STANDARD SECTOR INDICATOR CODE: AG-028	**Profitability Agribusinesses:** Number of agribusinesses, out of the total number of businesses that the Volunteer/partner worked with, that reported that they calculated profit margins. (AG-028)	
AGRICULTURE SECTOR	**Sector Schematic Alignment** *Note: This indicator belongs to the "Markets" Project area and "Business Development Services" Project Activities/Training Package (PA/TP) within the AG Sector but is borrowed by the following Project Activities/Training Packages within the AG and ENV Sectors.* **AG Sector ("Home" of the SI)** **PA/TP:** Business Development Services **ENV Sector** **PA/TP:** Business Development Services	
Type: Outcome	**Unit of Measure**: Agribusiness	**Disaggregation:** **Type of Agribusiness**: Cooperative/ Association, Partnership, Sole Proprietorship

Definitions:

Profit margin—indicator of profitability. It is calculated as net income divided by revenue or net profits divided by sales. It measures how much out of every dollar of sales a business actually keeps in earnings and is presented as a percentage (e.g. 20% profit margin means the business has a net income of $0.20 for each dollar of sales)

Cooperative/association – an autonomous and voluntary group of individuals that cooperate and work together for mutual social or economic benefits. There is no distinct individual or group of individuals that own a cooperative/association. The distinction between a cooperative and association can vary depending on country or regional specific differences in the legal system or organizational structure requirements

Partnership – an agribusiness with a legal agreement where two or more people share ownership of the business

Sole Proprietorship – an agribusiness owned by one individual

Partner/s—refers to the local counterpart who is co-facilitating profit margin calculation activities with the Volunteer

Rationale: In general, businesses exist to provide a product or service its customers desire or need and, in return, to earn a profit. Profit results when the costs of providing the product or service are less than what is received from their sales to customers (earnings). Businesses normally strive to maximize profit. Simply increasing the volume of sales (more earnings), however, will not do this if costs increase at the same or at a greater rate. Calculating the profit margin allows businesses to determine the percentage of every dollar earned that is net profit and, then, to consider what, if anything, might be done to increase the profitability.

Measurement Notes:

1. **Sample Tools and/or Possible Methods (for Peace Corps staff use):** Volunteers should use data collection tools to measure progress against project indicators. A data collection tool to measure this indicator could be based on

one of the following methods—survey, interview, or secondary data review of available business records—though there may be other data collection methods that are appropriate as well. For more information on the suggested methods, please see **Appendix I in the MRE Toolkit.** Also be sure to check the intranet page as sample tools are regularly uploaded for post use. Once a tool has been developed, post staff should have a few Volunteers and their partners pilot it, and then distribute and train Volunteers on its use.

2. **General Data Collection for Volunteer Activities:** All Volunteer activities should be conducted with the intention of achieving outcomes – knowledge change (short-term), skills demonstration (intermediate-term), and behavioral changes (intermediate to long term) as defined by the progression of indicators within the objectives of a project framework. The progression of measurement for all Volunteer activities should begin with baseline data being conducted prior to the implementation of an activity (or set of activities), followed by documenting any outputs of the activities and then later at the appropriate time, measurements of specific outcomes (see "Frequency of Measurement").

3. **Activity-Level Baseline Data Collection**: Activity-level baseline data should be collected by Volunteers/partners before or at the start of their activities with an agribusiness or group of agribusinesses. It provides a basis for planning and/or assessing subsequent progress or impact with these same people. Volunteers should take a baseline measurement regarding the outcome(s) defined in this indicator (i.e. determine whether or not an agribusiness in question has reported that they calculated profit margins before working with the Volunteer) early in their work focused on increasing profitability of agribusiness(es). The information for the baseline measurement will be the same or very similar to the information that will be collected in the follow-on measurement (see "Frequency of Measurement") after the Volunteer has conducted his/her activities and it is usually collected using the same data collection tool to allow for easy management of the data over time.

