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THE INTERNATIONAL MONETARY FUND AND
THE INTERNATIONAL DEVELOPMENT ASSOCIATION

BOLIVIA

Decision Point Document for the Enhanced Heavily Indebted Poor Countries (HIPC) Initiative

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In consultation with the Staff of the Inter-American Development Bank

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I. INTRODUCTION

1. This paper presents Bolivia's position with respect to the Heavily Indebted Poor Countries (HIPC) Initiative and proposes Board approval of a decision point for additional assistance under the enhanced Initiative. In September 1998 the Fund and the International Development Association (IDA) decided that Bolivia had satisfied the conditions for reaching the completion point under the original HIPC Initiative.

2. **Debt relief under the original HIPC Initiative** amounted to US$448 million in net present value (NPV) terms at end-1997, with multilateral creditors supplying 65 percent of the relief and bilateral creditors the remainder.[2] At a meeting of the Paris Club in October 1998, Japan granted additional debt relief of US$371 million in NPV terms, through a reduction in interest rates on its ODA claims and a pledge to cover debt service obligations on its ODA debt. Including additional Japanese relief, the ratio of Bolivia's end-1997 NPV of debt to exports was reduced from 252 percent to 198 percent.[3] The original HIPC Initiative relief was heavily frontloaded: it amounted to 22.6 percent of total debt service (0.9 percent of GDP) in 1999, and was projected to progressively fall to 7½ percent of total debt service (0.3 percent of GDP) by 2005, and to 2 percent of total debt service by 2018.

3. In their **Interim Poverty Reduction Strategy Paper** (PRSP), the authorities lay out their plans for developing a comprehensive poverty reduction strategy. They are committed to get civil society rapidly involved in the process of developing and implementing the country's poverty reduction strategy, in the context of a National Dialogue scheduled to take place during January–May 2000. As a follow-up to the National Dialogue, they plan to prepare a comprehensive PRSP, which will serve as a basis for Bolivia's request for a floating completion point under the enhanced HIPC Initiative, tentatively expected for mid-2000. Reaching a completion point will also require that financial assurances have been secured from Bolivia's external creditors.

4. This paper is organized as follows: Section II presents Bolivia's performance under the original HIPC Initiative; Section III updates the debt sustainability analysis (DSA); Section IV reports on the status of consultations with Bolivia's creditors; Section V presents the specific measures that will need to be implemented before Bolivia reaches its completion point under the enhanced HIPC Initiative; and Section VI presents the issues for discussion.

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[2]Bolivia reached the decision point under the HIPC Initiative in September 1997 (see IMF documents EBS/97/49 and EBS/98/159; and IDA documents IDA/R97-109 and IDA/R98-141).

[3]Under the pledge, Japan would cover with grants all interest payments on its ODA debt during the 16-year grace period and 80 percent of interest and principal payments thereafter.

II. Performance under the Original HIPC Initiative

5. This section reviews **macroeconomic developments and progress in the social area during 1997–99**. In recent years, Bolivia has made further progress toward achieving macroeconomic stability while implementing a comprehensive structural reform program. To assess progress in the social area, the authorities agreed in 1997 with the staff of the World Bank and the Inter-American Development Bank (IDB) on a social reform program that would be monitored through a matrix of social policy measures and a set of outcome-based indicators through 2000.

A. Macroeconomic Policies

6. **Bolivia has continued to work closely with the Fund in the design and implementation of its macroeconomic policies.** In September 1998 the Executive Board of the Fund approved a three-year Poverty Reduction and Growth Facility (PRGF) (formerly ESAF) arrangement for Bolivia, in support of the authorities' program for 1998–2001 (Table 1). During 1997–98, economic growth in Bolivia averaged 4½ percent, led by investment in the hydrocarbons and communication sectors. In 1999 economic growth declined to about 2 percent, reflecting lower commodity export prices and the impact of the financial crisis in Latin America, while consumer price inflation declined to about 3 percent (from 8 percent at end-1996). The external current account deficit widened from 5½ percent of GDP in 1996 to 7½ percent in 1997–98, reflecting a surge in foreign direct investment in the telecommunication, mining, and energy sectors (including the construction of a gas pipeline to Brazil). In 1999 the external current account deficit narrowed to 6.3 percent of GDP, as imports declined, following the completion of the gas pipeline and a weakening in domestic demand. Net international reserves, which rose by US$231 million during 1997–98, declined somewhat in 1999, with gross reserves remaining at a comfortable level, at the equivalent of 6½ months of imports of goods and services by end-1999.

7. **In recent years, the authorities have continued to strengthen public finances.** Following implementation in May 1997 of the reform establishing the private pension funds and eliminating the pay-as-you-go system, the government's net pension costs rose from 1.2 percent of GDP in 1996 to 3.9 percent in 1998–99. Largely as a result, the overall deficit of the combined public sector (after grants) increased from 1.9 percent of GDP to 4.1 percent; however, excluding net pension costs, the deficit of the combined public sector was reduced by ½ of 1 percentage point over the same period. During 1998–99, a temporary program to collect back taxes from cars imported as contraband helped improve fiscal revenue while the authorities maintained a tight stance on current outlays. Monetary policy has remained prudent, and the authorities have continued depreciating the boliviano against the U.S. dollar with a view to improving competitiveness.

8. **Bolivia has been implementing a comprehensive structural reform program, although with some delays.** The main components of this program included privatization, consolidation of the financial system, improving the road network, and making fiscal decentralization more effective. During 1997–99, major steps were taken toward completing

the privatization program, with the sale of the refineries of the petroleum company YPFB and the state smelting company Vinto. In the financial sector, the authorities introduced new capital requirements for financial intermediaries (raising the minimum capital-to-risk-weighted assets ratio to 10 percent) and replaced most of the banks' reserve requirement with a liquid asset ratio. In 1999 the first stage of regulations aimed at tripling provisioning requirements over a five-year period was implemented. With regard to the national road network, a fund, supported by tolls on cars and trucks, was established to finance most of the maintenance work on the major highways. Finally, with respect to fiscal decentralization, ceilings have been established on the debt and debt-service ratios of local and regional governments.

9. Progress has also been made to **improve transparency and reduce corruption.** With assistance from the Fund and the Word Bank, the authorities designed a plan in 1998 for a comprehensive reform of customs. In June 1999 a new customs law was approved and in July 1999 a new president was appointed for a five-year period. In 1999 a new statute of the civil servant was approved by congress, establishing a recruitment and promotion system based on merit in the civil service. Progress is also being made in the reform of the judicial system.

B. Social Policies

10. The provision of debt relief to Bolivia under the original HIPC Initiative was predicated on **achieving satisfactory progress in implementation of social policies while meeting the quantitative social indicators.** While the choice of indicators was partially constrained by the availability of data at the time of the preparation of the decision point document, the selected indicators have proven useful in measuring progress in the social area. It is important to note, however, that progress in the social area should be based on an assessment of overall progress achieved relative to the full set of indicators.

11. **Bolivia made substantial progress in the social area in 1997–98.** The September 1998 completion point document reviewed social performance for 1997 and concluded that, despite some delays, the authorities had made satisfactory progress in implementing the policies and meeting the quantitative indicators contained in the social matrix agreed at the decision point. However, in 1998 it was more difficult for the government to meet the targets that were set at higher levels than in 1997. Continued attention should be given to resolving implementation problems, particularly in health and child development, to ensure observance of the targets.

12. **In 1999 relief under the original HIPC Initiative provided the Bolivian authorities with additional resources to fund social expenditure.** In 1999 public social outlays rose by 9 percent (Bs 675 million, or US$115 million) which, in the context of weak economic growth and tax receipts, was largely made possible by debt relief.[4] In percent of

[4]Relief amounted to US$26 million in 1998 and US$77 million in 1999.

GDP, social spending rose from the equivalent of 13.9 percent in 1996 to 16.1 percent in 1999 and, excluding pension payments, it increased from 11.8 percent to 12.5 percent during the same period (Table 2). In percent of total public expenditure, social outlays rose from 52 percent in 1996 to 57½ percent in 1999.

Performance in implementing social policies

13. By end-1998, two-thirds of the agreed-upon social policy actions in 1997 had been fully implemented, and the remaining ones had been partially implemented (Table 3). **Performance was particularly strong in education,** where all eight policy actions specified in the 1997 decision point document were fully implemented in 1998. Over and above the agreed-upon actions, the government has been taking decisive action to improve the implementation of the ongoing Education Reform program. Legislation was enacted that had the effect of significantly reducing the number of transfers of teachers during the school year. Important steps were also taken to improve teacher training, with the consolidation of teaching institutes and the contracting out of administration in 10 Teacher Training Institutes, and to improve school programs with the support of the World Bank and foreign donors.

14. **In health, progress has been more limited.** Two of the four policy actions agreed upon in the 1997 decision point document were fully implemented, and two were partially satisfied. Efforts are ongoing to improve the situation in health, traditionally a poorly performing sector in Bolivia. Specifically, performance contracts have been enacted between the national level and the regional health departments and efforts are being made by the government and foreign donors and creditors to rationalize investments in support of the National Health Strategy.

15. In the area of **rural development and the fight against poverty**, the seven policy actions specified in the 1997 decision point document should be understood as a very limited set of actions, given the challenge of reducing poverty, particularly in rural areas. The Interim PRSP identifies a more comprehensive set of actions designed to help develop rural areas and reduce poverty. Of the seven policy actions identified in the decision point document, four were fully satisfied and three partially satisfied. An extensive process of diagnosis and consultation is taking place before any changes are enacted, to ensure that these changes are consistent with the broader purpose of a comprehensive poverty reduction strategy and the decentralization effort.

Performance in meeting quantitative social indicators

16. As noted, the decision point document identified **selected indicators and targets to help monitor social progress during the period 1997–2000**. Overall, Bolivia made progress with 21 targets met and 13 not met over the two-year period prior to the original HIPC relief (see Tables 1 and 2 of Appendix I). Among the indicators that were not met in 1998, five of them show improvement compared with 1997, four show no improvement, and two were not considered. For some of the indicators the shortfall was small, and for others there were delays, but indications are that further progress was made in 1999.

17. The **reasons for not meeting the targets**, explained in detail in Appendix I, are various. In the case of some of the health targets and the child welfare program, more effort could have been made by the government to assign the necessary resources and resolve some of the implementation problems. In other cases, the initial indicators were set at levels that proved to be too difficult to attain at that time. For instance, in 1998 Bolivia registered a 5 percentage points increase in the percentage of births attended by professionals within the Maternal and Child Insurance program. Although this performance fell short of the indicator, it was better than that registered in any of the 18 countries for which surveys are available. Sometimes, completion of the indicator was not achieved because the main sources of identified financing were delayed and alternative funding sources were not assigned. In the case of spending for primary and secondary education, which was below the 1998 objective, part of the explanation is due to the fact that the World Bank's Education Quality Project did not become effective until the third quarter of 1998.

18. **Remedial action is being taken by the government.** Within the context of the IDB's Program of Fiscal Adjustment and Maintenance of Social Expenditure, the government is taking steps to address some of the shortcomings that led to some of the targets not being met. The planning offices of the Ministry of Health will be restructured and all existing and proposed projects in the health sector will be regrouped, and the IDB Social Sector Management Project, approved in 1996 but under which no disbursements have taken place, is being reactivated.

C. Lessons from the Experience of the Debt Relief Under the Original HIPC Initiative

19. Looking forward, the indicators currently used under the HIPC Initiative and those developed as part of the preparation of the 1999 Consultative Group meeting **will be redefined in the context of the assistance under the enhanced HIPC Initiative**. These indicators will be specified in the context of the National Dialogue and the preparation of the poverty reduction strategy paper. It has now been agreed that the yearly consultative group meeting, chaired by the government, will be used to review progress in meeting these indicators with the international community. It will also be important that reviews of progress with the participants in the National Dialogue be conducted on a yearly basis. The greater dissemination of indicators and participation of civil society in reviewing progress toward meeting the indicators will constitute an important step to ensure progress in that area. To that effect, a small percentage of enhanced HIPC Initiative funds could be dedicated to financing an effective follow-up of progress.

20. **Lessons have been learned that will be used in the design of the indicators** for assistance under the enhanced HIPC Initiative. To that effect, it will be important to elaborate a methodological document explaining in detail how each of the indicators will be measured and what data sources will be used. In order to assess whether the targets that will be set in the context of the enhanced HIPC Initiative are achievable within the specified timeframe, it will be important to identify the specific programs that will help meet those targets, the sources of funding that will be available, and the objectives that these programs will be

assigned to help meet the targets. Finally, good use should be made of comparative international data to ascertain that the targets are set at reasonable levels. This represents a challenging task, as the international community has yet to develop comprehensive and readily available databases that provide indications of how rapidly some of key social indicators can be expected to change.

21. In setting targets, it will be critical **to ensure that resources are available**. In several cases, including vaccinations, the targets were not met because adequate resources were not assigned to the tasks. Steps are being taken to ensure that these links are explicitly developed in the programming of the various ministries and that more flexibility is introduced in the reassignation of public funds. Under the Comprehensive Development Framework, the government is working with foreign donors and creditors to forge a close link between these indicators and the assignment of resources, which in turn, would help rationalize investments undertaken by foreign creditors and donors.

III. Debt Sustainability Analysis

22. This **debt sustainability analysis** was prepared jointly by the Fund and IDA staff and the Bolivian authorities, on the basis of loan-by-loan data provided by the authorities and creditors for debt outstanding at end-1998. The nominal debt data were reconciled with all creditor statements in October–December 1999, and the exchange and interest rates used for the calculation of the debt data are presented in Table 4.

A. Macroeconomic Assumptions

23. Under the second annual PRGF-supported program, covering 2000, Bolivia is expected to maintain **strong macroeconomic policies** and make further progress in the implementation of **structural reforms** to generate growth and reduce poverty. The authorities are aiming at privatizing the few assets still in public hands, modernizing the tax system, introducing more flexibility in labor regulations, and strengthening Bolivia's external competitiveness. The overall deficit of the combined public sector (after grants) is projected to narrow from 4.2 percent of GDP in 1999 to 3.7 percent in 2000. The ongoing reform of customs, together with changes in tax administration, are projected to help boost tax revenue while the authorities intend to keep a tight lid on expenditure. Largely on the basis of an improvement in the international environment, economic growth is expected to rise to 4 percent while inflation would be contained within a range of 4–4.5 percent. The external current account deficit would widen modestly (to 6.8 percent of GDP), as the economy recovers and the demand for imports increases, and the net official international reserves position would improve slightly.

