

NICARAGUA

WORLD RANK:

121

REGIONAL RANK:

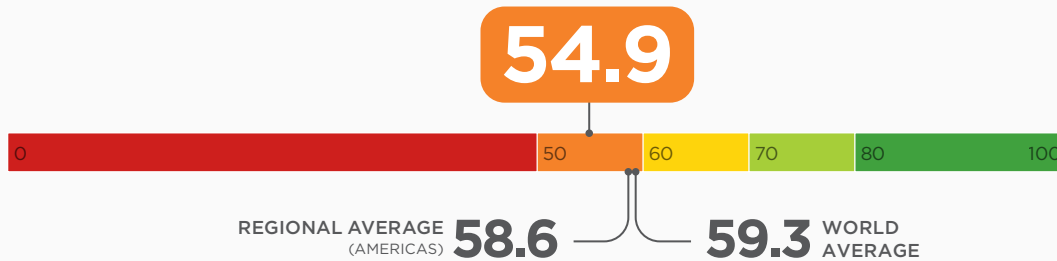
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ECONOMIC FREEDOM STATUS:
MOSTLY UNFREE

Nicaragua's economic freedom score is 54.9, making its economy the 121st freest in the 2023 *Index*. Its score is virtually unchanged from last year. Nicaragua is ranked 25th out of 32 countries in the Americas region, and its overall score is below the world and regional averages.

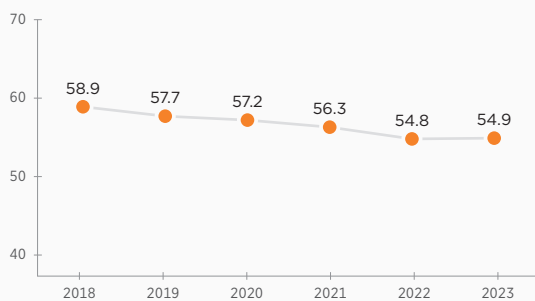
Efforts to improve macroeconomic stability and economic growth have been modest. Inefficiency and uncertainty in such other key areas as the regulatory and investment frameworks have held back dynamic growth. Institutional weaknesses continue to constrain overall economic development. The judicial system lacks the capacity to defend property rights effectively.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +12.4

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
6.7 million

GDP (PPP):
\$42.4 billion
10.3% growth in 2021
5-year compound
annual growth 1.2%
\$6,477 per capita

UNEMPLOYMENT:
5.2%

INFLATION (CPI):
4.9%

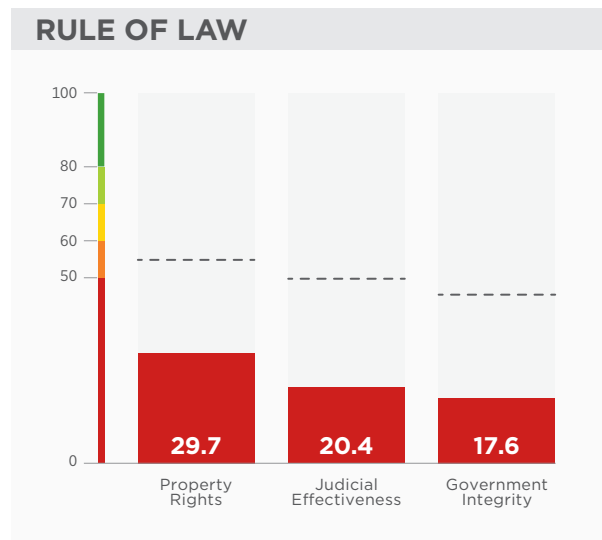
FDI INFLOW:
\$1.2 billion

PUBLIC DEBT:
49.4% of GDP

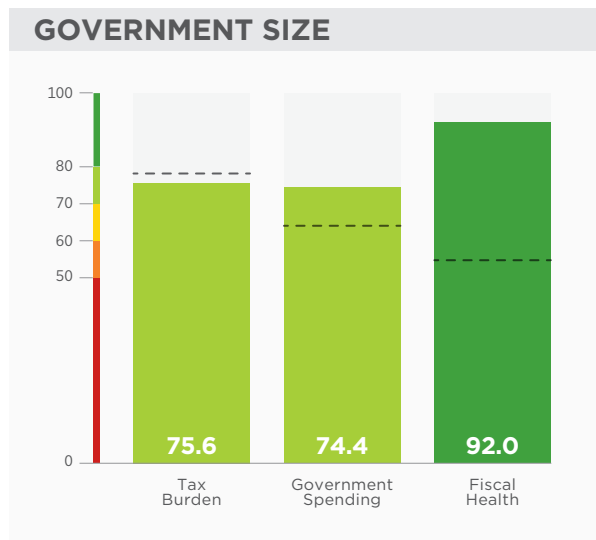
2021 data unless otherwise noted. Data compiled as of September 2022

