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Effectiveness of the Microfinance Approach on Poverty Alleviation among Women in Kinondoni District, Dar Es Salaam, Tanzania

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Abstract

Microfinance is a means of providing a variety of financial services to the poor, based on market-driven and commercial approaches. Recently, the term 'microfinance' has become a global buzz word and it appears in the formulation of policies geared towards welfare programmes by governments. Tanzania also recognises that microfinance institutions and programmes are critical to economic development. This study sought to assess the effectiveness of the microfinance approach on poverty alleviation among women in Kinondoni District in Dar es salaam, Tanzania. The two theories that formed the philosophical foundation for this undertaking were: Credit Access Theory propagated by Stiglitz and Weiss (1981), and Grameen Bank Model developed by Nobel Prize laureate, Mohammed Yunus (1993). The researcher used a descriptive survey design targeting 4010 women members of microfinance institutions. A sample size of 351 was acquired using the Fisher, Laing and Stoeckel (1983) formula. A set of questionnaires was developed and administered to the respondents. On the basis of the findings, the study concluded that access to credit services, capacity building, and mobilisation of savings affects positively poverty alleviation in Kinondoni District Dar es salaam, Tanzania. This is through trainings and seminars, financial services and products provided by microfinance institutions. The study recommended that financial institutions should ease the procedure of requirements for accessing loans, and microfinance institutions should continue providing capacity building to the borrowers and mobilising women into saving despite their levels of income. The researcher further recommended further research on a similar study on other districts of Dar es Salaam. The study recommends further research on the effectiveness of microfinance institutions in ensuring the credit services provided are used for the intended purposes.

Key terms: *Microfinance, Approach, Poverty Alleviation, Women*

Introduction

1.1. Background of the Study

Poverty is the condition in which low-income people cannot meet the basic needs of life. This situation leads to many difficulties like decreased health facilities, high illiteracy, decreased quality of life etc. These difficulties lead human beings to commit heinous crimes and sometimes suicide. Poverty is defined by several authors as the situation of not having enough money to meet the basic human needs (Hulme & Paul, 2007). Poverty is caused by both internal and external factors. Whereas the internal causes can be clustered into economic, environmental, and social factors, the external causes relate to international trade, the debt burden and the refugee problem. Bateman and Chang (2012) define microfinance as 'the means of providing a variety of financial services to the poor based on market-driven and commercial approaches'. In recent times the term 'Microfinance' (MF) became a buzz word in every corner of the world as well as in the formulation of welfare programmes by government. After hearing success stories in microfinance across the developing countries, Third World nations started to give more importance to MF. Since banks have failed to reach the poorest of the poor of the country population, microfinance emerged as a potential tool to fill the gap between financial institutions and needy people (Akanji, 2009).

Though we are in the 21st century where science and technology play a vital role in the pace of development, many countries across Africa suffer from hunger, ill health, mass poverty and illiteracy. To curb all these awful conditions, there is a need for massive financial resources. Microfinance is said to be an effective instrument discovered in the 21st century to mitigate poverty in the world. It helps the poor to come out from many wicked problems. The beauty of the MF is in safeguarding a variety of interests of its members (Morduch, 2012). Microfinance has existed for centuries in Africa. Everyone, no matter how poor, needs and uses financial services all the time. Many people use money lenders that usually charge high interest rates on loans. In Nigeria, microfinance goes back to the 15th century and was carried from there to the Caribbean by slaves. The original Yoruba term, *susu,* for the practice is still in use today. In Africa, mainstreaming, formalisation, and recognition of microfinance as part of the formal financial sector began to gain momentum in the late 1990s (UN, 2005).

In Tanzania, cooperatives known as SACCOs, identify "sharing, demand deposit, and savings" as the three components required to function efficiently. Members choose at least one of the three contribution methods to be a part of the cooperative and utilize its resources. The first term, "share", refers to sharing individual resources with the community. Share requirements vary for each cooperative but always demonstrate the individual's willingness to sacrifice a small share for the group. The second term, "demand deposit", requires members to accumulate funds that will be utilised for large projects or unexpected disasters. These funds assist the members by being accessible at all times. The final term, "savings", refers to savings within the cooperative. These funds, compiled by members of the co-op are necessary so that members may borrow small sums from the group. All components of this cooperative help create a social incentive to repay a loan for defaulting may result in the failure of the entire cooperative.