   Because Volunteers are expected to implement relevant and focused activities that will promote specific changes within a target population (see the "unit of measure" above), taking a baseline measurement helps Volunteers to develop a more realistic snapshot of where agribusinesses within the target population are in their process of change instead of assuming that they are starting at "0." It also sets up Volunteers to be able to see in concrete terms what influence their work is having on the agribusinesses they work with during their service. Please note that data collection is a sensitive process and so Volunteers will not want to take a baseline measurement until they have been able to do some relationship and trust-building with the agribusinesses the Volunteer is working with, and developed an understanding of cultural norms and gender dynamics.

4. **Frequency of Measurement**: For reporting accurately on this outcome indicator, Volunteers must take a minimum of two measurements with agribusinesses of the target population reached with their activities. After taking the baseline measurement (described above), Volunteers should take at least one follow-on measurement with the same agribusiness(es), typically <u>after</u> completing one or more activities focused on achieving the outcome in this indicator and once they have determined that the timing is appropriate to expect that the outcome has been achieved. Please note that successful documentation of a behavior change or new practice may not be immediately apparent following the completion of activities and may need to be planned for at a later time. Once Volunteers have measured that at least one agribusiness has achieved the indicator, they should report on it in their next VRF.

   Volunteers may determine to take more than one baseline and one follow-on measurement with the same agribusiness (or group of agribusinesses) for the following valid reasons:

   a. Volunteers may want to measure whether or not any additional agribusinesses initially reached with activities have now achieved the outcome in the indicator, particularly for any activities that are on-

going in nature (no clear end date);

b. Volunteers may want to enhance their own learning and the implementation of their activities by using the data collected as an effective monitoring tool and feedback mechanism for the need to improve or increase their activities;

c. A Peace Corps project in a particular country may choose to increase the frequency of measurement of the indicator and Volunteers assigned to that project will be required to follow in-country guidance.

In all cases, any additional data collection above the minimum expectation should be based on the time, resources, accessibility to the target population, and the value to be gained versus the burden of collecting the data. Following any additional measurements taken, Volunteers should report on any new agribusinesses achieving the outcome in their next VRF.

5. **Definition of Change**: The minimum change to report against this indicator is an agribusiness reported that they calculated profit margin as compared to what was measured initially at baseline. In the case of this indicator, if the agribusiness the Volunteer/partner works with was already reporting that they calculate profit margin before beginning to work with the Volunteer/partner, then the Volunteer would not be able to the agribusiness as having achieved any additional change for this activity because the maximum level of change measured for this indicator has already been achieved. NOTE: If at baseline, nearly all the agribusinesses with whom the Volunteer are working report calculating profit margin, consider measuring change towards a different indicator, so that additional change can be achieved, measure and report. However, if as a result of working with the Volunteer/partner, the agribusiness decided to start calculating profit margin, which would count because the Volunteer's work influenced the calculation of profit margin for the agribusiness.

6. **General Reporting in the VRF**: The "number achieved" (or numerator) that Volunteers will report against for this indicator in their VRFs is the number of agribusinesses who has reported that they calculate profit margin, after working with the Volunteer/partner. The "total number" (or denominator) that Volunteers will report on for this indicator in their VRFs is the total number of agribusinesses who participated in the activities designed to meet this indicator.

7. **Reporting on Disaggregated Data in the VRF:** This indicator is disaggregated by "Type of Agribusiness". When reporting in the VRF, a Volunteer should disaggregate the agribusinesses who achieved the outcome based on Cooperative/ Association, Partnership, and Sole Proprietorship.

Data Quality Assessments (DQA): DQAs are needed for each indicator selected to align with the project objectives. DQAs review the validity, integrity, precision, reliability, and timeliness of each indicator. For more information, consult the Peace Corps MRE toolkit.

Alignment with Summary Indicator: AG. ADOPT. IMPROVED PRACTICES (ORGS & GROUPS)