



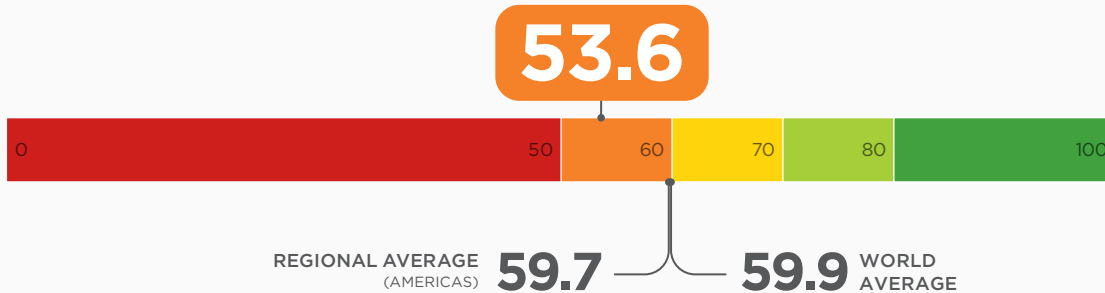
WORLD RANK: **125** | REGIONAL RANK: **26**
 ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

NICARAGUA

Nicaragua's economic freedom score is 53.6, making its economy the 125th freest in the 2026 *Index of Economic Freedom*. Its rating has decreased by 0.4 point from last year, and Nicaragua is ranked 26th out of 32 countries in the Americas region. The country's economic freedom score is lower than the global and regional averages. Nicaragua's economy is considered "mostly unfree" according to the 2026 *Index*.

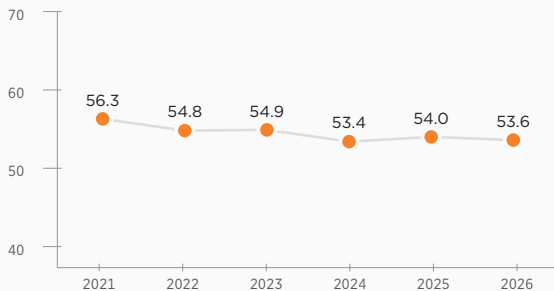
Efforts to improve macroeconomic stability and economic growth in Nicaragua have been modest. Inefficiency and uncertainty in such other areas as the regulatory and investment frameworks have discouraged dynamic growth. Institutional weaknesses continue to constrain economic development. The judicial 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): +11.1

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
6.7 million

GDP (PPP):
\$60.3 billion
3.0% growth in 2025
3-year average growth rate: 3.7%
\$9,082 per capita

