



NATIONAL YOUTH DEVELOPMENT AGENCY
OUR YOUTH. OUR FUTURE.



NATIONAL YOUTH DEVELOPMENT AGENCY
OUR YOUTH. OUR FUTURE.

NYDA SUBMISSION ON THE DRAFT GENERAL PUBLIC PROCUREMENT REGULATIONS, 2026

Table of Contents

1. National Youth Development Agency as South Africa’s Youth Public Entity	2
2. Background and Purpose of the Submission	2
3. General Position of the NYDA	3
4. Proposed Regulatory Amendments	4
5. Bidding Criteria	6
6. Access to Procurement Information.....	8
7. Infrastructure Procurement and Youth Participation	9
8. Payment Delays and Cash Flow Constraints	10
9. Conclusion	10
Reference List.....	13

Prepared by the Economic Research Unit within the Office of the CEO

For enquiries:

Mr France Mjengu

Specialist: Economic Research - Sector Intelligence

France.Mjengu@nyda.gov.za

1. National Youth Development Agency as South Africa's Youth Public Entity

The National Youth Development Agency (NYDA) was created in 2008 through a parliamentary act, namely, the National Youth Development Agency Act 54 of 2008. In 2024, the law was updated to the National Youth Development Agency Amendment Act 11 of 2024 to address additional significant issues affecting the youth demographic. As a result, under the amendment act, the NYDA is categorised as a public entity in Schedule 3, Part A of the Public Finance Management Act 1 of 1999. In this context, the NYDA serves as the youth organisation empowered to shape the developmental paths of young individuals and, from this standpoint, is entrusted with improving the lives of young people aged 14 to 35, as per the provisions of its amendment act 11 of 2024. This is further driven by the fact that the youth demographic exceeds the overall population of the Republic of South Africa. It is also important to emphasise that, in each country's development, the youth population should be taken into account in every aspect.

2. Background and Purpose of the Submission

Before the 2024 National and Provincial Government Elections, President Ramaphosa approved the Public Procurement Bill, officially enacting it as a parliamentary law after a lengthy consultation period. This was intended to transform the public procurement landscape in the Republic of South Africa. The goal has been to leverage public procurement to foster economic transformation and integrate diverse sectoral development industries locally. Recently, Minister Godongwana, on behalf of the National Treasury, introduced a proposal for discussion on the essential steps for implementing the Public Procurement Act following its passage in 2024.

In this regard, the National Youth Development Agency welcomes the opportunity to provide comments on the Draft General Public Procurement Regulations, 2026, issued in terms of the Public Procurement Act, 2024. The Agency recognises the significance of these Regulations in advancing transparency, efficiency, integrity, strategic procurement and socio-economic transformation within South Africa's public procurement system. The Agency particularly welcomes the shift towards strategic procurement, developmental procurement, localisation, supplier diversification, innovation, transparency, and the use of procurement as a tool to advance broader

developmental objectives. These reforms align with the government's broader commitment to inclusive economic growth, industrialisation, employment creation and transformation. From a youth development perspective, public procurement is one of the most important instruments available to the state for stimulating youth entrepreneurship, supporting youth-owned enterprises, promoting labour absorption, and creating sustainable economic opportunities for young people. Given the scale of youth unemployment in South Africa, the procurement system must intentionally create pathways for youth participation in the economy. The NYDA therefore recommends that the Regulations be strengthened to more explicitly mainstream youth economic inclusion throughout the procurement framework.

3. General Position of the NYDA

The National Youth Development Agency (NYDA) broadly supports the draft general public procurement regulations of 2026. It acknowledges the progressive steps undertaken by the National Treasury to strengthen transparency, accountability, strategic procurement and socio-economic transformation within the public procurement environment of the Republic of South Africa. It is appreciated that the regulations seek to create a procurement framework that is fair, equitable, transparent, competitive and cost-effective, while simultaneously advancing developmental objectives contemplated in the Public Procurement Act 28 of 2024.

However, despite the progressive nature of the draft regulations, the NYDA remains concerned that small enterprises owned by youth are not explicitly prioritised throughout various sections of the regulatory framework. It has been witnessed that the compliance burden associated with public procurement processes, including administrative requirements, technical documentation, financial compliance obligations and bidding procedures, may continue to disadvantage emerging youth enterprises, particularly those with limited institutional and financial capacity.

