



11TH EDITION



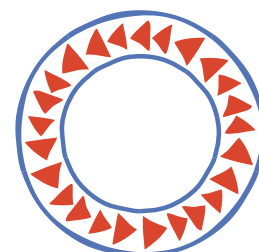
Risk Report

2025/6

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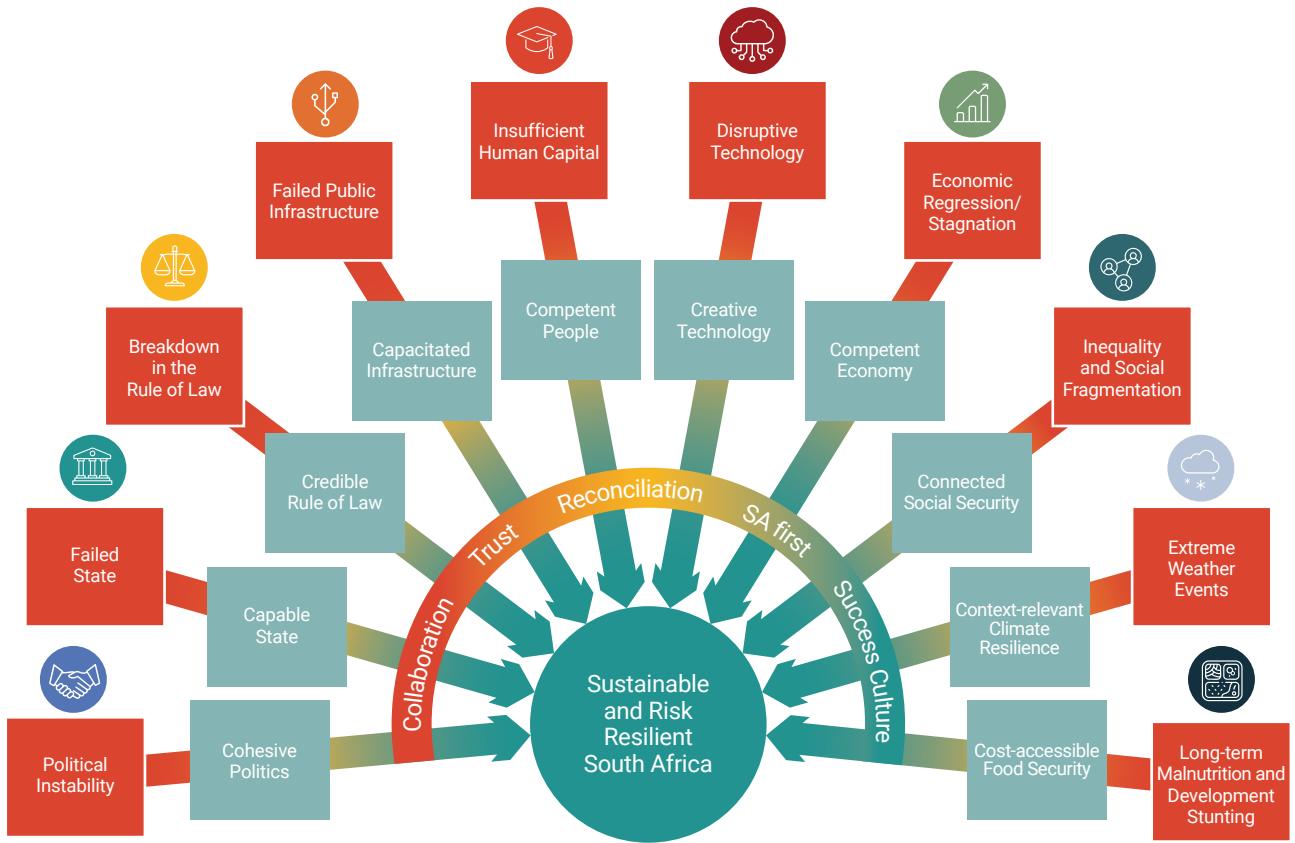
**The Report (in PDF and e-book formats) is available on the IRMSA website:
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South Africa Risks 2025
11th Edition

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Legend

- Risk
- Opportunity
- Action
- Culture
- Outcome

10 C's of a culture designed for success

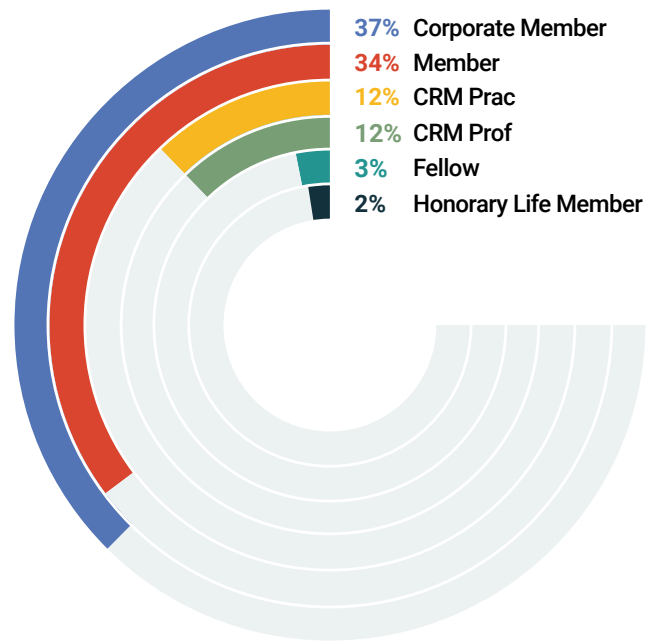
Cohesive	Creative
Capable	Competitive
Credible	Connected
Capacitated	Context-relevant
Competent	Cost-accessible



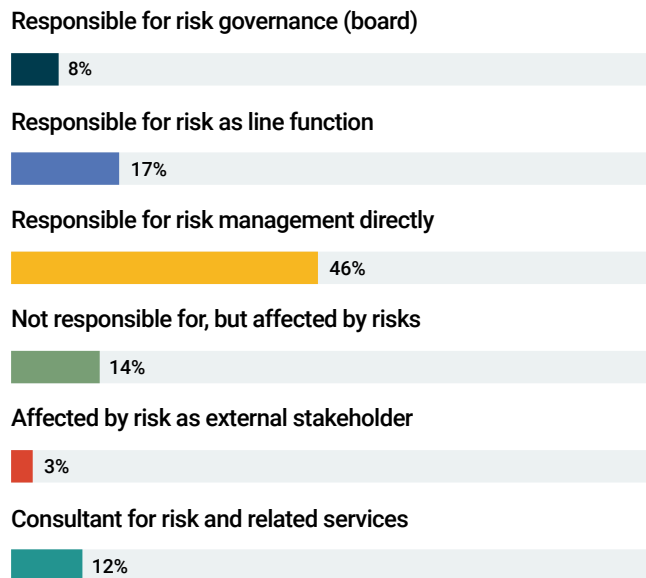
BY THE NUMBERS

The depth of IRMSA's member profile combined with extensive multi-stakeholder collaboration delivered the unique insights presented in this report

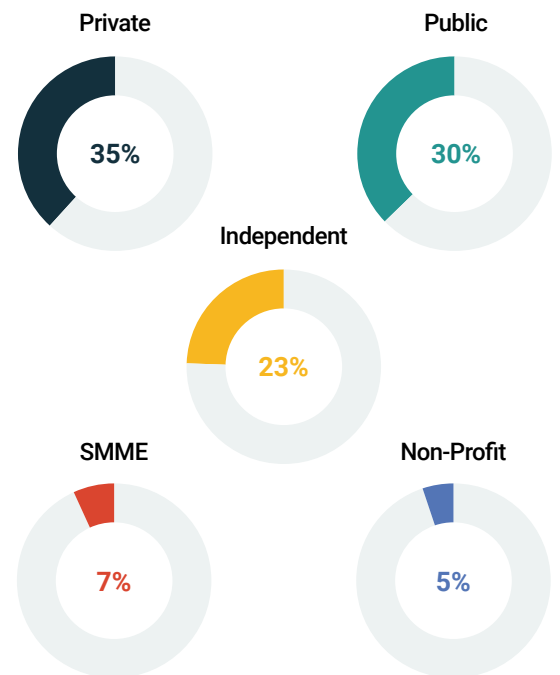
Participants IRMSA Member Types



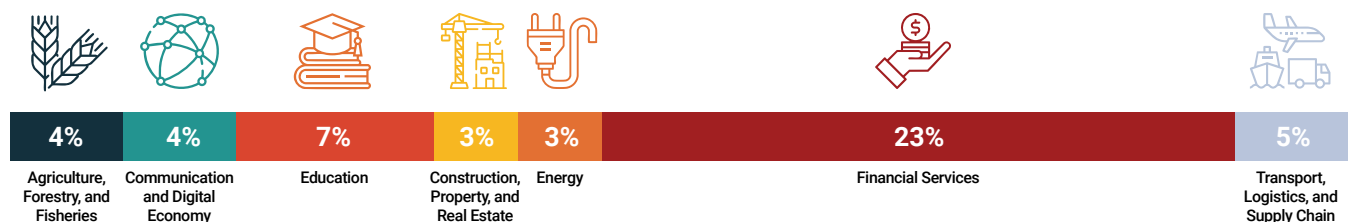
Participant Role in Relation to Risk Management



Economic Sector



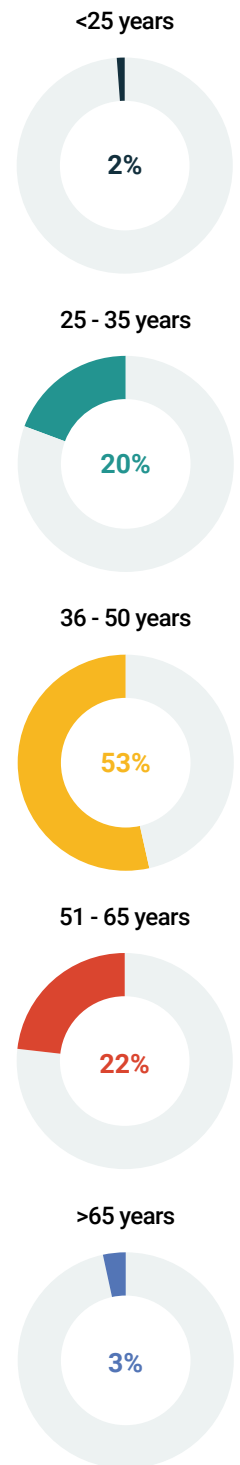
Participant Industry



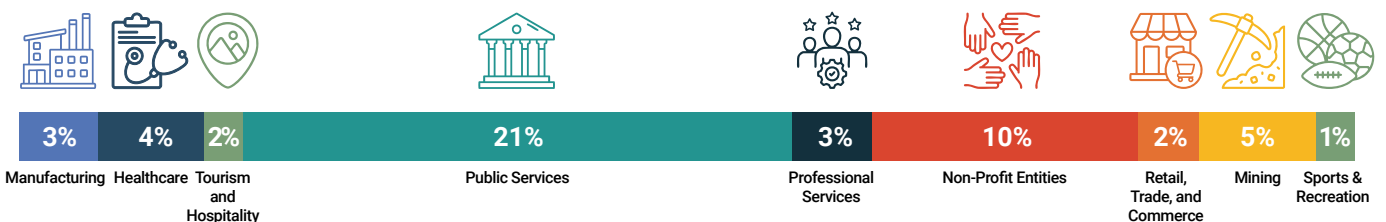
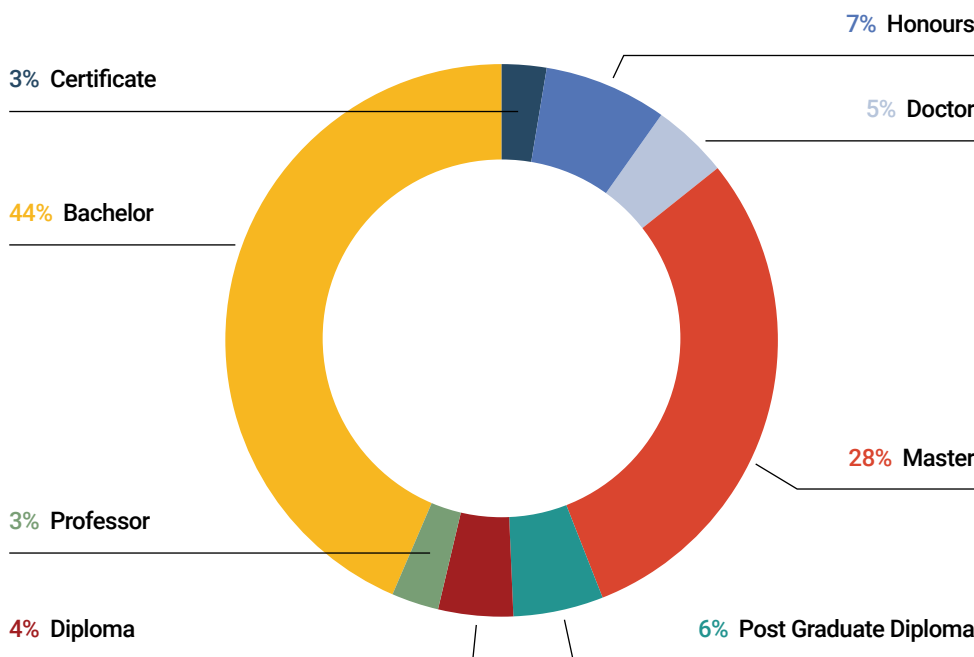
Participant Operational Footprint



Participant Age



Participant Qualifications





01

FOREWORD

by Prof Letlhokwa George Mpedi



Prof. Letlhokwa George Mpedi
Vice-Chancellor and Principal,
University of Johannesburg,
Author

South Africans are experiencing new forms of volatility, uncertainty, complexity, and ambiguity. As our own reality changed with the formation of the GNU, the world also changed significantly after the global super-election cycle of 2024.

While we are already feeling the impact, these changes will continue to reverberate locally and across the globe in the coming years (not only in a political sense) – affecting the resilience and sustainability of our country, our planet, and everyone on it.

In this context, one truth is abundantly clear: to survive and thrive, we must fundamentally rethink leadership. We must rediscover that our everyday individual behaviours have collective impacts which affect society at large. Individuals who make decisions and take actions when they work in, or respond to, organisations in the public, private, or non-profit sectors of our economy, affect the collective outcomes for us all. Living in one of the most unequal societies in the world as we do, each one of us must take accountability for the collective outcomes that result from our individual behaviours. This requires personal leadership which must translate into a national risk culture. It requires the leadership that helped humanity survive (by managing risks) and thrive (by pursuing opportunities) over thousands of years as the world

changed. So, perhaps we shouldn't 'rethink' leadership as much as we should revert to the basic tenets of true leadership – in ways authentic to our context.

South Africans have always defined the 'Rainbow Nation' in terms of their deepest aspirations – best described in the preamble to our Constitution: 'We, the people of South Africa... believe that South Africa belongs to all who live in it, united in our diversity'. What happened to this vision for our newly forged democracy over 30 years ago? Many would argue that we have faltered. Analysis of the data that informed the IRMSA South Africa Risk Report 2025/26 points to one fundamental root cause driving our national risk profile: a lack of institutional and leadership capacity. What is required is competent people. However, our people remain held back by poverty driven by inequality. Eradicating inequality is incredibly difficult. But we cannot ignore it, nor can we deny that it threatens the key resource we need to build a sustainable risk-resilient country – competent people.

To empower our people, we need investment. To source this, we must leverage our natural resources as best we can. To leverage our natural resources, we must utilise technology creatively and responsibly. These are the four levers we can pull to build our nation. With these levers, we can pursue opportunities untold. Navigating the trade-off between building human capital for the future and fulfilling the basic human needs of the present, is where we most need opportunity oriented leadership. This leadership must lead resilient and sustainable public, private, and non-profit entities to define opportunities and pursue them relentlessly, while managing risks proactively.

Why then do we lack institutional and leadership capacity? The sources informing the risk-based scenarios in this Report, expose a stark reality: we have not dealt with the past effectively. Our political context has become the stage on which we publicly vacillate between resentment and reconciliation. It exposes the national trust deficit which causes policy uncertainty, and threatens meaningful investment in the people



who will build our future. We are not represented by the sum total of our leadership capacity. Our lack of leadership manifests in all spheres of life. Dr Armand Bam recently summed it up well: 'Leadership looks different here. It looks like a teacher who stays behind after school. A nurse who still shows up an hour before her shift. A small business owner who keeps paying wages even when the books don't balance. Leadership is the domestic worker who helps raise another family's children while sending her own to school. It is the everyday commitment to build, again and again.

The positioning of risk and opportunity themes in this Report is a reminder that collective success cannot only be achieved by the State or 'leaders' somewhere else. It can only be achieved when the everyday actions of everyday people at home, at work, or in public result in better collective outcomes. Combining this reminder with the basic tenets of true leadership compels us to rediscover our social duty to lead where we are. Each one of us must pursue our own opportunities while managing our own risks in the best interest of the collective – together creating a risk culture to support a sustainable, risk-resilient country. This will build the individual and collective institutional and leadership capacity we need for a resilient and sustainable future.

“

What is the source of inspiration for African leadership? I have come to appreciate the significance of African sayings and proverbs... as an embodiment of the distilled thoughts and wisdoms of a people [that] can be applied to different human conditions for change... [T] here is a certain sense, in indigenous wisdom, that humans are stewards in an interconnected world. It is with this sense of stewardship permeating their understanding of their role as leaders that [leaders] accord proper respect for others' dignity, give others a voice in decision-making, ensure fair hearing, practice dialogue, engage in consensual decision-making, resolve conflicts, and all other practices that fall within their leadership purview.

”

Prof Letlhokwa George Mpedi (*From the Baobab to the Mosquito*)

02

PREFACE

by IRMSA President



Bheki Gutshwa
President, Chairperson
of the Board, IRMSA

IRMSA's overarching strategic theme, 'Sustainable Futures,' signifies its commitment to enhancing adaptation efforts that strengthen sustainable resilience for the future.

Our Vision is to be the leader in risk management excellence and to empower, advocate, and be a centre of excellence for advancing risk management in Africa and beyond. To this end, it is with great pride that we present the IRMSA South Africa Risk Report 2025/2026.

SA and the world's resilience is being tested by a complex and volatile risk environment. As we navigate profound global and local uncertainty, this Report is a timely and necessary lens through

which we assess the challenges we face, as well as the strength and adaptability of our institutions, markets, and people. The Report provides a structured view of the key systemic and sector-specific risk and opportunity themes that could impact sustainability and value creation. From political instability, social inequality, and infrastructure vulnerabilities to economic regression – these themes demand not just awareness, but conscious action. It is only through

shared responsibility between the public and private sectors, between the boardroom and broader society, that we will overcome these challenges and build a more inclusive, resilient, and secure future.

I commend the insights, analysis, and forethought that have gone into this Report. I urge all stakeholders to reflect on the findings, test their assumptions, and continue to embed risk intelligence into the decisions that will define our collective trajectory. Let us view risk not as a deterrent, but as a catalyst for better leadership, innovation, and resilience.

I thank the IRMSA Board, leadership, and supporting committees that drive action within IRMSA, across our membership, in their organisations, and thus the country. To our sponsors, contributors, and members, thank you for your ongoing support and commitment to IRMSA and ensuring we reach new heights in thought leadership, professionalisation, and resilient management of our organisations.

“

Crucially, the Report highlights the role of leadership, accountability, and collaboration in managing uncertainty. Risk and opportunity management must be embedded in the way we plan, invest, and lead.

”

Bheki Gutshwa



03

PROLOGUE

by IRMSA Chief Executive



Yvonne Mothibi
Chief Executive,
IRMSA

It is with great responsibility and purpose that IRMSA presents its 11th edition of the South Africa Risk Report.

This year's Report provides a comprehensive analysis of the evolving landscape that shapes our nation's economic, social, political, and environmental future. SA stands at a critical juncture: while we build on our rich natural and human capital, we are confronted by systemic risks – from persistent political and economic insecurity and climate volatility, to deepening inequality and geopolitical complexity. The events of the past year have underscored the need for vigilance, adaptability, and forward-looking decision-making.

The Report highlights key threats and opportunities for resilience and innovation. Our approach incorporates insights from global, continental, and local perspectives - making the Report a valuable decision-making tool with international posture. The Report draws data and insights from the public, private, and non-profit sectors, and includes economic sector perspectives from over 1 000 contributors, including local and international partner institutes, corporates, and professionals. The triangulation of data from multiple sources provides a comprehensive single

source of local, regional, and global risks and opportunities for SA. Our aim is to provide a clear view of the legacy and emerging risks we face and to support risk managers, executives, and other leaders in making informed and courageous choices. In doing so, we reaffirm our commitment to sustainable growth, good governance, and inclusive development. I encourage all our stakeholders (e.g., risk managers, policy-makers, business leaders, members, and other stakeholders) to study this Report in depth. Let it be a starting point for the honest conversations and decisive actions our country needs.

“

Risk is an unavoidable part of progress. But with the right tools, transparency, and collaboration, we can manage it, and where possible, transform it into opportunity.

”

Yvonne Mothibi

I thank Vanessa Thurlwell, IRMSA's Technical Risk Manager and project owner, Lucidum, developer of the Report, Your Hub for marketing, our sponsors, our volunteers, our Risk and Intelligence Committee for their inputs, and our internal IRMSA team for the dedicated effort invested in preparing this Report, and most of all to the contributors for their invaluable insights and perspectives. Together, let us navigate uncertainty with clarity—and chart a course toward a more secure and prosperous SA.



04

EXECUTIVE SUMMARY



Vanessa Thurlwell
CRM Prof, Project Owner,
RIC Chair, IRMSA



Christelle Faul Marais
CRM Prof, Developer
Executive Director, Lucidum

“

Not holding leaders to account, is a leadership failure in itself. Our national resilience – that aspirational identity underpinned by optimistic conversations, which collectively defines the ‘Rainbow Nation’ – seems to be nearing a catastrophic tipping point.

”

IRMSA Risk Report 2024/25



Top Priorities are indicated with this pin icon throughout the Report.



Top Priorities: *Leadership capacity counters divisive politics. Cohesive politics drive State capability and the rule of law. These enable capacitated infrastructure to facilitate a competitive economy and fuel a connected society.*

SA is at an inflection point on its democratic journey – a journey fraught with risk, but rich in opportunity. On this journey, we face many decisions, perhaps not realising how we shape the future for all of us when we decide and act on our individual daily realities. How our individual decisions and actions shape our collective future depends on the following:

- Where we find ourselves in society (i.e., at home, at work, or in public).
- How we respond to risks and opportunities (i.e., how we assess them and deal with them).

- How we deploy our current and future resources (i.e., how we use **people, technology, natural resources, and financial resources** to implement our decisions).

The majority of South Africans live in poverty, which directs their decisions and actions. This is a key driver of our collective future. Therefore, those in formal leadership roles must consider how their decisions and actions affect the reality for the majority. Short-term opportunism for a few at the expense of long-term benefit for the majority,

paves the way to a dismal future for all. Long-term, sustainable resilience for the majority will deliver a prosperous future to all. This year's risk-based scenarios present what these different futures could look like.

Understanding of the consequences of short-termism versus the benefits of long-term thinking, was demonstrated by non-political leaders' response when early tensions threatened the GNU's continued existence. Now, the opportunity for all leaders (i.e., individual, political, social, and organisational) is to align their time, effort, and resources to direct the 4 drivers of our potential futures from the worst scenario towards the best scenario for all. To achieve this, we must rethink our perception of leadership. The table below summarises this paradigm shift:

Deploying People, Technology, Natural Resources, and Financial Resources



Informal and Formal Leadership Capacity	Risk: Siloed Short-term Leadership Thinking	Opportunity: Integrated Long-term Leadership Thinking
Politicians	Misaligned ideological policy direction, self-interest, negative national discourse, exploitation of the majority's vulnerabilities.	Cohesive policy, servant leadership, moral and ethical commitment, positive national discourse, creating foundational platforms for the majority to thrive.
Corporate Executives and Governing Bodies	Short-term performance and shareholder value, prioritising profits over ethics, internal focus versus sustainable corporate social responsibility.	Sustainability, ESG-focus, good governance and risk management, and inclusive stakeholder value, prioritising ethics over profits, job-security, and inclusive growth.
Social Leaders (e.g., churches, schools, clubs)	Divisive public opinion, destructive mobilisation of communities.	Promote reconciliation, advocate for marginalised communities, build positive dialogue and peace.
Individual Citizens	Voter apathy, moral despondency, vulnerability to crime (victims and perpetrators), consumer choices, prioritising survival above education and investment.	Constructive civic duties (e.g., voting, demanding accountability, community support), ethical behaviours, support local businesses, invest in education.

Depending on how each of us lead where we are, our 2025/26 risk-based scenarios reveal the following possible futures for SA:

- **Everyone is in it for themselves** Our future is determined by (mostly) incompetent people, outdated and disruptive technology, and mismanaged natural and financial resources. This scenario is driven by inadequate quality of human capital, severe lawlessness with resultant social fragmentation, and ultimately a failed State.
- **Will the real leaders please stand up?** Our future is shaped by (more) competent people and creative application of technology. However, natural and financial resources remain mismanaged. The scenario is driven by failed infrastructure, poor economic performance, climate change vulnerabilities, and increasing social insecurity.
- **Some young leaders taking charge** Our future is directed by (mostly) incompetent people, outdated and disruptive technology, but better leverage of our natural and financial resources. Our risk profile is marked by (a few) competent people driving better national policy outcomes through more cohesive politics and achieving short-term food security (yet not of nutritional quality).



We have a great deal to lose. Stay the course. Stay in the room. Hold the line. Keep building. Compromise, [If the coalition were to collapse], it would halt the momentum that has been built, and the damage (to trust, investment, and delivery) would be significant and possibly irreversible in the short-term.

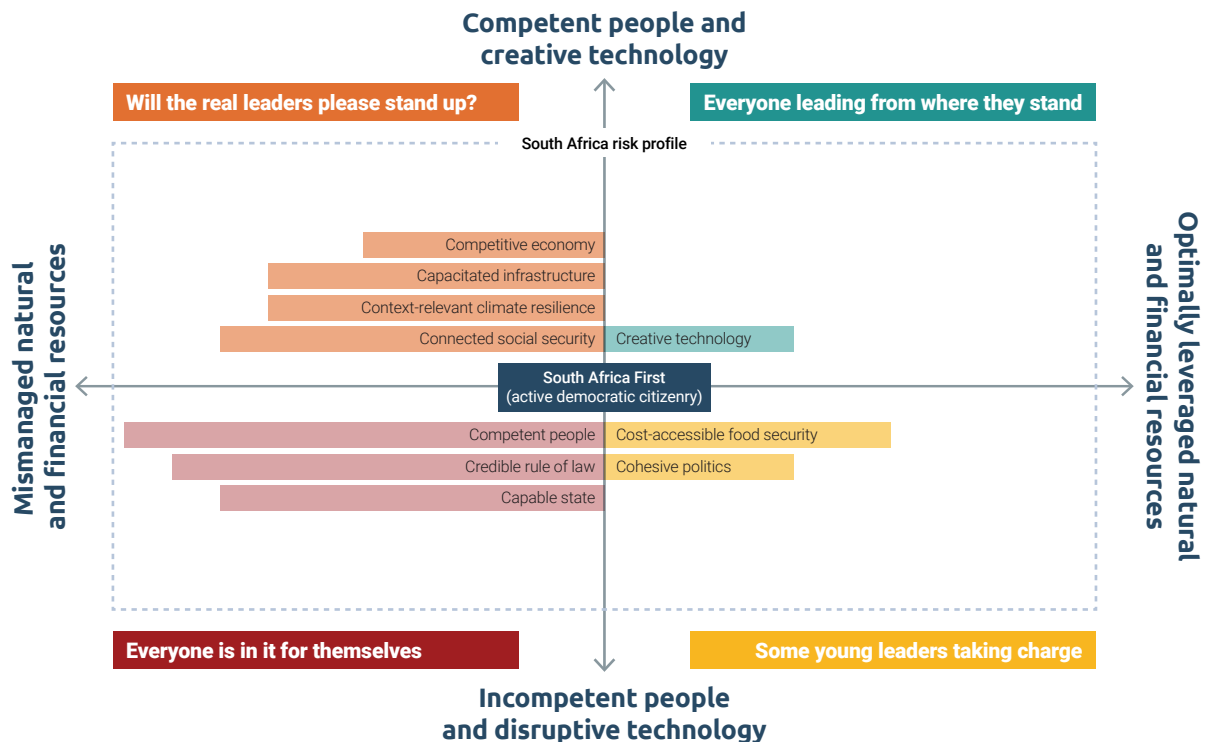


SA's non-political leaders to the GNU

- **Everyone leading from where they stand** Our future is determined by (mostly) competent people and creative use of technology supported by optimally leveraged natural and financial resources. Currently, technology is the only potential driver of this scenario, and although there are green shoots, it should be leveraged more to influence the other 3 scenario drivers.

SA's risk profile is skewed towards (mostly) incompetent people, disruptive technology, and mismanaged natural and financial resources. The future will be determined by how we respond (by reducing risks and pursuing opportunities): better responses now

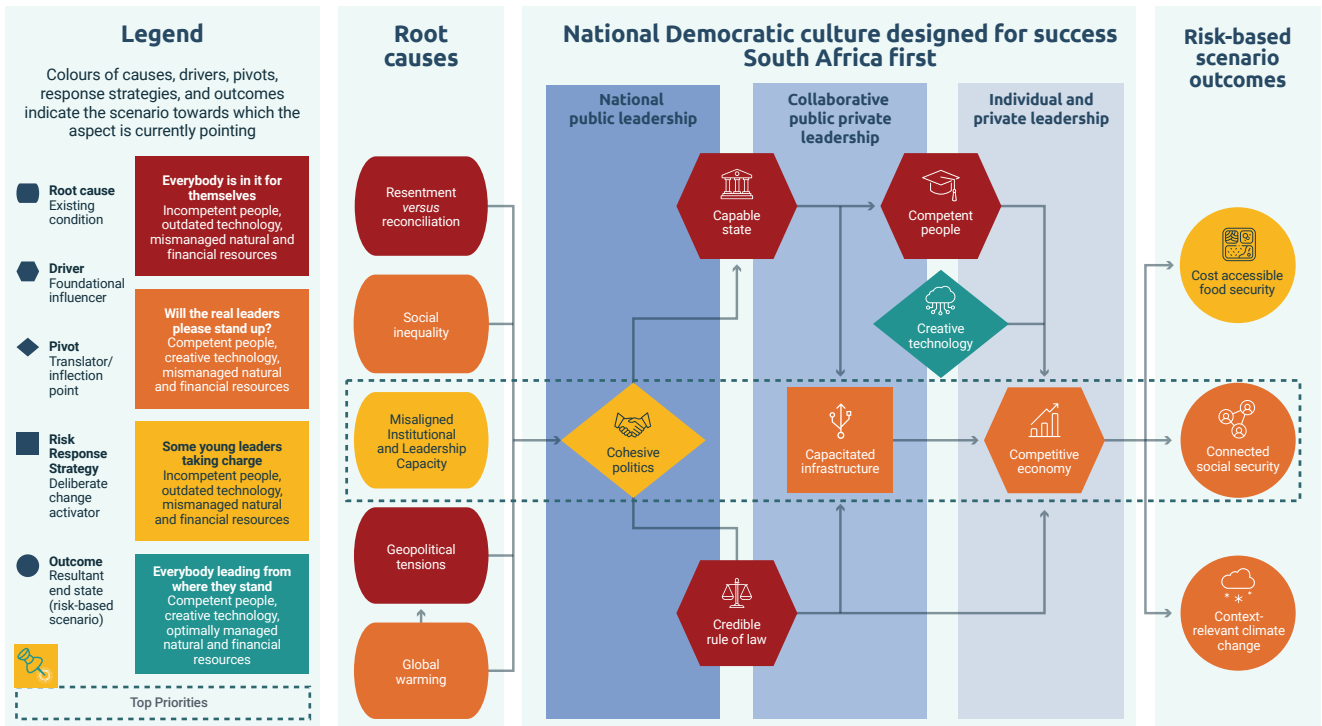
will lead to better a scenario in future. For every risk theme, this Report defines a corresponding opportunity theme. In this way, when we respond to risks, we consider how to pursue the related opportunities. SA's opportunity profile suggests that if we leverage technology, foster cohesive politics, and ensure cost-accessible food to support competent people, we can capacitate our infrastructure, build a competitive economy, achieve context-relevant climate resilience, and develop a connected social security system – to create a risk-resilient SA for all. This relationship between risks, opportunities, key drivers, and scenarios is summarised in the following graphic and table:



	Scenario	Key drivers	Current risk theme driving the scenario	Current opportunity with aligned responses and resources
1	Everyone is in it for themselves	(Mostly) incompetent people	Incompetent people	Competent people
		Outdated and disruptive technology	Breakdown in the rule of law	Credible rule of law
		Mismanaged natural resources	Failed state	Capable state
		Mismanaged financial resources		
2	Will the real leaders please stand up?	Competent people	Failed infrastructure	Capacitated infrastructure
		Creative technology	Economic regression/stagnation	Competitive economy
		Mismanaged natural resources	Extreme weather events	Context-relevant climate resilience
		Mismanaged financial resources	Inequality and social fragmentation	Connected social security
3	Some young leaders taking charge	(Mostly) incompetent people	Political instability	Cohesive politics
		Outdated and disruptive technology		
		Optimally leveraged natural resources	Long-term malnutrition and developmental stunting	Cost-accessible food security
		Optimally leveraged financial resources		
4	Everyone leading from where they stand	Competent people	Outdated and disruptive technology	Creative technology
		Creative technology		
		Optimally leveraged natural resources		
		Optimally leveraged financial resources		

The 2025/26 risk and opportunity themes to which we must apply our collective focus, are summarised in the following table:

	Opportunity	Risk	Risk Description
1	Cohesive politics	Political instability	Political instability, weakened State authority, and social fragmentation due to an absence of legitimate, ethical, and effective formal political leadership, participation, processes, or structures, as well as informal practices and norms, through which society governs itself.
2	Capable State	Failed State	Failure by the State to protect citizens' fundamental rights by upholding the Constitution and rule of law, implementing a coherent policy framework for economic development, and delivering services through administrative and operational capability and capacity.
3	Credible rule of law	Breakdown in the rule of law	Disintegration of the system through which the State, as a sovereign and constitutional democracy, ensures that individual rights and liberties are protected and that breaches of such rights and liberties are dealt with in line with the Constitution.
4	Capacitated infrastructure	Failed public infrastructure	Failure to develop and maintain physical and organisational structures, facilities, and systems including energy grids, water networks, transport and logistics channels, and digital technology networks of the necessary scale, reliability, efficiency, and resilience needed to sustainably meet public and economic demands.
5	Competent people	Insufficient human capital	Failure to deliver quality ECD, primary, secondary, and tertiary education, and relevant skills training with diverse, equal, and inclusive innovative opportunities to build and sustain transformational development goals in a technologically transforming future.
6	Creative technology	Outdated/ disruptive technology	Compounded, unpredictable and emergent consequences across digitally enabled and autonomously interacting value chains that could cause safety incidents, financial losses, destabilised organisations, and legal liabilities of varying scale and severity.
7	Competitive economy	Economic regression and/or stagnation	Financial losses and instability due to factors such as policy uncertainty, high unemployment, energy shortages, currency volatility, and structural inequalities, which can undermine investment, economic growth, and fiscal sustainability.
8	Connected social security	Inequality and social fragmentation	Increased socio-economic hardships, deepening inequality, and further erosion of public trust, potentially destabilising and/or overwhelming governmental, social, environmental, and economic systems.
9	Context-relevant climate resilience	Extreme weather events and changing weather patterns	Extreme and intensifying weather events and changing weather patterns due to failed global, regional, and national climate change mitigation, augmented by insufficient adaptation to strengthen resilience, including a failed just energy transition.
10	Cost-Accessible food security	Long-term malnutrition and developmental stunting	A lack of cost-accessible food (due to a convergence of environmental, socio-economic, and governance challenges), which leads to malnutrition and developmental stunting in the majority of households, weakens workforce productivity, strains health systems, and undermines political stability, economic development, and sustainable social transformation.



Key opportunities exist: The single most important driver of SA’s risk profile is misaligned institutional and leadership capacity. This drives the most critical pivot – political instability (divisive politics), causing policy uncertainty. Cohesive politics drive a capable State and the credible rule of law. This will allow for national infrastructure to be capacitated, competent people to be developed, and technology to be deployed more creatively. These will drive economic competitiveness, which will facilitate a more connected, equal, and climate-resilient society with access to quality nutritious food – to successfully fuel a developmental agenda.

SA’s prosperity depends on how effectively our national risk culture facilitates both the identification of and responses to risks and opportunities. SA will only succeed if national policies are certain and PPPs are aligned – so that the impact of the collective effort is greater than the sum of the fragmented parts. This requires **7 key competencies** to be leveraged:

- **Institutional and Leadership Capacity** – Conscious, deliberate, and inclusive collaboration (despite

historical, current, and future tensions) to improve resource allocation, resilience, and results.

- **Good governance** – An ethical culture, good performance, robust controls, and legitimacy.
- **Sustainability** – Incremental development, with a solid foundation for future generations.
- **Risk management maturity** – Agility to deal with uncertainty embedded in the national DNA.
- **Risk response strategies** – Cost-effectively leveraged people,

effort, and money that deliver the best outcomes for the least input, building national resilience and strategic redundancy.

- **Risk financing** – Sustainable, optimally funded financial safety nets to optimise risk response.
- **National culture designed for success** – A cohesive, capable, credible, capacitated, competent, creative, competitive, connected, context-relevant, and cost-accessible democracy.

In a **“culture designed for success”** SA pursues opportunities and responds to risks when people, organisations, and leaders behave in ways that continuously enhance better outcomes. This way is informed by the **10 ‘C’s** defining such a culture:

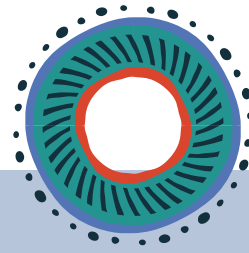
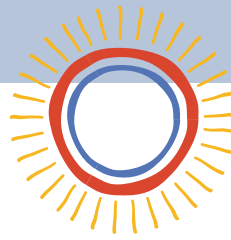
Cohesive	Creative
Capable	Competitive
Credible	Connected
Capacitated	Context-relevant
Competent	Cost-accessible



SA must focus on **6 Top National Priorities.**

They emphasise leadership capacity to drive cohesive politics and policy certainty. This will support a capable State and credible rule of law, which will enable a competitive economy. Economic growth will facilitate a more equal distribution of socio-economic welfare. These priorities should guide strategic focus by combining short-term urgency with sustainable enablers on which to create inclusive economic growth and social well-being.

“
Wisdom is like a baobab tree; you cannot embrace it alone
 ”



Our Top 6 National Priorities are summarised below:

	Priority	Rationale	Key actions
1	Activate the most competent leaders in critical vacancies.	SA's reality drives a level of risk that it cannot survive. Solutions must be deployed at speed to avoid a failed State.	<ul style="list-style-type: none"> Fill critical vacancies in compromised public and private institutions. Embed one overarching principle for performance: achievement of the GNU's Fundamental Principles and Minimum Programme of Priorities.
2	Embed political cohesion through governance and policy reform.	Divisive politics is a leading indicator for delayed execution of recovery initiatives. If prolonged, SA will not survive post 2030 and will become a failed State.	<ul style="list-style-type: none"> Strengthen the GNU with clear investment-friendly policy commitments. Resolve ideological differences around critical policies (NHI, Expropriation). Institutionalise good PPP governance (e.g., NECOM/NLCC replication). Deepen citizen participation and social compact building.
3	Build State capability and strengthen the rule of law.	State capability and lawful, ethical conduct is a foundational pivot for trust, investor confidence, and institutional capacity. Crime undermines this.	<ul style="list-style-type: none"> Embed performance-based accountability at all government levels. Fully operationalise National Anti-Corruption Strategy and Commission. Accelerate FATF Greylist exit through sustained prosecution results. Increase capacity and independence of NPA, SIU and judiciary.
4	Urgently re-capacitate public infrastructure	Infrastructure failures are structural drivers of economic regression and social fragmentation.	<ul style="list-style-type: none"> Scale PPP models in network industries (energy, transport, and water). Ringfence capex with transparent delivery mechanisms. Expand business-government collaboration beyond current R170m.
5	Drive inclusive economic growth.	Economic regression makes SA increasingly poorer over time.	<ul style="list-style-type: none"> Intensively drive PPPs to re-capacitate network industries. Drive economic growth to substantially exceed population growth.
6	Invest in people, e.g., reconciliation, healthcare, education.	Insufficient human capital cause increased inequality and resentment. Competent people is the only pivot that can enable a better scenario.	<ul style="list-style-type: none"> Prioritise ECD and Reading for Meaning by Grade 4. Strengthen STEM education and digital skills. Address teacher quality and accountability. Fast-track high-scarcity professional visas and address skills flight.

Current realities inform SA's risk-based scenarios. How we manage risks and pursue opportunities determines our future reality. Understanding how this affects our economic sectors helps us to contextualise the future, avoid the negative, promote the positive, and achieve our goals. Leveraging these insights will aid our national response to challenges, inform how our multi-national organisations operate in SA and other countries, and build regional and global relationships in the national interest.





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This Report is based on radical collaboration. It demonstrates how SA's risk culture can be fundamentally changed when people with diverse backgrounds, skills, and viewpoints find common ground and present a coherent view. 16 project team members facilitated inputs from 674 survey respondents, 115 post-graduate researchers, 74 technical experts, 106 risk experts, 18 sponsors, and 22 IRMSA leaders (1 025 contributors). This collaboration delivered the inclusive perspectives we present in the Report. The insights from leaders with decades of practical experience in related fields who reviewed the content for cohesion and relevance, give this Report the practical implementation value needed to enable national focus and progress in pursuit of the aspirations of the Rainbow nation.

“
Inyathi ibuzwa kwabaphambili
(Wisdom is sought from those who have gone before)
 ”



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 Member,
 Content Review



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05

HOW TO USE THE REPORT

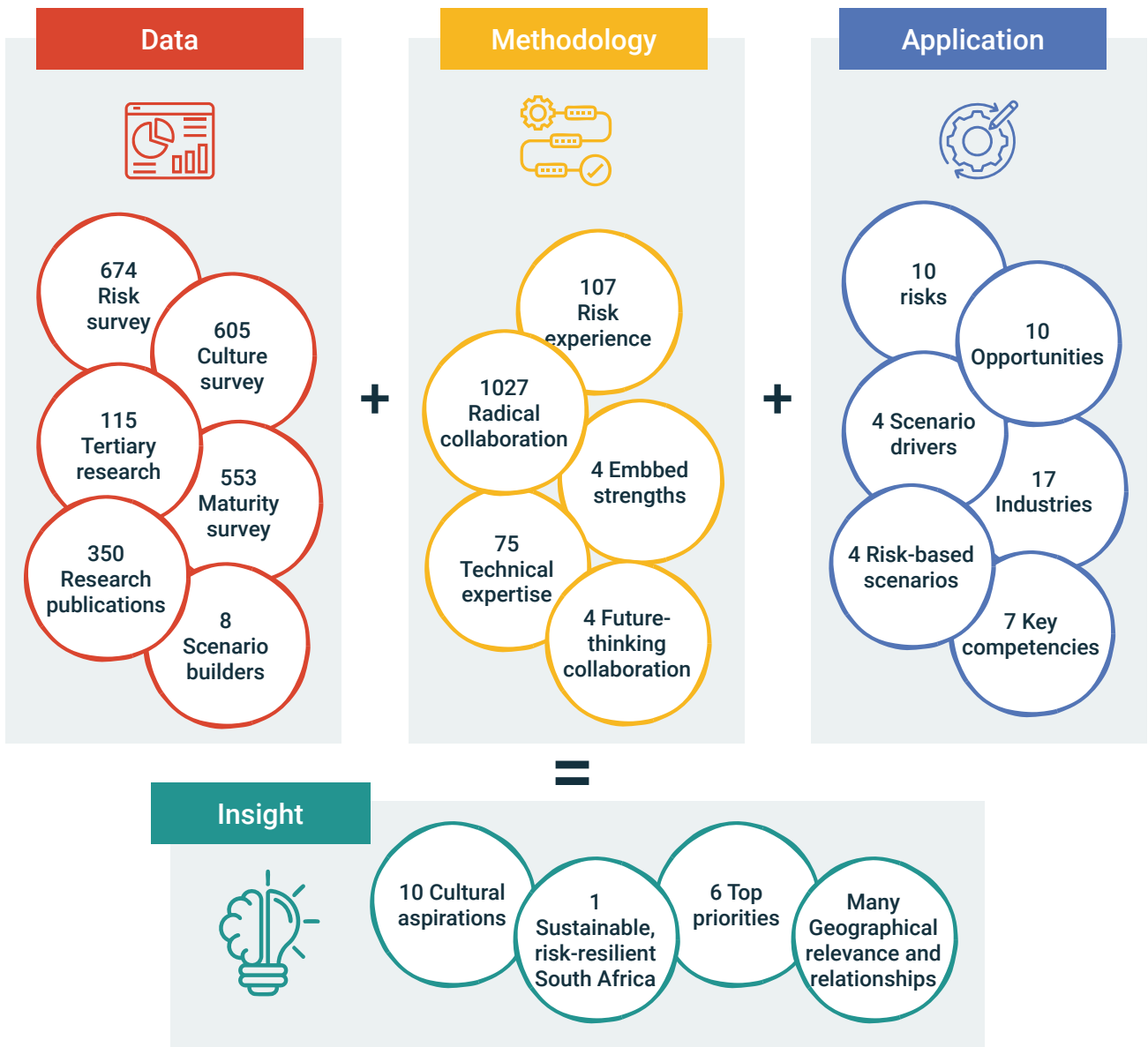
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As die hemel val is ons almal dood

(Let's not think of the worst that can happen and work with what we have)

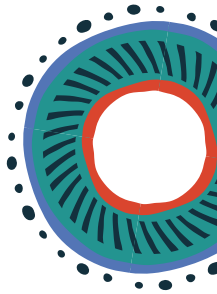
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This Report is intended as a regular reference resource for 'uncertain future thinking'-methodology and contextualised insights to drive decision-making for a sustainable and risk-resilient SA. It conveys the depth of analysis, integration, and collaboration needed to respond to risk and opportunity. Over time, we improve our methodology to leverage key insights from the past and indicative future trends to help SA deal with uncertainty.



Culture designed for success: South Africa first

Cohesive	Creative	Credible	Capacitated	Context-relevant
Capable	Competitive	Connected	Competent	Cost-accessible



Risk-based scenarios: shaping our future

The scenarios form a structured foresight framework with 4 future pathways (based on 4 key drivers) that are credible and intuitive. It leverages 4 strengths supplemented by 4 futures-thinking considerations – to drive decisions, actions, and outcomes.

The scenarios leverage 4 embedded strengths:



Longitudinal scenario mapping (tracking future narratives from 2018).



Anchored in key risk themes: root causes, pivots, drivers, actions/responses, and outcomes.



Structural drivers of SA's risk profile and how it affects its possible futures.



Diverse data inputs (e.g., national policy, scenario literature, institutional research, and global/regional perspectives).

The strengths are supplemented as follows to catalyse decisions and actions that will result in better outcomes:

- **From Risk View to Opportunity Horizon:** Moving beyond probabilistic projections, this year's foresight introduces aspirational futures to define bold, yet feasible pathways to national renewal.
- **Accounting for Non-linear Change and Emergence:** Emergent disruptions (e.g., climate migration, AI-led governance, and regional geopolitical shifts) are incorporated as emergence themes.
- **Expanding Agency – From Institutions to People:** Risk narratives are informed by State and formal institutions, but also youthful perspectives, informal economies, township entrepreneurs, and civil society. Bottom-up foresight mechanisms (e.g., citizen panels and cross-sector labs) are leveraged to inform national scenarios with diverse insights going forward.
- **Scenario-to-Strategy Conversion:** Insights are supplemented by actionable response strategies. Scenario toolkits align with public policy, private innovation, and community development to best contribute to collective future outcomes.

Call to action: responding to an uncertain future

We outline the levers and capabilities to guide further analyses and development by industries and organisations to improve their chances of achieving their own and SA's national goals. The intentionally ethical and practical tone encourages positive, servant leadership and inclusive governance to build trust through tangible delivery on expectations.



Geographical perspectives: leveraging our location and relationships

The progressively more detailed global, African, SSA, and SADC context allows for systemic application aligned to natural multi-jurisdictional developments and leveraging of regional strengths and relationships.

Risk and opportunity themes: dealing with uncertainty

Deep systemic understanding of root causes that drive risks and opportunities are provided. Proposed responses aim to support SA's GNU objectives, enable a conducive trading environment, and result in social development and transformation.

Economic perspectives

The application of risk intelligence at economic sector level gives the Report practical application value by sharing insights from risk and business leaders who leverage good risk management (and related disciplines) to create socio-economic value.

Navigating the Report

Many readers consult different sections of the Report at different times, and not always in the order in which they are presented. Thus, abbreviations are used from the start (all abbreviations are referenced in section 12). The icons representing risk and opportunity themes are hyperlinked – clicking on an icon takes the reader to the detail of the relevant risk and opportunity theme

4 Key drivers of scenarios:



People (value of human capital determined by physical and mental health and safety, education, culture, and purpose).



Technology (operational, digital, and artificial tools that can perform typically human tasks more effectively than humans).



Natural Resources (inputs which exist in SA independent of the activities of people, e.g., water, sunlight, soil, minerals).



Financial Resources (monetary assets and funding available to SA that can be used to support its growth).



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06

RISK-BASED SCENARIOS

Shaping Our Future

“

Phokoje go tshela yo o dithetsenyana.

