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The Institute of Risk Management
SOUTH AFRICA

IRMSA RISK REPORT

SOUTH AFRICA RISKS 2021

7TH EDITION

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HOW TO READ THE IRMSA RISK REPORT SOUTH AFRICA RISKS 2021

South Africa has to create a better reality. Scenarios of what that reality may look like have been well defined over time. As citizens and organisations we define strategies to help us survive and to thrive in the scenarios we believe may play out, but we seldom ask ourselves whether we have the tools to enable a preferred scenario to materialise. This report positions Risk Management as such a tool. Highlighting risks and risk response strategies that will reduce the impact and likelihood of threats and leverage the same to create opportunities leading to the achievement of the preferred scenario for South Africa.

1 THE SOUTH AFRICAN CONTEXT

MARK VICTOR

WHAT DOES THE WORLD OUT THERE LOOK LIKE?

We start our 5-part journey in the IRMSA Risk Report 2021 by considering the context in which South Africa's future is currently being shaped considering the views of six prominent leaders in our country. They highlight threats and opportunities and share the risk response to strategies that they consider necessary to create a better future. This synopsis sets the scene to assist with the evaluation of the flags that will inform the different scenarios that may materialize, and how they could be influenced by effectively responding to the most significant risks.

2 SCENARIOS FOR A FUTURE IN WHICH SOUTH AFRICA CAN PROSPER

CHRISTELLE MARAIS

WHAT CAN AND SHOULD WE DO ABOUT IT?

The uncertainty of how certain scenarios may unfold is what informs our strategies as individuals, organisations and the country. Effectively leveraging our synergies, including resources, and responding to the correct flags will allow us to drive the country towards owning its future. This section of the report, demonstrates how:

- if we continue as we are doing we will, most likely soon, reach a point of no return. Facing a "perpetual hangover", undoing the progress made over the last few years and negatively impacting many generations to come.
- if we sustain the progress made so far, but do not act more decisively to respond to the risks identified in this report, we may find ourselves in the "fake it until we make it" scenario before we inevitably slip back into a "perpetual hangover".
- if we are able to effectively respond to the risks highlighted in this report, and act as a collective in the building of a robust, inclusive and equal society, we may be able to own our future.

3 TOP RISKS FACING SOUTH AFRICA

CHANDU KASHIRAM

HOW DO WE NAVIGATE WHAT WE DON'T HAVE ENOUGH INFORMATION ABOUT?

The top 12 risks for South Africa have been identified and analyzed against top global risks as well as views of subject matter experts. The time horizon takes into account risks that the country needs to address if we are to reach our 2030 National Development Plan objectives. The risk areas are all too familiar to us and therefore it may appear that we are trying to address the same risks. However, given the time horizon and the significant challenges we face, each risk has been unpacked to answer the question "what if they materialize or deteriorate further?" Risk mitigations identified require significant resources and changes in leadership, policy, service delivery etc. to ensure that we move from the "perpetual hangover" scenario to "owning our future".

4 COMPETENCIES TO BUILD A RISK RESILIENT SOUTH AFRICA

WALTER EHRLICH

WHAT DO WE NEED TO BE ABLE TO DEAL WITH IT?

Making sense of risk and effectively responding to risk require planning and unplanning as we navigate perpetual uncertainty. It requires fewer risk registers and more scenarios, better risk appetite frameworks, systems thinking and the ability to deal with complexity; considering both expert and maverick ideas. This part of the report considers the competencies required for leaders, managers, workers and functional experts to create risk intelligent and resilient organisations.

5 IRMSA'S CALL TO ACTION

CHRISTOPHER PALM

WHAT ARE THE MOST IMPORTANT NEXT STEPS TO GET US GOING IN THE RIGHT DIRECTION?

For South Africa to have a future owned by all and in which all prosper, our national, provincial and local governments and its leaders, governing bodies and its members, executives and all levels of management including the risk management fraternity MUST work with one goal in mind: to become a risk intelligent and resilient society in which we collectively manage our risks comprehensively and in a way that benefits South Africa and its citizens.

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INSTITUTE OF RISK MANAGEMENT SOUTH AFRICA

The report and e-book are available on IRMSA's website
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HISTORY AND BACKGROUND

JGL Forensic Services was found in 2001 to meet the growing demand for specialised forensic accounting and financial investigative services in South Africa and further abroad. Our multidisciplinary forensic team consists of experienced professionals with decades of experience in their fields, who all place specific attention and care to the application of scientific methods in the field of forensic accounting and investigation.

Our head office is located in Bloemfontein, South Africa, with regional offices located in Pretoria and greater Port Elizabeth areas. We have several partner offices in regions outside these areas, to service other parts of the country where we do not have a physical presence.

OUR MISSION

At JGL Forensic Services, we have five core values that form part of our mission.

INTEGRITY / PERFORMANCE / INNOVATION / COLLABORATION / ACCESSIBILITY

Our values closely relate to our mission, but we believe that our company is personified through our slogan, “Integrity, Passion, and Commitment.” We strongly believe in the rule of law and scientific methods as they apply to forensic accounting and investigation, and it is this passion for our profession that drives us to provide the highest standard of work to our clients.

OUR VISION

Our vision for JGL Forensic Services is an internationally recognised forensic service company which delivers superior quality services. We have been consistent in our approach to our investigations, and we recognise that our multidisciplinary approach, which constantly evolves to meet the new legal and technological landscape of the day, is the best fit for us and our clients.

KEY SERVICES WE OFFER

JGL Forensic Services offers three core service offerings, which each have multiple sub-disciplines that fall into the scope of our abilities. We cover:

- Investigation of Economic Crimes
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We approach fighting economic crime as a collective activity, and view the active sharing of information and guidance as critical components to continuously and successfully address and prevent economic crime.

We’re proud to celebrate the recent achievements of RUBIQ, one of JGL Forensic Services’ valued partners. They were recognised by the Institute of Risk Management (IRMSA) in its 2020 award presentations, winning the award for Risk Management Information System Provider.

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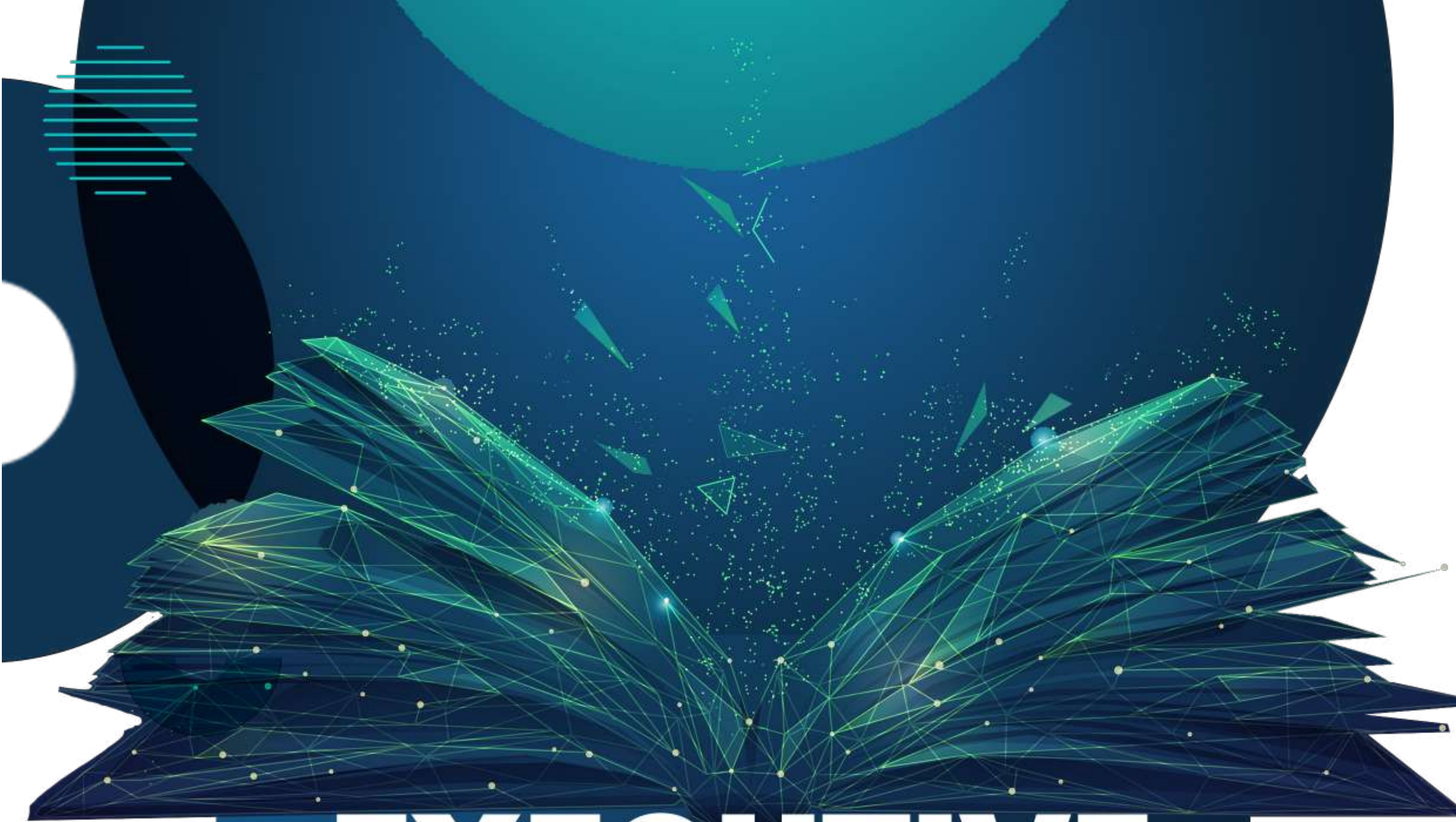

EXECUTIVE SUMMARY

"You have no enemies, you say?
Alas, my friend, the boast is poor,
He who has mingled in the fray
Of duty, that the brave endure,
Must have made foes.
If you have none,
Small is the work that you have done.
You've hit no traitor on the hip,
You've dashed no cup from perjured lip,
You've never set the wrong to right,
You've been a coward in the fight."

Charles Mackay (1814-1889)

In December 2020, the Labour Appeal Court found it would be "unlawful for trade unions to enforce the wage increases, which were promised as part of a three-year wage deal struck in 2018 but which the government said this year were unaffordable." (Moneyweb, 15 December 2020). The basis of this is the Court's finding that the government cannot be compelled to borrow money (which would negatively impact all citizens in South Africa) to implement increases for public sector workers.

In this context, we submit that South Africa has run out of rope. We are at a point in our history, where we need to make robust decisions and we need to make them fast. It is time for collaboration, but with the same end state in mind: not one where South Africa only belongs to all who live in it, but one where all who live in it can prosper, united in our diversity. As President Ramaphosa wrote on 14 December in his weekly message, quoting Steve Bantu Biko: "In time, we shall be in a position to bestow on South Africa the greatest possible gift – a more human face." We suggest that "that time" is now.

In this report, we firmly demonstrate the need for South Africa, as a collective, to pool its resources, whether those resources be individual, corporate, government or societal to bring about a sustainable future for us all. One of those resources, and we submit a critical one, is our ability to manage our risk as a country. To manage that risk, we need to identify it accurately, analyse it in sufficient detail, evaluate where it will take us if we do not completely resolve it, and treat it as effectively as we can – understanding that, for whatever residual risk remains, we will need to put contingencies in place.

We also contend that we have cut our resources to the bone: we no longer have the luxury of managing our risks in isolation. Our ability to come together in a spirit of "chosen glory" is what will enable us to succeed. From a risk perspective, our ability to apply systems thinking and execute in a coordinated fashion, thereby saving as much of our capacity as possible to address the next challenge, is what will help us through this crisis.

The report strives to position the reality we face. Highlighting the current and future realities our leaders foresee, building the scenarios we think may play out and understanding that our strategies will need to navigate those scenarios. Strategies that depend on the unpacking of the risks that could occur while we implement our strategies and understanding the appetite required to take those risks. We then need to define the competencies that we need in order to deal with what we're up against. Finally, we need to respond to the call to action as a collective. We produce this report to contribute to the ability of South Africa's leadership, the public and private sectors as well as its citizens to build a future where South Africa and all who live in it, can prosper.

MESSAGE FROM THE IRMSA PRESIDENT

THABILE NYABA
PRESIDENT: THE INSTITUTE OF RISK MANAGEMENT SOUTH AFRICA

THE BEST WAY TO PREDICT THE FUTURE IS TO CREATE IT

There is no doubt that 2020 will go down as a year to be remembered. While the Covid-19 pandemic has had an enormous impact, the year brought many challenges, from the forest fires in Australia at the beginning of the year to the volcano eruption in the Philippines, followed by a long list of hurricanes and widespread social unrest in the US. All of these have highlighted the reality of persistent and disruptive volatility. There is no reason to think that volatility will decrease - in fact, it is only likely to increase.

James Lane Allen said, "Adversity does not build character, it reveals it". The adversity we are operating under is continuing to reveal the importance of risk management and business resilience. It has changed the way we are, the way we work, the way we think and the way we act. It has accelerated innovation and digitalisation, and created an imperative for companies to transform their operations. It's no longer the big fish eating the small – it's the fast fish eating the slow fish (World Economic Forum). It's now about agility and how quickly we respond to changes, and the making of better-informed, faster decisions to survive in a rapidly changing environment.

South Africa faces a myriad of challenges such as low economic growth, poverty and unemployment to mention a few. Lessons learnt from the response to Covid-19 are a great opportunity to build solutions and assist our organisations and the country to move effectively into the future. My vision is to see a transformed South Africa that promotes growth, creates jobs, and empowers its citizens with resources to support social change. This transformation can be brought about through Public Private Partnerships.

We have witnessed the government and industries collaborating in response to the crisis. The same principles could be applied in solving these challenges we face as a nation.

Together we can create a South Africa that we can all be proud of, that is just, equitable and well governed in order to promote economic and social prosperity for all.

There is an absolute necessity for risk-based decision-making in achieving our strategies, especially when confronting volatile scenarios and global risk impacts. This is what informed our theme for 2021. Organisations are operating in complex, ever changing and uncertain times and they need to prepare for the unexpected. Risk management provides clarity, assists in decision-making and is about maximising the risk/return relationship and to take risks knowingly and not unwittingly. Performing organisations will be those that better understand and anticipate what can go wrong with more certainty and can respond with agility. We need to assist our organisations to create a positive future. As Abraham Lincoln says, "The best way to predict your future is to create it."

No individual or organisation can predict specific risks. However, organisations can and need to prepare for an uncertain and volatile future that includes climate change, technological disruption, geopolitical risk, threats to the global supply chain, and issues related to cyber-crime, data protection and privacy. The other risk to look out for is mental health risk, which will increase as long as the effects of the pandemic persist. Better risk management may not spot the next big disruptive event, but it can accelerate and shape a more effective organisational response to whatever lies ahead.

We need to be innovators who challenge the status quo as we play our critical role, thereby creating resilient and sustainable organisations for the future.

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A TALE OF TWO CITIES, AGAIN... AND HOW WE CAN UNITE THEM

"Recognise that the world is hungry for action, not words. Act with courage and vision. If calamities had the weight of physical objects we should long have been crushed down, or else, we should by now have been hunchbacked, unsteady on our feet, and with faces full of gloom and utter despair. Yet my entire body throbs with life and is full of expectations. Each day brings a fresh stock of experiences and new dreams."
Nelson Mandela

SECTION ONE

SOUTH AFRICA'S RISK CONTEXT

"There is common acceptance that the world has had a very traumatic year, with very real financial and health challenges to deal with".

1.1 INTRODUCTION

Last year we introduced the IRMSA South Africa Risk Report 2020, by quoting Charles Dickens' *A Tale of Two Cities (1859)*:

"It was the best of times, it was the worst of times,
It was the age of wisdom, it was the age of foolishness,
It was the epoch of belief, it was the epoch of incredulity,
It was the season of light, it was the season of darkness,
It was the spring of hope, it was the winter of despair,
We had everything before us, we had nothing before us,
We were all going direct to heaven, we were all going direct the other way…"

And then came the year 2020…

The global pandemic has once again reminded us of the uncertainties of the future. These uncertainties materialise in both unrewarded risks that require managing on a continuous basis, as well as opportunities that need to be leveraged to enhance returns and stakeholder value. This serves to reinforce the importance of effective risk management practices in organisations, governments and within society at large, focussed on the "known knowns", the "known unknowns" and the "unknown unknowns", all of which require very different responses across varying time horizons.

"Reports that say that something hasn't happened are always interesting to me, because as we know, there are known knowns; there are things we know we know. We also know there are known unknowns; that is to say we know there are some things we do not know. But there are also unknown unknowns – the ones we don't know we don't know." — Donald Rumsfeld

This year's IRMSA Risk Report is once again a tale of two cities, and perhaps even more so, reflecting the changing universe of risk and increased risk exposures as a result of the global Covid-19 pandemic, together with the continuing socio-economic and geopolitical realities we face as a country. To provide deep insights on South Africa's risk profile, we engaged with key South African leaders.

JACQUES CELLIERS
CEO - FIRST NATIONAL BANK

According to Jacques Celliers, the CEO of First National Bank, there is common acceptance that the world has had a very traumatic year, with very real financial and health challenges to deal with. We're all placing our hopes on an effective vaccine to help restore momentum and the level of positive market sentiment, but it's clear that risk strategies did not comprehensively recognise the near-term potential of a global pandemic and required adjustments to be made. Short term risks are easier to predict, than medium- or longer-term risks. This year, risk and risk culture have had to take centre stage on the executive agenda, with risk thinking requiring further integration with business strategy. To this, we can add that 2020 proved, beyond a shadow of a doubt, that South Africa's vulnerability to external influences leaves us little room to manoeuvre: For South Africa to be resilient and to prosper, leaders must clearly prioritise critical national policy drivers and implement them tenaciously. Once our existential vulnerabilities are taken care of, we can debate the "nice to haves" in our society.

1.2 GLOBAL MACRO-ECONOMIC IMPACT

Dr. Azar Jammine, Director and Chief Economist at Econometrix notes that "the current risk landscape, both globally and domestically, is actually quite acute with a number of unprecedented downside risks. South Africa is highly dependent on the global economy, and to the extent that the global economy carries significant risks, these are directly transferred to South Africa. If the global economy does badly, this impacts directly on the South African economy, evidenced by the impact of Covid-19".

The deterioration in South Africa's fiscal situation and the huge increase in the country's debt levels, which carries the risk of a major debt crisis in the longer term, could ultimately result in a debt default by the South African government.

"Politics is playing a far bigger role than economic priorities. Even if the economic problems are recognised, they are not being confronted, primarily because of political imperatives, including state capture and the current challenges faced by the State-Owned Enterprises," highlights Dr. Jammine.

DR. AZAR JAMMINE
DIRECTOR AND CHIEF ECONOMIST - ECONOMETRIX

There is no question that we have had to adapt quite significantly and fairly dramatically to the new environment. We have had to become accustomed to communicating virtually to a far greater extent. It is not always the optimal way of engaging and we miss the extent of communication inherent in personal interaction. There are, however, some businesses that have not been able to adapt because of the nature of their business. It has been difficult to overcome some of these impediments. At the same time, the crisis has also highlighted the importance of adopting and leveraging new technologies, with some organisations booming as a consequence of the crisis. This is evident in the emergence of a "K-shaped" recovery scenario, with some businesses thriving while others continue to focus on survival.

