

**Access to Finance and Performance of Micro and Small Enterprises in Tanzania**  
**A Case of Selected Enterprises in Moshi Municipality**  
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Small enterprises have a dynamic role and serve as engines through which the growth objectives of developing countries can be achieved. Nevertheless, access to finance remains a major problem to micro and small enterprises (MSEs). The study aimed at examining the suitability of financing terms for MSEs to accessing funds and improving capital base, assessing the effect of accessed funds on MSEs business income, and determining the influence of accessed funds on improving MSE% business operations. A sectional research design was used to study the contribution of access to finance on the success of MSEs whereby data was collected through survey, questionnaire and interview. The analysis involved the use of content analysis for qualitative data while descriptive statistics, paired t-test, factor analysis, cross tabulation and chi square were used for quantitative data analysis. Findings indicate that personal savings, informal money lenders, VICOBA are the mostly preferred sources while SACCOS, lending institutions and Commercial Banks are the least preferred sources. The accessed finances enabled the Small Enterprises to improve their operations and performance by enabling them to increase business income significantly. Despite the observed contribution, MSEs experienced a number of constraints including high collateral requirements, high interest rate and short repayment period which in one way or the other impaired the performance. Therefore, it is recommended that the formal financial institutions should open a special window for lending MSEs and should simplify credit terms for easy access to finance; and formal financial institutions should provide affordable interest rate and set appropriate repayment period regarding the nature of MSEs operations.