INTERNATIONAL MONETARY FUND

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# BOLIVIA

June 2025

## 2025 ARTICLE IV CONSULTATION—PRESS RELEASE; STAFF REPORT; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR BOLIVIA

Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. In the context of the 2025 Article IV consultation with Bolivia, the following documents have been released and are included in this package:

- A **Press Release** summarizing the views of the Executive Board as expressed during its May 2, 2025, consideration of the staff report that concluded the Article IV consultation with Bolivia.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on May 2, 2025, following discussions that ended on February 5, 2025, with the officials of Bolivia on economic developments and policies. Based on information available at the time of these discussions, the staff report was completed on April 16, 2025.
- An **Informational Annex** prepared by the IMF staff.
- A **Statement by the Executive Director** for Bolivia.

The documents listed below have been or will be separately released.

- Selected Issues

The IMF's transparency policy allows for the deletion of market-sensitive information and premature disclosure of the authorities' policy intentions in published staff reports and other documents.

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**International Monetary Fund**
**Washington, D.C.**

# IMF Executive Board Concludes 2025 Article IV Consultation with Bolivia

**FOR IMMEDIATE RELEASE**

**Washington, DC – May 30, 2025:** The Executive Board of the International Monetary Fund (IMF) completed the Article IV consultation[1] for Bolivia on May 2. The authorities have consented to the publication of the Staff Report prepared for this consultation.[2]

Bolivia's real GDP growth has moderated to 2.1 percent in the first three quarters of 2024, driven by a decline in hydrocarbons production, a slowdown in services activity, and a drop in soy crops and related manufacturing due to 'El Niño' effects. The economy has also faced disruptions from road blockages and scarcity of foreign exchange (FX)—given critically low international reserves—fuels and other critical inputs. High import costs, weak agricultural production, and road blockages pushed inflation to 10 percent at end-2024, the highest level in over a decade. Unemployment has fallen, but underemployment is rising, and real incomes retrenched on average. The combination of FX shortages, slowing activity, and depreciation of the parallel exchange rate resulted in a compression of the current account deficit to 2.7 percent for 2024. The fiscal deficit surpassed 10 percent of GDP in 2023-24 with declining hydrocarbon revenues, tax exemptions, increased social spending, and higher interest payments. The deficit has been mostly financed by the central bank amid tight external financing constraints. Public debt has increased to 95 percent of GDP.

The financial sector remains well buffered. However, deposits declined in real terms and net interest margins are pressured by interest rate controls, limiting banks' ability to raise loan rates amid rising inflation and slowing credit growth. Banks have experienced improved profitability from FX trading gains, resulting in a strengthened capital adequacy ratio of 13.5 percent in 2024, while non-performing loans have remained low at 3.2 percent of total loans.

[1] Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. A staff team visits the country, collects economic and financial information, and discusses with officials the country's economic developments and policies. On return to headquarters, the staff prepares a report, which forms the basis for discussion by the Executive Board.

[2] Under the IMF's Articles of Agreement, publication of documents that pertain to member countries is voluntary and requires the member consent. The staff report will be shortly published on the www.imf.org/Bolivia page.

**Executive Board Assessment**[3]

Executive Directors agreed with the thrust of the staff appraisal. They expressed concern over Bolivia's acute fiscal and external imbalances and unsustainable policy mix and called for urgent actions to address the overvalued exchange rate, bolster foreign reserves, and implement sustained fiscal consolidation. Directors cautioned that inaction could lead to a painful disorderly adjustment and underscored the Fund's readiness to support the authorities through its various activities. They encouraged the staff to continue to closely engage the authorities on the needed adjustments. Careful communication of the policy reforms to stakeholders would be pivotal to enhance their acceptability.

Directors stressed that the untenable peg to the U.S. dollar and depleted international reserves call for a decisive shift in the monetary policy framework. They called for a realignment of the exchange rate with market fundamentals, moving toward greater exchange rate flexibility, and for front loaded fiscal consolidation and restrictive monetary policy settings, which would address inflationary pressures, alleviate FX shortages, and allow elimination of FX restrictions. Increasing interest rate flexibility will facilitate effective monetary policy transmission.

Directors recommended a credible and sustained fiscal consolidation by rationalizing the public wage bill, phasing out fuel subsidies, enhancing public investment management and spending efficiency, and mobilizing tax revenue. Eliminating monetary financing of fiscal deficits is also important. Directors also emphasized the need to mitigate the effects of the policy adjustments on vulnerable populations, including through improved targeting of the social safety net. A coherent fiscal framework can help underpin the consolidation plan.

Directors emphasized the need to strengthen financial sector supervision amid growing economic vulnerabilities. They called for close monitoring and contingency planning and encouraged the implementation of the remaining 2024 FSAP recommendations and strengthening the AML/CFT framework. Enhancing Bolivia's public pension fund operations by diversifying investments and strengthening the pension supervisor's independence is also important.

Directors called for comprehensive supply side reforms to enhance productivity and growth potential and facilitate external rebalancing by phasing out export ceilings, price controls, and credit quotas. They emphasized the need for a clear regulatory framework to attract private investment and to focus public investment on socially beneficial infrastructure projects. Further efforts to enhance transparency and the governance and anticorruption frameworks will also be important. Improving data adequacy also remains a priority.

It is expected that the next Article IV consultation with Bolivia will be held on the standard 12 month cycle.

[3] At the conclusion of the discussion, the Managing Director, as Chair of the Board, summarizes the views of Executive Directors, and this summary is transmitted to the country's authorities. An explanation of any qualifiers used in summings up can be found here: http://www.IMF.org/external/np/sec/misc/qualifiers.htm.

## Table 1. Bolivia: Selected Economic Indicators, 2023-30

| | | | |
|---|---|---|---|
| Population (millions, 2024) | 11.3 | Poverty rate (percent, 2023) | 36.5 |
| Population growth rate (percent, 2024) | 1.4 | Adult literacy rate (percent, 2023) | 95.2 |
| Life expectancy at birth (years, 2024) | 68.7 | GDP per capita (US$, 2023) | 3,736 |
| Total unemployment rate (2024Q3) | 3.6 | IMF Quota (SDR, millions) | 240.1 |

| | | Est. | Proj. | |
|---|---|---|---|---|
| | 2023 | 2024 | 2025 | 2026 |
| **Income and prices** | | | | |
| Real GDP | 3.1 | 1.3 | 1.1 | 0.9 |
| Nominal GDP | 2.6 | 6.5 | 16.4 | 16.9 |
| CPI inflation (period average) | 2.6 | 5.1 | 15.1 | 15.8 |
| CPI inflation (end of period) | 2.1 | 10.0 | 15.6 | 16.8 |
| **Combined public sector** | | | | |
| Revenues and grants | 27.8 | 28.4 | 24.8 | 24.2 |
| Of which: Hydrocarbon related revenue 1/ | 2.8 | 2.2 | 1.9 | 1.6 |
| Expenditure | 38.7 | 38.7 | 37.5 | 37.4 |
| Current | 32.3 | 33.2 | 32.5 | 32.6 |
| Capital 2/ | 6.4 | 5.4 | 5.0 | 4.8 |
| Net lending/borrowing (overall balance) | -10.9 | -10.3 | -12.7 | -13.2 |
| *Of which: Non-hydrocarbon balance* | -15.4 | -16.4 | -16.3 | -16.0 |
| Total gross NFPS debt 3/ | 90.8 | 95.0 | 90.4 | 91.4 |
| **External sector** | | | | |
| Current account | -2.5 | -2.7 | -2.6 | -3.2 |
| Exports of goods and services | 26.2 | 20.7 | 18.0 | 16.0 |
| *Of which: Natural gas* | 4.5 | 3.3 | 2.3 | 1.8 |
| Imports of goods and services | 28.6 | 23.4 | 20.4 | 18.9 |
| Capital account | 0.0 | 0.0 | 0.0 | 0.0 |
| Financial account (-= net inflow) | -2.0 | -3.5 | -2.8 | -3.3 |
| *Of which: Direct investment net* | 0.0 | -0.2 | -0.2 | -0.1 |
| *Of which: Other investment, net* | -1.5 | -2.1 | -2.3 | -3.4 |
| *Of which: Unidentified financing inflows* | 0.0 | 0.0 | -1.4 | -3.2 |
| *Of which: Unidentified financing inflows* | 0.0 | 0.0 | 1.9 | 2.8 |
| Net errors and omissions | -4.8 | -2.6 | 0.0 | 0.0 |
| Terms of trade index (percent change) | 1.2 | -2.3 | -1.6 | -0.2 |
| **Central Bank gross foreign reserves 4/ 5/ 6/** | | | | |
| In millions of U.S. dollars | 1,808 | 2,009 | 2,118 | 2,199 |
| In months of imports of goods and services | 1.9 | 2.1 | 2.0 | 2.0 |
| In percent of GDP | 4.0 | 4.1 | 3.8 | 3.3 |
| In percent of ARA | 20.6 | 23.0 | 22.3 | 20.5 |
| **Money and credit** | | | | |
| Credit to the private sector (percent change) | -2.1 | 4.0 | 7.5 | 7.2 |
| Credit to the private sector (percent of GDP) | 70.8 | 69.2 | 63.9 | 58.6 |
| Broad money (percent of GDP) | 90.2 | 87.5 | 85.7 | 86.9 |
| ***Memorandum items:*** | | | | |
| Nominal GDP (in billions of U.S. dollars) | 45.5 | 48.4 | 56.3 | 65.9 |
| Bolivianos/U.S. dollar (end-of-period) 7/ | 6.9 | ... | ... | ... |
| REER, period average (percent change) 8/ | -1.5 | ... | ... | ... |
| Oil prices (in U.S. dollars per barrel) | 80.6 | 79.2 | 72.0 | 68.2 |
| Energy-related subsidies to SOEs (percent of GDP) 9/ | 3.9 | 4.0 | 3.4 | 2.9 |

Sources: Bolivian authorities (MEFP, Ministry of Planning, BCB, INE, UDAPE); IMF; Fund staff calculations.
1/ Excludes YPFB profits/losses.
2/ Includes net lending.
3/ Public debt includes SOE's borrowing from the BCB (but not from other domestic institutions) and BCB loans to FINPRO and FNDR.
4/ Excludes reserves from the Latin American Reserve Fund (FLAR) and Offshore Liquidity Requirements (RAL).
5/ All foreign assets valued at market prices.
6/ Includes a repurchase line of US$99.2 million maturing in 2025.
7/ Official (buy) exchange rate.
8/ The REER based on authorities' methodology is different from that of the IMF (see 2017 and 2018 Staff Reports).
9/ Includes the cost of subsidy borne by public enterprises and incentives for hydrocarbon exploration investments in the projection period.

# BOLIVIA

## STAFF REPORT FOR THE 2025 ARTICLE IV CONSULTATION

April 16, 2025

## KEY ISSUES

**Context.** Bolivia's chronic macroeconomic imbalances have reached acute levels, exacerbated by a structural decline in gas production, sociopolitical tensions, and climate shocks. Fiscal deficits are large and are predominantly being financed by the central bank. Usable foreign exchange (FX) reserves have been nearly exhausted for over a year and pressures in the FX market have intensified (symbolized by an over 80 percent gap between the official and parallel exchange rates). Despite the increasingly urgent economic situation, macroeconomic policies remain broadly unchanged, with limited measures implemented in response to emergency bottlenecks. Bolivia will hold general elections in August, with a possible second round in October.

**Outlook and Risks.** The macro-economic outlook under current policies is unsustainable, and the risks of a balance of payments and fiscal crisis are rising. The lack of FX resources is expected to increasingly compress imports, disrupt domestic production, and push an increasing share of trade to the parallel market. Muddling through is becoming an increasingly untenable path and the cost of delaying policy change is rising. Usable FX reserves are expected to remain close to zero—even if the central bank is able to liquefy its remaining gold reserves through collateralized borrowing, as envisaged in the 2025 budget—and a range of potential external or domestic shocks could trigger capital outflows, a faster depreciation of the parallel exchange rate, higher inflation, reduced growth and, ultimately, a disorderly adjustment.

**Policy Priorities.** At the core of any policy plan must be a credible, multi-year fiscal consolidation. This will require a phase out of fuel subsidies, a lower wage bill, and a rationalization of capital spending. The goal should be to quickly eliminate monetary financing of the budget deficit and restore debt sustainability. Protecting vulnerable populations during this adjustment will require both a socially inclusive fuel subsidy reform and concerted efforts to improve the targeting of the social safety net. A plan to mobilize tax revenues will be essential, especially given the secular decline in hydrocarbon resources. With a solid fiscal plan in place, the official exchange rate would need to be realigned to facilitate the needed external adjustment, and a new monetary and exchange rate framework should be put in place (with an immediate elimination of administrative controls and limits on interest rates). Monetary policy will need to remain restrictive for some time to prevent unstable price dynamics, reverse capital outflows, incentivize a re-monetization of the economy, and rebuild international reserves.

Better crisis management and improved oversight of the financial system will be necessary, and steps should be taken to mitigate risks from a potential rise in cryptocurrency use. Finally, urgent efforts are needed to remove supply-side constraints to growth, lessen informality, strengthen governance and regulatory frameworks, improve public investment management, and foster competitiveness.

Approved By
**Nigel Chalk (WHD) and Geremia Palomba (SPR)**

Discussions took place during January 23–February 5, 2025, in Santa Cruz and La Paz, Bolivia. The mission team comprised Joana Pereira (head), Goran Amidžić, Sandra Lizarazo Ruiz, Brandon Tan (all WHD), Yao Deng (LEG), and Sergio Cárdenas Rossel (local economist). Evelyn Carbajal, Gabriel Moura, Millena Machado Damasio, and Nomuuntugs Tuvaan (all WHD) provided research and administrative assistance at headquarters. Ms. Ramos Capaquira (OED) participated in public sector meetings.

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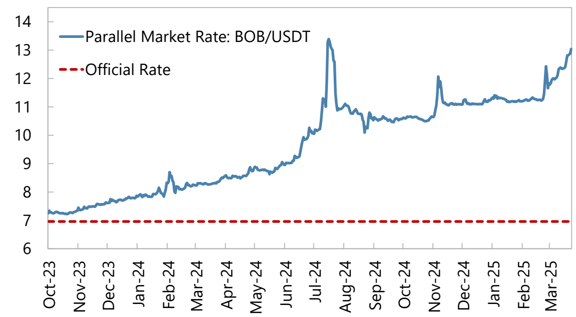
**ANNEXES**

# CONTEXT

**1. Bolivia faces acute macroeconomic vulnerabilities caused by longstanding policy imbalances that have been exacerbated by a series of negative shocks.** The production of natural gas continues to drop rapidly, undermining export and fiscal revenues[1]. Fiscal outlays far exceed available resources, generating large fiscal deficits. The exchange rate regime is incompatible with the ongoing monetization of the deficit, causing an exhaustion of liquid international reserves, a widening parallel exchange rate gap, import scarcity (notably for fuels), and rising inflation (despite a network of price subsidies and controls). Political tensions and social protests are hampering economic activity and preventing the approval of badly needed multilateral loans at a time when Bolivia has lost access to international capital markets. Finally, the country has contended with significant social and economic costs from the El Niño and La Niña weather phenomena and from devastating wildfires.

**Official vs Parallel Market Exchange Rate**
(Bolivianos / USD)




Sources: Binance, dollarclick website, and IMF staff calculations.
Note: Binance is an online marketplace for users to exchange cryptocurrencies.

**2. The private sector is already adjusting to the more depreciated parallel exchange rate.** Given low reserves, the central bank has severely curtailed FX liquidity provision to the private sector, prioritizing the government's purchase of fuel imports and the payment of external debt service. This lack of FX at the official rate has forced businesses to increasingly transact in the parallel market, passing through the higher import costs to consumers. Import demand, particularly for capital and intermediate goods (which are generally not produced domestically), has dropped causing negative effects on domestic production.

**3. Policy measures have focused on addressing emergency bottlenecks as they arise, but with limited success.** The authorities partially liberalized fuel markets (to alleviate shortages and subsidy costs), removed barriers to crypto trading (to provide a substitute for scarce FX, including for public entities[2]), promoted domestic biofuels production (to substitute for imported hydrocarbons), and authorized the use of new biotechnologies (to raise soy output). Tariff and VAT exemptions on imported goods have been expanded in an effort to dampen inflation, with negative consequences for the fiscal accounts. Temporary export bans have been implemented for certain foods, although export procedures for other foods were streamlined. The overall impact of these measures on the real economy appears to be relatively small, especially in comparison to the

[1] Bolivia's natural gas reserves have fallen from 8.95 trillion cubic feet (TCF) in 2019 to 4.48 TCF in 2023. Ongoing exploration investments could lead to a recovery in the reserve level (the recently discovered field of Mayaya for instance has an estimated potential of 1.7 TCF), but their yields would likely be realized over the medium to long run.

[2] The 2025 budget law foresees the use of crypto markets by public entities for payment of FX-denominated purchases. Specific regulation has thus far been issued only for YPFB's use of crypto markets.

growing size of the imbalances that they are aiming to address. The main 2024 Article IV recommendations have not been implemented. However, the authorities took important steps to strengthened financial oversight and the AML/CFT framework (Section D). Efforts are underway to improve national account and monetary statistics, bolster PFM processes and central bank operations, and improve forecasting and policy analysis.

**Text Table 1. Main Economic Policy Measures Implemented in 2024-25 1/**

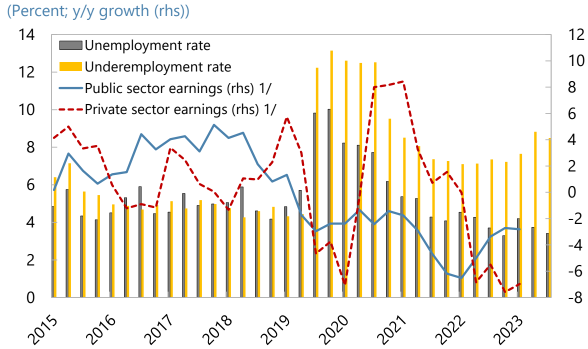
| Description of Measure | Implementation deadline |
|---|---|
| **Tax measures** | |
| Extension of VAT exemption on imported capital goods and industrial plants. | 31-Dec-25 |
| Tariff and Specific Consumption Tax exemption on imported flex and hybrid vehicles. | 11-May-27 |
| Expedited tax refunds for exporters repatriating FX proceeds. | Permanent |
| VAT exemption on private fuel (gasoline, diesel) and crude oil imports. | 31-Dec-25 |
| Tariff and VAT exemption on import of inputs for biodiesel plants. | 31-Dec-25 |
| Tax incentives for reinvestment of foreign companies´ profits (from 25 to 75 percent). | Permanent |
| Tariff exemptions for the import of specific products. 2/ | Temporary |
| **Reduction of fuel subsidies and boosting fuel supply** | |
| Removal of fuel subsidy for mining and agriculture producers. 3/ | Temporary 4/ |
| YPFB authorized to buy FX from public commercial bank and use crypto currencies to pay for fuel imports. 3/ | Temporary 4/ |
| Introduction of higher octane fuels with lower subsidy component. 5/ | Permanent |
| Streamlining of fuel import authorization process for companies. | Permanent |
| Liberalization of fuel import for commercialization in the domestic market. | 13-Nov-27 |
| **Trade facilitation and restrictions** | |
| Streamlined procedures for food exports (incl. corn, sugar, sorghum). | Permanent |
| Suspension of vegetable oil and meat exports until domestic supply is normalized. | Temporary |
| **Other measures** | |
| Expansion of direct food subsidies to flour, butter, yeast, sugar, rice, and corn. 6/ | 31-Dec-25 |

1/ Excludes financial measures.
2/ Includes car parts; wheat and wheat flour; corn; rice; pharmaceuticals; agricultural inputs (incl. machinery, pesticides); personal care products. Expiry dates vary by product, ranging from four months to two years.
3/ The final sale price is set by YPFB.
4/ Measure is expected to last while YPFB faces difficulties securing fuel provision given FX liquidity shortages in Bolivia.
5/ Premium Plus and Ultra Premium 100 gasolines; and Diesel ULS (biodiesel).
6/ Authorization of production and commercialization subsidies by state owned company EMAPA.

