

## **Bolivia: Selected Issues and Statistical Appendix**

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BOLIVIA

**Selected Issues and Statistical Appendix**

Prepared by Simón Cueva, Antonio García Pascual (all WHD),  
María Teresa Guin-Siu (FAD), and Kristina Kostial (PDR)

Approved by the Western Hemisphere Department

June 23, 2003

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## Bolivia: Basic Data

### I. Social and Demographic Indicators

Area (sq. km)	1,098,581	Nutrition (1999)	
Arable land (percent of land area)	26.4	Protein intake (grams per capita per day)	87
Population (2002)		Health (2001)	
Total (million)	8.8	Physicians per 10,000 inhabitants	4
Annual rate of growth, 1991-2002 (percent a year)	2.7	Health centers per 100,000	3.3
Density (per sq. km.)	7.6	Nurse practitioners per 100,000	17
GDP per capita (US\$)	919	Access to electricity (2000)	
Population characteristics (2000)		Percent of dwellings	70.0
Life expectancy at birth in years	63	Urban	95.8
Crude birth rate (per thousand, 1998)	33	Rural	24.9
Crude death rate (per thousand, 1998)	9	Access to safe water (2000)	
Infant mortality (per thousand live births)	61	Percent of population	68.9
Under 5 mortality rate (per thousand)	83	Urban	86.2
Income distribution (1999)		Rural	38.7
Percent of income received:		Education	
By highest 20 percent of households	59.4	Adult literacy rate in percent (2001)	87.1
By lowest 20 percent of households	1.3	Gross enrollment rates, in percent	
Gini coefficient	0.51	Primary education (2000)	98.0
Distribution of urban labor force, in percent (2000)		Secondary education (2000)	16.8
Agriculture	2.5	Tertiary education	...
Industry and mining	28.5	GDP (2002)	
Services	69.1	Millions of bolivianos	55,933
		Millions of U.S. dollars	7,812

### II. Economic Indicators, 1999-2002

	1999	2000	2001	2002
(In percent of GDP)				
<b>Origin of GDP</b>				
Agriculture and mining	25.4	25.9	25.9	25.7
Manufacturing and construction	22.2	21.8	21.6	21.9
Services	52.4	52.3	52.5	52.4
(Annual percentage changes, unless otherwise indicated)				
<b>National accounts and prices</b>				
Real GDP	0.4	2.3	1.5	2.8
Real GDP per capita	-1.9	-0.1	-0.8	0.3
GDP deflator	2.4	5.3	0.7	2.7
Consumer price index (period average)	2.2	4.6	1.6	0.9
Consumer price index (end of period)	3.1	3.4	0.9	2.4
Unemployment rate 1/	7.2	7.5	8.5	8.7
(In percent of GDP)				
Gross domestic investment	18.8	18.3	14.2	14.7
<i>Of which: public investment 2/</i>	5.0	5.2	5.8	5.4
Gross national savings	12.9	13.0	10.8	10.4
External savings	5.9	5.3	3.4	4.3
Private consumption	76.8	76.5	76.4	74.8
Public consumption	14.8	14.6	15.2	15.4
<b>Public finances</b>				
General government				
Total revenue	25.8	25.1	24.7	24.2
Total expenditure	29.1	29.2	32.3	33.6
<i>Of which: interest</i>	2.0	2.3	2.6	2.6
<i>Of which: HIPC interest relief (-)</i>	-0.1	-0.2	-0.2	-0.2
Savings	2.8	2.3	0.6	-1.1
Primary balance	-1.4	-1.8	-4.9	-6.8
Overall balance	-3.4	-4.0	-7.6	-9.4
Consolidated public sector				
Primary balance	-1.5	-1.5	-4.3	-6.3
Overall balance	-3.5	-3.7	-6.9	-8.9

	1999	2000	2001	2002
(Change in percent of broad money at the beginning of the period) 3/				
<b>Money and credit</b>				
Broad money (M3) 4/	-0.7	-2.0	-2.0	-10.1
Currency and boliviano deposits (M2)	-0.4	0.6	2.2	0.5
Foreign currency deposits	-0.3	-2.6	-4.2	-10.6
Net domestic assets of the banking system	-6.6	-8.6	-11.1	0.7
<i>Of which:</i>				
Credit to the public sector (net)	-3.5	1.7	0.8	4.2
Credit to the private sector	-1.9	-10.7	-15.2	-9.3
Broad money (average stock in percent of GDP)	45.1	43.3	41.4	35.2
Average yield for open-market operations (in U.S. dollars), in percent 5/	8.64	9.03	4.26	5.44
(In millions of U.S. dollars, unless otherwise indicated)				
<b>Balance of payments</b>				
Current account	-488	-446	-276	-338
Merchandise trade balance	-704	-584	-423	-460
Exports	1,051	1,246	1,285	1,310
Imports	-1,755	-1,830	-1,708	-1,770
Income, services, and transfers (net)	216	137	147	122
<i>Of which: interest due on public debt</i>	-126	-130	-115	-98
Capital and financial account	515	408	255	45
Foreign direct investment	1,014	701	666	654
Portfolio investment	-61	55	-23	-83
Other capital (net)	-201	-294	-287	169
Errors and omissions	-237	-54	-100	-695
Exceptional financing	16	15	9	17
Change in net international reserves (- increase)	-42	23	29	275
Merchandise exports (in percent of GDP)	12.7	14.8	16.0	16.8
Merchandise imports (in percent of GDP)	21.2	21.8	21.3	22.7
Current account (in percent of GDP)	-5.9	-5.3	-3.4	-4.3
Merchandise exports (volume, annual percentage change)	-1.2	13.2	6.0	9.1
Merchandise imports (volume, annual percentage change)	-6.8	3.1	-3.5	9.1
Terms of trade (annual percentage change)	1.4	3.6	0.5	-1.6
Real effective exchange rate (12-month percentage change) 6/	1.4	-1.6	-1.8	3.1
<b>International reserve position and external debt (as of December 31)</b>				
Gross official reserves 7/	1,211	1,162	1,116	854
(in months of imports of goods and services)	7.0	7.0	6.5	5.0
Net official reserves 7/	1,089	1,075	1,046	771
Net reserves of the financial system	1,074	1,327	1,656	1,277
Outstanding external debt, in percent of GDP 8/	55.1	53.1	47.3	52.6
Public	55.1	53.1	41.4	47.7
Private	...	...	5.9	4.9
Public sector debt service ratio (in percent of exports of goods and services)	19.0	18.4	16.1	15.8
<i>Of which: interest</i>	6.5	6.6	5.2	4.7
Gross reserves/short-term debt at remaining maturity (in percent) 9/	...	159.8	152.5	110.9
<b>IMF data (as of May 30, 2003)</b>				
Membership status:				Article VIII
Intervention currency and rate				Bs 7.68 per U.S. dollar
Quota				SDR 171.5 million
Fund holdings of bolivianos				SDR 205.52 million
(as percent of quota)				119.8 percent
Outstanding purchases and loans				SDR 42.88 million
Stand-by arrangements				SDR 140.30 million
PRGF				
SDR department				
Net cumulative allocation				SDR 26.7 million

Sources: Ministry of Finance; Central Bank, National Bureau of Statistics; and Fund staff estimates.

1/ As a percentage of the labor force.

2/ Based on national accounts statistics.

3/ Flows in foreign currency are valued at the accounting exchange rate for the corresponding period. The financial system comprises the central bank, commercial banks, and Nacional Financiera Boliviana (NAFIBO), a state-owned second-tier bank.

4/ M3 includes special certificates of deposits (CDD) held by the depositors of the two banks closed in November 1994, and credit to the private sector includes that of two liquidated banks. Since 1998, M3 includes CDDs and loan portfolio from the bank liquidated in December 1997.

5/ As of June 3, 2003.

6/ Weights based on average trade, excluding trade related to natural gas, in 1996-97. Period average percentage change.

7/ Excluding reserves from the Latin American Reserve Fund (FLAR). End-2002 figures reflect an increase of US\$45 million in the valuation of holdings of gold; import coverage for the following year.

8/ Debt and debt service reflect assistance under the HIPC Initiative, which first became available after September 1998, as well as the relief under the enhanced HIPC Initiative and beyond HIPC.

## I. THE GROWING FISCAL COSTS OF THE PENSION REFORM<sup>1</sup>

1. **The Bolivian Congress approved a new pension law in November 1996 that replaced the defined benefits scheme with an individually funded system.** Planned reforms of the public pension system had been considered since 1992, with technical assistance from the IMF and the World Bank. The pension reform, which was part of a broader agenda of structural reforms during the 1990s and in the frame of world social security reforms, was designed to overhaul a fiscally unsustainable pension system, increase the coverage, and foster the development of the domestic capital market.

2. **Over the last six years, the fiscal costs arising from the reform—mainly the costs of the transition from the old to the new system—have been much higher than initially projected.** Fiscal outlays for the payment of pension benefits in relation to GDP are more than twice the estimated costs, reaching 4.6 percent of GDP in 2002<sup>2</sup>. This section details the different factors that have contributed to the large cost, followed by a short overview of potential steps to face the problem.

### A. The Old Pay-As-You-Go System

3. **Bolivia had a traditional pay-as-you-go pension system until 1997.** Young workers contributed part of their wages in the expectation of receiving a defined-benefit pension at retirement. Almost by definition any such system is “unfunded”: currently young workers finance the retirement of an older generation. Years of political instability left the system administratively weak, with poor information on participants.

4. **The old pay-as-you-go system had a very weak financial position.** The state-run pension fund (FOPEBA)—the largest component of the system—had a low ratio of current contributors to retirees (3 to 1), widespread evasion of contributions, and low population coverage (22 percent of workers in the formal sector).<sup>3</sup> Basic pension contributions were 8.5 percent of an employee’s wage (of which 2.5 percent was paid by the employer, 4.5 percent by the employee and 1.5 percent by the treasury), while disability contributions amounted to 1.5 percent (1 percent paid by the employer and 0.5 percent by the employee).

5. **A supplementary pension for selected professions and union-based groups was provided through 26 complementary pension funds and covered most of FOPEBA beneficiaries.** Worker contributions to these funds ranged from 3½ percent to 12 percent of

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<sup>1</sup> Prepared by Simón Cueva and Ernesto Revilla (The University of Chicago).

<sup>2</sup> In addition, wage increases granted in 1997 to compensate public servants for the increase in workers’ contributions implied by the reform represented 0.4 percent of GDP in 2002.

<sup>3</sup> Only 12 percent of the working population was affiliated with FOPEBA, and an increasing number of workers found ways to avoid paying contributions to the system, which were perceived as another tax; the link between contributions and benefits was not clearly perceived.

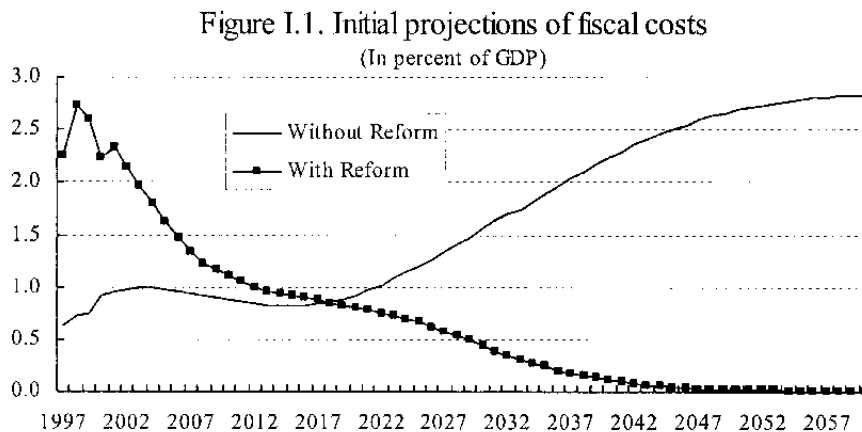
an employee's wage (6.3 percent on average). Even though the complementary funds were independently managed, in practice the treasury assumed some of the liabilities of nonperforming complementary funds, many of which were related to state-controlled enterprises.

6. **The system was overly generous and not sustainable.** Pension benefits—including the basic and the complementary pension—were equivalent to 70 percent of the average wage earned in the last two years before retirement. Benefits could be further increased for pensioners having contributed more than the minimum eligibility requirement of 180 monthly contributions.<sup>4</sup> The minimum retirement age was 50 years for women and 55 for men. Pension benefits were increased annually by nine tenths of the average percentage increase in public wages.

### B. The 1996 Pension Reform

7. **Bolivia decided to substitute the pay-as-you-go pension system with a defined-contribution system of individual accounts.** The main objective was to prevent the bankruptcy of the old system while reinforcing the many expected benefits of privatization, including financial sector deepening, and a channeling of national long-term saving to finance private investment.

8. **The old system did not present a cash-flow problem at the time, but was actuarially insolvent.** The path of the cost associated with the old system was projected to increase dramatically over time, making the system bankrupt in present value terms. On the other hand, after an initial peak reflecting the cost of the transition, fiscal costs under the new system were expected to decline, providing the main rationale for the reform (Figure I.1).



Source: UDAPE (1997), "Aspectos fiscales de la reforma de pensiones."

<sup>4</sup> For each year of additional contributions beyond that minimum, basic pension benefits were increased by 2 percent, and complementary benefits by 1 percent, up to a ceiling of 100 percent of the average wage earned in the last two years before retirement.



9. **The new pension law created individual contributory accounts and modified several features of the pension system.** Pension contributions were raised to 12.5 percent of an employee's wage, including 2 percent for covering professional risk insurance, and a 0.5 percent fee for the private pension funds that administer the system (AFPs). The retirement age was raised to 65 years; early retirement is possible when the accumulated capital provides for a pension equivalent to 70 percent of the average wage earned over the preceding five years. In addition, the government assumed all the liabilities of the complementary pension funds.

10. **From May 1997 on, the government started paying pension benefits associated with the transition to the new system.** Pension outlays include: (i) pension benefits for those meeting the eligibility requirements under the old system;<sup>5</sup> (ii) one-time recognition bonds (*pagos globales*) provided to those having reached the minimum required age but who had not made 180 contributions to the old system; and (iii) monthly recognition payments (*compensación de cotizaciones*) to those meeting the eligibility requirements under the new system but having made contributions under the old system. Persons having made more than the 180 minimum contributions without meeting the minimum age requirements—the so-called *sandwich generation*—have lobbied strongly in recent years for a change in requirements. They want to be able to retire under the old system, instead of continuing to contribute to the new system until they meet the new eligibility criteria.

### C. The Fiscal Context

11. **The transition between systems has been more costly than expected.** When a pay-as-you-go system is replaced with individual accounts, the government must finance the transition. The current young start contributing to their individual accounts, leaving the government with the burden of the pensions of the current old. It was understood that the transition would represent a higher cost relative to the old system for the first years of the reform, but eventually the path of the new system would come down. In the event, the cost of this transition has been much higher than anticipated, imposing a large and unexpected fiscal cost on the government.

12. **While pension costs represent a large budgetary burden, their increase has coincided with a period of fiscal deterioration (Table I.1).** During 1997–2000, larger pension costs were compensated, to a large extent, by fiscal adjustment in other areas. However, over the period 2000–02, net pension outlays increased by ½ percentage point of GDP while the primary balance, excluding pensions, sharply deteriorated from a surplus of 3 percent of GDP in 2000 to a deficit of 1¼ percent of GDP in 2002.

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<sup>5</sup> The government covers the costs related to retirement, as well as disability and death risks, while the AFPs cover the professional risk insurance under the old system, except for those costs arising from subsequently granted benefits (e.g., Patacamaya and Caracollo agreements, discussed below).

Table I.1. Bolivia. Fiscal Balance and Pension Costs  
(In percent of GDP)

	1997	1998	1999	2000	2001	2002
Primary balance, excluding pensions	1.5	1.4	2.6	3.0	0.5	-1.3
Pension-related balance	-2.5	-4.0	-4.1	-4.5	-4.8	-5.0
<i>Of which:</i> compensation for workers' contribution	-0.2	-0.4	-0.4	-0.3	-0.4	-0.4
Interest payments	2.3	2.1	2.0	2.3	2.6	2.6
Overall fiscal balance	-3.3	-4.7	-3.5	-3.7	-6.9	-8.9

Sources: Ministry of Finance; Central Bank of Bolivia; and Fund staff estimates.

1/ Wage increases granted in 1997 to compensate public servants for the increase in workers' contributions implied by the reform.

13. **The government's initial projections<sup>6</sup> foresaw that fiscal costs with the reform would exceed those without it for at least two decades (while the costs without reform would rise sharply afterward).** This justified the need to issue long-term bonds to the AFPs to finance the transition. The pension law required AFPs to buy treasury bonds up to a ceiling of US\$180 million a year (equivalent to about 2½ percent of GDP) on terms to be agreed annually.<sup>7</sup> Together with domestic debt placements through weekly auctions at market rates, and a substantial increase in nonconcessional foreign borrowing, bonds placed with the AFPs have been a main source of financing for the large public sector borrowing requirement.

#### D. Main Factors Behind the Larger than Expected Fiscal Costs

14. **From 1997 on, pension payments have exceeded the government's initial projections by a growing margin.** In 2002, actual pension outlays were more than double the initial projection, exceeding it by US\$192 million, or 2.5 percent of GDP (Table I.2). Most payments comprise benefits to those already retired under the old system at the time of the pension reform, and to a lesser extent to beneficiaries that met the eligibility criteria after 1998.<sup>8</sup> Benefits encompass both the basic pension, previously administered by FOPEBA, and the complementary pension benefits.

15. **The large discrepancy between actual and estimated costs can be classified in three main areas:** (i) excessively optimistic initial projections, (ii) generous decisions that have accompanied the implementation of the pension reform; and (iii) administrative

<sup>6</sup> From UDAPE (1997), "Aspectos fiscales de la reforma de pensiones."

<sup>7</sup> Starting in 1998, bonds issued were dollar-indexed with a nominal yield of 8 percent. Since 2003, new bonds issued are inflation-indexed with a real yield of 5 percent.

<sup>8</sup> Recognition payments under the new system (*compensación de cotizaciones*) are expected to start being paid in 2003, and should represent a growing share of pension costs as new pensioners retire under the new system (about 20 percent of total costs by 2015).

weaknesses. As shown in Table I.2, besides several bonuses, one-time payments and preferential cases, the bulk of the increased costs arose from the payments of basic and complementary pensions, reflecting a much larger number of beneficiaries than initially expected. The large number of retirees can be explained by the three factors detailed below.

Table I.2. Bolivia. Projected and Actual Pension Costs  
(In millions of U.S. dollars)

	1997	1998	1999	2000	2001	2002
Initial projections 1/						
Total costs	226	214	203	193	183	173
Actual costs						
Basic and complementary pensions	...	268	274	303	293	304
Cossmil retirees 2/	...	26	27	29	32	32
Reimbursements 3/	...	13	3	1	0	0
One-time recognition bonds 4/	...	0	4	11	3	3
Exceptional bonus 5/	...	0	0	0	29	27
Total costs	254	307	308	344	356	366
Difference						
Total costs	28	93	105	151	173	193

1/ According to UDAPE (1997).

2/ Retirees under the military complementary fund.

3/ Payments related to a judicial decision allowing retroactive increases in benefits.

4/ To those having the minimum age but who had not made 180 contributions to the old system.

5/ Granted by the Patacamaya and Caracollo agreements.

### Optimistic initial projections

16. The initial estimates of pension costs were based on optimistic assumptions:

- **The standard retirement age was assumed to be 65 years** (the retirement age under the new system). However, during the transition, the law maintained the retirement age at 55 years for men, and 50 for women, while including limited financial incentives for postponing the retirement age and some financial penalties for earlier retirement.<sup>9</sup> During the first years of the reform, roughly 45 percent of new retirees

<sup>9</sup> Pension benefits would be increased by 3 percent for every year of postponed retirement during which contributions to the new system were made. Pension benefits would be reduced by 8 percent for every year of early retirement, up to a maximum of five years.

have used the option of early retirement while almost no one has opted for postponed retirement, which largely reflects (i) the uncertainty about the new system, as compared to secured benefits under the old one; and (ii) the sluggish economic activity and its impact on employment opportunities.

- **Demographic assumptions overestimated the number of persons that would stop receiving benefits each year** (at 3.1 percent of total retirees per year). This reflected both high assumed mortality rates and an underestimation of the benefits granted to survivors.
- **Macroeconomic assumptions were also optimistic.** In particular, the exchange rate depreciation was assumed to evolve much closer to inflation differentials than it actually did, as the boliviano has depreciated by 28 percent in real terms against the U.S. dollar since end-1997. This has implied significant increases in real pension benefits that have been indexed to the U.S. dollar.<sup>10</sup>
- **The actual average pension in U.S. dollars has been higher than expected** by about 1.5 percent. This reflects special benefits granted to specific categories of workers with high benefits, such as those in the judicial and hydrocarbon sectors.
- **More generally, the quality of available data was poor.** The projection of future retirees and average pensions was inadequate, and there was a lack of comprehensive accounting information on the complementary pension funds that later would imply pension liabilities. In addition, the estimates included figures in dollars in constant (and not current) terms.
- The **need to present a favorable picture as part of the political marketing of the pension reform** may also have been a factor behind the initial underestimation of future costs.

#### **A generous implementation of the reform**

17. A number of decisions, made in the process of approving the pension law and its subsequent implementation—reflected through various supreme decrees and regulations that have not always been fully aligned with the rationale of the pension reform—have contributed to increased fiscal costs:

- **The government inherited all the liabilities of the complementary funds**, many of which were in poor financial condition and lacked adequate financial statements. In addition, the public sector did not always receive the assets of such funds. An important example is the military complementary fund (Cossmil), whose assets—including hospitals and clinics that also provide health insurance benefits—were not transferred to the government. Cossmil covers about 7,000 pensioners with average pension benefits about double the average, and total pension payments of about

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<sup>10</sup> A law enacted in December 2002, which will have its full impact in 2004, switched the indexation to inflation.

US\$33 million a year. Moreover, the cut-off date for its affiliates to qualify for retirement under the old system under preferential conditions (no age minimum, with 25 years of contributions) was postponed to end-2002.

- **Two successive government decisions—in the context of social unrest episodes—increased the basic pension from 2001 on.** Under the Caracollo agreement, the minimum monthly pension was raised from Bs. 355 to Bs. 550. It was further increased to Bs. 850 under the Patacamaya agreement. In addition, this latter agreement included a mechanism for distributing future increases with an “inversely proportional” formula, under which lower pensions receive an above-average percentage increase, without affecting the annual increase in the overall pension bill. Implied fiscal costs are projected at US\$25–29 million a year for the next decade.
- **One-time recognition bonds were provided to persons having made less than 180 contributions but having nonetheless reached the minimum retirement age under the old system.** These lump-sum payments (*pagos globales*) were not initially forecasted and ended in 2002.
- **An increase in basic pensions was granted by an administrative decision of the FOPEBA Board in 1996,** that was subsequently reversed as it was based on an expected operational surplus that did not materialize. However, a court resolution retroactively awarded the increase.
- **Several administrative decisions have granted preferential retirement conditions for selected worker categories,** including judiciary staff, teachers, and mining workers.

### **Institutional weaknesses**

18. **Institutional weakness and poor control procedures have allowed many unwarranted benefits to be covered.** Although a precise estimation is difficult, there is clear evidence that widespread fraud has inflated pension outlays in several ways. Anecdotal evidence, the large number of people (almost 20 percent) receiving pension benefits through a third party, as well as the much higher number of new pensioners than foreseen, point to the likelihood that unlawful pension benefits have been awarded. These include false documentation backing pension benefits; an upward revision of people’s age—sealed by a court procedure—in order to meet eligibility requirements; people receiving two pensions; dependents continuing to receive a pension once their eligibility has expired; and pensioners continuing to receive a salary in parallel.

19. **The repeated extension of the deadline for presenting the required documentation to qualify for pension benefits has contributed to higher costs.** Social pressure to extend access to the old system’s generosity led to successive extensions of the deadline. The cut-off date for meeting the eligibility requirements under the old system has been maintained as of May 1, 1997. However, the deadline to present documents backing such requirements was postponed several times, but was finally fixed at end-2001. At the same time, the extensions of the administrative deadline, combined with the poor institutional framework, allowed increased fraudulent cases.

20. **Progress has been very limited in disposing of assets of the former complementary funds** that could have provided fiscal revenues. Administrative limitations of such funds, legal procedures and impediments, and resistance from interest groups, have made the process cumbersome and the actual recovery value difficult to quantify.

21. **Figure I.2 summarizes the impact of a number of the above-mentioned aspects in terms of actual and future pension costs.** The results are based on a simple model that incorporates all these aspects and replicates both the original estimates and the current projections. It includes the switch of indexation of pension benefits to inflation from 2004 on, as well as initial steps taken by the authorities to streamline eligibility criteria and to control fraud.