Furthermore, the current procurement environment continues to favour large and well-established enterprises that possess stronger administrative systems, extensive work experience and greater financial resources. This situation often creates structural barriers for youth-owned small enterprises seeking to enter and compete in public

procurement markets. Equally concerning is the reality that the draft regulations do not sufficiently address the unique challenges confronting youth enterprises operating within township, rural, informal economy, creative economy and digital economy sectors, despite the growing importance of these sectors in advancing youth entrepreneurship and employment creation.

It is therefore fundamentally important that the draft general public procurement regulations intentionally incorporate stronger youth-focused procurement measures throughout the regulatory framework. In this regard, the NYDA submits that additional interventions should be considered to reduce barriers to entry for youth-owned enterprises, strengthen supplier development initiatives, simplify procurement compliance requirements and expand economic opportunities for young entrepreneurs across all sectors of the economy. Such interventions may contribute significantly towards improving youth participation in public procurement and advancing inclusive economic transformation within the Republic of South Africa.

4. Proposed Regulatory Amendments

Our submissions largely focus on Chapter 5 of the draft general public procurement regulations of 2026, which addresses preferential procurement. It is welcomed and appreciated that issues relating to preferential procurement and set-asides are now receiving the necessary attention from South African lawmakers. As a youth development organisation, the NYDA commends this step because it creates opportunities for different groups in society to participate more meaningfully in the economy and across various markets within South Africa. Given that NYDA is tasked with youth development, our interests are guided by what would most benefit youth, particularly regarding business ownership. In this regard, section 17 of the Public Procurement Act 28 of 2024 speaks volumes about the set-aside principles of preferential procurement.

According to the draft general public procurement regulation of 2026, a minimum set-aside target for the annual procurement budget is proposed at 4%, with black women at 12% and women of all races at 14%. Furthermore, through the reading of the allocation of the set aside threshold, it has been witnessed that youth with disabilities are not

considered, except that they are aggregated as people with disabilities. Obviously, this is in line with the NYDA mandate to address the question of youth development, including the youth with disabilities. Otherwise, the set-aside categories are presented in the table below, and the proposed set-aside percentages:

Figure 1: Representation of youth and women in business enterprises based on targeted percentages.

Section 17(3) Ref	Category of Persons	Minimum target %	set-aside	Proposed set-aside target by NYDA
(H)(vii)	Small Enterprise owned by black youth	4%		8%
(h)(viii)	Small Enterprise owned by youth	4%		8%
(h)(ii)	Small enterprise owned by black women	12%		14%
(h)(iii)	Small enterprise owned by women	14%		12%
(h)(iv)	Small enterprise owned by black people with disabilities	2%		Divide according to Age group. 1% for Black Youth with disabilities. Then the other 1% be assigned to old age black people with disabilities.
(h)(v)	Small enterprises owned by people with disabilities	2.5%		The same approach as above can also be done. This means 1.25% must be shared between youth with disabilities and older

			people with disabilities.
--	--	--	---------------------------

Set-aside percentages for youth are proposed to increase from a 4% baseline to 8%, as we believe youth comprise 21 million, the largest of any population category. According to Statistics South Africa (Stats-SA), the segment comprises roughly 33.1% of the country’s total mid-year population estimate of 63.1 million for 2025. Likewise, regarding women in business, it is proposed that the set-aside target percentage for black women be swapped with the general target percentage, and that the target for black women be 14% instead of 12%. The basis for this proposal stems from the understanding that during the apartheid system, black women have been affected more than any other racial group, and from the reality that numerically, there are many.

This is the main reason we propose a higher set-aside target percentage specifically for black women in South Africa. Similarly, the regulation does not disaggregate disability by youth status; therefore, we saw it necessary to submit that persons with disabilities must be disaggregated into youth with disabilities, so that at least they have 1% shared with older persons with disabilities. The same approach applies to persons with disabilities (including all races). Still, we argue that percentages such as 2.5% should be halved, so that 1.25% is shared between youth and older persons with disabilities.

