



BOLIVIA

October 2026

REQUEST FOR AN EXTENDED ARRANGEMENT UNDER THE EXTENDED FUND FACILITY —PRESS RELEASE; STAFF REPORT; STAFF STATEMENT; AND STATEMENT BY THE ADVISOR TO THE EXECUTIVE DIRECTOR FOR BOLIVIA

In the context of the Request For An Extended Arrangement under the Extended Fund Facility, the following documents have been released and are included in this package:

- A **Press Release** including a statement by the Chair of the Executive Board.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on October 2, 2026, following discussions that ended in August 2026, with the officials of Bolivia on economic developments and policies underpinning the IMF arrangement under the Extended Fund Facility. Based on information available at the time of these discussions, the staff report was completed on September 22, 2026.
- A **Staff Statement** updating information on recent developments.
- A **Statement by the Advisor to the Executive Director** for Bolivia.

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

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Washington, D.C.



IMF Executive Board Approves 36-Month Extended Fund Facility Arrangement for Bolivia

FOR IMMEDIATE RELEASE

- The IMF Executive Board approved a 36-month arrangement under the Extended Fund Facility for Bolivia, with access of SDR 1.369 billion, or 570 percent of quota, about US\$1.9 billion.
- The authorities' program aims to restore macroeconomic stability, protect vulnerable households, rebuild international reserves, address fiscal and external vulnerabilities, strengthen financial resilience, and foster sustainable, inclusive, private sector-led growth.
- The program is expected to catalyze around US\$4 billion in additional financing from other international financial institutions and support a broad structural reform agenda.

Washington, DC – October 2, 2026: The Executive Board of the International Monetary Fund (IMF) approved today a 36-month arrangement under the [Extended Fund Facility](#) (EFF) for Bolivia, with access of SDR 1.369 billion (570 percent of quota, or about US\$1.9 billion). The Board's approval allows the authorities an immediate disbursement of SDR 156 million (about US\$214 million). Subsequent disbursements will be phased over the duration of the arrangement, contingent on the completion of program reviews.

The authorities' EFF-supported program aims to restore macroeconomic stability, strengthen social safety nets, rebuild international reserves, reduce fiscal and external vulnerabilities, foster financial sector resilience, and lay the foundations for sustainable, inclusive, private sector-led growth.

Fiscal measures, supported by stronger fiscal institutions and more efficient spending, will help place public debt on a firm downward trajectory while protecting vulnerable households. The program will also promote a more flexible exchange rate regime, enhance monetary policy and financial supervision frameworks, and advance reforms to improve governance, transparency, and the business environment, to promote private investment and a job-rich recovery. IMF support is expected to catalyze additional financing from other international financial institutions.

Following the Executive Board's discussion on Bolivia, Mr. Nigel Clarke, Deputy Managing Director, and Acting Chair, made the following statement:

"The Bolivian authorities have taken significant actions over the past year to address long-standing macroeconomic imbalances. The Extended Fund Facility arrangement will support their reform program to restore macroeconomic stability, protect the most vulnerable, strengthen fiscal sustainability, rebuild buffers, foster financial resilience, and promote private sector-led inclusive growth. Sustained implementation, robust contingency planning, and multilateral support will be critical for the program's success."

"Fiscal sustainability is the program's central anchor, while strengthening support to vulnerable households. The frontloaded fiscal effort includes phasing out remaining fuel subsidies through an automatic pricing mechanism alongside stronger and better-targeted social protection. Enhancing

expenditure efficiency, addressing arrears, reforming public enterprises, and strengthening fiscal institutions, including a medium-term fiscal framework anchored in debt reduction, will support the adjustment.”

“A market-determined exchange rate and preserving a credible monetary framework are essential to promote external balance and sustain price stability. The elimination of new central bank budget financing and the transition to reserve money targeting are important steps in this regard. Prudent liquidity management, reserve accumulation, foreign exchange intervention limited to addressing disorderly market conditions, and reforms to strengthen central bank autonomy, governance, and accountability will be critical to bolster credibility.”

“The authorities are taking welcome steps to strengthen financial sector supervision and crisis preparedness. Close monitoring of vulnerabilities remains critical, while modernizing prudential standards. Reforms to strengthen the anti-money laundering and counter-terrorism financing frameworks will also be important.”

“The authorities’ structural reform agenda aims to improve the business environment and governance, reduce market distortions, attract private investment, and promote formal employment. Well-sequenced capacity development and clear communication of program objectives will be essential to support timely implementation and sustain public support for the program.”

Bolivia: Selected Economic Indicators, 2025-27

Population (millions, 2024)	12.3	Poverty rate (percent, 2024)	37.7
Population growth rate (percent, 2024)	1.3	Adult literacy rate (percent, 2024)	96.7
Life expectancy at birth (years, 2024)	69	GDP per capita (US\$, 2024)	4,483
Total unemployment rate (2025)	3.0	IMF Quota (SDR, millions)	240.1

Projections			
	2025	2026	2027

(Percent of GDP, unless otherwise indicated)

Income and prices			
Real GDP	-1.6	-3.0	-1.5
Nominal GDP	18.0	13.1	14.2
CPI inflation (period average)	19.5	12.7	15.8
CPI inflation (end of period)	20.4	14.2	10.7
Combined public sector			
Revenues and grants	16.8	16.9	17.3
Expenditure	28.2	26.1	24.0
Primary balance	-8.8	-6.5	-3.0
Overall balance (net lending/borrowing)	-11.4	-9.2	-6.7
Total gross NFPS debt 1/	83.3	100.2	95.1
External sector			
Current account	-1.9	1.6	1.0
Exports of goods and services	16.4	25.4	30.1
Imports of goods and services	17.6	23.2	28.2
Capital account	0.0	0.0	0.0
Financial account	-1.8	4.6	2.1
Net errors and omissions	-2.3	0.0	0.0
Terms of trade index (percent change)	1.2	0.1	-0.8
Gross international reserves 2/ 3/			
In millions of U.S. dollars	3,713	5,734	7,297
Money and credit			
Credit to the private sector (percentage change)	3.1	4.0	7.3
Broad money (IMF definition)	57.6	54.6	51.6

Sources: Bolivian authorities (MEFP, BCB, INE, UDAPE); IMF; Fund staff calculations.

1/ Public debt includes SOE's borrowing from the BCB (but not from other domestic institutions) and BCB loans to FINPRO and FNDR.

2/ Total BCB GIR stock, includes financing and the impact of valuation and gold purchases.

3/ All foreign assets valued at market prices.



BOLIVIA

REQUEST FOR AN EXTENDED ARRANGEMENT UNDER THE EXTENDED FUND FACILITY

September 22, 2026

EXECUTIVE SUMMARY

Context. The new administration has implemented ambitious policy measures since taking office at end-2025. The government has committed to a frontloaded fiscal adjustment to preserve debt sustainability while protecting vulnerable groups, tightened monetary conditions, ended monetary financing of the budget, unified the official and reference (market) exchange rates, and moved to a more flexible exchange rate regime. Favorable terms of trade, early budget support from International Financial Institutions (IFIs), and a pre-emptive liability management operation have supported a smoother-than-expected adjustment in the economy. The government has also issued its first bond in international markets since 2022. Despite these successes, important challenges remain. The economy is in its third year of recession, and international reserves remain low. Furthermore, higher global oil prices after the war in the Middle East have complicated the policy environment, precipitating a return to energy subsidies and increasing pressures on the balance of payments (BOP).

Program objectives. A significant shift in the framework for economic management is essential to restore macroeconomic stability, facilitate a lasting improvement in the fiscal and external positions, rebuild international reserves, and underpin resilience and future prosperity. The authorities' economic plan prioritizes (i) improving the fiscal position and preserving debt sustainability; (ii) protecting the poor; (iii) floating the exchange rate and moving to a new framework for monetary policy; (iv) strengthening financial supervision and crisis preparedness; and (v) reformulating policies to improve competitiveness, incentivize inward investment, and bolster dynamic, job-rich, private sector-led growth. The specific goals of the authorities' economic plan are to eliminate the primary fiscal deficit and reduce public indebtedness; bring inflation to single digits; and rebuild reserves to adequate levels. To protect the most vulnerable and foster social and political stability, social assistance spending is being increased, and the social safety net is being expanded and modernized.

Program. The Bolivian authorities request and staff support a 36-month extended arrangement under the Extended Fund Facility (EFF), spanning 2026–29, to address Bolivia's deep-rooted fiscal and external imbalances and broad structural reform needs. Access is proposed at 570 percent of quota cumulatively (SDR1.4 billion or US\$1.9 billion), with purchases in the first 12 months of the program totaling 200 percent of quota (SDR0.5 billion or US\$0.7 billion). The phasing of access is designed to support the government's frontloaded and ambitious policy efforts and responds to seasonality in external financing needs. The program is expected to catalyze budget and BOP support from other IFIs of around US\$4 billion during the program.

Approved By
Ana Corbacho (WHD)
and Geremia Palomba (SPR)

Discussions took place during May 14–29, 2026, in Santa Cruz, Bolivia and subsequently in Washington, D.C.. The mission team consisted of: Joana Pereira (head), Goran Amidžić, Christopher Evans, Maksym Ivanyina, Tatjana Schulze, Marta Spinella (Resident Representative), and Sergio Cárdenas Rossel (local economist) (all WHD), Isabela Duarte (FAD), Antonio Silva (MCM), and María Méndez (SPR), supported by Anjum Rosha (LEG), Oliver Gonzalez, Nomuuntugs Tuvaan, and Gray Ramos (all WHD).

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CONTEXT

1. Bolivia's new administration has taken decisive measures to restore a sustainable policy mix. Large fiscal deficits financed by the Central Bank of Bolivia (BCB), an overvalued U.S. dollar peg, and distortionary state intervention triggered a severe fiscal and BOP crisis in 2024–25, accompanied by shortages of basic goods, high inflation, and depleted international reserves. Since taking office at end-2025, the authorities launched an ambitious fiscal consolidation plan, centered around reforming fuel subsidies (Box 1), rationalizing spending, and strengthening efficiency. The plan critically expanded social benefits and raised the minimum wage to support the most vulnerable. The BCB halted new monetary financing of the fiscal deficit and tightened domestic liquidity conditions. More recently, the authorities transitioned to a more flexible exchange rate regime, building on earlier steps to liberalize foreign exchange (FX) market transactions. Measures have also been taken to increase transparency, improve communication, and enhance the business environment (Annex I), and the government is preparing draft legislation to update the legal frameworks for hydrocarbon and mineral investments.¹ While several weeks of road blockages in May–June impaired economic activity and slowed reforms, the authorities continued to advance efforts to stabilize the economy while fostering social dialogue and strengthening social protection.

2. A revised 2026 budget has been approved by Congress (prior action). The revised budget targets an overall nonfinancial public sector (NFPS) deficit of 9 percent of GDP, in line with proposed EFF program targets and down from 11.4 percent of GDP in 2025. Revisions reallocate spending towards health and education, review intergovernmental transfers, incorporate expenditure rationalization measures (¶1), and extend tax relief to selected sectors.² The authorities have secured passage of the revised budget amid a significantly weaker economic outlook since the bill was submitted, and needed to accommodate higher-than-budgeted fuel subsidies following the global oil price shock linked to the war in the Middle East. To ensure that budget execution remains in line with the envisaged 2026 deficit target, the revised budget is complemented by a ministerial resolution that strengthens expenditure controls—to contain spending execution without incurring new arrears—and by regulations that target the scope of new tax exemptions. The authorities also secured congressional approval for the government to draw on Fund resources (without requiring congressional approval for each disbursement) (**prior action**).

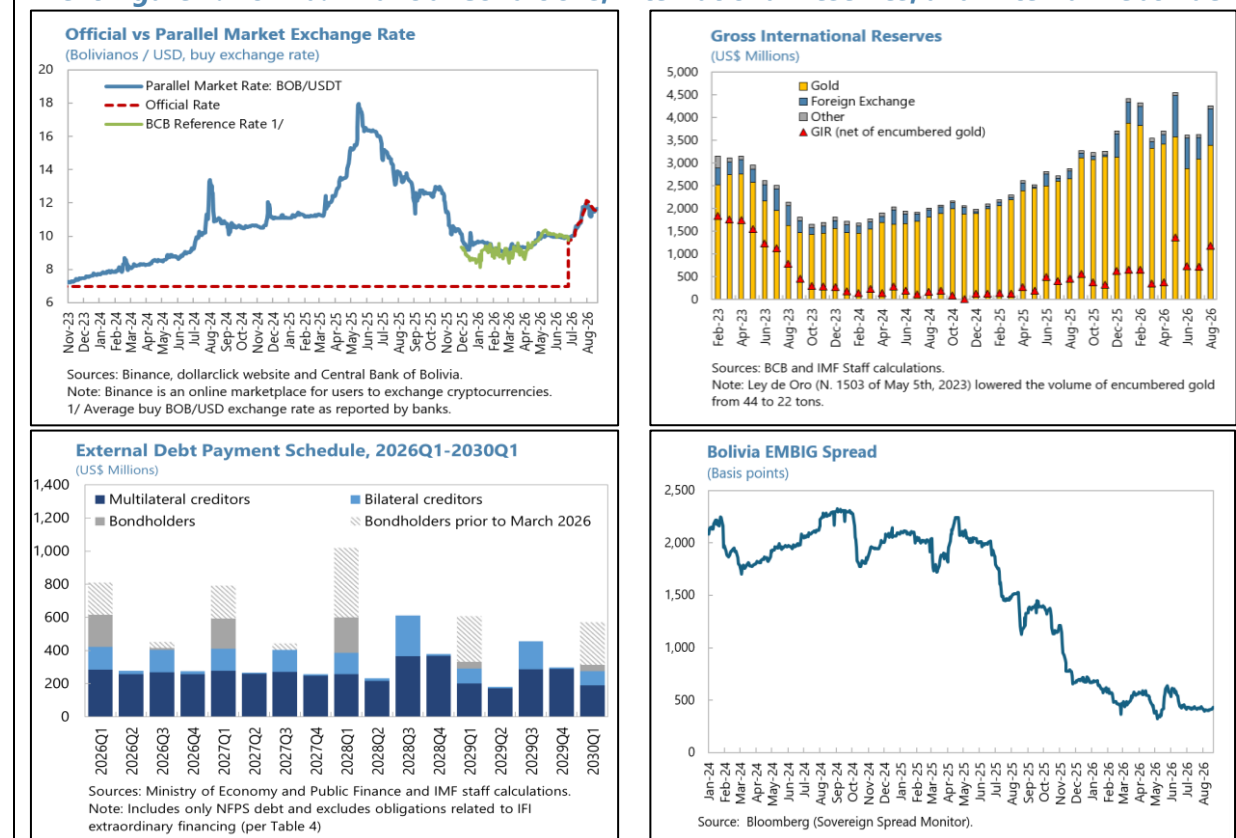
3. Strong exports, improved market confidence, IFI support, and a liability management operation have aided the adjustment process thus far. Higher export proceeds from favorable global metal prices and a better harvest, together with tighter domestic liquidity conditions, led the parallel (market) exchange rate to appreciate throughout the first quarter of 2026. However, the global oil price shock since March has partly reversed these gains, while the exchange rate has faced renewed pressure since June, following the unification of the official and market exchange rates and a rebound in import demand as road blockages eased. In March, the Treasury exchanged around 20

¹ Furthermore, a draft investment law was submitted to Congress in August 2026 and is currently under legislative consideration.

² Annex I summarizes key tax relief measures implemented by the current administration (i.e., since November 2025).

percent of its Eurobond debt into domestic currency instruments and announced the exchange of another 50 percent by end-2026,³ reducing FX debt service needs. The government also issued its first (US\$1 billion) Eurobond in international markets since 2022, bolstering international reserves ahead of the exchange rate liberalization. In addition, IFIs have pledged significant resources to Bolivia⁴ (disbursement of approved projects is pending congressional authorization).

Text Figure 1. Bolivia: Financial Conditions, International Reserves, and External Debt Due



4. However, economic conditions are difficult and policy buffers remain critically low.

The economy is entering a third year of recession. Although unemployment remains low, underemployment is rising and high inflation is eroding real incomes. Food inflation, shortages, and necessary fuel price adjustments pose important social challenges. FX markets have begun to

³ The government converted the Eurobond debt portion held by the BCB into a domestic currency debt instrument, paid US\$167 million in debt service obligations on its unstructured Eurobonds in March, and is in the process of completing the exchange of the remaining portion held by the pension fund (Gestora) also into domestic currency debt by the end of 2026.

⁴ The Development Bank of Latin America and the Caribbean (CAF) announced a US\$3.1 billion package for 2025–30 to back investment projects, social development, and economic stabilization, and has disbursed US\$550 million between end-2025 and early 2026. The World Bank approved a US\$200 million loan to support social protection and is expected to provide an additional US\$300 million to support economic reforms. The Inter-American Development Bank (IDB) has announced a US\$4.5 billion package for 2026–28, including budget support (about US\$2 billion), investment loans, and private sector support. The Latin American Reserve Fund (FLAR) is expected to provide US\$700–800 million to bolster reserves. The bulk of the prospective (non-project) financing is contingent on approval of an IMF-supported program.

normalize, but liquid international reserves—while higher than at the start of the administration—remain well below the Fund’s adequacy benchmarks and at just one month of imports as of end-August 2026. Market and donor financing have helped the new administration meet external payment obligations in its first months, while domestic net financing needs have so far been met largely through a drawdown of government deposits at the BCB. However, financing needs are expected to rise in the second half of the year, requiring substantial external support to preserve an orderly pace of adjustment.

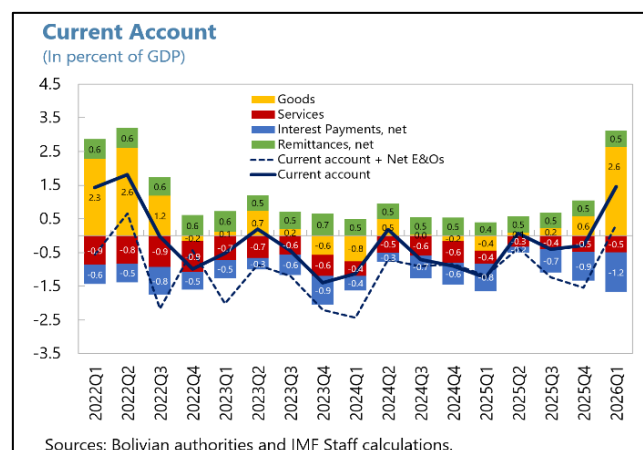
5. The authorities have requested IMF financial support under the EFF, which is supported by staff. The authorities are advancing necessary structural and fiscal measures to restore macroeconomic stability, protect the most vulnerable, rebuild fiscal and external buffers, strengthen institutions, and support inclusive, private sector-led growth. Ahead of IMF Board approval, they have taken several actions that demonstrate strong ownership of their economic plan, including frontloaded fiscal consolidation, fuel price reform, greater flexibility in the FX regime, clear base money targets to help anchor price stability, and a credible plan to gradually unwind the BCB’s FX swap liabilities to the financial system.

RECENT ECONOMIC DEVELOPMENTS

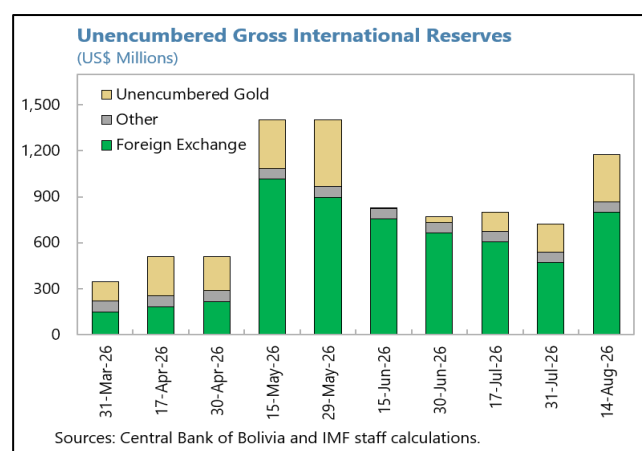
6. Economic activity continued to weaken in 2025-26, while inflation has fallen rapidly despite supply shortages and the recent depreciation of the exchange rate. Real GDP shrank by 1.6 percent in 2025 (and by a cumulative 2.7 percent since 2023). Declines in gas production, construction, and financial and business services outweighed growth in agriculture, while gains in minerals exports were mostly price-driven, with production at capacity. The normalization of fuel provision in end-2025 was a positive development, but falling real incomes have depressed consumption, and investment has been limited by uncertainty around the economic outlook and weak credit growth. Activity is expected to contract again in 2026, in part due to the May-June road blockages and renewed fuel shortages, but favorable terms of trade and good weather in 2026H1—which boosted agriculture output—provide some support. A stronger currency than in 2025H1, weak demand, and falling food prices have facilitated a swift decline in 12-month inflation in 2026H1 (from 20 percent in December to 5 percent in August), outweighing the impact of the increases in fuel and transportation prices that took place at end-2025. However, temporary price pressures re-emerged in mid-2026 due to fuel and food shortages (related to the blockages), and depreciation of the boliviano.

7. Weak demand and improved terms of trade have facilitated external adjustment since 2025Q4, but the war in the Middle East has renewed BOP pressures. Bolivia’s external position in 2025 is assessed as moderately weaker than the level implied by fundamentals and desirable policies (Annex II). The current account (CA) deficit narrowed slightly to 1.9 percent of GDP in 2025,

although (negative) net errors and omissions remained sizable.⁵ In 2026Q1, the CA shifted into surplus, buoyed by high mineral prices, a strong soy harvest, a doubling of gold export volumes (as the BCB reduced domestic gold purchases), and import compression particularly in construction and fuel-related products. These gains have, however, been eroded by higher fuel import costs due to the war in the Middle East, the continuing decline in natural gas production (lower by around 20 percent year-to-date), and trade disruptions experienced both during and after the road blockages. Following a step devaluation triggered by the change in the exchange rate regime, the official exchange rate has depreciated by over 20 percent since end-June. However, real depreciation was modest year-to-date, with improvements in external balances mostly driven by demand and price factors.



8. The May sovereign bond issuance bolstered international reserves from critically low levels. Unencumbered international reserves reached US\$0.4 billion at end-April. A decline in sovereign spreads and improvement in the sovereign rating⁶ facilitated the issuance of US\$1 billion in Eurobonds on May 7, boosting unencumbered reserves to US\$0.7 billion at end-June.⁷ The exchange of domestically-held Eurobonds has also lowered government external debt service obligations significantly during the program period (Text Figure 1).⁸ The BCB completed pending gold forward operations undertaken by the previous administration⁹ worth US\$0.8 billion in June and August, and intends to deliver the remaining one



⁵ Historically large errors and omissions are largely associated with endemic informal trade. Staff are supporting the BCB authorities in improving the compilation of BOP statistics and validating with the authorities the late-August data revisions.

⁶ Bolivia's sovereign debt rating was upgraded by one notch (to CCC by Fitch, Caa3 by Moody's, and CCC+ by S&P) in 2026Q1. Spreads have steadily narrowed, reaching a trough in early May, reflecting regional trends, early fiscal consolidation, and the full servicing of external debt obligations. Road blockades temporarily reversed the trend (Text Figure 1).

⁷ The bonds mature in 2031, with an interest rate of 9.45 percent.

⁸ External debt service obligations are relatively modest in 2026H2, at US\$0.7 billion (Text Figure 1).

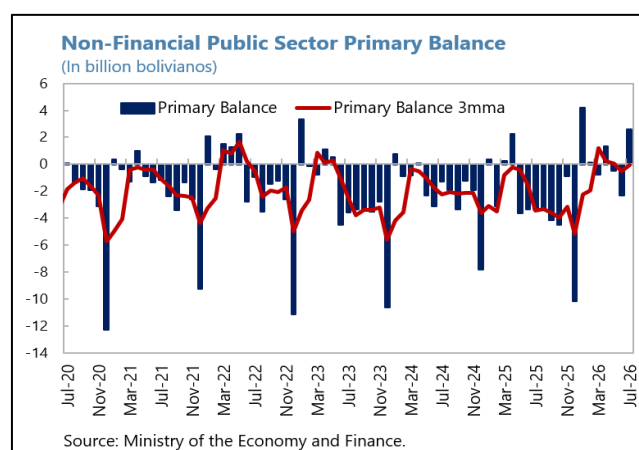
⁹ The BCB conducted four forward gold sale operations in 2025 with rolling one-year maturities, committing 6.6 tons of gold (roughly 30 percent of the encumbered reserves) to obtain US\$1 billion in FX. US\$0.3 billion of the total stock was repaid in December 2025, US\$0.6 in June 2026, and US\$0.2 in August 2026. The remaining contract (US\$0.1 bn)

(continued)

worth US\$0.1 billion in 2026Q4. In addition, once the exchange rate dynamics stabilized in August, the BCB began direct FX purchases from banks. The state-owned oil and gas company (YPFB) has been buying FX directly in the market and relying on trade credit to fund its oil imports.

9. The NFPS fiscal deficit widened to 11.4 percent of GDP in 2025. A significant drop in tax revenues due to the recession, cuts to import taxes, falling hydrocarbon-related revenues, and a collapse in state-owned enterprise (SOE) profits were only partially compensated by the under-execution of spending (Table 2). Energy subsidies amounted to 3.3 percent of GDP (6.2 percent of GDP when valued at the parallel exchange rate). The fiscal deficit was largely financed by the BCB, as well as the accumulation of floating debt ("accounts payable"¹⁰ estimated at 1.6 percent of GDP at end-2025) and YPFB arrears to external suppliers of fuel (around 0.3 percent of GDP), amid severe external and domestic financing constraints. Public debt reached 83 percent of GDP at end-2025 (90 percent of GDP when valued at the parallel exchange rate).

10. Through July 2026, the new administration ran a primary fiscal surplus backed by an increase in fuel prices, seasonal factors, and strict discipline in spending. The primary surplus was further supported by stronger VAT and fuel consumption tax receipts, higher mining taxes and royalties, and cuts to public investment. Domestic fuel prices were more than doubled in December 2025—nearly reaching import parity at the time—and then fixed for six months. However, higher global oil prices since the onset of the war in the Middle East led to a reemergence of fuel subsidy costs, only partially reflected in the year-to-date fiscal surplus (Box 1),¹¹ and amid social pressures, the authorities extended fuel price freezes through end-2026 for most consumers.¹² Meanwhile, spending pressures from YPFB's fuel imports in 2026H1 are expected to raise recorded deficits in coming months, reflecting structural delays between the accrual and cash recording of obligations.



is expected to be settled by October 2026 on the back of new domestic gold purchases. The sum of repayments exceeds the sale amount due to an increase in gold prices since the start of the operation.

¹⁰ The accounts payable (both current and overdue) represent fuel purchases and deliveries received through trade credit lines with external private creditors that are not yet recorded in the government's public financial management information system (SIGEP).

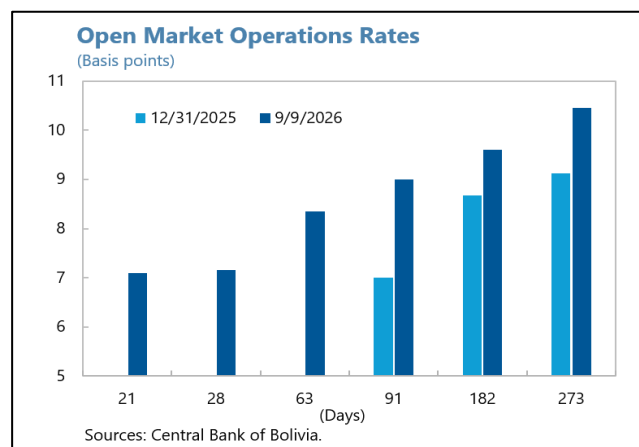
¹¹ Fiscal transfers from the Treasury to YPFB have been close to zero but YPFB has been incurring net losses on fuel imports and distribution in the first five months of the year.

¹² Fuel subsidies no longer apply to premium gasoline. Furthermore, the price of diesel was adjusted upwards for large consumers. For all remaining fuels, prices during 2026 will remain as set on December 19, 2025 (see Box 1).

These factors, seasonal execution patterns in public investment and the wage bill, and the tax relief measures¹³ are expected to increase the fiscal deficit through the remainder of 2026.

11. The BCB has eliminated new monetary financing of the fiscal deficit and tightened liquidity conditions.

The BCB formally ruled out new credits to the government and SOEs and took steps to sterilize more of the liquidity injection from monetization in recent years (including through the issuance of inflation-linked BCB paper). Base money in local currency has contracted 9 percent year-to-date at end-July, and short-term interest rates have risen significantly (although remaining slightly negative in ex-ante real terms). Higher yields on BCB paper and an increase in local currency reserve requirements¹⁴ in May and August also helped stabilize the exchange rate. The BCB is targeting year-on-year growth of local currency base money of 1.4 percent and of currency in circulation of 3.8 percent in 2026 (implying a contraction in net domestic assets, see Text Table 1). Finally, the BCB is still unwinding legacy obligations, including “pre-sales” of gold¹⁵ and payments on FX swaps (US\$1.8 billion that will be gradually unwound until end-2028, see Box 3).



12. Weak economic growth and higher interest rates are expected to worsen credit quality. Mortgage and lending to small and medium-sized enterprises (SMEs) are expected to be particularly impaired due to the decline in real incomes and corporate profitability. The average capital adequacy ratio for banks stood at 14.2 percent as of June 2026, with all banks above the regulatory minimum of 10 percent. The measured non-performing loans (NPL) ratio remains low at 2.9 percent as of June 2026, but it likely understates vulnerabilities accumulated under weak supervisory oversight and risk management practices.¹⁶ The level of provisions is also at historically low levels but has increased significantly in the past 12 months, from 136 percent in June 2025, to 150 percent one year later. Bank profitability was sustained by fees from trading and facilitating transactions in the parallel FX market, but these rents are expected to fall after the transition to a more flexible exchange rate regime. Net interest margins are declining as liquidity conditions tighten and banks compete for deposits. Caps on loan rates have disincentivized lending and compressed net interest margins. Deposits have been stable, in part because banks' FX liquidity

¹³ See footnote 2.

¹⁴ In May, the BCB increased local currency cash reserve requirements from 5.5 percent to 8.5 percent (RD No. 62/2026). At end-July the BCB announced a gradual increase starting in August in local currency reserve requirements held in BCB securities from 3.0 percent to 7.5 percent by mid-September (RD No. 118/2026).

¹⁵ See footnote 9.

¹⁶ The 2024 FSAP finds that the prudential regulatory framework contains significant departures from international standards (e.g., in capital adequacy, provisioning rules, criteria for classification of restructured loans) which call into question the accuracy of the picture painted by official financial statistics.

constraints limited depositors' effective access to their FX deposit accounts,¹⁷ despite negative real deposit rates and the gradual restoration of households' access to their dollar deposits (Box 3).

Text Table 1. Bolivia: The 2026 Monetary Program

	H1 (Executed)	H2	2026
(Millions of Bolivianos)			
Monetary issuance 1/	-542	4,462	3,920
Net Domestic Assets	-1,220	-1,595	-2,815
Net credit to Public Sector 2/	-2,237	9,578	7,341
Net credit to the Financial Sector	-1,849	-10,948	-12,797
o/w Monetary Policy Operations	-8,974	-13,736	-22,710
Other 3/	2,866	-225	2,641
Base Money 4/	-10,329	12,127	1,797
(Percent of 2026 GDP)			
Monetary issuance 1/	-0.1	0.9	0.8
Net Domestic Assets	-0.2	-0.3	-0.6
Net credit to Public Sector 2/	-0.4	1.9	1.4
Net credit to the Financial Sector	-0.4	-2.2	-2.5
o/w Monetary Policy Operations	-1.8	-2.7	-4.5
Other 3/	0.6	0.0	0.5
Base Money 4/	-2.0	2.4	0.4

Source: BCB and IMF staff calculations. Monetary Program as of July 10, 2026.

1/ Equivalent to currency in circulation.

2/ Net credit to Public Sector is the aggregate of net credit to NFPS and quasi-fiscal (*cuasifiscal*) transfers. Deposit drawdowns are reflected in an increase in net credit to NFPS.

3/ Includes net medium- and long-term external liabilities and other net accounts of the BCB.

4/ Base money in national currency and Unidad de Fomento de Vivienda.

GOALS AND POLICIES

After several years of deepening macroeconomic imbalances, the authorities are implementing a comprehensive macroeconomic policy and structural reform package to restore macroeconomic stability, protect the most vulnerable, rebuild buffers, and lay the ground for strong and inclusive growth. Specific goals include: reducing the fiscal imbalance to preserve debt sustainability, while expanding targeted social assistance; adopting a new framework for monetary and FX policy to achieve single-digit inflation and rebuild reserves; strengthening financial supervision and regulation to bolster resilience; and advancing policies to improve job opportunities, competitiveness, governance, and the investment environment. The EFF arrangement will play a critical role in supporting the authorities' efforts and catalyzing financial and capacity development support from IFIs.

¹⁷ Recent relaxations on small FX deposit withdrawals (February), credit and debit card payments abroad (April), and the start of the CPVIS unwinding (July) have not resulted in noticeable deposit withdrawals.

A. Improving the Fiscal Position and Restoring Debt Sustainability

13. The authorities' economic plan rests on a significant fiscal effort to eliminate the NFPS primary deficit by 2028-29 and sustain primary surpluses thereafter. During the course of the program, the primary NFPS deficit is expected to decline by around 8.5 percentage points of GDP, accompanied by a reduction in accounts payable towards historical averages and the clearance of spending arrears (1.0 percent of GDP). The bulk of the fiscal effort will be achieved through expenditure measures (Text Table 2). The fiscal plan is underpinned by the following pillars:

- Reforming Fuel Subsidies.** Following the freeze in domestic fuel prices until the end of 2026 for most consumers, the authorities' economic reform program envisages the full alignment of retail and international fuel prices by early-2027, consistent with Supreme Decree (SD) 5652. Based on the pricing formula defined in SD 5652, the authorities will implement an automatic pricing mechanism that periodically adjusts retail prices in line with the sector's cost structure (Box 1). Frequent price adjustments and/or specific cost reconciliation mechanisms will be necessary to ensure the envisaged elimination of fuel subsidy costs. The authorities are also taking measures to expand private sector participation in fuel importation and distribution, including by allowing private operators to sell fuel at market-based prices, which will help mitigate risks of shortages. The removal of fuel subsidies will be accompanied by a significant improvement and expansion of the social safety net (structural benchmark (SB), end-March 2027). Staff projects that the cost of fuel subsidies will decline from 6.2 percent of GDP (valued at the parallel exchange rate) in 2025, to 2.9 percent of GDP in 2026 and zero percent of GDP in early 2027. These projections remain highly sensitive to exchange rate and international fuel price assumptions, underscoring the importance of contingency planning and moving swiftly to the automatic fuel pricing system.
- Rationalizing current spending and strengthening efficiency.** The authorities aim to limit hiring and keep the public wage bill growth below that of nominal GDP, through partial inflation indexation, which is estimated to lower the wage bill by around 1.3 percent of GDP over the course of the program. The significant restraint in nominal wage spending in 2026, including the announced reduction of 30 percent in the central government wage bill, is expected to support this target. In the longer run, better personnel management and advancing comprehensive civil service reform that strengthens merit-based recruitment, promotion, and compensation (with capacity development support from IFIs) should remain a priority to secure durable savings. Ongoing efforts to streamline non-priority spending and increase spending efficiency—supported by continuous spending reviews and initiatives to strengthen commitment controls without incurring new arrears—are expected to reduce general government spending on goods and services by 1.3 percent of GDP over the course of the program.
- Improving public investment efficiency.**¹⁸ In line with the authorities' commitment, staff expects public investment to be streamlined to rein in non-priority projects during the first two

¹⁸ A Public Investment Management Assessment (PIMA) exercise is envisaged to support this effort.

years of the program, and then rise over the medium term as efficiency improves. Improved management of public investment will be essential to address governance concerns, enhance efficiency, reduce costs, and better prioritize public projects. Projects should undergo a clear cost-benefit analysis and transparent selection procedures.

Box 1. Bolivia: Fuel Subsidy Reform

In December 2025, the authorities increased retail fuel prices by large margins and set the technical foundations for the implementation of an automatic fuel pricing system. SD 5503,¹ issued in December of 2025, established a new price structure for fuel products, increasing the price of gasoline by some 86 percent (to 6.96 Bs/L) and of diesel by 160 percent (to 9.80 Bs/L). The decree also established a fuel pricing formula linking retail prices to an internationally benchmarked import parity price to be set by the regulator, while transparently defining margins along the supply chain. Prices were initially fixed for a 6-month transition period.

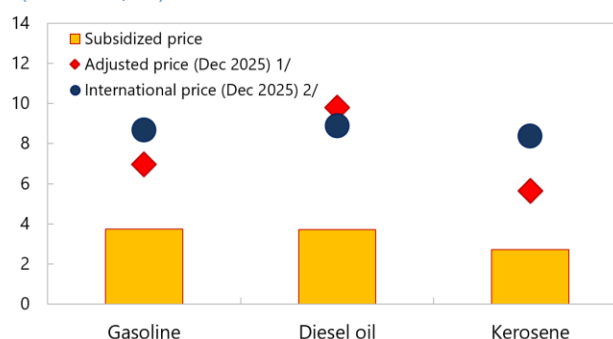
The authorities expanded social protection measures. The fuel price increase was accompanied by enhancements to existing social protection programs and the creation of a temporary cash

transfer program, the Programa Extraordinario de Protección y Equidad (PEPE),² cushioning the impact of the adjustment on vulnerable households. In establishing PEPE, the authorities integrated beneficiary information from existing social programs covering about 84 percent of poor households.

The transition to the formula-based pricing will take place in January 2027. SD 5652, issued in July 2026, incorporated the flexible exchange rate in the pricing formula that had been established in SD 5503, but extended the transition period, fixing retail prices for another 6 months. The authorities' decision to fix prices was motivated by concerns over the macroeconomic and social implications of a further significant increase in fuel prices, as the economy recovered from 53 days of blockades and fuel supply disruptions related to logistical challenges and the implementation of stricter fuel quality standards. During the extended transition period, the authorities aim to promote increased private sector participation in fuel importation and distribution,³ and strengthen capacity to provide targeted support to priority groups. Furthermore, a new decree, SD 5676, issued in August 2026, introduced an important exception by allowing diesel sales to large and direct consumers at cost-recovery prices, helping reduce smuggling incentives and mitigate the fiscal costs of the fixed-price policy.⁴ Further refining the fuel pricing mechanism remains a priority, including by ensuring sufficiently frequent price adjustments or introducing a reconciliation mechanism to offset any subsidy accumulation between adjustment dates. Regularly publishing the key parameters of the pricing mechanism, including transparent reporting of any residual subsidies, as part of a communication strategy to explain the reform to the public would also be important. Continued efforts to enhance the sector's efficiency and strengthen governance will also help reduce YPFB losses and create conditions conducive to greater private-sector participation.

Fuel Price Increases in December 2025

(In Bolivianos/liter)



Sources: Bolivian authorities.

1/ Adjusted domestic price from December 18, 2025.

2/ International price calculated by Agencia Nacional de Hidrocarburos based on domestic supply chain margins at an exchange rate of 10.3 Bolivianos/USD.

¹ SD 5503 was abrogated and replaced by SD 5516 with no significant changes to fuel pricing policy.

² SD 5516 introduced a package of social measures that (i) increased the Bono Juancito Pinto from Bs 200 to Bs 300 per student per year starting in 2026, and (ii) created the PEPE, which provides Bs 450 per family to households receiving Bono Juana Azurduy, Bono Juancito Pinto, or disability benefits, and Bs 1,800 annually to non-pensioner older adults receiving Renta Dignidad. According to World Bank simulations, the program was expected to reach about 71 percent of the population, including 84 percent of the poor, with coverage exceeding 80 percent in the bottom two income quintiles.

³ SD 5548 authorizes YPFB and private refineries to import crude oil for domestic processing, while SD 5644 permits private entities to import and commercialize fuels at market-based prices.

⁴ The decree applies to direct users (120 to 5,000 liters/month, excluding small agricultural producers), direct clients (5,000 to 19,999 liters/month), and large consumers (GRACOs, more than 20,000 liters/month) purchasing diesel for their own use. Together, these categories account for about 20 percent of national diesel consumption. The initial cost-recovery price established by the decree was Bs 18 per liter.

- **Reforming SOEs.** Advancing the restructuring of non-viable SOEs, while significantly limiting transfers to public enterprises—as planned by the authorities—will help contain SOE losses and reduce fiscal risks.¹⁹ Recent analytical support and desk-based reviews have also assisted the authorities in identifying restructuring options for selected SOEs and strengthening oversight of SOE-related fiscal risks. Stronger mechanisms to control expenditure commitments, increase operational efficiency, enhance transparency, and set clear financial and performance indicators would support these efforts.
- **Strengthening revenue mobilization and modernizing the tax system.** Since taking office, the authorities have implemented a broad set of tax policy and revenue administration measures. These included the elimination of the Financial Transactions Tax (ITF), the temporary reduction of import tariffs and VAT on selected imported goods, the re-establishment of VAT tax credits on fuel purchases, changes in corporate income tax credit procedures, a one-off write-off of tax debt accrued prior to end-2017, incentives to regularize tax arrears, and changes to VAT invoicing that lowered the effective VAT rate by 1.95 percentage points (see Annex I). While intended to reduce distortions, enhance transparency, and promote economic activity, these measures are expected to incur an annual revenue loss of 0.9 percent of GDP starting in 2027. Going forward, the authorities plan to identify revenue-mobilization measures for implementation from the third year of the program onward to support the achievement of program fiscal targets while protecting priority spending. Staff expects such measures should yield at least 1.0 percent of GDP per year during 2028-29. These measures will be specified in a Domestic Revenue Mobilization Strategy to be prepared and shared with IMF staff (SB, end-March 2027). The authorities also reaffirmed their commitment to refrain from introducing new tax relief measures without a clear impact assessment and offsetting measures.
- **Addressing arrears:** While information on current arrears is unavailable, the stock of floating debt—which includes arrears and accounts payable—was estimated at about 1.9 percent of GDP at end-2025, of which around 0.2 percent of GDP is in arrears to external fuel providers. The authorities aim to clear arrears with domestic suppliers and external counterparts, within the program period. To support this process, the authorities plan to initiate a stocktaking exercise to identify and verify the stock of arrears, covering the central government and SOEs, and to extend this exercise to subnational governments and autonomous entities upon their request.²⁰

¹⁹ In line with the provisions of the revised 2026 budget, the Oficina Técnica para el Fortalecimiento de la Empresa Pública (OFEP) completed a technical assessment of all public enterprises at the central government level, including recommendations on their continuation, reorganization, dissolution, and/or liquidation. The assessment was submitted to the Consejo Superior Estratégico de la Empresa Pública (COSEEP), Bolivia's state-run council that sets policies and strategies for public enterprises.

²⁰ The revised 2026 budget law allows financially distressed subnational governments to enter financial readjustment plans agreed with the Ministry of Economy and Finance, promoting greater transparency on overdue payment obligations. Nevertheless, a dedicated arrears-reporting framework is yet to be developed.