# RECENT DEVELOPMENTS

4. **Growth has weakened over the past year.** Despite ongoing significant fiscal support, growth moderated from 3.1 percent in 2023 to 2.1 percent in the first three quarters of 2024. Hydrocarbon production continues to contract while growth in services is decelerating. A 35 percent drop in crop planting during the winter of 2023 disrupted soy-related manufacturing exports in 2024 while road

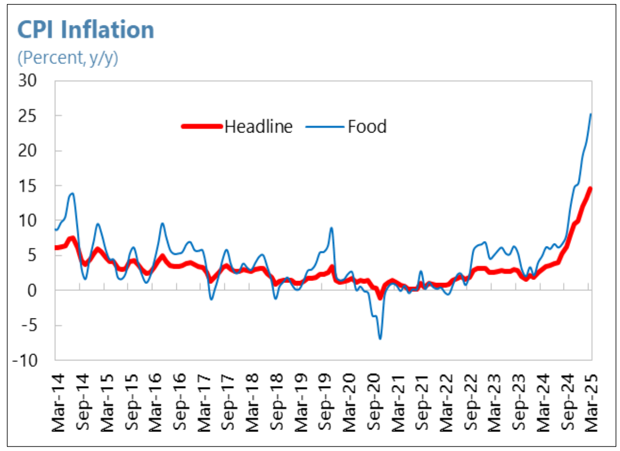
**Unemployment, Underemployment, and Real Earnings**
(Percent; y/y growth (rhs))



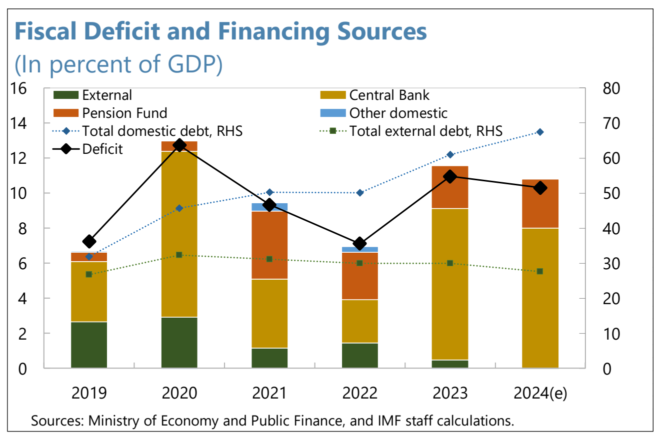

1/ The series includes the earnings of both formal and informal sector workers.
Sources: National Institute of Statistics, and IMF staff calculations.

blockages[3] and the scarcity of FX, fuels and other inputs continue to hamper economic activity. Private consumption has been slowing and investment is contracting (-7.5 percent) resulting in a 0.75 percent y/y contraction expected for 2024Q4. Average working hours have declined, real earnings are decreasing, and underemployment is above pre-pandemic levels (although unemployment has fallen somewhat due to an increase in informal self-employment).

5. **Inflation stood at 10 percent at end-2024, the highest level in over a decade, and reached 14.6 percent in March 2025.** Higher import costs, weak agricultural production and road blockages are being felt most directly through higher food prices. Informal trade with neighboring countries, which had helped moderate price increases, has been constrained by the unavailability of FX and the depreciation of the boliviano in the parallel market. Inflation is spreading to labor intensive services as a wage-price feedback dynamic takes hold. Prices of over one-third of the consumption basket are rising by 20 percent or more, while only less than 20 percent of the basket exhibits inflation below 5 percent.




6. **The fiscal position continues to weaken.** The fiscal deficit surpassed 10 percent of GDP in 2023 and 2024, far exceeding the budget target of 7½ percent of GDP. Declining hydrocarbon-related revenues, import tax/tariff exemptions, increased social spending, higher interest payments, and fuel subsidies are all adding to the imbalance. The central bank financed about 80 percent of the deficit, and the remainder was met by bond purchases by the pension fund. Total public debt was 95 percent of GDP at end-2024 (valued at the official exchange rate). The deficit fell slightly between 2023 and 2024 mostly due to a significant increase in profits from state-owned enterprises (SOEs) arising from the sale of gold to the central bank.[4] Spending and revenue trends have remained largely unchanged in the last few years.



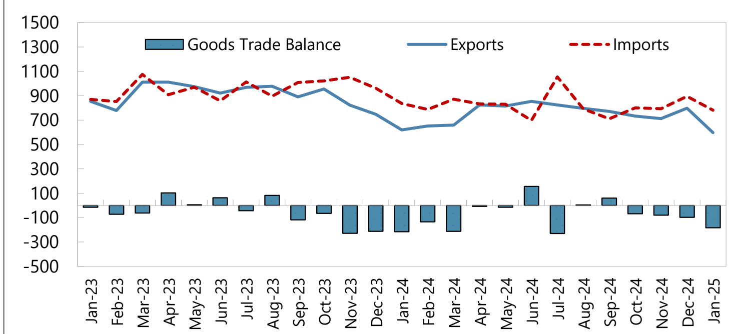

[3] Official estimates place the cost of November 2024 blockades alone at approximately US$ 1.7 billion. Blockades were recurrent throughout the year.

[4] While the operating balance of SOEs has averaged about 1 percent of GDP between 2013-23, it surged to 4.3 percent of GDP in 2024 following the creation of a new public enterprise (SOE) to acquire gold from the private

(continued)

**7. FX shortages, slowing activity, and the depreciation of the parallel exchange rate are compressing the current account deficit.** The trade balance has improved since mid-2024 with imports down 14 percent during April–January. Gold exports have collapsed since the start of central bank purchases, agricultural exports are falling due to a prolonged drought, unseasonal rains and fuel shortages, and natural gas exports continue their secular decline as the existing reservoirs mature. FX scarcity is also affecting smuggling activities, compounding the effect of price controls, which seems to be reducing (negative) errors and omissions in the balance of payments.

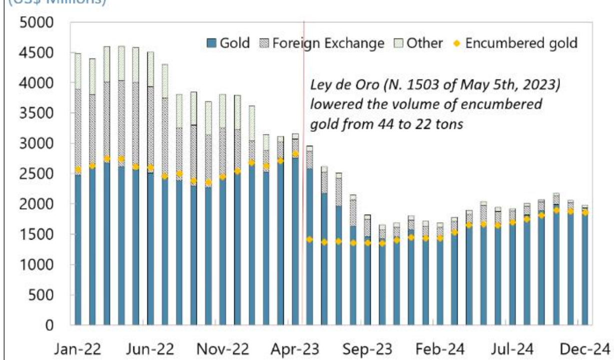
**Exports and Imports of Goods**
(US$ Millions)




Sources: INE and IMF staff calculations.

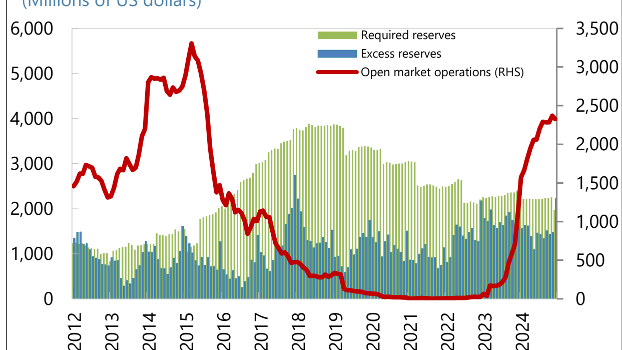
**8. Usable FX reserves have been exhausted.** As of end-2024, gross reserves stood at US$2bn (about 2 months of import cover) but these were composed of US$1.9bn in encumbered gold and US$90mn in liquid assets. To obtain FX, the central bank has been buying around 1 ton of gold per month from domestic producers (about US$80mn) and raised US$268 million from issuing dollar-denominated debt, of which US$200 million to the pension fund (which financed the purchase by repo-ing its Eurobond holdings to foreign investors with a 70 percent haircut, at a 12 percent interest rate)—see Text Table 2.[5] Bolivia's reserve coverage is inadequate (at 23 percent of the ARA metric) and the 2024 external position is assessed to be substantially weaker than the level implied by medium-term fundamentals and desirable policies (Annex I).

**Gross Reserves**
(US$ Millions)




Sources: BCB and IMF Staff calculations.

**Bank Reserves and Open Market Operations**
(Millions of US dollars)




Sources: Central Bank of Bolivia

**9. The BCB has stepped up its sterilization efforts.** To counter the growing

sector and sell it to the Central Bank of Bolivia (BCB). Gold is purchased in local currency (at a variable premium relative to the price per the official exchange rate), then certified and exchanged for FX. Higher export prices for minerals also supported profitability in 2024, albeit to a lesser extent.

[5] The BCB is required to retain a minimum of 22 tons of gold reserves. However, a provision in the 2025 budget allows the BCB to pledge these reserves in financial operations.

monetization of the deficit and a liquidity injection arising from a 2023 bank failure, the central bank has expanded its open market operations, issuing around 5 percent of GDP in central bank securities to the market in 2023 and 2024. A complementary reserve requirement (remunerated at low rates) was also created to lock up liquidity of those banks with reserve holdings that are in excess of regulatory requirements. Interest rates on central bank paper have risen but remain negative in real terms (Figure 3). The issuance of inflation-linked securities rose in the second half of 2024.[6] Monetary policy transmission is hampered by regulatory caps on bank lending rates.

**Text Table 2. 2024 Public Sector FX Flows (in USD millions)[1]**

| | Jan - Apr 2024 | May - Aug 2024 | Sep - Dec 2024 | 2024 |
|---|---|---|---|---|
| **1. FX Inflows** | | | | |
| Natural Gas Exports (YPFB) | 707 | 679 | 493 | 1879 |
| Financial Operations (BCB) 2/ | 188 | 200 | 12 | 400 |
| Gold Valuation | 170 | 149 | 28 | 347 |
| Gold Purchases | 436 | 217 | 565 | 1218 |
| Other Exports (VINTO and COMIBOL) | 115 | 159 | 119 | 393 |
| External Disbursements | 123 | 127 | 279 | 529 |
| Other Net Income 3/ | 31 | 89 | 210 | 330 |
| **2. FX Outflows** | | | | |
| Fuel Imports (YPFB) | 760 | 883 | 738 | 2381 |
| External debt service | 580 | 468 | 478 | 1526 |
| BCB provisions to Banks/Exchange Houses | 343 | 160 | 220 | 723 |
| Transfers and Credit Notes from Public Agencies | 0 | 0 | 199 | 199 |
| **3. Net Flows (1-2)** | **87** | **109** | **71** | **267** |
| **Memo:** | | | | |
| Gross International Reserves, e.o.p. | 1898 | 2009 | 1977 | 1977 |
| Net International Reserves, e.o.p. | 1796 | 1905 | 1976 | 1976 |

Sources: BCB and IMF staff calculations.

1/ Estimates based on data published by the BCB.

2/ Financial Operations includes BCB Bonds, Issuance of Certificates of Deposit, and Repatriation of Assets of Public Companies.

3/ Public companies, donations, private transfers, and others.

# OUTLOOK AND RISKS AHEAD

**10. Without considerable and increasing amounts of external financing, current policies are unsustainable.** The cumulative amount of unidentified financing required to maintain current policies amounts to around 3 percent of GDP in 2025–26 and increases over the medium term. Given the likely absence of sufficient external financing from official and private sources, the most likely outcome is an increasing depreciation of the parallel exchange rate, rising inflation, and worsening balance of payment imbalances. FX scarcity at the official rate and the depreciation of the parallel rate will reduce the availability of imports, disrupt supply chains, increase production costs, and erode growth (Text Table 3). Meanwhile, goods scarcity, rising import costs, and wage-price

[6] The limit on financial institutions' investment in inflation-linked securities was raised from 10 to 20 percent of assets in November 2024.

dynamics will feed into inflation and raise the fiscal cost of price subsidies. The potential for an acceleration of capital outflows could trigger an unstable wage-price-exchange rate dynamic.

**Text Table 3. Baseline Economic Outlook, Selected Indicators**

| | | Est. | Proj. | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
| | (Percent of GDP, unless otherwise specified) | | | | | | | |
| Real GDP | 3.1 | 1.3 | 1.1 | 0.9 | 0.6 | 0.4 | 0.2 | 0.2 |
| CPI inflation (period average) | 2.6 | 5.1 | 15.1 | 15.8 | 17.1 | 18.2 | 19.6 | 20.9 |
| Primary NFPS balance | -8.7 | -7.3 | -9.5 | -9.2 | -8.9 | -8.7 | -8.4 | -8.0 |
| Total gross NFPS debt 1/ | 90.8 | 95.0 | 90.4 | 91.4 | 92.8 | 95.5 | 98.5 | 101.8 |
| of which: external debt | 29.9 | 27.6 | 23.2 | 18.3 | 14.7 | 11.4 | 9.0 | 7.0 |
| Current account | -2.5 | -4.3 | -2.6 | -3.2 | -3.8 | -4.2 | -4.6 | -4.7 |
| Gross international reserves (in USD millions) 2/ 3/ 4/ | 1,808 | 2,009 | 2,118 | 2,199 | 2,160 | 2,231 | 2,290 | 2,312 |
| *In percent of ARA* | 20.6 | 23.0 | 22.3 | 20.5 | 17.4 | 15.3 | 13.1 | 10.9 |
| Financial account (-= net inflow) | -2.5 | -3.5 | -2.8 | -3.3 | -3.7 | -4.2 | -4.6 | -4.7 |
| o/w: Unidentified financing inflows | 0.0 | 0.0 | -1.4 | -3.2 | -3.2 | -4.2 | -4.4 | -4.6 |
| o/w: Unidentified financing inflows (in USD millions) | 0.0 | 0.0 | -805 | -2115 | -2500 | -3890 | -4880 | -6190 |
| *Memorandum items:* | | | | | | | | |
| NPFS Net incurrence of liabilities (= - Overall balance) | 10.9 | 10.3 | 12.7 | 13.2 | 14.2 | 16.0 | 17.2 | 18.7 |
| External | 0.5 | -0.3 | -0.5 | -1.5 | -0.9 | -1.0 | -0.5 | -0.4 |
| Domestic | 10.5 | 10.6 | 13.2 | 14.7 | 15.1 | 17.0 | 17.7 | 19.1 |
| of which, central bank | 8.7 | 8.0 | 9.8 | 11.3 | 11.8 | 13.7 | 14.4 | 15.8 |

1/ Public debt includes SOE's borrowing from the BCB (but not from other domestic institutions) and BCB loans to FINPRO and FNDR.
2/ Excludes reserves from the Latin American Reserve Fund (FLAR) and Offshore Liquidity Requirements (RAL).
3/ All foreign assets valued at market prices.
4/ Includes a repurchase line of US$99.2 million maturing in 2025.

**11. The risk of sovereign distress is high.** Absent a concerted fiscal consolidation plan, the deficit will stay well-above 10 percent of GDP and monetization is likely to remain the predominant financing source. Debt initially falls as the effective real interest rate turns negative and the exchange rate is assumed unchanged but increases significantly over the medium term with the accumulation of deficits. The Fund's SRDSF finds the near-term risk of sovereign distress to be high (Annex II) due to low FX reserves, the overvalued official exchange rate, and high domestic financing needs. The high stock of debt and large gross financing needs (which are even higher when valued at the official exchange rate) imply significant liquidity and solvency risks. Direct banking sector exposure to public debt is low, which lessens concerns about a sovereign-bank nexus, but the national pension fund remains a substantial creditor to the government (holding 16 percent of GDP in government debt or 32 percent of total pension fund investments).

**12. The precarious situation, and lack of progress in addressing it, creates a high risk of an eventual disorderly adjustment (Annex III).** An intensification of inflationary pressures, increased scarcity of basic goods, or weather shocks that push up food prices could all deepen social tensions. Waning confidence in macroeconomic policies or concerns over the government's capacity to meet external payments could trigger deposit and capital outflows, further depreciating the parallel exchange rate. The recent liberalization of crypto trading could provide an alternative channel for such deposit and capital outflows, pressuring the banking system and increasing the complexity of imposing capital controls (should that prove necessary).[7] While commercial ties with the US are

[7] Restrictions are in place on foreign investments by financial institutions, domestic dollar deposits, and charges on dollar transfers abroad. These measures constitute capital flow restrictions (CFM) under the IMF Institutional View for

(continued)

limited, global trade disruptions, commodity price volatility, tighter financial conditions or deepening geoeconomic fragmentation could all be catalysts for increasing BOP pressures. Political fragmentation could constrain future implementation of reforms and weaken growth.

***Authorities' Views***

**13. The authorities recognize the recently challenging economic conditions but highlighted the resilience of the Bolivian economy despite the complex external and local circumstances.** Several factors have contributed to growth and inflationary pressures, primarily adverse weather shocks, road blockages, and FX speculation. They expect a higher growth rate than that estimated by staff for 2024, at around 2 percent. Going forward, they believe recently advanced measures to stabilize FX and fuel availability, with growth recovering to 3.5 percent in 2025. The authorities expect inflation will drop to 7.5 percent of GDP this year. While acknowledging the risks posed by low international reserves, they emphasize the role of past underinvestment in natural gas exploration and congress gridlock (impeding multilateral loan disbursements) in driving FX liquidity constraints. They underscore that the implemented measures contributed to stabilize the international reserves in 2024. In the short-term new external debt issuances, the BCB's domestic gold purchases, and better prospects on production and exports of the agricultural sector are expected to sustain the necessary level of reserves. Over time, the authorities envisage ongoing SOE investments and support to the private productive sector to lessen external imbalances by generating new export revenues and facilitating import substitution.

# RESTORING MACROECONOMIC STABILITY

*Bolivia should reorient its economic strategy. The current exchange rate peg to the U.S. dollar cannot be sustained with scarce reserves and should be replaced by a new regime that realigns the nominal exchange rate with fundamentals, allows it to fluctuate with market conditions, and relies on the control of domestic currency liquidity to maintain price stability. For this new monetary regime to be effective, a removal of caps on interest rates is necessary so that domestic deposit and loan rates may quickly reach market clearing levels. The new monetary framework will need to be accompanied by a large fiscal adjustment which enables the elimination of central bank financing of the budget (so as to short-circuit the injection of domestic currency liquidity through that source) and reduces the risk of sovereign distress. Attention will need to be paid to vulnerable populations and possible weaknesses in the financial system as the economy transitions back to macroeconomic stability. Consideration may also need to be given to temporary controls on capital outflows or limits on deposit withdrawals to preserve financial and macroeconomic stability. The longer this needed reformulation of policies is delayed, the costlier the eventual adjustment will be.*

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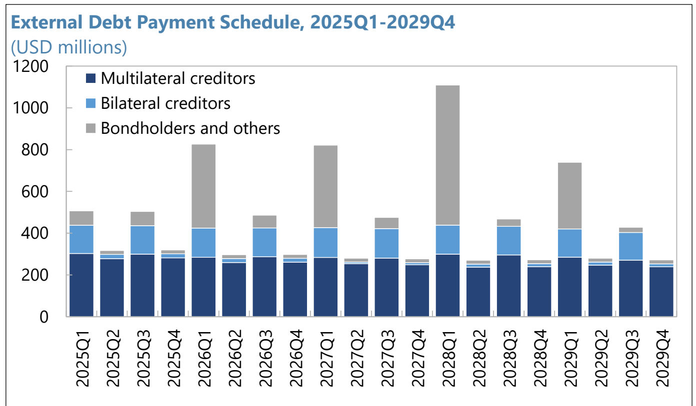
the Liberalization and Management of Capital Flows (IV), as highlighted in the 2024 Article IV report (Country Report No. 25/34). Commissions charged on dollar transfers abroad were capped at 10 percent through mid-March 2024. Since then, the cap for each transaction is determined based on the 30-day weighted average price paid by banks to purchase USD (starting from one week prior to the transaction). Domestic dollar deposits are taxed. These measures are being assessed as CFM under the IV.

