



Estado Plurinacional de Bolivia

U.S.\$850,000,000 7.500% Notes Due 2030

The U.S.\$850,000,000 7.500% notes due 2030 (the “Notes”) are being offered by the Estado Plurinacional de Bolivia (the “Issuer,” the “Government,” “Bolivia,” “we,” “us,” and “our”). The Notes will constitute unconditional, unsecured and unsubordinated external indebtedness of Bolivia and will not be promissory notes (*pagarés*) under Bolivian law.

The Notes will mature on March 2, 2030. Bolivia will pay the principal of the Notes in three installments: 33.33% of the original principal amount on March 2, 2028, 33.33% of the original principal amount on March 2, 2029 and the remaining outstanding principal balance on March 2, 2030. The Notes will bear interest at a rate of 7.500% per year and will be payable on March 2 and September 2 of each year, or if such date is not a Business Day (as defined herein) on the next succeeding Business Day (without any additional interest being payable as a result of such delay) (each, a “Payment Date”). The first Payment Date will be September 2, 2022.

The Notes will rank at all times equally with all of our existing and future senior unsecured indebtedness (other than obligations preferred by statute or by operation of law).

The Notes will contain provisions regarding acceleration and future modifications to their terms, including “collective action clauses.” Under these provisions, which differ from the terms of Bolivia’s external indebtedness issued prior to March 20, 2017 and which are described in the sections entitled “Description of the Notes—Collective Action Clauses” and “Description of the Notes—Meetings, Amendments and Waivers—Collective Action,” Bolivia may amend the payment provisions of the Notes and other reserve matters listed in the indenture with the consent of the holders of: (1) with respect to a single series of debt securities, more than 75% of the aggregate principal amount outstanding of such series; (2) with respect to two or more series of debt securities, if certain “uniformly applicable” requirements are met, more than 75% of the aggregate principal amount of the outstanding debt securities of all series affected by the proposed modification, taken in the aggregate; or (3) with respect to two or more series of debt securities, more than 66 2/3% of the aggregate principal amount of the outstanding securities of all series affected by the proposed modification, taken in the aggregate, and more than 50% of the aggregate principal amount of the outstanding securities of each series affected by the proposed modification, taken individually.

Prior to January 2, 2030 (two months prior to the maturity date of the Notes) (the “Par Call Date”), Bolivia will have the right at its option, upon giving not less than 30 days’ nor more than 60 days’ notice, to redeem the Notes, in whole or in part, at any time or from time to time, at a redemption price (expressed as a percentage of principal amount and rounded to three decimal places) equal to the greater of: (1) (a) the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the redemption date (assuming the Notes matured on the Par Call Date) on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus 50 basis points less (b) interest accrued to the date of redemption, and (2) 100% of the principal amount of the Notes to be redeemed, plus, in either case, accrued and unpaid interest thereon, and Additional Amounts (as defined below), if any, to, but excluding, the redemption date. On or after the Par Call Date, Bolivia may redeem the Notes, in whole or in part, at any time and from time to time, at a redemption price equal to 100% of the principal amount of the Notes being redeemed plus accrued and unpaid interest thereon, and Additional Amounts, if any, to, but excluding, the redemption date. See “Description of the Notes—Optional Redemption.”

For a more detailed description of the Notes, see “Description of the Notes” beginning on page 166.

Investment in the Notes involves risks. See “Risk Factors” beginning on page 38 of this offering memorandum (the “Offering Memorandum”).

Issue Price: 100.000% plus accrued interest, if any, from March 2, 2022.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), or the securities laws of any other jurisdiction. The Notes may not be offered or sold within the United States or to U.S. persons, except to (1) qualified institutional buyers in reliance of the exemption from registration provided by Rule 144A of the Securities Act and (2) certain persons in offshore transactions in reliance on Regulation S of the Securities Act. You are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A under the Securities Act. For a description of certain restrictions on transfer of the Notes, see “Transfer Restrictions.”

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in any Member State of the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the “UK”). For these purposes, (a) a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (“FSMA”) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA. Consequently, no key information document required by the PRIIPs Regulation, as it forms part of UK domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”), for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Application will be made to the Luxembourg Stock Exchange for the Notes to be admitted to the Official List and trading on the Euro MTF Market. There can be no assurance that such application will be granted as of the settlement date for the Notes or at any time thereafter, and settlement of the Notes is not conditioned on obtaining this listing. This Offering Memorandum can only be used for the purposes for which it was published. This Offering Memorandum constitutes a prospectus for the purposes of the Luxembourg Law on prospectuses for securities, dated July 16, 2019.

The Initial Purchasers delivered the Notes to purchasers in book-entry form only through the facilities of The Depository Trust Company (“DTC”) for the accounts of its direct and indirect participants, including Euroclear Bank, S.A./N.V. (“Euroclear”) and Clearstream Banking S.A. (“Clearstream”) on March 2, 2022.

Joint Lead Managers

BofA Securities

Goldman Sachs & Co. LLC

J.P. Morgan

The date of this Offering Memorandum is March 9, 2022.

SOUTH AMERICA



BOLIVIA



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ABOUT THIS OFFERING MEMORANDUM

In this Offering Memorandum, the “Issuer,” the “Government,” or “Bolivia,” “we,” “us,” and “our” refer to the Estado Plurinacional de Bolivia. As used in this Offering Memorandum, “Business Day” means any day other than a Saturday, a Sunday or a legal holiday or a day on which banking institutions are authorized or obligated by law to close in New York City, United States of America, or La Paz, Bolivia.

In making an investment decision, you should only rely on the information contained in this Offering Memorandum. BofA Securities, Inc., Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC will act as initial purchasers with respect to the offering of the Notes (the “Initial Purchasers”). We have not, and the Initial Purchasers have not, authorized anyone to provide you with different information. Neither we nor the Initial Purchasers are making an offer of the Notes in any jurisdiction where the offer is not permitted.

We, having made all reasonable inquiries, confirm that as of the date on the front cover of this Offering Memorandum the information contained in this Offering Memorandum with regards to Bolivia is true and accurate in all material respects, that the opinions and intentions we express in this Offering Memorandum are honestly held, and that there are no other facts the omission of which would make this Offering Memorandum as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. We accept responsibility for the Offering Memorandum accordingly.

This Offering Memorandum does not constitute an offer to sell, or a solicitation of an offer to buy, any Notes offered hereby by any person in any jurisdiction in which it is unlawful for such person to make an offer or solicitation. Neither the delivery of this Offering Memorandum nor any sale made hereunder shall under any circumstances imply that there has been no change in our affairs or that the information set forth in this Offering Memorandum is correct as of any date subsequent to the date of this Offering Memorandum.

NOTICE TO INVESTORS

In making an investment decision, you must rely on your own examination of Bolivia and the terms of this offering, including the merits and risks involved. The Notes have not been recommended by the U.S. Securities and Exchange Commission (“SEC”) or any state or foreign securities commission or regulatory authority. Furthermore, these authorities have not confirmed the accuracy or determined the adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offense.

The Notes may not be transferred or resold except as permitted under the U.S. Securities Act and related regulations and applicable state securities laws. In making your purchase, you will be deemed to have made certain acknowledgements, representations and agreements set forth in this Offering Memorandum under this caption “Notice to Investors.” You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time.

This Offering Memorandum may only be used for the purpose for which it has been published. Neither the Initial Purchasers nor any of their agents is making any representation or warranty as to the accuracy or completeness of the information contained in this Offering Memorandum, and nothing contained in this Offering Memorandum is, or shall be relied upon as, a promise or representation, whether as to the past or the future. Neither the Initial Purchasers nor any of their agents has independently verified any of such information and assumes no responsibility for the accuracy or completeness of the information contained in this Offering Memorandum.

This Offering Memorandum has been prepared by us solely for use in connection with the proposed offering of the Notes. This Offering Memorandum is personal to you and does not constitute an offer to any other person or to the public in general to subscribe for or otherwise acquire the Notes.

Distribution of this Offering Memorandum by you to any person other than those persons retained to advise you is unauthorized, and any disclosure of any of the contents of this Offering Memorandum without our prior written consent is prohibited.

You must (1) comply with all applicable laws and regulations in force in any jurisdiction in connection with the possession or distribution of this Offering Memorandum and the purchase, offer or sale of the Notes, and (2) obtain any required consent, approval or permission for the purchase, offer or sale by you of the Notes under the laws and regulations applicable to you in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales, and neither we nor the Initial Purchasers or their agents have any responsibility therefor. See “Transfer Restrictions” for information concerning some of the transfer restrictions applicable to the Notes.

You acknowledge and agree that:

- the Notes have not been and will not be registered under the Securities Act or any country’s or state’s securities laws and may not be reoffered, resold, pledged or otherwise transferred except as described under “Transfer Restrictions;”
- you have been afforded an opportunity to request from us, and to review, all additional information considered by you to be necessary to verify the accuracy of, or to supplement, the information contained in this Offering Memorandum;
- you have not relied on the Initial Purchasers or their agents or any person affiliated with the Initial Purchasers or their agents in connection with your investigation of the accuracy of such information or your investment decision;
- the Initial Purchasers make no representation or warranty, express or implied, as to the accuracy or completeness of such information, and nothing contained in this Offering Memorandum is, or shall be relied upon as, a promise or representation by the Initial Purchasers;
- no person has been authorized to give any information or to make any representation concerning us or the Notes other than those in this Offering Memorandum. If given or made, any such other information or

representation should not be relied upon as having been authorized by us, the Initial Purchasers or their agents;

- if you are purchasing the Notes pursuant to Rule 144A, you are purchasing the Notes for your own account with respect to which you exercise sole investment discretion and you are a qualified institutional buyer (as defined in Rule 144A) or you are purchasing the Notes for the account of a qualified institutional buyer in compliance with Rule 144A; and
- if you are outside the United States of America and purchasing the Notes through an offshore transaction in reliance on Regulation S, you are not purchasing the Notes with a view to distribution thereof in the United States of America.

See “Risk Factors” for a description of certain factors relating to an investment in the Notes. None of us, the Initial Purchasers or any of our or their representatives, is making any representation to you regarding the legality of an investment by you under applicable laws. You should consult with your own advisors as to legal, tax, business, financial and related aspects of a purchase of the Notes.

The distribution of this Offering Memorandum and the offering of the Notes (and beneficial interests therein) in certain jurisdictions may be restricted by law. Persons who come into possession of this Offering Memorandum are required by the Issuer, the Trustee (as defined in the “Description of the Notes”) and the Initial Purchasers to inform themselves about and to observe any such restrictions. This Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy the Notes (or beneficial interests therein) in any jurisdiction in which such offer or solicitation is unlawful. In particular, there are restrictions on the distribution of this Offering Memorandum and the offer and sale of the Notes (or beneficial interests therein) in the European Economic Area, the United Kingdom and the United States of America. See “Transfer Restrictions.”

PRESENTATION OF CERTAIN INFORMATION

Our fiscal year ends on December 31 of each year. The fiscal year ended December 31, 2021 is referred to in this Offering Memorandum as “2021” and other years are referred to in a similar manner. Certain percentages and amounts in this Offering Memorandum have been rounded for ease of presentation. Certain totals, percentages and other amounts in this Offering Memorandum may not sum due to rounding. The abbreviation “n.a.” means “not available.”

In this Offering Memorandum, all references to the “boliviano” or “Bs.” are to the lawful currency of Bolivia. Unless otherwise specified herein, amounts in Bolivian currency are expressed herein in boliviano. All references to “U.S. dollars,” “dollars” or “U.S.\$” are to United States dollars, the lawful currency of the United States of America.

Certain amounts stated herein in U.S. dollars have been translated, for the convenience of the reader, from bolivianos at the rate in effect on February 9, 2022 of Bs.6.86 = U.S.\$1.00. See “Exchange Rates.” Such translations should not be construed as a representation that the boliviano could have been converted at such rate on such date or at any other time.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum contains forward-looking statements within the meaning of Section 27A of the U.S. Securities Act and Section 21E of the U.S. Securities Exchange Act of 1934, as amended (the “U.S. Exchange Act”). Our estimates and forward-looking statements are based on our current expectations and projections of future events and trends, which affect or may affect us. Words such as “believe,” “anticipate,” “plan,” “expect,” “target,” “estimate,” “project,” “predict,” “forecast,” “guideline,” “should,” “aim,” “continue,” “could,” “guidance,” “may,” “potential,” “will,” as well as similar expressions and the negative of such expressions are intended to identify forward-looking statements, but are not the exclusive means of identifying these statements.

These forward-looking statements are subject to numerous risks and uncertainties. There are important factors that could cause actual results to differ materially from those in forward-looking statements, certain of which are beyond our control, including, but not limited to, information identified in “Risk Factors,” “Bolivia,” “The Bolivian Economy,” “The External Economy,” “Public Finance,” “Public Sector Indebtedness,” and “The Monetary System,” as well as:

- External factors, such as:
 - deterioration in commodity markets, as well as lower petroleum, mineral and other commodity prices, which could adversely affect our economy, fiscal accounts and international reserves;
 - damage to and volatility in the international capital markets for emerging markets issuers caused by economic conditions in other emerging markets and the international capital markets generally, which could affect our ability to engage in planned borrowing;
 - changes to import tariffs and exchange rates of other countries, as a result of new trade tensions between United States and China, which could have a negative impact on the growth of global trade and could harm our exports directly or indirectly;
 - recession or low growth in the economies of our trading partners, particularly of Argentina and Brazil, which could lead to fewer exports and affect our growth;
 - changes in Bolivia’s credit ratings;
 - a deterioration in relations between us and other countries in the region or other disruptions to our international relations;
 - higher international interest rates, which could increase our debt service requirements and require a shift in budgetary expenditures toward additional debt service;
 - terrorist attacks in the United States of America or elsewhere, acts of war or any general slowdown in the U.S. or global economies;
 - economic deterioration in Bolivia and internationally due to the novel coronavirus (“COVID-19”) pandemic;
 - climatic events;
 - political uncertainty, including in relation to elections in developed countries such as the U.S. and economic policies that may result from such political changes; and
 - future decisions by international financial institutions regarding the terms of their financial assistance to Bolivia.
- Internal factors, such as:
 - social and political unrest in Bolivia;

- our ability to continue to attract foreign investment;
- continued public support for our current economic policies or changes in our economic, tax or other policies;
- our level of domestic debt;
- general economic and business conditions in Bolivia, including a decline in foreign direct investment, high domestic inflation, deflation or monetary fluctuations, high domestic interest rates, exchange-rate volatility and volatile unemployment levels, each of which could lead to lower levels of growth, lower international reserves and diminish our access to international capital markets;
- other factors identified or discussed under “Risk Factors;” and
- political uncertainty related to national and local elections.

You should not place undue reliance on forward-looking statements, which are based on current expectations. Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions. Future results may differ materially from those expressed in forward-looking statements. Many of the factors that will determine these results and values are beyond our ability to control or predict. Because of the risks and uncertainties involved, you should not make any investment decision based on the estimates and forward-looking statements. All forward-looking statements and risk factors included in this Offering Memorandum are made as of the date on the front cover of this Offering Memorandum, based on information available to us as of such date, and we assume no obligation to update any forward-looking statement or risk factor.

ENFORCEMENT OF CIVIL LIABILITIES

It may be difficult for investors to obtain or realize upon judgments of courts in the United States of America against us. We are a foreign sovereign government, generally immune from lawsuits and from the enforcement of judgments under United States of America law. Foreign sovereign governments, however, may waive this immunity and limited exceptions to this immunity are set forth in the U.S. Foreign Sovereign Immunities Act of 1976 (the “U.S. Immunities Act”). In addition, substantially all of our assets are located outside of the United States of America and all of our representatives and certain other parties named herein reside outside the United States of America and substantially all of the assets of such persons are located outside the United States of America.

Except as provided below and as may result from the application of Paragraph II of Article 339 of the Bolivian Political Constitution, which provides that the patrimonial assets of the Bolivian state and public entities are the inalienable property of the Bolivian people, to the extent that we or any of our assets may have, or may hereafter become entitled to or have attributed to it (whether or not claimed), any right of immunity on the grounds of sovereignty (including under the U.S. Immunities Act) or otherwise, from any action, suit or proceeding, from setoff or counterclaim, from the jurisdiction of any court, from service of process upon it or any agent, from attachment upon or in aid of execution of judgment or from execution of judgment or other legal process or proceeding for the giving of any relief or for the enforcement of judgments, whether in the United States of America or Bolivia, we have, to the fullest extent permitted by applicable law, waived and agreed not to assert any such immunity for ourselves, our property, assets or revenues, wherever located with respect to our obligations, liabilities or any other matter under or arising out of or in connection with the Indenture (as defined in “Description of the Notes”) and the Notes. However, we reserve the right to plead sovereign immunity under the U.S. Immunities Act with respect to actions brought against us under United States of America federal securities laws or any state securities laws. In the absence of a waiver of immunity by us with respect to such actions, it would not be possible to obtain a U.S. judgment in such an action unless a court were to determine that we are not entitled to sovereign immunity under the U.S. Immunities Act with respect to that action. Moreover, you may not be able to enforce a judgment obtained under the U.S. Immunities Act against our property located in the United States of America except under the limited circumstances specified in the U.S. Immunities Act. As a result, holders of the Notes may be required to pursue such claims against us in Bolivia and under Bolivian law.

We have, in the Indenture (as defined in “Description of the Notes”) and will in the Notes, irrevocably submit to the jurisdiction of any New York State or U.S. federal court in the Borough of Manhattan, the City of New York, in respect of any claim or action arising out of or based upon the Indenture or the Notes which may be instituted by any holder of Notes, such as, for example, a claim for breach of any obligation under the Indenture or the Notes. We have appointed the Consul of Bolivia in the City of New York (currently located at 800 2nd Avenue, Suite 430, New York, NY 10017) as our agent upon which process may be served, and agree that for so long as any Note remains outstanding the person from time to time so acting, or discharging such functions, will be deemed to have been appointed as our process agent (the “Process Agent”), in any claim or action arising out of or based upon the Notes or the Indenture which a holder may institute in any New York State or U.S. federal court in the City of New York. Any process or other legal summons in connection with any such action may be served upon us by delivery to the Process Agent or by any other means that may have become permissible under the laws of the State of New York and Bolivia at the time of such service.

We believe that final and conclusive judgments against us for the payment of a sum of money rendered by a U.S. federal or New York State court with respect to the Notes may be enforced in Bolivia by a Bolivian court against us without reconsideration of the merits, provided that the following requirements are met:

- the judgment does not resolve matters under the exclusive jurisdiction of Bolivian courts (such as matters involving Bolivian real estate property);
- such court had jurisdiction under its own rules and general principles of international procedural jurisdiction;
- the defendant was served in accordance with the laws of the place where the proceeding took place, was granted reasonable opportunity to appear before such foreign court, and was guaranteed due process rights;
- the judgment has the status of *res judicata* as defined in the jurisdiction of the court rendering such judgment;

- the judgment is not incompatible with another judgment that fulfills the requirements of recognition and enforceability established by Bolivian law and such foreign judgment was rendered first;
- the judgment is not contrary to international public order;
- it is not proven that foreign courts of the country from which a court judgment is rendered deny enforcement of Bolivian judgments or engage in a review of the merits thereof;
- an “exequatur” proceeding under Bolivian law, for the recognition and enforcement of the New York court judgment, is followed; and
- such judgment has been certified by Bolivian consular authorities or in substitution of consular legalization, apostilled as may be applicable, except if they are served through diplomatic channels or through the competent Bolivian administrative authorities, and is accompanied by a certified and officially translated copy of such judgment into Spanish.

Notwithstanding the above, the execution by Bolivian courts of any judgment ordering payment of any principal or interest arising from the Notes by Bolivia will be subject to availability of funds according to the statute passed by the Bolivian Plurinational Legislative Assembly (the “Plurinational Legislative Assembly” or “Legislative Assembly”) setting forth the budget corresponding to the fiscal year on which such payment is to be due or as amended.

SUMMARY

The following is a summary of certain information contained elsewhere in this Offering Memorandum. Reference is made to, and this information is qualified in its entirety by, the more detailed information contained elsewhere in this Offering Memorandum. The information contained herein with respect to Bolivia is based on information derived from official sources, including from the Ministry of Finance, and reflects the most current official information on Bolivia and the various aspects of the economy, the political environment, balance of trade, the monetary system, gross domestic product (“GDP”) levels and other metrics. Information for 2018, 2019 and 2020 is preliminary where indicated and otherwise reflects information Bolivia regards as fully reflective of its condition as of the dates indicated. Information for the six months ended June 30, 2021 generally is available only on a limited basis and presented only in selected sections of this Offering Memorandum and in such cases is preliminary and subject to adjustment as information is reviewed and validated by Bolivian governmental authorities. For general information on recent developments relating to Bolivia, please see “Recent Developments.”

Bolivia

Bolivia is a democracy located in the Andes Mountains and the Amazon region of central-western South America, with an estimated population of approximately 11.7 million as of December 31, 2020. Our population is multiracial and multicultural, and our official languages are Spanish and the 36 languages of our indigenous peoples. We are bordered by Brazil, Paraguay, Argentina, Chile and Peru. In the course of our history, we have received emigration from Europe, Asia and Africa. Based on our economic performance, the World Bank has classified Bolivia as a lower-middle-income developing country since August 2010.

The constitutional reform implemented in Bolivia’s recent history began with the adoption of the current Bolivian Political Constitution on February 7, 2009 (the “Bolivian Political Constitution” or the “Constitution”), which is aimed at, among other things, empowering previously excluded social classes, promoting greater decentralization and broadening social participation. As result, various new social welfare programs have been implemented since the Constitution was adopted. Additionally, we have nationalized various companies in the hydrocarbons, mining, energy and telecommunications sectors, creating state-owned companies to assist in the development of various other productive sectors, to improve public services and promote nutritional sustainability. See “The Bolivian Economy—Nationalization Process.”

We believe that state-owned companies must be efficient and profitable and that the operations of any state-owned company operating at a loss should be reorganized in order to improve results. We currently operate a number of profitable state-owned companies, such as Empresa Nacional de Electricidad (“ENDE”) (in the energy sector), Yacimientos Petrolíferos Fiscales Bolivianos (“YPFB”) (in the hydrocarbon sector), Entel S.A. (in the communications sector), Empresa Estatal de Transporte por Cable (“Mi Teleférico”) (the state-owned air cable car company), Empresa Pública Productiva Cementos de Bolivia (“ECEBOL”) (the state-owned cement producer for the construction sector) and Empresa Boliviana de Almendra y Derivados (“EBA”) (in the foods sector). We are committed to eradicating poverty by promoting equitable economic distribution programs and equal opportunities by guiding and coordinating local, regional and institutional planning for national development in key areas such as poverty reduction, healthcare, education, housing and community services. We have created income redistribution programs to reduce poverty in recent years. The Government’s cash-transfer programs have been instrumental in reducing national extreme poverty from 45.2% in 2000 to 13.7% in 2020 and national moderate poverty from 66.4% in 2000 to 39.0% in 2020. Currently, as part of the Government’s measures to address the COVID-19 pandemic, the Government is implementing certain policies to improve and strengthen medical care for the Bolivian population, which aims to allocate 17.5% of the consolidated current expenditure budget to the healthcare sector, which demonstrates the Government’s commitment to improving healthcare management. Current Government priorities include medical equipment and supplies needed in order to improve the level of healthcare provided. In addition, an extensive COVID-19 vaccination program has been implemented and is ongoing.

The general state budget (“PGE”) for 2021 prioritized the health sector, guaranteeing financial resources for equipment, construction of medical centers and for the universal health system and the implementation of programs in response to the pandemic caused by COVID-19.

The Government has implemented various measures to help the most vulnerable families in the country and prioritize Bolivian lives and is seeking to improve healthcare conditions, ensure the continued provision of essential goods and services and promote economic and fiscal recovery.

Mass vaccination efforts against the coronavirus in Bolivia began in late February 2021. As of January 5, 2022, 4.9 million first doses, 3.7 million second doses, 596,010 third doses, and 992,616 single dose vaccines have been administered and approximately 55.3% of the vaccine-eligible population has been vaccinated. The vaccines are currently available to the population that is 5 years of age or older and third doses are available to all persons who have been vaccinated for at least two months.

To address supply chain issues, the Government created a trust fund in the amount of Bs.911.1 million in support of the productive sector and to promote the import substitution policy. The objective of the trust fund is to grant credits for the financing of capital operations and/or investments, with the purpose of supporting micro, small, medium and large enterprises. Producers may access investment capital and working capital credits at an interest rate of 0.5%, with terms of five to ten years for investment capital and three years for operating capital. As of December 5, 2021, the credits issued by the trust had allowed 5,091 micro-, small-, medium- and large-scale businesses to reopen via disbursement of Bs.543.0 million.

The Government also runs other programs, like the Dignity Pension program (which provides monthly assistance to seniors), the Juancito Pinto cash-transfer program (which provides a monthly subsidy directly to public school students to encourage attendance) and the Juana Azurduy voucher program (which provides certain subsidies to encourage prenatal and postnatal health and wellness), to deepen advances on social policies and make the human right to basic services a reality. These advancements have also been accompanied by a prudent fiscal policy and sustained growth in GDP, which had average annual growth of 4.2% from 2014 to 2019, even in the context of adverse international economic conditions. GDP contracted by 8.8% in 2020, in part due to the COVID-19 pandemic. Additionally, the fiscal-financial program of the Ministry of Economy and Public Finance and the Central Bank for 2021 (the “2021 Fiscal Financial Program”) incorporated redistributive and social welfare policies through the Juancito Pinto, Juana Azurduy and Dignity Program vouchers. The Government has maintained its commitment to the continuity of these cash-transfer programs to the most vulnerable individuals in our population and, with the aim of mitigating the worst effects of the rigid quarantine restrictions imposed due to the COVID-19 pandemic, the Government has also provided hunger-relief vouchers. See “Recent Developments—Response to the Health and Economic Crisis as a Result of COVID-19.”

Between 2006 and 2013, as part of the Government’s process to recover strategic sector companies and achieve its objectives under the new Constitution, we carried out several nationalizations and also terminated some contracts and revoked certain mining concessions. The nationalizations mainly targeted formerly state-owned companies that had been privatized during the 1990s. We have negotiated compensation packages with some of the investors affected by such nationalizations and provided compensation based on the amount invested and revenues reported by these affected companies. Nevertheless, certain investors have initiated legal proceedings against us as a result of some of these nationalizations. Our current administration is seeking to work with the private sector to boost the Bolivian economy and generate a cooperative institutional environment to foster private sector investment. See “Bolivia—Legal Proceedings and Processes.”

Bolivian Economy

In recent years, the Bolivian economy has remained relatively stable, even in the context of complex international conditions, which have included volatile and primarily decreasing commodity prices, a slowdown in global production, and the lasting effects of trade wars and changes in interest rate policy in developed nations, which have further complicated global financial conditions. During 2019, despite continued fiscal and trade deficits primarily attributable to decreases of hydrocarbon exports to Brazil and Argentina, the Bolivian economy remained resilient, growing by 2.2% according to data from the National Institute of Statistics (*Instituto Nacional de Estadística* or “INE”), which was among the highest GDP growth rates in South America.

Accordingly, prior to the COVID-19 pandemic, the Economic Commission for Latin American and Caribbean States (“CELAC”) and the World Bank had estimated that Bolivia would grow by 3.0% in 2020. Under the 2020

Financial Program, which was prepared prior to the outbreak of the COVID-19 pandemic, the Ministry of Economy and Public Finance and the Central Bank had estimated GDP growth of 3.5% (in a range of 2.6% and 4.0%) for 2020. Due to the COVID-19 pandemic, in September 2020, the Ministry of Economy and Public Finance and the Central Bank revised downwards the GDP estimates of the 2020 Financial Program to an estimated decrease in GDP of 6.2% (in a range of 7.9% and 5.1%). In December 2020, the 2020 Financial Program economic indicator estimates were further revised downwards to an estimated decrease in GDP of 8.4%. Inflation for 2020 was an estimated 0.7%. The inflation rate fell to 0.7% in 2020 from 1.5% in 2019, due to reduced household demand as a result of COVID-19-related economic crisis, demographic mobility and increased output in agricultural and food production. The inflation rate, as of September 2021, was 0.77%.

By contrast, during 2020 there was a GDP contraction of 8.8% in comparison to 2019, primarily as a result of the COVID-19 pandemic and the measures imposed by the Government to combat it, ongoing political and social tensions sparked by Bolivia's general elections in October 2019 and the former administration's decision to freeze investment in public programs and businesses. The 2021 Fiscal Financial Program assumed a growth rate of about 4.4% for 2021 and the macroeconomic assumption of the 2022 government budget (the "2022 Government Budget" or "PGE 2022") assumes 5.1% GDP growth for 2022.

Economic activities in sectors linked to domestic demand, such as manufacturing, agriculture and other labor-intensive industries, as well as policies implemented to promote industrialization were important in sustaining the growth of the Bolivian economy in recent years.

In 2020, the financial system showed signs of continued stability and strength, with a growth in deposits as well as lending related to manufacturing loans, and a default rate of 1.5%. As of November 30, 2021, the lending portfolio amounted to U.S.\$28,938.1 million and the default rate was 1.6%, while deposits amounted to U.S.\$30,205.9 million. As of November 17, 2021, the average lending interest rate was 5.79% for home loans, 11.41% for micro-loans and the average deposit interest rate was 1.15%.

Poverty indicators showed an increase in overall poverty rates in 2020, primarily due to the decline in general economic activity and a decrease in average income. For the year ended December 31, 2020, there was a 188 bps (5.0%) increase in moderate poverty and a 78 bps (6.1%) increase in extreme poverty. These increases in extreme and moderate poverty were triggered by the detrimental effects of the COVID-19 pandemic on the Bolivian economy, which caused lower incomes and increased pressure on social programs designed for the protection of Bolivian families.

In 2020, Bolivia allocated U.S.\$1,783.9 million to public investment, and public investments carried out represented 4.7% of GDP in 2020 a decrease of 52.7% as compared to U.S.\$3,769.2 million in 2019 (9.2% of GDP) as compared to U.S.\$4,457.9 million in 2018 (10.8% of GDP), with investments in 2020 directed to infrastructure (29.0%), social projects (39.8%) and productive projects (26.6%), helping to expand transportation, infrastructure and accelerate the industrialization process. Through its investments, Bolivia has demonstrated a continued commitment to its public sector. While public investment in 2020 decreased, Bolivia continues to allocate a significant portion of its budget to public sector projects that it believes benefit the economy and the population. Public sector investments have focused on social projects as well as infrastructure and productive projects. As of October 2021, execution of public investment, mainly in infrastructure, social and productive projects, reached U.S.\$1,910 million (an estimated 5.5% of GDP), a 72% increase compared to U.S.\$1,170 million executed as of October 2020. See "Bolivia—Infrastructure and Investments."

External Economy

In 2020, the international economy was dominated by the effects of COVID-19. The unexpected spread of COVID-19, the significant loss of human life, the collapse of health systems and the disproportionate level of economic uncertainty prompted the imposition of lockdowns and a reduction in mobility at a global level. The adverse effects on economic activity caused by the COVID-19 pandemic were most pronounced during the first half of 2020 as manufacturing activity and tourism significantly slowed down, international travel was abruptly halted and consumption and investment experienced considerable declines, among other factors, all of which resulted in one of the largest economic crises in history.

In particular, Bolivia suffered a significant contraction in foreign demand for, and a consequent drop in average prices of, natural gas, as well as in tourism, leading to a sizable decrease in revenue from tourism. Like the rest of the world, production, especially in metals, was also adversely affected by the halt or slowdown in economic activity.

In 2020, the current account deficit was U.S.\$205.8 million (representing 0.5% of GDP), reflecting a 85.3% decrease as compared to the 2019 current account deficit of U.S.\$1,397.5 million (representing 3.4% of GDP). This was mainly due to lower imports that resulted from rigid COVID-19-related lockdowns and other measures taken by the previous administration to reduce the tax deficit, as well as a general stagnation in public investment, which had a drastic effect on domestic economic activity. For the eleven-month period ended November 2021, remittances amounted to U.S.\$1,260.6 million, an increase of 28.7% compared to same eleven-month period in 2020.

In 2020, income from remittances amounted to U.S.\$1,115.7 million, a 15.4% decrease compared to U.S.\$1,318.2 million in 2019. The most significant declines in remittances from 2019 to 2020 were from Brazil (a 48.9% decline) and Argentina (a 41.5% decline). These economies experienced a significant contraction in economic activity in the second quarter of 2020 (a 9.7% contraction in Brazil and a 19.1% contraction in Argentina), and the currencies of both countries suffered depreciation, resulting in a reduction in the amount of the remittances sent in U.S. dollars. On the other hand, inflows from Chile remained solid. This was in part due to a recovery in the demand for Chilean copper from Asian countries (a sector that absorbs a significant part of migrant labor from Bolivia), helping to sustain the Chilean peso against depreciation in 2020 and preserving the dollar value of remittances from Chile. The number of remittances from Spain was reduced as a result of the measures implemented in March 2020 to contain the COVID-19 pandemic. However, this reduction was partially offset by the exchange-rate effect of the strengthening of the Euro, which ultimately allowed for the actual currency amount registered for remittances to not differ so much in comparison to prior years. Remittances experienced a recovery as a direct result of the economic reactivation of certain countries where such remittances originate. Aggregate flow for the first half of 2021 reached U.S.\$687.7 million, 50.6% higher by comparison with that recorded for the same period in 2020. The remittances came mainly from Spain (35.1%), Chile (20.3%), the United States (20.3%), Argentina (5.5%) and Brazil (4.2%). We believe that the increased share in remittances from Chile and the United States reflects the success of the vaccine campaigns in those countries. As of September 30, 2021, remittances were U.S.\$1,027.3 million, an increase of 34.7% compared to same period in 2020.

Net international reserves held by the Central Bank decreased from U.S.\$6,467.5 million in 2019 to U.S.\$5,275.9 million in 2020. The latter represented 14.3% of GDP. The decrease in 2020 was due to a U.S.\$3,062.8 million outflow of U.S. dollars, offset by inflows of U.S.\$1,216.1 million, a positive variation in foreign-exchange rates and the value of gold worth U.S.\$608.9 million, and revenue obtained from investment in international reserves worth U.S.\$46.2 million. The net international reserves are sufficient to cover 8 months of goods and services related imports, representing a coverage substantially above the 3-month minimum coverage traditionally considered by international organizations when evaluating requirements for reserves. As of December 24, 2021, net international reserves were U.S.\$4,862 million.

Monetary System

The Central Bank is a self-governing institution with the power to take independent actions aimed at maintaining the purchasing power of the national currency. It is the authority that defines the monetary and exchange-rate policy of the country in coordination with the Ministry of Economy and Public Finance. It is also the governing body for the domestic financial intermediation system.

In addition to administering monetary and exchange-rate policy, the Central Bank maintains our international reserves and performs several functions for the public sector, including holding fiscal accounts for all public sector entities and representing the Government before international and multinational monetary organizations. Although the Central Bank generally cannot issue credit to the public sector nor incur contingent liabilities, it may provide emergency credit to the General National Treasury to address inflation, food shortages and security, natural disasters, social and productive infrastructure reconstruction, and housing rehabilitation and restoration. See “Public Sector Indebtedness—Public Domestic Debt.” The board of the Central Bank is comprised of a president and five directors appointed from a list of persons prepared by the Plurinational Legislative Assembly. Currently, the Plurinational Legislative Assembly has not yet prepared such a list for the appointment of the president of the Central Bank. As a result, in November 2020, the President of Bolivia, Luis Alberto Arce Catacora, through supreme resolution, appointed

Roger Edwin Rojas Ulo to the position of interim president of the Central Bank and also has named four interim members of the Board of Directors of the Central Bank, two of whom have since stepped down as interim members of the Board of Directors of the Central Bank and one of the vacated positions has been filled by Oscar Ferrufino Morro, who took office on October 7, 2021. The president of the Central Bank upon taking office affirmed that monetary policy to be pursued will be in line with the efforts by the national government in its development policies and reassured the public that the Central Bank will make every effort to preserve the population's purchasing power.

In 2020, the Central Bank injected funds into the financial system to maintain levels of liquidity using unconventional tools, such as monetary stimuli, monetary supply and monetary aggregates, and it was also the main source of funds for the General Treasury of the Nation ("GTN") with emergency credit and liquidity. See "The Monetary System".

The Central Bank established itself as the principal source of liquidity for the financial system in 2020. It maintained, via the implementation of unconventional measures, such as monetary stimuli, monetary supply and monetary aggregates, the liquidity of the financial system at appropriate levels and absorbed pressure relating to an increase in interest rates, thereby promoting financial stability and the continuity of the payment system.

To incentivize domestic demand, the first measure implemented by the current administration in December 2020 was the provision of hunger-relief vouchers. The expectation was that these vouchers would encourage a rebound in deposits, providing the financial system with funds. We believe that levels of liquidity and continuity in the chain of payments will therefore continue being assisted by the expansionary monetary policy of the Central Bank through the use of its conventional and unconventional tools.

On the other hand, a policy of exchange-rate stability continued to encourage Bolivianization, which aims for the retention of deposits and loans in domestic currency. The Central Bank maintains fixed exchange rates to the boliviano that are periodically readjusted and the exchange rate has continued to close at Bs.6.86 / U.S.\$1.00 on each of December 31, 2018, 2019 and 2020, and as of the date of this Offering Memorandum, continues at Bs.6.86 / U.S.\$1.00 as it was not adjusted in 2021 and has not been adjusted in 2022. In addition, this policy permitted an expansionary monetary focus to be favored with controls maintained on imported inflation levels. As currency withdrawals and net transfers of funds abroad had risen due to an environment of uncertainty and political instability, a brief inflationary shock was caused. However, the current administration's focus on an exchange-rate policy that seeks to meet citizen expectations helped support normalization of the economic activity and, consequently, of such currency withdrawals and net transfers of funds abroad to previous levels. Inflation remained at low levels during this period.

With respect to the expansionary policy adopted by the Central Bank, this proved decisive in sustaining liquidity and guaranteeing the chain of payment.

Public Finance

Each year the Government Budget is prepared by the Ministry of Economy and Public Finance, which writes a bill and sends it to the Plurinational Legislative Assembly for consideration and approval. Since the passage of the 2011 State General Budget Law, the Government Budget includes the 337 municipalities of Bolivia, which means that municipalities have assumed the obligation to submit to the Ministry of Economy and Public Finance their respective annual operating plan and budget, pursuant to the provisions in the Bolivian Political Constitution and the Autonomy Law. The public entities covered by the Government Budget include the executive branch, departmental governorships, municipalities, universities, decentralized agencies, social security, government owned enterprises and the legislative, judicial, and electoral system. These entities are responsible for developing their institutional budgets, which are aggregated and consolidated in the Government Budget by the Ministry of Economy and Public Finance and presented by the president to the Plurinational Legislative Assembly for approval pursuant to the Bolivian Political Constitution.

Between 2001 and 2005, the Government maintained a fiscal deficit that was financed by loans from international organizations, such as the International Monetary Fund ("IMF") and the World Bank, which recommended economic policies to achieve macroeconomic balance. See "Bolivia—Public Sector Investments—Relationships with International Organizations" and "Public Finance—Public Sector Budget." In 2006, due to the increase in the demand

for natural gas for export to Brazil, pursuant to the Gas Supply Agreement (“GSA”) contract and the opening of the Argentine market, as well as the creation of the Direct Tax on Hydrocarbons (“IDH”), according to the Law No. 3058 of 2005, we were able to generate greater fiscal and external income. See “The Bolivian Economy—Principal Sectors of the Economy—Petroleum and Natural Gas.” We registered fiscal surpluses at the end of each fiscal year from 2006 through 2013, driven by increased tax collection and controlled spending as a result of an increase in public investment and a policy of redistribution of income. The accumulated surplus offset in part the effects from decreases in international prices of products in the hydrocarbon and mining industries that began in 2014.

The development of our hydrocarbons and mineral resources led to macroeconomic stability that generated conditions to promote conditional transfer programs that reduced extreme poverty from 21.0% in 2011 to 13.7% in 2020. See “Bolivia—Political and Legal System—Social Welfare Programs.”

PGE 2020 – General Budget 2020

On December 20, 2019, the Plurinational Legislative Assembly approved the budget for 2020 (the “2020 Government Budget” or “PGE 2020”). The 2020 Government Budget and the 2020 Financial Program aimed to achieve economic growth of 3.5% and maintain macroeconomic stability, with 3.4% inflation rate and 6.6% fiscal deficit targets. The 2020 Government Budget was based on several assumptions for the Bolivian economy in 2020, including the price of oil to be at U.S.\$51.40 per barrel. The 2020 Financial Program was a framework pursuant to which the Ministry of Economy and Public Finance and the Central Bank established their macroeconomic goals for 2020. The 2020 Financial Program also included the investment goals of the Ministry of Development Planning. The 2020 Government Budget was focused on: (1) using natural resources, generation of surpluses and redistribution of resources to sectors that generate income and employment; (2) reducing poverty, inequality and creation of opportunities; (3) strengthening the productive sector and consolidating industrialization through investment projects; and (4) guaranteeing resources for subsidies for food, hydrocarbons, basic services and conditioned transfer programs. The 2020 Government Budget had been prepared based on information and policy plans prior to the outbreak of the COVID-19 pandemic, and the Government revisited its budget plans throughout the year, making necessary adjustments in response to the crisis precipitated by the COVID-19 pandemic. See “Recent Developments—Response to the Health and Economic Crisis as a Result of COVID-19”, “Recent Developments—2021 Fiscal Financial Program and Government Transparency”, and “Public Finance – Fiscal Balance”.

In 2020, the non-financial public sector reached a fiscal deficit of Bs.32,075.9 million (12.7% of GDP) as compared to 7.2% in 2019. That increase was a result of a significant decline in revenue as a consequence of stagnation in economic activity during the COVID-19 pandemic and the policies implemented as a consequence thereof, such as quarantines.

PGE 2021 – General Budget 2021

On December 28, 2020, the Plurinational Legislative Assembly approved the 2021 government budget (the “2021 Government Budget” or “PGE 2021”). The 2021 Government Budget focused on the following: (1) supporting the execution of public policies to benefit Bolivian women and men, reduction of poverty and inequality; (2) consolidating the economic - social - community - productive model that generates and distributes economic surpluses; (3) supporting the growth and macroeconomic stability of the country; (4) prioritizing public investment projects, and (5) providing resources for subsidies for food, hydrocarbons, basic services and conditioned transfer programs, such as the Juancito Pinto cash-transfer program, dignity rent under the Dignity Pension program, Juana Azurduy voucher program and other social interest programs. See “Non-Financial Public Sector—Social Expenditures of the Central Government.”

The 2021 Government Budget was developed in the context of the Government’s ongoing response to the COVID-19 pandemic and is based on certain assumptions regarding economic conditions in Bolivia, including estimated real GDP growth of 4.8%, and an end-of-period inflation rate of 3.1%. See “Recent Developments—Public Finance,” “Recent Developments—Response to the Health and Economic Crisis as a Result of COVID-19” and “Recent Developments—2021 Fiscal Financial Program and Government Transparency.”

In 2021, in an effort to curb the spread of COVID-19 in Bolivia and its effect on the Bolivian economy, the Government implemented various measures to help the most vulnerable families in the country and prioritize Bolivian lives. These measures sought to improve healthcare conditions, ensure the continued provision of essential goods and services and promote economic and fiscal recovery.

The Government implemented a number of measures to support the population, including authorizing payment deferrals for loans in the national financial system, which ultimately did not appear to generate a significant impact on the financial system, but resulted in an interruption of cash flows towards financial entities, subsidizing electricity bills (the final domestic consumers were given a discount which, pursuant to regulation, was later reimbursed by the Government to the energy distribution companies), and supporting welfare programs, such as continuity-of-dignity income payments, hunger-relief vouchers (*Bono Contra el Hambre*), the Juancito Pinto cash-transfer program and the Juana Azurduy voucher program.

The Government's Strategic Plan to Fight COVID-19 focuses on the prevention of the disease and the promotion of health. The plan is built on three pillars: (1) widespread testing to identify levels of infection and reduce mortality rates; (2) management of the purchase of vaccines; and (3) coordination across all levels of Government. As part of the Government's measures to address the pandemic, mass vaccination efforts began in late February 2021 and it has increased the acquisition of medications and nasal antigen tests. The budget expenditure allocated for the health sector in 2021 was Bs.2,546.0 million, of which 37.2% was destined for vaccines and 24.6% for tests and medicines. As of October 31, 2021, 4.0 million diagnostic tests and 21.5 million vaccines had been purchased.

PGE 2022 – General Budget 2022

On December 17, 2021, the Plurinational Legislative Assembly approved the PGE 2022. The 2022 Government Budget assumes a 5.1% increase in the GDP and public investment of U.S.\$5,015 million, with emphasis on supporting the productive sector and import substitution. The consolidated budget for the public sector contemplates total current revenue of Bs.137,990.6 million, an increase of 14.0% as compared to the consolidated budget for 2021. The current expenditure amounts to Bs.134,946.3 million, an increase of 4.0% as compared to 2021. The PGE 2022's cash flow for the non-financial public sector estimates a deficit of Bs.24,069.5 million (8.0% of GDP), a decrease when compared to the estimated deficit for PGE 2021 at Bs.27,546.8 million (9.7% of GDP).

In 2021, the budgeted revenue for the non-financial public sector was Bs.132,560.6 million, of which 98.7% was current revenue (Bs.130,897.8 million) and 1.3% was capital income (Bs.1,662.7 million), while total expenditures was Bs.160,107.4 million, comprised of 81.2% of current expenditures (Bs.129,950.8 million) and 18.8% of capital expenditures (Bs.30,156.5 million). The non-financial public sector budget for 2022 contemplates total revenue of Bs.148,662.5 million, of which 98.9% are current revenue (Bs.147,110.7 million) and 1.1% are capital income (Bs.1,551.8 million). The non-financial public sector budget for total expenditures amounts to Bs.172,732.0 million, of which 90.9% are current expenditure (Bs.135,241.6 million) and 9.1% are capital expenditures (Bs.37,490.4 million).

Regarding the price of oil, the PGE 2022 assumes a price of U.S.\$50.47 per barrel taking into account the international context in the midst of the COVID-19 pandemic. For the health sector, a Bs.23,590 million budget expenditure was set, which is equivalent to 17.5% of the consolidated current expenditure budget, while for the education sector a Bs.25,370 million budget expenditure was set, representing 18.8% of the consolidated current expenditure budget.

As of January 5, 2022, 4.9 million first doses, 3.7 million second doses, 596,010 third doses, and 992,616 single dose vaccines have been administered and approximately 55.3% of the vaccine-eligible population has been vaccinated. The vaccines are currently available to the population that is 5 years of age or older and third doses are available to all persons who have been vaccinated for at least two months.

In addition to these testing and vaccination acquisitions, the Government has arranged for the purchase of around 20 tons of medications that counter the disease's symptoms (including oxygen and medications required for intensive therapy or care) from India and 23 tons from China, mostly for treatment in intensive care units (ICUs). The

Government also placed a priority on hiring healthcare workers, including 3,025 professionals and support staff, to help in the fight against COVID-19.

The current Government is implementing a program to rebuild the country's economy, reactivate the domestic market, and support domestic industry to improve growth conditions. In this context, on the demand side, (1) the payment of hunger-relief vouchers was approved, which consists of a single payment of Bs.1,000 (U.S.\$145.8); (2) the payments under the Distribution System and Retirees programs were increased; (3) the "Refund of the Value Added Tax" was enacted, which consists of the refund of up to 5% on sales for low-income individuals with monthly income below Bs.9,000, of the beneficiaries of this fiscal policy 60% consist of formal wage-earners and the remaining 40% consist of retirees or independent workers; (4) "Tax on Large Fortunes", approved by Law No. 1357, which consists of a tax ranging from 1.4% to 2.4% on resident and non-resident persons in the country whose total personal wealth as of December 31 of each year is greater than Bs.30.0 million, or its equivalent in foreign currency; and (5) the extension of the additional 22% corporate income tax on net profits applied to banks, to financial leasing companies, general deposit warehouses, investment management companies, stock exchange agencies, securities companies, insurers and reinsurance companies.

Consolidated Fiscal Budget 2021 – 2022⁽¹⁾

	Budget 2021	Budget 2022	as a % of expected 2022 GDP
	(in millions of Bs.)		
Revenues			
Operating Revenue	50,698.6	55,563.8	18.5%
Goods and Services Revenue	3,590.3	3,807.4	1.3%
Taxes Revenue	42,565.5	48,908.7	16.3%
Royalties	921.8	1,122.5	0.4%
Social Security Contributions	7,817.7	8,068.1	2.7%
Donations	78.2	316.3	0.1%
Current Transfers	4.4	307.1	0.1%
Other Revenue	15,418.7	19,896.8	6.6%
Total Current Revenue	121,095.2	137,990.6	45.9%
Capital Income	1,659.3	1,522.5	0.5%
Total Current Revenue and Capital Income	122,754.5	139,513.1	46.5%
Financial Sources	105,602.6	95,577.0	31.8%
Total Revenues (including Financial Sources)	228,357.1	235,090.1	78.3%
Expenditures			
Salaries and Wages	43,205.0	45,235.1	15.1%
Social Security Contributions	5,962.6	6,177.7	2.1%
Social Benefits	103.2	91.2	0.0%
Goods and Services	53,986.4	58,347.1	19.4%
Public Debt Interests	9,245.6	7,373.8	2.5%
Pensions	8,495.2	8,889.7	3.0%
Current Transfers	4,458.7	4,025.8	1.3%
Other Current Expenditures	4,350.0	4,805.9	1.6%
Total Current Expenditures	129,806.6	134,946.3	44.9%
Capital Expenditures	30,136.9	39,048.1	13.0%
Total Current and Capital Expenditures	159,493.5	173,994.5	57.9%
Use of Funds	68,413.6	61,095.7	20.3%

Total Expenditures**228,357.1****235,090.1****78.3%**

- (1) Presents projected sources of funds and use of revenues for PGE 2021 and 2022. This table is not intended to demonstrate a calculation of the public deficit.

The table below details the main public investment projects that are included as part of the PGE 2022.

PGE 2022 – General Budget 2022 Public Investment Projects

Project Description	(in millions of U.S.\$)	%	Executing Entity
Implementation of the Oruro y Potosi Metallurgy Industrialization Sectorial Program	431.0	8.6%	Ministry of Mining and Metallurgy
Implementation of the Multisector Public Investment Program Road Construction at the National Level	306.1	6.1%	Bolivian Highway Administration
Implementation of the Multisector Public Investment for Productive Development Program at the National Level	291.0	5.8%	Ministry of Productive Development and Plural Economy
Implementation of the National Multisector Public Investment Program	204.1	4.1%	Ministry of Presidency
Implementation of a basic siderurgical plant for the manufacture of steel laminates in the Mutún	177.0	3.5%	Mutún
Integral Brine Development of the Salar de Uyuni	145.7	2.9%	YLB
Implementation of the MI PRESA Multisector Public Investment Program at the National level	109.6	2.2%	Ministry of Environment and Water
Construction of the Rurrenabaque – Riberalta road	107.5	2.1%	Bolivian Highway Administration
Implementation of the National Multisector Public Investment Program	102.0	2.0%	Ministry of Development Planning
Construction of the Ivirizu Hydroelectric Generation Plant	100.5	2.0%	ENDE
Cochabamba Metropolitan Train	96.2	1.9%	Ministry of Public Works, Services and Housing
Implementation of the Multisector Public Investment Program for Hydrocarbon Exploration	90.9	1.8%	YPFB
Implementation of the Competitive Fund for Productive Public Investment Sectoral Program (FOCIPP)	72.9	1.5%	National Productive and Social Investment Fund
Construction of the two-way central section of "El Sillar" road	65.6	1.3%	Bolivian Highway Administration
Construction of the S. Jose de Chiquitos - S. Ignacio road	60.8	1.2%	Bolivian Highway Administration
Implementation of the Support to National Education Infrastructure Sectoral Program	58.9	1.2%	Ministry of Presidency
Explorative Adquisition of the Aerogravimetric-Aeromagnetometric in the Madre de Dios Basin, Boomerang Zone	57.2	1.1%	YPFB
Construction and implementation of the Center for Research and Development in Nuclear Technology and Associated Laboratories at a National Level	49.5	1.0%	Bolivian Agency of Nuclear Energy
Implementation of the Public Investment Program to Support National Production	49.4	1.0%	Indigenous Development Fund
Construction of the Espino -Charagua-Boyuibe road	44.7	0.9%	Bolivian Highway Administration
Construction and Equipment of the Gastroenterological Institute in La Paz	43.4	0.9%	Health and Medical Equipment Infrastructure Agency

Construction of the Rios Miguillas La Paz Hydroelectric Powerplant	42.2	0.8%	ENDE
Construction of the Santa Cruz-Las Cruces-Buena Vista road	40.5	0.8%	Bolivian Highway Administration
Rehabilitation and Compliance with Santa Cruz-Trinidad Highway Standards	38.0	0.8%	Bolivian Highway Administration
Implementation of the Support to National Urban Infrastructure Sectoral Program	35.4	0.7%	Ministry of Presidency
Implementation of the My Irrigation Multi-sectoral Public Investment Program at the National Level	32.5	0.6%	Ministry of Environment and Water
Implementation of the Support to National Sports Infrastructure Sectoral Program	31.2	0.6%	Ministry of Presidency
Development of the Mother-Child Social Protection Program (Bono J. Azurduy)	30.4	0.6%	Ministry of Health
Rehabilitation of the La Agostura Comarapa, Tramo II: Mairana – Bermejo road	30.1	0.6%	Bolivian Highway Administration
Implementation of the Nuclear Medicine and Radiotherapy Centers in Santa Cruz, El Alto and La Paz	29.6	0.6%	Bolivian Agency of Nuclear Energy
Rest of Projects	2,040.7	40.7%	Others institutions
Total Public Investment on Projects	5,014.60	100%	

As of October 2021, execution of public investment, mainly on infrastructure, social and productive projects, reached U.S.\$1,910 million, a 72% increase compared to U.S.\$1,170 million executed as of October 2020.

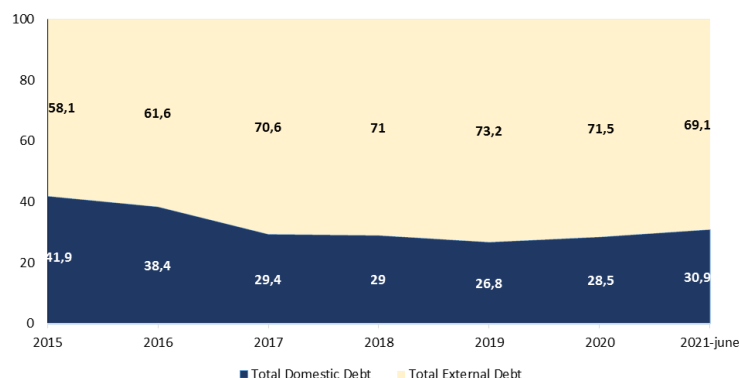
Public Sector Indebtedness

One of the objectives of our public debt policy is the sustainability of public debt and the allocation of debt resources to finance public investment projects in strategic sectors of the economy. As of June 30, 2021, our total outstanding public debt was U.S.\$18,196.7 million, an increase of 6.9% compared to U.S.\$17,023.9 million as of December 31, 2020, which was also an increase of 10.6% compared to 2019 outstanding public debt of U.S.\$15,386.9 million as of December 31, 2019. Non-financial public sector domestic debt, which does not include debt contracted between non-financial public sector entities, was U.S.\$5,101.0 million, representing an increase of 19.8% from U.S.\$4,258.6 million as of December 31, 2020. The non-financial public sector domestic debt represented 28.0% of our total outstanding public debt as of June 30, 2021. The Central Bank's debt, which is entered into for monetary purposes, was U.S.\$529.4 million as of June 30, 2021, a decrease of 10.8% from U.S.\$593.6 million as of December 31, 2020. The Central Bank's debt represented 2.9% of our total outstanding public debt as of June 30, 2021. Finally, our total outstanding public external debt was U.S.\$12,566.3 million as of June 30, 2021, an increase of 3.2% from U.S.\$12,171.7 million as of December 31, 2020, and represented 69.1% of our total outstanding public debt as of June 30, 2021.

The 2022 Budget Law No. 1413 of December 17, 2021 authorized the incurrence of debt in the amount of U.S.\$2.0 billion through the issuance of bonds in the international capital markets in 2022. We intend to use the proceeds from the issuance of these bonds for general budgetary purposes and/or liability management, as provided for in the PGE 2022. We also intend to enter into one or more liability management transactions, which may include reopening of existing series of notes. However, there can be no assurance of when or if such a transaction will be undertaken or consummated.

Our gross public debt (domestic and external) has been allocated primarily towards public investment projects to benefit all of our citizens. In 2000, our total public debt balance was composed of 20.0% domestic debt and 80.0% external debt. In 2015, domestic debt increased to 43.6% of total public debt and external debt decreased to 56.4% of total public debt. As of December 31, 2019 the total public debt was composed of 26.8% domestic debt and 73.2% external debt. At the end of the first half of 2021, domestic debt accounted for 30.9% and external debt accounted for 69.1% of total public debt, given the implementation of various policies by the Government to address the COVID-19 pandemic and its effects on the economy with both domestic and external resources.

Total Public Debt Composition
(Period: 2015-2021; As of: June: Expressed in: percentages)



As of June 30, 2021, our total outstanding public external debt was U.S.\$12,566.3 million, or 31.0% of GDP, a decrease of 0.7% as compared to U.S.\$12,171.7 million as of December 31, 2020 (31.7% of GDP), and represented 69.1% of our total outstanding public debt as of June 30, 2021. The total public external debt due as of December 31, 2020 was U.S.\$12,171.7 million and represented an increase of 8.0% as compared to U.S.\$11,267.6 million as of December 31, 2019 (27.4% of GDP). Medium- and long-term public external debt disbursements in the first half of 2021 totaled U.S.\$666.4 million (1.6% of GDP), an increase of 156.1% compared to U.S.\$260.2 million in the first half of 2020 (0.7% of GDP).

Our current long-term foreign- and local-currency sovereign credit rating from Standard & Poor's ("S&P") is B+, our foreign currency government bond rating from Moody's is B2 and our foreign and national currency Issuer Default Rating ("IDR") by Fitch Ratings is B. Rating agency actions in 2019 and 2020 have decreased Bolivia's ratings due to political and social instability, the deterioration of external buffers and changes in our macroeconomic conditions. On the other hand, the rating agencies highlighted a favorable government debt profile, which includes modest short-term debt service needs.

Despite recent downgrades in our credit ratings, our credit ratings from S&P, Moody's, and Fitch Ratings have remained relatively stable in the last decade. On October 20, 2003, we had a B- with negative outlook long-term foreign- and local-currency sovereign credit rating from S&P's, which increased to a BB- on May 31, 2013. On June 11, 2014, our credit rating was changed to a BB. This was maintained until May 23, 2018, when it changed to a credit rating of BB-, which rating was affirmed, with a negative outlook on December 16, 2019. On April 17, 2020, S&P lowered Bolivia's sovereign ratings to B+ from BB- given the impact of the COVID-19 pandemic and the steep decrease in global energy prices. In March 2021, S&P changed its outlook from stable to negative, reflecting an assumption that an increase in the government's debt burden could weaken public finances.

Moody's assigned a foreign currency government bond rating of B3 on April 16, 2003 and Ba3 on August 8, 2013. This rating was maintained until 2019, with variations only in the outlook. On December 5, 2019, Moody's affirmed our sovereign credit rating of Ba3, downgraded the outlook from stable to negative. Subsequently, on March 10, 2020, Moody's downgraded Bolivia's credit ratings to B1 from Ba3, with negative outlook and on September 22, 2020 Moody's assigned a sovereign credit rating of B2 with stable outlook due to the material erosion of fiscal and foreign exchange reserve buffers, medium-term prospects for reduced economic growth, lower government revenue generation and weaker foreign exchange earnings in a context of relatively weak hydrocarbon sector demand and persistent policy uncertainty. In contrast, Moody's stated that the credit profile of Bolivia is supported by historically moderate-to-strong growth dynamics and significant, but declining, fiscal and foreign exchange reserve buffers. While Moody's expects the Government's debt burden to rise further over the coming years, Bolivia's favorable debt structure and high debt affordability should help mitigate credit risks and support its sovereign credit profile.

In September 2021, Moody's confirmed Bolivia's rating of B2 and downgraded the outlook from stable to negative. Moody's report mentioned that Bolivia's credit profile is supported by historically strong, although

moderated, growth dynamics and significant, but declining, fiscal and foreign exchange reserve buffers. The report also states that a favorable debt structure and high debt affordability also provide credit support, and that Bolivia's credit challenges relate to its relatively weak institutional and governance framework; high fiscal and economic reliance on hydrocarbon exports; comparatively low level of economic development, despite declining poverty rates; and heightened policy uncertainty. The coronavirus pandemic, combined with structural weakness in the country's hydrocarbon sector, have exacerbated the slowdown in GDP growth and the erosion of the sovereign's fiscal savings and foreign exchange reserve buffers.

Our foreign and national currency IDR by Fitch Ratings on March 17, 2004, was B-, it increased to BB- on October 9, 2013, BB- with positive outlook on August 12, 2014 and BB on July 15, 2015. On July 22, 2016 our foreign and national currency IDR was changed to BB-, and it remained stable until November 21, 2019, when it was downgraded. On November 21, 2019, Fitch Ratings downgraded our IDR from BB- to B+ with a negative outlook due to the dependency of the country on commodities and gas exports, which resulted in fiscal and external deficits, and also due to social and political instability after the 2019 elections. On September 30, 2020 Fitch downgraded Bolivia's credit ratings from B+ to B, with stable outlook due to deterioration in the country's growth prospects and public finances amid acute political tensions, which seemed likely to complicate policy adjustments to contain macroeconomic risks after upcoming elections. In contrast, Fitch stated that the ratings are supported by a favorable government debt profile, with a debt-to-GDP ratio below the peer median, low interest rates in relation to revenue sources, and low near-term maturities. Additionally, international reserves provide sufficient resources for near-term external debt service needs and imports. On September 24, 2021, Fitch Ratings affirmed Bolivia's Long-Term Foreign-Currency Issuer Default Rating (IDR) at 'B' with a Stable Outlook, establishing that Bolivia's rating is supported by a favorable government debt profile in terms of low interest costs and long-dated maturities. It is constrained by weak governance scores highlighted by recent political instability, a relatively deep economic recession in 2020 and slow projected post-pandemic recovery, a wide fiscal deficit, and vulnerabilities posed by international reserves that are low in the context of high commodity dependence and a stabilized exchange rate regime. The Stable Outlook reflects stronger terms-of-trade that are helping arrest the erosion of international reserves and contain associated near-term macroeconomic risks.

Agency ratings are not a recommendation to buy, sell or hold any security, and they may be revised or withdrawn at any time by the issuing organization. Each agency's rating should be evaluated independently of any other agency's rating, as each agency has different evaluation criteria.

Use of Proceeds of Sovereign Bonds

Proceeds from Bolivia's sovereign bonds issued in the international capital markets during 2012, 2013 and 2017 have been invested in the expansion of the national highway network, improving highway infrastructure, and improving hospital programs as shown in the tables below.

Projects Funded with 2012 and 2013 Sovereign Bonds

No.	Project	Benefited Department	Amount Funded (in millions of U.S.\$)
1	Two-way road construction Caracollo – Confital.	Oruro-CBBA	172.5
2	Two-way bridge construction Ichilo – Ivirgarzama.	CBBA – Santa Cruz	138.9
3	Highway construction Revelo – Llallagua, highway construction Ravelo – Sucre, and paving section Santa Barbara – Quiquibey.	La Paz – Potosí – Chuq.	118.7
4	Highway construction between Rios Palos Blancos.	Tarija	84.0
5	Highway construction San Ignacio – Puerto Ganadero.	Beni	81.0
6	Highway Porvenir – El choro, section Puente Rico – El Sena.	Pando	77.9
7	Two-way road construction Rio Seco – Huarina.	La Paz	60.9
8	Highway construction Turco Cosapa – Cruce Ruta F4.	Oruro	49.4
9	Two-way road construction Huarina – Tiquina.	La Paz	40.3
10	Madre de Dios bridge construction.	Pando	29.9
11	Two-way road construction Huarina – Achacachi.	La Paz	24.0

No.	Project	Benefited Department	Amount Funded (in millions of U.S.\$)
12	Second cross construction Rio Seque – La Cumbre La Paz.	La Paz	21.9
13	Rurrenabake bridge construction.	Beni – La Paz	20.0
14	Beni 2 bridge construction.	Beni – Pando	19.1
15	Ciudad de Huanuni bypass construction.	Oruro	12.1
16	Ipurupuru – Machupo I and II building construction.	Beni	8.1
17	Productive infrastructure and social projects (La Paz Department bridges).	La Paz	5.1
18	Construction of 46 bridges in productive areas of Trópico de Cochabamba.	CBBA	5.0
19	Mineros bridge.	Santa Cruz	4.5
20	Other.	Several	26.7
Total			1,000.0

Projects Funded with 2017 Sovereign Bonds

No.	Project	Amount Funded (in millions of U.S.\$) (As of December 31, 2019)(1)
1	Construction of the Metropolitan Train of Cochabamba.	266.7
2	Nuclear Medicine Center and Radiotherapy.	66.8
3	Hospitals Program – Construction and Equipment Supply.	230.3
Total		563.8

- (1) Represents amounts funded for the respective projects as of December 31, 2019 from the U.S.\$1.0 billion of gross proceeds from the 2017 Sovereign Bonds. Investments in each project are expected to increase as development on each project progresses.

Since 2006, our external debt indicators have remained at levels that we consider adequate to confirm the sustainability of our external debt, and which are below the reference limits set by international financial institutions such as the IMF and the World Bank.

We consider the following ratios to be the most important metrics in analyzing debt sustainability: our medium- and long-term external debt service-to-exports ratio, our balance of medium- and long-term external debt-to-exports ratio, and our balance of medium- and long-term external debt to GDP ratio. As of June 30, 2021, our medium- and long-term external debt service-to-exports ratio was 9.5%, a decrease compared to 10.8% as of December 31, 2020, our balance of medium- and long-term external debt-to-exports ratio was 152.3% as of June 30, 2021, a decrease from 161.0% as of December 31, 2020, and our balance of medium- and long-term external debt to GDP ratio was 31.0%, a decrease from 31.7% as of December 31, 2020.

The following table shows medium- and long-term external debt indicators as of the each of the past six years ended December 31, 2020 and for the six months ended June 30, 2020 and 2021:

Medium- and Long-Term Public External Debt Indicators

	As of December 31,(1)						As of June 30,	As of June 30,
	2015	2016	2017	2018	2019	2020	2020	2021
External Debt/GDP	19.9%	21.3%	25.0%	25.1%	27.4%	31.7%	28.43%	31.0%
External Debt Service/Exports	5.4%	5.7%	6.1%	6.7%	7.7%	10.8%	9.40%	9.5%
External Debt/Exports	66.6%	87.8%	98.3%	98.3%	109.8%	161.0%	209.57%	152.3%
External Debt Service/GDP	1.6%	1.4%	1.5%	1.7%	1.9%	2.1%	1.1%	1.0%

Source: Central Bank

Note: Calculation based on end of period stock; exports and GDP are estimated for 2021.

- (1) See “The Bolivian Economy—Gross-Domestic Product—GDP growth rate and nominal amount by type of expenditure” for our total GDP and exports for each period and “Public Sector Indebtedness—Public External Debt—Medium- and Long-term Public External Debt” for our total external debt and “Public Sector Indebtedness—Public External Debt—Medium- and Long-term Public External Debt Service” for our external debt service.

Developments in Multilateral Financing and Central Bank Liquidity Measures

In an effort to promote the timely availability of public resources to address the healthcare crisis as a result of COVID-19 and to mitigate its effects on the national economy, the Government negotiated loans from international agencies for an approximate total amount of U.S.\$1.7 billion in 2020. This amount includes a U.S.\$254.3 million loan from the International Bank for Reconstruction and Development (“IBRD”) and the International Development Association (“IDA”), to be used for Bolivia’s temporary cash-transfer programs to assist vulnerable households impacted by Government measures related to the COVID-19 pandemic; a EUR100 million loan from the Agence Française de Développement (“AFD”) for related relief measures; a U.S.\$450 million loan from the Inter-American Development Bank (“IDB”) to support vulnerable populations affected by the COVID-19 crisis in order to ensure minimum levels of quality of life for the most vulnerable people and households through the financing of cash transfers and subsidies (such as for basic electricity consumption); a total of U.S.\$400 million in loans from the CAF - Development Bank of Latin America, to strengthen the response capacity of the health system of Bolivia to attend the health emergency and to provide financial support in order to mitigate the economic impact of the pandemic; and an aggregate of U.S.\$130 million in loans from the IDB to support the short-term financial recovery of micro, small and medium enterprises. In addition, the Central Bank has provided emergency loans to the Government in the amounts of Bs.7.0 billion and Bs.1.8 billion, for a total of U.S.\$1,282.8 million, to help address the direct and indirect effects of the national health and economic crisis in connection with the coronavirus outbreak. See “Recent Developments—Response to the Health and Economic Crisis as a Result of COVID-19.”

The external financing arrangements described above are subject to approval by the Plurinational Legislative Assembly. While the executive branch is authorized to negotiate these external financing arrangements, the Bolivian Political Constitution grants the Plurinational Legislative Assembly final power to approve external financing arrangements such as those described above. Approval for such arrangements may be granted after deliberation by the Chamber of Deputies, after which a proposed law to approve the arrangements is sent to the Senate.

Certain of the external financing arrangements described above have been reviewed by the planning and economics committee of the Chamber of Deputies, which has requested supplemental information from the executive branch as part of the ongoing approval process.

The Legislative Assembly has approved, and we have received, loans totaling U.S.\$1,204.0 million, including a U.S.\$400 million loan from CAF, a U.S.\$450 million loan from IDB, U.S.\$254 million loans from IBRD and IDA, and a EUR100 million loan from the AFD between 2020 and 2021. The Government continues its relationship with the IMF. However, the financial assistance that was provided to Bolivia by the IMF in April 2020 was returned by the Central Bank in February 2021, as it was not approved by the Legislative Assembly in 2020 as required pursuant to articles 158 and 322 of the Bolivian Political Constitution, despite the prior administration’s position that such approval was not required given that the IMF’s rapid financing instrument consisted of a currency exchange.

Disbursements received during the first half of 2021 totaled U.S.\$666.4 million. Our main multilateral creditor was CAF, with a total of U.S.\$366.4 million in loans, followed by the World Bank, with a total of U.S.\$75.4 million in loans, and IDB, with a total of U.S.\$45.5 million in loans, among others. Disbursements in the first half of 2021 were allocated to fight the impact of the COVID-19 pandemic through budget support, infrastructure, basic sanitation and energy projects, among others.

On October 2021, IDB approved a U.S.\$500 million loan to Bolivia that seeks to support the Government’s efforts to assist the most vulnerable populations affected by the COVID-19 pandemic through the delivery of cash transfers. The Government is currently coordinating with IDB to document and fund this loan.

Principal Industrialization and Other Projects

The main investment projects in the production sector for 2021 included the implementation of basic steelworks for the manufacture of rolled steel at El Mutún, which as of December 2020 reported a 38.8% of physical completion and a 33.6% of financial completion (U.S.\$147.1 million budgeted, with an execution level of 57.9% as of August 2021), Construction of the Ivirizu Hydroelectric Power Generation Plant (U.S.\$126.9 million budgeted, with an execution level of 36.9% as of August 2021), Construction of the Río Miguillas La Paz Hydroelectric Power Station (U.S.\$70.8 million budgeted, with an execution level of 6.2% as of August 2021) and the Construction and implementation of a research and development center for nuclear technology and associated laboratories (U.S.\$62.7 million budgeted, with an execution level of 33.4% as of August 2021). Hydrocarbon exploration projects included the implementation of the National Natural Gas Network Distribution Project (U.S.\$49.3 million budgeted, with an execution level of 8.6% as of August 2021), the exploration and drilling of the Villamontes X7 Tarija Well (U.S.\$44.3 million budgeted) and the integrated development of the Salar de Uyuni salt flat (U.S.\$29.6 million budgeted with an execution level of 39.3% as of August 2021).

The main investment projects in the infrastructure sector for 2021 were the construction of a two-lane highway, the Central–El Sillar Section (U.S.\$187.8 million budgeted, with an execution level of 49.2% as of August 2021), the construction of the Rurrenabaque–Riberalta Highway (U.S.\$111.9 million budgeted) and the construction of the El Espino–Charagua–Boyube Highway (U.S.\$99.2 million budgeted, with an execution level of 42.3% as of August 2021).

With respect to investment in the social sector (education and culture, healthcare and social security, sanitation and urban planning, and housing) for 2021, notable projects included the implementation of nuclear medicine and radiotherapy centers at Santa Cruz, El Alto and La Paz (U.S.\$62.6 million budgeted, with an execution level of 13.3% as of August 2021), the construction and equipment of a Level-III healthcare facility at Potosí (U.S.\$31.2 million budgeted), Mother-Child Social Protection program (U.S.\$30.4 million budgeted, with an execution level of 56.2% as of August 2021), and the fortification of the national COVID-19 pandemic response (U.S.\$25.0 million budgeted).

With respect to multi-sector investment projects, the Government had budgeted U.S.\$39.5 million for the implementation of the Multisector Support Program for Autonomous Municipal Governments (*Gobiernos Autónomos Municipales* or GAMS) and Autonomous Departmental Governments (*Gobiernos Autónomos Departamentales* or GADS), U.S.\$21.9 million for the implementation of an integrated air-defense and air-traffic-control system and U.S.\$9.3 million for the implementation of the Rural Alliances II Project — Additional National Financing.

Principal Results in Key Economic Sectors

Bolivia's key economic sectors are manufacturing, agriculture, financial services and public services, which as of December 2020, accounted for 58.5% of the GDP, while individually representing 16.78%, 14.50%, 13.53% and 11.69% of the GDP, respectively. Economic activities in sectors linked to domestic demand, as well as policies implemented to promote industrialization were important in sustaining the growth of the Bolivian economy in the recent years. In particular, Bolivia has focused on strengthening its manufacturing and agriculture sectors and these two sectors have become key contributors to Bolivia's GDP.

For the nine-month period ended September 30, 2021, GDP was U.S.\$34,569.4 million, comprised of 48.9% by services and 45.9% by goods and grew 8.9%, an increase in comparison to the same period in 2020 when GDP decreased 12.6%. For the nine-month period ended September 30, 2021, the highest growth was recorded in the following sectors: mining (53.8%), construction (29.1%) and transportation and telecommunications (26.9%).

Manufacturing

Manufacturing has been the most important contributor to Bolivian GDP in recent years. In 2020, manufacturing accounted for 16.8% of GDP and decreased by 8.4%, compared to 2019. The performance of this sector during 2020 was explained by the paralysis of manufacturing activities as a result of the rigid quarantine restrictions and the contraction of private consumption. With respect to the manufacturing industry, approximately 9,728 companies had valid business licenses in 2020, a decrease of 9.9% by comparison with 2019. Additionally, 409 cancelled their

licenses in 2020, a decrease of 13.3% compared to license cancellations in 2019. For the nine-month period ended September 30, 2021, manufacturing increased 7.5% compared to the same period in 2020 when it had decreased 16.4%.

The food industry declined by 3.4% in 2020 due, in part, to an 18.4% decrease in beverage production, attributable mainly to the lower demand that resulted from decreased social activities, prohibitions on the sale and consumption of alcoholic beverages during quarantine periods and restrictions on people's mobility. For its part, the food industry production increased by 11.8% due to the continuity of internal demand and was in line with the performance of the agricultural sector. Likewise, production by grain mills and bakeries, meat and dairy producers, tobacco producers and producers of other food products performed well in 2020. The meat sector grew by 2.2% due to exports mainly to China, after the Asian market opened to Bolivian exports in August 2019. On the other hand, sugar and confectionery production contracted by 6.6%, in line with lower industrial demand for sugar.

Production in other industries decreased by 13.9% with the fall of all activities in the interior, in terms of incidence, basic minerals (31.1% decrease as compared to 2019), non-metallic products (25.2% decrease as compared to 2019), manufacture of miscellaneous products (27.7% decrease as compared to 2019), products stand out. Metals, machinery and equipment (23.2% decrease as compared to 2019), chemical substances and products (13.6% decrease as compared to 2019), paper and products derived from paper (11.7% decrease as compared to 2019) and textiles, clothing and leather products (12.3% decrease as compared to 2019). The decrease in production of nonmetallic minerals was mainly due to decreases in cement production, which fell sharply in 2020 in line with the contraction of the construction sector due to the paralysis of public investment and the slowdown of private projects in the context of the rigid quarantine. Textile production was also affected and influenced the loss of jobs and the deterioration of households dedicated to the item.

The production of chemicals and chemical products decreased by 13.6% as this sector was mainly affected by the interruption of the productive processes of state companies due to plant stoppages for the production of urea and the halting of alcohol anhydrous purchases to sugar producers by YPFB, which consequently affected on the global performance of the sugar cane sector.

Similarly, in line with the lower hydrocarbon production in the country in 2020, the activity of refined petroleum products decreased by 2.5% explained by the decline in jet fuel production associated in turn with the paralysis of air transport due to the pandemic.

The stoppage of the Vinto smelter and the drop in tin production contributed to a decrease in base metals by 31.1%. Likewise, metal products, machinery and equipment fell by 23.2% due to the stoppage of production activity as a result of the COVID-19 pandemic.

For the nine-month period ended September 30, 2021, manufacturing increased 7.5%, composed of increases in the following sectors: metallics (52.5%), non-metallics (21.7%) and sugar and derivatives (20.3%).

Agriculture

The agricultural sector (which includes the agriculture, livestock, forestry, hunting, and fishing industries) has grown meaningfully in recent years, and now ranks among the most significant contributors to GDP growth, despite vulnerability to climate factors. See “—Sectoral Origin of Real GDP” above. In 2020, the agricultural sector grew by 2.2%, compared to 5.4% in 2019. For the nine-month period ended September 30, 2021, agriculture grew by 1.7%, a decrease as compared to the same period in 2020 when the sector grew by 3.12%. Within agriculture, non-industrial products (5.6%) and livestock (4.6%) were the sectors with the highest contribution to GDP for the nine-month period ended September 30, 2021.

Government policies aimed at the agricultural sector supported performance in this sector. These programs include: (1) EMPODERAR, which, through its investments and support, has benefited thousands of homes; (2) the FONADIN program, which has benefited families that are involved in the production of basic staples like coffee and vegetables; and (3) ACCESOS, which has contributed to strengthening the productive sector.

In 2020, non-industrial agricultural output grew by 2.2%, explained by growth in output of a number of products: 4.0% in tubers; 3.1% in oleaginous fruits; 0.1% in legumes and vegetables; and 0.8% in forages. On the other hand, the production of cereals decreased by 0.03%, the production of stimulants such as coffee and cocoa by 4.4% and fruits by 1.4%. These decreases were due to a drought in the valley region of the country.

During the 2018–2019 harvest cycle, agricultural production expanded by 2.2%, totaling 20.2 million MT. Among non-industrial agricultural products, grains, roots, fruits and vegetables accounted for 32.3% of total agricultural production and oleaginous fruits and forages accounted for 67.5%. In terms of industrial agricultural production, sugarcane accounted for 76.9% and soy for 21.5%. The positive prospects for sugar exports contributed to the growth of this product by 5.6%. Additionally, sunflower production showed an expansion of 16.7%, attributable to favorable prospects for the foreign market.

