



MACROECONOMIC POLICY OF BOLIVIA

October, 2008

Luis Arce Catacora

MINISTER OF FINANCES

MINISTERIO DE HACIENDA

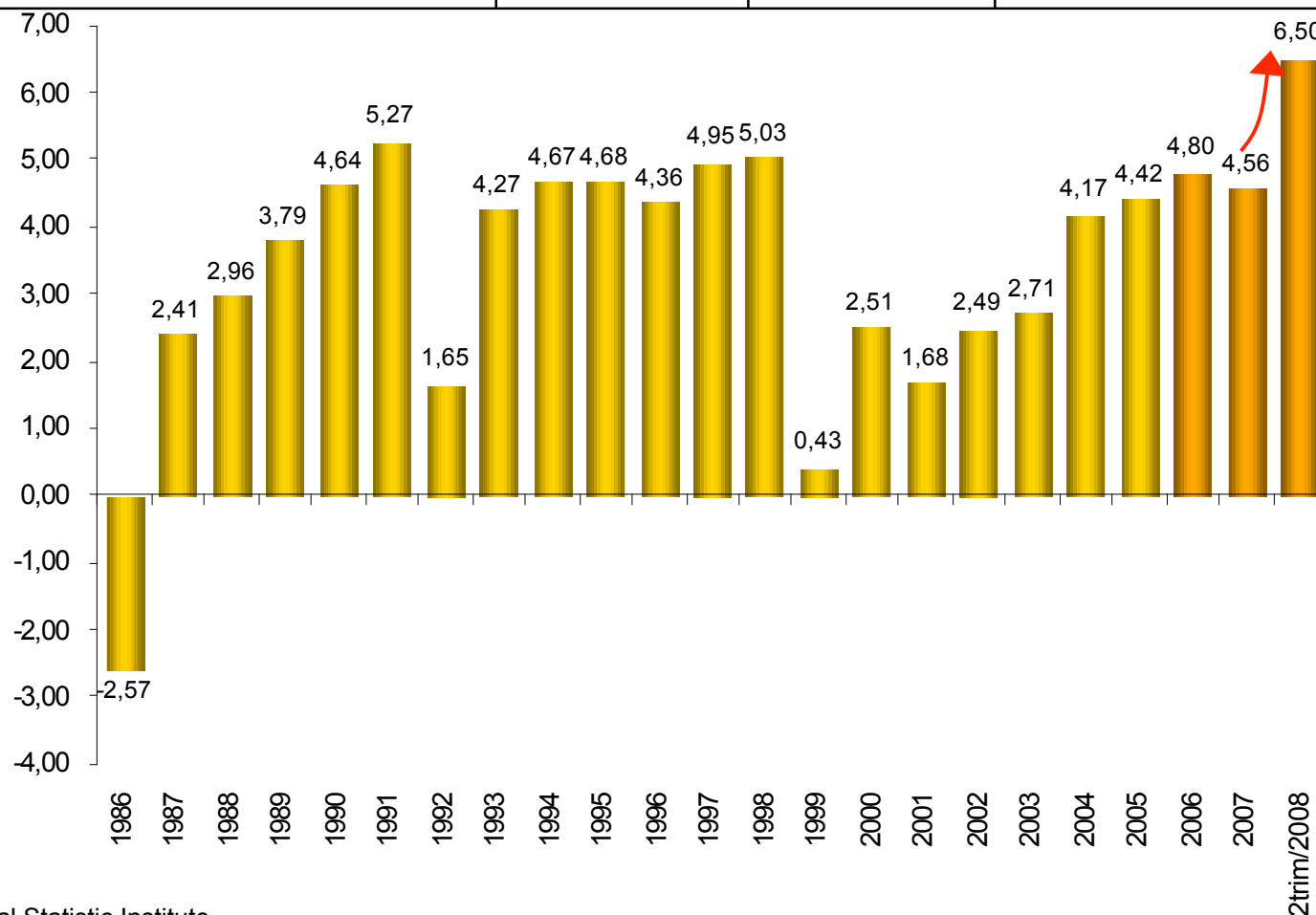


1. REAL ECONOMY



Bolivia: Real GDP growth, 1985 - quarterly 2° 2008 (Percentage)

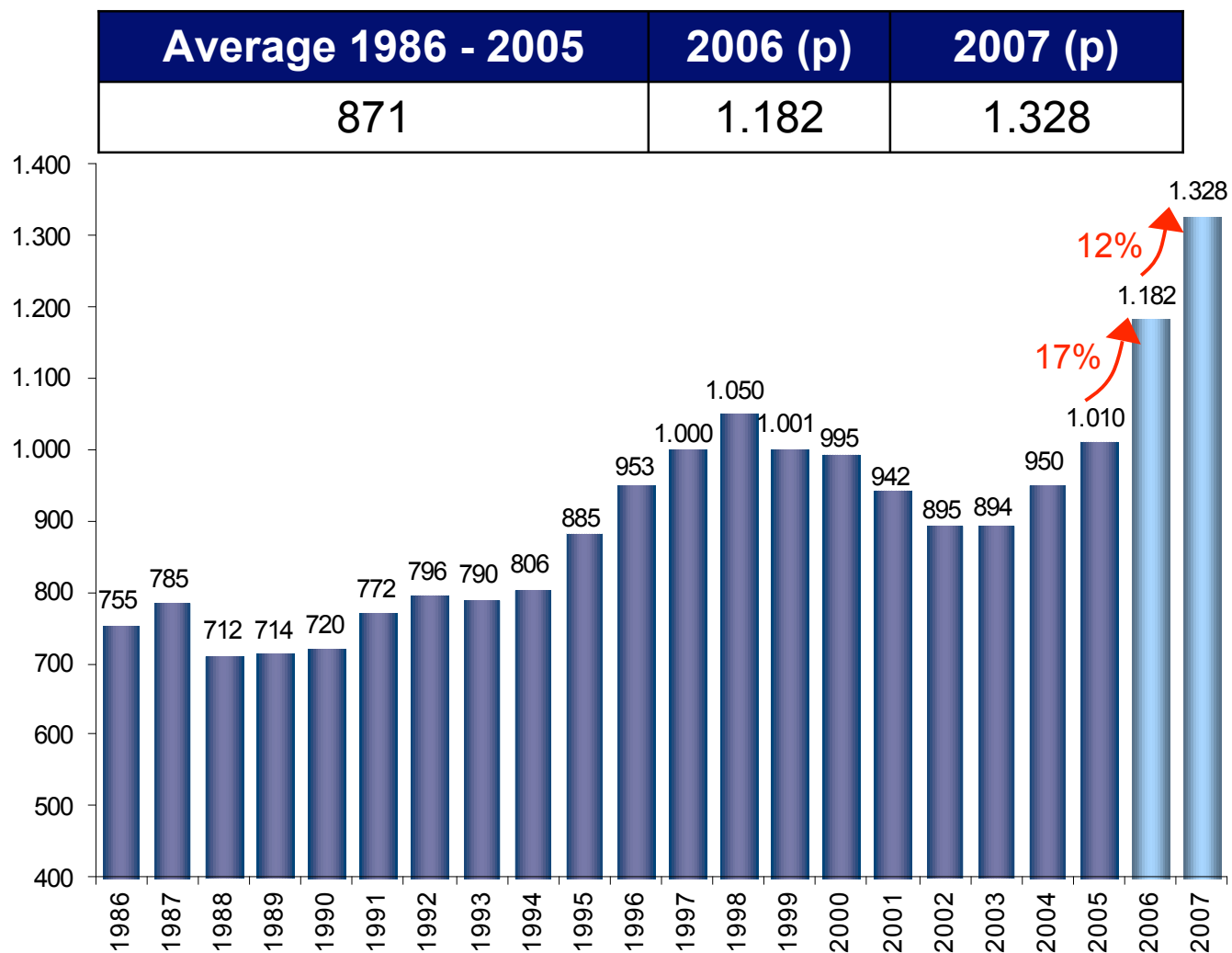
Average 1985 - 2005	2006 (p)	2007 (p)	2 Quart/2008 (p)
3,00	4,80	4,56	6,50



(p) Preliminary
Source: National Statistic Institute
Processing: Fiscal Analysis Office (RAF)

Bolivia: GDP per capita, 1986 - 2007

(Current \$us)



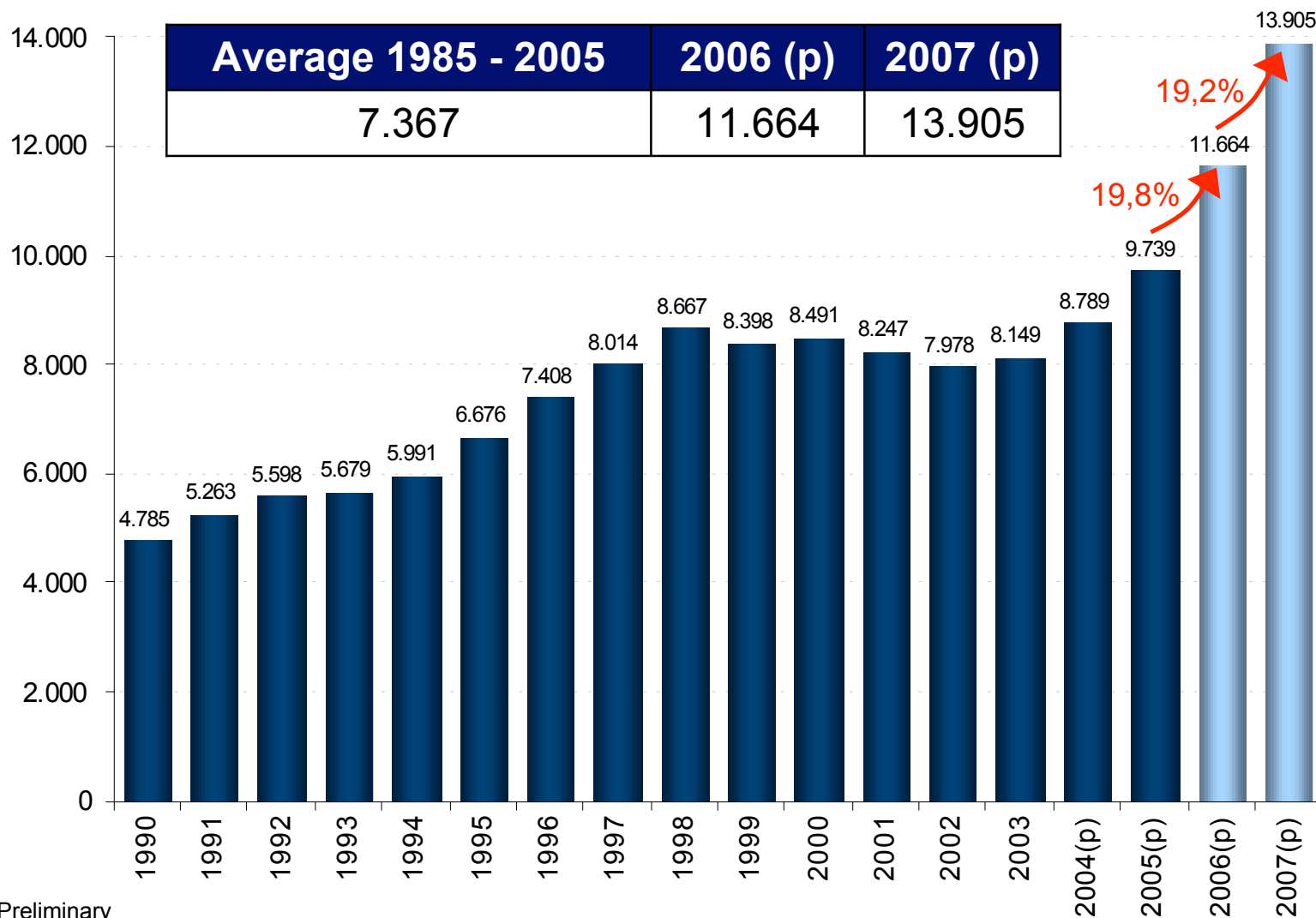
(p) Preliminary

Source: National Statistic Institute

Processing: Fiscal Analysis Office (RAF)

Bolivia: Gross National Income, 1990 - 2007

(\$us millions)



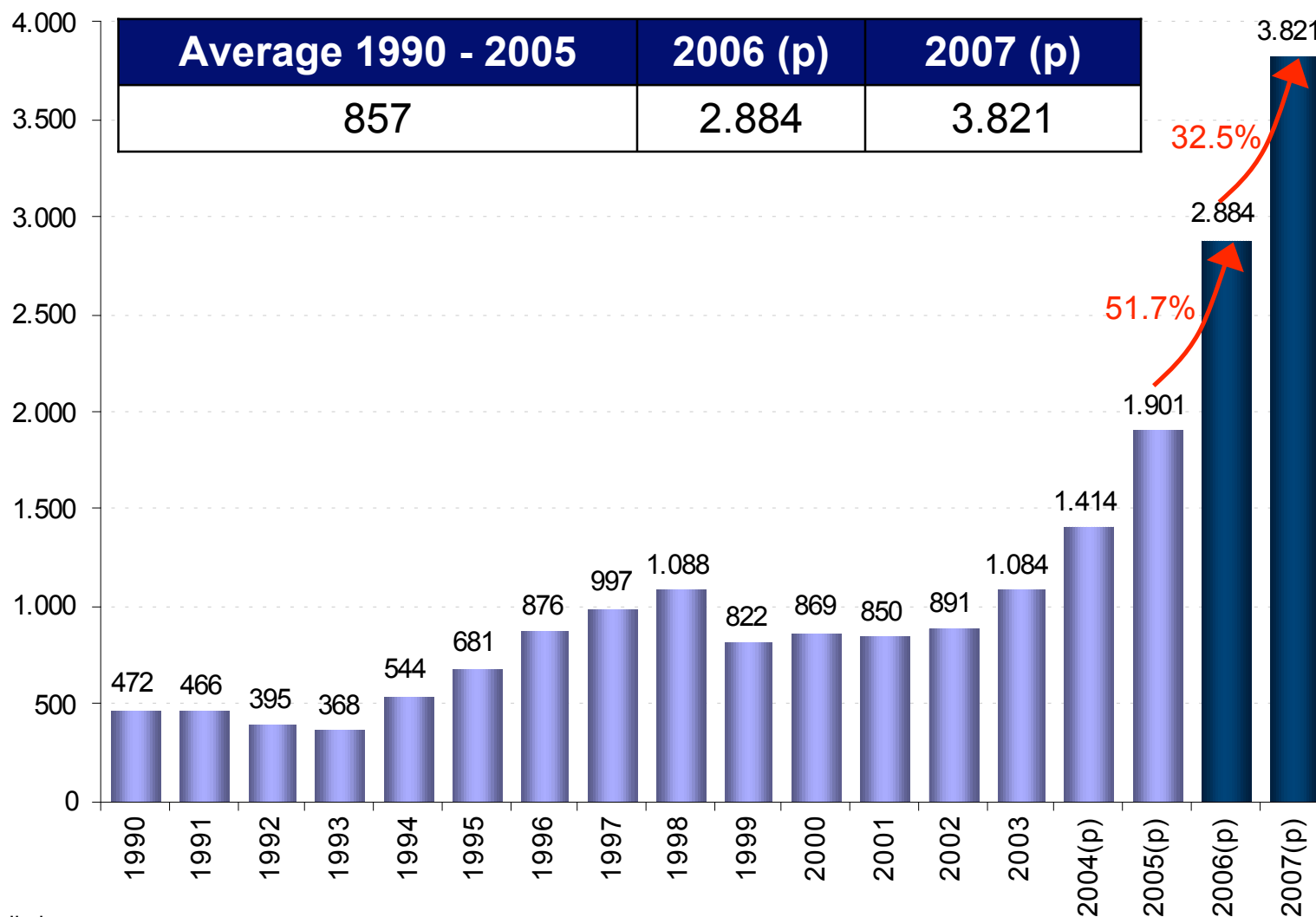
(p) Preliminary

Source: National Statistic Institute

Processing: Fiscal Analysis Office (RAF)

Bolivia: Gross Saving, 1990 - 2007

(\$us millions)



(p) Preliminary
Source: National Statistic Institute
Processing: Fiscal Analysis Office (RAF)

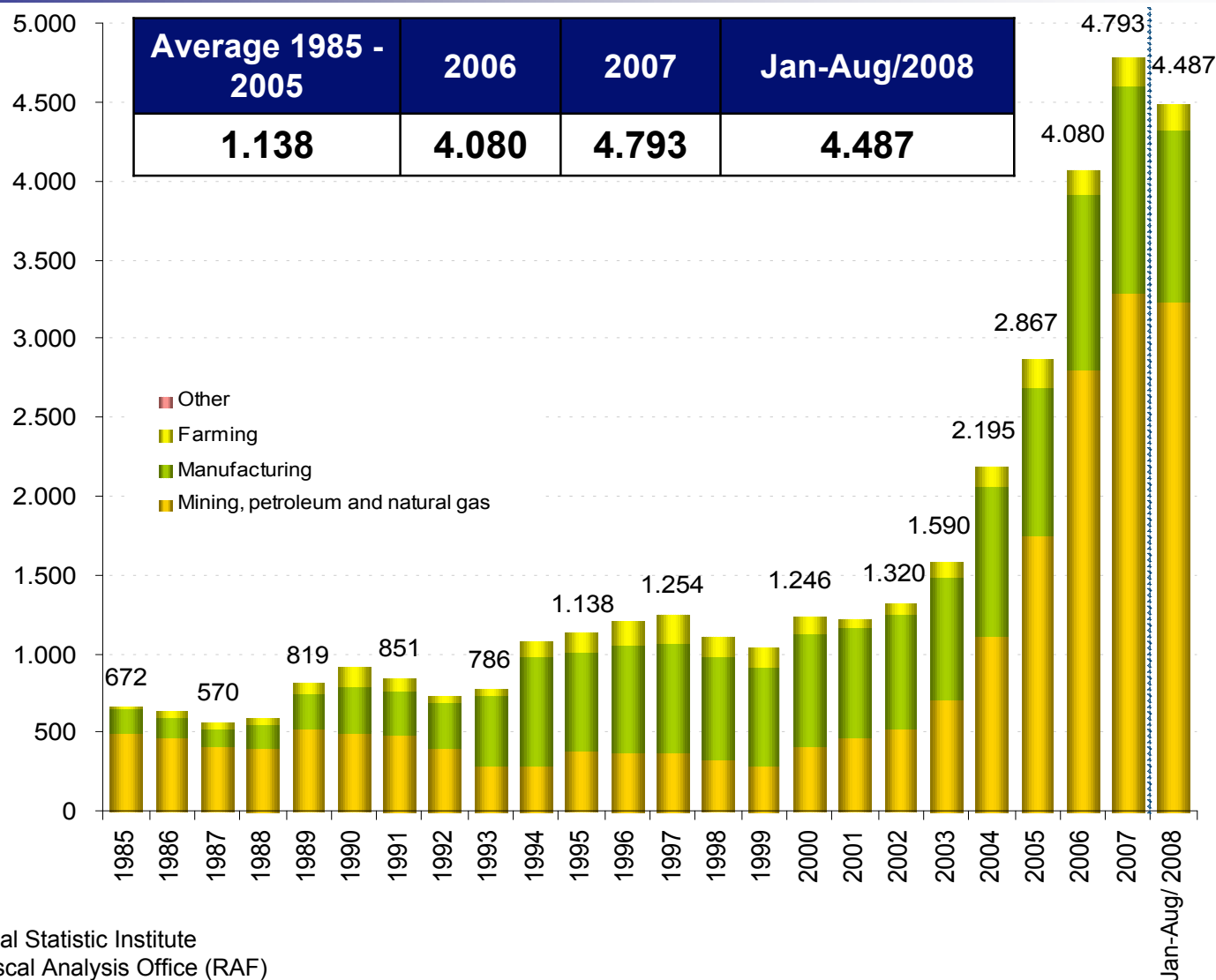
2. EXTERNAL SECTOR



Bolivia: Exports by economy activity

1985 - August 2008 (p)

(\$us millions)



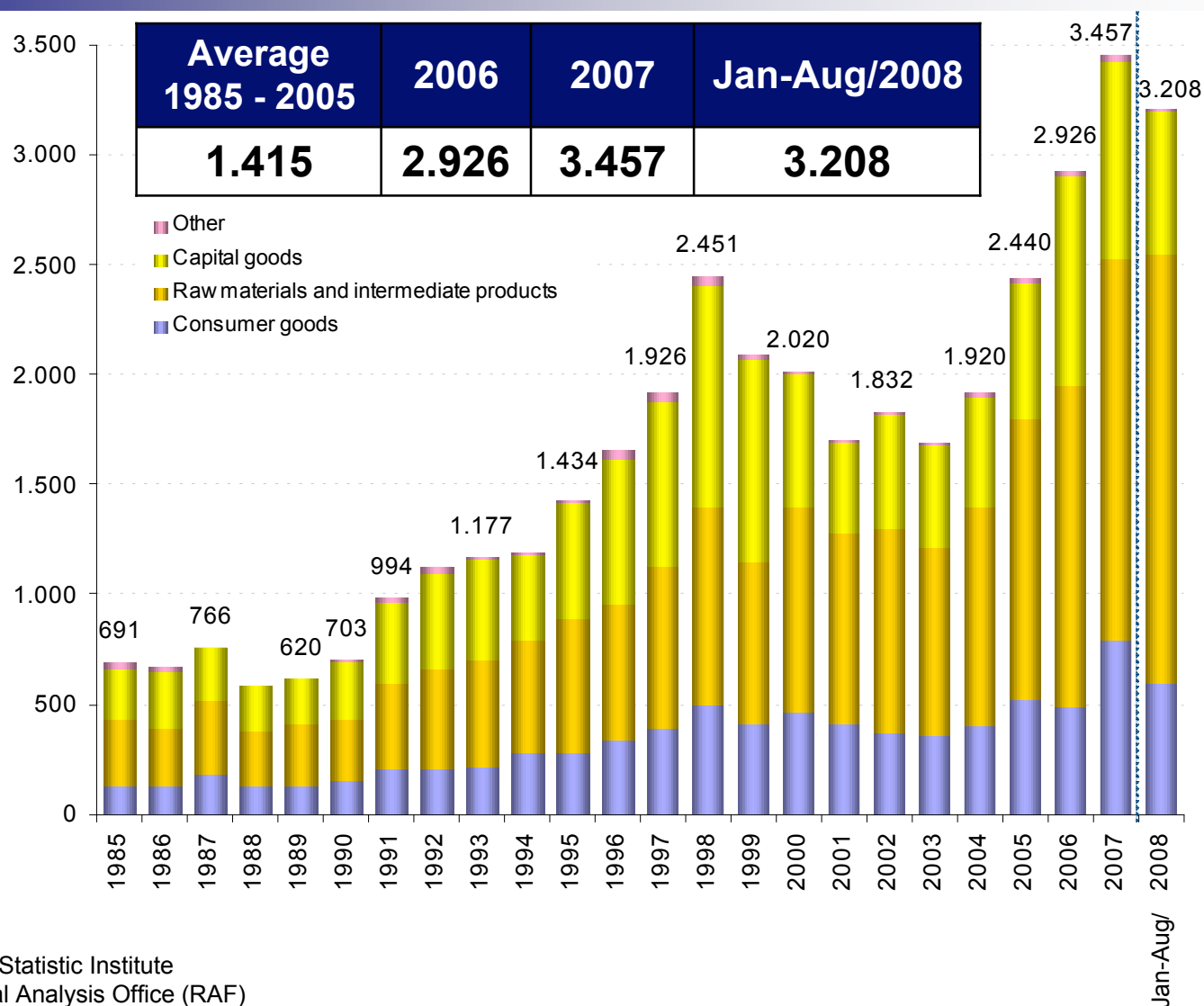
(p) Preliminary

Source: National Statistic Institute

Processing: Fiscal Analysis Office (RAF)