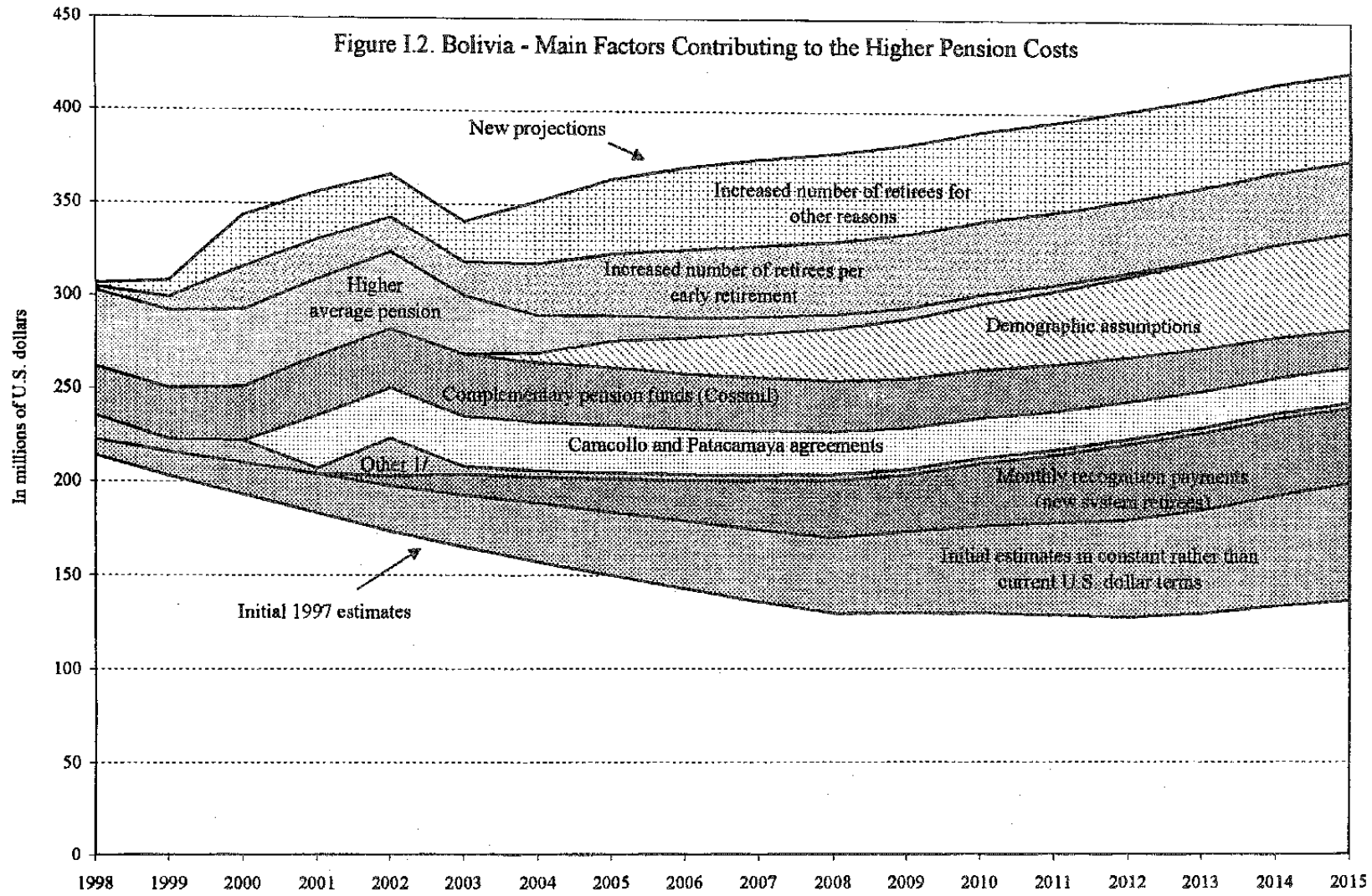
### E. Challenges Going Forward

22. **Preliminary estimates show that pension costs will continue to grow for several years and will represent a significant burden for Bolivian fiscal accounts.** As mentioned above, a more detailed and comprehensive estimate of all the government liabilities still needs to be completed. In particular, estimates for future monthly recognition payments (*compensación de cotizaciones*) need to be revised, based on an ongoing actuarial valuation.

23. **Beyond the initial steps taken, controlling and curbing pension costs represent a daunting challenge for the authorities.** Several steps have already been taken by the authorities to control fraud and streamline eligibility requirements. An IDB-supported program envisages institutional reforms that will strengthen the administration's ability to address these issues. It would be desirable to implement promptly a comprehensive institutional reform to effectively enforce eligibility requirements and, moreover, prevent unexpected increases in future benefits to arise. The main areas would include:

- *Institutionalization.* Create and strengthen an autonomous body to manage the payment of pension benefits and enforce strict eligibility requirements under the old pension system.
- *Legal framework.* Rationalize the legal and regulatory framework for the old pension system through the issuance of one consolidated decree.
- *Fraud control.* Develop a detailed action plan for controlling fraud, including scheduled actions, corrective measures, and quantitative targets.
- *Pension liabilities.* Produce final actuarial valuations for pension liabilities under the old system.
- *Arrears.* Enhance the mechanisms for recovering past arrears and prevent potential delays for the payment of pension contributions by the private sector.
- *Asset disposal.* Update the status of the assets of the former complementary pension funds and prepare them for sale; prepare an independent balance sheet for the complementary funds.

Figure I.2. Bolivia - Main Factors Contributing to the Higher Pension Costs



1/ Including administrative expenditures, retroactive increases, and one-time recognition bonds.

## II. DOLLARIZATION ISSUES<sup>11</sup>

24. This section describes the main characteristics of dollarization in Bolivia; the implications for monetary and exchange rate policy and the soundness of the financial system; and the challenges as the authorities adapt the policy environment and regulatory framework to dollarization and introduce incentives for a gradual and voluntary shift away from it.

### A. Dollarization in the Bolivian Financial System

25. **The dollarization of the financial system has its roots in the traumatic experience with inflation in the 1980s, culminating in the hyperinflation of 1984-85.** The episode of high inflation included administrative decisions to freeze dollar deposits—that represented about 20 percent of total deposits—in 1982, and convert them to local currency. After a three-year ban, dollar deposits were allowed again in 1985.

26. **Bolivia is probably the most highly dollarized economy among those that have stopped short of full dollarization.** Financial dollarization—defined as the dollar denomination of financial transactions—has grown to very high levels. The degree of deposit dollarization in the banking system rose from 15 percent in early 1986 to about 92 percent by May 2003, when dollar-denominated deposits accounted for 77 percent of broad money, and bank credit to the private sector in U.S. dollars was close to 97 percent of total credit.

27. **Local currency deposits are held mainly for transaction purposes.** The dollar is the currency of choice for storing value: in May 2003, boliviano-denominated deposits represented about a quarter of total demand deposits, less than 7 percent of total savings accounts, and just 2 percent of total time deposits. Demand deposits account for almost two thirds of total deposits in bolivianos, but just above one quarter of total deposits in U.S. dollars (Figure II.1 and Table II.1).

28. **Bank credit in bolivianos is scarce and most government securities are denominated in U.S. dollars.** Banks tend not to provide much credit in local currency because they lack financing in bolivianos. Despite repeated efforts by the Bolivian authorities to expand the issue of boliviano-denominated public debt instruments and extend their maturity, their volume remains small.<sup>12</sup> In turn, the boliviano money market is shallow and volatile. Interbank credit in bolivianos has a large seasonal component associated with specific transactions in local currency, such as tax payments.

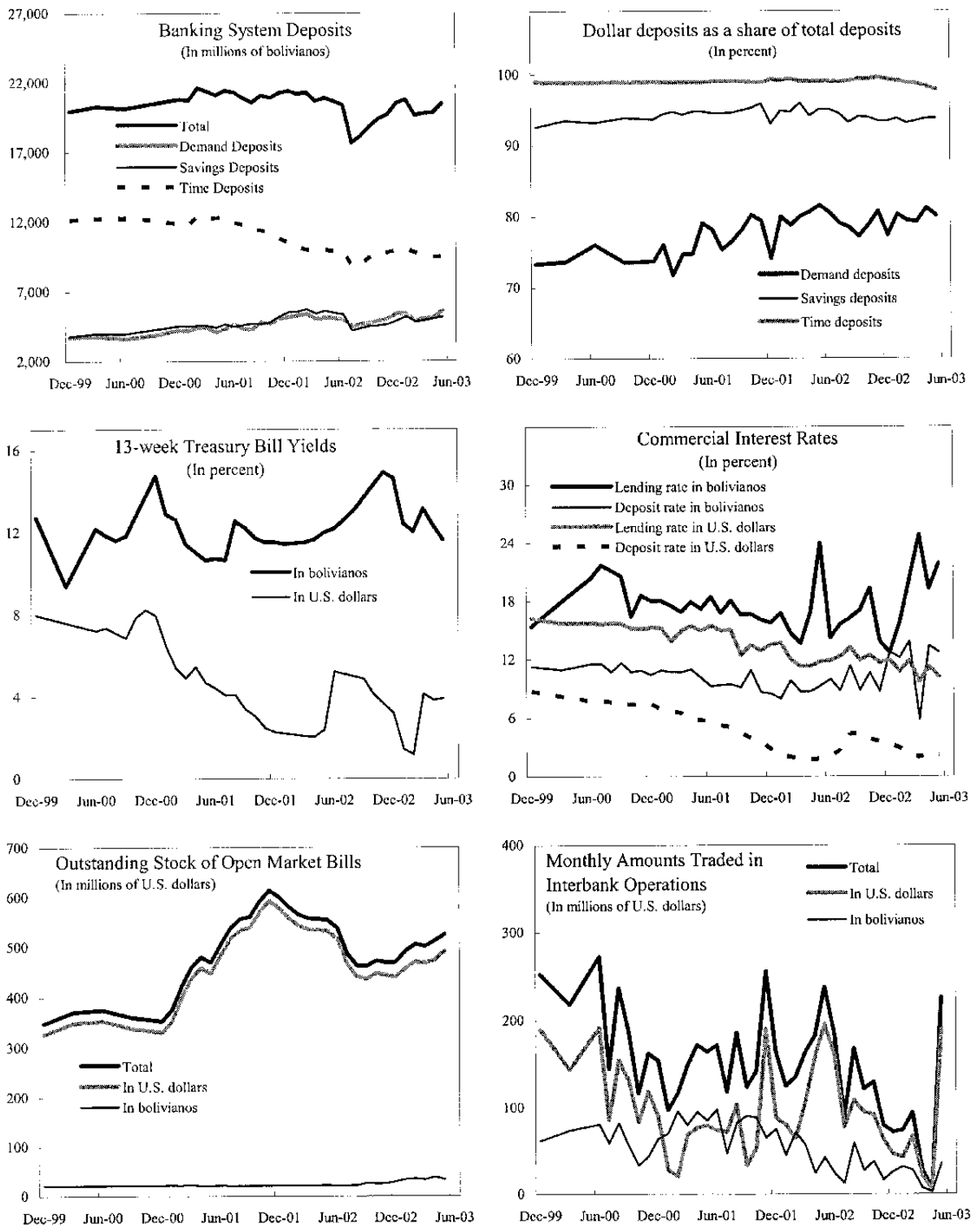
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<sup>11</sup> Prepared by S. Cueva, drawing from work by a technical assistance mission to Bolivia in May 2002, led by A. Ize.

<sup>12</sup> About 83 percent of nonfinancial public sector domestic debt was indexed to the U.S. dollars as of end-2002. The authorities plan to swap about half of the bonds held by the private pension funds—that represent about 53 percent of domestic debt—to inflation-indexed bonds in 2003.



Figure II.1. Bolivia: Dollarization in the Financial System



Source: Central Bank of Bolivia.

Table II.1. Bolivia: Summary Accounts of the Commercial Banks 1/

(End-of-period stocks as of December 2002; in millions of bolivianos)

	Domestic Currency	Foreign Currency	Total
<b>Net international reserves</b>	<b>5</b>	<b>3,780</b>	<b>3,785</b>
<b>Monetary reserves</b>	<b>862</b>	<b>847</b>	<b>1,709</b>
<b>Net domestic assets</b>	<b>2,250</b>	<b>16,574</b>	<b>18,824</b>
Nonfinancial public sector	82	1,533	1,615
Credit to private sector	593	23,371	23,965
Other	1,574	-8,330	-6,756
<b>Medium- and long-term foreign liabilities</b>	<b>0</b>	<b>617</b>	<b>617</b>
<b>Liabilities to the central bank</b>	<b>10</b>	<b>3,176</b>	<b>3,185</b>
<b>Liabilities to the private sector</b>	<b>1,662</b>	<b>18,854</b>	<b>20,516</b>
Demand deposits	1,227	4,206	5,434
Savings deposits	323	4,559	4,881
Time deposits	68	9,901	9,970
Other deposits	44	187	231

Source: Central Bank of Bolivia.

1/ Foreign currency items are valued at end-of-period exchange rate of Bs. 7.48 per U.S. dollar.

**29. Several factors help explain the extremely high level of financial dollarization:**

- A risk hedging decision, as inflation volatility has been larger than that of the real bilateral exchange rate of the U.S. dollar since the 1990s, largely reflecting the authorities' concern for maintaining a stable bilateral real exchange rate;<sup>13</sup>
- Some dollarization hysteresis and a lingering "peso problem",<sup>14</sup> as the widely remembered hyperinflation history continues to have important effects, despite the steps toward macroeconomic stability and economic reforms achieved over the last 15 years;
- Greater stability of returns for large bank depositors provided by dollar instruments, since their consumption baskets are skewed towards higher priced, imported goods;<sup>15</sup> and

<sup>13</sup> There have not been systematic differentials between the returns on U.S. dollar- and boliviano-denominated deposits. Returns favored the dollar during 1998–2002 (except at very short maturities), but the opposite was true during 1994–98.

<sup>14</sup> Dollarization hysteresis or irreversibility may reflect expectations of a potential return to a regime of high and volatile inflation, which remain anchored for a long time, raising dollarization levels beyond what may be explained by the more recent inflation and real exchange rate performance.

- Some public regulations and decisions to dollarize pension benefits, utility prices or to index to the U.S. dollar some accounting norms and the base for some taxes.

30. **However, the use of the U.S. dollar is less widespread for payment transactions and for setting prices and wages.** Payment transactions are mostly made in dollars, but the share of boliviano-denominated transactions remains significant and has stabilized in recent years; more than 40 percent of check clearings are in bolivianos. A majority of retail payments are in bolivianos. In addition, real dollarization—the use of the dollar to set prices and wages—appears to be limited. Most wages and salaries continue to be set and paid in bolivianos, apart from salaries of top executives.

### **B. Implications for Macroeconomic and Financial Policies**

31. **The large degree of dollarization, combined with a quasi-crawling peg exchange rate regime,<sup>16</sup> leaves very little room for monetary policy.** Boliviano interest rates are freely determined, but their level can be mainly explained by local dollar interest rates, adjusted for the expected rate of crawl. The central bank is able to: (i) limit day-to-day liquidity fluctuations in the money market through a wide array of operations in U.S. dollars<sup>17</sup>; and (ii) use its international reserves as a flexible “systemic liquidity buffer” when there are large capital outflows or inflows. However, the scope for countercyclical, dollar-based monetary policies, is limited. During downturns, attempts by the central bank to boost credit to the private sector by injecting liquidity only induce banks to move this liquidity abroad instead of lending it. Conversely, banks drawing upon their external assets and foreign credit lines during upswings can swamp efforts by the central bank to moderate the upswing. While the supply of funds becomes upwards sloping at some point, the cost to the central bank of sterilizing inflows can quickly become prohibitive as local dollar rates rise above world rates.

32. **The scope for a flexible exchange rate policy is limited by the potential pass-through to inflation and impact on the financial system vulnerability.** The quasi-crawling peg has helped to avoid excess exchange rate volatility and provide a visible, short-

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<sup>15</sup> Reflecting the very skewed income distribution in Bolivia, the consumption basket of large depositors is very different than the CPI basket that reflects the expenditure of the median household. Bank deposits are heavily concentrated, with less than 1 percent of accounts accounting for nearly half of total bank deposits.

<sup>16</sup> The rate of depreciation is determined on the basis of projected inflation differentials, but is not announced. The central bank decides on short-term variations in the rate of crawl in response to external shocks or changes in demand at the daily exchange rate auctions, where it has a large degree of discretionality and adjusts its intervention rate smoothly and rather predictably over time.

<sup>17</sup> Including open market auctions, liquidity credits, repos, and a special deposit facility akin to reverse-repo operations.

term anchor for inflation. However, the exchange rate regime faces important shortcomings, including (i) its limited transparency and the lack of clarity as to the ultimate objective of the central bank; (ii) the limited scope for rapid exchange rate adjustments due to the high potential pass-through of the exchange rate on inflation;<sup>18</sup> and (iii) concerns for the impact on financial system soundness of movements in the U.S. dollar exchange rate, in view of the high degree of financial dollarization.

**33. Partial dollarization raises prudential risks for the financial system:**

- As evidenced by the two episodes of deposit runs related to social and political tensions in mid-2002 and February 2003, withdrawals of foreign currency deposits—which could be large, owing in particular to the high concentration of deposits—exert pressures on the foreign-currency liquidity of the banking system, and therefore of the central bank that provides U.S. dollar liquidity to banks through repo operations and liquidity credits.
- Any depreciation of the boliviano in real terms against the U.S. dollar implies an increase in credit risk on dollar loans to non-dollar earners. More than two thirds of bank credit to the private sector is made to firms or individuals in the non-tradable sector, whose incomes are not indexed to the dollar. This reflects the mix of high financial dollarization—with almost all bank credit in U.S. dollars—and low real dollarization—with a large part of the corporate sector having incomes in local currency.<sup>19</sup> The increased credit risk has been particularly apparent in 2001–02, when the large depreciation in the currencies of Bolivian neighbors and main trade partners led to a real effective appreciation of the boliviano. In response, the authorities stepped up the rate of crawl, prompting a large real depreciation of the boliviano against the U.S. dollar. This helped to avoid further losses in competitiveness, but placed enormous stress on the balance sheets of banks and borrowers, already affected by several years of weak economic activity and the contraction in the stock of bank deposits and credit.

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<sup>18</sup> During the first half of the 1990s, a period of relatively high growth and stable exchange rates vis-à-vis the dollar in neighboring countries, the pass-through coefficient was very high (close to unity) and dominated by U.S. prices and the nominal exchange rate depreciation of the boliviano against the U.S. dollar. During the second half of the 1990s, a period of slow growth in Bolivia and large changes in the exchange rates of neighboring countries vis-à-vis the dollar, the pass-through was much smaller, reflecting low imported inflation (or even deflation, during certain periods, of import prices in domestic currency terms) from neighboring countries.

<sup>19</sup> Moral hazard is likely to play an important role as borrowers and bankers may continue to borrow in dollars and expect some type of government bailout in the case of a major exchange rate adjustment.

34. **The interaction of prudential risks and constraints on monetary and exchange rate policy results in even higher levels of dollarization.** On the one hand, financial fragilities and the perceived lack of credibility of the local currency may persuade the authorities to moderate fluctuations of the bilateral real exchange rate. On the other hand, “fear of floating” and the excessive predictability of the nominal exchange rate may contribute to raise dollarization further.

### C. Looking Ahead: What Can Be Done About Dollarization?

35. **The authorities are faced with a difficult challenge from the combination of a vulnerable and highly dollarized financial system and potential external shocks, including from the regional economy.** Any strategy for reducing dollarization should be cautious and gradual, as it needs to be based on market-based disincentives to dollar-based financial intermediation that should avoid any misperception of administrative measures restricting the scope for dollar assets. Moreover, in the absence of fast or easy solutions, the importance of a credible macroeconomic strategy, including appropriate fiscal adjustment, is paramount.

36. **A number of market-friendly reforms could limit the scope for dollarization and its risks.** Some steps have already been taken by the authorities, including legal reforms to replace the use of the dollar by an inflation-indexed unit in the real economy (pensions, tax base for certain taxes, accounting norms), and the promotion of such a unit, including by issuing long-term public bonds. Other measures—that should be implemented in parallel with a strengthening of the financial system—could include prudential measures to internalize the externalities arising from financial dollarization, such as higher capital reserves for dollar lending to borrowers that do not generate a cash flow in dollars, or differentiated liquidity requirements for deposits by currency. In addition, some widening of the very small central bank’s bid-ask spread for exchange rate operations could discourage the use of dollar demand deposits for transaction purposes.<sup>20</sup>

37. **A gradual shift toward a more flexible exchange rate regime would allow Bolivia to be better prepared to face adverse shocks.** By lowering the expected volatility of inflation and raising that of the real exchange rate, a more flexible exchange rate regime combined with an announced commitment to price stability should help induce a gradual increase in confidence in the local currency. However, as long as the economy remains highly dollarized, the exchange rate will remain the key transmission channel for monetary policy. In a first stage, the conditions for moving toward greater flexibility could be put in place, including a more systematic emphasis by the central bank—and a building up of its technical capacity—on inflation and inflation forecasts, as well as increased central bank

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<sup>20</sup> However, this would need to take into account the public’s acute sensitivity to actions perceived as restricting the scope for holding dollar assets. The central bank’s announcement of a moderate increase (from 0.3 percent to 0.8 percent) in October 2002 raised strong public concerns and misperceptions that finally forced the central bank to reconsider its measure.

visibility and transparency, and engaging in some policy debate on the desirability of a change in the exchange rate regime.

### III. FINANCIAL AND CORPORATE SECTOR STRATEGY<sup>21</sup>

38. **This section briefly summarizes the main components of the authorities' strategy to strengthen the financial and corporate sectors**, in view of the significant vulnerabilities of these sectors that have been under continued stress for several years.

39. **After a notable strengthening of financial regulation and supervisory practices during the 1990s, prudential norms were relaxed since 2000**, through several presidential decrees and legal changes. While the financial system vulnerabilities have increased after several years of financial disintermediation and economic stagnation, government sponsored debt-restructuring programs have reduced provisioning requirements and increased the banks' capital at risk.

40. **Against this background, significant steps have been taken in the first half of 2003 to ensure regulatory independence, and clearly and efficiently allocate the powers to regulate on prudential matters.** Together with a reorganization of the Executive Branch in March, the supreme decree 27026 issued on May 6, 2003 regulates the System of Financial Regulation (SIREFI), by: (i) providing the Banking Superintendency (SBEF) with the authority to control and supervise financial institutions to and defining the roles of the other two sectoral superintendencies; (ii) establishing an accountability framework for greater transparency of oversight activities; and (iii) clarifying the relationship between the Ministry of Finance and the SIREFI.

41. **Prompt corrective action and resolution mechanisms that were introduced by law in December 2001 have been implemented** through SBEF regulations issued on May 9, 2003, once the decree 27026 had clarified its mandate.<sup>22</sup> Also, on April 30, 2003, the SBEF issued a manual of internal procedures on these matters, including solution mechanisms and forced liquidation (Art 120 of the Banking Law). Moreover, the central bank issued regulations on April 29, 2003, which clarify the basis for liquidity support to banks, including those undergoing a regularization process.

42. **The new prudential tools have been put into practice, as a small savings and loans institution was intervened** on May 8, 2003, and its deposits were successfully transferred quickly to another institution without significant disruption to normal banking

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<sup>21</sup> Prepared by S. Cueva.

<sup>22</sup> Circulars implementing intervention mechanisms (Article 120 of the Banking Law) were issued previously. One of the triggers for the introduction of regularization plans— Art. 112 a) of Banking Law, referring to a 30 to 50 percent reduction in tier 1 capital during a 12-month period—has not been regulated, as the Banking Superintendency considers that legal ambiguities in the drafting of the Banking Law would require specific legal changes.

activities. This operation was managed by the recently formed high-level management team, reflecting better coordination and an enhanced ability to handle banking problems.

43. **By end-March 2003, financial institutions were required to constitute the full provisioning requirements in line with prudential regulations.** This ended the previous transitional arrangement that included a schedule for gradually building up provisioning requirements.

44. **A high level team was recently appointed to oversee the overall strategy for the financial and corporate sectors,** including (i) an assessment of the solvency situation of individual financial institutions; (ii) a discussion of alternatives in case of potential bank failures, including options for the legal framework; (iii) the setup of a database for the corporate sector that would help provide a diagnostic of the potential impact of corporate workouts on banks; and (iv) the development of a framework for the use of public funds for bank restructuring and corporate workouts. The team is benefiting from World Bank technical assistance.

45. **Draft laws on corporate bankruptcy and informal debt workout mechanisms were submitted to congress on April 30, 2003.** The laws would shift most proceedings for the bankruptcy and workout mechanisms from the judicial to the administrative sphere, where the process is expected to be more efficient. However, dissenting creditors whose property rights would be affected could challenge the constitutionality of such a shift, which could undermine the restructuring agreements. The authorities intend to address legal and political risks in the near term, as well as some shortcomings, after analyzing the consistency of the current draft with other Bolivian legislation. The drafts may then be modified, possibly by framing the laws within the existing Commercial Code. The aim is to ensure a faster passage of the legislation, minimize the risk of legal challenge, and facilitate the application of the restructuring procedures.

46. **Further steps for the corporate sector strategy** include: (i) plans for strengthening the judicial system's ability to handle the intricacies of bankruptcy proceedings that typically deal with complex financial, commercial, and accounting matters in addition to legal issues. Plans include the establishment of specialized courts, as well as an advisory team that would provide appropriate legal, technical, accounting, and economic advice for court rulings; (ii) the issuance of the relevant regulations once the draft laws are approved; (iii) the setup of the needed administrative bodies, including the strengthening of the Superintendency of Enterprises, to implement the corporate restructuring strategy; and (iv) incentives to enhance the ability of both the financial sector institutions and the corporate sector to analyze and develop corporate restructuring issues and to implement the new legal framework.