5. Bidding Criteria

It is again highly important to take into account the bidding methods for the procurement of public goods and services. This is based on the understanding that bidding is not a panacea and that numerous nuances and procedural requirements prevail. It is therefore fundamentally important to ensure that the bidding process is not left to its own devices, as challenges encountered in procurement services often stem from it. Part 4 of the draft regulation speaks vehemently of open competitive methods, which warrants our attention. In this section of the regulation, three types of procurement methods are contemplated, and these are:

- (a) Request For Quotations (RFQ);
- (b) Request For Bids (RFB);

(c) Request For Proposals (RFP);

As correctly stated in the Act and the draft regulation, RFQs are cost-driven, and if the industry is highly competitive, these costs/prices must meet a threshold set out in the Government Gazette. In most cases, the threshold for RFQs does not exceed R500,000. On the one hand, RFBs are also driven by the same phenomenon, such as when the market is competitive and primarily price-driven, as well as in emergencies. In relation to RFP, the situation is completely different. The environment in which RFPs occur is ordinarily not price-driven, and in most cases, the market is not saturated. Usually, the market is characterised by scarce skills due to its complexity. This type of bidding requires advanced technical expertise and well-documented work experience in the services. Undoubtedly, it would be like shooting ourselves in the foot to advance serious inclusion of youth in business in this bidding category. Even though Regulation 62 does cover the aspect of set-asides as also contemplated in section 19 of the Act, we propose that, in draft Regulations 7 and 8, the following wording be inserted, viz., Regulation 7(3), where it states that “A procurement institution may request a quotation from less than three bidders if –”

- (a) An emergency procurement in terms of Regulation 21 is required;
- (b) It is required on grounds of national security;
- (c) There are fewer than three suppliers on the prospective supplier database that meet the requirements of the RFQ; or
- (d) Sole supplier conditions apply.

We therefore submit that additional criteria be inserted as follows: -

(e) Section 17 (3); 18 (1) – 18 (7) and 19 (1) – 19 (7) as contemplated in the Act are considered.

The preceding submission must be emphasised specifically in RFQs and RFBs so that it fosters procuring institutions to intentionally provide opportunities to small enterprises owned by youth, youth with disabilities and women. It is understood that this is covered in regulation 62 as a prerequisite when subcontracting is under consideration, wherein all set-aside categories are appraised. However, from an emphasis perspective, it is essential to highlight these categories as early as possible, especially issues surrounding the bidding process. RFPs, generally, are complex because they require incontestable

experiences from the enterprise's point of view, and this would make it unlikely for procuring institutions to find small enterprises that are on par with business experience, unless the aspect of subcontracting is taken into consideration, as the Act is explicit on it as well.

6. Access to Procurement Information

The NYDA acknowledges and appreciates the measures contained in the draft general public procurement regulations of 2026 aimed at enhancing transparency, accountability and public access to procurement information. This development is highly commendable because access to procurement information remains one of the key pillars for ensuring fairness, competitiveness, and inclusive participation in the public procurement environment. In this regard, the establishment of central online procurement portals and the publication of procurement information may significantly improve oversight and public confidence in procurement systems across public-sector institutions.

Despite these progressive developments, many youth-owned small enterprises continue to face challenges accessing procurement opportunities due to limited awareness, inadequate access to procurement information, digital barriers, and a lack of understanding of procurement procedures and compliance requirements. This situation continues to disadvantage young entrepreneurs, particularly those operating within township, rural and underdeveloped communities.

It is therefore fundamentally important that the Public Procurement Office and procuring institutions intentionally implement youth-friendly mechanisms to improve access to procurement information amongst young people. In this regard, the NYDA submits that simplified procurement guidance materials must be developed and disseminated via mobile-accessible platforms and digital channels that are frequently utilised by young people. Furthermore, procurement education and awareness programmes should be intensified in partnership with institutions such as the NYDA, institutions of higher learning, business incubators, and youth development organisations, so that young entrepreneurs may better understand procurement systems, bidding processes, and compliance obligations.

The NYDA further submits that strengthening procurement information systems and outreach programmes may significantly broaden youth participation in public procurement and improve the sustainability of youth-owned small enterprises within the country.

7. Infrastructure Procurement and Youth Participation

The NYDA acknowledges and values the strengthened governance framework regarding infrastructure procurement as contemplated in Chapter 3 of the draft general public procurement regulations of 2026. This development is commendable because infrastructure procurement remains one of the largest areas of public expenditure in the Republic of South Africa and has the potential to significantly contribute towards youth economic empowerment, employment creation and enterprise development. However, despite the progressive nature of the proposed regulatory framework, infrastructure procurement opportunities remain concentrated among large, well-established enterprises, while small enterprises owned by youth remain on the periphery of meaningful economic participation.

In this regard, the NYDA submits that infrastructure procurement processes must intentionally incorporate mechanisms that advance youth participation in infrastructure-related industries. This includes mandatory youth subcontracting targets, youth contractor development programmes, skills transfer obligations and practical pathways for emerging youth professionals within infrastructure projects. Furthermore, procuring institutions should prioritise labour-intensive procurement approaches where feasible so that infrastructure investment may simultaneously address service delivery backlogs and the challenge of youth unemployment.