Bolivia: Imports by economic use or destiny

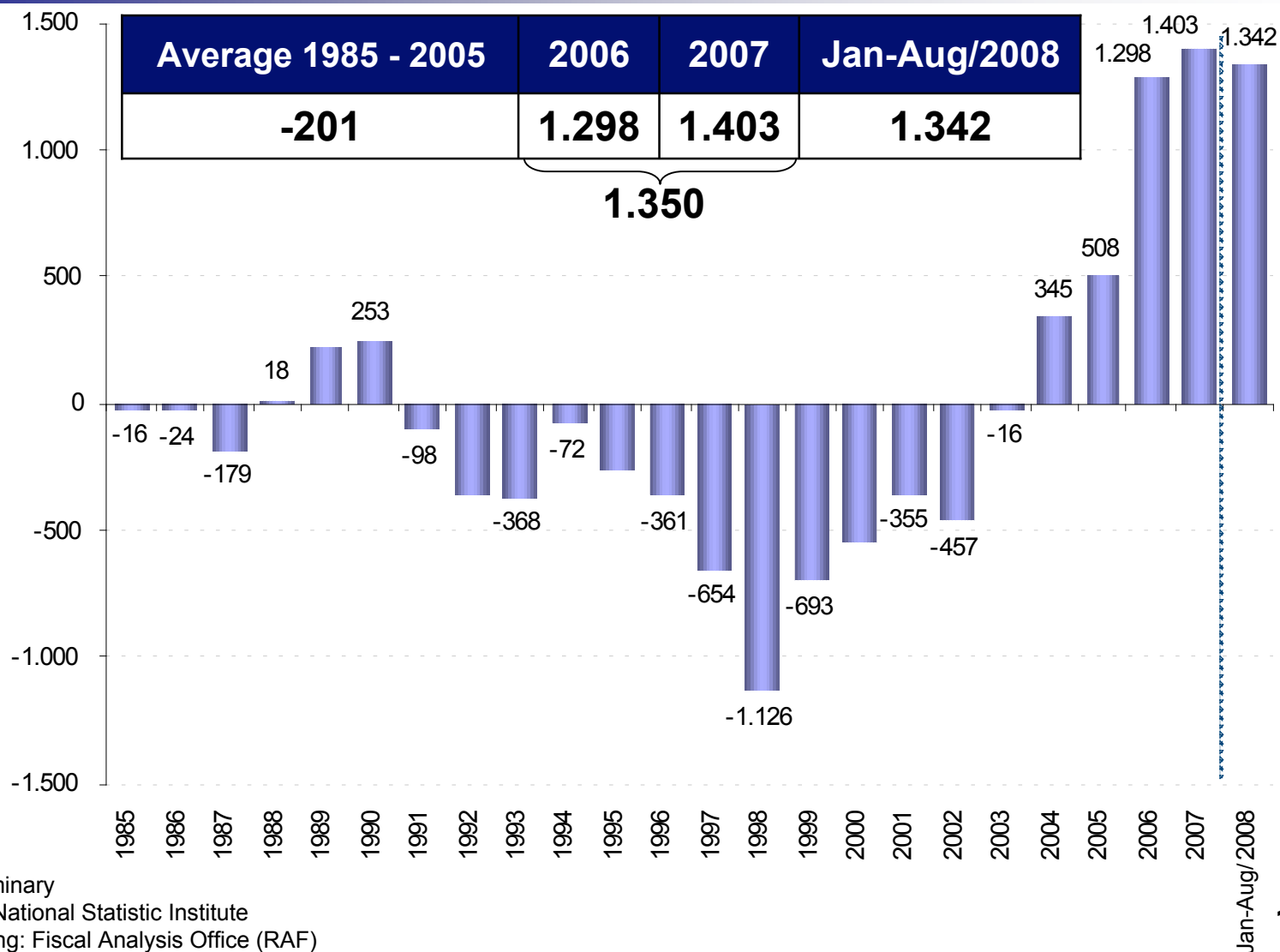
1985 - August 2008 (p)
(\$us millions)



(p) Preliminary
Source: National Statistic Institute
Processing: Fiscal Analysis Office (RAF)

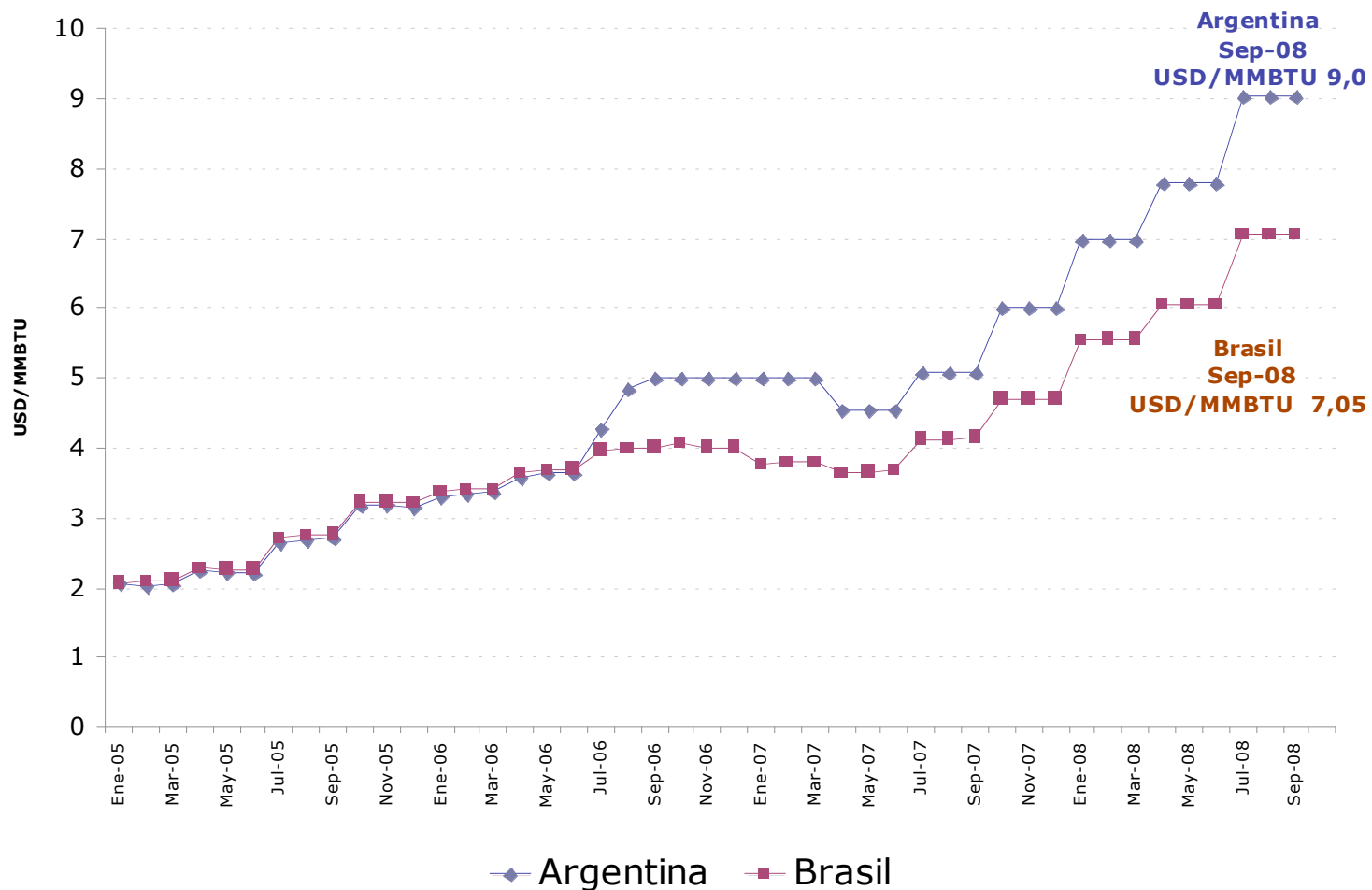
Bolivia: Trade balance

1985 - August 2008 (p)
(\$us millions)



Bolivia: Gas Natural Price export

January 2005 - September 2008 (p)
(\$us / MMBTU)

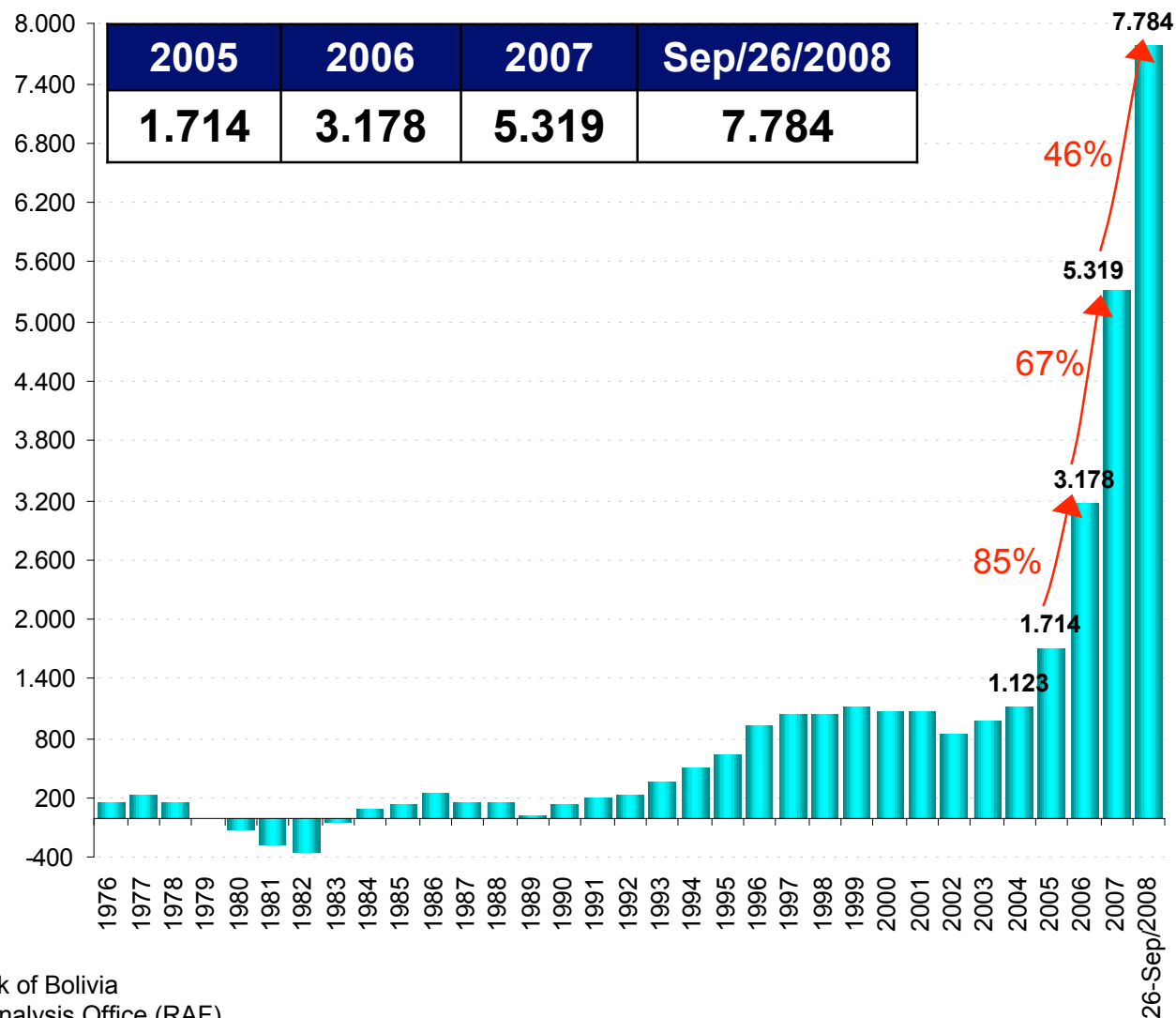


(p) Preliminary
Source: YPFB
Processing: Fiscal Analysis Office (RAF)

Bolivia: Central Bank's Net International Reserves

1976 - 26 Septiembre 2008

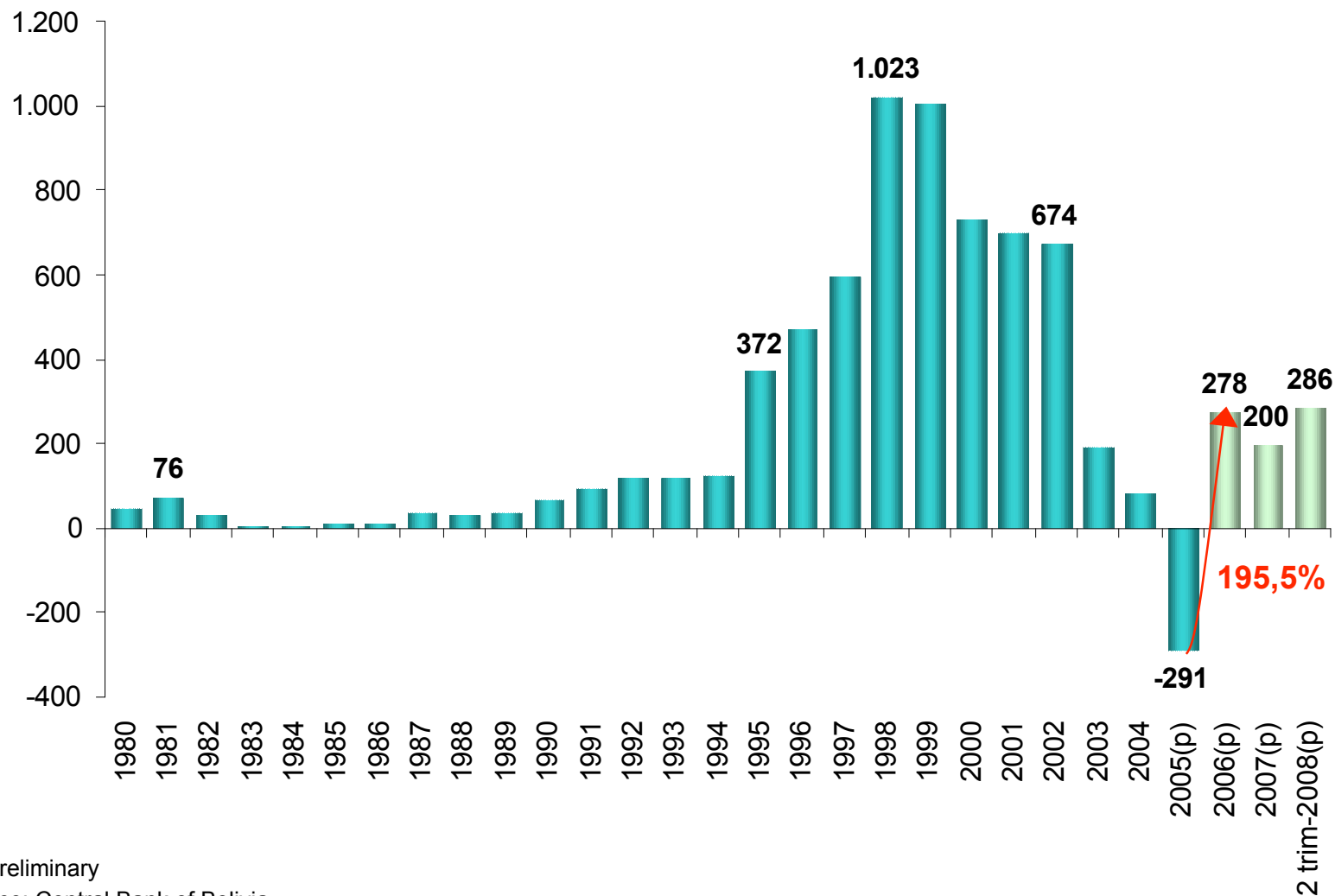
(\$us millions)



Source: Central Bank of Bolivia
Processing: Fiscal Analysis Office (RAF)

Bolivia: Foreign Direct Investment

1980 - 2° quarterly 2008 (p)
(\$us millions)



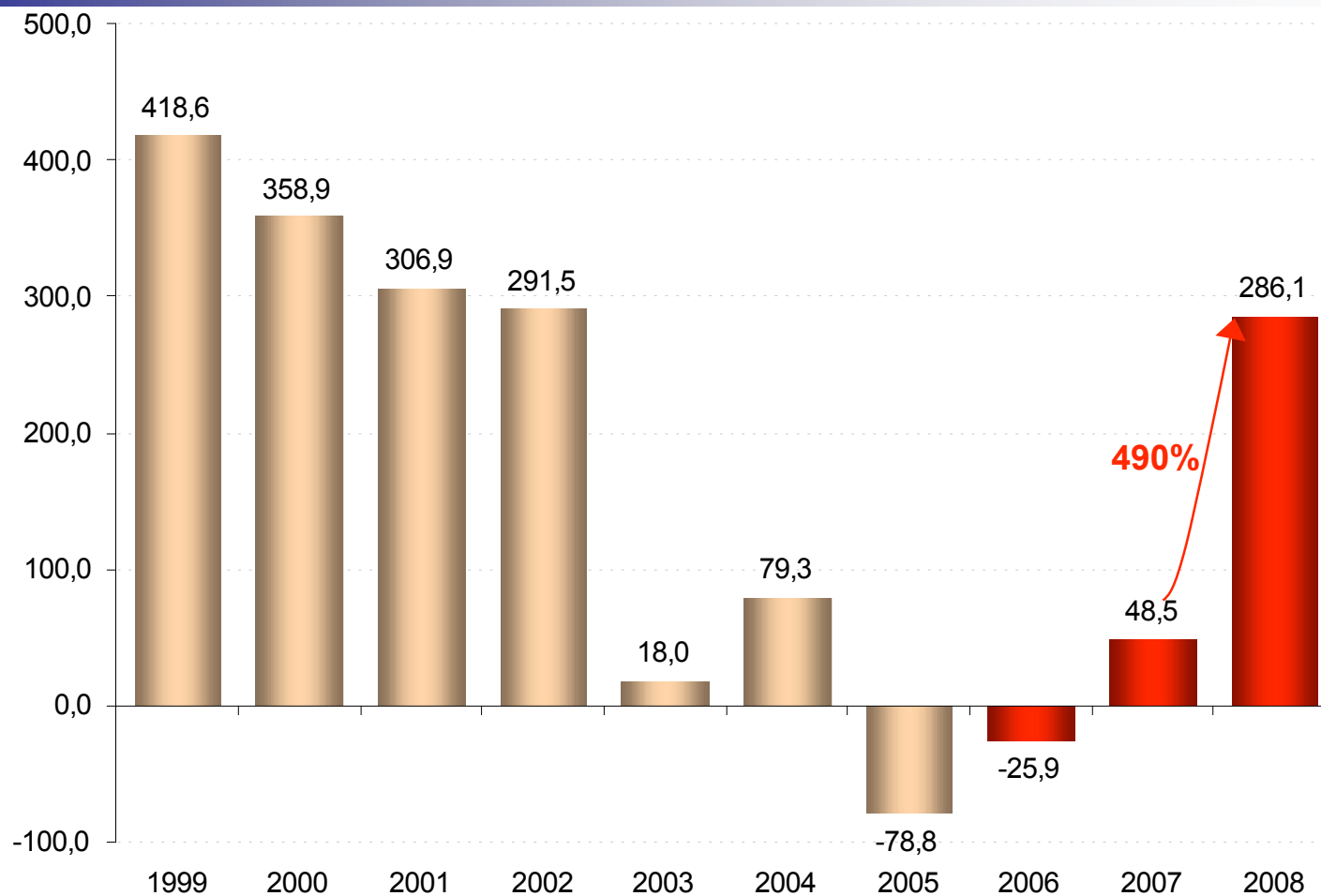
(p) Preliminary

Source: Central Bank of Bolivia

Processing: Fiscal Analysis Office (RAF)

Bolivia: Foreign Direct Investment

Accumulate January - June, 1999 - 2008 (p)
(\$us millions)

