

Economy Profile  
Nicaragua

# Doing Business 2020

Comparing Business  
Regulation in  
**190** Economies



WORLD BANK GROUP

**Economy Profile of Nicaragua**

*Doing Business 2020 Indicators  
(in order of appearance in the document)*

<b>Starting a business</b>	Procedures, time, cost and paid-in minimum capital to start a limited liability company
<b>Dealing with construction permits</b>	Procedures, time and cost to complete all formalities to build a warehouse and the quality control and safety mechanisms in the construction permitting system
<b>Getting electricity</b>	Procedures, time and cost to get connected to the electrical grid, and the reliability of the electricity supply and the transparency of tariffs
<b>Registering property</b>	Procedures, time and cost to transfer a property and the quality of the land administration system
<b>Getting credit</b>	Movable collateral laws and credit information systems
<b>Protecting minority investors</b>	Minority shareholders' rights in related-party transactions and in corporate governance
<b>Paying taxes</b>	Payments, time, total tax and contribution rate for a firm to comply with all tax regulations as well as postfiling processes
<b>Trading across borders</b>	Time and cost to export the product of comparative advantage and import auto parts
<b>Enforcing contracts</b>	Time and cost to resolve a commercial dispute and the quality of judicial processes
<b>Resolving insolvency</b>	Time, cost, outcome and recovery rate for a commercial insolvency and the strength of the legal framework for insolvency
<b>Employing workers</b>	Flexibility in employment regulation and redundancy cost

## About Doing Business

The *Doing Business* project provides objective measures of business regulations and their enforcement across 190 economies and selected cities at the subnational and regional level.

The *Doing Business* project, launched in 2002, looks at domestic small and medium-size companies and measures the regulations applying to them through their life cycle.


*Doing Business* captures several important dimensions of the regulatory environment as it applies to local firms. It provides quantitative indicators on regulation for starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency. *Doing Business* also measures features of employing workers. Although *Doing Business* does not present rankings of economies on the employing workers indicators or include the topic in the aggregate ease of doing business score or ranking on the ease of doing business, it does present the data for these indicators.

By gathering and analyzing comprehensive quantitative data to compare business regulation environments across economies and over time, *Doing Business* encourages economies to compete towards more efficient regulation; offers measurable benchmarks for reform; and serves as a resource for academics, journalists, private sector researchers and others interested in the business climate of each economy.

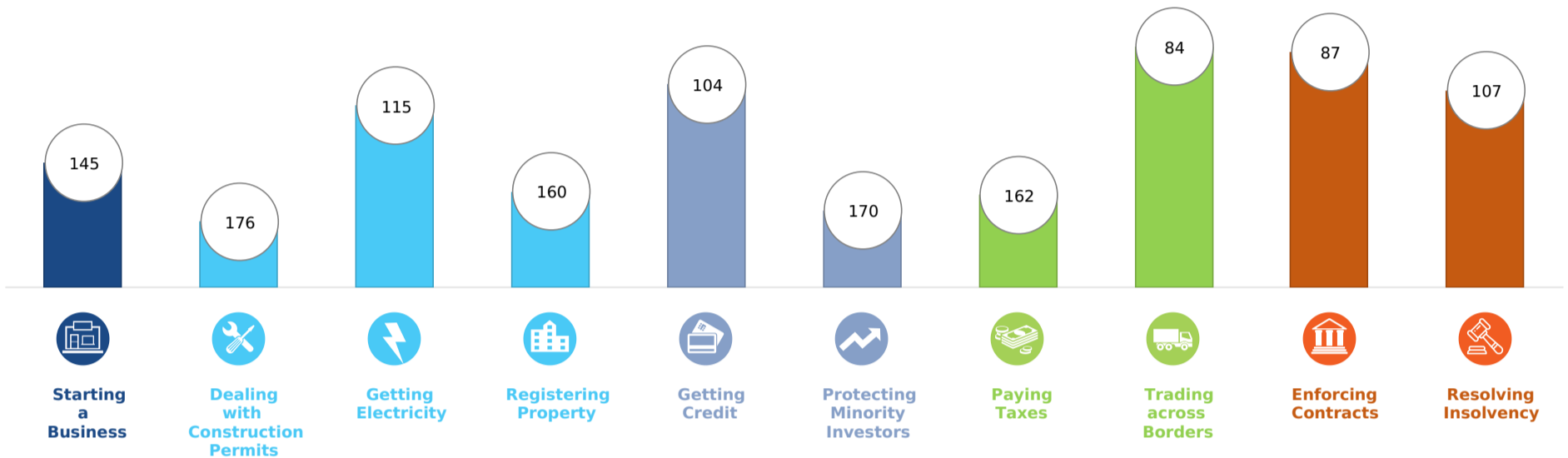
In addition, *Doing Business* offers detailed [subnational studies](#), which exhaustively cover business regulation and reform in different cities and regions within a nation. These studies provide data on the ease of doing business, rank each location, and recommend reforms to improve performance in each of the indicator areas. Selected cities can compare their business regulations with other cities in the economy or region and with the 190 economies that *Doing Business* has ranked.

The first *Doing Business* study, published in 2003, covered 5 indicator sets and 133 economies. This year's study covers 11 indicator sets and 190 economies. Most indicator sets refer to a case scenario in the largest business city of each economy, except for 11 economies that have a population of more than 100 million as of 2013 (Bangladesh, Brazil, China, India, Indonesia, Japan, Mexico, Nigeria, Pakistan, the Russian Federation and the United States) where *Doing Business* also collected data for the second largest business city. The data for these 11 economies are a population-weighted average for the 2 largest business cities. The project has benefited from feedback from governments, academics, practitioners and reviewers. The initial goal remains: to provide an objective basis for understanding and improving the regulatory environment for business around the world.

To learn more about *Doing Business* please visit [doingbusiness.org](http://doingbusiness.org)

Ease of Doing Business in <b>Nicaragua</b> 	<b>Region</b>	Latin America & Caribbean	<b>DB RANK</b>	142	<b>DB SCORE</b>	54.4
	<b>Income Category</b>	Lower middle income				
	<b>Population</b>	6,465,513				
	<b>City Covered</b>	Managua				

Rankings on Doing Business topics - Nicaragua



Topic Scores



<b>Starting a Business</b> (rank)	145
Score of starting a business (0-100)	79.6
Procedures (number)	7
Time (days)	14
Cost (number)	65.7
Paid-in min. capital (% of income per capita)	0.0
<b>Dealing with Construction Permits</b> (rank)	176
Score of dealing with construction permits (0-100)	46.3
Procedures (number)	18
Time (days)	225
Cost (% of warehouse value)	5.7
Building quality control index (0-15)	3.5
<b>Getting Electricity</b> (rank)	115
Score of getting electricity (0-100)	68.3
Procedures (number)	6
Time (days)	55
Cost (% of income per capita)	879.7
Reliability of supply and transparency of tariff index (0-8)	4
<b>Registering Property</b> (rank)	160
Score of registering property (0-100)	46.4
Procedures (number)	9
Time (days)	56
Cost (% of property value)	6.0
Quality of the land administration index (0-30)	5.5

<b>Getting Credit</b> (rank)	104
Score of getting credit (0-100)	50.0
Strength of legal rights index (0-12)	2
Depth of credit information index (0-8)	8
Credit registry coverage (% of adults)	12.9
Credit bureau coverage (% of adults)	56.6
<b>Protecting Minority Investors</b> (rank)	170
Score of protecting minority investors (0-100)	24.0
Extent of disclosure index (0-10)	1.0
Extent of director liability index (0-10)	5.0
Ease of shareholder suits index (0-10)	6.0
Extent of shareholder rights index (0-6)	0.0
Extent of ownership and control index (0-7)	0.0
Extent of corporate transparency index (0-7)	0.0
<b>Paying Taxes</b> (rank)	162
Score of paying taxes (0-100)	52.7
Payments (number per year)	43
Time (hours per year)	201
Total tax and contribution rate (% of profit)	60.6
Postfiling index (0-100)	52.5

<b>Trading across Borders</b> (rank)	84
Score of trading across borders (0-100)	77.0
<i>Time to export</i>	
Documentary compliance (hours)	48
Border compliance (hours)	72
<i>Cost to export</i>	
Documentary compliance (USD)	47
Border compliance (USD)	240
<i>Time to export</i>	
Documentary compliance (hours)	16
Border compliance (hours)	72
<i>Cost to export</i>	
Documentary compliance (USD)	86
Border compliance (USD)	400
<b>Enforcing Contracts</b> (rank)	87
Score of enforcing contracts (0-100)	58.6
Time (days)	490
Cost (% of claim value)	26.8
Quality of judicial processes index (0-18)	6.5
<b>Resolving Insolvency</b> (rank)	107
Score of resolving insolvency (0-100)	41.1
Recovery rate (cents on the dollar)	35.7
Time (years)	2.2
Cost (% of estate)	14.5
Outcome (0 as piecemeal sale and 1 as going concern)	0
Strength of insolvency framework index (0-16)	7.0

## Starting a Business

This topic measures the number of procedures, time, cost and paid-in minimum capital requirement for a small- to medium-sized limited liability company to start up and formally operate in each economy's largest business city.

To make the data comparable across 190 economies, *Doing Business* uses a standardized business that is 100% domestically owned, has start-up capital equivalent to 10 times the income per capita, engages in general industrial or commercial activities and employs between 10 and 50 people one month after the commencement of operations, all of whom are domestic nationals. Starting a Business considers two types of local limited liability companies that are identical in all aspects, except that one company is owned by 5 married women and the other by 5 married men. The ranking of economies on the ease of starting a business is determined by sorting their scores for starting a business. These scores are the simple average of the scores for each of the component indicators.

The most recent round of data collection for the project was completed in May 2019. [See the methodology for more information.](#)

What the indicators measure	Case study assumptions
<p><b>Procedures to legally start and formally operate a company (number)</b></p> <ul style="list-style-type: none"> <li>• Preregistration (for example, name verification or reservation, notarization)</li> <li>• Registration in the economy's largest business city</li> <li>• Postregistration (for example, social security registration, company seal)</li> <li>• Obtaining approval from spouse to start a business or to leave the home to register the company</li> <li>• Obtaining any gender specific document for company registration and operation or national identification card</li> </ul>	<p>To make the data comparable across economies, several assumptions about the business and the procedures are used. It is assumed that any required information is readily available and that the entrepreneur will pay no bribes.</p>
<p><b>Time required to complete each procedure (calendar days)</b></p> <ul style="list-style-type: none"> <li>• Does not include time spent gathering information</li> <li>• Each procedure starts on a separate day (2 procedures cannot start on the same day)</li> <li>• Procedures fully completed online are recorded as ½ day</li> <li>• Procedure is considered completed once final document is received</li> <li>• No prior contact with officials</li> </ul>	<p><b>The business:</b></p> <ul style="list-style-type: none"> <li>-Is a limited liability company (or its legal equivalent). If there is more than one type of limited liability company in the economy, the limited liability form most common among domestic firms is chosen. Information on the most common form is obtained from incorporation lawyers or the statistical office.</li> <li>-Operates in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.</li> <li>-Performs general industrial or commercial activities such as the production or sale to the public of goods or services. The business does not perform foreign trade activities and does not handle products subject to a special tax regime, for example, liquor or tobacco. It is not using heavily polluting production processes.</li> <li>-Does not qualify for investment incentives or any special benefits.</li> <li>-Is 100% domestically owned.</li> <li>-Has five business owners, none of whom is a legal entity. One business owner holds 30% of the company shares, two owners have 20% of shares each, and two owners have 15% of shares each.</li> <li>-Is managed by one local director.</li> <li>-Has between 10 and 50 employees one month after the commencement of operations, all of them domestic nationals.</li> <li>-Has start-up capital of 10 times income per capita.</li> <li>-Has an estimated turnover of at least 100 times income per capita.</li> <li>-Leases the commercial plant or offices and is not a proprietor of real estate.</li> <li>-Has an annual lease for the office space equivalent to one income per capita.</li> <li>-Is in an office space of approximately 929 square meters (10,000 square feet).</li> <li>-Has a company deed that is 10 pages long.</li> </ul>
<p><b>Cost required to complete each procedure (% of income per capita)</b></p> <ul style="list-style-type: none"> <li>• Official costs only, no bribes</li> <li>• No professional fees unless services required by law or commonly used in practice</li> </ul>	<p><b>The owners:</b></p> <ul style="list-style-type: none"> <li>-Have reached the legal age of majority and are capable of making decisions as an adult. If there is no legal age of majority, they are assumed to be 30 years old.</li> <li>-Are in good health and have no criminal record.</li> <li>-Are married, the marriage is monogamous and registered with the authorities.</li> <li>-Where the answer differs according to the legal system applicable to the woman or man in question (as may be the case in economies where there is legal plurality), the answer used will be the one that applies to the majority of the population.</li> </ul>
<p><b>Paid-in minimum capital (% of income per capita)</b></p> <ul style="list-style-type: none"> <li>• Funds deposited in a bank or with third party before registration or up to 3 months after incorporation</li> </ul>	

Starting a Business - Nicaragua

Standardized Company

Legal form	Sociedad Anónima (S.A.) - Corporation
Paid-in minimum capital requirement	No minimum
City Covered	Managua

Indicator	Nicaragua	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Procedure - Men (number)	7	8.1	4.9	1 (2 Economies)
Time - Men (days)	14	28.8	9.2	0.5 (New Zealand)
Cost - Men (% of income per capita)	65.7	31.4	3.0	0.0 (2 Economies)
Procedure - Women (number)	7	8.1	4.9	1 (2 Economies)
Time - Women (days)	14	28.8	9.2	0.5 (New Zealand)
Cost - Women (% of income per capita)	65.7	31.4	3.0	0.0 (2 Economies)
Paid-in min. capital (% of income per capita)	0.0	0.4	7.6	0.0 (120 Economies)

Figure - Starting a Business in Nicaragua - Score

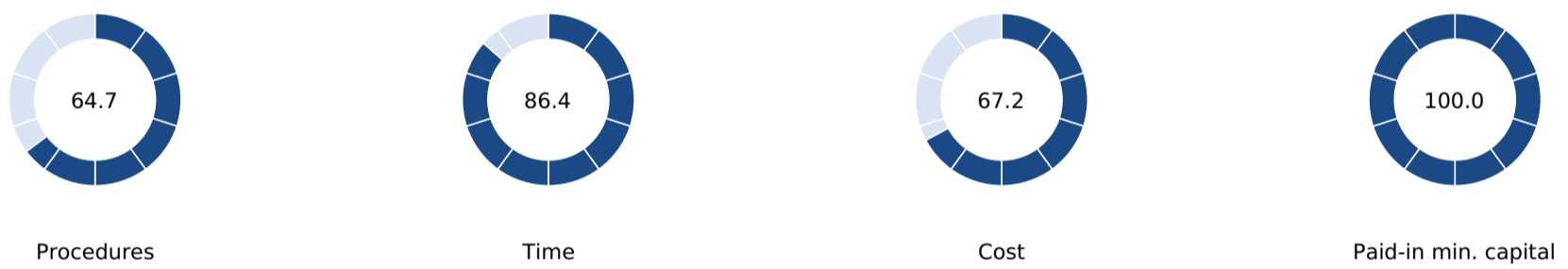
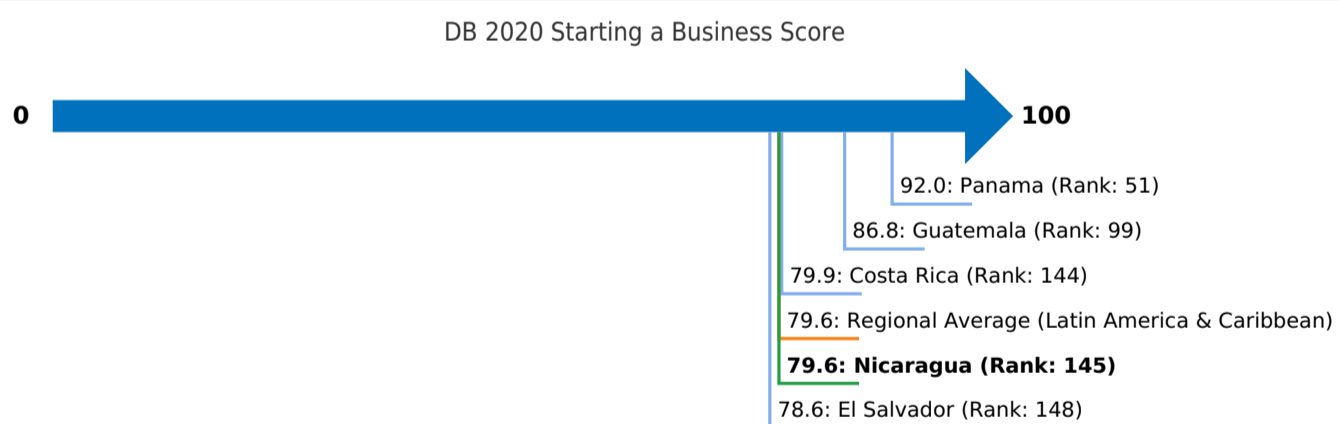
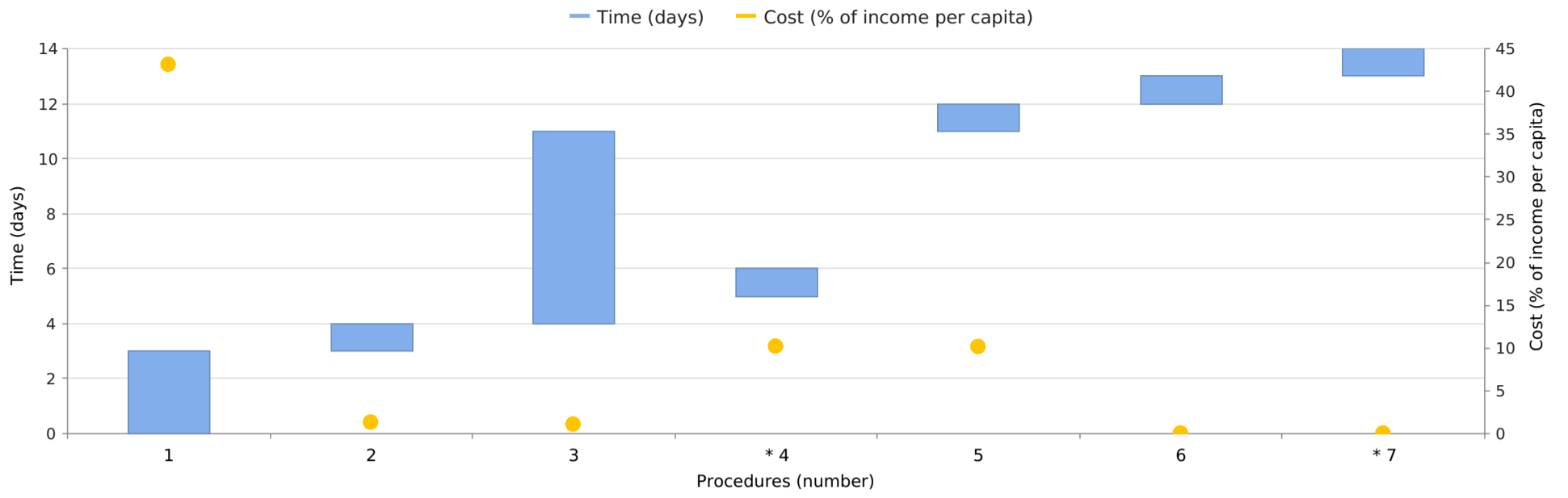


Figure - Starting a Business in Nicaragua and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of starting a business is determined by sorting their scores for starting a business. These scores are the simple average of the scores for each of the component indicators.

Figure - Starting a Business in Nicaragua - Procedure, Time and Cost



\*This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (<http://doingbusiness.org/en/methodology>). For details on the procedures reflected here, see the summary below.



