



INVESTIGATION REPORT

NATIONAL STUDENT FINANCIAL AID SCHEME

**DIRECT PAYMENTS OF ALLOWANCES TO NSFAS
STUDENTS**

BID NO: SCMN022/2021

(An update on OUTA's investigation report of October 2022)

BACKGROUND ON REASONS FOR INVESTIGATION

1. Since 2018, OUTA has been investigating corruption and mismanagement in the Sector Education and Training Authorities (SETAs). In January 2019, OUTA submitted a request for information in terms of the Promotion of Access to Information Act 2 of 2000 (PAIA) to Services SETA (SSETA), requesting specific information on several tenders that were awarded by SSETA.
2. In October 2019, OUTA filed a court application in the Johannesburg High Court, challenging SSETA's refusal to provide the outstanding information. On 4 November 2021, the court ordered SSETA to comply with the PAIA request and provide OUTA with all the documents.¹
3. Following the court's judgement, SSETA furnished OUTA with the requested documents. Receiving that information enabled OUTA to conduct in-depth investigations into Bid no: PROC T434. This tender was awarded to a consortium of companies with Grayson Reed as the lead. The tender was for the appointment of a service provider for the rollout and management of the biometric learner attendance monitoring system ("BLAMS") and direct disbursement of periodic learner stipends.
4. The following companies were part of the consortium:
 - 4.1 Muroba Group Holdings (Pty) Ltd t/a Grayson Reed;
 - 4.2 Kulanati Financial Holdings (Pty) Ltd; and,
 - 4.3 Dram Group Holdings (Pty) Ltd who, during the tender period, changed its name to Africawide Fintech.
5. The bid was awarded to the Grayson Reed consortium on 12 October 2017, and a Master Service Level Agreement (MSLA) was signed on 13 December 2017 between SSETA and Grayson Reed. Mr Andile Nongogo, the CEO of SSETA at the time, signed the contract on behalf of SSETA.
6. On 9 September 2019, SSETA prematurely cancelled the agreement with the Grayson Reed consortium based on the inability of the service provider to perform in terms of the MSLA.

¹ Case No: 36249/2019

7. The contract value was R162,669,000.00. When it was cancelled SSETA had made payments of almost R170 million to the service provider.
8. For purposes of this report, it is important to note the following:
 - 8.1. Mr Andile Nongogo was the CEO of SSETA when this tender was awarded to the Grayson Reed consortium;
 - 8.2. Mr Artwell Makelve was the Director of Dram Group Holdings;
 - 8.3. Mr Thulasizwe Ntumba was the *de facto* owner of Kulanati Financial Solutions;
 - 8.4. Mr Thulasizwe Ntumba and his brother Mr Melusi Ntumba were Directors of *inter alia* Ntumba and Associates Consulting (Pty) Ltd, an audit company that was awarded several tenders by SSETA and still under investigation by OUTA.
9. The investigation into the Grayson Reed tender lead to an investigation into Bid PROC T474, a tender for the appointment of a creative design agency for the development and production of SSETA's branding and marketing materials. This tender was awarded to Star Sign and Print (Pty) Ltd on 26 March 2018.
10. It was found that Star Sign and Print supplied branded items to SSETA at inflated prices for a total amount of R28,963,429.60.
11. For purposes of this report, it is important to note the following:
 - 11.1. Mr Andile Nongogo was the CEO of SSETA when this tender was awarded to Star Sign and Print;
 - 11.2. Ms Tshegofatso Ntumba was a Director of Star Sign and Print;
 - 11.3. Ms Tshegofatso Ntumba was the spouse of Mr Thulasizwe Ntumba.
12. Further investigations revealed that in August 2019, shortly before SSETA cancelled the Grayson Reed contract, Mr Artwell Makelve and his wife, Ms Marilyn Mpho Makelve, were appointed as Directors of Coinvest Africa (Pty) Ltd.
13. On 21 December 2020, Ms Tshegofatso Ntumba was appointed as a Director of Coinvest Africa and on 30 June 2021, Mr Makelve resigned as a Director. Although he resigned as a Director, he was still involved with the company. He used the name "Dr Artie MaCkelve" and

was known in the industry as the Group CEO of Coinvest. This will be explored in more detail later in this report.

14. Ms Ntumba and Ms Makelve, the spouses of two men intimately involved in the failed Grayson Reed tender at SSETA, were appointed as directors of several “Coinvest” companies. Ms Makelve, however, resigned from all the Coinvest companies on 5 April 2023, except Coinvest Africa, the Coinvest Foundation and Coinvest Energy.
15. A list of all the Coinvest companies with the Directors who are active (“A”) and resigned (“R”) is shown below.

Company Name	Reg No	Director(s)
Coinvest Technologies	2014/094581/07	Tshegofatso Ntumba (A)
Coinvest Digital Services	2018/588939/07	Tshegofatso Ntumba (A)
Coinvest Africa	2019/374128/07	Tshegofatso Ntumba (A) Merilyn Makelve (A) Artwell Makelve (R)
Coinvest Biometrics	2021/370756/07	Tshegofatso Ntumba (A) Merilyn Makelve (R)
Coinvest Procurement	2021/488768/07	Tshegofatso Ntumba (A) Merilyn Makelve (R)
Coinvest Foundation	2021/562358/08	Tshegofatso Ntumba (A) Merilyn Makelve (A) Gift Mbila (A)
Coinvest Group	2021/562292/07	Tshegofatso Ntumba (A) Merilyn Makelve (R)
Coinvest SA	2021/562243/07	Tshegofatso Ntumba (A) Merilyn Makelve (R)
C-Health	2021/562398/07	Tshegofatso Ntumba (A) Merilyn Makelve(R)
Coinvest Books	2021/561261/07	Tshegofatso Ntumba (A) Merilyn Makelve (R)
Coinvest Careers	2021/562377/07	Tshegofatso Ntumba (A) Merilyn Makelve (R)
Coinvest Mobile	2021/615254/07	Tshegofatso Ntumba (A)

		Merilyn Makelve (R)
Coin Mobile	2021/615230/07	Tshegofatso Ntumba (A) Merilyn Makelve (R)
C Mobile	2021/615188/07	Tshegofatso Ntumba (A) Merilyn Makelve (R)
Coin Soft	2021/700976/07	Tshegofatso Ntumba (A) Merilyn Makelve (R)
Coinvest Vas	2021/758055/07	Tshegofatso Ntumba (A) Merilyn Makelve (R)
Coinvest Pay	2021/819297/07	Tshegofatso Ntumba (A) Merilyn Makelve (R)
Coin Sure	2021/903033/07	Tshegofatso Ntumba (A) Merilyn Makelve (R)
Coinvest Shared Services	2021/899860/07	Tshegofatso Ntumba (A) Merilyn Makelve (R)
Coinvest Co Op Pay	2021/909183/07	Tshegofatso Ntumba (A) Merilyn Makelve (R) William Gonyora (R)
C-Pay	2021/123572/07	Tshegofatso Ntumba (A) Merilyn Makelve (R)
Coinvest Resources	2021/155184/07	Tshegofatso Ntumba (A) Merilyn Makelve (R)
Coinvest Investments	2021/155190/07	Tshegofatso Ntumba (A) Merilyn Makelve (R)
Coinvest Energy	2022/244948/07	Tshegofatso Ntumba (A) Merilyn Makelve (A) Gerard Johan Doyer (A)
Coinhost	2022/205417/07	Tshegofatso Ntumba (A) Merilyn Makelve (R)
Coinvest World	2022/596690/07	Tshegofatso Ntumba Merilyn Makelve (R)
Coinvest - TV	2022/562407/07	Tshegofatso Ntumba (A) Merilyn Makelve (R)
Coinvest Consulting	2022/562362/07	Tshegofatso Ntumba (A)

		Merilyn Makelwe (R)
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16. In June 2022, NSFAS awarded Bid No SCMNO22/2021 to Coinvest Africa and three other companies for the direct distribution of student allowances. OUTA decided to investigate the NSFAS tender because of the involvement of the Coinvest Directors and their close family members in the failed tender at SSETA for a similar service.
17. OUTA also received information from whistle-blowers that supported the suspicions of possible maladministration, misconduct and irregularities with the NSFAS tender.
18. On 26 September 2022, OUTA requested access to documents and information related to Bid No SCMNO22/2021 in terms of the Promotion of Access to Information Act (PAIA).
19. On 25 November 2022, NSFAS declined to provide OUTA with the requested records and argued that the SIU had commenced its investigation in terms of Proclamation No. R.88 published in Government Gazette No. 46789 of 26 August 2022, and if the requested records were to be disclosed to OUTA, it could reasonably be expected to prejudice the investigation by the SIU in terms of the Proclamation.
20. On 23 December 2022, OUTA notified NSFAS of its decision to appeal the decision not to disclose any information to OUTA. Unfortunately, the internal appeal was also unsuccessful, and NSFAS cited the same reasons it did when it refused the initial PAIA request.
21. OUTA decided against legal action. Instead, OUTA shared all its information with the SIU to assist them with their investigation. All whistle-blower information (as and when received), as well as the findings from OUTA's internal investigation, were shared with the SIU.
22. With the renewed interest and media publications in June 2023 and on request from several institutions, OUTA decided to update its investigation report of October 2022.

THE HISTORY OF NSFAS BIDS FOR THE DIRECT DISBURSEMENT OF ALLOWANCES TO STUDENTS

23. In June 2022, bid SCMNO22/2021 was awarded to four service providers for the provision of direct payments of allowances to NSFAS students.

24. However, before this award is discussed, it is important to have a closer look at the two previous tenders for the same service that were advertised but then cancelled by NSFAS.

SCMN006/2020

25. A Request for Proposal (“RFP”) for Bid No SCMN006/2020 for the “*Direct payments of allowances to NSFAS students bank accounts for five (5) years*” was advertised on 24 July 2020 with the closing date of 28 August 2020.
26. NSFAS described the purpose of the bid as seen below on the extract from the NSFAS’ RFP with own highlighting.

1 PURPOSE

- 1.1. The purpose of this bid specification is to obtain bid proposals from prospective service providers to disburse allowances directly to NSFAS funded students at public universities and TVET colleges across South Africa, into the students’ bank accounts. The NSFAS regulations stipulates that NSFAS must disburse allowances directly to students. The regulations further emphasize that any third-party appointment to disburse allowances must be vetted and approved by the NSFAS. In many instances, institutions have appointed third-party agents to disburse student allowances and the NSFAS does not have direct line of sight on these transactions.
- 1.2. In order to remove all commercial interests from the disbursements and payments processes and mitigate internal risks associated with the processes, this Request for Proposal invites potential service providers in the financial services sector to submit their proposals to disburse allowances directly to NSFAS funded students studying at public universities and TVET colleges, into the students bank accounts.

27. The purpose of the bid and intention of NSFAS was very clear in the RFP. The service provider would disburse allowances directly into the bank accounts of NSFAS-funded students.
28. According to the RFP, NSFAS funded 730 000 students in the 2019/2020 academic year.
29. The RFP described the 3 phases that will be followed to evaluate the bids. (copied from the NSFAS’ RFP, own highlighting):

No	PHASE	DESCRIPTION
3.1	PHASE 1: Mandatory Requirements	All bids must comply with the mandatory requirements and failure to comply with any of these requirements will immediately disqualify the bid. The bidder should clearly mark in the table below at paragraph 4, where in the proposal is the supporting evidence included.
3.2	PHASE 2: Company Experience, Core Team Experience, Solution requirements, and Disaster recovery services	Bidders are required to achieve a combined minimum score of 80% for functional criteria i.e. company experience; core team experience, solution requirements and disaster recovery requirements in order to progress to be evaluated for the Price and BBB-EE. Only bidders who passed the mandatory requirements (Phase 1) and the evaluation criteria (Phase 2) will proceed to be evaluated for Price and BBB-EE.
3.3	PHASE 3: Price and BBBEE	The 80/20 Preference Point System will be used to calculate points for price. The final points are calculated on points for price and BBB-EE points, combined.