In addition, every cooperative encourages individuals to save outside the society. This promotes the development of the Tanzanian economy by creating a culture of savings by individual and provides community support. Each element of SACCOs described above is necessary for the overall effectiveness of microfinance. The purpose of SACCOs is to administer financial resources to those unable to access them by other means. While micro-loans are typically targeted to areas within cities, cooperatives are more developed and promoted to villagers (Randhawa & Gallardo, 2003). Qin and Ndiege (2013) argue SACCO members benefit the economy. The additional financial services provided by cooperatives increase savings and educate members on financial intelligence. In addition, the government continues to learn from previous mistakes in financial reforms, and is now creating cooperatives that function more efficiently. They further examine the difference savings and credits make on economic activity in Tanzania. Using GDP as a measure for economic growth, Qin and Ndiege (2013) find that increased savings has a larger effect than increased credit. This is important to the current study because it suggests participation in SACCOs, or cooperatives that promote savings, is more beneficial to economic prosperity than solely promoting micro-loans.

1.2 Research Objectives

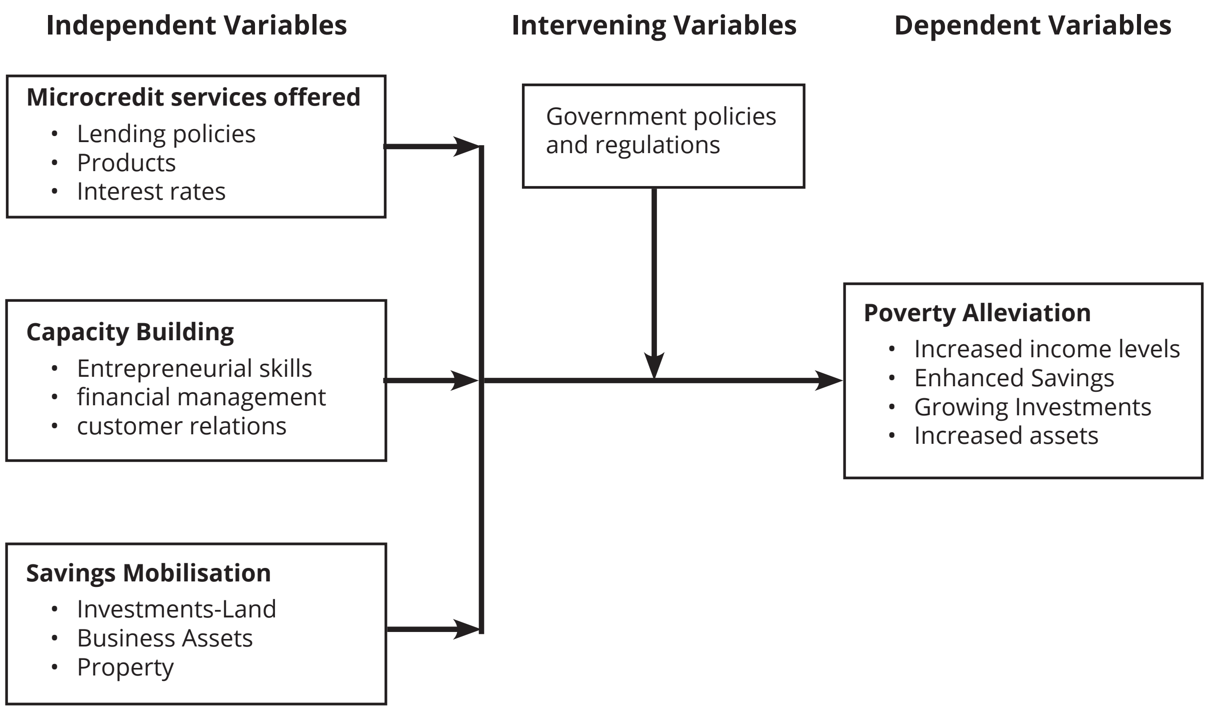
The general objective of the study is to establish the effectiveness of microfinance approach in poverty alleviation among women in Kinondoni District, Dares salaam, Tanzania.

Specific Objectives

a) To establish the effect of access to credit service on poverty alleviation among women in Kinondoni District, Dar es salaam, Tanzania.
b) To determine the effect of capacity building on poverty alleviation among women in Kinondoni District, Dar es salaam, Tanzania.
c) To examine the effect of saving mobilisation on poverty alleviation among women in Kinondoni District, Dar es salaam, Tanzania.

