

**Contribution of Village Community Banks to Income Poverty Reduction in Rural Areas of
Tanzania**

A Case of Kahe Ward in Moshi District

By

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The study aimed at assessing the contribution of Village Community Banks (VICOBA) in income poverty reduction among members in Kahe Ward in Moshi Rural district. Specifically, the study sought to determine factors influencing people's participation in VICOBA, determine income generating activities operated by members after accessing VICOBA services, and to examine income level, value of tangible and intangible assets owned by members. The study used a cross-sectional research design whereby 169 respondents were randomly selected. Primary data were collected using a questionnaire, focus group discussions and key informant interviews. Quantitative data were analyzed using SPSS where means, frequencies and percentages were determined. Results showed that 87% of VICOBA members joined the scheme in order to access credit and acknowledged to benefit as per their expectations. Findings also indicated that poverty, lack of education and poor infrastructure were the central aspects that hinder the performance of VICOBA. Furthermore, the results demonstrated that attitude towards VICOBA activities in the study area were encouraging. This study recommended to the rural communities to embrace the scheme in order to nurture the necessary investment capital, acquire entrepreneurial knowledge and skills and instigate IGAs without to rely on external support.