30. The RFP then listed 20 mandatory requirements a bidder had to include when submitting its bid and 17 solution requirements a bidder had to comply with. A copy of the mandatory and solution requirements is attached hereto as **Annexure “A”**. The most prominent mandatory requirements were *inter alia* the following:
- 30.1 The service provider had to submit proof of membership or a certificate issued by either the Banking Association of South Africa (“BASA”) or the Payments Association of South Africa (“PASA”);
- 30.2 The service provider had to submit evidence of a banking license;
- 30.3 The service provider’s proposal had to include a project methodology demonstrating how the project will be governed, managed and delivered;
- 30.4 The service provider had to include a milestone schedule with timelines for the completion of the project work;
- 30.5 The core team assigned had to possess the required experience/ past implementation experience and qualifications/ professional certification from accredited bodies;
- 30.6 The service provider had to tailor existing services to suit students from poor and working-class families who were previously disadvantaged. That is, the costs must be innovative and competitive;
- 30.7 The service provider had to clearly indicate the following cost categories separately:
- 30.7.1 Student On-boarding costs;
- 30.7.2 Transaction costs;
- 30.7.3 Verification costs;
- 30.7.4 Implementation costs;
- 30.7.5 Support costs;
- 30.7.6 Costing for cybersecurity testing;
- 30.7.7 Any other costs; and,
- 30.7.8 Breakdown of the costs to be paid by the students and the costs to be paid by NSFAS.
- 30.8 The bidder had to provide proof of ISO/ IEC 27001 Information Security Management and PCI DSS security certifications; and,

30.9 The proposed solution had to include account holder verification (“AHV”) or account verification services (“AVS”) - the identity number of the student had to be verified against the bank account number.

31. According to the NSFAS website, the bid (SCMN006/2020) was cancelled, and the reason given for the cancellation was that all the bids received were unacceptable. See below an extract from the NSFAS website.

TENDER CANCELLATION NOTICE SCMN006/2020

Notice is hereby given to all bidders that tendered for the bid SCMN006/2020 - Direct Payments of Allowances to NSFAS Students for a period of five (5) years.

All bids received were not acceptable which resulted in the tender being cancelled.

32. Several commercial banks and payment solution companies submitted their bids. A detailed discussion will follow later in this report regarding the bidders who submitted their proposals for the three allowance disbursement tenders.

SCMN014/2020

33. Less than three months after the closing date of the first bid for direct payment of allowances, another tender was advertised for the same service.

34. The RFP for Bid No SCMN014/2020 was advertised on 20 November 2020, with the closing date being 7 December 2020. The bid was for the *“Provision of direct payments of allowances to NSFAS students bank accounts for 5 years”*.

35. NSFAS described the purpose as seen below on the extract from NSFAS’ RFP with own highlighting.

1 PURPOSE

- 1.1. The purpose of this bid specification is to obtain bid proposals from prospective service providers to disburse allowances directly to NSFAS funded students at public universities and TVET colleges across South Africa, into the students’ bank accounts. The NSFAS regulations stipulates that NSFAS must disburse allowances directly to students. The regulations further emphasize that any third-party appointment to disburse allowances must be vetted and approved by the NSFAS. In many instances, institutions have appointed third-party agents to disburse student allowances and the NSFAS does not have direct line of sight on these transactions.
- 1.2. In order to remove all commercial interests from the disbursements and payments processes and mitigate internal risks associated with the processes, this Request for Proposal invites potential service providers in the financial services sector to submit their proposals to disburse allowances directly to NSFAS funded students studying at public universities and TVET colleges, into the students bank accounts.

36. The wording was identical to the previous bid. NSFAS again confirmed that the purpose of the bid and intention of NSFAS was that a service provider would disburse allowances directly into the personal bank accounts of NSFAS-funded students.
37. The number of students funded by NSFAS was the same as in the previous bid, at 730,000.
38. The mandatory requirements were also identical except for the security certifications and penetration testing, as certain requirements were changed.
39. The solution requirements of the two bids were also exactly the same, and this bid also had 17 solution requirements. A copy of the mandatory and solution requirements is attached hereto as **Annexure “B”**.
40. It was reported that this bid was cancelled due to changed circumstances, and, therefore, the services specified in the RFP were no longer needed. The decision to cancel the bid (as shown below) was posted on the NSFAS website.

TENDER CANCELLATION NOTICE SCMN014/2020

Notice is hereby given to all bidders that tendered for the bid SCMN014/2020 - Direct Payments of Allowances to NSFAS Students for a period of five (5) years.

Due to changed circumstances, there is no longer a need for the goods or services specified in the invitation.

41. These two bids were advertised by NSFAS when Dr Randall Carolissen was the administrator. Mr Andile Nongogo, the CEO on the date of this report, was appointed as the CEO on 1 December 2020. The cancellation of the last bid (SCMN014/2020) was done after Mr Nongogo was appointed.

SCMN022/2021

42. Bid No SCMN022/2021 was advertised on 25 January 2022, with a closing date of 25 February 2022. This was just more than a year after the previous tender was cancelled. The bid description was for the *“Provision of direct payments of allowances to NSFAS students for a period of five (5) years, renewable”*.
43. The description of the three bids is almost identical, and it is clear that NSFAS was searching for a service provider to facilitate the payment of student allowances. However, the purpose, mandatory requirements and specifications of this last bid were significantly different from the first two bids.

44. OUTA received unconfirmed information that bid SCMN022/2021 was not prepared and scrutinised by the NSFAS' Bid Specification Committee like the first two bids. The information received indicated that the bid was "prepared" by the CEO without the involvement of the Bid Specification Committee. These are serious allegations that must be investigated further by the board of NSFAS and the relevant authorities. For example, NSFAS' auditors should do a thorough investigation to determine if the drafting of the bid was done procedurally correctly.
45. The most notable change in the purpose of the bid was that the service provider had to onboard students and provide them with a bank account. The student's allowances would then be disbursed to the bank account provided. Bids could also include financial technology ("fintech") solutions to deliver financial services and a "bank account" without the necessity for recipients to have a traditional bank account at a licenced South African commercial bank.
46. The purpose of this bid, as published in the RFP, can be seen in the extract of NSFAS' RFP with own highlighting.

1. Purpose

- 1.1. The purpose of this request is to obtain suitable bid proposals from prospective service provider(s) in the financial services and fintech sector to assist NSFAS, for a period of five (5) years (renewable), in the direct disbursement of allowances into the bank accounts of NSFAS funded students/ beneficiaries enrolled for a course of study at public universities and TVET colleges across South Africa. The service provider(s) will be required to onboard the student and provide them with the bank account for the funds to be disbursed to. The solution must be able to be integrated seamlessly with core orchestration systems within NSFAS. Furthermore, the service provider(s) will be required to validate the student data before any disbursement.
 - 1.2. The NSFAS requirements is that funds must be disbursed directly to students. Any third-party appointment to disburse allowances must be vetted and approved by NSFAS. In many instances, institutions have appointed third-party agents to disburse student allowances and NSFAS does not have direct line of sight on these transactions.
 - 1.3. This Request for Proposal (RFP) invites suitable service providers in the financial services and technology sector to submit their proposals that meets the requirements by disbursing allowances directly to NSFAS funded students.
 - 1.4. Note that the estimated number of NSFAS funded students are 900,000, however not all these students would be utilizing these services initially, as NSFAS plans to pilot this solution first with a set number of students, following which the full roll-out will occur in a phased approach. The solution must be ready for go-live within two (2) months from commencement of the project
47. The RFP indicated that NSFAS planned to pilot this solution with a set number of students, whereafter, it planned to roll out the solution to the rest of the students in a phased

approach. This RFP made it clear that NSFAS had, in fact, decided to abandon the previous decisions to pay allowances directly in students' personal bank accounts and to move to a fintech solution. It is OUTA's opinion that the only reasonable conclusion is that this decision was taken and/ or approved by Mr Nongogo, who took office in December 2020.

48. The SCMNO22/2021 bid's evaluation process changed as well as an additional evaluation phase was incorporated. Bidders were required to do a presentation of their solution. The minimum scores to advance to the next stage were also lowered from 80% to 70%, and a 90/10 preference point system would be used instead of the 80/20 point system as in the previous bids.
49. The evaluation process and phases as it was published can be seen below (copied from the NSFAS' RFP, own highlighting).

3. Evaluation process

The table below summarizes the steps that NSFAS follows to evaluate service providers proposals.

No	PHASE	DESCRIPTION
3.1	PHASE 1: Mandatory requirements evaluation	All bids must comply with the mandatory requirements. Failure to comply with any of these requirements will immediately disqualify the bid.
3.2	PHASE 2: Functional requirements evaluation	Bidders are required to achieve a combined minimum score of 70% for functional criteria in order to progress to be evaluated for the presentation criteria. Only bidders who passed the mandatory requirements (Phase 1) and the evaluation criteria (Phase 2) will proceed to be evaluated for Presentation criteria.
3.3.	PHASE 3: Presentation requirements evaluation	Bidders are required to achieve a combined minimum score of 70% for presentation criteria in order to progress to be evaluated for Price and BBB-EE.
3.4	PHASE 4: Price and BBBEE	The 90/10 preference point system will be used to calculate points for Price and BBB-EE.

The mandatory requirements of bid SCMNO22/2021 were reduced to 5 mandatory requirements as opposed to 20 of the previous two bids. The most controversial change was that a service provider had to show evidence of a banking licence OR a bank sponsorship, OR an affiliated sponsorship made out in the name of the service provider. The service provider no longer needed a banking licence or proof of membership, or a certificate issued by either

BASA or PASA and could facilitate financial transactions of billions of rands every month in a partnership with an affiliated FSP-registered partner.

50. The mandatory requirements, as published in the RFP, can be seen below. (copied from the RFP, own highlighting)



Bid No: SCMN022/2021

4 Phase 1: Mandatory requirements

All bids must comply with the mandatory requirements and failure to comply with any of these requirements will immediately disqualify the bid.

No.	Mandatory requirement	Page reference per bidder proposal
Membership		
4.1	The service provider must submit evidence of a banking license or bank sponsorship or affiliate sponsorship which must be in the name of the service provider.	
Security certifications		
4.2	The bidder must ensure that the system is PCI DSS compliant and provide valid certification thereof.	
Penetration testing		
4.3	The bidder must submit a cyber security penetration testing proposal from an independent third-party provider and this proposal must include the methodology that will be implemented by the third-party provider.	
Indemnity cover		
4.4	The bidder must provide adequate evidence of reimbursement in the case of theft/fraud. The proof of entity professional indemnity of at least R20,000,000 (twenty million rand) must be submitted.	
Sub-contracting		
4.5	<p>The bidder must sub-contract at least 30% of the contract to either:</p> <ul style="list-style-type: none"> - Exempted Micro Enterprise (EME) which is at least 51% owned by black people - Qualifying Small Enterprise (QSE) which is at least 51% owned by black people <p>The bidder's proposal must clearly indicate the sub-contracting party details together with the sub-contracted parties valid B-BBEE certificate or affidavit.</p>	

51. The PCI DSS certification and security penetration testing proposal from an independent third party was similar to previous requirements.
52. The mandatory indemnity cover of R20 million seems inadequate if you bear in mind that the service provider had to facilitate payments of more than a billion rand per month.
53. Another new mandatory requirement was that the service provider had to sub-contract at least 30% of the contract to either an Exempted Micro Enterprise (EME) with at least 51% black ownership or a Qualified Small Enterprise (QSE) with at least 51% black ownership. This requirement is in accordance with Regulation 9 of the Preferential Procurement Regulations of 2017.
54. It will, however, be important for NSFAS' auditors to establish who the appointed sub-contractors were, what the terms and conditions were between them and the service providers who appointed them and who the Directors, shareholders and beneficial owners of the sub-contractors were or still are. Lastly, the NSFAS' auditors must establish how much the sub-contractors were paid or are still being paid and what contribution they were supposed to make towards the services of the service providers
55. The mandatory requirements that were removed were the project plan, CVs of the core team to evaluate their experience, account holder verification ("AHV") or account verification service ("AVS") and the detailed outlining of project costs.
56. The table below shows the bidders who submitted their bids for the three different tenders.