Text Table 2. Bolivia: Fiscal Measures and Program Design

	Est.			Proj.					
	2024	2025	2025*	2026	2027	2028	2029	2030	2031
(Percent of GDP, unless otherwise indicated)									
Contribution of measures to fiscal adjustment 1/									
Lower public consumption of goods and services	...	...		0.5	0.6	0.2	...	...	...
Lower capital spending	...	...		1.0	-0.2	-0.4	-0.2	-0.1	-0.2
Partial freeze in public salaries 2/	...	...		0.8	0.3	0.1	...	...	...
Rationalization of fuel subsidies 3/	...	...		3.3	2.9	0.0	...	...	...
Mobilization of tax revenue	...	...		...	0.0	1.0	1.0	0.5	0.0
Higher social assistance 4/				-0.9	-0.1	1.0	0.0	0.0	0.0
Economic Outlook under Reform									
Real GDP (percentage change)	-1.1	-1.6		-3.0	-1.5	0.5	2.5	2.9	2.7
CPI inflation (period average)	5.1	19.5		12.7	15.8	8.2	7.3	5.8	5.0
Primary NFPS balance	-6.1	-8.8	-12.3	-6.5	-3.0	-0.3	0.6	1.3	1.4
Total gross NFPS debt	83.2	83.3	91.9	100.5	95.4	93.2	89.2	85.7	82.7
of which: external debt	24.1	22.0	30.6	40.4	39.7	38.5	36.8	35.5	34.2
Current account	-4.3	1.6		1.0	0.4	-0.3	-1.0	-1.6	-1.5
Gross international reserves, unencumbered (in US\$ million) 5/	132	627		2,458	3,982	4,690	5,527	5,847	6,234
<i>In percent of ARA (floating regime)</i>	2.7	10.9		53.4	86.1	100.1	112.3	114.0	120.2
Net international reserves, unencumbered (in US\$ million)	N.A.	N.A.		2,136	3,462	4,023	4,596	4,917	5,394
Memorandum items:									
NPFS Net incurrence of liabilities (= - overall balance)	8.7	11.4	14.8	9.2	6.7	4.0	3.2	2.4	2.2
External	-0.3	0.7		4.2	3.6	1.3	1.2	1.1	0.8
Domestic	8.1	12.9		4.5	3.0	2.7	2.1	1.4	1.5
of which: central bank	7.0	6.8		0.0	0.0	0.0	0.0	0.0	0.0
Energy-related subsidies to SOEs (percent of GDP)	3.5	3.3	6.2	2.9	0.0	0.0	0.0	0.0	0.0
Oil prices (in U.S. dollars per barrel)	79.2	67.7		89.3	78.7	74.2	71.5	69.4	67.6

Sources: Bolivian authorities (Ministry of Economy and Public Finance, Unit for Social and Economic Policy Analysis at the Ministry of Development Planning, Central Bank of Bolivia, National Statistics Institute); IMF; and Fund staff calculations.

* Calculated at market exchange rate Bs./USD 12.8. The column reflects valuation effects only and not what staff projection would be if the economy operated entirely at the parallel rate.

1/ Impact on fiscal balance, relative to previous year assessed at the average market exchange rate at Bs./USD 12.8.

2/ Nominal wage indexation to around 30-50% of inflation in 2026-2028 (or higher nominal growth with rationalization of public employment).

3/ The 2026 fuel subsidy bill is expected to increase due to the June boliviano exchange rate unification and subsequent depreciation, as well as an increase in the global WTI reference oil price to around 85 USD/barrel in 2026 following the July WEO, with domestic prices fixed until end-2026.

4/ Extraordinary social assistance in 2026 reflects the January PEPE program, including an augmentation of 50%. The 2027 extraordinary assistance assumes a further augmentation of the 2026 program by 25%.

5/ Gross international reserves net of encumbered gold reserves of the minimum 22 tons of gold that BCB is legally mandated to hold ("Ley D'Oro 1503", 2023).

14. The institutional framework for fiscal policy is being overhauled. The recent Public Expenditure and Financial Accountability (PEFA) assessment highlighted several areas for strengthening public financial management (PFM),²¹ and the authorities have initiated reforms to address some of these shortcomings, including by enhancing fiscal transparency.²² Improving budget planning and strengthening cash management and commitment controls remain short-term priorities that will be supported by IMF capacity development. A new Medium-Term Fiscal Framework (MTFF) is envisaged, which should help improve resource allocation and anchor

²¹ The 2025 PEFA assessment highlighted weaknesses in fiscal transparency, the management of public assets and liabilities, medium-term fiscal planning, expenditure commitment controls, external audit and legislative oversight.

²² The authorities have launched an open budget portal ([Buscador | Presupuesto Abierto](#)) providing detailed historical information on budget execution and established a dedicated portal with comprehensive financial information of SOEs ([Información de las Empresas Públicas | www.ofep.gob.bo](#)).

expectations over the future fiscal path. The authorities intend to prepare and publish a fiscal strategy as part of the 2027 budget process, which will set medium-term fiscal targets consistent with the program's objectives (SB, end-October 2026), and adopt a 2027 budget which is fully aligned with program objectives (SB, end-December 2026). For the 2028 budget, the authorities would prepare a full MTFF anchored on a targeted decline in the debt-GDP ratio (SB, end-June 2027). The MTFF will quantify fiscal risks (including those implied by weaknesses in SOE finances), ensure the publication of accurate and timely information on fiscal outturns, and integrate the MTFF with the debt management strategy of the government.

15. The government's policy framework will place public debt on a firm downward path.

Bolivia's sovereign debt is assessed to be sustainable (Annex III). While public debt is projected to rise to 101 percent of GDP by end-2026—largely a result of the real depreciation of the official exchange rate and a still large 2026 fiscal deficit—successful program implementation is expected to bring debt down to 90 percent of GDP by end-2029. Gross financing needs would peak at 15 percent of GDP in 2026 (driven in part by the Eurobond debt exchange) and then fall to 7-8 percent of GDP by 2029. While there are material risks to the debt path, these are mitigated by the following factors:²³

- Rollover risks are lower than in a typical market access country given the concentration of debt with IFIs (which plan to maintain or expand their exposure) and with public sector investors (notably the pension fund and the BCB) (Box 2).
- While the official exchange rate realignment increased the debt ratio in the short term, it supports external adjustment and the correction of macroeconomic imbalances, contributing to improved debt dynamics over the medium term.

B. Protecting the Most Vulnerable

16. Bolivia needs to strengthen its capacity to provide targeted social assistance and enhance the protection of the most vulnerable. Existing cash transfer programs are allocated based on demographic factors (covering the elderly, pregnant women, and children), which leaves a significant portion of the vulnerable adult population unprotected. Additionally, it is estimated that two-thirds of non-poor households receive at least one social benefit, which diverts resources away from the poor and raises overall costs. The administrative costs are also high.

17. The authorities' program envisages a sizable increase in budget resources to support vulnerable households. The program incorporates a minimum increase in extraordinary social assistance of 0.6 percent of GDP in 2026, as well as a further expansion of targeted social assistance in 2027,²⁴ to cushion vulnerable households from the impact of the needed adjustments and inflationary pressures from the fuel subsidy removal. This commitment will be monitored by the

²³ See Annex III for details.

²⁴ Relative to the 2025 level, the program fiscal outlook incorporates additional extraordinary social assistance amounting to 0.9 percent of GDP in 2026 and 1.0 percent of GDP in 2027, above the indicative target (floor).

establishment of a floor on social assistance spending as an Indicative Target (IT) under the EFF program. In the short term, pending the development of a comprehensive social registry, the PEPE registry could be leveraged to support the expansion of targeted social assistance to vulnerable households in response to shocks.

18. The authorities continue to work with the World Bank and IDB to establish a more robust social protection system with improved targeting and governance. As a first step, the authorities have committed to submitting to Congress a legal framework to support the development of a unified social registry, including: (i) establishing the legal basis for data collection and sharing across institutions; (ii) introducing means-tested eligibility criteria to improve targeting of social assistance programs; and (iii) defining key institutional responsibilities and coordination mechanisms (SB, end-March 2027). The establishment and operationalization of a comprehensive beneficiary registry is envisaged by 2028.

19. Measures to bolster formal job creation and labor force participation will raise living standards and, over time, reduce the need for social assistance. Although informality can act as a safety valve for employment and output in the event of a negative shock,²⁵ it also constrains productivity, facilitates tax evasion, and weakens workers' protection. Generous noncontributory pensions, weak unemployment insurance, rigid labor rules, high social security contributions, and red tape all discourage formal job creation. Reducing informality will require a multipronged approach, including:

- A revenue-neutral reform to lower marginal social contribution rates for lower-income workers and create a stronger link between social contributions and benefits;
- A revamp of labor regulations to reduce labor market frictions;
- Lower tax barriers to firm growth and stronger rule of law to encourage the formalization of businesses.²⁶
- Increased investments in human capital through higher spending on education.

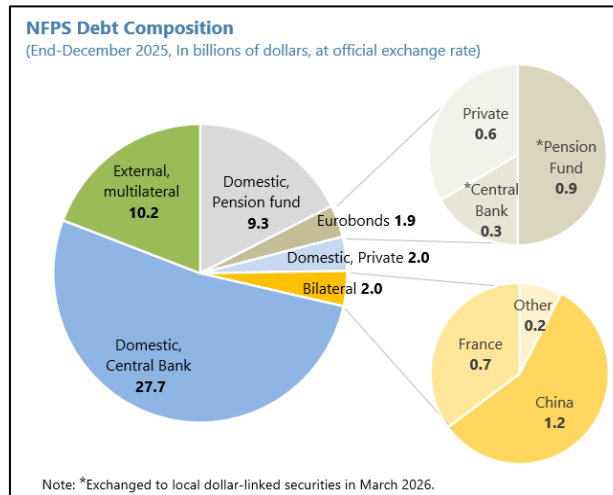
²⁵ See *Informality and Shock Propagation in an Open Economy*, IMF Working Paper 2025/190.

²⁶ Poor rule of law and government ineffectiveness are estimated to be the main drivers of informality in Bolivia (2025 Article IV Staff Report, Annex VII).

Box 2. Bolivia: Composition of Bolivia's NFPS Debt

At end-2025, the NFPS debt stood at 83 percent of GDP (when valued at the official exchange rate).

- Of the *external debt*, 70 percent is owed to multilateral institutions—notably the IDB and CAF. The remainder as of end-2025 was fairly evenly split between Eurobonds (two thirds of which were owned by the pension fund (*Gestora*) and the BCB) and bilateral official creditors (57 percent of which is owed to China EXIM).
- Eurobonds previously owned by the BCB have been exchanged into local law, dollar-linked securities in March 2026, with a lower interest rate (2.5 percent) and longer maturity (10 years). A similar operation with the Eurobonds owned by Gestora is expected to close by year-end, resulting in a net present value reduction of about 24 percent (at a discount rate of 5 percent) for both debtholders, and lower gross financing needs in 2027–29.
- Most of the *domestic debt* is owed to the BCB or Gestora, at low fixed interest rates and long maturities.¹ Less than one tenth of the domestic debt is held by commercial banks.



Decomposition of NFPS Debt and Debt Service by Creditor, 2025–2027 1/

	Debt Stock (end of period) end-2025			Debt Service			
	(US\$ million)	Percent of total debt	(Percent GDP)	2026 (in US\$ million)	2027 (in US\$ million)	2026 (Percent GDP)	2027 (Percent GDP)
Total	53,154	100.0	82.7	2,677	2,609	7.8	6.9
External 2/	14,132	26.6	22.0	1,950	1,937	5.7	5.1
Multilateral creditors	10,203	19.2	15.9	1,154	1,180	3.4	3.1
IMF	-	0.0	0.0	-	-	0.0	0.0
World Bank	1,719	3.2	2.7	127	108	0.4	0.3
CAF	3,343	6.3	5.2	535	536	1.6	1.4
IADB	4,411	8.3	6.9	268	277	0.8	0.7
FONPLATA	432	0.8	0.7	70	68	0.2	0.2
Other Multilaterals	298	0.6	0.5	155	191	0.5	0.5
Bilateral Creditors	2,021	3.8	3.1	314	282	0.9	0.7
Paris Club	858	1.6	1.3	77	75	0.2	0.2
Non-Paris Club	1,163	2.2	1.8	236	207	0.7	0.5
o/w: China	1,155	2.2	1.8	234	205	0.7	0.5
Eurobonds	1,850	3.5	2.9	482	475	1.4	1.3
o/w: 2028–30 BCB and Pension Fund holdings	1,240	2.3	1.9	241	199	0.7	0.5
Commercial creditors	58	0.1	0.1	-	-	-	-
Domestic	39,022	73.4	60.7	727	672	2.1	1.8
BCB	27,736	52.2	43.2	245	215	0.7	0.6
Other (incl. Pension Fund)	11,286	21.2	17.6	482	457	1.4	1.2

1/ As reported by country authorities according to their classification of creditors, including official and commercial. Debt coverage is the same as in the SRDSF. Calculated at the official exchange rate.
2/ Includes stock and debt service on the 2028/30 Eurobonds owned by the BCB, Pension Fund, and domestic creditors before the reprofiling. Debt service incorporates the coupon and interest payments on the new May 2026 Euronbond.

¹ In January, the authorities have exchanged their short-term local currency debt with the central bank (of around US\$3.3 billion equivalent) for a 35-year loan (reducing the associated gross financing need).

C. Enhancing the Monetary Policy Framework

20. The authorities have successfully transitioned to a more flexible exchange rate regime. The process of exchange rate unification began last December when the BCB started publishing the

Bs/\$ reference exchange rate, calculated based on actual reported transactions by commercial banks (incorporating the impact of fees). In early April, restrictions on the use of Bolivian debit and credit cards for international purchases were lifted and banks were allowed to transact with each other and with clients at freely determined exchange rates. In late June, the authorities unified the official and reference exchange rates and moved to a more flexible exchange rate regime. In the month following unification, the official exchange rate depreciated by around 25 percent, with daily traded volumes unchanged from the pre-unification average. Up to mid-August, the exchange rate stabilized and then appreciated slightly, supported by the announcement of Staff Level Agreement in late July, the publication of a clear intervention framework (¶21), tightening of monetary policy (increase in local currency required reserves ratio), and complementary prudential measures to contain FX-related risks in the financial sector. Depreciation pressures resurfaced more recently, however, amid political and economic uncertainty. The unification closed the gap between the official and parallel market exchange rates, with no persistent premium observed (on average) in the informal markets since then. Under the new regime, official transactions must reflect the new official rate, calculated following the same methodology as the now extinct reference rate (but published on a timelier basis).²⁷ To ensure that banks can freely negotiate the exchange rate for all (buy and sell) FX transactions, the limit spread between the official exchange rate and the rate at which banks are allowed to sell FX (capped at BOB 0.1)²⁸ will also be removed (**prior action**).

21. The new monetary framework is centered around a more flexible, market-determined exchange rate with limited FX intervention. Throughout the program, a flexible, market-determined exchange rate regime should be maintained (continuous SB). FX intervention (FXI) will follow a 'discretion under constraints' framework, whereby the BCB will have the ability, but not the obligation, to sell FX only in case of disorderly FX market conditions, with full discretion to purchase reserves in the market (although in the first 12 months of the program the baseline forecast expects that reserve accumulation will take place mostly through the central bank's purchase of the FX disbursements of IFI budget support, the BCB has also made direct FX purchases from banks totaling US\$350 million in July-August). Following unification of the exchange rate, the BCB issued regulation establishing the modalities through which it may intervene in the FX market (direct sales/purchases or an auction mechanism), intervening once in early September (US\$35 million offered in direct sales). A revised FXI framework consistent with a flexible exchange rate regime will be developed and published (SB, end-December 2026), informed by IMF technical assistance (TA), to enhance its intervention modalities, governance, and reporting requirements, while preserving

²⁷ The new official exchange rate is calculated as a weighted average of banks' FX purchase transactions with clients and currently excludes FX sales by banks and interbank transactions. The BCB publishes the weighted average buy rate, as well as underlying bank by bank information, including on their average exchange rate, transacted volumes and number of transactions. There is scope to refine the methodology used for calculation of the reference rate by the BCB, so that it more accurately reflects the price of current foreign exchange market transactions in a timely manner. The authorities aim to assess and review the methodology to calculate the BCB official exchange rate to align with International Organization of Securities Commissions Principles of Financial Benchmarks.

²⁸ The limit was set in Article 6 of the Regulation on Foreign Exchange Operations, approved by the BCB's Board Resolution 88/2026.

market-sensitive information as needed. The FXI framework will be in line with IMF guidance on Multiple Currency Practices.²⁹

22. A robust monetary framework that provides a clear nominal anchor is essential to support disinflation. The monetary framework is being focused on reserve money targeting in the near term as a first step in a path towards the adoption of an inflation targeting regime, with the transition initiated by the end of the program. Price stability is now explicitly stated as the primary objective of monetary policy, with the operational target clearly defined as a reserve money target. To this end, the authorities have announced monthly base money targets for 2026 consistent with the BCB's price stability objective and stated that the monetary base is their nominal anchor. Monetary policy will adhere to quarterly indicative targets on average base money (indicative target), while maintaining tight control over domestic currency liquidity to bring inflation to single digits by the end of the program.³⁰ Open market operations will be the main monetary policy instrument to influence the path of reserve money and monthly information on the monitoring of the money base targets will be published (SB, end-October 2026). Periodic adjustments to reserve requirements for local currency deposits may also be necessary. The authorities' Fund-supported program foresees a steady improvement in net international reserves (performance criterion), and no resumption of deficit monetization (continuous performance criterion). The authorities also aim to eliminate all statutory interest rate caps and credit quotas (SB, end-June 2027) to allow market pricing (of interbank and deposit rates) to accurately reflect domestic liquidity conditions, strengthen monetary policy transmission, and improve resource allocation.

23. The BCB's ability to implement reserve money targeting hinges on ongoing operational improvements and effective management of its legacy obligations. To achieve its monetary aggregate objectives, the BCB will need to actively undertake open market operations through the issuance of central bank short-term liabilities at market-determined prices (in addition to the use of repo operations). As regulatory constraints on lending are eased (¶122), yields on BCB instruments and repo operations will become the key prices through which liquidity conditions are reflected in money markets, helping strengthen monetary transmission and support the disinflation process. Consistent with the reserve money target, the BCB will need to adjust the volume and pricing of its liquidity-absorbing operations to offset liquidity shocks and steer reserve money along the programmed path. Improved capacity for liquidity forecasting and coordination with the fiscal authority will also be needed. The BCB has US\$1.8 billion in outstanding obligations on FX swaps that were issued to local commercial banks and will be gradually unwound (Box 3). Unwinding these FX swaps, which will allow banks to recover access to their dollar balances transferred to the BCB, easing FX liquidity constraints, and facilitating gradual normalization of access to clients' dollar

²⁹ [Guidance Note for the Fund's Policy on Multiple Currency Practices](#), IMF Policy Papers 2023

³⁰ Medium-term reserve money growth is anchored on a formula linking base money to an inflation target and potential output growth, which will be revised periodically to ensure consistency with the desired disinflation path. The target for 2026 recognizes the tight monetary policy followed by BCB during 2026H1, which was justified by the significant monetary overhang from the 2025 monetary financing of the fiscal deficit. While still maintaining a restrictive stance for the year, it accommodates for the foreseen increase in base money in the second semester for seasonality reasons.

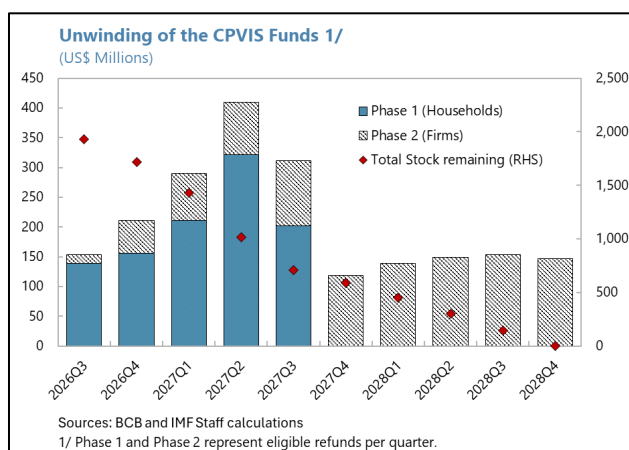
deposits will need to be carefully managed considering the BCB's FX liquidity constraints.³¹ Efforts will also be made to deepen FX and money markets, including through the creation of new FX derivatives to allow the private sector to hedge FX risk.

Box 3. Bolivia: Background of the CPVIS Fund

The Créditos Productivos y de Vivienda de Interés Social (CPVIS) funds have been extensively used by the central bank to provide domestic currency liquidity while bolstering international reserves. CPVIS is a non-conventional policy instrument of the BCB introduced in 2017 to channel liquidity to productive sectors and social housing. CPVIS was created through the reduction in legal reserve requirements in FX, bringing commercial banks' FX into the BCB balance sheet as gross international reserves. Banks, using the released reserves as collateral, could then obtain financing in bolivianos from the BCB at a 0 percent interest rate. The instrument initially represented a quasi-compulsory swap, as banks were mandated to transfer the FX impacted by the lower reserve requirements to the BCB. However, the funds also had a voluntary component, which banks used as a means to expand the supply of credit in bolivianos. At expiration of the swap agreement (maturity of one year but extended multiple times), banks were required to repay the boliviano financing in return for the FX that the BCB retained as collateral. As the stock of international reserves waned, the BCB expanded the use of this instrument, creating several similar funds: CPVIS II, CPVIS III, CPRO and FIUSEER.

The central bank has begun to unwind the CPVIS announcing a schedule of repayment.

Representing an important financial contract between the central bank and the financial sector, settlement of the CPVIS plays an important role in the credibility of the BCB. A satisfactory resolution is seen as essential for a well-functioning FX market and trust in the central bank. The BCB has thus begun a sequenced, gradual unwinding of the CPVIS funds, taking into consideration its FX liquidity constraints as well as the banks' domestic currency liquidity availability. The BCB will need to carefully monitor liquidity conditions and pace of open market operations, since the return of the boliviano financing tightens the monetary base through a reduction in excess reserves, while returning the FX component may inject liquidity if clients convert their dollar deposits into bolivianos. In late March, FIUSEER was unwound, representing around BOB 203 million, i.e., 1.2 percent of the CPVIS contracts at that date. The remainder CPVIS stand at US\$1.8 billion. In May, the authorities announced a plan to gradually unwind the remaining CPVIS contracts (see text chart). Repayments of the FX began in July for households with deposit accounts between US\$1,001 and US\$3,000, with eligibility expanding by deposit size each month until August 2027. For firms, banks would be expected to allow FX deposit withdrawals from September, gradually increasing the size of eligible deposit accounts until December 2028. The unwinding is appropriately gradual, which provides a safeguard to minimize risks of sudden capital flight.



24. Enhancing the BCB's institutional framework is also essential for establishing credibility in the new monetary system. The authorities will submit legislative proposals to amend the BCB's legal framework with international best practices, to safeguard its autonomy, improve its governance, constrain monetary financing, and enhance transparency, accountability, and independent oversight. In particular, proposals are to be submitted first by the BCB to the Ministry of Economy and Finance (SB, end-March 2027) and subsequently to Congress (SB, end-June 2027).

³¹ Baseline projections follow the schedule of repayment of these swaps (Box 3).

Monetary policy communications will also be modernized to explain the new monetary framework both to the public and financial market participants, building on the notable steps already taken by the BCB, including the publication of the 2026 monetary program and its targets, the minutes of monetary policy meetings, a monthly analysis of monetary operations, and weekly monetary statistics. Strengthening analytical capacity in economic forecasting and liquidity modeling will facilitate an eventual transition to inflation targeting, which is the authorities' goal over the medium term. Finally, the low-yielding, high-volume and long-maturity loans to the government, and the expected future costs of sterilization are likely to create losses and may weigh on BCB's equity position. A stress test exercise will be conducted with the IMF technical support to assess the strength of the central bank's balance-sheet (SB, end-December 2026).

D. Safeguarding Financial Stability and Integrity

25. The authorities aim to strengthen governance, transparency, and institutional capacity for the timely assessment of financial system vulnerabilities:

- In the short term, an analytical working group under the auspices of the Financial Stability Council will be set up to monitor and assess systemic and financial sector risks and to enhance coordination across Council members, including on aspects pertaining to crisis preparedness and management (SB, end-October 2026). Going forward, reviewing and strengthening Bolivia's Emergency Liquidity Assistance (ELA) and Deposit Insurance Framework, in line with FSAP³² recommendations, will also be essential.
- The authorities are committed to adopting measures to strengthen liquidity monitoring and risk-oversight framework. This should include high-frequency liquidity monitoring (preferably with daily deposit data from all banks) and assessing the impact of remaining deposit restrictions. The financial supervisor (ASFI) will conduct stress tests and asset quality reviews using methodologies aligned with international best practices and coordinated with Fund staff (SB, end-March 2027). Furthermore, ASFI will prepare bank resolution plans, prioritizing systemic banks, and require banks to prepare recovery plans, in consultation with Fund staff (SB, end-March 2027). Based on the findings, the authorities aim to undertake any actions necessary to ensure that insolvent and undercapitalized banks are recapitalized or resolved in line with strengthened resolution and supervisory frameworks.
- Clear, rules-based intervention triggers (based on illiquidity or undercapitalization) should be established to strengthen regulatory credibility and predictability.
- The treatment of capital adequacy and liquidity, the accounting for problem assets and provisioning, limits on related party transactions, FX exposure and interest rate risk, as well as the resolution framework will be aligned with international standards through legal and regulatory reforms (SB, end-June 2027).

³² Financial Sector Assessment Program (FSAP) exercise for Bolivia, discussed by the IMF Board in March 2024.

- A robust oversight and regulatory framework for virtual assets will be developed to forestall risks of undue capital flight through crypto markets and ensure financial resilience. Data collection on crypto assets should be strengthened to identify cross-border flows and monitor potential capital-flow leakages.
- Regulatory forbearance should be avoided henceforth and supervisory practices strengthened to align with international standards.

Longer-term reforms will build on the 2024 FSAP recommendations to strengthen supervisory frameworks, governance, and institutional capacity, including enhancing the independence and operational effectiveness of ASFI.

26. Over the medium term, the large exposure of Bolivia's pension fund (Gestora) to the public sector may pose fiscal and financial stability risks. Gestora's assets are concentrated in fixed-term deposits and sovereign debt, while banks depend heavily on its deposits. While Gestora runs operational surpluses at present, if it were to experience liquidity shortfalls, withdrawals from its deposits could generate systemic liquidity pressures and require BCB intervention. To mitigate these risks and support the pension fund's long-term sustainability, the authorities envisage conducting an actuarial balance assessment during the course of the program. Rebalancing Gestora's investment portfolio towards higher-yielding assets, albeit with a conservative risk profile, together with parametric reforms that increase contributions and/or better align benefits with lifetime contributions, would help strengthen its financial position.

27. As the BCB moves to a new monetary and FX management framework, efforts will be needed to develop FX and money markets. This should include the creation of new markets for FX hedging instruments and macroprudential and regulatory frameworks to limit FX balance sheet mismatches (e.g., limits on FX net open positions and higher capital requirements for unhedged FX loans). Recent measures to strengthen the management of FX risks in the financial system, including tighter limits on FX exposures and requirements to maintain broadly balanced positions in their U.S. dollar adjusted unit of account (Moneda Nacional con Mantenimiento de Valor al Dólar Estadounidense), complement these efforts and support financial stability during the transition to the new exchange rate framework. Given the extended period of financial repression, developing Bolivia's money market will require a phased approach. Initially, competitive auctions focused on a few key maturities and guided by pre-announced volumes will support price discovery. Over time, a predictable schedule of competitive auctions of short-term BCB paper and of medium- and long-term government bonds will allow for the establishment of a competitive yield curve. The BCB's overnight deposit facility will also be valuable in setting a floor on short-term market interest rates.

28. Bolivia has recently been grey-listed by the Financial Action Task Force, following the 2023 Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) assessment conducted by the Financial Action Task Force of Latin America. Efforts should be prioritized to strengthen the effectiveness of the country's AML/CFT system, notably enhance the risk-based supervision of Designated Non-Financial Businesses and Professions (DNFBP), accessing and maintaining up-to-date beneficial ownership information, and strengthening investigations and

prosecutions (among other areas). Priority reforms will focus on strengthening supervision, investigations, and enforcement, consistent with international AML/CFT standards.

E. Fostering Dynamic, Job-rich, and Inclusive Growth

29. The authorities are pursuing comprehensive supply-side policies to move Bolivia to a market-based system in the allocation of resources. Removing price controls, export ceilings, and credit quotas—accompanied by appropriate poverty mitigation policies, supported by the World Bank and IDB—will reduce distortions and encourage private investment and job creation, while revamping regulatory and tax frameworks for extractive industries will incentivize new exploration and ensure that the government receives an appropriate share of the natural resource rents. Over time, transitioning towards a greener energy matrix (e.g., hydro, solar) could help reduce dependency on natural gas to generate electricity, freeing it up for export; while agricultural productivity would rise as the authorities scale back regulatory constraints and facilitate the adoption of new technologies. Full expensing of new investments in the corporate income tax and an overhaul of the bankruptcy framework should help incentivize capital formation. CAF and the IDB will be key partners in supporting these efforts.

30. A stronger governance framework will support good stewardship of public resources, strengthen transparency and accountability, and improve the business environment. The authorities aim to implement a multipronged institutional reform approach to address corruption vulnerabilities and restore good governance. This will include enacting a Law on Access to Information (to provide effective accountability and oversight), strengthening property rights and contract enforcement, improving public procurement practices, and bolstering judicial independence. Other reforms will focus on moving to international best practices in public procurement, improving transparency and oversight across government operations, and strengthening the effectiveness of the anti-corruption framework. The authorities have requested IMF TA on governance diagnostic.

MACROECONOMIC OUTLOOK AND RISKS

31. Following a near-term output contraction and higher inflation, policy efforts and reforms are expected to visibly strengthen the economic outlook. Notwithstanding recent progress in stabilization and tight macroeconomic policies, higher inflation is still expected by early 2027 due to changes in energy prices and depreciation of the exchange rate. Tight monetary policy and fiscal adjustment are expected to help dampen inflationary pressures and support macroeconomic stability but also weigh on growth in the near term. The contraction in economic activity is expected to bottom out in 2027 as confidence improves, investment recovers, and the economy starts to remonetize (Text Table 2). Inflation is expected to converge to single digits by 2028, helped by restrained growth in local currency liquidity, the stabilization of the exchange rate, and increasing policy credibility. Over a longer horizon, the removal of supply-side distortions, a stable macroeconomic environment, improved governance, a more efficient tax system, better regulatory frameworks, and greater availability of credit should boost investment in a broad range

of industries (particularly in tradable sectors), as well as facilitate productivity enhancements in agriculture and renewable energy. At the same time, a recovery in real incomes and formal employment should support private consumption and inclusion.

32. Fiscal and external positions are expected to improve to sustainable levels over the course of the program. The large and sustained fiscal adjustment and the resumption of growth are projected to put the public debt-to-GDP ratio on a firm downward trajectory from 2027 onwards. A sizable increase in the primary surplus and the recent liability management operations should also significantly reduce the central government's gross financing needs. The alignment of domestic and international fuel prices, the reinvigoration of export industries, fiscal adjustment, and the realignment in the real exchange rate would support external adjustment. The CA is projected at a surplus in 2026 and 2027 and, when combined with inflows from IFIs, enable an accumulation of international reserves. Over time, capital inflows (including FDI) should finance a modest CA deficit while allowing for a further increase in usable reserves (to around 4 months of imports and 100 percent of the ARA metric by the end of the program). The successful and sustained implementation of the Fund-supported program will lower fiscal and external risks, helping to narrow sovereign spreads and steadily improve access to global capital markets.

33. Risks to the outlook are significant and tilted to the downside, highlighting the importance of a robust mitigating strategy and contingency planning.

- *External shocks.* Major downside risks include: worse terms of trade (including persistently higher international oil prices), setbacks in external financing, and/or a slower pickup in exports (e.g. due to climate shocks). Uncertainty around the baseline is also high, as FX market developments are heavily impacted by volatile commodity prices. A plausible combination of adverse developments would weigh on growth, inflation, the fiscal accounts, and the BOP, and could strain the financial sector through worse credit quality or the sovereign–pension fund–bank nexus.
- *Renewed social unrest.* High inflation during the transition period (particularly if concentrated in food and/or transportation) and slower wage growth may have a disproportionate impact on the poor, especially if progress on strengthening the social safety nets is slower than expected.
- *Significant capacity constraints in a range of macroeconomic policymaking areas.* These include diminished capacity for fiscal management, financial system oversight and AML/CFT efforts, the management of a floating exchange rate, and the execution of effective monetary operations. Designing effective regulatory and tax frameworks for the mining, hydrocarbon, and lithium sectors is also likely to prove challenging. In all these areas, Bolivia will require sustained capacity development support from the Fund and development partners, closely aligned with program objectives, and focused on execution-critical reforms, with priorities and sequencing set out in the Capacity Development Strategy Note (Annex IV).

- *Political constraints.* Reform progress and the availability of external financing could be disrupted by political fragmentation or delays on congressional approvals of the disbursement of IFI resources.
- *Weak oversight framework for both the fiscal authorities and the BCB.* This includes a weak capacity to generate timely and accurate data, the potential for inadvertent misreporting, and outdated audits of the central bank's financial position. To address this, a special audit of the opening stock of program monetary data is being conducted based on terms of reference agreed with IMF staff.

These risks are, in part, mitigated by the significant support for the new administration in the international community (including through significant new lending from IFIs), the program emphasis on building external buffers, existing social assistance mechanisms (which were effectively deployed in tandem with the fuel subsidy reform), renewed access to international capital markets, and the expected capacity development support from the Fund and other international providers (Annex IV). The authorities are also committed to further strengthening the monitoring of fiscal execution data across all levels of government. Despite recent delays, there is broad political support for economic adjustment, and the administration has also demonstrated its firm commitment to reforms, and ability to implement them, through several important policy actions taken over the past several months. Potential delays in the congressional approval of the external financing would be addressed through higher reliance on domestic financing sources and additional fiscal measures. As for the major external shocks, the authorities have developed a robust contingency plan in consultation with staff and are committed to implementing necessary policy actions to preserve macroeconomic, financial, and external sustainability if these shocks materialize. The flexible exchange rate would act as an automatic stabilizer, while reprioritization of spending and tighter monetary policy would help preserve fiscal and external sustainability and contain inflation. Furthermore, the macroeconomic framework underpinning the program only partially incorporates the potential growth gains from ongoing and planned reforms, leaving space for meaningful upside risks to activity and the fiscal and external positions over the medium term. This gives the program some resilience to negative shocks.

PROGRAM MODALITIES

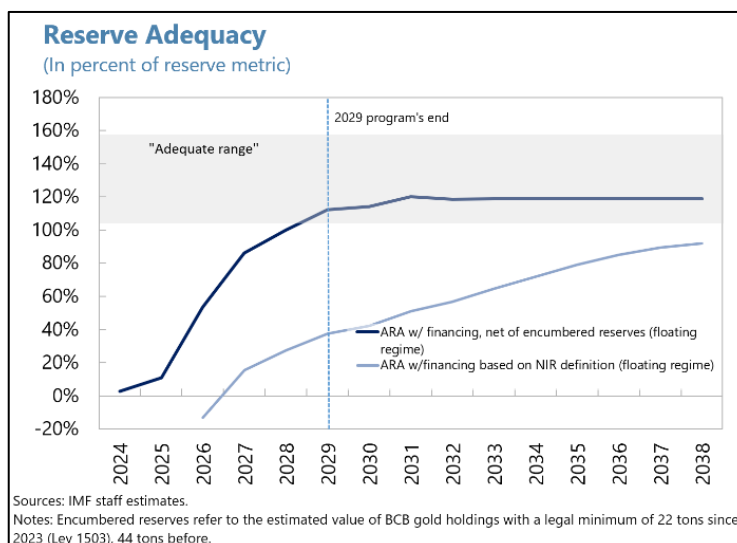
34. In light of the deep-rooted macroeconomic imbalances facing Bolivia, the authorities request and staff support a 36-month EFF arrangement. Access of SDR 1.369 billion (570 percent of quota, US\$1.872 billion, or 3 percent of GDP) is proposed, with access in the first year of 200 percent of quota. Given the large fiscal financing gap, the first six purchases are expected to be

provided in the form of direct budget support in the first two years.³³ The remaining six purchases towards the end of the program would come in the form of reserve support.

35. Gross international reserves (excluding encumbered gold) are programmed to reach 100 percent of the ARA metric by 2029. The

macroeconomic adjustment under the program is expected to generate a CA surplus in the near term, adding to the reserve build-up from the Eurobond issuance in May 2026, but partially offset by other outflows.³⁴ In the near term, reserves are expected to be built mostly through the inflows from IFI budget support, while net FX purchases by the BCB from the domestic market will be modest to smooth the country's

adjustment to a more flexible exchange rate.³⁵ FX purchases are expected to increase from 2027 onwards, while the authorities' structural reform agenda is expected to boost FDI, bringing gross international reserves (net of encumbered gold) to 100 percent of the ARA metric by 2029. Programmed net international reserves are expected to turn positive in 2028 and continue rising over the medium term as credit to the Fund is repaid.



36. Bolivia's capacity to repay (CtR) is adequate but subject to exceptional risks, hinging critically on sustained program implementation. Under the baseline, Bolivia's Fund credit outstanding will be in the top quartile of all GRA programs across some indicators of CtR, presenting a strained outlook to service Fund debt relative to other programs (Table 8, Figure 6). Under full program implementation that would build reserves and strengthen public finances, outstanding Fund credit is projected to peak at 36 percent of (unencumbered) reserves in 2028 and remain at the top quartile through 2036. Repayments to the Fund will be particularly high after the program during 2031–36. Fund debt service would peak at 3.0 percent of revenues and 2.1 percent of exports in 2033 and remain in the top quartile of GRA programs for the latter. Repayments to other creditors, including the private sector, peak in 2031 and 2036 but are cushioned by reserves remaining comfortably above 100 percent of the ARA metric throughout the period. Risks to CtR are

³³ It is expected that the Fund's resources will be deposited in the Treasury's account at the BCB and then drawn down, as needed, to finance fiscal outlays. A memorandum of understanding will be established between the BCB and the government on their respective roles and obligations to safeguard the use of Fund resources.

³⁴ The BOP financial account outflows expected for the coming years partially reflect Bolivia's typically very large (negative) errors and omissions, which can be indicative of under (over) recorded imports (exports) and/or unrecorded capital outflows.

³⁵ At the same time, the BCB has been purchasing gold from local producers to settle the gold forward sales with international banks, and YPFB is expected to gradually reduce the stock of its trade credit liabilities.

sensitive to the size and frequency of shocks, particularly if left unaddressed by contingency measures.

37. Enterprise risks are high but are partly mitigated by the authorities' demonstrated commitment and early policy actions, program design, and capacity development support.

The Fund faces three types of enterprise risks. *Financial risks* are linked to Bolivia's CtR risks (136). These risks are partly mitigated by the authorities' resolve in implementing up-front fiscal measures, the move to a more flexible exchange rate, and structural reforms, which are expected to sustainably improve fiscal and external positions. *Operational risks* stem from constraints to reform implementation capacity and socio-political tensions that could affect the work of IMF staff in Bolivia. These risks are mitigated by capacity development support by the Fund and other IFIs, a careful communications strategy and stepped-up engagement of IMF staff with a broad range of stakeholders, and the strengthening and expansion of the social safety net. *Reputational and strategic risks* to the Fund could become a concern if there is a public perception of the program as foreign imposition of conditions. The authorities' strong implementation of decisive policy steps and ownership, coupled with a concerted communication plan and the protection of vulnerable groups, help mitigate these risks.

Text Table 3. Bolivia: Summary Financing Gaps and Sources, 2026-29 1/

	2026	2027	2028	2029	Cum. (prog.)	Annual avg.
	(in billion of US\$)					
A. Financing gap	2.9	2.5	1.3	0.9	7.6	1.9
Underlying BOP gap 2/	1.7	0.5	0.3	0.0	2.4	0.6
GIR accumulation (+ = increase)	2.0	1.6	0.8	0.8	0.1	0.2
Other below the line items, net 3/	-0.7	0.4	0.3	0.0	-0.1	0.0
B. Official financing, net (excl. IMF) 4/	1.5	1.8	0.8	0.0	4.1	1.0
o.w. WB	0.5	0.5	0.3	0.0	1.3	0.3
o.w. IADB	1.0	0.6	0.5	0.0	2.1	0.5
o.w. FLAR	0.0	0.7	0.0	0.0	0.7	0.2
C. IMF (prospective)	0.4	0.7	0.5	0.3	1.9	0.5
D. New market financing	1.0	0.0	0.0	0.6	1.6	0.4
E. Residual financing gap (A-B-C-D)	0.0	0.0	0.0	0.0	0.0	0.0
<i>Memorandum items:</i>						
Gross international reserves (GIR)	5.7	7.3	8.1	8.9	8.9	7.5
Program GIR, net of encumbered gold	2.5	4.0	4.7	5.5	6.3	6.6
% of ARA metric	53.4	86.1	100.1	112.3	112.3	92.8

Source: IFIs; BCB; VIPFE; IMF staff estimates.

1/ Calculated on a calendar year basis.

2/ Underlying BOP gap = decrease in reserves sans official financing and IMF support (+ = need).

3/ Including valuation and domestic transactions impacting the reserve account (e.g., domestic gold purchase).

4/ Based on information as of end-August 2026. Staff assessment based on technical discussion with official creditors. Does not include pre-contracted project financing.

38. Program performance will be monitored through quarterly reviews. Agreed policy commitments are sequenced to frontload economic regime change while considering social and capacity constraints. The first review of the arrangement would be considered by the Board in December 2026, based on end-September 2026 quantitative performance criteria and end-October

2026 structural benchmarks. The final test date would be end-March 2029. The EFF arrangement is subject to the following prior actions:

- Adoption by Congress of a revised 2026 budget that is aligned with the program fiscal targets.
- Congress authorization for the government to draw on Fund disbursements under the program without having to revert to Congress for approval.
- Precluding additional gross credit (lending) from the BCB to the NFPS.
- Ensuring that banks are free to transact at a freely negotiated exchange rate for all (buy and sell) FX transactions, by removing Article 6 of the Regulation on Foreign Exchange Operations, approved by the BCB's Board Resolution 88/2026.