24. The **long-term projections agreed with the authorities** are based on the continuation of prudent macroeconomic policies and a deepening of structural reforms, which set the basis for private sector-led growth. These policies are expected to support an increase in economic growth to 5.5 percent in 2001, 6 percent through 2005, and 5 percent thereafter, while inflation would settle down to 4.0 percent (Table 5). Gross domestic

investment would rise from 19.7 percent of GDP in 2000 to 21.0 percent by 2003 and remain broadly at that level thereafter. Reflecting investment in the hydrocarbon and mining sectors, foreign direct investment is expected to average 9 percent of GDP during 2000–01, and it would gradually fall to about 5 percent by 2010 and 4 percent by 2018. National savings would rise from 13 percent of GDP in 2000 to 15½ percent in 2005 and to 16½ percent next decade.

25. On this basis, the **external current account deficit** would fall from 6.8 percent of GDP in 2000 to 5½ percent in 2005, as foreign direct investment projects in the mining and hydrocarbon sectors mature and begin to be reflected in higher exports. The current account deficit would gradually decline to 4½ percent of GDP by 2012, and remain at that level through 2018 (Table 6). Reflecting in part investments undertaken in the mining sector, annual export volume growth would rise to 10 percent on average during 2001–03 before stabilizing at 5 percent from 2007 onwards. Over the medium term, merchandise exports would remain broadly stable as a percent of GDP (at about 16 percent). Import volume is assumed to grow faster than real GDP through 2006, reflecting a higher demand for capital goods for investment projects, and to grow by 4–5 percent thereafter. The terms of trade are expected to improve slightly through 2006, and to remain broadly stable thereafter. The external current account deficit would be largely financed by foreign direct investment, while external borrowing by the private sector would remain modest, and the level of gross reserves would be maintained at six months of imports of goods and services over the projection period.

26. The **combined public sector deficit** was assumed to move broadly in line with the availability of net external financing, which is projected to decline from 2.4 percent of GDP in 2000 to 1.8 percent in 2003 and to 1.3 percent on average during 2008–18. Gross disbursements of external loans to the public sector would decline from about 4 percent of GDP on average during 2000–02 to around 3 percent from 2010 to 2018. The reduction in the overall deficit of the combined public sector will help ensure a smooth transition to Bolivia's greater access to nonconcessional external financing.

27. As noted, it is expected that, as part of the outcome of the National Dialogue, **a new set of targets for key social indicators will be designed,** consistent with the overall macroeconomic framework and the poverty reduction strategy.

B. Bolivia's External Debt Situation After the Relief Under the Original HIPC Initiative

28. At end-1998, **after the implementation of the original HIPC Initiative,** Bolivia's outstanding public and publicly-guaranteed debt in NPV terms was reduced from US$3,725 million to US$2,895 million, equivalent to 213 percent of exports (Table 7)[5]. This

[5]This ratio is higher than the end-1997 ratio presented in paragraph 2 because of a decline in the three-year average export level between 1997 and 1998.

computation includes the additional debt relief (beyond the original HIPC Initiative relief) granted by Japan in October 1998. As noted, roughly two-thirds of Bolivia's debt at end-1998 was due to multilateral creditors and one-third to bilateral creditors.

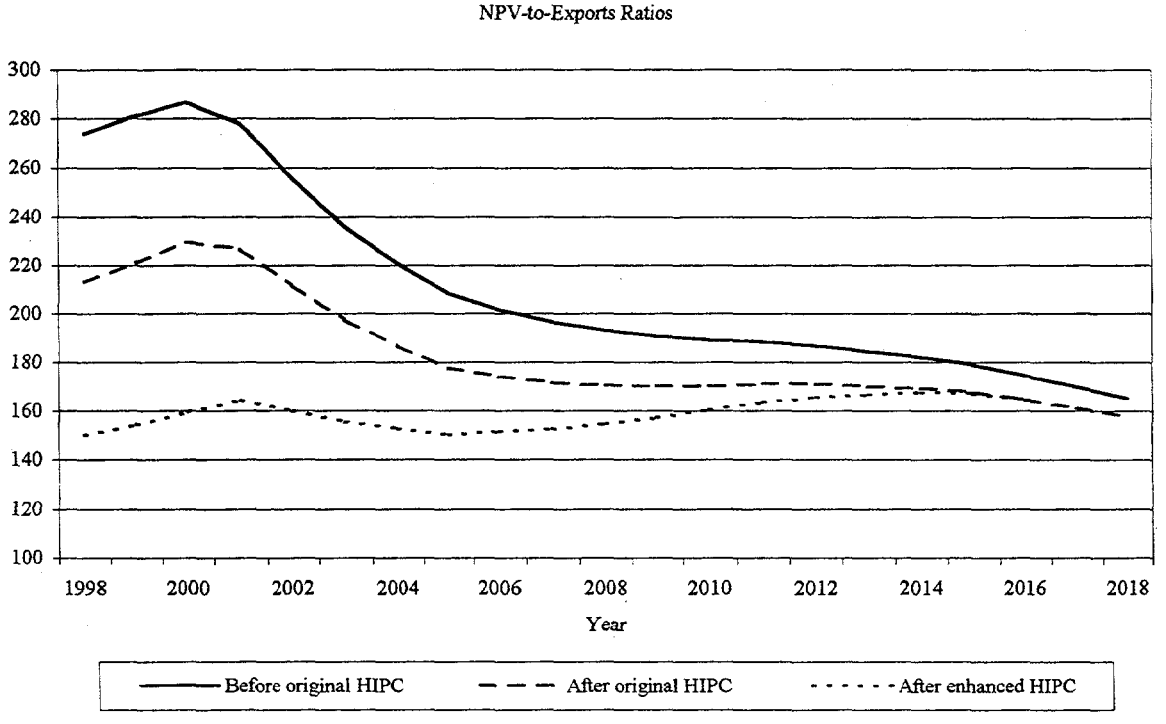
29. After implementation of the original HIPC relief and additional Japanese ODA relief, the NPV of Bolivia's end-1998 **external public and publicly-guaranteed debt** is projected to fall from 213 percent of exports of goods and services in 1998 to 172 percent by 2007 and 158 percent by 2018 (Tables 8, 9, and 10, and Figure 1). The NPV of the debt to export ratio would rise temporarily during 1999–2001 (to 226 percent on average) due to the steep decline in exports recorded in 1999, which affects the three-year moving average in the denominator.

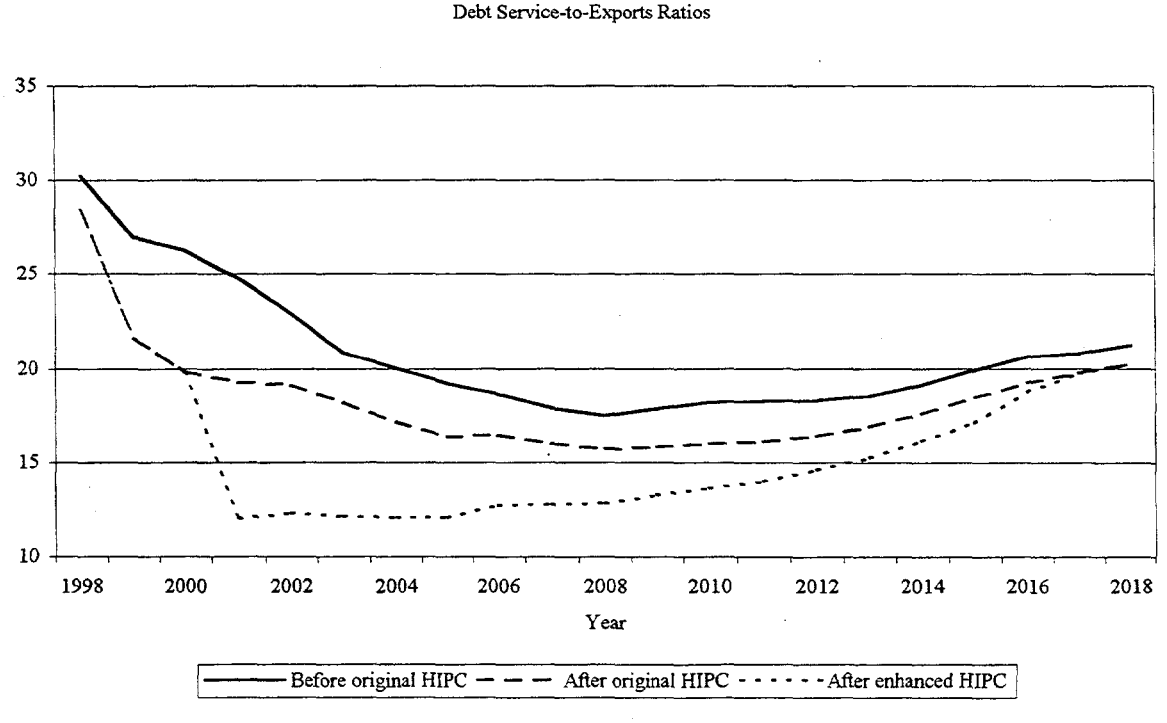
30. Debt service due after the original HIPC Initiative and additional Japanese ODA relief falls from 28.4 percent of current year exports of goods and services in 1998 to 19.3 percent in 2001 and 16.0 percent by 2007. Subsequently, the debt service ratio would rise progressively, to about 20 percent by 2016–18, due to Bolivia's reduced use of concessional resources. In percent of GDP, the NPV of debt would decline from 34 percent in 1998 to 27 percent in 2018; debt service due would decline from 4.5 percent of GDP in 1998 to 3.0 percent in 2007, and then rise to 3.6 percent by 2016–18.

31. Medium-term balance of payments projections point to a significant strengthening of the external current account position and the maintenance of a comfortable level of official foreign assets, at the equivalent of six months of imports of goods and services. However, Bolivia's external sector remains **vulnerable to exogenous shocks,** as exports remain concentrated in mining products and hydrocarbons. Metal exports still account for 40 percent of total exports, and a repeat of the significant decline in the world price of metals that Bolivia experienced in 1998 would place its external debt and debt service outlook in a more difficult position. Bolivia also has a substantial stock of private nonguaranteed external debt, which makes the country more vulnerable to fluctuations in world financial markets than most HIPC countries.

32. Bolivia maintains a relatively high fiscal deficit because of the cost associated with structural reforms, including the pension reform. It is expected that additional resources under the enhanced HIPC Initiative will be used to smooth out the absorption of the high cost of reforms in the context of prudent fiscal adjustment, while allowing public social expenditure to increase. Within the medium-term economic framework, the allocation of additional social outlays, including to the areas of health and road infrastructure—two important areas for poverty alleviation in Bolivia—will be determined in the context of the National Dialogue and specified in the full PRSP.

Figure 1. Bolivia: External Debt and Debt Service Indicators
(In percent)





Sources: Bolivian authorities; and Bank/Fund staff estimates and projections.

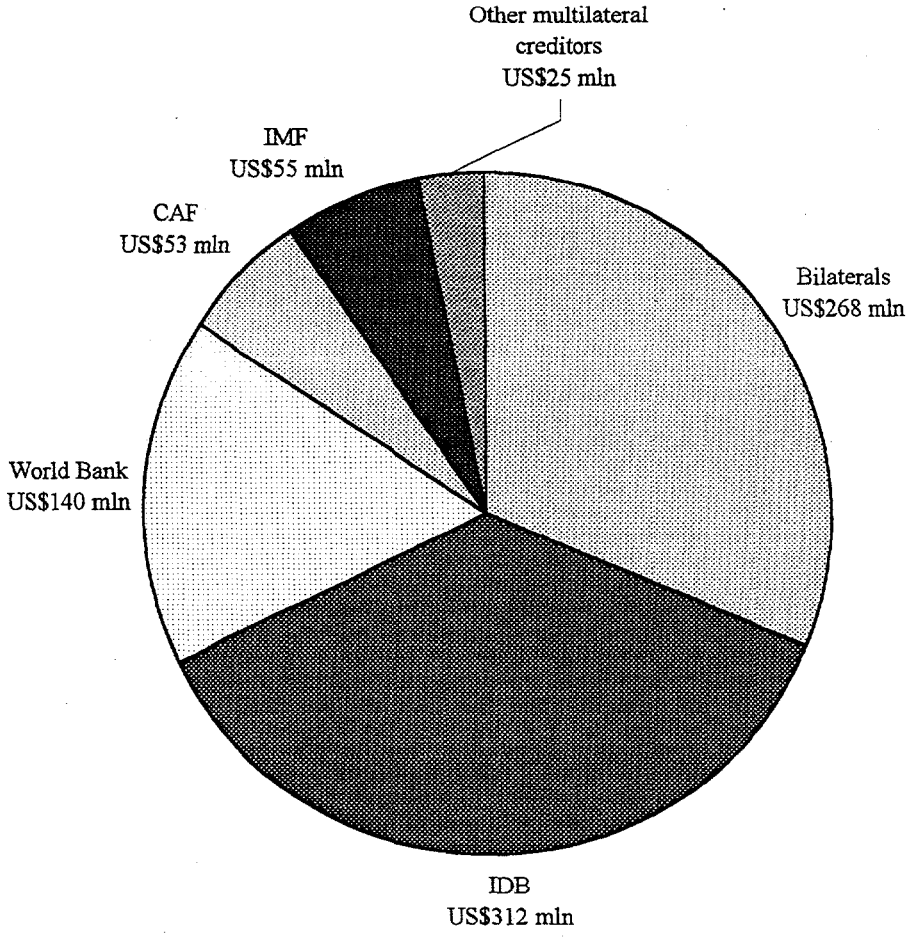
C. Possible Assistance Under the Enhanced HIPC Initiative

33. **Under the enhanced HIPC Initiative, Bolivia's external debt in NPV terms at end-1998 would be reduced to US$2,041 million after relief** (Table 11). The enhanced HIPC Initiative is setting a uniform target of a NPV of debt-to-exports ratio of 150 percent. For Bolivia, based on the three-year historical moving average of exports of goods and services and the NPV of debt after the original HIPC Initiative, the necessary debt relief needed to bring the ratio of NPV of debt to exports down to 150 percent would be US$854 million. After assistance under the enhanced HIPC Initiative, the NPV of debt as a share of exports of goods and services would stay broadly constant throughout the projection period, despite a projected gradual transition to nonconcessional financing. As under the original HIPC Initiative, Bolivia is eligible under the criterion of NPV of debt to exports, and not the fiscal openness criteria (Bolivia's share of exports to GDP is well below the 40 percent threshold required for this criterion).