Bidder	SCMN 006/2020	SCMN 014/2020	SCMN 022/2021
CPI Holdings (Pty) Ltd	Yes	Yes	No
Fundi Capital (Pty) Ltd	Yes	Yes	Yes
Ubank Limited	Yes	Yes	No
ABSA Bank Limited	Yes	Yes	Yes
Celbux SA (Pty) Ltd	Yes	No	Yes
South African Post Office	Yes	No	No
Ntinyiso Consulting	Yes	No	Yes

Magix Africa (Pty) Ltd	Yes	No	No
Whoosh Innovations (Pty) Ltd	Yes	No	Yes
Tyme Bank Limited	Yes	Yes	No
Trustlink – Emampondweni JV	Yes	No	No
Page Automation (Pty) Ltd	Yes	No	No
Intellimali /Paysoft /Olympus /Grobank	Yes	No	No
Standard Bank SA Limited	Yes	Yes	Yes
Nedbank Limited	Yes	Yes	Yes
C-Institute (Pty) Ltd	Yes	Yes	No
People Cloud Solutions (Pty) Ltd	Yes	No	No
Capital Software Solutions	Yes	Yes	No
FirstRand Bank Limited	Yes	Yes	Yes
South African Postbank SOC Ltd	Yes	Yes	No
Lurco Trading 308 (Pty) Ltd	Yes	No	No
Q Link Holdings (Pty) Ltd	No	Yes	No
Truzo (Pty) Ltd	No	Yes	No
Coinvest Africa (Pty) Ltd	No	No	Yes
Tenet Technology (Pty) Ltd	No	No	Yes
Ezaga Holdings (Pty) Ltd	No	No	Yes
Norraco Corporation (Pty) Ltd	No	No	Yes
Cloud 10 Capital Software Solutions	No	No	Yes
Luphahla Amber Converged JV	No	No	Yes
Network International Payment Services	No	No	Yes
Bank Zero Mutual Bank	No	No	Yes
EFT Corporation SA (Pty) Ltd	No	No	Yes
MTN (Pty) Ltd	No	No	Yes

57. With the reduced mandatory requirements, there were several bidders who submitted their bids for the last bid only. Four of the first-time bidders were successful and were appointed instead of established and experienced financial service providers.

A. SUCCESSFUL BIDDERS – SCMN022/2021

58. According to the NSFAS website, the bid was awarded to four service providers, namely Coinvest Africa (Pty) Ltd, Tenet Technology (Pty) Ltd, Ezaga Holdings (Pty) Ltd and Norraco Corporation (Pty) Ltd.²

SCMN022/2021	Provision of direct payments of allowances to NSFAS students for a period of five (5) years, renewable.	1. Coinvest Africa (Pty) Ltd 2. Tenet Technology (Pty) Ltd 3. Ezaga Holdings (Pty) Ltd 4. Norraco Corporation (Pty) Ltd	Various rates Various rates Various rates Various rates
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59. The e-Tender website, however, indicates that the tender was awarded solely to Coinvest Africa.³ This creates confusion.

Awarded tenders			
Category	Tender Description	Advertised	Closing
Services: Professional	Provision of Direct Payments of Allowances to NSFAS Students for a period of five (5) years, renewable	25/01/2022	5 months ago
Tender Number:	SCMN022/2021		
Department:	National Student Financial Aid Scheme		
Tender Type:	Request for Bid(Open-Tender)		
Province:	Western Cape		
Date Published:	Tuesday, 25 January 2022		
Closing Date:	Friday, 25 February 2022 - 11:00		
Place where goods, works or services are required:	10 Brodie, House Vincent Building, 2nd Floor, Wynberg Mews - Cape Town - Cape Town - 7801		
Special Conditions:	N/A		
INQUIRIES:			
Contact Person:	SCM Unit		
Email:	SCM@nsfas.org.za		
Telephone number:	021-763-3200		
AX Number:	N/A		
BRIEFING SESSION:			
Is there a briefing session?: NO	Is it compulsory?: NO		
Briefing Date and Time:			
Briefing Venue:	N/A		
SUCCESSFUL BIDDER:			
Company:	Coinvest Africa		
Contact Details:	SCM Unit - 0217633200		
BIDDERS LIST:	Whoosh Innovations (Pty) Ltd, Coinvest Africa (Pty) Ltd, Cloud10 Capital Software Solutions (Pty) Ltd, Lumphahla Amber Converged JV, Celbux SA (Pty) Ltd, Tenet Technology (Pty) Ltd, Ezaga Holdings (Pty) Ltd, Norraco Corporation (Pty) Ltd, Nedbank Limited, Network International Payment Services, Back Zero Mutual Bank, Fundi Capital (Pty) Ltd, EFT Corporation SA (Pty) Ltd, FirstRand Bank Limited, The Standard Bank of South Africa Limited, ABSA Bank Limited, MTN (Pty) Ltd, Ntityiso - Capital software JV Tender Opening Register -SCMN022_2021 Provision of Direct Payments of Allowances to NSFAS.pdf		

² <https://www.nsfas.org.za/content/scm.html#account5>

³ <https://tenderbulletins.co.za/tender-award/tender-award-provision-of-direct-payments-of-allowances-to-nsfas-students-for-a-period-of-five-5-years-renewable/>

60. The e-Tender website also indicated that the contact details of the successful bidder are the same as the NSFAS SCM department. Usually, the National Treasury's official website is the point of reference for awarded tenders, but in this instance, the official notification was very different from the notification of the institution that published the tender.

SUCCESSFUL BIDDER 1 – COINVEST AFRICA (PTY) LTD

61. Coinvest Africa (Pty) Ltd ("Coinvest") was registered on 2 August 2019. Ms Tshegofatso Ntumba and Ms Merilyn Makelwe, at the time of the report, were the Directors of the company. The company was founded by its first Directors, namely Mr Artwell Makelwe and his spouse Merilyn Makelwe.

Registration Number:	201937412807
Company Type:	07
Date Registered:	2019-08-02
Company Status (Code):	IN BUSINESS (03)
Registered Name:	COINVEST AFRICA
Company Type:	PRIVATE COMPANY
Company Physical Address:	FOURWAYS GOLF OFFICE PARK SELBOURNE ROOS STREET FOURAYS GAUTENG 2190
Company Postal Address:	FOURWAYS GOLF OFFICE PARK SELBOURNE ROOS STREET FOURAYS GAUTENG 2190
Short Name:	
Other Trading Name:	
Tax Number:	9360707195
SIC Code:	BUSINESS ACTIVITIES NOT RESTRICTED.

62. When bid SCMNO22/2021 was awarded, Coinvest was in business for less than two years, and it is doubtful that the company and its Directors had the necessary experience in the distribution of allowances or any similar services.
63. Mr Makelwe resigned as a Director of Coinvest on 30 June 2021 but was still an active Director when the bid was submitted between 25 January 2021 and 25 February 2021. Mr Makelwe was previously a Director of Dram Holdings (Pty) Ltd ("Dram"). Dram was part of the Grayson Reed consortium, who was awarded a similar tender by SSETA in October 2017. SSETA cancelled the agreement because the service providers did not deliver in terms of the contract.
64. Little is known about Ms Makelwe's experience or business skills. What is known is that she was appointed together with Ms Tshegofatso Ntumba as a Director of several Coinvest companies.

65. It is also doubtful that Ms Ntumba had any financial services or fintech experience. She was a Director of Star Sign and Print, a company that supplied printing services to SSETA in 2018. No evidence could be obtained that Ms Ntumba had the necessary experience to manage a fintech company.
66. The Coinvest website didn't provide any information regarding the company's profile, management or employees. The only function available on the website, if you want to find out more about the company, was a PDF file that was, unfortunately, password protected.
67. The NSFAS award letter to Coinvest was addressed to a certain Ndabe Kweyama. Not many details on Kweyama could be obtained other than that he was a 40-year-old male who was previously employed at Ernest & Young and Pricewaterhouse Coopers as a graphic designer.
68. The Coinvest website made provisions for legal terms and conditions for Coinvest customers who entered into an agreement with Coinvest. In the terms and conditions, it was indicated that if someone entered into an agreement with Coinvest, it included an agreement with Ukheshe Payment Solutions and Ukheshe Technologies.
69. The legal terms and conditions agreement described Coinvest as the marketing agent who marketed and sold Ukheshe services and products.
70. According to its website, Ukheshe was a global, digital-first financial services enabler. Developed in 2018 as an SMME to focus on digital platform development to improve and address financial inclusion within South Africa. Ukheshe was registered as a Financial Service Provider with registration number 45133.
71. Below is a copy from the Coinvest website that showed a part of the legal terms and conditions agreement when transacting with Coinvest. (own highlighting)

TERMS AND CONDITIONS ("AGREEMENT")



Read the following agreement carefully. These are the terms and conditions of the agreement between yourself, Coinvest Africa (Pty) Ltd as defined below (herein after referred to as "Coinvest"), Ukheshe Payment Solutions (Pty) Ltd (herein after referred to as "UPS") and Ukheshe Technologies (Pty) Ltd (herein after referred to as "UT") (herein after UPS and UT will be collectively referred to as "Ukheshe"). This Agreement explains Your rights, obligations and responsibilities, as well as those of the Coinvest and Ukheshe. Upon registration for or utilization of any of the Services and/or Products offered by Ukheshe, You agree to and accept the terms of this Agreement.

1. RECITALS

- 1.1. UPS is a registered Financial Services Provider (FSP 45133), Third Party Payments processor registered with the Payments Association of South Africa, Merchant Aggregator registered with MasterCard and Nedbank (TPPP).
- 1.2. UT is a System Operator;
- 1.3. Coinvest is the Marketing Agent, who markets and on sells the Ukheshe Services and Products;
- 1.4. As a result of the foregoing, You will enter into this Agreement with Ukheshe and Coinvest.

72. On 21 November 2022, Ukheshe published a media statement and announced that they had joined forces with Coinvest to facilitate payments to students.⁴ The following was reported by Ukheshe:

"After Coinvest was awarded the tender by the NSFAS, Ukheshe built a unique PWA channel allowing students to receive their monthly disbursements on a NSFAS card. This solution will alleviate challenges experienced through the current allowance payment method as well as appropriately cater for the ever-increasing number of beneficiaries and large amounts of funds to be disbursed.

Dr Artie MaCkelve, group CEO of Coinvest, adds that Ukheshe was the clear choice for this project."

73. From this media release, it appears that Ukheshe only became involved with the bid after Coinvest was appointed and that Coinvest did not have the technical systems to deliver the required services. Coinvest was using Ukheshe's FSP registration to provide financial services. It also appears that Mr Artwell Makelwe was still very involved with Coinvest, being described as the Group CEO.
74. It is unknown why Dr Artie used the surname "MaCkelve" as his surname in his identification document was "Makelwe".