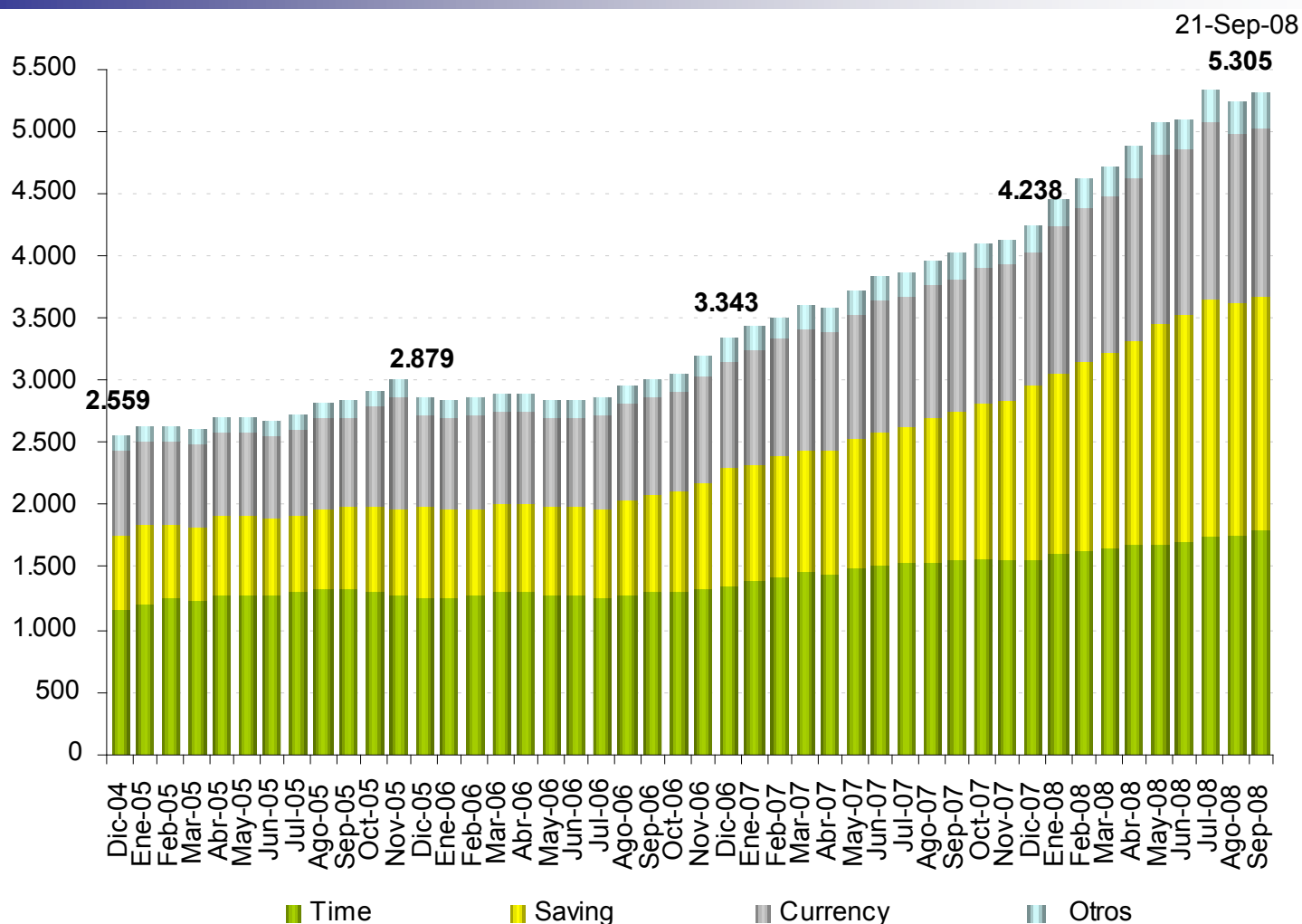


(p) Preliminary
Source: Central Bank of Bolivia
Processing: Fiscal Analysis Office (RAF)

3. FINANCIAL SYSTEM

Bolivia: Banking people's deposits

December 2004 - September 21st 2008
(\$us millions)

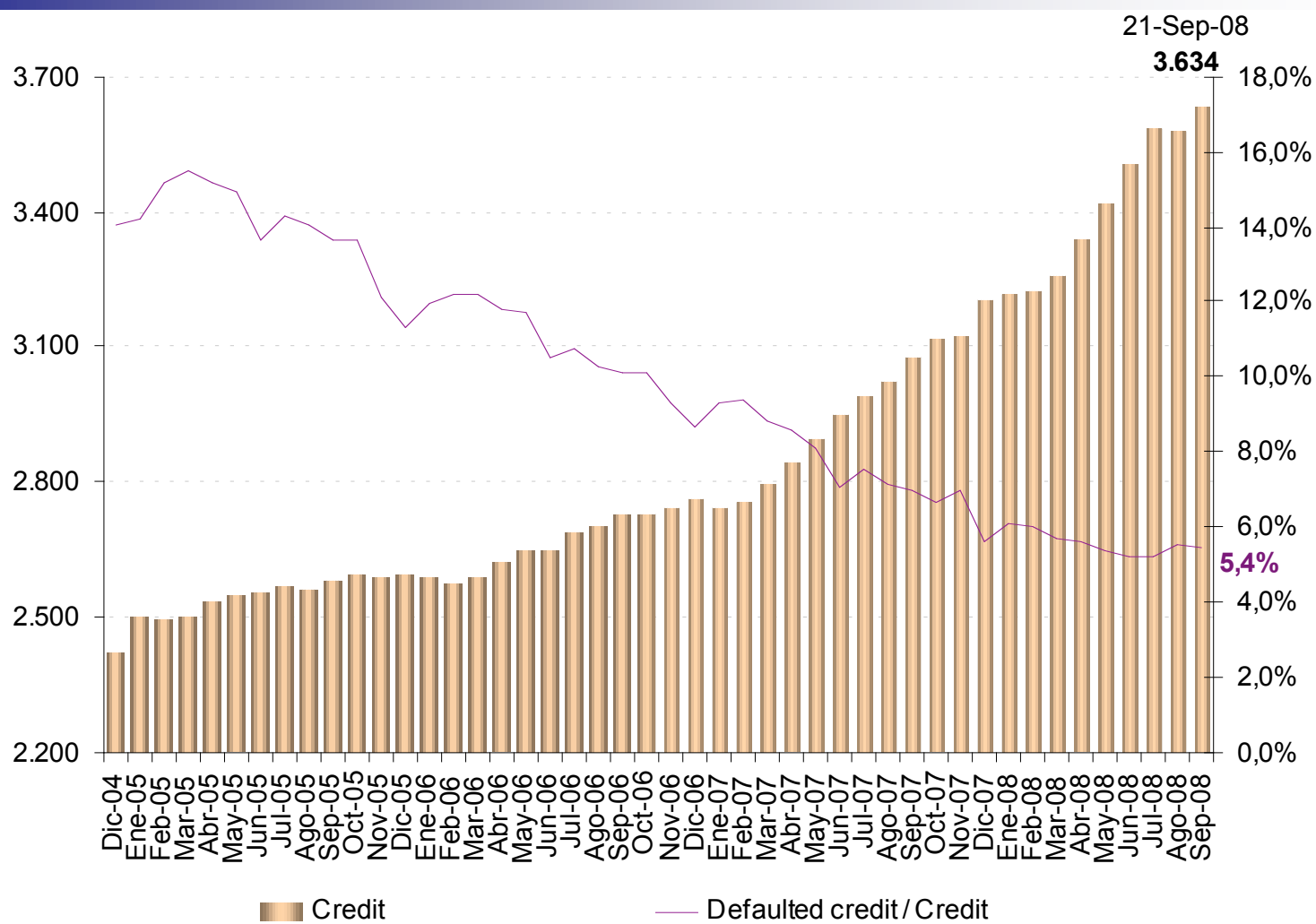


Source: Bank and Financial Institutes Supervision (SBEF)
Processing: Fiscal Analysis Office (RAF)

Bolivia: Banking credit and defaulted credit

December 2004 - September 21th 2008

(\$us millions and percentage)

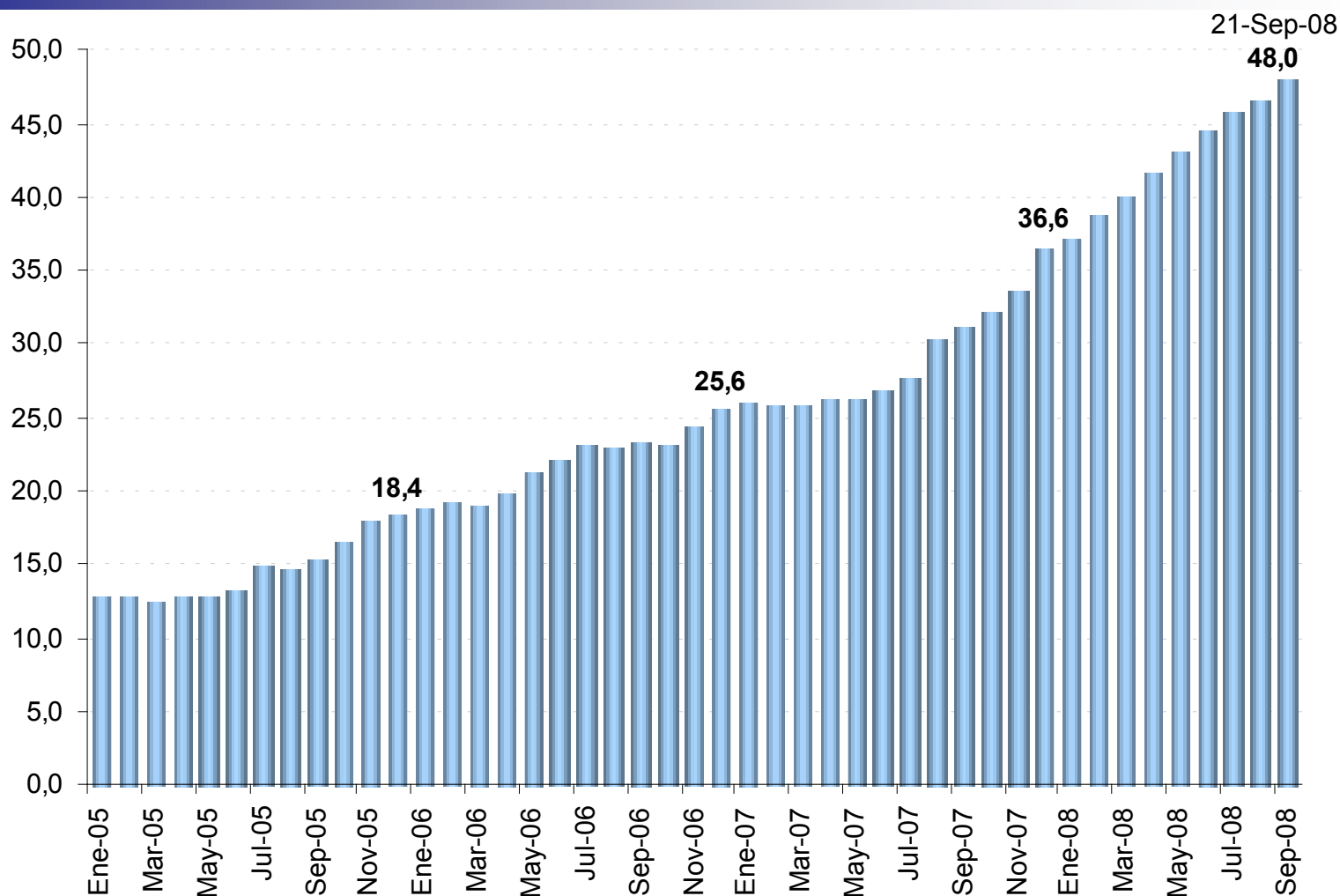


Source: Bank and Financial Institutes Supervision (SBEF)
Processing: Fiscal Analysis Office (RAF)

Bolivia: National currency banking deposits / total deposits

December 2004 - September 21th 2008

(Percentage)

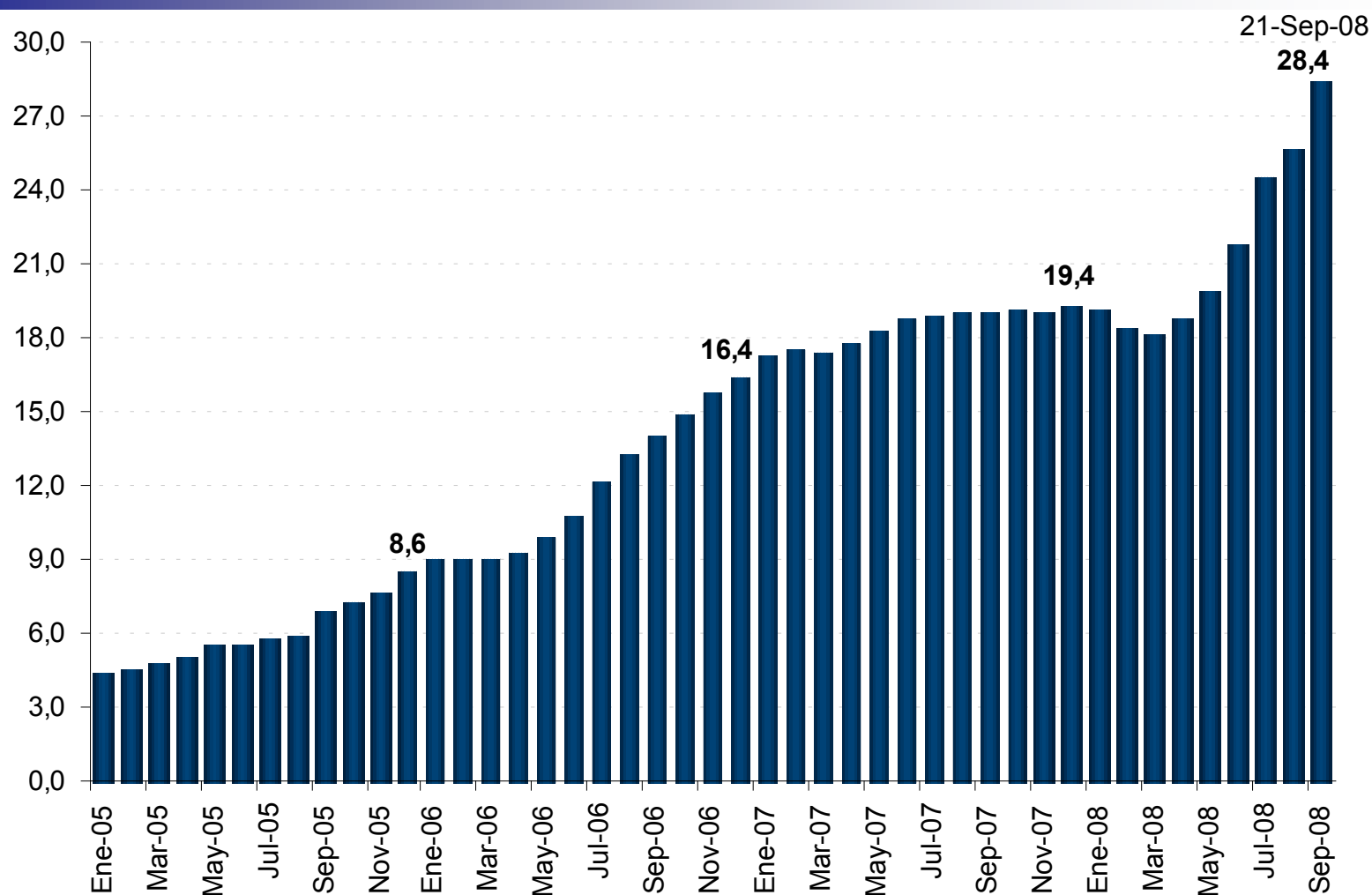


Source: Bank and Financial Institutes Supervision (SBEF)
Processing: Fiscal Analysis Office (RAF)

Bolivia: National currency banking credits / total credits

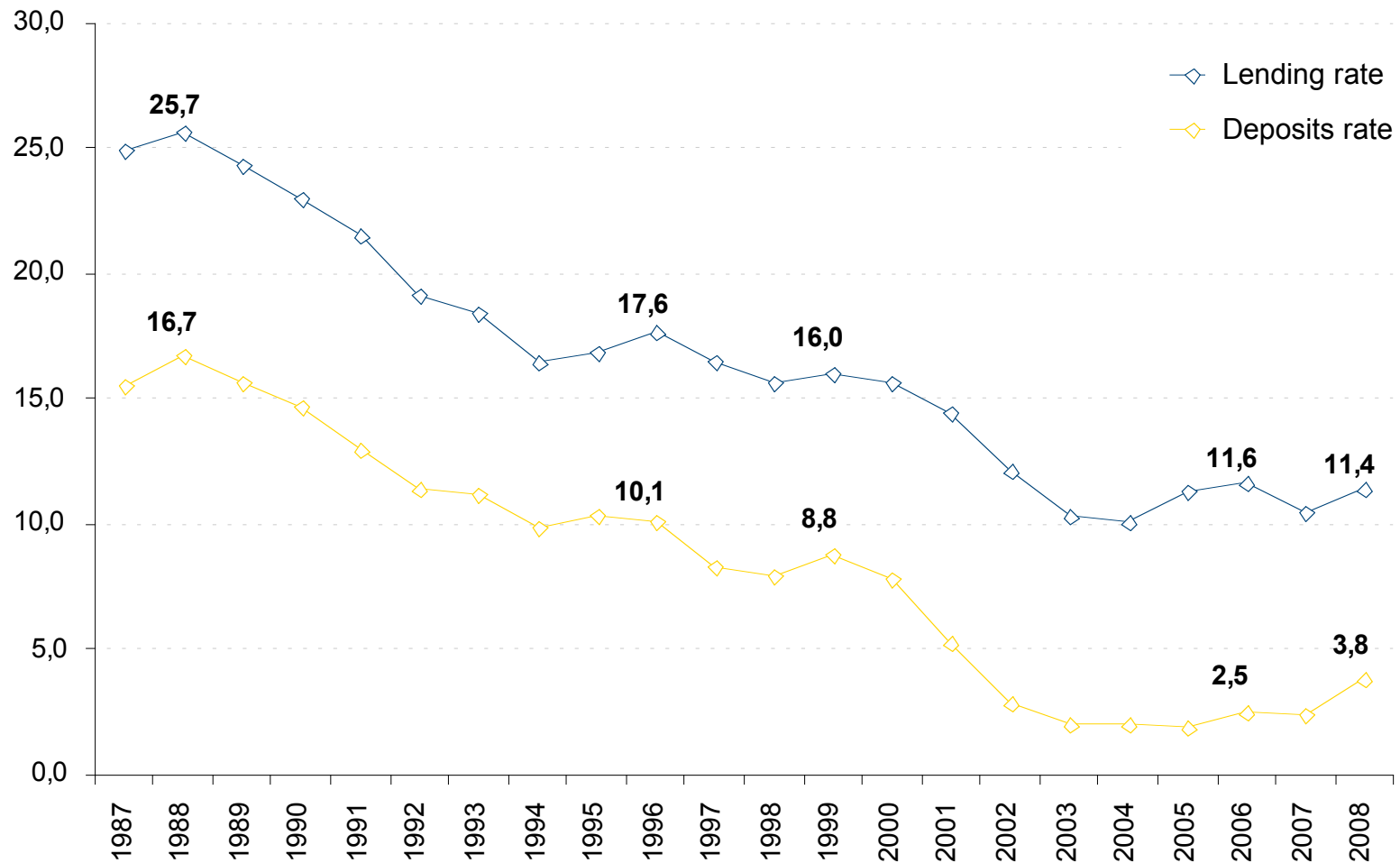
December 2004 - September 21th 2008

(Percentage)



Source: Bank and Financial Institutes Supervision (SBEF)
Processing: Fiscal Analysis Office (RAF)

Bolivia: Banking interest rates in foreign currency 1987 - August 2008 (Percentage)



NOTE: Deposits rate for Time deposits
Source: Central Bank of Bolivia
Processing: Fiscal Analysis Office (RAF)