34. Based on proportional burden sharing, about **two-thirds of relief (US$585 million) would be provided by multilateral creditors** and the remainder (US$268 million) by bilateral creditors. Based on comparability of treatment under the Cologne terms, and on the basis of total exposure, 94 percent of bilateral assistance would be provided by Paris Club creditors. International Financial Institutions would also provide assistance based on their shares in the NPV of debt at end-1998. Expressed in NPV terms, the World Bank contribution would be US$140 million, the IMF contribution US$55 million, the IDB contribution US$312 million, and the Andean Development Fund (CAF) contribution US$53 million (Figure 2).

35. The time-profile of relief from the enhanced HIPC Initiative will depend on the modalities of debt relief that are applied by each creditor to reach the indicated NPV reduction. The projection exercise assumes that for each multilateral creditor a fixed percentage of debt service due on the stock of debt at end-1998 is destined for relief. With respect to the International Monetary Fund, assistance is assumed to be delivered through the PRGF-HIPC Trust Fund in such a way that a fixed proportion of debt service due to the Fund is covered each year over an eight-year period, starting in 2001 (Tables12 and 13). With respect to IDA, debt relief would be provided by covering 50 percent of debt service falling due to IDA starting in 2001. Since the assistance under the original HIPC Initiative covered almost 100 percent of debt service due through 2001, IDA debt relief under the enhanced HIPC would be delivered the subsequent 15 years. For other multilateral creditors, it was assumed that debt relief would be delivered over a 15-year period, so that the NPV of relief flows is equal to the NPV target for each creditor.

Figure 2. Bolivia: Structure of Enhanced HIPC Assistance, NPV terms at end-1998
(In millions of U.S. dollars)



Source: Bank/Fund staff estimates.

36. In the projections, the **burden sharing among bilateral creditors** is based on the comparability of treatment under Cologne Terms, determined on the basis of total exposure of Paris Club and other bilateral and commercial creditors (Table 14). For Paris Club official creditors, this would require a reduction in pre-cutoff date debt of 105.5 percent, implying that action additional to the forgiveness of pre-cutoff date non-ODA debt would be necessary. For other bilateral and commercial creditors, there is no significant pre-cutoff date debt, and therefore relief will have to be implemented on the post-cutoff date debt.

37. Using the assumptions above, the **possible flow relief of the enhanced HIPC Initiative** could translate into lower debt service payments on the order of 1.2 percent of GDP during the first few years, which will help fund additional social spending (see Table 11). If the entire enhanced HIPC relief were destined to social expenditures, these could rise by about 7 percent, which if combined with the relief from the original HIPC Initiative would imply total increase of about 11 percent. The distribution of debt relief between increases in social expenditures and reductions in domestic financing will be carefully assessed within the macroeconomic context and the National Dialogue. Most importantly, the priorities to increase social expenditures should be established and the tradeoffs in the decision making process be made explicit.

38. A simple **sensitivity analysis** highlights the importance of continued sound macroeconomic policies and structural reforms. The exercise maintains the same GDP shares of export and taxes as in the base case and varies the growth rate of output. If output growth in Bolivia were to average 4 percent during 2005–18, instead of 5 percent assumed in the base case, exposure indicators would rise slightly more quickly by 2018: the NPV of debt as a share of GDP would rise from 27 percent to 30 percent; the NPV of debt as a share of exports of goods and services would increase to 176 percent (157 percent in the baseline scenario); and the debt service as a share of exports would increase from 20 percent to 23 percent. Thus, if the rate of economic growth were lower than contemplated in the baseline scenario, Bolivia would have to reduce its net external borrowing to maintain the external debt path envisaged in the baseline scenario.

IV. Required External Financing, Status of Negotiations

39. The Fund and IDA have initiated **consultations with Bolivia's multilateral creditors and with the Paris Club** regarding the actions that these creditors would take under the enhanced HIPC Initiative for Bolivia. On October 1, 1999, IDA organized a meeting with multilateral institutions on the HIPC Initiative. At this meeting, creditors strongly supported the enhanced framework. They also discussed the methodology, data, and recommendations for debt sustainability analyses for the first group of countries, including Bolivia.[6] The staff of the Fund and the Bank have worked in close consultation with the staff

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[6]See the Chairman's Summary of the Multilateral Development Banks' Meeting (IDA/SecM99-602, dated October 8, 1999).

of the IDB, including on the preparation of the debt sustainability analysis and have also communicated with other creditors.[7] There are no outstanding data reconciliation issues.

40. With regard to **multilateral creditors,** the IDB is Bolivia's largest creditor, accounting for 36½ percent of Bolivia's public and publicly-guaranteed external debt in NPV terms at end-1998, and 53½ percent of the debt owed to multilateral creditors. In May 1997 the Board of Governors of the IDB agreed that Bolivia was eligible for relief under the original HIPC Initiative, and made available internal resources needed to cover its share of the debt relief under the original framework. While supporting the renewed objectives of the enhanced HIPC Initiative, the IDB Board is still to consider the modalities, sources, and timing of financing. For participating in the enhanced HIPC Initiative, the IDB has stated that it will need to secure contributions of external resources within an amount and timing envelope that will have to be considered by its Board of Governors. In order to ensure the IDB's support to the country poverty reduction strategy and the success of its implementation, the PRSP and the comprehensive set of benchmark indicators will be considered by the IDB's Board of Directors.

41. Staff are in close contact with Bolivia's multilateral creditors to discuss the possibilities and constraints of the delivery of the enhanced HIPC assistance. In this context, in letters to the Managing Director of the Fund and the President of the World Bank, dated July 9, 1999, the **President of CAF expressed his support for the broad objectives of the HIPC Initiative.**[8] In these letters, the President of CAF also expressed his concerns about the impact that the enhanced HIPC Initiative could have on the financial integrity and long-term sustainability of smaller multilateral development banks, including CAF. In particular, he indicated that CAF could only participate on the basis of full funding from donors or through market-based mechanisms that were fully compatible with CAF's policies and financial constraints. Letters expressing similar concerns were sent to the Managing Director of the Fund and the President of the World Bank by FONPLATA on December 8, 1999.

42. At their meeting in November 1999, **Paris Club creditors** agreed on the modalities for providing debt relief under the Cologne terms to countries qualifying under the enhanced HIPC Initiative. These modalities provide for a 90 percent reduction in the net present value of eligible debt, or more if necessary. If all creditors were to follow the Cologne Initiative, and forgive all remaining ODA debt, this would result in an additional US$163 million reduction in the NPV of end-1998 debt. This potential ODA financing could reduce the debt

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[7] Other creditors include CAF, the Financial Fund for the Development of the Basin of the River Plate (FONPLATA), the International Fund for Agricultural Development (IFAD), and OPEC Fund.

[8] The CAF accounted for about 6 percent of the NPV of Bolivia's public and publicly-guaranteed debt at end-1998, and about 9 percent of the debt owed to multilaterals.

to export ratio by about 12 percent in NPV terms and provide debt service savings of 0.03 percent of GDP a year on average.

43. At end-1998, Bolivia's debt to **non-Paris Club bilateral creditors** stood at US$89 million, equivalent to 5½ percent of its debt to bilateral creditors.[9] The net present value of this debt, after the original HIPC Initiative and assuming treatment comparable to the 1998 Paris Club stock-of-debt operation agreement on eligible debt, was estimated at US$39.6 million. The authorities have reported that significant progress has been made in the negotiations with Brazil on a debt rescheduling agreement on terms comparable to the 1998 Paris Club agreement. The other debt to non-Paris Club creditors is post-cutoff date debt.

V. Conditions for Floating Completion Point

44. The staffs and managements of the Bank and the Fund believe that Bolivia's track record and the program supported by the second annual arrangement under the PRGF and the interim poverty reduction strategy paper fully justify an early decision point under the enhanced HIPC Initiative. A **floating completion point** could be reached under a relatively short period of time. They recommend approval of a decision point based on the deliberations of the IDA and Fund Boards, and subject to confirmation of the participation of other creditors. The assistance under the enhanced HIPC Initiative is to be based on the continued implementation of strong macroeconomic and structural policies, which will be monitored through the second annual program under the PRGF arrangement and the IDA lending and technical assistance program now being implemented under the CDF.

45. For the **completion point**, Bolivia would also need to: (i) have continued to be in observance of the program supported by the Fund under the PRGF; (ii) have completed its National Dialogue with civil society, scheduled to be held during the first half of 2000; and (iii) have fully defined its anti-poverty strategy and designed, in the context of the PRSP, a comprehensive set of indicators in a participatory process to monitor progress in poverty reduction. Reaching the completion point would also require that the Executive Directors consider the overall approach set out in the PRSP and endorse it as a context for the Bank's and the Fund's assistance.

46. At this stage, and given the ongoing process to secure financial assurances from other creditors, including the IDB and CAF, the staffs propose **agreement on a decision point** under the enhanced HIPC Initiative for Bolivia, that could become effective once agreement has been reached with Bolivia's other creditors on their participation in the enhanced HIPC Initiative. The staffs estimate that the authorities will have completed a full poverty reduction strategy paper for a completion point by mid-2000.

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[9]The creditors involved are Brazil, China, Taiwan Province of China, and Venezuela. Brazil granted substantial debt relief to Bolivia in the framework of the February 1990 and March 1994 Paris Club agreements.

VI. Issues for Discussion

Executive Directors may wish to focus on the following issues and questions:

47. **Eligibility and decision point**: the staff and management believe that Bolivia is eligible for relief under the enhanced HIPC Initiative and recommend approval of a decision point, based on the deliberations of the IDA and Fund Boards and the agreement with the authorities on a program to be supported by the second annual arrangement under the PRGF. Do Executive Directors agree that Bolivia has met the conditions for reaching its decision point under the enhanced HIPC Initiative?

48. **Amount and delivery of assistance**. Consistent with a reduction in Bolivia's NPV of debt to exports ratio, total assistance under the enhanced HIPC Initiative is estimated to amount US$854 million in NPV terms; of this amount, US$140 million is to be provided by the International Development Association and US$55 million by the International Monetary Fund. Do Directors agree that Bolivia should receive these amounts, to reduce the NPV of end-1998 debt to exports to 150 percent? Taking into account the fact that assistance under the original HIPC Initiative was frontloaded, do Directors agree that assistance to Bolivia under the enhanced HIPC Initiative should be delivered according to a time profile with no frontloading?

49. **Completion point**: The staff and management believe that Bolivia has achieved macroeconomic stability and is designing a comprehensive strategy to fight poverty. In view of this track record, they recommend a floating completion point, after the national dialogue has taken place and its conclusions have been incorporated in a comprehensive PRSP, endorsed by the Executive Boards of the World Bank and the International Monetary Fund. Reaching the completion point will also require that comparable treatment assurances have been secured from Bolivia's external creditors. Do Executive Directors agree with this strategy?

50. **Conditions for reaching completion point:** Assuming agreement on a decision point, a draft decision will be circulated to Executive Directors, for adoption on a lapse of time basis. The completion point will be reached when the conditions specified in paragraph 45 above have been met and comparable treatment assurances have been secured from Bolivia's external creditors.

51. **Creditor participation:** Some multilateral institutions may require bilateral financial support in order to deliver their share of assistance under the enhanced HIPC Initiative assistance to Bolivia. Do Directors agree that the staffs of the Bank and the Fund continue working with other multilateral creditors toward securing their participation?

Table 1. Bolivia: Selected Economic and Financial Indicators

	Average 1990-95	1996	1997	1998	1999 EBS/99/56	1999 Est.
	(Annual percentage change)					
Income and prices						
Real GDP	4.2	4.4	4.4	4.7	5.0	2-2.5
Real GDP per capita	1.7	2.0	2.0	2.2	2.6	0.1
Real gross domestic demand	3.9	5.4	9.0	6.6	...	0.2
GDP deflator	12.2	11.6	6.8	7.8	5.7	2.7
CPI inflation (period average)	13.0	12.4	4.7	7.7	3.9	2.2
CPI inflation (end-of-period)	12.4	8.0	6.7	4.4	5.5	3.0
	(In percent of GDP)					
Investment and savings						
Gross domestic investment	15.2	16.2	19.8	20.0	20.4	18.4
Public	8.6	7.3	6.6	5.7	6.5	6.1
Private, including stocks	6.6	9.0	13.2	14.2	14.0	12.3
Gross national savings 1/	9.8	11.0	12.9	12.1	13.2	12.1
Public	4.7	6.1	3.0	1.6	2.5	1.8
Private	5.1	4.9	9.9	10.4	10.8	10.3
Combined public sector						
Nonpension balance	-3.7	-0.7	-0.8	-0.1	0.3	-0.2
Pension-related balance	-0.3	-1.2	-2.5	-3.9	-4.2	-3.9
Overall balance	-4.0	-1.9	-3.3	-4.0	-3.9	-4.2
Foreign financing	3.7	2.5	2.7	2.8	2.9	2.5
Domestic financing	0.3	-0.6	0.5	1.2	1.0	1.7
	(Annual percentage change, unless otherwise stated)					
Money and credit						
M3 growth	34.7	25.0	17.3	13.7	13.6	5.8
Credit to private sector	35.1	13.6	19.4	23.8	13.9	6.4
Interest rates (percent, end-of-period)						
Yield on treasury bills in local currency	22.7	16.5	11.2	13.4	...	...
Yield on treasury bills in U.S. dollars	9.8	7.6	8.2	8.6	...	...
External sector (US$ million)						
Current account balance 1/2/	-308	-389	-554	-675	-645	-537
(percent of GDP)	-5.4	-5.3	-7.0	-7.9	-7.2	-6.3
Of which: trade balance	-298	-450	-685	-878	-792	-639
Capital account balance	241	731	657	777	521	360
Of which: foreign direct investment	93	426	599	870	705	746
Overall balance	-67	342	103	102	-124	-177
International trade						
Merchandise export volume	6.7	4.9	5.0	2.7	5.0	-4.3
Merchandise import volume	6.2	16.6	22.2	12.9	-5.7	-15.4
Terms of trade (deterioration -)	-1.8	1.0	3.0	-3.8	-6.2	-2.7
Gross official reserves						
(months of imports of goods and services) 3/	4.6	6.5	5.7	7.5	6.0	6.3
Public sector external debt (US$ billion) 4/5/	4.3	4.6	4.5	4.5	4.7	4.6
(percent of GDP) 4/5/	75.3	62.6	56.4	52.2	52.8	54.0
Debt-service ratio 4/6/	44.1	25.4	26.5	28.4	21.9	21.7
End-of-period exchange rates						
Bolivianos/U.S. dollar	4.21	5.19	5.37	5.65	...	6.00
NEER (percentage change) 7/	25.8	-1.7	1.7	-2.8	...	...
REER (percentage change) 7/	-3.4	1.2	4.7	-1.3	...	...

