

Bolivia



The Resource Governance Index (RGI) measures the quality of governance in the oil, gas and mining sector of 58 countries. Learn more and explore findings at www.revenuewatch.org/rgi.

Background

The Bolivian government has historically depended on the mining industry for much of its funding, but revenues from petroleum have become even more important in recent years. The extractive industries as a whole made up 29 percent of government revenues, 82 percent of exports and 18 percent of gross domestic product in 2011. Bolivia became a natural gas exporter in the 1990s and is now the third-largest producer in South America. It also produces zinc, tin, silver, gold, and lead.

Bolivia	2000	2005	2011
Population (million)	8.31	9.15	10.09
GDP (constant 2011 international \$ billion)	10.7	10.8	23.9
GDP per capita, PPP (constant 2005 international \$)	3,567	3,772	4,503
Oil and gas revenue (% total government revenue)	...	21%	29%
Extractive exports (% total exports)	38%	66%	82%

SOURCES: Oil and gas revenue as share of total government revenue from the Economist Intelligence Unit and the International Monetary Fund. All other data from the World Bank.

Bolivia's performance on the RGI

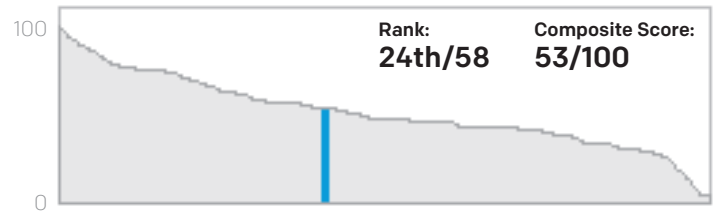
Bolivia received a "partial" score of 53, ranking 24th out of 58 countries. A high Institutional and Legal Setting score was undone by a poor Enabling Environment and weak Reporting Practices.

Institutional and Legal Setting

(Rank: 10th/58 Score: 80/100)

Bolivia performed better on this component than any other. A comprehensive legal regime and substantial reporting requirements earned it a "satisfactory" score of 80.

Bolivia nationalized its hydrocarbon industry in 2006, when gas companies' concessions were changed to service contracts with Yacimientos Petrolíferos Fiscales Bolivianos (YPFB), a state-owned company that is now the sole concessionaire. There is no longer a licensing process; YPFB negotiates service agreements with extractive companies. YPFB



also collects taxes and royalties, which have increased from 18 percent to 50 percent of total production following the approval of the new Hydrocarbon Act in 2005. YPFB transfers the revenues to the Ministry of Economy and Finance. The Hydrocarbons and Energy Ministry sets policy and the National Agency of Hydrocarbons is charged with regulating the sector, though it currently lacks the capacity to do so effectively.

By law, environmental and social impact assessments must be performed, but the results are not published. Bolivian law requires that government institutions, including YPFB, provide free access to information, and all relevant legislation is available on government websites.

Reporting Practices

(Rank: 29th/58 Score: 47/100)

While a number of government agencies publish data on the extractive industries, this information is scattered and incomplete, resulting in a "weak" score of 47.

YPFB provides some information on its agreements with extractive companies, but does not publish contracts themselves. The Economy and Finance Ministry publishes information on royalties and taxes. The Hydrocarbons and Energy Ministry publishes production volumes, prices, company-by-company production data, and some information on royalties. The Central Bank provides information on petroleum prices, the value of exports, and tax revenues. The National Agency of Hydrocarbons provides information only on the downstream gas industry.

Safeguards and Quality Controls

(Rank: 23rd/58 Score: 63/100)

Bolivia's "partial" score of 63 is the product of insufficient checks on the licensing and budgetary process and ineffective auditing mechanisms, although the score is improved by policies aimed at reducing conflicts of interest among civil servants and YPFB officials.

While national law regulates YPFB's subcontracting procedures, in practice YPFB has significant discretion in selecting its partner companies. The Plurinational Assembly, Bolivia's legislature, must approve these agreements, but there is no way for outside parties to appeal contracting decisions.

Bolivia's Comptroller General audits resource revenues but only reports back to the agencies it reviews. Findings are not presented to lawmakers or made public.

Enabling Environment

(Rank: 33rd/58 Score: 32/100)

Bolivia received a "failing" score of 32, with particularly low rankings for budgetary transparency and the rule of law.

State-Owned Companies

(Rank: 21st/45 Score: 53/100)

YPFB is entirely government owned and has a monopoly over Bolivia's petroleum resources. The company produces quar-

terly reports with information about production, marketing, pricing, royalties, and taxes, but information about reserves has not been updated since 2009. External audits are conducted annually, but are not published.

Subnational transfers

(Rank: 3rd/30 Score: 94/100)

National laws include a range of mechanisms for transferring extractive revenues to regional and municipal governments, and the government appears to follow these provisions. The Hydrocarbons and Energy Ministry and the Economy and Finance Ministry provide comprehensive data on the transfers.

Bolivia's Composite, Component and Indicator Scores

Rank (out of 58)		Score (out of 100)
24	COMPOSITE SCORE	53
10	Institutional and Legal Setting	80
	Freedom of information law	67
	Comprehensive sector legislation	100
	EITI participation	0
	Independent licensing process	50
	Environmental and social impact assessments required	100
	Clarity in revenue collection	100
	Comprehensive public sector balance	100
	SOC financial reports required	100
	Fund rules defined in law	..
	Subnational transfer rules defined in law	100
29	Reporting Practices	47
	Licensing process	0
	Contracts	33
	Environmental and social impact assessments	0
	Exploration data	17
	Production volumes	100
	Production value	67
	Primary sources of revenue	44
	Secondary sources of revenue	0
	Subsidies	67
	Operating company names	0
	Comprehensive SOC reports	17
	SOC production data	76
	SOC revenue data	67
	SOC quasi fiscal activities	0
	SOC board of directors	50
	Fund rules	..

Rank (out of 58)		Score (out of 100)
	Comprehensive fund reports	..
	Subnational transfer rules	100
	Comprehensive subnational transfer reports	100
	Subnational reporting of transfers	100
23	Safeguards and Quality Controls	63
	Checks on licensing process	33
	Checks on budgetary process	33
	Quality of government reports	79
	Government disclosure of conflicts of interest	100
	Quality of SOC reports	83
	SOC reports audited	33
	SOC use of international accounting standards	0
	SOC disclosure of conflicts of interest	100
	Quality of fund reports	..
	Fund reports audited	..
	Government follows fund rules	..
	Checks on fund spending	..
	Fund disclosure of conflicts of interest	..
	Quality of subnational transfer reports	67
	Government follows subnational transfer rules	100
33	Enabling Environment	32
	Corruption (TI Corruption Perceptions Index & WGI control of corruption)	37
	Open Budget (IBP Index)	18
	Accountability & democracy (EIU Democracy Index & WGI voice and accountability)	50
	Government effectiveness (WGI)	39
	Rule of law (WGI)	13

■ Satisfactory	■ Weak
■ Partial	■ Failing