

Monthly Newsletter

ETHOS VERIFY (PTY) LTD

May 2026



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From Theatre to measured Outputs... A Policy driven by Impact rather than Optics



South Africa's Procurement Reforms: From Compliance Theater to Measurable Integrity
South Africa's draft Public Procurement Regulations 2026 may represent one of the most significant shifts in procurement governance in decades, fundamentally redefining what accountability means within supplier ecosystems.

In this newsletter you can expect:
Theatre to Outputs
Whats Changing
Supplier Ecosystem
Execution & Requirements
Editor's perspective

THE POLICY IMPERATIVES

Effective procurement policy is built on six interdependent imperatives that drive measurable impact and accountability.



THE PROPOSED POLICY SHIFT 2026- REGULATIONS



Strong policy creates the foundation. Together, these imperatives drive trusted procurement and lasting impact.



Signal 1: What Is Actually Changing

The draft framework introduces requirements that many institutions are simply not operationally equipped to meet:

- Supplier integrity verification and ongoing due diligence
- Beneficial ownership transparency at entity and individual level
- Downstream transformation accountability across tier-2 and tier-3 suppliers
- Full procurement auditability with defensible evidence chains
- Institutional oversight capability as a procurement threshold
- Real-time visibility beyond first-tier supplier relationships

Perhaps the most significant proposal is the requirement for suppliers to evidence their own procurement spend toward majority black-owned businesses.

This moves transformation beyond scorecard representation toward demonstrable economic participation and transactional accountability.



SIGNAL 2: WHY THIS MATTERS

Why This Matters

The proposed reforms expose a difficult reality:



How many organisations today can independently **verify beneficial ownership**?



How many can trace transformation impact **beyond tier-1 suppliers**?



How many possess the **systems, assurance capability, and operational visibility** required to monitor supplier ecosystems in real time?



In most cases, **very few**.

Transformation can no longer exist through optics and paper-based compliance alone. The emerging procurement environment will increasingly require institutions to demonstrate how transformation functions **within their supply chains** — not merely how it appears on compliance documentation.



Behind every supplier ecosystem lies a deeper question:

Can transformation be independently verified, continuously monitored, and meaningfully traced beyond compliance documentation?

The future of governance will belong to institutions capable of demonstrating real-time visibility, measurable impact, and accountable transformation across their value chains — not only on paper, but in practice.

“This is the shift from compliance optics to dynamic accountability.”

— **Ethos Verify**



Signal 3: The Real Challenge: Execution

While the regulations remain in draft form and subject to public consultation, the directional intent is clear: “Procurement governance must become measurable, auditable, and independently verifiable.”

But regulation alone does not create institutional capability.

THE REAL CHALLENGE: EXECUTION

Procurement reform is exposing a deeper institutional capability gap.

REGULATORY EXPECTATION



Procurement governance must be **measurable, auditable, and independently verifiable.**

INSTITUTIONAL REALITY



Execution gaps are limiting the ability to **verify, monitor and defend** transformation outcomes.

VS



THE STRUCTURAL REALITY



Without credible **due diligence frameworks**, supplier integrity cannot be independently verified.



Without **supplier intelligence capability**, downstream transformation cannot be monitored effectively.



Without **independent assurance mechanisms**, compliance becomes increasingly difficult to defend.



Without **mature control environments**, governance oversight cannot scale sustainably.



The future of procurement governance will not be determined by policy alone, but by the institutional ability to **verify, monitor, and defend transformation outcomes in real time.**

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SOURCES

- Auditor-General South Africa Performance Audit Report on Procurement and Contract Management in National and Provincial Departments (PFMA 2023/24)
- Auditor-General South Africa Consolidated General Report on the Audit Outcomes of Local Government (MFMA 2023/24)
- B-BBEE Commission Annual Report 2022/23 (via Reuters, Sept 2024)
- National Treasury MAPS Assessment: South Africa 2024



Signal 4: What Governance-Led Procurement Now Requires

At Ethos, our work increasingly centers on helping institutions operationalise procurement integrity through due diligence, supplier intelligence, assurance layering, and governance-led oversight.

The organisations best positioned for this environment share common characteristics:

1. They have moved from manual to systematic supplier verification
2. They have implemented independent assurance layers beyond supplier self-declaration
3. They have built supplier intelligence capability across supply chain tiers
4. They have embedded accountability into procurement operating models
5. They have invested in monitoring infrastructure that provides ongoing visibility, not point-in-time compliance

WHAT GOVERNANCE-LED PROCUREMENT NOW REQUIRES

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- 04** They have **embedded accountability** into procurement operating models.
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THESE ARE NO LONGER STRATEGIC ADVANTAGES.
THEY ARE BECOMING OPERATIONAL NECESSITIES.