(Victors are those who show a desire to try)

”



Alize Le Roux
Senior Researcher,
Institute for Security
Studies



Kantha Naicker
CEO, Africa Future
Foresight Institute



Busi Mavuso
CEO, BLSA



Christelle Faul Marais
Executive Director,
Lucidum



Prof Tinyiko Maluleke
Deputy Chair, NPC
The Presidency

Risk-based scenarios are not predictions, but rather stories about the future – with assumptions about how risks and opportunities may play out.

They contain the drivers that determine the future and illustrate that better responses can make us risk-intelligent and opportunity-focused – i.e., future-ready. This year’s scenarios convey how different combinations of **competency, technology, natural resources**, and **financial resources** can shape SA’s future. SA must prepare to succeed in any scenario: because we have scarce resources, we will only succeed by building a shared vision that leverages economies of scale and a national risk culture designed for success.

Given SA’s unique historical, socio-economic, and environmental realities, the 4 drivers for this year’s risk-based scenarios are fundamental for future planning, decision-making, and collective action. We define each driver as follows:

- **People**, as affected by demographic trends, skills and education levels, and social inequality, directly shape our pathways for development and growth.
- **Technology** catalyses innovation, improves infrastructure, and addresses

systemic challenges, such as energy and education.

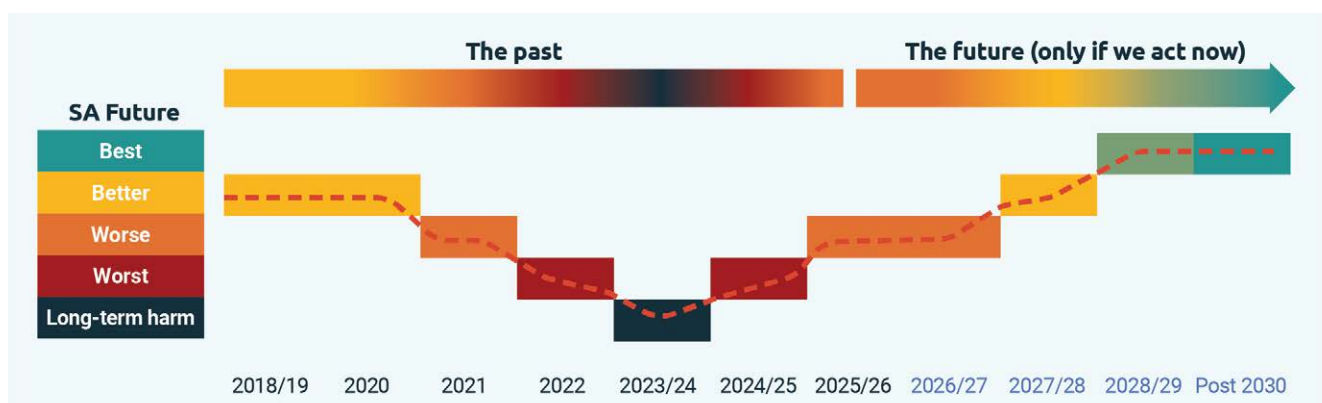
- **Natural resources**, such as minerals, agriculture, and biodiversity, are key economic drivers and central to sustainability concerns.
- **Financial resources** (public, private, local, or FDI) enable SA’s capacity to invest in feasible growth, infrastructure, social programmes, and economic resilience strategies.

SA, as a nation, is defined in terms of its citizens’ deepest aspirations. This is determined by competent people proactively crafting and implementing long-term development plans comprehensively across all spheres of government. Effective risk management must therefore consider the competence and well-being of people and creative digitalisation, while leveraging natural and financial resources. Ultimately, SA’s viability depends on its ability to identify and manage its risks and exploit its opportunities in pursuit of the future to which its people aspire.

“
Government alone cannot provide a decent standard of living; it requires determined and measurable actions from all social actors and partners across all sectors in society.
”

Prof Tinyiko Maluleke

The following image depicts SA’s risk-based scenarios since 2018 as included in the IRMSA SA Risk Reports:





76%

reduction in loadshedding



More than

6GW

of new energy generation



More than

5.8 GW

rooftop solar

Historically, public and private governance failures illustrated the need for these 2 sectors to collaborate more closely. Because SA is a political economy, when good governance fails, the economy also fails. Therefore, through BLSA (amongst others), the private sector's deliberate strategy is to help build a capable State, because a deteriorating trading environment will manifest in dysfunctional network industries: energy, transport/logistics, water, and telecommunication.

With only telecommunication still functional, improving the 3 dysfunctional network industries is paramount. If the trading environment improves, so too will business confidence, which will facilitate increased investment. When investment increases, the economy will grow. And **ONLY** when the economy grows, will the structurally embedded high unemployment be addressed (which drives many other risks). To date, in this collaborative business-State partnership, more than R170m has been invested in improving energy, transport and logistics, as well as mitigating crime – with more than 350 private sector experts mobilised.

Through the NECOM and NLCC structures funded and capacitated by business, the following has been achieved:

- Municipal debt relief package for Eskom
- National Transmission Company of SA established

- 76% reduction in loadshedding, >6GW of new energy generation and >5.8GW rooftop solar
- >8GW of initiatives to expand energy sources and double the new generation investment pipeline
- 36% reduction in waiting time to anchor vessels and 45% fewer vessels anchored outside the Durban ports
- R700m investment in key corridors
- R47bn National Treasury guarantee
- The rail private sector participation framework approved, and the freight and logistics framework published
- Many companies placed on the Trusted Employer Scheme (to facilitate less onerous processing of work visas)
- Simplified PPP regulations for smaller projects and unsolicited proposals from the private sector

The most critical success from this partnership is the emergence of a more balanced ideological shift. It has contributed to driving SA's risk-based scenarios positively and away from a scenario where **'Everyone is in it for themselves.'** Continued commitment and action across both the State and private sector to build a capable State is key to facilitate a conducive trading environment that will retain and attract investment, provide jobs, and lift people out of poverty into prosperity – i.e., a scenario where **'Everyone is leading from where they stand.'**

“

SA has risen above bigger challenges before, and can do it again. There are many opportunities and problems. Where one spends one's money is a powerful proxy for intent. The partnership between business and the State is about economic restoration. But it also stems from the realisation that business is the only social partner with disproportionate resources, and we are compelled to utilise our disproportionality for the betterment of the citizens of this country.

”

Busi Mavuso

Africa is a key consideration for SA's future:

Despite global development progressing, Africa's trajectory is uneven and divergent between countries, with high population growth outpacing economic productivity gains. This prompted ISS' African Futures to model the ambitious improvements in its *Combined Agenda 2063* scenario, which integrates 8 critical sectoral interventions (i.e., governance improvements, demographics and health, agriculture, education, manufacturing, AfCFTA, large infrastructure and leapfrogging, and financial flows). The model highlights Africa's potential to close the income gap with the rest of the world. Key findings from the Africa Futures *Combined Agenda 2063* scenario analysis include the following:

- **Substantial Development Potential:** Africa could raise its GDP per capita from 25% of the global average in 2023 to 31% by 2043 (viz the projected decline to 23% in the *Current Path scenario*), signifying the potential to narrow the income gap in time.
- **Regional Growth Divergence:** West and East Africa show rapid economic expansion, driven by large, youthful populations and urbanisation. Central Africa still faces structural hurdles, lacking a dominant economy to lift the region as a whole.
- **The Power of AfCFTA:** The *AfCFTA scenario* (reflecting the AfCFTA objective to create a single continental market) has the most pronounced impact on income growth by 2043, outperforming other areas in raising GDP per capita.
- **Transformative Impact on Poverty:** The 455m Africans (31%) classified as extremely poor in 2023, could drop to 169m (8%) in 2043, compared to 386m (17%) in the *Current Path scenario*, underlining the power of integrated interventions.
- **Sectoral Insights on Poverty Reduction:** Manufacturing and agriculture most effectively reduce poverty, followed by education, infrastructure and leapfrogging. Sequencing growth from agriculture to industry, then services, while harnessing the urbanisation dividend offers the best development model.
- **Role of Developmental Leadership:** Only accountable and strategically focused States can unlock human potential. Success hinges on consistent management, policy coherence, and inclusive sustainable African-led initiatives.
- **From Dependency to Empowerment:** True transformation lies in enabling communities to move from reliance on State support to unlocking their own potential—through entrepreneurship, local production and innovation.

“

Real development is a long, imperfect journey that is built not on dependency, but on the everyday choices and actions that help communities take charge of their future.

”

Alize Le Roux



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In times of rapid change and uncertainty, anticipating, preparing for, and shaping the future is no longer optional—it is critical. Yet, many professionals and leaders remain reactive, addressing challenges as they arise rather than proactively navigating disruption.



Kantha Naicker

There are 3 key driving forces that jeopardise the realisation of a better scenario: **(1) resentment, (2) inequality, and (3) leadership.** Leaders must direct deliberate decisions and focused actions to correct the first 2 drivers, and to leverage the 3rd, when facilitating their organisations' response to the risks that threaten their and SA's objectives.

Only when these 3 key driving forces are addressed will SA achieve its objectives (expressed in the GNU Fundamental

Principles and the Minimum Programme of Priorities for the MTDP 2024-2029). In addition, technology is a key pivot to improve SA's chances of achieving its goals. The table below illustrates how SA's risk profile and response strategies affect the achievement its goals:

- 1. Progress made in the following areas must be leveraged while being further embedded:**
 - Non-racialism and non-sexism in society

- Strengthening of accountability
- Transparency and community participation
- Promotion of integrity and good governance
- Social cohesion
- Foreign policy in the national interest

2. At the same time, the following must be prioritised to prevent SA from slipping back to a worse scenario:

- Evidence-based policy and decision-making
- Basic service delivery
- Investment in people
- Stronger law enforcement

3. Lastly, urgent attention is required to improve the following:

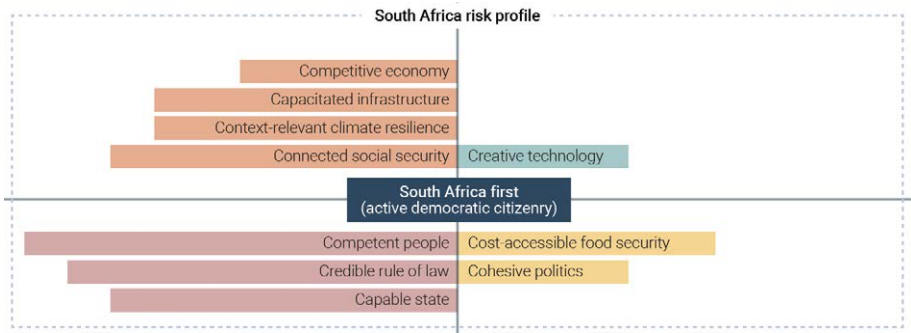
- Rule of law
- Social justice and poverty alleviation
- Economic growth, reducing the cost of living
- Local government capability
- Building a professional public service

These 3 key driving forces are described below:

Driving Force	As is	To be
Resentment vs Reconciliation	Citizens do not share an understanding of SA's history, nor agree on who has benefitted from the transition or not. Most people feel that post-democratic SA does not belong to them. This is coupled with resentment against those perceived to have benefitted unfairly.	Fissures around decoloniality, racism, language, and crime must become seeds of more meaningful reconciliation.
Social inequality	SA citizens experience stark income, access and asset inequalities, the distributions of each informed by race, gender, generation, and spatial location. While rooted in colonialism, apartheid, State capture, and State failure over time, they are also propelled by climate change, new technologies, and global influences.	Reform-based economic growth must create jobs to reduce inequality sustainably.
Institutional and Leadership Capability	The erosion of moral, ethical, and human capability in the State, private sector, and civil society influences future social cohesion. In the first 3 decades of democracy, leaders were (on balance) unable to appreciate the collective interest and to work to realise it, to take a long-term view in decision-making, and to espouse ethics and values in their practices.	Leaders must live a non-racist common vision, national unity, and collective success.



The table below depicts the impact of each risk theme on each GNU Fundamental Principle and each of the MTDP 2024-2029 Minimum Programme of Priorities. It illustrates the scenario that may materialise if the risk and SA's response to it remain as is:



GNU Fundamental Principles	SA Top 10 Risk Themes 2025/6										Combined Risk-Based Scenarios for SA			
	Competent people	Creative Technology	Capable State	Credible Rule of Law	Competitive Economy	Cohesive Politics	Capacitated Infrastructure	Cost-accessible Food Security	Context-relevant Climate Resilience	Connected Social Security	Everyone is in it for themselves	Will the real leaders please stand up?	Some young leaders take charge	Everyone leading from where they stand
Respect for the Constitution and rule of law	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Non-racialism and non-sexism	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Social justice, redress, equity, and alleviate poverty	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Human dignity and progressive realisation of socio-economic rights	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Accountability, transparency and community participation	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Integrity and good governance	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Evidence-based policy and decision-making	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Minimum Program of Priorities for MTDP 2024-2029														
Rapid, inclusive, sustainable economic growth and job creation	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Reduce poverty and tackle and high cost of living	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Improve delivery of basic services and bring stability to local government	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Investing in people through quality education and healthcare	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Rebuild the capability of the state and create a professional public services	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Strengthen law enforcement agencies to address crime and corruption	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Social cohesion and nation building	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Foreign policy based on human rights, constitutionalism and national interest	●	●	●	●	●	●	●	●	●	●	●	●	●	●

“

People are at the heart of our national trajectory, because their resilience determines our future. Technology enables us to leapfrog developmental hurdles. Natural resources are the cornerstone of our economic and environmental sustainability. Financial resources inform the scope for investment in the drivers of inclusive growth. How we deploy these levers to uncertainty, will determine the future we create.

”

Christelle Faul Marais



SA improved slightly from the worst scenario where **'Everybody is in it for themselves,'** although 3 risk themes (**failed State, breakdown in the rule of law, and inadequate human capital**) still drive this future. The scenario of **'Will the real leaders please stand up,'** is influenced by 4 risk themes (**failed public infrastructure, climate change, economic regression and/or stagnation, and inequality and social fragmentation**). Limited progress is being made towards a future of **'Some young leaders taking charge,'** driven by 2 risk themes (**long-term malnutrition and developmental stunting, and political instability**). **Creative technology** is the only opportunity theme pointing to a scenario of **'Everyone leading from where they stand.'**

Prioritising technology as an enabler and greater momentum in dealing with the other risk themes, should drive SA towards a better future over time. A better scenario will only be possible after 2030 if SA makes the right decisions and act now: SA's resilience and sustainable prosperity depend on how individuals, social leaders, organisational executives, governing body members, and politicians respond with a shared vision, cohesive leadership, and good governance, supported by the strategic deployment of people, technology, as well as natural and financial resources.

The risk-based scenarios are summarised in the next table:

BLSA – building an environment in which globally competitive and nationally responsible companies can prosper

Business Leadership South Africa is an independent association whose members include the leaders of some of South Africa's biggest and most well-known businesses.

Through BLSA, South Africa's business leaders engage key players in South African society, including government, civil society and labour, to exchange ideas in our national interest and to create effective dialogue.

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For more information about becoming a member, please contact Busisiwe Mavuso: Bmavuso@businessleadership.org.za



**BUSINESS
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SOUTH AFRICA



Competent people and creative technology

Will the real leaders please stand up?

Short-term likelihood: Moderate | Long-term likelihood: Moderate

Scenario Description
People: Increased regional mobility and collaboration lead to shared prosperity and reduced unemployment. Educational exchanges and joint ventures enhance skills and innovation.
Technology: Joint infrastructure projects improve connectivity and trade within SADC. Collaborative efforts in renewable energy and digital technologies drive regional development.
Natural Resources: Shared management of water and energy resources leads to sustainable development practices and reduced regional conflicts.
Financial Resources: Increased intra-regional trade and investment lead to economic growth and poverty reduction. Joint ventures and regional financial institutions provide capital for development projects.

- **Predicted Key Variables**
- The middle class will remain a small and volatile group.
- Overall inequality will remain high.
- Non-communicable chronic illnesses will become the leading cause of death, compounding HIV/AIDS and TB burdens.
- CO₂ emissions will remain high and effects of climate change will not be adequately addressed, further widening inequality.
- Urbanisation will accelerate alongside rural poverty.
- Social welfare regimes will continue to marginally alleviate poverty.
- Early childhood development will improve steadily.

Everyone leading from where they stand

Short-term likelihood: Low to moderate | Long-term likelihood: Moderate to high

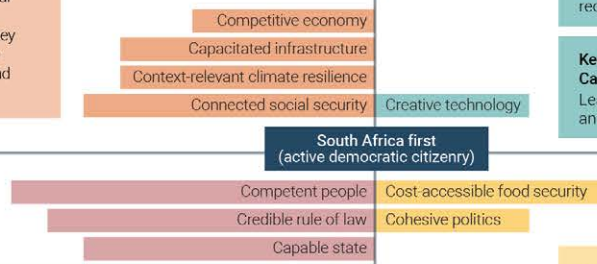
Scenario Description
People: A significant reduction in unemployment, particularly among youth and women, through targeted skills development and inclusive policies.
Technology: Rapid expansion of digital infrastructure, achieving near-universal broadband access by 2030. The state accelerates the deployment of renewable energy sources, including solar, wind, and nuclear power, aiming for a diversified energy mix by 2043.
Natural Resources: Sustainable management of water and agricultural resources, with increased investment in climate-resilient agriculture.
Financial Resources: Enhanced FDI and PPPs, particularly in the infrastructure and green energy sectors. The economy grows by 9.6% by 2043, with a significant reduction in poverty levels.

- **Predicted Key Variables**
- Increased funding for and access to tertiary education will drive greater youth absorption into the economy.
- Civil society and investigative journalists will continue to hold the State accountable.
- There will be increased commitment to long-term thinking in policymaking.
- Regional trade and investments will continue to improve, but with regional immigration a major area of contestation.
- South Africans will on balance, benefit from Southern African growth and BRICS+ membership.

Mismanaged natural and financial resources

Key Driving Force: Social Inequality
 South Africans experience stark inequalities in income, access and assets. The distributions of each are informed by race, gender, generation, and spatial location. While rooted in colonialism and apartheid, they are also propelled by climate change, new technologies and global influences.

South Africa Risk Profile



Key Driving Force: Social Inequality
 Economic growth must address the root causes of inequality.

Key Driving Force: Resentment vs Reconciliation
 Fissures around decoloniality, language, crime, and racism must become seeds of more meaningful reconciliation.

Key Driving Force: Institutional and Leadership Capability
 Leaders must live a common vision, national unity, and collective success.

Key Driving Force: Resentment vs Reconciliation
 Citizens do not share an understanding of SA's history, nor agree on who has benefited from the transition or not. Most people feel that post-democratic South Africa does not belong to them. This is coupled with resentment against those perceived to have benefited unfairly.

Key Driving Force: Institutional and Leadership Capability
 Moral, ethical and human capability erosion in the State, private sector, and civil society is a key influencer of future social cohesion. In the first 30 years of democracy, there was (on balance) an inability of leadership to appreciate the collective interest and work to realise it, the ability to take a long-term view in decision-making, and the kind of ethics and values espoused and practices.

- **Predicted Trends in Key Variables**
- Absorption of low-skilled industrial labour will struggle, but that of high-skilled and service skills will improve.
- Despite improved labour protection, job losses, wage decreases, automation and casualisation will deepen workers' insecurity.
- Youth unemployment will remain high.
- Land reform will be negotiated through competition between traditional leaders, commercial farmers, and the State.
- Single parents and female-headed households will increase.
- The overall crime rate will stabilise, particular crimes will escalate, with women, children and the poor disproportionately targeted.
- Resentment and resistance will continue to intensify without meaningful reconciliation.

- **Predicted Trends in key Variables**
- Access to education will improve, with persisting concerns over quality and equity.
- SA will wrestle over the Constitution.
- State capacity will remain weak but will be more inhibiting of corruption.
- Political leadership will be expressed through increased coalitions and a rising youth voice.
- Social solidarity and sacrifice, albeit contested, become more central to South African values.

Scenario Description
People: Centralisation of power leads to reduced political freedom and civil liberties. State control over key industries increases, with limited space for opposition or dissent.
Technology: The state prioritises surveillance and control over technological innovation, leading to international sanctions and isolation. Energy infrastructure remains underdeveloped, with continued power shortages.
Natural Resources: Aggressive nationalisation of natural resources, including mining and agriculture, leads to inefficiencies and decreased productivity. Environmental regulations are weakened, resulting in increased pollution and resource depletion.
Financial Resources: International investors withdraw, leading to capital flight and economic contraction. Sanctions further isolate the economy, leading to increased poverty and inequality.

Scenario Description
People: Rising social unrest due to high unemployment rates and perceived governmental inefficiency. Increased emigration among skilled professionals seeking better opportunities abroad.
Technology: Slow adoption of digital technologies and infrastructure development, leading to a widening digital divide. Energy shortages persist, with limited progress in transitioning to renewable energy sources.
Natural Resources: Continued over-reliance on coal and other non-renewable resources, exacerbating environmental degradation and hindering sustainable development.
Financial Resources: Stagnant economic growth, with limited foreign investment due to political instability and policy uncertainty. Public debt increases straining state finances.

Short-term likelihood: Low to moderate | Long-term likelihood: Low

Everyone is in it for themselves

Short-term likelihood: Moderate to high | Long-term likelihood: High

Some young leaders taking charge

Incompetent people and disruptive technology

Optimally leveraged natural and financial resources

07

CALL TO ACTION:

Responding To An Uncertain Future

Institutional/
Leadership Capacity



Thandwa Mthembu
Vice-Chancellor & Principal,
Durban University of
Technology

Good
Governance



Carolynn Chalmers
Chief Strategic Officer
The ESG Exchanges
*CEO, Good
Governance Academy*

Good
Governance



Prof Mervyn King
*Good Governance
Academy Patron*
*Co-Chair Emeritus, Value
Reporting Foundation,*
Chair IIRCSA

Sustainability



Alexandra Russel
CRM Prof
Faculty Member
Global Compliance Institute
Board Member, IRMSA

Sustainability



Peter Links
*Director: Risk and
Regulatory*
PWC, The Netherlands

Risk Response
Strategies



Volker Von Widdern
Head: Strategic Risk
Riskonet

Risk Management
Maturity



Michael Duncan
*Fellow, Independent
Consultant
Partner, Lucidum*

Risk Financing
(Insurance)



Pamela Ramagaga
General Manager
The South African
Insurance Association

Risk Financing
(Insurance)



Lizelle Van Der Merwe
Chief Executive Officer
The Financial
Intermediaries Association
of Southern Africa

Risk culture



Totyelwa Dodo
*Risk Intelligence
Committee Member,*
IRMSA

Effective risk response strategies and cost-effective risk financing are crucial for organisations to succeed – and key to building a sustainable, risk-resilient SA. By minimising exposure and maximising response capacity, leaders manage and govern risk as part of their governance and sustainability duties. For the best collective result, individual and organisational behaviours should contribute to a national risk culture and vice versa. In this way, organisations can manage risk to enhance their own results as well as their collective positive impact for the country. Such mature risk management and governance integration will enable optimal resource allocation to create value, which in turn will drive sustainable economic growth, strengthen public trust, and foster a more stable and prosperous SA.



7.1 Institutional and Leadership Capacity

The development of nations is the single biggest, abiding task that has preoccupied the minds of leaders since time immemorial. SA is no different: our institutional and leadership capacity are key driving forces for a better future. If SA's institutions and leaders are incapacitated, we will not survive; if they are optimally capacitated, we will thrive. The enormity, complexity, and nobility of this task requires increasing collaboration among 3 key stakeholders in society, i.e., the State, business and civil society. Invariably, the 4th stakeholder, education, has become the vehicle through which nations pursue this task of development. This forms the basis of quad-helix collaboration to drive transformation and development.

Despite the potential for education to improve the quality of life and livelihoods, access to and the quality of education are perennial challenges. Educational institutions in successful nations innovate and take bold action to find lasting solutions. For example, SA's DUT with its strategy, ENVISION2030, intentionally invests in people to build institutional capacity so as to initiate and respond to change. For DUT, this investment is a strategic leadership imperative.

Strategies like these are explicit calls to action and embrace intellectual shifts,

such as the juniorisation of people (i.e., leveraging fresh young minds) as a resource. It correctly affirms the primacy of human beings as a source of activity and therefore leadership. Embracing mind shifts such as creativity and innovation which manifest in lived realities that inform our choices, practices, and results is what real institutional and leadership capacity building is about. In the creation of leadership through education, the biggest single measure of impact must be how it "contributes towards improving the lives and livelihoods of communities and the broader society". To succeed, education should envision that "our people will be creative, innovative, entrepreneurial and adaptive to changes in the world". Realising these aspirations necessitates that we build resilient and agile leadership cohorts across various levels in organisations and society. For instance, the leadership in the academic sector must urgently understand that erstwhile teaching, learning, and assessment methods are grossly inadequate for the VUCA-reality we face. Therefore, educational and academic staff must be trained in the radical approaches needed to succeed, e.g., problem-based learning and design-thinking. Embedding entrepreneurship in curricula must be a direct response to the reality of shrinking employment opportunities. This approach must be replicated across all organisations and all economic sectors.



SA has no shortage of vision. What it lacks is follow-through. Recent modelling shows how much more rapidly the country could grow, with the right choices. Yet, SA keeps trying to fix outcomes instead of redesigning inputs, and that is the fallacy of reverse engineering. Targeting symptoms without tackling root causes will not deliver growth – the country must stop reverse engineering its future. Only deep investment in human capital can unlock real growth.



Dr Jakkie Cilliers, ISS African Futures

Undoubtedly, there are a multitude of risks and opportunities confronting SA in its entirety. All organisations should actively contribute to responding to these risks and opportunities. They should move with alacrity, think innovatively, and confront the 2 intractable challenges in SA, i.e., access to and quality of education. This should translate into a society with a learning culture, irrespective of age. Above all else, unconventional thinking, bold decisions, and tangible action are needed. This requires taking risks and opportunities to succeed in something novel. This is far better than risk dying while resting on our laurels.



7.2 Good Governance

The convergence of complex, interrelated risks challenges organisations' ability to thrive in uncertain times. Shifting global regulations and rising stakeholder expectations for ethical, transparent, and sustainable conduct are also reshaping the risk landscape. Effective governing bodies are therefore essential to provide clear oversight, ethical leadership, and strategic foresight, thus enabling organisations to respond resiliently to risk. Effective governing bodies align decisions with financial goals and also with responsibilities to people, planet, and long-term prosperity. Governance is not just a safeguard; it is a strategic enabler of sustainable success.

King IV and the King V Draft position the governing body as the steward of ethical and effective leadership, and the driver of long-term value creation. For risk practitioners, this means enabling integrated thinking, where strategy, risk, performance, and sustainability are considered together. An effective governing body aligns risk management with purpose and values, addresses

emerging risks proactively, and designs risk response strategies that support informed, ethical decision-making across the organisation's multiple capitals. ISO 37000 reinforces this view by defining governance as a system of direction, oversight, and accountability focused on long-term viability, ethics, and responsible stewardship. It highlights risk governance, stakeholder engagement, and sustainability as essential for effective risk response. Risk practitioners play a critical role in advising governing bodies on balancing risks and opportunities in support of organisational purpose. Empowered governance enables the risk function to move beyond compliance and to support agility, resilience, and trust.

To lead effectively, governing bodies must embed governance principles into organisations' culture, communications, and operations. ISO 37004 emphasises the importance of applying governance practices effectively and efficiently. This means ensuring governance intentions are understood and acted on via agreed, delegated, and continually improving organisational practices. Governance maturity also depends on behaviour.

Governing bodies should model intellectual honesty, continuous learning, and ask probing, context-driven questions. They should actively engage assurance functions (especially the risk function) as strategic partners. When governing bodies reflect on their own performance, benchmark against best practice, and drive ongoing improvement, they not only reduce organisational threats but turn uncertainty into strategic opportunities for their organisations.

Effective governance demands more than good intent. It requires demonstrated accountability through clear, consistent, and meaningful disclosure. Sustainability, as a strategic imperative, compels governing bodies to embed it into oversight structures, strategy, and cultural norms. By disclosing policies, performance, decision rationales, and impacts, governing bodies build trust and reinforce their accountability to their organisations and by the organisations to their stakeholders. This commitment to transparency and integrity, enables organisations to position themselves to lead with purpose, resilience, and long-term value.

7.3 Sustainability

Sustainability is an integral pillar of effective governance and risk management, particularly in the complex interconnectivity of ESG and economic challenges. In a 2025 survey, 67% of SA CEOs expect significant disruptions from social unrest (more than double the global average) driven by worsening inequality, failing infrastructure, and rising public frustration. The President of SA has also acknowledged intensifying discontent (particularly on water outages) sparking protests and threatening business continuity. These symptoms of systemic failures amplify operational risks, supply chain vulnerabilities, and social instability. Holistic risk and sustainability integration transforms risk management from a defensive effort into a strategic enabler of agility and growth. Organisations adopting this approach align risk management with ESG and strategic planning, to anticipate and respond to climate impacts, resource scarcity, and shifting stakeholder expectations.

SA organisations who embed sustainability in their value chains can innovate and convert vulnerabilities into opportunities. A recent study of 104 JSE-listed entities showed that firms with strong ESG performance consistently outperform peers financially, with governance and sustainability factors positively influencing return on equity and market valuation. For example, Discovery recorded 576m healthy activities in 2024 through its wellness programmes, which integrate social sustainability with products to boost customer health outcomes, engagement, and loyalty. Similarly, incorporating environmental and social sustainability into corporate strategy requires responding to

risks and opportunities affecting all material stakeholders. Woolworths, for example, has integrated sustainable farming and waste reduction into its business model, addressing critical environmental challenges such as water scarcity while supporting local farmers and enhancing food security. This approach mitigates operational risks, fosters stakeholder loyalty, and creates shared value across supply chains. In this way, sustainability investments create value.

SA organisations are also adopting inclusive and sustainable strategies to build long-term resilience and unlock growth. For instance, Exxaro has aligned its business with the just transition to a low-carbon economy by investing in renewable energy projects and community development, thereby managing environmental and social risks while pursuing emerging clean energy opportunities.

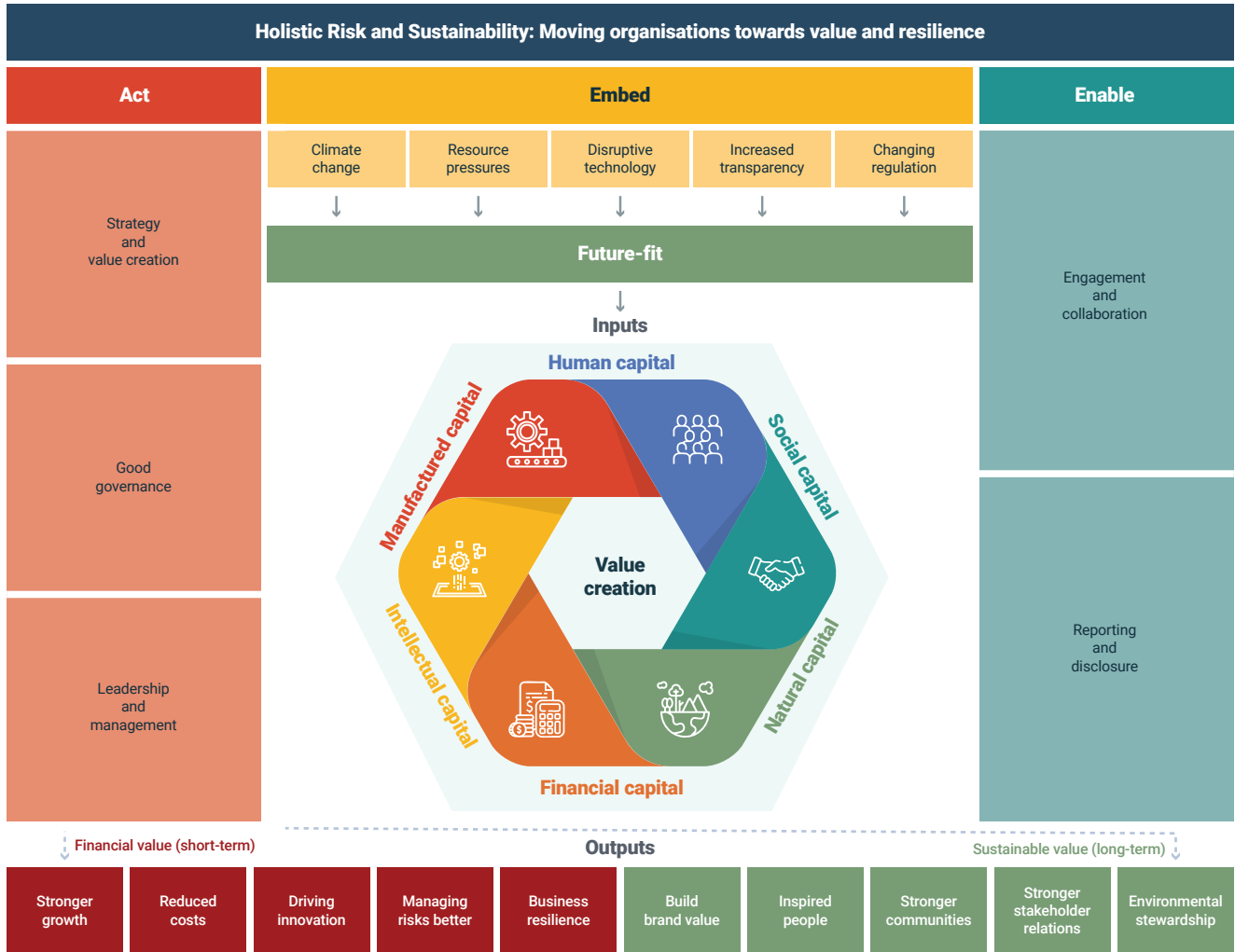


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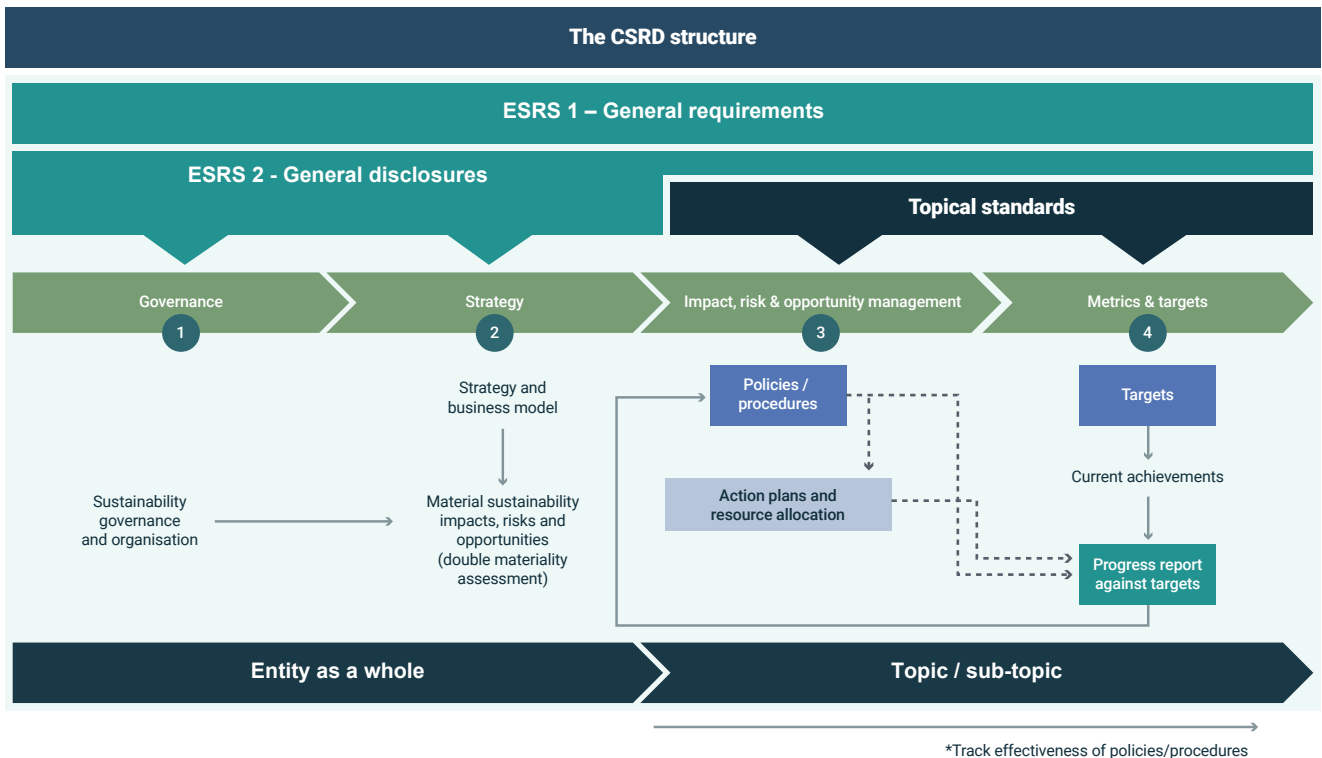
Similarly, SPAR SA's rural hub programme supports small-scale farmers and improves food security in underserved areas, thereby strengthening social capital, enhancing supply chain resilience, and fostering customer loyalty. By focusing on multiple capitals of value creation, these entities deploy comprehensive long-term perspectives to thrive amid uncertainty and drive inclusive growth – while aligning with the NDP and SDGs.

Will these governance and sustainability initiatives cause more onerous legislation in the near future? For instance, risk

professionals in the EU are contending with the EU's CSRD, aimed at enhancing and standardising sustainability reporting. It requires detailed disclosures on ESG impacts, risks, and opportunities by disclosing 1 000+ datapoints (depending on their in-scope reporting topics, based on a double materiality assessment). The CSRD mandates increased transparency, accountability, and comparability in sustainability practices to better inform stakeholders and drive transformation. It requires disclosure of specific policies, targets, action plans, metrics, risk management, and internal controls,

with an emphasis on the credibility of the disclosures (i.e., data accuracy and completeness). It also requires external auditors to provide limited assurance on the information being disclosed. SA organisations have robust and leading sustainability reporting practices, driven by the King Committee's work. Similar to how the EU's GDPR translated into SA's POPIA and as the EU continues to become the world's 'policy-setter', more rigorous sustainability disclosure requirements could manifest in SA in the future. This would require non-financial risk and control disclosure with the same rigor as financial disclosure.





RISKONET ADDS SUSTAINED VALUE TO CLIENTS, INSURERS AND BROKERS BY ENHANCING RISK MANAGEMENT WITH MARKET COLLABORATION

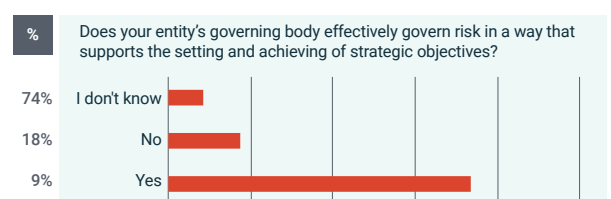
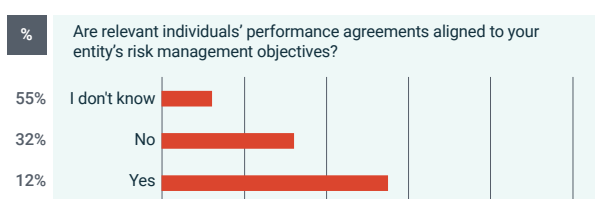
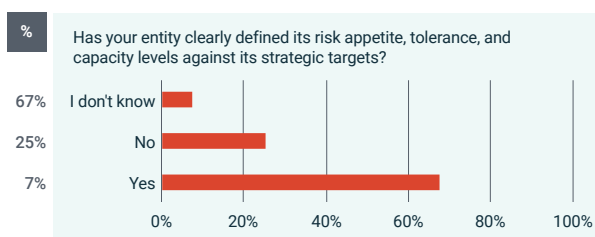
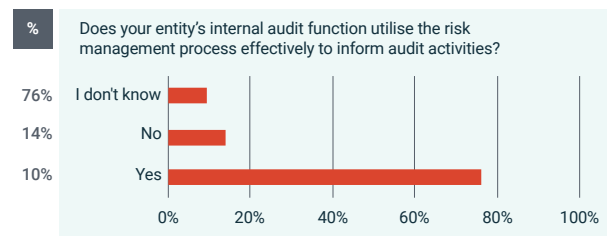
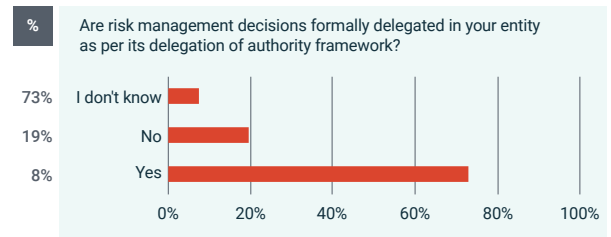
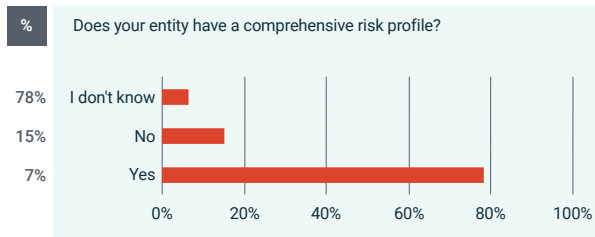
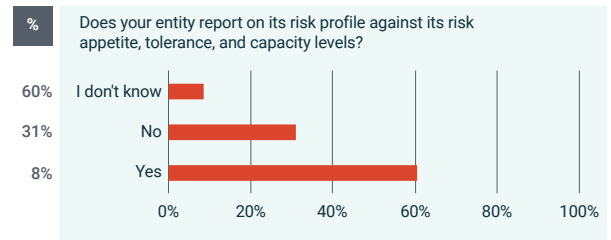
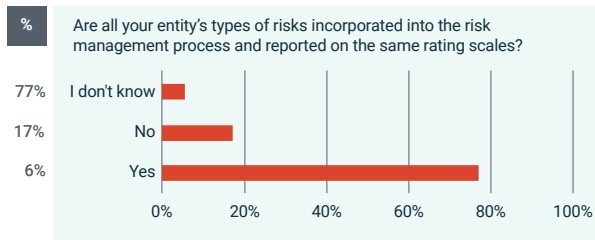
AS RISKONET SUPPORTS IMPROVED RISK MANAGEMENT CAPABILITY AND CAPACITY



CLIENTS BENEFIT FROM OPTIMISED INSURANCE COVER AND REDUCED CLAIMS



7.4 Risk Management Maturity



Three key trends are clear from this year's risk maturity survey results:

- Risk profiles, risk management, and decision-making processes are established.
- Independent risk oversight and risk governance are recognised competencies.
- The actual implementation of agreed risk response strategies and managing performance in relation to those strategies seems to be lagging.

Given these results, organisations should start implementing the practical benefits of their risk management and risk governance activities, so that all employees are part of the risk management effort. Practically, this includes the following:

- Integrate risk management (e.g., KRIs) into departmental and individual strategic and operational performance metrics.
- Leverage technology (e.g., transactional, generative AI-enabled risk identification) and deploy risk responses in real time, while incorporating human oversight, accountability, and risk governance.
- Link risk appetite to strategy and budget cycles, and include risk response activities in resource planning and budget allocations.
- Participate in cross-sector collaboration for interdependent risks affecting the national economy (e.g., infrastructure, cybersecurity, and climate change) on risk sharing, lessons learned, and cohesive action planning and implementation tracking.



7.5 Risk Response Strategies

Historically, SA's risk response strategies have not kept pace with its increasing risk exposure, so the risk profile has increased. However, significant changes over the last 12 months have clearly demonstrated the need for resources (people, technology, natural resources, and financial resources) to be optimised

for positive impact in the national interest. The risk responses in the table below are aligned to the risks and opportunities presented in this Report. Although the list is not exhaustive, organisations should contribute to these responses (in context of their circumstances and role in the economy).

Organisations should **optimise** (strengthen/leverage what exists), **transform** (unlock existing capabilities), **strategise** (influence national strategies), and drive **sustainability** (deliberate long-term actions) when exploring these risk response in their own contexts.

	2024	2025	Drivers / sources	Mitigations
1	Unstable Coalitions	Political instability	Increasing pressures undermine the foundations and principle agreements of the political centre, e.g., inadequate policy consensus/engagement, preparation for elections in 2026/2029, pressure to address opinion polls results, preservation of political identities, ideological differences, and trade tensions.	Reformulated basis for key policies that political centre supports, improved investment climate for local and international investors, sustainable models for at least 5% growth, and prioritised capability of population to become economically active rather than fostering continued social grant dependency.
2	Functional State	Failed State	Failure to operate public institutions at appropriate standards, inadequate or insufficiently capable officials, unobjective and inconsistent accountability models, and eroded service delivery and infrastructure maintenance.	Objective measurement of performance, maintenance of appropriate execution and developmental standards, accountability for failed performance and poor delivery on public services and infrastructure.
3	Fraud and Corruption	Breakdown in the rule of law	Rising crime without meaningful consequences (low prosecution and conviction rates), inadequate resources and skills at NPA, inadequate testing of public sector suppliers for pricing, connected party, fraud and corruption, and other misbehaviours.	Independent investigative bodies for law enforcement units, competent SOE boards, lifestyle/ related party audits for public procurement and testing of contracts, NPA incentivisation and capacitation funded from confiscated assets
4	Functional State	Failed public infrastructure	Underinvestment (inadequate capex budgets) and misapplied spending (corruption and inappropriate economic models) 3 network industries create ongoing and future load, water, logistics shedding, impeding economic growth and quality of life.	Ringfenced, independently managed capex for 3 network industries, appropriate to medium-term capacity needs. Medium- to long-term economic development models to include private sector and international best practice execution platforms.
5	Skills & Education	Insufficient human capital	Inappropriate primary education learning and development plans, misaligned teacher qualifications and abilities for future skills requirements, teacher performance management impeded by unions.	Absolute commitment to Reading for Meaning by Grade 4 standards, supported by early interventions and technology based education support that prioritise STEM development in education.
6	Disruptive Technology	Outdated / disruptive technology	AI acceleration increases social divide, legacy systems and poor service platform integration increase frictional costs and delay service outputs, skills deficit in SET sectors increases cyber-risk exposures and constrains technology developments.	Inventories of current state and key gap defined, commercial and collaboration opportunities to create new systems at scale, system protection protocols for cyberthreats, current and future skills frameworks with fast tracked resourcing plans.
7	Economic Decline	Economic regression and /or stagnation (internal factors)	Ongoing economic growth below population growth, reducing capacity for taxation, increasing social wage costs, unattractive local investment climate drive gross borrowing and interest expenditure, and high interest rates to protect exchange rate. Leads to fiscal cliff, economic stagnation, and IMF bailout.	Intensively utilise PPPs to unlock medium- and long-term investment that grow fixed capital formation by 30% p.a. (e.g., privatisation, build-operate-transfer, concessions) with objective capital allocation models for SOEs or alternative service and/or infrastructure providers, including international partners.
		Economic regression and /or stagnation (external factors)	Significant changes to trade arrangements, destabilised industrial capacity, mining and agriculture exports make SA an unattractive investment destination, devalue the Rand, and cause increased inflation.	SEZs introducing new intellectual property, industrial capacity, and skills development – incentivised by labour resourcing flexibility, minimum red tape and regulatory or B-BBEE charges (with incentives normalised once targeted returns are achieved).
8	Societal Security	Inequality and social fragmentation	Inadequate performance of health and education systems (for those unable to access alternatives) create poverty and unemployment traps. Skewed spending allocation on management and administrative overheads instead of social support and upliftment. Social grants not linked to productivity initiatives. Inadequate focus from SAPS and municipalities facilitate crime and social ills.	Measured delivery of health and education against efficient and effective standards, particularly in poor and rural areas. Alternative State and local authority delivery systems (e.g., health and education vouchers linked to performance of providers). Incentives to employers to provide social services to dependants of employees (e.g., relief on red tape, exemption of employment taxes, SDL, SETA costs).
9	Extreme Weather	Extreme weather events and changing weather patterns	Highly energised atmosphere and shifting weather patterns induce extreme weather (severe droughts, floods, heatwaves, wind, snow-, and hailstorms) and damage agriculture, infrastructure, social stability, and economic returns. Desertification of Western areas and unstable tropical weather in Eastern areas will impact key agriculture and population dynamics.	Climate severity modelling for extreme events (hail, flood, wind) and topographical reviews, and seasonal effects (drought, heatwaves). Scenario and economic modelling to determine options for risk management and transfer. Natural catastrophe reserve funds and risk smoothing finance facilities independent of local/regional budgets.
10	Food Security	Long-term malnutrition and developmental stunting	Soil erosion and degradation without localised support and monitoring, subsistence farming highly exposed to weather volatility, unbalanced diets expose population to higher risk of illness and poor development, lack of access to fertilizers and pest controls diminish crop outputs.	Widespread deployment of technology enabled sustainable farming support and nutrition plans, e.g., micro-irrigation combined with soil nutrients, replanting of suitable flora to alleviate erosion, food and water purification supplements, and education to balance diets and improve water quality.