## Details - Starting a Business in Nicaragua - Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p><b>Sign the incorporation papers before a notary public</b>  <i>Agency</i>: Public Notary</p> <p>The documents of incorporation and the company bylaws must be drafted by a notary public. It is customary to include the company bylaws in the document of incorporation. Most notaries will also perform the remaining steps (explained in the following steps) in the incorporation process, for a fee of USD 200 (on average). The notary cost is in between USD 750-1,000.</p>	3 days	USD 875
2	<p><b>Buy the company's accounting and corporate books</b>  <i>Agency</i>: Bookstore</p> <p>According to Article 28 of the Commercial Code, all companies must keep four corporate books: two accounting books (diary and ledger) and two corporate books (minute book and share book). The cost of the books may vary from one bookstore to another.</p>	1 day	NIO 800
3	<p><b>File the company's deeds (acta constitutiva), register the accounting books (sellado de libros) and register as a trader (inscripción como comerciante)</b>  <i>Agency</i>: Representation of the Commercial Registry at the one-stop shop (Ventanilla Única de Inversiones - VUI)</p> <p>In February of 2014, the Public Registry of Nicaragua approved a resolution in allowing entrepreneurs to file the incorporation statutes, to register the accounting books and the inscription as a trader at the same time at the one-stop shop.</p> <p>The cost for commercial registration is 1% of capital (with a minimum of NIO 1,000, maximum of NIO 30,000) and the following fees apply:</p> <ul style="list-style-type: none"> <li>- Inscription of constitution of internal books: NIO 100.</li> <li>- Registration fee for books (diario, mayor, actas y acciones) NIO 350.00.</li> <li>- Registration as a trader (inscripción como comerciante): NIO 300.</li> <li>- Form for municipal license (matrícula): NIO 5.</li> <li>- Municipal license: for social capital lower than NIO 50,000 is NIO 500; higher than NIO 50,000 is 1% of capital.</li> <li>- Municipal license document (constancia de matrícula): 1% of license fee.</li> </ul> <p>The payment must be made in Banpro or Banco de Finanzas, and the payment receipt must be presented at the one-stop shop. Regardless whether the company has income, it must declare before the Nicaraguan Tax Authority (Dirección General de Impuestos) each month. If the company has no sales, it will not pay any taxes. However, it will have to pay the fees for the services performed by their representative in Nicaragua before the DGI.</p>	1 week	NIO 350 (registration of accounting books) + NIO 300 (application as a trader)
⇒ 4	<p><b>Pay the inscription fees</b>  <i>Agency</i>: Commercial Bank</p> <p>Fees must be paid into any bank and the receipt presented to the one-stop shop (see Procedure 5). There is a commercial bank within the Commercial Registry where the payment can be made.</p>	1 day (simultaneous with previous procedure)	1% of capital (Commercial Registration) within a minimum of NIO 1,000 and a maximum of NIO 30,000 + NIO 100 (inscription of internal books)
5	<p><b>File the Single Document (DUR - Documento Único de Registro) to obtain registration with Tax Authorities (RUC), social security (INSS), and the pre-municipal license (pre-matrícula)</b>  <i>Agency</i>: Representation of DUR (Documento Único de Registro) at the one-stop shop (VUI) or the Tax Authorities (Dirección General de Ingresos - DGI)</p> <p>Companies must obtain the Single Registration Document or DUR (Documento Único de Registro), a document that allows to register at the same time for sales tax (Registro Unico de Contribuyentes - RUC), pre-registration at social security (INSS), and the pre-municipal license (pre-matrícula) at the one-stop shop or at the DGI (Dirección General de Ingresos). In addition, the payment of the pre-municipal license is now made at the one-stop shop with the same document.</p>	1 day	1% of capital (municipal license fee) + 1% of municipal license fee (municipal license document)+ NIO 5 (form for municipal license)
6	<p><b>Obtain a municipal license (matrícula)</b>  <i>Agency</i>: Representation of the Municipality (Alcaldía de Managua) at the one-stop shop (Ventanilla Única de Inversiones - VUI)</p> <p>After obtaining the pre-municipal license with the application of DUR, entrepreneurs must go to the delegation of the Municipality (Alcaldía) at the one-stop shop to obtain the official license (matrícula).</p>	1 day	no charge
⇒ 7	<p><b>Obtain a Social Security certificate and register the company's employees</b>  <i>Agency</i>: Social Security Institute (INSS - Instituto Nicaraguense de Seguridad Social)</p> <p>Business founders previously obtain an Employer's number (número patronal) through the Single Document or DUR (Documento Unico de Registro). Then, an Employer's Certificate (certificado patronal) must be requested at the Social Security Institute (INSS - Instituto Nicaraguense de Seguridad Social). This visit is to obtain an activation procedure of the pre-obtained registration at INSS, and to activate the registration the company must have at least one employee. The employee needs to fill a form and with a copy of the employee's ID the employer can request employee's registration. At the same time, the company can request access to the online declaration service. INSS usually gives a training to use the system, which is set up a couple of days after the registration of the employee is requested.</p>	1 day (simultaneous with previous procedure)	no charge

⇒ Takes place simultaneously with previous procedure.



## Dealing with Construction Permits

This topic tracks the procedures, time and cost to build a warehouse—including obtaining necessary the licenses and permits, submitting all required notifications, requesting and receiving all necessary inspections and obtaining utility connections. In addition, the Dealing with Construction Permits indicator measures the building quality control index, evaluating the quality of building regulations, the strength of quality control and safety mechanisms, liability and insurance regimes, and professional certification requirements. The most recent round of data collection was completed in May 2019. [See the methodology for more information](#)

### What the indicators measure

#### Procedures to legally build a warehouse (number)

- Submitting all relevant documents and obtaining all necessary clearances, licenses, permits and certificates
- Submitting all required notifications and receiving all necessary inspections
- Obtaining utility connections for water and sewerage
- Registering and selling the warehouse after its completion

#### Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day—though procedures that can be fully completed online are an exception to this rule
- Procedure is considered completed once final document is received
- No prior contact with officials

#### Cost required to complete each procedure (% of income per capita)

- Official costs only, no bribes

#### Building quality control index (0-15)

- Quality of building regulations (0-2)
- Quality control before construction (0-1)
- Quality control during construction (0-3)
- Quality control after construction (0-3)
- Liability and insurance regimes (0-2)
- Professional certifications (0-4)

### Case study assumptions

To make the data comparable across economies, several assumptions about the construction company, the warehouse project and the utility connections are used.

#### The construction company (BuildCo):

- Is a limited liability company (or its legal equivalent) and operates in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Is 100% domestically and privately owned; has five owners, none of whom is a legal entity. Has a licensed architect and a licensed engineer, both registered with the local association of architects or engineers. BuildCo is not assumed to have any other employees who are technical or licensed experts, such as geological or topographical experts.
- Owns the land on which the warehouse will be built and will sell the warehouse upon its completion.

#### The warehouse:

- Will be used for general storage activities, such as storage of books or stationery.
- Will have two stories, both above ground, with a total constructed area of approximately 1,300.6 square meters (14,000 square feet). Each floor will be 3 meters (9 feet, 10 inches) high and will be located on a land plot of approximately 929 square meters (10,000 square feet) that is 100% owned by BuildCo, and the warehouse is valued at 50 times income per capita.
- Will have complete architectural and technical plans prepared by a licensed architect. If preparation of the plans requires such steps as obtaining further documentation or getting prior approvals from external agencies, these are counted as procedures.
- Will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements).

#### The water and sewerage connections:

- Will be 150 meters (492 feet) from the existing water source and sewer tap. If there is no water delivery infrastructure in the economy, a borehole will be dug. If there is no sewerage infrastructure, a septic tank in the smallest size available will be installed or built.
- Will have an average water use of 662 liters (175 gallons) a day and an average wastewater flow of 568 liters (150 gallons) a day. Will have a peak water use of 1,325 liters (350 gallons) a day and a peak wastewater flow of 1,136 liters (300 gallons) a day.
- Will have a constant level of water demand and wastewater flow throughout the year; will be 1 inch in diameter for the water connection and 4 inches in diameter for the sewerage connection.

Dealing with Construction Permits - Nicaragua

Standardized Warehouse

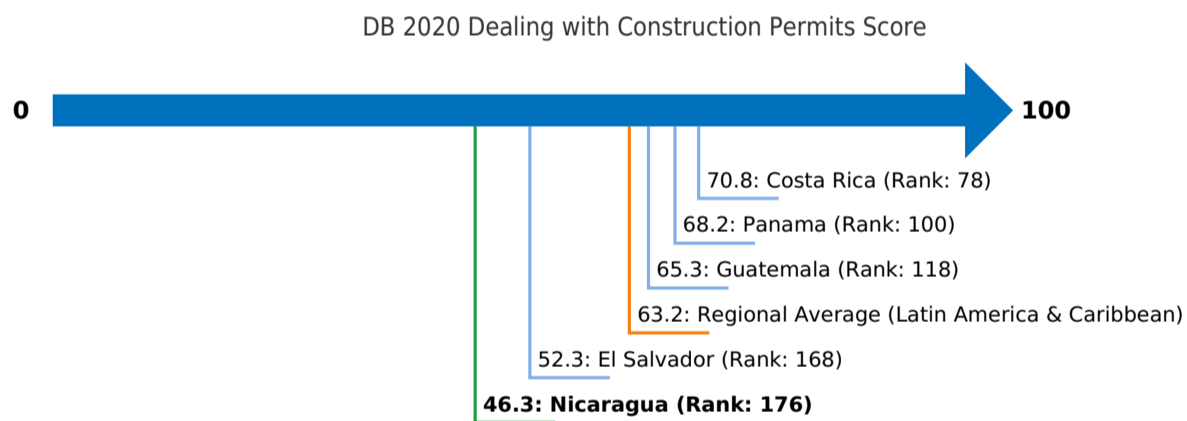
Estimated value of warehouse	NIO 3,126,452.40
City Covered	Managua

Indicator	Nicaragua	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Procedures (number)	18	15.5	12.7	None in 2018/19
Time (days)	225	191.2	152.3	None in 2018/19
Cost (% of warehouse value)	5.7	3.6	1.5	None in 2018/19
Building quality control index (0-15)	3.5	9.0	11.6	15.0 (6 Economies)

Figure - Dealing with Construction Permits in Nicaragua - Score

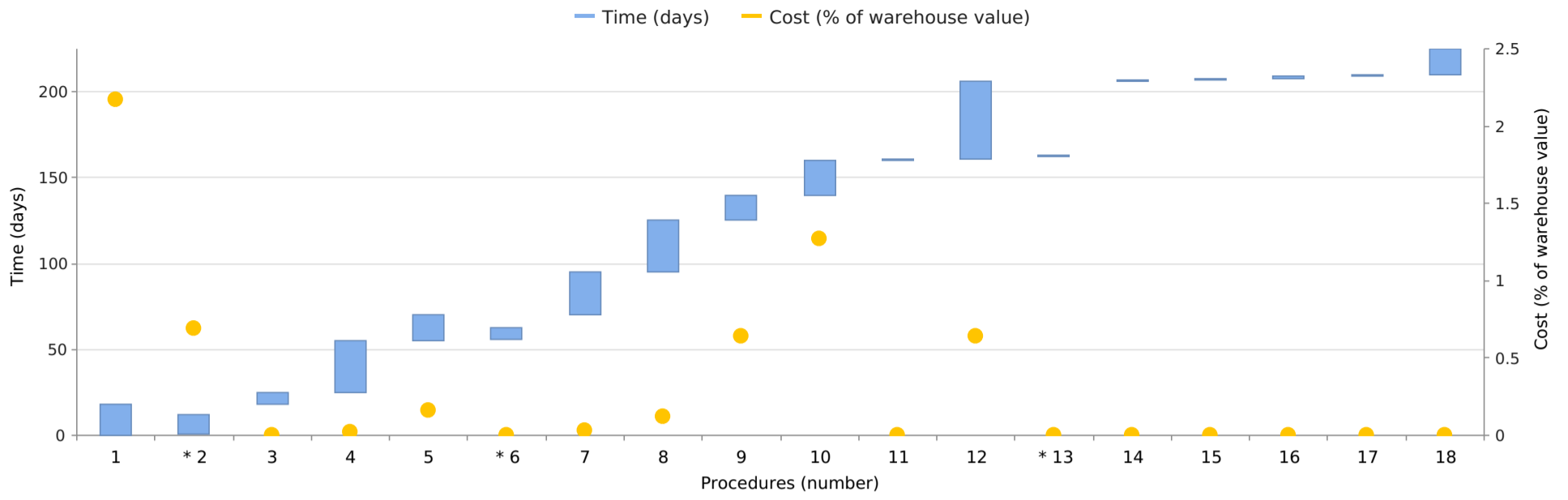


Figure - Dealing with Construction Permits in Nicaragua and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of dealing with construction permits is determined by sorting their scores for dealing with construction permits. These scores are the simple average of the scores for each of the component indicators.

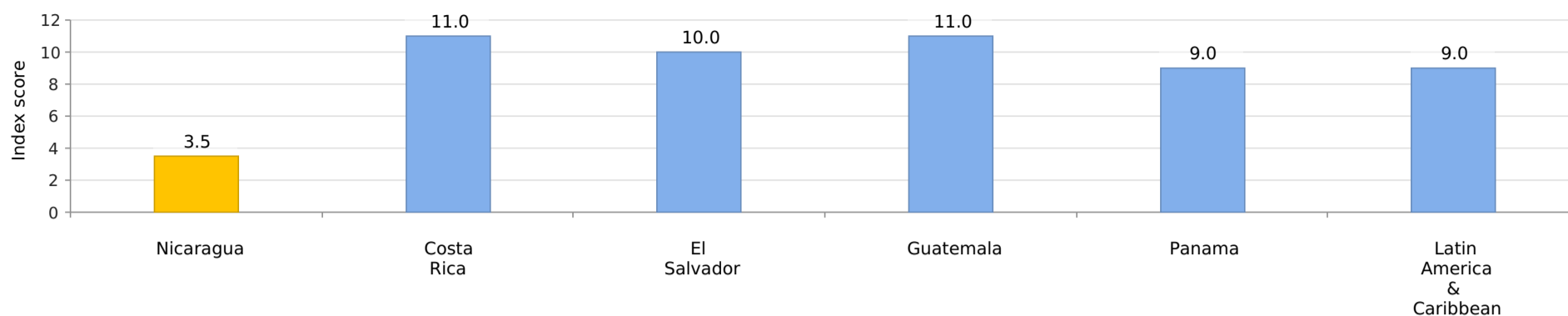
Figure - Dealing with Construction Permits in Nicaragua - Procedure, Time and Cost



\*This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (<http://doingbusiness.org/en/methodology>). For details on the procedures reflected here, see the summary below.

Figure - Dealing with Construction Permits in Nicaragua and comparator economies - Measure of Quality



Details - Dealing with Construction Permits in Nicaragua - Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p><b>Obtain a soil test study</b>  <i>Agency:</i> Instituto Nicaragüense de Estudios Territoriales                      According to Article 27 (f) of Reglamento de Permiso de construcción para el Área del Municipio de Managua - Reg No 2996-R/F 858897, a soil study is a requirement by law. This is to ensure that the foundation of the building is solid since Nicaragua is a country with seismic activity. The engineer must understand the suitability of the soil for the proposed construction work. Soil test allows to build a solid foundation and avoid structures to be damaged or collapsed or leaned.</p>	18 days	USD 2,200
⇒ 2	<p><b>Obtain a topographical survey of the land</b>  <i>Agency:</i> Private Engineer                      Build Co. needs to obtain the topographical survey for the site plan design.</p>	11 days	USD 700
3	<p><b>Request and obtain consultations with Municipality of Managua (Alcaldía de Managua - ALMA) about the urban plans</b>  <i>Agency:</i> Municipality of Managua (Alcaldía de Managua - ALMA)                      It is common practice to have an initial consultation with the Technical Urban Planning Committee (Comité Técnico Urbanístico) to verify all conditions before submitting any document. The board will open a file for the building permit if it is considered feasible. If BuildCo does not agree with the decision, an appeal may be filed with the Technical Urban Planning Committee (Comité Técnico Urbanístico).</p>	7 days	no charge
4	<p><b>Request and obtain the land use certificate (constancia de uso de suelo) from the Municipality of Managua</b>  <i>Agency:</i> Municipality of Managua (Alcaldía de Managua - ALMA)                      Once the file and the decision are obtained, a record number is created (to be used for the following procedures until the project is approved). The documents to be submitted at this stage are an application form, a copy of the location map, a site map, and the cadastral number of the property.</p>	30 days	NIO 500
5	<p><b>Request feasibility analysis from ENACAL</b>  <i>Agency:</i> ENACAL                      Upon the reception of the certificate for land use, a feasibility analysis from ENACAL is required to determine whether the site can be connected to water and sewerage services. If no sewage system exists, an alternative would be a treatment system approved by the MARENA (Environmental Impact Assessment, Ministry of the Environment and Natural Resources).                      Measurement of pressures at each coupling point - NIO 2,000                      Gauging sewage in each probably discharge point: NIO 3,000                      Total = 5,000                      The costs are based on Resolution No. CD-RT-028-2008 published in Official Gazette No. 212 of November 4, 2008                      The documents to be submitted are an application form, the land use certificate, a project description (physical modulation and activities), a plot plan on a scale of 1:10,000, the water demand and use statement, and specifications of the inflow rate and the sewage characteristics. The ENACAL approval certificate covers the project conceptualization and indicates that the project is compliant with the standards and regulations. The required documents are a project identification title page, topographic maps, an urban development plan, an existing infrastructure plan, design drawings, detail drawings, and a descriptive report.</p>	15 days	NIO 5,000

→ 6	<p><b>Request feasibility analysis from DISNORTE-DISSUR</b>  <i>Agency</i> : DISNORTE-DISSUR</p> <p>In parallel, regarding electrical connection, a feasibility analysis from DISNORTE-DISSUR is required to determine whether the site can be connected to the electrical network. The following documents are needed: the (original) location map, a specification of the electrical capacity to be installed, and the estimated start date of construction work.</p> <p>Moreover, DISNORTE-DISSUR provides a review, design approval, and authorization, and issues a decision stating that the proposed project conforms with the Manual of Norms of Construction of Distribution (Manual de Normas de Construcción de Distribución), the electrical power supply company. The following documents are required:</p> <ul style="list-style-type: none"> <li>• Design license</li> <li>• Electrical specifications</li> <li>• Stack-out sheet</li> <li>• List of materials</li> <li>• Project drawings</li> <li>• Photocopy of the electrical power and light contract</li> <li>• Photocopy of the feasibility certificate</li> </ul>	7 days	no charge
7	<p><b>Request and obtain preliminary design approval from the Municipality of Managua</b>  <i>Agency</i> : Municipality of Managua (Alcaldía de Managua - ALMA)</p> <p>BuildCo must obtain an approval stating that the proposed preliminary designs conform to the Regulating Plan of the Municipality of Managua and to the land-use certificate.</p> <p>The required documents are the land-use certificate; a notarized deed certifying ownership of the land; the feasibility analyses by the Nicaraguan Institute of Energy (INE) and the Nicaraguan Company of Water and Sewage (ENACAL); a local fault study endorsed by the Nicaraguan Institute of Territorial Studies INETER, if required by the land use certificate; and two sets of maps, each consisting of a location map on a scale of 1:10,000 (a site map on a scale of 1:10,000, 1:500, or 1:200 and a contour map); an architectural layout; exterior work drawings; and area frames.</p>	25 days	NIO 1,000
8	<p><b>Request and obtain project approval at the Municipality of Managua</b>  <i>Agency</i> : Municipality of Managua (Alcaldía de Managua - ALMA)</p> <p>A project approval is a decision stating that the project conforms to the Regulating Plan of the Municipality of Managua. The fee for obtaining the approval is NIO 3.00 per sq. m., and payment can be made either in cash or in two equal installments. The required documents are three sets of plans and the approved preliminary designs.</p> <p>The following documents are required:</p> <ul style="list-style-type: none"> <li>Letter of request for service</li> <li>Public deed duly registered</li> <li>Preliminary Design approved</li> <li>Two sets of plans</li> <li>Memory calculation of the drainage system</li> <li>Detailed Project Budget</li> <li>Detailed Project Programming</li> <li>Technical approval issued by ENACAL and UNION FENOSA</li> </ul>	30 days	NIO 3,902
9	<p><b>Request and obtain approval from Dirección General de Bomberos (DGB)</b>  <i>Agency</i> : Dirección General de Bomberos (DGB)</p> <p>Upon the approval from the municipality, BuildCo. can engage in the electric part of the construction. Indoor electrical layout drawings must be reviewed and be found to conform to all fire protection standards. For construction projects with commercial and service purposes, the fee is US\$ 0.50 per sq. m. (15-05-13 La Gaceta-Diario Oficial)</p> <p>The required documents are electrical installation layouts, fire protection system plans, safety measures, or plans provided for the construction work. Because the national firefighting system (SINACOI) no longer exists, the institution in charge of this procedure is now Dirección General de Bomberos (DGB).</p>	15 days	USD 650