Table 1. Bolivia: Macroeconomic Flows

	1998	1999	2000	2001	2002
(Annual percentage growth, at constant 1990 prices)					
Real GDP growth	5.0	0.4	2.3	1.5	2.8
Private consumption per capita	2.8	0.3	0.3	-0.6	-0.8
GDP deflator	7.1	2.4	5.3	0.7	2.7
Consumer prices (end-of-period)	4.4	3.1	3.4	0.9	2.4
Consumer prices (period average)	7.7	2.2	4.6	1.6	0.9
(Percent of GDP)					
I. Balance of Payments					
Current account 1/	-7.8	-5.9	-5.3	-3.4	-4.3
Net exports of goods and services	15.9	15.8	17.5	18.9	19.8
Net income	-1.9	-2.0	-1.9	-2.0	-2.1
Transfers	4.0	4.6	4.6	4.9	4.7
Capital and financial account	9.3	6.2	4.9	3.2	0.6
Net disbursements to nonfinancial public sector	2.5	1.8	1.8	2.9	4.8
Foreign direct investment	11.2	12.2	8.3	8.3	8.4
Commercial banks	1.8	-1.7	-3.2	-4.6	0.8
Other	-6.2	-6.1	-2.1	-3.4	-13.4
Change in net international reserves (increase -)	-1.5	-0.5	0.3	0.4	3.5
II. Combined Public Sector					
Public sector savings before grants	0.3	1.0	0.6	-1.0	-2.7
<i>Of which:</i> general government	0.0	0.6	-0.2	-2.1	-3.4
pension balance	-4.0	-4.1	-4.5	-4.8	-5.0
public enterprises	-0.6	-0.3	0.0	0.3	0.1
Official grants	1.4	1.8	2.2	2.5	2.3
Capital expenditure	7.0	7.1	7.1	8.5	8.5
Overall deficit	-4.7	-3.5	-3.7	-6.9	-8.9
Net foreign financing	2.7	1.9	2.0	3.1	6.1
Net domestic financing	1.9	1.6	1.8	3.9	2.8
III. Savings and Investment					
Investment	25.4	20.9	20.2	16.9	17.9
Nonfinancial public sector	7.0	7.1	7.1	8.5	8.5
Private sector	17.9	14.1	12.7	8.7	10.5
Stockbuilding	0.5	-0.3	0.4	-0.3	-1.1
Savings	23.6	18.8	18.3	14.2	14.7
External savings	7.8	5.9	5.3	3.4	4.3
National savings	15.8	12.9	13.0	10.8	10.4
Public	1.7	2.9	2.8	1.4	-0.4
Private	14.1	10.0	10.2	9.4	10.8

Sources: Central Bank of Bolivia; Ministry of Finance; National Bureau of Statistics; and Fund staff estimates.

1/ Includes assistance under HIPC Initiative, previously treated as exceptional financing.



Table 2. Bolivia: Aggregate Supply and Demand

	1998	1999	2000	2001	2002
I. Annual Percentage Change					
(At current prices)					
Aggregate supply	15.2	-1.3	7.9	0.7	6.7
GDP at market prices	12.4	2.8	7.7	2.2	5.5
Imports 1/	24.8	-13.9	8.2	-4.9	11.3
Domestic demand	17.3	0.6	6.8	-1.2	4.7
Consumption	13.3	5.6	7.2	2.6	4.0
Fixed capital formation	37.2	-15.2	1.0	-17.3	15.6
Stockbuilding 2/	0.5	-0.3	0.4	-0.3	-1.1
Exports 1/	4.9	-11.9	14.4	12.2	17.5
Implicit GDP deflator	7.1	2.4	5.3	0.7	2.7
(At 1990 prices)					
Aggregate supply	8.9	0.4	3.2	0.1	3.8
GDP at market prices	5.0	0.4	2.3	1.5	2.8
Imports 1/	22.3	-17.1	6.4	-4.8	7.7
Domestic demand	9.5	-2.0	1.2	-2.5	1.6
Consumption	5.1	2.8	2.6	1.8	1.7
Fixed capital formation	29.2	-15.3	-8.9	-19.7	10.9
Stockbuilding 2/	0.8	-0.2	0.5	-0.3	-1.7
Exports 1/	6.5	-12.8	12.9	11.4	12.4
II. Percent of Nominal GDP					
Aggregate supply	132.6	127.3	127.4	125.5	126.9
Imports 1/	32.6	27.3	27.4	25.5	26.9
Domestic demand	112.9	110.4	109.5	105.8	105.0
Consumption	89.3	91.6	91.2	91.6	90.2
Fixed capital formation	23.2	19.1	17.9	14.5	15.9
Stockbuilding 2/	0.5	-0.3	0.4	-0.3	-1.1
Exports 1/	19.7	16.9	17.9	19.7	21.9

Source: National Bureau of Statistics.

1/ Goods and services. Based on balance of payments data from the Central Bank of Bolivia.

2/ Change in percent of GDP in the preceding year.

Table 3. Bolivia: Growth Rates of Selected Economic Aggregates  
(Annual percentage change)

	1998	1999	2000	2001	2002
Real GDP (at market prices)	5.0	0.4	2.3	1.5	2.8
<b>Real GDP (at producer prices)</b>	<b>4.5</b>	<b>1.5</b>	<b>2.1</b>	<b>1.5</b>	<b>2.8</b>
Primary sector	-0.5	-0.4	4.2	1.7	1.8
Mining production 1/	5.6	-4.6	6.4	-1.4	3.6
Agricultural production	-4.4	2.5	2.7	3.8	0.6
Secondary sector 2/	8.3	-1.4	0.2	0.5	4.1
Tertiary sector	5.5	3.8	1.8	1.9	2.7
Consumer prices (annual average)	7.7	2.2	4.6	1.6	0.9
GDP deflator (annual average)	7.1	2.4	5.3	0.7	2.7

Source: National Bureau of Statistics (INE).

1/ Includes petroleum and natural gas.

2/ Manufacturing and construction.

Table 4. Bolivia: Gross Domestic Product by Expenditure

	1998	1999	2000	2001	2002
(In millions of bolivianos at 1990 prices)					
<b>Total domestic demand</b>	<b>23,606</b>	<b>23,138</b>	<b>23,406</b>	<b>22,814</b>	<b>23,173</b>
Consumption expenditures	18,349	18,867	19,363	19,717	20,061
General government	2,415	2,492	2,545	2,609	2,696
Private sector	15,935	16,375	16,818	17,108	17,365
Gross domestic investment	5,257	4,270	4,043	3,097	3,112
Fixed capital formation	5,088	4,311	3,928	3,155	3,500
Public sector	1,155	1,129	1,133	1,256	1,185
Private sector	3,933	3,182	2,794	1,899	2,315
Stockbuilding	169	-40	116	-58	-387
<b>External balance</b>	<b>-1,889</b>	<b>-1,328</b>	<b>-1,101</b>	<b>-172</b>	<b>93</b>
Exports of goods and services	5,475	4,774	5,390	6,005	6,747
Imports of goods and services	7,364	6,102	6,490	6,177	6,655
<b>GDP at market prices</b>	<b>21,717</b>	<b>21,809</b>	<b>22,306</b>	<b>22,642</b>	<b>23,266</b>
(In millions of bolivianos at current prices)					
<b>Total domestic demand</b>	<b>52,855</b>	<b>53,168</b>	<b>56,805</b>	<b>56,099</b>	<b>58,722</b>
Consumption expenditures	41,802	44,128	47,302	48,547	50,478
General government	6,658	7,126	7,595	8,071	8,638
Private sector	35,144	37,002	39,706	40,475	41,840
Gross domestic investment	11,053	9,040	9,503	7,552	8,244
Fixed capital formation	10,841	9,197	9,290	7,687	8,885
Public sector	2,462	2,408	2,681	3,061	3,008
Private sector	8,379	6,789	6,609	4,626	5,878
Stockbuilding	212	-157	213	-135	-642
<b>External balance</b>	<b>-6,032</b>	<b>-5,011</b>	<b>-4,921</b>	<b>-3,088</b>	<b>-2,789</b>
Exports of goods and services	9,223	8,129	9,301	10,436	12,264
Imports of goods and services	15,256	13,141	14,222	13,525	15,052
<b>GDP at market prices</b>	<b>46,822</b>	<b>48,156</b>	<b>51,884</b>	<b>53,010</b>	<b>55,933</b>
(In percent of nominal GDP)					
<b>Total domestic demand</b>	<b>112.9</b>	<b>110.4</b>	<b>109.5</b>	<b>105.8</b>	<b>105.0</b>
Consumption expenditures	89.3	91.6	91.2	91.6	90.2
General government	14.2	14.8	14.6	15.2	15.4
Private sector	75.1	76.8	76.5	76.4	74.8
Gross domestic investment	23.6	18.8	18.3	14.2	14.7
Fixed capital formation	23.2	19.1	17.9	14.5	15.9
Public sector	5.3	5.0	5.2	5.8	5.4
Private sector	17.9	14.1	12.7	8.7	10.5
Stockbuilding	0.5	-0.3	0.4	-0.3	-1.1
<b>External balance</b>	<b>-5.9</b>	<b>-4.3</b>	<b>-3.4</b>	<b>-0.5</b>	<b>0.3</b>
Exports of goods and services	17.2	15.3	16.4	18.4	19.6
Imports of goods and services	23.2	19.5	19.8	19.0	19.4
<b>GDP at market prices</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: National Bureau of Statistics (INE).

Table 5. Bolivia: Gross Domestic Product by Sector of Origin

	1998	1999	2000	2001	2002
(In millions of bolivianos at 1990 prices)					
<b>GDP at producer prices</b>	<b>19,747</b>	<b>20,045</b>	<b>20,462</b>	<b>20,777</b>	<b>21,350</b>
Primary sector	5,109	5,088	5,301	5,391	5,487
Agriculture, forestry, and fishing	2,996	3,071	3,155	3,276	3,296
Mining and hydrocarbons	2,113	2,017	2,146	2,115	2,191
Minerals	1,092	1,039	1,049	999	1,002
Petroleum and gas	1,021	978	1,096	1,116	1,189
Secondary sector	4,515	4,452	4,462	4,482	4,667
Manufacturing	3,530	3,633	3,699	3,766	3,849
Construction	985	819	763	716	819
Services sector	10,123	10,505	10,699	10,904	11,195
Transport and communication	2,349	2,331	2,389	2,438	2,562
Commerce	1,823	1,820	1,871	1,902	1,937
Finance	2,791	3,161	3,145	3,151	3,103
General government	1,948	1,991	2,024	2,075	2,140
Other	1,212	1,201	1,271	1,338	1,453
(Annual percentage change)					
<b>GDP at producer prices</b>	<b>4.5</b>	<b>1.5</b>	<b>2.1</b>	<b>1.5</b>	<b>2.8</b>
Primary sector	-0.5	-0.4	4.2	1.7	1.8
Agriculture, forestry, and fishing	-4.4	2.5	2.7	3.8	0.6
Mining and hydrocarbons	5.6	-4.6	6.4	-1.4	3.6
Minerals	-0.5	-4.8	1.0	-4.8	0.3
Petroleum and gas	12.9	-4.3	12.2	1.8	6.5
Secondary sector	8.3	-1.4	0.2	0.5	4.1
Manufacturing	2.5	2.9	1.8	1.8	2.2
Construction	35.7	-16.8	-6.9	-6.1	14.3
Services sector	5.5	3.8	1.8	1.9	2.7
Transport and communication	7.0	-0.8	2.5	2.1	5.1
Commerce	1.6	-0.2	2.8	1.7	1.8
Finance	12.5	13.3	-0.5	0.2	-1.5
General government	3.7	2.2	1.6	2.5	3.2
Other	-2.7	-0.9	5.8	5.3	8.6
(In percent of real GDP)					
<b>GDP at producer prices</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Primary sector	25.9	25.4	25.9	25.9	25.7
Agriculture, forestry, and fishing	15.2	15.3	15.4	15.8	15.4
Mining and hydrocarbons	10.7	10.1	10.5	10.2	10.3
Minerals	5.5	5.2	5.1	4.8	4.7
Petroleum and gas	5.2	4.9	5.4	5.4	5.6
Secondary sector	22.9	22.2	21.8	21.6	21.9
Manufacturing	17.9	18.1	18.1	18.1	18.0
Construction	5.0	4.1	3.7	3.4	3.8
Services sector	51.3	52.4	52.3	52.5	52.4
Transport and communication	11.9	11.6	11.7	11.7	12.0
Commerce	9.2	9.1	9.1	9.2	9.1
Finance	14.1	15.8	15.4	15.2	14.5
General government	9.9	9.9	9.9	10.0	10.0
Other	6.1	6.0	6.2	6.4	6.8

Source: National Bureau of Statistics (INE).

Table 6. Bolivia: Indices of Output of Major Agricultural Crops  
(Annual percentage change)

	1998	1999	2000	2001	2002 1/
<b>Total</b>	<b>-2.10</b>	<b>0.75</b>	<b>3.28</b>	<b>4.44</b>	<b>-0.02</b>
Coffee	0.05	6.78	2.84	-13.03	1.77
Wheat	-18.64	-28.24	10.44	9.27	-12.08
Soybeans	9.09	-8.01	12.35	-0.39	0.36
Corn	-45.84	72.39	3.11	11.03	-0.45
Sugar cane	-5.07	-10.41	1.11	33.30	5.29
Rice	16.07	-13.44	16.47	11.15	-21.94

Source: National Bureau of Statistics (INE).

1/ Preliminary.

Table 7. Bolivia: Volume of Mining Production

	1998	1999	2000	2001	2002
(Index 1990=100)					
<b>Total</b>	<b>136.6</b>	<b>127.2</b>	<b>129.1</b>	<b>126.1</b>	<b>126.4</b>
COMIBOL	31.6	41.4	9.1	0.0	0.0
Medium-sized private mines	209.6	190.0	209.0	226.1	229.1
Small private mines 1/	125.6	114.9	120.5	99.0	96.5
(Percentage change)					
<b>Total</b>	<b>-0.5</b>	<b>-6.8</b>	<b>1.4</b>	<b>-2.3</b>	<b>0.3</b>
COMIBOL	-5.9	30.9	-78.0	0.0	0.0
Medium-sized private mines	5.4	-9.4	10.0	8.2	1.3
Small private mines 1/	-9.1	-8.5	4.8	-17.8	-2.5
<b>Memorandum items:</b>					
Value of mining production					
In millions of U.S. dollars	359.2	329.7	346.3	290.5	275.5
Percent change	-15.7	-8.2	5.0	-16.1	-5.2

Source: National Bureau of Statistics (INE).

1/ Includes cooperatives.

Table 8. Bolivia: Mining Reserves and Production

	1998	1999	2000	2001	2002
(In metric tons of fine metal content)					
All mines					
Tin	11,308	12,417	12,503	12,039	13,210
Lead	13,848	10,153	9,523	9,090	9,268
Antimony	4,735	2,790	1,907	2,072	2,343
Tungsten	627	421	495	671	474
Zinc	152,110	146,144	149,134	141,983	141,708
Copper	48	250	110	18	120
Silver	404	423	434	410	461
Gold 1/	14,445	11,782	12,000	12,374	11,269
COMIBOL					
Tin	3,455	4,585	955	0	0
(In percent)					
COMIBOL's share					
Tin	30.6	36.9	7.6	0.0	0.0

Source: National Bureau of Statistics (INE).

1/ Production in kilograms.

Table 9. Bolivia: Production, Consumption, and Exports of Petroleum and Natural Gas

	1998	1999	2000	2001	2002
(In thousands of barrels)					
Petroleum 1/					
Production	12,628	10,680	10,106	11,424	11,337
YPFB	37	0	0	0	0
Private companies	5,514	5,147	5,057	5,927	5,752
Capitalized companies	7,077	5,533	5,049	5,497	5,585
Consumption	10,382	8,996	8,835	9,724	9,008
Exports 2/	2,246	1,684	1,271	1,700	2,329
(In millions of cubic feet)					
Natural gas					
Net production 3/	109,674	92,232	127,044	186,276	226,740
YPFB	5	0	0	0	0
Private companies	36,514	28,473	51,133	92,692	120,695
Capitalized companies	73,155	63,759	75,911	93,584	106,045
Consumption	53,344	53,928	82,558	106,182	126,894
Domestic sales	5,101	4,260	5,868	9,604	11,073
Other 4/	48,243	49,668	76,690	96,578	115,821
Exports	56,330	38,304	41,173	75,476	85,579
(In thousands of barrels) 5/					
Total					
Production	32,161	27,107	32,733	44,600	51,719
Consumption 5/	19,883	18,601	24,129	29,457	34,149
Exports	12,278	8,506	8,604	15,142	17,571
(Percentage change)					
Total production	7.2	-15.7	20.8	36.3	16.0
Petroleum	14.6	-15.4	-5.4	13.0	-0.8
Natural gas	3.0	-15.9	37.7	46.6	21.7
Total consumption	7.9	-6.4	29.7	22.1	15.9
Petroleum	8.8	-13.4	-1.8	10.1	-7.4
Natural gas	6.9	1.1	53.1	28.6	19.5
(In percent of total production of petroleum and natural gas)					
Production	100.0	100.0	100.0	100.0	100.0
Petroleum	39.3	39.4	30.9	25.6	21.9
Natural gas	60.7	60.6	69.1	74.4	78.1
Consumption	61.8	68.6	73.7	66.0	66.0
Petroleum	32.3	33.2	27.0	21.8	17.4
Natural gas	29.5	35.4	46.7	44.2	48.6
Exports	38.2	31.4	26.3	34.0	34.0
Petroleum	7.0	6.2	3.9	3.8	4.5
Natural gas	31.2	25.2	22.4	30.1	29.5

Source: Bolivian Petroleum Corporation (YPFB); and National Bureau of Statistics (INE).

1/ Excludes liquid petroleum gas.

2/ Export data do not include exports of liquids produced from gas and also differ from trade statistics in timing.

3/ Excludes gas injected into wells, gas flared, and other losses.

4/ Gas converted into barrels of oil equivalent at 1,000 cubic feet = 0.178100 barrels.

5/ Includes gas used in the production of liquid petroleum gas and domestic consumption.



Table 10. Bolivia: Investment in Petroleum Exploration

(In millions of U.S. dollars)

	1998	1999	2000	2001	2002(p)
Total investment	374	372	344	169	104
Number of foreign firms involved in exploration	21	16	11	9	9

Source: Bolivian Petroleum Corporation (YPFB).

Table 11. Bolivia: Nominal and Real Retail Prices of Petroleum Products

	Gasoline	Diesel Oil	Fuel Oil	Kerosene	Jet Fuel
(In current bolivianos per liter)					
<b>December</b>					
1998	2.38	2.29	1.52	1.09	1.14
1999	2.91	2.98	1.98	1.60	1.66
<b>2000</b>					
March	3.09	3.05	2.03	1.87	1.94
June	3.24	3.02	2.22	1.89	1.97
September	3.31	3.12	2.43	2.10	2.21
December	3.31	3.12	2.56	2.40	2.47
<b>2001</b>					
March	3.31	3.12	2.52	2.16	2.42
June	3.31	3.12	2.46	2.10	2.17
September	3.31	3.12	2.36	2.08	2.14
December	3.31	3.12	2.25	1.80	1.86
<b>2002</b>					
March	3.31	3.12	2.17	1.74	1.80
June	3.31	3.12	2.55	1.95	2.01
September	3.31	3.12	2.75	2.23	2.40
December	3.31	3.12	2.92	2.32	2.56
<b>2003</b>					
March	3.31	3.12	2.92	2.32	2.56
(In constant 1990 bolivianos per liter) 1/					
<b>December</b>					
1998	1.16	1.12	0.74	0.53	0.56
1999	1.38	1.41	0.94	0.76	0.79
<b>2000</b>					
March	1.31	1.29	0.86	0.79	0.82
June	1.38	1.28	0.94	0.80	0.84
September	1.37	1.29	1.00	0.87	0.91
December	1.38	1.30	1.07	1.00	1.03
<b>2001</b>					
March	1.38	1.30	1.05	0.90	1.01
June	1.37	1.29	1.02	0.87	0.90
September	1.37	1.29	0.97	0.86	0.88
December	1.37	1.29	0.93	0.74	0.77
<b>2002</b>					
March	1.37	1.29	0.90	0.72	0.74
June	1.37	1.29	1.05	0.81	0.83
September	1.35	1.27	1.12	0.91	0.98
December	1.33	1.26	1.18	0.94	1.03
<b>2003</b>					
March	1.33	1.25	1.17	0.93	1.03

Source: Bolivian Petroleum Corporation (YPFB).

1/ Current price deflated by CPI index.

Table 12. Bolivia: Indices of Manufacturing Output

	1998	1999	2000	2001	2002
	(Index 1990=100)				
<b>Overall index</b>	<b>143.4</b>	<b>145.1</b>	<b>145.7</b>	<b>144.6</b>	<b>144.9</b>
By product					
Food	130.3	138.5	148.4	153.9	158.3
Beverages	199.9	183.5	172.3	165.5	170.8
Tobacco	142.9	137.6	137.3	154.0	150.4
Textiles	123.9	106.9	115.4	91.2	86.1
Garments	253.6	239.3	247.9	295.4	253.6
Leather products	124.7	132.5	132.7	116.6	129.8
Footwear	214.9	186.3	181.6	122.2	113.8
Wood products	103.4	97.5	114.8	109.1	107.4
Printing and publishing	132.7	185.7	194.2	177.5	167.4
Industrial chemicals	166.9	196.6	188.1	185.2	186.1
Other chemicals	333.2	333.8	309.9	334.1	299.4
Petroleum and coal derivatives	120.9	117.6	109.0	104.8	107.8
Plastic products	237.4	279.6	264.0	281.9	245.3
Glass products	166.1	137.6	152.2	106.5	127.6
Nonmetallic minerals	168.3	177.3	148.0	133.0	136.4
Nonferrous metals	86.8	89.3	92.8	81.1	84.6
Metallic products	135.1	127.5	101.1	97.5	81.9
Other	175.1	169.1	168.6	163.4	173.6
<b>By use</b>	<b>143.4</b>	<b>145.1</b>	<b>145.7</b>	<b>144.6</b>	<b>144.9</b>
Nondurable consumer goods	148.9	151.5	152.2	152.3	152.4
Intermediate goods	114.8	112.9	115.7	108.8	112.2
Consumer durables	125.2	116.4	99.7	92.0	81.9
	(Annual percentage change)				
<b>Overall index</b>	<b>3.3</b>	<b>1.2</b>	<b>0.4</b>	<b>-0.8</b>	<b>0.2</b>
By product					
Food	2.4	6.4	7.1	3.7	2.8
Beverages	15.3	-8.2	-6.1	-4.0	3.3
Tobacco	-4.4	-3.7	-0.2	12.1	-2.4
Textiles	-6.0	-13.7	8.0	-21.0	-5.6
Garments	0.5	-5.6	3.6	19.2	-14.2
Leather products	16.4	6.3	0.1	-12.1	11.3
Footwear	-0.6	-13.3	-2.5	-32.7	-6.9
Wood products	-2.1	-5.7	17.7	-5.0	-1.6
Printing and publishing	24.3	39.9	4.6	-8.6	-5.7
Industrial chemicals	13.9	17.8	-4.4	-1.5	0.5
Other chemicals	-1.3	0.2	-7.2	7.8	-10.4
Petroleum and coal derivatives	1.7	-2.8	-7.3	-3.9	2.9
Plastic products	0.4	17.8	-5.6	6.8	-13.0
Glass products	10.1	-17.2	10.7	-30.0	19.8
Nonmetallic minerals	6.2	5.4	-16.6	-10.1	2.5
Nonferrous metals	-21.9	2.9	4.0	-12.6	4.3
Metallic products	0.8	-5.7	-20.7	-3.6	-16.0
Other	-6.8	-3.4	-0.3	-3.1	6.3
<b>By use</b>	<b>3.3</b>	<b>1.2</b>	<b>0.4</b>	<b>-0.8</b>	<b>0.2</b>
Nondurable consumer goods	4.6	1.8	0.4	0.1	0.0
Intermediate goods	-5.2	-1.6	2.5	-6.0	3.1
Consumer durables	2.1	-7.1	-14.4	-7.6	-11.0

Source: National Bureau of Statistics (INE).

Table 13. Bolivia: Generation and Consumption of Electricity

(In gigawatt hours, GWH)

	1998	1999	2000	2001	2002
Generation					
<b>Total</b>	<b>3,711.0</b>	<b>3,881.0</b>	<b>3,498.0</b>	<b>3,529.1</b>	<b>3,695.0</b>
Hydroelectric plants	1,530.0	1,751.0	1,898.0	2,106.1	2,181.7
Thermoelectric plants	2,181.0	2,130.0	1,600.0	1,423.0	1,513.3
Consumption					
<b>Total</b>	<b>3,106.6</b>	<b>3,263.7</b>	<b>3,223.4</b>	<b>3,218.1</b>	<b>3334.0</b>
Mining	338.2	362.9	280.9	286.4	297.0
Industry	889.3	913.7	909.8	874.4	899.0
Residential	1,251.0	1,320.7	1,351.5	1,359.1	1,401.0
Commercial	575.5	612.9	609.8	621.1	659.0
Other	52.6	53.5	71.4	77.1	78.0

Source: National Bureau of Statistics (INE).

Table 14. Bolivia: Consumer Prices 1/  
(Annual percentage change)

	1998	1999	2000	2001	2002
(Period average)					
<b>Total</b>	<b>7.7</b>	<b>2.2</b>	<b>4.6</b>	<b>1.6</b>	<b>0.9</b>
Food and beverages	5.5	-1.1	1.6	0.6	-0.9
Clothing and footwear	6.6	4.1	5.4	2.9	3.0
Housing	6.4	6.1	8.7	2.3	3.4
Household appliances	8.6	5.3	4.0	1.1	1.6
Health	8.2	7.9	7.3	1.7	2.8
Transport and communications	20.6	4.2	11.2	2.2	0.0
Education	8.2	6.8	6.5	4.8	4.0
Culture and entertainment	7.4	5.7	3.5	1.9	6.7
Other	5.9	4.1	6.8	3.4	2.1
(End of period)					
<b>Total</b>	<b>4.4</b>	<b>3.1</b>	<b>3.4</b>	<b>0.9</b>	<b>2.4</b>
Food and beverages	3.5	-1.1	1.6	-0.5	1.7
Clothing and footwear	6.0	4.8	3.5	3.3	3.2
Housing	2.8	9.2	5.4	1.9	4.8
Household appliances	7.8	4.1	3.4	0.6	1.8
Health	9.2	6.0	6.1	1.9	3.0
Transport and communications	3.2	11.2	6.2	0.4	0.8
Education	6.8	7.0	6.5	4.8	4.0
Culture and entertainment	6.8	4.4	2.3	4.1	8.1
Other	4.3	5.5	5.2	3.4	2.1

Source: National Bureau of Statistics (INE).