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

1/ The recording of inward transfers in the external current account (and foreign savings) was improved starting in 1997. It is not possible to compare trends in these variables before and after 1997.

2/ Excludes grants to finance debt-reduction operations.

3/ In months of imports of goods and services in the following year.

4/ Debt and debt service reflect assistance under the original HIPC Initiative, which became available beginning in October 1998.

5/ Includes obligations to the Fund and debt with public guarantee.

6/ On public sector medium- and long-term external debt (including payments to the Fund) in percent of exports of goods and services.

7/ New weights based on average trade, excluding trade related to natural gas, in 1996-97.

Table 2. Bolivia: Social Spending 1/

	1995	1996	1997	Prel. 1998	Est. 1999	Proj. 2000
	(In millions of bolivianos)					
Total social spending	**4,000**	**5,211**	**6,356**	**7,350**	**8,025**	**8,924**
Current spending	**2,881**	**3,736**	**4,729**	**5,459**	**5,843**	**6,434**
Health	886	1,082	1,227	1,348	1,320	1,440
Administration	410	466	515	557	598	652
Hospitals and clinics	473	575	650	710	631	682
Local and regional governments	3	41	62	81	91	106
Education	1,530	1,812	2,101	2,330	2,561	2,776
Administration and basic education	1,123	1,310	1,489	1,666	1,715	1,849
Of which: primary education 2/	...	906	974	1,050	1,187	...
Universities	400	475	563	572	738	797
Transfers from treasury	227	257	310	291	323	330
Earmarked tax revenues	165	210	242	271	264	330
Other, including own resources	8	8	11	10	151	137
Local and regional governments	7	27	49	92	108	130
Pensions	424	792	1,345	1,686	1,784	1,961
Other 3/	41	50	56	95	178	257
Capital spending	**1,119**	**1,475**	**1,627**	**1,891**	**2,182**	**2,490**
Health	126	160	174	192	246	308
Education	179	325	405	353	447	548
Basic sanitary infrastructure	222	430	423	454	613	602
Urban development	367	310	307	350	298	363
Rural development	225	249	319	543	579	668
Of which: feeder roads	58	100	123	183	219	252
	(In percent of GDP)					
Total social spending	**12.4**	**13.9**	**15.2**	**15.6**	**16.1**	**16.5**
Current spending	8.9	10.0	11.3	11.6	11.7	11.9
Capital spending	3.5	3.9	3.9	4.0	4.4	4.6
By function						
Health	3.1	3.3	3.3	3.3	3.1	3.2
Education	5.3	5.7	6.0	5.7	6.0	6.1
Of which: primary education	...	2.4	2.3	2.2	2.4	...
universities	1.2	1.3	1.3	1.2	1.5	1.5
Basic sanitary infrastructure	0.7	1.1	1.0	1.0	1.2	1.1
Urban development	1.1	0.8	0.7	0.7	0.6	0.7
Rural development	0.7	0.7	0.8	1.1	1.2	1.2
Of which: feeder roads	0.2	0.3	0.3	0.4	0.4	0.5
Pensions	1.3	2.1	3.2	3.6	3.6	3.6
Other 3/	0.1	0.1	0.1	0.2	0.4	0.5
Memorandum item:						
Total social spending, excluding pensions 3/	11.1	11.8	12.0	12.0	12.5	12.8

Source: Ministry of Finance.

1/ Includes public expenditure on education, health, rural development, basic infrastructure, and pensions. For 2000, figures do not include additional spending that would be associated with the enhanced HIPC Initiative.

2/ Teachers' salaries.

3/ Includes government contributions to the National Housing Fund and private pension funds, and social spending by regional governments.

Table 3. Bolivia: Fulfillment of the 1998 HIPC Social Policy Actions: Education

Policy Action	Variable Indicator	Completed 1997	Completed 1998	Comments
Increase public expenditures on basic education, especially non-salary expenditures.	1. Establish targets for non-salary basic expenditures.	No	Yes	N/C
Develop a plan for reducing expenditures on higher education as a share of total education expenditures.	2. To be completed by end-1997.	No	Yes	N/C
Improve coverage of basic education in rural areas, especially for females.	3. Develop by end-1997 and start implementing (mid-1998) a plan to improve access of girls in rural areas to basic education.	No	Yes	N/C
Improve quality of basic education.	4. Development of an action program for continued implementation of school- level quality improvement programs.	Yes	Yes	N/C
	5. Strategy to provide the minimum of textbooks to all students in primary and secondary education to be developed by mid-1998.	Yes	Yes	N/C
	6. Establish a national assessment system by end-1997, including an analysis and publication of the results of the baseline.	Yes	Yes	N/C
Improve access to early childhood education.	7. Established a policy and instrumental framework for early childhood development program.	Yes	Yes	N/C
Adapt education reform to popular participation and decentralization.	Enact modifications to education reform regulations by mid-1998.	No	Yes	N/C

Table 3. Bolivia: Fulfillment of HIPC Policy Actions: Health

Policy Action	Variable Indicator	Completed 1997	Completed 1998	Observations
Develop a national health strategy in the context of decentralization that among other things improves sector financing.	1. Strategy to be developed by end-1997 and implementation initiated by mid-1998.	Yes, (late)	Yes	There are several versions of the *Plan Estratégico de Salud* (PES). The first one, dated October 1997, and the last one in August 1998. The PES began to be implemented in 1998 with the promulgation of specific laws about Basics Health Insurance and about the decentralized structure of the health systems in the Departments (DS 25060) and municipalities (DS 25233).
	2. Proposal presented for health system financing mechanism by mid-1998 and implementation by the system initiated by end-1998.	No	Partially	A proposal for the reform of health financing has not been developed yet. However, in the late 1998, some laws defined new financial mechanisms for health care. At first, the definition of 6.4 percent of the 85 percent of the transfers of funds from central government to municipalities became tied with the Basic Health Insurance (this law was implemented in July 1999). On the other hand, the destination of 10 percent of the Caja Nacional de Salud incomes became tied with the purchase of vaccines to the immunization process of the early childhood. The Bank is expecting the elaboration of a whole proposal to consider ready these policy actions.
	3. Proposal presented for new health care delivery system in all municipalities by mid-1998.	No	Partially	The law of Basic Health Insurance (BHI) was approved in December of 1998 and implemented in 1999. The BHI guarantees the delivery of 70 basic actions on health care sponsored by municipalities and addressed to the poorest 3 million people of the country. Many municipalities (90 percent) signed agreements with the central government to implement the BHI. However, most municipalities do not have infrastructure to ensure the deliver of these services. The Bank expects the definition of the strategy to deliver the BHI to consider fully satisfied the accomplishment of this policy action.
Increase public expenditures on health.	4. Established targets for public expenditures on health.	No	Yes	Quantitative targets were defined for 1998, 1999, and 2000. However, these targets were extremely modest. The target set for 1998 (1.28 percent) was below the actual value in 1996 (1.31 percent) and the targets for 1999 (1.34 percent) and 2000 (1.4 percent) do not call for substantial increases.

Table 3. Bolivia: Fulfillment of HIPC Policy Actions: Rural Development and the Fight Against Poverty

Policy Action	Variable Indicator	Completed 1997	Completed 1998	Comments
Improve monitoring of expenditures and outcomes in social sectors and rural development.	1. Database and monitorable indicators for rural development and poverty alleviation to be developed by mid-1998.	Yes	Yes	Continues to be improved SISAPs and MECOVI.
	2. Effective systems to be put in place at the central (end-1997), prefectura (end-1998), and municipal (end-1999) levels for monitoring public social expenditures.	Yes	Yes	This is an on-going activity that is being performed by UDAPE and INE.
	3. UDAPSO's role in monitoring social expenditure and poverty to be reviewed and strengthened by end of 1997.	Yes	Yes	Completed in 1997.
Establish a clear policy for Social and Rural Funds.	4. To be completed by March 1998 and new system introduced thereafter.	Yes (in progress)	Partially	Policy and strategy definition commenced in 1998, but the definition was not concluded nor did the implementation began in 1998.
Strengthen the land tenure system, improve land distribution, and improve agricultural research.	5. Real Estate Registry Law to be presented to Congress by end of 1998.	Yes	Partially	Although there is a draft of a Real Estate Registry Law in the Congress, there is a lack of basic consensus within the sector regarding the draft that was introduced, and also there is a lack of coordination regarding this matter, which is delaying any possible progress of the draft.
	6. Competitive agricultural research and extension system developed by end of 1997.	No	Partially	The creation of Technology Research and Transfer Foundations was proposed. However, their structure was changed due to conditions placed by bilateral donors, and this proposal still does not represent a government's position.
Establish a policy and framework for providing micro-credits and rural finance.	7. To be established by March of 1998 and introduced thereafter.	Yes	Yes	Considerable progress was made in establishing a policy framework and in the definition of measures to provide micro-credit and in their application by the government. Nevertheless, the extension of credit by the private sector in rural areas continues to be incipient.

Sources: Inter-American Development Bank and World Bank.

Table 4. Bolivia: Discount Rate and Exchange Rate Assumptions

	Discount Rates 1/2/ (In percent per annum)	Exchange Rates 3/ (Per U.S. dollar)
Austrian shilling	5.28	11.75
Belgian franc	5.59	34.57
Canadian dollar	6.25	1.53
Swiss franc	4.05	1.38
Chinese yuan	5.25	8.28
German mark	5.16	1.67
Danish krone	5.64	6.39
Peso boliviano	5.25	5.65
Spanish peseta	5.31	142.61
Finnish markka	5.35	5.10
French franc	5.36	5.62
U.K. pound	6.81	0.60
Italian lire	5.58	1653.10
Japanese yen	2.22	115.60
Netherland guilder	5.78	1.89
Norweigan krone	6.54	7.60
SDR	5.25	0.71
Swedish krone	5.66	8.06
Unit of account (IDB)	4.73	1.55
U.S. dollar	6.23	1.00
Venezuelan bolivar	5.25	564.50

Sources: OECD; and IMF, *International Financial Statistics*.

1/ The discount rates are the average Commercial Interest Reference Rates (CIRRs) for the respective currencies over the six-month period ending December 1998.

2/ For all currencies for which the CIRRs are not available, the SDR discount rate is used.

3/ As of end-December 1998.

Table 5. Bolivia: Main Assumptions on the Macroeconomic Framework, 1998-2018

(In percent of GDP; unless otherwise indicated)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	Average 1998-2007	Average 2008-18
Economic growth and prices											
Real GDP (percentage change)	4.7	2.0	4.0	5.5	6.0	6.0	6.0	6.0	5.0	5.1	5.0
CPI (annual percentage change, end of period)	4.4	3.0	4.5	4.5	4.5	4.3	4.0	4.0	4.0	4.1	4.0
National accounts											
Gross domestic investment	20.0	18.4	19.7	20.5	20.8	21.0	21.0	21.0	21.0	20.4	21.0
Gross national savings	12.1	12.1	12.9	13.9	14.8	15.3	15.3	15.4	15.4	14.2	16.3
Combined public sector accounts											
Revenue, excluding grants	23.6	23.1	23.6	23.6	24.0	24.2	24.5	24.8	24.9	24.1	25.0
Grants	1.3	0.9	1.4	1.0	0.9	0.8	0.7	0.7	0.6	0.9	0.1
Expenditure	28.8	28.1	28.8	27.8	27.2	26.8	26.8	26.8	26.8	27.5	26.5
Overall balance	-4.0	-4.2	-3.7	-3.2	-2.3	-1.8	-1.6	-1.3	-1.3	-2.5	-1.3
External financing (net)	2.8	2.5	2.4	2.7	2.0	1.8	1.6	1.3	1.3	2.0	1.3
Domestic financing (net)	1.2	1.7	1.3	0.5	0.3	0.0	0.0	0.0	0.0	0.5	0.0
Balance of payments											
Exports of goods and services 1/	15.9	14.9	16.1	17.0	17.9	18.7	18.9	19.1	18.8	17.5	18.4
Imports of goods and services 1/	25.7	22.0	23.4	23.7	23.6	23.7	23.6	23.6	23.3	23.6	21.3
Current account, excluding official transfers	-10.2	-8.2	-8.6	-8.2	-7.4	-6.7	-6.6	-6.4	-6.4	-7.6	-5.2
Current account, including official transfers	-7.9	-6.3	-6.8	-6.6	-6.0	-5.7	-5.7	-5.6	-5.6	-6.2	-4.7
Gross official reserves (in months of imports of goods and services) 2/	7.5	6.3	6.1	6.0	6.0	6.0	6.0	6.0	6.0	6.2	6.0
Export volume growth (percentage change) 3/	2.7	-4.3	7.2	9.2	8.8	11.9	7.0	7.9	8.0	6.5	5.0
Import volume growth (percentage change) 3/	12.9	-15.4	6.4	3.6	3.5	6.5	7.5	7.1	7.2	4.4	4.4
Terms of trade (percentage change)	-3.8	-2.7	0.9	-0.3	0.2	1.1	2.4	0.8	-0.7	-0.2	0.0

Sources: Bolivian authorities; and Bank/Fund staff estimates and projections.

1/ Exports (imports) of goods and services as defined in the IMF *Balance of Payments Manual*, 5th edition, 1993.

2/ Imports of goods and nonfactor services.

3/ Merchandise exports (imports).

