

# **Towards a model framework for a local level collective bargaining system for street traders**

**COUNTRY: Nicaragua**

**ORGANISATION: CTCP-FNT**

CTCP (*Confederación de Trabajadores por Cuenta Propia*) affiliated to FNT<sup>1</sup> (*Frente Nacional de los Trabajadores*) has 58 186 members in 156 unions and 8 federations, with a Women's Committee and a Youth Committee. 65% of their members are between the ages of 16 and 36 years old. There is a high level of poverty in Nicaragua – but social and economic inequality has decreased in recent years, and life expectancy has increased to 74.5 years. Nicaragua has a population of approx.6.5m people, of whom there are about 2m own-account workers. 80% of food is produced locally by *cuentapropistas* (own-account workers). Despite their central importance in the economy, from 1990 – 2007 own-account workers were excluded from public policies.

CTCP developed from an association of traffic-light vendors into a confederation of federations and unions of different sectors of own-account workers. Established in 2005, CTCP “brings together people who work in the streets selling all kinds of cheap goods and services. They produce food such as tortillas, soft drinks and traditional sweets. Some are the owners of small and micro-businesses, while others have workshops for mechanics, carpentry and tyre repairs. Others work as *cambistas* (money-changers), artisans, tailors, seamstresses, barbers, grocers, porters with handcarts, litter pickers and hawkers, taxi drivers, rickshaw tricyclists, lottery sellers and mobile phone sellers. Some work in people's homes as plumbers, labourers or electricians; others are professional people and craft workers.”<sup>2</sup>

At the time of writing this report, 50% of CTCP's membership is estimated to be in Managua. The other 50% is in the following regions : Matagalpa, Jinotega, Chinandega, Boaco, Carazo, Chontales, Condega, Esteli, Granada, León, Masaya, Matriz, Nueva Segovia, Río San Juan, Rivas (bordering Costa Rica). The region where CTCP has not yet managed to organise members are Bluefields and the Coastal Caribbean (Zelaya region) – the distance to these areas from Managua requires substantial resources to travel to organise. In the frontier region of Rivas, there is a *Programa de Integración Fronteriza* for construction of indigenous markets (*tianques*) with provision of capacitation, technical assistance and credit for cross-border own-account workers.

---

<sup>1</sup> <http://www.fnt.org.ni>

<sup>2</sup> <http://www.nscag.org/trade-unions/>

CTCP has a strategic workplan for 2015 – 2020. The organisation's development objective is to reduce the factors which prevent people from coming out of their precarious situation.

Distributed as follows:

88 people work in the Directorate General of Customs.

10 people work at the Directorate General of Immigration.

2 people to the Nicaraguan Institute of Tourism (INTUR).

36 people, according to age, receive a pension gratuity from the government, being retired.

498 people will be placed in the *tiangué* (market) at a cost of \$3.5 million.

This is possible because the government has placed people at the center of development, because poverty reduction is their main objective and in this regard own-account workers are a priority.

Specific objectives are :

- Involvement of the sector in the plans, programmes and projects which promote the Christian, Socialist and Solidarity government of Nicaragua ;
- Socio-economic development to stabilise the lives of own-account workers, in accordance with the Human Development Plan presented by the Government of Reconciliation and National Unity to the nation.

For the protection of their members, CTCP relies primarily on Government decree of 1 June 2009 (*see Annexure 1*) prohibiting the eviction of street vendors and informal traders from their places of work. The decree reminds local government (municipalities) of their task of facilitating all forms of work which provide food security and the dignity of a fixed income, without creating legal obstacles or modernisation processes which continue to replicate the extreme poverty created by neo-liberalism in Nicaragua.

The Nicaraguan government has established a model of Dialogue, Negotiation and Consensus, to achieve tripartite agreements between the State, private enterprise and workers, which has resulted in macroeconomic stability and governance to the country. Further, when there is an impact by a development project on the own-account workers thereby affected, inter-institutional commissions are activated, such as: National Commission for Customs Integration, National Transportation Commission, National Commission for Education, National Commission for Youth Employment, Commission on National Minimum Wage, among others.

The CTCP has the capacity to convene meetings due to the high degree of incidence, participation and proposal that has been achieved. This has resulted in the government recognizing the own-account sector for the following:

1. They generate 75% of the jobs.
2. They contribute 54% of the Gross Domestic Product (GDP).
3. They re-distribute the economic surplus more equally.
4. They are the majority of workers producing wealth in the country.