⁴ <https://www.ukheshe.com/post/ukheshe-and-coinvest-join-forces-to-facilitate-payments-to-students-in-need>

SUCCESSFUL BIDDER 2 – TENET TECHNOLOGY (PTY) LTD

75. Tenet Technology (Pty) Ltd (“Tenetech”) was registered on 2 September 2013. The first and second Directors were individuals who registered, bought and sold shelf companies. On 11 November 2021, Lindiwe Mthethwa was appointed as the sole Director of Tenetech, and she was the only Director of Tenetech when the bid was submitted.
76. Lindiwe Mthethwa was married to Bonginkosi Andreas Mthwethwa, who was employed at Technodyn Data Solutions, a company based in Durban, KZN.
77. On 1 July 2022, after the tender was awarded to Tenetech, Serisha Beosumbar was appointed as a Director of Tenetech. She was also a Director of Technodyn Data Solutions, the company where Mthethwa’s husband was employed. Lindiwe Mthethwa resigned as a Director of Tenetech on 25 July 2022, shortly after Beosumbar’s appointment.
78. On 1 November 2022, Beosumbar resigned as the sole Director of Tenetech after Koobandhra Naidoo was appointed on 1 October 2022 as a Director. Naidoo was also a Director of Technodyn Data Solutions and several other companies in the Technodyn group of companies.
79. In September 2022, Tenetech changed its website. According to the “old website”, prior to September 2022, Tenet Technology’s main business was to assist residents and municipalities with a payment solution regarding municipal accounts.

079 644 9365 info@tenetech.co.za 2 Ncondo Place, Ridgeside Umhlanga, Durban Kwa-Zulu-Natal 4320



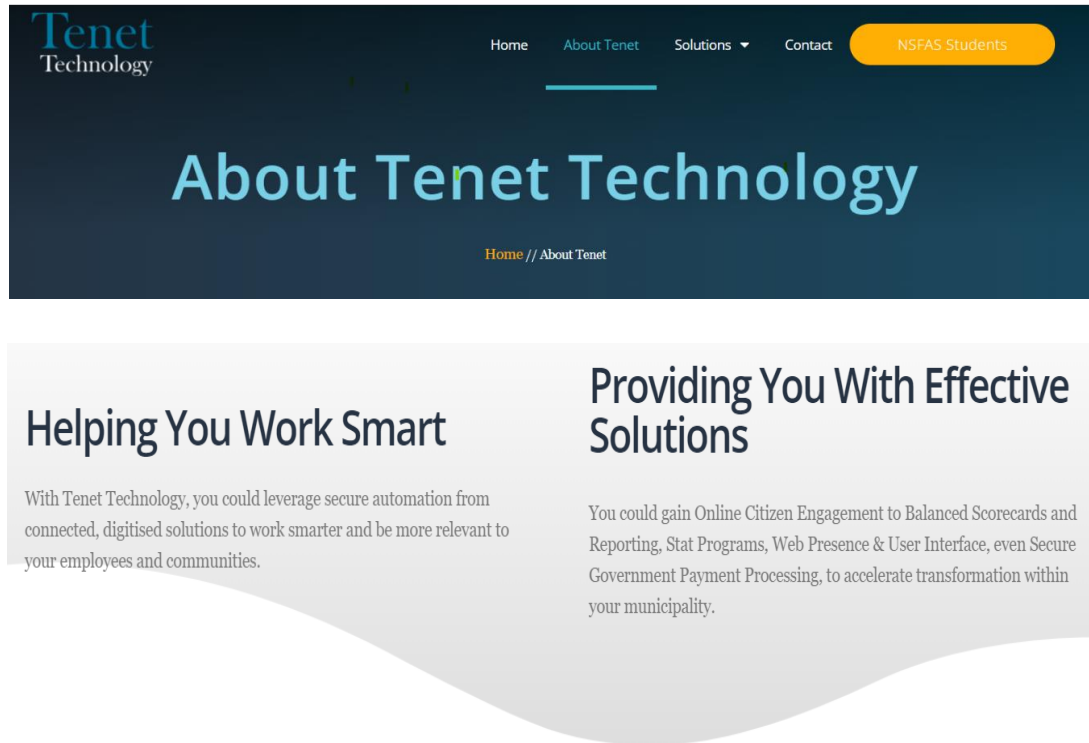
[Home](#) [Solutions](#) [Contact](#)

Helping People Do Great Work

At Tenet Technology we wish to help municipalities understand their citizens better and achieve better outcomes so that they can provide services more effectively and efficiently.



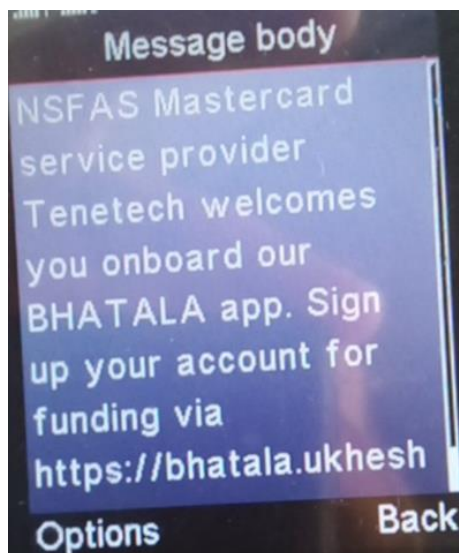
80. The “new website” made reference to effective solutions in the workplace and different ways to work smarter. This website also included a dropdown box for NSFAS students.⁵




81. Based on the information in the paragraphs *supra*, the following appear to be reasonable conclusions:
- 81.1 Tenet Technology was a dormant company until November 2021, when Ms Lindiwe Mthethwa was appointed as a Director;
 - 81.2 Ms Mthethwa was used as the “face” of Tenetech for the bid submission;
 - 81.3 Ms Mthethwa resigned as the sole Director shortly after the bid was awarded, and Ms Beosumbar, an executive of the IT company Technodyn, was appointed as a Director of Tenetech;
 - 81.4 When Ms Beosumbar resigned as Director, Mr Naidoo was appointed, also an executive of the Technodyn group of companies;

⁵ <https://tenetech.co.za/>

- 81.5 Ms Mthethwa's husband works for the Technodyn group;
- 81.6 Ms Lindiwe Mthethwa was used to enable the Technodyn Group to get the tender;
- 81.7 Tenetech did not have the necessary experience required in the RFP. Tenetech was not registered as a Financial Service Provider, and no evidence could be obtained that they were affiliated with any bank.
82. Tenetech used an application by an entity called "Bhatala" to get students to sign up for payments of their allowances. The picture below was posted by a student on social media that confirms the involvement of Bhatala.




83. It also seems that Bhatala, like Coinvest, was using Ukheshe's technology, platform and FSP registration number to facilitate its payments, as seen in the screenshot above. Bhatala was not registered as a Financial Service Provider.
84. Information retrieved during a desktop search showed that Bhatala was indeed involved with onboarding of students on the NSFAS bank card, although it was not an NSFAS service provider.




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[NSFAS Mastercard](#)
[Student Registration](#)

Introducing the new NSFAS Mastercard™



Now your student allowance can be paid directly to you. Tap to pay, your funds, whenever and wherever you need them.




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Tap to pay

The NSFAS Mastercard™ means you can tap to pay.

- Data & Airtime
- Electricity
- e-Wallet
- Draw cash, without fees, at participating merchants

Your money is safe and secure thanks to the experts at Bhatala. With their innovative banking solutions, you are in control of your life and your finances.



SUCCESSFUL BIDDER 3 – EZAGA HOLDINGS (PTY) LTD

85. Ezaga Holdings (Pty) Ltd (“Ezaga”) was registered on 3 April 2017 with the founding Director Aboobaker Mohammed Sacoer. The active Directors at the time of the report were Mr Saud Ally (appointed 12 April 2021) and Mr Ismail Ally (appointed 9 November 2020). According to its website, the company provided online card and machine payment solutions and was an alliance partner of Access Bank South Africa.
86. Ezaga changed its website in September 2022 to make provision for NSFAS services.⁶

⁶ <https://www.ezaga.co.za/>



87. Access Bank started its business in South Africa in 1947 as The South African Bank of Athens to serve the Greek expat community – a business bank supporting SMEs. In 2018 AFGRI, Fairfax Capital and the PIC/GEPP concluded a deal with the Bank of Athens to acquire the majority of the bank’s shares. In line with the shareholders’ vision, the bank realigned its strategy to focus on South Africa’s food and agribusiness markets, from farming to food retail. The bank rebranded and relaunched as Grobank, building on its business banking expertise and developing secondary Agri-market skills and capabilities. In 2020, Grobank entered into a transaction with the Access Bank Group. Access Bank invested and acquired a controlling stake in Grobank and, in 2021, rebranded the business as Access Bank South Africa.
88. Access Bank employed 28,000 people in its operations in Nigeria and had subsidiaries in sub-Saharan Africa and in the United Kingdom. It was listed on the Nigerian Stock Exchange since 1998. In South Africa, Access Bank had several alliance banking partners like Blue Label Telecoms, Flexpay and Paysoft.
89. Access Bank was an authorised Financial Service Provider (FSP 5865) and was registered as a credit provider (NCRP6). On their website they described their alliance banking service as follows:

Access Bank Plc. is a leading full-service commercial Bank operating through a network of more than 600 branches and service outlets, spanning three continents, 12 countries and 31 million customers.

The Bank employs 28,000 people in its operations in Nigeria and has subsidiaries in Sub-Saharan Africa and the United Kingdom (with a branch in Dubai, UAE) and representative offices in China, Lebanon and India.

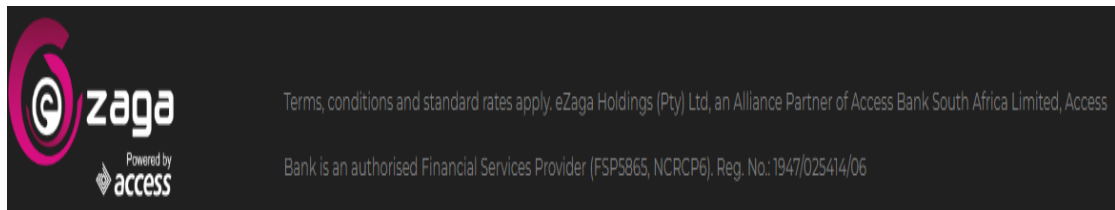
Listed on the Nigerian Stock Exchange since 1998

Access Bank is a diversified financial institution which combines a strong retail customer franchise and digital platform with deep corporate banking expertise and proven risk management and capital management capabilities. The Bank serves its various markets through four business segments: Retail, Business, Commercial and Corporate. The Bank has over 900,000 shareholders (including several Nigerian and International Institutional Investors) and has enjoyed what is arguably Africa's most successful banking growth trajectory in the last twelve years. Following its merger with Diamond Bank in March 2019, Access Bank became one of Africa's largest retail banks by retail customer base.

Access our banking ecosystem

From back office processing, compliance and risk management to integration as well as traditional and non-traditional payment types. Whatever your idea, we're here to enable you.

90. The only evidence that Ezaga was in alliance with Access Bank, was a footnote on their website. No formal agreement could be obtained from open-source information.



SUCCESSFUL BIDDER 4 – NORRACO CORPORATION (PTY) LTD

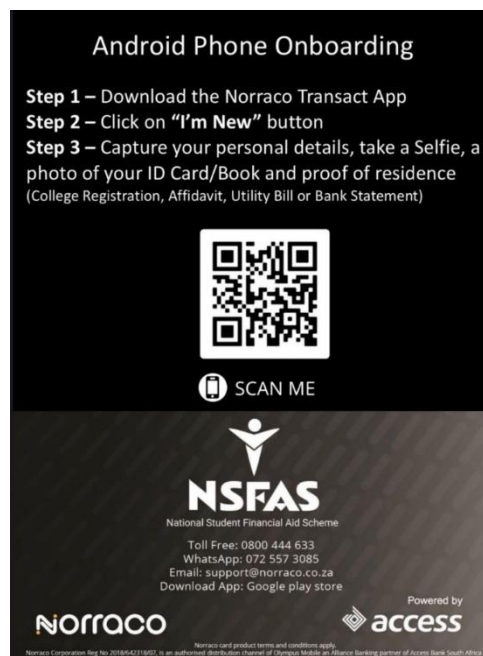
91. The fourth company to whom the distribution of allowances was awarded, was Norraco Corporation (Pty) Ltd (“Norraco”).
92. Norraco was registered on 2 January 2018, with the first 2 Directors being Mr Olivier Simon Dipenda and Mr Neal Ian Macintyre. Mr Dipenda resigned on 1 September 2020. Mr Macintyre was the sole Director when Norraco’s bid for the direct payment of allowances was submitted between 25 January 2022 and 25 February 2022 and was, at the time of this report, the only Director of Norraco.
93. According to CIPC data, the company’s registered address was at The Atrium on Fifth Street in Johannesburg, and the business activities of the company were not restricted. Up until September 2022, Norraco did not have an official website, and no public information was available.
94. Another website for “Norracpay” was found, and the address of the entity was the same as the registered address of Norraco. The website was designed in 2020. The website was not very informative, and the business of Norracpay was described as a *“Technology Solution Provider that provides Financial Institutions and MNO’s interoperability to achieve Financial Inclusion in Africa. We are an innovator and leader in payment API technology since 2018, and operate in multiple countries in Africa”*.