7.6 Risk Financing

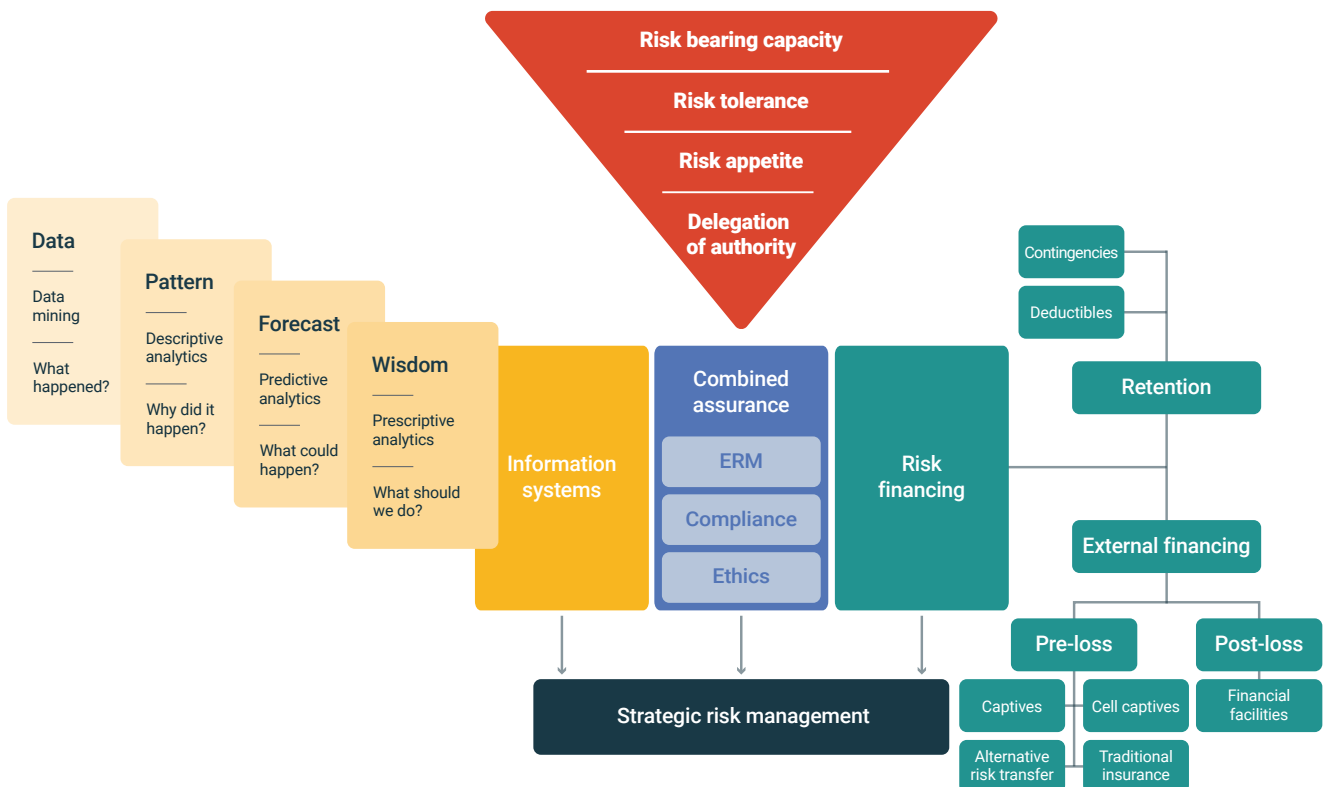
Short-term insurance has always been considered a safe haven as a means of risk transfer of the last resort. Before the evolution of cyber, environment, directors and officers, reputation and other risks, adequate insurance protection could be accessed for most corporate risks. However, some risks are now systemic, as their potential aggregate exposure is beyond the financial resources of the insurance industry. This global protection gap (i.e., the difference between actual economic losses and the insured losses) is estimated at ~60%, and ~85% in SSA specifically, with only 15% of actual economic losses covered by insurance. This has prompted governments (often through PPPs) to step in, resulting in ~500 insurance pools worldwide. Africa has ~12 major State-backed pools, covering natural catastrophes, riot, and strike damage (e.g., SASRIA in SA), oil and energy, agricultural exposures, and others. Experts warn that the protection gap is likely to increase across all lines of insurance, as the frequency and severity of many of these risk events cause insurers to either withdraw or reduce insurance coverage, or to significantly increase premiums. The following table illustrates the point with a few examples:

Risk	Financial implications from recent predictions
Climate Change	<ul style="list-style-type: none"> The cost to adapt to climate change in SSA alone is estimated at up to US\$50bn. AON estimates economic losses in Q1 of 2025 to be at least US\$83bn (versus the 21st century average of US\$61bn). Governments' attempts to respond to the risk through mandatory insurance covers will impact organisations. Related risks include biodiversity loss, ecosystem collapse, and spread of vector-borne diseases.
Pandemics	<ul style="list-style-type: none"> Lloyd's predicts future global pandemic-related losses of ~US\$14tn, with limited cover for resultant business interruption.
Geopolitical Tensions	<ul style="list-style-type: none"> Lloyd's and the Cambridge Centre for Risk Studies predict that geopolitical conflicts could generate US\$14.5tn in economic losses worldwide over the next 5 years. In Africa, 1 in 5 countries experience political unrest, led by West Africa and the Sahel Region.
Supply Chain Vulnerabilities	<ul style="list-style-type: none"> ~11bn tonnes of goods are transported by sea and closure of major trade routes is the greatest threat (e.g., Europe's dependency on sourcing semiconductors and electronic parts could cause losses of ~US\$3.5bn if key routes are closed).
Cyber	<ul style="list-style-type: none"> The July 2024 CrowdStrike attack affected ~8m Microsoft users globally. According to the FBI, the global cost of cybercrime exceeded US\$16bn in 2024, more than 30% higher than in 2023.
ESG and other Regulations	<ul style="list-style-type: none"> In a FERMA poll of 1,000 risk management professionals from across the globe in 2024, ESG and how to keep pace with the rapidly changing regulations, compliance and reporting requirements were raised as one of the biggest concerns.
New and Emerging Risks	<ul style="list-style-type: none"> New and constantly emerging risks will be more impactful. Liability insurers globally are concerned about risks such as the health-related risks associated with PFAS (colloquially known as 'Forever Chemicals') and microplastics, exposure to which can lead to serious health issues, including various forms of cancer.

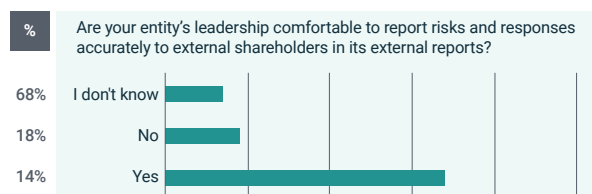
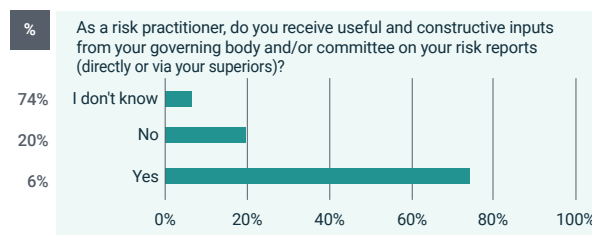
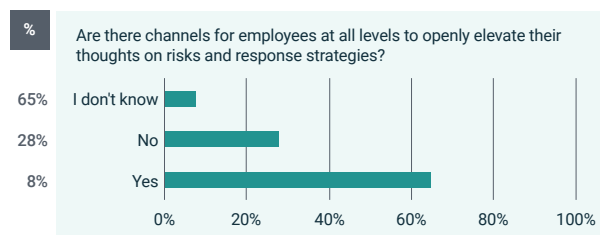
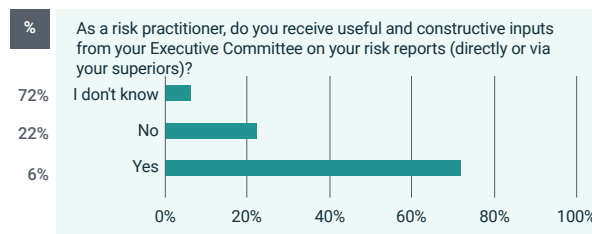
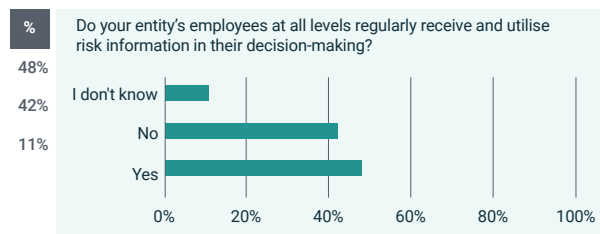
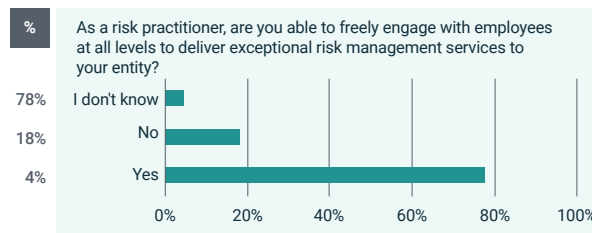
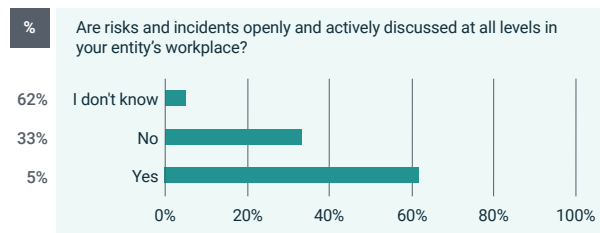
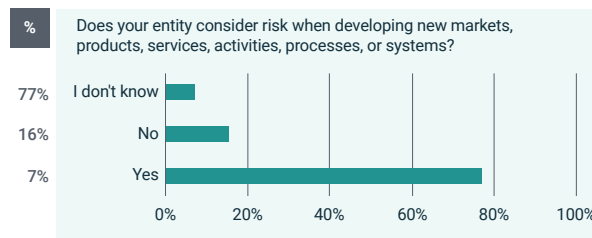
Whilst insurance will remain a key risk transfer mechanism, conventional insurance approaches will become less relevant. This is illustrated in the Integrated Reports of listed firms indicating that their top risks mostly fall outside of conventional insurance. Similarly, in a 2024 poll, 53% of corporates indicate that significant parts of their risk portfolios have or will become

uninsurable. Consequently, most boards and executives do not regard insurance as a key part of their strategies. As insurance cover becomes increasingly unavailable and unaffordable, risk managers must find alternative risk response strategies, including additional risk control measures and alternative market solutions (e.g., captives, parametric insurance, or capital market solutions). In this context,

it is abundantly clear that risk managers must collaborate more closely with their risk transfer or insurance counterparts. Success will be determined by the integration of rich data insights, with robust risk appetite frameworks to drive quality risk decisions, supported by ethical and compliant processes to deliver suitable risk financing solutions, as demonstrated below:



7.7 National risk culture and values designed for success – South Africa first



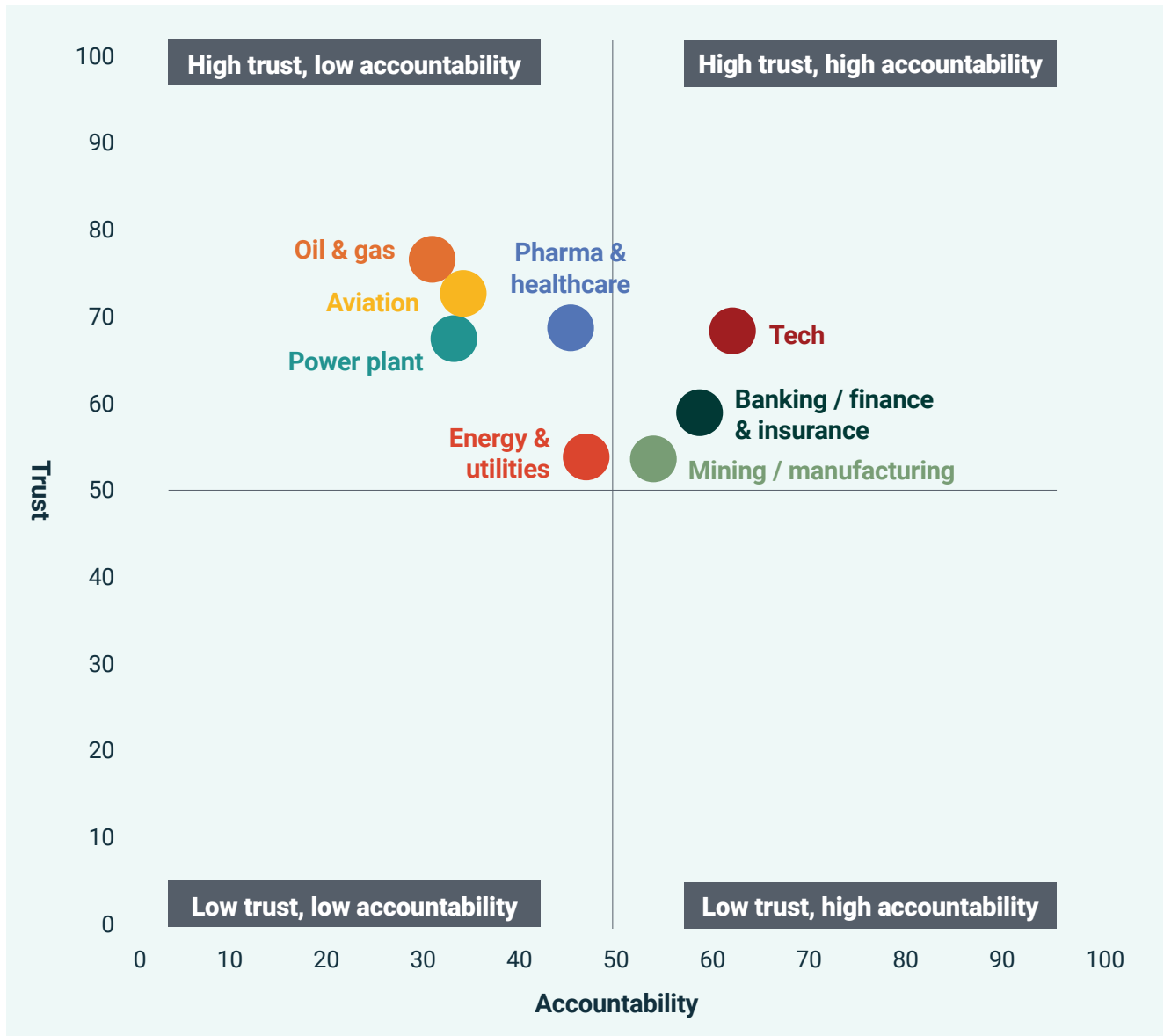
This year's risk culture survey results indicate 3 clear trends:

- Organisational leaders consider risk when making strategic business decisions.
- Risk Managers are accommodated and enabled to deliver on their mandates.
- Other employees (non-risk managers and non-managerial employees) are less involved and/or equipped to deal with risks as part of their day-to-day activities.

An enabling 'national risk culture' includes the fundamental societal skills to respond proactively to risk. From the highest national and corporate authority to risk practitioners, line managers, other non-risk and non-managerial employees, right down to ordinary citizens – people must be capable and competent to deal with risk every day. The survey results indicate that 'other employees' may be lacking this capability and/or competency and therefore, the risk culture may not yet fully enable better national outcomes.

When national cultural values and organisational practices align, people are more likely to actively manage risk.







“

...psychological safety can be built intentionally in any national culture, by leveraging strong organisational cultures and values.

”

The IRMSA survey findings correlate with a recent global study combining organisational and national culture models, showing that both impact risk behaviours. Psychological safety (i.e., the belief that people can report mistakes and challenge decisions without fear) is a key determinant of whether risk is dealt with or not. However, psychological safety is not evenly distributed: it declines as hierarchy increases, as compliance structures harden, and as short-term pressure outweighs long-term thinking. In high 'power distance' and 'uncertainty avoidance' cultures, people hesitate to speak up. Smaller groups outperform larger ones on trust and accountability, while larger compliance-heavy groups face weaker risk behaviours. Homogeneous teams feel more comfortable, but well-led diverse teams are more likely to

challenge blind spots, surface risks, and respond innovatively. High trust, high accountability groups are best positioned, combining psychological safety with high standards. Aligning national culture dimensions (power distance and uncertainty avoidance) with organisational culture dimensions (control, professionalism, and strategy) can activate psychological safety and a proactive risk culture. National culture does not seem to strongly determine psychological safety outcomes. Thus, psychological safety can be built intentionally in any national culture, by leveraging strong organisational cultures and values. It is now recognised that technical focus is not enough to drive risk culture – organisational governing bodies (leadership), technocrats (risk practitioners), and general employees need to feel psychologically safe enough to respond to risk proactively



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08

RISK AND OPPORTUNITY THEMES:

Dealing with uncertainty

Having considered the potential futures we face as well as the culture and competencies required to respond to the risks and opportunities that determine those futures, we now turn to a deeper analysis of the risks and opportunities themselves. We unpack each of the ten national risk and opportunity themes, consider how they manifest across society and how best to respond to them. This helps us understand where we are today and what must change to influence the future positively.

The top risks and opportunities are summarised in the table below:

Opportunity		Risk Theme	Risk Description
 1. Cohesive Politics		Political instability	Political instability, weakened State authority, and social fragmentation due to an absence of legitimate, ethical, and effective formal political leadership, participation, processes, or structures, as well as informal practices and norms, through which society governs itself.
 2. Capable State		Failed State	Failure by the State to protect citizens' fundamental rights by upholding the Constitution and rule of law, implementing a coherent policy framework for economic development, and delivering services through administrative and operational capability and capacity.
 3. Credible Rule of Law		Breakdown in the rule of law	Disintegration of the system through which the State, as a sovereign and constitutional democracy, ensures that individual rights and liberties are protected and that breaches of such rights and liberties are dealt with in line with the Constitution.
 4. Capacitated Infrastructure		Failed public infrastructure	Failure to develop and maintain physical and organisational structures, facilities, and systems including energy grids, water networks, transport and logistics channels, and digital technology networks of the necessary scale, reliability, efficiency, and resilience needed to sustainably meet public and economic demands.
 5. Competent People		Insufficient human capital	Failure to deliver quality ECD, primary, secondary, and tertiary education, and relevant skills training with diverse, equal, and inclusive innovative opportunities to build and sustain transformational development goals in a technologically transforming future.
6. Creative Technology		Disruptive technology	Compounded, unpredictable and emergent consequences across digitally enabled and autonomously interacting value chains that could cause safety incidents, financial losses, destabilised organisations, and legal liabilities of varying scale and severity.
7. Competitive Economy		Economic regression and/or stagnation	Financial losses and instability due to factors such as policy uncertainty, high unemployment, energy shortages, currency volatility, and structural inequalities, which can undermine investment, economic growth, and fiscal sustainability.
8. Connected Social Security		Inequality and social fragmentation	Increased socio-economic hardships, deepening inequality, and further erosion of public trust, potentially destabilising and/or overwhelming governmental, social, environmental, and economic systems.
9. Context-Relevant Climate Resilience		Extreme weather events and changing weather patterns	Extreme and intensifying weather events and changing weather patterns due to failed global, regional, and national climate change mitigation, augmented by insufficient adaptation to strengthen resilience including a failed just energy transition.
10. Cost-Accessible Food Security		Long-term malnutrition and developmental stunting	A lack of cost-accessible food (due to a convergence of environmental, socio-economic, and governance challenges), which leads to malnutrition and developmental stunting in the majority of households, weakens workforce productivity, strains health systems, and undermines political stability, economic development, and sustainable social transformation.



8.1 Cohesive Politics



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Ndzalama Mathebula
Researcher Dept of Politics and IR, University of Johannesburg



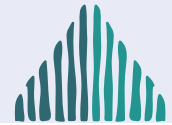
Prof William Gumede
Wits School of Governance, Democracy Works Foundation, Institute for Social Dialogue

“

Umoja ni nguvu, utengano ni udhaifu

(Unity is strength, division is weakness)

”



Risk: Political instability, weakened State authority, and social fragmentation due to an absence of legitimate, ethical, and effective formal political leadership, participation, processes, or structures, as well as informal practices and norms, through which society governs itself.

Key Definitions: A 'cohesive political system' means the set of formal legal institutions, processes, and structures, as well as informal practices and norms, through which a society organises governance, makes collective decisions, allocates power and resources, and regulates relationships between the State and its own citizens.

Causes: As SA transitions from a dominant one-party State to a mature democracy, the following aspects may increase our risk:

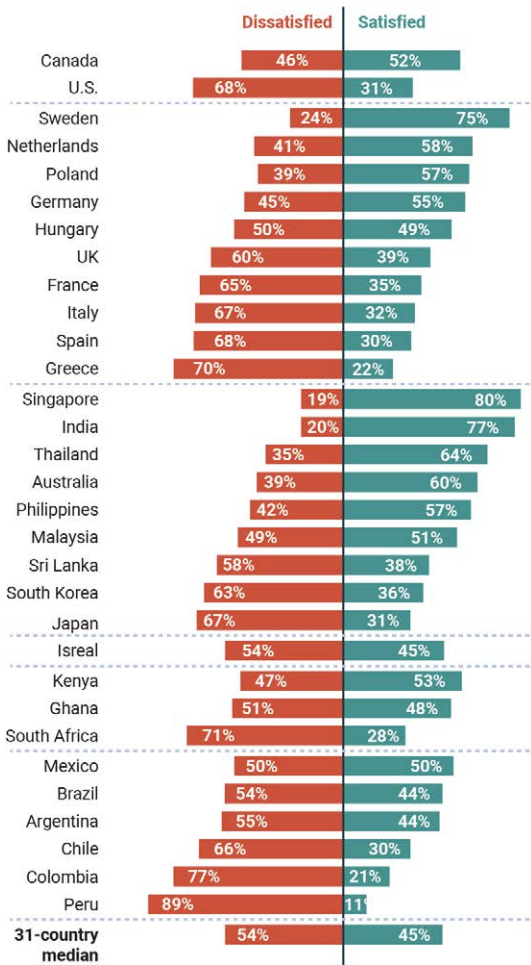
- Political interference affects State and SOE delivery (e.g., network industries, national departments, and municipalities).
- Ideological differences in the GNU and heightened political conflict divert the 7th Administration's focus from the Minimum Programme of Priorities 2024-2029.
- Policies that are perceived to be incoherent and/or detrimental to growth (e.g., NHI, Expropriation) cause political and social conflict if not resolved inclusively.
- A dysfunctional GNU destabilises the State, erodes economic reform efforts and investors' confidence, thereby impairing the means to fund positive change through coherent and growth-focused national policies into the future.

Consequences: Geopolitically, the following could create diplomatic uncertainty with tangible negative impacts for SA:

- Conflicting views of SA's international policy versus the stated GNU priority of foreign policy based on constitutionalism, human rights, and the national interest will create more uncertainty, which may translate into lower investment and economic decline.
- The consequences of a loss of focus on the national interest during diplomatic and/or military initiatives may have broader systemic impacts than may be foreseen.
- Underestimating the need for robust diplomatic statesmanship in the national interest, as manifested in the impact of aid cuts by the USA, tariffs imposed on selected SA products, and excluding SA from AGOA may all affect the economy detrimentally.
- Resultant socio-economic hardship, job losses, and discontent may lead to unrest, disruptive events, and social fragmentation.
- Longer-term fragile relations with the USA may have systemic economic impacts (e.g., reduced investor confidence, FDI flight).
- Introduction of USA sanctions against selected leaders may introduce unpredictability in the SA political environment.

Many people worldwide are dissatisfied with the way democracy is working

% who are _ with the way democracy is working in their country.

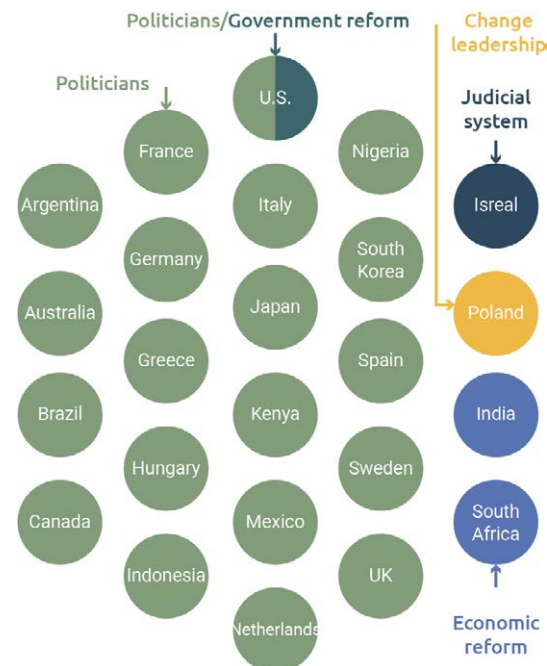


Opportunities: These national and international dynamics could present opportunities to pursue, promote or expedite:

- Delivery on the Minimum Programme of Priorities 2024-2029 will create immediate political and social capital for all parties.
- Resolution of ideological differences will support political maturity, e.g., acceptance of the need to critically evaluate political information in the national interest versus blind loyalty – in order to build a legitimate social compact.
- If current ideological differences remain unresolved, new and younger parties may be formed, with the intellectual and ethical credibility to hold the ideological political centre, especially in the municipal elections in the coming years.
- Coordinated integration of society and communities' voices into the State's structures at national, provincial, and local government levels (leveraging technology), will strengthen the social compact, trust in the State, and good governance.
- Active policy support for local economic activity will spur growth and support internal economic resilience more sustainably.
- Loss of the USA export market may catalyse economic policy reform and diversified trade in SA goods across the globe and particularly in Africa, especially if SA's participation in AfCFTA is leveraged optimally.
- Prioritising revenue generation and protection (e.g., tax collection) and strategically regulated (but not stifled) new revenue streams (e.g., legitimate cannabis entrepreneurs through SAHPRA-regulated procedures) could open up more inclusive economic activity.
- Prioritising basic services and combatting crime through cohesive politics will catalyse economic growth and improve equality.

People in most countries surveyed suggest changes to politicians will improve democracy

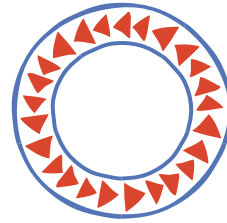
Most frequently mentioned topic when people describe what would help improve the way democracy is working in their country.



“
Good risk management requires that the speed of decision-making and implementation of risk response actions be optimally matched to the pressure, onset, and velocity of the risk. Since 2023, South Africans have been saying that economic reform will have the single biggest impact on their level of satisfaction with the way democracy is working for them. The longer it takes to address economic reform as a root cause for the risk of a failed democracy, the more the risk pressure will increase, and the greater the impact will be once the risk starts materialising
 ”



8.2 Capable State



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CRM Prac,
Independent Risk
Professional



Mohlala Tabudi
Certified FRM,
Senior Financial Analyst,
DoT



Katlego Majola
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Risk Professional



Dr Christopher Whittle
Head, ESG and Risk
Advisory, Nesma &
Partners



Cedric Boltman
NED, Non-Executive
ERMC Chair, Non-
Executive ARC Chair

“

***Pela e tlhokile
mosela ka go
romeletsa***

*(A rock hyrax does not have
a tail because it delegated
fetching one to other
animals)*

”



Risk: Failure by the State to protect citizens' fundamental rights by upholding the Constitution and rule of law, implementing a coherent policy framework for economic development, and delivering services through administrative and operational capability and capacity.

Key Definitions: A 'capable State' means a sustainable constitutional and developmental democracy that ensures long-term stability amid changing social, economic, and environmental conditions. It is based on a constitution as the supreme law, strong institutions, and credible leadership. It is delivered through local government structures, supported by provincial and national government structures.



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Causes: The factors outlined below hamper the State's administrative and operational capability:

Factors hindering citizens from benefiting from the State's mandates, duties, and activities:

- Unaffordable and unreliable key national utilities (e.g., water, electricity), public infrastructure (e.g., roads, ports), and public transport due to continued degradation, poor maintenance, mismanagement, and underinvestment.
- Deterioration of towns and cities and worsening urban decay.
- Insufficient climate change adaptation and response to extreme weather events requiring reprioritisation of resources.
- Continued poor education outcomes, declining access to professional skills, and exacerbated domestic skills shortages due to excessive bureaucratic immigration requirements and skills emigration.
- Poor healthcare outcomes, driven by policy uncertainty around universal healthcare objectives.
- Inadequate disaster management programmes marred by siloed approaches and poorly coordinated response strategies.

These are exacerbated by the following residual elements of State capture not being addressed timeously and effectively:

- Weak leadership, governance failures, lack of accountability and poor consequence management for non-delivery.
- Continued and increasing unauthorised, irregular, fruitless and wasteful expenditure.
- Ongoing financial mismanagement in municipalities (only 34 out of 257 achieved clean audits as per the 2024 AGSA Report).
- Apathy towards unethical behaviour, insufficient consequence management, and embedded systemic corruption.
- Failure to address the FATF money laundering and terrorist financing concerns that resulted in SA's greylisting.
- Unabated, embedded crime and corruption undermining citizens' safety and increasing the costs of living and doing business.

The GNU's inability to deliver good governance, accountability and economic growth contributes to State failure as follows:

- Increasing political polarisation and governance fragmentation undermining unified solutions for critical issues.
- Diverging priorities among GNU partners create tensions, delay reforms, and undermine national policy coherence.
- Deeply embedded structural weaknesses hinder efforts to ensure electricity and water supply and improve infrastructure.
- Persistent technical, project, planning, and management vacancies for key posts impede service delivery.
- Fragile, dysfunctional local government coalitions, characterised by poor leadership, ineffective decision-making, delayed approval of budgets and appointments, interference with revenue collection, and disrupted basic service delivery.
- A lack of practical policies and action plans to address the resultant increasing unemployment, poverty and inequality.



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Intelligence Generation and Awareness
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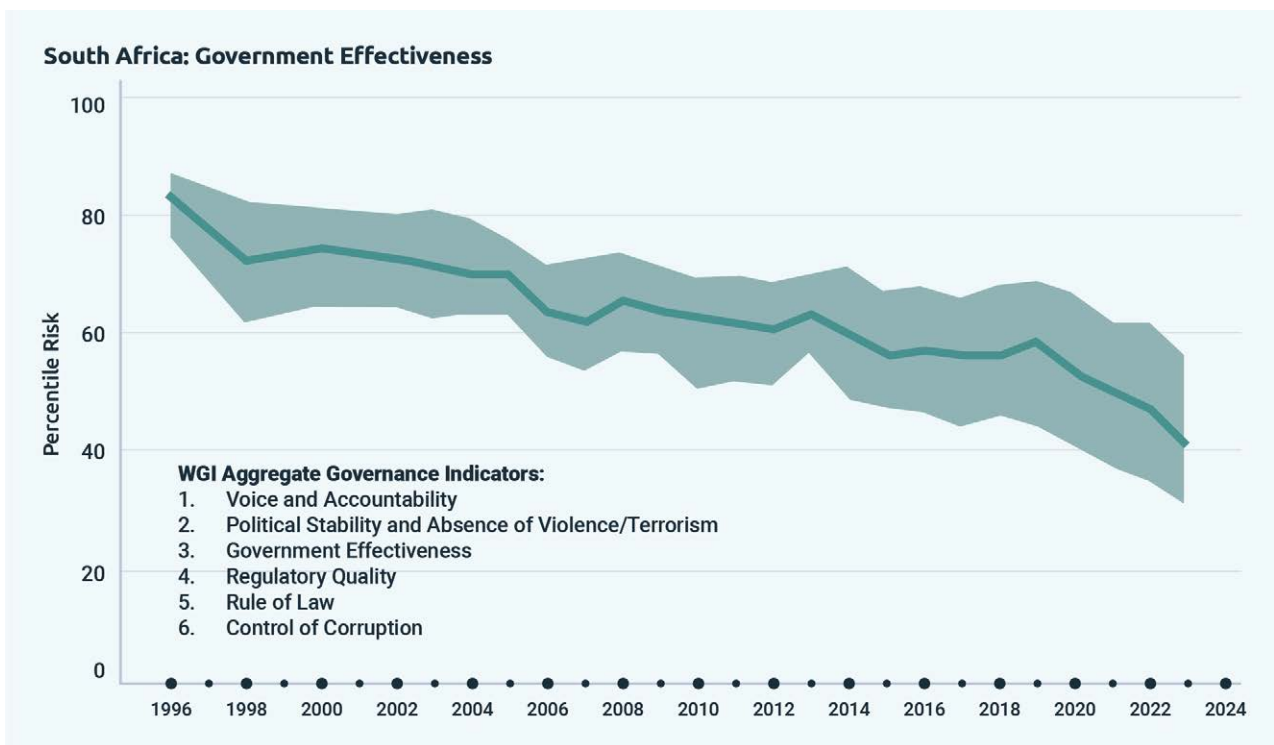


Consequences: The result could be a further widening of the trust deficit and public disillusionment with the State as follows:

- SA's government effectiveness score in the Worldwide Governance Index based on six pillars, may decline further.
- Economic decline, increased cost of living, deepening inequality and income disparities, higher unemployment, compromised public health, and extreme poverty (particularly among young people) may persist in the long-term.
- SA's competitiveness may decline, with inadequate domestic investment, reduced FDI, credit rating downgrades, increasing budget deficits, and ultimately FATF blacklisting.
- Citizens may benefit less equally from constitutional rights to the detriment of their economic well-being and social cohesion.
- A general culture of public scepticism, reduced civic engagement, compliance, and increased crime driven by unresolved grievances, opportunistic misinformation and disinformation, increased protests, strikes, social unrest and a failed State.
- An individual and corporate tax revolt and withholding of tax to fund service delivery interventions where the State fails.

Opportunities: With political will and focused leadership, the following can be leveraged within a relatively short timeframe:

- Fast-track digital platforms for service delivery (e.g., e-Government portals, mobile apps) on the back of high mobile penetration in SA – frequencies and connectivity challenges must be addressed to enable this more effectively.
- Quick wins include the digitisation of Home Affairs services (ID, passport renewals) through PPPs (e.g., with the banks), improving online UIF and social grant systems, and centralising citizen data for one-stop government services.
- Some areas already use SMS and WhatsApp channels – expand and enhance this model for better results.
- Billing reform and improved revenue and tax collection will bring the most benefit to enable a capable State.
- Utilise working PPPs and technology models to turn around problem areas in all types of government organisations.
- Quick wins include deploying district development model support teams (engineers, planners, auditors) and delivery of infrastructure and services, especially in health, education, and transport.
- This could be introduced through small-scale PPP pilots in clinics, school infrastructure, or housing.
- Promoting circular economic activities in the primary and secondary economic sectors may render immediate benefits.
- Streamlining PPP regulations further to attract investment and tapping in local business chambers for support will add value.



Source: World Bank's Worldwide Governance Index – Government Effectiveness Ranking



8.3 Credible Rule of Law



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 Founder, Simply Ethics



Jonathan Le Roux
 CRM Prof,
 Chief Risk Consultant,
 Botswana Lucara



Ravi Naicker
 Corporate Member Rep,
 Director, Align Risk &
 Forensics



Adv Thokozani Mvelase
 Corporate Member Rep,
 Chief Executive Officer,
 COMRiC



Dr Peter Goss
 Corporate Governance
 & Forensic Audit
 Investigation Subject
 Matter Expert



Adv Natasha Pramchand
 Trailblazer and Thought
 Leader

“
Le fa o ka e buela lengopeng, magakabe a go bona
(Even if you skin it in a gorge, the pied crows are watching you)
 ”

Risk: Disintegration of the system through which the State, as a sovereign and constitutional democracy, ensures that individual rights and liberties are protected and that breaches of such rights and liberties are dealt with in line with the Constitution.

Key Definitions: ‘Rule of Law’ means the integrated system of principles and processes that aligns legal frameworks with ethical values and good governance to ensure fairness, justice, and equality before the law, and upholds fundamental human rights while preventing abuse of power. It is supported by competent and adequately capacitated law enforcement, prosecution, judicial, and correctional services that act with integrity and enforce accountability for breaches of ethics and governance principles.

Causes: The prevalence of fraud and corruption remains a key risk driver, as demonstrated by the following:

- The 2022 ‘Zondo’ Report and other sources revealed extensive systemic corruption, by high-ranking public (e.g., Eskom, Transnet) and private (e.g., Steinhoff, Tongaat Hulett) sector organisations. Further instances of mismanagement of relief funding and aid for specific humanitarian purposes have also been reported.
- While regulatory actions and prosecutions have commenced, the full force of the law is yet to manifest, thereby still contributing to public apathy and mistrust.
- Despite progress, SA’s score in Transparency International’s Corruption Perception Index remains at 41 since 2023, below the world average of 43 (although above the SSA average of 33).

Consequences: In the absence of expedited responses, negative consequences with secondary risks may include the following:

- Increasing crime, from opportunistic, petty crime and violence to sophisticated criminal schemes by organised syndicates.
- Further disillusionment and erosion of public trust, driven by corporate governance failures at diverse organisations beyond listed companies and SOEs, causing service delivery and infrastructure failures – thus deterring FDI and hindering economic growth to fund socio-economic development and transformation.
- Further deterioration of the rule of law fuelled by the failure to attract skills due to lack of political will to capacitate the criminal justice system value chain, which remains unsynchronised and underfunded. Addressing this is the single most important step towards establishing credible rule of law in SA.

Opportunities: Protecting existing strengths while leveraging new initiatives will deliver economic growth and fuel development:

SA has some solid bulwarks in place to protect the Rule of Law, including the following:

- The 3 arms of State (executive, legal, and administrative) with their checks and balances make SA constitutionally democratic by design and prevent concentration of power.
- A widely adopted and internationally respected framework of good governance founded on the ethical principles of integrity, competence, responsibility, accountability, fairness, and transparency.
- Chapter 9 (of the Constitution) Institutions to keep the State accountable, while safeguarding and promoting democracy.
- Robust media, NGO and other cross-sectional collaboration based on due process (e.g., access to information and procedural justice) and freedom of speech, as embedded in the Constitution to defend democracy and State resources.
- A culture of judicial litigation which embeds the rule of law as enshrined in the Constitution, although law enforcement, prosecution, and judicial and correctional services systems are severely under-capacitated.
- High awareness among citizens of their constitutional and basic human rights together with increased public involvement in social movements for change, which elevate concerns and ensure that action is taken when the rule of law is threatened..

SA has also made several strides to improve the Rule of Law on the following fronts, which need to be further entrenched:

- Through the Joint Initiative on Crime and Corruption, Business Against Crime and the Presidency collaborate on issues such as improved investigation of complex financial crimes with provision of private sector skills, resources, and capacity building.
- A National Anti-Corruption Strategy and National Anti-Corruption Commission as part of the Anti-Corruption Bill of 2024.
- The Investigating Directorate in the National Prosecuting Authority (established in 2019, regulations promulgated in 2024).
- The SIU, functioning as the State's preferred and trusted anti-corruption, forensic investigation, and litigation agency (with 107 judgements by 2024, having recovered R2.28bn over R18bn in frozen assets).
- Increased powers to the AGSA in the Public Audit Act to strengthen public oversight and accountability, and to recover misused public funds.
- Although delayed, implementation of 20 out of 22 actions to improve financial security systems to exit the FATF Greylist (the final requirement is a sustained increase in investigation and prosecution of money laundering and terrorist financing).

In addition to progress to date, SA must further embed the following risk response strategies:

- Leverage and integrate both technology and information to enable the full spectrum of governance competencies, including all elements of the rule of law, integrated with other national systems, while managing cybercrime and generative AI vulnerabilities.
- Align legitimate national discourse and political leadership focus on the 3 priorities in the MTDP 2024-2029 to address historical and State capture legacies across all spheres of the public, private, and non-profit sectors across the economy.
- Provide effective whistleblower protection and capacitate law enforcement, prosecution, judicial, and correctional functions (including reducing abuse of the judicial system via opportunistic and frivolous responses to legitimate legal proceedings).
- Leverage private sector collaborative partnerships to increase funding and expertise available to the State for highly sophisticated crime (e.g., cybercrime).
- Educate society on the rule of law as a system (e.g., processes, timelines, principles for successful application, etc.) to enable organisations to embed robust frameworks for effective governance and meaningful participation.

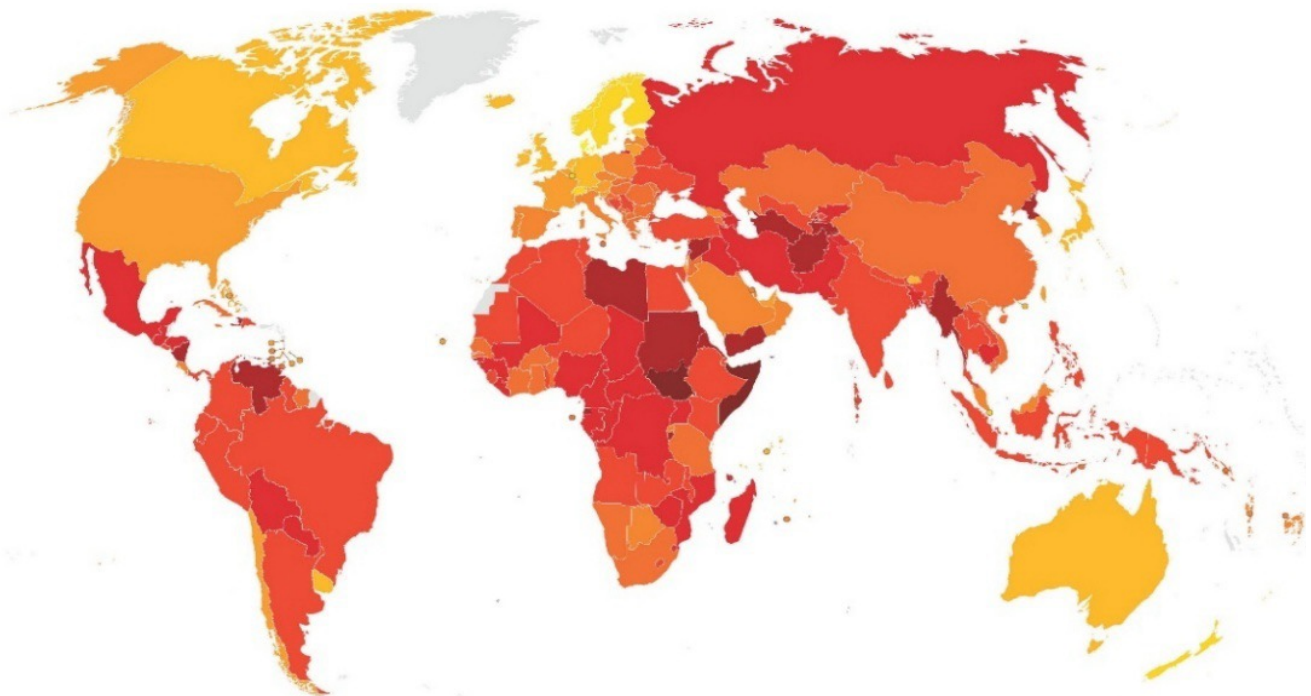


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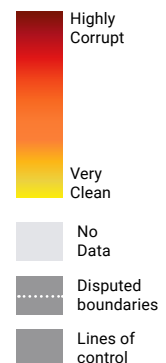
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Corruptions Perceptions Index 2024

The perceived levels of public sector corruption in 180 countries/territories around the world.



90	Denmark	62	Cabo Verde	45	Benin	37	Ethiopia	30	El Salvador	21	Zimbabwe
88	Finland	60	Dominica	45	Côte d'Ivoire	37	Indonesia	30	Mauritania	20	Democratic Republic of the Congo
84	Singapore	60	Slovenia	45	Sao Tome and Principe	37	Lesotho	28	Bolivia	19	Tajikistan
83	New Zealand	59	Latvia	45	Senegal	37	Morocco	28	Guinea	17	Afghanistan
81	Luxembourg	59	Qatar	44	Jamaica	36	Dominican Republic	27	Eswatini	17	Burundi
81	Norway	59	Saint Lucia	44	Kosovo	35	Serbia	27	Gabon	17	Turkmenistan
81	Switzerland	59	Saudi Arabia	44	Timor-Leste	35	Ukraine	27	Liberia	17	Haiti
80	Sweden	58	Costa Rica	44	Bulgaria	34	Algeria	27	Mali	16	Myanmar
78	Netherlands	57	Botswana	43	China	34	Brazil	27	Pakistan	16	North Korea
77	Australia	57	Portugal	43	Moldova	34	Malawi	26	Cameroon	15	Sudan
77	Iceland	57	Rwanda	43	Solomon Islands	34	Nepal	26	Iraq	15	Nicaragua
77	Ireland	56	Cyprus	43	Albania	34	Niger	26	Madagascar	14	Equatorial Guinea
76	Estonia	56	Czechia	42	Ghana	34	Thailand	26	Mexico	13	Eritrea
76	Uruguay	56	Grenada	42	Burkina Faso	34	Turkey	26	Nigeria	13	Libya
75	Canada	56	Spain	41	Cuba	33	Belarus	26	Uganda	13	Yemen
75	Germany	55	Fiji	41	Hungary	33	Bosnia and Herzegovina	25	Guatemala	13	Syria
74	Hong Kong	55	Oman	41	South Africa	33	Loas	25	Kyrgyzstan	12	Venezuela
72	Bhutan	54	Italy	41	Tanzania	33	Mongolia	25	Mozambique	10	Somalia
72	Seychelles	53	Bahrain	41	Trinidad and Tobago	33	Panama	24	Central African Republic	9	South Sudan
71	Japan	53	Georgia	41	Kazakhstan	33	Philippines	24	Paraguay	8	
71	United Kingdom	53	Poland	41	North Macedonia	33	Sierra Leone	23	Bangladesh		
69	Belgium	51	Mauritius	40	Suriname	33	Angola	23	Congo		
68	Barbados	50	Malaysia	40	Vietnam	32	Ecuador	23	Iran		
68	United Arab Emirates	50	Vanuatu	40	Colombia	32	Kenya	22	Azerbaijan		
67	Austria	49	Greece	40	Guyana	32	Sri Lanka	22	Honduras		
67	France	49	Jordan	39	Tunisia	32	Togo	22	Lebanon		
67	Taiwan	49	Namibia	39	Zambia	32	Uzbekistan	22	Russia		
65	Bahamas	49	Slovakia	39	Gambia	31	Djibouti	21	Cambodia		
65	United States	47	Armenia	39	India	31	Papua New Guinea	21	Chad		
64	Israel	47	Croatia	39	Maldives	31	Peru	21	Comoros		
64	South Korea	46	Kuwait	38	Argentina	30	Egypt	21	Guinea-Bissau		
63	Chile	46	Malta	38							
63	Lithuania	46	Montenegro	37							
63	Saint Vincent and the Grenadines	46	Romania	37							



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8.4 Capacitated Infrastructure



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Legal-Aid SA



Sandisa Kubheka
CRM Prac, ERM
Specialist, SARS



Tjaart Van Den Berg
Partner, Lucidum



Xolile Sizani
Executive Director,
Nzuri



“

***Ikiwa maji
yamegawanyika,
hayawezi kukusanywa***
(If water is spilt, it cannot be gathered up)

”

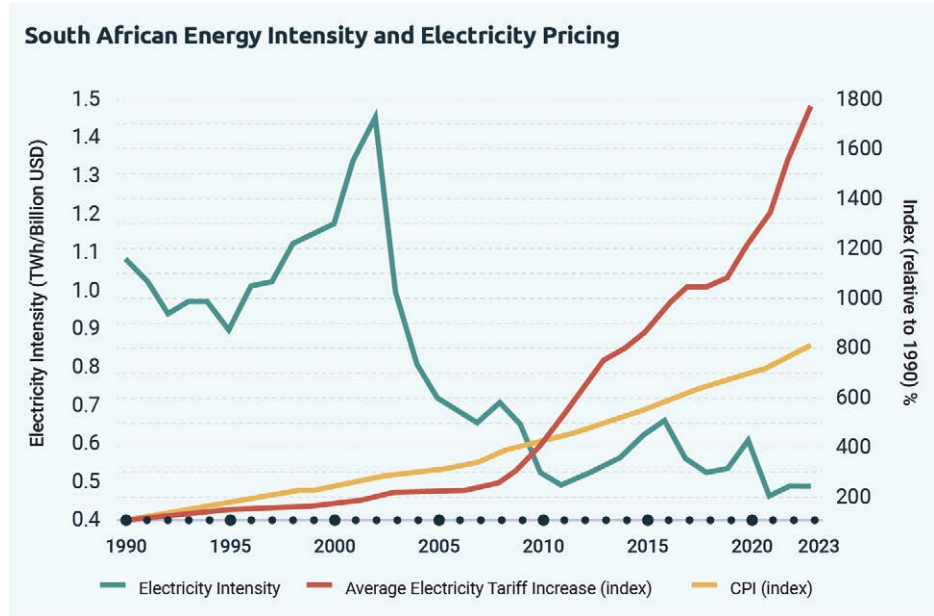


Risk: Failure to develop and maintain physical and organisational structures, facilities, and systems, including energy grids, water networks, transport and logistics channels, and digital technology channels of the scale, reliability, efficiency, and resilience needed to sustainably meet public and economic demands.

Key Definitions: ‘Capacitated infrastructure’ means the planning, financing, and delivery of infrastructure enabled by skilled human resources, robust institutions, and efficient systems across energy, transport, water, and digital channels (i.e., network industries). It is best delivered through a culture of strategic and collaborative PPPs and targeted capacity-building efforts.

