ANNEX 10

FROM AGRICULTURAL TO RURAL STANDARD OF LIVING SURVEYS

In recent years there has been a progressive shift in interest of both of the academic community and policymakers from narrow agricultural support policies to wider rural development policies. This change has prompted a rethink of the data needed to assess the socio-economic impact of the new rural policy programs and to monitor the living standard of the rural population.

(i) The statistical data presently available

The statistical information presently available is not very helpful for assessing the socio-economic impact of these new rural policy programs. Graph 1 depicts the portion of the "rural living standard space" covered by the different kinds of surveys that are currently undertaken.

The traditional *agricultural surveys*, such as the FADN/RICA, usually provide only the information needed to capture the economic impact of farm programs at the holding or at the sector level. In contrast, *farm business household surveys*, for example the ARMS of the USDA (see chapter XIV.1**)** as well as the Italian Ismea survey (see chapter XIV.2**)**, provide the data needed to better understand agricultural household behaviour and to assess their welfare. Accordingly, they can be defined as *agricultural household standard of living surveys.* While these kinds of surveys represent an important advancement in terms of agricultural policy assessment, they are of little help in monitoring and analysing the well-being of the wider rural population. This is particularly true in the industrialized countries, where the agricultural population constitutes only a small subset of the entire rural population.

Household budget surveys and *living conditions surveys*, for example the EU-SILC, collect data on the household income of the whole rural population, including both the agricultural and non-agricultural population. As a consequence, these surveys can be used to monitor the overall standard of living in rural areas.

However, there are some problems with these surveys. A first problem is that the agricultural sub-sample is often too small to be statistically significant (see Annex on UNECE survey). A second problem stems from the kind of information they provide: for example, living conditions surveys do not collect data on consumption. In addition, both living condition and consumption surveys do not usually collect data on farm and non-farm businesses that are run by households. As a consequence, their contribution to setting policy goals and priorities and to the evaluation of policy programmes is insufficient due to lack of some of the information needed to model household behaviour.

The most comprehensive survey presently in use is the one proposed by *the Living Standards Measurement Unit of the World Bank.* This survey collects data on the socio-economic condition of households, the business run by the household and the socio-economic environment within which the household operates.

(ii) The Living Standards Measurement surveys of the World Bank

The long-term experience that the Living Standards Measurement (LSM) Unit of the World Bank has in the design of surveys aimed at measuring the living standards of both the urban and rural population represents a valuable learning opportunity. The objective of the LSM Unit, originally established by the World Bank in 1980, was to develop new methods for monitoring progress in raising levels of living, to

identify the consequences for households of current and proposed government policies, and to improve communications between survey statisticians, analysts, and policymakers in order to explore ways of improving the type and quality of household data collected by government statistical offices in developing countries (Grosh and Glewwe, 1995). Given the economic environment of the less developed countries, the surveys produced by the LSM Unit are especially concerned with the problems of rural communities and are therefore especially important.

To collect data on many dimensions of household well-being, including consumption, income, savings, employment, health, education, fertility, nutrition, housing and migration the LSMS surveys make usually use of three different kinds of questionnaires.

The first of these questionnaires are *household questionnaires*. These collect detailed information on the household members. Because economic welfare is traditionally deduced from consumption data, the measurement of consumption is usually strongly emphasized. A wide range of income information, such as wages or in kind compensation from principal as well as secondary jobs, is also collected. In addition, agriculture and small enterprise modules are designed to yield estimates of net household income from these activities. Data on other sources of miscellaneous income, such as private or public transfers, are also collected.

In order to limit the length of the household questionnaire a second questionnaire, the *community questionnaire,* is used to obtain information on local conditions that are common to all households in the area. Community questionnaires are normally used only in rural areas, where local communities are easier to define than in urban areas. Key community leaders and groups are asked to give information on the location and quality of health facilities and schools, the condition of local infrastructure such as roads, sources of fuel and water, availability of electricity, means of communication and agricultural conditions and practices.

