinance institutions

SN	Role	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	%	Mean
1	Microfinance is very important in socio-economic environments and play vital role in reducing poverty.	4.4	2.2	6.7	31.1	55.6	86.7	4.31
2	Microfinance is the supply of loans, savings and other basic financial services to the poor people.	8.9	6.7	6.7	26.7	51.1	77.8	4.04
3	Microfinance is provision of	6.7	2.2	11.1	37.8	42.2	80.0	4.07

Publisher: SARC Publisher

	micro-loans and saving to low-income groups, small businesses and poor people							
4	Micro finance banks are institutions that are established to provide financial services to the active poor.	6.7	8.9	26.7	46.7	11.1	57.8	3.47
5	Role of microfinance institutions are to provide diversified, dependable and timely financial services to the economically active poor.	4.4	6.7	26.7	48.9	13.3	62.2	3.60
6	Role of microfinance institutions is creating employment opportunities.	4.4	6.7	6.7	51.1	31.1	82.2	3.98
7	Role of microfinance institutions is to provide benefits to the poorest people both an economic and socio well-being point-of-view.	8.9	2.2	11.1	55.6	22.2	77.8	3.80
8	Role of microfinance institutions to help existing business grow or diversify their activities.	2.2	6.7	20.0	44.4	26.7	71.1	3.87
9	Role of microfinance institutions to encourage the development of a new business.	2.2	4.4	13.3	53.3	26.7	80.0	3.98
10	Role of microfinance institutions to empower women or other disadvantaged population groups.	4.4	2.2	22.2	46.7	24.4	71.1	3.84

3. Analysis of the Challenges Faced by Microfinance Institution

Results in Table 6 below indicates that major challenges facing microfinance institutions are; insufficient support from governments with highest mean score of 3.53, default risk inherited from borrowers as well as communication gaps and inadequate awareness both with mean score of 3.40. Other challenges are inadequate donor funding, limited management capacity of micro finance institutions, and lack of adequate loan or equity capital to increase loan-able funds.

Table 6: Challenges faced by microfinance institution

SN	Statements	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	%	Mean
1	Inadequate donor funding	13.3	15.6	11.1	57.8	2.2	60.0	3.20
2	Insufficient support from governments	4.4	17.8	26.7	22.2	28.9	51.1	3.53
3	Improper regulations	15.6	22.2	31.1	26.7	4.4	31.1	2.82
4	Limited management capacity of micro finance institutions	8.9	22.2	22.2	42.2	4.4	46.6	3.11
5	Less attention on financial sustainability of MFIS	13.3	26.7	20.0	33.3	6.7	40.0	2.93
6	Lack of adequate loan or equity capital to increase loan-able funds.	15.6	15.6	20.0	44.4	4.4	48.8	3.07
7	Lack of standardize reporting and performance monitoring	15.6	44.4	28.9	6.7	4.4	11.1	2.40

Publisher: SARC Publisher

	system for microfinance institutions.							
8	Lack of understanding of the definition and concept of microfinance by the clients.	8.9	37.8	22.2	20.0	11.1	31.1	2.87
9	Major challenges of microfinance institutions are communication gaps and inadequate awareness.	6.7	8.9	35.6	35.6	13.3	48.9	3.40
10	There is a danger of systemic credit risk in which default borrowers worsen the whole system.	2.2	31.1	13.3	31.1	22.2	53.3	3. 40

DISCUSSION OF THE FINDINGS

Generally it has been observed that, MFIs in Dodoma City play a greater role in poverty reduction although they still faced by various challenges such as; insufficient support from governments, default risk inherited from borrowers, communication gaps and inadequate awareness, inadequate donor funding, limited management capacity of micro finance institutions and lack of adequate loan or equity capital to increase loan-able funds. The results support the findings of Muhammad and, Irobi, (2010, 2008). Muhammad, (2010) focused on the challenges and opportunities facing microfinance sector in Pakistan, his study found that numerous challenges were ahead of microfinance sector like improper regulations, increasing competition, innovative and diversified products, profitability, stability as well as limited management capacity of micro finance institutions. On the other hand Irobi, (2008) found in his study that the major challenges of microfinance institutions in Nigeria were communication gaps and Inadequate awareness; insufficient support from governments; inadequate donor funding; less attention on financial sustainability of MFIs; lack of adequate loan or equity capital to increase loan-able funds; high turnover of MFI staff; limited support for human and institutional capacity building; illegal government and NGO operations that spoil the market; and lack of standardize reporting and performance monitoring system for MFIs.

