

Spark Economics: Turning Local Potential into Lasting Prosperity

Executive Summary

Spark Economics is an economic model designed to accelerate growth in rural communities. Led by [The Open Platform](#) think tank in Geneva, Switzerland, the model posits that the most effective way to foster development is by providing technology to small enterprises. By doing so, rural communities can achieve higher income, increased productivity, and higher creation of lasting jobs than through any other form of economic development.

The Challenges Addressed by Spark Economics

Traditional economic development often fails to reach the heart of rural poverty. The Spark Economics model identifies and addresses several critical gaps in current strategies:

- **The Lack of Steady Income:** Drawing on the research of Nobel laureate **Esther Duflo**, it is understood that the primary barrier for those in poverty is the absence of a **steady, predictable income**¹. Esther Duflo identified that most people in poverty do not want to be "entrepreneurs" by choice; they do so out of necessity. They argue that what the poor truly desire are steady, "well-paying, middle-class jobs" because they provide the stability needed to plan for the future². Duflo argues that the real engine of job creation is the **"Missing Middle"**, which are medium-sized firms that have 10 to 50 employees. The medium-sized firm, which is large enough to be efficient but small enough to be agile, struggles to get financing. Without these firms, there are no "good jobs" for poor people to transition into.
- **The Limitations of Microfinance:** While microfinance assists individual entrepreneurs, it is often limited to a small portion of the population. These micro-enterprises rarely create jobs beyond the direct beneficiary or their family, often leaving the wider community without the wage-paying jobs they actually need³.
- **Emergency vs. Sustainable Growth:** Many development models focus on immediate needs like food and medical aid. While essential, these interventions do not create **lasting economic activity** or the permanent jobs required for a community to become self-sufficient.
- **Rural Stagnation and Migration:** Economic activity is frequently concentrated in urban centers. This leaves rural areas with a total **lack of job availability**, driving mass migration to major cities and foreign countries in search of opportunity⁴.

¹ Esther Duflo & Abhijit Banerjee: *Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty*. [Link to Book](#).

² Esther Duflo & Abhijit Banerjee: *Poor Economics: Barefoot Hedge-fund Managers, DIY Doctors and the Surprising Truth about Life on less than \$1 a Day*. [Link to Book](#)

³ Milford Bateman: *Why Microfinance Doesn't Work: The Destructive Rise of Local Neoliberalism*. [Link to Book Overview](#)

⁴ World Bank: *World Development Report 2008: Agriculture for Development* (On Rural Stagnation). [Link to Report](#)

The Spark Economics Solution: Technology as a Catalyst

The Spark Economics model addresses these challenges by transforming existing small enterprises in rural areas into **industrialized, high-output medium sized enterprises**.

- **Productivity and Quality:** By introducing modern technology and machinery, small enterprises can increase their output and improve the quality of their products, allowing them to compete in broader markets.
- **Job Creation:** Increased productivity naturally leads to the need for more workers, creating the **steady, local jobs** that anchor families in their home communities and reduce the pressure to migrate.
- **Decentralized Development:** The model seeks to emulate successful structures like the **German industrial model**, where high development and competition are spread across many cities and rural regions, ensuring the entire country thrives⁵.

Analogy for Understanding: Traditional aid is like **giving a community a fish**, which solves hunger for a day. Microfinance is like **giving one person a fishing rod**; they may eat, but they cannot feed the village. **Spark Economics is like building a local fish-processing plant and providing the modern machinery to run it.** This does not just feed the community; it creates stable jobs, produces high-value goods for export, and turns the local economy into a self-sustaining engine of prosperity.

Implementation and the Path Forward

The Open Platform think tank is putting the Spark Economics model into practice through a project in **Talanga, Honduras**, in partnership with [Vamos Honduras NGO](#) and Pathways To New Futures NGO. This initiative is specifically designed to **donate machines to small enterprises and track economic results like income, job creation, and production output**. Through the rigorous tracking of these results, they will validate the model's impact and provide a **blueprint for NGOs and governments around the world** to apply this economic model to their own strategies and initiatives.

For more information, visit <https://theopenplatform.org/sparkeconomics>

⁵ **The German Mittelstand:** *Hidden Champions of the Twenty-First Century* by Hermann Simon. [Link to Concept Overview](#)