Services Policy Review
Nicaragua

Virtual Institute Study Tour on Trade in Services for Colombian Member Universities
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19 November 2013
Services Policy Review
Nicaragua

Overview

Financial services

Tourism

Telecommunications

Road transport
SPR Nicaragua Overview

Contribution to GDP

Contribution to employment

Foreign Direct Investment

Exports

Recommendations
## SPR Nicaragua Overview

### Services contribution to GDP:

<table>
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<th>2002</th>
<th>2006</th>
<th>2011</th>
<th>2012</th>
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<td>Primary activities</td>
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<td>Industry</td>
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<td>Services</td>
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<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2006</th>
<th>2011</th>
<th>2012</th>
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<td>Trade, hotel and restaurants</td>
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<td>Transport and communications</td>
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<td>Financial intermediation</td>
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<td>Housing</td>
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<td>Personal, social and business services</td>
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<td>General Government Services</td>
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<td>Electricity, gas and water</td>
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<td>All Services</td>
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</tbody>
</table>
SPR Nicaragua Overview

Services contribution to employment:

Primary activities □ Industry □ Services

Contribution to GDP

Recommendations
SPR Nicaragua Overview

Services and Foreign Direct Investment:

![Bar chart showing the contribution of primary activities, industrial activities, and services to GDP over the years 2002 to 2012.]

![Line chart showing the contribution of energy, commerce and services, and communications to GDP over the years 2002 to 2012.]
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Services and Exports:
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Recommendations (1/2):

- Comprehensive and coherent strategy to reinforce priority in services and policy/institutional coordination;
- Development of quality (improvement of productive activities) and certification (market recognition) services;
- Strengthen of science, technology and innovation;
- Education and training strategies covering both technical and superior levels, including language and ICT skills, with public private dialogue to promote applicability;
- Less bureaucracy, simple and streamlined procedures.
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Overview

Recommendations (2/2):

• Focus on SME: access to market information, predictable support policy, cooperation among SME;

• Regional strategies to improve ISS;

• Strengthen RIF: enforcement capacity, HR skills, statistics system, institutional coordination, competition;

• Trade policies: trade promotion strategies, trade facilitation, export diversification, dissemination of information regarding commitments, capacity to monitor services trade flows.
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Financial services

Characteristics

Recommendations
SPR Nicaragua
Financial services

Characteristics:

- Financial services are key in supporting the economy, ensuring financial flows and providing credit;
- Macro prudential measures have been maintained;
- Financial depth is low (high financial intermediation margin, underuse of ICT, credit assessment processes).
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Financial services

Recommendations:

• Facilitated collateralization of assets, while avoiding overestimation, by multi stakeholder collaboration;
• Establishment of a centralized credit history repository;
• Credit complemented by guarantees and tax incentives;
• Further enhance supervision by competition authorities;
• Evaluate the upgrading of local financial markets, where independently audited companies could levy capital on the stock market.
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Characteristics

Recommendations
SPR Nicaragua Tourism

Characteristics:

• Positive performance in terms of tourists arrival, length of stay, tourism earnings, registered tourism companies, room capacity, contribution to employment and investment;

• Capacity to rapidly create job opportunities for unskilled workers, while having the possibility to progressively upgrade;

• Relatively stable source of foreign currency;

• Policy recommendations should have a focus on SME.
SPR Nicaragua Tourism

Recommendations:

• Development of domestic and international marketing and outreach strategy, including the development of the electronic platform for itineraries, promote conferences and business tourism, improve satisfaction monitoring mechanisms, more research on tourists profiles;

• Promote increased links within the tourism industry, with other relevant sectors and with foreign operators;

• Improve quality, linked to mandatory permits, backed by an incentive programme and technical assistance;

• One stop shop simplified procedure to start operations.
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Telecommunications

Characteristics

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Telecommunications

Characteristics:
• Belongs to the services activities group that grew more between 2002 and 2012;
• Explains an important part of FDI flows to services;
• One of the biggest services contributions to exports after tourism;
• Important input provider for many economic activities, thus linked to productivity.
SPR Nicaragua Telecommunications

Recommendations:

• Promote demand in underserved areas, with incentives/training, using schools and health units as detonators;
• Implementation of a national broadband plan;
• Development of ex-ante and ex-post tools to promote competition and consumer protection, with improved public-private dialogue and using the country’s experience in regional integration processes;
• Minimize barriers to new entrants, with simple and streamlined license procedures, efficient management of numbering resources;
• Improve coordination of regulator and competition authority.
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Road transport

Characteristics

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Road transport

Characteristics:

- Road transport is the preferred service for exports and imports to neighbouring countries and main trade partners;
- There have been infrastructure advancements at a regional level;
- There is an institutional framework to promote public-private dialogue.
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Road transport

Recommendations:
• Programme to facilitate credit to road transport service providers, specially SME, to modernize and improve quality;
• Simplify registration procedures to facilitate imports of trucks and modernization of fleet;
• Development of policies to use alternative energy sources, decreasing vulnerability to fuel high prices;
• Improve performance of border crossings and port infrastructure to reduce bottlenecks;
• Modernization of regulatory framework and trade facilitation initiatives, to reduce non-tariff barriers;
• Continue capacity-building for small service providers.
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United Nations Conference on Trade and Development
Division on International Trade in Goods and Services and Commodities