ABOUT NORRAPAY	INFORMATION	CONTACT US
<p>Technology Solution Provider that provides Financial Institutions and MNO's interoperability to achieve Financial Inclusion in Africa. We are an innovator and leader in payment API technology since 2018, and operate in multiple countries in Africa.</p> <p>Our BioPay solution enables daily biometric Bank Account transactions. USSD and WhatsApp integrations between MNO's and banking platforms, approximately 1.5mio monthly transactions. Managed Cloud and Hybrid Server Infrastructure for multiple banks in Africa. Developed ISO8583; ISO20022; Adapters, API's and JSON integrations between banks. Developed a proprietary Universal API that allows interoperability between MNO's and Banks.</p>	<p>About Us</p> <p>Terms & Conditions</p> <p>Privacy Policy</p>	<p>📍 Address: Atrium On 5th 9th Floor Maude St, Sandown Sandton 2031 South Africa.</p> <p>☎ Phone: +27 11 217 6000</p> <p>✉ Email: admin@norraco.co.za</p>

95. Early in September (after the award of the NSFAS tender) Norraco developed a website.⁷ This website, as with the Norrapay website, was not very informative and gave the user limited information and references.

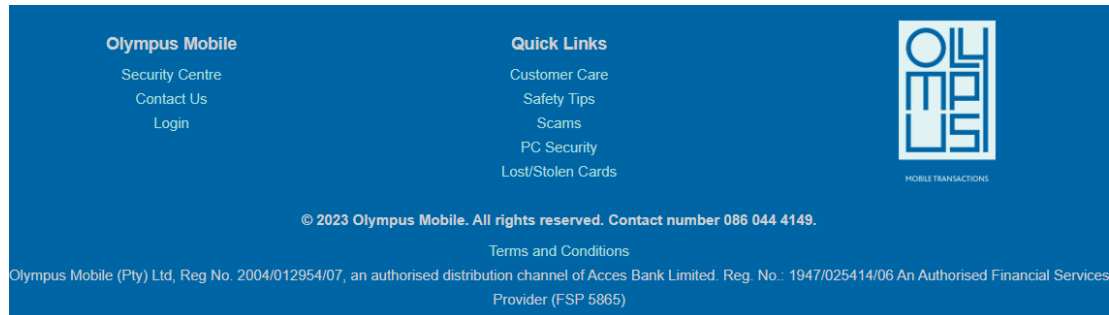
⁷ <https://www.norraco.co.za/>

96. According to Mr Macintyre's LinkedIn profile, he was a banking and payment consultant and self-employed. He claimed that he had over 15 years of experience in Retail and Business Banking and Payments for multiple regions in Africa, namely South Africa, Botswana, Mozambique, Tanzania, Zambia, Zimbabwe, Kenya, Congo, Democratic Republic of Congo and Rwanda. During this period, he said he had been involved in starting a retail bank in multiple regions in Africa to establish and manage government card payment systems.
97. According to LinkedIn, Dr Agbor Kande was the Chief Technology Officer at Norraco. Dr Kande was previously the Chief Information Officer of the South African Postbank, where he was suspended in March 2020. He joined Intellirisk, also a company of Mr Macintyre, in November 2020 and started his employment at Norraco in January 2022.
98. In a social media post that encouraged students to register for the NSFAS Mastercard, Norraco stated in the fine print at the bottom of the post that it was a registered authorised distribution channel of Olympus Mobile, which was an alliance partner of Access Bank. It is unknown whether Norraco was authorised by Olympus to share in this alliance and it is unknown if Norraco was an alliance partner of Access Bank or any bank at the time when the bid was awarded. This information was gathered on 09 October 2022 and



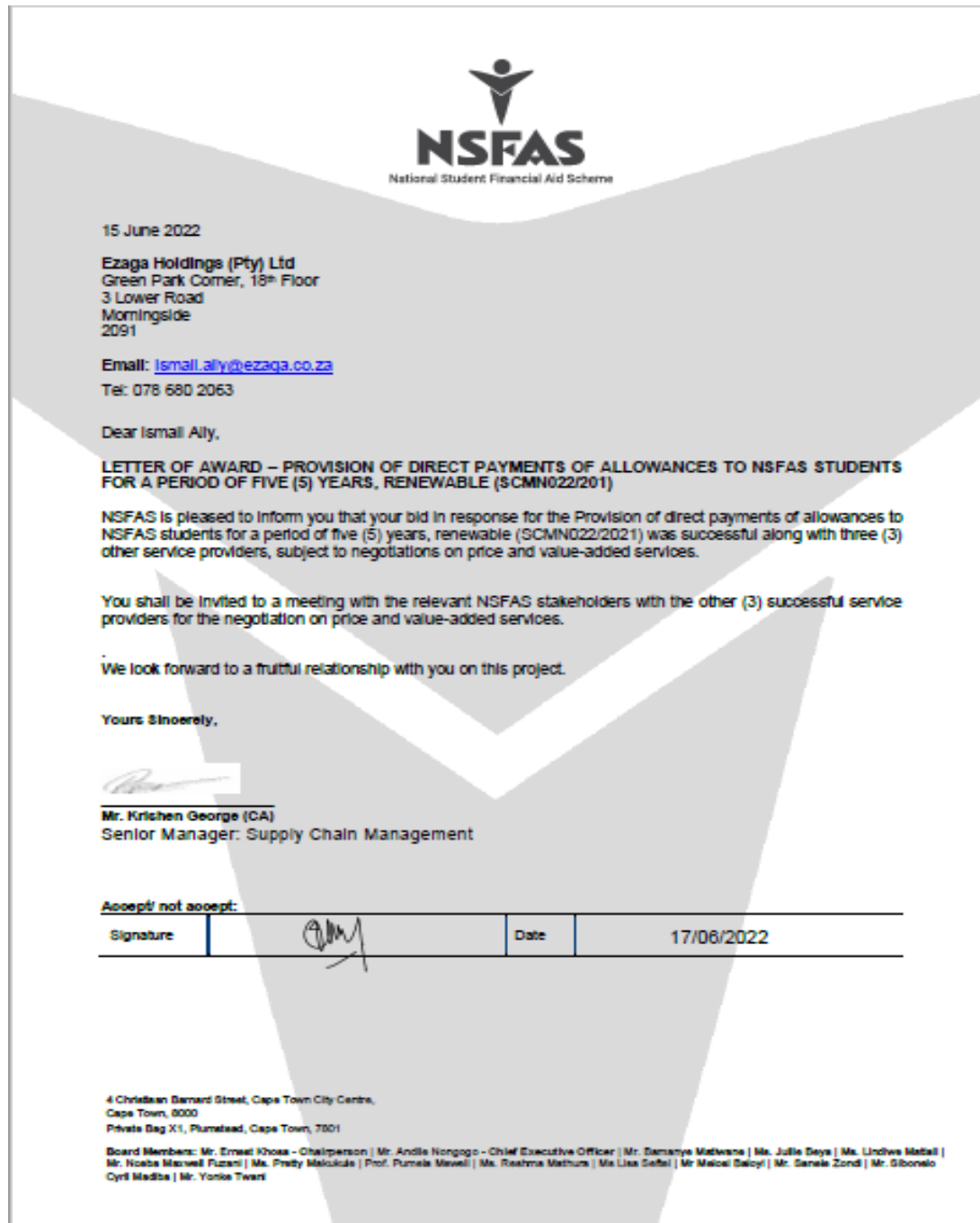
Norraco card product terms and conditions apply.
in authorised distribution channel of Olympus Mobile an Alliance Banking partner of Access Bank South Africa (Pty Ltd)
Reg no 1947/025414/06 authorised financial service provider (FSP 5865).

99. Olympus Mobile was, according to Access Bank, one of their alliance partners. Olympus also indicated on their website that they were an authorised distribution channel of Access Bank. It is not known if Norraco has a direct affiliation with Access Bank.



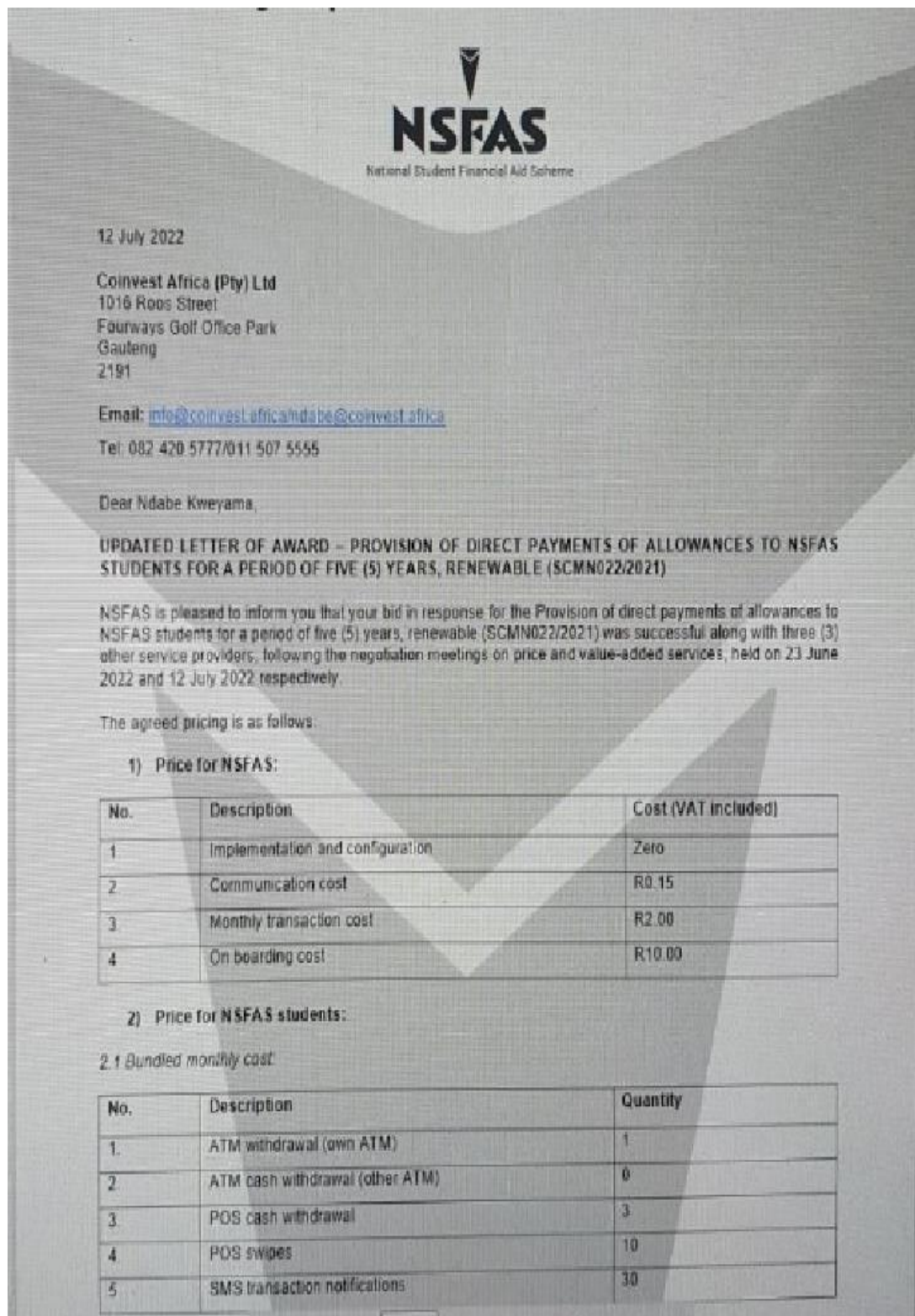
ADDITIONAL INFORMATION

100. As stated above, OUTA received information from several sources, including whistle-blowers and stakeholders related to this tender. OUTA also had several discussions with NSFAS' legal representatives, and correspondence was also sent to and received from NSFAS.
101. It was previously reported that only two of the four service providers were registered as VAT vendors at SARS. The VAT status of the service providers remained unchanged. No evidence could be obtained that Tenet Technology and Norraco Corporation were registered as VAT vendors.
102. The awards to the four service providers were made on 15 June 2022, and they were notified that they would be invited to a meeting with the relevant NSFAS stakeholders for the price and value-added services negotiations. A copy of the letter of award to Ezaga is shown below, and it is believed that the other three service providers received similar letters.



