

**Role of Microfinance Institutions Services on Performance of Micro and Small Enterprises in Kinondoni Municipality**

**By**

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This dissertation contains the results of a study conducted in Kinondoni Municipality in this year 2016 to examine the role of Microfinance institutions services on performance of micro and small enterprises. The poorly performance of micro and small enterprise'/% exit', ahhtn;4 microfinance institutions are playing role of providing services to micro and small enterprises. The objectives were to identify factors influencing the performance of micro md small enterprises, to determine effects of Microfinance Institutions services to the performance of micro and small enterprises and to analyze factors influencing role of Microfinance Institutions to the performance of micro and small enterprises. The cross— sectional research design was adopted to explore the evidence. Data were collected by using interviews, observation, questionnaire and documentary reviews. The analysis of data ~~was~~ done descriptively using statistical package for social sciences- Results of the role of microfinance institutions on performance of micro and small enterprises have showed that there is higher transaction cost in accessing loans from microfinance institutions, the interest rate and collateral asked by microfinance institutions from entrepreneurs are very expensive and actually not always met by micro and small enterprises. The strategies to rectify the situation strategically include reducing the interest rate on loans, provision of entrepreneurial education, having different portfolio to fit different micro and small enterprises tum overs, increasing market access and expanding the domestic market for micro and small enterprises. The study provides recommendations on the improvements to all stakeholders including reducing interest charged to micro and small enterprises, the government to simplify licenses and the tax system should be simplified and introduced according to the nature of the micro and small enterprises as well as development programs.