Text Table 4. Bolivia: Proposed Prior Actions and Structural Benchmarks, 2026–27 1/

	Sector	Completion Date
Prior Actions		
1. Congress to adopt a revised 2026 budget that is aligned with the program fiscal targets.	Fiscal	
2. Congress to authorize the government to make purchases from the Fund under the program.	Fiscal	
3. Preclude additional gross credit (lending) from the central bank to the NFPS (as foreseen in the central bank's Monetary Program).	Fiscal	
4. Ensure that banks are free to transact at a freely negotiated exchange rate for all (buy and sell) FX transactions, by removing Article 6 of the Regulation on Foreign Exchange Operations, approved by the BCB's Board Resolution 88/2026.	Monetary / External	
Structural Benchmarks		
1. Maintain a flexible exchange rate regime, in line with the principles agreed at the program approval and consistent with adopted policy on foreign exchange interventions (as specified in the TMU).	Monetary / External	Continuous [assessed once per review]
2. Publish a fiscal strategy setting medium-term fiscal targets consistent with program objectives.	Fiscal/PFM	End-Oct-26
3. Adopt the necessary shorter term instruments needed to manage liquidity at short maturities to improve monetary policy operations in line with the new monetary framework and publish on the central bank website monthly information on the monitoring of the money base targets.	Monetary/Governance	End-Oct-26
4. Establish an analytical working group under the auspices of the Financial Stability Council to monitor and assess systemic and financial sector risks and to enhance coordination across Council members, including on aspects pertaining to crisis preparedness and management.	Financial Stability	End-Oct-26
5. Assess the strength of the central bank's balance sheet, by completing a balance sheet stress testing exercise, in consultation with IMF staff.	Monetary/Governance	End-Dec-26
6. Publish a detailed foreign exchange intervention framework (modalities, governance, reporting), consistent with a flexible, market-determined exchange rate regime, informed by IMF technical assistance. 2/	Monetary/FX	End-Dec-26

Text Table 4. Bolivia: Proposed Prior Actions and Structural Benchmarks, 2026–27
(concluded)

	Sector	Completion Date
7. Adopt a 2027 Budget consistent with program target and objectives.	Fiscal	End-Dec-26
8. Submit to Congress a legal framework to support the development of a unified social registry, including: (i) establishing the legal basis for data collection and sharing across institutions; (ii) introducing means-tested eligibility criteria to improve targeting of social assistance programs; and (iii) defining key institutional responsibilities and coordination mechanisms.	Social Safety Net	End-Mar-27
9. Conduct system-wide solvency and liquidity stress tests for the banking system, using methodologies consistent with FSAP recommendations (including forward-looking, top-down approaches covering all material risks), and initiate asset quality reviews for the systemic banks. 3/ 4/ 5/	Financial Stability	End-Mar-27
10. Prepare, in coordination with IMF staff, and submit to the Ministry of Economy and Finance amendments to the central bank legal framework to safeguard central bank autonomy and strengthen governance, accountability, and transparency. 6/	Monetary/Governance	End-Mar-27
11. Prepare detailed bank resolution plans and require banks to prepare recovery plans, in consultation with Fund staff, at least for systemic banks 5/	Financial Stability	End-Mar-27
12. Prepare and share with Fund staff a Domestic Revenue Mobilization Strategy with specific tax policy and revenue administration measures to raise revenue in line with program targets.	Fiscal	End-Mar-27
13. Submit to Congress legal amendments to enable alignment of the bank resolution, capital adequacy and liquidity frameworks, treatment of problem assets, credit risk provisioning, related parties' management, interest rate risk in the banking book, and accounting standards with international guidelines and standards.	Financial Stability	End-June-27
14. Eliminate statutory interest-rate caps and credit quotas.	Financial Stability	End-June-27
15. Prepare and publish the MTFF to guide the 2028 budget preparation, including medium-term expenditure ceilings and an analysis of fiscal risks, and establish regular publication of timely quarterly fiscal outturn data.	Fiscal	End-June-27
16. Submit finalized amendments described in SB 10 to Congress.	Monetary/Governance	End-June-27

Sources: Ministry of Finance, Central Bank and IMF staff estimates.

1/ The set of prior actions and structural benchmarks may be further refined during future reviews, including in light of completed and forthcoming technical assistance missions, safeguards assessments, and continued discussions with the authorities.

2/ The FXI framework will be in line with IMF guidance on Multiple Currency Practices.

3/ This benchmark builds on the findings of the 2023 Financial Sector Assessment Program (FSAP) and related technical notes.

4/ This includes forward-looking, top-down approaches covering all material risks.

5/ The list of systemic banks is to be defined by the first review in consultation with the IMF staff.

6/ BCB to prepare proposed amendments in coordination with other agencies as needed.

39. Quantitative targets under the program will be guided by:

- **Quarterly Performance Criteria** on the change in net international reserves (floor), the primary balance of the NFPS (floor), the change in the stock of floating debt of the central government and SOEs (ceiling), and the stock of NFPS deposits at the central bank (floor).
- **Continuous Performance Criteria** on: i) the non-accumulation of new external arrears; ii) non- provision of gross central bank credit to the NFPS; iii) prohibition on the imposition or intensification of restrictions on making of payments and transfers for current international

transactions; iv) prohibition on the conclusion of bilateral payments agreements that is inconsistent with Article VIII; v) prohibition on the imposition or intensification of import restrictions for BOP reasons; and vi) the non-introduction and non-intensification of exchange restrictions or multiple currency practices.³⁶

- **ITs** on the overall balance of the NFPS (floor), social assistance spending (floor), stock of base money (ceiling), and the change in gross international reserves (floor).

The definitions and institutional coverage of quantitative performance criteria and ITs are set out in the Technical Memorandum of Understanding (TMU).

40. SBs will focus on immediate crisis management and macroeconomic stabilization priorities, followed by reforms that support medium-term inclusive growth. The authorities' structural reform plan for the first year is outlined in Text Table 4. Staff will also work with the authorities to identify key steps to be taken in the following two years of the program to:

- continue developing the social safety net;
- reinforce fiscal sustainability through further improvements in tax and customs administration; and by conducting an actuarial study to inform pension reform needs.
- enhance the central bank's legal framework to protect its autonomy;
- bolster financial resilience by developing a robust regulatory oversight of crypto assets, modernizing the deposit insurance and bank resolution frameworks, fostering the development of banks' recovery and resolution planning, and addressing shortcomings in AML/CFT legislation and implementation in line with the FATF/GAFILAT action plan;
- foster investment and economic formalization through the adoption of new regulatory frameworks for key industries, improving the bankruptcy framework, phasing out distortionary controls on exports and prices, reviewing labor rules to encourage formal hiring, and strengthening property rights and contract enforcement;
- improve governance and accountability, including anti-corruption frameworks, drawing on diagnostic findings; enact a Law on Public Access to Information to enhance transparency and accountability; strengthen procurement rules to foster transparency, competition, and oversight;

41. The program is fully financed, with firm commitments for the first 12 months of the arrangement and good prospects for the remainder of the program period. These are based on a comprehensive assessment of the external and fiscal financing needs during the course of the program and realistic assumptions about the prospects for additional access to international capital markets. The World Bank and IDB have indicated significant financial support equivalent to a

³⁶ An Article VIII assessment is planned before the second review (about half a year after the transition to the new exchange rate regime) to establish a baseline for and help monitor this criterion.

cumulative US\$2.3 billion in the first year of the program. This amount has been incorporated into the macroeconomic framework underpinning the program, along with conservative assumptions regarding support from other multilateral and bilateral lenders and financing for the second and third years of the program. Financial support from development partners is subject to congressional approval. Staff will continue to monitor developments at each review to ensure that the program remains fully financed.

42. Staff will continue to monitor the status of YPFB external arrears and other claims accumulated during past administrations. As part of its review of service contracts from that period, YPFB identified delayed payments of about US\$200 million to external hydrocarbon-sector providers. Around 10-15 percent is owed to two regional SOEs, while the remainder is owed to a commercial company and YPFB's own foreign-based subsidiary (currently under domestic legal proceedings).³⁷ The payment delays reflect product verification processes and administrative hurdles. The Fund's Non-Toleration Policy applies to, and has been satisfied for, arrears to the regional SOEs, while the Lending into Arrears Policy applies to the commercial company's claim. Staff discussed with YPFB management the efforts undertaken to reach settlement agreements with both the commercial providers and the regional SOEs. Staff considers that, notwithstanding the arrears, prompt Fund support is essential for the successful implementation of the policies outlined in this Staff Report and that the authorities are pursuing appropriate policies and undertaking good faith efforts to facilitate collaborative agreements with creditors to resolve these direct bilateral and commercial claims on terms consistent with the Fund-supported program. A financing assurances review will be completed at each review under the EFF, as long as arrears to private creditors remain outstanding. In addition, private counterparties have other claims that are not related to debt obligations. These claims, including against the central government, are currently under litigation (total disputed amount rising to about US\$350 million), and for one claim (BBVA) the final judicial order has already been obtained requiring Bolivia to make a payment of US\$105 million. Staff will monitor these litigation cases and their resolution.

43. The authorities are committed to addressing legal and institutional vulnerabilities at the BCB identified by the 2026 safeguards assessment. The assessment noted that these vulnerabilities stem from weaknesses in the BCB's legal framework, including in autonomy, governance and oversight, and transparency and accountability, and have enabled monetary financing and quasi-fiscal activities. In addition to advancing the legal reform of the BCB (T24, SB for end-March 2027), near-term safeguards priorities include strengthening financial reporting practices and financial statement disclosures, and undertaking the planned stress test to assess the strength of the BCB's balance sheet (T24, SB for end-December 2026). Arrangements for the 2026 external audit should also be reinforced, and steps to establish independent oversight and strengthen internal audit should be pursued.

³⁷ The arrears owed to the two SOEs are direct bilateral claims under the Fund's policies, as the financial operations of these SOEs form part of the creditor government's budgetary process.

STAFF APPRAISAL

44. Bolivia's new administration has taken early and significant steps to address long-standing macroeconomic imbalances. Measures included a frontloaded fiscal adjustment focused on fuel subsidy reform, the cessation of new BCB financing of the budget, tightening of liquidity conditions, adoption of a more flexible FX regime, and initial actions to improve transparency and the business climate. Together with favorable terms of trade, renewed support from IFIs, liability management operations, and a successful Eurobond issuance, these measures supported macroeconomic stability, reduced near-term financing pressures, and lifted usable reserves from exceptionally low levels.

45. The proposed EFF-supported program is designed to entrench macroeconomic stability, rebuild buffers, and lay the basis for durable, private sector-led, inclusive growth. The authorities aim to eliminate fiscal imbalances while protecting vulnerable households, rebuild international reserves to adequate levels, and bring inflation back to single digits.

- **Fiscal consolidation, while protecting the most vulnerable, is the anchor of the authorities' program.** The planned adjustment, which aims to eliminate the primary deficit by the end of the program and sustain primary surpluses thereafter, is commensurate with the scale of the current fiscal imbalances and the need to place the public debt-to-GDP ratio on a firm downward path. Expenditure rationalization and phasing out fuel subsidies by January 2027 by implementing an automatic pricing mechanism are central to this effort, requiring careful sequencing, support for vulnerable households, transparent communication, and firm containment of fiscal risks, particularly if oil prices remain elevated. Over the medium term, the adjustment should be reinforced by stronger revenue mobilization, tighter expenditure controls and enhanced efficiency, a credible arrears clearance strategy, SOE reforms, and an MTF anchored in debt reduction.
- **The authorities are committed to modernizing and strengthening the social safety net.** The planned increase in social assistance spending is appropriate and should be implemented rapidly, with safeguards to improve targeting, transparency, and governance. The authorities' commitment to developing a unified social registry and moving towards means-tested benefits is welcome and should proceed in close coordination with the World Bank and IDB. These reforms will help cushion vulnerable households from fuel price adjustments, overall inflation, and shocks to economic activity, while supporting a gradual shift away from costly and poorly targeted general subsidies.
- **Maintaining a market-determined exchange rate regime and a credible monetary framework is essential to restore external balance and promote price stability.** Exchange rate flexibility will help absorb shocks and support the external adjustment, while reserve money targeting—supported by tight liquidity management, clear limits on FXI, and a floor on net international reserves—will provide a nominal anchor during the transition. The BCB is strengthening open market operations, liquidity forecasting, and communication, and adopting

the necessary instruments to manage liquidity at shorter maturities. Legal and institutional reforms to safeguard BCB autonomy, constrain monetary financing, strengthen governance, and improve accountability will be critical to the credibility of the new framework.

- **The authorities will closely monitor financial sector vulnerabilities.** Weaker activity, falling real incomes, higher interest rates, exchange rate unification, and the eventual removal of interest rate controls could expose weaknesses not fully reflected in reported indicators. Staff welcomes the planned financial stability analytical working group, enhanced liquidity monitoring, system-wide solvency and liquidity stress tests, independent asset quality reviews, and recovery and resolution planning for systemic banks. Regulatory forbearance should be avoided, and prudential standards should be brought closer to international standards. Emergency liquidity assistance, deposit insurance, crisis management arrangements, and oversight of crypto assets should also be strengthened.
- **The authorities aim to implement ambitious structural reforms to make stabilization durable and raise potential, job-rich growth.** Bolivia's medium-term prospects depend on moving towards market-based resource allocation, removing price distortions, lifting export ceilings and credit quotas, and improving incentives for private investment. Reforms to the hydrocarbon and mining frameworks should attract new investment while securing an appropriate public share of resource rents. Plans to tackle informality, improve labor market functioning, strengthen property rights and contract enforcement, modernize insolvency and collateral frameworks, and improve public investment management are welcome. Stronger governance—including better procurement, greater transparency, access to information, anti-corruption reforms, and progress on AML/CFT priorities—will also be essential to build investor confidence and public support.

46. Policy adjustment and reforms will gradually strengthen the outlook. In the near-term, output is expected to contract and inflation pressures will likely intensify as relative prices adjust. Growth is nonetheless projected to strengthen over time as confidence, investment, competitiveness, and remonetization recover, while inflation returns to single digits. Over the medium term, governance, tax, regulatory, and credit reforms should continue to support investment, while rising real incomes and formal employment will bolster consumption. The fiscal and external positions are expected to improve over time, with financing needs falling. IFI financing, and, eventually, private capital inflows will help rebuild reserves.

47. Risks are substantial and tilted to the downside. Social unrest could intensify as subsidies are withdrawn and relative prices adjust, while capacity constraints may slow reform efforts. Political fragmentation or delays in congressional approval of loans from development partners could also weaken financing assurances and reform momentum. External shocks—including higher oil prices, weaker terms of trade, tighter global financial conditions, and climate-related events—could weigh on growth, inflation, and the external position, raise fiscal costs, and slow reserve accumulation. These risks are partly mitigated by the authorities' strong early actions, continued political support for reform, renewed market access, significant IFI support, the program's emphasis on building buffers and protecting the poor, and planned capacity development from the Fund and

development partners. On the upside, the benefits of the reforms could prove larger than is conservatively assumed in the program. The authorities have prepared a robust contingency plan, while agile assessment of risks and implementation of the program will remain essential.

48. Staff supports the authorities' request for a 36-month arrangement under the EFF.

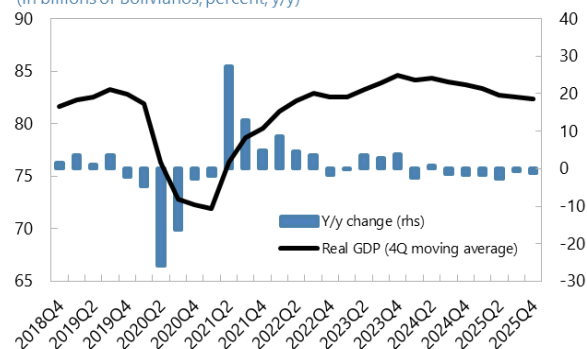
Proposed access of SDR 1.369 billion, equivalent to 570 percent of quota, is justified by Bolivia's deep fiscal, external, financial, and structural imbalances, the need to rebuild usable reserves, and the authorities' ambitious reform agenda. Full and sustained implementation, together with continued international support, offers a credible path to restore macroeconomic stability, rebuild buffers, reduce debt vulnerabilities, protect the most vulnerable, and lay the foundation for stronger and more inclusive growth.

Figure 1. Bolivia: Real Sector Developments

Economic activity has been contracting since 2024Q3.

Real GDP and GDP Growth

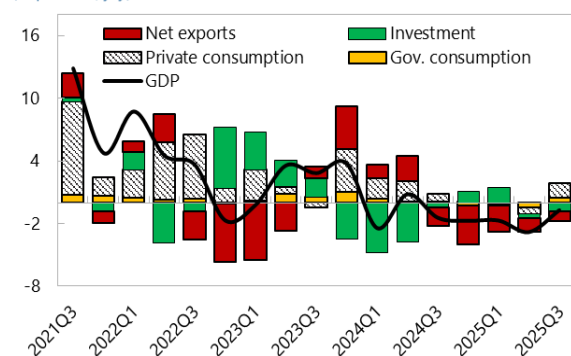
(In billions of Bolivianos; percent, y/y)



Investment and net exports weighed on demand in 2025H2.

Contributions to Real GDP Growth, Demand Side

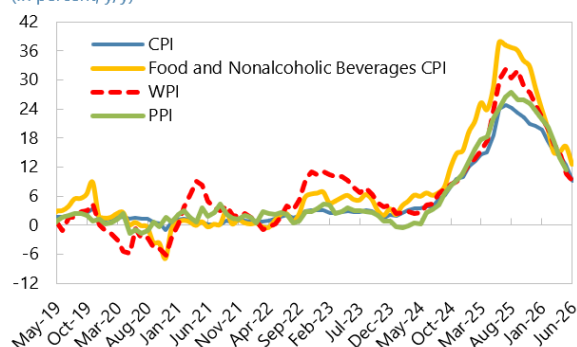
(In percent, y/y)



Producer, wholesale, and CPI inflation decelerated on the back of exchange rate appreciation despite fuel price hikes.

CPI Inflation

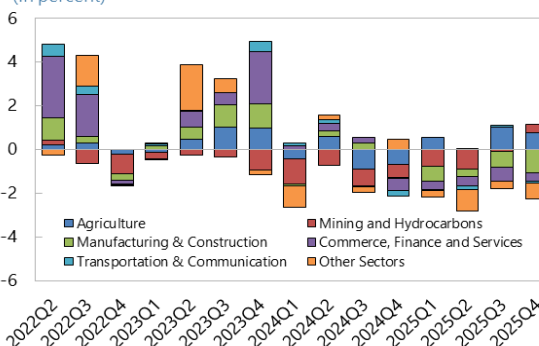
(In percent, y/y)



The contraction is broad-based across sectors.

Contributions to GDP Growth, Supply Side

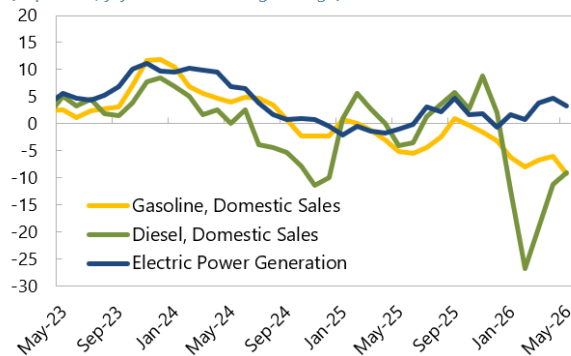
(In percent)



Declines in fuel and energy consumption indicate a further hit to domestic demand in 2026.

Fuel Sales and Power Generation

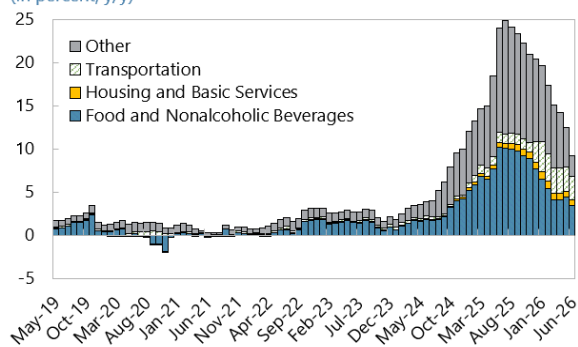
(In percent, y/y 3-month moving average)



Notably food inflation came down significantly amid currency appreciation and contracting real incomes.

Contribution to CPI Inflation

(In percent, y/y)



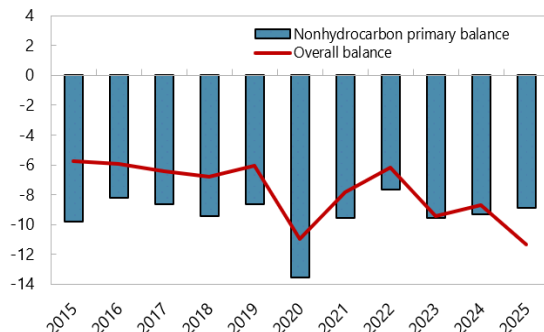
Sources: National Institute of Statistics, Central Bank of Bolivia, Haver, SEDLAC, World Bank, and Fund staff calculations.

Figure 2. Bolivia: Fiscal Sector Developments

The fiscal deficit and non-hydrocarbon balance deteriorated further in 2025...

Fiscal Balance

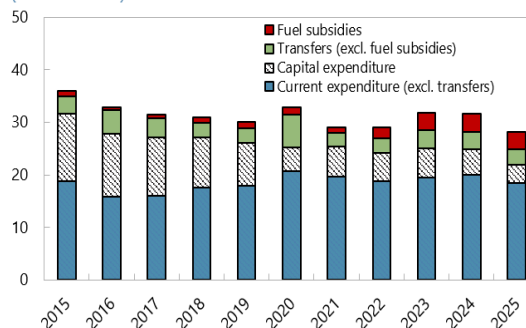
(Percent of GDP)



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

Expenditure Composition

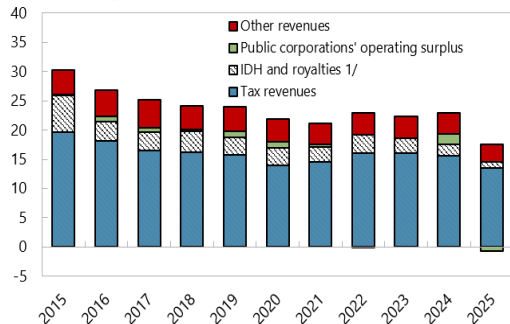
(Percent of GDP)



Tax and hydrocarbon-related revenues continued declining in 2025 and SOE profits turned negative.

Total Revenue Composition

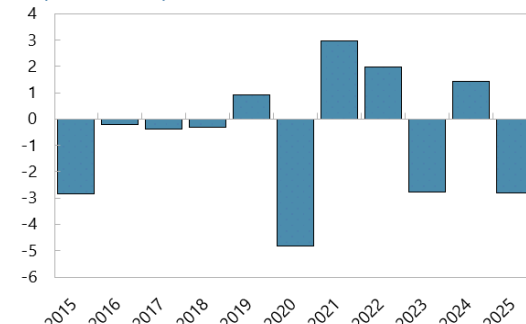
(Percent of GDP)



Fiscal policy remained expansionary in 2025, even more so when valued at the parallel exchange rate.

Fiscal Impulse 2/

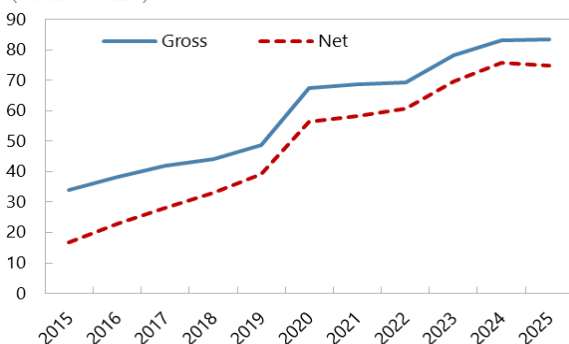
(Percent of GDP)



Public debt stabilized somewhat in 2025 on the back of record high inflation.

Public Sector Debt

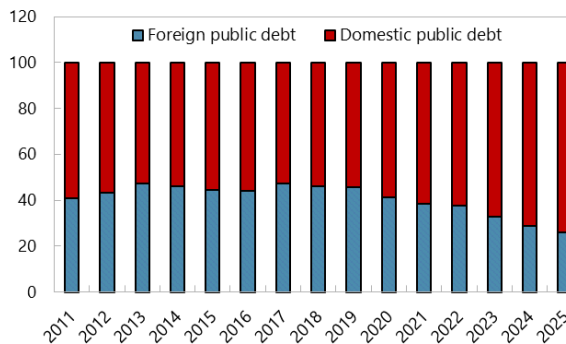
(Percent of GDP)



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

Public Debt 3/

(Percent of total)



Sources: Ministry of the Economy and Public Finances, Central Bank of Bolivia and Fund staff estimates.

1/ IDH: direct tax on hydrocarbons.

2/ Changes to primary fiscal balance.

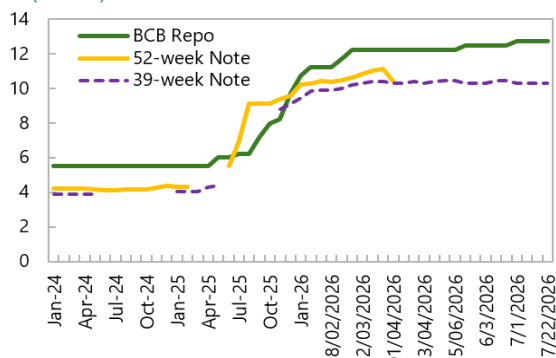
3/ Excluding BCB loans to SOEs.

Figure 3. Bolivia: Monetary Sector Developments

Interest rates rose at the end of 2025 and into 2026 to control inflation.

BCB Repo and Note Rates

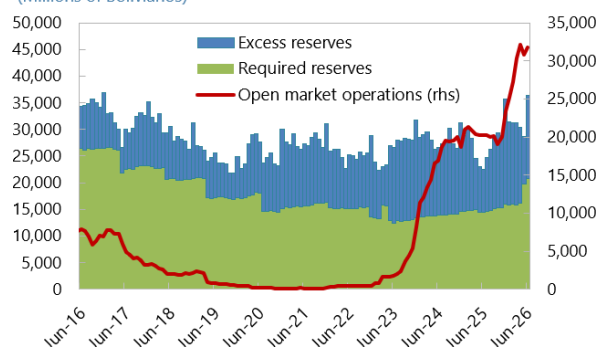
(Percent)



To control liquidity the central bank has significantly increased its open market operations.

Bank Reserves and Open Market Operations

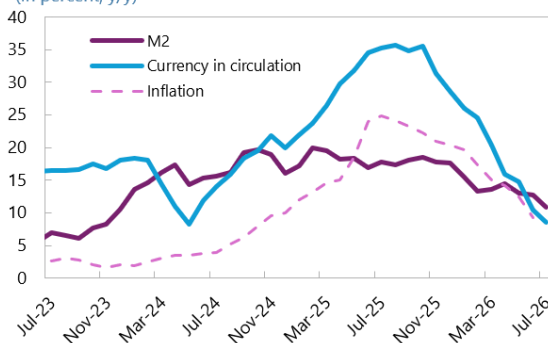
(Millions of Bolivianos)



Tighter monetary policy contributed to slowing the growth of currency in circulation.

M2 and Monetary Issuance

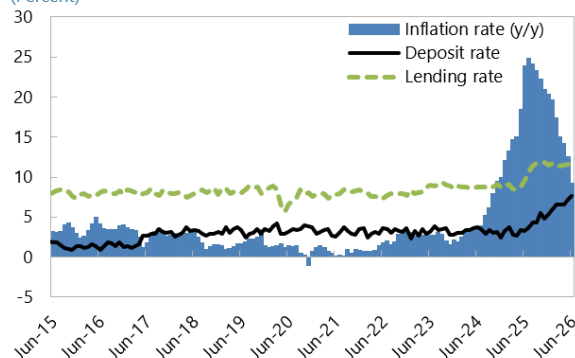
(In percent, y/y)



Both deposit and (average) lending rates are rising at the margin.

Interest Rates and Inflation

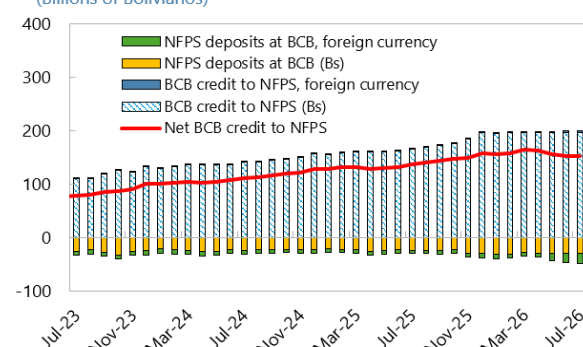
(Percent)



Central bank net credit stock to the NFPS remained broadly constant in 2026.

Bolivia's Central Bank credit to the NFPS

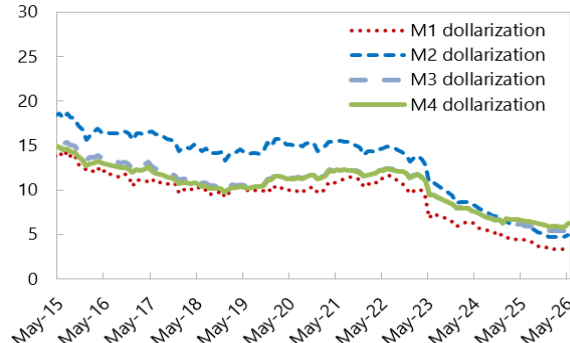
(Billions of Bolivianos)



Dollarization ratios declined steeply due to FX scarcity, after the 2023 drop related to the exit of Banco Fasil.

Monetary Aggregates Dollarization

(Percent of monetary aggregate)



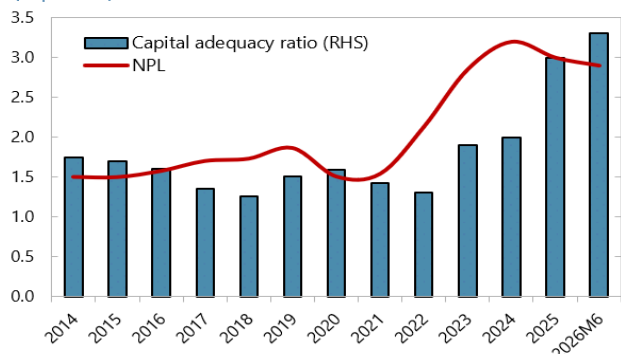
Sources: Central Bank of Bolivia, National Institute of Statistics, and Fund staff calculations.

Figure 4. Bolivia: Financial Sector Developments

Capital adequacy ratios are above the regulatory minimum, while NPLs remain around 3 percent...

Capital Adequacy Ratio and Nonperforming Loans

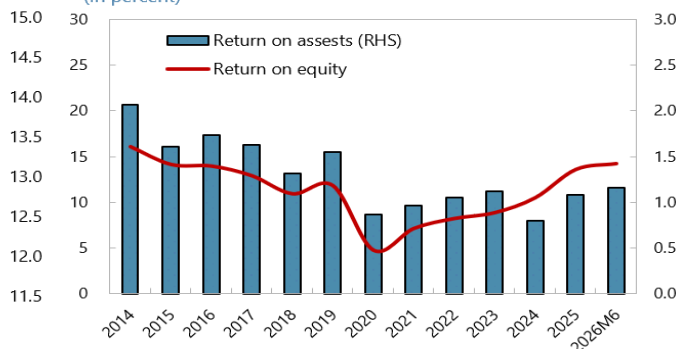
(In percent)



...while bank profitability picked up helped by fees on foreign exchange transactions.

Bank Profitability

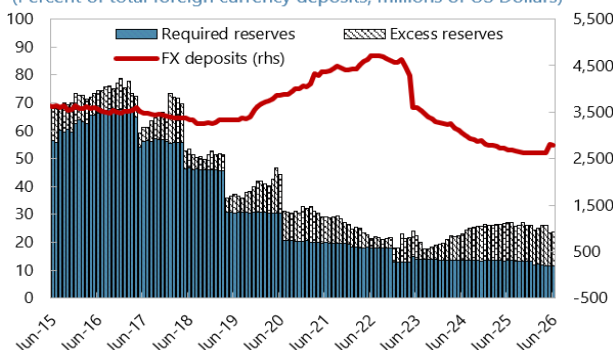
(In percent)



The authorities have kept reserve requirements on FX deposits stable.

Banks' Foreign Currency Reserves

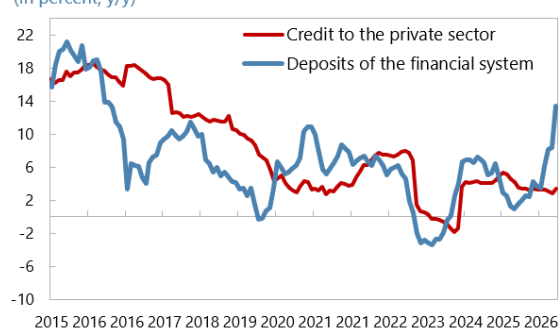
(Percent of total foreign currency deposits; millions of US Dollars)



Credit growth has been muted since the exit of Banco Fasil.

Deposits and Credit Growth

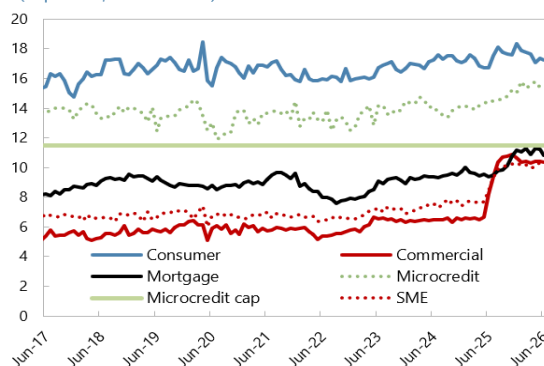
(In percent, y/y)



Consumer and commercial lending rates rose sharply, while other rates are capped per the 2010 Financial Services law.

Bank Lending Rate by Type of Credit

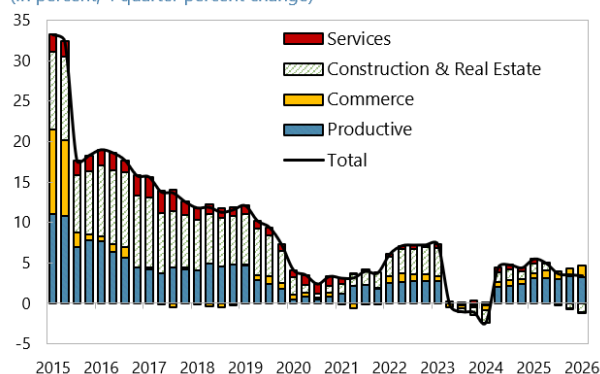
(In percent, effective rate)



Lending has fallen across "productive" and other sectors.

Contribution to Credit Growth by Destination

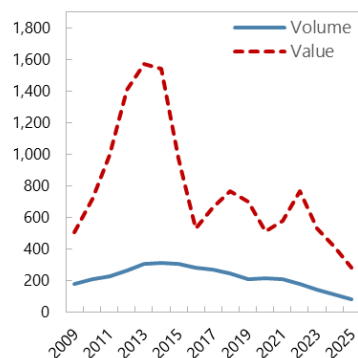
(In percent, 4 quarter percent change)



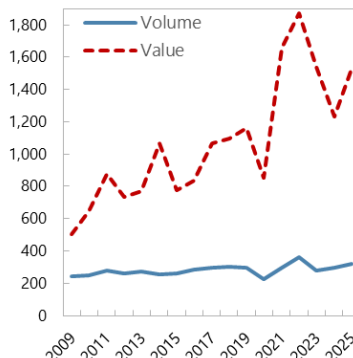
Sources: BCB, ASFI and Fund staff calculations.

Figure 5. Bolivia: External Sector Developments**Natural Gas Exports**

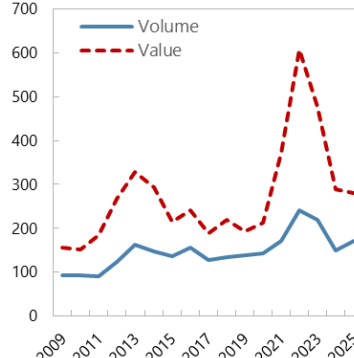
(Indexes, 2003=100)

**Exports of Minerals, incl. Gold**

(Indexes, 2003=100)

**Exports of Soybeans and Derivatives**

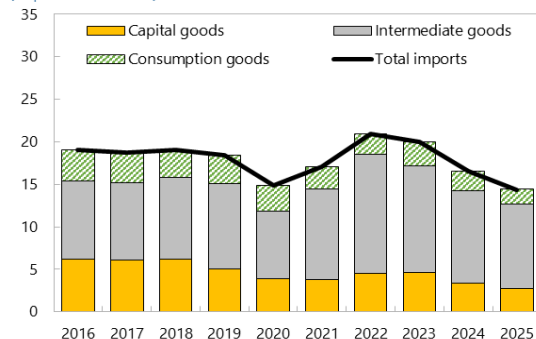
(Indexes, 2003=100)



Imports increased in value but compressed across all segments in percent of GDP in 2025.

Imports of Goods

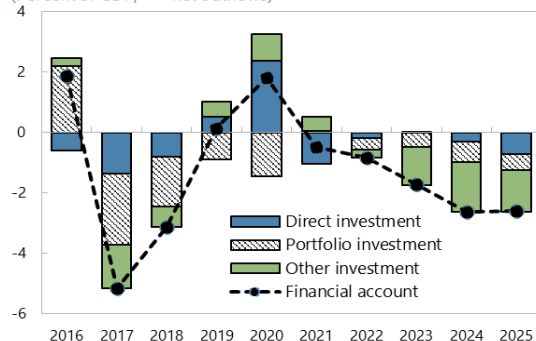
(In percent of GDP)



Financial inflows have been driven by "other investment" reflecting gold-linked and BCB transactions since 2023.

Financial Account

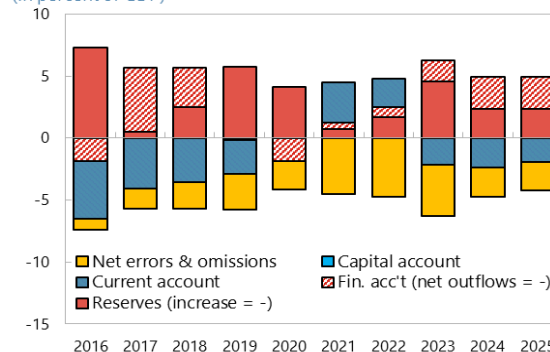
(Percent of GDP; += net outflows)



The current account deficit (incl. net errors and omissions) narrowed modestly in 2025 on improved terms of trade.

Balance of Payments

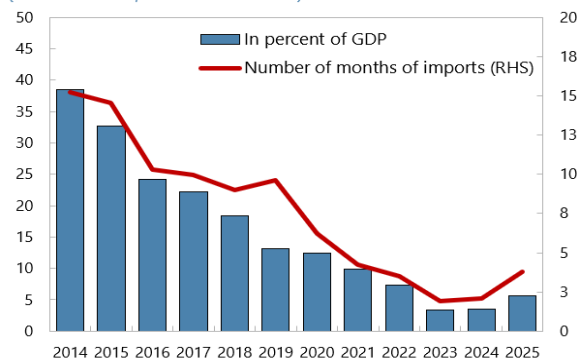
(In percent of GDP)



Gross international reserves increased, bolstered by gold purchases and valuation, despite BOP-related losses.

Gross Reserves, Including Encumbered Gold Assets

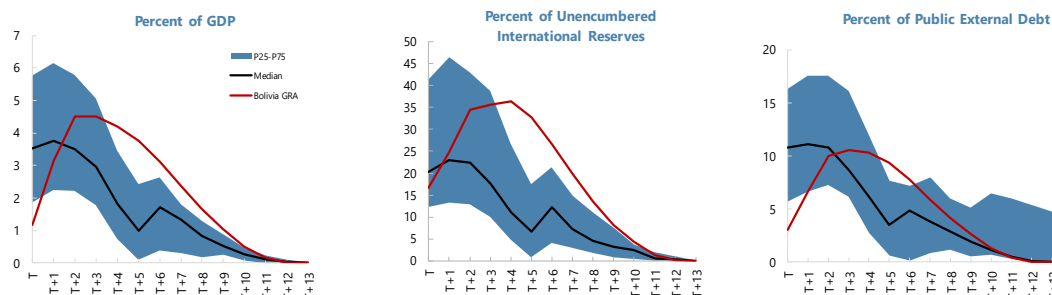
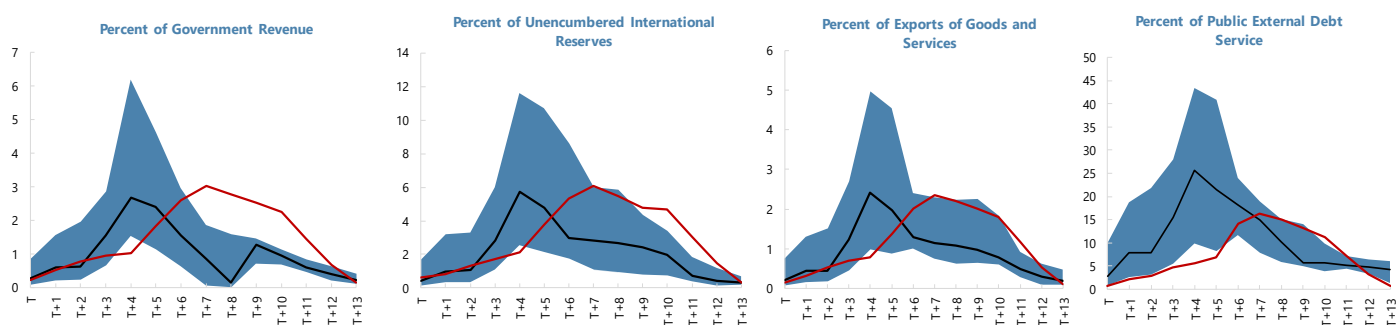
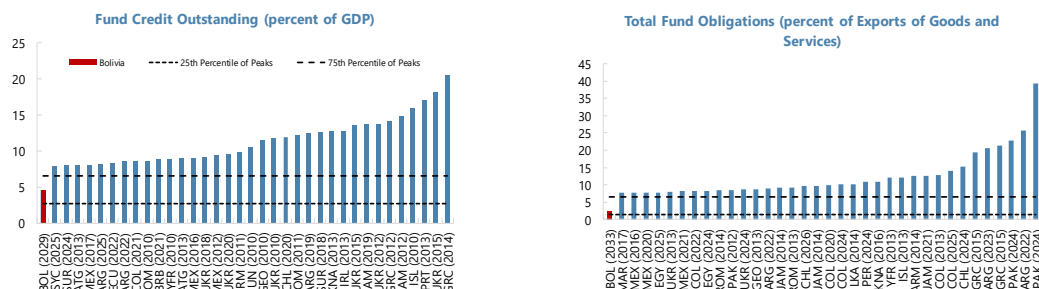
(Percent of GDP; Number of months)



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

Figure 6. Bolivia: Capacity to Repay Indicators

(In Percent of the Indicated Variable, Compared to All Programs in GRA—Only Borrowing Countries)

A. Total Fund Credit Outstanding**B. Total Fund Obligations****C. Largest Peaks**

Sources: IMF Finance Department, World Economic Outlook.

T = date of GRA-only arrangement approval.

Red lines/bars indicate the CtR indicator for the arrangement of interest.

The median, interquartile range, and comparator bars reflect all RFIs and UCT arrangements approved under the GRA (excluding blending arrangements) between 2008 and end-April 2025.

Countries in the control group with multiple RFIs and/or GRA arrangements are entered as separate events in the database.

Comparator series is for GRA-only arrangements.

Total Debt Service to the Fund consists of GRA, RST and SDR-related obligations, and reflects prospective payments, including for the current year, of charges and principle.

All charts use data at the time of program approval in most cases. When data at program approval is not available, current data at the time of the update of the database is used.

Note: Bolivia CtR Indicators are as of July 2026.

Table 1. Bolivia: Selected Economic and Social Indicators, 2024–2031

Population (millions, 2024)	12.3	Poverty rate (percent, 2024)	37.7
Population growth rate (percent, 2024)	1.34	Adult literacy rate (percent, 2024)	96.7
Life expectancy at birth (years, 2024)	69	GDP per capita (US\$, 2024)	4,483
Total unemployment rate (2025)	3.0	IMF Quota (SDR, millions)	240.1

Sources: Bolivian authorities (MEFP, Ministry of Planning, BCB, INE, UDAPE); IMF; Fund staff calculations.

1/ The discrepancy between the current account and the savings-investment balance reflects methodological differences. For the projection years, the discrepancy is assumed to remain constant in dollar value.

2/ Includes net lending.

3/ Public debt includes SOE's borrowing from the BCB (but not from other domestic institutions) and BCB loans to FINPRO and FNDR.

