

# **The role of microfinance poverty reduction: the case of Dar es salaam**

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Microfinance and poverty reduction are dynamic areas that draw attention of majority especially development policies . Microfinance is considered as an effective tool to fight poverty by providing financial services to those who do not have access to or are neglected by the commercial banks and other financial institutions. Microfinance through MSEs creates job opportunities and income to both employer and employee and through this, poverty is reduced. Despite the introduction of microfinance, poverty has remained deep and severe. This situation triggered the researcher to carry out a study to examine the role of microfinance in poverty reduction. To achieve this objective two hypotheses were advanced to study the situation. The hypotheses rested on income, employment and number of assets owned on one hand. and on the other hand rested on poverty indicators which includes education, health and food adequacy. The research findings indicated that, microfinance plays a big role in poverty reduction. This is because majority of respondents spend the income generated from MSEs as a result of m microfinance in poverty indications i.e. education, health and food. The findings also revealed that income, employment and number of assets owned have increased.