

Sustainability of public indebtedness in Bolivia

Oscar Lora Rocha, Raúl Mendoza Patiño, Tatiana Quiroga Morales

ABSTRACT

In the study it is analyzed the sustainability of the debt of the Bolivian public sector through criteria adopted in HIPC II, under the approaches of consistency and inter-temporal or present value. Based in a consistency model are done macroeconomic forecasts for the period of 2002-2015, which allow to determine primary balances of public sector and its needs of finance in a base scenario, and in alternative scenarios which consider different shocks.

The findings of base scenario, show indicators of public debt in levels that are considered sustainable, although with tendencies of surpassing critical values in long term. The performed simulations allow quantifying the fiscal vulnerability in front of reductions in GDP growth rates, increments in interest rates for new financing, and greater rates of inflation and depreciation. In contrast, those scenarios that allow to stabilize primary surplus around 1,5% of GDP, show sustainable trajectories of public indebtedness. These last ones mainly result from policies of public income and expenditure, and from greater growth rates of product.

JEL Classification: E62, H62, H63

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