



WORLD RANK: **126** REGIONAL RANK: **27**

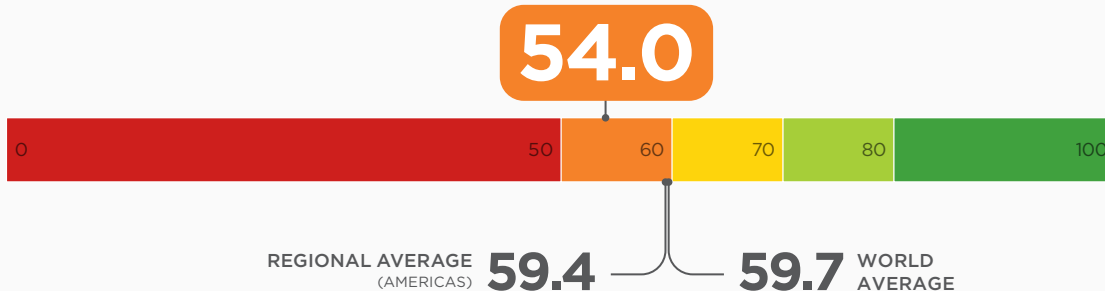
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

NICARAGUA

Nicaragua's economic freedom score is 54, making its economy the 126th freest in the *2025 Index of Economic Freedom*. Its rating has increased by 0.6 point from last year, and Nicaragua is ranked 27th out of 32 countries in the Americas region. The country's economic freedom score is lower than the world and regional averages. Nicaragua's economy is considered "mostly unfree" according to the *2025 Index*.

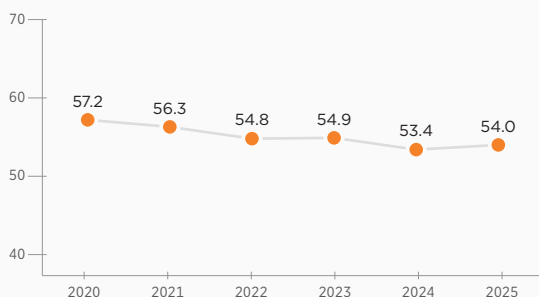
Efforts to improve macroeconomic stability and economic growth in Nicaragua have been modest. Inefficiency and uncertainty in such other areas as the regulatory and investment frameworks have held back dynamic growth. Institutional weaknesses continue to constrain economic development. The judicial system lacks the capacity to defend property rights effectively. The regulatory system is not transparent, and regulations are not always enforced consistently. The labor market remains rigid, and the lack of employment opportunities has led to chronic underemployment.

