FAO STATISTICAL DEVELOPMENT SERIES

FOOD AND AGRICULTURAL STATISTICS in the context of a national information system



FAO STATISTICAL STATISTICAL DEVELOPMENT SERIES

AGRICULTURAL STATISTICS in the context of a national information system

#### FOREWORD

This is the first issue of a new FAO Statistical Development series of manuals. The Statistical Development Series will provide comprehensive technical manuals for assisting countries in planning, developing and operating the statistical programme component of a national information system for food and agriculture. Although a rather full potential "state of the arts" statistical programme, that even the most advanced country could benefit from, is planned for the series, some of the more advanced programme components, such as a country-wide early crop estimates sampling capability and operational remote sensing crop monitoring capability, must await future coverage, further technological developments and efficiencies. In addition, most of the subjects covered in early issues will be improved upon with additional field experience and subsequent revision. But every country, even the poorest and least developed, both economically and in statistical capability, can initiate the planning and development of a particular programme component after an evaluation of its current capability and needs, the first generation such component reflecting marginal improvement in the country's current capability and each successive programme development cycle resulting in a larger and more integrated programme.

Because statistics must have a sound conceptual base, with theoretical concepts relevant to real-world problems on the national policy agenda successfully operationalized, with the resulting data interpreted and analysed to become useful information to decision makers, this first manual in the series places statistical programmes in the context of a national information system for food and agriculture. Then, the basic statistical development components, such as the agricultural census, household surveys and community-level statistics, are treated in successive papers, as is the use of administrative records as a source of secondary data. Several issues concerning subject-matter statistics complete the series. Subjects to be covered include: socio-economic indicators of agrarian reform and rural development, natural resources with emphasis on agricultural land, marketing, credit, fertilizers, machinery and other manufactured inputs, farm management, type of farming, enterprise costs and returns, commodity supply and utilization accounts, agricultural input and output prices, food balance sheets, agricultural population and labour force, food consumption and nutrition, economic accounts for agriculture, and other statistical needs for monitoring and evaluating the economic viability of the agriculture sector, food self-reliance, and other dimensions relevant to a country's food and agricultural complex.

In all areas, from the agricultural census as the cornerstone of the statistical development programme to the use of socio-economic indicators in monitoring agrarian reform and rural development, the emphasis will be on a balanced programme of data collection, processing and analysis as integral and inseparable parts of a national information system for food and agriculture.

Leroy Quance
Director
Statistics Division

## LIST OF TABLES

2.1	Categories of Food and Agricultural Policy Instruments by Market
3.1	Relevance and Feasibility of 52 Socio-Economic Indicators for Monitoring and Evaluating Agrarian Reform and Rural Development
5.1	General Classification of Food and Agricultural Information
6.1.	Data Sources and Measurement Instruments for Categories of Food and Agricultural Information
6.2	A Ten-Year Cycle of Data Collection Activities
7.1	Data to be Aggregated to Illustrate Index Number Formulas
7.2	Summary of Quantity, Price, and Value Indices Computed from Laspeyres, Paasche, and Fisher Ideal Formulas
7.3	Accounting Matrix for Static Efficiency and Policy Analysis
7.4	Selected Data Requirements and Sources for an Agricultural Sector Simulation Model
7.5	WCARRD Areas of Concern and Possible Indicators
8.1	A Hypothetical National Ten-Year Plan for Developing an Integrated Statistical Programme for Policy Needs in Food and Agriculture

# LIST OF FIGURES

1.1	Subject-Matter Coverage of a National Information System from a Food and Agriculture Perspective
2.1	Agents and Processes in Food and Agriculture
2.2	Food and Agricultural Policy
2.3	Policy Areas Relevant to Improved Food and Nutrition
2.4	Policy Areas Relevant to Improved Quality of Rural Life
2.5	Policy Areas Relevant to Agricultural Contributions to General Economic Development
3.1	Interactions among Spheres of Human Activity in a Rural Area
4.1	System Concepts
4.2	An Agricultural Supply-Demand System
4.3	A Positive Feedback Loop in Rural Development
4.4	Stability of a Price-Demand-Supply System
4.5	A Dynamic Information System
5.1	Policy Areas and Information Relevant to Improved Food and Nutrition
6.1	Delineation of Socio-Economic Groups and Agricultural Holders by Agro-Ecological or Other Geo-Political Zone
7.1	Illustration of Supply Curve S
7.2	Illustration of Demand Curves for Domestic Consumption C, Exports $\mathbf{X}$ , and Total Demand Curve CaD
7.3	Illustration of Domestic Demand Curve D, Domestic Supply Curve S, Import Supply Curve M, and Total Supply SaM
7.4	Illustration of Domestic Supply Curve S, Domestic Demand Curve D, Export Demand Curve X, and Total Demand DaX
7.5	A Five-Component Agricultural Sector Simulation Model
8.1	Illustration of Time Lagged Programme Implementation Cycle with Respect to a Single Policy Concern