1.3 GEOPOLITICAL CONSIDERATIONS

"The South African geopolitical landscape is divided on the solutions required to deal with the low-growth environment, between those that advocate the resolution of legacy inequalities through continued government intervention to regulate the activities of business, and those that advocate the opening up of the economy to competitive market forces to promote creativity and innovation," highlights Dr. Jammine.

This trend is a key driver of the scenarios for South Africa as covered in Section 2 of this report, with our society facing a choice between "chosen glory" and "chosen trauma" – if we choose wrong, we may inadvertently place recovery (social and economic) beyond our reach.

Global pressures have emerged as a result of increasing debt levels over many decades, which required central banks to print money at an unprecedented level. Wealth is concentrated in the hands of fewer people, creating deeper inequality where the merits of capitalism as a mechanism to provide innovation, productivity and efficiency are being lost to a greater extent. As a result, we're seeing an increase in populism and rising pressures to promote nationalism and isolationism, as manifested for example in the recent US presidential election.

The exponential growth in technology is threatening to replace manpower with machines, resulting in increasing displacement of jobs. There is also an increasing global recognition of the strain that the exponential rate of technological progress is imposing on the world's resources, and the resulting impact on climate change. However, these significant global risks also present, massive opportunities in the future of energy, waste management and the potential to advance global healthcare technologies and processes. This is the direct result of lessons learned from the pandemic.

NONKULULEKO NYEMBEZI
CHAIRMAN - JOHANNESBURG STOCK EXCHANGE

"We need to consider what the world thinks of us, and to recognise we have some real challenges. It would be sad if we lost our status as the entry point to Africa and need to lead by example. The response requires long-term thinking and solutions. We have a great country," emphasises Jacques Celliers.

Nonkululeko Nyembezi, a seasoned non-executive director and CEO further highlights that "as human beings, we can, and indeed very often, do become our best selves in a crisis. For South Africa, we have not seen such low levels of dissonance in the social discourse as we saw in April and May of 2020. Everybody was pulling in the same direction. We had the Solidarity Fund established in a matter of days and we had business and government working together collaboratively for the first time in a very long time".

1.4 REVISITING THE REGULATORY POLICY FRAMEWORK

Speaking to Mcebisi Jonas, previous Deputy Minister of Finance and Member of Parliament, "for developed markets like South Africa, it's been difficult. These are commodity-based economies. Commodity prices are critical and China's and broader global market demand for commodities has dropped, which has negatively impacted economies like South Africa, Nigeria and Ghana, as well as other African countries, and even some Asian and Latin American countries".

The collapse of government revenues in developing economies is creating huge challenges on policy, with the rise of populist economic policy, likely resulting in increased taxation, and greater restriction of the movement of money between jurisdictions. This will impact on the extent of global trade and the speed of development in developing economies.

We need a stronger filtering mechanism to ensure that the right calibre of visionary leadership comes through the ranks. We need leaders that understand the importance of partnership. We need an effective, efficient state. The partnership with the private sector is critical to ensuring growth.

To foster growth, we need a particular regulatory environment that enables business to grow, and the largest concern is what shape the future regulatory environment will take. In a state of crisis, governments tend to veer towards stronger, more rigid regulation. We need a regulatory model based on objectives and tangible outcomes, rather than control.

MCEBISI HUBERT JONAS
COMMENTATOR ON SOUTH AFRICA

Given the fiscal crisis and the lack of growth, the danger is that government adopts stronger capital controls and increased taxation, which renders the environment less competitive and hinders growth.

We are a small economy by global standards. We are highly dependent on foreign direct investment to drive growth. The economy is also focused on fiscal redistribution. Government requires cash to sustain this model, strongly dependent on growth. We can question the sustainability of this model.

Jonas suggests that, "we need to revisit the macro model for the country and consider the trade-offs that need to be made, to strengthen fiscal management and change fiscal allocation. As a country we also need to deal with education to be able to address inequality and growth. Although there has been robust dialogue between government and business in the last four years, the continued collaboration between public and private sector is key to our growth path as a country".

1.5 CONTINUED DEMAND FOR VISIONARY LEADERSHIP

"The quality of leadership is a primary determinant of whether an organisation or even a country succeeds or fails," notes Basani Maluleke, CEO of African Bank. When we look at current global leadership, it is not particularly encouraging, reflective of the events in the results of the recent US election and the BREXIT saga. The pandemic has reinforced the need for global coordination, which requires strong, ethical, and decisive leadership. Further, the increase in technological disruption has the possibility of increasing inequality, both within and between countries, at a time when we need global coordination in dealing with the pandemic as well as as well as support for local trade.

BASANI MALULEKE
CEO – AFRICAN BANK

In South Africa we face similar leadership challenges. Whereas the President enjoys a level of credibility, he is faced with the ongoing challenge of balancing public and political interests, which creates challenges in holding leaders accountable and ensuring service delivery. These challenges have, however, presented opportunities for increased involvement by corporate and civil society. There are green shoots and we seem to be on the right path, however there is a long way to go. This emphasises the need for visionary, ethical leadership at all levels.

From a corporate perspective, Jacques Celliers reflects that, "as a leadership team, our focus is typically on returns, but we need to realign our focus, working hard to minimise damage and maintain business capability. The digital strategy has been expedited as a result of the crisis, and the old ways of doing business have been challenged with a positive move to change across the business. The level of innovation has been higher this year than ever before. Risk matters are high on the Board agenda. The long-term risk frameworks have assisted in managing risk in the short term. The more difficult challenge was managing operational realities".

1.6 CHANGES IN THE CORPORATE AND SOCIAL FABRIC

SURESH KANA
CHAIRMAN – THE KING COMMITTEE

According to Suresh Kana, Chairman of the King Committee and Non-Executive Director serving on many South African boards, "we're moving from an authoritarian world driven by a chain of command into a world web of connection, driven by developments like the Internet of Things, and made up of democratised social networks. We are also moving from a world of competition to a world of collaboration, driven by the major challenges that the world faces. No country or nation can sort themselves out on their own. Think about climate change; think about peace; these are issues faced across the globe".

In the past, shareholder primacy has been key. We have been talking about stakeholder primacy for a number of years, but this debate is just now surfacing in the western world and has a different impact on how risks are prioritised and how organisations govern themselves. There is also a move from elitism to populism, driven by factors like structural inequality.

From a corporate perspective, there is a lack of institutional respect, and corporates are facing a crisis of trust with their stakeholders. It is, however, encouraging to see the move of corporates from "greed to green". The pandemic has also had a significant impact in reprioritising company focus. Economic sustainability is key. Every employer, every company and every economy are thinking about sustainability, managing cash flows and the impact of supply chain disruptions. Choices have had to be made between lives and livelihoods, with the detrimental impact on mental health of the workforce being one of the unintended consequences.

1.7 STRUCTURAL INEQUALITY AND HUMAN POTENTIAL

Business thrives when society thrives. In the last ten to fifteen years, the gap between rich and poor is growing. This is a global issue. In South Africa, we face the highest Gini co-efficient in the world. Globally, one in five people cannot even think about their next meal, which highlights the challenge of food security - a risk that has been exacerbated by the current crisis, with the number of human beings facing food insecurity increasing from 850 million to 1.4 billion globally this year. To help the millions stuck in poverty, we need to focus on economic growth and innovation, with the aim of building a sustainable society for the benefit of the next generation – those leaving school and university and who will be looking to make a contribution.

Singapore, that just 60 years ago was a fishing community with limited resources, changed their reality, simply by leveraging their human capital. In comparison, South Africa has all the human resources that we could hope for. Yet, we have been unable to exploit the country's full potential. Covid-19 has provided us the opportunity to rethink how we can shape the whole social landscape, leveraging technology as an accelerator in areas like education and health. We cannot afford to continue facing some of the knock-on effects of structural inequality like poverty, gender-based violence, drug abuse and loss of dignity and/or self-esteem. Furthermore, we need to focus on instilling an ethical and risk-aware culture in a future generation that is also aware of the importance of ethical leadership and the impact of climate change. We should never underestimate the power of the human spirit.

Basani further highlights that "deepening inequality has been exacerbated by the current crisis, and the digital divide has the potential to further increase the levels of inequality in South Africa". The challenge to business is to provide affordable services to all sectors of the population, such as access to banking services and affordable lending, in an environment where those who have security typically get the best lending rates. Organisations are required to actively seek solutions to these societal challenges in designing the products and services that they offer. This will require a radical re-think of corporate purpose in general and elevation of the social transformation mandate specifically.

Deepening inequality has an impact on political outcomes, with wealthier members of society being more able to influence political outcomes. The risk of people on the margins of societies, those that are getting poorer, may feel increasingly marginalised and feel that they are losing political power, becoming more susceptible to leaders with populist ideas. It is crucial to focus on initiatives that reduce inequality, by creating more of a socially and economically inclusive democracy.

In times of high uncertainty, why not explore opportunity?

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1.8 OPPORTUNITIES IN DISRUPTIVE TECHNOLOGIES AND INNOVATION

According to Dr. Jammine, the kind of disruptive technologies that are emerging provide significant opportunities for the country. However, this requires a higher level of education and skills, especially in the new virtual environment that South Africa is entering. The problem that we face is that our educational profile is severely lacking in the areas of mathematics, science and cognitive ability to deal with difficult technical problems.

If we were to succeed in dealing appropriately with the educational issues in South Africa, with people rising up, innovating, creating and being able to become productive; by getting things right on the educational front, we would have the ability to generate higher economic growth. The ability to transfer skills is probably better than in most other African countries and, theoretically at least, the sky is the limit. Yet, until/unless we come to grips with the growing debt problems, we will be hamstrung and unable to turn this around.

Basani adds that, the longer the economic recession lasts and the deeper it is, the more difficult it will be for organisations to achieve their strategies. It is, however, important to note that "necessity is the mother of invention". We are already seeing innovation and opportunity.

The crisis has had a direct impact on consumer behaviour. We have seen significant increases in digital channel adoption and engagement with organisations. However, with the easing of the first wave lockdown, many consumers have returned to the more traditional face-to-face service channels. It will be critical for organisations to understand the impact of digital transformation - on all aspects of their value chain.

Nonkululeko Nyembezi highlights that "the level of uncertainty about the future has meant that most boards have had to confront the issue of business model failure. Current organisational capabilities and resource structures have been challenged." They have had to assess whether the company is fit for purpose to remain competitive. There are significant opportunities for companies to rethink their business models and to take advantage of a consumer base that is actually quite prepared to do things very, very differently.

Global consumer demand for cheap alternatives and new technologies will continue to drive technological innovations. In Africa, this will be difficult to replicate. There is space for more regionalised solutions. There will come a time when China is no longer the cheapest producer of manufactured goods, with a move to other countries in Southeast Asia, and, increasingly, a move to Africa. This presents a golden opportunity for Sub-Saharan Africa to pick up the slack, but will require governments to make it easier for corporates to do business in their jurisdictions and capitalise on global technology advances.

1.9 REINFORCING THE ROLE OF THE CHIEF RISK OFFICER

Nonkululeko Nyembezi argues that, "if we talk about risk, for most organisations the pandemic we have been facing this year was not reflected as a risk in our risk registers. The question that needs to be asked is how does the experience gained from Covid-19 change risk management practises in the immediate aftermath of the crisis, to ensure that we maintain a level of flexibility to be able to deal with future global risk events. Even for companies that had identified a pandemic on their risk registers, and considered it in business continuity planning, the implications were not thought through in the real world. When it came to implementing at scale, organisations were not prepared to respond appropriately".

Business resilience is a key risk management capability and for many organisations has been more operational than strategic. The crisis has emphasised the importance of more strategic scenario planning, modelling and simulation, to better equip organisations to prepare for the next crisis. Covid-19 has demonstrated, in no uncertain terms, that every one of us (individual, organisation, and country) is much more integrated into the global system than we previously thought. Our ability to unpack, understand and manage our integrated value chains will define our future success.

“The only thing necessary for the triumph of evil is for good men to do nothing.”

Edmund Burke

LYTANIA JOHNSON
CHIEF RISK OFFICER – FIRST NATIONAL BANK

The Chief Risk Officer of First National Bank, Lytania Johnson reflects that, “it’s been an interesting time for the risk community. We’ve been training to respond to a pandemic event for some time, but we didn’t anticipate that it would happen at this magnitude”. What has been interesting about this pandemic is that it was not just an operational resilience event, but also had a huge impact on the financial risks of the organisation. What we had to consider as a risk function is how to respond to managing operations, at the same time considering the impact on the credit portfolio, and broader liquidity risk management. What has been great is that although we have always been at the centre stage of the strategic conversations, we’ve really been partnering with business during the crisis.”

The crisis has also challenged the extent of planning required, considering risk-adjusted strategies based on the various scenarios, with the operational risk experts taking centre stage. We also had to assess the impact on credit risk and consider risk sensitivities. It was important for the organisation to understand that there is a new way of working.

The organisation had to consider the impact on operational processes and client-centric solutions to ensure that customers still felt that they could interact meaningfully with the organisation. The increasing uncertainty and complexity in the global risk landscape presents both threats and opportunities that will likely distinguish between the potential winners and losers amongst global corporates and society at large. The one thing that the pandemic has reinforced is the interconnected nature of risk and the need to collectively manage current and emerging risks as corporates, governments, and communities as part of the global village, to achieve a better overall outcome against a common risk or threat.

In conclusion, leaders in our country are of one opinion – that we cannot waste this crisis. South Africa is compelled to take advantage of the lessons learned from Covid-19 and the impact it has had on the world. However, we will need to take a hard look in the mirror and decide what we are about: to what extent do we need to take a stand and how much can we leave to “providence”? There is an eerie echo from an analysis of why the world of the late Bronze Age collapsed in the following quotation from Eric H. Cline’s book 1177 B.C. The Year Civilization Collapsed:

“When the end came, it did after centuries of cultural and technological evolution, most of the civilized and international world…came to a dramatic halt…The end of the massive palatial states…opened the door for the growth of a new world on a more human scale…”

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SCENARIOS TO CREATE A FUTURE IN WHICH SOUTH AFRICA CAN PROSPER

SECTION TWO

"The FUTURE does not just happen; the FUTURE gets happened."
Gerd Leonhard

2.1 HOW TO CREATE A FUTURE FOR SOUTH AFRICA?

“Ground rush is a skydiving term used to denote what happens if you wait too long to pull the ripcord of your parachute. At first, you tumble serenely through a blue-green blur, but at an altitude of 400 meters or so, the earth clicks into focus and the ground comes rushing up to meet you. An instant later, you’re dead… So here we are, then, hurtling towards the ground at terminal velocity.”

Rian Malan (Introduction to the “The Rise or Fall of South Africa” by Frans Cronje)

There is significant truth in futurist Gerd Leonhard’s belief that although the future is uncertain, it is more uncertain the less we influence it. In other words, we are able to make the future much more certain the more we take the drivers that can influence it into our own hands – and shape them the way we want them to be. South Africa’s history over the last twenty to twenty-five years is a dire accusation of the failure by many of us (as citizens of, and organisations in, this beautiful country) to take charge of our own future in a focused, coherent way. This has led us to a point where the possibility of a failed state, in a debt trap, has become more than a theoretical proposition.

Those of us who are active contributors to the economy pride ourselves on the fact that we are dedicated cogs in a machine that keeps society alive. But, looking at ourselves critically, what role do we really play? We would argue that the practices of creating scenarios, strategies, and risk management frameworks actually destroy value in the economy – unless, and only unless, they lead to a more certain future; a future in which we are able to plan better and optimise our limited resources to benefit more of us. In this context, scenarios, strategy setting, and risk management are closely related elements in our quest to create a more certain future. Risk appetite (the nature and extent of risk we are willing to take), which in many cases remains an abstract concept, plays a key role in determining the risks we should take in our pursuit of reward. If our risk appetite framework is not a reflection of our organisation’s strategy and budget (the strategy expressed in numbers), it is not a useful influencer of the future.

Scenarios, as descriptions of how things may possibly happen in the future, are the starting point in the process of creating our future. In leading South Africa to a more certain future, leaders of all organisations, in all sectors of the economy, must clearly understand:

- the most likely scenarios that may materialise in the world and in South Africa;
- how the strategies that we adopt could contribute to, or detract from, our sustainable success;
- how risk appetite is the link between strategy and the scenarios that may materialise;
- how we can implement risk mitigating strategies that would -
  - influence a preferred scenario to materialise; and
  - enable us to prosper if one, or a combination of, defined scenarios become our reality.

Scenarios tell us what could happen. Strategies are our plans to make what we want to happen come to be. Risk Appetite is the type and extent of risk we take to implement our strategies, as scenarios around us change.

These principles and the relationships between them are depicted graphically below:

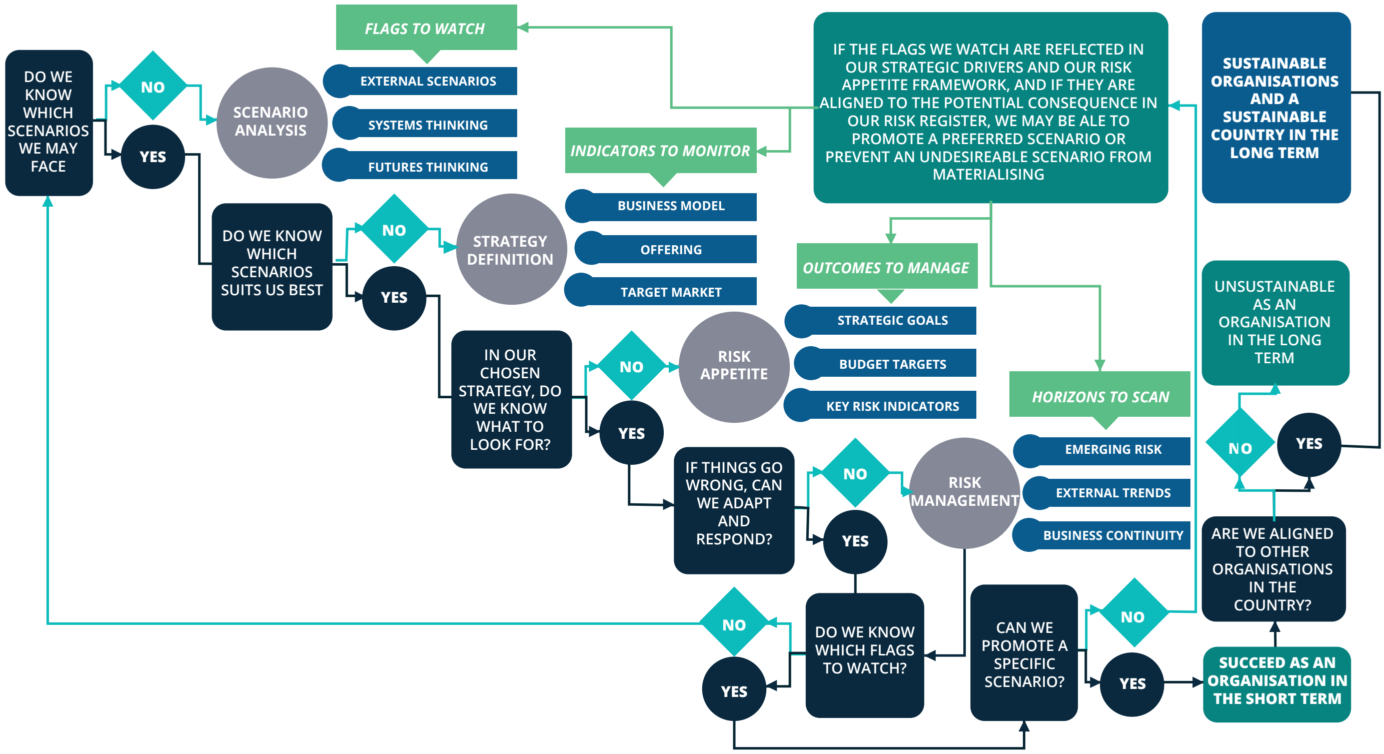


FIGURE 1: RELATIONSHIP BETWEEN SCENARIOS, STRATEGY, RISK APPETITE AND RISK MANAGEMENT

Scenarios do not predict the future, but they allow us to plan so as to influence the future. If we do not act on the insights from scenarios, we are receivers of our lot, not the creators of our future.

