Bolivia’s economic freedom score is 43.0, making its economy the 169th freest in the 2022 Index. Bolivia is ranked 30th among 32 countries in the Americas region, and its overall score is below the regional and world averages.

Bolivia’s economic growth decelerated from 2017 through 2019, turned negative in 2020, and rebounded in 2021. A five-year trend of stagnating economic freedom has continued. Depressed by a steep drop in fiscal health, Bolivia has recorded a 4.7-point overall loss of economic freedom since 2017 and remains among the world’s most economically “Repressed” countries. Tax burden and monetary freedom scores are relatively positive, but rule of law, fiscal health, and investment freedom are very weak.

**IMPACT OF COVID-19:** As of December 1, 2021, 19,188 deaths had been attributed to the pandemic in Bolivia, and the government’s response to the crisis ranked 129th among the countries included in this Index in terms of its stringency. The economy contracted by 7.7 percent in 2020.

**BACKGROUND:** Exports of natural gas to Brazil and Argentina have supported Bolivia’s economy in recent years, but the country is still characterized by deeply rooted poverty, social unrest, and illegal drug activity. President Evo Morales was forced out of office in 2019, but President Luis Arce, a left-wing economist and twice finance minister under Morales, led the return of Morales’s Socialist Movement (MAS) party to power in 2020. Center-right former Interim President Jeanine Añez of the Democratic Unity Alliance was arrested by the Arce government on charges of terrorism and sedition. Arce has reimplemented Morales’s interventionist policies under a state-led development model but nevertheless will likely have to be pragmatic in addressing Bolivia’s deep external and fiscal imbalances.
Property rights are legally protected, but weak enforcement of contracts and poor procedures for the resolution of insolvency are common. Property registration can be slow. The judiciary is overburdened, vulnerable to undue influence from the executive and legislative branches of government, and plagued by corruption. Anticorruption laws are poorly enforced, and impunity among government officials and public servants is a problem. Bribery is widespread in almost all sectors of the economy.

The top individual income tax rate is 13 percent, and the top corporate tax rate is 25 percent. Other taxes include a value-added tax. The overall tax burden equals 24.7 percent of total domestic income. Government spending has amounted to 37.1 percent of total output (GDP) over the past three years, and budget deficits have averaged 8.4 percent of GDP. Public debt is equivalent to 67.3 percent of GDP.

Uncertain legal protections for businesses hinder growth and development, and public investment has displaced private investment. The complex labor code is difficult to understand and contains many percentage-based quotas. A weak economy has tested the government’s capacity to fund subsidies for energy and agriculture.

Bolivia has four preferential trade agreements in force. The trade-weighted average tariff rate is 9.6 percent, and five nontariff measures are in effect. Government ownership and government control severely limit private investment and financial activity. The financial sector is vulnerable to state interference and remains poorly developed, although it has grown and has become more open.