Table 6. Bolivia: Medium- and Long-Term Balance of Payments, 1998-2018

	1998	Est. 1999	Projections 2000	2001	2002	2003	2004	2005	2006	2007	2008
					(In millions of U.S. dollars, unless otherwise noted)						
Current account	**-675**	**-537**	**-591**	**-594**	**-579**	**-590**	**-634**	**-678**	**-719**	**-719**	**-746**
Trade balance	-878	-639	-671	-647	-610	-583	-598	-625	-675	-651	-659
Exports, f.o.b.	1,105	1,013	1,120	1,245	1,392	1,587	1,730	1,902	2,035	2,179	2,334
Of which: gas	57	37	90	174	267	326	341	375	401	430	460
Imports, c.i.f.	-1,983	-1,652	-1,790	-1,892	-2,002	-2,170	-2,328	-2,527	-2,710	-2,830	-2,993
Of which: from capitalization	-377	-347	-257	-202	-67	-40	0	0	0	0	0
Factor income, (net)	-160	-221	-265	-289	-320	-348	-377	-413	-398	-434	-463
Of which: interest due	-203	-211	-218	-221	-231	-240	-254	-272	-258	-279	-295
investment income (net)	-44	-60	-105	-132	-153	-176	-197	-214	-212	-227	-243
Official transfers 1/	198	160	160	146	135	110	100	100	116	116	116
Other 2/	166	163	184	196	216	231	241	260	239	250	261
Capital account	**777**	**360**	**522**	**553**	**645**	**667**	**745**	**758**	**792**	**781**	**806**
Capital transfers	10	0	0	0	0	0	0	0	0	0	0
Public sector loans	87	126	123	130	141	145	136	114	155	167	177
Disbursements	315	300	322	338	367	380	376	370	411	412	430
Amortization	-169	-153	-177	-192	-208	-221	-227	-246	-249	-239	-244
Amortization by capitalized enterprises	-59	-20	-21	-17	-17	-15	-14	-10	-6	-6	-9
Private sector	910	362	399	423	503	522	609	645	636	614	629
Net private debt	125	-38	0	56	60	70	90	100	94	88	81
Direct investment	870	746	785	781	702	648	628	638	673	724	779
Of which: net investment from capitalization	676	434	322	253	83	47	0	0	0	0	0
Other 3/	-84	-346	-386	-413	-258	-195	-108	-93	-131	-198	-231
Errors and omissions	-230	-128	0	0	0	0	0	0	0	0	0
Overall balance	**102**	**-177**	**-69**	**-41**	**65**	**77**	**110**	**80**	**73**	**63**	**60**
Exceptional financing	**26**	**77**	**85**	**70**	**55**	**41**	**36**	**33**	**23**	**21**	**20**
Assistance under the original HIPC Initiative	26	77	85	70	55	41	36	33	23	21	20
Net international reserves (increase -)	**-128**	**100**	**-15**	**-29**	**-120**	**-118**	**-146**	**-113**	**-96**	**-84**	**-80**
Memorandum items:											
Gross reserves (end-of-period)	1,172	1,063	1,088	1,140	1,233	1,323	1,433	1,512	1,582	1,669	1,752
(In months of imports of goods and services) 4/	7.5	6.3	6.1	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
(Ratio to short-term debt by remaining maturity)	1.7	1.5	1.4	1.4	1.4	1.4	1.5	1.5	1.5	1.5	1.5
					(In percent)						
Export volume growth	2.7	-4.3	7.2	9.2	8.8	11.9	7.0	7.9	8.0	5.0	5.0
Import volume growth	12.9	-15.4	6.4	3.6	3.5	6.5	7.5	7.1	7.2	2.4	3.7
Terms of trade change	-3.8	-2.7	0.9	-0.3	0.2	1.1	2.4	0.8	-0.7	0.0	0.0
					(In percent of GDP, unless otherwise indicated)						
Current account deficit	-7.9	-6.3	-6.8	-6.6	-6.0	-5.7	-5.7	-5.6	-5.6	-5.2	-5.0
Merchandise exports	12.9	11.9	12.8	13.8	14.4	15.3	15.4	15.7	15.7	15.7	15.7
Merchandise imports	23.2	19.4	20.5	20.9	20.8	20.9	20.8	20.9	20.9	20.4	20.2
Of which: capitalization and pipeline	7.1	4.1	3.0	2.2	0.7	0.4	0.0	0.0	0.0	0.0	0.0
Grants and loans 5/	6.0	5.4	5.5	5.4	5.2	4.7	4.2	4.0	4.1	3.8	3.7
Direct investment	10.2	8.7	9.0	8.6	7.3	6.2	5.6	5.3	5.2	5.2	5.2

Table 6. Bolivia: Medium- and Long-Term Balance of Payments, 1998-2018

	Projections									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
	(In millions of U.S. dollars, unless otherwise noted)									
Current account	**-798**	**-858**	**-877**	**-883**	**-939**	**-1,017**	**-1,080**	**-1,153**	**-1,228**	**-1,324**
Trade balance	-689	-709	-702	-685	-721	-776	-814	-871	-933	-1,010
Exports, f.o.b.	2,500	2,677	2,867	3,071	3,289	3,522	3,772	4,040	4,327	4,634
Of which: gas	493	528	566	606	649	695	744	797	854	914
Imports, c.i.f.	-3,188	-3,387	-3,570	-3,756	-4,010	-4,298	-4,587	-4,911	-5,260	-5,644
Of which: from capitalization	0	0	0	0	0	0	0	0	0	0
Factor income, (net)	-498	-550	-590	-627	-662	-702	-744	-779	-811	-851
Of which: interest due	-314	-352	-379	-405	-431	-464	-500	-531	-561	-575
investment income (net)	-261	-279	-295	-310	-324	-337	-348	-358	-366	-400
Official transfers 1/	116	116	116	116	116	116	116	116	116	116
Other 2/	273	286	300	314	329	346	363	381	401	421
Capital account	**873**	**944**	**968**	**994**	**1,060**	**1,162**	**1,228**	**1,316**	**1,405**	**1,516**
Capital transfers	0	0	0	0	0	0	0	0	0	0
Public sector loans	223	253	273	276	272	283	278	240	247	264
Disbursements	500	545	583	608	636	692	744	771	836	921
Amortization	-268	-283	-304	-326	-357	-403	-460	-525	-583	-651
Amortization by capitalized enterprises	-9	-9	-6	-6	-6	-6	-6	-6	-6	-6
Private sector	650	691	695	719	788	879	950	1,076	1,158	1,252
Net private debt	85	89	94	99	103	109	114	120	126	135
Direct investment	838	854	871	889	907	925	943	962	981	1,001
Of which: net investment from capitalization	0	0	0	0	0	0	0	0	0	0
Other 3/	-273	-252	-270	-269	-222	-155	-107	-6	51	116
Errors and omissions	0	0	0	0	0	0	0	0	0	0
Overall balance	**76**	**86**	**91**	**112**	**122**	**145**	**149**	**163**	**177**	**192**
Exceptional financing	**19**	**19**	**18**	**18**	**18**	**16**	**16**	**17**	**18**	**18**
Assistance under the original HIPC Initiative	19	19	18	18	18	16	16	17	18	18
Net international reserves (increase -)	**-95**	**-105**	**-109**	**-130**	**-140**	**-161**	**-165**	**-180**	**-195**	**-210**
Memorandum items:										
Gross reserves (end-of-period)	1,851	1,960	2,072	2,206	2,350	2,514	2,682	2,866	3,065	3,271
(In months of imports of goods and services) 4/	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
(Ratio to short-term debt by remaining maturity)	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
	(In percent)									
Export volume growth	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Import volume growth	4.4	4.1	3.3	3.2	4.7	5.1	4.6	5.0	5.0	5.2
Terms of trade change	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	(In percent of GDP, unless otherwise indicated)									
Current account deficit	-5.0	-5.0	-4.8	-4.5	-4.5	-4.6	-4.5	-4.5	-4.5	-4.5
Merchandise exports	15.7	15.7	15.7	15.8	15.8	15.8	15.8	15.8	15.8	15.8
Merchandise imports	20.1	19.9	19.6	19.3	19.2	19.2	19.2	19.2	19.2	19.2
Of which: capitalization and pipeline	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants and loans 5/	3.9	3.9	3.8	3.7	3.6	3.6	3.6	3.5	3.5	3.5
Direct investment	5.3	5.0	4.8	4.6	4.3	4.1	3.9	3.8	3.6	3.4

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

1/ Excludes grants for debt reduction operations.

2/ Includes private transfers and other services.

3/ Includes portfolio investments, commercial bank short-term capital flows, and other private capital flows.

4/ In months of imports of goods and services in the following year.

5/ Official transfers and loans to public sector, excluding HIPC debt relief.

Table 7. Bolivia: Indicators of Medium- and Long-Term External Public and Publicly-Guaranteed Debt and Debt Service, 1998-2018

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
					(In millions of U.S. dollars)					
Debt outstanding:										
Nominal (after original HIPC Initiative debt relief)	4,467	4,606	4,795	4,985	5,134	5,287	5,439	5,591	5,762	5,936
NPV before original HIPC Initiative debt relief	3,725	3,785	3,846	3,902	3,982	4,101	4,255	4,418	4,611	4,811
NPV after original HIPC Initiative debt relief	3,266	3,353	3,458	3,557	3,660	3,797	3,961	4,136	4,341	4,551
NPV after original HIPC Initiative and Japanese ODA relief	2,895	2,974	3,082	3,185	3,291	3,431	3,598	3,777	3,986	4,200
Original HIPC Initiative debt relief (NPV)	460	432	388	345	322	305	294	283	270	260
Japanese ODA relief (NPV)	371	379	376	372	369	366	362	359	355	351
					(In percent of exports of goods and services)					
Debt outstanding: 1/										
Nominal (after original HIPC Initiative debt relief)	328.2	342.1	357.4	355.2	330.1	304.4	282.1	263.2	252.0	242.6
NPV before original HIPC Initiative debt relief	273.7	281.2	286.7	278.1	256.1	236.1	220.7	208.0	201.7	196.6
NPV after original HIPC Initiative debt relief	240.0	249.1	257.8	253.5	235.4	218.6	205.4	194.7	189.9	186.0
NPV after original HIPC Initiative and Japanese ODA relief	212.7	220.9	229.7	226.9	211.6	197.5	186.7	177.8	174.3	171.6
Original HIPC Initiative debt relief (NPV)	33.8	32.1	28.9	24.6	20.7	17.6	15.3	13.3	11.8	10.6
Japanese ODA relief (NPV)	27.2	28.2	28.0	26.5	23.7	21.0	18.8	16.9	15.5	14.3
Debt service due: 2/	30.3	26.9	26.6	24.8	23.0	21.0	20.1	19.5	19.5	18.8
Of which: multilaterals	25.0	21.5	20.9	19.0	17.8	15.5	15.0	14.8	14.9	13.6
Debt service due after original HIPC Initiative relief 3/	28.4	21.7	19.8	19.3	19.1	18.2	17.2	16.4	16.5	16.0
					(In percent of gross domestic product)					
Debt outstanding:										
Nominal (after original HIPC Initiative debt relief)	52.2	54.0	55.0	55.1	53.2	50.8	48.6	46.2	44.5	42.8
NPV before original HIPC Initiative debt relief	43.5	44.4	44.1	43.2	41.3	39.4	38.0	36.5	35.6	34.7
NPV after original HIPC Initiative debt relief	38.2	39.3	39.7	39.3	37.9	36.5	35.4	34.2	33.5	32.8
NPV after original HIPC Initiative and Japanese ODA relief	33.8	34.9	35.4	35.2	34.1	33.0	32.1	31.2	30.8	30.3
Original HIPC Initiative debt relief (NPV)	5.4	5.1	4.5	3.8	3.3	2.9	2.6	2.3	2.1	1.9
Japanese ODA relief (NPV)	4.3	4.4	4.3	4.1	3.8	3.5	3.2	3.0	2.7	2.5
Debt service due:	4.8	4.0	4.3	4.2	4.1	3.9	3.8	3.7	3.7	3.5
Of which: multilaterals	4.0	3.2	3.4	3.2	3.2	2.9	2.8	2.8	2.8	2.5
Debt service due after original HIPC Initiative relief 3/	4.5	3.2	3.2	3.3	3.4	3.4	3.2	3.1	3.1	3.0
					(In millions of U.S. dollars)					
Memorandum items:										
Exports of goods and services:										
Current year	1,356	1,270	1,399	1,541	1,725	1,945	2,114	2,313	2,433	2,596
Three-year moving average	1,361	1,346	1,342	1,403	1,555	1,737	1,928	2,124	2,287	2,447
Gross domestic product	8,555	8,531	8,715	9,043	9,645	10,399	11,200	12,103	12,956	13,868

Table 7. Bolivia: Indicators of Medium- and Long-Term External Public and Publicly-Guaranteed Debt and Debt Service, 1998-2018

