NICARAGUA
OVERVIEW
2021
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2. Foreign Direct Investment
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1. GENERAL INFORMATION
COUNTRY PROFILE

Territorial extension
130,373 km²

Population
6.5million

Standard time zone
UTC/GMT -6 horas

Official language
Spanish

Currency
Cordoba (C$)

Official exchange rate*
C$35.17 = US$1.00

Source: BCN. (*Average 2021.)
MACROECONOMIC DATA

GDP
US$12.62 billion
(-2% growth)

Exports
US$5.3 billion

Gross international reserves
US$3.2 billion

FDI inflows
US$481.7 million

GDP per capita
US$1,913.6

Inflation
2.93%

Currency devaluation
2% vs. US dollar annually

Source: BCN (2020).
#1 IN CENTRAL AMERICA

- Lower export management costs
- Lowest homicide rate
- High-quality road network
- Lowest organized crime rate
- Highest economic growth rates over the last 7 years
- Less time to open a business
ECONOMIC GROWTH

Nicaragua GDP (US$ billions)

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>12.6</td>
</tr>
<tr>
<td>2019</td>
<td>12.6</td>
</tr>
<tr>
<td>2018</td>
<td>13.1</td>
</tr>
<tr>
<td>2017</td>
<td>13.8</td>
</tr>
<tr>
<td>2016</td>
<td>13.3</td>
</tr>
<tr>
<td>2015</td>
<td>12.8</td>
</tr>
<tr>
<td>2014</td>
<td>11.9</td>
</tr>
<tr>
<td>2013</td>
<td>11.0</td>
</tr>
<tr>
<td>2012</td>
<td>10.5</td>
</tr>
<tr>
<td>2011</td>
<td>9.8</td>
</tr>
<tr>
<td>2010</td>
<td>8.8</td>
</tr>
</tbody>
</table>

Source: BCN and CEPAL.
TOURISM

474 k tourists

US$198 million in revenues (1.6% GDP)

Source: BCN (2020).

Source: INTUR (2020).
TRADE AGREEMENTS

Access to over +1.5 billion people in 45 countries

Source: MIFIC.
EXPORTS

Source: BCN.
MOST EXPORTED PRODUCTS

26.9% textiles and apparel
12.5% gold
10.2% beef
8.6% coffee
7.4% automotive harnesses

5.4% cigars and tobacco
2.7% dairy products
2.7% sugar
2.4% fish and shellfish
1.7% peanut

Source: BCN y CNZF (2020)
2. FOREIGN DIRECT INVESTMENT
FDI INFLOWS

Source: BCN, MIFIC and PRONicaragua.

<table>
<thead>
<tr>
<th>Year</th>
<th>IED (US$ billions)</th>
<th>% of GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>1.11</td>
<td>10.5%</td>
</tr>
<tr>
<td>2013</td>
<td>1.37</td>
<td>12.5%</td>
</tr>
<tr>
<td>2014</td>
<td>1.59</td>
<td>13.4%</td>
</tr>
<tr>
<td>2015</td>
<td>1.30</td>
<td>10.2%</td>
</tr>
<tr>
<td>2016</td>
<td>1.54</td>
<td>11.6%</td>
</tr>
<tr>
<td>2017</td>
<td>1.67</td>
<td>12.1%</td>
</tr>
<tr>
<td>2018</td>
<td>1.19</td>
<td>9.1%</td>
</tr>
<tr>
<td>2019</td>
<td>0.81</td>
<td>6.5%</td>
</tr>
<tr>
<td>2020</td>
<td>0.48</td>
<td>3.8%</td>
</tr>
</tbody>
</table>

Source: BCN, MIFIC and PRONicaragua.
**SOURCE COUNTRIES AND INVESTMENT SECTORS IN 2019**

- **USA; 33.3%**
- **Canadá; 17.1%**
- **Panamá; 16.2%**
- **México; 13.3%**
- **España; 4.8%**
- **Costa Rica; 3.4%**
- **Suiza; 3.4%**
- **Luxemburgo; 1.9%**
- **Alemania; 0.7%**

**SOURCE COUNTRIES:**
- **USA; 33.3%**
- **Canadá; 17.1%**
- **Panamá; 16.2%**
- **México; 13.3%**
- **Resto del mundo; 5.1%**
- **España; 4.8%**
- **Costa Rica; 3.4%**
- **Suiza; 3.4%**
- **Luxemburgo; 1.9%**
- **Alemania; 0.7%

**SECTORS IN 2019:**
- **21.3% mining**
- **18.7% industry**
- **13.3% trade and services**
- **12.7% telecommunications**
- **7.9% financial**

**Source:** BCN, MIFIC and PRONicaragua 2019
INVESTMENT INCENTIVES

Foreign Investment Promotion Law (Law 344)

Industrial Free Trade Zone Incentives Law (Law 917)

Temporary Admissions Law (Law 382)