Finally, the increase in agricultural and industrial production in recent years has resulted in a positive food supply and helped provide for low, stable food prices in local markets, which in turn has increased our population's access to these products.

Finance, Insurance, Real Estate and Business Services

Finance, insurance, real estate and business services performed positively in the last three years, consistent with the economic growth that followed the enactment of financial-services reforms in 2013. These sectors have become some of the most important contributors to total GDP growth and remained so in 2020. While the sector decreased by 4.7% compared to 2019, it still accounted for 13.5% of total GDP. In the aggregate, financial-services activity decreased by 0.5% in 2020, while business services increased 12.8% in 2020, compared to 2019. The share of homeownership among the population increased by 0.8% in 2020.

As of December 2020, financial-services activity registered a decrease of 1.8% as compared to an increase of 4.8% in 2019, associated with the economic contraction that the country experienced in 2020. Lending decreased by 2.8% compared to 2019, and the default rate declined to 1.5%. Credit growth in recent years has been closely related to higher loans directed toward production, which grew notably compared to 2013. In 2020, production lending reached U.S.\$13,033.5 million, an increase of 4.8% compared to 2019. Production loans were mainly directed to the manufacturing, construction, agriculture and livestock sectors. See “The Monetary System—Monetary and Finance Sector.”

As of September 30, 2021, the finance sector decreased by 3.6%, a higher percentage when compared to the same period in 2020 when the finance sector decreased by 2.10%.

Public Services

The public services sector represented 11.7% of real GDP in 2020, compared to 10.1% in 2019 and 10.2% in 2018. The sector grew 2.3% in 2020, primarily due to growth in the education, health and other services, as subcomponents of the public services sector. In 2020, although quarantine restrictions caused total or partial freezes in the provision of many public services, the provision of health services increased significantly in response to the COVID-19 pandemic. However, education services did suffer a sharp setback in 2020, primarily due to restrictions intended to counter the effects of the COVID-19 pandemic on students. For the nine-month period ended September 30, 2021, public sector services had decreased by 0.9%.

RECENT DEVELOPMENTS

Bolivian Economy

The 2021 Fiscal Financial Program has established a target GDP growth of approximately 4.4%, a period-end inflation rate of approximately 2.6% and a fiscal deficit of approximately 9.7% of GDP. These goals are subject to external factors beyond the Government's control, including the evolution of the ongoing COVID-19 pandemic, and are intended to guarantee price stability and external solvency. The Program takes into account Government

redistributive policies and social protections, like the Juancito Pinto, Juana Azurduy and Dignity Pension voucher programs.

The Bolivian economy has shown signs of recovery after the deep economic, political and social crises that have arisen as a result of the COVID-19 pandemic and the administration of the previous government. The country's economy grew by 9.4% as of June 30, 2021 (U.S.\$19,232,194) as compared to U.S.\$17,186,011 in June 30, 2020, when it experienced a contraction of 12.88% as compared to the year before. As of June 30, 2021 the economy was driven principally by the economic expansion in the mining sector (53.0%); construction (35.3%); transportation and storage (35.4%); hydrocarbons (17.9%); manufacturing (8.9%); electricity, gas and water (9.9%); and commerce (9.7%).

For the nine-month period ended September 30, 2021, GDP was U.S.\$34,569.4 million, comprised of 48.9% by services and 45.9% by goods and grew 8.9%, an increase in comparison to the same period in 2020 when GDP decreased 12.6%. For the nine-month period ended September 30, 2021, the highest growth was recorded in the following sectors: mining (53.8%), construction (29.1%) and transportation and telecommunications (26.9%). The inflation rate, as of November 30, 2021, was 0.96%.

As of November 30, 2021, the loan portfolio amounted to U.S.\$28,938.1 million and the default rate was 1.6%, while deposits amounted to U.S.\$30,205.9 million. As of November 17, 2021, the average lending interest rate was 5.79% for home loans and 11.41% for microloans, and the average deposit interest rate was 1.15%.

The open urban unemployment rate fell to 6.3%, as of September 30, 2021, while the total number of employed workers reached approximately 4.2 million people.

Bolivia has natural gas sales agreements with Argentina and Brazil, which began in 2006 and 1996, respectively. The initial agreement between Bolivia and Argentina, was executed by YPFB and ENARSA in 2006. Since then, the agreement has been amended five times to revise the stipulated mandatory minimum receipt and delivery volumes. The gas export contract with Argentina is still in force until 2026. In December 2020, a fifth addendum was signed, which provided for a minimum amount of 9 million cubic meters per day ("MMmcd") in 2021. For 2021, the average price of natural gas exported to Argentina is U.S.\$4.9 MMBtu. The daily quantity guaranteed by YPFB is between 11 and 14 MMm3 per day, for both summer and winter. See "The Bolivian Economy—Principal Sectors of the Economy—Petroleum and Natural Gas." On the other hand, the initial agreement with Brazil, executed by YPFB and Petrobras, began in 1996 and had a 20-year duration, from 1999 to 2018. In 2016, Brazil expressed an interest in continuing to purchase gas from Bolivia and extended the existing contract after its expiration in 2019. The agreement initially provided for a minimum quota of 16 MMmcd. Two amendments have been signed since, which establish a maximum volume of 30.1 MMmcd per day. On March 6, 2020, the eighth addendum to the gas export contract between YPFB and Petrobras was signed for a term of five years, and the daily amount guaranteed by YPFB was 20MMmcd with a minimum of 14MMmcd.

On December 31, 2020 an addendum to the natural gas sales agreement with Argentina was executed, effective from January 1, 2021 to December 31, 2021. Notwithstanding recent increases in international fuel prices, in light of the decrease in international fuel prices in 2020 and the COVID-19 pandemic, investments and development plans have been deferred in the fields that produce natural gas in Bolivia, which has impacted production for export. Although IESA has stated that in the Republic of Argentina there is demand, the amount set for 2021 is 9 MMmcd, reflecting a decrease of 10% from the amount of 10 MMmcd that had been set for 2020, as well as a reduction of the natural gas committed in the contract during the summer. As of the date of this Offering Memorandum, Bolivia and Argentina have agreed to continue negotiating a new addendum to extend the contract term.

While Argentina and Brazil have initially expressed interest in extending their contracts after the expiration dates in 2026 and 2025, respectively, there can be no assurance that the natural gas sales agreements with Petrobras and IEASA will be extended on terms favorable to us, or at all.

The Boicobo Sur-X1 and Margarita 10 gas wells, and the Yarará-X1 oil well will enter the production stage in 2022 and the demand for these resources, from both internal and external markets, is expected to be met.

Boicobo Sur-X1, which meant a discovery of around 1 trillion cubic feet (TCF) of gas, will enter the production stage in June, 2022, while Margarita 10 will contribute to production starting July 2022.

Similarly, production of the Yarará-X1 oil well is scheduled to begin in 2022 and is expected to produce between 300 and 400 barrels of crude oil per day.

In September 2021, Bolivia's Ammonia and Urea Plant restarted operations. The plant is expected to produce 590,000 MT by September 2022, of which 46,000 MT is expected to be sold within Bolivia while 391,000 MT, 125,000 MT, 22,000 MT and 6,000 MT are expected to be exported to Brazil, Argentina, Paraguay and Peru, respectively. In 2022, the plant is expected to operate at an average capacity rate of 85%, which guarantees a production of approximately 590,000 MT of urea. Of this volume, about 8% is destined to satisfy the demand of the domestic market (46,000 MT) and the surplus (544,000 TM) is expected to be destined to export markets such as Brazil, Argentina, Paraguay, Uruguay and Peru.

In October 2021, the planning, economic policy and finance commission (*Comisión de Planificación, Política Económica y Finanzas*) of the Plurinational Legislative Assembly received the bill of Law No.342/2020-2021 titled "Socio-Economic Development Plan 2021-2025, Rebuilding the Economy to Live Well, Towards the Industrialization with Import Substitutions" (*Plan de Desarrollo Económico Social 2021-2025, Reconstruyendo la Economía para Vivir Bien, Hacia la Industrialización con Sustitución de Importaciones* or "PDES"), which was subsequently approved by the Legislative Assembly and awaits final approval by the president.

The PDES contemplates investments of U.S.\$33,197 million through 2025, of which 53% will be directed to the productive sector to access new technologies that will allow certain strategic sectors, namely hydrocarbon, mining and energy to increase their surplus, while moving forward an industrialization process with import substitutions which will in turn allow for a diversification of the economic base, highlighting projects such as the production of renewable diesel, zinc refineries, the iron and steel plant of El Mutún, the basic chemistry industrial complex, the pharmaceutical industrial complex, the development of the Ichilo Mamoré waterway, the Paraguay-Paraná waterway, food processing and industrialization plants to reach self-sufficiency and food sovereignty. The infrastructure investments are contemplated to represent 34% of the 2021-2025 public investment and will be directed at providing support for implementing the productive projects. Another relevant characteristic is the social investment seeking to broaden public service access, which is expected to represent 11% of investments, including projects in hospital infrastructure, basic sanitation, urban planning and housing.

The PDES states that it is based on ten strategic pillars: (i) rebuilding the economy, resuming macroeconomic and social stability, (ii) industrialization with imports substitution; (iii) food security, promoting value added exports and touristic development; (iv) deepening of the natural resources industrialization process; (v) education, investigation, science and technology for the strengthening and development of productive capacity and potential; (vi) health and sports to protect life through integral care in pandemic times; (vii) judicial reform, digitalized and transparent public management: integral security and defense with national sovereignty; (viii) balanced and sustainable environment in harmony with mother earth; (ix) union and international relations; and (x) cultures, decolonization and de-patriarchalization for the cultural democratic revolution. This plan was elaborated and agreed upon based on the proposals collected in the nine departmental summits for the economic and productive recovery. These guidelines of socio-economic policy are intended to lead to GDP growth of 5.1% between 2021 and 2025, a reduction of moderate poverty by 19% on a national scale by 2025, a decrease of extreme poverty to 5.3% on a national scale by 2025. However, as with any economic projection, we cannot offer any assurance that these goals will be met as they are dependent on several factors, including the evolution of economic growth in Bolivia, that are outside of our control.

External Economy

The current account on the balance of payments for the six months ended June 30, 2021 was U.S.\$486 million, showing a surplus of 0.4% of GDP, due mainly to the growth in exports and the receipt of family remittances. The balance of trade showed an increased surplus by comparison with the previous quarter. The services account recorded a lower deficit due to lower debits in travel accounts, relating to the reduced flow of tourists traveling abroad together with lower payments for corporate services. With respect to primary income, results reflected increased payments of profits by direct investment companies. The increased level of remittances contributed favorably to secondary income

and consequently, to the current account and its surplus. As of September 30, 2021, the current account was U.S.\$1,026.3 million (2.9% of GDP).

The financial account showed a net issue of liabilities highlighting an increase in foreign direct investment flows by comparison with previous quarters, thus reflecting foreign investor trust. For the six-month period ended June 30, 2021 direct investment showed a net capital gain of U.S.\$276.8 million as a result of investments by foreign investors worth U.S.\$313.7 million and investment by residents abroad of U.S.\$36.9 million. The former can be explained mainly by a reinvestment of profits and the latter by loans between affiliated companies. In addition, a recovery of gross direct investment was recorded, by comparison with the same period in 2020, in the amount of U.S.\$128 million, focused mainly on the hydrocarbon, mining and industry sectors.

As of June 30, 2021, the balance of trade showed a surplus of U.S.\$1,162.7 million, the highest in the last seven years due to an increase in exports that reached their highest level since 2014, while imports experienced a more moderate recovery. As the first half of 2021, exports amounted to U.S.\$4,907.6 million, with the principal destinations of such exports being: Brazil (12.3%), Argentina (10.9%), India (11.7%), Japan (8.5%), Colombia (7.4%) and China (6.8%), and the relevant sectors for these exports being: hydrocarbons (U.S.\$1,081 million), minerals (U.S.\$2,510 million), non-traditional exports (U.S.\$1,291 million) and other goods (U.S.\$274.4 million). As of the first half of 2021, imports amounted to U.S.\$3,744.9 million, with the principal countries of origin being: China (21.9%), Brazil (18.7%), Argentina (11.4%), Peru (9.1%) and Chile (4.2%), and the relevant sectors for these imports being: consumer goods (U.S.\$974.8 million), intermediate products (U.S.\$2,307.7 million), capital goods (U.S.\$839.2 million) and miscellaneous (U.S.\$2.1 million). As of August 2021, the balance of trade shows a surplus of U.S.\$1,816.7 million with exports amounting to U.S.\$6,966.8 and imports amounting to U.S.\$5,150.1 million. Exports are mainly distributed as: minerals (U.S.\$3,604.7 million) hydrocarbons (U.S.\$1,535.3 million) and non-traditional exports (U.S.\$1,797.9). Imports are mainly distributed as: consumer goods (U.S.\$1,338.8 million), raw materials and intermediate products (U.S.\$3,202.8 million) and capital goods (U.S.\$1,129.1 million). As of November 30, 2021, the balance of trade shows a surplus of U.S.\$1,729.2 million, with exports amounting to U.S.\$10,023.2 million and imports amounting to U.S.\$8,294.0 million.

For the six months ended June 30, 2021, the value of exports increased by 54.4% compared with the first half of 2020, due to a positive performance by minerals and nontraditional products, both as to price and to volume. Over the same period, the export value of hydrocarbons recorded a similar increase, explained by a fall in the price of natural gas that offset the increase in volume. In addition, the value of imports increased by 29.5%, due mainly to the increase in the import value of consumer and intermediary goods. The import value of capital goods remained at a level similar to the level similar to the first half of 2020.

With respect to family remittances, these experienced a recovery as a direct result of the economic reactivation of certain countries where such remittances originate. Aggregate flow for the first half of the year reached U.S.\$687.7 million, 50.6% higher by comparison with that recorded for the same period in 2020. The remittances came mainly from Spain (35.1%), Chile (20.3%), the United States (20.3%), Argentina (5.5%) and Brazil (4.2%). We believe that the increased share in remittances from Chile and the United States reflects the success of the vaccine campaigns in those countries. As of September 30, 2021, remittances were U.S.\$1,027.3 million, an increase of 34.7% compared to the same period in 2020.

As of March 2021, the country's International Investment Position (IIP) was that of a debtor, amounting to 19.9% of GDP (U.S.\$8,064.0 million), explained mainly by a reduction in reserve assets and an increase in direct foreign investment liabilities.

As of June 30, 2021, the Net International Reserves ("NIR") was U.S.\$4,624.3, which was a decrease of U.S.\$651.7 million compared to the NIR as of December 31, 2020, primarily due to the outflow of US dollar in cash by U.S.\$1,227.4 million and the negative exchange rate variation of currencies like Gold, Euro, USD and Special Drawing Rights (SDR) by U.S.\$221.9 million, partly offset by an increase in cash of U.S.\$791.0 million and the income of \$6.6 million obtained from investments made with international reserves. The NIR/GDP ratio had reached 11% in the first half of 2021. As of June 30, 2021, the level of reserves covers six months of imports of goods and services, above the traditional metric of three months established by international organizations to evaluate the minimum level of reserves. As of December 24, 2021, the net international reserves amount to U.S.\$4,862 million.

Monetary System

With respect to monetary and financial variables, the monetary base recorded a year-on-year increase of 11.9%, explained by an increase in foreign currency banking reserves via voluntary contributions by EIFs to the Fund for Lending to Productive Sector and to Social Housing (*Fondo para Créditos destinados al Sector Productivo y a Vivienda de Interés Social*, or the “CPVIS Fund”), specifically, the CPVIS II Fund, offset in part by the seasonal decline in money in circulation (bills and coins).

Currency issuance also declined in 2020. The measures taken by the Government in early 2020 in response to the COVID-19 pandemic generated negative expectations across all demographics in the local economy and as a result, demand for money in circulation increased beyond normal levels. However, since late 2020, expectations have moderated and currency issuance has resumed its seasonal behavior.

Similarly, the availability of money, as represented by key monetary measures, reflected confidence in the country’s financial system. For the six months ended June 30, 2021, the broadest measures (M3 and M’3) showed increased rates of growth of 3.2% and 4.3%, respectively, due to an increase in long-term deposits, offset by a reduction in bills and coins. We believe this preference by the public for savings-related deposits is an indication of confidence in the financial system. In addition, the narrowest measure (M1) recorded a negative growth rate or decrease of 1.2% during the same period, due to lower balances of demand deposits due to negative expectations for growth.

In a post-lockdown scenario characterized by sector-specific recoveries, EIFs favored stable long-term financing, keeping their interest rates on liabilities at high levels. Assets increased as a result of an increase in the volume of high-interest credit operations being recorded in microloans and consumer loans, operations that had been paralyzed during the COVID-19 pandemic but have since begun to recover. Finally, as a result of low and stable inflation, real interest rates increased, improving collection performance during the economic reactivation.

As of June 30, 2021, the balance of public deposits in the financial system had increased by 5.6% (to U.S.\$29,049.2 million) compared to the same period in the previous year. This helped maintain a considerable positive gap in the credit portfolio, strengthening its position as the main source of funding for financial intermediation activity. This result reflected an increase in both fixed-term deposits and savings accounts, an indication of the preference for deposits that offer earnings and favor savings. As of November 30, 2021, the loan portfolio amounts to U.S.\$28,938.1 million and the default rate is 1.6%, while deposits amount to U.S.\$30,205.9 million.

As of June 30, 2021, inflation remained low (0.19%) due to factors including increased demand as the economy continued recovering from the effects of the COVID-19 pandemic and the measures adopted in response in 2020. A reduction in the prices of goods and services in the domestic market was explained by supply shocks (high supply of certain foodstuffs met with price discounts by companies), a recovering domestic demand and a fall in imported inflation. The inflation rate as of November 2021 was 0.96%.

Currency-exchange policy in 2020 retained its focus on exchange-rate stability, in light of the elevated exchange-rate volatility prevailing in the region. We believe this stability in Bolivia was decisive in setting expectations on the price of the dollar, helping to keep inflation low, favoring an expansionary monetary policy and encouraging the Bolivianization of the economy.

With respect to fiscal year 2021, the expansionary focus of monetary policy has been strengthened by the adoption of various conventional and unconventional methods of maintaining appropriate levels of liquidity in the financial system in order to promote the credit portfolio, such as liquidity loans to EIFs guaranteed by the CPVIS II and III Funds. This helped bring about a reduction in the rates for interbank operations, such as repurchases in the monetary market, and contributed to a recovery of the financial system portfolio, which reached U.S.\$27,990.5 million as of June 30, 2021, a 3.2% increase compared to June 30, 2020. In addition, the term of the CPVIS Fund was extended due to the fund’s effectiveness for injecting resources into the financial system, in addition to facilitating the entry of liquidity to the domestic economy and increasing credit resources in domestic currency. In addition, in collaboration with the Financial System Supervisory Authority (“ASFT”), the limits on foreign investment by EIFs were reduced,

and sovereign debt bonds were included within those limits, with the aim of prioritizing one of the resources available to the national economy.

Public Finance

The 2022 Government Budget presented by the Ministry of Economy and Public Finance and approved by the Legislative Assembly estimates, as a macroeconomic goal for 2022, a growth rate of 5.1%, an inflation at the end of the period of 3.4% and a fiscal deficit of 8.0%.

The consolidated PGE 2022 total expenditure (current and capital) amounts to Bs.173,994.4 million, an increase of 8.8% as compared to the approved PGE 2021. The PGE 2022 aims to rebuild the economy and among the objectives are the transformation of the productive sector with import substitution and industrialization, the continuity of the implementation of social policies with income redistribution, safeguarding the sustainability of public finances and guaranteeing resources for health, education, housing, basic services and others.

Response to the Health and Economic Crisis as a Result of COVID-19

COVID-19 is an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2). The disease was first identified in 2019 in Wuhan, the capital of Hubei province in central China, and has since spread globally, resulting in a global pandemic that has affected more than 200 countries. To prevent the spread of COVID-19, various governments implemented in 2020 a number of measures to varying degrees, including travel restrictions, quarantines, isolation, cancellation of events and the closure of public places and business establishments. These measures decreased business productivity, disrupted supply chains and reduced consumption and travel globally in 2020.

In 2021, in an effort to curb the spread of COVID-19 in Bolivia and its effect on the Bolivian economy, the Government has implemented various measures to help the most vulnerable families in the country and prioritize Bolivian lives. These measures seek to improve healthcare conditions, ensure the continued provision of essential goods and services and promote economic and fiscal recovery.

The Government implemented a number of measures to support the population, including authorizing payment deferrals for loans in the national financial system, which ultimately did not appear to generate a significant impact on the financial system, but resulted in an interruption of cash flows towards financial entities, subsidizing electricity bills (the final domestic consumers were given a discount which, pursuant to regulation, was later reimbursed by the Government to the energy distribution companies), and supporting welfare programs, such as continuity-of-dignity income payments, hunger-relief vouchers (*Bono Contra el Hambre*), the Juancito Pinto cash-transfer program and the Juana Azurduy voucher program.

In 2021 through Supreme Decree No. 4451, measures and actions were aimed at continuing to contain and reduce contagion in the second wave of COVID-19, in order to protect the health and life of the population. On February 27, 2021, the Emergency Health Law (No. 1359) was enacted to protect public health by providing for free immunization, allowing for the contracting of goods, works and services and providing exemptions from taxes. Diagnostic tests, vaccines, drugs, supplies and medical equipment necessary for the prevention and containment of the COVID-19 pandemic acquired by the public sector during the period of national health emergency will be exempt from customs duties. Two opposition political alliances, *Comunidad Ciudadana* and *Creemos*, filed abstract claims of unconstitutionality against the above referenced Law No.1359 in March and April 2021, respectively; however, such claims have not yet been resolved by the Plurinational Constitutional Tribunal (*Tribunal Constitucional Plurinacional*).

The Government's Strategic Plan to Fight COVID-19 focuses on the prevention of the disease and the promotion of health. The plan is built on three pillars: (1) widespread testing to identify levels of infection and reduce mortality rates; (2) management of the purchase of vaccines; and (3) coordination across all levels of Government. As part of the Government's measures to address the pandemic, it has increased the acquisition of medications and nasal antigen tests. The budget allocated for the health sector in 2021 was Bs.2,546.0 million, of which 37.2% was destined for

vaccines and 24.6% for tests and medicines. As of October 31, 2021, 4.0 million diagnostic tests and 21.5 million vaccines had been purchased, and 6 million vaccines are expected to arrive in the upcoming weeks.

In addition to these testing and vaccination acquisitions, the Government arranged for the purchase of around 20 tons of medications that counter the disease's symptoms (including oxygen and medications required for intensive therapy or care) from India and 23 tons from China, mostly for treatment in intensive care units (ICUs). The Government also placed a priority on hiring healthcare workers, including 3,025 professionals and support staff, to help in the fight against COVID-19.

Mass vaccination efforts against the coronavirus in Bolivia began in late February 2021. As of January 5, 2022, 4.9 million first doses, 3.7 million second doses, 596,010 third doses, and 992,616 single dose vaccines have been administered and approximately 55.3% of the vaccine-eligible population has been vaccinated. The vaccines are currently available to the population that is 5 years of age or older and third doses are available to all persons who have been vaccinated for at least two months.

The current Government is implementing a program to rebuild the country's economy, reactivate the domestic market, and support domestic industry to improve growth conditions. In this context, on the demand side, (1) the payment of hunger-relief vouchers was approved, which consists of a single payment of Bs.1,000 (U.S.\$145.8); (2) the payments under the Distribution System and Retirees programs were increased; (3) the "Refund of the Value Added Tax" was enacted, which consists of the refund of up to 5% on sales for low-income individuals with monthly income below Bs.9,000, of the beneficiaries of this fiscal policy 60% consist of formal wage-earners and the remaining 40% consist of retirees or independent workers; (4) "Tax on Large Fortunes," approved by Law No. 1357, which consists of a tax ranging from 1.4% to 2.4% on resident and non-resident persons in the country whose total personal wealth as of December 31 of each year is greater than Bs.30.0 million, or its equivalent in foreign currency; and (5) the extension of the additional 22% corporate income tax on net profits applied to banks, to financial leasing companies, general deposit warehouses, investment management companies, stock exchange agencies, securities companies, insurers and reinsurance companies.

To address supply chain issues, the Government created a trust fund called "SI BOLIVIA" in the amount of Bs.911.1 million in support of the productive sector and to promote the import substitution policy. The objective of the SI BOLIVIA trust fund is to grant credits for the financing of capital operations and/or investments, with the purpose of supporting micro, small, medium and large enterprises. Producers may access investment capital and working capital credits at an interest rate of 0.5%, with terms of five to ten years for investment capital and three years for operating capital. As of December 5, 2021, the credits issued by the trust have allowed 5,091 micro-, small-, medium- and large-scale businesses to reopen via disbursement of Bs.543 million.

With respect to economic reactivation and promotion of the import-replacement policy, Law No. 1391 of August 31, 2021 provides tax incentives for the import and commercialization of capital assets and industrial plants for the agricultural and industrial sectors.

Public investment was increased to U.S.\$4,011.0 million, public companies are being strengthened, credit restructuring programs have been implemented with a six-month grace period for repayment, a state-sponsored virtual market for electronic auction is being implemented, and increased lending to the productive sector is being encouraged. Finally, support has been provided to social housing programs and to promote domestic tourism.

Pursuant to the PGE 2022, economic rebuilding is expected to be stimulated mainly through the increase in levels of public investment from U.S.\$4,011.0 million in 2021 to U.S.\$5,015.0 million in 2022, which constitutes a fundamental pillar of the economic model, due to its capacity to increase growth of the economy.

Between 2020 and 2021, in an effort to promote the timely availability of public resources to address the healthcare crisis as a result of COVID-19 and to mitigate its effects on the national economy, the Legislative Assembly approved, and we received, loans totaling U.S.\$1,204.0 million, including U.S.\$400.0 million from CAF, U.S.\$450 million from IDB, U.S.\$254 million from IBRD and IDA, and EUR100 million from AFD.

In August 2021, the Board of Governors of the IMF approved, under the framework of its Articles of Agreement which were approved by Bolivia by way of the Law of December 12, 1949, a General Allocation of 456 billion Special Drawing Rights (“SDRs”), equivalent to U.S.\$650 billion, with the aim of improving global liquidity and addressing the impact of the COVID-19 pandemic. As a result of that allocation, Bolivia received 230.1 million SDR, equivalent to approximately U.S.\$326.4 million. The amount allocated was calculated based on the proportion of the country’s contribution to the IMF, allocation made and received under the framework of IMF’s Articles of Agreement which were approved by Bolivia by way of the Law of December 12, 1949.

As a consequence of the COVID-19 pandemic and the strict quarantine of 2020, many people lost their source of income generating difficulties to provide for their families. The Law for the Partial or Total Refund of Contributions (*Ley para la Devolución Parcial o Total de Aportes*), Law No. 1392 of September 8, 2021 was regulated by way of Supreme Decree No. 4582, and with this regulation, the details and mechanisms under which an applicant may, once certain prior requirements are met, voluntarily request a refund of their personal pension are established. There are three mechanisms for refunds of contributions: (1) an applicant, regardless of age, whose balance in their personal pension account is less than or equal to Bs.100,000, may request a partial refund of up to 15% of their balance; (2) an applicant, regardless of age, whose balance in their personal pension account is greater than Bs.100,000, may request a partial refund of up to Bs.15,000; and (3) an applicant whose balance in their personal pension account is less than or equal to Bs.10,000, may request a total refund of their balance, if they are of 50 years of age or older. As of October 6, 2021, the Pension Fund Administrators (*Administradoras de Fondo de Pensiones* or “AFP”) started granting partial or total refunds of contributions through various financial institutions to people that are of 50 years of age or older. As of December 14, 2021, Bs.1,005.0 million had been returned to 24% of total qualifying applicants, benefitting 288,594 people.

In general, the Government is developing measures to strengthen the anti-cyclical effect of public policy through the temporary introduction of measures to protect the income of vulnerable households and to promote economic and fiscal recovery in the post-pandemic period.

In the face of this challenging scenario, Bolivia remains committed to maintaining macroeconomic stability, providing for the sustainability of public indebtedness, promoting competition and growth, and supporting the most vulnerable segments of the population. See also “Risk Factors—Risks Relating to Bolivia—The Bolivian economy and social system may be adversely impacted by COVID-19.”

Failed Elections, Interim and Current Government

On October 30, 2019, the Secretary General of the Organization of American States (OAS) and the Plurinational State of Bolivia signed agreements for an election integrity analysis to be conducted in connection with the general elections held on October 20, 2019, in order to make a detailed determination of how processes for the elections were managed, including tallying of votes, the transmission of preliminary results, tallying of final results, and the chain of custody of electoral materials. As a result of the audit conducted to analyze the electoral process, the preliminary report issued by the group of auditors on November 10, 2019 concluded that serious irregularities were identified in the election process, including with regards to use of technology, chain of custody, integrity of the minutes and statistical projections. As a result of the findings, the audit team explained that it was unable to validate the results of the election and recommended holding new elections. Additionally, the audit committee concluded that any future process should have new electoral authorities in order to carry out reliable elections. The final report of the OAS audit was delivered on December 4, 2019.

The failed elections and the social unrest in Bolivia that followed the Organization of American States’ report resulted in the resignations of former President Evo Morales Ayma and former Vice President Alvaro García Linera as well as the Senate president and Chamber of Representatives president, who make up the constitutional line of succession to the presidency. The President and Vice President’s resignation and indefinite absence, after they left the country on November 11, 2019 to obtain asylum in Mexico, left a vacancy for the presidency and vice presidency, and, as such, a power vacuum in the Government. On November 12, 2019, Jeanine Añez, who was the second vice president of the Senate of the Plurinational State of Bolivia, assumed the presidency.

On November 24, 2019, the interim government pledged through Law 1266 to pacify the political and social unrest in Bolivia and to ensure a transparent electoral process. In order to restore normalcy, Law 1270 was passed on January 20, 2020, extending the period of the mandate of interim President Añez, the Members of the Plurinational Legislative Assembly and the Elected Authorities of the Autonomous Territorial Entities until the new authorities take power for the period from 2020 to 2025. The elections for President and Vice President were scheduled to be held on May 3, 2020. Notwithstanding, general elections were postponed and rescheduled to take place on October 18, 2020 pursuant to Law No. 1297 of April 30, 2020, as subsequently modified by Law No. 1304 of June 21, 2020 and Law No. 1315 of August 13, 2020.

On October 18, 2020, Luis Alberto Arce Catacora (former Minister of the Economy and Public Finance) and David Choquehuanca Cespedes (former Foreign Minister) of the Movement for Socialism (MAS) political party were elected President and Vice President, respectively, of the Plurinational State of Bolivia with a 54.73% majority from a total of 6,313,459 votes cast, which was 26 % higher than the second place candidates. On November 8, 2020, they were sworn in as President and Vice President of the Plurinational State of Bolivia, each for five-year terms.

In November 2020, Lidia Patty, a former deputy of the Movement for Socialism (MAS) political party, filed a complaint with the Public Ministry, accusing officials who backed the ousting of former president Evo Morales of sedition, terrorism and conspiracy. As a result of the related investigations, Jeanine Añez (former Senator from Beni and the prior interim President) was taken into preventative custody in March 2021. In May 2021, the investigation into the alleged coup d'état was supplemented by an investigation into additional charges against Ms. Añez for alleged "resolutions contrary to the Constitution and laws" of Bolivia and "breach of duty". The criminal investigation into the alleged crimes of sedition, terrorism and conspiracy is being conducted by the Criminal Instruction Judge No. 10, while the investigation into the alleged crimes of "resolutions contrary to the Constitution and laws" of Bolivia and "breach of duty", which was being conducted by the Criminal Instruction Court No. 2, has concluded and is now awaiting the start of the corresponding trial proceedings before the Anticorruption Sentencing Tribunal No. 1.

In addition, Ms. Añez may be subject to prosecution for conduct during her time as President. Law No. 044 of October 8, 2010 governs the prosecution of Bolivia's President and Vice President, as well as certain other high-ranking government officials, for crimes allegedly committed within the scope of their official duties. Ms. Añez could be prosecuted under this law for charges related to (1) the death of supporters of former president Morales during post-election protests in the towns of Sacaba and Senkata, (2) seeking a loan from the International Monetary Fund without parliamentary authorization, (3) the expansion of a business-licensing concession to Fundempresa and (4) preventing Bolivian nationals from returning to Bolivia during a COVID-19-related quarantine in 2020.

Following the procedures outlined in Law No. 044, the Supreme Court of Justice has sent the four aforementioned charges formulated by Bolivia's Attorney General to the Plurinational Legislative Assembly, where the Assembly must authorize the trial by a two-thirds majority before a trial proceedings against Ms. Añez may take place.

In August 2021, counsel for Ms. Añez filed a request for precautionary measures before the Inter-American Commission on Human Rights asking that the Government protect the former interim President and grant her house arrest due to health concerns. Taking the information provided by both parties into account, on October 7, 2021, the commission decided to dismiss the request for precautionary measures, while noting that it is important that the State continue to guarantee adequate and decent conditions for her detention, in compliance with the Inter-American minimum standards on the subject.

In connection with the proposed prosecution and accusations of Ms. Añez and related officers, political parties and other civil organizations have raised concerns over the interim detention of Ms. Añez and such officers, arguing that under applicable criminal law, she could defend herself without being held under arrest or while under preventive house arrest. Certain parties have also expressed concerns as to whether Ms. Añez's detention should not be processed as an ordinary criminal proceeding but rather as a political responsibility proceeding. As of the date of this Offering Memorandum, other than defenses by Ms. Añez's counsel at ordinary proceedings by public Prosecutors now in course, no legal action has been taken in respect of these concerns, but we cannot offer any assurance that the opposing political parties and other civil organizations will not themselves initiate or take legal or other actions in the future.

As of the date of this Offering Memorandum, the four accusations (*proposicion acusatoria*) against Mrs. Añez are awaiting the relevant report from the commission for plural justice, prosecutor's office and state defense of the Senate of the Plurinational Legislative Assembly. These reports are required for the discussion of the authorization of judgment by the Assembly. Considering that there are twenty other prior accusations (*proposicion acusatoria*), awaiting their corresponding report to advance to the Assembly's judgment authorization, the discussion of the provisional accusations against Ms. Añez may be delayed.

On March 7, 2021, the Government held regional and municipal elections, electing governors and legislative assemblies, as well as mayors and councils in municipalities and various other local offices. More than 4,000 representatives were elected for terms through 2026. See "Bolivia—Political and Legal System—Elections."

Furthermore, in the investigation that commenced in November 2019 against former officials of the Supreme Electoral Tribunal and others with regards to alleged electoral and other crimes, the prosecutors commission assigned to the case dismissed the charges in July 2021. Such dismissal was later ratified by the departmental prosecutor of La Paz who ordered the definitive closure of the case.

2021 Regulatory Advancements

Once the 20-year public concession granted in favor of Fundación para el Desarrollo Empresarial (FUNDEMPRESA), which is composed by the National Chamber of Commerce, the Chamber of Industry, Commerce, Services and Tourism of Santa Cruz, the National Chamber of Industries and the Chamber of Construction of Santa Cruz, finalized, Law N° 1398 of October 1, 2021 was enacted stating that the tuition of the Registry of Commerce be charged to the Ministry of Productive Development and Plural Economy (*Ministerio de Desarrollo Productivo y Economía Plural*). As a result, the Plurinational Registry of Commerce Service (*Servicio Plurinacional de Registro de Comercio* or "SEPREC") was established by way of Supreme Decree No. 4596 of October 6, 2021. The administration of the Commercial Registry by FUNDEMPRESA will end on March 31, 2022 and from April 1, 2022 the administration would pass to SEPREC.

The bill of Law No. 218/2020-2021 for the fight against the Legitimization of Illicit Profits, Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction or Non-Conventional Weapons was withdrawn from the Legislative Assembly due to opposition from certain sectors of organized civil society with regards to the drafting of the bill. Currently, the Government has expressed that it does not intend to redraft or resubmit the bill to the Legislative Assembly.

Some sectors of organized civil society such as trade unionists, carriers and opposition party politicians, who at the time closely followed the bill of Law No. 218/2020-2021 for the fight against the legitimization of illicit profits, financing of terrorism and financing of the proliferation of weapons of mass destruction or non-conventional weapons, which was withdrawn from the Plurinational Legislative Assembly, have requested the abrogation of Law No. 1386 that approves the national strategy for combating the legitimization of illicit earnings and the financing of terrorism and which has been in place since August 2021, arguing that such law establishes mandates which will affect all sectors in a cross-cutting manner. The Government, on the other hand, indicated that this regulation does not affect carriers, small traders or the trade sector, and, on the contrary, this law is preventive, considering that it defines the main guidelines for combating illicit profits and financing of terrorism, and will be regulated in cooperation with the social sectors involved in order to define the tasks that are to be carried out in accordance with the strategy. As of the date of this Offering Memorandum, such opposition parties have striked and engaged in social unrest in order to voice their opinion.

Law No. 1390 was approved on August 27, 2021 for the Strengthening of the Fight Against Corruption. The purpose of the law is to enhance the mechanisms and procedures established under Law No. 004 of March 31, 2010, for the Fight Against Corruption, Illicit Enrichment and Investigation of Fortunes "Marcelo Quiroga Santa Cruz", (i) the Penal Code, and (ii) the Penal Procedure Code generated observations with regards to the assignment of criminal liability to juridical persons.

2021 Fiscal Financial Program and Government Transparency

On March 18, 2021, the Ministry of Economy and Public Finance and the Central Bank announced the 2021 Fiscal Financial Program, a framework that established these two entities' macroeconomic goals for 2021. The policies of the 2021 Fiscal Financial Program focus on resuming the Productive Community Social Economic Model (*Modelo Económico Social Comunitario Productivo*) – model which consists of developing a productive Bolivia and is based on a redistributionist State that reallocates surplus from strategic surplus-creating sectors such as mining, hydrocarbon and electric to income and employment generating sectors such as manufacturing, industry, tourism and agricultural development – with the aim of rebuilding the economy and restoring financial stability. As of the date of this Offering Memorandum, the 2021 Fiscal Financial Program estimates for 2021 were GDP growth of 4.4% and an inflation rate of 2.6%.

The 2021 exchange-rate policy is expected to focus on preserving the exchange rate, maintaining price stability, promoting the consolidation of “Bolivianization” in the national economy to preserve the stability of the national financial system and mitigating the effects of external shocks. The policies will be directed to retake the Productive Community Social Economic Model with the aim of rebuilding the economy and consolidating economic stability. Fiscal policy is expected to return to its role as a promoter of public investment in strategic productive sectors, in order to strengthen industrialization and boost economic activity, and to its role as a redistributor of income, mainly favoring the most vulnerable population, with the purpose of reactivating demand. Monetary policy is expected to have an expansionary orientation in order to promote productivity, maintaining the stability of the internal purchasing power of the currency, to contribute to economic and social development.

Developments in International Relations

In January 2021, the ambassador of Mexico to Bolivia, María Teresa Mercado Pérez, returned to Bolivia, after being declared “persona non grata” and being expelled from the country in December 2019 by the transitional government in light of her alleged involvement in the Embassy of Spain’s security official’s plans to facilitate the escape of former authorities that were under asylum in the Mexican Ambassador’s residence in 2019. Additionally, once diplomatic relations with the State of Israel were reestablished during 2020, on January 21, 2021, the visa requirement for the entry of Israeli and American citizens into Bolivia was reinstated.

In 2021, the Government’s bilateral agenda with Chile is dynamic, spanning issues that include immigration, human trafficking and illicit migrant smuggling, contraband, electrical integration, drugs and related crimes, science, technology and innovation. Delegations from both countries met on April 30, 2021 in La Paz, Bolivia, where they agreed to create a roadmap for the normalization of bilateral relations. This roadmap would not address Bolivia’s demand that Chile grant it “sovereign access” to the Pacific Ocean.

In February 2021, the Government reestablished diplomatic relations with Cuba. The Government also exchanged diplomatic notes with Italy in February 2021 related to the Support Program for the Implementation of the Social-Healthcare System of the Department of Potosí – Phase IV. On February 23, 2021, the Government signed a technical cooperation agreement with Italy to combat violence against women.

In July 2021, as part of the 21st ministerial meeting of the CELAC in Mexico City, the Government signed a letter of intent with Mexico, aimed at strengthening productive dialogue for the design of projects for the exploitation, production and processing of lithium. The Government also reached an agreement with France in July 2021 on international adoption.

In 2021, the Government decided to resume diplomatic relations with Morocco, normalize its bilateral relationship with Spain and reestablish diplomatic relationships with Iran and Nicaragua after the closure of embassies in both countries by the transitional government. In addition, the following treaties and protocols were ratified: Protocol against Illicit Manufacturing and Trafficking in Firearms, Their Parts and Components and Ammunition (supplemental to the Convention Against Transnational Organized Crime), the Doha Amendment to the Kyoto Protocol and the Amendment to the Montreal Protocol on Substances that Deplete the Ozone Layer.

In November 2020, at the inauguration of the constitutional president of the Plurinational State of Bolivia, Luis Arce Catacora, and the president of Colombia, Ivan Duque, proposed holding the first presidential and binational ministerial cabinet meeting. Diplomatic relations were also re-established with Venezuela and Iran, after a year of interruption of diplomatic relations pursuant to a decision of the transitional government to sever relations with Venezuela and Iran.

SUMMARY INFORMATION

The following table presents certain key demographic and economic data for Bolivia for the periods indicated.

	As of and For Year Ended December 31,				
	2016	2017	2018	2019	2020(p)
Demographic Characteristics(1)					
Total Population (million).....	11.0	11.1	11.3	11.5	11.7
Average Annual Growth (%).....	1.5	1.5	1.4	1.4	1.4
Infant Mortality Rate (per 1,000 live births)...	26.89	25.67	24.51	23.42	22.37
Average Life Expectancy (age).....	71.38	71.89	72.4	72.9	73.39
Moderate Poverty (%).....	43.0	42.2	39.9	37.2	39.0
Extreme Poverty (%).....	19.0	18.4	15.3	12.9	13.7
Bolivian Economy					
GDP growth rate and nominal amount by type of expenditure (in billions of U.S.\$)(p)					
Final Consumption of Government.....	6.0	6.4	7.1	7.5	7.2
Final Consumption of Household and NPISH.....	23.6	25.6	27.2	28.2	25.5
Variation of existences.....	0.1	0.4	0.2	0.4	0.0
Gross Fixed Capital Formation.....	7.1	8.0	8.2	7.8	5.7
Exports of Goods and Services.....	8.4	9.4	10.5	10.3	7.5
Import of Goods and Services.....	10.9	12.0	12.6	12.9	9.3
Nominal GDP(2)(3).....	34.2	37.8	40.6	41.2	36.8
Nominal GDP(2) (billions of Bs.).....	234.5	259.2	278.4	282.6	252.7
Nominal GDP(2) per capita (Bs./person).....	21,350.2	23,254.1	24,620.1	24,546.0	21,642.0
Growth Real GDP(2)(4) (%).....	4.3	4.2	4.2	2.2	(8.8)
Unemployment (%).....	4.4	4.5	4.3	4.8	8.4
External Economy (in millions of U.S.\$)					
Average Annual Nominal Exchange Rate (Bs./U.S.\$)(5).....	6.9	6.9	6.9	6.9	6.9
Goods Balance.....	(900.8)	(547)	(362)	(236)	436
Of Which: Exports f.o.b.	7,030.00	8,133.80	8,894.60	8,779.30	6,953.00
Of Which: Imports f.o.b.	7,930.80	8,680.90	9,354.50	9,068.30	6,517.00
Current Account Balance.....	(1,907.20)	(1,849.00)	1,724.98	1,397.56	(205.87)
Capital Account.....	30.9	3.2	6.7	1.9	12.60
Financial Account.....	(2,259.90)	(2,620.18)	(2,755.24)	(2,766.07)	(995.64)
Net Foreign Direct Investment.....	335.4	712.5	302.4	(216.6)	(1097.5)
Of Which: Gross.....	1,100.70	1,209.10	904.6	575.2	180.8
Errors and Omissions.....	(383.6)	(724.3)	1,037.0	(1,370)	743.4
Remittances.....	1,233.00	1,392.30	1,370.10	1,318.20	1,115.66
Net International Reserves.....	12,510.60	12,627.20	10,896.60	7,912.70	6,560.59
Of Which: Central Bank.....	10,081.00	10,260.60	8,946.30	6,467.50	5,275.94
Import Reserve Cover (months).....	0.11	0.11	0.09	0.06	0.08
Net International Reserves/GDP.....	0.29	0.27	0.22	0.16	0.14
Monetary System					
Monetary Base Variation (%).....	(11.80)	10.20	4.40	3.50	24.62
M'3(7) Variation (%).....	2.60	10.20	5.60	(0.30)	11.20
Public Deposits (millions of U.S.\$).....	22,462.00	24,803.30	26,270.10	26,221.54	29,084.21
Deposit Bolivianization (%).....	84.20	85.80	87.20	85.50	85.40
Loan Portfolio (millions of U.S.\$).....	19,333.20	21,730.80	24,911.23	26,493.52	27,465.47
Credit Bolivianization (%).....	97.00	97.80	98.40	98.70	98.80
Nonperforming Loans (%).....	1.60	1.70	1.80	1.90	1.50
Average Real Lending Interest Rate for National Currency (%).....	3.70	4.10	4.70	5.90	6.09
Average Real Lending Interest Rate for Foreign Currency (%).....	4.00	4.80	6.10	7.10	7.48
Inflation (% change in Consumer Price Index).....	4.00	2.70	1.50	1.50	0.70

	As of and For Year Ended December 31,				
	2016	2017	2018	2019	2020(p)
Public Finance(4)(p)					
Non-Financial Public Sector ("NFPS")	14,627.00	15,032.82	15,605.91	15,564.00	12,445.37
Current Revenue (millions of U.S.\$).....					
Of Which: Taxes (millions of U.S.\$).....	6,754.89	6,804.67	7,095.24	6,971.61	5,330.16
Of Which: Hydrocarbon Taxes (millions of U.S.\$).....	501.30	476.51	475.08	376.86	371.86
Of Which: Hydrocarbon Sales (millions of U.S.\$).....	4,214.46	4,398.98	4,993.88	5,030.52	4,350.79
NFPS Current Expenditures (millions of U.S.\$).....	11,324.09	12,217.54	13,692.91	13,956.58	14,690.95
Of Which: Goods and Services (millions of U.S.\$).....	4,634.75	5,105.60	5,561.84	5,689.52	4,960.11
NFPS Current Surplus (Deficit) (millions of Bs.)	22,657.93	19,312.84	13,123.18	11,026.84	(15,404.70)
NFPS Overall Surplus (Deficit) (millions of Bs.)	(16,882.59)	(20,278.04)	(22,670.21)	(20,404.76)	(32,075.93)
NFPS Overall Surplus (Deficit)(3) (millions of U.S.\$).....	(2,461.02)	(2,955.98)	(3,304.70)	(2,974.46)	(4,675.79)
NFPS Overall Deficit (% of GDP)	7.2%	7.8%	8.1%	7.2%	12.7%
NFPS External Financing (millions of Bs.)....	4,565.50	14,642.68	5,221.65	7,547.09	5,150.08
NFPS Domestic Financing (millions of Bs.)	12,317.09	5,635.36	17,448.56	12,857.67	24,699.62
Consolidated General Government Overall Surplus (Deficit) (millions of Bs.).....	(7,870.69)	(13,032.13)	(16,626.25)	(19,530.16)	(33,073.87)
State-Owned Company Overall Surplus (Deficit) (millions of Bs.).....	(9,011.90)	(7,245.91)	(6,043.96)	(874.60)	997.94
Public Debt (in millions of U.S.\$)					
Public Debt.....	11,791.40	13,353.30	14,342.10	15,386.90	17,023.90
Public Debt (% of GDP)(7)	34.48%	35.33%	35.33%	37.35%	46.26%
Public Domestic Debt(8)(9)	4,523.70	3,925.20	4,164.10	4,119.30	4,852.20
Public External Debt	7,267.70	9,428.00	10,177.90	11,267.60	12,171.70
Medium- and Long-Term Public External Debt.....	6,001.60	7,146.90	7,911.70	9,007.40	9,901.00
Of Which: Multilateral	5,282.90	6,159.70	6,725.70	7,484.00	8,275.50
Of Which: Bilateral	718.7	987.2	1,186.00	1,490.10	1,572.70
Of Which: Senior Bonds	1,000.00	2,000.00	2,000.00	2,000.00	2,000.00
Medium- and Long-Term Public External Debt Service/Exports (%).....	5.7	6.1	6.7	7.7	10.8
Medium- and Long-Term Public External Debt/Exports (%)	87.8	98.3	98.3	109.8	161
Medium- and Long-Term Public External Debt/GDP (%).....	21.3	25	25.1	27.4	31.7

(p) Preliminary.

(n.a.) Not available.

(1) Data based on the last official census carried out in 2013. Figures are estimated.

(2) Includes Import Duties, VAT, Transaction and Other Indirect Taxes.

(3) Calculated using the average exchange rate of the corresponding year.

(4) At constant 1990 prices.

(5) Calculated using daily averages.

(6) M'3 = Notes and Coins Held By the Public + Deposits in National Currency ("NC") and Unidades de Fomento de Vivienda ("UFV") Deposits in Foreign Currency ("FC") and Value Maintaining Currency ("VMC") + Bank Savings in NC and UFV + Savings and VMC in FC + Term and Other Deposits in NC and UFV + Term and Other Deposits in FC and VMC.

(7) General National Treasury's external debt/GDP + General National Treasury's aggregate domestic debt/GDP.

- (8) Net of inter-sector indebtedness and includes Central Bank debt.
- (9) Calculated using the exchange rate at the end of the corresponding year.

THE OFFERING

The following is a brief summary of certain terms of this offering. For a more complete description of the terms of the Notes, see “Description of the Notes” in this Offering Memorandum.

Issuer	Estado Plurinacional de Bolivia
Initial Purchasers	BofA Securities, Inc. Goldman Sachs & Co. LLC J.P. Morgan Securities LLC
Notes Offered	U.S.\$850,000,000 aggregate principal amount of 7.500% Notes due March 2, 2030, of which U.S.\$688,035,000 is expected to be delivered as payment in connection with Bolivia’s concurrent Offers to Exchange (as defined below) to eligible holders whose Old Notes (as defined below) were validly tendered and accepted by Bolivia. The Notes will constitute unconditional unsecured and unsubordinated external indebtedness of Bolivia and will not be promissory notes (<i>pagarés</i>) under Bolivian law.
Issue Price	100.000%, plus accrued interest, if any, from March 2, 2022
Issue Date	March 2, 2022
Maturity Date	March 2, 2030
Interest.....	The Notes will bear interest at a rate of 7.500% per year. Interest will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from and including the issue date of the Notes.
Interest Payment Dates	Interest on the Notes will be payable semi-annually on March 2 and September 2 of each year, beginning on September 2, 2022, to holders as of the previous February 28 and August 31, as applicable.
Principal Payment Dates.....	Principal on the Notes will be paid in three installments: 33.33% of the original principal amount on March 2, 2028, 33.33% of the original principal amount on March 2, 2029 and the remaining outstanding principal balance on March 2, 2030.
Ranking	The Notes will be equal in right of payment among themselves and with all of Bolivia’s present and future unsecured and unsubordinated Public External Indebtedness (as defined in “Description of the Notes”), it being understood that this provision shall not be construed so as to require Bolivia to make payments under the Notes ratably with payments being made under any other Public External Indebtedness. See “Description of the Notes—General Terms of the Notes.”
Optional Redemption.....	Prior to January 2, 2030 (two months prior to the maturity date of the Notes) (the “Par Call Date”), Bolivia will have

	the right at its option, upon giving not less than 30 days' nor more than 60 days' notice, to redeem the Notes, in whole or in part, at any time or from time to time, at a redemption price (expressed as a percentage of principal amount and rounded to three decimal places) equal to the greater of: (1) (a) the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the redemption date (assuming the Notes matured on the Par Call Date) on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus 50 basis points less (b) interest accrued to the date of redemption, and (2) 100% of the principal amount of the Notes to be redeemed, plus, in either case, accrued and unpaid interest thereon, and Additional Amounts, if any, to, but excluding, the redemption date. On or after the Par Call Date, Bolivia may redeem the Notes, in whole or in part, at any time and from time to time, at a redemption price equal to 100% of the principal amount of the Notes being redeemed plus accrued and unpaid interest thereon, and Additional Amounts, if any, to, but excluding, the redemption date. "Treasury Rate" for this purpose means, with respect to any redemption date, the yield determined by Bolivia as described below under "Description of the Notes—Optional Redemption." See "Description of the Notes—Optional Redemption" for more detail.
Negative Pledge.....	As long as any of the Notes are outstanding, Bolivia will not create or permit to exist any lien other than the Permitted Liens (as defined in the "Description of the Notes") on its present or future revenues, properties or assets to secure its Public External Indebtedness (as defined in the "Description of the Notes"). See "Description of the Notes—Negative Pledge."
Default and Acceleration of Maturity.....	For a discussion of certain events of default that will permit acceleration of the principal of the Notes plus accrued interest, and any other amounts due with respect to the Notes, see "Description of the Notes—Default and Acceleration of Maturity."
Additional Amounts	We will make all payments of principal and interest on the Notes without withholding or deducting for any Bolivian taxes unless required by law, in which case we will pay additional amounts, except in certain limited

	circumstances. See “Description of the Notes—Additional Amounts.”
Collective Action Clauses	The notes will contain provisions regarding acceleration and future modifications to their terms, including “collective action clauses.” Under these provisions, which differ from the terms of Bolivia’s external indebtedness issued prior to March 20, 2017 and which are described in the sections entitled “Description of the Notes—Collective Action Clauses” and “Description of the Notes—Meetings, Amendments and Waivers—Collective Action” in this Offering Memorandum, Bolivia may amend the payment provisions of the Notes and other reserve matters listed in the indenture with the consent of the holders of: (1) with respect to a single series of debt securities, more than 75% of the aggregate principal amount outstanding of such series; (2) with respect to two or more series of debt securities, if certain “uniformly applicable” requirements are met, more than 75% of the aggregate principal amount of the outstanding debt securities of all series affected by the proposed modification, taken in the aggregate; or (3) with respect to two or more series of debt securities, more than 66 2/3% of the aggregate principal amount of the outstanding securities of all series affected by the proposed modification, taken in the aggregate, and more than 50% of the aggregate principal amount of the outstanding securities of each series affected by the proposed modification, taken individually.
Book Entry; Form and Denominations.....	The Notes will be issued in the form of one or more global notes without coupons, registered in the name of a nominee of DTC, as depositary, for the accounts of its direct or indirect participants, including Euroclear and Clearstream. The Notes will be issued in minimum denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof. See “Description of the Notes—Book-Entry; Delivery and Form.”
Listing and Trading	We will apply to admit the Notes for listing on the Official List of the Luxembourg Stock Exchange and for trading on the Euro MTF Market. We cannot assure you that an active or liquid trading market for the Notes will develop.
Transfer Restrictions	We have not registered the Notes under the Securities Act or the laws of any other jurisdiction. The Notes are subject to restrictions on transfer and may only be offered in transactions exempt from or not subject to the registration requirements of the Securities Act. See “Transfer Restrictions.”
Use of Proceeds.....	Bolivia will issue \$850 million in aggregate principal amount of Notes in this offering. We intend to use the proceeds, as authorized in the 2022 Budget Law No. 1413 enacted on December 17, 2021, for (i) general budgetary purposes, and (ii) liability management transactions,

	including, but not limited to, tender offers, market repurchases or any such similar transaction or transactions for the refinancing of any public sector domestic and/or external indebtedness. For more information on our indebtedness, see “Public Sector Indebtedness.”
Further Issues	We may, without the consent of the holders, create and issue additional notes that may form a single series of notes with the outstanding Notes; <i>provided</i> that such additional notes do not have the same CUSIP number or other identifying number as the Notes unless such additional notes are fungible with the Notes for U.S. federal income tax purposes. It is the Government’s intention to enter into one or more liability management transactions, which may include reopening of existing series of notes. However, there can be no assurance of when or if such a transaction will be undertaken or consummated.
Risk Factors	Investing in the Notes involves certain risks. See “Risk Factors.”
Governing Law	The Notes and the Indenture (as defined in “Description of the Notes”) will be governed by and interpreted in accordance with the laws of the State of New York without regard to any conflicts of law principles thereof that would require the application of laws of a jurisdiction other than the State of New York. However, matters concerning authorization and execution of the Indenture and the Notes by Bolivia, as well as the enforcement of any foreign judgment against Bolivia before Bolivian courts, will be governed by the laws of Bolivia.
Trustee, Paying Agent, Registrar and Transfer Agent	The Bank of New York Mellon
Luxembourg Listing Agent	The Bank of New York Mellon SA/NV, Luxembourg Branch
Invitation for Offers to Purchase or Exchange	Bolivia is offering the Notes concurrently with offers (i) to certain eligible holders outside of Bolivia to purchase its (a) U.S. Dollar denominated 4.875% Notes due 2022; (b) U.S. Dollar denominated 5.950% Notes due 2023 and (c) U.S. Dollar denominated 4.500% Notes due 2028, (collectively, the “Old Notes” and such offers, the “Offers to Purchase” and (ii) to certain eligible holders located in Bolivia to exchange each series of Old Notes for a series of the Notes offered concurrently herewith (the “Offers to Exchange” and together with the Offers to Purchase, the “Offers”), in each case on the terms and subject to the conditions to be set forth in an invitation for offers to purchase and exchange. The Offers are conditioned upon

the satisfaction of customary conditions, including the pricing and closing of the Notes offered hereby.

This Offering Memorandum is not deemed to be an offer to buy, solicitation of an offer to sell, or solicitation to exchange any securities of Bolivia in the concurrent Offers. The new securities that may be issued pursuant to the concurrent Offers to Exchange will not be registered, under the Securities Act or any state or other jurisdiction's securities laws and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act and applicable state securities laws.

Neither the Notes nor the Offers have been or will be registered with the Bolivian Securities Market Registry and accordingly will not be publicly offered in Bolivia within the scope of Article 6 of the Bolivian Securities Market Law (Law No. 1834 dated March 31, 1998, as amended).

The Initial Purchasers are acting as dealer managers for the Offers and Global Bondholder Services Corporation is acting as the information, tender and exchange agent for the Offers.

Exchange Rates

The Central Bank maintains fixed crawling peg exchange rates to the boliviano that are periodically readjusted to account for gradual depreciation or appreciation. The Central Bank also periodically evaluates the stability of price levels and the behavior of real exchange rate fundamentals when evaluating the U.S. dollar exchange rate. See “The Monetary System—Monetary and Finance Sector—Exchange Rates.” The following table sets forth the Central Bank’s high, low, period average and period end buying rates for U.S. dollars for the indicated dates and periods.

Year Ended December 31,	Bs. per U.S.\$			
	High	Low	Average(1)	Period End
2013.....	6.86	6.86	6.86	6.86
2014.....	6.86	6.86	6.86	6.86
2015.....	6.86	6.86	6.86	6.86
2016.....	6.86	6.86	6.86	6.86
2017.....	6.86	6.86	6.86	6.86
2018.....	6.86	6.86	6.86	6.86
2019.....	6.86	6.86	6.86	6.86
2020.....	6.86	6.86	6.86	6.86
2021.....	6.86	6.86	6.86	6.86
2022 (through February 22, 2022)	6.86	6.86	6.86	6.86

Source: Central Bank

(1) Calculated using daily averages

Certain amounts stated herein in U.S. dollars have been translated, for the convenience of the reader, from Bolivianos at the rate in effect on February 22, 2022 of Bs.6.86 = U.S.\$1.00. Such translations should not be construed as a representation that the boliviano could have been converted at such rate on such date or at any other time.

RISK FACTORS

Investing in the Notes involves risks. We believe the following material factors are the principal risks involved in investing in the Notes and may adversely affect our ability to fulfill our obligations under the Notes. You should read and carefully consider the risks described below and all of the other information contained in this Offering Memorandum before making an investment decision. Any of the following risks could materially and adversely affect our economic performance and our ability to make payments in respect of the Notes. The risks and uncertainties described below are not the only ones facing us. Additional risks and uncertainties not presently known to us or that we currently consider immaterial could also adversely affect us.

Risks Relating to Bolivia

Political and social developments in Bolivia, including due to COVID-19, could have a material adverse effect on our economy and our ability to make payments on our outstanding public debt, including the Notes.

Bolivia has, from time to time, experienced social and political turmoil, including riots, nationwide protests, strikes and street demonstrations, which have undermined Bolivia's policy predictability and economic stability. Weeks of protests erupted after the dissemination of preliminary results in the general elections held on October 20, 2019. Protests similarly followed the resignation of former President Morales on November 10, 2019. As a result, Bolivia scheduled new elections for May 3, 2020. Because of delays to the electoral calendar due to the national emergency in response to the COVID-19 pandemic, general elections which had been scheduled for May 3, 2020 were postponed by Law No. 1297 of April 30, 2020, modified by Law No. 1304 of June 21, 2020 and Law No. 1315 of August 13, 2020. After the filing of a claim in November 2020 by Lidia Patty, former deputy of the Movement for Socialism (MAS) political party, the current administration of President Luis Arce has begun an investigation to determine the facts related to the events of October 2019 that resulted in the resignation by former President Morales. Pursuant to these investigations, Jeanine Añez was taken into preventative custody in March 2021 and is awaiting trial before ordinary criminal court for her alleged commission of the crimes of sedition, terrorism, conspiracy, resolutions contrary to the Constitution and the laws, and breach of duty. The criminal investigation into the alleged crimes of sedition, terrorism and conspiracy is being conducted by the Criminal Instruction Judge No. 10, while the investigation into the alleged crimes of "resolutions contrary to the Constitution and laws" of Bolivia and "breach of duty", which was being conducted by the Criminal Instruction Court No. 2, has concluded and is now awaiting the start of the corresponding trial proceedings before the Anticorruption Sentencing Tribunal No. 1. The charges against her are being pursued by a prosecutor and are subject to judgment by an ordinary criminal court and both investigations are focused on Ms. Añez's acts when she was a Senator. Furthermore, Ms. Añez may also be subject to prosecution for conduct during her time as President. See "Bolivia—Political and Legal System—Elections."

In connection with the proposed prosecution and accusations of Ms. Añez and related officers, political parties and other civil organizations have raised concerns over the interim detention of Ms. Añez and such officers, arguing that under applicable criminal law, she could defend herself without being held under arrest or while under preventive house arrest. Certain parties have also expressed concerns as to whether Ms. Añez's detention should not be processed as an ordinary criminal proceeding but rather as a political responsibility proceeding. As of the date of this Offering Memorandum, other than defenses by Ms. Añez's counsel at ordinary proceedings by public Prosecutors now in course, no legal action has been taken in respect of these concerns, but we cannot offer any assurance that the opposing political parties and other civil organizations will not themselves initiate or take legal or other actions in the future.

In addition, from time to time, the Government carries out activities, such as energy infrastructure projects, in areas principally inhabited by indigenous communities. These indigenous communities may make claims in relation to such Government projects requesting prior consultation or other similar approval rights. Any such claims or related opposition from affected indigenous communities, may result in social protests and unrest that can delay Government projects. Further, press reports related to such claims may portray the Government in a negative light and adversely impact the Government's relationship with these communities and its ability to implement similar projects in the future.

Future government policies to preempt or respond to social unrest, including due to the effects of COVID-19, may include, among other things, expropriation, nationalization, suspension of the enforcement of creditors' rights and new taxation policies, as well as renegotiation of the external debt or similar actions. These policies, as well as related negative changes in the political, economic and social environment in Bolivia, including due to the effects of

COVID-19, could further destabilize and adversely affect the Bolivian economy and our ability to make payments on our outstanding public debt, including the Notes.

Moreover, future changes in government could lead to a shift in government economic policies that could affect the proportion of our budget devoted to public debt payments, or have other adverse effects on our ability to meet our outstanding public debt obligations in the future, including our obligations under the Notes.

The Bolivian economy and social system have been and will continue to be adversely impacted by COVID-19.

On March 11, 2020, the World Health Organization revised the classification of COVID-19 from an epidemic (when a disease spreads through a specific community or region) to a pandemic (when there is a worldwide spread of a new disease). The classification of the disease as a pandemic was motivated by the rapid increase in the number of cases and the number of affected countries on all continents, triggering measures by governments, companies, and societies to contain the advances of COVID-19.

The pandemic adversely affected Bolivia's economy, resulting in supply and demand shocks and decreases in productivity. Prior to the pandemic, the 2020 Financial Program had estimated GDP growth of 3.5% in 2020. However, Bolivia's GDP contracted by 8.8% in 2020 due to the COVID-19 pandemic, ongoing political and social tensions sparked by Bolivia's general elections in October 2019 and the former administration's freezing of investment in public programs and businesses. In addition, in connection with the COVID-19 pandemic, international oil prices experienced a sharp decline due to the significant decrease in demand for oil and petroleum products as a result of decreased travel and decreased energy needs. See "Recent Developments—Bolivian Economy."

In Bolivia, measures adopted in an effort to curb the spread of COVID-19 have involved mandatory stay-at-home orders and significant restriction on social and economic activity. See "Recent Developments—Response to the Health and Economic Crisis as a Result of COVID-19." Among a number of regulations, the Government, while extending the quarantine period, has approved flexibility rules for various economic activities whose implementation vary depending on the effects of the pandemic by region, subject to periodical evaluation. The measures adopted by governments and institutions to curb the spread of the virus vary from country to country in quantity and degree of severity but basically involve: (1) recommendations to adopt voluntary isolation (avoid going out on the streets, avoiding crowds, avoiding physical contact with other people, etc.); (2) internal restrictions regarding the movement of people; (3) closing of public places (parks and leisure centers); (4) closures of shopping malls, bars and restaurants; (5) adoption of remote working practices (home office) by companies, whenever possible and permitted by their activities; (6) closing borders between countries; (7) restriction and/or suspension of trade in non-essential goods and services in the context of COVID-19 (while supermarkets, drugstores, gas stations and other essential services remain available); (8) purchase restrictions for certain essential items to avoid scarcity; (9) interruption of production activities of consumer items not essential to combat the pandemic; (10) restriction on the delivery of products to homes other than essentials; (11) compulsory reduction of working hours; (12) cancellation of public events; and (13) other restrictive measures.

We cannot predict the extent of the pandemic's ongoing effect on the Bolivian and world economies in the short, medium and long terms. In a prolonged contraction scenario, the virus could spread globally without a seasonal decline and the impacts could include: (1) increased number of deaths; (2) demand shock; (3) overloaded healthcare systems in many countries, especially in less developed areas; (4) large-scale human and economic impact; (5) layoffs and bankruptcies in the most affected sectors rising sharply throughout 2020; (6) severe global economic impact, with significant and further GDP contraction in most major economies in 2020 and a slow-moving recovery; (7) infrastructure collapse and lack of basic services, especially in less developed countries; and (8) compromised government planning, coordination and reaction capacity according to the speed that the disease progresses.

Despite the measures adopted to contain the progress of COVID-19 and aid measures announced by governments around the world, we cannot predict the extent, duration and impacts of such containment measures. Accordingly, we cannot predict the direct and indirect effects of the COVID-19 pandemic or the effectiveness of the Government's responses to it on the Bolivian economy and society. The health and economic effects of the COVID-19 pandemic, including government measures intended to contain the spread of COVID-19, could destabilize and adversely affect the Bolivian economy and adversely affect our ability to make payments on our outstanding public debt, including the Notes.

The COVID-19 pandemic may also have the effect of heightening the other risks described herein, such as those relating to economic, social and political developments in Bolivia and its credit ratings.

The nationalizations carried out since 2006 could have a material adverse effect on investor confidence in Bolivia and investments in Bolivia and our ability to make payments on our outstanding public debt, including the Notes.

Since 2006, we adopted a development model that included state intervention in “strategic sectors” of the Bolivian economy, which include the hydrocarbons, mining, energy, forestry and environmental sectors. See “The Bolivian Economy.” As a result, several industries and companies within these strategic sectors were nationalized during this period. See “The Bolivian Economy—Nationalization Process.” This pattern of nationalizations could have a material adverse effect on investor confidence in Bolivia and investments in Bolivia and on our ability to make payments on our outstanding public debt, including the Notes.

We may not be able to renew our natural gas supply agreements with Brazil and Argentina, which could have a material adverse effect on our economy and our ability to make payments on our outstanding public debt, including the Notes.

Our trading relationship with Argentina is largely comprised of the natural gas sales agreement in the hydrocarbon sector. See “The Bolivian Economy—Principal Sectors of the Economy—Petroleum and Natural Gas.” An initial sale agreement was signed between YPFB and Energía Argentina Sociedad Anónima (“ENARSA”) in 2006. Since then, the agreement has been amended five times, in 2010, 2011, 2012, 2019 and 2020 to revise the stipulated mandatory minimum receipt and delivery volumes.

The gas export contract with Argentina is still in force until 2026. Currently, the volumes of gas exported to Argentina are in the ranges of 16 MMmcd to 18.0 MMmcd in winter and 10.0 to 11.0 MMmcd in summer. See “The Bolivian Economy—Principal Sectors of the Economy—Petroleum and Natural Gas.” Bolivia seeks to shorten these ranges to have higher export margins in order to open new markets. On December 31, 2020, an addendum to the natural gas sales agreement with Argentina was executed, effective from January 1, 2021 to December 31, 2021. Notwithstanding recent increases in international fuel prices, in light of the decrease in international fuel prices in 2020 and the COVID-19 pandemic, investments and development plans have been deferred in the fields that produce natural gas in Bolivia, which has impacted production for export. IEASA has stated that in the Republic of Argentina there is demand, which will result in a reduction of the natural gas committed in the contract during the summer. The amount set for 2021 is 9 MMmcd, reflecting a decrease of 10% from the amount of 10 MMmcd that had been set for 2020.

In the case of Brazil, the maximum volumes of 31.0 MMmcd were reached, which means that the energy exports that had been previously paid but had not been delivered according to the 20-year contract that expired in December 2019, are being canceled gradually. On March 6, 2020, the eighth addendum to the gas export contract between YPFB and Petrobras was signed for a term of five years.

While Argentina and Brazil have initially expressed interest in extending their contracts after the expiration dates in 2026 and 2025, respectively, there can be no assurance that the natural gas sales agreements with Petrobras and IEASA will be extended on terms favorable to us, or at all. Any failure to renew these contracts on favorable terms would have a material adverse effect on our ability to generate revenues from the export of natural gas and would have a material adverse effect on our economy and on our ability to make payments on our outstanding public debt, including the Notes.

Some nationalizations have resulted in international arbitration proceedings and the results of these pending arbitration proceedings could have a material adverse effect on our ability to make payments on our outstanding public debt, including the Notes.

International arbitration proceedings have been brought against us primarily by foreign investors in some nationalized entities or in connection with revoked concessions. For additional information, see “Bolivia—Legal Proceedings and Processes.”

We can offer no assurance that we will prevail in these claims or in any enforcement proceedings. Rulings against us in these and future proceedings could result in the attachment of assets of Bolivia, or assets alleged by claimants to be property of Bolivia, that the Government or the owners of the assets intend for other uses and could have a material adverse effect on our ability to make payments on our outstanding public debt, including the Notes.

Any continuous decline in international petroleum or mineral prices or production could have a material adverse effect on our economy and our ability to make payments on our outstanding public debt, including the Notes.

The structure of our economy is dependent on petroleum and mineral revenues, particularly those from natural gas. See “The Bolivian Economy—Principal Sectors of the Economy—Petroleum and Natural Gas,” “The External Economy—Foreign Trade—Imports” and “—Exports,” and “Public Finance—Non-Financial Public Sector.”

In 2018, we experienced a decrease in the global price of oil during the last quarter of the year and decreases in the global prices for certain minerals that we export, such as zinc, lead and tin. Conversely, gold prices rose 27.1% as a safe haven asset; however, its export volume diminished by 41.8% in 2020 when compared to 2019. Regardless of the increase on the price of this precious metal, which in August 2020 exceeded U.S.\$2,000/t oz, the value of gold exports decreased by 29.0%. This decrease in export value is mainly due to the diminished export volume.

Additionally, in 2018 we experienced a decrease in export volume of hydrocarbon sales and our petroleum and mineral production capacity could decrease if we do not have available funds to allocate the necessary capital expenditures into these sectors. Similarly, in June 2019, we recorded a lower export value of hydrocarbons due to a decrease in the volume of gas exported to Argentina and Brazil. Most recently, in connection with the COVID-19 pandemic, international oil prices experienced a sharp decline due to the significant decrease in demand for oil and petroleum products as a result of decreased travel and decreased energy needs.

In addition, factors such as the price and availability of new technologies, including renewable energy and unconventional oil and gas extraction methods, global geopolitical climate concerns such as those resulting in the 2015 Paris Climate Agreement to curb greenhouse gas emissions and limit climate change, have an indirect impact on oil demand and oil prices in Bolivia, which are also expected to adversely affect Bolivia’s GDP in the near future.

We can make no assurances that revenues from petroleum and mining activities will not experience further and substantial fluctuations as a result of changes in the international petroleum and mineral markets, including those due to the effects of COVID-19. Ongoing dramatic declines in international petroleum and mineral prices could adversely affect our economy, fiscal accounts and international reserves. These circumstances could have a material adverse effect on our ability to make payments on our outstanding public debt, including the Notes.

The termination or expiration of our bilateral investment treaties could have a material adverse effect on investor confidence in Bolivia and investments in Bolivia and our ability to make payments on our outstanding public debt, including the Notes.

Since 2010, our Bilateral Investment Treaties with Austria, Argentina, Chile, China, Cuba, Denmark, Ecuador, France, Germany, Italy, Korea, Luxembourg, Mexico, Peru, Paraguay, Romania, Spain, Sweden, Switzerland, the Netherlands, the United Kingdom and the United States of America have been terminated or allowed to expire. However, some of these Bilateral Investment Treaties contain clauses under which the agreement remains effective with respect to investments made during a period of years prior to its termination. Therefore, some of our Bilateral Investment Treaties remain in force with respect to investments made prior to their termination or expiration. See “Bolivia—International Relations—Treaties and Other Bilateral Relationships.” These terminations and expirations could have a material adverse effect on investor confidence and investments in Bolivia and on our ability to make payments on our outstanding public debt, including the Notes.

Bolivia is a foreign sovereign state and accordingly it could be difficult to obtain or enforce judgments against us.

Bolivia is a foreign sovereign state. As a result, it could be difficult or impossible for investors to obtain or enforce judgments against us whether in an investor’s own jurisdiction or elsewhere. Under Bolivian law, including under Paragraph 2 of Article 339 of the Bolivian Political Constitution, the Regulation for the Registration Control and Certification of the Bolivian State and the U.S. Immunities Act, as amended, we and our assets located in Bolivia have certain immunities from set-off, attachment prior to judgment, attachment in aid of execution of judgment, and execution of judgment. See “Enforcement of Civil Liabilities.”

Certain economic risks are inherent in any investment in an emerging market country such as Bolivia.

Investing in an emerging market country such as Bolivia carries economic risks. These risks include many different factors that could affect our economic results, including, but not limited to, the following:

- changes in the global economy, interest rates and financial markets;
- changes in our economic, tax or other policies;
- the imposition of trade barriers by us or by third parties;
- general economic and business conditions in Bolivia;
- high interest rates;
- child labor laws;
- high levels of inflation, deflation or monetary fluctuations;
- exchange controls (including a possible move away from Bolivia's current exchange controls policy and movements as a result in decreases in Bolivia's net international reserves);
- wage and price controls;
- the ability of Bolivia to effect key economic and legal reforms;
- poor growth rates;
- economic, social and political instability in our trading partners or neighbor countries;
- changes in foreign laws and regulations or in trade, monetary or fiscal policies;
- the impact of hostilities or political unrest in other countries that could affect international trade, commodity prices and the global economy; and
- future decisions by international financial institutions regarding the terms of their financial assistance to Bolivia.

Any of these factors, including as further intensified by the effect of COVID-19, as well as volatility in the markets for securities similar to the Notes, could adversely affect the liquidity of, and trading markets for, the Notes.

Bolivia may experience political, economic, social or corruption problems that may interfere with our ability to service our indebtedness.

Bolivia has in the past experienced political, economic, social and corruption issues, including allegations of corruption by certain government officials at the national, state and local levels, as well as strikes and social unrest. For example, the US Justice Department has announced the arrests of Bolivia's former interior minister, Arturo Murillo, and his chief of staff, Sergio Rodrigo Mendez, over an alleged bribery and money laundering scheme that enabled a US-based company to secure a Bolivian government contract and where they were subsequently using the US financial system to launder those bribes. In connection with the aforementioned arrests, Bolivia, through the Attorney General's Office, is tracking the ongoing status of the criminal proceedings, and has hired the services of a law firm in the United States to do so. Currently, the Plurinational State of Bolivia has filed a civil claim against the former interior minister, Arturo Murillo, and his chief of staff, Sergio Rodrigo Mendez, among others, seeking payment of damages in its favor. The expansion of any such investigations or any new occurrences or allegations of corruption at the national, state or local levels, could materially and adversely affect our reputation, access to financing and our ability to make payments on the Notes and our other outstanding indebtedness.

We cannot assure you that Bolivia will not face similar political, economic, social or corruption problems in the future, including as these may be exacerbated by the effects of COVID-19, or that these problems will not interfere with our ability to service our indebtedness. Although we have implemented measures to address these problems, we cannot give assurances that these measures will be successful. See "—Political and social developments in Bolivia, including due to COVID-19, could have a material adverse effect on our economy and our ability to make payments on our outstanding public debt, including the Notes."

Any significant real depreciation of the boliviano against the U.S. dollar or other major currencies could have a material adverse effect on our ability to make payments on our outstanding public debt, including the Notes.

Any significant real depreciation of the boliviano against the U.S. dollar or other major currencies might have a negative effect on our ability to repay our debt denominated in currencies other than the boliviano, including the amounts due under the Notes.

Any significant real change in the value of the boliviano or the currency of our trading partners against the U.S. dollar or other major currencies might adversely affect our economy and financial condition, which could have a negative effect on our ability to make payments on our outstanding public debt.

A global economic downturn could have a material adverse effect on our ability to make payments on our outstanding public debt, including the Notes.

Although Bolivia has recorded leading economic growth in the region for several years, at an average annual rate of 3.9% per year from 2015 to 2019, we cannot assure you that the global economy or Bolivia's economy will continue to grow in the near future. In addition, we cannot assure you that we will not experience economic problems in the future as a result of any global economic downturn, which could have a material adverse effect on our financial condition and our ability to make payments on our outstanding public debt, including the Notes.

Our economy may contract further in the future, which could have a material adverse effect on our ability to make payments on our outstanding public debt, including the Notes.

Our economy experienced positive growth for several years. See "The Bolivian Economy—Gross Domestic Product." Economic growth depends on a variety of factors, including, among others, international demand for our exports, the stability and competitiveness of the boliviano against foreign currencies, confidence among Bolivian consumers and foreign and domestic investors and their rates of investment in Bolivia, the willingness and ability of businesses to engage in new capital spending, and the rate of inflation. Some of these factors are outside of our control and have been significantly and adversely affected by the effects of COVID-19 worldwide. Bolivia's GDP contracted by 8.8% in 2020 due to the COVID-19 pandemic, ongoing political and social tensions sparked by Bolivia's general elections in October 2019 and the former administration's freezing of investment in public programs and businesses. While we estimate GDP growth of 4.4% in 2021, any ongoing economic contraction will result in a material decrease in our revenues, which in turn could have a material adverse effect on our ability to make payments on our outstanding public debt, including the Notes.

We may be unable to obtain financing on satisfactory terms in the future, which could have a material adverse effect on our ability to make payments on our outstanding public debt, including the Notes.