1.3 Conceptual Framework

Figure 1 | *Conceptual framework*



Source: Researcher (2017)

Theoretical Framework and Literature Review

2.1 Theoretical framework

Credit Access Theory

The Credit Access Theory was postulated by Stiglitz and Weiss (1981). They provided a framework for analysing financial market inefficiencies. This framework provides that information asymmetry is the main cause of financial market malfunction in developing countries. Financial institutions that advance loans to economic agents are not only interested in what they receive from loans, but also the risks of such loans. Most financial institutions screen and monitor borrowers more efficiently than investors. They are specialising in gathering private information and treating it. Managing money and deposit accounts, banks own highly strategic information on firms' receipts and expenditures as well as the way that firms develop (Kashyap, Stein &Wilcox, 1993). In reference to Stiglitz and Weiss (1981) adverse selection and thus credit rationing still occurs if banks require collateral. They argue that low-risk borrowers expect a lower rate of return on average. Thus, they are less wealthy than high-risk borrowers on average. Low-risk borrowers are therefore not able to provide more collateral. Increasing collateral requirements may have the same adverse selection effect as a higher interest rate. Walsh (1998) argues that banks offer contracts in which they simultaneously adjust interest rates and collateral requirements. He proved that there is always a combination of interest rate and collateral requirements so that credit rationing does not occur (Jaffee & Russell, 1996). Stiglitz and Weiss (1981) explains that credit rationing occurs if a financial institution charges borrowers the same interest rate because they cannot distinguish between borrowers and screening borrowers perfectly is too expensive.

Grameen Bank Model

The Grameen Bank Model was developed by Yunus and the Grameen Bank in 1993 in Bangladesh. The Grameen Bank (GB) is based on the voluntary formation of small groups of five people to provide mutual, morally binding group guarantees, in lieu of the collateral required by conventional banks. Women were initially given equal access to the schemes, and proved to not only be reliable borrowers but also astute entrepreneurs as well. GB has successfully reversed conventional banking practices by removing collateral requirements and it has developed a banking system based on mutual trust, accountability, participation, and creativity. Group based lending is one of the novelist approaches of lending small amounts of Money to a large number of clients who cannot offer collateral.

The size of the group can vary, but most groups have between 4 to 8 members. The group self-selects its members before acquiring a loan. Loans are granted to selected member(s) of the group first and then to the rest of the members. A percentage of the loan is required to be saved in advance, which indicates a member's ability to make regular payments and it serves as collateral. Group members are jointly accountable for the repayment of each other's loans and usually meet weekly to collect repayments. To ensure repayment, peer pressure and joint liability works very well. The entire group will be disqualified and will not be eligible for further loans, even if one member of the group becomes a defaulter. The Grameen Grameen Bank Model explain how microfinance institution advance credit facilities to poor people through group lending, and how a group member acts as the collateral for the other member who is accessing the loan. These loans are used to improve the livelihood of the poor.

2.2 Empirical review of literature

Access to credit services on poverty alleviation

Flexible and convenient credit facilities that allow poor households to borrow funds to cover emergencies result in smoothing and stabilising household consumption, which is crucial in reducing vulnerability. In addition, credit facilities enable low-income households to keep and build their credit history and ratings, which is important for them if they eventually apply for loans from large financial institutions.

Minja (2015) conducted a study on the contribution of credit access to poverty reduction in Tanzania. The study employed a descriptive statistical approach to describe the findings from selected case studies, with the aim of describing the data and characteristics about what is being studied. The study findings revealed that: there is a positive contribution of microfinance institutions to the social development and better access to health, education, and basic services, and greater social respect Education level and entrepreneurial skills have a positive impact on poverty reduction; credit access has a positive impact on poverty reduction and increases income, betters living conditions, and betters access to basic needs; challenges facing entrepreneurs include: short time for loan repayment, low amount offered by MFIs, expensive collaterals and high interest rates. Obeng (2011) carried out a study on the impact of cicrofinanceon poverty reduction in rural areas; a case study of Jaman North District, Ghana. He used the questionnaire for data collection from programme beneficiaries and microfinance institutions and analysed the data using tables, percentage and diagrams. The objectives of the study were to assess whether microfinance has engendered positive or negative outcomes in reducing poverty. The findings from the study were that people, especially vulnerable and marginalized ones, were getting access to credit which impacted positively on the poverty levels of the beneficiaries. Access to credit service from micro credit institutions contributes significantly to poverty reduction and prevention. School fees loans are used to educate children on the assumption that education prevents poverty in the long-term. Development loans are used to buy land, build houses, invest in businesses and farming, and buy household furniture with the aim of poverty reduction. MFIs also provide emergency loans and have introduced benevolent funds to provide social protection to SACCO members who are poor (Wanyama, 2009).

