

NICARAGUA

Nicaragua's economy grew by 4.9 percent in 2025, driven by construction, mining, and retail, and is expected to grow by 3.4 percent in 2026, supported by remittances and construction. Poverty is estimated to have fallen below 14 percent in 2025. Public debt declined to 50.7 percent in 2025 and is projected to reach 48.3 percent in 2026, driven by growth and prudent fiscal policies.

Population ¹ million	7.0	Poverty ² millions living on less than \$8.30/day	2.8
Life expectancy at birth ³ years	74.9	School enrollment ⁴ primary (% gross)	109.5
GDP ⁵ current US\$, billion	22.3	GDP per capita ⁶ current US\$	3179.7

Sources: WDI, MFM, and official data. 1/ 2025. 2/ 2014 (2021 PPPs). 3/ 2023. 4/ 2023. 5/ 2025. 6/ 2025.

Key conditions and challenges

Nicaragua experienced significant growth during 2021–2024, marked by a strong post-pandemic recovery. The country benefited from a substantial increase in remittances, which fueled private consumption, and saw robust public and foreign direct investment. These factors, along with solid export growth and effective macroeconomic management, contributed to fiscal and current account surpluses, as well as a reduction in public debt and poverty.

From 2021 onward, Nicaragua's poverty rate fell from above 16 percent to around 13 percent by 2025, as economic activity and labor markets remained stable and remittances kept growing. However, these figures are based on simulations; the most recent poverty rate based on actual survey data is from 2014 and it was 15.7 percent. Rural areas still trail urban ones in access to water and sanitation (Instituto Nacional de Información de Desarrollo, INIDE).

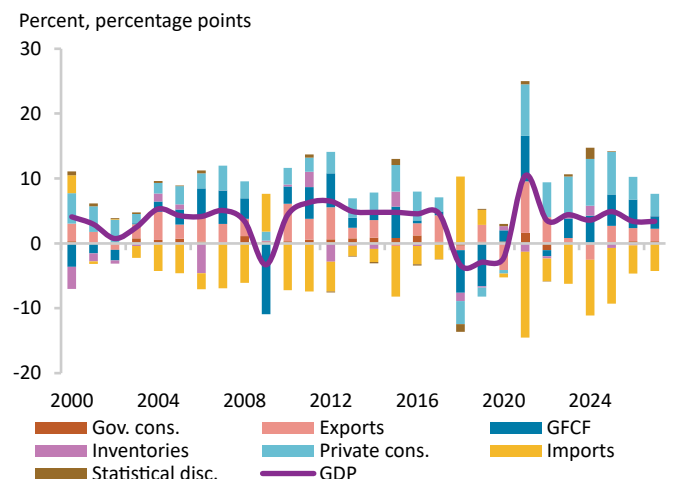
Recent developments

In 2025, the economy grew by 4.9 percent, driven by construction, mining, services, and the financial sector. Remittances increased from 27 percent of GDP in 2024 to 29.4 in 2025, supporting private consumption and investment, and easing pressure on social services. The current account surplus increased from 4.2 percent of GDP in 2024 to 8.4 percent in 2025 due to a surge in remittances and strong export performance in gold, coffee, and beef/cattle, driven by higher global prices.

The services sector led economic growth in 2025, with notable gains in commerce, hospitality, including hotels and restaurants and transportation, followed by manufacturing sector, bolstered by expansion in construction and mining. Meanwhile, agriculture experienced a modest recovery, despite a decline in fisheries and aquaculture activities, primarily supported by increase in coffee production and livestock and related agro-industries.

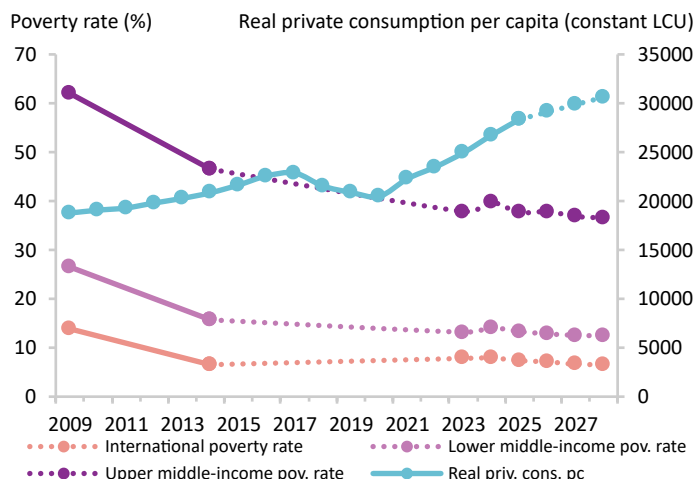
Poverty is estimated to have decreased to around 13 percent in 2025 based on the lower-middle-income country poverty line of

FIGURE 1 / Real GDP growth and contributions to real GDP growth



Sources: World Bank, Ministry of Finance and Public Credit (MHCP), and Central Bank of Nicaragua.

FIGURE 2 / Actual and projected poverty rates and real private consumption per capita



Source: World Bank. Notes: See footnotes in table on the next page.