4/ Total BCB GIR stock, includes financing and the impact of valuation and gold purchases.

5/ All foreign assets valued at market prices.

6/ Program GIR stock, net of projected value of the minimum 22 tons of gold BCB is legally mandated to hold (Ley No. 1503, 2023).

7/ Official (buy) exchange rate.

8/ Real exchange rate vis-à-vis the U.S. dollar at the official rate; + = dep.

9/ Real exchange rate vis-à-vis the U.S. dollar at the import-weighted exchange rate; + = dep.

Table 2a. Bolivia: Operations of the Non-Financial Public Sector, 2024–2031 1/
(Bs Million)

	Est.			Proj.				
	2024	2025	2026	2027	2028	2029	2030	2031
Total Revenues	87,101	75,120	85,698	100,026	118,215	135,402	152,415	164,284
Tax Revenues	66,317	65,281	72,980	83,803	97,748	112,807	126,100	135,150
IDH and hydrocarbon royalties	7,192	5,092	3,656	4,104	3,219	2,467	2,102	1,883
Direct Taxes	10,723	14,077	17,971	23,079	27,332	30,591	32,517	34,900
o/w Mining royalties	1,819	2,263	4,654	6,393	6,888	7,262	7,753	8,328
Indirect Taxes	48,402	46,113	51,354	56,620	67,196	79,748	91,481	98,367
o/w VAT	23,119	22,160	25,289	28,292	36,261	45,000	53,517	57,302
o/w Excise tax on fuel	1,857	1,502	2,083	2,257	3,175	3,743	4,429	5,004
Grants	46	106	228	266	289	320	351	383
Other revenue	20,739	9,733	12,490	15,956	20,179	22,276	25,964	28,752
Nontax revenue	12,222	13,338	14,288	17,219	18,903	20,554	23,047	25,030
Public enterprises operating balance 2/	7,122	-3,280	-910	-223	1,471	1,229	2,453	2,889
Central bank operating balance	1,394	-325	-888	-1,040	-195	492	463	833
Total Expenditures	120,098	125,991	132,420	138,682	142,981	157,089	170,168	181,533
Current Expenditure	102,083	110,460	119,933	122,980	123,842	134,491	145,141	153,417
Compensation of employees	42,168	44,600	46,376	51,043	53,876	59,555	64,598	67,827
Purchases of goods and services	15,003	15,765	15,518	14,178	13,688	13,462	14,543	15,605
Interest	10,026	11,284	13,852	21,191	23,052	25,739	27,349	28,510
Domestic	5,452	7,098	8,144	11,216	13,891	15,533	16,358	16,548
Foreign	4,574	4,186	5,708	9,974	9,161	10,206	10,991	11,962
Transfers and subsidies	33,593	36,666	42,512	34,528	31,027	33,332	36,054	38,687
o/w Energy-related subsidies to SOEs	13,207	14,921	14,730	0	0	0	0	0
o/w Social benefits 3/	6,069	5,525	10,890	12,937	7,812	8,537	9,234	9,909
Other expense	1,294	2,145	1,674	2,041	2,198	2,402	2,598	2,787
Net acquisition of nonfinancial assets 4/	18,014	15,531	12,486	15,702	19,140	22,598	25,027	28,116
o/w Public Enterprises	5,148	4,110	3,493	4,192	4,611	5,072	5,072	5,579
Gross operating balance	-14,982	-35,340	-34,235	-22,954	-5,627	912	7,274	10,867
Primary Balance	-22,971	-39,587	-32,869	-17,466	-1,714	4,053	9,596	11,261
Overall Balance	-32,997	-50,871	-46,722	-38,657	-24,766	-21,686	-17,753	-17,249
Financing	32,997	50,871	46,722	38,657	24,766	21,686	17,753	17,249
External, net	-1,138	3,234	21,474	20,989	8,170	8,223	7,992	6,271
IMF	0	0	5,103	8,646	0	0	0	-1,262
Other official	0	3,684	16,725	14,665	11,022	716	1,297	487
Market access	0	0	-355	-2,322	-2,853	7,507	6,695	7,046
Domestic, net	30,553	57,574	22,934	17,638	16,750	14,028	10,373	11,630
Central Bank	26,436	30,514	0	0	0	0	0	0
Pension funds	9,427	12,230	11,647	12,144	10,546	6,779	2,933	2,361
Other	-5,310	12,457	11,287	5,494	6,204	7,249	7,439	9,270
Net accumulation of accounts payable and arrears	0	3,716	-1,786	-2,213	-1,065	0	0	0
NFPS Deposits (+, drawdown)	3,581	-9,937	4,100	2,242	912	-565	-612	-653
Memorandum items:								
Nonfinancial public sector gross public debt 5/	315,590	372,887	508,810	551,473	578,096	604,740	628,114	650,725
o/w gross foreign public debt	91,550	98,284	204,596	229,658	238,910	249,488	259,994	269,237
NFPS deposits	28,167	38,104	34,004	31,762	30,850	31,415	32,026	32,679
Nominal GDP (Bs million)	379,230	447,553	506,391	578,299	620,371	677,934	733,289	786,849

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

1/ The operation of mixed-ownership companies, primarily in the telecom, electricity and hydrocarbon sectors, are not included.

2/ Adjusted for accrual of YPFB accounts payables and arrears in 2025.

3/ Includes transfers to the private sector for social protection as defined in the Technical Memorandum of Understanding.

4/ Includes net lending.

5/ Public debt includes SOE's borrowing from the BCB but not from other domestic institutions.

Table 2b. Bolivia: Operations of the Non-Financial Public Sector, 2024–2031 1/
(Percent of GDP)

	Est.				Proj.			
	2024	2025	2026	2027	2028	2029	2030	2031
Total Revenues	23.0	16.8	16.9	17.3	19.1	20.0	20.8	20.9
Tax Revenues	17.5	14.6	14.4	14.5	15.8	16.6	17.2	17.2
IDH and hydrocarbon royalties	1.9	1.1	0.7	0.7	0.5	0.4	0.3	0.2
Direct Taxes	2.8	3.1	3.5	4.0	4.4	4.5	4.4	4.4
o/w Mining royalties	0.5	0.5	0.9	1.1	1.1	1.1	1.1	1.1
Indirect Taxes	12.8	10.3	10.1	9.8	10.8	11.8	12.5	12.5
o/w VAT	6.1	5.0	5.0	4.9	5.8	6.6	7.3	7.3
o/w Excise tax on fuel	0.5	0.3	0.4	0.4	0.5	0.6	0.6	0.6
Grants	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other revenue	5.5	2.2	2.5	2.8	3.3	3.3	3.5	3.7
Nontax revenue	3.2	3.0	2.8	3.0	3.0	3.0	3.1	3.2
Public enterprises operating balance 2/	1.9	-0.7	-0.2	0.0	0.2	0.2	0.3	0.4
Central bank operating balance	0.4	-0.1	-0.2	-0.2	0.0	0.1	0.1	0.1
Total Expenditures	31.7	28.2	26.1	24.0	23.0	23.2	23.2	23.1
Current Expenditure	26.9	24.7	23.7	21.3	20.0	19.8	19.8	19.5
Compensation of employees	11.1	10.0	9.2	8.8	8.7	8.8	8.8	8.6
Purchases of goods and services	4.0	3.5	3.1	2.5	2.2	2.0	2.0	2.0
Interest	2.6	2.5	2.7	3.7	3.7	3.8	3.7	3.6
Domestic	1.4	1.6	1.6	1.9	2.2	2.3	2.2	2.1
Foreign	1.2	0.9	1.1	1.7	1.5	1.5	1.5	1.5
Transfers and subsidies	8.9	8.2	8.4	6.0	5.0	4.9	4.9	4.9
o/w Energy-related subsidies to SOEs	3.5	3.3	2.9	0.0	0.0	0.0	0.0	0.0
o/w Social benefits 3/	1.6	1.2	2.2	2.2	1.3	1.3	1.3	1.3
Other expense	0.3	0.5	0.3	0.4	0.4	0.4	0.4	0.4
Net acquisition of nonfinancial assets 4/	4.8	3.5	2.5	2.7	3.1	3.3	3.4	3.6
o/w Public Enterprises	1.4	0.9	0.7	0.7	0.7	0.7	0.7	0.7
Gross operating balance	-4.0	-7.9	-6.8	-4.0	-0.9	0.1	1.0	1.4
Primary Balance	-6.1	-8.8	-6.5	-3.0	-0.3	0.6	1.3	1.4
Overall Balance	-8.7	-11.4	-9.2	-6.7	-4.0	-3.2	-2.4	-2.2
Financing	8.7	11.4	9.2	6.7	4.0	3.2	2.4	2.2
External, net	-0.3	0.7	4.2	3.6	1.3	1.2	1.1	0.8
IMF	0.0	0.0	1.0	1.5	0.0	0.0	0.0	-0.2
Other official	0.0	0.8	3.3	2.5	1.8	0.1	0.2	0.1
Market access	0.0	0.0	-0.1	-0.4	-0.5	1.1	0.9	0.9
Domestic, net	8.1	12.9	4.5	3.0	2.7	2.1	1.4	1.5
Central Bank	7.0	6.8	0.0	0.0	0.0	0.0	0.0	0.0
Pension funds	2.5	2.7	2.3	2.1	1.7	1.0	0.4	0.3
Other	-1.4	2.8	2.2	0.9	1.0	1.1	1.0	1.2
Net accumulation of accounts payable and arrears	0.0	0.8	-0.4	-0.4	-0.2	0.0	0.0	0.0
NFPS Deposits (+, drawdown)	0.9	-2.2	0.8	0.4	0.1	-0.1	-0.1	-0.1
Memorandum items:								
Nonfinancial public sector gross public debt 5/	83.2	83.3	100.5	95.4	93.2	89.2	85.7	82.7
o/w gross foreign public debt	24.1	22.0	40.4	39.7	38.5	36.8	35.5	34.2
NFPS deposits	7.4	8.5	6.7	5.5	5.0	4.6	4.4	4.2
Nominal GDP (Bs million)	379,230	447,553	506,391	578,299	620,371	677,934	733,289	786,849

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

1/ The operation of mixed-ownership companies, primarily in the telecom, electricity and hydrocarbon sectors, are not included.

2/ Adjusted for accrual of YPFB accounts payables and arrears in 2025.

3/ Includes transfers to the private sector for social protection as defined in the Technical Memorandum of Understanding.

4/ Includes net lending.

5/ Public debt includes SOE's borrowing from the BCB but not from other domestic institutions.

Table 3. Bolivia: Non-Financial Public Sector Debt, 2024–2031 1/

	Est.		Proj.					
	2024	2025	2026	2027	2028	2029	2030	2031
Bs million								
Internal Debt 2/	178,597	231,420	261,031	278,631	296,003	312,069	324,937	338,305
BCB	113,313	153,997	153,997	153,997	153,997	153,997	153,997	153,997
Private sector and pension fund	65,285	77,423	107,034	124,635	142,006	158,072	170,940	184,308
Short Term	60,501	33,306	1,393	2,747	3,102	4,049	4,464	4,635
Long Term	118,097	198,114	259,639	275,884	292,901	308,020	320,473	333,670
Foreign debt 3/ 4/	91,550	98,284	204,596	229,658	238,910	249,488	259,994	269,237
<i>by debtor:</i>								
Central Government	84,005	89,372	185,577	208,358	216,692	226,185	235,611	243,915
Other NFPS	7,545	8,912	19,019	21,301	22,219	23,303	24,383	25,322
<i>by creditor:</i>								
Commercial Banks	415	402	858	960	1,002	1,051	1,099	1,142
Bilateral	14,201	13,865	24,912	24,944	25,511	26,273	27,122	28,804
Multilateral	64,243	69,983	155,812	183,610	196,151	199,429	203,263	190,294
Market Financing	12,691	12,691	21,671	18,801	14,904	21,392	27,166	47,654
Other	0	1,343	1,343	1,343	1,343	1,343	1,343	1,343
BCB loans to SOEs	36,593	36,277	36,277	36,277	36,277	36,277	36,277	36,277
BCB loans to FNDR	1,572	1,361	1,361	1,361	1,361	1,361	1,361	1,361
BCB loans to FINPRO	7,278	5,545	5,545	5,545	5,545	5,545	5,545	5,545
Total NFPS Debt	315,590	372,887	508,810	551,473	578,096	604,740	628,114	650,725
Percent of GDP								
Internal Debt 2/	47.1	51.7	51.5	48.2	47.7	46.0	44.3	43.0
BCB	29.9	34.4	30.4	26.6	24.8	22.7	21.0	19.6
Private sector and pension fund	17.2	17.3	21.1	21.6	22.9	23.3	23.3	23.4
Short Term	16.0	7.4	0.3	0.5	0.5	0.6	0.6	0.6
Long Term	31.1	44.3	51.3	47.7	47.2	45.4	43.7	42.4
Foreign debt 3/ 4/	24.1	22.0	40.4	39.7	38.5	36.8	35.5	34.2
<i>by debtor:</i>								
Central Government	22.2	20.0	36.6	36.0	34.9	33.4	32.1	31.0
Other NFPS	2.0	2.0	3.8	3.7	3.6	3.4	3.3	3.2
<i>by creditor:</i>								
Commercial Banks	0.1	0.1	0.2	0.2	0.2	0.2	0.1	0.1
Bilateral	3.7	3.1	4.9	4.3	4.1	3.9	3.7	3.7
Multilateral	16.9	15.6	30.8	31.7	31.6	29.4	27.7	24.2
Market Financing	3.3	2.8	4.3	3.3	2.4	3.2	3.7	6.1
Other	0.0	0.3	0.3	0.2	0.2	0.2	0.2	0.2
BCB loans to SOEs	9.6	8.1	7.2	6.3	5.8	5.4	4.9	4.6
BCB loans to FNDR	0.4	0.3	0.3	0.2	0.2	0.2	0.2	0.2
BCB loans to FINPRO	1.9	1.2	1.1	1.0	0.9	0.8	0.8	0.7
Total NFPS Debt	83.2	83.3	100.5	95.4	93.2	89.2	85.7	82.7
Memorandum items:								
NFPS Deposits at the BCB (Bs million)	28,167	38,104	34,004	31,762	30,850	31,415	32,026	32,679
NFPS Net Debt (Bs million)	287,423	334,783	474,806	519,711	547,246	573,326	596,088	618,046
Nominal GDP (Bs million)	379,230	447,553	506,391	578,299	620,371	677,934	733,289	786,849

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

1/ Debt dynamics as assessed in the SRDSF, which generates differences in debt dynamics relative to Table 2's net financing flows

2/ Debt in local currency issued by the Treasury.

3/ Including domestic debt in FX held by residents.

4/ Foreign debt is all long term debt.

Table 4a. Bolivia: Balance of Payments, 2024–2031
(In Millions of U.S. Dollars)

	Est.		Proj.					
	2024	2025	2026	2027	2028	2029	2030	2031
in million of US\$								
Current Account	-1,305	-1,219	845	453	181	-132	-508	-919
Balance on goods and services	-1,283	-736	1,175	842	423	98	-301	-762
Exports of goods and services	10,081	10,718	13,667	13,231	13,645	14,138	14,814	15,632
Goods (fob)	8,930	9,506	12,685	12,212	12,608	13,085	13,740	14,535
Natural gas exports	1,615	762	663	456	335	252	191	149
Services	1,151	1,213	982	1,020	1,036	1,054	1,075	1,097
Imports of goods and services	11,365	11,454	12,492	12,389	13,222	14,040	15,116	16,394
Goods (fob)	9,152	9,205	10,442	10,412	11,209	11,977	13,012	14,258
Fuels and lubricants	2,885	2,990	3,845	3,215	3,107	3,126	3,152	3,175
Services	2,213	2,249	2,050	1,977	2,013	2,063	2,103	2,136
Primary income, net	-1,146	-1,666	-1,513	-1,642	-1,607	-1,684	-1,724	-1,742
Credit	236	209	221	247	265	272	281	286
Debit (incl. reinvested earnings)	1,383	1,875	1,734	1,889	1,872	1,956	2,005	2,027
of which: Public sector interest (gross) and commissions	580	631	607	761	744	827	875	897
Secondary income, net (excl. exceptional financing)	1,125	1,183	1,183	1,253	1,366	1,454	1,517	1,585
Capital account	2	3	3	3	3	3	3	3
Financial account, net (+ net lending/- net borrowing)	-1,406	-1,203	2,500	941	451	-103	-993	-959
Direct investment, net	-113	-464	-380	-337	-108	-426	-467	-369
Portfolio investment, net 1/	-384	136	1,636	406	5	-155	-231	-262
of which: Amortization of existing government bonds 2/	0	0	1,406	167	204	37	0	0
of which: external creditors (non-BCB, non-Gestora)	0	0	167	167	204	37	37	611
Financial derivatives, net	-2	23	106	0	0	0	0	0
Other investment, net	-906	-897	1,137	873	554	479	-295	-328
of which: general government loans (excl. financing) 3/	-150	574	-206	-102	-82	-53	-11	9
Disbursements	674	1,419	751	856	911	917	931	946
Amortization	840	892	957	958	994	969	979	936
of which: accounts payable 4/	455	711	-950	0	22	23	24	24
Gold forward sales	...	711	-865	0	...	...	...	...
ICBC Repo	...	102	-102	0	...	...	...	...
Net errors and omissions	-1,395	-1,479	0	0	0	0	0	0
Overall Balance	-1,296	-1,498	-1,651	-485	-267	-26	488	43
Financing	1,296	1,498	1,651	485	267	26	-488	-43
Change in program gross international reserves (GIR) (increase: -) 5/	207	-496	-1,831	-1,524	-707	-837	-321	-387
Other reconciliation items 6/	1,089	1,994	555	-457	-352	0	0	0
IMF financing, net	0	0	427	656	526	263	0	-90
Other IFI financing, net	0	0	1,500	1,810	800	0	-700	-80
New bond financing to general government, net	0	0	1,000	0	0	600	533	514
Memorandum items:								
GIR, stock 7/	1,977	3,713	5,734	7,297	8,100	8,937	9,258	9,644
Other reconciliation items (flow) 6/	1,089	1,994	555	-379	-160	0	0	0
of which: estimated gold price valuation (+)	367	1,335	190	40	97	0	0	0
of which: estimated change in the value of encumbered reserves (-)	376	1,241	190	39	96	0	0	0
of which: exchange rate valuation and other transactions (+)	1,098	1,899	555	-458	-353	0	0	0
Program GIR, stock, net of encumbered gold 8/	132	627	2,458	3,982	4,690	5,527	5,847	6,234
In months of next year's imports of goods and services	0.1	0.6	2.4	3.6	4.0	4.4	4.3	4.3
In percent of ARA (floating)	3	11	53	86	100	112	114	120
In percent of ARA (fixed)	2	7	35	57	65	74	75	78
Program net international reserves, stock (in millions of USD) 9/	...	-2,990	-581	744	1,304	1,878	2,199	2,676
APSP oil prices (U.S. dollars per barrel)	79	68	89	79	74	72	69	68
Gold, LBMA US\$/ per troy ounce	2,387	3,440	4,631	4,686	4,822	4,822	4,822	4,822

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

1/ Excludes new GG bond financing, IMF disbursements, IFI budget support and change reserves. In process of revision by the BCB.

2/ For 2026, includes the converted Eurobond debt portion held by BCB and Gestora. Thereafter, amortization of portion held by external creditors of the 2028–30 Eurobonds.

3/ Pre-contracted/project financing only; for 2025–26 includes CAF assistance of USD 565 Mn.

4/ Includes gold-related transactions and repos (+ = inflow, - = outflow).

5/ Flow, net of projected value of the minimum 22 tons of gold that BCB is legally mandated to hold (Ley No. 1503, 2023).

6/ Includes gold-related transactions and valuation net of encumbered reserves, exchange rate valuation effects, CPVIS-related transactions, as well as other FX reserve-related transactions between the BCB and Bolivian residents. Staff estimate.

7/ Total BCB GIR includes financing and the impact of valuation and gold purchases.

8/ Stock, net of projected value of the minimum 22 tons of gold BCB is legally mandated to hold (Ley No. 1503, 2023).

9/ Program GIR minus reserve-related liabilities.

Table 4b. Bolivia: Balance of Payments, 2024–2031
(In Percent of GDP)

	Est.		Proj.					
	2024	2025	2026	2027	2028	2029	2030	2031
	in percent of GDP							
Current Account	-2.4	-1.9	1.6	1.0	0.4	-0.3	-1.0	-1.6
Balance on goods and services	-2.3	-1.1	2.2	1.9	0.9	0.2	-0.6	-1.4
Exports of goods and services	18.2	16.4	25.4	30.1	29.5	28.3	27.8	27.8
Goods (fob)	16.2	14.6	23.6	27.8	27.2	26.2	25.8	25.8
Natural gas exports	2.9	1.2	1.2	1.0	0.7	0.5	0.4	0.3
Services	2.1	1.9	1.8	2.3	2.2	2.1	2.0	1.9
Imports of goods and services	20.6	17.6	23.2	28.2	28.5	28.1	28.4	29.1
Goods (fob)	16.6	14.1	19.4	23.7	24.2	24.0	24.4	25.3
Fuels and lubricants	5.2	4.6	7.1	7.3	6.7	6.3	5.9	5.6
Services	4.0	3.4	3.8	4.5	4.3	4.1	3.9	3.8
Primary income, net	-2.1	-2.6	-2.8	-3.7	-3.5	-3.4	-3.2	-3.1
Credit	0.4	0.3	0.4	0.6	0.6	0.5	0.5	0.5
Debit (incl. reinvested earnings)	2.5	2.9	3.2	4.3	4.0	3.9	3.8	3.6
of which: Public sector interest (gross) and commissions	1.0	1.0	1.1	1.7	1.6	1.7	1.6	1.6
Secondary income, net (excl. exceptional financing)	2.0	1.8	2.2	2.9	2.9	2.9	2.8	2.8
Capital account	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial account, net (+ net lending/- net borrowing)	-2.5	-1.8	4.6	2.1	1.0	-0.2	-1.9	-1.7
Direct investment, net	-0.2	-0.7	-0.7	-0.8	-0.2	-0.9	-0.9	-0.7
Portfolio investment, net 1/	-0.7	0.2	3.0	0.9	0.0	-0.3	-0.4	-0.5
of which: Amortization of existing government bonds 2/	0.0	0.0	2.6	0.4	0.4	0.1	0.0	0.0
Financial derivatives, net	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0
Other investment, net	-1.6	-1.4	2.1	2.0	1.2	1.0	-0.6	-0.6
of which: general government loans (excl. financing) 3/	-0.3	0.9	-0.4	-0.2	-0.2	-0.1	0.0	0.0
Disbursements	1.2	2.2	1.4	1.9	2.0	1.8	1.7	1.7
Amortization	1.5	1.4	1.8	2.2	2.1	1.9	1.8	1.7
of which: accounts payable 4/	0.8	1.1	-1.8	0.0	0.0	0.0	0.0	0.0
Gold forward sales	...	1.1	-1.6	0.0	...	...	...	...
ICBC Repo	...	0.2	-0.2	0.0	...	...	...	...
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net errors and omissions	-2.5	-2.3	0.0	0.0	0.0	0.0	0.0	0.0
Overall Balance	-2.3	-2.3	-3.1	-1.1	-0.6	-0.1	0.9	0.1
Financing	2.3	2.3	3.1	1.1	0.6	0.1	-0.9	-0.1
Change in program gross international reserves (GIR) (increase: -) 5/	0.4	-0.8	-3.4	-3.5	-1.5	-1.7	-0.6	-0.7
Other reconciliation items 6/	2.0	3.1	1.0	-1.0	-0.8	0.0	0.0	0.0
IMF financing, net	0.0	0.0	0.8	1.5	1.1	0.5	0.0	-0.2
Other IFI financing, net	0.0	0.0	2.8	4.1	1.7	0.0	-1.3	-0.1
New bond financing to general government, net	0.0	0.0	1.9	0.0	0.0	1.2	1.0	0.9
Memorandum items:								
GIR, stock 7/	1,977	3,713	5,734	7,297	8,100	8,937	9,258	9,644
Other reconciliation items (flow) 6/	1,089	1,994	555	-379	-160	0	0	0
of which: estimated gold price valuation (+)	367	1,335	190	40	97	0	0	0
of which: estimated change in the value of encumbered reserves (-)	376	1,241	190	39	96	0	0	0
of which: exchange rate valuation and other transactions (+)	1,098	1,899	555	-458	-353	0	0	0
Program GIR, stock, net of encumbered gold 8/	132	627	2,458	3,982	4,690	5,527	5,847	6,234
In months of next year's imports of goods and services	0.1	0.6	2.4	3.6	4.0	4.4	4.3	4.3
In percent of ARA (floating)	3	11	53	86	100	112	114	120
In percent of ARA (fixed)	2	7	35	57	65	74	75	78
Program net international reserves, stock (in millions of USD) 9/	...	-2,990	-581	744	1,304	1,878	2,199	2,676
APSP oil prices (U.S. dollars per barrel)	79	68	89	79	74	72	69	68
Gold, LBMA US\$/ per troy ounce	2,387	3,440	4,631	4,686	4,822	4,822	4,822	4,822

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

1/ Excludes new GG bond financing, IMF disbursements, IFI budget support and change reserves. In process of revision by the BCB.

2/ For 2026, includes the converted Eurobond debt portion held by BCB and Gestora. Thereafter, amortization of portion held by external creditors of the 2028–30 Eurobonds.

3/ Pre-contracted/project financing only; for 2025–26 includes CAF assistance of USD 565 Mn.

4/ Includes gold-related transactions and repos (+ = inflow, - = outflow).

5/ Flow, net of projected value of the minimum 22 tons of gold that BCB is legally mandated to hold (Ley No. 1503, 2023).

6/ Includes gold-related transactions and valuation net of encumbered reserves, exchange rate valuation effects, CPVIS-related transactions, as well as other FX reserve-related transactions between the BCB and Bolivian residents. Staff estimate.

7/ Total BCB GIR includes financing and the impact of valuation and gold purchases.

8/ Stock, net of projected value of the minimum 22 tons of gold BCB is legally mandated to hold (Ley No. 1503, 2023).

9/ Program GIR minus reserve-related liabilities.

Table 5. Bolivia: Gross External Financing, 2026–2031

	Proj.					
	2026	2027	2028	2029	2030	2031
	in million of US\$					
Gross external financing requirements (A)	2,372	576	920	1,043	2,091	2,930
Current account balance	-845	-453	-181	132	508	919
Public sector amortization (NFPS and BCB) 1/	3,217	1,029	1,101	910	1,583	2,011
NFPS amortization	2,267	1,029	1,101	910	883	2,011
Loan amortization	851	853	888	864	837	1,001
IFIs	595	619	644	621	596	814
Of which: IMF (EFF)	0	0	0	0	0	90
Bilateral creditors	257	234	244	243	242	187
External market debt (Eurobonds and commercial debt)	1,416	176	213	46	46	1,010
BCB liabilities, net (incl. gold fwd sales) 2/	950	0	0	0	700	0
External financing sources (B)	3,744	2,653	2,075	1,975	2,508	3,412
General government sources	3,678	3,322	2,237	1,780	1,464	2,460
Pre-contracted project financing	751	856	911	917	931	946
Multilateral	608	667	644	646	657	667
Bilaterals	143	189	268	271	275	278
Commercial	0	0	0	0	0	0
Exceptional financing	2,927	2,466	1,326	863	533	1,514
Multilateral	1,927	1,766	1,326	263	0	0
Inter-American Development Bank	1,000	610	500	0	0	0
World Bank	500	500	300	0	0	0
o.w IMF (EFF)	427	656	526	263	0	0
External bond issuance	1,000	0	0	600	533	1,514
BCB reserve support 2/	0	700	0	0	0	0
Private & other sector sources, net	63	-672	-165	193	1,041	950
Direct investment	380	337	108	426	467	369
Portfolio investment 3/	-230	-239	199	192	268	262
Other investment 4/	19	-770	-471	-426	306	318
Financial derivatives	-106	0	0	0	0	0
Net transfers 5/	3	3	3	3	3	3
Other reconciliation items (C) 6/	555	-457	-352	0	0	0
Gold valuation	190	40	97	0	0	0
Change in total gross international reserves (GIR) (increase: -) (A-B-C-D)	-2,117	-1,660	-901	-933	-417	-483
of which: net IMF credit						
Financing gap	-	-	-	-	-	-
<i>Memorandum items:</i>						
<i>GIR, stock</i>	<i>5,734</i>	<i>7,297</i>	<i>8,100</i>	<i>8,937</i>	<i>9,258</i>	<i>9,644</i>
<i>Program GIR, net of encumbered gold 7/</i>	<i>2,458</i>	<i>3,982</i>	<i>4,690</i>	<i>5,527</i>	<i>5,847</i>	<i>6,234</i>
<i>Change in Program GIR (increase: -)</i>	<i>-1,831</i>	<i>-1,524</i>	<i>-707</i>	<i>-837</i>	<i>-321</i>	<i>-387</i>
Sources: Banco Central de Bolivia; IMF staff calculations and estimates.						
1/ Includes pre-contracted and program financing amortization.						
2/ Includes FLAR.						
3/ Excludes government Eurobond amortization.						
4/ Excludes public sector amortization (GG and BCB).						
5/ Defined as capital account flows plus unidentified flows (errors and omissions).						
6/ Includes net domestic gold purchases and CPVIS resolution.						
7/ Stock, net of projected value of the minimum 22 tons of gold BCB is legally mandated to hold (Ley No. 1503, 2023).						

Table 6. Bolivia: Monetary Survey, 2024–2031

	Est.		Projections					
	2024	2025	2026	2027	2028	2029	2030	2031
(Bs million, unless otherwise indicated)								
Central Bank								
Net Foreign Assets	15,688	21,664	78,571	92,037	96,694	105,980	121,722	128,992
Gross international reserves (US\$ million)	1,977	3,713	5,734	7,297	8,100	8,937	9,258	9,644
Net domestic Assets	115,496	136,741	93,877	85,521	92,533	101,314	103,272	112,780
Claims on Central Government (net)	99,320	130,633	134,733	136,975	137,887	137,322	136,711	136,058
Claims on State and Local Government	0	0	0	0	0	0	0	0
Claims on Public Nonfinancial Corporations (SOEs)	37,115	36,277	36,277	36,277	36,277	36,277	36,277	36,277
Credit to Financial Sector	23,353	24,079	24,096	15,980	16,641	18,557	21,526	25,615
Open Market Operations 1/	-22,753	-23,959	-36,138	-36,406	-28,729	-19,481	-18,987	-11,371
Central Bank Capital (Equity, -ve) 2/	20,711	28,981	63,782	65,997	68,235	70,054	70,946	72,491
Other Items Net	-828	-1,308	-1,308	-1,308	-1,308	-1,308	-1,308	-1,308
Monetary Base (IMF definition)	131,184	158,405	172,448	177,558	189,227	207,294	224,994	241,772
Currency in circulation	80,310	103,287	107,381	116,004	125,750	136,140	146,373	155,964
Bank reserves	43,362	47,094	57,043	53,531	55,454	63,130	70,597	77,784
o/w legal reserves	13,674	15,211	16,874	18,093	19,543	21,583	23,641	25,722
Transferable and Other Deposits 3/	7,512	8,024	8,024	8,024	8,024	8,024	8,024	8,024
Depository Corporations								
Net Foreign Assets	19,320	25,970	89,140	104,884	111,815	123,679	142,229	152,535
Net Domestic Assets	207,360	231,768	187,334	193,345	211,472	231,031	243,949	264,703
Claims on Central Government (net)	100,205	133,560	138,673	144,385	149,019	153,670	159,764	167,594
Claims on State and Local Government	1,153	1,163	1,163	1,163	1,163	1,163	1,163	1,163
Claims on Public Nonfinancial Corporations (SOEs)	37,403	36,530	36,530	36,530	36,530	36,530	36,530	36,530
Claims on the Private Sector	224,666	231,620	240,843	258,541	277,350	303,691	330,131	357,786
Claims on other Financial Corporations	11,644	11,716	16,399	17,815	18,609	19,708	20,771	21,805
Equity (-ve)	47,373	58,869	94,265	97,630	101,521	105,410	108,376	111,647
Other Items Net	-120,338	-123,952	-152,008	-167,458	-169,679	-178,320	-196,033	-208,528
Broad money (IMF definition)	226,680	257,738	276,475	298,229	323,287	354,710	386,178	417,238
Liabilities in Local Currency	211,698	244,964	252,961	277,174	303,111	333,830	364,561	394,858
Liabilities in Foreign Currency	14,982	12,774	23,514	21,055	20,176	20,880	21,617	22,380
(Percentage Change)								
Monetary Base	6.8	20.8	8.9	3.0	6.6	9.5	8.5	7.5
Currency in Circulation	19.9	28.6	4.0	8.0	8.4	8.3	7.5	6.6
Credit to Private Sector	3.2	3.1	4.0	7.3	7.3	9.5	8.7	8.4
Broad Money (IMF definition)	11.8	13.7	7.3	7.9	8.4	9.7	8.9	8.0
(Percent of GDP)								
Bank Credit to Private Sector	59.2	51.7	47.6	44.7	44.7	44.8	45.0	45.5
Total Bank Deposits	37.1	33.3	32.2	30.4	30.7	31.1	31.5	32.0
Broad Money (IMF definition)	59.8	57.6	54.6	51.6	52.1	52.3	52.7	53.0
Memorandum item:								
Monetary Base (Authorities' Definition)	123,672	150,381	164,424	169,534	181,204	199,270	216,970	233,748
Monetary Base (Program Definition)	104,819	132,269	136,564	148,333	161,304	177,013	192,144	206,603
Monetary Base (Program Definition) Percent Change	13.8	26.2	3.2	8.6	8.7	9.7	8.5	7.5
Nominal GDP (Bs million)	379,230	447,553	506,391	578,299	620,371	677,934	733,289	786,849

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

1/ Securities used in open market operations, which are nonmonetary liabilities to Other Depository Corporations and Other Financial Corporations. Estimation of Open Market Operations.

2/ Includes valuation effects.

3/ These are primarily current deposits of local government and state-owned enterprises.

Table 7. Bolivia: Financial Sector Indicators, 2017–2025
(Percent)

	2017	2018	2019	2020	2021	2022	2023	2024	2025Q3
Capital Adequacy									
Regulatory capital to risk-weighted assets	12.8	12.8	13.0	13.1	12.9	12.8	13.4	13.5	14.6
Regulatory Tier 1 capital to risk-weighted assets	10.4	10.3	10.6	10.9	11.0	10.9	11.5	11.7	12.9
Capital to assets	6.6	6.7	6.9	6.8	6.7	6.8	6.8	7.0	7.5
Nonperforming loans net of provisions to capital	0.0	0.8	1.4	-2.4	-1.4	2.1	4.7	4.4	4.7
Large Exposures to Capital	11.0	8.4	14.4	9.3	14.3	10.9	2.9	2.8	1.7
Asset Quality									
Nonperforming loans to total gross loans	1.7	1.7	1.9	1.5	1.5	2.1	2.9	3.1	3.1
Loan loss provisions to Nonperforming loans	99.9	94.6	91.3	119.7	111.2	88.1	80.4	83.1	81.3
Earnings and Profitability									
Return on Assets	1.6	1.3	1.5	0.9	1.0	1.1	1.1	1.3	1.3
Return on Equity	12.9	10.9	11.8	4.8	7.1	8.2	8.9	10.7	10.5
Interest margin to gross income	68.5	71.2	70.9	73.3	70.7	71.4	62.2	51.1	33.9
Liquidity									
Liquid assets to short-term liabilities	56.7	50.4	42.8	44.8	46.0	43.6	55.8	55.9	54.3
Liquid assets to total assets	25.2	22.3	16.9	17.6	18.4	17.2	21.8	22.3	21.6
FX Risks									
Net open position in foreign exchange to capital	-3.0	-8.5	-4.6	4.9	7.5	7.0	11.8	13.4	15.1
Foreign Currency Loans to Total Loans	2.1	1.5	1.2	1.1	0.9	0.8	0.7	0.5	0.4
Foreign Currency Liabilities to Total Liabilities	14.1	12.4	12.9	12.5	12.7	12.0	8.9	7.4	6.9

Sources: Central Bank of Bolivia and Fund staff calculations.

Table 8. Bolivia: Indicators of Fund Credit, 2026–2039
(In Millions of SDRs, Unless Otherwise Indicated)

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.
Total Obligations Based on Existing and Prospective Credit (millions of SDRs)														
Millions of SDRs	12.7	27.8	47.3	67.1	71.0	136.1	213.7	270.8	273.1	261.1	253.1	179.8	95.0	26.9
Principal	0.0	0.0	0.0	0.0	0.0	66.0	146.0	212.0	228.0	228.0	228.0	162.0	82.0	16.0
GRA	0.0	0.0	0.0	0.0	0.0	66.0	146.0	212.0	228.0	228.0	228.0	162.0	82.0	16.0
Charges and interest	12.7	27.8	47.3	67.1	71.0	70.1	67.7	58.8	45.1	33.1	25.1	17.8	13.0	10.9
Of which:														
GRA Basic rate of charge	1.0	14.7	31.1	44.3	47.5	46.8	43.7	37.9	30.3	22.4	14.5	7.2	2.4	0.3
Surcharges	0.0	0.0	3.7	11.2	13.0	12.6	13.4	10.3	4.2	0.1	0.0	0.0	0.0	0.0
Of which:														
Level-based	0.0	0.0	3.7	11.2	13.0	12.6	10.8	7.5	3.1	0.1	0.0	0.0	0.0	0.0
Time-based	0.0	0.0	0.0	0.0	0.0	0.0	2.6	2.8	1.1	0.0	0.0	0.0	0.0	0.0
(For SLL: Non-refundable commitment fees)														
Total Obligations Based on Existing and Prospective Credit														
Millions of U.S. dollars	17.4	38.0	64.8	91.8	97.2	186.2	292.4	370.5	373.7	357.2	346.3	246.0	130.0	36.8
Percent of exports of goods and services	0.1	0.3	0.5	0.6	0.7	1.2	1.8	2.1	2.0	1.8	1.6	1.1	0.5	0.1
Percent of external debt service	0.6	2.1	3.6	5.4	5.7	6.5	14.3	17.2	15.6	13.5	12.2	8.4	4.2	1.1
Percent of GDP	0.0	0.1	0.1	0.2	0.2	0.3	0.5	0.6	0.6	0.5	0.5	0.3	0.2	0.0
Percent of gross international reserves	0.7	1.0	1.4	1.7	1.7	3.0	4.4	5.4	5.3	4.9	4.5	3.1	1.6	0.4
Percent of quota	5.3	11.6	19.7	27.9	29.6	56.7	89.0	112.8	113.7	108.7	105.4	74.9	39.6	11.2
Outstanding Fund Credit Based on Existing and Prospective Credit														
Millions of SDRs	312.0	792.0	1,176.0	1,368.0	1,368.0	1,302.0	1,156.0	944.0	716.0	488.0	260.0	98.0	16.0	0.0
GRA	312.0	792.0	1,176.0	1,368.0	1,368.0	1,302.0	1,156.0	944.0	716.0	488.0	260.0	98.0	16.0	0.0
Millions of U.S. dollars	426.9	1,083.7	1,609.1	1,871.8	1,871.8	1,781.5	1,581.7	1,291.6	979.7	667.7	355.7	134.1	21.9	0.0
Percent of exports of goods and services	3.1	8.2	11.8	13.2	12.6	11.4	9.6	7.4	5.3	3.4	1.7	0.6	0.1	0.0
Percent of external debt	2.5	5.9	8.5	9.6	9.3	8.7	7.4	5.9	4.3	2.9	1.5	0.6	0.1	0.0
Percent of GDP	0.8	2.5	3.5	3.7	3.5	3.2	2.7	2.0	1.5	0.9	0.5	0.2	0.0	0.0
Percent of gross international reserves	16.0	28.8	36.0	35.3	33.5	28.8	23.7	18.8	14.0	9.2	4.6	1.7	0.3	0.0
Percent of quota	129.9	329.9	489.8	569.8	569.8	542.3	481.5	393.2	298.2	203.2	108.3	40.8	6.7	0.0
Net Use of Fund Credit (millions of SDRs)														
Disbursements and purchases	360.0	360.0	456.0	192.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repayments and repurchases	0.0	0.0	0.0	0.0	10.0	70.0	150.0	212.0	218.0	228.0	218.0	158.0	88.0	16.0
Memorandum Items:														
Exports of goods and services (millions of U.S. dollars)	13,667	13,231	13,645	14,138	14,814	15,632	16,533	17,529	18,612	19,761	21,034	22,414	23,911	25,534
External debt (millions of U.S. dollars)	16,773	18,271	18,881	19,489	20,053	20,468	21,256	21,965	22,529	22,963	23,286	23,574	23,727	23,168
External debt service (millions of U.S. dollars)	2,874	1,791	1,813	1,691	1,710	2,842	2,050	2,159	2,397	2,651	2,839	2,930	3,089	3,284
Nominal GDP (millions of U.S. dollars)	53,725	43,829	46,512	50,082	53,369	56,418	59,643	63,130	66,838	70,778	74,590	78,077	81,883	85,942
Gross International Reserves (millions of U.S. dollars)	2,671	3,766	4,466	5,299	5,588	6,189	6,672	6,872	6,995	7,252	7,658	7,933	8,294	8,575
SDR per U.S. dollars (period average)	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
SDR per U.S. dollars (end-of-period)	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Quota (millions of SDRs)	240	240	240	240	240	240	240	240	240	240	240	240	240	240

Source: IMF staff calculations.

Table 9. Bolivia: Proposed Schedule of Reviews and Purchases

Availability date	Millions of SDR	Millions of USD	Percent of quota	12-month Access	Conditions
October 2, 2026	156.065	214	65	65	Program approval and prior actions
December 1, 2026	156.065	214	65	130	Completion of the First Review based on end-September 2026 performance criteria and continuous performance criteria
March 1, 2027	84.035	115	35	165	Completion of the Second Review based on end-December 2026 performance criteria and continuous performance criteria
May 25, 2027	84.035	115	35	200	Completion of the Third Review based on end-March 2027 performance criteria and continuous performance criteria
October 4, 2027	156.065	213	65	200	Completion of the Fourth Review based on end-June 2027 performance criteria and continuous performance criteria
December 2, 2027	156.065	213	65	200	Completion of the Fifth Review based on end-September 2027 performance criteria and continuous performance criteria
March 3, 2028	84.035	115	35	200	Completion of the Sixth Review based on end-December 2027 performance criteria and continuous performance criteria
May 26, 2028	84.035	115	35	200	Completion of the Seventh Review based on end-March 2028 performance criteria and continuous performance criteria
October 5, 2028	120.050	164	50	185	Completion of the Eighth Review based on end-June 2028 performance criteria and continuous performance criteria
December 4, 2028	96.040	131	40	160	Completion of the Ninth Review based on end-September 2028 performance criteria and continuous performance criteria
March 5, 2029	96.040	132	40	165	Completion of the Tenth Review based on end-December 2028 performance criteria and continuous performance criteria
May 28, 2029	96.040	132	40	170	Completion of the Eleventh Review based on end-March 2029 performance criteria and continuous performance criteria
<i>Memorandum items:</i>					
Quota (in SDR)	240				
Total	1,368.570	1,872	570		

Source: Fund staff calculations.

