

## PREFACE

### *Why this Handbook?*

As the world changes, so should the collection of public statistics that inform governments and citizens about the nature of their lives and their livelihoods. For rural communities and for agriculturalists, the past decades have seen large changes in the structure and significance of farming and in the composition of rural economies. In developed economies, food is less and less a matter of commodities and agriculture is more than just their production. With food sufficiency not an issue for most, consumers have developed strong preferences with respect to food quality and safety. In rural areas, farms are often no longer the mainstay of the economy, and many farm families have income from both the farm business and off-farm employment.

Accordingly, public data collection is under increasing pressure to move away from an almost exclusive focus on commodity production and factor use. But move to what? This Handbook responds to the question, what next for rural and agricultural statistics? It envisages the need for better data and indicators on the environment, rural economies and communities, and, very importantly, the farm household itself.

Changes in the rural and farm sectors are accompanied by growing requirements for comparability in statistics across countries, reflecting the phenomenon of globalization, and for statistics as a measure of accountability in the use of public funds.

For agriculture, world markets matter, and multi-lateral trade liberalization almost certainly will require some degree of farm policy reform in developed – if not developing – countries. International trade agreements already point in the direction of the likely outcome - a requirement that domestic farm support distort world markets as little as possible. In practice, this criterion largely rules out direct market intervention to affect prices or area planted or quantity produced. As a consequence, the impact of policy can no longer be assessed simply by observing supply and demand shifts in commodity markets.

Market interventions are often replaced by direct payments to farm households. The disposition of those payments – as allocated between the farm business and other activities – is conditioned by the household's income and wealth, along with its preferences and demographic characteristics. The outcome is a matter for empirical analysis. Understanding the ultimate market impacts of these direct payments depends on having data on farm households that includes the farm operation and also all other activities. Focus on farm accounts and business is not sufficient.

In some constructions of an eventual agreement in the current Doha Round of trade negotiations, nations would be required to demonstrate that domestic support provided to their farmers does **not** distort world markets, that is, it does not cause them to increase agricultural production such that aggregate supply is affected significantly. Proving a negative proposition is difficult enough, but without data on the full range of a farm household's activities (that defines its choices for use of the direct payments), it really is impossible. Therefore, some degree of comparability across nations in farm household data is probably the precursor to its effective use in analyses that assess the degree to which countries are meeting their international obligations.

Beyond uses in international fora, data on rural and farm households and on rural economies and environments are increasingly sought as measures of the efficacy of public policies. Accountability is more than ever a requirement in governance, in both developed and developing countries. Objective assessment of the well-being of a nation's households is one obviously important indicator of success. The condition of the

natural environment is another. For rural areas, these dimensions of the quality of life are important in sustaining agriculture but also other activities such as tourism. The need to understand the causal linkages between government actions and economic and environmental well-being puts renewed emphasis on the careful selection of indicators and their policy relevance. Quantification is the by-word of accountability.

*Who is the Handbook written for?*

The Handbook is intended for the benefit of various groups concerned with rural development and the evolving nature of the agricultural industry. It aims to be a guide for the providers of statistics, not only those who confront measurement challenges for the first time, but also for those who are building on existing programmes. Statistical offices often have to make choices. The Handbook explains the underlying economic and statistical concepts and principles needed to enable these offices to make their choices in efficient and cost effective ways and to be aware of the implications of their decisions.

It is also intended for those who use the data to perform analyses and to interpret what the statistics mean for personal and national goals. The Handbook will be of special interest to those in the public sector responsible for setting targets and monitoring policies related to:

- the standard of living and well-being of rural households *vis-à-vis* urban and all households; and
- the standard of living and well-being of agricultural households *vis-à-vis* households of other socio-professional categories.

The Handbook is a reference for current **good practice**, drawing upon the collective expertise accumulated in many countries and providing a means of access to this form of social capital. Also, as a living document, it represents a potential repository for findings of new ways to approach measurement of important variables. In this respect, both developed and developing country settings are important.

*Directions and methods of work for compiling the Handbook*

The Inter-secretariat Working Group on Agriculture and Rural Indicators (IWG.AgRI) has as its participating organisations the United Nations Economic Commission for Europe (UNECE), the Organisation for Economic Co-operation and Development (OECD), the Food and Agriculture Organization of the United Nations (FAO), and the Statistical Office of the European Community (Eurostat).