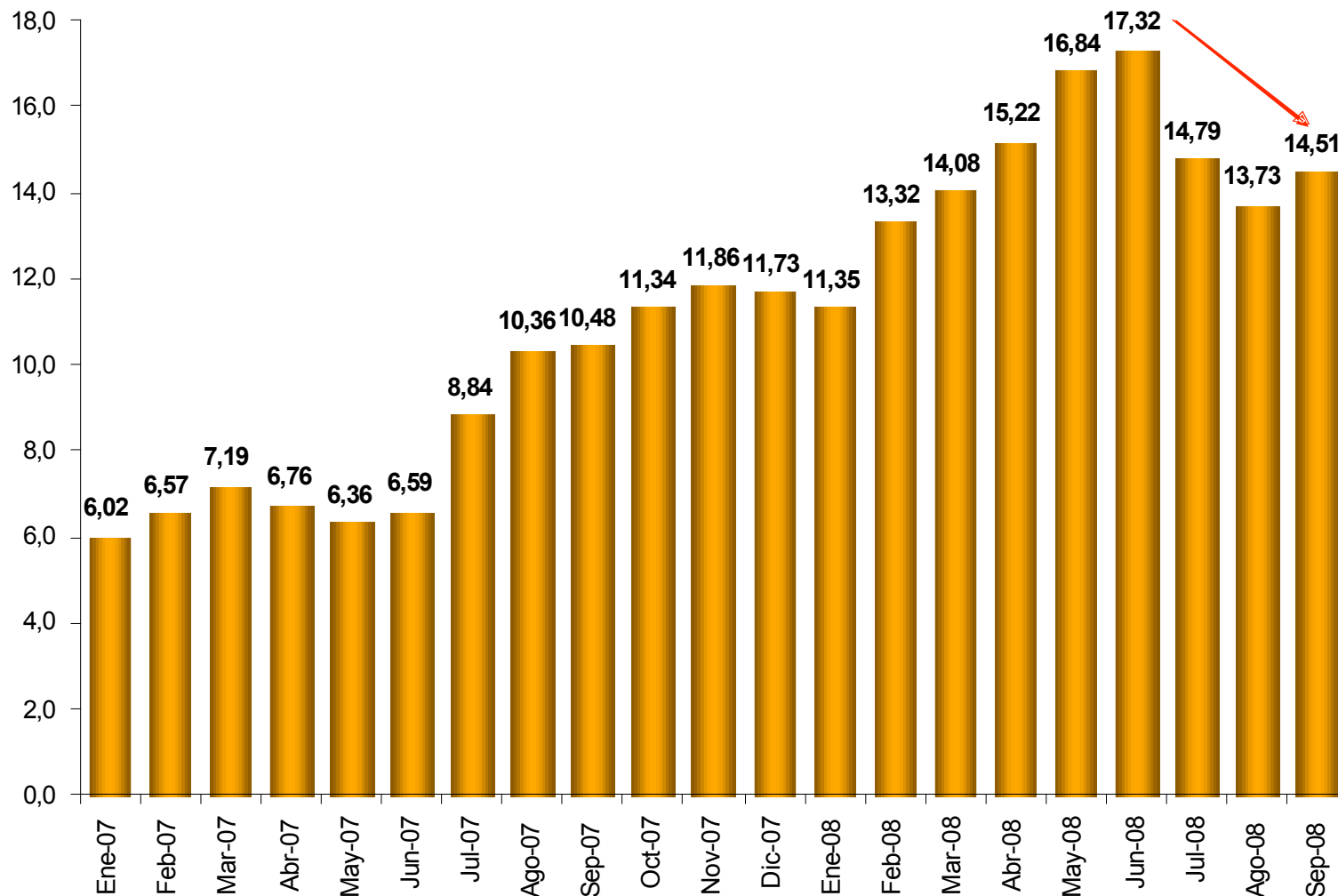


4. PRICES



Bolivia: Consumer prices index variation in 12 month

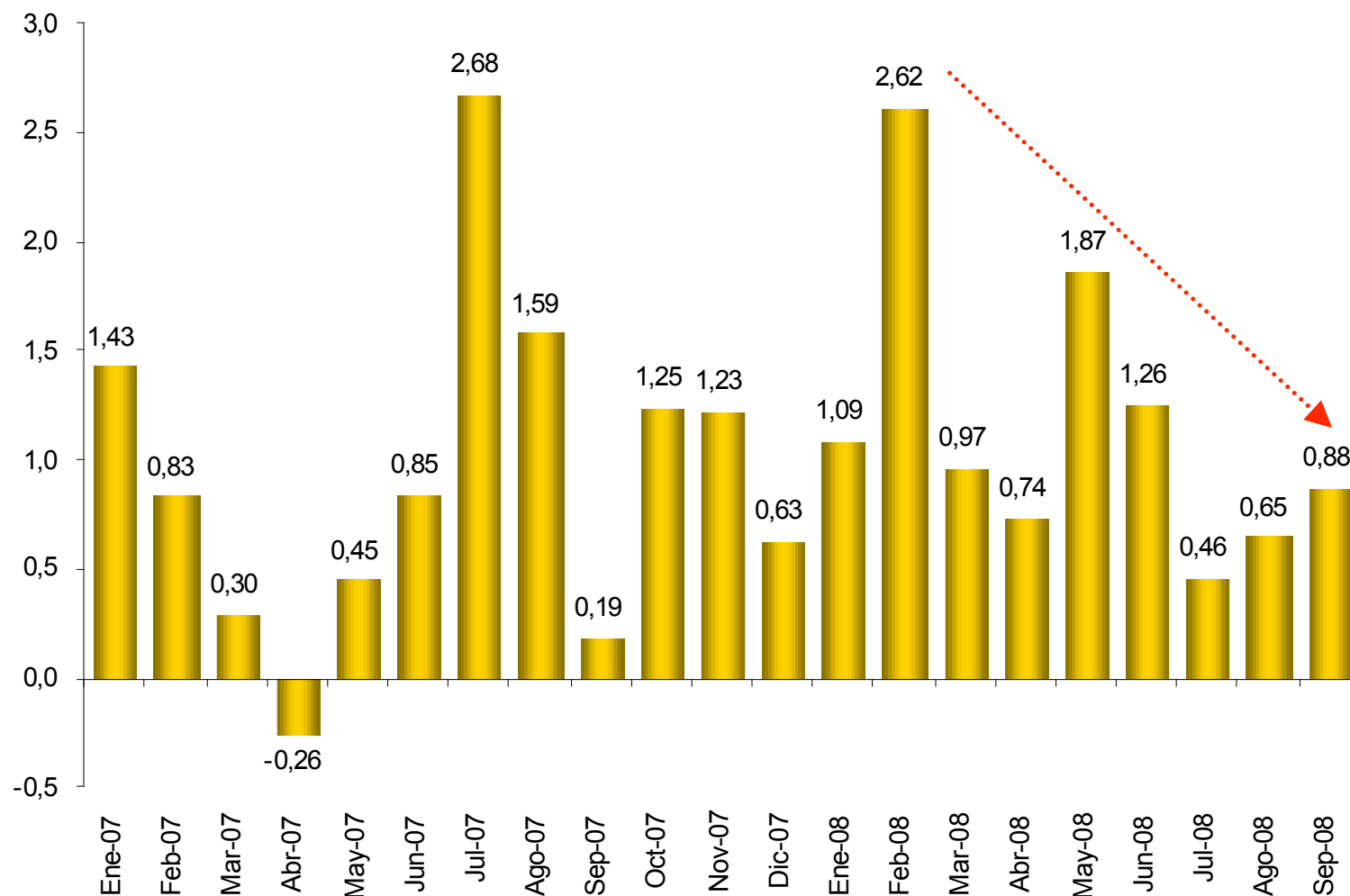
January 2007 - September 2008
(Percentage)



Source: National Statistic Institute (INE)
Processing: Fiscal Analysis Office (RAF)

Bolivia: Consumer prices index monthly variation

January 2007 - September 2008
(Percentage)



Source: National Statistic Institute (INE)
Processing: Fiscal Analysis Office (RAF)

Fiscal Policy

Tariff “0” for imports of food

- Release of tariffs on food products (livestock, meat, chicken, wheat, corn, rice, wheat flour and vegetable oils).

Food export prohibition

- Temporary ban on export of livestock, meat, vegetable oil, chicken, wheat, corn, rice and wheat flour.

Production Financing

- a) EMAPA with \$us 42,5 millions
- b) Trusts
 - Rice, butter, corn and wheat flour (U.S. \$ 40 millions).
 - Resettlement farmer (U.S. \$ 10 millions).
 - Production and Trade Program (U.S. \$ 10.1 millions).

Fiscal Policy

Creation of the Fund for Reconstruction, Food Security and Production Support

BCB's credit of U.S. \$us 600 millions

- Security and sovereignty support food : \$us 180 millions.
- Rehabilitation of roads: \$us 200 millions
- Productive Development Bank (BDP): \$us 100 millions (credit to micro and small producers).
- Enterprise Support Food Production (EMAPA): \$us 100 millions (direct support to the productive sector).
- Families affected by the climatic phenomenon: \$us 20 millions

Fiscal Policy

Promoting the Production

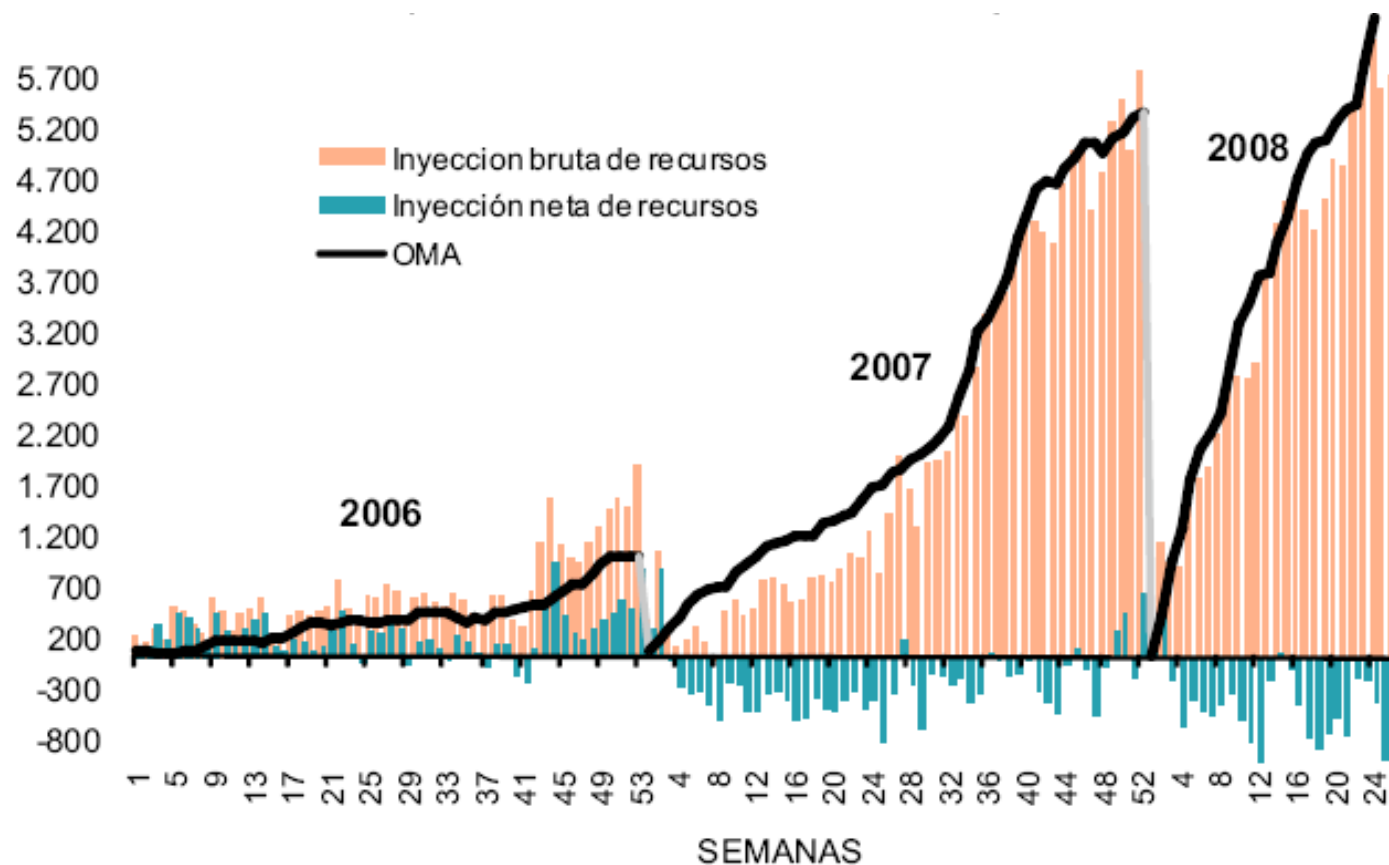
- EMAPA: Promoting the production of maize, rice, wheat, vegetables and tubers: \$us 180 millions additional

Commercialization of products

- Oil: To price 76% lower in the market price.
- Rice: Lower price in 20% of the market.
- Flour: A half the price offered in the market.
- Vegetables.
- Meats

Bolivia: Gross and net injection and Open Market Operation 2006 - 2008 (Bs. millions)

- In 2007 the Central Bank made OMA's equivalent to five times more than in 2006.
- In the first 24 weeks of 2008, has placed the equivalent of what made in 2007.



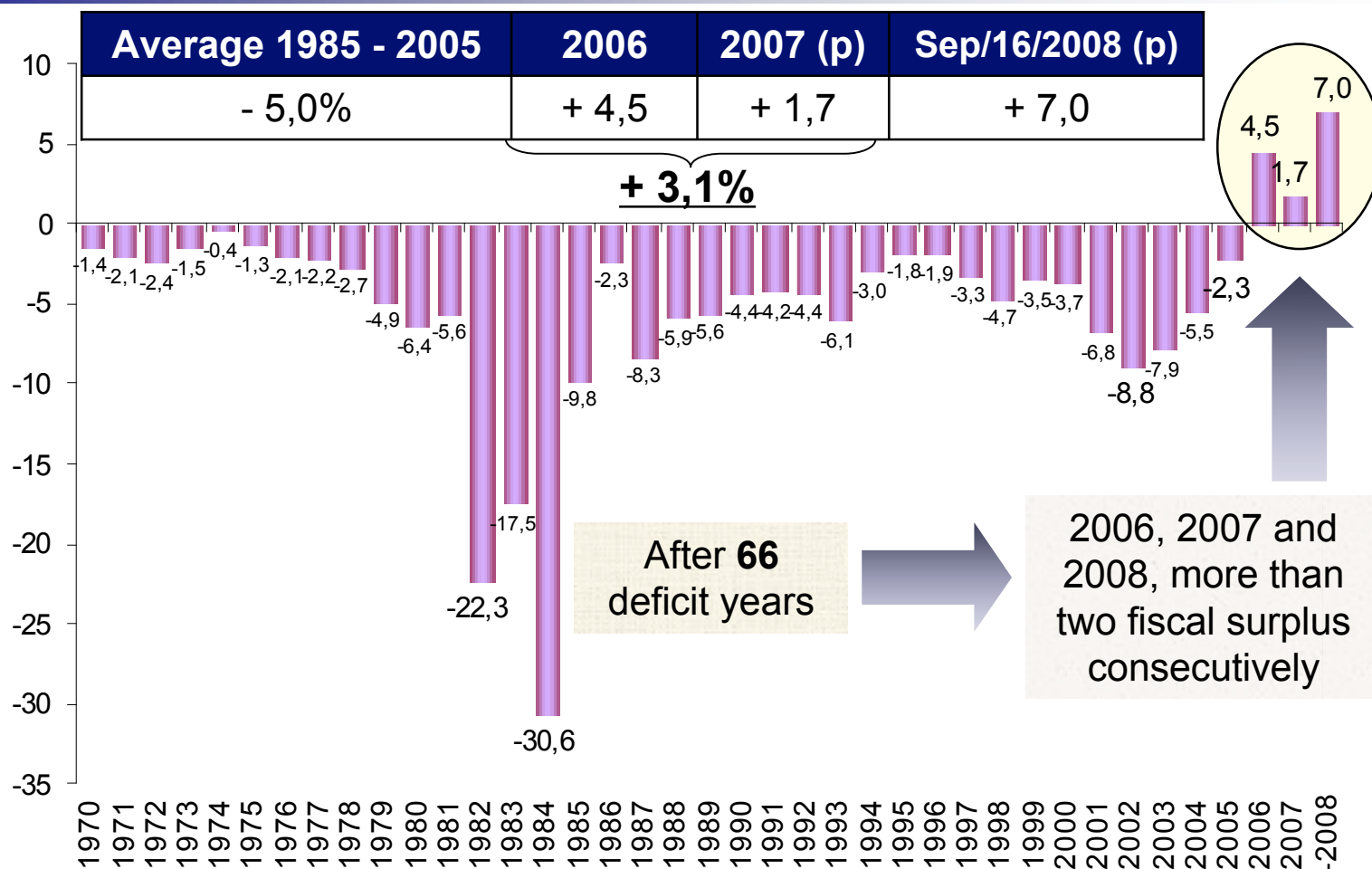
Source: Central Bank of Bolivia

5. FISCAL BALANCE



Bolivia: Fiscal Balance

1970 - September 16th 2008
(GDP percentage)



(p) Preliminary

Source: Central Bank of Bolivia and Fiscal Programming Office (UPF)

Processing: Fiscal Analysis Office (RAF)

Bolivia: Government Finance with wholesalers activities of YPFB and nationalization of Huanuni and Vinto adjustment

January - August, 2007 - 2008
(\$us millions and percentage)

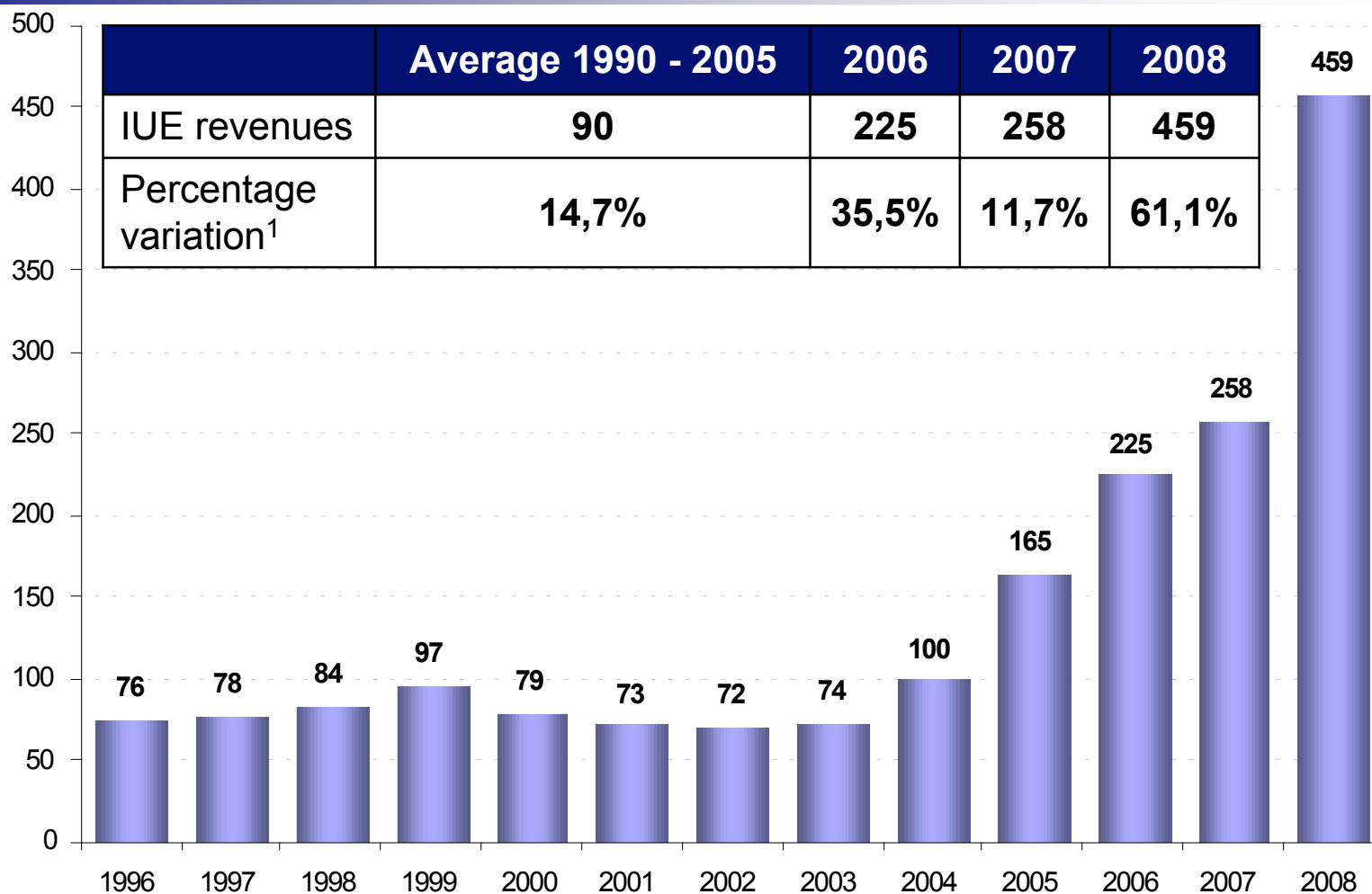
	January - August		Var % 2008	GDP percentage	
	2007	2008		2007	2008
Total revenues	2.977,8	4.364,0	36,1	23,0	26,0
Current revenue	2.863,1	4.242,4	37,6	22,1	25,3
Tax revenue	1.402,0	1.939,8	28,5	10,8	11,5
Oil revenue	1.106,4	1.822,2	53,0	8,6	10,8
Other	354,6	480,4	25,8	2,7	2,9
Donation	114,7	121,6	(1,6)	0,9	0,7
Total expenditures	2.497,3	2.997,3	11,5	19,3	17,8
Current expenditure	1.550,6	1.973,7	18,2	12,0	11,8
Personal services	736,2	884,1	11,6	5,7	5,3
Goods and services	261,0	330,2	17,5	2,0	2,0
Internal and external debit interest	98,8	97,6	(8,3)	0,8	0,6
Other	185,9	345,8	72,8	1,4	2,1
Pensions	268,6	316,1	9,3	2,1	1,9
Investment	946,7	1.023,6	0,4	7,3	6,1

Source: Fiscal Programming Office (UPF)
Processing: Fiscal Analysis Office (RAF)
Update: Friday, October 3rd 2008

Bolivia: Enterprises Profit Tax Revenues

Accumulate January - August, 1996 - 2008

(Millions of Bs.)



(1) Average variation 1997 – 2008, of IUE in Bs. millions

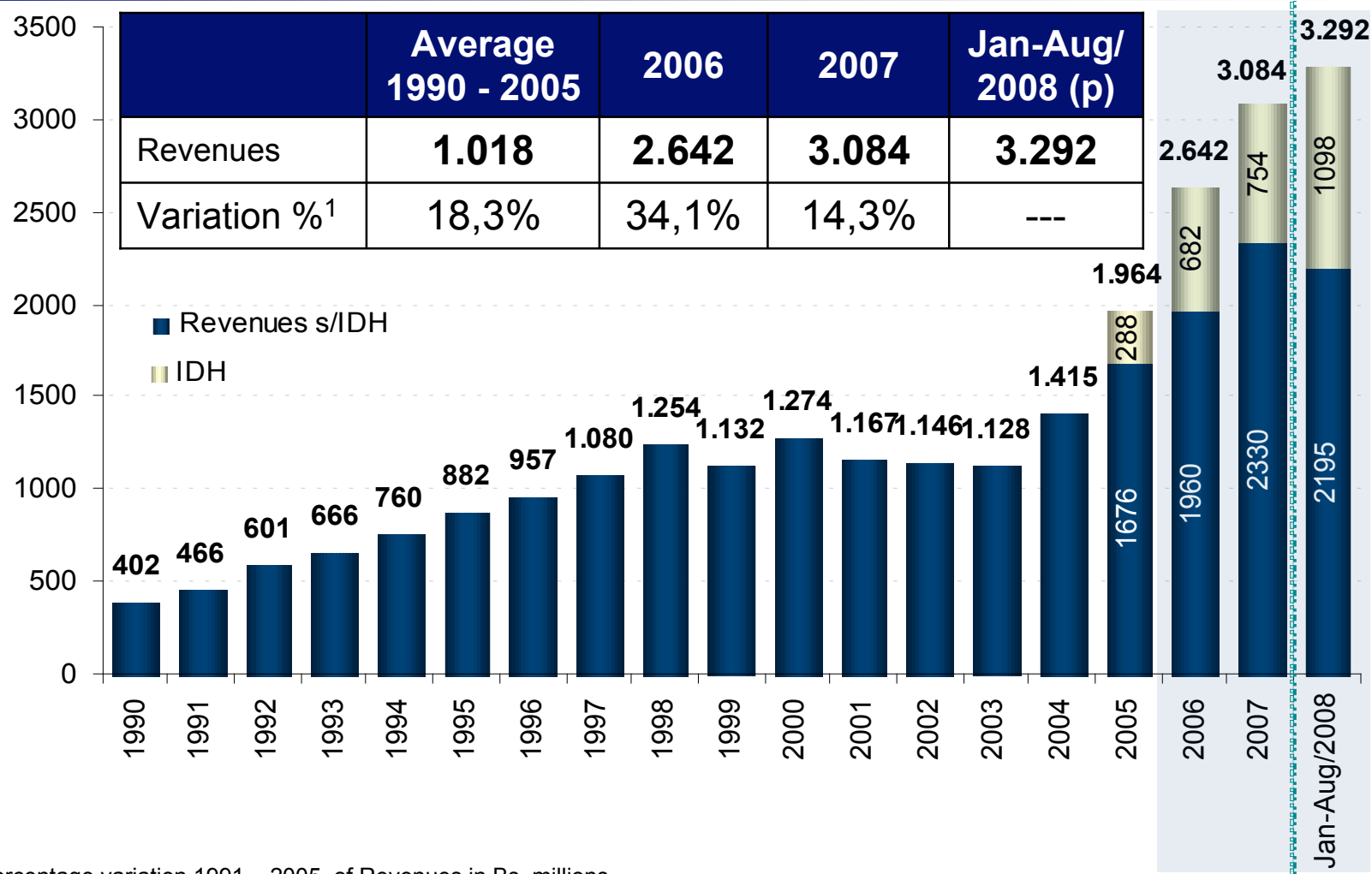
Source: Viceministry of Tax Policy

Processing: Fiscal Analysis Office (RAF)

