

## Summary

### 1. Innovative idea to be carried out?

The project departs from the idea that the strength and stability of a local economy depends first and foremost on the appreciation and use of local resources (including labour, skills, raw materials) to produce products for the local market. Once local capacities have been developed and competitiveness has increased, external markets can be explored.

The project aims to develop and test tools to make actors in Yoro region (Northern Honduras) aware of the economic consequences of their investment and purchasing behaviour. It is assumed that agents usually suffer from myopia concerning the perception of their own role and decisions' impact on the local economy, basing their decision-making process on a reduced vision of the economy (not considering all the relations between the different actors and markets).

The idea of making a campaign for promoting the local production and commerce occurred during the visits made to Yoro (in the preparation phase of Gota Verde Biofuel project in the same region), where meetings and informal contacts with local people (farmers, business owners, students, service providers), community leaders and different organizations in the region (Credit Union Agency, NGOs, local media, schools) took place.

### 2. Insights and results given regarding innovation

In the course of those conversations, and considering their own role in the “big picture” of the local economy, many actors proposed various action strategies to promote the local economic development in Yoro. The innovation project is an effort to structure these ideas into a coherent and coordinated development effort.

The methodology of this project is divided in two stages:

- Analysis of the local economic development based on the integrated behavioural study of the local economic agents in the local economic space, elaborated by the same agents themselves with STRO's technical assistance.
- Translation of the insights and knowledge produced during the first phase into concrete action and incorporation of new capacities in agents' behaviour and decision-making process. A specific capacity building path will be designed for each of the involved institutions (depending on the capacities and knowledge developed by each agent in the first phase).

Considering the above explained, this is an innovative project for:

- the “buy local” approach, that is still an unexplored strategy in development cooperation, In this sense it complements more conventional export oriented development strategies that are very case

specific and therefore difficult to replicate. The successful tools developed in this “Buy local” approach can and will be applied in most of STRO's projects;

- the participative method used to change agents' economic behaviour and decision-making process through the incorporation of a more “expanded and complex” vision of their own impact and influence in the local economy.

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The project will make use of the network and opportunities offered by an existing technology transfer program (Gota Verde). This program introduces appropriate technologies (small-scale biofuel production, ecohousing, renewable energy initiatives) that use local inputs to produce for the local market. The program is executed by two local NGOs (FHIA and FUNDER) under supervision of STRO. Office facilities between the project and the existing program will be shared, thus reducing costs.

Main partner in the innovation project is the local Credit Union (COOPACYL). COOPACYL is without doubt a central actor in the economic development of the Yoro region, with presence in 7 (of 11) municipalities, 12.000 members and 6 local branches, and has a diversified credit portfolio composed by individuals and institutions from all the sectors of the local economy (commerce, agriculture, services and industry).

The capacity of COOPACYL will increase in the following ways:

- Strengthening of its role and profile as a key player in the Local Economic Development of the Yoro region
- Expansion of its credit portfolio at 0% financial cost (no need to attract savings)
- More demand for loans and higher repayment rates as a result of the increased economic activity in Yoro.

STRO will present the results of the project both within and outside PSO. Target group for this dissemination are organizations that promote Local Economic Development, cooperative development or small and medium enterprise development in regions of up to 300.000 inhabitants. Microcredit (support) organisations will find many useful elements in the Local Currency method that permit to expand loan capital at 0% financial cost and the free (open-source) software that allows the use of modern payment methods that are generally out of reach of microcredit organisations and credit unions.