national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

PARTICIPATION AGREEMENT

(RT27-2024: PROVISION OF DEBT COLLECTION SERVICES TO THE STATE)

THE PARTICIPATION AGREEMENT HAVE BEEN VETTED LEGALLY AND SHOULD NOT BE AMENDED BY PARTICIPANTS BUT SIGNED AS IS

between

OFFICE OF THE PREMIER
MOWANENG BUILDING
40 HANS VAN RENSBURG STREET
POLOKWANE
(herein after referred to as "Participant")

and

PHAKAMANI DEBT COLLECTION SERVICES(Pty) Ltd
(herein after referred to as "Service Provider")

With registration number: **2015/260171/07**
and with its principal place of business as

3RD FLOOR, MEERSIG BUILDING 2, UPPER LAKE LANE, CONSTANTIA KLOOF.

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Annexure 2: SERVICE REQUEST

1. RECITAL

This Participation Agreement is concluded pursuant to the Transversal Contract Agreement (TCA) signed between National Treasury (Customer) and the Service Providers resulting from Bid number RT27-2024 for the provision of debt collection services to the State.

The TCA concluded between the Customer and Service Providers enables Participants in possession of a valid Participation Letter to enter into Participation Agreements with the Service Providers (hereinafter referred to as the "Agreement"), which Agreement is fully incorporated therein by reference.

The Participant will upon signing the Participating Agreement, issue a Service Request every time the new case/debt book is allocated to the Service Provider/s.

2. DEFINITIONS AND INTERPRETATION

2.1. The interpretations set forth in the Transversal Contract Agreement shall apply *mutatis mutandis* to this Agreement.

2.2. Unless the context otherwise provides, any terms used in this Participation Agreement and for which no definition is provided in this Participation Agreement, shall bear the meaning ascribed thereto as defined in the Transversal Contract Agreement (and cognate terms shall bear corresponding meanings). In addition, the following definitions apply to this Participation Agreement:

2.2.1. "Parties" under this Participation Agreement means the parties (or either of them) indicated on the front page of this Participation Agreement, who concluded this Participation Agreement; and

2.2.2. "Start Date" shall mean 30/09/2024 being the date of the first issue of the case (debt book) with that particular Service Provider or Service Providers as recorded on the contract circular to this Participation Agreement notwithstanding the date of signature of the Participation Agreement.

2.2.3. "Participant" shall mean any participating State Institution on the Transversal Contract.

2.2.4. "Agreement" shall mean this Participation Agreement.

2.2.5. "Payment Extraction" shall mean a confirmation document detailing the amount of debt collected and received by the Participant, the percentage, and rand value of commission payable to the Service Provider. The Service Provider's invoice and Payment extraction must be aligned before payment can be processed by the Participant.

3. RELATIONSHIP BETWEEN THE PARTICIPATION AGREEMENT AND THE TRANSVERSAL CONTRACT AGREEMENT

3.1. The terms of the TCA are incorporated into this Participation Agreement by reference as if outlined in full in this Participation Agreement subject to any variations to the terms of the TCA as described in this Participation Agreement. Save to the extent agreed upon to the contrary in this Participation Agreement, the Parties to this Agreement shall be bound to the terms and conditions. Any lawful modifications or amendments to the terms of the TCA, executed by the provisions of that agreement, shall also apply to this Participation Agreement, without requiring any further amendment to be executed under this Participation Agreement.

3.2. This Participation Agreement may vary the terms and conditions of the TCA only in respect of the service levels concerning the subject matter of this Participation Agreement. Notwithstanding the above, the Parties acknowledge that any amendment of this Participation Agreement that has the effect that it conflicts with the provisions, or the spirit of the TCA shall have the effect that this Participation Agreement falls outside the application of the TCA and shall be deemed as such.

3.3. This Participation Agreement is to include all the specific services (cases/debt book) as would be detailed on each Service Request attached as offered by the Participant and accepted by the Service Provider/s.

3.4. Depending on performance, the Participant may issue an additional debt book over the validity period of initial allocation via a formal Service Request and accepted by the Service Provider/s.

3.5. Participant may terminate the Participating Agreement and/or Service Request due to poor performance and reallocate to other performing Service Providers. The Participant will not be liable for the cost of any services rendered. The information gathered during the collection process belongs to the Participant and should be handed over during the termination services.

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4. COMMENCEMENT AND DURATION

4.1. All Participation Agreements shall commence on the date of signature of this Agreement and shall endure until 31 March 2029 as per the provisions of the TCA, which shall be signed together with the first Service Request within fourteen (14) business days after acceptance and approval by the Participant of the final debt book. This period may be extended for a further period subject to any possible extension of TCA.

5. FEE PAYMENT

5.1. The Participant shall pay the Service Provider the commission in respect of the debt collected on the due date. The Participant shall pay Value Added Tax, at the then prevailing rate, in respect of each commission. All payments in terms of this Participation Agreement shall be made without any deductions and shall be free of exchange, bank costs, and/or other charges.

6. INVOICING

6.1. The Service Provider shall, where issued with a Service Request, invoice Participants for Services rendered in terms of a Participation Agreement on a monthly basis after Participants issues the Service Provider with a Payment Extraction, which shall be provided by Participants no later than 7 (seven) days following the last day of the month on the cases allocated to the Service Provider.

6.2. Each invoice shall contain-

- 6.2.1. A description of the Services rendered;
- 6.2.2. The amount of the financial penalties credited to Participants for Performance Failures calculated with reference to the Service Levels set out in the Participation Agreement;
- 6.2.3. A copy of the relevant Payment Extraction; and
- 6.2.4. Any such details as may be reasonably requested by Customer/Participants from time to time.