Bolivia: Tax Revenues

1990 - August 2008

(\$us millions)



(1) Percentage variation 1991 – 2005, of Revenues in Bs. millions

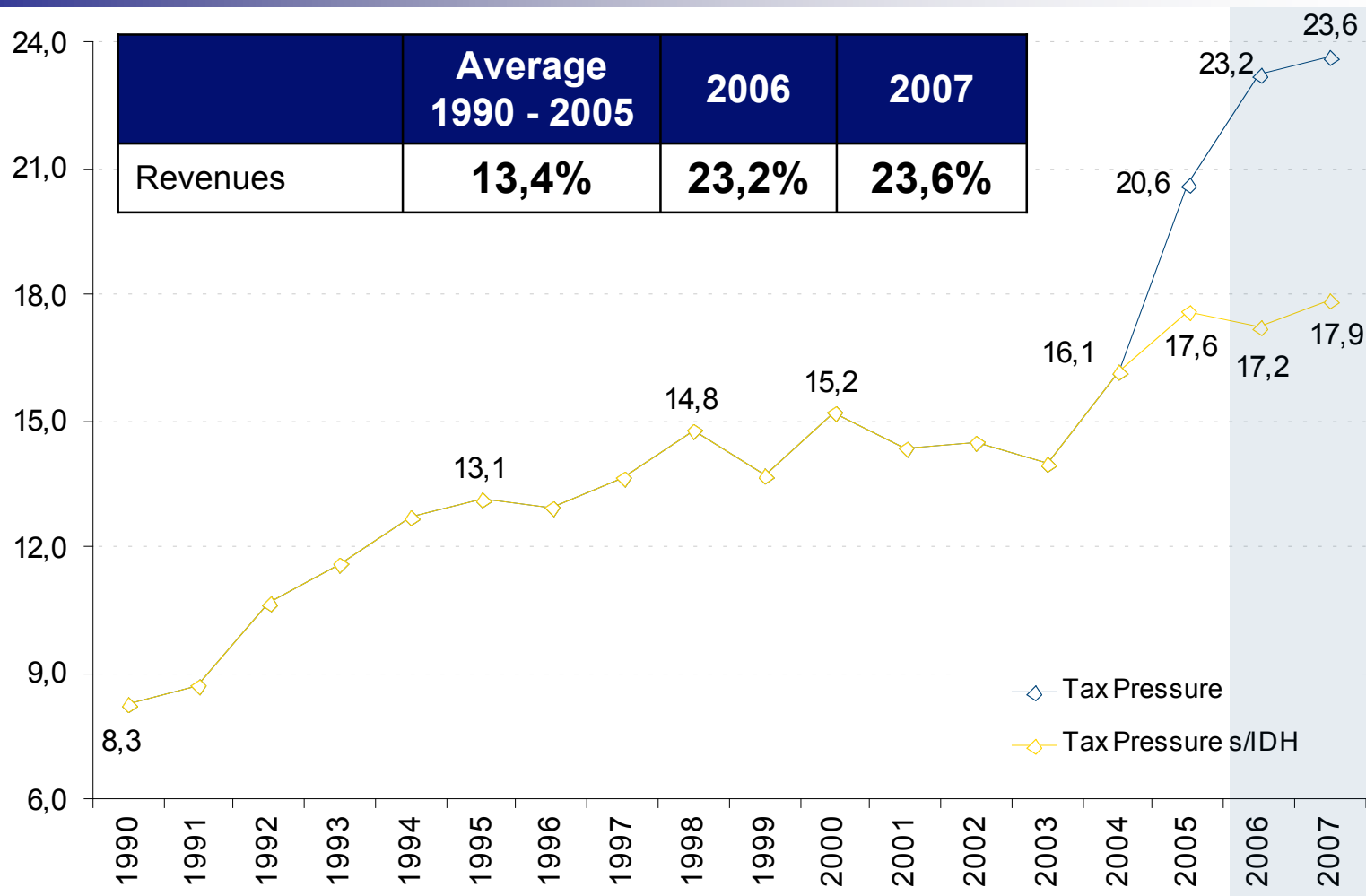
Source: Viceministry de Tax Policy

Processing: Fiscal Analysis Office (RAF)

Bolivia: Tax Pressure

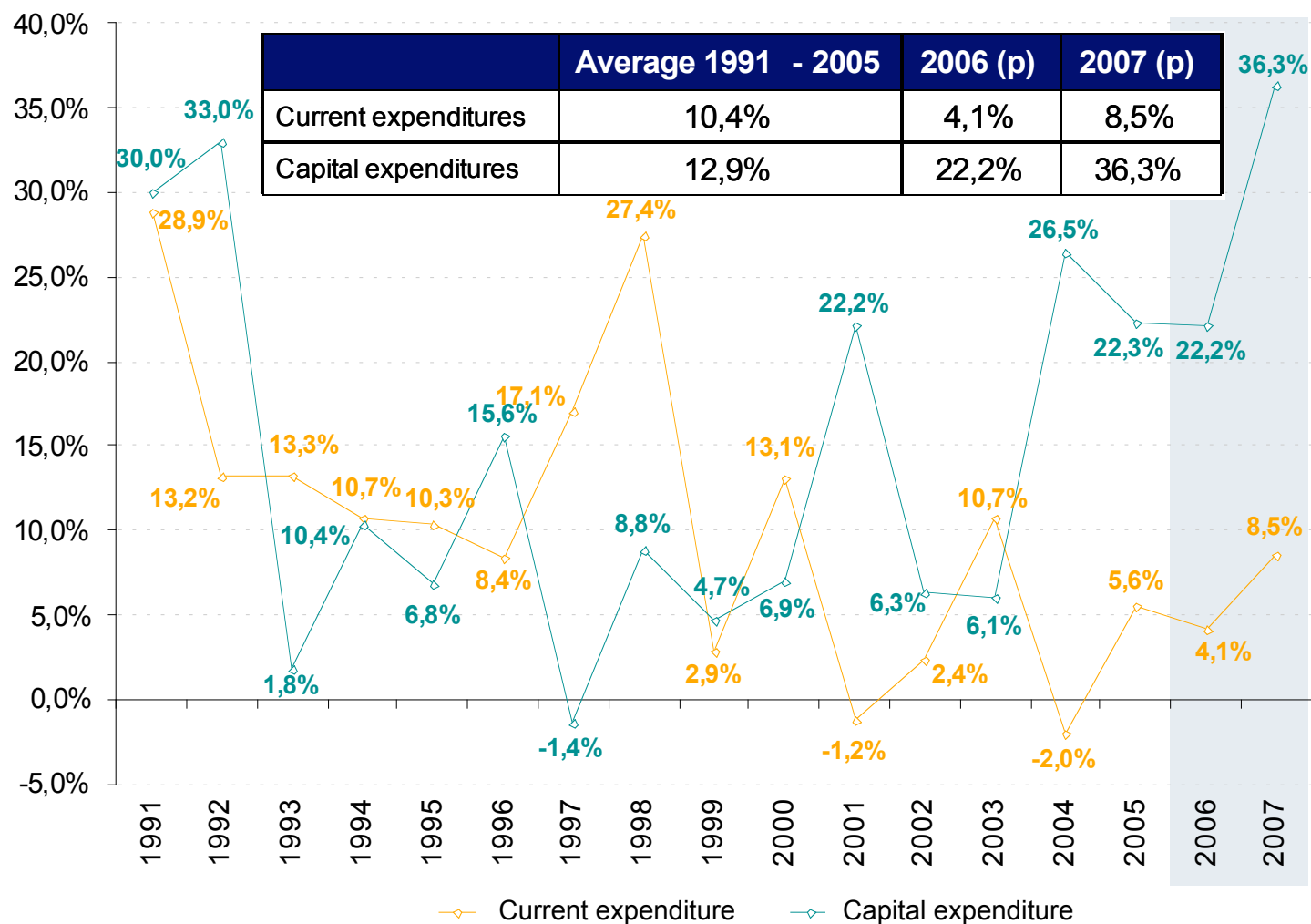
1990 - 2007

(Percentage)



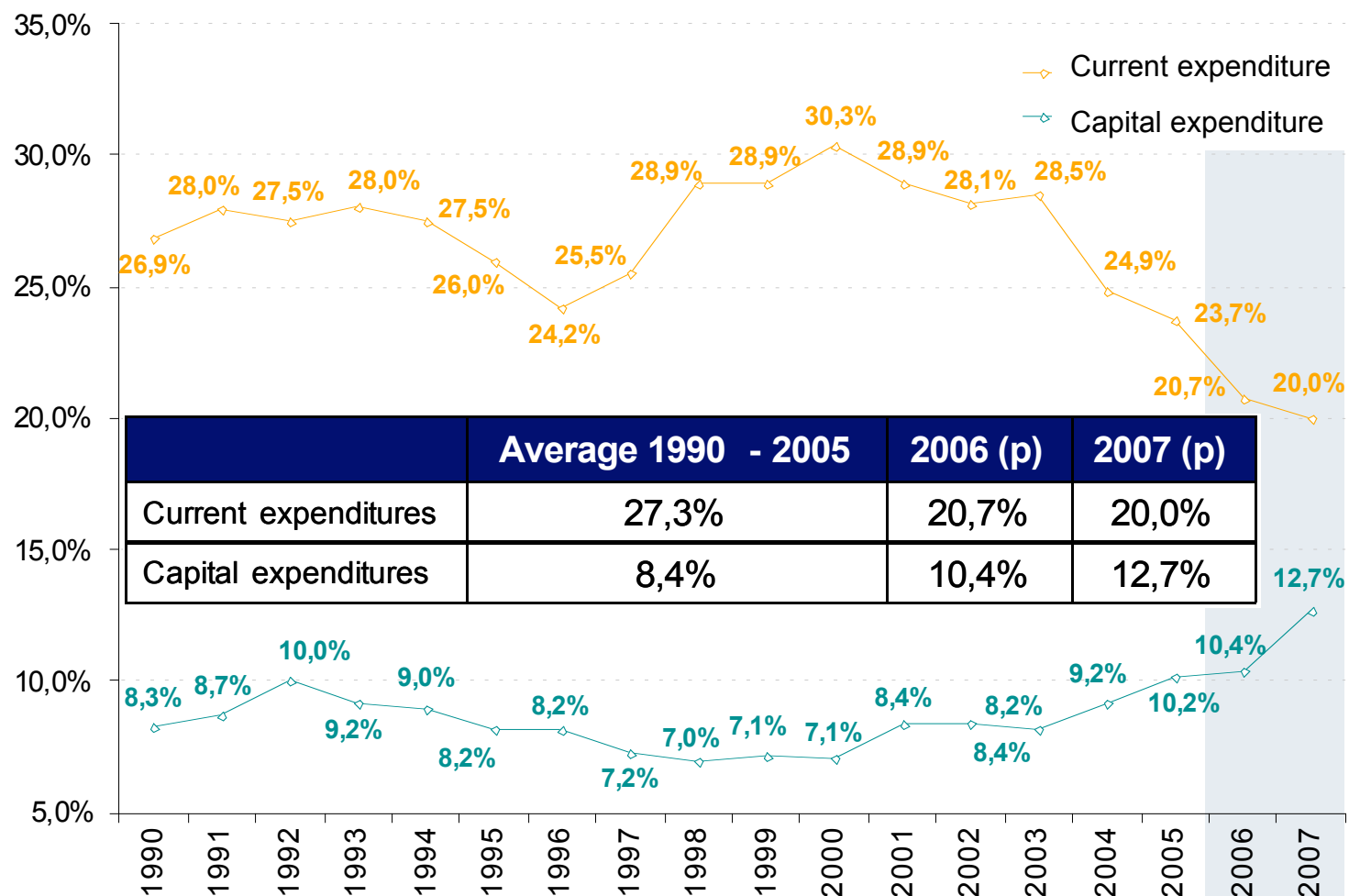
Source: Fiscal Programming Office (UPF)
Processing: Fiscal Analysis Office (RAF)

Bolivia: Government's current and capital expenditures variation, 1991 - 2007 (Percentage)



Source: Fiscal Programming Office (UPF)
Processing: Fiscal Analysis Office (RAF)

Bolivia: Government's current and capital expenditures 1990 - 2007 (GDP percentage)

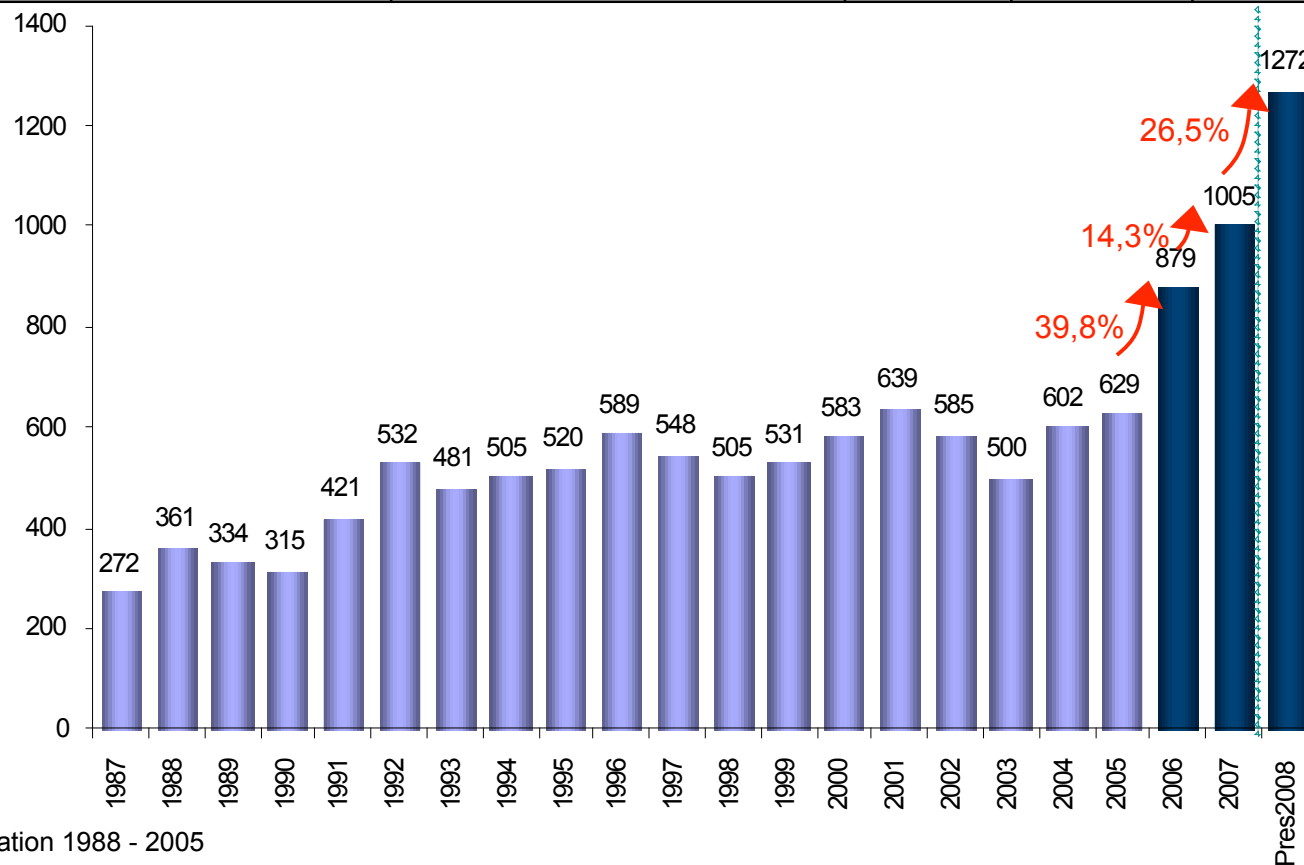


Source: Fiscal Programming Office (UPF)
Processing: Fiscal Analysis Office (RAF)

Bolivia: Public Investment, 1987 - 2008

(\$us millions)

	Average 1987 - 2005	2006	2007	Pres 2008
Investment	498	879	1.005	1.272
Percentage variation ¹	4,8%	39,8%	14,3%	26,5%
GDP percentage	7,3%	7,8%	7,8%	8,3%



(1) Average variation 1988 - 2005

Source: VIPFE

Processing: Fiscal Analysis Office (RAF)

Bolivia: Public Investment

Accumulate January - June, 2000 - 2008
(\$us millions)



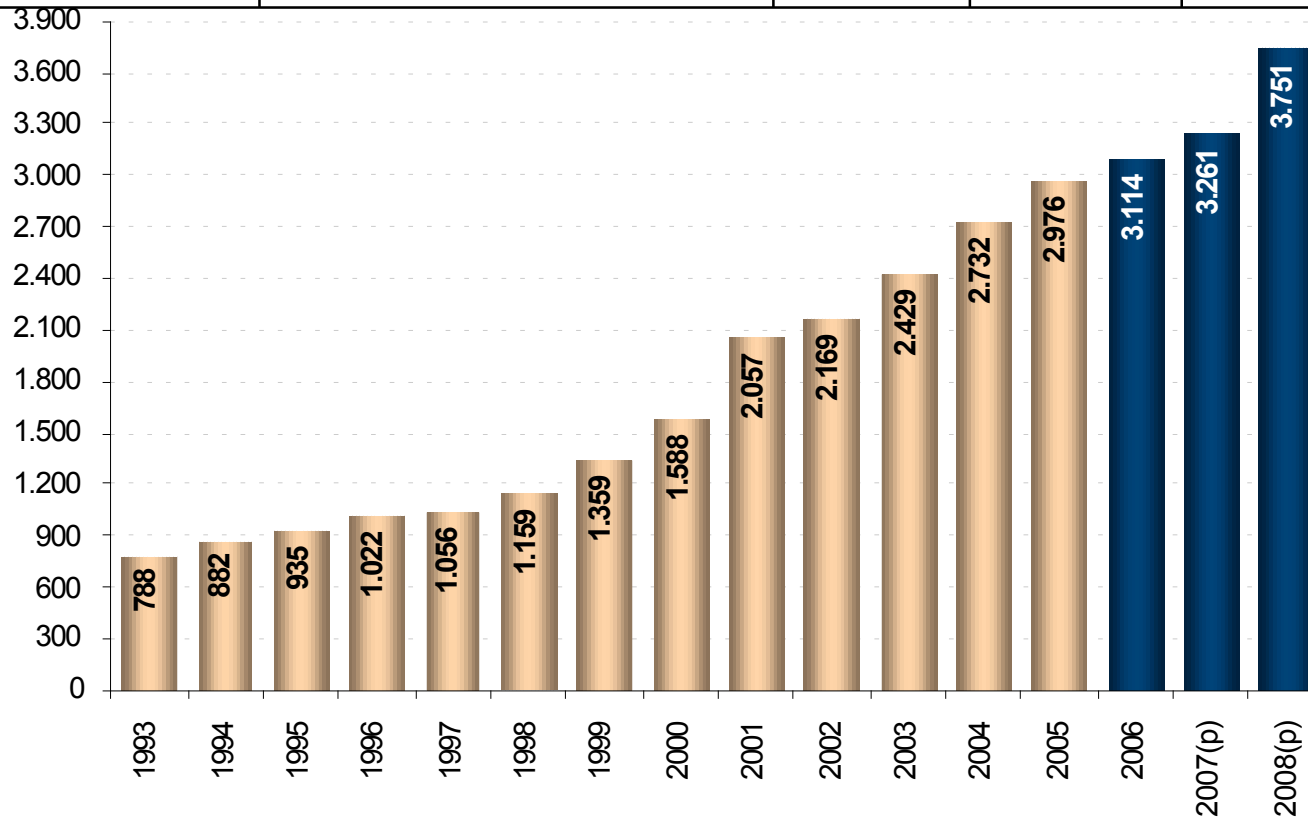
Source: VIPFE
Processing: Fiscal Analysis Office (RAF)

Bolivia: Treasury's Internal Debt

1993 - October 3rd 2008 (p)

(\$us millions)

	2005	2006	2007 (p)	Oct/03/2008 (p)
Internal debt	2.976	3.114	3.261	3.751
Percentage variation ¹	Aver 1994-2005: 17,3%	3,7%	0,0%	6,2%



(p) Preliminary

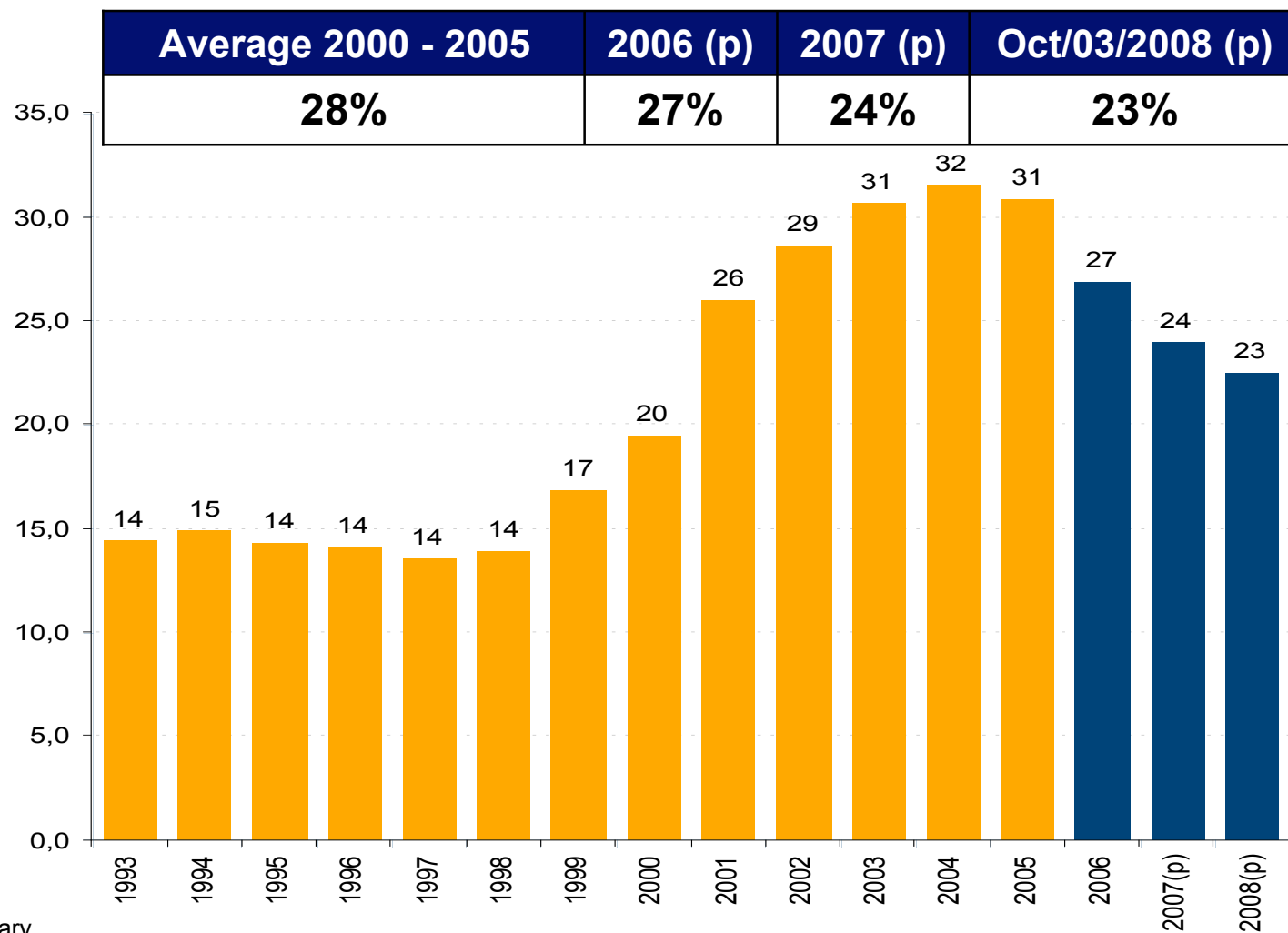
(1) Percentage variation of Debt internal TGN in Bs. millions