Causes: Energy risk stem from a combination of ageing infrastructure, financial strain, and shifting energy landscape:

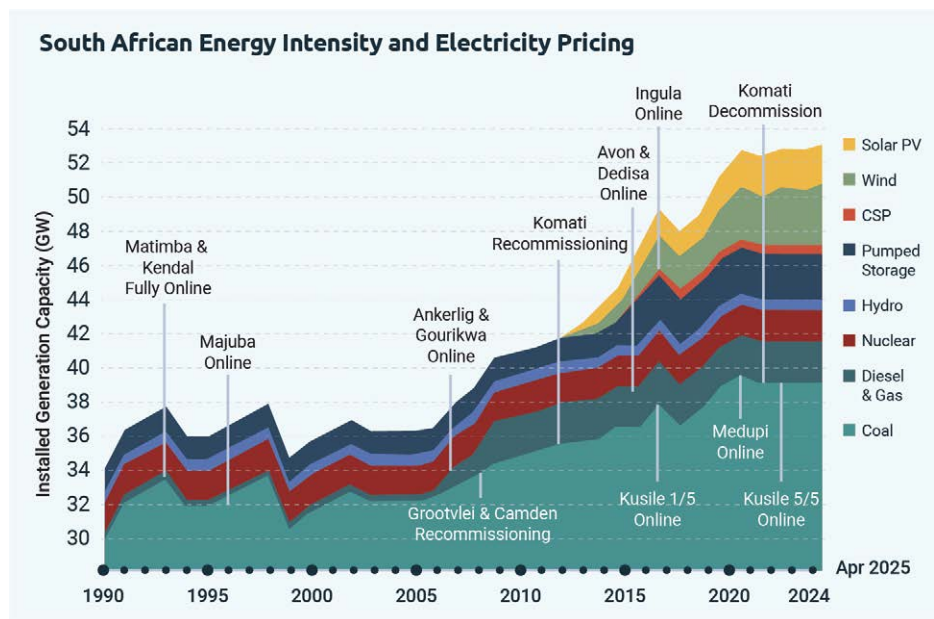
- Deteriorating generation and maintenance have reduced Eskom’s ability to meet electricity demand, while rising renewables and rooftop solar usage reduces its market share and raises the cost per unit of electricity sold.
- Municipal debt to Eskom continues to increase, undermining the effectiveness of debt relief measures and weakening Eskom’s financial stability.
- Although electricity intensity (i.e., electricity used per GDP) for SA has declined since 2002, SA’s electricity cost increases outpaced inflation by more than 200%.
- Illegal connections and meter bypassing strains municipal grids, triggering load reductions and service disruptions.
- Sasol will cease natural gas supply by mid-2027/2028, creating a looming gas cliff for industrial gas users and threatening Eskom’s own transition plans to gas-based generation.



The Centre for Renewable and Sustainable Energy Studies (CRSES) | Stellenbosch University
 Source: Eskom 2025a; Eskom 2025c; Data Commons 2025; Statistics Africa 2025.
 Notes CPI = Consumer Price Index

Consequences: Energy supply improvements over the last year must be expanded to prevent further negative impacts:

- SA’s unstable electricity system relies on emergency generation, load shedding, and reserve margins.
- Load shedding and unstable supply will disrupt businesses, reduce productivity, disrupt communication networks, and negatively impact investor confidence.
- The anticipated gas shortage will cause major job losses and operational interruptions across energy-intensive sectors (e.g., like steel, automotive, and food processing).
- Without new gas infrastructure, economic contraction, lower competitiveness, and increased energy insecurity may occur.



The Centre for Renewable and Sustainable Energy Studies (CRSES) | Stellenbosch University
 Source: Eskom 2025a; Eskom 2025c; Data Commons 2025; Statistics Africa 2025.
 Notes The status of power stations over 300MW are labelled.

Opportunities: There is a strategic opportunity to transform SA's energy sector:

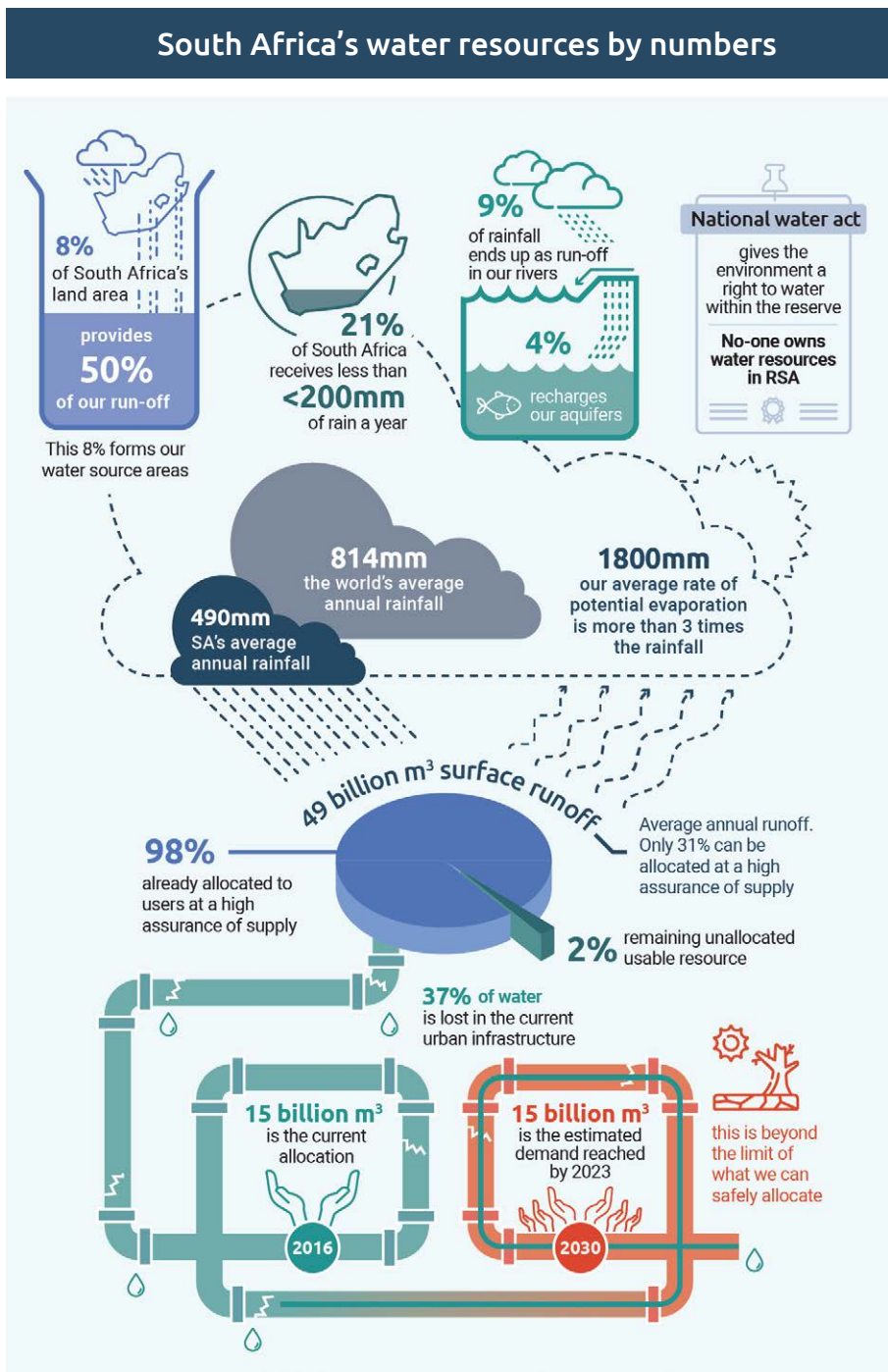
- The falling cost of renewables allows for a more diversified, affordable, and sustainable energy mix.
- Rising private participation, enabled by new legislation, promotes competition, decentralisation, and improved service delivery.
- Eskom can benefit from increased renewable generation by conducting essential maintenance to boost its EAF.
- Establishing LNG import terminals and gas infrastructure will address the impending gas cliff, enabling cleaner gas-to-power generation while supporting industrial resilience.
- Debt relief initiatives, anti-theft campaigns, and restructuring efforts offer additional levers to stabilise the system and attract foreign investment, driving long-term energy security and economic growth

Causes: Water risks are rooted in a convergence of structural, environmental, and governance challenges:

- Erratic rainfall patterns exacerbated by climate change, rapid urbanisation increasing demand on an ageing and poorly maintained water infrastructure, and severe financial mismanagement across the value chain drive the risk.
- Power disruptions affect water treatment and distribution, while pollution and failing treatment plants compromise water quality.
- High levels of non-revenue water (~47% lost to leaks, theft, and poor metering) undermine financial sustainability.
- These are compounded by policy uncertainty, limited technical capacity, and criminal activity that delays critical infrastructure projects.

Consequences: The consequences of water risks are wide-ranging and systemic:

- Unreliable water supply, rising treatment costs, and increased exposure to waterborne diseases may occur.
- Strategic water systems (e.g., Vaal and Orange networks), are becoming more saline and biologically unstable, which may further affect ecosystem health and water safety.
- Infrastructure failures, coupled with fragmented governance and insufficient investment, will create a 'utility doom loop' where service delivery deteriorates, revenue declines, and infrastructure further degrades.
- Municipal debt and poor billing practices weaken water boards and limit their ability to ensure safe, consistent supply - threatening long-term water security



Opportunities: Significant opportunities exist to reverse the water risk trajectory:

- Solutions lie in diversifying water sources through large-scale reuse, desalination, and aquifer recharge; restoring infrastructure through public-private partnerships; and improving financial viability via stronger billing systems and credit control.
- Institutional capacity must be rebuilt through skills development, technical advisory support, and governance reform.
- Building resilience (e.g., water storage, demand management, and pollution control) will reduce vulnerability to climate shocks.
- Unlocking private investment through policy certainty and enabling frameworks, alongside community education and emergency preparedness, can ensure that SA transitions toward a more secure and sustainable water future.

Causes: Infrastructure failures harm SA's economic potential severely, with root causes including the following:

- Chronic underinvestment and poor governance in SOEs have led to inefficient and failing port, rail, and energy infrastructure.
- Global trade tensions, tariffs, and unstable international relations reduce investment and disrupt supply chains.
- Extreme weather events (e.g., floods) damage roads and ports, exposing a lack of climate-resilient infrastructure.
- Network industry dependencies: power outages interrupt transport operations and increase reliance on costly, carbon-heavy backup systems, which in turn interrupt power supply.
- High crime, cargo theft, vandalism of rail infrastructure, piracy, and border insecurities exacerbate inefficiencies.
- Strike actions, protests, and the instability of the GNU hinder decisive action and policy coherence.
- Lack of advanced digital infrastructure for logistics planning and visibility hampers modern supply chain management.
- Rising unemployment and poverty fuel unrest and disrupt logistics networks, while foreign companies shift operations to neighbouring countries with better infrastructure.

Consequences: Infrastructure risks have the following impacts on SA:

- GDP contraction, loss of FDI, widening trade deficits, and inflation driven by disrupted exports and increased logistics costs
- Production halts, supply shortages (especially in health, agriculture, and manufacturing), and breakdowns in cold chains affect essential goods.
- Increased crime, job losses, and declining public trust in institutions deepen societal divisions and unrest.
- Greater reliance on road freight raises emissions, while port congestion and diesel usage degrade the environment.
- SA's status as a trade gateway is diminished, with cargo rerouted to neighbouring ports and multinationals relocating headquarters.
- Decline in investment in key sectors like automotive and retail.
- Decline in transport reliability affects public service provision, especially healthcare and food distribution.
- While e-commerce grows, physical store closures risk job losses and exacerbate inequality.

Opportunities: Infrastructure risk response strategies include the following:

- Accelerate PPPs to modernise rail and port infrastructure.
- Develop local suppliers to reduce import reliance, implement real-time monitoring using AI, IoT, and blockchain.
- Green Logistics: Incentivize modal shift to rail, adopt electric fleets, and invest in sustainable warehousing solutions.
- Capitalise on AfCFTA to diversify trade, reduce exposure to global shocks, and promote African-led growth.
- Digitally streamline customs and clearance processes, use predictive analytics, and improve supply chain visibility and responsiveness.
- Enhance logistics and risk management skills and create a National Supply Chain Resilience Forum for coordinated responses.
- Promote policy coherence, transparency, and accountability within the GNU to restore investor confidence and service delivery effectiveness.
- Invest in domestic innovation, self-sufficiency, and strategic international agreements that prioritise infrastructure and job creation



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Causes: Digital (telecommunications) infrastructure risk is driven by the following:

- Spatial disparities and inequality left many areas with economic potential underdeveloped in terms of digital communication infrastructure.
- Slow spectrum allocation, delays in digital migration, and regulatory bottlenecks inhibits private investment and stifles competitiveness in the telecommunication and digital economy sector.
- Barriers to entry limit the market to a few major telecom operators.

Consequences: Key digital (telecommunications) risk impacts are as follows:

- Continued connectivity disparities between urban and rural populations, and between income groups.
- SMME, especially in informal or rural sectors, remain excluded from e-commerce and digital finance ecosystems, limiting their contribution to SA's economy and its broader transformation and development aspirations.
- Lack of digital skills and access to online learning, worsening unemployment.

Opportunities: Digital infrastructure (telecommunications) opportunities include:

- Digital infrastructure and technology investment could be hugely beneficial in improving service delivery and enhancing economic growth. This includes unlocking rural innovation, education, and entrepreneurship.
- Supporting SMMEs with digital tools (e.g., mobile payments, online marketing, logistics) can boost GDP and job creation.
- Technology lends itself especially to reskilling the youth through online education and coding academies to support the growing technology sector.



8.5 Competent People



Mmabotse Mooke
CRM Prac, Risk Manager, TUT



Cameel Chetty
CRM Prof, Head, Risk and Compliance, CCMA



Marisa Grundling
Head of Department: Risk and Insurance, Milpark Education



Dr Emily Mabote
Executive Director Institutional Effectiveness and Technology, TUT



Dr Andre Vermeulen
CEO, Neuro-Link

“
Fa basha ba sa amogelwa mo motseng, ba tla o tshuba go bona mogote wa one

(If the young are not initiated into the village, they will burn it down to feel its warmth)

”



Risk: Failure to deliver quality ECD, primary, secondary, and tertiary education, and relevant skills training with diverse, equal, and inclusive innovative opportunities to build and sustain transformational development goals in a technologically transforming future.

Key Definitions: 'Competent human capital' means the aggregate stock of skills, knowledge, experience, and attributes embodied in individuals in society that are relevant to the aspirations of that society. It specifically includes the education, health, competencies, and innovative capacities of a society's workforce that enable the adoption, adaptation, and generation of technologies and institutional reforms necessary for structural transformation and sustainable development.

Causes: The quality of SA's human capital pool is influenced by the following socio-economic, political, and educational drivers:

The key drivers of human inputs into the economy are not optimally directed at socio-economic development:

- Not including the majority of young people in the formal economy threatens national stability, growth, and cohesion.
- Insufficient psychological safety and well-being focus, with high performance pressures and little sustainable developmental support cause increased mental fragility, burnout, and overall reduced economic value creation.
- Limited support to elevate top talent quickly, combined with limited feedback systems for failed organisational management.
- Emigration by skilled professionals erodes the organisational capacity of large economic contributors, who must spend increasingly more time, money, and resources on developing new skills from a low educational baseline.
- Succession gaps and high key man risk for senior positions hollow out the strategic expertise needed to fuel the economy.
- As a result, economic growth is hampered by increased inefficiencies, safety incidents, lower production, reduced innovation and entrepreneurial activity with organisational decline and lower FDI versus countries with more robust talent pipelines.

The inability to produce capable and competent people to drive socio-economic growth is informed by the following:

- Political interferences, labour demands, governance failures, and corruption continue to compromise education outputs.
- The high cost of education competes with food, accommodation, healthcare, and transport costs, even with financial aid.
- ECD, primary, secondary, and tertiary education are hampered by the following:
 - Infrastructure, funding, and pedagogical resource shortages (especially in STEM fields) and administrative challenges.
 - Curricula are not agile in blending robust foundational education principles (including work-readiness), with rapidly changing industry-aligned economic competency requirements, such as digital and green energy skills.
 - Not integrating neuroscience research advancements into learning curricula to optimise people's unique ways of learning causes poor learning transfer and learning difficulties, poor student results, and human error.
- Not adapting curricula to foundational work-readiness skills and industry needs (e.g., complex problem-solving, cognitive flexibility, critical and creative thinking, and emotional intelligence) produces graduates with low employment prospects.
- Despite growing demands for vocational and technical skills, curricula are outdated and industry partnerships for practical experience are misaligned to market needs.
- The negative long-term secondary socio-economic consequences include the following:
 - Increasing unemployability of graduates due to lack of work-readiness, digital skills, and industry-aligned competencies (especially STEM subjects).
 - Entrenched systemic disparities such as low tertiary enrolment and high drop-out rates (even below matric).

Consequences: SA's own unique challenges are amplified by the key global work trends (identified by Gartner for 2025) as follows:

- 85% of business leaders agree that skills development needs will dramatically increase over the next 3 years; and 93% agree that their role is to ensure their workforce has the time and resources to continuously learn.
- The expertise gap will intensify as the surge in retirements and the use of new technology disrupt industries and economies.
- Organisations will redesign their models to prepare for technological innovation.
- Nudge tech experiments will bridge the widening communication gap.
- Employees will embrace bots over bosses in pursuit of fairness.
- Successful organisations will define fraud versus fair play when it comes to AI.
- Organisations will shift focus to inclusion and belonging with unexpected benefits.
- AI-first organisations will destroy productivity in their search for it.
- Loneliness will become a business risk, not just a well-being challenge.
- Employee activism will drive adoption and norms for responsible AI.
- The Gartner AI-Era Learning Manifest promotes key values and key principles to guide learning delivery for agile application in tech-driven economies.

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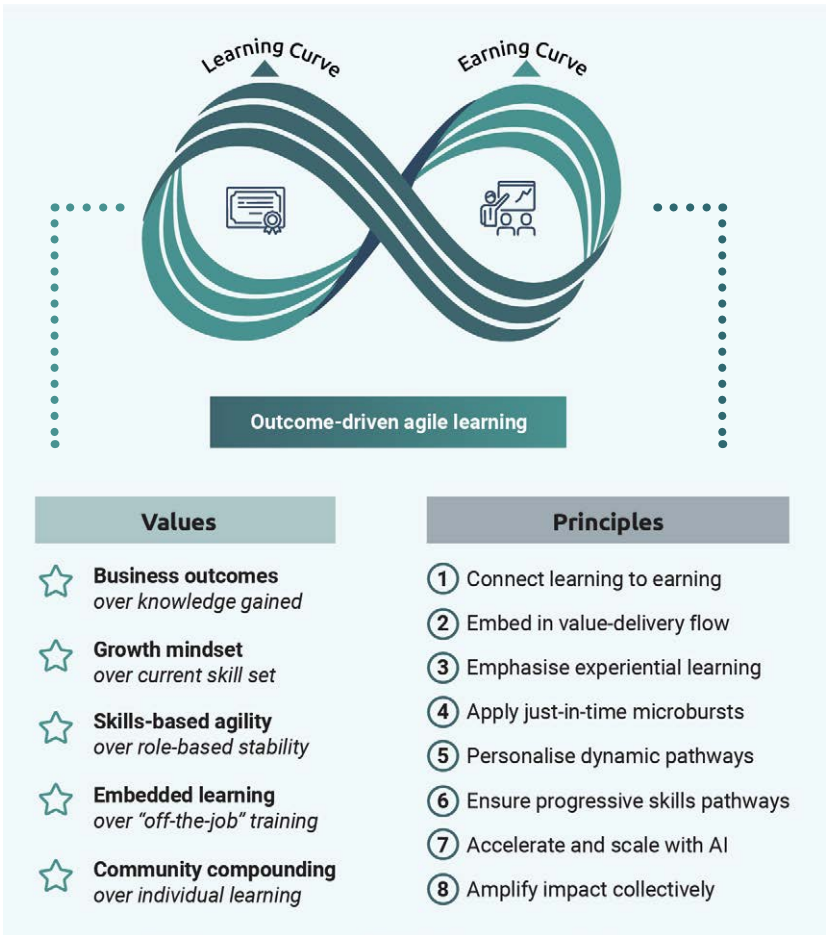
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Opportunities: Given SA's extensive education budget allocation, better outcomes for the money spent can be achieved by the following:

- Avoid political volatility by embedding stable and transparent governance models in educational institutions.
- Reintroduce teacher training colleges and incentivise continuous professional development to improve pedagogical teacher quality.
- Train teachers in neuroscientific and science-based learning principles, and learner thinking and information processing preferences to increase knowledge transfer and improve learning performance and student results.
- Accommodate unique learning preferences in curricula to accelerate learning speed/ease and reduce learning difficulties.
- Integrate development of the most critical human skills needed by industry into curricula at all education levels.
- Adapt curricula to industry needs (e.g., complex problem-solving, cognitive flexibility, critical thinking, creative skills, and emotional intelligence) to produce employable, economically competent, and socially successful people.
- Work with and leverage support from industry to update educational content and graduate profiles to meet current and future skills demands, particularly in STEM, digital technology, and green economy sectors.
- Leverage corporate social investment and SETA partnerships to build targeted skills pipelines for youth employment.
- Promote the adoption of digital platforms like edtech and hybrid models to close geographic and infrastructure gaps in vulnerable areas.
- Formalise school-to-industry pathways through national service, internships, and targeted bursary models.
- Implement Early Warning Risk Dashboards to monitor enrolment dips, young people not in education, employment, or training.
- Leverage potential education opportunities in other countries, e.g., BRICS+.
- People risks are leadership risk: the national culture should drive clear inclusive pathways from education to employment or entrepreneurship and citizenship.
- As aging economies in the Global North are hungry for skilled workers to keep their systems afloat, this risk can be turned into a great opportunity for SA.

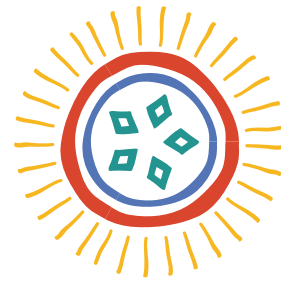
We believe:
"Tomorrow belongs to people who prepare for it today."

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8.6 Creative Technology



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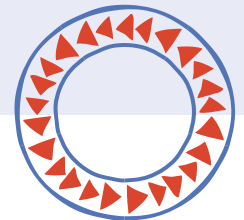
Nicky Downing
CEO and Founder,
Guideline BizTech



Pavana Ranjith
CRM Prof, Founder and
Director, RQ Institute

“
**Tlaila le
tlaila
Morena**
(Do not be afraid to
make mistakes so that
they may be corrected)

”



Risk: Compounded impacts and unpredictable emergent consequences across digitally enabled and autonomously interacting value chains that could cause safety incidents, financial losses, destabilised organisations, and legal liabilities of varying scale and severity.

Key Definitions: ‘Artificial intelligence’ means systems capable of performing tasks that typically require human intelligence, such as learning, reasoning, problem-solving, perception, and language understanding. ‘Disruptive technology’ means technological innovation that significantly alters or displaces existing technologies, industries, or market structures by creating new value networks or drastically changing the way that society, organisations, and economies operate.

Causes: Clear regulatory policy, strategic direction, and funding is required to reduce the drivers of technology risk:

- SA’s lack of a national AI strategy and clear governance/regulatory framework hinders long-term, innovative growth.
- SA’s regulatory environment and developments lag and are misaligned to international frameworks and regulations, which impede the critically needed growth of the digital economy, as well as cybersecurity and personal data protection efforts, and increase related costs across the economy.
- Delayed adaptation by the education and training sectors to deliver advanced digital skills threatens jobs and, together with skills emigration to developed economies, increases reliance on third-party and/or foreign vendors for most organisations.
- SA’s public and private sector economic constraints prohibit the required investment in broadband, cloud services, and cyberinfrastructure. This creates a perpetual and continually increasing lag in benefiting from digital and AI advances.
- High levels of unawareness and indiscriminate acceptance of digitally/AI-generated information without proper verification or human interrogation could lead to inappropriate decision-making and resource allocation, with negative outcomes.

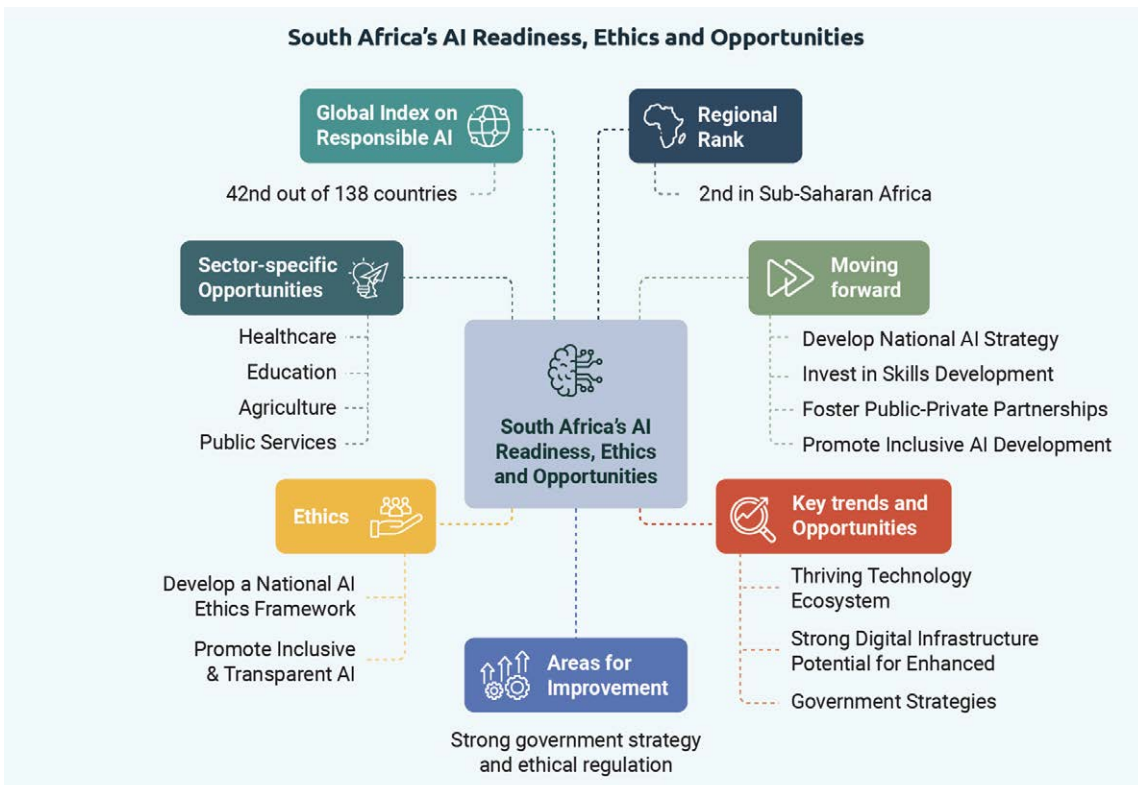


Consequences: During the inevitable transition to a digitally enabled and AI-driven economy, the following may increase the risk:

- Growing cloud computing adoption, driven by cost-efficiencies and scalability, may lead to the following:
 - Heightened third-party exposure and concentration for critical infrastructure.
 - Data sovereignty concerns (for cloud services hosted outside SA), exposing organisations to international surveillance and complex compliance obligations resulting from localised data protection laws.
- Geopolitical tensions and policy shifts may cause supply chain vulnerabilities for SA entities and integrated value chains.
 - Cybercrime exposures will increase (e.g., phishing, ransomware, deepfake impersonations, business email compromise), particularly targeting misconfigured cloud settings and unsecured application programming interfaces.
 - SA's cyberespionage vulnerability may increase (including State actor-led cyberattack on critical SA institutions or infrastructure), shaped by a convergence of geopolitical relevance, economic assets, regional influence, and the evolving nature of SA's digital infrastructure. This further emphasises the continued need for regular cyber-risk measures (e.g., endpoint protection, encryption, intrusion detection, and incident response plans).
- Siloed and disintegrated regulatory directions (across different spheres of government) will continue to hinder the benefits to be derived from creative technology advancements. This is exacerbated by regulatory uncertainties, distorted regulatory accountability, and policy overlaps.

Opportunities: Technology (as both a strategic execution risk mitigator and socio-economic enabler) presents many opportunities:

- Efforts should focus on leveraging and protecting South African data, focusing on the use of national data to deliver on national objectives. This includes the need for local data centres and cloud platforms/servers.
- Investing in developing local talent (supported by frameworks like the National Digital and Future Skills Strategy) will address unemployment (particularly among the youth who have a strong appetite for digital skills) and build a long-term pipeline of skills centred in tech hubs, incubators, and coding academies, well equipped to support a digital economy.
- Digital innovation is reshaping industries and creating new entrepreneurial pathways for inclusion, economic growth and diversification, as well as regional competitiveness, which resilient organisations with agile technology strategies can leverage.
 - Expanding financially inclusive digital services and reducing barriers for participation by SMMEs in the formal economy through technology will enable the development of new profitable products and efficiencies across the financial sector (e.g., micro-insurance, digital lending, and blockchain-based remittances).
 - SA's low legacy infrastructure offers opportunities to leapfrog traditional technologies through digital and IoT innovation, e.g., sensors and drones in agriculture and nature conservation, or AI diagnostics and telemedicine in healthcare.
- Increasing public-private collaboration to accelerate digital transformation (e.g., the SA Presidential Commission on the Fourth Industrial Revolution (4IR), and the Smart Africa Alliance, a pan-African platform promoting digital integration) and regulatory sandboxes for fintech and blockchain across multiple jurisdictions, which will help create an enabling environment for responsible innovation. These partnerships shape scalability, inclusivity, and safe digital ecosystem.



Source: Raven Pillay, 2025



8.7 Competitive Economy



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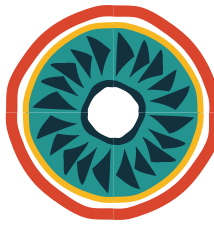
Arthur Kamp
Chief Economist,
Sanlam Investment
Group



Dr Stefan Angrick
Associate Director,
Moody's Analytics



Anabel Bishop
Chief Economist,
Investec



“

**Sejo-senyane
ha se fete
molomo**

(Half a loaf is better than no bread)

”

Risk: Financial losses and instability due to factors such as policy uncertainty, high unemployment, energy shortages, currency volatility, and structural inequalities, which can undermine investment, economic growth, and fiscal sustainability.

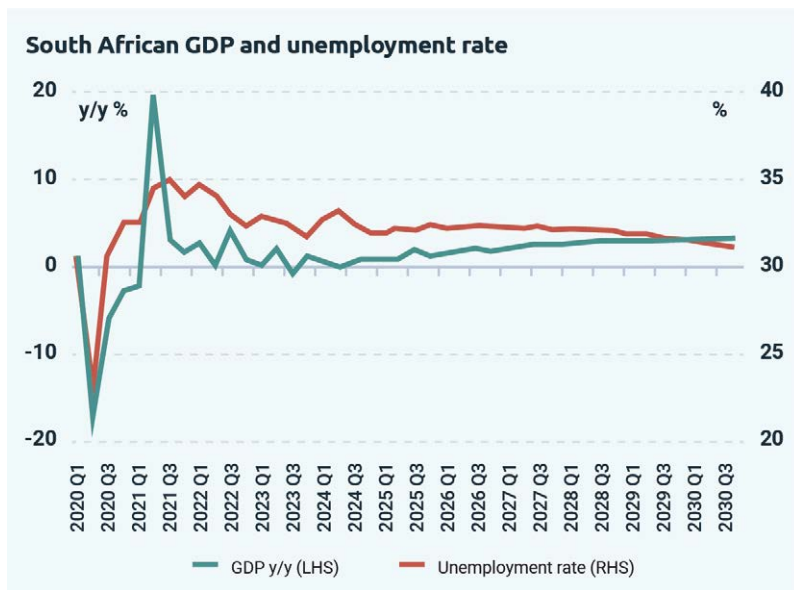
Key Definitions:

'Competitive developmental economy' means State-led planning integrated with market dynamics to foster industrial growth and social development. It emphasises strategic State intervention, robust institutions, and collaborative PPPs to enhance productivity, reduce inequality, and build long-term internal economic resilience to withstand external shocks better.

Causes and Consequences: Economic uncertainties (and thus risks) are shaped by overlapping structural and external drivers:

Economic growth and economic policy risk:

- Total (formal and informal) employment now exceeds pre-Covid levels, but is insufficient to absorb new market entrants, which keeps unemployment high (particularly the youth) and drives social instability and populist policy risks.
- The formation of the GNU saw a burst of investor risk-taking towards SA and stabilising economic reforms with legislation enabling private sector participation in energy, rail freight operations, and corporatised ports. However, despite promising improvement in electricity and transport activity, the freight crisis resolution has been weak, and a durable solution will take time. While fiscal priorities and policy tensions may pressure relationships in the GNU, the GNU is expected to hold.
- Most of the State's revenue, expenditure and borrowing plans for 2025 have been approved in prior years, hence State operations are not expected to stall. The outcome of the 2025 budget process seems to favour raising of revenue from improved tax collection capacity (~R800bn) and fringe benefit cuts for top tier civil servants over increased taxes.
- Economic growth continues to lag as longstanding domestic challenges weigh on confidence and constrain investment. For 2025, SA's GDP growth is likely to reach 1.3% y/y, inflation 4.5% y/y (allowing domestic interest rate cuts), and expected interest rate cuts in the USA should support the rand (likely to R18.50/USD).
- SA's medium- to long-term export earnings, tax revenue, production, and thus GDP growth prospects hinge on the speed and successful implementation of economic reforms to repair infrastructure (especially freight capacity) and its ability to attract sufficient foreign capital inflows to supplement domestic savings (without which inflation and interest rates will experience upward pressure).
- This will require exiting the FATF Greylist (expected as early as October 2025 with 20 out of 22 outstanding actions having been closed already) in order to support investor sentiment towards SA.



The best safeguard against external shocks is strengthening the domestic economy. While recent policy initiatives are encouraging, credibility hinges on implementation. Execution – not intent – will ultimately determine whether SA can reduce its economic risk exposure and unlock sustainable growth.



Fiscal / debt facility risk:

- Various moving parts influence the outcome, including changes in the GDP growth trend and tax buoyancy, new expenditure priorities, changes in transfers to SOCs and the revaluation of inflation linked and foreign currency bonds (for which GDP growth is key).
- A recent court ruling (currently on appeal) suggests the need for a material increase in the number of social grant recipients

Rising Global Protectionism:

- February to April 2025 saw the largest USA import tariff shock since the 1920s, developmental aid has been cancelled, and targeted personal sanctions against some politicians, military officials and business elites may be implemented.
- The situation remains fluid, and much will depend on tariff announcements over the Trump administration's full term (with its 'America First' trade policy). Yet, tariff increases will likely be less severe and widespread than previously feared.
- Although initially expected to materially affect global markets, recent market volatility on the unpredictability of such protectionist outcomes and the tariff effects on the USA's economy (particularly inflation) have not been extreme. In the near term for SA, uncertainty may remain, as negotiations will be complex and time-consuming (affected by the USA's grievances which appear to be around labour practices, alleged currency manipulation, and subsidies, with SA likely unwilling to rescind

The US\$ as reserve currency

- The USA may be losing relevance as custodian of the world's reserve currency. The US\$ still enjoys full convertibility but can no longer claim to promote free trade.
- Such unsustainable fiscal policy holds inflation risk, pressuring real risk-free interest rates upward. Also, tensions around the independence of the USA Federal

Conflict, decarbonisation and commodity prices

- Over the medium-term a weaker US\$ and dearth of investment in mining globally, along with the metals and minerals intensity of (1) decarbonisation efforts, and (2) armed conflict could be a material support for metals prices.

(with less stringent criteria to be applied), and review of the grant amount itself. This implies higher spending (more than R30bn p.a.) if implemented. Legislative changes already enacted (e.g., NHI) indicate higher expenditure risk. Although not expected to influence near-term expenditure projections, medium- to long-term expenditure risk remains.

its motor vehicle incentive programme). A gentler tariff approach would lift risk-taking and aid the rand.

- DIRCO has indicated that President Trump's Executive Order on trade nullifies SA's AGOA status, which impacts automobile, agriculture and chemicals exports to the USA. The baseline tariff of 10% is material, although with some exclusions. The 25% tariff increase for specified product lines (including automobiles, mining, and agriculture) is expected to impact some sectors to varying degrees. Reciprocal tariffs of 30% for SA remain a low possibility, while exemptions are likely.
- Structurally, the sea-change in USA trade policy is an acceleration towards increased global protectionism, which will likely lead to a worsening trade-off between inflation and economic growth with some capital flows related to strategic foreign direct investment being 're-directed' back towards the USA.

Reserve will affect the Reserve as a key anchor for the US\$ as reserve currency.

- There is no natural alternative to the US\$. The Renminbi is not fully convertible, while the Euro area has disintegration risk and requires a fiscal union. In the interim, a drift towards alternatives such as gold is likely.

- The implied improvement to SA's terms of trade could be an important support for growth.

Opportunities: In the projected economic environment the following strategies may benefit SA going forward:

- Expand non-USA trade agreements and deepen existing trade blocks (e.g., BRICS+) and diversify trade via new negotiations in SA's best interest.
- Ensure progress on SA mining licenses to benefit from any commodity price upswings (e.g., higher metal prices linked to the global green energy transition). Previous news flow indicating that a preferred bidder for the mining cadastral system has been selected is a step in the right direction.
- Energy reforms and growing investment in renewables could crowd in private funding and restore investor confidence. If implemented effectively, the broader reform agenda could lift long-term growth and attract long-term capital spending.
- SA's economic reform programme, if successfully implemented, implies improving returns to fixed investment spending.

Ensure focused fiscal policy and create room for investment and growth

- To support FDI inflows and encourage local investment, fiscal consolidation, including moving from consumption spending and boosting capital expenditure, especially in infrastructure (as reflected in the 2025 budget) and improving socio-economic conditions such as access to education is critical to reduce the drain on savings. This will decrease SA's investment risk premium, thus lowering SA's borrowing costs and reduce overall vulnerability to external volatility.
- Review current and proposed policies and regulations that may potentially deter local investment and FDI.
- The introduction of new models to fund infrastructure expenditure is a move in the right direction, albeit still at different stages of development; and include the infrastructure funding platform, a credit guarantee vehicle, and private sector funding for transmission infrastructure. The result is hoped to include a stream of bankable projects to crowd in private sector funding. The Budget Facility for Infrastructure (BFI) facilitates the appraisal of large infrastructure projects (with 8 BFI windows and R52.9bn allocated in windows 6, 7 and 8). The BFI is being reconfigured to run multiple windows with financing decisions separated from the budget process to determine the most effective financing mechanism per project (e.g., State guarantees, appropriations, PPPs or other fiscal tools).
- Further, State support for SOCs has increasingly been linked with meeting pre-determined conditions, bearing in mind SOCs are responsible for close to 40% of the more than R1tn in infrastructure spending planned for the medium-term, while support for municipalities is intended to become more performance-based.

Promote free trade

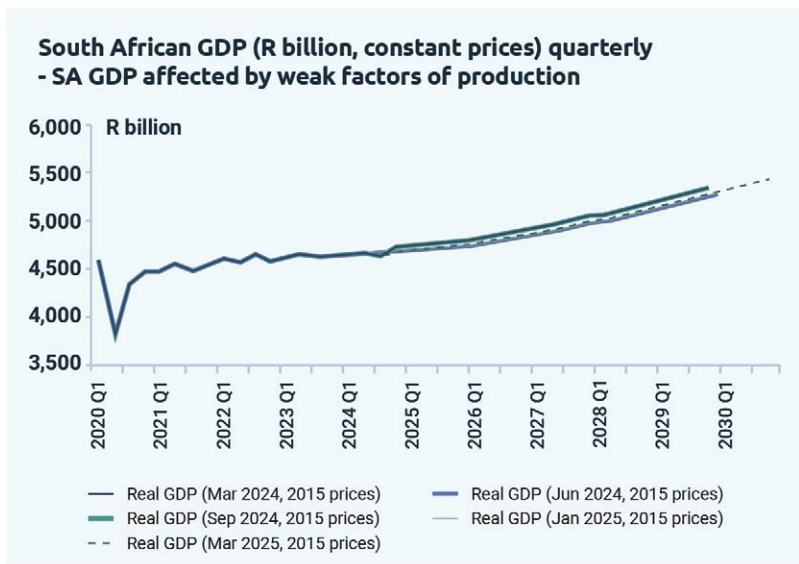
- SA should prepare for global exporters (looking for find alternative markets) who may cut prices aggressively, fuelling global trade tensions and competitive frictions. The risk that China's export surplus may end up cheaply in the rest of the world could lead to retaliation and escalation of protectionism elsewhere. Although this is not inevitable, robust trade agreements must be negotiated and implemented.
- China may choose to redirect surplus capacity to supply growing domestic demand and has already begun to implement measures to support household consumption. Such reorientation of China's growth model would be an opportunity for global suppliers. As such, the current situation could create opportunities to forge new trade relationships.

Accelerate Operation Vulindlela

- Significant progress in implementing economic reform through five key priority objectives (with nearly two thirds of Phase 1 reforms completed):
 - Stabilise electricity supply
 - Create competitive and efficient freight logistics system
 - Reduce cost and improve quality of digital communication
- Ensure stable, quality water supply
- Reform visa regime to facilitate skilled immigration and support tourism
- Phase 2 has been announced with three new reform areas:
 - Strengthen local government and improve basic service delivery
 - Create dynamic and integrated cities to enable economic activity
 - Harness digital public infrastructure as driver of growth and inclusion
- If executed successfully, Operation Vulindlela should attract FDI to supplement domestic savings and improve the operating environment to make SA investible (including sound foreign trade relationships and ensuring unfettered access to global capital markets).



As part of their business strategies, all SA organisations should contribute to the Vulindlela roadmap as well as Phase 1 and Phase 2 objectives – to create an improved operating and trading environment.



Source: Investec

Vulindlela Phase II



Energy Security

Priority Reforms

- Complete the restructuring of Eskom
- Establish a competitive wholesale market for electricity generation
- Streamline the regulatory framework to accelerate energy projects
- Reform the electricity distribution industry to establish financially and operationally sustainable distribution companies
- Strengthen and expand the national transmission network



Attract Skills & Investment

Priority Reforms

- Reform the work visa system to attract skills and investment
- Streamline the tourist visa system to grow tourist arrivals



Enable Economic Activity

Priority Reforms

- Restore passenger rail services
- Strengthen demand-side housing policy to support densification
- Release public land and buildings for affordable housing and other development
- Clear the backlog of title deeds and make the titling system more accessible and affordable
- Review land use, building and other regulations to enable low-cost property developments



Quality Drinking Water

Priority Reforms

- Develop and implement a National Water Action Plan
- Implement institutional reforms to improve the management of water resources
- Strengthen the regulation of water service provision
- Support the introduction of private sector participation in the water sector through the Water Partnerships Office and PPP Unit



Basic Service Delivery

Priority Reforms

- Shift to a utility model for water and electricity services to ensure financial and operational sustainability
- Standardise and professionalise the appointment of senior officials in local government
- Review the institutional structure of the local government system
- Review the local government fiscal framework, including conditional grants



Export Growth

Priority Reforms

- Complete the restructuring of Transnet
- Enable open access to the freight rail network
- Introduce private sector participation in ports and rail
- Establish the Transport Economic Regulator
- Finalise the National Rail Bill to establish a legal framework for a competitive rail sector

Source: Operation Vulindlela (www.stateofthenation.gov.za/operationa-vulindlela)





8.8 Connected Social Security



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ERM and BCM Graduate, eThekweni Municipality



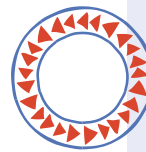
Ghadile Mashibini
Acting Chief Risk Officer, Free State Provincial Treasury



Anita Samaad
CRM Prof, Chief Risk Officer, Department of Social Development



Amith Sukhnandan
CRM Prof, Deputy Head: Corporate Entities & Transversal Auditing, eThekweni Municipality



“
Hakuna mtu anayeweza kutumia meno ya mtu mwingine kutabasamu
(No one can use another person's teeth to smile)
”



Risk: Increased socio-economic hardships, deepening inequality, and further erosion of public trust, potentially destabilising and/or overwhelming governmental, social, environmental, and economic systems.

Key Definitions: ‘Connected social security system’ means a coordinated framework that optimally integrates public, private, and non-profit sector activities into social protection programmes (such as grants, child benefits, health coverage, employment, education, and economic growth) within a cohesive structure while maintaining fiscal sustainability through effective execution, efficient administration, innovative financing mechanisms and inclusive collaboration.

Causes: Social insecurity in SA is driven by the following key dynamics:

- Social insecurity follows high economic exclusion, low education levels, and more impoverished or vulnerable households.
- Approximately 3.3m people live with disabilities, facing significant socio-economic challenges (e.g., limited access to education and employment) contributing to increased insecurity and isolation, highlighting the need for inclusive policies and targeted support.
- Social grants are the primary source of income for 23.5% of households, with 40.0% of the population (25m people) living below the lower-bound poverty line (R1,109 p.m.), while 55.5% live below the upper-bound poverty line (R1,634 p.m.).
- Unemployment increased to 32.9% (>8m people) in 2025, driven by a stagnant economy, structural labour market mismatches, the impact of illegal immigration on informal employment, and lower trade volumes. Youth unemployment remains at 44.6%.
- Social grants remain a critical safety net: approximately 28 million beneficiaries (44% of the population) receive social assistance support, including the SRD grant, which is set to cost over R284.7 billion in 2025/26.

- SA's economic policies aimed at a more redistributive social security net have resulted in it having the highest share of GDP devoted to social security of any sub-Saharan country, yet this may become fiscally unsustainable due to structural economic weaknesses and external geoeconomic shocks.
- Alarming, dependency on grants is deepening, and the fragmented social protection system remains poorly coordinated and inefficient. This situation creates extreme risk of social upheaval if not alleviated urgently.
- These interconnected challenges are compounded by ideological rifts over social protection policies, as seen in disputes over the NHI, Expropriation Act, and BELA Act – threatening the coherence, predictability, and sustainability of SA's so-cial security.
- The absence of complementary strategies (e.g., job creation, skills development, SMME support) alongside social grants entrenches long-term dependency on social transfers for many people. This creates the risk of lower labour market participation and higher dependency ratios into the future.
- Capacity constraints in entities like SASSA and provincial departments (e.g., outdated systems, staff shortages, poor oversight) lead to inefficiencies, fraud and corruption, and delays in benefit delivery, eroding public trust and increasing social hardship

Consequences: the above root causes could lead to severe social hardship if sustainable strategies are not implemented:

- Policy paralysis due to conflicting ideologies in the GNU may result in delay and uncertainty in implementation of key programmes. This ideological dissonance, particularly around universal basic income and national health insurance, threatens coherent and evidence-based policymaking in the social protection sphere.
- If social protection fails to keep pace with inflation, unemployment, and inequality, the risk of civil unrest increases. This is exacerbated by declining trust in institutions, high youth unemployment, rising food insecurity, high levels of gender-based violence and substance abuse, child neglect, and abuse of older persons.
- Overall, SA faces increased threats of social unrest, crime and political instability which, in turn, may fuel extremist populist movements and deepen social resentment and divisions if perceived injustices are not urgently addressed through equitable, inclusive, and sustainable social protection reforms.

Opportunities: Apart from constituting risk response strategies, the following will unlock systemic benefit across the economy:

- Enhance integrated governance and coordination across social protection systems. The fragmented, siloed approach to policy implementation in State departments undermines the effectiveness and impact of social protection initiatives. This disjointed coordination results in missed opportunities to consolidate programmes, pool resources, and deliver holistic support to vulnerable populations. To maximise the impact of existing interventions, departments must align around a unified, youth-centred development plan. Such an integrated strategy would enable young people to seamlessly access a full spectrum of services, including education, skills development, mental health support, job placement, and entrepreneurship. This will unlock a powerful lever for stimulating inclusive economic growth and reducing dependency on social assistance grants.
- Link certain grants (e.g., youth or able-bodied adults) to accountability conditions, public works initiatives, training programmes offered by SETA's, and/or job-seeking activities to reduce long-term dependency.
- Establish a 'National Social Protection Advisory Council' comprising academia, civil society, private sector and government to promote coordinated, data-driven decision-making.