1/ Index for La Paz, Santa Cruz, Cochabamba, and El Alto.

Table 15. Bolivia: National Monthly Minimum Wage

	1998	1999	2000	2001	2002
(In bolivianos at current prices)					
Nominal minimum wage					
January	300	330	355	400	430
February	300	330	355	400	430
March	300	330	355	400	430
April	300	330	355	400	430
May	300	330	355	400	430
June	300	330	355	400	430
July	300	330	355	400	430
August	300	330	355	400	430
September	300	330	355	400	430
October	300	330	355	400	430
November	300	330	355	400	430
December	300	330	355	400	430
(In bolivianos at 1995 prices)					
Real minimum wage					
January	241.0	257.2	267.2	292.0	311.8
February	239.1	256.2	266.1	292.1	311.1
March	238.6	257.3	264.5	292.8	312.1
April	237.9	257.7	262.0	292.2	312.2
May	237.2	257.4	265.3	292.7	312.0
June	236.6	256.5	264.8	290.5	311.7
July	236.1	256.0	262.9	287.1	310.4
August	236.0	254.7	261.8	289.0	309.8
September	236.1	253.2	257.1	289.8	308.3
October	233.8	251.4	253.7	289.6	306.7
November	233.8	251.2	260.3	290.2	305.0
December	234.1	249.7	259.8	290.0	304.3
(Index 1995=100)					
Real minimum wage index					
January	117.5	125.3	130.2	142.3	151.9
February	116.5	124.8	129.7	142.4	151.6
March	116.3	125.4	128.9	142.7	152.1
April	115.9	125.6	127.7	142.4	152.1
May	115.6	125.4	129.3	142.6	152.1
June	115.3	125.0	129.0	141.6	151.9
July	115.0	124.7	128.1	139.9	151.3
August	115.0	124.1	127.6	140.8	150.9
September	115.1	123.4	125.3	141.2	150.3
October	113.9	122.5	123.6	141.1	149.4
November	113.9	122.4	126.9	141.4	148.6
December	114.1	121.7	126.6	141.3	148.3

Source: National Bureau of Statistics (INE).

Table 16. Bolivia: Private Sector Wages

	1998	1999	2000	2001	2002
(In bolivianos at current prices)					
National average	1,966	2,147	2,259	2,406	2,524
Mining	4,908	5,368	5,231	6,663	6,967
Manufacturing 1/	1,657	1,824	1,930	1,906	2,061
Construction	1,286	1,281	1,308	1,380	1,650
Commerce	1,741	1,908	1,887	2,043	2,008
Finance	3,798	4,546	4,819	5,108	5,059
Other services 2/	2,774	2,880	3,012	3,092	3,184
(In bolivianos at 1995 prices)					
National average	1,649	1,761	1,772	1,863	1,933
Mining	2,817	2,949	2,793	3,387	3,493
Manufacturing 1/	1,567	1,646	1,665	1,745	1,798
Construction	1,079	1,050	1,026	1,069	1,263
Commerce	1,315	1,385	1,379	1,502	1,572
Finance	3,186	3,726	3,779	3,955	3,871
Other services 2/	1,411	1,459	1,451	1,463	1,494
(Index 1995=100)					
National average	114.6	122.4	123.2	129.4	134.3
Mining	74.9	78.5	74.3	90.1	92.9
Manufacturing 1/	115.6	121.4	122.8	128.7	132.6
Construction	121.1	117.9	115.2	119.9	141.8
Commerce	113.6	119.7	119.2	129.8	135.8
Finance	92.5	117.0	101.4	104.6	97.9
Other services 2/	66.9	69.2	68.8	69.4	70.9

Source: National Bureau of Statistics (INE).

1/ Includes production and distribution of electricity, gas and water.

2/ Includes real estate, education, health and entertainment services.

Table 17. Bolivia: Urban Labor Force and Employment 1/

	1999	2000	2001	2002
(In thousands)				
Urban population	5,036	5,269	5,149	5,330
Labor force	2,174	2,260	2,357	2,320
Employed 2/	2,017	2,091	2,156	2,118
Unemployed 3/	157	169	200	202
(Annual percentage change)				
Urban population	...	0.7	-1.2	-0.1
Labor force	...	-0.3	2.9	-2.2
Employed	...	-0.4	2.2	-2.1
Unemployed	...	0.1	0.7	-0.1
(In percent)				
<b>Memorandum items:</b>				
Labor force participation rate	43.2	42.9	45.8	43.5
Unemployment rate 4/	40.1	39.7	41.9	39.7
Public sector employment 5/	6.8	7.4	7.5	6.9

Source: National Bureau of Statistics (INE).

1/ Data are derived from national employment surveys, covering urban centers with 10,000 or more inhabitants. No survey was conducted in 1998.

2/ Excludes underemployed persons working fewer than 40 hours weekly and/or who earn income lower than the cost of a basic basket of goods and services.

3/ Includes the underemployed.

4/ As a percentage of the labor force, including the underemployed.

5/ As a percentage of total employment.



Table 18. Bolivia: Urban Private Sector Employment by Sector 1/ 2/

	1999	2000	2001	2002
(In thousands)				
<b>Total employment</b>	<b>2,017</b>	<b>2,091</b>	<b>2,156</b>	<b>2,118</b>
Agriculture	75	100	245	142
Mining	17	36	24	25
Manufacturing	371	320	305	384
Utilities	218	211	189	194
Construction	177	217	165	172
Commerce	548	548	535	503
Transport and communications	173	144	166	162
Finance	18	21	20	18
Other services	421	496	506	518
(In percent of total)				
<b>Total employment</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Agriculture	3.7	4.8	11.4	6.7
Mining	0.9	1.7	1.1	1.2
Manufacturing	18.4	15.3	14.1	18.1
Utilities	10.8	10.1	8.8	9.2
Construction	8.8	10.4	7.7	8.1
Commerce	27.2	26.2	24.8	23.7
Transport and communications	8.6	6.9	7.7	7.6
Finance	0.9	1.0	0.9	0.9
Other services	20.9	23.7	23.5	24.5

Source: National Bureau of Statistics (INE).

1/ Includes urban centers with 10,000 or more inhabitants.

2/ No survey was conducted in 1998.

Table 19. Bolivia: Public Sector Employment

	1998	1999	2000	2001	2002
<b>Nonfinancial public sector</b>	<b>217,397</b>	<b>219,620</b>	<b>220,242</b>	<b>217,375</b>	<b>218,079</b>
<b>General government</b>	<b>211,658</b>	<b>216,056</b>	<b>218,032</b>	<b>215,210</b>	<b>215,944</b>
Central administration	183,365	185,118	185,848	187,998	188,566
Decentralized institutions	850	681	792	882	885
Regional administration 1/	18,096	20,635	20,114	15,217	15,187
Social security	9,347	9,622	11,278	11,113	11,306
<b>Public enterprises</b>	<b>5,739</b>	<b>3,564</b>	<b>2,210</b>	<b>2,165</b>	<b>2,135</b>
COMIBOL	1,165	658	89	110	101
Other	4,574	2,906	2,121	2,055	2,034
<b>Financial public sector</b>	<b>453</b>	<b>477</b>	<b>477</b>	<b>464</b>	<b>464</b>

Source: System of Financial Administration and Control (SAFCO).

1/ Includes development corporations, municipalities, and departmental governments.

Table 20. Bolivia: Consolidated Operations of the Combined Public Sector  
(In millions of bolivianos)

	1998	1999	2000	2001	2002
<b>Revenue and grants</b>	<b>11,751</b>	<b>12,468</b>	<b>13,286</b>	<b>13,518</b>	<b>13,887</b>
Current revenue	10,780	11,195	11,830	12,140	12,589
Tax revenue 1/	9,230	8,967	9,694	9,619	10,079
Nontax revenue	1,160	1,744	1,470	1,662	1,528
Transfers 2/	346	433	415	423	618
Operating surplus of public enterprises 3/	-276	-149	9	173	81
Central bank operating balance (loss -)	321	199	243	262	282
Capital revenue 4/	313	389	298	78	19
Foreign grants 5/	657	884	1,157	1,301	1,279
<b>Expenditure</b>	<b>13,931</b>	<b>14,141</b>	<b>15,222</b>	<b>17,187</b>	<b>18,868</b>
Current expenditure	10,647	10,703	11,545	12,694	14,093
Wages and salaries 6/	3884	4123	4327	4672	5058
Goods and services	1396	1409	1387	1475	1670
Interest 7/	985	960	1182	1399	1471
Transfers 8/	2,832	2,591	2,938	3,349	3,517
Other	1,551	1,619	1,711	1,798	2,378
Capital expenditure	3284	3438	3677	4493	4775
<b>Overall balance (deficit -)</b>	<b>-2,180</b>	<b>-1,673</b>	<b>-1,936</b>	<b>-3,668</b>	<b>-4,981</b>
<b>Financing</b>	<b>2180</b>	<b>1673</b>	<b>1936</b>	<b>3668</b>	<b>4981</b>
<b>External financing</b>	<b>1278</b>	<b>924</b>	<b>1019</b>	<b>1618</b>	<b>3389</b>
Disbursements	1719	1511	1709	2403	4004
Amortization	-433	-645	-756	-780	-1380
HIPC relief from refinancing	14	92	99	58	123
Deposits abroad (increase -)	-22	-34	-33	-63	643
<b>Domestic financing</b>	<b>902</b>	<b>749</b>	<b>917</b>	<b>2,050</b>	<b>1,592</b>
Central bank	-280	-678	205	-270	935
Unofficial deposits (increase -)	19	267	17	-167	138
Bond financing	-202	292	204	1,838	-455
Other	1,366	867	491	649	974
Floating debt	510	91	-252	-136	22
Documents	159	-108	-2	173	3
Other	697	883	745	611	948
<b>Memorandum items:</b>					
GDP	46,822	48,156	51,884	53,010	55,933
Current account balance before grants (deficit -)	133	493	286	-554	-1,505
Current account balance after grants (deficit -)	791	1,377	1,443	746	-226
Total HIPC relief	147	495	789	744	744
Education expenditure	2,329	2,572	2,693	3,110	3,366
Health expenditure	1,345	1,372	1,469	1,640	1,693
Military expenditure 9/	1,142	1,055	1,087	1,287	1,327

Sources: Ministry of Finance; Central Bank; and Fund staff estimates.

1/ Includes taxes paid by public enterprises.

2/ Comprises social security contributions paid by the private sector and public enterprises.

3/ Operating expenditures exclude interest.

4/ Following program accounting conventions, loan repayments are excluded.

5/ Includes HIPC relief in the form of grants.

6/ Includes payments to war veterans and severance payments.

7/ Includes HIPC relief from stock of debt reductions and interest of public enterprises for 1998-2000.

8/ Includes pension payments.

9/ Includes military spending not recorded in the public sector accounts.

Table 21. Bolivia: Operations of the General Government  
(In millions of bolivianos)

	1998	1999	2000	2001	2002
<b>Revenue and grants</b>	11,757	12,499	13,054	13,080	13,558
Current revenue	10,390	10,712	11,165	11,283	11,610
Tax revenue 1/	9,230	8,967	9,694	9,619	10,079
Domestic taxes	8,510	8,334	9,040	9,054	9,491
Custom duties	720	633	654	566	588
Nontax revenue	1,160	1,744	1,471	1,664	1,531
Current transfers 2/	409	545	451	435	646
Public enterprises	63	111	36	12	28
Private sector	346	433	415	423	618
Capital revenue	299	359	281	60	8
Capital transfers from public enterprises	2	0	0	1	14
Foreign grants	657	884	1,157	1,301	1,279
<b>Expenditure</b>	13,961	14,330	15,333	17,244	18,857
Current expenditure	10,791	10,982	11,721	12,835	14,156
Wages and salaries 3/	4,280	4,430	4,653	4,972	5,342
Goods and services	1,396	1,409	1,387	1,475	1,670
Interest 4/	959	936	1,138	1,365	1,439
Transfers	3,003	2,895	3,157	3,523	3,609
Public enterprises	171	304	219	174	92
Private sector	2,832	2,591	2,938	3,349	3,517
Other	1,153	1,312	1,386	1,501	2,097
Capital expenditure	3,170	3,348	3,612	4,409	4,701
Fixed capital formation	3,129	3,330	3,590	4,402	4,686
Transfers to public enterprises	41	18	22	7	15
<b>Current account balance after grants</b>	666	1,158	1,052	184	-620
<b>Overall balance</b>	-2,203	-1,831	-2,278	-4,164	-5,299
<b>Financing</b>	2,203	1,831	2,278	4,164	5,299
<b>External financing</b>	1,245	890	1,002	1,604	3,448
Disbursements	1,675	1,465	1,672	2,370	3,989
Amortization	-423	-633	-736	-761	-1,307
HIPC relief from refinancing	14	92	99	58	825
Deposits abroad (increase -)	-22	-34	-33	-63	-59
<b>Domestic financing</b>	959	942	1,277	2,560	1,851
Central bank	-410	-465	71	-81	616
Bond financing	-202	292	204	1,838	-455
Unofficial deposits	-2	139	44	-165	134
Other	1,572	976	958	968	1,556
Floating debt	398	22	-79	-80	63
Documents	159	-108	-2	173	3
Other	1,016	1,061	1,040	875	1,489

Sources: Ministry of Finance; Central Bank; and Fund staff estimates.

1/ Includes taxes paid by public enterprises.

2/ Comprises social security contributions paid by the private sector and public enterprises.

3/ Includes payments to war veterans and severance payments.

4/ Interest on external debt on a payment-due basis.

Table 22. Bolivia: General Government Revenue and Grants

	1998	1999	2000	2001	2002
(In millions of bolivianos)					
<b>Revenue and grants</b>	11,757	12,499	13,054	13,080	13,558
Tax revenue	9,230	8,967	9,694	9,619	10,079
Hydrocarbon revenue 1/	2,542	2,530	2,651	2,719	2,611
Other tax revenue	6,688	6,437	7,043	6,900	7,469
Domestic taxes	5,968	5,804	6,389	6,335	6,881
Direct taxes	1,611	1,789	1,937	1,783	1,839
Corporate income tax	970	1,028	1,098	1,034	1,059
Complementary value added	210	200	254	230	201
Property tax	431	562	585	519	580
Personal (IRPB)	424	560	575	516	579
Corporate (IRPE)	6	2	11	2	1
Mining royalties	48	43	49	41	48
Indirect taxes	4,310	3,972	4,403	4,511	4,993
Value added	2,813	2,628	2,890	3,035	3,413
Domestic 2/	1,182	1,162	1,287	1,555	1,687
Imports	1,632	1,467	1,603	1,481	1,726
Excise taxes	624	466	536	456	392
Beer	191	154	184	178	154
Automobiles	257	168	185	114	98
Other	176	144	167	164	140
Transactions tax 3/	775	810	942	989	1,103
Other	98	68	35	30	86
Customs duties	720	633	654	566	588
Nontax revenues	1,160	1,744	1,471	1,664	1,531
Current transfers 4/	409	545	451	435	646
Public enterprises	63	111	36	12	28
Private sector 5/	346	433	415	423	618
Capital revenue 4/	299	359	281	60	8
Capital transfers from public enterprises	2	0	0	1	14
Foreign grants	657	884	1,157	1,301	1,279

Table 22. Bolivia: General Government Revenue and Grants

	1998	1999	2000	2001	2002
	(In percent of GDP)				
<b>Revenue and grants</b>	<b>25.1</b>	<b>26.0</b>	<b>25.2</b>	<b>24.7</b>	<b>24.2</b>
Tax revenue	19.7	18.6	18.7	18.1	18.0
Hydrocarbon revenues 1/	5.4	5.3	5.1	5.1	4.7
Nonhydrocarbon	14.3	13.4	13.6	13.0	13.4
Domestic taxes	12.7	12.1	12.3	12.0	12.3
Direct taxes	3.4	3.7	3.7	3.4	3.3
Corporate income tax	2.1	2.1	2.1	2.0	1.9
Complementary value added	0.4	0.4	0.5	0.4	0.4
Property tax	0.9	1.2	1.1	1.0	1.0
Personal (IRPB)	0.9	1.2	1.1	1.0	1.0
Corporate (IRPE)	0.0	0.0	0.0	0.0	0.0
Mining royalties	0.1	0.1	0.1	0.1	0.1
Indirect taxes	9.2	8.2	8.5	8.5	8.9
Value added	6.0	5.5	5.6	5.7	6.1
Domestic 2/	2.5	2.4	2.5	2.9	3.0
Imports	3.5	3.0	3.1	2.8	3.1
Excise taxes	1.3	1.0	1.0	0.9	0.7
Beer	0.4	0.3	0.4	0.3	0.3
Automobiles	0.5	0.3	0.4	0.2	0.2
Other	0.4	0.3	0.3	0.3	0.2
Transactions tax 3/	1.7	1.7	1.8	1.9	2.0
Other	0.2	0.1	0.1	0.1	0.2
Customs duties	1.5	1.3	1.3	1.1	1.1
Nontax revenues	2.5	3.6	2.8	3.1	2.7
Current transfers 4/	0.9	1.1	0.9	0.8	1.2
Public enterprises	0.1	0.2	0.1	0.0	0.0
Private sector 5/	0.7	0.9	0.8	0.8	1.1
Capital revenue 4/	0.6	0.7	0.5	0.1	0.0
Capital transfers from public enterprises	0.0	0.0	0.0	0.0	0.0
Foreign grants	1.4	1.8	2.2	2.5	2.3

Sources: Ministry of Finance; and Fund staff estimates.

1/ Includes value-added and transactions taxes paid by the state oil company (YPFB).

2/ Includes all value-added tax paid by public enterprises (except YPFB).

3/ Includes all transaction taxes paid by public enterprises (except YPFB).

4/ Comprises social security contributions paid by the private sector and the public enterprises.

5/ Comprises social security contributions paid by the private sector and public enterprises.

Table 23. Bolivia: Operations of the Central Government

	1998	1999	2000	2001	2002
(In millions of bolivianos)					
<b>Revenue and grants</b>	<b>10,146</b>	<b>10,706</b>	<b>11,360</b>	<b>11,510</b>	<b>11,536</b>
Current revenue	9,153	9,511	9,813	10,265	9,925
Tax revenue	8,590	8,191	8,791	9,115	9,015
Domestic taxes 1/	7,865	7,556	8,133	8,544	8,415
Customs duties	725	636	658	571	600
Nontax revenue	562	1,320	1,022	1,150	910
Current transfers	43	111	88	43	186
Rest of general government	22	40	58	34	34
Public enterprises	21	69	23	0	12
Private sector	0	2	8	9	140
Capital transfers	116	78	135	126	147
Capital revenue	326	217	316	127	169
Foreign grants	509	789	1,007	950	1,109
<b>Expenditure</b>	<b>2,177</b>	<b>2,777</b>	<b>2,959</b>	<b>3,324</b>	<b>3,819</b>
Current expenditure	1,048	1,203	1,209	1,270	1,593
Wages and salaries	75	631	670	720	811
Goods and services	63	223	259	259	416
Interest	50	29	30	31	31
Transfers	200	82	96	124	182
Rest of general government	24	34	42	48	90
Public enterprises	143	0	0	0	0
Private sector	32	48	54	76	92
Other	660	237	154	136	153
Capital expenditure	1,129	1,575	1,750	2,054	2,226
Fixed capital formation	937	1,329	1,526	1,846	1,698
Other	49	29	19	18	8
Transfers	143	217	205	190	520
<b>Current account balance after grants</b>	<b>8,657</b>	<b>9,208</b>	<b>9,700</b>	<b>9,988</b>	<b>9,627</b>
<b>Overall balance</b>	<b>7,969</b>	<b>7,929</b>	<b>8,401</b>	<b>8,186</b>	<b>7,717</b>
(In percent of GDP)					
<b>Memorandum items:</b>					
Revenue and grants	21.7	22.2	21.9	21.7	20.6
Expenditure	4.6	5.8	5.7	6.3	6.8
Current	2.2	2.5	2.3	2.4	2.8
Capital	2.4	3.3	3.4	3.9	4.0
Overall balance	17.0	16.5	16.2	15.4	13.8

Sources: Ministry of Finance; Central Bank; and Fund staff estimates.

1/ Includes payments of value-added taxes and transactions taxes by YPFB.

Table 24. Bolivia: Operations of the Central Administration  
(In millions of bolivianos)

	1998	1999	2000	2001	2002
(In millions of bolivianos)					
<b>Revenue and grants</b>	<b>9,603</b>	<b>9,702</b>	<b>10,222</b>	<b>10,396</b>	<b>10,326</b>
Current revenue, excluding transfers	8,972	9,034	9,331	9,823	9,423
Tax revenue	8,590	8,191	8,791	9,115	9,015
Domestic taxes 1/	7,865	7,556	8,133	8,544	8,415
Custom duties	725	636	658	571	600
Nontax revenue	381	842	540	708	407
Current transfers	75	55	9	25	173
Rest of central government	68	2	2	18	12
Rest of general government	7	8	5	8	26
Public enterprises	0	44	3	0	3
Private sector	0	0	0	0	131
Capital transfers	4	0	0	0	0
Rest of central government	4	0	0	0	0
Capital revenue	278	190	273	59	49
Foreign grants	274	424	609	488	682
<b>Expenditure</b>	<b>10,273</b>	<b>10,328</b>	<b>11,678</b>	<b>13,108</b>	<b>13,929</b>
Current expenditure	10,032	10,044	11,098	12,434	12,889
Capital expenditure	241	284	581	674	1,040
<b>Overall balance</b>	<b>-670</b>	<b>-626</b>	<b>-1,457</b>	<b>-2,712</b>	<b>-3,602</b>
(In percent of GDP)					
<b>Revenue and grants</b>	<b>20.5</b>	<b>20.1</b>	<b>19.7</b>	<b>19.6</b>	<b>18.5</b>
Current revenue, excluding transfers	19.2	18.8	18.0	18.5	16.8
Tax revenue	18.3	17.0	16.9	17.2	16.1
Domestic taxes 1/	16.8	15.7	15.7	16.1	15.0
Custom duties	1.5	1.3	1.3	1.1	1.1
Nontax revenue	0.8	1.7	1.0	1.3	0.7
Current transfers	0.2	0.1	0.0	0.0	0.3
Rest of central government	0.1	0.0	0.0	0.0	0.0
Rest of general government	0.0	0.0	0.0	0.0	0.0
Public enterprises	0.0	0.1	0.0	0.0	0.0
Private sector	0.0	0.0	0.0	0.0	0.2
Capital transfers	0.0	0.0	0.0	0.0	0.0
Rest of central government	0.0	0.0	0.0	0.0	0.0
Capital revenue	0.6	0.4	0.5	0.1	0.1
Foreign grants	0.6	0.9	1.2	0.9	1.2
Rest of general government	0.2	0.2	0.2	0.7	1.3
Public enterprises	0.1	0.0	0.0	0.0	0.0
<b>Expenditure</b>	<b>21.9</b>	<b>21.4</b>	<b>22.5</b>	<b>24.7</b>	<b>24.9</b>
Current expenditure	21.4	20.9	21.4	23.5	23.0
Capital expenditure	0.5	0.6	1.1	1.3	1.9
<b>Overall balance</b>	<b>-1.4</b>	<b>-1.3</b>	<b>-2.8</b>	<b>-5.1</b>	<b>-6.4</b>

Sources: National Bureau of Statistics.

1/ Includes taxes paid by public enterprises.



Table 25. Bolivia: Central Administration Expenditure

	1998	1999	2000	2001	2002
(In millions of bolivianos)					
<b>Expenditure</b>	<b>10,273</b>	<b>10,328</b>	<b>11,678</b>	<b>13,108</b>	<b>13,929</b>
Current expenditure	10,032	10,044	11,098	12,434	12,889
Wages and salaries 1/	3,456	3,699	3,898	4,226	4,557
Goods and services	727	706	680	702	701
Interest 2/	511	618	751	917	1,029
Transfers	5,195	4,979	5,629	6,441	6,362
Rest of central government	758	667	761	874	1,043
<i>Of which: revenue sharing</i>	271	257	289	275	297
Rest of general government	1,706	1,533	1,793	2,056	1,850
<i>Of which: revenue sharing</i>	1,385	1,308	1,444	1,260	1,447
Public enterprises	16	304	219	174	92
Private sector	2,715	2,476	2,857	3,337	3,377
Other	143	42	140	147	240
Capital expenditure	241	284	581	674	1,040
Fixed capital formation	22	46	81	118	108
Other	0	0	0	0	72
Transfers	219	238	500	556	859
Rest of central government	74	106	369	155	132
Rest of general government	114	116	112	396	727
Public enterprises	31	17	18	5	1
(In percent of GDP)					
<b>Expenditure</b>	<b>21.9</b>	<b>21.4</b>	<b>22.5</b>	<b>24.7</b>	<b>24.9</b>
Current expenditure	21.4	20.9	21.4	23.5	23.0
Wages and salaries 1/	7.4	7.7	7.5	8.0	8.1
Goods and services	1.6	1.5	1.3	1.3	1.3
Interest 2/	1.1	1.3	1.4	1.7	1.8
Transfers	11.1	10.3	10.9	12.1	11.4
Rest of central government	1.6	1.4	1.5	1.6	1.9
<i>Of which: revenue sharing</i>	0.6	0.5	0.6	0.5	0.5
Rest of general government	3.6	3.2	3.5	3.9	3.3
<i>Of which: revenue sharing</i>	3.0	2.7	2.8	2.4	2.6
Public enterprises	0.0	0.6	0.4	0.3	0.2
Private sector	5.8	5.1	5.5	6.3	6.0
Other	0.3	0.1	0.3	0.3	0.4
Capital expenditure	0.5	0.6	1.1	1.3	1.9
Fixed capital formation	0.0	0.1	0.2	0.2	0.2
Other	0.0	0.0	0.0	0.0	0.1
Transfers	0.5	0.5	1.0	1.0	1.5
Rest of central government	0.2	0.2	0.7	0.3	0.2
Rest of general government	0.2	0.2	0.2	0.7	1.3
Public enterprises	0.1	0.0	0.0	0.0	0.0

Sources: Ministry of Finance; Central Bank; and Fund staff estimates.