Capacity building on poverty alleviation

Omunjalu (2014) conducted a study on the role of capacity building on poverty alleviation in Mombasa County, Kenya. The study used the Grameen Bank Model and development s freedom theory to analyse the effect that microfinance had on poverty reduction. The study aimed at exploring the contribution of microfinance products such as microcredit, micro-insurance, and micro-saving to the youth who make up to more than 60% of the country's population. The contribution involved the role of microfinance in enhancing entrepreneurship development, sighting problems surrounding the credit barriers, and creation of employment through innovative business activities. The research employed a descriptive research design using simple random sampling, which enables every member of the population to have an equal and independent chance of being selected as respondents. It is also the simplest, most convenient, and bias free sample selection method. The data was collected by use of a questionnaire thereafter analysed using both quantitative and qualitative techniques. The study results showed that MFIs have a role to play in the economic empowerment of youth. Loan repayment default was largely a result of non-supervision of borrowers by the MFIs, as well as inadequate training of borrowers on utilisation of loan funds before they procured them.

Ablorh (2011) conducted a study on the microfinance and socio-economic empowerment of women in Ghana, case of opportunity international savings and loans clients. Microfinance as a tool for women empowerment has become the main subject of many global and regional conferences, seminars and workshops. This study therefore examined the contribution of microfinance to the socioeconomic empowerment of women in Ghana by using Opportunity International Savings and Loans (OISL), microfinance programme as a case study. The survey method was adopted where questionnaires were administered to beneficiaries of OISL's microfinance programme. The findings from the study revealed that access to microfinance has contributed immensely to the economic empowerment of women through improvement in their businesses. Besides, the study shows that access to microfinance has improved the status of women both at the family and society levels.

Savings mobilisation on poverty alleviation

Savings mobilisation has recently been recognized as a major force in microfinance. In the past, microfinance focused almost exclusively on credit; savings were the "forgotten half" of financial intermediation. At the individual level, the lack of appropriate institutional savings facilities forces the individual to rely upon in-kind savings, such as savings in the form of gold, animals or raw materials, or upon informal financial intermediaries, such as Rotating Savings and Credit Associations (ROSCAs) or money-keepers. Savings facilities have been shown to be useful in improving low-income household financial management. It enables these households to keep funds for future that can be used to meet emergency consumption needs. This decreases the vulnerability of these households from avoidable shocks and increases their probability of engaging in riskier and higher yielding activities, which could have a positive impact on their incomes (Wright, 1999).

Kiiru (2007) carried out a study on the impact of microfinance on rural poor households' income and vulnerability to poverty: case study of Makueni District, Kenya. The main objective of the thesis was to analyse the impact of microfinance on household income as well as measure household vulnerability to poverty after access to microfinance. The study is an experimental case of Makueni District where participants in microfinance programmes and non-participant households were studied over time; thus yielding a rich pool of data for analysis. On integrating time dynamics in the analysis, the results indicate a positive and significant impact of microfinance on household income.

Materials and Methods

This research problem was studied through the use of a descriptive survey design since the unit of analysis was women in Kinondoni District who are registered in microfinance institutions. A descriptive study is concerned with finding the what, where and how of a phenomena which involves describing the characteristics, attitudes, possible behaviour and values of a particular phenomenon under study (Cooper and Schindler, 2006). The researcher considered it to be appropriate in establishing the effectiveness of the microfinance approach in poverty alleviation among women in Kinondoni District, Dar es salaam, Tanzania. The target population of the study was 4,010 women registered in microfinance institutions in Kinondoni District. A target population is the population to which a researcher wants to generalize the results of the study (Mugenda, 2004). Simple random sampling was used to select the number of respondents needed for the study. The study selected a sample of 351 women using the Fisher, Laing and Stoeckel (1983) formula. Fisher, Laing and Stoeckel formula is used when the target population is large. The selection formula is as follows:

$$n = Z^2 p.q \frac{N}{e^2(N-1) + Z^2 p.q}$$

Where n= the required sample size
P = proportion of population with the required characteristics of the study
Q = proportion of population without the required characteristics of the study (1-P)
N= Total population
e = accuracy level required. Standard error = 10%
Z= Z value at the level of confidence of 95% = 1.96

Therefore, the total number of respondents in this study was 351 respondents, who were involved in this study.