Painting by **Prof William Gumede**,
Dedicated to Thashnee Padiaychee
(1973-2021)

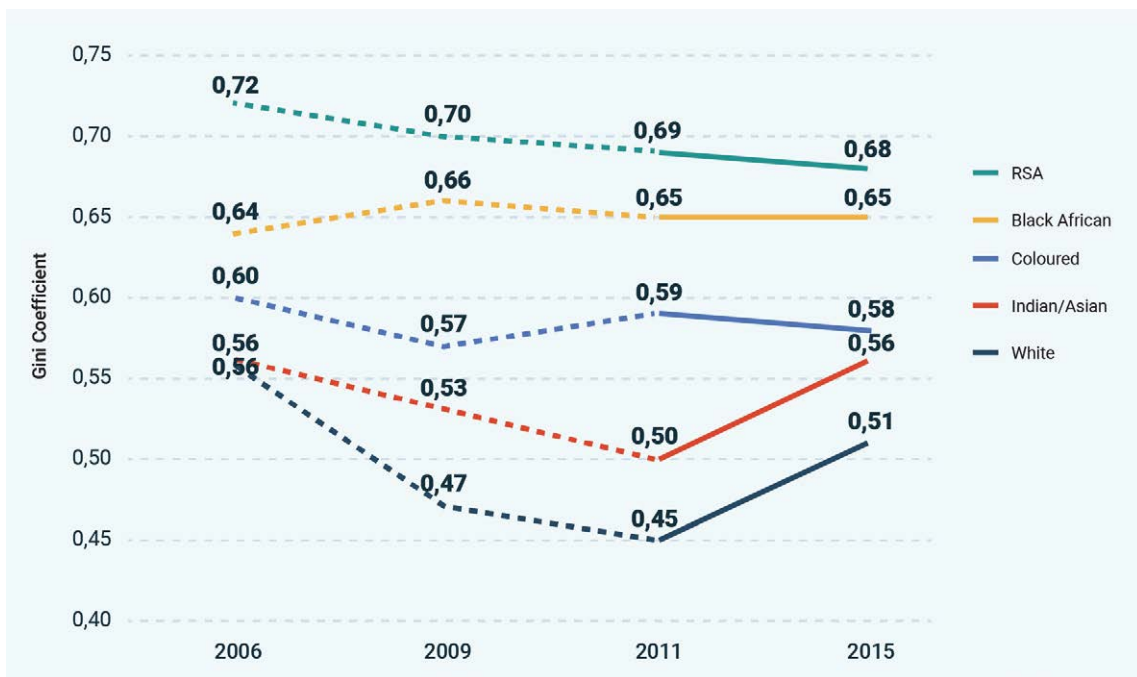
*"The act of giving whether donating
blood, time or money is active
citizenship."*

www.gumedefoundation.org

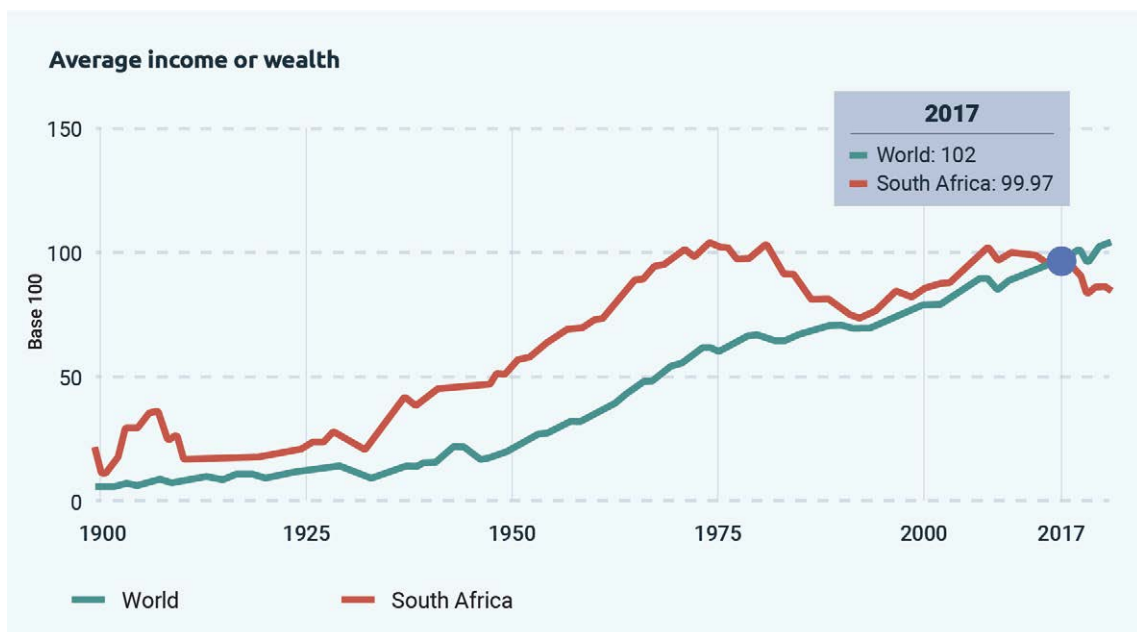
- Improve SASSA's fraud detection systems using AI-enabled tools and blockchain technologies to reduce waste, ensure accountability, and speed up grant disbursements. Resultant savings can then be redirected to other initiatives, e.g., extending the retirement age of public servants in SA to follow the international trend and assist in reducing reliance on government for social assistance in later years.
- Introduce a single integrated social protection platform ('One-Stop-Shop') consolidating services, digital ID authentication, and real-time analytics for more efficient access and monitoring.
- Integrate informal and atypical workers into a contributory social insurance scheme to increase the tax base, broaden the social security net, and encourage SMME sustainability.
- Expand the tax base to support the fiscus to sustain social security programmes (e.g., SARS initiatives in pursuing untaxed and undertaxed taxpayers are key in the expansion, billing and

collection of revenue to fund social grants).

- Expand and optimise social grants to boost local demand in rural and township economies, stimulate SMME growth and create multiplier effects in low-income communities.
- Link social grants with work opportunities, training, or entrepreneurship initiatives (e.g., the expanded public works programme) to reduce dependency and support inclusive economic participation.
- Introduce a Social Impact Bond (SIB) model that incentivises private investment in employment and skills training outcomes in vulnerable communities.
- Use grant disbursement platforms to enhance digital financial inclusion and build individual financial literacy.
- Nurture existing and revisit past donor-funded relationships that assist the State in the establishment, roll-out, and sustainability of social security programmes.



Source: StatsSA – South Africa Gini coefficient



Source: World Inequality Database (<https://wid.world>)

8.9 Context-Relevant Climate Resilience



Levin Mbatsani
CRM Prac, Risk
Manager, Land Bank



Sakhumzi May
Chief Agricultural
Economist, Landbank



Phumi Madlala
Chief Risk Officer,
eThekweni Municipality



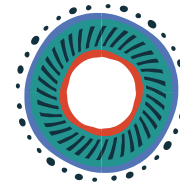
Shamini Harrington
Senior Executive,
Minerals Council SA



Leo Long
Managing Director,
SILAS



Joanne Yawitch
Head, JET PMU
Presidency National
Planning Commissioner



“
*Idan rhythm
na drum
ya canza,
matakan rawa
dole ne su
daidaita*

*(If the drum's rhythm changes,
the dance steps must adapt)*

”

Risk: Extreme and intensifying weather events and changing weather patterns due to failed global, regional, and national climate change mitigation, augmented by insufficient adaptation to strengthen resilience, including the just energy transition.

Key Definitions: Climate change 'mitigation' means avoiding and reducing greenhouse gas emissions into the atmosphere to prevent global warming to more extreme temperatures. Climate change 'adaptation' means altering our behaviours and systems to reduce vulnerabilities and increase the resilience of people, economies, and environments from the impacts of climate change.

Causes: Natural factors and anthropogenic activities may continue to exacerbate climate change and related impacts:

- Continued excessive GHG emissions and adverse environmental practices cause increased temperatures resulting in climatic changes.
- Unsustainable agricultural practices in inherently arid climatic conditions adversely affect future food production (e.g., negative impacts on soil productivity in the long-term).
- Intensified extreme weather events (e.g., storms, floods, droughts, wildfires) cause severe environmental and infrastructure damage, biodiversity loss, and loss of life.
- Climate disaster risk management programmes and response strategies are inadequate and not integrated.
- Continued pressure will come to bear on primary production industries (e.g., agriculture, fisheries, forestry), such as thicket encroachment on grazing lands which threatens cattle farming.
- Food insecurity is exacerbated by below-average agricultural yields, harvest, and production (with knock-on high food price inflation and resultant high interest rates).
- Economic growth is hindered in sectors most affected by climate change and related weather events due to reduced investment potential and failing infrastructure.
- Civil unrest is precipitated by socio-economic hardship due to health impacts, economic decline, climate migration, and higher unemployment.

Consequences: Impacts relate both to climate change itself and how policy-makers, organisations, and people respond to it:

Rising global ocean temperatures may lead to the following:

- El Niño impacts: elongated dry spells, droughts, above-average rising temperatures and heatwaves (e.g., in 2024/25 SA summer grain production reduced by ~20% with a resultant negative agricultural GDP of -8.0%).
- La Niña impacts: intense and disruptive rain spells, especially on SA's Eastern seaboard.
- More intense storm surges from the Indian Ocean exceeding Madagascar's sheltering impact on SA and other impacts requiring adaptation and smart farming practices to ensure sustainable agriculture (e.g., the delayed rainfall season in 2024/25 resulted in a narrow planting window, followed by excessive rains during the drying period, which are expected to impact crop quality).

Global, regional, and national misalignment to mitigate and adapt to climate change may continue due to the following:

- If climate change is inadequately managed or if interventions are delayed, it may significantly impede achievement of almost all the SDGs
- The USA's withdrawal from the Paris Agreement and its drive for fossil fuels may place additional pressure on the global community to reduce emissions and maintain existing agreements.
- The USA's withdrawal from the Just Energy Transition Investment Partnership is negatively affecting the implementation of the Climate Change Act and investment in climate-proofed infrastructure.
- Trade tariffs and cancellation of trade agreements may impact specialist-related supply chains and support services.
- Political instability, policy uncertainty, and investment delays may further thwart SA's just energy transition and achievement of Nationally Determined Contributions (and globally, the reduction of emissions by half in 2030, and to net-zero by 2050).
- Insufficient education, awareness, and institutional capability and capacity (across the public, private, and non-profit sectors) to access, analyse, understand and respond to climate data and risks proactively rather than reactively.
- Lack of funding, adaptation delays, siloed actions, and greenwashing, may hinder effective implementation of SA's climate mitigation and adaptation policy framework (i.e., the Climate Change Act and the Carbon Tax Act) to –
 - develop and implement a clear just energy transition strategy;
 - implement extensive monitoring and ensure full transparency on the targets versus delivery of a just energy transition;
 - ensure full public, private, and non-profit sector disclosure on ESG, and implementation of an Africa-specific framework;
 - expand private power production, reduce GHG emissions, and promote the domestic voluntary carbon market (based on appropriate disclosure and standards and fully integrated into regional/global carbon markets);
- develop and implement practical climate adaptation plans in public (all spheres of the State), private, and non-profit sectors of the economy;
- promote increased adoption of country-specific responsible investment and climate-related disclosures (e.g., JSE Socially Responsible Investment Index, JSE Sustainability Disclosure Guidance, and CRISA);
- activate research initiatives into primary production resilience (climate-smart agriculture, forestry and fisheries); and
- ensure accelerated development of green energy solutions (e.g., nuclear, wind, solar, geothermal).

Opportunities: Despite the lack of funding described above, the following key opportunities can be explored/embedded further:

- Developing the means to measure the accumulated costs of climate change-related losses against the impact of proactive and preventive actions will ensure accountability whilst enabling science-based decision-making and resource allocation.
- Formalising community-based emergency preparedness structures, supported by automated information sharing on vulnerabilities and response plans in city wards will enable social cohesion and climate-aware culture to drive responsible behaviours.
- Strengthening collaboration between public and private sector entities (e.g., local government and the insurance industry) to integrate risk management collaboration and align communication and engagement with multiple stakeholder groupings.
- Leveraging the models for the National Transmission Company SA, PPPs, and other innovative and collaborative partnerships to expand clean energy infrastructure and/or align integration with the existing national grid. This will reduce dependencies on key national resources through improved economic growth and reduce dependencies on the national social security system.
- SA can position itself within SADC and Africa as a leader in climate policy, enhancing its geopolitical influence and driving regional cooperation, development, and transformation.



1

Climate change poses a serious, growing threat to the world's ability to produce essential commodities, especially for the transport, construction, manufacturing, nutrition, and green energy transition. SA must increase its competency and capacity to build resilience to avoid severe humanitarian impacts.



2

2035 and 2050 scenarios indicate that the production of vital metals (iron ore, bauxite and zinc), critical minerals (cobalt, copper and lithium), and key crops (maize, wheat and rice) will increasingly be **pressured by drought** (through water shortages) and **heat stress** (impacting labour productivity).



3

Vital metals like iron ore, bauxite and zinc are essential for diverse industrial and manufacturing applications and steel production. Most of the **mining for vital metals** occurs in surface and open pit operations. Heat stress, caused by direct sunlight, could cause substantial reductions in labour productivity.



4

SA uses vital metals to produce steel, aluminium and other products that underpin its industrialisation ambitions. For metal producers, the ISSB standards can help assess how **climate change impacts areas of their business**, including the sourcing of commodities and how to respond to these risks.



5

Critical minerals are essential **components in technologies** that form part of the green energy transition. A lack of water undermines water-intensive mining operations, including ore extraction, mineral processing and dust control. Thus, droughts will impact the production of critical minerals like cobalt, copper and lithium.



6

SA will soon need to use a substantial amount of critical minerals to **manufacture electric vehicles** due to legislative changes in major export markets banning the sale of internal combustion engine vehicles as soon as 2030 to 2035. Automotive manufacturers must secure the supply of critical minerals needed by the industry.



7

Agricultural commodities are at risk of drought and heat stress going forward. As the world's thirstiest industry, the absence of water for irrigation poses an existential threat to the agricultural sector. Workers in the sector are particularly at risk from heat stress, with exposure to high temperatures reducing labour productivity.



8

Grain-dependent products account for 70% of SA's food budget. The prerogative for food producers is to secure the future supply of commodities that they need to support food security.

Climate change risk assessments at site, project and supplier levels will help to understand and manage related risks.



9

With a growing weather-related protection gap, **insurers must understand climate risk** exposure impacts on the balance sheet, create innovative new products, invest in the adoption of risk prevention solutions and collaborate with stakeholders to chart a viable path to a more resilient future.



10

Resilience to drought and heat stress means being able to anticipate, manage and recover effectively.

Organisations must identify climate-related physical and transition risks to their operations and **plan forward-looking adaptation** measures, while working with stakeholders to implement those plans.

8.10 Cost-Accessible Food Security



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Ryan Marsden
Owner, Rosewell
Sustainable Projects in
Agriculture



Kobus Hurter
Managing Director,
AgricULTSURE



Marcia Froneman
Executive Head:
Assurance Services,
VKB Group



“
**Bana ba motho
ba kgaogana
tlhogwana ya tsie**
(Siblings share the head of a locust)

”



Risk: A lack of cost-accessible food (due to a convergence of environmental, socio-economic, and governance challenges), that leads to malnutrition and developmental stunting in the majority of households, weakens workforce productivity, strains health systems, and undermines political stability, economic development, and sustainable social transformation.

Key Definitions: ‘Food security’ means that all people, at all times, have physical, social, and economic access to sufficient, safe, and nutritious food that meets their dietary needs and food preferences for an economically active and healthy life.



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Root causes: The following systemic vulnerabilities across agricultural and food value chains cause increasing food insecurity:

Systemic vulnerabilities across agricultural and food value chains:

- Persistently high unemployment and inequality limit economic access to food – while food may physically be available in the market, millions of households are food insecure due to declining purchasing power and weak social safety nets.
- SA's dependence on global imports for key agricultural inputs (e.g., fertilisers, wheat, and fuel) makes it highly susceptible to geopolitical disruptions and price shocks in global markets, thereby threatening production costs and food prices.
- Supply chain disruptions with heightened volatility in food availability, affordability, and safety elevate supply-side volatility, fuel inflationary pressures, and reduce the affordability of staple goods for already vulnerable populations.
- Transport inefficiencies, ageing rural infrastructure, inadequate cold chains, and port congestion exacerbate distribution challenges and spoilage of perishable goods. With limited investment in rural and peri-urban infrastructure, this undermines food availability and utilisation (especially for smallholder producers) and limits transformative expansion of food production.
- Lower water availability from prolonged droughts, pollution, infrastructure decay and inefficient licensing and governance in a generally water scarce country increasingly affect the viability of commercial food supply chains.
- Accelerating climate-related impacts (e.g., heatwaves, droughts, and erratic rainfall) disrupt production cycles and threaten long-term agricultural productivity, disproportionately impacting smallholder and emerging farmers, who often lack the financial and infrastructural resilience to adapt. Limited uptake of climate-smart agriculture and misaligned policy frameworks hinder systemic adaptation. Climate and ecological changes increase production vulnerability to pests, diseases, and biosecurity risks.
- Urban expansion and land degradation reduce high-quality arable land availability and constrain domestic food production.

One of the biggest contributors to the systemic threat to food security is a lack of coordination and collaboration:

- The developmental and humanitarian value of food consumed by people is directly affected by food safety (e.g., the 2017-2018 listeriosis outbreak revealed significant regulatory failures in SA's national food safety framework). Food-related deaths linked to contaminated food consumption underscore persistent vulnerabilities in food safety governance.
- Ongoing challenges (e.g., inadequate inspection capacity and inconsistent enforcement of food safety, land use, and environmental laws) pose enduring public health risks and erode trust in the integrity and social justice of the food system.
- The fragmented governance landscape, including siloed mandates between agricultural, health, trade, and environmental departments hinder cohesive food system planning and crisis response. This lack of institutional coordination and capacity weakens the national ability to address food insecurity systemically.
- Such policy and regulatory uncertainties affect investor and market confidence with long-term production implications.
- Uncoordinated investment in agri-innovation and regenerative agriculture, particularly from youth-led enterprises and technology-driven start-ups, limits producer transformation and resilience. This weak alignment between national policy and producers' needs stifles progress in regenerative agriculture, resource efficiency, and sustainable food systems.
- There is weak education and health integration around food and nutrition in vulnerable communities and community-based initiatives (e.g., urban gardens, informal food cooperatives, and stokvel-style food savings groups) are under-supported despite their critical role in building grassroots resilience, inhibiting food supply chain transformation.
- Without targeted interventions, including cross-sectoral collaboration, integrated climate adaptation strategies, and enhanced food safety governance, food security may escalate to national systemic and widespread human and economic consequences.

Consequences: The result for SA is a growing nutrition security crisis:

Local/regional food system and market impacts

- Breakdown of formal and informal food networks, with smallholder and informal traders most affected.
- Interruption of local and regional food supply chains leading to scarcity of key staples, and volatility in food prices.
- Increased displacement, rural-urban migration, and cross-border climate-related migration.
- Strain on regional food systems, humanitarian corridors, and border security mechanisms.

Malnutrition and health system strain

- Increasing reliance on low-cost, ultra-processed, and low-nutrient foods increasingly causes obesity, non-communicable and food-related diseases, malnutrition, and stunting, which disproportionately affect low-income and urban populations.
- This may be exacerbated as social safety nets weaken and informal resilience mechanisms are overwhelmed.
- Developing pressures on availability of quality food in urban areas may be exacerbated.

- Long-term impacts include the underdevelopment of human capital to drive socio-economic transformation and prosperity.

Macroeconomic instability

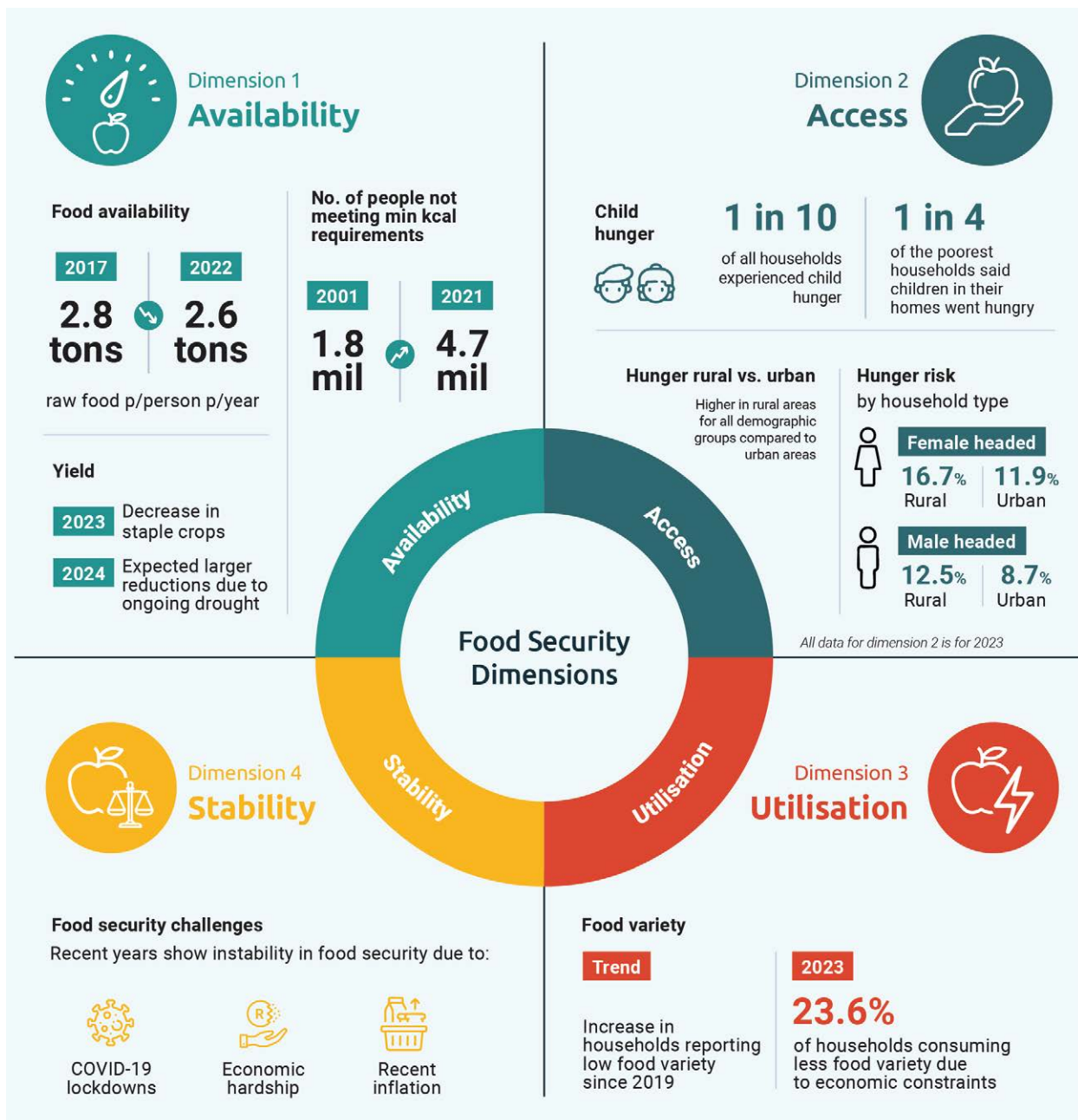
- Decline in consumer trust and investor confidence in the agri-food system.
- Accelerated inflation, particularly in food and input prices, may further reduce household purchasing power.
- Investor confidence in agricultural and retail sectors will decline further.
- Fiscal pressure may increase as food subsidies, social grants, and emergency interventions may become increasingly necessary.

Rising social tension and political instability

- Civil unrest, protest action, and social discontent may be prompted by perceived food injustice, exclusion, and inequality.
- Public trust in institutions may cause increased political pressure for relief.

Opportunities: Despite the risks, targeted interventions could unlock significant opportunities for food and economic growth:

- Localised and decentralised food systems (including urban farming and community-based agri-projects) and regenerative farming practices can restore soil health and increase yield resilience.
- Sufficiently capacitated (i.e. funded, mentored, and trained) youth-led innovation and agri-tech start-ups can drive sustainable, scalable, and smart farming models.
- Robust ESG alignment can create sustainable agriculture investment opportunities to drive value across supply chains.
- Streamlined regulation, interdepartmental coordination and local government capacity can unlock systemic resilience.
- Data-driven, multi-sector policy frameworks can guide national food security strategies (especially when incentivising regenerative farming, climate-resilient crops and solutions, and supporting new agricultural entrants).
- Technology and AI modelling on weather alerts, long-term climatic impacts, and mobile traceability applications can enable greater alignment and stakeholder collaboration across food supply chains. SA can be a springboard for the latest technology products and services to develop the SADC region as a collective food basket.
- Multi-agency task forces can coordinate health, education, labour and social security departments more effectively.
- Closing the gap between the approximately 35 000 large commercial farmers and around 4.5m small holder farmers can create an integrated production strategy.
- Enhanced policy alignment and governance coordination for land, water, and energy will support inclusive food systems.
- Investment in nutrition-sensitive agriculture, food fortification, and public health campaigns can improve access to affordable, nutritious foods to create long-term savings in health costs and enhance human capital more sustainably.
- Improved logistics infrastructure (from stronger public-private collaboration) can reduce bottlenecks in food supply chains.
- Enhanced PPPs and regional trade agreements can foster food system integration across borders.
- Regionally coordinated early-warning systems and joint responses to climate-related events affecting production and distribution will improve efficiencies and results.



Source: Shoprite South African Food Security Index 2024

09

GEOGRAPHICAL VIEW:

Leveraging Our Geographical Location And Relationships



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*Member,
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Risk Analyst, Bank of Botswana*



Mlandvo Sikhondze
*Eswatini Chapter Chair, CRO,
Swaziland Building Society*



Tseko Molelekoa
*Lesotho Chapter Chair, Senior
Officer, Risk Management, Lesotho
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Elias Chitute
*Zimbabwe Chapter Chair, Group Risk
& Audit Manager Turnall Holdings*



Michael Duncan
*Fellow, Independent Consultant
Partner, Lucidum*

Aligning with Southern African (SADC), Sub-Saharan African, African, and global risk and opportunity trends helps SA organisations to anticipate and respond to local, regional and international risks more effectively. Together with contributing to global risk management and risk governance thought leadership, this coordination enhances resilience by promoting shared risk response strategies, data, and early warning systems across borders. An area for increased focus is the exploration of strategic opportunities in a similar way, to address local and regional systemic risk challenges.

9.1 Geographical risk context

SA's risk and opportunity profile, response strategies, and outcomes stem from its global and geographical position as part of SADC, SSA, and Africa.

The high-level geographical risk context is summarised below:

Risk Context	
Global	<p>The global economic slowdown (i.e., 2022 3.4%, 2023 3.1%, and 2024 3.2%) will likely continue at 3.3% for 2025. The drivers of the decline (e.g., subdued economic activity, high interest rates, and geopolitical conflicts) disrupted production and commodity trading, which in turn triggered high inflation, high cost-of-living, capital outflows, and tighter monetary and financial conditions. Despite these conditions continuing, global activity is relatively resilient, inflation continues to decline, and private sector confidence started improving.</p>
Africa Continental	<p>Africa requires significant investment in infrastructure, transport, energy, and digital enablement. To unlock this, it requires policy reform, and capable, competent human capital. Effective implementation of AfCFTA necessitates strong political will, good governance, and cooperation – to facilitate economic growth and deliver benefits to Africa's 1,5bn people. In SSA, slow economic growth (i.e., 2022 4.1%, 2023 3.1%, and 2024 3.8%) is forecasted to continue at 4.1% for 2025. This is due to easing inflationary pressures and the following drivers:</p> <ul style="list-style-type: none"> • Western and Central Africa continue to outperform Eastern and Southern Africa on GDP growth, despite the latter experiencing a sharper slowdown in investment growth. • Inflation is set to remain high, and above central bank target bands for most countries. • Widening fiscal deficits due to weak growth and public debt accumulation places 22 SSA countries at high risk of external debt distress, or already in debt distress. • FDI (in)flows to Africa remain moderate and mostly in line with other developing regions.
SADC Region	<p>Economic performance is still impacted by climate change-induced damage to infrastructure, crop and livestock production, and thus weakening economic, food, and energy security. These are exacerbated by geopolitical conflicts, which affected budgets, commodity prices, food security, and economic growth. The commodity market outlook depends on the duration and extend of specific geopolitical conflicts and associated sanctions. Continued depressed growth and higher inflation will likely erode consumers' purchasing power, widen income inequality, and increase poverty. Upside price risks include possible energy and metals supply disruptions. Food, energy, petroleum products, and fertiliser prices may remain elevated, with significant impacts on inflation and high agricultural input costs. Uncertainty regarding the availability, accessibility, and affordability of food also remain high. These risks could worsen the fiscal situation, undermining SADC States' ability to respond to crises.</p>

9.2 SADC members states: risks and opportunities

As an inter-governmental regional economic community, SADC strives to be globally competitive with enabling international relations. It promotes sustainable economic growth and socio-economic development through cooperation, good governance, peace, and security. However, implementation of SADC's regional integration agenda (reflected in the RISDP 2020-2030) remains slow. Most member States underperformed on the agreed MEC indicator targets for inflation, fiscal deficit, and public debt (which continues to rise), while FDI remains moderate.

Aiming to provide strategic direction for its remaining 5 years, SADC is reviewing the RISDP to identify solutions to implementation challenges. Civil society organisations monitoring RISDP implementation acknowledged some progress in 2024 (e.g., in establishing SADC National Committees in 12 countries and advancing towards the creation of a SADC Parliament).

However, they emphasised the need for accelerated financing, timely reporting, and the operationalisation of the Regional Non-State Actor Engagement Mechanism – to enhance accountability and participation.

The risk assessment below highlights the following:

- **Key risks** for SADC States include climate change, energy shortages, inflation, economic downturn,

unemployment, poverty, crime, and armed conflict.

- **Key Opportunities** exist in agriculture, forestry, and fisheries, minerals, oil and gas, and tourism.
- **Key strengths** are rooted in the financial sector in certain member States, as reflected in the country scores on financial development, demonstrating how policy-makers can reduce barriers to boost sustainable investment growth. 6 SADC countries ranked in the top 10 of 28 countries assessed in the AFMI, shaping an attractive growth foundation, with the benefit of market development and policy changes in boosting financial market growth clearly demonstrated.
- **Building resilience** over the last 3 years enable most SADC countries to remain fairly stable in the face of external shocks derailing or delaying important advances in capital markets.
- **Building sustainability** is reflected in 23 countries having introduced ESG considerations into market frameworks to support investments. ESG bonds were listed in Botswana, Mauritius, and Zambia (Zambia also implemented climate-related financial regulations). SA has green bonds and other ESG products. Guidelines have been issued by some central banks requiring reporting on climate change scenarios, scenario stress tests, and actions related to carbon credits.



SA's market is known for its experienced risk professionals, many of whom are trained through a strong academic and certification system such as IRMSA's. These professionals operate within a mature regulatory environment influenced by frameworks like King IV and SAM. Our entity has drawn valuable insights from these practices, particularly in ERM and governance. This connection continues to enhance our approach to risk, especially in cross-border business with South African institutions.



Mathieu N’Katta, Réseau Ivoirien de Management des Risques et Assurances d’Entreprise (RIMRAE)

The assessment tables below reflect **high risk**, **low risk**, and **opportunity** comparisons of SADC States:

	Angola		Botswana		DRC	Kenya	Lesotho		Malawi	Mauritius	Namibia	South Africa		Zambia	Zimbabwe	
	2024	2025	2024	2025	2025	2025	2024	2025	2024	2025	2025	2024	2025	2025	2024	2025
Armed Conflict (proxy wars)					High Risk											
Crime (illicit econ. activity)					High Risk											
Climate Adaptation Failure							High Risk									
Climate Mitigation Failure							High Risk									
Digital Inequality			Low Risk													
Economic Downturn	High Risk	High Risk		High Risk		High Risk	High Risk	High Risk	High Risk	High Risk		High Risk	High Risk	High Risk	High Risk	High Risk
Energy Supply Shortage								High Risk				High Risk	High Risk	High Risk	High Risk	High Risk
Extreme Weather Events							High Risk		High Risk	High Risk	High Risk					
Food Supply Shortage				High Risk	High Risk	High Risk		High Risk						High Risk		High Risk
Household Debt			High Risk													
Health Chronic conditions							High Risk	High Risk								
Inflation	High Risk	High Risk	High Risk	High Risk					High Risk	High Risk	High Risk					
Involuntary Migration																High Risk
Labour / Talent Shortage	High Risk									High Risk	High Risk	High Risk				
Poverty/Income Inequality	High Risk	High Risk	High Risk	High Risk	High Risk	High Risk					High Risk		High Risk			
Public Debt		High Risk				High Risk			High Risk	High Risk	High Risk					
State Fragility												High Risk				
Unemployment	High Risk	High Risk	High Risk	High Risk	High Risk	High Risk			High Risk	High Risk	High Risk		High Risk		High Risk	High Risk
Water Supply Shortage								High Risk				High Risk	High Risk	High Risk	High Risk	High Risk

Source: WEF Global Risk Report (2024 and 2025).

Risk Element A1-3 = Very Low to Low Risk A4-C = Acceptable Risk D-E = High to Very High Risk	Angola	Botswana	Comoros	DRC	Eswatini	Kenya	Lesotho	Madagascar	Malawi	Mauritius	Mozambique	Namibia	Seychelles	South Africa	Tanzania	Zambia	Zimbabwe
	Country Risk Rating	C	B	-	D	D	C	C	C	D	A4	D	B	-	C	B	D
Business Climate Rating	D	A4	-	E	C	A4	B	A4	C	C	A4	E	-	A4	C	C	E
Agriculture, forestry and fisheries	●			●	●	●		●	●		●	●		●	●	●	●
Business attractiveness, trade agreements	●							●		●					●		●
Climate change impacts, extreme weather		●					●	●	●	●	●	●			●		●
Conflict, war, political stability, democracy	●	●		●		●	●	●		●	●	●	●		●		
Crime (including high levels of corruption)	●			●	●	●	●	●	●			●		●		●	●
Commercial delinquency, e.g. China	●									●						●	
Dependence on RSA					●	●	●					●					
Disease		●		●													
Financial sector		●				●	●		●	●	●	●		●			
Food security									●	●							●
Geographical location (isolated vs trade routes)		●	●		●		●			●	●		●			●	
Good governance and strong institutions		●		●			●		●	●	●	●		●			
Hydropower	●			●		●	●				●					●	
Industry (textile & clothing, diversified or not)							●			●	●	●		●			
Infrastructure	●	●		●	●	●		●	●	●	●	●					
Mineral resources	●	●		●			●	●	●		●	●			●	●	●
Oil and natural gas	●			●							●				●		
Skills, human capital		●								●					●		
Tourism			●		●	●	●	●		●		●	●	●	●	●	●
Unemployment, low wages, poverty	●	●		●	●	●	●	●	●	●	●	●		●	●	●	●

Source: Global Edge –Michigan State University (2025); Coface (2025).

SADC Country	Rank		Score		Pillar 1	Pillar 2	Pillar 3	Pillar 4	Pillar 5	Pillar 6
	2023	2024	2023	2024	Market Depth	Access to Foreign Exchange	Transparency, Tax & Regulatory Environment	Capacity of Local Investors	Macroeconomic Environment & Transparency	Legal Standards & Enforceability
Angola	20	25	43	41	38	59	61	12	52	25
Botswana	7	6	58	59	56	68	77	58	88	10
DRC	26	28	35	35	22	48	50	10	73	10
Eswatini	13	13	46	47	26	50	60	57	79	10
Kenya	8	8	58	57	38	70	85	18	76	55
Lesotho	25	27	35	36	12	56	37	31	72	10
Madagascar	27	26	34	36	20	79	32	10	68	10
Malawi	18	17	43	44	26	46	60	12	70	55
Mauritius	2	2	77	77	56	76	95	64	62	100
Mozambique	22	20	41	43	35	47	45	15	74	40
Namibia	5	5	61	61	38	54	59	100	77	40
Seychelles	14	16	45	45	19	56	50	60	77	10
South Africa	1	1	87	87	100	87	93	66	78	100
Tanzania	12	12	50	52	49	60	77	19	85	55
Zambia	10	10	55	56	31	56	77	11	75	85
Zimbabwe	17	18	44	43	16	33	82	21	70	40
Average	14	15	51	51	36	59	65	35	74	41

Source: Absa Africa Financial Markets Index (2024). Pillar scores are based on countries' relative performance for each indicator, rebased to minimum 10 and maximum 100. The overall index score per country is calculated as an average of the scores from each pillar.



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9.3 Current and emerging issues and challenges in the sadc region

The broad spectrum of risks and challenges assessed above cannot be dealt with effectively by individual member States. Regional integration is therefore key, also in preparation of emerging issues, which include the following:

- **People – the key to the future:** Human capital can be a powerful shared regional advantage, with the current population of 380m expected to increase to 618m by 2043. Although the percentage of poor people is expected to decline to 34% (from 51% in 2019), the actual number of poor people will increase to 209m (from 180m). This, together with high youth unemployment, necessitates accelerated human development to unlock regional transformation. This includes responding effectively to new HIV infections and communicable disease outbreaks, e.g., Marburg Virus, Cholera, and Measles.

“
Increased risks and opportunity stem from the pursuit of AI and technology benefits.
”



- **AI and Technology:** Increased risks and opportunity stem from the pursuit of AI and technology benefits, including inequality of the digital transformation process and regional regulatory gaps or misalignments.
- **Just energy transition:** SADC will continue to rely on fossil fuels for the bulk share of energy needs well into the future, with carbon emissions likely to increase by just over 100m tons (of carbon) in the next 20 years.

Managing this transition, will be a key enabler of future economic transformation and development.

- **Regional strengths in global relations:** Geopolitical tensions and volatile global financial markets necessitate a unified regional response to the impact of shifts in international developmental aid flows. Similarly, responding to changes in preferred and/or concentrated trade partners must prioritise regional interests.



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41 Markets



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42 Million lives



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9.4 Key risk response strategies to promote regional integration

Improving performance against the SADC MEC indicator targets requires a comprehensive, collaborative approach focused on sustainable development. Prioritising peace, security, governance, industrial development, infrastructure, social capital, and strategic management of the RISDP, paves the way for a prosperous and integrated region.

The following insights will assist organisations to respond better to the regional risk themes and to optimise the resources of States and organisations in SADC:

Regional Risk Response Perspectives to Global Volatility Impacts and Improve Performance Against MEC Indicator Targets			
Social	<ul style="list-style-type: none"> Enhance regional labour and skills sharing through mutual recognition of qualifications. Improve cross-border mobility to mitigate the effects of restrictive global migration policies. Leverage SADC protocols to promote free movement of people. Enhance national and regional security frameworks to safeguard the movement of people. Dismantle mobility barriers related to immigration policy shifts, pandemic-era 	<ul style="list-style-type: none"> regulations, and geopolitical tensions. Provide government support to build national and regional pools of future-ready skills from early primary education. Invest in youth empowerment, digital literacy, and skills transformation to improve employability and resilience. Expand regional cooperation and access to quality education, vocational training, and healthcare (especially in STEM fields). Improve diaspora policies that recognise their 	<ul style="list-style-type: none"> role as knowledge and innovation partners versus remittance contributors only. Strengthen ties with global actors to support diaspora and harness their contributions to national and regional development. Strengthen digital infrastructure by improving digital connectivity to support remote work and education across borders. Promote social cohesion and grassroots awareness to address and reduce social and gender-based violence.
Economic	<ul style="list-style-type: none"> Recognise that unilateral protectionist measures extend beyond the US and include G7 countries (e.g., cross-border adjustment measures affecting African exports). Negotiate smarter bi- and multilateral trade agreements to diversify beyond traditional markets (e.g., USA, China) and leverage regional platforms (e.g., ECOWAS, EU, BRICS+) Recognise and mitigate trade diversion due to reciprocal tariffs, guiding action with the following principles: <ul style="list-style-type: none"> » Preserve regional cohesion and solidarity in responding to global trade shifts. » Maintain the SACU Common External Tariff and existing trade agreements. » Protect and expand regional value chains to enhance resilience. » Preserve the integrity of regional and continental markets in response to external policy developments (e.g., from USA). » Reaffirm the AU 31st Ordinary Summit commitments to prevent 3rd-party partnerships from undermining AfCFTA. Reduce regional trade barriers and enhance participation in AfCFTA. Harmonise regional standards and eliminate non-tariff barriers to deepen market integration. 	<ul style="list-style-type: none"> Strengthen trade facilitation infrastructure at borders to mitigate tariff and supply chain disruptions. Diversify the export base to reduce reliance on volatile commodities. Invest in value addition and beneficiation of raw materials, particularly in mining and agriculture. Improve industrial and production capacity to reduce dependence on imports and agreements like AGOA and SACU. Align industrial policy with the SADC industrialisation strategy. Create incentives for private sector investment in priority sectors (e.g., manufacturing, green industries). Develop cross-border value chain projects (e.g., cross-border SEZs). Position SACU as a regional hub for industry, trade, investment, manufacturing, and innovation. Open financial markets to spur innovation and digital financial services. Establish local and regional financial zone and digital innovation hub to attract high-tech and finance firms. 	<ul style="list-style-type: none"> Reduce taxes on mobile operators and financial service providers to lower costs and drive innovation. Develop financial support systems for SMMEs aligned with regional economic goals (e.g., training and incubation). Establish a wider common monetary area to ease intra-regional fund transfers. Fast-track regional fintech integration. Implement government-facilitated networking and investment sessions for regional investors. Invest in digital infrastructure, energy, and transport connectivity (e.g., North-South Corridor, PPPs for infrastructure). Invest in sustainable agri-processing, green industries, and energy. Pioneer African ESG frameworks to lead a context-specific just transition. Strengthen risk governance in both public and private sectors. Embed agile risk frameworks to respond to supply chain disruptions, import-export constraints, and currency volatility. Leverage digital education platforms. Deepen cooperation with trade partners (e.g., BRICS+) for knowledge exchange.
Diplomatic	<ul style="list-style-type: none"> Collaborate to proactively defend the interests of small States in a shifting global order. Strengthen strategic alliances across Africa and with global development partners, while upholding principles of neutrality. 	<ul style="list-style-type: none"> Leverage bi- and multilateral platforms (e.g., AU, UN) to promote equitable global policies, e.g., in trade, health, and climate change. Strengthen cross-border forums to prevent unsafe migration and trafficking of children 	<ul style="list-style-type: none"> between the regional countries. Prioritise regional solidarity to amplify a collective voice on global issues and positioning member States as reliable partners.

Regional Risk Response Perspectives to Global Volatility Impacts and Improve Performance Against MEC Indicator Targets			
RISDP Implementation	<ul style="list-style-type: none"> Reform national and regional systems of governance, ethics, accountability, transparency, judicial independence, and security. Build the capacity of democratic institutions to reinforce political stability and public trust. Strengthen regional peer review mechanisms to monitor compliance with agreements and ensure member accountability. Provide technical support to assist member countries to oversee the effective implementation of regional commitments. 	<ul style="list-style-type: none"> Participate in regional peacekeeping efforts (e.g., SADC Standby Force, AU Liaison Mission). Support community-based conflict resolution initiatives to promote dialogue, reconciliation, and social cohesion. Expedite the domestication of AfCFTA protocols at national levels. Reform border management systems to streamline trade processes. Standardise customs procedures, product standards, and regulations across member 	<ul style="list-style-type: none"> states. Enhance financial inclusion to support broader economic participation. Align national laws and regulations (including customs, investment, competition, and services) with AfCFTA requirements. Assist local investors in identifying and accessing intra-African investment and supply opportunities. Enable SMMEs to meet regional quality standards and participate in cross-border trade.
State Security	<ul style="list-style-type: none"> Strengthen security agreements amongst regional participants and hold participants accountable. Enhance early warning systems and crisis response through SADC's Organ on Politics, Defence and Security, and the AU. 	<ul style="list-style-type: none"> Consider joining/establishing security agreements with global blocs such as BRICS+. Invest in regional intelligence-sharing frameworks and civil-military relations to reduce susceptibility to security threats. 	<ul style="list-style-type: none"> Cooperate better on cyber- and transnational crime (e.g., joint plans and operations, capacity building, and intelligence sharing). Prioritise funding for socio-economic vulnerabilities that catalyse instability.

Note: These insights may pertain to varying degrees to different SADC States, They are not presented here per country specifically, but rather as collective insights to support regional integration.



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10

ECONOMIC SECTOR PERSPECTIVES:

Applying Risk And Opportunity
Intelligence

Risks and opportunities do not exist in isolation – as technology and global interconnectivity increase, they impact through every economic sector. With increasing digitalisation of economic activity, supply chains often interact autonomously – with unexpected span and severity of impact – both in relation to risk and opportunity.

This section explores how each industry is affected by the national risk and opportunity themes and how sector-specific responses can contribute to a risk-resilient SA, enabled by a culture designed for success. The sector-specific views take into account inputs from risk managers as well as non-risk corporate leaders – thereby enriching the content practically from the perspective of people who deal with risk and opportunity in these sectors on a day-to-day basis.

10.1 Agriculture, forestry, and fisheries



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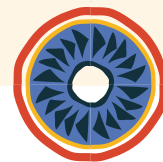


Karen-Dawn Koen
Sustainability, Risk &
Compliance Executive,
Oceana Group

“
**Matlo gosa
mabapi.**

*(Neighbouring houses
burn together)*

”



1. Cohesive Politics

Political tension over labour relations and land occupation increases the sector's costs and business interruptions. The land expropriation bill (currently subject to legal contest) also cause uncertainty, as its implementation has not been clarified. The impact velocity on productive farms, if upcoming farmers are not effectively assisted, will be rapid (farms could become unproductive in a year, while reversing such impacts may take more than a decade depending on the type of farm). The GNU objective of foreign policy based on constitutionalism and the national interest must be entrenched. Although SA's alignment with BRICS+ is not marked by trade surpluses, SA's unclear international policy directly impacts FDI, and GNU tensions detract from international investor confidence in SA. If SA is excluded from AGOA, the sector will suffer significantly if alternative markets for exports of affected products and value chains are not secured in time. This may cause trade disruption with decreased market access for sector produce exports, lower export volumes, increased operational costs, revenue losses, and lower profits. Imported value chain inputs like fertilisers, seeds and equipment could also become less accessible or more expensive. Reasonable tariffs should be negotiated by leveraging key commodities. Anti-dumping legislation should be implemented, trade should be diversified to reduce export market concentrations, and barriers should be relaxed for trade partners with demand for goods where SA can compete effectively. Increased trade with Africa via enabling policies and legislation will support the sector's stability and sustainable food security.



Electricity network volatility often causes downtime and equipment damage with associated profit impacts.



Disease outbreaks requiring the culling of livestock cause job losses and higher cost, threaten food security, and reduce export volumes.



Despite good management of SA's main reservoirs, the quality of various water systems is low while polluted water is unsafe to grow crops - hence the sector invests heavily in the storage and cleaning of water to maintain manufacturing and irrigation.



Climate change impacts on water security and fishing and fish-related processing are of concern.



2. Capable State

Rural local government delivery remains poor, threatening business continuity, increasing costs, and hindering minimum industry and quality standards. Communities' demands for services cause further cost pressures, while infrastructure investment is challenging due to bureaucratic processes at dysfunctional local authorities. Electricity network volatility often causes downtime and equipment damage with associated profit impacts. This is exacerbated by internationally set commodity prices and cheap imports. Disease outbreaks requiring the culling of livestock cause job losses and higher cost, threaten food security, and reduce export volumes. Diseases are often transferred by wild animals and are thus difficult to contain. The formal sector mostly has effective quality management systems in place to comply with State veterinarian rules; informal, small-scale, or subsistence farmers are more affected by inefficiencies and constraints in the State Veterinarian's ability to inform, monitor, and contain such outbreaks.



3. Credible Rule of Law

Crime mainly impacts the sector via procurement and hijacking syndicates. Illegal immigration, provincial and national illicit syndicate activities, difficulties securing thousands of hectares, and 10-to-30-year production cycles make commercial forestry especially vulnerable. With little investigation and prosecution success, the sector invests heavily in private security and investigation capabilities. Insurance costs for crime-related losses continue to increase and some risks have become uninsurable. As socio-economic and service delivery impacts worsen, crime driven business disruptions increase. Illegal, unreported, and unregulated fishing practices pose a significant sustainability threat as they deplete fish stocks and undermine the efforts of legitimate and compliant fishers. The economic ramifications are extensive, affecting the livelihoods of vulnerable fishing communities dependent on the sector.



4. Capacitated Infrastructure

Highly energy-dependent, food availability is affected rapidly if energy for manufacturing and irrigation is interrupted. Although improved, fragile national supply is often interrupted at short notice. Due to the scale of energy needs, high cost of transitioning to other energy sources, and low margins, alternative and technically feasible energy investments are seldom viable. On logistics, deteriorating rail infrastructure is pressuring deteriorating road infrastructure. Despite Transnet's intent to privatise certain critical routes, timelines are unclear. Although harbour congestion has reduced, overall port productivity is still below target. Trucks are quicker and more reliable, but hijacking on major routes is prevalent, with high impact velocity (e.g., looting and road closure) directly and immediately impacting road freight. These unreliable logistics options cause loss of customers and market share, breach of export contracts, contract cancellations, and limited new contracts. Despite being a key rural economic contributor, the sector is often blamed for water scarcity. Despite good management of SA's main reservoirs, the quality of various water systems is low while polluted water is unsafe to grow crops - hence the sector invests heavily in the storage and cleaning of water to maintain manufacturing and irrigation. NEMA enforcement is poor with some industries and failing local infrastructure the main contributors to pollution. Implementation of legislation affecting water rights and increased local produce demand due to population growth, makes the development of upcoming farmers more urgent. Climate change impacts on water security and fishing and fish-related processing are of concern. The financial burden to establish and operate alternative technological solutions (e.g., desalination plants) is high. Fluctuating freshwater availability due to climate change exacerbates these challenges.



5. Competent People

The sector needs scarce talent in less popular geographical areas. Higher compensation does not always counter distances to good schools, unsafe neighbourhoods, and few work opportunities for spouses. Remote working options brought some relief, but this is not viable for the sector's physical work needs. The sector develops local talent pipelines, builds and funds schools, awards bursaries, and upskills its workforce while the State should upskill informal and subsistence farmers and invest in agricultural R&D.



6. Creative Technology

Prohibitive technology costs limit the benefits of efficient and sustainable farming, forestry, and fishing practices, and decision-making across the sector's value chains (e.g., planning, monitoring, inventory management, and harvesting), even more so for emerging farmers. The formal sector invests proactively to avoid costly catch-up strategies and makes more use of precision farming techniques to gain insights and efficiencies with available resources. Cyberattacks have increased as digitisation and connectivity increase. Although larger entities have invested in proper cybersecurity systems, the interconnectivity of technology leads to exploitation by criminals. The sector must invest in user maturity as a key preventive defence mechanism as chances of recoveries after the fact are slim.



7. Competitive Economy

Currency volatility complicates forecasting, especially for export margins and input imports like fertiliser, machinery and fuel, which are substantial production costs. Electricity price hikes exacerbate cost pressure and shrink margins. Economic growth also worsens due to continued freight and port logistics constraints and geopolitical tensions, causing low demand, high cost, and low revenue. This also imposes significant pressure on local household incomes and spending, leading to considerable profit and growth pressures for the sector. Forestry (especially sawmilling, mining timber, and pole treating industries) took strain from lower volumes. Additionally, pressures on FDI continue to increase. African countries have substantially cut red tape and incentivised investment through policy and legislative reform. SA's greylisting, land ownership policy uncertainty, high B-BBEE requirements, high taxes, failing infrastructure, and service failure will continue to divert investments to other countries. Long-term effects include reduced representation of existing multinational inputs into the sector value chain, but offer opportunities for local investors to supply input products and services.



8. Connected Social Security

The sector carries the brunt of deteriorating rural services and increased cost of living due to its geographically remote operations. Employees from vulnerable communities are most affected by social insecurity, unemployment and inequality (with more people being solely reliant on social grants to survive). The sector is compelled to respond to these challenges to create job opportunities and maintain a willing local workforce of skilled, semi-skilled, and unskilled employees. As a key employer in most remote areas, the sector also incurs excessive costs to provide training and job opportunities to people who would often not be employable in other industries.