1/ Includes payments to war veterans and severance payments.

2/ Interest on external debt on a payment-due basis.

Table 26. Bolivia: Operations of the Rest of Central Government 1/

(In millions of bolivianos)

	1998	1999	2000	2001	2002
<b>Revenue and grants</b>	<b>1,441</b>	<b>1,779</b>	<b>2,271</b>	<b>2,160</b>	<b>2,397</b>
Current revenue, excluding transfers	452	734	771	716	799
Tax revenue-sharing	271	257	289	275	297
Nontax revenue	181	477	482	441	502
Current transfers	521	468	553	634	772
Central administration	484	410	472	599	747
Rest of general government	15	31	53	26	7
Public enterprises	21	24	19	0	9
Private sector	0	2	8	9	10
Capital transfers	186	184	505	280	279
Central administration	74	106	369	155	132
Rest of general government	112	78	135	126	147
Public enterprises	0	0	0	0	0
Capital revenue	48	27	44	68	120
Foreign grants	235	366	399	462	427
<b>Expenditure</b>	<b>2,231</b>	<b>2,759</b>	<b>2,943</b>	<b>3,332</b>	<b>3,826</b>
Current expenditure	1,098	1,185	1,194	1,280	1,601
Wages and salaries	57	614	653	703	795
Goods and services	47	207	244	243	401
Interest	48	28	29	30	30
Tax payments	19	14	18	26	29
Transfers	268	85	98	141	194
Central administration	68	2	2	18	12
Rest of general government	24	34	42	48	90
Public enterprises	143	0	0	0	0
Private sector	32	48	54	76	92
Other	660	237	154	136	153
Capital expenditure	1,132	1,574	1,749	2,053	2,225
Fixed capital formation	937	1,329	1,526	1,846	1,698
Other	48	29	18	18	8
Transfers	147	217	205	189	519
Central administration	4	0	0	0	0
Rest of general government	133	217	205	189	519
Public enterprises	9	0	0	0	0
<b>Current account balance after grants</b>	<b>-126</b>	<b>17</b>	<b>129</b>	<b>71</b>	<b>-30</b>
<b>Overall balance</b>	<b>-790</b>	<b>-980</b>	<b>-673</b>	<b>-1,172</b>	<b>-1,429</b>

Sources: Ministry of Finance; and Fund staff estimates.

1/ Includes the operations of the National Road Authority; the Social Emergency Fund/Social Investment Fund; and other decentralized agencies of the central government.

Table 27. Bolivia: Operations of the Rest of General Government 1/  
(In millions of bolivianos)

	1998	1999	2000	2001	2002
<b>Revenue and grants</b>	<b>3,753</b>	<b>3,800</b>	<b>4,096</b>	<b>4,970</b>	<b>5,334</b>
Current revenue, excluding transfers	2,534	2,489	2,832	2,809	2,987
Tax revenue	2,003	2,064	2,399	2,352	2,507
<i>Of which:</i> Revenue sharing	1,864	1,952	2,287	2,708	2,882
Sale of goods and services	42	36	40	44	48
Other	489	388	394	413	431
Current transfers	733	702	775	1,227	921
Central administration	321	225	349	796	403
Rest of central government	24	34	42	48	90
Public enterprises	42	42	14	12	17
Private sector	346	400	370	371	412
Capital revenue	87	183	27	44	31
Capital transfers	249	332	317	587	1,245
Central administration	247	332	317	396	727
Rest of central government	0	0	0	189	519
Public enterprises	2	0	0	1	0
Foreign grants	149	94	144	305	150
<b>Expenditure</b>	<b>4,175</b>	<b>3,825</b>	<b>4,002</b>	<b>5,003</b>	<b>5,186</b>
Current expenditure	1,882	1,731	1,824	2,368	2,072
Wages and salaries	943	837	873	883	914
Goods and services	622	572	551	634	696
Interest	78	91	113	149	93
Tax payments	5	8	85	510	17
Transfers	79	105	101	79	68
Central administration	7.1	8.4	4.7	8	26
Rest of central government	15.1	31.2	53.4	26	7
Public enterprises	12	0	0	0	0
Private sector	45	66	43	45.1	34.7
Other	154	119	100	111.3	286
Capital expenditure	2,293	2,094	2,178	2,635	3,114
Fixed capital formation	2170.2	1,993	2,019	2,484	2,951
Other	7	9	13	16	11
Transfers	116	92	146	136	152
Central administration	0	0	0	0	0
Rest of central government	111.6	78.2	135.1	126	147
Public enterprises	4	13	11	10	5
<b>Current account balance after grants</b>	<b>1,386</b>	<b>1,459</b>	<b>1,784</b>	<b>1,668</b>	<b>1,836</b>
<b>Overall balance</b>	<b>-422</b>	<b>-25</b>	<b>94</b>	<b>-33</b>	<b>147</b>

Sources: Ministry of Finance; Central Bank of Bolivia; and Fund staff estimates.

1/ Includes the operations of the regional development corporations/prefecturas; municipalities; and social security institutions.

Table 28. Bolivia: Operations of the Nonfinancial Public Enterprises  
(In millions of bolivianos)

	1998	1999	2000	2001	2002
<b>Operating revenue</b>	<b>3,467</b>	<b>3,733</b>	<b>4,476</b>	<b>3,333</b>	<b>2,203</b>
Sales of hydrocarbons	2351	2605	4012	2985	1813
Domestic	1914	2262	3448	1651	335
Exports	438	343	564	1334	1478
Sales of other enterprises	768	798	290	194	185
Domestic	411	361	123	124	143
Exports	356	437	167	70	42
Transfers from private sector	26	17	21	19	11
Other	322	312	153	135	194
<b>Operating expenditure</b>	<b>3769</b>	<b>3906</b>	<b>4511</b>	<b>3194</b>	<b>2154</b>
Wages and salaries	537	376	241	191	159
Goods and services	2,653	2,891	4,168	3,072	1,982
Interest	26	24	44	35	33
Tax payments	520	447	12	11	20
Social security payments	26	27	14	12	16
Transfers to private sector	27	25	13	12	31
Other	-19	115	20	-139	-86
<b>Operating balance</b>	<b>-302</b>	<b>-173</b>	<b>-35</b>	<b>138</b>	<b>48</b>
Current transfers					
From general government	171	304	219	174	92
To general government	63	111	36	12	28
<b>Current account</b>	<b>-194</b>	<b>19</b>	<b>148</b>	<b>300</b>	<b>113</b>
Capital transfers					
From general government	41	18	22	7	15
To general government	2	0	0	1	14
Capital revenue	14	30	17	18	11
Foreign grants	0	0	0	0	0
Capital expenditure	155	108	87	92	88
Fixed capital formation	155	108	87	91	88
Other	0	0	0	1	0
<b>Overall balance (deficit -)</b>	<b>-296</b>	<b>-40</b>	<b>99</b>	<b>233</b>	<b>36</b>
<b>Financing</b>	<b>296</b>	<b>40</b>	<b>-99</b>	<b>-233</b>	<b>-36</b>
<b>External financing (net)</b>	<b>33</b>	<b>34</b>	<b>17</b>	<b>14</b>	<b>-59</b>
Disbursements	44	46	37	33	14
Amortization	-11	-12	-20	-19	-73
<b>Domestic financing</b>	<b>262</b>	<b>6</b>	<b>-116</b>	<b>-247</b>	<b>23</b>
Central bank	130	-212	134	-189	319
Other	133	219	-251	-58	-296
Contractors	0	0	0	0	0
Floating debt	112	69	-173	-56	-41
Other	21	149	-78	-2	-255

Sources: Ministry of Finance; Central Bank; and Fund staff estimates.

Table 29. Bolivia: Monetary Survey 1/

	1998	1999	2000	2001	2002
<b>I. Central Bank</b>					
(In percent of currency issue at beginning of period)					
Net international reserves	-53.9	10.2	-6.0	-7.7	-71.7
(Flow in millions of U.S. dollars)	-211.5	42.3	-23.4	-28.5	-275.4
Net domestic assets	66.0	-10.2	6.2	19.1	84.2
Net credit to nonfinancial public sector	-13.0	-28.0	8.5	-11.1	34.6
Net credit to financial intermediaries	59.0	6.4	-20.6	4.1	4.0
<i>Of which: open market operations</i>	-3.0	-2.1	16.0	6.7	5.8
Medium- and long-term net foreign liabilities	27.1	8.1	8.7	16.6	39.1
(Flow in millions of U.S. dollars, increase -)	106.1	33.3	33.9	61.0	150.1
Other	-7.1	3.4	9.6	9.6	6.4
Currency issue	12.1	0.0	0.2	11.4	12.5
<b>II. Banking System</b>					
(In percent of broad money at beginning of period)					
Net short-term foreign assets	-0.8	5.9	6.6	9.1	-10.8
(Flow in millions of U.S. dollars)	-29.7	221.5	244.4	329.3	-379.2
Net domestic assets	9.9	-6.6	-8.6	-11.1	0.7
Net credit to the public sector	-3.5	-3.5	1.7	0.8	4.2
Credit to the private sector	19.9	-1.9	-10.7	-15.2	-9.3
Medium- and long-term net foreign liabilities	0.1	0.7	3.3	1.5	4.7
(Flow in millions of U.S. dollars, increase -)	3.0	27.1	122.7	54.2	164.7
Other	-6.6	-1.9	-2.9	1.8	1.1
Broad money	9.0	-0.7	-2.0	-2.0	-10.1
(12-month percentage change)					
Broad money 2/	9.0	-0.7	-2.0	-2.0	-10.1
Liabilities in bolivianos (M2)	8.0	-2.5	3.8	13.7	2.6
Foreign currency deposits 3/	8.3	-0.9	-2.6	-4.6	-12.3
Credit to private sector	17.8	-1.6	-8.8	-13.4	-9.2
Credit in bolivianos	29.6	-3.4	-2.3	-14.8	-15.4
Foreign currency credit 3/	17.3	-1.5	-9.0	-13.4	-9.1
<b>Memorandum items:</b>					
(Average stock in percent of GDP)					
Currency issue	4.4	4.2	3.8	4.0	4.1
Broad money 2/	42.6	45.1	43.3	43.6	38.8
Credit to private sector	49.6	48.3	52.3	46.9	42.0
(In percent of total deposits or credit at current exchange rates)					
Dollarization (end-period stocks)					
Foreign currency deposits 3/	92.2	92.9	92.6	91.5	91.9
Foreign currency credit 3/	96.0	96.3	96.3	97.1	97.5
(12-month percentage change at current exchange rates)					
Broad money 2/	13.7	4.2	3.4	3.4	-3.0
Credit to private sector	23.8	4.1	-2.6	-8.5	-0.5
(12-month percentage change in U.S. dollars at current exchange rates)					
Broad money 2/	7.8	-1.8	-3.3	-3.1	-11.7
Credit to private sector	17.4	-2.0	-9.0	-14.3	-9.4

Sources: Central Bank of Bolivia; and Fund staff estimates.

1/ Flows in foreign currency are valued at the accounting exchange rate for the corresponding period. The banking system comprises the central bank, commercial banks, the National Financial Institution of Bolivia and FONDESIF, which are state-owned second-tier banks.

2/ Includes special certificates of deposits (CDDs) issued by the central bank during the liquidation of failed banks.

3/ Includes deposits and credits in bolivianos that are indexed to the U.S. dollar.

Table 30. Bolivia: Selected Interest Rates 1/

(In percent per annum)

	Bank Lending Rates		Time Deposit Rates		Yield on Treasury Notes 2/		Margin over LIBOR 3/	
	Local	Foreign	Local	Foreign	Local	Foreign	Deposit	Yield on
	Currency	Currency	Currency	Currency	Currency	Currency	Rates	T-notes
<b>1998</b>								
March	16.42	16.17	13.84	8.06	12.09	7.19	2.37	1.50
June	20.87	15.60	12.74	8.01	12.44	7.10	2.32	1.41
September	16.45	15.30	11.01	7.76	12.38	7.33	2.46	2.03
December	20.24	15.55	12.06	8.32	13.17	7.33	3.22	2.23
<b>1999</b>								
March	20.85	15.43	12.02	8.58	15.31	9.41	3.58	4.41
June	18.56	16.05	12.84	9.16	15.28	7.51	3.81	2.16
September	17.25	15.59	11.46	8.59	13.05	6.33	2.51	0.25
December	15.41	16.26	11.31	8.77	12.55	7.86	2.77	1.86
<b>2000</b>								
March	17.95	15.74	10.95	8.25	9.23	6.22	1.96	-0.07
June	20.39	15.74	11.55	7.79	12.00	7.10	1.01	0.32
September	20.56	15.68	11.67	7.40	11.65	6.73	0.74	0.07
December	18.03	15.29	10.43	7.45	14.53	7.82	1.05	1.42
<b>2001</b>								
March	19.66	14.94	10.69	6.51	11.42	4.90	1.63	0.02
June	22.11	15.46	9.27	5.70	10.71	4.41	1.91	0.62
September	20.22	13.62	8.27	4.66	12.22	3.37	2.06	0.77
December	18.96	13.50	8.49	2.79	11.51	2.54	0.91	0.66
<b>2002</b>								
January	18.84	13.71	8.00	2.26	11.43	2.54	0.40	0.68
February	18.91	11.97	9.84	1.97	11.43	2.54	0.06	0.63
March	17.16	11.31	8.70	1.79	11.50	2.07	-0.25	0.03
April	21.80	11.37	8.07	1.73	11.65	2.03	-0.18	0.12
May	30.69	11.76	9.26	1.79	12.00	2.38	-0.11	0.48
June	18.86	11.90	9.96	1.98	12.19	5.20	0.12	3.34
July	19.25	12.20	8.83	2.86	12.19	5.20	1.04	3.38
August	18.81	13.21	11.36	4.38	13.07	5.20	2.57	3.39
September	20.59	11.93	8.86	4.38	13.07	4.85	2.57	3.04
October	25.08	12.42	10.63	3.83	13.07	3.77	2.12	2.06
November	18.49	11.63	8.71	3.53	14.91	3.77	2.10	2.34
December	19.10	11.92	12.73	3.29	14.63	3.17	1.91	1.79
<b>2003</b>								
January	15.73	10.74	12.17	2.89	12.42	1.42	1.54	0.07
February	15.83	11.73	13.80	2.20	12.03	1.17	0.86	-0.17
March	16.98	9.85	9.96	2.02	13.14	4.12	0.73	2.83
April	21.11	10.64	8.68	2.19	12.33	3.81	0.88	2.50
May	21.92	9.94	12.12	2.19	11.63	3.89	0.91	2.61

Sources: Central Bank of Bolivia; and Fund staff estimates.

1/ Monthly averages; foreign currency rates are in U.S. dollar terms.

2/ With maturity of 91 days.

3/ Margin over 3-month LIBOR in U.S. dollars, in percentage points.

Table 31. Bolivia: Legal Reserve Requirements and Interest Rates  
(In percent)

	From May 3, 1995			From July 1, 1995			From October 19, 1998 1/		
	Minimum Reserve Requirement 2/	Additional Reserve Requirement 3/	Interest Rate 4/	Minimum Reserve Requirement 2/	Additional Reserve Requirement 3/	Interest Rate 4/	Minimum Reserve Requirement 2/	Additional Reserve Requirement 3/	Interest Rate 5/
Demand deposits in local currency	10	10	9.45	10	0	0	12	0	market rates
Savings deposits in local currency	10	10	9.45	10	0	0	12	0	market rates
Time deposits in local currency 6/	4	6	9.45	4	0	0	12	0	market rates
Other deposits in local currency 7/	100	0	0	100	0	0	100	0	...
Demand and savings deposits in foreign currency	10	10	2.45	10	10	2.45	12	0	market rates
Time deposits in foreign currency	4	6	2.45	4	6	2.45	12	0	market rates
Indexed time deposits 8/	4	6	2.45	4	6	2.45	12	0	market rates

Source: Central Bank of Bolivia.

1/ Required reserves for deposits in local currency are constituted in cash and tradable official papers held at the central bank (2 percent and 10 percent, respectively) and, for deposits in foreign currency and indexed time deposits, foreign currency deposited in the central bank and tradable foreign papers held abroad (2 percent and 10 percent, respectively). These reserve requirements were phased-in, beginning May 4, 1998. For nonbank financial institutions, the phasing-in period was extended to February 8, 1999.

2/ Legal minimum, not remunerated.

3/ Constituted in tradable central bank paper with maturity of 28 days.

4/ Paid monthly on average of daily balances.

5/ For those required reserves constituted in tradable papers.

6/ Applies to deposits with maturity up to one year; since May 4, 1994, there has been no legal reserve requirement on local currency deposits over one year.

7/ Deposits made in compliance with legal rulings.

8/ Deposits and loans with a "maintenance of value" clause. (The index is the official exchange rate.)

Table 32. Bolivia: Open Market Bills 1/

(In millions of bolivianos at end of period)

	Total	By Holder			By Currency	
		Banks	Nonbank financial institutions	Other 2/	Local currency	Foreign currency 3/
<b>1998</b>						
March	2,267	1,838	46	383	556	1,711
June	2,306	1,707	75	524	437	1,868
September	2,052	1,533	70	449	335	1,717
December	1,874	1,336	63	475	299	1,575
<b>1999</b>						
March	1,678	1,160	53	464	304	1,374
June	2,286	1,414	71	801	292	1,994
September	2,250	1,092	40	1,119	159	2,091
December	2,134	1,517	205	412	112	2,022
<b>2000</b>						
March	2,206	1,581	107	518	142	2,064
June	1,829	1,396	52	381	130	1,698
September	1,431	915	135	381	111	1,321
December	1,384	800	146	438	95	1,289
<b>2001</b>						
January	1,454	817	180	456	98	1,356
February	1,658	909	209	540	110	1,548
March	1,761	911	229	621	104	1,656
April	1,894	985	230	679	88	1,805
May	1,657	827	231	599	101	1,556
June	1,660	802	232	626	122	1,538
July	1,681	871	212	598	139	1,542
August	1,626	773	141	712	122	1,503
September	1,579	722	128	729	143	1,436
October	1,587	727	137	723	161	1,426
November	1,594	778	138	678	197	1,397
December	1,400	675	417	308	214	1,186
<b>2002</b>						
January	1,239	630	38	571	246	993
February	1,024	523	37	463	250	773
March	974	477	37	460	257	717
April	1,043	526	41	476	257	786
May	1,089	593	41	455	247	842
June	1,011	631	41	339	226	785
July	796	635	88	73	204	592
August	633	534	47	52	202	431
September	674	557	13	103	176	498
October	772	548	12	211	167	605
November	745	626	23	95	146	598
December	767	555	15	197	138	629



Table 32. Bolivia: Open Market Bills 1/

(In millions of bolivianos at end of period)

	By Maturity				Memorandum Items		
	4 weeks	13 weeks	26-52 weeks	More than 52 weeks	Total US\$ millions	Net monthly placement Bs millions US\$ millions	
<b>1998</b>							
March	...	178	1,128	961	417	164	27
June	270	63	1,048	924	418	171	30
September	...	34	1,120	898	368	-192	-37
December	...	28	1,053	793	332	-83	-17
<b>1999</b>							
March	29	261	718	670	294	41	6
June	145	299	820	1,022	395	584	100
September	...	288	1,223	739	381	293	48
December	186	94	1,227	626	357	232	38
<b>2000</b>							
March	82	169	1,356	600	363	3	-2
June	27	107	1,110	585	296	-107	-19
September	9	106	954	362	228	-44	-8
December	2	112	901	369	217	-49	-9
<b>2001</b>							
January	2	157	925	370	227	70	10
February	69	197	1,021	371	258	205	31
March	60	214	1,023	464	272	103	14
April	43	173	1,024	654	291	133	19
May	34	164	1,212	247	253	-237	-38
June	39	127	1,288	207	252	3	-1
July	18	125	1,330	209	253	21	1
August	27	111	1,242	247	243	-56	-10
September	28	105	1,199	249	235	-47	-8
October	29	101	1,207	251	234	8	-1
November	31	101	1,247	215	234	6	-0
December	8	77	1,234	82	206	-194	-29
<b>2002</b>							
January	11	41	1,167	21	180	-160	-26
February	...	23	974	28	147	-216	-33
March	36	56	795	85	139	-50	-8
April	86	135	793	29	148	69	9
May	60	219	772	39	154	47	6
June	9	206	757	39	141	-79	-13
July	2	120	657	18	110	-215	-31
August	2	38	532	61	87	-163	-23
September	...	38	619	18	92	41	5
October	...	68	687	18	105	98	13
November	...	68	644	33	100	-27	-4
December	2	52	696	18	103	22	2

Source: Central Bank of Bolivia.

1/ Comprises central bank certificates of deposit and treasury bills.

2/ Private sector and nonfinancial public entities.

3/ Bills in U.S. dollars and bills in bolivianos indexed to the U.S. dollar exchange rate.

Table 33. Bolivia: Distribution of Bank Credit to the Private Sector 1/

	1998	1999	2000	2001	2002
(In millions of bolivianos at end of period)					
<b>Total</b>	<b>25,900</b>	<b>26,961</b>	<b>26,176</b>	<b>23,846</b>	<b>23,470</b>
Agriculture	2,967	2,950	2,937	2,560	2,649
Mining	433	404	477	582	535
Industry	4,304	5,118	4,861	4,758	5,050
Construction	1,254	3,551	3,963	2,523	2,487
Commerce	6,045	5,641	5,192	4,419	4,115
Other 2/	10,897	9,298	8,746	9,004	8,634
(In percent of total credit)					
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Agriculture	11.5	10.9	11.2	10.7	11.3
Mining	1.7	1.5	1.8	2.4	2.3
Industry	16.6	19.0	18.6	20.0	21.5
Construction	4.8	13.2	15.1	10.6	10.6
Commerce	23.3	20.9	19.8	18.5	17.5
Other 2/	42.1	34.5	33.4	37.8	36.8
(Real growth) 3/					
<b>Total</b>	<b>18.8</b>	<b>0.9</b>	<b>-6.1</b>	<b>-9.7</b>	<b>-3.9</b>
Agriculture	21.4	-3.6	-3.7	-13.6	1.0
Mining	10.7	-9.7	14.3	20.8	-10.2
Industry	7.8	15.3	-8.2	-3.0	3.6
Construction	49.8	174.6	7.9	-36.9	-3.8
Commerce	31.9	-9.5	-11.0	-15.7	-9.1
Other 2/	14.1	-17.3	-9.0	267.2	-0.5

Source: Central Bank of Bolivia.

1/ Excludes banks' investments which comprise part of bank claims on the private sector in Tables 35 and 37; U.S. dollar-denominated credits valued at end-of-period exchange rates.

2/ Includes loans to the service sector, mortgages, and consumer loans.

3/ 12-month rate of change in stock of credit deflated by the change in prices during the same period.

Table 34. Bolivia: Commercial Bank Performance Indicators

(In percent)

	1998	1999	2000	2001	2002	March	
						2002	2003
<b>Profitability</b>							
<i>Ratios to total assets (period average) 1/</i>							
Operating income	5.3	4.8	4.0	3.7	4.1	3.9	6.0
Profit before tax	1.5	1.2	0.3	0.0	0.4	0.3	0.5
Profit after tax	1.1	0.7	-0.1	-0.4	0.1	0.0	0.0
Noninterest income	0.9	0.7	0.6	1.1	1.3	0.3	0.3
Overhead expenses	4.1	4.0	3.0	4.1	4.0	3.8	6.0
<i>Ratios to equity capital (period average) 1/</i>							
Profit before tax	20.9	13.0	3.4	-0.5	3.5	3.0	3.9
Profit after tax	14.5	8.3	-1.1	-4.1	0.6	0.2	0.4
<b>Asset quality</b>							
<i>Ratios to total loans (end-of-period)</i>							
Nonperforming loans 2/	3.7	5.3	10.3	14.4	17.6	15.8	20.1
Nonperforming loans net of provisions 2/	1.1	1.6	5.2	7.0	6.4	8.4	7.4
<b>Liquidity</b>							
<i>Ratios to total deposits (end-of-period)</i>							
Total loans	119.4	112.7	102.4	93.1	94.6	95.1	96.5
Total liquid assets	25.5	29.7	27.2	30.2	30.2	25.2	31.3
<b>Capital adequacy</b>							
Ratio of qualifying capital to total risk-adjusted assets (end-of-period)	11.6	12.2	13.5	14.3	16.1	15.5	16.5

Sources: Superintendency of Banks; and Fund staff estimates.

1/ Averages in 2002 and 2003 are cumulative from January of each year.

2/ Adjusted to exclude the estimated share of loans overdue by less than one month, which were included in official statistics of nonperforming loans prior to January 2000.