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
						(In millions of U.S. dollars)					
Debt outstanding:											
Nominal (after original HIPC Initiative debt relief)	6,126	6,374	6,652	6,957	7,264	7,566	7,880	8,189	8,459	8,733	9,026
NPV before original HIPC Initiative debt relief	5,020	5,291	5,606	5,959	6,302	6,640	6,999	7,351	7,655	7,952	8,254
NPV after original HIPC Initiative debt relief	4,775	5,060	5,380	5,743	6,101	6,457	6,834	7,206	7,532	7,853	8,181
NPV after original HIPC Initiative and Japanese ODA relief	4,428	4,717	5,041	5,408	5,770	6,131	6,512	6,888	7,219	7,548	7,883
Original HIPC Initiative debt relief (NPV)	245	231	226	216	201	183	165	146	123	99	72
Japanese ODA relief (NPV)	347	343	339	335	331	327	322	318	313	306	298
						(In percent of exports of goods and services)					
Debt outstanding: 1/											
Nominal (after original HIPC Initiative debt relief)	235.7	229.8	224.7	220.2	215.4	210.2	205.0	199.5	193.0	186.6	180.6
NPV before original HIPC Initiative debt relief	193.1	190.7	189.4	188.6	186.9	184.4	182.1	179.1	174.7	169.9	165.1
NPV after original HIPC Initiative debt relief	183.7	182.4	181.7	181.8	180.9	179.4	177.8	175.6	171.9	167.8	163.7
NPV after original HIPC Initiative and Japanese ODA relief	170.3	170.0	170.3	171.2	171.1	170.3	169.4	167.8	164.7	161.3	157.7
Original HIPC Initiative debt relief (NPV)	9.4	8.3	7.6	6.8	6.0	5.1	4.3	3.6	2.8	2.1	1.4
Japanese ODA relief (NPV)	13.4	12.4	11.5	10.6	9.8	9.1	8.4	7.7	7.1	6.5	6.0
Debt service due: 2/	18.2	18.2	18.2	17.9	18.0	18.2	18.8	19.6	20.4	20.8	21.3
Of which: multilaterals	13.3	13.5	13.6	13.5	13.7	13.9	14.4	14.8	15.2	15.3	15.3
Debt service due after original HIPC Initiative relief 3/	15.7	15.8	16.0	16.1	16.4	16.9	17.6	18.4	19.2	19.7	20.2
						(In percent of gross domestic product)					
Debt outstanding:											
Nominal (after original HIPC Initiative debt relief)	41.3	40.1	39.1	38.2	37.3	36.3	35.3	34.3	33.1	31.9	30.8
NPV before original HIPC Initiative debt relief	33.8	33.3	33.0	32.7	32.3	31.8	31.3	30.8	29.9	29.0	28.2
NPV after original HIPC Initiative debt relief	32.2	31.8	31.6	31.5	31.3	31.0	30.6	30.1	29.4	28.7	27.9
NPV after original HIPC Initiative and Japanese ODA relief	29.8	29.7	29.6	29.7	29.6	29.4	29.2	28.8	28.2	27.6	26.9
Original HIPC Initiative debt relief (NPV)	1.7	1.5	1.3	1.2	1.0	0.9	0.7	0.6	0.5	0.4	0.2
Japanese ODA relief (NPV)	2.3	2.2	2.0	1.8	1.7	1.6	1.4	1.3	1.2	1.1	1.0
Debt service due:	3.4	3.4	3.4	3.3	3.3	3.4	3.5	3.6	3.7	3.8	3.9
Of which: multilaterals	2.5	2.5	2.5	2.5	2.5	2.6	2.6	2.7	2.8	2.8	2.8
Debt service due after original HIPC Initiative relief 3/	2.9	2.9	3.0	3.0	3.0	3.1	3.2	3.4	3.5	3.6	3.7
						(In millions of U.S. dollars)					
Memorandum items:											
Exports of goods and services:											
Current year	2,770	2,956	3,155	3,368	3,595	3,838	4,098	4,376	4,674	4,991	5,331
Three-year moving average	2,599	2,774	2,960	3,160	3,373	3,600	3,844	4,104	4,383	4,680	4,999
Gross domestic product	14,845	15,890	17,010	18,208	19,490	20,862	22,332	23,905	25,588	27,390	29,319

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

1/ In percent of three-year historical average export of goods and services.

2/ In percent of current year exports of goods and services.

3/ And after implementation of Japanese ODA relief.

Table 8. Bolivia: Scheduled Debt Service on Medium- and Long-Term External Debt After Original HIPC Initiative1/

(In millions of U.S. dollars, unless otherwise indicated)

	Prel.	Est.	Projections								
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt service due	**410**	**275**	**277**	**297**	**330**	**354**	**363**	**379**	**401**	**415**	**434**
Principal	**269**	**181**	**180**	**196**	**218**	**232**	**229**	**232**	**239**	**237**	**240**
Multilateral	245	154	146	158	180	186	182	184	188	186	187
IMF	41	24	22	28	26	30	36	40	43	41	31
World Bank	17	14	12	0	10	16	18	19	21	25	32
IDB	105	81	81	82	83	84	79	75	71	69	75
CAF	53	29	27	41	54	50	42	41	42	36	34
Other	29	6	4	7	7	6	8	9	11	13	15
Official bilateral	23	27	33	38	38	45	46	47	49	48	48
Paris Club	20	24	30	34	33	39	42	44	46	46	46
Pre-cutoff date debt	0	1	1	1	1	2	2	2	2	3	4
Non-Naples	0	0	0	0	0	0	0	0	0	0	0
Naples	0	1	1	1	1	2	2	2	2	3	4
Post-cutoff date debt	20	24	29	33	32	38	41	42	44	43	42
Non-Paris Club	3	3	3	4	4	6	4	3	3	2	2
Other	1	0	0	0	0	0	0	0	2	4	5
Interest	**142**	**94**	**98**	**101**	**112**	**123**	**134**	**147**	**163**	**178**	**195**
Multilateral	94	63	66	69	80	91	103	115	130	145	161
IMF	1	1	1	1	1	1	1	1	1	1	0
World Bank	12	3	3	3	11	18	24	31	39	47	56
IDB	63	39	39	40	43	48	54	60	67	74	82
CAF	17	15	19	19	18	17	15	15	14	13	13
Other	2	5	4	6	7	8	8	9	10	10	11
Official bilateral	46	31	31	32	32	32	31	31	31	31	31
Paris Club	29	30	30	31	31	31	30	31	30	30	30
Pre-cutoff date debt	25	12	13	13	14	14	14	15	16	16	17
Non-Naples	0	0	0	0	0	0	0	0	0	0	0
Naples	25	12	13	13	14	14	14	15	16	16	17
Post-cutoff date debt	4	17	18	18	17	17	16	16	15	14	13
Non-Paris Club	17	1	1	1	1	1	1	1	1	1	2
Other	1	0	0	0	0	0	0	1	1	2	2
Memorandum items:											
Debt relief under the original HIPC Initiative											
Total	26	77	85	70	55	41	36	33	23	21	20
HIPC relief on principal	24	38	39	28	20	11	8	7	7	7	7
HIPC relief on interest	2	39	46	42	34	30	27	25	16	14	13

Table 8. Bolivia: Scheduled Debt Service on Medium- and Long-Term External Debt After Original HIPC Initiative1/

(In millions of U.S. dollars, unless otherwise indicated)

	Projections									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt service due	**467**	**505**	**542**	**590**	**648**	**721**	**808**	**900**	**986**	**1,080**
Principal	**252**	**267**	**279**	**302**	**333**	**378**	**434**	**499**	**557**	**625**
Multilateral	197	206	218	236	263	294	330	370	407	445
IMF	21	10	0	0	0	0	0	0	0	0
World Bank	44	55	69	82	92	103	113	123	131	139
IDB	82	89	96	98	106	116	129	142	155	169
CAF	33	32	32	33	40	49	59	73	86	98
Other	17	19	21	23	25	27	29	32	35	38
Official bilateral	49	52	51	53	54	60	67	76	81	89
Paris Club	47	50	49	50	50	56	62	70	74	81
Pre-cutoff date debt	5	6	7	11	14	18	22	28	31	36
Non-Naples	0	0	0	0	0	0	0	0	0	0
Naples	5	6	7	11	14	18	22	28	31	36
Post-cutoff date debt	43	45	42	39	36	38	40	42	44	45
Non-Paris Club	2	2	2	3	3	4	5	6	7	8
Other	7	9	10	13	16	24	36	53	69	91
Interest	**215**	**237**	**263**	**288**	**314**	**343**	**374**	**401**	**428**	**455**
Multilateral	181	201	225	246	267	290	312	332	349	366
IMF	0	0	0	0	0	0	0	0	0	0
World Bank	64	72	79	86	93	98	103	108	112	115
IDB	92	103	114	124	133	143	153	164	173	182
CAF	13	13	16	20	24	30	35	38	41	43
Other	12	13	14	16	17	19	21	22	24	26
Official bilateral	32	33	34	37	40	42	45	48	51	55
Paris Club	30	31	32	34	36	38	40	43	46	49
Pre-cutoff date debt	18	19	20	23	25	27	30	32	35	38
Non-Naples	0	0	0	0	0	0	0	0	0	0
Naples	18	19	20	23	25	27	30	32	35	38
Post-cutoff date debt	12	12	12	11	11	11	11	11	11	11
Non-Paris Club	2	2	3	3	4	4	4	5	5	6
Other	2	3	4	5	7	12	17	22	28	35
Memorandum items:										
Debt relief under the original HIPC Initiative										
Total	19	19	18	18	18	16	16	17	17	18
HIPC relief on principal	6	6	6	6	6	5	5	6	6	6
HIPC relief on interest	13	13	12	12	12	11	11	11	12	12

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

1/ From 1999 onwards, amounts reflect the full use of traditional debt relief mechanisms, assistance under the original HIPC Initiative, and Japanese ODA relief.

Table 9. Bolivia: Nominal and Net Present Value of External Debt Outstanding at End-1998 [1/]

	Nominal debt before debt relief			NPV of debt before debt relief			NPV of debt after debt relief 2/	
	Millions of U.S. dollars	Percent of total	Percent of group	Millions of U.S. dollars	Percent of total	Percent of group	Millions of U.S. dollars	Percent of total 3/
Total	**4,789.0**	**100.0**	...	**3,725.3**	**100.0**	...	**2,895.0**	**100.0**
Multilateral institutions	3,143.4	65.6	100.0	2,280.6	61.2	100.0	1,984.6	68.6
IMF	264.2	5.5	8.4	210.9	5.7	9.2	187.5	6.5
Multilateral development banks	2,879.2	60.1	91.6	2,069.7	55.6	90.8	1,797.1	62.1
IDA/IBRD	1,073.1	22.4	34.1	534.0	14.3	23.4	473.4	16.4
IDB	1,480.4	30.9	47.1	1,224.8	32.9	53.7	1,059.4	36.6
CAF	211.2	4.4	6.7	215.0	5.8	9.4	179.0	6.2
FIDA	38.8	0.8	1.2	26.1	0.7	1.1	22.9	0.8
FND	5.7	0.1	0.2	2.9	0.1	0.1	2.4	0.1
FONPLATA	55.2	1.2	1.8	55.2	1.5	2.4	53.9	1.9
OPEC Fund	14.9	0.3	0.5	11.7	0.3	0.5	6.2	0.2
Official bilateral creditors	1,623.6	33.9	...	1,426.4	38.3	...	896.6	31.0
Paris Club	1,534.3	32.0	100.0	1,329.5	35.7	100.0	857.0	29.6
Austria	79.9	1.7	5.2	32.8	0.9	2.5	20.4	0.7
Belgium	130.2	2.7	8.5	75.0	2.0	5.6	47.1	1.6
Canada	3.7	0.1	0.2	3.0	0.1	0.2	3.0	0.1
Denmark	1.2	0.0	0.1	1.1	0.0	0.1	1.1	0.0
France	60.7	1.3	4.0	52.3	1.4	3.9	43.8	1.5
Germany	408.9	8.5	26.7	247.3	6.6	18.6	238.2	8.2
Italy	67.7	1.4	4.4	50.4	1.4	3.8	50.4	1.7
Japan	525.3	11.0	34.2	631.0	16.9	47.5	251.4	8.7
Netherlands	24.7	0.5	1.6	28.8	0.8	2.2	17.0	0.6
Spain	129.5	2.7	8.4	109.5	2.9	8.2	109.1	3.8
Sweden	2.5	0.1	0.2	1.9	0.1	0.1	1.9	0.1
United Kingdom	28.8	0.6	1.9	30.4	0.8	2.3	20.8	0.7
United States	71.2	1.5	4.6	66.0	1.8	5.0	52.9	1.8
Non-Paris Club	89.2	1.9	100.0	97.0	2.6	100.0	39.6	1.4
Brazil	50.3	1.0	56.3	65.9	1.8	68.0	10.3	0.4
China	24.6	0.5	27.6	17.1	0.5	17.7	17.1	0.6
Taiwan Province of China	12.5	0.3	14.0	12.0	0.3	12.4	12.0	0.4
Venezuela	1.9	0.0	2.1	1.9	0.1	2.0	0.2	0.0
Commercial loans	22.1	0.5	...	18.3	0.5	...	13.8	0.5
Memorandum item:								
Principal and interest in arrears	51.4	1.1	...	51.4	1.4	...	0.0	0.0

Sources: Bolivian authorities; and Bank/Fund staff estimates.

1/ Figures are based on reconciled end-1998 data.

2/ After full use of traditional debt relief mechanisms, Japanese ODA relief, and assistance under the original HIPC Initiative.

3/ For the enhanced HIPC Initiative, the amount of each creditor's assistance is determined by its share of the NPV of total debt applied to the total NPV reduction required at the decision point.

Table 10. Bolivia: Nominal and Net Present Value of External Bilateral Debt Outstanding at End-1998 [1/]
by Type of Debt

	Nominal debt before debt relief			NPV of debt before debt relief			NPV of debt after debt relief 2/	
	Millions of U.S. dollars	Percent of total	Percent of group	Millions of U.S. dollars	Percent of total	Percent of group	Millions of U.S. dollars	Percent of total
Total official bilateral debt	**1,623.6**	**33.9**	**...**	**1,426.4**	**38.3**	**...**	**896.6**	**31.0**
Paris Club	1,534.3	32.0	100.0	1,329.5	35.7	100.0	857.0	29.6
Post-cutoff date	688.3	14.4	44.9	540.2	14.5	40.6	540.2	18.7
Pre-cutoff date	846.0	17.7	55.1	789.3	21.2	59.4	316.8	10.9
ODA	448.8	9.4	29.3	489.4	13.1	36.8	119.0	4.1
Non-ODA	397.2	8.3	25.9	299.8	8.0	22.6	197.9	6.8
Austria	78.8	1.6	5.1	31.7	0.8	2.4	20.3	0.7
Belgium	117.4	2.5	7.7	60.2	1.6	4.5	32.3	1.1
Denmark	1.2	0.0	0.1	1.1	0.0	0.1	1.1	0.0
France	31.0	0.6	2.0	29.2	0.8	2.2	20.5	0.7
Germany	22.3	0.5	1.5	27.4	0.7	2.1	16.0	0.6
Japan	64.3	1.3	4.2	59.1	1.6	4.4	51.0	1.8
Netherlands	24.7	0.5	1.6	28.8	0.8	2.2	17.0	0.6
Spain	0.7	0.0	0.0	0.7	0.0	0.0	0.7	0.0
United Kingdom	28.8	0.6	1.9	30.4	0.8	2.3	20.8	0.7
United States	28.0	0.6	1.8	31.3	0.8	2.4	18.4	0.6
Non-Paris Club	89.2	1.9	100.0	97.0	2.6	100.0	39.6	1.4
Post-cutoff date	87.4	1.8	97.9	95.0	2.6	98.0	39.4	1.4
Pre-cutoff date	1.9	0.0	2.1	1.9	0.1	2.0	0.2	0.0
Non-ODA	1.9	0.0	2.1	1.9	0.1	2.0	0.2	0.0
Venezuela	1.9	0.0	2.1	1.9	0.1	2.0	0.2	0.0
Memorandum item:								
Principal and interest in arrears	51.4	3.2	...	51.4	3.6	...	0.0	0.0

Sources: Bolivian authorities; and Bank/Fund staff estimates.

