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**DIRECTORATE FOR FINANCIAL AND ENTERPRISE AFFAIRS
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Competition and Corruption in Public Procurement – Note by South Africa

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South Africa

1. Introduction

1. Public procurement is one of the principal ways in which government translates public resources into infrastructure, goods and services. In South Africa, public procurement also serves a broader developmental function in that it is not only intended to support efficient public administration, but also to advance inclusive growth and redress historical inequalities.¹ Public procurement is estimated to account for approximately 15% of South Africa's gross domestic product, underscoring its economic significance as well as its importance for public service delivery.² It is anchored in section 217 of the Constitution, which requires that public procurement be fair, equitable, transparent, competitive and cost-effective.³

2. Legislative and Regulatory Framework Governing Public Procurement in South Africa

2. To give effect to these constitutional principles, South Africa has developed an extensive legislative and regulatory framework that includes the Public Finance Management Act,⁴ the Municipal Finance Management Act,⁵ the Preferential Procurement Policy Framework Act,⁶ the Public Procurement Act,⁷ the Competition Act⁸ and the Prevention and Combating of Corrupt Activities Act.⁹ Taken together, these instruments regulate financial governance, procurement procedures, transformational objectives, anti-competitive conduct and corruption-related activities.

3. This legal framework is administered and enforced through a network of institutions that seek to ensure that public procurement is not abused to the detriment of government and public at large. These institutions include the National Treasury, the Auditor-General of South Africa, the Special Investigating Unit, the Public Protector, the National Prosecuting Authority and the Competition Commission.¹⁰ These bodies form a multi-layered oversight ecosystem spanning rule-making, audit, investigation, enforcement and prosecution.

¹ Munzhedzi, P.H., 2016. South African public sector procurement and corruption: Inseparable twins?. *Journal of Transport and Supply Chain Management*, 10(1), pp.1-8.

² [Reforming the Procurement Process: Balancing Compliance, Efficiency, and Equity](#)

³ Section 217 of the Constitution of the Republic of South Africa.

⁴ Act No. 1 of 1999.

⁵ Act No. 56 of 2003.

⁶ Act No. 5 of 2000.

⁷ Act No. 28 of 2024.

⁸ Act No. 89 of 1998.

⁹ Act No. 12 of 2004.

¹⁰ See Annexure 1 for summary of the principal institutions within this oversight architecture and their mandates.

4. The breadth of this regulatory framework and the institutional diversity governing South Africa's public procurement system is reflective of a clear commitment to accountability and integrity in public procurement. By design, this system seeks to ensure that procurement decisions are subject to legal, financial, moral and competitive scrutiny at multiple points in the procurement cycle.¹¹

3. Inter-Agency Coordination: South Africa's Response to Covid-19 Emergency Procurement Abuse

5. The multi-layered oversight ecosystem seeks to ensure that these institutions complement each other in the fight against public procurement abuses such as corruption and collusion. Like many other jurisdictions, South Africa experienced high number of cases of corruption, irregular contracting, price inflation and non-compliance with procurement requirements, including awards linked to politically connected individuals related to the emergency procurement of COVID-19 Personal Protection Equipment (PPE).

6. South Africa's response to the widespread abuses of public resources during the emergency procurement of PPE was shaped by a deliberate shift toward coordinated, inter-agency¹² oversight and enforcement through the establishment of a Fusion Center as well as an Inter-Ministerial Committee.

3.1. Fusion Center

7. The Fusion Centre, established in May 2020, is one of the clearest examples of coordinated oversight in the South African procurement context. It brought together multiple institutions involved in preventing, investigating and prosecuting corruption and financial crimes associated with PPE and other COVID-19-related procurement.¹³ By combining the capacities of institutions such as the National Prosecuting Authority, the Financial Intelligence Centre, the Special Investigating Unit, the South African Police Service, National Treasury, the Auditor-General and the Competition Commission, the Fusion Centre created a platform for multi-agency collaboration rather than isolated intervention.

8. The value of this model lay in real-time information sharing and joint situational awareness. Through this collaboration, the Competition Commission received over 50 complaints from other institutions and referred corruption-related matters onward where appropriate, illustrating how coordination improve both detection and referral.¹⁴ By December 2023, the Fusion Centre had investigated a total of 556 cases and incidents of fraud and corruption involving 168 accused people, convicted 51 people and 43 entities and had 48 pending cases still in court. Other referrals included 58 cases to the Competition Commission, 57 to the South African Health Product Regulatory Authority, 47 referrals from the Special Investigating Unit to the National Prosecuting Authority and 29 referrals

¹¹ See Annexure 2 for summary of the functional pillars of the principal institutions within this oversight architecture.