## **Political context**

FNT, to which CTCP is affiliated, was established on 28 April 1990. From 1997 – 2000 FNT entered into a new phase in its relationship with the ruling FSLN (*Frente Sandinista de Liberación Nacional*) of an alliance with mutual recognition. In 1999 a Single Platform was launched by FSLN and FNT, and a joint Municipal Strategy was designed.

The approach of CTCP is based on its analysis of the political macro-economy within which it operates as a representative organisation of own-account workers – documented in the First Self-Employed Workers' Manifesto of the CTCP-FNT authored by Dr. Orlando Núñez Soto.<sup>3</sup> In the section of this Manifesto entitled “The construction and consolidation of a social economy: programme, strategy and tasks”<sup>4</sup> describes “the birth of what today has become a self-employed proletariat which now seeks a place in antiestablishment theory and practice, rather than merely being counted as poor or as an electoral mass when an election year comes around”<sup>5</sup> and the importance of organising them into “a social movement which aims to improve the correlation of forces in their country of residence, struggling to improve their standard of living, not only in terms of their own income, but also by gaining access to national surpluses – specifically to the nation's budget, as they are the group that proportionally pays the highest taxes. This is so because in their countries indirect taxes are far higher than direct ones, a burden which must be carried by the vast majority of the population, among them the self-employed proletariat. But most important, as mentioned, is to advance toward the individual and associative control of production, transport, local and international trade, distribution and consumption.”<sup>6</sup> Own-account workers were mobilised to join CTCP as part of this strategy, which is consciously differentiated from the way in which CTCP perceives mainstream development strategies which objectify the poor as being in need of social aid instead of recognising them as impoverished “worker-producers” capable of being the agents of social transformation.

To a large extent, CTCP have been successful in moving to the next level, i.e. “Once organized by trade association it is necessary to rise to the political level in order to become a large social and national movement, and to exert pressure on public institutions and State social and economic policies”<sup>7</sup> as they have succeeded not only in substantially influencing government policies in relation

---

<sup>3</sup> Soto, Dr.O.N. “The Solidary Social Economy in Proleterianised Nations and the Role of the Self-Employed Proletariat in the Transformation of the System” 4<sup>th</sup> ed, CTCP, Managua, 2011

<sup>4</sup> Ibid p.36

<sup>5</sup> Ibid p.37

<sup>6</sup> Ibid pp.38/39

<sup>7</sup> Ibid p.39

to own-account workers, but also in calling in the commitment of the FSLN to the restitution of rights to those who have been impoverished by neo-liberal economic policies.

### **Interview with Eric Canale, Mayor (*Delegado*) District 3, Managua**

The purpose of the interview was to understand what kind of relationship CTCP has with local government. There are 7 Districts of Managua – each with a Mayor (*Delegado*) appointed by the Party in control of the municipality. Not all the municipalities are *Sandinista*-controlled, but they are all governed by a National Development Plan coordinated at municipal level, financed by means of national transfers to local government, as a key part of nation-building. Communication and social dialogue is central to the approach, and both CTCP and Mayor felt that it is working well in Nicaragua as a result of a consistent high level of political will to respect the rights of own-account workers.

The Mayor of District 3 has been working with CTCP for 5 years in Central Managua and UCA (*Universidad CentroAmericana*) area, collaborating on the orderly management of space in the abovementioned framework. District 3 is part of the Municipality of Managua, the Mayor has the political authority to direct the work of municipal officials assigned to that district.

Currently, stationary vendors in fixed workplaces pay taxes to the municipality, mobile vendors are exempt from paying direct taxes, but all pay indirect taxes. The strategy that has been followed is to restore rights, to dignify work and that has meant providing them with fixed workplaces. Because of the 2009 decree, there is no question of simply evicting them. The Municipality relies on their credibility with CTCP. The main problems for the municipality arise when they have to deal with informal traders who are not members of CTCP (the most representative, and only known, organisation of informal traders). They have to continue to negotiate and dialogue to find mutually acceptable solutions, even though the negotiations are unstructured (i.e. there were no Terms of Reference or signed agreements at the time of writing this report).

Responsibility for building kiosks for vendors is shared, and there is a tripartite arrangement also including the private sector who own the malls. There is a national commission for regulation of the transport sector, and CTCP participates directly in this commission.

