

**Factors Influencing Access to Formal Credit Among Rice Smallholder Farmers in
Mabogini Moshi District, Tanzania**

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Abstract

Inadequate access to formal credit among smallholder farmers is a global concern, especially in developing countries where smallholder farmers struggle to access formal credit for their agricultural activities and therefore face minimum productivity. Therefore, the study assesses the factors influencing access to formal credit among rice smallholder farmers in Mabogini Ward, Moshi, Tanzania. The study has three specific objectives which are the influence of individual factors on the access to formal credit among rice smallholder farmers, the influence of farm/ farmer related factors on the access to formal credit among smallholder farmers and the influence of institutional factors on the access to formal credit among rice smallholder farmers. The study employed a cross-sectional research design in Mabogini Ward in Moshi district with a sample size of 250 local rice farmers in which the study used purposive sampling technique. Data was collected through questionnaire sampling technique that were given to the sample selected among the rice smallholder farmers that reside in Mabogini Ward and also interviewing key informant including loan officers of Nuru ya Maendeleo SACCOS and lastly conducting focus group discussion among few members of the Nuru ya Maendeleo SACCOS. Both descriptive and inferential analysis as well as binary logistic regression were used. The results show that individual factors including age, occupation, and education have a direct influence on access to formal credit while gender has no significant relationship with access to formal credit. The results also show that all the farm-related factors which were farm size, farm market value, farm ownership, and farming experience have a significant influence on access to formal credit. Lastly the institutional factors which include collateral, interest rate, lending procedures, and loan size also have a significant relationship with access to formal credit. The research concludes that factors such as education, age, occupation, farm value, farm size, farming experience, farm ownership, interest rate, collateral, loan procedure and loan size have a direct influence on the access to

formal credit among rising smallholder farmers. The study recommends the formation of bylaws by the formal creditors that favour and support local farmers to grow into large-scale farmers and that will make local farmers access formal credit easily. The study also encourages researchers to conduct further research on the same topic area to gain wider knowledge about the local farmers' access to formal credit in other geographical areas in the country since the problem still exists in the country and worldwide.

Keywords: Access, credit, rice, smallhold farmers, Mabogini, district