$$n=1.96^2 * 0.5 * 0.5\left(\frac{4010}{(0.05^2 * 3999) + (1.96^2 * 0.5 * 0.5)}\right)$$

$$n=0.9604\left(\frac{4010}{(9.9975) + (0.9604)}\right)$$

$$n=0.9604\left(\frac{4010}{10.9579}\right)$$

n=351.4546
n=351

Table 1 | Sample Size

Microfinance institutions	Target population	Proportion	Sample Size
CRDB Microfinance Services Company Ltd	540	13	47
African microfinance Ltd	500	12	44
FINCA	640	16	56
Tujijenge Tanzania Limited	500	12	44
Tanzania Vicoba Microfinance ltd	350	9	31
Makini Microfinance ltd	600	15	53
Vijana Tz Microfinance	480	12	42
Dagaa Microfinance Limited	400	10	35
Total	**4010**	**100**	**351**

Source: Researchers, 2017

The researcher used questionnaires as the instrument or tool for data collection for the study. Questionnaires are preferred tools because they can be used to collect information from a large group of respondents over a short period of time through drop and pick technique. The respondents were required to complete the questionnaires as honestly and as completely as possible.

Data Analysis Procedure

Quantitative data collected was analysed using descriptive statistics. The information was displayed using bar charts, graphs and pie charts and in prose-form. This was done by tallying up responses, computing percentages of variations in responses, as well as describing and interpreting the data in line with the study objectives and assumptions through the use of SPSS (Version 21) to communicate research findings. Content analysis was done with regard to the qualitative data derived by using open-ended questions in the questionnaire. The study targeted a sample of 351 respondents from which 284 questionnaires were completed and returned. The 67 questionnaires were incomplete and some not returned by respondents and these were therefore not used for analysis of this study. The returned questionnaires represented are response rate of 81% making it satisfactory to report and make conclusions.

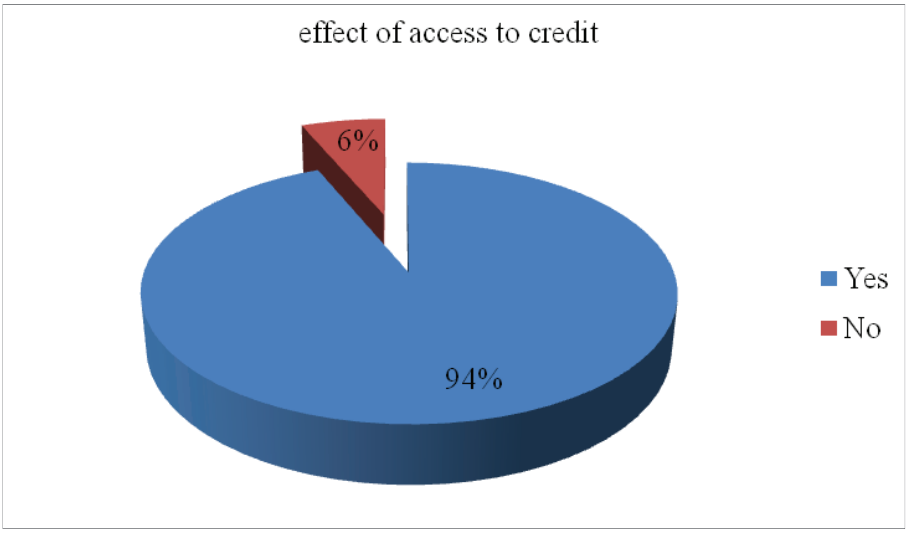
Results and Discussion

Demographic Information

General information on the respondents marital status was obtained and results indicated that a majority of the respondents were married (63.4%); 33.5% were single; 1.8% was divorced; and 1.4% was widowed. The age of respondents was reported as majority 52.2% were 25-35 years; 35.6% were 36-45 years; 7.4% were 46-55 years; 3.2% were below 25 years; and 1.4% were 56 years and above. The education level indicated that most respondents 48.9% had university education; 37.3% had college education; 11.3% had secondary education;and 2.5% had primary education, which implies that respondents had basic education to understand and respond to the questions.

Effect of Access to Credit Service on poverty alleviation

Figure 2 | *Whether access to credit service affects poverty alleviation*



The study sought to find out whether access to credit service affects poverty alleviation among women in Kinondoni District, Dares salaam, Tanzania. From the study findings, majority of the respondents as shown by 93.7% (266 women) indicated that access to credit service affects poverty alleviation among women in Kinondoni District, Dares salaam, Tanzania while as 6.3% (18 women) were of the contrary opinion. This implies that access to credit service affects poverty alleviation among women in Kinondoni District, Dares salaam, Tanzania.