10	<p><b>Request and obtain building permit from the Municipality of Managua</b>  <i>Agency:</i> Municipality of Managua (Alcaldía de Managua – ALMA), One-Stop Shop  The building permit authorizes the start of construction.</p> <p>The cost of a building permit includes a tax of 1.1% of the total market value of the construction. This tax must be paid in full at the start of construction work.</p> <p>Buildings are also subject to an inspection fee, as follows:  -NIO 2.00 per sq. m. for areas from 101 to 200 sq. m.  -NIO 3.00 per sq. m. for areas from 201 to 1,000 sq. m.  -NIO 4.00 per sq. m. for areas from 1,001 sq m and above  (in the case considered here, NIO 4.00 x 1,300.6 = NIO 5202.4).</p> <p>Therefore, 1.1%* warehouse value + 4 * sq m. = NIO 39,593.4</p> <p>The required documents are a project approval, an annual real estate tax (solvenca de bienes inmuebles), the registration number with ALMA (the business registration), a tax clearance certificate (solvenca municipal) for the project owner and builder, a builder's license granted by the Ministry of Transportation and Infrastructure (Ministerio de Transporte e Infraestructura, MTI), the builder's signature on the construction plans, bank guarantees, and official payment receipts. The building permit carries the same weight as a public deed.</p> <p>Inspections may occur during construction. However, these are rare due to a shortage of inspectors. Even if an inspection is carried out, the inspector would simply verify that the building permit is valid.</p>	20 days	NIO 39,593
11	<p><b>Request fire inspection</b>  <i>Agency:</i> Dirección General de Bomberos (DGB)  The cost of a fire and electricity inspection is included in the inspection fee, which is paid at the Dirección General de Bomberos (DGB). A site visit may be scheduled, but it is not a rigid procedure.</p>	1 day	no charge
12	<p><b>Request and connect to water and sewage services</b>  <i>Agency:</i> ENACAL (Empresa Nicaraguense de Acueductos y Alcantarillados), Municipality of Managua (Alcaldía de Managua – ALMA)  According to Resolution No. CD-RT-028-2008 published in Official Gazette No. 212 of November 4, 2008 ("Norma para el Desarrollo de Proyectos de Agua Potable y Alcantarillado Sanitario de Centros Residenciales, Industriales y Comerciales") the cost associated to review and approval of designs of industrial developments is NIO 17,000. Moreover, the installation cost is approximately NIO 3000. This cost can be higher or lower depending on a possible rupture of pipelines.</p>	45 days	NIO 20,000
⇒	<p><b>Receive fire inspection</b>  <i>Agency:</i> Dirección General de Bomberos (DGB)  Fire inspection is conducted in parallel with water and sewage request.</p>	1 day	no charge
13			
14	<p><b>Receive inspection from the Municipality of Managua</b>  <i>Agency:</i> Municipality of Managua (Alcaldía de Managua – ALMA)  The municipal inspection is a random inspection that may occur at least once during the 30-week construction period. Thus, no request is needed. An inspection report is drafted and provided to BuildCo. The construction work is not stopped during the inspection, and no costs are associated with this procedure.</p>	1 day	no charge
15	<p><b>Receive inspection from the Ministry of Labor</b>  <i>Agency:</i> Ministry of Labor  Inspection by the Ministry of Labor is a random inspection that may occur at least once during the 30-week construction period. Thus, no request is needed. An inspection report is drafted and provided to the company. The construction work is not stopped during the inspection, and no costs are associated with this procedure.</p>	1 day	no charge
16	<p><b>Receive inspection from the General Directorate of Hygiene and Occupational Safety of Ministry of Labor</b>  <i>Agency:</i> General Directorate of Hygiene and Occupational Safety of Ministry of Labor  Inspection from the General Directorate of Hygiene and Occupational Safety of Ministry of Labor is a random inspection that may occur at least once during the 30-week construction period. Thus, no request is needed. An inspection report is drafted and provided to the company. The construction is not stopped during the inspection, and no costs are associated with this procedure.</p>	1 day	no charge
17	<p><b>Receive inspection from the National Social Security Institute</b>  <i>Agency:</i> National Social Security Institute  Inspection by the National Social Security Institute is a random inspection that may occur at least once during the 30-week construction period. Thus, no request is needed. An inspection report is drafted and provided to the company. The construction work is not stopped during the inspection, and no costs are associated with this procedure.</p>	1 day	no charge
18	<p><b>Register the building with the Real Estate Appraisal Office</b>  <i>Agency:</i> Real Estate Appraisal Office (Avalúo de Bienes Inmuebles), Municipality of Managua (Alcaldía de Managua – ALMA)  As a final step, BuildCo. register the new warehouse in the Real Estate Agency.</p>	15 days	no charge

## Details - Dealing with Construction Permits in Nicaragua - Measure of Quality

	Answer	Score
<b>Building quality control index (0-15)</b>		<b>3.5</b>
<b>Quality of building regulations index (0-2)</b>		<b>2.0</b>
How accessible are building laws and regulations in your economy? (0-1)	Available online; Free of charge.	1.0
Which requirements for obtaining a building permit are clearly specified in the building regulations or on any accessible website, brochure or pamphlet? (0-1)	List of required documents; Fees to be paid; Required preapprovals.	1.0
<b>Quality control before construction index (0-1)</b>		<b>1.0</b>
Which third-party entities are required by law to verify that the building plans are in compliance with existing building regulations? (0-1)	Licensed architect; Licensed engineer.	1.0
<b>Quality control during construction index (0-3)</b>		<b>0.0</b>
What types of inspections (if any) are required by law to be carried out during construction? (0-2)	Unscheduled inspections.	0.0
Do legally mandated inspections occur in practice during construction? (0-1)	Mandatory inspections are not always done in practice during construction; Mandatory inspections are done most of the time during construction.	0.0
<b>Quality control after construction index (0-3)</b>		<b>0.0</b>
Is there a final inspection required by law to verify that the building was built in accordance with the approved plans and regulations? (0-2)	Final inspection is not required by law.	0.0
Do legally mandated final inspections occur in practice? (0-1)	Final inspection does not always occur in practice.	0.0
<b>Liability and insurance regimes index (0-2)</b>		<b>0.5</b>
Which parties (if any) are held liable by law for structural flaws or problems in the building once it is in use (Latent Defect Liability or Decennial Liability)? (0-1)	Architect or engineer; Owner or investor.	0.5
Which parties (if any) are required by law to obtain an insurance policy to cover possible structural flaws or problems in the building once it is in use (Latent Defect Liability Insurance or Decennial Insurance)? (0-1)	No party is required by law to obtain insurance .	0.0
<b>Professional certifications index (0-4)</b>		<b>0.0</b>
What are the qualification requirements for the professional responsible for verifying that the architectural plans or drawings are in compliance with existing building regulations? (0-2)	University degree in architecture or engineering.	0.0
What are the qualification requirements for the professional who supervises the construction on the ground? (0-2)	University degree in engineering, construction or construction management.	0.0



## ⚡ Getting Electricity

This topic measures the procedures, time and cost required for a business to obtain a permanent electricity connection for a newly constructed warehouse. Additionally, the reliability of supply and transparency of tariffs index measures reliability of supply, transparency of tariffs and the price of electricity. The most recent round of data collection for the project was completed in May 2019. [See the methodology for more information.](#)

### What the indicators measure

#### Procedures to obtain an electricity connection (number)

- Submitting all relevant documents and obtaining all necessary clearances and permits
- Completing all required notifications and receiving all necessary inspections
- Obtaining external installation works and possibly purchasing material for these works
- Concluding any necessary supply contract and obtaining final supply

#### Time required to complete each procedure (calendar days)

- Is at least 1 calendar day
- Each procedure starts on a separate day
- Does not include time spent gathering information
- Reflects the time spent in practice, with little follow-up and no prior contact with officials

#### Cost required to complete each procedure (% of income per capita)

- Official costs only, no bribes
- Value added tax excluded

#### The reliability of supply and transparency of tariffs index (0-8)

- Duration and frequency of power outages (0-3)
- Tools to monitor power outages (0-1)
- Tools to restore power supply (0-1)
- Regulatory monitoring of utilities' performance (0-1)
- Financial deterrents limiting outages (0-1)
- Transparency and accessibility of tariffs (0-1)

#### Price of electricity (cents per kilowatt-hour)\*

- Price based on monthly bill for commercial warehouse in case study

\*Note: *Doing Business* measures the price of electricity, but it is not included in the ease of doing business score nor in the ranking on the ease of getting electricity.

### Case study assumptions

To make the data comparable across economies, several assumptions about the warehouse, the electricity connection and the monthly consumption are used.

#### The warehouse:

- Is owned by a local entrepreneur and is used for storage of goods.
- Is located in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Is located in an area where similar warehouses are typically located and is in an area with no physical constraints. For example, the property is not near a railway.
- Is a new construction and is being connected to electricity for the first time.
- Has two stories with a total surface area of approximately 1,300.6 square meters (14,000 square feet). The plot of land on which it is built is 929 square meters (10,000 square feet).

#### The electricity connection:

- Is a permanent one with a three-phase, four-wire Y connection with a subscribed capacity of 140-kilo-volt-ampere (kVA) with a power factor of 1, when 1 kVA = 1 kilowatt (kW).
- Has a length of 150 meters. The connection is to either the low- or medium-voltage distribution network and is either overhead or underground, whichever is more common in the area where the warehouse is located and requires works that involve the crossing of a 10-meter road (such as by excavation or overhead lines) but are all carried out on public land. There is no crossing of other owners' private property because the warehouse has access to a road.
- Does not require work to install the internal wiring of the warehouse. This has already been completed up to and including the customer's service panel or switchboard and the meter base.

#### The monthly consumption:

- It is assumed that the warehouse operates 30 days a month from 9:00 a.m. to 5:00 p.m. (8 hours a day), with equipment utilized at 80% of capacity on average and that there are no electricity cuts (assumed for simplicity reasons) and the monthly energy consumption is 26,880 kilowatt-hours (kWh); hourly consumption is 112 kWh.
- If multiple electricity suppliers exist, the warehouse is served by the cheapest supplier.
- Tariffs effective in January of the current year are used for calculation of the price of electricity for the warehouse. Although January has 31 days, for calculation purposes only 30 days are used.

Getting Electricity - Nicaragua

Standardized Connection

Name of utility	DISNORTE - DISSUR
Price of electricity (US cents per kWh)	33.4
City Covered	Managua

Indicator	Nicaragua	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Procedures (number)	6	5.5	4.4	3 (28 Economies)
Time (days)	55	66.8	74.8	18 (3 Economies)
Cost (% of income per capita)	879.7	407.2	61.0	0.0 (3 Economies)
Reliability of supply and transparency of tariff index (0-8)	4	4.4	7.4	8 (26 Economies)

Figure - Getting Electricity in Nicaragua - Score

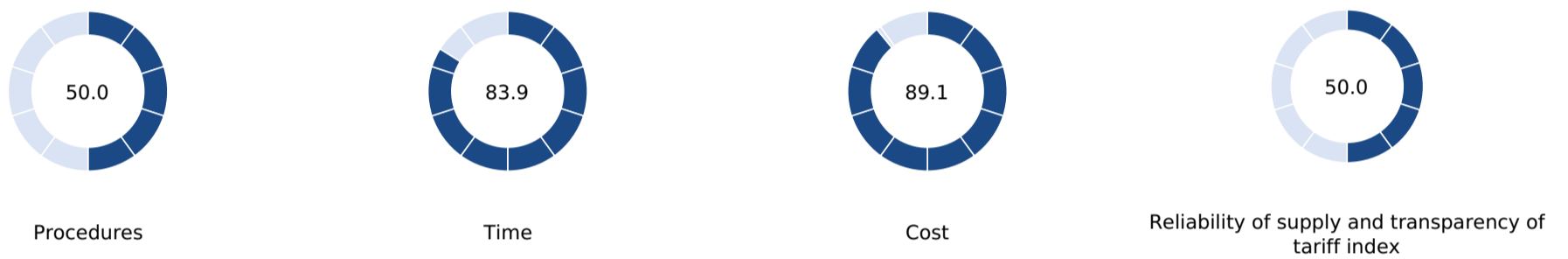
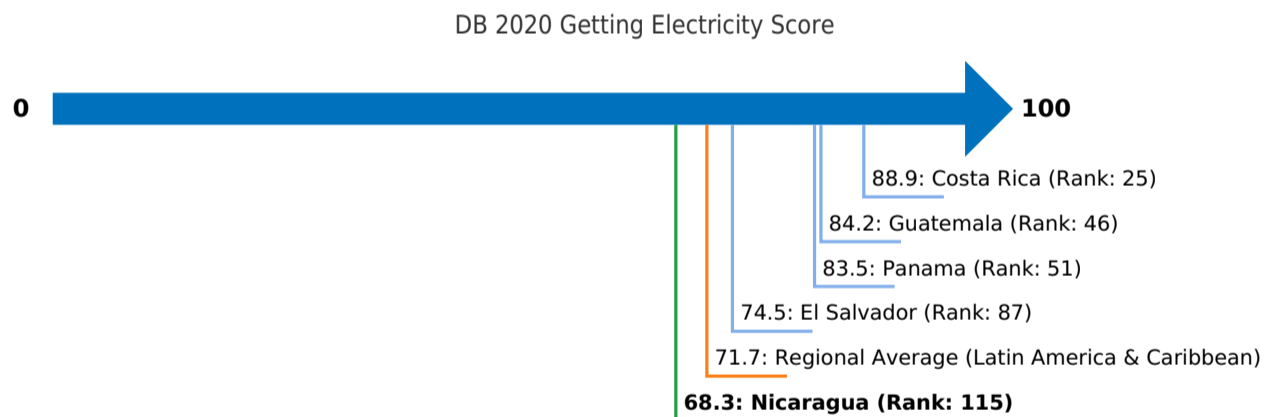
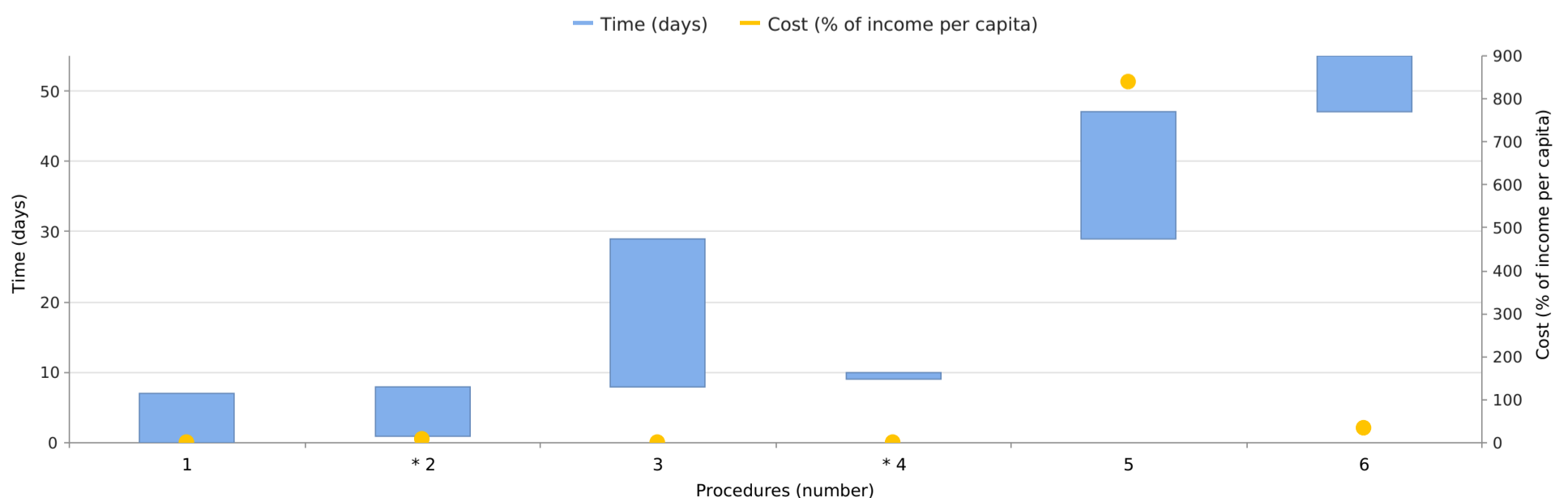


Figure - Getting Electricity in Nicaragua and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of getting electricity is determined by sorting their scores for getting electricity. These scores are the simple average of the scores for all the component indicators except the price of electricity.

Figure - Getting Electricity in Nicaragua - Procedure, Time and Cost

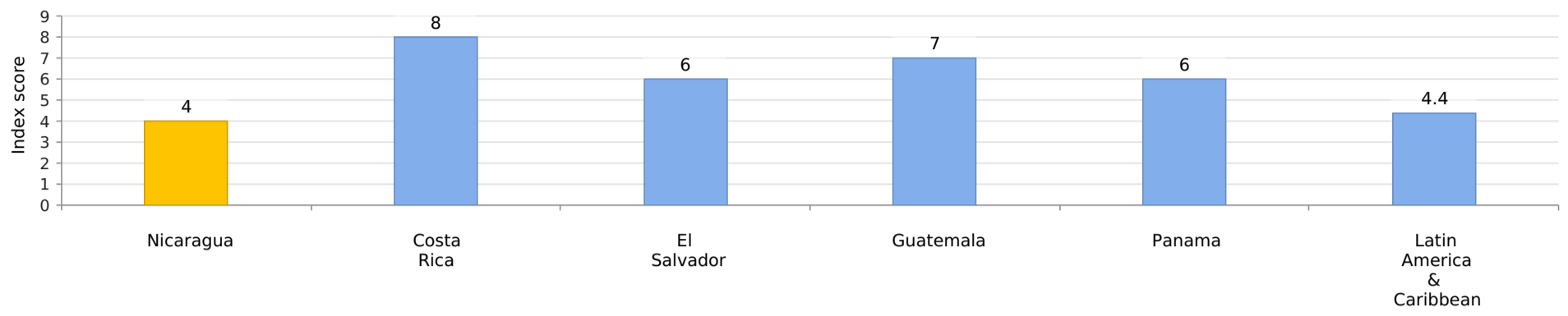


\*This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (<http://doingbusiness.org/en/methodology>). For details on the procedures

reflected here, see the summary below.

Figure - Getting Electricity in Nicaragua and comparator economies - Measure of Quality



## Details - Getting Electricity in Nicaragua - Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p><b>Submit informal application to DISNORTE-DISSUR to establish feasibility of project</b>  <i>Agency</i> : DISNORTE - DISSUR</p> <p>The customer submits a first informal application to DISNORTE-DISSUR indicating the required electricity load and the location of the business that is to be connected. The Planning Department of the utility will prepare a feasibility study based on its own plans for the primary distribution lines in Managua and the existing demand in the system. No inspection of the site is necessary if the connection point is within 150 meters.</p>	7 calendar days	NIO 0
⇒ 2	<p><b>Obtain compliance certificate for internal wiring from Fire Department</b>  <i>Agency</i> : Dirección General de Bomberos</p> <p>The customer has to obtain a certification of the internal wiring installations from the Fire Department. The Fire Department (Dirección General de Bomberos ) certifies that the internal wiring has been done in accordance with the relevant standards for buildings as specified by the ""Norma CIEN"" (Código de instalaciones Eléctricas de Nicaragua). This certification has to be obtained before applying for a new electricity connection with the utility.</p> <p>In order to prepare the certification of the internal wiring the Fire Department (Dirección General de Bomberos ) will visit the site.</p>	7 calendar days	USD 155
3	<p><b>Submit design and service application to DISNORTE-DISSUR and await approval</b>  <i>Agency</i> : DISNORTE - DISSUR</p> <p>The customer submits the service application together with the designs in person. The following documents have to accompany the application:</p> <ul style="list-style-type: none"> <li>• Name, address and telephone number of the applicant</li> <li>• Photocopy of national identity card or power of attorney</li> <li>• Photocopy of the property title or rental contract</li> <li>• Inspection certificate from the Fire Department indicating that the internal wiring installation complies with the norms established by the CIEN (Código de instalaciones Eléctricas de Nicaragua).</li> <li>• Photocopy of the social security number or business registration number of the customer (RUC - Registro único del contribuyente)</li> <li>• Photocopy of the company registration of the firm (used to assess which electricity tariff is applicable).</li> </ul> <p>DISNORTE-DISSUR has a list of approved firms that will realize the design of the actual connection works. In order to be part of the list, firms have to be approved every year by the utility. In most cases the design is done by the same firm that also will later do the works. The utility will also approve the designs that have been prepared by the approved firm and work hand in hand with the executing firm.</p>	21 calendar days	NIO 0
⇒ 4	<p><b>Receive site inspection by DISNORTE-DISSUR for design approval</b>  <i>Agency</i> : DISNORTE - DISSUR</p> <p>The utility inspects the site to approve the design</p>	1 calendar day	NIO 0
5	<p><b>Await completion of connection works by private firm</b>  <i>Agency</i> : Contratista Privado</p> <p>The works are done according to the relevant standards. They can be done either by a construction firm or an approved electrical design firm. The customer can decide who he wants to delegate the works to. The works are supervised by the technical department of the utility.</p>	18 calendar days	USD 17,025
6	<p><b>Sign supply contract and receive meter installation and electricity flow</b>  <i>Agency</i> : DISNORTE - DISSUR</p> <p>Once the works are finalized, the meter and metering accessories are installed by the distribution utility and remain property of the utility. The meter is installed in a location that can be accessed from outside the premise of the customer for inspections and meter reading. Otherwise the customer has to given a written consent that the distribution utility can enter the premise.</p> <p>The customer has to deposit a security that is calculated on the basis of one month of the future consumption of the customer. The security deposit is returned with interest (average deposit rate in the country) after 18 months if the customer had no late payment in this period.</p>	8 calendar days	NIO 20,870.13

⇒ Takes place simultaneously with previous procedure.