#### CHAPTER 1

#### INTRODUCTION

If we could just know where we are and whither we are tending we could better judge what to do, and how to do it.

Abraham Lincoln

### 1.1 Background

One of the most basic objectives of FAO is the development and improvement of food and agricultural statistics, particularly in Despite an increasing awareness of the developing countries. importance of statistics in planning social and economic development, most developing countries do not have an adequate statistical organization or trained statistical personnel for collecting. processing and analysing food and agricultural information. particular, statistical development is slow and agricultural censuses, surveys and other statistical inquiries are often undertaken in isolation from each other and from the uses their results are to Further, there is often a lack of understanding and serve. coordination between statistical agencies and economic analysis, planning and decision-making offices, making it difficult to obtain the necessary cooperation among these important elements of the national information system for food and agriculture.

The collection, processing, analysis, dissemination, and use of data are costly and time consuming processes, requiring trained organization, transport and related facilities services. Developing countries, however, have severe financial, human and institutional resource limitations. These problems have been addressed through such technical assistance funds as the United Nations Development Programme (UNDP) (formerly, the Extended Programme Technical Assistance and the United Nations Special Fund), government cooperative Trust Funds, and the FAO Technical Cooperation Programme. These funding sources have provided developing countries with badly needed technical assistance in the form of resident experts and consultants in food and agricultural statistics, training, data processing and the provision of related equipment. The earliest recorded technical assistance project in a developing country was on crop surveys in 1951. The number of such projects has grown to about

## TABLE OF CONTENTS

		Page			
	Foreword				
	List of Tables	ix			
	List of Figures	х			
1	Introduction 1.1 Background 1.2 Objective and Outline				
2	Food and Agricultural Decision Making 2.1 The Domain of Food and Agriculture 2.1.1 Processes and Agents 2.1.2 Economic Activities of Agriculture 2.1.3 Other Economic Activities Related to Food and Agriculture	7 7 8 11			
	2.2 The Scope of Public Food and Agricultural Decision Making 2.2.1 General Policy Goals 2.2.2 Performance Indicators and Objectives 2.2.3 Policy Instruments and Subject Areas	15 15 17 17			
3	Information and Decision Making 3.1 Problems of Food and Agricultural Decision Making 3.1.1 Complexity 3.1.2 Uncertainty 3.1.3 Compression of Time and Space 3.1.4 "Multi" Perspectives 3.1.5 Rationality of Decision Making 3.2 Sources and Uses of Information	25 25 25 29 32 34 35			
	3.2.1 Information Sources 3.2.2 Information in the Decision Cycle 3.3 The Nature of Information 3.3.1 Information and Data 3.3.2 Information as a Commodity	36 37 37 38 39 41			
4	The Information System  4.1 The Systems View: General Concepts  4.1.1 System Definition  4.1.2 Feedback and Stability	45 45 45 49			
	4.2 A Systems View of the Information Process 4.2.1 Component Processes 4.2.2 Obsolescence and Feedback 4.3 The Design Problem 4.3.1 Information System Needs	52 54 58 58 59			
	4.3.2 Information System Boundary 4.3.3 Summary Problem Statement	60 63			