Table 2 | *Statements Relating to the Effect of Access to Credit Service on Poverty lleviation*

Statements	N	Mean	Std. Deviation
Various financial institutions are available to provide and promote borrowings which has influence my decision to borrow	284	1.79	0.931
Microfinance products facilitate capacity to acquire money, own land or livestock	284	1.77	0.893
Financial knowledge acquired has enhanced the ability to invest in viable projects which are economically profitable to the household.	284	1.82	0.549
Due to personal borrowings my ability to provide for the household needs has been enhanced	284	2.39	0.628
Access to credit with low interest rates has promoted the growth of household businesses	284	2.10	0.620

Source: Researchers, 2017

The study sought the level of agreement with the statements relating to the effect of access to credit service on poverty alleviation. From the study findings, a majority of the respondents agreed that: microfinance products facilitate one's capacity to acquire money, own land or livestock as shown by a mean of 1.77; various financial institutions are available to provide and promote borrowings, which has an influence on their decision to borrow financing as shown by a mean of 1.79; financial knowledge acquired has enhanced the ability to invest in viable projects which are economically profitable to the household as shown by a mean of 1.82; access to credit with low interest rates has promoted the growth of household businesses as shown by a mean of 2.10; and due to personal borrowings one's ability to provide for household needs has been enhanced as shown by a mean of 2.39.

The study further sought to find out how access to credit service affects poverty alleviation among the women in Kinondoni District. From the findings respondents indicated that credit facilitate business operations and increases the level of income as well as reduces poverty levels. Respondents also note that sometimes credit services have high costs and hinder most women from accessing loans. The findings of the study concur with those of Minja (2015) who conducted a study on the contribution of credit access to poverty reduction in Tanzania. From the findings obtained it found that credit access has a positive impact to poverty reduction as it increases income, betters living conditions, and improves access to basic needs.

Effect of Capacity Building on Poverty Alleviation

The study sought to find whether capacity building affects poverty alleviation among the women in Kinondoni District. From the findings all the respondents indicated that capacity building affects poverty alleviation among the women in Kinondoni District. This implies that indeed capacity building affects poverty alleviation among the women in Kinondoni District.

Table 3 | *Statements Relating to Effect of Capacity Building on Poverty Alleviation*

Statements	N	Mean	Std. Deviation
Financial training acquired has helped your household track your financial operations through record keeping	284	1.61	0.961
microfinance products and services facilitate me to be able to make travel arrangement and travel on social, health, entertainment or business engagement outside the home on my own	284	2.73	1.201
The advisory services offered at the micro financial institutions has assisted in financial planning for the households	284	1.91	0.507
The microfinance provide financial management seminars	284	2.32	0.897
Micro financial institutions educate the households on entrepreneurship	284	2.43	0.954

