

COUNTRY PROFILE



Nicaragua

GLOBAL RANK: 87th of 104



Nicaragua ranks 87th, amongst the lowest-scoring Latin American nations, but achieves a higher rank for Comparative Liveability (77th), due to positive environment indicators. In Economic Competitiveness, Nicaragua is ranked 88th, suffering from poor governance and the high costs of starting a business.

● BACKGROUND

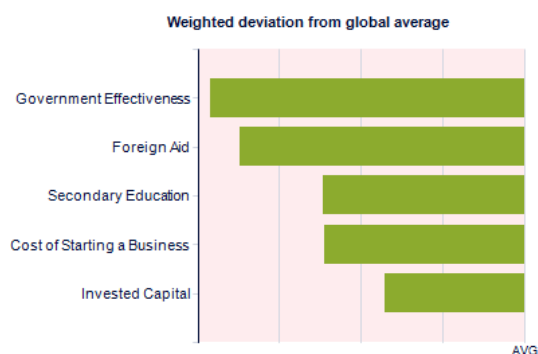
By the end of Marxist rule in 1990, Nicaragua's economy was largely devastated, and despite a slow recovery over the past two decades, the country still has one of the lowest per capita incomes in the Western hemisphere. Unemployment or underemployment affects around half the workforce, and some question the current government's commitment to liberal economic reform. Economic growth remains low, and the country is dependent on foreign aid, and is vulnerable to international petroleum and food price increases. One economic bright spot is tourism, with nearly 900,000 visitors annually drawn to Nicaragua's beaches and colonial cities.

FAST FACTS

Population:	5.8 million (2008 est.)	FDI (net inflow):	0.00% (2005 est.)
Life Today	4.4 (2007 est.)	Exports	19.54% (2006 est.)
GDP (PPP)	\$15.84 billion (2007 est.)	Imports	56.16% (2006 est.)
GDP (Growth)	3.8% (2007 est.)	Unemployment:	3.6% (2007 est.)
GDP (per Capita)	\$2,600 (2007 est.)	Life Expectancy	71.21 years (2008 est.)
Political System:	Republic		
Foreign Aid:	13.26% (2006 est.)		

● KEY SCORE DRIVERS

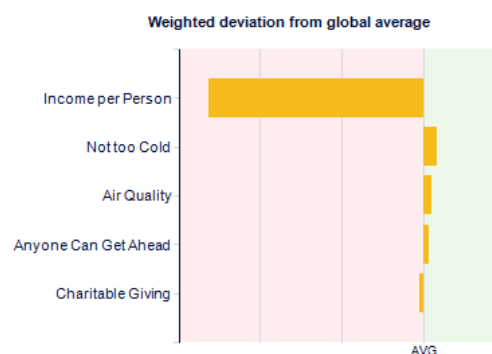
ECONOMIC COMPETITIVENESS



The largest country in Central America, Nicaragua's overall score is only slightly lower than the regional average, yet far behind the global average. The infrastructure was seriously damaged during the war in the 1980s and its trade economy was critically damaged as a consequence of the five-year embargo imposed by the United States. As a result the country remains dependent on foreign aid.

Nevertheless, since the end of the war almost two decades ago the country has followed a modernisation agenda and more than 350 state enterprises have been privatised. Inflation has been reduced from a peak of 33,500% to under 10% in recent years. Additionally, tax collection improvements have been made, and foreign debt has

COMPARATIVE LIVEABILITY



The civil war in the 1980s ravaged not only Nicaragua's economy but also its social capital. Nearly half of the workforce is unemployed or underemployed, and poverty is widespread.

Income per capita is far below the global average and is about half of the average for Latin America. Corruption is common, and it is viewed as pervasive in both the police force and the judiciary. However, recovery from the after-effects of war appears to breed optimism, and Nicaraguans feel positive about the opportunities available to them, with 91%⁹ reporting that they feel that hard work is a means by which to get ahead.