This submission is further informed by the reality that youth unemployment remains disproportionately high in construction-related sectors, despite the sector's significant labour absorption potential. It is therefore fundamentally important that infrastructure procurement is utilised not only as a mechanism for infrastructure delivery, but also as an instrument to foster youth entrepreneurship, technical skills development and inclusive economic participation amongst young people in South Africa.

8. Payment Delays and Cash Flow Constraints

One of the greatest challenges confronting youth-owned small enterprises in the public procurement environment is the persistent issue of delayed payments by procuring institutions. While public procurement continues to present meaningful opportunities for youth entrepreneurship and enterprise development, the inability of many institutions to process payments within reasonable timeframes undermines the sustainability and growth prospects of youth-owned enterprises.

In most cases, small enterprises owned by young people operate with limited financial reserves and are heavily dependent on a steady cash flow to sustain operations, pay employees, procure materials, and fulfil contractual obligations. As a result, excessive payment delays often plunge these enterprises into severe financial distress, which, in turn, undermines their ability to survive in highly competitive markets. It is therefore essential that payment systems in public procurement processes are strengthened and more effectively monitored.

In this regard, the NYDA submits that the draft general public procurement regulations of 2026 should incorporate stronger mechanisms to protect youth-owned small enterprises from excessive payment delays. This includes accelerated payment periods for youth-owned enterprises, mandatory reporting by procuring institutions on payment delays, penalties for unreasonable late-payment practices, and transparent invoice-tracking systems. Such interventions may significantly improve accountability within procurement systems while simultaneously strengthening the sustainability and long-term survival of youth-owned enterprises in the country.

The NYDA is of the view that strengthening payment mechanisms in public procurement may significantly improve youth participation in business, reduce enterprise failure rates, and advance inclusive economic development.

9. Conclusion

In conclusion, the National Youth Development Agency (NYDA) broadly supports the draft general public procurement regulations of 2026 and recognises the important role that these regulations may play in improving transparency, accountability, strategic procurement and economic transformation within South Africa. The Agency particularly

welcomes the stronger focus on preferential procurement, set-asides, supplier diversification and developmental procurement as important tools for promoting inclusive economic participation. Despite these positive developments, many youth-owned enterprises still face major challenges in participating meaningfully in public procurement opportunities. These challenges include limited access to procurement information, complex administrative and compliance requirements, delayed payments, limited access to infrastructure procurement opportunities and difficulties participating in competitive bidding processes. This situation continues to disadvantage many young entrepreneurs, especially those operating in township, rural, informal economy, creative economy and digital economy sectors.

In this regard, the NYDA submits that the draft regulations should include stronger youth-focused procurement measures throughout the regulatory framework. This includes strengthening set-aside provisions for youth-owned enterprises, improving access to procurement information, simplifying compliance requirements, supporting youth contractor development, strengthening payment systems and creating more opportunities for youth participation in public procurement markets.

The NYDA further believes that public procurement should not only be used to acquire goods and services but also serve as an important developmental tool for promoting youth entrepreneurship, employment creation, enterprise sustainability, and inclusive economic growth. Given the high levels of youth unemployment in South Africa, it is important that procurement systems intentionally contribute towards creating economic opportunities for young people.

In reiteration, the NYDA recommends the following submissions as highlighted throughout this document:

- I. Increase the set-aside target for youth-owned enterprises from 4% to 8%;
- II. Increase the set-aside target for black women-owned enterprises from 12% to 14%;
- III. Adjust the set-aside target for women-owned enterprises in general from 14% to 12%;

- IV. Insert provisions requiring that Sections 17(3), 18(1)–18(7) and 19(1)–19(7) of the Public Procurement Act be considered during procurement bidding processes; and
- V. Incorporate youth with disabilities within Sections 17(d) and 17(e), as the current provisions do not adequately provide expression to the challenges and developmental needs of youth with disabilities.

It is therefore the view of the NYDA that the adoption of these submissions may significantly strengthen youth participation in public procurement, reduce barriers faced by youth-owned enterprises and contribute towards meaningful economic transformation within South Africa.

Reference List

NT (National Treasury). 2026. *Draft General Public Procurement Regulations, 2026*. National Treasury. Available at: <https://www.treasury.gov.za> [Accessed: 10 June 2026].

South African Government. 2024. *Public Procurement Act 28 of 2024*. Pretoria: Government Printer.