In 2003 the IWG.AgRI agreed to set up a Task Force on Rural Development Statistics and Agriculture Household Income with a membership consisting of experts from the IWG.AgRI, the World Bank, national statistical offices known to be active in these areas, and academia. This initiative was endorsed by the Joint UNECE/Eurostat/FAO/OECD Meeting on Food and Agriculture Statistics that took place in Geneva in July 2003. Subsequently, it was approved by the UN Conference of European Statisticians (CES). The IWG.AgRI Task Force met five times: Washington (October 2003), Rome (October 2003), Paris (November 2003), Verona (July 2004), Wye (April 2005) and Rome (June 2005). The Joint UNECE/Eurostat/FAO/OECD Meeting on Food and Agriculture Statistics, which also took place in Rome in June 2005, endorsed the Handbook and asked the IWG.AgRI to have it disseminated in the autumn 2005. A final meeting of the Task Force took place in Paris in June 2006.

Drafting of the Handbook started in 2003. The electronic version of the Handbook was published as a web-based document in 2005. In 2007 the UNECE prepared a version suitable for printing; this involved a making number of minor changes to improve consistency (in matters of spelling, numbering etc.). These are being carried over to the electronic version. However, the content remains unchanged and represents the

state of statistics on rural development and agriculture household income at they were at the time of compiling the Handbook.

All members of the Task Force participated in their individual capacity as experts without necessarily committing their employers or organizations. The Handbook is published on the responsibility of the secretariats of the participating organizations of IWG.AgRI.

The sponsoring organizations recognize the usefulness of the principles and recommendations contained in the Handbook as good practice for agencies when compiling their statistics on rural development and agriculture household income. Because of practical and resource constraints some of the current recommendations may not be immediately attainable by all statistical offices. However, they should serve as guidelines for agencies as they revise their statistics and improve their programmes.

The Handbook draws upon the experience of many statistical offices throughout the world. The procedures these offices use are not static but continue to evolve and improve in response to several factors. Academic research continually improves and refines the economic and statistical theory underpinning rural indicators and strengthens it. New technology can also affect the methods used to collect rural statistics and transmit them. The present Handbook is therefore intended to be a "*living document*" which will be periodically updated and amended. Hence some of the chapters currently have the character of work-in-progress. This is certainly the case for the chapters dealing with case studies of country experiences. Future editions of the Handbook, incorporating developments and improvements, will be handled by the "Wye" Group (see below).

*Designation of the Task Force as the "Wye" Group*

In 2002, the PennState University (United States), the Economic Research Service of the U.S. Department of Agriculture, and the Department of Agriculture Sciences of the Imperial College London organized a *Workshop on the Farm Household-Firm Unit: Its importance in agriculture and implications for statistics*. This was held at the Wye (Kent, UK) campus of Imperial College. The IWG.AgRI participated actively in the Workshop. The issues raised had previously been recognized in a number of UNECE/Eurostat/FAO/OECD meetings on agriculture statistics as well as in the Second International Conference on Agriculture Statistics (the CAESAR Conference in Rome, 2001) as having a very high priority. All concerned parties agreed on the need to bring knowledge together and produce the present Handbook.

In view of the catalyzing effect that the 2002 Wye Workshop had and the important progress made at the 2005 Task Force meeting in Wye, the Task Force agreed to name the Handbook;

*The Wye Group:*

*Handbook on Rural Households' Livelihood and Well-Being:*

*Statistics on Rural Development and Agriculture Household Income.*

Early in 2007 the UN Statistical Commission accepted a proposal that this be formally established as a 'City Group', designated The Wye Group on Statistics on Rural Development and Agriculture Household Income. In its terms of reference one activity of this group is to determine the need for any changes or updating to the Handbook and, if indicated, to organize and execute revisions.

The designations employed and the presentations of the material in this publication do not imply the expression of any opinion on the part of the secretariats of the participating organizations of the IWG.AgRI concerning the legal status of any country, territory, city or area, or of its authorities, or concerning delimitation of its frontier or boundaries.