1/ Figures are based on reconciled end-1998 data.

2/ After full use of traditional debt relief mechanisms, Japanese ODA relief, and assistance under the original HIPC Initiative.

Table 11. Bolivia: Net Present Value of External Debt After Rescheduling, 1998-2018 1/

(In millions of U.S. dollars; unless otherwise indicated)

	Est.		Projections								
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
I. After Traditional Debt Relief and Assistance under the Original HIPC Initiative 2/											
Total debt	**2,895**	**2,974**	**3,082**	**3,185**	**3,291**	**3,431**	**3,598**	**3,777**	**3,986**	**4,200**	**4,428**
Existing debt (end-1998)	2,895	2,778	2,663	2,541	2,399	2,249	2,113	1,989	1,878	1,779	1,689
Multilateral	1,985	1,882	1,787	1,691	1,574	1,454	1,348	1,254	1,173	1,103	1,041
Official bilateral and commercial	910	896	876	851	826	795	765	735	705	676	648
Paris Club	857	848	834	815	794	769	742	716	687	660	634
Other official bilateral	40	38	36	32	29	24	21	18	16	15	13
Commercial	14	10	7	4	2	2	1	1	1	1	1
New debt	...	196	419	643	892	1,182	1,486	1,788	2,108	2,421	2,739
Multilateral	...	175	364	555	775	1,042	1,323	1,587	1,877	2,160	2,441
Bilateral	...	21	55	88	116	140	162	201	231	261	298
Memorandum item:											
NPV of debt-to-exports ratio (in percent) 3/	212.7	220.9	229.7	226.9	211.6	197.5	186.7	177.8	174.3	171.6	170.3
II. After Assistance under the Enhanced HIPC Initiative											
Total debt	**2,042**	**2,078**	**2,141**	**2,308**	**2,489**	**2,707**	**2,947**	**3,193**	**3,465**	**3,737**	**4,022**
Existing debt (end-1998)	2,042	1,882	1,721	1,664	1,597	1,525	1,461	1,404	1,356	1,316	1,283
Multilateral	1,399	1,267	1,139	1,089	1,029	968	914	867	829	798	772
Official bilateral and commercial	641	615	582	575	567	556	546	537	527	518	511
Paris Club	604	584	558	553	548	540	532	524	515	507	500
Other official bilateral	28	25	22	20	18	16	14	13	12	11	10
Commercial	10	6	2	1	1	1	1	1	1	1	1
New debt	...	196	419	643	892	1,182	1,486	1,788	2,108	2,421	2,739
Memorandum items:											
NPV of debt-to-exports ratio (in percent) 3/	150.0	154.4	159.6	164.5	160.0	155.8	152.8	150.3	151.5	152.7	154.7
Of which: NPV of end-1998 debt-to-exports ratio (in percent) 3/	150.0	139.8	128.3	118.6	102.7	87.8	75.8	66.1	59.3	53.8	49.3
Relief under enhanced HIPC Initiative											
On current debt service	0	0	0	112	119	119	109	100	92	85	80
(In percent of GDP)	0.0	0.0	0.0	1.2	1.2	1.1	1.0	0.8	0.7	0.6	0.5
Multilateral	0	0	0	81	89	87	78	70	63	57	53
Official bilateral and commercial	0	0	0	31	30	32	31	30	30	28	27
On NPV of debt											
Total	854	896	941	877	802	724	652	584	522	462	406
Multilateral	585	616	648	601	544	486	434	386	344	305	268
Official bilateral and commercial	269	281	294	276	259	238	218	198	178	158	138
Additional debt service relief from cancellation of ODA claims											
On current debt service	0	0	0	3	3	4	4	4	4	5	5
On NPV of debt	163	171	170	170	175	179	183	187	191	195	199
Exports of goods and services 4/	1,356	1,270	1,399	1,541	1,725	1,945	2,114	2,313	2,433	2,596	2,770
(Three-year moving average) 5/	1,361	1,346	1,342	1,403	1,555	1,737	1,928	2,124	2,287	2,447	2,599
Gross domestic product	8,555	8,531	8,715	9,043	9,645	10,399	11,200	12,103	12,956	13,868	14,845

Table 11. Bolivia: Net Present Value of External Debt After Rescheduling, 1998-2018 1/

(In millions of U.S. dollars; unless otherwise indicated)

	Projections									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
I. After Traditional Debt Relief and Assistance under the Original HIPC Initiative 2/										
Total debt	**4,717**	**5,041**	**5,408**	**5,770**	**6,131**	**6,512**	**6,888**	**7,219**	**7,548**	**7,883**
Existing debt (end-1998)	1,603	1,516	1,435	1,362	1,296	1,231	1,167	1,102	1,038	972
Multilateral	982	923	868	819	773	731	690	649	609	569
Official bilateral and commercial	621	592	567	543	522	501	477	452	429	403
Paris Club	607	580	555	532	512	491	469	444	421	397
Other official bilateral	13	11	11	10	9	9	8	8	7	6
Commercial	1	1	1	1	1	1	1	1	0	0
New debt	3,114	3,525	3,973	4,408	4,835	5,280	5,721	6,118	6,510	6,911
Multilateral	2,771	3,120	3,499	3,832	4,146	4,467	4,773	5,036	5,261	5,476
Bilateral	343	405	474	575	689	813	947	1,082	1,249	1,435
Memorandum item:										
NPV of debt-to-exports ratio (in percent) 3/	170.0	170.3	171.2	171.1	170.3	169.4	167.8	164.7	161.2	157.6
II. After Assistance under the Enhanced HIPC Initiative										
Total debt	**4,367**	**4,749**	**5,173**	**5,589**	**6,002**	**6,436**	**6,867**	**7,219**	**7,548**	**7,883**
Existing debt (end-1998)	1,253	1,224	1,199	1,180	1,167	1,156	1,146	1,102	1,038	972
Multilateral	750	728	709	695	684	675	669	649	609	569
Official bilateral and commercial	503	495	490	485	483	480	477	452	429	403
Paris Club	493	486	480	476	474	472	469	444	421	397
Other official bilateral	10	9	9	9	8	8	8	8	7	6
Commercial	1	1	1	1	1	1	1	1	0	0
New debt	3,114	3,525	3,973	4,408	4,835	5,280	5,721	6,118	6,510	6,911
Memorandum items:										
NPV of debt-to-exports ratio (in percent) 3/	157.4	160.4	163.7	165.7	166.6	167.4	167.2	164.6	161.2	157.6
Of which: NPV of end-1998 debt-to-exports ratio (in percent) 3/	45.2	41.3	37.9	35.0	32.4	30.1	27.9	25.1	22.2	19.4
Relief under enhanced HIPC Initiative										
On current debt service	77	76	71	66	62	60	58	22	0	0
(In percent of GDP)	0.5	0.4	0.4	0.3	0.3	0.3	0.2	0.1	0.0	0.0
Multilateral	50	49	47	43	41	39	37	22	0	0
Official bilateral and commercial	26	26	24	23	21	21	21	0	0	0
On NPV of debt										
Total	350	292	235	181	129	76	21	0	0	0
Multilateral	232	195	158	124	89	55	21	0	0	0
Official bilateral and commercial	118	97	77	58	39	20	0	0	0	0
Additional debt service relief from cancellation of ODA claims										
On current debt service	5	5	5	5	5	5	5	15	15	15
On NPV of debt	203	207	212	216	221	225	230	235	230	225
Exports of goods and services 4/	2,956	3,155	3,368	3,595	3,838	4,098	4,376	4,674	4,991	5,331
(Three-year moving average) 5/	2,774	2,960	3,160	3,373	3,600	3,844	4,104	4,383	4,680	4,999
Gross domestic product	15,890	17,010	18,208	19,490	20,862	22,332	23,905	25,588	27,390	29,319

Sources: Bolivian authorities; and Bank/Fund staff estimates and projections.

1/ Discounted on the basis of the six-month average of Commercial Interest Reference Rates (CIRRs) for July-December 1998.

2/ Assumes a stock of debt on Lyon terms at end-December 1998, with comparable treatment from non-Paris Club creditors.

3/ NPV of debt in percent of three-year moving average of exports of goods and services.

4/ As defined in the IMF's *Balance of Payments Manual*, 5th edition, 1993.

5/ Centered on the previous year.

Table 12. Bolivia: Possible Delivery of IMF Assistance Under the Enhanced HIPC Initiative

(In millions of U.S. dollars, unless otherwise indicated)

		Est.	Projections										
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Delivery profile of IMF assistance under the enhanced HIPC Initiative (share of total in NPV terms)		0.0%	0.0%	12.8%	12.1%	15.2%	18.1%	16.6%	12.9%	9.1%	3.2%	0.0%	0.0%
Total obligations due to the IMF 1/		45.9	42.2	34.9	32.5	30.7	38.5	40.2	43.5	42.4	31.9	21.3	10.7
Principal		44.9	41.3	34.2	31.9	30.2	38.1	40.0	43.3	41.9	31.6	21.1	10.7
Interest		0.9	0.9	0.7	0.6	0.5	0.4	0.3	0.2	0.5	0.3	0.2	0.1
IMF assistance													
Under the original HIPC Initiative		10.8	10.3	2.2	2.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(As a share of total obligations due to the IMF)		23.5%	24.4%	6.3%	6.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Under the enhanced HIPC Initiative 2/		0.0	0.0	11.1	10.2	11.7	13.0	11.5	8.7	5.9	2.1	0.0	0.0
(As a share of total obligations due to the IMF)		0.0%	0.0%	31.7%	31.4%	38.2%	33.7%	28.6%	20.1%	14.0%	6.4%	0.0%	0.0%
Net obligations to the IMF		35.1	31.9	21.7	20.2	19.0	25.5	28.7	34.7	36.4	29.9	21.3	10.7
Memorandum items:													
Total external debt service due 3/		342.0	372.2	382.3	396.4	408.1	424.2	451.3	474.3	487.4	503.5	537.1	573.0
IMF assistance under the HIPC Initiative													
(As a share of total external debt service due)		3.2%	2.8%	3.5%	3.1%	2.9%	3.1%	2.5%	1.8%	1.2%	0.4%	0.0%	0.0%
NPV of IMF assistance													
Under the enhanced HIPC Initiative	55.3												
Under the original HIPC Initiative	29.0												

Sources: Bolivian authorities; and Fund staff estimates and projections.

1/ Before assistance under the HIPC Initiative (as of November 30, 1999).

2/ It is assumed that the amounts in escrow earn a rate of return of 5.25 percent in SDR terms. Actual interest earnings may be higher or lower. Interest earned will be accumulated through the calendar year and used toward payment of the first repayment obligation falling due in the following year, except the final year, when it will be used to pay the final repayment obligation falling due that year.

3/ Before assistance under the HIPC Initiative. Includes debt service on projected future disbursements.

Table 13. Bolivia: Possible Delivery of IDA Assistance Under the Enhanced HIPC Initiative

(In millions of U.S. dollars, unless otherwise indicated)

		Est.	Projections										
		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010-16 1/
IDA assistance under original HIPC		15.8	17.9	20.7	6.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net obligations to the IDA after the original HIPC		0.3	0.3	0.3	16.3	23.8	25.0	26.3	28.3	30.0	32.6	35.0	41.0
Principal		0.0	0.0	0.0	10.4	16.4	17.7	19.0	21.3	23.1	25.9	28.4	35.5
Interest		0.3	0.3	0.3	5.9	7.5	7.3	7.2	7.1	6.9	6.7	6.5	5.5
IDA assistance under the enhanced HIPC 2/		0.0	0.0	0.1	8.1	11.9	12.5	13.1	14.2	15.0	16.3	17.5	20.5
Share of debt service to the IDA covered by assistance under the enhanced HIPC Initiative		0.0%	0.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Net obligations to the IDA after the enhanced HIPC		0.3	0.3	0.1	8.1	11.9	12.5	13.1	14.2	15.0	16.3	17.5	20.5
Memorandum items:													
Total external debt service after the original HIPC		275.2	277.4	297.2	330.2	354.3	362.6	378.6	401.2	415.4	434.5	467.5	673.4
Total external debt service after the enhanced HIPC		275.2	277.4	185.0	211.5	235.4	254.1	278.3	309.0	330.1	354.5	390.9	614.2
NPV of IDA debt before original HIPC	500.3												
Minus: NPV of IDA assistance under original HIPC	54.0												
NPV of IDA debt after original HIPC	446.3												
Minus: NPV of IDA assistance under enhanced HIPC	139.5												
NPV of IDA debt after enhanced HIPC	306.8												

Sources: Bolivian authorities; and Bank staff estimates and projections.

1/ Annual average.

2/ Assumes resources equivalent to US$139.5 million in NPV terms are earmarked in the HIPC Trust Fund for payment of one-half of IDA debt service falling due on disbursed and outstanding IDA credits as of end-1998. The delivery of enhanced assistance would start in 2001 until these resources are exhausted.

Table 14. Bolivia: Estimated Assistance at Second Decision Point in 2000 1/

(In millions of U.S. dollars in NPV terms at end-1998, unless otherwise indicated)

	Total	Multilateral institutions	Official bilateral creditors	Commercial loans	Common reduction factor 1/ (In percent)	**Memorandum item:** Required NPV debt reduction on comparable treatment based on overall exposure 2/ (In percent)
Debt relief under the enhanced HIPC Initiative	854	585	268	...	29.5	...
Memorandum items:						
NPV of debt at end-1998	2,895					
Multilateral institutions	1,985					
Official bilateral creditors and commercial loans	910					
Paris Club creditors	857					85.9
Of which: pre-cutoff non-ODA debt	198					105.5
Non-Paris Club bilateral creditors	40					85.9
Of which: pre-cutoff non-ODA debt 3/	0					...
Commercial loans	14					.
Three-year average of exports (1996-98)	1,361					
NPV of debt-to-exports ratio (in percent)	212.7					

Sources: Bolivian authorities; and Bank/Fund staff estimates and projections.