Source: Viceministry of Treasury and Public Credit

Processing: Fiscal Analysis Office (RAF)

Bolivia: Treasury's Internal Debt in percentage of GDP, 1993 - October 3rd 2008 (p)

(Percentage)



(p) Preliminary

Source: Viceministry of Treasury and Public Credit

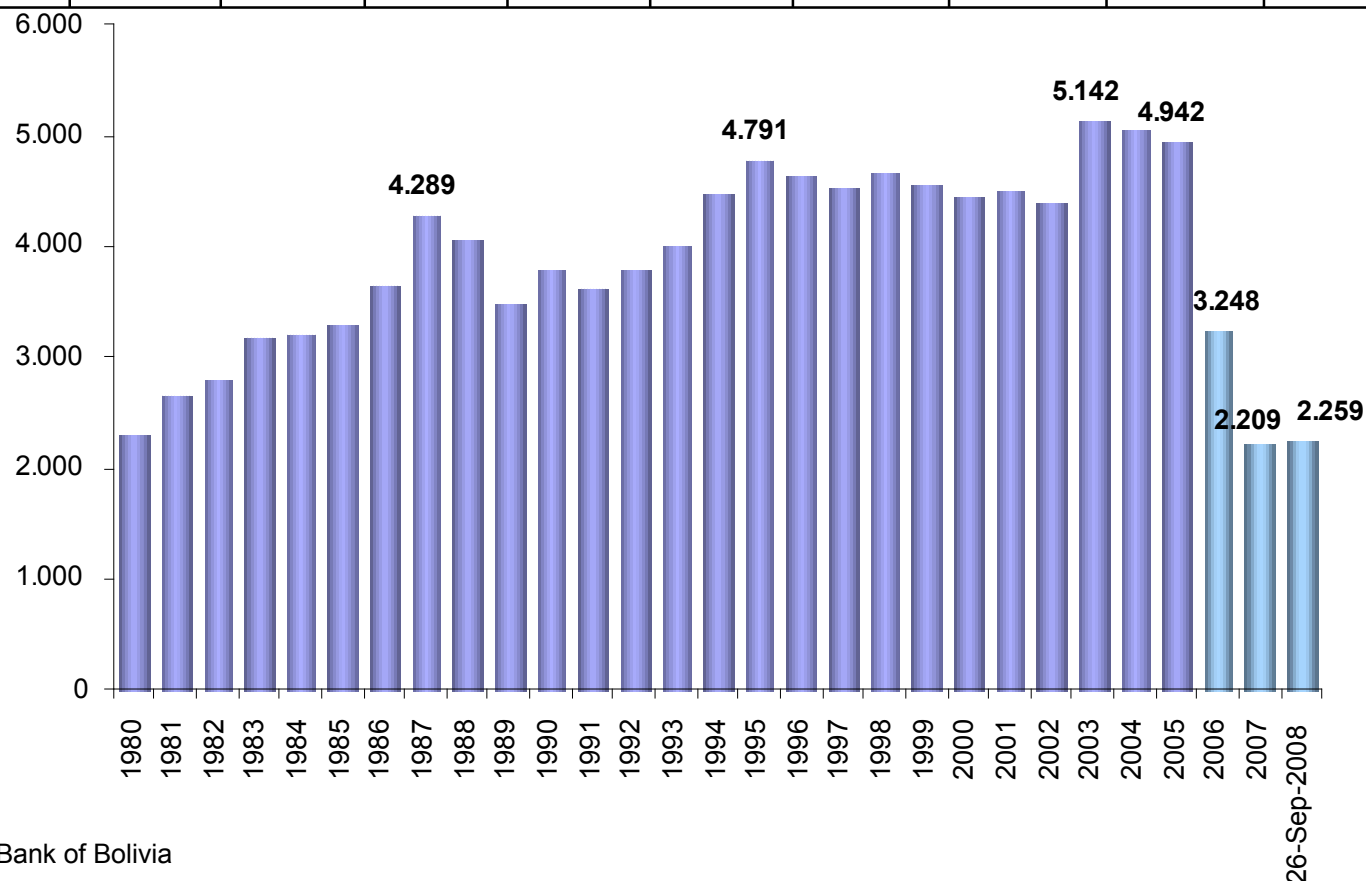
Processing: Fiscal Analysis Office (RAF)



Bolivia: External Public Debt

1980 - September 26th 2008 (p)
(\$us millions)

	2000	2001	2002	2003	2004	2005	2006	2007	Sep/26/2008
External Debt	4.460	4.497	4.400	5.142	5.045	4.942	3.248	2.209	2.259
Variation %	-2,5%	0,8%	-2,2%	16,9%	-1,9%	-2,1%	-34,3%	-32,0%	2,2%



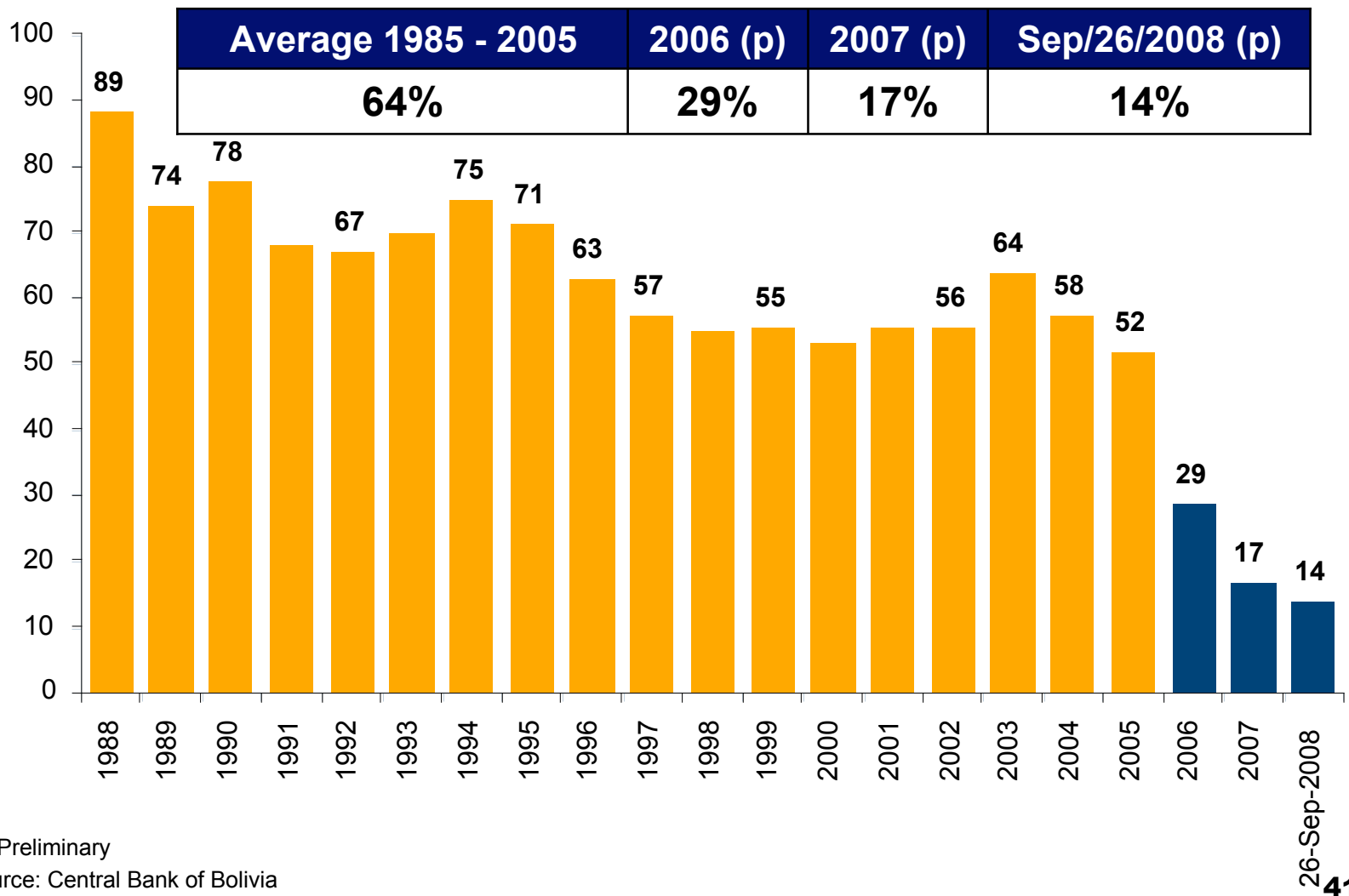
(p) Preliminary

Source: Central Bank of Bolivia

Processing: Fiscal Analysis Office (RAF)

Bolivia: External Public Debt in percentage of GDP

1988 - September 26th 2008 (p)
(Percentage)



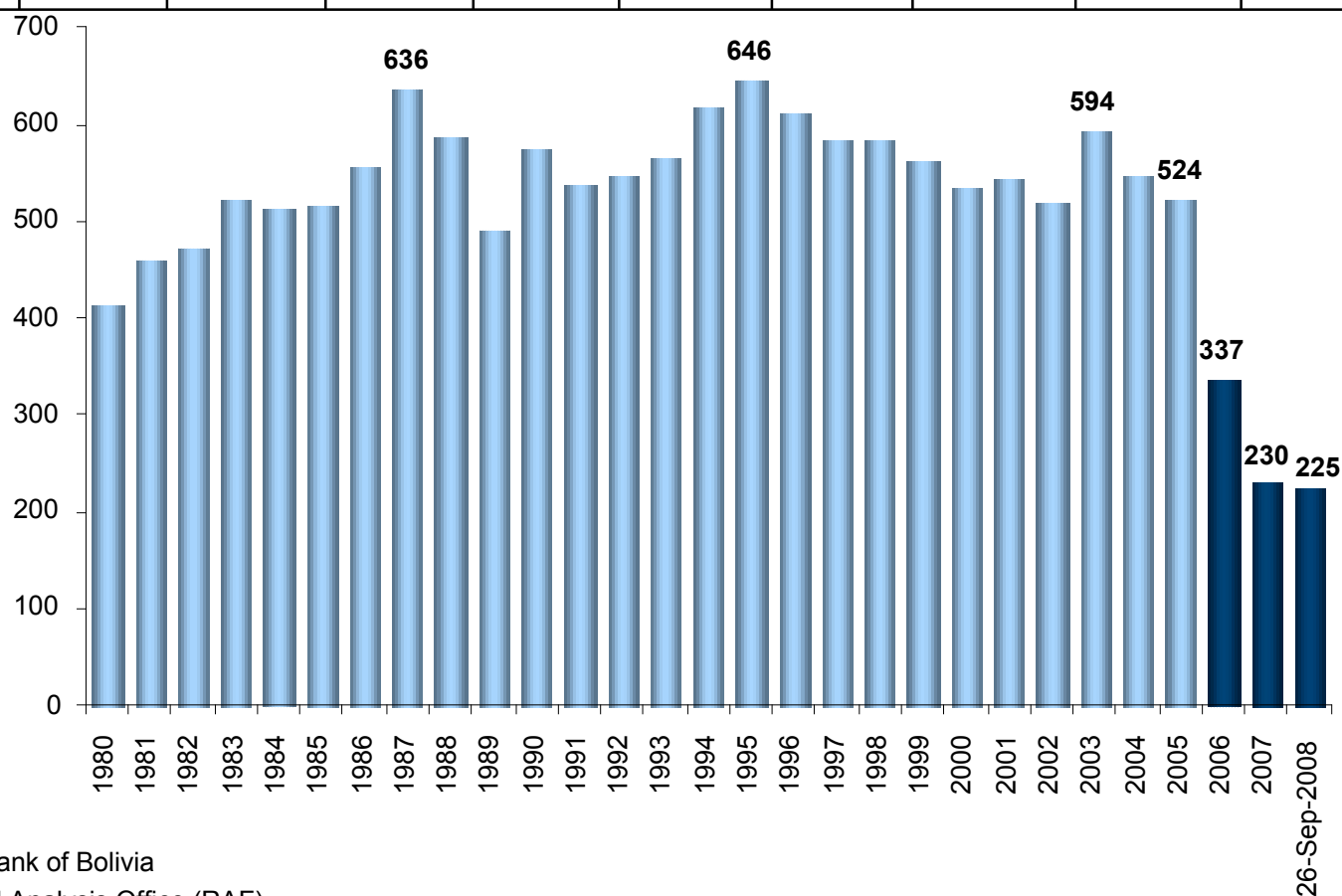


Bolivia: External Public Debt per capita

1980 - September 26th 2008 (p)

(Current \$us)

	2000	2001	2002	2003	2004	2005	2006	2007	Sep/26/ 2008
Per capita	536	543	520	594	547	524	337	230	225
Variation %	-4,7%	1,5%	-4,3%	14,3%	-8,0%	-4,1%	-35,6%	-31,8%	-2,1%





6. SOCIAL POLICY

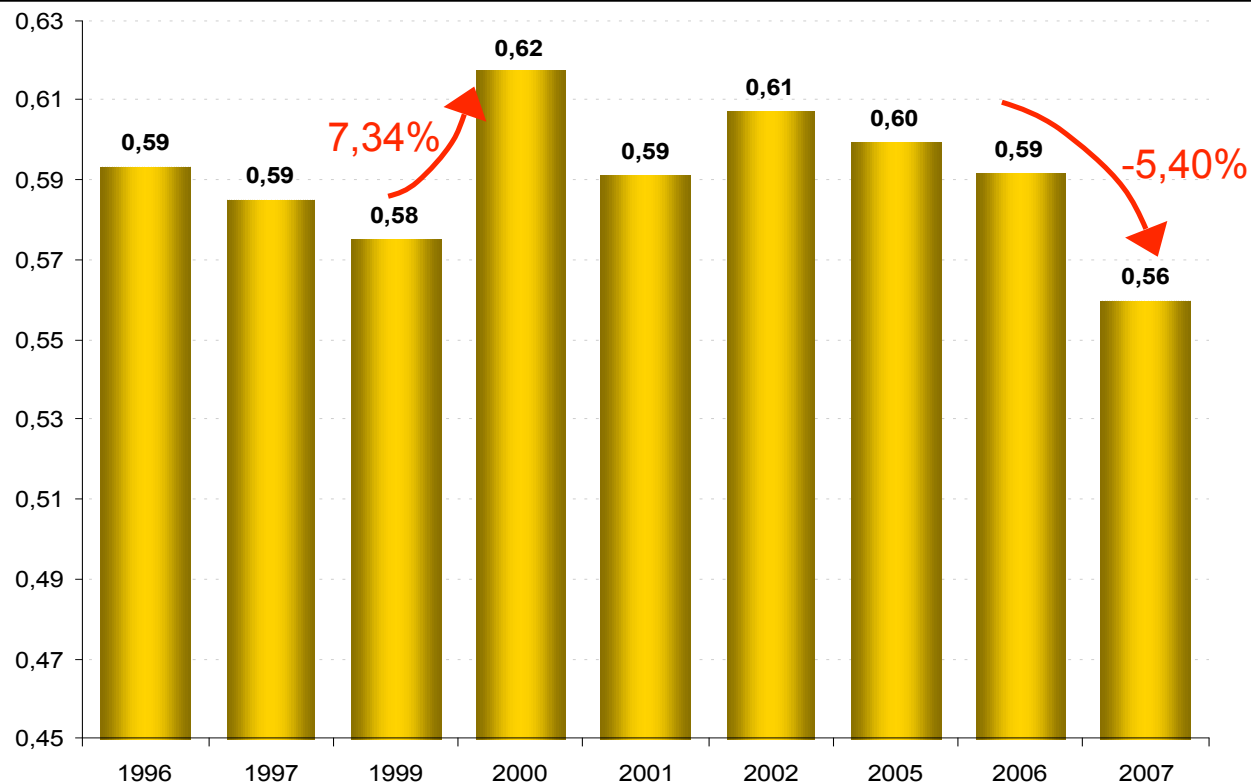


Bolivia: Gini coefficient

1996 - 2007

(Percentage)

	Average 1996 - 2005	2006	2007 (p)
Gini	0,60	0,59	0,56
% Variation ¹	0,12%	-1,29%	-5,40%



(p) Preliminary

(1) Percentage variation 1997 - 2005

Source: National Statistic Institute (INE)

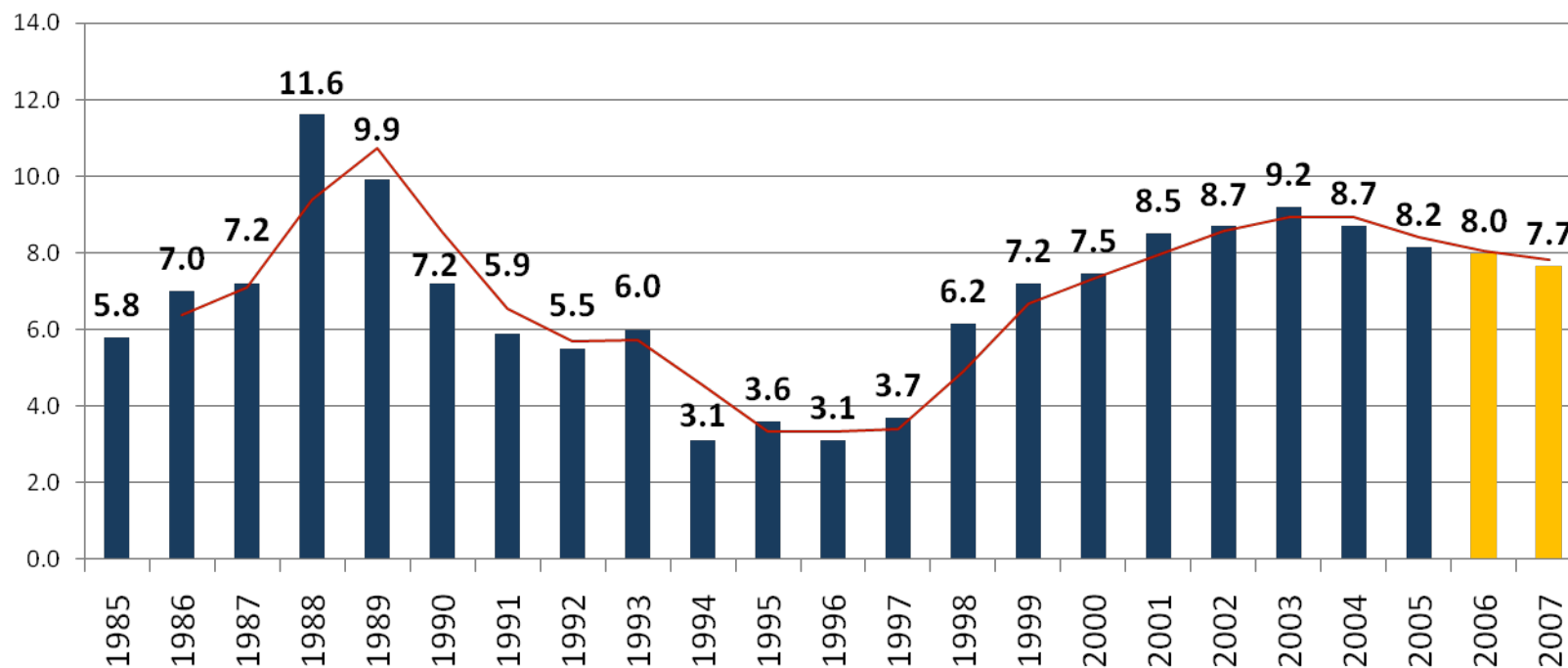
Processing: Fiscal Analysis Office (RAF)

Bolivia: Unemployment Rate

1985 - 2007

(Percentage)