Our future tax revenue and fiscal results may be insufficient to meet our debt service obligations and we may have to rely in part on additional financing from domestic and international capital markets in order to meet future debt service obligations. In the future, we may not be able or willing to access international or domestic capital markets, and our ability to service our outstanding public debt, including the Notes, could be adversely affected.

A significant decrease in remittances from Bolivians living abroad, including due to COVID-19, could have a material adverse effect on our ability to make payments on our outstanding public debt, including the Notes.

Remittances from Bolivians living abroad, which are primarily in U.S. dollars (and, to a lesser extent in other currencies), are one of our most important sources of foreign currency. See "The External Economy—Remittances." An increase in layoffs and reduced commercial activities during lockdown and quarantine periods in the United States and elsewhere internationally due to the COVID-19 outbreak, caused and could continue to cause, a significant decrease in remittances in comparison to previous years, which could lead to a depreciation of the boliviano and adversely affect our ability to make payments on our outstanding public debt, including the Notes.

Our economy is vulnerable to external shocks, including the perception of risk in other countries and the effects of the COVID-19 pandemic on the global economy, which has had a material adverse effect on economic growth and our ability to make payments on our outstanding public debt, including the Notes.

A decline in the economic growth of our major trading partners, in particular Brazil or Argentina, has had a material adverse effect on our balance of trade and adversely affected our economic growth. For example, regional

and global economies have been impacted by the effects of the COVID-19 pandemic. Countries around the world have responded to the COVID-19 pandemic by taking various measures in an attempt to contain the spread, including imposing mass quarantines or other containment measures, shelter in place orders, travel restrictions, and suspension of most economic activities. These measures have resulted in a severe decrease of global economic activity, falls in production and demand, sharp decreases and high volatility in stock markets and disruption of global supply chains, and uncertainty regarding the future impact in regional and global economies. As such, the impact of the COVID-19 pandemic on regional and global economies has caused a significant decrease in our major trading partners, including with Brazil or Argentina, and adversely affected our balance of trade. In addition, because international investors' reactions to the events occurring in one emerging market economy sometimes appear to demonstrate a "contagion" effect, in which an entire region or class of investment is disfavored by international investors, we have been adversely affected by negative economic or financial developments in other emerging market countries. We cannot assure you that events affecting other markets will not have a material adverse effect on our growth and our ability to service our outstanding public debt, including the Notes.

A significant increase in interest rates outside of Bolivia could have a material adverse effect on the economies of our trading partners and adversely affect our economic growth and our ability to make payments on our outstanding public debt, including the Notes.

If interest rates outside of Bolivia increase significantly, our trading partners, in particular Brazil or Argentina, could find it more difficult and expensive to borrow capital and refinance existing debt, which could adversely affect economic growth in those countries. Decreased growth on the part of our trading partners could have a material adverse effect on the markets for our exports and, in turn, adversely affect our economy. An increase in interest rates would also increase our debt service requirements with respect to our debt obligations that accrue interest at floating rates, which could adversely affect our ability to make payments on our outstanding public debt generally, including the Notes.

Any revision to our official financial or economic data resulting from any subsequent review of such data by the Central Bank or other government entities could have a material adverse effect on our ability to make payments on our outstanding public debt, including the Notes.

Certain financial and other information presented in this Offering Memorandum may subsequently be materially adjusted or revised to reflect new or more accurate data as a result of the periodic review of our official financial and economic statistics. Such revisions could reveal that our economic and financial conditions as of any particular date are materially different from those described in this Offering Memorandum. We can offer no assurance that such adjustments or revisions will not have a material adverse effect on the interests of our creditors, including any purchasers of the Notes.

Risks Relating to Owning the Notes

The Notes will contain provisions regarding acceleration and voting on amendments, modifications and waivers, which are commonly referred to as "collective action clauses," under which certain key terms of the Notes may be amended, including the maturity date, interest rate and other payment terms, without your consent.

The Notes will contain provisions regarding acceleration and voting on future amendments, modifications, changes and waivers, which are commonly referred to as "collective action clauses." Bolivia may amend the payment provisions of the Notes and other reserve matters listed in the indenture with the consent of the holders of: (1) with respect to a single series of debt securities, more than 75.0% of the aggregate principal amount outstanding of such series; (2) with respect to two or more series of debt securities, if certain "uniformly applicable" requirements are met, more than 75.0% of the aggregate principal amount of the outstanding debt securities of all series affected by the proposed modification, taken in the aggregate; or (3) with respect to two or more series of debt securities, more than 66 2/3% of the aggregate principal amount of the outstanding securities of all series affected by the proposed modification, taken in the aggregate, and more than 50.0% of the aggregate principal amount of the outstanding securities of each series affected by the proposed modification, taken individually. See "Description of the Notes—Meetings, Amendments and Waivers—Collective Action." These provisions permit defined majorities to bind all holders of the Notes, including those holders who do not approve such modifications.

There is no established trading market for the Notes, and the price at which the Notes will trade in the secondary market is uncertain.

The Notes will be a new issue of securities with no established trading market. We do not know the extent to which investor interest will lead to the development of an active trading market for the Notes or how liquid that market may become. If the Notes are traded after their initial issuance, they may trade at a price lower than their principal amount, depending upon prevailing interest rates, the market for similar securities and general economic conditions in Bolivia and elsewhere.

We will apply to list the Notes on the Euro MTF Market of the Luxembourg Stock Exchange. We cannot assure you that a trading market for the Notes will develop or that the price at which the Notes will trade in the secondary market will be sustainable. If an active market for the Notes fails to develop or continue, this failure could harm the trading price of the Notes.

The ability of holders to transfer Notes in the United States and certain other jurisdictions will be limited.

The Notes issued pursuant to this offer will not be registered under the Securities Act and, therefore, may not be offered or sold in the United States except pursuant to an exemption from the registration requirements of the Securities Act and applicable U.S. state securities laws. Offers and sales of the Notes may also be subject to transfer restrictions in other jurisdictions. You should consult your financial or legal advisors for advice concerning applicable transfer restrictions with respect to the Notes.

Our credit ratings may not reflect all risks of investment in the Notes.

Our credit ratings are an assessment by rating agencies of our ability to pay our debts when due. Consequently, real or anticipated changes in our credit ratings will generally affect the market value of the Notes.

For example, on March 10, 2020, Moody's downgraded Bolivia's credit ratings to B1 from Ba3, with negative outlook, concluding the review for downgrade that was initiated on December 5, 2019. On September 30, 2021, Moody's revised the outlook on Bolivia to negative and affirmed at B2.

On September 30, 2020, Fitch Ratings downgraded our IDR from B+ to B with a stable outlook due to the dependency of the country on commodities and gas exports, which resulted in fiscal and external deficits, and also due to social and political tensions. On September 24, 2021, Fitch's ratings for Bolivia was reaffirmed at B with an stable outlook.

Since March 23, 2018, we had maintained a credit rating from S&P of BB-. On April 17, 2020, S&P lowered Bolivia's sovereign ratings from BB- to B+ given the impact of the COVID-19 pandemic and the steep decrease in global energy prices, changing its outlook from negative to stable, reflecting the assumption that the new government and a moderate economic recovery would facilitate a gradual correction of fiscal and current account deficits. On March 2021, S&P revised the outlook on Bolivia to negative and affirmed at B+.

These credit ratings may not reflect the potential impact of risks relating to structure or marketing of the Notes. Agency ratings are not a recommendation to buy, sell or hold any security, and may be revised or withdrawn at any time by the issuing organization. Each agency's rating should be evaluated independently of any other agency's rating. There can be no assurances that our credit ratings will be maintained for a certain period of time, or that our credit ratings will not be downgraded, suspended or cancelled. Any credit rating downgrade, suspension or cancellation may have an adverse effect on the market price and the trading of the Notes.

We could redeem or repurchase the Notes before maturity.

We may redeem the Notes, in whole or in part, under certain circumstances described under "Description of the Notes—Optional Redemption." An investor may not be able to reinvest the redemption proceeds received from such redemption or repurchase in other securities with yields similar to those of the Notes redeemed or repurchased, as applicable.

Additional Amounts may not be payable with respect to Bolivian withholding tax on any early redemption.

Under current Bolivian tax law, the difference between the Notes' issue price and the amount paid upon their redemption is taxable. In the case of Non-Bolivian holders, the tax will be withheld at source (at a rate of 12.5% under current law). Bolivia is not required to pay Additional Amounts with respect to any premium above the Notes' principal amount. As a result, if the Notes are redeemed at a premium, under current law, investors would receive less than the redemption price that they would otherwise expect. An early redemption at a premium may also have an adverse economic impact on a non-Bolivian investor if (i) the amount includible in income in the investor's local jurisdiction is the gross redemption payment that exceeds the net amount of cash actually received by the investor upon redemption or (ii) the Bolivian tax is not creditable against the Non-Bolivian investor's tax liability in its local jurisdiction. Non-Bolivian investors should consult their tax advisers about the consequences of any Bolivian tax upon redemptions in their particular circumstances.

Furthermore, if in the future, such Bolivian withholding tax rates were increased, the amount received in connection with an early redemption could be further and significantly reduced.

USE OF PROCEEDS

Bolivia will issue \$850 million in aggregate principal amount of Notes in this offering . We intend to use the proceeds for general budgetary purposes and liability management as authorized in the 2022 Budget Law No. 1413 enacted on December 17, 2021, for (i) general budgetary purposes, and (ii) liability management transactions, including, but not limited to, tender offers, market repurchases or any such similar transaction or transactions for the refinancing of any public sector domestic and/or external indebtedness. For more information on our indebtedness, see “Public Sector Indebtedness.”

BOLIVIA

Overview

Bolivia is a democracy located in the Andes Mountains and the Amazon region of central-western South America, with an estimated population of approximately 11.7 million as of December 31, 2020. Our population is multiracial and multicultural, and our official languages are Spanish and the 36 languages of our indigenous peoples. We are bordered by Brazil, Paraguay, Argentina, Chile and Peru. In the course of our history, we have received emigration from Europe, Asia and Africa. Based on our economic performance, the World Bank has classified Bolivia as a lower-middle-income developing country since August 2010.

The constitutional reform implemented in Bolivia's recent history began with the adoption of the current Bolivian Political Constitution on February 7, 2009 (the Bolivian Political Constitution" or the "Constitution"), which is aimed at, among other things, empowering previously excluded social classes, promoting greater decentralization and broadening social participation. As result, various new social welfare programs have been implemented since the Constitution was adopted. Additionally, we have nationalized various companies in the hydrocarbons, mining, energy and telecommunications sectors, creating state-owned companies to assist in the development of various other productive sectors, to improve public services and promote nutritional sustainability. See "The Bolivian Economy—Nationalization Process."

We believe that state-owned companies must be efficient and profitable and that the operations of any state-owned company operating at a loss should be reorganized in order to improve results. We currently operate a number of profitable state-owned companies, such as Empresa Nacional de Electricidad ("ENDE") (in the energy sector), Yacimientos Petrolíferos Fiscales Bolivianos ("YPFB") (in the hydrocarbon sector), Entel S.A. (in the communications sector), Empresa Estatal de Transporte por Cable ("Mi Teleférico") (the state-owned air cable car company), Empresa Pública Productiva Cementos de Bolivia ("ECEBOL") (the state-owned cement producer for the construction sector) and Empresa Boliviana de Almendra y Derivados ("EBA") (in the foods sector). We are committed to eradicating poverty by promoting equitable economic distribution programs and equal opportunities by guiding and coordinating local, regional and institutional planning for national development in key areas such as poverty reduction, healthcare, education, housing and community services. We have created income redistribution programs to reduce poverty in recent years. The Government's cash-transfer programs have been instrumental in reducing national extreme poverty from 45.2% in 2000 to 13.7% in 2020 and national moderate poverty from 66.4% in 2000 to 39.0% in 2020. Currently, as part of the Government's measures to address the COVID-19 pandemic, the Government is implementing certain policies to improve and strengthen medical care for the Bolivian population, which aims to allocate 17.5% of the 2022 consolidated current expenditure budget to the healthcare sector, which demonstrates the Government's commitment to improving healthcare management. Current Government priorities include medical equipment and supplies needed in order to improve the level of healthcare provided. In addition, an extensive COVID-19 vaccination program has been implemented and is ongoing.

The general state budget ("PGE") for 2021 prioritized the health sector, guaranteeing financial resources for equipment, construction of medical centers and for the universal health system and the implementation of programs in response to the pandemic caused by COVID-19. See "Recent Developments—Response to the Health and Economic Crisis as a Result of COVID-19."

The Government also runs other programs, like the Dignity Pension program (which provides monthly assistance to seniors), the Juancito Pinto cash-transfer program (which provides a monthly subsidy directly to public school students to encourage attendance) and the Juana Azurduy voucher program (which provides certain subsidies to encourage prenatal and postnatal health and wellness), to deepen advances on social policies and make the human right to basic services a reality. These advancements have also been accompanied by a prudent fiscal policy and sustained growth in GDP, which had average annual growth of 4.2% from 2014 to 2019 even in the context of adverse international economic conditions. GDP contracted by 8.8% in 2020, in part due to the COVID-19 pandemic. Additionally, the 2021 Fiscal Financial Program incorporated redistributive and social welfare policies through the Juancito Pinto, Juana Azurduy and Dignity Program vouchers. The Government has maintained its commitment to the continuity of these cash-transfer programs to the most vulnerable individuals in our population and, with the aim of mitigating the worst effects of the rigid quarantine restrictions imposed due to the COVID-19 pandemic, the Government has also provided hunger-relief vouchers.

Between 2006 and 2013, as part of the Government's process to recover strategic sector companies and achieve its objectives under the new Constitution, we carried out several nationalizations and also terminated some contracts and revoked certain mining concessions. The nationalizations mainly targeted formerly state-owned companies that had been privatized during the 1990s. We have negotiated compensation packages with some of the investors affected by such nationalizations and provided compensation based on the amount invested and revenues reported by these affected companies. Nevertheless, certain investors have initiated legal proceedings against us as a result of some of these nationalizations. Our current administration is seeking to work with the private sector to boost the Bolivian economy and generate a cooperative institutional environment to foster private sector investment. See "Bolivia—Legal Proceedings and Processes."

History

The Andean region has been inhabited for approximately 20,000 years. Around 1450, the Quechua-speaking Incas entered the area of modern highland Bolivia and added it to their empire. The Incas controlled this area until the Spanish conquest in 1525. As Spanish royal authority weakened during the Napoleonic wars, sentiment against colonial rule grew and independence was proclaimed in 1809. Sixteen years of struggle followed before the establishment of the Republic, named after Simon Bolivar, on August 6, 1825.

For nearly 60 years, weak institutions and frequent coups characterized our politics. We were defeated by Chile at the end of the War of the Pacific (1879–83), at which time Chile took lands that contained rich nitrate fields and removed our access to the Pacific Ocean. An increase in world silver prices brought prosperity and political stability in the late 1800s. Tin eventually replaced silver as the country's most important source of wealth during the early part of the 20th century.

The years between 1964 and 1982 were marked by military rule, coups, human rights violations and fiscal crises. Democratic rule returned after a military coup forced General Luis Garcia Meza out of power in 1981 and three separate military governments struggled unsuccessfully to address our growing problems.

The 1980s were characterized by the return to democracy and a deep economic crisis caused by a decrease in international tin prices, internal adjustments designed to pay the external debt incurred by the military governments and hyperinflation. In 1985, Victor Paz Estenssoro was elected president and his administration (1985–1989) managed to stabilize the economy after introducing neoliberal policies and replacing the statist model.

In the 1990s, each successive government continued the policies of macroeconomic stabilization and strengthening the free market economy. During this time, we privatized state-owned oil, railroad, telecommunication, electric and airline companies and the administration of pension funds. High levels of corruption and poor social inclusion ultimately weakened the political system.

The first five years of the 21st century were characterized by a deep political instability, which led to the emergence of social movements, mainly of peasants, indigenous peoples and other marginalized groups. The second term of Gonzalo Sanchez de Lozada (2002–2003) ended prematurely after social conflicts erupted during the so-called "Gas War," which sparked over the exploitation of natural gas, and his vice president, Carlos Mesa Gisbert (2003–2005) assumed the presidency without support from Congress. Mesa Gisbert resigned as a result of political pressure from the unions and the emerging autonomist movement.

On December 18, 2005, Juan Evo Morales Ayma was elected to the presidency with 54.0% of the vote. President Morales was the first president who is a member of the indigenous majority and the first president to be elected by an absolute majority in over 20 years. Fulfilling a campaign promise, President Morales called for a constituent assembly to draft a new constitution, which was convened on August 6, 2006. Voters approved the Bolivian Political Constitution on January 25, 2009, and it entered into force on February 7, 2009. General elections were held under the Bolivian Political Constitution on December 6, 2009 and President Morales was elected with 64.0% of the vote. In April 2013, the Plurinational Constitutional Tribunal ruled that President Morales and Vice President Garcia Linera could run for second terms in the general election of 2014 because the first election of President Morales and Vice President Garcia Linera predated the current Bolivian Political Constitution. In October 2014, President Morales and Vice President Garcia Linera were reelected with 61.0% of the vote. Their terms expired in 2019.

Elections were held in October 2019, but the process sparked several protests as a result of accusations that serious irregularities had been committed. On October 30, 2019, the Secretary General of the Organization of American States

(OAS) and the Plurinational State of Bolivia signed agreements for an election integrity analysis to be conducted in connection with the general elections held on October 20, 2019, in order to make a detailed determination of how processes for the elections were managed, including tallying of votes, the transmission of preliminary results, tallying of final results, and the chain of custody of electoral materials. As a result of the audit conducted to analyze the electoral process, the preliminary report issued by the group of auditors on November 10, 2019 concluded that serious irregularities were identified in the election process, including with regards to use of technology, chain of custody, integrity of the minutes and statistical projections. As a result of the findings, the audit team explained that it was unable to validate the results of the election and recommended holding new elections. Additionally, the audit committee concluded that any future process should have new electoral authorities in order to carry out reliable elections. The final report of the OAS audit was delivered on December 4, 2019.

The failed elections and the social unrest in Bolivia that followed the Organization of American States' report resulted in the resignations of former President Evo Morales Ayma and former Vice President Alvaro García Linera as well as the Senate president and Chamber of Representatives president, who make up the constitutional line of succession to the presidency. The President and Vice President's resignation and indefinite absence, after they left the country on November 11, 2019 to obtain asylum in Mexico, left a vacancy for the presidency and vice presidency, and, as such, a power vacuum in the Government. On November 12, 2019, Jeanine Añez, who was the second vice president of the Senate of the Plurinational State of Bolivia, assumed the presidency.

On November 24, 2019, the interim government pledged through Law 1266 to pacify the political and social unrest in Bolivia and to ensure a transparent electoral process. In order to restore normalcy, Law 1270 was passed on January 20, 2020, extending the period of the mandate of the interim president, the Members of the Plurinational Legislative Assembly and the Elected Authorities of the Autonomous Territorial Entities until the new authorities take power for the period from 2020 to 2025. The elections for President and Vice President were scheduled to be held on May 3, 2020. Notwithstanding, general elections were postponed and rescheduled to take place on October 18, 2020 pursuant to Law No. 1297 of April 30, 2020, as subsequently modified by Law No. 1304 of June 21, 2020 and Law No. 1315 of August 13, 2020.

On October 18, 2020, Luis Alberto Arce Catacora (former Minister of the Economy and Public Finance) and David Choquehuanca Cespedes (former Foreign Minister) of the Movement for Socialism (MAS) political party were elected President and Vice President, respectively, of the Plurinational State of Bolivia with 54.73% from a total of 6,313,459 votes cast, which was 26.4% higher than the second place candidates. On November 8, 2020, they were sworn in as President and Vice President of the Plurinational State of Bolivia each for five-year terms.

In November 2020, Lidia Patty, a former deputy of the Movement for Socialism (MAS) political party, filed a complaint with the Public Ministry, accusing officials who backed the ousting of former president Evo Morales of sedition, terrorism and conspiracy. As a result of the related investigations, Jeanine Añez (former Senator from Beni) was taken into preventative custody in March 2021. In May 2021, the investigation into the alleged coup d'état was supplemented by an investigation into additional charges against Ms. Añez for alleged "resolutions contrary to the Constitution and laws" of Bolivia and "breach of duty". The criminal investigation into the alleged crimes of sedition, terrorism and conspiracy is being conducted by the Criminal Instruction Judge No. 10, while the investigation into the alleged crimes of "resolutions contrary to the Constitution and laws" of Bolivia and "breach of duty", which was being conducted by the Criminal Instruction Court No. 2, has concluded and is now awaiting the start of the corresponding trial proceedings before the Anticorruption Sentencing Tribunal No. 1.

In addition, Ms. Añez may be subject to prosecution for conduct during her time as President. Law No. 044 of October 8, 2010 governs the prosecution of Bolivia's president and vice president, as well as certain other high-ranking government officials, for crimes allegedly committed within the scope of their official duties. Ms. Añez could be prosecuted under this law for charges related to (1) the death of supporters of former President Morales during post-election protests in the towns of Sacaba and Senkata, (2) seeking a loan from the International Monetary Fund without parliamentary authorization, (3) the expansion of a business-licensing concession to Fundempresa and (4) preventing Bolivian nationals from returning to Bolivia during a COVID-19-related quarantine in 2020.

Following the procedures outlined in Law No. 044, the Supreme Court of Justice has sent the four aforementioned charges formulated by Bolivia's Attorney General to the Plurinational Legislative Assembly, where the Assembly must authorize the trial by a two-thirds majority before a trial proceedings against Ms. Añez may take place.

As of the date of this Offering Memorandum, the four accusations (*proposicion acusatoria*) against Mrs. Añez are awaiting the relevant report from the commission for plural justice, prosecutor's office and state defense of the Senate of the Plurinational Legislative Assembly. These reports required for the discussion of the authorization of judgment by the Assembly. Considering that there are twenty other prior accusations (*proposicion acusatoria*) awaiting their corresponding report, to advance to the Assembly's judgment authorization, the discussion of the accusations (*proposicion acusatoria*) against Ms. Añez may be delayed.

In August 2021, counsel for Ms. Añez filed a request for precautionary measures before the Inter-American Commission on Human Rights asking that the Government protect the former interim President and grant her house arrest due to health concerns. Taking the information provided by both parties into account, on October 7, 2021, the Commission decided to dismiss the request for precautionary measures, while noting that it is important that the State continue to guarantee adequate and decent conditions for her detention, in compliance with the Inter-American minimum standards on the subject.

In connection with the proposed prosecution and accusations of Ms. Añez and related officers, political parties and other civil organizations have raised concerns over the interim detention of Ms. Añez and such officers, arguing that under applicable criminal law, she could defend herself without being held under arrest or while under preventive house arrest. Certain parties have also expressed concerns as to whether Ms. Añez's detention should not be processed as an ordinary criminal proceeding but rather as a political responsibility proceeding. As of the date of this Offering Memorandum, other than defenses by Ms. Añez's counsel at ordinary proceedings by public Prosecutors now in course, no legal action has been taken in respect of these concerns, but we cannot offer any assurance that the opposing political parties and other civil organizations will not themselves initiate or take legal or other actions in the future.

On March 7, 2021, the Government held regional and municipal elections, electing governors and legislative assemblies, as well as mayors and councils in municipalities and various other local offices. More than 4,000 representatives were elected for terms through 2026. See "Bolivia—Political and Legal System—Elections."

Furthermore, in the investigation that commenced in November 2019 against former officials of the Supreme Electoral Tribunal and others with regards to alleged electoral and other crimes, the prosecutors commission assigned to the case dismissed the charges in July 2021. Such dismissal was later ratified by the departmental prosecutor of La Paz who ordered the definitive closure of the case.

There were run-off elections on April 11, 2021 for departmental governors in La Paz (winning 55.2% of the votes), Chuquisaca (winning 57.3% of the votes), Pando (winning 54.7% of the votes) and Tarija (winning 54.4% of the votes). Departmental governors were chosen in Cochabamba (winning 57.4% of the votes), Oruro (winning 46.3% of the votes), Potosí (winning 44.0% of the votes), Beni (winning 41.7% of the votes) and Santa Cruz (winning 55.6% of the votes) during the first round of elections, without the need for a run-off.

Municipal authorities were elected in the municipalities of La Paz (with Iván Arias winning 49.5% of the votes), Cochabamba (with Manfred Reyes Villa winning 55.6% of the votes), Santa Cruz de la Sierra (with Jhonny Fernández winning 35.4% of the votes), Tarija (with Johnny Torres winning 53.7% of the votes), Trinidad (with Cristhian Cámara winning 28.4% of the votes), Cobija (with Ana Lucía Reis winning 44.6% of the votes), Potosí (with Jhonny Llally winning 37.5% of the votes), Oruro (with Adhemar Wilcarani winning 29.5% of the votes), Sucre (with Enrique Leaña winning 33.3% of the votes) and El Alto (with Eva Copa winning 68.7% of the votes).

Territory and Population

Bolivia is located in the Andes Mountains and the Amazon region of central-western South America. We are one of two landlocked countries in South America. Our geography includes the Altiplano, a highland plateau of the Andes, and Lake Titicaca, the largest lake in South America and the highest commercially navigable lake in the world.

Bolivia covers an area of 1,098,581 square kilometers, stretching from the wooded Amazonian territories in the north to the tropical savanna latitudes in the far south, and from the Andes in the east to the western plains of Chiquitos. Within our territory are the central valleys of Cochabamba, Chuquisaca and Tarija, the subtropical Yungas of La Paz, and the western marshy lands known as "El Pantanal."

From our location in the center of the Southern Cone, we experience different climates that vary from the intense cold in the Andes Mountains to the tropical heat in the Amazon region, passing through warm temperatures in the valleys. These geographical areas allow the cultivation of fruits, grains, tubers and other agricultural products. At the

same time, they favor the development of livestock, such as swine, sheep, alpaca, fish breeding and poultry, as well as economic activities such as hunting, fishing and forestry. Extractive activities are fundamental to the national economy, encompassing oil, natural gas and minerals such as tin, silver, gold, zinc, borax, copper, bismuth and lithium, as well as gemstones such as Bolivianita and a large iron ore-deposit called Mutún.

Bolivia is divided into the nine administrative departments of Beni, Chuquisaca, Cochabamba, La Paz, Oruro, Pando, Potosí, Santa Cruz and Tarija as well as 337 municipalities. Our constitutional capital is Sucre, although Nuestra Señora de La Paz (“La Paz”) is our administrative capital.

Our last official census was done in November 2012. Based upon that census, we had a population of 10,027,254 as of November 2012.

Starting on November 16, 2022, the Government will conduct a population and housing census, which was declared a national priority by the Supreme Decree No. 4546 of July 21, 2021.

The following table shows estimated demographic characteristics of our population for the four years ended December 31, 2020:

Demographic Characteristics

	2016	2017	2018	2019	2020
Total population (million)	11.02	11.18	11.35	11.51	11.68
Female (%)	50.25	50.24	50.23	50.21	50.20
Male (%)	49.75	49.76	49.77	49.79	49.80
Urban (%)	68.74	69.08	69.41	69.73	70.04
Rural (%)	31.26	30.92	30.59	30.27	29.96
Functional age groups (%)					
Young Child (0–4)	10.84	10.67	10.50	10.34	10.18
Child (5–14)	21.15	20.89	20.63	20.37	20.10
Youth (15–24)	19.17	19.11	19.04	18.97	18.88
Adult (25–64)	42.04	42.40	42.77	43.14	43.53
Elderly (65+)	6.81	6.94	7.06	7.19	7.32
Demographic Indicators					
Average Annual Growth (%)	1.51	1.49	1.47	1.45	1.42
Birth Rate (per thousand)	22.42	22.02	21.64	21.25	20.88
Mortality Rate (per thousand)	6.67	6.55	6.43	6.32	6.22
Fertility Rate (per woman)	2.80	2.74	2.69	2.63	2.58
Infant Mortality Rate (per 1,000 live births)	26.89	25.67	24.51	23.42	22.37
Average Life Expectancy (age)					
Female	74.17	74.72	75.27	75.81	76.35
Male	68.62	69.09	69.55	70.01	70.46
Overall	71.38	71.89	72.40	72.90	73.39

Source: National Institute of Statistics.

The following table provides comparative per capita GDP figures and other selected comparative statistics as of the years indicated based on data from the United Nations Development Programme:

Comparative Per Capita GDP and Other Statistics (1)

	Guatemala	Honduras	Bolivia(1)	Paraguay	Colombia	Brazil	Peru	Ecuador	Argentina	United States of America
Per Capita GDP(2)(U.S.\$) ...	8,494	5,308	8,554	12,224	14,257	14,263	12,252	11,044	21,190	63,826
United Nations Index of Human Development (World Ranking)(3)	127	132	107	103	83	84	79	86	46	17

	Guatemala	Honduras	Bolivia(1)	Paraguay	Colombia	Brazil	Peru	Ecuador	Argentina	United States of America
Healthy Life Expectancy at Birth (years).....	74.3	75.3	71.5	74.3	77.3	75.9	76.7	77.0	76.7	78.9
Infant Mortality (per 1,000 live births)(2).....	22.1	15.1	21.8	17.2	12.2	12.8	11.1	12.2	8.8	5.6
Adult Literacy Rate(4)(%)...	81.3	97.2	92.5	94.0	95.1	93.2	94.4	92.8	99.0	n.a.
Population below the Poverty Line(5)(%)	8.7	16.5	4.5	1.6	4.1	4.4	2.6	3.3	1	1.2

Source: Human Development Report Office 2020

(1) This data may conflict with official data from the Government.

(2) Data to 2018, United Nations Inter-agency Group for Child Mortality Estimation (2019)

(3) United Nations Educational, Scientific and Cultural Organization (“UNESCO”) Institute for Statistics (2020).

(4) World Bank (2020). World Development Indicators database. Washington, DC.

(5) Data refer to the most recent year available during the period specified. Data estimated based on surveys for 2008 and 2018. Percentage of the population living below the international poverty line of \$1.90 (in purchasing power parity terms (PPP)) per day.

Political and Legal System

Overview

We have been governed by a democratic government since 1982 and we have had several constitutions since our independence in 1825. The Bolivian Political Constitution defines Bolivia as a social unitarian state and establishes a participatory, representative and community-based democracy exercised in three ways: (1) through referenda and other citizen legislative initiatives; (2) through the election of representatives by universal vote; and (3) through the election, designation, or nomination of authorities and representatives by nations of indigenous peoples.

The Bolivian state exists both on the plurinational and departmental levels, and is divided into legislative, executive, judicial and electoral branches. The Plurinational Legislative Assembly is composed of two chambers: the Chamber of Deputies, which has 130 members elected to five-year terms, and the Chamber of Senators, which has 36 members elected to five-year terms. The executive branch is headed by the president, who may be elected to two consecutive five-year terms by the general population, and includes the vice president and ministers. The judiciary is composed of the Supreme Tribunal of Justice, the Plurinational Constitutional Tribunal, the Judiciary Council, the Agro-Environmental Tribunal, District (departmental) Courts, indigenous courts and other lower courts. The electoral branch is composed of the Supreme Electoral Tribunal, Departmental Electoral Tribunals, Electoral Courts, Polling Station Judges and Electoral Notaries.

Elections

On October 16, 2011, general elections were held for the first time in our history to elect the judges of the Agro-Environmental Tribunal, the Judiciary Council, the Plurinational Constitutional Tribunal and the Supreme Tribunal of Justice.

The Constitution provides a mechanism by which the general population can recall elected officials, other than members of the judiciary. A recall vote may be held only once during an elected official’s term and is initiated only by a “popular initiative.” For nationally elected officials, including the president, the “popular initiative” must collect signatures and fingerprints of at least 25.0% of all eligible voters and at least 20.0% of eligible voters in each department. Once the requisite signatures and fingerprints have been collected, the nationally elected official may be recalled if the Plurinational Legislative Assembly passes a recall law by an absolute majority.

Social unrest in Bolivia due to the irregularities that plagued the General Elections of October 20, 2019 led to the resignation of President Evo Morales, Vice President Álvaro García Linera, Senate President Adriana Salvatierra and the President of the Chamber of Deputies Víctor Borda. On November 12, 2019, Jeanine Añez assumed the presidency of the Plurinational State of Bolivia pursuant to articles 169.1 and 170 of the Constitution.

Law No. 1266, dated November 24, 2019, established an exceptional and transitory regime for the appointment of Members of the Supreme Electoral Tribunal and Departmental Electoral Courts and to hold the 2020 General Elections.

In addition, Law No. 1266 nullified the outcome of the general elections held on October 20, 2019 and called for new general elections to elect the president, vice president, senators, deputies and representatives before Parliamentary Supra-State System, for the period of the 2020 to 2025 constitutional mandate.

Jeanine Añez assumed the presidency of the Plurinational State of Bolivia on November 12, 2019 on a provisional basis to complete the term of the prior president. Since she was assuming the office of the prior president, her term of office under the prior five-year term was set to expire on January 22, 2020. Consequently, in order to restore normalcy, on January 20, 2020, the Plurinational Legislative Assembly passed Law No. 1270 to extend, on an exceptional basis, the mandate period of President Jeanine Añez, the members of the Plurinational Legislative Assembly and other elected authorities of the autonomous territorial entities until new authorities assumed the respective positions for the period from 2020 to 2025 pursuant to the 2020 General Elections.

As a result of delays to the electoral calendar due to the national emergency in response to the COVID-19 pandemic, general elections which had been scheduled for May 3, 2020 were postponed to October 18, 2020 pursuant to Law No. 1297 of April 30, 2020, modified by Law No. 1304 of June 21, 2020 and Law No. 1315 of August 13, 2020.

On October 18, 2020, Luis Alberto Arce Catacora (former Minister of the Economy and Public Finance) and David Choquehuanca Céspedes (former Foreign Minister) of the party Movement for Socialism (MAS) were elected President and Vice President, respectively, of the Plurinational State of Bolivia with 54.74% from a total of 6,313,459 votes cast, which was 26.4% higher than the second place candidates. On November 8, 2020, they were sworn in as President and Vice President of the Plurinational State of Bolivia each for five-year terms.

On March 7, 2021, the Government held regional and municipal elections, electing governors and legislative assemblies, as well as mayors and councils in municipalities and various other local offices. More than 4,000 representatives were elected for terms through 2026. See “Bolivia—Political and Legal System—Elections.”

There were run-off elections on April 11, 2021 for departmental governors in La Paz (winning 55.2% of the votes), Chuquisaca (winning 57.3% of the votes), Pando (winning 54.7% of the votes) and Tarija (winning 54.4% of the votes). Departmental governors were chosen in Cochabamba (winning 57.4% of the votes), Oruro (winning 46.3% of the votes), Potosí (winning 44.0% of the votes), Beni (winning 41.7% of the votes) and Santa Cruz (winning 55.6% of the votes) during the first round of elections, without the need for a run-off.

Municipal authorities were elected in the municipalities of La Paz (winning 49.5% of the votes), Cochabamba (winning 55.6% of the votes), Santa Cruz de la Sierra (winning 35.4% of the votes), Tarija (winning 53.7% of the votes), Trinidad (winning 28.4% of the votes), Cobija (winning 44.6% of the votes), Potosí (winning 37.5% of the votes), Oruro (winning 29.5% of the votes) and El Alto (winning 68.7% of the votes).

Decentralization

Beginning in 1994, we have made several steps towards decentralization, including widespread use of elections by popular vote and creating autonomous indigenous entities and representatives. Currently, we are consolidating decentralization through the Law on Autonomies and Decentralization, passed on July 19, 2010. This law was the first step towards implementing the political and economic decentralization envisioned in the Bolivian Political Constitution. It enables subnational governments to obtain political and fiscal autonomy; provides for the creation of new autonomous territories for the indigenous populations; allows departments and municipalities to create a new intermediate level of government in the region; and opens up new functions for the subnational governments to assume, including those related to education and health.

Full implementation of the Law on Autonomies and Decentralization will require a redistribution of revenue across jurisdictions—through an agreement referred to as the Fiscal Pact—which required the completion of the national population census that was conducted in late 2012. The results of the census were published in 2013. The Fiscal Pact is a fundamental process to give sustainability to public finances, modify the use of resources, reduce inequalities, promote autonomy and outline a fiscal policy that contributes to development. The implementation of the Fiscal Pact has been developing in five stages through the installation of the National Autonomy Council, the socialization of the technical proposal, the prioritization of the agendas, the improvement of the administration of resources and the analysis of the resources in the preparatory phase.

Social Welfare Programs

In challenging times for the world economy, Bolivia has sought to promote sustainable and inclusive growth through the implementation of noncontributory social protection systems, such as conditional cash-transfer programs. These programs have a greater redistributive impact because they are aimed specifically at the neediest and most vulnerable sectors of our population. In addition, these programs have a direct impact on income inequality as they are monetary transfers.

In this regard, Bolivia is committed to decreasing poverty by promoting equitable economic distribution programs and equality in opportunities, guiding and coordinating local, regional and institutional planning for national development by outlining strategies in key areas such as poverty reduction, healthcare, education, housing and community services.

The Government seeks to deepen the advances on social policies and the elimination of extreme poverty, including improved access to education and healthcare, making the human right to basic services a reality. In January 2020, the Government announced that, after making several financial adjustments, it would allocate 10.0% of the PGE 2020 to healthcare. This measure sought to improve and strengthen medical care for Bolivians and the PGE 2021 also allocates 10% to healthcare and guarantees financial resources for equipment, construction of medical centers and for the universal health system and the implementation of programs in response to the pandemic caused by COVID-19.

Poverty indicators have been greatly reduced in recent years as demonstrated in the tables below, except for 2020 due to the impact of the COVID-19 pandemic. The Government's cash-transfer programs have been instrumental in reducing national extreme poverty from 45.2% in 2000 to 38.2% in 2005, 16.8% in 2015 and 12.9% in 2019 and national moderate poverty from 66.4% in 2000 to 60.6% in 2005, 38.6% in 2015 and 37.2% in 2019. Due to the impact of the COVID-19 pandemic and related quarantines imposed by the Government, extreme poverty rose to 13.7% and moderate poverty rose to 39.0% in 2020. The Government continues to prioritize the reduction of poverty levels, infant mortality, school dropout rates and access inequality to basic services across territorial, ethnic and gender lines.

	2005	2006	2007	2008	2009	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Incidence of extreme poverty (%).....	38.2	37.7	37.7	30.1	26.1	21.0	21.6	18.7	17.1	16.8	19.0	18.4	15.3	12.9	13.7
Incidence of moderate poverty (%).....	60.6	59.9	60.1	57.3	51.3	45.1	43.3	38.9	39.1	38.6	43.0	42.2	39.9	37.2	39.0

Source: National Institute of Statistics—Household Survey 2005-2018. Includes urban and rural areas.

As of December 2020, conditional cash transfers, mainly through the Juancito Pinto cash-transfer program, Dignity Pension program and the Juana Azurduy voucher program, benefited approximately 3.5 million people, which represents about 30.1% of the total population, and in 2020 these cash transfers reached Bs.4,688.1 million (U.S.\$683.4 million).

Due to the effects of the COVID-19 pandemic, the Government began to issue hunger-relief vouchers to (1) persons over 18 years old who did not receive any type of salary remuneration from the public or private sector, (2) recipients of Juana Azurduy vouchers and (3) persons with severe visual impairments and (4) Beneficiaries of the Universal Bonus. The vouchers consisted of a one-time payment of Bs.1,000 to persons in the aforementioned categories and were distributed to more than 4 million people across the country between December 1, 2020 and March 1, 2021. These payments totaled approximately Bs.4,015.0 million. Approximately 67.3% of these payments went to urban areas, and the remaining 32.7% went to rural areas. The recipients included 602,963 people between 50 and 59 years old; 672,144 people between 40 and 49 years old; 851,578 people between 30 and 39 years old; and 1,888,679 people between 18 and 29 years old.

These direct transfer programs are a fundamental part of our efforts to reduce poverty indicators, improve school attendance and achieve lower rates of maternal and infant mortality. These programs are dependent on Government revenues, principally income from the extraction of hydrocarbons and minerals, dividends from state-owned enterprises and the General National Treasury's resources.

The following table shows levels of moderate and extreme poverty for the five years ended December 31, 2020:

Moderate and Extreme Poverty

	2016	2017	2018	2019	2020
Moderate Poverty(1) (%).....	43.0	42.2	39.9	37.2	39.0
Extreme Poverty(2) (%)	19.0	18.4	15.3	12.9	13.7

Source: National Institute of Statistics

- (1) “Moderate poverty” refers to the percent of the population whose income is less than the cost of a basic basket of food plus other basic necessities such as housing, education and entertainment, which was valued in urban areas at U.S.\$131.5 and in rural areas at U.S.\$92.6 per person per month in November and December 2020.
- (2) “Extreme poverty” refers to the percent of the population whose income is less than the cost of a basic basket of food, which was valued in urban areas at U.S.\$63.3 and in rural areas U.S.\$50.2 per person per month in November and December 2020
- (3) New series of poverty indicators recalculated starting in 2016 which are estimated with poverty lines based on the information found in the 2015-2016 Family Budget Survey (*Encuesta de Presupuestos Familiares 2015-2016*) .

Dignity Pension Program

The Dignity Pension Program, a non-contributive program for persons 60 years of age or older, is part of the Social Protection Program in the National Development Plan. From 2016 to December 2020, the Dignity Pension program benefited 5,287,540 people at a total cost of Bs.18,717 million. In 2020, the Dignity Pension Program had an increase of 1.1% as compared to 2019, as a result of 22,226 new beneficiaries. Total payments of Bs.4,635 million went to 1.1 million beneficiaries.

The Dignity Pension Program provides monthly payments of Bs.250.0 or Bs.300.0, depending on whether recipients receive any other form of Government assistance or a pension. In addition, the Dignity Pension Program establishes a 13-month payment (*aguinaldo*) payable to its beneficiaries. The total annual amounts, including the *aguinaldo*, range from Bs.4,550 per year to Bs.3,900.0 per year per person.

Juancito Pinto Cash-Transfer Program

The Juancito Pinto cash-transfer program provides a monthly subsidy of Bs.200.0 directly to students to encourage school attendance in order to reduce truancy and dropout rates. Coverage of the Juancito Pinto cash-transfer program has expanded progressively since 2006. From 2016 to 2020, the payment of this benefit was extended to all public school students under 21 years old across the country.

In 2020, the Juancito Pinto cash-transfer program reached 2.2 million students, or 19.6% of the population, at a total cost of Bs.444 million. These results contributed to reaching an overall school dropout rate of 2.7% in 2019, resulting from a 1.5% dropout rate at the elementary school level and 3.9% at the high school level.

This program was financed by state-owned enterprises such as YPFB, ENTEL, ENDE, and EBA, among others.

Juana Azurduy Voucher Program

The Juana Azurduy voucher program is designed to reduce maternal and child mortality and the levels of chronic malnutrition among children as a mechanism to guarantee safe motherhood and the integrated development of children. To access this benefit, pregnant women must complete four prenatal checkups every two months, for which they receive a payment of Bs.50.0 for each visit. Furthermore, for assisted delivery by health professionals and a postnatal check, each mother receives Bs.120.0. Additionally, a child under two years old receives Bs.125.0 for each of the 12 bi-monthly checkups. The total benefit to the family amounts to Bs.1,820.0 in about 33 months of controls. It is an incentive for women to seek medical services during pregnancy, delivery and postnatal care of Bolivian children.

In 2020, the Juana Azurduy voucher program benefited 96,322 pregnant women and 99,052 children at a total cost of Bs.116 million (U.S.\$16.9 million) and was financed by resources from the General National Treasury and the Ministry of Health. These allocations were lower than those made in 2019, with the number of beneficiaries decreasing

by 10.5% and the total payment amount decreasing by 21.6%. In 2019, 218,184 women and children benefited for a total amount of Bs.148 million (U.S.\$21.6 million).

From 2009 to October, 2020, the Juana Azurduy voucher program benefited 1,000,551 pregnant women and 1,000,000 children. This program supports the ability of health professionals to attend 98.8% of births and provide 1,616,228 prenatal control visits in 2019.

Housing, Utilities and Community Services

The Government has worked to increase access to suitable housing and grant property rights to the low-income population in order to reduce housing shortages. In 2020, homeownership activity increased 0.8%, consistent with the limited expansion in private construction (0.2%) and the stagnation in low-cost housing loans.

In 2011, the More Investment for Water (“MIAGUA”) program was created in order to increase access to water for human consumption and irrigation through investments in irrigation, drinking water and basic sanitation. At the same time, this program seeks to contribute to food security and poverty reduction through increased agricultural production and productivity, and improved living conditions of the population.

From 2016 to 2020, U.S.\$1,117.6 million have been invested in water and basic sanitation, which has enabled 82.1% of the population to have access to water resources, such that 9.6 million people have access to potable water. Basic sanitation services reach 72.8% of the Bolivian population, such that 8.5 million people, or an 84bps increase in relation to the 2019. An additional program, the Dignity Rate, was established to facilitate access to the electric grid to lower income families. The Dignity Rate is a 25.0% discount over the total invoice amount for monthly electricity consumption up to 70.0 kilowatts hours per month in urban areas and rural areas. These discounts are covered by the electricity companies operating in the Wholesale Electricity Market. In 2020, the number of beneficiaries of the Dignity Rate reached 1,294,887 households an increase of 1.8% as compared to 2019.

Pension System

The pension system was reformed in late 2010. The new pension law adopted in 2010 established the Integral Pension System and replaced a system that had been established in 1996. The new pension law was enacted after a process of widespread consultation. The new pension system replaced the 1996 scheme, which operated as a compulsory worker savings program with no guaranteed benefits. The new pension law, on the other hand, provides guaranteed benefits and allows workers to retire sooner.

After eight years of implementing the Integral Pension System, between 2011 and 2018, internal documentation tracking progress has indicated record levels of individuals who have benefited from the Solidarity Pension and the number of insured individuals has also increased. Since implementation of the new system, the number of retirees has been higher than the total number of retirees under the previous system. The increase in retirees demonstrates that individuals are able to retire at an earlier age and support themselves on their pension.

The new pension law allows for an indefinite transition period to finalize operational issues, after which the pension funds will be operated by a public pension fund administrator. As of December 31, 2020, the two private pension administrators that performed the role prior to the reform, Futuro de Bolivia AFP S.A. and BBVA Previsión AFP S.A., continued to administer the pension funds. The two will continue to administer the pension funds until a public pension fund administrator is completely formed, although the current administration is reassessing the role of the public pension fund administrator to propose future policies.

The key elements of the pension system reform are the following:

- Nationalization of the administration of the system’s assets: a new Public Pension Funds Administration that could eventually take over the two existing private administrators.
- Reduction of the statutory retirement age from 65 to 58 years, with further reductions for specific groups: miners will be able to retire at 56 years of age, miners and metallurgists working under unhealthy conditions at 51 and women at 55. Women will be entitled to advance their retirement age by one year for each child born alive, up to three years.

- Since the reform, the pension system has been composed of three subsystems (or regimes): contributive, semi-contributive, and non-contributive.
- The contributive subsystem will continue to be based on individual accounts into which employees contribute 10.0% of their salaries. Pensions will have no ceiling and will continue to be computed according to the amount saved in the personal accounts.
- A contribution of 1.71% paid by employers and employees to cover common and professional risks, providing health insurance in case of accidents in daily activities and accidents during working hours.
- The semi-contributive subsystem—solidarity pensions—complements the contributive pensions when payments out of the contributive pension are lower than a certain threshold. This new pillar is fully financed, among other sources, by a progressive contribution (national solidarity contribution), mining solidarity contributions and solidarity contributions made by insured people and employers.
- A Death Pension, which is activated when the insured person dies, giving his pension to the beneficiaries declared by the insured.
- In May 2013 under Law 378, the main component of the non-contributive subsystem, the Dignity Pension program, increased the annual amount of payments from Bs.2,400.0 to Bs.3,000.0 for people who did not receive any pension or income. For people who received pension or income, the annual amount increased from Bs.1,800.0 to Bs.2,400.0.
- In addition, the non-contributive subsystem provides for a payment of Bs.1,800.0 to cover funeral expenses of a person who has received a pension under the Dignity Pension program.
- Since August 2014, under Law 562, the Dignity Pension program has added a 13-month payment (*aguinaldo*) of Bs.250.0 or Bs.200.0, depending on whether the person received any kind of pension or income during the corresponding year.
- In September 2014, Law 573, decreeing the Age Reduction Due to Unhealthy Work Conditions, was enacted. This law allows mine workers, bricklayers, workers in cement mills, workers performing their duties under the open sky, and workers exposed to radiation and toxic materials, including those in the textile industry, who are constantly exposed to chemical powders and other pollutants, to benefit from an early retirement age.
- In August 2015, Law 721, decreeing Temporal Benefit to Unhealthy Work, was enacted, increasing the contributions to the Dignity Pension program for mine workers.
- In May 2017, through Law 953, an annual total of Bs.3,250.0 for contributive subsystem and Bs.3,900.0 for non-contributive subsystem was defined, which represents a monthly increase of Bs.50.0, including the *aguinaldo* for both beneficiary groups.
- In October 2017, Law 985, the scale of the solidarity limits, minimum and maximum, of the Solidarity Pension was modified.
- In December 2017, Law 1006, the compensation of monthly contributions was updated based on the annual variation of the Unidades de Fomento de Vivienda (“UFVs”).
- In June 2019, Law 1196, defines an annual total payable of Bs.3,900 for Rentiers and Bs.4,550 for Non-Rentiers, representing a monthly increase of Bs.50, including the *aguinaldo* for both groups of rentiers.

As of December 31, 2020, 2.4 million people were insured under the reformed pension system, of whom 62.0% were male and 38.0% female. A total of Bs.5,463.4 million in disbursements were made in 2020, an increase of 8.8% compared to Bs.5,017.8 million in 2019. Contributions totaled Bs.11,290.3 million in 2020, a decrease of 6.0% compared to Bs.12,019.3 million in 2019. Total assets reached Bs.144,048.0 million as of December 31, 2020, an increase of 9.4% compared to Bs.131,631.7 million as of December 31, 2019.

As a consequence of the COVID-19 pandemic and the strict quarantine of 2020, many people lost their source of income generating difficulties to provide for their families. The Law for the Partial or Total Refund of Contributions (*Ley para la Devolución Parcial o Total de Aportes*), Law No. 1392 of September 8, 2021 was regulated by way of Supreme Decree No. 4582, and with this regulation, the details and mechanisms under which an applicant may, once certain prior requirements are met, voluntarily request a refund of personal pensions are established. There are three mechanisms for refunds of personal pensions: (1) an applicant, regardless of age, whose balance in their personal pension account is less than or equal to Bs.100,000, may request a partial refund of up to 15% of their balance; (2) an applicant, regardless of age, whose balance in their personal pension account is greater than Bs.100,000, may request a partial refund of up to Bs.15,000; and (3) an applicant whose balance in their personal pension account is less than or equal to Bs.10,000, may request a total refund of their balance, if they are of 50 years of age or older. As of October 6, 2021, the AFP started granting partial or total refunds of contributions through various financial institutions to people that are of 50 years of age or older.

Infrastructure and Investments

Public Sector Investments

Total public sector investment in 2020 was U.S.\$1,783.9 million, a decrease of 52.6% as compared to U.S.\$3,769.2 million in 2012, with such investment directed to social projects (39.8%), infrastructure (29.0%) and productive projects (26.6%). This decrease is attributable to stagnation in investment across all sectors due to various factors which, among others, include government policy decisions and measures implemented during the COVID-19 pandemic for general public safety purposes.

The following table shows public sector investment for the five years ended December 31, 2020, as well as budgeted figures for the year ended December 31, 2021:

Public Sector Investments

	Year Ended December 31,					Budget 2021
	2016	2017	2018	2019	2020	
	(in millions of U.S.\$)					
Productive						
Agricultural.....	236.36	227.23	273.79	246.58	133.92	221.16
Energy.....	875.33	823.43	601.95	444.82	160.29	452.66
Hydrocarbons.....	529.68	341.06	162.02	134.31	86.94	368.63
Industry.....	115.60	206.74	185.40	113.13	29.21	106.82
Mining.....	98.17	114.96	191.44	156.34	57.52	244.45
Tourism.....	11.16	6.59	5.69	11.35	6.15	5.69
Total Productive.....	1,866.29	1,720.00	1,420.28	1,106.54	474.03	1,399.41
Infrastructure						
Communications.....	82.75	98.77	91.12	87.91	25.25	47.61
Energy.....	—	—	—	—	—	—
Water Resources.....	47.41	21.58	23.40	43.43	29.21	35.88
Transportation.....	1,692.19	1,507.46	1,403.70	1,175.27	462.87	1,368.19
Total Infrastructure.....	1,822.34	1,627.82	1,518.22	1,306.60	517.33	1,451.68
Social						
Culture.....	9.26	9.08	14.76	10.61	5.83	3.93
Sports.....	106.72	122.45	119.77	76.42	29.58	24.23
Education.....	323.08	340.25	314.18	240.87	97.63	84.89
Health.....	221.88	175.65	264.04	293.06	231.89	496.23
Basic Sanitation.....	185.43	244.05	273.90	254.71	159.53	188.36
Social Security.....	7.51	7.51	10.96	5.54	4.94	2.35
Urban Development and Housing.....	337.72	294.68	280.40	289.53	181.47	198.42
Total Social.....	1,191.59	1,193.68	1,278.00	1,170.75	710.87	998.41

	Year Ended December 31,					Budget 2021
	2016	2017	2018	2019	2020	
	(in millions of U.S.\$)					
Multisector						
General Administration	35.89	30.82	52.89	21.19	16.18	22.52
Trade and Finances	5.95	18.85	6.18	5.29	0.54	0.72
National Defense	58.00	80.55	72.66	67.26	22.75	33.54
Judiciary.....	9.28	13.94	5.63	4.37	3.93	11.13
Environment	18.76	27.39	23.36	18.58	14.07	8.29
Multisector.....	39.20	43.38	33.38	25.53	20.47	81.31
Public Order and Citizen						
Safety	17.93	15.22	47.35	43.10	3.83	4.12
Total Multisector	185.00	230.14	241.45	185.33	81.76	161.63
TOTAL	5,065.23	4,771.63	4,457.95	3,769.22	1,783.99	4,011.12

Source: Ministry of Development Planning

Productive

Investments in the productive sector totaled U.S.\$6,587.1 million during the period from 2016 to 2020, which includes the agricultural, energy, hydrocarbons, industrial, tourism and mining sectors.

Total public sector productive investment in 2020 was U.S.\$474.03 million, a decrease of 57.2% as compared to U.S.\$1,106.54 million in 2019. This decrease was primarily due to a 74.2% decrease in Government investment in the (i) industrial sector, from U.S.\$113.13 million in 2019 to U.S.\$29.21 million in 2020 and (ii) energy sectors from U.S.\$444.82 in 2019 to U.S.\$160.29 million in 2020, a decrease of 64.0%, as a result of lower investments in hydroelectric-generation plants, the construction of wind farms, the equipment and construction of combined-cycles thermoelectric plants and various transmission lines. The decreased investment in the industrial sector is attributable slow progress in the implementation of the cement plant in Potosí and other projects, such as the equipment of the EMAPA rice-production plant in Beni.

Investments in the agricultural sector from 2016 to 2020 totaled U.S.\$1,117.8 million. In 2020, investments totaled U.S.\$133.92 million, reflecting a decrease of 45.7%, or U.S.\$112.66 million, as compared to investments in 2019. The main projects affected were the implementation of the program for the titling and sanitation of rural land, the construction of the Jacha Jahuira de Batallas irrigation system, the construction and equipment of the EMAPA grain-storage plant in Ivirgarzama and the “Nuestro Pozo” underground well-drilling program.

In the agricultural sector, the most important developments were the completion of the following projects: the support for agricultural and non-agricultural entrepreneurs at the national level (ACCESOS); the guidance project for the adaptation of small-scale agriculture in the Valles de Chuquisaca, Potosí and Tarija regions (ACCESOS – ASAP); the support for sustainable growth at the national level (DETI – FASE II); the improvement of access to markets for rural producers at the national level (PAR II); the implementation of rural food initiatives – CRIAR Bolivia; the vegetables, ruminants, fruits, potato and tomato program; and the development of sustainable cattle ranching at the national level.

Agricultural sector programs and projects include: (1) FONADIN, which promotes sustainable participatory integral development; (2) EMPODERAR, which aims to provide market access to poor rural producers from selected areas of the country through a model of productive rural alliances; (3) the Rural Agro-Food Initiatives Creation Project (CRIAR), which promotes the adoption of technologies that increase agricultural yields; (4) the Fisheries and Aquaculture Program (PACU), which aims to strengthen aquaculture and fishing development and production in the Amazon and Altiplano River Basins; (5) the Comprehensive Reinforcement Program for Camelids in the Altiplano (PROCAMELIDOS), which aims to increase livestock productivity and improve quality of life for families that raise camelids, (6) ACCESOS, which finances the development of self-organized community businesses to promote connections among producers and markets and create economic alternatives in the non-agricultural rural sector; and (7) the Underground Well-Drilling Program (NUESTRO POZO), which aims to increase agricultural water supply through the drilling, rehabilitation and implementation of underground wells.

In 2020, 95% of the amount allocated for total public investment, including for programs such as ACCESOS and EMPODERAR PICAR, had been distributed. As of 2020, the Government had distributed 72% of the funds allocated for the EMPODERAR PAR II program and 55% of the funds allocated for the NUESTRO POZO program. The programs with the lowest amount of allocated funds distributed were PACU (with 37% of the allocated funds distributed), CRIAR II (with 41% of the allocated funds distributed) and FONADIN (with 15% of the allocated funds distributed).

Investment projects to be developed between 2021 and 2026 include the National Program to Support the Production and Marketing of Vegetables (expected cost, Bs.137.6 million), a program for the improvement of pineapple production for exports and domestic consumption (expected cost, Bs.69.5 million), the National Program for the Development of Bovine Livestock (expected cost, Bs.489.6 million) and a program to address the effects of climate change on rural families in Bolivia (expected cost, Bs.184.9 million), among others.

In 2021, the Government intends to prioritize the management of policies, strategies, programs and projects for productive infrastructure, technology and agricultural mechanization, as well as the promotion of innovation in agricultural technology.

Investments in the energy sector for the period from 2016 to 2020 totaled U.S.\$2,905.8 million. Prior to 2016, the energy sector was classified as part of the infrastructure sector. In 2020, investments totaled U.S.\$160.3 million, a decrease of 64.0%, or U.S.\$284.5 million, compared to 2019.

Investments in the energy sector accounted for 9.0% of total public investment in 2020. The largest investment in the period from 2015 to 2019 in this sector was recorded in 2016, for a total of U.S.\$875.3 million, due to the payments for advances corresponding to larger projects, including construction of combined-cycles thermoelectric plants in Tarija, Entre Rios, Cochabamba and Warnes, Santa Cruz, which are being executed by ENDE. In the same period, the most important investment projects in the energy sector are the equipment and construction of a combined-cycles thermoelectric plant in Entre Rios, Cochabamba and the construction of the Ivirizu hydroelectric generation plant, which are being executed by ENDE for an amount of U.S.\$245.9 million.

In 2020, the Warnes Santa Cruz combined-cycles thermoelectric plant project was completed. Projects that increase transmission to the National Interconnected System include the construction of the Arboleda–Lomas line, the expansion of the Bélgica–Troncos Project and the expansion of the La Plata substation.

Planned projects for 2021 include the installation of generating units at the Warnes Santa Cruz and Entre Ríos combined-cycles thermoelectric plants as well as the addition of the Brechas Dorado and La Plata–ECEBOL–Potosí transmission lines.

The projects currently underway include the construction of the Warnes wind farm, San Julián wind power plant, el Dorado wind power plant, la Ventolera wind power plant, the Miguillas hydroelectric facility, the Laguna Colorada geothermal plant, the San José hydroelectric facility, the El Sur and Warnes thermoelectric facility and the Ivirizu hydroelectric facility. Plans for the coming years include the Blue Band Hydroelectric Project (at an estimated cost of U.S.\$296.4 million), the expansion and improvement of the Uyuni Solar Plant (U.S.\$2.8 million), the Brazil Energy Export Project (U.S.\$35.9 million) and the construction of the hydroelectric component of the Río Grande Rositas Project (U.S.\$1,693.1 million).

Investment in the hydrocarbons sector for the period of 2016 to 2020 reached a cumulative amount of U.S.\$1,254.0 million. In 2020, investment in this sector amounted to U.S.\$86.9 million, a U.S.\$47.4 million decrease compared to 2019. The largest amount of investment in the period from 2016 to 2020 was recorded in 2016, in the amount of U.S.\$529.7 million. This decrease is due to the postponement of exploratory projects that would have made it possible to replenish reserves in a timely manner. Planned investments in hydrocarbon transport were also affected by a 50% decrease, and there was a decrease in investment for the construction of residential gas lines.

In 2021, an investment of U.S.\$368.6 million was estimated for exploration, exploitation and industrialization activities. Plans include the exploration of 17 wells, as well as the exploitation of the Margarita 1 well, with an expected initial production of 70MMPCD, and the Tatarenda well, with an initial expected production of 160 MMPCD. Planned projects for pipeline transportation include the phase II expansion of the GSP gas pipeline (Sucre–Potosí), the expansion of the GTS gas pipeline (Tarabuco–Sucre), the expansion of the North Loop (Ichilo–Carrasco) and the expansion of the expansion of the Camiri–Sucre pipeline. The main industrialization projects for the year

include the implementation of a national diesel-import-substitution program and the implementation of mercury-removal units in PSL Río Grande (Cabezas–Santa Cruz) and Carlos Villegas (Yacuiba–Tarija). Commercialization projects include implementing six service stations, expanding the crimping capacity of Palmasola II and constructing of a jet-fuel plant in Uyuni.

Investments in the industry sector for the period of 2016 to 2020 declined significantly, totaling U.S.\$630.1 million. In 2020, investment in this sector totaled U.S.\$29.2 million, which represented a decrease of 74.2%, or U.S.\$83.9 million, as compared to 2019. This decrease is attributed to delays in the implementation of the cement plant in Potosí and other projects as a result of COVID-19-related quarantines.

In 2021, the Government plans to invest U.S.\$29.2 million to continue to attract tourism to the Salar de Uyuni salt flat and the Lagunas de Colores lakes; implement piscicola plants in the Amazon and in the Cochabamba tropics; construct, equip and install the EMAPA industrial rice-production plant in Beni; construct, equip and install the EMAPA grain-storage and transport facility in Viacha; implement dairy-processing plants in the departments of Beni, Cochabamba and La Paz; implement a plant for freeze-drying fruits in La Paz; and develop a Stevia-processing facility in Cochabamba, among other projects.

Investments in the mining sector for the period from 2016 to 2020 totaled U.S.\$618.4 million. In 2020, investments totaled U.S.\$57.5 million, representing a decrease of 63.2% as compared to 2019. Investments in mining experienced a significant decline mainly due to the suspension of an integral development project for the Salar de Uyuni salt flat and the suspension of the implementation of a basic steel works for the manufacture of rolled steel at El Mutún.

Lithium-industrialization projects carried out in 2020 by the state-owned lithium company (*Yacimientos de Litio Bolivianos* or “YLB”) included the implementation of a research and development facility in Potosí; the exploration and investigation of the salt flats and lakes of Bolivia; the integral development of the Salar de Coipasa salt flat; and the integral development of an industrial plant at the Salar de Uyuni salt flat.

In the mining sector, the Government spent U.S.\$15.8 million on investment projects in 2020, or approximately 17.0% of the amount budgeted. The slow pace of the projects was due to COVID-19-related quarantines. COMIBOL completed about 52.0% of its planned projects. The Colquiri Mining Company completed 41.0% of planned projects, while the Huanuni Mining Center completed only 0.2%.

The El Mutún Steel Plant Project reached 38.8% physical progress in 2020. Approximately 33.6% of the expected U.S.\$546.0 million total investment has been spent. Steel reserves total 39,700 million MT, and manganese reserves are estimated at 10 million MT. It is estimated that the plant will be up and running in 2023, producing 194,000 MT of rolled steel annually, providing annual sales revenues of approximately U.S.\$172.7 million.

For 2021, planned projects include the continued work on the El Mutún Steel Plant Project, including the manufacture of equipment for the plant. In the mining sector, planned projects include the creation of new smelters for a zinc refinery; the COMIBOL Amayapampa Project for gold exploitation; the COMIBOL Mallku Khota Project for the exploitation of approximately 40,000 MT per day of silver, indium, copper, zinc, lead and gallium; and the Lucianita Concentrator Plant for the Colquiri Mining Company, expected to have a daily production capacity of 3,000 MT of tin. A new Colquiri Mining Company plant with a daily production capacity of 2,000 MT is also under construction. The budget for these projects in 2021 was U.S.\$244.4 million.

Infrastructure

Investments in infrastructure totaled U.S.\$6,792.3 million during the period from 2016 to 2020, of which U.S.\$517.3 million was invested in 2020, a decrease of 60.4% compared to 2019. This trend is explained mainly by the deceleration of certain projects, including the construction of highways, bridges and the Cochabamba Metropolitan Train. Likewise, communications investment projects were also slowed. The most affected projects included the implementation of base radio communications and telecommunications services, as well as a project for the acquisition and monitoring of the electromagnetic spectrum.

In 2020, the transportation sector decreased by 60.6% compared to 2019. Several projects were postponed, including the construction of the El Espino–Charagua–Boyube highway, the construction of the two-lane Confital–Bombo highway, the improvement of the Okinawa I and II highways, the construction of weigh stations and toll booths, and the conservation of national bridges were postponed. The budget for these projects was U.S.\$138.3

million. The Government proceeded with the Cobija Airport expansion project (with a cost of U.S.\$3.8 million) and the Trinidad Airport expansion project (with a cost of U.S.\$8.6 million).

In the water-resources sector, public investment decreased by 32.7% compared to 2019. More than 200 projects were completed in the departments of Chuquisaca, Cochabamba, La Paz, Oruro, Potosí and Tarija, at a cost of approximately U.S.\$14.7 million. More than 70 projects are still underway, with an approximate value of U.S.\$25.6 million. The main irrigation projects at the national level include construction of phase I of the Sella–Rumicancha dam in Tarija (with an approximate value of U.S.\$27.2 million), the construction of the Valles Tarabuco dam and irrigation system in Chuquisaca (with an approximate value of U.S.\$12.6 million) and the construction of the San Martín–Santivañez project in Cochabamba (with an approximate value of U.S.\$9.6 million).

In 2021, the main investment projects in the infrastructure sector include the construction of the Cochabamba Metropolitan Train (with a budget of U.S.\$91.1 million), the construction of the “El Sillar” segment of a two-lane highway (U.S.\$178.7 million), construction of the Rurrenabaque–Riberalta highway (U.S.\$111.8 million), the construction of the El Espino–Charagua–Boyube highway (U.S.\$99.2 million), the start-up of a fiberoptic-communications project (U.S.\$21.4 million) and the installation of base radio communications (U.S.\$10.9 million).

Social

Investments in the social sector from 2016 to 2020 totaled U.S.\$5,544.9 million, driven by the investment in activities like education and culture, healthcare and social security, sanitation and urban planning and housing. In 2020, the investments totaled U.S.\$710.9 million, a decrease of 39.3% compared to 2019. Investment in education and culture decreased by 59.5% and 45.1%, respectively, due to the suspension of construction of cultural centers and schools. Investment in urban planning and housing decreased by 37.3%, as a result of the suspension of projects for pavement, street improvement and urban-access roads nationwide.

Investments in health, social security and sports decreased by 31.0% with delays in projects such as the construction and equipment of a gastroenterology center in La Paz and the equipment of a healthcare facility in Chuquisaca, as well as suspension in projects like the nuclear medicine and radiotherapy centers in Santa Cruz, El Alto and La Paz. Additionally, investment in basic sanitation decreased by 37.4%, with fewer resources dedicated to certain projects for drinking-water, storm-drainage and sewage systems.

In the education sector, the Government oversaw a portfolio of 118 education infrastructure projects in 2020. Financing for these projects included U.S.\$6.3 million from the Special Projects Unit (UPRE) responsible for the Bolivia Changes Program. Additionally, the Government provided U.S.\$1,128.8 million for education investment projects, which included the refurbishment of educational centers and laboratories.

In the health sector, the Government invested U.S.\$71.6 million in projects in 2020 that included the equipment and start-up of the El Alto Sur hospital and the construction, the equipment and start-up of a hospital in Potosí, as well as the implementation of the Juana Azurduy voucher program, which promotes prenatal and postnatal health and wellness. In November and December 2020, the Government resumed the construction of nuclear medicine and radiotherapy centers in Santa Cruz, El Alto and La Paz.

In the area of urban planning and housing, the Government invested U.S.\$181.5 million in 2020 for projects that included the street pavement, the construction of bus terminals and markets and the improvement of green spaces.

In 2021, the main investment projects in the social sector include the implementation of nuclear medicine and radiotherapy centers in Santa Cruz, El Alto and La Paz (with a budget of U.S.\$62.5 million); the equipment of a healthcare facility in Potosí (with a budget of U.S.\$31.2 million), the implementation of the National Urban Infrastructure Program (with a budget of U.S.\$31.0 million) and the implementation of a program to support national education infrastructure (with a budget of U.S.\$29.1 million), among other projects.

Multisector

Investments in this category include those in trade and finance, general administration, national defense, the judiciary, public safety and police. The category also includes investments in development, land, natural resources and the environment, multiple programs and institutional strengthening.

Public investments in the multisector category in the period from 2016 to 2020 totaled U.S.\$923.7 million. In 2020, the investments totaled U.S.\$81.8 million, a decrease of U.S.\$103.6 million, or 55.9%, compared to 2019.

The main multisector investment projects for 2021 include the implementation of the Multisector Support Program for GAMS y GADS (with a budget of U.S.\$23.4 million), implementation of an integrated air-defense and air-traffic-control system (with a budget of U.S.\$21.9 million) and construction of a multipurpose border facility in Tarija (with a budget of U.S.\$8.8 million), among others.

International Relations

In November 2020, the Government reestablished diplomatic relations with Venezuela and Iran.

In 2019, the Plurinational State of Bolivia established new diplomatic relations with Kyrgyzstan, Maldives, Saint Lucia, Saint Marino and Saint Vincent and the Grenadines. We also abolished the visa requirement with Antigua and Bermuda Saint Vincent and the Grenadines and Suriname. We notified the State of Israel of the decision to reestablish our diplomatic relations.

Relationships with Other Latin American Countries and the Caribbean

Our relationships with other Latin American and Caribbean countries focus on strategic areas, including the environment, energy, petrochemicals, mining, agriculture, agribusiness, education, health, culture, tourism, immigration, customs, international trade, technical and scientific cooperation, international judiciary cooperation, the financial sector, security and defense.

Argentina

Our trading relationship with Argentina is largely composed of the natural gas sales agreements in the hydrocarbon sector. See “The Bolivian Economy—Principal Sectors of the Economy—Petroleum and Natural Gas.” A natural gas sales contract was signed between YPFB and ENARSA in 2006. In the area of border integration, we have built a bridge between Yacuiba, Bolivia and Salvador Mazza, Argentina, which has increased trade, tourism and development in the border area of Yacuiba. Through the Argentine Cooperation Fund (FOAR), we have also engaged in technical cooperation with respect to certain issues and in various areas, like agriculture, gender rights, drugs, labor, environment, small and medium-sized businesses, energy, human rights, education, goods and customs, culture, industry, and justice.

In 2018, we signed International Institutional Agreements for Strategic Cooperation with Argentina for policing against illicit drug trafficking and against transnational organized crime. We also signed a contract between the Agency of Nuclear Energy of Bolivia and the Argentine company INVAP to construct three centers for nuclear medicine in the localities of El Alto, La Paz and Santa Cruz.

In 2019, we signed the Memorandum of Understanding for the Deepening of Energy Integration; the addendum to the Natural Gas Export Contract; Exchange of Reverse Notes for the Relocation of Rosario Port; Technology Cooperation and Training Agreement; Agreement on Cooperation in Health Matters; and the Memorandum of Understanding for the Establishment of a Platform on Creative Economy. All of these agreements have deepened our bilateral relations in energy and health, and have resolved outstanding issues such as the relocation of the Port of Rosario.

In December 2020, bilateral relations with Argentina resumed with a broad agenda on border rights, economic-trade, infrastructure, migration, cooperation and political dialog, among other matters,.

Brazil

In 2013, our diplomatic relationship with Brazil was disrupted when Senator Pinto sought asylum in Brazil and was offered refuge in the Brazilian Embassy, causing the resignation of the Brazilian ambassador. In December 2015, Brazil appointed a new ambassador to Bolivia. In May 2016, we appointed our new ambassador to Brazil.

In February 2016, the Ministry of Mines and Energy of Brazil and the Ministry of Hydrocarbons of Bolivia entered into a memorandum of understanding related to the energy sector. Under this memorandum of understanding, we agreed to continue the natural gas sales agreements between YPFB and Petrobras and to deliver Liquefied Natural

Gas (“LNG”) and LPG to the Brazilian market. In addition, YPFB and Petrobras agreed to work together to concretize the Tres Lagunas Fertilizer Plant (Brazil). The memorandum of understanding also states that Bolivia has the capacity to supply to Brazil natural gas long term after 2019, and Brazil expressed its interest and commitment to maintain the commercial relations by purchasing natural gas from Bolivia.

The governments of Bolivia and Brazil through ENDE and Eletrobras, their respective state electricity entities, entered into two agreements to carry out the binational Rio Madera hydroelectric project of approximately 3,000.0 Megawatts (“MW”) and to undertake joint investments for the commercialization of electricity in Brazil and other countries.

In November 2016, Bolivia and Brazil through YPFB, Petrobras, J & F and Empresa Promotora de Energía Ltd (“EPE”) entered into an oil services agreement for the San Telmo and Astillero areas for a 40-year term. The expected investment is of approximately U.S.\$610.0 million for each of the San Telmo area and the Astillero area. The Memorandum of Understanding regarding the Bioceanic Railway Integration Corridor Project was signed in December 2019, and on March 11, 2020, an addendum became effective that increases the sale of gas between YPFB and Petrobras.

Chile

We maintained diplomatic relations with Chile from 1890 until April 1962, when relations ended due to Chile’s diversion of the Lauca River. On February 8, 1975, the Charaña Act was signed between the presidents of Bolivia and Chile, which restored diplomatic relations. However, on March 17, 1978, due to a breakdown in negotiations and a lack of commitment to the Charaña Act, we again ended diplomatic relations with Chile. In April 2013, we presented a maritime claim against Chile in the International Court of Justice (“ICJ”). On October 2018, the Court ruled in favor of Chile, holding that the Chilean government does not have the obligation to negotiate with our country regarding sovereign access to the Pacific Ocean.

In 2011, former President Morales publicly stated that the Constitution provides for the sovereign maritime vindication as one of the pillars of our foreign policy and presented our claim for free and sovereign access to the Pacific Ocean before international tribunals. In response to these statements, the Strategic Board of Maritime Vindication and the National Counsel for Maritime Vindication were created and their work resulted in the case we filed against Chile on April 24, 2013 before the ICJ. On July 15, 2014, Chile filed a preliminary objection to the jurisdiction of the Court, which was rejected by the ICJ 14 votes to two on September 24, 2015. We filed a reply on March 21, 2017. In October 2018, the ICJ dismissed this claim and ruled that the Republic of Chile does not have a duty to negotiate sovereign access to the sea with Bolivia.

In June 2016, Chile presented a claim against Bolivia in the ICJ regarding the status and use of the Silala waters. In 2018, Bolivia filed an answer and counterclaim. On September 16, 2019, with the filing of Chile’s supplemental brief, the written phase of the proceedings were concluded. As of this date, the ICJ has not summoned Bolivia, and to our knowledge, has not summoned Chile either, for the commencement of oral proceedings. However, taking into account the regulations, doctrine and usual practice of the ICJ, we consider that oral proceedings may take place during the first trimester of 2022.

At the time of this Offering Memorandum, we only maintain consular relations with Chile.

Colombia

Our international relationship with Colombia dates back to March 19, 1912 when we subscribed to the Treaty of Friendship between Bolivia and Colombia. The agreement was the first in a series of collaboration agreements that were signed between the countries that have maintained a relationship of peace, friendship and cooperation continuously for more than a century.

The agreement on Technical Cooperation, Science and Technology of 1998 began a fruitful relationship for South-South cooperation in several areas including agricultural and agribusiness, trade and investment, science and technology, and education and human resource development.

Cuba

Our most recent diplomatic relations with Cuba began on January 11, 1983, when we signed the Joint Statement on the Resumption of Diplomatic Relations. Our relationship with Cuba historically focused on healthcare and education though the relationship then expanded to cooperation in connection with other strategic areas, such as the productive sector. Our cooperation agreements with Cuba included collaboration to provide more access to healthcare, assistance for persons with disabilities, reciprocal agreements of validation of studies, degrees and higher education diplomas, as well as mutual cooperation in criminal matters and mutual cooperation in the fight against drugs and drug trafficking.

In 2018, the Ministry of Public Health in Cuba and the Ministry of Health in Bolivia signed international inter-institutional agreements of cooperation. These agreements were aimed at the regulation of medicines and health products and the establishments of financial mechanisms in the commercial exchange between the Ministry of Foreign Trade and Foreign Investment in Cuba and the Ministry of Productive Development and Plural Economy in Bolivia.

In May 2019, The Inter-Agency Cooperation Agreement between the Ministries of Rural Development and Land of the Plurinational State of Bolivia and of Agriculture of the Republic of Cuba was signed in Havana, Cuba at the time of the second meeting of the Bolivia-Cuba Working Group for Economic Complementarity.

Diplomatic relations with Cuba are cordial, despite the decision by the transitional government in 2020 to discontinue diplomatic relations.

Paraguay

Our diplomatic relations with Paraguay date from August 3, 1881 with the signing of the Border Treaty. In the Chaco War, which occurred between 1932 and 1935, we broke diplomatic relations with Paraguay, which were restored on July 21, 1938.

In 2012, we suspended our diplomatic relations with Paraguay following the impeachment of the Paraguayan president that we and others in the international community condemned as illegitimate. In December 2013, Bolivia and Paraguay restored diplomatic relations.

We are interested in furthering our bilateral relations with Paraguay within the framework of the Intergovernmental Committee of the Aquatic Ways Paraguay-Paraná, including implementing the operating phase of the International Transport Agreement (*Acuerdo de Transporte Internacional Terrestre* or “ATIT”) entered into in September 1990, as part of the Montevideo Treaty of 1980, which created the Latin-American Integration Association (“ALADI”). The ATIT regulates road land transport services, cargo and passengers, as well as train transport between ALADI’s member.

In 2015, the Government of Bolivia and Paraguay signed agreements in connection with the sale of gas to Paraguay and a framework agreement to sell natural gas, blended natural gas, LPG and other derivatives of petroleum. In 2018, the Memorandum of Understanding of Inter-institutional Cooperation for the Exchange of Hydrocarbon Materials was signed.

In 2019, during the Presidential Meeting and the Binational Ministerial Cabinet Meeting between Bolivia and Paraguay in La Paz, Bolivia, the two governments signed the Inter-institutional Agreements of Cooperation in Justice, Security and Defense, the implementation of mechanisms of information exchange between the agencies of migration, the agreement to strengthen the fight against human trafficking and related crimes, the agreement to strengthen the fight against drug trafficking, the agreement to strengthen information technology and the Memorandum of Understanding in connection with Economic Relations and Cooperation in Telecommunications, among other agreements.

Peru

Our diplomatic relations with Peru are largely based on our close geographical proximity. The key objectives of our relationship are oriented to an active and continuous cooperation on policy and coordination of physical integration, including in areas such as river basins, migration patterns, environmental preservation, energy integration, investments and commercial exchange, drug trafficking, contraband, and human trafficking.