In recognition of the robust scenario work done by various bodies and eminent skilled individuals in our country, this report again builds on inputs from leading scenario builders to inform the scenarios IRMSA believes to be important for the purpose of creating our own future for South Africa, as listed below:

- Indlulamithi's SOUTH AFRICA SCENARIOS 2030 (2020 BAROMETER)
- Frans Cronje's THE RISE OR FALL OF SOUTH AFRICA (2020)
- Clem Sunter's WALKING THE TIGHTROPE (2020)

In the next section, we present the updated scenarios and as before, we position the IRMSA scenarios aiming to **own our future**, which underpin the risk analysis in Section 4 of this report. It is recommended that the section below is read in conjunction with the scenarios positioned in the IRMSA South Africa Risks Report 2020. As Frans Cronje states,

"South Africa could pull out of its present dive and start growing strongly again at the end of this decade, but the intervening years are likely to be tough, and the risks daunting. It is late in the day and now more apparent than ever that those who told you there was nothing to fear have been wrong all along."

We fully acknowledge the rights and intellectual property relating to the scenarios quoted, referred to, adapted from and/or discussed in this report. Any oversight will be corrected upon receiving communication pointing out such oversight from the rightful owner.

2.2 INDLULAMITHI SOUTH AFRICA SCENARIOS 2030 – A QUEST FOR SOCIAL COHESION

The Indlulamithi South Africa Scenarios 2030 were launched in June 2018 as a multi-stakeholder, research-driven initiative, to support social compacts across all levels and sectors of society. In its quest to help South Africans realise a common purpose and shared vision, Indlulamithi provides an annual assessment of the direction in which South Africa is moving, in relation to its three scenarios. The Indlulamithi Barometer uses 53 indicators, organised into three key driving forces to measure the extent to which the different scenarios are materialising over time.

The scenarios are defined as follows:

Nayi le Walk
A Nation in Step with Itself

In a precise sequence of steps, **Nayi le Walk** choreographs a vision of South Africa where growing social cohesion, economic expansion and a renewed sense of constitutionalism get South Africa going.

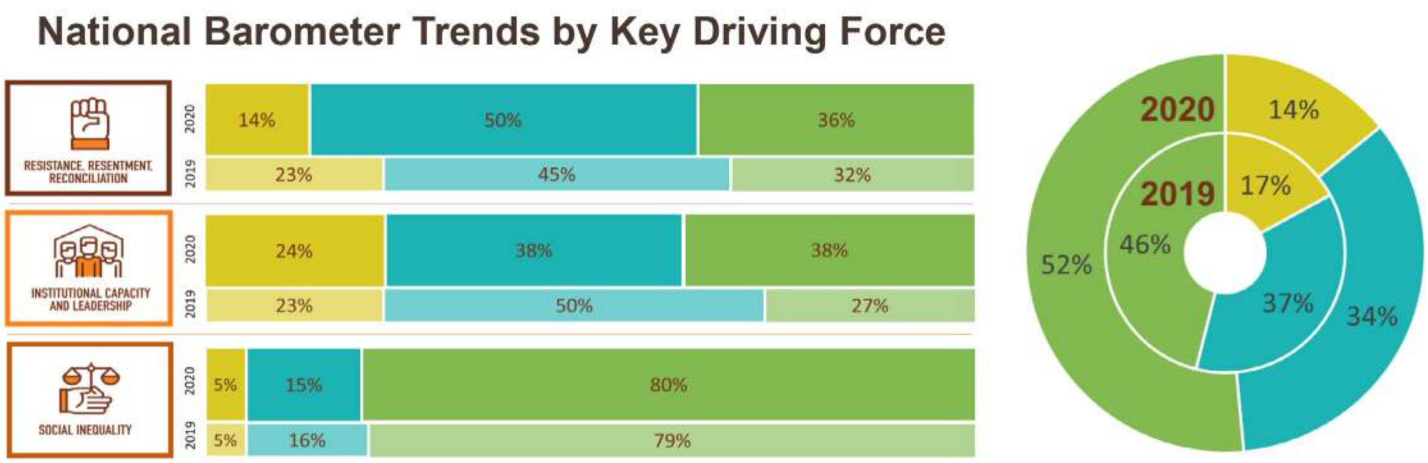
iSbhujwa
An Enclave Bourgeois Nation

Epitomising a loose-limbed, jumpy nation with a frenetic edge, **iSbhujwa** is a South Africa torn by deepening social divides, daily protests and cynical self-interest.

Gwara Gwara
A Floundering False Dawn

In a nation torn between immobility and restless energy, **Gwara Gwara** embodies a demoralized land or disorder and decay.

The Indlulamithi 2020 Barometer indicates a shift toward the Gwara Gwara scenario, moving from 46% to 52% (with a reduced number of indicators pointing towards Nayi le Walk and iSbhujwa).



SOURCE: HTTPS://SASCENARIOS2030.CO.ZA/WP-CONTENT/UPLOADS/2020/INDLULAMITHIDAY/INDLULAMITHI-BAROMETER-2020- %E2%80%93-DIGITAL-BROCHURE.PDF

2.3 FRANS CRONJE – THE RISE AND FALL OF SOUTH AFRICA

Leading scenario planner Frans Cronje determines the extent of South Africa's exposure to global political and economic risk in terms of the number of independent factors currently playing out that could tip the country into trouble. In his view, there are about ten such factors and the country's prospects for economic recovery are therefore extremely vulnerable to events outside of its control. Cronje opines that South Africa's future will be determined by the clash of the following forces that currently grip the country:

- A battle of ideas around whether South Africa will be governed as a free, open, prosperous, and democratic society- or whether it will fall into socialist autocracy.

- A psychological battle over whether South Africans will define themselves as individuals with the personal agency to overcome the country's historical traumas ("chosen glory") or whether they will concede that the consequences of those historical traumas are insurmountable ("chosen trauma").

In the interactive battle between these forces, Cronje considers the following four scenarios:

RISE OF SOUTH AFRICA	STEP TO THE RIGHT
The national psyche has become "chosen glory" and the government has embraced a deep structural reform programme. The interests of people and policies of government are aligned, and a virtuous reform cycle is being set into motion. The economy recovers very quickly, allowing a sharp escalation in living standards. The ANC may be saved. By the 2030s, South Africa is well on its way to assuming its place as a leading emerging market.	The national mood is "chosen glory", as South Africa's moderate majority determines the national psyche and demands liberalising reforms – they have seen through the government and the ANC and want change. But the government ignores calls for reform and presses ahead with National Democratic Revolution policies. Civil liberties are curtailed, the economy performs poorly and living standards stagnate or decline. The irreconcilable tensions between the state and the people deliver vast political shifts that culminate in a new political transition, via the emergence of a brand-new centre-right political movement that will come to govern the country by the end of the 2020s and lead it, with some success, through the 2030s.
FALL OF SOUTH AFRICA	**JUMP TO THE LEFT**
The psyche of "chosen trauma" aligns with the prescriptions of the National Democratic Revolution. The mood of the people and the policies of the government are again aligned, but in such a manner to set in motion a negative socioeconomic spiral for the country. The ANC may survive and even benefit from this scenario.	South Africa's moderate majority will lose sway as populist commentators in the media, civil society and politics succeed in establishing an overwhelming national sense of "chosen trauma". Too late, the current ANC administration, faced with impending bankruptcy, will try to drive liberalising reforms. These reforms are overwhelmingly rejected, triggering another set of significant political changes that culminate in the rise of a new leftist government that will lead the country into the 2030s.

TABLE 1: CRONJE'S FLAGS.
SOURCE: FRANS CRONJE (2020) THE RISE OR FALL OF SOUTH AFRICA. TAFELBERG.

To determine which scenario is more likely to play out, Cronje urges us to watch the following flags:

FALL OF SOUTH AFRICA	JUMP TO THE LEFT	STEP TO THE RIGHT	RISE OF SOUTH AFRICA
Policy, economic and social failures are employed as evidence of entrenched racism	Government tries, but fails, to introduce liberalising policy reforms; policy paralysis and high levels of policy uncertainty prevail	The ANC slowly presses damaging policy ahead, creates massive uncertainty without implementation as dire consequences become clear	Firm action to deregulate aspects of labour market policy
Race-based policy is ever more strictly enforced	Attempts to adjust empowerment policy provisions are read as an effort to undermine transformation	The ANC counters these assaults with ineffective appeals to racial unity and revolutionary dogma	Repeal of various aspects of race-based policy and legislation
Politicians deflect criticism with appeals to racial nationalist unity	ANC government's efforts at reform meet with considerable popular resistance and anger	Internal conflict within the ANC increases	Sale of several state-owned firms
Critical and opposition voices are intimidated and silenced	The current administration unites, belatedly, around a reformist agenda	The prominence of conservative black voices is marked	Successful prosecution of a series of senior ANC and government leaders
Property rights are steadily eroded	The ANC tries to back out of its expropriation, NHI, BEE and prescribed assets policies	The erosion of property rights continues, the Constitution is amended and the Expropriation Bill is passed; pension funds are used to plug spending gaps	Abandonment of efforts to change the Constitution to allow expropriation without compensation
Academia, media and civil society inculcate mood of nationalist hysteria and victimhood	Prominent media, activists and civil society voices reject the reformist agenda as right-wing and conservative	Media and civil society turn against the racial nationalist incitement and dated dogma of the ANC and its government	Enthusiastic public, civil society, and media support for all of the above
Education outcomes weaken	The proportion of learners passing math in matric stagnates	Schools perform poorly and produce young people without means to reach aspirations and many will emigrate	Quick increase of proportion of learners passing maths in matric
ANC and EFF drift closer together	ANC alliance support continues to slip; new left-wing voices and commentators gain prominence	Polls show that support for the ANC is weakening rapidly; new centre-right political actors and activists' voices become prominent	Polls and by-election results suggest that support for the ANC is stable
Any significant/prolonged global contraction exacerbates the extent of domestic political and economic contraction	Socio-economic circumstances continue to deteriorate	Most economic indicators are down	A short-lived global market pullback stops short of triggering a long-term global slump/depression

2.4 CLEM SUNTER'S GLOBAL FLAG WATCHING

At the beginning of March 2020, Clem Sunter positioned three scenarios in context of Covid-19 across the world. In addition to the three scenarios relating to Covid-19, he also positioned a fourth scenario that provides an alternative outcome, given the unprecedented set of circumstances the world faces.

Sunter's scenarios are:

MUCH ADO ABOUT NOTHING

Although the medial flags raised over the course of the pandemic indicate that this scenario can almost certainly be discarded as an indicator of the future, there are still people who believe that Covid-19 is just another seasonal flu that, left to itself, will disappear like SARS or MERS. They argue that governments should implement a policy of "business as usual" in the economy. However, Covid-19 is already demonstrating its long-term impact and may force us to reconsider our profligate lifestyle and the way it perpetuates inequities across societies globally. Particularly, it shows that healthcare workers need as much protection as soldiers sent to battle, as an unseen virus stirs up as much mayhem as a group of terrorists. Adequate defence systems must be put in place to prepare the world for the new normal.

SPAIN AGAIN

A repeat of the Spanish flu, which killed 3 to 5% of the world's population will remain a valid scenario until a vaccine is found. Some aspects of the virus remain shrouded in mystery as asymptomatic cases, long-term side effects and the impact on immune systems still vary significantly, with a lack of comprehensive data making predictions difficult. Until a vaccine is available, the potential of a runaway pandemic should be a warning to leaders and policymakers who want to dismantle the current measures of containment too soon.

THE CAMEL'S STRAW

The coronavirus does not have to kill millions of people to be the straw that breaks the camel's back. The global economy was already weak before the pandemic, in the midst of an ongoing trade spat between the world's two largest economies (America and China). In this context, a small disruption can collapse the global economy of the scale of the Great Depression in the 1930s: major cities' streets deserted, small businesses reliant on daily cash flows closed down, large business' operations on care and maintenance, major sport events cancelled, empty churches and education institutions, multiple deaths in old age homes and no international travel or tourism. Innovation to combat these impacts through social media, virtual meetings, online entertainment options, but the food, medical, banking and other essential industries are operating as best they can – with many workers on temporary leave or being retrenched, increasing unemployment figures. Global markets have gyrated wildly but rallied in response to relief packages put forward by governments and central banks. In the face of a second wave, many businesses may be shut down permanently due to liquidity constraints driven by heavily geared balance sheets. In addition, governments may be less solvent because of the decline in tax when they must take on a huge amount of extra debt to finance bailouts. Spectacular debt defaults are becoming a distinct possibility.

TIGHTROPE

Humanity becomes more cooperative to share in a positive impact on the destiny of planet earth, but we still live in a world of enclaves, rising nationalism and leaders pursuing their own agenda. The virus has caused countries to become even more inward-looking and self-sufficient. Yet the only way out of the mess is a shared strategy where nations learn from each other. The tightrope scenario is about the delicate balancing act between preserving lives and livelihoods – the balance between medical models on the potential evolution of the virus and the need to revive economies. Flexible policies must enable different responses in different locations to respond to the uneven spread of the virus. As life adjusts to the "new normal", it is up to individuals, families, businesses, countries and the world to walk the same tightrope in synergy. There is growing consensus among governments around the world that the acrobatic journey in this scenario should begin as soon as possible. China, Austria, Denmark and New Zealand have already ventured forth on the tightrope. Others will follow. Adaptation is the key to survival, to avoid the pitfalls of slipping into the Camel's Straw and Spain Again scenarios.

SOURCE: CLEM SUNTER, SCENARIO PLANNER 2020

HOW "RISK MANAGEMENT" BECAME A PERSONAL AND HOUSEHOLD TOOL

The year 2020 presented us with a reality stranger than any scenario: empty streets in all major cities, no international travel, no crowds at major sporting events and economic activity virtually non-existent. The present and the potential future became unlike anything that occurred in the past.

In 2019, most people would have explained "risk management" as a process used by organisations to identify, evaluate, and manage uncertain future events to minimise how such events could affect their objectives. To do this, organisations have risk specialists, internal audit functions, audit and risk committees and independent auditors.

In 2020, "risk management" suddenly went viral. With the first lockdown, the three mitigating controls to reduce the risk of catching the virus came into play: social distancing, wearing masks and washing hands – with government urging us to follow a "risk-based" approach. But we still had to shop for essential items and conduct other tasks which brought us into contact with the outside world. As lockdown eased, we gradually returned to a more "normal" life: children going back to school, some people going back to work, some working from home, and so on.

In our individual ways, we balanced the risk of returning to normality with the virus still around us, as the earliest expected date for an effective vaccine only later in 2021. There was a wide range of human reaction to the threat of the virus: ranging from no risk management (people casually or defiantly not wearing masks, hosting house parties, gathering in crowds in rebellion against lockdown rules and not adhering to social distancing to the majority of sensible people going about their daily routine of risk management in deciding how to reopen their lives. Each individual decision has the risk of catching the virus on the one side and the reward and joy of getting back to normal human contact and economic and leisure pursuits on the other. There are no hard and fast rules other than the three mentioned earlier and obeying the laws of the land, with politicians' slogan for risk management - balancing lives against livelihoods – a difficult tightrope to walk.

The bottom line is that risk management will never be quite the same again once this experience is over. It will be a familiar household tool as well as a corporate tool for handling the challenges that life poses.

SOURCE: ADAPTED FROM CLEM SUNTER, 2020.

"Risk Management" has expanded from an executive tool in the corporate world to a household tool, used every day by ordinary people to go about their daily lives.

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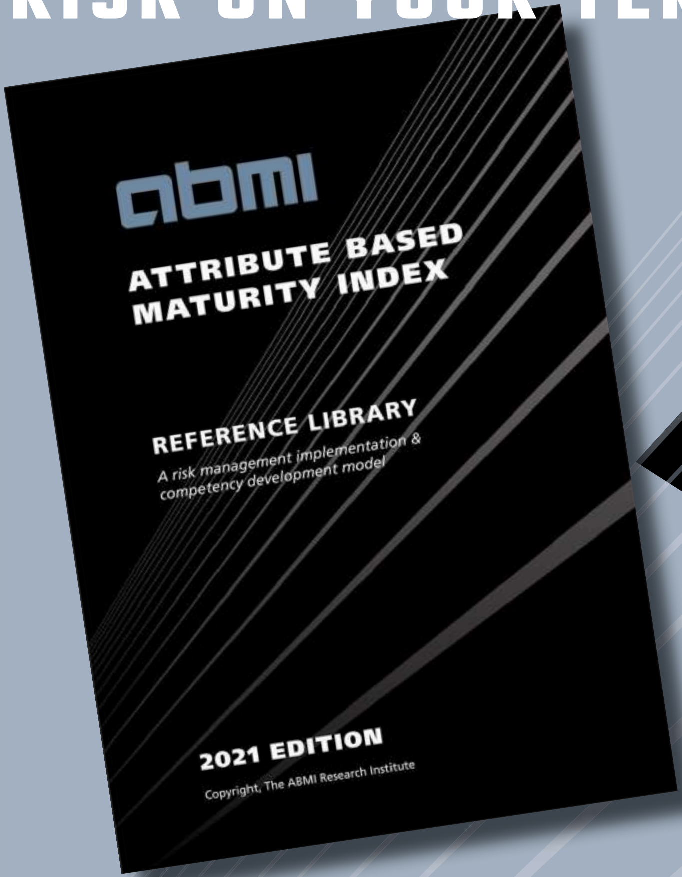

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2.5 IRMSA'S RISK-RESILIENT SCENARIOS FOR SOUTH AFRICA

Having considered the latest flags of our chosen scenario builders, we have decided to retain the ten key drivers of IRMSA's three scenarios as set out in the 2020 IRMSA Risk Report. We updated these flags, but still consider them key driving forces to shape potential future scenarios we face as a country. Whereas last year we demonstrated the need to build a risk-resilient country, this year we believe our message is much more urgent:

IF WE DO NOT ACTIVELY, PURPOSELY AND CONSTRUCTIVELY START DOING THE ACTUAL THINGS THAT WILL SHAPE OUR FUTURE, WE HAVE VERY LITTLE CHANCE OF HAVING A FUTURE TO INFLUENCE.

Again, the scenario builders included in this report (Indlulamithi, Frans Cronje and Clem Sunter) each built their scenario from a specific perspective: social cohesion, socio-economic success as a country, and global influences, respectively. The updated scenarios from IRMSA's perspective of owning our future are described below, together with the flags we believe require action to avoid ending up in the worst-case scenario.