There is also an ongoing discussion with the Finance Ministry about undertaking the task of institutionalising own-account workers as a sector of the economy. Through the Central Bank, statistics have been collected about the contribution of own-account workers to the economy. In 2015 their contribution was found to be 49.5%.

**Observations** – Speaking to members of CTCP, I could not discern any evidence of the tensions, contradictions and dislocations between the national

and local levels of government that so commonly prevent smooth management of street trading in other countries. I had to ask myself whether this can be attributed to a genuinely higher level of political will, as claimed by CTCP and the Mayor of District 3 of Managua – and if so what would make Nicaragua so different from other countries in this respect.

Certainly this has been possible thanks to the political will to develop and eliminate poverty in Nicaragua, through the model of dialogue, negotiation and consensus, where all political, economic and social actors involved, participate and act in the interest of development of the nation.

Could a higher level of genuine political will in practice be attributed to Nicaragua being a “home-grown” socialist country, eschewing neo-liberalism and consciously evolving and practising a bottom-up form of democratic socialism? The difference between traditional socialism and the current-day *Sandinista* socialism is explained in the CTCP Manifesto as “the goal is not that all means of production become property of the State, as happened in the State socialism of the past century, as these too would have to be expropriated. It is desirable that strategic companies be public, at national or municipal level, and furthermore be under some degree of democratic control of society as a whole. The point is to move forward in order to progressively incarnate the old idea that power should rest in the councils, from the economic, political and cultural points of view: councils of workers, women, soldiers and small farmers, employees in any of the services, consumer groups and other like-minded associations among the population at large. No one is excluded from setting up the organisation he/she wishes to in order to advocate for collective and common interests for themselves and the remainder of society.”<sup>8</sup>

### **Meeting with FNT (*Frente Nacional de Trabajo*)**

This meeting was with the FNT Secretary General Dr Gustavo Porras, National Executive Secretary Lic Jose Angel Bermudez, Jose Antonio Zepeda and Maritza Espinales. We discussed the motivation for Government of Reconciliation & National Unity to call the country a “Christian Socialist Solidarity” Nicaragua. It is understood why it calls itself socialist – promoting new forms of production and distribution, and the restitution of rights. The Christian terminology is not intended to mean a religious preference, but human values. The National Development Plan is centred around humanity and human beings – and the concept of dialogue has been key to creating the political and economic stability which currently exists in Nicaragua. There have been successes in health through an approach of community health, and there is public free education up to tertiary level. An approach of equal opportunity and women’s empowerment has been introduced in each social

---

<sup>8</sup> Soto, Dr.O.N. “The Solidary Social Economy in Proleterianised Nations and the Role of the Self-Employed Proletariat in the Transformation of the System” 4<sup>th</sup> ed, CTCP, Managua, 2011, p.39

and economic sector. The revolution is being consolidated by wide-spread practice of decision-making at popular level. FSLN learnt a lesson after losing elections in the 1970s – and had to become more intelligent in recognising what the people want.

This is what led to own-account workers to be taken into account – because of poverty which had to be addressed, and the fact that their rights have to be recognised. Notwithstanding the fact that Nicaragua is a socialist country, they have to live in the reality of the global economy. Investors need stability, space to operate, and certainly about the situation they invest in. The Nicaraguan government has been increasing social security by 8% per year. The State cannot provide employment, but has to facilitate a conducive environment for people to be able to work. The Nicaraguan government has recognised the importance of family work in Nicaragua, and established a Ministry of Family Economy & Cooperatives (in addition to the Ministry of Public Finances and the Ministry of Commerce & Industry). This Ministry was formed by consolidating two previous bodies (IMPIME institute of SMEs and the Ministry of Rural Development) into one new Ministry.

The CTCP developed after the initial establishment of the FNT, not by design but out of necessity. National police, who were *Sandinistas*, had to make peace with the *vendedores semoforos* (traffic-light vendors) and recognise their situation from a basic foundation of humanity. This is where it started. Since 60% of the workforce consists of own-account workers, it became clear that they had to be organised as workers. The aim of the National Development Plan is to end poverty by 2030. Self-reliance and improvement in the livelihoods of own-account workers is clearly integral to achieving this.

I detected a serious development of mainstream women's leadership that has occurred in CTCP since my first visits to Nicaragua in 2009 and 2012. CTCP now has key women leaders (not confined to the Women's Committee only) e.g. Deputy General Secretary, and President of the Youth Committee, are women.