Table 35. Bolivia: Summary Accounts of the Banking System 1/ 2/

(End-of-period stocks, in millions of bolivianos)

	December 1998			December 1999			December 2000			December 2001			December 2002		
	Domestic Currency	Foreign Currency	Total	Domestic Currency	Foreign Currency	Total	Domestic Currency	Foreign Currency	Total	Domestic Currency	Foreign Currency	Total	Domestic Currency	Foreign Currency	Total
<b>Net international reserves</b>	<b>0</b>	<b>4,834</b>	<b>4,834</b>	<b>0</b>	<b>6,450</b>	<b>6,450</b>	<b>0</b>	<b>8,411</b>	<b>8,411</b>	<b>0</b>	<b>11,279</b>	<b>11,279</b>	<b>5</b>	<b>9,556</b>	<b>9,561</b>
Assets	0	8,859	8,859	0	9,937	9,937	0	10,826	10,826	0	12,210	12,210	5	10,492	10,497
Liabilities	0	-4,025	-4,025	0	-3,487	-3,487	0	-2,415	-2,415	0	-930	-930	0	-936	-936
<b>Net domestic assets</b>	<b>4,070</b>	<b>16,853</b>	<b>20,924</b>	<b>4,759</b>	<b>15,291</b>	<b>20,050</b>	<b>4,948</b>	<b>13,392</b>	<b>18,340</b>	<b>5,693</b>	<b>10,197</b>	<b>15,890</b>	<b>5,809</b>	<b>9,346</b>	<b>15,155</b>
Nonfinancial public sector	-1,341	2,165	823	-1,529	2,146	617	-1,732	3,134	1,402	-1,643	3,815	2,172	-1,114	4,919	3,805
Central government	-839	2,361	1,522	-1,092	2,588	1,496	-1,115	3,290	2,175	-696	4,034	3,338	-242	5,106	4,864
State governments	-335	-127	-462	-225	-244	-469	-403	-83	-487	-558	-127	-685	-790	-109	-898
Public enterprises	-168	-69	-237	-213	-198	-410	-213	-73	-286	-388	-92	-480	-83	-78	-161
Private sector	1,033	25,013	26,046	998	26,115	27,112	830	25,496	26,326	699	23,380	24,079	593	23,371	23,965
International financial institutions	-12	578	566	-17	609	592	-12	640	628	-3	664	661	-2	733	731
Allocation of SDRs	0	-268	-268	0	-279	-279	0	-286	-286	0	-296	-296	0	-345	-345
Capital and surplus	-3,189	-2,167	-5,356	-3,678	-3,385	-7,063	-4,167	-4,073	-8,240	-5,750	-4,755	-10,505	-6,993	-6,121	-13,114
Net interbank float	-28	154	125	-110	-340	-451	-195	-1,056	-1,251	-95	-1,043	-1,137	-115	-1,644	-1,759
Valuation account	7,027	-7,033	-6	7,837	-7,822	15	8,509	-8,575	-66	9,162	-9,293	-131	9,667	-9,793	-126
Net unclassified assets	581	-1,588	-1,008	1,259	-1,753	-494	1,714	-1,887	-173	3,323	-2,275	1,047	3,772	-1,774	1,998
<b>Medium- and long-term foreign liabilities</b>	<b>0</b>	<b>-4,437</b>	<b>-4,437</b>	<b>0</b>	<b>-4,378</b>	<b>-4,378</b>	<b>0</b>	<b>-3,768</b>	<b>-3,768</b>	<b>0</b>	<b>-3,331</b>	<b>-3,331</b>	<b>0</b>	<b>-1,493</b>	<b>-1,493</b>
<b>Liabilities to private sector (M3)</b>	<b>3,701</b>	<b>17,620</b>	<b>21,321</b>	<b>3,609</b>	<b>18,514</b>	<b>22,123</b>	<b>3,744</b>	<b>19,238</b>	<b>22,982</b>	<b>4,256</b>	<b>19,583</b>	<b>23,840</b>	<b>4,369</b>	<b>18,854</b>	<b>23,223</b>
Currency in circulation	2,193	0	2,193	2,173	0	2,173	2,189	0	2,189	2,422	0	2,422	2,707	0	2,707
Deposits	-1,508	17,620	19,128	1,436	18,514	19,950	1,555	19,238	20,793	1,835	19,583	21,418	1,662	18,854	20,516
Demand deposits	1,092	3,066	4,158	995	2,740	3,735	1,112	3,119	4,231	1,310	3,824	5,134	1,227	4,206	5,434
Savings deposits	250	3,329	3,578	282	3,523	3,805	285	4,231	4,516	388	5,135	5,522	323	4,559	4,881
Time deposits	134	11,007	11,141	123	12,067	12,190	120	11,736	11,856	94	10,468	10,562	68	9,901	9,970
Other deposits	32	219	251	36	183	220	38	153	191	43	157	201	44	187	231
<b>Memorandum items:</b>															
Demand deposits in local currency	...	...	1,092	...	...	995	...	...	1,112	...	...	1,310	...	...	1,227
Boliviano M1	...	...	3,285	...	...	3,168	...	...	3,301	...	...	3,732	...	...	3,935
Other deposits in local currency	...	...	415	...	...	441	...	...	443	...	...	525	...	...	435
Boliviano M2	...	...	3,701	...	...	3,609	...	...	3,744	...	...	4,256	...	...	4,369
Dollar-denominated deposits	...	...	17,620	...	...	18,514	...	...	19,238	...	...	19,583	...	...	18,854
M3	...	...	21,321	...	...	22,123	...	...	22,982	...	...	23,840	...	...	23,223
Exchange rate, end of period, Bs/US\$	...	...	5.64	...	...	5.98	...	...	6.38	...	...	6.81	...	...	7.48

Source: Central Bank of Bolivia.

1/ Foreign currency items are valued at end-of-period exchange rates.

2/ The banking system comprises the central bank, commercial banks, the National Financial Institution of Bolivia and FONDESIF, which are state-owned second-tier banks.

Table 36. Bolivia: Summary Accounts of the Central Bank 1/

(End-of-period stocks; in millions of bolivianos)

	December 1998			December 1999			December 2000			December 2001			December 2002		
	Domestic	Foreign	Total	Domestic	Foreign	Total	Domestic	Foreign	Total	Domestic	Foreign	Total	Domestic	Foreign	Total
	Currency	Currency		Currency	Currency		Currency	Currency		Currency	Currency		Currency	Currency	
<b>Net international reserves</b>	<b>0</b>	<b>5,932</b>	<b>5,932</b>	<b>0</b>	<b>6,542</b>	<b>6,542</b>	<b>0</b>	<b>6,800</b>	<b>6,800</b>	<b>0</b>	<b>7,126</b>	<b>7,126</b>	<b>0</b>	<b>5,776</b>	<b>5,776</b>
Assets	0	6,593	6,593	0	7,161	7,161	0	7,346	7,346	0	7,529	7,529	0	6,029	6,029
Liabilities	0	-661	-661	0	-619	-619	0	-547	-547	0	-403	-403		-253	-253
<b>Net domestic assets</b>	<b>2,419</b>	<b>-3,050</b>	<b>-631</b>	<b>2,419</b>	<b>-3,707</b>	<b>-1,288</b>	<b>2,424</b>	<b>-4,058</b>	<b>-1,634</b>	<b>2,700</b>	<b>-4,680</b>	<b>-1,980</b>	<b>3,037</b>	<b>-4,900</b>	<b>-1,863</b>
Nonfinancial public sector	-1,615	1,206	-409	-1,719	1,474	-245	-1,853	2,252	399	-1,767	2,420	653	-1,196	3,386	2,190
General government	-1,112	1,402	290	-1,282	1,916	635	-1,237	2,408	1,172	-821	2,640	1,819	-324	3,573	3,249
State governments	-335	-127	-462	-225	-244	-469	-403	-83	-487	-558	-127	-685	-790	-109	-898
Public enterprises	-168	-69	-237	-213	-198	-410	-213	-73	-286	-388	-92	-480	-83	-78	-161
Financial intermediaries	-492	2,841	2,349	-705	2,618	1,913	-843	1,907	1,064	-754	1,932	1,178	-550	1,301	751
Commercial banks	-453	724	271	-680	395	-285	-799	-386	-1,185	-710	-571	-1,280	-536	-495	-1,031
Credit	43	1,218	1,261	27	1,206	1,233	31	607	638	35	511	546	35	472	507
Deposits	-496	-494	-991	-707	-811	-1,518	-830	-992	-1,822	-745	-1,081	-1,826	-571	-967	-1,538
Banks in liquidation	40	1,424	1,464	8	1,551	1,558	6	1,578	1,584	4	1,683	1,687	5	1,752	1,756
Other financial institutions	-79	694	615	-32	672	640	-50	714	665	-48	820	772	-18	44	26
International financial institutions	-12	578	566	-17	609	592	-12	640	628	-3	664	661	-2	733	731
Allocation of SDRs	0	-268	-268	0	-279	-279	0	-286	-286	0	-296	-296	0	-345	-345
Official capital and surplus	-2,647	-299	-2,946	-3,109	-377	-3,486	-3,554	-369	-3,923	-4,120	-674	-4,793	-5,099	-1,402	-6,501
Valuation account	7,027	-7,033	-6	7,837	-7,822	15	8,509	-8,575	-66	9,162	-9,293	-131	9,667	-9,793	-126
Net unclassified assets	157	-74	83	132	70	202	176	374	550	182	566	747	217	1,221	1,437
<b>Medium- and long-term foreign liabilities (-) 2/</b>	<b>0</b>	<b>-2,882</b>	<b>-2,882</b>	<b>0</b>	<b>-2,835</b>	<b>-2,835</b>	<b>0</b>	<b>-2,742</b>	<b>-2,742</b>	<b>0</b>	<b>-2,446</b>	<b>-2,446</b>	<b>0</b>	<b>-876</b>	<b>-876</b>
<b>Currency issued</b>	<b>2,419</b>	<b>0</b>	<b>2,419</b>	<b>2,419</b>	<b>0</b>	<b>2,419</b>	<b>2,424</b>	<b>0</b>	<b>2,424</b>	<b>2,700</b>	<b>0</b>	<b>2,700</b>	<b>3,037</b>	<b>0</b>	<b>3,037</b>
<b>Memorandum item:</b>															
Exchange rate															
end of period, Bs/US\$	...	...	5.64	...	...	5.98	...	...	6.38	...	...	6.81	...	...	7.48

Source: Central Bank of Bolivia.

1/ Foreign currency items are valued at end-of-period exchange rates.

2/ Includes foreign liabilities of the central government which are administered by the central bank as trust funds.

Table 37. Bolivia: Summary Accounts of the Rest of the Banking System 1/ 2/

(End-of-period stocks; in millions of bolivianos)

	December 1998			December 1999			December 2000			December 2001			December 2002		
	Domestic Currency	Foreign Currency	Total	Domestic Currency	Foreign Currency	Total	Domestic Currency	Foreign Currency	Total	Domestic Currency	Foreign Currency	Total	Domestic Currency	Foreign Currency	Total
<b>Net international reserves</b>	<b>0</b>	<b>-1,098</b>	<b>-1,098</b>	<b>0</b>	<b>-92</b>	<b>-92</b>	<b>0</b>	<b>1,611</b>	<b>1,611</b>	<b>0</b>	<b>4,153</b>	<b>4,153</b>	<b>5</b>	<b>3,780</b>	<b>3,785</b>
Assets	0	2,266	2,266	0	2,776	2,776	0	3,479	3,479	0	4,681	4,681	5	4,463	4,468
Liabilities	0	-3,364	-3,364	0	-2,868	-2,868	0	-1,869	-1,869	0	-527	-527	0	-683	-683
<b>Monetary reserves</b>	<b>682</b>	<b>559</b>	<b>1,241</b>	<b>887</b>	<b>572</b>	<b>1,459</b>	<b>980</b>	<b>752</b>	<b>1,731</b>	<b>960</b>	<b>780</b>	<b>1,739</b>	<b>862</b>	<b>847</b>	<b>1,709</b>
Currency	226	0	226	247	0	247	235	0	235	279	0	279	330	0	330
Reserve deposits	457	559	1,015	641	572	1,212	745	752	1,496	681	780	1,461	532	847	1,379
<b>Net domestic assets</b>	<b>1,196</b>	<b>22,108</b>	<b>23,304</b>	<b>1,700</b>	<b>21,620</b>	<b>23,320</b>	<b>1,784</b>	<b>20,030</b>	<b>21,814</b>	<b>2,321</b>	<b>17,332</b>	<b>19,653</b>	<b>2,250</b>	<b>16,574</b>	<b>18,824</b>
Nonfinancial public sector	274	959	1,232	190	671	861	121	882	1,003	125	1,394	1,519	82	1,533	1,615
Net interbank float	8	-483	-475	-45	-336	-381	-92	-384	-475	-13	-520	-533	-87	-617	-704
Credit to private sector	1,033	25,013	26,046	998	26,115	27,112	830	25,496	26,326	699	23,380	24,079	593	23,371	23,965
Capital and surplus	-542	-1,868	-2,409	-569	-3,008	-3,577	-614	-3,704	-4,317	-1,631	-4,082	-5,712	-1,894	-4,719	-6,613
Net unclassified assets	423	-1,514	-1,091	1,127	-1,823	-696	1,538	-2,261	-723	3,141	-2,841	300	3,555	-2,994	560
<b>Medium- and long-term foreign liabilities</b>	<b>0</b>	<b>1,555</b>	<b>1,555</b>	<b>0</b>	<b>1,543</b>	<b>1,543</b>	<b>0</b>	<b>1,026</b>	<b>1,026</b>	<b>0</b>	<b>885</b>	<b>885</b>	<b>0</b>	<b>617</b>	<b>617</b>
<b>Liabilities to the central bank</b>	<b>1</b>	<b>2,763</b>	<b>2,764</b>	<b>1</b>	<b>3,193</b>	<b>3,194</b>	<b>5</b>	<b>3,331</b>	<b>3,336</b>	<b>10</b>	<b>3,234</b>	<b>3,244</b>	<b>10</b>	<b>3,176</b>	<b>3,185</b>
<b>Liabilities to the private sector</b>	<b>1,508</b>	<b>17,620</b>	<b>19,128</b>	<b>1,436</b>	<b>18,514</b>	<b>19,950</b>	<b>1,555</b>	<b>19,238</b>	<b>20,793</b>	<b>1,835</b>	<b>19,583</b>	<b>21,418</b>	<b>1,662</b>	<b>18,854</b>	<b>20,516</b>
Deposits	1,508	17,620	19,128	1,436	18,514	19,950	1,555	19,238	20,793	1,835	19,583	21,418	1,662	18,854	20,516
Demand deposits	1,092	3,066	4,158	995	2,740	3,735	1,112	3,119	4,231	1,310	3,824	5,134	1,227	4,206	5,434
Savings deposits	250	3,329	3,578	282	3,523	3,805	285	4,231	4,516	388	5,135	5,522	323	4,559	4,881
Time deposits	134	11,007	11,141	123	12,067	12,190	120	11,736	11,856	94	10,468	10,562	68	9,901	9,970
Other deposits	32	219	251	36	183	220	38	153	191	43	157	201	44	187	231
<b>Memorandum item:</b>															
Exchange rate, end of period, Bs/US\$	...	...	5.64	...	...	5.98	...	...	6.38	...	...	6.81	...	...	7.48

Source: Central Bank of Bolivia.

1/ Foreign currency items are valued at end-of-period exchange rates.

2/ Comprises commercial banks, the National Financial Institution of Bolivia and FONDESIF, both of which are state-owned second-tier banks.

Table 38. Bolivia: Balance of Payments 1/

(In millions of U.S. dollars)

	1998	1999	2000	2001	Prel.	Jan. - Mar.	
					2002	2002	2003
<b>Current account</b>	<b>-667</b>	<b>-488</b>	<b>-447</b>	<b>-276</b>	<b>-338</b>	<b>-100</b>	<b>-87</b>
Trade balance	-879	-704	-584	-423	-460	-125	-105
Exports, f.o.b.	1,104	1,051	1,246	1,285	1,310	277	328
Of which: gas	57	36	122	237	264	58	71
Imports	-1,983	-1,755	-1,830	-1,708	-1,770	-401	-433
Services	34	26	-24	-36	-43	-13	-15
Credits	251	259	224	236	235	55	56
Debits	-217	-234	-248	-272	-279	-69	-71
Income	-162	-196	-226	-210	-202	-51	-63
Credits	127	131	110	90	93	17	8
Debits	-289	-327	-336	-300	-295	-68	-71
Of which: interest due on external public sector debt 2/	-144	-126	-130	-115	-98	-26	-26
investment income (net)	-44	-52	-146	-165	-177	-43	-47
Official transfers	209	242	242	251	255	62	68
Of which: HIPC assistance from grants	11	62	57	65	80	27	24
Private and financial transfers	132	144	145	142	112	27	29
<b>Capital and financial account 3/</b>	<b>792</b>	<b>515</b>	<b>408</b>	<b>255</b>	<b>45</b>	<b>-37</b>	<b>-28</b>
Capital transfers	10	0	0	3	2	0	0
Direct investment	1,024	1,014	701	666	654	197	155
Of which: capitalization	651	460	194	171	47	6	12
Portfolio investment	-75	-61	55.4	-23	-83	2	-47
Public sector, medium- and long-term debt	104	113	112	189	321	68	-12
Disbursements	320	280	292	364	577	120	40
Nonfinancial public sector	291	258	276	354	569	120	40
Financial public sector	27	22	15	10	8	0	0
Amortization due 2/	-216	-167	-180	-175	-256	-52	-53
Nonfinancial public sector	-80	-111	-123	-119	-197	-33	-37
Amortization by capitalized enterprises	-59	-20	-20	-20	-29	-9	0
Financial public sector	-77	-36	-38	-35	-30	-10	-6
Private sector loans (net, medium- and long-term)	125	-30	-113	-81	12	-41	17
Other	81	-162	-293	-399	-167	-119	-29
Errors and omissions	-476	-359	-54	-100	-695	-144	-112
<b>Overall balance</b>	<b>125</b>	<b>26</b>	<b>-39</b>	<b>-21</b>	<b>-293</b>	<b>-137</b>	<b>-115</b>
<b>Exceptional financing</b>	<b>3</b>	<b>16</b>	<b>15</b>	<b>9</b>	<b>17</b>	<b>5</b>	<b>6</b>
HIPC assistance from rescheduling	3	16	15	9	17	5	6
<b>Net change in official reserves (increase -)</b>	<b>-128</b>	<b>-42</b>	<b>23</b>	<b>29</b>	<b>275</b>	<b>133</b>	<b>109</b>
<b>Memorandum items:</b>							
Total assistance under the HIPC Initiative	27	85 <sup>1</sup>	80	99	159	43	49
Of which: assistance from debt reduction	13	7 <sup>1</sup>	8	25	61	12	20

Sources: Central Bank of Bolivia; and Fund staff estimates.

1/ Compiled according to the fifth edition of the balance of payments manual.

2/ Reflects lower scheduled debt service, starting in 1998, owing to original HIPC assistance in the form of stock of debt reductions.

3/ Includes errors and omissions.

Table 39. Bolivia: Merchandise Exports

	1998	1999	2000	2001	2002	Jan. - Mar.	
						2002	2003
<b>Metals total value</b>	<b>435.6</b>	<b>400.8</b>	<b>425.1</b>	<b>334.5</b>	<b>346.9</b>	<b>71.6</b>	<b>86.1</b>
Public sector	63.9	76.0	80.6	0.1	0.0	0.0	0.0
<i>Of which</i> : Comibol	63.9	76.0	80.6	0.1	0.0	0.0	0.0
Private sector	371.7	324.8	344.5	334.4	346.9	71.6	86.1
<b>Tin (concentrate)</b>							
Value (millions of U.S. dollars)	7.5	5.3	10.3	5.2	9.3	0.9	2.7
Volume (1,000 metric tons)	1.4	1.0	1.9	1.0	2.3	0.2	0.6
Unit price (cents per pound)	248.5	242.4	245.0	223.5	185.9	171.9	201.0
<b>Tin (metallic)</b>							
Value (millions of U.S. dollars)	56.6	63.9	65.7	50.8	48.5	13.2	14.0
Volume (1,000 metric tons)	10.0	11.9	12.0	10.0	11.9	3.3	3.2
Unit price (cents per pound)	255.8	244.1	247.5	231.5	185.6	180.6	201.2
<b>Antimony</b>							
Value (millions of U.S. dollars)	6.2	3.6	1.6	1.8	3.3	0.3	1.4
Volume (1,000 metric tons)	5.7	3.0	2.2	2.6	4.7	0.5	0.5
Unit price (cents per pound)	49.7	54.8	33.2	31.0	31.2	31.2	115.0
<b>Lead</b>							
Value (millions of U.S. dollars)	9.5	4.8	4.5	4.0	4.4	0.7	1.1
Volume (1,000 metric tons)	16.4	9.4	9.8	8.0	9.6	1.4	2.5
Unit price (cents per pound)	26.3	23.2	20.9	22.9	20.7	23.4	20.5
<b>Zinc</b>							
Value (millions of U.S. dollars)	156.1	154.0	170.7	120.6	111.3	20.9	23.4
Volume (1,000 metric tons)	153.1	144.9	150.6	131.3	142.6	27.0	29.6
Unit price (cents per pound)	46.2	48.2	51.4	41.7	35.4	35.2	35.8
<b>Silver</b>							
Value (millions of U.S. dollars)	73.9	67.7	74.0	52.7	68.4	12.7	19.0
Volume (metric tons)	0.4	0.4	0.5	0.4	0.5	0.1	0.1
Unit price (U.S. dollar per troy ounce)	5.4	4.9	5.0	4.5	4.6	4.5	4.7
<b>Gold</b>							
Value (millions of U.S. dollars)	111.7	89.1	88.0	86.2	89.7	20.2	20.9
Volume (fine grams)	11,823	9,949	9,779	9,768	9,377	2,189	1,841
Unit price (U.S. dollar per fine grams)	9.4	9.0	9.0	8.8	9.6	9.2	11.3
<b>Other metals</b>							
Value (millions of U.S. dollars)	14.0	12.4	10.3	13.2	12.1	2.7	3.6
Volume (1,000 metric tons)	36.5	38.6	58.2	52.7	52.9	14.5	7.0
Unit price (cents per pound)	17.4	14.6	8.0	11.4	22.9	18.9	51.7
<b>Hydrocarbons 1/</b>	<b>87.7</b>	<b>64.8</b>	<b>165.8</b>	<b>289.3</b>	<b>341.7</b>	<b>76.7</b>	<b>96.2</b>
<b>Petroleum</b>							
Value (millions of U.S. dollars)	30.2	26.1	36.3	47.3	74.8	18.3	24.7
Volume (1,000 barrels)	2,226	1,682	1,195	1,606	3,701	1,122	668
Unit price (U.S. dollar/bbl)	13.6	15.5	30.3	29.5	20.2	16.3	36.5
<b>Natural gas</b>							
Value (millions of U.S. dollars)	57.4	35.7	121.8	236.9	263.8	57.8	70.5
Volume (millions cubic feet)	57,659	42,829	74,739	137,118	172,386	40,767	40,468
Unit price (US\$ per 1,000 cubic feet)	1.0	0.8	1.6	1.7	1.5	1.4	1.7
<b>Others</b>							
Value (millions of U.S. dollars)	0.1	3.0	7.8	5.1	3.2	0.6	1.0
Volume (1,000 metric tons)	1.0	19.3	29.0	21.4	28.2	7.1	6.8
Unit price (U.S.\$ per metric ton)	145.0	155.0	268.0	238.3	113.5	0.1	0.1



Table 39. Bolivia: Merchandise Exports

	1998	1999	2000	2001	2002	Jan. - Mar.	
						2002	2003
<b>Nontraditional exports</b>	507.8	521.5	546.5	500.7	514.3	102.5	111.2
<b>Sugar</b>							
Value (millions of U.S. dollars)	24.7	8.8	7.2	10.0	15.5	0.3	4.3
Volume (1,000 metric tons)	68.2	26.9	23.0	30.3	49.3	1.0	15.5
Unit price (cents per pound)	16.4	14.7	14.2	14.9	14.2	13.6	12.5
<b>Soybeans (raw beans, flour and cake)</b>							
Value (millions of U.S. dollars)	150.8	163.0	185.8	164.9	179.3	8.4	36.3
Volume (1,000 metric tons)	685.4	801.1	831.0	733.9	876.9	42.3	187.7
Unit price (U.S. dollar per metric ton)	220.0	203.5	223.6	224.7	204.5	198.6	193.2
<b>Coffee</b>							
Value (millions of U.S. dollars)	14.5	13.8	10.4	5.8	6.2	0.6	1.4
Volume (1,000 metric tons)	5.5	6.5	6.2	4.2	4.6	4.6	2.5
Unit price (cents per pound)	120.1	95.7	76.1	63.1	61.0	65.0	57.5
<b>Timber</b>							
Value (millions of U.S. dollars)	51.4	32.0	28.2	24.3	23.7	5.6	6.4
Volume (1,000 metric tons)	60.2	33.1	41.5	32.3	26.9	6.0	7.8
Unit price (U.S. dollar per metric tons)	853.8	966.8	679.4	751.0	880.8	933.1	825.6
<b>Jewelry</b>							
Value (millions of U.S. dollars)	3.7	16.1	31.1	27.7	41.5	7.6	7.1
Volume (1,000 kilograms)	0.7	3.0	5.9	5.4	6.9	1.4	1.1
Unit price (U.S. dollar per kilogram)	5,442.0	5,297.1	5,279.9	5,165.7	5,969.3	5,557.4	6,556.0
<b>Oils (Soy and others)</b>							
Value (millions of U.S. dollars)	73.6	96.5	84.3	99.6	90.2	19.9	19.4
Volume (1,000 metric tons)	135.3	192.1	202.5	251.8	192.3	41.1	39.2
Unit price (U.S. dollar per metric tons)	543.7	502.5	416.2	395.6	469.1	484.2	495.8
<b>Other nontraditional products</b>							
Value (millions of U.S. dollars)	189.2	191.4	199.5	168.4	157.9	60.1	36.3
Volume (1,000 metric tons)	159.4	204.2	230.4	137.3	161.7	148.4	24.8
Unit price (U.S. dollar per metric tons)	1.2	0.9	1.0	1.2	1.0	0.4	1.5
<b>All nontraditional exports</b>	507.8	521.5	546.5	500.7	514.3	102.5	111.2
Public sector	0.0	0.0	0.0	0.0	0.0	0.0	
Private sector	500.7	521.5	543.9	500.7	514.3	102.5	111.2
<b>Other goods 2/</b>	165.6	151.8	207.5	231.5	180.6	39.3	52.4
<b>Total exports, c.i.f.</b>	<b>1,196.8</b>	<b>1,138.9</b>	<b>1,344.9</b>	<b>1,356.1</b>	<b>1,383.6</b>	<b>290.1</b>	<b>346.1</b>
Balance of payments adjustments 3/	-92.8	-87.8	-98.8	-71.3	-73.6	-13.4	-17.8
<b>Total exports, f.o.b.</b>	<b>1,104.0</b>	<b>1,051.1</b>	<b>1,246.1</b>	<b>1,284.8</b>	<b>1,310.0</b>	<b>276.7</b>	<b>328.3</b>

Sources: Central Bank of Bolivia; and National Bureau of Statistics (INE).