## Details - Getting Electricity in Nicaragua - Measure of Quality

	Answer
<b>Reliability of supply and transparency of tariff index (0-8)</b>	4
<b>Total duration and frequency of outages per customer a year (0-3)</b>	0
System average interruption duration index (SAIDI)	93.6
System average interruption frequency index (SAIFI)	45.7
What is the minimum outage time (in minutes) that the utility considers for the calculation of SAIDI/SAIFI	3.0
<b>Mechanisms for monitoring outages (0-1)</b>	1
Does the distribution utility use automated tools to monitor outages?	Yes
<b>Mechanisms for restoring service (0-1)</b>	1
Does the distribution utility use automated tools to restore service?	Yes
<b>Regulatory monitoring (0-1)</b>	1
Does a regulator—that is, an entity separate from the utility—monitor the utility's performance on reliability of supply?	Yes
<b>Financial deterrents aimed at limiting outages (0-1)</b>	0
Does the utility either pay compensation to customers or face fines by the regulator (or both) if outages exceed a certain cap?	No
<b>Communication of tariffs and tariff changes (0-1)</b>	1
Are effective tariffs available online?	Yes
Link to the website, if available online	<a href="http://www.ine.gob.ni/DGE/tarifasdge/2017/12/pt_dic_iembre_2017_MT1.pdf">http://www.ine.gob.ni/DGE/tarifasdge/2017/12/pt_dic_iembre_2017_MT1.pdf</a>
Are customers notified of a change in tariff ahead of the billing cycle?	Yes

**Note:**

If the duration and frequency of outages is 100 or less, the economy is eligible to score on the Reliability of supply and transparency of tariff index.

If the duration and frequency of outages is not available, or is over 100, the economy is not eligible to score on the index.

If the minimum outage time considered for SAIDI/SAIFI is over 5 minutes, the economy is not eligible to score on the index.

## Registering Property

This topic examines the steps, time and cost involved in registering property, assuming a standardized case of an entrepreneur who wants to purchase land and a building that is already registered and free of title dispute. In addition, the topic also measures the quality of the land administration system in each economy. The quality of land administration index has five dimensions: reliability of infrastructure, transparency of information, geographic coverage, land dispute resolution, and equal access to property rights. The most recent round of data collection for the project was completed in May 2019. [See the methodology for more information.](#)

### What the indicators measure

#### Procedures to legally transfer title on immovable property (number)

- Preregistration procedures (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration procedures in the economy's largest business city.
- Postregistration procedures (for example, filling title with municipality)

#### Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day - though procedures that can be fully completed online are an exception to this rule
- Procedure is considered completed once final document is received
- No prior contact with officials

#### Cost required to complete each procedure (% of property value)

- Official costs only (such as administrative fees, duties and taxes).
- Value Added Tax, Capital Gains Tax and illicit payments are excluded

#### Quality of land administration index (0-30)

- Reliability of infrastructure index (0-8)
- Transparency of information index (0-6)
- Geographic coverage index (0-8)
- Land dispute resolution index (0-8)
- Equal access to property rights index (-2-0)

### Case study assumptions

To make the data comparable across economies, several assumptions about the parties to the transaction, the property and the procedures are used.

#### The parties (buyer and seller):

- Are limited liability companies (or the legal equivalent).
- Are located in the periurban (that is, on the outskirts of the city but still within its official limits) area of the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Are 100% domestically and privately owned.
- Perform general commercial activities.

#### The property (fully owned by the seller):

- Has a value of 50 times income per capita, which equals the sale price.
- Is fully owned by the seller.
- Has no mortgages attached and has been under the same ownership for the past 10 years.
- Is registered in the land registry or cadastre, or both, and is free of title disputes.
- Is located in a periurban commercial zone (that is, on the outskirts of the city but still within its official limits), and no rezoning is required.
- Consists of land and a building. The land area is 557.4 square meters (6,000 square feet). A two-story warehouse of 929 square meters (10,000 square feet) is located on the land. The warehouse is 10 years old, is in good condition, has no heating system and complies with all safety standards, building codes and legal requirements. The property, consisting of land and building, will be transferred in its entirety.
- Will not be subject to renovations or additional construction following the purchase.
- Has no trees, natural water sources, natural reserves or historical monuments of any kind.
- Will not be used for special purposes, and no special permits, such as for residential use, industrial plants, waste storage or certain types of agricultural activities, are required.
- Has no occupants, and no other party holds a legal interest in it.

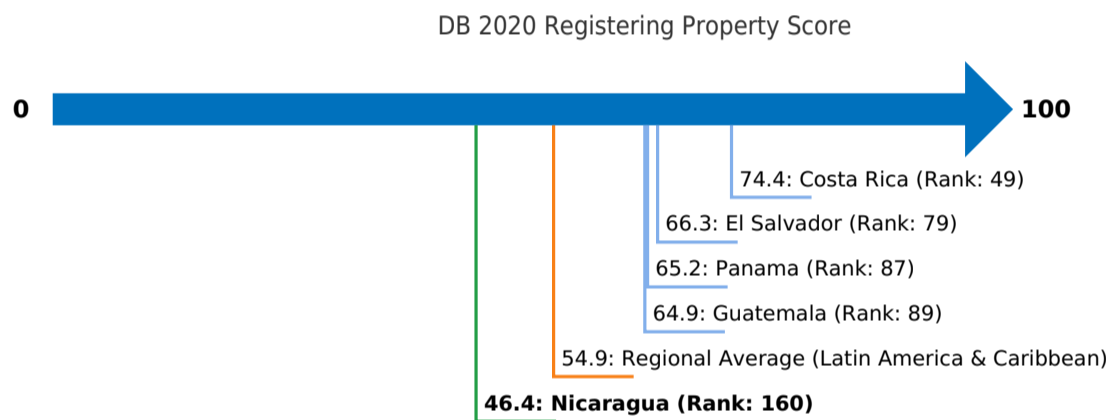
Registering Property - Nicaragua

Indicator	Nicaragua	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Procedures (number)	9	7.4	4.7	1 (5 Economies)
Time (days)	56	63.7	23.6	1 (2 Economies)
Cost (% of property value)	6.0	5.9	4.2	0.0 (Saudi Arabia)
Quality of the land administration index (0-30)	5.5	12.0	23.2	None in 2018/19

Figure - Registering Property in Nicaragua - Score



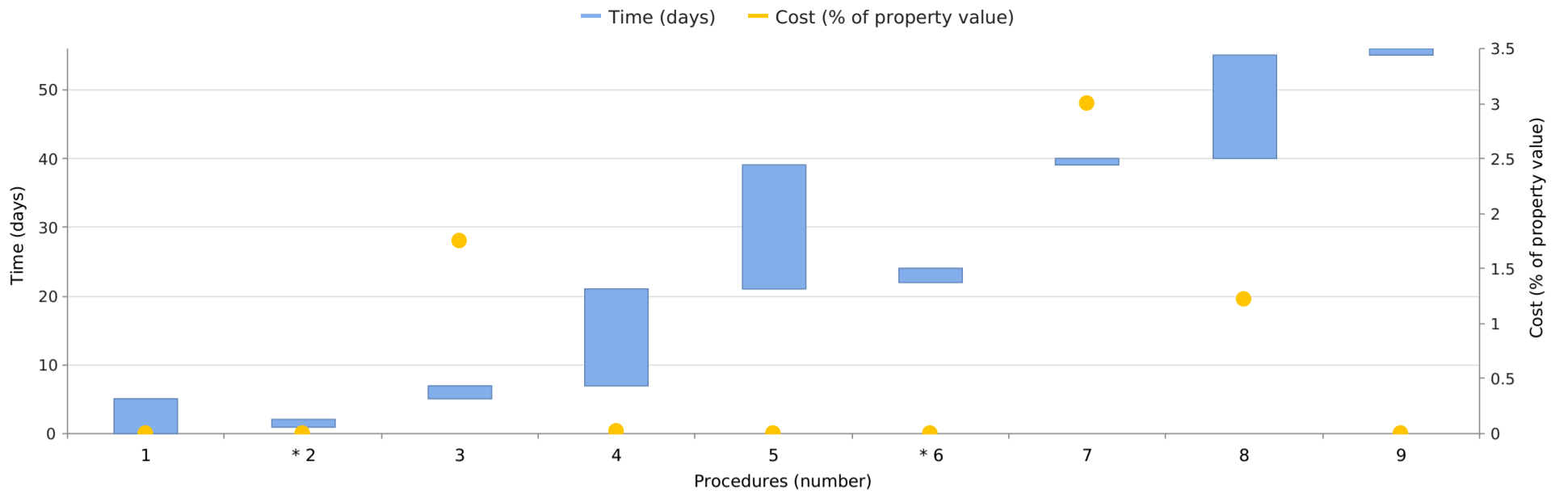
Figure - Registering Property in Nicaragua and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of registering property is determined by sorting their scores for registering property. These scores are the simple average of the scores for each of the component indicators.



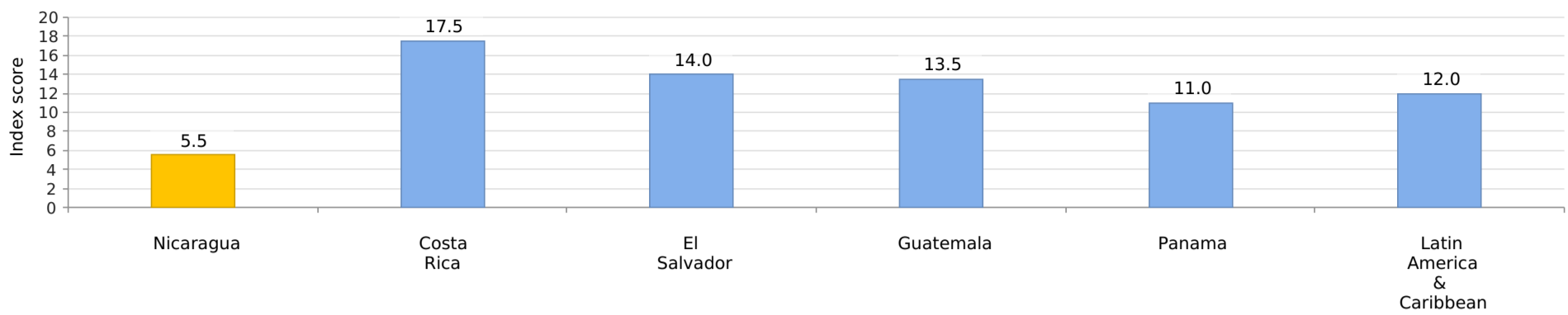
Figure - Registering Property in Nicaragua - Procedure, Time and Cost



\*This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (<http://doingbusiness.org/en/methodology>). For details on the procedures reflected here, see the summary below.

Figure - Registering Property in Nicaragua and comparator economies - Measure of Quality



## Details - Registering Property in Nicaragua - Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p><b>Obtain a non-encumbrance certificate ("Libertad de gravamen") from Land registry</b>  <i>Agency:</i> Land registry (Registro Público de la Propiedad Inmueble y Mercantil)</p> <p>The non-encumbrance certificate ("certificado de libertad de gravamen") is an official document that lists all encumbrances tied to a particular immovable property, and the successive list of owners of that property since its first annotation or since the time that the petitioner requests. The certificate must be obtained by the seller before before notarizing the sale and purchase agreement. Additionally, anyone can request a "certificado de historia registral" (cost NIO 150 + NIO 50 for every additional past transaction), which lists all previous transactions related to the property, and therefore contains the list of all owners since its first registration.</p>	5 days	NIO 150; (NIO 100 (simple non-encumbrance certificate) + NIO 50 (for annotation of last property transfer).)
⇒ 2	<p><b>Obtain tax clearance from the Municipality (Solvencia Municipal)</b>  <i>Agency:</i> Municipality</p> <p>A tax clearance certificate ("Solvencia Municipal") must be obtained by the seller from the municipality. The registered time of 1 day assumes that the seller is up-to-date with tax payments on the property, and that he pays a fee of NIO 20. If he were to wait till the next business day to obtain it, it would be free of charge. This certificate is valid for one year.</p>	1 day	NIO 20
3	<p><b>A notary prepares and signs the public deed</b>  <i>Agency:</i> Notary</p> <p>A notary public prepares the sale and purchase agreement and notarizes it as a public deed. The preparation of the deed is an exclusive act of the notary. The notary will review all past transactions from the record book on the Land Registry with the documents obtained above, to verify the ownership of the property. Additionally, he will request the (i) non-encumbrance certificate; (ii) tax clearance certificate; (iii) cadastral certificate; (iv) cadastral valuation; and (v) payment receipt of the Property Transfer Tax. In practice, the notaries estimate their fees for this type of contract based on a percentage of the property value, which varies between 1.5 and 2% according to agreement between the parties and notary.</p>	2 days	NIO 54,712.92; (1.5 - 2.0% of property value (notary's fees))
4	<p><b>Obtain the Cadastre certificate at INETER</b>  <i>Agency:</i> National Cadaster (Dirección Catastro Físico del INETER)</p> <p>INETER is the national cadaster and is in charge of surveying the land and keeping a database of plots and boundaries. This certificate is necessary to obtain the cadaster valuation at the DGI</p>	14 days	NIO 500
5	<p><b>Obtain Cadastre valuation at the DGI</b>  <i>Agency:</i> Fiscal Cadaster (Catastro Fiscal, Dirección General de Ingresos)</p> <p>Parties must obtain the Cadaster Certificate and request a valuation from an inspector. In practice, the Cadaster requires a special power granted to notaries or any other person when the interested parties cannot realize this Procedure. The parties can go to the Cadaster directly, in which case they do not need to present a special power. The Cadaster requests to see original property title (of the Seller). In case a special power is needed, the costs rise about NIO 2,000 as the fees for the person who will go to the Cadaster, and NIO 1,000 for the notary who will previously authorize and issue the special power.</p>	18 days	NIO 50
⇒ 6	<p><b>Inspector visits property to assess value</b>  <i>Agency:</i> Fiscal Cadaster (Catastro fiscal - Dirección General de Ingresos)</p> <p>After the cadastral certificate is obtained, an inspector visits the property to assess the value. In practice, one picks up the inspector and drives him/her to the property. It will take the inspector about one week to write the report on the value.</p>	2 days	NIO 20

7	<p><b>Payment of Income/Transfer Tax</b>  <i>Agency:</i> Tax agency (Administración de Rentas - Dirección General de Ingresos)</p> <p>The Income/Transfer Tax to the Tax Administration Office depends on the Cadaster value of the plot. The Cadaster value generally is not the same as the market price. For payment of transfer taxes, the fiscal authority takes as a base of calculation the highest value between the sale price in the public deed of purchase or the Cadastral value. Then, according to the value, a different rate will apply (the tax follows a progressive scheme).</p>	1 day	<p>NIO 93,817.57; (The legal basis for the percentage to be paid is Art. 87 'Alicuota del impuesto' of the Tax Covenant law Number 891 of 2014, reformed with Article 1 of Ley No. 987 "Ley de Reformas y Adiciones a la Ley No. 822 Ley de Concertación Tributaria" in force since February 28, 2019 (Gazette No. 41):</p> <p>1% for properties with a value between USD 1.00 and USD 50,000.00,  2% for values between USD 50,000.01 and USD 100,000.00 and  3% for values between USD 100,000.01 and USD 200,000.00 and  4% for values above USD 200,000.01 to USD 300,000.00 and  5% from USD 300,000.01 to USD 400,000.00 and  6% from USD 400,000.01 to USD 500,000.00 and  7% from USD 500,000.01 to any amount higher</p> <p>-Fees of NIO 4 + 2 stamps of NIO 10 need to be paid to make the payment.)</p>
8	<p><b>Apply for registration of the public deed at the Land Registry</b>  <i>Agency:</i> Land Registry (Registro Público de la Propiedad Inmueble y Mercantil )</p> <p>Parties submit the public deed at the Land Registry for registration. The fee for this procedure is calculated based on 1% of the cadastral value, with a maximum fee of NIO 30,000 and a minimum of NIO 100. This payment is made directly in the branch of a commercial bank that is located inside the Land Registry Office. The notary applying for registration will charge NIO 500 as fees. At submission, the request for transfer is recorded manually in books, signaling priority rights over the property. When finalized, the Land registry will write down in the original deed, the book and page where the transfer has been recorded. This document is then returned to the notary with all the other certificates provided. The Land registry operates with paper documents. However, deeds are being scanned by the Land Registry in Managua. In the rest of the departments in the country, records are not always accessible digitally. Newer transactions (less than 1 year) are not always digitized. Any person can access past deeds with computers at the Land registry at no cost. It is possible to track the status of the deed registration online through the website: <a href="http://www.registropublico.gob.ni/servicios/consultatramite.aspx">www.registropublico.gob.ni/servicios/consultatramite.aspx</a>.</p>	15 days	<p>NIO 38,017.43; (1% of cadastral value (registration fee) + NIO 500 (Notary's fees) + 20% of the registration fee for the expedited Procedure)</p>
9	<p><b>Apply for name change at Municipality</b>  <i>Agency:</i> Municipal cadastre</p> <p>The new owner should update the records at the municipal cadaster in order to update ownership records as to determine the new taxpayer for the Property Tax. It is not compulsory to carry out this procedure, but common in practice.</p>	1 day	no charge

→ Takes place simultaneously with previous procedure.

