

NICARAGUA

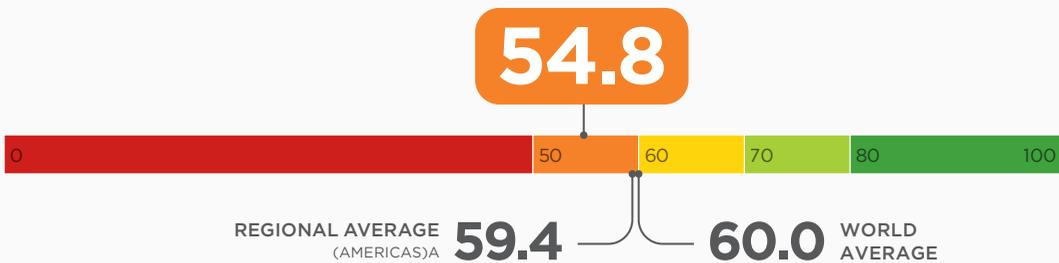
Nicaragua's economic freedom score is 54.8, making its economy the 122nd freest in the 2022 *Index*. Nicaragua is ranked 23rd among 32 countries in the Americas region, and its overall score is below the regional and world averages.

Economic growth has stalled in Nicaragua over the past five years. During the same period, economic freedom has declined each year. Weighed down by sinking scores for **government integrity**, **fiscal health**, and **trade freedom**, Nicaragua has recorded a 4.4-point overall loss of economic freedom since 2017 and has fallen into the lower half of the "Mostly Unfree" category. Monetary freedom is somewhat stable, but **business freedom** is lacking.

IMPACT OF COVID-19: As of December 1, 2021, 213 deaths had been attributed to the pandemic in Nicaragua, and the government's response to the crisis ranked 169th among the countries included in this *Index* in terms of its stringency. The economy contracted by 3.0 percent in 2020.

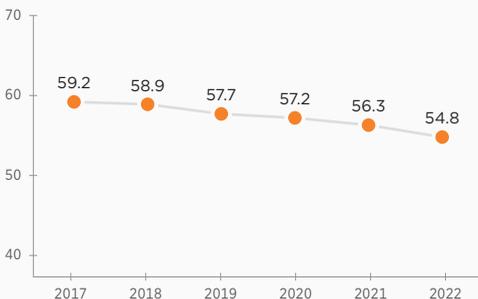
WORLD RANK: **122** REGIONAL RANK: **23**
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +12.3

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
6.6 million

GDP (PPP):
\$36.2 billion
-3.0% growth in 2020
5-year compound annual growth -0.3%
\$5,575 per capita

UNEMPLOYMENT:
5.8%

INFLATION (CPI):
3.7%

FDI INFLOW:
\$182.0 million

PUBLIC DEBT:
46.0% of GDP

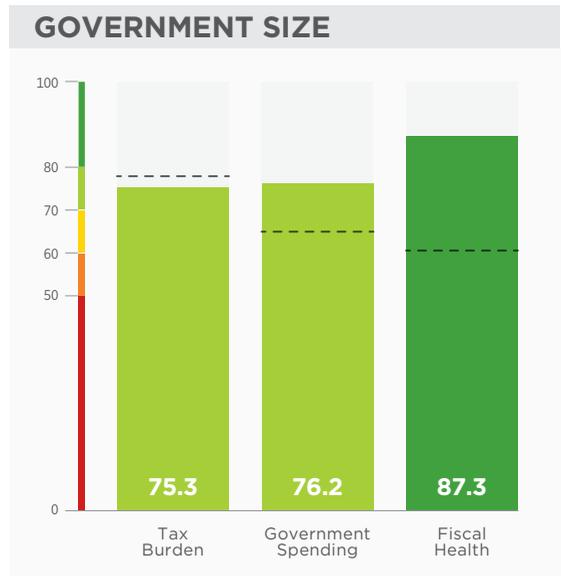
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Leftist 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 and fair election in 1990. Elected president again in 2006 with 38 percent of the vote, Ortega and his wife, Vice President Rosario Murillo, have tightened their brutal authoritarian grip on power. They control the government, security forces, and other key sectors. Before Ortega's run for a fourth term in November 2021, the regime arrested all major opposition presidential candidates and took many other political prisoners. As punishment for the fraudulent election, the U.S. and other democratic nations have imposed sanctions and taken other measures to try to force the regime from power.