In November 2016, at the presidential meeting and Second Binational Cabinet Meeting, held in Sucre, the presidents of Bolivia and Peru signed the Joint Declaration of Sucre and entered into 13 agreements of exchange and cooperation to strengthen bilateral relations between both countries. These 13 agreements include a memorandum of understanding for the construction of the Central Bi-Oceanic Railway (among Peru, Bolivia and Brazil), the binational memorandum to approve the Annual Operational Program of Lake Titicaca, with the objective of preserving the Desaguadero River, the Poopó Lake and Coipasa Salt Flat.

On June 24, 2019, at the Presidential Meeting and the Fifth Binational Ministerial Cabinet held in Lima, Peru, important agreements were signed on inter-institutional cooperation on nuclear matters and commercialization of LPG in border populations, among others.

Venezuela

We had previously maintained diplomatic relations with Venezuela and entered into a Joint Integration Committee Bolivia – Venezuela, which includes bilateral cooperation in areas such as safety, defense, health, transport, sports, culture, education and migration, as well as economic areas such as finance, energy, food and commerce, mining, agriculture and science and technology. In February 2019, former President Evo Morales Ayma and the former Minister, Diego Pary, participated in the inauguration of President Nicolas Maduro Muro for the period of 2019-2025.

In 2020, diplomatic relations were re-established with Venezuela after a year of interruption of diplomatic relations pursuant to a decision by the transitional government to sever relations with Venezuela.

Relationship with the United States of America

Our diplomatic relations with the United States date back to 1889. In 2008, our relations with the United States had been affected during the last administration due to the expulsion of the former U.S. ambassador Philip Goldberg.

Our bilateral relations were based on the Framework Agreement for Mutually Respectful and Collaborative Bilateral Relations dated November 7, 2011, the scope of which encompasses political dialogue, trade and investment and shared responsibility on combating and cooperating on measures against drug trafficking.

On February 28, 2012, meetings took place in La Paz between former Minister of Development Planning and the United States Deputy Assistant Secretary of State to promote measures to strengthen and deepen cooperation and bilateral relations between both countries on the basis of mutual respect and shared responsibility. During these meetings, the topics discussed included political and legal issues, development and narcotics as well as issues related to cooperation, including with respect to the judiciary, development, trade, the fight against drug trafficking and multilateral cooperation. On May 1, 2013, the United States Agency for International Development (USAID) was expelled from Bolivia.

On March 20, 2017, the first high-ranking official meeting was held, which included a visit from the Deputy Assistant Secretary of Western Hemisphere Affairs, Michael Fitzpatrick, for a discussion on the normalization of diplomatic relations at the embassy level and the establishment of four working groups for bilateral cooperation.

On June 6, 2017, the Customs Agreement on mutual customs assistance between Customs and Border Protection of the United States and the Bolivian National Customs was signed.

In January 2020, certain high-ranking U.S. officials visited Bolivia, including the U.S. Subsecretary of Political Affairs, Dale Hale, Assistant Advisor to the President of the United States, Mauricio Claver-Carone and the U.S. Director of Western Hemisphere Affairs of the U.S. National Security Council.

In August 2020, the Memorandum of Understanding in connection with America Grows was signed between Bolivia and the United States.

Relationships with Iran and Libya

Iran

Our relationship with Iran dates back to September 2007 when we signed a framework agreement, which is the basis for various development programs, plans, projects, specific agreements and other development cooperation

activities. In November 2009, we signed a convention for the installation and commissioning of a hemodialysis center in the city of El Alto and a memorandum of understanding for the research and development of industrialization processes for evaporated resources at Salar de Uyuni. In October 2010, we signed three memoranda of understanding: the first was for the industrialization of lithium batteries, the second was for a €200 million line of credit by Iran and the third was for the opening of a branch of the Export Development Bank of Iran in Bolivia. We have signed two letters of intent for defense and industrial cooperation as well as an agreement regarding the extension of visas between our two countries. On June 19, 2012, we signed a memorandum of understanding for cooperation in the fight against drugs, narcotics and precursors with Iran. In August 2016, the Foreign Minister of Iran visited our country as part of his Latin America tour, accompanied by businessmen and diplomats, aiming to foster their relations with the region.

In 2017, we entered into an agreement for the construction of milk processing plants. The plant for dairy products in the Chapare, Cochabamba region was completed and is awaiting its opening. Additionally, we are party to a Memorandum of Understanding between the Space Agency of Iran and the Space Agency of Bolivia for the peaceful cooperation in space science and technology.

In 2019, the International Inter-institutional Technical Agreement of Military Cooperation was signed between the Defense Ministry of Bolivia and the Ministry of Defense and Military Support of Iran. The two ministries also signed the Memorandum of Understanding of Cooperation in Nanotechnology for the donation of nanotechnology equipment to the School of Military Engineering (“EMI”). As of the date of this Offering Memorandum, the donation of nanotechnology equipment to the EMI has not materialized.

Libya

Our relationship with Libya dates back to 2008, when we entered into a memorandum of understanding with Libya. Our relations are based on the commitment to promote peace, sustainable economic growth, justice and eradication of famine and poverty. We continue to maintain bilateral relations with Libya.

Relationship with Russia

In November 2016, the Bolivian Nuclear Energy Agency (*Agencia Boliviana de Energia Nuclear* or “ABEN”) entered into an agreement with Rosatom, Russia’s state-owned nuclear corporation, for the construction of a Nuclear Research and Technology Center that will allow Bolivia to develop nuclear technologies to be applied in science, healthcare, geology and agriculture, among other areas.

In 2018, we signed the Memorandum of Understanding between the Ministry of Natural Resources and Geology of Russia and the Ministry of Mining and Metallurgy of Bolivia for cooperation regarding Geology. In 2019, we signed the Memorandum of Understanding for Cooperation in the Energy Sector, regarding regulation of nuclear security and radiology in the peaceful use of atomic energy for the development of lithium and the Memorandum of Understanding and Agreement between the Ministry of Government of Bolivia and the Executive Office of the Security Council of the Federation of Russia. We also finalized the negotiations and executed the Petroleum Service Agreement for the exploration of the Vitiacua Area and the Terms and Conditions of the Commercial Cooperation Agreement between PJSC ACRON, a Russian mineral fertilizer producer, and YPFB, among others.

While the diplomatic relations between Bolivia and Russia have not been altered and have maintained a cooperative framework, from November 2019 to October 2020, the bilateral agenda did not develop significantly due to the transitional nature of Bolivia’s then-current administration. The implementation of the Bolivian nuclear program for peaceful use at a national level and the centers for nuclear medicine and radiotherapy in Santa Cruz, El Alto and La Paz is ongoing. As of 2021, the general physical advance or completion of the program is 58% and of the centers is 62%, and both the program and the centers are being carried out by ABEN.

Relationships with International Organizations

We are a member of the United Nations and some of its specialized agencies and related programs, the Organization of American States, the Andean Community of Nations, Tratado de la Cuenca del Plata, the Non-Aligned Movement, the International Parliamentary Union, the Latin American Integration Association, the World Trade Organization, the Rio Treaty, the Rio Group, the Amazon Pact, UNASUR, CELAC and the Lima Group, which is a multilateral group composed of 15 States, including Bolivia. We are an associate member of the Common Southern Market (“Mercosur”) and have subscribed to the Mercosur incorporation protocol for full membership. To this date,

Argentina, Paraguay, Uruguay and Venezuela have ratified Bolivia's Adhesion Protocol to Mercosur, and we are currently in the process of adopting internal laws necessary to implement the Adhesion Protocol and its annexes.

We have not engaged in any programs with the IMF since 2006. Instead, the Central Bank and the Ministry of Economy and Public Finance sign an agreement every year to guarantee the macroeconomic stability of the country by agreeing to fiscal and monetary policy goals. Nonetheless, we continue to welcome consultations under Article IV of the IMF's Articles of Agreement, during which IMF staff collect economic and financial information and examine, in conjunction with national authorities, the changes and the effectiveness of our economic policies.

Treaties and Other Bilateral Relationships

The Bilateral Investment Treaties with Austria, Argentina, Chile, China, Cuba, Denmark, Ecuador, France, Germany, Italy, Korea, Luxembourg, Peru, Romania, the Netherlands, Paraguay, Spain, Sweden, Switzerland, the United Kingdom and the United States of America have been terminated or allowed to expire. Also, the Free Trade Agreement between Bolivia and the United Mexican States and the Agreement between the Government of the Bolivia and the Belgo-Luxembourg Economic Union on the Reciprocal Promotion and Protection of Investments were terminated. However, some of these Bilateral Investment Treaties contain clauses under which the agreement remains effective with respect to investments made during a period of years prior to its termination. Therefore, some of our Bilateral Investment Treaties remain in force with respect to investments made prior to their termination or expiration.

Since 2017, we have been negotiating a model agreement for investment in development with South Korea, Cuba, China, Ecuador, Egypt, India, Japan, Mexico, Netherlands, Peru, Switzerland, Turkey, Chile, Spain, the United States of America and the United Kingdom. To date, only Peru, Ecuador and Turkey have responded with counter-proposals (Ecuador in 2017, Peru in 2018 and Turkey in 2019).

National Policy Against Drug Trafficking and Reevaluation of the Coca Leaf

The cultivation and consumption of the coca leaf has been an ancestral practice in Bolivia for centuries. The Bolivian Political Constitution provides that the Government shall protect coca in its natural state, and not as a narcotic, as part of our cultural heritage and as a renewable natural resource of Bolivian biodiversity.

For centuries, a limited quantity of Bolivian coca leaf has been chewed and used in traditional rituals, but in the 1970s and 1980s the emergence of the drug trade led to a rapid expansion of coca cultivation used to make cocaine, particularly in the tropical region of Chapare in the Department of Cochabamba (not a traditional coca-growing area). In 1988, Law 1008 recognized only 12,000 hectares in the Yungas to be sufficient to meet the licit demand of coca. In 2017, Law 906 outlined authorized and non-authorized zones for coca leaf production. Authorized zones are areas for which production is designated for consumption, industrialization and investigative purposes. Under this definition, legal coca production expands to 22,000 hectares, 14,300 hectares in La Paz and 7,700 hectares in Cochabamba. This law also provides that production in non-authorized zones will be eradicated.

We maintain a National Policy Against Drug Trafficking and Reevaluation of the Coca Leaf. The main objective of this policy is to strengthen governance in the fight against drugs, use principles that ensure a comprehensive and sustainable coca production development, protect our society from drug abuse, and control drug trafficking while maintaining the principles of respect for human rights, sovereignty, dignity and respect for the environment. The National Council for the Fight Against Trafficking in Illegal Drugs (CONALTID) and the National Council for the Reevaluation, Production, Marketing and Industrialization of the Coca Leaf (CONCOCA), along with their respective Ministries of the Government and External Relations, are responsible for implementing this policy.

The strategic instruments of the National Policy Against Drug Trafficking and Reevaluation of the Coca Leaf include:

- a Comprehensive Development Plan with Coca, which aims to reevaluate the coca leaf through sustainable industrial production in order to improve the quality of life of the inhabitants in areas of coca production;
- a Drug Trafficking Interdiction Plan, the main objective of which is to control illicit drug trafficking, including micro-trafficking, within Bolivia and at its borders through the strengthening of security forces and strategic coordination with neighboring countries;
- a National Plan for the Prevention, Treatment and Rehabilitation of Drug Addicts; and

- a Social Control Plan for the Production of Coca, which in essence is responsible for joint efforts between the Government and coca growers to maintain crop areas at acceptable levels, consistent with the traditional use of the coca leaf in Bolivia.

In recent years, our Government has shown to the national and international community its commitment to reduce the drug trafficking problem. The 2016-2020 Strategy to Combat Drug Trafficking and Reduction of Excess Cultivation of Coca Leaf (“ELCNYRCEC”) is based on four pillars: supply reduction, demand reduction, control of excess coca crops and shared responsibility with international actors. The Council for Integral Policy for the Elimination of Illicit Traffic of Controlled Substances, Surplus Coca and Prevention of Drug Consumption is currently carrying out coordination meetings amongst several institutions involved to define the 2021-2025 strategy that will allow the reduction in consumption and production of drugs in Bolivia.

The following table sets forth anti-trafficking data for the periods indicated:

	For Year Ended December 31,				
	2016	2017	2018	2019	2020
Cocaine Clorohidrate Seized (in tons)	17.8	3.9	7.6	6.4	5.9
Cocaine Processing Factories Destroyed	4,065	3,141	1,004	841	1,105
Coca Leaves Seized (in tons).....	353.6	370.4	331.4	321.9	309.0
Concerted Rationalization of Coca Leaves (in hectares).....	3,808.3	4,508.0	9,162.2	6,575.2	1,383.4
Forced Eradication of Surplus Coca Leaves (in hectares).....	2,768.4	2,728.9	2,011.5	2,629.4	793.9

Source: Bolivia Coca Survey 2020 – United Nations Office of Drugs and Crime; FELCN and Government Ministry

According to a recent report by the United Nations Office on Drugs and Crime (“UNODC”), coca cultivation in Bolivia increased by approximately 15% from 25,500 hectares in 2019 to 29,400 hectares in 2020. This increase in coca production is due to the fact that only 45% of planned interdiction operations and fewer than 50% of control inspections were carried out in 2020. Likewise, the increase in the land area dedicated to coca cultivation in Bolivia corresponds to the discontinuation of the concerted rationalization strategy, which was temporarily suspended between April and July 2020 and consequently affected the supervision and control of coca cultivation in the productive regions.

About 62% of the land dedicated to coca cultivation is in the Los Yungas region of La Paz; 36% in the El Trópico region of Cochabamba; and 2% in the El Norte region of La Paz. Compared to 2019, these three regions yielded increases of 12%, 21% and 9%, respectively.

However, the quantified area with coca crops in Bolivia increased 15% in 2020 to 29,400 hectares, which was 3,900 hectares more than in 2019. In the Yungas region of La Paz, the area amounted to 18,302 hectares, which represents a 12% increase compared to 2019. In the Tropic of Cochabamba region, the area amounted to 10,606 hectares, which represents a 21% increase compared to 2019.

Seizures of Coca Leaf

The Government carries out the interdiction and seizure of illicit traffic of controlled substances through the General Directorate of the Special Force to Fight Drug Trafficking (DG-FELCN), a specialized body of the Bolivian Police under the Vice Ministry of Social Defense and Controlled Substances (VDSSC).

The control of excess coca crops is a pillar on which the ELCNYRCEC is based. The goal of this pillar is to stabilize the area of coca crops through the definition and delimitation of areas of production and eradication of coca crops in prohibited areas based primarily on respect for human rights. To this end, 309.3 tons of coca leaves were seized in 2020, a slight decrease of 3.8% as compared to the 321.6 tons seized in 2019.

In 2020, the department of Oruro recorded a 121% increase in seizures compared to 2019. Seizures in the departments of Chuquisaca, Cochabamba and Santa Cruz increased by 100%, 44% and 13%, respectively. For the sixth consecutive year, there were no seizures in the department of Pando. In the departments of Potosí, Beni, Tarija and La Paz, seizures of coca leaf decreased by 92%, 71%, 14% and 11%, respectively, compared to 2019.

Forced Eradication of Surplus Coca Leaves

The institutions charged with reducing and controlling surplus coca crops include the “Tte. Girona” Strategic Operational Command (CEO), through the Joint Task Forces (FF.TT.CC.); the Vice Ministry of Integral Coca Development (VCDI), through the General Directorate for Integral Development of Coca-Producing Regions (DIGPROCOCA); and the Vice Ministry of Social Defense and Controlled Substances (VDSSC) through the General Directorate of Social Defense (DIGEDES).

The policy of eradication of excess coca is aimed at the surplus of coca leaves in national parks, forest reserves and other areas where cultivation is not permitted. This policy has resulted in the eradication of 14,503.00 hectares of coca crops between 2015 and 2019. We eradicated 2,629.4 hectares in 2019 and 2,011.5 hectares in 2018.

The excess of coca leaf production in violation of Law 906, which regulates the production, circulation, transport, commercialization and consumption of coca in its natural state, is retained by the Special Anti-narcotics Force (DGFELCN).

Concerted Rationalization

Our rationalization strategy refers to a process to combat drug trafficking characterized by reducing the number of hectares available for coca production through social participation, dialogue, and consensus building based primarily on the respect for human rights in the context of shared responsibility, dignity and sovereignty. This strategy seeks to reduce surplus coca crop and is executed by the Vice Ministry of Social Defense and Controlled Substances.

According to data reported in 2020, the rationalization in Authorized Production Zones and the eradication in Unauthorized Zones (pursuant to the General Coca Law, Law 906) amounted to 2,177 hectares, and 76.3% decrease compared to 9,205 hectares in 2019.

Of the 2,177 hectares reported to have been rationalized or eradicated by the Government, 131 hectares were validated by the UNODC. Rationalization and eradication tasks were interrupted between April and July 2020 as a result of COVID-19-related quarantines. The significant reduction in these operations led to increased coca cultivation in Bolivia in 2020.

Cocaine Seizure

Cocaine seizures are conducted by the Task Force to Fight Drug Trafficking (*Fuerza Especial de Lucha contra el Narcotráfico* or “FELCN”). Between 2016 and 2020, FELCN seized 55.4 tons of base cocaine and 41.5 tons of cocaine hydrochloride.

In 2020, 9.79 MT of cocaine base were seized, a 7.0% increase compared to 9.15 MT seized in 2019. There was an 8% decrease in the seizure of cocaine hydrochloride, compared to the 6.40 MT seized in 2019. Marijuana seizures increased significantly, from 245.2 MT in 2019 to 464.2 MT in 2020.

In 2020, the Government destroyed 1,105 factories, 264 more than were destroyed in 2019. By department, 84.8% of the destroyed factories were found in Cochabamba and 1.3% in Santa Cruz. The remaining 19 factories destroyed were in other departments.

Legal Proceedings and Processes

We are currently a party to legal proceedings and arbitrations that have been brought against us, some of them as a result of nationalizations. While we are in discussions to negotiate compensation packages with parties affected by the nationalizations, discussions may break down and additional legal proceedings may be brought against us.

On April 16, 2018, the then-president of Bolivia acceded to the United Nations Convention on Transparency in Treaty-based Investor-State Arbitration, also known as the “Mauritius Convention” and such accession was ratified by Law No. 1276 on February 10, 2020. The Mauritius Convention entered into force for Bolivia on April 13, 2021. We expect that Bolivia’s ratification of the Mauritius Convention will promote greater transparency in investor-state dispute settlement proceedings.

The following table summarizes material proceedings that have been brought against us:

Parties	Forum	Dispute	Current Situation
BP Global Investments Ltd., BP International Limited and BP Asia Pacific Holdings Ltd. v. Estado Plurinacional de Bolivia	On August 17, 2010, the claimants initiated arbitration proceedings in the Permanent Court of Arbitration in the Hague.	The claimants allege violations of the Bolivia–United Kingdom Bilateral Investments Treaty for the nationalization of their holdings in Air BP Bolivia S.A.	The parties had originally reached a settlement agreement, but they ultimately failed to execute it because the plaintiff became involved in a judicial proceeding. Currently, the arbitration proceeding between the State and BP Global Investments Ltd. is on hold.
Jindal Steel Bolivia S.A. v. Empresa Siderúrgica del Mutún	In December 2011, the claimant initiated arbitration proceedings in the International Court of Arbitration (“ICC”). Matter No. 20086/ASM	The dispute arises out of a risk-sharing contract signed on July 18, 2007 by Jindal Steel Bolivia S.A., a subsidiary of Jindal Steel and Power Ltd., and Mutún, a Government-run mining operation. Mutún seized two guarantee certificates of U.S.\$18.0 million as a result of the failure of Jindal Steel Bolivia S.A. to renew the guarantee.	The Plurinational State of Bolivia and COMIBOL were removed from the arbitration claim, but the proceedings are continuing against Empresa Siderúrgica del Mutún as the public enterprise.
Sociedad Boliviana de Cemento S.A. – SOBOCE v. Gobierno Departamental Autónomo de Chuquisaca	On February 6, 2012, the claimant filed suit in the Civil and Commercial Court of Chuquisaca, Bolivia.	The claimant seeks U.S.\$93.0 million in compensation for the nationalization of its shares in Fábrica Nacional de Cemento S.A.	In April 2013, the court ruled in favor of the Sociedad Boliviana de Cemento, S.A. (SOBOCE) and ordered the payment of U.S.\$93.4 million, which has been appealed by the Government. The court of appeals annulled the claim based upon lack of proper jurisdiction. The appeal filed by SOBOCE was declared inadmissible and unfounded by the Supreme Court of Justice.
Global Energy Commodity Resources (Glencore) v. Estado Plurinacional de Bolivia	On August 15, 2017, the claimant initiated arbitration proceedings against us in the Permanent Court of Arbitration in The Hague. (CPA Matter No. 2016-39)	On February 7, 2007, per Supreme Decree No. 29026, the property of Vinto’s Metallurgical Complex – Vinto’s Tin Smelting (<i>Complejo Metalúrgico Vinto – Fundición de Estaño Vinto</i>), operated by Sinchi	The parties submitted the documentation requested under Procedural Order No. 9 on October 14, 2019. The Glencore’s reply was submitted on January 22, 2020 and Bolivia’s rejoinder was submitted on June 8,

Parties	Forum	Dispute	Current Situation
BBVA Previsión S.A. Banco Bilbao Vizcaya Argentaria S.A.	On August 20, 2018, the acting Secretary-General of the International Centre for Settlement of Investments Disputes registered a request for the institution of arbitration proceedings. (ICSID Case No. ARB(AF)/18/5)	Wayra, was returned to Bolivia due to a violation in the public bid adjudication of Empresa Metalúrgica Vinto in favor of Allied Deals PLC that resulted in economic damages to Bolivia.	2020. Both motions focus on the amount in question.
		Per Supreme Decree No. 499 dated May 1, 2010, the property of the Vinto's Antimony Metallurgical Complex or Vinto's Antimony Plant (<i>Complejo Metalúrgico Vinto – Antimonio o Planta de Vinto Antimonio</i>), was returned to Bolivia.	On December 18, 2020, the parties submitted notices to witnesses and experts who testified during proceedings that took place between March 28 and April 1, 2021. The Quantun hearing took place on the same date. The parties await the arbitration tribunal's request for a post-hearing brief.
		Per Supreme Decree No. 1264 dated June 20, 2012, the control of the Coloquiri Mine Center (<i>Centro Minero Coloquiri</i>), was assumed by Bolivia through COMIBOL.	
		Bolivia also assumed control over the machinery, equipment and supplies of Coloquiri Mine Center (<i>Centro Minero Coloquiri</i>) and/or Sinchi Wayra S.A. (formerly COMSUR S.A.).	
		The claim amounts to U.S.\$675.7 million.	
		The claimant alleges violations to the Bolivia-Spain Bilateral Investment Treaty, which considers the Pension Act as a nationalization measure. The claim rises to U.S.\$118.5 million as of October 20, 2020.	The complaint was filed on September 10, 2019 and the parties are engaged in discovery proceedings until June 15, 2020.
			On October 20, 2020 the claimant files a reply on the merits and a counter-memorial on jurisdiction.

Parties	Forum	Dispute	Current Situation
			Bolivia filed its reply brief on February 12, 2021. On July 26, 2021, the parties filed post-hearing briefs for the arbitration panel's consideration before the issuance of the arbitral award.
Orlandini/CMO Julio Miguel Orlandini Agreda y Compañía Minera Orlandini	On January 1, 2018, the claimant initiated arbitration proceedings against us at the forum of the United Nations Commission on International Trade Law. (CPA Case No. 2018-39)	The claimant alleges violations to the Bolivia-United States of America Bilateral Investment Treaty and the expropriation of 48 mining concessions without compensation.	Bolivia submitted its response to the arbitration panel on May 6, 2020. On November 27, 2020, the claimant filed in writing its petition. Bolivia filed its response on March 11, 2021. On July 7, 2021, the Government presented its post-hearing brief on jurisdiction and the merits. The parties are awaiting resolution.
Zurich South America Invest AB y Zurich Insurance Company Ltd.	The forum of a possible dispute is not defined.	The claimant would allege violations to the Bolivia-Sweden Bilateral Investment Treaty. The claimant considers that the Pension Act No. 065 imposed judicial proceedings against defaulting debtors. At the time the request for arbitration was presented, the claimant sought U.S.\$100 million.	The arbitration panel is currently being constituted in response to the request for arbitration submitted on June 17, 2020. On July 15, 2021, the claimants filed their statement of claim.
Consorcio Cementero del Sur S.A., Yura Inversiones Bolivia S.A., Grupo de Inversiones Gloria S.A. y Sociedad Boliviana de Cemento S.A. v. Estado Plurinacional de Bolivia	On January 11, 2021, Bolivia was notified of the request for arbitration (CPA Case No. 2020-47)	At the time the request for arbitration was presented, the claimant sought U.S.\$150.0 million.	The parties selected their arbitration panelists.

Parties	Forum	Dispute	Current Situation
República del Perú v. Estado Plurinacional de Bolivia	On January 15, 2020, the claimant initiated arbitration proceedings against us within the framework of the Andean Community.	The claimant requests that Bolivia comply with Andean norms, alleging non-compliance with: norm No. 398 in connection with international transport of passengers (articles 3 and 15) and norm No. 837 regarding international transport of goods (articles 3 and 18). No amount specified.	The claimant filed an action before the Court of Justice of the Andean Community. The matter is in initial phase with the Secretariat of the Andean Community. Bolivia filed its reply on February 12, 2021. The parties await the opening of the evidentiary phase.

THE BOLIVIAN ECONOMY

Overview

Our economy has historically had a single-commodity focus and has developed in various phases. In the 1980s, we went from a period of hyperinflation to one of price stability, with structural adjustment measures that managed to curb the economic crisis. However, these structural adjustments also caused large social gaps and higher levels of poverty. The 1990s were marked by the changing role of the state through the privatization process that was supplemented by the capitalization of public companies. These liberalization policies continued into the beginning of the 21st century.

Starting in 2006, we began implementing a new economic, social, communitarian and productive model that allows the public sector to actively participate in the economy by increasing investment and creating state enterprises. See “The Bolivian Economy—Nationalization Process” and “Bolivia—Social Welfare Programs.” One of the pillars of this economic model is the policy of economic surplus redistribution through government transfer programs, which have contributed to a decrease in extreme poverty, from 38.2% in 2005 to 13.7% in 2020, and moderate poverty, from 60.6% in 2005 to 39.0% in 2020. See “Bolivia—Social Welfare Programs.”

Despite the global financial crisis that began in 2008, we generally benefited from favorable economic conditions between 2006 and 2015. Our economy and public finances strengthened significantly during this period as a result of real GDP growth, increased exports, increased hydrocarbon production, and fiscal austerity measures such as lowering the salaries of government employees, including the president, and increasing financial transparency through the elimination of reserve funds for public authorities.

In recent years, the Bolivian economy has remained relatively stable, even in the context of complex international conditions, which have included volatile and primarily decreasing commodity prices, a slowdown in global production, and the lasting effects of trade wars and changes in interest rate policy in developed nations, which have further complicated global financial conditions. During 2019, despite continued fiscal and trade deficits primarily attributable to decreases of hydrocarbon exports to Brazil and Argentina, the Bolivian economy remained resilient, with a nominal GDP of U.S.\$41,193 million and growing by 2.2%, according to data from the INE, which was among the highest GDP growth rates in South America. Furthermore, from 2000 to 2005 the average GDP growth rate was 2.9% and 4.57% from 2006 to 2019. Since 2006, Bolivia’s GDP has shown sustained growth and in 2013 registering its highest growth rate of 6.8% (except for 2020 when the economy was negatively affected by the COVID-19 pandemic).

The following table sets forth GDP at current prices and growth for the periods indicated:

GDP growth rate and nominal amount by year

Year	Nominal GDP (millions of US\$)	Real GDP Growth (%)
2000.....	7,570	2.51
2001.....	7,841	1.68
2002.....	8,263	2.49
2003.....	9,024	2.71
2004.....	10,150	4.17
2005.....	11,228	4.42
2006.....	13,374	4.80
2007.....	15,016	4.56
2008.....	17,594	6.15
2009.....	17,744	3.36
2010.....	20,098	4.13
2011.....	24,232	5.20
2012.....	27,282	5.12
2013.....	30,883	6.80
2014.....	33,237	5.46
2015.....	33,241	4.86
2016.....	34,189	4.26
2017.....	37,782	4.20
2018.....	40,581	4.22
2019.....	41,193	2.22
2020.....	36,839	(8.83)

Source: National Institute of Statistics

Accordingly, prior to the COVID-19 pandemic, CELAC and the World Bank had estimated that Bolivia would grow by 3.0% in 2020. Under the 2020 Financial Program, which was prepared prior to the outbreak of the COVID-19 pandemic, the Ministry of Economy and Public Finance and the Central Bank had estimated GDP growth of 3.5% (in a range of 2.6% and 4.0%) for 2020. Due to the ongoing COVID-19 pandemic, in September 2020, the Ministry of Economy and Public Finance and the Central Bank revised downwards the GDP estimates of the 2020 Financial Program to an estimated decrease in GDP of 6.2% (in a range of 7.9% and 5.1%). In December 2020, the 2020 Financial Program economic indicator estimates were further revised downwards to an estimated decrease in GDP of 8.4%. Inflation for 2020 was an estimated 0.7%.

By contrast to recent years, during 2020 there was a GDP contraction of 8.8% in comparison to 2019, primarily as a result of the COVID-19 pandemic and the measures imposed by the Government to combat it, ongoing political and social tensions sparked by Bolivia's general elections in October 2019 and the former administration's decision to freeze investment in public programs and businesses. The 2021 Fiscal Financial Program estimates a growth rate of about 4.4%. This program is an execution decision subscribed between the Central Bank and the Ministry of Economy and Public Finance, under which the objectives, goals and projections of the Bolivian economy for the 2021 exercise are contemplated, and such program will go hand-in-hand with the Social and Economic Development Plan and the economic policies that derive from it.

Economic activities in sectors linked to domestic demand, such as manufacturing, agriculture and other labor-intensive industries, as well as policies implemented to promote industrialization were important in sustaining the growth of the Bolivian economy in recent years.

In 2020, the financial system showed signs of continued stability and strength, with a growth in deposits as well as lending related to manufacturing loans, and a default rate of 1.5%. In addition, the inflation rate fell to 0.7% in 2020 from 1.5% in 2019, due to reduced household demand as a result of COVID-19-related economic crisis, demographic mobility and increased output in agricultural and food production. As of August 2021, the lending portfolio amounts to U.S.\$28,330.2 million and the default rate is 1.70%, while deposits amount to U.S.\$29,720.8 million. As of October 2021, the average lending interest rate is 4.58% for home loans, 10.19% for microloans and the average deposit interest rate is 1.57%. The inflation rate, as of September 2021, was 0.77%.

Poverty indicators showed an increase in overall poverty rates in 2020, primarily due to the decline in general economic activity and a decrease in average income. For the year ended December 31, 2020, there was a 188 bps (5.0%) increase in moderate poverty and a 78 bps (6.1%) increase in extreme poverty. These increases in extreme and moderate poverty were triggered by the detrimental effects of the COVID-19 pandemic on the Bolivian economy, which caused lower incomes and increased pressure on social programs designed for the protection of Bolivian families.

In 2020, Bolivia allocated U.S.\$1,783.9 million to public investment, and public investments carried out represented 4.7% of GDP in 2020 a decrease of 52.7% as compared to U.S.\$3,769.2 million in 2019 (9.2% of GDP) as compared to U.S.\$4,457.9 million in 2018 (10.8% of GDP), with investments in 2020 directed to infrastructure (29.0%), social projects (39.8%) and productive projects (26.6%), helping to expand transportation, infrastructure and accelerate the industrialization process. Through its investments, Bolivia has demonstrated a continued commitment to its public sector. While public investment in 2020 decreased, Bolivia continues to allocate a significant portion of its budget to public sector projects that it believes benefit the economy and the population. Public sector investments have focused on social projects as well as infrastructure and productive projects. See “Bolivia—Infrastructure and Investments.”

Gross Domestic Product

Bolivian GDP registered sustained growth over the four-year period ending December 31, 2019, reaching an average annual growth rate of 3.7%. In 2020, GDP contracted by 8.8%, due in part to the COVID-19 pandemic and ongoing political and social tensions sparked by Bolivia’s general elections in October 2019. Compared to 2019, the main sectors affected in 2020 were mining (which decreased by 28.5%), construction (which decreased by 19.0%), hotels and restaurants (which decreased by 19.4%), transportation and communication (which decreased by 19.4%) and petroleum and natural gas (which decreased by 6.5%).

The economic activities that recorded positive results were:

- livestock, which increased 5.5%;
- industrial agricultural products, which increased 2.2%;
- non-industrial agricultural products, which increased 1.9%; and
- administration of public services, which increased 2.4%.

Among non-extractive sectors, manufacturing was one of the highest contributors to GDP in 2020. Manufacturing accounted for 16.8% of total GDP, which is a decrease of 0.5% compared to 2019, due primarily to: (1) a positive agricultural and livestock production—the primary sector that provides raw materials to industry; (2) favorable results in using natural resources for industrialization purposes; and (3) implementing public policies that support this sector. In addition to manufacturing, agriculture and livestock made the most significant impacts on GDP, accounting for 31.3% of GDP, an increase of 1.8% from 2019. This increase in agriculture and manufacturing comes after a severe period of drought in 2016. Both the manufacturing and the agriculture and livestock sectors are important to the Bolivian economy. Increased domestic demand as well as governmental measures to aid these activities have supported their strong performance in recent years.

The agricultural sector (which includes the agriculture, livestock, forestry, hunting and fishing industries) has grown meaningfully in recent years, and now ranks among the most significant contributors to GDP growth, despite vulnerability to climate factors. In 2016, following a prolonged drought, the sector experienced growth of 3.1%, which was the lowest growth rate since 2011. The sector grew by 5.3% in 2019 and by 3.1% in 2020, mainly due to economic measures carried out by EMPODERAR and FONADIN, which contributed to the strengthening of the productive sector and benefitted 23,556 families and 412 families, respectively. From 2016 to 2020, the IPDSA program benefitted 221,428 families, and the PROCAMELIDOS program benefitted 7,199 families in 2020.

In 2020, the forestry, hunting and fishing activity registered growth of 1.7% as compared to 2019, due mainly to the positive result in the production of wood in logs and chestnuts in shell.

While hydrocarbon activity yielded strong growth between 2012 and 2013, it contracted in recent years, with contractions of 10.3% in 2019 and 6.5% in 2020. The decrease in hydrocarbon production in 2020 was principally

associated with the contraction of local demand for natural gas and a decline in exploration activity, while exports increased slightly as a result of uneven market behavior related to the COVID-19 pandemic.

Before the outbreak of the COVID-19 pandemic, CELAC and the World Bank had estimated that Bolivia would grow by 3.0% in 2020. The 2020 Financial Program established an estimated GDP growth of 3.5% (in a range of 2.6% and 4.0%) in 2020 which was prepared prior to the outbreak of the COVID-19 pandemic that is impacting economies worldwide. Due to the ongoing COVID-19 pandemic, in September 2020 the 2020 Financial Program economic indicator estimates were revised downwards to an estimated decrease in GDP of 6.2% (in a range of 7.9% and 5.1%). In December 2020, the 2020 Financial Program economic indicator estimates were further revised downwards to an estimated decrease in GDP of 8.4%. In 2020, GDP contracted 8.8%.

The economic sectors that had a positive impact on GDP in 2020 were: (1) agriculture, forestry, hunting and fishing, which accounted for 14.5% of GDP, an increase of 3.1% compared to 2019; and (2) public services, which accounted for 11.7% of GDP, an increase of 2.3% compared to 2019. The sectors most affected by the COVID-19 pandemic and which negatively impacted GDP, compared to their respective results in 2019, were: (1) manufacturing, which accounted for 16.8% of GDP and decreased by 8.4%; (2) financial establishments, insurance, real estate and business services, which accounted for 13.5% of GDP and decreased by 4.8%; (3) mining, which accounted for 3.6% of GDP and decreased by 28.5%; (4) construction, which accounted for 3.6% of GDP and decreased by 19.0%; (5) transport and communications, which accounted for 9.9% of GDP and decreased by 19.4%; and (6) hotels and restaurants, which accounted for 2.18% of GDP and decreased by 19.4%.

In 2020, total goods decreased by 7.7% compared to 2019 and accounted for 45.3% of GDP. Total services decreased by 8.6% compared to 2019 and accounted for 48.8% of GDP.

The economic sectors that weighed most on contracted GDP in 2020 are also the ones most affected by the global decline in commodity prices and the reduction in international demand due to quarantine restrictions imposed by governments around the world: (1) oil and natural gas, which contracted by 6.5% and had a negative impact on GDP of 4.6%; (2) metallic and nonmetallic mineral extraction, which contracted by 28.5% and had a negative impact on GDP of 3.6%, due to the closure of borders around the world, in an effort to control the COVID-19 pandemic; (3) transport and communications, which contracted by 9.9% and had a negative impact on GDP of 19.4%; and (4) hotels and restaurants, which contracted by 2.2% and had a negative impact on GDP of 19.4%.

In connection with the COVID-19 pandemic, international oil prices experienced a sharp decline due to the significant decrease in demand for oil and petroleum products as a result of decreased travel and decreased energy needs. In addition, factors such as the price and availability of new technologies, including renewable energy and unconventional oil and gas extraction methods, global geopolitical climate concerns such as those resulting in the 2015 Paris Climate Agreement to curb greenhouse gas emissions and limit climate change, have an indirect impact on oil demand and oil prices in Bolivia, which are also expected to adversely affect Bolivia's GDP in the near future.

The following table sets forth GDP at current prices and expenditures for the periods indicated:

GDP growth rate and nominal amount by type of expenditure

	2016		2017		2018		2019(p)		2020(p)	
	Nominal amount	% of real GDP	Nominal amount	% of real GDP	Nominal amount	% of real GDP	Nominal amount	% of real GDP	Nominal amount	% of real GDP
(in millions of U.S.\$ and percentage)										
Consumption										
Final Consumption of Government	5,968.7	17.5%	6,431.1	17.0%	7,112.1	17.5%	7,473.8	18.1%	7,282.9	19.8%
Final Consumption of Household and NPISH(1).....	23,559.1	68.9%	25,561.2	67.7%	27,193.7	67.0%	28,194.7	68.4%	25,538.7	69.3%
Total	29,527.8	86.4%	31,992.3	84.7%	34,305.8	84.5%	35,668.4	86.6%	32,821.7	89.1%
Investment										
Changes in Inventories.....	132.3	0.4%	359.7	1.0%	174.6	0.4%	370.6	0.9%	99.3	0.3%
Gross Fixed Capital Formation	7,066.9	20.7%	8,035.6	21.3%	8,183.7	20.2%	7,816.6	19.0%	5,737.4	15.6%
Total	7,199.2	21.1%	8,395.3	22.2%	8,358.3	20.6%	8,187.2	19.9%	5,836.7	15.8%

	2016		2017		2018		2019(p)		2020(p)	
	Nominal amount	% of real GDP	Nominal amount	% of real GDP	Nominal amount	% of real GDP	Nominal amount	% of real GDP	Nominal amount	% of real GDP
(in millions of U.S.\$ and percentage)										
Export of Goods and Services	8,372.1	24.5%	9,409.3	24.9%	10,546.6	26.0%	10,284.9	25.0%	7,503.0	20.4%
Import of Goods and Services	10,910.6	31.9%	12,014.9	31.8%	12,629.4	31.1%	12,947.1	31.4%	9,322.0	25.3%
Domestic Demand....	6,670.2	19.5%	7,144.1	18.9%	7,380.5	18.2%	7,602.2	18.5%	6,745.3	18.3%
Net Export.....	(2,538.5)	(7.4%)	(2,605.6)	(6.9%)	(2,082.8)	(5.1%)	(2,662.2)	(6.5%)	(1,819.0)	(4.9%)
GDP.....	34,188.5	100.0%	37,782.0	100.0%	40,581.3	100.0%	41,193.4	100.0%	36,839.3	100.0%

Source: National Institute of Statistics

(p) Preliminary.

(1) Final Consumption of Non-Profit Institutions Serving Households.

The following table shows real GDP by economic sector at constant 1990 prices for the periods indicated:

Sectoral Origin of Real GDP

	For Year Ended December 31,									
	2016(p)		2017		2018		2019(p)		2020(p)	
	Amount	% of GDP	Amount	% of GDP	Amount	% of GDP	Amount	% of GDP	Amount	% of GDP
(in millions of Bs. at constant 1990 prices, except percentages)										
Non-Industrial										
Agricultural Products	2,072	4.67	2,251	4.87	2,402	4.98	2,506	5.09	2,556	5.69
Industrial Agricultural Products.....	1,107	2.49	1,216	2.63	1,320	2.74	1,391	2.82	1,422	3.17
Coca	49	0.11	49	0.11	50	0.10	48	0.10	49	0.11
Livestock Products.....	1,629	3.67	1,724	3.73	1,849	3.84	1,986	4.03	2,095	4.67
Forestry, Hunting and Fishing.....	356	0.80	368	0.79	375	0.78	382	0.77	388	0.86
Total.....	5,212	11.75	5,608	12.13	5,996	12.44	6,313	12.82	6,511	14.50
Petroleum and Natural Gas	2,737	6.17	2,672	5.78	2,463	5.11	2,209	4.48	2,064	4.60
Minerals	2,228	5.02	2,264	4.90	2,306	4.79	2,259	4.59	1,615	3.60
Food, Beverages and Tobacco	3,782	8.52	3,998	8.65	4,154	8.62	4,326	8.78	4,179	9.31
Other Industries.....	3,530	7.95	3,554	7.69	3,814	7.92	3,897	7.91	3,357	7.48
Total.....	12,277	27.67	12,487	27.01	12,737	26.43	12,691	25.76	11,215	24.97
Electricity, Gas and Water.	938	2.11	976	2.11	1,009	2.09	1,038	2.11	1,001	2.23
Construction.....	1,790	4.03	1,879	4.06	1,946	4.04	1,983	4.03	1,606	3.58
Total Goods.....	20,217	45.56	20,951	45.31	21,688	45.01	22,025	44.71	20,333	45.28
Commerce	3,379	7.62	3,551	7.68	3,734	7.75	3,866	7.85	3,624	8.07
Transport and Communications	4,938	11.13	5,196	11.24	5,424	11.26	5,512	11.19	4,441	9.89
Finance, Insurance, Real Estate and Business Services	5,537	12.48	5,803	12.55	6,111	12.68	6,380	12.95	6,076	13.53
Communal, Social and Personal Services	1,640	3.70	1,707	3.69	1,782	3.70	1,850	3.76	1,531	3.41
Hotels and Restaurants	1,057	2.38	1,110	2.40	1,160	2.41	1,213	2.46	977	2.18
Public Services.....	4,403	9.92	4,613	9.98	4,926	10.22	5,129	10.41	5,249	11.69
Total Services.....	20,954	47.22	21,980	47.54	23,137	48.01	23,950	48.62	21,898	48.76
Financial Intermediation Services Indirectly Measured (FISIM).....	(2,231)	(5.03)	(2,364)	(5.11)	(2,505)	(5.20)	(2,625)	(5.33)	(2,579)	(5.74)
GDP at Basic Prices	38,941	87.76	40,567	87.74	42,320	87.82	43,350	88.01	39,652	88.30
Import Duties, VAT, Transaction and Other Indirect Taxes.....	5,433	12.24	5,669	12.26	5,869	12.18	5,907	11.99	5,255	11.70
GDP	44,374	100.00	46,236	100.00	48,189	100.00	49,257	100.00	44,908	100.00

Source: National Institute of Statistics

(p) Preliminary.

The following table shows the rate of growth of GDP by economic sector at constant 1990 prices for the periods indicated:

Rate of GDP Growth by Economic Sector

	For Year Ended December 31,				
	2016	2017	2018	2019 (p)	2020(p)
	(in percentage)				
Non-Industrial Agricultural Products	(1.90)	8.66	6.71	4.34	1.99
Industrial Agricultural Products	10.74	9.88	8.56	5.40	2.19
Coca.....	0.79	0.35	0.94	-2.55	1.76
Livestock	5.10	5.88	7.23	7.40	5.52
Forestry, Hunting and Fishing	3.40	3.23	2.01	1.79	1.75
Total.....	3.13	7.60	6.91	5.30	3.13
Petroleum and Natural Gas	(4.37)	(2.39)	(7.82)	(10.31)	(6.55)
Mining	4.72	1.58	1.87	(2.04)	(28.53)
Food, Beverage and Tobacco Industry	6.32	5.72	3.89	4.13	(3.40)
Other Industries	6.04	0.68	7.34	2.17	(13.85)
Total.....	6.18	3.29	5.52	3.19	(8.35)
Electricity, Gas and Water.....	5.28	4.04	3.38	2.83	(3.53)
Construction	7.84	4.99	3.54	1.91	(19.03)
Total.....	6.94	4.66	3.48	2.23	(13.71)
Trade	4.43	5.09	5.15	3.53	(6.26)
Transportation and Communication	5.67	5.21	4.39	1.63	(19.44)
Finance, Insurance, Real Estate and Business Services.....	7.85	4.81	5.30	4.41	(4.77)
Communal, Social and Personal Services.....	4.34	4.06	4.43	3.79	(17.23)
Hotels and Restaurants	4.26	5.08	4.49	4.52	(19.43)
Public Services	4.33	4.77	6.78	4.13	2.35
Total.....	5.57	4.90	5.26	3.51	(8.57)
Public Services	4.33	4.77	6.78	4.13	2.35
Financial Intermediation Services Indirectly Measured ("FISIM")	12.36	6.00	5.95	4.80	(1.78)
GDP at Basic Prices.....	4.28	4.17	4.32	2.43	(8.53)
Import Duties, VAT, Transaction and Other Indirect ...	4.18	4.35	3.52	0.66	(11.04)
GDP	4.26	4.20	4.22	2.22	(8.83)

Source: National Institute of Statistics

(p) Preliminary.

Principal Results in Key Economic Sectors

Bolivia's key economic sectors are manufacturing, agriculture, financial services and public services, which as of December 2020, account for 58.5% of the GDP, while individually representing 16.78%, 14.50%, 15.53% and 11.69% of the GDP, respectively. Economic activities in sectors linked to domestic demand, as well as policies implemented to promote industrialization were important in sustaining the growth of the Bolivian economy in the recent years. In particular, Bolivia has focused on strengthening its manufacturing and agriculture sectors and these two sectors have become key contributors to Bolivia's GDP.

Manufacturing

Manufacturing has been the most important contributor to Bolivian GDP in recent years. In 2020, manufacturing accounted for 16.8% of GDP and decreased by 8.4%, compared to 2019. The performance of this sector during 2020 was explained by the paralysis of manufacturing activities as a result of the rigid quarantine restrictions and the contraction of private consumption. With respect to the manufacturing industry, approximately 9,728 companies had

valid business licenses in 2020, a decrease of 9.9% by comparison with 2019. Additionally, 409 cancelled their licenses in 2020, a decrease of 13.3% compared to license cancellations in 2019.

The food industry declined by 3.4% in 2020 due, in part, to an 18.4% decrease in beverage production, attributable mainly to the lower demand that resulted from decreased social activities, prohibitions on the sale and consumption of alcoholic beverages during quarantine periods and restrictions on population mobility. For its part, the food industry production increased by 11.8% due to the continuity of internal demand and was in line with the performance of the agricultural sector. Likewise, production by grain mills and bakeries, meat and dairy producers, tobacco producers and producers of other food products performed well in 2020. The meat sector grew by 2.2% due to exports mainly to China, after the Asian market opened to Bolivian exports in August 2019. On the other hand, sugar and confectionery production contracted by 6.6%, in line with lower industrial demand for sugar.

Production in other industries decreased by 13.9% with the fall of all activities in the interior, in terms of incidence, basic minerals (31.1% decrease as compared to 2019), non-metallic products (25.2% decrease as compared to 2019), manufacture of miscellaneous products (27.7% decrease as compared to 2019), products stand out. Metals, machinery and equipment (23.2% decrease as compared to 2019), chemical substances and products (13.6% decrease as compared to 2019), paper and products derived from paper (11.7% decrease as compared to 2019) and textiles, clothing and leather products (12.3% decrease as compared to 2019). The decrease in production of nonmetallic minerals was mainly due to decreases in cement production, which fell sharply in 2020 in line with the contraction of the construction sector due to the paralysis of public investment and the slowdown of private projects in the context of the rigid quarantine. Textile production was also affected and influenced the loss of jobs and the deterioration of households dedicated to the item.

The production of chemicals and chemical products decreased by 13.6%, as this sector was mainly affected by the interruption of the productive processes of state companies due to plant stoppages for the production of urea and the halting of alcohol anhydrous purchases to sugar producers by YPFB, which consequently affected the global performance of the sugar cane sector.

Similarly, in line with the lower hydrocarbon production in the country in 2020, the activity of refined petroleum products decreased by 2.5% explained by the decline in jet fuel production associated in turn with the paralysis of air transport due to the pandemic.

The stoppage of the Vinto smelter and the drop in tin production contributed to a decrease in base metals by 31.1%. Likewise, metal products, machinery and equipment fell by 23.2% due to the stoppage of production activity as a result of the COVID-19 pandemic.

With respect to the manufacturing industry, approximately 9,728 companies had valid business licenses in 2020, a decrease of 9.9% by comparison with 2019. Additionally, 409 canceled their licenses in 2020, a decrease of 13.3% compared to license cancellations in 2019.

Manufacturing Sector's Contribution to Real GDP and Growth Rate

For Year Ended December 31,										
2016		2017		2018(p)		2019(p)		2020		
% of growth	% of GDP	% of growth	% of GDP	% of growth	% of GDP	% of growth	% of GDP	% of growth	% of GDP	
(in percentage)										
Food, Beverages and Tobacco Industry										
Fresh and Processed Meat	5.69	1.47	5.36	1.48	5.79	1.51	6.70	1.57	2.15	1.76
Dairy Products	4.66	0.70	4.00	0.70	2.71	0.69	0.24	0.68	1.19	0.75
Grain Mill and Bakery	5.05	1.52	4.09	1.51	5.06	1.53	3.71	1.55	0.73	1.71
Sugar and Confectionery	7.28	0.52	25.83	0.63	(2.15)	0.59	4.71	0.61	(6.60)	0.62
Miscellaneous Food Products	10.40	1.53	5.58	1.55	3.33	1.54	5.96	1.59	11.85	1.96
Beverages	5.42	2.71	3.66	2.70	4.55	2.70	2.98	2.72	(18.40)	2.44
Tobacco	6.30	0.07	(0.16)	0.07	(7.90)	0.06	(4.55)	0.06	1.54	0.07
Total	6.32	8.52	5.72	8.65	3.89	8.62	4.13	8.78	(3.40)	9.31
Other Industries										
Textiles, Apparel and Leather Products	1.13	1.19	2.23	1.17	2.00	1.14	1.16	1.13	(12.31)	1.09

For Year Ended December 31,										
	2016		2017		2018(p)		2019(p)		2020	
	% of growth	% of GDP	% of growth	% of GDP	% of growth	% of GDP	% of growth	% of GDP	% of growth	% of GDP
	(in percentage)									
Wood and Wood Products	3.23	0.92	3.11	0.91	1.69	0.89	1.39	0.88	(7.98)	0.89
Paper and Paper Products	3.42	0.43	2.52	0.43	1.52	0.42	1.71	0.41	(11.67)	0.40
Chemical Substances and Products	4.49	0.75	3.45	0.74	45.20	1.03	9.10	1.10	(13.63)	1.04
Petroleum Refinery Products	10.70	2.12	(2.87)	1.98	2.46	1.95	(1.39)	1.88	(2.52)	2.01
Non-Metallic Mineral Products	6.48	2.07	1.35	2.01	4.95	2.02	2.43	2.03	(25.20)	1.66
Metal Commodities	10.13	0.13	3.11	0.13	(0.74)	0.12	1.51	0.12	(31.12)	0.09
Metal Products, Machinery and Equipment	3.74	0.16	1.30	0.16	3.31	0.16	3.20	0.16	(23.24)	0.13
Miscellaneous Fabricated Products	9.57	0.18	(6.24)	0.16	19.25	0.19	8.62	0.20	(27.68)	0.16
Total	6.04	7.95	0.68	7.69	7.34	7.92	2.17	7.91	(13.85)	7.48
Manufacturing	6.18	16.48	3.29	16.33	5.52	16.54	3.19	16.69	(8.35)	16.78

Source: National Institute of Statistics

(p) Preliminary.

Agriculture

The agricultural sector (which includes the agriculture, livestock, forestry, hunting, and fishing industries) has grown meaningfully in recent years, and now ranks among the most significant contributors to GDP growth, despite vulnerability to climate factors. See “—Sectoral Origin of Real GDP” above. In 2020, the agricultural sector grew by 2.2%, compared to 5.4% in 2019.

Government policies aimed at the agricultural sector supported performance in this sector. These programs include: (1) EMPODERAR, which, through its investments and support, has benefited thousands of homes; (2) the FONADIN program, which has benefited families that are involved in the production of basic staples like coffee and vegetables; and (3) ACCESOS, which has contributed to strengthening the productive sector.

In 2020, non-industrial agricultural output grew by 2.2%, explained by growth in output of a number of products: 4.0% in tubers; 3.1% in oleaginous fruits; 0.1% in legumes and vegetables; and 0.8% in forages. On the other hand, the production of cereals decreased by 0.03%, the production of stimulants such as coffee and cocoa by 4.4% and fruits by 1.4%. These decreases were due to a drought in the valley region of the country.

During the 2018–2019 harvest cycle, agricultural production expanded by 2.2%, totaling 20.2 million MT. Among non-industrial agricultural products, grains, roots, fruits and vegetables accounted for 32.3% of total agricultural production and oleaginous fruits and forages accounted for 67.5%. In terms of industrial agricultural production, sugarcane accounted for 76.9% and soy for 21.5%. The positive prospects for sugar exports contributed to the growth of this product by 5.6%. Additionally, sunflower production showed an expansion of 16.7%, attributable to favorable prospects for the foreign market.

Finally, the increase in agricultural and industrial production in recent years has resulted in a positive food supply and helped provide for low, stable food prices in local markets, which in turn has increased our population’s access to these products.

Agricultural harvest

For Agricultural Harvest Cycle					
	2015-2016	2016-2017	2017-2018	2018-2019(p)	2019-2020(p)
	(in metric tons)				
Grains					
Paddy Rice	406,954	478,578	541,157	600,044	487,427
Oat	24,684	21,021	21,906	22,204	23,203
Cañahua	774	780	777	793	780
Barley Grain	45,996	45,483	46,620	47,951	47,567

	For Agricultural Harvest Cycle				
	2015-2016	2016-2017	2017-2018	2018-2019(p)	2019-2020(p)
Rye	269	269	275	286	284
Maize Grain(1)	984,628	954,909	1,260,926	987,503	954,833
Quinoa	65,548	66,792	70,763	70,440	70,170
Sorghum Grain(1).....	802,203	556,868	1,023,314	949,039	1,018,885
Wheat(1).....	329,437	154,435	301,689	237,127	311,310
Total	2,660,494	2,279,134	3,267,425	2,915,388	2,914,459
Stimulants					
Cacao.....	6,143	5,518	5,846	5,835	5,875
Coffee.....	21,427	21,181	22,121	24,841	23,401
Tea.....	1,251	1,177	1,192	1,203	1,212
Total	28,821	27,876	29,159	31,879	30,487
Fruits					
Banana.....	299,580	289,674	305,950	301,255	301,162
Plum	2,989	4,208	4,189	4,530	4,094
Chirimoya.....	2,568	2,668	2,694	2,736	2,713
Peach	55,434	56,417	59,642	61,718	59,435
Strawberry	3,184	3,288	3,244	3,457	3,288
Cherry	68	74	71	73	70
Fig	617	657	667	686	652
Lime	6,878	6,790	6,692	6,719	6,795
Lemon	25,410	25,961	25,793	26,064	25,756
Tangerine.....	215,154	216,782	235,095	239,995	237,812
Mango	17,198	18,028	17,613	18,032	17,613
Apple.....	2,578	2,751	2,805	2,931	2,750
Quince	121	135	128	131	128
Orange	185,093	180,021	189,335	193,504	191,817
Avocado	12,497	12,509	12,452	12,690	12,477
Papaya	18,216	17,339	18,040	18,291	18,094
Pear.....	1,789	1,907	1,967	2,031	1,912
Pineapple	85,256	86,022	86,204	87,658	85,964
Plantain.....	456,847	481,840	493,524	491,620	481,093
Grapefruit	3,801	3,781	3,749	3,813	3,821
Watermelon	57,643	58,882	59,701	59,507	60,202
Prickly pear	4,118	3,888	4,021	4,047	3,974
Grape	21,167	22,066	22,674	23,549	22,235
Total	1,478,208	1,495,686	1,556,248	1,565,038	1,543,856
Vegetables					
Pepper.....	2,906	3,230	3,273	3,372	3,182
Garlic.....	3,731	2,777	2,569	2,230	2,476
Peas	22,625	21,493	21,649	21,832	22,302
Beetroot	5,087	5,128	5,140	5,894	5,394
Onion.....	79,794	84,922	87,372	89,975	90,333
Cauliflower.....	696	747	781	931	809
Frijol Bean(1)	76,893	104,881	107,709	107,550	103,256
Chickpea.....	221	652	670	525	514
Haba Bean	37,722	38,400	39,988	40,417	40,301
Lettuce.....	18,388	17,760	18,292	18,404	18,536
Locoto (chili).....	8,427	8,465	8,482	9,182	8,670
Corn.....	26,506	24,888	25,215	26,047	26,100
Cucumber	4,884	4,442	4,686	4,764	4,738
Radish.....	640	636	660	662	641
Cabbage.....	4,799	4,547	4,623	4,693	4,814
Tomato	61,531	63,549	64,715	70,319	73,515
Green Bean.....	5,572	5,465	5,738	5,879	5,796
Carrot.....	62,863	61,299	67,972	69,262	70,063
Pumpkin	23,934	24,596	24,629	23,740	24,574
Total	447,219	477,875	494,163	505,680	506,013
Agricultural Raw Materials					
Achiote (urucú)	1,560	1,546	1,542	1,557	1,549
Cotton.....	1,724	1,212	1,763	2,281	2,925

	For Agricultural Harvest Cycle				
	2015-2016	2016-2017	2017-2018	2018-2019(p)	2019-2020(p)
Sugarcane	7,374,751	8,731,676	9,215,146	9,558,471	10,094,423
Sunflower(1)	102,023	68,417	121,177	136,779	159,605
Peanut.....	25,938	25,353	26,040	28,282	26,602
Sesame.....	11,761	11,960	13,716	15,842	9,576
Soy(1)	3,203,992	2,671,046	2,818,897	2,990,845	2,829,356
Tobacco	1,220	1,137	1,178	1,202	1,201
Total	10,722,970	11,512,346	12,199,458	12,741,813	13,132,528
Roots and Tubers					
Sweet Potato.....	4,517	4,435	4,483	4,487	4,507
Hualuza.....	2,376	2,339	2,383	2,427	2,375
Oca	24,475	22,572	23,506	23,850	23,962
Potato.....	1,073,744	1,045,291	1,160,940	1,256,584	1,317,923
Papaliza	10,919	11,047	11,835	12,456	11,866
Racacha	1,088	1,471	1,463	1,653	1,445
Yuca	199,965	203,318	201,375	203,326	203,633
Total	1,317,085	1,290,473	1,405,985	1,504,783	1,565,712
Fodder					
Alfalfa	391,061	396,737	409,772	411,814	414,843
Collard Oat	10,481	11,162	11,363	10,760	10,846
Barley Cabbage	75,242	78,971	79,716	76,826	77,817
Total	476,785	486,870	500,851	499,400	503,506
Agricultural production	17,131,582	17,570,260	19,453,289	19,763,982	20,196,561

Source: National Institute of Statistics

(p) Preliminary.

(1) An agriculture year runs from July through June.

Livestock

In 2020, Bolivia's livestock production grew by 2.2% as compared to 1.2% in 2019. The expansion in livestock production was primarily due to growing production of beef cattle and sheep. Beef cattle production increased by 3.7% and reached 10.1 million head of cattle in 2020 from 9.7 million head of beef cattle in 2019.

The first shipment of beef cargo to China was made toward the end of August 2019. In 2020, the sector continued to benefit from the demand of this market. Similarly, swine production grew by 3.4% in 2020, an increase attributed to the strong expansion of exports to the Chinese market. However, the increase in production resulted in excess supply that eventually affected producers and led to a drop in prices in the local markets. See "Livestock Population" table below.

In 2020, the number of head of cattle reached 10.1 million, followed by 7.6 million sheep and, in lesser quantity, goats, pigs, llamas and alpacas. Poultry production in 2020 rose to 229.8 million heads.

Similarly, sheep production, the second most important sector in livestock, grew by 0.8% in 2020. However, as with swine production, the increase in production resulted in excess supply that eventually affected producers and led to a drop in prices in the local markets.

The following table shows the livestock population for the four years ended December 31, 2020:

Livestock Population

	For Year Ended December 31,				
	2016	2017	2018(p)	2019(p)	2020(p)
	(in units)				
Alpacas.....	449,902	434,308	437,094	438,090	440,563
Beef cattle.....	9,119,343	9,304,572	9,556,196	9,741,475	10,103,767
Goats	2,209,968	2,210,720	2,233,411	2,250,707	2,266,351
Llamas	2,712,162	2,622,077	2,598,830	2,601,136	2,610,810

	For Year Ended December 31,				
	2016	2017	2018(p)	2019(p)	2020(p)
Sheep	7,426,859	7,442,313	7,511,178	7,553,836	7,612,750
Swine	2,906,696	2,951,049	3,061,701	3,103,898	3,209,604
Poultry	218,986,622	242,059,029	229,285,825	228,664,460	229,880,670

Source: National Institute of Statistics

(p) Preliminary.

Forestry, Hunting and Fishing

In 2020, the forestry, hunting and fishing activity registered growth of 1.7%, as compared to 2019, due mainly to the positive result in the production of wood in logs and chestnuts in shell.

Petroleum and Natural Gas

The Bolivian Political Constitution provides that hydrocarbons, regardless of the state in which they are found or how they occur, are the inalienable and permanent property of the Bolivian people. The Government, on behalf of the Bolivian people, is the owner of all hydrocarbon production in Bolivia and has sole authority over its commercialization. In addition, all income earned from the sale of hydrocarbons is the property of Bolivia.

In accordance with the Bolivian Political Constitution, we nationalized certain companies in the hydrocarbon sector in 2006. See “The Bolivian Economy—Nationalization Process.” Since then, YPFB has had sole authority to perform the activities within the hydrocarbon production chain. YPFB forms partnerships with private companies or forms public-private companies for the exploration, exploitation, refining, manufacturing, transportation and commercialization of hydrocarbons. However, YPFB must possess at least 51.0% of the ownership in such partnerships or public-private companies. YPFB also enters into service contracts with public, mixed or private companies, both Bolivian and foreign, so that such companies may perform hydrocarbon-related services.

The industrialization of hydrocarbons began with the opening of the liquid separation plants of Rio Grande in 2013 and Gran Chaco in 2015. The opening of these two plants, and the process of separating liquid hydrocarbons, is particularly important for the industrialization process of hydrocarbons for two reasons: (1) it allows for dry gas to be exported, mainly as methane, with low caloric content; and (2) it produces liquid hydrocarbons to be used for the production of fuels (e.g., alkanes, such as propane and butane that form LPG, and gasolines, such as pentane and isopentane) and petrochemicals, which provides for the opportunity to use dry gas as well a variety of other alkanes. In 2020, the Rio Grande liquid separation plant recorded a production volume of 119,167 MT liquids, while the Gran Chaco liquid separation plant, “Carlos Villegas Quiroga,” manufactured 225,905 MT of this fuel.

In November 2016, the governments of Bolivia and Brazil through YPFB and Petrobras and EPE entered into an agreement for hydrocarbon exploration in the areas of San Telmo and Astillero and an agreement to supply Bolivian gas to the Brazilian thermoelectric plant Mario Covas de Cuiabá. YPFB and EPE entered into a gas sales agreement for the purchase of 2.2 MMmcd, at a price 15.0% higher than the current price paid by ENARSA.

The export prices of natural gas to both Argentina and Brazil are based on a basket of fuel prices that are traded on the international market and are correlated to the movement of the West Texas Intermediate crude oil price. The fuel prices that make up the basket for each contract are different, although three of the four fuel prices that are used in the contract with ENARSA are also used in the contract with Petrobras. The export price for the contract with Petrobras is fixed quarterly. The export price for the contract with ENARSA is similarly calculated, except that the international price of diesel fuel is included in the basket of fuel prices and an average over the last six months is used.

Since the end of 2019, energy demand has decreased due to the COVID-19 pandemic and quarantines declared in most countries worldwide. In terms of our natural gas exports, we expect a negative impact on our sales of natural gas to Brazil and Argentina due to both decreased demand by these countries and steep decreases in international oil prices, which we expect will adversely affect the income of the national treasury, governorates, municipalities, universities, YPFB and operators, among others.

The oil and natural gas sector represented 4.6% of real GDP in 2020, 4.5% in 2019 and 5.1% in 2018. In 2020, the sector experienced a decline of 6.5% compared to 2019, principally associated with the contraction of local demand

for natural gas and a decline in exploration activity, while exports increased slightly as a result of uneven market behavior related to the COVID-19 pandemic.

In 2019, natural gas reserves were estimated to be 8.4 trillion cubic feet (“TCF”) and 8.9 TCF in 2018. In 2019, investment in exploration activities was U.S.\$312.0 million compared to U.S.\$276.0 million in 2018. However, there may be more gas reserves than anticipated given that YPFB began conducting exploratory work in 2006 and since then has had a 20.0% success rate in non-producing areas, where 34 wells were explored and 7 had positive results and 6 wells are running, and it also had a 60.0% success rate in producing areas, where 36 wells were explored and 22 had positive results. No new reserve assessment was carried out in 2020, and some exploration projects were postponed. Total investment in exploration and exploitation activities was U.S.\$321.3 million in 2020. In 2021, YPFB announced an investment plan worth U.S.\$788.8 million, of which over U.S.\$400.0 million is expected to be allocated to exploration projects to be carried out directly by that company.

Natural gas production decreased by 3.8% in 2020 as compared to 2019, principally in the Margarita Huacaya, Sabalo and San Alberto fields. However, the Incahuasi field registered an increase of 23% compared to 2020. These four fields accounted for approximately 75.6% of total natural gas production in 2020. The gross production average of natural gas was 561,562,192 Mpc in 2020, compared to 584,012,687 Mpc in 2019. This decrease is the result of a lower demand for gas by Brazil and within Bolivia.

Currently, natural gas is exported exclusively to Brazil and Argentina through natural gas sales agreements with IEASA (Integración Energética Argentina S.A. – IESA), a company managed by the neighboring country of Argentina, and Petrobras, a Brazilian state-owned oil and gas company.

On December 31, 2020 an addendum to the natural gas sales agreement with Argentina was executed, effective from January 1, 2021 to December 31, 2021, which memorializes the agreement that a new addendum will become effective from January 1, 2022 to December 31, 2026. Notwithstanding recent increases in international fuel prices, in light of the decrease in international fuel prices in 2020 and the COVID-19 pandemic, investments and development plans have been deferred in the fields that produce natural gas in Bolivia, which has impacted production for export. IESA has stated that in the Republic of Argentina there is demand, which will result in a reduction of the natural gas committed in the contract during the summer. The amount set for 2021 is 9 MMmcd, reflecting a decrease of 10% from the amount of 10 MMmcd that had been set for 2020.

In 2006, YPFB and ENARSA (now Integración Energética Argentina S.A. - IESA) signed a natural gas and sale agreement that provides an initial minimum volume of 7.7 MMmcd during the first three years for an initial term of 20 years (2007-2026). The agreement was amended on March 26, 2010 to include a mandatory minimum receipt and delivery volumes and to establish commercial guarantees, and went in effect on May 1, 2010. The amendment provided for a minimum amount of 7.7 MMmcd in 2011 and a minimum amount of 11.6 MMmcd in 2012. It also stipulates that export prices of natural gas to Argentina would be calculated and controlled quarterly based on a fuel price basket. In February 2019, the Ministry of Hydrocarbons and the Ministry of Energy of Argentina signed an addendum agreement to the Natural Gas Export Contract that provided for the shipment of 10.0 MMmcd during the summer, with the price reaching an average of U.S.\$6.7 million British Thermal Units (“MMBtu”) in 2019 and U.S.\$4.8 MMBtu in 2020. In December 2020, a fifth addendum was signed, which provided for a minimum amount of 9 MMmcd in 2021. For 2021, the average price of natural gas exported to Argentina is U.S.\$4.9 MMBtu. The daily quantity guaranteed by YPFB is between 11 and 14 MMm3 per day, for both summer and winter.

In 2020, Bolivian gas exports to Argentina reached an average 453 MMmcd, an increase of 6.6% compared to 2019. Exports to Argentina increased in 2020, despite the effects of the COVID-19 pandemic. The notable increase was explained principally by greater demand for Bolivian natural gas during the second half of 2020, consistent with an increase in liquefied natural gas, which rose approximately 150% in the international market between September and December 2020.

Natural gas exported to Brazil is primarily used to generate electricity. The natural gas sales agreement between YPFB and Petrobras was signed in 1996 and had a 20-year duration (from 1999 through 2018). In February 2016, Brazil expressed an interest in continuing to purchase gas from Bolivia and extended the existing contract after its expiration in 2019. The agreement initially provided for a minimum quota of 16 MMmcd. Two amendments have been signed since, which establish a maximum volume of 30.1 MMmcd per day. Export prices of natural gas to Brazil, as stipulated in the agreement, are calculated and applied quarterly, based on prices for a basket of fuels. On March 6,

2020, the eighth addendum to the gas export contract between YPFB and Petrobras was signed for a term of five years, and the daily amount guaranteed by YPFB was 20MMmcd with a minimum of 14MMmcd.

In 2020, on average, 555 MMmcd gas was exported to Brazil each month, a decrease of 2.1% as compared to the monthly average of 567 MMmcd in 2019. This 2.1% decrease is smaller than the 16.0% decrease between 2018 and 2019 and the 9.1% decrease between 2018 and 2017. This decrease in 2020 is partly attributable to reduced demand in Brazil, as the COVID-19 pandemic affected the country's general economic activity.

Likewise, domestic consumption decreased. For instance, total domestic market demand for natural gas reached 8.2 MMmcd in 2020, 14% lower than in 2019. This decrease can be attributed to reduced sales volumes for Vehicular Natural Gas (VNG), decreased reliance on thermoelectric generators and decreased activity in the industrial sector at large, combined with widespread slowdowns in economic activity attributed to the COVID-19 pandemic, which also affected domestic demand for natural gas and led to a shutdown of the state-owned urea plant.

In 2020, audited production of liquid hydrocarbons reached 15,225,369 Bbl, a decrease of 7.8% compared to the 16,510,502 Bbl recorded in 2019. (The 2019 figure represented a decrease of 11.1% compared to 2018.) Production by YPFB, YPFB CHACO S.A. and YPFB ANDINA S.A. totaled 1,986,039 Bbl, representing 13.0% of the total production in 2020. The majority of production—approximately 85.2—is carried out by REPSOL YPF E&P, PETROBRAS BOLIVIA S.A. and TOTAL E&P BOLIVIA.

We refine petroleum to produce gasoline, diesel fuel and liquefied petroleum gas ("LPG"), all of which are in high demand in the domestic market.

The largest refined fuel that we produce is "special gasoline" with a minimum octane level of 85, as compared to premium gasoline, which has a minimum octane level of 95. In 2020, special gasoline production was 761,571 cubic meters, a decrease of 50% as compared to 2019. The refineries of YPFB accounted for 84% of special gasoline production in 2020, while the Oro Negro refinery accounted for 16%. Special gasoline production averaged 318,092 cubic meters in 2020 in YPFB refineries, a decrease of 21% as compared to 2019.

Diesel is the second-largest refined fuel produced in Bolivia with a production of 648,527.01 cubic meters on November 2020, An increase of 8.7% as compared to similar period in 2019. The refineries of YPFB accounted for 91.1% of diesel fuel production in 2020, while the Oro Negro refinery accounted for 8.9%. Diesel fuel production averaged 26,847.17 cubic meters in YPFB refineries, an increase of 8.2% as compared to 2019.

Additionally, the oil refining sector decreased by 6.9% in 2020 compared to 2019. Refinery production benefited from the hydrocarbon industrialization process, which was driven by the commencement of operations of the Gualberto Villarroel, Guillermo Elder Bell, Carlos Villegas and Río Grande liquid separation plants, among others. In August 2018, the automation of the crimping plant in Monteagudo was inaugurated, with capacity to ship 1,600 bottles per day to supply the Chaco region. The new automation process had a significant impact on production of LPG because it takes over different stages of the bottling process, like sealing and controlling the valves and filling, and increases cost and time efficiency. The new automation process perfectly aligned with our increase demand for filling and shipping bottles of LPG.

In 2020, field-plant production of LPG totaled 87,861 MT, 3.7% less than the 91,239 MT of LPG produced in 2019. About 53.0% of this total was produced at the Río Grande Plant, while 47.0% was produced at the Carrasco and Vuelta Grande plants. Production at the Río Grande Plant increased by 1.9% compared to 2019, while there was an 8.5% decrease in production at the Carrasco Plant and a 12.6% decrease at the Vuelta Grande Plant compared to 2019. Refinery production of LPG reached 105,172 MT in 2020, a decrease of 3.9% compared to 2019. The Gualberto Villarroel Plant produced 58.8% of this amount, and the Guillermo Elder Bell Plant produced 41.2%. Compared to 2019, production at both plants decreased, by 1.8% and 6.8%, respectively. Finally, liquid-separator-plant production of LPG totaled 345,072 MT in 2020, a decrease of 8.6% compared to 2019. The Carlos Villegas Plant produced 65.5% of this amount, and the Río Grande Plant produced 34.5%. Compared to 2019, production at the Carlos Villegas Plant decreased by 14.3%, while production at the Río Grande Plant increased by 4.8%.

In 2020, we exported 101,588 MT of LPG, 49.2% to Paraguay, 33.3% to Perú and 17.5% to Brazil. Our exported volume decreased by 19.6% as compared to 2019. Exported LPG reached U.S.\$29.2 million in 2020, representing a decrease of 26.6% as compared to 2019.

Our gasoline supplies increased as a result of the New Units of Catalytic Reform and Isomerization from the Gualberto Villarroel and Guillermo Elder Bell refineries. This increase in gasoline supplies, along with the approval of the Law for Additives of Plant Origin in September 2018 allowed for 5.5 Mm3 of Super Ethanol 92 biofuel to be introduced to the domestic market and 28.3 Mm3 in 2019. Super Ethanol 92 biofuel is made up of 88.0% gasoline and 12.0% anhydrous ethanol as an additive of plant origin, which increases the octane of the product and allows for a cold start of the engine, reducing greenhouse gas emissions. In 2020, production of Super Ethanol reached 15.79 Mm3, a decrease of 44.2% compared to production in 2019.

In 2020, imports for fuels, lubricants and related products presented a notable decrease of 43% compared to imports recorded in 2019, primarily as a result of implementation of the rigid quarantine and the paralysis of the activities that resulted in the decrease of the demand for raw materials and intermediate products. Diesel imports totaled 6,272,684 Bbl, a 29.3% decrease compared to 2019, due to transport restrictions and mobility limitations for the general population during quarantine, minimizing domestic consumption of gasoline and diesel.

The following table shows daily average natural gas and petroleum production for the periods indicated:

Average Daily Natural Gas and Petroleum Production

	For Year Ended December 31,				
	2016	2017	2018	2019	2020
Natural Gas (in millions of cubic meters per day)					
YPFB Corporation(1).....	11.3	11.0	10.8	8.6	7.9
Other operators.....	45.3	44.1	40.8	36.7	35.5
Total.....	56.6	55.2	51.5	45.3	43.4
Petroleum (in thousands of barrels per day)					
YPFB Corporations(1)	7.8	7.5	7.5	6.4	5.4
Other operators.....	48.8	47.0	43.4	38.8	36.2
Total.....	56.6	54.5	50.9	45.2	41.6

Source: YPFB

(1) YPFB Chaco S.A. and YPFB Andina.

Petrochemical Industry

The growth of the petrochemical industry is key for expanding Bolivia's economic strength beyond a focus on hydrocarbon extraction. In 2019, the Urea Plant production was 330,767 MT, 36,683.05 MT was commercialized in the internal market and 306,946.688 MT was sold to the external market. The commercialization of this Bolivian fertilizer also extended to markets such as Argentina (173,609 MT), Brazil (69,748 MT) Paraguay (26,302 MT) and Uruguay (30,240 MT). We believe that strong export sales of urea are due to its favorable quality and competitive price. Urea exports began in 2019 and totaled U.S.\$75.2 million, an increase of 12.0% compared to 2018. With the increase in nitrogen urea produced at the Bulo Industrial Complex, after 2017, all Santa Cruz corn farmers have substituted imported fertilizer for fertilizer produced nationally.

Urea production was 7,084 MT in 2020, a 97.9% decrease compared to production in 2019, when plant operations were halted. Domestic sales declined 47.3%, reaching 19,320 MT, compared to 36,683 MT in 2019. International sales were also affected, and only 19,058 MT was sold to Brazil, a decrease of 93.8% compared to sales to Brazil generated in 2019.

In 2020, the shutdown of the Ammonia and Urea Plant led to losses of approximately U.S.\$200 million. The construction of plants for nitric acid, ammonium nitrate and their derivatives were delayed, as were plans for propylene and polypropylene plants. The Government began the process of reopening the Ammonia and Urea Plant in November 2020, and the plant resumed operations in September 2021.

The polyethylene pipe and fittings production plant, located in the Kallutaca Industrial Park in La Paz, produces high density polyethylene pipes between 20 mm and 125 mm in diameter and electro-weld-able fittings. The Bolivian Hydrocarbons Industrialization Company ("EBIH") signed two contracts with YPFB in 2018, through which it sold 1,056.0 kilometers ("km") of polyethylene pipes for gas networks at the end of the year. The use of these pipes is

expected to modernize the conventional natural gas distribution system by replacing galvanized steel pipe installations for home installations, contribute to the development of the industry, and help promote both the goal of diversifying Bolivia's energy sector and increase the industrialization of hydrocarbons.

Production at the plant for polyethylene tubing and accessories decreased to just 126 km in 2020, a drop of 67.6% compared to 389 km in 2019. In 2020, the plant did not enter into any polyethylene tubing sales contracts with YPFB for its natural gas networks.

Biofuels

Bolivia's foray into the production of biofuels in 2018 was a historic milestone for the country, not only because of the start in shifting the energy matrix toward cleaner energies, but also because this was the result of a coordinated project between the public and private sectors and an important contribution to economic performance.

The agreement "Bolivia in the Era of Biofuels" signed on March 8, 2018 established the objectives and process for the Bolivian initiative to explore ethanol production in the 2018-2025 period. Finally, this agreement was materialized in the Law for Additives of Plant Origin promulgated by the Government on September 15, 2018.

Among the main advantages of the initiative are the diversification of the energy matrix, which is expected to result in the gradual reduction of fuel imports and, therefore, should become a significant cost-saving measure for the country in two ways: first, by lowering external purchases; and, second, by reducing our payments for fuel subsidies. Furthermore, this would increase the availability of a renewable, lower-polluting fuel, which would reduce annual emissions of carbon dioxide by 6.0%.