	4.4	The Info	rmation System as	s an Organization	63
		4.4.1	Structural Consid	derations	64
		4.4.2	Resource Consider	rations	66
		4.4.3	Other Considerat:	ions	67
5	Opera	ational Co	ncents for Measur	rement and Analysis	71
,	5.1		Classification		71
	5.2			in Food and Agricultural Decision	, 1
	J • Z	Making	information frems	in rood and agricultural pecision	73
	5.3	_	nal Definitions		81
	J. J	5.3.1	Category 01:	Identification	81
		5.3.2	Category 02:	General Characteristics	89
		5.3.3	Category 03:	Demographic and Anthropometric	0,
		3.3.3	00108017 031	Characteristics	90
		5.3.4	Category 04:	Employment	91
		5.3.5	Category 05:	Land and Water	95
		5.3.6	Category 06:	Crops	100
		5.3.7	Category 07-08:	Livestock	104
		5.3.8	Category 09:	Machinery and Equipment	105
		5.3.9	Category 10:	Buildings and Other Structures	106
		5.3.10	Category 11:	Ancillary Activities	108
		5.3.11	Category 12:	Credit, Marketing, Stocks	109
		5.3.12	Category 13:	Prices	110
		5.3.13	Category 14:	Post-Harvest Foodgrain Losses	111
		5.3.14	Category 15:	Income and Outlay	111
		5.3.15	Category 16-17:	Other	112
	5.4	Refinem	ent and Standardi	zation	112
6	The G	Statistic	al Programme		113
	6.1		ment Instruments	and Data Sources	113
	•••	6.1.1		Census and Production Survey	116
		6.1.2		gricultural Censuses and Surveys	117
		6.1.3	Administrative R	-	119
		6.1.4	Locality Records	,	120
		6.1.5		atistical Publications and	
			Data Banks		120
		6.1.6	Technological Re	search in Food and Agriculture	120
		6.1.7	_	ong Measurement Instruments	121
	6.2	Technic	al Considerations		121
		6.2.1	Conceptual Defin	itions	121
		6.2.2	Timing		122
		6.2.3	Programme Coordi	nation and Integration	125
		6.2.4	Frame		126
		6.2.5	Sampling Techniq	ues	126
		6.2.6	Questionnaires a	nd Tabulation	127
		6.2.7	Data Processing		127
		6.2.8		nd Post-Enumeration Surveys	128
		6.2.9	Dissemination		128

	6.3	Organizational Considerations	129	
		6.3.1 Institutional Structure	129	
		6.3.2 Human Resources	129	
		6.3.3 Supporting Infrastructure	131	
7	The	Analytical Programme	133	
	7.1	The Policy Analysis Process	133	
	7.2	Models and Modelling	134	
		7.2.1 Classification of Models	134	
		7.2.2 Some Issues for Models	136	
	7.3	Simple Tools for Analysing Trends	137	
	7.4	Demand and Supply Models	140	
		7.4.1 Supply and Production Analysis	140	
		7.4.2 Demand and Utilization Analysis	147	
		7.4.3 Joining Demand and Supply Analysis	150	
		7.4.4 Classical Welfare Analysis	152	
		7.4.5 Stabilizing Prices and Consumption	158	
	7.5	Index Numbers, Composite Prices, and Productivity	160	
		7.5.1 Index Number Formulation	160	
		7.5.2 Index Number Uses	163	
	7.6	Economic Accounts for Agriculture	167	
	7.7	Project Analysis	168	
		7.7.1 Net Present Value, Benefit-Cost Ratio, and		
		Internal Rate of Return	169	
		7.7.2 Choice of Discount Rate	170	
		7.7.3 Estimating Benefit and Cost Streams	170	
	7.8	Simulation Analysis	174	
		7.8.1 System Simulation Models	174	
		7.8.2 Selection of Mode Type and Modelling Approach	175	
		7.8.3 Model Specification	176	
		7.8.4 Data Resources and Requirements	178	
		7.8.5 Computer Implementation	178	
		7.8.6 Model Testing and Credibility	180	
	7.9	Mathematical Programming	181	
		7.9.1 Basic Programming Model	181	
	7.10		183	
		7.10.1 Socio-Economic Indicators	185	
		7.10.2 Monitoring, Evaluation and Analysis	189	
	7.11	Conclusions	192	
8	Programme Implementation			
	8.1	Summary of the Information System Approach	196	
	8.2	Implementation Guidelines	198	
		8.2.1 Pre-Programme Planning	199	
		8.2.2 Policy and Programme Setting	201	
		8.2.3 Conceptualizing and Operationalizing an	얼글의	
		Understanding of Food and Agriculture	202	
		8.2.4 Integrated Statistical Programme	203	
		8.2.5 Analytical Programme	204	
		8.2.6 Reporting	205	

8.3	Concl	usion	205
Appendix	I:	Classification of Items and Measurement Instruments	219
Appendix	II:	A Suggested Classification of Consumer Food Items	273
Reference	es		277
Glossary	:	Definition of Terms for a National Information System for Food and Agriculture	285

#### CHAPTER 1

#### INTRODUCTION

If we could just know where we are and whither we are tending we could better judge what to do, and how to do it.

