

## **RURAL FINANCE PROGRAMMES IN TANZANIA: WHO BORROWS AND TO WHAT EXTENT**

**HARUNI JEREMIA MAPESA**

Senior Lecturer School of Business, Mzumbe University, Tanzania

### **ABSTRACT**

Despite the potential promises of poverty reduction of microfinance, their impact depends on the nature and extent of demand of credit and other financial services by the poor. While empirical works are well established on the determinants of micro credit demands in some countries (e.g. Bangladesh and India), scanty literatures exist in Tanzania context. This paper presents empirically the key determinants and extent of borrowings for micro credit among rural finance programme in Tanzania. The paper presents the implications of socio-economic characteristics of rural households and MFIs specific characteristics on borrowing behaviour of micro credit programme members. The paper is based on a survey of 210 rural farm households in Tanzania. Using qualitative and quantitative analyses the study found that demand for credit among rural households significantly vary across MFIs. Households who are members of MFIs banks demonstrated a high amount of demand compared with those with membership in other types of MFIs such as SACCOS, NGOs and Government Operated Programmes. Results further showed that specific location and household socio-economic factors affect demand for credit in rural areas of Tanzania. Policy implications should focus on alleviating the capital constraints of MFIs and addressing rural physical infrastructure and rural household entrepreneurship development.

**KEYWORDS:** Mfis, Micro, Credit, Demand, Rural, Households, and Tanzania