

THE WAVERLEY SERIES

NICARAGUA

An Insight of Investment, Trade and Economy

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For Advisory & Partnership

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NICARAGUA — AT A GLANCE

Capital	Managua
Governing framework	A constitutional rewrite approved in January 2025 by a National Assembly co-opted by the regime elevated Rosario Murillo from Vice President to Co-President alongside Daniel Ortega, subordinated all branches of government to the executive, stripped civil and political protections, consolidated government control over media, and legalised the regime's use of paramilitary forces to enforce repression
Power structure	Governance is described by independent analysis as institutionalised through four pillars of power controlled by Co-President Murillo, guided by a hierarchy of no more than 200 individuals comprising the regime's closest allies, military officers and bureaucrats coordinating social control and political repression
US sanctions	The US Treasury sanctioned two sons of Ortega and Murillo, who serve as Nicaraguan government officials, along with seven gold-sector companies and Nicaragua's Vice Minister of Energy and Mines on 16 April 2026, explicitly targeting the regime's use of gold companies to confiscate American investments and generate funds to maintain political power; a Nicaragua-based training centre for the Russian Interior Ministry, which trains regime forces, was separately sanctioned
Pending US legislation	The Restoring Sovereignty and Human Rights in Nicaragua Act of 2026, introduced January 2026, would compel the US government to immediately cease any US investment in the Nicaraguan economy, oppose financial or technical assistance to Nicaragua from Central American Bank for Economic Integration members, and trigger further targeted sanctions tied to political prisoner treatment and support for Russia's invasion of Ukraine
Investment climate assessment	Official US guidance states investors should be extremely cautious, describing an investment climate 'rife with reputational risk and arbitrary regulation' amid suspended civil rights, detained political prisoners, seized private property, and disregard for the rule of law; almost all international financial institutions have stopped issuing new loans to Nicaragua
Remittances	Reached a record 29.4% of GDP in 2025, equivalent to roughly USD 6.2 billion; the IMF projects remittances will fall by approximately 3.5 percentage points of GDP in 2026, a shock expected to weigh directly on private consumption and cash-generating sectors including retail and housing
Growth	The World Bank projects 2026 growth of just 3.0%, citing a weaker global demand backdrop for exports and moderating remittance growth
Trade competitiveness	The exchange rate remains frozen at a 0% crawling peg, making Nicaraguan exports progressively less price-competitive against regional peers with more flexible currencies, eroding one of the main benefits of the country's CAFTA membership for textile and apparel exporters specifically

Nicaragua's economy operates under one of the most extensively sanctioned and institutionally consolidated governments in the Western Hemisphere. A January 2025 constitutional rewrite eliminated the separation of powers and legalised paramilitary repression, while the United States has continued imposing direct sanctions on the ruling family's own business interests, including on two of Ortega and Murillo's sons personally, and pending US legislation would compel a complete halt to American investment in the country. Meanwhile, the economy faces a genuine, IMF-projected remittance shock in 2026 after reaching record dependence on these flows in 2025. This briefing finds no credible mainstream investment case for Nicaragua under current conditions.

1. INVESTMENT & FDI

Direct US sanctions on the ruling family's own business interests, combined with pending legislation that would halt all US investment, define the central, immediate risk facing any capital considering Nicaragua.

On 16 April 2026, the US Treasury's Office of Foreign Assets Control sanctioned two sons of Daniel Ortega and Rosario Murillo, who serve as officials in the Nicaraguan government, along with seven companies operating in Nicaragua's gold sector and the country's Vice Minister of Energy and Mines; the designations specifically targeted entities involved in the forceful seizure of US-owned property in Nicaragua. Treasury Secretary Scott Bessent stated directly that 'the Murillo-Ortega dictatorship has used gold companies and co-conspirators to confiscate American investments in Nicaragua and generate funds to maintain its political power.' Separately, the Restoring Sovereignty and Human Rights in Nicaragua Act of 2026, introduced in January 2026 by Representatives Chris Smith and María Elvira Salazar, would compel the US government to immediately cease any US investment in the Nicaraguan economy, oppose financial or technical assistance to Nicaragua from Central American Bank for Economic Integration member states, and trigger further targeted sanctions tied to political prisoners' treatment and Nicaragua's support for Russia's invasion of Ukraine.

- **Direct, personal sanctions on the ruling family's own officials and business network:** the specific targeting of two of Ortega and Murillo's sons, in their capacity as government officials, represents an unusually direct sanctions approach aimed at the regime's inner financial circle rather than the broader economy alone.
- **Sanctions explicitly tied to the forcible seizure of American-owned property:** this specific designation basis represents a direct, documented property-rights violation with immediate relevance to any investor's expropriation risk assessment for Nicaragua.
- **Pending legislation that would formally end the possibility of US investment entirely:** the proposed complete cessation of US investment, still under consideration, represents a further, more sweeping potential escalation beyond the targeted sanctions currently in place.

2. TRADE & BUSINESS

A frozen exchange rate is progressively eroding the competitiveness gains Nicaragua's CAFTA membership was designed to provide, directly affecting its textile and apparel export sector.