## A. Re-Anchoring Monetary and Exchange Rate Policies



Sources: Ministry of Economy and Public Finance and IMF staff calculations.

**14. The longstanding peg to the U.S. dollar has become untenable.** Realigning the official exchange rate in tandem with a large fiscal adjustment is necessary to ensure macroeconomic stability, eliminate FX shortages, and rebuild international reserves. To this end, a step devaluation of the exchange rate is advised. A devaluation that overshoots the parallel exchange that is prevailing at the time of the devaluation would likely be needed to account for the fact that the public sector is a net buyer of FX, to generate expectations of future appreciation, and facilitate a rebuilding of international reserves. The short-term impact on public balance sheets would be large but unavoidable[8], strengthening the case for frontloading the fiscal consolidation (see Section C). The realignment of the exchange rate and necessary adjustments to fuel subsidies would push up inflation initially. However, tight domestic liquidity conditions, fiscal consolidation, and an initial growth slowdown will exert countervailing downward pressures on inflation. The up-front adjustment in the real exchange rate will improve competitiveness, compress imports, incentivize an expansion of export industries, and support foreign capital inflows and demand for local currency assets. Given high gross external financing needs in the near term (notably arising from the Eurobonds maturing in 2026–28), pre-emptive debt actions may also need to be considered.

**15. Maintaining tight monetary policy following the realignment of the exchange rate will be essential to keep inflation in check.** The immediate removal of interest rate controls[9] and halting of monetary financing will be necessary to ensure the effective implementation of a tight monetary stance. Given elevated uncertainty surrounding the equilibrium exchange rate and insufficient reserve buffers, the central bank will have to give up on an exchange rate anchor immediately following the depreciation. Instead, a base money target will be needed to ensure that domestic currency liquidity is restrictive. Interest rates will need to rise endogenously to clear the demand for local currency assets. Calibrating such a framework will be challenging given the uncertainty surrounding the demand for bolivianos and possible pace of re-monetization once the exchange rate returns to more competitive levels. Some FX intervention could be considered if disorderly market conditions emerge but would have to be tightly circumscribed given limited

[8] External public debt is 18 percent of GDP larger when valued at the current parallel exchange rate (which is likely more appreciated than a market-based equilibrium). Annual external debt service would increase by about 1.7 percent of GDP in 2025–27. Fuel subsidies would rise by 2.6 percent of GDP, only partially compensated by an increase in hydrocarbon export-related revenues as a share of GDP. The private sector (including the banks) holds limited liabilities in FX.

[9] Interest rates on bank loans to so called ‘productive sectors’ and social housing are capped at a nominal 6-7 percent (11.5 percent for microcredit).

reserves. Intervention efforts will need to instead be focused on steadily rebuilding international reserves and allowing the nominal exchange rate to find a market-determined equilibrium level. As reserve adequacy improves, a hybrid system could be considered with a crawling band arrangement and short-term interest rates as the main policy tool. Over time, the goal should be to shift to an inflation targeting regime. However, it will take some time to build the infrastructure and capacity necessary to implement such a framework.

**16. In anticipation of a more flexible exchange rate regime, the central bank should enhance its operational and institutional frameworks.** The central bank is already strengthening its operational capacity to monitor and adjust liquidity, including through open market operations. Efforts are underway to upgrade economic forecasting capabilities and improve central bank macro-financial modelling. There will be an urgent need to strengthen the development of FX and money markets, including by creating new markets for FX hedging instruments and macroprudential regulations to limit FX balance sheet mismatches (e.g., limits on FX net open positions and higher capital requirements for unhedged FX loans). Monetary policy communication will need to be improved to explain the new framework to the public and financial market participants. Enhancing the BCB's legal framework to improve central bank independence, strengthen governance, and clearly define its mandate would help build institutional credibility. In addition, the current FX asset-liability mismatch at the central bank will imply that, over time, fiscal resources will likely be needed to recapitalize the central bank.

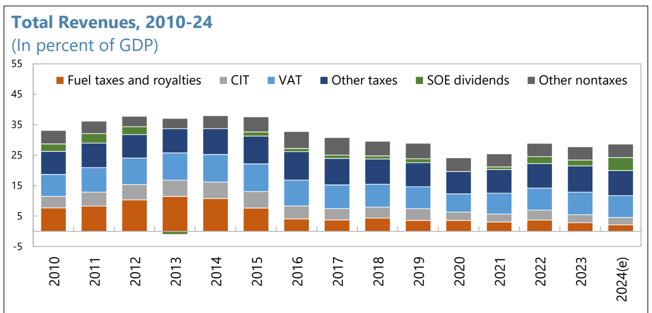
**17. Restrictions on deposit withdrawals and capital outflows may need to be considered.** Such controls can be politically unpopular and should be viewed as a temporary emergency measure, complementing the broader policy reform effort. A clear plan would be needed to unwind such controls once the economic situation stabilizes. Restrictions on capital outflows should be deployed in line with *IMF Institutional View on The Liberalization and Management of Capital Flows.* Removing interest rate controls and allowing deposit and other interest rates to move flexibly with market conditions will provide a stabilizing force but will put pressure on private sector balance sheets (particularly those with short duration and/or floating rate debt). A strategy would also need to be developed to handle the large stock of banks' nondeliverable FX swaps that are held by the central bank. These swaps, which have average duration of one year, account for 19 percent of base money. Their cost would jump following a depreciation and their full redemption at maturity could prove destabilizing, undermining FX reserve accumulation and the implementation of a monetary aggregate targeting framework. Consideration would need to be given to extending the maturities of these contracts or requiring a mandatory roll over of maturing liabilities into new, longer duration instruments.

***Authorities' views***

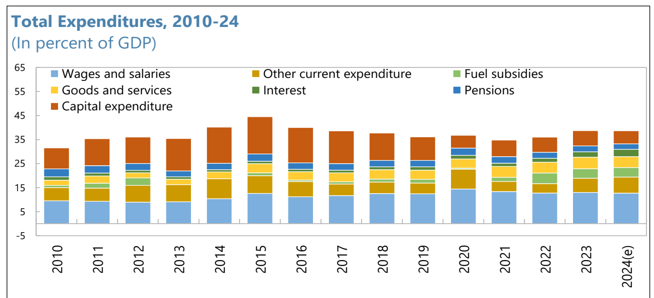
**18.** A sizable change in the nominal exchange rate as recommended by staff would be disruptive. Parallel market pressures are believed to be driven by currency speculation and are expected to wane this year. Current measures are deemed sufficient to control inflation, including stepped up sterilization efforts, continued work to combat smuggling, price controls for basic goods, and temporary import tax relief. The authorities reaffirm their commitment to guarantee an adequate supply of essential goods and protect the population´s purchasing power. Interest rate controls are considered key to achieving a socially desirable distribution of investment, promoting the productive sector, and facilitating access to affordable housing, with no adjustments seen as necessary in the near term.

## B. Restoring Sustainability to Public Finances

**19. The structural decline in hydrocarbon-related revenue has rendered current spending patterns unaffordable.** Tax revenues have fallen from nearly 34 percent of GDP in 2013–14 to 20 percent of GDP in 2024 as the hydrocarbon windfall waned. Meanwhile, current spending rose over the past 5 years from about 26 to 32 percent of GDP on account of higher wage costs, extensive subsidies, consumption of goods and services, and rising interest payments. As financing constraints became more binding, public investment was scaled down, but other poorly targeted outlays remained large.



Sources: Ministry of Economic and Public Finance and IMF staff calculation.

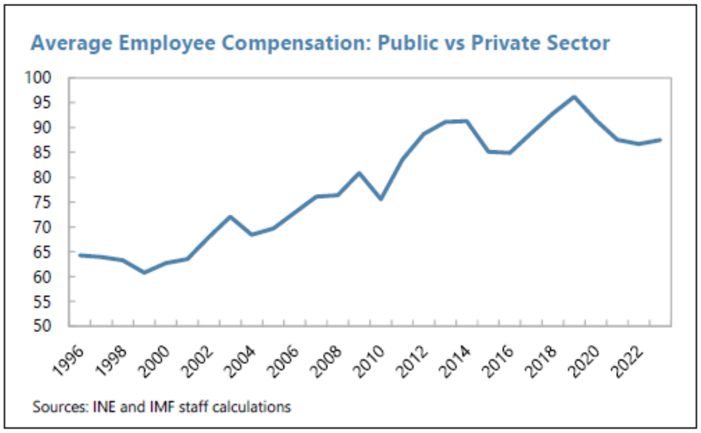


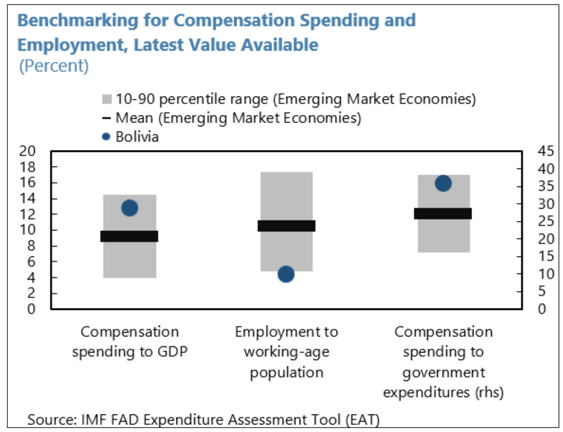
Sources: Ministry of Economic and Public Finance and IMF staff calculation.

**20. A large, sustained, and broad-based fiscal consolidation will be necessary to restore debt sustainability and eliminate monetary financing.** Although fiscal adjustment needs are large (Annex II, Table 7), they can be met through a range of reforms focused on retrenching excessive current spending, rationalizing investment through enhanced efficiency, and mobilizing new tax revenue. Crucially, they should be complemented by prompt efforts to strengthen the social safety net. The immediate priority should be to bring the primary deficit to 1 percent of GDP within the next 3 years through:

- **Eliminating fuel subsidies (Box 1).** A concerted strategy to eliminate fuel subsidies is essential to bring spending into line with available resources. Having in place a strong and well-targeted social transfer system is imperative prior to undertaking such a large shift in relative prices. There should be clear communication of reform objectives, a concrete timeline, and mitigation policies. Consideration could be given to adopting an automatic pricing mechanism that would quickly align prices with costs. At a later stage, fuels should be taxed to offset their environmental externality. The recent (temporary) removal of diesel subsidies for mining and agriculture may help alleviate supply bottlenecks and costs in the short run but falls short of a structural solution. Food-related subsidies exert less pressure on fiscal accounts (estimated at 0.2 percent of GDP in 2024) but could still be restructured to concentrate the benefits to poor households.

- **Reviewing public employment and lowering public sector real wages.** While Bolivia has a relatively low share of public employment, its government wage bill has increased significantly over time and surpasses that of regional peers. Reviewing compensation policies across non-financial public sector (NFPS) agencies, capping real wage growth, and eliminating the extraordinary year-end bonus (*doble aguinaldo*) are essential to reverse the upward trend in the wage bill. In addition, reassessing the scope of public services and strengthening governance could generate efficiency savings.




- **Overhauling the social transfer system to improve targeting and coverage.** Bolivia's social benefit programs focus on specific demographic groups while leaving non-elderly adult populations poorly covered. Insufficient administrative data limits effective means-testing approaches and a more cost-effective deployment of social support. Improved targeting would require establishing a comprehensive registry to identify at-risk populations, merging existing administrative information for current programs, and complementing them with additional data (including from the recently completed population census and planned census of vulnerable populations). Until such a registry is developed, less granular proxy-targeting methods (e.g., based on household characteristics, geography, and other proxy indicators for wealth) should be used.

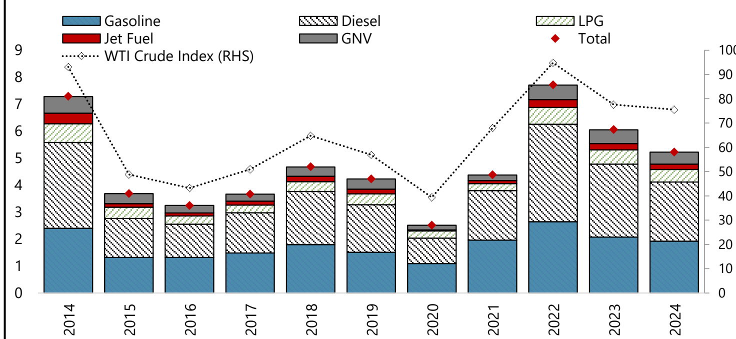
- **Enhancing public investment management through better planning, allocation/prioritization, and execution of capital spending would boost efficiency and reduce costs.** Transparent ex-post assessment of projects would support the buildup of high-quality infrastructure and other capital stock. The authorities could find a Public Investment Management Assessment (PIMA) useful in identifying priority areas. Additionally, strengthening the governance of public *fideicomisos* would ensure transparent public resource utilization. Harmonizing regulatory frameworks for *fideicomisos* with those for the private sector would foster fair competition.

## Box 1. Cost and Incidence of Fuel Subsidies in Bolivia[1]

**Fuel subsidies represent a significant fiscal burden in Bolivia.** Imported fuels are sold at around ½ their international price at present, representing a direct fiscal cost of 3.9 percent of GDP in 2024 (mostly gasoline and diesel).[2] Opportunity costs from taxing fuel consumption and selling domestically produced fuels at subsidized prices raises the fiscal burden to 5.2 percent of GDP. Such cost would rise significantly upon a realignment of the official exchange rate. Over the course of 2024, the Bolivian authorities enacted measures to curtail fuel subsidies and improve fuel provision (Text Table 1). While these are welcome steps, their impact thus far is limited and their effectiveness over the medium term is yet uncertain.

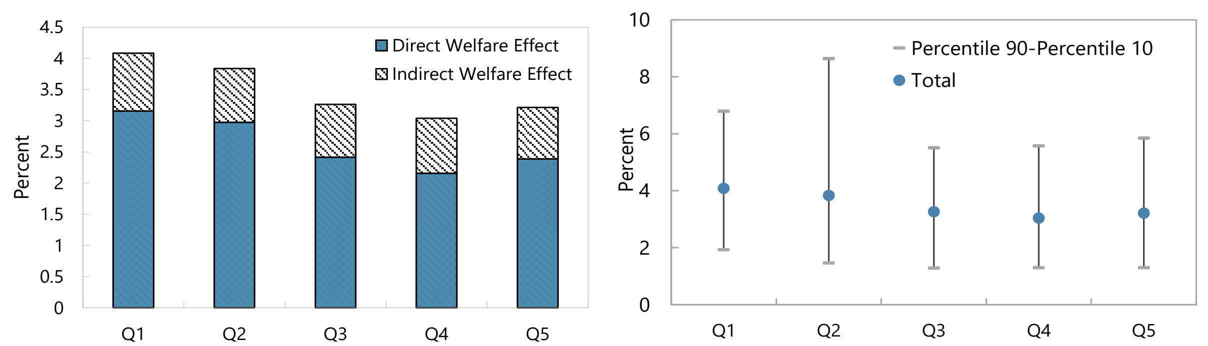
**Distributive analysis reveals the regressive nature of fuel subsidies.** Over half of subsidy transfers benefit the wealthiest quintile, with only 7 percent reaching the poorest households. Staff estimates that removing fuel subsidies would increase average household spending by 0.6 percent across all households (2.6 percent considering only households with positive fuel consumption) but that the indirect effect through higher prices of other goods and services (that use fuel as an input) would have an additional cost of 0.9 percent of households' budget. Welfare would fall by 4 percent for the most vulnerable segments and by 3 percent for the wealthiest households (as fuel spending composes a lower share of their budget).

**Subsidy Cost, by Type of Fuel[1]**
(Percent of GDP, LHS; billions m³, RHS)




[1] Includes opportunity cost from not commercializing domestic production of crude oil internationally and subsidies from not updating the margins for storage, transportation, wholesale and retail.

**Direct and Indirect Welfare Cost of Removing Fuel Subsidies**




Source: IMF Staff calculation using Encuesta de Presupuesto 2016

**Targeted transfers can effectively mitigate the welfare costs from fuel subsidy reform.** Fully compensating households in the bottom 40 percent of the income distribution, for instance, would cost around 40 percent of the fuel subsidy cost (or 22 percent, if only gasoline subsidies were removed). Since exact compensation is difficult, though, an alternative social transfer mechanism could be considered, budgeted at 30 percent of realized subsidy savings, with a 70 percent coverage rate for the poorest quintile, declining to 1 percent for the wealthiest. Such scheme could overcompensate the beneficiaries in the two bottom the quintiles, generating a net average welfare gain, while still reducing somewhat the negative impact of the fuel subsidy reform for other households.

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[1] See accompanying Selected Issues Paper.

[2] Direct fiscal cost of subsidies includes cost of fuel imports (above domestic price sales) and maintaining outdated margins (for storage, transportation, wholesale, and retail).

- **Mobilizing tax revenues.** Removing recently implemented import tax and VAT exemptions, expanding the VAT base (including to digital services), and raising the VAT rate (which is currently below regional comparators) could generate significant revenue. Efforts to further modernize tax and customs administration—strengthening compliance risk management, streamlining tax administration processes, leveraging enhanced IT systems, and fostering collaboration between the tax and customs administrations— and to disincentivize informality (e.g., in the labor market, trade, and mining sectors) could significantly broaden the tax base. Over a longer horizon, such efforts could be complemented by: (i) the introduction of a progressive personal income tax (PIT); (ii) improvements in the taxation of immobile property; (iii) reducing the minimum transaction tax rate (3 percent of gross income) to reduce barriers to formalization and firm growth; and (iv) expanding property taxes. Although yields from these measures would take time to materialize, prompt implementation of these reforms would enhance the credibility of the medium-term fiscal adjustment.[10]

- **Other measures could focus on improving the efficiency of current spending and strengthening the governance of SOEs to bolster their financial stability.**

**21. A coherent fiscal framework should underpin the implementation of this consolidation plan.** A legal framework for a Medium-Term Fiscal Framework (MTFF), that would integrate fiscal projections into the annual budget process and foster closer inter-agency collaboration, is a key priority. The MTFF would embed a transparent roadmap for fiscal policy, emphasizing a commitment to debt sustainability. Given uncertainties, it should incorporate a broad risk assessment calibrated to macroeconomic volatility, the potential for climate shocks, and possible financial needs of the SOEs. The MTFF should be published alongside the budget and the fiscal authorities should engage in regular stakeholder consultations to discuss priorities within the overall fiscal constraints. The timely publication of fiscal accounts, including financial flows of individual SOEs, is essential to enhance transparency and enable effective engagement with relevant stakeholders (Annex IV).

## C. A Potential Reform Scenario

**22. There will be up-front costs to the needed fiscal and external adjustment, but it will facilitate a return to macroeconomic stability.** Assuming an important fiscal adjustment (8 percent of GDP in structural terms)[11] that is spread over the next three years, the rise in the public debt-GDP ratio can be arrested and gross financing needs can be brought to more manageable levels. This, in turn, would lessen debt distress risks and facilitate access to new sources of external financing. The initial devaluation and liberalization of fuel prices will create an initial burst of

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[10] Staff estimates that an increase in VAT rates from 13 to 15 percent could yield additional revenue of ¾ percent of GDP. Implementation pace would need to weigh the impact on prices and social welfare (given VAT's regressive nature). In turn, a comprehensive PIT could raise 1.85 percent of GDP in revenues over the long term (but would likely have lower yields initially), while property taxes could represent about 1 percent of GDP. IMF studies also suggest significant, albeit uncertain, payoffs from improvements in tax administration (IMF Working Papers WP/23/231 and WP/20/142, and IMF Staff Discussion Note SDN/2023/006).

[11] The primary balance improves by only 7 percent of GDP due to declining non-tax revenue and the effect of automatic stabilizers.

inflation, by around 2 percentage points in end-2025, but monetary restraint and fiscal adjustment should bring year-on-year inflation back to single digits by late 2027. The adjustment process will create a period of low growth as the economy re-equilibrates. Thus, it will be critical to improve the social safety net up-front to protect the most vulnerable from the impact of this adjustment. However, over the medium-term growth, prospects will improve, and inflation will fall. The realignment of the exchange rate, slower domestic demand, a reduction in imports, and investment in export industries should facilitate an important reduction in the current account imbalance and allow for a gradual increase in reserves.