9. Context-Relevant Climate Resilience

Extreme weather impacts crop quantity and quality, harvesting ability, fish resource distribution, infrastructure, and supply chains – driving the need for climate-resilient cultivars. Most maize is grown in dry-land conditions (with drought vulnerability in growing stages) with grade/yield impacts when growing and harvesting seasons are too wet. This affects local and international contract delivery and prices. Higher climate change-induced claim frequencies affect insurers' risk appetite and premiums. Climate-related groundwater level drops reduce the hectareage available for commercial forestry. Fires caused by erratic weather patterns lead to extended fire seasons and higher firefighting costs – affecting the serviceability of sales contracts and revenue. Adapting to ESG-supportive practices and minimum standards set by credit providers increases compliance and reporting costs. The fishing sector is particularly impacted by increased ocean temperatures, which alter fish distribution patterns, making some species less accessible due to decreasing populations in traditional fishing areas.



10. Cost-Accessible Food Security

SA's staple grain harvests are generally stable year-on-year due to the mixture of irrigation and dry-land cultivation. However, changing drought and wet conditions impact the quality and quantity of harvests. Although grains can be imported relatively easily (albeit subject to volatile exchange rates), they influence and affect farmer profitability and debt serviceability. Compounded by rising input costs, there is longer-term uncertainty about maintaining SA's food basket. Ongoing sustainable fish resource management is crucial in ensuring the inclusion of protein-rich products within the country's food basket.



Cyberattacks have increased as digitisation and connectivity increase.



The interconnectivity of technology leads to exploitation by criminals.



Extreme weather impacts crop quantity and quality, harvesting ability, fish resource distribution, infrastructure, and supply chains – driving the need for climate-resilient cultivars.



Adapting to ESG-supportive practices and minimum standards set by credit providers increases compliance and reporting costs.



10.2 Communication and digital economy



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Mighty Mhlanga
CRM Prac, ERM and
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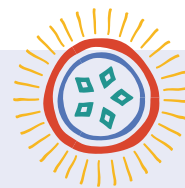
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Alkesh Patel
CRM Prof, Senior
Manager: ERM, MTN



Renisha Rajpaul
Executive Head: Business
Risk, Vodacom



“

**Inkunzi
isematholeni**

*(The bull is found among
the calves; the leaders of
tomorrow come from the
youth of today)*

”



1. Cohesive Politics

The rapidly changing digital economy causes increased risk for SA's current rigid and obsolete policy and regulatory environment. This may increase cybercrime as well as unregulated, unauthorised, and illicit digital technology applications and services. The sector requires a more agile and adaptive regulatory environment supported by thorough research and development initiatives and cybersecurity innovation. Delayed digital migration, which is essential for freeing up spectrum, hinders the sector's growth. Coalition politics also cause policy volatility, the adoption of populist policies (e.g., free data), and increased regulatory intrusion. The sector continues to engage regulators to inform policies and support national goals such as the 4IR, and connectivity for citizens. Internationally, rapidly changing geopolitics significantly impacts crucial equipment sourcing and partnerships to advance network infrastructure and technology. Geopolitical instability along trade routes (e.g., the Taiwan Strait) could escalate and disrupt delivery of essential components, disrupt ICT operations and increase costs. Supplier diversification, local sourcing, and scenario-analysis to anticipate local and international political impacts are key to ensuring business resilience and minimising dependence on a few high-risk suppliers in sensitive areas.



2. Capable State

Dysfunctional State processes result in delayed applications and unreasonable cost demands. Ineffective security, safety measures, and law enforcement contribute to large-scale theft and vandalism of infrastructure, compelling the sector to partner with private security and industry players. Additionally, State governance failures lead to inefficient spectrum allocation, unfair competition, inadequate regulation, and limited access for many, further entrenching the digital divide. Through the Association of Comms and Technology (ACT), the sector engages to inform the development of an enabling strategic, policy and regulatory environment. This is particularly important as ACT can be a catalytic enabler of government efficiencies, national competitiveness and broader inclusive development. Additionally, communications companies globally are adopting delayering strategies, where each delayered entity (e.g., fibre or tower providers) specialises in managing its business, stakeholders, and risks.



3. Credible Rule of Law

Enforcement of the law should be a multi-faceted project for every role player in government, civil society, and the private sector to ensure uninterrupted digital economy services. Compliance to set standards must be critically monitored, evaluated and approved at regular intervals to ensure continued compliance. Sophisticated syndicates execute mobile phone robberies at stores, warehouses, or en route during last-mile delivery, requiring increased mitigation cost and effort. Subscription fraud necessitates costly risk transfer (insurance). The sector collaborates with the SAPS and other sectoral bodies (e.g., ESCI, SAFPS, SABRIC, COMRiC) to share intelligence, increase risk awareness, and combat crime. Heightening visibility by deploying additional security measures at hotspots remains an effective mitigation strategy to minimise battery and copper theft. The sector relies heavily on undersea cables which are increasingly threatened by sabotage, which requires complex relationship and contract management strategies to manage.



4. Capacitated Infrastructure

Unreliable energy supply cripples the sector through large-scale service outages, degraded service quality, increased maintenance, and lower revenue, which in turn negatively impacts other sectors that depend on communication and digital services. The sector invests in backup generators, batteries, alarm systems, physical deterrents, renewable energy sources, and innovative PPPs, at high cost and additional exposure to theft in the absence of high-voltage protection. Renewable energy microgrid investments may be beneficial, where feasible. Increasing tariffs will necessitate alternative sources and new supply chains for critical infrastructure and input materials. It will also increase the pressure to further enhance internal compliance programmes, adopt multi-vendor strategies, increase local sourcing, diversify suppliers, and monitor vendor quality and concentration threats to supply chains. Supplier relationship management, contingency planning and inventory management are critical to ensure continuity. Water shortages affect cooling and fire suppression systems, and network maintenance to keep data and switch centre equipment operational. Water interruptions are mitigated through a hybrid of approaches (e.g., rainwater harvesting and backup tanks at offices and boreholes where possible, data/switch centres, or alternative air-cooling systems). Installation of smart meters, leak detection systems and low flow pressure regulators to limit water wastage are incorporated into ESG strategies. The State should foster infrastructure and technology integration, sustenance, and ethical distribution of digital economy benefits to reduce the digital divide, overall cost of communication, and thus stimulate more inclusive socio-economic growth.



5. Competent People

Technical (STEM), leadership talent shortages, skills migration to more attractive regions, an ageing skilled workforce, and large-scale youth unemployment affect the sector's ability to drive complex strategies to respond to 5G, IoT, cloud computing, machine learning, AI, and fintech developments and opportunities. The globalisation of the workforce, enabled by remote working technologies, has resulted in South African Telcos competing against offshore companies for South African-based technical skills. Locally, high industry concentration and high competition for talent (increased talent wars, and cost to secure critical skills) remains a challenge. Sector responses include partnering with educational institutions, enhancing employee value propositions, outsourcing certain skills, and leveraging technologies, such as AI, to reduce the human and skills burden. However, to remain sustainable, the sector will need to develop internal future-fit technical talent. Competition for talent in the sector will continue to intensify while the talent pool shrinks.



6. Creative Technology

Semiconductor chips are everywhere in our daily lives – from cars to coffee machines and even the human brain. The lifecycle of manufacturing a single chip involves dozens of companies across the globe spanning the USA, Europe, Southeast Asia, Japan and China. The impact of tariffs, counter-tariffs, export restrictions, and national security tensions may have a significant impact on the sector due to higher prices, supply constraints and reduced R&D. A potential disruptor over the next decade is low earth orbit satellites (LEOs) that present both a threat and an opportunity. Telcos will have to partner with LEO companies to explore potential use cases. Without localisation, the country is heavily reliant on imported digital economy infrastructure, services, and applications. This may result in significant importation costs, foreign policy risks, currency fluctuations, and inflation. Without proper regulations, the country may be flooded with low quality and/or unsecured infrastructure, illicit applications or services, etc that may erode the sector's contributions to GDP growth and social security. Government should develop and implement appropriate policies to manage the rapidly changing digital economy and technology advancements.



Unreliable energy supply cripples the sector through large-scale service outages, degraded service quality, increased maintenance, and lower revenue, which in turn negatively impacts other sectors that depend on communication and digital services.



Water shortages affect cooling and fire suppression systems, and network maintenance to keep data and switch centre equipment operational.



Installation of smart meters, leak detection systems and low flow pressure regulators to limit water wastage are incorporated into ESG strategies.



A potential disruptor over the next decade is low earth orbit satellites (LEOs) that present both a threat and an opportunity.



7. Competitive Economy

The digital economy is a critical local and global economic pillar. Volatile economic conditions (e.g., low GDP growth, sovereign debt, forex fluctuations, currency devaluation, and trade wars) weaken consumer and enterprise confidence and spending power. The resultant revenue pressures diminish the sector’s infrastructure investment capacity. It also causes reduced customer demand for postpaid products, avoidance of long-term commitment, and a surge in demand for freemium products and value-based deals. Strategic shopping will likely become more prevalent as consumers manage their spend on ICT products and services. Involuntary churn and bad debts are also likely to increase. The sector must strengthen its credit vetting processes and credit control practices. The erosion of revenue by illicit applications and services as well as international applications that are not yet regulated and taxed adequately must be addressed urgently to protect the sector’s growth potential. Localisation for certain technology products and services coupled with an effective and agile regulatory environment should form part of the sector’s response strategies.



8. Connected Social Security

As strained relations with the USA affect key social programmes, community unrest impairs access to sites for repairs and maintenance, exacerbated by equipment theft and vandalism. The sector solicits community support to protect its infrastructure. Inclusive access to digital infrastructure will ensure meaningful participation in the digital economy by the disenfranchised, thereby enabling job creation and improved service delivery. To this end, significant investment in digital infrastructure and services is required. Efforts to reduce inequality include zero-rating access, connecting public facilities, digital literacy campaigns, and technical skills development to promote meaningful digital participation. The sector should also collaborate with government, and through the SA Connect broadband project, fast-track implementation of digital inclusion initiatives targeting underserved communities with little to no access to digital opportunities.



9. Context-Relevant Climate Resilience

AI chipsets consume huge amounts of energy and the rapid acceleration in deployment of AI servers and AI data centres will contribute to increasing emissions and climate change challenges. Climate change-induced extreme weather events damage infrastructure, property, retail stock, and network equipment, causing service outages. Insurers are increasing exclusions for extreme weather-related events, making this high investment digital infrastructure increasingly uninsurable. Climate risk modelling could inform more resilient infrastructure planning.



10. Cost-Accessible Food Security

Food security per se has a minimal indirect impact on the digital economy in the form of staff health, employee’s well-being and increased healthcare costs. However, as a sector there are significant opportunities in the form of using technology to focus on precision agriculture, agri-processing and food safety. The CSIR is using technologies like remote sensing, geographical information systems, drones and AI to improve farming practices. In this regard, they have developed a Precision Agriculture Information System to help farmers make informed decisions.

10.3 Construction, property, and real estate



Jacques Marais
Corporate Member Rep,
Chief Executive Officer,
Meister Haus



Zimasa Dziba
Head of Risk
& Compliance,
Growthpoint Properties



Babalo Kulata
CRM Prac, Risk Manager,
Coega Development
Corporation



Ronald Van Scheltema
Property Practitioner,
Keller Williams



Dr Gustav Pistorius
Fellow, Founder
Gustoprod



Jonathan Bigham
Chief Financial Officer,
Balwin Properties

“
Usipoziba ufa utajenga ukuta
(If you do not seal a crack, you will have to rebuild the whole wall)
”



1. Cohesive Politics

Local and global political tensions remain. GNU delays (e.g., budget approval) negatively impact the construction and delivery of government infrastructure. Town planning and local authority approval delays are being addressed, but changes in land use legislation, zoning and urban planning, and crime continue to plague the sector. Property investment for legacy or inheritance purposes is at risk, with the possibility of land expropriation without compensation causing declining property and construction investment trends. Property companies with cross-border operations are particularly vulnerable to trade policy and tariff changes, which may impact production costs, market access and profitability. Increased security risks and political unrest may also disrupt operations and pose safety concerns for employees.



2. Capable State

The sector relies on a functioning State, where State-funded infrastructure and maintenance projects catalyse economic development, business opportunities and employment. Service delivery failures (mainly water, electricity and policing), a lack of affordable general labour, and regulatory requirements impact construction projects through stoppages, delays and increased costs. Collaborative planning with local municipalities and private entities, public-private partnerships, and continued awareness of regulatory shifts are key responses to safeguard long-term project and sector viability. For property developers, landlords, and investors, failing infrastructure and poor service delivery also result in unreliable utilities (e.g., electricity, water, logistics, infrastructure and telecommunications) which disrupt operations and increase costs. National policy uncertainties on property rights and VAT increases reduce consumers' buying power and confidence, affecting the real estate market negatively.



3. Credible Rule of Law

Construction mafias, 'business community forums' and corrupt officials extort money from investors, contractors, subcontractors, and developers, causing project delays or abandonment, and increased costs. Tender fraud, corruption, and bid rigging affect sector entities who rely on State tenders. Collusion between role players across the sector necessitates increased investment in security measures and legal action to protect investors, customers, staff, contractors, and assets. Industry has called on the State to act against criminal extortion and corruption and to dismantle these networks to safeguard the integrity of construction projects and the interests of legitimate stakeholders. Ongoing innovation, more collaboration and timeous law enforcement will be crucial for the long-term success of these efforts.



4. Capacitated Infrastructure

Uncertainty caused by loadshedding is planned for, included in project costs and passed on to consumers. Property owners are affected by asset damage and security risks due to loadshedding. The sector responds by investing in energy-efficient technologies and on-site power generation. However, the energy crisis has enabled diversification through renewable energy opportunities, which has contributed to improved maintenance of existing power plants and reduced loadshedding. Apart from loadshedding, frequent power outages are caused by poor maintenance, vandalism, cable theft, and rising electricity costs. To stabilise supply, collaborative long-term strategies by the public and private sectors are essential, failing which escalating electricity prices will continue to strain the economy, driving up the cost of all goods and services. Supply chains are reliant on well-functioning transport infrastructure and systems. The sector should work with the State to maintain and improve these infrastructures and systems. Transport mafias, hijackings, railway infrastructure sabotage, import/export corruption, vehicle compliance/roadworthiness corruption, unofficial transport of illegal cargo for syndicates, and unsafe roads result in project delays, confiscation of cargo and vehicles, and increased project costs.

The implementation of mitigating actions to date is yet to show results. Mitigation strategies such as enhanced monitoring and security, compliance and verification protocols, route and schedule optimisation and digitisation should also be implemented to reduce logistics risks. SA's water crisis stems from its ageing and deteriorating infrastructure, lack of maintenance, escalating demand, and climate-related challenges. Some areas are experiencing 'day zero' scenarios, where water supply is disrupted for weeks. This multifaceted water crisis threatens public health, economic stability and the well-being of citizens. To compensate for these uncertainties, contractors include contingencies and plans in project costs. Sector players are often forced to build the required infrastructure on behalf of the State to ensure adequate water supply to their developments and projects. The GNU recognises and has commenced collaborating with the private sector to invest in infrastructure, implement effective water management strategies, find solutions to build water preservation, recycling, and purification solutions as well as ways to reduce pollution.



5. Competent People

Persistent difficulty to attract, develop, and retain skills requires multi-faceted response strategies like training, upskilling, internships, and mentoring programmes. As sector requirements evolve (driven by technology advances, sustainability imperatives, and regulatory complexity) the skills gap continues to widen, increasing the sector's exposure. Workforce capacity and long-term business strategy alignment necessitates more accurate skills requirements forecasting and development. By fostering a positive work environment and a culture of learning and innovation, the sector can improve productivity and overall competitiveness. The sector should prioritise collaborative partnerships with educational institutions to develop and align existing curricula and qualifications with its evolving requirements.



As the sector increasingly adopts technology and AI, cyber-risks will increase, potentially compromising data security, causing unauthorised disclosures, financial losses, and reputational harm.



The sector stands to benefit from the rollout of faster and more secure internet technologies.



A severe food shortage will impact the sector's workforce immediately, as well as future town and real estate planning, and the construction of low-income and high-density housing.



Real estate planning should provide for open spaces for small scale farming.



6. Creative Technology

As the sector increasingly adopts technology and AI, cyber-risks will increase, potentially compromising data security, causing unauthorised disclosures, financial losses, and reputational harm. Robust cybersecurity measures are vital to protect sensitive information and maintain stakeholder trust. However, they are costly and have limitations. The sector stands to benefit from the rollout of faster and more secure internet technologies. Employees often face pressure to adapt to new technologies, leading to resistance and productivity challenges. Response strategies such as comprehensive training, pilot testing, selecting reputable vendors, regular software updates, strong general controls, backups, disaster recovery plans, and aligning technology initiatives with long-term strategic objectives are crucial to enhance productivity and effectiveness without introducing undue risk.



7. Competitive Economy

Eroded investor confidence and market volatility are fuelled by local and international uncertainties, with investors and consumers delaying major decisions due to poor economic growth. The sector continues to contend with currency fluctuations, rising interest rates and delays in public infrastructure projects, all of which contribute to project risk and reduced profitability. Construction companies strive to adapt to changing market conditions, reduce impacts on employees, improve resilience (through insurance cover against unexpected events), ensure healthy cash flows, and mitigate delays or infrastructure shortcomings. There is growing pressure to align with ESG standards and reassure clients and investors through transparency and sustainable practices, all to maintain trust and long-term business continuity. High inflation and interest rates lead to increased costs of borrowing and decreased consumer demand for property owners. Overall poor economic growth has restricted growth opportunities, creating an uncertain operating environment.



8. Connected Social Security

Domestic uncertainty (compounded by declining socio-economic conditions) causes continued business restructuring in the sector with resultant lay-offs and low morale. It is unlikely that sector initiatives to reduce unemployment and income gaps will show results in the next 12 months, given the slow pace of economic recovery and project pipeline delays. The rising cost of living, load shedding, water disruptions, and limited access to social protection for workers and subcontractors exacerbates financial insecurity in the sector. These pressures may cause increased labour unrest, decreased productivity, and reduced workforce retention, particularly among skilled workers seeking more stable opportunities abroad or in alternative industries.



9. Context-Relevant Climate Resilience

More frequent extreme weather events, unexpected heavy rainfall and rising temperatures cause operational challenges, increasing project costs, project stoppages, evacuations, restricted access to sites, and damage to property and equipment. Mitigation strategies include continuous weather monitoring, emergency preparedness, prioritisation of sustainable material selection, regulatory compliance, and building of resilient structures capable of withstanding extreme conditions more sustainably. The construction industry should reduce emissions and focus on sustainable building practices by using environmentally friendly materials, integrating smart technology, and prioritising energy efficiency throughout project life cycles. Recycling materials can also significantly reduce construction waste and lower the industry's carbon footprint.



10. Cost-Accessible Food Security

A severe food shortage will impact the sector's workforce immediately, as well as future town and real estate planning, and the construction of low-income and high-density housing. Recent extensive rains and the demise of AGOA will affect food production in the local and SADC markets, and real estate planning should provide for open spaces for small scale farming. VAT increases, energy costs, exchange rate fluctuations and trade tariffs will impact food prices, raise the cost of living, lead to increased wage demands (with potential labour strikes), which will increase project costs and can disrupt construction activities.



10.4 Education



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Ruschelle Sgammini
Risk Management
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Sikhuthali Nyangintsimbi
Chief Risk Officer,
Durban University
of Technology



Yershen Pillay
CEO, CHIETA, Board
Member, SAFCOL,
ACSA, African Energy
Leadership Centre (WBS)



“

***Bana ba tshipa ba tsaya mmila
o le mongwe ba kgaogangwa
ke dira tsa megotlha***

(Teams not working together get divided)

”



1. Cohesive Politics

Political tension, ideological divergence, and shifting policy priorities disrupt education planning and governance. Frequent changes in education ministers and ministerial appointments on HEI Councils destabilise the sector (e.g., DHET's councillor selection criteria are not unique, and the value proposition of such appointments is unclear). These factors undermine systemic coherence, exacerbate inconsistent policy implementation, inhibit institutional autonomy, and hinder equitable, accessible, and quality education outcomes. A stable political environment and consistent leadership should focus on executing goal-oriented reforms in line with long-term education objectives. Geopolitical conflicts and visa restrictions will continue to disrupt international student mobility, research collaboration, and transnational education programmes (especially when State funding is revoked unexpectedly), exacerbating the sector's financial challenges. The sector will need to diversify funding sources, strengthen local partnerships, and advocate for political stability.

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2. Capable State

The sector relies on the State for strategic projects, research publications, and funding. However, it also proactively strengthens its own resilience when delivery by the State is impeded, while contributing to better national risk outcomes. Weak provincial and local governance/administrative capacity and service delivery failures undermine education. Although recent efforts to address NSFAS failures and the appointment of a new Board in 2025 may stabilise the sector, in particular ameliorating disruptive student protests, the balance between quality graduates and workplace skills needs will not be resolved in the short-term. Regulatory bodies (e.g., the Council of Higher Education, DHET, and SAQA) affected by changes in State governance and decision-making processes are hindered in endorsing qualifications, which affect enrolment targets. Capacity constraints still confront the sector from ECD to HEIs. This causes administrative inefficiencies, resource allocation delays, late delivery of learning materials, and service quality disparities (e.g., the overwhelming number of applications received by HEIs that exceed available spaces highlights critical systemic capacity and management issues). These deficiencies hamper student outcomes, and the calibre of graduates produced for economic participation. Urgent intervention is needed to expand institutional capacities, infrastructure investment, and administrative systems, while public-private HEI collaboration should be encouraged and facilitated by the State. However, the single most impactful risk and opportunity response strategy by the State is to deliver a coordinated technology approach that will unleash well-educated, ethical, and economically active people to fuel the future economy and therefore a more equitable society.



3. Credible Rule of Law

Crime (mainly syndicate driven fraud and corruption) in HEIs typically includes academic misconduct, suspect publication of articles, undue influence in international university rankings, and contracts. Student accommodation (where the allocation of student residences is engulfed in extortion), physical infrastructure projects (where construction mafia type extortion affects upgrading of ageing infrastructure at HEIs), and in buying/selling/falsification of qualifications are also key sector vulnerabilities. Similarly, despite a progressive constitutional labour legislative framework and institutions, bullying and intimidation create sub-optimal work environments and ineffective risk cultures. These conditions cause operational inefficiencies, financial losses, reputation damage, and lower academic performance. Failure to report crime inhibits effective prevention and response. Closer collaboration between the sector and law enforcement agencies is needed together with robust ethics offices and whistleblowing hotlines.



4. Capacitated Infrastructure

Energy interruptions in context of the increasing adoption of blended learning models critically affect education (e.g., student registrations, computer centres to access learning materials, student service points, call centres, online learning platforms, laboratory experiments, research activities, and sensitive equipment), while disrupting air conditioning, security systems, and emergency services and compromising research activities. Low-income students often lack access to alternative power for network connectivity, exacerbating educational inequalities. The resultant loss of teaching hours reduces the overall quality of education outcomes. Investment in costly alternatives redirects funding from education. However, significantly higher benefits have been demonstrated through cost-effective digital enablement of students in digital 'hubs' and 'Smart Skills Centres'. These innovative responses are on track to render high social benefits in the long-term, especially in rural areas. Institutions rely on supply chains for equipment, student food, events, project and educational materials, and technology. Water supply interruptions impact education in a similar way to power failures, requiring investment in water recycling, alternative sources, and water-saving measures. Opportunities to strengthen water management include wastewater management and water conservation research, where HEIs play a vital role in strengthening SA's water resilience. Further collaboration with the DWS, municipalities and the private sector could be enhanced to expand the pools of HEIs that offer water management as a speciality, contributing to SDG 6 while enhancing transformation.



5. Competent People

Studies show that ~50% of teachers intend to leave the sector in the next decade citing workload and unsupportive work environments (e.g., poor funding for facilities and infrastructure), requiring schools to continually realign workload distribution models to enable teaching and learning. Most institutions aspire to innovative visions and strategies, which do not always materialise. In response, teachers and academics should cultivate creativity to deliver qualified matriculants and graduates as their final products. The disconnect between SA's skills output and evolving industry demand contributes to high graduate unemployment. HEIs must evaluate the effectiveness of qualification programmes to correct the trend, including incorporating industry feedback and emerging labour market trends. The sector should also prioritise soft skills development (e.g., problem-solving and agility to enable graduates to navigate the work environment) alongside technical competencies. Despite SA's leading school governing body model, members of these bodies are not adequately enabled to deliver on their fiduciary mandates. Lastly, while international HEI rankings factor in the ability to attract foreign skills to improve learning outcomes, SA favours local skills. Short-term implications of deliberate transformation efforts to align with the demographics of the country should be balanced to build sustainable capacity.



6. Creative Technology

Outdated infrastructure and digitalisation drive rising ransomware attacks, phishing, and Distributed Denial of Services attacks. Systemic vulnerabilities stem from reliance on, in particular, Microsoft 365 for academic and administrative delivery. This risk is increased by geopolitical tensions, threatening virtual learning environments, cloud storage, and collaborative tools. A hypothetical restriction of services could disrupt course delivery, assessment and research coordination at ~90% of SA HEIs. HEIs should collaborate with local providers to develop open-source virtual learning alternatives. Research data theft, unethical AI use and misappropriation of knowledge stemming from digitalisation threaten national sovereignty and institutional credibility. These risks threaten the sector's continuity. Institutions should

collaborate with national cybersecurity agencies and adhere to global best practices to strengthen ICT infrastructure resilience. The sector should also integrate AI in teaching and learning, while guiding its ethical use through clear policies, proctoring and assessment solutions to protect the integrity of qualifications as well as students' ability to engage AI and digitalisation in their careers.



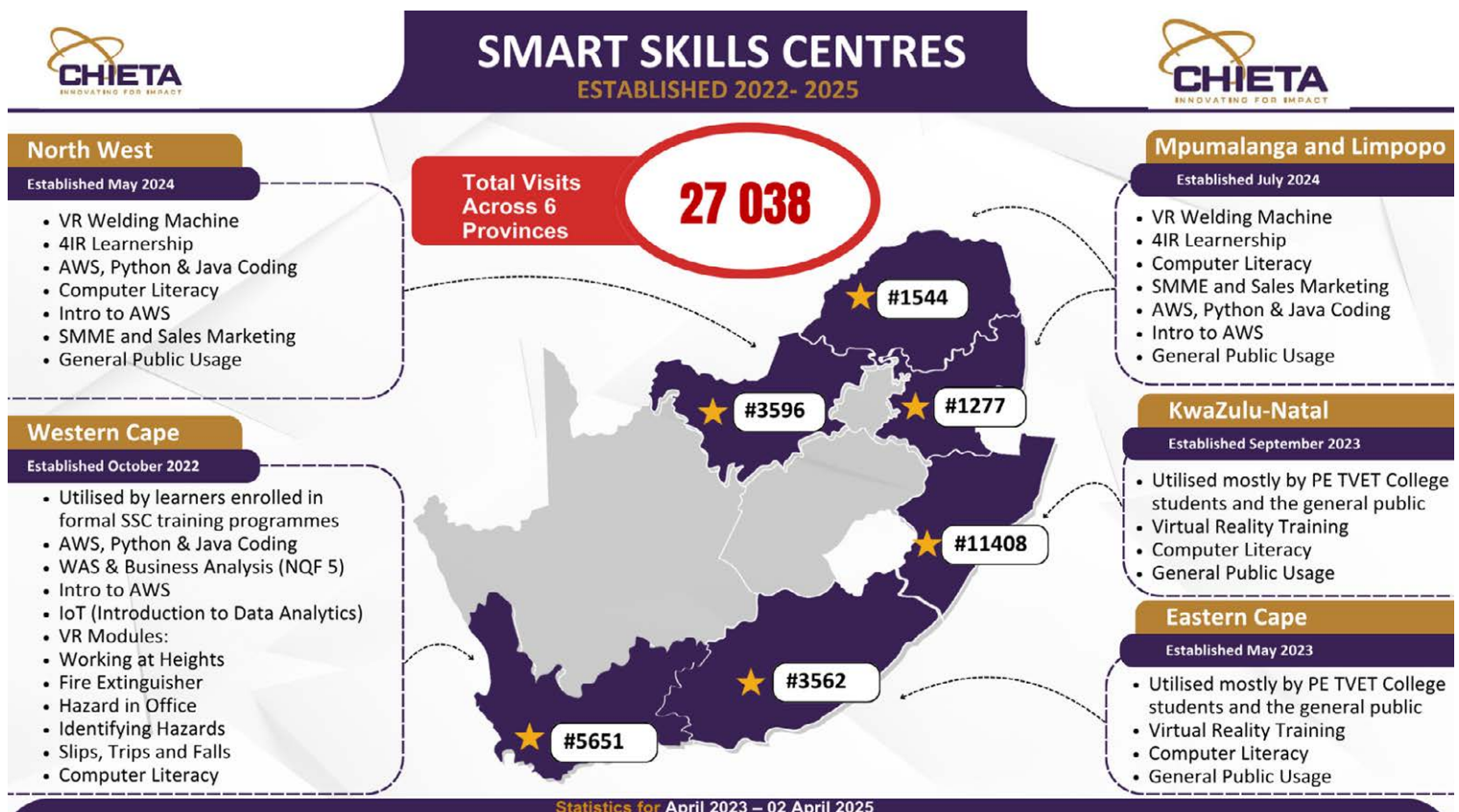
7. Competitive Economy

Economic decline causes reduced public and donor funding, increased cost, growing debt, and liquidity pressures. Despite the increased budget for basic education (for teacher retention, ECD programmes, and school infrastructure) schools remain under-resourced in terms of maintenance of amenities and recreational activities. Financial constraints cause larger classes, fewer resources, reduced educational materials, and declined overall standards. Fiscal austerity measures further compound these issues, impacting NSFAS and infrastructure development (e.g., inefficiencies have led to widespread student debt crises, prompting student representative councils to demand relief). While NSFAS has enabled higher education access for many, remaining operational challenges contribute to declining enrolments and delayed infrastructure upgrades, thus curtailing SA's leading role in continental education and its contribution to the AU's 2063 goals (despite hosting some of the highest-ranked African universities). The sector needs strategic institutional capacity, improved fiscal management, and operational efficiencies. Despite these challenges, many HEIs have adopted innovative new revenue streams by delivering digitally enabled, practical content cost-effectively, thereby reducing their reliance on course fees and State funding.



8. Connected Social Security

The intersection of escalating socio-economic pressure and structural barriers in the education system exacerbates systemic inequalities and disproportionately affects vulnerable people. Increasing living expenses compounded by high graduate unemployment create cyclical financial instability that deters tertiary enrolment and throughput. This is amplified by disproportionate household debt burdens which cannot absorb annual tuition fee increases, impacting new registrations and performance of those already in the system. Social support programmes (e.g., providing meals) improve attendance and academic performance but imply additional financial burdens for the sector to provide bursaries, internship programmes to expose graduates to workplaces, counselling services, and mentorship campaigns. However, these programmes render higher and more sustainable socio-economic dividends by preparing students for inclusive and formal economic productivity in the long-term. By linking these activities as well as community-based risk and opportunity response strategies to learning outcomes, the sector is well-placed to make a significant difference in the building of a national risk culture designed for success – enabled by students who can contribute to this culture in the broader society for the rest of their careers.





9. Context-Relevant Climate Resilience

Extreme weather events affect, inter alia, access to education facilities and infrastructure and disrupt classroom instructions, laboratory experiments, and campus-based research. Remote working options do not always enable optimal education outcomes. The uptake of climate and just transition-related innovative teaching and research initiatives remains low among HEIs. The sector can benefit from increased incorporation of climate-smart thinking into broader educational outcomes (similar to literacy and life orientation outcomes in primary education). To optimise national social impact, HEIs must strengthen international collaboration to facilitate knowledge exchange on best practice for education infrastructure adaptation. Integrating climate change education into curricula is essential to prepare graduates to address complex climate-related challenges (e.g., smart water infrastructure and desalination technologies). This includes interconnected socio-cultural challenges of high complexity without clear solutions. The education sector is catching up on its SDG 13 responsibility by elevating green energy skills to prepare future economically active workers to respond to climate change. There is opportunity for institutions to pilot community water conservation programmes in partnership with municipalities.



10. Cost-Accessible Food Security

Food insecurity challenges directly impact education via absenteeism and poor concentration among students from low-income backgrounds. Campus food banks and meal assistance programmes for vulnerable students are key immediate relief mechanisms in the sector. In the longer-term, HEIs should participate in existing and new continental food security programmes (e.g., through the AAU, DSTI, NRF) that recognise the strategic implication of this risk: with agriculture (as the largest global employer and accounting for ~4% of global GDP) most strongly impacted by climate change, the development of climate-smart agriculture technologies and the skills to operate them are emerging as the prominent risk response to sustain agricultural output to provide humanity with food. From school food gardens to extensive post-graduate research, an entire value chain should be integrated into long-term food production thinking. There is opportunity for the sector to integrate these activities with food support into broader student and social welfare frameworks, partnering with the State, NGOs and the agricultural sector.



10.5 Energy



Jaco Human
Executive Officer,
Industrial Gas Users
Association



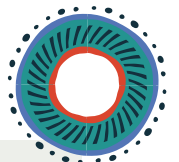
Wendy Poulton
Board Member,
SANEA



Tjaart Van Den Berg
Partner, Lucidum



Xolile Sizani
Executive Director,
Nzuri



“
Haijalishi mwendo wako wa polepole ilhali tu usisimame
(It does not matter how slowly you go, just don't stop)
”





1. Cohesive Politics

Policy decisions have costly long-term impacts on future energy choices and security. SA's energy policy is mostly developed in silos, thus increasing sector fragmentation. Policy changes (whether from political shifts in the GNU or declining affordability) create policy direction and funding risks and opportunities. Clear delineation of the roles of the Ministries of Electricity and Energy versus Minerals and Petroleum is critical to reduce slow opportunity realisation (negatively impacting investment decisions) and successful IRP implementation. A reformed, coherent energy policy (which balances future needs with climate change impacts) is the only way to secure affordable and sustainable energy. Geopolitical volatility (e.g., wars, political conflicts, riots, strikes, and other disruptions) impact commodity prices and energy value chains, including strategic spares availability and prices. In the short-term, projects already proposed should be expedited and existing plant maintenance must be prioritised. Fragile international and investor relations also impact the sector through SA's inter-Africa relations – as more favourable investment relationships are preferred by countries developing their own energy sources. This impacts long-term investment decisions by sector players and the cost and security of energy supply.



2. Capable State

The financial sustainability of SOEs tasked with SA's energy security (e.g., Eskom, PetroSA, SAPREF) is affected by insufficient State capability, governance failures, decimated local refining capacity, insufficient national grid capacity, the absence of LNG port terminals, and foreign policy-related trade tensions. Sector infrastructure such as transmission lines, gas pipelines, switching stations, and distribution networks, are extremely vulnerable, while insufficient maintenance, ageing infrastructure, non-payment and/or non-collection impact utilities' revenue sustainability. Robust collection in vulnerable communities often causes unrest while affluent consumers increasingly generate and using their own energy, pressuring traditional energy players' financial sustainability. Slow development and implementation of gas policy also impact investment and technology certainty. Current policy indicates a significant pivot towards renewable electricity generation and gas. In the short-term, SA will be reliant on the import of expensive LNG, and should urgently develop the fiscal frameworks for related PPPs. In addition, SA should aggregate gas demand across the public and private sectors to create economies of scale to contract for LNG and associated infrastructure development – in order to mitigate the potential devastating impacts of the gas cliff. Over the medium- to long-term, access to significantly cheaper domestic gas will benefit the energy, mining, and manufacturing sectors – thereby driving economic growth. Reconsideration of conditions attached to oil and gas exploration (to encourage FDI), the gas cliff, discovery of new offshore and onshore indigenous gas reserves, and the acceptance of gas as a just energy transition fuel, create several growth opportunities for SA's future growth prospects.



3. Credible Rule of Law

Crime mainly impacts the sector through strategic planning, purchasing and contract manipulation, circumvention of PFMA and National Treasury prescripts, appointment of strategic partners, organised crime, as well as power and cable theft. These lead to overloading, load reduction, infrastructure failures, and delays in revitalisation of some SOEs that play key enabling sector roles. Fraud and corruption drive failed implementation of energy projects leading to several SIU investigations. However, investigative delays impact investor confidence and consequence management interventions are urgently required to reverse this trend. Non-payment for services further increases the cost of supply. High crime levels hinder law enforcement agencies and, together with political instability and parochial decision-making, are linked to the lack of implementation capability affecting economic competitiveness and growth.



4. Capacitated Infrastructure

SA's transmission grid upgrade to allow renewable connections remains uncertain but is supported by the National Transmission Company SA which will aid the establishment of an electricity and ancillary services market. Policy interventions (to allow private generation) enabled some resilience but must be embedded. Green hydrogen and derivatives development is slow due to technology and investment uncertainty but has longer-term potential. High coal volumes transported by road (due to rail infrastructure failures) significantly impact coal cost and security. Increased imports of renewable energy components and export of green hydrogen or related products require urgent and sustainable improvement in port operations. Changes in energy technologies require value and supply chains to adjust, e.g., if gas use increases, more pipelines will be needed. The closure of refineries may necessitate imports of finished product, also requiring different infrastructure. Production-related water requirements and water shortages impact sector operations, efficiencies, and supply security. This also requires balancing water supply to the energy sector versus other sectors and people. Water lost through failing water infrastructure also contributes to water tensions – requiring critical water infrastructure maintenance focus.



5. Competent People

The sector has access to skills, but technology and just transition changes necessitate new skills development and upskilling – while managing related job losses. More constructive collaboration between the energy and education sectors is needed to develop these skills. The JET IP recommendations on a coherent sector vision for coordinated and integrated access to the right skills at the right time and in the right numbers are a valuable risk response.



6. Creative Technology

New and emerging technology advancements (e.g., AI, robotics, automation, nanotechnology, biotechnology, battery storage, green hydrogen, efficiency, and digitalisation) impact energy operations, use, and generation to varying degrees. Smart grid technology to integrate battery storage, wind turbines, waste-to-energy solutions and new energy sources into the national grid offer opportunities to reduce outages and costs and should be an integral part of energy policy and the IRP. AI and cybersecurity are critical risks for energy infrastructure. These developments shape future energy policy and technology choices and will require new skills and knowledge.



7. Competitive Economy

The energy-economy interdependency is a unique challenge. Energy interruptions impact economic growth, with severe knock-on impacts on SA's developmental and transformation aspirations. Energy supply remains uncertain, and SA has no capacity for further bailouts to SOEs, municipalities, or State departments not paying for electricity. This severely impacts ESKOM's role in the energy mix and (together with alternative energy uptake) prompted the levying of compliance fees for small-scale embedded generation. Negative SA-US trade relations, high tariffs, geopolitical conflicts and resultant constraints on critical minerals for manufacturing of critical components in the energy production value chain may derail the sector's growth. Slow intra-trade with BRICS+ countries, environmental activism, legal challenging of energy projects, exit by oil majors, higher taxes, high investment and fuel imports costs will also impact consumers, business, labour, and the State. This may negatively affect demand, return on investments, and economic growth in the medium-term. Together with higher inflation in the short-term, this may cause rising unemployment with higher social insecurity and fiscal demands. Because energy is traded regionally, economic decline will impact supply and demand, and the ability to pay for services across the entire SADC region. The rest of Africa directly impacts the sector's investment and operating decisions – from electricity imports and exports to the oil and gas aspects of current and future supply.



8. Connected Social Security

Affordable, reliable energy supply can improve quality of life enormously, provide employment, and stimulate economic growth. However, extreme inequality, high unemployment, and severe poverty significantly impact the sector, straining resources, limiting infrastructure and renewable energy investments. It also makes energy unaffordable to many. This increases pressure on the State to subsidise costs, which contributes to financial instability and a vicious cycle of self-reinforcing negative outcomes (including impacts on local communities and informal economies). Social unrest driven by socio-economic frustrations often disrupt sector operations and deter much needed private sector investment. Social inequality also hinders the equitable distribution of energy, leaving many rural and informal settlements underserved. Furthermore, the just transition away from fossil fuels will cause declining jobs in some areas, which will require collaborative, proactive, and novel policy approaches and interventions from the State and the private sector.



9. Context-Relevant Climate Resilience

Extreme weather impacts logistics, ports, operations, and plant reliability – causing failures and supply constraints. Future planning for climate-resilient infrastructure increases the design cost and construction of sustainable energy projects. Balancing a just transition, energy security, gas production/imports, water use, and emissions remains a serious challenge. Decarbonisation and extreme weather are key uncertainties, but global and national policies are maturing, albeit slowly. For SA's carbon-intensive economy, carbon tax and the EU's Carbon Border Adjustment Mechanism roll-outs remain key risks for trade and production costs. Changing weather patterns impact customer energy needs – increasing solar and generator uptake with reduced demand for ESKOM power, impacting its business model. SMMEs and individuals able to afford alternative power supply arrangements can continue operations and reduce costs and emissions. As loadshedding reduces, this trend will decline, but as the cost of energy increases, the impact on the sector will increase again.



10. Cost-Accessible Food Security

Increasing energy production and storage costs are significant input costs for food value chains and are passed on to consumers, with many businesses having sourced costly alternative energy supply – which affect sector revenue and business models. Emerging biofuels developments rely heavily on green crops, so policy clarity to delineate crops to be used for either biofuel and or food production will become increasingly important for sector investors.



10.6 Financial services



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CRM Prac, Risk Specialist, Old Mutual



Thuli Mpanza
CRM Prac, Senior Manager, GRC ABSA



Avinash Bhervia
Risk Manager, FNB South Africa



Siphwe Dube
Head of Operations, Ombud Council



Claude Hamman
CRM Prof, Head: Risk & Advisory, Simah



Leanne Jackson
Chief Ombud, Ombud Council

“

Chochote akili ya binadamu kinaweza kuchukua na kuamini, inaweza faulu kulipata

(What can be conceived, can be achieved)

”



1. Cohesive Politics

The GNU presents both uncertainty and opportunity for the sector. While any potential policy paralysis and fiscal indiscipline may heighten regulatory risk and dampen investor confidence, pragmatic reform and greater economic inclusion could result from consensus. Large cash holdings on investor balance sheets clearly show that policy uncertainty undermines investor confidence. USA foreign policy uncertainty exacerbates geopolitical risks, particularly regarding tariffs, and market access, which could give rise to increased compliance risks. The ongoing risk of regional political instability, particularly in Africa, threatens to disrupt banking operations and reduce collateral values.



2. Capable State

As trust in formal institutions erodes, more consumers shift towards decentralised and informal financial services, creating systemic vulnerabilities and regulatory blind spots. The sector should consider collaborative trust-building campaigns on transparency, fairness, and access and collaborate with regulators to monitor and engage with informal financial ecosystems. Strained State capacity to invest in service delivery, the inefficient use of public funds, and failure to implement critical reforms create barriers to doing business. The sector can support the State by enhancing due diligence on lending to SOEs and municipalities as well as PPPs for infrastructure and service delivery, favouring ring-fenced project finance for specific, viable initiatives with robust governance frameworks.



3. Credible Rule of Law

Prevailing fraud is exacerbated by misuse of crypto assets, AI scams, and increasing kidnapping and ransom trends. Increasing cybercrime sophistication

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(frequently tied to geopolitical factors) requires continuous investment to safeguard sensitive data and critical systems. The sector also faces data breach risks, with severe reputational and financial consequences. Mitigation efforts include rigorous enforcement of Know Your Customer, Anti-Money Laundering, and Countering the Financing of Terrorism regulations. Sector-wide information-sharing on fraud trends and typologies must be strengthened. Institutions should adopt advanced fraud detection technologies such as behavioural analytics and biometrics. Public awareness campaigns on fraud prevention will be key to restoring consumer confidence.



4. Capacitated Infrastructure

Sporadic load-shedding disrupts economic activity, increases costs, deters investment, and causes business failures, job losses, and social disruption. The sector can promote large-scale financing for renewable energy projects and ESG-linked lending. Resilience assessments on client operations should inform underwriting strategies. The sector must digitise client services with offline and low-data solutions to ensure continuity during outages. Cargo theft, infrastructure sabotage, and regulatory hurdles impede private sector participation. These cause increased import/export costs and supply chain disruptions for the sector's client base. Persistent ports and rail network challenges and slow reform implementation risk further deterioration without swift investment and operational improvements. Increased congestion and wear on road networks are evident, with the sector potentially financing logistics infrastructure upgrades through PPPs or direct lending to private operators where reforms permit. Collaboration with authorities and insurers to enhance cargo safety is needed. Insurance-linked securities may provide innovation for extreme logistics risk transfer. Increased frequency of water interruptions and ongoing quality concerns also impact the sector. Progress on major infrastructure upgrades is slow due to funding and capacity constraints. There is also potential for inter-provincial water disputes during droughts. To mitigate these issues, the sector can finance water infrastructure projects through municipal bonds or PPPs with strong governance.



5. Competent People

Talent risk remains heightened. The competition for critical skills, particularly in cybersecurity and technology, exacerbates resource constraints, while attrition and retention challenges further strain capacity. These issues may impact the delivery of strategic initiatives, diminish the sector's growth, and increase exposure to operational and resilience risks. Cross-sectoral digital skills academies with fintech, academic, and NGO partners are vital. Lifelong learning incentives, including tax benefits for professional development, should be encouraged. Improving digital financial literacy through mobile content, gamification, and multilingual platforms will enhance financial inclusion.



6. Creative Technology

Cybersecurity threats grow more sophisticated and frequent, while increased adoption of fintech drives financial inclusion but raises regulatory challenges. Legacy infrastructure poses additional risks as technological advancements outpace system modernisation efforts. The localisation requirements of data and technological systems also introduce complexity and cost pressures. Changes in the payments landscape, driven by evolving consumer preferences and regulatory developments, require rapid adaptation to remain competitive. These technological risks impact business operations and IT resilience, necessitating financial services to invest heavily in internal cybersecurity capabilities, promote cyber-resilience among clients, invest in AI, and fund digital literacy and tech skills development programmes.



7. Competitive Economy

Financial losses and instability from economic conditions affect the sector by undermining investment and the quality of financial transactions. Delays in implementing structural reforms aimed at improving competitiveness, attracting investment, and boosting network industries (energy, transport, water, communication) limit overall economic activities and the sector's income. External shocks to SA's economy (e.g., global economic slowdown) would reduce demand for SA entities' financial activity. Tighter global financial conditions or increased risk aversion towards emerging markets could lead to damaging capital outflows and depreciation of the Rand. The sector should work with the Financial Intelligence Centre to demonstrate AML/CFT compliance and accelerate SA's FATF delisting to attract FDI. Diversifying geographic exposure and deepening regional collaboration will support efforts to regain SA's position as a Pan-African financial hub.



8. Connected Social Security

The unsustainable fiscal burden of social grants and the potential for social unrest if grant delivery falters or remains inadequate can be alleviated if household pressures are mitigated through more inclusive financial products that enable micro-savings, mobile-based lending, and community-based insurance models. This can be supported by financial literacy programmes to improve household financial management. Job creation and training can be supported through targeted impact investment and partnerships with fintech incubators while integrating ESG metrics into lending and underwriting frameworks will incentivise social equity outcomes.



9. Context-Relevant Climate Resilience

ESG disclosure systems should align with relevant geographical frameworks to embed a consistent and transparent framework to identify and manage climate-related risks that are relevant in SA's context. More frequent and severe extreme weather events necessitate recalibration of underwriting criteria to account for elevated exposures, increased claims volatility, and reduced insurability of high-risk zones (e.g., integrating dynamic climate risk assessments into pricing strategies, reassessing asset valuations in flood-prone regions, and applying geospatial analysis to inform underwriting decisions). Premium structures should include risk-based pricing models, with incentives for adaptation and resilience (e.g., elevated construction, stormwater management systems, and green infrastructure).



10. Cost-Accessible Food Security

Uncertainty and strain on the agricultural sector affect long-term investment sentiment. The sector can provide tailored finance and insurance products, supporting climate-resilient agricultural practices, and financing the agricultural value chain to address logistics challenges. Business interruption modelling should be implemented for high-risk sectors such as retail and manufacturing.

10.7 Healthcare



Chandu Kashiram
Corporate Member Rep,
Partner, Lucidum



Bernard Louw
CRM Prac, Risk
Specialist, Bestmed



Tiffany Van Tonder
Corporate Member
Rep, Head of Risk,
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Dean van der Merwe
CRM Prof, Snr
Manager Risk, GEMS



Andre Cowley
CRM Prof,
CCO, GEMS



Bongani Mazibuko
Technical Expert,
Provincial Secretary,
DENOSA



Prof Nicholas Crisp
Technical Expert
DDG NHI,
Department of Health

“
Afya ni bora kuliko mali
(Health is better than wealth)
”



1. Cohesive Politics

The GNU represents a significant change in SA's political landscape. Whilst not entirely new (coalitions have existed at other government levels), this is particularly significant as it impacts national policies and decisions. The GNU is largely positive; however, it does have the downside of delayed decisions impacting on service delivery. Ideological divisions in the GNU regarding healthcare delivery models have stalled crucial reforms to address systemic healthcare challenges. The global freeze on US aid funding has an impact on several key aid programmes within SA and alternative funding sources are needed. The USA's withdrawal from the WHO could impact health research in SA. Geopolitically, a tariff war may have adverse impacts on the supply chain and medical inflation down the line.