Table 10. Bolivia: Proposed Quantitative Performance Criteria and Indicative Targets 1/ 2/

<i>In billions of Bolivianos unless otherwise stated</i>	end-Dec 2025	end-Jun 2026	end-Sep 2026	end-Dec 2026	end-Mar 2027	end-Jun 2027
	<i>Actual</i>	<i>Estimated</i>	<i>Targets</i>	<i>Targets</i>	<i>Targets</i>	<i>Targets</i>
Fiscal targets						
<i>Performance Criteria</i>						
1. Cumulative (year-to-date) floor on the primary balance of non-financial public sector (NFPS) 3/	-39.6	-1.2	-12.0	-33.0	-4.4	-8.8
2. Cumulative (year-to-date) ceiling on the change in Central Government and SOE stock of floating debt 3/ 4/	3.7	0.0	0.0	-2.3	-0.4	-0.9
3. Non-accumulation of new external debt arrears by the NFPS (continuous)	0.0	0.0	0.0	0.0	0.0	0.0
4. Floor on the stock of NFPS deposits at the central bank 4/	38.1	41.4	25.0	22.0	21.0	20.0
<i>Indicative Target</i>						
5. Cumulative (year-to-date) floor on the social assistance spending 3/	5.5	3.6	5.5	9.3	2.6	5.1
6. Cumulative (year-to-date) floor on the overall balance of NFPS 3/	-50.9	-5.8	-21.2	-46.8	-9.6	-19.3
Monetary targets						
<i>Performance Criteria</i>						
7. Cumulative (year-to-date) floor on the change in program net international reserves, in USD bn 3/ 5/ 6/	...	0.9	0.9	2.4	0.0	0.4
8. Cumulative (year-to-date) ceiling on the change in central bank credit to the NFPS (continuous) 7/	...	0.0	0.0	0.0	0.0	0.0
<i>Indicative Targets</i>						
9. Ceiling on the stock of base money 4/	127.6	121.8	129.2	133.9	133.9	136.0
10. Cumulative (year-to-date) floor on the change in program gross international reserves, in USD bn 3/ 5/	...	0.2	0.2	1.6	0.0	0.4

Sources: National authorities and Fund staff estimates and projections. Note: NFPS stands for Non-Financial Public Sector, as defined in TMU

1/ Targets and their adjustors as defined in the Technical Memorandum of Understanding (TMU).

2/ Based on program exchange rates defined in the TMU.

3/ Flows from January 1 through the test date of each calendar year.

4/ Average stock measured over the last 20 business days, which includes the test date. NFPS deposit stocks as of end-December and end-June (see performance criterion 4) reflect data as of 12/31/2025 and 6/30/2026, respectively.

5/ In billions of U.S. dollars. At program exchange rates. The targets foresee FX purchases by the BCB of US\$ 100 million in 2026:Q4, and US\$ 150 million per quarter in 2027.

6/ Program net international reserves are defined as gross international reserves net of reserve liabilities: credit to the Fund, banks' FX reserve requirements deposits, and others as defined in the TMU. Subject to adjustors as defined in the TMU.

7/ Flows from January 1 through the test date of each calendar year, excluding liability management operations in 2026:Q1 (Bb 2.5 billion)

Annex I. Selected Economic Policy Measures Announced or Implemented Since November 2025¹

Description of Measure	Duration
Tax measures	
Elimination of Financial Transactions Tax (ITF), Gambling Tax (IJ) and Participation in Gambling Tax (IPJ).	Permanent
Extension 0 percent tariff for the importation of gasoline.	Temporary (Dec 2026)
Increase in the VAT tax credit for purchase of fuels, from 70 to 100 percent.	Permanent
Establishes a 0 percent tariff rate for the import of machinery, equipment for food, agro-food, textile and metallurgical industries, and parts for vehicles.	Temporary (Dec 2026)
Establishes a 0 percent tariff rate for the import of electronic devices.	Temporary (Jan 2027)
VAT exemption on importation of crude oil, gasoline and diesel oil is exempt from VAT.	Permanent
Establishes a 0 percent rate for tariff and IEHD (direct hydrocarbons tax) for the import of jet fuel.	Temporary (Dec 2026)
Introduces a package of tax incentives aimed at supporting investment and formalization (reinvestment incentives, accelerated depreciation, expanded deductibility provisions, and measures benefiting self-employed workers).	Permanent
Reduces selected ICE (excise tax) rates to support productive sectors and economic activity, setting it at zero for importation of electric vehicles.	Permanent
Revises VAT invoicing procedures to align the effective VAT rate with the statutory rate.	Permanent
Restores the use of IUE (CIT) payments made after the due date as credits against future IT liabilities.	Permanent
Tax relief through tax debt forgiveness (for 2020 and pre-2018 past-due taxes) and regularization (post 2018 past-due taxes)	One-off
Tariff duties reduced by 5 percent for the importation of all goods.	Temporary (Dec 2027)
Exemption of tariffs and VAT for the import and first domestic sale, respectively, of select inputs and capital goods intended for the agricultural, industrial, construction, transport and mining sectors.	Temporary (Dec 2026)
Reduction in public spending	
Austerity policy in the public sector, announced in end-2025, including a hiring and salary freeze, personnel rationalization, and reductions in other current expenditures.	Permanent
Social Protection	
Increases Bono Juancito Pinto (annual stipend for students in public and subsidized schools) from Bs 200 to Bs 300.	Temporary (Dec 2026)
Increases the monthly Renta Dignidad (old-age pension) from Bs 350 to Bs 500 for elderly people who did not contribute to the pension system.	Temporary (Dec 2026)
Creates the Extraordinary Protection and Equity Program (PEPE), consisting of a monthly transfer of Bs 150 for three consecutive months.	Temporary (April 2026)
Wages and salary policy	
Recognizes and guarantees the free negotiation of wages between employers and workers, individually or collectively.	Permanent
Increases the national minimum wage in the public and private sectors by 20 percent, from Bs 2,750 to Bs 3,300.	One-off
Public Investment	
Allows price adjustments of construction materials, machinery and equipment in ongoing public investment contracts.	Temporary (Dec 2026)

¹ Excludes fuel policies, financial sector measures, monetary policy, and foreign exchange measures, which are discussed elsewhere in the Staff Report.

Annex II. External Sector Assessment

Overall Assessment: *Bolivia's external position in 2025 is assessed as moderately weaker than the level implied by fundamentals and desirable policies.* This assessment, however, is informed by the CA model, based on 2025 CA outturns, and should be considered with caution in a context of persistently high and negative errors and omissions (-2.3 percent of GDP in 2025) and frequently revised BOP statistics. The assessment should also consider Bolivia's critically low usable reserve levels, which might suggest a less favorable assessment. Though the 2025 CA deficit narrowed modestly from 2024 (despite dwindling natural gas exports and due to improved terms of trade), this followed a decade of persistent CA deficits and a substantial real exchange rate appreciation. The cumulative external imbalances reflect a deteriorating fiscal position in the context of an overvalued boliviano that followed a *de facto* fixed exchange rate regime. At end-2025, gross international reserves (GIR) stood at around US\$3.7 billion. Gains in the reserve position from end-2024 (US\$2 billion) were driven by gold-related purchases and valuation, which offset BOP-related drains of around US\$2 billion during the year. Only 17 percent of the reserves at end-2025 were not encumbered by law, representing less than a month of projected 2026 imports or 11 percent of the Fund's 2025 ARA metric. The low level of usable reserves during 2025 led to widespread FX shortages and poses significant vulnerability to external shocks. In 2026–27, improved terms of trade, lower demand, and expected real exchange rate depreciation are expected to result in CA surpluses of around 2 percent. Over the medium term, the investment-led recovery expected under the authorities' structural reform program would result in CA deficits between 1.5–1.6 percent of GDP, slightly above the adjusted CA norm (-1.4 percent of GDP). Structural improvements are also expected to drive capital inflows to support the large investment gap.

Potential Policy Responses: As envisaged in the authorities' EFF-supported policy package, stabilization backed by structural reforms would initially encourage domestic savings and strengthen the external position and reserve coverage to secure external sustainability. This would require, among others, permanently lowering the fiscal deficit to set public debt on a firm downward path and conducting prudent monetary policy accompanied by a market-determined exchange rate. The unification of the official exchange rate, marking transition towards a more flexible regime, is to support external rebalancing, allow for a rebuilding of international reserves over time, and provide a cushion against external shocks. Monetary policy will need to be restrictive for some time to prevent unstable price dynamics and stave-off capital outflows. Later, supply-side reforms will be essential to improve productivity and competitiveness, driving an investment-led recovery.

Foreign Assets and Liabilities: Position and Trajectory

Background. Bolivia has been a net debtor since 2016. The net international position (NIIP) has declined from a net surplus of US\$4.5 billion (13.6 percent of GDP) in 2014 to a net deficit of US\$13 billion (-19 percent of GDP) at end-2025, despite gains from gold valuation and domestic gold purchases (~US\$3.0 billion, ~5 percent of GDP). The decline in net foreign assets reflects persistent CA deficits following the commodity boom cycle (2012–2017) and the accompanying fiscal expansion. Two thirds of foreign liabilities are in the form of loans, debt instruments, and other accounts payable, with the remaining share in equity, primarily as direct investment.

Assessment. Under the authorities' reform plan, the NIIP would increase by around 4 percentage points of GDP in the first two years of the program supported by CA surpluses and continued valuation of gold reserves in the near term. In the medium term and in line with the envisaged investment-led recovery and convergence to the CA norm, the IIP declines from end-2025 by an average of 6-7 percentage points of GDP. Bolivia's current short-term debt service obligations are relatively limited, as much of its external debt is long maturity with relatively favorable financing terms. A recent voluntary debt exchange reduced expected payments on its Eurobonds scheduled in the years ahead, though repayment liabilities to IFIs will remain high. Meeting these and other obligations over the medium term will depend on the

implementation of the planned economic reform plan which would boost foreign direct investment (FDI) and restore market access.

2025 (% GDP)	NIIP: -19.0	Gross Assets: 19.0	Debt Assets: 14.0	Gross Liab.: 40.7	Debt Liab.: 19.0
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Current Account

Background. The CA in Bolivia follows global commodity price swings and relatedly, fiscal policy. With the collapse in commodity prices in 2015 and associated increase in the budget deficit, the CA swung sharply into deficit, after a 10-year period of recurring surpluses. Due to increased domestic demand, and adverse trends in natural gas production, Bolivia turned into a net importer of fuels in 2022 for the first time in decades. In 2025, the CA deficit narrowed modestly to US\$1.2 billion (1.9 percent of GDP), from a US\$1.3 billion deficit in 2024. Net errors and omissions, likely representing unreported imports and capital outflows, remained steady around -2.3 percent of GDP. The CA balance is projected to turn to a surplus of around 1.6 percent in 2026 on account of improved export prices (minerals and soy) and compression in non-fuel imports responding to exchange rate depreciation and economic contraction. Fuel imports collapsed in early 2026 following a significant revision in domestic fuel prices, but have since expanded again driven by higher global oil prices since the war in the Middle East.

Assessment. The cyclically-adjusted CA balance stood at -2.4 percent of GDP in 2025. Considering Bolivia's weak reserve coverage and heightened external liabilities, external sustainability considerations suggest an adjusted CA norm of -1.4 percent of GDP which (consistent with other emerging markets) to bring reserves near 100 percent of the ARA metric over the medium-term, under a program baseline that addresses the correction in the related REER gap of around 6 percent. However, errors and omissions of -2.3 percent of GDP could indicate a weaker external position.

Bolivia: EBA-lite Model Results, 2025

	CA model 1/ (in percent of GDP)	REER model 1/
CA-Actual	-1.9	
Cyclical contributions (from model) (-)	0.8	
Natural disasters and conflicts (-)	-0.3	
Adjusted CA	-2.4	
CA Norm (from model) 2/	-1.4	
Adjusted CA Norm	-1.4	
CA Gap	-1.0	
o/w Relative policy gap	-3.0	
Elasticity	-0.2	
REER Gap (in percent) 3/	6.3	33.5

1/ Based on the EBA-lite 3.0 methodology

2/ Cyclically adjusted, including multilateral consistency adjustments.

3/ The REER model uses the official exchange rate as of end-2025 at 6.86 BOB/US\$.

Real Exchange Rate

Background. The (official) multilateral real effective exchange rate (REER) against major trading partners has been on an appreciating trend over the past decade. As of end-2025, this measure of the REER had appreciated by around 80 percent since the boliviano was pegged to the U.S. dollar in 2011. Since 2023, based on the official exchange rate, the REER strengthened by 19 percent due to domestic inflationary pressures. A parallel market rate emerged in mid-2023 and depreciated to 160 percent above the official rate by May 2025, but has appreciated to a 35 percent gap by the end of the year. Most private exchange transactions were conducted at this parallel rate throughout 2025. Considering an alternative REER metric that uses the parallel rate instead of

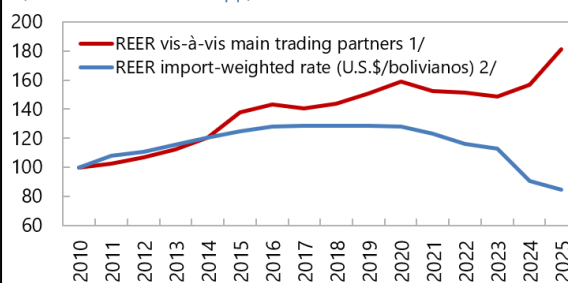
the official exchange rate and is weighed by imports (i.e., the import-weighted bilateral real exchange rate vis-à-vis the US dollar, the dominating currency for imports and invoicing) the Boliviano showed real depreciation, instead, since 2022, in line with the significant import compression observed since 2022 (of around 7 ppts of GDP).

Assessment. The staff-assessed CA gap using the multilateral trade-weighted REER implies a REER gap (i.e. the REER adjustment required to close the CA gap)—overvaluation—of about 34 percent in 2025 (with an estimated elasticity of 0.2). When using the alternative import-weighted real

exchange rate, the required adjustment to close the CA gap suggests an overvaluation of 10 percent in 2025, a pending correction following the substantial depreciation already observed since 2023. Aligning the exchange rate with economic fundamentals and implementing other EFF-supported policies, such as fiscal consolidation and productivity improvements are crucial for boosting competitiveness and correcting external imbalances.

Real Effective Exchange Rate

(Index, 2010=100, += app)



Sources: IFS; IMF staff estimates.

1/ IFS calculated multilateral REER.

2/ Using the parallel rate observed in 2025.

Capital and Financial Accounts: Flows and Policy Measures

Background. Net FDI inflows reached 0.7 percent of GDP in 2025, mostly attracted by the mining sector, rising from the 0.4 percent of GDP average in 2021–2024. Bolivia retains restrictive capital flow measures such as limits on foreign asset holdings,¹ though a tax on domestic dollar deposits was recently removed. The World Bank, IDB and CAF provided net disbursements totaling roughly US\$0.6 billion in 2025, a drop from previous years' average of roughly US\$1.3 bn, with further disbursements hindered due to low execution capacity and gridlock in Congress.

Assessment. The CA deficit was mainly financed by a depletion of international reserves until 2023. During 2025, purchases of domestic gold and other BCB financial operations (e.g. repos and gold presales) covered the financing needs of the government while more recently IFI financing and Eurobond issuance have boosted usable reserves albeit to less than a month of next year's imports. Amid low levels of reserves, and continued fiscal and current account deficits, Bolivia's EMBIG spread rose to a 2,328 bps peak in September 2024, declining recently in the wake of the administration's decisive policy actions: averaging at 1,600 bps in 2025, and hovering at 400–500bps in 2026H1. To support sustainable and durable growth, the authorities need to advance supply side reforms and strengthen governance, including to rekindle FDI inflows.

FX Intervention and Reserves Level

Background. Bolivia had a fixed exchange rate regime until end-June 2026, with the boliviano pegged at a rate of 6.9 to the U.S. dollar. Since 2023, the BCB's published gross international reserves (GIR) remained near their legal minimum (22 tons of gold), rising to US\$3.7 billion in December 2025 on the back of valuation effects and domestic gold purchases. Only a fraction of this represented unencumbered GIR (US\$622 million). In 2025, the BCB mobilized US\$800mn through pre-sales of gold (which constitute a net claim on future reserves) and US\$100mn through repos of now-exchanged Eurobonds. Finally, the BCB issued FX-denominated paper (US\$260mn, most of which subscribed to by the public pension fund). These operations helped foot the government's fuel import bill but resulted in a collapse in gold exports and a larger trade deficit, partly offsetting the positive impact on reserves. Since October 2025, amidst restrictions on central bank financing, the BCB has significantly reduced the amount of domestic gold purchases and has captured just enough gold tonnage in 2026 to honor gold-linked forward sales.

Assessment. Unencumbered GIR stood at US\$622 million at end-2025 and were extremely low in recent years (hovering around 10–12 percent of total). Reserve coverage remained inadequate through 2025, representing 0.6 months of projected 2026 imports and 11 percent of the ARA metric. The authorities' EFF-supported program foresees reserve accumulation to over 100 percent of the ARA metric by 2029 by correcting internal imbalances through fiscal consolidation, supply side reforms, and exchange rate realignment.

¹ These measures were assessed under the Institutional View for the Liberalization and Management of Capital Flows.

Annex III. Sovereign Risk and Debt Sustainability Analysis

The IMF Sovereign Risk and Debt Sustainability Framework indicates that Bolivia's NFPS debt is sustainable. The assessment takes into account a sharp deterioration of the fiscal position in recent years leading to a rising debt burden. At the same time, the medium-term GFN risks are moderate, as a large share of debt is intra-public sector or owed to IFIs at concessional terms, with relatively long maturities. The debt fanchart module generates a large confidence interval around the baseline (including debt trajectories inconsistent with program implementation), leading to a mechanical high-risk assessment. However, under the baseline scenario, the debt-to-GDP ratio is projected to decline by about 30 percentage points in the next decade, on the back of the fiscal consolidation plan and other reforms supported by the program. This, together with the recent Eurobond debt exchange and the reprofiling of the short-term central bank debt, is expected to contain liquidity and solvency risks, thereby restoring market confidence.

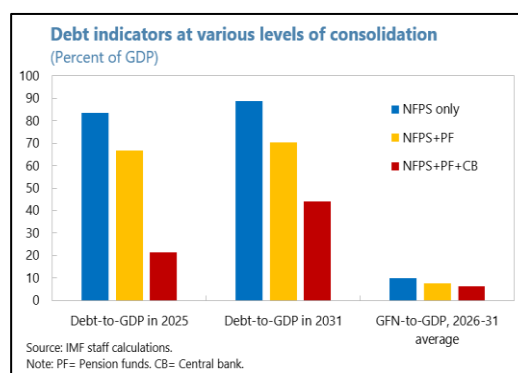
- 1. Perimeter.** The debt analysis under the sovereign risk and debt sustainability framework (SRDSF) covers the NFPS. This is derived by adding central government debt (as published by the BCB) to lending by the BCB to SOEs, the National Fund for Regional Development (FNDR), and the Fund for the Productive Industrial Revolution (FINPRO).
- 2. Debt developments.** Based on rebased national accounts series, at end-2025, Bolivia's NFPS gross debt amounted to 83 percent of GDP, 34 percentage points above its pre-pandemic level. The debt-to-GDP ratio surged due to persistent and large fiscal deficits, amid a secular decline in hydrocarbon revenue, while automatic debt dynamics were adversely impacted by declining growth. While debt level is high, much of it is long-term and pays low interest, thus mitigating gross financing risks. The domestic financial public sector, mainly the central bank and the pension fund (Gestora), owns close to three quarters of the total public debt—a share much larger than in Latin American peers.¹ Both in 2025 and early 2026, all BCB's short-term liquidity loans to the government have been reprofiled into a long-term loan, at below-market rates, which significantly reduces domestic rollover needs during the forecast period. At the same time, as of end-2025, close to 90 percent of the FX debt was owed to official lenders, with average residual maturity of the loans at 15 years, and interest rate of 3.3 percent. Two thirds of the remaining FX debt were reprofiled into a local currency dollar-linked security during the recent Eurobond debt exchange.
- 3. Baseline Assumptions.** The medium-term fiscal and debt projections are predicated on the successful execution of the fiscal plan outlined within the proposed adjustment program. This adjustment is expected to result in NFPS primary surplus by 2029, climbing to about 1.5 percent of GDP over the medium term. This decisive fiscal effort is central to delivering a sustained decline in the public debt-to-GDP ratio, which is forecast to fall from 101 percent in 2026 to approximately 70 percent by 2035. Gross Financing Needs (GFNs) are projected to remain at about 7-10 percent of GDP over the medium term as lower primary deficits are being offset by a growing share of more expensive domestic and external market financing.

¹ The average share in LA5 (Brazil, Chile, Colombia, Mexico, Peru) and Argentina was about 20 percent in 2025, including the government debt held by privately managed pension funds.

4. Risks to the Debt Outlook and Realism. The realism assessment confirms the planned primary fiscal consolidation is ambitious compared to historical precedents but is necessary to ensure sustainability. Frontloaded fiscal measures implemented by the new government in December 2025 support the outlook for a strong fiscal correction. The fiscal path in 2026H1 has so far been on track with the baseline projections. Downside fiscal risks center on weak implementation capacity, persistently elevated oil prices due to the war in the Middle East, and revenue shortfalls stemming from potential growth underperformance. Compounding these risks is Bolivia's debt composition: while the prevalence of multilateral and bilateral official debt mitigates near-term rollover risk and GFNs, this structure simultaneously creates a large, non-restructurable (super-senior) creditor bloc. This concentration of seniority complicates any potential debt resolution effort and could structurally restrain private market access. Should the downside risks materialize, decisive supplementary actions are imperative, warranting consideration of alternative fiscal measures or a more ambitious fiscal consolidation path alongside a targeted debt operation if necessary.

5. Mitigating factors. While the overall fiscal risks are high, several factors, in staff's view, play a mitigating role:

- Intra-sector public debt.** Bolivia departs from most emerging markets by having an unusually large share of debt owned by the public sector, and subject to negligible refinancing risk. Recent debt exchanges (Eurobonds, central bank's short-term debt) demonstrate that the intra-public sector debt can be reprofiled relatively quickly if circumstances demand, albeit at a cost to the debt owners.² Furthermore, while the end to monetary financing is one of the program's objectives, Gestora remains a major domestic creditor to the government, and it has some capacity to absorb financing shocks using its operating surpluses (difference between pension contributions and transfers from the Treasury less pension payments) and/or local banking deposits.
- Impact of mid-year exchange rate correction on sustainability assessment.** Bolivia's mechanical risk signal is in part driven by the presumed near-term volatility around the exchange rate unification during 2026 (as models reevaluate external debt at the market exchange rate). However, unlike during BOP crises (in part used by the models for inference), the orderly and much-needed exchange rate adjustment, supported by the Fund program, is a critical step to rebuilding reserves, and thus meeting FX debt obligations and averting future fiscal crises. Furthermore, even though 2026 is the projection year in the models, the unification has already occurred, and has so far been an orderly process, in part since the majority of economic transactions in 2025—including purchases of reserves (gold) by the BCB—already operated at market or parallel exchange rates. These factors, in staff's view, mitigate the fiscal risks as implied by the models.



² See Box 2 in the main text. In staff's view these costs are manageable in the short term (particularly as Gestora currently runs operational surpluses, whereas the BCB's operational surplus is projected at near-zero in 2026), but need careful monitoring, including through stress-testing, to ensure financial soundness of the creditor institutions.

Table 1. Bolivia: Risk of Sovereign Stress

Horizon	Mechanical signal	Final assessment	Comments
Overall	...	High	The overall risk is high, despite moderate medium and long-term vulnerabilities. The risk is driven by near-term vulnerabilities amid ambitious adjustment process. Fiscal consolidation, along with other policies envisaged in the program, are essential to ensure enduring sustainability.
Near term 1/	n.a.	n.a.	Not applicable.
Medium term	Moderate	Moderate	High level of debt and uncertainty surrounding its path drive high Fanchart risks. These are mitigated by moderate GFN vulnerabilities, and lower rollover risks due to a high share of debt owed to IFIs (committed to rollover their exposure), pension fund, and central bank.
Fanchart	High	...	
GFN	Moderate	...	
Stress test	Comm. Prices FX rate Nat. Diast.	...	
Long term	...	Moderate	Long-term risks are assessed as moderate. The Natural Resources module underscores the importance of diversifying sources of revenue, away from the diminishing returns of the natural gas sector. Climate change adaptation costs would rise the debt burden in the long-term, posing sustainability risks. Considering Bolivia's high susceptibility to adverse external shocks, these combined factors point to a meaningful risk of sovereign stress over the longer term and highlight the need to adhere to a full and sustained implementation of program objectives.
Sustainability assessment 2/		Sustainable	Debt is assessed as sustainable, but risks remain high. Weighing on the assessment is the large initial debt burden and severity of downside risks around the baseline projection. However, the fiscal adjustment over the course of the program, along with the recent Eurobond debt exchange, and the reprofiling of the central bank debt reduce GFN and put debt on a downward path. The assessment is critically contingent upon successful implementation of the planned fiscal consolidation and the broader set of policies to strengthen growth, and restore market access.
Debt stabilization in the baseline			Yes

DSA Summary Assessment

Bolivia's debt is assessed as sustainable. However, fiscal risks are high amid elevated debt levels and high uncertainties during the ongoing adjustment process. Sustained implementation of the prospective fiscal plan, along with other policies envisaged in the program, is crucial for securing a firm medium-term debt reduction path and strengthening the country's public debt sustainability.

Source: Fund staff.

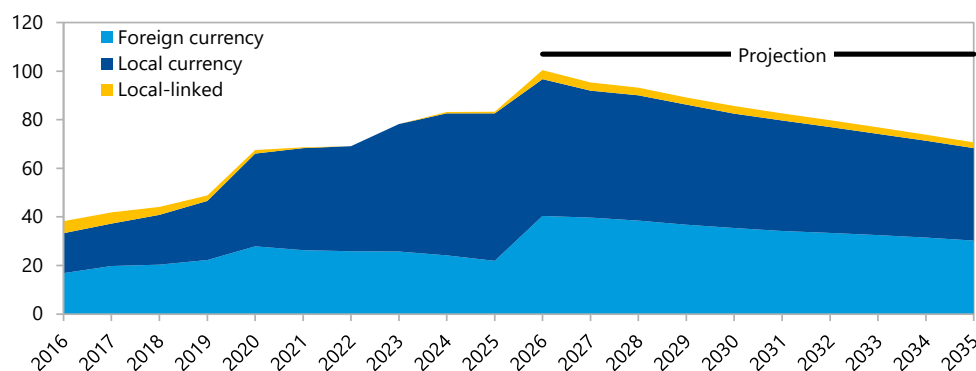
Note: The risk of sovereign stress is a broader concept than debt sustainability. Unsustainable debt can only be resolved through exceptional measures (such as debt restructuring). In contrast, a sovereign can face stress without its debt necessarily being unsustainable, and there can be various measures—that do not involve a debt restructuring—to remedy such a situation, such as fiscal adjustment and new financing.

1/ The near-term assessment is not applicable in cases where there is a disbursing IMF arrangement. In surveillance-only cases or in cases with precautionary IMF arrangements, the near-term assessment is performed but not published.

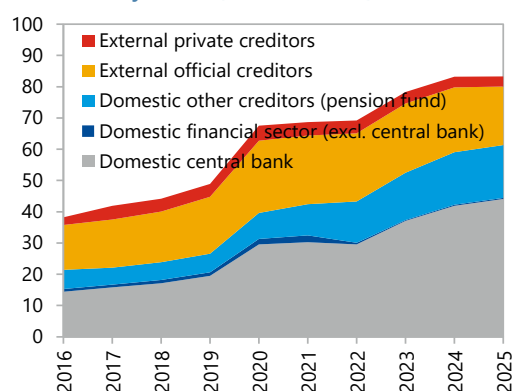
2/ A debt sustainability assessment is optional for surveillance-only cases and mandatory in cases where there is a Fund arrangement. The mechanical signal of the debt sustainability assessment is deleted before publication. In surveillance-only cases or cases with IMF arrangements with normal access, the qualifier indicating probability of sustainable debt ("with high probability" or "but not with high probability") is deleted before publication.

Table 2. Bolivia: Debt Coverage and Disclosure

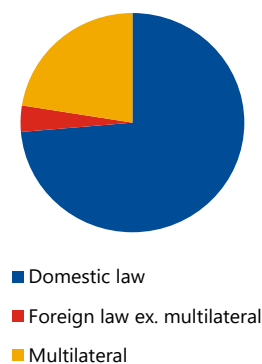
Table 2: Debt Coverage and Disclosure						Comments							
1. Debt coverage in the DSA: 1/					CG	GG	NFPS	CPS	Other	Not applicable			
1a. If central government, are non-central government entities insignificant?									n.a.				
2. Subsectors included in the chosen coverage in (1) above:													
Subsectors captured in the baseline									Inclusion				
CPS	NFPS	GG: expected	CG	1	Budgetary central government	Yes							
				2	Extra budgetary funds (EBFs)	Yes							
				3	Social security funds (SSFs)	Yes							
				4	State governments	Yes							
				5	Local governments	Yes							
				6	Public nonfinancial corporations	Yes							
				7	Central bank	Yes							
				8	Other public financial corporations	Yes							
3. Instrument coverage:					Currency & deposits	Loans	Debt securities	Oth acct. payable 2/	IPSGSs 3/				
4. Accounting principles:					Basis of recording		Valuation of debt stock						
					Non-cash basis 4/	Cash basis	Nominal value 5/	Face value 6/	Market value 7/				
5. Debt consolidation across sectors:					Consolidated		Non-consolidated						
Color code: chosen coverage Missing from recommended coverage Not applicable													
Reporting on Intra-Government Debt Holdings													
Issuer		Holder	Budget. central govt	Extra-budget. funds	Social security funds	State govt.	Local govt.	Nonfin. pub. corp.	Central bank	Oth. pub. fin corp	Total		
CPS	NFPS	GG: expected	CG	1	Budget. central govt							0	
				2	Extra-budget. funds								0
				3	Social security funds								0
				4	State govt.								0
				5	Local govt.								0
				6	Nonfin pub. corp.								0
				7	Central bank								0
				8	Oth. pub. fin. corp								0
Total			0	0	0	0	0	0	0	0	0		
1/ CG=Central government; GG=General government; NFPS=Nonfinancial public sector; PS=Public sector. 2/ Stock of arrears could be used as a proxy in the absence of accrual data on other accounts payable. 3/ Insurance, Pension, and Standardized Guarantee Schemes, typically including government employee pension liabilities. 4/ Includes accrual recording, commitment basis, due for payment, etc. 5/ Nominal value at any moment in time is the amount the debtor owes to the creditor. It reflects the value of the instrument at creation and subsequent economic flows (such as transactions, exchange rate, and other valuation changes other than market price changes, and other volume changes). 6/ The face value of a debt instrument is the undiscounted amount of principal to be paid at (or before) maturity. 7/ Market value of debt instruments is the value as if they were acquired in market transactions on the balance sheet reporting date (reference date). Only traded debt securities have observed market values.													
The debt coverage in this SRDSA comprises the non-financial public sector (NFPS), which is derived by adding central government debt (as published by the BCB) to the lending by the BCB to state owned enterprises (SOEs), the National Fund for Regional Development (FNDR), Fund for the Productive Industrial Revolution (FINPRO).													

Table 3. Bolivia: Public Debt Structure Indicators

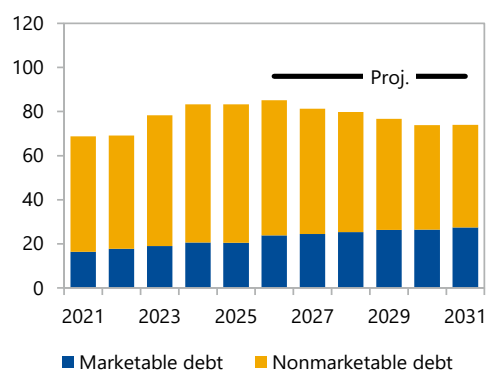
Note: The perimeter shown is nonfinancial public sector.

Public Debt by Holder (Percent of GDP)

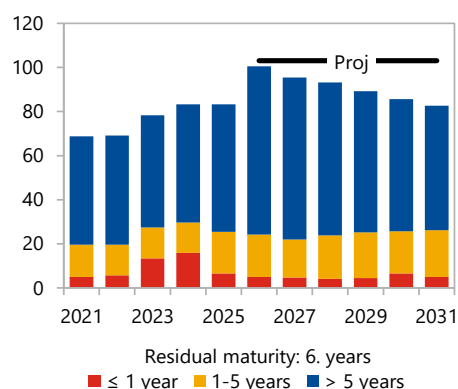
Note: The perimeter shown is nonfinancial public sector.

Public Debt by Governing Law, 2025 (percent)

Note: The perimeter shown is nonfinancial public sector.

Debt by Instruments (Percent of GDP)

Note: The perimeter shown is nonfinancial public sector.

Public Debt by Maturity (Percent of GDP)

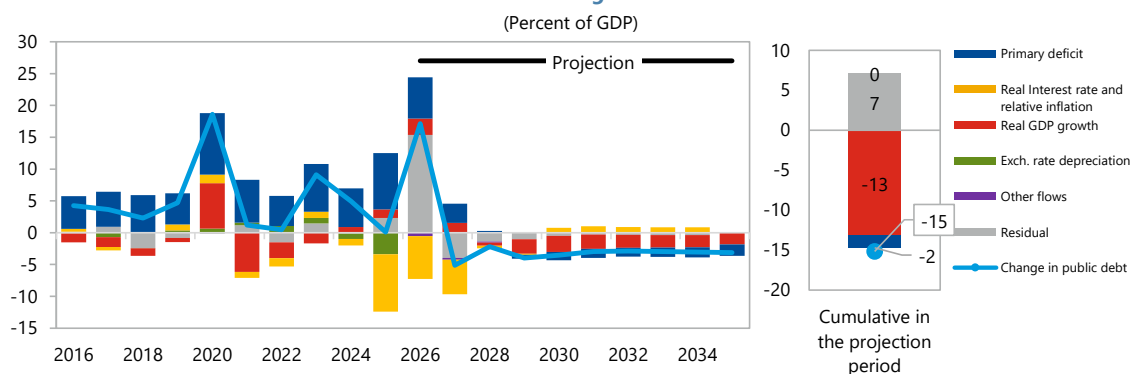
Note: The perimeter shown is nonfinancial public sector.

The 2026 gross fiscal financing needs is projected at 15 percent of GDP, with about a half coming from debt service. It is a substantial decrease from 2024, which is a result of swapping of short-term debt with the central bank for a long term loan, greatly reducing domestic debt service needs going forward. Currency depreciation and multilateral budget support will increase the share of external debt in total public debt from 2026 onwards, with market access gradually replacing IFI financing in early 30s. Overall, the structure of Bolivia's sovereign debt is expected to remain favorable, while mainly concentrated on concessional (and mostly non-restructurable) loans.

Table 4. Bolivia: Baseline Scenario
(Percent of GDP Unless Indicated Otherwise)

	Actual	Medium-term projection							Extended projection			
	2025	2026	2027	2028	2029	2030	2031		2032	2033	2034	2035
Public debt	83.3	100.5	95.4	93.2	89.2	85.7	82.7		79.8	76.9	73.8	70.7
Change in public debt	0.1	17.2	-5.1	-2.2	-4.0	-3.5	-3.0		-2.9	-3.0	-3.0	-3.1
Contribution of identified flows	-2.2	1.8	-1.2	-0.8	-2.9	-3.0	-2.7		-2.5	-2.6	-2.7	n.a.
Primary deficit	8.8	6.5	3.0	0.3	-0.6	-1.3	-1.4		-1.4	-1.4	-1.6	-1.8
Noninterest revenues	16.8	16.9	17.3	19.1	20.0	20.8	20.9		20.9	21.0	21.1	21.3
Noninterest expenditures	25.6	23.4	20.3	19.3	19.4	19.5	19.4		19.6	19.5	19.5	19.4
Automatic debt dynamics	-11.1	-4.1	-3.9	-0.9	-2.4	-1.8	-1.3		-1.3	-1.2	-1.1	n.a.
Real interest rate and relative inflation	-9.0	-6.7	-5.4	-0.4	-0.1	0.7	0.9		0.8	0.7	0.8	n.a.
Real interest rate	-12.4	-9.5	-10.4	-2.2	-1.8	-0.4	0.1		-0.1	-0.1	-0.1	-0.1
Relative inflation	3.4	2.8	5.0	1.8	1.6	1.1	0.8		0.9	0.9	0.9	n.a.
Real growth rate	1.3	2.6	1.5	-0.5	-2.3	-2.5	-2.3		-2.0	-2.0	-1.9	-1.8
Real exchange rate	-3.4	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		n.a.	n.a.	n.a.	n.a.
Other identified flows	0.0	-0.5	-0.3	-0.2	0.1	0.1	0.1		0.1	0.1	0.1	0.1
Contingent liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0
(minus) Interest Revenues	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0
Other transactions	0.0	-0.5	-0.3	-0.2	0.1	0.1	0.1		0.1	0.1	0.1	0.1
Contribution of residual	2.3	15.4	-4.0	-1.4	-1.0	-0.5	-0.3		-0.3	-0.4	-0.4	n.a.
Gross financing needs	18.6	15.1	11.0	8.9	7.9	7.8	10.4		9.3	10.3	9.9	10.3
of which: debt service	9.8	8.6	8.0	8.6	8.5	9.1	11.8		10.7	11.8	11.5	12.2
Local currency	3.9	3.5	3.7	4.5	4.9	5.6	6.2		6.7	7.8	7.4	7.9
Foreign currency	5.7	5.1	4.3	4.1	3.6	3.4	5.2		3.6	3.6	3.8	3.9
Memo:												
Real GDP growth (percent)	-1.6	-3.0	-1.5	0.5	2.5	2.9	2.7		2.5	2.5	2.5	2.5
Inflation (GDP deflator; percent)	19.9	16.6	16.0	6.8	6.6	5.1	4.5		4.6	4.8	4.8	4.8
Nominal GDP growth (percent)	18.0	13.1	14.2	7.3	9.3	8.2	7.3		7.3	7.4	7.5	7.5
Effective interest rate (percent)	2.3	3.7	4.2	4.3	4.5	4.7	4.6		4.5	4.6	4.7	4.7

Contribution to Change in Public Debt



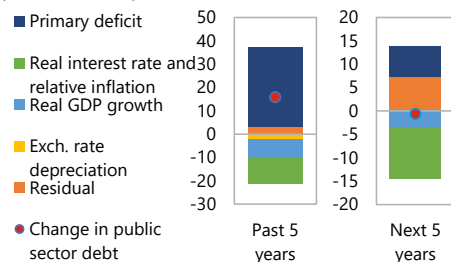
Public debt is projected to decline by about 30 percent of GDP between 2026–2035, reflecting the baseline assumptions of strong adherence to fiscal discipline envisaged under the IMF program. High inflation is expected to lead to a sizable drop in public debt ratios over the near term. Efforts to deepen domestic capital markets and boost exports and productivity remain essential to mobilize domestic saving, strengthen reserves, and improve prospects of international market re-access, which in turn would strengthen debt-servicing capacity and lower effective interest rates.

Table 5. Bolivia: Realism of Baseline Assumptions

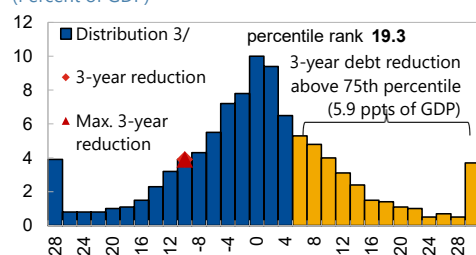
Forecast Track Record 1/	t+1	t+3	t+5	Comparator Group:
Public debt to GDP				Emerging Markets, Non-Commodity Exporter, Program
Primary deficit				
r - g				
Exchange rate depreciation				
SFA				
	real-time	t+3	t+5	

Historical Output Gap Revisions 2/**Public Debt Creating Flows**

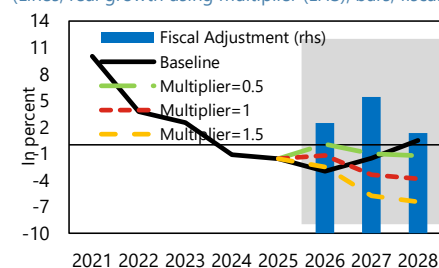
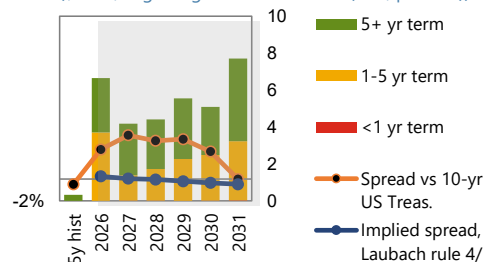
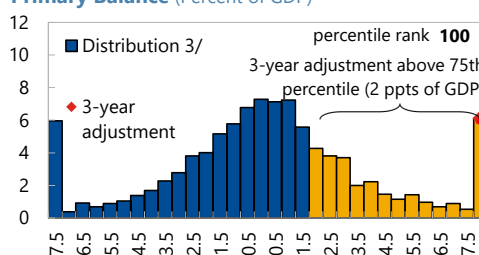
(Percent of GDP)

**3-Year Debt Reduction**

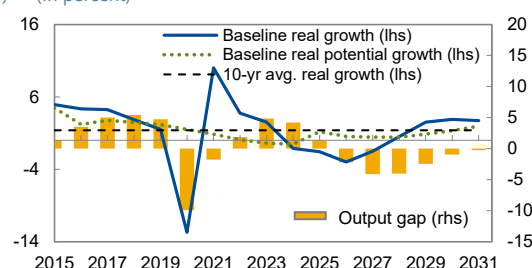
(Percent of GDP)

**Fiscal Adjustment and Possible Growth Paths**

(Lines, real growth using multiplier (LHS); bars, fiscal adj. (RHS))

**Bond Issuances** (Bars, debt issuances (RHS, %GDP); lines, avg marginal interest rates (LHS, percent))**3-Year Adjustment in Cyclically-Adjusted****Primary Balance** (Percent of GDP)**Real GDP Growth**

(In percent)



Bolivia's macro-vulnerabilities, accumulated over a protracted period of unsustainable policies, significantly complicate cross-country and historical risk comparisons. The track record of forecast accuracy is weak, showing persistent misses, particularly for the public debt-to-GDP ratio and the primary deficit. While the envisaged fiscal consolidation appears ambitious, it is anchored by well-identified fiscal measures (see paragraph 13 of the main text), aligns with successful stabilization episodes, and partly reflects lowering of oil prices in 2027. Achieving the projected medium-term growth will require strict avoidance of policy slippages to meet debt reduction targets.

Source : IMF Staff.