23. **Bolivia's current foreign exchange system gives rise to an exchange restriction subject to approval by the Fund.** The exchange restriction arises from the authorities' rationing of FX liquidity and prioritization of certain transactions by state entities in the allocation of FX (mainly for fuel imports and external debt service). These official actions have resulted in FX shortages, undue delays in accessing FX for current international transactions, and the emergence of a parallel market where FX is available at a premium. The authorities have not requested approval for these exchange restrictions. Staff's recommended policy adjustment would however pave the way for their complete removal as international reserve buffers accumulate.

**Text Table 4. Reform Scenario with Fiscal and Exchange Rate Adjustment**

| | | Est. | Proj. | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
| | (Percent of GDP, unless otherwise indicated) | | | | | | | |
| **Contribution of measures to fiscal adjustment 1/** | | | | | | | | |
| Lower public consumption of goods and services | ... | ... | 0.5 | 0.2 | 0.1 | ... | ... | ... |
| Lower capital spending | ... | ... | 1.1 | -0.1 | 0.0 | ... | ... | ... |
| Partial freeze in public salaries 2/ | ... | ... | 1.2 | 1.2 | 0.7 | ... | ... | ... |
| Rationalization of fuel subsidies 3/ | ... | ... | -0.2 | 2.3 | 1.0 | 0.9 | ... | ... |
| Mobilization of tax revenue | ... | ... | ... | ... | 0.5 | 0.5 | 0.5 | ... |
| **Economic Outlook under Reform** | | | | | | | | |
| Real GDP (percentage change) | 3.1 | 1.3 | 0.1 | 0.3 | 0.8 | 1.4 | 2.0 | 2.4 |
| CPI inflation (period average) | 2.6 | 5.1 | 16.0 | 16.5 | 12.0 | 8.7 | 7.0 | 5.5 |
| Primary NFPS balance | -8.7 | -7.3 | -4.4 | -2.3 | -0.3 | 0.9 | 1.5 | 1.5 |
| Total gross NFPS debt | 90.8 | 95.0 | 118.9 | 112.9 | 104.9 | 99.9 | 95.5 | 91.6 |
| of which: external debt | 29.9 | 27.6 | 51.8 | 44.5 | 40.4 | 37.5 | 36.7 | 32.9 |
| Current account | -2.5 | -4.3 | 0.6 | -0.2 | -0.6 | -1.0 | -1.2 | -1.1 |
| Gross international reserves (in USD million) | 1808 | 2009 | 3774 | 5282 | 6744 | 7806 | 8900 | 9971 |
| *In percent of ARA* | 20.6 | 23.0 | 41.1 | 51.9 | 60.3 | 65.1 | 69.0 | 72.0 |
| Real Exchange Rate (Bolivianos/USD, 2018=100) | 112.3 | 110.0 | 211.1 | 186.3 | 173.1 | 167.9 | 166.4 | 164.9 |
| Bolivianos/U.S. dollar (end-of-period) 4/ | 6.9 | 6.9 | 15.0 | 15.1 | 15.4 | 15.9 | 16.5 | 16.9 |
| *Memorandum items:* | | | | | | | | |
| NPFS Net incurrence of liabilities (= - Overall balance) | 10.9 | 10.3 | 9.3 | 7.3 | 4.2 | 2.6 | 1.3 | 1.1 |
| External | 0.5 | -0.3 | 5.9 | 4.0 | 0.9 | -0.7 | -1.7 | -2.0 |
| Domestic | 10.5 | 10.6 | 3.4 | 3.3 | 3.3 | 3.3 | 3.0 | 3.1 |
| of which: central bank | 8.7 | 8.0 | ... | ... | ... | ... | ... | ... |

Sources: Bolivian authorities (Ministry of Economy and Public Finance, Unit for Social and Economic Policy Analysis at the Ministry of Development Planning, Central Bank of Bolivia, National Statistics Institute); IMF; and Fund staff calculations.
1/ Impact on fiscal balance, relative to previous year.
2/ 5 percent cap on nominal growth of public sector compensation in 2025-27 (or higher nominal growth with rationalization of public employment).
3/ Domestic fuel prices increase by 50 percent per year in 2025-26 and 15 percent a year in 2027-28.
4/ Official (buy) exchange rate.

***Authorities' Views***

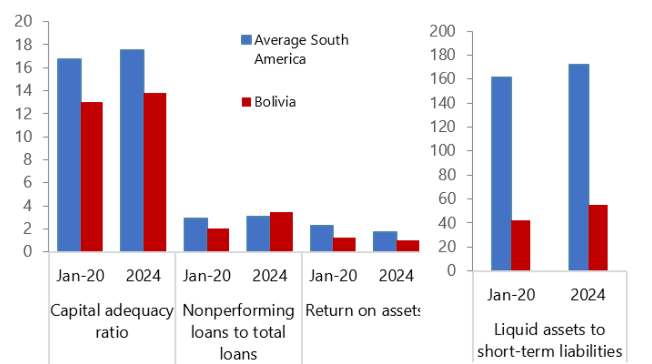
**24. The authorities concurred that some fiscal reforms are necessary but prefer a more gradual adjustment overall.** They expressed concerns that substantial changes to fuel subsidies could negatively impact vulnerable groups and essential sectors such as agriculture, potentially threatening macroeconomic and social stability. The authorities agreed that bolstering the social safety net is a priority. They view a "Census of the Poor" and collaboration with development partners as critical to improve the design and targeting of social transfers. They also note that a large share of the budget is already dedicated to health, education, and other social spending. Some structural fiscal reforms are being considered, including enhancing fiscal planning and public investment management. Gradual fuel subsidy reform could also be considered building on the recent measures. On the revenue side, substantial efforts are underway focused on enhancing tax administration processes to improve compliance and combat smuggling. They don't see VAT reviews as necessary at this stage.

**25. The authorities furthermore assert that the central bank is not restricting FX provision since there is no obligation for exporters to deliver their FX to this entity and the central bank does not have the duty to provide FX to the financial system.** The low level of liquid FX reserves—attributed to the trade deficit, market speculation, and impediments to external loan disbursements—explains the limited FX liquidity supply. They emphasize that the central bank continues to sell USD to banks (albeit as an accrual) and directly to individuals through its public commercial bank. Furthermore, recent regulatory changes aim to ease private FX market constraints and curb speculation. The authorities remain committed and continue working to address the FX supply situation.

## D. Safeguarding Financial Stability

**26. The financial sector faces large systemic risks that are broadly similar to those outlined at the time of the 2024 Article IV consultation.** Deposits are falling in real terms and net interest margins remain under pressure as interest rate controls constrain banks' ability to raise loan rates and credit growth is slowing. Bank profitability, however, has been boosted by gains from trading FX in the offshore parallel market. As a result, the average capital adequacy ratio improved somewhat in 2024, reaching 13.5 percent (above the regulatory minimum of 10 percent). In the absence of FX liquidity provision by the BCB, banks are no longer accepting new FX deposits and are actively reducing their FX-denominated liabilities. This has allowed banks to increase their long dollar position (although a large share of their FX assets are in the form of nondeliverable swaps with the central

**Financial Soundness Indicators: Bolivia and South America**




Sources: Haver Analytics; IMF, Financial Soundness Indicators database; national authorities; and IMF staff calculations.

bank). Slowing growth and expiring regulatory forbearance (that was put in place during the pandemic) has led to a rise in non-performing loans (NPLs) particularly for mortgages, microcredit, and credit to small and medium enterprises. Nonetheless, average NPLs are still low (at 3.2 percent of loans). A large share of reprogrammed loans (about 16 percent) and renewed regulatory forbearance following recent protests and wildfires are likely to further impair credit quality going forward (suggesting that current loan loss provisioning may be insufficient).

**27. Financial system vulnerabilities warrant close monitoring and careful contingency planning.** Despite a successful intervention of Banco Fassil in 2023, the episode demonstrated a series of shortcomings in the authorities' ability to deal with troubled banks. Moreover, potential future shocks have the potential to be far larger, with more systemic implications for credit quality, liquidity, and profitability. Some banks are proactively increasing provisions against potential credit deterioration and these prudent steps should be incentivized. However, overall provisioning has fallen somewhat, from 134 percent of NPLs at the end of 2023 to 130 percent at end-December 2024. In addition, declining bank profitability has been masked by FX trading revenues which will evaporate once the parallel and official exchange rates are aligned. Increased financial oversight and a rigorous implementation of the existing capital and liquidity requirements should be prioritized. Raising the frequency and comprehensiveness of stress tests and preparing detailed bank resolution contingency plans will foster resilience. The intervention in Banco Fassil also highlighted the need for clearer mandates and authorities for the Autoridad de Supervisión del Sistema Financiero (ASFI) to access high-frequency data and assume control of a failing bank.

**28. In line with FSAP recommendations (Annex V), the bank regulator is strengthening risk monitoring and crisis preparedness.** The authorities enhanced stress testing methodologies on interest rate risk and aligned measurements of market risk exposure with international standards. They have also imposed limits on banks' profits distribution and intend to establish minimum liquidity ratios and consolidated capital requirements in the first half of 2025, which will help build capital buffers. Steps were taken to improve the granularity of deposit data (to measure concentration risk) and to develop a housing price index (to assess price misalignment), which could be usefully complemented by borrower-based indicators (corporate vulnerabilities, household leverage) to improve systemic risk monitoring. Intervention rules and guidelines for recovery planning for banks are being updated and criteria are being devised to identify systemically important entities.

**29. Modernizing the supervisory framework and regulatory standards would foster transparency and resilience.** There is scope to strengthen the central bank's role within the Financial Stability Council and to improve the process for, and transparency of, Council decisions. Legal reforms should be introduced to prioritize ASFI's objectives, ensure its independence, provide legal protections for supervisors, and align regulations with international standards. Capital adequacy and liquidity frameworks, the treatment of problem assets, provisioning, limits on related party transactions, and limits on interest rate risk in the banking book all need to be brought into line with international standards. Moreover, the recent reduction of risk weights for social housing loans should be reversed, as it is counter the goal of emphasizing risk-based capital buffers. The recurrent use of regulatory forbearance should be minimized to mitigate moral hazard issues, ensure regulatory stability, support sound credit management, and enhance the accuracy and transparency of reported capital positions.

**30. Enhancing the operations of the national pension fund (*Gestora*) would contribute to financial stability.** Pension fund assets are concentrated in low-yielding fixed-term deposits and public sector debt. The pension system has benefited from a continuous expansion in the number of contributors. However, going forward, population ageing will worsen the financial position and concerns about a future forced reduction in the replacement rate may discourage participation. Diversifying investments across private and public debt instruments and exploring foreign investment options (as allowed by recent regulatory changes[12]) would help lessen actuarial imbalances in the system. Changes in investment allocations should, however, be carefully paced to avoid excessive strain on the banking sector or a rapid shift toward overseas assets, recognizing the macrofinancial impacts (availability of financing from the private and public sector). Appointment of the Board of the *Gestora* should advance, based on stringent technical criteria (as provided for in Law 65 of 2010). Greater operational and financial independence of the pension supervisor from the government would also help build trust, transparency, and accountability. Finally, advancing actuarial analyses of the sustainability of the semi-contributory and non-contributory (*Renta Dignidad*) pillars of the pension system is essential to inform future reform needs which may need to include an eventual recalibration of retirement ages, payout rules, or contributions. Risk management at the pension fund would be enhanced by designing contingency plans for a range of financial shocks.

**31. A robust supervisory framework for virtual assets will help avoid the build-up of financial vulnerabilities or the creation new financial integrity risks.** Following a recommendation by the Financial Action Task Force of Latin America (GAFILAT) to formalize crypto transactions, the authorities lifted a ban on virtual assets in June 2024. Despite still-modest trading volumes, the rapid growth of the market[13] calls for an enhanced oversight of bank exposures to crypto entities and lending to trading platforms. Strengthening the regulatory framework for crypto assets—through measures such as ringfencing banks' balance sheets, regulating providers, and ensuring consumer protection—is crucial for safeguarding the financial sector. This could be done by applying internationally accepted guidance published by The Bank for International Settlements' Committee on Payments and Market Infrastructures and the International Organization of Securities Commissions in July 2022.[14] As crypto assets may be used to bypass CFM measures, the design of future CFM measures should be modified to take into account the potential use of cryptocurrencies, including through reinforced monitoring of cross-border flows, and potential ML/TF risks.

**32. Efforts should be prioritized to strengthen the country's anti-money laundering and counter-terrorism financing (AML/CFT) frameworks.** Based on the results of the AML/CFT

[12] The limit on foreign assets of the pension fund were raised from 10 to 20 percent of its portfolio.

[13] In the six months after liberalization, the volume of transactions exceeded US$135 million.

[14] See "Application of the Principles for Financial Market Infrastructures to Stablecoin Arrangements."

assessment adopted by GAFILAT in December 2023, progress is needed in better understanding Bolivia's ML/TF risks, accessing beneficial ownership information, and strengthening ML/TF investigations and prosecutions, among other areas. The Financial Action Task Force will discuss potential gray listing of Bolivia in June 2025 which could result in further pressures on correspondent banking relations and investment inflows.

***Authorities' Views***

**33. Bolivia's financial system has proven resilient and retains adequate buffers.** Deposits and credit continue to expand, supporting 'productive sectors,' social housing, and consumption. Profitability has increased in 2024 and so have capital buffers. Furthermore, liquidity has significantly exceeded prudential ratios. Despite an increase in NPLs, primarily due to borrowers being affected by exogenous factors, they remain low and below several regional peers, and banks' provisions are adequate. ASFI is committed to continue strengthening crisis management and preparedness tools, and efforts are being made to align some provisions with international guidelines. However, the authorities do not see merit in the proposed changes to the governance framework for financial supervision, since they assess the current framework is adequate, with clearly defined mechanisms for interinstitutional coordination to oversee and preserve financial stability. Nominal returns have increased since the Gestora took over the management of pension fund assets and further diversification into foreign assets is envisaged. An actuarial analysis of the system's sustainability is also planned. While no specific regulations have been adopted for virtual assets, the small trading volumes suggest minimal risk, with the banks (currently the only service providers) already under ASFI's supervision.

## E. Sustaining Potential Growth

**34. Addressing supply-side constraints to growth will be critical to support external rebalancing, create jobs, and raise living standards.** Since the pandemic, labor force growth has slowed, and average hours worked have fallen (especially in the informal sector). In addition, despite relatively high levels of public investment, the capital-to-GDP ratio has been falling and total factor productivity has continued on a secular downward path (Annex VI). Reversing these trends will require significant improvements across a range of areas:

- Export ceilings, price and interest rate controls, and credit quotas should be phased out to improve resource allocation and promote new investments (including in the agricultural sector).

- Agricultural productivity and resilience could be enhanced through reduced market regulations, R&D investments, reduced logistics costs, and better natural resource management (sustainable farming methods). Expanded access to fertilizers and use of biotechnology would boost crop yields.

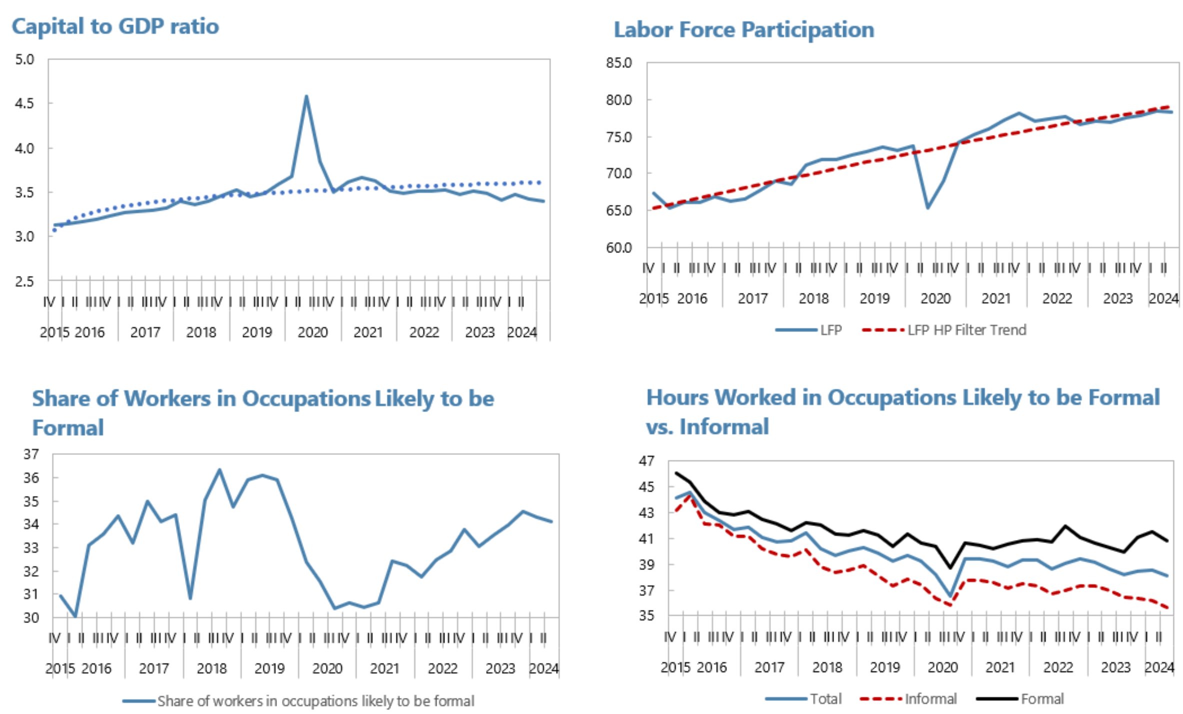
- A clear, predictable regulatory framework to attract private investment should be established for the development of natural resources with strict environmental safeguards (for both hydrocarbons and lithium).

- Fostering private investment in non-extractive sectors necessitates reducing tax and regulation burdens, modernizing labor regulations, and improving the rule of law to decrease uncertainty and secure property rights (Section F).

- Public investment should focus on closing infrastructure gaps and other projects with strong crowding in effects and/or clear social benefits (such as transition to renewable energy).

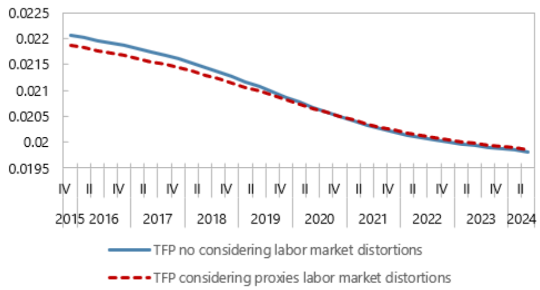
**35. Decisive steps are needed to reduce economic informality and raise labor force participation.** Informality acts as a safety valve for employment but also constrains productivity and facilitates tax evasion (Annex VII). Disincentives for workers to join the formal market are multifaceted including the availability of generous noncontributory pensions, weak unemployment insurance, the low quality of healthcare provided with formal employment, relatively high minimum wages, rigid hiring and firing rules, high rates of taxation, and red tape. Reducing informality will require a multipronged approach that includes reducing the marginal tax on labor, providing a stronger link between social contributions and benefits, enforcing tax, labor, and other regulations, and raising skills (given that higher wage, more skilled labor is more likely to work in formal employment). Strengthening wage bargaining frameworks to involve all relevant parties (employers, employees, and government) can promote labor formalization and mitigate unfavorable wage-price feedback loops.

