Title: Connecting local markets to household food security: evidence from Zambia

There is widespread agreement that local market access sustainably improves household food security. Until now, most research has focused on market access for agricultural inputs or production sales in rural areas. Although some recent work begins to consider market access for consumers in urban areas, very little work considers that most smallholder farmers are also food consumers and may depend on local markets for food consumption. Markets, particularly in rural areas, are heterogeneous—they vary in size, product offerings, location, and accessibility. This paper addresses some of these heterogeneities to determine in what way local market characteristics promote household dietary diversity.

We use a panel of primary data collected monthly from 51 village and rural roadside markets across 6 provinces in Zambia and quarterly data collected from households living within a 10km radius of the 51 markets to estimate the effect of product availability on household dietary diversity. Because variation in product availability is most likely correlated with seasonality and time invariant market characteristics we use a market specific and season fixed effect to capture an unbiased estimate. We find that an increase in product availability within local village and rural roadside markets leads to a significant increase in surrounding households’ dietary diversity. We also find that rural subsistence farming households purchase more than one-third of the food groups consumed within a seven-day period from local village and rural roadside markets throughout the year and this percentage increases to more than half of the food groups consumed during the lean season.

To our knowledge this is one of the first papers to empirically evaluate the effects of local market characteristics on surrounding household food security. While our results confirm the importance of market access, they also emphasize that rural market characteristics are an important determinant of dietary diversity within the households of smallholder farmers, particularly during the lean season. Thus, understanding the dynamics of these markets is essential.