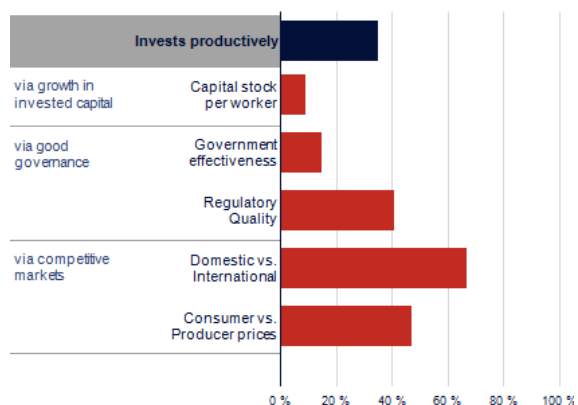
Many Nicaraguans emigrated during the war, which put some of

been cut in half. However, World Bank data suggest continued low levels of government effectiveness and quality of regulation.

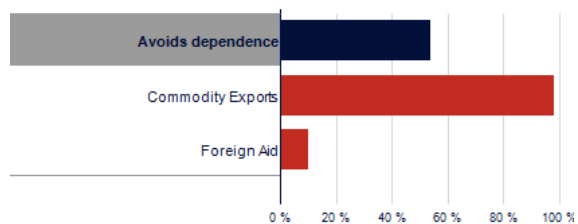
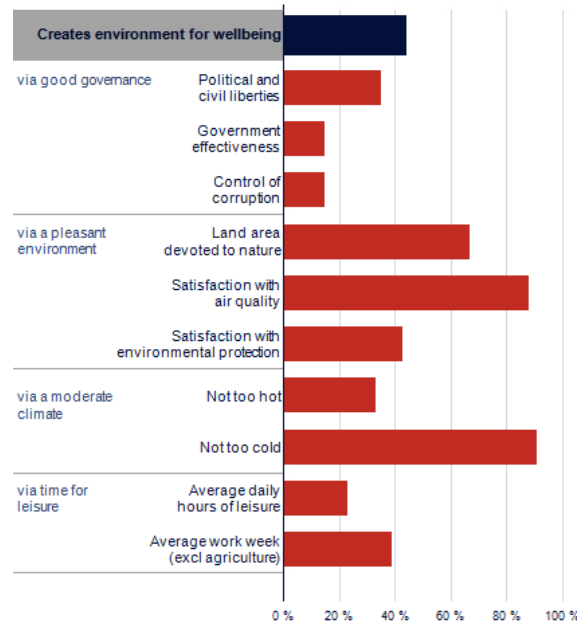
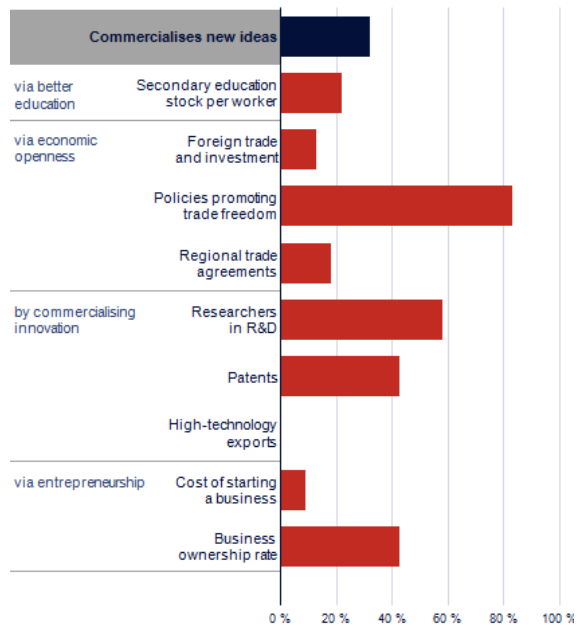
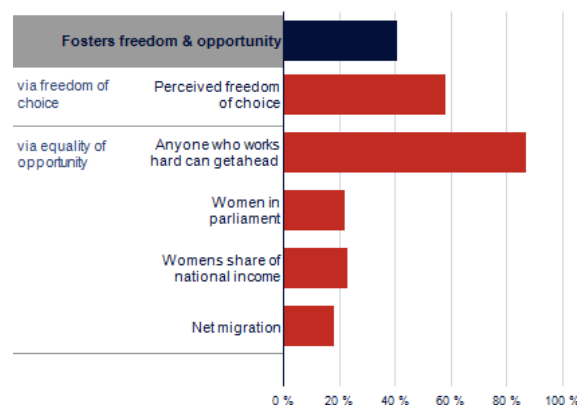
It is expensive to start a business in Nicaragua, and the mass education system remains weak by global standards. The environment for foreign investment has been liberalised, yet substantial restrictions still exist, limiting the success of this measure. Nicaragua's prosperity is still limited by a lack of capital investment. Like many other Latin American countries, Nicaragua depends heavily on remittances, which are worth nearly US\$655.5 million per year.

