

ABSTRACT

Limited market information and market access are two major obstacles to increased smallholder farmers' income in Tanzania. Formation of a farmer organization is one way to overcome these challenges by improving access to markets while reducing transaction costs. This paper evaluates the effect of market accessed through farmer organizations on household income in Babati District, Tanzania. Multi-stage sampling technique was employed to elicit information from 250 smallholder vegetable farmers using a structured questionnaire. Propensity score matching was used to estimate the effect of market accessed through farmer organizations on smallholder vegetable farmer's income. Except for gender of the household head, average farm size owned, distance to the market, and transportation cost, there were no statistically significant differences between vegetable growers who belonged to a farmer organization and those who do not. Market access has a significant positive and robust effect on farm income. Smallholder vegetable farmers with an average farm size of 0.5 acre who had access to the market provided by farmer organization have more income per season (USD 220.11) than vegetable farmers who did not belong to the group membership (USD 177.90). Also, the cost incurred for transporting vegetables to the market and the distance was different between farmers who belonged to a group USD 0.22 and those who were not members USD 0.68. A government supported policy environment that will facilitate establishing and/or strengthening of farmer organizations be supported in sourcing, disseminating market information market accessibility to enhance smallholder livelihoods. This will assist in sustainably transforming smallholder vegetable farming as a viable business venture through increased productivity and incomes.

Keywords:

- **market information systems**
- **farmer organization**
- **social capital**
- **group dynamics**
- **Tanzania**
- **Babati district**