**Text Table 5. Potential Output and Long-Term Growth Trends. 2015Q4–2024Q2 1/, 2/, 3/**

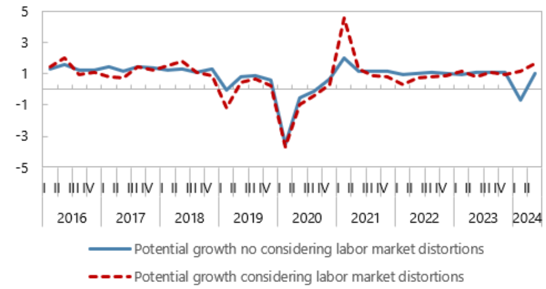


**Text Table 5. Potential Output and Long-Term Growth Trends. 2015Q4–2024Q2 1/, 2/, 3/**
(concluded)

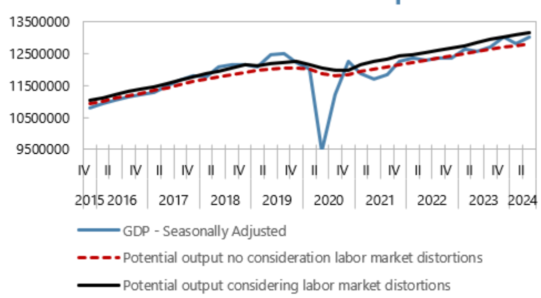
**Potential TFP per Weekly Hours**




**Potential Output Growth**




**Alternative Measures of Potential Output**




Sources: National Institute of Statistics, and Fund staff Calculations

1/ Workers in occupations defined as more likely to be part of the informal sector are those labeled as small farm workers, self-employed, domestic workers, family workers, apprentices and members of cooperatives.
2/ Labor market distortions refer in the charts to the explicit consideration of differentials between formal and informal workers in terms of their labor force participation, per-hour labor productivity, and levels of education.
3/ See Annex VI for a discussion of the results and methodology.

***Authorities' Views***

**36. The authorities agree that efforts are needed to expand productive capacity and see the role of the public sector as critical for such transformation**, **through significant investments in strategic sectors of the economy, which will generate new sources of growth, crowd-in private investment and foster economic formalization.** They are also continuing to promote the development of productive activity in the private sector, including efforts to reduce red tape, lower taxation of investment goods, and open the use of biotechnology in agriculture to support production. Quotas and price controls (including interest rates) are seen as instrumental to direct resources to priority sectors, manage supply, control inflation, and protect the population´s well-being.

## F. Strengthening Governance

**37. In recent years, the authorities have taken measures to enhance Bolivia's anti-corruption framework, but effective implementation remains a challenge.** The Law on

Reinforcing the Fight against Corruption[15] was promulgated to strengthen enforcement of corruption offences and an updated national policy on transparency and the fight against corruption was adopted in 2023[16], as foreseen by the Economic and Social Development Plan (2021-2025). The policy aims to enhance the fight against corruption by strengthening the digitization of information, coordination with civil society and compliance of the private sector. The National Plan for the Fight against Corruption 2024/2025 was recently approved, and the authorities have usefully developed digital systems for tracking and managing complaints of corruption and misconduct of public officials and improved the processing of criminal prosecution and proceedings. However, perceptions of corruption remain negative, undermining public trust in institutions, deterring investment, contributing to social unrest, and adversely affecting the country's risk premium.

**38. A stronger anti-corruption framework and rule of law would promote trust and foster private sector-led growth.** Efforts are needed to enhance: (i) access to information, including through a dedicated law; (ii) the asset declarations system, including by expanding such declarations to disclose a wider range of conflicts of interest and facilitating public access; (iii) capacities and integrity of law enforcement officials; (iv) corruption risk assessments, complemented by the adoption of mitigation plans; (v) judicial independence, integrity and efficiency (through adequate resource allocation to the judiciary, publication of all judgements, and a transparent and participatory process for selecting judicial candidates); and (vi) the registration of property rights (notably through better inter-agency coordination and public access to registers). Corruption risks and negative perceptions can furthermore be mitigated by enhancing transparency and incentivizing public participation in government oversight. (Annex VIII).

***Authorities' Views***

**39. The authorities expressed their commitment to improve governance and tackle corruption, and underscore important efforts on this front, including the enactment of the Law on Reinforcing the Fight Against Corruption (2021), the development of digital systems for tracking and managing complaints of corruption and misconduct of public officials, and enhance transparency and accountability, and the improved processing of criminal prosecution and proceedings.** They agreed that strengthening the rule of law and combating corruption help attract investment, protect fiscal resources, and build trust in institutions. They recognize the importance of stregthening technical and human capacities and optimizing institutional resources to maximize the impact of the measures.

# STAFF APPRAISAL

**40. Bolivia's longstanding fiscal and external imbalances have reached critical levels.** Large fiscal deficits, mostly financed by the central bank, in a fixed exchange rate regime have led to the depletion of international reserves, amid a secular decline in export revenue and tight external

[15] Law No. 1390, 2021

[16] "Towards Digitalized and Transparent Public Management" (Supreme Decree No. 4872).

financing constraints. Bolivia's reserve coverage is therefore inadequate, and its 2024 external position is assessed to be substantially weaker than the level implied by medium-term fundamentals and desirable policies. The private sector is contending with FX and fuel shortages, transacting at a parallel exchange rate that is over 80 percent weaker than the official rate. The resulting compression in capital and intermediate goods' imports has hindered domestic output (estimated to have grown at a mere 1.3 percent in 2024), while high import costs are passing-through to inflation (which reached a decade high of 14.6 percent in early 2025). Political tensions, roadblocks, and a severe drought compound the strains imposed by the macroeconomic policy imbalances. Absent policy reforms, the outlook entails an intensification of current trends with a high risk of a disorderly adjustment.

**41. The risk of debt distress is escalating, driven by a high public debt-to-GDP ratio, low FX reserves, and an overvalued official exchange rate.** Unsustainable macroeconomic policies, sociopolitical tensions, or the government's inability to meet its external debt obligations, could all erode confidence, leading to deposit and capital outflows. Global trade disruptions, a worsening of the terms of trade, or shocks to the banking system may intensify balance of payments pressures. Rising inflation, basic goods scarcity, or food price shocks could exacerbate social tensions and constrain the scope for policy action. Electoral uncertainties add to these risks.

**42. A decisive shift in policies is needed to mitigate the risks to macroeconomic stability.** With international reserves nearly depleted, the current peg to the U.S. dollar is untenable and should be replaced by a monetary policy framework that realigns the exchange rate with fundamentals while maintaining tight control over domestic currency liquidity to anchor price stability. Given uncertainty surrounding the equilibrium exchange rate and low reserves, the central bank could initially adopt a base money target. Interest rate and credit controls should be lifted to allow for the effective transmission of monetary conditions. FX interventions under the new monetary and exchange rate framework should be targeted toward reserve accumulation. Central bank financing of the fiscal deficit should be discontinued. The resulting scarcity of fiscal financing will necessitate a substantial fiscal adjustment. Financial system vulnerabilities may be exposed during the transition period making close financial oversight critical. Temporary, emergency restrictions on deposit withdrawals and capital outflows may need to be considered to support the adjustment in macroeconomic policies. As reserve adequacy improves, transitioning to a hybrid system utilizing a crawling band and short-term interest rates could be considered. A stronger operational and institutional framework for the central bank will be essential to support the transition to a flexible exchange rate and, eventually, to inflation targeting.

**43. Fiscal consolidation should be underpinned by high-quality measures.** The primary deficit would need to be reduced to 1 percent of GDP within the next three years through a broad set of measures that include cuts in the wage bill, the elimination of fuel subsidies, and improved public investment management. Import tax and VAT exemptions should be removed, the VAT base expanded, and the VAT rate increased. Over time, efforts to strengthen tax and customs administration will support revenue mobilization and consideration could be given to the introduction of a progressive income tax and expanding property taxes. Establishing the institutional framework for medium-term budgeting would provide a transparent roadmap for fiscal policy that is squarely focused on restoring debt sustainability.

**44. The realignment of the official exchange rate and reduction of fiscal imbalances are essential to restore balance in the FX market and support the rebuilding of international reserves, allowing the removal of exchange restrictions.** A step devaluation exceeding the current level of the parallel exchange rate will likely be necessary to meet public sector FX needs, promote capital inflows, and rebuild international reserves. The devaluation will negatively impact the public sector's balance sheet initially, but fiscal consolidation measures will guide debt back to a sustainable trajectory. Inflation will rise in the immediate aftermath of the exchange rate adjustment and elimination of subsidies but will subsequently stabilize to single digits as a result of tight fiscal and monetary policies. The depreciation will enhance competitiveness, reduce imports, attract foreign investment, and stimulate export industries, ultimately eliminating external imbalances.

**45. The necessary policy adjustments will incur costs for the population, and thus quickly overhauling the social safety net will need to be a priority.** Given limited fiscal resources, social assistance should focus on the most vulnerable households, necessitating a thorough reassessment of the adequacy and coverage of current benefits. Initial improvements in targeting could be achieved through proxy methods—linking eligibility to observable household characteristics usually associated with financial well-being. Over time, the system should shift to means-testing through a unified database that guarantees coverage for low-income households while preventing benefit duplication.

**46. Financial sector supervision and contingency planning should be strengthened.** Recent methodological improvements to stress-testing and market risk assessment should be expanded and the frequency and comprehensiveness of stress tests should increase. Establishing guidance on recovery planning for banks will bolster resilience. The planned implementation of new liquidity and consolidated capital requirements, as well as limits on bank profit distribution, will usefully build capital buffers. Regulatory forbearance should be minimized to reduce moral hazard, enhance the accuracy and transparency of reported capital positions, and align with international standards. Aligning the governance of the Financial Stability Council and financial supervisor (ASFI) with international standards will strengthen the supervisory framework. Establishing adequate regulation and supervision of virtual assets will prevent the build-up of financial vulnerabilities or new financial integrity risks. Efforts to improve the country's AML/CFT framework should continue to forestall a negative GAFILAT assessment, which could impair correspondent bank relationships and put further pressure on the financial system.

**47. There is scope to enhance the operations of the public pension fund.** Diversifying *Gestora's* investments to achieve a balanced portfolio between public and private debt instruments, while increasing the share of foreign assets, can improve returns and strengthen the fund's actuarial position. Risk management at the pension fund can be bolstered by developing contingency plans for financial shocks. The appointment of the Board of the *Gestora* should proceed based on stringent technical criteria. Enhancing the operational and financial independence of the pension supervisor will foster trust, transparency, and accountability.

**48. Supply side reforms are central to facilitating external rebalancing and enhancing potential growth.** Phasing out export ceilings, price controls, and credit quotas will improve resource allocation and attract new investments. A clear regulatory framework is necessary to encourage private investment in natural resource exploration, incorporating robust environmental safeguards. Public investment should prioritize closing infrastructure gaps and projects with clear social benefits. To boost private investment in non-extractive sectors and reduce economic informality, the tax burden on labor and capital should be reduced, labor laws modernized, and the rule of law strengthened. Enhancing agricultural productivity will require a combination of measures which include reduced market regulations and incentives for R&D investments.

**49. A stronger governance framework is essential for promoting trust and fostering private sector-led growth.** The authorities have made progress in enhancing the anti-corruption framework, including the adoption of the Law on Reinforcing the Fight Against Corruption and the development of digital systems for tracking corruption complaints. However, further efforts are needed to enhance access to information, the asset declaration system, capacities and integrity of law enforcement officials, and corruption risk assessments, and to ensure judicial independence, integrity and efficiency, and effective registration of property rights.

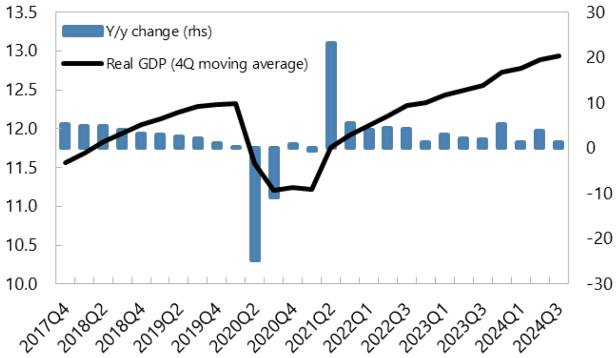
**50. It is proposed that the next Article IV consultation with Bolivia be held on the standard 12-month cycle.**

## Figure 1. Bolivia: Real Sector Developments

*Economic activity continues to moderate but has been volatile.*

### Real GDP and GDP Growth

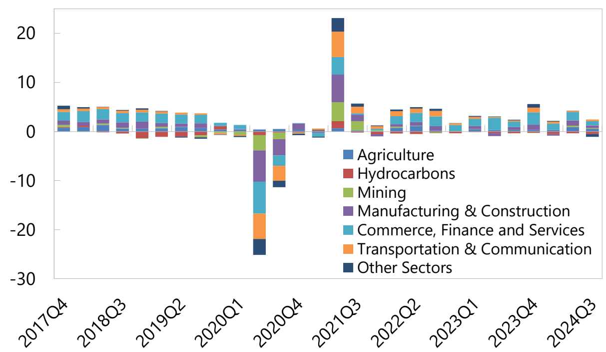
(Billions of Bolivianos; percent, y/y)




*Retail and services explain the bulk of growth surprises.*

### Contributions to GDP Growth, Supply Side

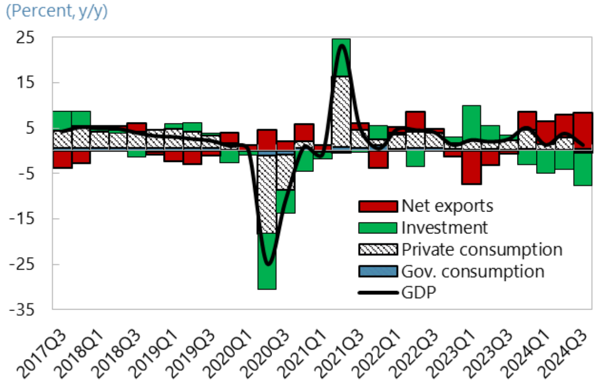
(Percent)




*Investment and imports dropped significantly in recent quarters.*

### Contributions to Real GDP Growth, Demand Side

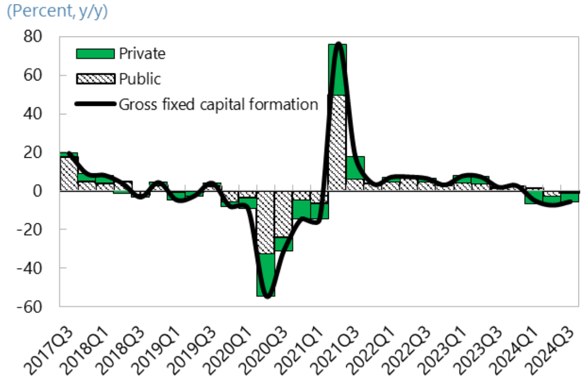
(Percent, y/y)




*Private investment led the contraction in capital formation.*

### Contributions to Real Investment Growth

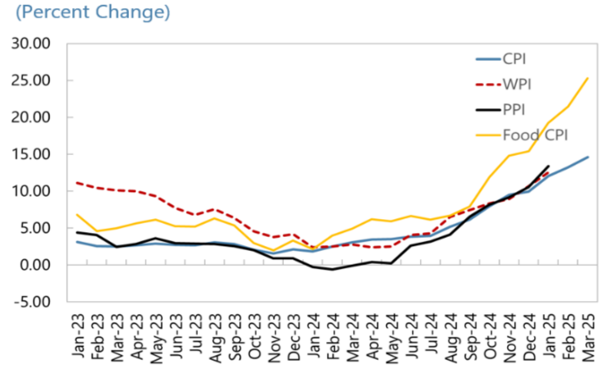
(Percent, y/y)




*Producer, wholesale, and consumer price inflation accelerated, pushed by tradable components.*

### Consumer, Wholesale, and Producer Price Indexes

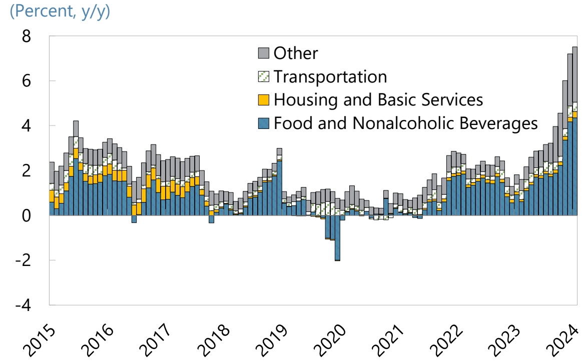
(Percent Change)




*Food and services inflation are at a decade-long peak.*

### Contribution to CPI Inflation

(Percent, y/y)

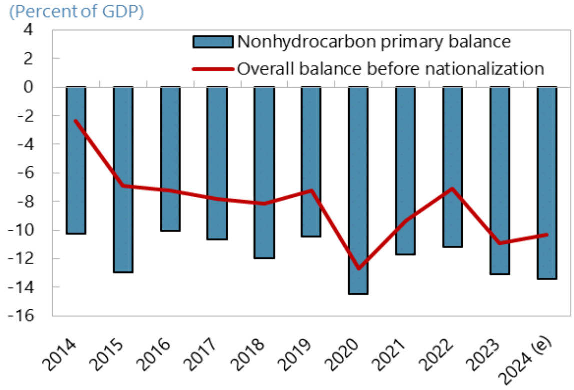



Sources: National Institute of Statistics, Central Bank of Bolivia, Haver, SEDLAC, World Bank, and Fund staff calculations.

## Figure 2. Bolivia: Fiscal Sector Developments

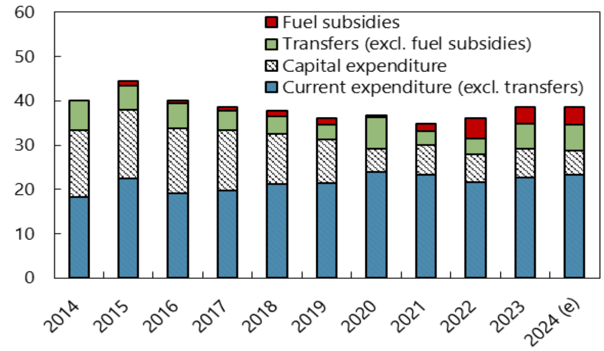
*The fiscal deficit remained sizable in 2024…*

### Fiscal Balance
(Percent of GDP)



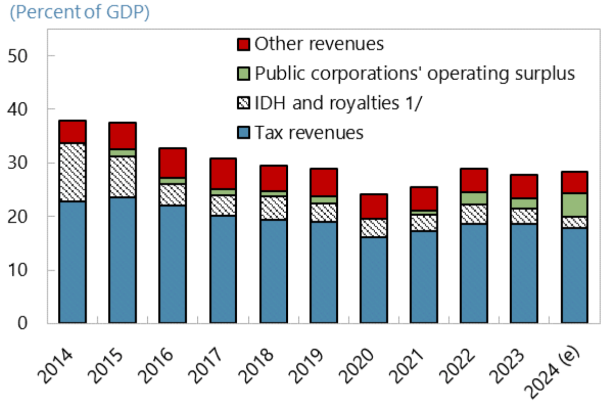

*…driven by rising fuel subsidies, social transfers, and other current expenditures…*

### Expenditure Composition
(Percent of GDP)



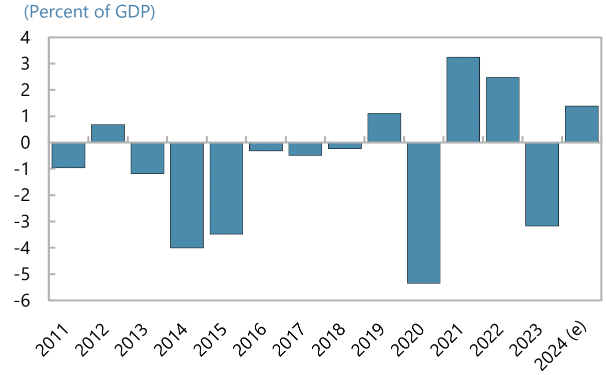

*…while a fall in hydrocarbon-related revenues and tax collections was compensated by higher SOE profits.*

### Total Revenue Composition
(Percent of GDP)



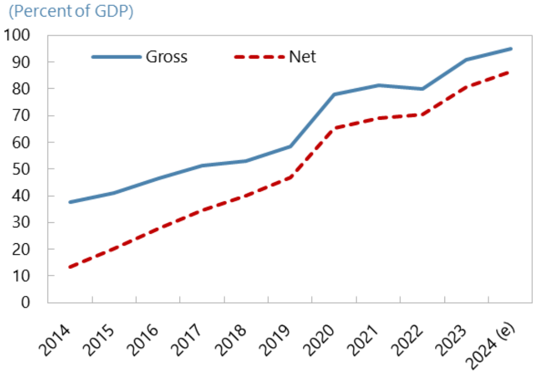

*Fiscal policy stance is estimated to have tightened in 2024 on account of windfalls from intervention in the domestic gold market.*

### Fiscal Impulse 2/
(Percent of GDP)



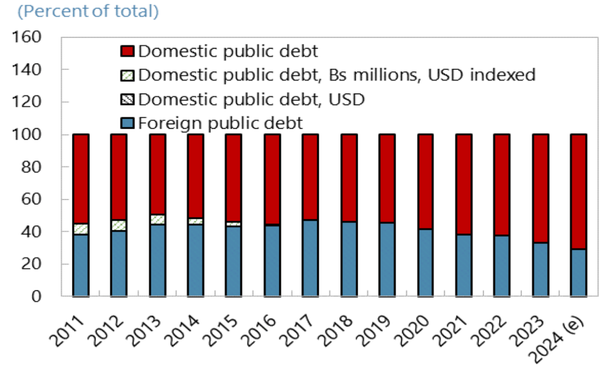

*Public debt keeps growing after the notable surge in 2020.*

### Public Sector Debt
(Percent of GDP)




*Limited access to external financing has shifted the composition of public debt towards domestic sources.*

### Public Debt 3/
(Percent of total)



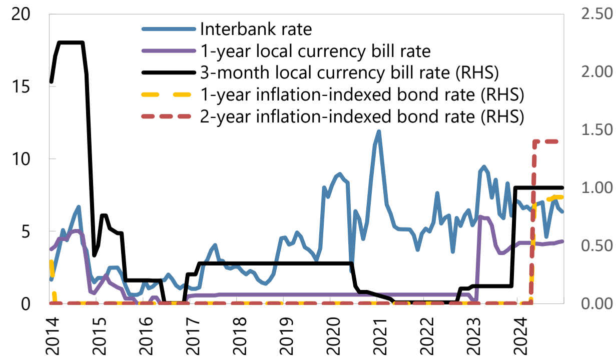

Sources: Ministry of the Economy and Public Finances, Central Bank of Bolivia and Fund staff estimates.
1/ IDH: direct tax on hydrocarbons.
2/ Changes to primary fiscal balance.
3/ Excluding BCB loans to SOEs.