## Details - Registering Property in Nicaragua - Measure of Quality

	Answer	Score
<b>Quality of the land administration index (0-30)</b>		<b>5.5</b>
<b>Reliability of infrastructure index (0-8)</b>		<b>0.0</b>
Type of land registration system in the economy:	Dual system (Title & Deed)	
What is the institution in charge of immovable property registration?	Land Registry (Registro Público de la Propiedad Inmueble y Mercantil)	
In what format are past and newly issued land records kept at the immovable property registry of the largest business city of the economy—in a paper format or in a computerized format (scanned or fully digital)?	Paper	0.0
Is there a comprehensive and functional electronic database for checking for encumbrances (liens, mortgages, restrictions and the like)?	No	0.0
Institution in charge of the plans showing legal boundaries in the largest business city:	Cadastral Office (Instituto Nicaraguense de Estudios Territoriales INETER, Dirección del Catastro Físico)	
In what format are past and newly issued cadastral plans kept at the mapping agency of the largest business city of the economy—in a paper format or in a computerized format (scanned or fully digital)?	Paper	0.0
Is there an electronic database for recording boundaries, checking plans and providing cadastral information (geographic information system)?	No	0.0
Is the information recorded by the immovable property registration agency and the cadastral or mapping agency kept in a single database, in different but linked databases or in separate databases?	Separate databases	0.0
Do the immovable property registration agency and cadastral or mapping agency use the same identification number for properties?	No	0.0
<b>Transparency of information index (0-6)</b>		<b>2.0</b>
Who is able to obtain information on land ownership at the agency in charge of immovable property registration in the largest business city?	Only intermediaries and interested parties	0.0
Is the list of documents that are required to complete any type of property transaction made publicly available—and if so, how?	Yes, online	0.5
Link for online access:	<a href="http://www.registropublico.gob.ni/Servicios/Inscripcion/BienesInmuebles/Default.aspx">http://www.registropublico.gob.ni/Servicios/Inscripcion/BienesInmuebles/Default.aspx</a> <a href="http://www.registropublico.gob.ni/MonoX/Pages/NewsDetails.aspx?newsid=e7a194bb-c666-4bb5-b0f8-a45300c7e342">http://www.registropublico.gob.ni/MonoX/Pages/NewsDetails.aspx?newsid=e7a194bb-c666-4bb5-b0f8-a45300c7e342</a>	
Is the applicable fee schedule for any type of property transaction at the agency in charge of immovable property registration in the largest business city made publicly available—and if so, how?	Yes, online	0.5
Link for online access:	<a href="http://www.poderjudicial.gob.ni/pjupload/registros/pdf/rg_gaceta01.pdf">http://www.poderjudicial.gob.ni/pjupload/registros/pdf/rg_gaceta01.pdf</a> <a href="http://www.registropublico.gob.ni/Files/PDF/MarcoLegal/Leyes/Ley-920-Tasas-Registros-Publicos.pdf">http://www.registropublico.gob.ni/Files/PDF/MarcoLegal/Leyes/Ley-920-Tasas-Registros-Publicos.pdf</a> <a href="http://www.poderjudicial.gob.ni/pjupload/sgc/pdf/2017_18.PDF">http://www.poderjudicial.gob.ni/pjupload/sgc/pdf/2017_18.PDF</a>	

Does the agency in charge of immovable property registration agency formally commit to deliver a legally binding document that proves property ownership within a specific timeframe –and if so, how does it communicate the service standard?	No	0.0
Link for online access:		
Is there a specific and independent mechanism for filing complaints about a problem that occurred at the agency in charge of immovable property registration?	No	0.0
Contact information:		
Are there publicly available official statistics tracking the number of transactions at the immovable property registration agency?	No	0.0
Number of property transfers in the largest business city in 2018:		
Who is able to consult maps of land plots in the largest business city?	Only intermediaries (notaries, lawyers, etc.)	0.0
Is the applicable fee schedule for accessing maps of land plots made publicly available—and if so, how?	Yes, on public boards	0.5
Link for online access:		
Does the cadastral/mapping agency formally specifies the timeframe to deliver an updated cadastral plan—and if so, how does it communicate the service standard?	Yes, online	0.5
Link for online access:	<a href="https://tramites.ineter.gob.ni/">https://tramites.ineter.gob.ni/</a>	
Is there a specific and independent mechanism for filing complaints about a problem that occurred at the cadastral or mapping agency?	No	0.0
Contact information:		
<b>Geographic coverage index (0-8)</b>		<b>0.0</b>
Are all privately held land plots in the largest business city formally registered at the immovable property registry?	No	0.0
Are all privately held land plots in the economy formally registered at the immovable property registry?	No	0.0
Are all privately held land plots in the largest business city mapped?	No	0.0
Are all privately held land plots in the economy mapped?	No	0.0
<b>Land dispute resolution index (0-8)</b>		<b>3.5</b>
Does the law require that all property sale transactions be registered at the immovable property registry to make them opposable to third parties?	Yes	1.5
Legal basis:	Art. 3936 of the Civil Code as amended by Law No. 698 General Law of Public Registries (Ley General de Registros Públicos) published on December 17th, 2009; and by Arts. 48, 49 and 95 of Law No. 698 General Law of Public Registries (Ley General de Registros Públicos) published on December 17th, 2009 and its Bylaw published on March 7th, 2013. Arts.73 and 82 of the Law. No. 698 Law of Public Registries.	
Is the system of immovable property registration subject to a state or private guarantee?	Yes	0.5
Type of guarantee:	State guarantee	

Legal basis:	Art. 30, 44, 46 and 40 of Law No. 698 General Law of Public Registries (Ley General de Registros Públicos) published on December 17th, 2009 and its Bylaw published on March 7th, 2013.	
Is there a specific, out-of-court compensation mechanism to cover for losses incurred by parties who engaged in good faith in a property transaction based on erroneous information certified by the immovable property registry?	Yes	0.5
Legal basis:	Art.23-27, Law No. 698 General Law of Public Registries (Ley General de Registros Públicos) published on December 17th, 2009 and its Bylaw published on March 7th, 2013.	
Does the legal system require a control of legality of the documents necessary for a property transaction (e.g., checking the compliance of contracts with requirements of the law)?	Yes	0.5
If yes, who is responsible for checking the legality of the documents?	Registrar; Notary;	
Does the legal system require verification of the identity of the parties to a property transaction?	Yes	0.5
If yes, who is responsible for verifying the identity of the parties?	Registrar; Notary;	
Is there a national database to verify the accuracy of government issued identity documents?	No	0.0
What is the Court of first instance in charge of a case involving a standard land dispute between two local businesses over tenure rights for a property worth 50 times gross national income (GNI) per capita and located in the largest business city?	The Civil District Court	
How long does it take on average to obtain a decision from the first-instance court for such a case (without appeal)?	More than 3 years	0.0
Are there publicly available statistics on the number of land disputes at the economy level in the first instance court?	No	0.0
Number of land disputes in the economy in 2018:		
<b>Equal access to property rights index (-2-0)</b>		<b>0.0</b>
Do unmarried men and unmarried women have equal ownership rights to property?	Yes	
Do married men and married women have equal ownership rights to property?	Yes	0.0

## Getting Credit

This topic explores two sets of issues—the strength of credit reporting systems and the effectiveness of collateral and bankruptcy laws in facilitating lending. The most recent round of data collection for the project was completed in May 2019. [See the methodology for more information.](#)

### What the indicators measure

#### Strength of legal rights index (0-12)

- Rights of borrowers and lenders through collateral laws (0-10)
- Protection of secured creditors' rights through bankruptcy laws (0-2)

#### Depth of credit information index (0-8)

- Scope and accessibility of credit information distributed by credit bureaus and credit registries (0-8)

#### Credit bureau coverage (% of adults)

- Number of individuals and firms listed in largest credit bureau as a percentage of adult population

#### Credit registry coverage (% of adults)

- Number of individuals and firms listed in credit registry as a percentage of adult population

### Case study assumptions

*Doing Business* assesses the sharing of credit information and the legal rights of borrowers and lenders with respect to secured transactions through 2 sets of indicators. The depth of credit information index measures rules and practices affecting the coverage, scope and accessibility of credit information available through a credit registry or a credit bureau. The strength of legal rights index measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders and thus facilitate lending. For each economy it is first determined whether a unitary secured transactions system exists. Then two case scenarios, case A and case B, are used to determine how a nonpossessory security interest is created, publicized and enforced according to the law. Special emphasis is given to how the collateral registry operates (if registration of security interests is possible). The case scenarios involve a secured borrower, company ABC, and a secured lender, BizBank.

In some economies the legal framework for secured transactions will allow only case A or case B (not both) to apply. Both cases examine the same set of legal provisions relating to the use of movable collateral.

#### Several assumptions about the secured borrower (ABC) and lender (BizBank) are used:

- ABC is a domestic limited liability company (or its legal equivalent).
- ABC has up to 50 employees.
- ABC has its headquarters and only base of operations in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Both ABC and BizBank are 100% domestically owned.

The case scenarios also involve assumptions. In case A, as collateral for the loan, ABC grants BizBank a nonpossessory security interest in one category of movable assets, for example, its machinery or its inventory. ABC wants to keep both possession and ownership of the collateral. In economies where the law does not allow nonpossessory security interests in movable property, ABC and BizBank use a fiduciary transfer-of-title arrangement (or a similar substitute for nonpossessory security interests).

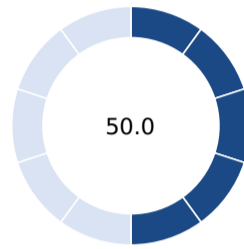
In case B, ABC grants BizBank a business charge, enterprise charge, floating charge or any charge that gives BizBank a security interest over ABC's combined movable assets (or as much of ABC's movable assets as possible). ABC keeps ownership and possession of the assets.



Getting Credit - Nicaragua

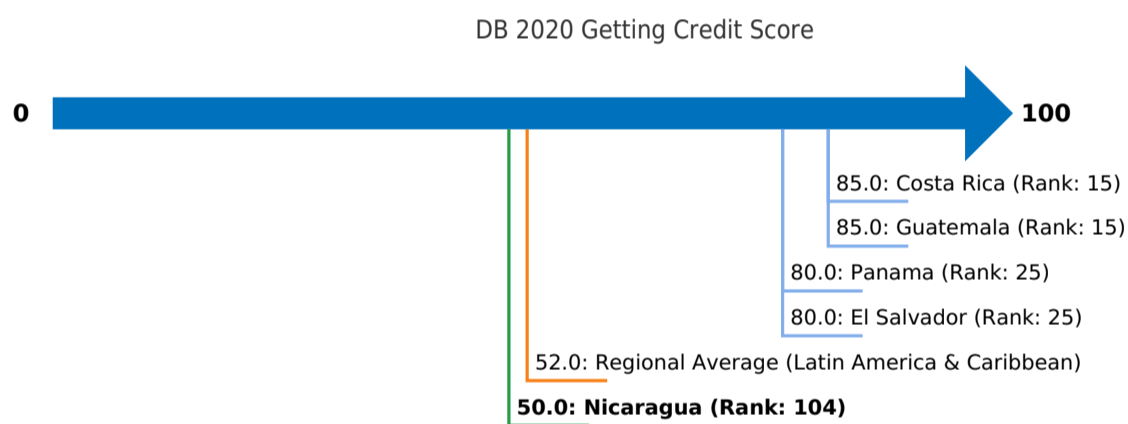
Indicator	Nicaragua	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Strength of legal rights index (0-12)	2	5.3	6.1	12 (5 Economies)
Depth of credit information index (0-8)	8	5.1	6.8	8 (53 Economies)
Credit registry coverage (% of adults)	12.9	14.6	24.4	100.0 (2 Economies)
Credit bureau coverage (% of adults)	56.6	47.6	66.7	100.0 (14 Economies)

Figure - Getting Credit in Nicaragua - Score



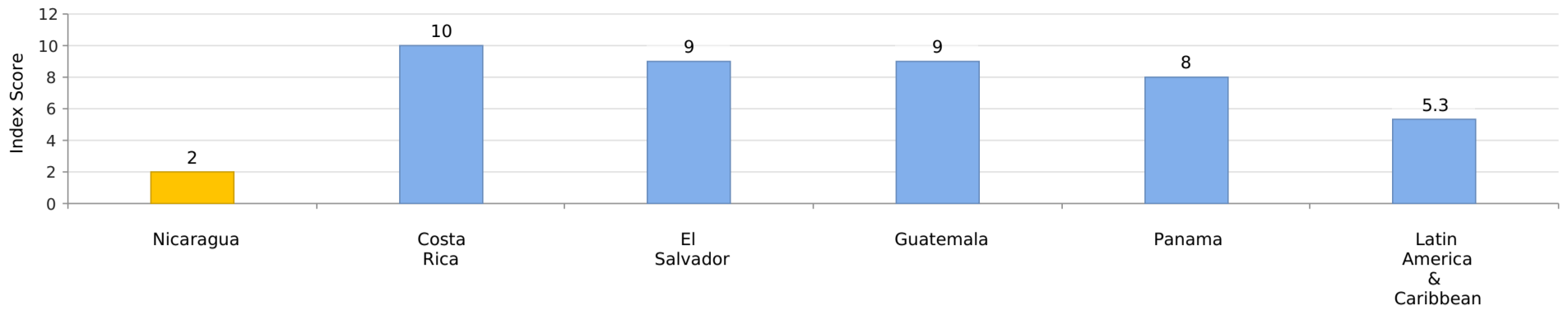
Score - Getting Credit

Figure - Getting Credit in Nicaragua and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of getting credit is determined by sorting their scores for getting credit. These scores are the sum of the scores for the strength of legal rights index and the depth of credit information index.

Figure - Legal Rights in Nicaragua and comparator economies



Details - Legal Rights in Nicaragua

Strength of legal rights index (0-12)

2

Does an integrated or unified legal framework for secured transactions that extends to the creation, publicity and enforcement of functional equivalents to security interests in movable assets exist in the economy? No

Does the law allow businesses to grant a non possessory security right in a single category of movable assets, without requiring a specific description of collateral? No

Does the law allow businesses to grant a non possessory security right in substantially all of its assets, without requiring a specific description of collateral? No

May a security right extend to future or after-acquired assets, and does it extend automatically to the products, proceeds and replacements of the original assets? No

Is a general description of debts and obligations permitted in collateral agreements; can all types of debts and obligations be secured between parties; and can the collateral agreement include a maximum amount for which the assets are encumbered? No

Is a collateral registry in operation for both incorporated and non-incorporated entities, that is unified geographically and by asset type, with an electronic database indexed by debtor's name? Yes

Does a notice-based collateral registry exist in which all functional equivalents can be registered? No

Does a modern collateral registry exist in which registrations, amendments, cancellations and searches can be performed online by any interested third party? No

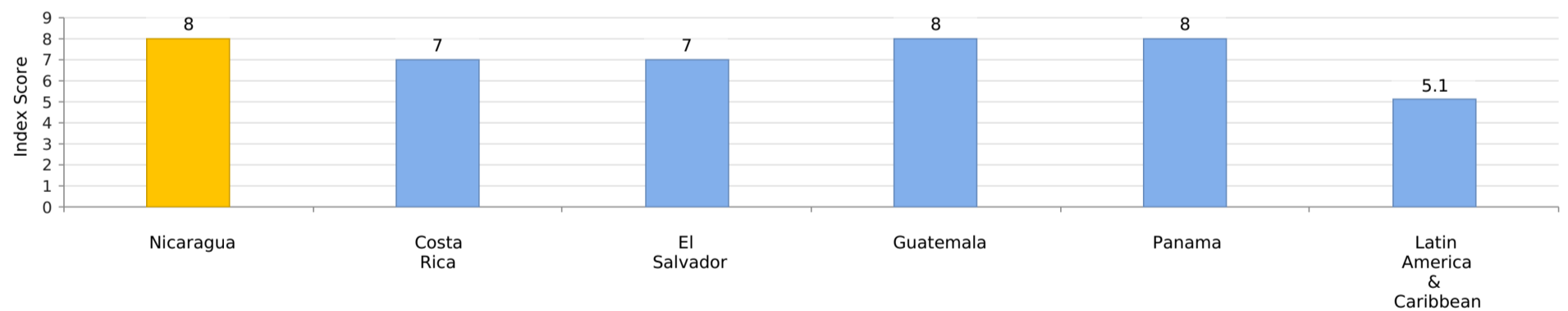
Are secured creditors paid first (i.e. before tax claims and employee claims) when a debtor defaults outside an insolvency procedure? Yes

Are secured creditors paid first (i.e. before tax claims and employee claims) when a business is liquidated? No

Are secured creditors subject to an automatic stay on enforcement when a debtor enters a court-supervised reorganization procedure? Does the law protect secured creditors' rights by providing clear grounds for relief from the stay and sets a time limit for it? No

Does the law allow parties to agree on out of court enforcement at the time a security interest is created? Does the law allow the secured creditor to sell the collateral through public auction or private tender, as well as, for the secured creditor to keep the asset in satisfaction of the debt? No

Figure - Credit Information in Nicaragua and comparator economies



## Details - Credit Information in Nicaragua

Depth of credit information index (0-8)	Credit bureau	Credit registry	Score
Are data on both firms and individuals distributed?	Yes	Yes	1
Are both positive and negative credit data distributed?	Yes	No	1
Are data from retailers or utility companies - in addition to data from banks and financial institutions - distributed?	Yes	No	1
Are at least 2 years of historical data distributed? (Credit bureaus and registries that distribute more than 10 years of negative data or erase data on defaults as soon as they are repaid obtain a score of 0 for this component.)	Yes	No	1
Are data on loan amounts below 1% of income per capita distributed?	Yes	Yes	1
By law, do borrowers have the right to access their data in the credit bureau or credit registry?	Yes	Yes	1
Can banks and financial institutions access borrowers' credit information online (for example, through an online platform, a system-to-system connection or both)?	Yes	Yes	1
Are bureau or registry credit scores offered as a value-added service to help banks and financial institutions assess the creditworthiness of borrowers?	Yes	No	1

Note: An economy receives a score of 1 if there is a "yes" to either bureau or registry. If the credit bureau or registry is not operational or covers less than 5% of the adult population, the total score on the depth of credit information index is 0.

Coverage	Credit bureau	Credit registry
Number of individuals	2,395,814	545,172
Number of firms	10,667	3,068
Total	2,406,481	548,240
<b>Percentage of adult population</b>	<b>56.6</b>	<b>12.9</b>

## Protecting Minority Investors

This topic measures the strength of minority shareholder protections against misuse of corporate assets by directors for their personal gain as well as shareholder rights, governance safeguards and corporate transparency requirements that reduce the risk of abuse. The most recent round of data collection for the project was completed in May 2019. [See the methodology for more information.](#)

### What the indicators measure

- **Extent of disclosure index (0-10):** Disclosure, review, and approval requirements for related-party transactions
- **Extent of director liability index (0-10):** Ability of minority shareholders to sue and hold interested directors liable for prejudicial related-party transactions; Available legal remedies (damages, disgorgement of profits, disqualification from managerial position(s) for one year or more, rescission of the transaction)
- **Ease of shareholder suits index (0-10):** Access to internal corporate documents; Evidence obtainable during trial and allocation of legal expenses
- **Extent of conflict of interest regulation index (0-30):** Sum of the extent of disclosure, extent of director liability and ease of shareholder suits indices
- **Extent of shareholder rights index (0-6):** Shareholders' rights and role in major corporate decisions
- **Extent of ownership and control index (0-7):** Governance safeguards protecting shareholders from undue board control and entrenchment
- **Extent of corporate transparency index (0-7):** Corporate transparency on ownership stakes, compensation, audits and financial prospects
- **Extent of shareholder governance index (0-20):** Sum of the extent of shareholders rights, extent of ownership and control and extent of corporate transparency indices
- **Strength of minority investor protection index (0-50):** Sum of the extent of conflict of interest regulation and extent of shareholder governance indices

### Case study assumptions

To make the data comparable across economies, a case study uses several assumptions about the business and the transaction.

#### The business (Buyer):

- Is a publicly traded corporation listed on the economy's most important stock exchange.
- Has a board of directors and a chief executive officer (CEO) who may legally act on behalf of Buyer where permitted, even if this is not specifically required by law.
- Has a supervisory board in economies with a two-tier board system on which Mr. James appointed 60% of the shareholder-elected members.
- Has not adopted bylaws or articles of association that go beyond the minimum requirements. Does not follow codes, principles, recommendations or guidelines that are not mandatory.
- Is a manufacturing company with its own distribution network.

#### The transaction involves the following details:

- Mr. James owns 60% of Buyer, sits on Buyer's board of directors and elected two directors to Buyer's five-member board.
- Mr. James also owns 90% of Seller, a company that operates a chain of retail hardware stores. Seller recently closed a large number of its stores.
- Mr. James proposes that Buyer purchase Seller's unused fleet of trucks to expand Buyer's distribution of its food products, a proposal to which Buyer agrees. The price is equal to 10% of Buyer's assets and is higher than the market value.
- The proposed transaction is part of the company's principal activity and is not outside the authority of the company.
- Buyer enters into the transaction. All required approvals are obtained, and all required disclosures made—that is, the transaction was not entered into fraudulently.
- The transaction causes damages to Buyer. Shareholders sue Mr. James and the executives and directors that approved the transaction.

