

## **ABSTRACT**

Malawi's agricultural sector contributes 30% to the GDP and provides employment to more than 85% of the total rural population. The sector is dominated by smallholder farmers who are challenged with lack of access to reliable markets and poor infrastructure. To address this, the Malawian government has encouraged formation of Farmer-Based Organisations in its national development framework. Although Farmer-Based Organisations have been in existence in the country since 1978, access to agribusiness development services by smallholder farmers producing pigeon peas still remains a challenge. Therefore, this study focused on the effect of participation in Farmer-Based Organisations on profitability of pigeon pea enterprise in Mulanje district, Malawi with the objectives being to compare the socio-economic characteristics of members and non-members of Farmer-Based Organisations, to determine the perceptions of farmers towards services provided by Farmer-Based organisations and the effect of farmer participation in Farmer-Based Organisations on the gross margin of pigeon peas. Primary data was collected using a semi-structured questionnaire from 200 members and 200 non-members of Farmer-Based Organisations that were selected using systematic random sampling. To achieve the study objectives, descriptive statistics, gross margin analysis and propensity score matching model were used for data analysis. The members of Farmer-Based Organisations had an average age of 44 years of age and 7 years of schooling, older and more educated than non-members with a mean of 39 years of age and 5 years of schooling. Furthermore, members travelled 65.13 kilometres to market and had a mean gross margin of MK47, 093.12 different from nonmembers who travelled 12.84 kilometres to market and had a mean gross margin of MK10,129.65. The results also indicate that source of inputs, credit, extension services, training and new agricultural technologies were different between members and non-members at 1 percent level. On perception towards agribusiness service delivery, both members and nonmembers agreed that FBOs improve access to production, marketing, advisory and financial services required to promote pigeon pea enterprise. Lastly, members of FBOs obtained higher gross margin for pigeon pea enterprise than non-members and the difference was MK25, 621.45 per hectare. Therefore, Farmer-Based Organisations can help to improve farm productivity and farm income, hence, policy makers need to provide more capacity building initiatives to promote efficient delivery of agribusiness services delivery farmers.