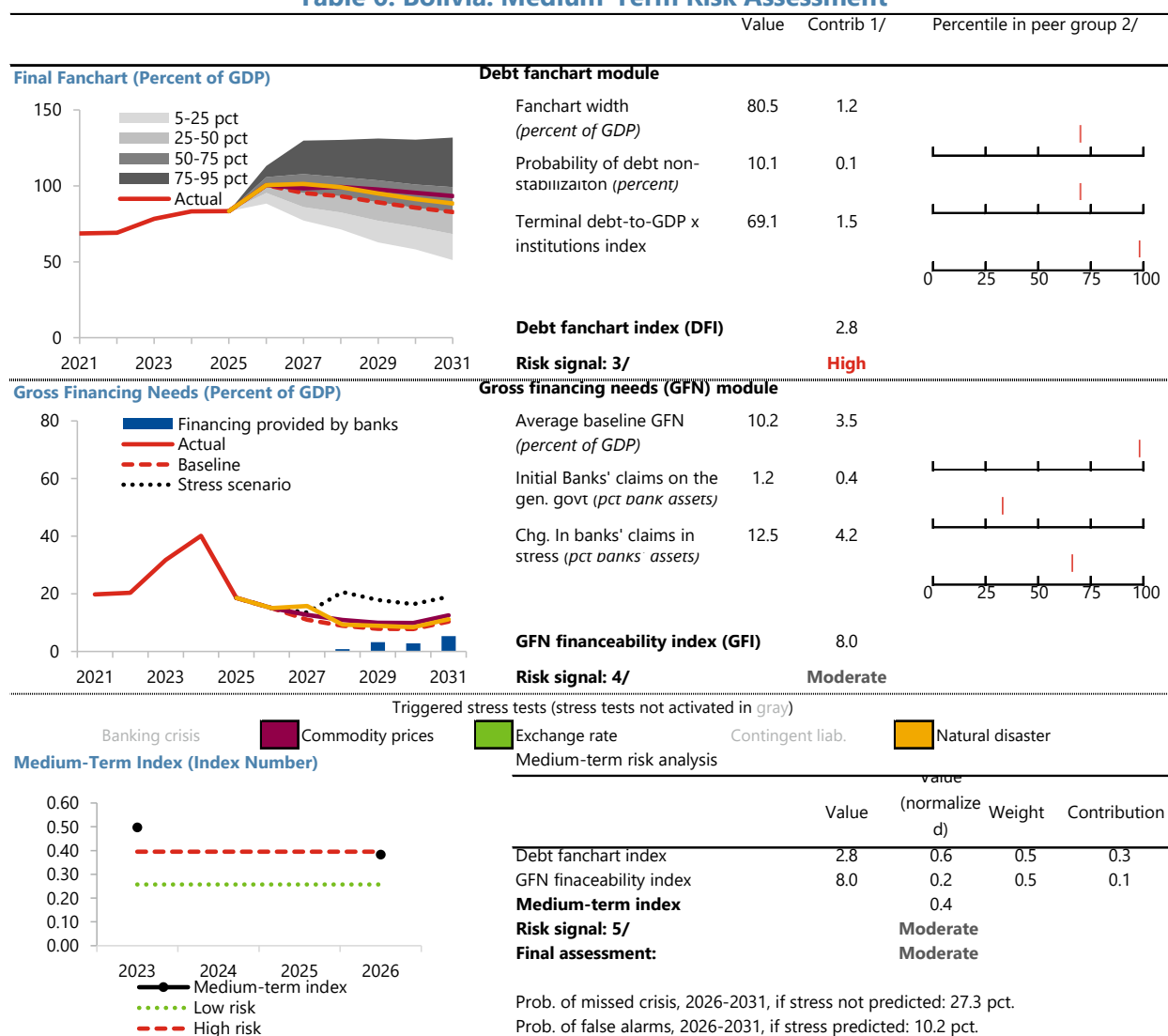
1/ Projections made in the October and April WEO vintage. Program status not used in creating comparator group due to lack of data.

2/ Calculated as the percentile rank of the country's output gap revisions (defined as the difference between real time/period ahead estimates)

3/ Data cover annual observations from 1990 to 2019 for MAC advanced and emerging economies. Percent of sample on vertical axis.

4/ The Laubach (2009) rule is a linear rule assuming bond spreads increase by about 4 bps in response to a 1 ppt increase in the projected debt-to-GDP ratio.

Table 6. Bolivia: Medium-Term Risk Assessment



Bolivia's medium-term risk analysis yields a final assessment of moderate overall risk. The Debt Fanchart module flags a high risk, driven by the terminal debt-to-GDP x institutions index along with the fanchart width, while the GFN module signals a moderate risk. Under the program scenario, the projected decline in debt-to-GDP ratio—contingent on full implementation of fiscal measures—supports an improvement in fiscal risks over the medium term. GFN is projected to improve reflecting continued fiscal consolidation and relatively low refinancing pressures associated with concessional debt and public sector-held securitites. The overall moderate risk profile critically depends on Bolivia's ability to restore access to external financing, expected in the context of an IMF arrangement. Immediate policy action is necessary to secure this financing and ensure the viability of the baseline projections.

Source: IMF staff estimates and projections.

1/ See Annex IV of IMF, 2022, Staff Guidance Note on the Sovereign Risk and Debt Sustainability Framework for details on index calculation.

2/ The comparison group is emerging markets, non-commodity exporter, program.

3/ The signal is low risk if the DFI is below 1.13; high risk if the DFI is above 2.08; and otherwise, it is moderate risk.

4/ The signal is low risk if the GFI is below 7.6; high risk if the DFI is above 17.9; and otherwise, it is moderate risk.

5/ The signal is low risk if the GFI is below 0.26; high risk if the DFI is above 0.40; and otherwise, it is moderate risk.

Table 7. Bolivia: Climate Change: Adaptation

Large amortizations

Pensions

Climate change: Adaptation

Natural Resources

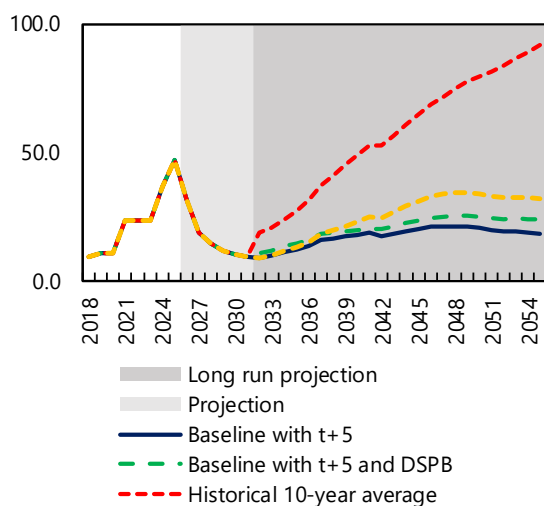
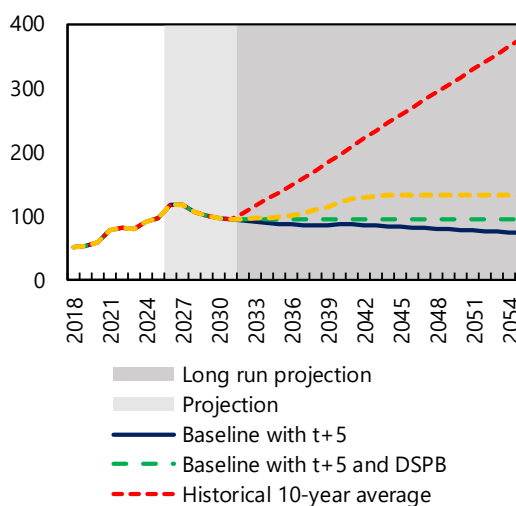
Health

Climate change: Mitigation

Long-Term Risk Assessment: Large Amortization Incl. Custom Scenario

Projection	Variable	Risk Indication
Medium-term extrapolation	GFN-to-GDP ratio	
	Amortization-to-GDP ratio	
	Amortization	
Medium-term extrapolation with debt stabilizing primary balance	GFN-to-GDP ratio	
	Amortization-to-GDP ratio	
	Amortization	
Historical average assumptions	GFN-to-GDP ratio	
	Amortization-to-GDP ratio	
	Amortization	
Overall Risk Indication		

Variable	2031	2032 to 2036 average	Custom Scenario
Real GDP growth	2.7%	2.5%	2.6%
Primary Balance-to-GDP ratio	2.8%	2.9%	2.9%
Real depreciation	-2.3%	-1.8%	0.0%
Inflation (GDP deflator)	4.6%	4.6%	3.0%

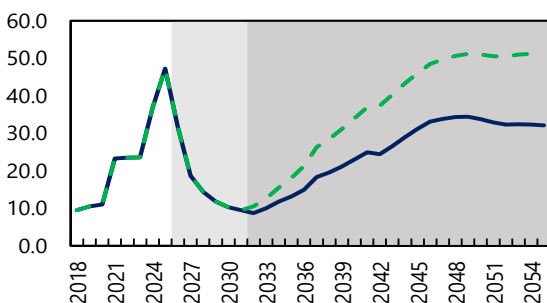
GFN-to-GDP Ratio**Total Public Debt-to-GDP Ratio**

The large debt amortizations module shows an increase in GFN and debt relative to GDP with baseline scenarios well below historical 10-year averages.

Table 8. Bolivia: Natural Resources

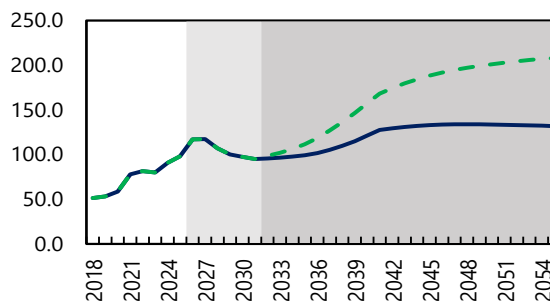
Natural Resources

GFN-to-GDP Ratio



Baseline: Custom Natural Resources

Total Public Debt-to-GDP Ratio



Baseline: Custom Natural Resources

Bolivia's natural resource sector faces significant structural headwinds. A secular decline in natural gas resources and export value since 2014 has drastically reduced tax and non-tax revenue and led the country to become a net fuel importer in 2022. Despite the promise of future exploration, associated upfront capital costs and uncertain revenue streams will critically raise both the GFN and public debt paths above the baseline. To neutralize this adverse trajectory, Bolivia should mobilize domestic revenue from new sources, including by capitalizing on the exploration of other resources, such as lithium. This requires decisive policy to attract greater FDI, drive meaningful economic diversification, and remove other supply-side constraints, which will be critical to secure domestic revenue mobilization and, thereby, fiscal stability.

Annex IV. Capacity Development Strategy¹

This Capacity Development (CD) Strategy Note sets out the Fund's approach to supporting Bolivia's EFF-supported program under acute macroeconomic challenges and binding implementation capacity constraints. CD is therefore deployed as a central instrument to aid program implementation, with a focus on execution-oriented, hands-on engagement in macro-critical areas during the early phase of the arrangement, and sequencing more complex reforms to later stages as implementation capacity strengthens.

A. Context

- 1. The new administration launched a broad shift in economic policy settings aimed at restoring macroeconomic stability and laying the foundations for sustainable, inclusive growth.** The reform program is centered on restoring fiscal sustainability and credibility while protecting vulnerable populations, transitioning towards a market-determined exchange rate and a new monetary policy framework, fostering private investment and formalization, and strengthening governance and transparency. These goals provide the broader policy context for the CD agenda described in this annex, including the Fund's support for strengthening institutional capacity in key macroeconomic, financial sector, and governance areas.
- 2. The technical foundations for the current reform agenda have been established through sustained Fund-provided CD efforts (Table 2).** These efforts have increasingly become integrated with the authorities' broader reform agenda and now provide an important foundation for implementation of the EFF-supported program. Coordinated engagement by the Fund has underpinned progress across fiscal, monetary, financial, and statistical institutions. Recent diagnostics also suggest that sustained Fund CD has delivered tangible improvements in institutional capacity, systems and core processes, including in revenue administration, public financial management, and statistical compilation. The November 2025 Tax Administration Diagnostic Assessment Tool (TADAT) points to progress in digital infrastructure and core revenue administration functions, while the Public Expenditure and Financial Accountability (PEFA) and other public financial management (PFM) diagnostics continue to highlight weaknesses in expenditure control, commitment management, and budget credibility. Experience suggests that progress has been least durable in areas requiring sustained institutional ownership and stable staffing—notably VAT refund integrity, compliance risk management, and SOE fiscal risk monitoring—underscoring the importance of continued implementation support and close engagement in these areas.
- 3. Building on these foundations, Fund CD under the program will both deepen support in longstanding areas of engagement and address new institutional demands arising from the reform agenda.** Existing workstreams—including revenue administration, PFM, fiscal risk oversight,

¹ This country strategy note and the attached table matrix illustrate the integration of CD and program objectives, guided by key recommendations in the IMF Board Paper [2018 Review of the Fund's Capacity Development Strategy](#). The acronyms in the note refer to the following IMF CD providers: Fiscal Affairs Department (FAD), Institute for Capacity Development (ICD), Monetary and Capital Markets Department (MCM); Statistics Department (STA); and Legal Department (LEG).

governance, and macroeconomic statistics—will continue to support implementation of core program objectives. At the same time, the transition to a market-determined exchange rate, the introduction of a new monetary policy framework, and the modernization of central bank operations create significant new CD needs, particularly in monetary operations, liquidity management, FX operations and intervention frameworks, and related institutional and legal arrangements. The remainder of this annex discusses these CD priorities.

B. CD Priorities

4. Given binding capacity constraints, CD priorities are sequenced to support program implementation. Recent CD delivery has already supported implementation of key program reforms in tax policy, safeguards-related central bank work, and fiscal risk analysis, providing a foundation for the next phase of engagement. In the near term (first 12–18 months), CD focuses on macro-critical areas—notably PFM and revenue mobilization, and the transition to a market-determined exchange rate and new monetary framework—including safeguards-related support such as central bank balance sheet stress testing and legal reforms to strengthen central bank mandate, autonomy, governance, accountability, and transparency. These priorities are closely aligned with program prior actions and early conditionality. More complex reforms with longer-term payoffs, including financial market development, pension reform, and sectoral regulatory changes—are deferred to later phases and will be pursued selectively as implementation capacity strengthens. Key CD priorities are outlined below:

- PFM and Expenditure Policy:** Over the past several years, Bolivia faced persistent fiscal deficits exceeding 10 percent of GDP while facing challenges in fully integrating medium-term macro-fiscal forecasts into budget preparation and fiscal decision-making. While annual budgeting is informed by the authorities' Fiscal Financial Program (PFF), further work is needed to strengthen the medium-term fiscal framework and its integration with budget preparation and fiscal risk management. CD will prioritize strengthening budget formulation, expenditure controls, treasury management, and arrears monitoring to prevent the accumulation of new obligations that exceed available financing. Complementary CD on public investment management will support a reorientation of fiscal consolidation towards more growth-friendly expenditure, informed by evidence on investment quality and multipliers. CD is also envisaged to support the authorities in implementing expenditure policy reforms, in particular reforms related to the phaseout of energy subsidies. Development partners, particularly the World Bank and IDB, will play a critical role in supporting these reforms. Fund CD will complement these efforts by supporting macro-critical fiscal frameworks, fiscal sustainability considerations and institutional capacity development. Close coordination among the Fund, World Bank, and IDB will be essential to ensure consistency across reform design, implementation, and evaluation. Together, these efforts support the program's fiscal framework reforms, including the publication of a fiscal strategy and the development of an MTF to guide budget preparation and strengthen fiscal risk management. A Public Financial Management diagnostic mission planned for September 2026 will help identify priority reform areas, including options to strengthen integration between medium-term fiscal forecasts and the budget process, and support the development of a sequenced medium-term PFM reform agenda that will guide

future Fund CD engagement. Recent CD engagement has also focused on supporting the authorities' efforts to strengthen the fiscal framework for energy pricing reforms. A TA mission on fuel subsidy reform is envisaged for September 2026 to complement ongoing work on expenditure policy, fiscal sustainability, and social protection. Given elevated uncertainty around oil prices, growth, and financing conditions, strengthening contingency planning will be critical to ensure fiscal targets remain achievable. In addition, given the central role of social protection in sustaining the reform effort, CD coordination with development partners should also support implementation of the legal framework for a unified social registry, including data-sharing arrangements, means-tested eligibility criteria, and institutional coordination mechanisms.

- **Revenue Mobilization and Tax Policy:** Hydrocarbon revenues are declining rapidly, eroding the fiscal base and increasing the urgency of mobilizing non-hydrocarbon revenue. The objective of revenue administration CD is to implement the 2025 TADAT recommendations—with a focus on compliance risk management, large taxpayer oversight, and VAT refund integrity. Separately, CD will support improvements in the operational governance of customs administration, based on a dedicated diagnostic and follow-up engagement. These efforts are consistent with the authorities' objective to strengthen compliance and base broadening in the near term. CD will emphasize establishing durable institutional processes and risk-based compliance systems, recognizing that revenue gains will materialize gradually in the context of weak economic activity and elevated uncertainty. On tax policy, CD will support the authorities in identifying and sequencing reform priorities to mobilize additional revenue, increase efficiency, and enhance progressivity, building on the March–April 2026 tax policy scoping mission, which identified short- and medium-term TA priorities and developed a phased multi-year TA program. More recently, follow-up TA has focused on reviewing tax incentives and investment-related tax expenditures, with the objective of strengthening revenue mobilization while supporting private sector development. Together, this CD supports the program's medium-term revenue measures by helping deliver the projected gains in non-hydrocarbon revenue needed to sustain fiscal targets once the scope for expenditure-led adjustment is exhausted. The timing of tax policy reforms will need to be carefully sequenced, consistent with program plans to introduce major measures in later program years. In line with the program, CD will support the development and adoption of a Domestic Revenue Mobilization Strategy as a structural benchmark under the program—including tax policy and revenue administration measures—to raise revenue in line with medium-term fiscal targets.

- **Monetary and Macprudential Policies and Central Bank Operations:** The central bank currently faces significant challenges in liquidity management and needs to adapt and improve its framework for targeting base money. Monetary and macroprudential CD will focus on supporting the BCB in establishing a clearly articulated transitional monthly base money targeting framework for 2026. This will be supported by an improvement in short-term money market functioning and new liquidity management instruments—such as competitive auctions for shorter maturity instruments and effective overnight deposit facilities—as well as improvements in liquidity forecasting and the calibration of operating instruments. To support the transition to a market-determined exchange rate, CD will also prioritize the development of FX market infrastructure, including the establishment of a transparent FX reference rate

methodology consistent with international standards and the articulation of a formal FX intervention framework. Recent TA has advanced preparatory work for central bank balance-sheet stress testing and implementation of safeguards recommendations. Future engagement will continue to focus on liquidity management, FX operations, monetary policy implementation, and strengthening central bank analytical and operational capacity during the transition to the new framework. Furthermore, CD will support safeguards-relevant reforms, including strengthened fiscal–monetary coordination and reporting frameworks consistent with the findings of the safeguards assessment, and legal reforms to enhance central bank autonomy. Together, these efforts directly support program goals on base money targeting and exchange rate liberalization, as well as the indicative target on base money and the quantitative performance criterion on net international reserves, while helping to anchor inflation. CD will also support the orderly unwinding of legacy central bank obligations, including CPVIS operations, in line with program monetary and reserve objectives.

- Financial Supervision, Regulation and Crisis Management:** The financial system faces elevated risks from household and corporate sector balance sheet weaknesses, as well as vulnerability to liquidity shocks. Official financial indicators likely understate underlying vulnerabilities due to gaps in supervisory practices and data quality. Financial sector CD will focus on strengthening system-wide solvency and liquidity stress testing and establishing clear guidance for bank recovery planning, reviewing the Emergency Liquidity Assistance framework, and reinforcing the Deposit Insurance Fund to safeguard financial stability and limit fiscal contingent liabilities under stress scenarios. Consistent with the program, reforms will also support the alignment of key Deposit Insurance Fund scheme features with IADI Core Principles, including shorter payout periods, formal cooperation arrangements, an emergency back-up facility, and appropriate limits on the use of fund resources. Given significant data gaps and regulatory opacity, early CD will prioritize diagnostics—including asset quality reviews and system-wide stress testing—to ensure that subsequent supervisory reforms are based on reliable information. In line with the program, this work will include initiating independent asset quality reviews at least for systemic banks based on terms of reference aligned with international best practices and coordinated with Fund staff. These priorities are closely aligned with follow-up to the 2024 FSAP and directly support structural benchmarks on system-wide stress testing, bank resolution planning, and crisis management frameworks, which are essential to containing systemic risks during interest rate liberalization and exchange rate unification. CD will also support preparation of legal amendments to align capital adequacy, liquidity and resolution frameworks, treatment of problem assets, provisioning, related-party exposure rules, interest-rate risk in the banking book, and accounting standards with international guidelines and standards. In addition, CD will support legal amendments to modernize the bank resolution regime, including enhanced recovery and resolution planning requirements in line with international standards. Risks of deposit outflows and liquidity pressures underscore the need for strengthened monitoring and contingency planning. CD has also supported the establishment of an analytical working group to assess financial sector risks and enhance coordination across Council members and support the definition of clear mandates for the Financial Stability Council—including BCB, ASFI, MEFP, and APS—covering systemic risk monitoring, crisis coordination, and communication, while coordination with development

partners (including OTA, World Bank, IDB, and CAF) will be essential to avoid overlap and ensure consistency with program conditionality and absorption capacity constraints.

- **Financial Integrity and Financial and Fiscal Law Reform:** Strengthening the AML/CFT framework is a key component of the authorities' broader efforts to improve governance, enhance transparency, and mitigate money laundering and terrorism financing vulnerabilities that can undermine confidence, weaken the business environment, and discourage investment. Follow-up engagement with the Financial Intelligence Unit (UIF) will focus on strengthening analytical capacity and identifying priority TA areas to address AML/CFT weaknesses and improve the effectiveness of the framework. CD will focus on strengthening AML/CFT implementation through risk-based supervision of designated non-financial businesses and professions (DNFBPs) and reinforcing the capacity of the UIF with the aim of improving the detection, assessment, and mitigation of money laundering and terrorism financing risks. In parallel, CD will support key legal and institutional reforms, including central bank safeguards assessments to formalize BCB independence and modernization of the asset declaration regime for public officials to enhance transparency. CD in these areas will emphasize diagnostics, institutional frameworks, and technical drafting support, with broader legislative reforms proceeding in line with program conditionality and domestic processes. Together, this CD agenda underpins structural benchmarks on central bank autonomy, access to information, and AML/CFT effectiveness, which are critical for restoring confidence, and supporting sustained program implementation. This may also include support to strengthen regulatory and supervisory frameworks for virtual assets, in line with program priorities.

5. CD in statistics will be reprioritized towards program-critical monitoring needs.

Specifically, CD for Real Sector Statistics will prioritize finalizing the rebasing of national accounts to a 2017 base year as a prerequisite for credible growth projections, fiscal ratios, and debt sustainability analysis. Simultaneously, CD for External Sector Statistics focuses on ensuring high-quality and timely data for monitoring program benchmarks, particularly net international reserves and BOP dynamics. Given remaining uncertainties around public and external debt, as well as persistent gaps in BOP and government finance statistics, CD will also focus on improving debt data quality, interagency coordination, and consistency between fiscal, monetary, and external statistics in support of program monitoring and safeguards. In parallel, continued improvements in the coverage of monetary and financial statistics will support liquidity forecasting, base money targeting, and financial stability analysis under the new monetary framework. Addressing large errors and omissions in the BOP and improving data reliability will be critical for program monitoring and for reducing inconsistencies across datasets.

6. In light of program priorities and absorption constraints, CD will be selectively rebalanced over time. CD in PFM will increasingly support the authorities' efforts to strengthen fiscal sustainability, fiscal transparency, expenditure efficiency, and fiscal risk management. CD in monetary operations and central bank governance will also expand in the near term, shifting from framework design to execution of transitional base money targeting, liquidity management, and communication to anchor expectations during the exchange rate adjustment. By contrast, CD for macroeconomic statistics not directly linked to program monitoring will be streamlined, while more

complex reforms with longer-term payoffs will be deferred to later program phases as implementation capacity strengthens.

7. The resulting sequencing of CD delivery and its alignment with program objectives and conditionality is summarized in Table 1. Table 2 presents the indicative CD delivery timeline, distinguishing between frontloaded priorities and reforms that will be taken forward as capacity permits.

Table 1. Bolivia: Program Objectives, Conditionality, and Capacity Development Alignment

Program Objective	Program Conditionality	Capacity Development Contribution and Partner Roles
Restore macro-economic stability through durable fiscal consolidation	PA: Adoption of a revised 2026 budget aligned with program fiscal targets and authorizing the use of Fund resources; executive action precluding additional gross central bank credit to the NFPS. SB: Publication of a fiscal strategy consistent with program objectives. SB: Adopt a 2027 budget aligned with program objectives. SB: Prepare and share with IMF staff a Domestic Revenue Mobilization Strategy in line with program targets. SB: Prepare and publish a Medium-Term Fiscal Framework (MTFF) to guide the 2028 budget. QPC: Floor on the primary balance of the NFPS; ceiling on the accumulation of central government and SOE floating debt; floor on NFPS deposits at the central bank. CPC: Non-accumulation of new external arrears; prohibition on gross central bank credit to the NFPS; and non-introduction and non-intensification of exchange restrictions or multiple currency practices. IT: Floor on the overall balance of the NFPS.	IMF (FAD) lead. CD directly underpins attainment of fiscal SB and QPCs by strengthening budget formulation and execution, commitment and cash controls, arrears monitoring and prevention, and assisting the authorities in identifying tax policy and revenue administration measures to underpin revenue mobilization. CD also supports preparation of the fiscal strategy and MTFF, strengthens fiscal risk management (including SOE fiscal risk oversight), and improves the institutional foundations for medium-term fiscal planning. By embedding fiscal discipline in day-to-day processes, CD reduces reliance on one-off measures and supports sustained compliance with program fiscal targets. Development partners complement through financing and investment support, but Fund-led CD anchors macro-critical fiscal performance.
Protect vulnerable households while enabling front-loaded adjustment	IT: Floor on social assistance spending. SB: Submission of a legal framework for a unified social registry (end-March 2027).	World Bank / IDB lead, IMF supporting. CD enables rapid deployment, targeting, and governance of safety nets, ensuring that social ITs are met credibly while preserving political and social support for fiscal adjustment. IMF involvement ensures macro consistency and safeguards the integrity of program spending floors. CD supports the design and implementation of a unified social registry, including data-sharing arrangements and means-tested targeting, consistent with program commitments.
Rebuild external buffers and support balance of payments stabilization	QPC: Floor on net international reserves. SB: Maintain a flexible exchange rate regime, in line with the principles agreed at the program approval and consistent with adopted policy on FX interventions. SB: Publication of a detailed FX intervention framework consistent with a flexible exchange rate regime.	IMF (STA/MCM) lead. CD strengthens external sector statistics, reserve monitoring, and FX operations, ensuring that NIR targets are measured accurately and achieved through transparent, rule-based FX management. CD supports the development and operationalization of the FX reference-rate methodology and the publication and implementation of the FX intervention framework under the “discretion under constraint” (DUC) approach. By improving data quality, external sector statistics, reserve monitoring, and operational capacity, CD transforms the exchange rate regime shift into a credible mechanism for reserve accumulation. IFIs support buffer rebuilding indirectly via BOP and budget support.

Table 1. Bolivia: Program Objectives, Conditionality, and Capacity Development Alignment
(concluded)

Program Objective	Program Conditionality	Capacity Development Contribution and Partner Roles
Transition to and operationalize a new monetary policy framework	IT: Ceiling on base money. CPC: Continuous prohibition of central bank credit to government. SB: Adoption of short-term instruments needed to manage liquidity in line with the new monetary framework. SB: Publication of monthly monitoring of base money targets SB: Completion of a central bank balance-sheet stress test.	IMF (MCM) lead. CD enables the effective execution of transitional base money targeting by strengthening monetary operations, liquidity forecasting, and policy communication. CD also supports the development and operationalization of short-term liquidity management instruments and open market operations, and the monitoring and publication of base money targets, alongside coordination with fiscal authorities and strengthening of analytical capacity for forecasting and policy analysis. CD further supports central bank balance-sheet stress testing and strengthened monetary-policy communications to enhance credibility during the transition to the new monetary framework. This ensures that monetary conditionality and indicative targets are not merely observed ex post but are supported by institutional capacity that anchors inflation expectations and reinforces fiscal-monetary separation.
Safeguard financial stability during regime transition	SB: Establish an analytical working group under the auspices of the Financial Stability Council to monitor and assess systemic risks. SB: Conduct system-wide solvency and liquidity stress tests and initiate independent asset quality reviews for systemic banks; SB: Prepare detailed recovery and resolution plans for systemic banks; SB: Submit legal amendments to modernize the bank resolution regime and align prudential standards with international guidelines; Strengthen the deposit insurance framework and broader crisis-preparedness arrangements.	IMF (MCM) lead. CD supports early identification and containment of systemic risks through diagnostics, stress testing, and crisis preparedness frameworks, and recovery and resolution planning, and crisis-management arrangements, reducing the probability that financial instability undermines program targets. CD also supports high-frequency liquidity monitoring, AQR design, and strengthening regulatory and supervisory standards in line with international best practices, and enhancements to the Emergency Liquidity Assistance (ELA) framework. World Bank / IDB / OTA CD complements this through providing complementary support in deposit insurance, broader financial safety nets, and related financial sector resilience reforms, ensuring that structural benchmarks translate into credible backstops.
Strengthen governance, transparency, and core economic institutions	SB: Submission of proposed amendments to strengthen central bank autonomy and governance (end-March 2027). SB: Publication of a fiscal strategy and subsequent development of the MTFF. Additional program reforms include strengthening access-to-information frameworks, public procurement transparency, anti-corruption frameworks, and data quality for program monitoring.	IMF (FAD/LEG/STA) lead. CD embeds transparency, legal safeguards, and data integrity into core institutions, directly supporting program credibility, safeguards, and sustained compliance with conditionality. CD also supports central bank safeguards-related reforms, strengthening BCB governance and accountability, fiscal transparency (including fiscal reporting and MTFF development), and improvements in data quality and statistical systems for program monitoring. World Bank engagement complements broader governance reforms, reinforcing accountability and public trust.
Lay the institutional foundations for medium-term growth and resilience	Program reform steps: Elimination of export controls; strengthened regulatory and tax frameworks for hydrocarbons, mining, and lithium; enhanced oversight of crypto assets; strengthened AML/CFT legislation and implementation; access-to-information, procurement, anti-corruption, property rights, contract enforcement, collateral registry, bankruptcy, and labor-market reforms.	WB/IDB/CAF lead. CD supports sectoral regulation, SOEs, investment climate, and labor markets—critical for medium-term growth but implementation intensive. IMF CD remains focused on macro-critical elements (tax/customs administration, AML/CFT effectiveness, virtual asset oversight governance anchors), ensuring that growth-oriented reforms reinforce, rather than dilute, macroeconomic stabilization. World Bank, IDB, CAF, and other partners will also support broader governance and competitiveness reforms identified in the program, including work related to anti-corruption, judicial and contract enforcement issues, hydrocarbon and mining regulatory frameworks.

C. Engagement Strategy

8. The success of Bolivia's EFF arrangement hinges on the administration's capacity to absorb complex technical advice in a context of elevated macroeconomic uncertainty. While the authorities possess a core of high-level technical expertise, implementation capacity remains uneven across institutions, warranting differentiated CD modalities. Fund support focuses on

institutionalizing capacity through hands-on training, standardized operating procedures, and continuous virtual follow-up.

9. Sustained authorities' buy-in requires balancing high-level political commitment with technical execution. The Fund maintains dialogue with senior policymakers to align CD priorities with the government's economic vision and reduce reform fatigue. The Resident Representative's office in La Paz supports real-time implementation monitoring and helps keep CD responsive to changing conditions. Internally, the Fund coordinates across departments and with other IFIs (¶10) to avoid duplication, sequence reforms effectively, and frontload priority actions ahead of program review test dates.

10. Given the multifaceted nature of the crisis, the Fund operates within a "multi-partner" ecosystem in which CD interventions are explicitly sequenced to avoid duplication and cross-conditionality, while maximizing marginal impact. This sequencing underpins close coordination with IFIs, bilateral partners, and development agencies.

- *World Bank:* The World Bank leads the design and implementation of targeted social safety nets—a structural benchmark under the EFF—ensuring that fiscal savings from fuel subsidy reform are redirected to protect vulnerable households. The World Bank also provides specialized expertise in financial sector safety nets, including deposit insurance and resolution frameworks, complementing the Fund's work on banking supervision and crisis management.
- *IDB:* The IDB is a key partner in strengthening PFM and expenditure policy, enhancing tax and customs administrations, and improving social safety nets while removing barriers to private investment and productivity. By leading the 2025 PEFA assessment, the IDB provided a critical roadmap for improving transparency and public investment efficiency within a tight fiscal environment. This collaboration extended to identifying infrastructure bottlenecks to support forthcoming PIMA recommendations, complemented by IDB-financed digitalization of tax and customs administrations.
- The Fund's CD is further coordinated with bilateral partners and UN agencies to ensure coverage beyond its core areas. European partners—including EU programs, Germany/GIZ, and Switzerland/SECO—provide complementary TA in financial supervision, AML/CFT, and public sector governance, while UNDP supports institutional strengthening and macro-fiscal capacity building. The U.S. Treasury's Office of Technical Assistance (OTA) provides extensive support to the financial supervisor, including in risk-based supervision, resolution frameworks, cybersecurity, and financial stability analysis. The breadth of ongoing partner support—from OTA, the World Bank, and the IDB—underscores the need for careful prioritization and coordination, consistent with near-term absorption capacity.

Table 2. Bolivia: Past IMF Technical Assistance Missions, 2021–26 (August)

FAD: Public Financial Management	
Medium-Term Fiscal Framework	Oct-2021
Medium-Term Fiscal Framework	Jun-2022
Fiscal Risks, including those from SOEs	May-2022
Treasury payment control	Oct-2022
Treasury Management	Feb-2023
Treasury Management: Relations with Central Bank	Nov-2023
Cash Management and Treasury Single Account	Nov-2023
Fiscal Risks, including those from SOEs	Sep-2024
SOE monitoring and evaluation training	Jul-2026
Fuel subsidy reform support	Sep-2026
Strengthening Budget Processes and Public Financial Management	Sep-2026
FAD: Revenue Administration	
Taxpayer Registration	Aug-2021
Online analytical processing tool for compliance risk management	Apr-2022
Audit Plan 2023	Oct-2022
Management risks evaluation	Jan-2023
Tax arrears management	Feb-2023
Taxpayers' account, returns processing	Apr-2023
Risk Management	Sep-2023
Tax and Customs – merge assessment	Oct-2023
Tax arrears	Oct-2023
Tax audit	Dec-2023
Workshop on Tax Compliance and CRM	Dec-2023
Compliance risk management – mining sector focus	Nov-2024
Monitoring implementation of FAD recommendations and CD needs	Sep-2024
Strengthen managers' knowledge of compliance risk management	Jan-2025
Tax compliance risk management	Feb-2025
Tax refund scheme for exporters	Jan-2025
Tax refund scheme for exporters	Mar-2025
Tax administration's Audit Manual update	Jun-2025
Tax compliance strategy for the mining sector	Jun-2025
TADAT mission	Jul-2025
Support in the Preparation of the SIN Strategic Plan for 2026–2030	Mar-2026
Workshop on tax administration good practices and tax administration 3.0	Apr-2026
Support in the Preparation of the SIN Strategic Plan for 2026–2030 (Follow-up Mission)	May-2026

Table 2. Bolivia: Past IMF Technical Assistance Missions, 2021–26 (August) (concluded)	
Support in the Restructuring of the Large Taxpayers Unit (GRACO)	Aug-2026
FAD: Tax Policy	
Progressive PIT and digital taxation	Jul-2023
Review of the Tax Code	Jun-2023
Review of the Tax Code	Nov-2023
Legislation updated / harmonized	Mar-2024
Tax incentives reforms	Jul-2026
MCM: Central Bank Operations	
Forecasting currency in circulation	Feb-2025
Central bank balance-sheet stress testing	Jul-2026
MCM: Debt Management	
Medium-Term Debt Management Strategy	Jan-2024
Yield curve development	Feb-2024
Local currency bond market development	Jul-2024
MCM: Payments, Currencies, and Infrastructure	
CBDC feasibility study workshop – Phase I	Nov-2024
STA: Government Finance Statistics	
Government Finance Statistics	Nov-2021
STA: Real Sector Statistics	
Quarterly National Accounts and GDP rebasing	Feb-2025
Quarterly National Accounts and GDP rebasing	Jul-2025
Residential Property Price Index (RPPI)	Apr-2026
STA: External Sector Statistics	
External Sector Diagnostic	Apr-2026
ICD: Macroeconomic Frameworks and Analysis	
Macroeconomic Frameworks	Nov-2024
Macroeconomic Frameworks	Jul-2025
Macroeconomic Frameworks	Jul-2026
LEG-FIN-MCM: Central Bank Legal and Governance Reforms	
Strengthening the Legal Framework and Governance of the Central Bank of Bolivia	Aug-2026
LEG: Fiscal and Public Financial Management Law	
Diagnostic of the Public Financial Management Legal Framework	Aug-2026

Appendix I. Letter of Intent

La Paz, September 22, 2026

Ms. Kristalina Georgieva
Managing Director
International Monetary Fund
Washington, DC 20431

Dear Ms. Georgieva,

The Government of Bolivia is implementing a comprehensive economic reform program following a historic political transition. Upon assuming office in November 2025, we faced a challenging macroeconomic landscape characterized by declining output, reduced international reserves, pronounced foreign exchange market pressures, high inflation, and frequent shortages of fuels and vital imports. Furthermore, we inherited a substantial fiscal deficit and debt burden, largely attributable to persistent overspending, limiting access to external financing and, together with supply-side constraints, impairing the business environment and crowding out private investment.

In a clear break from past policies, our administration is fully committed and has already begun implementing the necessary measures to safeguard public debt sustainability, strengthen Bolivia's monetary and exchange rate frameworks to reduce inflation and rebuild international reserves, reinforce the social safety net to protect the purchasing power of vulnerable households, and enhance financial supervision and regulation to preserve financial stability. Early actions include fiscal consolidation measures such as the phasing out of fuel subsidies, the expansion of cash transfers to vulnerable households, and the transition to a more flexible exchange rate framework. We will eliminate price distortions, enhance operational efficiency in tax and regulatory frameworks in key sectors, and strengthen governance and transparency. Together, these measures will foster private investment, curb informality, protect the most vulnerable, and help unlock Bolivia's considerable economic potential.

To help us meet these objectives, we request IMF assistance through a 36-month extended arrangement under the Extended Fund Facility (EFF) in the amount of SDR 1,368.570 million (570 percent of Bolivia's IMF quota), including an initial purchase of SDR 156.065 million (65 percent of quota) upon approval. The arrangement will help rebuild Bolivia's international reserves, with inflows during the first two years of the program provided in the form of budget support. Importantly, it will also support our efforts to restore macroeconomic stability and foster a strong, job-rich recovery that creates opportunities for all Bolivians, including the most vulnerable, while catalyzing substantial additional financing from other multilateral and bilateral partners.

The attached Memorandum of Economic and Financial Policies (MEFP) and accompanying Technical Memorandum of Understanding (TMU) outline our reform program and policy targets for 2026–29 which, consistently with Article 320 of the Bolivian Constitution, are not imposed by any

organization, entity, group of individuals, or institution. We are fully committed to these policies and are confident that they are consistent with the objectives of the EFF-supported program. We stand ready to adopt additional measures as needed to achieve these objectives, including further fiscal, monetary, or financial actions in response to adverse shocks, in coordination with IMF staff. Likewise, in line with Fund policies, we will discuss with IMF staff in advance on any such measures and before making any substantive changes to the policies set out in the MEFP, to ensure alignment with EFF goals. We will also provide IMF staff, on a timely basis, with all information necessary to complete program reviews and monitor performance, in accordance with the TMU.

The Banco Central de Bolivia (BCB) completed an updated safeguards assessment in August 2026, and its recommendations will be implemented in support of the objectives of the EFF program, as set out in the MEFP, notably measures to strengthen the BCB's governance, transparency, autonomy, and accountability. Furthermore, we will establish a memorandum of understanding between the BCB and the Ministry of Economy and Finance to clarify responsibilities for timely servicing financial obligations to the IMF.

We also commit to observing Article VIII of Fund's Articles of Agreement concerning the non-imposition or intensification of exchange restrictions or the introduction or modification of multiple currency practices, and to not conclude bilateral payment agreements inconsistent with our obligations. We will not impose or intensify import restrictions for balance of payments reasons. To facilitate monitoring of these criteria, we welcome an Article VIII assessment ahead of the second review.

Under Bolivia's Constitution, prior congressional approval is required for external financing, including from the IMF. The requested IMF financial support was approved through Law No. 1765, enacted on September 18, 2026.

Consistent with our commitment to transparency in government operations, we consent to the publication of this letter, its attachments, and the associated Staff Report and its attachments.

Finally, we wish to express our appreciation for your continued support to Bolivia as we restore macroeconomic stability and promote inclusive growth for the benefit of all its citizens.

Sincerely yours,

Attachments: 2

/s/

Christian Andrés Morales Burgos
Minister
Ministry of Economy and Finance, Bolivia

/s/

David Iván Espinoza Torrico
Interim President
Central Bank of Bolivia

Attachment I. Memorandum of Economic and Financial Policies

September 22, 2026

This memorandum summarizes recent macroeconomic developments and outlines the critical challenges currently confronting the Bolivian economy. Building on this analysis, it details decisive policy actions and structural reforms we commit to implementing under our 36-month Extended Fund Facility (EFF) arrangement with the IMF, designed to restore external stability, achieve durable fiscal and debt sustainability, and support inclusive and robust economic growth.

1. **Bolivia's new administration is rebuilding the economy after inheriting deep fiscal and external imbalances, high inflation, and distortions in the foreign exchange market.** These challenges underscore the need for a comprehensive economic recovery strategy aimed at restoring macroeconomic stability, rebuilding confidence, and laying the foundations for sustainable growth for the benefit of the Bolivian people.
2. **Within the framework of Law No. 74 of December 12, 1949, Bolivia, as a member of the IMF, requested Fund support to advance this economic recovery strategy.** The policies and reforms described in this memorandum are sovereign decisions of the Bolivian government and reflect its commitment to the Bolivian people and to the institutions of which Bolivia is a member to restore macroeconomic stability, promote sustainable growth, and improve living standards. The memorandum sets out key reform efforts supported by the Fund, as well as the quantitative and indicative targets that guide Bolivia's reorientation of its economic policies. These reforms are not imposed by any organization, entity, group of individuals, or institution. Recognizing that sustained political and social support will be critical to reform success, we are committed to fostering such support through inclusive social dialogue.

A. Context

3. **Our administration took office on November 8, 2025, inheriting an economy facing its most severe crisis since the 1980s.** The policies of the previous administration created systemic vulnerabilities, characterized by persistent overspending, a fundamental failure to adapt to the secular decline in natural gas production, and unchecked monetary financing of large fiscal deficits. In 2025, the fiscal deficit reached 11 percent of GDP, monetization reached 7 percent of GDP (or US\$4.4 billion), and public debt rose to over 80 percent of GDP. The fiscal deficit, amplified by the rising cost of fuel subsidies, and diminishing foreign currency inflows led to the depletion of foreign exchange buffers, amid an overvalued exchange rate peg. This critically undermined the Central Bank of Bolivia (BCB)'s balance sheet, exposing the national economy to extreme external vulnerability and generating scarcity of fuels and other basic goods. As the BCB lost its capacity to support the official exchange rate, a significant gap opened between the official and parallel exchange rate, as international reserves remained critically low, constraining foreign currency liquidity.

4. These policy-driven imbalances, along with structural impediments to investment and growth, resulted in a severe recession and plummeting real incomes of Bolivian households.

Real GDP contracted by 1.6 percent in 2025, a second year of recession, and economic activity is expected to weaken further in 2026, before stabilizing. Although unemployment rates have been declining, underemployment (part-time and informal jobs) has been trending up since the Covid-19 pandemic. Inflation peaked at record high levels in 2025, particularly in food, posing deep social challenges, notably for the most vulnerable households. The macro-stabilization policies described below were successful in driving down inflation and providing greater stability to the foreign exchange market during the first half of 2026. Nevertheless, risks remain that further relative price adjustments—particularly from fuel pricing reforms—could generate renewed inflationary pressures and create significant social risks.