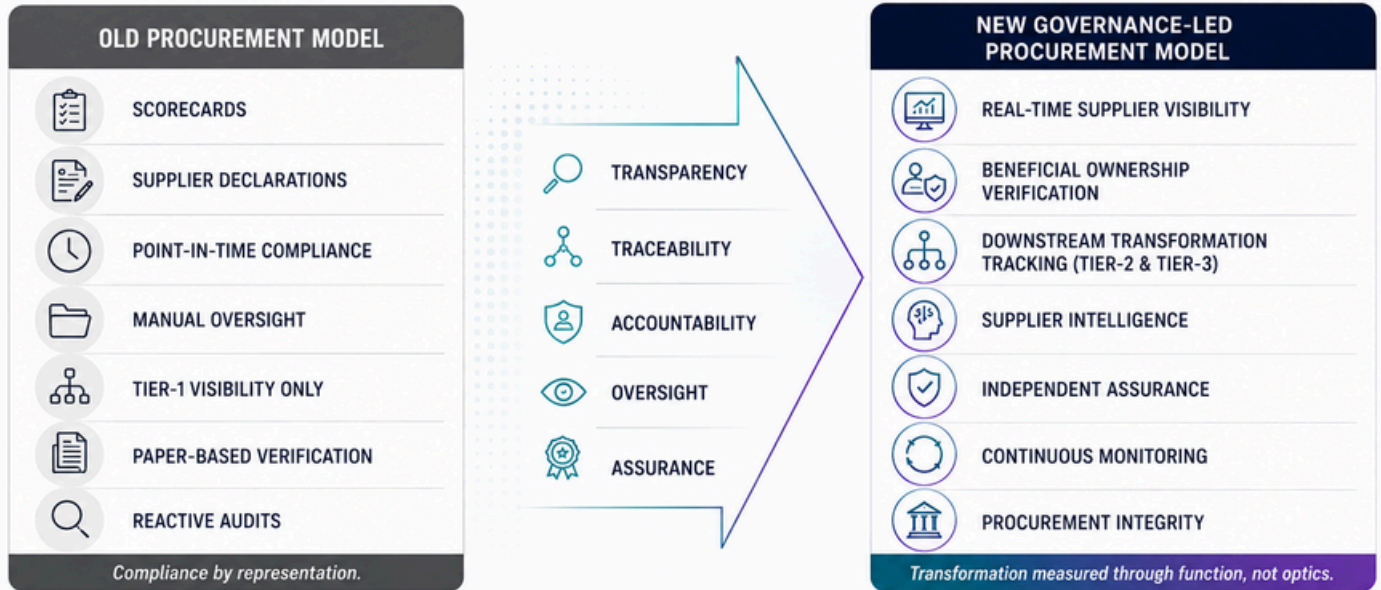
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The Strategic Question

FROM COMPLIANCE THEATER → MEASURABLE INTEGRITY

THE SHIFT IN SOUTH AFRICA'S PROCUREMENT ENVIRONMENT



PUBLIC PROCUREMENT REGULATIONS 2026
Stronger rules. Higher standards.
Real impact.



GOVERNANCE-LED PROCUREMENT
Integrity. Assurance. Impact.
Building accountable supply chains
that drive inclusive economic growth.



ACCESS THE DRAFT REGULATIONS:

<https://www.treasury.gov.za/public%20comments/ProcReg/Draft%20General%20Public%20Procurement%20Regulations%202026%20for%20consultation%20to%20section%2063%283%29%20of%20Act.pdf>

The direction of South Africa's procurement reform is correct. The emphasis on integrity, transparency, and measurable transformation addresses long-standing structural weaknesses that have undermined both economic impact and institutional trust.

The question is no longer whether these reforms are necessary.

The question is whether organisations possess the governance depth, assurance capability, and operational infrastructure these regulations will demand.

The institutions that begin building procurement integrity capability now will likely define the next era of credible transformation and supplier governance in South Africa.

Draft Regulations:

<https://www.treasury.gov.za/public%20comments/ProcReg/Draft%20General%20Public%20Procurement%20Regulations%202026%20for%20consultation%20to%20section%2063%283%29%20of%20Act.pdf>

[#Procurement](#) [#Governance](#) [#Transformation](#) [#BBBEE](#) [#SupplyChainGovernance](#) [#PublicProcurement](#) [#SupplierIntegrity](#) [#DueDiligence](#) [#RiskManagement](#) [#SouthAfrica](#)

Editors Notes

Micah Gengan — Founder, Ethos Verify



Transformation is entering a credibility phase.

The emphasis is shifting from whether money is spent to whether outcomes are defensible. That shift is overdue.

For boards and executives, the question is no longer whether transformation obligations are met, but whether the structures beneath them would withstand scrutiny if challenged.

Ethos Verify operates in that space beneath the surface, where execution risk forms early and where credibility is either built or lost long before verification.

Governance is no longer a support function in transformation. It is foundational to impact.



ABOUT ETHOS VERIFY

Ethos Verify provides independent governance and due-diligence oversight beneath transformation initiatives. Our work focuses on early risk visibility, defensible decision-making and the integrity of impact claims.

Governance first. Impact follows.

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