BACKGROUND: Sandinista National Liberation Front (FSLN) leader Daniel Ortega overthrew the authoritarian Somoza regime in the late 1970s and headed an FSLN-led junta until losing a free election in 1990. He was elected president again in 2006, and he and his wife, Vice President Rosario Murillo, have tightened their grip on power. Since 2021, the government has arrested seven potential presidential contenders and hardened its repression of civil society. Nicaragua withdrew its recognition of Taiwan and has embraced a growing Russian presence that includes Russian troops. Although sanctions against its military have expanded, Nicaragua still has access to multilateral institution financing.

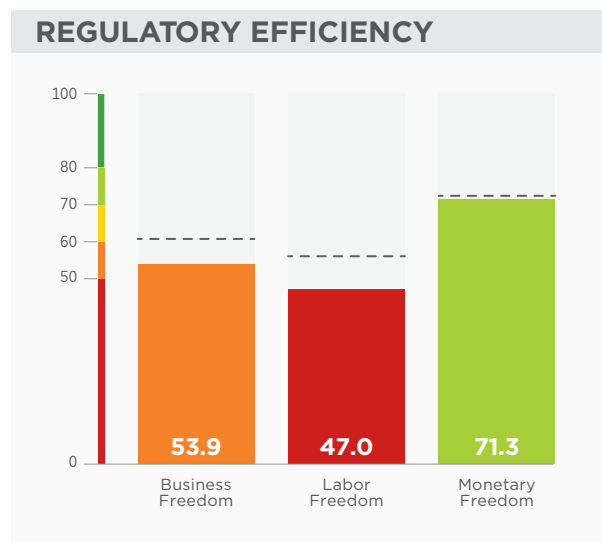
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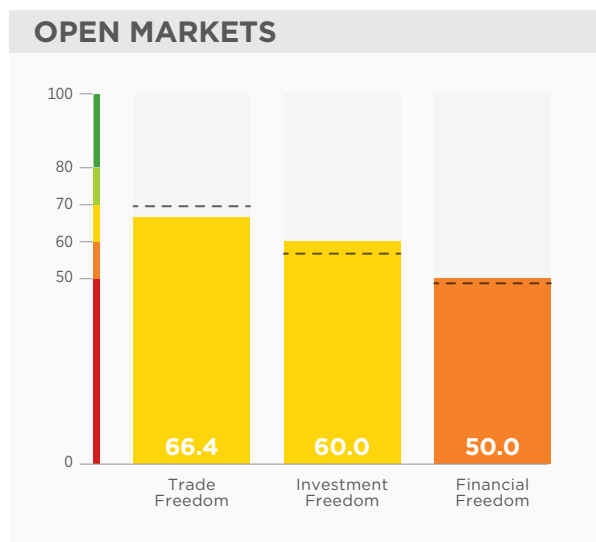
The overall rule of law is weak in Nicaragua. The country's property rights score is below the world average; its judicial effectiveness score is below the world average; and its government integrity score is below the world average.



The top individual and corporate tax rates are 30 percent. The tax burden equals 25.4 percent of GDP. Three-year government spending and budget balance averages are, respectively, 29.2 percent and -1.4 percent of GDP. Public debt equals 49.4 percent of GDP.



The regulatory system lacks transparency and clarity, and regulations are not always enforced consistently. The labor market remains rigid, and the lack of employment opportunities has caused chronic underemployment. The most recent available inflation rate is 4.9 percent.



The trade-weighted average tariff rate is 6.8 percent, and layers of nontariff measures are in force. The judicial and regulatory systems favor state-owned enterprises and undermine foreign investment inflows. The low level of financial intermediation continues to discourage private-sector growth.