Abraham Lincoln

### 1.1 Background

One of the most basic objectives of FAO is the development and improvement of food and agricultural statistics, particularly in developing countries. Despite an increasing awareness of the importance of statistics in planning social and economic development, most developing countries do not have an adequate statistical for collecting, organization or trained statistical personnel processing and analysing food and agricultural information. particular, statistical development is slow and agricultural censuses, surveys and other statistical inquiries are often undertaken in isolation from each other and from the uses their results are to Further, there is often a lack of understanding and coordination between statistical agencies and economic analysis, planning and decision-making offices, making it difficult to obtain the necessary cooperation among these important elements of the national information system for food and agriculture.

The collection, processing, analysis, dissemination, and use of data are costly and time consuming processes, requiring trained personnel, organization, transport and related facilities services. Developing countries, however, have severe financial, human and institutional resource limitations. These problems have been addressed through such technical assistance funds as the United Nations Development Programme (UNDP) (formerly, the Extended Programme Technical Assistance and the United Nations Special Fund), government cooperative Trust Funds, and the FAO Technical Cooperation Programme. These funding sources have provided developing countries with badly needed technical assistance in the form of resident experts and consultants in food and agricultural statistics, training, data processing and the provision of related equipment. The earliest recorded technical assistance project in a developing country was on crop surveys in 1951. The number of such projects has grown to about

60, including regional statistical advisers on specific subjects, e.g., training and commodity statistics.

The FAO training programme for the 1960 World Census of Agriculture also benefitted from these funds for the organization of training centres at the international, regional and national levels. Due to the UNDP funding crisis in the late 1960s, however, funds for the regional statistical advisers and training centres were discontinued. The number of projects in food and agricultural statistics also declined significantly, recently levelling out at about 40. Further, a large share of the current projects are funded by the FAO Technical Cooperation Programme and are short-term projects designed to fill explicit, critical needs and not lasting more than one year. A few longer-term projects are funded by UNDP and Trust Funds.

Substantial progress has been achieved over the past several decades in improving food and agricultural statistics in developing countries. Approximately 150 countries conducted an agricultural census during the decade of the 1970 World Census of Agriculture Programme (1966-75), and similarly 150 countries will have conducted an agricultural census during the decade of the 1980 World Census of Agriculture (1976-85). In addition, a large number of countries routinely conduct sample surveys in food consumption, household income and expenditures, farm management, marketing, crop yields and production, and many other socio-economic areas of food and agriculture.

Yet, there continue to be problems and need for improvement. Often, field enumeration has been attempted without the development of sufficient statistical infrastructure, i.e., organization, trained manpower, vehicles and other equipment. Further, inadequate attention is often given to data processing and analysis and dissemination. In some statistical projects, the end of the field enumeration is also the end of the census or survey organization, and the material used, e.g., lists, sketches, maps, instructions and worksheets, is discarded without consideration for its possible future use. Also, there is often little or no ex post evaluation of the work done, where the performance of various processes is evaluated in terms of the frequency and types of errors, time spent, and costs in order to improve the conduct of future activities.

To overcome these problems, FAO has periodically promoted the preparation of national, long-term, integrated programmes of food and agricultural statistics in developing countries. For example, about two decades ago, FAO made an effort to facilitate the dialogue between

national statistical agencies, planners and decision makers regarding data needed for agricultural development planning. As a result, for the first time, an integrated, phased programme was prepared for developing statistics geared to agricultural development planning requirements. The programme, specifically targeting countries in the FAO Near East Region (FAO 1968), was meant to be a framework to guide each country in identifying its stage of statistical development and determining its statistical development priorities in light of its own resources and agricultural development planning data needs.

In another effort, J.S. Sarma, a member of the FAO Statistics Advisory Committee of Experts, proposed a multi-year programme of censuses and surveys in food and agriculture (Sarma 1971). Also, training centres in developing countries have promoted the concept and application of long-term, integrated programmes of food and agricultural statistics — in Kenya in 1970 and at the Statistical Institute for Asia and the Pacific in Japan in 1974. Finally, the first UNDP project to implement a long-term integrated programme was carried out in the five central African countries in 1973 and recently in Ethiopia.