103. Shortly after OUTA released its first media statement on alleged corruption and maladministration at NSFAS, we received information regarding the fee structure of the service providers.
104. Negotiation meetings on the fee structure and value-added services, as referred to in the letter of award, were held on 23 June 2022 and 12 July 2022. Following these meetings, NSFAS issued the service providers with another letter of reward wherein the award of the tender was confirmed, and the fees were finalised.

105. Below is an extract of the letter by NSFAS addressed to Coinvest regarding the fee structure.



No.	Description	Quantity
6.	Airtime purchase fee	Unlimited (in App)
7.	Data purchase fee	Unlimited (in App)
8.	NSFAS credits (ad hoc and scheduled)	5
9.	App banking payments	Unlimited VAS and bill payment
10.	EFT out	3
11.	Peer to peer transfer (internal)	10
12.	Card issue (first)	1
Bundled monthly fee (VAT excluded)		R89.00

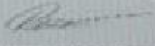
2.2 Out of bundle costs

No.	Description	Cost (VAT excluded)
1.	ATM withdrawal (own ATM)	R10 plus R2 per R100
2.	ATM cash withdrawal (other ATM)	R10 plus R2 per R100
3.	POS cash withdrawal	R4
4.	POS swipes	R2
5.	Card replacement fee	R60
6.	Card replacement delivery fee	R50
7.	EFT from other bank	R3.50
8.	Pin reset	R8
9.	Declined ATM transaction	R8
10.	Declined ATM transaction and card swallowed	R20
11.	ATM balance inquiry	R3.50
12.	SMS notification fee	R0.15
13.	NSFAS credit	R2

Please sign hereunder and return the letter to NSFAS within two (2) working days from the date of issue of this letter. If you do not return this signed letter within the specified period, NSFAS has the right to withdraw the award. Should you not accept this letter of award or propose any changes to this letter of award, NSFAS shall withdraw this tender award that was made to you.

We look forward to a fruitful relationship with you on this project.

Yours Sincerely,



Mr. Krishen George CA (SA)
Senior Manager, Supply Chain Management

106. As seen in the award letter above, the in-bundle and out-of-bundle costs and quantities were tabled, and Coinvest was requested to acknowledge receipt of the letter by signing it and to return it within two days. Failing to do so, NSFAS reserved the right to withdraw the award. Coinvest was further advised that:

“Should you not accept this letter of award or propose any changes to this letter of award NSFAS shall withdraw this tender award that was made to you.”

107. For reference purposes, the tables as it appeared in the NSFAS letter of award were reproduced below:

BREAKDOWN OF THE COSTS FOR NSFAS

No	Description	Cost (VAT included)
1	Implementation and configuration	Zero
2	Communication cost	R0.15
3	Monthly transaction cost	R2.00
4	On boarding cost	R10.00

BREAKDOWN OF THE COSTS FOR NSFAS STUDENTS

- Bundled monthly cost:

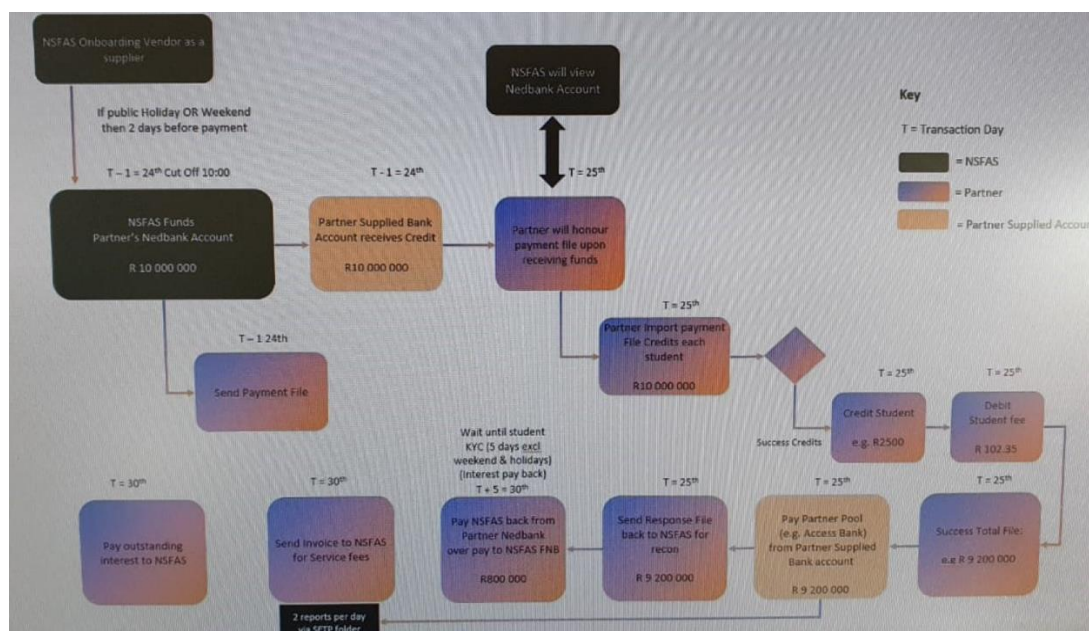
No	Description	Quantity
1	ATM withdrawal (own ATM)	1
2	ATM cash withdrawal (other ATM)	0
3	POS cash withdrawal	3
4	POS swipes	10
5	SMS transaction notifications	30
6	Airtime purchase fee	Unlimited (in App)
7	Data purchase fee	Unlimited (in App)
8	NSFAS credits (ad hoc & scheduled)	5
9	App banking payments	Unlimited VAS & bill pay
10	EFT out	3
11	Peer to peer transfer (internal)	10
12	Card issue (first)	1
Bundled monthly fee (VAT excluded)		R89.00

- Out of bundle costs

No	Description	Cost (VAT excluded)
1	ATM withdrawal (own ATM)	R10 plus R2 per R100
2	ATM cash withdrawal (other ATM)	R10 plus R2 per R100
3	POS cash withdrawal	R4
4	POS swipes	R2
5	Card replacement fee	R60
6	Card replacement delivery fee	R50
7	EFT from other bank	R3.50
8	Pin reset	R8
9	Declined ATM transaction	R8
10	Declined ATM transaction & card swallowed	R20
11	ATM balance inquiry	R3,50

108. It would cost a student R102.35 per month just to be a registered user of an NSFAS bank card and to receive allowances. In 2022 when these fees were agreed upon by NSFAS and the four service providers, students received a monthly allowance of R1500. If this payment structure was used, students would have lost 6,8% of their income. To lose almost 7% of your income just because you are forced to use a specific payment solution is nonsensical! These prices included VAT (15%).
109. Furthermore, the out-of-bundle costs were just as high and much higher than what is on offer for students by commercial banks in the country.
110. The reward letter also indicated that the costs for NSFAS would be minimal, with a monthly transaction cost of R2.00 per student, R0.15 for a communication cost and R10.00 to onboard a student. These prices included VAT.
111. In other words, while NSFAS would pay only R12.15 per month per student, students would pay R102.35 per month for a payment solution that was forced upon them.
112. Information received showed that the fee of R102.35 formed part of the money transfer process. The below flow chart shows that NSFAS will transfer the total payment, which must be distributed to students, to the service provider's bank account on the 24th of the month, together with a payment file which will provide the service provider with the names and

amounts that must be paid to each student. On the 25th of the month, the service provider will credit the student's NSFAS bank card with the allowance and, at the same time, deduct the monthly fee.



113. On 25 October 2022, OUTA wrote to NSFAS to inform them that the proposed NSFAS Mastercard was not in the best interest of the students. The fees the students would be charged were exorbitant, while commercial banks offered much lower fees for students. OUTA asked NSFAS to reconsider the payment scheme. A copy of OUTA's letter is attached hereto and marked as **Annexure "C"**.
114. NSFAS attorneys indicated during a meeting with OUTA that the fees were not finalised yet and that they were still negotiating with the service providers.
115. The fee of R102.35 (Including VAT) was later reduced by NSFAS to R29.00 after OUTA's letter and complaints by several students. When the payment system was implemented and used for the first time on 30 June 2023, the monthly fee was reduced further to R12.00.
116. Minutes of NSFAS meetings held on the direct payments scheme were shared with OUTA. During the NSFAS meetings, concerns were raised that National Treasury did not recognise Access Bank as an official banking partner of the state and that state institutions could not open an account at Access Bank. Concerns were also raised that the migration from Cellbux

(the wallet system previously used by NSFAS to distribute allowances) to a direct payment system posed a significant risk and might result in irregular expenditure.

117. Notwithstanding internal and external concerns, NSFAS launched the direct payment solution on 18 November 2022 at Mfolozi TVET College in Richards Bay. In the invitation to the event, it was announced that as part of the digital transformation within NSFAS, all beneficiaries at universities and TVET colleges would start receiving their allowances and transacting through the NSFAS bank account as of the 2023 academic year.