Average 2000 - 2005	2005	2006	2007
8,45	8,15	7,99	7,66

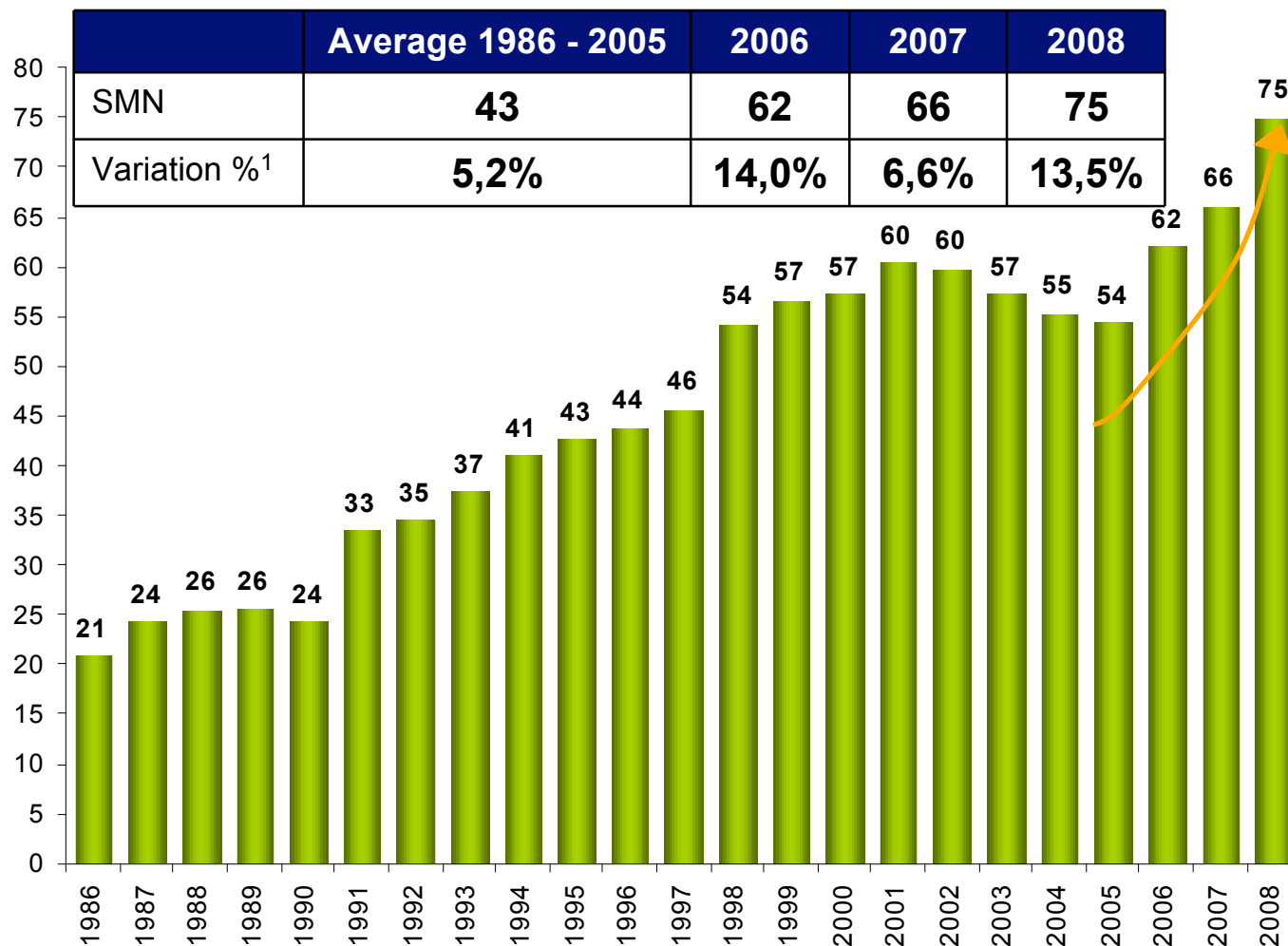


(p) Preliminary
Source: UDAPE
Processing: Fiscal Analysis Office (RAF)

Bolivia: National Minimum Wage

1986 - 2008

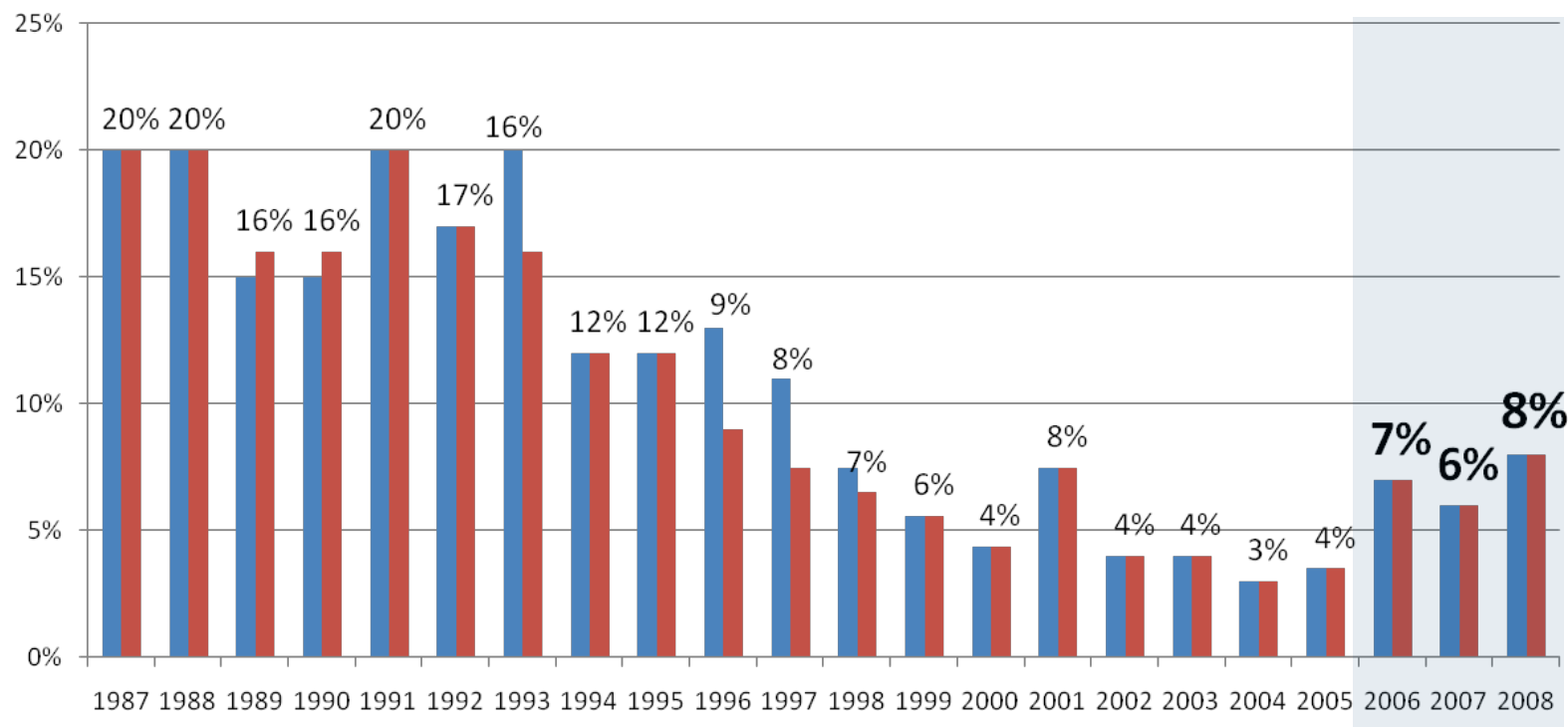
(Current \$us)



(1) Percentage de variation 1987 - 2005
Source: Ministry of Finance of Bolivia
Processing: Fiscal Analysis Office (RAF)

Wage increase in Health and Education 1987 - 2008 (Percentage)

	2003	2004	2005	2006	2007	2008 (p)
Health	4,0%	3,0%	3,5%	7,0%	6,0%	8,0%
Education	4,0%	3,0%	3,5%	7,0%	6,0%	8,0%

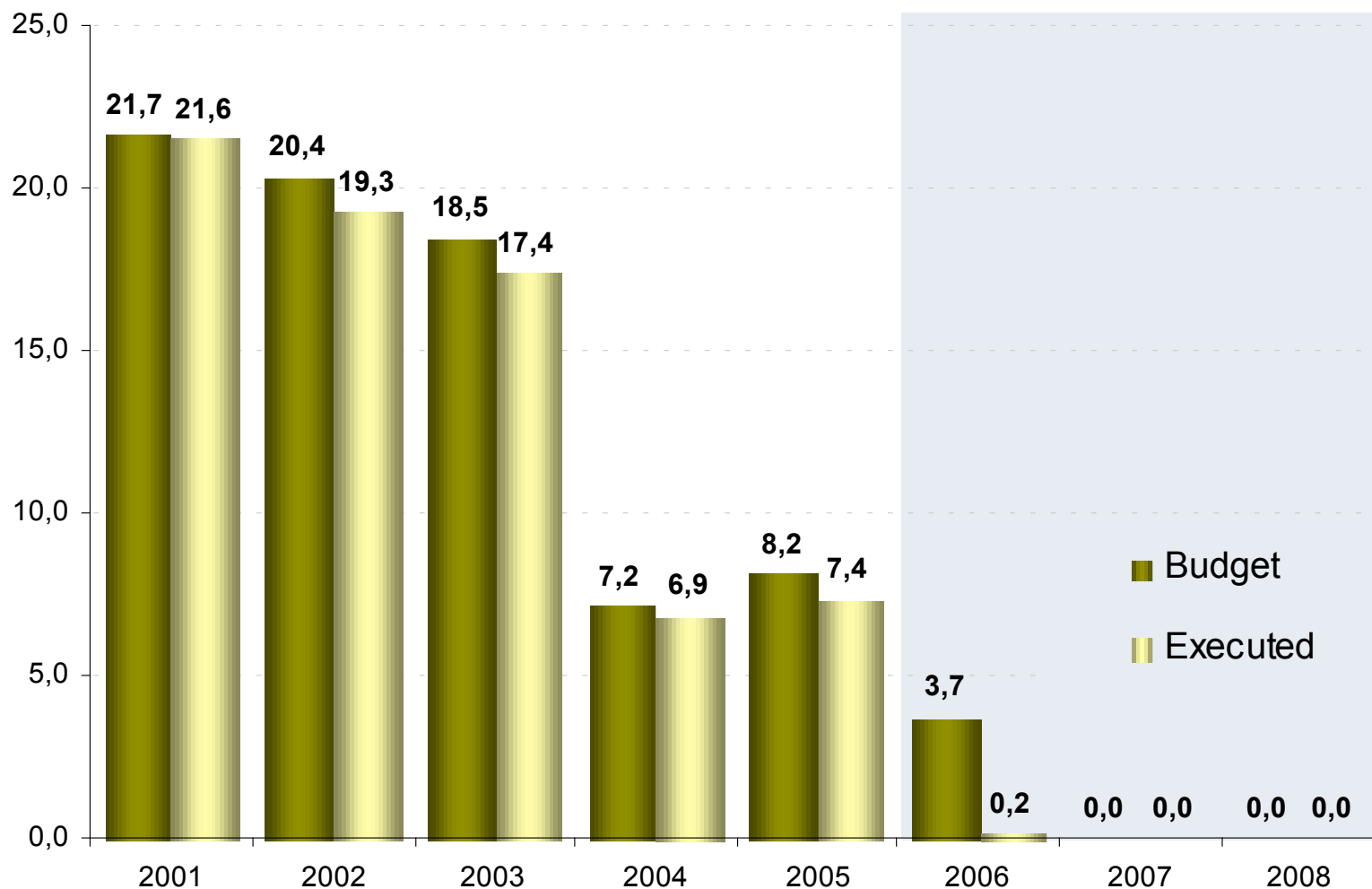


Fuente: Viceministry of Tresury and Public Credit
Processing: Fiscal Analysis Office (RAF)

Austerity Policy: Non declare expenditures

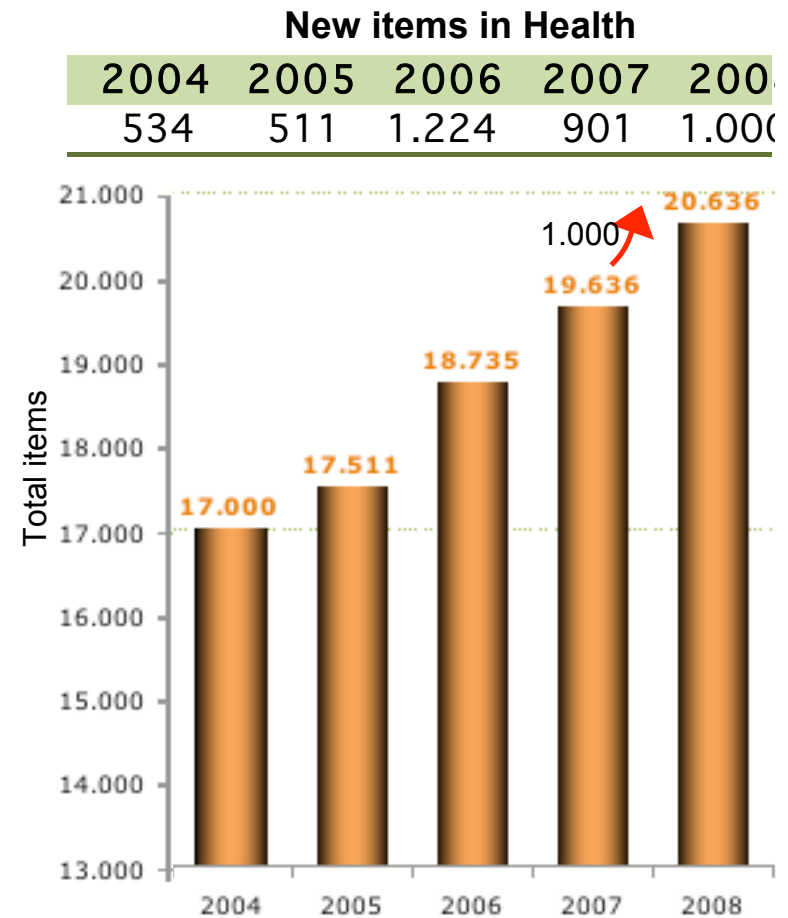
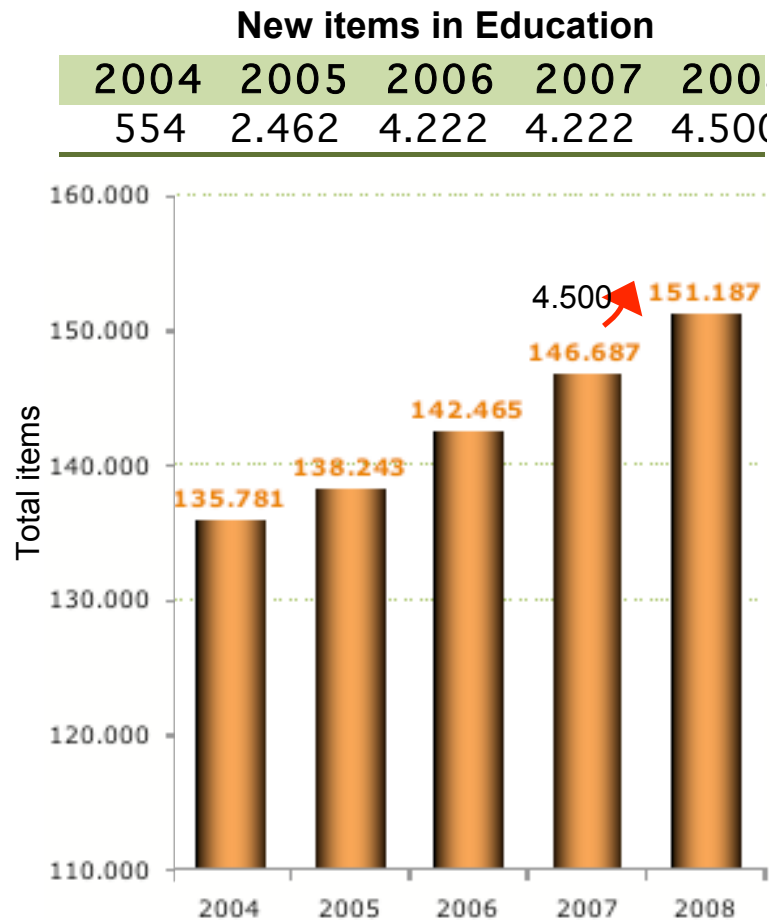
2001 - 2008

(\$us millions)



Source: Ministry of Finances
Processing: Fiscal Analysis Office (RAF)

Bolivia: Total items and new items in Education and Health 2004 - 2008 (Number items)



Source: Ministry of Finances
Processing: Fiscal Analysis Office (RAF)

Bolivia: Alphabetization Program

To October 7th, 2008: **235 Free Municipalities of Illiteracy** of total **327 municipalities in the country.**

Departmental advance in relation to its goal ¹

**Alphabetization
national goal
advance: 86%**

Oruro and Santa Cruz



Free illiteracy

Pando	→	99%
Cochabamba	→	87,7%
La Paz	→	77%
Chuquisaca	→	72,5%
Beni	→	48%
Potosí	→	53%
Tarija	→	43,1%

(1) To September 16th, 2008
Source: Ministry of Education and Cultures
Processing: Fiscal Analysis Office (RAF)

Cuban cooperation, 2005 - 2007 (p)

	Years			Accumulated
	2005	2006	2007	2005-2007
Surgeries	3.352	51.594	141.852	196.798
Bolivian people	3.352	46.208	110.676	160.236
Foreign people	0	5.386	31.176	36.562
Hospitals Granted		20	20	40
With human resources		20	10	30
Without human resources		0	10	10
Cuban Cooperation valuation <i>(\$us millions)</i>		37,3	29,2	66,5

(p) Preliminary
Source: Ministry of Health and Sport
Processing: Fiscal Analysis Office (RAF)



Bolivia: Juancito Pinto Bond



Bond
\$us 27 (Bs. 200) yearly



**For students of 1° to 8°
primary education**



The bond has the objective to stimulate the matriculation, permanence and culmination of children that study in the primary public education.



The bond try to cover the scholastic costs of homes with children in the primary cycle.

(p) Preliminary

Note: "Juancito Pinto" Bond was created by D.S. 28899 Oct/26/2006.

Source: NAFIBO and Viceministry of Budget and Accounts

Processing: Fiscal Analysis Office (RAF)

Bolivia: Juancito Pinto Bond - Students benefiting by department, 2006 - 2008 (p) (Children number)

Department	2006	2007	2008 (p)
La Paz	273.636	331.549	457.502
Santa Cruz	270.352	327.479	455.778
Cochabamba	194.928	240.542	320.447
Potosí	102.333	127.078	167.627
Chuquisaca	77.736	94.043	121.776
Beni	57.128	69.804	96.755
Tarija	52.853	62.299	85.638
Oruro	47.073	57.386	80.970
Pando	9.321	11.632	15.620
Total	1.085.360	1.321.812	1.802.113

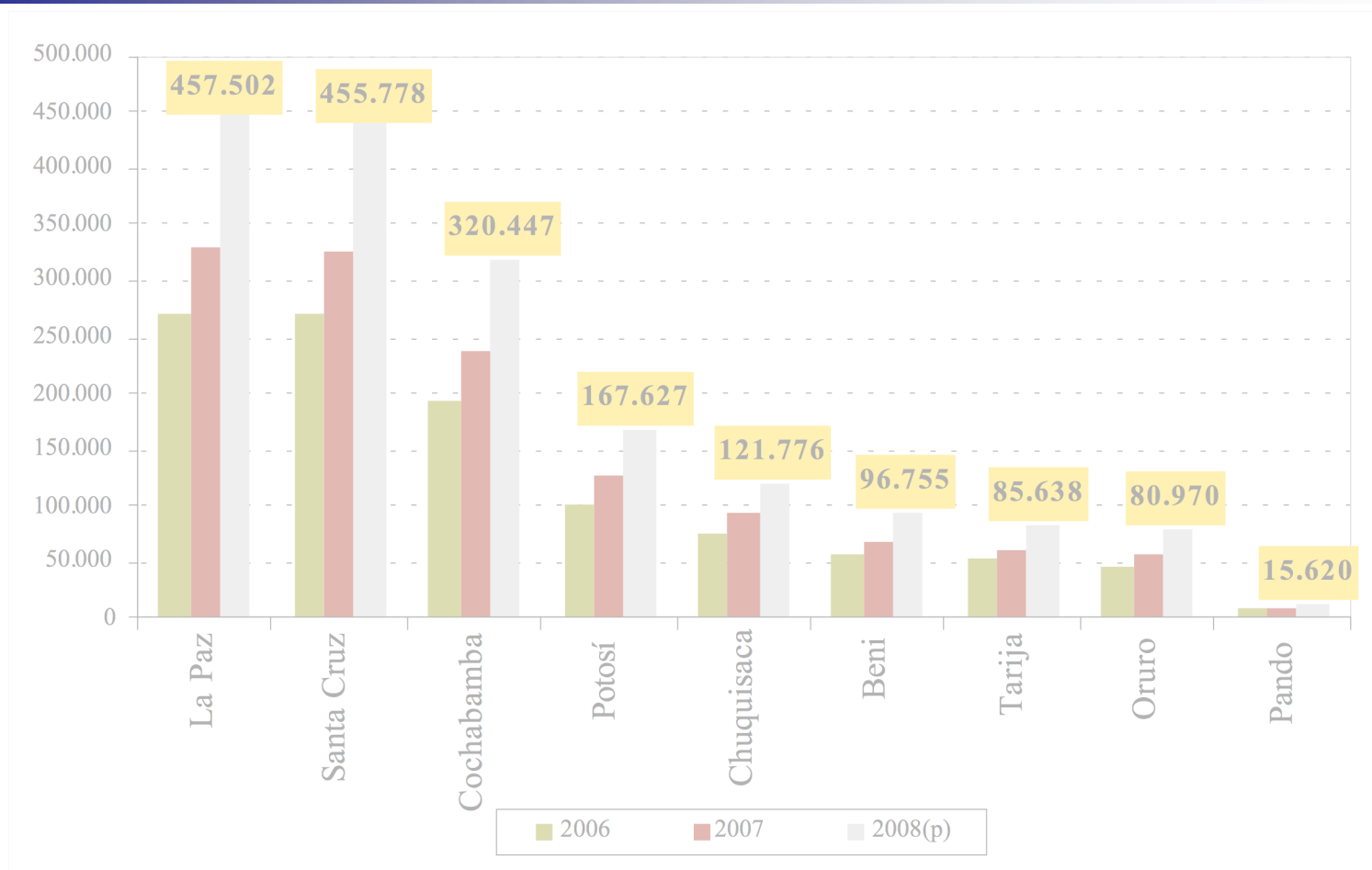
(p) Preliminary

Note: "Juancito Pinto" Bond was created by D.S. 28899 Oct/26/2006.

Source: NAFIBO and Viceministry of Budget and Accounts

Processing: Fiscal Analysis Office (RAF)

Bolivia: Juancito Pinto Bond - Students benefiting by department, 2006 - 2008 (p) (Number children)



(p) Preliminary

Note: "Juancito Pinto" Bond was created by D.S. 28899 Oct/26/2006.