PERPETUAL HANGOVER

Trends of short-termism and social bankruptcy accelerate, worsened by the possibility of a debt trap and eventually a failed state. South Africa loses the battle to align across social differences, populism, racial polarisation, and short-sighted economic policies combined with socio-economic, policy and financial realities in an ever downward spiral. As a country, we finally lose our ability to work towards a common societal purpose. Our perpetual hangover as a country slips into complete dysfunctionality.

FAKE IT UNTIL WE MAKE IT, OR NOT?

South Africa is unable to eliminate the drivers that will ultimately result in a "Perpetual Hangover" scenario, and politicians, business leaders, and individuals are not brave enough to acknowledge that our lofty goals are only castles in the sky. Relying on assets built up in the past, we do not seem to grasp that the economic and societal foundations which carried us to here have been eroded to such an extent that they cannot carry our inaction any longer. The incontrovertible fact remains that the future does not realise based on what we believe to be true, but on what is actually true. Unless we are brave enough to make the tough calls needed to turn our country around, we are destined to become part of the ground-rush statistics. This scenario is impossible to sustain much longer – South Africa does not have much time in which to pull the ripcord to ensure we own our future. Very soon the perpetual hangover will no longer be a scenario but a reality, slipping into dysfunctional alcoholism (as a proxy for a dysfunctional country or failed state).

OWNING OUR FUTURE

Individuals, families, organisations and government (local, provincial and national) start working together in a concerted approach to actively pursue our collective survival and well-being as a country. We realise that the divisive elements in our society are just that, and we actively remove the power from such elements by focusing on building the future that we need to survive. We learn to deal with our disagreements without threatening our continued existence. We realise that none of us can survive in isolation, based on our tolerance of each other and the optimisation of our limited resources to a more equal distribution of benefits across society. For this reason, we have changed the title of this scenario from the previous "Spring of Hope" to "Owning our Future" to demonstrate the active taking of accountability for sustained existence across society.

"With the level of uncertainty we see today, more people are asking, how can you develop a strategy in a world that keeps changing so fast? They are afraid that a set of rigid principles will hinder their ability to react quickly. I argue that it is precisely at such times that you need a strategy."

Orit Gadiesh

<table>
<tr><td>IRMSA</td><td>PERPETUAL HANGOVER
Short-termism, social bankruptcy, debt spiral and ultimately a failed state</td><td colspan="2">FAKE IT UNTIL WE MAKE IT, OR NOT?
Lofty goals, not prepared to make tough calls, ignoring the elephant in the room, hoping for the best.</td><td>OWNING OUR FUTURE
Taking individual and collective charge of our future, building a new national consensus and a sustainable society.</td></tr>
<tr><td>INDLULAMITHI</td><td>GWARA GWARA – a floundering false dawn</td><td colspan="2">ISBHUJWA - an enclave bourgeois nation</td><td>NAYI LE WALK – a nation in step with itself</td></tr>
<tr><td>CLEM SUNTER</td><td>THE CAMEL'S STRAW</td><td>SPAIN AGAIN</td><td>MUCH ADO ABOUT NOTHING</td><td>TIGHTROPE</td></tr>
<tr><td>FRANS CRONJE</td><td>FALL OF SOUTH AFRICA</td><td>JUMP TO THE LEFT</td><td>STEP TO THE RIGHT</td><td>RISE OF SOUTH AFRICA</td></tr>
</table>

TABLE 2: SOUTH AFRICA SCENARIOS – WHERE ARE WE GOING?

FLAG	PERPETUAL HANGOVER	FAKE IT UNTIL WE MAKE IT, OR NOT?	OWNING OUR FUTURE
1 **LEADERSHIP CAPACITY**	Leadership accountability for sustainable prosperity of citizens is completely lacking. Proponents of good governance and longer-term thinking are vilified as counter-revolutionary. Inequalities become acceptable to wealthy "enclaves".	The effectiveness and integrity of the country's leadership is increasing. Leadership is promoting an inspirational vision that puts SA first and is achieved through cooperation.	The best available leaders are appointed in the right positions to make a difference. Public, private, and civil society leaders overcome their differences and work together in cohesive structures to promote sustainable prosperity by making tough decisions and embedding good governance in all spheres of society and the economy.
2 **INSTITUTIONAL CAPACITY**	Government remains weak and divided: fragmentation, factionalism, and confusion reign. Public institutions and commissions remain divided and work against each other. No action is taken against exposed participants in state capture or other forms of corruption.	Although the ruling party is still struck with idealistic and populist dogma, the President, with a number of strong supporters lead the way to strengthen constitutional entities and state-owned enterprises – albeit too slowly to bring about immediate, definitive change. There is growing concern that this may be too little, too late.	We build on the pockets of excellence that our country already possesses to encourage poorer performing institutions to up their game. Government austerity measures take hold and make a positive impact on investor confidence and SA's investment ratings.
3 **POLITICS**	The ANC unites behind a corrupt leadership. Disparate leaders at different levels in government increasingly make their own decisions, in contradiction to National Government, to weaken the President's power and entrench factionalism.	The ANC is unable to deal with the pressures for an internal clean-up as demanded by the "moral underground". Instead, it maintains factions with opposing agendas. Notwithstanding, the "moral underground" appears to keep SA afloat.	Politically, parties meet minds around sensible reforms, the need for effective empowerment policies, and the best interest of citizens of the country as positioned by civil-society groups.
4 **SOCIAL COHESION**	Racial and ethnic tensions are intentionally amplified amid rising levels of violence. Resentment threatens to spiral into irreconcilable social differences. SA is torn by deepening social divides, cynical self-interest, immobility, and restless energy. It becomes a demoralised land of disorder and decay.	Those who came of political age in the 2010s, many of whom are committed and highly educated, light up the nation through their competence and confidence. They revive a sense that real change is possible. A more confident spirit denotes growing social cohesion, economic expansion, and a renewed spirit of constitutionalism.	Racial and social tensions transition into a new mood of reconciliation, unity, and common purpose. The rebound in the economy results in South Africans emerging from their self-imposed enclaves and living comfortably alongside one another. This promotes a new sense of common purpose and cohesion among the citizenries.

FLAG	PERPETUAL HANGOVER	FAKE IT UNTIL WE MAKE IT, OR NOT?	OWNING OUR FUTURE
5 NATIONAL POLICY	Redistributionist socialist dogma, led by idealism and populism, takes the place of growth-focused reformist policy. An assault is launched against democratic institutions, property rights, and critical or dissenting voices.	Policy remains contradictory and confusing. People start ignoring the Government and the State. Resistance continues to grow, and the Government quashes any dissent in its tracks.	Cabinet introduces reforms to labour market policy, secures property rights, and dispenses with affirmative action/ empowerment policies in favour of an empowerment model based on growth and employment, and significantly reduces bureaucracy to improve the ease of doing business in SA.
6 SERVICE DELIVERY	Service delivery protests increase dramatically and take on repugnant racial and ethnic undertones. The increasing failure of service delivery at municipal, provincial and national levels leads to loss of human life and the overall deterioration in living standards across greater parts of society overall.	South Africans are more in sync with each other as they see a more coordinated state delivering better services. SA has become a place where popular uprisings have given way to the rising of the people, taking charge or their own destinies. Promises of a better life for all become more tangible, not only through the actions of government, but more so through the power of people taking charge of their own destinies.	Policy changes are effectively implemented. A professional, effective, and efficient civil service arises, irrespective of the political party in power. SA is no longer a country where people wait for government to do something for them, but one in which they do it for themselves, with the government helping to create the conditions for them to do so.
7 INEQUALITY	Two classes of South Africans become apparent: one within the walls and one outside the walls. They have truly little to do with each other. Unemployment continues to rise. South Africans continue to fight over scarce jobs. This is exacerbated by an increase in xenophobic attacks and fake news.	A new model of authoritarian capitalism sees the erosion of democratic rights and freedoms, but also an improvement in the material conditions of almost all South Africans.	An equitable solution to land reform is provided for all citizens whilst the high levels of productivity and quality of agricultural products, for which SA is renowned, are maintained. The economic rebound results in collaboration between the formal and informal sectors, encouraging entrepreneurship and small-business development, in turn leading to improved living conditions for all.

FLAGS	PERPETUAL HANGOVER	FAKE IT UNTIL WE MAKE IT, OR NOT?	OWNING OUR FUTURE
8 ECONOMY	The economy, having persisted at extremely low growth rates for a long time, eventually stagnates before recession hits. The State continuous to pursue reckless out-of-date socialist and market-unfriendly policies that lead to a series of ratings downgrades and a major flight of capital. Inflation, government debt and interest rates soar, causing widespread dejection among the public, who remain cowed and resigned to their fate.	There is a realisation that despite political party promises, real jobs are not being created and more critical skills leave the country. Bi-lateral agreements stave off some of the negative impacts of foreign partners' economic policy changes, e.g., with China. Self-sufficiency increases, firstly as a survival mechanism, then as part of the impetus for small-scale entrepreneurship. Communities work together to look after their own schooling, health care, security, and other needs. This is done despite the State and across lines of race, class, and ethnicity. SA lacks sustainable solutions to improve its investment ratings.	The global economy recovers and experiences a sustained, long-term recovery. South Africa is well on its way to growth rates of 5%. Local business and consumer confidence increases. Capital flight is abated and Foreign Direct Investment increases. Skilled South Africans return and contribute to the recovery process. South Africans, in large numbers, buy into the "chosen glory" narrative to rebuild the country.
9 GLOBAL TRENDS	Things go unexpectedly pear-shaped and lurch out of control. Anti-establishment feeling increases and is aided and abetted by social media, with highly unpredictable outcomes. Wars break out in the Middle East and Korea, which kill millions of people. Although it is unlikely that America will use nuclear weapons (due to the fear of a nuclear response from Russia), this is totally unpredictable.	The world's markets crash as in 2008. This one could be deeper and longer than the last one, since there are now fewer options available to governments to re-stimulate the global economy. Changes in global economic policies negatively impact SA, e.g., China moves to a consumer economy that negatively impacts coal and mineral exports. A rise in "nationalism" runs counter to African Unity initiatives. This requires considerable effort to treat.	The world remains deeply divided but no seriously dramatic events occur. Nevertheless, global economic growth rates remain subdued compared to the last century, which was boosted by free trade, free movement of people, and the sharing of technology – all of which have been stopped in their tracks for the foreseeable future.
10 CLIMATE	Leaders deny any link between climate change and human activity. There is no coordinated approach to the humanitarian impact of climate change, which includes extreme weather events. South Africans are so caught up in political and social squabbles that any effort to address climate change is seen as an unaffordable luxury. The goal of greater prosperity for all eclipses the need to preserve the environment.	The bailouts of state-owned enterprises and emerging market "survivalism" dictate SA's reaction to climate change. Non-government organisations' and the younger generations' demands for more sustainable solutions to carbon emissions fall on deaf ears.	International cooperation to address climate change reaches a scale never seen before. A huge wave of new products associated with clean energy is sparked and on par with microelectronics and the internet. South African renewable energy and clean product economies contribute significantly to national and regional energy security.

TABLE 3: IRMSA SCENARIOS – 3 SCENARIOS AND 10 FLAGS.

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SECTION THREE

SOUTH AFRICAN TOP RISKS

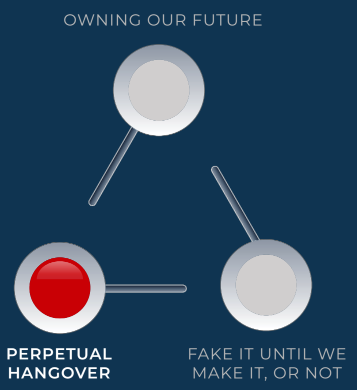
"Some risks that are thought to be unknown are not unknown. With some foresight and critical thought, some risks that at first glance may seem unforeseen, can in fact be foreseen. Armed with the right set of tools, procedures, knowledge and insight, light can be shed on variables that lead to risk, allowing us to manage them."

Daniel Wagner

3.1
SCARCITY OF UNIFIED, ETHICAL AND VISIONARY LEADERSHIP

At the core of the ethical leadership challenge is the reality that the quality of ethical and visionary leadership is waning, at political and government level as well as within corporate South Africa. South African corporate failures have made the headlines over the last few years and the wheels of justice are moving far too slow to restore faith. The consequence is that business and consumer confidence is at an all-time low, negatively impacting our economy and future growth prospects.

SCENARIOS



FLAGS

COUNTRY FLAGS	C	F
1. LEADERSHIP	Red	Green
2. INSTITUTIONAL CAPACITY	Red	Yellow
3. POLITICS	Red	Yellow
4. SOCIAL COHESION	Red	Green
5. NATIONAL POLICY	Red	Yellow
6. SERVICE DELIVERY	Red	Yellow
7. INEQUALITY	Red	Red
8. ECONOMY	Red	Yellow
9. GLOBAL TRENDS	Red	Yellow
10. CLIMATE	Red	Red

C – CURRENT (2020/21) F – FUTURE (2030)

SUCCESS STORIES

Many excellent examples of unified, ethical and visionary leadership in South Africa exist! Three worth highlighting are:

Thuli Madonsela – the greatest influence on the business industry is being a voice of integrity and reminding business leaders of the importance of ethical governance and business practises.

Sisa Ngebulana - A self-made millionaire that committed to doing it right, dealing with the challenges and getting through them while owning up to all the consequences of his actions — good or bad."

Then of course, **Siya Kolisi** - a leadership style built on vision, commitment, trust and honesty.

Read more about examples of excellent leadership in South Africa http://entm.ag/r6x

Many leaders have failed to hold their positions responsibly and have revealed deep seated corruption and a lack of ethical and visionary leadership in both the public and private sectors in South Africa. Leadership at the start of the Covid-19 lockdown was promising. However, the positive action was short lived and the the corruption in the procurement of Covid-19 personal protective equipment bears testimony to this. Lack of ethical leadership remains a challenge.

TOP 5 CHALLENGES TO ACHIEVING TARGETS

1. Dwindling leadership pipeline: Up-and-coming youth and wealthy minority leaving the country for greener pastures.
2. Consequences: Lack of transparency and limited prosecution of unethical leadership in both the public and private sectors.
3. Silence and resistance to change, harbouring corrupt perpetrators and anti-whistleblowers' mind-set.
4. Covid-19 accelerated corruption as the focus had shifted to the pandemic and people were vulnerable.
5. There is a vacuum in visionary, socially aware global leadership.

TOP 5 RISK TREATMENT OPTIONS AND OPPORTUNITIES

1. Hold failed leadership in both public and private sectors to account and restore trust and confidence through open and honest dialogue.
2. Take advantage of the opportunity for accelerated ethical and socially responsible leadership created by Covid-19.
3. Step-up public prosecutions to send a strong message to corrupt officials in all sectors.
   Foster a culture where whistle-blowers are saluted as heroes and champions and provided the necessary protection against victimisation.
4. Covid-19 became a catalyst for change with society becoming less tolerant of corruption. The social momentum and social conscience have to be leveraged to root out corruption.
5. Opportunity for government and business to step into this vacuum of leadership and those that leverage this opportunity will step away as the most successful, advanced and fastest growing companies and countries.

FACTS AND FIGURES

- In a South African Business Ethics Survey of 2019, 31% of respondents personally observe ethical misconduct in their organisation. Of those that observed unethical behaviour, 55% reported it. Of those who did not report the unethical behaviour, 32% felt they would be victimised and 31% believed nothing would be done to the perpetrator.
- Public censures and fines by JSE on Steinhoff International Holdings, EOH Holdings, Tongaat Hulett, AYO Technology Solutions, amongst others in 2020.
- R62 billion was wasted through irregular expenditure in South Africa.
- R5 billion of the R10.38 billion spent on South Africa relief efforts now under investigation.
- During the Covid-19 pandemic Khusela Diko has taken special leave amid allegations that her husband received part of a R2.2 billion personal protective equipment tender awarded to 75 companies by the Gauteng Health Department.
- A politically connected operator, named in the personal protective equipment scandal besetting the Gauteng Health Department, made an 800% profit on equipment he sold to government.

Source: Mail & Guardian, Daily Maverick, Business Day, Business Insider, Global Leadership, Corruption Watch, GVI Africa, People Factor Magazine and the University of Western Cape.

GROUP CHIEF EXECUTIVE OFFICER, PURPLE GROUP

CHARLES SAVAGE

EXPERT OPINION

Scarcity of unified, ethical and visionary leadership refers to a deterioration of morals and principles amongst the leaders in a country. Government is in power in order to serve the people, provide the parameters for everyday behaviour for citizens, protect them from outside interference, and provide for their well-being or a conducive environment to ensure well-being.

There is a loss in confidence of unified and ethical leadership in the ruling party. As a result, South Africa is facing the risk that the mobile, up-and-coming youth leveraging digital transformation – and the wealthy minority – will emigrate to other countries, which they view as better governed than South Africa. This exit of a productive, ethical and competent workforce will diminish the future high earners and pool of taxpayers. This will result in civil unrest due to a lack of funds and provision of services to the marginalised and unemployed majority without the option of leaving.

The absence of ethical and visionary leadership will almost certainly exacerbate other risks at country level, such as civil unrest as the pace of service delivery gets impacted through unethical practices, as well as the triple challenge of poverty, unemployment and inequality that will persist.

The Covid-19 pandemic was a double-edged sword for South Africa. We already had our own pre-Covid economic challenges off the back of structural debt issues, coupled with unethical leadership (state capture). Covid-19 reforms represented green shoots of life at the start of the lockdown in South Africa, which quickly eroded as the months went by. This resurgence of confidence in South Africa at the start of the pandemic has been decimated. Covid has now been a catalyst for emigration, with a wave of leavers and many reluctant to stay in the country going forward. On the other hand, Covid-19 has also been a catalyst for potential prosecution of unethical leadership and criminals. We have seen several arrests in the last few months of 2020. This is positive. If built on, with more arrests and other tangible recourse, those that left the country may consider returning. Those still in the country may reconsider their intentions to emigrate.

The media plays a major role in formulating public opinion and shedding light on the corruption of a divided and unethical leadership. If one compares the period in which President Cyril Ramaphosa has been leading the country to the Zuma era, things appear to be on the mend. Media should be giving more airspace to positive, uplifting stories – and the whistle-blowers should be celebrated rather than being shunned. Business should demand ethical leadership from government. Government should demand the same from business and accountability should be the norm. Interventions to ensure improvements exist. However, the knowledge of the problem areas and interventions required have not created a desire to change. There is a lack of tangible action and recourse.

It should be noted that interventions have started to pave the way towards better outcomes. Covid-19 can accelerate ethical leadership and swift punishment of those who took advantage of pandemic vulnerability. The focus is much more on doing "good" for the benefit of society at large, rather than just maximising profits. Covid-19 set the framework for a brighter future with ethical leadership, moral standards and putting people and purpose ahead of profits. There must be a change in the reward system, rewarding ethical behaviour and those who are doing "good" – this to shun and crowd out the unethical minority.