Members of the media are invited to the launch of the NSFAS Direct Payment Solution as follows:

Date: Friday, November 18, 2022

Time: 10h00

Venue: Mfolozi TVET College, Central Office, 06 Naboomnek Street, Arboretum Richards Bay

The launch will be attended by the NSFAS Board Chairperson, NSFAS Chief Executive Officer and the Executive Management

Enquiries and RSVP:

Ms. Maduvha Maseda

118. At the event, the CEO of NSFAS introduced the card to the public,⁸ and one of the comments made by Mr Nongogo was that when a side-by-side comparison was made between the NSFAS bank card and the products of traditional banks, the NSFAS bank card was more competitive than the products of the traditional banks. This comment is not factually correct. A fee and value-added services comparison between the NSFAS bank card and the commercial banks in South Africa showed that students could get more value for their money, better fee structure and more value-added services from the commercial banks.
119. The table below is an in-bundle and out-of-bundle fee comparison between the NSFAS bank card and three commercial banks. It also shows the value-added services which are available. (A larger copy is attached hereto and marked as **Annexure “D”**)

⁸ <https://www.youtube.com/watch?v=Sk0iCzJuGOU>

	NSFAS Mastercard	FNBy Account	Standard Bank Student	ABSA Student Silver	Nedbank
Monthly In-bundle Fee	R12.00	R12.00	R10,50	R0,00	R20.00
Monthly In-bundle Free Transactions	Quantity	Quantity	Quantity	Quantity	Quantity
ATM Withdrawal (own ATM)	1	Unlimited	Free up to R1000	Unlimited	Unlimited
ATM Withdrawal (other ATM)	0	0	0	Unknown	Unknown
POS cash withdrawal	3	Unlimited	Unlimited	Unlimited	Unlimited
POS swipes (transactions)	10	Unlimited	Unlimited	Unlimited	Unlimited
SMS transaction notifications	30	Free	Unlimited	Unlimited	Unlimited
Airtime purchase fee	Free	Free	Free	Free	Free
Data purchase fee	Free	Free	Free	Free	Free
NSFAS credits (ad hoc & scheduled)	5	Unlimited	Unlimited	Unlimited	Unlimited
App banking payments	Free	Free	Unlimited	Unlimited	Unlimited
EFT out	3	Unlimited	10	Unlimited	Unlimited
Peer to peer transfers (internal)	10	Unlimited	Unlimited	Unlimited	Unlimited
Card issue (first)	Free	Free	Free	Free	Free
Out of bundle fees					
ATM withdrawals (own ATM)	R10,00 + R2 per R100	R0.00	R2,20 per R100	R0.00	R0.00
ATM withdrawals (other ATM)	R10,00 + R2 per R100	R12,00 + R2.85 per R100	R2,20 per R100	Unknown	Unknown
POS cash withdrawal	R4,00	R0.00	R1.40	R0.00	R0.00
POS swipes (transactions)	R2,00	R0.00	R1.40	R0.00	R0.00
Card replacement fee	R60.00	R0,00	R145.00	Unknown	R130.00
Card replacement delivery fee	R50.00	R0,00	R0,00	Unknown	Unknown
EFT from other banks	R3.50	R0.00	R0.00	R0.00	R0.00
Pin reset	R8.00	Unknown	R0.00	Unknown	Unknown
Declined ATM transaction	R8.00	Unknown	R0.00	Unknown	R0,00
Card swallowed	R20.00	R0,00	Unknown	Unknown	Unknown
ATM balance inquiry	R3.50	R0.00	R0.00	R0.00	R0.00
SMS transaction notifications	R0.15	R0.00	R0.00	R0.00	R0.00
NSFAS Credit	R2.00	R0.00	R0.00	R0.00	R0.00
Deposit Fee ATM		Free for first R3000 - R1,30 per R100 R80 for first R3000 - R2,85 per R100 R80 for first R3000 - R1,30 per R100	R1,20 per R100	R0,00	R30,00 plus R1,51 per R100
Over counter withdrawals			R80 + R2.50 per R100		R30,00 plus R1,51 per R100
Over counter deposits			R80 + R2.50 per R100		R30,00 plus R1,51 per R100
Value added services					
Discounts and coupons	No	Yes	No	No	No
Free Data	No	1GB	250MB	100MB	100MB
Subscription to partner stores	No	No	Yes	No	No
Mobile, online & telephone banking services	No	No	Free	Free	Free
Food Vouchers & discount meal vouchers	No	No	No	R25	R30
Discount at selected gyms	No	No	No	30%	No
Travel Voucher	No	No	No	R150	R150
2 for 1 Nu Metro Movie Tickets	No	No	No	No	Yes

120. On 30 June 2023, the first direct payments to students by the service providers commenced. From the outset, students raised their concerns regarding the excessive fees that they were charged by the different service providers. It also came to light that students could not make money transfers for more than R1000 at a time and that they were charged another transfer fee when they made a second transfer after an initial R1000 transfer. There are no restrictions on the amount that can be transferred when using a commercial bank's accounts, with no or very low transfer fees.
121. Several University Student Representative Councils, political parties, organisations like the Universities of South Africa and civil society had joined the students' outcry and showed dissatisfaction with the direct payment system introduced by NSFAS. **Annexure "E"**, attached hereto, showed several students' messages on social media as well as letters by relevant stakeholders.

122. In May 2023, student leaders from various universities showed their dissatisfaction with the direct payment scheme by protesting at the NSFAS head office in Cape Town but were ignored by NSFAS.
123. It appears from available information that NSFAS and the service providers are intimidating the students and threatening them. If students do not register with the service providers, they will not receive their allowances. Below is just one example of how students were forced to register for the direct payment solution with an intimidating message “NO ACCOUNT, NO PAY”.



124. The RFP stated that the roll out of the scheme would first be done with a selected group of students and thereafter a phased approach would be followed to onboard all the students on the payment scheme. What happened at the time of the report was the opposite of what was written in the RFP.
125. On 17 July 2023 and amid numerous student complaints, NSFAS published a media statement with the title *“NSFAS goes full throttle with accelerated processing of student allowances”*.

NSFAS GOES FULL THROTTLE WITH ACCELERATED PROCESSING OF STUDENT ALLOWANCES

Monday, 17 July 2023

The National Student Financial Aid Scheme (NSFAS) wishes to confirm that there is accelerated processing of student allowances. The speed and comprehensive release of funding depends in part on relevant and applicable student registration data being timeously availed to the organization.

We note a statement from Wits University asserting that over 8000 of the 9950 of students had not been paid their allowances on the 14th of July 2023. Our figures are that 7684 student allowances were paid on the 14 July 2023 in addition to the cohort paid during the end of June payment run. There is a number of NSFAS beneficiaries whose payments are outstanding, which cases will be examined and where appropriate corrected as soon as possible.

We will continue to liaise with all institutions to ensure that whatever obstacles exist are addressed. There is accelerated work to ensure universal coverage and disbursements to already approved beneficiaries due to receive funding.

In the spirit of heightened service delivery and cooperative governance, there is a concerted effort to foster closer coordination between NSFAS and beneficiary educational institutions in the exchange, quality assurance and processing of student information to fast track the disbursement of funds to students. We understand and, are fully aware of the need to minimize any delays in the release of funding because of the strain such an eventuality has on the emotional wellbeing of vulnerable and needy students. It is our highest priority, therefore, to maintain the momentum of disbursing approved funding swiftly, accurately and in accordance with our governance systems and principles.

We, further, wish to inform members of the public and our stakeholder network, that there are overlapping and interdependent change management processes underway within NSFAS including and aimed primarily at the deployment of automated technological solutions; to serve students on time and at scale.

We, therefore, wish to caution and advise the public not to be disheartened by and be impatient with teething problems that might arise in isolated incidents from time to time as the re-engineering of the overall architecture of our systems is on track and receiving our outmost focus and care.

We understand and accept that change creates uncertainty and some levels of discomfort but commit to a consultative and transparent change management process, in the handling of necessary and critical changes that might not always be fully embraced in their early phases of deployment and system testing.

The National Student Financial Aid Scheme

Enquiries

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Email: media@nsfas.org.za



126. This statement not only showed NSFAS' intent to push on with the implementation of the scheme at great speed but also showed that they would not entertain any opposition to the scheme.
127. It is very concerning that in the same statement, NSFAS informed the public and stakeholders that they were busy with the "re-engineering of the overall architecture of their systems" NSFAS acknowledged that their management processes and systems are not ready and have teething problems. Why was it necessary to start with direct payments through service providers in the middle of an academic year when it was well-known that they were not ready? Why place extra emotional stress on students with extra worries about allowances while they were busy with midyear exams?

128. On 12 July 2023, NSFAS released a media statement wherein the COO, Mr Slumezi Skosana, apologised for giving an untrue reflection during a television interview where he said that NSFAS had met with student unions SASCO and SAUS and that the student representatives agreed with the costs of the NSFAS bank card. NSFAS was aware of the students' dissatisfaction with the direct payment system and the costs involved.



129. On 26 July 2023, the student publication “Bursariesportal”⁹ wrote the following:

“NSFAS Spokesperson Slumezi Skosana says the standard practice is to impose fees for continuing to use their NSFAS bank account. They explained that students will only be charged R12 per month to access their allowances and attain financial freedom.

We shouldn't mislead the young people of this country by thinking that they will get everything for free... where in the world would you put your money in an institution like a bank and not pay fees?”

130. With this statement, Mr Skosana confirmed that there would be a R12.00 fee on the NSFAS bank card because, like any other bank, the user of a bank account ought to pay for the services he/ she gets. Mr Skosana failed to compare the total costs of the NSFAS bank card with the costs of cards from commercial banks that offer student bank accounts without a monthly fee, cheaper transaction fees and more value-added services.

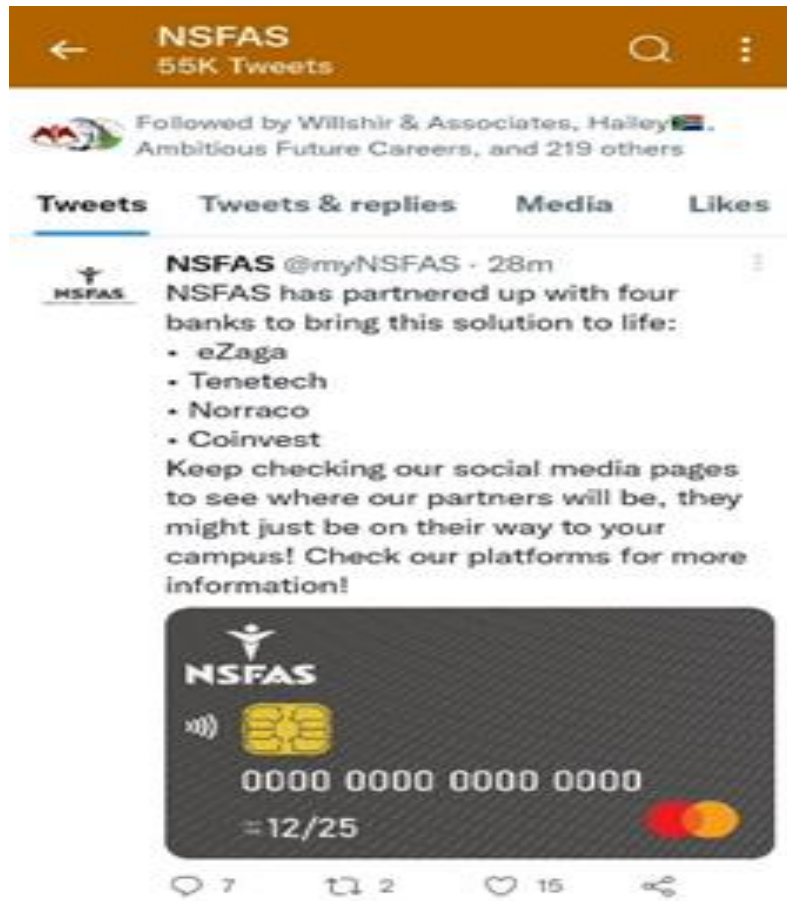
⁹ <https://www.bursariesportal.co.za/nsfas/students-seek-public-protector-probe-into-nsfas-payment-system>

131. Mr Skosana was also quoted saying that:

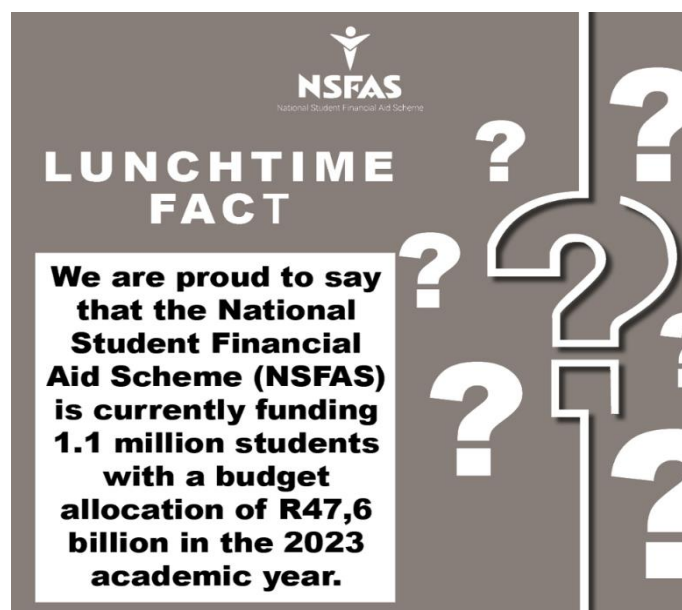
“NSFAS also added that service providers did not require banking licences as Fintech service providers are considered payment aggregator companies and would require a sponsor bank that would be responsible for the banking matters”.