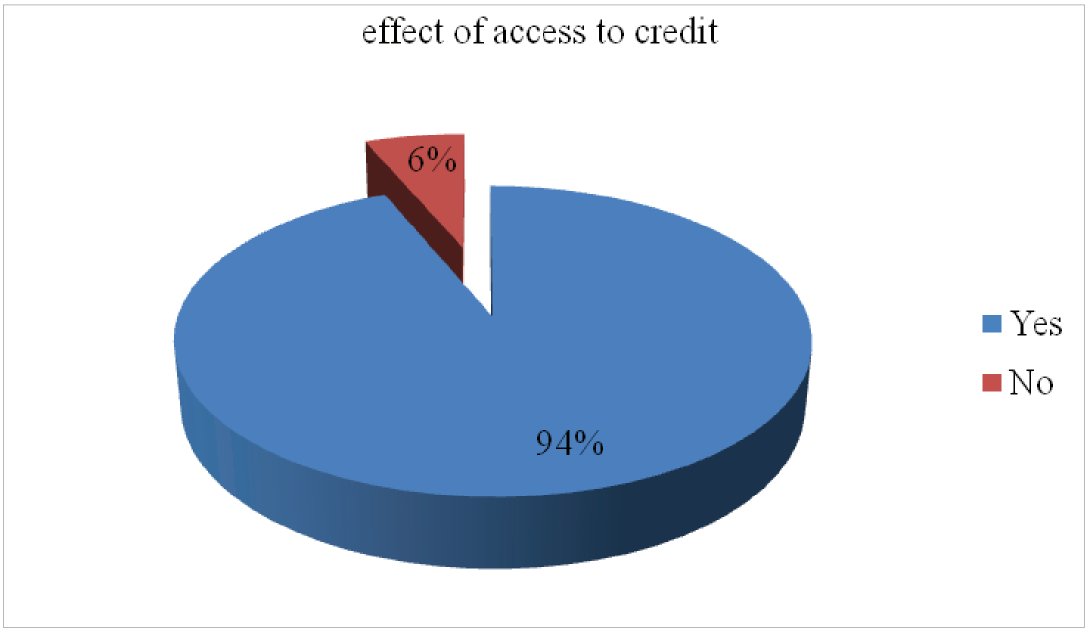
Source: Researchers, 2017

The study sought to find out the respondents' level of agreement on statements relating to effect of capacity building on poverty alleviation. From the study findings as presented in Table 3 above. Majority of the respondents agreed that: financial training acquired has helped their household track financial operations through record keeping as shown by a mean of 1.61; the advisory services offered at the micro-financial institutions have assisted in the financial planning of households as shown by a mean of 1.91; the microfinance institutions provide financial management seminars as shown by a mean of 2.32; and micro financial institutions educate households on entrepreneurship as shown by a mean of 2.43. A majority of the respondents were however neutral on the statement that microfinance products and services facilitate them to make travel arrangement and travel on social, health, entertainment, or business engagements away from home as shown by a mean of 2.73.

The study further sought to find out how else capacity building affect poverty alleviation among the women in Kinondoni District. From the findings, respondents noted that capacity building helped the beneficiaries manage their groups and cash. Respondents noted that capacity building helps beneficiaries work as a team and it helps women to evaluate themselves on financial issues at household level. Capacity building creates awareness for women which enhances informed financial decision making. The findings concur with Omunjalu (2014) who conducted a study on the role of capacity building on poverty alleviation in Mombasa County, Kenya and found that MFIs have a role to play in the economic empowerment of the youth.

Effect of Saving mobilisation on Poverty Alleviation

Figure 3 | *Whether Saving Mobilisation affects Poverty Alleviation*



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Effect of Saving mobilisation on Poverty Alleviation

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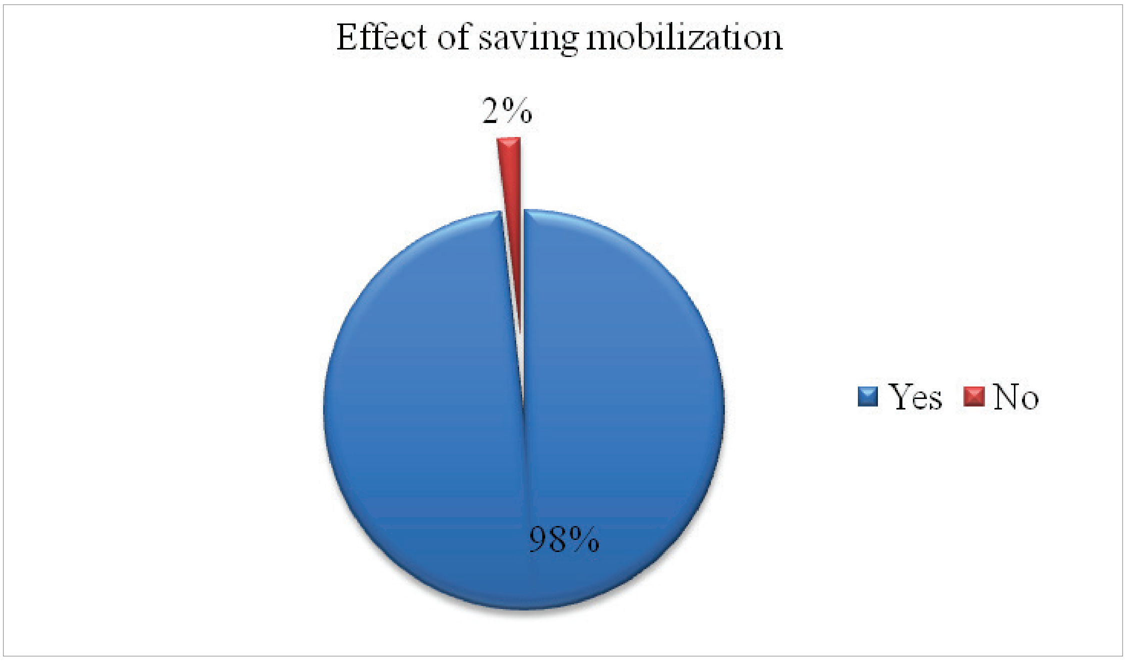

Source: Researchers, 2017

The study requested respondents to indicate whether saving mobilisation affects poverty alleviation among the women in Kinondoni District. From the study findings, a majority of the respondents indicated that saving mobilisation affects poverty alleviation among women in Kinondoni District as shown by 98.2% (279 women), while as 1.8% (5 women) were of the contrary opinion. This implies that saving mobilisation affects poverty alleviation among the women in Kinondoni District