The project also encourages the agribusiness sector and the economy in general, with an estimated effect of 0.9% in the growth of the GDP of 2019, according to the state oil company and the national business. Finally, the production of biofuels in the country does not threaten food security, given the surpluses of sugar production in recent years.

The average sale of Super Ethanol 92 (SE92) in 2019 was 2,359 m³. This number decreased to 1,316 in 2020, due in part to lockdowns imposed as a result of the COVID-19 pandemic. The sale of special gasoline began in May 2019. The average sale of special gasoline was 58,204 m³ in 2019 and 72,361 m³ in 2020.

Minerals

The Bolivian Political Constitution directs the Government to assume control and direction over the exploration, exploitation, industrialization, transportation and commercialization of strategic natural resources, including through the regulation of the state mining industry and cooperative societies. In addition, the Bolivian Political Constitution requires that the Government be responsible for our soil and subsoil mineralogical wealth.

On May 28, 2014, the Mining and Metallurgy Law was enacted (1) establishing that natural mineral resources are property of the Bolivian State and (2) providing for several types of authorizations or contracts related to mining, including for exploration, association contracts with cooperatives and contracts between non-state mining operators. The mining law is intended to comply with the Bolivian Political Constitution, which sets new rules according to changes in the country, including, among others, the migration from a concession regime to a new administrative contracts regime. It also promotes the economic development of mining and metallurgy activity, establishing that all mining activities are subject to technical, environmental and economic planning, under periodic supervision, and seeks to diversify investments and promote industrialization throughout the production chain, from the exploration of new deposits to processing. In addition, in May 2013, a criminal law was enacted penalizing the illegal appropriation or commercialization of mining resources without the approval of the COMIBOL.

The mining sector represented 3.6% of real GDP in 2020, 4.6% in 2019 and 4.8% in 2018. The sector's share of real GDP dropped 28.5% compared to 2019, making the mining sector the sector that experienced the greatest contraction in 2020. This fall is explained by the halt of mining production as a result of COVID-19-related lockdowns, weak international demand and a consequent fall in global mineral prices.

Production of zinc decreased by 32.1%, from 527,521 MT in 2019 to 358,411 MT in 2020. This production decrease was a result of the halt of mining production as a result of COVID-19-related lockdowns.

Precious metal production decreased by 19.3%, from 1,153 MT in 2019 to 930 MT in 2020. Gold production fell 44.8%, from 42 MT in 2019 to 23 MT in 2020. These decreases were also due to the imposition of lockdown measures, which had the greatest impact on the small-scale and cooperative mining sector, whose overall production decreased by 42.6%, as well as in the medium-scale mining sector, whose production fell by 80.6%.

From 2019 to 2020, lead production decreased by 26.6%, copper production by 37.0%, tin production by 14.2% and antimony production by 4.3%, largely in response to falling prices in the international market.

In 2019, exports of silver and lead by the COMIBOL fell 32.3% and 46.5%, respectively, by comparison with the volumes exported the previous fiscal year. The total value of lead exports fell 50.0% to U.S.\$490.0 million in 2020, from U.S.\$980.1 million in 2019.

The following table shows mineral production for the periods indicated:

Mineral Production

	For Year Ended December 31,				
	2016	2017	2018	2019	2020
	(in fine tons)				
Zinc.....	489,293	527,206	519,630	527,521	358,411
Tin	17,804	18,386	17,251	17,147	14,709
Gold.....	22	29	32	42	23
Silver	1,357	1,222	1,191	1,153	930
Antimony.....	2,669	2,881	3,110	2,747	2,629
Lead.....	89,906	113,286	112,140	88,002	64,619
Copper.....	8,718	7,219	5,216	4,478	2,822
Tungsten.....	1,399	1,280	1,722	1,342	1,699

Source: Ministry of Mining and Metallurgy

Salar de Uyuni, the largest salt flat in the world, is located in Bolivia and has reserves of lithium of 9 MT as of 2019, which is estimated to be the highest in the world as per individual country and accounts for approximately 22% of lithium reserves globally. Therefore, we have implemented a national strategy for lithium development, in accordance with our new economic, social, communitarian and productive model, in which we use this natural resource to increase our value-added industrial capacity in an environmentally sustainable manner. There are numerous potential applications for lithium, including the production of lithium ion cathodes for batteries. Bolivia has begun with the industrialization of evaporitic resources thorough a process consisting of three phases.

During Phase I, the Potassium Chloride (“KCl”) pilot plant was completed in August 2012 and the lithium carbonate (“Li₂ CO₃”) pilot plant was completed in January 2013. These plants, which have a production capacity of 350,000 MT of KCl and 15,000 MT of Li₂ CO₃ per year, produced a total of 18,369 MT of KCl and 191 MT Li₂ CO₃ in 2020, 26,741.0 MT of KCl and 420.6 MT of Li₂ CO₃ in 2019, 15,023.0 MT of KCl and 251.0 MT of Li₂ CO₃ in 2018. In 2020, sales of Li₂ CO₃ and KCl totaled Bs.13.6 million, with a volume of 9,631.64 MT.

During Phase II, we began the development of the Uyuni Salt Flat (“Salar de Uyuni”) Industrial Plant to achieve industrial production of Li₂ CO₃ and potassium salts. In August 2015, the National Management of Evaporitic Resources (*Gerencia Nacional de Recursos Evaporíticos* or “GNRE”) and the German company K-UTEC AG Salt Technologies entered into an agreement for the final design of the construction of an industrial Li₂ CO₃ plant.

Phase III entails the operation of the Pilot Lithium Battery Plant and the Center for Research in Science and Technology (CICYT) and the construction and operation of the Industrial Plant of Cathode Materials. In February 2014, after concluding the installation and calibration, the Pilot Lithium Battery Plant was inaugurated. Since July 2014, the plant has conducted more than 5,000 assembly tests and testing of high and low capacity batteries. In November 2015, COMIBOL and the French company ECM Green Tech entered into an administrative agreement for the installation of a pilot plant and a research project for cathode materials in the industrial complex of La Palca. On

January 22, 2017, pursuant to Supreme Decree No. 3058, the National Strategic Public Company for Evaporite Resources (*Empresa Pública Nacional Estrategia de Recursos Evaporíticos*) was created to further the lithium industrialization projects carried out by COMIBOL. Later, in 2017, YLB was created and replaced the National Strategic Public Company for Evaporite Resources. YLB signed a partnership agreement with a German company for the extraction and industrialization of lithium from Salar de Uyuni. This agreement has since been suspended pending the implementation of new policies.

In 2018, YLB finished the implementation of the Potassium Chloride Industrial Plant, which was part of phase II of the industrialization of lithium, with an investment of U.S.\$178.0 million and the capacity to produce 350,000 MT of fertilizer.

Bolivia has one of the world's largest reserves of iron and is seeking a strategic partner to exploit what has been estimated to be 40 billion tons of iron and 10 billion tons of manganese. During 2014, Mutún started its process of socialization, consultation, review, modification and approval of the National Steel Plan (*Plan Siderúrgico Nacional* or "PSN"), to industrialize Mutún's iron with the participation of the State Metallurgical Mining Sector and Bolivian Public Universities. Mutún's Board of Directors approved the PSN, and as a consequence, the Government, through the Ministry of Mining and Metallurgy, supported its implementation, committing external credit efforts to finance the first stage of the Plan.

In 2018, the financing for the construction of the Mutún Iron and Steel Plant was consolidated in an aggregate amount of U.S.\$546.0 million, of which U.S.\$396.0 million was financed by a loan from the EximBank of the People's Republic of China and the balance of U.S.\$150.0 million was financed by the Bolivian State. As a first step to develop the production chain, on April 25, 2018, a contract was signed to obtain the license for the use of technology for the production of iron. On December 26, 2018, the first disbursement of U.S.\$66.0 million was made, which allowed Mutún to issue the order to commence construction in 2019. As of December 2020, progress on the project, including construction, assembly, commissioning and operation of the Integrated Steel Plant, had reached 38.8%, with financing disbursed for 33.6% of the total projected amount needed for completion.

The nonmetallic-minerals sector recorded a 25% decrease, in line with the contraction in the construction sector, caused by a halt in public investment and the slowdown of private projects during quarantine. Cement production fell 17.8% in 2020, especially in Chuquisaca and in the departments in the central region of the country.

The oil-refining sector decreased by 2.5% in 2020 compared to 2019 and by 1.4% in 2019 compared to 2018, due principally to a 53.4% decrease in the production of jet fuel linked to severe slowdowns in air travel during the COVID-19 pandemic.

Electricity, Gas and Water

In recent years, electricity, water, and gas activity grew significantly due to the implementation of important electricity projects, economic strength, and increased consumption, especially from households and businesses. This sector experienced high growth rates in the middle of the 2010s and averaged 2.4% growth during the period from 2016 to 2020. In 2020, this sector decreased by 3.5% and in 2019 it grew by 2.8%, explained mainly by lower rates of electricity generation. One of the factors behind the decline in electricity, gas and water generation was the weakened domestic demand in an environment of quarantines, paralysis and irregularity in several economic activities.

Electricity consumption decreased 6.7% in 2020 compared to 2019, mainly as a result of a 43.8% decrease in consumption from mining, a 32.5% decrease in consumption from industrial establishments by 32.5% and a 15.5% decrease in general consumption. Moreover, water consumption decreased by 2.4% in 2020, the industrial sector decreased by 16.9%, the commerce sector decreased by 17.0% and residential sector increased by 5.9%.

Domestic sales of gas collapsed in 2020, with a total volume of 3,006 million cubic meters, or approximately 8.2 million cubic meters per day, a decline of 14%. This decrease can be attributed to reduced sales volumes for Vehicular Natural Gas (VNG), decreased reliance on thermoelectric generators and decreased activity in the industrial sector at large, combined with widespread slowdowns in economic activity attributed to the COVID-19 pandemic.

Major energy projects built and launched in the country over the last decade have been aimed at capitalizing on Bolivia's geographical advantage to position it to become one of the most relevant electricity producers in the region. In recent years, Bolivia has invested in infrastructure construction for thermoelectricity generation as well as alternative sources of energy. In thermoelectricity, principal plants include Warnes, Guaracachi and Del Sur with a

power capacity of 396.7 MW, 346.0 MW and 261.5 MW, respectively. In hydroelectricity, principal plants include Corani with 280.3 MW, Zongo with 188 MW and Misicuni with 120.0 MW. Moreover, we launched solar plants, including Yunchará in Tarija with 5.0 MW, Uyuni in Potosí with 60.0 MW and Oruro with 50.0 MW. In relation to wind electricity, principal plants include Qollpana in Cochabamba with 27.0 MW. Also, in biomass energy we have Guabirá with 21.0 MW and UNAGRO with 14.3 MW.

In 2020, the production of hydroelectric energy via the Column Interconnection System (Sistema Troncal de Interconexión or “STI”) reached 2,939.3 GWh; production of wind energy reached 64.2 GWh; production of solar energy reached 224.0 GWh; production of biomass energy reached 133.4 GWh; and production of thermoelectric energy reached 5,831.4 GWh. The generation of electric power reached a nationwide total of 9,212.4 GWh in 2020, a decrease of 3.3% compared to the 9,530.8 GWh generated in 2019, due to a 34.6% decrease in solar energy produced mainly in the power plants of Uyuni and Yunchara, a 11.24% decrease in biomass energy produced mainly in Guabira and Unagro, a 9.41% decrease in hydroelectric energy produced mainly in Corani and Taquesi, and a 5.5% decrease in wind energy produced mainly in Qollpana.

Hydroelectric power plant production accounted for 31.9% of total energy generation in 2020. Solar energy production has been introduced only recently in Bolivia and accounted for 2.6% of total electricity in 2020 and biomass energy accounted for 1.4% and thermoelectricity generation accounted for 63.3% of total energy generation.

As of December 31, 2020, the 6,193.6 km of transmission lines in the STI and SIN are served by four companies, two of which were state-owned and two of which were privately owned. State-owned companies accounted 86.4% for transport energy and private companies accounted for the remaining 13.5%.

As of December 31, 2020, the maximum electric power demand reached 8,725.4 GWh. There are 15 electricity distribution companies, nine of which were state-owned and six of which were privately owned. State-owned companies accounted for 54.2% of the distribution of energy and 45.7% private companies accounted for the remaining 42.0%.

Construction

The construction sector experienced a decline of 19.0% in 2020, which contributed to the overall contraction in GDP. The sector’s decline was principally due to stagnation in public investment and in general economic activities caused by COVID-19-related lockdowns. The slowdown in private construction was also consistent with a drop in public and corporate revenues, which stalled private construction projects and contributed to a slowdown in subsidized housing loans.

Finance, Insurance, Real Estate and Business Services

Finance, insurance, real estate and business services performed positively in the last three years, consistent with the economic growth that followed the enactment of financial-services reforms in 2013. These sectors have become some of the most important contributors to total GDP growth and remained so in 2020. While the sector decreased by 4.7% compared to 2019, it still accounted for 13.5% of total GDP. In the aggregate, financial-services activity decreased by 0.5% in 2020, while business services increased 12.8% in 2020, compared to 2019. The share of homeownership among the population increased by 0.8% in 2020.

As of December 2020, financial-services activity registered a decrease of 1.8% as compared to an increase of 4.8% in 2019, associated with the economic contraction that the country experienced in 2020. Lending decreased by 2.8% compared to 2019, and the default rate declined to 1.5%. Credit growth in recent years has been closely related to higher loans directed toward production, which grew notably compared to 2013. In 2020, production lending reached U.S.\$13,033.5 million, an increase of 4.8% compared to 2019. Production loans were mainly directed to the manufacturing, construction, agriculture and livestock sectors. See “The Monetary System—Monetary and Finance Sector.”

Transportation and Communications

The transportation and communications sector accounted for 9.9% of real GDP in 2020 and 11.2% in 2019. In 2020, the transportation and communications sector registered a 19.4% decrease compared to 2019, due to the general deterioration in economic activity and domestic demand, rigid quarantine restrictions related to the COVID-19 pandemic and the subsequent continuation of partial restrictions on travel within Bolivia and abroad. There was a

strong decrease the use of all modes of transportation. Road transportation decreased by 42.6%, mainly driven by decreased cargo transportation for foreign trade and declines in passenger travel. Air transportation decreased 41.7% from 2019 to 2020, and rail transportation decreased by 4.9% from 2019 to 2020.

In 2020, the total number of passengers in road transportation was 36.9 million, a 58.8% decrease compared to 2019. Cargo service (the transport of cargo and merchandise and not passengers) decreased by 37.9% compared to 2019.

In 2020, the total number of passengers in air transportation was 2.3 million, with a decrease of 49.9% compared to 2019. Approximately 89.2% of these passengers flew on domestic flights, while the remaining 10.8% flew on international flights.

The state-owned airline Boliviana de Aviación (“BOA”), which began operations in 2009, saw significant increases in terms of the number of passengers. In 2020, the company’s revenue fell by 54.4%, from Bs.1,939 million in 2019 to Bs.885 million in 2020. Passenger numbers fell by 50.9%, from 3.7 million in 2019 to 1.8 million in 2020, mostly due to the COVID-19 pandemic and management deficiencies

Additionally, rail transportation exhibited a decrease of 40.9% in 2020, due to the deterioration of economic activity and exports, especially minerals. In 2020, Oriental Ferroviaria transported 13,010 passengers and 1,366,158 tons in cargo and Andina Ferroviaria transported 16,431 passengers and 725,946 tons in cargo. In 2020, this sector showed an decrease of 77.3% in passenger transport and a decrease of 33.5% in cargo transport compared to 2019.

The communications sector grew 5.5% until November 2020. The sector’s dynamism was driven by lock-down restrictions imposed by the Government and the need for social distancing to help prevent the spread of COVID-19 even when lock-downs were not required. This prompted a dramatic increase in the use of electronic communications in the workplace and in education. According to the Telecommunications and Transportation Authority (“ATT”), in 2020, 11.8 million mobile lines were registered in the country, up from 115,513 mobile lines registered in 2019. The ATT also reported that internet connections reached 10.9 million in 2020, an increase of 3.9% over the previous year, and the network grew to 622,320 connections.

A highlight in the sector in 2018 was the availability of numerical portability beginning on October 1, 2018, through the D.S. No. 3404. Numerical portability allows users to migrate from one mobile phone operator to another without losing their telephone number. In this regard, the ATT reported that in the three months of its application, 46,664 users migrated to other providers. While this represented a low percentage in relation to the more than 11 million mobile numbers registered in the country, it is expected that the measure will allow for greater competition among mobile phone operators, with the consequent improvement of services in favor of users.

In 2020, the amount of investment of telecommunications operators reached U.S.\$243.0 million, a decrease of U.S.\$367.3 million, or 60.2%, as compared to 2019. The investment per capita increased 8.3%. The companies making the largest investments were TELECEL, COMTECO LTDA and ENTEL S.A.

Public Services

The public services sector represented 11.7% of real GDP in 2020, compared to 10.1% in 2019 and 10.2% in 2018. The sector grew 2.3% in 2020, primarily due to growth in the education, health and other services, as subcomponents of the public services sector. In 2020, although quarantine restrictions caused total or partial freezes in the provision of many public services, the provision of health services increased significantly in response to the COVID-19 pandemic. However, education services did suffer a sharp setback in 2020, primarily due to restrictions intended to counter the effects of the COVID-19 pandemic on students.

Commerce

The commerce sector is composed of both wholesale and retail sales of new and used goods. It is the fifth largest contributor to Bolivia’s total GDP, accounting for 8.1% of real GDP in 2020, 7.8% in 2019 and 7.6% in 2018. In 2020, the sector recorded a 6.3% decrease, compared to increases of 3.5% and 5.1% in 2019 and 2018, respectively. Of note, there was a 12.4% decrease in invoiced sales in supermarkets, which reached U.S.\$725.0 million. However, the decrease in commerce was contained somewhat by the migration of workers from other sectors of the economy who took on work in this sector to sustain, or avoid a further deterioration in, their income.

As of December 31, 2020, companies with commercial business licenses totaled 122,902, an increase of 1.9% compared to December 31, 2019. In 2020, 2,357 companies cancelled their business licenses, a slight drop of 8.0% compared to license cancellations in 2019.

Communal, Social and Personal Services

Other services, which include communal, social, personal and domestic services, accounted for 3.4% of total GDP. As of December, 2020, the Communal, social and personal services decreased by 17.2% compared to 2019, when this sector registered an increased of 3.8%.

Hotels and Restaurants

In 2020, the hotels and restaurants sector contributed 2.2% to GDP and decreased by 19.4% compared to 2019. The drop was mostly due to general declines in economic activity caused by COVID-19-related lockdowns, as well as reduced demand for hotel and restaurant services in particular. Based on information collected by the National Tax Service (*Servicio de Impuestos Nacionales*), restaurant sales revenues plummeted 47.7% in 2020, from U.S.\$694.0 million in 2019 to U.S.\$363.0 million in 2020. In addition, hotel billings fell 54.2%, from U.S.\$127.0 million to U.S.\$58.0 million over the same period, as a result of the significant drop in tourist activity caused by the COVID-19 pandemic.

In 2020, the total number of travelers who stayed in hotels was 630,919, a fall of 70% by comparison with 2019. Of these travelers, 79.0% were domestic and 21.0% were foreign. The total number of hotel establishments stood at 1,229, a decrease of 17.5% by comparison with the total recorded in 2019.

Nationalization Process

Between 2006 and 2013, as part of the Government's process to recover strategic sector companies and achieve its objectives under the new Constitution, we carried out several nationalizations and also terminated some contracts and revoked certain mining concessions. The Constitution establishes that the natural resources of Bolivia are the direct, indivisible and inalienable property of the Bolivian people and that the Government will act in the collective interest of the people. The National Development Plan outlines the exact strategy of the Government to reassert its role in the strategic sectors of hydrocarbons, minerals, telecommunications, water and electricity, all of which are considered of universal access under the Constitution.

The nationalizations mainly targeted formerly state-owned companies that had been privatized during the 1990s. We have negotiated compensation packages with some of the investors affected by such nationalizations and provided compensation based on the amount invested and revenues reported by these affected companies. Nevertheless, certain investors have initiated legal proceedings against us as a result of some of these nationalizations. The goal of the nationalization process and renegotiation of contracts with private companies was to increase the levels of investment in these sectors, increase the use of raw materials in Bolivia for value-added production farther along the supply chain (increasing industrialization in Bolivia), and to keep the profits of these industries in Bolivia for reinvestment in the economy and the Government's social welfare programs.

The following table shows a summary of major entities nationalized, the proceeds paid by Bolivia and whether proceedings have been brought against us.

Summary of Major Nationalized Entities

Entity	Year	Sector	Compensation Paid in U.S.\$ millions	Legal Proceedings
Aguas del Illimani S.A.	2006	Water	5.5(1)	None
Complejo Metalúrgico Vinto (Planta de Estaño y Planta de Antimonio)	2007–2010	Minerals	Pending	In Process
Petrobras Bolivia Refinación S.A.	2007	Hydrocarbons	112	None
Compañía Logística de Hidrocarburos Bolivia S.A.	2008	Hydrocarbons	12.0	None
Empresa Nacional de Telecomunicaciones S.A.	2008	Telecommunications	100.0	None
Transredes S.A.	2008	Hydrocarbons	241.1	None
Andina S.A.	2008	Hydrocarbons	6.2	None
Chaco S.A.	2006(2)–2009	Hydrocarbons	357.0	Settled
Air BP Bolivia S.A.	2009	Hydrocarbons	Pending	Suspended(3)

Entity	Year	Sector	Compensation Paid in U.S.\$ millions	Legal Proceedings
Corani S.A.....	2010	Power	18.7(4)	Settled(5)
Fábrica Nacional de Cemento S.A. (FANCESA)	2010	Manufacturing	None	Annulment
Guaracachi S.A.	2010	Power	31.5	Finished
Valle Hermoso S.A.	2009(6) –2010	Power	10.2(7)	None
Colquiri zinc and tin mine	2012	Minerals	Pending(8)	In Process
Empresa de Luz y Fuerza Eléctrica Cochabamba S.A. (“ELFEC”)	2012	Power	Pending	None
Transportadora de Electricidad S.A. (“TDE”)	2012	Power	36.5	Settled
Electricidad de La Paz S.A. (and others).....	2012	Power	34.2(9)	Settled
Mallku Khota S.A.	2012	Minerals	25.5(10)	Finished
Servicios de Aeropuertos de Bolivia S.A.	2013	Transportation	23.0	Finished
Quiborax	2004	Minerals	42.6	Finished
Consorcio Cementero del Sur S.A., Yura	2010(11)	Manufacturing	Pending	In Process
Inversiones Bolivia S.A., Grupo de Inversiones Gloria S.A. y Sociedad Boliviana de Cemento S.A.				

Source: Ministry of Mining and Metallurgy, Ministry of Hydrocarbons, Ministry of Environment and Water, Ministry of Works, Services and Housing and the Attorney General Office of Bolivia.

- (1) U.S.\$5.5 million was paid to Aguas del Illimani S.A. in treasury bonds.
- (2) Supreme Decree No. 28701, Héroes del Chaco, dated May 1, 2006, which nationalized oil companies, including CHACO S.A. Following the nationalization of AMOCO BOLIVIA OIL & GAS AB’s shares pursuant to Supreme Decree No. 29888 dated January 23, 2009, Pan American Energy LLC (“PAE”), holding company of AMOCO BOLIVIA OIL & GAS AB, brought a claim against Bolivia in the International Centre for Settlement of Investment Disputes.
- (3) Parties had reached an agreement to settle for \$5.5 million. However, Air BP Bolivia became involved in a legal proceeding that prevented the transactional contract from being executed. Currently, the arbitration proceeding and settlement between the State and BP Global Investments Ltd. is on hold.
- (4) U.S.\$18.4 million was paid to Inversiones Econergy Bolivia S.A., GDF SUEZ, Econergy International and Econergy Bermuda Holding Company Ltd. and U.S.\$240,000 was paid to Carlson Dividend Facility S.A.
- (5) Carlson Dividend Facility S.A. did not initiate proceedings. The proceedings with Inversiones Econergy Bolivia S.A., GDF SUEZ, Econergy International and Econergy Bermuda Holding Company Ltd. were settled for U.S.\$18.4 million.
- (6) Supreme Decree No. 289 dated September 9, 2009 was the first step for nationalizing Corani S.A. Supreme Decree No. 493 dated May 1, 2010 nationalized the shares of IEB.
- (7) U.S.\$10.2 million was paid to Inversiones Econergy Bolivia S.A., Bolivian Generating Group L.L.C. (“BGG”) in Valle Hermoso S.A.
- (8) The Supreme Decree required the payment of compensation due to the nationalization of the machinery, equipment and inputs from Compañía Minera Colquiri S.A.
- (9) We nationalized the shares held by Iberdrola or Iberbolivia de Inversiones S.A. (“IberBolivia”) in Electricidad de la Paz S.A., Empresa Luz y Fuerza Oruro S.A., Compañía Administradora de Empresas Bolivia S.A. and Empresa de Servicios Edeser S.A. pursuant to Supreme Decree No. 1448 dated December 29, 2012. We paid U.S.\$34.2 million to Iberdrola S.A. and Iberdrola Energía S.A.U., and U.S.\$19.5 million to Paz Holdings Ltd pursuant to Supreme Decree No. 2592 and No. 2594, dated November 11, 2015.
- (10) On October 29, 2019 we paid U.S.\$25.6 million in compliance with the arbitration award, dated November 28, 2018.
- (11) In order to recover the shares of Sociedad Boliviana de Cemento S.A. (SOBOCE) in Fábrica Nacional de Cemento S.A. (FANCESA) nationalized by Supreme Decree No. 616 on September 1, 2010, the claimants Consorcio Cementero del Sur S.A., Yura Inversiones Bolivia S.A., Grupo Inversiones Gloria S.A. and SOBOCE requested arbitration.

See also “Bolivia—Legal Proceedings and Processes.”

Hydrocarbons

The nationalization decree “Heroes del Chaco,” which follows the requirements of the Bolivian Political Constitution and the binding Referendum of July 2004, mandated the recovery of ownership, possession, total and absolute control of hydrocarbons and their nationalization to Bolivia. The “Heroes del Chaco” decree stated that, as of May 2006, all oil and gas companies that operate within Bolivian borders must deliver all production to YPFB for its commercialization. It allowed YPFB to determine the conditions of such commercialization, such as the volume and prices for sale to the domestic market and the export and industrialization of production. Separately, the decree provided for a 180-day transition period for oil and gas companies to enter into new contracts that met constitutional and other legal requirements. In addition, YPFB could no longer grant hydrocarbon exploitation contracts without the individual contract being authorized by the Plurinational Legislative Assembly.

During the transition period (180 days), a temporary regime applied directly to the mega-gas fields of San Alberto and Sábalo. Thereafter, Petrobras Bolivia Refinación S.A., the operator of these fields, renegotiated and signed new contracts.

In June 2007, and through negotiations between YPFB and Petrobras Bolivia Refinación S.A., we purchased, on behalf of YPFB Refinación S.A., the Gualberto Villarroel refinery in Cochabamba and the Guillermo Elder Bell refinery in Santa Cruz for U.S.\$112.0 million. YPFB Refinación S.A. currently controls more than 90.0% of our oil production.

In May 2008, we nationalized the shares held by Oiltanking Investments Bolivia S.A. and Graña y Montero S.A. in Compañía Logística de Hidrocarburos Bolivia S.A. for U.S.\$12.0 million, though which YPFB took control of Bolivia's liquid fuel pipelines and storage plants.

In June 2008, we nationalized the shares held by TR Holdings Ltda. in Transredes S.A., recovering control of their oil and gas pipelines.

In October 2008, Repsol YPF signed an agreement with YPFB for the sale of some of its shares in Andina S.A. in order for YPFB to own a majority interest in Andina S.A. for U.S.\$6.2 million.

In January 2009, we nationalized the shares held by Amoco Bolivia Oil & Gas AB in Chaco S.A., which gave YPFB control of 99.0% of the shares in Chaco S.A. PAE, which controlled Amoco Bolivia Oil & Gas AB, initiated an arbitration proceeding against us in connection with this nationalization. We paid U.S.\$357.0 million to PAE under the Settlement Agreement (*Contrato Transaccional de Solución Definitiva de Controversia, Terminación de Arbitraje Internacional de Inversiones, Reconocimiento de Derechos y Liberación General y Reciproca de Obligaciones*) dated December 18, 2014.

While YPFB, a state company under the supervision of the Ministry of Hydrocarbons, has had sole authority to perform the activities within the hydrocarbon production chain, private participation in hydrocarbon exploration, exploitation, refining, manufacturing, transportation and commercialization continues. See "The Bolivian Economy—Principal Sectors of the Economy—Petroleum and Natural Gas."

Minerals and Mining

Pursuant to Supreme Decree No. 28901 dated October 31, 2006, converted to Law No. 3719 on July 31, 2007, COMIBOL took control of the Posokoni hill, and of the management over the nationalized deposits of Huanuni Mining Center (*Centro Minero Huanuni*), with the aim of developing the activities of prospecting, exploration, exploitation, processing and/or concentration, smelting, refining and marketing of mineral products.

In February 2007, we nationalized the Vinto tin smelter, part of the Vinto metallurgical complex and operated by Sinchi Wayra S.A., due to violations that were committed during the bidding process that was won by the firm Allied Deals PLC in 1999.

In May 2007, we issued a Supreme Decree that declared all of the country's mining reserves, including mineralogical, metallic, nonmetallic, brine water and precious and semiprecious stones, to be the property of the Government. This Supreme Decree also gave COMIBOL the power and authority to operate and administrate such resources, while maintaining rights over mining areas that had previously been granted.

In May 2010, we nationalized the Vinto antimony plant, operated by Sinchi Wayra S.A., which completed our nationalization of the Vinto metallurgical complex.

In June 2012, COMIBOL took over control of the Colquiri mining center as well as the management and administration of the mineral deposit concessions that had been granted to Sinchi Wayra S.A. We also nationalized the machinery, equipment and supplies of Colquiri Mining Company S.A. and Sinchi Wayra S.A.

In August 2012, we nationalized the following special transitory mining authorizations: (1) "Mallku Khota," which had been granted to Exploraciones Mineras Santa Cruz Ltda., and (2) "Jalsuri," "Alkasi," "Cobra," "Viento," "Takhuani," "Takhaua," "Daniel," "Antacuna," "Norma" and "Silluta," which had been granted to Mallku Khota S.A.

The arbitration proceeding initiated by South American Silver Limited (Bermudas), case CPA No. 2013-15, in connection with its investments in Mallku Khota S.A. concluded with an award issued on November 28, 2018 in their favor. In accordance with the arbitral award, the State of Bolivia paid U.S.\$25.5 million on October 29, 2019. See “— Summary of Major Entities Nationalized.”

Several state-owned enterprises, including Empresa Minera Huanuni, Empresa Metalúrgica Vinto and Compañía Minera Colquiri S.A., have developed certain projects related to the industrialization of the mining sector, which are currently in progress. By 2015, the total investments made in such projects amounted to U.S.\$190.3 million. In addition, the construction of the following plants are under consideration: COMIBOL (Alambrón Plant) and Mutún (Integrated Steel Plant for the production of laminates).

Telecommunications and Electricity

In May 2008, we nationalized Entel S.A. and paid U.S.\$100.0 million to Euro Telecom International NV for its shares in Entel S.A. as valued by an external consultant. Since the nationalization of ENTEL, part of the revenues it generates have been invested in social projects, which had not been done prior to nationalization, and its strategy is now to provide wider coverage at lower cost.

In May 2010, we nationalized the electric companies Valle Hermoso S.A., Guaracachi S.A. and Corani S.A. We paid the shareholders of Valle Hermoso S.A. approximately U.S.\$10.2 million. We paid the shareholders of Corani S.A. approximately U.S.\$18.4 million. Guaracachi America Inc. and Rurelec PLC initiated an arbitration proceeding against us in connection with the nationalization of Guaracachi S.A. In May 2010, we nationalized shares in ELFEC in order to ensure Government control and management of the company.

Pursuant to the arbitration award dated January 31, 2014, and the agreement for the execution of the arbitration award dated May 29, 2015, we paid Rurelec Plc U.S.\$31.5 million as compensation for the expropriation.

In May 2012, we nationalized TDE, a subsidiary of the Spanish company Red Eléctrica Internacional de España S.A.U. (“REI”). On February 26, 2014, REI notified us that it had initiated an arbitration proceeding against us. We settled the dispute with REI for U.S.\$36.5 million pursuant to the settlement agreement (*Contrato Transaccional de Solución Definitiva de Controversia, Finalización de Arbitraje Internacional de Inversiones, Reconocimiento de Derechos, y Liberación General y Recíproca de Obligaciones*) dated November 13, 2014.

In December 2012, we nationalized the shares held by Iberdrola, S.A. through IberBolivia, in Electricidad de La Paz S.A., Empresa Luz y Fuerza de Oruro S.A., Compañía Administradora de Empresas Bolivia S.A. and Empresa de Servicios Edeser S.A. We paid Iberdrola, S.A. / IberBolivia U.S.\$34.2 million and Empresa Paz Holdings U.S.\$19.5 million, as compensation for the expropriation, pursuant to the settlement agreement (*Contrato Transaccional de Solución Definitiva de Controversia, Conclusión de Arbitraje Internacional de Inversiones, Reconocimiento de Derechos y Liberación General y Recíproca de Obligaciones*) dated November 16, 2015.

Other Sectors

In September 2010, we nationalized the shares of Fábrica Nacional de Cemento that were held by Sociedad Boliviana de Cemento S.A. These shares had been privatized and transferred to Sociedad Boliviana de Cemento S.A. in 1999.

In February 2013, we nationalized the shares issued by Servicios de Aeropuertos de Bolivia, S.A. (SABSA) and held by TBI Overseas Bolivia, a company belonging to Airport Concessions & Development Limited (ACDL), which is ultimately controlled by Abertis Infraestructura S.A., a Spanish company, and the Spanish conglomerate AENA. On May 10, 2013, Abertis Infraestructura S.A. filed a reinstated claim against us due to the nationalization by us of this entity, seeking damages in excess of U.S.\$85.6 million. However, we settled the dispute with Abertis Infraestructura S.A. for U.S.\$23.0 million pursuant to the settlement agreement (*Contrato Transaccional de Solución Definitiva de Controversia, Finalización de Arbitraje Internacional de Inversiones, Reconocimiento de Derechos, y Liberación General y Recíproca de Obligaciones*) dated May 11, 2017.

Employment and Labor

General

The main features of governmental salary policy are the sustained increases in the National Minimum Wage (“NMW”) and a requirement that base salaries increase at a higher rate than inflation in order to improve employee purchasing power. Due to the COVID-19 pandemic, there was no wage increase in 2020. In 2019, the NMW was Bs.2,122.0 (U.S.\$309.3) in 2019 (higher than the annual inflation rate of 1.5%) and the minimum wage in the public and private sector had increased 4%, as the result of the application of Supreme Decree 3888 issued on May 1, 2019.

Urban employment decreased by 0.4%, to a total of 3,751,150 employed persons as of December 31, 2020. This decrease reflected a general drop in employment across the various sectors of the economy, in particular during the second quarter of the year.

The unemployment rate in 2020 was 8.4%, an increase compared to the 4.8% unemployment rate recorded in 2019. The unemployment rate worsened after the onset of the COVID-19 pandemic. The increase was felt most in the hotels and restaurants sector (a 7.1% increase in unemployment), transport and storage (a 3.5% increase in unemployment), education services (a 9.6% increase in unemployment) and IT and communications (a 34.7% increase in unemployment). In addition, the difficult economic environment had a major impact on two vulnerable sectors of the labor market: young people and women. The unemployment rate among young people between age 16 and 28 reached 14.1% in 2020, while unemployment among women reached 15.3%.

With respect to the implementation of employment policies, the Employment Support Program II (*Programa de Apoyo al Empleo II*) seeks to facilitate the entry to the job market of individuals searching for employment in formal economic units as well as supporting the employment of young people age 18 to 35 with academic, technical and/or professional training, with or without employment experience. Some 3,884 jobs were generated as a result of the program in 2020, 29.3% fewer jobs than were generated in 2019. In addition, the Improved Employability and Labor Entry Project (*Proyecto de Mejora de Empleabilidad e Ingresos Laborales*) seeks to improve the employment prospects of low-income youth who wish to enter the labor market. The project recorded 1,136 beneficiaries in 2020, 54.9% fewer than in 2019.

According to a survey of children and adolescents conducted in 2016 (*Encuesta de Niñas, Niños y Adolescentes*, or “ENNA 2016”), of the three million children and adolescents in Bolivia from 5 to 17 years old, 739,000 carried out some form of work activity. Of these, 296,000 minors worked and 443,000 carried out activities in the family and community social framework. The ENNA 2016 survey identifies 393,000 children and adolescents who carried out child labor, while the 2008 Child Labor Survey estimated 800,000 children and adolescents, suggesting a decrease in child labor of approximately 50% since 2008 as a result of the measures adopted aimed at reducing child labor and eradicating it permanently by 2025. Currently, Bolivian labor laws set the minimum working age at 14, with the exception of self-employment under the supervision of the child’s parents or guardian, where the minimum age is 12. The Bolivian Child and Adolescent Code prohibits children from engaging in hazardous occupations or activities including mining, handling of hazardous substances, operation of heavy machinery and working in the adult entertainment industry, among others.

The following table shows certain labor force and employment data for the five years ended December 31, 2020:

Labor Force and Employment

	2016	2017	2018	2019	2020
	(in thousands of persons, except percentages)				
Total Working-Age Population	7,626	7,774	7,924	8,073	8,224
Labor Force	3,324	3,528	3,730	3,959	4,099
Employed Labor Force	3,178	3,368	3,571	3,768	3,755
Unemployed Labor Force	147	159	159	191	344
Unemployment Rate (%)	4.42	4.51	4.27	4.83	8.38
Labor Force Participation Rate (%)	61.90	64.07	66.10	68.48	69.21
Government Employment / Labor Force (%)	9.729	9.328	8.971	8.680	8.390

Source: National Institute of Statistics.

Note: This data corresponds to the fourth quarter of each period for the country's urban population.

The working-age population includes citizens 14 years old and older.

The estimates for 2019 and 2020 consider growth factors calculated using a linear method, with chi-square distribution.

From the second quarter of 2020 onward, the estimates consider growth factors calculated using a linear method, with chi-square distribution and a propensity score adjustment.

Government Employment

The following table shows certain Government employment data for the five years ended December 31, 2020:

Government Employment

	2016		2017		2018		2019		2020	
	Beneficiaries	Total Cost (in millions of Bs.)	Beneficiaries	Total Cost (in millions of Bs.)	Beneficiaries	Total Cost (in millions of Bs.)	Beneficiaries	Total Cost (in millions of Bs.)	Beneficiaries	Total Cost (in millions of Bs.)
Legislative Branch	1,584	14.11	2,026	14.93	1,548	15.43	1,532	15.76	1,343	14.30
Executive Branch	77,276	509.57	77,253	548.74	78,945	591.75	86,362	649.71	88,695	694.76
Judiciary	6,860	47.96	7,225	51.99	7,100	55.09	7,183	57.75	7,305	60.80
Electoral Body	1,283	8.92	2,300	11.14	1,088	10.06	2,496	13.57	3,852	18.44
Control Institutions and State Defense...	2,375	21.44	2,545	22.95	2,327	24.47	2,519	27.75	2,571	28.19
Decentralized Public Institutions	199,030	1,034.19	201,232	1,145.17	204,397	1,265.99	204,149	1,324.23	201,011	1,297.41
National Companies....	8,138	75.65	8,827	81.06	11,652	97.26	11,891	104.34	11,594	104.19
Autonomous Departmental Governments	26,709	217.98	27,551	243.06	27,419	261.84	27,392	271.97	27,387	273.43
Non-Bank Financial Institutions	138	1.43	127	1.44	134	1.63	124	1.60	155	1.91

Source: Ministry of Economy and Public Finance

THE EXTERNAL ECONOMY

Overview

In 2020, the international economy was dominated by the effects of COVID-19. The unexpected spread of COVID-19, the significant loss of human life, the collapse of health systems and the disproportionate level of economic uncertainty prompted the imposition of lockdowns and a reduction in mobility at a global level. The adverse effects on economic activity caused by the COVID-19 pandemic were most pronounced during the first half of 2020 as manufacturing activity and tourism significantly slowed down, international travel was abruptly halted and consumption and investment experienced considerable declines, among other factors, all of which resulted in one of the largest economic crises in history.

In particular, Bolivia suffered a significant contraction in foreign demand for, and a consequent drop in average prices of, natural gas, as well as in tourism, leading to a sizable decrease in revenue from tourism. Like the rest of the world, production, especially in metals, was also adversely affected by the halt or slowdown in economic activity.

In 2020, the current account deficit was U.S.\$205.8 million (representing 0.5% of GDP), reflecting a 85.3% decrease as compared to the 2019 current account deficit of U.S.\$1,397.5 million (representing 3.4% of GDP). This was mainly due to lower imports that resulted from rigid COVID-19-related lockdowns and other measures taken by the previous administration to reduce the tax deficit, as well as a general stagnation in public investment, which had a drastic effect on domestic economic activity.

In 2020, income from remittances amounted to U.S.\$1,115.7 million, a 15.4% decrease compared to U.S.\$1,318.2 million in 2019. The most significant declines in remittances from 2019 to 2020 were from Brazil (a 48.9% decline) and Argentina (a 41.5% decline). These economies experienced a significant contraction in economic activity in the second quarter of 2020 (a 9.7% contraction in Brazil and a 19.1% contraction in Argentina), and the currencies of both countries suffered depreciation, resulting in a reduction in the amount of the remittances sent in U.S. dollars. On the other hand, inflows from Chile remained solid. This was in part due to a recovery in the demand for Chilean copper from Asian countries (a sector that absorbs a significant part of migrant labor from Bolivia), helping to sustain the Chilean peso against depreciation in 2020 and preserving the dollar value of remittances from Chile. The number of remittances from Spain was reduced as a result of the measures implemented in March 2020 to contain the COVID-19 pandemic. However, this reduction was partially offset by the exchange-rate effect of the strengthening of the Euro, which ultimately allowed for the actual currency amount registered for remittances to not differ so much in comparison to prior years. Remittances experienced a recovery as a direct result of the economic reactivation of certain countries where such remittances originate. Aggregate flow for the first half of 2021 reached U.S.\$687.7 million, 50.6% higher by comparison with that recorded for the same period in 2020. The remittances came mainly from Spain (35.1%), Chile (20.3%), the United States (20.3%), Argentina (5.5%) and Brazil (4.2%). We believe that the increased share in remittances from Chile and the United States reflects the success of the vaccine campaigns in those countries.

Net international reserves held by the Central Bank decreased from U.S.\$6,467.5 million in 2019 to U.S.\$5,275.9 million in 2020. The latter represented 14.3% of GDP. The decrease in 2020 was due to a U.S.\$3,062.8 million outflow of U.S. dollars, offset by inflows of U.S.\$1,216.1 million, a positive variation in foreign-exchange rates and the value of gold worth U.S.\$608.9 million, and revenue obtained from investment in international reserves worth U.S.\$46.2 million. The net international reserves are sufficient to cover 8 months of goods and services related imports, representing a coverage substantially above the 3-month minimum coverage traditionally considered by international organizations when evaluating requirements for reserves. Net international reserves held by the Central Bank decreased from U.S.\$6,467.5 million in 2019 to U.S.\$5,275.9 million in 2020. The latter represented 14.3% of GDP. The decrease in 2020 was due to a U.S.\$3,062.8 million outflow of U.S. dollars, offset by inflows of U.S.\$1,216.1 million, a positive variation in foreign-exchange rates and the value of gold worth U.S.\$608.9 million, and revenue obtained from investment in international reserves worth U.S.\$46.2 million.

Balance of Payments

In fiscal year 2020, the current account showed a deficit of 0.5% of GDP (U.S.\$205.8 million), significantly lower compared to 2019 (3.4%). This decrease is explained by the surplus in Goods Balance that resulted from reduced imports caused by rigid COVID-19-related lockdowns and other measures taken by the previous administration to reduce the tax deficit, as well as a general stagnation in public investment, which had a drastic effect on domestic economic activity.

The same factors also affected the services account and primary income, both of which recorded a reduced deficit. Notable in the financial account is the use of international reserves to finance the other investment account and direct investment transactions.

Similarly, a reduced deficit was recorded in the services account, as a result of declining tourist revenues, a situation analogous to that experienced by neighboring countries, as well as a reduction in primary income due to reduced profits among direct investment companies.

The following table shows the balance of payments for the indicated periods:

	2016	2017	2018	2019	2020
	(in millions of U.S.\$)				
Current Account	(1,907.24)	(1,898.24)	(1,724.98)	(1,397.56)	(205.87)
Goods Balance	(900.83)	(547.03)	(361.74)	(235.66)	435.83
Exports f.o.b.	7,029.95	8,133.84	8,940.20	8,818.89	6,953.24
Imports f.o.b.	7,930.77	8,680.87	9,301.94	9,054.55	6,517.41
Services	(1,613.19)	(1,626.19)	(1,630.67)	(1,449.22)	(1,238.24)
Exports	1,244.74	1,454.95	1,458.81	1,443.45	603.49
Imports	2,857.93	3,081.14	3,089.47	2,892.67	1,841.74
Primary Income	(620.90)	(1,109.65)	(975.66)	(846.90)	(436.08)
Credit	138.22	181.09	181.22	143.00	105.78
Debit.....	759.12	1,290.74	1,156.88	989.91	541.87
Secondary Income	1,227.67	1,384.62	1,243.09	1,134.22	1,032.63
Credit	1,454.43	1,622.69	1,542.06	1,460.04	1,245.40
Debit.....	226.76	238.06	298.97	325.82	212.77
Capital Account	30.91	3.25	6.75	1.92	12.60
Net lending (+) / net borrowing (–)	(1,876.34)	(1,894.99)	(1,718.23)	(1,395.64)	(193.27)
Financial Account	(2,259.93)	(2,620.18)	(2,755.24)	(2,766.07)	(936.71)
Direct Investment	(246.50)	(632.78)	(386.83)	264.95	995.64
Net acquisition of financial assets.....	88.87	79.69	(84.47)	48.31	(101.84)
Net incurrence of liabilities.....	335.37	712.47	302.37	(216.64)	(1,097.47)
Equity and investment fund shares	193.08	706.01	219.89	(190.38)	(1,099.18)
Debt securities.....	142.29	6.47	82.48	(26.26)	1.70
Portfolio Investment	910.56	(1,077.04)	(800.17)	(439.67)	(611.64)
Net acquisition of financial assets.....	931.84	(46.98)	(776.52)	(426.26)	(613.50)
Equity and investment fund shares	267.49	9.25	(359.80)	9.10	(9.92)
Debt securities.....	664.35	(56.22)	(416.71)	(435.36)	(603.59)
Net incurrence of liabilities.....	21.28	1,030.07	23.65	13.41	(1.86)
Other Investment	121.86	(677.91)	(338.69)	247.68	431.24
Net acquisition of financial assets.....	833.14	292.57	348.43	1,521.06	1,314.39
Currency and deposits.....	235.61	114.81	875.15	1,504.67	1,258.93
Trade credit and advances.....	0.00	0.00	(608.14)	47.57	(7.47)
Net incurrence of liabilities.....	711.28	970.48	687.12	1,273.38	883.15
Loans.....	609.38	1,001.11	766.67	1,083.20	726.18
General Government	688.24	1,041.02	724.28	1,006.16	758.49
Other sectors.....	29.68	(54.37)	80.84	109.55	3.64
Reserve Assets	(3,045.85)	(232.45)	(1,229.54)	(2,839.04)	(1,751.95)
Errors & Omissions	(383.59)	(725.19)	(1,037.01)	(1,370.44)	(743.44)

Source: Central Bank of Bolivia

Notes:

- (1) Compiled according to the recommendations of the Balance of Payments Manual of the International Monetary Fund (6th edition, 2009).
- (2) We review and present our balance of payments on a quarterly basis. As a result, the balance of payments information displayed for each year-end period in this table may be different from public information reported by Bolivia on a quarterly basis due to our quarterly review of the balance of payments.
- (3) Transactions are registered at the market price for gold and currencies on the operation date. Thus, the reserve assets variation could differ from the value obtained by the balance difference at the end of period, which is calculated at the end of period price.

Current Account

A significant reduction in the current account deficit (U.S.\$205.8 million) compared to 2019 (U.S.\$1,397.6 million) essentially reflects a decline in imports, which was a result of the policies implemented by the previous administration, together with an unplanned lockdown and a freeze in major public investment projects, all of which caused a contraction of economic activity from the second quarter of 2020, with a consequent negative impact on this account, mainly in intermediary and capital goods.

For the year ended December 31, 2020, the balance of trade showed a surplus of U.S.\$435.8 million, a significant change from the U.S.\$235.6 million deficit recorded in 2019. This result can be explained by a reduction in imports greater than that recorded for exports. The decline in the value of exports (U.S.\$6,953. million) can be attributed to the decline in exports in the mining and hydrocarbon sectors, while exports of nontraditional products showed a modest increase. The decline in imports (U.S.\$6,517.4 million) was more generalized, although the most significant reductions were felt in the purchase of fuels, construction materials, raw materials for industry, capital goods and durable goods.

In 2020, the balance of the service sector showed a negative balance of U.S.\$1,238.2 million in 2020, a 14.6% decrease from the U.S.\$1,449.2 million balance in 2019. Of note, COVID-19-related restrictions had a significant impact on tourist revenues, which declined by 98.5% and 88.0% in the second and third quarters of 2020, respectively. This affected both exports and imports in the transport and travel sectors.

The primary income account recorded a lower deficit of U.S.\$436.1 million in 2020, compared to a U.S.\$846.9 million deficit in 2019. This decrease is explained largely by reduced income from direct investment, which resulted from the losses experienced by many companies in the mining, transport, storage and communication sectors as a consequence of the stagnation of economic activities associated with the COVID-19 pandemic. The portfolio investment account showed a deficit, explained by a reduction in the performance of the Liquid Assets Requirement ("LAR") Fund portfolio. Notable in the other investment account is the payment of interest on foreign sovereign debt. With respect to reserve assets, foreign interest rates resulted in reduced amounts compared to the previous fiscal year.

The secondary income account showed a surplus of U.S.\$1,032.6 million, a 9.0% decrease from the U.S.\$1,134.2 million surplus in 2019. This is explained mainly by a reduction in net family remittances received from abroad, due to the adverse effects of the COVID-19 pandemic, which included a freeze in labor-intensive immigrant activities and similar drops in activity primarily in the construction, hospitality and personal care sectors.

Financial Account

The need for financing in 2020 was estimated to be U.S.\$193.3 million. However, the financial account showed a net capital expenditures of U.S.\$936.7 million, the result of a U.S.\$1,751.9 million reduction in reserve assets, mainly to finance other investment account transactions, and a reduction in direct investment liabilities. Nonetheless, the net indebtedness of U.S.\$883.2 million in 2020 was lower than the net indebtedness of U.S.\$1,273.4 million recorded in 2019.

Taken by institutional sector, non-financial companies recorded a net increase of assets, due mainly to the acquisition of assets in the form of deposits from privately owned companies and natural persons and a reduction in liabilities from direct investment companies in respect of withdrawal of capital. By contrast, the sectors recording a net issue of liabilities were the Central Bank (as a result of the reduction in net international reserves), the General Government (as a result of foreign debt disbursements), EIFs (as a result of the reduction in their LAR Fund), and other financial companies.

As of December 31, 2020, direct investment recorded a balance of U.S.\$995.6 million, explained by a U.S.\$1,097.5 million reduction in liabilities and a U.S.\$101.8 million reduction in assets.

As of December 31, 2020, the Investment Portfolio account recorded a reduction in assets compared to 2019. The reduction was mainly in debt instruments issued by funds belonging to companies in the hydrocarbon and financial intermediation sectors, and it was due to a combination of lower foreign interest rates and a cessation in economic activities. The financial intermediation sector also recorded a reduction in liabilities, specifically equity capital.

The other investment account stood at U.S.\$431.2 million as of December 31, 2020. The incorporation of assets in the form of deposits by privately owned companies and natural persons was lower compared to 2019, as a result of the political and economic uncertainty experienced in Bolivia and around the globe in 2020. In addition, foreign debt disbursements by the Government were also lower compared to 2019. An April 2020 injection of U.S.\$326.4 million via the IMF's Rapid Financing Instrument (RFI) was requested by the previous administration but was not authorized by the Legislative Assembly, in violation of articles 1585 and 3226 of the Political Constitution of the State (PCS) on the reduction of foreign credit. Accordingly, these funds were recorded as other liabilities in the other investment account.

Remittances

In 2020, income from remittances amounted to U.S.\$1,115.7 million, a 15.4% decrease compared to U.S.\$1,318.2 million in 2019.

The remittances came mainly from Spain (40.6%), the United States (20.7%), Chile (14.2%), Brazil (5.1%) and Argentina (4.8%).

The most significant declines in remittances from 2019 to 2020 were from Brazil (a 48.9% decline) and Argentina (a 41.5% decline). These economies experienced a significant contraction in economic activity in the second quarter of 2020 (a 9.7% contraction in Brazil and a 19.1% contraction in Argentina), and the currencies of both countries suffered depreciation, resulting in a reduction in the amount of the remittances sent in U.S. dollars. On the other hand, inflows from Chile remained solid. This was in part due to a recovery in the demand for Chilean copper from Asian countries (a sector that absorbs a significant part of migrant labor from Bolivia), helping to sustain the Chilean peso against depreciation in 2020 and preserving the dollar value of remittances from that economy. The number of remittances from Spain was reduced as a result of the measures implemented in March 2020 to contain the COVID-19 pandemic. However, this reduction was partially offset by the exchange-rate effect of the strengthening of the Euro, which ultimately allowed for the actual currency amount registered for remittances to not differ so much in comparison to prior years.

The following table sets the total level of remittances for the periods indicated:

Remittances

	(in millions of U.S.\$)
Year Ended December 31, 2016.....	1,233.04
Year Ended December 31, 2017.....	1,392.27
Year Ended December 31, 2018.....	1,370.06
Year Ended December 31, 2019.....	1,318.22
Year Ended December 31, 2020.....	1,115.66

Source: Central Bank of Bolivia

Foreign Trade

Imports and Exports

For the year ended December 31, 2020, the balance of trade showed a surplus of U.S.\$435.8 million, a significant change from the U.S.\$235.6 million deficit recorded in 2019. This result can be explained by a reduction in imports greater than that recorded for exports. The decline in the value of exports (U.S.\$6,953. million) can be attributed to the decline in exports in the mining and hydrocarbon sectors, while exports of nontraditional products showed a

modest increase. The decline in imports (U.S.\$6,517.4 million) was more generalized, although the most significant reductions were felt in the purchase of fuels, construction materials, raw materials for industry, capital goods and durable goods.

The following table shows the overall balance of trade for the periods indicated:

Balance of Trade	Exports (FOB)	Imports (FOB)	Balance
	(in millions of U.S.\$)		
January - December, 2016.....	7,029.95	7,930.77	(900.82)
January - December, 2017.....	8,133.84	8,680.87	(547.03)
January - December, 2018.....	8,940.20	9,301.94	(361.74)
January - December, 2019.....	8,818.89	9,054.55	(235.66)
January - December, 2020.....	6,953.24	6,517.41	435.83

Source: Central Bank

(p) Preliminary.

Exports

The value of FOB exports decreased by 21.2% in 2020, compared to 2019, mainly due to a decrease in exports in the mining and hydrocarbon sectors, while exports of nontraditional products experienced a moderate increase.

The FOB value of exports decreased by 21.4% in 2020, compared to 2019, mainly due to decreasing minerals sales as a consequence of temporary shutdowns by major companies in the sector as a result of the COVID-19 pandemic (to safeguard workers), reduced international demand and restrictions on air transport, which had a significant effect on the export of gold. In addition, the export of hydrocarbons fell as a result of a significant drop in the price of oil, which also affected the price of natural gas. Meanwhile, in terms of volume, exports of hydrocarbons to Argentina compensated for the decline in volumes of hydrocarbons exported to Brazil. By contrast with the above, exports of nontraditional products experienced a slight increase as a result of the favorable prices for jewelry, as well as soybeans and their derivatives.

The following table shows exports by sector for the periods indicated:

Exports	2016	2017	2018	2019	2020
	(in millions of U.S.\$)				
Hydrocarbons					
Natural Gas.....	2,049.10	2,581.33	2,970.36	2,719.94	1,989.29
Petroleum	84.60	51.70	72.12	21.48	10.52
Other.....	42.71	56.80	54.15	38.99	28.85
Total Hydrocarbons	2,176.41	2,689.83	3,096.63	2,780.41	2,028.66
Minerals					
Tin	301.33	336.96	318.66	285.29	205.92
Zinc.....	987.90	1,445.64	1,527.00	1,336.58	820.44
Silver	733.93	662.08	604.03	594.33	600.99
Gold.....	770.58	1,073.71	1,194.52	1,743.27	1,235.23
Other.....	278.97	397.49	395.36	248.08	175.05
Total Minerals.....	3,072.70	3,915.86	4,039.58	4,207.56	3,037.63
Non-Traditional Exports					
Soy(1).....	890.65	699.10	809.17	715.59	783.58
Wood	33.45	35.26	37.88	36.10	42.60
Chestnut.....	177.21	162.22	214.54	154.14	125.38
Jewelry	101.00	79.69	104.46	136.38	130.17
Other.....	532.88	494.50	617.32	688.12	729.17

Exports	2016	2017	2018	2019	2020
	(in millions of U.S.\$)				
Total Non-Traditional	1,735.19	1,470.77	1,783.38	1,730.32	1,810.89
Other Goods(2).....	274.40	290.61	190.77	206.11	155.59
Total Exports (c.i.f.)	7,258.71	8,367.08	9,110.36	8,924.40	7,032.76
Adjustments(3)	(228.77)	(233.24)	(170.15)	(105.51)	(79.52)
Total Exports (f.o.b.)	7,029.95	8,133.84	8,940.20	8,818.89	6,953.24

Source: Central Bank of Bolivia

(p) Preliminary.

(c.i.f.) Cost, insurance and freight.

(f.o.b.) Free on board.

(1) Includes soybean, soybean cake, soybean flour and soybean oil.

(2) Includes re-exports, and goods exported to be converted or repaired abroad.

(3) Adjustments related to freight and insurance, temporary exports that are converted or repaired abroad and re-imported, or goods under merchanting.

As of December 30, 2020, the export value of minerals had fallen by 28.0% by comparison with 2019, due to the fall in the export value of zinc and tin (by 38.9% and 28.5%, respectively), which resulted from COVID-19-related lockdowns and a limitation on general economic activity. In addition, the export value of gold declined by 29.2%, despite the high market value of the metal, as a result of COVID-19-related restrictions on international air transport from late March 2020 onward. The export value of hydrocarbons declined by 27.4% as a result of decreasing natural gas prices from April 2020 onward, a delayed consequence of drops in oil prices between January and April 2020. This reduction was partially compensated for by an increase in the volume of hydrocarbons sent to Argentina, compared to the previous fiscal year.

On the other hand, worthy of note is the positive performance of the nontraditional sector, which, despite the adverse conditions generated by the COVID-19 pandemic, experienced an increase in value of 4.5%. This was mainly due to an increase in the prices for jewelry, as well as soybeans and their derivatives. Also noteworthy is the positive performance of export volumes of sugar, sunflower derivatives, meat, chestnuts and quinoa. Despite the unfavorable context, these exports partially compensated for the decline in the export volumes of urea, which ceased to be exported in July due to a freeze in production. The value of urea exports decreased by 93.7% compared to 2019.

It should be pointed out that, despite the elimination of the Certificate of Internal Supply and Fair Prices (*Certificado de Abastecimiento Interno y Precio Justo*) under Supreme Decree No. 4139 of January 22, 2020, the increase in the export volume of soybean cake was limited as a result of the effects of the COVID-19 pandemic and, in particular, meteorological factors that affected production and the summer harvest.

Imports

The value of FOB imports decreased by 32.0% in 2020, from U.S.\$9,054.6 in 2019 to U.S.\$6,157.4 in 2020. This decrease was due to an increased contraction in consumer durables (30.8%), mainly in vehicles, domestic appliances and housewares. Meanwhile, the decrease in the purchase of non-durable goods was modest (7.4%), partly as a result of increases in the purchase prepared foods and pharmaceutical products.

The following table shows imports for the periods indicated:

Imports	2016	2017	2018	2019	2020
	(in millions of U.S.\$)				
Consumer Goods					
Non-Durable.....	1,130.93	1,193.92	1,209.16	1,179.18	1,093.43
Durable	972.63	1,104.76	1,025.66	1,126.71	781.61
Total Consumer Goods	2,103.56	2,298.67	2,234.82	2,305.89	1,875.04
Intermediate Products					
Fuels and Lubricants.....	765.72	937.55	1,263.57	1,604.29	920.37

Imports	2016	2017	2018	2019	2020
	(in millions of U.S.\$)				
Agriculture.....	330.91	389.72	426.65	382.72	372.01
Industry.....	1,934.31	2,070.45	2,168.03	2,155.75	1,705.34
Construction Materials	501.12	500.84	563.74	528.83	360.06
Accessories of Transport Equipment	282.09	307.93	287.55	300.80	222.30
Intermediate Products.....	3,814.15	4,206.49	4,709.54	4,972.39	3,580.08
Capital Goods					
Agriculture.....	105.70	129.87	150.52	190.05	132.95
Industry.....	1,804.14	2,070.65	2,440.01	1,800.22	1,225.66
Transportation Equipment	683.96	614.13	432.98	490.41	297.87
Total Capital Goods	2,593.80	2,814.66	3,023.50	2,480.68	1,656.48
Miscellaneous	52.31	53.87	34.05	25.60	3.60
Total Imports (c.i.f.)	8,563.81	9,373.69	10,001.91	9,784.56	7,115.20
Adjustments.....	(633.04)	(692.82)	(699.97)	(730.02)	(597.79)
Total Adjusted Imports (f.o.b.).....	7,930.77	8,680.87	9,301.94	9,054.55	6,517.41

Source: National Institute of Statistics/Central Bank of Bolivia

(p) Preliminary.

(c.i.f.) Cost, insurance and freight.

(f.o.b.) Free on board.

(1) Includes personal effects.

(2) Adjustments related with freight and insurance and temporary imports.

The import value of intermediate products decreased by 28% in 2020, compared to 2019, mainly due to lower import volumes of fuel, construction materials and raw materials for industry. Additionally, the price of agricultural and industrial supplies and fuel declined. Finally, the import value of capital goods also decreased by 33.2% in 2020, compared to 2019, due in part to lower volumes of imported transportation equipment and capital goods for industry and agriculture.

Purchases of capital goods and intermediate products continue to represent the majority share of the value of total imports (73.6%).

Exports by destination

During 2020, the main destinations of Bolivian exports were Brazil, Argentina, India, Japan and Peru, which together accounted for 54.8% of total exports. Exports to Brazil totaled U.S.\$1,116.8 million, a decrease of 27.2% compared to 2019, mainly as a result of lower prices for natural gas, which represented 93.2% of the total value of exports. In addition, revenue from sales to Argentina fell by 25.3% compared to 2019, mainly due to declining oil prices. Exports to India totaled U.S.\$717.6 million. Almost all of these exports to India were for sales of gold (U.S.\$715.0 million). As a result of a substantial increase in the price of precious metals, the total value of gold sales to India decreased by 3.3% in 2020, compared to 2019, and total volume decreased by 26.2%. Exports to Japan totaled U.S.\$529.4 million in 2020, a 26.6% decrease compared to 2019. This decrease was caused in part by declining zinc sales, which were partially offset by an increase in silver sales to Japan. Exports to Peru totaled U.S.\$463.3 million, a 21.2% increase compared to 2019, due mainly to rising sales of soybeans and their derivatives.

The following table shows the destination of trade for the indicated periods:

Exports by Country	2016	2017	2018	2019	2020
	(in millions of U.S.\$)				
Latin American Integration Association(1)					
Mercosur.....					
Argentina	830.57	1,277.71	1,452.17	1,376.78	1,028.48
Brazil	1,378.35	1,458.65	1,720.71	1,533.26	1,116.85

Exports by Country	2016	2017	2018	2019	2020
	(in millions of U.S.\$)				
Paraguay	40.28	58.00	55.47	53.49	33.91
Uruguay	14.77	9.70	10.53	16.46	9.19
Venezuela	13.38	19.87	4.54	7.05	6.11
Total Mercosur	2,277.35	2,823.93	3,243.41	2,987.04	2,194.54
Andean Community					
Colombia	583.94	417.80	419.68	419.78	370.45
Ecuador	92.50	115.29	174.94	147.51	178.17
Peru	369.01	329.53	384.83	382.32	463.28
Total Andean Community	1,045.45	862.61	979.45	949.62	1,011.90
Chile	102.32	114.82	122.66	101.12	153.35
Cuba	0.48	2.09	0.67	9.45	5.18
Panama	7.42	7.29	7.42	5.75	1.83
Total Latin American Integration Association	3,433.03	3,810.74	4,353.62	4,052.99	3,366.79
Central American Common Market	3.69	3.81	5.59	7.02	5.13
NAFTA					
United States of America	1,008.01	652.47	526.29	454.08	313.48
Canada	109.05	173.87	198.80	148.91	144.63
Mexico	24.91	25.42	20.84	40.88	21.34
Total NAFTA	1,141.96	851.75	745.94	643.88	479.45
Russia	3.32	5.44	2.79	3.93	2.32
European Union					
Germany	63.51	69.33	45.48	42.93	41.85
Belgium	324.02	260.73	193.84	149.97	128.10
Spain	101.00	135.65	168.82	147.75	80.05
France	24.06	18.63	19.86	19.67	13.64
Netherlands	89.98	169.08	242.46	232.59	213.67
United Kingdom	77.55	50.24	42.58	32.60	47.00
Italy	41.70	41.03	38.37	96.90	116.02
Sweden	2.01	1.04	1.13	1.00	0.90
Other	40.94	43.65	35.83	79.24	47.96
Total European Union	764.79	792.88	788.36	802.65	689.19
European Free Trade Association					
Switzerland	5.29	14.43	5.93	17.78	9.86
Norway	0.97	0.91	1.57	2.06	0.65
Total European Free Trade Association	6.26	15.34	7.50	19.84	10.51
Asia					
Japan	417.37	591.63	673.49	720.93	529.36
China	480.75	463.05	467.90	403.56	359.76
South Korea	385.83	629.59	579.21	316.53	199.91
Malaysia	16.31	3.57	4.88	3.58	2.72
Hong Kong	7.43	12.42	6.06	46.89	107.14
India	122.25	576.32	740.36	742.03	717.58
Thailand	1.52	2.22	1.37	0.63	0.91
Taiwan	2.37	0.81	3.03	2.14	1.02
Other	93.75	6.55	16.23	15.85	15.22
Total Asia	1,527.58	2,286.18	2,492.55	2,252.14	1,933.62
Rest of the World	378.09	600.93	714.02	1,141.95	545.74
Total Exports (c.i.f.)	7,258.71	8,367.08	9,110.36	8,924.40	7,032.76

Source: National Institute of Statistics / Central Bank of Bolivia

- (p) Preliminary.
- (c.i.f.) Cost, insurance and freight.
- (f.o.b.) Free on board.
- (1) Excludes Mexico, which is included in NAFTA.

Imports by Country:

In 2020 the main suppliers in Bolivian trade were China, Brazil, Argentina, Peru, the United States and Chile, which represented 69.5% of total imports.

Imports by Country	2016	2017	2018	2019	2020
	(in millions of U.S.\$)				
Latin American Integration Association(1)					
Mercosur					
Argentina	900.21	1,164.09	1,137.42	1,091.17	719.49
Brazil	1,496.05	1,566.90	1,618.61	1,571.50	1,198.95
Paraguay	60.12	52.14	81.68	71.80	49.44
Uruguay	44.34	45.66	67.90	75.64	60.71
Venezuela	2.52	6.14	2.03	4.76	0.92
Total Mercosur	2,503.24	2,834.94	2,907.65	2,814.87	2,029.51
Andean Community					
Colombia	196.41	226.27	208.79	199.65	147.33
Ecuador	42.71	49.70	51.52	53.92	43.15
Peru	590.10	611.04	650.12	670.71	560.19
Total Andean Community	829.22	887.00	910.44	924.28	750.67
Chile	352.57	357.36	457.46	458.43	313.77
Cuba	2.56	2.04	4.34	2.77	1.75
Panama	3.46	3.89	5.22	21.71	28.85
Total Latin American Integration Association	3,691.03	4,085.23	4,285.11	4,222.05	3,124.55
Central American Common Market	5.67	6.06	6.12	6.96	6.88
NAFTA					
United States of America	837.80	747.65	671.04	616.65	565.77
Canada	51.97	58.08	46.27	43.42	28.10
Mexico	225.35	285.53	255.62	270.81	177.69
Total NAFTA	1,115.12	1,091.26	972.93	930.88	771.55
Russia	16.97	23.93	69.28	145.82	115.90
European Union					
Germany	181.43	210.08	228.96	170.39	155.78
Belgium	28.76	28.85	26.63	33.22	22.74
Spain	126.95	159.43	293.48	245.77	147.76
France	163.20	95.71	171.37	175.85	65.72
Netherlands	22.11	20.69	65.28	70.42	45.76
United Kingdom	47.90	54.65	42.98	44.05	29.53
Italy	100.30	146.33	169.55	107.33	65.04
Sweden	85.89	143.86	225.43	112.84	64.46
Other	162.75	205.89	154.70	123.07	102.32
Total European Union	919.30	1,065.49	1,378.37	1,082.94	699.11
European Free Trade Association					
Switzerland	77.02	102.68	59.45	162.82	25.10
Norway	5.68	2.22	3.15	5.06	1.76
Total European Free Trade Association	82.70	104.90	62.60	167.88	26.86
Asia					

Imports by Country	2016	2017	2018	2019	2020
	(in millions of U.S.\$)				
Japan.....	414.17	349.06	310.89	283.43	186.48
China	1,712.76	2,060.35	2,096.33	2,126.48	1,583.82
South Korea.....	92.04	98.07	81.87	74.61	47.37
Malaysia	21.07	22.67	25.17	28.96	28.21
Hong Kong	13.86	6.78	13.68	8.83	12.08
India.....	114.77	142.78	153.79	172.04	184.59
Thailand.....	128.24	92.82	99.38	64.43	50.25
Taiwan	37.17	38.31	34.69	35.34	26.20
Other.....	113.66	111.37	262.24	247.71	135.10
Total Asia	2,647.74	2,922.22	3,078.05	3,041.84	2,254.11
Rest of the World.....	85.27	74.59	149.45	186.18	116.25
Total Imports (c.i.f.)	8,563.81	9,373.69	10,001.91	9,784.56	7,115.20

Source: National Institute of Statistics / Central Bank of Bolivia

(p) Preliminary.

(1) Excludes Mexico, which is included in NAFTA.

With respect to international trade and assets, exports to Brazil and Argentina declined significantly, mainly as a result of reduced natural gas prices caused by the COVID-19 pandemic. Exports to the United Arab Emirates also decreased as a result of the lower volume of gold exported to that country. Imports also experienced a significant decline, with reductions in purchases of durable consumer goods and capital goods for industry from China; of non-durable consumer goods, raw materials and capital goods for industry and transport equipment from Brazil; of fuel from Argentina; and of capital goods for industry from the European Union.

Balance of Trade by Country	2016	2017	2018	2019	2020
	(in millions of U.S.\$)				
Latin American Integration Association(1)					
Mercosur.....					
Argentina.....	(69.64)	113.62	314.75	285.61	308.99
Brazil	(117.70)	(108.26)	102.09	(38.24)	(82.10)
Paraguay	(19.84)	5.86	(26.21)	(18.31)	(15.53)
Uruguay.....	(29.57)	(35.96)	(57.38)	(59.18)	(51.52)
Venezuela	10.86	13.73	2.51	2.29	5.18
Total Mercosur	(225.89)	(11.01)	335.76	172.17	165.03
Andean Community					
Colombia	387.53	191.53	210.89	220.14	223.12
Ecuador.....	49.79	65.59	123.42	93.59	135.02
Peru.....	(221.09)	(281.51)	(265.29)	(288.39)	(96.91)
Total Andean Community	216.23	(24.39)	69.01	25.34	261.23
Chile	(250.25)	(242.54)	(334.80)	(357.30)	(160.42)
Cuba	(2.07)	0.05	(3.67)	6.69	3.42
Panama	3.97	3.40	2.20	(15.96)	(27.02)
Total Latin American Integration Association.....	(258.01)	(274.49)	68.51	(169.06)	242.25
Central American Common Market	(1.98)	(2.25)	(0.53)	0.06	(1.74)
NAFTA					
United States of America.....	170.20	(95.19)	(144.75)	(162.57)	(252.28)
Canada.....	57.08	115.79	152.53	105.49	116.53
Mexico.....	(200.44)	(260.11)	(234.77)	(229.92)	(156.35)
Total NAFTA	26.85	(239.51)	(226.99)	(287.01)	(292.10)
Russia.....	(13.66)	(18.49)	(66.49)	(141.88)	(113.58)

Balance of Trade by Country	2016	2017	2018	2019	2020
	(in millions of U.S.\$)				
European Union					
Germany	(117.92)	(140.76)	(183.48)	(127.46)	(113.93)
Belgium	295.27	231.89	167.21	116.74	105.36
España	(25.95)	(23.78)	(124.66)	(98.03)	(67.70)
France	(139.14)	(77.08)	(151.51)	(156.18)	(52.08)
Netherlands.....	67.87	148.38	177.19	162.17	167.91
United Kingdom	29.65	(4.41)	(0.40)	(11.44)	17.46
Italy.....	(58.60)	(105.31)	(131.18)	(10.43)	50.98
Sweden	(83.88)	(142.82)	(224.30)	(111.84)	(63.56)
Other.....	(121.81)	(162.25)	(118.87)	(43.82)	(54.36)
Total European Union.....	(154.51)	(272.61)	(590.01)	(280.29)	(9.92)
European Free Trade Association					
Switzerland.....	(71.74)	(88.25)	(53.51)	(145.04)	(15.23)
Norway	(4.71)	(1.31)	(1.59)	(3.00)	(1.11)
Total European Free Trade Association.....	(76.45)	(89.56)	(55.10)	(148.04)	(16.35)
Asia					
Japan.....	3.19	242.57	362.60	437.50	342.88
China	(1,232.01)	(1,597.30)	(1,628.43)	(1,722.92)	(1,224.07)
South Korea.....	293.79	531.52	497.34	241.91	152.54
Malaysia	(4.76)	(19.09)	(20.28)	(25.38)	(25.48)
Hong Kong	(6.43)	5.64	(7.62)	38.06	95.05
India.....	7.49	433.54	586.57	569.98	532.98
Thailand.....	(126.72)	(90.60)	(98.01)	(63.80)	(49.33)
Taiwan	(34.80)	(37.50)	(31.66)	(33.20)	(25.19)
Other.....	(19.92)	(104.82)	(246.01)	(231.86)	(119.88)
Total Asia	(1,120.16)	(636.04)	(585.51)	(789.70)	(320.50)
Rest of the World.....	292.82	526.34	564.57	955.76	429.50
Total Trade Balance (c.i.f.)	(1,305.10)	(1,006.61)	(891.56)	(860.17)	(82.44)

Source: National Institute of Statistics / Central Bank of Bolivia

(p) Preliminary.

(c.i.f.) Cost, insurance and freight.

(f.o.b.) Free on board.

(1) Excludes México, which is included in NAFTA.

Import Tariffs

Import tariffs range between 0% and 40.0%, as detailed in the following table:

Description	Rate
Industrial machinery and equipment, farm machinery, fertilizers, seeds, HIV medicines	0.0 to 5.0%
Capital goods, hydrocarbons, live animals, other medicines and supplies.....	0.0 to 10.0%
Food, non-alcoholic beverages, vehicles, and consumer merchandise.....	10.0%
Fruits, vegetables and raw material for plastic.....	15.0%
Fish, other manufactured items and products with added value.....	20.0%
Wood manufactures	30.0%
Ceramic plates and tiles.....	25.0% to 30.0%
Clothing and clothing accessories, alcoholic beverages, wooden furniture, shoes, hats, and cigarettes.....	40.0%

Source: Ministry of Economy and Public Finance

Hydrocarbons are taxed at a Tariff Assessment (“TA”) rate of between 5.0% and 15.0%, except for diesel oil, which is taxed at a 0.0% rate. In order to maintain a normal supply of hydrocarbons in the domestic market, which encourages increased hydrocarbon consumption by all sectors of society and the export of hydrocarbon surpluses under advantageous terms for the country, the import tariff on diesel fuel was reduced to 0.0% of the TA until December 31, 2021, under Supreme Decree No. 4428.

Seeds imported primarily for cultivation generally have an import tariff of 5.0%, 10.0% or 15.0%. In accordance with Supreme Decree No. 2860, enacted on August 2, 2016 for the purpose of increasing the area of agricultural production and addressing food shortages, the Government began to apply a 0.0% tariff on certain seed imports for a term of five years. The decree also provided for a 0.0% tariff for machinery, equipment and other agricultural input necessary for the agricultural sector. The five-year term was not extended, and normal import tariffs were restored on 2021. Even so, ALADI member countries, including Bolivia, have established a free-trade policy specific to seeds. Accordingly, seeds from these countries are imported free of tariffs.

Starting in 2018, The Plurinational State of Bolivia granted tariff preferences, based on a set list of goods, to:

- the Andean Community (Colombia, Ecuador and Peru);
- Mercosur (Argentina, Brazil, Paraguay and Uruguay);
- Cuba, Mexico and Chile within the framework of ALADI; and
- Bolivarian Republic of Venezuela.

The tariff preferences granted through the agreements with the abovementioned countries remained in place until 2020 and can cover up to 100.0% of all items on the list of goods subject to the tariff regime, except for the agreements with each of Mexico and Chile, which tariff preferences can cover up to 97.0% and 5.3%, respectively, of all items on the list of goods subject to the tariff regime.

Export Permits

As of 2009, the Ministry of Productive Development and Plural Economy began the regulation of certain export products through export permits called Certificates of Internal Supply and Fair Price. These permits are required for public, private, national and foreign exporters and are granted based on evaluation of technical reports of production and prior verification of supply in the domestic market. Products that require an export permits are beef, soybeans, alcohol and rice.

International Reserves

Net international reserves held by the Central Bank decreased from U.S.\$6,467.5 million in 2019 to U.S.\$5,275.9 million in 2020, representing 13.8% of GDP, a level that exceeds international benchmarks, including the IMF’s ARA metric. Reserves allow Bolivia to cover eight months of imports of goods and services, above the traditional metric of three months established by international organizations to evaluate the minimum level of reserves, which provides adequate support to the economy.

As of December 31, 2020, net international reserves had fallen by U.S.\$1,191.6 million, due to a U.S.\$3,062.8 million outflow of U.S. dollars, offset by inflows of U.S.\$1,216.1 million, a positive variation in foreign-exchange rates and the value of gold worth U.S.\$608.9 million, and revenue obtained from investment in the international reserves worth U.S.\$46.2 million.

During 2020, the net flow or revenue from international reserves stood at U.S.\$1,216.1 million, with U.S.\$4,240.7 million in revenues and U.S.\$3,024.6 million in expenditures. The main revenue items were payments for exports of YPFB gas (U.S.\$1,758.3 million), disbursements of foreign loans (U.S.\$1,476.8 million), the receipt of funds from the CPVIS II program (U.S.\$557.4 million), transfers from the LAR Foreign Currency Fund (U.S.\$189.9 million) and exports by the Empresa Metalúrgica Vinto (U.S.\$114.1 million). Expenditures were composed of payments for operating costs by YPFB (U.S.\$1,511.9 million), payments to service medium- and long-term foreign debt (U.S.\$815.5 million), net transfers in the financial system (U.S.\$421.3 million) and tax expenses (U.S.\$225.1 million).