US\$4.20/day (2021 PPP), reflecting increase in economic growth, the surge in remittances, and a stable labor market. The employment rate has been stable in 2025 (65.5 percent in December 2025 from 65.3 in December 2024), while the unemployment rate remains very low, at 2.4 percent. However, underemployment is very high at about 40 percent in December 2025 (INIDE). While the employment rate for women (55.1 percent in December 2025) has increased in recent years, the gender gap is still substantial (22.1 percentage points).

Inflation dropped from 4.6 percent in 2024 to 2.7 in 2025, driven by declining global prices and subsidies. Banks remained well-capitalized, and credit and deposits continued to grow at double-digit rates, with deposits up 15.2 percent and credit up 12 percent. In 2025, capital adequacy and liquidity ratios for banks remained well above the regulatory requirement.

Due to continued higher capital investments, the fiscal surplus declined from 2.4 percent in 2024 to 2.1 percent in 2025. Prudent fiscal management and economic growth led to a decline of public debt from 51.7 percent in 2024 to 50.7 percent of GDP in 2025.

Outlook

Economic growth is projected to moderate, with GDP expected to increase by 3.4 percent in 2026 and gradually settle at 3.3 percent by 2028. The slowdown in growth is primarily attributed to expected relative declines in remittance and foreign

direct investment inflows, both of which are likely to be impacted by changes in the U.S.

Inflation is anticipated to increase to 3.1 percent in 2026 following the increase in oil prices due to conflict in the Middle East and stabilize at 2.7 percent during the forecast horizon. Poverty (US\$4.20/day 2021 PPP) is forecast to stay around 13 percent by 2028, reflecting reduced labor income growth.

The current account surplus is projected to decrease to 4.0 percent in 2026 and continue to decline to 1.4 percent by 2028, driven by expected lower remittances and slower export growth due to higher tariffs and weaker migrant remittances. Foreign direct investment flows are estimated to decrease to 5.7 percent of GDP and continue to decline gradually to 5.2 percent by 2028. International reserves, estimated at US\$7.2 billion in 2025 or 6.8 months of imports, strengthen the country's resilience to economic shocks.

The fiscal surplus is projected to decline to 1.0 percent of GDP in 2026, due to subsidies aimed at keeping oil prices low and stabilize at 1.4 by 2028. Public debt is forecast to decrease steadily to 47.4 percent of GDP by 2028, supported by prudent fiscal management, which continues to underpin fiscal stability and debt reduction.

Potential downside risks to the broader economic outlook include ongoing global uncertainty and conflict in the Middle East, which could increase inflation and negatively affect trade, remittances, and investment flows. Slower economic growth in major trading partners, limited access to multilateral financing, and vulnerability to natural disasters also pose downside risks.

Recent history and projections

	2023	2024	2025e	2026f	2027f	2028f
Real GDP growth, at constant market prices	4.4	3.6	4.9	3.4	3.4	3.3
Private consumption	7.7	8.6	7.5	3.9	3.8	3.7
Government consumption	1.3	-1.2	1.0	2.6	2.6	2.6
Gross fixed capital investment	13.0	17.3	17.3	14.1	5.6	5.3
Exports, goods and services	1.3	-4.9	5.8	4.5	4.2	4.0
Imports, goods and services	9.1	12.0	11.1	5.3	5.1	4.8
Real GDP growth, at constant factor prices	4.0	3.3	4.9	3.4	3.4	3.3
Agriculture	-3.3	0.1	0.6	0.0	0.5	0.5
Industry	4.4	2.2	6.9	2.8	2.5	2.5
Services	5.9	4.5	5.2	4.4	4.4	4.2
Employment rate (% of working-age population, 15 years+)	62.4	62.5	62.5	62.5	62.5	62.5
Inflation (consumer price index)	8.4	4.6	2.7	3.1	2.9	2.7
Current account balance (% of GDP)	8.2	4.2	8.4	4.0	2.8	1.4
Net foreign direct investment inflow (% of GDP)	6.0	6.5	6.7	5.7	5.6	5.2
Fiscal balance (% of GDP)¹	2.6	2.4	2.1	1.0	1.4	1.4
Revenues (% of GDP)	31.7	31.6	31.9	30.9	30.5	30.5
Debt (% of GDP)²	56.9	51.7	50.7	48.3	47.9	47.4
Primary balance (% of GDP)¹	4.2	4.0	3.8	2.5	3.0	3.0
International poverty rate (\$3.00 in 2021 PPP)^{3,4}	7.9	8.0	7.4	7.2	6.7	6.6
Lower middle-income poverty rate (\$4.20 in 2021 PPP)^{3,4}	13.1	14.0	13.3	12.8	12.5	12.4
Upper middle-income poverty rate (\$8.30 in 2021 PPP)^{3,4}	37.9	39.7	37.7	37.8	36.9	36.5
GHG emissions growth (mtCO₂e)	0.9	0.9	1.1	0.8	0.8	0.8

Source: World Bank, Ministry of Finance and Public Credit (MHCP) and Central Bank of Nicaragua. Emissions data sourced from CAIT and OECD.

Notes: e = estimate, f = forecast. Data in annual percent change unless indicated otherwise.

1/ Fiscal and Primary Balance correspond to the non-financial public sector.

2/ Debt is total public debt.

3/ Calculations based on SEDLAC harmonization, using 2014-EMNV. Actual data: 2014. Nowcast: 2015-2025. Forecasts are from 2026 to 2028.

4/ Projections using microsimulation methodology.