What is structured demand?

• Structured demand in a nutshell
  Structured demand connects large, predictable sources of demand for agricultural products to small farmers, which reduces risk and encourages improved quality, leading to improved systems, increased income, and reduced poverty.

Source: Bill & Melinda Gates Foundation  2011
Sources of structured demand

• The foundation’s vision is primarily focused on national programs for social good
  • School feeding programs
  • Maternal and newborn health programs
  • Nutritional support for HIV/AIDS and TB patients, and food programs targeting orphans and other vulnerable children

• Others, like the World Food Programme (WFP), target these and other programs for social good
  • Food-for-work programs
  • Food for refugee camps

• There are also large markets beyond social good programs
  • Export to other markets, particularly in the Middle East
  • Provision to cafeterias, hospitals, and jails
  • Military rations

Source: Bill & Melinda Gates Foundation 2011
The transformational possibilities

- An effective structured demand program must operate at scale and be predictable to generate job creation and private sector growth

Source: Bill & Melinda Gates Foundation 2011
Transportation is a key aspect of structured demand. It is a complex challenge that is not currently a priority of the foundation’s strategy.

**Structured Demand**

- **Agriculture**
  - Market information
  - Business acumen
  - Access to ag. inputs
  - Gender equity
  - On-farm storage testing and handling

- **Markets**
  - Quality control and testing
  - Pricing and accounts
  - Weights and measures
  - Food safety

- **Local and national government**
  - Policies and regulations
  - Quality standards
  - Extension
  - Infrastructure
  - Taxes and credits

- **Private sector**
  - Ag finance
  - Provision of ag inputs
  - Job and profit creation

- **Food processing and storage**
  - Micronutrient fortification
  - Preparation for local tastes
  - Preservation
  - Storage facilities
  - Food safety and handling

- **Large-scale predictable demand**
  - Schools
  - Hospitals
  - Jails
  - Military
  - Planned aggregate demand (e.g., Gulf States)

**Transportation**

Transportation is a key aspect of structured demand. It is a complex challenge that is not currently a priority of the foundation’s strategy.

Source: Bill & Melinda Gates Foundation 2011
Theory of change

Structured Demand Interventions
ACCESS: Interventions target increased sales for smallholder farmers by incentivizing large scale, predictable buyers to use smallholder-friendly procurement (Example: P4P)
INCENTIVES: Interventions target policy change to open existing and future markets to smallholder farmers, either through government purchase or private sector (Example: Home Grown School Feeding)

Immediate Effects
FARMERS:
• Can increasingly afford inputs
• Have incentives to pursue knowledge and adopt improved practices
• Have reason to participate in farmers organizations and market as a group
ALONG THE VALUE CHAIN:
• Financial institutions have increased incentives to lend in agriculture
• Private sector sees greater opportunity for profits from smallholder farmers

Secondary Effects
• Farmers can supply expanding & new markets
• Farmers understand quality, safety, weights, & measures
• Tools and services align around successful groups
• Rural jobs and profits are created to support Ag growth
• SME development in processing, transport, and other sectors emerges
• Governments adopt more smallholder supportive policies
• Demand for improved technologies (including seeds) grows and becomes institutionalized in private or public sector

Change at Scale
Innovations are taken up by public and private actors and are scaled in non-intervention areas

Source: Bill & Melinda Gates Foundation 2011
Opportunities and challenges

<table>
<thead>
<tr>
<th>Opportunity</th>
<th>Challenge</th>
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<tbody>
<tr>
<td>Increase market engagement for millions of small farmers</td>
<td>Ability of small farmers to reliably produce required quantity and quality of food</td>
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<td>Create jobs and profits in rural areas</td>
<td>Availability of financing</td>
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<td>Reduce risk for farmers</td>
<td>Access to storage, warehousing, and transportation</td>
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<td>Create synergies with other investments</td>
<td>Improve the effectiveness/sustainability of national school feeding programs</td>
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<tr>
<td>Strengthen farmer organizations and empower women farmers</td>
<td>Potential for waste, fraud, and abuse</td>
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<tr>
<td>Introduce consistent quality standards and improve food safety</td>
<td>Limited evidence on policy and regulatory issues</td>
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<tr>
<td>Reduce macroeconomic risks by strengthening social safety net programs</td>
<td>Lack of data on the agricultural benefits of structured demand</td>
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Source: Bill & Melinda Gates Foundation 2011