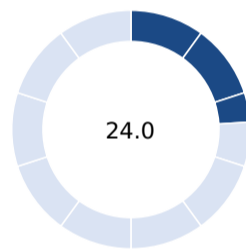
Protecting Minority Investors - Nicaragua

Stock exchange information

Stock exchange	Bolsa de Valores de Nicaragua
Stock exchange URL	http://www.bolsanic.com
Listed firms with equity securities	0
City Covered	Managua

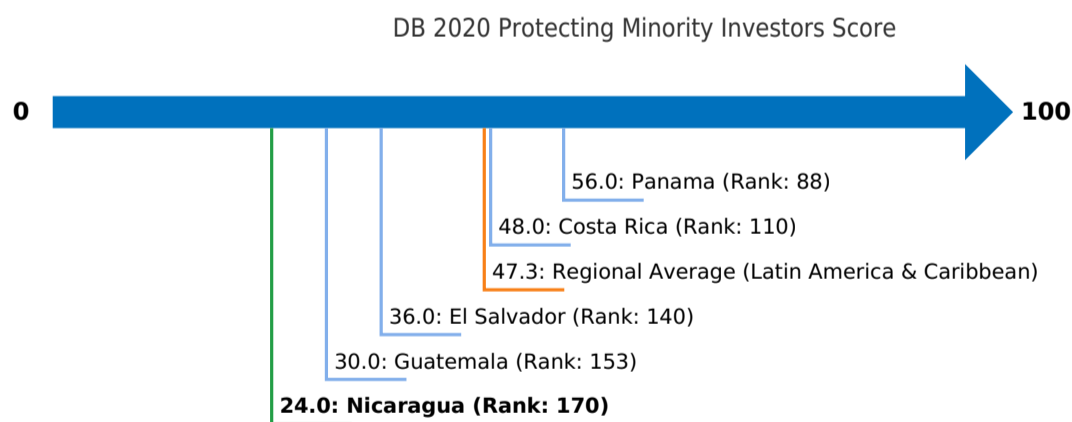
Indicator	Nicaragua	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Extent of disclosure index (0-10)	1.0	4.1	6.5	10 (13 Economies)
Extent of director liability index (0-10)	5.0	5.2	5.3	10 (3 Economies)
Ease of shareholder suits index (0-10)	6.0	6.7	7.3	10 (Djibouti)
Extent of shareholder rights index (0-6)	0.0	3.0	4.7	6 (19 Economies)
Extent of ownership and control index (0-7)	0.0	2.3	4.5	7 (9 Economies)
Extent of corporate transparency index (0-7)	0.0	2.3	5.7	7 (13 Economies)

Figure - Protecting Minority in Nicaragua - Score



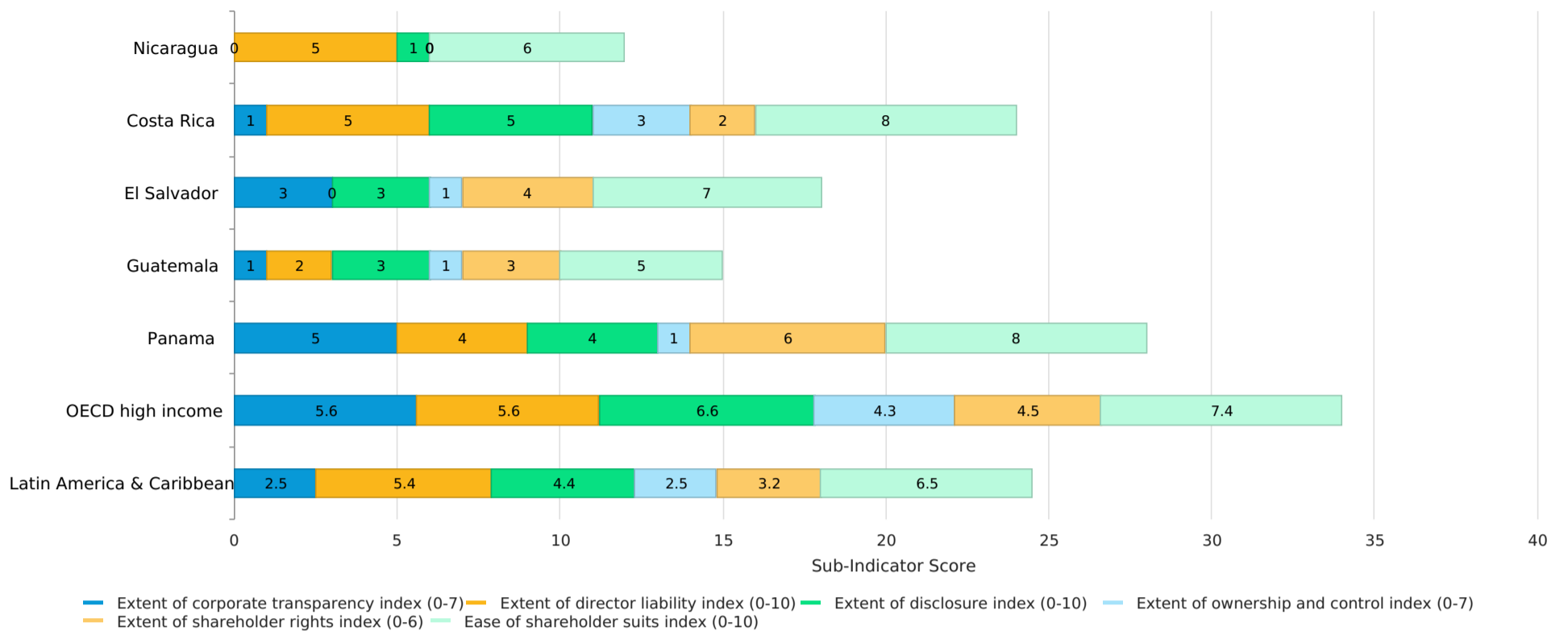
Score - Protecting Minority Investors

Figure - Protecting Minority Investors in Nicaragua and comparator economies - Ranking and Score



Note: The ranking of economies on the strength of minority investor protections is determined by sorting their scores for protecting minority investors. These scores are the simple average of the scores for the extent of conflict of interest regulation index and the extent of shareholder governance index.

Figure - Protecting Minority Investors in Nicaragua and comparator economies - Measure of Quality





## Details - Protecting Minority Investors in Nicaragua - Measure of Quality

	Answer	Score
<b>Extent of conflict of interest regulation index (0-30)</b>		
<b>Extent of disclosure index (0-10)</b>		<b>1.0</b>
Whose decision is sufficient to approve the Buyer-Seller transaction? (0-3)	Shareholders or board of directors including interested parties	1.0
Must an external body review the terms of the transaction before it takes place? (0-1)	No	0.0
Must Mr. James disclose his conflict of interest to the board of directors? (0-2)	No disclosure obligation	0.0
Must Buyer disclose the transaction in periodic filings (e.g. annual reports)? (0-2)	No disclosure obligation	0.0
Must Buyer immediately disclose the transaction to the public? (0-2)	No disclosure obligation	0.0
<b>Extent of director liability index (0-10)</b>		<b>5.0</b>
Can shareholders representing 10% of Buyer's share capital sue for the damage the transaction caused to Buyer? (0-1)	Yes	1.0
Can shareholders hold Mr. James liable for the damage the transaction caused to Buyer? (0-2)	Liable if negligent	1.0
Can shareholders hold the other directors liable for the damage the transaction caused to Buyer? (0-2)	Liable if negligent	1.0
Must Mr. James pay damages for the harm caused to Buyer upon a successful claim by shareholders? (0-1)	Yes	1.0
Must Mr. James repay profits made from the transaction upon a successful claim by shareholders? (0-1)	No	0.0
Is Mr. James disqualified upon a successful claim by shareholders? (0-1)	No	0.0
Can a court void the transaction upon a successful claim by shareholders? (0-2)	Voidable if negligently concluded	1.0
<b>Ease of shareholder suits index (0-10)</b>		<b>6.0</b>
Before suing, can shareholders representing 10% of Buyer's share capital inspect the transaction documents? (0-1)	Yes	1.0
Can the plaintiff obtain any documents from the defendant and witnesses at trial? (0-3)	Any relevant document	3.0
Can the plaintiff request categories of documents from the defendant without identifying specific ones? (0-1)	No	0.0
Can the plaintiff directly question the defendant and witnesses at trial? (0-2)	No	0.0
Is the level of proof required for civil suits lower than that of criminal cases? (0-1)	Yes	1.0
Can shareholder plaintiffs recover their legal expenses from the company? (0-2)	Yes if successful	1.0
<b>Extent of shareholder governance index (0-20)</b>		
<b>Extent of shareholder rights index (0-6)</b>		<b>0.0</b>
Does the sale of 51% of Buyer's assets require shareholder approval?	Yes	1.0
Can shareholders representing 10% of Buyer's share capital call for a meeting of shareholders?	Yes	1.0
Must Buyer obtain its shareholders' approval every time it issues new shares?	Yes	1.0
Do shareholders automatically receive preemption rights every time Buyer issues new shares?	No	0.0
Do shareholders elect and dismiss the external auditor?	No	0.0
Are changes to the rights of a class of shares only possible if the holders of the affected shares approve?	No	0.0
<b>Extent of ownership and control index (0-7)</b>		<b>0.0</b>
Is it forbidden to appoint the same individual as CEO and chairperson of the board of directors?	No	0.0

Must the board of directors include independent and nonexecutive board members?	No	0.0
Can shareholders remove members of the board of directors without cause before the end of their term?	Yes	1.0
Must the board of directors include a separate audit committee exclusively comprising board members?	No	0.0
Must a potential acquirer make a tender offer to all shareholders upon acquiring 50% of Buyer?	No	0.0
Must Buyer pay declared dividends within a maximum period set by law?	No	0.0
Is a subsidiary prohibited from acquiring shares issued by its parent company?	No	0.0
<b>Extent of corporate transparency index (0-7)</b>		<b>0.0</b>
Must Buyer disclose direct and indirect beneficial ownership stakes representing 5%?	No	0.0
Must Buyer disclose information about board members' primary employment and directorships in other companies?	No	0.0
Must Buyer disclose the compensation of individual managers?	No	0.0
Must a detailed notice of general meeting be sent 21 days before the meeting?	No	0.0
Can shareholders representing 5% of Buyer's share capital put items on the general meeting agenda?	Yes	1.0
Must Buyer's annual financial statements be audited by an external auditor?	Yes	1.0
Must Buyer disclose its audit reports to the public?	Yes	1.0

## Paying Taxes

This topic records the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year, as well as the administrative burden of paying taxes and contributions and complying with postfiling procedures (VAT refund and tax audit). The most recent round of data collection for the project was completed in May 2019 covering for the Paying Taxes indicator calendar year 2018 (January 1, 2018 - December 31, 2018). [See the methodology for more information.](#)

### What the indicators measure

#### Tax payments for a manufacturing company in 2018 (number per year adjusted for electronic and joint filing and payment)

- Total number of taxes and contributions paid or withheld, including consumption taxes (value added tax, sales tax or goods and service tax)
- Method and frequency of filing and payment

#### Time required to comply with 3 major taxes (hours per year)

- Collecting information, computing tax payable
- Preparing separate tax accounting books, if required
- Completing tax return, filing with agencies
- Arranging payment or withholding

#### Total tax and contribution rate (% of commercial profits)

- Profit or corporate income tax
- Social contributions, labor taxes paid by employer
- Property and property transfer taxes
- Dividend, capital gains, financial transactions taxes
- Waste collection, vehicle, road and other taxes

#### Postfiling Index

- Time to comply with VAT refund (hours)
- Time to obtain VAT refund (weeks)
- Time to comply with a corporate income tax correction (hours)
- Time to complete a corporate income tax correction (weeks)

### Case study assumptions

Using a case scenario, *Doing Business* records taxes and mandatory contributions a medium size company must pay in a year, and measures the administrative burden of paying taxes, contributions and dealing with postfiling processes. Information is also compiled on frequency of filing and payments, time taken to comply with tax laws, time taken to comply with the requirements of postfiling processes and time waiting.

To make data comparable across economies, several assumptions are used:

- TaxpayerCo is a medium-size business that started operations on January 1, 2017. It produces ceramic flowerpots and sells them at retail. All taxes and contributions recorded are paid in the second year of operation (calendar year 2018). Taxes and mandatory contributions are measured at all levels of government.

#### The VAT refund process:

- In June 2018, TaxpayerCo. makes a large capital purchase: the value of the machine is 65 times income per capita of the economy. Sales are equally spread per month (1,050 times income per capita divided by 12) and cost of goods sold are equally expensed per month (875 times income per capita divided by 12). The machinery seller is registered for VAT and excess input VAT incurred in June will be fully recovered after four consecutive months if the VAT rate is the same for inputs, sales and the machine and the tax reporting period is every month. Input VAT will exceed Output VAT in June 2018.

#### The corporate income tax audit process:

- An error in calculation of income tax liability (for example, use of incorrect tax depreciation rates, or incorrectly treating an expense as tax deductible) leads to an incorrect income tax return and a corporate income tax underpayment. TaxpayerCo. discovered the error and voluntarily notified the tax authority. The value of the underpaid income tax liability is 5% of the corporate income tax liability due. TaxpayerCo. submits corrected information after the deadline for submitting the annual tax return, but within the tax assessment period.

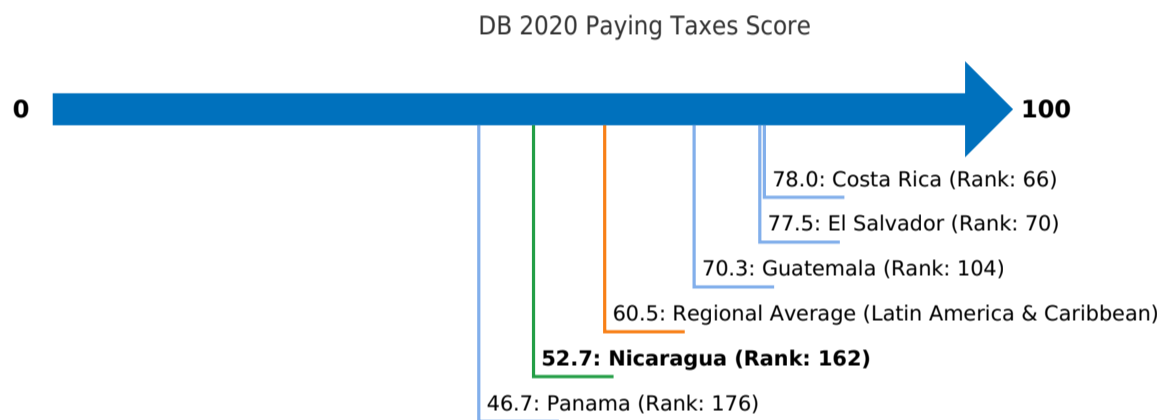
**Paying Taxes - Nicaragua**

Indicator	Nicaragua	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Payments (number per year)	43	28.2	10.3	3 (2 Economies)
Time (hours per year)	201	317.1	158.8	49 (3 Economies)
Total tax and contribution rate (% of profit)	60.6	47.0	39.9	26.1 (33 Economies)
Postfiling index (0-100)	52.5	47.5	86.7	None in 2018/19

**Figure - Paying Taxes in Nicaragua - Score**

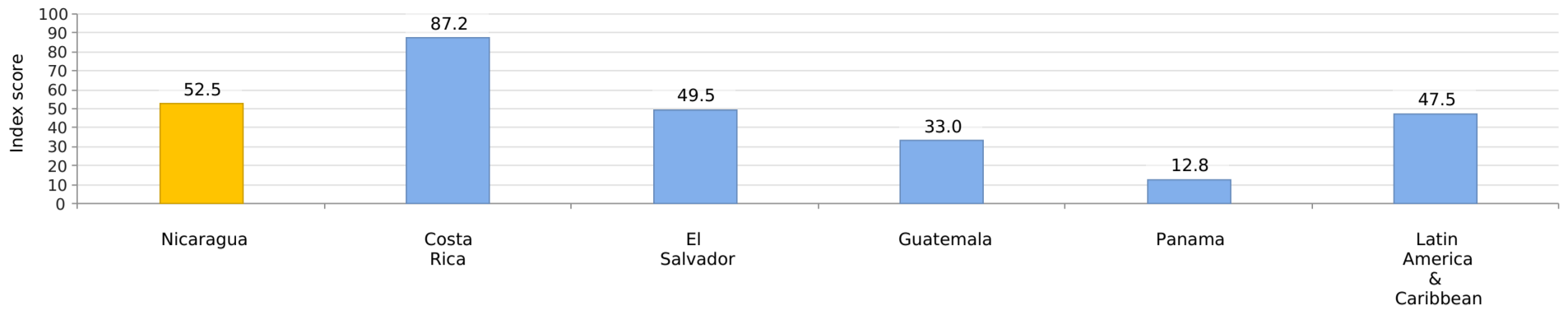


**Figure - Paying Taxes in Nicaragua and comparator economies - Ranking and Score**



Note: The ranking of economies on the ease of paying taxes is determined by sorting their scores for paying taxes. These scores are the simple average of the scores for each of the component indicators, with a threshold and a nonlinear transformation applied to one of the component indicators, the total tax and contribution rate. The threshold is defined as the total tax and contribution rate at the 15th percentile of the overall distribution for all years included in the analysis up to and including Doing Business 2015, which is 26.1%. All economies with a total tax and contribution rate below this threshold receive the same score as the economy at the threshold.

Figure - Paying Taxes in Nicaragua and comparator economies - Measure of Quality



## Details - Paying Taxes in Nicaragua

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax and contribution rate (% of profit)	Notes on TTCR
Employer paid - Social security contributions	12.0		76.0	19%	gross salaries	21.43	
Turnover tax	12.0			1%	sales (purchase cost)	17.68	
Corporate income tax	1.0	online	63.0	30%	taxable income	17.30	
Employer paid - Training tax	12.0			2%	gross salaries	2.26	
Real estate tax	1.0			1%	property value	1.19	
Capital Gains tax on property sale	1.0			10%	land value	0.51	
Tax on interest income	1.0			10%	interest income	0.26	
Vehicle Tax	1.0		0.0	fixed amount	weight of the truck	0.02	
Value added tax (VAT)	0.0	online and jointly	62.0	15%	value added	0.00	not included
Employee paid - Social security contributions	0.0	jointly		6.25%	gross salaries	0.00	withheld
Fuel tax	1.0			0.6985%	fuel consumption	0.00	small amount
Minimum tax	1.0	online		1%	turnover	0.00	included in other taxes
Totals	43		201			60.6	

## Details - Paying Taxes in Nicaragua - Tax by Type

Taxes by type	Answer
Profit tax (% of profit)	17.3
Labor tax and contributions (% of profit)	23.7
Other taxes (% of profit)	19.6



## Details - Paying Taxes in Nicaragua - Measure of Quality

	Answer	Score
<b>Postfiling index (0-100)</b>		<b>52.5</b>
<b>VAT refunds</b>		
Does VAT exist?	Yes	
Does a VAT refund process exist per the case study?	Yes	
Restrictions on VAT refund process	None	
Percentage of cases exposed to a VAT audit (%)	50% - 74%	
Is there a mandatory carry forward period?	No	
Time to comply with VAT refund (hours)	54.0	0.0
Time to obtain VAT refund (weeks)	43.0	23.9
<b>Corporate income tax audits</b>		
Does corporate income tax exist?	Yes	
Percentage of cases exposed to a corporate income tax audit (%)	0% - 24%	
Time to comply with a corporate income tax correction (hours)	9.0	86.2
Time to complete a corporate income tax correction (weeks)	No tax audit per case study scenario	100

**Notes:** Names of taxes have been standardized. For instance income tax, profit tax, tax on company's income are all named corporate income tax in this table.

The hours for VAT include all the VAT and sales taxes applicable.

The hours for Social Security include all the hours for labor taxes and mandatory contributions in general.

The postfiling index is the average of the scores on time to comply with VAT refund, time to obtain a VAT refund, time to comply with a corporate income tax correction and time to complete a corporate income tax correction.

N/A = Not applicable.

## Trading across Borders

*Doing Business* records the time and cost associated with the logistical process of exporting and importing goods. *Doing Business* measures the time and cost (excluding tariffs) associated with three sets of procedures—documentary compliance, border compliance and domestic transport—within the overall process of exporting or importing a shipment of goods. The most recent round of data collection for the project was completed in May 2019. [See the methodology for more information.](#)

### What the indicators measure

#### Documentary compliance

- Obtaining, preparing and submitting documents during transport, clearance, inspections and port or border handling in origin economy
- Obtaining, preparing and submitting documents required by destination economy and any transit economies
- Covers all documents required by law and in practice, including electronic submissions of information

#### Border compliance

- Customs clearance and inspections
- Inspections by other agencies (if applied to more than 20% of shipments)
- Handling and inspections that take place at the economy's port or border

#### Domestic transport

- Loading or unloading of the shipment at the warehouse or port/border
- Transport between warehouse and port/border
- Traffic delays and road police checks while shipment is en route

### Case study assumptions

To make the data comparable across economies, a few assumptions are made about the traded goods and the transactions:

**Time:** Time is measured in hours, and 1 day is 24 hours (for example, 22 days are recorded as  $22 \times 24 = 528$  hours). If customs clearance takes 7.5 hours, the data are recorded as is. Alternatively, suppose documents are submitted to a customs agency at 8:00a.m., are processed overnight and can be picked up at 8:00a.m. the next day. The time for customs clearance would be recorded as 24 hours because the actual procedure took 24 hours.

**Cost:** Insurance cost and informal payments for which no receipt is issued are excluded from the costs recorded. Costs are reported in U.S. dollars. Contributors are asked to convert local currency into U.S. dollars based on the exchange rate prevailing on the day they answer the questionnaire. Contributors are private sector experts in international trade logistics and are informed about exchange rates.

#### Assumptions of the case study:

- For all 190 economies covered by *Doing Business*, it is assumed a shipment is in a warehouse in the largest business city of the exporting economy and travels to a warehouse in the largest business city of the importing economy.
- It is assumed each economy imports 15 metric tons of containerized auto parts (HS 8708) from its natural import partner—the economy from which it imports the largest value (price times quantity) of auto parts. It is assumed each economy exports the product of its comparative advantage (defined by the largest export value) to its natural export partner—the economy that is the largest purchaser of this product. Shipment value is assumed to be \$50,000.
- The mode of transport is the one most widely used for the chosen export or import product and the trading partner, as is the seaport or land border crossing.
- All electronic information submissions requested by any government agency in connection with the shipment are considered to be documents obtained, prepared and submitted during the export or import process.
- A port or border is a place (seaport or land border crossing) where merchandise can enter or leave an economy.
- Relevant government agencies include customs, port authorities, road police, border guards, standardization agencies, ministries or departments of agriculture or industry, national security agencies and any other government authorities.