## Figure 3. Bolivia: Monetary Sector Development

*Interbank rates have dropped since their March 2023 peak but remain above historical levels.*

### Central Bank and Interbank Interest Rate

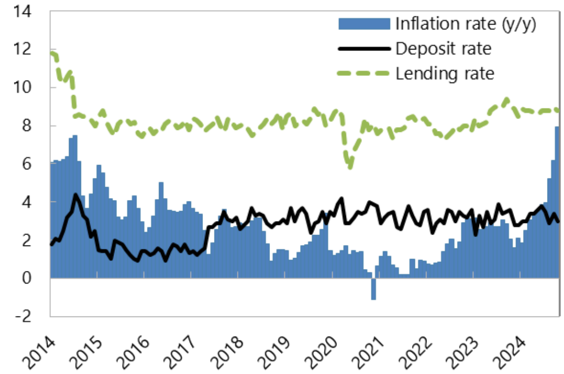
(Percent)




*Deposit and lending rates have been stable in the last year, despite inflationary pressures.*

### Interest Rates and Inflation

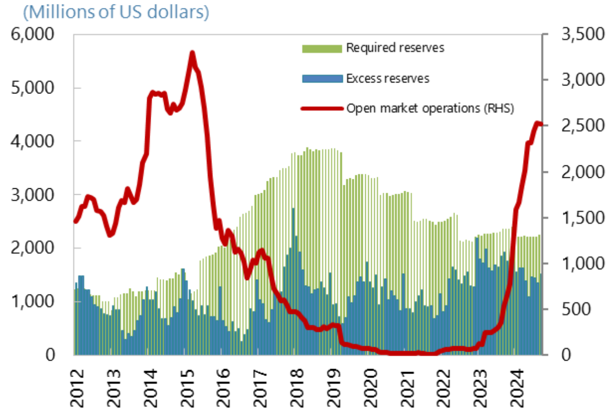
(Percent)




*Banks' excess reserves have markedly increased in the past year.*

### Bank Reserves

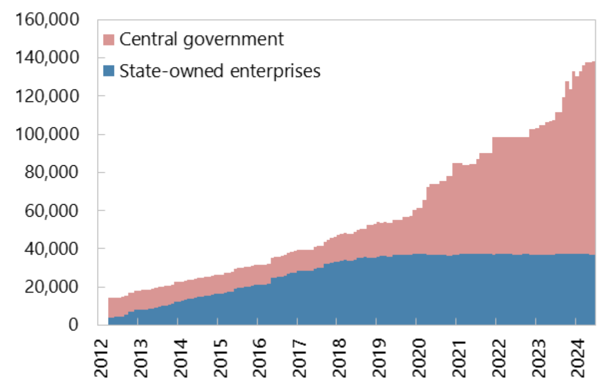
(Millions of US dollars)




*Central bank credit to the central government continues to expand.*

### Central Bank Lending to the Public Sector

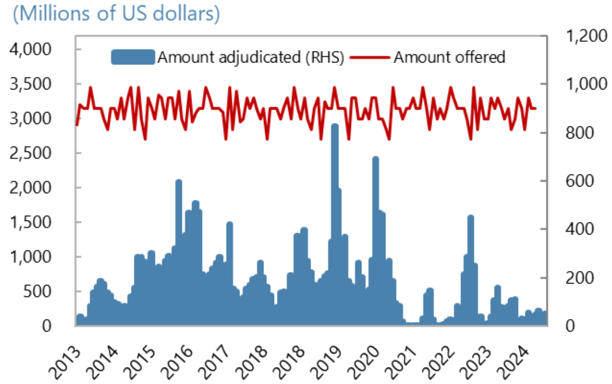
(Millions of Bolivianos)




*Central bank FX provision to banks through the Bolsin dropped abruptly in mid-2023. 1/*

### Central Bank Intervention in FX Market 1/

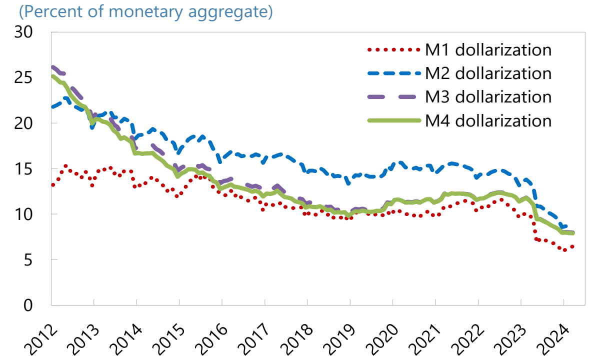
(Millions of US dollars)




*Dollarization ratios stabilized at low levels after the 2023 drop related to the exit of Banco Fassil.*

### Monetary Aggregates Dollarization

(Percent of monetary aggregate)



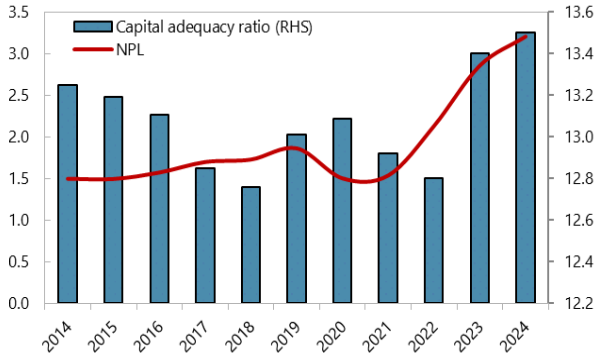

Sources: Central Bank of Bolivia, National Institute of Statistics, and Fund staff calculations.

1/ Includes direct FX sales and Bolivia's exchange house (Bolsin) transactions. The amounts offered and adjudicated correspond to the cumulative for the month. Adjudicated amounts are accrued by banks as a deposit in their reserve accounts at the central bank.

## Figure 4. Bolivia: Financial Sector Developments

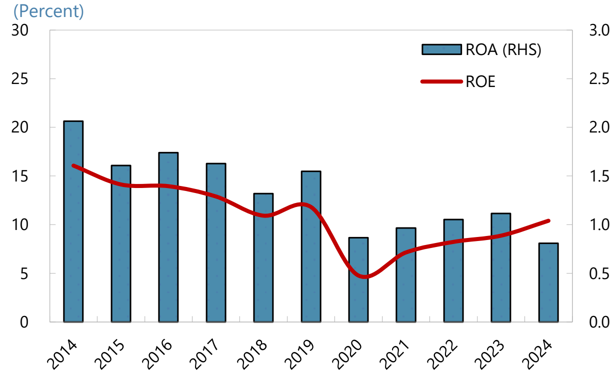
*Capital adequacy ratios are above the regulatory minimum, while NPLs have been rising...*

**Capital Adequacy Ratio and Nonperforming Loans**
(Percent)



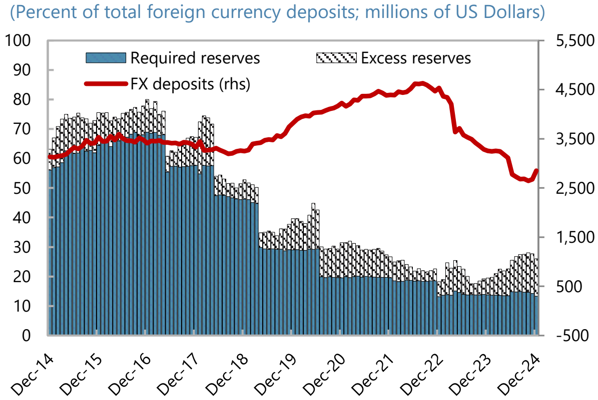

*...and bank profitability has been declining.*

**Rates of Return**
(Percent)



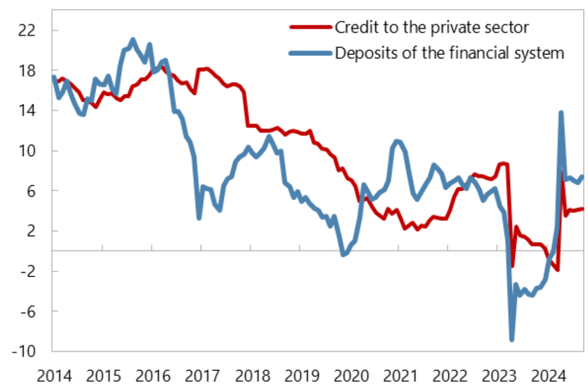

*The authorities reduced reserve requirements on FX deposits three times to support liquidity and lending.*

**Banks' Foreign Currency Reserves**
(Percent of total foreign currency deposits; millions of US Dollars)



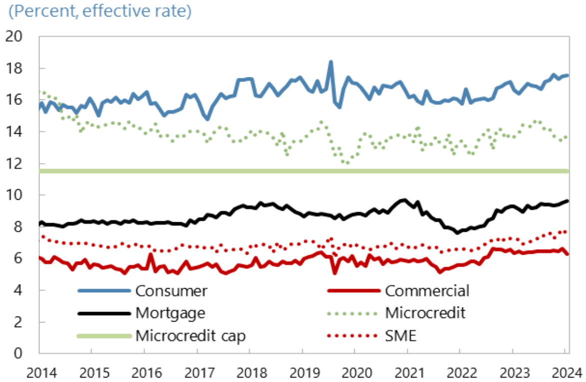

*Credit growth has been muted since the exit of Banco Fassil.*

**Deposits and Credit Growth 1/**
(Percent, y/y)



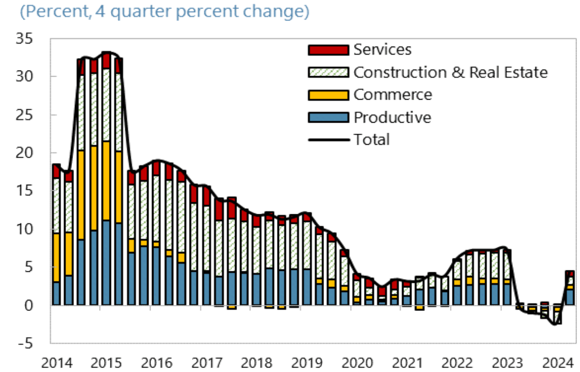

*The microcredit lending rate is the most affected by the Financial Services law.*

**Bank Lending Rate by Type of Credit 1/**
(Percent, effective rate)




*Lending has fallen across "productive" and other sectors.*

**Contribution to Credit Growth by Destination**
(Percent, 4 quarter percent change)



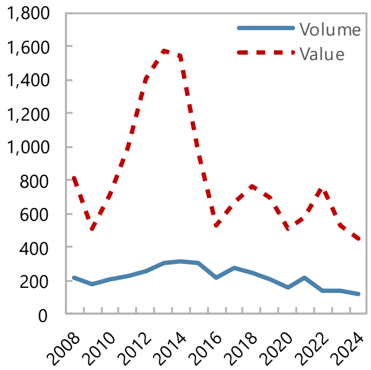

Sources: BCB, ASFI and Fund staff calculations.

1/ The estimations include credit extended by the addition of new financial institutions created during the period, including development institutions (*Instituciones Financieras de Desarrollo*).

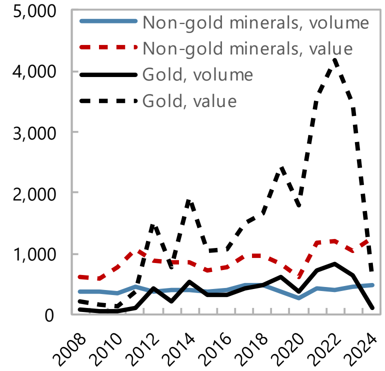
## Figure 5. Bolivia: External Sector Developments

*Exports declined in 2024 due to central bank gold purchase central bank gold purchases, poor agricultural weather, and maturing natural gas reservoirs.*

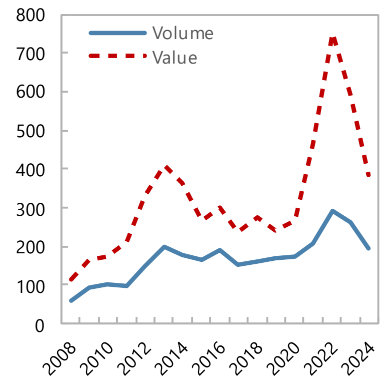
**Natural Gas Exports**
(Indexes, 2003=100)




**Exports of Minerals**
(Indexes, 2003=100)

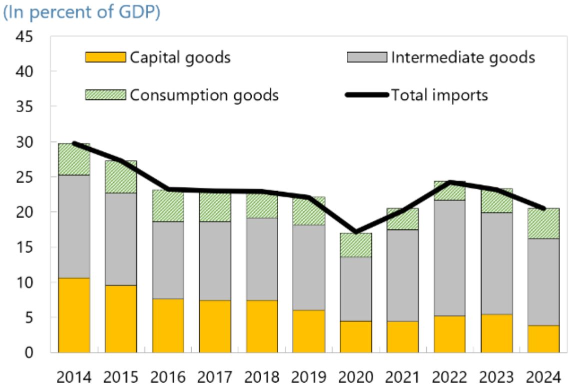



**Exports of Soybeans and Derivatives**
(Indexes, 2003=100)



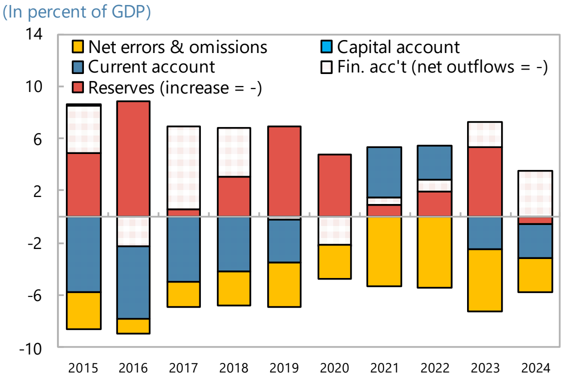

*Imports compressed across all segments in 2024.*

**Imports of Goods**
(In percent of GDP)



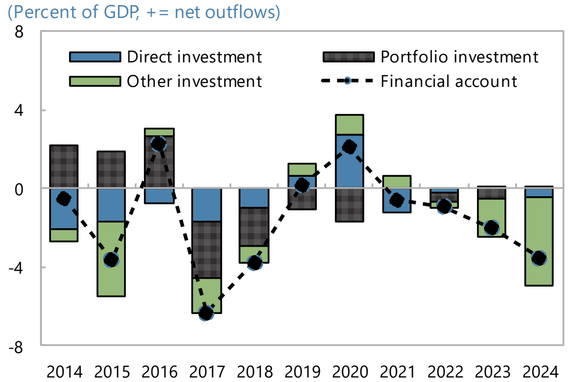

*The current account deficit including net errors and omissions narrowed in 2024.*

**Balance of Payments**
(In percent of GDP)



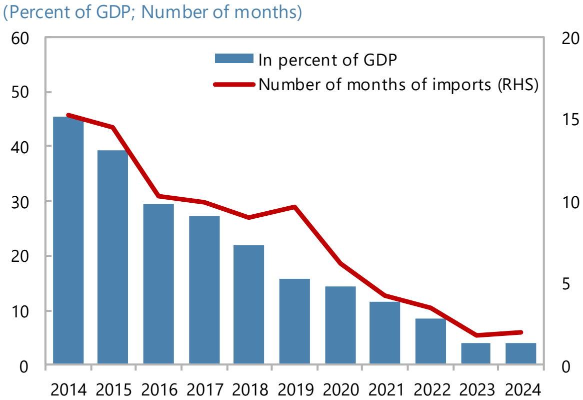

*Financial inflows have been driven by "other investment" since 2023.*

**Financial Account**
(Percent of GDP, += net outflows)




*Gross international reserves remain near their legal minimum in 2024.*

**Gross Reserves**
(Percent of GDP; Number of months)




Sources: Central Bank of Bolivia, INE, and Fund staff estimates.