¹² Cooperation between competition authorities, procurement bodies and anti-corruption agencies.

¹³ [Lieutenant General Godfrey Lebeja: Achievements and accomplishments of Fusion Centre | South African Government](#)

¹⁴ [CompCom-Newsletter-December-2020.pdf](#)

to the National Treasury for blacklisting on the Central Supplier Database.¹⁵ This results demonstrate that coordinated enforcement can produce measurable outcomes.

3.2. Inter-Ministerial Committee

9. The Inter-Ministerial Committee established in August 2020 complemented the effort of the Fusion Centre by focusing on procurement data collection, publication of contracts, anti-corruption communication and measures to strengthen government's anti-corruption capability during the pandemic.¹⁶ Together, these mechanisms demonstrated the effectiveness of collaboration in the fight against public procurement abuses in South Africa.

4. Lessons from the Pandemic

10. The principal lesson from the pandemic period is that coordination materially improve oversight performance. The whole-of-government approach adopted by South Africa combined real-time data sharing and targeted investigations to strengthen accountability in a highly constrained and urgent procurement environment. While challenges remained in ensuring swift and consistent actions, the inter-agency model demonstrated an important evolution of collaboration in government's capacity to respond to systemic and coordinated public procurement abuses to safeguard public resources.

¹⁵ [Lieutenant General Godfrey Lebeya: Achievements and accomplishments of Fusion Centre | South African Government](#)

¹⁶ Department of Justice and Constitutional Development. (2020). Presentation to SCOPA on Work Related to Corruption Associated with Covid-19 Pandemic. Available Online: [200821scopa_21_august_2020.pptx](#)

ANNEXURE 1: Regulatory Oversight Institutions

Institution	Role and Mandate
National Treasury	<ul style="list-style-type: none"> • Responsible for establishing the legal and regulatory framework for public procurement through instruments such as the Public Finance Management Act (PFMA), the Municipal Finance Management Act (MFMA), and associated supply chain management (SCM) regulations. • Responsible for setting up policies and regulations, providing guidance and monitoring compliance across national, provincial and local spheres of government.¹⁷
Auditor-General of South Africa	<ul style="list-style-type: none"> • Responsible for conducting audits of public institutions for accountability and compliance and reports on irregular, fruitless, and wasteful expenditure. • Role of the Auditor-General is largely diagnostic and involves identifying compliance failures after procurement processes have been concluded.¹⁸
Special Investigating Unit	<ul style="list-style-type: none"> • Undertakes investigative and remedial functions. • The SIU is empowered to probe maladministration and corruption and to institute civil proceedings to recover losses suffered by the state.¹⁹
Public Protector of South Africa	<ul style="list-style-type: none"> • Responsible for investigating allegations of maladministration, abuse of power and improper conduct in government affairs, including, procurement-related complaints brought by the public.²⁰
National Prosecuting Authority	<ul style="list-style-type: none"> • Responsible for the criminal prosecution of corruption, fraud and related offences arising from procurement processes.²¹
Competition Commission	<ul style="list-style-type: none"> • Responsible for investigating and prosecuting anti-competitive conduct, including, bid rigging, the fixing of prices and other trading conditions and market allocation in public tenders.²²

Source: Own compilation based on institutional functions

¹⁷ <https://www.treasury.gov.za/esp/LinkedDocuments/Strategic%20Procurement%20Framework%20%20NT%20logo%20and%20footer.pdf>

¹⁸ <https://www.agsa.co.za/AboutUs/Legislation.aspx>

¹⁹ <https://www.siu.org.za/about-us/>

²⁰ <https://www.pprotect.org/?q=content/our-mandate>

²¹ <https://www.npa.gov.za/npa-mandate>

²² <https://www.compcom.co.za/about-us-2/>

ANNEXURE 2: South Africa's Accountability Ecosystem and Functional Pillars

Pillar	Core function / question	Institution
Financial governance	Were public funds managed efficiently and lawfully?	National Treasury, Auditor-General of South Africa
Administrative justice	Was the state's conduct fair, reasonable and lawful?	Public Protector of South Africa
Investigation (civil & forensic)	Was there maladministration, corruption or loss to the state?	Special Investigating Unit
Criminal justice	Should criminal prosecution follow?	National Prosecuting Authority
Market and economic regulation	Is economic conduct competitive and in the public interest?	Competition Commission

Source: Own compilation based on institutional functions