The following table shows the net international reserves for the periods indicated:

Net International Reserves

	2016	2017	2018	2019	2020
	(in millions of U.S.\$)				
Central Bank.....	10,080.96	10,260.64	8,946.30	6,467.53	5,275.94
Banking System.....	2,429.66	2,366.52	1,950.28	1,467.48	1,284.65
Total.....	12,510.62	12,627.15	10,896.58	7,935.01	6,560.59
Import Reserve Cover (months)	0.11	0.11	0.09	0.06	0.08
Net International Reserves/GDP	0.29	0.27	0.22	0.16	0.14

Source: Central Bank of Bolivia

(p) Preliminary.

Net International Reserves of the Central Bank by Currency

	2016	2017	2018	2019	2020
	(in millions of U.S.\$)				
U.S. Dollars	6,206.99	5,900.39	4,720.14	2,922.82	1,648.48
Gold.....	1,594.65	1,787.10	1,768.09	2,095.29	2,613.46
Euros.....	872.44	1,019.40	953.37	672.48	737.62
Australian Dollars.....	280.49	280.49	285.78	0.00	0.00
Canadian Dollars	272.19	294.94	275.47	0.00	0.00
IMF Special Drawing Rights	223.47	237.21	232.17	231.12	238.88
Renminbi	619.14	674.98	674.90	513.04	0.00
Other.....	11.59	66.12	36.38	32.78	37.51

Source: Central Bank of Bolivia

(p) Preliminary.

Foreign Direct Investment

In 2020, Net Foreign Direct Investment registered a negative flow of U.S.\$1,097.5 million, due to the reduction in gross inflows and the increase in divestment, mainly in the hydrocarbon, mining and industry sectors.

In 2019, gross direct investment reached U.S.\$180.8 million in respect of net direct investment liabilities, a decrease of 69% as compared to 2019. Resources were allocated mainly to the hydrocarbon sector (U.S.\$75.0 million), the industry sector (U.S.\$54.8 million), and Trade, Electricity and Other Services sector (U.S.\$155.7 million).

Net direct foreign investment was negative U.S.\$1,097.5 million in 2020, compared to U.S.\$216.6 million recorded in 2019. This result is explained by the lower profits and losses reported by some direct investment companies, as well as the payment of dividends for prior operations that came due in 2020. Added to these factors are significant capital withdrawals associated with the COVID-19 pandemic from the hydrocarbon and mining sectors, which increased the liquidity needs of direct investors. Gross net investment received was allocated mainly to the hydrocarbon, trade and manufacturing sectors. The investment came mainly from Peru, Spain and the Netherlands.

Direct foreign investment in Bolivia will continue to be affected by international economic conditions. However, we expect that the hydrocarbon sector will benefit from inflows of cash from abroad for the following exploration and exploitation projects: Ipatí, led by Total E&P Bolivia; Huacareta, led by BG Bolivia; Caipidendi, led by Repsol E&P Bolivia; and Charagua, led by YPFB.

Foreign Direct Investment

	2016	2017	2018	2019	2020
	(Million US dollars)				
Gross Foreign Direct Investment					
Hydrocarbons	330.30	385.97	315.57	207.75	75.04

	2016	2017	2018	2019	2020
	(Million US dollars)				
Mining	41.57	251.78	132.70	13.38	(74.91)
Industry.....	142.57	258.55	151.77	154.55	54.85
Transport, Storage and Communications	51.42	68.35	3.67	27.87	(29.85)
Trade, Electricity and Other Services..	534.87	244.48	300.84	171.73	155.69
Total.....	1,100.72	1,209.14	904.56	575.27	180.83
Foreign Direct Investment Outflow .	765.35	496.67	602.19	791.91	1,278.30
Net Foreign Direct Investment	335.37	712.47	302.37	(216.64)	(1,097.47)

Source: Central Bank of Bolivia

(p) Preliminary.

THE MONETARY SYSTEM

Central Bank

Overview

The Central Bank is a self-governing institution with the power to take independent actions aimed at maintaining the purchasing power of the national currency. It is the authority that defines the monetary and exchange-rate policy of the country in coordination with the Ministry of Economy and Public Finance. It is also the governing body for the domestic financial intermediation system.

In addition to administering monetary and exchange-rate policy, the Central Bank maintains our international reserves and performs several functions for the public sector, including holding fiscal accounts for all public sector entities and representing the Government before international and multinational monetary organizations. Although the Central Bank generally cannot issue credit to the public sector nor incur contingent liabilities, it may provide emergency credit to the General National Treasury to address inflation, food shortages and security, natural disasters, social and productive infrastructure reconstruction, and housing rehabilitation and restoration. See “Public Sector Indebtedness—Public Domestic Debt.” The board of the Central Bank is comprised of a president and five directors appointed from a list of persons prepared by the Plurinational Legislative Assembly. Currently, the Plurinational Legislative Assembly has not yet prepared such a list for the appointment of the president of the Central Bank. As a result, in November 2020, the President of Bolivia, Luis Alberto Arce Catacora, through supreme resolution, appointed Roger Edwin Rojas Ulo to the position of interim president of the Central Bank and also has named four interim members of the Board of Directors of the Central Bank, two of whom have since stepped down as interim members of the Board of Directors of the Central Bank and one of the vacated positions has been filled by Oscar Ferrufino Morro, who took office on October 7, 2021. The president of the Central Bank upon taking office affirmed that monetary policy to be pursued will be in line with the efforts by the national government in its development policies and reassured the public that the Central Bank will make every effort to preserve the population’s purchasing power.

In 2020, the Central Bank injected funds into the financial system to maintain levels of liquidity using unconventional tools, such as monetary stimuli, monetary supply and monetary aggregates, and it was also the main source of funds for the General Treasury of the Nation (“GTN”) with emergency credit and liquidity.

The Central Bank established itself as the principal source of liquidity for the financial system in 2020. It maintained, via the implementation of unconventional measures, such as monetary stimuli, monetary supply and monetary aggregates, the liquidity of the financial system at appropriate levels and absorbed pressure relating to an increase in interest rates, thereby promoting financial stability and the continuity of the payment system.

To incentivize domestic demand, the first measure implemented by the current administration in December 2020 was the provision of hunger-relief vouchers. The expectation was that these vouchers would encourage a rebound in deposits, providing the financial system with funds. Levels of liquidity and continuity in the chain of payment will therefore continue being assisted by the expansionary monetary policy of the Central Bank through the use of its conventional and unconventional tools.

On the other hand, a policy of exchange-rate stability continued to encourage Bolivianization, which aims for the retention of deposits and loans in domestic currency. The Central Bank maintains fixed exchange rates to the boliviano that are periodically readjusted and the exchange rate has continued to close at Bs.6.86 / U.S.\$1.00 on each of December 31, 2018, 2019 and 2020, and as of the date of this Offering Memorandum, continues at Bs.6.86 / U.S.\$1.00 as it has not been adjusted in 2021. In addition, this policy permitted an expansionary monetary focus to be favored with controls maintained on imported inflation levels. As currency withdrawals and net transfers of funds abroad had risen due to an environment of uncertainty and political instability, a brief inflationary shock was caused. However, the current administration’s focus on an exchange-rate policy that seeks to meet citizen expectations helped support normalization of the economic activity and, consequently, of such currency withdrawals and net transfers of funds abroad to previous levels. Inflation remained at low levels during this period.

With respect to the expansionary policy adopted by the Central Bank, this proved decisive in sustaining liquidity and guaranteeing the chain of payment.

Monetary and Exchange Rate Policies

The Central Bank conducts its monetary and exchange-rate policies with the goal of preserving the national currency's purchasing power in order to contribute to national economic and social development. This is done in coordination with the executive branch, through the Ministry of Economy and Public Finance, as required by the Bolivian Political Constitution.

The Central Bank maintained the accommodative orientation of its monetary policy, which began in mid-2014, in order to help maintain growth in economic activity and social protection programs without ignoring domestic price stability. This monetary orientation consisted in channeling resources to the local economy to maintain adequate levels of financial system liquidity and low interest rates, characteristics that helped maintain credit levels.

In the context of the depreciation of most of the region's currencies, the exchange-rate stability policy helped to keep the public's expectations on the value of the dollar anchored, keep import inflation under control, deepen the de-dollarization process and allow an expansionary monetary policy. The direction of the Central Bank's exchange-rate stability policy has not generated persistent misalignments of the real exchange rate in relation to its equilibrium level. The Central Bank maintained an adaptive monetary policy, which began in mid-2014, in order to promote economic growth and social-protection programs with an eye to domestic price stability. This monetary policy consisted of channeling resources to the local economy to maintain adequate levels of financial-system liquidity and low interest rates, characteristics that helped maintain credit levels. Benefiting from the breathing room provided by keeping inflation under control, the Central Bank, in accordance with its constitutional mandate, issued significant monetary stimuli and became the principal source of liquidity for the financial system and the public sector.

Meanwhile, exchange-rate stability continued to support the Bolivianization process, retaining the preference for deposits and loans in domestic currency. In addition, this policy allowed levels of imported inflation to remain under control and favored an expansionary monetary policy. In 2020, the adaptive monetary policy that had begun in mid-2014 was reinforced. Accordingly, the Central Bank gradually reduced the offering of monetary regulation instruments. The inclusion of new collateral to carry out repurchasing operations, authorized beginning in October 2019, provided the Central Bank with a significant tool for maintaining appropriate levels of liquidity in the financial system.

The CPVIS II Fund was established in May 2018 with funds released as a result of the reduction in the legal reserve rate in foreign currency and voluntary contributions by EIFs. As a result of its benefits, the fund has been expanded on several occasions. The reduction in the legal reserve in April 2019 resulted in the creation of the CPVIS III Fund, aimed at the granting of loans for production and socialized housing.

In 2015, the regulatory framework was established for the purchase of GTN instruments by the Central Bank. Under this framework, steps were taken in 2019 to purchase public instruments held by the AFP to inject liquidity into the financial system and increase funds for lending. This measure took shape in March 2020. In June 2020, a reduction in the legal reserve in foreign currency and foreign currency was approved, together with the establishment of a fund to provide funding to EIFs, with the aim of granting loans for the acquisition of domestic goods and services.

We expect that the Central Bank will continue to implement an accommodative monetary policy. A careful balance between preserving price stability and fostering economic growth will always be the priority. Meanwhile, the exchange rate will continue to be stable with the purpose of anchoring expectations, and reinforcing the process of stabilization of inflation, promoting the "Bolivianization" of the economy to maintain the stability and development of the financial system.

Bolivia maintains important financial buffers to sustain the aforementioned countercyclical orientation of policies, supporting economic growth and social protection programs. If necessary and in the event of any deviation from the objectives and goals, the Government and the Central Bank will use the policy instruments at their disposal to correct these diversions.

Reserve Requirements

The Central Bank's macro prudential policy is designed to control and make the best use of financial system liquidity. Reserve requirements not only help to reduce insolvency risks from potential bank runs, but also support monetary policy; for example, our reserve requirements have contributed to increased deposits and loans in national

currency in accordance with our policy of the “Bolivianization” of the financial system. See “The Monetary System—Monetary and Finance Sector—Deposits, Loans and “Bolivianization.””

On January 10, 2012, the Central Bank established a new system of reserve requirements, independent of any external reserve requirements criteria, which came into effect on April 2, 2012. This system consists of the gradual elimination of the comparison base for the calculation of the additional reserve requirement. Total elimination of the comparison base occurred in mid-August 2016. With these changes, since mid-August 2016, all deposits in foreign currency between zero days and 359 days are subject to a reserve requirement of 66.5% (8.0% in securities, 13.5% in cash and 45.0% in additional reserves in securities). Deposits in foreign currency between 360 days and 720 days are subject to a reserve requirement of 53.0% (8.0% in securities, 0% in cash and 45.0% in additional reserves). Deposits in foreign currency beyond 720 days are subject only to the additional reserve requirement of 45.0%. This change in the calculation of the additional reserve requirement will assist in consolidating the “Bolivianization” process, particularly with respect to deposits. See “The Monetary System—Monetary and Finance Sector—Deposits, Loans and “Bolivianization.””

On June 14, 2016, the Central Bank approved a new reserve requirement that is in accordance with the new Financial Services Law, which regulates the liquidity and legal reserves for financial institutions. This new regulation establishes the reserve requirement for deposits in national currency, including in UFVs, at 12.0% (6.0% in cash and 6.0% in securities) and the reserve requirement for deposits in foreign currency, including bolivianos tied to the U.S. dollar (“MVDOL”), at 21.5% (13.5% in cash and 8.0% in securities).

On May 22, 2017, the Central Bank approved modifications to the Legal Reserve Regulation that resulted in a reduction in reserve requirements on securities from 12% to 11% for sight deposits, savings banks and DPF up to 360 days in MN –MNUFV; from 66.5% to 56.5% for sight deposits, savings accounts and DPF up to 360 days, from 53% to 43% for DPF from 360 to 720 days, and from 45% to 35% for DPF over 720 days, in the last three cases for deposits in ME-MVDOL. With the decrease in the reserve requirement in ME-MVDOL, the Fund for Credits for the Productive Sector and Social Interest Housing (CPVIS Fund) was set up, which allowed the injection of resources into MN through Central Bank credits to the EIFs at no cost, for expansion of credit to the productive sector and social housing.

On April 24, 2018, the Central Bank again reduced the legal reserve requirements in ME-MVDOL from 56.5% to 46.5% for sight deposits, savings accounts and DPF up to 360 days, from 43% to 33% for DPF from 360 to 720 days, and from 35% to 25% for DPF longer than 720 days, these released resources were used for the constitution of the CPVIS II Fund.

On April 9, 2019, the Central Bank approved another decrease in the reserve requirement rate for deposits in ME-MVDOL from 33% to 18% for DPF of 30 to 720 days, and from 25% to 10% for higher DPF to 720 days. With the resources released, the CPVIS III Fund was established.

On June 29, 2020, the Central Bank reduced the legal reserve in cash for deposits in NC-UFV from 6.0% to 5.5% and in securities from 5.0% to 4.5%; It also reduced the legal reserve in cash for deposits in ME-MVDOL from 13.5% to 10.0% and in securities from 18% to 11% for sight deposits, savings accounts and DPF from 30 to 720 days. With the resources released, the fund for Credits in MN for the Acquisition of National Products and the payment of Services of National Origin (CAPROSEN fund) was established. The resources in this fund can be used as collateral by the EIF to request liquidity loans from the Central Bank in MN at an interest rate of 0% until November 30, 2021. The funds derived from these loans must be used to grant credits in MN for a term of at least 11 months and at a rate no greater than 3% per year, for the acquisition of national products and the payment of services of national origin, except for the purchase of individual housing or horizontal property. The CAPROSEN Fund reached Bs.3,179.0 million in 2020. By year end, loans secured by this fund had been disbursed to EIFs in a gross amount of Bs.1,522.0 million. At the same time, EIFs disbursed Bs.833.0 million to their clients, or 26.0% of the fund total.

Financial System Supervision Authority

Overview

The Financial System Supervision Authority (the “FSSA”) is entrusted with the supervision and regulation of the financial system and securities markets.

The FSSA and the Central Bank maintain close coordination for the design, development, monitoring and evaluation of economic policies related to the regulation of the financial system. Members of both institutions, in addition to the Ministry of Economy and Public Finance, meet regularly to discuss issues related to the financial system. There is ongoing coordination of policy goals and objectives related to economic stability and financial development, mechanisms to promote lending to the productive sector, banking and “Bolivianization.” In addition, these institutions coordinate revisions to the rules and regulations affecting financial and monetary policy.

As the supervising authority over the financial system, the FSSA issues prudential standards and accounting regulations for the financial system in accordance with the Bolivian Political Constitution, the National Development Plan and sound supervisory practices. It also implements monitoring policies based on sound practices that seek to contribute to financial and macroeconomic stability.

The FSSA works to protect the rights of financial consumers and the quality of financial services, to expand the dissemination of information in the financial system in order to facilitate the understanding and decision-making processes of the general population, and to protect the savings and investments of the general population in order to preserve public confidence in the financial system. In addition, the FSSA works to strengthen the prevention, detention, control and reporting of money laundering.

Prudential Standards

The FSSA has detailed prudential requirements applicable to all financial intermediaries. Significant policies include the following:

Minimal Capital Requirements

Regulated financial entities must maintain minimum paid-up capital levels according to the provisions established in paragraph I, Article 155 of Law No. 393 of Financial Services, ranging from UFV300.000 to UFV30.000.000 (*Unidades de Fomento de Vivienda*), depending on the type of entity.

Capital Adequacy Ratio

Within the framework of paragraph II, Article 415 of Law No. 393 of Financial Services, EIFs must at all times maintain a capital adequacy coefficient of at least 10.0%. As of December 31, 2020, the average capital adequacy ratio for EIFs was 12.2% and the lowest was 11.0%, which is still higher than the limit established by law.

In Bolivia, Law No. 393 on Financial Services imposed several aspects considered in documents of Basel II and III intended to promote the solvency framework of financial entities. These measures included the conceptualization of risk weighted assets, an increase in the quality of regulatory capital, and inclusion of macro prudential considerations by incorporating a requirement of anticyclical primary capital. Additionally, this law empowers the FSSA to require a higher solvency ratio, in the form of additional capital of up to 2.0% of risk weighted assets, in addition to the value of the capital adequacy coefficient of the entity at the time the measure is applied.

Maximum Limits of Loan Concentration

According to paragraph III, Article 456 of Law No. 393 of Financial Services, a financial group or financial entity cannot grant to a borrower or a borrower group, directly or indirectly, credits, finance leases, investments or quotas that exceed 20.0% of the consolidated regulatory capital of the financial group or financial entity. Contingent operations, counter-guaranteed at the first request by foreign banks, may reach the maximum limit of 30.0% of net assets.

The FSSA also requires that EIFs report any breaches of credit concentration limits. The FSSA will then assess whether the establishment of corrective measures and controls to neutralize or minimize the causes of the alleged breaches is required and determine whether corresponding administrative proceedings should be initiated.

Provisions

EIFs must establish specific, generic, and cyclical provisions for different currencies with respect to the borrower’s loan balance.

The following table shows the specific provisions required for loans to businesses in the productive sector:

Loan Category	Qualification	Loans in Bs. or UFV	Loans in Foreign Currency or MVDOL
A	Sufficient cash flow and efficient administration	0.0%	2.5%
B	Temporarily negative cash flow	2.5%	5.0%
C	Cash flow from operations is insufficient.....	20.0%	20.0%
D	The cash flow from operations is insufficient and the payment of obligations and the ability to pay depend on extraordinary income.....	50.0%	50.0%
E	It does not have the ability to pay with the resources generated from its operations.....	80.0%	80.0%
F	Insolvent	100.0%	100.0%

The FSSA may require generic provisions to cover missing estimates resulting from a review by the FSSA.

In order to mitigate risks from the economic cycle, EIFs must establish cyclical provisions. EIFs may use the cyclical provisions when: (1) there is a deterioration of total portfolio for six consecutive months or there is a deterioration of the quality of the productive sector loan portfolio for six consecutive months, or (2) 100.0% of the total required cyclical provision has been met.

Securities

The FSSA also regulates the securities market with the goal of strengthening its proper functioning through the licensing and registration of investment funds, brokerage firms, securities issues and other participants in the securities market.

Regulation in the securities market involves three basic areas: transparency, investor protection and systemic risk reduction (crisis and general deficiency). Transparency is achieved through disclosure and dissemination of information regulations. With respect to investor protection and systemic risk reduction, participants are required to meet prudential standards and internal controls. In addition, laws have been adopted to protect investors from manipulative, fraudulent or misleading practices.

Monetary and Finance Sector

Overview

As of December 31, 2020, the Bolivian banking system was composed of 59 financial entities:

- 12 national banks;
- 2 small medium enterprises banks;
- 1 public bank;
- 1 productive development bank;
- 3 housing financial entities;
- 32 open savings and credit cooperatives; and
- 9 financial development institutions (which are non-profit organizations, with a distinct legal form, created in order to provide financial services with a comprehensive approach that includes social management, seeking to have a favorable impact on the economic and social progress of individuals and organizations).

Monetary Sector

As a result of the injection of liquidity into the financial system utilizing monetary stimuli, monetary supply and monetary aggregates recorded a significant increase in 2020. Monetary supply experienced a rebound in year-on-year

growth (24.6%) due to the increase in money in circulation and in the banking reserves of the Central Bank, associated with an increase in deposits and voluntary contributions to the CPVIS II Fund. Economic stakeholders kept more cash on hand in anticipation of completing transactions in consumer goods during the lockdown period, issuing corporate bonds and reducing interest rates and liabilities in the financial system. The increase of cash in circulation and the rise in deposits are reflected in the dynamism of all of the broadest monetary aggregates.

Monetary supply reached Bs.93,670.2 million in 2020, a 24.6% increase compared to 2019, due mainly to the increase in growth of the Net Public Sector Credit.

The following table shows the monetary base for the periods indicated:

Monetary Base

	As of December 31,					As of June 30,	As of June 30,
	2016	2017	2018	2019	2020	2019	2020
	(in millions of Bs.)						
Monetary Base	63,139.50	69,565.53	72,603.54	75,166.94	93,670.19	72,767,38	81,478,38
Origin	63,139.50	69,565.53	72,603.54	75,166.94	93,670.19	72,767,38	81,478,38
Net International Reserves...	69,155.39	70,387.97	61,371.62	44,367.28	36,192.97	57,053,85	43,028,44
Net Public Sector Credit.....	(5,321.27)	3,023.46	16,084.80	27,321.86	52,638.87	17,164,35	38,565,86
Bank Credit	5,280.74	2,506.51	447.38	10,384.36	16,777.82	4,591,48	9,547,86
Certificates of Deposit, Letters and Bonds(1)	6,928.79	3,269.09	2,146.81	502.49	135.78	777,67	184,23
Net Other Accounts	953.42	(3,083.32)	(3,153.45)	(6,404.06)	(11,803.69)	(5,264,62)	(9,479,55)
Destination	63,139.50	69,565.53	72,603.54	75,166.94	93,670.19	72,767,38	81,478,38
Currency of the General Public	37,020.09	40,370.82	42,038.44	41,649.73	46,788.98	39,028,78	44,425,19
Bank Reserves	26,119.40	29,194.70	30,565.09	33,517.21	46,881.21	33,738,60	37,053,19
Monetary Base Variation (%)	(11.78)	10.18	4.37	3.53	24.62	8,07	11,97

Source: Central Bank

(1) Central Bank Certificates of Deposits, Letters of Monetary Regulation and Monetary Regulation Bonds, held by banks and other financial institutions.

The following table shows determinates of monetary aggregates for the periods indicated:

Money Supply

	As of December 31,				
	2016	2017	2018	2019	2020
	(in millions of Bs.)				
Monetary Aggregates (1)					
M1	62,812.15	66,444.58	68,425.69	65,770.36	74,109.84
M'1	70,101.26	73,572.31	75,381.56	72,954.48	82,087.82
M2	102,625.79	111,022.42	117,046.13	108,237.99	123,509.61
M'2	121,646.25	129,588.94	135,043.52	127,214.47	144,289.52
M3	167,308.38	187,117.40	199,904.45	196,710.73	218,463.34
M'3	191,109.08	210,521.45	222,251.38	221,497.62	246,306.65
M4	175,618.71	194,949.89	205,739.22	198,784.48	219,196.13
M'4	199,419.42	218,353.93	228,086.15	223,571.37	247,039.43
M'3 Variation (%)	2.58	10.16	5.57	(0.34)	11.20
Monetary Multipliers(2)					
m1	1.08	1.06	1.05	1.08	1.02
m'1	1.11	1.06	1.04	0.97	0.88
m2	1.76	1.76	1.80	1.78	1.70
m'2	1.93	1.86	1.86	1.69	1.54

	As of December 31,				
m3.....	2.87	2.97	3.07	3.24	3.00
m'3	3.03	3.03	3.06	2.95	2.63
m4.....	3.02	3.10	3.16	3.27	3.01
m'4	3.16	3.14	3.14	2.97	2.64

Source: Central Bank

(1) M1 = Notes and Coins Held By the Public 6 Deposits in National Currency (“NC”) and UFV

M2 = M1 + Bank savings in NC and UFV

M'2 = M2 + Savings in VMC and FC

M3 = M2 + Term and other deposits in NC and UFV

M'3 = M3 + Term and other deposits in FC and VMC

M4 = M3 + Government securities held by the non-financial private sector in NC and UFV

M'4 = M3 + Government securities held by the non-financial private sector in NC, FC, VMC and UFV

(2) m1 = M1/Monetary Base; m'1 = M'1/Monetary Base

m2 = M2/Monetary Base; m'2 = M'2/Monetary Base

m3 = M3/Monetary Base; m'3 = M'3/Monetary Base

m4 = M4/Monetary Base; m'4 = M'4/Monetary Base

(3) Inter-annual variation from June 2016 to June 2015

Deposits, Loans and “Bolivianization”

Deposits in the financial system increased by 10.1% between 2019 and 2020, reaching a total of U.S.\$28,793.1 million on December 31, 2021. The increase in deposits was mainly in domestic currency and over the long term. Despite the fact that the uncertainty associated with the COVID-19 pandemic caused an increase in more-liquid deposits, long-term deposits continued to be the preferred type. Some 48.2% of deposits correspond to fixed-term instruments, 31.5% to savings accounts and 18.0% to cash on demand.

Loans in the financial system reached U.S.\$28,458.4 million in 2020, an 8.3% increase compared to 2019. Placements slowed down during 2020 as a result of the paralysis in activities and restrictions on personal mobility that prevented EIFs from operating under ordinary conditions. The increase during the year was due mainly to loans to businesses, as a result of the measures taken by the Government to promote the manufacturing sector via the creation of trusts to finance projects aimed at substituting imports. Similarly, the Government set up relief measures and facilities for lenders in order to help them meet their credit obligations, to promote continuity and strengthen their activities, providing for the rescheduling and refinancing of loans and establishing a grace period for making payments. Despite the liquidity problems created, principally with respect to portfolio deferral, the solvency of the financial system is noteworthy.

As of December 31, 2020, credit extended to the productive sector, commercial sector (wholesale and retail) and service sector increased by 4.8%, 1.9% and 4.5%, respectively, since December 31, 2019.

The inflation rate for the year ended December 31, 2019 was 1.5%, compared to 0.7% for the year ended December 31, 2020.

The process of national economic “Bolivianization” is the result of a set of fiscal, monetary, financial and exchange-rate policies designed to strengthen the use of the boliviano generally as a means of payment, a store of value and a unit of account. “Bolivianization” enables policymakers, particularly monetary policy makers, to apply countercyclical policies in a timely and effective manner. Prior to 2006, the degree of dollarization of the Bolivian economy ranged from 90.0% to 95.0%, such that monetary policy was virtually nonexistent in Bolivia, and was limited mainly to “crawling peg” exchange-rate administration to support the export sector and providing for anchor inflation at controllable levels. Since 2006 “Bolivianization” has been allowed to border on 80.0%, reversing the state of almost total dollarization at the beginning of the 21st century.

The following table shows public deposits and loan portfolio by type for the six years ended December 31, 2020:

Public Deposits and Loan Portfolio by Type

	As of December 31,				
	2016	2017	2018	2019	2020
	(in millions of U.S.\$, except as otherwise noted)				
Public deposits					
Current.....	4,822.33	4,839.87	4,860.51	4,563.84	5,145.60
Savings	7,513.85	8,165.69	8,697.08	7,909.64	9,067.30
Fixed Term	9,304.53	10,956.99	11,916.12	12,953.39	13,892.11
Others	821.25	840.66	796.39	794.67	979.20
Total Public Deposits	22,461.95	24,803.21	26,270.11	26,221.54	29,084.21
Deposit “Bolivianization” (%).....	84.17	85.84	87.22	85.48	85.37
Loan Portfolio					
Gross					
Performing	19,303.83	21,675.88	23,495.15	24,886.28	25,882.53
Past-Due.....	87.04	99.99	139.01	138.96	55.78
Implementation	182.22	223.30	418.80	481.91	492.01
Others like Investments	324.62	376.55	176.63	198.77	186.37
Total Gross	19,897.71	22,375.72	24,229.59	25,705.92	26,616.69
Accrued Interest					
Receivable					
Provision For Bad Debt.....	564.54	644.94	(681.63)	(787.60)	(848.77)
Portfolio					
Total Loan Portfolio.....	19,333.18	21,730.78	24,911.23	26,493.52	27,465.47
Credit “Bolivianization” (%)	97.00	97.78	98.40	98.70	98.87
Non-Performing Loans (%).....	1.60	1.71	1.76	1.89	1.54

Source: Financial System Supervision Authority, Central Bank

The following table shows the gross loan portfolio by use for the five years ended December 31, 2020:

Gross Loan Portfolio

	As of December, 31				
	2016	2017	2018	2019	2020
	(in millions of U.S.\$)				
Productive					
Agriculture and Livestock	1,903.4	2,233.0	2,610.1	2,933.7	3,089.9
Hunting, Forestry and Fishing	30.5	36.4	42.6	50.3	44.6
Petroleum and Natural Gas.....	27.8	19.1	14.2	8.3	5.5
Metallic and Nonmetallic Minerals	88.0	99.8	111.6	117.9	117.7
Manufacturing	2,980.9	3,464.6	4,148.8	4,358.6	4,570.4
Production and Distribution of					
Electricity.....	196.6	292.8	388.4	477.4	588.9
Natural Gas and Water					
Construction	2,929.7	3,445.5	4,142.5	4,489.1	4,616.6
Total Productive	8,156.9	9,591.1	11,458.2	12,435.3	13,033.6
Commercial					
Wholesale and Retail	4,470.20	4,500.10	4,304.10	4,472.20	4,558.7
Total Commercial.....	4,470.20	4,500.10	4,304.10	4,472.20	4,558.7
Services					
Hotels and Restaurants	335.4	393.5	437	468.4	493.8
Transport, Storage and Communications					
.....	1,094.70	1,192.70	1,277.60	1,327.3	1,361.3
Financial Intermediation.....	202.8	244	506.8	590.8	687.7

	As of December, 31				
	2016	2017	2018	2019	2020
	(in millions of U.S.\$)				
Real Estate, Renting and Business Services.....	4,702.40	5,433.20	6,024.70	6,617.8	6,832.2
Public Administration, Defense and Social Security.....	183.9	209.9	242.9	257.4	304.2
Education.....	44.3	41.9	36.4	34.4	42.7
Social, Community and Personal Services.....	487.7	558.8	582	582.1	598.9
Private Household Services.....	0.5	0.5	0.8	0.9	1.1
Extraterritorial Organizations and Bodies.....	0	0	0	0.0	0.0
Atypical Activities.....	0.8	0.6	0.7	0.6	0.6
Total Services.....	7,052.70	8,075.10	9,108.70	9,879.7	10,322.7
Total.....	19,679.70	22,166.30	24,871.00	26,787.1	27,914.9

Source: Financial System Supervision Authority, Central Bank

(*) Consider all types of credits.

Joining the Financial Investigation Unit

In June 2011, the Financial Action Task Force of Latin America (“GAFILAT”), formerly known as Financial Action Task Force of South America (“GAFISUD”) conducted the Third Evaluation Round in Bolivia, which resulted in a negative evaluation. Subsequently, the GAFILAT made an on-site evaluation of the country in 2013 and determined that Bolivia should be removed from the Financial Action Task Force (“FATF”) grey list, a list of jurisdictions subject to FATF’s monitoring process. The GAFILAT removed Bolivia from the FATF grey list because of our progress establishing the necessary legal and regulatory framework to fulfill our obligations under the action plan as well as our progress addressing the strategic deficiencies that the FATF had identified during the 2011 evaluation.

Bolivia has maintained an active level of cooperation with international organizations in the fight against money laundering and financing of terrorism, as detailed below:

- In 1999, Bolivia was a full member of the Egmont Group (World Network of Financial Intelligence Units).
- In 2003, Bolivia was a full member of the Inter-American Drug Abuse Control Commission (CICAD), the drug control agency of the Organization of American States and assumed the vice presidency of the Group of Experts for the Control of Money Laundering (“GELAVEX”). Subsequently, in 2004, Bolivia assumed the presidency of the group.
- Bolivia was a founding member and head of GAFISUD, now known as GAFILAT, assuming the Coordination Directorate in 2003.
- In 2017, Bolivia assumed the vice presidency of GELAVEX and, in 2018, the presidency of the group.

Interest Rates

Under the Financial Services Law enacted in August 2013, we established: (1) maximum interest rates of 5.5%, 6.0% and 6.5% (depending on the commercial value of the dwelling) for mortgage loans to acquire social interest homes, (2) rates between 6.0% and 11.5% for productive sector loans (6.0% for medium and large companies, 7.0% for small businesses and 11.5% for microenterprises), and (3) a minimum interest rate of 2.0% for deposits of up to Bs.70,000.0 and 4.0% or more for time deposits with terms longer than 361 days.

As a result of the of the policies implemented by the Central Bank, and the continuation of the expansionary monetary policy, we were able to maintain adequate levels of liquidity, stable interest rates and (within the framework

of the “Bolivianization” policy) lower interest rates for loans in national currency (compared to loans in foreign currency) to incentivize the use of the national currency. Similarly, interest rates in national currency for deposits were higher compared to interest rates for deposits in foreign currency.

The following table shows effective interest rates for the four years ended December 31, 2020:

Effective Interest Rates

	As of December, 31				
	2016	2017	2018	2019	2020
	(in percentage)				
Average Interest Rate for Period					
Effective Lending Rate					
National Currency					
Banks	7.95	8.06	8.04	8.39	7.75
Cooperatives	16.43	16.50	16.61	16.49	16.77
Microcredits Banks	13.77	13.75	13.70	13.76	12.33
Housing Financial Entities	7.34	7.20	6.77	7.11	7.41
Foreign Currency					
Banks	8.24	8.27	9.17	9.08	9.16
Cooperatives	13.05	13.01	13.38	14.52	15.71
Microcredits Banks	10.71	10.84	11.83	8.66	7.86
Housing Financial Entities	9.31	9.16	18.36	17.79	9.01
Effective Deposit Rate					
Time Deposits					
National Currency					
Banks	1.47	2.63	3.07	3.25	3.69
Cooperatives	3.03	3.04	3.07	3.09	2.73
Microcredits Banks	2.16	2.71	3.38	3.76	4.03
Housing Financial Entities	1.96	1.99	2.06	1.69	1.61
Foreign Currency					
Banks	0.09	0.10	0.13	0.38	0.55
Cooperatives	0.95	0.80	1.02	1.24	1.33
Microcredits Banks	0.52	0.68	1.22	1.89	2.27
Housing Financial Entities	0.15	0.14	0.15	0.23	0.35
Savings					
National Currency					
Banks	0.53	0.66	0.90	1.13	1.74
Cooperatives	0.86	1.01	0.06	1.11	1.53
Microcredits Banks	1.38	1.50	1.46	1.86	2.29
Housing Financial Entities	3.04	2.70	2.56	2.73	2.78
Foreign Currency					
Banks	0.01	0.01	0.01	0.01	0.01
Cooperatives	0.21	0.20	0.15	0.13	0.18
Microcredits Banks	0.12	0.06	0.04	0.04	0.04
Housing Financial Entities	0.03	0.18	0.02	0.02	0.16
Interest Rate as End of Period					
Effective Lending Rate					
National Currency					
Banks	7.82	7.86	7.77	8.33	7.64
Cooperatives	16.58	16.36	16.55	16.58	16.51
Microcredits Banks	13.34	13.00	13.29	12.45	11.87
Housing Financial Entities	7.19	6.86	5.49	7.11	7.81
Foreign Currency					
Banks	9.46	7.26	7.77	8.04	7.60
Cooperatives	13.26	12.94	14.67	14.58	13.87
Microcredits Banks	10.05	14.15	13.87	10.20	11.87

	As of December, 31				
	2016	2017	2018	2019	2020
	(in percentage)				
Housing Financial Entities	0.00	0.00	18.88	6.79	19.56
Effective Deposit Rate					
Time Deposits					
National Currency					
Banks	1.31	3.20	3.07	3.45	3.75
Cooperatives	2.87	3.04	2.92	3.11	3.28
Microcredits Banks	2.26	3.08	3.47	4.06	4.37
Housing Financial Entities	2.12	1.81	1.67	1.56	2.24
Foreign Currency					
Banks	0.10	0.23	0.19	0.44	0.66
Cooperatives	0.86	0.73	1.36	1.74	1.81
Microcredits Banks	0.47	0.66	1.92	2.08	2.22
Housing Financial Entities	0.12	0.12	0.11	0.29	0.59
Savings					
National Currency					
Banks	0.54	0.70	0.66	1.59	1.64
Cooperatives	0.73	1.11	0.81	1.30	1.97
Microcredits Banks	1.29	1.50	1.53	2.20	2.25
Housing Financial Entities	2.73	2.78	2.93	2.76	2.50
Foreign Currency					
Banks	0.01	0.01	0.01	0.01	0.01
Cooperatives	0.14	0.26	0.14	0.13	0.13
Microcredits Banks	0.13	0.03	0.04	0.04	0.03
Housing Financial Entities	0.03	0.02	0.02	0.02	0.02

Source: Central Bank

Effective average interest rates for loans in national currency remained relatively stable from 2016 to 2020. In 2020, the effective interest rate for loans in banks was 7.7%, microcredit banks were 12.3% and housing financial entities were 7.4%, recording a decrease of 7.6%, a decrease 10.4% and an increase of 4.2%, respectively. Cooperatives recorded a rate of 16.8%, increasing 1.7% compared to 2019.

In 2020, the effective average interest rates of foreign currency loans decreased compared to the prior year; banks recorded a decrease of 8 bps, microcredits banks decreased by 80 bps and housing financial entities were less in 878 bps, all numbers as compared to 2019.

Effective average interest rates in both national and foreign currency generally decreased in 2020. The most significant changes in loans in domestic currency were those in microcredit banks. In foreign-currency loans, the most significant changes were in the home-financing sector.

The effective average interest rate for time deposits in national currency in banks increased by 44 bps in 2020, from 3.25% in 2019 to 3.69% in 2020. The effective average interest rate for savings in national currency in banks increased by 61 bps, from 1.13% in 2019 to 1.74% in 2020. The effective average interest rate for savings in foreign currency in banks and microcredits banks did not change, and housing financial entities were increased by 14 bps from 0.02% in 2019 to 0.16 % in 2020.

Effective average savings rates in national currency and in foreign currency generally increased in 2020. The changes in savings in domestic currency were seen in banks, and those in savings in foreign currency were seen in home-financing entities.

The following table shows real interest rates for the five years ended December 31, 2020:

Real Interest Rates

	2016	2017	2018	2019	2020
	(In percentage)				
Average Interest Rate for Period					
Lending Rate					
National Currency.....	3.74	4.14	4.69	5.90	6.09
Foreign Currency	4.00	4.77	6.05	7.09	7.48
Deposit Rate					
Time Deposits					
National Currency.....	(2.05)	(1.32)	0.42	1.58	1.80
Foreign Currency	(3.34)	(3.10)	(2.49)	(1.47)	(1.14)
Savings					
National Currency.....	(2.87)	(2.60)	(1.80)	(0.74)	(0.18)
Foreign Currency	(3.43)	(3.17)	(2.60)	(1.68)	(1.60)
Interest Rate at End of Period					
Lending Rate					
National Currency.....	3.70	4.64	5.11	5.91	6.98
Foreign Currency	4.17	5.31	6.78	7.13	7.92
Deposit Rate					
Time Deposits					
National Currency.....	(2.04)	(0.20)	0.89	1.51	2.65
Foreign Currency	(3.41)	(2.64)	(2.09)	(1.48)	(0.42)
Savings					
National Currency.....	(2.95)	(2.11)	(1.35)	(0.72)	0.78
Foreign Currency	(3.49)	(2.74)	(2.21)	(1.80)	(0.92)

Source: Central Bank

Real lending rates increased in 2020. The real lending rate in national currency increased by 3.3% in 2020, from 5.9% in 2019 to 6.1% in 2020. The real lending rate in foreign currency increased by 5.5% in 2019, from 7.1% in 2019 to 7.5% in 2020.

Real interest rates for time deposits in national currency increased in 2020. The real interest rate for time deposits in national currency increased by 21.9 bps in 2020, from 1.6% in 2019 to 1.8% in 2020. The real interest rate for time deposits in foreign currency decreased by 33.0 bps in 2019, from negative 1.5% in 2019 to negative 1.1% in 2020.

Real interest rates for savings in national currency decreased by 75.4% in 2020, from negative 0.7% in 2019 to 0.2% in 2020. The Real interest rates for savings in foreign currency decreased in 2020. The real interest rate for time deposits in foreign currency increased by 4.7% in 2019, from negative 1.7% in 2019 to negative 1.6% in 2020.

Financial Sector Performance

In 2020, the solvency of the financial system stood out despite liquidity tensions. Several indicators continued to show the soundness of the financial system; The capital adequacy coefficient (CAP) stood at 21.8%, higher than what is established in current regulations (10%) and the profitability indicator remained at high levels, standing at 12.18%. Similar trends were observed in the first half of 2021.

The main indicators of a solid financial intermediation activity are solvency and administrative efficiency, even with a slight decrease in profitability. The capital adequacy coefficient remained above the levels required by law, and primary capital was the main component of regulatory capital. Furthermore, administrative expenses were consistent with the increase in assets, while profitability indicators decreased slightly due to higher financial expenses for fixed-term deposit interest payments at high rates.

As of December 2020, deposits reached U.S.\$28,793.1 million, with a 10.1% increase over 2019, the loan portfolio reached U.S.\$28,458.4 million and a 8.3% increase over 2019.

The restrictions on economic activities as a result of the health emergency due to COVID-19 continue to have an impact on the full development of the financial system's deposits and lending activity. Even so, the financial system maintains the appropriate levels of equity solvency that exceed the minimum levels of 10%, with a healthy loan portfolio as supported by the default rate of 1.5%.

By means of different laws, supreme decrees and regulations from ASFI, certain capital and interest payments of debts with local financial institutions were deferred. This had an impact on the liquidity of the market and may have an impact on the default levels once payments are resumed.

Through Banking Law No. 393, article 425, part II on financial services to strengthen assets and economic growth, ASFI instructed all local financial institutions to capitalize 100% of their 2020 net profits.

Inflation

During 2020, inflation's effect on the economy was relatively low. For the year ended December 31, 2020, the inflation rate was 0.7%, compared to 1.5% in both 2018 and 2019. In 2020, families were more cautious with spending in the face of the increasingly threatening environment created by the COVID-19 pandemic and the measures taken to mitigate the spread of the virus. That environment weakened domestic demand and resulted in the lowest inflation rate since 2009. The prices that forced the indicator downward were food, services and imported goods.

In addition, expectations for inflation remained low and within the Central Bank's projected range. Apart from the effects on inflation, the domestic and international effects of the COVID-19 pandemic had a significant impact on financial activity in the country. The production sectors most affected were mining, construction, transport, other services and industry. On the expenditures side, domestic demand also fell, due mainly to a reduction in domestic consumption and low levels of public investment.

The following table shows the annual change in inflation rate for the periods indicated:

Inflation

Year/Period	Consumer Price Index Increase Over Previous 12 months
	(%)
As of December 31, 2020	0.7
As of December 31, 2019	1.5
As of December 31, 2018	1.5
As of December 31, 2017	2.7
As of December 31, 2016	4.0

Source: Central Bank

Exchange Rates

The Central Bank maintains fixed exchange rates to the boliviano that are periodically readjusted. See "Exchange Rates." The exchange rate was not adjusted in 2019 or 2020. Exchange-rate policy in 2018 was designed, as in 2017, to assist in anti-inflationary measures through small revaluations of the national currency in order to temper external inflationary pressures. See "The Monetary System—Monetary and Finance Sector—Inflation." The boliviano did not appreciate during 2018, 2019 and 2020, closing at Bs.6.86 per U.S.\$1.00 on each of December 31, 2018, 2019 and 2020. As of the date of this Offering Memorandum, the exchange rate has not been adjusted in 2021.

This goal of this policy of exchange-rate stability has been to maintain expectations, to keep the level of imported inflation under control and to preserve the Bolivianization of the domestic economy in order to promote the development of a national financial system and help macroeconomic stability. However, if the Central Bank deems it to be necessary, just as in other circumstances and within the scope of its competencies, the Central Bank may apply the policy tools at its disposal with the aim of maintaining the stability of the purchasing power of the domestic currency in order to contribute to the economic and social development of the country.

Stock Market

Overview

The Bolsa Boliviana de Valores, the only stock exchange in Bolivia, is a private, for-profit company founded in 1989. Its mission is to promote a regular, competitive, equitable and transparent stock market, with infrastructure, systems and rules to efficiently channel investors' savings into companies and private and state institutions that require resources to finance productive projects and development.

As of December 31, 2020, a total of 146 issuers participated in the Bolsa Boliviana de Valores. In 2020, trading in primary market accounting 8.1% and trading in the secondary market accounting for 91.8%, total trading operations in the primary and the secondary markets amounted to U.S.\$13,316.5 million in 2020 and U.S.\$11,877.0 million in 2019.

In 2020, issuances in the primary market were U.S.\$1,084.7 million, an increase of 53.7% compared to issuances in 2019. Issuances in the secondary market were U.S.\$12,231.7 million in 2020, an increase of 9.5% compared to 2019.

During 2020, it was determined that the stock exchange agencies, among other entities of the financial system, should apply the additional 22% tax on profits of financial system companies, which since 2016 had only been applied to profits of banks, when their profit margins exceed 6%.

Issuance by Sector

In 2020 issuances were composed of both fixed- and variable-income assets, reaching a total amount of U.S.\$1,645.7 million, of which fixed-income assets accounted for 62.9% and variable-income assets accounted for 37.1%.

Among fixed-income assets, long-term bonds represented 50.9%, followed by stock bonds (*bonos bancarios bursátiles*) with 29.7%, securitization stock with 10.7% and stock promissory notes (*pagarés bursátiles*) with 8.5%, distributed in different sectors of the economy including the banking and financial services sector, agro-industrial sector, commercial sector and electric sector, among which banking and financial services and the agro-industrial sectors contributed the most to stock market activity.

Trading Amounts by Currency

The amounts negotiated by currency in 2020 reached U.S.\$13,316.5 million, decreasing by 12.1% compared to 2019, the amount negotiated in national currency accounted 96.5% of the total, followed by issuances in foreign currency with 3.5%.

The following table shows the distribution of the currencies used for settlement in the stock market during the indicated periods:

Amounts Settled by Currency

	For Year Ended December 31,				
	2016	2017	2018	2019	2020
	(in millions of U.S.\$)				
Currency					
U.S. Dollars	751.3	518.2	293.4	387.5	464.2
Bolivianos.....	11,301.3	12,216.7	16,889.8	11,464.7	12,852.4
UFVs	218.4	58.3	25.3	25.42	-
VMC.....	-	-	-	-	-
Euros.....		7.36			
Total Amount Settled	12,271.0	12,800.5	17,208.5	11,877.6	13,316.55

Source: Bolsa Boliviana de Valores

Trade volume

In 2020, the value of stocks traded was U.S.\$51.5 million respect to 2019, investment funds U.S.\$243.2 million represents an increase of 97.9% compared to 2019 and fixed income securities U.S.\$13,020.7 million in 2020 represents an increase of 10.8% compared to 2019.

The following table shows trading data for the periods indicated:

Bolivian Stock Exchange Trading Data

Period	Period-End Market Capitalization	Stock Value Traded	Investment Fund Value Traded	Fixed Income Value Traded
		(in millions of U.S.\$)		
Year Ended December 31, 2016.....	6,947.44	208.34	381.34	11,676.77
Year Ended December 31, 2017.....	7,724.64	6.12	44.10	12,747.89
Year Ended December 31, 2018.....	9,079.39	279.06	256.64	16,671.78
Year Ended December 31, 2019.....	10,306.92	10.19	122.91	11,743.84
Year Ended December 31, 2020.....	14,460.89	51.53	243.24	13,020.71
January 1 st to June 30, 2021.....	14,563.02	4.30	62.19	4,812.16

Source: Bolsa Boliviana de Valores

PUBLIC FINANCE

Public Sector Budget

Overview

Each year the Government Budget is prepared by the Ministry of Economy and Public Finance, which writes a bill and sends it to the Plurinational Legislative Assembly for consideration and approval. Since the passage of the 2011 State General Budget Law, the Government Budget includes the 337 municipalities of Bolivia, which means that municipalities have assumed the obligation to submit to the Ministry of Economy and Public Finance their respective annual operating plan and budget, pursuant to the provisions in the Bolivian Political Constitution and the Autonomy Law. The public entities covered by the Government Budget include the executive branch, departmental governorships, municipalities, universities, decentralized agencies, social security, government owned enterprises and the legislative, judicial, and electoral system. These entities are responsible for developing their institutional budgets, which are aggregated and consolidated in the Government Budget by the Ministry of Economy and Public Finance and presented by the president to the Plurinational Legislative Assembly for approval pursuant to the Bolivian Political Constitution.

Budget Policy

Between 2001 and 2005, the Government maintained a fiscal deficit that was financed by loans from international organizations, such as the International Monetary Fund (“IMF”) and the World Bank, which recommended economic policies to achieve macroeconomic balance. See “Bolivia—Public Sector Investments—Relationships with International Organizations” and “Public Finance—Public Sector Budget.” In 2006, due to the increase in the demand for natural gas for export to Brazil, pursuant to the Gas Supply Agreement (“GSA”) contract and the opening of the Argentine market, as well as the creation of the Direct Tax on Hydrocarbons (“IDH”), according to the Law No. 3058 of 2005, we were able to generate greater fiscal and external income. See “The Bolivian Economy—Principal Sectors of the Economy—Petroleum and Natural Gas.” We registered fiscal surpluses at the end of each fiscal year from 2006 through 2013, driven by increased tax collection and controlled spending as a result of an increase in public investment and a policy of redistribution of income. The accumulated surplus offset in part the effects from decreases in international prices of products in the hydrocarbon and mining industries that began in 2014.

The development of our hydrocarbons and mineral resources led to macroeconomic stability that generated conditions to promote conditional transfer programs that reduced extreme poverty from 21.0% in 2011 to 13.7% in 2020. See “Bolivia—Political and Legal System—Social Welfare Programs.” On December 20, 2018, the Plurinational Legislative Assembly approved the budget for 2019 (the “2019 Government Budget”). The 2019 Government Budget aimed to boost economic growth to 4.7% and maintain macroeconomic stability, with an inflation rate of 4.0%, as in recent years and in the context of trade war between the United States and China.

In 2019, we budgeted a deficit of Bs.21,502.8 million, that represents 7.8% of GDP for the consolidated Non-Financial Public Sector in 2019 due to a set of conservative income assumptions on which the budget is based, including a relative drop in the price of West Texas Intermediate to U.S.\$50.3 per barrel of oil.

On December 20, 2019, the Plurinational Legislative Assembly approved the 2020 Government Budget. The 2020 Government Budget and the 2020 Financial Program aimed to achieve economic growth of 3.5% and maintain macroeconomic stability, with 3.4% inflation rate and 6.6% fiscal deficit targets. The 2020 Government Budget was based on several assumptions for the Bolivian economy in 2020, including the price of oil to be at U.S.\$51.40 per barrel. The 2020 Financial Program was a framework pursuant to which the Ministry of Economy and Public Finance and the Central Bank established their macroeconomic goals for 2020. The 2020 Financial Program also included the investment goals of the Ministry of Development Planning.

The 2020 Government Budget focused on the following: (1) using natural resources, generation of surpluses and redistribution of resources to sectors that generate income and employment; (2) reducing poverty, inequality and creation of opportunities; (3) strengthening the productive sector and consolidating industrialization through investment projects; and (4) guaranteeing resources for subsidies for food, hydrocarbons, basic services and conditioned transfer programs. See “Non-Financial Public Sector—Social Expenditures of the Central Government.”

The 2020 Government Budget had been prepared based on information and policy plans prior to the outbreak of the COVID-19 pandemic, and the Government revisited its budget plans throughout the year, making necessary

adjustments in response to the crisis precipitated by the COVID-19 pandemic. For instance, in January 2020, the Government made several financial adjustments to allocate 10.0% of the consolidated national general budget to the healthcare sector, which represents approximately Bs.20,804.0 million, with the objective of improving public health services for the benefit of a population with limited resources. See “Recent Developments—Response to the Health and Economic Crisis as a Result of COVID-19” and “Recent Developments—2021 Fiscal Financial Program and Government Transparency.”

On December 28, 2020, the Plurinational Legislative Assembly approved the 2021 Government Budget. The 2021 Government Budget focuses on the following: (1) supporting the execution of public policies to benefit Bolivian women and men, reduction of poverty and inequality; (2) consolidating the economic - social - community - productive model that generates and distributes economic surpluses; (3) supporting the growth and macroeconomic stability of the country; (4) prioritizing public investment projects, and (5) providing resources for subsidies for food, hydrocarbons, basic services and conditioned transfer programs, such as the Juancito Pinto cash-transfer program, dignity rent under the Dignity Pension program, Juana Azurduy voucher program and Universal Subsidy for Life program, and other social interest programs. See “Non-Financial Public Sector—Social Expenditures of the Central Government.” The 2021 Government Budget was developed in the context of the Government’s ongoing response to the COVID-19 pandemic and is based on certain assumptions regarding economic conditions in Bolivia, including estimated real GDP growth of 4.8%, and an end-of-period inflation rate of 3.1%. See “Recent Developments—Public Finance,” “Recent Developments—Response to the Health and Economic Crisis as a Result of COVID-19” and “Recent Developments—2021 Fiscal Financial Program and Government Transparency.”

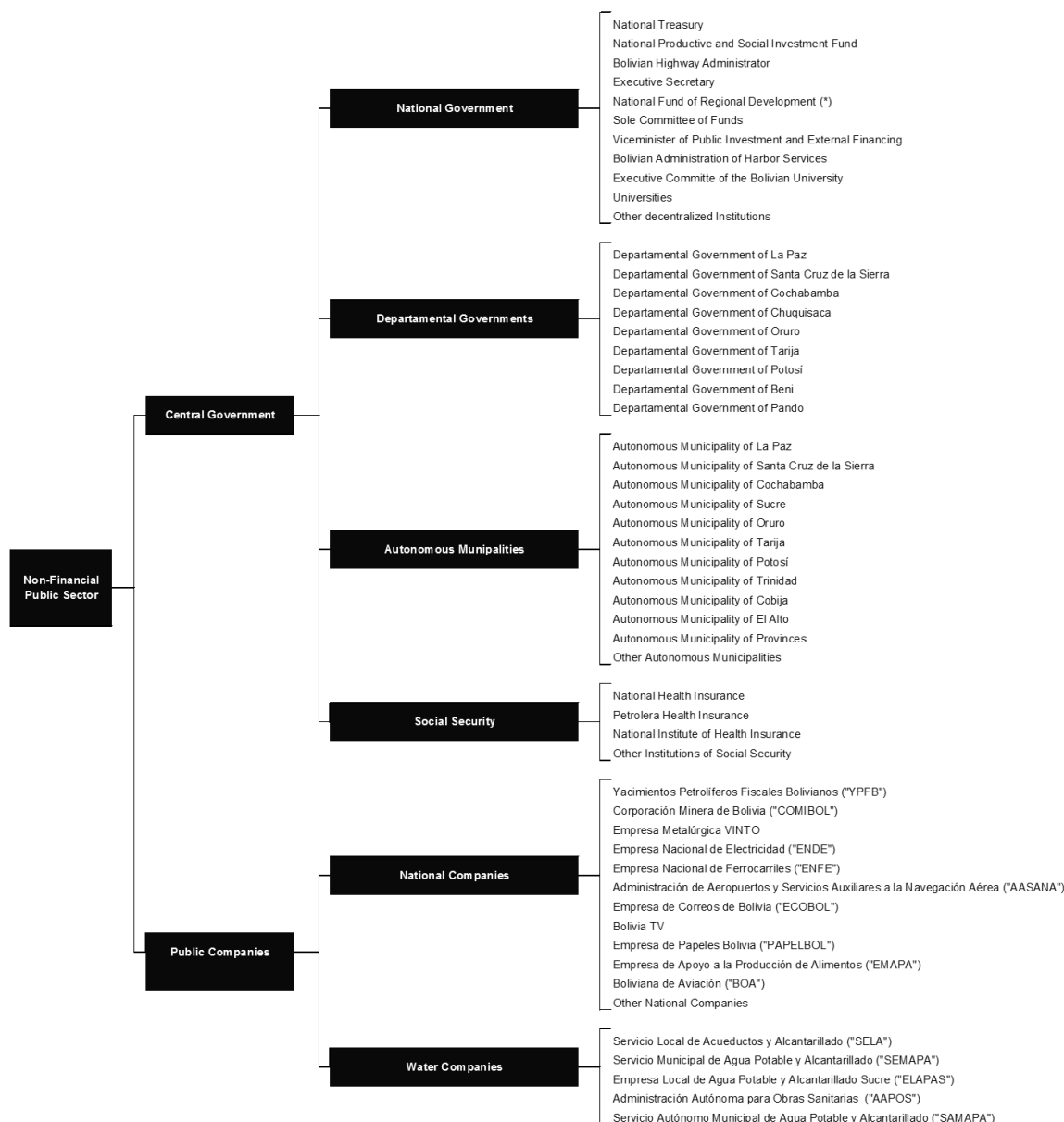
Non-Financial Public Sector

Overview

The non-financial public sector is composed of both the General Government and public companies. The General Government consists of (1) the central Government, (2) the departmental governments, (3) the municipal governments, and (4) social security administration. Public companies are those owned by the central, departmental, or municipal governments and include national public companies and water companies.

The following graphic shows the composition of the non-financial public sector:

Non-Financial Public Sector



Source: Ministry of Economy and Public Finance

(*) Despite being a state-owned financial institution, the National Fund for Regional Development is included in the non-financial public sector because it is directly related to the operations of this sector.

Consolidated non-financial public sector operations show the consolidated performance on a cash flow basis and are generated by: (1) collecting, analyzing, and reviewing cash flow information for public monitored entities; (2) consolidating the cash flows; (3) completing and adjusting the data with financing information provided by the Central Bank; and (4) completing and adjusting the values with additional data, such floating debt and non-current deposits.

The following table shows the consolidated Non-Financial Public Sector operations for the four years ended December 31, 2020:

Consolidated Non-Financial Public Sector Operations

	2016	2017	2018	2019(p)	2020(p)
Revenues					
(In millions of Bs.)					
Current Revenues					
Non-Hydrocarbon Tax Revenue					
Domestic Revenue	42,443	42,398	44,333	43,421	33,527
Customs Revenue	2,833	3,005	3,007	3,059	2,034
Mining Royalties	1,062	1,277	1,333	1,346	1,004
Total Non-Hydrocarbon Tax Revenue....	46,339	46,680	48,673	47,825	36,565
Hydrocarbon Taxes	3,439	3,269	3,259	2,585	2,551
Hydrocarbon Sales	28,911	30,177	34,258	34,509	29,846
Sales of Other Companies	7,525	8,537	8,476	8,385	5,338
Current Transfers	3,624	3,047	2,899	2,984	2,603
Other Current Revenue	10,503	11,415	9,492	10,480	8,473
Total Current Revenue	100,341	103,125	107,057	106,769	85,375
Capital Income	431	1,159	635	287	116
Total Revenues	100,772	104,284	107,691	107,056	85,492
Expenditures					
Current Expenditures					
Personal Services	27,936	32,079	37,119	37,178	38,499
Goods and Services	31,794	35,024	38,154	39,030	34,026
External Debt Interest	1,252	1,769	2,195	2,542	2,439
Domestic Debt Interest	371	272	354	103	326
Current Transfers	13,533	12,470	13,401	13,144	22,165
Of Which: Pensions(1)	6,313	7,082	7,346	7,572	7,643
Other Current Expenditures	2,797	2,199	2,710	3,745	3,325
Total Current Expenditures	77,683	83,812	93,933	95,742	100,780
Capital Expenditures (2)	39,972	40,750	36,428	31,719	16,788
Total Expenditures	117,655	124,562	130,362	127,461	117,568
Current Fiscal Balance	22,658	19,313	13,123	11,027	(15,405)
Primary Fiscal Balance	(15,260)	(18,237)	(20,122)	(17,760)	(29,311)
Overall Surplus (Deficit) Before Pensions	(10,570)	(13,196)	(15,324)	(12,832)	(24,433)
Overall Fiscal Balance	(16,883)	(20,278)	(22,670)	(20,405)	(32,076)
Total Financing	16,883	20,278	22,670	20,405	32,076
External Financing					
Disbursements	6,860	16,429	8,015	10,427	8,589
Repayment	(1,908)	(2,243)	(2,439)	(2,800)	(3,119)
Other	(387)	456	(354)	(81)	(320)
Total External Financing	4,565	14,643	5,222	7,547	5,150
Domestic Financing					
Central Bank	9,746	7,336	12,001	9,640	23,953
Quasi-Fiscal	(932)	(1,144)	(1,157)	(1,613)	(1,365)
Rest	10,679	8,480	13,158	11,253	25,318
Floating Debt	(1,260)	(572)	14	1,805	(1,097)
Other Domestic Financing(3)	3,831	(1,129)	5,433	1,413	1,843
Total Domestic Financing	12,317	5,635	17,449	12,858	24,700
Other Types of Financing (4)					2,226
Total Other Types of Financing					2,226

Source: Ministry of Economy and Public Finance

(p) Preliminary.

(1) Since 1997, a pension-system reform law (Law 1732 of November 29, 1996) has provided for mandatory social insurance, a system of individual capitalization and private management.

(2) Capital Expenditure: Net of transfers.

(3) Includes Tax Certificates, Non-Current Deposits, Treasury Bills, Mutual and Treasury Bonds, AFP Bonds (Pension Fund Administrators).

(4) Includes the registration of payments and debits for the Rapid Financing Instrument (RFI) of the International Monetary Fund (IMF), which does not comply with the provisions of articles 158 and 322 of the Political Constitution of the Plurinational State of Bolivia and therefore was not recognized as a credit.

Fiscal Policy

We have established a sovereign fiscal-financial program and achieved very positive results. The Ministry of Economy and Public Finance and the Central Bank coordinate economic policies aimed at promoting growth and economic development while preserving macroeconomic stability.

The Non-Financial Public Sector Operations obtained important balance surpluses between 2006 and 2013 as a result of the nationalization of strategic resources, the levels of tax collection and of the efficient allocation of public spending. This resulted in an accumulation of resources that allowed us to face the adverse international economic environment that began in 2014.

Between 2014 and 2017, with an average increase of 44.0%, we recorded a fiscal deficit due to a decrease in revenues primarily as a result of decreased hydrocarbon sales due to low external demand volume and an increase of goods and services expenditures for public investment. Domestic and external financing also increased during that period.

In 2020, the management of public finances by the previous administration, together with the effects of the COVID-19 pandemic, had a drastic effect on economic activity. After the inauguration of the new administration in November 2020, there was a return to the application of the Socioeconomic Community Production Model and the prudent management of tax accounts, together with an expansionary and counter-cyclical tax policy in the context of a fragile domestic economy.

2020 Financial Program and Government Transparency

On February 6, 2020, the Ministry of Economy and Public Finance, the Ministry of Development Planning and the Central Bank announced the 2020 Financial Program, a framework that established the Central Bank's macroeconomic goals for 2020. For the Government, the reduction of fiscal and current account imbalances is a priority. To that end, the correction of fiscal deficit began in 2019, when adjustments were made primarily in the last two months of the year, reducing the deficit to 7.2% of GDP from 8.1% of GDP in 2018. In 2020, we expected a reduction of the fiscal deficit to reach a target of 6.6% of GDP by the end of the year, and a target of 4.0% of GDP by 2022, as part of the 2020 Financial Program. Other goals established in the 2020 Financial Program were: GDP of 3.5% (in a range of 2.6% and 4.0%), and an end-of-period inflation rate of 3.4% (in a range between 2.0% and 4.0%).

Additionally, the 2020 Financial Program and the 2020 Financial Program Second Review incorporated redistributive and social welfare policies through the Juancito Pinto, Juana Azurduy and Dignity Program vouchers. The Government has maintained its commitment to the continuity of these cash-transfer programs to the most vulnerable individuals in our population.

Furthermore, the policies of the 2020 Financial Program were aimed at maintaining macroeconomic stability, stimulating the domestic market, encouraging investment and supporting the development of productive activities through specific objectives cited below:

- Fiscal policy was aimed at continuing to adjust the deficit, ensuring fiscal sustainability, while boosting economic activity with an adequate balance between current and capital expenditures to allow for sustained economic growth and preservation of social protection mechanisms.
- Monetary policy was aimed at maintaining the stability of the internal purchasing power of the currency, to contribute to economic and social development.
- Exchange-rate policy was aimed at anchoring expectations and reinforcing the process of stabilizing inflation, promoting the “Bolivianization” (the process of increasing the use of the national currency in the financial system) of the economy to maintain the stability and development of the financial system and the stock market.
- Public investment policy sought to formulate, prioritize, finance and execute the projects that constitute the most feasible options from an economic and social point of view; public investment policy also sought external financing levels that preserve the sustainability of the external public debt.

The Ministry of Economy and Public Finance, the Ministry of Development Planning and the Central Bank ratified their commitment to the Bolivian population for transparent management in economic policies and transparency in economic statistics. Within the framework of social control over public management at all levels of the Government, the results of the implementation of the 2020 Financial Program policies will be presented through the following publications:

- The Ministry of Economy and Public Finance will publish the Annual Report of the Bolivian Economy annually, and the Fiscal Report semiannually, which will present the public sector's performance, income and fiscal expenses and the effectiveness of resource administration and fiscal sustainability.
- The Ministry of Development Planning will publish the execution and performance of public investment annually as fundamental pillars for the development of the national productive sector and human development.
- The Central Bank will publish the Institutional Report annually and the Monetary Policy Report semiannually, showing the results of the application of its policies and the perspectives for the current year.

These reports will be presented to the corresponding Commissions of the Plurinational Legislative Assembly and other agencies.

On February 6, 2020, the Ministry of Economy and Public Finance, the Ministry of Development Planning and the Central Bank announced the 2020 Financial Program, a framework that established the Central Bank's macroeconomic goals for 2020. The policies of the 2020 Financial Program were aimed at maintaining macroeconomic stability, stimulating the domestic market, encouraging investment and supporting the development of productive activities. At the time, the 2020 Financial Program estimated a deficit of 6.6% with respect to GDP, GDP growth of 3.5% and inflation rate of 3.4%.

On September 14, 2020, in the review of the 2020 Financial Program, after the start of the COVID-19 pandemic, it estimated a fiscal deficit of 12.1% of GDP as a result of the decrease in income and the increase in spending due to COVID-19 pandemic, it considered a GDP decrease of 6.2% and at the end of the period an inflation of 1.7%, it determined that the policies will be directed mainly to the attention and preservation of the health and life of the Bolivian population, while promoting actions for the economic and employment recovery.

On December 7, 2020, the second review of the 2020 Financial Program was carried out to discuss a GDP decrease of 8.4%, at the end of the period, inflation of 1.1% and a fiscal deficit of 12.3% of GDP, in this additional program to the previous redistributive policies incorporates the payment of hunger-relief vouchers. The exchange policy will focus on preserving the exchange rate, maintaining price stability, promoting the consolidation of "Bolivianization" in the national economy to preserve the stability of the national financial system and mitigating the effects of external shocks, the policies will be directed to retake the Productive Community Social Economic Model with the aim of rebuilding the economy and consolidating economic stability. Fiscal policy will return to its role as a promoter of public investment in strategic productive sectors, in order to strengthen industrialization and boost economic activity, and to its role as a redistributor of income, mainly favoring the most vulnerable population, with the purpose of reactivating demand. Monetary policy will have an expansionary orientation in order to promote the productive device, maintaining the stability of the internal purchasing power of the currency, to contribute to economic and social development.

Fiscal Balance

In recent years, fiscal policy was focused on the prioritization of public investment and the continuity of social protection programs, in order to support growth in domestic demand. It should be noted that current surplus balances have been obtained, which allowed current revenues to be more than sufficient to guarantee payments of wages and interest on debt, to fund the acquisition of goods and services, and to finance income-redistribution policies.

In 2020, the non-financial public sector reached a fiscal deficit of Bs.32,075.9 million (12.7% of GDP) as compared to 7.2% in 2019. That increase was a result of a significant decline in revenue as a consequence of stagnation in economic activity during the COVID-19 pandemic and the policies implemented as a consequence thereof, such as quarantines. Public investment totaled Bs.12,238.2 million (U.S.\$1,784.0 million), mainly directed to social and

infrastructure projects. In previous years, the deficit could be explained by public investment. In 2020, the deficit was attributable to the increase in current expenditures.

Revenues

Non-financial public sector revenues are composed of current and capital income. These demonstrated upward performance until 2014, due to increased growth in the domestic market, the nationalization of strategic sectors, the favorable commodity prices, stronger control by collection entities, as well as the expansion of the tax base. Since 2015, fiscal revenues registered a decrease as a result of the reduction in tax revenues, lower sales of hydrocarbons due to a decrease in foreign gas demand and a decrease in the international oil prices.

The lower revenue received reflects the stagnation in economic activity during the imposition of COVID-19-related lockdowns.

In 2020, total revenues reached Bs.85,491.6 million, a 20.1% decrease compared to 2019. The total 2020 revenues were mainly composed of Bs.85,375.2 million in current revenues, a 20.1% decrease as compared to 2019. This decrease in current revenues was mainly due declining tax revenues and hydrocarbon sales, a shutdown of operations by publicly and privately owned companies and weak demand for the products and services of these companies.

Non-hydrocarbon tax revenues reached Bs.36,564.9 million in 2020, a decrease of 23.5% compared to 2019. Non-hydrocarbon tax revenues contributed to 42.8% of the total revenues for 2020. The decrease from 2019 to 2020 was due mainly to a 23.5% decrease in domestic revenue, caused by decreases in customs revenues and revenues from mining royalties as domestic mineral production collapsed during the COVID-19 pandemic.

Revenues from the sale of hydrocarbons was Bs.29,846 in 2020, a decrease of 13.5% compared to 2019. This is explained by a decrease in domestic sales associated with the paralysis in domestic industrial and transportation activities, reduced demand for the power generation and a drop in international sales due to the reduced value of natural gas exports. The revenue collected from non-hydrocarbon public companies was Bs.5,338 in 2020, a decrease of 36.3% compared to 2019. This decrease reflected lower revenues from mineral sales and the provision of services, mainly in the domestic market. Also of consequence were shutdowns in the urea and potassium chloride plants and the discontinuation of routes and reductions in flight frequencies by BOA, among other factors.

Capital income decreased by 59.5% in 2020, from Bs.287.3 million in 2019 to Bs.116.4 million in 2020. Capital income amounts have gradually decreased in recent years as a result of a decline in cooperation with international entities and countries that began to classify Bolivia as a middle-income country. In addition, the performance of this sub-item in 2020 reflected the financial crisis experienced by many economies throughout the world due to the COVID-19 pandemic, resulting in a reduction in foreign investment in the country.

Expenditures

Total expenditures in 2020 reached Bs.117,567.5 million, a 7.8% decrease from Bs.127,461.1 million in 2019. The decrease in expenditures in 2020 was primarily due to a reduction in capital expenditures, which fell 47.1% compared to 2019.

Current expenditures in 2020 totaled Bs.100,779.9 million, an 5.3% increase from Bs.95,742.2 million in 2019. The increase mainly reflects larger disbursements for current account transfers as a result of the payment of COVID-19-related vouchers and stimulus payments (Family Shopping Basket Voucher, Universal Stimulus Payment and Family Voucher) and hunger-relief vouchers. Meanwhile, expenditures on goods and services fell during the year in connection with COVID-19-related lockdowns and operational difficulties experienced by publicly owned companies. In addition, a 217.4% increase was recorded in interest payments on domestic debt. Current expenditures represented 85.7% of total expenditures in 2020.

Capital expenditures in 2020 totaled Bs.16,787.6 million, a decrease of 47.1% as compared to Bs.31,718.9 million in 2019. The cessation of major public investment projects resulted in a 68.6% decline in those carried out by publicly owned companies, a decline of 38.3% in those carried out by municipal regional governments, a decline of 24.1% in those carried out by departmental regional governments and a decline of 54.9% in those carried out by the central government.

Among the main infrastructure projects contributing to the significant increase seen in the last two months of 2020 is the metropolitan train construction project, the Parque de las Culturas and that of the Madre Tierra, the construction and implementation of the rapid-transit bus system, the implementation of a nuclear technology research and development center, the construction of the San José hydroelectric power station, the implementation of a well-drilling program, the exploration of the X1 IE Pando-Beni-La Paz rubber well, the resumption of construction of the Foodstuff Production Support Company (*Empresa de Apoyo a la Producción de Alimentos*) rice-production plant, among others.

The following table shows the social expenditures of the Central Government for the five years ended December 31, 2020:

Social Expenditures of the Central Government

	2016	2017	2018	2019(p)	2020(p)
	(in millions of U.S.S.)				
Education.....	1,783.67	1,998.25	2,302.62	2,505.25	2,430.03
Social Protection(1).....	1,592.86	1,337.17	1,440.38	1,366.18	2,515.31
Healthcare and Sports.....	641.25	706.12	831.78	941.69	1,027.41
Housing and Community Services(2).....	294.31	349.71	310.93	287.32	176.09
Total	4,312.10	4,391.25	4,885.71	5,100.44	6,148.83

Source: Ministry of Economy and Public Finance

(p) Preliminary.

(1) Includes research and development related to social protection.

(2) Does not consider water supply.

Education

Investments in the education sector are an essential element in our economic development. We believe these investments contribute to the strengthening of our human capital, which in turn improves the welfare of Bolivian households through access to better opportunities. In 2020, Government spending on education reached U.S.\$2,430.0 million, a decrease of 3.0% as compared to U.S.\$2,505.2 million in 2019. This fall reflects a reduction in expenses relating to the payment of the Outstanding Graduate award for excellence in high school and in the Una computer program. There was also a reduction in investment in educational infrastructure at the primary, secondary and tertiary levels.

Social Protection

In 2020, Government spending on social protection, which includes programs aimed at assisting the elderly, young people entering the labor force and children, reached U.S.\$2,515.3 million, an increase of 84.1% as compared to U.S.\$1,366.2 million in 2019. This increase was primarily the result of beneficiaries under the Dignity Pension Program electing to accumulate their rights to dignity income (*renta dignidad*) and the payments made for COVID-19-related transfers (Family Voucher, the Family Shopping Basket Voucher, the Universal Stimulus Payment and hunger-relief vouchers).

Healthcare

In order to guarantee access to health services and improve food quality, especially for the most disadvantaged segments of our population, the Government has allocated a significant number of resources in recent years for the provision of health infrastructure, medical training, social security and public health, including programs such as the National Nutrition Program and the Juana Azurduy voucher program. See “Bolivia—Social Welfare Programs.”

The Government’s healthcare expenditures increased in recent years, amounting to U.S.\$1,027.4 million in 2020, a 9% increase compared to 2019. The expenditures included transfers from the Government to the Health Services Departments and the payment of wages and salaries, in addition to disbursements for the Juana Azurduy voucher

program, the Universal Prenatal Subsidy for Life and the Unique Health System. The expenses contributing to the increase relate to public health services in connection with the acquisition of tests for mass early detection of COVID-19.

Housing and Community Services

The Government has worked to increase access to suitable housing and to establish property rights in order to reduce the housing shortage while prioritizing the low-income population. To that end, spending on housing and community services reached U.S.\$176.0 million in 2020, an decrease of 38.7% as compared to U.S.\$287.3 million in 2019. This decrease in housing and community services spending was attributable to the suspension of projects for the expansion of sewage systems and the construction of drinking water and sanitation systems.

Financing

We continue implementing a public debt policy based on the reduction of the public debt portfolio risks to which we were exposed to in 2005, when debt maturities were under one year, exchange rates fluctuated and debt was largely issued in foreign currency, among others. Our policy of sustainable public debt was initiated in 2006 in order to obtain debt on more favorable maturity and interest rate terms. See “Public Sector Indebtedness.” We expect that the public debt policy will continue to reduce the risks of public debt portfolio, with favorable financial conditions such as long-term maturities, lower exposure to exchange-rate fluctuations affecting the portfolio, and new internal debt issuances in the national currency See “Public Sector Indebtedness.”

The 2020 fiscal deficit of U.S.\$4,675.8 million was financed with domestic credit in the amount of U.S.\$3,600.5 million and by external sources in the amount of U.S.\$750.7 million.

2020 Government Budget

Overview

The 2020 Government Budget was productive, without restrictions for social benefits, such as payments under the Dignity Pension program, the Juancito Pinto cash-transfer program or the Juana Azurduy voucher program. The 2019 Government Budget’s guidelines were to: (1) execute policies of the Government Plan 2016-2020; (2) guarantee macroeconomic stability and sustainability with the objective of promoting social welfare and redistribution of income; and (3) guarantee the continuity of the social policies of redistribution of resources.

The 2020 Government Budget was based on the following forecast of the Bolivian economy for 2020:

- *GDP*: Bs.318,244.4 million
- *Real GDP growth*: 3.5%
- *Inflation (end of period)*: 3.4%
- *Sell foreign exchange rate (end of period)*: Var. ± 10

While the Government believes that these assumptions and targets were reasonable when made, some are beyond the control or significant influence of the Government, and actual outcomes will depend on future events. Accordingly, no assurance can be given that economic results will not differ materially from the figures set forth above.

Revenue

The 2020 Government Budget (representing revenues plus financing) amounted to Bs.282,237.5 million on an aggregate basis and Bs.210,910.8 million on a consolidated basis, a decrease of 1.4% and 1.8% compared to the 2019 approved budget.

Operating income (which is comprised of revenues received by the government from the provision of goods and services in both the commercial sector and the public financial sector) was the most significant item of the current consolidated budget, which amounted to Bs.56,443.5 million in 2020 for 26.8% of the consolidated budget as compared to approximately Bs.1,697.2 million in 2005, accounting for approximately 4.2% of the consolidated

budget. Non-hydrocarbon tax revenues was the second leading item of the current consolidated budget, increasing from Bs.11,676.1 million in 2005 to Bs.56,100.6 million in 2020, and accounting for 37.4% of the total budgeted revenue (current and capital) in 2020.

The consolidated budget in 2020 (representing revenues plus financing) totaled Bs.210,910.8 million. The current revenue budget amounted to Bs.147,637.0 million. Capital income amounted to Bs.2,378.8 million while financial sources amounted to Bs.68,519.2. This included revenues from the export of urea and electric energy as well as the commencement of operation for the production of cement, glass, lithium and other containers. The consolidated budget also included an increase in tax revenue of 3.0%.

Capital income amounted to Bs.2,378.8 million, representing 1.6% of the total consolidated budget revenue, which correspond to donations, transfers and resources of its own, as a result of fundraising for projects or capital expenses, which show a decrease of 28.7% compared to 2019, due to the commitment of the Government to implement expenses directed toward investment projects nationwide. The main component of Capital Resources corresponds to the Capital Transfers received by public entities of the private sector, in the amount of Bs.1,753.1 million.

Expenditures

The consolidated expenditure budget amounted to Bs.210,910.8 million, of which current expenses represent 65.4%, or Bs.137,996.0 million, capital expenditures represent 16.3% or Bs.34,404.2 million, and uses of funds represent 18.3% or Bs.38,510.6 million.