In countries in which prices vary considerably among regions, a *price questionnaire* is used to gather information on the prices that households are faced with in practice.

A fourth type of questionnaire, the *Special Facility Questionnaires* on schools or health facilities, is sometimes used as well.

(iii) A prototypical rural living standard survey

In order to assess the impact of policy programmes on the standards of living of rural households a new kind of survey has to be designed. This survey has to collect detailed information on both agricultural and non-agricultural household enterprises, as well as on the whole socio-economic environment in rural areas.

Figure 1 demonstrates what kind of information is provided by the surveys that are presently available and how each contributes to the overall coverage needed to represent the socioeconomic dimension of rural space. It is easy to see that none of this surveys covers all the information needed: agricultural surveys such as FADN collect much information on the agricultural production process but not enough detailed information on the agricultural household and on other businesses run by households; the ARMS and Ismea surveys gather the information needed to assess the welfare position of agricultural households but none for all the other rural households; urban/rural surveys on living standards (LSMS) and living conditions (SILC) do not usually provide important information about farm and non-farm enterprises run by rural households.

It is clear that some linkage between these different surveys would provide comprehensive coverage of rural socio-economic conditions. In order to assess the overall welfare of rural households, the multitopic structure used by the LSMS can be integrated with modules providing information on:

- consumption of household members;
- time use of household members;
- real and financial wealth of the household;
- intra-household transfers;
- non-farm business run by the household
- environmental impact of the farm.

A prototypical rural living standard questionnaire, obtained by integrating the LSMS modules with those in use in the Ismea and ARMS surveys is presented in the first column of table 1.

