

**Microfinance Institutions and Poverty Reduction in Tanzania**  
**The Case of Brac and Pride in Temeke District**  
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The government of Tanzania has made remarkable efforts in reducing poverty to her people. One of the strategies used was the encouragement of microfinance institutions (MFIs). This study focused on microfinance institutions and poverty reduction in Tanzania. The overall objective of the study was to find out to what extent the microfinance institutions contribute to poverty reduction in the country, using the case of -Bangladesh Rural Advancement Committee (BRAC) and Promotion Rural Initiative and Development Enterprises Tanzania (PRIDE) in Temeke District. Specifically, the study identified the characteristics of microfinance institutions, examined microfinance institutions procedures and conditions, also examined the effects of microfinance institutions services to their clients. The research design used was a multiple case as involved two MFIs; BRAC and PRIDE. The study found that there is very strong relationship between poverty reduction and microfinance. It was revealed that MFIs were crucial in poverty reduction as they facilitate poor families mitigate the thorny issues of poverty by improving their living standards through creation of employment, increase of income, increase of household assets, as well as reduction of the high incidence of food insecurity. However, the study revealed that some conditions posed by MFIs hinder clients from accessing financial services as per their needs and perspectives. Therefore, it is recommended that MFIs should create decent and conducive environment which will enable the majority of the poverty-stricken households to access financial services at manageable interest rates, flexibility on collateralization, intensify training programs and provision of adequate loans which will meet the diverse needs of the clients.