Consolidated budgets for current expenditure amounted to Bs.137,996.0 million, of which 31.2% corresponds to goods and services, 20.3% to wages, 0.1% to social security benefits, 1.9% to other current expenses and 4.1% for social security contributions.

Public companies accounted for 34.8% of the consolidated current expenditures, of which 25.5% was allocated to entities that are considered essential to the Government, 4.7% to social security institutions, 1.4% to financial institutions, 16.6% to the departmental administration (GADs, GAMs, GAR, GAIOC and Public Universities), and 17.0% to decentralized institutions. The participation of public companies in the expenditures budget has largely increased since 2005, due primarily to the strengthening of national strategic public companies that now operate in complete productive chains, primarily YPFB, ENDE and COMIBOL.

In 2005, consolidated capital expenditures amounted to Bs.6,555.9 million, while for 2020, consolidated capital expenditures amounted to Bs.34,404.2 million. Capital expenditures are composed of Gross Fixed Capital Formation ("FBCF"), Capital Transfers and Other Capital Expenditures, which were Bs.5,077.8 million, Bs.1,379.5 million and Bs.98.6 million in 2005, respectively.

In 2020, capital expenditures were composed primarily of FBCF in the amount of Bs.32,135.2 million, representing 93.4% of the total capital expenditures, due primarily to the significant contributions of the Bolivian Highway Administrator, National Electricity Company, Ministry of Public Works, Services and Housing, Bolivian Fiscal Oil Fields and the Ministry of the Presidency. Capital transfers amounted to Bs.425.8 million, representing 1.2% of total capital expenditures, and other capital expenses amounted to Bs.1,843.2 million, representing 5.4% of the total capital expenditure.

In 2020, programmed investment reached U.S.\$4,392.4 million, a decrease of 17.5% compared to the approved budget of 2019. The productive sector amounted to U.S.\$1,704.5 million, infrastructure amounted to U.S.\$1,355.3 million, social investment amounted to U.S.\$1,169.8 million and multisector investment amounted to U.S.\$162.8 million.

One of the main policies of the current Government is the allocation of resources to the social sector. Consequently, the aggregate budget for the social sector increased considerably, from Bs.11,874.1 million in 2005 to Bs.77,396.0 million in 2020, which represents 29.2% of GDP. Within this sector, education and healthcare are fast growing segments that have received a significant portion of the resources, with 2020 budgets of Bs.24,861.2 million and Bs.21,461.9 million, respectively. The resources have been allocated to these segments for the creation of new benefits, salary increases, construction of educational facilities, educational equipment, conditional cash and in-kind transfers, construction of healthcare infrastructure, public works services and housing construction as well as the construction and maintenance of roads, cable transport and airport infrastructure.

Investment in the productive sector through public companies increased considerably, from Bs.3,744.1 million in 2005 to Bs.87,889.7 million in 2020, which represents 33.1% of GDP. The fastest growing sectors are hydrocarbons and energy, due to the nationalization of the hydrocarbons sector and increased investment in production, exploration, industrialization and commercialization in this sector. The increase in budget for the energy sector was due to the allocation of resources for the transmission and distribution of electricity.

Subsidies for fuels such as diesel (“DO”), LPG, special gasoline (“GE”) and oil gas, as well as the Petroleum production and condensate incentives reached U.S.\$627.8 million in 2020. The increase in hydrocarbon subsidies is mainly due to higher import levels of diesel and Special Gasoline, as a result of increased demand for these fuels and the decrease in their production.

Planned capital transfers in 2020 for departmental autonomous governments, municipal autonomous governments and public universities amounted to Bs.19,636.0 million, which represent a decrease of 6.3% compared to the 2019 budget. The transfers are distributed as follows: Bs.4,340.0 million to the departmental autonomous governments, Bs.10,718.1 million to the municipal autonomous governments, Bs.4,034.9 million to public universities, Bs.502.0 million to the regional autonomous government of Gran Chaco and Bs.40.9 million to the Autonomous Indigenous Peasant Governments.

2021 Government Budget

On December 28, 2020, the Plurinational Legislative Assembly approved the 2021 Government Budget. The 2021 Government Budget and the 2021 Fiscal Financial Program aim to achieve economic growth of 4.8% and maintain macroeconomic stability, with 3.1% inflation rate and 9.74% fiscal deficit targets. The 2021 Government Budget as based on the following assumptions for the Bolivian economy in 2021:

- *GDP*: Bs.284,255.0 million
- *Real GDP growth*: 4.8%
- *Inflation (end of period)*: 3.1%
- *Sell foreign exchange rate (end of period)*: Var. ± 10
- *Price of a barrel of oil*: U.S.\$42.00 per barrel.

The 2021 Fiscal Financial Program is a framework pursuant to which the Ministry of Economy and Public Finance and the Central Bank established their macroeconomic goals for 2021. The 2021 Fiscal Financial Program also includes the investment goals of the Ministry of Development Planning.

The 2021 Government Budget focused on the following: (1) supporting the execution of public policies to benefit Bolivian women and men, reduction of poverty and inequality; (2) consolidating the economic - social - community - productive model that generates and distributes economic surpluses; (3) supporting the growth and macroeconomic stability of the country; (4) prioritizing public investment projects, and (5) providing resources for subsidies for food, hydrocarbons, basic services and conditioned transfer programs, such as the Juancito Pinto cash-transfer program, dignity rent under the Dignity Pension program, Juana Azurduy voucher program and Universal Subsidy for Life program, and other social interest programs.

Additionally, in December 2020, the Government made several financial adjustments to allocate additional funds to the healthcare sector, which represents approximately Bs.22,216.2 million, with the objective of improving public health services for the benefit of a population with limited resources.

The 2021 Non-Financial Public Sector Budget contemplated public investment with the goal of achieving sustained economic growth and a fiscal deficit of 9.74%, which the Government considered fiscally responsible because it was due to increased public investment in the economy.

Non-Financial Public Sector Cash Flows for Calculation of the Overall Public Deficit 2020 – 2021⁽¹⁾

	Budget 2020	Budget 2021	As a % of GDP in 2021
	(in millions of Bs.)		
Revenues			
Domestic Revenue	40,709.0	30,450.2	10.8%
Customs Revenue.....	14,338.9	12,115.3	4.3%
Mining Royalties.....	1,052.8	921.8	0.33%
Total Non-Hydrocarbon Tax Revenue.....	56,100.6	43,487.2	15.4%
Hydrocarbon Taxes.....	6,257.2	6,304.3	2.2%
Hydrocarbon Sales.....	36,360.3	32,015.8	11.3%
Sales of Other Companies.....	609.5	607.6	0.2%
Current Transfers	686.5	303.6	0.1%
Other Current Revenue	47,622.9	48,179.4	17.0%
Total Current Revenue.....	147,637.0	130,897.9	46.3%
Capital Income	2,378.8	1,662.8	0.6%
Total Revenues.....	150,015.7	132,560.6	46.9%
Expenditures			
Personal Services	49,212.3	49,538.4	17.5%
Goods and Services.....	65,544.8	53,842.5	19.0%
External Debt Interest	4,136.0	5,616.6	2.0%
Domestic Debt Interest.....	2,135.5	3,111.8	1.1%
Current Transfers	3,893.5	4,465.3	1.6%
Of Which: Pensions(1).....	8,249.4	8,318.4	2.9%
Other Current Expenditures	4,719.5	5,057.9	1.8%
Total Current Expenditures.....	137,891.0	129,950.8	46.0%
Capital Expenditures	33,730.7	30,156.5	10.7%
Total Expenditures.....	171,622.0	160,107.4	56.6%
Current Fiscal Balance.....	9,746.0	947.0	0.3%
Primary Fiscal Balance	16,017.5	9,675.4	3.4%
Overall Surplus (Deficit) Before Pensions.....	(13,356.6)	(19,228.4)	(6.8)%
Overall Fiscal Balance	(21,606.0)	(27,546.8)	(9.74)%

(1) Presents non-financial public sector cash flow which serves as the basis for calculating the public sector deficit for the periods presented. This table is not intended to present the Government budget (PGE) for the periods presented.

The table below details the main public investment projects that are included as part of the PGE 2021.

PGE 2021 – General Budget 2021 Public Investment Projects

Project Description	(in millions of U.S.\$)	%	Executing Entity
Construction double via central section “El Sillar”	178.8	4.46%	Bolivian Highway Administration
Implementation of a basic siderurgical plant for the manufacture of steel laminates in the Mutún	147.1	3.67%	Mutún
Implementation multisector public-investment program for air, land and sea transportation	134.3	3.35%	Ministry of Public Works, Services and Housing
Construction Ivirizu hydroelectric generation plant	126.9	3.16%	ENDE
Construction road Rurrenabaque–Riberalta	111.8	2.79%	Bolivian Highway Administration
Construction road El Espino–Charagua–Boyubie	99.2	2.47%	Bolivian Highway Administration
Construction Cochabamba Metropolitan Train	91.1	2.27%	Ministry of Public Works, Services and Housing

Construction Rio Miguillas La Paz Hydroelectric power station	70.8	1.77% ENDE
Construction and implementation from the invest center and development in tech. nuclear and lab associates national level	62.7	1.56% Bolivian Agency of Nuclear Energy
Implementation Nuclear Medicine and Radiotherapy Centers in Santa Cruz, El Alto and La Paz	62.5	1.56% Bolivian Agency of Nuclear Energy
Implementation of natural gas distribution of networks	49.3	1.23% YPFB
Exploration and drilling of Villamontes x7 Tarija well	44.2	1.10% YPFB
Implementation cement plant in Chiutara, Potosí	44	1.10% Publicly-Owned Production Companies Development Service
Implementation multisector public-investment program for energy development	42.8	1.07% ENDE
Construction road S. Jose de Chiquitos - S. Ignacio	42	1.05% Bolivian Highway Administration
Construction double via Confital - Bombeo	40.8	1.02% Bolivian Highway Administration
Construction highway Santa Cruz–Las Cruces–Buena Vista	36.3	0.90% Bolivian Highway Administration
Construction highway Ixiamas–San Buenaventura	36.2	0.90% Bolivian Highway Administration
Rehabilitation and compliance with standards (CRECE) Carretera Santa Cruz - Trinidad	32.7	0.82% Bolivian Highway Administration
Equipment of a third level Hospital Health Establishment Potosi	31.2	0.78% Ministerio de Presidencia
Implementation National Urban Infrastructure Program	31	0.77% Ministry of Public Works, Services and Housing
Tramo Nazcara Hito IV La Paz	30.9	0.77% Bolivian Highway Administration
Developing Mother-Child social protection Program (J.Azurduy Bonus)	30.4	0.76% Ministry of Health
Integral development of Industrial Plant at the Salar de Uyuni salt flat	29.5	0.74% YLB
Implementation Sectoral Program of Support to National Education Infrastructure	29.2	0.73% Ministry of Presidency
Construction and equip. of Gastroenterology Institute in La Paz	26.6	0.66% Health and Medical Equipment Infrastructure Agency
Rehabilitation Highway La Angostura–Comarapa: Phase III: Mairana–Bermejo	25.4	0.63% Bolivian Highway Administration
Fortify implementation of national COVID-19 pandemic response	25	0.62% Ministry of Health
Construction and equip. health center in Chuquisaca	24.3	0.61% Health and Medical Equipment Infrastructure Agency
Construction highway Yucumo–San Borja	23.5	0.59% Bolivian Highway Administration
Rest of Projects	2,250.43	56.10% Other Entities
Total Public Investment on Projects	4,011.12	100.00%

As of August 2021, U.S.\$1,432.53 million have been executed in Public Investment (compared to \$694.4 million of budget execution as of August 2020), representing a 35.7% of the allocated budget for 2021. Productive sector projects reached an execution level of 33.9%, while the infrastructure sector and the social sector reached execution levels of 36.2% and 36.0%, respectively. Multisectoral execution reached an execution of 44.9%.

Principal Industrialization and Other Projects

The main investment projects in the production sector for 2021 included the implementation of basic steelworks for the manufacture of rolled steel at El Mutún, which as of December 2020 reported a 38.8% of physical completion and a 33.6% of financial completion (U.S.\$147.1 million budgeted, with an execution level of 57.9% as of August

2021), Construction of the Ivirizu Hydroelectric Power Generation Plant (U.S.\$126.9 million budgeted, with an execution level of 36.9% as of August 2021), Construction of the Río Miguillas La Paz Hydroelectric Power Station (U.S.\$70.8 million budgeted, with an execution level of 6.2% as of August 2021) and the Construction and implementation of a research and development center for nuclear technology and associated laboratories (U.S.\$62.7 million budgeted, with an execution level of 33.4% as of August 2021). Hydrocarbon exploration projects included the implementation of the National Natural Gas Network Distribution Project (U.S.\$49.3 million budgeted, with an execution level of 8.6% as of August 2021), the exploration and drilling of the Villamontes X7 Tarija Well (U.S.\$44.3 million budgeted) and the integrated development of the Salar de Uyuni salt flat (U.S.\$29.6 million budgeted with an execution level of 39.3% as of August 2021).

The main investment projects in the infrastructure sector for 2021 were the construction of a two-lane highway, the Central–El Sillar Section (U.S.\$187.8 million budgeted, with an execution level of 49.2% as of August 2021), the construction of the Rurrenabaque–Riberalta Highway (U.S.\$111.9 million budgeted) and the construction of the El Espino–Charagua–Boyuibe Highway (U.S.\$99.2 million budgeted, with an execution level of 42.3% as of August 2021).

With respect to investment in the social sector (education and culture, healthcare and social security, sanitation and urban planning, and housing) for 2021, notable projects included the implementation of nuclear medicine and radiotherapy centers at Santa Cruz, El Alto and La Paz (U.S.\$62.6 million budgeted, with an execution level of 13.3% as of August 2021), the construction and equipment of a Level-III healthcare facility at Potosí (U.S.\$31.2 million budgeted), Mother-Child Social Protection program (U.S.\$30.4 million budgeted, with an execution level of 56.2% as of August 2021), and the fortification of the national COVID-19 pandemic response (U.S.\$25.0 million budgeted).

With respect to multi-sector investment projects, the Government had budgeted U.S.\$39.5 million for the implementation of the Multisector Support Program for Autonomous Municipal Governments (*Gobiernos Autónomos Municipales* or GAMS) and Autonomous Departmental Governments (*Gobiernos Autónomos Departamentales* or GADS), U.S.\$21.9 million for the implementation of an integrated air-defense and air-traffic-control system and U.S.\$9.3 million for the implementation of the Rural Alliances II Project — Additional National Financing.

General Government

In 2020, the General Government recorded a deficit of Bs.33,073.9 million, a 69.3% increase compared to a deficit of Bs.19,530.2 million in 2019. Capital expenditures decreased by 45.6%, from Bs.27,356.1 million in 2019 to Bs.14,886.1 million in 2020, and current expenditures increased by 13.8%, from Bs.68,512.7 million in 2019 to Bs.77,934.0 million in 2020.

Total revenue was Bs.59,746.2 million in 2020, a decrease of 21.7% as compared to Bs.76,338.7 million in 2019. Internal tax collection decreased by 24.2% compared to 2019, while customs revenue decreased by 37.8% and mining royalties decreased by 25.4%. Together, internal and customs taxes plus mining royalties accounted for 62.2% of total revenue in 2020. This reduction is attributed to a fall in decreased revenues from tax collection.

Hydrocarbon taxes reached Bs.11,538.2 million in 2020, on account of increased revenues from the IDH, the Special Tax on Hydrocarbons and Derivatives (“IEHD”) and hydrocarbon royalties. This variation is explained by the fall in revenues from hydrocarbon, which resulted from lower sales prices for natural gas.

Total expenditures reached Bs.92,820.1 million in 2020, a decrease of 3% as compared to Bs.95,868.8 million in 2019, which was primarily the result of a 45.6% decrease in capital expenditures, from Bs.27,356.1 million in 2019 to Bs.14,886.1 million in 2020. This is attributed to voucher payments intended to manage the negative economic effects of the COVID-19 pandemic. The amounts paid for the vouchers were: Bs.510.0 million for the Family Shopping Basket Voucher; Bs.1,540.0 million for the Family Voucher; Bs.1,823.0 million for the Universal Stimulus Payment; and Bs.4,149.0 million for hunger-relief vouchers. Personal services expenditures increased 3.6% compared to 2019, due mainly to increased expenditures for healthcare workers hired to address the COVID-19 pandemic. Expenditures for other goods and services fell due to restrictions in the operation of public entities as a result of COVID-19-related lockdowns and the suspension of certain expenditures by the previous administration.

Capital expenditures decreased by 45.6% in 2020, from Bs.27,356.1 million in 2019 to Bs.14,886.1 million in 2020. This decrease was attributed to the cessation of significant construction projects such as the Metropolitan Train in Cochabamba and highway construction.

The following table shows the consolidated General Government operations for the three years ended December 31, 2020:

Consolidated General Government Operations

	2016	2017	2018(p)	2019(p)	2020(p)
	(in millions of Bs.)				
Revenue					
Current Revenue					
Non-Hydrocarbon Tax Revenue					
Internal Revenue	44,373.21	44,719.73	46,394.77	46,265.35	35,059.52
Customs Revenue	2,889.62	3,198.24	3,181.04	3,359.03	2,090.61
Mining Royalties	1,061.72	1,277.01	1,333.47	1,345.57	1,004.00
Total Non-Hydrocarbon Tax Revenue	48,324.55	49,194.98	50,909.27	50,969.95	38,154.12
Hydrocarbon Taxes	12,959.63	12,908.53	15,223.73	12,659.35	11,538.15
Sales of Goods and Services	1,002.67	1,367.04	1,262.02	1,192.80	657.54
Current Transfers	3,706.73	3,840.43	3,490.64	3,956.59	3,230.39
Other Current Revenue	6,924.79	7,896.84	6,684.47	7,280.28	6,049.95
Total Current Revenue	72,918.36	75,207.82	77,570.13	76,058.97	59,630.15
Capital Income	432.13	701.19	504.11	279.69	116.07
Total Revenue	73,350.49	75,909.00	78,074.24	76,338.66	59,746.21
Expenditures					
Current Expenditures					
Personal Services	26,294.45	30,313.10	34,997.18	35,125.01	36,580.31
Goods and Services	8,185.90	9,771.98	10,922.99	10,797.69	9,607.89
External Debt Interest and Commission	1,219.26	1,737.33	2,139.23	2,490.61	2,377.64
Domestic Debt Interest and Commission	171.28	1.22	24.79	(221.01)	40.03
Current Transfers	14,906.62	15,023.80	15,209.45	17,158.56	26,439.32
Of Which: Pensions(1)	6,313.04	7,082.24	7,345.95	7,572.44	7,642.64
Other Current Expenditures	1,959.85	928.90	2,350.23	3,161.85	2,888.76
Total Current Expenditures	52,737.36	57,776.33	65,643.87	68,512.71	77,933.95
Capital Expenditures	28,483.82	31,164.80	29,056.62	27,356.12	14,886.13
Total Expenditures	81,221.18	88,941.13	94,700.49	95,868.82	92,820.08
Current Surplus (Deficit) Current	20,181.00	17,431.49	11,926.26	7,546.26	(18,303.81)
Overall Surplus (Deficit) Before Pensions	(1,557.65)	(5,949.89)	(9,280.30)	(11,957.73)	(25,431.23)
Overall Surplus (Deficit)	(7,870.69)	(13,032.13)	(16,626.25)	(19,530.16)	(33,073.87)
Total Financing	7,870.69	13,032.13	16,626.25	19,530.16	33,073.87
External Financing					
Disbursements	6,632.01	16,212.20	7,354.95	9,662.53	8,290.53
Principal Repayment	(1,874.86)	(2,172.70)	(2,344.67)	(2,664.41)	(3,020.47)
External Banks Deposits	(386.75)	456.46	(353.62)	(80.64)	(320.42)
Total External Financing	4,370.40	14,495.96	4,656.66	6,917.48	4,949.64
Domestic Financing					
Central Bank	1,431.09	(95.28)	7,505.84	10,681.46	21,764.05
d/c: Quasi-Fiscal	(932.33)	(1,143.81)	(1,156.73)	(1,613.33)	(1,364.77)
Other	2,069.20	(1,368.55)	4,463.75	1,931.22	4,133.95
Total Domestic Financing	3,507.96	(1,463.83)	11,969.59	12,612.68	25,897.99
Other Types of Financing (2)					2,226.24
Total Other Types of Financing					2,226.24

Source: Ministry of Economy and Public Finance

(p) Preliminary.

- (1) Since 1997, a pension-system reform law (Law 1732 of November 29, 1996) has provided for mandatory social insurance, a system of individual capitalization and private management.
- (2) Includes the registration of payments and debits for the Rapid Financing Instrument (RFI) of the International Monetary Fund (IMF), which does not comply with the provisions of articles 158 and 322 of the Political Constitution of the Plurinational State of Bolivia and therefore was not recognized as a credit.

State-Owned Companies

In 2020, as a result of a decrease by 45.5% of the capital expenditures as compared to 2019, state-owned companies altogether registered a surplus of Bs.997.9 million, an increase compared to the Bs.874.6 million deficit

recorded in 2019. Total revenue decreased by 18.2% in 2020, from Bs.51,028.7 million in 2019 to Bs.41,747.7 million in 2020, due to a 13.5% decrease in the sale of hydrocarbons and a 36.3% drop in nonhydrocarbon revenues.

Total revenue from state-owned company hydrocarbon sales decreased by 13.5%, from Bs.34,509.3 million in 2019 to Bs.29,846.4 million in 2020. Revenue from international hydrocarbon sales by state-owned companies decreased by 12.4%, from Bs.13,741.1 in 2019 to Bs.12,034.1 in 2020. Revenue from domestic hydrocarbon sales by state-owned companies decreased by 14.2% from Bs.20,768.3 in 2019 to Bs.17,812.3 in 2020. This decrease is attributed to the contraction in diesel and gasoline sales, which was in turn associated with reduced demand due mainly to the paralysis of transport activities during COVID-19-related lockdowns. International sales were affected by a drop in global oil prices and a reduction in volumes exported to Brazil.

Total revenue from state-owned company non-hydrocarbon sales decreased by 36.3% from Bs.8,385.1 million in 2019 to Bs.5,337.8 million in 2020. Revenue from state-owned company international non-hydrocarbon sales decreased by 33.8%, from Bs.2,214.9 in 2019 to Bs.1,464.3 in 2020. Revenue from state-owned company domestic non-hydrocarbon sales decreased by 37.2%, from Bs.6,170.2 in 2019 to Bs.3,873.5 in 2020. The lower revenues resulted from a reduction in domestic sales, with sales by BOA, COMIBOL and Empresa Metalúrgica Vinto, in particular, falling by 53.0%, 63.9% and 47.9%, respectively.

Total expenditures by state-owned companies decreased by 21.4% in 2020, from Bs.51,903.3 million in 2019 to Bs.40,749.8 million in 2020. This decrease was due in part to a 64.6% decrease in capital expenditures, from Bs.6,138.1 million in 2019 to Bs.2,175.2 million in 2020, as a result of freezes in public investment by state-owned companies, the postponement of payments relating to assets and services by YPF due to a decrease in investment and operations in 2020 and the general slowdown of activities in connection with strict COVID-19-related lockdowns.

The following table shows the consolidated state-owned company operations for the five years ended December 31, 2020 :

Consolidated State-Owned Company Operations

	2016	2017	2018	2019(p)	2020(p)
	(in millions of Bs.)				
Revenue					
Current Revenue					
Hydrocarbon Sales					
Domestic Market(1)	19,424.85	20,202.91	20,780.32	20,768.29	17,812.30
Foreign Market(2)	9,486.36	9,974.09	13,477.68	13,741.05	12,034.11
Total Hydrocarbon Sales	28,911.21	30,177.00	34,257.99	34,509.34	29,846.41
Sales of Other Companies					
Domestic Market(3)	5,706.52	6,449.20	6,640.54	6,170.18	3,873.51
Foreign Market(4)	1,818.43	2,087.95	1,835.22	2,214.94	1,464.29
Total Sales of Other Companies	7,524.94	8,537.15	8,475.76	8,385.12	5,337.80
Current Transfers					
General Government	1,501.63	2,685.11	2,002.95	4,206.33	4,393.18
Private Sector.....	634.33	87.62	56.53	137.95	131.23
Total Current Transfers.....	2,135.96	2,772.73	2,059.48	4,344.28	4,524.41
Other Current Revenue.....	2,576.02	2,151.45	1,545.34	2,007.05	1,765.02
Total Current Revenue.....	41,148.13	43,638.33	46,338.57	49,245.79	41,473.64
Capital Income.....	634.82	2,328.88	1,259.99	1,782.87	274.05
Total Revenue.....	41,782.94	45,967.21	47,598.56	51,028.66	41,747.69
Expenditures					
Current Expenditures					
Personal Services.....	1,641.84	1,765.78	2,122.04	2,052.96	1,918.65
Goods and Services	23,608.48	25,252.41	27,231.20	28,232.42	24,418.48
External Debt Interest and Commission	33.01	31.37	55.70	51.45	61.34
Domestic Debt Interest and Commission.....	199.37	270.66	328.73	323.71	285.95
Taxes.....	8,148.71	8,827.55	9,871.81	9,592.08	7,341.01
Royalties and Oil Imports	3,358.02	3,327.07	4,328.83	3,626.67	3,235.38
Current Transfers.....	844.55	1,012.23	843.34	1,302.39	877.41
Other Current Expenditures	837.22	1,269.91	360.00	583.53	436.31
Total Current Expenditures	38,671.19	41,756.98	45,141.65	45,765.21	38,574.53
Capital Expenditures	12,123.66	11,456.15	8,500.87	6,138.05	2,175.22
Total Expenditures	50,794.85	53,213.12	53,642.52	51,903.26	40,749.75
Current Surplus (Deficit) Current.....	2,476.94	1,881.35	1,196.92	3,480.58	2,899.11
Overall Surplus (Deficit)	(9,011.90)	(7,245.91)	(6,043.96)	(874.60)	997.94

	2016	2017	2018	2019(p)	2020(p)
	(in millions of Bs.)				
Total Financing	9,011.90	7,245.91	6,043.96	874.60	(997.94)
External Financing					
Disbursements	228.29	216.67	659.72	764.88	298.88
Principal Repayment	(33.19)	(69.95)	(94.73)	(135.26)	(98.44)
Total External Financing	195.10	146.72	564.99	629.61	200.44
Domestic Financing					
Central Bank	8,315.33	7,430.99	4,495.45	(1,041.90)	2,188.86
Floating Debt	(1,137.78)	(663.03)	94.42	1,782.71	(1,042.30)
Other	1,639.26	331.23	889.11	(495.82)	(2,344.95)
Total Domestic Financing	8,816.80	7,099.19	5,478.97	244.99	(1,198.38)

Source: Ministry of Economy and Public Finance - General Directorate of Fiscal Policies and Analysis

(p) Preliminary.

(1) Since May 2006, YPFB is a wholesaler.

(2) Since 2007 includes gas and petroleum sales of YPFB

(3) Since 2007 COMIBOL explodes fiscal reserves included in Huanuni mining operations.

(4) Includes Vinto since its nationalization.

Taxes

Our tax policy is aimed at expanding the tax base, facilitating foreign trade operations and reducing bureaucratization, tax evasion, tax fraud and smuggling. Therefore, a number of tax policy, custom and tariff measures have been adopted in recent years.

One of these measures was implemented in 2018 through Law 1105, which aimed to regularize debts and fines within the national tax regime, benefiting taxpayers with outstanding tax debts by establishing beneficial treatment and flexible payment schedules for fines, and providing for interest on tax liabilities and allowing for repayment terms of five months.

Also, the rules regarding the General Law of Customs were modified in 2018 in order to establish an expedited process for the disposition of confiscated and abandoned materials.

In 2018 the tariff tax for the import of diesel oils was deferred to 0%. The same year we extended the term of the financial transactions tax through 2023. Bolivia does not have a personal income tax.

The following table shows our current tax structure:

Bolivian Tax Structure(1)

Type	Name	Domain	Rate
Indirect	Value Added Tax	National	13.0%
	Specific Consumption Tax (luxury goods, beverages and cigarettes)	National	Varies
	Special Tax on Hydrocarbons and Derivatives	National	Varies
Direct	Corporate Income Tax	National	25.0%
	Finance Sector Corporate securities brokerage companies and insurance companies Income Tax	National	25.0% additional tax when profitability exceeds 6.0%
	Direct Tax on Hydrocarbons	National	32.0% on 100.0% of wellhead production
	Transaction Tax	National	3.0%
	Financial Transaction Tax	National	0.3% until Dec 31, 2023
	Supplemental Value Added Tax	National	13.0%
	Alloyed Supplement – Utilities	National	12.5% additional tax above the prices of minerals
	Tax on Mining Sector Businesses		

Type	Name	Domain	Rate
	Inheritance and Gratuitous Property Transfer Tax	National	1.0%, 10.0% and 20.0%, under Departmental administration
	Gaming Tax	National	30.0% business promotions 10.0% gambling
	Gaming Participation Tax	National	15.0%
	Foreign Air Departure Tax	National	Bs.362.0 (annually modified)
Special Regimes	Simplified Tax Regime (small merchants, craftsmen and sutlers)	National	Fixed by category
	Integrated Tax System (passenger and cargo urban transportation)	National	Fixed by category
	Unified Agricultural Regime (small agricultural properties)	National	Fixed by hectare
	Large Fortunes Tax	National	1.4%, 1.9% and 2.4%
External Commerce	Customs Duty	National	40.0%, 30.0%, 20.0%, 15.0%, 10.0%, 5.0% and 0%
Municipal	Municipal Tax on Real Estate and Automotive Transfers	Municipal	3.0%
	Real Estate Property Tax (Urban and Rural)	Municipal	Varies
	Motor Vehicle Property Tax	Municipal	Varies
	Municipal Taxes and Licenses	Municipal	Varies according to economic activity

Source: Ministry of Economy and Public Finance.

- (1) To combat the negative effects caused by the COVID-19 pandemic, tax relief measures were approved in 2020, including the refund of the value added tax for certain low-income individuals. Additionally, the Government adopted tax increases on certain financial companies and transactions to aid the Government's tax revenue to support COVID-relief programs. See "Recent Developments— Response to the Health and Economic Crisis as a Result of COVID-19."

PUBLIC SECTOR INDEBTEDNESS

General

One of the objectives of our public debt policy is the sustainability of public debt and the allocation of debt resources to finance public investment projects in strategic sectors of the economy. As of June 30, 2021, our total outstanding public debt was U.S.\$18,196.7 million, an increase of 6.9% compared to U.S.\$17,023.9 million as of December 31, 2020, which was also an increase of 10.6% compared to 2019 outstanding public debt of U.S.\$15,386.9 million as of December 31, 2019. Non-financial public sector domestic debt, which does not include debt contracted between non-financial public sector entities, was U.S.\$5,101.0 million, representing an increase of 19.8% from U.S.\$4,258.6 million as of December 31, 2020. The non-financial public sector domestic debt represented 28.0% of our total outstanding public debt as of June 30, 2021. The Central Bank's debt, which is entered into for monetary purposes, was U.S.\$529.4 million as of June 30, 2021, a decrease of 10.8% from U.S.\$593.6 million as of December 31, 2020. The Central Bank's debt represented 2.9% of our total outstanding public debt as of June 30, 2021. Finally, our total outstanding public external debt was U.S.\$12,566.3 million as of June 30, 2021, an increase of 3.2% from U.S.\$12,171.7 million as of December 31, 2020, and represented 69.1% of our total outstanding public debt as of June 30, 2021.

The 2022 Budget Law No. 1413 of December, 17, 2021 authorized the incurrence of debt in the amount of U.S.\$2.0 billion through the issuance of bonds in the international capital markets in 2022. We intend to use the proceeds from the issuance of these bonds for general budgetary purposes and/or liability management, as provided for in the 2021 budget. We also intend to enter into one or more liability management transactions, which may include reopening of existing series of notes. However, there can be no assurance when or if such a transaction will be undertaken or consummated.

In an effort to promote the timely availability of public resources to address the healthcare crisis as a result of COVID-19 and to mitigate its effects on the national economy, the Government has negotiated loans from international agencies for an approximate total amount of U.S.\$1.7 billion in 2020. This amount includes a U.S.\$254.3 million loan from the IBRD and the IDA, to be used for Bolivia's temporary cash-transfer programs to assist vulnerable households impacted by Government measures related to the COVID-19 pandemic; a EUR100 million loan from the AFD for related relief measures; a U.S.\$450 million loan from the IDB to support vulnerable populations affected by the COVID-19 crisis in order to ensure minimum levels of quality of life for the most vulnerable people and households through the financing of cash transfers and subsidies (such as for basic electricity consumption); a total of U.S.\$400 million in loans from the CAF - Development Bank of Latin America, to strengthen the response capacity of the health system of Bolivia to attend the health emergency and to provide financial support in order to mitigate the economic impact of the pandemic; and an aggregate of U.S.\$130 million in loans from the IDB and FONPLATA, to support the short-term financial recovery of micro, small and medium enterprises. In addition, the Central Bank has provided emergency loans to the Government in the amounts of Bs.7.0 billion and Bs.1.8 billion (U.S.\$1,282.8 million) to help address the direct and indirect effects of the national health and economic crisis in connection with the coronavirus outbreak. See "Recent Developments—Response to the Health and Economic Crisis as a Result of COVID-19."

The external financing arrangements described above are subject to approval by the Plurinational Legislative Assembly. While the executive branch is authorized to negotiate these external financing arrangements, the Bolivian Political Constitution grants the Plurinational Legislative Assembly final power to approve external financing arrangements such as those described above. Approval for such arrangements may be granted after deliberation by the Chamber of Deputies, after which a proposed law to approve the arrangements is sent to the Senate.

Certain of the external financing arrangements described above have been reviewed by the planning and economics committee of the Chamber of Deputies, which has requested supplemental information from the executive branch as part of the ongoing approval process.

The Legislative Assembly has approved, and we have received, loans totaling U.S.\$1,204.0 million, including a U.S.\$400 million loan from CAF, a U.S.\$450 million loan from IDB, U.S.\$254 million loans from IBRD and IDA, and a EUR100 million loan from the AFD between 2020 and 2021. The IDB loan, intended to support the short-term financial recovery of micro, small and medium enterprises, remains subject to approval by the Legislative Assembly.

The Government continues its relationship with the IMF. However, the financial assistance that was provided to Bolivia by the IMF in April 2020 was returned by the Central Bank in February 2021, because pursuant to articles

158 and 322 of the Bolivian Political Constitution, every public indebtedment has to be approved by the Legislative Assembly by passing a specific law to that effect and no approval had been obtained with regards to this financial assistance. Despite the interim Government's position that such approval was not required given that the IMF's rapid financing instrument consists of a currency exchange equivalent to 100% of the quota, the proceeds were refunded to the IMF in order to comply with the abovementioned articles of the Bolivian Political Constitution.

The following table shows our public debt by debtor as of the five years ended December 31, 2019:

Public Debt

	As of December 31,								As of June 30,			
	2016		2017		2018		2019		2020 (p)		2021	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
(in millions of U.S.\$ except percentages)												
Public Domestic Debt												
Non-Financial Public Sector	2,893.6	24.5	2,902.0	21.7	3,289.0	22.9	3,532.3	23.0	4,258.6	25.0	5,101.0	28.0
Central Bank Debt	1,630.1	13.8	1,023.3	7.7	875.1	6.1	587.1	3.8	593.6	3.5	529.4	2.9
Total Domestic Debt	4,523.7	38.4	3,925.2	29.4	4,164.1	29.0	4,119.3	26.8	4,852.2	28.5	5,630.4	30.9
Public External Debt												
General National Treasury	6,331.3	53.7	8,411.4	63.0	9,093.6	63.4	10,107.3	65.7	10,981.1	64.5	11,338.5	62.3
Other(2)	936.4	7.9	1,016.6	7.6	1,084.4	7.6	1,160.2	7.5	1,190.6	7.0	1,227.8	6.7
Total External Debt	7,267.7	61.6	9,428.0	70.6	10,177.9	71.0	11,267.6	73.2	12,171.7	71.5	12,566.3	69.1
Total Public Debt	11,791.4	100.0	13,353.3	100.0	14,342.1	100.0	15,386.9	100.0	17,023.9	100.0	18,196.7	100.0

Source: Ministry of Economy and Public Finance, Central Bank

(p) Preliminary.

(1) Net of inter-sector indebtedness.

(2) Public Companies, Departmental and Municipal Governments.

Our gross public debt (domestic and external) has been allocated primarily towards public investment projects to benefit all of our citizens. The composition of our total public debt has also changed since 2000. In 2000, our total public debt balance was composed of 20.0% domestic debt and 80.0% external debt. This became more balanced in 2015 as domestic debt increased to 43.6% of total public debt and external debt decreased to 56.4% of total public debt. This composition changed in the first half of 2021, as domestic debt accounted for 30.9% of total public debt and external debt accounted for 69.1% of total public debt as of June 30, 2021, given the implementation of various external debt-relief programs and policies by the Government intended to address the COVID-19 pandemic and its effects on the economy.

As of June 30, 2021, our total outstanding public external debt was U.S.\$12,566.3 million, or 31.0% of GDP, a decrease of 0.7% as compared to U.S.\$12,171.7 million as of December 31, 2020 (31.7% of GDP), and represented 69.1% of our total outstanding public debt as of June 30, 2021. The total public external debt due as of December 31, 2020 was U.S.\$12,171.7 million and represented an increase of 8.0% as compared to U.S.\$11,267.6 million as of December 31, 2019 (27.4% of GDP). Medium- and long-term public external debt disbursements in the first half of 2021 totaled U.S.\$666.4 million (1.6% of GDP), an increase of 156.1% compared to U.S.\$260.2 million in the first half of 2020 (0.7% of GDP).

Our current long-term foreign- and local-currency sovereign credit rating from Standard & Poor's ("S&P") is B+, our foreign currency government bond rating from Moody's is B2 and our foreign and national currency Issuer Default Rating ("IDR") by Fitch Ratings is B. Rating agency actions in 2019 and 2020 have decreased Bolivia's ratings due to political and social instability, the deterioration of external buffers and changes in our macroeconomic conditions. On the other hand, the rating agencies highlighted a favorable government debt profile, which includes modest short-term debt service needs.

Despite recent downgrades in our credit ratings, our credit ratings from S&P, Moody's, and Fitch Ratings have remained relatively stable in the last decade. On October 20, 2003, we had a B- with negative outlook long-term foreign- and local-currency sovereign credit rating from S&P's, which increased to a BB- on May 31, 2013. On June 11, 2014, our credit rating was changed to a BB. This was maintained until May 23, 2018, when it changed to a credit

rating of BB-, which rating was affirmed, with a negative outlook on December 16, 2019. On April 17, 2020, S&P lowered Bolivia's sovereign ratings to B+ from BB- given the impact of the COVID-19 pandemic and the steep decrease in global energy prices. In March 2021, S&P changed its outlook from stable to negative, reflecting an assumption that an increase in the government's debt burden could weaken public finances.

Moody's assigned a foreign currency government bond rating of B3 on April 16, 2003 and Ba3 on August 8, 2013. This rating was maintained until 2019, with variations only in the outlook. On December 5, 2019, Moody's affirmed our sovereign credit rating of Ba3, downgraded the outlook from stable to negative. Subsequently, on March 10, 2020, Moody's downgraded Bolivia's credit ratings to B1 from Ba3, with negative outlook and on September 22, 2020 Moody's assigned a sovereign credit rating of B2 with stable outlook due to the material erosion of fiscal and foreign exchange reserve buffers, medium-term prospects for reduced economic growth, lower government revenue generation and weaker foreign exchange earnings in a context of relatively weak hydrocarbon sector demand and persistent policy uncertainty. In contrast, Moody's stated that the credit profile of Bolivia is supported by historically moderate-to-strong growth dynamics and significant, but declining, fiscal and foreign exchange reserve buffers. While Moody's expects the Government's debt burden to rise further over the coming years, Bolivia's favorable debt structure and high debt affordability should help mitigate credit risks and support its sovereign credit profile.

On September 2021, Moody's confirmed Bolivia's rating of B2 and downgraded the outlook from stable to negative. Moody's report mentioned that Bolivia's credit profile is supported by historically strong, although moderated, growth dynamics and significant, but declining, fiscal and foreign exchange reserve buffers. The report also states that a favorable debt structure and high debt affordability also provide credit support, and that Bolivia's credit challenges relate to its relatively weak institutional and governance framework; high fiscal and economic reliance on hydrocarbon exports; comparatively low level of economic development, despite declining poverty rates; and heightened policy uncertainty. The coronavirus pandemic, combined with structural weakness in the country's hydrocarbon sector, have exacerbated the slowdown in GDP growth and the erosion of the sovereign's fiscal savings and foreign exchange reserve buffers.

Our foreign and national currency IDR by Fitch Ratings on March 17, 2004, was B-, it increased to BB- on October 9, 2013, BB- with positive outlook on August 12, 2014 and BB on July 15, 2015. On July 22, 2016 our foreign and national currency IDR was changed to BB-, and it remained stable until November 21, 2019, when it was downgraded. On November 21, 2019, Fitch Ratings downgraded our IDR from BB- to B+ with a negative outlook due to the dependency of the country on commodities and gas exports, which resulted in fiscal and external deficits, and also due to social and political instability after the 2019 elections. On September 30, 2020 Fitch downgraded Bolivia's credit ratings from B+ to B, with stable outlook due to deterioration in the country's growth prospects and public finances amid acute political tensions, which seemed likely to complicate policy adjustments to contain macroeconomic risks after upcoming elections. In contrast, Fitch stated that the ratings are supported by a favorable government debt profile, with a debt-to-GDP ratio below the peer median, low interest rates in relation to revenue sources, and low near-term maturities. Additionally, international reserves provide sufficient resources for near-term external debt service needs and imports. On September 24, 2021, Fitch Ratings affirmed Bolivia's Long-Term Foreign-Currency Issuer Default Rating (IDR) at 'B' with a Stable Outlook, establishing that Bolivia's rating is supported by a favorable government debt profile in terms of low interest costs and long-dated maturities. It is constrained by weak governance scores highlighted by recent political instability, a relatively deep economic recession in 2020 and slow projected post-pandemic recovery, a wide fiscal deficit, and vulnerabilities posed by international reserves that are low in the context of high commodity dependence and a stabilized exchange rate regime. The Stable Outlook reflects stronger terms-of-trade that are helping arrest the erosion of international reserves and contain associated near-term macroeconomic risks.

Agency ratings are not a recommendation to buy, sell or hold any security, and they may be revised or withdrawn at any time by the issuing organization. Each agency's rating should be evaluated independently of any other agency's rating, as each agency has different evaluation criteria.

Public Domestic Debt

General

Public domestic debt is owed by all public institutions to domestic sector participants of the economy and is issued or guaranteed by the General National Treasury. As of June 30, 2021, the balance of all public domestic debt, including guaranteed debt, was Bs.106,367.9 million or 38.3% of GDP, an increase of 5% from Bs.101,326.4 million at the end

of 2020. As of June 30, 2021, directly issued public domestic debt increased to Bs.75,457.5 million, from Bs.71,038.1 million as of December 31, 2020, an increase of 6.2%. This increase was primarily the result of favorable economic conditions in the domestic financial market with the issuance of domestic treasury bonds. Directly issued public domestic debt increased by 60.4% in 2020, from U.S.\$6,454.4 million as of December 31, 2019 to U.S.\$10,355.5 million as of December 31, 2020. Total public external debt was U.S.\$12,171.7 million as of December 31, 2020, an increase of 8.0% from U.S.\$11,267.6 million as of December 31, 2019. All of this public external debt consisted of medium- and long-term public external debt since we have no short-term public external debt. The General National Treasury issued Bs.7,380.0 million in new domestic debt during the six months ended June 30, 2021, a decrease of 76.5% from Bs.31,387.2 million in 2020, while repaying Bs.3,969.5 million in principal in the first half of 2021, a decrease of 14.9% from amortizations of Bs.4,664.1 million paid in 2020.

Public Domestic Debt by Creditor Type

As of June 30, 2021, Bs.40,464.8 of our directly issued public domestic debt was owed to the financial public sector (53.6% of total directly issued public domestic debt), Bs.0.8 million was owed to the non-financial public sector (less than 0.1% of total directly issued public domestic debt) and Bs.34,992.6 million was owed to the private sector (46.4% of total directly issued public domestic debt).

Directly issued public domestic debt owed to the financial public sector decreased by 3.2% to Bs.40,464.8 million as of June 30, 2021 from Bs.41,824.1 million as of December 31, 2020,. This decrease was primarily the result of a March 2021 amortization of a liquidity credit held with the Central Bank for Bs.1,000 million.

Directly issued public domestic debt owed to the private sector increased by 19.8% in the first half of 2021, from Bs.29,214.0 million as of December 31, 2020 to Bs.34,992.6 million as of June 30, 2021. Our directly issued public domestic debt owed to pension funds decreased by 28.1% over the same period, from Bs.2,488.2 million as of December 31, 2020 to Bs.1,788.2 million as of June 30, 2021. This decrease was primarily the result of a Bs.708.9 million principal repayment in the first half of 2021.

Total directly issued public domestic debt contracted through the public auction of Treasury Bonds in the domestic financial market was Bs.30,128.6 million as of June 30, 2021, an increase of 17.5% from Bs.25,648.6 million as of December 31, 2020. This increase was primarily because in 2021 we prioritized issuances through the public auction of Treasury Bonds in the domestic financial market.

Directly issued public domestic debt owed to the non-financial public sector, totaling Bs.0.8 million as of June 30, 2021, has not changed since December 31, 2020.

Guaranteed public domestic debt increased in the first half of 2021, from Bs.30,288.3 million as of December 31, 2020 to Bs.30,910.4 million as of June 30, 2021, which was primarily the result of allocations made to public companies from the Central Bank, guaranteed by the General National Treasury.

The following table shows our public domestic debt by instrument type at year end for the last six years and as of June 30, 2021:

Public Domestic Debt by Creditor and Instrument Type(1)

	2015	2016	As of December 31,		2019	2020	As of June 30,
			2017	2018			2021
	(in millions of Bs.)						
Financial Public Sector-BCB							
Emergency Credit Treasury Bonds	2,006.2	1,919.0	2,627.0	2,501.9	3,776.8	13,587.2	13,399.1
Negotiable Notes	0.0	0.0	0.0	0.0	2,800.0	14,998.0	13,998.0
Non-negotiable Notes	500.0	483.3	1,215.4	4,964.4	6,075.7	5,846.5	5,675.4
“A” Long-Term Treasury Bills(2)	5,933.3	5,933.3	5,933.3	5,933.3	5,933.3	5,933.3	5,933.3
“B” Long-Term Treasury Bills(3)	1,446.2	1,446.2	1,446.2	1,446.2	1,446.2	1,446.2	1,446.2
Securities	11.4	11.8	12.1	12.4	12.6	12.8	12.8
Total Financial Public Sector	9,897.1	9,793.6	No.	14,858.2	20,044.7	41,824.1	40,464.8
Total Non-Financial Public Sector	1.4	1.4	1.4	1.4	1.4	0.8	0.8
Private Sector							
Pension Funds	7,891.2	7,185.5	6,352.9	5,165.7	3,859.2	2,488.2	1,788.2
Financial Market							
“C” Bonds(4)	10,378.5	12,625.5	13,527.9	17,378.2	20,340.6	25,648.6	30,128.6
Funds	0	0	0	0	0	1,070.0	3,070.0
Over-the-Counter Bonds	40.9	39.3	26.5	18.9	31.6	7.2	5.9
Total Private Sector	18,310.6	19,850.3	19,907.4	22,562.7	24,231.4	29,214.0	34,992.6
Total Directly Issued Domestic Debt	28,209.1	29,645.3	31,142.8	37,422.3	44,277.4	71,038.1	75,457.5
Total Guaranteed Domestic Debt	10,915.7	17,468.4	20,311.1	23,311.2	29,640.3	30,288.3	30,910.4
Total Domestic Debt	39,124.8	47,113.7	51,453.9	60,733.5	73,917.7	101,326.4	106,367.9

Source: Ministry of Economy and Public Finance

(1) General National Treasury debt only.

(2) General National Treasury's long-term debt (100 years) owed to the Central Bank.

(3) Securities issued by the General National Treasury for the Central Bank for debt consolidation efforts prior to 1992, auction nominal value, in foreign currency revocable every 91 days.

(4) Securities issued by the General National Treasury for fiscal policy purposes through the public auction in the domestic financial market.

Directly Issued Public Domestic Debt by Creditor

Up to June 30, 2021, the largest source of directly issued public domestic debt obligations is the General National Treasury's debt with the Central Bank, most of which was issued in 2020 to fight the COVID-19 pandemic. As of June 30, 2021, and besides the debt contracted with the Central Bank, the total domestic debt stock is composed of domestic public debt issued to the private sector during the first half of 2021 - mainly through public auction with a 39.9% of the total directly issued public domestic debt – and the rest of the domestic public debt issued, which accounts for 2.4%, was allocated to pension fund administrators.

Our directly issued public domestic obligations with the Central Bank consist of the following:

- Liquidity Credit issued by the Central Bank to the General National Treasury, accounting for 18.6% of total directly issued public domestic stock debt as of June 30, 2021.
- Emergency Credit Treasury Bonds issued by the Central Bank to the public sector for the Reconstruction, Food Security and Production Support Fund, which has been used to mitigate natural disasters resulting from El Niño and La Niña phenomena beginning in 2008. Additionally, in 2020, two credits totaling Bs.8,800 million were issued by the Central Bank to mitigate the effects of the COVID-19 pandemic. These Emergency Credit Treasury Bonds accounted for 17.8% of total directly issued public domestic debt as of June 30, 2021.
- Historic debt originating from a Supreme Decree in 1992, through which debt establishment and consolidation agreements were approved with respect to direct obligations of the General National Treasury, delinquent balances due from non-financial public sector institutions, development debt losses and Central

Bank losses. This resulted in the issuance of “A” and “B” Long-Term Treasury Bills, which together accounted for 9.8% of total directly issued public domestic debt as of June 30, 2021.

- “Teleférico” Credit for the Construction and Implementation of Transportation System Cable “Teleférico” in the cities of La Paz and El Alto and the construction of “Montero – Bulo” train way both credits issued by the Central Bank to the General National Treasury accounting for 7.5% of total directly issued public domestic debt as of June 30, 2021.

As of June 30, 2021, pension funds were the other important creditor of our directly issued public domestic debt, accounting for 2.4% of total directly issued public domestic debt. This debt originated from the direct debt obligations issued by the General National Treasury in order to assume all the costs of the pension reform under the Pension Law enacted in 1996.

Currency Composition of Directly Issued Public Domestic Debt

Our directly issued public domestic debt consists of two types of currencies: Bolivianos and national currency pegged to the consumer price index. During the past decade, the currency composition of our directly issued public domestic debt has changed significantly, with the percentage of the total in national currency increasing from 3.2% in 2000 to 97.6% as of June 30, 2021. The percentage of total directly issued public domestic debt in UFVs, which is primarily from direct issuances to pension funds before 2007, was 2.4% as of June 30, 2021. Since August 2015, we no longer maintain a stock of domestic public debt in U.S. currency, and since September 2017, we no longer maintain a stock of public domestic debt in domestic currency tied to the U.S. exchange rate (“MVDOL”).

This restructuring has reduced our exchange risk vulnerability and consolidated the process of “Bolivianization.” See “The Monetary System—Monetary and Finance Sector—Deposits, Loans and “Bolivianization.””

The following table shows our directly issued public domestic debt by currency as of the five years ended June 30, 2021:

Directly Issued Public Domestic Debt By Type of Currency(1)

	As of December 31,					As of June 30,	
	2015	2016	2017	2018	2019	2020	2021
	(in millions of Bs.)						
Bolivianos	19,987.6	22,222.1	24,604.4	32,228.2	40,405.6	68,537.9	73,657.3
MVDOL	1,615.5	689.4	0.0	0.0	0.0	0.0	0.0
UFVs	6,606.0	6,733.8	6,538.4	5,194.1	3,871.9	2,501.0	1,801.0
U.S. Dollars	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	28,209.1	29,645.3	31,142.8	37,422.3	44,277.4	71,038.9	75,458.3

Source: Ministry of Economy and Public Finance

(1) General National Treasury debt only.

Maturity of Directly Issued Public Domestic Debt

We have not issued Treasury Bills since 2006, which has decreased the percentage of our short-term (less than one year) directly issued public domestic debt from 16.0% as of December 31, 2005 to 4.9% as of December 31, 2009, and 0.001% as of December 31, 2019. However, on 2020, we incurred Bs.14,998.0 million in short term debt as a credit for liquidity purposes from the Central Bank to the General National Treasury which has a maturity of one year, representing 18.6% of the domestic public debt stock.

The percentage of our medium-term (with a term of between one and five years) directly issued public domestic debt has also been decreasing since 2005, from 17.2% as of December 31, 2005 to 6.9% as of December 31, 2010, and 4.1% as of June 30, 2021.

The percentage of our long-term (more than five years) directly issued public domestic debt, which has become increasingly important in recent years, increased from 66.8% as of December 31, 2005 to 93.1% as of December 31,

2010, and 77.4% as of June 30, 2021. This has been the result of an increased number of long-term securities being offered, of 6-, 8-, 10-, 15-, 20-, 30-, 50- and 1000-year duration, in order to increase the percentage of long-term directly issued public domestic debt and promote a more homogenous maturity profile. On October, 2014, we issued Bs.20.0 million in 100-year securities at an interest rate of 4.5%, which was the first time we issued securities with a duration of 100 years.

The following table shows our directly issued public domestic debt by maturity as of the five years ended June 30, 2021:

Directly Issued Public Domestic Debt By Maturity(1)

	As of December 31,					As of June 30,	
	2015	2016	2017	2018	2019	2020	2021
	(in millions of Bs.)						
Short-term (less than 1 year)	11.1	12.0	12.5	9.9	2,823.7	15,899.3	13,999.1
Medium-term (1-5 years)	31.2	28.7	15.5	10.3	12.3	1,079.7	3,078.7
Long-term (5+ years)	28,166.8	29,604.6	31,114.9	37,402.0	41,441.5	54,059.9	58,380.5
Total	28,209.1	29,645.3	31,142.8	37,422.3	44,277.4	71,038.9	75,458.3

Source: Ministry of Economy and Public Finance

(1) General National Treasury debt only.

Directly Issued Public Domestic Debt Service

Between 2000 and 2005, directly issued public domestic debt service payments gradually increased, reaching Bs.6,741.0 million in 2005. However, directly issued public domestic debt service payments have gradually decreased since 2006, which has been primarily the result of policies adopted to increase the maturity of newly issued “C” Bonds.

Total directly issued public domestic debt service in 2019 was Bs.3,238.3 million, with Bs.2,137.6 million representing principal repayment and Bs.1,100.6 million representing interest payments. Total directly issued public domestic debt service in 2018 was Bs.2,839.7 million, with Bs.1,807.4 million representing principal repayment and Bs.1,032.3 million representing interest payments. The Bs.398.6 million, or 14.0%, increase in debt service was primarily the result of an increase in “C” Bond and Pension Funds principal repayments.

Of the total directly issued public domestic debt service in 2019, 87.5% was directed to the private sector, of which 50.4% was specifically for the principal and interest payment of debt issued directly to pension funds, 36.8% was specifically for principal and interest payments of “C” Bonds, 12.5% was for total debt service to the Central Bank, and 0.4% was for “*Tesoro Directo*” Treasury Bond amortizations.

The following tables show directly issued public domestic debt service for the periods indicated:

Directly Issued Public Domestic Debt Service(1)

	For Year Ended December 31,											
	2017			2018			2019			2020		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
	(In million of Bs.)											
Financial Public Sector												
Central Bank												
Emergency Credit Treasury Bonds	87.2	38.4	125.6	125.1	41.5	166.6	125.1	50.0	175.1	188.2	47.9	236.1
Negotiable Notes	-	-	-	-	-	-	-	-	-	2,800.0	20.4	2,820.4
Non-negotiable Notes	16.7	1.4	18.1	76.2	4.9	81.2	218.0	10.1	228.2	229.2	17.3	246.5
"A" and "B" Long-Term Treasury Bills	-	-	-	-	-	-	-	-	-	-	-	-
Securities	-	0.2	0.2	-	0.2	0.2	-	0.2	0.2	-	0.2	0.4
Total	103.9	40.0	143.9	201.3	46.7	248.0	343.1	60.4	403.5	3,217.4	85.9	3,303.3
Funds												
Negotiable Notes	-	-	-	-	-	-	-	-	-	-	-	-
Nonnegotiable Notes	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-
Total	103.9	40.0	143.9	201.3	46.7	248.0	343.1	60.4	403.5	3,217.4	85.9	3,303.3
Non-Financial Public Sector												
Nonnegotiable Notes	-	-	-	-	-	-	-	-	-	0.6	-	0.6
Total	-	-	-	-	-	-	-	-	-	0.6	-	0.6
Private Sector												
Pension Funds	1,023.8	377.0	1,400.8	1,326.2	314.8	1,640.9	1,384.7	239.2	1,623.9	1,409.2	179.9	1,589.1
Financial Market												
"C" Bonds	318.8	620.9	939.8	261.3	669.6	930.9	398.0	793.0	1,191.0	12.0	940.3	1,203.0
Total	1,342.6	997.9	2,340.5	1,587.5	984.4	2,571.9	1,782.7	1,032.1	2,814.9	1,421.2	1,120.2	2,936.1
Over-the-Counter Bonds	27.1	1.8	28.9	18.6	1.2	19.8	11.8	1.2	13.0	24.9	1.0	25.9
Total	1,369.7	999.7	2,369.4	1,606.1	985.6	2,591.7	1,794.5	1,033.3	2,827.9	1,446.1	1,121.2	2,962.0
Total	1,473.6	1,039.7	2,513.3	1,807.4	1,032.3	2,839.7	2,137.6	1,093.7	3,231.4	4,664.1	1,207.0	5,868.5

Source: Ministry of Economy and Public Finance

(1) General National Treasury debt only.

Directly Issued Public Domestic Debt Issuances

As of June 2021, we issued a total of Bs.5,380.0 million of directly issued public domestic debt, a decrease of 82.3% from the total issuance of Bs.30,317.2 million in 2020. The decrease was primarily due to the lack of new disbursements of credits contracted with the Central Bank and the issuance of bonds to the private sector during the first half of 2021.

As of June 30, 2021, we issued a total of Bs.5,380.0 million in “C” Bonds (almost 100% of the total) and Bs.0.1 million in Over-the-Counter Bonds, which represented 0.001% of the directly issued public domestic debt issued in 2021. We have not issued Treasury Bills to pension funds in 2021.

The following table shows directly issued public domestic debt issuances from 2015 until June 30, 2021:

Directly Issued Public Domestic Debt Issuances(1)

	For Year Ended December 31,						As of June 30,
	2015	2016	2017	2018	2019	2020	2021
	(in millions of Bs.)						
Financial Public Sector							
Central Bank							
Emergency Credit Treasury Bonds	–	–	795.2	–	1,400.0	9,998.7	0.0
Negotiable Notes	–	–	–	–	2,800.0	14,998.0	0.0
Non-negotiable Notes	500.0	–	748.7	3,825.2	1,329.4	0.0	0.0
Total Central Bank	500.0	–	1,543.9	3,825.2	5,529.4	24,996.7	0.0
Total Financial Public Sector	500.0	–	1,543.9	3,825.2	5,529.4	24,996.7	0.0
Non-Financial Public Sector	–	–	–	–	–	–	–
Total Non-Financial Public Sector	–	–	–	–	–	–	–
Private Sector							
Pension Funds	–	–	–	–	–	–	–
Financial Market							
“C” Bonds	1,061.0	2,540.6	1,215.0	4,109.0	3,360.4	5,320.0	5,380.0
Total Financial Market	1,061.0	2,540.6	1,215.0	4,109.0	3,360.4	5,320.0	5,380.0
Over-the-Counter Bonds	13.2	13.1	14.3	10.9	24.5	0.5	0.1
Total Private Sector	1,074.2	2,553.7	1,229.3	4,119.9	3,384.9	5,320.5	5,380.0
Total Issuance	1,574.2	2,553.7	2,773.3	7,945.1	8,914.3	30,317.2	5,380.0

Source: Ministry of Economy and Public Finance

(1) General National Treasury debt only.

Interest Rates on “C” Bonds

As a result of our management of the General National Treasury’s fiscal accounts, we have issued as many “C” Bonds as we had originally budgeted for in 2021. During the first half of 2021, we issued “C” Bonds with 20-, 30- and 50-year maturities, in national currency, with interest rates similar to the one registered since May 2020 of 3.2%, 3.6%, 4.8%, 5.0% and 5.1% for the 10-, 15-, 20-, 30- and 50-year maturity, respectively.

Public Domestic Debt Maturity Profile

As of June 30, 2021, we expect to pay Bs.19,366.9 million in Public Domestic Debt Service, of which Bs.1,466.7 million is for interest payments and Bs.17,900.2 million for principal amortizations. Bs.14,998.0 million of these principal payments are for obligations to the Central Bank of Liquidity Credits, contracted in 2020 and allocated during the pandemic.

	For Year Ended December 31,										
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	(in millions of Bs.)										
Principal	17,900.2	1,338.2	3,489.4	651.5	594.4	1,097.2	845.4	1,061.1	1,397.7	1,256.4	916.4
Interests	1,466.7	1,327.7	1,511.3	1,323.8	1,298.1	1,335.0	1,309.5	1,266.5	1,260.6	1,213.4	1,194.5
Total	19,366.9	2,666.0	5,000.7	1,975.3	1,892.5	2,432.1	2,154.9	2,327.6	2,658.3	2,469.8	2,110.9

Source: Ministry of Economy and Public Finance

(1) General National Treasury debt only.

Guaranteed Public Domestic Debt

Guaranteed public domestic debt increased in the first half of 2021, from Bs.30,288.3 million as of December 31, 2020 to Bs.30,899.8 million as of June 30, 2021. This was primarily the result of disbursements made by state-owned companies from the Central Bank, guaranteed by the General National Treasury, as authorized by the Government's budgets from 2010 to 2021 and by Law 232, for projects to improve the production and industrialization of goods and services in certain strategic sectors. These guaranteed loans mature between 20 and 30 years and have interest rates ranging between 0.8% and 1.40%. ENDE was the only beneficiary of guaranteed loan disbursements in 2021, receiving Bs.712.1 million in disbursements. Disbursements to ENDE totaled Bs.570.2 million in 2020.

Public External Debt

General

Our total public external debt due as of June 30, 2021 was U.S.\$12,566.3 million, an increase of 3.2% when compared to U.S.\$12,171.7 million due as of December 31, 2020. All public external debt due is medium- and long-term (i.e., a maturity of two or more years). For the six months ended June 30, 2021, medium- and long-term public external debt disbursements totaled U.S.\$666.4 million, an increase of 156.1% from U.S.\$260.2 million disbursed in the first half of 2020. We had no guaranteed public external debt as of June 30, 2021.

Use of Proceeds of Sovereign Bonds

Proceeds from Bolivia's sovereign bonds issued in the international capital markets during 2012, 2013 and 2017 have been invested in the expansion of the national highway network, improving highway infrastructure, and improving hospital programs as shown in the tables below.

Projects Funded with 2012 and 2013 Sovereign Bonds

No.	Project	Benefited Department	Amount Funded (in millions of U.S.\$)
1	Two-way road construction Caracollo – Confital.	Oruro-CBBA	172.5
2	Two-way bridge construction Ichilo – Ivirgarzama.	CBBA – Santa Cruz	138.9
3	Highway construction Revelo – Llallagua, highway construction Ravelo – Sucre, and paving section Santa Barbara – Quiquibey.	La Paz – Potosi – Chuq.	118.7
4	Highway construction between Rios Palos Blancos.	Tarija	84.0
5	Highway construction San Ignacio – Puerto Ganadero.	Beni	81.0
6	Highway Porvenir – El choro, section Puente Rico – El Sena.	Pando	77.9
7	Two-way road construction Rio Seco – Huarina.	La Paz	60.9
8	Highway construction Turco Cosapa – Cruce Ruta F4.	Oruro	49.4
9	Two-way road construction Huarina – Tiquina.	La Paz	40.3
10	Madre de Dios bridge construction.	Pando	29.9
11	Two-way road construction Huarina – Achacachi.	La Paz	24.0
12	Second cross construction Rio Seque – La Cumbre La Paz.	La Paz	21.9
13	Rurrenabake bridge construction.	Beni – La Paz	20.0
14	Beni 2 bridge construction.	Beni – Pando	19.1
15	Ciudad de Huanuni bypass construction.	Oruro	12.1
16	Ipurupuru – Machupo I and II building construction.	Beni	8.1
17	Productive infrastructure and social projects (La Paz Department bridges).	La Paz	5.1
18	Construction of 46 bridges in productive areas of Trópico de Cochabamba.	CBBA	5.0
19	Mineros bridge.	Santa Cruz	4.5
20	Other.	Several	26.7
Total			1,000.0

Projects Funded with 2017 Sovereign Bonds

No.	Project	Amount Funded (in millions of U.S.\$) (As of December 31, 2019)(1)
1	Construction of the Metropolitan Train of Cochabamba.	266.7
2	Nuclear Medicine Center and Radiotherapy.	66.8
3	Hospitals Program – Construction and Equipment Supply.....	230.3
	Total	563.8

(1) Represents amounts funded for the respective projects as of December 31, 2019 from the U.S.\$1.0 billion of gross proceeds from the 2017 Sovereign Bonds. Investments in each project are expected to increase as development on each project progresses.

Disbursements received during the first half of 2021 totaled U.S.\$666.4 million. Our main multilateral creditor was CAF, with a total of U.S.\$366.4 million in loans, followed by the World Bank, with a total of U.S.\$75.4 million in loans, and IDB, with a total of U.S.\$45.5 million in loans, among others. As for disbursements received by bilateral creditors, we received a total of U.S.\$123.5 million from China and a total of U.S.\$24.0 million from France, among others. Disbursements in the first half of 2021 were allocated to fight the impact of the COVID-19 pandemic through budget support, infrastructure, basic sanitation and energy projects, among others. The IMF has not been a multilateral creditor since 2007. In addition, the United States of America, the United Kingdom and Belgium have not been bilateral creditors since 2002.

On October 2021, IDB approved a U.S.\$500 million loan to Bolivia that seeks to support the Government's efforts to assist the most vulnerable populations affected by the COVID-19 pandemic through the delivery of cash transfers. The Government is currently coordinating with IDB to document and fund this loan.

Beginning in 1988, we restructured a total of U.S.\$479.3 million of our public external private debt, which represented 69.1% of our public external private debt. This restructuring was done through a cash repurchase of U.S.\$253.2 million, donations totaling U.S.\$15.8 million and an exchange for investment bonds totaling U.S.\$200.0 million. As of December 31, 1991, our public external private debt had fallen to U.S.\$263.0 million. In 1993, the Board of Executive Directors of the IDB reached an agreement with representatives of 42 commercial banks for the cancellation of nearly all of our remaining public external private debt.

Since 2012, we have launched three different offerings of notes in international capital markets for a total principal amount of \$2,000.0 million and average maturity terms of approximately 10 years. In October 2012, we issued 4.875% notes due 2022 with a total principal amount of U.S.\$500.0 million. In August 2013, we issued 6.0% notes due in 2023 with a total principal amount of U.S.\$500.0 million. In March 2017, we issued 4.5% notes due 2028 with a total principal amount of U.S.\$1,000.0 million, the principal amount of which will be paid in three equal installments starting in 2026.

The following table shows the balance of our public external debt as of June 30, 2021:

Public External Debt

	Balance as of December 31, 2020	Disbursements	Principal Repayments	Exchange Rate Changes	Balance as of June 2021
	(in millions of U.S.\$)				
<i>Medium - and Long - Term Debt</i>					
1. Loans	9,901.0	665.8	245.7	-23.9	10,297.2
Multilateral	8,275.5	508.3	220.8	-8.4	8,554.6
Bilateral	1,572.7	148.2	24.9	-13.6	1,682.4
Private	52.8	9.3	0.0	-1.9	60.2
2. Debt Securities	2,000.0	0.0	0.0	0.0	2,000.0
3. IMF (Allocations)	236.4	0.0	0.0	-2.2	234.2
4. Currency and Deposits	34.3	0.6	0.0	0.0	34.9
Total Public External Debt	12,171.7	666.4	245.7	-26.1	12,566.3

Source: Central Bank

Short-Term Public External Debt

Since 2013, we do not have any short-term public external debt.

Medium- and Long-Term Public External Debt

Evolution of Medium- and Long-Term Public External Debt

As of June 30, 2021, our medium- and long-term public external debt was U.S.\$12,566.3 million, an increase of 3.2% as compared to U.S.\$12,171.7 million as of December 31, 2020. In the past 14 years, medium- and long-term public external debt reached its lowest level in 2007, at U.S.\$2,208.5 million, and has been rising since then.

Structure of Medium- and Long-Term Public External Debt by Creditor

The structure of our medium- and long-term public external debt as of June 30, 2021 shows a high participation by multilateral agencies, accounting for 68.1%. IDB was our main creditor, with 30.4% of our medium- and long-term public external debt, followed by the CAF, with 21.7%, and the World Bank, with 10.9%. These three major external creditors accounted for 63.0% of our medium- and long-term public external debt as of June 30, 2021. Bilateral creditors accounted for 13.4% of our medium- and long-term public external debt as of June 30, 2021 where China (9.4%), France (2.8%) and Germany (0.5%) comprised our primary bilateral creditors as of June 30, 2021. Our private debt accounted for 0.5% of our medium- and long-term public external debt, while sovereign bonds accounted 15.9% of the total external debt stock.

The following table shows the structure of our medium- and long-term public external debt by creditor over the past six years:

Structure of Medium- and Long-Term Public External Debt by Creditor

Creditor	As of December, 31,						As of June 30,
	2015	2016	2017	2018	2019	2020	2021
	(in millions of U.S.\$)						
Loans	5,331.2	6,001.6	7,146.9	7,911.7	9,007.4	9,901.0	10,297.2
Multilateral	4,651.6	5,282.8	6,159.7	6,725.7	7,484.0	8,275.5	8,554.6
CAF	1,900.8	2,088.2	2,359.6	2,454.6	2,599.3	2,505.7	2,730.6
Inter-American Development Bank	1,768.5	2,096.9	2,567.1	2,905.5	3,354.9	3,811.9	3,819.8
World Bank	735.4	768.7	830.3	853.2	941.6	1,325.0	1,370.7
Other(*)	246.9	329.0	402.6	512.4	588.3	632.9	633.6
Bilateral	679.6	718.7	987.2	1,186.0	1,490.1	1,572.7	1,682.4
China	518.9	571.2	712.6	890.5	1,045.0	1,073.7	1,178.4
Brazil	0.8	0.7	0.6	0.5	0.5	0.5	18.2
Germany	56.0	41.0	26.1	23.8	21.6	19.3	68.2
Spain	47.3	46.2	58.9	62.6	65.4	71.1	8.0
France	13.1	12.0	11.4	10.4	9.3	8.5	357.2
Japan	4.1	3.3	122.7	145.1	297.1	344.4	4.2
Other(**)	40.1	43.8	54.1	52.0	49.3	51.3	47.8
Private	0.0	0.0	0.0	0.0	33.4	52.8	60.2
Debt Securities(1)	1,000.0	1,000.0	2,000.0	2,000.0	2,000.0	2,000.0	2,000.0
IMF (Allocations)(2)	227.6	220.0	233.2	228.3	227.0	236.4	234.2
Currency and Deposits(3)	53.9	46.2	47.9	38.0	33.2	34.3	34.9
Total	6,612.7	7,267.7	9,428.0	10,177.9	11,267.6	12,171.7	12,566.3

Source: Central Bank

Notes: (*) Other includes IFAD, OPEP, BEI, FND.

(**) Other includes Venezuela and South Korea.

1. Sovereign bond issuances from 2012 (U.S.\$500.0 million), 2013 (U.S.\$500.0 million) and 2017 (U.S.\$1,000.0 million).
2. Allocations in other currencies and deposits of international organizations, which they maintain in the Central Bank for financial and technical cooperation, small projects and administrative requirements.
3. The amortization information for currency and deposits does not correspond to cash flows but to an adjustment for difference in balances.

The following table shows our medium- and long-term public external debt as of June 30, 2021:

Medium- and Long-Term Public External Debt

Creditor	Interest Rate Type	Currency	Date Issued	Maturity	Balance as of December 31, 2020	Balance as of June 30, 2021
Multilateral						
World Bank	FIXED	SDR	1994-2014	2033-2044	583.6	567.6
			2015	2040	160.1	154.9
			2016	2040	3.9	3.0
		USD	2014	2054	27.6	16.3
			2017	2040	12.5	12.5
			2020	2050	30.2	0.0
	VARIABLE	USD	2018	2041	2.6	2.6
			2004	2026	0.0	0.1
			2015	2035	100.0	100.0
			2016	2035	62.8	51.7
			2017	2032	10.5	4.5
				2038	34.6	22.3
			2018	2041	75.6	43.7
			2020	2041	21.0	0.0
				2044	200.0	0.0
Total					1,325.0	979.0
European Investment Bank	FIXED	USD	2018	2039	20.5	20.5
	VARIABLE	USD	2014-2038	2035	66.7	67.6
Total					87.2	88.1
Inter-American Development Bank	FIXED	CAD	1971	2021	0.0	0.0
		USD	1983-2014	2023-2054	821.9	830.0
			2015	2055	67.1	66.1
			2016	2055	19.6	19.6
				2056	57.3	55.4
			2017	2039	2.3	2.3
				2046		
				2047	8.2	9.8
				2048		
				2056	21.0	21.0
				2052		
				2057	28.8	24.6
			2018	2043-2047		
				2058	17.4	17.2
	VARIABLE	USD	2008-2014	2037-2044	1,064.7	1,081.3
			2015	2045	268.3	264.5
			2016	2045	184.2	184.2
				2046	224.4	213.4
			2017	2036	119.0	119.0
				2037	102.0	102.0
				2038	8.7	7.8
				2039	12.8	12.8
				2042	14.6	8.5
				2047	38.1	30.8
			2018	2033	43.9	43.9
				2034	8.9	8.9
				2037	45.9	44.6
			2019	2034	100.0	100.0
				2039	100.0	100.0
			2020	2041	433.0	0.0
Total					3,811.9	3,367.7
Corporación Andina de Fomento	VARIABLE	USD	2005-2014	2020-2029	1,594.8	1,703.8
			2015	2030	98.9	104.1
				2031	67.6	70.8
			2016	2028	2.4	2.4
				2031	312.4	303.4
			2017	2032	135.9	123.4
			2018	2033	66.3	65.0
			2019	2034	202.4	200.0
			2020	2032	25.0	0.0
				2041		
Total					2,505.7	2,572.8
International Fund for Agricultural Development	FIXED	SDR	1985-2011	2033-2049	38.5	37.9
	VARIABLE	EUR	2013	2033	11.9	11.3
		SDR	2013	2033	14.4	14.4
			2015	2040	7.7	6.4
Total					72.6	70.0
Nordic Development Fund	FIXED	EUR	1991-2002	2031-2042	9.9	9.3

		SDR	1995	2035	4.3	4.3
			1996	2036	4.4	4.4
			1999	2039	2.8	2.8
			2000	2039	6.8	6.7
Total					28.3	27.4
FONPLATA	VARIABLE	USD	2004-2014	2019-2030	137.9	142.4
			2015	2023	2.7	3.1
			2016	2029-2030	6.4	6.2
				2031	30.6	27.6
				2032	18.0	18.0
			2017	2030	9.2	8.6
				2032	40.0	40.0
			2019	2033-2034	86.9	56.1
Total					331.6	302.1
Organization of the Petroleum Exporting Countries	FIXED	USD	1988-2013	2021-2033	39.4	41.9
			2015	2035	73.8	70.0
			2017	2036		
Total					113.1	111.9
Bilateral						
Germany	FIXED	EUR	1994-2014	2002-2054	69.3	63.5
			2015	2055	1.8	1.4
Total					71.1	64.9
Brazil	FIXED	USD	2007	2029	19.3	20.4
Total					19.3	20.4
South Korea	FIXED	KRW	2001	2031	11.5	10.9
			2010	2050	35.8	32.4
	EXEMPTED	KRW	2010	2050	3.6	3.3
Total					50.9	46.6
Spain	FIXED	EUR	2004	2023	1.4	1.5
		USD	2004	2023	0.2	0.3
				2034	0.8	0.8
	EXEMPTED	USD	2003	2036	6.0	6.2
Total					8.5	8.9
France	VARIABLE	EUR	2016	2036	63.7	50.3
			2019	2034	110.6	101.1
	FIXED		1998	2019-2030	1.8	1.9
		EUR	2017	2032	125.3	114.5
				2037	9.8	9.0
			2019	2039	33.2	30.3
Total					344.4	307.1
Japan	FIXED	JPY	2014	2054	4.4	3.6
Total					4.4	3.6
China	FIXED	RMY	2004-2011	2025-2031	202.6	195.8
			2016	2032	48.4	44.5
			2018	2033	48.4	29.7
		USD	2015	2030	283.8	264.9
			2016	2032	277.7	269.8
			2018	2033	88.1	88.1
	VARIABLE	USD	2010	2026	124.8	135.2
Total					1,073.7	1,028.0
Venezuela	FIXED	USD	2009	2026	0.5	0.5
Total					0.5	0.5
Private	EXEMPTED	EUR	2018	2031	52.8	41.0
Debt Securities	FIXED	USD	2012-2013	2022-2023	1,000.0	1,000.0
			2017	2028	1,000.0	1,000.0
Total					2,000.0	2,000.0
IMF Allocations	FIXED	SDR			236.4	226.5
Currency and Deposits	EXEMPTED	USD			34.3	33.9
Total					12,171.7	11,300.2

Source: Central Bank

IDB refers to a money basket composed of euros, Japanese yen and Swiss francs; CAD refers to Canadian dollars; JPY refers to Japanese yen; KRW refers to South Korean won; RMB refers to Chinese Renminbi; SDR refers to Special Drawing Rights; and SEK refers to Swedish krona.

Maturity and Credit Terms of Medium- and Long-Term Public External Debt

As of June 30, 2021, 75.3% of our medium- and long-term public external debt had maturity terms between 11 and 30 years, while 14.6% had maturity terms of more than 30 years. The following table shows the maturity structure of our medium- and long-term public external debt:

Maturity Structure of Medium- and Long-Term Public External Debt

Maturity	Debt Stock 30/06/2020	Percent of Total Balance	Debt Stock 30/06/2021	Percent of Total Balance
	(in millions of U.S.\$)			
1. Up to 10 Years	1,004.1	9.5%	1,002.2	8.0%
Loans	4.1	0.04%	2.2	0.02%
Debt Securities	1,000.0	9.5%	1,000.0	8.0%
2. From 11 to 30 Years	7,746.4	73.4%	9,463.3	75.3%
Loans	6,746.4	64.0%	8,463.3	67.3%
Debt Securities	1,000.0	9.5%	1,000.0	8.0%
3. More than 30 Years	1,535.1	14.6%	1,831.7	14.6%
Loans	1,535.1	14.6%	1,831.7	14.6%
4. Without Term	263.3	2.5%	269.0	2.1%
IMF Allocations	228.2	2.2%	234.2	1.9%
Currency and Deposits	35.2	0.3%	34.9	0.3%
Total	10,548.9	100.0%	12,566.3	100.0%

Source: Central Bank

As of June 30, 2021, the credit terms of our medium- and long-term public external debt consisted of 17.5% concessional loans and 82.5% non-concessional (i.e., commercial) loans. By economic sector, the most important loans as of June 30, 2021 were transportation loans, which totaled U.S.\$4,525.9 million, followed by multi-sector loans, which totaled U.S.\$1,614.3 million, health sector loans, which totaled U.S.\$968.0 million, basic sanitation loans, which totaled U.S.\$873.6 million, institutional strengthening loans, which totaled U.S.\$762.3 million, and agricultural loans, which totaled U.S.\$566.4 million, among others.

