

# **“Give It Your All”**

## **The Fair Trade Zone: Becoming the world’s first worker-owned free trade zone**



**By Becca Mohally Renk**

**The Fair Trade Zone  
Jubilee House Community-Center for Development in Central America**

**Made possible through funding by:  
The Program to Promote Equality Through Economic Growth  
(PEMCE-DFID-UNOPS)**

**Fair Trade Zone**  
**Zona de Comercio Justo**  
www.fairtradezone.jhc-cdca.org  
FairTradeZone@jhc-cdca.org  
505-884-4393  
Km. 11 Carretera Nueva a León  
1.6 Km. Abajo  
Ciudad Sandino, Managua  
Nicaragua

**Jubilee House Community, Inc.**  
**Center for Development in Central America**  
www.jhc-cdca.org  
jhc@jhc-cdca.org  
505-269-7073  
Km. 11 Carretera Nueva a León  
1.6 Km. Abajo  
Ciudad Sandino, Managua  
Nicaragua

©2005 Becca Mohally Renk

## **Table of Contents**

**Chapter 1: Introduction .....p.5**

**Chapter 2: Project Background .....p.9**

- A. NGO Background
- B. Cooperative Background
  - 1) Hurricane Mitch
  - 2) Building the Cooperative
  - 3) Learning to Sew
  - 4) Ups and Downs
  - 5) Steady Work
  - 6) The Fair Trade Zone

**Chapter 3: An Analysis of the Efficacy of Cooperatives .....p.19**

- A. What is a worker-owned cooperative?
- B. What is an ESOP?
- C. Profits and Growth
- D. Productivity
- E. Company Stability and Longevity
- F. Job Creation and Retention
- G. Employee Salaries and Benefits
- H. Keys to Success
  - 1) Employee Involvement in Decision-Making and Participatory Democracy
  - 2) Internal Relations
  - 3) Monitoring the System and Creative Problem-Solving
  - 4) Social Commitments
  - 5) Access to Capital

**Chapter 4: Forming a Cooperative .....p.33**

- A. Organization
  - 1) The Importance of Markets
  - 2) Evaluating Membership
  - 3) Buy-In or Sweat Equity
  - 4) Formalizing Ideas
- B. Creating a Constitution and Bylaws that Work for You
  - 1) Membership
  - 2) Rights and Responsibilities
  - 3) Buy-In
  - 4) Continuing Education
  - 5) Relationship with Other Co-ops and Local Community
  - 6) Committees
  - 7) Dissolution
- C. Formalities: Legalization

- D. The Importance of Education
  - 1) Cooperativism
  - 2) Business Management
  - 3) Technical Training
  - 4) Continuing Education

**Chapter 5: Forming a Free Trade Zone..... p.47**

- A. Why a free trade zone?
  - 1) What is a free trade zone exactly?
  - 2) Why set up a worker-owned free trade zone?
- B. Steps to certification
- C. Notes on administering a free trade zone

**Chapter 6: The Different Players Involved and Their Roles ..... p.55**

- A. The Worker-Owners
- B. The NGO
- C. The Government

**Chapter 7: Results..... p.63**

- A. Past Mistakes
- B. Current Weaknesses
- C. Personal Growth
- D. Comparison between a conventional free trade zone worker and a worker-owner at the Fair Trade Zone
- E. Conclusion
  - 1) The Future
- 2) Advice to Others