Trading across Borders - Nicaragua

Indicator	Nicaragua	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Time to export: Border compliance (hours)	72	55.3	12.7	1 (19 Economies)
Cost to export: Border compliance (USD)	240	516.3	136.8	0 (19 Economies)
Time to export: Documentary compliance (hours)	48	35.7	2.3	1 (26 Economies)
Cost to export: Documentary compliance (USD)	47	100.3	33.4	0 (20 Economies)
Time to import: Border compliance (hours)	72	55.6	8.5	1 (25 Economies)
Cost to import: Border compliance (USD)	400	628.4	98.1	0 (28 Economies)
Time to import: Documentary compliance (hours)	16	43.2	3.4	1 (30 Economies)
Cost to import: Documentary compliance (USD)	86	107.3	23.5	0 (30 Economies)

Figure - Trading across Borders in Nicaragua - Score

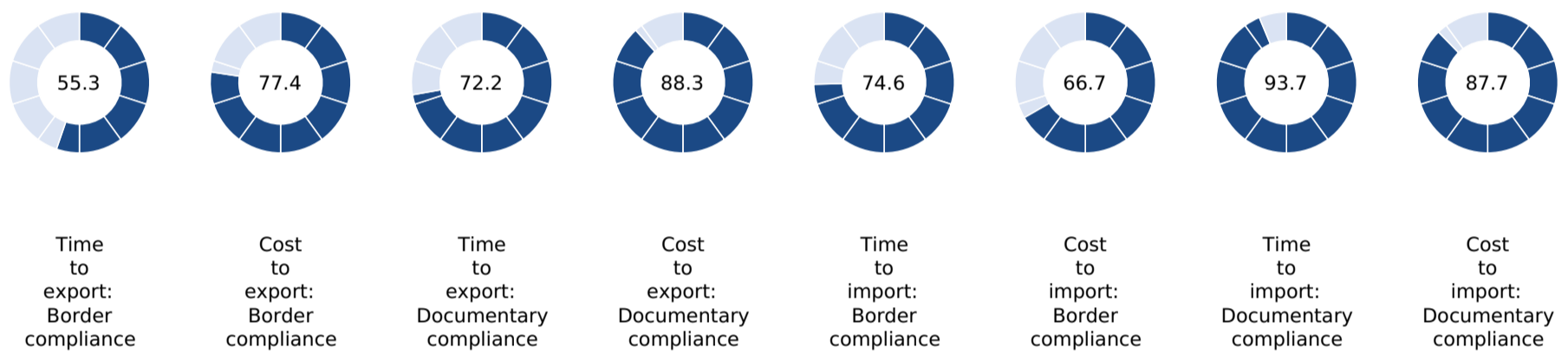
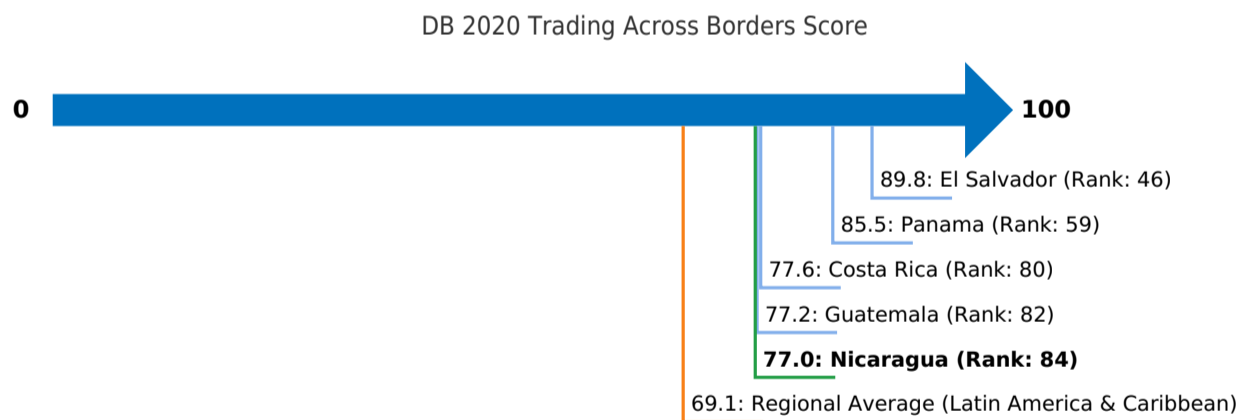
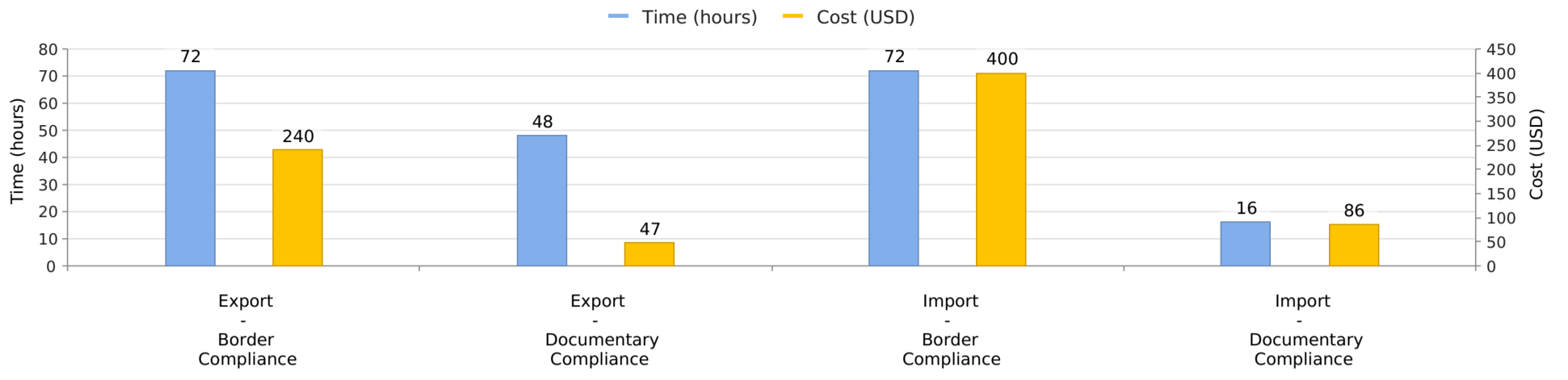


Figure - Trading across Borders in Nicaragua and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of trading across borders is determined by sorting their scores for trading across borders. These scores are the simple average of the scores for the time and cost for documentary compliance and border compliance to export and import.

Figure - Trading across Borders in Nicaragua - Time and Cost



## Details - Trading across Borders in Nicaragua

Characteristics	Export	Import
Product	HS 09 : Coffee, tea, mati and spices	HS 8708: Parts and accessories of motor vehicles
Trade partner	United States	Japan
Border	Puerto Corinto	Corinto port
Distance (km)	153	153
Domestic transport time (hours)	4	4
Domestic transport cost (USD)	611	611

## Details - Trading across Borders in Nicaragua - Components of Border Compliance

	Time to Complete (hours)	Associated Costs (USD)
Export: Clearance and inspections required by customs authorities	12.0	150.0
Export: Clearance and inspections required by agencies other than customs	48.0	0.0
Export: Port or border handling	24.0	90.0
Import: Clearance and inspections required by customs authorities	72.0	270.0
Import: Clearance and inspections required by agencies other than customs	0.0	0.0
Import: Port or border handling	72.0	129.8

## Details - Trading across Borders in Nicaragua - Trade Documents

## Export

Phytosanitary certificate

Export License

Export Customs Declaration

Bill of lading

Commercial invoice

Certificate of Origin

Terminal handling receipt

SOLAS certificate

Certificate of Quality

## Import

Customs Import Declaration

Commercial Invoice

Packing List

Fiscal Solvency

Bill of Lading

SOLAS certificate

## Enforcing Contracts

The enforcing contracts indicator measures the time and cost for resolving a commercial dispute through a local first-instance court, and the quality of judicial processes index, evaluating whether each economy has adopted a series of good practices that promote quality and efficiency in the court system. The most recent round of data collection was completed in May 2019. [See the methodology for more information.](#)

### What the indicators measure

#### Time required to enforce a contract through the courts (calendar days)

- Time to file and serve the case
- Time for trial and to obtain the judgment
- Time to enforce the judgment

#### Cost required to enforce a contract through the courts (% of claim value)

- Average attorney fees
- Court costs
- Enforcement costs

#### Quality of judicial processes index (0-18)

- Court structure and proceedings (-1-5)
- Case management (0-6)
- Court automation (0-4)
- Alternative dispute resolution (0-3)

### Case study assumptions

The dispute in the case study involves the breach of a sales contract between two domestic businesses. The case study assumes that the court hears an expert on the quality of the goods in dispute. This distinguishes the case from simple debt enforcement.

To make the data on the time and comparable across economies, several assumptions about the case are used:

- The dispute concerns a lawful transaction between two businesses (Seller and Buyer), both located in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- The Buyer orders custom-made furniture, then fails to pay alleging that the goods are not of adequate quality.
- The value of the dispute is 200% of the income per capita or the equivalent in local currency of USD 5,000, whichever is greater.
- The Seller sues the Buyer before the court with jurisdiction over commercial cases worth 200% of income per capita or \$5,000 whichever is greater.
- The Seller requests the pretrial attachment of the defendant's movable assets to secure the claim.
- The claim is disputed on the merits because of Buyer's allegation that the quality of the goods was not adequate.
- The judge decides in favor of the seller; there is no appeal.
- The Seller enforces the judgment through a public sale of the Buyer's movable assets.



Enforcing Contracts - Nicaragua

Standardized Case

Claim value	NIO 152,560
Court name	Managua Local Civil Court
City Covered	Managua

Indicator	Nicaragua	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Time (days)	490	774.2	589.6	120 (Singapore)
Cost (% of claim value)	26.8	32.0	21.5	0.1 (Bhutan)
Quality of judicial processes index (0-18)	6.5	8.8	11.7	None in 2018/19

Figure - Enforcing Contracts in Nicaragua - Score

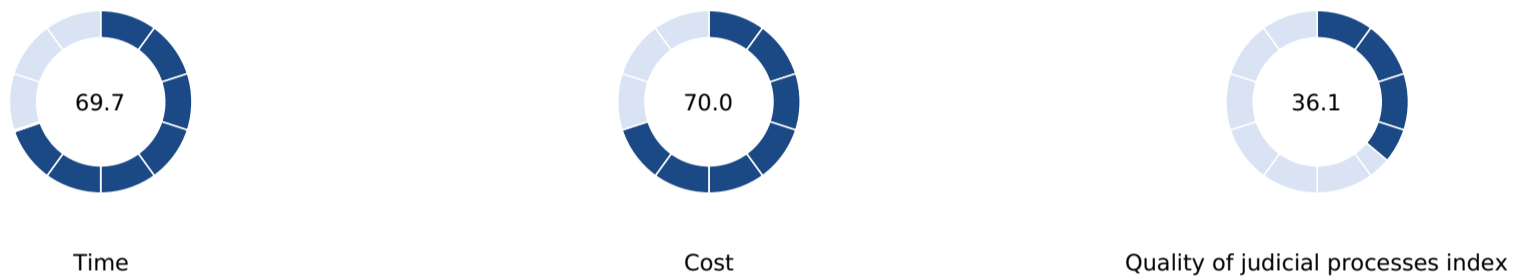


Figure - Enforcing Contracts in Nicaragua and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of enforcing contracts is determined by sorting their scores for enforcing contracts. These scores are the simple average of the scores for each of the component indicators.

Figure - Enforcing Contracts in Nicaragua - Time and Cost

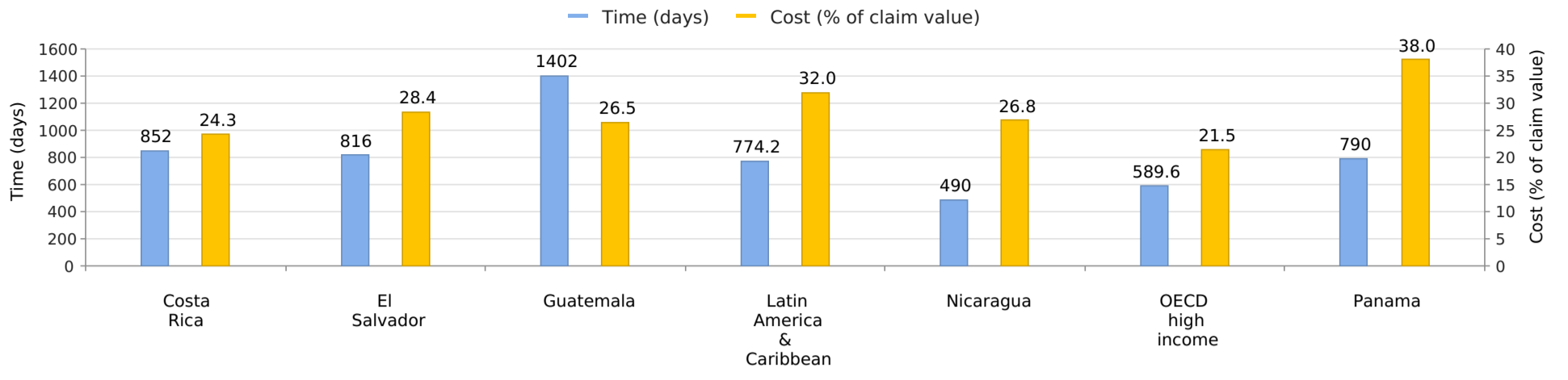


Figure - Enforcing Contracts in Nicaragua and comparator economies - Measure of Quality



Details - Enforcing Contracts in Nicaragua

	Indicator
<b>Time (days)</b>	<b>490</b>
Filing and service	60
Trial and judgment	230
Enforcement of judgment	200
<b>Cost (% of claim value)</b>	<b>26.8</b>
Attorney fees	16.3
Court fees	5.5
Enforcement fees	5
<b>Quality of judicial processes index (0-18)</b>	<b>6.5</b>
Court structure and proceedings (-1-5)	3.5
Case management (0-6)	0.5
Court automation (0-4)	0.0
Alternative dispute resolution (0-3)	2.5

## Details - Enforcing Contracts in Nicaragua - Measure of Quality

	Answer	Score
<b>Quality of judicial processes index (0-18)</b>		<b>6.5</b>
<b>Court structure and proceedings (-1-5)</b>		<b>3.5</b>
1. Is there a court or division of a court dedicated solely to hearing commercial cases?	No	0.0
2. Small claims court		1.5
2.a. Is there a small claims court or a fast-track procedure for small claims?	Yes	
2.b. If yes, is self-representation allowed?	Yes	
3. Is pretrial attachment available?	Yes	1.0
4. Are new cases assigned randomly to judges?	Yes, automatic	1.0
5. Does a woman's testimony carry the same evidentiary weight in court as a man's?	Yes	0.0
<b>Case management (0-6)</b>		<b>0.5</b>
1. Time standards		0.5
1.a. Are there laws setting overall time standards for key court events in a civil case?	Yes	
1.b. If yes, are the time standards set for at least three court events?	Yes	
1.c. Are these time standards respected in more than 50% of cases?	No	
2. Adjournments		0.0
2.a. Does the law regulate the maximum number of adjournments that can be granted?	No	
2.b. Are adjournments limited to unforeseen and exceptional circumstances?	No	
2.c. If rules on adjournments exist, are they respected in more than 50% of cases?	n.a.	
3. Can two of the following four reports be generated about the competent court: (i) time to disposition report; (ii) clearance rate report; (iii) age of pending cases report; and (iv) single case progress report?	No	0.0
4. Is a pretrial conference among the case management techniques used before the competent court?	No	0.0
5. Are there any electronic case management tools in place within the competent court for use by judges?	No	0.0
6. Are there any electronic case management tools in place within the competent court for use by lawyers?	No	0.0
<b>Court automation (0-4)</b>		<b>0.0</b>
1. Can the initial complaint be filed electronically through a dedicated platform within the competent court?	No	0.0
2. Is it possible to carry out service of process electronically for claims filed before the competent court?	No	0.0
3. Can court fees be paid electronically within the competent court?	No	0.0
4. Publication of judgments		0.0
4.a. Are judgments rendered in commercial cases at all levels made available to the general public through publication in official gazettes, in newspapers or on the internet or court website?	No	
4.b. Are judgments rendered in commercial cases at the appellate and supreme court level made available to the general public through publication in official gazettes, in newspapers or on the internet or court website?	No	
<b>Alternative dispute resolution (0-3)</b>		<b>2.5</b>
1. Arbitration		1.5
1.a. Is domestic commercial arbitration governed by a consolidated law or consolidated chapter or section of the applicable code of civil procedure encompassing substantially all its aspects?	Yes	
1.b. Are there any commercial disputes—aside from those that deal with public order or public policy—that cannot be submitted to arbitration?	No	
1.c. Are valid arbitration clauses or agreements usually enforced by the courts?	Yes	

2. Mediation/Conciliation	1.0
2.a. Is voluntary mediation or conciliation available?	Yes
2.b. Are mediation, conciliation or both governed by a consolidated law or consolidated chapter or section of the applicable code of civil procedure encompassing substantially all their aspects (for example, definition, aim and scope of application, design)?	Yes
2.c. Are there financial incentives for parties to attempt mediation or conciliation (i.e., if mediation or conciliation is successful, a refund of court filing fees, income tax credits or the like)?	No

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## Resolving Insolvency

*Doing Business* studies the time, cost and outcome of insolvency proceedings involving domestic legal entities. These variables are used to calculate the recovery rate, which is recorded as cents on the dollar recovered by secured creditors through reorganization, liquidation or debt enforcement (foreclosure or receivership) proceedings. To determine the present value of the amount recovered by creditors, *Doing Business* uses the lending rates from the International Monetary Fund, supplemented with data from central banks and the Economist Intelligence Unit. The most recent round of data collection was completed in May 2019. [See the methodology for more information.](#)

### What the indicators measure

#### Time required to recover debt (years)

- Measured in calendar years
- Appeals and requests for extension are included

#### Cost required to recover debt (% of debtor's estate)

- Measured as percentage of estate value
- Court fees
- Fees of insolvency administrators
- Lawyers' fees
- Assessors' and auctioneers' fees
- Other related fees

#### Outcome

- Whether business continues operating as a going concern or business assets are sold piecemeal

#### Recovery rate for creditors

- Measures the cents on the dollar recovered by secured creditors
- Outcome for the business (survival or not) determines the maximum value that can be recovered
- Official costs of the insolvency proceedings are deducted
- Depreciation of furniture is taken into account
- Present value of debt recovered

#### Strength of insolvency framework index (0- 16)

- Sum of the scores of four component indices:
- Commencement of proceedings index (0-3)
- Management of debtor's assets index (0-6)
- Reorganization proceedings index (0-3)
- Creditor participation index (0-4)

### Case study assumptions

To make the data on the time, cost and outcome comparable across economies, several assumptions about the business and the case are used:

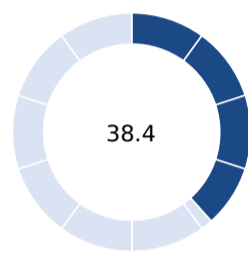
- A hotel located in the largest city (or cities) has 201 employees and 50 suppliers. The hotel experiences financial difficulties.
- The value of the hotel is 100% of the income per capita or the equivalent in local currency of USD 200,000, whichever is greater.
- The hotel has a loan from a domestic bank, secured by a mortgage over the hotel's real estate. The hotel cannot pay back the loan, but makes enough money to operate otherwise.

In addition, *Doing Business* evaluates the quality of legal framework applicable to judicial liquidation and reorganization proceedings and the extent to which best insolvency practices have been implemented in each economy covered.