UNEMPLOYMENT:
4.6%

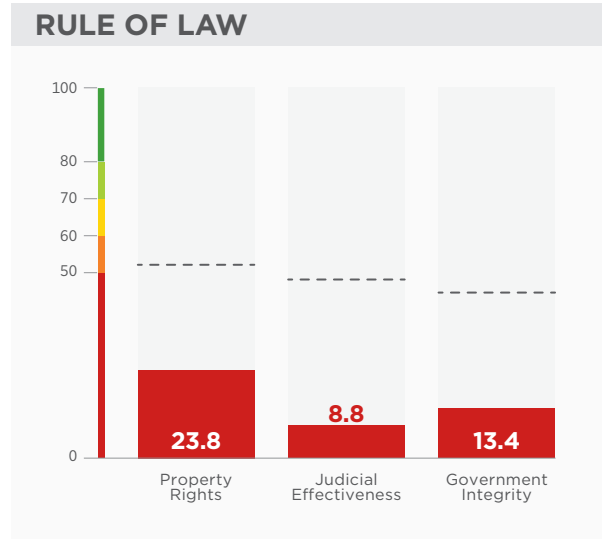
INFLATION (CPI):
4.6%

TRADE AS % OF GDP: 98.5%

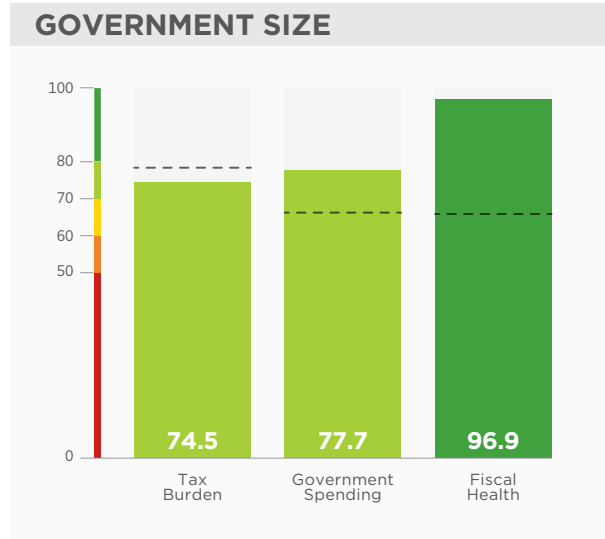
PUBLIC DEBT:
39.2% of GDP

2025 data unless otherwise noted. Data compiled as of January 2026.

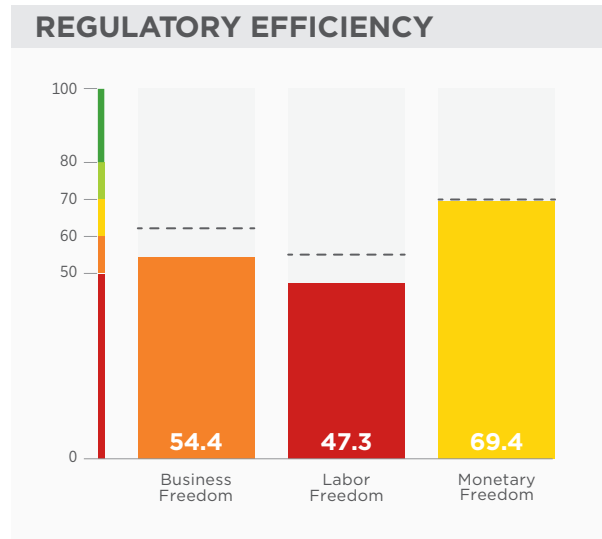
12 ECONOMIC FREEDOMS | NICARAGUA



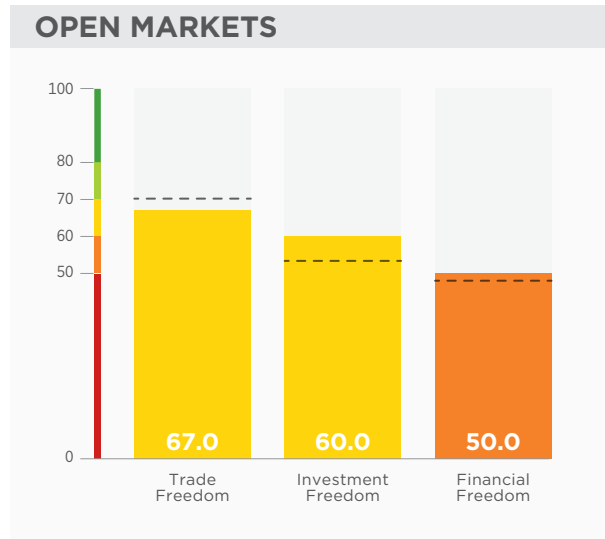
The overall rule of law is weak in Nicaragua. The country's property rights score is below the world average; its judicial effectiveness score is below the world average; and its government integrity score is below the world average.



The top individual income tax rate is 30 percent, and the top corporate tax rate is 30 percent. The tax burden equals 27.5 percent of GDP. Three-year government spending and budget balance averages are, respectively, 27.2 percent and 1.8 percent of GDP. Public debt amounts to 39.2 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 6.5 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.