Table 4 | *Statements Relating to Effect of Saving Mobilisation on Poverty alleviation*

Statements	N	Mean	Std. Deviation
Personal savings have been used as a source of financing/ expanding household business.	284	2.07	0.818
Availability of saving facilities affects positively households saving behaviour.	284	1.81	0.721
Personal savings capacity of households, despite their level of income can accumulate an enormous amount of capital for funding development projects.	284	1.90	0.803
Future household financial planning motivates saving	284	2.07	0.692
Property owned beneficial in reducing cost of business operations and facilitate faster transactions for your household	284	2.32	0.798

Source: Researchers, 2017

Table 4 above represents a summary of the study findings on the statements relating to effect of saving mobilisation on poverty alleviation. A majority of the respondents agreed that the availability of saving facilities positively affects household saving behaviour as shown by a mean of 1.81; personal savings capacity of households, despite their level of income, can accumulate an enormous amount of capital for funding development projects as shown by a mean of 1.90; personal savings have been used as a source of financing expanding household business; and future household financial planning motivates saving as shown by a mean of 2.07. Respondents agreed that property owned is beneficial in reducing the cost of business operations and facilitates faster transactions for their household as shown by a mean of 2.32.

The study sought to find out how saving mobilisation affects poverty alleviation among the women in Kinondoni District. Respondents noted that saving mobilisation helps the households to save and use the savings to start business or improve existing ones; saving mobilisation helps the women to build savings capacity and alleviate poverty; saving mobilisation creates chances for individuals to have capital and assets in the future, which ultimately alleviate poverty. Similarly, Wright (1999) found that savings facilities are useful in improving low-income household financial management, which enables household to keep funds for future that can be used to meet emergency consumption needs.

Correlation analysis

Table 5 | *Correlation Analysis*

Correlations					
		Poverty Alleviation	**Access to credit service**	**Capacity Building**	**Savings Mobilisation**
Poverty Alleviation	Pearson Correlation	1	.802**	.857**	.743**
	Sig. (2-tailed)		0.000	0.001	0.000
	N	284	284	284	284
Access to credit service	Pearson Correlation	.802**	1	0.214	.347
	Sig. (2-tailed)	0.000		0.001	0.001
	N	284	284	284	284
Capacity Building	Pearson Correlation	.857**	.214	1	.684**
	Sig. (2-tailed)	0.001	0.001		0.001
	N	284	284	284	284
Savings Mobilisation	Pearson Correlation	.743**	.347	.684**	1
	Sig. (2-tailed)	0.000	0.001	0.001	
	N	284	284	284	284

Source: Researchers, 2017

The researcher conducted a Pearson Correlation between poverty alleviation and access to credit service, capacity building and savings mobilisation. The study found there was a positive relationship between access to credit service and poverty alleviation as shown by a correlation coefficient of 0.802; there was a strong positive relationship between capacity building and poverty alleviation as shown by a correlation coefficient of 0.857; and there was a strong positive relationship between savings mobilisation and poverty alleviation as shown by a correlation coefficient of 0.743.

Conclusion

Based on the research findings of this study, the researcher can conclude that microfinance institutions are effective in alleviating poverty in Kinondoni District Dar es salaam, Tanzania. This can be viewed through acquiring of loans which enable women to start and expand their businesses, which in turn increases their income and their ability to own assets. The financial training and seminars provided by microfinance institutions have enabled them to track their business operations and plan financially which has helped the beneficiaries in their entrepreneurship endeavours. Microfinance institutions have positively affected women of Kinondoni in terms of savings behaviour despite their levels of income and enabled them to fund their own projects and expand their businesses.

Recommendations

Referring to the above study and taking note of the effectiveness of the microfinance approach in poverty alleviation among women in Kinondoni District Dar es Salaam, Tanzania, the researcher makes the following recommendations: Microfinance Institutions should ease the procedures and requirements of accessing credit services. This will encourage more women to borrow, which will help in reducing poverty levels in the households; microfinance institutions should continue to offer capacity building seminars and training since as these help women in acquiring and strengthening their skills and abilities; mobilisation of women into saving behaviour should continue to reduce women's dependence on financial support, and empowers them to use the savings to fund their projects or businesses; governments and NGOs can use the findings that microfinances are effective in alleviating poverty and therefore prioritise support towards poverty reduction through microfinance institutions and policymaking. Policies can therefore be redesigned to make them more favourable to microfinance institutions and beneficiaries to alleviate poverty

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