Nicaragua's basic values of family and community integration under strain. However, scores for religious freedom are good, as are those for the natural environment. For instance, according to the Gallup World Poll, an unusually high number of Nicaraguans register satisfaction with the quality of the air (86%⁹). The warm climate is also an important positive influence on wellbeing, as many Nicaraguans lack the means to afford proper housing or heating.

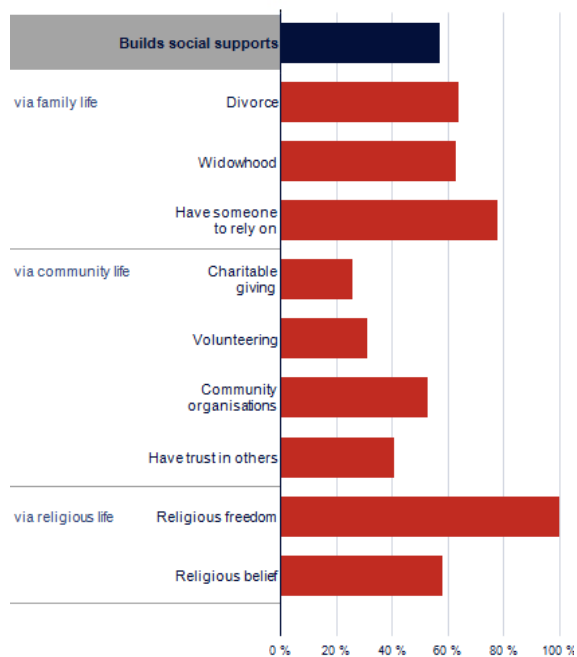
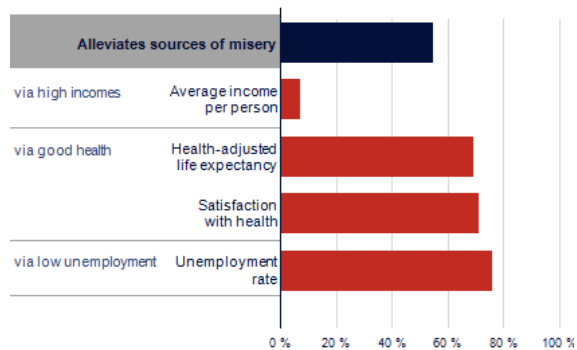
ECONOMIC COMPETITIVENESS: SCORECARD



COMPARATIVE LIVEABILITY: SCORECARD



All subindicator scores in the Index are shown unweighted, expressed as a percentage of the score for the best-performing country in the Index. Indicator scores (in dark blue) are derived from the weighted average of relevant subindicators. For more information on how the subindicator scores are weighted to produce indicator scores and an overall Index score and ranking, see Chapter Two of this report.



References:

^{9, w} See www.prosperity.com/references.aspx for further details including date of survey, sample size, and margin of error.