RELEVANCE OF STRUCTURED DEMAND MARKETS FOR SMALLHOLDER FARMERS

Experiences from the Procurement Governance for Home Grown School Feeding project
Estimated values of some structured demand markets

- **Primary education - government school feeding**: Estimated value of 10,000,000
- **Strategic Food Reserves - national**: Estimated value of 260,000
- **Strategic Food Reserves - local**: Estimated value of 54,000

**Kenya**: 103 M US$

**Ghana**: 55 M US$

**Mali**: 50 M US$
Relative market size of different public institutions in 6 counties in Kenya. (Extrapolation to national level: US$ 112 + million)
Structured Demand: large-scale predictable demand generated through public or non-profit food procurement

Reduce rural poverty and incentivize behaviour related to rural development:

1. Business development of farmer organizations
2. Investment in production technology
3. New crops or varieties
4. Opportunity for new rural businesses and off-farm job creations
5. Local private sector (traders, agrodealers, banks) see smallholder farmer as economic actor
6. Public procurement makes agricultural trade more transparent
7. New market dynamics in rural communities
Three conditions to make structured demand markets effective boosters of rural development and poverty reduction

1. Procurement process must facilitate at least equal opportunities for smallholder farmers
2. Smallholder farmers need to organize themselves in business-like organizations
3. Enabling environment needs to empower smallholder farmers, their organizations and other rural enterprises
The SD market is US$ 275 + million in Kenya, Ghana and Mali. By inducing changes on the buyers’ and sellers’ side, smallholder farmers can benefit from this economic opportunity.