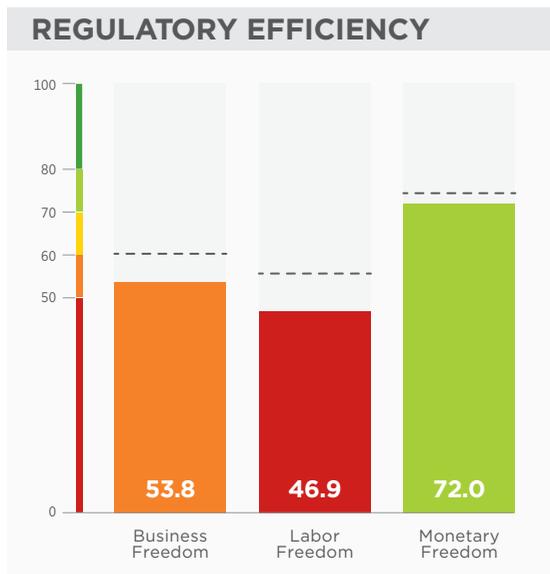
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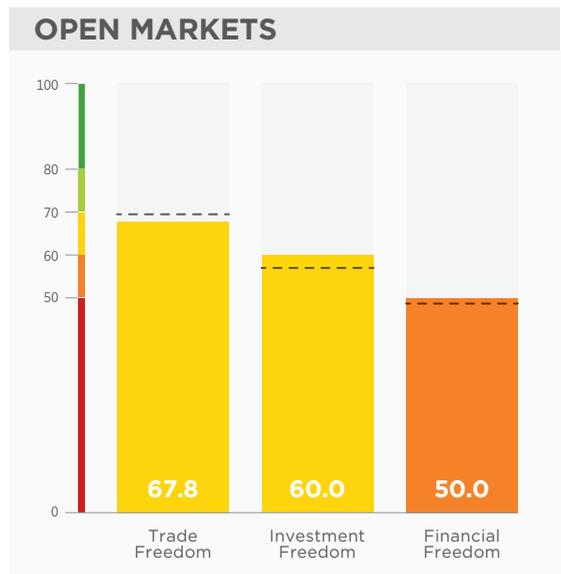
Property rights, contractual rights, and their enforcement are notoriously unreliable. The government regularly fails to enforce court decisions with respect to seizure, restitution, or compensation of private property. The judicial system is susceptible to bribes, manipulation, and political influence. Corruption pervades every element of government from top to bottom. The Ortega–Murillo family’s authoritarian rule is the greatest threat to fairness and equity.



The top individual income and corporate tax rates are 30 percent. Other taxes include value-added and capital gains taxes. The overall tax burden equals 25.9 percent of total domestic income. Government spending has amounted to 28.2 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.3 percent of GDP. Public debt is equivalent to 46.0 percent of GDP.



Constitutionally guaranteed civil rights are frequently suspended, and regulations are handed down by the Ortega government with no predictability. Alarming laws approved in 2020 include the “gag” law, “foreign agents law,” and “consumer protection law.” The government maintains substantial controls on prices of butane gas, electricity for households, and pharmaceuticals while heavily subsidizing fuel and water.



Nicaragua has 11 preferential trade agreements in force. The trade-weighted average tariff rate is 6.1 percent, and 56 nontariff measures are in effect. The judicial and regulatory systems favor state-owned enterprises and undermine inflows of foreign investment. The low level of financial intermediation continues to hamper private-sector growth. Less than 40 percent of adult Nicaraguans have accounts with formal banking institutions.