132. This statement confirmed the concerns that the service providers were not registered as Financial Service Providers (“FSPs”) and were in alliances or partnerships with banks who were the ultimate responsible institutions. The burning question is whether the sponsor banks will take responsibility when something goes wrong with the transactions handled by the service providers?

133. Previously NSFAS published statements where it was said that they were partnering with four “banks” to bring the direct payment solution to life. This statement created a false impression with NSFAS beneficiaries and the public that NSFAS would deal with financial institutions which were registered banks and would provide full banking services.



134. NSFAS posted on social media that it was funding 1,1 million students with a budget allocation of R47,6 billion for the 2023 academic year.



135. Several NSFAS beneficiaries have posted screenshots of their account statements after they received their allowances from the services providers. The statement below is an example of the transaction costs for two electronic transfers (EFTs).

☰ Mini Statement

Date	Description	Amount
06/30/2023 13:08	Cardholder EFT Debit Fee	-22.00
06/30/2023 13:08	Agreement	-580.00
06/30/2023 11:46	Cardholder EFT Debit Fee	-30.00
06/30/2023 11:46	Agreement	-1,000.00
06/30/2023 10:56	Transaction Notification SMS Fee	-0.15
06/30/2023 10:56	Payroll Credit Fee	-12.00
06/30/2023 10:56	June Payment	1,649.00

136. On 30 June 2023, this student received his/her allowance of R1,649.00 (The allowance is actually R1,650). The monthly fee of R12.00 is deducted immediately from the beneficiary's account. This is the amount Mr Skosana referred to when he was asked about the fees on an NSFAS bank card and failed to mention the fee for every transaction.
137. OUTA could not obtain a final fee structure on the NSFAS bank card. The only reference available was the fee structure that was agreed upon with Coinvest in the award letter, as described above. In that fee structure, the beneficiary would receive 30 free SMS notifications and three EFTs as part of the in-bundle transactions. On the mini statement of the beneficiary, as shown above, this is clearly not the situation anymore.
138. OUTA received information from beneficiaries that there was a limit on the amount that could be transferred with one EFT transaction. The maximum amount was R1000. The effect was that at least two transactions were needed to transfer a student's allowance to another account.
139. The result - an amount of R64.15 would be deducted from a student's NSFAS bank account for three transactions (one deposit and two electronic transfers). It seems that the transaction fees are now used to compensate service providers for the loss that occurred when the in-bundle fee was drastically lowered after public outcries from students and civil society.
140. As alluded to before, NSFAS claims that they fund 1,1 million students. By utilising the services of service providers to facilitate the payment of student allowances, the service providers would collectively collect approximately R70,565,000 per month from students who come from the poorest of the poor communities and families in South Africa. Furthermore, this amount is only for three transactions on the NSFAS bank card, and it can increase when students use their cards for more transactions.
141. The four service providers will collect approximately an amount of R705,650,000 per annum from students (based on ten months of the year students receive allowances) and R3,175,425,000 for the remainder of their contract period. This means that more than R3 billion will be collected from students and ultimately from the taxpayer in the next four and a half years for a service that can be done much cheaper and ought to be done internally by NSFAS.

142. The Public Service pays almost 2 million employees and contractors every month through their payroll system. Public servants receive their salaries monthly on time and without any problems. It is difficult to understand why NSFAS did not learn from the public service on how to execute payments. Salaries and direct disbursements of allowances are similar transactions and can be facilitated with a payroll system.
143. The argument of the NSFAS spokesperson that *“where in the world would you put your money in an institution like a bank and not pay fees”* falls flat when at least one commercial bank in South Africa offers a student account without any monthly fees and without any extra fees when a student transacts with the money in his/ her bank account.
144. NSFAS is forcing students to utilise a specific banking service without giving them a democratic choice with whom they want to build a financial relationship. It is important that a relationship with a financial institution is established by young people for financial emancipation and to get familiar with the financial world. The NSFAS bank card deprives the youth of this opportunity.
145. It has also come to OUTA’s attention that the four service providers who were appointed to pay student allowances will also be used to pay student accommodation. Private student accommodation providers informed OUTA that they would have to pay a facilitation fee of 5% of their income from NSFAS to the service providers. It was reported by Minister Blade Nzimande that NSFAS paid R12 billion for student accommodation in 2022. This means that the service providers will receive approximately R600 million a year to facilitate accommodation payments plus another R700 million a year to facilitate payment of student allowances. Again, it must be emphasised that these funds come from the taxpayer and that the payment of accommodation is also a service that ought to be facilitated by NSFAS internally.

BUSINESS RELATIONSHIPS AND CONDUCT OF THE NSFAS CEO

146. It is suspected that Mr Andile Nongogo, the NSFAS CEO, had a business relationship with Mr Melusi Ntumba, one of the Directors of Ntumba and Associates Consulting.
147. According to the Investec bank records of Isigidi Trading 34 CC (Reg No: 2005/043001/23), a Close Corporation of which Mr Nongogo was the sole member, it made a payment of

R40,000.00 to Mr Melusi Ntumba on 20 October 2015. Mr Melusi Ntumba is the brother of Mr Thula Ntumba, who is the spouse of Tsegofatso Ntumba, one of the Directors of Coinvest. Ntumba and Associates Consulting is also a service provider of NSFAS. This transaction took place when Mr Nongogo was still the CEO of SSETA. At the time of the transaction, Ntumba and Associates Consulting had contracts with SSETA. Although the payment was not suspicious *per se*, it does demonstrate that there might have been a business relationship between the parties.

148. OUTA's investigations revealed that SSETA awarded a tender in 2018 to a company called Star Sign and Print (Pty) Ltd. The Coinvest Director, Ms Tshegofatso Ntumba, was a co-Director of Star Sign and Print when the tender was awarded. Mr Nongogo signed the Master Service Level Agreement between SSETA and Star Sign and Print. It is unknown whether Mr Nongogo and Ms Ntumba declared their previous interactions when Coinvest submitted its bid to NSFAS.
149. OUTA investigations revealed that Mr Nongogo, in his capacity as the CEO of SSETA, approved and authorised payments in the amount of approximately R37 million for goods and services supplied by Five Stars Communications and Projects CC at inflated prices. It was also found that Five Stars Communications and Star Sign and Print had the same beneficial owner.
150. The OUTA investigation report regarding all the payments to the service provider was handed to SAPS.

CONDUCT OF COINVEST DIRECTOR AND ASSOCIATED BUSINESSES

151. OUTA investigations revealed that Star Sign and Print was paid excessive prices for goods and services that were delivered to SSETA. As mentioned before, Ms Tshegofatso Ntumba, the Coinvest Director, was also a co-Director of Star Sign and Print. OUTA requested the SSETA Accounting Authority to initiate steps to report Star Sign and Print and its Directors to National Treasury to be listed as restricted suppliers.
152. Investigations indicated that in 2021, Coinvest Africa, Ezaga Holdings, Lucro Trading 308, and Bright Innovation Technical Solutions submitted a bid as a joint venture to the Transport Education Sector Authority (TETA) for a Bursary Administration System. The submission of

this bid by the Joint Venture shows that Coinvest and Ezaga had a historical relationship as business partners.

153. OUTA investigations also found that two companies closely related to Coinvest were awarded tenders by NSFAS. Futgenx Technology (Pty) Ltd was awarded Bid No SCMN004/2021 for the supply and delivery of a student allowance calculation tool, and Siyaqhoba Business Enterprise (Pty) Ltd was included on the NSFAS panel of services providers to accredit student accommodation (Bid No SCMN003/2022). These findings are documented in separate reports.

FINDINGS

154. The key findings by OUTA are summarised below:
- 154.1. NSFAS Bid No SCMN022/2021 for the direct payment of student allowances was awarded to 4 service providers after two similar bids (SCMN006/2020 & SCMN014/2020) were cancelled.
- 154.2. SCMN006/2020 and SCMN014/2020 had 20 mandatory requirements; SCMN022/2021 had only 5 mandatory requirements.
- 154.3. The mandatory requirement to have a banking license was substituted with a requirement to have a banking license or an affiliation with a bank or a sponsorship by a bank.
- 154.4. Access Bank, which is the alleged sponsor bank, is not listed as an official bank with whom state institutions can transact.
- 154.5. The professional indemnity of only R20 million is inadequate when the amount that the service providers will manage is more than R1 billion per month.
- 154.6. No proof of the mandatory requirement to appoint sub-contractors could be obtained. The link to the list of entities provided on the Central Suppliers Database could not be activated. There is no indication of what the contribution the sub-contractors must make is or what their payment will be.
- 154.7. None of the service providers submitted their bids for the previous two tenders.

- 154.8. None of the service providers are registered financial service providers.
- 154.9. All four service providers are relatively new companies with very little proof of experience as fintech companies as required by NSFAS.
- 154.10. The existence of agreements and the terms and conditions thereof between the service providers and any sponsor banks or affiliation with banks could be established.
- 154.11. Only two of the service providers are registered as VAT vendors, although their projected turnover is expected to exceed R1 million per annum.
- 154.12. After negotiations with the service providers, NSFAS agreed to a monthly fee of R102.35 (VAT included) on the NSFAS bank account.
- 154.13. NSFAS decreased the monthly fee to R29 and later, when the scheme was implemented, to R12 per month.
- 154.14. The NSFAS CEO misled the students and the public when he announced that the NSFAS bank card is highly competitive compared side-by-side with commercial banks in South Africa.
- 154.15. Desktop research shows that at least 3 South African banks offer better and cheaper banking facilities to students with more value-added services than the NSFAS bank card.
- 154.16. No transparency regarding in-bundle and out-of-bundle fees on the NSFAS bank card.
- 154.17. The Students' and the public's outcries against the costly direct payment scheme have been ignored by NSFAS.
- 154.18. Three transactions on an NSFAS bank card will cost students almost 4% of their monthly allowance – the equivalent of 2 meals for some.
- 154.19. The NSFAS direct payment scheme will cost the students collectively more than R3 billion rand for the remainder of the service providers' contract period.
- 154.20. There are more cost-effective ways to pay student allowances.

- 154.21. The service providers' mandates have been extended in order for them to also pay student accommodation providers. This will cost the accommodation providers collectively approximately R600 million a year.
- 154.22. There exists a historical business and tender relationship between the CEO of NSFAS and the Director of Coinvest.
- 154.23. Two companies closely related to Coinvest were awarded tenders by NSFAS.

RECOMMENDATIONS

155. That NSFAS will publicly make available the in-bundle and out-of-bundle fees on the NSFAS bank card.
156. The service providers of the direct payment scheme stop the onboarding of students until there is absolute clarity on the fee structure of the NSFAS bank card and official investigations are finalised.
157. The SIU will take cognisance of OUTA's investigation report and findings when they proceed with their investigations into the affairs of NSFAS.
158. The Auditor-General of South Africa will take cognisance of OUTA's report when they conduct an audit on NSFAS.
159. That parliament's Portfolio Committee on Higher Education and Training will take cognisance of OUTA's report and conduct a meeting with the Minister of Higher Education and Training, the NSFAS board and the NSFAS executive management to give clarity on the direct payment scheme and other NSFAS related queries.
160. The Public Protector will take cognisance of OUTA's report when they investigate the complaint submitted by Mr William Sezoe on behalf of the University of Stellenbosch's Student Representative Council.
161. That SARS will take cognisance of OUTA's findings with regard to the VAT vendor statuses of 2 service providers, Tenet Technology and Norracco Corporation.

162. That the Financial Sector Conduct Authority provide clarity on the position of the service providers, their alliances and the services provided by them.