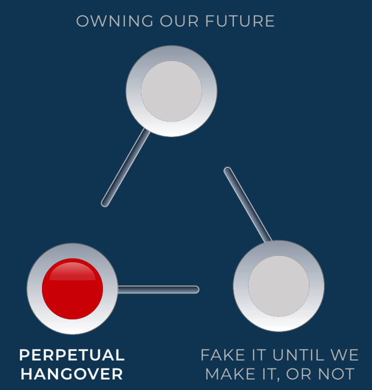
The best leaders have that priceless combination of humility and natural strength of character. Many South Africans just need an opportunity – and there are so many untold success stories that the media can leverage to change the public opinion on unethical leadership. "I'm hoping that we have given people a bit of hope to pull together as a country to make it better," said Siya Kolisi, South Africa's 2019 World Cup winning captain.

Another example is EOH CEO Stephen Van Coller setting the new narrative for EOH to put purpose before profit, which resulted in the share price recovering. The South African organisations of the future that will succeed and be profitable will be those that are open, honest and transparent about the wrongs of the past – and clear about their purpose: to add value to society at large.

3.2
CONTINUING PRIVATE AND PUBLIC GOVERNANCE FAILURE

Ineffective governing bodies contribute to governance failure and even to corporate and country failure. A well-governed country, institutions, and organisations are essential for the economy to thrive to meet the country's fiscal needs, to build resilience, and to secure the hopes of future generations

SCENARIOS



FLAGS

COUNTRY FLAGS	C	F
1. LEADERSHIP		
2. INSTITUTIONAL CAPACITY		
3. POLITICS		
4. SOCIAL COHESION		
5. NATIONAL POLICY		
6. SERVICE DELIVERY		
7. INEQUALITY		
8. ECONOMY		
9. GLOBAL TRENDS		
10. CLIMATE		

C – CURRENT (2020/21) F – FUTURE (2030)

SUCCESS STORIES

Just google "bad governance" and the results are overwhelming. Google "good governance" and the results are few and far between. A noteworthy success story is that of the President of Malawi who has demonstrated that less power and more governance can help to transform a nation. South Africa's public and private organisations can do the same. This report highlights some of the threats and opportunities that may contribute to the prevention of further governance failures and the leveraging of the benefits from strong governance and risk-based decision-making.

Malawi's Governance Transformation

Governance failures continue in national, provincial, and local government and in public and private institutions, bodies, and organisations. Even amid the Covid-19 pandemic, governance failures allowed corruption to prevail, steal life-sustaining aid from vulnerable people and prevent personal protective equipment from reaching those who need it most. This risk must be resolved if we are to prevent failing as a country and a nation.

TOP 5 CHALLENGES TO ACHIEVING TARGETS

1. Lack of consequences for corruption and unethical behaviour.
2. Not appointing the right directors with the right competencies.
3. Sub-optimal or no alignment between governance, strategy setting and risk management.
4. Treating governance as a compliance instead of a performance issue.
5. Not seeing or appreciating the value of good governance.

TOP 5 RISK TREATMENT OPTIONS AND OPPORTUNITIES

1. Capacitate law enforcement and have specialised courts to deal with cases of corruption.
2. Ensure that individual directors have the right knowledge, skills and experience and that, taken as a whole, governing bodies have requisite diversity of skills and experience to direct and exercise oversight of the organisations.
3. Introduce minimum competency-based qualifications for directors.
4. Increase the depth of individual director performance evaluation during independent board evaluations.
5. Empower directors in the use of the business judgment rule to improve the quality of decisions and hold directors appropriately to account when they fail in their fiduciary and governance duties.

FACTS AND FIGURES

- The AG Report on Municipalities 2019/20 showed 46 had regressed and 33 improved, 92% had qualified audits, 52% did not have quality financial statements, 67% had findings on performance reports, 91% had findings regarding non-compliance with legislation, and irregular expenditure rose to R32.06 billion.
- The Harvard Law School Forum on Corporate Governance identified the following global governance trends: 1. A greater focus on the E&S of Environmental, Social, and Corporate Governance (ESG); 2. The increasing importance of corporate purpose; 3. Better board oversight of corporate culture and Human Capital Management; 4. A more expansive view of board diversity, that includes ethnicity and race; 5. Companies are facing wider forms of activism.
- Although SA is still ranked 6th on the Overall Governance Index, SA's score of 65.8/100 has decreased by 0.9. The "warning signs" trend in Foundations for Economic Opportunity is of concern.

Source: 1. Auditor-General of South Africa: Municipal Audit Report, Media Release, 1 July 2020. 2. https://corpgov.law.harvard.edu/2020/01/18/2020-global-and-regional-corporate-governance-trends. 3. 2020 Ibrahim Index of African Governance (IIAG).

DIRECTOR, RETLAW FOX ASSOCIATES

WALTER EHRLICH

EXPERT OPINION

Governance can fail in any type of organisation, from a homeowner's association or school governing body to a multinational listed company. Failure can occur in any sector and no entity is too big to fail. The opinion below is limited to looking at the role ineffective governing bodies play in the failure of governance at entities directed by a board of directors. Governance has three core elements: identifying risk, setting strategy, and holding the CEO to account for the execution of the strategic plan, the mitigation of risk, and the overall performance of the organisation. Governance fails when the rules, practices, and processes that are used to direct and control the organisation successfully and sustainably are ineffective or fail.

To avoid governance failure, the governing body's oversight responsibility must be crystal clear. All efforts of the governing body must be on risk, strategy, and holding the executive to account. Governance failures do not happen overnight and there are several possible causes that must be understood and acted on to avoid such failure. Let's consider four ways in which governing bodies could contribute to governance failure.

True diversity is not achieved

Race, gender, and age diversity is important, but is only one consideration in achieving true diversity in the composition of the governing body. The overriding diversity concern must be whether the directors comprising the governing body have the knowledge, skill, experience, and independence of thought to fully discharge their governance roles and responsibilities. When faced with a challenge, true diversity helps to counter "silo thinking" and allows the governing body to consider an issue from many perspectives (e.g. financial, economic, legal, generational, geographic, etc.). This approach is far more effective in assessing risks than using a one-dimensional approach.

The focus is misplaced

If governing bodies are too operational, it results in too little time being spent on the oversight role – which is essential to good governance. Governing bodies should evaluate the organisational strategy based on how well risk is assessed and how well the organisation is achieving its mission. The all-important link between risk, strategy, and governance must be adequately considered.

Directors do not understand their role

Directors have a fiduciary duty to act in the best interest of the company, even if this is not in the best interest of the shareholder who appointed them. They owe this duty to the company as a legal entity, and not to any individual or group of shareholders. Courage is an immutable attribute of a competent director. It takes courage to put the interest of the company first. If more directors, as those responsible for leading and directing organisations, spoke out, some of the governance failures of our time could have been avoided.

The CEO directs the governing body

Governance is the primary responsibility of the governing body. However, some governing bodies take their direction from the CEO. So instead of the Chair and the Committee Chairs deciding what the governing body should focus on and setting the agenda to ensure that it focuses its attention on strategy setting, risk governance, and CEO oversight, the governing body is directed by and rendered subservient to the CEO. Balancing power in a boardroom can often be challenging. Like schoolyard bullies, aggressive CEOs can often get their way and the governing body is reduced to a rubber stamp.

This can be mitigated by regularly conducting robust independent evaluations of the governing body and its individual directors and using the outcome to guide the director rotation strategy. The interpersonal dynamics between the organisation's executive and non-executive directors should be understood. For example, an assertive "Type A" charismatic CEO, without a counter-balancing number of non-executive directors who are willing and able to question, engage and, if necessary, challenge the CEO, will not bode well for effective governance in the organisation. Too many governance failures arise from overly charming and charismatic leaders, surrounded by sycophant directors, both executive and non-executive, who have rendered board oversight ineffective.

In conclusion: governing bodies fail when they fail to comprehend the value of good governance, and do not intentionally and effectively put it in place or merely treat it as a tick-box compliance issue. Achieving and demonstrating good governance is time-consuming and complex, but its value in mitigating governance failure should not be underestimated. The economic aftermath of Covid-19 will likely increase the risk of governance failure as organisations cut back on governance, which is often incorrectly seen as a dispensable nice-to-have. Governance and performance are not mutually exclusive; both must be well executed. We should ponder the thought that to understand success we must understand failure – but we do not have to experience failure in our efforts to experience success.

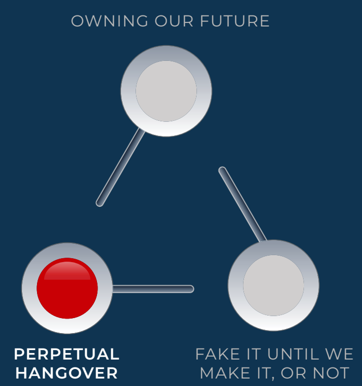
Sources: Deloitte – "Duties of Directors", Institute of Directors SA - King IV, USB Management Review – Business Perspectives on the Steinhoff Saga, Special Report, June 2018.

3.3

FAILURE TO ROOT OUT AND/OR CURB DEEPLY ENTRENCHED CORRUPTION

The President has stepped up efforts to deal with corruption, the Zondo Commission has provided valuable "ammunition" for the Hawks and Special Investigations Unit to make long awaited arrests. Despite these efforts, the country was still hit by an R2.2bn Personal Protective Equipment scandal and top leaders have yet to be arrested. This has led to a fu"ther drop in public and investor confidence, resistance to the NHI and setbacks in the economic reform plans. Although there's pockets of excellence in dealing with corruption by SIU, AGSA and SARS, these institutions have limited mandates hence despite their success stories the country is still experiencing big episodes of corruption.

SCENARIOS



FLAGS

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1. LEADERSHIP		
2. INSTITUTIONAL CAPACITY		
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6. SERVICE DELIVERY		
7. INEQUALITY		
8. ECONOMY		
9. GLOBAL TRENDS		
10. CLIMATE		

C – CURRENT (2020/21) F – FUTURE (2030)

SUCCESS STORIES

EOH – The Chief Executive Officer (CEO) dealt decisively with corruption in the company when it was hit with a R120m fine by the Johannesburg Stock Exchange. The CEO made changes to the leadership structure, re-introduced business ethics, criminally prosecuted those found guilty of corruption. In addition, involved the Assets Forfeiture Unit at the National prosecuting Authority in the corruption cases and stepped-up professional resources in the company's Risk Management, Internal Audit and Forensics Departments.

"There are encouraging signs that the Hawks and the NPA – and indeed all other agencies who should be involved (the SIU, SARS, the Office of the Public Protector and the Office of the Auditor-General come to mind) – are finally displaying some appetite for the immense task ahead. But it is beyond dispute that they – each and collectively – lack both the expertise and capacity to investigate and hold accountable a meaningful number of the many persons criminally involved in this desperately sad chapter of our young democracy." SOURCE: Ian Donovan – Daily Maverick article – 29 October 2020

TOP 5 CHALLENGES TO ACHIEVING TARGETS

1. Lack of internal controls, absence of punitive consequences for corrupt officials, and high-profile leaders in both government and corporates.
2. Low levels of ethics in all sectors of the economy.
3. Lack of expertise and capacity in crime fighting units, judicial system as well as assurance functions in corporates.
4. Budget cuts in all departments fighting crime.
5. Lack of independently run "hotlines" and whistle-blowers protection programs leaving whistle-blowers under constant threats

TOP 5 RISK TREATMENT OPTIONS AND OPPORTUNITIES

1. Consider creative solutions to speed up the process to bring offender to "book", e.g. Heed Professor Thuli Madonsela's call to explore the possibility of a well-crafted amnesty overseen by a suitably resourced agency.
2. Re-introduce ethics code of conducts led from the top in all organisations both public and private.
3. Appoint accredited, suitably qualified experts in positions that deal with assurance services, specifically Risk Management and Forensic Services.
4. Allocate specific budgets to step up efforts in all units tasked with fighting corruption – Chapter Nine Institutions
5. Outsource "hotlines" to independent service providers supported by good governance through the Social and Ethics Committee

FACTS AND FIGURES

- The 2020 ACFE Global Study on Occupational Fraud Indicates that perpetrators of fraud often get away with minimal punishment. The reports indicate that 66% of perpetrators only had their contracts being terminated as a punitive measure. For the remaining fraud cases, either the perpetrator is permitted to resign and at the least remains within the institutions without any form of punishment.
- The study also indicates that in the past ten years anti-fraud controls have only increased by 13% at the most. The following table shows the increase in controls in the past ten years:

CONTROL	2010	2020	INCREASE
Hotline	51%	64%	13%
Anti-Fraud Policy	43%	56%	13%
Fraud Training for Staff	44%	55%	11%
Fraud Training for Managers/Executives	46%	55%	9%

- AGSA FIRST REPORT ON THE FINANCIAL MANAGEMENT OF GOVERNMENT'S Covid-19 INITIATIVES
- At the time of the release of the special report on Covid-19 the AGSA was still in the process of auditing the supply chain management processes for other provinces, the audit outcomes so far indicated the following:
  - Deviation from the procurement process. As a result of the non-compliance, there is a possible irregular expenditure impact of R21 937 805.
  - Quotations received from two related suppliers, one of which was awarded the contract. These suppliers have the same addresses and are owned by the same person, which shows possible cover quoting.

Source: First special report on the financial management of government's Covid-19 initiatives- AGSA 2020, Tax Fraudsters Sentenced in High Court – SARS 21 February 2020, The Report to the Nations: the ACFE's 11th study on the costs and effects of occupational fraud- ACFE 2020, Audit Perspectives: Auditor General Responding in times of crisis - AGSA 2020

CEO, ACFE SOUTH AFRICA

JACO DE JAGER

EXPERT OPINION

Corruption is defined by ACFE as a scheme in which an official misuses their influence in a business transaction in a way that violates their duty to the employer in order to gain direct or indirect benefit. Corruption is a sub-category of fraud, which thrives as a result of absence of ethical leadership, enforcement of policies, professionalism, necessary skill set and transparency. Corruption is further broken down into the following classifications:

- Conflict of Interest (purchasing schemes, sales schemes etc.)
- Bribery (invoice kickbacks, bid rigging)
- Illegal Gratuities
- Economic Extortion

People commit crime and become corrupt when there is a total lack of consequences. The Covid-19 pandemic has highlighted how quickly business and the public at large will flout the law for personal gain. Retailers unashamedly increased margins significantly on PPE to take advantage of desperate customers seeking to protect themselves from the Coronavirus.

Assuming adequate resources are allocated to fight corruption, the support of the police, Serious Economic Crimes Unit, DPCI, National Prosecuting Authority and the judicial system must in turn have the skills and resources to investigate and administer punitive fines and jail sentences to guilty parties.

One of the major challenges is high levels of collusion. From an internal control and auditing perspective, it is difficult if not impossible to prove corruption when faced with collusion. Independent hotlines provide an option for people that believe in doing the right thing and following the law to expose perpetrators of corruption. Having a hotline service should become the norm, not the exception, since more than 41% of all fraud is detected through hotlines. Added to this gap is the inability to protect whistleblowers from victimisation. Based on the significant amounts of cash involved in corrupt activities, whistleblowers' lives are under threat. An independent hotline supported by an ethical culture that will deal decisively with corrupt official and victimisation of whistleblowers is required.

Some of the tools required to understand and fight corruption are as follows:

- The Fraud Triangle forms a basic tool to understand and deal with what drives corruption. (https://www.fraud-magazine.com).
- Revisit the POPI Act so that vital information can be shared amongst different industries to catch perpetrators.
- An ISO Standard is being developed on corruption and bribery that will enable a more consistent, decisive approach to fighting this scourge.
- Revive the National Anti-corruption Forum. This can be revised in a short time given the appropriate political will to do so.
- Consistently conduct pre-employment background checks.
- Increased management reviews to check adherence to company policies and procedures.
- Separation of responsibilities (avoid referee and player situations).

In conclusion, fighting corruption requires coordination and efforts from all parts of the organisation supported by good governance and externally by organs of state (Chapter Nine Institutions), SAPS and the NPA. This coordinated effort is normally short-lived unless it includes more sustainable solutions in the form of developing an ethical, values-based culture, good governance, punitive consequence management and basic respect for the rule of law.

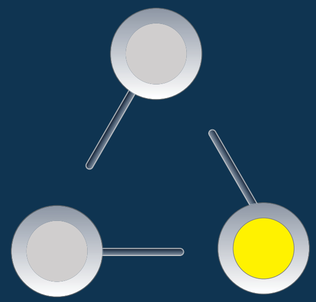
Sources: Deloitte – "The 2020 Report to the Nations—the ACFE's 11th study on the costs and effects of occupational fraud
First special report on the financial management of government's Covid-19 initiatives- AGSA 2020

3.4
SHIFTS IN CONSUMER BEHAVIOUR

The lockdown forced a change in consumer behaviour and habits. The approach to work and how people interacted with retail businesses has fundamentally changed. Businesses have had to adapt to a significant drop in consumption patterns whilst ensuring adequate realignment of working capital and workforce utilisation. Businesses had to re-invent their business models to ensure that they could compete in these shifting circumstances and, in some cases, ensure that they take advantage of unprecedented demand for some products.

SCENARIOS

OWNING OUR FUTURE



PERPETUAL HANGOVER

FAKE IT UNTIL WE MAKE IT, OR NOT

FLAGS

COUNTRY FLAGS	C	F
1. LEADERSHIP	Yellow	Green
2. INSTITUTIONAL CAPACITY	Red	Yellow
3. POLITICS	Yellow	Yellow
4. SOCIAL COHESION	Yellow	Green
5. NATIONAL POLICY	Yellow	Green
6. SERVICE DELIVERY	Yellow	Green
7. INEQUALITY	Red	Yellow
8. ECONOMY	Red	Green
9. GLOBAL TRENDS	Green	Yellow
10. CLIMATE	Red	Yellow

C – CURRENT (2020/21) F – FUTURE (2030)

SUCCESS STORIES

Everybody having hosted meetings, workshops, even game nights over video chat or ordered groceries to be delivered at home for the first time understands how profoundly the Covid-19 crisis has changed our behaviour as consumers. The 5 key behavioural changes that will impact the future are:

- Flight to online
- Shock to loyalty
- Need for hygiene transparency
- Back to basics and value
- Rise of the homebody economy

https://www.mckinsey.com/business-functions/marketing-and-sales/our-insights/the-great-consumer-shift-ten-charts-that-show-how-us-shopping-behavior-is-changing
https://media.enfasis.com/adjuntos/146/documentos/000/142/0000142239.pdf

"Consumer confidence in South Africa rose to -23 in the third quarter of 2020 after hitting a 35-year low of -33 in the prior period, amid the gradual lifting of lockdown restrictions and the resumption of economic activity, which allowed most of the businesses to reopen. Main improvements were seen in the financial outlook of households and the purchase of durable goods." SOURCE: Bureau of Economic Research, SA Consumer Confidence, 7 September 2020.

TOP 5 CHALLENGES TO ACHIEVING TARGETS

1. Regulations: Uncertainty in regulations has made it difficult for consumers to buy (hoarding) or retailers to predict demand (stock-outs).
2. Shift in habits: Shifts in consumer shopping habits – larger basket/fewer trips to shop
3. Mobility: Restriction of movement caused a surge in the move to online shopping. Supply chain processes, delivery logistics and technology.
4. Extremes: Demand for some goods/services have declined (record lows in hospitality) whilst others have soared (record highs in online entertainment). Impact of public sector consumers
5. Temporary or permanent: Difficult to predict which behaviour changes are temporary or which are permanent.

