

CONTINUITY WITH VISION

THE ROADMAP TO SUCCESS

FOR

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Rural Finance and Development in Tanzania: Recent Progress and Challenges

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Abstract

Although Tanzania has recorded a relatively high economic growth over the recent years, the performance of the rural-based sectors has remained dismal. Factors that contributed to the low performance of these sectors include low levels of investment in the sectors due to financial constraints. The Tanzania Financial Sector Development Master Plan 2020/21 - 2029/30, among other things, intends to address the various challenges that limit access to and usage of financial services in rural areas. Since Tanzania's Sixth Phase Government came to power to date, notable progress has been made to improve rural financial inclusion. Significant challenges, however, remain in the areas related to the low uptake of appropriate financial means to manage risks and the low level of financial literacy. Continued efforts are needed to address these challenges as well. Another challenge relates to the increased cost of digital financial services which are, in most cases, the only option in rural areas. There is, therefore, a need to closely monitor its effects on the financial behavior of the rural population to avoid slowing down rural financial inclusion.

Keywords: Rural Finance, Rural Development, Tanzania, Financial Inclusion, Sixth Phase Government.