## Table 1. Bolivia: Selected Economic and Social Indicators, 2023–30

| | | | |
|---|---|---|---|
| Population (millions, 2024) | 11.3 | Poverty rate (percent, 2023) | 36.5 |
| Population growth rate (percent, 2024) | 1.4 | Adult literacy rate (percent, 2023) | 95.2 |
| Life expectancy at birth (years, 2024) | 68.7 | GDP per capita (US$, 2023) | 3,736 |
| Total unemployment rate (2024Q3) | 3.6 | IMF Quota (SDR, millions) | 240.1 |

| | | **Est.** | **Proj.** | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **2023** | **2024** | **2025** | **2026** | **2027** | **2028** | **2029** | **2030** |
| **Income and prices** | | | | | | | | |
| Real GDP | 3.1 | 1.3 | 1.1 | 0.9 | 0.6 | 0.4 | 0.2 | 0.2 |
| Nominal GDP | 2.6 | 6.5 | 16.4 | 16.9 | 17.9 | 18.7 | 19.9 | 21.1 |
| CPI inflation (period average) | 2.6 | 5.1 | 15.1 | 15.8 | 17.1 | 18.2 | 19.6 | 20.9 |
| CPI inflation (end of period) | 2.1 | 10.0 | 15.6 | 16.8 | 17.5 | 18.9 | 20.3 | 21.3 |
| **Combined public sector** | | | | | | | | |
| Revenues and grants | 27.8 | 28.4 | 24.8 | 24.2 | 23.8 | 23.7 | 23.6 | 23.5 |
| Of which: Hydrocarbon related revenue 1/ | 2.8 | 2.2 | 1.9 | 1.6 | 1.3 | 1.1 | 0.8 | 0.6 |
| Expenditure | 38.7 | 38.7 | 37.5 | 37.4 | 38.1 | 39.7 | 40.8 | 42.2 |
| Current | 32.3 | 33.2 | 32.5 | 32.6 | 33.4 | 35.1 | 36.3 | 37.8 |
| Capital 2/ | 6.4 | 5.4 | 5.0 | 4.8 | 4.7 | 4.6 | 4.5 | 4.4 |
| Net lending/borrowing (overall balance) | -10.9 | -10.3 | -12.7 | -13.2 | -14.2 | -16.0 | -17.2 | -18.7 |
| *Of which: Non-hydrocarbon balance* | -15.4 | -16.4 | -16.3 | -16.0 | -16.7 | -18.2 | -19.2 | -20.5 |
| Total gross NFPS debt 3/ | 90.8 | 95.0 | 90.4 | 91.4 | 92.8 | 95.5 | 98.5 | 101.8 |
| **External sector** | | | | | | | | |
| Current account | -2.5 | -2.7 | -2.6 | -3.2 | -3.8 | -4.2 | -4.6 | -4.7 |
| Exports of goods and services | 26.2 | 20.7 | 18.0 | 16.0 | 14.1 | 12.4 | 10.9 | 9.4 |
| *Of which: Natural gas* | 4.5 | 3.3 | 2.3 | 1.8 | 1.4 | 1.1 | 0.9 | 0.8 |
| Imports of goods and services | 28.6 | 23.4 | 20.4 | 18.9 | 17.4 | 16.1 | 14.7 | 13.0 |
| Capital account | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Financial account (-= net inflow) | -2.0 | -3.5 | -2.8 | -3.3 | -3.7 | -4.2 | -4.6 | -4.7 |
| *Of which: Direct investment net* | 0.0 | -0.2 | -0.2 | -0.1 | -0.1 | 0.1 | 0.1 | 0.1 |
| *Of which: Other investment, net* | -1.5 | -2.1 | -2.3 | -3.4 | -3.8 | -4.1 | -4.6 | -4.8 |
| *Of which: Unidentified financing inflows* | 0.0 | 0.0 | -1.4 | -3.2 | -3.2 | -4.2 | -4.4 | -4.6 |
| Net errors and omissions | -4.8 | -2.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Terms of trade index (percent change) | 1.2 | -2.3 | -1.6 | -0.2 | 0.0 | -0.1 | -0.1 | 0.0 |
| **Central Bank gross foreign reserves 4/ 5/ 6/** | | | | | | | | |
| In millions of U.S. dollars | 1,808 | 2,009 | 2,118 | 2,199 | 2,160 | 2,231 | 2,290 | 2,312 |
| In months of imports of goods and services | 1.9 | 2.1 | 2.0 | 2.0 | 1.7 | 1.7 | 1.6 | 1.4 |
| In percent of GDP | 4.0 | 4.1 | 3.8 | 3.3 | 2.8 | 2.4 | 2.1 | 1.7 |
| In percent of ARA | 20.6 | 23.0 | 22.3 | 20.5 | 17.4 | 15.3 | 13.1 | 10.9 |
| **Money and credit** | | | | | | | | |
| Credit to the private sector (percent change) | -2.1 | 4.0 | 7.5 | 7.2 | 6.9 | 6.6 | 6.6 | 7.2 |
| Credit to the private sector (percent of GDP) | 70.8 | 69.2 | 63.9 | 58.6 | 53.2 | 47.8 | 42.5 | 37.6 |
| Broad money (percent of GDP) | 90.2 | 87.5 | 85.7 | 86.9 | 88.0 | 89.2 | 90.4 | 91.6 |
| ***Memorandum items:*** | | | | | | | | |
| Nominal GDP (in billions of U.S. dollars) | 45.5 | 48.4 | 56.3 | 65.9 | 77.6 | 92.1 | 110.4 | 133.8 |
| Bolivianos/U.S. dollar (end-of-period) 7/ | 6.9 | … | … | … | … | … | … | … |
| REER, period average (percent change) 8/ | -1.5 | … | … | … | … | … | … | … |
| Oil prices (in U.S. dollars per barrel) | 80.6 | 79.2 | 72.0 | 68.2 | 66.9 | 66.4 | 66.0 | 65.8 |
| Energy-related subsidies to SOEs (percent of GDP) 9/ | 3.9 | 4.0 | 3.4 | 2.9 | 2.5 | 2.3 | 2.0 | 1.6 |

Sources: Bolivian authorities (MEFP, Ministry of Planning, BCB, INE, UDAPE); IMF; Fund staff calculations.
1/ Excludes YPFB profits/losses.
2/ Includes net lending.
3/ Public debt includes SOE's borrowing from the BCB (but not from other domestic institutions) and BCB loans to FINPRO and FNDR.
4/ Excludes reserves from the Latin American Reserve Fund (FLAR) and Offshore Liquidity Requirements (RAL).
5/ All foreign assets valued at market prices.
6/ Includes a repurchase line of US$99.2 million maturing in 2025.
7/ Official (buy) exchange rate.
8/ The REER based on authorities' methodology is different from that of the IMF (see 2018 and 2017 Staff Reports).
9/ Includes the cost of subsidy borne by public enterprises and incentives for hydrocarbon exploration investments in the projection period.

## Table 2a. Bolivia: Operations of the Combined Public Sector, 2023–30[1]
(Bs million)

| | 2023 | Est. 2024 | Proj. 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
|---|---|---|---|---|---|---|---|---|
| **Total Revenues** | **86,552** | **94,147** | **95,927** | **109,179** | **126,750** | **149,770** | **178,572** | **215,163** |
| Tax Revenues | 67,107 | 66,316 | 72,271 | 83,425 | 96,812 | 113,995 | 135,318 | 162,569 |
| IDH and royalties | 8,883 | 7,192 | 7,360 | 7,200 | 6,846 | 6,780 | 5,710 | 5,613 |
| Direct Taxes | 10,678 | 10,723 | 11,277 | 13,054 | 15,252 | 18,128 | 21,778 | 26,463 |
| Indirect Taxes | 47,546 | 48,402 | 53,634 | 63,171 | 74,714 | 89,087 | 107,830 | 130,493 |
| o/w VAT | 23,155 | 23,767 | 27,780 | 33,108 | 39,451 | 46,939 | 56,997 | 68,962 |
| o/w Excise tax on fuel | 1,986 | 1,857 | 2,254 | 2,502 | 2,768 | 3,196 | 3,683 | 4,059 |
| Grants | 117 | 46 | 53 | 62 | 73 | 87 | 104 | 126 |
| Other revenue | 19,327 | 27,785 | 23,603 | 25,692 | 29,864 | 35,688 | 43,149 | 52,468 |
| Nontax revenue | 12,090 | 12,221 | 14,577 | 17,185 | 20,572 | 24,670 | 30,079 | 36,428 |
| Public enterprises operating balance | 5,941 | 14,170 | 7,402 | 6,610 | 7,057 | 8,364 | 9,889 | 12,187 |
| Central bank operating balance | 1,296 | 1,394 | 1,623 | 1,897 | 2,236 | 2,654 | 3,182 | 3,853 |
| **Total Expenditures** | **120,687** | **128,358** | **144,971** | **168,732** | **202,594** | **250,740** | **309,160** | **386,916** |
| Current Expenditure | 100,749 | 110,350 | 125,674 | 147,108 | 177,612 | 221,656 | 274,779 | 346,827 |
| Compensation of employees | 40,547 | 42,168 | 49,109 | 56,889 | 66,363 | 79,247 | 94,813 | 114,596 |
| Purchases of goods and services | 14,953 | 15,003 | 16,578 | 18,796 | 21,487 | 25,017 | 29,990 | 36,321 |
| Interest | 7,091 | 10,026 | 12,285 | 17,906 | 28,463 | 45,893 | 66,657 | 98,703 |
| Domestic | 2,899 | 5,452 | 7,680 | 13,434 | 24,278 | 42,130 | 63,344 | 95,804 |
| Foreign | 4,192 | 4,574 | 4,605 | 4,472 | 4,184 | 3,763 | 3,313 | 2,899 |
| Energy-related subsidies to SOEs 2/ | 12,256 | 13,292 | 12,966 | 12,933 | 13,484 | 14,346 | 14,809 | 14,245 |
| Social benefits 3/ | 25,310 | 27,350 | 31,814 | 37,169 | 43,791 | 51,971 | 62,297 | 75,439 |
| Other expense | 592 | 2,510 | 2,922 | 3,415 | 4,025 | 5,182 | 6,212 | 7,523 |
| Net acquisition of nonfinancial assets 4/ | 19,938 | 18,008 | 19,297 | 21,624 | 24,982 | 29,084 | 34,381 | 40,089 |
| o/w Public Enterprises | 5,390 | 5,121 | 5,214 | 5,551 | 6,383 | 7,341 | 8,075 | 8,075 |
| **Gross operating balance** | **-14,197** | **-16,203** | **-29,747** | **-37,930** | **-50,862** | **-71,886** | **-96,206** | **-131,664** |
| **Primary Balance** | **-27,044** | **-24,185** | **-36,760** | **-41,648** | **-47,381** | **-55,077** | **-63,930** | **-73,050** |
| **Net lending/borrowing (Fiscal Balance)** | **-34,136** | **-34,211** | **-49,044** | **-59,554** | **-75,844** | **-100,970** | **-130,588** | **-171,753** |
| **Net financial transactions** | **-34,136** | **-34,211** | **-49,044** | **-59,554** | **-75,844** | **-100,970** | **-130,588** | **-171,753** |
| **Net incurrence of liabilities** | **34,136** | **34,211** | **49,044** | **59,554** | **75,844** | **100,970** | **130,588** | **171,753** |
| External | 1,467 | -1,138 | -1,914 | -6,814 | -4,571 | -6,507 | -3,828 | -3,775 |
| Disbursements 5/ | 7,723 | 4,623 | 4,392 | 1,363 | 3,532 | 3,848 | 4,233 | 4,436 |
| Amortizations | -6,014 | -5,739 | -6,285 | -8,155 | -8,081 | -10,333 | -8,040 | -8,189 |
| Other external | -243 | -22 | -22 | -22 | -22 | -22 | -22 | -22 |
| Domestic | 32,669 | 35,349 | 50,958 | 66,259 | 80,415 | 107,477 | 134,416 | 175,528 |
| Banking system | 27,183 | 26,629 | 38,205 | 51,351 | 62,847 | 86,622 | 109,415 | 145,249 |
| Central Bank | 26,990 | 26,436 | 38,012 | 51,158 | 62,654 | 86,429 | 109,222 | 145,056 |
| f liabilities, Domestic, Central Bank | 26,990 | 26,436 | 38,012 | 51,158 | 62,654 | 86,429 | 109,222 | 145,056 |
| Commercial banks | 193 | 193 | 193 | 193 | 193 | 193 | 193 | 193 |
| Pension funds | 7,565 | 9,427 | 11,595 | 13,552 | 15,972 | 18,959 | 22,729 | 27,526 |
| Other domestic | -2,079 | -708 | 1,159 | 1,355 | 1,597 | 1,896 | 2,273 | 2,753 |
| **Memorandum items:** | | | | | | | | |
| Hydrocarbon related revenue 6/ | 8,883 | 7,192 | 7,360 | 7,200 | 6,846 | 6,780 | 5,710 | 5,613 |
| Nonfinancial public sector gross public debt 7/ | 283,120 | 315,590 | 349,193 | 412,913 | 493,857 | 603,796 | 746,004 | 933,730 |
| o/w gross foreign public debt | 93,216 | 91,549 | 89,635 | 82,864 | 78,315 | 71,829 | 68,022 | 64,269 |
| NFPS deposits | 31,748 | 28,167 | 28,167 | 28,167 | 28,167 | 28,167 | 28,167 | 28,167 |
| Nominal GDP (Bs million) | 311,886 | 332,054 | 386,484 | 451,741 | 532,387 | 631,977 | 757,619 | 917,533 |

Sources: Ministry of Finance; Bolivia Central Bank; and Fund staff estimates and projections.
1/ The operation of mixed-ownership companies, primarily in the telecom, electricity and hydrocarbon sectors, are not included.
2/ Includes incentives for hydrocarbon exploration investments in the projection period.
3/ Includes pensions, cash transfers to households, and social investment programs (previously classified as capital expenditure).
4/ Includes net lending.
5/ Comprised of mostly bilateral and multilateral disbursements.
6/ Hydrocarbon related revenues are defined as direct hydrocarbon tax (IDH) and royalties. They exclude the operating balance of the state oil/gas company (YPFB).
7/ Public debt includes SOE's borrowing from the BCB but not from other domestic institutions.

## Table 2b. Bolivia: Operations of the Combined Public Sector, 2023–30[1]

(Percent of GDP)

| | 2023 | Est. 2024 | Proj. 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
|---|---|---|---|---|---|---|---|---|
| **Total Revenues** | **27.8** | **28.4** | **24.8** | **24.2** | **23.8** | **23.7** | **23.6** | **23.5** |
| Tax Revenues | 21.5 | 20.0 | 18.7 | 18.5 | 18.2 | 18.0 | 17.9 | 17.7 |
| IDH and royalties | 2.8 | 2.2 | 1.9 | 1.6 | 1.3 | 1.1 | 0.8 | 0.6 |
| Direct Taxes | 3.4 | 3.2 | 2.9 | 2.9 | 2.9 | 2.9 | 2.9 | 2.9 |
| Indirect Taxes | 15.2 | 14.6 | 13.9 | 14.0 | 14.0 | 14.1 | 14.2 | 14.2 |
| o/w VAT | 7.4 | 7.2 | 7.2 | 7.3 | 7.4 | 7.4 | 7.5 | 7.5 |
| o/w Excise tax on fuel | 0.6 | 0.6 | 0.6 | 0.6 | 0.5 | 0.5 | 0.5 | 0.4 |
| Grants | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other revenue | 6.2 | 8.4 | 6.1 | 5.7 | 5.6 | 5.6 | 5.7 | 5.7 |
| Nontax revenue | 3.9 | 3.7 | 3.8 | 3.8 | 3.9 | 3.9 | 4.0 | 4.0 |
| Public enterprises operating balance | 1.9 | 4.3 | 1.9 | 1.5 | 1.3 | 1.3 | 1.3 | 1.3 |
| Central bank operating balance | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 |
| **Total Expenditures** | **38.7** | **38.7** | **37.5** | **37.4** | **38.1** | **39.7** | **40.8** | **42.2** |
| Current Expenditure | 32.3 | 33.2 | 32.5 | 32.6 | 33.4 | 35.1 | 36.3 | 37.8 |
| Compensation of employees | 13.0 | 12.7 | 12.7 | 12.6 | 12.5 | 12.5 | 12.5 | 12.5 |
| Purchases of goods and services | 4.8 | 4.5 | 4.3 | 4.2 | 4.0 | 4.0 | 4.0 | 4.0 |
| Interest | 2.3 | 3.0 | 3.2 | 4.0 | 5.3 | 7.3 | 8.8 | 10.8 |
| Domestic | 0.9 | 1.6 | 2.0 | 3.0 | 4.6 | 6.7 | 8.4 | 10.4 |
| Foreign | 1.3 | 1.4 | 1.2 | 1.0 | 0.8 | 0.6 | 0.4 | 0.3 |
| Energy-related subsidies to SOEs 2/ | 3.9 | 4.0 | 3.4 | 2.9 | 2.5 | 2.3 | 2.0 | 1.6 |
| Social benefits 3/ | 8.1 | 8.2 | 8.2 | 8.2 | 8.2 | 8.2 | 8.2 | 8.2 |
| Other expense | 0.2 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 |
| Net acquisition of nonfinancial assets 4/ | 6.4 | 5.4 | 5.0 | 4.8 | 4.7 | 4.6 | 4.5 | 4.4 |
| o/w Public Enterprises | 1.7 | 1.5 | 1.3 | 1.2 | 1.2 | 1.2 | 1.1 | 0.9 |
| **Gross operating balance** | **-4.6** | **-4.9** | **-7.7** | **-8.4** | **-9.6** | **-11.4** | **-12.7** | **-14.3** |
| **Primary Balance** | **-8.7** | **-7.3** | **-9.5** | **-9.2** | **-8.9** | **-8.7** | **-8.4** | **-8.0** |
| **Net lending/borrowing (Fiscal Balance)** | **-10.9** | **-10.3** | **-12.7** | **-13.2** | **-14.2** | **-16.0** | **-17.2** | **-18.7** |
| **Net financial transactions** | **-10.9** | **-10.3** | **-12.7** | **-13.2** | **-14.2** | **-16.0** | **-17.2** | **-18.7** |
| **Net incurrence of liabilities** | **10.9** | **10.3** | **12.7** | **13.2** | **14.2** | **16.0** | **17.2** | **18.7** |
| External | 0.5 | -0.3 | -0.5 | -1.5 | -0.9 | -1.0 | -0.5 | -0.4 |
| Disbursements 5/ | 2.5 | 1.4 | 1.1 | 0.3 | 0.7 | 0.6 | 0.6 | 0.5 |
| Amortizations | -1.9 | -1.7 | -1.6 | -1.8 | -1.5 | -1.6 | -1.1 | -0.9 |
| Other external | -0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Domestic | 10.5 | 10.6 | 13.2 | 14.7 | 15.1 | 17.0 | 17.7 | 19.1 |
| Banking system | 8.7 | 8.0 | 9.9 | 11.4 | 11.8 | 13.7 | 14.4 | 15.8 |
| Central Bank | 8.7 | 8.0 | 9.8 | 11.3 | 11.8 | 13.7 | 14.4 | 15.8 |
| Commercial banks | 0.1 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Pension funds | 2.4 | 2.8 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Other domestic | -0.7 | -0.2 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |
| **Memorandum items:** | | | | | | | | |
| Hydrocarbon related revenue 6/ | 2.8 | 2.2 | 1.9 | 1.6 | 1.3 | 1.1 | 0.8 | 0.6 |
| Nonfinancial public sector gross public debt 7/ | 90.8 | 95.0 | 90.4 | 91.4 | 92.8 | 95.5 | 98.5 | 101.8 |
| o/w gross foreign public debt | 29.9 | 27.6 | 23.2 | 18.3 | 14.7 | 11.4 | 9.0 | 7.0 |
| NFPS deposits | 10.2 | 8.5 | 7.3 | 6.2 | 5.3 | 4.5 | 3.7 | 3.1 |
| Nominal GDP (Bs million) | 311,886 | 332,054 | 386,484 | 451,741 | 532,387 | 631,977 | 757,619 | 917,533 |

Sources: Ministry of Finance; Bolivia Central Bank; and Fund staff estimates and projections.
1/ The operation of mixed-ownership companies, primarily in the telecom, electricity and hydrocarbon sectors, are not included.
2/ Includes incentives for hydrocarbon exploration investments in the projection period.
3/ Includes pensions, cash transfers to households, and social investment programs (previously classified as capital expenditure).
4/ Includes net lending.
5/ Comprised of mostly bilateral and multilateral disbursements.
6/ Hydrocarbon related revenues are defined as direct hydrocarbon tax (IDH) and royalties. They exclude the operating balance of the state oil/gas company (YPFB).
7/ Public debt includes SOE's borrowing from the BCB but not from other domestic institutions.