CONCLUSION AND RECOMMENDATIONS

CONCLUSION

This chapter presents a summary of the study, the major findings, conclusions and pertinent recommendations concerning the main findings of the study. The major purpose of this study was to introduce practical evidence about challenges facing microfinance institutions in meeting their mission of poverty alleviation and examine what role microfinance institutions can play in eradication of poverty particularly in Dodoma City. The descriptive results of this study revealed substantial evidence of the importance of microfinance in socio-economic environments and plays vital role in reducing poverty, provides diversified, dependable and timely financial services to poor people and creates employment opportunities. On the other hand, the findings of the study revealed the major challenges facing microfinance institutions to include; insufficient support from governments, default risk inherited from borrowers and communication gaps and inadequate awareness. Other additional challenges include; inadequate donor funding, limited management capacity of micro finance institutions and lack of adequate loan or equity capital to increase loan-able funds. Based on the findings of this study, it has been concluded that beside the noted challenges, still microfinance institution has a positive impact on alleviation of poverty among poor people.

RECOMMENDATIONS

Based on the results found, the study recommends the following steps to be taken to enable microfinance achieve the objective of poverty alleviation;

i. Government must create an enabling environment and provide financial support by allocating a substantial budget and donate to microfinance institutions in order to boost the living standard of people and ultimately contribute towards the economic development and prosperity of the country.
ii. The government should also encourage other donor organizations to aid these institutions financially, and establish regulatory laws that will guide the efficiency of Microfinance Institutions (MFIs).

Publisher: SARC Publisher

iii. Policymakers and regulators must ensure that borrowers, SMEs, and the marginalised are equipped with the necessary skills and knowledge to run businesses and use debt finance. This will enable MFI clients to utilize their loans effectively, thus reducing the rate of default among the clients, increasing productivity, and benefiting both the clients and the MFIs and the economy at large.
iv. Microfinance institutions must enhance their management capacity and bring effort to reach the needy people in order to eradicate poverty and promote the welfare of the society.
v. MFIs should ensure effective communication and adequate awareness by organizing regular business training to their clients and the general public to make them aware about the services provided by Microfinance institutions.

LIMITATIONS AND SUGGESTIONS FOR FURTHER STUDIES

The study did not examine the beneficiaries of micro financing services and the sectors they operate. Therefore, further research can be carried out in this subject area by incorporating primary data collection methods and finding out directly from the poor and marginalised societies their experiences and expectations to reduce poverty levels.

REFERENCESS

1. Abrar, *et al*. "he impact of capital structure on the profitability of microfinance institutions." *South Asian Journal of Management* 10(2016): 21–37.
2. Ajit, K.B. and Anu, B. "Microfinance and poverty reduction in India." *Integr Rev J Manag* 5.1 (2012):31–35.
3. Bank of Tanzania. "List of licensed financial institutions in Tanzania." *Bank of Tanzania*. *Dar es Salaam* (2022).
4. Bent, B. "The Impact of Microfinance on Poverty Reduction and Women Empowerment." *Rais Collective Volume–Economic Science. Beltsville: Scientia Moralitas Research Institute, USA* (2019): 72–86.
5. Brau, *et al*. "Microfinance: a Comprehensive Review of the Existing Literature and an Outline for Future Financial Research." *Journal of Entrepreneurial Finance and Business Ventures* (2005).
6. Chriten, R. P. "Banking Services for the Managing for Financial Success: an expanded and Revised Guidebook for Microfinance Institutions, Boston." *Accion International* (1997).
7. Dahir, A. M. "The challenges facing microfinance institutions in poverty eradication: A Case study in Mogadishu." *International Journal of Humanities, Social sciences and Education* 2.2(2015): 56-62.
8. Dejene, C. "The role of microfinance institutions on poverty reduction in Ethiopia: the case of Oromia Credit and Saving Share Company at Welmera district." *Future Business Journal* 7.1 (2021): 44.
9. Drake, *et al*. "The Commercialization of Microfinance Balancing Business and Development." *Kumarian Press, Inc., Bloomfield, CT* (2002).
10. FinScope. "A Survey of the Demand for financial Services in Tanzania." *Dar-es-salaam, Tanzania: Financial Sector Deepening Trust (FSDT)* (2009).
11. Financial Sector Deepening Trust (2017). "Tanzania FinScope." https://i2ifacility.org/data-portal/TZA/2017.
12. Fink. A. "How to Conduct surveys A step-by-step guide." *(4th ed). California, Sage publications Inc* (2009).
13. García, *et al*. "Microfinance institutions fostering sustainable development by region." *Sustainability (Switzerland)* 12.7 (2020): 1–23.
14. Gbadamosi. B. "Demographic Information Sources and Utilization as Determinants of Educational Policy Making in South Western Nigeria." *Educational Research Review, Nigeria* (2013).
15. Harvey, *et al*. "A cluster randomized controlled trial to assess the impact on intimate partner violence of a 10-session participatory gender training curriculum delivered to women taking part in a group-based microfinance loan scheme in Tanzania (MAISHA CRT01): study protocol." *BMC women's health* 18.1 (2018): 55.
16. Hulme, D. and Mosley, P. "Finance against Poverty." *Routledge, London* 2 (1996).
17. Irobi, N. "Microfinance and Poverty Alleviation: A case study of Obazu Progressive Women Association Mbieri, Imo State- Nigeria." *Uppsala: Department of Economics* (2008).
18. Kessy, S. "The Contribution of Microfinance Institutions to Poverty Reduction in Tanzania." *Research Report* 06.3 (2006).
19. Khan, *et al*. "Impact of microfinance on living standards, empowerment and poverty alleviation of poor people: a case study on