Source: NAFIBO and Viceministry of Budget and Accounts

Processing: Fiscal Analysis Office (RAF)



Bolivia: Juancito Pinto Bond payment and students benefiting by department, 2008 (p)

(Number children and \$us)

Department	Students benefiting (Number children)				Costs (Current \$us)		
	Total 1° - 8° primary	Youth alternative education	Special education	Total benefiting	Bond payment	Operational and logistical costs	Total costs
Chuquisaca	121.206	234	336	121.776	3.464.467	144.353	3.608.819
La Paz	456.264	129	1.109	457.502	13.015.704	542.321	13.558.025
Cochabamba	318.824	341	1.282	320.447	9.116.558	379.857	9.496.414
Oruro	80.448	183	339	80.970	2.303.556	95.982	2.399.538
Potosí	167.283	147	197	167.627	4.768.905	198.704	4.967.609
Tarija	84.591	360	687	85.638	2.436.358	101.515	2.537.873
Santa Cruz	451.859	472	3.447	455.778	12.966.657	540.277	13.506.935
Beni	96.213	127	415	96.755	2.752.632	114.693	2.867.325
Pando	15.550		70	15.620	444.381	18.516	462.897
TOTAL	1.792.238	1.993	7.882	1.802.113	51.269.218	2.136.218	53.405.435

Indicators	2006 (p)	2007 (p)	Variation 2007 / 2006	2008 (p)	Variation 2008/2007
Bond payment (\$us millions)	27,76	35,32	27,2%	53,41	51,2%
Students benefiting (Number children)	1.085.360	1.321.812	21,8%	1.802.113	36,3%

(p) Preliminary

Note: "Juancito Pinto" Bond was created by D.S. 28899 Oct/26/2006.

Source: NAFIBO and Viceministry of Budget and Accounts

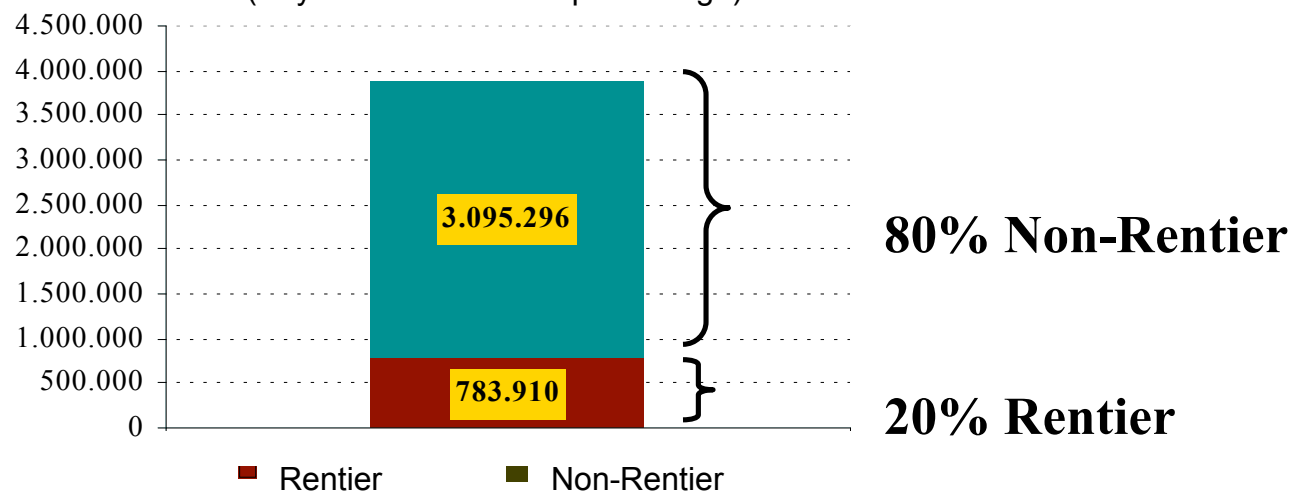
Processing: Fiscal Analysis Office (RAF)

Bolivia: Dignity Rent for old people - Payments number and payments by benefit type, February - August 2008 (p)

(Payment number and \$us)

Type	Amount of payment		Feb-08	Mar-08	Abr-08	May-08	Jun-08	Jul-08	Ago-08	Feb - Ago 2008
Rentier	Bs. 150 20 \$us 20	N° payments	115.064	113.448	109.469	112.218	111.564	110.648	111.499	783.910
		Payment	2.272.547	2.253.452	2.202.891	2.291.471	2.302.504	2.312.003	2.351.126	15.985.994
Non-Rentier	Bs. 200 27 \$us 27	N° payments	217.713	308.099	429.189	446.651	456.301	668.417	568.926	3.095.296
		Payment	5.732.796	8.156.172	11.500.141	12.131.071	12.518.279	18.564.109	15.936.948	84.539.516
TOTAL		N° payments	332.777	421.547	538.658	558.869	567.865	779.065	680.425	3.879.206
		Payment	8.005.343	10.409.624	13.703.032	14.422.542	14.820.783	20.876.112	18.288.074	100.525.510

**Payment number by benefit type
2008**
(Payment number and percentage)



(p) Preliminary

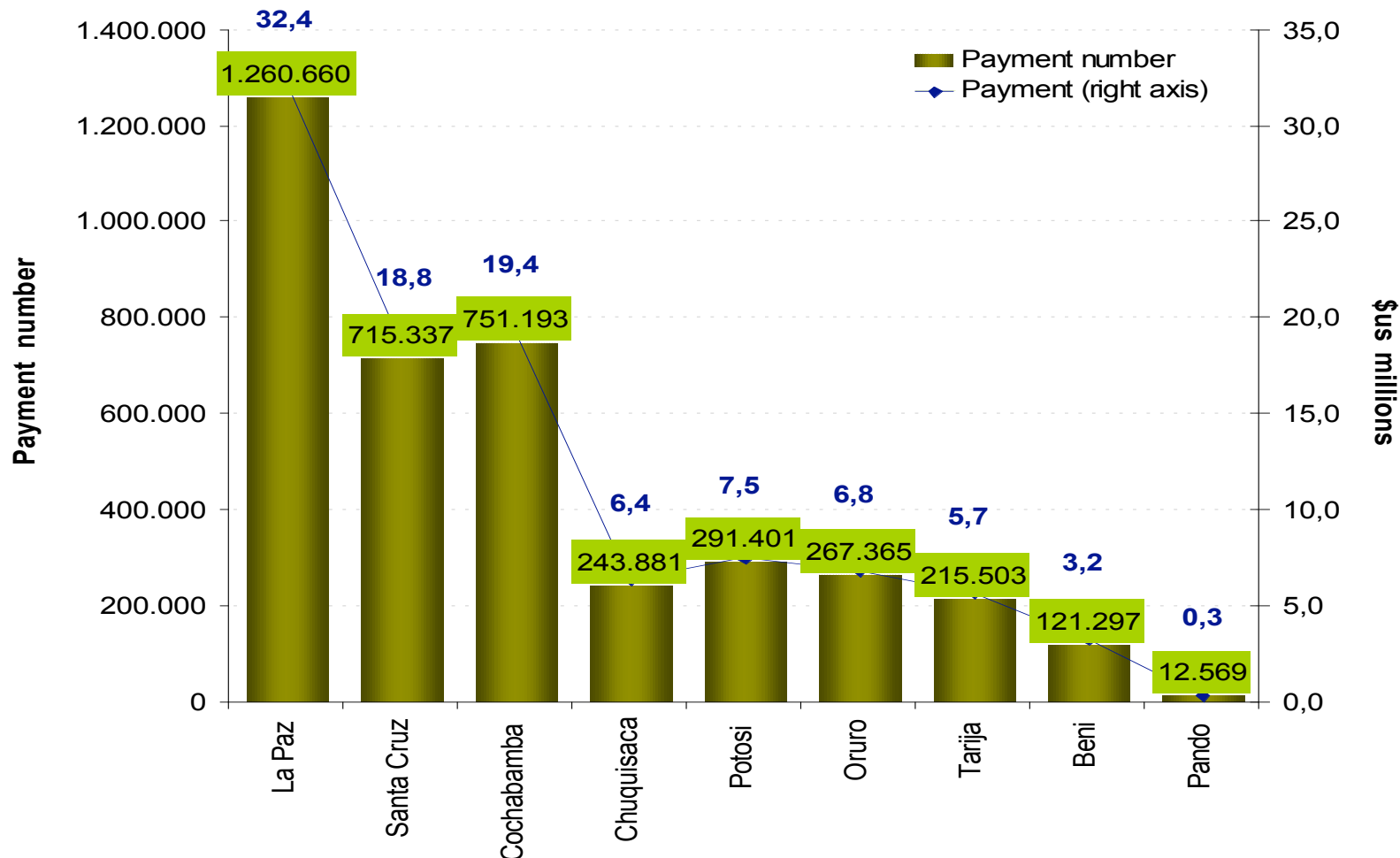
Source: Viceministry of Pensions and Financial Services

Processing: Fiscal Analysis Office (RAF)



Bolivia: Dignity Rent for old people - Payments number and payments by department, February - August 2008 (p)

(Number payment and \$us)

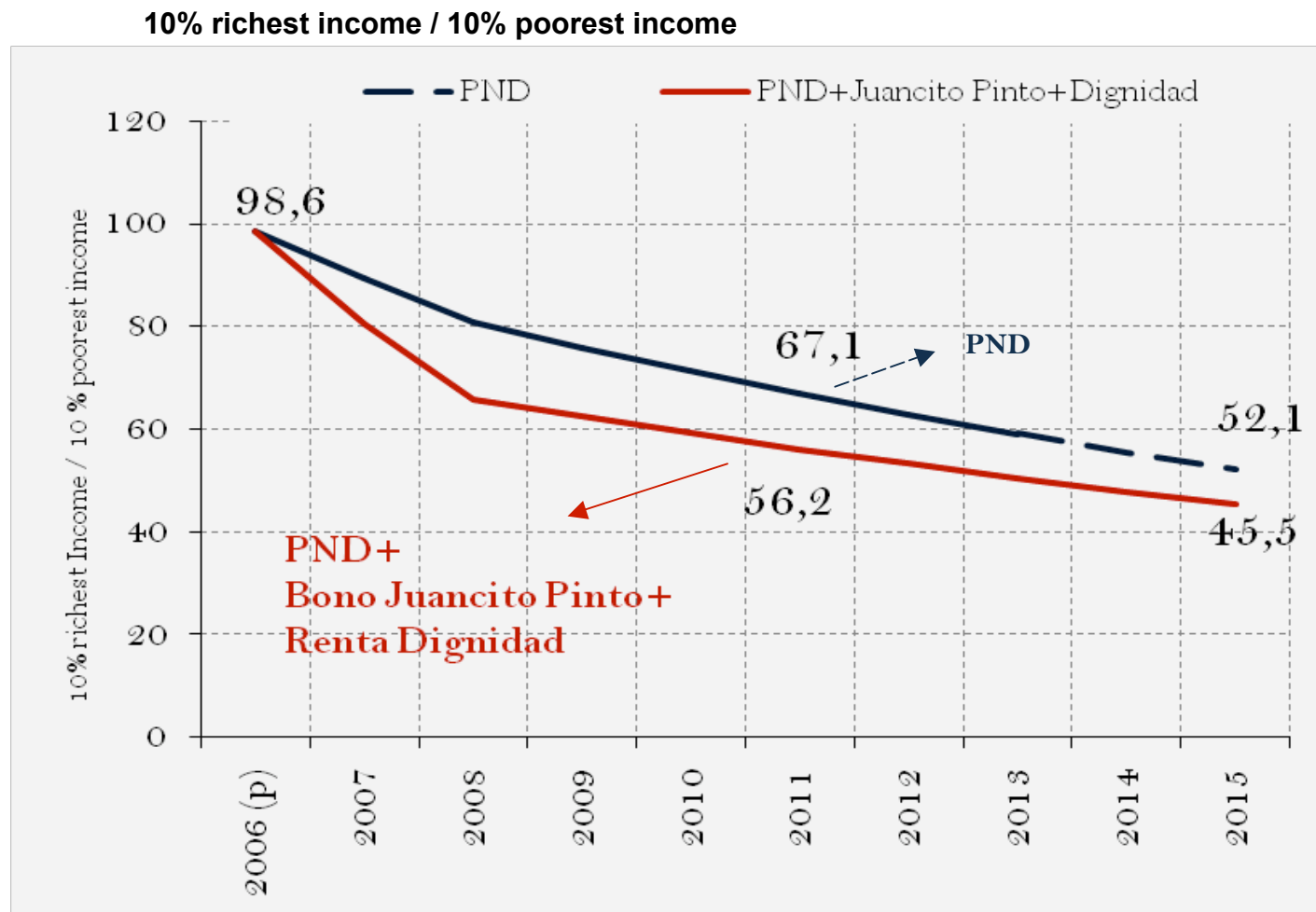


(p) Preliminary

Source: Viceministry of Pensions and Financial Services

Processing: Fiscal Analysis Office (RAF)

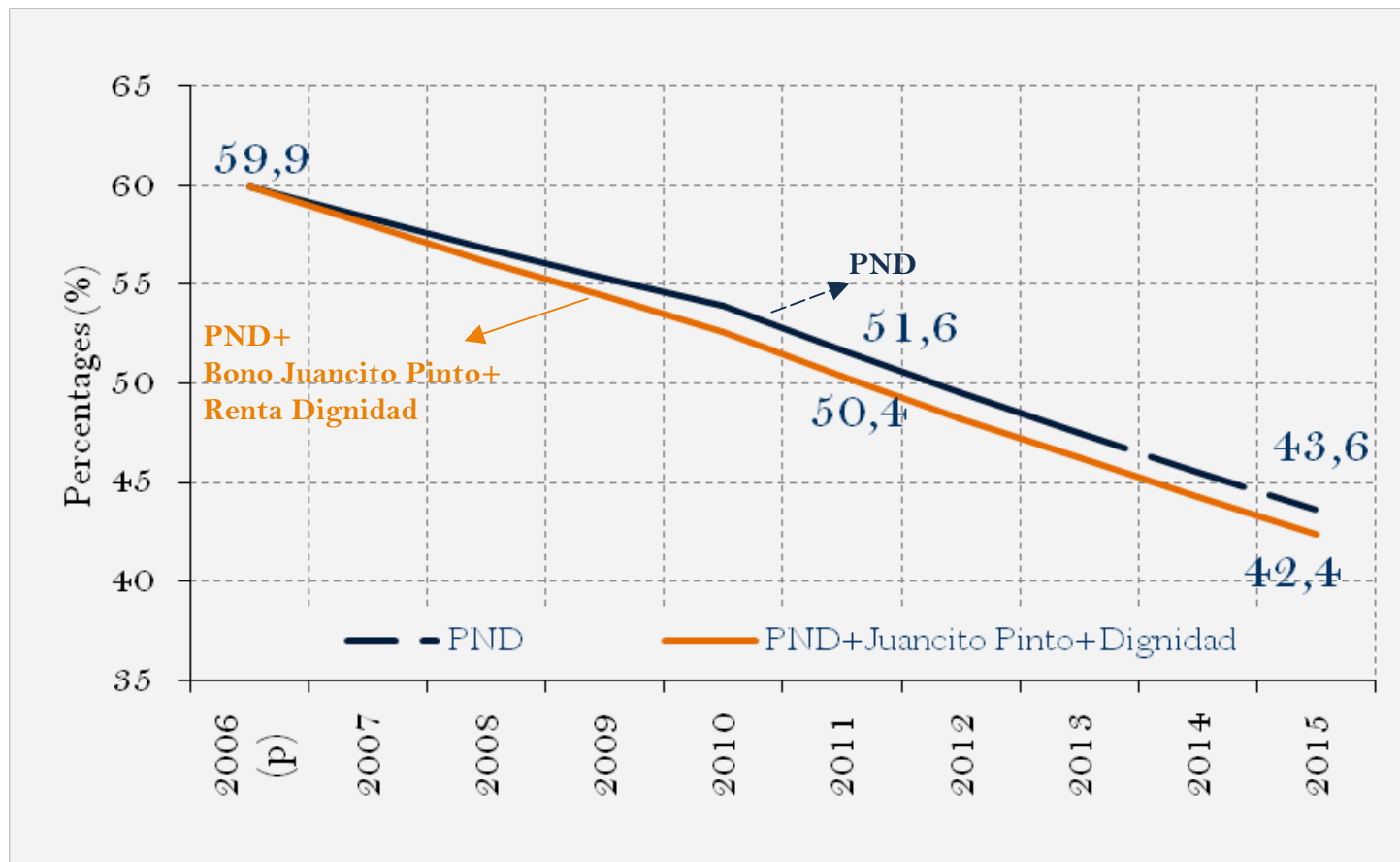
Bolivia: Juancito Pinto Bond and Dignity Rent income redistributions effect, 2006 - 2015



PND: National Development Plan
Source: UDAPE

Bolivia: Juancito Pinto Bond, Dignity Rent and Moderate Poverty reduction, 2006 - 2015

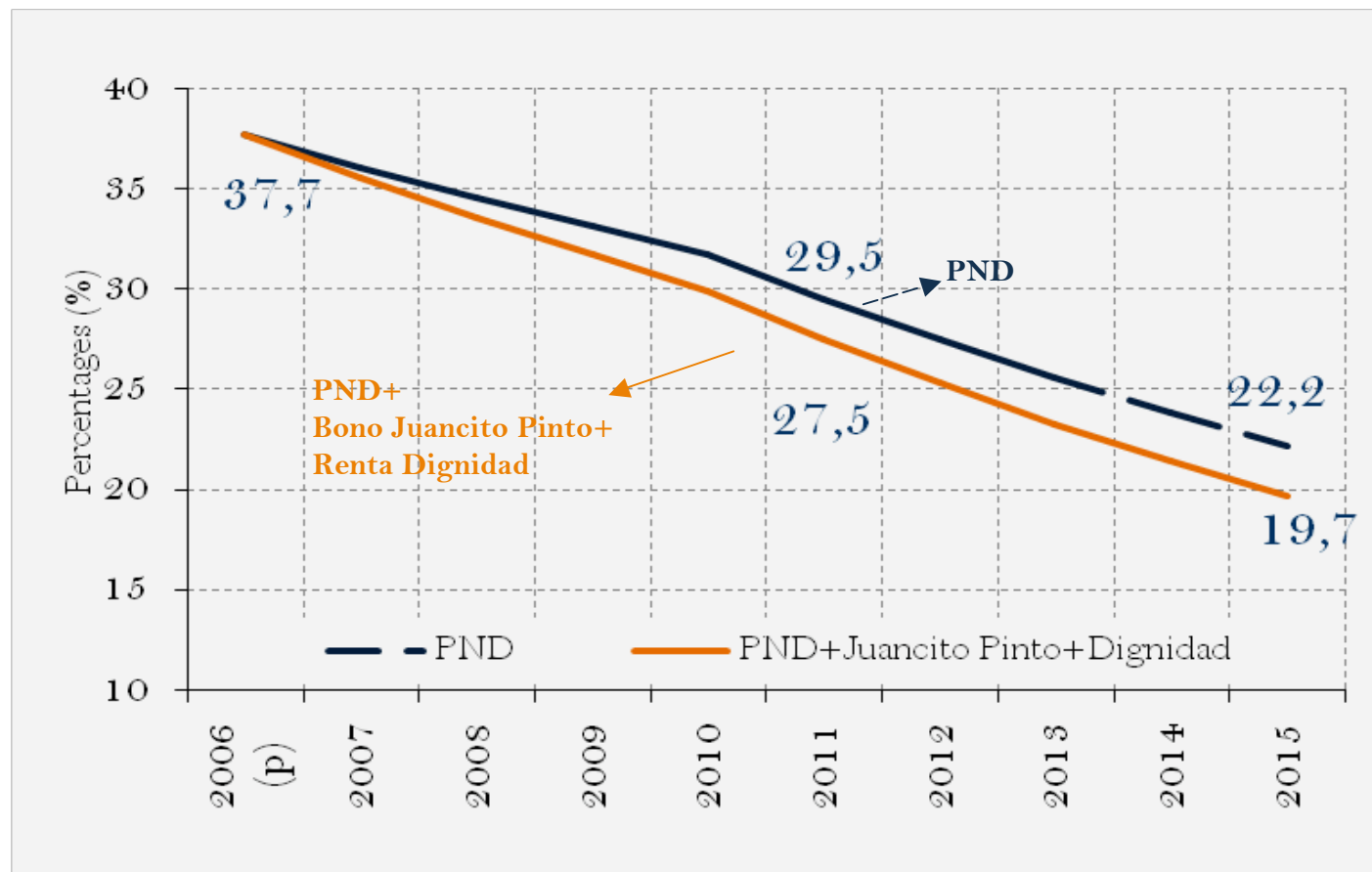
Moderate Poverty incidence (%)



PND: National Development Plan
Source: UDAPE

Bolivia: Juancito Pinto Bond, Dignity Rent and Extreme Poverty reduction, 2006 - 2015

Extreme Poverty incidence (%)



PND: National Development Plan
Source: UDAPE

Bolivia: Number aprobated credits of the Productive Development Bank (BDP), June 2007 to August 2008 (Number credits)

DEPARTMENT	Foods	Textiles	Woods	Crafts	Tourism	Building material	Other	Total
Beni	813	34	100	25	11	50	25	1.058
Chuquisaca	199	62	24	4	8	8	13	318
Cochabamba	839	343	115	44	10	7	96	1.454
La Paz	2.006	469	201	42	59	6	143	2.926
Oruro	482	86	27	17	2	1	19	634
Pando	250	13	26	3	1	67	7	367
Potosí	69	95	50	1	8	2	29	254
Santa cruz	1.735	214	108	19	50	51	72	2.249
Tarija	381	19	50	4	1	0	15	470
Total	6.774	1.335	701	159	150	192	419	9.730
Porcentual part.	69,6%	13,7%	7,2%	1,6%	1,5%	2,0%	4,3%	100,0%

Source: Productive Development Bank (BDP)
Processing: Fiscal Analysis Office (RAF)

Bolivia: Credits of the Productive Development Bank (BDP)

June 2007 to August 2008

(\$us thousands)

DEPARTAMENTO	Foods	Textiles	Woods	Crafts	Tourism	Building material	Other	Total
Beni	10.633	271	625	136	73	305	268	12.311
Chuquisaca	4.207	486	191	68	161	398	102	5.613
Cochabamba	9.624	3.856	1.018	407	73	71	851	15.901
La Paz	19.523	9.634	1.754	602	722	438	1.072	33.743
Oruro	3.930	708	193	547	17	11	137	5.542
Pando	2.944	97	254	10	11	537	55	3.908
Potosí	1.745	647	399	6	400	20	226	3.442
Santa Cruz	19.290	1.325	1.426	778	469	304	456	24.047
Tarija	3.985	136	387	37	11	0	132	4.688
Total	75.881	17.160	6.246	2.590	1.938	2.083	3.299	109.195
Porcentual part.	69,5%	15,7%	5,7%	2,4%	1,8%	1,9%	3,0%	100,0%

Source: Productive Development Bank (BDP)
Processing: Fiscal Analysis Office (RAF)

Thanks...