5. Since taking office, our administration has taken several measures to steady public finances, reduce inflation, transition to a more flexible exchange rate regime, and restore confidence. We jump-started a frontloaded fiscal consolidation in December 2025 centered on the phasing-out of costly and poorly targeted fuel subsidies and improving public spending efficiency, while expanding social assistance to protect the most vulnerable and raising the minimum wage. These measures are reflected in the revised 2026 budget, approved by the Legislative Assembly in July 2026. The BCB halted new monetary financing and tightened domestic liquidity conditions to control inflation. The country has also taken steps towards a more flexible exchange rate regime, starting with the publication of a reference (market) exchange rate and subsequent unification of the official and reference exchange rates. Favorable export prices, financial support from multilateral lenders, and a liability management operation helped sustain foreign currency needs in the first months of the administration, supporting a normalization of fuel provision, enabling the timely servicing of external debt, and paving the way to the issuance of a US\$1 billion Eurobond that bolstered international reserves. Foreign currency deposits in the banking system have been returned to small depositors and are gradually being returned to other households and to firms. Measures have also been taken to increase transparency, improve communication, and enhance the business environment. Most critically, we are initiating a major policy shift to bring back private sector initiative to the center of the economy, investment, and job creation, including in the hydrocarbon sector through clearer regulatory frameworks, necessary for reviving exploration and stemming the decline in gas production. These multi-faceted actions, as well as efforts to rekindle ties with the rest of the world, notably foreign investors and commercial partners, have been important to improve sentiment and build the foundational groundwork for long-term structural reform for the benefit of all Bolivians.

B. Objectives, Outlook, and Risks

6. We are undertaking the structural and fiscal adjustments necessary to secure macroeconomic stability. Our economic program is centered on realigning the fiscal position to safeguard debt sustainability, while protecting vulnerable populations, transitioning to a flexible exchange rate regime, bringing down inflation, strengthening financial stability, and implementing structural reforms to support private sector-led growth and improve governance.

7. The early and sustained implementation of the next phase of our stability and growth plan is vital, though it initiates a challenging adjustment period.

- The necessary realignment of relative prices, including exchange rate adjustment and phasing out fuel subsidies are expected to cause a delay in the disinflation process. Monetary policy tightening effects will be compounded by reductions in public current and capital spending, weighing on domestic demand. At the same time, our fiscal strategy will prioritize the expansion of social assistance to protect the most vulnerable households and support job opportunities. Activity is expected to contract further in 2026, before bottoming out in 2027, reflecting the front-loaded policy adjustment, weak domestic demand conditions, and the costs of recent road blockages. Over the medium term, progress in governance—including stronger anti-corruption frameworks, rule of law, and transparency—along with greater credit availability, deregulation, and a market-based exchange rate should significantly boost investment and formal employment, particularly in tradable sectors. Coupled with the macroeconomic stabilization efforts of this and the next few years, this will create the conditions for a steady recovery and robust, inclusive long-term growth.
- The large and sustained fiscal adjustment, coupled with resumed growth by 2028 and reduced real costs of new debt, will facilitate a steady decline in the debt-to-GDP ratio—following an initial jump resulting from the mechanical devaluation of the official exchange rate upon transition to a flexible regime—and enable a permanent cessation of monetary financing. The combination of fiscal reforms, exchange rate adjustment, and improved terms of trade is expected to strengthen the external position, with the current account swinging into surplus in 2026-27.
- Alongside exchange rate liberalization, we are implementing a robust monetary policy framework that establishes base money as a clear nominal anchor, calibrated to ensure a steady reduction in inflation toward single digits. We expect inflation to reach 14 percent by the end of this year and single digits by 2028. We recognize the importance of resolving legacy BCB obligations, including those related to CPVIS¹ operations, in a gradual and carefully sequenced manner to support financial stability, preserve international reserves, and reinforce confidence in the BCB and the financial system. Accordingly, we have announced a timetable to gradually unwind CPVIS contracts over the next two years, with the corresponding restoration of banks' access to eligible foreign exchange (FX) balances held at the BCB and the progressive normalization of depositors' access to FX deposits, in accordance with a transparent and time-bound implementation plan. In addition, we have settled a large part of gold pre-sale contracts signed by the previous administration. To safeguard financial stability, we have adopted measures to counter the materialization of risks to financial stability and are committed to

¹ CPVIS stands for 'Créditos Productivos y de Vivienda de Interés Social'. The remaining CPVIS funds to be unwound are CPVIS II, CPVIS III and the Fondo para Créditos destinados al Sector Productivo (CPRO Fund).

bringing our regulatory standards and crisis preparedness framework in line with international best practices to ensure long-term resilience.

- External adjustment, alongside International Financial Institutions (IFI) financial support, is critical for the accumulation of international reserves. Our liquid reserves stood at low levels at the start of the year and near-term external obligations—including those related to fuel imports and public debt service—are expected to place pressure on the balance of payments. IFI disbursements are expected to provide significant support, and combined with our policy effort, strengthen sustainability. Usable (non-legally encumbered) reserves (Technical Memorandum of Understanding (TMU), 18) are expected to further increase over the program period as we gradually ramp up FX purchases and achieve levels consistent with standard adequacy metrics, subject to external financing and policy implementation. We will continue to seek timely congressional approval for disbursements from other multilateral creditors. In the event of delays in external financing, we stand ready to adopt additional fiscal and monetary measures, as discussed with IMF staff, to safeguard our program objectives.

8. Our administration has taken several critical steps to advance economic stabilization prior to the EFF arrangement. These include: (i) adoption of a revised 2026 budget consistent with program targets; (ii) elimination of new BCB credit to the nonfinancial public sector (NFPS); (iii) exchange rate unification and transition to a more flexible exchange rate regime; (iv) announcement of monetary targets; and (v) announcement of a credible plan for the resolution of CPVIS operations. Program consistency requires the national budget to credibly align with the agreed floors on the NFPS primary balance (as defined in the TMU) alongside social assistance spending, which is being expanded to shield vulnerable households. For 2027-29, budgets will remain fully aligned with program's agreed policies. Quantitative performance criteria (QPC, see Table 1) establish floors on the NFPS's primary balance, alongside continuous performance criteria prohibiting the accumulation of new external debt arrears and, crucially, any gross central bank credit to the NFPS.²

9. Risks to the outlook remain elevated. These comprise: (i) a rekindling of social unrest, amid the implementation of fiscal and energy sector reforms, such as elimination of fuel subsidies; (ii) renewed fiscal pressures from higher global energy prices; (iii) unfavorable shifts in terms of trade; (iv) delays in external financing or congressional approvals; (v) vulnerabilities in the financial system that may materialize during the transition to market-based policies; and (vi) uncertainty regarding the full scope of public sector liabilities given a legacy of poor public financial management. To enhance program resilience, we are committed to recalibrating policy measures in the event of adverse shocks. In such circumstances, policy responses could include further fiscal measures to safeguard deficit targets, tighter monetary conditions to contain inflationary pressures, and, if necessary, temporary and targeted measures to safeguard financial stability. These contingency measures will be implemented in coordination with the IMF staff and will be calibrated within the program's quantitative conditionality framework.

² The institutional coverage of fiscal targets is defined in the TMU.

10. The following sections of this memorandum outline our policy plans under the new arrangement.

C. Restoring Fiscal Sustainability

11. The government is firmly committed to implementing a comprehensive and front-loaded fiscal consolidation path necessary to reduce the overall NFPS deficit on a sustained basis. We aim to eliminate the NFPS primary deficit by the end of the 3-year arrangement (QPC). This corresponds to an adjustment of around 8.5 percent of GDP over the period 2026-29, with front-loaded fiscal consolidation, consistent with achieving a sustainable fiscal position over the medium term. The overall deficit is expected to decline to about 3.5 percent of GDP in 2029. Spending arrears and accounts payable accumulated through end-2025 will raise financing needs over 2026-28 by an additional 0.9 percent of GDP. Reliance on monetary financing has been halted as a policy principle as of early 2026, with program safeguards to prevent any new net BCB financing of the government. Over the medium term, the ongoing effort of identifying and restructuring non-viable state-owned enterprises (SOEs) will help contain SOE losses and reduce fiscal risks.

12. The bulk of the adjustment will come from expenditure measures, most notably the elimination of fuel subsidies, wage bill restraint, and rationalization of inefficient capital spending, while protecting social spending. For 2026, fiscal adjustment will be anchored on the revised 2026 budget approved by congress (**prior action**). Consistent with program targets, the revised budget limits the deficit to no more than Bs 47 billion (9.3 percent of GDP), while the BCB's Monetary Program rules out gross central bank credit to the NFPS.³ However, we will continue to protect Bolivians from international fuel price volatility by keeping domestic fuel prices fixed until December 2026 (DS 5652, July 2026). This will delay the previously planned elimination of fuel subsidies in 2026—under Supreme Decree (DS) 5516, promulgated in January 2026—given higher-than-expected international oil prices and concerns over the social impact of implementing large, repeated adjustments to domestic fuel prices.⁴ At the same time, we will implement measures to reduce the fiscal and quasi-fiscal cost of fuel supply by allowing YPFB and refineries to import crude oil for domestic refining (DS 5548) and strengthening private sector participation in fuel importation and commercialization under market-based pricing (DS 5644). Furthermore, to meet the 2026 NFPS balance target,⁵ we will restrain the execution of discretionary spending as needed and delay or cancel low priority capital investment projects. Such measures will be supported by a ministerial

³ Consistently, no Fiscal and Financing Program document—which would be needed to formalize any agreement with the central bank for monetary financing—will be issued in 2026 and beyond.

⁴ Fuel subsidies will not apply to premium gasoline, to be commercialized at market prices. Furthermore, DS 5676 of August 17, 2026, established a starting reference diesel price of Bs 18 per liter for industry, companies, and large consumers, compared with Bs 9.80 per liter for public transport and consumers using less than 5000 liters per month. For all remaining fuels, prices during 2026 will remain as set on December 19, 2025, and enshrined in DS 5516.

⁵ See Table 1 for specific QPC.

resolution establishing binding expenditure ceilings on budget execution to be issued by end-September 2026.

13. Following the initiative taken with DS 5516 and DS 5652, we plan to eliminate fuel subsidies in 2027, while expanding targeted social assistance spending. Accordingly, the 2027 budget will not incorporate provisions for fuel subsidies—either from the Treasury or SOEs—and domestic fuel prices will meet cost-recovery levels starting in January 2027 (DS5652). To support this transition and ensure its credibility, DS5652 updated the fuels pricing formula to account for the impact of a flexible official exchange rate and other relevant cost components. In parallel, we will continue to strengthen the institutional framework for targeted social protection to mitigate the impact of higher fuel prices on vulnerable households and, if needed, provide temporary and well-targeted support to priority groups during the transition.

14. We have initiated preparation of the 2027 budget and are committed to presenting to congress and adopting a budget aligned with the program’s policies and assumptions. This would include credible measures to achieve an overall NFPS deficit not exceeding Bs 36.8 billion, as set out in our fiscal strategy, and to ensure overall consistency of the adopted budget with program objectives (**structural benchmark, end-December 2026**). The budget will thus also account for policies that offset the impact of recently approved tax relief measures, including the repeal of Article 9 of Law No. 1755 of July 30, 2026. Going forward, any new measures will be accompanied by a clear pre-assessment of their fiscal impact and the identification of compensatory measures. Any fiscal overperformance will be saved.

15. Other key expenditure measures (including contingency measures) include:

- **Structural measures to reduce public sector compensation costs:** Measures include limiting hiring and keeping nominal wage bill growth below nominal GDP growth over the coming years. This strategy, which is projected to reduce the wage bill by over 1 percent of GDP over the program duration, would help reduce the public-private compensation gap and partially reverse the 4 percent of GDP increase that occurred under the previous administration. Further efficiency gains over the longer term will be achieved through comprehensive civil service reforms, to be designed with donor Technical Assistance support.
- **Reducing public investment costs:** A more careful management of public investment projects (improving planning, allocation, and implementation) is necessary to increase efficiency, address governance concerns and lower costs, including in SOEs. In addition, we will prioritize projects with large positive externalities, including in public infrastructure and the energy sector.⁶
- **Reducing goods and services expenditures:** We are committed to streamlining non-priority spending supported by careful spending reviews, aiming to reduce general government goods and services spending over the course of the program.

⁶ See also ¶33, third bullet.

- **Reducing other subsidies:** There is scope to improve the targeting of other direct and indirect subsidies (notably energy), which will be tackled later in the program, in tandem with improvements to the social safety net.
- **Addressing arrears:** The previous administration has accumulated arrears with domestic suppliers and external counterparties, including fuel providers. Floating debt—which includes arrears and accounts payable—will be cleared in a transparent and sequenced manner. To support this process, we will: (i) initiate a comprehensive review to identify existing arrears and verify their validity, based on a standardized definition of arrears, covering the central government and SOEs, and extended to subnational governments and autonomous entities⁷ upon their request; and (ii) prepare a time-bound arrears clearance strategy with the goal of eliminating all identified arrears within the course of the program.

16. While implementation of revenue measures would take place later during the program period, efforts will be undertaken in the near term to identify a strategy to enhance tax revenue collection over time. The introduction of major measures in this regard is delayed to the second and third year of the program to take advantage of the expected rebound in economic activity by 2028. To support it, we will develop and adopt a Domestic Revenue Mobilization Strategy that includes specific tax policy and revenue administration measures as well as customs administration reforms to raise revenue in line with program targets to support convergence to a sustainable fiscal position, in coordination with the IMF staff (**structural benchmark, end-March 2027**).

17. In addition, we will strengthen the institutional framework for fiscal policy through the introduction of a Medium-Term Fiscal Framework (MTFF). As a first step, we will publish a fiscal strategy setting out medium-term fiscal objectives consistent with program targets (**structural benchmark, end-October 2026**). This strategy will provide a clear roadmap for fiscal consolidation and will be used to guide the preparation of the 2027 and subsequent budgets. Building on this, we will progressively develop a full MTFF to support the preparation of the 2028 budget and subsequent fiscal planning anchored in medium-term fiscal objectives and fiscal risk analysis (**structural benchmark, end-June 2027**), including medium-term expenditure ceilings and a comprehensive assessment of fiscal risks, including the regular publication of timely quarterly fiscal outturn data. Over time, the Treasury's debt management strategy will be integrated with the MTFF.

18. Strengthening Public Financial Management (PFM) practices is a priority to support enhanced fiscal discipline, and foster transparency, accountability, and efficiency. We plan to leverage capacity development (CD) support from development partners to design and implement reforms over time that tighten spending controls, strengthen cash management, enhance the quality and transparency of fiscal data, improve the management of fiscal risks, and prevent renewed accumulation of arrears. This would include the implementation of measures to strengthen

⁷ Subnational governments and autonomous entities are outside the purview of the central government's audit but shall be provided an audit upon their request.

information on arrears, including ensuring that all obligations constituting new floating debt (deuda flotante) are comprehensively recorded and tracked through SIGEP on a timely and consistent basis, and establishing a clear operational distinction between accrued spending (devengado) and arrears (deuda vencida), in line with their contractual status. To further strengthen fiscal governance, we are streamlining or closing public trusts (fideicomisos) that have achieved their initial purpose. Moving forward, we will ensure that information on existing public trusts (fideicomisos) is reported transparently.

D. Strengthening the Social Safety Net

19. It is our goal to protect the poor and vulnerable households from the burden of fiscal consolidation. Bolivia's social assistance framework is constrained by imperfect targeting, with no means testing, and absence of a comprehensive social registry. To address these gaps, the program foresees additional budgetary resources allocated to social spending in the early years, alongside a fundamental reform of the social protection framework. Our commitment will be anchored by a floor on social assistance spending (**indicative target**). Furthermore, and as a first step, we will submit to congress a legal framework to support the development of a unified social registry, including: (i) establishing the legal basis for data collection and sharing across institutions; (ii) introducing means-tested eligibility criteria to improve targeting of social assistance programs; and (iii) defining key institutional responsibilities and coordination mechanisms (**structural benchmark, end-March 2027**). Over time, we will improve targeting and delivery systems by (i) establishing and starting to operationalize a unified beneficiary registry by 2028, in line with the adopted framework, and (ii) integrating key administrative databases to ensure that assistance reaches those most in need, while safeguarding fiscal sustainability. These reforms are critical to mitigating the social impact of fuel subsidy reform and broader price liberalization.

20. We also plan to advance structural reforms to reduce informality and promote high-quality employment, thereby improving living standards and creating the conditions to lower dependence on social assistance. Our reform strategy will support formal job creation through a multipronged approach, including possible tax and social security reforms to lower labor costs while strengthening the link between contributions and benefits. Any such reforms will be subject to a careful assessment of their net revenue impact and the identification of appropriate compensatory measures.

E. Securing Long-Term Debt Sustainability

21. Our administration inherited a public debt situation that poses a significant challenge to economic stability. At the end of 2025, the NFPS debt surpassed 80 percent of GDP—equivalent to 90 percent of GDP when valued at the market exchange rate, with over a third comprising external debt. While past policies—including borrowing from official external creditors, deficit monetization, and financial repression—kept short-term debt service low, the necessary real (official) exchange rate depreciation required to normalize foreign exchange market conditions and restore balance of payments equilibrium will substantially increase the external debt burden as a share of GDP.

22. Securing long-term debt sustainability requires placing the public debt-to-GDP ratio firmly on a downward path through consistent implementation of the program's fiscal targets.

This critical fiscal effort, coupled with the projected resumption of economic growth, will ensure the effective management of gross financing needs.

- **Fiscal consolidation as foundation:** Successful program implementation, with elimination of the NFPS primary deficit by the end of the program period, is projected to reduce the public debt ratio to less than 90 percent of GDP by 2029 and place the debt on a firm downward trajectory. Fiscal space for social assistance will be preserved, and expanded in the near term, while the social protection framework is enhanced (Section D).
- **External debt strategy:** Despite acute liquidity constraints at the start of our administration, we have remained current on all external obligations. We are committed to engaging openly and transparently with our creditors to strengthen market access and bolster investor confidence. With around 70 percent of our external debt owed to multilateral institutions (Inter-American Development Bank (IDB), Corporación Andina de Fomento (CAF)), continued official financing—alongside sustained fiscal consolidation—will remain critical to managing our gross financing needs. All major multilateral creditors have committed to at least fully rolling over their exposures and we have received financing assurances from major official bilateral creditors. In parallel, we have undertaken a liability management operation to reprofile our external debt, including an exchange of Eurobonds for local currency debt to smooth near-term debt service obligations and alleviate liquidity pressures.
- **Domestic Debt Strategy:** We have stopped all BCB financing of the government deficit in 2026 (**prior action**) and are committed to strictly adhering to this strategy going forward. We will continue to develop and deepen the domestic debt market to support our financing needs on a sustainable basis, while minimizing crowding out credit to the private sector.

F. Modernizing the Monetary and Exchange Rate Regime

23. To eliminate FX market distortions and restore confidence, we have unified the reference and official exchange rates and took steps to adopt a more flexible, market-determined exchange rate regime. Under the new regime, implemented in end-June, official transactions must reflect the official rate. We will continue the path towards a floating regime by ensuring that banks are free to transact at a freely negotiated exchange rate for all (buy and sell) FX transactions (**prior action**). FX interventions will be limited and conducted under a rule-based “discretion under constraint” (DUC) framework⁸ to counter disorderly market conditions—financial stability risks from FX mismatches or destabilizing dynamics in inflation expectations—while preserving the primacy of the market-determined exchange rate and avoiding any perceptions of exchange rate targeting. Direct provision of FX from BCB reserves to government-related entities,

⁸ Under a DUC framework, the BCB will evaluate potential interventions when daily (inter-day) exchange rate fluctuations exceed a predetermined threshold (the constraint) but does not have to intervene (the discretion).

including all SOEs, will be made at the official exchange rate and subjected to strict limits, which will ensure that such demand will be mostly reflected in the FX interbank and wholesale market. Additionally, we commit to assess and review the BCB official exchange rate by adopting a robust computation method that represents the wholesale FX market, including bank to bank transactions as the interbank market develops, and aligns with the International Organization of Securities Commissions (IOSCO) Principles of Financial Benchmarks. This marks a shift away from the exchange rate as the nominal anchor, which had become unsustainable given substantial overvaluation of the official exchange rate in the past and lack of international reserves. Throughout the program, we will maintain a flexible, market-determined exchange rate regime and adhere to a foreign exchange intervention framework as described in the TMU (**continuous structural benchmark**). The exchange rate realignment is expected to support external adjustment and competitiveness, while requiring careful monetary policy calibration to manage inflationary pressures.

24. To contain second-round inflationary effects following exchange rate liberalization and price adjustments, it is essential to adopt a robust monetary framework that provides a clear nominal anchor, with monetary policy calibrated to ensure a steady reduction in inflation toward single digits. Price stability will be explicitly stated as the primary objective of monetary policy, with the operational target clearly defined as a base money target. To ensure the smooth functioning of this new monetary regime and contain inflationary pressures, supporting measures have been taken to allow the BCB to effectively manage liquidity using market instruments and enforce tight monetary conditions. This includes the announcement of monthly base money targets for 2026 consistent with the central bank's price stability objective. The BCB will operate monetary policy to adhere to the quarterly indicative targets on average base money (**indicative target**), while maintaining tight control over domestic currency liquidity to bring inflation to single digits by the end of the program.⁹ The BCB will adopt the necessary short-term instruments needed to manage liquidity at short maturities to improve monetary policy operations in line with the new monetary framework and publish on BCB's website monthly information on the monitoring of the base money targets (**structural benchmark, end-October 2026**). We acknowledge that, in order for the new monetary framework to function effectively, the central bank will need to **accommodate** the necessary interest rate levels in its operations that are required to meet base money objectives, which could imply some interest rate volatility and increases in the costs of domestic financing of the Treasury. Concurrently, we are committed to raise the caps on lending rates with a view to eliminate them along with credit quotas as part of the Financial Services Law review (**structural benchmark, end-June 2027**). This will allow market pricing to accurately reflect domestic liquidity conditions and ensuring effective monetary policy transmission to economic activity and inflation. Modernization of monetary policy communications, in particular on the new framework and its implementation, and stronger analytical capability for forecasting and liquidity modeling are also high priorities, which we plan to enhance leveraging IMF CD support. Improved capacity for liquidity forecasting and coordination with the fiscal authority will also be needed. The new monetary policy framework based

⁹ Should the stock of base money exceed the BCB's monthly target by more than 2 percent, the BCB will discuss with IMF staff on the deviation drivers and need for compensation in the following months by tightening monetary policy (increasing volumes of liquidity absorption instruments or reserve requirements).

on base money targets is a first step in the path towards the adoption of an inflation targeting regime, and we envisage initiating the transition by the end of the program. New issuance of BCB credit to the NFPS has been immediately suspended (in line with a continuous performance criterion on zero new net credit).

25. To fundamentally strengthen the institutional integrity of the monetary system, we are committed to enhancing the BCB autonomy and governance. We will prepare amendments to the BCB's legal framework to safeguard its autonomy as well as to strengthen its accountability, transparency and governance. The proposed amendments are to be submitted first by the BCB to the Ministry of Economy and Finance (**structural benchmark, end-March 2027**) and subsequently to congress (**structural benchmark, end-June 2027**). In addition, consistent with the recommendations of the recently conducted IMF safeguards assessment, the BCB will strengthen its external audit arrangements to enhance accountability.¹⁰ As financial autonomy is critical for central bank independence and credibility, we will also conduct a BCB's balance sheet stress test exercise with technical support from the IMF (**structural benchmark, end-December 2026**). Pending the results of this exercise, we will discuss with IMF staff strategies to strengthen the BCB's balance sheet, as needed.

26. We will enhance the foreign exchange intervention (FXI) framework to ensure consistency with a flexible, market-determined exchange rate regime (structural benchmark, end-December 2026). The FXI framework, which will aim to safeguard financial stability while preserving the flexible exchange rate regime, will be informed by IMF technical assistance and define its intervention modalities, governance, reporting requirements, while preserving market-sensitive information confidential as needed, building on the recently published framework.¹¹ The FXI framework will be in line with IMF guidance on Multiple Currency Practices.¹²

27. We have implemented additional policies to restore confidence and support the gradual return of FX flows to the formal financial system. We recognize the importance of resolving legacy BCB obligations, including those related to CPVIS operations, in a manner consistent with program objectives and considering the impact of such resolutions on the central bank's financial situation. We have thus announced and initiated a gradual, credible plan for the repayment of CPVIS obligations, accompanied by a steady lifting of limits on withdrawals of FX deposits. The plan is carefully sequenced to support financial stability, allow the buildup of international reserves, reinforce confidence in the central bank and the financial system, and support the gradual normalization of foreign exchange liquidity and deposit conditions. In addition, the plan is consistent with program reserve accumulation and monetary targets.

¹⁰ In line with the IMF safeguards assessment recommendations, the BCB will have program monetary data audited by the internal audit function at each program review in line with Global Internal Audit Standards.

¹¹ BCB Board resolution 117/2026

¹² [Guidance Note for the Fund's Policy on Multiple Currency Practices](#), see paragraph 8.

28. Consistent with commitments in IMF arrangements, we will not: (i) introduce any new or intensify any existing exchange restrictions, (ii) introduce any new or modify any existing Multiple Currency Practices (MCPs), as elaborated in the TMU, (iii) conclude bilateral payment agreements that are inconsistent with Article VIII; and (iv) impose or intensify import restrictions for balance of payment reasons (continuous performance criteria).

G. Building Financial Sector Resilience

29. Our administration recognizes that vulnerabilities could emerge in the financial sector, reflecting inherited supervisory gaps, regulatory forbearance, and underlying balance sheet risks. These could become more apparent during the transition to a market-based policy framework, including exchange rate unification and interest rate liberalization, and as Bolivia adheres to international standards in regulation and supervision.

30. We are taking immediate steps to improve solvency and liquidity monitoring. Financial agencies have immediately adopted measures to assess the impact of an eventual increase in non-performing loans on banks' solvency and counter the risks of potential deposit runs, including high-frequency liquidity monitoring, assessing the impact of remaining deposit restrictions, and strengthening preparedness to address potential liquidity pressures.

31. We are committed to bringing our regulatory standards and crisis preparedness framework in line with international best practices to ensure long-term resilience.

- **Strengthening financial stability coordination:** We will establish an analytical working group under the auspices of the Financial Stability Council to regularly monitor and assess systemic and financial sector risks, as well as to enhance coordination across Council members, including on crisis preparedness and management (**structural benchmark, end-October 2026**). The working group's effectiveness will benefit from enhanced information sharing and cooperation among participating institutions, subject to the applicable legal framework.
- **Solvency and liquidity stress tests and asset quality review:** The financial supervisor (ASFI) will conduct system-wide solvency and liquidity stress tests for the banking system, using methodologies consistent with FSAP recommendations (including forward-looking, top-down approaches covering all material risks), and initiate independent asset quality reviews, prioritizing systemic banks, based on terms of reference consistent with international best practices and coordinated with IMF staff, to assess capital shortfalls and viability under the program scenario (**structural benchmark, end-March 2027**).
- **Strengthening regulatory standards:** To improve supervisory criteria, we will submit to congress legal amendments to align with international guidelines and standards: (i) the capital adequacy and liquidity frameworks; (ii) treatment of problem assets, credit risk provisioning, related parties' management, and interest rate risk in the balance sheet; and (iii) accounting standards (**structural benchmark, end-June 2027**).

- **Bank resolution regime:** To strengthen the financial safety net, we will prepare and submit to congress legal amendments to modernize the bank resolution regime, including enhanced recovery and resolution planning requirements, in line with international standards and in coordination with IMF staff (**structural benchmark, end-June 2027**). We will also prepare detailed bank resolution plans and require banks to prepare recovery plans, at least for systemic banks (**structural benchmark, end-March 2027**).
- **Deposit insurance scheme:** We will establish a formal deposit insurance unit with dedicated staff and align key design features with International Association of Deposits Insurers (IADI) Core Principles, including shorter payout periods, formal cooperation arrangements, an emergency back-up facility, and appropriate limits on the use of the deposit insurance fund resources.

32. We will also advance several other measures to safeguard financial stability in Bolivia:

- **Developing FX and money markets:** As the central bank transitions to a new monetary and FX management framework, we will actively develop FX and money markets. This includes creating new markets for FX hedging instruments and implementing macroprudential regulations to limit FX balance sheet mismatches.
- **Pension fund risk mitigation:** Recognizing the large public sector exposure of the pension fund (Gestora), we will work to mitigate fiscal and financial stability risks, including by assessing its actuarial balance over the course of the program with a view to ensure its long-term sustainability.
- **Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT):** Efforts are prioritized to strengthen the effectiveness of the country's AML/CFT system, which is critical given Bolivia's recent grey listing by the Financial Action Task Force, following its 2023 AML/CFT assessment. This includes enhancing the risk-based supervision of Designated Non-Financial Businesses and Professions (DNFBPs) and strengthening investigations and prosecutions.
- **Virtual assets oversight:** To stave off risks of undue capital flight through crypto markets, we will develop a robust oversight and regulatory framework for virtual assets to forestall leakages and ensure financial resilience.

H. Enhancing Competitiveness, Governance, and Productivity

33. To support the macroeconomic stabilization process and ensure long-term inclusive growth and competitiveness, we are advancing a rich structural reform agenda. Recognizing the critical imperative of economic diversification, our reform agenda is strategically centered on transitioning Bolivia to a market-based system for resource allocation, with key measures designed to enhance productivity, improve the business climate, and strengthen institutional frameworks, which are all essential steps to revitalize investment and foster sustainable, job-rich growth.

- **Elimination of export and price controls, while strengthening poverty mitigation:** We will phase out price controls and export ceilings. The removal of generalized food and energy price controls over time will be strategically accompanied by poverty mitigation policies, developed with the support of the World Bank and IDB.
- **Overhaul of the legal framework for the hydrocarbons and mining sectors:** We will undertake a complete overhaul of regulatory and tax frameworks for hydrocarbons and mining exploration. The goal is to incentivize new private exploration while ensuring the central government receives an appropriate share of the natural resource rents.
- **Targeted public investment:** Public investment will be focused on addressing the most binding infrastructure gaps, with all projects subject to a clear cost-benefit analysis focusing on potential gains in growth and social outcomes and with the adoption of transparent selection procedures. A Public Investment Management Assessment (PIMA) is envisaged to identify specific implementation measures.¹³

34. In tandem, we are committed to strengthening governance frameworks to ensure good stewardship of public resources and promote trust and private sector-led growth:

- **SOE restructuring:** We will ensure SOEs are operated on a financially sound and transparent basis. This will involve increasing operational efficiency, improving investment management, and aligning accounting and governance standards with international best practices.
- **Governance and anti-corruption:** We have requested technical assistance in the form of a governance diagnostic with the goal of supporting our ongoing efforts to improve state functions, including the effectiveness of our current anti-corruption framework, institutional reforms to bolster judicial independence, improve public procurement practices, and enhance transparency and oversight across government operations. We plan to enact a Law on Access to Information (to provide effective accountability and oversight) and to strengthen property rights and contract enforcement.

I. Communication

35. To support implementation of the program, we are committed to building broad understanding and support for the measures necessary for stability and prosperity. Building broad public support is fundamental to the long-term success of our economic program and the reinforcement of social cohesion. Therefore, we will develop a comprehensive communications strategy designed to actively engage the Bolivian people and all key stakeholders—from community leaders to the private sector—to ensure full transparency, deep understanding, and broad ownership of the policies that underpin our Fund-supported program.

¹³ IMF's Public Investment Management Assessment exercise.

J. Program Monitoring

36. Program implementation will be monitored through QPC, indicative targets, and structural benchmarks. These are detailed in Tables 1 and 2, with definitions and data requirements provided in the attached TMU. Implementation of this ambitious program will be monitored through quarterly reviews. The first review of the arrangement is expected to be completed in December 2026, based on end-September 2026 quantitative performance criteria and end-October 2026 structural benchmarks.

37. QPC are designed to provide immediate anchor points for the program's core stabilization objectives. These include quarterly QPC on net international reserves (floor), and the primary balance of the NFPS (floor). Continuous performance criteria will govern non-accumulation of external arrears and BCB credit to the NFPS. An indicative target will also be set on the overall NFPS balance, as well as social assistance spending to ensure adequate protection of vulnerable households, and the stock of base money (ceiling).

38. Structural benchmarks in the first 12 months of the program are focused on strengthening fiscal and monetary policy frameworks, financial supervision, and social protection. This framework ensures that early action is taken on key areas like exchange rate unification, budget planning, central bank independence, and financial sector resilience. Other institutional reforms will be essential to support the protection of vulnerable households and medium-term growth during and after this first year.

39. We believe that the policies set forth in this memorandum are robust and adequate to achieve the program's stabilization and reform objectives. We stand ready to take any additional measures that may be deemed necessary to meet these objectives and will coordinate with the IMF on the adoption of any such measures and in advance of any revisions to the policies contained in this memorandum.

40. In light of the strength of our comprehensive policy package and our resolute commitment to its timely and decisive implementation, we request the Executive Board's swift approval of the EFF arrangement. Authorization for the government to draw from Fund resources (**prior action**) requires approval by the Bolivian Legislative Assembly.

Table 1. Bolivia: Quantitative Performance Criteria and Indicative Targets 1/ 2/

<i>In billions of Bolivianos unless otherwise stated</i>	end-Dec 2025	end-Jun 2026	end-Sep 2026	end-Dec 2026	end-Mar 2027	end-Jun 2027
	<i>Actual</i>	<i>Estimated</i>	<i>Targets</i>	<i>Targets</i>	<i>Targets</i>	<i>Targets</i>
Fiscal targets						
<i>Performance Criteria</i>						
1. Cumulative (year-to-date) floor on the primary balance of non-financial public sector (NFPS) 3/	-39.6	-1.2	-12.0	-33.0	-4.4	-8.8
2. Cumulative (year-to-date) ceiling on the change in Central Government and SOE stock of floating debt 3/ 4/	3.7	0.0	0.0	-2.3	-0.4	-0.9
3. Non-accumulation of new external debt arrears by the NFPS (continuous)	0.0	0.0	0.0	0.0	0.0	0.0
4. Floor on the stock of NFPS deposits at the central bank 4/	38.1	41.4	25.0	22.0	21.0	20.0
<i>Indicative Target</i>						
5. Cumulative (year-to-date) floor on the social assistance spending 3/	5.5	3.6	5.5	9.3	2.6	5.1
6. Cumulative (year-to-date) floor on the overall balance of NFPS 3/	-50.9	-5.8	-21.2	-46.8	-9.6	-19.3
Monetary targets						
<i>Performance Criteria</i>						
7. Cumulative (year-to-date) floor on the change in program net international reserves, in USD bn 3/ 5/ 6/	...	0.9	0.9	2.4	0.0	0.4
8. Cumulative (year-to-date) ceiling on the change in central bank credit to the NFPS (continuous) 7/	...	0.0	0.0	0.0	0.0	0.0
<i>Indicative Targets</i>						
9. Ceiling on the stock of base money 4/	127.6	121.8	129.2	133.9	133.9	136.0
10. Cumulative (year-to-date) floor on the change in program gross international reserves, in USD bn 3/ 5/	...	0.2	0.2	1.6	0.0	0.4

Sources: National authorities and Fund staff estimates and projections. Note: NFPS stands for Non-Financial Public Sector, as defined in TMU

1/ Targets and their adjustors as defined in the Technical Memorandum of Understanding (TMU).

2/ Based on program exchange rates defined in the TMU.

3/ Flows from January 1 through the test date of each calendar year.

4/ Average stock measured over the last 20 business days, which includes the test date. NFPS deposit stocks as of end-December and end-June (see performance criterion 4) reflect data as of 12/31/2025 and 6/30/2026, respectively.

5/ In billions of U.S. dollars. At program exchange rates. The targets foresee FX purchases by the BCB of US\$ 100 million in 2026:Q4, and US\$ 150 million per quarter in 2027.

6/ Program net international reserves are defined as gross international reserves net of reserve liabilities: credit to the Fund, banks' FX reserve requirements deposits, and others as defined in the TMU. Subject to adjustors as defined in the TMU.

7/ Flows from January 1 through the test date of each calendar year, excluding liability management operations in 2026:Q1 (Bb 2.5 billion)

Table 2. Bolivia: Proposed Prior Actions and Structural Benchmarks 1/

	Sector	Completion Date
Prior Actions		
1. Congress to adopt a revised 2026 budget that is aligned with the program fiscal targets.	Fiscal	
2. Congress to authorize the government to make purchases from the Fund under the program.	Fiscal	
3. Preclude additional gross credit (lending) from the central bank to the NFPS (as foreseen in the central bank's Monetary Program).	Fiscal	
4. Ensure that banks are free to transact at a freely negotiated exchange rate for all (buy and sell) FX transactions, by removing Article 6 of the Regulation on Foreign Exchange Operations, approved by the BCB's Board Resolution 88/2026.	Monetary / External	
Structural Benchmarks		
1. Maintain a flexible exchange rate regime, in line with the principles agreed at the program approval and consistent with adopted policy on foreign exchange interventions (as specified in the TMU).	Monetary / External	Continuous [assessed once per review]
2. Publish a fiscal strategy setting medium-term fiscal targets consistent with program objectives.	Fiscal/PFM	End-Oct-26
3. Adopt the necessary shorter term instruments needed to manage liquidity at short maturities to improve monetary policy operations in line with the new monetary framework and publish on the central bank website monthly information on the monitoring of the money base targets.	Monetary/Governance	End-Oct-26
4. Establish an analytical working group under the auspices of the Financial Stability Council to monitor and assess systemic and financial sector risks and to enhance coordination across Council members, including on aspects pertaining to crisis preparedness and management.	Financial Stability	End-Oct-26
5. Assess the strength of the central bank's balance sheet, by completing a balance sheet stress testing exercise, in consultation with IMF staff.	Monetary/Governance	End-Dec-26
6. Publish a detailed foreign exchange intervention framework (modalities, governance, reporting), consistent with a flexible, market-determined exchange rate regime, informed by IMF technical assistance. 2/	Monetary/FX	End-Dec-26

Table 2. Bolivia: Prior Actions and Structural Benchmarks (concluded)

	Sector	Completion Date
7. Adopt a 2027 Budget consistent with program target and objectives.	Fiscal	End-Dec-26
8. Submit to Congress a legal framework to support the development of a unified social registry, including: (i) establishing the legal basis for data collection and sharing across institutions; (ii) introducing means-tested eligibility criteria to improve targeting of social assistance programs; and (iii) defining key institutional responsibilities and coordination mechanisms.	Social Safety Net	End-Mar-27
9. Conduct system-wide solvency and liquidity stress tests for the banking system, using methodologies consistent with FSAP recommendations (including forward-looking, top-down approaches covering all material risks), and initiate asset quality reviews for the systemic banks. 3/ 4/ 5/	Financial Stability	End-Mar-27
10. Prepare, in coordination with IMF staff, and submit to the Ministry of Economy and Finance amendments to the central bank legal framework to safeguard central bank autonomy and strengthen governance, accountability, and transparency. 6/	Monetary/Governance	End-Mar-27
11. Prepare detailed bank resolution plans and require banks to prepare recovery plans, in consultation with Fund staff, at least for systemic banks 5/	Financial Stability	End-Mar-27
12. Prepare and share with Fund staff a Domestic Revenue Mobilization Strategy with specific tax policy and revenue administration measures to raise revenue in line with program targets.	Fiscal	End-Mar-27
13. Submit to Congress legal amendments to enable alignment of the bank resolution, capital adequacy and liquidity frameworks, treatment of problem assets, credit risk provisioning, related parties' management, interest rate risk in the banking book, and accounting standards with international guidelines and standards.	Financial Stability	End-June-27
14. Eliminate statutory interest-rate caps and credit quotas.	Financial Stability	End-June-27
15. Prepare and publish the MTFF to guide the 2028 budget preparation, including medium-term expenditure ceilings and an analysis of fiscal risks, and establish regular publication of timely quarterly fiscal outturn data.	Fiscal	End-June-27
16. Submit finalized amendments described in SB 10 to Congress.	Monetary/Governance	End-June-27

Sources: Ministry of Finance, Central Bank and IMF staff estimates.

1/ The set of prior actions and structural benchmarks may be further refined during future reviews, including in light of completed and forthcoming technical assistance missions, safeguards assessments, and continued discussions with the authorities.

2/ The FXI framework will be in line with IMF guidance on Multiple Currency Practices.

3/ This benchmark builds on the findings of the 2023 Financial Sector Assessment Program (FSAP) and related technical notes.

4/ This includes forward-looking, top-down approaches covering all material risks.

5/ The list of systemic banks is to be defined by the first review in consultation with the IMF staff.

6/ BCB to prepare proposed amendments in coordination with other agencies as needed.

Attachment II. Technical Memorandum of Understanding

September 22, 2026

1. **This Technical Memorandum of Understanding (TMU) sets out the definitions of the performance criteria (PCs), indicative targets (ITs), and selected structural benchmarks (SBs), as well as adjustors and data reporting requirements, that will be used to monitor the implementation of Bolivia's economic program under the extended arrangement under the Extended Fund Facility (EFF), as specified in the Memorandum of Economic and Financial Policies (MEFP) and its attached tables.** The TMU also specifies data reporting requirements and adjustors, which will be used to modify the quantitative PC targets depending on economic circumstances and exogenous factors.
2. **For the purposes of the program, the exchange rates of the U.S. dollar for the duration of the program are those that prevailed on December 31, 2025, as shown in Table 1.** The gold price for the purpose of the program is US\$ 4361 per ounce (as per Bloomberg data as of December 31, 2025).

Table 1. Bolivia: Program Exchange Rates
(Rates as of December 31, 2025)

Bolivianos to the US dollar	6.86
US dollar to the Euro	1.175
US dollar to the British Pound	1.347
US dollar to the Japanese Yen	0.006
US dollar to the Chinese Yuan	0.143
US dollar to the Swiss Franc	1.264
US dollar to the SDR	1.370
<i>Memorandum items:</i>	
Gold price, US\$/oz	4,361

Source: IMF; BCB.

Source: IMF, BCB.

3. **Any variable that is mentioned herein for the purpose of monitoring a PC or IT and that is not explicitly defined, is defined in accordance with the Fund's standard statistical methodology, such as the 2014 Government Finance Statistics (GFS) Manual, the 2016 Monetary and Financial Statistics Manual, the Balance of Payments Manual (sixth edition, BPM6) and the Public Sector Debt Statistics Guide.** For any variable or definition that is omitted from the TMU but is relevant for program targets, the authorities of Bolivia shall consult with Fund staff on the appropriate treatment to reach an understanding based on the Fund's standard statistical methodology. All references to "days" indicate "calendar days", unless stated otherwise.

4. In addition to the performance criteria listed below, the arrangement will include the following PC standard to all Fund arrangements, which will be monitored continuously:

- no imposition or intensification of restrictions on the making of payments and transfers for current international transactions;
- no introduction or modification of multiple currency practices;
- no conclusion of bilateral payments agreements that are inconsistent with Article VIII of the IMF Articles of Agreement; and
- no imposition or intensification of import restrictions for balance of payments reasons;

The first three continuous standard performance criteria are anchored in Bolivia's obligations under Article VIII of the Fund's Articles of Agreement. The final standard continuous performance criterion (which aims to ensure that in addressing its balance of payments need, Bolivia does not resort to measures destructive of national or international prosperity) would apply to measures that restrict imports for balance of payments reasons (examples include import prohibitions or quotas, import licensing, import surcharges, advance import deposits and the like).