TOP 5 RISK TREATMENT OPTIONS AND OPPORTUNITIES

1. Government will need to strike a balance between economy and addressing the pandemic. Early communication to allow businesses to plan and manage risks, e.g. liquor regulations, food purchasing vs clothing.
2. Businesses need to be agile in scaling operations up or down based on changes in buying patterns.
3. Businesses need to reconfigure production, supply chains, operations and marketing to adapt/respond to shifts in consumer needs.
4. Re-evaluate traditional business models and use a "blank page" strategic approach. May need to change the vision and business to a completely new direction, e.g. use 3D capability to produce ventilators.
5. Build capability to monitor shifts in behaviour on a more regular basis. Understand your own business risk indicators and impacts, e.g. remote working and e-commerce may be more enduring compared to air travel.

FACTS AND FIGURES

FIVE FUNDAMENTAL SHIFTS IN CONSUMER BEHAVIOUR – SOUTH AFRICA
- Up to 45% shift to value and essentials.
- Up to 90% to digital and omnichannel.
- 79% changed stores, brand or the way they shop.
- 460% are not yet resuming "normal" out of home activities.
- 88% intend to maintain or reduce holiday shopping spend.

ONLINE
- Online purchases have grown between 6 to 10 percentage points across most product categories.
- 56% of individuals in SA use the internet, yet only 8% shop online – reflects structural inequality.

ENERGY
- 20 April 2020, the global petroleum industry witnessed a historic plummeting of benchmark US oil below $0 a barrel.
- Sasol fuel sales target for 2020 cut to 50-51 million barrels compared to 57-58 million barrels previously.

Source: UNCTAD, 8 October 2020, Covid-19 and E-Commerce Survey, McKinsey and Company, South Africa Consumer Sentiment during the Coronavirus Crisis, 5 November 2020, Norton Rose Fulbright, Liezl Oberholzer, May 2020., Reuters, 8 April 2020.

MOTUS HOLDINGS LIMITED
GROUP EXECUTIVE: CORPORATE AFFAIRS
RISK AND SUSTAINABILITY

BERENICE FRANCIS

EXPERT OPINION

Never in recent history has an event created such uncertainty in global markets and behaviours. Whilst the 2008 Financial crisis led to a recession due to the impact on the demand side of economies, it didn't have as severe an impact as what Covid-19 has had on the global supply of products and changes in consumer behaviour.

Lockdown regulations around the world have changed the way in which people live, work and socialise. Some of these changes may be temporary – for example: spending less and reducing social interaction. However, many may be more permanent in nature – for example: the use of omnichannel or online retail, blended learning and online meetings.

These trends cannot be predicted with any form of certainty and have created new challenges for businesses when adapting to this new market and their client expectations.

Given structural inequality in South Africa, consumers reacted differently depending on their socio-economic circumstances. The consequences of how Covid-19 impacted individuals and their financial circumstances also led to high segmentation of the market depending on:

- Disposable income
- Down-buying, even on essential goods and services
- Access to markets and channels to retailers

In South Africa, the initial lockdown regulations were particularly strict, with the banning of sales of cigarettes and alcohol, as well as limited online and physical retail. Consumers, depending on their socio-economic status or living conditions, responded differently. For example: while many people stopped smoking or drinking, the black-market sales of cigarettes and alcohol soared.

It is unclear whether consumer behaviour in these two products has changed permanently or temporarily. What has changed is that all consumers, given concerns around disposable income and debt, are more conscious of budgets and the amounts that they are spending on luxury or non-essential items. Based on a recent McKinsey study, they plan to continue doing so in future.

The shift is not just due to concerns regarding income. An increase in remote working has led to lower fuel sales and a significant increase in e-commerce and online entertainment. Consumers are also more aware of what impacts on their health, and therefore more circumspect regarding the brands they consider when shopping online. The average size of online baskets has increased, as more consumers choose to make fewer trips to their local retailers. There is a rise in – and awareness of – the value of local or community-based small business production. Many countries are urging people to buy local to boost their flagging economies.

Travel, particularly tourism, has been severely impacted. While the recent lockdown regulations allow travel to certain countries, consumers are choosing to holiday locally, mainly due to concerns around the return of restrictions and uncertainty around the regulations of other countries.

South Africa and its businesses have responded in various and inventive ways. We are currently at our lowest interest-rate cycle ever. Businesses have changed their interactions with customers, using online and more traditional methods of enticing consumers. Brands have increased investment in online-purchasing experiences and increased transparency around how they leverage their supply chain to ensure that consumers are getting value and remain safe. Consumer reactions to lowered interest rates and the increased supply of goods at discounted prices may yet create another shift in expectations that businesses will need to monitor.

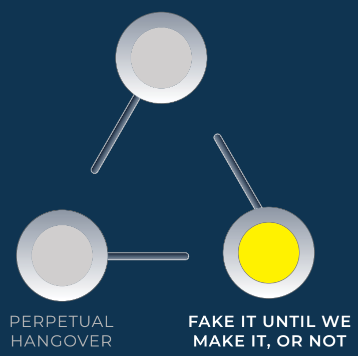
Since it is very difficult to predict consumer behaviour, it is important for businesses to build capabilities within their companies to ensure quicker and more confident reactions when faced with changes. Businesses must find new ways to engage with their customers so that they can be at the forefront of change. As consumers deal with the "New Normal" or the "Next Normal", it is imperative that businesses not only keep track of changing customers' needs but pre-emptively strike to influence their behaviour.

Sources: WEF Covid-19 Risk Outlook Insight Report, May 2020, in partnership with Marsh & McLennan and Zurich Insurance Group. McKinsey and Company, South Africa Consumer Sentiment during the Coronavirus Crisis, 5 November 2020

3.5
FAILURE TO MOVE FORWARD IN REFORMING THE NATIONAL HEALTH SYSTEM

Past inequalities, poor public health care services and limited access to private health care are at the forefront in dealing with the current pandemic. As much as Covid-19 created an impetus to invest in health care the risk is that we may fail to take advantage of this opportunity to reform the National Health System.

SCENARIOS



FLAGS

COUNTRY FLAGS	C	F
1. LEADERSHIP		
2. INSTITUTIONAL CAPACITY		
3. POLITICS		
4. SOCIAL COHESION		
5. NATIONAL POLICY		
6. SERVICE DELIVERY		
7. INEQUALITY		
8. ECONOMY		
9. GLOBAL TRENDS		
10. CLIMATE		

C – CURRENT (2020/21) F – FUTURE (2030)

SUCCESS STORIES

The CPAP or Continuous Positive Airway Pressure device was developed and is being manufactured in South Africa at a fraction of the cost of a mechanical ventilator. The Solidarity Fund will be spending R250- million on 20,000 of these devices as part of the National Ventilator Project. Other success stories of South Africans coming together to respond to the country's needs:

https://www.dailymaverick.co.za/article/2020-07-24-teams-in-race-against-time-to-get-oxygen-to-eastern-cape-hospitals/

Parliament's portfolio committee on health met on 2 September 2020 to discuss the way forward around introducing the new National Health Insurance (NHI) Bill. Support of the Bill is not easy in an environment that is complex and needs more collaboration, transparency and creative solutions to deal with payment set-up and common treatment guidelines (to name a few). Budget cuts, labour unrest, the need for capital, and corruption need to be tackled head on for the NHI to succeed.

TOP 5 CHALLENGES TO ACHIEVING TARGETS

1. Budget: Austerity measures include further health care budget cuts.
2. Labour Unrest: Rising labour unrest, coupled with massive shortages of healthcare workers.
3. Resistance to change in the private sectors has come down – this opportunity may be lost if the Government does not act swiftly.
4. Capital: Although the Covid-19 response plan budget helped with system infrastructure, much more is required for infrastructure capital.
5. Corruption: The R2bn Personal Protective Equipment scandal negatively impacts service delivery, as well as setbacks in public confidence.

TOP 5 RISK TREATMENT OPTIONS AND OPPORTUNITIES

1. Explore alternative costs and efficiency measures, as well as synergies with private health sector.
2. Revive nursing colleges and set up at regional level. Healthcare workers should study and work in their own local communities.
3. Robust stakeholder engagement plans and public awareness campaigns.
4. Call on big business and international sovereign loans backed by Treasury to set up low cost/affordable capital funding to build much needed health care facilities.
5. Technology to control, monitor and provide transparency on the Fund.

FACTS AND FIGURES

BUDGET
- R235.3 billion allocated to Health, which equals to 4.5% of GDP (R5 240 billion) for 2020/21.
- 2.9% increase in Health Budget allocation for the next 3 years.
- R8.9 billion reduction in Employee Compensation for 2020/21. Total reduction over the next 4 years to 2024 amounts to R72.7 billion.

SHORTFALL
- Additional 97 000 healthcare workers required by 2025, of which 32 000 must be Community Health Care workers.
- Additional 88 000 healthcare workers required in Primary Health Care System
- R34 billion required to cover shortfall in healthcare workers.
- Nurses make up 50% of the healthcare workforce.
- Disparity in Healthcare Specialists: Specialist Per Person – Private = 69/100k vs Public = 7/100k

CORRUPTION
- R2.2 billion PPE scandal where only 28% of the 550 companies were licensed by SAHPRA to sell PPE.
- Unlicensed suppliers included a Solar Power Installer and an Auto Repair Shop.

Source: 2030 Human Resources for Health Strategy & Spotlight article, 24 September 2020, Daily Maverick article, 2 October 2020 & BusinessTech article, 2 September 2020, Medium Term Budget Policy statement 2020 – 28 October 2020.

CONSULTANT
NATIONAL HEALTH INSURANCE OFFICE

NICHOLAS CRISP

EXPERT OPINION

There are more positives than negatives that will come out of the Coronavirus pandemic. Part of the NHI's budget was "given up" to help fund the Coronavirus, however, this budget was ultimately used to improve infrastructure, facilities and equipment. The virus also helped government learn new lessons around staffing, health and safety, and health products, all of which will help boost the implementation of the NHI. In addition, the entire NHI's digital capabilities have been converted to look after Covid-19. This means that we now have a competent digital system in place with reliable data including data from the private sector. We now have an established patient registry through the deployment of the Health Patient Registration system in our public healthcare facilities and hospitals.

A health systems dashboard will also soon go live. This system will support the government with early warning signs in surveying hospitals infrastructure, alerting us to impending critical mass reach in various areas of our operations, and giving us an opportunity to respond before there is a crisis on the ground. Information about procedures done in all hospitals in South Africa will be automated and made shareable under this system.

Contrary to popular belief, almost all the equipment in the emergency field hospitals can and has been re-installed in the current public healthcare system. This has sped up planned infrastructure development required to bring the public healthcare facilities up to standard. Most major hospitals that were allocated to serve Covid-19 patients now have proper oxygen facilities that will be used for years to come.

Medical practitioners and specialists suffered between 50% to 80% loss in income directly as a result of the lockdown. This meant that most of them now view the NHI from a more positive lens. Engagement with the private sector has increased and cooperation to fight the virus came naturally. Most providers accepted the tariffs and some doctors offered their services for free.

The NHI is a significant undertaking and the complexity of the public and private health systems cannot be underestimated. The pandemic has placed enormous strain on the economy and as a result austerity measures in all departments including health are unavoidable. This has the potential of setting back the timeline to implement the NHI. Lack of access to capital to build much needed infrastructure increases the risk of "failure to reform our healthcare systems". Labour unrest, some of it justified by poor safety of public healthcare workers, is unfortunately ill-timed.

We are in a perfect storm in the form of a poor economy, increasing unemployment, need for austerity measures that need to be balanced with much needed investment in public healthcare worker safety, salary increases and investment in training facilities to address the massive shortage in healthcare workers. Additionally, the R2-billion PPE scandal has led to a waste of much needed equipment as well as increased resistance to change. Whilst private medical practitioners may be more amenable towards the NHI, the various private medical schemes are not convinced that the NHI will save costs and is the answer to achieving universal health coverage.

Given the positives as well as the challenges, on balance, there is a golden opportunity to strike now. More creative solutions are required to divert much needed capital budget towards healthcare infrastructure, equipment and systems. Big business and international sovereign loans backed by Treasury to set up low cost/affordable capital funding will form part of the funding model. A positive spin-off of a significant capital infrastructure project will be to create much needed jobs and boost industries that provide services to healthcare.

The investment must include the revival of Nursing Colleges and increased contribution towards creating a larger and more sustainable pipeline of healthcare workers. General tax revenue, payroll tax and/or surcharge on personal income tax are possible avenues to raise funding. At the same time a single healthcare system will provide access to synergies not any different to that experienced through corporate mergers. For example, the number of actuaries employed by the private sector can be reduced to achieve significant cost savings. The private sector also uses the "fee-for-service payment system/ supplier induced demand system", which plays a significant role in driving up costs. We must take full advantage of the structures created to achieve further cooperation between public and private healthcare. Engagements that have already been stepped-up must be further leveraged to deal with and provide solutions towards the challenging issues such as "Complementary Services", "Capped Payment Method" and "Common Treatment guidelines".

We will have to redouble our efforts to convince the public that we know how to minimise the risk of fraud to the Fund. We plan to do this by making sure that every transaction of the Fund is in the public domain. The system will be automated to flag anything that is irregular – and that also protects it from cyber-attacks.

Overall, South Africa needs to spend money to "make change" and the country will need to invest to reform the system. Currently, 8.5% of GDP is spent on healthcare, which is good as a developing nation, but this money is not spent wisely. The NHI is a funding mechanism which changes the way we purchase our healthcare. The same money needs to come into a central pool of funds, not through 10 different government departments and 78 medical schemes. We would like to have one common, sizeable, pool of funds which we can use to leverage to purchase the goods and services (needed) to run healthcare. All of the resources used or spent in both the private and public healthcare sectors must contribute towards the fund. The fund will purchase healthcare from all adequate public and private healthcare providers. The aim is to provide decent healthcare for every single person, irrespective of whether they can afford to pay for it or not.

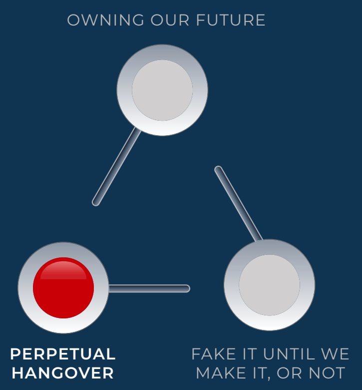
Sources: Health Market Inquiry Report, September 2019, Article by Staff Writer – BusinessTech, 24 August 2020 and 3 September 2020 Article by Joan van Dyk – Bhekisisa, 7 October 2020

3.6

DEEPENING STRUCTURAL INEQUALITY

South Africa is the most economically unequal country in the world, according to the World Bank. The difference between wealthy and poor in South Africa has been increasing steadily since the end of apartheid in 1994, and this inequality is closely linked to racial divisions in society. Covid-19 has intensified and accelerated the extent of abiding structural and spatial inequality in our society.

SCENARIOS



FLAGS

COUNTRY FLAGS	C	F
1. LEADERSHIP	Yellow	Green
2. INSTITUTIONAL CAPACITY	Red	Yellow
3. POLITICS	Red	Yellow
4. SOCIAL COHESION	Yellow	Green
5. NATIONAL POLICY	Yellow	Green
6. SERVICE DELIVERY	Red	Yellow
7. INEQUALITY	Red	Yellow
8. ECONOMY	Red	Yellow
9. GLOBAL TRENDS	Red	Yellow
10. CLIMATE	Red	Yellow

C – CURRENT (2020/21) F – FUTURE (2030)

SUCCESS STORIES

Tackling inequality is more complicated and politically contentious than tackling poverty. Given this situation, South African researchers have dedicated themselves to confronting this major socio-economic challenge. Examples of these are the research and civil society engagement processes that were undertaken as part of the work of the DST/NRF Community of Practice (CoP) within the Mandela Initiative.

https://www.news.uct.ac.za/article/-2018-09-03-south-africas-inequality-problem-needs-new-thinking

The country is facing the immediate triple socio-economic challenges of poverty, unemployment and inequality, aggravated by the country's ailing economy. People will pay for privilege in an unequal society. There is a market specifically targeted at those that can afford to pay their way out of the challenges faced by the unfortunate majority, which further exacerbates the divide. This would give credence to the predictions made by the IMF and economists which suggest that South Africa's post Covid-19 recovery, will take a form of "K" demonstrating a heightened divergence in economic classes and a deeper divide in society.

TOP 5 CHALLENGES TO ACHIEVING TARGETS

1. Legislation: Some apartheid laws still prevail, making it difficult to achieve transformation and therefore address inequality.
2. Poor Service Delivery: Inefficient and inadequate government that is failing in terms of delivering basic services to the poor and marginalised.
3. Social divide: We operate a 1st world economy with 3rd world living conditions for the majority of our citizens.
4. Education: Access to education has improved, however, quality of education is lacking.
5. Development policies: Government's social policies have not succeeded in addressing poverty, e.g. social grants are inadequate and used to gain votes.

TOP 5 RISK TREATMENT OPTIONS AND OPPORTUNITIES

1. Criminalise acts which perpetuate inequality.
2. Feeding schemes assisting the youth (scholars) and disadvantaged communities and South Africa to be considered for inclusion in the UN WFP countries.
3. Address the pure capitalistic approach to work towards embedding a functioning social democracy. Put the spotlight on success stories as it is skewed to focus on the negative elements.
4. Youth and Technology innovation – finding solutions to societal and other challenges, enabling the youth to enter the job market through entrepreneurial initiatives, e.g. Mbali Nwoko in farming and Bulelani Balabala, the man inspiring township entrepreneurs.
5. Acceleration of the Township Economy Revitalisation programme should be a strong focus.

FACTS AND FIGURES

STATS

- Apartheid laws such as Section 18 (2)(b) of the Riotous Assemblies Act 17 of 1956 and section 1 Thin space of the Trespass Act 6 of 1959 still prevail.
- IMF: 68% of income in South Africa (compared to a 47% median for other emerging markets) is held by the top 20% of the population.
- World Bank: South Africa remains a dual economy with one of the highest inequality rates in the world, with a consumption expenditure Gini coefficient of 0.63 in 2015.
- South Africa's largest contributor (at 74%) to income inequality is contributed to the labour market, which is heavily racialised and gender biased. 93% of the country's wealth is concentrated in the hands of the wealthiest top 10%, and the remaining 90% of South Africa owns a measly 7% of the country's wealth.

UNEXPLAINED EXPENDITURE AND BAILOUTS

- SAA: R10.5 billion "is allocated to SAA to implement its business rescue plan" (October 2020) in addition to the R16.4 billion bailout to settle guaranteed debt and interest (February 2020).
- SABC: R3.2 billion bailout (R2.1 billion October 2019 and R1.1 billion March 2020).
- Eskom: R138 billion in bailouts through to March 2022 (R112 billion March 2020 and R105 billion in 2019/20 and 2020/21).
- Over the past 12 years, National Treasury has been allocated R162 billion to financially distressed, state-owned companies, with Eskom accounting for 82%.

CORRUPTION

- Misappropriation of the R500 billion relief package meant to provide food parcels for the needy. Fraudulent claims from the temporary social grant increase for over 16 million beneficiaries (less than half of those eligible have received them, while others have fraudulently tried to claim). Private firms claimed benefits on behalf of unknowing employees or deceased people and then pocketed the cash – or used the benefits paid out for their own purposes. The Special Investigating Unit (SIU) is probing 75 of these businesses for Unemployment Insurance Fund (UIF) fraud

Sources: IMF, Stats SA, G20 Insights, EWN, eNCA, BusinessTech, Daily Maverick, Trading Economics, Mail & Guardian, Sunday World, Amnesty International, World Bank and Corruption Watch.