1/ Assumes a proportional burden sharing approach after application of Cologne terms. The proportional burden sharing approach is described in "HIPC Initiative--Estimated Costs and Burden Sharing Approaches" (EBS/97/127, 7/7/97, and IDA/SEC M 97-306, 7/7/97).

2/ Includes action under traditional debt relief mechanisms.

3/ Exposure of non-Paris Club bilateral creditors' pre-cutoff non-ODA debt is US$0.2 million.

Bolivia: Performance Under Social Indicators

1. Social progress in 1997–98 was monitored through 17 indicators established at the time of the decision point for the original HIPC Initiative.[1] Relative to base-year values, by 1998 all but one of the indicators improved. Relative to targets set at the time of the decision point, the outcome was not as favorable. In 1998 nine of the targets were complied with; five targets were not complied with but showed improvement compared with 1997; and three targets were not complied with and there was no improvement compared with 1997 (Appendix Table 1).

2. As the practice of setting targets for social indicators is relatively new, it is important to analyze for each case why the targets were not met. As seen below, in several cases the targets were set at high levels-several times the maximum rate of change of the indicator observed internationally. In one case, meeting the target would have required the Government to reward teachers with considerably larger pay increase than other public employees, without guarantee of improved performance. In some cases also, the targets were reasonable and greater efforts could have been made to meet them. The situation with respect to individual indicators for 1998 was as follows:

3. Indicators that were met in 1998:

- **Number of children completing 5th grade in urban and rural areas; and number of girls completing fifth grade in urban areas.** The completion indicators in both urban and rural areas have been met as a result of an increase in retention rates in the early grades. Between 1997 and 1998, increases of 3.8 percentage points were registered in second grade; 2.9 percentage points in third grade; and 2.2 percentage points in fourth grade. Although a comprehensive assessment of these results has not been completed, it is believed that the improved quality associated with the Education Reform and the increased recognition given to education are the two most important factors behind this improvement. Grades 1–4 are those that have received the most attention in the Education Reform Program.

- **Education: rural coverage-males.** This indicator was met in both 1997 and 1998, largely because of the increase in retention rates in early grades. In addition,

[1]Data was not collected on two indicators for which targets were established at the time of the decision point. The percentage of pregnant women in endemic areas having a blood test for Chagas was considered to be a poor indicator. This indicator is costly to collect, and the probability of transmitting Chagas from mother to child is low. Also, the indicator on the cumulative number of beneficiary schools in quality improvement programs was not followed, as these programs were phased out in favor of a new program of school improvement that more effectively combined infrastructure and pedagogical improvements and involved greater participation of parents, teachers, and local government representatives.

registration in first grade has been strong which, given the way in which coverage data is calculated, contributed to meeting the target. However, the large increase in the indicator between 1997 and 1998 (from 68 percent to 81 percent) is due mostly to a change in the way the ministry of Education reported the number of children attending school. In 1997, the Ministry adjusted the recorded administrative data downward, on the assumption that registration rates were overstated by teachers in filling out the administrative records. The data are now consistent with household survey findings.

- **Education: rural coverage-females.** The coverage rates for girls in rural areas reached 77 percent in 1998, only 4 percentage points less than that of boys. As with boys coverage, the large increase in the value of the indicator between 1997 and 1998 was due mainly to a change in the adjustment made for overestimation of attendance in the administrative records.

- **Percentage of children five years or younger treated for acute respiratory infections within the Maternal and Child Insurance Program.** The indicators for 1997 and 1998 were considerably higher than the targets. Part of the good performance is due to the Maternal and Child Insurance, which provides free care for this service. The relatively high percentage of cases treated may not be entirely accurate, as the number of cases is based on an estimate, not on direct observations.

4. Targets that were not met, but the indicator showed progress compared with 1997:

- **Number of girls finishing fifth grade in rural areas.** The shortfall under this indicator was small (31,282 compared with a target of 32,000). At the time the targets were set, it was expected that the World Bank's Education Quality Project (which contained a component aimed at improving the retention of indigenous girls in the 50 municipalities where the differences with boys attendance were the greatest) would be effective in 1998. However, this component was not implemented until 1999.

- **Number of children six years or younger in child development programs.** The slow rate of expansion of child development programs is due to several factors, including a slower responsiveness from NGOs than expected, a relatively unattractive cofinancing rate for municipalities (50 percent), and delays in the consolidation of three child development programs into one.

- **Percentage of births attended by professionals within the Maternal and Child Insurance Program.** While there has been steady improvement in these indicators, the initial targets were clearly set at unrealistic levels (they called for a 26 percentage points increase between 1996 and 1998). Data from comparable demographic and Health surveys in 18 countries show that increases have averaged 0.9 percentage points a year. The 5 percentage points increase registered in Bolivia between 1997 and 1998 was greater than in any of the 18 countries for which surveys are available.

- **Percentage of children five years or younger treated for severe diarrhea within the Maternal and Child Insurance Program.** In this case also, the original targets appeared overly ambitious. The target of 36 percent for 1998 represented an 11 percentage points increase over the 1997 target. In comparable countries, the average yearly increase was 3 percentage points, or about the same rate as that registered in Bolivia in 1998 (2.8 percentage points).

- **Percentage of houses that received fumigation against Chagas.** Completion of this target was not achieved because the two main sources of identified financing were delayed and alternative funding sources were not assigned. Preliminary results for 1999 suggest that, with the availability of these sources of funds, the targets are likely to be achieved.

5. Targets that were not met and the indicator did not exhibit improvement compared with 1997:

- **Total expenditure in primary and secondary education in percent of GDP.** Between 1997 and 1998, total expenditure in primary and secondary education as a share of GDP remained constant at 3.3 percent. Although nominal expenditure did go up significantly (particularly investment), an additional amount of US$20 million would have been needed to reach the target (3.5 percent of GDP). At the time the target was set, it was expected that the World Bank's Education Quality Project would be effective in 1998, but this project did not become effective until the third quarter of 1998. More resources were not devoted to recurrent costs because in 1998 the teachers' union rejected the Ministry's proposal to increase salaries in return for meeting performance standards and working more hours. Thus, in order to meet the HIPC target, the government would have had to raise teachers' pay without the benefit of improved performance. In 1998 teachers still received a 7.6 percent salary increase, while the average increase in the public sector was around 4 percent.

- **Percentage of children who completed the vaccination cycle appropriate for their age.** This is a target the government should have been able to meet, as greater effort should have been made to keep the coverage rates from falling. The government is only recently beginning to devote increased treasury resources to vaccinations (prior to 1998, Bolivia was one of a few countries in the world to rely on external financing for vaccination campaigns).

- **Share of Annual Parasitic Index in endemic malaria areas.** The same difficulties in securing sources of financing that affected the completion of the target for fumigating houses for Chagas adversely affected progress in meeting this target.

- **Investment in improvement and rehabilitation of rural roads.** Between 1997 and 1998, there was a decline in the total amount invested in improvement and rehabilitation of rural roads. This was mainly due to a sizable drop in investment in Cochabamba, as a large project came to conclusion, and a substantial drop in availability of foreign funds used to finance rural roads in Chapare.

Table 1. Bolivia's Performance Relative to the 1997 Social Development Targets

Indicator	Base	1997 Target	1997 Observed Value
Education			
1. Total expenditure in primary and secondary education/GDP.	3.1	3.3	3.3
2. Rural coverage – boys.	66	67	68
3. Rural coverage – girls.	54	56	56.7
4. Number of girls and boys who finish 5th grade in urban areas.	86,000	88,000	87,000
5. Number of boys and girls who finish 5th grade in rural areas.	60,000	63,000	63,000
6. Number of girls who finish 5th grade in urban areas.	41,000	43,000	43,000
7. Number of girls who finish 5th grade in rural areas.	29,000	30,000	30,000
8. Number of children 6 years or younger in child development programs.	43,667	50,000	43,013
9. Number of beneficiary schools implementing quality improvement programs.	NA	NA	NA
Health			
1. Percentage of children 5 years old or younger treated for Acute Respiratory Infections within the Maternal and Child Insurance Program.	25	43	69
2. Percentage of children 5 years old or younger treated for severe diarrhea within the Maternal and Child Insurance Program.	25	25	26.2
3. Percentage of births attended by professionals within the Maternal and Child Insurance Program.	30	45	43.8
4. Percentage of children who have completed the vaccination cycle appropriate for their age.	78	80	86.5
5. Share of annual parasite index in endemic malaria areas (*1000).	20.7	35.2	15.3
6. Percentage of houses fumigated against Chagas in endemic areas.	8	14	13.4
7. Percentage of pregnant women in endemic areas under going Chagas tests.	NA	NA	NA
Rural Development			
1. Number of beneficiaries of water and sanitation projects in rural areas.	132,000	132,000	186,052
2. Investment in improvement/rehabilitation of rural roads (US$ million).	32	32	44.8
3. Number of hectares subject to official land registry and sanitation (millions).	0.33	1.6	1.6

Table 2. Bolivia's Performance Relative to the 1998 Social Development Targets

Indicator	Base	1998 Target	1998 Observed Value
Education			
1. Total expenditure in primary and secondary education/GDP.	3.1	3.5	3.3
2. Rural coverage – boys.	66	69	81
3. Rural coverage – girls.	54	60	77
4. Number of girls and boys who finish 5th grade in urban areas.	86,000	91,000	92,000
5. Number of boys and girls who finish 5th grade in rural areas.	60,000	66,000	68,000
6. Number of girls who finish 5th grade in urban areas.	41,000	46,000	46,000
7. Number of girls who finish 5th grade in rural areas.	29,000	32,000	31,000
8. Number of children 6 years or younger in child development programs.	43,667	80,000	47,051
9. Number of beneficiary schools implementing quality improvement programs.	NA	NA	NA
Health			
1. Percentage of children 5 years old or younger treated for Acute Respiratory Infections within the Maternal and Child Insurance Program.	25	50	69
2. Percentage of children 5 years old or younger treated for severe diarrhea within the Maternal and Child Insurance Program.	25	36	29
3. Percentage of births attended by professionals within the Maternal and Child Insurance Program.	30	56	49
4. Percentage of children who have completed the vaccination cycle appropriate for their age.	78	82	80
5. Share of annual parasite index in endemic malaria areas (*1000).	20.7	20.0	21.7
6. Percentage of houses fumigated against Chagas in endemic areas.	8	25	16
7. Percentage of pregnant women in endemic areas under going Chagas tests.	NA	NA	NA
Rural Development			
1. Number of beneficiaries of water and sanitation projects in rural areas.	132,000	132,000	216,662
2. Investment in improvement/rehabilitation of rural roads (US$ million).	32	42	40.4
3. Number of hectares subject to official land registry and sanitation (millions).	0.33	3.5	3.5

Bolivia: HIPC Initiative: Status of Country Cases Considered Under the Initiative

December 1999

Country	Decision Point	Completion Point	NPV of Debt-to-Export Target (In percent)	Assistance at Completion Point (In millions of U.S. dollars, present value, at completion point)					Percentage Reduction in NPV of Debt 1/	Estimated Total Nominal Debt Service Relief (In millions of U.S. dollars)	Satisfactory Assurances from Other Creditors
				Total	Bilateral	Multilateral	IMF	World Bank			
Completion point reached under original framework											
Uganda	Apr. 97	Apr. 98	202	347	73	274	69	160	20	650	Received
Bolivia	Sep. 97	Sep. 98	225	448	157	291	29	54	13	760	Received
Guyana	Dec. 97	May 99	107 2/	256	91	165	35	27	24	410	Received
Mozambique	Apr. 98	Jun. 99	200	1,716	1,076	641	125	381	63	3,700	Received
Decision point reached and assistance committed by IMF and World Bank under original framework											
Burkina Faso	Sep. 97	Apr. 00	205	115	21	94	10	44	14	200	Being sought
Côte d'Ivoire	Mar. 98	Mar. 01	141 2/	345	163	182	23	91	6 3/	800	Being sought
Mali	Sep. 98	Spring 00	200	128	37	90	14	44	10	250	Being sought
Total assistance provided/committed				3,355	1,618	1,737	305 4/	801	20	6,770	
Preliminary HIPC document issued 5/											
Ethiopia	1999 6/	2002	200	636	225	411	22	214	23	1,300	...
Guinea-Bissau	2000 7/	2003	200	300	148	153	8	73	73	600	...
Honduras	[early 2000 7/	2003	150]	...	...	...	...	...	...	...	...
Mauritania	Jul. 99 8/	2002	200	271	114	157	21	43	25	550	...
Nicaragua	2000	n.a.	150	2,507	1,416	1,091	32	188	66	...	...
Tanzania	2000	n.a.	150	2,485	1,314	1,171	110	728	59	...	...
Guinea	2000	n.a.	150	638	256	383	37	173	34	...	...
Honduras	2000	n.a.	137 2/	569	208	361	18	85	18	...	...
No assistance required under original framework											
Benin	Jul. 97	...	...	...	...	...	...	...	...	...	...
Senegal	Apr. 98	...	...	...	...	...	...	...	...	...	...

Sources: IMF and World Bank Board decisions, completion point documents, decision point documents, preliminary HIPC documents, and Bank/Fund staff calculations.

1/ In percent of net present value of debt at completion point, after full use of traditional debt-relief mechanisms.

2/ Eligible under fiscal/openness criteria; for Guyana and Cote d'Ivoire, NPV of debt-to-exports target chosen to meet an NPV of debt-to-revenue target of 280 percent for the completion point, and for Honduras of 250 percent at the decision point.

3/ Nonreschedulable debt to non-Paris Club official bilateral creditors and the London Club, which was already subject to a highly concessional restructuring, is excluded from the NPV of debt at the completion point in the calculation of this ratio.

4/ Equivalent to SDR 212 million.

5/ Targets for Ethiopia, Guinea-Bissau, and Mauritania are based on majority view in IDA and IMF Boards before the adoption of the enhanced framework; for Nicaragua, Tanzania, Guinea, and Honduras, targets are based on the enhanced framework and assistance levels are at the decision points; preliminary assessments are subject to change.

6/ Country case is delayed due to conflict.

7/ Debt situation needs to be revisited once a track record of policy implementation under the post-conflict recovery program has been established.

8/ Boards agreed that Mauritania was ready to reach the decision point in July 1999 when the new PRGF arrangement was approved by the Fund Board. The formal decision point is expected in early 2000.