QUANTITATIVE PERFORMANCE CRITERIA: DEFINITION OF VARIABLES

5. *Non-Financial Public Sector (NFPS)* comprises 335 public entities, including the central government, all subnational governments, social security entities and all non-financial public corporations, including but not limited to YPFB, ENDE, and COMIBOL (see Annex I for the list of the public corporations as of the start of the program; subject to change in case new corporations are created). The NFPS excludes subsidiaries of non-financial public corporations, the Central Bank of Bolivia (BCB), all financial public institutions, and Gestora Pública de la Seguridad Social de Largo Plazo.

6. *Central Government* comprises the budgetary central government, including the National Treasury (TGN) and all non-commercial decentralized entities, and all special funds managed by the TGN, including those funds whose balances are explicitly monitored under the central government deposits target (e.g., Fondo Nacional de Inversión Productiva y Social, Fondo Concursable de Inversión Pública Productiva, Fideicomiso de Apoyo a la Reactivación de la Inversión Pública, Fondo para la Revolución Industrial Productiva, and others).

7. *State-Owned Enterprises (SOEs)* comprise the non-financial public corporations that form part of the NFPS (as defined in 15). Subsidiaries of SOEs are excluded from this definition.

Floor on the Change in Program Net International Reserves (NIR) of the Central Bank

8. Definition:

- *Program Net International Reserves ("Program NIR")* of the BCB are defined as the difference between the gross international reserves, as defined in BPM6 and the IMF's International Reserves and IMF's Foreign Currency Liquidity Data Template (sections I and II) and the reserve-related liabilities of the BCB. All reserve assets and predetermined short-term foreign currency liabilities that are not denominated in the U.S. dollar are converted into U.S. dollars using the program exchange rates and gold price as defined in Table 1.
- *Program Gross International Reserves (GIR)* are defined consistently with the Sixth Edition of the Balance of Payments Manual and International Investment Position Manual (BPM6) as the stock of foreign exchange (FX) assets that are readily available to, and controlled by, the monetary authorities for meeting balance of payments needs, intervening in exchange markets, and other related purposes. These reserves include the BCB's holdings of monetary gold (excluding the minimum portion that must be legally held according to the Gold Law¹), Special Drawing Rights (SDRs), the country's reserve position at the IMF, and all other highly liquid foreign currency assets. The latter comprises foreign currency held in the BCB's vaults and deposits denominated in foreign currency held with highly rated foreign central banks, the Bank for International Settlements, and other nonresident deposit-taking corporations, as well as highly liquid, marketable foreign securities. In accordance with international standards, assets that are pledged, encumbered, non-liquid, or not immediately available for use by the BCB are excluded. The following BCB assets are not considered as reserve assets for the program monitoring: (i) holdings of gold which is encumbered under the Gold Law; (ii) holdings of non-monetary gold; (iii) assets in required-reserve securities fund (Fondo de Requerimiento de Activos Líquidos, or Fondo RAL).²
- *Reserve-related liabilities* (for the purposes of program monitoring) are defined as the BCB's contractual obligations denominated in foreign currency, including those owed to residents, with the original maturity of less than twelve months. Reserve-related liabilities include, but are not limited to: (i) banks' cash FX reserve requirement deposits held at the BCB,³ (ii) banks' excess FX reserves held at the BCB (including those used as a collateral for CPVIS⁴ II, CPVIS III, and CPRO⁵), (iii) the outstanding stock of gold forward sales, (iv) any deliverable forward FX liabilities with original maturity of one year or less on a net basis, defined as the long position minus the short position payable in foreign currencies directly undertaken by the BCB or by any other financial institutions on behalf of the BCB; as well as (v) any short-term financing in foreign

¹ Law N° 1503 of May 5, 2023, commonly referred to as Ley Del Oro.

² This definition of GIR will also be used to monitor the indicative target on the change in GIR.

³ Excluding local currency deposits in Fondo RAL (Requerimiento de Activos Líquidos) which are indexed to a foreign currency.

⁴ Fondo para Créditos destinados al Sector Productivo y a Vivienda de Interés Social.

⁵ Fondo para Créditos destinados al Sector Productivo.

currency obtained by the BCB from residents or non-residents. The stock of outstanding IMF credit and SDR allocation are, for the purposes of the program monitoring, considered reserve-related liabilities. Neither the NFPS foreign liabilities (except the IMF credit) nor its FX deposits at the BCB are considered as reserve-related liabilities. Guarantees and other contingent liabilities, as well as other noncontractual obligations, are not considered reserve-related liabilities.

9. Measurement: Program NIR will be measured as the cumulative year-to-date change from December 31 of the previous calendar year through the test date of each calendar year. As of December 31, 2025, the stock of Program GIR stood at US\$627 million, and the stock of Program NIR stood at negative US\$2990 million.

10. Monitoring: Program GIR and Program NIR, reserve assets, and liability data will be provided by the BCB to the Fund at a daily frequency within two calendar days after the end of the relevant period.

11. Adjustors:

- **Official borrowing and grants.** In 2026, the Program NIR floor will be adjusted upward (downward) by the surplus (shortfall) in disbursements of program budget and reserve support and project loans and any grants received by the central government or the BCB from multilateral institutions and official bilateral partners, relative to the baseline projection reported in Table 2 (excluding IMF support and loans to the BCB with original maturity of less than one year, e.g. FLAR's short-term liquidity line in 2026). In 2027, project loans will no longer count towards the adjustor. The value of the downward adjustment, i.e., in the event of a shortfall of borrowing and grants, will be capped at four-fifths of the total projected amount (see Table 2): US\$1.582 billion cumulatively in 2026, and US\$1.448 billion cumulatively in 2027 (including for FLAR's three-year liquidity line envisaged in 2027:Q4).
- **Encumbered gold.** The Program NIR floor will be adjusted upward (downward) for any decrease (increase) in the stock of encumbered gold as a result of changes to the Gold Law.
- **Foreign exchange interventions.** The Program NIR floor will be adjusted down by the amount of FX interventions (sales) undertaken by the BCB (defined in Section C), provided the intervention is consistent with maintaining a flexible exchange rate regime as described in Section C.

Table 2. Bolivia: Program Assumptions
(in US\$ million)

	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27
Project financing disbursements to the central government 1/	0	41	478	n/a	n/a
Official non-project (program) IFI disbursements and grants to the central government 2/	0	400	1,500	253	505
Stock of encumbered gold (22 tons) 3/	3,085	3,085	3,085	3,085	3,085

Source: WEO IMF; BCB; staff estimates and assumptions.

1/ Amounts subject to adjustor, cumulative from the start of calendar year, in USD Mn as defined in the TMU. Not applicable (n/a) after December 2026.

2/ Cumulative from the start of calendar year, in USD Mn, as defined in the TMU. Excludes the IMF disbursement, including for the adjustor.

3/ As per Ley de Oro. At program exchange rates, valued at gold price of the Fixing Committee of the London Bullion Market Association

Cumulative Floor on the Primary Balance of the NFPS

12. Definition:

- *Primary Balance of the NFPS* is measured above-the-line as the difference between its total revenues and primary expenditures. Total revenues are recorded on a cash basis. Primary expenditures are recorded on a modified cash basis whereby the cash expenditure is adjusted into accrual by the net change in the stock of floating debt (estimated based on Sistema de Gestión Pública (SIGEP)).
- *NFPS total revenues* include all tax revenues, royalties, property income, grants, transfers, and other current and capital revenues. Revenues are recorded on a cash basis and include other government obligations settled through tax credit notes (for tax obligations by public agents) (NOCRES). Total revenues explicitly exclude any financial transfers and dividends from the BCB and proceeds from the sale of financial assets or SDR holdings.
- *NFPS primary expenditures* comprise all operational spending, social spending, current transfers to non-NFPS entities, and net acquisition of non-financial assets (capital spending). Primary expenditures explicitly exclude any interest expenditures. Primary expenditures include expenditures settled through the issuance of NOCRES and other non-cash liabilities.
- *NFPS interest expenditures* are defined as the total interest costs paid by all consolidated entities within the NFPS on their outstanding debt obligations. These expenditures cover interest paid on both the domestic debt (e.g., government securities), external debt (e.g., loans from multilateral/bilateral creditors, sovereign bonds, trade credit), and any interest in arrears, and reflect the financial cost of servicing the sector's debt burden.

13. Measurement: The primary balance will be measured as a cumulative floor starting from the beginning of the calendar year to each test date.

14. Monitoring: Ministerio de Economía y Finanzas Públicas is the designated authority responsible for compiling and submitting the detailed underlying data. The full set of NFPS' cash-based fiscal accounts, clearly distinguishing between the components of total revenues and primary

expenditures, must be provided to Fund staff with a maximum lag of 45 calendar days following each test date. Preliminary figures will be provided within 30 calendar days following each test date.

Cumulative Ceiling on the Change in the Stock of Floating Debt of the Central Government and SOEs

15. Definition. Floating Debt of the Central Government and SOEs is defined as the difference between spending recorded on an accrual basis ('gasto devengado' in SIGEP, as well as accrued payment obligations, not recorded in SIGEP, as specified below in this paragraph), and spending recorded on a cash basis ('pagado' in SIGEP). This includes accounts payable and arrears⁶ ('vencido') to suppliers, contractors, beneficiaries of transfers, wages and salaries, pensions, and other current or capital spending obligations.⁷ For the purposes of this definition, coverage explicitly includes overdue payment obligations of YPFB Corporation to domestic and external suppliers, regardless of whether these have been recorded in SIGEP, provided that the underlying obligation has been incurred and payment is considered an arrear as per contractual definition. For all obligations denominated in foreign currency, changes in the stock of floating debt will exclude the valuation gains or losses, using the program exchange rates in Table 1 as the base.

16. Measurement: This PC will track the net change in the stock of floating debt (i.e., new floating debt accumulated minus the payment of pre-existing floating debt). The value will be reported in local currency (boliviano) as the total nominal stock of floating debt and measured at each test date, adjusted to exclude valuation effects (including exchange rate movements).

17. Monitoring: The Ministerio de Economía y Finanzas Públicas, through the records of the Tesoro General de la Nación in SIGEP, is responsible for compiling and transmitting the necessary data, to the IMF staff within 45 days following the end of each test period.

Floor on the Stock of NFPS Deposits at the Central Bank

18. Definition: *NFPS deposits* are defined as the total stock of all creditor balances belonging to the NFPS and maintained at the BCB, measured in both local currency (bolivianos) and foreign currency. Foreign currency balances shall be converted to bolivianos using the program exchange rates as in Table 1. This aggregate comprehensively includes the deposits of:

- Central Government.
- Social Security Funds.
- Local and Regional Governments.

⁶ Accounts payable arise when obligations are incurred, whereas arrears arise only after obligations become overdue.

⁷ While the objective of this QPC is to limit increases in domestic arrears, it focuses on the changes in the floating debt due to data limitations.

- SOEs.⁸

19. Measurement: The stock of NFPS deposits will be measured at each test date as the average over the last 20 business days before and including the test date (to smooth volatility and reduce the impact of one-off inflows or outflows).

20. Monitoring: The BCB is responsible for compiling and transmitting the necessary data to the IMF staff within 2 days following the end of each test period.

Non-Accumulation of New External Debt Arrears by the NFPS (continuous)

21. Definition:

- **Debt⁹** will be understood to mean a current, i.e., not contingent liability, created under a contractual arrangement through the provision of value in the form of assets (including currency) or services and which requires the obligor to make one or more payments in the form of assets (including currency) or services, at some future point(s) in time; these payments will discharge the principal and/or interest liabilities incurred under the contract. Debts can take several forms; the primary ones being as follows:
 - Loans, i.e., advances of money to the obligor by the lender made on the basis of an undertaking that the obligor will repay the funds in the future (including deposits, bonds, debentures, commercial loans and buyers' credits) and temporary exchanges of assets that are equivalent to fully collateralized loans under which the obligor is required to repay the funds and usually pay interest, by repurchasing the collateral from the buyer in the future (such as repurchase agreements and official swap arrangements);
 - Suppliers' credits, i.e., contracts where the supplier permits the obligor to defer payments until sometime after the date on which the goods are delivered or services are provided; and
 - Leases, i.e., arrangements under which property is provided which the lessee has the right to use for one or more specified period(s) of time that are usually shorter than the total expected service life of the property, while the lessor retains the title to the property. For the purpose of the program, the debt is the present value (at the inception of the lease) of all lease payments expected to be made during the period of the agreement excluding those payments that cover the operation, repair or maintenance of the property.

Under the definition of debt set out in this paragraph, arrears, penalties, and judicially awarded damages arising from the failure to make payment under a contractual obligation that constitutes debt are debt. Failure to make payment on an obligation that is not considered debt

⁸ Includes Fondo de Promoción a la Inversión en Exploración y Explotación Hidrocarburífera (FPIEEH).

⁹ As defined in paragraph 8(a) of the Guidelines on Public Debt Conditionality in Fund Arrangements, attached to Executive Board Decision No. 16919-(20/103), adopted on October 28, 2020.

under this definition (e.g., payment on delivery) will not give rise to debt. The definition of debt excludes outstanding NOCRES and other tax certificates.

- **External debt.** For the purposes of this program, and consistent with the definition set out in the IMF's Balance of Payments Manual, external debt is determined according to the residency criterion (and, as such, would encompass nonresident holdings of bolivianos and foreign currency debt).
- **New external debt arrears:** New External debt payment arrears for program monitoring purposes are defined as external debt obligations (principal and interest) falling due after the start date of the program, that have not been paid in 30 calendar days after the contractual due date or the contractual grace period, whichever is later.

22. Measurement: This PC does not cover arrears on debt subject to renegotiation or restructuring and obligations that are under litigation on which no final judgment/order has been obtained.

23. Monitoring: This PC will be monitored on a continuous basis. Ministerio de Economía y Finanzas Públicas will report as soon as possible with a lag of no more than 15 calendar days should external arrears emerge.

Cumulative Ceiling on the Change in Central Bank Credit to the NFPS

24. Definition: *Central Bank Credit to the NFPS* is the stock of direct claims held by the BCB on the NFPS. These claims encompass the full face value of all NFPS securities held by the BCB, provisional advances to the TGN, overdraft transfers, and the BCB's on-lending of its external resources to the NFPS. Central Bank Credit to NFPS includes secondary market acquisitions by the BCB of government bonds. Should the interest on the BCB credit to the NFPS be capitalized, it counts towards the stock of the Central Bank Credit to the NFPS. For the purpose of this gross ceiling, temporary holdings of government securities used strictly for financial sector liquidity management (OMOs with maturity of less than 1 year) or held as commercial bank collateral are explicitly excluded from the claims aggregate. Temporary accrual of interest payments on existing Central Bank credit to the NFPS ('interés devengado') does not count towards the new credit, if the interest is not capitalized. Increase in the Central Bank credit to the NFPS, which occurred during the first quarter of 2026 resulting from liability management operations (Bb 2.5 billion), will not count towards the new credit. Disbursements to SOEs under pre-existing legislative provisions—as of September 30, 2026—will not count towards the new credit.¹⁰

25. Measurement: This PC will be measured as the change in the nominal stock of the credit, valued in bolivianos, on a continuous basis (measured on the last day of each month). Foreign currency balances and securities linked to foreign currency shall be converted to bolivianos using

¹⁰ The disbursements, which had been pre-contracted, are for: (i) ENDE (Miguillas Hydroelectric project and Laguna Colorada Geothermal Plant project) total outstanding amount of up to Bb 1664 million; (ii) Fondo de Apoyo a la Reactivación de la Inversión Pública (FARIP), total outstanding amount of up to Bb 757 million.

the program exchange rates indicated in Table 1. The PC will be adjusted downwards by the face value reduction of the existing NFPS credit resulting from any reprofiling, restructuring, or other debt operations with the existing stock of debt.

26. Monitoring: Data for this criterion will be calculated based on the BCB's financial records and will be provided to the Fund with a lag of no more than 3 calendar days after the end of the test period.

INDICATIVE TARGETS: DEFINITION OF VARIABLES

Ceiling on the Stock of Base Money

27. Definition:

- *Base money* is defined as the total stock of high-powered money—a liability of the BCB—available to the economy. It is comprised of two principal components, measured in bolivianos: (i) currency in circulation issued by BCB; and (ii) deposits of financial institutions at the BCB, or bank reserves, which includes funds that commercial banks and other regulated financial entities are required to keep (legal reserve requirements, 'encaje requerido') or choose to hold voluntarily as deposits at the BCB. For program monitoring purposes, Base Money excludes BCB's foreign currency liabilities with the domestic financial system, but includes local currency liabilities, including those indexed to foreign currency (for instance, MVDOL¹¹), valued at exchange rates indicated in Table 1. At end-December 2025, base money was BOB 132,269 million.

28. Measurement: Stock of base money will be measured at each test date as the average of daily data over the last 20 business days before and including the test date to smooth out end-of-period volatility. Starting in 2026:Q4, the ceiling on the stock of base money will be adjusted if the minimum reserve requirement on commercial banks is changed after the start date of the program. The BCB will consult with IMF staff prior to making any changes to the levels or structure of reserve requirements. Changes in required reserve regulations (reserve requirement ratio, reservable base) will modify the base money ceiling according to the formula:

$$\Delta RRRR = \Delta rr \cdot BB_0 + rr_0 \cdot \Delta BB + \Delta rr \Delta BB$$

where $\Delta RRRR$ denotes the change in reserve money; rr_0 denotes the reserve requirement ratio prior to any change; BB_0 denotes the reservable base in the period prior to any change; Δrr denotes the change in the reserve requirement ratio; and ΔBB denotes the immediate change in the reservable base resulting from changes to its definition.

¹¹ MVDOL stands for 'Moneda Nacional con Mantenimiento de Valor al Dólar Estadounidense'.

29. Monitoring: Data for this criterion will be calculated based on the BCB's financial records and will be provided to the Fund with a lag of no more than 2 calendar days after the end of the test period.

Cumulative Floor on the Overall Balance of the NFPS

30. Definition:

- *The Overall Balance of the NFPS* is defined as the net lending/borrowing of the NFPS. It is calculated as the primary NFPS balance minus interest expenditures.

31. Measurement: The overall balance of the NFPS is calculated as the simple difference between total revenues and total expenditures (primary and interest expenditures). The overall balance will be measured cumulatively starting from the beginning of the calendar year to each test date.

32. Monitoring: Ministerio de Economía y Finanzas Públicas is the responsible agency for compiling and reporting the consolidated data. The complete set of consolidated financial statements for the NFPS, detailing the revenues and expenditures used in the calculation, must be provided to the Fund staff with a lag of no more than 45 calendar days after the end of each monthly test period, ensuring a timely assessment of the NFPS's fiscal trajectory. Preliminary figures will be provided within 30 calendar days following each test date.

Floor on Social Assistance Spending

33. Definition. Expenditure on poverty-reducing social programs of the Central Government will include actual cash disbursements for the following core programs:

- *Bono Juancito Pinto:* A major conditional cash transfer program aimed at improving school enrollment, retention, and completion rates among public school students from primary through secondary levels. It is paid annually, conditioned on at least 80 percent school attendance, and is primarily financed by non-tax revenues derived from SOEs.
- *Bono Juana Azurduy:* The core maternal and child health conditional cash transfer program, which provides payments conditioned on pre- and post-natal medical check-ups and birth registration, directly supporting human capital development among vulnerable families.
- *Renta Dignidad:* The universal non-contributory old-age pension, which, while universal in coverage (for all Bolivians over 60), is a critical component of the social safety net and has a significant, proven impact on reducing poverty, particularly among the elderly and their co-residing families.
- *PEPE (Programa Extraordinario de Protección y Equidad):* A targeted cash transfer introduced in 2026 to support vulnerable households in the context of rising prices. The program provides short-term income support—typically through monthly payments totaling BOB 450 over a three-month period (with extended support for certain groups, such as non-pensioned

elderly)—and is delivered using existing social program registries (e.g., Juancito Pinto, Juana Azurduy, disability benefits, and Renta Dignidad).

- *Bono Mensual para Personas con Discapacidad*: A targeted cash transfer that provides a fixed monthly payment to persons with severe and very severe disabilities who are not covered by contributory social security.
- *Bono Anual de Indigencia (Comunidad no Vidente)*: A targeted annual cash transfer provided to members of the blind community. The program is administered by the Instituto Boliviano de la Ceguera, with beneficiaries identified and updated through dedicated administrative registries.
- *Subsidio Universal Prenatal por la Vida*: A targeted in-kind transfer program that provides monthly food support to pregnant women who are not covered by contributory health insurance, from early pregnancy until childbirth.

Spending under new social assistance programs, created before the test-date, would be included after consultation with IMF staff.

34. Monitoring. Ministerio de Economía y Finanzas Públicas is the responsible agency for compiling and reporting the consolidated data. Data on the social assistance coverage will be provided to the Fund staff with a lag of no more than 45 calendar days after the test date. The floor will measure actual budgetary disbursements on a cash basis.

SELECTED STRUCTURAL BENCHMARKS

Maintain a Flexible Exchange Rate Regime, Consistent with Adopted Policy on Foreign Exchange Interventions.

35. The SB will assess whether a shift to a flexible exchange rate regime and a liberalized FX system is sustained. The BCB will not issue any new regulation (other than foreseen under the program – see Table 2 in MEFP) which interferes with the free quoting of the exchange rate and will adhere to the agreed-upon foreign exchange intervention framework. The BCB will provide the IMF on a daily basis the detailed data on the official exchange rate and all underlying forex transactions in the client and the interbank FX markets. The data should confirm that the exchange rate displays sufficient variation consistent with the free quoting and with the agreed framework of a flexible exchange rate. In addition, the functioning of the regime is assessed in a comprehensive manner based on monitoring of FX system, using information and indicators that include the spread between the official exchange rate published by BCB and measures of market clearing rate, and FX market turnover. For the spread between the official exchange rate published by BCB and measures of market-clearing rate, measures of market-clearing exchange rate, including the local parallel crypto market and *casas de cambio* rates will be monitored on a daily basis to assess that deviations are not significant and/or widening. For FX market turnover, the BCB will provide daily data on volume and number of transactions by bank and respective volume weighted rates. The SB will be

assessed once for each program review, based on the information over a period between program reviews.

OTHER INFORMATION REQUIREMENTS

36. In addition to providing aforementioned data and information staff request to monitor program implementation, the authorities will also provide the following data to ensure adequate monitoring of key economic variables:

Table 3. Bolivia: Data Requirements for Program Monitoring			
Item	Frequency	Submission lag (days)	Reporting agency
Program NIR — stock of NIR, GIR, reserve-related liabilities as defined in the TMU.	Daily	2	BCB
Exchange Rates — official exchange rate, parallel rate (incl. crypto market and <i>casas de cambio</i>), FX transaction buy and sell volumes and transaction-by-transaction data needed to compute the official exchange.	Daily	1	BCB
Central Bank FX & Securities Trading — BCB direct FX sales to government and SOEs and via auction/interbank market; BCB sales and purchases of all securities settled in different currencies.	Daily	1	BCB
Balance of reserves held as monetary gold by custodian, including pledged or collateralized amounts, if any	Weekly	2	BCB
Deposits of NFPS at the BCB - Daily data of NFPS deposits, broken down by (i) currency (national and foreign currency) and by (ii) account (Treasury, subnational governments, SOEs).	Weekly	2	BCB
Monetary Aggregates — daily data on the monetary base, both BCB and program definition, incl. its decomposition, namely currency in circulation, excess and required reserves; BCB net domestic assets and net credit to the NFPS.	Weekly	3	BCB
BCB Financing (amortizations & disbursements) — incl. direct BCB credit to the NFPS and any BCB credit to state-owned banks.	Weekly	3	BCB
Deposits (bank by bank) — bolivianos and FX deposits.	Weekly	3	BCB
BCB & TGN Auctions — granular data incl. accepted amounts and all bids submitted (accepted and rejected).	Weekly	3	BCB
BCB Balance Sheet — detailed balance sheet of the BCB disaggregated by currency type (national currency and foreign currency).	Weekly	3	BCB
CPVIS fund - USD remaining balance of CPVIS fund. USD volume of bank deposits that are released/available at each release date.	Weekly	3	BCB

Table 3. Bolivia: Data Requirements for Program Monitoring (continued)

Item	Frequency	Submission lag (days)	Reporting agency
Banks USD deposits – aggregate balance of USD deposits and number of USD active accounts, by bank	Weekly	3	ASFI
Fiscal Operations — cash-based operations of the general government, SOEs, and the non-financial public sector (NFPS).	Monthly	45 ¹	MEFP
Fiscal Financing Sources (below-the-line) — issuance of domestic public securities, financing from within the NFPS, external financing, and other financing schemes. Detailed quarterly financing plan for the coming 12 months provided one month in advance.	Monthly	45 ¹	MEFP
NFPS External Financing — received plus projections for the coming four quarters, with loans and grants categorized by program and project.	Monthly	45 ¹	MEFP
Cash Flow — cash flow tables for the central government and the NFPS, showing expected and actual receipts and payments.	Monthly	45 ¹	MEFP
External Arrears & Floating Debt — stock of external arrears and floating debt (i) recorded in SIGEP, broken down by Treasury, General Government, YPFB and other SOEs and (ii) YPFB trade credit not recorded in SIGEP broken down by creditor	Monthly	45 ¹	MEFP
Social Spending — execution data (actual disbursements) for social assistance spending of the central government as defined in the TMU, with disaggregation of key poverty-reducing / social safety net programs and any new monetary transfers.	Monthly	45 ¹	MEFP
NFPS Debt — debt service — actual and projected domestic and external debt service (amortization and interest) for direct and guaranteed debt.	Monthly	45 ¹	MEFP
NFPS Debt — external arrears — stock, accumulation, and resolution of external arrears.	Continuous	No later than 15 days after each change.	MEFP
NFPS Debt — central govt debt stock — incl. guaranteed debt (specifying guaranteed institution), broken down by creditor (official, domestic commercial, external commercial) and instrument (bonds, loans, bills).	Monthly	45 ¹	MEFP
NFPS Debt — central govt balances — balances of the central government at the BCB (daily) and at the commercial banking system (monthly).	Daily / Monthly	45 ¹	MEFP
NFPS New External Debt — Monthly data on prospective and new external debt commitments, clearly specifying the terms for each loan (original contractual debt, maturity, grace period, interest or fees, frequency of servicing).	Monthly	45 ¹	MEFP
Financial System Soundness — key indicators incl. overall liquidity, outstanding credit, and non-performing loans for the banking system.	Monthly	30	ASFI
Net Open Positions (NOP) — end-month bank-by-bank (bancos múltiples) FX NOP as a ratio of bank capital, incl. numerator and denominator components, plus any breaches of NOP limits and sanctions applied by the BCB.	Monthly	30	ASFI
Balance Sheets of major financial institutions — bancos múltiples and Gestora.	Monthly	30	ASFI

Table 3. Bolivia: Data Requirements for Program Monitoring (concluded)

Item	Frequency	Submission lag (days)	Reporting agency
Balance Sheet main aggregates of Other Financial Corporations — non-deposit taking.	Quarterly	30	ASFI
Financial System (bank-by-bank) — balance sheets by currency (BOB and FX); income statements; loan classification, deposits, due from/to, securities, repos, fixed/repossessed assets, NOP; and Financial Soundness Indicators (capital, asset quality, earnings, liquidity).	Quarterly	30	ASFI
Central Bank Liabilities — Stock of letters of credit (opening amount and outstanding balance).	Monthly	30	BCB
Internal Audit Verification of Program Monetary Data —detailed audit report for verification of program monetary data at the start date of the program, and for subsequent test dates to include data verification and assessments relative to QPCs (Table 1, MEFP), based on agreed terms of reference and procedures.	n/a	Within 6 weeks after each test date	BCB
Public Debt Stock & Registry — total stock of NFPS debt (domestic and external), plus a debt registry showing structure and holders of domestic government debt (at face value and at discount) and status of arrears resolution.	Quarterly	45 ¹	MEFP
SOEs Financial Performance — SOE balance sheets (revenues, expenditures, net profit/loss, debt) for all SOEs.	Quarterly	45 ¹	MEFP and YPFB
Balance of Payments — full balance of payments, incl. goods, services, primary and secondary income, capital transfers, and financial flows.	Quarterly	60	BCB
National Accounts — GDP by expenditure and production approaches, with relevant sectoral breakdowns.	Quarterly	90	INE
1/ Preliminary data to be shared with the IMF on a strictly confidential basis with a lag of 30 days.			

Annex I. Coverage of Non-Financial Public Corporations in NFPS

Abbreviation	Full Name
ABONOS	Empresa de Abonos y Fertilizantes
SEMILLAS	Empresa de Semillas
ENVIBOL	Empresa de Envases de Vidrios de Bolivia
KOKABOL	Empresa Pública Productiva de Industrialización de la Hoja de Coca Boliviana
IBAE	Empresa Productiva Industria Boliviana de Aceites Ecológicos
IBQ	Industria Boliviana Química
PAPEL-BOL	Empresa Pública Nacional Estrategica Papeles de Bolivia
CARTON-BOL	Empresa Pública Nacional Estrategica Cartones de Bolivia
ECE-BOL	Empresa Pública Nacional Estrategica de Cementos Bolivia
LIFAB	Laboratorio Industria Farmaceutica Boliviana
YPFB	Yacimientos Petrolíferos Fiscales Bolivianos
ENDE	Empresa Nacional de Electricidad
COMIBOL	Corporación Minera de Bolivia
HUANUNI	Empresa Minera Huanuni
EPCORO	Empresa Estatal de Producción y Comercialización de Oro
EMC	Empresa Minera Corocoro
EMCQ	Empresa Minera Colquiri
EMK	Empresa Metalúrgica Karachipampa
VINTO-NAL	Empresa Metalurgica VINTO - Nacionalizada
ENFE	Empresa Nacional de Ferrocarriles - Residual
TAB	Transportes Aéreos Bolivianos
BTB	Empresa Estatal de Televisión "BOLIVIA TV"
COFADENA	Corporación de las Fuerzas Armadas para el Desarrollo Nacional
ENABOL	Empresa Naviera Boliviana
EMAPA	Empresa de Apoyo a la Producción de Alimentos
ES - MUTUN	Empresa Siderúrgica del Mútun
BOA	Boliviana de Aviación
DAB	Depósitos Aduaneros Bolivianos
EBIH	Empresa Boliviana de Industrialización de Hidrocarburos
ABE	Agencia Boliviana Espacial
EASBA	Empresa Azucarera San Buenaventura
EBC	Empresa Estrategica Boliviana de Construcción y Conservación de Infraestructura Civil
QUIPUS	Empresa Pública QUIPUS
MI TELEFERICO	Empresa Estatal de Transporte por Cable "Mi Teleférico"
YACANA	Empresa Pública YACANA
ASP-B	Administración de Servicios Portuarios - Bolivia
YLB	Empresa Pública Nacional Estratégica de Yacimientos de Litio Bolivianos
EBAD	Empresa Boliviana de Alimentos y derivados
MISICUNI	Empresa Misicuni
CGE	Contraloría General del Estado
EMTAGAS	Empresa Tarijeña del Gas
VIPFE	Viceministerio de Inversión Pública y Financiamiento Externo
SAMAPA-HAM	Servicio Autónomo Municipal de Agua Potable y Alcantarillado
SEMAPA	Servicio Municipal de Agua Potable y Alcantarillado
ELAPAS	Empresa Local de Agua Potable y Alcantarillado Sucre
AAPOS	Administración Autónoma para Obras Sanitarias - Potosí
SELA	Servicio Local de Acueductos y Alcantarillado - Oruro

Statement by the Staff Representative on Bolivia

October 2, 2026

Developments described below took place after the issuance of the Staff Report. They do not alter the thrust of the staff appraisal.

1. All prior actions have been implemented as of September 25, 2026. In line with the commitment in the MEFP (prior action 4, Table 2), on September 25 the Bolivian Central Bank (BCB) Board issued Board Resolution No. 142/2026, which effectively removed Article 6 of its Regulation on Foreign Exchange (FX) Operations, thereby ensuring that banks are free to transact at a freely negotiated exchange rate for all (buy and sell) FX transactions. The other three prior actions were met before the issuance of the Staff Report (MEFP, Table 2). Congress adopted a revised 2026 budget aligned with program fiscal targets on July 30th, and authorized the government to draw from Fund resources on September 18th. New monetary financing was precluded as was envisaged in the BCB's Monetary Program approved on March 23rd.

2. The authorities advanced with the fuel subsidy reform alongside additional compensatory measures to protect vulnerable households. On September 19, the authorities raised domestic diesel prices by 83 percent, with the same price now applicable to all consumers, ahead of the January 2027 adjustment expected under the program. Going forward, diesel prices will be adjusted automatically in line with international prices under a published formula that includes a smoothing mechanism. The measure reduces spending pressures in 2026 by about 0.7 percent of GDP and facilitates implementation of the fiscal adjustment in 2027, despite higher oil prices. The authorities also introduced additional compensatory measures, including a second round of cash transfers under the *Programa Extraordinario de Protección y Equidad* (PEPE, see Staff Report Box 1). The cost of these transfers is broadly in line with the social spending projections in the Staff Report.

3. The BCB continued to tighten reserve requirements in local currency and introduced a new temporary measure in late September to further absorb boliviano liquidity. As noted in the Staff Report, the BCB announced at end-July a gradual increase in local currency reserve requirements held in BCB securities, from 3.0 percent to 7.5 percent by mid-September. In addition, to further absorb excess boliviano liquidity, the BCB introduced on September 8 a reserve requirement (*Reserva Monetaria Restringida*) of 3 percent on boliviano deposits until March 8, 2027. On September 25, the BCB introduced a new measure (*Reserva Monetaria Ampliada*, RMA), initially set at 1 percent of boliviano deposits and increasing to 1.5 percent on October 2, 2026. The RMA will remain in place until March 25, 2027.

Statement by Mr. Gonzalo Afcha, Advisor to Executive Director
October 2, 2026

The Bolivian authorities thank Management and staff for their intensive and constructive engagement on the economic program and express their appreciation to Executive Directors and our development partners for their support at this exceptionally challenging time. In view of their strong ownership, substantial upfront actions, and firm commitment to implementation, the authorities request Executive Directors' support for the proposed 36-month Extended Fund Facility (EFF) arrangement of SDR 1.369 billion, equivalent to 570 percent quota. Before submitting this request, the government secured Legislative Assembly authorization for the IMF's financial support under the EFF, thereby completing the national approval requirements.

The arrangement supports a comprehensive program to restore macroeconomic stability, rebuild confidence and external buffers, preserve fiscal and debt sustainability, and lay the foundations for durable and inclusive growth. The authorities have undertaken significant upfront actions, including a frontloaded fiscal adjustment, cessation of new monetary financing of the fiscal deficit, unification of the official and market exchange rates, adoption of a flexible exchange rate regime, and establishment of a new monetary anchor. Recognizing that sustained political and social support will be essential, the authorities are committed to policy discipline, inclusive dialogue, and the protection of vulnerable households throughout the adjustment.

Recent Developments and Program Strategy

The new administration took office in November 2025 amid deep fiscal and external imbalances, high inflation, acute foreign exchange shortages, and declining economic activity—conditions that reflected the cumulative impact of several years of macroeconomic imbalances. The fiscal deficit reached 11.4 percent of GDP in 2025, monetary financing amounted to 7 percent of GDP, public debt exceeded 83 percent of GDP, and international reserves had fallen to critically low levels. These imbalances, compounded by the secular decline in natural gas production and an overvalued exchange rate, contributed to shortages of foreign exchange, fuel, and other essential goods. Real GDP contracted for a second consecutive year, while high food inflation disproportionately affected vulnerable households.

The authorities acted promptly to prevent the deterioration and restore confidence. They initiated a front-loaded fiscal adjustment enabling the cessation of central bank financing to the non-financial public sector, tightened domestic liquidity conditions, unified the official and reference exchange rates, and began the transition toward a flexible, market-determined exchange rate regime. They also secured Congressional approval of a revised 2026 budget consistent with program objectives, announced monetary targets, and initiated a transparent plan to resolve legacy obligations arising from CPVIS operations and progressively normalize access to foreign exchange deposits.

These actions, together with support from development partners, favorable export prices, a liability-management operation, and Bolivia's successful return to international capital markets, have contributed to lower inflation, greater foreign exchange market stability, continued timely servicing of sovereign external debt obligations, and initiated the rebuilding of reserves. These gains were achieved despite two significant shocks that had a disproportionate impact on the Bolivian economy: the rise in global oil

prices following the outbreak of war in the Middle East and the domestic road blockages in May-June 2026. Nevertheless, although liquid international reserves have increased since the administration took office, they remain well below adequacy benchmarks, and continued progress depends on sustained policy implementation and timely external financing.

The program rests on mutually reinforcing priorities: restoring fiscal and debt sustainability; establishing a credible monetary anchor; completing the transition to a flexible exchange rate regime; rebuilding reserves; safeguarding financial stability; protecting vulnerable households; and advancing structural and governance reforms conducive to private-sector-led growth.

Fiscal Policy and Social Protection

Restoring fiscal sustainability is at the core of the program. The authorities aim to eliminate the NFPS primary deficit by the end of the arrangement, implying an adjustment of about 8.5 percent of GDP over the program period. This effort is essential to reduce financing pressures, place public debt on a downward trajectory, and permanently end reliance on monetary financing.

The adjustment will be centered on the elimination of poorly targeted fuel subsidies, public-sector wage restraint, rationalization of inefficient capital expenditure, and reductions in non-priority spending. At the same time, the authorities will protect priority social spending and focus public investment on projects with high economic and social returns. They will also address fiscal risks from state-owned enterprises by restructuring nonviable entities and strengthening the governance and operational efficiency of viable ones.

The revised 2026 budget provides the fiscal anchor for the first year of the program. It limits the NFPS deficit to no more than 9 percent of GDP, while the BCB's monetary program rules out new gross central bank credit to the NFPS. Binding expenditure ceilings, restraint of discretionary spending, and the postponement or cancellation of lower-priority capital projects will safeguard the 2026 fiscal objectives.

The authorities remain committed to ending fuel subsidies, but they recognize that the reform must be gradual to mitigate its social impact and preserve public support. Domestic fuel prices more than doubled in December 2025, bringing them close to import prices at the time, and then frozen for six months. The subsequent rise in global oil prices following the outbreak of war in the Middle East renewed subsidy pressures, while social concerns prompted the authorities to extend the price freeze through end 2026. This phased approach preserves the authorities' commitment to reform: the diesel subsidy was removed on September 19, while the gasoline subsidy will remain through year-end.

The authorities are determined to ensure that the burden of adjustment does not fall disproportionately on poor and vulnerable households. The program therefore includes an indicative floor on social-assistance spending. Legislation will establish the basis for a unified social registry, means-tested eligibility criteria, data sharing, and clearer institutional responsibilities. Over time, the integration of administrative databases will improve targeting and ensure that assistance reaches those most in need.

To sustain the fiscal adjustment, the authorities will develop a Domestic Revenue Mobilization Strategy and will establish a Medium-Term Fiscal Framework, strengthening fiscal-risk analysis and reporting. They will also improve public financial management, comprehensively review accumulated arrears,

validate legitimate claims using a standardized definition, and implement a transparent, time-bound clearance plan.

Debt, Exchange Rate, and Monetary and Financial Sector Policies

The authorities recognize that public debt poses a significant challenge. At the end of 2025, NFPS debt exceeded 80 percent of GDP and was equivalent to about 90 percent of GDP when valued at the market exchange rate. Exchange rate adjustment will initially increase the domestic-currency value of external debt. The projected decline in the debt ratio therefore critically depends on sustained fiscal consolidation, the recovery of growth, prudent financing, and continued creditor support.

Bolivia has remained current on its external obligations despite acute liquidity pressures. The authorities will continue to engage transparently with creditors, deepen the domestic debt market, and strictly observe the limits of BCB financing to the NFPS. Multilateral and official financing will remain important while the adjustment takes hold.

Exchange rate unification and the transition toward a flexible, market-determined regime constitute a fundamental change in Bolivia's policy framework. Under the new regime, foreign exchange transactions will increasingly reflect market conditions. BCB intervention will be limited to addressing disorderly market conditions and material financial stability risks and will not be used to defend a predetermined exchange rate. Direct provision of foreign exchange to government-related entities and SOEs will be strictly limited.

With the exchange rate no longer serving as the nominal anchor, the BCB is introducing a monetary framework centered on base-money targets, with price stability as its primary objective. The BCB will strengthen its liquidity-management instruments, forecasting capacity, and communications. As part of the review of the Financial Services Law, the statutory lending-rate caps and the quantitative credit allocations will be eliminated. The authorities will also strengthen the BCB's autonomy, accountability, transparency, and governance; enhance external audit arrangements; and conduct a balance-sheet stress test with Fund technical support.

Rebuilding usable international reserves is a key program objective. The adjustment program, together with Fund support and financing from other international financial institutions (IFIs), should enable a gradual accumulation of reserves. Given the IFIs' significant contribution to the program, the authorities will continue seeking timely congressional approval of their disbursements.

The authorities are mindful that the transition to market-based monetary and exchange rate policies could expose some inherited financial-sector vulnerabilities. Financial agencies have intensified liquidity and solvency monitoring and will strengthen systemic-risk surveillance. The authorities will progressively align prudential standards with international best practices, modernize the bank-resolution framework, strengthen recovery and resolution planning, and improve deposit-insurance arrangements.

Structural Reforms and Risks

Macroeconomic stabilization is indispensable but will not by itself secure durable improvements in living standards. The authorities intend to place private initiative, productivity, diversification, and formal

employment at the center of Bolivia's growth model. Price controls and export ceilings will be phased out, accompanied by targeted support for vulnerable households. The hydrocarbons and mining frameworks will be reformed to encourage exploration and private investment while ensuring an appropriate public share of natural-resource rents.

Public investment will focus on projects that address binding infrastructure constraints and demonstrate clear economic and social returns. SOE governance, operational efficiency, and transparency will be strengthened. The authorities have also requested a governance diagnostic to support reforms to the anti-corruption framework, judicial independence, public procurement, transparency, property rights, and contract enforcement. Access-to-information legislation will further reinforce public accountability.

The authorities recognize the program's inherent risks. Social tensions, higher global oil prices, adverse terms-of-trade shocks, delays in external financing, slow recovery of some productive sectors, unforeseen financial-sector difficulties, and uncertainty over public-sector liabilities could complicate the timely and effective implementation of the program. If these risks materialize, the authorities stand ready to recalibrate policies.

Program implementation will be monitored through quantitative and continuous performance criteria, indicative targets, and structural benchmarks. A comprehensive communication strategy will explain the reforms' objectives, sequences, costs, and expected benefits. The government will report to the National Assembly on program implementation progress every six months. The authorities recognize that transparency, social dialogue, and broad public understanding will be critical to sustaining the reforms.

Conclusion

The authorities are fully aware of the magnitude of Bolivia's challenges and the risks surrounding the demanding adjustment. They are nevertheless confident that the program, financially supported by the Fund and other international development partners, provides a credible path toward restoring macroeconomic stability, progressively rebuilding external buffers, strengthening fiscal and debt sustainability, safeguarding the financial system, and improving the conditions for private investment and inclusive growth. Their substantial upfront actions already taken provide strong evidence of the authorities' ownership and resolve. They are firmly committed to timely implementation, and they stand ready to recalibrate policies and adopt additional measures as needed to achieve the program objectives. The authorities therefore request Executive Directors' support for the proposed arrangement under the Extended Fund Facility.