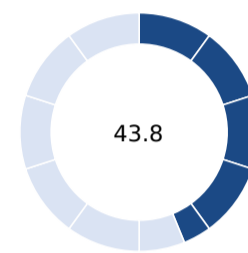
Resolving Insolvency - Nicaragua

Indicator	Nicaragua	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Recovery rate (cents on the dollar)	35.7	31.2	70.2	92.9 (Norway)
Time (years)	2.2	2.9	1.7	0.4 (Ireland)
Cost (% of estate)	14.5	16.8	9.3	1.0 (Norway)
Outcome (0 as piecemeal sale and 1 as going concern)	0	..	..	..
Strength of insolvency framework index (0-16)	7.0	7.2	11.9	None in 2018/19

Figure - Resolving Insolvency in Nicaragua - Score

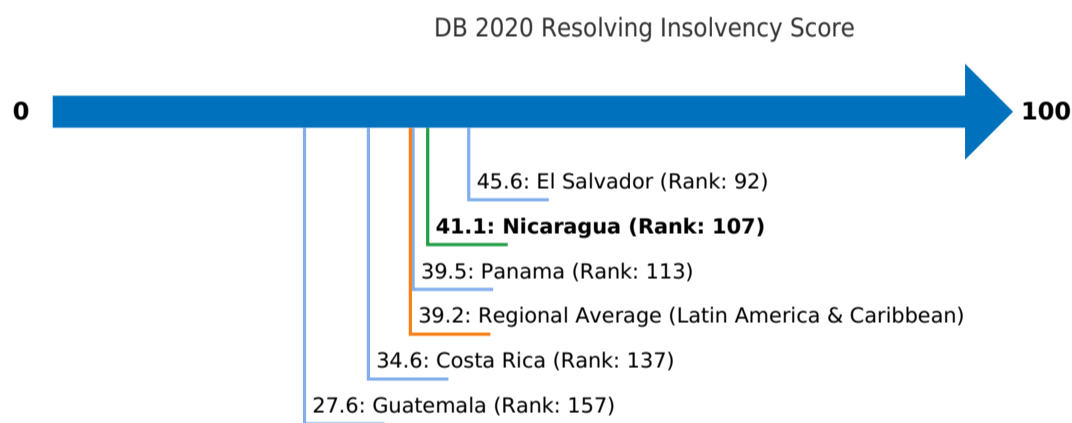


Recovery rate



Strength of insolvency framework index

Figure - Resolving Insolvency in Nicaragua and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of resolving insolvency is determined by sorting their scores for resolving insolvency. These scores are the simple average of the scores for the recovery rate and the strength of insolvency framework index.



Figure - Resolving Insolvency in Nicaragua - Time and Cost

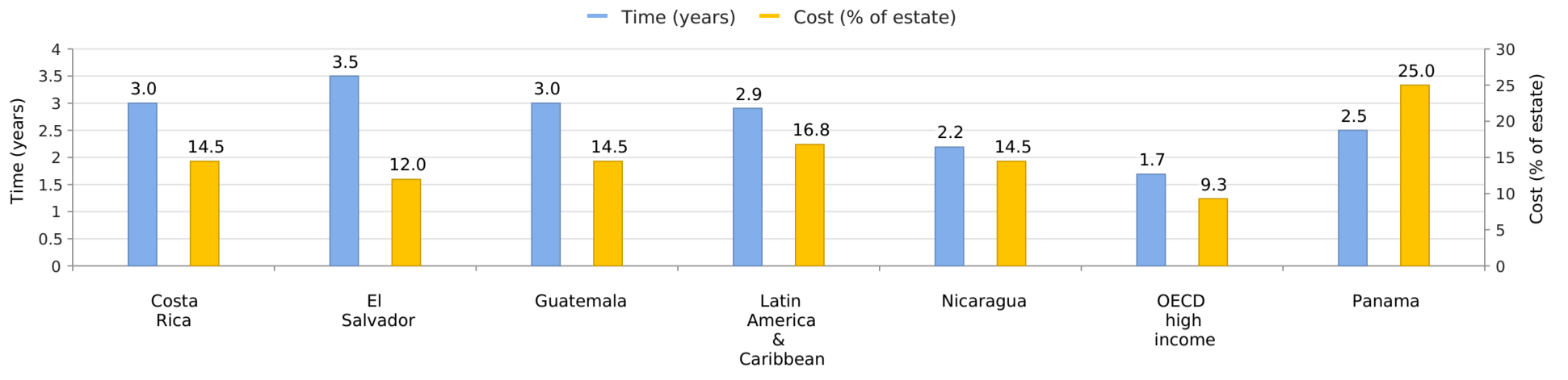
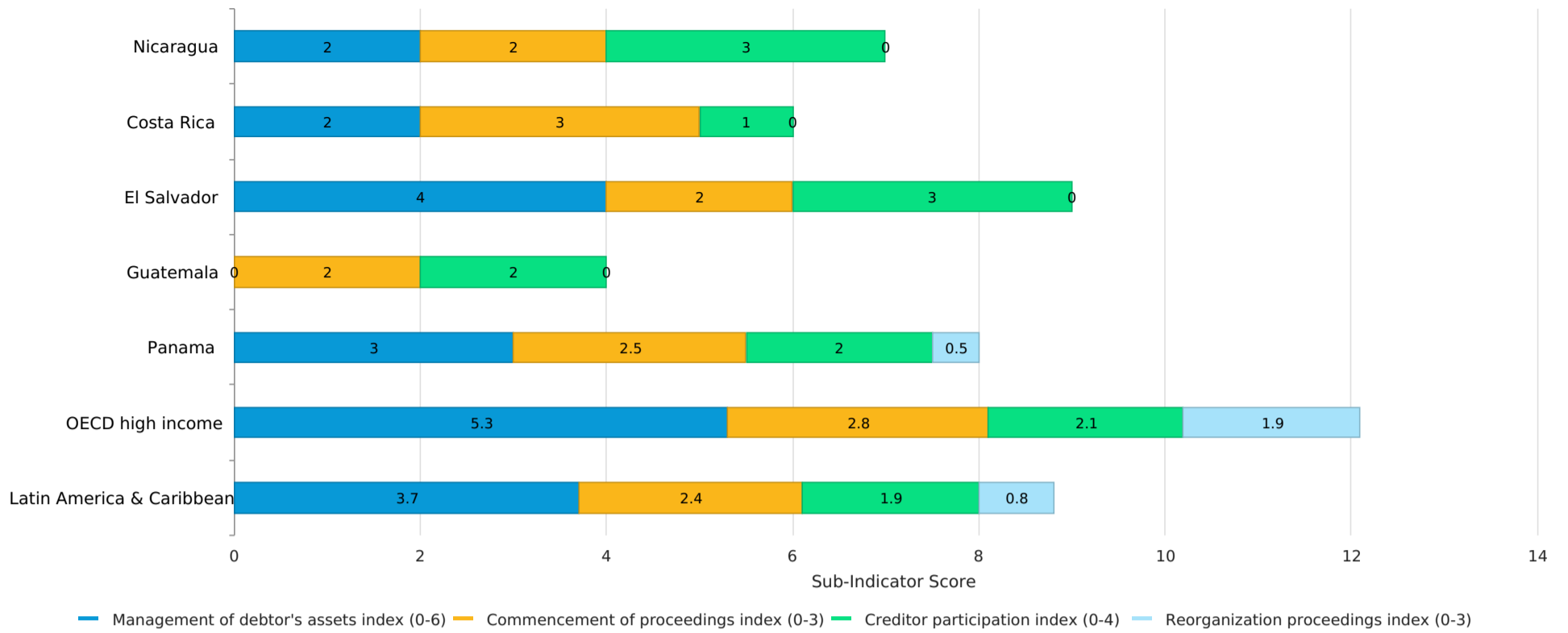
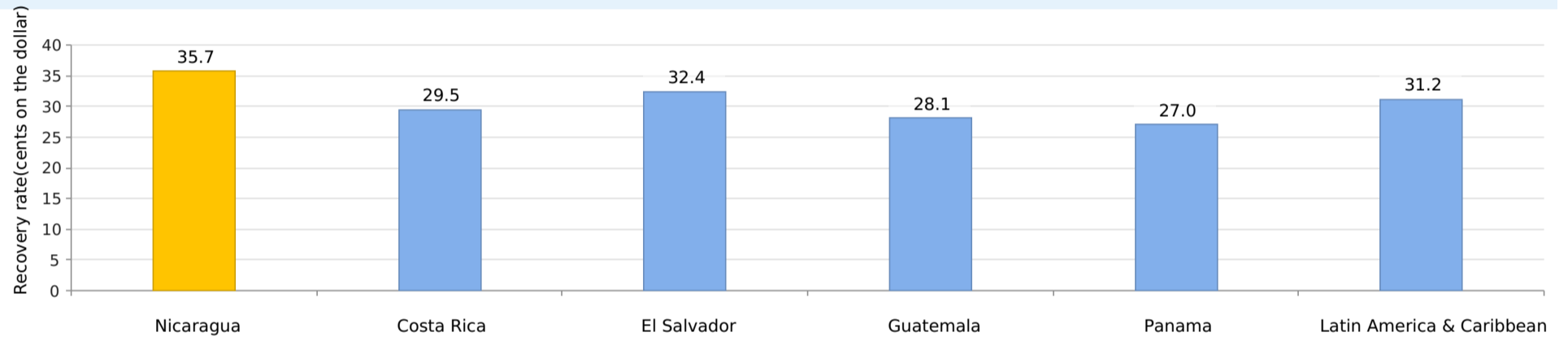


Figure - Resolving Insolvency in Nicaragua and comparator economies - Measure of Quality



Note: Even if the economy's legal framework includes provisions related to insolvency proceedings (liquidation or reorganization), the economy receives 0 points for the strength of insolvency framework index, if time, cost and outcome indicators are recorded as "no practice."

Figure - Resolving Insolvency in Nicaragua and comparator economies - Recovery Rate



## Details - Resolving Insolvency in Nicaragua

Indicator	Answer	Score
Proceeding	foreclosure	As a secured creditor, the bank will face only one option: a judicial foreclosure proceeding. In Nicaragua, banks prefer the foreclosure judicial track in order to request the sale of the assets used as collateral in satisfaction of the secure lending. It is not possible to start a reorganization procedure in Nicaragua. The foreclosure proceeding would start by the creditor filing a claim before the court requesting the sale of the property used as a collateral. The debtor will have the opportunity to counter-claim. After that an approval to initiate foreclosure will be handed down by the Court and an order to set up an auction will be issued. Once the time allocated by law for appeal lapses the auction would take place and the sale of debtor's real estate will occur. The sale in public auction shall be validated by the court.
Outcome	piecemeal sale	As a result of the foreclosure proceeding, the hotel will cease operations and its assets will be sold separately. The foreclosure will take place based on article 66 of Law No. 561.
Time (in years)	2.2	The foreclosure procedure in Nicaragua will take approximately 2.2 years until the debt is fully paid from the moment of the debtor's default until the debt is repaid to the secured creditor. It will take 1 year until the approval to initiate foreclosure is handed down by the Court including all required notifications and the debtor's counter-claim. Henceforward, it will take 1 years for the auction to take place (including the necessary time to appoint an auctioneer, the scheduling of the auction and the sale of the real estate). There hasn't been any improvements in the time to resolve foreclosure cases in the last 5 years.
Cost (% of estate)	14.5	The cost for a foreclosure proceeding will amount to approximately 14.5% of the value of Mirage's estate. The main component of this expenditure would be the attorney's fees, which would amount 8% of the value of Mirage's estate and the auctioneer's fees, which will amount 4%. The rest will include notification and other judicial costs (0.25%), expenses related to the auction (0.25%) and fees of other professionals (2%).
Recovery rate (cents on the dollar)		35.7

## Details - Resolving Insolvency in Nicaragua - Measure of Quality

	Answer	Score
<b>Strength of insolvency framework index (0-16)</b>		<b>7.0</b>
<b>Commencement of proceedings index (0-3)</b>		<b>2.0</b>
What procedures are available to a DEBTOR when commencing insolvency proceedings?	(b) Debtor may file for liquidation only	0.5
Does the insolvency framework allow a CREDITOR to file for insolvency of the debtor?	(b) Yes, but a creditor may file for liquidation only	0.5
What basis for commencement of the insolvency proceedings is allowed under the insolvency framework? (a) Debtor is generally unable to pay its debts as they mature (b) The value of debtor's liabilities exceeds the value of its assets	(a) Debtor is generally unable to pay its debts as they mature	1.0
<b>Management of debtor's assets index (0-6)</b>		<b>2.0</b>
Does the insolvency framework allow the continuation of contracts supplying essential goods and services to the debtor?	No	0.0
Does the insolvency framework allow the rejection by the debtor of overly burdensome contracts?	No	0.0
Does the insolvency framework allow avoidance of preferential transactions?	Yes	1.0
Does the insolvency framework allow avoidance of undervalued transactions?	Yes	1.0
Does the insolvency framework provide for the possibility of the debtor obtaining credit after commencement of insolvency proceedings?	No	0.0
Does the insolvency framework assign priority to post-commencement credit?	(c) No priority is assigned to post-commencement creditors	0.0
<b>Reorganization proceedings index (0-3)</b>		<b>0.0</b>
Which creditors vote on the proposed reorganization plan?	N/A	0.0
Does the insolvency framework require that dissenting creditors in reorganization receive at least as much as what they would obtain in a liquidation?	No	0.0
Are the creditors divided into classes for the purposes of voting on the reorganization plan, does each class vote separately and are creditors in the same class treated equally?	No	0.0
<b>Creditor participation index (0-4)</b>		<b>3.0</b>
Does the insolvency framework require approval by the creditors for selection or appointment of the insolvency representative?	Yes	1.0
Does the insolvency framework require approval by the creditors for sale of substantial assets of the debtor?	Yes	1.0
Does the insolvency framework provide that a creditor has the right to request information from the insolvency representative?	No	0.0
Does the insolvency framework provide that a creditor has the right to object to decisions accepting or rejecting creditors' claims?	Yes	1.0

**Note:** Even if the economy's legal framework includes provisions related to insolvency proceedings (liquidation or reorganization), the economy receives 0 points for the strength of insolvency framework index, if time, cost and outcome indicators are recorded as "no practice."

## Employing Workers

*Doing Business* presents detailed data for the employing workers indicators on the *Doing Business* website (<http://www.doingbusiness.org>). The study does not present rankings of economies on these indicators or include the topic in the aggregate ease of doing business score or ranking on the ease of doing business.

The most recent round of data collection was completed in May 2019. [See the methodology for more information.](#)

### What the indicators measure

#### Hiring

(i) whether fixed-term contracts are prohibited for permanent tasks; (ii) maximum cumulative duration of fixed-term contracts; (iii) length of the maximum probationary period; (iv) minimum wage; (v) ratio of minimum wage to the average value added per worker.

#### Working hours

(i) maximum number of working days allowed per week; (ii) premiums for work: at night, on a weekly rest day and overtime; (iii) whether there are restrictions on work at night, work on a weekly rest day and for overtime work; (iv) length of paid annual leave.

#### Redundancy rules

(i) whether redundancy can be basis for terminating workers; (ii) whether employer needs to notify and/or get approval from third party to terminate 1 redundant worker and a group of 9 redundant workers; (iii) whether the law requires employer to reassign or retrain a worker before making worker redundant; (iv) whether priority rules apply for redundancies and reemployment.

#### Redundancy cost

(i) notice period for redundancy dismissal; (ii) severance payments, and (iii) penalties due when terminating a redundant worker. Data on the availability of unemployment protection for a worker with one year of employment is also collected.

### Case study assumptions

To make the data comparable across economies, several assumptions about the worker and the business are used.

#### The worker:

- Is a cashier in a supermarket or grocery store, age 19, with one year of work experience.
- Is a full-time employee.
- Is not a member of the labor union, unless membership is mandatory.

#### The business:

- Is a limited liability company (or the equivalent in the economy).
- Operates a supermarket or grocery store in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Has 60 employees.
- Is subject to collective bargaining agreements if such agreements cover more than 50% of the food retail sector and they apply even to firms that are not party to them.
- Abides by every law and regulation but does not grant workers more benefits than those mandated by law, regulation or (if applicable) collective bargaining agreements.

## Employing Workers - Nicaragua

## Details - Employing Workers in Nicaragua

	Answer
<b>Hiring</b>	
Fixed-term contracts prohibited for permanent tasks?	No
Maximum length of a single fixed-term contract (months)	No limit
Maximum length of fixed-term contracts, including renewals (months)	No limit
Minimum wage applicable to the worker assumed in the case study (US\$/month)	248.7
Ratio of minimum wage to value added per worker	1.0
Maximum length of probationary period (months)	1.0
<b>Working hours</b>	
Standard workday	8.0
Maximum number of working days per week	6.0
Premium for night work (% of hourly pay)	0.0
Premium for work on weekly rest day (% of hourly pay)	100.0
Premium for overtime work (% of hourly pay)	100.0
Restrictions on night work?	Yes
Restrictions on weekly holiday?	Yes
Restrictions on overtime work?	Yes
Paid annual leave for a worker with 1 year of tenure (working days)	30.0
Paid annual leave for a worker with 5 years of tenure (working days)	30.0
Paid annual leave for a worker with 10 years of tenure (working days)	30.0
Paid annual leave (average for workers with 1, 5 and 10 years of tenure, in working days)	30.0
<b>Redundancy rules</b>	
Dismissal due to redundancy allowed by law?	Yes
Third-party notification if one worker is dismissed?	No
Third-party approval if one worker is dismissed?	No
Third-party notification if nine workers are dismissed?	No
Third-party approval if nine workers are dismissed?	No
Retraining or reassignment obligation before redundancy?	No
Priority rules for redundancies?	No
Priority rules for reemployment?	No
<b>Redundancy cost</b>	
Notice period for redundancy dismissal for a worker with 1 year of tenure (weeks of salary)	0.0
Notice period for redundancy dismissal for a worker with 5 years of tenure (weeks of salary)	0.0
Notice period for redundancy dismissal for a worker with 10 years of tenure (weeks of salary)	0.0
Notice period for redundancy dismissal (average for workers with 1, 5 and 10 years of tenure, in weeks of salary)	0.0
Severance pay for redundancy dismissal for a worker with 1 year of tenure (weeks of salary)	4.3
Severance pay for redundancy dismissal for a worker with 5 years of tenure (weeks of salary)	18.8

Severance pay for redundancy dismissal for a worker with 10 years of tenure (weeks of salary)	21.7
Severance pay for redundancy dismissal (average for workers with 1, 5 and 10 years of tenure, in weeks of salary)	14.9
Unemployment protection after one year of employment?	No

## Business Reforms in Nicaragua

From May 2, 2018 to May 1, 2019, 115 economies implemented 294 business regulatory reforms across the 10 areas measured by Doing Business. Reforms inspired by *Doing Business* have been implemented by economies in all regions. The following are reforms implemented since *Doing Business* 2008.

✓ = *Doing Business* reform making it easier to do business. ✗ = Change making it more difficult to do business.

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DB2019

✓ **Getting Credit:** Nicaragua strengthened access to credit by establishing a new unified collateral registry.

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DB2018

✓ **Enforcing Contracts:** Nicaragua made enforcing contracts easier by adopting a new code of civil procedure that introduces stricter case management rules.

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DB2017

✗ **Trading across Borders:** Nicaragua made trading across borders more expensive by introducing a new security fee, increasing the cost of border compliance for exporting and importing.

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DB2015

✓ **Starting a Business:** Nicaragua made starting a business easier by combining multiple registration procedures.

✓ **Getting Credit:** Nicaragua improved access to credit information by starting to provide credit scores to banks and financial institutions.

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DB2014

✓ **Starting a Business:** Nicaragua made starting a business easier by merging the procedures for registering with the revenue authority and with the municipality and by reducing the time required for incorporation.

✓ **Getting Electricity:** Nicaragua reduced the time required for getting electricity by increasing efficiency in granting approval of the connection design and by informing the customer in advance what the amount of the security deposit will be.

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DB2012

✓ **Registering Property:** Nicaragua made transferring property more efficient by introducing a fast-track procedure for registration.

✓ **Paying Taxes:** Nicaragua made paying taxes easier for companies by promoting electronic filing and payment of the major taxes, an option now used by the majority of taxpayers.

✓ **Enforcing Contracts:** Nicaragua raised the monetary threshold for commercial claims that can be brought to the Managua local civil court, leaving lower-value claims in the local courts, where proceedings are simpler and faster.

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DB2011

✗ **Paying Taxes:** Nicaragua increased taxes on firms by raising social security contribution rates and introducing a 10% withholding tax on the gross interest accrued from deposits. It also improved electronic payment of taxes through bank transfer.

✓ **Trading across Borders:** Nicaragua expedited trade by migrating to a new electronic data interchange system for customs, setting up a physical one-stop shop for exports and investing in new equipment at the port of Corinto.



*Doing Business 2020* is the 17th in a series of annual studies investigating the regulations that enhance business activity and those that constrain it. It provides quantitative indicators covering 12 areas of the business environment in 190 economies. The goal of the *Doing Business* series is to provide objective data for use by governments in designing sound business regulatory policies and to encourage research on the important dimensions of the regulatory environment for firms.

[www.doingbusiness.org](http://www.doingbusiness.org)



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