

FPC Country Profile: Bolivia

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Cooperating Partners

Bolivia is a member of CEMLA. Central Bank (BCB) is the lead agency. It has cooperated with Ministry of Economic Development (MDE), Statistics Institute (INE), Social and Economic Policy Analysis Unit (UDAPE), Investment Promotion Centre (CEPROBOL), numerous region and sector-level chambers via the Chamber of Private Employers (CEPB), and sector watchdogs. Government and Seco fund the work. Bolivia is participating in the IMF General Data Dissemination System, and Coordinated Direct Investment Survey.

Background

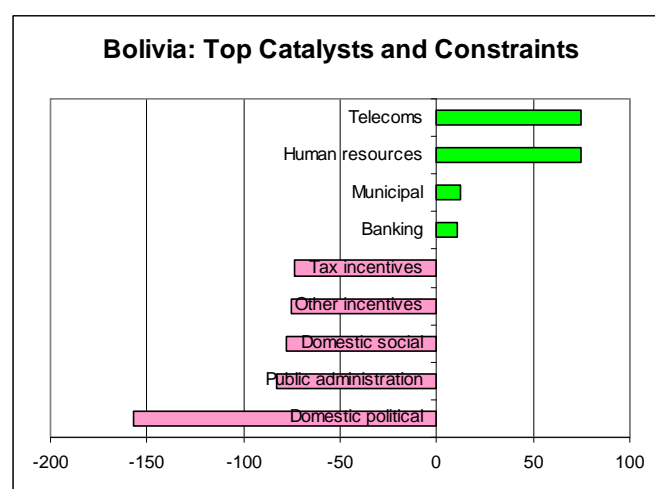
Bolivia compiles quarterly data in line with IMF BPM5, with analytical FDI breakdown by sector of activity and source country. It also asks about perception, and future investment¹.

Foreign Investment Indicators

Instrument	Stock 2007	Flows 2008	Stock 2008
Assets (USD m)	3,141	381	3,521
FDI	94	5	99
Portfolio	485	114	598
Other	2,562	262	2,824
Liabilities (USD m)	6,853	432	7,285
FDI	5,485	513	5,998
Portfolio	127	-94	33
Other	1,241	13	1,254
Indices			
Liabilities to GDP	52%	3%	44%
FDI to GDP	41%	3%	36%
FDI Performance Index (2006-8) ²	-	0.9	-

Source: BCB³, IMF WEO (GDP), UNCTAD FDI Stat (World FDI inflows)

Businesses in Bolivia depended mainly on FDI, although Bolivia slightly “under-performed” relative to GDP during 2006-8 (0.9). Assets were dominated by “other” investment. Primary sectors (minerals and hydro-carbons) received 65% FDI inflows, followed by services (27%), and industry (8%). Most came from Sweden (25%), USA (25%), and Brazil (12%). The chart shows the top catalysts and constraints to investment decisions.



¹ [www.bcb.gob.bo/webdocs/encuestas/CPE2010/FORMULARIO-CPE-\(2010\).xls](http://www.bcb.gob.bo/webdocs/encuestas/CPE2010/FORMULARIO-CPE-(2010).xls)

² FDI Performance Index = (National/World FDI Inflows) / (National/World GDP). <1 denotes low performance.

³ BCB www.bcb.gob.bo/webdocs/Abril2009/reportealanzadic08.pdf

CBP Support and Achievements

Cycle (Survey)	Support and Achievements
Cycle 1 Nov 03 – Dec 05	<ul style="list-style-type: none"> Fact-finding meetings reviewed institutional issues and methodology. Opening Awareness and Training launched in Santa Cruz (hosted by the Industry Chamber, CAINCO) and La Paz, and transferred skills. A Follow Up Mission (FUM) and long distance support helped prepare data and analysis. The cycle closed with a dissemination event Achievements included resumption of quarterly surveys, enhanced institutional arrangements with wider private sector involvement, investor register, questionnaire, dissemination of data quarterly data for Q1-3 2004, a detailed analytical report, and newsletter article
Quarterly Cycles Jan 06 – Ongoing	<ul style="list-style-type: none"> The CBP has given ad hoc technical support as requested by BCB. FUM1 (March 2008) addressed data standards, office estimation, sampling, online reporting, and software. FUM2 (January 2009) addressed time series. Long distance support addressed dissemination and awareness creation BCB has rationalised institutional arrangements, leads sustainable quarterly surveys, and disseminates online and via awareness events in La Paz, Santa Cruz and Cochabamba. Data is accepted and analysed by the private sector

Country Progress and Intended Results (Scale of 1-5)

Logical Framework Performance Indicators		Base (Apr 07)	Current (Sept 09)	Target (Sept 09)	Progress
LTR	High level of management	2.6	3.4	3.5	94%
MTR 2.1	Meeting GDDS	3.8	4.4	4.0	300%
MTR 2.2	Policy Action Plan	1.6	3.2	3.5	84%
MTR 2.3	Legal and institutional framework	3.2	4.2	3.5	317%
MTR 3.1	Increased awareness of achievements	2.4	3.3	3.6	75%
STR 3.1	Enhanced knowledge and skills	2.0	3.5	3.0	150%

Bolivia came close (94%) to its overall target, attaining a high level of capacity. It exceeded its targets on legal and institutional framework, meeting GDDS, and enhanced knowledge and skills, and came close (75-99%) on policy action plans and increased awareness of achievements. Future priorities include compliance with IMF BPM6, more detailed analysis in line with earlier reports, the development of early warning systems, and the move to the IMF Special Data Dissemination Standard.

Further Reading

FPC CBP

- BCB (Various quarters / years to date) IIP and BOP reports and data⁴
- BCB, INE, MDE, CEPB (2005) Cycle 1 Report⁵: *Flujos de CEP y Percepción*
- CAINCO (2009) “Inversión Extranjera en Bolivia – Análisis 2009”, *Economica*, June⁶
- FPC CBP (2006) “Bolivia: Foreign Private Capital Analysis”, *SFD* #26 pp12-3

Other

- Hidrocarburos Bolivia (2010) “Baja en IED se debe a incertidumbre en el país”⁷

⁴ BCB reports and data http://www.bcb.gob.bo/?q=estadisticas/sector_externo

⁵ Download from: www.development-finance.org/en/services/research-a-analysis/publications-and-technical-briefings/private-capital-publications/country-analysis-and-policy.html

⁶ CAINCO: <http://www.cainco.org.bo/publicaciones/3Coyuntura%20Economica/02-inversionextranjera.pdf>

⁷ Hidrocarburos Bolivia: <http://www.hidrocarburosbolivia.com/bolivia-mainmenu-117/inversion-industrializacion/33419-baja-en-inversion-extranjera-directa-se-debe-a-incertidumbre-en-el-pais-.html>