The following table shows the structure of our medium- and long-term public external debt by credit terms as of June 30, 2021:

Structure of Medium- and Long-Term Public External Debt by Credit Terms

Terms	As of June 30, 2021		
	Balance	Percent of Group Balance	Percent of Total Balance
	(in millions of U.S.\$)		
Concession			
Loans	1,928.5	87.8%	15.3%
Multilateral	1,605.3	73.0%	12.8%
Bilateral	323.2	14.7%	2.6%
IMF Allocations	234.2	10.7%	1.9%
Currency and Deposits	34.9	1.6%	0.3%
Total	2,197.5	100%	17.5%
Non-Concession			
Loans	8,368.8	80.7%	66.6%
Multilateral	6,949.4	67.0%	55.3%
Bilateral	1,359.2	13.1%	10.8%
Private	60.2	0.6%	0.5%
Debt Securities	2,000.0	19.3%	15.9%
Total	10,368.8	100%	82.5%
Grand Total	12,566.3		100%

Source: Central Bank

Currency Composition of Medium- and Long-Term Public External Debt

Our medium- and long-term public external debt obligations are contracted in U.S. dollars, Japanese yen, euros, British pound sterling and other currencies. As of June 30, 2021, 88.5% of our medium- and long-term public external debt was due in U.S. dollars and 6.6% in euros.

The following table shows the currency composition of our medium- and long-term public external debt as of June 30, 2021:

Currency Composition of Medium- and Long-Term Public External Debt

	As of June 30, 2021			
	Total	U.S.\$ Equivalent	Exchange Rate to U.S.\$	Percent of Total
	(in millions except percentages and exchange rates)			
U.S. Dollars	11,115.8	11,115.8	1.00000	88.5%
Euros	694.2	825.9	0.84062	6.6%
Renminbi	2,608.6	403.4	6.46600	3.2%
Japanese Yen	9,953.0	90.0	110.54000	0.7%
British Pound Sterling	60.2	83.3	0.72233	0.7%
Other	–	47.8	–	0.4%
Total		12,566.3		100%

Source: Central Bank

Notes: Other includes CAD and KRW.

Medium- and Long-Term Public External Debt Disbursements

Disbursements in the first half of 2021 totaled U.S.\$666.4 million, of which 76.3% originated from multilateral funding sources and 22.2% from bilateral sources. Disbursements from IDB decreased from U.S.\$525.0 million in 2020 to U.S.\$45.5 million in June 2021, disbursements from the CAF increased from U.S.\$195.4 million in 2020 to U.S.\$366.4 million in June 2021, disbursements from China increased from U.S.\$48.6 million in 2020 to U.S.\$123.5 million in June 2021.

Specifically, in 2021, a budget support to help the impact of the pandemic in the country was disbursed by a total of U.S.\$350.0 million or 52.5% of total disbursements, the Bolivian Highway Administrator received U.S.\$159.5 million or 23.9% of total disbursements, the Empresa Siderúrgica del Mutún received U.S.\$42.4 million or 6.4% of total disbursements, the National Electricity Company received U.S.\$29.3 million or 4.4% of total disbursements, with the remaining of U.S.\$85.2 million or 12.8% of total disbursements being distributed to other Government agencies and public enterprises.

Medium- and Long-Term Public External Debt Service

Our medium- and long-term public external debt service in the first half of 2021 was U.S.\$406.3 million, a decrease of 0.5% from U.S.\$408.4 million in the first half of 2020, representing U.S.\$245.7 million in principal repayment and U.S.\$160.6 million in interest and fees. Multilateral creditors amounted to U.S.\$312.2 million, U.S.\$170.5 million was paid to CAF and U.S.\$82.0 million to the IDB, which together represented 62.2% of our medium- and long-term public external debt service through June 30, 2021. With respect to bilateral creditors, these amounted to U.S.\$44.4 million, of which U.S.\$37.4 was paid to China and U.S.\$2.4 million to France, which together represented 9.8% of our medium- and long-term public external debt service paid up for the six months ended June 30, 2021.

The following table shows our medium- and long-term public external debt service for the periods indicated:

Medium- and Long-Term Public External Debt Service

	As of December 31,						As of June 30, 2021
	2015	2016	2017	2018	2019	2020	
	(in millions of U.S.\$)						
1. Loans	472.2	409.9	503.6	581.8	683.3	716.0	356.6
Multilateral	282.7	343.8	420.1	499.5	599.6	630.0	312.2
CAF	194.7	227.4	274.2	313.1	369.2	381.4	170.5
IDB	56.6	75.9	94.9	116.4	146.6	158.3	82.0
World Bank	14.6	20.3	24.4	32.1	36.0	41.2	33.3
FONPLATA	8.8	10.4	16.1	25.2	30.6	27.5	13.8
OPEP	4.7	5.9	5.8	6.8	8.7	11.2	6.8
IFAD	2.0	2.0	2.3	2.4	4.3	5.1	2.8

FND	1.1	1.4	1.4	1.5	1.4	1.6	0.9
Other	0.2	0.5	1.0	2.0	2.6	3.7	2.1
Bilateral	189.5	66.1	83.5	81.6	83.5	85.9	44.4
China	39.2	42.3	58.9	68.3	71.1	73.6	37.4
Brazil	16.3	16.1	15.8	2.8	2.7	2.7	1.3
Germany	2.0	2.1	2.7	2.5	2.6	2.7	1.4
South Korea	1.5	1.5	1.5	1.5	1.4	1.3	1.3
France	0.9	1.2	2.2	3.4	4.6	4.6	2.4
Spain	0.6	1.0	1.0	1.0	1.0	1.0	0.5
Argentina	1.2	0.9	0.9	0.9	-	-	-
Italy	1.0	0.9	0.5	-	-	-	-
Venezuela	126.8	0.1	0.1	0.1	0.1	-	-
Other	0.0	0.0	0.0	1.1	0.0	0.0	0.0
Private	-	-	-	0.6	0.2	0.2	0.1
2. Debt Securities	54.1	54.1	76.6	99.1	99.1	99.1	49.6
3. IMF Allocations	0.1	0.1	1.0	2.0	2.4	0.7	0.1
4. Currency and	7.8	7.7	-	9.2	1.9	-	-
Total	534.2	471.9	581.2	692.1	786.7	815.9	406.3

Source: Central Bank

Average Medium- and Long-Term Public External Debt Interest Rate

With an average balance of U.S.\$12,566.2 million and interest expenses of U.S.\$374.0 million in the first half of 2021, the financial cost of our medium- and long-term public external debt was 2.76% as of June 30, 2021. While as of December 31, 2020, the average balance was U.S.\$12,171.7 million and interest expenses of U.S.\$357.9 million, the financial cost of our medium- and long-term public external debt was 3.1%. As of December 31, 2020, 43.8% of our medium- and long-term public external debt had fixed interest rates, 55.7% had variable interest rates and the remaining 0.5% was interest free.

The following table shows the average interest rate of our medium- and long-term public external debt by creditor for the year ended June 30, 2021:

Average Interest Rate of Medium- and Long-Term Public External Debt by Creditor

	As of June 30, 2021		
	Average Balance	Interest Paid	Average Interest Rate (%)
	(in millions of U.S.\$)		
1. Loans	10,297.2	247.3	2.40
Multilateral	8,554.6	208.8	2.44
IDB	3,819.8	83.0	2.17
CAF	2,730.6	83.3	3.05
World Bank	1,370.7	25.3	1.85
FONPLATA	341.4	10.9	3.19
OPEP	108.3	3.7	3.41
BEI	70.9	0.6	0.89
IFAD	85.9	1.8	2.06
FND	27.1	0.2	0.75
Bilateral	1,682.4	38.5	2.29
China	1,178.4	33.4	2.84
France	357.2	3.8	1.07
Germany	68.2	0.5	0.76
South Korea	47.8	0.3	0.62
Brazil	18.2	0.4	2.00
Spain	8.0	0.0	0.35
Japan	4.2	0.0	0.31
Venezuela	0.5	0.0	2.01
Private	60.2	-	-
2. Debt Securities	2,000.0	99.1	4.96
3. IMF Allocations	234.2	0.6	0.26
4. Currency and Deposits	34.9	-	-
Total	12,566.2	347.0	2.76

Source: Central Bank

Medium- and Long-Term Public External Debt Indicators

Since 2006, our external debt indicators have remained at levels that we consider adequate to confirm the sustainability of our external debt, and which are below the reference limits set by international financial institutions such as the IMF and the World Bank.

We consider the following ratios to be the most important metrics in analyzing debt sustainability: our medium- and long-term external debt service-to-exports ratio, our balance of medium- and long-term external debt-to-exports ratio, and our balance of medium- and long-term external debt to GDP ratio. As of June 30, 2021, our medium- and long-term external debt service-to-exports ratio was 9.5%, a decrease compared to 10.8% as of December 31, 2020, our balance of medium- and long-term external debt-to-exports ratio was 152.3%, a decrease from 161.0% as of December 31, 2020, and our balance of medium- and long-term external debt to GDP ratio was 31.0%, a decrease from 31.7% as of December 31, 2020.

The following table shows medium- and long-term external debt indicators as of the each of the past six years ended December 31, 2020 and for the six months ended June 30, 2020 and 2021:

Medium- and Long-Term Public External Debt Indicators

	As of December 31,(1)						As of June 30,	As of June 30,
	2015	2016	2017	2018	2019	2020	2020	2021
External Debt/GDP	19.9%	21.3%	25.0%	25.1%	27.4%	31.7%	28.43%	31.0%
External Debt Service/Exports	5.4%	5.7%	6.1%	6.7%	7.7%	10.8%	9.40%	9.5%
External Debt/Exports	66.6%	87.8%	98.3%	98.3%	109.8%	161.0%	209.57%	152.3%
External Debt Service/GDP	1.6%	1.4%	1.5%	1.7%	1.9%	2.1%	1.1%	1.0%

Source: Central Bank

Note: Calculation based on end of period stock; exports and GDP are estimated for 2021.

- (1) See “The Bolivian Economy—Gross-Domestic Product—GDP growth rate and nominal amount by type of expenditure” for our total GDP and exports for each period and “Public Sector Indebtedness—Public External Debt—Medium- and Long-term Public External Debt” for our total external debt and “Public Sector Indebtedness—Public External Debt—Medium- and Long-term Public External Debt Service” for our external debt service.

Public Total Debt Maturity Profile

As for the External Public Debt Maturity Profile, in 2022 and 2023, we have expected amortizations of U.S.\$500.0 million each year for the 2012 and 2013 issuances of Sovereign Bonds. Additionally, each year from 2026 to 2028, we have expected amortizations of U.S.\$333.3 million from the 2017 issuance of Sovereign Bonds for U.S.\$1,000.0 million.

As for the Domestic Public Debt Maturity Profile, in 2021 we paid Bs.19,366.9 million of Public Domestic Debt Service, of which Bs.1,466.7 million are interest payments and Bs.17,900.2 million are principal amortizations. Bs.14,998.0 million of these principal amortizations are obligations to the Central Bank, for Liquidity Credits contracted in 2020, allocated during the pandemic.

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	(in millions of U.S.\$)										
Domestic Public Debt Maturity Profile											
Principal	2,609.4	195.1	508.7	95.0	86.6	159.9	123.2	154.7	203.7	183.1	133.6
Interest	213.8	193.5	220.3	193.0	189.2	194.6	190.9	184.6	183.8	176.9	174.1
Total	2,823.2	388.6	729.0	287.9	275.9	354.5	314.1	339.3	387.5	360.0	307.7
External Public Debt Maturity Profile											
Principal	507.9	1,095.9	1,170.4	769.4	803.4	1,068.7	1,035.2	996.8	665.7	645.5	684.8
Interest	326.8	334.7	303.3	263.5	245.7	219.6	185.4	154.4	130.7	116.0	101.3
Total	834.8	1,430.5	1,473.7	1,033.0	1,049.1	1,288.3	1,220.6	1,151.2	796.4	761.5	786.1
Grand Total	3,657.9	1,819.2	2,202.6	1,320.9	1,325.0	1,642.8	1,534.7	1,490.5	1,183.9	1,121.5	1,093.8

DESCRIPTION OF THE NOTES

Bolivia will issue the Notes under an indenture (the “Indenture”), dated as of March 20, 2017, between Bolivia, The Bank of New York Mellon as trustee (the “Trustee”), as paying agent (the “Paying Agent” and together with any other paying agent appointed pursuant to the Indenture, the “Paying Agents”), as transfer agent (“Transfer Agent” and together with any other transfer agent appointed pursuant to the Indenture, the “Transfer Agents”) and as registrar (the “Registrar”), and The Bank of New York Mellon SA/NV, Luxembourg Branch (formerly known as The Bank of New York Mellon (Luxembourg) S.A.). The information contained in this section summarizes some of the terms of the Notes and the Indenture. Because this is a summary, it does not contain all of the information that may be important to you as a potential investor in the Notes. Therefore, you should read the Indenture and the form of the Notes before making your investment decision. Bolivia has filed or will file copies of these documents at the offices of the Trustee and the Luxembourg Listing Agent and you may obtain a copy of such documents by contacting the Trustee and the Luxembourg Listing Agent at the addresses indicated in this Offering Memorandum.

General Terms of the Notes

The Notes will:

- be issued on March 2, 2022, in an initial aggregate principal amount of U.S.\$850,000,000;
- pay principal in three installments: 33.33% of the original principal amount on March 2, 2028, 33.33% of the original principal amount on March 2, 2029 and the remaining outstanding principal balance on March 2, 2030;
- bear interest at 7.500% per year, accruing from March 2, 2022;
- pay interest in U.S. dollars on March 2 and September 2 of each year. The first interest payment will be made on September 2, 2022. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months;
- pay interest to persons in whose names the Notes are registered at the close of business on February 28 or August 31, as the case may be, preceding each payment date (whether or not a business day);
- constitute direct, general, unconditional, unsecured and unsubordinated external indebtedness of Bolivia backed by the full faith and credit of Bolivia as authorized by Article 5 of Law No. 1413 (*Ley del Presupuesto General del Estado—Gestión 2022*) dated December 17, 2021 pursuant to Subparagraphs 8 and 10 of Paragraph 1 of Article 158 of the Bolivian Political Constitution in relation to its Article 322;
- be equal in right of payment among themselves and with all of Bolivia’s present and future unsecured and unsubordinated Public External Indebtedness (as defined below) (it being understood that this provision shall not be construed so as to require Bolivia to make payments under the Notes ratably with payments being made under any other Public External Indebtedness);
- be represented by one or more global securities in fully registered form only, without coupons;
- be registered in the name of a nominee of The Depository Trust Company (“DTC”), and recorded on, and transferred through, the records maintained by DTC and its direct and indirect participants, including the depositaries for Euroclear Bank S.A./N.V., as operator of the Euroclear System plc (“Euroclear”), and Clearstream Banking S.A.(“Clearstream”);
- be available in certificated form only under certain limited circumstances;
- be redeemable at the option of Bolivia before maturity (see “—Optional Redemption”);
- not be entitled to the benefit of any sinking fund; and
- contain “collective action clauses” under which Bolivia may amend or obtain waivers of the payment provisions of the Notes and certain other terms with consent of less than all of the holders of the Notes.

Form and Denomination

Bolivia will issue the Notes:

- denominated in U.S. dollars;
- in fully registered book-entry form;
- without coupons; and
- in denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof.

Payment of Principal and Interest

Payments of principal of and interest on the Notes represented by global securities will be made by wire transfer of U.S. dollars in immediately available funds to DTC or to its nominee as the registered holder of the Notes, which will receive the funds for distribution to the owners of beneficial interests in the Notes. Bolivia has been informed by DTC that the owners will be paid in accordance with the procedures of DTC and its participants. None of Bolivia, the Trustee nor any Paying Agent or Transfer Agent shall have any responsibility or liability for any of the records of, or payments made by, DTC or its nominee.

If the Notes are issued in certificated form (“Certificated Notes”), Bolivia will make its interest and principal payments to you, if you are the person in whose name the Certificated Notes are registered, by wire transfer if:

- you own at least U.S.\$1,000,000 aggregate principal amount of the Notes; and
- not less than 15 days before the payment date, you notify the Trustee or any Paying Agent of your election to receive payment by wire transfer and provide it with your bank account information and wire transfer instructions;

or

- Bolivia is making such payments at maturity; and
- you surrender the Certificated Notes at the corporate trust office of the Trustee or at the offices of one of the other Paying Agents that Bolivia appoints pursuant to the Indenture.

If Bolivia does not pay interest by wire transfer for any reason, it will, subject to applicable laws and regulations, mail a check on or before the due date for the payment. The check will be mailed to you at your address as it appears on the register maintained by the Registrar on the applicable record date.

If any date for an interest or principal payment is a day on which the law (or an executive order) at the place of payment permits or requires banking institutions to close, Bolivia will make the payment on the next following banking day at such place. Bolivia will treat those payments as if they were made on the due date, and no interest on the Notes will accrue as a result of the delay in payment.

To the extent permitted by law, claims against Bolivia for the payment of principal, interest or other amounts will become void unless made within six years after the date on which the payment first became due.

Paying Agent, Transfer Agent, Registrar and Listing Agent

Until all of the Notes are paid, Bolivia will maintain a paying agent in The City of New York. Bolivia has appointed the Trustee to initially serve as its Paying Agent, Transfer Agent and Registrar for the Notes.

Bolivia has applied to admit the Notes for listing on the Official List of the Luxembourg Stock Exchange and for trading on the Euro MTF Market. In addition, Bolivia will maintain a listing agent in Luxembourg (the “Luxembourg Listing Agent”). Bolivia has initially appointed The Bank of New York Mellon SA/NV, Luxembourg Branch to serve as the Luxembourg Listing Agent. If and so long as the Notes are admitted to listing on the Luxembourg Stock

Exchange, and the rules of the Luxembourg Stock Exchange so require, Bolivia will maintain a paying agent and transfer agent in Luxembourg.

You can contact the Paying Agent and Transfer Agent at the address listed on the inside back cover of this Offering Memorandum.

Additional Amounts

Bolivia will make all principal and interest payments on the Notes without deducting or withholding any present or future taxes, duties, assessments, or other governmental charges of whatsoever nature imposed or levied by or on behalf of Bolivia or any political subdivision or taxing authority thereof or therein having power to tax, unless the deduction or withholding is required by law. In the event that Bolivia is required to make any such deductions, it will pay the holders the additional amounts (“Additional Amounts”) required to ensure that they receive the same amount as they would have received without this withholding or deduction.

Bolivia will not, however, pay any Additional Amounts in connection with any tax, assessment or other governmental charge that is imposed due to any of the following:

- the holder or beneficial owner has some present or former connection with Bolivia other than merely holding the Notes or receiving principal, interest or any other payments on the Notes;
- the holder or beneficial owner fails to comply with any certification, identification or other reporting requirement concerning the nationality, residence, identity or connection with Bolivia of the holder or beneficial owner, if (1) compliance is required by Bolivia as a precondition to exemption from the deduction, and (2) at least 30 days prior to the first scheduled payment date for which compliance will be required, Bolivia has notified the holder in writing that such holder or beneficial owner must comply with such certification, identification or other reporting requirement to receive Additional Amounts; or
- the holder does not present (where presentment is required) its Notes for payment within 30 days after the Relevant Date except to the extent that the holder of the Notes would have been entitled to Additional Amounts on presenting the Notes for payment on the last day of such 30-day period.

As used in the preceding paragraph, “Relevant Date” in respect of any Note means the date on which payment in respect thereof first becomes due or (if the full amount of the money payable has not been received by the Trustee on or prior to such due date) the date on which notice is duly given to the holders in the manner described under “— Notices” that such monies have been so received and are available for payment. For purposes of this section, any reference to “principal” and/or “interest” shall be deemed to include any Additional Amounts which may be payable hereunder.

Negative Pledge

As long as any of the Notes are outstanding, Bolivia will not create or permit to exist any lien (i.e., a lien, pledge, mortgage, security interest, deed of trust or charge), other than the Permitted Liens as defined below, on its present or future revenues, properties or assets to secure its Public External Indebtedness (as defined below), unless the Notes are secured equally and ratably. As used herein, “Public External Indebtedness” means:

- all actual and contingent obligations of Bolivia for borrowed money or for the repayment of which Bolivia is responsible that are payable, or at the option of the holder may be payable, in any currency other than Bolivian currency; and
- that are in the form of bonds, debentures, notes or other securities that are or were intended by Bolivia to be quoted, listed or traded on any securities exchange, automated trading system, over-the-counter or other securities market, including securities eligible for resale pursuant to Rule 144A under the U.S. Securities Act of 1933, as amended.

Nevertheless, Bolivia may create or permit to exist the following (“Permitted Liens”):

- liens on any asset, project or property, and related revenues, to secure indebtedness borrowed for the purpose of financing the acquisition, development or construction of that asset or property, and related revenues, and

any renewal or extension of the above liens that is limited to the same asset or property, and related revenues, and that secures a renewal or extension of the original secured financing; and

- liens on any asset, project or property, and related revenues, existing at the time of the acquisition of that asset, project or property and any renewal or extension of the above liens that is limited to the same asset, project or property, and related revenues, and that secures a renewal or extension of the original secured financing.

Default and Acceleration of Maturity

Each of the following shall be an event of default under the Notes (an “Event of Default”):

1. *Non-Payment*: Bolivia fails to pay any principal of or interest on the Notes within 30 days of the date when the payment was due; or
2. *Breach of Other Obligations*: Bolivia fails to perform any other material obligation contained in the Notes or the Indenture and that failure continues for 120 days after any holder of the Notes gives written notice to Bolivia to remedy the failure and gives a copy of that notice to the Trustee; or
3. *Cross Default and Cross Acceleration*: Bolivia fails to pay when due any Public External Indebtedness (including Public External Indebtedness constituting guaranties by Bolivia) with an aggregate principal amount greater than U.S.\$25,000,000 or the equivalent in any other currency, and that failure continues beyond any applicable grace period; or as a result of any default or event of default contained in any agreement or instrument related to any Public External Indebtedness (other than the Notes) of Bolivia, any party to such agreement or instrument accelerates or declares to be due and payable any such Public External Indebtedness prior to the stated maturity thereof; or
4. *Judgments*: any writ, execution, attachment or similar process is levied against all or any substantial part of Bolivia’s assets in connection with any final, unappealable judgment for the payment of money exceeding U.S.\$25,000,000 or its equivalent in any other currency, and Bolivia fails to satisfy or discharge that judgment, or adequately bond, contest in good faith or receive a stay of execution or continuance in respect of that judgment, within a period of 120 days; or
5. *Denial of Obligations*: Bolivia denies its obligations under the Notes or the Indenture; or
6. *Moratorium*: Bolivia declares a formal and official suspension of payments or a moratorium on the payment of debt that does not expressly exclude the Notes; or
7. *Changes in Laws*: any law, regulation or governmental authorization necessary for Bolivia to perform its material obligations under the Notes or the Indenture ceases to be in full force and effect or is modified in a manner that adversely affects the rights or claims of any of the holders; or
8. *IMF Membership*: Bolivia ceases to be a member of the IMF.

If any of the Events of Default occurs and is continuing, the holders of at least 25% of the aggregate principal amount of the outstanding Notes may declare all the Notes to be due and payable immediately. The declaration referred to above shall be made by giving written notice to Bolivia and the Trustee, unless prior to the receipt of such notice by Bolivia all such defaults are cured.

Upon any declaration of acceleration, the principal, interest and all other amounts payable on the Notes will become immediately due and payable on the date Bolivia and the Trustee receive written notice of the declaration, unless Bolivia has remedied the Event(s) of Default prior to receiving the notice. The holders of more than 50% of the aggregate principal amount of the outstanding Notes, with written notice to Bolivia and the Trustee, may (1) rescind a declaration of acceleration if Bolivia remedies the Event(s) of Default giving rise to the declaration after the declaration is made or (2) except in the case of payment defaults, for which waivers of holders of more than 75% of the aggregate principal amount of the outstanding Notes are required, waive the Event(s) of Default giving rise to a declaration of acceleration.

The Trustee is not to be charged with knowledge of any Default or Event of Default or knowledge of any cure of any Default or Event of Default unless an authorized officer of the Trustee with direct responsibility for the Indenture has been given written notice of such Default or Event of Default by Bolivia or any holder.

Collective Action Clauses

The Notes contain provisions regarding acceleration and voting on amendments, modifications and waivers that differ from the provisions governing the series of debt securities issued by Bolivia prior to March 20, 2017. These provisions are commonly referred to as “collective action clauses.” Under these provisions, Bolivia may amend certain key terms of the Notes, including the maturity date, amounts payable and other payment terms, with the consent of fewer than all the holders of Notes of the relevant series. These collective action clauses are described below.

Meetings, Amendments and Waivers — Collective Action

Bolivia may call a meeting of the holders of Notes at any time to consider any matter regarding the Indenture or the Notes. Bolivia will determine the time and place of the meeting and will notify the holders and the Trustee of the time, place and purpose of the meeting not less than 30 and not more than 60 days before the meeting.

In addition, Bolivia or the Trustee will call a meeting of holders of Notes if the holders of at least 10% in principal amount of all Notes then outstanding have delivered a written request to Bolivia (with a copy to the Trustee) or the Trustee (with a copy to Bolivia) setting out the purpose of the meeting. Within 10 days of receipt of such written request or copy thereof, Bolivia will notify the Trustee and the Trustee will notify the holders of the time, place and purpose of the meeting called by the holders, to take place not less than 30 and not more than 60 days after the date on which such notification is given.

Only holders and their proxies are entitled to vote at a meeting of holders. Bolivia will set the procedures governing the conduct of the meeting and if additional procedures are required, Bolivia will consult with the Trustee to establish such procedures as are customary in the market.

Modifications may also be approved by holders of Notes pursuant to written action with the consent of the requisite percentage of Notes. Bolivia will solicit the consent of the relevant holders to the modification not less than 10 and not more than 30 days before the expiration date for the receipt of such consents as specified by Bolivia.

The holders may generally approve any proposal by Bolivia to modify the Indenture or the terms of the Notes with the affirmative vote (if approved at a meeting of the holders) or consent (if approved by written action) of holders of more than 50% of the outstanding principal amount of the Notes.

However, holders may approve, by vote or consent through one of three modification methods, any proposed modification by Bolivia that would do any of the following (such subjects referred to as “reserve matter modifications”):

- change the date on which any amount is payable on the Notes;
- reduce the principal amount (other than in accordance with the express terms of the Notes and the Indenture) of the Notes;
- reduce the interest rate applicable to the Notes;
- change the method used to calculate any amount payable on the Notes (other than in accordance with the express terms of the Notes and the Indenture);
- change the currency or place of payment of any amount payable on the Notes;
- modify Bolivia’s obligation to make any payments on the Notes (including any redemption price therefor);
- change the identity of the obligor under the Notes;
- change the definition of “outstanding debt securities” or the percentage of affirmative votes or written consents, as the case may be, required to make a “reserve matter modification”;

- change the definition of “uniformly applicable” or “reserve matter modification”;
- authorize the Trustee, on behalf of all holders of the Notes, to exchange or substitute all the Notes for, or convert all the Notes into, other obligations or securities of Bolivia issued pursuant to applicable law or of any other person; or
- change the legal ranking, governing law, submission to jurisdiction or waiver of immunities provisions of the terms of the Notes.

A reserve matter modification, including the payment terms of the Notes, can be made without your consent, as long as the change is approved, pursuant to one of the three following modification methods, by vote or consent by:

- the holders of more than 75% of the aggregate principal amount of the outstanding debt securities of a series affected by the proposed modification (but does not modify the terms of any other series of debt securities issued under the Indenture);
- where such proposed modification would affect the outstanding debt securities of two or more series, the holders of more than 75% of the aggregate principal amount of the outstanding debt securities of all the series affected by the proposed modification, taken in the aggregate, if certain “uniformly applicable” requirements are met; or
- where such proposed modification would affect the outstanding debt securities of two or more series, whether or not the “uniformly applicable” requirements are met, the holders of more than 66 2/3% of the aggregate principal amount of the outstanding debt securities of all the series affected by the proposed modification, taken in the aggregate, and the holders of more than 50% of the aggregate principal amount of the outstanding debt securities of each series affected by the modification, taken individually.

“Uniformly applicable,” as referred to above, means a modification by which holders of debt securities of any series affected by that modification are invited to exchange, convert or substitute their debt securities on the same terms for (x) the same new instruments or other consideration or (y) new instruments or other consideration from an identical menu of instruments or other consideration. It is understood that a modification will not be considered to be uniformly applicable if each exchanging, converting or substituting holder of debt securities of any series affected by that modification is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting or substituting holder of debt securities of any series affected by that modification (or, where a menu of instruments or other consideration is offered, each exchanging, converting or substituting holder of debt securities of any series affected by that modification is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting or substituting holder of debt securities of any series affected by that modification electing the same option under such menu of instruments).

Bolivia may select, in its discretion, any modification method for a reserve matter modification in accordance with the Indenture and designate which series of debt securities will be included for approval in the aggregate of modifications affecting two or more series of debt securities. Any selection of a modification method or designation of series to be included will be final for the purpose of that vote or consent solicitation. If anyone or series of debt securities under the Indenture seeks holder approval pursuant to a single aggregated vote, that modification will be uniformly applicable (as described above) to all such series, regardless of when they were issued.

For so long as any series of debt securities issued under the indenture, dated as of October 29, 2012, among Bolivia, The Bank of New York Mellon, as trustee, principal paying agent, transfer agent and registrar, and The Bank of New York Mellon SA/NV, Luxembourg Branch (formerly known as The Bank of New York Mellon (Luxembourg), S.A.), as Luxembourg paying agent, Luxembourg transfer agent and Luxembourg listing agent (the “2012 Indenture”) (the securities issued under the 2012 Indenture, “2012 Indenture debt securities”) is outstanding, if Bolivia certifies to the Trustee under the Indenture and to the trustee under the 2012 Indenture that a cross-series modification under the Indenture is being sought simultaneously with a “2012 Indenture reserve matter modification,” the 2012 Indenture debt securities affected by such 2012 Indenture reserve matter modification shall be treated as “series affected by that proposed modification” as that phrase is used in the Indenture (as described in the preceding paragraphs); provided,

however, that if Bolivia seeks a cross-series modification with single aggregated voting, the holders of any series of 2012 Indenture debt securities affected by the 2012 Indenture reserve matter modification must have been invited to exchange, convert or substitute such 2012 Indenture debt securities for either (x) the same new instruments or other consideration as the holders of debt securities of each affected series of debt securities for which consent to the cross-series modification is sought or (y) new instruments or other consideration from an identical menu of instruments or other consideration as the holders of debt securities of each affected series of debt securities for which consent to the cross-series modification is sought.

It is Bolivia's intention that in such circumstances, the votes of the holders of the affected 2012 Indenture debt securities be counted for purposes of the voting thresholds specified in the Indenture for the applicable cross-series modification as if those 2012 Indenture debt securities had been affected by that cross-series modification, although the effectiveness of any modification as it relates to the 2012 Indenture debt securities shall be governed exclusively by the terms and conditions of those 2012 Indenture debt securities and by the 2012 Indenture; provided that no such cross series modification shall be effective unless such modification shall have also been effective with respect to the holders of the 2012 Indenture debt securities under the 2012 Indenture.

"2012 Indenture reserve matter modification," as referred to above, means any modification to the terms and conditions of one or more series of the 2012 Indenture debt securities, pursuant to the 2012 Indenture.

"Cross-series modification with single aggregated voting" means a cross series modification that is uniformly applicable and is made in accordance with Section 11.5 of the Indenture.

"Cross-series modification" means a reserve matter modification to the terms of the debt securities of two or more series or to the Indenture insofar as it affects the debt securities of two or more series.

Before soliciting any consent or vote of any holder of debt securities for any reserve matter modification, Bolivia will provide the following information to the Trustee for distribution to the holders of debt securities of any series issued pursuant to the Indenture that would be affected by the proposed modification:

- a description of Bolivia's economic and financial circumstances that are in Bolivia's opinion relevant to the request for the proposed modification, a description of Bolivia's existing debts and a description of its broad policy reform program and provisional macroeconomic outlook;
- if Bolivia shall at the time have entered into an arrangement for financial assistance with multilateral and/or other major creditors or creditor groups and/or an agreement with any such creditors regarding debt relief, (x) a description of any such arrangement or agreement and (y) where permitted under the information disclosure policies of the multilateral or other creditors, as applicable, a copy of the arrangement or agreement;
- a description of Bolivia's proposed treatment of external debt instruments that are not affected by the proposed modification and its intentions with respect to any other major creditor groups; and
- if Bolivia is then seeking any reserve matter modification affecting any other series of debt securities, a description of that proposed modification.

For purposes of determining whether the required percentage of holders of the debt securities of a series has approved any amendment, modification or change to, or waiver of, the debt securities or the Indenture, or whether the required percentage of holders has delivered a notice of acceleration of the debt securities of that series, debt securities held by Bolivia or any public sector instrumentality will be disregarded and deemed not to be outstanding and may not be counted in a vote or consent solicitation for or against a proposed modification, if on the record date for the proposed modification or other action or instruction under the Indenture, the debt security is held by Bolivia or by a public sector instrumentality, except that (x) debt securities held by Bolivia or any public sector instrumentality which have been pledged in good faith may be regarded as outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such debt securities and that the pledgee is not Bolivia or a public sector instrumentality, and in case of a dispute concerning such right, the advice of counsel shall be full protection in respect of any decision made by the Trustee in accordance with such advice and any certificate, statement or opinion of counsel may be based, insofar as it relates to factual matters or information which is in the possession of the Trustee, upon the certificate, statement or opinion of or representations by the Trustee; and (y) in determining whether the

Trustee will be protected in relying upon any such action or instructions hereunder, or any notice from holders, only debt securities with respect to which a responsible officer of the Trustee has received written notice that such debt securities are so owned or controlled will be so disregarded.

As used in the preceding paragraph, “public sector instrumentality” means Banco Central de Bolivia, any department, ministry or agency of the government of Bolivia or of any departmental, municipal or autonomous state entity or organization or any company, enterprise, corporation, trust, financial institution or other entity owned or controlled by the Government of Bolivia or any of the foregoing, and “control” means the power, directly or indirectly, through the ownership of voting securities or other ownership interests, by contract or otherwise, to direct the management of or elect or appoint a majority of the board of directors or other persons performing similar functions in lieu of, or in addition to, the board of directors of that legal entity.

Certain Amendments Not Requiring Holder Consent. Bolivia and the Trustee may, without the vote or consent of any holder of Notes, modify the Indenture or the Notes for the purpose of:

- adding to Bolivia’s covenants for the benefit of the holders;
- surrendering any right or power conferred upon Bolivia with respect to the Notes;
- securing the Notes;
- curing any ambiguity or curing, correcting or supplementing any defective provision in the Notes or the Indenture;
- amending the Notes or the Indenture in any manner which Bolivia and the Trustee may determine and which does not materially adversely affect the interests of any holders of Notes; or
- correcting a manifest error of a formal, minor or technical nature.

Notices

Bolivia will mail any notices to the holders of Certificated Notes at the addresses appearing in the security register maintained by the Registrar and notices of judicial process to Bolivian holders will be served in accordance with Bolivian law. Notices to holders of Notes in global form will be given to DTC in accordance with its applicable procedures. Bolivia will consider a notice to be given at the time it is given in accordance with the foregoing. So long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the exchange so require, Bolivia will also publish notices to the holders in a leading newspaper having general circulation in Luxembourg (which is expected to be *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange at <http://www.bourse.lu>. If publication in a leading newspaper in Luxembourg or on the website of the Luxembourg Stock Exchange at <http://www.bourse.lu> is not practicable, Bolivia will give notices in an English language newspaper with general circulation in the respective market regions or in another way consistent with the rules of the Luxembourg Stock Exchange.

Optional Redemption

Prior to January 2, 2030 (two months prior to the maturity date of the Notes) (the “Par Call Date”), Bolivia will have the right at its option, upon giving not less than 30 days’ nor more than 60 days’ notice, to redeem the Notes, in whole or in part, at any time or from time to time, at a redemption price (expressed as a percentage of principal amount and rounded to three decimal places) equal to the greater of:

(1) (a) the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the redemption date (assuming the Notes matured on the Par Call Date) on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus 50 basis points less (b) interest accrued to the date of redemption, and

(2) 100% of the principal amount of the Notes to be redeemed,

plus, in either case, accrued and unpaid interest thereon, and Additional Amounts, if any, to, but excluding, the redemption date.

On or after the Par Call Date, Bolivia may redeem the Notes, in whole or in part, at any time and from time to time, at a redemption price equal to 100% of the principal amount of the Notes being redeemed plus accrued and unpaid interest thereon, and Additional Amounts, if any, to, but excluding, the redemption date.

On and after the Redemption Date, interest will cease to accrue on the Notes or any portion of the Notes called for redemption, unless Bolivia defaults in the payment of the redemption price. If less than all of the Notes are to be redeemed, the Notes to be redeemed shall be selected on a *pro rata* basis, selected by lot or by such method as the Trustee shall deem fair and appropriate (subject to the procedures of the Depositary).

“Treasury Rate” means, with respect to any redemption date, the yield determined by Bolivia in accordance with the following two paragraphs.

The Treasury Rate shall be determined by Bolivia after 4:15 p.m., New York City time (or after such time as yields on U.S. government securities are posted daily by the Board of Governors of the Federal Reserve System), on the third business day preceding the redemption date based upon the yield or yields for the most recent day that appear after such time on such day in the most recent statistical release published by the Board of Governors of the Federal Reserve System designated as “Selected Interest Rates (Daily)—H.15” (or any successor designation or publication) (“H.15”) under the caption “U.S. government securities—Treasury constant maturities—Nominal” (or any successor caption or heading). In determining the Treasury Rate, Bolivia shall select, as applicable: (1) the yield for the Treasury constant maturity on H.15 exactly equal to the period (the “Remaining Life”) from the redemption date to the date that reflects the remaining Weighted Average Life of the Notes (assuming the last amortization payment on the Notes is made on the Par Call Date) (the “WAL Date”); or (2) if there is no such Treasury constant maturity on H.15 exactly equal to the Remaining Life, the two yields—one yield corresponding to the Treasury constant maturity on H.15 immediately shorter than and one yield corresponding to the Treasury constant maturity on H.15 immediately longer than the Remaining Life—and shall interpolate to the WAL Date on a straight-line basis (using the actual number of days) using such yields and rounding the result to three decimal places; or (3) if there is no such Treasury constant maturity on H.15 shorter than or longer than the Remaining Life, the yield for the single Treasury constant maturity on H.15 closest to the Remaining Life. For purposes of this paragraph, the applicable Treasury constant maturity or maturities on H.15 shall be deemed to have a maturity date equal to the relevant number of months or years, as applicable, of such Treasury constant maturity from the redemption date.

If on the third business day preceding the redemption date H.15 or any successor designation or publication is no longer published, Bolivia shall calculate the Treasury Rate based on the rate per annum equal to the semi-annual equivalent yield to maturity at 11:00 a.m., New York City time, on the second business day preceding such redemption date of the United States Treasury security maturing on, or with a maturity that is closest to, the WAL Date, as applicable. If there is no United States Treasury security maturing on the WAL Date but there are two or more United States Treasury securities with a maturity date equally distant from the WAL Date, one with a maturity date preceding the WAL Date and one with a maturity date following the WAL Date, Bolivia shall select the United States Treasury security with a maturity date preceding the WAL Date. If there are two or more United States Treasury securities maturing on the WAL Date or two or more United States Treasury securities meeting the criteria of the preceding sentence, Bolivia shall select from among these two or more United States Treasury securities the United States Treasury security that is trading closest to par based upon the average of the bid and asked prices for such United States Treasury securities at 11:00 a.m., New York City time. In determining the Treasury Rate in accordance with the terms of this paragraph, the semi-annual yield to maturity of the applicable United States Treasury security shall be based upon the average of the bid and asked prices (expressed as a percentage of principal amount) at 11:00 a.m., New York City time, of such United States Treasury security, and rounded to three decimal places.

“Weighted Average Life” at any date means the number of years obtained by dividing: (1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment in respect of the Notes, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such installment payment; by (2) the then outstanding principal amount of the Notes.

Repurchase

Bolivia may at any time purchase the Notes and, in its discretion, hold or resell them or surrender them to the Trustee for cancellation.

Further Issues

Bolivia may, without the consent of the holders, create and issue additional notes that may form a single series of notes with the outstanding Notes; *provided* that such additional notes do not have the same CUSIP number or other identifying number as the Notes unless such additional notes are fungible with the Notes for U.S. federal income tax purposes.

Jurisdiction, Consent to Service and Enforceability

Bolivia is a sovereign state. Consequently, it may be difficult for you to obtain or realize judgments of the courts of the United States of America or elsewhere against Bolivia. Furthermore, it may be difficult for you to enforce, in the United States of America or elsewhere, the judgments of U.S. or foreign courts against Bolivia.

In connection with any legal action against Bolivia or its properties, assets or revenues arising out of or relating to the Notes or the Indenture, which is referred to as a “related proceeding,” Bolivia will:

- submit to the exclusive jurisdiction of any New York State or U.S. federal court sitting in the Borough of Manhattan, New York City, and any appellate court thereof;
- agree that all claims in respect of any related proceeding may be heard and determined in such New York State or U.S. federal court;
- agree that any judgment obtained in such New York State or U.S. federal court arising out of a related proceeding may be enforced or executed in any other court of competent jurisdiction, subject to the applicable laws and international agreements, if any, regulating such enforcement or execution;
- agree that any judgment obtained in any such other court as a result of such enforcement or execution may be enforced or executed in any such other court of competent jurisdiction by means of a suit on the judgment or in any other manner provided by law, and subject to the applicable laws and international agreements, if any, regulating such enforcement or execution;
- consent to and waive, to the fullest extent permitted by law, any objection that it may have to the laying of venue of any related proceeding brought in such New York State or U.S. federal court or to the laying of venue of any legal action brought solely for the purpose of enforcing or executing a related judgment in such New York State or U.S. federal court or any other courts;
- waive, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of a related proceeding or any such legal action in any such court; and
- appoint the Consul of Bolivia in the City of New York, presently located at 800 2nd Avenue, Suite 430, New York, NY 10017, as its process agent, agree that for so long as any Note remains outstanding, the person from time to time so acting, or discharging such functions, will be deemed to have been appointed as its process agent and otherwise maintain at all times an agent with offices in New York to act as its process agent.

The process agent will receive, on behalf of Bolivia and its property, service of all writs, process and summonses in any related proceeding or any suit, action or proceeding to enforce or execute any related judgment brought against it in any New York State or U.S. federal courts sitting in the Borough of Manhattan, New York City. Failure of the process agent to give any notice to Bolivia of any such service of process shall not impair or affect the validity of that service or of any judgment based thereon. Nothing in the Indenture shall in any way be deemed to limit the ability to serve any such writs, process or summonses in any other manner permitted by applicable law.

Except for as may result from the application of Paragraph II of Article 339 of the Bolivian Political Constitution and the Regulation for the Registration, Registration Control and Certification of the Bolivian State Assets, approved by the National Service of Patrimony of the State (“SENAPE”), to the extent that Bolivia or any of its revenues, assets or properties may be entitled to any sovereign or other immunity under any law, Bolivia will not claim and will waive that immunity to the fullest extent permitted by the laws of such jurisdiction. This waiver covers Bolivia’s sovereign immunity and immunity from prejudgment attachment, post-judgment attachment and attachment in aid, but does not

extend to the attachment of revenues, assets and property of Bolivia located in Bolivia, unless permitted under Bolivian law. See “Transfer Restrictions.”

Bolivia, however, reserves the right to plead sovereign immunity under the U.S. Immunities Act with respect to actions brought against it under U.S. federal securities laws or any state securities law. Without an effective waiver of immunity by Bolivia with respect to those actions, it would be impossible to obtain a U.S. judgment in such an action against Bolivia unless a court were to determine that Bolivia is not entitled to sovereign immunity under the Foreign Sovereign Immunities Act of 1976 with respect to that action. In addition, even if a U.S. judgment could be obtained in an action under the Foreign Sovereign Immunities Act of 1976, it may not be possible to enforce in Bolivia a judgment based on that U.S. judgment.

Governing Law

The Indenture is and the Notes will be governed by and interpreted in accordance with the laws of the State of New York without regard to any conflicts of law principles thereof that would require the application of laws of a jurisdiction other than the State of New York. However, matters concerning authorization and execution of the Indenture and the Notes by Bolivia, as well as the enforcement of any foreign judgment against Bolivia before Bolivian courts, will be governed by the laws of Bolivia.

Book-Entry; Delivery and Form

The Notes are being offered and sold in reliance on Rule 144A (“Rule 144A Notes”). The Notes also may be offered and sold in offshore transactions in reliance on Regulation S (“Regulation S Notes”). Except as set forth below, the Notes will be issued in registered, global form. Notes will be issued at the closing of this offering only against payment in immediately available funds. Rule 144A Notes initially will be represented by one or more permanent global notes in registered form without interest coupons (collectively, the “Rule 144A Global Notes”). Regulation S Notes initially will be represented by one or more permanent global notes in registered form without interest coupons (collectively, the “Regulation S Global Notes”). The Rule 144A Global Notes and the Regulation S Global Notes are collectively referred to herein as the “Global Notes.”

The Global Notes will be deposited upon issuance with the Trustee as custodian for DTC, in New York, New York, and registered in the name of DTC’s nominee, Cede & Co., in each case for credit to an account of a direct or indirect participant in DTC as described below. Beneficial interests in the Global Notes may be held through Euroclear and Clearstream (as indirect participants in DTC). Beneficial interests in the Rule 144A Global Notes may not be exchanged for beneficial interests in the Regulation S Global Notes or vice versa at any time except in the limited circumstances described below.

Except as set forth below, the Global Notes may be transferred, in whole but not in part, only to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the Global Notes may not be exchanged for Certificated Notes except in the limited circumstances described below. Rule 144A Notes (including beneficial interests in the Rule 144A Global Notes) will be subject to certain restrictions on transfer and will bear a restrictive legend as described under “Transfer Restrictions.” Regulation S Notes will also bear the legend as described under “Transfer Restrictions.” In addition, transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of DTC and its direct or indirect participants (including, if applicable, those of Euroclear and Clearstream), which may change from time to time.

Bolivia has been advised that DTC is:

- a limited purpose trust company organized under the laws of the State of New York;
- a “banking organization” within the meaning of the New York Banking Law;
- a member of the Federal Reserve System;
- a “clearing corporation” within the meaning of the Uniform Commercial Code; and
- a “clearing agency” registered under the provisions of Section 17A of the U.S. Exchange Act, as amended.

DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between participants through electronic book-entry changes in accounts of its participants, thereby eliminating the need for the physical movement of certificates. Indirect access to the DTC system is available to “indirect participants,” such as banks, brokers, dealers and trust companies and other organizations, that clear through or maintain, either directly or indirectly, a custodial relationship with a participant.

So long as DTC or its nominee is the registered owner or holder of the Global Notes, DTC or its nominee, as the case may be, will be considered the sole owner or holder of the debt securities represented by the Global Notes for all purposes under the Notes and the Indenture. No beneficial owner of an interest in any global note may transfer that interest except in accordance with DTC’s applicable procedures, in addition to those provided for under the Indenture and those of Euroclear and Clearstream.

Payments of the principal of, and interest on, the Global Notes will be made to DTC or its nominee, as the case may be, as the registered owner of the Global Notes. Bolivia, the Trustee, the Registrar, any Transfer Agent and any Paying Agent will not have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Global Notes or for maintaining, supervising or reviewing any records relating to those beneficial ownership interests.

Bolivia expects that DTC or its nominee, upon receipt of any payment of principal of or interest on the Global Notes, will credit participants’ accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the Global Notes as shown on the records of DTC or its nominee. Bolivia also expects that payments by participants to owners of beneficial interests in the Global Notes held through those participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for those customers. These payments will be the responsibility of those participants.

Bolivia expects that DTC will take any action permitted to be taken by a holder of the Notes, including the presentation of the Notes for exchange, only at the direction of one or more participants to whose account the DTC interests in the global note is credited and only in respect of that portion of the aggregate principal amount of the Notes for which that participant has or those participants have given such direction. If, however, there is an Event of Default under the Notes, DTC will exchange the applicable Global Notes for registered Certificated Notes, which it will distribute to its participants.

Bolivia will issue Certificated Notes in exchange for Global Notes only if (i) Bolivia notifies the Trustee in writing that DTC is no longer willing or able to act as a depository or DTC ceases to be registered as a clearing agency under the U.S. Securities and Exchange Act of 1934 as amended and a successor depository is not appointed within 90 days of such notice or cessation, (ii) Bolivia, at its option, notifies the Trustee in writing that it elects to cause the issuance of Notes in definitive form under the Indenture or (iii) upon the occurrence of certain other events as provided in the Indenture. Upon any such issuance, the registrar is required to register such Certificated Notes in the names of such person or persons (or the nominee of any thereof) specified by DTC and cause the same to be delivered thereto.

Prior to the expiration of the period through and including the 40th day after the later of the commencement of this offering and the closing of this offering (the “Restricted Period”), beneficial interests in a Regulation S Global Note may be exchanged for beneficial interests in a Rule 144A Global Note only if:

- (1) such exchange occurs in connection with a transfer of the Notes pursuant to Rule 144A;
- (2) the transferor first delivers to the Transfer Agent a written certificate (in the form provided in the Indenture) to the effect that the Notes are being transferred to a person who the transferor reasonably believes to be a qualified institutional buyer within the meaning of Rule 144A and is purchasing for its own account or the account of a qualified institutional buyer in a transaction meeting the requirements of Rule 144A; and
- (3) the transfer is in accordance with all applicable securities laws.

After the expiration of the Restricted Period, such certification requirements will not apply to such transfers of beneficial interests in Regulation S Global Notes.

Beneficial interests in a Rule 144A Global Bond may be transferred to a person who takes delivery in the form of an interest in a Regulation S Global Bond, whether before or after the expiration of the Restricted Period, only if

the transferor first delivers to the Transfer Agent a written certificate (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Rule 903 or 904 of Regulation S.

Transfers involving exchanges of beneficial interests between the Regulation S Global Notes and the Rule 144A Global Notes will be effected by DTC by means of an instruction originated by the transferor through the DTC Deposit/Withdraw at Custodian system. Accordingly, in connection with any such transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Notes and a corresponding increase in the principal amount of the Rule 144A Global Notes or vice versa, as applicable. Any beneficial interest in one of the Global Notes that is transferred to a person who takes delivery in the form of an interest in the other Global Notes will, upon transfer, cease to be an interest in such Global Notes and will become an interest in the other Global Notes and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other Global Notes for so long as it remains such an interest.

Transfers between participants in DTC will be effected in the ordinary way in accordance with DTC's rules and will be settled in same-day funds. Transfers between participants in Euroclear and Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions applicable to the Notes, if any, cross-market transfers between participants in DTC, on the one hand, and Euroclear or Clearstream accountholders, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream, as the case may be, by its respective depository. Any cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in that system in accordance with the rules and procedures and within the established deadlines (Brussels time) of that system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its respective settlement requirements, deliver instructions to its respective depository to effect final settlement on its behalf by delivering or receiving interests in the Global Notes to DTC, and making or receiving payments in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear accountholders and Clearstream participants may not deliver instructions directly to the depositories for Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream accountholder purchasing an interest in any global note from a participant in DTC will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream accountholder, during the securities settlement processing day, which must be a business day for Euroclear and Clearstream immediately following the settlement date of DTC. Cash received in Euroclear or Clearstream as a result of sales of interests in any global note by or through a Euroclear or Clearstream accountholder to a participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream cash account only as of the business day for Euroclear or Clearstream following DTC's settlement date.

Although DTC, Euroclear and Clearstream are expected to follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among the participants of DTC, Euroclear and Clearstream, they are under no obligation to perform or continue to perform those procedures, and those procedures may be discontinued at any time. None of Bolivia, the Trustee or any of their respective agents will have any responsibility for the performance by DTC, Euroclear or Clearstream, or their respective participants or indirect participants, of their respective obligations under the rules and procedures governing their operations.

TAXATION

This is a general summary of certain U.S. federal and Bolivian income tax considerations in connection with an investment in the Notes. This summary does not address all aspects of U.S. federal and Bolivian income tax law and does not discuss any state or local tax considerations. While this summary is considered to be a correct interpretation of existing laws in force on the date of this Offering Memorandum, there can be no assurance that those laws or the interpretation of those laws will not change. Prospective investors are advised to consult their tax advisors with respect to the tax consequences of the purchase, ownership or disposition of the Notes (or beneficial interests therein) as well as any tax consequences that may arise under the laws of any state, municipality or other taxing jurisdiction. For the purposes of this summary, any reference to the purchase, ownership or disposition of the Notes shall mean reference to the purchase, ownership or disposition of the Notes or beneficial interests therein.

Certain Bolivian Tax Considerations

Interest income on the Notes is exempt from Bolivian tax. No Bolivian withholding tax applies to payments of principal or interest to either Bolivian or non-Bolivian holders of the Notes. Upon redemption or repurchase of Notes by the Issuer, the amount paid in excess of the issue value of the Notes (other than accrued interest) will be subject to withholding tax at a rate of 12.5% in the case of non-Bolivian holders. Bolivian holders are subject to 25% income tax on capital gains, which would be calculated pursuant to the year-end profit and loss statement and such holder's annual income tax statement. Any gain from the sale of Notes by a holder to another holder will be taxable in the case of Bolivian sellers, but non-Bolivian holders will not be subject to tax (or withholding tax) with respect to their sale of Notes to other holders.

Certain U.S. Federal Income Tax Considerations

The following are certain U.S. federal income tax consequences to the U.S. Holders described below of owning and disposing of Notes purchased in this offering at the "issue price," which we assume will be the price indicated on the cover of this Offering Memorandum, and held as capital assets for U.S. federal income tax purposes.

This discussion does not describe all of the tax considerations that may be relevant to you in light of your particular circumstances, including alternative minimum tax and Medicare contribution tax consequences, as well as differing tax consequences that may apply if you are, for instance:

- a financial institution;
- a regulated investment company;
- a dealer or trader in securities that uses a mark-to-market method of tax accounting;
- holding Notes as part of a "straddle" or integrated transaction;
- a person whose functional currency is not the U.S. dollar;
- a person who tenders their Notes in connection with the Offers to Purchase;
- a tax-exempt entity; or
- a partnership for U.S. federal income tax purposes.

If you are a partnership (or an entity or arrangement treated as a partnership) for U.S. federal income tax purposes, the U.S. federal income tax treatment of your partners generally will depend on the status of the partners and your activities.

This summary is based on the Internal Revenue Code of 1986, as amended to the date hereof, administrative pronouncements, judicial decisions and final, temporary and proposed Treasury Regulations, changes to any of which subsequent to the date of this Offering Memorandum may affect the tax consequences described herein, possibly with retroactive effect. This summary does not address any aspect of state, local or non-U.S. taxation, or any taxes other than income taxes. You should consult your tax advisor with regard to the application of the U.S. federal tax laws to

your particular situation, as well as any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

You are a U.S. Holder if for U.S. federal income tax purposes you are a beneficial owner of a Note and are:

- a citizen or individual resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

Interest

The amount of interest (including any amounts withheld and any Additional Amounts paid with respect thereto) on a Note will be taxable to you as ordinary interest income at the time it accrues or is received, in accordance with your method of accounting for U.S. federal income tax purposes. It is expected, and this discussion assumes, that the Notes will be issued without original issue discount for U.S. federal income tax purposes. If, however, a Note's principal amount exceeds its issue price by an amount that equals or exceeds $\frac{1}{4}$ of one percent of the principal amount multiplied by the "weighted average maturity" (as defined in applicable Treasury Regulations), you will be required to include the excess in income as original issue discount, as it accrues, in accordance with a constant-yield method based on a compounding of interest before the receipt of cash payments attributable to this income.

Interest income earned with respect to a Note will constitute foreign-source income, which could be relevant to you in calculating your foreign tax credit limitation. The rules governing foreign tax credits are complex, and you should consult your tax advisor regarding the availability of foreign tax credits in your particular circumstances.

Sale or Other Taxable Disposition of the Notes

Upon the sale or other taxable disposition of a Note, you will recognize taxable gain or loss equal to the difference between the amount realized on the sale or other taxable disposition and your remaining tax basis in the Note. For these purposes, the amount realized does not include any amount attributable to accrued interest, which is treated as described under "—Interest" above. In the case of redemption by the Issuer, the amount realized will include any Bolivian taxes withheld (and any Additional Amounts paid with respect thereto). Your tax basis in a Note generally will equal the cost of your Note, reduced by any payment of principal installment previously made under the terms of the notes.

Gain or loss realized on the sale or other taxable disposition of a Note generally will be capital gain or loss and will be long-term capital gain or loss if at the time of the sale or other taxable disposition the Note has been held for more than one year. Long-term capital gains recognized by non-corporate taxpayers are subject to favorable tax rates. The deductibility of capital losses is subject to limitations.

Gain or loss, if any, generally will be U.S.-source income for purposes of computing your foreign tax credit limitation. As discussed in "—Certain Bolivian Income Tax Considerations," certain payments upon redemption (other than with respect to accrued interest) may be subject to Bolivian withholding tax. Under recently finalized Treasury regulations, subject to very limited exceptions you will generally not be able to claim a foreign tax credit for any Bolivian tax imposed on such gain, even though the amount withheld (and any Additional Amounts paid with respect thereto) will be included in the amount you realize with respect to the sale of your Old Notes. You should consult your tax adviser concerning the tax consequences of any Bolivian tax imposed on a redemption of the Notes, including your ability to deduct this tax.

Information with respect to foreign financial assets

U.S. Holders who are individuals (or certain specified entities) that own "specified foreign financial assets" with an aggregate value in excess of certain thresholds are generally required to file information reports with respect to such assets with their tax returns. Specified foreign financial assets include accounts maintained by non-U.S. financial institutions, as well as debt securities of non-U.S. issuers not held through accounts maintained by financial institutions. You should consult your tax adviser regarding the relevance of these rules to your ownership of the Notes.

Backup Withholding and Information Reporting

Information returns generally will be required to be filed with the Internal Revenue Service in connection with payments on the Notes and proceeds received from a sale or other disposition of the Notes that are made within the United States or through certain U.S.-related financial institutions, unless you are an exempt recipient. You may also be subject to backup withholding on these payments in respect of your Notes unless you provide your taxpayer identification number and otherwise comply with applicable requirements of the backup withholding rules or you provide proof of an applicable exemption. Amounts withheld under the backup withholding rules are not additional taxes and may be refunded or credited against your U.S. federal income tax liability, provided the required information is timely furnished to the Internal Revenue Service.

THE ABOVE SUMMARIES ARE NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL TAX CONSEQUENCES RELATING TO THE INVESTMENT IN THE OFFERED NOTES. PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE TAX CONSEQUENCES OF THEIR PARTICULAR SITUATIONS.

PLAN OF DISTRIBUTION

Bolivia is issuing U.S.\$850,000,000 aggregate principal amount of 7.500% Notes due March 2, 2030, of which U.S.\$688,035,000 is expected to be delivered as payment in connection with Bolivia's concurrent Offers to Exchange. The Initial Purchasers have entered into a purchase agreement with Bolivia with respect to the remaining portion of the Notes (the "Purchase Agreement"). Subject to certain conditions, each Initial Purchaser has severally and not jointly agreed to purchase the principal amount of Notes indicated in the following table.

<u>Initial Purchasers</u>	<u>Principal Amount of Notes</u>
BofA Securities, Inc.	U.S.\$53,989,000
Goldman Sachs & Co. LLC.....	U.S.\$ 53,988,000
J.P. Morgan Securities LLC	U.S.\$ 53,988,000
Total	<u>U.S.\$161,965,000</u>

The Initial Purchasers are offering the Notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the notes, and other terms and conditions contained in the Purchase Agreement, such as the receipt by the Initial Purchasers of officer's certificates and legal opinions. The Initial Purchasers reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

The Initial Purchasers may offer and sell the notes through certain of their respective affiliates. The initial offering price is set forth on the cover page of this Offering Memorandum. After the Notes are released for sale, the Initial Purchasers may change the offering price and other selling terms. The offering of the Notes by the Initial Purchasers is subject to receipt and acceptance and subject to the Initial Purchasers' right to reject any order in whole or in part. Each purchaser of the Notes will be deemed to have made acknowledgments, representations and agreements as described under "Transfer Restrictions."

The Notes have not been and will not be registered under the Securities Act. Each Initial Purchaser has agreed that it will only offer or sell the Notes (A) in the United States of America to qualified institutional buyers in reliance on Rule 144A under the Securities Act and (B) outside the United States of America to non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act. Terms used above have the meanings given to them by Rule 144A and Regulation S under the Securities Act.

The Notes are a new issue of securities with no established trading market. Bolivia has been advised by the Initial Purchasers that the Initial Purchasers intend to make a market in the Notes but are not obligated to do so and may discontinue market making at any time without notice. No assurance can be given as to the liquidity of the trading market for the Notes.

In connection with the offering of the Notes, the Initial Purchasers (or persons acting on their behalf) may over allot Notes or effect transactions with a view to supporting the market price of the Notes during the stabilization period at a level higher than that which might otherwise prevail. However, stabilization may not necessarily occur. Any stabilization action may begin on or after the date of adequate public disclosure of the terms of the offer of the Notes and, if begun, may cease at any time, but it must end no later than 30 calendar days after the date on which the Issuer received the proceeds of the issue, or no later than 60 calendar days after the date of allotment of the Notes, whichever is earlier. Any stabilization action or over allotment must be conducted by the relevant Initial Purchaser (or persons acting on their behalf) in accordance with all applicable laws and rules and will be undertaken at the offices of the Initial Purchaser (or persons acting on their behalf) and on the Luxembourg Stock Exchange.

The Initial Purchasers may also purchase and sell Notes in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the Initial Purchasers of a greater number of Notes than they are required to purchase in the offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Notes while the offering is in progress.

These activities by the Initial Purchasers, as well as other purchases by the Initial Purchasers for their own accounts, may stabilize, maintain or otherwise affect the market price of the Notes. As a result, the price of the Notes

may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Initial Purchasers at any time. These transactions may be effected in the over-the-counter market or otherwise. Neither we nor any of the Initial Purchasers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes.

The Initial Purchasers propose initially to offer the Notes at the offering price set forth on the cover page of this Offering Memorandum. After the initial offering, the offering price or any other term of the offering may be changed. The Initial Purchasers may offer and sell Notes through certain of their affiliates.

Bolivia has agreed to indemnify the several Initial Purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the Initial Purchasers may be required to make in respect of those liabilities.

Bolivia has agreed that during a period of 90 days following the date of this Offering Memorandum, Bolivia will not, without first obtaining the prior written consent of the Initial Purchasers, directly or indirectly, issue, sell, offer, contract or grant any option to sell, pledge, transfer or otherwise dispose of or transfer, or announce the offering of, or file any registration statement under the Securities Act in respect of, any debt securities or securities of Bolivia, or securities exchangeable for or convertible into debt securities, except for the Notes sold to the Initial Purchasers pursuant to the Purchase Agreement.

Other Relationships

The Initial Purchasers and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Initial Purchasers and their respective affiliates have provided, and may in the future provide, a variety of these services to Bolivia and to persons and entities with relationships with Bolivia, for which they received or will receive customary fees and expenses. The Initial Purchasers are acting as dealer managers for the invitation for the concurrent Offers, for which they will receive customary fees and expenses.

In the ordinary course of their various business activities, the Initial Purchasers and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively traded securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of Bolivia (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with Bolivia. In particular, certain of the Initial Purchasers and/or their affiliates may hold debt securities issued by Bolivia that are the subject of the concurrent Offers, which may be exchanged or tendered by the Initial Purchasers, in part, for cash deriving from the proceeds of this offering. If any of the Initial Purchasers or their affiliates has a lending relationship with us, certain of those Initial Purchasers or their affiliates routinely hedge, and certain other of those Initial Purchasers or their affiliates may hedge, their credit exposure to us consistent with their customary risk management policies. Typically, these Initial Purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the Notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the Notes offered hereby. The Initial Purchasers and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities or instruments.

European Economic Area

This Offering Memorandum has been prepared on the basis that any offer of the Notes in any Member State of the EEA will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of the Notes.

Each person in a Member State of the EEA who receives any communication in respect of, or who acquires any of the Notes under, the offers contemplated in this Offering Memorandum or to whom the Notes are otherwise made available, will be deemed to have represented, warranted, acknowledged and agreed to and with each Initial Purchaser

and Bolivia that it and any person on whose behalf it acquires the Notes is not a retail investor. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (11) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

In this section, the expression an “offer” in relation to any of the Notes in any Member State of the EEA means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129 (as amended or superseded).

Any distributor subject to MiFID II subsequently offering, selling or recommending the Notes is responsible for undertaking its own target market assessment in respect of the Notes and determining the appropriate distribution channels for the purposes of the MiFID II product governance rules under Commission Delegated Directive (EU) 2017/593 (“Delegated Directive”). Neither the Issuer nor any of the Initial Purchasers make any representations or warranties as to a Distributor’s compliance with the Delegated Directive.

United Kingdom

This Offering Memorandum has been prepared on the basis that any offer of Notes in the UK will be made pursuant to an exemption under section 85 of the FSMA and the Prospectus Regulation, as it forms part of UK domestic law by virtue of the EUWA (the “UK Prospectus Regulation”), from the requirement to publish a prospectus for offers of Notes.

Each person in the UK who receives any communication in respect of, or who acquires any of the Notes under, the offers contemplated in this Offering Memorandum or to whom the Notes are otherwise made available, will be deemed to have represented, warranted, acknowledged and agreed to and with each Initial Purchaser and Bolivia that it and any person on whose behalf it acquires the Notes is not a retail investor. For these purposes, (a) a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA.

In this section, the expression an “offer” in relation to any of the Notes in the UK means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Any distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “UK MiFIR Product Governance Rules”), subsequently offering, selling or recommending the Notes is responsible for undertaking its own target market assessment in respect of the Notes and determining the appropriate distribution channels for the purposes of the UK MiFIR Product Governance Rules. Neither the Issuer nor any of the Initial Purchasers make any representations or warranties as to a distributor’s compliance with the UK MiFIR Product Governance Rules.

This document is for distribution only to persons who (1) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “Financial Promotion Order”), (2) are persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations etc.”) of the Financial Promotion Order, (3) are outside the United Kingdom, or (4) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons”). This document is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.

Hong Kong

This Offering Memorandum has not been and will not be approved by or registered with the Securities and Futures Commission of Hong Kong or the Registrar of Companies of Hong Kong. No person may offer or sell in Hong Kong,

by means of any document, any of the Notes other than (1) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (2) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong). No person may issue or have in its possession for the purposes of issue, in each case whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Singapore

This Offering Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Offering Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (1) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (2) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA, or (3) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to compliance with conditions set forth in the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is: a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the securities pursuant to an offer made under Section 275 of the SFA except: to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; where no consideration is or will be given for the transfer; where the transfer is by operation of law; as specified in Section 276(7) of the SFA; or as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the FIEA) and each international underwriter has represented and agreed that it will not offer or sell any of the Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or entity organized under the laws of Japan), or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Switzerland

The Offering Memorandum is not intended to constitute an offer or solicitation to purchase or invest in the Notes. The Notes may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act (“FinSA”) and no application has or will be made to admit the notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. None of the Offering Memorandum or any other offering or marketing material relating to the Notes constitutes a prospectus pursuant to the FinSA, and none of the Offering Memorandum or any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Dubai International Financial Centre

The Offering Memorandum is for distribution only to persons who (a) are outside the Dubai International Financial Centre, (b) are persons who meet the Professional Client criteria set out in Rule 2.3.4 of the DFSA Conduct of Business Module or (c) are persons to whom an invitation or inducement in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons” for the purposes of this paragraph). The Offering Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which the Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

The Offering Memorandum relates to an exempt offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (“DFSA”). The Offering Memorandum is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. They must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any document in connection with exempt offers. The DFSA has not approved the Offering Memorandum nor taken steps to verify the information set forth in it and has no responsibility for the Offering Memorandum. The Notes to which the Offering Memorandum relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Notes offered should conduct their own due diligence on the Notes. If you do not understand the contents of the Offering Memorandum you should consult an authorized financial advisor.

United Arab Emirates

The Notes have not been, and are not being, publicly offered, sold, promoted or advertised in the United Arab Emirates other than in compliance with the laws of the United Arab Emirates governing the issue, offering and sale of securities. Further, this Offering Memorandum does not constitute a public offer of securities in the United Arab Emirates and is not intended to be a public offer. This Offering Memorandum has not been approved by or filed with the Central Bank of the United Arab Emirates, or the Securities and Commodities Authority.

Abu Dhabi Global Market

The Offering Memorandum is for distribution only to persons who (a) are outside the Abu Dhabi Global Market, or (b) are Authorised Persons or Recognised Bodies (as such terms are defined in the Financial Services and Markets Regulations 2015 (“FSMR”)), or (c) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 18 of FSMR) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons” for the purposes of this paragraph). The Offering Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which the Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

This offer document is an “Exempt Offer” as prescribed under, and in accordance with, the Market Rules of the ADGM Financial Services Regulatory Authority. This Exempt Offer document is intended for distribution only to persons of a type specified in the Market Rules. It must not be delivered to, or relied on by, any other person. The ADGM Financial Services Regulatory Authority has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The ADGM Financial Services Regulatory Authority has not approved this Exempt Offer document nor taken steps to verify the information set out in it, and has no responsibility for it. The Notes to which this Exempt Offer relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Notes offered should conduct their own due diligence on the Notes. If you do not understand the contents of this Exempt Offer document you should consult an authorised financial advisor.

Colombia

The Notes will not be authorized by the Colombian Superintendency of Finance (*Superintendencia Financiera de Colombia*) and will not be registered under the Colombian National Registry of Securities and Issuers (*Registro Nacional de Valores y Emisores*), and, accordingly, the Notes will not be offered or sold to persons in Colombia except in circumstances which do not result in a public offering under Colombian law.

Chile

Pursuant to Law No. 18,045 of Chile (the securities market law of Chile) and Rule (*Norma de Carácter General*) No. 336, dated June 27, 2012 (Rule 336), issued by the Superintendency of Securities and Insurance of Chile (*Superintendencia de Valores y Seguros de Chile*, or “SVS”), the Notes may be privately offered in Chile to certain “qualified investors” identified as such by Rule 336 (which in turn are further described in Rule No. 216, dated June 12, 2008, of the SVS).

Rule 336 requires the following information to be provided to prospective investors in Chile:

1. Date of commencement of the offer of the Notes in Chile: February 10, 2022.
2. The offer of the Notes is subject to Rule 336.
3. The offering of the Notes is not registered with the Securities Registry (*Registro de Valores*) of the SVS nor with the foreign securities registry (*Registro de Valores Extranjeros*) of the SVS and as such;
 - a. The Notes are not subject to the oversight of the SVS; and
 - b. The issuer of the Notes is not subject to the obligation to make publicly available information about the Notes in Chile.
4. The Notes may not be subject to public offering in Chile unless and until they are registered with the relevant Securities Registry of the SVS.

Peru

The Notes and the information contained in this Offering Memorandum are not being publicly marketed or offered in Peru and will not be distributed or caused to be distributed to the general public in Peru. Peruvian securities laws and regulations on public offerings will not be applicable to the issuer of the Notes before or after their acquisition by prospective investors. The Notes and the information contained in this Offering Memorandum have not been and will not be reviewed, confirmed, approved, or in any way submitted to the Peruvian Superintendency of Capital Markets (*Superintendencia del Mercado de Valores*, or “SMV”) nor have they been registered under the Securities Market Law (*Ley del Mercado de Valores*) or any other Peruvian regulations. Accordingly, the Notes cannot be offered or sold within Peruvian territory except to the extent any such offering or sale qualifies as a private offering under Peruvian regulations and complies with the provisions on private offerings set forth therein.

Brazil

The Notes have not been and will not be issued nor placed, distributed, offered or negotiated in the Brazilian capital markets and, as a result, have not been and will not be registered with the Securities Commission of Brazil (*Comissão de Valores Mobiliários*, or “CVM”). Any public offering or distribution, as defined under Brazilian laws and regulations, of the Notes in Brazil is not legal without prior registration under Law No. 6,385 of December 7, 1976, as amended, and Instruction No. 400, issued by the CVM on December 29, 2003, as amended. Documents relating to the offering of the Notes, may not be delivered in Brazil.

Canada

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable

provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 *Underwriting Conflicts* (**NI 33-105**), the Initial Purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

TRANSFER RESTRICTIONS

Each purchaser of the Notes will be deemed to have represented and agreed as follows (terms used herein that are defined in Rule 144A or Regulation S under the Securities Act are used herein as defined therein):

- (1) You (A) (1) are a qualified institutional buyer, (2) are aware that the sale of the Notes to you is being made in reliance on Rule 144A and (3) are acquiring such Notes for your own account or for the account of a qualified institutional buyer, as the case may be, or (B) are not a U.S. person, as such term is defined in Rule 902 under the Securities Act, and are purchasing the Notes in accordance with Regulation S.
- (2) You understand that the Notes have not been and will not be registered under the Securities Act, or any other state or other securities laws, and may not be reoffered, resold, pledged or otherwise transferred except (A) (1) to a person who you reasonably believe is a qualified institutional buyer acquiring for its own account or the account of a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, (2) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S, (3) pursuant to an exemption from registration under the Securities Act (if available), or (4) pursuant to an effective registration statement under the Securities Act and (B) in accordance with all applicable securities laws of the states of the United States of America and other jurisdictions.
- (3) Rule 144A Notes will bear a legend to the following effect, unless Bolivia determines otherwise in compliance with applicable law:

THE NOTES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES OF AMERICA SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY OTHER STATE OR OTHER SECURITIES LAWS, AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) (1) TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED (IF AVAILABLE), OR (4) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES OF AMERICA AND OTHER JURISDICTIONS. AS USED HEREIN, THE TERM "OFFSHORE TRANSACTION" HAS THE MEANING GIVEN IN THE SECURITIES ACT.

THIS LEGEND WILL ONLY BE REMOVED AT THE OPTION OF THE ISSUER.

- (4) Regulation S Notes will bear a legend to the following effect, unless Bolivia determines otherwise in compliance with applicable law:

THE NOTES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE OR OTHER SECURITIES LAWS. PRIOR TO EXPIRATION OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD (AS DEFINED IN REGULATION S ("REGULATION S") UNDER THE SECURITIES ACT), THIS SECURITY MAY NOT BE REOFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES (AS DEFINED IN REGULATION S) OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON (AS DEFINED IN REGULATION S), EXCEPT TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT IN A TRANSACTION MEETING THE REQUIREMENTS OF THE INDENTURE REFERRED TO HEREIN.

The Notes will be available initially only in book-entry form. The Notes will be issued in the form of one or more global notes bearing the legends set forth above.

LEGAL MATTERS

Certain legal matters under New York law relating to the Notes and this offering will be passed upon by Davis Polk & Wardwell LLP, our special U.S. counsel, and for the Initial Purchasers, by Shearman & Sterling LLP, special U.S. counsel to the Initial Purchasers. Certain legal matters under Bolivian law relating to the validity of the Notes and this offering will be passed upon by the Department of Legal Affairs (*La Dirección General de Asuntos Jurídicos*) of the Ministry of Economy and Public Finance and for the Initial Purchasers, by Bufete Aguirre, Quintanilla, Soria & Nishizawa Soc. Civ., special Bolivian counsel to the Initial Purchasers. With respect to certain matters governed by Bolivian law, Davis Polk & Wardwell LLP may rely on the opinion of the Department of Legal Affairs of the Ministry of Economy and Public Finance, and Shearman & Sterling LLP may rely on the opinion of Bufete Aguirre, Quintanilla, Soria & Nishizawa Soc. Civ.

OFFICIAL STATEMENTS

Information in this Offering Memorandum whose source is identified as a publication of Bolivia or one of its agencies or instrumentalities relies on the authority of such publication as a public official document of Bolivia. All other information and statements set forth herein relating to Bolivia are included as public official statements made on the authority of Bolivia.

GENERAL INFORMATION

1. The issuance of the Notes has been authorized by Article 5 of Law No. 1413 (*Ley del Presupuesto General del Estado—Gestión 2022*) dated December 17, 2021 pursuant to Subparagraphs 8 and 10 of Paragraph 1 of Article 158 of the Bolivian Political Constitution in relation to Article 322 of the Bolivian Political Constitution.
2. The Notes have been accepted for clearance through DTC, Euroclear and Clearstream as follows:

Rule 144A ISIN	Rule 144A CUSIP	Rule 144A Common Code	Reg S ISIN	Reg S CUSIP	Reg S Common Code
US29731QAE70	29731Q AE7	245431961	USP37878AE81	P37878 AE8	245183542

3. To the best of its knowledge, except as disclosed in this Offering Memorandum, the Issuer is not involved in any litigation, arbitration, or administrative proceedings relating to the claims or amounts which are material in the context of the issuance of Notes nor, so far as it is aware, having made reasonable inquiries, is any such material litigation or arbitration or administrative proceeding involving it pending or threatened.
4. Except as disclosed in this Offering Memorandum, there has been no material adverse change in the fiscal, economic or political condition or affairs of the Issuer since December 31, 2020 which is material in the context of the issue of the Notes.
5. Application will be made to the Luxembourg Stock Exchange for the Notes to be admitted to the Official List and trading on the Euro MTF Market. Bolivia's Legal Entity Identifier (LEI) is 529900TGIRPY3SZXEB56. Transactions will normally be effected for settlement in U.S. dollars and for delivery on the fifth working day after the day of the transaction.
6. For so long as any of the Notes are outstanding or admitted to trading on the Euro MTF Market, copies of this Offering Memorandum and the Indenture as well as the Central Bank's fourth quarter reports for each year (which contain the latest economic information available for the Issuer for that year), as and when available, will be available free of charge at the offices of the listing agent in Luxembourg during normal business hours on any weekday.
7. The Bank of New York Mellon SA/NV, Luxembourg Branch has been appointed as Luxembourg listing agent. For so long as any of the Notes are admitted to trading on the Euro MTF Market and the rules of the Luxembourg Stock Exchange so require, the Issuer will maintain a paying agent and transfer agent in Luxembourg.
8. Each of the Purchase Agreement among Bolivia and the Initial Purchasers, the Indenture and the Notes are governed by the laws of the State of New York. However, the laws of Bolivia will govern all matters relating to authorization and execution by Bolivia of the Notes and the Indenture, and in the case of a direct enforcement action in a Bolivian court, the substantive laws of Bolivia will be used to interpret the Purchase Agreement, the Notes and the Indenture. In the case of the enforcement of a foreign judgment before the Bolivian courts, a prior procedure of recognition from and authorization by the Supreme Tribunal of Justice for which purpose certain formalities and requirements must be met as determined by the Bolivian Code of Civil Procedure (or as it may be modified or substituted).

ISSUER

Estado Plurinacional de Bolivia
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Avenida Mariscal Santa Cruz, Calle Loayza
La Paz, Bolivia

TRUSTEE, PAYING AGENT, TRANSFER AGENT AND REGISTRAR

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U.S.\$850,000,000

ESTADO PLURINACIONAL DE BOLIVIA

7.500% Notes Due 2030



Offering Memorandum

Joint Lead Managers

BofA Securities

**Goldman Sachs & Co.
LLC**

J.P. Morgan

March 9, 2022