Tax Coalition Law (Law 822)

Law to Promote Electricity Generation from Renewable Sources (Law 532)

Special Law on Exploration and Exploitation of Mines (Law 387)

Tourism Industry Incentives Law (Law 306)

Pensioners and Retirees Law (Decree 628)
FOREIGN INVESTMENT FACILITATION

Free currency convertibility

Freedom to repatriate capital and profits

100% foreign investment capital

Equal treatment for national and foreign investors

Full protection of property rights

Fixed currency devaluation against the US$
INVESTMENT INCENTIVES

Temporary Admissions Law (Law 382)

REQUIREMENT:
Export at least 25% of total sales, for a value of no less than US$50,000

EXEMPTION (PROPORTIONAL):
Import taxes

Industrial Free Trade Zone Incentives Law (Law 917)

REQUIREMENT:
- Export 100% of total sales

EXEMPTION (100%):
- Income Tax (IR) *
- Import taxes
- Municipal taxes
- Value Added Tax (VAT)
- Capital gains
- Property tax

*Valid for 10 years, with the possibility of extending once.
3. LOGISTICS AND INFRASTRUCTURE
PORTS AND ROADS

24,768 km national road network

Central Region 52%
Pacific Region 33%
Caribbean Region 15%

Source: MTI (2019)
TELECOMMUNICATIONS COVERAGE

- 100% municipalities with 3G internet coverage
- 100% population with access to cellular phone services
- 2.8 million smartphones countrywide
- 42% 4G LTE mobile internet coverage
- 85% population with access to mobile internet
- 1.3 mobile phone lines per capita

Source: CANTEL
**ENERGY**

98.5% of the national territory with electricity coverage

1,620 MW is the installed capacity

94% is the increase in the installed capacity from 2007 to 2020

Source: INE and MEM.
FREE TRADE ZONES

49 Industrial parks
+119,000 jobs
+1.8 million m² of industrial space in use
223 user companies
46% of the country’s total exports in 2020

Source: CNZF (2020).
4. HUMAN CAPITAL AND QUALITY OF LIFE
**WORKFORCE**

- **74%** of the population under 40 years of age
- **23 thousand** new professionals in 2019
- **4.1 million** people in the labor force 2020
- **46.1%** underemployment 2020
- **723 thousand** formal employment (average 2020)
- **4.8%** open unemployment 2020

Source: INIDE, PRONicaragua and INSS.
WAGE COMPETITIVENESS  
(US$ PER HOUR)

Note: Wages include fringe benefits.
SOCIAL DEVELOPMENT

57.1% of total Government expenditure in social investment

41.4% poverty alleviation since 2009 (currently at 24.9%)

52.7% extreme poverty alleviation since 2009 (currently at 6.9%)

Source: MHCP (2021) and INIDE (2017).
5. INVESTMENT OPPORTUNITIES
AGRIBUSINESS

- Tropical fruits
- Vegetables
- Roots and tubers
- Plants and flowers
- Forestry
- Agro exportation
INDUSTRY DATA

**Coffee** trading in over 40 markets worldwide

Main **cigar** exporter in Central America

Largest producer of **livestock and beef** in Central America

Acknowledged as fine and **flavor cocoa** producer by ICCO

Fifth largest exporter of **shellfish** to Europe in Latin America (#1 in Central America)
LIGHT MANUFACTURING

- Textiles & apparel
- Footwear
- Medical devices
- Auto parts

Investment opportunities

www.pronicaragua.gob.ni
INDUSTRY DATA

Main exporter of **automotive harnesses** in Central America (84.44.30)

Provider for brands such as **FORD, GMC, BMW, VOLKSWAGEN, CHRYSLER**

Main exporter of **knitted fabrics** in Central America (cotton)

Over **970,000 square meters of industrial space** occupied by Free Trade Zone companies

47.3% of the country’s total exports in 2018
OUTSOURCING

- Business Process Outsourcing (BPO)
- Shared Services Centers (SSC)
- Knowledge Process Outsourcing (KPO)
INDUSTRY DATA

Real-time services to the United States

84% of the labor force offering services in English

An increasing number of destinations: United States, Costa Rica, Germany, Mexico, Netherlands, Canada, Argentina, Australia, United Kingdom

Competitive and stable salaries (the call center’s basic salary has been stable for the past three years - US$550)

Increasing process complexity (finance, accounting, digital marketing, SSC)
COMPANIES DOING BUSINESS

Investment opportunities
SERVICES

Official Investment Promotion Agency of Nicaragua

ASSESSMENT AND DECISION-MAKING
- Tailor-made information packages about the country
- Comparative analyses and cost models
- Arrangement upon request of visits in order to meet with key actors

ESTABLISHMENT
- Provide contacts of goods and service suppliers
- Support in finding real estate solutions

AFTER-CARE SERVICES
- Guidance in permit procedures
- Assistance in difficulties that require negotiations with State institutions

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