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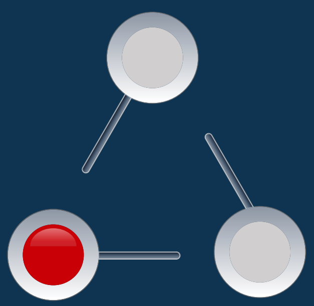
3.7
FAILURE TO RECALIBRATE EDUCATION AND SKILLS DEVELOPMENT

Due to lack of innovation professionals in the education sector, financial inequality including digital divide, and strong influence by government unions (politics), a risk of the country's education system failing to recalibrate education and skills development to deal with a 'new normal' may result in worsening numbers of unemployment, a collapsed economy and increased poverty levels.

SCENARIOS



FLAGS

COUNTRY FLAGS	C	F
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7. ECONOMY		
8. GLOBAL TRENDS		
9. CLIMATE		

C – CURRENT (2020/21)   F – FUTURE (2030)

SUCCESS STORIES

The University of South Africa (UNISA) has always been known for its on-line platform, long before the Covid-19 pandemic. As a result, it was seamless for them to continue with their examinations on-line, not disregarding some challenges where students from poor backgrounds may not have the smart devices to fully participate in the exam even after providing some resources, such as access to the Internet.

www.unisa.ac.za

South Africa faces a major risk of worsening the number of unemployed graduates in the country. This is due to the fact that most graduates are skilled in areas that are either phasing out or are not that in demand. There is a dire need for the education and training institutions to align their curriculums to both the country's and the global skills demand, considering the fact that we are in a fourth industrial revolution (4IR) era. If the private and the public institutions (especially the public institutions, since they cater for the majority of the South African citizens) do not address and mitigate this risk, graduates will become unemployable and irrelevant. This has been a problem as far back as 2015, when an article was released saying that producing unemployable graduates is seen as waste of time and money. Unfortunately, the situation is worsening.
https://www.universityworldnews.com/post.php?story=20150319130200274

TOP 5 CHALLENGES TO ACHIEVING TARGETS

1. Political influence: Negatively impacting on the basic education curriculum (i.e., unions).
2. State of the economy: Poor economy and increasing inequality.
3. Digital divide: Access to technology and innovative private institutions.
4. Poor leadership: Unskilled and/or corrupt leadership entrusted with education and training.
5. Misaligned Curricula: Skills mismatched for current vacancies and future jobs.

TOP 5 RISK TREATMENT OPTIONS AND OPPORTUNITIES

1. Advocacy and published studies on changes and critical skills demand within the country (extensive knowledge sharing).
2. Provision of access to internet and technology devices to the less privileged.
3. Education and training subsidies for the poor.
4. Upskilling of education and training institutions, as well as educators, and innovation, including benchmarks with successful countries.
5. Reposition the TVET system to produce short courses that meet the need for new functional skills.

FACTS AND FIGURES

- 89% of participants stated that their organisation struggles to recruit critically skilled individuals.
- 76% of participants indicated the need to search internationally for these skills will assist the organisation to meet critical business objectives.
- 79% of participants indicated that the process remains a prohibitor and with only a limited number of companies managing to avoid the negative impact that the visa application system might have in the business.
- ICT specialists and engineers continue to be one of the most sought-after skills, with 19% and 21% of participants respectively indicating the same.
- The biggest jump in demand was recorded for artisans, with an increase of 60% from 2017 to 2019.

Source: https://yiba.co.za/the-most-in-demand-skills-in-south-africa-results-from-the-annual-critical-skills-survey/

DEAN AND DIRECTOR
HENLEY BUSINESS SCHOOL SOUTH AFRICA

JONATHAN FOSTER – PEDLEY

EXPERT OPINION

A shrinking undiversified economy, rising unemployment and a tertiary education system that is failing to prepare those who manage to successfully scale the high barriers to entry for life in a world that is dramatically different and immeasurably harder after the rigours of the coronavirus disease of 2019 (Covid-19) and our six-month hard lockdown. The failure to recalibrate education and skills development to deal with a 'new normal' is undoubtedly getting worse, with our unemployment rate at an all-time high of 30.1%. Critically worrying is the youth unemployment figure among those designated as Not in Employment, Education or Training (NEET), the 3.2 million people among the 10.3 million who make up the 15-24 years old bracket.

The country is developing people who are not just unemployed, but quickly becoming unemployable in a fast-changing, rapidly digitising world. As it is, 45% of those who were formally employed before the lockdown had skills that were mismatched for the jobs they were doing, while most of the country's students were graduating into an economy where a quarter of the current jobs won't exist in two years' time, replaced by ones that have not even been conceptualised. The country also experiences a couple of challenges when dealing with the alignment of education and skills to the new normal. The South African Democratic Teachers Union (SADTU), which controls public education in primary and secondary schools, fiercely resists any government moves to introduce accountability for teachers. Half the children who enter Grade One won't make it to matric, and half of the children in primary school cannot do basic maths after five years of education – but then 60% of the Grade 1-6 teachers themselves failed to pass tests at grade level. And then we have legacy academia unwilling to change, teaching for obsolescence and researching what they like, not what a country in disruption actually needs.

Some interventions can be considered in addressing the issues of alignment. Modern learning is based on three facets: qualifications, credentialisation and lifelong learning. Qualifications traditionally open the door to jobs, but what jobs? It once took 15-20 years for the technical skills you learnt to become obsolete, now that has been cut to 2-5 years. Credentialisation is the learning you do at work, getting new skills to adapt to new systems and ways of work, while lifelong learning is something that has to be adopted by all of us if we are to remain relevant in which the only certainty is change. Legacy institutions are geared to only providing qualifications, not credentials, and certainly not encouraging lifelong learning. People need to adapt fast, in months rather than years. They have to earn while they learn - they cannot afford to pay fees and take time off to study. Most of all, people need to learn skills that are practical and that make them even more employable afterwards – and those skills have to be global.

As a country, we are no longer in a knowledge-based economy. The world has entered an innovation economy – this is the true impact of the 4IR. The only way we can begin to keep pace is by continuous learning. We need more than just the technical skills - we need to teach business owners, especially Small, Micro and Medium-sized Enterprise (SMME) owners both business and creative acumen to innovate. We need to graduate students who are prepared to go out and learn more through trial and error. When we do this, the opportunities are massive: a diversified economy, scalable companies and an incredible number of new job opportunities. International best practice means we need to diversify the post school education and training model away from one that is mostly government funded and university centric to one that encourages private sector participation, mobilises resources, sets quality assurance and closely aligns the outcomes to the actual needs of the economy. So, the key intervention would be private public partnerships using the existing TVET structure. We have to decolonise the education establishment, not racially but intellectually; it is not the western content of a university that is outdated, it is the western concept of a university that is past its sell-by date. We need to decolonise campuses too, from the grand colosseums to a vibrant, smart network of decentralised partners keen to experiment and celebrate fast marginal improvements that, taken together, build national capacity for an economy that needs skills that are radical and complex.

Henley Africa, amongst other interventions, has designed short courses for agricultural leadership, helping subsistence farmers transition into commercial farmers. It has provided short courses on resilience, as well as webinars on SME management, and has developed brand new PG Diploma programmes for medical professionals and African entrepreneurs using patented, cutting edge, immersive remote learning techniques. Henley Africa did this by both listening to what our students and our corporate partners were asking for and studying what we believe this country desperately needs to reduce the Gini coefficient: leaders who can build the businesses that will build Africa.

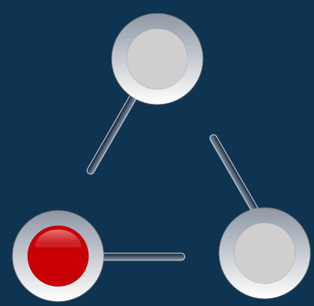
This can be done by ramping up online and virtual learning, something that the pandemic has already forced upon us and we innovate without conscience, borrowing from the best, wilfully bypassing national institutions that stand in our way. Our qualifications do not have to be South African; they can be international because knowledge has nationality – it is either fit for purpose or it has no purpose. We must do whatever we can to massify further education, unlock the latent talents of those locked in poverty and create the businesses that will build back South Africa better.

Whether we like it or not, we are forced into a global interaction – so that we are not left trailing behind, we need to take lessons from the likes of Russia, China, Japan, Korea, Vietnam, Singapore, New Zealand and Switzerland. They have all used their TVET systems to great success in meeting industry's needs for highly skilled, continually evolving workforces. China, Vietnam and Singapore, in turn, have shown particular success in diversifying their economies over the last 20 years.

3.8
EXTREME WEATHER EVENTS, NATURAL DISASTERS AND CLIMATE CHANGE

The annual World Economic Forum (WEF) Risk Report 2020 presented 5 of the Top 10 global risks as being environmental-related, including extreme weather events, natural disasters and the planet's elephant in the room – climate change. South Africa, which pollutes above its size in a global GDP comparison, while featuring a significant portion of the world's vulnerable biodiversity and unique ecosystems, is particularly exposed to climate risk, which exacerbates disasters and extreme weather.

SCENARIOS



FLAGS

COUNTRY FLAGS	C	F
1. LEADERSHIP	Yellow	Yellow
2. INSTITUTIONAL CAPACITY	Red	Red
3. POLITICS	Yellow	Yellow
4. SOCIAL COHESION	Red	Yellow
5. NATIONAL POLICY	Yellow	Yellow
6. SERVICE DELIVERY	Red	Red
7. INEQUALITY	Red	Red
8. ECONOMY	Red	Yellow
9. GLOBAL TRENDS	Red	Yellow
10. CLIMATE	Red	Red

C – CURRENT (2020/21) F – FUTURE (2030)

SUCCESS STORIES

Private sector companies have shown innovative approaches to addressing climate risks. For example, to address fire and flood risks, where many insured losses have been paid out, Santam is working with municipalities to strengthen their resilience and capacity in reducing and mitigating such risks. In the retail sector, Woolworths is working with NGOs to clear alien vegetation in water catchments, to improve water security for its suppliers. Critical to note is that in both these examples, the companies are creating climate adaptation benefits not just for themselves or their customers and suppliers, but also for the broader community.

Climate change has already had a significant effect on South Africa's weather patterns, with examples across all categories of extreme events and disasters impacting the country. Climate risk and its corresponding extreme events and disasters affect government, business and all levels of society, whereby particularly in countries like South Africa, the vulnerable are most drastically impacted – linking to increased inequity, social unrest and other risks. Covid-19, while highlighting the effects of "slow boil" catastrophic events such as pandemics and climate risk, has also been extremely costly, potentially setting back action on climate change and disaster planning and management.

TOP 5 CHALLENGES TO ACHIEVING TARGETS

1. Climate is changing quicker than cities, communities and businesses can adapt, and there is a lack of scientific decision-ready data to inform and prioritise effective interventions.
2. A rapidly urbanising, growing population that must be accommodated in an environment of low economic growth.
3. A lack of knowledge about how our individual and our organisation's daily actions affect our future exposure to these climate change and weather-related events.
4. Land-use planning falls on local municipalities that are under tremendous pressure.
5. Continued low awareness in government, business and civil society.

TOP 5 RISK TREATMENT OPTIONS AND OPPORTUNITIES

1. Raise awareness in government, business and civil society.
2. Stronger collaboration across sectors and stakeholders in addressing these risks – leadership by government and big business is required.
3. The adoption of sustainable practices by all: water-sensitive practices, energy-efficient design, passive design principals in buildings, resource use reduction, etc.
4. Call on big business and investors to increase pressure on reducing dirty assets whilst promoting sustainable and green investments.
5. Use of technology and innovative financial solutions to improve resilience and reduce the Risk Protection Gap (RPG).

FACTS AND FIGURES

- The 2017 Knysna Fires cost more than R3 billion in damages and were the single largest insured loss in SA history at around R2 billion, closely followed by floods in KZN later the same year, which were estimated to have caused R2 billion in losses.
- SA contributes more to global carbon emissions per capita than its G-20 peers, with a particularly dirty energy industry – SA 9 tCO_2 / capita vs G-20 average of 7.5 tCO_2 / capita.
- The UN Environment Programme (UNEP) launched the first global insurance industry guide in June 2020 to tackle a wide range of sustainability risks including climate change.
- South African companies, including those in the energy sector such as Sasol and Eskom, are starting to move towards reducing CO_2 emissions and promoting green energy projects.

Source: https://www.unepfi.org/psi/underwriting-esg-risks/; https://greenbook.co.za; Climate Transparency, 2019; Knysna Fires Report, 2018; WEF, 2020

UNIVERSITY OF CAPE TOWN
GRADUATE SCHOOL OF BUSINESS

Prof RALPH HAMANN

EXPERT OPINION

South Africa is a water-scarce country and yet it is exposed to intense storms – westerlies in southern and western parts of the country, and tropical storms in northern and eastern parts of the country. Adverse weather events also include drought, which gives rise to water scarcity and crop failures. Drought contributes to more frequent and more intense fires, especially when coupled with strong winds, which are also more likely due to climate change. Storms give rise to flooding and other physical damages related to hail and intense winds. Droughts and storms therefore represent significant risks to South Africa, and these risks will increase as climate change progresses, probably at an exponential rate. Put differently, such adverse events are more likely and more severe due to climate change.

Apart from droughts and storms and floods, climate change is also increasing the frequency and severity of extreme heat. Parts of South Africa already experience numerous extremely hot days and their incidence and geographic spread will grow. This increases health risks, especially for workers such as, farm workers or construction workers, as well as vulnerable populations (for example: the elderly, sick, infants) living in informal dwellings. It will also reduce labour productivity.

Climate change is also having effects on the natural environment, over and above the effects of drought or storms on crops and livestock. Some of the land that is currently arable will likely become less so, or entirely arid. The distribution of pests and pathogens is changing and this will have health risks, such as those associated with expanding areas of malaria risk. The current scientific consensus is that climate change is advancing faster than expected 10 to 20 years ago. Particular concerns surround the likely existence of thresholds in the climate system, which, when breached, may lead to exponential increases in the rate of climate change. A prominent example is the thawing of permafrost in the Arctic due to rising temperatures, which would release immense amounts of methane gas (a powerful greenhouse gas) and thus further accelerate climate change.

The key indicators of climate risks and related risks are in the incidence and severity of droughts, extreme heat days, storms, floods, and changing distribution of plants, animals, and micro-organisms, including pathogens. Droughts and floods happen anyway, of course, but there is a growing and increasingly rigorous science surrounding the so-called attribution of such adverse events to climate change. So, for example, there are increasingly robust calculations that tell us how much more likely an event like the Cape Town drought with Day Zero has become due to climate change. Other indicators relate to the economic losses resulting from these adverse events, including both insured and uninsured losses, and most critically, loss of life. These points are made in the public arena, but arguably not sufficiently discussed amongst key stakeholders in government, business and civil society. There are some efforts by government and the private sector to address these risks, but these are insufficiently widespread and insufficient in scope considering their scale.

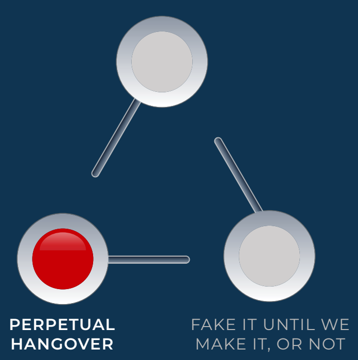
A key challenge to SA effectively dealing with climate change risk may be compared to the "boiling frog" metaphor. Climate change risks accumulate slowly and thus do not gain significant societal attention – until they have become very significant, or even overwhelming as exhibited in disasters or extreme events. They are also associated with spatial and temporal scales that are commonly beyond the awareness horizon of most decision-makers in government and business. This is also because other challenges and risks are more immediate in time and space and therefore crowd out climate change risks in people's attention. Another difficulty relates to the cross-cutting nature of climate change risks, affecting different parts of the economy and society at different scales and timeframes. This means that there is a need for both long-term strategic planning and coordination between different parts of government, as well as collaboration with private sector and civil society stakeholders.

A related challenge is that many companies currently focus largely on responding to climate risks to their own operations. This ignores opportunities to develop more collaborative and effective strategies to address such risks at community or landscape levels. Sometimes it may even worsen the underlying problems (also referred to as "maladaptation"). A particularly important type of opportunity to pursue is known as "ecosystem-based adaptation," which focuses on the restoration and maintenance of ecosystems that help reduce climate risks. Examples include coastal dune systems that play a vital role in protecting against floods and storm surges. Many adaptations to climate change risks are "no-regret" interventions and they can have diverse "co-benefits." In other words, they involve measures that not only address climate risks, but also have benefits for employment, community development, water quality and security – broader society, in fact.

3.9
YOUTH UNDER INCREASING PRESSURE – THE LOST GENERATION

Unemployment figures for the youth globally has been increasing since the 2008 Financial Crisis and is now deepening due to the Covid-19 pandemic. The youth is under increasing pressure as they try to make ends meet through self-employment avenues, such as casual labour, working for SMMEs and/or form part of the new GIG Economy.

SCENARIOS



FLAGS

COUNTRY FLAGS	C	F
1. LEADERSHIP		
2. INSTITUTIONAL CAPACITY		
3. POLITICS		
4. SOCIAL COHESION		
5. NATIONAL POLICY		
6. SERVICE DELIVERY		
7. INEQUALITY		
8. ECONOMY		
9. GLOBAL TRENDS		
10. CLIMATE		

C – CURRENT (2020/21) F – FUTURE (2030)

SUCCESS STORIES

Professor Tawana Kupe, Vice Chancellor and Principal of the University of Pretoria talks about how the University addressed the digital inequality and lack of access among their students. "Thanks to their ability to adapt, this generation of students is rising to the challenges of online learning. Because of this ability to adapt and flourish in an ever-changing environment, they have managed to transition to the new way of studying, something that will from now on be an integral part of tertiary education worldwide.

Source: "Ability of youth to adapt to and adopt new tech is key to addressing unemployment", By Professor Tawana Kupe, Daily Maverick, Op-Ed, 11 June 2020.

"A 2018 study showed that "the Great Recession" and its aftermath significantly widened the wealth gap between the young and old. Just a decade after the 2008/2009 financial crisis, the Great Lockdown poses significant educational and employment challenges that could bring about a second lost generation."
Source: WEF Covid-19 Risk Outlook Insight Report, May 2020, in partnership with Marsh & McLennan and Zurich Insurance Group.

TOP 5 CHALLENGES TO ACHIEVING TARGETS

1. Increasing social challenges in the form of unrests, exposure to radical groupings or organised crime, caused by rising youth unemployment.
2. Increase in drop-out rates due to plummeting household and business incomes specifically in the SMME sector.
3. The Digital Divide: Lack of tools for online learning and inability to adapt educational spaces at home.
4. The Urban/Rural Divide: Employability depends on Ivy/Non-Ivy league education caused by historical factors and location of educational institutions.
5. Work Ready: Students struggle to make the transition from TVET/University life to a working life.