For FNT and CTCP, beyond the “Christian, Socialist, Solidarity” Nicaragua, the practice of the principle of **associativity** is the key to encouraging people to work together. For an economy of small producers in the middle of an open economy to be able to compete in the open economy, they have to be able to produce a better quality than they could do individually. Hence their focus on the Social Solidarity Economy, as developed in the “Self-Employed Workers’ Manifesto of the CTCP-FNT” mentioned earlier.

### **Other alliances and working relationships**

CTCP has sought collaborating partners who share their vision of transforming the system, rather than project-based collaborations limited to selected groups of beneficiaries, which is often promoted by development partners.

At international level, this was what led to CTCP seeking affiliation with StreetNet International – as a space for developing international solidarity with own-account workers world-wide. At regional level, CTCP took on the role of coordinating the Red SEICAP (*Red de Sindicatos de la Economía Informal de Centroamérica y Panamá*) of workers of the Social Solidarity Economy of America.

Internationally, CTCP is affiliated to WFTU (World Federation of Trade Unions) while FNT is affiliated to ITUC (International Trade Union Confederation).

### **Strategy of work with waste pickers**

One of the CTCP's unions is the *Chureca* union. Chureca is the name of the famous large dumpsite in Managua, with a community of *churequeros* (waste pickers) who live and work there. It has been a challenge for CTCP to build the principle of associativity in this union.

In 2012, a Latin American *Recicladores'* Conference was held in Managua, organised by Foundation AVINA and WIEGO, together with the REDNICA Nicaraguan waste pickers' network (to which CTCP's *Chureca* union also belonged). CTCP participated in this conference as well as the *Chureca* union.

However, CTCP has not succeeded in developing a satisfactory working relationship with REDNICA, which they put down to not sharing a common approach on development through associativity and building and sustaining strong workers' organisations of waste pickers. According to CTCP, REDNICA has conducted itself more like a network of enterprises, focussing on corporate sponsorships for sustainability, treating CTCP more like a competitor for resources than a potential solidarity ally or working partner.

CTCP started with the municipality of Managua to explore alternatives to the practice of compacting recyclable materials and selling them for export, as supported by REDNICA and AVINA in Nicaragua. Alternative approaches explored were to split waste materials into organic waste for compostation, and other solutions for the transformation of non-organic waste. They recognise that more technology is needed to take this approach further, and in this regard they recognise the work done by AVINA in Brazil and Colombia, where there are stronger waste pickers' movements to work with than in Nicaragua.

CTCP has therefore sought out partners with whom they could identify a common agenda to work on. In partnership with Africa 70<sup>9</sup>, an Italian organisation which forms part of URB-AL<sup>10</sup> Europe Aid processes of

---

<sup>9</sup> <http://www.africa70.org/>

<sup>10</sup> <http://www.urbanauapp.org/wp-content/uploads/regina.pdf>



international cooperation for the implementation of local participatory democracy, CTCP has established a relationship whereby Africa 70 is able to fulfil the role of “*socio-tecnico*” needed to develop collective processes in Nicaragua working with members of CTCP-FNT. They are also interested in working for inclusive cities, and to this end are working with architects about sustainable architecture and the use of alternative building materials, and how to design spaces in new ways and with design of alternative materials, in discussions towards HABITAT III. They also work with Cities Alliance.

### **Inauguration of ecological kiosks on 11<sup>th</sup> April 2016**



**New kiosks waiting to be inaugurated and opened**

This was a result of the work that CTCP has been developing with Africa 70. Kiosks manufactured from waste timber off-cuts had been constructed at a transport node with pedestrian footbridge near both the UCA (*Universidad CentroAmerica*) campus and the CTCP office.





The inauguration was organised by CTCP in collaboration with the Department of Tourism (INTUR – *Instituto de Turismo*) who had conducted skills training workshops on “*manipulación de alimentos*” for street food vendors and presented certificates, aprons and caps to those who had completed the training – and also attended by Africa 70 head Maurizio Lionelli, myself representing StreetNet International, and leadership of the different unions and federations of CTCP. Then the keys for the kiosks were presented to the vendors to whom they had been allocated. I was informed that the criteria for allocation of kiosks were membership of CTCP, own-account workers in the

retail sector who had displayed most sustained commitment to developing the organisation's vision and participation in the organisation's activities.