ECONOMIC FREEDOM SCORE



HISTORICAL INDEX SCORE CHANGE (SINCE 1995): +11.5

RECENT FREEDOM TREND

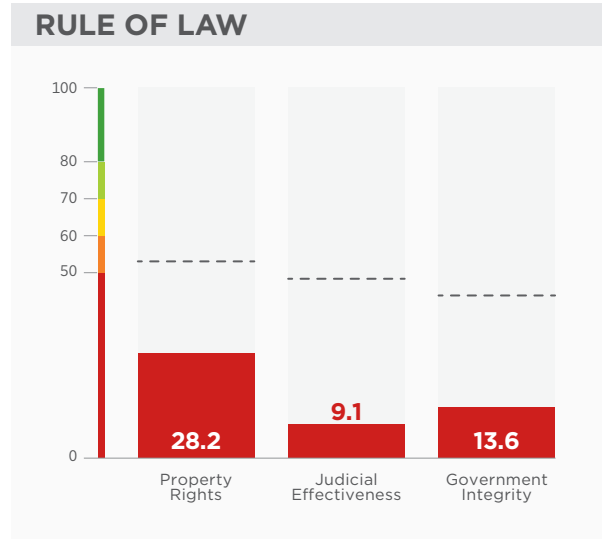


QUICK FACTS

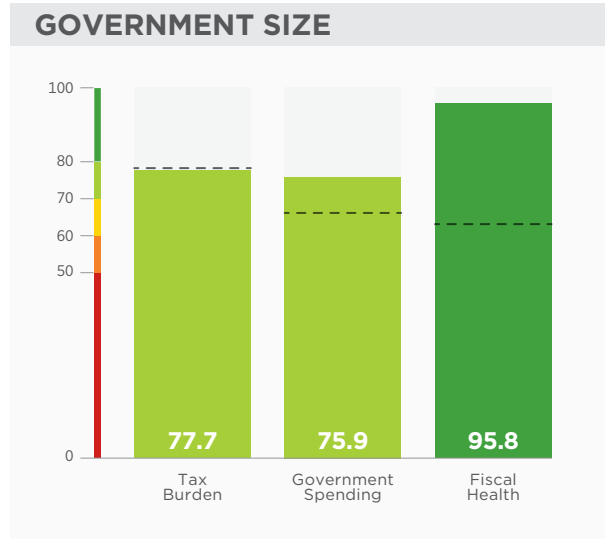
POPULATION: 6.7 million	UNEMPLOYMENT: 4.8%
GDP (PPP): \$56.7 billion 4.6% growth in 2023 3-year average growth rate: 6.2% \$8,492 per capita	INFLATION (CPI): 8.4%
	FDI INFLOW: \$1.3 billion
	PUBLIC DEBT: 41.7% of GDP

2023 data unless otherwise noted. Data compiled as of November 2024.

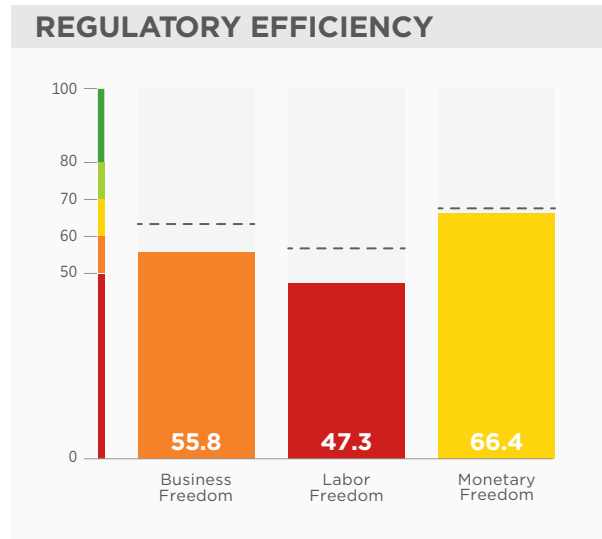
12 ECONOMIC FREEDOMS | NICARAGUA



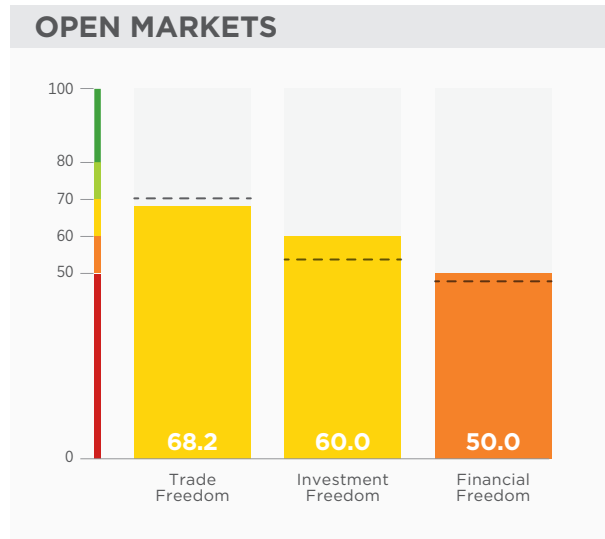
The overall rule of law is weak in Nicaragua. The country's property rights score is below the world average; its judicial effectiveness score is below the world average; and its government integrity score is below the world average.



The top individual income tax rate is 30 percent, and the top corporate tax rate is 30 percent. The tax burden equals 20.7 percent of GDP. Three-year government spending and budget balance averages are, respectively, 28.4 percent and 0.7 percent of GDP. Public debt amounts to 41.7 percent of GDP.



Nicaragua's overall regulatory environment is poorly institutionalized and inefficient. The country's business freedom score is below the world average; its labor freedom score is below the world average; and its monetary freedom score is below the world average.



The trade-weighted average tariff rate is 5.9 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.