2. Capable State

Perennial fraud and corruption impact both the public and private health sectors. Whilst the principle of universal healthcare is commendable, poor service delivery and the State's incapability to deliver is a tangible threat to this ideal. The private sector is not immune to abusive practices and medical schemes should constantly evolve risk responses to address fraud, waste and abuse, considered as a substantial adverse contributor to healthcare costs. The NHI will be classified as a Schedule 3A Public Entity (such entities have proven track records of unqualified audits). PPPs should be leveraged to accelerate service delivery while focusing on renewal and expansion of public infrastructure.



3. Credible Rule of Law

The NHI Act was signed into law in May 2024. Detailed draft regulations have been introduced in support of the Act, but sections of the Act have not yet been promulgated. There is wide support for the need to address inequality in access to quality healthcare in SA, but there are concerns around the affordability and practicality of the single fund model that the NHI Act aims to establish. The Health Minister introduced detailed proposed draft regulations to support how various personnel appointments will be made under the Act in March 2025. The Draft Regulations address concerns around the issues of governance and 'political appointments'. Legal challenges to the NHI, which may cause extensive implementation delays, will exacerbate the current healthcare crisis for vulnerable people. The State must work towards eradicating current known challenges in the public healthcare system, while developing a workable long-term NHI solution. The healthcare market remains very concentrated and the Competition Commission and DTIC have recently published Block Exemption for Tariff Setting for comment.



4. Capacitated Infrastructure

Energy price increases exceeding 12% annually significantly impact healthcare providers' financial sustainability, while the transition to renewable energy sources requires substantial capital investment that many providers can't afford. Power quality issues (e.g., voltage fluctuations) damage sensitive medical equipment resulting in additional maintenance costs, while energy supply constraints limit expansion of healthcare facilities to underserved areas. Rising transportation costs combined with road and rail infrastructure challenges add to healthcare logistics expenses, while the logistics of rural healthcare delivery are particularly challenging, contributing to geographic healthcare access disparities. High medicine prices and the SA market size in global terms merit consideration of demand pooling across Africa, including strategic manufacturing facilities in 2 or 3 African countries. As with energy, water outages are a major risk for the sector, mainly due to lack of investment in infrastructure. The resultant impacts have included, for example, cholera outbreaks, hospitals not receiving water due to ageing infrastructure. Increased water disruptions have necessitated healthcare facilities to acquire costly backup systems and contingency measures for essential services like dialysis, sterilisation, and sanitation. Deteriorating water quality has forced many healthcare facilities to install advanced filtration systems, increasing operational costs in affected areas. A separate infrastructure development and maintenance budget is required to address the backlog in this area.



5. Competent People

On scarce skills, although there is a net gain of professionals, the State's ability to employ has been impacted by cost containment measures and provincial budget allocations/spending priorities. Remunerative Work Outside Public Service at times results in blocked posts in the public sector and saturating the private sector. The net gain is not a blanket experience as, for example, nursing specialists are in decline. Balancing supply and demand is a significant challenge faced globally in this sector. Additionally, training capacity limitations for specialised medical professionals hinders the expansion of essential services such as oncology, psychiatry, and paediatric subspecialties. The mismatches between healthcare education curricula and evolving industry needs such as digital health competencies, hamper service innovation. Geographic maldistribution of skills creates severe access disparities, with rural and peri-urban areas particularly affected by workforce shortages.



6. Creative Technology

Technology has numerous benefits for the healthcare sector, potentially transforming how healthcare could be delivered and managed. It enables more opportunities such as accurate diagnoses, personalised treatment plans and continuous monitoring with wearable device technology. It increases accessibility to care, as well as reducing costs through more efficient processes when using digital health technology. The sector is heavily reliant on data and the processing thereof, and this comes with increased cyber-risk, as the data held in the sector is highly confidential and very valuable to criminals. Other AI-specific risks include biases, inaccurate or misleading responses, as well as the need to ensure that all data is being used ethically.



7. Competitive Economy

Sub-optimal economic growth stifles employment and adds to poverty, inequality and high inflation (with healthcare inflation being one of the highest inflation components – outpacing general inflation by 3%-4%). A weak Rand also increases costs for imported medical equipment, pharmaceuticals, and specialised consumables. This puts strain on citizens and sector entities such as Medical Schemes who must balance benefit richness against healthcare costs. Beneficiaries of medical schemes consider 'buying down' or even exiting. The covered population is increasing at a lower rate than the general population and so the coverage rate in percentage terms is declining. This highlights a need for regulatory certainty on lower cost products that can cover the large employed but uninsured market and provide secure coverage for workers.



8. Connected Social Security

The tax-funded healthcare system requires significant improvement in the areas of long wait times, poor maintenance of healthcare facilities, high prevalence of stock-outs, lack of facilities and lack of equipment. Private healthcare provides much better services. However, medical scheme contributions are increasing above inflation, forcing more people to make use of the already stretched public healthcare services. Fewer younger people participate in medical schemes, be it due to affordability or choosing to spend disposable income elsewhere, which increases healthcare costs for medical schemes. The need to offer affordable healthcare to the younger and vulnerable population is important. Increasing utilisation of healthcare services drives higher cost and strains healthcare facilities. This includes mental health, lifestyle diseases and advanced medical technologies.



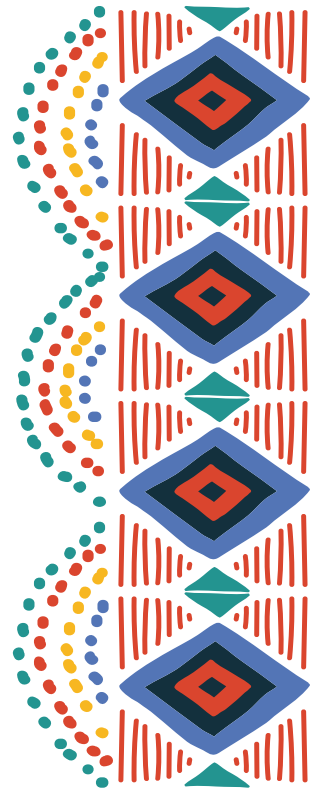
9. Context-Relevant Climate Resilience

The Healthcare Sector is a significant emitter of GHG emissions due to its high energy use. The use of renewable energy, plastic and toxic waste disposal programmes, and responsible use of water are required to reduce the emissions footprint. The sector also needs to be cognisant of just transition demands which include the polluter pays principle. The potential longer-term impact of climate change, particularly exposure to heat, extreme weather events, water-related illnesses and poor air quality could increase the impact that chronic conditions such as diabetes, cardiovascular diseases, respiratory diseases and mental health illnesses have on the health of the population.



10. Cost-Accessible Food Security

Food security challenges and insufficient access to balanced diets impact the overall health of citizens. Healthier food options are not as easily available (and more costly) as less healthy food (e.g., takeaways, starches, sugar- and carb-heavy foods). Diet-related lifestyle diseases (such as diabetes and cardiovascular diseases) impact the burden of disease. This drives up chronic disease claims and long-term treatment costs, placing additional pressure on already stretched benefit packages and threatening the financial viability of medical schemes. A few medical schemes and insurers have implemented healthcare management programmes and preventative care to drive positive behaviour in order to lessen this burden. This has had a material impact on those with access to and who are engaged in the programmes.



10.8 Manufacturing



Trevor Channing
Head of Governance
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Jamie Moodley
Independent
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Strini Nair
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Manager & Risk
Specialist, PG Group



Dr Pontsho Mokoena
CRM Prof, Executive
Risk & Insurance,
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1. Cohesive Politics

Export-facing manufacturers (e.g., automotive, citrus, and metals) face growing global trade instability, with tariffs threatening significant export value. Rising protectionism, deteriorating multilateral trade relations, and uncertain trade agreements like AGOA further heighten vulnerability. Instability in key regional trade corridors (especially in Africa) cause delays, project suspensions, and capital losses for SA firms operating or sourcing from these zones. Ongoing trade wars, particularly between the USA and China, impact global trade dynamics and create uncertainties for manufacturers. SA's diplomatic engagements must maintain and strengthen relations with key global trading partners, ensure compliance with international trade regulations, advocate for continued beneficial trade agreements, and bring about new trade deals (e.g., in support of AfCFTA and Asian markets), while participating constructively in bilateral forums to negotiate tariff exemptions. There is also room to reduce dependency on export revenues by strengthening local supply chains.



2. Capable State

Structural limitations persist (e.g., in water and electricity supply, tariffs, logistical infrastructure, crime, and high inflation). Long-term economic stagnation has impeded the State's ability to deliver basic services, transform the economy, and support development. The resultant deterioration of public infrastructure and the general trading environment hinders economic activity, increases operational costs, and reduces efficiencies, which disrupt long-term planning and investment in the sector. Growth-friendly policies must be implemented to encourage investment and job creation, focusing on sectors with high employment potential, such as manufacturing. The rehabilitation and expansion of critical infrastructure through PPPs must be prioritised. This will be best supported by enhanced transparency and accountability in State operations, effective anti-corruption measures, and efficient service delivery.

“

Libunjwa liseva

(The day is worked while it is still fresh; make good use of opportunities when they are available)

”



3. Credible Rule of Law

General crime, and uncurbed illegal immigration continue to pressure existing challenges such as unemployment, poverty, inequality, and increase the cost of doing business. It also hinders the delivery of essential services and hampers the very efforts to combat it. In addition, the national challenges in existing the FATF grey list, affect the practical day-to-day trading activities of manufacturers. Increased efforts to combat illicit economic activities and improve law enforcement capabilities will enable the sector to drive productivity and economic growth that will transform SA's socio-economic fabric and future prospects. Success hinges on gaining practical traction on legal reform, political will, unwavering leadership integrity, transparency, open procurement processes, and robust whistleblower protection.



4. Capacitated Infrastructure

Reduced load shedding, expanded generation, and energy sector reforms brought relief, however the gas cliff threatens the sector significantly. Cessation of gas supply will result in multiple manufacturing plant closures, job losses of approximately 70 000 industry sector employees, significant reduction in manufacturing output and revenue of ~R300bn-R500bn across KwaZulu-Natal, Gauteng and Mpumalanga provinces. The State is in a race against time to secure viable supply (including LNG, re-purposing of existing pipeline and port infrastructure and development of new infrastructure for this purpose). Poor road, port, and rail infrastructure increases sector costs and inefficiencies and incapacitates the sector's trading ability. Recent progress is encouraging, yet increased PPPs and digital enablement must still be a key focus until the network industries have recovered sufficiently to meet the sector's needs. As a key manufacturing input, unreliable water infrastructure, water mismanagement, water wastage, and water inefficiencies are detrimental to the sector. Investing in recycling, closed-loop water systems, water harvesting can reduce consumption and input costs. The sector also engages industrial water user associations to advocate for water infrastructure rehabilitation. Efforts to mitigate or adapt to climate change impacts have longer-term relevance for water-related challenges.



5. Competent People

The sector faces significant technical and digital skills gaps to pursue advanced manufacturing and Industry 4.0 adoption, with chronic shortages in mechanical, electrical, and digital engineering threatening competitiveness. Emigration and loss of highly sought after skills by global competitors also drain the sector. The State should pursue flexible policies and a supportive environment to enable critical skills development and retention more effectively. Focussed critical skills educational programmes should be expedited to support the sector's strategic growth initiatives. The sector has lost >300,000 jobs since 2005, and skills replacement has lagged – requiring investment in training, upskilling, and mentorship programmes to create positive work environments and foster learning and innovation. Maintaining safe and injury-free working environments for staff and contractors remains a challenge in some sector areas (relating to outdated or non-compliant machinery, fatigue or understaffing – but mostly due to inadequate safety leadership cultures). High injury and fatality rates exacerbate skills attraction and social security challenges. AI can be leveraged to prioritise safety through the use of wearables, predictive analytics to pre-empt hazards and monitor behaviour, and advanced digital logbooks. This can provide real-time near-miss data, warning triggers, behaviour patterns cumulatively leading to immediate awareness and real-time reporting. Simulations leveraging or reinforced by digitisation could enhance safety training, onboarding of all new staff and contractors with periodic assessments and refreshers. Sector-led training academies, collaboration with TVET colleges, together with bursaries and structured graduate programmes in critical fields will mitigate the risk further.



6. Creative Technology

Cyber and digital transformation risks remain high and delay technology adoption and pursuit of opportunities. Mis- and disinformation threats are rising, fuelling false narratives about labour practices, wages, retrenchments, or safety, inciting strikes and protests before facts are verified. Widely shared social media posts by prominent global players about SA influence international investors and stakeholders to reconsider manufacturing contracts (due to perceived political instability and property insecurity). This can cause immeasurable reputational and investment harm, necessitating costly digital social risk platforms to track narratives, supported by rapid responses to counter disinformation with verified facts and issue coordinated statements with industry bodies (e.g., BUSA and the Manufacturing Circle). Relationship management with foreign investors, customers, and trading partners is key and best supported by collaborative State and civil society relationships. 4IR-adoption is critical to reduce cost and increase the sector's resilience. Cyber-related interruption consequences include reputational harm and financial losses from litigation and non-compliance. This necessitates constant ICT security measures over production, distribution, supply chain, and digital platforms.



7. Competitive Economy

SA's declined continental and regional role as competitive manufacturing economy jeopardises the sector's growth, hampers trade and expansion prospects for sector players, and impedes access to vital networks and partnerships that affect national economic aspirations. Geopolitical uncertainties also exacerbate operational and capital investment risks. Rebuilding SA's relevance in Africa is crucially important for the sector's future viability and international relevance. Inflationary pressures also contribute to the economic challenges driving operating expenses to unsustainable levels leading to an erosion in value, making local manufacturing businesses unattractive when compared to their global counterparts.

Additionally, large scale manufacturing failures (e.g. ArcelorMittal's challenges affecting long steel production due to weak domestic demand and competition from imports) have systemic implications across SA's economy. Although the IDC has provided funding to delay the closure, without a long-term solution this is likely to eventually result in the loss of 3,500 direct and indirect jobs, which will impact not only the manufacturing sector, but the entire economy.



8. Connected Social Security

Socio-economic hardship continues to impact employee well-being, and therefore morale and production in the sector. Persisting challenges (e.g., water, electricity, and logistics interruptions, crime, and food and transport inflationary) all heighten social strain, and affect people's ability to be inclusively economically active. Being one of the largest employers of unskilled and semi-skilled staff (over and above highly skilled employees), the sector's ability to employ is a key contribution to the national social security net.



9. Context-Relevant Climate Resilience

Increased climate-related risks stem from anticipated legislative and policy requirements, increasing costs to reduce emissions and adapting to physical impacts. Appropriate responses must drive sustainability through economic development, job creation, energy security and environmental efforts. When the NCOP-approved Climate Change Bill is enacted, carbon budget regulations will be implemented, requiring compliance with allocated carbon budgets. Global carbon emissions and related financial and credit risks continue to increase. Manufacturers should engage proactively with the State (including environmental and disaster management authorities) to implement adequate business resilience management plans to safeguard lives, assets, and operations.



10. Cost-Accessible Food Security

Food insecurity and prices impact the sector's workforce. Agri-input volatility also causes erratic supply into food processing value chains, raising costs, and halting of production lines. Food insecurity-driven consumer spending decline and supply chain breakdowns lead to declining turnover, especially in agri-processing.



SA's declined continental and regional role as competitive manufacturing economy jeopardises the sector's growth and hampers trade and expansion prospects.



Large scale manufacturing failures have systemic implications across SA's economy.



Socio-economic hardship continues to impact employee well-being, and therefore morale and production in the sector.



Increased climate-related risks stem from anticipated legislative and policy requirements, increasing costs to reduce emissions and adapting to physical impacts.



Global carbon emissions, and related financial and credit risks continue to increase.

10.9 Mining



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Ameen Dawood
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Rhulani Mabina
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Laura Mallabone
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Brendan Maseti
Executive Risk,
Insurance, Compliance,
Implats



1. Cohesive Politics

A VUCA geopolitical environment is fraught with trade and security tensions. The global economic outlook is uncertain on the USA's tariff approach, unsettling financial markets leading to downward revisions of growth forecasts as trade, inflation, interest rates, and sentiment are reassessed, impacting commodity prices. Geopolitics is now translated into economic impact, resulting in mines considering countries according to geopolitical alliances. Political parties are pressured to review trade policies, forcing companies to deal with the impact of unexpected policy changes. The GNU has fostered goodwill. However, it will take time to build longer-term confidence and get foreign investment back to SA. The global push for decarbonisation and critical minerals is intensifying ESG pressures. Alignment on green taxonomy and communicating SA's agenda to importers is essential. The political landscape is monitored through engagement with government and communities' collaboration with suppliers, export diversification and inflation management. Developing and implementing a SA policy that guides the beneficiation of critical minerals in the interest of SA's people is a key requirement in working towards a just transition.



2. Capable State

SA faces challenges in service delivery, as evidenced by community protests. Frustration spills over into the sector, with operations disrupted and pressure to meet community demands for infrastructure and socio-economic support. Mining companies engage with communities and government to align on social and labour plans. Companies have reduced social spending and implemented labour rationalisation measures due to low commodity prices. Political tensions within the GNU hinder cohesive policy implementation. Persistent issues include the capacity of municipalities to sustain services, post-mine closures leading to declining communities compounded by a transient migrant workforce, investing little in local areas and remaining dependent on mining operations. As global demand rises for SA's minerals the sector faces nationalism risks (e.g., beneficiation mandates, export restrictions, resource ownership review).



3. Credible Rule of Law

The sector is threatened by criminal syndicates using tactics like extortion, intimidation, and sabotage to illicit control over procurement contracts, leading to disruptions and financial losses. Illegal mining is a State security issue impacting mine staff safety, community security, resource theft and investor confidence. Companies via the Mineral Council SA have raised concerns about the draft amendment to the Private Security Industry Regulations, 2002 made under The Private Security Industry Regulation Act, 2001 (Act No 56 Of 2001). These amendments threaten the security industry, risking the safeguarding of assets, products, public safety, and jobs. Strengthening internal controls, fraud risk assessments, ethical business conduct initiatives, and stakeholder engagements are essential to mitigate these risks and safeguard the sector's integrity.



4. Capacitated Infrastructure

Despite greater grid stability, electricity remains a concern. Power supply challenges have devastating impacts on the economy, investment, and operations. Increased electricity costs and load curtailment affects production, and project costs resulting in lower free cash flow margins. Energy security strategies and tactical plans include proactive engagements with Eskom,

assessments of energy demands, significant investment and partnerships in diverse energy technology options. Grid collapse simulations utilising backup power systems as part of holistic BCPs are conducted. Regulatory amendments opening the electricity market to private power generation has encouraged investment in renewable energy. Logistical bottlenecks are constraining production as the sector depends on rail and port networks to transport raw materials. Disruptions, delays, and system breakdowns create constraints, eroding the global competitiveness of SA mining companies. Insufficient investment in the rail infrastructure has forced companies to adopt more expensive transportation methods, like road haulage, increasing exposure to theft, crime, and safety risks, impacting profitability and efficiency. Contractual obligations are hindered, exposing companies to penalties and jeopardising client relationships. The sector updates security protocols, routes, escort processes, and storage facilities. Transnet's new management, recovery plan and private sector involvement are showing signs of improvement. Mining companies through the Mineral Council support efforts to address challenges, aligning with the Department of Transport's approach that promotes private sector participation and concessions. The mining sector faces water-related risks due to climate change, resulting in flooding, infrastructure damage, operational and supply chain disruptions. Conversely, droughts continue to challenge water availability. Ageing infrastructure and growing competition for water from residential and agricultural sectors are exacerbating these challenges. Mining companies are focusing on water management by investing in treatment technologies, recycling, and working with public and private sectors. These efforts will ensure sustainable water use, safeguard operations, and meet the water needs of communities.



5. Competent People

Productivity, safety, industry competitiveness, and the industry's future growth are jeopardised by skills shortages, employee rationalisation, an ageing workforce and skilled staff looking for opportunities in the rest of Africa and abroad. Promoting the industry to improve the public perception of mining can assist in attracting young people to the sector. Collaboration with industry, government and educational institutions, using new technologies like virtual reality to train staff and offering youth programmes like the Youth Employment Service are vital in building a stronger, more future-ready workforce.



6. Creative Technology

Mining companies are investing in AI to enable autonomous machinery, predictive maintenance systems and data analytics to enhance efficiency, productivity, safety, and mineral discovery. Modernisation of mines through technological advancements improves health and safety outcomes, fosters skills development and employment opportunities. Cyberthreats are escalating, affecting IT and operational technologies, placing production, safety, and financial assets at risk. Mitigation actions include vigilance, isolating critical production systems, adopting cybersecurity measures, access controls and disaster recovery plans. Companies should equip employees with the capabilities needed in an evolving technology landscape to address job displacement in this historically labour-intensive industry.



7. Competitive Economy

The key to SA's growth prospects is infrastructure reforms, in the energy and transport sectors, which are crucial to sustaining the mining industry. Mining is vital to SA's economy, contributing through taxes and royalties, although its value-added GDP growth has declined in recent years. Despite commodity price fluctuations, SA mines struggle with increasing inflationary costs, within the global markets involved in a trade war. SA is experiencing decreasing reserves with little investment in exploration and greenfield projects. Improvements in the logistics and energy sector have been made, through collaboration, and investments between government and the sector. Additional capacity and security are needed to enable investment and support government's agenda for mining and beneficiation.



8. Connected Social Security

The USA's decision to halt funding for health initiatives like PEPFAR and USAID, poses a serious risk to SA's HIV/AIDS and tuberculosis programmes in mining communities. The mining sector must optimise resources, strengthen stakeholder partnerships, prioritise health services like ART and HIV testing and support funding efforts. Commodity price volatility or demand shifts leads to potential job losses, and social unrest. Sustainable and responsible mining, with community engagement, is vital to ensuring sector stability. Mining communities face socio-economic and security challenges, intensified by people seeking employment, placing pressure on municipalities to meet service demands, leading communities to turn to mining companies. This is an opportunity to re-evaluate social development partnerships ensuring sustainable outcomes.



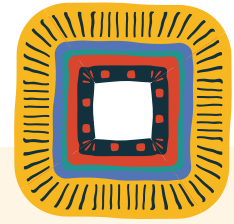
9. Context-Relevant Climate Resilience

Climate change presents challenges to the mining industry, through extreme weather events and shifting climate patterns, impacting operations, supply chain and surrounding communities. Rising temperatures and drier conditions strain water resources, impair cooling systems, increase fire risks, and threaten biodiversity. Extreme rainfall raises the risk of erosion, flooding, tailing dams overtopping and post-closure landscape rehabilitation design. Insurers are increasing premiums or withdrawing cover for high-emission operations. The sector is assessing climate-related impacts, setting decarbonisation targets, and advancing energy efficiency and renewable energy initiatives while addressing the financial, regulatory, technological, and behavioural changes needed to build resilience.



10. Cost-Accessible Food Security

The sector may face production challenges, due to limitations on access to food, and broader socio-economic impacts on local communities. This prompts mining companies to address food security concerns as part of CSI efforts, including programmes to support agricultural ventures, promote subsistence farming, and contribute to sustainable food systems. These efforts not only help to mitigate the consequences of food insecurity but contribute to the broader socio-economic development of communities.



10.10 Non-profit entities



Dr Karin Badenhorst
Director, Footsteps Foundation



Francois Du Toit
CEO, African Conservation Trust



Tim Neary
Conservationist, Biodiversity Trust



Thapelo Matsapola
CRM Prac, CRO, Legal-Aid SA



Liezi Kok
CEO, Biodiversity Trust



Kerry De Jonge
HR and Risk Executive, OUTA



Wayne Duvenage
CEO, OUTA

“
***Sithi singalamba
sidle latshani***
(Necessity knows no law)
”



1. Cohesive Politics

Frameworks like the NDP address socio-economic-political issues and align with related international goals (e.g., SDGs). Geopolitical tensions, internal political fault lines, and foreign policy impact the successful implementation of these frameworks. National policy changes (hindered by coalition politics) create restrictions and opportunities for NPOs who advocate for their constituents' interests (including aligning with foreign counterparts to amplify impacts on transnational issues like climate change, human rights, and global health crises). Dysfunction, political gridlock, or policy confusion negatively impact funding priorities and the alleviation of social ills. While guarding against the sector being used as a vehicle for illicit activity, some national policies impede NPOs' ability to hold the State accountable.



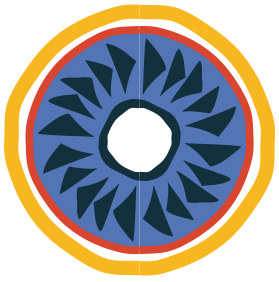
2. Capable State

NPOs' survival and contribution are intrinsically reliant on the State. If the State fails, NPOs respond to unmet social needs. Misaligned policies and intergovernmental discord enable inefficiencies – affecting the sector. Bureaucracy, delays, and a lack of accountability hinder NPOs' ability to engage the State, mobilise support, leverage volunteers, and attract partnerships. State failures cause mismanaged public resources, less transparency, and reduced funding for NPOs. In a capable State, NPOs refocus to address new unmet needs, creating a virtuous cycle of continuing development. Thus, NPOs should reduce dependence on the State (e.g., the green economy opens up sustainable pathways to address the interdependencies between the economy, society, and nature) and exploit the evolving private sector impetus from CSR/CSI to ESG programmes to leverage Africa's natural resources. Similarly, innovative PPPs can advance the sustainable use, protection, and growth of SA's rich ecological biodiversity (e.g., medicinal plants) in support of public sector goals.



3. Credible Rule of Law

SA's FATF greylisting highlighted the risk of NPOs being abused for financial irregularities. Pervasive corruption creates risk as it reduces tax revenue and so affects basic service delivery. NPOs must understand anti-money laundering legislation and implement preventive measures, while supporting the rehabilitation of entities tainted by corruption. Inconsistent application of SA's comprehensive legal and regulatory framework hinders the rule of law. Unchallenged, corruption leaves citizens disenfranchised, disheartened, and vulnerable. Responses include challenging perpetrators in law, ethics training, whistleblower protection, and value-based leadership across all levels of society.



4. Capacitated Infrastructure

Electricity, logistics, water, and communication interruptions affect coordination, while financial strain on donors is passed down to already constrained NPOs in reduced donations and volunteering. These impede decision-making, hinder collaboration, delay communication, raise operational costs to secure alternatives, and impact product viability and storage. The result is an increased cost of delivery to beneficiaries. Depending on an NPO's offering, supply chain resilience can enable adaptation to demand shifts, compliance, and environmental factors.



5. Competent People

Persistent resource challenges (especially in diverse geographical locations), technology innovation, and geopolitical developments affect ill-equipped NPOs' relevance. For some sector clients, staff upskilling through NPOs (e.g., professional bodies) is non-essential and usually volunteer-based. Response includes social media-enabled volunteer networks, remote working, and voluntary selection for project work. The sector educates and develops staff to retain skills, and builds supportive work environments that promote collaboration, creativity, productivity, and well-being. A healthy ethical culture also contributes to higher job satisfaction, staff morale, and retention.



6. Creative Technology

Technology enhances efficiency, automates tasks, innovates products and services, enables data-based decisions, and creates competitive advantage. It also introduces cyber-risk and high technology adaptation costs. Data privacy affects trust relationships between donors and NPOs to deliver agreed-upon activities. Any suspicion of privacy or ethical concerns around personal data immediately breaks trust and threatens continued donor support. AI-generated donor communication must be carefully reviewed to prevent perceived manipulation or mistrust. Responses include compliance with privacy laws and training.

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Social factors (e.g., instability, inequality, fragmentation, ethics, personal autonomy, and wellness) **impact stakeholders and inform the sector's adaptation of marketing, products, and services.**



Impeding individuals' ability to care for themselves reduces their ability to provide for others.



Social injustice is acutely felt during natural disasters and related impacts, which in turn cause displacement, diseases, and poverty – pressuring NPOs to provide relief.



7. Competitive Economy

NPOs' income is affected by eroded investor confidence, economic volatility, diminished project funding, and increased operational costs, which threaten their financial sustainability. Also, clients may prioritise more immediate needs over NPOs' services during economic hardship. Thus, NPOs must promote their services as essential investments for clients, minimise the financial impact on staff, improve resilience (through mitigation and insurance), automate, and manage finances (e.g., cash flow, diversified investors, crowd-funding, recurring revenue streams, and investments), while building trust and stability with its constituencies. Leveraging mutually beneficial private sector relationships can help the sector build new value propositions to be more economically and socially relevant.



8. Connected Social Security

Social factors (e.g., instability, inequality, fragmentation, ethics, personal autonomy, and wellness) impact stakeholders and inform the sector's adaptation of marketing, products, and services. They also affect NPO productivity through increased frustration, stress, and disillusionment. Economic status impacts charitable giving, often driven by altruism or a personal connection to a cause. Impeding individuals' ability to care for themselves reduces their ability to provide for others. NPOs must align with donor motivation via continuous engagement, metrics, and agility. Donor diversity enables NPOs to establish sustainable partnerships for environmental education, conservation, and habitat restoration - thereby combating biodiversity loss and build closer relationships between people and nature.



9. Context-Relevant Climate Resilience

Social injustice is acutely felt during natural disasters and related impacts, which in turn cause displacement, diseases, and poverty – pressuring NPOs to provide relief. Environmental factors encompass the sector's environmental impact, carbon footprint, waste management practices, and natural resource conservation. Due to its global scale, the risk cannot be effectively mitigated localised NPOs limited by their size and reach. Response includes education, collaborative partnerships, staff safety, productivity, and availability in remote locations.



10. Cost-Accessible Food Security

For many NPOs, any impact on food security directly impacts their operations. Long-term malnutrition and stunting severely affect NPOs' vulnerable constituencies and create a vicious chain of increasingly vulnerable human capital with diminishing resources. This threatens the likelihood of sustainable socio-economic development. Responses include aligned national policies on quality nutritional food, education on food wastage and insecurity, at-risk community support, and increased advocacy.

10.11 Professional services



Lesetja Mmakola
Business Manager,
Mahlakeng Investments



Martinus Biemond
Owner and Founder,
MExcellent Consulting



Patrick Meyer
Director, Vortex
Strategic Alignment



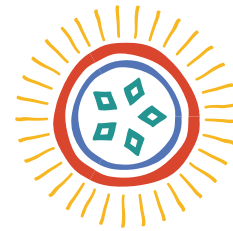
Sharon Carson
Partner, Lucidum



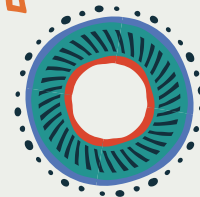
Shirley Machaba
Chief Executive
Officer, PWC



Mark Victor
Partner, Deloitte



“
Mejo ha e rutanwe, ho rutanwa ditlhare
(Every man is the architect of his own fortune)
”



1. Cohesive Politics

Geopolitical conflicts, social unrest, and disruptive events create significant uncertainty, with shifting State policy in coalition national and provincial governments adding another layer of volatility. Tensions in the GNU also contribute to uncertainty around national planning and execution, while hindering realisation of the NDP Vision 2030. Professional services firms need to build non-partisan credibility, especially in coalition settings. The sector's key strategic offerings (e.g., coalition risk advisory and policy scenario modelling) can guide institutions through contested policy areas and free up resources to focus on delivery on core mandates. This will drive more cost-effective outcomes from skilled resources for basic service delivery and growth.



2. Capable State

The sector can play a key role in turning policy commitments into citizen-centric outcomes for struggling public sector entities (particularly those facing financial and/or operational collapse). This includes leadership development programmes in partnership with academia and professional bodies, as well as multi-disciplinary advisory panels to support the recovery of failing institutions. However, the resultant cost to the fiscus (often inflated by grossly overpriced tenders, which are not always awarded to the most proficient professional service providers) and the unsustainable manner in which these services are consumed by the public entities, create risks. These include inefficient, fruitless, and/or wasteful expenditure and reputational risk for the professional services firms themselves. This often stems from professional work outputs not being adequately implemented by public entity clients due to the lack of political will, entrenched opinions overriding objective process outcomes, regular leadership changes, financial constraints, and lack of skills to leverage the value of the professional service firms' outputs. There are clear opportunities for the State and the sector to collaborate more meaningfully around more sustainable and value adding ways to build a risk-resilient and prosperous country.



3. Credible Rule of Law

Fraud and corruption continue to erode overall trust and so affect the sector's resources and clients. It also directly affects those most in need of the sector's economic contribution: poor and underserved communities. Time and resources across the economy are thus directed at fraud and corruption prevention, costly forensic investigations, and security measures to protect infrastructure, assets, and people – instead of ensuring development and economic growth. The sector can contribute by co-developing early warning systems, supporting community-based oversight models, and assisting public entities with governance diagnostics and ethical frameworks. For example, supporting integration and digitisation of immigration, police, justice, and correctional services systems can improve law enforcement.



4. Capacitated Infrastructure

Despite recent progress, electricity supply instability, delayed water supply projects, and logistics infrastructure failures still hamper economic growth, with agriculture, mining, manufacturing, and construction most impacted. Project delays and cost overruns are often exacerbated by global trade issues, natural disasters, and technology disruptions. The private sector has installed off-grid solutions, but State service delivery is still affected by power outages. The professional services sector itself (through remote work technology) is able to adjust better than its clients. Municipal capacity and funding constraints remain a barrier to the energy transition. The sector is well placed to provide energy risk mapping, embedded generation planning, and technical advice on sustainable and decentralised energy models to mitigate the challenges. The sector can further support through PPPs focusing on alternative power solutions, while the State can simplify approval processes and strengthen regulatory frameworks. Sector firms can help develop comprehensive urban water strategies to foster water conservation and more efficient sourcing/purification strategies. Silo approaches to water-related infrastructure development impact the entire water value chain, causing a general scarcity of such skills. The knock-on effect is that many highly skilled professionals emigrate to regions where their skills can be more profitably deployed. The impact on construction services firms (architects, quantity surveyors, and engineering professionals) is higher due to reliance on materials and equipment deliveries. Similarly, sector firms with clients reliant on functioning supply chains are highly vulnerable, but can benefit from opportunities to provide strategic solutions. Investments in ports and the transport network require that key SOEs be rebuilt, which will provide further sector opportunities (e.g., through meaningful cross-sector project management capabilities and creating a national infrastructure skills registry to retain and redeploy scarce expertise).



5. Competent People

Large professional skills gaps and evolving social needs impact the sector, exacerbated by the use of outdated methodologies for staff training, some entities not adapting to new digital realities, remote work options, and competition for global talent. Client needs also evolve as a result of AI, ESG imperatives, and stricter regulations. Compounding this is an ageing workforce and high youth unemployment. Misaligned education output renders the youth highly unemployable in the sector. Coordinated solutions are needed, i.e., establishing a national skills observatory (aligned with DHET and SETAs) to monitor trends and guide workforce planning; developing skills mobility platforms to match expertise with demand across regions and sectors; and embedding structured learnerships and internships to grow young talent. Sector firms can also partner with the State to develop suitable school syllabi using the national broadcaster (for example), allowing children across the country to be taught more cost-effectively to be future-ready and digitally capable.



6. Creative Technology

Cybersecurity risks are increasing exponentially, threatening the sector's ability to deliver uninterrupted services. In addition, rapid AI uptake is reducing existing and potential clients' dependence on professional services, conceivably rendering some traditional professional services models obsolete. It also brings with it additional risks created by unethical use of AI in the face of a lack of appropriate governance around its use. Consequences include data breaches, reputational damage, operational disruptions, and job displacement due to automation and AI. Firms must continuously upskill their resources, leverage AI for innovative security solutions, and invest in cybersecurity measures. These measures are increasingly costly, yet not always effective. Business continuity and disaster management plans also require specialised skills and resource allocations. Embracing innovation, adaptation, and positioning itself as a leader in technology utilisation will be crucial for the sector to navigate this complex landscape.



7. Competitive Economy

The sector remains behind other developing nations in establishing SMMEs for a more transformative offering. In addition to State-created enabling conditions (such as reduced bureaucracy and regulatory compliance burdens), larger professional firms develop future-fit skills through various programmes. Working with smaller professional service providers, local governments, and tribal authorities (especially in rural areas) may expedite the sector's diversification and support sustainable skills pipelines, while contributing to the development of local resources. Working with the State to provide road, rail, and connectivity infrastructure will contribute to rural development and provide alternatives for people to work in these areas. Larger sector firms should innovate to incorporate capable SMMEs in their supply chains. It can also support economic inclusivity by developing suppliers through its delivery models (e.g., procurement mentorships and secondments) to build SMMEs' capacity (e.g., in renewable energy, IT, AI, cannabis) to integrate them into formal value chains.



8. Connected Social Security

Immigration and 'semigration' continues to strain infrastructure and service delivery in some provinces, leading to misaligned perceptions of wealth creation. Substantial progress has been made with leveraging 'knowledge' workers more effectively through enabling technology to support professional skills development in the sector. However, rural livelihoods are mainly anchored around agriculture and other natural resources such as minerals. Through CSI and ESG collaboration with communities and local authorities, the sector may explore rural human capital development opportunities and assist local people to align work with their available resources. The sector can further strengthen its resilience by developing geospatial tools to anticipate migration impacts and investing in decentralised, technology-enabled learning platforms to accelerate skills development in underserved regions.



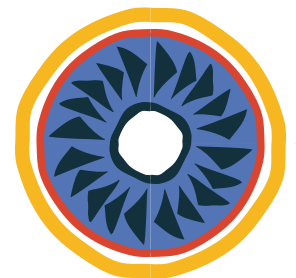
9. Context-Relevant Climate Resilience

More extreme weather events, rising temperatures, and environmental degradation necessitate the pursuit of climate mitigation and adaptation plans. A just transition to a lower carbon economy requires implementation and coordination (i.e., clear roles and responsibilities) across the public, private, and non-profit sectors with capabilities in weather monitoring, emergency preparedness, regulatory compliance, and infrastructure. This must be supported by clear policies on SA's ESG priorities and alignment with key partners. There is also significant opportunity to contribute to climate and just transition-related risk solutions. The sector should increase its thought leadership and advisory skills in continuity management (response and adaptation), sustainability (mitigation), just transition, and decarbonisation consulting to support high long-term future demand and cost-effective business models.



10. Cost-Accessible Food Security

Food insecurity and high food prices impact the sector's employees and clients. Opportunities exist to support communities with food production (through the sector's clients' CSI and ESG programmes) and the State (through thought leadership and advisory services) to address challenges around access to land and productive agricultural resources and capabilities. Sector CSI programmes (e.g., food banks in the short-term and long-term food production) could support rural development and reduced migration to major urban areas. Further impact is possible by incorporating localised food systems into the sector's service offerings, e.g., spatial and infrastructure planning, climate-resilient agricultural development, and cross-sector partnerships for community production.





10.12 Public service



Mthobisi Ntshangase
Junior Risk Officer,
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Shaylene Adonis
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City of uMhlatuze



Zodwa Bill
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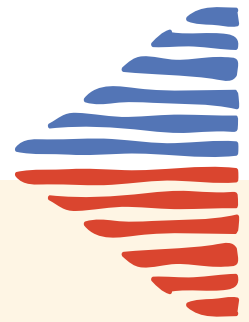
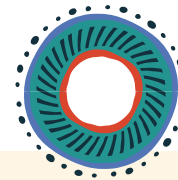
Nakisani Mathobo
CEO, CIGFARO



Khudzai Musasiwa
CRM Prof, Director: Risk
& Integrity Management
Services, KZN Provincial
Treasury



Maemili Ramataboe
Risk Com Chair, DTIC
MD MaeRisk Managers



“
***Kgosi thipa
e sega
moolotsi***

*(Kingship is like a knife; it cuts the
one that sharpens it – the king
will discipline even his advisors)*

”



1. Cohesive Politics

The complexity of coalition and GNU politics introduced unstable governance structures and delayed decisions as much as it demarcated a new era of political collaboration. This can hinder domestic and international confidence, and affect FDI and international relations. Should the GNU (or provincial/local coalitions) not collaborate in the national interest, this could cause State dysfunctionality. Geopolitical tensions and escalating violent global conflicts further destabilise the political landscape. National policy changes, whether induced by global or local political shifts or otherwise, can move public sector goalposts, divert strategic direction, undo good work, or cause regression of previously achieved progress – depending on the underlying resilience of the affected systems or entities, and the scale of the impact. Divisive politics is the one risk driver that can drive SA to a risk exposure that it cannot survive. As one of the key driving forces that determines the national discourse, cohesive political leadership in SA's best interest is a non-negotiable priority.



2. Capable State

The sector's mandates, strategies and execution plans are underpinned by, inter alia, the Constitution, NDP, enabling legislation, and annual performance plans of all constitutional institutions, major, national and provincial public entities, national and provincial government business enterprises, as well as metropolitan, district, and local municipalities. The sector is supported and overseen by the DPSA, National Treasury, DPME, and Parliamentary Portfolio Committees, amongst others. Various challenges have culminated in the sector's struggle to deliver basic services. These stem from within the sector as much as from private or non-profit organisations and citizens engaging with it. There is increasing recognition that a capable State must be prioritised and nurtured as a national asset. Although in place in some sector entities, the overall sector can benefit from (1) building pride in the public service, (2) embedding a high performance culture, (3) performance incentives informed by customer satisfaction, (4) appointing qualified, competent people, (5) capacitating and empowering people to perform, and (6) eradicating governance failures. The mandates and functioning of public entities should ideally not be influenced by politics – but should rather direct capable institutions with independent career paths.



3. Credible Rule of Law

Persistent crime affects all levels of government, business, and society – thereby reducing SA's ability to address other urgent priorities. Pervasive corruption severely hampers some State entities. However, despite fiscal constraints, progress has been made through including consequence management as an audit area for the AGSA, increasing the AGSA's powers through the Public Audit Act, increased oversight, and implementation of the Anti-Corruption Strategy and Commission. The sector will continue to face diminished public trust and low investor confidence until these initiatives are entrenched, and the results become visible. The sector should continue to practice a zero-tolerance for wrongdoing, supported by extensive education and whistleblower protection programmes.



4. Capacitated Infrastructure

Unreliable energy supply stifles the sector's operations, economic growth, the tax base, and ultimately the fiscus. It limits the State's ability to support socio-economic transformation and development. Significant progress has been made to stabilise the national grid and enabling private participation in the energy sector. Continued focus to support energy infrastructure investment and diversification is supported by progress on streamlining independent power producer and renewable energy licencing processes. Rail and port infrastructure failures affect the State through reduced income and increased costs, apart from making SA less competitive as an investment destination. Through extensive cross-sectoral collaboration, progress in allowing private sector investment, skills, and support has been made. Water supply interruptions affect the sector through social unrest and increased cost to provide water to communities. The DWS has secured funding for 7 large water infrastructure projects as part of its broader national water resources infrastructure strategy. Given municipal challenges to maintain water infrastructure, collect water revenue, and pay for water received from the national water infrastructure, the DWS works to improve governance and support municipalities to establish ring-fenced utilities for water and electricity and improve water supply and sanitation. The increasing frequency and severity of climate change-induced events cause higher costs and resource demands for emergency response (e.g., water reserves, and emergency water distribution).



5. Competent People

Despite being the largest employer in SA, the sector struggles to meet resource demands. Existing human resource practices are often compliance-driven and lack focus on innovative upliftment and development. This impacts agility, independent thinking, and solution-cultures in the sector. It also drives high turnover in scarce skills, skills deficits, and technology gaps in areas where global and virtual work are more attractive to employees. Legacy systems and political alliances also make the sector less attractive to young, innovative and dynamic employees. Establishing the sector more firmly as a capable State that is less open to political influence is an important risk response strategy.



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OLD DESIGNATION TITLE	NEW DESIGNATION TITLE	MEMBERSHIP FEES
Registered Practitioner	Public Sector Practitioner	R815
Registered Technician Professional	Public Sector Technician (PST (SA)	R1 280
Chartered	Public Sector Professional (PSPRO (SA)	R1 535
Affiliate	Public Sector Executive (PSEXEC (SA)	R1 570
Retired Members	No changes	R1 400
	No changes	R110

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Deadline: 31 July 2025

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Accelerating the intentional development of SMMEs and creating an enabling trading environment are critical to provide ordinary citizens with the means to become economically active.



Investing in education and training to equip citizens with technology skills may seem ambitious, but also has the highest probability of success.



The sector also faces competing priorities between **cheaper fossil fuels with which to enable economic growth and the demands of a just energy transition to non-fossil fuels.**



6. Creative Technology

AI offers vast opportunities for innovative growth (e.g., education, healthcare, service delivery, job creation, and infrastructure) and alleviation of resource constraints. But the State will unlikely be able to fund such a transition alone and should collaborate more pragmatically with the private sector to facilitate the expansion of broadband access, digital literacy, and advanced computing resources. Examples include partnering with advanced State institutions globally to gain practical implementation experience. As reliance on AI and digital technologies increases, so does vulnerability to cyber-risks. Despite progress on an integrated digital strategy (e.g., the Digital Transformation Roadmap, Digital Economy Master Plan, Digital Skills Strategy, SA Connect Programme, and National e-Government Strategy and Roadmap), implementation progress is hampered by funding constraints, reliance on manual processes or legacy technology systems, and insufficient digital skills to manage and integrate complex technologies cost-effectively.



7. Competitive Economy

Economic decline affects revenue and public entities' liquidity, but also increases demand on the fiscus to expand the social safety net. However, there is opportunity to invest in better revenue collection practices (both for tax due and in payment for goods and services rendered by the State). Ideological tensions on the preferred economic model to fund SA's economic transformation, development, and growth may detract from the focus needed to build a robust economy to support the aspiration of a more equal and inclusive society. The size and openness of SA's economy makes it particularly vulnerable to external geo-economic impacts, which affects the sector's ability to meet competing internal demands on available resources. Intensive cross-sectoral collaboration, decisive leadership, workable solutions, and speedy execution is needed to re-capacitate SA's 3 network industries (electricity, transport and logistics, and water) to create economic growth. Progress has been made, but continued focus is required in the short- and medium-terms.



8. Connected Social Security

Social security is the single most important concern of the State and the largest burden on the fiscus. Fundamentally addressing the residual tensions between resentment and reconciliation (driven by SA's divisive history) is key in addressing this challenge. There is increasing recognition that inclusive economic growth that translates into socio-economic transformation is the only sustainable response to this risk. Accelerating the intentional development of SMMEs and creating an enabling trading environment for the informal economy by removing bureaucracy and barriers to entry are critical to provide ordinary citizens with the means to become economically active (as opposed to remaining dependent on social grants). Investing in education and training to equip citizens with the skills to become part of the digital and knowledge economies may seem ambitious, but also has the highest probability of success.



9. Context-Relevant Climate Resilience

Climate change risk could disrupt the sector's supply chains, operations, and service delivery. Increasing frequency and severity of events pressures the sector to invest in contingency reserves to deliver emergency preparedness, disaster management, and disaster risk funding solutions in conjunction with vulnerable communities. The sector also faces competing priorities between cheaper fossil fuels with which to enable economic growth and the demands of a just energy transition to non-fossil fuels. Collaborating through PPPs to invest in greener and more climate-resilient infrastructure can contribute to long-term economic enablement and reduce the social security burden on the sector. These dynamics are further impacted by changing geopolitical viewpoints on climate and energy supply. Long-term sustainability, balanced with economic inclusivity to transform and develop SA's people and its economy should be prioritised.



10. Cost-Accessible Food Security

Food unaffordability and insecurity pressurise the sector to expand the social safety net for the most vulnerable. At its worst, it could cause developmental stunting, health problems, unrest, and population displacement with resultant costs for the sector. School feeding schemes, social grants, and initiatives such as the National Policy on Comprehensive Producer Development Support are high priority. Food security is also threatened by climate change. Integrated efforts to align all economic sectors in a national food security strategy will be the only sustainable way in which to address this fundamental risk.



10.13 Retail, trade, and commerce



Nelly Ngcobo
Risk Management
Intern, eThekweni
Municipality



Luyolo Siwangaza
Senior Enterprise
Risk Manager,
Woolworths SA



Pavana Ranjith
CRM Prof, Founder
and Director, RQ
Institute



Andre Havenga
Corporate Member Rep,
Group Risk and Audit
Executive, Cashbuild



Mike Morgan
CEO,
SACANCHAM



“

Isikhuni sibuya nomkhwezeli

(If you play in a risky situation, you must suffer the consequences)

”



1. Cohesive Politics

Globalisation impacts on supply chains and trade patterns require integration with international markets through sector participation in bi-lateral and regional agreements to promote inclusive growth, advance shared priorities, strengthen diplomatic and commercial relationships, and leverage diaspora communities. Geopolitical tensions and local political discord are amplified by shifts in trade blocks and global trade patterns. Instability (due to poorly executed policy and fragile international relations) breeds low investor confidence, hampers international supply chains, and affects the ability to trade for the best products at lowest costs with dependable supply. Retailers respond by building strong crisis management teams, strengthening relationships with key public sector stakeholders, increasing nearshoring, local sourcing, joining cross-border logistics hubs, and bolstering operational resilience through security, insurance, and continuity.



2. Capable State

Service delivery failures cause spiralling response costs for the sector. The sector could benefit from strategic dialogue with key stakeholders such as State entities, regulatory authorities, and industry associations to advocate for improved service delivery, informed by operational insights. Consumers depend on basic services, failing which their ability to work, generate income, and consume reduces, which in turn constrains retail profits. This causes unhealthy increased competition in the sector (e.g., by reducing product and service quality in order to survive as opposed to maintaining sustainable profits with integrity). The State has an integral role in supporting technology investment initiatives to enhance safe eCommerce (and related software platforms) to support the sector.



3. Credible Rule of Law

Crime ultimately affects consumer prices. The risk is compounded by ill-equipped law enforcement with slow reaction ability. Armed robberies, cash in transit heists, syndicates, burglaries, shrinkage, fraud, bribery, and corruption require resources to implement ethics programmes, consequence management and internal controls to safeguard receipt, storage, display, sale, and distribution of stock (e.g., monitoring, verification, and auditing). Crime also threatens staff and customer safety, increase fear, negatively impact the shopping experience and spend patterns. Reducing the economic benefit of crime requires investment to lower cash levels, safeguard high value movable items, buy insurance, and respond to incidents.