## Table 3. Bolivia: Non-Financial Public Sector Debt, 2023–30

| | 2023 | Est. 2024 | Proj. 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
|---|---|---|---|---|---|---|---|---|
| | Bs milllion | | | | | | | |
| **Internal Debt 1/** | **144,317** | **178,597** | **216,189** | **284,760** | **369,923** | **486,252** | **632,396** | **823,946** |
| Public Financial Sector | 88,458 | 113,313 | 170,785 | 239,472 | 324,304 | 440,536 | 586,811 | 778,432 |
| Private Sector | 55,858 | 65,284 | 45,268 | 45,287 | 45,618 | 45,713 | 45,582 | 45,511 |
| Public Non-Financial Sector | 1 | 1 | 1 | 1 | 2 | 2 | 3 | 4 |
| Short Term | 48,501 | 60,501 | 75,689 | 100,656 | 129,627 | 171,304 | 223,861 | 290,739 |
| Long Term | 95,816 | 118,097 | 140,500 | 184,104 | 240,296 | 314,947 | 408,535 | 533,208 |
| **Foreign debt 2/ 3/** | **93,216** | **91,549** | **89,635** | **82,864** | **78,315** | **71,829** | **68,022** | **64,269** |
| Central Government | 93,216 | 91,549 | 89,635 | 82,864 | 78,315 | 71,829 | 68,022 | 64,269 |
| Commercial Banks | 504 | 415 | 406 | 375 | 355 | 325 | 308 | 291 |
| Bilateral | 15,202 | 14,201 | 13,904 | 12,854 | 12,148 | 11,142 | 10,551 | 9,969 |
| Multilateral | 64,819 | 64,243 | 62,900 | 58,148 | 54,956 | 50,405 | 47,733 | 45,100 |
| Private | 12,691 | 12,691 | 12,426 | 11,487 | 10,856 | 9,957 | 9,430 | 8,909 |
| Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other NFPS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **BCB loans to SOEs** | **37,103** | **36,593** | **34,705** | **36,298** | **36,651** | **36,594** | **36,352** | **36,298** |
| **BCB loans to FNDR** | **1,816** | **1,572** | **1,570** | **1,589** | **1,533** | **1,440** | **1,428** | **1,461** |
| **BCB loans to FINPRO** | **6,668** | **7,278** | **7,424** | **7,402** | **7,435** | **7,681** | **7,805** | **7,756** |
| **Total NFPS Debt** | **283,120** | **315,590** | **349,193** | **412,913** | **493,857** | **603,796** | **746,004** | **933,730** |
| | Percent of GDP | | | | | | | |
| **Internal Debt 1/** | **46.3** | **53.8** | **55.9** | **63.0** | **69.5** | **76.9** | **83.5** | **89.8** |
| Public Financial Sector | 28.4 | 34.1 | 44.2 | 53.0 | 60.9 | 69.7 | 77.5 | 84.8 |
| Private Sector | 17.9 | 19.7 | 11.7 | 10.0 | 8.6 | 7.2 | 6.0 | 5.0 |
| Public Non-Financial Sector | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Short Term | 15.6 | 18.2 | 19.6 | 22.3 | 24.3 | 27.1 | 29.5 | 31.7 |
| Long Term | 30.7 | 35.6 | 36.4 | 40.8 | 45.1 | 49.8 | 53.9 | 58.1 |
| **Foreign debt 1/** | **29.9** | **27.6** | **23.2** | **18.3** | **14.7** | **11.4** | **9.0** | **7.0** |
| Central Government | 29.9 | 27.6 | 23.2 | 18.3 | 14.7 | 11.4 | 9.0 | 7.0 |
| Commercial Banks | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.0 | 0.0 |
| Bilateral | 4.9 | 4.3 | 3.6 | 2.8 | 2.3 | 1.8 | 1.4 | 1.1 |
| Multilateral | 20.8 | 19.3 | 16.3 | 12.9 | 10.3 | 8.0 | 6.3 | 4.9 |
| Private | 4.1 | 3.8 | 3.2 | 2.5 | 2.0 | 1.6 | 1.2 | 1.0 |
| Other | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other NFPS | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **BCB loans to SOEs** | **11.9** | **11.0** | **9.4** | **8.0** | **6.9** | **5.8** | **4.8** | **4.0** |
| **BCB loans to FNDR** | **0.6** | **0.5** | **0.4** | **0.4** | **0.3** | **0.2** | **0.2** | **0.2** |
| **BCB loans to FINPRO** | **2.1** | **2.2** | **1.9** | **1.6** | **1.4** | **1.2** | **1.0** | **0.8** |
| **Total NFPS Debt** | **90.8** | **95.0** | **90.4** | **91.4** | **92.8** | **95.5** | **98.5** | **101.8** |
| **Memorandum items:** | | | | | | | | |
| NFPS Deposits at the BCB (Bs million) | 31,748 | 28,167 | 28,167 | 28,167 | 28,167 | 28,167 | 28,167 | 28,167 |
| NFPS Net Debt (Bs million) | 251,372 | 287,423 | 322,926 | 384,746 | 465,690 | 575,629 | 717,837 | 905,563 |
| Nominal GDP (Bs million) | 311,886 | 332,054 | 386,484 | 451,741 | 532,387 | 631,977 | 757,619 | 917,533 |

Sources: Ministry of Finance; Bolivia Central Bank; and Fund staff estimates and projections.
1/ Debt in local currency issued by the Treasury.
2/ Including domestic debt in FX held by residents.
3/ Foreign debt is all long term debt.

## Table 4. Bolivia: Balance of Payments, 2023–30

| | | Est. | Proj. | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
| | | | | US$ million | | | | |
| **Current account balance** | **-1,145** | **-1,297** | **-1,468** | **-2,094** | **-2,925** | **-3,907** | **-5,099** | **-6,288** |
| Goods and services | -1,085 | -1,313 | -1,334 | -1,918 | -2,595 | -3,377 | -4,210 | -4,857 |
| Goods | 261 | -86 | -323 | -834 | -1,456 | -2,181 | -2,955 | -3,539 |
| Exports | 10,793 | 8,905 | 8,811 | 9,103 | 9,446 | 9,889 | 10,357 | 10,838 |
| Imports | 10,532 | 8,991 | 9,134 | 9,936 | 10,902 | 12,071 | 13,312 | 14,377 |
| Services | -1,347 | -1,227 | -1,011 | -1,085 | -1,139 | -1,196 | -1,256 | -1,318 |
| Credit | 1,109 | 1,122 | 1,342 | 1,409 | 1,480 | 1,554 | 1,632 | 1,713 |
| Debit | 2,456 | 2,349 | 2,353 | 2,494 | 2,619 | 2,750 | 2,887 | 3,032 |
| Interest Payments, net | -1,244 | -1,106 | -1,262 | -1,348 | -1,533 | -1,754 | -2,113 | -2,628 |
| Remittances, net | 1,184 | 1,122 | 1,128 | 1,172 | 1,203 | 1,224 | 1,224 | 1,198 |
| **Capital Account** | **4** | **4** | **4** | **4** | **4** | **4** | **4** | **4** |
| **Financial account (+= net outflows)** | **-917** | **-1,707** | **-1,577** | **-2,158** | **-2,879** | **-3,873** | **-5,102** | **-6,250** |
| Foreign direct investment, net | 16 | -107 | -122 | -94 | -53 | 60 | 113 | 179 |
| Portfolio investment, net | -246 | -593 | -132 | 196 | 145 | -187 | -90 | 13 |
| Financial derivatives, net | -4 | -2 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other investment, net | -683 | -1,004 | -1,323 | -2,260 | -2,972 | -3,746 | -5,125 | -6,442 |
| Of which, unidentified financing inflows | ... | 0 | -805 | -2,115 | -2,500 | -3,890 | -4,880 | -6,190 |
| **Net errors and omissions** | **-2,177** | **-1,257** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Financing** | **2,401** | **1,273** | **-112** | **-68** | **42** | **30** | **-7** | **34** |
| Change in reserve assets (increase = -) 1/ | 2,401 | 1,273 | -112 | -68 | 42 | 30 | -7 | 34 |
| | | | | Percent of GDP | | | | |
| **Current account balance** | **-2.5** | **-2.7** | **-2.6** | **-3.2** | **-3.8** | **-4.2** | **-4.6** | **-4.7** |
| Goods and services | -2.4 | -2.7 | -2.4 | -2.9 | -3.3 | -3.7 | -3.8 | -3.6 |
| Goods | 0.6 | -0.2 | -0.6 | -1.3 | -1.9 | -2.4 | -2.7 | -2.6 |
| Exports | 23.7 | 18.4 | 15.6 | 13.8 | 12.2 | 10.7 | 9.4 | 8.1 |
| Imports | 23.2 | 18.6 | 16.2 | 15.1 | 14.0 | 13.1 | 12.1 | 10.7 |
| Services | -3.0 | -2.5 | -1.8 | -1.6 | -1.5 | -1.3 | -1.1 | -1.0 |
| Credit | 2.4 | 2.3 | 2.4 | 2.1 | 1.9 | 1.7 | 1.5 | 1.3 |
| Debit | 5.4 | 4.9 | 4.2 | 3.8 | 3.4 | 3.0 | 2.6 | 2.3 |
| Interest Payments, net | -2.7 | -2.3 | -2.2 | -2.0 | -2.0 | -1.9 | -1.9 | -2.0 |
| Remittances, net | 2.6 | 2.3 | 2.0 | 1.8 | 1.6 | 1.3 | 1.1 | 0.9 |
| **Capital Account** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** |
| **Financial account** | **-2.0** | **-3.5** | **-2.8** | **-3.3** | **-3.7** | **-4.2** | **-4.6** | **-4.7** |
| Foreign direct investment, net | 0.0 | -0.2 | -0.2 | -0.1 | -0.1 | 0.1 | 0.1 | 0.1 |
| Portfolio investment, net | -0.5 | -1.2 | -0.2 | 0.3 | 0.2 | -0.2 | -0.1 | 0.0 |
| Financial derivatives, net | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other investment, net | -1.5 | -2.1 | -2.3 | -3.4 | -3.8 | -4.1 | -4.6 | -4.8 |
| Of which, unidentified financing inflows | 0.0 | 0.0 | -1.4 | -3.2 | -3.2 | -4.2 | -4.4 | -4.6 |
| **Net errors and omissions** | **-4.8** | **-2.6** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** |
| **Financing** | **5.3** | **2.6** | **-0.2** | **-0.1** | **0.1** | **0.0** | **0.0** | **0.0** |
| Change in reserve assets (increase = -) 1/ | 5.3 | 2.6 | -0.2 | -0.1 | 0.1 | 0.0 | 0.0 | 0.0 |
| **Memorandum items:** | | | | | | | | |
| Exports, c.i.f. (in millions of U.S. dollars) | 10,778 | 8,923 | 8,811 | 9,103 | 9,446 | 9,889 | 10,357 | 10,838 |
| o/w Natural gas | 2,047 | 1,615 | 1,278 | 1,165 | 1,091 | 1,053 | 1,027 | 1,005 |
| o/w Minerals | 5,582 | 4,367 | 4,683 | 4,906 | 5,152 | 5,424 | 5,698 | 5,984 |
| o/w Soy-related | 1,755 | 1,065 | 1,289 | 1,392 | 1,477 | 1,584 | 1,694 | 1,795 |
| Imports, c.i.f. (in millions of U.S. dollars) | 11,490 | 9,904 | 9,134 | 9,936 | 10,902 | 12,071 | 13,312 | 14,377 |
| o/w Combustibles | 2,984 | 2,885 | 2,617 | 2,783 | 3,137 | 3,616 | 4,315 | 4,915 |
| Gross BCB international reserves 2/ | 1,808 | 2,009 | 2,118 | 2,199 | 2,160 | 2,231 | 2,290 | 2,312 |
| In percent of GDP | 4.0 | 4.1 | 3.8 | 3.3 | 2.8 | 2.4 | 2.1 | 1.7 |
| In months of next year's imports of goods and services | 1.9 | 2.1 | 2.0 | 2.0 | 1.7 | 1.7 | 1.6 | 1.4 |
| In percent of ARA | 20.6 | 23.0 | 22.3 | 20.5 | 17.4 | 15.3 | 13.1 | 10.9 |
| APSP oil prices (U.S. dollars per barrel) | 80.6 | 79 | 72 | 68 | 67 | 66 | 66 | 66 |
| Nominal GDP (in millions of U.S. dollars) | 45,464.4 | 48,404 | 56,339 | 65,851 | 77,607 | 92,125 | 110,440 | 133,751 |

Sources: Central Bank of Bolivia, National Institute of Statistics, and Fund staff calculations.
1/ Ley Nº 1503 of May 5, 2023, mandates the BCB to maintain a minimum of 22 tons of gold within its gross international reserves.
2/ Includes a repurchase line of US$99.2 million maturing in 2025.

## Table 5. Bolivia: Monetary Survey, 2023–30

| | 2023 | Est. 2024 | Proj. 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
|---|---|---|---|---|---|---|---|---|
| | (Bs million, unless otherwise indicated) | | | | | | | |
| **Central Bank** | | | | | | | | |
| Net international reserves | 11,721 | 13,070 | 13,840 | 14,308 | 14,023 | 13,816 | 13,864 | 13,630 |
| Net international reserves (US$ million) | 1,709 | 1,905 | 2,018 | 2,086 | 2,044 | 2,014 | 2,021 | 1,987 |
| Net domestic assets | 103,922 | 114,089 | 127,247 | 152,126 | 184,524 | 224,874 | 272,790 | 336,803 |
| Net credit to the nonfinancial public sector | 103,653 | 130,090 | 162,487 | 213,002 | 281,838 | 374,678 | 491,817 | 645,323 |
| Net credit to financial intermediaries | 25,127 | 25,454 | 25,744 | 25,976 | 26,132 | 26,236 | 26,289 | 26,341 |
| Other items net | -24,858 | -41,455 | -60,984 | -86,851 | -123,446 | -176,041 | -245,316 | -334,862 |
| Net medium and long-term foreign assets | -484 | -484 | -484 | -484 | -484 | -484 | -484 | -484 |
| Base money | 115,160 | 126,676 | 140,604 | 165,950 | 198,063 | 238,206 | 286,171 | 349,950 |
| Base money (percentage change) | 10.0 | 10.0 | 11.0 | 18.0 | 19.4 | 20 | 20 | 22 |
| Currency in circulation | 66,977 | 72,022 | 83,827 | 97,981 | 115,473 | 137,074 | 164,325 | 199,010 |
| Bank reserves | 48,182 | 54,654 | 56,776 | 67,969 | 82,590 | 101,132 | 121,845 | 150,939 |
| o/w legal reserves | 22,934 | 21,898 | 24,401 | 29,105 | 35,731 | 42,718 | 52,178 | 64,579 |
| **Financial System 1/** | | | | | | | | |
| Net short-term foreign assets | 18,247 | 20,973 | 23,345 | 25,685 | 27,607 | 30,020 | 33,209 | 36,779 |
| Net short-term foreign assets (US$ million) | 2,660 | 3,057 | 3,403 | 3,744 | 4,024 | 4,376 | 4,841 | 5,361 |
| Net domestic assets | 265,415 | 272,943 | 312,478 | 372,303 | 447,665 | 541,400 | 660,364 | 813,475 |
| Net credit to the public sector | 105,622 | 132,273 | 164,670 | 215,185 | 284,021 | 376,861 | 494,000 | 647,506 |
| Credit to the private sector | 220,921 | 229,758 | 246,936 | 264,739 | 283,039 | 301,804 | 321,811 | 344,840 |
| Credit to the private sector (percentage change) | -2.1 | 4.0 | 7.5 | 7.2 | 6.9 | 7 | 7 | 7 |
| Other items net | -61,128 | -89,087 | -99,128 | -107,621 | -119,395 | -137,264 | -155,447 | -178,872 |
| Net medium and long-term foreign liabilities | 2,353 | 3,402 | 4,451 | 5,499 | 6,548 | 7,597 | 8,645 | 9,694 |
| Broad money | 281,308 | 290,514 | 331,373 | 392,489 | 468,724 | 563,824 | 684,928 | 840,560 |
| Liabilities in domestic currency | 275,724 | 284,866 | 324,996 | 384,886 | 459,585 | 552,758 | 671,397 | 823,845 |
| Foreign currency deposits | 5,584 | 5,648 | 6,377 | 7,603 | 9,139 | 11,066 | 13,531 | 16,715 |
| | (Changes in percent of broad money at the beginning of the period) | | | | | | | |
| Net short-term foreign assets | -5.7 | 1.0 | 0.8 | 0.7 | 0.5 | 0.5 | 0.6 | 0.5 |
| Net domestic assets | 7.7 | 2.7 | 13.6 | 18.1 | 19.2 | 20.0 | 21.1 | 22.4 |
| Net credit to the public sector | 12.9 | 9.5 | 11.2 | 15.2 | 17.5 | 19.8 | 20.8 | 22.4 |
| Credit to the private sector | -1.7 | 3.1 | 5.9 | 5.4 | 4.7 | 4.0 | 3.5 | 3.4 |
| Other items net | -3.5 | -9.9 | -3.5 | -2.6 | -3.0 | -3.8 | -3.2 | -3.4 |
| Net medium and long-term foreign liabilities | -0.1 | 0.4 | 0.4 | 0.3 | 0.3 | 0.2 | 0.2 | 0.2 |
| Broad money | 2.1 | 3.3 | 14.1 | 18.4 | 19.4 | 20.3 | 21.5 | 22.7 |
| Liabilities in domestic currency | 3.2 | 3.2 | 13.8 | 18.1 | 19.0 | 19.9 | 21.0 | 22.3 |
| Foreign currency deposits | -1.1 | 0.0 | 0.3 | 0.4 | 0.4 | 0.4 | 0.4 | 0.5 |

Sources: Central Bank of Bolivia, and Fund staff calculations.

1/ The financial system comprises the central bank, commercial banks, nonbanks, and the Banco de Desarrollo Productivo (BDP), a state-owned second-tier bank.

## Table 6. Bolivia: Financial Sector Indicators, 2017–24

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|
| **Capital Adequacy** | | | | | | | | |
| Regulatory capital to risk-weighted assets | **12.8** | **12.8** | **13.0** | **13.1** | **12.9** | **12.8** | **13.4** | **13.5** |
| Regulatory Tier 1 capital to risk-weighted assets | 10.4 | 10.3 | 10.6 | 10.9 | 11.0 | 10.9 | 11.5 | 12.0 |
| Tier 1 Capital to assets | 6.6 | 6.7 | 6.9 | 6.8 | 6.7 | 6.8 | 6.8 | 7.2 |
| Nonperforming loans net of provisions to capital | 0.0 | 0.8 | 1.4 | -2.4 | -1.4 | 2.1 | 4.7 | 6.7 |
| Large Exposures to Capital | 11.0 | 8.4 | 14.4 | 9.3 | 14.3 | 10.9 | 2.9 | 3.6 |
| **Asset Quality** | | | | | | | | |
| Nonperforming loans to total gross loans | 1.7 | 1.7 | 1.9 | 1.5 | 1.5 | 2.1 | 2.9 | 3.2 |
| Provisions to Nonperforming loans | 99.9 | 94.6 | 91.3 | 119.7 | 111.2 | 88.1 | 80.4 | 75.7 |
| **Earnings and Profitability** | | | | | | | | |
| Return on Assets | **1.6** | **1.3** | **1.5** | **0.9** | **1.0** | **1.1** | **1.1** | **1.0** |
| Return on Equity | 12.9 | 10.9 | 11.8 | 4.8 | 7.1 | 8.2 | 8.9 | 7.2 |
| Interest margin to gross income | 68.5 | 71.2 | 70.9 | 73.3 | 70.7 | 71.4 | 62.2 | 54.0 |
| **Liquidity** | | | | | | | | |
| Liquid assets to short-term liabilities | 56.7 | 50.4 | 42.8 | 44.8 | 46.0 | 43.6 | 55.8 | 55.3 |
| Liquid assets to total assets | 25.2 | 22.3 | 16.9 | 17.6 | 18.4 | 17.2 | 21.8 | 21.4 |
| **FX Risks** | | | | | | | | |
| Net open position in foreign exchange to capital | -3.0 | -8.5 | -4.6 | 4.9 | 7.5 | 7.0 | 11.8 | 10.5 |
| Foreign Currency Loans to Total Loans | 2.1 | 1.5 | 1.2 | 1.1 | 0.9 | 0.8 | 0.7 | 0.6 |
| Foreign Currency Liabilities to Total Liabilities | 14.1 | 12.4 | 12.9 | 12.5 | 12.7 | 12.0 | 8.9 | 8.5 |

Sources: Central Bank of Bolivia and Fund staff calculations.