

# COMPLIANCE ALERT

## RESTRICTIONS ON DIRECT CONTRACTING IN BOLIVIA

APRIL 2026



# Restrictions on Direct Contracting in Bolivia

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## Key points

- **Elimination of exceptional regimes:** Supreme Decree No. 5600 (“DS 5600”) revokes multiple authorizations for direct contracting outside the framework of Supreme Decree No. 181 of June 28, 2009 – Basic Rules of the Goods and Services Administration System (“SD 181”).
- **End of the special regime for Strategic National Public Enterprises (“EPNE”):** Article 83 Bis is repealed, restricting the ability of strategic public enterprises to engage in direct contracting.
- **Greater oversight and review:** A review of direct contracting processes is mandated to identify potential irregularities.
- **Impact on the private sector:** Access to contracts through direct contracting is reduced, and exposure to reviews of past processes increases.
- **Limited exceptions:** Only direct contracts authorized by law and those conducted abroad are maintained.

On April 6, 2026, DS 5600 was approved, the purpose of which is to revoke the direct contracting authorizations that allowed for contracting outside the general framework governed by SD 181.

This regulation introduces a significant change to Bolivia’s public procurement regime, with direct implications for the private sector, particularly for those companies that have contracted or seek to contract with the State under direct contracting schemes.

## What does SD 5600 provide for?

SD 5600 establishes, among other things:

- The repeal of Supreme Decrees and specific regulatory provisions—other than SD 181—that authorized direct contracting.
- The repeal of Article 83 Bis of SD 181, which established a special regime for EPNE, allowing them to enter into direct contracts for goods and services related to their business operations, under certain conditions.

## Expectations

The SD 5600 provides for two express exclusions from its application:

- Direct procurements authorized by law and regulated by supreme decree.
- Procurements abroad, subject to specific regulations. No procedure, requirement, or process that is not included in the catalog may be required, except for those provided for by law.

## Control and review measures

SD 5600 requires a review of direct contracting processes to be conducted, with the aim of identifying potential instances of corruption.

In this context, ministries must survey:

- Direct contracting processes carried out by the ministry itself; and
- Those carried out by entities under their supervision, authority, or jurisdiction.

This survey specifically covers:

- Contracts entered into under supreme decrees that authorized direct contracting outside the scope of SD 181; and
- Contracts entered into under Article 83 Bis of SD 181, including those carried out by EPNE and by public enterprises under the authority of the Service for the Development of Productive Public Enterprises (SEDEM).

The implementation of this survey will be regulated by a Joint Ministerial Resolution within 30 business days (by May 19, 2026).

## Transitional provisions

Direct contracting processes initiated prior to the effective date of DS 5600 must be concluded in accordance with the regulations in effect at the time of their initiation.

## Implications for the private sector

DS 5600 introduces a significant change to public procurement in Bolivia. The main implications for the private sector include:

- **Greater transparency** in public procurement processes, resulting from the elimination of exceptional regimes and the consolidation of the system under the general framework of SD 181.
- **Restriction on direct contracting**, as multiple regulatory provisions that allowed access to contracts outside the general regime have been eliminated.
- **Subject to review of prior contracts**, to the extent that the Decree requires the review of processes conducted under exceptional schemes.

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PPO Indacochea is the law firm with the widest geographic coverage in Bolivia, with offices in five cities: La Paz, Cochabamba, Santa Cruz, Sucre, and Cobija.

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