

ABSTRACT

Today one of the most compelling challenges facing our country is poverty. Poverty is not only on a steady increase but also wide spread in rural areas. In the quest for solutions to the country's development challenge and poverty alleviation, microfinance is becoming one of the most popular options as credit has been identified as a barrier facing the poor.

The overall aim of this study is to assess the effectiveness of microfinance institutions in poverty alleviation among women entrepreneurs, a case study of Women Entrepreneurship Development Trust Fund (WEDTF), a microfinance institution in Zanzibar.

The methodology used was a qualitative approach and the reason for the use of this approach was given. The application of semi-structured interview technique with WEDTF clients and managers was a major means in collecting data that yields the results of this research. Other sources were written materials obtained from the organization.

The theoretical framework was based on written literature about grass root models that create changes like social capital, participatory and livelihood. The researcher tried to get better understanding of them during interviews. The results have been analyzed using matching pattern so as to compare information obtained from the case study with the theoretical framework to see whether it is the same as was predicted in the theoretical framework or not.

The findings of the study reveals that most of the women clients reported an increase in their incomes which have improved their standard of living, have sent their children to school; have been able to pay for their medical bills and can feed their families, can cope with future crises using their savings. Generally women have been empowered economically and social as well as some of them managed to acquire social and political posts.

Well functioning markets, entrepreneurial skills and other infrastructure, found by the study, to support microfinance to achieve the results.