1/ All hydrocarbons exports are made by the public sector before the capitalization.

2/ Includes re-exports, and other items according to the definition of the fifth edition of the balance of payment manual.

3/ Net adjustment for costs (freight, insurance, refinery, and smelting charges) that are not included in the f.o.b. value of exports.

Table 40. Bolivia: Contract Prices for Natural Gas Exports 1/

(Period averages)

Year	Dry Gas (US\$ per million BTU)	Liquid Gas (US\$ per metric ton)	Natural Gasoline (US\$ per gallon)	Average Price (US\$ per thousand cubic feet)
1998				
Q-I	1.11	41.16	0.15	1.10
Q-II	0.98	36.19	0.13	0.96
Q-III	0.90	33.36	0.12	0.89
Q-IV	0.82	30.47	0.11	0.81
1999				
Q-I	0.73	27.18	0.10	0.72
Q-II	0.75	27.75	0.10	0.74
Q-III	0.88	32.47	0.12	0.87
Q-IV	1.12	41.43	0.15	1.10
2000				
Q-I	1.32	48.93	0.18	1.31
Q-II	1.50	55.69	0.21	1.48
Q-III	1.57	58.15	0.21	1.55
Q-IV	1.71	63.59	0.24	1.69
2001				
Q-I	1.80	66.65	0.25	1.78
Q-II	1.68	62.51	0.23	1.67
Q-III	1.60	59.22	0.22	1.59
Q-IV	1.59	59.14	0.22	1.58
2002				
Q-I	1.36	50.46	0.19	1.34
Q-II	1.31	48.48	0.18	1.29
Q-III	1.47	54.55	0.20	1.45
Q-IV	1.64	60.67	0.22	1.62
2003				
Q-I	1.67	61.86	0.23	1.65

Source: Ministry of Energy and Hydrocarbons.

1/ For the period to 1999 Q-II, the price refers to exports of gas to Argentina. For 1999 Q-III, the price to a weighted average of the export prices to Argentina and Brazil. Starting in the last quarter of 1999, the price refers to export to Brazil.

Table 41. Bolivia: Imports by Economic Category

	1998	1999	2000	2001	2002
(In millions of U.S. dollars)					
Consumer goods	475	412	466	400	374
Nondurables	203	223	293	274	240
Durables	272	189	173	126	134
Raw materials and intermediate products	836	720	903	891	934
Fuel	74	59	95	106	83
Agricultural inputs	40	43	53	59	55
Industrial inputs	616	482	621	604	556
Construction material	70	101	82	64	185
Transport	35	34	53	58	55
Capital goods	1,030	693	594	398	454
Agricultural equipment	19	13	13	15	19
Industrial equipment	554	532	406	352	392
Transport equipment	458	149	176	31	42
Other	46	29	13	19	9
Balance of payments adjustment	-404	-99	-147	0	0
<b>Total c.i.f.</b>	<b>1,983</b>	<b>1,755</b>	<b>1,830</b>	<b>1,708</b>	<b>1,770</b>
Freight and insurance	-224	-216	-220	-210	-218
<b>Total f.o.b.</b>	<b>1,759</b>	<b>1,539</b>	<b>1,610</b>	<b>1,494</b>	<b>1,552</b>
(In percent of total imports)					
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
Consumer goods	20	22	24	23	21
Raw materials and intermediate products	35	39	46	52	53
Capital goods	43	37	30	23	26
Other	2	2	1	1	0

Sources: Central Bank of Bolivia; and National Bureau of Statistics (INE).

1/ Includes staff estimates for unrecorded imports, and an adjustment to offset changes in the value of exports when reported according to fifth edition of the balance of payments manual.

Table 42. Bolivia: Direction of Trade 1/  
(In percent of total imports or exports)

	Imports 2/					Exports				
	1998	1999	2000	2001	2002	1998	1999	2000	2001	2002
<b>Total</b>	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Industrial countries	59.0	44.4	38.3	29.0	28.9	39.1	36.8	41.9	24.6	19.0
<i>Of which:</i>										
United States	25.6	23.6	21.8	16.3	15.6	15.3	15.8	24.2	14.0	14.0
Japan	20.0	8.4	5.2	3.3	5.5	0.2	0.5	0.2	0.2	0.4
EEC	13.5	12.4	11.3	9.3	7.7	23.5	20.6	17.5	10.4	4.6
<i>Of which:</i>										
France	0.9	1.0	0.7	1.4	1.1	0.1	0.1	0.1	0.3	0.3
Germany	2.4	2.6	2.0	2.0	1.7	1.6	1.1	0.9	0.6	0.5
Netherlands and Belgium	0.7	0.6	0.8	0.8	0.4	5.4	5.5	3.3	2.2	1.0
United Kingdom	0.7	0.8	0.5	0.7	0.7	14.9	12.8	11.6	5.3	2.3
Developing countries	32.8	43.0	46.2	51.5	55.3	38.1	29.5	38.2	56.9	56.4
<i>Of which:</i>										
Argentina	9.6	13.1	15.3	16.8	17.4	9.2	3.7	3.4	5.0	1.9
Brazil	10.3	14.5	14.1	16.1	22.0	2.3	2.9	11.4	22.2	24.1
Chile	5.8	7.0	8.2	8.3	7.0	2.6	2.0	2.0	2.4	2.3
Andean Community	7.1	8.3	8.5	10.4	8.9	24.1	20.9	21.4	27.3	28.1
<i>Of which: Peru</i>	3.9	4.7	5.0	6.2	5.4	10.6	5.4	4.2	5.0	5.2
CIS, Eastern Europe, China, and others	8.2	12.6	15.5	19.5	15.8	22.8	33.7	19.9	18.6	24.6

Sources: Central Bank of Bolivia; and National Bureau of Statistics (INE).

1/ On a customs basis. Subtotals may not add to totals due to rounding.

2/ Distribution by country of origin pertains to merchandise imports excluding balance-of-payments adjustment.

Table 43. Bolivia: Foreign Assets of the Banking System

	1998	1999	2000	2001	2002	March	
						2002	2003
(End-period, in millions of U.S. dollars)							
<b>Central bank</b>	<b>1,049.6</b>	<b>1,106.2</b>	<b>1,077.4</b>	<b>1,057.6</b>	<b>772.8</b>	<b>915.6</b>	<b>701.3</b>
Assets	1,184.1	1,209.7	1,163.0	1,116.8	806.7	982.5	743.0
Foreign exchange 1/	888.3	915.3	869.3	825.3	521.2	696.6	410.0
Gold 2/	234.9	235.7	234.7	234.7	227.9	228.3	273.5
Special drawing rights	38.5	36.5	37.4	35.6	35.5	35.5	37.4
IMF Reserve Position	12.5	12.2	11.6	11.2	12.1	12.1	12.1
Other	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Liabilities	-134.5	-103.5	-85.7	-59.2	-33.8	-66.9	-41.8
International Monetary Fund	-256.5	-229.1	-219.4	-203.2	-185.5	-211.3	-193.4
Other 3/	122.0	125.5	133.7	144.0	151.6	144.4	151.6
<b>Deposit money banks</b>	<b>-194.6</b>	<b>-15.3</b>	<b>252.5</b>	<b>609.9</b>	<b>506.0</b>	<b>676.1</b>	<b>476.0</b>
Assets	401.8	464.2	545.3	687.3	597.3	704.3	521.4
Liabilities	-596.4	-479.5	-292.9	-77.4	-91.3	-28.2	-45.4
<b>Banking system</b>	<b>855.0</b>	<b>1,090.9</b>	<b>1,329.8</b>	<b>1,667.5</b>	<b>1,278.8</b>	<b>1,591.7</b>	<b>1,177.3</b>
Assets	1,585.9	1,673.9	1,708.4	1,804.1	1,404.0	1,686.8	1,264.4
Liabilities	-730.9	-583.0	-378.6	-136.6	-125.1	-95.1	-87.2

Source: Central Bank of Bolivia.

1/ Foreign currency holdings and demand deposits net of overdrafts.

2/ Valued at US\$42.22 per troy ounce until 1998, US\$250 between QI 1999 and QIV 2002, and US\$300 per troy ounce since January 2003.

Table 44. Bolivia: External Public Debt by Creditor 1/

(In millions of U.S. dollars)

	1999				Out- standing End-1999	2000				Out- standing End-2000
	Disburse- ments	Amorti- zation	Interest Payments	Adjust- ment		Disburse- ments	Amorti- zation	Interest Payments	Adjust- ment	
<b>Total medium- and long-term 2/</b>	<b>303</b>	<b>202</b>	<b>132</b>	<b>-182</b>	<b>4,574</b>	<b>305</b>	<b>210</b>	<b>136</b>	<b>-208</b>	<b>4,461</b>
<b>International organizations</b>	<b>270</b>	<b>174</b>	<b>93</b>	<b>-47</b>	<b>3,074</b>	<b>265</b>	<b>173</b>	<b>91</b>	<b>-89</b>	<b>3,077</b>
Andean Development Corporation	65	45	16	-10	209	83	46	20	9	255
International Bank for Reconstruction and Development	0	11	5	1	10	0	10	3	0	0
International Development Association	82	8	8	-25	1,096	63	10	8	-53	1,096
Inter-American Development Bank	89	63	58	-10	1,397	96	64	54	-36	1,393
International Monetary Fund	23	33	1	-7	247	15	30	1	-12	220
Other	12	13	5	4	115	7	13	5	4	113
<b>Official bilateral creditors</b>	<b>31</b>	<b>22</b>	<b>38</b>	<b>-126</b>	<b>1,473</b>	<b>39</b>	<b>29</b>	<b>43</b>	<b>-120</b>	<b>1,364</b>
Brazil	0	0	0	0	22	0	0	0	0	22
<i>Of which</i> : debt cancellation	0	0	0	0	0	0	0	0	0	0
United States	0	1	3	-10	61	0	1	3	0	60
<i>Of which</i> : debt refinanced	0	0	0	0	0	0	0	0	0	0
Other	31	21	35	-116	1,390	39	28	40	-120	1,282
<b>Suppliers credits 3/</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Foreign banks</b>	<b>2</b>	<b>5</b>	<b>2</b>	<b>0</b>	<b>17</b>	<b>1</b>	<b>5</b>	<b>1</b>	<b>0</b>	<b>12</b>
<i>Of which</i> : consortium banks	0	0	0	0	0	0	0	0	0	0
<b>Bonds 4/</b>	<b>0</b>	<b>2</b>	<b>1</b>	<b>-9</b>	<b>10</b>	<b>0</b>	<b>4</b>	<b>1</b>	<b>0</b>	<b>7</b>

Table 44. Bolivia: External Public Debt by Creditor 1/

(In millions of U.S. dollars)

	2001				Out- standing End-2001	2002				Out- standing End-2002
	Disburse- ments	Amorti- zation	Interest Payments	Adjust- ment		Disburse- ments	Amorti- zation	Interest Payments	Adjust- ment	
<b>Total medium- and long-term 2/</b>	<b>400</b>	<b>216</b>	<b>126</b>	<b>4,228</b>	<b>4,412</b>	<b>527</b>	<b>287</b>	<b>122</b>	<b>-352</b>	<b>4,300</b>
<b>International organizations</b>	<b>351</b>	<b>176</b>	<b>87</b>	<b>3,001</b>	<b>3,176</b>	<b>481</b>	<b>242</b>	<b>84</b>	<b>122</b>	<b>3,537</b>
Andean Development Corporation	131	50	23	255	336	274	104	25	-28	477
International Bank for Reconstruction and Development	0	0	0	0	0	0	0	0	0	
International Development Association	102	12	8	1,057	1,147	104	14	9	87	1,323
Inter-American Development Bank	84	71	51	1,361	1,374	100	84	46	61	1,450
International Monetary Fund	24	29	1	212	207	0	27	1	15	195
Other	10	13	4	116	113	3	12	3	-13	92
<b>Official bilateral creditors</b>	<b>49</b>	<b>38</b>	<b>38</b>	<b>1,216</b>	<b>1,228</b>	<b>46</b>	<b>43</b>	<b>37</b>	<b>-474</b>	<b>757</b>
Brazil	0	0	0	34	34	23	0	0	0	56
<i>Of which</i> : debt cancellation	0	0	0	0	0	0	0	0	0	0
United States	0	1	1	60	59	0	1	3	-58	0
<i>Of which</i> : debt refinanced	0	0	0	0	0	0	0	0	0	0
Other	49	37	37	1,122	1,135	24	41	33	-416	701
<b>Suppliers credits 3/</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Foreign banks</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>5</b>	<b>3</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>2</b>
<i>Of which</i> : consortium banks	0	0	0	0	0	0	0	0	0	0
<b>Bonds 4/</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>7</b>	<b>5</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>4</b>

Sources: Central Bank of Bolivia; and Fund staff estimates.

1/ Figures do not include HIPC debt relief. Amortization and interest payments include payments on arrears.

2/ Excludes arrears on interest. Total external debt includes Beyond-HIPC relief (not yet signed but for which no debt service is being paid) for US\$1.1 billion in 2001 and 0.6 billion in 2002.

3/ Nonguaranteed only.

4/ Disbursements represent new bond issues.

Table 45. Bolivia: Effective Exchange Rates 1/ 2/

(Indices: 1990=100)

	Real Effective Exchange Rate	Nominal Effective Exchange Rate	Exchange Rate in Terms of U.S. Dollars	Consumer Price Index
1999				
QI	99.0	294.4	99.3	227.0
QII	97.9	291.6	97.5	227.7
QIII	97.4	288.6	96.0	230.7
QIV	96.3	283.9	95.2	233.9
2000				
QI	95.5	279.7	94.0	237.5
QII	94.9	279.6	92.0	237.3
QIII	97.4	281.3	92.6	244.3
QIV	94.9	278.5	89.4	241.8
2001				
January	93.8	275.6	88.2	242.4
February	94.1	276.9	88.1	242.3
March	94.5	279.2	87.5	241.8
April	95.1	281.2	86.8	242.3
May	94.9	282.1	86.0	241.9
June	95.5	281.9	85.8	243.6
July	96.5	281.8	86.4	246.5
August	94.3	277.6	85.1	244.9
September	93.8	277.2	84.2	244.3
October	93.9	277.3	83.9	244.5
November	93.1	275.4	83.1	243.9
December	91.7	271.2	82.9	244.1
2002				
January	93.1	276.4	82.4	244.1
February	97.8	291.1	81.5	244.6
March	97.6	293.1	80.4	243.8
April	96.7	295.4	79.3	243.8
May	97.8	300.2	79.3	243.9
June	98.1	302.1	78.5	244.1
July	97.2	300.0	78.0	245.1
August	98.6	305.4	77.1	245.7
September	98.1	303.6	76.9	246.8
October	98.7	305.2	76.5	248.1
November	96.8	298.9	76.3	249.5
December	95.6	295.5	75.8	250.0
2003				
January	93.1	288.4	75.4	251.0
February	92.3	287.8	74.5	250.5
March	90.8	284.5	73.9	250.7
April	89.2	278.8	74.2	251.4

Source: IMF Information Notice System.

1/ End of period.

2/ Increase denotes appreciation.



Bolivia: Summary of the Tax System as of May 29, 2003

Tax	Nature of Tax	Exemptions and Deductions	Rates								
1.1 Taxes on income and profits											
<b>1.1 Complementary VAT</b> RC-IVA ( <i>Régimen Complementario al IVA</i> ). Laws 843 (May 20, 1986), 1314 (Feb. 27, 1992), 1606 (Dec. 22, 1995), 2064 (Apr. 3, 2000), 2297 (Dic. 20, 2001) and 2382 (may. 22, 2002); and Supreme Decrees 21531 (Feb. 27, 1987), 24050 (July 29, 1995), 24433 (Dec. 12, 1997), 24062 (May 6, 1997), and 24852 (Sept. 20, 1997).	A tax on the Bolivian-source gross income of individuals and undivided estates, not subjected to the tax on enterprise profits. The tax is withheld monthly by employers ( <i>retention agents</i> ) and self-assessed quarterly by <i>direct contributors</i> on fees, remuneration of partners, directors and shareholders' representatives, rents, interest, and other recurrent income. The tax applies also to royalties for the use of patents and brand names, payments for technical assistance, and other income of parent companies or related entities.	<p><u>Deductions:</u> the 12.21 percent quotations destined to the regime of social security.</p> <p><u>Exemptions:</u> two minimum wages; social benefits paid to workers, including prenatal, nuptial, and other allowances; Christmas bonus; life annuities paid by the Treasury; per diem and representation expenses; retirement benefits and pensions; birth, sickness, burial, and professional risk allowances; The originating ones of the positioning of capitals, such as interests, yields and any other income from the investment of those , that do not constitute income subject to the corporate income tax:            Share profits are not included, either in cash , goods or corporate share or "comandita" shares, nor the personal corporate share, subject to the corporate income tax. Neither the interests generated by the fixed term deposits in the financial system are included, placed in national currency and those placed in housing promotion units to thirty 30 days, as well as those placed in foreign currency or national currency with value maintenance to the American dollar to 3 or more years, as well as yields of other emitted values of debt to a greater or equal term to three 3 years.            The interests generated by the fixed term deposits that are redeemed prior to final date, constitute income object of this tax. In this case the financial intermediation entity will retain the corresponding tax.</p>	13 percent.  <p><u>Tax credit:</u> The amount of withholding is reduced by (a) the VAT paid by the taxpayer on the purchase of goods and services, building contracts, or on services and inputs of any kind; and (b) 13 percent of two minimum wages—to compensate for the VAT paid on purchases under the Simplified Tax System ( 4.1) for which invoice is not required.</p>								
1.2 Tax on enterprise profits	RUE ( <i>Impuesto a las Utilidades de las Empresas</i> ). Laws 1606 (Dec. 22, 1994), 1834 (March 31, 1998) and 2064 (Apr. 3, 2000) and Supreme Decrees 24051 (June 29, 1995) and 24062 (May 6, 1997)	<p><u>Exemptions:</u> retained profits of authorized nonprofit associations, foundations, institutions, and organizations; profits from capital by transaction in the stock exchange.</p>	25 percent.  <p><u>Tax credits:</u> The tax paid is creditable against the transaction tax liabilities (3.3). In the hydrocarbons sector, the 13 percent complementary royalty on old oil (3.5) applies against this tax.</p>								
1.3 Tax on transfers abroad	A withholding tax on income derived from Bolivian sources by nonresidents, including profits, dividends, rents, interest, royalties, and technology transfers. Net profits of foreign enterprises that conduct part of their activities in the country is presumed equal to 16 percent of gross receipts.	<p><u>Exemptions:</u> interest paid to international credit organizations and authorized foreign official institutions; profits from capital by transaction in the stock exchange.</p>	<table> <tr> <td>Withholding standard rate</td> <td align="right">25 percent</td> </tr> <tr> <td>On profits from specified activities conducted partly in Bolivia:</td> <td></td> </tr> <tr> <td>    Foreign enterprises</td> <td align="right">4 percent(=25 percent of 16 percent)</td> </tr> <tr> <td>    Remittances by residents</td> <td align="right">1.5 percent</td> </tr> </table>	Withholding standard rate	25 percent	On profits from specified activities conducted partly in Bolivia:		Foreign enterprises	4 percent(=25 percent of 16 percent)	Remittances by residents	1.5 percent
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**Bolivia: Summary of the Tax System as of May 29, 2003**

Tax	Nature of Tax	Exemptions and Deductions	Rates																			
1.4 <b>Income surtax on the extraction of nonrenewable resources</b>	Laws 1731 (Nov. 25, 1996) and 1777 (March 17, 1997) and Supreme Decrees 24062 (May 6, 1997), 24764 (July 31, 1997), and 24780 (July 31, 1997).	A surtax to the IUE (1.2) levied on annual net profits derived from the extraction nonrenewable resources (primarily in the mining and hydrocarbons sectors).	The tax base is reduced by the recovery, up to 33 percent in each year, of investment in exploration, development, exploration, and environmental protection, plus 45 percent of the year's value of production, up to Bs 250 million per site (adjusted annually in line with the exchange rate).	25 percent.																		
<b>2. Taxes on property</b>																						
2.1 <b>Real estate property tax</b>	IPBI ( <i>Impuesto a la Propiedad de Bienes Inmuebles</i> ). Laws 1606 (Dec. 22, 1994), 1715 (Oct. 18, 1996), 2068 (Apr. 12, 2000) and 2074 (Apr. 14, 2000) and Supreme Decrees 24204 (Dec. 23, 1995) and 24062 (May 5, 1997), and Supreme Resolutions 218493 (Sep. 11, 1998), 218852 (Aug. 5, 1999), 219195 (Aug. 22, 2000), 220888 (Aug. 1, 2001) and 221187 (Jun. 5, 2002).	An annual, municipal tax on owners (individuals, enterprises, and undivided estates) of any type of real estate property, including rural land, regardless of how acquired.	<u>Exemptions:</u> Real state propiety belonging to: State except its enterprices, diplomatic and consular missions; real estate of nonprofit organizations, war veterans and their widows, and autoctone rural communities, if not used for commercial or industrial purpose; peasant homestead; and small rural property used for farming or cattle raising; appraisal in 50% of tax base from real states; exclusive use to hotel activity form part and belongs to the assets enterprise; discounts until the 70%, 45% and 30% of real states considered historical patrimony from Sucre city.	Schedule for fiscal year 2001: <table border="1"> <thead> <tr> <th>Value over</th> <th>Marginal</th> <th>Fixed</th> </tr> </thead> <tbody> <tr> <td>Bs 0</td> <td>0.35% +</td> <td>Bs 0</td> </tr> <tr> <td>Bs 321,457</td> <td>0.50% +</td> <td>Bs 1.125</td> </tr> <tr> <td>Bs 642,914</td> <td>1.00% +</td> <td>Bs 2.732</td> </tr> <tr> <td>Bs 964,371</td> <td>1.50% +</td> <td>Bs 5.947</td> </tr> </tbody> </table> Rates reduced by half on rural land. Brackets adjusted annually in line w/exch. Rate.	Value over	Marginal	Fixed	Bs 0	0.35% +	Bs 0	Bs 321,457	0.50% +	Bs 1.125	Bs 642,914	1.00% +	Bs 2.732	Bs 964,371	1.50% +	Bs 5.947			
Value over	Marginal	Fixed																				
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2.2 <b>Motorvehicles tax</b>	IPVA ( <i>Impuesto a la Propiedad de Vehiculos Automotores</i> ). Laws 1606 (Dec. 22, 1994) and 1715 (Oct. 18, 1996, Supreme Decrees 24204 (Dec. 23, 1995) and 24062 (May 6, 1997), and Supreme Resolutions 218359 (May 15, 1998), 218728 (Apr. 15, 1999), 219060 (May. 5, 2000), 220821 (Abr. 24, 2001), 221153 (Abr. 30, 2002) and 221662 (Abr. 11, 2003).	An annual, municipal tax on owners (individuals, enterprises, and undivided estates) of motorvehicles.	<u>Exemptions:</u> vehicles belonging to: the state except its enterprises; diplomatic and consular missions and their staff; foreign employees of international organizations.	Schedule for fiscal year- 2001: <table border="1"> <thead> <tr> <th>Value over</th> <th>Marginal</th> <th>Fixed</th> </tr> </thead> <tbody> <tr> <td>Bs 1</td> <td>1.5% +</td> <td>Bs 0</td> </tr> <tr> <td>Bs 39,369</td> <td>2.0% +</td> <td>Bs 787</td> </tr> <tr> <td>Bs 118,105</td> <td>3.0% +</td> <td>Bs 2,755</td> </tr> <tr> <td>Bs 236,209</td> <td>4.0% +</td> <td>Bs 6,889</td> </tr> <tr> <td>Bs 472,416</td> <td>5.0% +</td> <td>Bs 17,518</td> </tr> </tbody> </table> Rates reduced by half on urban transportation. Brackets adjusted annually in line w/ exch. rate.	Value over	Marginal	Fixed	Bs 1	1.5% +	Bs 0	Bs 39,369	2.0% +	Bs 787	Bs 118,105	3.0% +	Bs 2,755	Bs 236,209	4.0% +	Bs 6,889	Bs 472,416	5.0% +	Bs 17,518
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Bs 236,209	4.0% +	Bs 6,889																				
Bs 472,416	5.0% +	Bs 17,518																				
2.3 <b>Gift and inheritance tax</b>	TGB ( <i>Impuesto a la las Sucesiones y Transmisiones Gratuitas de Bienes</i> ). Law 926 (Mar. 25, 1987), Law 1883 (June 25, 1998); and Supreme Doctees 21789 (7Dec87) and 24062 (May 6, 1997).	A tax on the net value of unrequited transfer, by inheritance or gift, to individuals, enterprises, and undivided estates, of personal and real estate property, stocks, capital shares, and rights subject to registration.	<u>Exemptions:</u> central, departmental, and municipal governments and public institutions; nonprofit associations, foundations, or institutions; and national worthy.	<table border="1"> <tbody> <tr> <td>Ascendants, descendants, spouses</td> <td>1%</td> </tr> <tr> <td>Siblings and their descendants</td> <td>10%</td> </tr> <tr> <td>Other beneficiaries</td> <td>20%</td> </tr> </tbody> </table>	Ascendants, descendants, spouses	1%	Siblings and their descendants	10%	Other beneficiaries	20%												
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<b>3. Taxes on goods and services</b>																						