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4. Capacitated Infrastructure

Providing uninterrupted goods and services, while investing in security, water recycling, and alternative energy from production to shelf, increases sector costs. Energy challenges still affect operations, points of sale, security, temperature-controlled storage, and changing consumer behaviour, driving up costs for generator maintenance, diesel, equipment failures, and increased insurance claims for fresh produce losses. Opportunities include green solutions, with large distribution centres installing self-sufficient solar capacity. The sector can support customers by expanding the range of loadshedding-friendly products, and assist employees facing household disruptions, traffic congestion, and public transport concerns. The cost of alternative energy solutions cannot be fully transferred to consumers, eroding margins. Global issues affect imports/exports, port delays and congestion, and shipping costs, which drive raw material and product availability. Alternative transport solutions are limited. Opportunities include modernisation and technology to optimise the flow of goods. Deteriorating water infrastructure compels the sector to invest in alternative sources to meet production, sanitary, and hygiene standards. 'Eco-co-opetition' opportunities allow for shared water solutions to reduce consumption and support the SDGs.



5. Competent People

Successful global and local trade and commerce require leadership with strategic foresight, deep local insight, and an acute awareness of shifting global dynamics. Therefore, the attraction, retention, development, and motivation of people (especially, but not only, high-quality senior transformation candidates) are key for business continuity – however related costs inevitably filter through to consumers. This is exacerbated by poor education and semigration. The sector invests heavily to train and upskill staff (including graduate and internship programmes to build practical experience, provide positive workplaces, foster innovation, emphasise product knowledge, and customer-facing skills) to increase consumer satisfaction.



6. Creative Technology

The surge in digital platforms continues to redefine global trade and drive competitive advantage across value chains. The sector is highly reliant on and invests in digital infrastructure, logistics technologies, digital marketplaces, and secure mobile payment systems. Consumer data storage and multiple points of sale cause cyber-risk exposures (e.g., business disruption, unauthorised disclosure, financial loss, and reputational harm). Evolving consumer behaviour requires accelerated online capability and seamless experiences across multiple channels - driving data analytics, AI capabilities, and technology architecture costs. Risk response includes costly prevention and detection measures and appropriate insurance. Leveraging technology opportunities include research and investment to compete effectively.



7. Competitive Economy

During economic hardship, supply vulnerabilities increase, consumers spend less, and retail prospects suffer. The impacts of currency volatility, increased rental, municipal services, compliance, and maintenance costs cannot be recovered fully from consumers. As investor confidence erodes, costs and inflation rise, and interest rates fluctuate, retailers delay big decisions. Retailers hedge against exchange rate fluctuations, modify their strategies, diversify businesses or brands, implement competitive pricing to attract price-sensitive consumers, manage the impact on staff, optimise value chains, reduce costs, manage cash flows, modernise through technology, and develop innovative products and services to survive.



8. Connected Social Security

Robust consumer spending is key as the sector is a primary employer putting in significant effort to skill its resources. Lower consumer spending is caused by inequality, unemployment, and poverty and breeds general dissatisfaction which leads to unfavourable trade conditions. Increased costs stem from preventing losses caused by crime and unrest, reactive repairs, and maintenance – which is not covered by increased sales, but by stricter cost management, lower product quality, and increased resource constraints. These challenges cannot be overcome by increased investment and reduced profitability within the sector alone.



9. Context-Relevant Climate Resilience

Extreme weather disrupts trading (e.g., via production interruptions and infrastructure instability). Sector players who align with ESG and SDGs demands (e.g. transparency, green certifications, carbon credit schemes, responsible sourcing, and circular economy models) are securing a competitive edge in global markets. Responses include sustainability initiatives, reporting and disclosure, compliance, communication, appropriate procurement, stock management, supply chain optimisation and managing 3rd party risk. Decarbonisation and just transition require realistic improvement expectations and multi-stakeholder alignment across the sector.



10. Cost-Accessible Food Security

Access to quality raw materials, increasing disease, cost of production, and infrastructure failures impact food production and availability. Staple food inflation drives socio-economic risks and the sector partners with suppliers and insurers to promote long-term financial viability of value chains. Food insecurity also increases theft, shrinkage, and poor customer service, but is alleviated by good working conditions to help staff maintain living standards. The sector invests heavily to avoid disruptions and meet safety and hygiene standards.



10.14 Small micro and medium enterprises



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Director, Cyclopedic Consulting



Annabel Klopper
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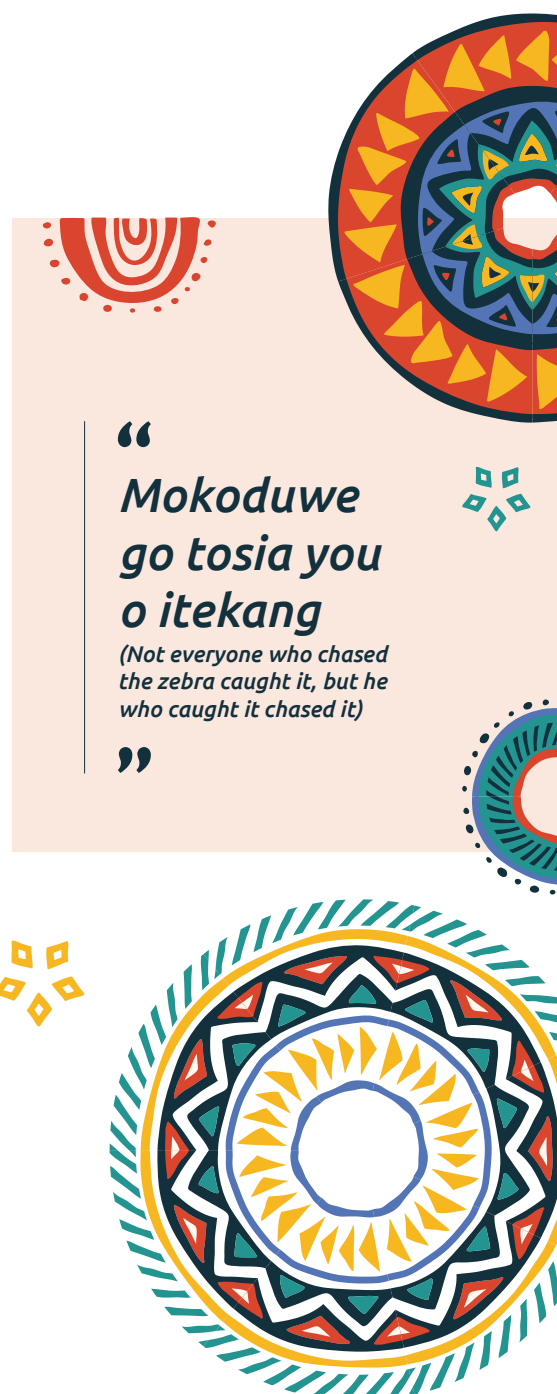
Daryl Glass
Regulatory Compliance Expert, Duke Consulting



Jacques Marais
Corporate Member Rep, Chief Executive Officer, Xenar Business Solutions



Katlego Majola
CRM Prof, Independent Risk Professional



“
Mokoduwe go tosia you o itekang

(Not everyone who chased the zebra caught it, but he who caught it chased it)

”



1. Cohesive Politics

Recent political tensions impacting SMMEs include tax, land expropriation without compensation, new legislation, and social unrest. Such tensions also cause labour action on working conditions, minimum wages, or employment terms. Prolonged coalition disagreements could reignite unrest, disrupting operations. These political tensions affect the business environment and create massive uncertainty for SMMEs' operations. This can negatively impact the affordability of the sector's products or services for customers with a waterfall effect in performance across entire value chains. Land expropriation without compensation creates uncertainty for SMMEs owning or using land for their operations and causes business disruptions if land grab attempts occur. The introduction of new legislation also creates financial, operational and administrative load increases which negatively impact SMMEs' performance and profitability.



2. Capable State

A capable State is fundamental to SMME survival, particularly with regards to policy, access, reliable basic services, and a conducive trading environment. Inadequate or unreliable security, healthcare, insurance, electricity, alternative power supplies, infrastructure, and water inflate SMME operating costs, forcing them to fund private alternatives, and so reduce consumer affordability. While limited access to finance stunts growth, private sector initiatives like enterprise and corporate supplier development programmes, angel investors and crowdfunding platforms can offer alternative funding avenues. Poor State procurement access restricts opportunities, but civil society can advocate for fairer and more transparent processes. Bureaucratic delays hinder operations, and citizen engagement can push for greater efficiency. Unstable policies deter investment, yet private sector stability and long-term vision remain crucial. It is often argued that successful SMMEs are the easiest mechanism to reduce poverty quickly. Thus, critical review and tangible action to reform policies threatening SMME survival are needed urgently.



3. Credible Rule of Law

SMMEs, in their daily functioning and growth aspirations, rely heavily on fair and transparent processes when interacting with the State, including obtaining licenses and permits at municipalities, navigating regulatory approvals for land use and environmental compliance, and accessing grading certifications for specific industries, where officials may sometimes request bribes. SMMEs often seek vital financial and developmental support from State funding agencies designed to stimulate SMME growth and economic contribution. Vulnerabilities in the procurement processes of State entities can lead to decisions that are not always based on objective merit (e.g., essential requirements are seemingly circumvented, and project costs escalate dramatically without clear justification). Allegations of undue influence and a lack of transparency in awarding contracts and the distribution of support can create an uneven playing field, disadvantaging ethical and qualified SMMEs. SMMEs bear a heavier burden from bureaucratic processes, compliance costs, and one-size-fits-all policies (e.g., labour laws) that distract resources from their core business activities. SMMEs struggle in an environment where the rule of law is not upheld as it reduces stability and fair competition. SMMEs should formulate appropriate anti-corruption policies being mindful of the potential significant consequences of participating in such activities.



4. Capacitated Infrastructure

SMMEs rely on reliable energy supply to operate. Frequent infrastructure failures directly impact the availability and price of goods and services, increase SMMEs' overheads and running costs through unplanned downtime and damage to equipment, and necessitate substantial investment in alternative energy solutions. High energy overheads severely decrease operational efficiency and can render SMMEs unviable, especially those in energy-intensive sectors such as food processing and manufacturing. SMMEs also rely on logistical infrastructure to operate. Access to materials can become extremely expensive when traditional logistical methods have to be partly or completely substituted with alternative logistical modes. Municipal inefficiencies, slow grid connections and inconsistent service delivery disrupt business continuity, especially in rural and township areas. This makes the cost of and ability to produce goods and services very unstable and directly impacts the profitability of SMMEs and the affordability of their products or services to end users. Reliable and affordable access to water is a key SMME success factor. Not only does it impact SMMEs' operations, but it also impacts overhead costs which are passed on to consumers, particularly those in agriculture, manufacturing, hospitality, and food services. Inadequate or inconsistent water infrastructure stemming from municipal inefficiencies and droughts, forces SMMEs to seek alternative solutions, such as boreholes, which are not always sustainable.



5. Competent People

An affordable skilled workforce is the number one success factor for SMMEs, especially during the start-up phase, which causes initial resource inefficiencies with longer-term cash flow implications. This causes entrepreneurial failures with broader national economic transformation and growth implications. In response, SMMEs can offer apprenticeships or internships to develop affordable talent pipelines (although this may have cost implications) and can leverage e-learning platforms to provide cost-effective upskilling opportunities for employees. They can also create skill-sharing networks where they exchange resources and expertise.



6. Creative Technology

SMMEs rely greatly on technology. More often than not, running effective technological systems comes at a great cost (not only financial cost, but also administrative and human resource costs). Although technology can greatly improve the ability of the business to run more efficiently it comes at a great cost, which often makes it an unattainable endeavour for most SMMEs. SMME businesses have become the focus of a growing number of cyberattacks, but they often do not have the means to implement comprehensive cybersecurity, putting them at risk of data breaches and financial damage. Many SMMEs see the opportunities that AI and digital tools present but still face high costs, a lack of digital skills, and challenges in integrating new technologies into existing operations.



7. Competitive Economy

SMMEs rely on economic stability and growth. Economic decline does not support certain products or services, causing SMMEs offering those products or services to struggle for survival. With GDP growth expected to remain anaemic, high levels of unemployment and weak consumer spending are stifling demand for SMME goods and services. This also directly impacts end users which in turn impacts other SMMEs. This is evident in many sectors such as food, automotive, and healthcare, with secondary impacts harming entire value chains. Many SMMEs find it difficult to finance their businesses because they do not have collateral, a credit line, or a business plan. Delayed payments from corporates put more pressure on SMME cash flows.



8. Connected Social Security

Social security has a major impact on SMMEs – providing basic security to employees creates massively high overheads (e.g., healthcare, salary payment frequencies) and impacts the morale and thus performance of SMME workforces. Poverty and dependency on social grants greatly dictate the ability of consumers to make use of SMME products or services and negatively affect SMMEs' performance and ability to provide for their workforces. Social security extends beyond formal public welfare systems to encompass the broader societal conditions ensuring the physical safety, public health, and basic human security of both workers and consumers. When these fundamental aspects of social security are weak or poorly addressed by the State, the burden of ensuring a basic level of welfare often falls upon SMME employers, significantly increasing their operational costs.



9. Context-Relevant Climate Resilience

The increasing intensity and severity of extreme weather events (e.g., droughts, heatwaves, and floods) pose a threat to water and food security, agricultural productivity, and economic activity. Over smaller thresholds of global warming, SA is projected to see more severe and repeated heatwaves, more intense droughts, and in some areas heavier rainfall, which brings threats of both water scarcity and flood risk. These hazards have cascading effects: they damage crop yields, threaten livestock, increase food prices, and are capable of destroying critical infrastructure, all of which negatively affect livelihoods and national economic stability. Compounded by SA's reliance on coal and slow transition to renewable energy, this climate vulnerability further exposes the country to transition risks, including potential export penalties and diminished competitiveness in global markets as its trading partners put in place stronger carbon regulations.



10. Cost-Accessible Food Security

Food security impacts SMME workforces severely. When food prices and availability are unstable, employees underperform and barely survive on wages. This places a social burden on SMMEs to increase wages to combat negative morale, which negatively impacts the sustainability of SMMEs themselves. By 2025, nearly half of the population is projected to face food insecurity, with urban and rural areas both deeply affected. Although inflation is expected to moderate, food prices are forecast to rise by around 4.1% in 2025, with further upside risk due to climate shocks, currency volatility, and logistical disruptions. For businesses, this means employees will continue to grapple with unstable food prices and availability, making it increasingly difficult for them to sustain themselves on their existing salaries. As a result, employers may face mounting pressure to implement salary increases (above inflation) to help staff maintain their purchasing power and morale. However, these wage adjustments can raise operational costs and erode profitability, particularly for SMMEs with limited financial buffers. Ultimately, persistent food insecurity and rising living costs threaten not only employee well-being and productivity but also the overall performance and competitiveness of organisations in SA's challenging economic environment.



Many SMMEs find it difficult to finance their businesses because they do not have collateral, a credit line, or a business plan.



Delayed payments from corporates put more pressure on SMME cash flows.



When food prices and availability are unstable, employees underperform and barely survive on wages.



By 2025, nearly half of the population is projected to face food insecurity, with urban and rural areas both deeply affected.



Although inflation is expected to moderate, **food prices are forecast to rise by around 4.1% in 2025.**

10.15 Sport and recreation



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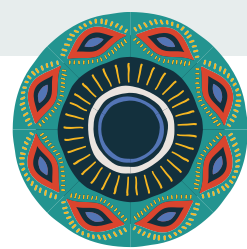
Dr Solomon Mthombeni
Advisor, Education, Technology, Sports, Arts & Culture Parliament of South Africa



Prof Jacques Faul
Chief Executive Officer, Titans Cricket Councillor, Northwest University



“
Nama ya kgapeletso e thuba pitsa
(Do not force matters, for that will cause more harm than good)
”



1. Cohesive Politics

The sports, arts, and culture sectors face ongoing risk due to inefficient governance, inconsistent funding policies, and underdeveloped infrastructure strategies. Frequent changes in government structures create instability and hamper long-term strategic planning. These sectors rely heavily on consistent policy environments to attract FDI and support international collaboration. Political instability, policy uncertainty, and weak international representation have diminished SA's credibility and competitiveness in global cultural and sporting platforms. The success of the GNU is vital to ensuring administrative consistency in implementing strategic plans such as the 2025–2030 Sport and Recreation Strategic Plan.



2. Capable State

Poor coordination across national, provincial, and municipal levels continues to hinder service delivery and infrastructure maintenance. Many local governments fail to effectively utilise the Municipal Infrastructure Grant to build or maintain community-level sports infrastructure. Fiscal mismanagement, poor oversight, and maladministration across various public sports and cultural entities have eroded public confidence. State-funded clubs and arts organisations remain largely unsustainable due to inconsistent or delayed funding. A professionalised public service is essential to insulate sport and cultural administration from political interference and to remain focused on long-term development.



3. Credible Rule of Law

Crime significantly hampers investments and tarnishes public trust, negatively impacting sports development due to decreased funding. Illicit activities (e.g., illegal betting, doping, and match-fixing) further impact the credibility of the sport and the sector's reputation. Vandalism, violence, and general crime pose safety challenges for sports facilities, spectators, and athletes. This negatively influences sports participation and event attendance. Robust governance frameworks, regulatory oversight and increased collaboration between local government, law enforcement, sports organisations, and private security service providers should be enhanced to establish joint security protocols and real-time threat monitoring at major sporting events and to safeguard the integrity and security of the sector. Top SA athletes may relocate abroad due to safety concerns. Sports tourism is negatively affected by the perception that SA is not safe to visit. Despite currency weakness, offering affordable training in SA for international teams is influenced by the perception that the country is unsafe. If the sporting code is seen as an extension of the State and the State is viewed as not adhering to corporate governance principles, sponsors and investors may not invest in sport.



4. Capacitated Infrastructure

Unreliable energy supply disrupts venue operations, event logistics, ticketing systems, broadcasting infrastructure, athlete safety measures, and fan experiences through failures in lighting, cooling, and security systems. Loss of broadcasting during live events results in substantial financial losses for rights holders, sponsors, and event organisers. The frequent need for backup generators increases operational costs. The perception of unreliable energy supply also negatively affects international visitor experiences and SA's reputation as a premier sporting destination. Strengthening energy resilience through costly alternatives is not always possible. Unreliable logistics and transport supply chains can disrupt sports events, competitions, and operations. Profit margins have substantially decreased due to exponential increases in transportation costs. Increased costs and event cancellations are linked to consequences associated with unreliable transportation networks and unexpected disruptions, including strikes and natural disasters. Port inefficiencies increase transport time, costs, and procurement lead times. With a weak currency, this hampers infrastructure development and maintenance further. Water interruptions affect venue operations and event planning similar to energy interruptions. The maintenance of sports facilities (including irrigation systems for playing fields) could be significantly impacted by water scarcity, leading to deteriorating conditions with safety hazards for athletes. Water restrictions will also compromise hygiene and sanitation during events, endangering the health and well-being of participants and spectators. Water shortages will create unwanted and unexpected costs related to maintaining sports fields and swimming pools.



5. Competent People

Disparities in the SA educational system often create knowledge gaps, increasing the need for more expertise in critical areas. Skill shortages in the sports medical and management fields impact the sector's national and global competitiveness. These challenges should be addressed by increasing efforts in talent development programmes. Partnerships with educational institutions offering specialised courses are critical to the further development of athletes and administrators. To ensure competitiveness and sustainability, it would be crucial for State support and private sector investments to provide skills development and further education to those in the sector. SA sports entities have a strong transformation focus at all levels, but it is crucial that employees have suitable skill sets.



6. Creative Technology

Increasing reliance on technology for player performance analysis, fan engagement, event management, and broadcasting introduces significant vulnerabilities (e.g., livestreaming sports events is critical to increase team support bases and generate additional revenue). Extensive data collection practices expose the sector to data privacy breaches, cyberattacks, and unauthorised exploitation of personal and performance data. Real-time digital interaction during sports events, while enhancing fan experience, also facilitates opportunities for illegal betting and match manipulation. The rapid integration of AI, including predictive analytics, talent identification algorithms, and automated officiating systems, presents additional emerging risks. Potential biases in AI-driven decision-making, intellectual property disputes over AI-generated content, and ethical concerns around data ownership and athlete profiling are becoming increasingly relevant. The arts sector also lacks adequate legislative frameworks to protect intellectual property, leaving creators exposed. The sector faces reputational and operational risks if AI deployment lacks transparency and governance. It is thus important to develop and implement sector-specific cybersecurity frameworks that align with international best practices along with clear ethical guidelines and governance structures for the use of AI in sports, including transparency in algorithmic decision-making and consent-based data usage. Strengthening cybersecurity resilience and embedding ethical AI practices are critical to safeguarding trust, competitiveness and innovation in the sector.



Loss of broadcasting during live events results in substantial financial losses for rights holders, sponsors, and event organisers.



The frequent need for backup generators increases operational costs.



Increasing reliance on technology for player performance analysis, fan engagement, event management, and broadcasting introduces significant vulnerabilities.



Real-time digital interaction during sports events, while enhancing fan experience, also facilitates opportunities for illegal betting and match manipulation.



The weak Rand challenges the retention of top SA athletes and artists as well as the **hosting of international events**.



An economic downturn negatively affects **grassroots arts and sports development**, as funding for community and youth programmes is typically the first to be reduced.



Developing green infrastructure for sporting facilities, including flood-resistant drainage systems and heat-resilient playing surfaces, would future-proof venues against extreme weather events.



7. Competitive Economy

Economic decline impacts the sector through tapering of sports programme funding, reduced consumer spending on sports- and arts-related events and activities, and the withdrawal of sponsorships. The weak Rand challenges the retention of top SA athletes and artists as well as the hosting of international events that have a Rand-based income. SA also has a crucial role in attracting international events and investments into Africa. Economic turmoil could result in declining international interest in hosting events in SA. This means that the revenue streams and opportunities for growth in the sector are limited. An economic downturn could also negatively affect grassroots arts and sports development, as funding for community and youth programmes is typically the first to be reduced. This hinders the country's long-term growth and talent pipelines in sport and arts. As a result, revenue streams and growth opportunities in the sector are significantly restricted, affecting entities from local clubs to national federations.



8. Connected Social Security

As a result of social security issues like crime and violence, people are often discouraged from attending sports and culture events or participating in related activities. This affects spectatorship and impacts grassroots development. Moreover, low quality of life, caused by inadequate healthcare and education, especially in marginalised communities, causes restricted access to arts and sports facilities and opportunities. High unemployment and inequality rates often exacerbate disparities in access to resources and participation, impacting potential fan base and talent development. Such interrelated socioeconomic challenges pose significant risks to the inclusion, growth, and sustainability of the sector. High unemployment results in many people not having access to participation in sports and arts, especially those that need significant investment by the individual.



9. Context-Relevant Climate Resilience

Weather can significantly impact the hosting of events, especially outdoor sporting events. Climate change, heat waves and severe storms could damage infrastructure and endanger athletes, participants, and spectators. The sports industry further contributes to carbon emissions through travel, event logistics, and venue operations, which contribute to climate change. Renewable energy use, carbon offsetting, and waste reduction initiatives are all mitigating actions that the sports industry could invest in. Developing green infrastructure for sporting facilities, including flood-resistant drainage systems and heat-resilient playing surfaces, would future-proof venues against extreme weather events.



10. Cost-Accessible Food Security

Food security impacts the sector's athletes and artists directly. Indirectly competition over land and water resources could cause the sector to compete with agricultural needs. Socioeconomic impacts (e.g., low income and insufficient access to opportunities) could intensify future artist's and athlete's nutritional development. The sector could mitigate risk by adopting sustainable practices and collaborating to promote awareness around food insecurity, social responsibility, and community development.

10.16 Tourism and hospitality



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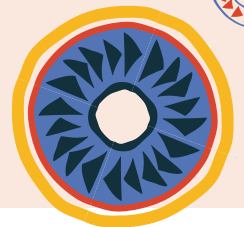
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Visiting Fellow, Saïd Business
School University of Oxford Senior
Associate, Cambridge Institute
for Sustainability Leadership

“
**Ukukhula
kukubili,
okweswini
nokwandisa**
(The ups and downs of life
are necessary for growth
and maturity)

”



1. Cohesive Politics

Political uncertainty introduced by the GNU threatens economic stability, and local and provincial government effectiveness. These in turn exacerbate service delivery failures, which impact the sector. Geopolitical tensions, travel bans, and SA's international relations and policy development approaches all risk harmonious relationships with countries that house major SA tourism markets. Violent geopolitical conflicts are also reshaping global travel trends. These could lead to a declining sentiment of SA as a tourist destination. The sector should advocate for supportive policies to address its concerns in national development plans, lobby against detrimental policies, and diversify source markets and investment sources in non-affected tourism regions.



2. Capable State

Poor governance and service delivery failures directly impact the sector through reduced revenue, increased costs, and eroding margins. There is an increased need for sector entities to maintain their own operations and infrastructure in order to provide quality services to customers. Entities have an opportunity to collaborate through industry bodies, local government and the South African Tourism Board for better outcomes through PPPs and engage in local governance initiatives to improve service delivery and infrastructure development.



3. Credible Rule of Law

Crime significantly impacts tourism, reduce demand, damage destinations' images, and negatively impact tourists' safety and experiences. Tourists are often perceived as easier targets for criminals due to their unfamiliarity with the environment, conspicuous appearance, and relaxed attitude, making them vulnerable to crime. Internal fraud and theft are also a concern.

To ensure resilience, sector entities should develop strategic partnerships with security providers and law enforcement agencies, enabling access to real-time intelligence, the latest crime prevention technologies, and prompt response times. Employee training is essential to promote well-being, transparency and ensure ethical business practices. In small towns, smaller establishments are compelled to integrate business development initiatives beyond hospitality to create social cohesion, conducive tourism environments, and sustainable communities.



4. Capacitated Infrastructure

Frequent power outages disrupt operations and increase costs. Whilst loadshedding has reduced, certain areas are still affected by load reduction and outages due to insufficient maintenance and crime. Where feasible, investments in alternative energy and backup systems remain reasonable and sustainable and cost-saving measures. Where this is not possible, businesses should seek to collaborate with local community providers to curb cable theft and assist local government and power providers to maintain infrastructure. Reducing energy consumption also reduces the overall burden on power producers (e.g., employee training and awareness, energy efficient light bulbs, gas for cooking). Where funding is available, heat pumps can be installed instead of geysers or boilers, smart systems can be installed to control light and air conditioner usage in hotel rooms, and insulation can be improved to control temperatures more effectively. The sector relies on dependable transport and logistics nodes, services, and infrastructure to function, making it vulnerable to disruptions. Any compromise in the transport and travel system could halt operations. Thus, operators partner with transport providers, ensuring multiple options for travel are available for staff and tourists to reach their destinations. Although most operational goods and services can be locally procured, imported goods can be delayed due to geopolitical tensions and conflict, droughts, and SA ports failures. International relations and trade barriers may also constrain tourism in future. Sector entities should stockpile essential imports to ensure business continuity. Water unavailability due to failing or damaged infrastructure and droughts significantly affect the sector. Pollution due to failing wastewater management at key tourism destinations also affects the attractiveness of establishments. SA's failure to plan and ensure access to clean water may lead to business interruptions and increased costs to procure water tankers. Measures to reduce reliance on municipal infrastructure are costly and not easily accessible to smaller entities. However, where funding is available investing in off-grid measures could ensure business continuity and reduced costs. Cheaper measures could include water-saving measures (e.g., low flow taps, water saving shower heads, and using water-wise plants in landscaping), promoting responsible water use through training, awareness, and employee incentivisation, and supporting local water conservation efforts.



5. Competent People

The sector is attractive for first time job seekers, relying heavily on lower-skilled and labour-intensive resources. A shortage of skilled workers in certain occupations does exist as the international labour market is highly competitive in this sector. Attraction and retention of staff, and collaborating with educational institutions, vocational training centres and government agencies are essential. The regular amendments to the sectoral determination for the hospitality sector have direct implications for staff benefits at small hospitality businesses, especially affecting skills development in rural areas with limited access to external training opportunities. Economic growth and improving SA's attractiveness as a destination will unlock the sector's contribution to employment and social security.



6. Creative Technology

Cybercrime is increasing at an exponential rate and affects all sectors, including the tourism and hospitality sector. Personal information is at risk and businesses may experience data breaches, ransom demands, POPIA non-compliance, business interruptions, financial losses, and reputational damage. Mis- and disinformation (in context of online reviews and ratings) can affect sector players' reputation and revenue streams if not managed. AI is both a significant threat and opportunity as it can be used to enhance cybersecurity measures and product offerings to consumers. Sector businesses should bolster their defences to protect customer and employee data, such as ensuring employees understand how cybercrime is committed, regular software updates, adequate insurance (albeit offering limited protection), and collaborating with technology providers, cyber experts, and State agencies to enhance resilience. The sector should invest in safe and secure digital technology and platforms to enhance tourism and bolster its economic growth potential.



7. Competitive Economy

The sector is significantly affected by economic downturns as tourism is mostly a discretionary spend. The economic outlook is currently positive with reduced interest rates, no loadshedding, improved exchange rates, and improved retail trade growth, which may alleviate some of the financial burden on the consumer. However, inflation and supply chain disruptions driving up the cost of food, labour, energy, and maintenance still impact consumers negatively. The GNU has prioritised tourism as a key driver of economic growth. Opportunities exist for larger organisations and SMMEs to provide an authentic African experience to the international market, diversify product offerings, and offer off-peak promotions for the local market. The sector is highly stakeholder intensive with multi-stakeholder relationship management a strategic risk response imperative. This includes multi-level collaboration between sector players and suppliers to secure supply of goods and services, localised supplier agreements to alleviate supply chain uncertainties, multi-stakeholder engagements with local governments and communities, a multi-pronged State and trade block approach to lobby for sector specific policy frameworks, and collective industry response to cross-cutting risks. Collaboration with sector bodies will also assist in the promotion of SA and businesses at local and international trade shows, improving job creation and economic growth.



8. Connected Social Security

Social insecurity is caused by poverty, unemployment, and social unrest; reducing consumer confidence and discretionary spend. Crime (as a consequence thereof) detrimentally affects key tourist areas. Private security, insurance, and preparedness help mitigate the risk, but comes at a premium which is not accessible to all sector entities. The sector is a significant contributor to job creation, enterprise and supplier development, and skills development. Partnerships with culinary and hotel schools ensure that a skilled labour market is available, enabling youth employment. Collaboration with government and NPOs, and investment in socially responsible initiatives further enable local communities to thrive, promoting responsible tourism, and reducing the impact of social decline.



9. Context-Relevant Climate Resilience

Climate change-induced extreme weather events wreak havoc in parts of SA, and can be catastrophic for many sector businesses, particularly SMMEs and those isolated or located in flood- or drought-prone areas. Hotels and restaurants suffer damage or restrictive access, or guests who are 'locked-in' during emergencies. Insurance, emergency preparedness and BCPs are essential to respond and recover (including partnering with local authorities and disaster management services). Where funding is available, investing in climate-resilient infrastructure will reduce the impact of extreme weather events. Investments in ESG and sustainable business solutions to reduce GHG emissions and ensure climate-resilience help to enable the realisation of the SDGs and the NDP climate action priorities. It also increases the attractiveness of businesses as eco-friendly tourism destinations.



10. Cost-Accessible Food Security

Climate change and international relations can potentially impact food security. This affects the sector financially, and strategically for food and drink establishments as a lack of goods could impact operating hours, resulting in temporary and/or permanent closures and unemployment consequences. Imported goods are heavily affected by geopolitics, trade agreements, and tariffs increasing operating expenses and the cost for the consumer. Businesses have an opportunity to experiment with local cuisine and food systems, promoting culinary tourism experiences, and ensuring food safety standards by collaborating with local farmers, food producers, and Government.



10.17 Transport, logistics, and supply chains



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Louis Breytenbach
Managing Director,
Tizea Transport



Taka Sande
Managing Director,
Fasford



Eddie Lindeque
Independent Risk
Professional

“
**Indlela ibuza
kwabaphambili**
(The way forward is to ask from
those who have been before)
”



1. Cohesive Politics

Political tension influences trade volumes and flows, impairing the sector's ability to invest. National policies on sustainable transport practices, infrastructure development, trade regulations, taxation, and investment incentives (in road, rail, air, and port infrastructure) can improve network efficiencies, especially if focused on speedy decision-making, policy coordination, key trade-route prioritisation, and cross-border cooperation. Slow decision-making delays implementation of infrastructure projects and trade agreements. Geopolitical tensions affecting bi- and multilateral agreements can hinder cross-border movement (e.g., inconsistent customs procedures). These can disrupt supply chains, necessitate rerouting, and impact flows through key transport hubs, with higher costs. Diplomacy and cooperation should aim to resolve geopolitical impacts, while sector entities should reassess manufacturing locations, enhance traceability, and build regional resilience. National policies should prioritise risk assessment, regulatory frameworks, investment in resilience, and PPPs.

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2. Capable State

State-led logistics infrastructure is crucial for a functional economy, as a large portion of people and product movement depend on ports, rails, roads, or pipelines. Poorly maintained infrastructure causes congestion, inefficiencies, accidents, and higher costs. Insufficient modernisation and technological advancement hinder the sector's ability to keep up with growing demand. Alternative air, roads, and ports are not sustainable. Private entities can support SOEs to become more customer-centric and cost-competitive in new PPP models. Diversified supply chains (for raw materials, components, and finished goods) supported by collaborative communication, spread risk across suppliers and locations and reduce dependencies, especially when political instability or erratic weather disrupt supply chains.



3. Credible Rule of Law

Crime (e.g., vandalism, cargo theft, riots, cybercrime, invoice fraud, corruption, bribery, kickbacks, embezzlement, and organised syndicates targeting logistics hubs and routes) cause higher costs, financial losses, reputation damage, legal consequences, and operational disruptions. Cybercrime compromises sensitive information, cause data breaches, and lead to disruption. Focusing on preventing theft and vandalism compromises service continuity and requires partnerships with the State and communities. The sector invests in physical security measures and leveraging technology (e.g., surveillance systems, secure parking facilities for trucks carrying valuable cargo, cybersecurity protocols to safeguard digital assets, and employee training and awareness).



4. Capacitated Infrastructure

Power failures impact the transport (e.g., weighbridges, fuel depots, and fuel supply) and storage of cargo. Alternative energy uptake will take a long time, and rising electricity and fuel prices threaten operations and profits. Contingency plans address natural disasters, cyberattacks, labour disputes, and political instability through alternative routes/modes, backup power for data centres and warehouses, emergency communications, and complaints handling procedures. If unresolved, the gas cliff threatens the potential future use of gas as a flexible transportation fuel. Escalating water shortages caused by drought, poor maintenance, and metering and billing errors, affect operational efficiencies, infrastructure projects and employees negatively. Where operations are dependent on water supply, own infrastructure and services are established at high cost, while alternatives (e.g., desalination and boreholes) are being pursued.



5. Competent People

The sector depends on executive, strategic, knowledge, and entry level skills. Hence, poor education and skills development outcomes affect competitive transport, warehousing, and related logistics services. This impacts strategic decision-making, contract and terms negotiations, operational efficiencies, problem solving, change management, analytics, and informatics to meet customer demands. Fleet management and vehicle maintenance skills are essential, while properly equipped warehouses with efficient storage systems to streamline inventory management and fulfil orders require specific skills. There is also a shortage of skills to innovate and deploy technology solutions (e.g., GPS tracking, inventory management software, and route optimisers) to enhance efficiencies. Experienced supply chain management professionals optimise processes, reduce costs, and improve performance. Skilled logistics coordinators manage complex logistics networks, coordinate shipments, and resolve challenges. With increasing process digitisation, tech-savvy employees leverage digital tools better. The sector develops skills through education for managerial leadership, international trade regulations, warehouse management, and technological advances.



6. Creative Technology

Technology (AI, blockchain, IoT, Digital Twins, Machine Learning) revolutionises the sector through real-time data analysis, improved transparency, improved asset/inventory monitoring, higher efficiencies, optimised routes, predictive vehicle maintenance, real-time shipment tracking, autonomous vehicles, improved safety, and reduced costs. Risks are managed by advancing cyber-continuity practices and leveraging opportunities. The sector is vulnerable to cyberthreats (e.g., ransomware, and data breaches) as it relies on interconnected systems and digital platforms. It needs robust measures (e.g., encryption protocols, network monitoring tools, employee training programmes, cybersecurity audits, incident response plans, and investment in advanced security technologies like cloud-based data storage and recovery) to safeguard against cyber-risks.



The sector is vulnerable to cyberthreats (e.g., ransomware, and data breaches) as it relies on interconnected systems and digital platforms.



7. Competitive Economy

Economic constraints impact international trade, and local and global customers. Supply chain disruptions, inventory buildups, production slowdowns, increased costs, lost revenue, job losses, and bankruptcies can limit access to markets, countries, and regions. Challenges attributable to SA's reduced relevance as an entry point into Africa also affect foreign earnings for African countries relying on primary commodity exports and FDI. Economic decline affects prices, alters spend patterns and affects sector earnings. Mitigation includes digitalising documentation processes, automation, implementing advanced technology, improving payment systems, and diversifying routes to improve efficiencies and reduce costs. This will streamline operations, reduce manual labour, and speed up customs clearances. Collaboration between governments, private players, international organisations, and PPPs can finance infrastructure projects to resolve common challenges.



Supply chain disruptions, inventory buildups, production slowdowns, increased costs, lost revenue, job losses, and bankruptcies can limit access to markets, countries, and regions.



8. Connected Social Security

Employees face socio-economic hardship, pressuring sector employers. Increasing costs and declining productivity affect wages and available jobs. The sector drives transformation, but structural issues (e.g., unemployment, underemployment, low wages, fragile contracts, and erosion of worker rights) persist, reducing demand for transported goods and therefore job opportunities.



Sustainable transport modes can reduce emissions, and climate-smart practices can improve agility.



9. Context-Relevant Climate Resilience

Sustainable transport modes can reduce emissions, and climate-smart practices can improve agility. However, the demand to improve quality and efficiencies while reducing carbon emissions increases the risk of misaligned implementation of a just transition. Thus, adoption of more sustainable practices remains slow, due to the ill-defined scope for a realistic transition. Collaboration among governments, businesses, communities, and civil society should address environmental sustainability and social equity concerns. Increasing extreme weather events cause interruptions and requires carefully coordinated and multi-stakeholder disaster management strategies supported by State capability.



Collaboration among governments, businesses, communities, and civil society should address environmental sustainability and social equity concerns.



10. Cost-Accessible Food Security

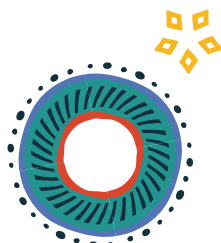
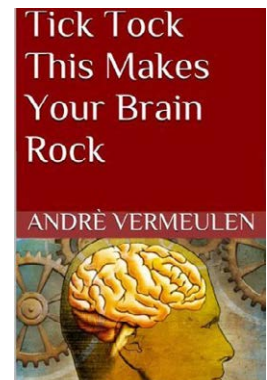
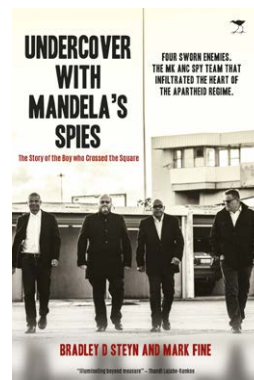
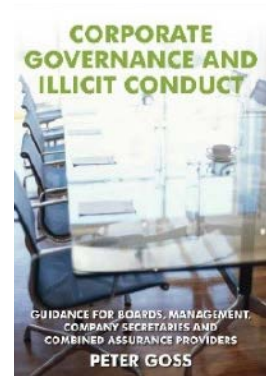
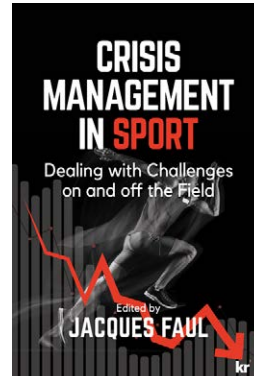
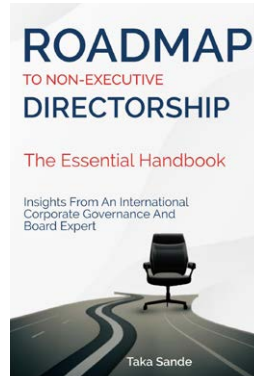
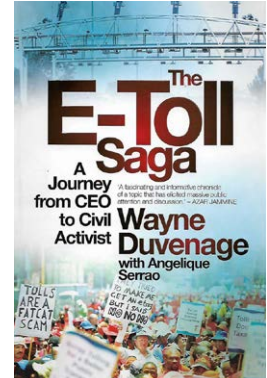
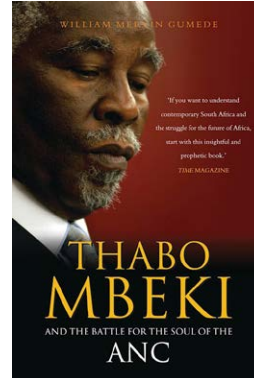
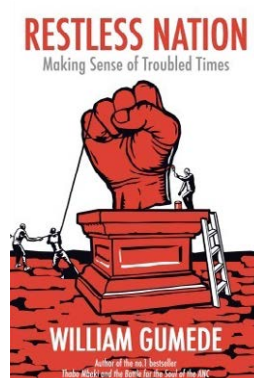
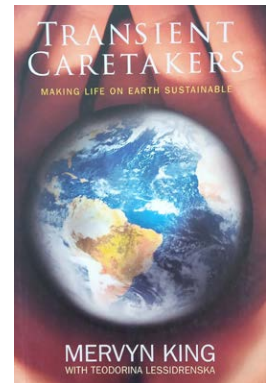
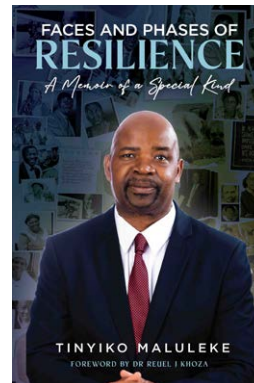
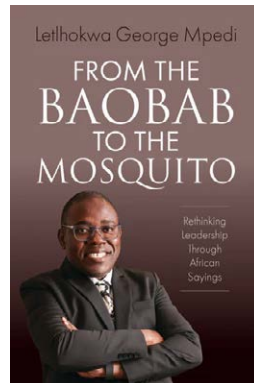
Food security impacts the sector through the well-being of its employees (e.g., long-haul drivers are affected by insufficient or poor quality food). There is also a direct impact on food security if the sector fails due to public infrastructure failures. The sector contributes to public infrastructure maintenance to protect its ability to operate.

REFERENCES

The contributions to this Report extend beyond content presented in the publication itself. The Report benefits from the insights of individual contributors who are widely published thought leaders, actively shaping contemporary discourse on risk, resilience, and leadership. We encourage readers to engage further with these contributors' publications to enrich the quality of thinking and broader intellectual and practical debate to achieve a sustainable risk-resilient SA.

This Report incorporates a numerous national and international policies, objectives, trends and predictions by various credible organisations, including (but not limited to):

- Africa Agenda 2063
- Brenthurst Foundation and SABI Strategy Group
- Clem Sunter (SA scenarios, flags, and probabilities)
- Frans Cronje (A Time Traveller's Guide to Our Next Ten Years, A Time Traveller's Guide to South Africa in 2030, The Rise and Fall of South Africa: Latest Scenarios)
- Institute of Race Relations
- Institute of Security Studies African Futures (with the AU Development Agency and NEPAD)
- Kgalema Motlanthe Foundation
- Mapungubwe Institute for Strategic Reflection – Indlulamithi Scenarios 2030
- National Planning Commission's National Development Plan 2030
- Social Research Foundation
- Southern Africa Development Community
- Statistics South Africa
- The 7th Administration of South Africa Medium-Term Development Plan 2024-2029
- United Nations Sustainable Development Goals 2030
- Verisk Maplecroft
- World Economic Forum's Annual Global Risks Report



ABBREVIATIONS

In this Report, abbreviations have the meaning indicated in the table below.

AAU	Association of African Universities	ECD	Early Childhood Development	OMFIF	Official Monetary and Financial Institutions Forum
AfCFTA	African Continental Free Trade Area	ERM	Enterprise Risk Management	opex	Operational Expenditure
AFMI	Absa Africa Financial Markets Index	ESG	Environmental, Social and Governance	p.a.	Per annum
AGOA	African Growth and Opportunity Act	EU	European Union	POPIA	Protection of Personal Information Act
AI	Artificial Intelligence	FATF	Financial Action Task Force	PPP	Public-Private Partnership
AU	African Union	FDI	Foreign Direct Investment	PFMA	Public Finance Management Act
B-BBEE	Broad-Based Black Economic Empowerment	FERMA	Federation of European Risk Management Associations	Report	IRMSA South Africa Risk Report 2025/26
BELA	Basic Education Laws Amendment act	GDP	Growth Domestic Product	Risk	The effect of uncertainties on objectives
bn	Billion	GDPR	General Data Protection Regulation	R&D	Research and Development
BCP	Business Continuity Plan	GHG	Greenhouse Gas	SA	South Africa
BRICS+	Intergovernmental organisation consisting of Brasil, Russia, India, China, and South Africa, subsequently expanded to include Saudi Arabia, Egypt, United Arab Emirates, Ethiopia, Indonesia, and Iran	GNU	Government of National Unity	SADC	Southern African Development Community
capex	Capital Expenditure	HEI	Higher Education Institution	SADC RISDP	SADC Regional Indicative Strategic Development Plan for 2020 to 2030
CEO	Chief Executive Officer	HIV	Human Immunodeficiency Virus	SAQA	South African Qualifications Authority
CIPA	Critical Infrastructure Protection Act	ICT	Information and Communications Technology	SDGs	United Nations Sustainable Development Goals
COVID-19	Disease caused by coronavirus 2 (SARS-CoV-2)	IRMSA	Institute of Risk Management South Africa	SDL	Skills Development Levy
CRO	Chief Risk Officer	ISO	International Standards Organisation	SETA	Sector Education and Training Authority
CSI	Corporate Social Investment	JSE	Johannesburg Stock Exchange	SEZ	Special Economic Zone
CSR	Corporate Social Responsibility	King IV	King IV Report on Corporate Governance for South Africa, 2016	Short-term	Within 3 Years
CSRD	Corporate Sustainability Reporting Directives	LNG	Liquefied Natural Gas	SIU	Special Investigating Unit of the SA Government
DHET	Department of Higher Education and Training	Long-term	More than 5 Years	SMME	Small, Micro, and Medium Enterprise
DIRCO	Department of International Relations and Cooperation	m	Million	SOC	State-Owned Company
DMRE	Department of Mining, Resources, and Energy	MEC Targets	Agreed Macro-Economic Conversion indicator targets in the SADC RISDP	SOE	State-Owned Enterprise
DPME	Department of Planning, Monitoring, and Evaluation	Medium-term	3 to 5 Years	SSA	Sub-Saharan Africa
DRC	Democratic Republic of Congo	NDCs	Nationally Determined Contributions	STEM	Science, Technology, Engineering, Mathematics
DSTI	Department of Science Technology and Innovation	NDP	National Development Plan Vision 2030	tn	Trillion
DUT	Durban University of Technology	NECOM	National Energy Crisis Committee	USA	United States of America
DWS	Department of Water and Sanitation	NEMA	National Environmental Management Act	VUCA	Volatility, Uncertainty, Complexity, Ambiguity
		NHI	National Health Insurance	WEF Report	World Economic Forum Global Risks Report
		NLCC	National Logistics Crisis Committee		
		NRF	National Research Foundation		

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Raymond Ngomane	Survey	Sidney Mongala	Content Review
Renisha Rajpaul	Communication & Digital Economy	Sifiso Jiyane	Research
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Richelieu Matsekoleng	Survey	Simphiwe Zuma	Survey
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Roberta Govender	Member Participation	Sinoxolo Mbatha	Research
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Ronald Mahumani	Survey	Siphiwe Dube	Financial Services
Ronewa Gegana	Survey	Sipho Kabane	Survey
Rooiland Nkgare	Research	Siyanda Magaxaza	Survey
Roshaan Narker	Survey	Solomon Mthombeni	Sports and Recreation
Roshni Teladia	Survey	Sophietta Dlamini	Survey
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Sumaya Jaffer	Oversight Board	Totyelwa Dodo	Oversight RIC, Risk Culture
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Susanna Muller	Research	Trevor Channing	Manufacturing
Suzan Ntlheng	Survey	Trudy Govender	Survey
Swastika Murilal	Survey	Tseko Molelekoa	Africa
Sylvia Gurumani	Mining	Tshepang Sekgobela	Research
Symone Goodman	Survey	Tshepang Mnyande	Survey
Taini Taini	Survey	Tshepo Engelbrecht	Survey
Taka Sande	Transport and Logistics	Tshifharo Leshiga	Research
Talent Ncube	Survey	Tshifhiwa Nefale	Survey
Talia Maphumulo	Sports and Recreation	Tumelo Dihlake	Survey
Tanika Van Den Berg	Research	Unathi Mdwa	Survey
Tariro Tasiweyi	Research	Valerie Potgieter	Survey
Tauriq Van Der Schyff	Research	Vanasa Padayachee	Research
Tawana Muchatuta	Survey	Vanessa Thurlwell	Oversight COE
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Tenti Morobe	Research	Volker Von Widdern	Capacitated Infrastructure, Risk Response Strategies
Thabane Gali	Research	Vonani Mabasa	Survey
Thabeko Mashaba	Research	Vusumzi Mqambeli	Survey
Thabile Shoba	Survey	Vuyo Mnguni	Survey
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Thembela Leve	Survey	Yershen Pillay	Education
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