6.3. The Service Provider shall verify that each invoice is complete and accurate and that it conforms to the requirements of this Clause **Error! Reference source not found.** before issuing the invoice to Participants.

6.4. The Service Provider shall deliver all invoices to the office designated by Participant from time to time.

6.5. Participants shall pay all undisputed invoices within 30 (thirty) days after Participants receive such invoice if the invoice is accurate and meets the requirements of this Agreement.

6.6. Should the Service Provider query an item in a Payment Extraction provided by Participants, the Service Provider shall within 2 (two) days provide Participants with such documentation or information reasonably required by Participants to verify the accuracy of the additional amounts paid to Participants, but not reflected in the Payment Extraction. Participants shall thereafter confirm or decline such claim and the Service Provider shall subsequently issue another invoice.

6.7. The Service Provider shall, for the duration of this Agreement and a period of 5 (five) years after the termination of this Agreement, maintain a complete audit trail of the Services performed under this Agreement, sufficient to permit a complete audit thereof. The Service Provider shall provide Participants and Participants' auditors' access at reasonable times to information, records, and documentation relating to the Services to perform audits, examinations, and inspections to verify the Service Provider's compliance with the terms of this Agreement and/or to enable Participants to comply with the requirements of any regulatory authority and/or regulators and governmental entities having jurisdiction. The provisions of this Clause are subject to Applicable Laws relating to the disposal of Personal Information, and the TCA.

6.8. All costs incurred in performing audits under this Clause 6.87 will be borne by/Participants unless audit findings reveal the Service Provider's non-compliance with the terms of this Agreement and/or Applicable Law.

7. PROFESSIONAL INDEMNITY INSURANCE /FIDILITY FUND

The Service Provider shall on or before the Commencement Date and for the duration of this Agreement, have and maintain the required professional indemnity insurance cover of at least R10 000 000.00 (ten million rands) against all actions, suits, claims, or other expenses arising in connection with damages or loss (including death) suffered by any third party as a result of an act, omission or breach of professional duty on the part of the Service Provider or its employees engaged to provide the Services.

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8. TRUST ACCOUNT

The Service Provider shall ensure that all the debts collected are deposited in a dedicated trust account for the State.

9. REPORTING

The Service Provider shall provide the monthly and quarterly reports as follows:

9.1. A monthly report to be generated with a breakdown of the cases at an individual level;

9.2. Contact information of the Debtor which has been handed over and any new contact information obtained, plus source used;

9.3. Amount handed over and any changes on the account:

- (a) Debits;
- (b) Credits (other); and
- (c) Specific payments/deposits;

9.4. Actions taken on the account and number of each:

- (a) Letter;
- (b) Trace;
- (c) Call(s);
- (d) Meeting(s);
- (e) Payment arrangement;
- (f) Payment promise;
- (g) Payment;
- (h) Finalised and handed back;
- (i) Returns promised; and
- (j) Returns collected;

9.5. Case handed to Participating State Institution for action on queries:

- (a) Date handed to Participating State Institution;
- (b) Date returned from Participating State Institution; and
- (c) Number of days with Participating State Institution;

9.6. Cases uncollectable:

- (a) No assets and/or income stream;
- (b) Liquidated/sequestrated; and
- (c) Business rescue;

9.7. Debtors untraceable:

- (a) Steps taken to trace;
- (b) Sources validated; and

(c) Deceased; and

9.8. Information obtained from economic activity:

(a) Trading in a new business;

(b) Employment status of the debtor and identify spouse where the debtor is married in the community of property.

(c) Assets and proof of ownership; and

(d) Compliance behavior of the debtor and outcome.

9.9. Quarterly report to be submitted to National Treasury indicating the value of the debt collected and the value of the commission paid to the service provider.

10. GENERAL TERMS

10.1. The Participant selects its *domicilium citandi et executandi* for all purposes hereunder at the address recorded in the cover page and Schedule(s) to this Participation Agreement as annexed. Any notice delivered by hand shall be deemed to have been duly received by the Participant on the date of delivery. Any notice sent by prepaid registered post to the Participant shall be deemed to have been received by the Participant on the fifth (5^{th}) day after posting thereof. Any notice transmitted by facsimile shall be deemed to have been received by the Participant on the first business day following dispatch.

10.2. The Participant warrants that all information supplied to the Service Provider or anyone on its behalf concerning the Participant's business in whatever form is true and correct in all material respects; specifically, the information supplied to the Service Provider during case/debt book allocation.

10.3. The Service Provider shall ensure that all the information provided by the Participant and gathered during the collection process shall remain confidential at all times.

10.4. The Participant shall make all commission payments to the Service Provider's bank account as follows:

Account Holder	:	Phakamani Debt Collection Services
Bank	:	First National Bank
Type of account	:	Business Account
Account number	:	622 3185 7460
Branch	:	Constantia Kloof

IN WITNESS WHEREOF, the Parties to the above-referenced Agreement have caused this Participation Agreement to be executed by their representatives.

PARTICIPANT DESIGNATED REPRESENTATIVE

Printed Names	Title	Signature	Date
Nape Nchabeleng	Mr.		12/9/2024

Printed Name of Witness	Title	Signature	Date
Makhosazana Rabothata	Ms.		12. 09. 2024.

FOR THE SERVICE PROVIDER: ACCEPTANCE OF THE PARTICIPATING AGREEMENT

The Service Provider acknowledges and accepts that by appending its signature to this Service Request, it is bound by the specifications, terms, and conditions contained herein, read with the Agreement.

SERVICE REQUEST ACCEPTED BY:

Printed Name	Title	Signature	Date
Myles Baker	Director		19/09/2024

Printed Name	Title	Signature	Date
Rafik Lal	Director		19/09/2024