## Bolivia: Summary of the Tax System as of May 29, 2003

Tax	Nature of Tax	Exemptions and Deductions	Rates																		
<p><b>3.1 Value-added tax</b>                      IVA (<i>Impuesto al Valor Agregado</i>).                      Laws 843 (May 20, 1986), 1314 (Feb. 27, 1987), 1606 (Dec. 22, 1994), 1883 (Jun. 25, 1998), 1834 (March 31, 1998), 2064 (Apr. 3, 2000) and 2074 (Apr. 14, 2000) and Supreme Decrees 21530 (Feb. 27, 1987), 24049 (July 29, 1995), 24438 (Dec. 13, 1996), 24062 (May 6, 1997), 24488 (Jan. 31, 1997), and 24852 (Sept. 20, 1997).</p>	<p>A tax on recurrent sales or leasing of movable goods, final imports, building contracts, rentals, and other services provided in Bolivia.</p> <p>Customs duties are included in the base, but not so the excises.</p> <p>Under special tax regimes (3.4 and 4.1-4.3) the VAT liability is lumped into global tax payments.</p>	<p><b>Exemptions:</b> imports by diplomatic corps; bona fide imports up to US\$1,000; real estate property; interest payments; most capital market transactions; and the sale or transfer of assets resulting from capital already invested or from the firm's restructuring; profits from capital by transaction in the stock exchange; tourist service sale outside; loading service to foreign tourist without residence in Bolivia; the portfolio transference transaction to financial intermediation, insurance, pensions and portfolios of stock market as a result of sale or cession; all transaction with public supply stocks engraved in the stock market registry realized in Bolivia with has effects in national territory.</p> <p><b>Zero-rating:</b> exports (except of hydrocarbon products and some minerals and metals) qualify for VAT negotiable refund certificates (<i>Certificado de Devolución Impositiva-CEDEIM</i>).</p>	<p>13 percent, applied to the tax-inclusive price. Therefore, the effective rate is approximately 14.9 percent.</p> <p><b>Tax credit:</b> The VAT paid on purchases.</p>																		
<p><b>3.2 Excise tax</b>                      ICE (<i>Impuesto a los Consumos Especificos</i>).                      Laws 843 (May 20, 1986), 1001 (June 29, 1988), 1052 (Feb. 8, 1989), 1232 (Feb. 7, 1990), 1141 (Feb. 13, 1990), 1314 (Feb. 17, 1992), 1606 (Dec. 22, 1994), 1656 (July 31, 1995) and 2152 (Nov. 23, 2000) and Supreme Decrees 21492 (Dec. 29, 1986), 21191 (Aug. 19, 1988), 24053 (June 29, 1995), 24062 (May. 6, 1997) and R.A. S.I.N. N° 10-001-03 (Jan. 11, 2003).</p>	<p>A tax on specified goods and services imported or sold by their domestic producers.</p> <p>Customs duties are included in the base, but not so the VAT.</p>	<p>The ICE paid on inputs incorporated into exported goods is refunded to exporters of nontraditional and mining/ metal goods in proportion to the amounts exported.</p>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 2px;">Cigarettes, other tabaco products</td> <td style="text-align: right; padding: 2px;">50%</td> </tr> <tr> <td style="padding: 2px;">Motorvehicles</td> <td style="text-align: right; padding: 2px;">10% and 18%</td> </tr> <tr> <td style="padding: 2px;">Soft drinks, beer (-0.5%)</td> <td></td> </tr> <tr> <td style="padding: 2px;">ex waters and juices</td> <td style="text-align: right; padding: 2px;">Bs 0.19/liter</td> </tr> <tr> <td style="padding: 2px;">Beer(0.5% or +), wines, liquor, brandy, ron, vodka, <i>aguardientes</i>, <i>singanis</i>, other spirits</td> <td style="text-align: right; padding: 2px;">Bs1.56/liter</td> </tr> <tr> <td style="padding: 2px;">Whisky</td> <td style="text-align: right; padding: 2px;">Bs 6.49/liter</td> </tr> <tr> <td style="padding: 2px;">Corn liquor (<i>chicha</i>)</td> <td style="text-align: right; padding: 2px;">Bs 0.39/liter</td> </tr> <tr> <td style="padding: 2px;">Alcohol</td> <td style="text-align: right; padding: 2px;">Bs 0.77/liter</td> </tr> <tr> <td style="padding: 2px;">Ad rem rates are adjusted annually w/exch. rate.</td> <td></td> </tr> </table>	Cigarettes, other tabaco products	50%	Motorvehicles	10% and 18%	Soft drinks, beer (-0.5%)		ex waters and juices	Bs 0.19/liter	Beer(0.5% or +), wines, liquor, brandy, ron, vodka, <i>aguardientes</i> , <i>singanis</i> , other spirits	Bs1.56/liter	Whisky	Bs 6.49/liter	Corn liquor ( <i>chicha</i> )	Bs 0.39/liter	Alcohol	Bs 0.77/liter	Ad rem rates are adjusted annually w/exch. rate.	
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Ad rem rates are adjusted annually w/exch. rate.																					
<p><b>3.3 Tax on transactions</b>                      IT (<i>Impuesto a las Transacciones</i>).                      Laws 843 (May 20, 1986), 1141 (Feb. 13, 1990), 1606 (Dec. 22, 1994) and 2064 (Apr.3, 2000) and Supreme Decrees 24052 (July 19, 1995), 24438 (Dec. 13, 1996), 24062 (May 5, 1997), 24692 (July 2, 1997), and 24849 (Sept. 20, 1997).</p>	<p>A tax on the gross income of individuals and state and private enterprises derived from trade, industry, professions, businesses, rents, construction, and other services. Payable monthly.</p>	<p><b>Exemptions:</b> wages of public and private employees; export proceeds; services rendered by the government (except state enterprises); interest on banking accounts; private education institutions officially recognized; printing and imports of books, newspapers, and informational publications; sales in the stock market; diplomatic services; domestic sales of minerals, metals, petroleum and natural gas; the portfolio transference transaction to financial intermediation, insurance, pensions and portfolios of stock market as a result of sale or cession; all transaction with public supply stocks engraved in the stock market registry realized in Bolivia with has effects in national territory.</p>	<p>3 percent.</p> <p><b>Tax credit:</b> The profits tax (1.2) paid is creditable against this tax.</p> <p>The IT paid on inputs is not refunded to exporters.</p>																		

Bolivia: Summary of the Tax System as of May 29, 2003

Tax	Nature of Tax	Exemptions and Deductions	Rates																						
<p><b>3.4 Tax on hydrocarbon products</b> IEHD (<i>Impuesto Especial a los Hidrocarburos y sus Derivados</i>). Laws 1606 (Dec. 22, 1994), 1981 (May 27, 1999) and 2152 (Nov. 23, 2000) and Supreme Decrees 25498 (Aug. 27, 1999), 25510 (Sep. 14, 1999), 25521 (Sep. 27, 1999), 25540 (Oct. 14 1999), 26004 (27/11/2000), 26227 (Jun. 21, 2001), 26783 (Sep. 7, 2002), 26938 (Feb. 22, 2003) and R.A. SS.III. N° 271 (Abr. 30, 2003).</p>	<p>A tax, which is a component of the price ex terminal and varies with the reference price established in petroleum pricing regulations, on imports and domestic production of gasoline and diesel oil.</p>	None.	<table> <tr><td>Gasoline: Regular</td><td>Bs 1.110/liter</td></tr> <tr><td>Gasoline: Premium</td><td>Bs 2.70/liter</td></tr> <tr><td>Gasoline: Aviation 100</td><td>Bs 0.580/liter</td></tr> <tr><td>Diescl oil: Domestic</td><td>Bs 0.950/liter</td></tr> <tr><td>Diesel oil: Imported</td><td>Bs 0.020/liter</td></tr> <tr><td>Diesel oil: Natural Gas</td><td>Bs 0.200/liter</td></tr> <tr><td>Jet Fuel: International</td><td>Bs 0.560/liter</td></tr> <tr><td>Jet Fuel: Domestic</td><td>Bs 0.330/liter</td></tr> <tr><td>Fuel Oil</td><td>Bs 0.410/liter</td></tr> <tr><td>Industrial and automotive oil</td><td>Bs 1.370/liter</td></tr> <tr><td>Lubricate grease</td><td>Bs 1.370/liter</td></tr> </table>	Gasoline: Regular	Bs 1.110/liter	Gasoline: Premium	Bs 2.70/liter	Gasoline: Aviation 100	Bs 0.580/liter	Diescl oil: Domestic	Bs 0.950/liter	Diesel oil: Imported	Bs 0.020/liter	Diesel oil: Natural Gas	Bs 0.200/liter	Jet Fuel: International	Bs 0.560/liter	Jet Fuel: Domestic	Bs 0.330/liter	Fuel Oil	Bs 0.410/liter	Industrial and automotive oil	Bs 1.370/liter	Lubricate grease	Bs 1.370/liter
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Lubricate grease	Bs 1.370/liter																								
<p><b>3.5 Tax on hydrocarbon production (national royalties)</b> Law 1698 of April 30, 1996; Law 1731 of November 25, 1996.</p>	<p>A royalty on the gross production by privatized (<i>capitalized</i>) units of the state oil company (YPFB).</p>	None.	<table> <tr><td>Old oil</td><td>38%</td></tr> <tr><td>of which: National royalty</td><td>19%</td></tr> <tr><td>Complementary royalty</td><td>13%</td></tr> <tr><td>Payment to residual YPFB</td><td>6%</td></tr> <tr><td>New oil: Payment to residual YPFB</td><td>6%</td></tr> </table> <p>YPFB will transfer to the Treasury the 6 percent royalty less the cost of administering contracts.</p>	Old oil	38%	of which: National royalty	19%	Complementary royalty	13%	Payment to residual YPFB	6%	New oil: Payment to residual YPFB	6%												
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<p><b>3.6 Tax on hydrocarbon production (departmental royalty)</b> IPPH (<i>Impuesto sobre la Producción de Hidrocarburos</i>). Law 1194 (Nov. 1, 1990); Law 1698 (Apr. 30, 1996); Law 1731 (Nov. 25, 1996).</p>	<p>A departmental tax on the gross value of wellhead production of old and new hydrocarbons and on their products.</p>	None.	<table> <tr><td>Rate</td><td>12%</td></tr> <tr><td>of which: Basic rate</td><td>11%</td></tr> <tr><td>Compensatory duty 1/</td><td>1%</td></tr> </table> <p>1/ Earmarked for Beni and Pando departments.</p>	Rate	12%	of which: Basic rate	11%	Compensatory duty 1/	1%																
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<p><b>3.7 Royalty on mining (departmental mining royalty)</b> ICM (<i>Impuesto Complementario de la Minería</i>). Laws 1606 (Dec. 22, 1994), 1731 (Nov. 25, 1996), and 1777 (March 17, 1997); Supreme Decree 24780 (July 31, 1997).</p>	<p>A royalty, fully transferred to departments, on the gross sales of extracted minerals, valued at ore's official price. This tax is treated as a minimum income tax for the mining sector.</p>	None.	<p><u>Sales abroad:</u> gold 4-7 percent, silver 3-6 percent, zinc 1-5 percent, lead 1-5 percent, tin 1-5 percent, precious metals and stones 1-5 percent, other minerals 3-6 percent. <u>Domestic sales:</u> Rates 60 percent lower.</p> <p><u>Tax credit:</u> advance payments of IUE (1.2) can be set off against this tax.</p>																						
<p><b>3.8 Tax on transfers of real estate property and motorvehicles</b> IMT (<i>Impuesto Municipal a las Transferencias de Inmuebles y Vehiculos Automotores</i>). Laws 1606 (Dec. 22, 1994) and 1731 (Nov. 25, 1996) and Supreme Decrees 24054 (July 29, 1995) and 24062 (May 6, 1997).</p>	<p>A municipal tax on the value of the transfer of real estate property and vehicles. On leasing, the base is the price of the at which the purchase option was exercised. An exchange of goods is deemed two transfers.</p>	3 percent.																							

**Bolivia: Summary of the Tax System as of May 29, 2003**

Tax	Nature of Tax	Exemptions and Deductions	Rates																		
<b>3.9 Tax on travel abroad</b> ISAE ( <i>Impuesto a las Salidas Aéreas al Exterior</i> ). Laws 1141 (Feb. 23, 1990), 1731 (Nov. 25, 1996) and 2047 (Jan. 28, 2000) and Supreme Decrees 22556 (July 28, 1990) and 24062 (May 6, 1997).	A tax on airlights to foreign destinations.	<u>Exemptions:</u> diplomats.	For each trip Bs 120 for all the people																		
<b>4. Special taxes on small-scale activities</b>																					
<b>4.1 Simplified tax system</b> RTS ( <i>Régimen Tributario Simplificado</i> ). Supreme Decrees 21521 of Feb. 13, 1987; 22555 of July 25, 1990; Law 1606 of Dec. 22, 1994; Supreme Decree 24484 (rate schedule)	A tax payable every two month by small retailers ( <i>comerciantes minoristas</i> , with capital Bs 18,800), canteen operators ( <i>vivanderos</i> ), and craftsmen ( <i>artesanos</i> ), in lieu of VAT, complementary VAT, profits tax, and the transactions tax.	<u>Exemption:</u> businesses with capital not exceeding Bs 2,000.	<table border="1"> <thead> <tr> <th><u>Capital</u></th> <th><u>Tax</u></th> </tr> </thead> <tbody> <tr> <td>Bs 2,001– Bs 3,600</td> <td>Bs 11</td> </tr> <tr> <td>Bs 3,601– Bs 6,640</td> <td>Bs 45</td> </tr> <tr> <td>Bs 6,641– Bs 9,680</td> <td>Bs 99</td> </tr> <tr> <td>Bs 9,681–Bs 12,700</td> <td>Bs 148</td> </tr> <tr> <td>Bs 12,701–Bs 15,760</td> <td>Bs 351</td> </tr> <tr> <td>Bs 15,761–Bs 18,800</td> <td>Bs 438</td> </tr> </tbody> </table>	<u>Capital</u>	<u>Tax</u>	Bs 2,001– Bs 3,600	Bs 11	Bs 3,601– Bs 6,640	Bs 45	Bs 6,641– Bs 9,680	Bs 99	Bs 9,681–Bs 12,700	Bs 148	Bs 12,701–Bs 15,760	Bs 351	Bs 15,761–Bs 18,800	Bs 438				
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<b>4.2 Integrated tax system</b> RTI ( <i>Régimen Tributario Integrado</i> ). Supreme Decrees 21642 of June 30, 1987; 21963 of June 30, 1988; 22835 of June 14, 1991; 23027 of Jan. 10, 1991; 23346 of Dec. 2, 1992.	A tax on owners of one or two vehicles used for urban, interprovincial, and interdepartmental transport, in lieu of VAT, complementary VAT, profits tax, and the transactions tax. Payable in four quarterly installments.	Urban, interprovincial, and international carriers are excluded from this system and are subject to the general tax system.	Payment determined by the service provided and the district where registered. <table border="1"> <thead> <tr> <th><u>Category</u></th> <th><u>Quarterly Income</u></th> <th><u>Tax</u></th> </tr> </thead> <tbody> <tr> <td>B</td> <td>Bs 1,000</td> <td>Bs 100</td> </tr> <tr> <td>1</td> <td>Bs 1,500</td> <td>Bs 150</td> </tr> <tr> <td>2</td> <td>Bs 2,750</td> <td>Bs 275</td> </tr> <tr> <td>3</td> <td>Bs 4,000</td> <td>Bs 400</td> </tr> <tr> <td>3A</td> <td>Bs 7,000</td> <td>Bs 700</td> </tr> </tbody> </table>	<u>Category</u>	<u>Quarterly Income</u>	<u>Tax</u>	B	Bs 1,000	Bs 100	1	Bs 1,500	Bs 150	2	Bs 2,750	Bs 275	3	Bs 4,000	Bs 400	3A	Bs 7,000	Bs 700
<u>Category</u>	<u>Quarterly Income</u>	<u>Tax</u>																			
B	Bs 1,000	Bs 100																			
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2	Bs 2,750	Bs 275																			
3	Bs 4,000	Bs 400																			
3A	Bs 7,000	Bs 700																			
<b>4.3 Unified agriculture tax system</b> RAU ( <i>Régimen Agropecuario Unificado</i> ). Laws 843 (May 20, 1986), 1606 (Dec. 22, 1994), and 1715 (Oct. 18, 1996) and Supreme Decrees 24463 (Dec. 26, 1996), 25100 (July 15, 1998), 25302 (Feb. 12, 1999), 25322 (March 5, 1999), and 25333 (March 17, 1999).	An annual tax paid in lieu of VAT, complementary VAT, transactions tax, and the profits tax on the owners (individuals or undivided estates) of medium-sized rural properties, cooperatives in agriculture and cattle raising, and properties used for poultry, fishing, beehiving, flower growing, and rabbit raising.	<u>The regime does not apply to:</u> cooperatives and sole-ownership properties classified as enterprises; rural properties smaller than the exemption threshold; rural properties larger than the upper threshold (which are subject to the general tax regime).	Rates are expressed in Bs per hectare and vary with location, type of activity (agriculture and cattle raising), and size of property.																		
<b>5. Tax on international transactions</b>																					
<b>5.1 Consolidated customs duty</b> GA ( <i>Gravamen Arancelario</i> ). Law 1990 (Jul. 28, 1999) Supreme Decrees 21060 (Aug. 29, 1985), 21367 (Aug. 13, 1986), 21660 (July 10, 1987), 21910 (Apr. 6, 1988), 22407 (Jan. 11, 1990), 22585 (Aug. 20, 1990), 23766 (Apr. 21, 1994), 22459 (Nov. 6, 1995), 24422 (Nov. 29, 1996), 24488 (Jan. 31, 1997), 25465 (July 23, 1999) and 25704 (Mar.14, 2000).	A customs tariff system applied to the c.i.f. value of imports at the port of entry.	<u>Exemptions:</u> Importation: of goods in virtue of treaties or international contracts; realized by diplomatic and representative of international organization; realized by technical assistance organization; granted goods to public institutions; granted goods to private organization out profits purposes.	Consumption goods 10% Capital goods 0% and 5% Books and magazines 2%  Refunds: Exporters may request a refund of the GAC under the CEDEIM modality (3.1).																		

Treaties for avoiding double taxation: Andean Group (Colombia, Ecuador, Peru, Venezuela) (Supreme Decree 10343 of July 7, 1972), Argentina (Decree 21780), France (Law 1655 of June 30, 1995), Germany (Law 1462 of Feb. 18, 1993), Sweden (Law 1645 of July 13, 1995), and the United Kingdom (Law 1643 of July 11, 1995).

## Bolivia: Social Indicators, 1992-2002

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
<b>Population</b>											
Total population (millions)	6.9	7.1	7.2	7.4	7.6	7.8	8.0	8.2	8.4	8.6	8.8
Overall fertility rate (no. of children per mother)	4.8	4.8	4.7	4.6	4.5	4.4	4.3	4.2	4.1	4.4	...
Life expectancy at birth (no. of years)	...	...	59.3	60.4	...	61.4	61.6	62.1	62.5	...	...
Children under 1 year (thousands)	230	234	238	243	244	246	248	250	...	415.0	...
Children under 5 years (thousands)	1,066	1,090	1,115	1,141	1,155	1,169	1,183	1,197	...	1,314	...
<b>Poverty and income distribution</b>											
National (percent of total population) 1/	...	...	...	...	...	63	...	62	63	64	...
Urban (percent of urban population)	...	...	...	...	...	54	...	52	50	45	...
Major cities (percent of population in major cities)	...	52	...	...	...	51	...	47	...	...	...
In percent of homes	51	49	45	48	...	...	...	...	...	...	...
Other urban areas	...	...	...	...	...	64	...	66	...	...	...
Rural (percent of rural population)	...	...	...	...	...	77	...	82	81	81	...
Extreme poverty 1/	...	...	...	...	...	38	...	37	36	37	...
Human Development Index (HDI) 2/	...	...	...	1	...	1	1	...	...	1	...
HDI ranking 3/	...	...	...	116	...	112	114	...	...	114	...
Gini coefficient at national level	...	...	...	...	...	57	...	58	63	59	61
Gini coefficient, major cities	...	54	...	...	...	53	...	48	...	...	...
<b>Employment (in percent)</b>											
Labor force participation rate 4/	37.7	39.2	39.9	40.9	42.2	40.6	...	43.2	42.9	45.8	43.5
Open unemployment rate	5.5	6.0	3.1	3.6	4.2	4.4	...	7.2	7.5	8.5	8.7
Separation rate	3.9	3.9	2.4	2.6	3.3	3.2	...	5.2	...	...	...
<b>Public expenditure (in percent of GDP) 5/</b>											
Health	2.2	2.2	1.8	3.1	3.3	3.4	3.3	3.3	3.6	3.7	3.8
of which: basic health	1.0	1.1	1.5	0.7	1.1	1.0	1.0	1.3	...	...	...
Education	4.1	4.9	5.1	5.3	5.7	6.0	5.7	6.3	6.2	7.2	7.5
Urbanization	...	...	...	1.1	0.8	0.7	0.7	0.6	0.6	0.8	0.8
Rural development	...	...	...	0.7	0.7	0.8	1.2	1.2	1.3	1.6	2.1
<b>Education</b>											
Illiteracy rate (in percent)	20.0	...	...	...	16.6	15.2	...	14.8	...	...	...
Average years of school (pop. 19 years and older)	4.4	...	...	...	...	...	...	6.7	...	9.2	...
Gross rate of coverage (public and private) 6/	72.4	74.4	76.0	77.6	78.5	83.3	80.8	80.1	...	...	...
Students enrolled in public primary schools (millions)	1.24	1.32	1.37	1.43	1.45	1.58	1.55	1.56	...	...	...
Students enrolled in public schools (millions)	1.57	1.66	1.73	1.81	1.86	2.08	2.06	2.08	...	...	...
<b>Health and nutrition</b>											
Immunization (percentage of children under 1 year)	...	...	...	...	77.5	78.8	80.0	88.1	...	...	...
DPI (third dose)	...	...	...	...	70.6	77.5	76.9	87.0	...	...	...
Polio	...	...	...	...	71.1	77.6	75.7	88.7	...	...	...
Measles	...	...	...	...	82.5	73.0	79.6	81.8	...	...	...
BCG	...	...	...	...	85.7	87.0	87.6	94.8	...	...	...
Prevalence of malnutrition in children under 3 years	...	...	...	...	9.2	9.5	9.5	8.7	...	...	...
Infant mortality rate - under 5 years (per 1,000 live births)	...	...	...	...	...	...	116.0	92.0	...	...	...
Institutional births (percentage of expected births)	...	...	...	...	32.6	39.3	42.7	45.2	...	...	...
Prenatal care (percentage of expected pregnancies)	...	...	...	...	19.3	23.9	26.4	30.1	...	...	...
No. of hospital beds (per thousand inhabitants)	...	...	...	...	1.3	1.4	0.9	0.9	0.9	1.0	0.9
No. of health establishments per 10,000 inhabitants.	...	...	...	...	2.8	3.0	3.7	3.5	3.5	3.3	3.2
<b>Basic services (percent of population with access)</b>											
Access to safe drinking water	...	...	...	...	...	...	...	...	...	70.3	...
Urban 7/	84.0	...	...	...	...	...	92.0	...	...	88.9	...
Rural 8/	24.0	...	...	...	...	...	44.0	...	...	41.1	...
Sewerage	...	...	...	...	57.5	59.2	64.8	...	...	61.7	...
Urban 7/	63.0	...	...	...	...	...	82.0	...	...	80.7	...
Rural 8/	17.0	...	...	...	...	...	35.5	...	...	31.8	...
Electricity	...	...	...	...	65.7	67.3	71.3	...	...	64.4	...
Urban 7/	87.1	...	...	...	...	...	97.0	...	...	89.5	...
Rural 8/	15.5	...	...	...	...	...	26.0	...	...	24.7	...

Source: National Statistical Institute (INE), Education Information System (SIE), National Health Information System (SNIS), Social and Economic Policy Analysis Unit (UDAPE) and the United Nations Development Programme (UNDP).

1/ Income-based headcount poverty index.

2/ Human Development Index, based on measures of age expectancy, education and living standards.

3/ As reported by the UNDP, out of 174 countries.

4/ Labor force as a percentage of the total urban population.

5/ Includes investment and current expenditure. Coverage is lower for the 1992-1994 period as it does not include expenditure on health funds or current expenditure of municipalities and prefectures.

6/ Total number of students as a proportion of the population in schooling age (6 to 17 years old).

7/ As a proportion of urban population.

8/ As a proportion of rural population.