



BOLIVIA

STAFF REPORT FOR THE 2022 ARTICLE IV CONSULTATION— INFORMATIONAL ANNEX

August 29, 2022

Prepared By

The Western Hemisphere Department

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FUND RELATIONS

(As of July 31, 2022)

I. Membership Status: Joined: December 27, 1945;

Article VIII

II. General Resources Account:

	SDR Million	%Quota
<u>Quota</u>	240.10	100.00
<u>IMF's Holdings of Currency (Holdings Rate)</u>	214.08	89.16
<u>Reserve Tranche Position</u>	26.02	10.84

III. SDR Department:

	SDR Million	%Allocation
<u>Net cumulative allocation</u>	394.26	100.00
<u>Holdings</u>	398.92	101.18

IV. Outstanding Purchases and Loans: None

Safeguards Assessment. Under the Fund's safeguards assessment policy, the Central Bank of Bolivia (BCB) was subject to an assessment with respect to the April 2, 2003 Stand-By Arrangement (SBA). A safeguards assessment was completed on June 27, 2003, and while no systemic risks with the BCB's safeguards were identified, uncertainties were expressed about the de facto lack of operational independence and program monetary data. An update assessment was completed on September 27, 2004 in conjunction with an augmentation of the SBA. This assessment confirmed that measures had been implemented to address all previously identified vulnerabilities, except for those requiring a change in the central bank law. Currently, BCB is not subject to the policy.

Exchange Arrangement: The Bolivian currency is the boliviano and the de jure exchange rate regime is crawling peg to the U.S. dollar. Within the scope of the official crawling peg exchange rate regime, in an external environment characterized by market exchange rate volatility and decreasing external inflation, the sliding rate was set to zero in 2011 to anchor the public's expectations. Consequently, the boliviano has stabilized against the U.S. dollar since November 2011. Accordingly, the de facto exchange rate arrangement has been retroactively reclassified to a 'stabilized arrangement' from a crawling peg, effective November 2, 2011. Bolivia has accepted the obligations under Article VIII, Sections 2(a), 3, and 4, and maintains an exchange system that is free of restrictions on the making of payments and transfers for current international transactions and multiple currency practices.

Article IV Consultation: The last Article IV consultation was completed by the Executive Board on June 14, 2021 (IMF Country Report No. 2021/180). Bolivia is on a standard 12-month consultation cycle.

LIST OF MULTILATERALS AND OTHER FINANCIAL INSTITUTIONS

World Bank

<https://www.worldbank.org/en/country/bolivia>

Inter-American Development Bank

<https://www.iadb.org/en/countries/bolivia/overview>

CAF – Development Bank of Latin America

<https://www.caf.com/en/countries/bolivia/>

FONPLATA – Development Bank

<https://www.fonplata.org/es/operaciones-por-pais/bolivia>

European Union

https://eeas.europa.eu/delegations/bolivia_en

United Nations

<http://www.nu.org.bo/>

STATISTICAL ISSUES

(As of August 8, 2022)

A. Assessment of Data Adequacy for Surveillance

General. Data provision is broadly adequate for surveillance, but staff urge the authorities to move forward on key improvements. Priority reforms include: (i) completing the rebasing of the GDP and CPI indices; and (ii) improving the coverage of the nonfinancial public sector.

National Accounts. The current base year of the national accounts (1990) is outdated. Rebasing GDP is of critical importance for the country, given the significant change in GDP structure and composition since 1990. The national statistical institute (INE) started to update the base year to 2010 and to implement the *2008 SNA*. The Fund's Statistics Department (STA) provided technical assistance (TA) to support this project during 2018 and 2019. Currently, STA is ascertaining the status of the GDP rebasing project as a basis for determining TA needs going forward.

Labor market. The quality of household and employment surveys has declined in the last few years, due mainly to resource constraints. The quarterly employment survey was discontinued in 2010, leading to the absence of quarterly information on unemployment, employment, and wages. Yearly information on wages is still compiled by INE.

Prices statistics. INE is also responsible for price statistics and currently compiles and disseminates monthly the consumer price index (CPI) based on the 2015/16 household budget survey. The CPI (2016=100) basket comprises 397 items, and the geographic coverage is of nine capital cities and three conurbations. STA has provided TA to INE to improve the producer price index (PPI) and to the Central Bank of Bolivia (BCB) to develop a work plan for compiling and disseminating a residential property price index. INE disseminates a PPI (2016=100).

Government finance statistics. Annual data on the operations of the consolidated central government do not cover all operations of state-owned enterprises, their subsidiaries, decentralized agencies, and operations channeled through special funds. The ongoing implementation of a comprehensive financial management system, with funding from the IADB/WB, will help in this regard, but it will be very important to improve the reporting and monitoring of the operations and debt of all public entities and their subsidiaries. The authorities have converted Bolivia's fiscal data into *GFSM 2014* format with STA assistance.

Monetary and Financial Statistics (MFS). MFS compiled and reported by Bolivia should be improved to abide to international standards since the compilation of broad money should exclude long term deposits. Also, coverage of Other Financial Corporations could be extended and improved to include the Fund for the Development of the Financial System (FONDESIF) and leasing companies. In November 2021, a remote technical assistance (TA) mission was conducted at the Central Bank of Bolivia (CBB) to discuss the statistical treatment and recording of SDR allocations in both MFS and ESS.

