

Workshop on
Methodology for the Compilation of
Supply Utilization Accounts and Food Balance Sheets:
Challenges and Proposals for Improvement
13 July 2010
FAO, Rome, Italy

**Comments on Mr. Elward's Paper of
"A Methods Review and A Way Forward"
Prepared for the "Workshop on SUA/FBS"**

Comments on Mr. Elward's Paper of "A Methods Review and A Way Forward Prepared" for the "Expert Group Meeting on SUA/FBS" *

7 July 2010

The following are some preliminary observations on areas that may require more clarification and elaboration in the Paper.

GENERAL COMMENTS

Can food consumption be directly rather than indirectly estimated in FBS?

Most of the recommendations in the Paper except the one on stocks seem to address mainly on the "row issues" but not the "column issues." The fact that among all the elements in the FBS equation, namely production, imports, stocks, exports, feed, seed, food manufacture, waste, other uses, and food, there are simply too few columns with data available and too many columns needed to be estimated. In a matrix, solutions for solving problems along the rows are not necessary helpful in dealing with the issues across the columns.

The Paper does provide some interesting and insightful points on this issue in the sections of "Residual –love em and hate em" and "Food consumption versus food availability:"

- First, in the current FAO FBS, although food consumption is mentioned, it actually provides information on food available for consumption. Food available is always higher and sometimes surprising higher than food consumed due to the waste at various points.
- Second, as a result of no direct measure of actual food consumption, the food available for consumption is calculated residually in FBS. It is assumed that after accounting for all other uses, the remainder must be available for food consumption.
- Third, residuals can be very difficult to work with as they accumulate statistical errors from all the different data sources used by FBS as well as affected by other utilisation. A small revision to one of the components can result in a large change to the residuals.

Where to get a direct measure of food consumption? The Paper refers to household surveys for providing wealth of data to directly measure food consumed and slice and dice the data into various economic and social categories. The Paper however stopped short here because the "household surveys are very expensive (in terms of actual cost and response burden) such that even in countries with advanced statistical programs, they are only conducted occasionally." (p 33).

Further pursuit in this direction would be much welcomed. Here are some additional facts and thoughts for discussion:

- The current state of household surveys: A preliminary survey of the current state of the household surveys among the member countries of FAO shows that among the 171 developing countries (*Note*: The total number of FAO member countries is 192. Among them 21 are counted as the developed countries, which include countries in the North

* This Note is prepared by Xiaoning Gong (ESS) and Valentina Ramaschiello (ESS).

America and Western Europe), 131 of them have already conducted at least one household survey during the period of 1980-2009, accounting for 77% of the developing countries. Put together with the developed countries, more than 80% of the total countries have already conducted at least one household survey during the abovementioned period. Among them, more than 100 countries have already conducted more than one household surveys during this period of time. Thus, it is worthwhile to ask how to make a full use of these household survey data to directly estimate the food consumption column in the FBS.

- A way to incorporate the household survey data into the FBS is to apply the household survey data to build up the structure of the food consumption column by using both quantity and value numbers from the household surveys. While household surveys may not be updated too frequently by every country, one can derive the “Final consumption expenditure on food” from the “Household final consumption expenditure” and “General government final consumption expenditure” in the National Accounts from National Statistical Offices as the control total combined with the consumer/retailed food price statistics to update the food consumption column and then to be balanced and reconciled with other data sources of the FBS.
- One may ask: if the food consumption could be directly estimated from the household survey data, then why do we need the FBS for this purpose? The answer is that as mentioned in the Paper, we may not have frequent and sufficient household surveys from every countries, therefore, we should make a full use of data from various sources, including those currently used by the FBS, as well as the household surveys and National Accounts as described above to supplement to each other and to overcome the deficiencies associated with either of them.

SPECIFIC COMMENTS

To reduce the number of commodities

- The suggested procedure and technique in the Paper for deciding the relevant commodities is “to gather a small group together for a few hours to prioritise, in a simple way, the commodities covered. The group would consist of staff who manage the food statistics program at the FAO and any users in other areas that have an interest. The group would simply take each commodity and identify its priority as one, two, three or not relevant. Some commodities might be amalgamated. The group may be provided with a little analysis that displayed each commodity’s contribution to the total. Suggestions for new commodities would also be given a priority. The group would make a recommendation to management in relation to commodities to be included in a future program.” (p 37)
- To implement the procedure and technique may take more effort than what seem to be a simply procedure and technique if the criterion for prioritizing the commodities is introduced especially if there is a need for multiple criteria. This would also affect the composition of the working group to ensure that the major needs are well reflected. Maybe more thoughts are needed on what those criteria should be.

What about the commodity trees?

- The charts of the commodity trees are introduced in the “Current concepts and methods” section (p 20) and briefly discussed in “Issues associated with current methods” (p 28). The Paper recommended “that the balance sheet statistical program focus on the published data -the only balance sheets maintained would be those published” and that “the impact of incorporating this recommendation would be that the myriad of balance sheets that are maintained at the processed product level and not published would no longer be required” (p 37). From the Paper itself, it is not clear to all readers what the roles these behind the scene commodities currently play for the compilation of the FBS? Accordingly, what role will be played by the commodity trees? Should the commodity trees be updated? If so, what will be the most effective and efficient way to update the commodity trees?

To reduce the number of imputations

- With the observation of the problem in the current system that a large number of imputations, that is, a substantive number of the estimates are, at the very best, “expert opinions” not facts, the Paper recommended that “if there is no real basis for the imputation, then it should not be imputed (certainly not released) and would thereby be recognised as a data gap” (p 39). The question is: how will the “empty cells” affect the attempt of getting a complete picture in order to meet the purpose of FBS as fundamental tool for food availability and undernourishment estimation (p 7)? Would it be more feasible to make effort to find better way of imputation rather than to leave “empty cells” and “data gaps” in FBS?

* * *