Publisher: SARC Publisher

microfinance in the Chittagong District of Bangladesh." *Umea School of Business, Master Thesis* 5.13 (2007): 1–95
20. Khan, *et al*. "Microfinance and poverty reduction: New evidence from Pakistan." *International Journal of Finance & Economics* 26(2020): 4723–33.
21. Kim, *et al*. "Evaluating the efficiency of microfinance institutions in Vietnam and the Impact of this efficiency on poverty reduction*." In Global Tensions in Financial Markets. Bingley: Emerald Publishing Limited* (2018).
22. Kuzilwa, J. "The Role of Credit for Small Business Success: A Study of the National Entrepreneurship Development Fund in Tanzania." *A Paper Presented at the 6th Annual International Conference on Entrepreneurship and Small Business Development (ICAESB), White Sand Hotel, Dar es Salaam* (2002).
23. Liheta, *et al*. "Impact of Microfinance on Households 'Welfare: The Case of Dodoma Region." *Tanzania, Moshi Co-operative University (MoCU)* (2014).
24. Matovu, D. "Microfinance and Poverty Alleviation, a case study of Uganda finance trust." *Göteborg University. Microfinance from Argentina, Development Policy Review* 19.3 (2006): 339–354.
25. Manzoor, *et al*. "Role of SME in poverty alleviation in SAARC region via panel data analysis." *Sustainability* 11.22 (2019): 6480.
26. Marr, *et al*. "Escape the Low Growth Trap?: Microfinance in Tanzania*." UK: The University of Greenwich* (2011).
27. Morduch, J. "The microfinance schism." *World Development* 28(2000): 617–29.
28. Muhammad, S. *"*Microfinance Challenges and Opportunities in Pakistan*." European Journal of Social Sciences* 14.1 (2010).
29. Never, M. "A Dissertation Submitted in Partial/Fulfilment of the Requirements for Award of the Degree of Master of Business Administration (MBA) in Corporate Management." *Mzumbe University* (2017).
30. Parliament of the Republic of Tanzania. *"*The Microfinance Act, 2018*."* (2018).
31. PSRP. "tzonline." *Tzonline* (2015).
32. http://www.tzonline.org/pdf/FinalPRSP25.pdf
33. Pilipinas, B. "Notes on Microfinance" (2002).
34. Provident, *et al*. "A critical look at the role of micro finance banks in poverty reduction in Tanzania: A case of Akiba Commercial Bank Limited." (2008).
35. Randhawa, *et al*. "Microfinance Regulation in Tanzania: Implications for Development and Performance of the Industry." http://www.worldbank.org/afr/wps/wp51. pdf (2003).
36. Randall, *et al*. "The quality of demographic data on older Africans." *A peer-reviewed, Open Access Journal of Population Science, Germany* 34 (2016).
37. Rweyemamu, *et al*. "Assessing Micro-Finance Services in Agricultural Sector Development: A Case Study of SemiFormal Financial Institutions in Tanzania." *Economic and Social Research Foundation* (2003).
38. Saunders, *et al*. "Research Methods for Business Students. Pearson*." New York* (2009).
39. Takaruva, F. "The impact of Microfinance Institutions in alleviating poverty in Zimbabwe. A case study of JHM Microfinance*." Doctoral dissertation, BUSE, Bindura, Zimbabwe* http://www.bsp.gov.ph/archive/Regulations_2002/ Circulars/notes.htm.
40. Tanzania National Microfinance Policy 2017"
41. Tanzania Cooperative Development Commission, https://www.ushirika.go.tz (2022).
42. Tanzania Ministry of Finance and Planning. *National Microfinance Policy* (2017).
43. Triodos, F. *"*Tanzania Microfinance Country Survey Scan. The Netherlands*." Triodos Facet* (2011).
44. United Nations. "Microfinance in Africa: combining the Best Practices of Traditional and Modern Microfinance Approaches towards Poverty Eradication." (2006).
45. Westley, G. D. "A Tale of Four Village Banking Programs." *Best Practices in Latin America, Washington DC: Inter-American Development Bank* (2004).
46. ZIMSTAT. "Zimbabwe Poverty Datum lines 2020." (2020).
47. http://www.zimstat.co.zw/wp-content/uploads/2021/01/Poverty-Leaf-Logo-December-2020.pdf (2022).

Publisher: SARC Publisher

Source of support: This is a Tetfund Sponsored Institutional Based Research (IBRs) 2022;
Conflict of interest: Nil.

Cite this article as:
Baruti, M.H., Muhoza, G.J. and Pastory, K.M. "Challenges Facing Microfinance Institutions (MFIs)) In Meeting Their Mission of Poverty Alleviation: Evidence from Microfinance Institutions in Dodoma City, Tanzania." *Sarcouncil Journal of Economics and Business Management* 2.3(2023): pp 1-10.

Publisher: SARC Publisher