Statistical problems exist in different countries with differing degrees of severity and with emphasis on different causes and effects. Basically, however, in all cases, the roots of the problems are buried in inadequate national efforts of an interdisciplinary, interministerial and continuing nature in the development and operation of an information system to support effective government intervention in the sector.

Information required for planning agricultural development and the methodology for collecting, processing and analysing data on food and agriculture are well summarized in references cited above and Also, most of the essential elements for developing a elsewhere. national information system for food and agriculture have been conceptualized and promoted over the last several decades (e.g., Bonnen 1977). What seems to be lacking is an institutional framework, firmly embedded in an interdisciplinary national effort, which promotes, in a balanced and coordinated way, the major dimension of such a programme -- an approach that provides dynamism through the continuous dialogue between users and producers of information in order to meet the changing demand for information effectively and efficiently -- constantly reviewing the underlying concepts, definitions and methods, and developing and maintaining the necessary human, financial and institutional resources.

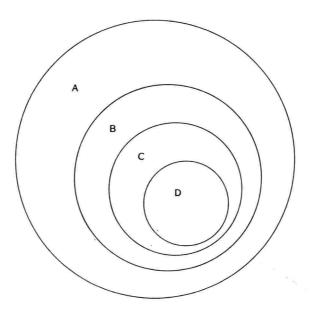
The national information system context for food and agricultural statistics presented herein can provide such a framework for the food and agricultural statistics programme component of such a system. It views the entire national information system, including decision makers, statisticians and analysts, as an integrated whole rather than as a collection of independent and unrelated activities. Each activity in the system, e.g., food and agricultural statistics, is designed to function in complementary interaction with other activities, so that concepts and definitions are harmonized and related activities are linked or coordinated to provide consistent, relevant, timely and reliable information.

The subject-matter scope of the national information system covers all areas relevant to public (and possibly some private) decision making, as indicated in the largest circle (A) in Figure 1.1. The conceptual focus of this manual is the subset of information of interest to food and agricultural decision makers, as indicated by circle B in the diagram, with special emphasis on food and agricultural information (circle C), of which food and agricultural statistics (circle D) comprise a further subset. Examples of information in B but not in C include demographics and national accounts, while examples of information in C but not in D include policy analysis studies and situation and outlook reports.

In the terminology of this manual, the "national information system" refers to the structure of information covered in A and the institutional organization which provides it. Similarly, the "national information system for food and agricultural decision making" corresponds to B, the "food and agricultural information system" to C, and the "food and agricultural statistical programme" to D.

# 1.2 Objective and Outline

The overall objective of this manual is to provide a general understanding of the structure and operation of a country's national information system for food and agricultural decision making and general guidelines on the planning and implementation of the food and agricultural statistical programme as an integral part of the total system. Such an information system will be: (a) effective and efficient in providing timely, relevant, accurate, accessible, and consistent information to food and agricultural decision makers; (b) able to adapt structurally and conceptually to changing conditions and an evolving policy agenda, thus avoiding conceptual and institutional obsolescence; and (c) consistent with the human, financial and institutional capabilities of the country as those capabilities develop and grow over time.



A - Information for public decision making

B - Information for food and agricultural decision making

C - Food and agricultural information

D - Food and agricultural statistics

Figure 1.1 - Subject-matter coverage of a national information system from a food and agriculture perspective

Following this brief introduction, food and agricultural decision makers are identified in Chapter 2, and the role of information, and thus of statistics, in decision making is discussed in Chapter 3. In Chapter 4, the system approach, defined as a formalized problemsolving process, is applied to the design of information systems. A general classification scheme for identifying and defining the operational concepts which specify the boundaries of food and agricultural information is detailed in Chapter 5. Chapters 6 and 7, then, focus specifically on features of statistical and analytical programmes, respectively, while programme implementation guidelines are offered in the final chapter, Chapter 8.

Countries following the guidelines contained in this manual will find that the information base supporting economic development and other policy concerns in food and agriculture will be more relevant and useful, that policy efforts will thus be more successful, and that, as a consequence, government intervention in food and agriculture will be more effective and better understood and appreciated.