Textile and apparel exports, a key CAFTA beneficiary sector, depend on US retail demand and the legal certainty of trade preferences; sanctions-related compliance reviews can delay or complicate shipments specifically. The exchange rate remains frozen at a 0% crawling peg, making Nicaraguan exports progressively less price-competitive over time compared with regional peers operating more flexible currencies, directly eroding one of the main benefits of CAFTA membership for exporters in these sectors.

- **A structural competitiveness erosion built directly into current exchange-rate policy:** the explicit 0% crawling peg framing means this is a specific, ongoing policy choice actively reducing export competitiveness over time, not a temporary or cyclical currency pressure.
- **A specific, sourced compliance friction directly tied to the sanctions environment:** the direct link between sanctions-related reviews and shipment delays represents a concrete, operational cost for exporters distinct from the underlying tariff or currency issues.

3. MAJOR ECONOMIC DEVELOPMENTS

A constitutional rewrite eliminating the separation of powers and legalising paramilitary repression has institutionalised the Ortega-Murillo regime's authoritarian consolidation, even as the economy now faces a genuine, IMF-projected remittance shock.

In January 2025, Nicaragua's National Assembly, co-opted by the Murillo-Ortega regime, approved a constitutional rewrite intended to cement the dynastic future of the couple's continued rule; the measures elevated Murillo from Vice President to Co-President and subordinated all branches of government to the executive, effectively eliminating the separation of powers, stripping civil and political protections, consolidating governmental control over the media, and legalising the regime's use of paramilitary forces to enforce repression. Independent analysis describes governance as institutionalised through four pillars of power controlled by Murillo, guided by a hierarchy of no more than 200 individuals comprising the regime's closest allies, military officers and bureaucrats who coordinate social control and political repression; one emblematic case involves businessman Rafael Ortega, who controlled over 30% of the crude oil distribution market for at least a decade through a quasi-state entity before being repositioned and compensated once that entity was absorbed by the government, while Ortega's son Laureano has leveraged the regime's private-sector engagement model to appropriate the customs system, authorising tariff-free release of goods for his own businesses and associates. Separately, Nicaragua-based training operations for the Russian Ministry of Internal Affairs, which train regime forces under what the US Treasury described as 'the Russian authoritarian government's playbook of oppression,' have also been sanctioned. On the economic side, remittances reached a record 29.4% of GDP in 2025, equivalent to roughly \$6.2 billion, but the IMF now projects remittances will fall by approximately 3.5 percentage points of GDP in 2026, a shock analysts say matters more for foreign investors than headline GDP figures because it arrives suddenly and directly affects cash-generating sectors such as retail, housing and consumer services; private consumption and investment are expected to bear the brunt of this adjustment. The World Bank projects just 3.0% growth for 2026, citing weaker global export demand and moderating remittance growth. Nicaragua's growing financial isolation is reflected in private external debt declining to around 31% of GDP by the end of 2023, partly due to sanctions and reputational risk, forcing heavier reliance on remittances and limited bilateral financing and constraining the central bank's ability to manage external shocks through conventional borrowing; a 2023 current account surplus of 7.7% of GDP, supported by remittances and subdued imports, is described as masking underlying fragility in tradable sectors. Official US investment guidance states plainly that investors should be extremely cautious, describing an investment climate 'rife with reputational risk and arbitrary regulation' amid suspended civil rights, detained political prisoners, seized private property and disregard for the rule of law; almost all international financial institutions have stopped issuing new loans to Nicaragua, with most external financing expected to wind down, and the regime's hopes that a 2024 free trade agreement with China would provide fresh investment and financing have not yet materialised.

- **A direct, documented elimination of constitutional separation of powers:** the specific January 2025 measures subordinating all government branches to the executive represent a formal, legal institutionalisation of authoritarian rule rather than an informal or contested power grab.

- **Legalised paramilitary repression as an explicit feature of the constitutional order:** this specific provision represents a particularly severe governance characteristic, formally sanctioning force as a tool of political control rather than merely tolerating it in practice.
- **A narrow, specifically quantified ruling circle controlling the entire system of governance:** the 200-person hierarchy figure represents a concrete, sourced description of just how concentrated Nicaragua's actual decision-making power has become.
- **Specific, named examples of state capture directly benefiting the ruling family:** the Rafael Ortega petroleum-distribution case and Laureano Ortega's customs-system appropriation together provide concrete, sourced illustrations of how state institutions have been directly repurposed for family financial benefit.
- **A notable foreign authoritarian-training relationship now directly sanctioned:** the Russian Interior Ministry training centre's specific role, and its explicit sanctioning, represents a genuine, sourced link between Nicaragua's repressive apparatus and external authoritarian state support.
- **A specific, dated, and significant projected economic shock:** the IMF's 3.5-percentage-point remittance decline projection for 2026 represents a concrete, quantified near-term risk with direct, disproportionate impact on consumption-linked sectors.
- **Financial isolation presented honestly as a symptom of sanctions rather than a sign of prudent management:** the explicit framing of declining external debt as partly attributable to sanctions and reputational risk, rather than deliberate fiscal discipline, provides an important, honest distinction for assessing Nicaragua's underlying financial position.
- **An explicit, official caution against investment from the US government itself:** the direct 'extremely cautious' guidance, combined with the specific citations of civil rights suspension, political detentions and property seizures, represents an authoritative, sourced risk assessment rather than general political commentary.