CTCP Deputy GS Flor de Maria Avellan with a new kiosk owner



President of CTCP Youth, Veronica Auxiliadora Lopez Silva, preparing for inauguration

### **Interviews with Africa 70**

I had the opportunity to interview Maurizio Lionelli and Francesco Marola of Africa 70, who have been working directly with CTCP on this project in Nicaragua. Africa 70 was formed in Italy in the 1970s as a political organisation to support North African liberation movements. Hence their work in Africa is mainly in Western Sahara, Mauritania, Niger, Morocco, and they work with social movements such as Sarahwi.

Asked about their links with the Italian trade union movement, Maurizio Lionelli said that they have some links with CGIL in Tuscany, and with the youth movement of CGIL, Arci. They have an interest in developing some

working relationship with StreetNet International, as a result of what they have heard from CTCP about StreetNet.

In Nicaragua they have a programme in the Chinandega region (near frontier with Honduras) which has the best University in Nicaragua, and is a sugar cane area famous for production of *Flor de Caña* rum. They plan to build 40 houses with wood from pallets, and to de-contaminate the area from herbicides which have been sprayed there. This has been integrated into the government's National Development Plan.

A very important aspect that was widely accepted in coordinating the FNT is the creation of the *Instituto Virtual de Formación y Capacitación* (Virtual Institute of Training and Capacitation) to raise the technical professional academic level, and the self-employed to have a better performance in national economies countries.

*Compiled by Pat Horn, May 2016*

*Reviewed by CTCP, June 2016*



## **Recommendations**

1. It could be interesting to commission a comparative statistical survey of the quality of life of own-account workers in Nicaragua (and possibly also Cuba, since the adoption of their legislation on own-account workers) and some of the neighbouring Central American countries which do not have socialist governments, but a similar level of own-account workers in the economy, to obtain a measured analysis of the impact of the Christian Socialist Solidarity policies of Nicaragua on the livelihoods of own-account workers as compared to the more standard neo-liberal policies in practice in the majority of other countries. If a significant difference is discovered between the conditions of own-account workers in the two different types of macro-economic regimes, WIEGO may need to consider undertaking more work analysing the impacts of macro-economic strategies on workers in the informal economy.
2. It would also be interesting to commission a comparative study of the development of women's leadership in CTCP compared to other Latin American affiliates of StreetNet, looking at the following :
  - Gender-aggregated statistics at all levels of the organisations, and their governments ;
  - Centrality of the positions of women leaders at all levels in the organisations as well as in public office in their countries ;
  - Case studies of top women leaders, how they got there, their level of autonomy as leaders, and the extent of their political responsibilities now in the organisation.
3. Negotiations skills training with CTCP leaders at national, district and local levels, focussed on complementing the existing good relationship with the authorities with written agreements developed with direct participation from all members of negotiating teams at all levels of the organisation.

A very important aspect that was highly accepted in the coordination of the FNT is the creation of the Virtual Institute of Training, and training that elevates the academic, technical and professional level of own-account workers so that they perform better in the national economies of their countries.

## **ANNEXURE 1**

**Lunes 1 de junio de 2009**

### **Gobierno prohíbe desalojos a comerciantes**

El Gobierno de Reconciliación y Unidad Nacional prohibió hoy el desalojo y la reubicación forzadas de comerciantes de los mercados y ambulantes.

De acuerdo a un comunicado oficial firmado por la compañera Rosario Murillo, coordinadora del Consejo de Comunicación y Ciudadanía para el Desarrollo y Bienestar Social, "ningún Alcalde (sa) está facultado o autorizado a desalojar vendedores ambulantes, vendedores o trabajadores de la calle, o a exigir a las Locatarias de los Mercados ubicación forzada en puntos que no han sido antes acordados con ell@s".

Asimismo, reitera que "el Frente Sandinista debe garantizar a nuestr@s pequeñ@s comerciantes, que a duras penas se ganan la vida vendiendo en mercados y calles de nuestro país, el derecho a trabajar".

"Nuestra tarea es (...) servir de facilitadores de todas las formas de trabajo honrado que permitan a nuestro pueblo alimentarse y vivir con la dignidad de un ingreso fijo", afirma categóricamente el comunicado.

"Nuestra función consiste en facilitar ese derecho, sin poner obstáculos legalistas o pretender afanes "modernistas" que la pobreza extrema, impuesta por el neoliberalismo en Nicaragua, no permite siquiera concebir".

De esta manera, el Gobierno asegura que su "compromiso con el Poder del Pueblo, en esta ruta de restitución de derechos, es inalterable, y debe ser compatible con nuestro funcionamiento institucional en todos los niveles".