Financial Soundness Indicators (FSIs). To support the financial sector assessment, the ASFI has made progress with respect to compiling FSIs for deposit takers.¹ Besides all core FSIs, some additional ones for deposit takers and one additional FSI for other sectors (the residential real estate loans to total loans) have been computed.

External sector statistics (ESS). In November 2016, the BCB began publishing balance of payments and international investment position (IIP) data according to the *Balance of Payments Manual, sixth edition (BPM6)*. The revised ESS contains methodological enhancements, including improved coverage in the financial account and IIP, better classifications of institutional sectors and financial instruments, and a more comprehensive method to account for processing services performed on certain types of Bolivia's exports. However, government-issued external bonds held by residents are now being recorded as external debt, which is not consistent with the *BPM6*. Fund staff have insisted that the recording of external sector debt, and all debts, follow the definitions and classifications laid out in *BPM6*, which will also ensure consistency with the IIP.

B. Data Standards and Quality

Bolivia has been a participant in the Enhanced General Data Dissemination System (e-GDDS) since November 2000 and last updated its metadata posted on the [Dissemination Standard Bulletin Board](#) in 2005 (National Accounts, Consumer Price Index; Labor Market Indicators; Producer Price Index; Central Government Operations; Central Government Debt; Merchandise Trade, Exchange Rate; and Official Reserve Assets) and 2014 (Deposit Corporation Survey, Central Bank Survey, Interest rates; Production Index, Balance of Payment, External Debt; and International Investment Position). Bolivia has yet to establish a National Summary Data Page—a data portal (recommended under the e-GDDS and required under the SDDS) for the dissemination of key macroeconomic data.

A data Report on the Observance of Standards and Codes (ROSC) was published on August 13, 2007.

¹ In February 2021, STA implemented the migration to the new methodology detailed in the 2019 FSIs Guide. Some of the new set of core FSIs only apply to jurisdictions that have implemented the Basel II or Basel III standards.

Table 1. Bolivia: Common Indicators Required for Surveillance
(As of August 8, 2022)

	Date of Latest Observation	Date Received	Frequency of Data ¹	Frequency of Reporting ¹	Frequency of Publication ¹	Memo Items Data Quality– Methodological Soundness ¹⁰	Data Quality– Accuracy and Reliability ¹¹
Exchange Rates	Daily	Daily	D	D	D		
International Reserve Assets and Reserve Liabilities of the Monetary Authorities ²	Daily	Daily	D	D	D		
Reserve/Base Money	May, 2022	June 2022	M	M	M	O, LO, LO, O	O, O, O, O, O
Broad Money	Feb. 2022	April 2022	M	M	M		
Central Bank Balance Sheet	May, 2022	June 2022	M	M	M		
Consolidated Balance Sheet of the Banking System	Feb. 2022	April 2022	M	M	M		
Interest Rates ³	May 2022	July 2022	M	M	M		
Consumer Price Index	Jun. 2022	Jul. 2022	M	M	M	LO, O, LO, O	O, LO, LNO, O, LO
Revenue, Expenditure, Balance and Composition of Financing ⁴ – General Government ⁵	Jun. 2018	Oct. 2018	M	M	M	LO, LO, LNO, LO	LO, O, O, O, LO
Revenue, Expenditure, Balance and Composition of Financing ⁴ – Central Government ⁶	Jun. 2018	Oct. 2018	M	M	M		
Stock of Central Government and Central Government-Guaranteed Debt ⁷	Sep. 2018	Oct. 2018	M	M	M		
External Current Account Balance	Q1 2022	Jun. 2022	Q	Q	Q	O, LO, LO, LO	LO, O, LO, O, LO
Exports and Imports of Goods and Services ⁸	Q1 2022	Jun. 2022	Q	Q	Q		
GDP/GNP	2020	Jan. 2022	A	A	A	LO, LO, LO, O	LNO, LO, LNO, O, LO
Gross External Debt	Q2 2018	Oct. 2018	Q	Q	Q		
International Investment Position ⁹	Q1 2022	Jun. 2022	Q	Q	Q		

¹ Daily (D), Weekly (W), Monthly (M), Quarterly (Q), Annually (A); Irregular (I); Not Available (NA).
² Any reserve assets that are pledged or otherwise encumbered should be specified separately. Also, data should comprise short-term liabilities linked to a foreign currency but settled by other means as well as the notional values of financial derivatives to pay and to receive foreign currency, including those linked to a foreign currency but settled by other means.
³ Both market-based and officially determined, including discount rates, money market rates, rates on treasury bills, notes and bonds.
⁴ Foreign, domestic bank, and domestic nonbank financing.
⁵ The general government consists of the central government (budgetary funds, extra budgetary funds, and social security funds) and state and local governments.
⁶ Bolivia does not compile central government fiscal data.
⁷ Guaranteed non-financial public sector debt. Including currency and maturity composition.
⁸ Monthly frequencies for goods only.
⁹ Includes external gross financial asset and liability positions vis-à-vis nonresidents.
¹⁰ Reflects the assessment provided in the data ROSC (published on August 13, 2007, and based on the findings of the mission that took place during January 24–February 7, 2007) for the dataset corresponding to the variable in each row. The assessment indicates whether international standards concerning concepts and definitions, scope, classification/sectorization, and basis for recording are fully observed (O); largely observed (LO); largely not observed (LNO); not observed (NO); and not available (NA).
¹¹ Same as footnote 10, except referring to international standards concerning (respectively) source data, assessment of source data, statistical techniques, assessment and validation of intermediate data and statistical outputs, and revision studies.