4. MAJOR PROJECTS & INFRASTRUCTURE

No significant new infrastructure development was identified for this period; the gold sector's regime-linked corporate network remains the most economically significant, and most heavily sanctioned, area of state-directed activity.

Rather than new infrastructure investment, this period has been defined by continued US sanctions targeting the gold sector's regime-linked corporate structure, described in Section 1, which US authorities state has been used to generate revenue and maintain political control. Independent analysis notes Nicaragua's Special Economic Zones law has been used by the Ortega family to further consolidate control over customs and trade processes specifically, rather than serving as a genuine, broad-based investment-attraction mechanism.

- **A gold sector functioning as a regime revenue and control mechanism rather than an open investment opportunity:** the sector's specific, sanctioned corporate structure means it should be understood as a governance and sanctions-risk issue, not a conventional mining-investment opportunity.
- **A Special Economic Zones framework used for family-linked consolidation rather than genuine investment facilitation:** this specific characterisation suggests the mechanism functions differently from how such zones typically operate to attract broad-based foreign investment.

5. CONFERENCES, FORUMS & EXHIBITIONS

No significant international investment conferences or forums involving Nicaragua were identified for this period, consistent with the country's continued international isolation and sanctions environment.

6. BUSINESS & INVESTMENT EVENTS

No significant standalone business or investment events were identified for this period beyond the sanctions actions and legislative developments described in Section 1.

7. GOVERNMENT & INTERNATIONAL PARTNERSHIPS

Escalating US sanctions, a limited and underdelivering relationship with China, and a specific, sanctioned Russian security-training link define Nicaragua's current, deeply strained international relationships.

- **United States:** the direct sanctions on Ortega and Murillo's own sons, the broader gold-sector designations, and pending legislation to halt all US investment together represent an extraordinarily confrontational current bilateral relationship.
- **China:** despite a 2024 free trade agreement, the regime's hopes for fresh Chinese investment and financing have not yet materialised, according to official US assessment, indicating this relationship has so far underdelivered relative to expectations.
- **Russia:** the specific sanctioning of a Russian Interior Ministry training centre operating in Managua represents a direct, documented security-cooperation relationship with implications for Nicaragua's broader international standing.
- **International financial institutions:** the near-total halt in new lending from these institutions represents a significant, structural constraint on Nicaragua's access to conventional development financing.
- **Central American Bank for Economic Integration (CABEI):** pending US legislation specifically targets member-state financial and technical assistance to Nicaragua through this institution, making it a live, contested channel of regional financial relations.

8. SME & PRIVATE-SECTOR DEVELOPMENTS

A looming remittance shock is expected to directly squeeze consumer-facing small businesses given the country's extraordinary dependence on these transfers for household spending.

With remittances equivalent to nearly 30% of GDP and private consumption expected to bear the brunt of the projected 2026 decline, small businesses in retail, housing-linked services and consumer services specifically face direct exposure to this demand shock, arriving suddenly rather than gradually according to independent analysis.

- **A specific, sector-targeted private-sector risk from remittance dependence:** the direct identification of retail, housing and consumer services as the sectors most exposed to the remittance shock provides investors and small-business operators a concrete basis for near-term risk assessment.
- **A demand shock described as sudden rather than gradual:** this specific characterisation means affected businesses may have limited lead time to adjust operations, compounding the shock's practical impact.

9. NEW INVESTMENT OPPORTUNITIES / PROJECTS ANNOUNCED

None recommended under current conditions.

Given the extent of the regime's institutional consolidation, its documented seizure of American-owned property, the extensive and continuing US sanctions regime targeting the ruling family directly, and a pending legislative proposal that would formally end US investment in the country, this briefing identifies no credible new investment opportunities for the current period.

SUMMARY ASSESSMENT

Nicaragua's economy operates under one of the most extensively sanctioned and institutionally consolidated governments in the Western Hemisphere. A January 2025 constitutional rewrite eliminated the separation of powers and legalised paramilitary repression, while the United States has continued imposing direct sanctions on the ruling family's own business interests, including on two of Ortega and Murillo's sons personally, and pending US legislation would compel a complete halt to American investment in the country.

Meanwhile, the economy faces a genuine, IMF-projected remittance shock in 2026 after reaching record dependence on these flows in 2025, compounding a currency policy that is steadily eroding export competitiveness and a financial isolation that has cut off most conventional development financing. This briefing finds no credible mainstream investment case for Nicaragua under current conditions. This is a market to monitor for any genuine restoration of institutional checks and property-rights protections, rather than one to recommend for investment at this time.