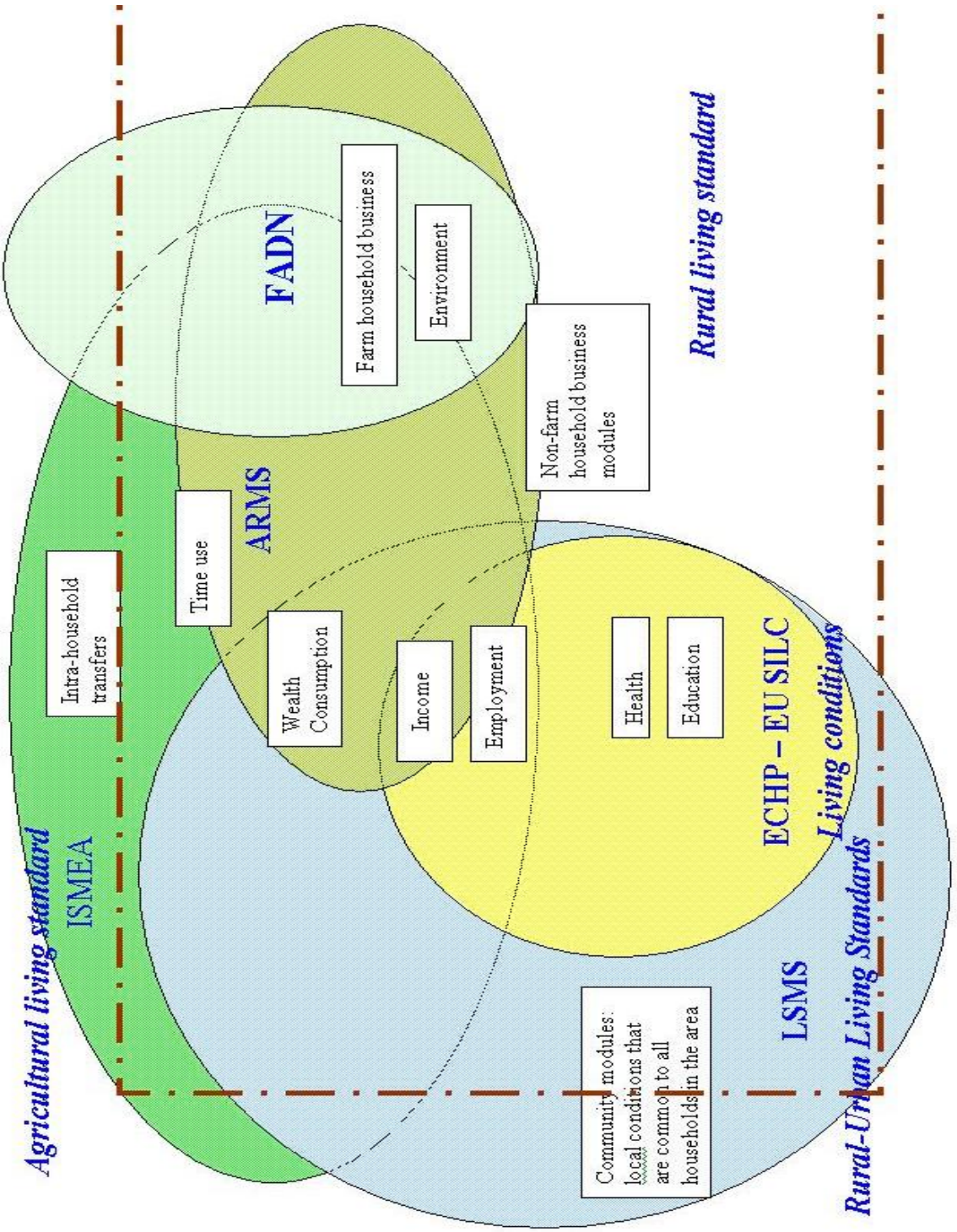
References

Grosh, M. & Glewwe, P. (1996). "A Guide to Living Standards Surveys and Their Data Sets". LSMS Working Paper #120, The World Bank.

Table 1
A prototypical rural living standard questionnaire

	Rural	Rural/urban		Agricultural		
		LSMS	SILC	Ismea	ARMS	Rica/FADN
HOUSEHOLD MODULES						
DEMOGRAFIC DATA	X	X	X	X	X	X
CHARACTERISTICS OF HOUSING	X	X	X	X		
EDUCATION	X	X		X	X	
HEALTH	X	X				
EMPLOYMENT	X	X	X		X	
TIME USE	X	X		X	X	
MIGRATION	X	X				
AGRICULTURAL ACTIVITIES	X	X		X	X	X
NON AGRICULTURAL HOUSEHOLD ENTERPRISE	X	X			X	
EXPENDITURE ON FOOD	X	X		X	X	
EXPENDITURE ON NON-FOOD	X	X		X	X	
FERTILITY	X	X				
OTHER INCOME	X	X	X	X	X	
SAVING AND BORROWING	X	X		X	X	
ANTHROPOMETRIC	X	X				
BEQUEST AND PREFERENCES ABOUT CHILDREN	X			X		
TECHNOLOGY AND ENVIRONMENT	X			X		
INTRA-HOUSEHOLD DECISIONS	X			X		
INTRA-HOUSEHOLD TRANSFERS	X			X		
COMMUNITY MODULES						
DEMOGRAPHIC INFORMATION	X	X				
ECONOMY AND INFRASTRUCTURE	X	X				
EDUCATION	X	X				
HEALTH	X	X				
AGRICULTURE	X	X				
PRICE MODULE						
	X	X				
SERVICES						
access, need, reason for not using, satisfaction, type use	X	X				

Figure 1


Agricultural living standard
ISMEA
Intra-household transfers
Time use
ARMS
FADN
Farm household business
Environment
Non-farm household business modules
Rural living standard
Wealth
Consumption
Income
Employment
Health
Education
ECHP – EU SILC
Living conditions
Community modules: local conditions that are common to all households in the area
LSMS
Rural-Urban Living Standards