TOP 5 RISK TREATMENT OPTIONS AND OPPORTUNITIES

1. The Economic Recovery Plan must include a significant investment in youth.
   Step up delivery on the President's Youth Employment Intervention (Five Interventions programme).
2. Enabling environment to boost SMME recovery and focussed effort to reduce bureaucracy and improve ease of doing business. Ensure that Covid-19 rescue packages reach the intended recipients.
3. Fast track implementation of high demand spectrum. Creative solutions to provide access to technology for disenfranchised youth in our country.
4. Equip township and rural institutions with an office that drives employment of learners post qualifying. Corporate must step up internships to include a more diversified cohort of qualified students for their internship programmes.
5. Institutions of higher education must include "work ready" learning programmes as well as additional courses such as critical thinking etc. Organisations need to open workplaces for internship programmes/on-the-job learning. Organisations need to open workplaces for internship programmes/on-the-job learning

FACTS AND FIGURES

YOUTH UNEMPLOYMENY – 1st QTR 2020

- Unemployment rate for youth aged 15-34 years equalled 43.1% and 59% for youth aged 15-24 years.
- The unemployment rate for graduates is 33.1% for youth aged 15-24 years. Education is key to young people prospects of getting employed.
- 1.9 million young people without work were discouraged from looking for work, due to lack of skills and experience.
- 8.5 million of the youth aged 15-34 years were Not in Employment, Education or Training (NEET).
- Graduate unemployment is less than 10%. Unemployment rises as that level of education drops.

Source: WEF_COVID_19_Risks_Outlook_Special_Edition_Pages

VICE CHANCELLOR AND PRINCIPAL
UNIVERSITY OF PRETORIA

Prof TAWANA KUPE

EXPERT OPINION

"We will not let this crisis go to waste." To quote Mr Tito Mboweni in the recently released Medium Term Budget Policy Statement (MTBPS), the same report refers to plummeting household and business incomes alongside severe restrictions in movement, has led to a spike in job losses, large scale business closures and a near complete halt in international good trade. By June 2020, the number of people in employment had fallen by 2.2 million, leaving South Africa with only 14.1 million workers employed.

The youth in South Africa depend largely on SMMEs for employment, a sector that has been hard hit due to lockdown regulations. Unfortunately, the MTBS is silent on how these factors have impacted the youth, who face an increased dropout rate (due to unemployed parents) and increased unemployment resulting from business closures. The report is equally silent on how the Economic Recovery Plan aims to address the growing inequality felt by our youth in the form of lack of tools and online access to learn from home. Inequality has also meant that most do not have basic facilities at home to create a conducive educational space to learn. The gaps in learning created by the pandemic will impact this generation for years to come – specific plans to address this are few and far between. Significant investments in youth development programs are required to address education and employment challenges faced by the youth. These investments are also necessary to reduce the negative social impacts of unemployed youth in the form of unrests and or being targeted by radical groups or organised crime. The goal is to rescue the "new lost generation".

In February this year, President Cyril Ramaphosa introduced a five-year plan dubbed the Presidential Youth Employment Intervention to reduce youth unemployment, which at the time stood at over 40%. The five interventions include: online platforms to connect job seekers to employers and provide work readiness training; short courses to steer young people into high-demand sectors such as technology, tourism and agriculture; bolstering entrepreneurship opportunities in townships and rural areas; providing work experience opportunities through the Youth Employment Service and championing the Presidential Youth Service Programme. He also announced a funding increase for youth-owned businesses through the Department of Small Business Development, the NYDA and the SME Fund. Barriers to entry, such as internet access and high data costs, would also be eradicated to help entrepreneurs.

The University of Pretoria's solution to addressing employability of students is the idea of "lifelong learning". The world is increasingly complex and disruptions, be they the industrial revolution or 4IR, area constant. The future of work therefore depends largely on students' ability to constantly learn and unlearn as the environment changes. The University has therefore also emphasised the importance of "the ability to teach". All lecturers must undergo training in teaching. A qualification only is no longer the only requirement to qualify as a lecturer. To ensure students are work ready, the University has designed a "ready for work" course that is compulsory for all students regardless of their specific vocation. The goal is to ensure that in addition to their qualifications, students are equipped with critical-thinking skills. These courses are supported by the University Alumni. Students also have access to an online course in Entrepreneurship supported by a special programme called "Tuks Innovation". Students are however encouraged to get work experience to understand how businesses are run before embarking on their own innovative ideas. Specific focus areas include veterinary and agricultural sciences, as well as "township economies". Innovation Africa also includes small-scale farming in its programme. More effort is required to close the digital divide if we are to add the "Gig Economy" as one of the solutions for addressing youth unemployment. Businesses views on how to leverage a "Gig Economy" to save costs and add value also needs to evolve to provide the necessary opportunities. Apart from saving costs, it also has the potential of significantly improving the quality of life.

The growing inequality exacerbated by the 2008 Financial Crisis, as well the Covid-19 pandemic, has resulted in what is now known as the "second lost generation". The presidential programmes suggest that the political will to address education and youth unemployment is strong. However, if not implemented with urgency our youth will be condemned to suffer for a long time to come. Our youth need all the support they can get, both from the public and private sector.

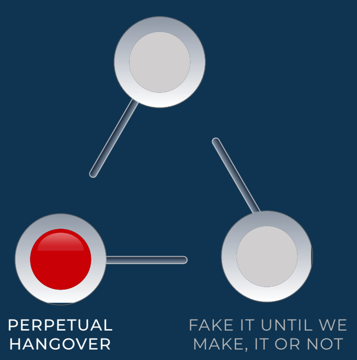
The University is therefore hard at work ensuring that they do not merely produce graduates. Our philosophy and programmes are premised on understanding societal problems and working towards explicit impacts that can make lasting changes in our communities and the economy at large. We can only be successful if our efforts are supported by a social compact that includes government, business, labour and the communities we serve.

Sources: WEF Covid-19 Risk Outlook Insight Report, May 2020, in partnership with Marsh & McLennan and Zurich Insurance Group., Daily Maverick article by Sandisiwe Shoba, 13 Feb2020, "Ramaphosa and the five-step plan to tackle youth unemployment.

3.10
DISRUPTIVE TECHNOLOGIES

Disruptive technologies and the Fourth Industrial Revolution (4IR) will deepen the connections between the biological, physical and digital worlds, therefore blurring or merging capabilities amongst these domains. This, accelerated by lockdown, opens up a whole new era for economic and social developed by taking advantage of fast evolving technologies such as artificial intelligence, robotics, virtual reality 3D printing etc.

SCENARIOS



FLAGS

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5. NATIONAL POLICY		
6. SERVICE DELIVERY		
7. INEQUALITY		
8. ECONOMY		
9. GLOBAL TRENDS		
10. CLIMATE		

C – CURRENT (2020/21) F – FUTURE (2030)

SUCCESS STORIES

It has been a tough past year but the African start-up space has shown great strength and tenacity in the face of adversity. Examples are:

reOS - thoroughly shaking up the South African real estate space with its task automation tool for rental professionals and planning to disrupt international markets.

The Gradient Boost – an online mentor-guided data science school making digital learning more efficient by combining its data science modules with guidance from experienced mentors.

Vodacom & Discovery - During the Covid-19 pandemic, partnered to leverage the power of Telemedicine and Broadband technologies.

https://disrupt-africa.com/2021/01/05/12-african-startups-to-watch-in-2021/

Taking advantage of technology and the 4IR promises substantial economic and social value for our country and its people. The use of newer technologies gives rise to a more productive and competitive economy building wealth and sustainability for all South Africans. The 4IR has the capacity to create large-scale employment – provided we can build human capital relevant to the needs of a technology-driven world.

TOP 5 CHALLENGES TO ACHIEVING TARGETS

1. Delays and indecision regarding digital related infrastructural requirements such as digital spectrum.
2. Lack of or inability to develop appropriate human capabilities required for a digital world – in the right place at the right time.
3. The strategic and competitive direction of the South African state is not clear from the Industrial Policy Plan.
4. The barriers to or ease of starting a small business in South Africa, are far too high compared to other African countries. Bureaucracy and over regulation stifles investor confidence and entrepreneurial spirit. In addition, there is very little in the way of incentives such as seed capital, funding and tax breaks for small start-up companies.
5. Failure to respond to and take advantage of the nature of these technological changes across all facets of life including societal, labour, government, business and environmental.

TOP 5 RISK TREATMENT OPTIONS AND OPPORTUNITIES

1. In the short term, the economic recovery plan focuses on infrastructure, electricity generation, digital spectrum allocation, employment and rapid industrialisation.
2. A supportive education system is required to build cognitive capability versus technical/skill-based training, building and improving adaptive capacity and resilience. Perhaps going forward, access to free/cost effective data/bandwidth should be considered a basic human right in the same way as water, food, energy, education etc.
3. A set of 4IR initiatives should be led and regulated by government to unlock the potential and power citizens. As a developing nation, we can leverage off success in developed countries and make quantum leaps.
4. Encourage and facilitate an environment which fosters entrepreneurial spirit, including less red tape, incubator funding, tax breaks and incentives.
5. Leverage technologies such as AI, drones, robotics, genetic engineering to enhance productivity across all industries, such as mining, agriculture, medicine, manufacturing etc.

FACTS AND FIGURES

- A 2019 study estimated that almost 50% of American jobs will be at high risk of automation by the mid-2030s.
- 80 companies see a rise in this trend as one of the top risks for the immediate future.
- Additional unemployment from accelerated workforce automation is one of the more likely fallouts from the Covid-19 crisis.
- The acceleration of this trend could worsen a digital divide emerging within the workforce, characterized by a polarization of jobs and a widening gap in digital skills.
- The geo-economic factors connected with this trend could produce a similar automation divide between countries.

Source: Mail & Guardian, Daily Maverick, Business Day, Business Insider, Global Leadership, Corruption Watch, GVI Africa, People Factor Magazine and the University of Western Cape.

HEAD OF THE FORENSICS TECHNOLOGY SOLUTIONS DIVISION
PWC

JUNAID AMRA

EXPERT OPINION

For businesses, the opportunity exists to accelerate a transformation towards digital operating models, while enhancing productivity. When it comes to the Fourth Industrial Revolution (4IR), technology has demonstrably helped societies manage the Covid-19 crisis and provided a window into the benefit of technology-enhanced ways of learning, working and producing – from telemedicine and logistics to the knowledge economy. There is potential for a new era of innovation, growth and enhanced technology in the service of governance, environmental and sustainability (GES) goals.

Although lockdown has had economically destructive effects, it has also had some positive effects. These include:
Fuelling the tech-enabled, contact-free economy (including telemedicine, online retail, and social-distancing delivery and logistics, which promise to boost employment in certain areas and sectors); changing mindsets and making remote working acceptable, thus widening the net of available resources and roping in those who previously may have been precluded from employment based on their geography; prompting businesses to repurpose their industries (for example: producing PPEs/ventilators) and adopt new technologies such as 3D printing; accelerating technologies such as AI, drones, robotics and genetic engineering to enhance productivity and competitiveness; fast-tracking the implementation of online learning portals and creating the opportunity for home-based learning across all societal levels.

As a developing nation, we can leverage off developed nations and avoid incurring huge R&D costs and/or trial-and-error costs. We can also deploy the latest technologies without being tied down by legacy technology. Some of the challenges preventing South Africa from taking advantage of these advances include:

- Digital spectrum allocation delays and indecision. Infrastructure is indeed the cornerstone of modern society, consisting of a grid-like network of roads, rail, water supply, electrical grids, the built environment and digital networks.
- High input costs (electricity; water supply and availability; transport and logistics).
- Skills deficit/mismatch, which constrains the country's industrial development.
- "Red tape", limited incentives and seed capital to assist entrepreneurs in starting new businesses.

PwC recently analysed the top 250 emerging technologies and have compiled a list of 8 technologies believed to be the most transformative to organisations in the next 3 to 5 years.

The following transformative technologies have been identified:

1. Artificial Intelligence (AI): The use of AI is gaining momentum. This will accelerate as the technology matures and the use-cases become better defined. For example, PwC is already leveraging AI technology to speed up investigations through the use of natural language processing on unstructured data.
2. Augmented Reality (AR): Augmenting a virtual world into the real world.
3. Block chain: Block chain creates trust because it represents a shared record of the truth. Trusted data will help power other new technologies to dramatically increase efficiency, transparency and confidence.
4. Internet of Things (IoT): IoT is moving towards more intelligent devices – not just passive monitoring but also performing actions based on what the sensors or devices might be detecting. An example in the mining industry: sensors that can be used to detect air quality or even ground stability.
5. 3D printing: Due to the advancements in 3D printing, the manufacturing industry will be revolutionised. This presents a cyber risk whereby organisations' IP and schematics become critical and will be targeted by attackers due to the ease of production.
6. Virtual Reality (VR): Creating a simulated experience in a virtual world. For example: organisations simulating disasters using VR glasses, to show employees how to react in a real disaster.
7. Robotics: There are huge advances in the building of robots, with hydraulics being replaced with synthetic materials that look and feel like human tissue.
8. Drone Technology: Drones are unmanned vehicles. This includes flying drones, terrestrial drones or even submersibles that can be remotely controlled or fly autonomously following embedded route plans (working in conjunction with onboard sensors and GPS). From surveillance to distribution, the uses for such technology are endless.

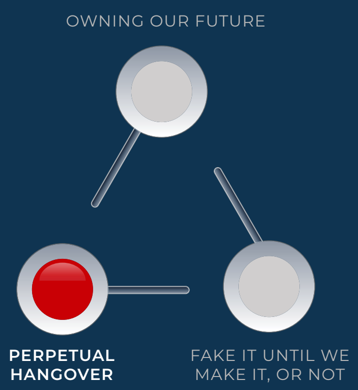
Businesses are starting to use a combination of these technologies to fast-track business transformation. Refining problem-solving skills, deepening computational abilities, thinking systematically and, most importantly, mastering the social world are critical to succeeding in the 4IR.

Sources: Communication and Digital Technologies Notice-591

3.11
CYBER RISK

As the digital age accelerates, cybersecurity is more critical than ever. New working patterns raise concerns about the security of networked technologies and increase the risk of cyberattacks and data fraud. Cyber risk is no longer just an IT problem; it is an extremely serious threat to the well-being of a country, organisation and the individual.

SCENARIOS



FLAGS

COUNTRY FLAGS	C	F
1. LEADERSHIP	Yellow	Green
2. INSTITUTIONAL CAPACITY	Red	Yellow
3. POLITICS	Yellow	Yellow
4. SOCIAL COHESION	Red	Yellow
5. NATIONAL POLICY	Yellow	Yellow
6. SERVICE DELIVERY	Red	Yellow
7. INEQUALITY	Red	Red
8. ECONOMY	Red	Yellow
9. GLOBAL TRENDS	Green	Green
10. CLIMATE	Red	Red

C – CURRENT (2020/21) F – FUTURE (2030)

SUCCESS STORIES

The South African Banking Risk Information Centre (SABRIC), a Non-Profit Company formed by major SA Banks to initially assist the Banking and Cash in transit industries combat organised bank-related crimes. They have adapted to become Africa's trusted financial crime risk information centre leveraging on strategic partnerships.
It was no small feat to bring financial competitors together to share sensitive incident information in the spirit of collaboration. While there have been challenges along the way, I believe the benefits are now realised by the financial sector and the country as a whole.

Cyber-attacks and data breaches are on the increase. Covid-19 has been the catalyst forcing countries, organisations and individuals to embrace digitisation to a far greater extent in a short time frame, thus making us more dependent on technology and far more susceptible to cyber-crime. Rapid rollouts and dramatic surges in the use of technological solutions increase risks of cybercrime, infrastructure overload and breakdown, privacy violations and inequality.

TOP 5 CHALLENGES TO ACHIEVING TARGETS

1. Vulnerable Services: Expanded use of potentially vulnerable services, such as virtual private networks (VPNs) that lack adequate safeguards due to increased working from home.
2. Legislation: Ineffective legislative and regulatory processes, as well as poor and often delayed implementation.
3. Sophisticated cyber-criminal operations run like large corporates, with specialised divisions targeting governments, companies, NGOs and individuals for considerable amounts of money.
4. Poor cyber security awareness and implementation, specifically exposing sensitive information.
5. Increased complexity, dependency and larger footprint, as more organisations make use of third-party service and shadow IT (cloud services).

TOP 5 RISK TREATMENT OPTIONS AND OPPORTUNITIES

1. Identify appropriate technology and process interventions in order to optimise preventive, detective and investigative controls in your environment.
2. Allocate adequate funds and resources to implement much needed legal and regulatory reform measures and reduce bureaucracy to ensure that critical legislation is implemented timeously. Introduce legislation in South Africa compelling organisations to declare cyber attacks/ incidents
3. Public and private organisations will need specialised skills dealing with cybersecurity. Not just an IT responsibility. It is much wider.
4. Monitor and report cyber-attacks and breaches at senior levels rather than just being an IT incident and an IT problem. Set up an incident response team. Invest in detective controls detect and remove attackers from networks and systems as soon as possible.
5. Holistic approach to security, which includes due diligence on third party contractual obligations, accountability and liability.

FACTS AND FIGURES

Overall, global fraud rates have hit a near-20-year high, with 47% of companies reported to have experienced fraud over the past two years.
SonicWall Capture Labs Threat Researchers' key findings:
39% decline in malware (4.4 billion YTD); volume down for third consecutive quarter.
- 40% surge in global ransomware (199.7 million).
- 19% increase in intrusion attempts (3.5 trillion).
- 30% rise in IOT malware (32.4 million).
- 3% growth of encrypted threats (3.2 million).
- 2% increase in crypto jacking (57.9 million).

Attackers sit on a network for 60-130 days without being detected.
The Alert Africa team has assisted over 100 victims of cybercrime and harassment to date. The top scams reported are:
Internet fraud: sextortion, threats of sharing sensitive photos and scamming via online ads & other services.
Hacking/computer-intrusion scams: business emails compromised, social engineering and hacked PC accounts.

Source: Alert Africa (www.alertafrica.com), SonicWall Capture Labs Threat Research

MANAGING DIRECTOR
WOLFPACK INFORMATION RISK (PTY) LTD

CRAIG ROSEWARNE

EXPERT OPINION

Every company, whether big or small, needs to have a level of cyber security in place: the probability of being attacked is high and constantly increasing. Ransomware, extortion/denial of service, loss of sensitive data impacts all organisations, big or small, public or private. Apart from the financial losses, cyber-attacks can and will result in irreparable reputation damage.

To fully appreciate the level and extent of the risks, a three-dimensional model, where country risk, organisational risk and individual risk are totally interconnected, needs to be adopted. Individuals work for companies and companies operate within a country. Countries have the added responsibility of cyber safety over critical infrastructure which supports, for example, the banking sector, telecommunications, utilities – all of which are open to cyber-attacks. Such attacks can have dire economic and social impacts at country level.

Cyber-crime in South Africa is perpetrated by threat agents using the following methods in order of preference:

- Professional cyber criminals employing cyber methods such as financial theft, extortion (business disruption/information leakage), collusion and scams. These organisations are becoming increasingly sophisticated. They operate as large corporations with specialised divisions. They are further expanding their operations by identifying channel partners to distribute their malware for a share of the proceeds.
- Insiders (hacktivists, disgruntled employees, reckless employees, unaware employees and 3rd parties) employing cyber methods such as information leaks (accidental/intentional), fraud, collusion, social engineering, extortion, dark-web activity and ransomware. What is disturbing is the increase in IP (Intellectual Property) theft by executives who leave an organisation due to retrenchment. There has been a steady increase in Anton Pillar orders related to IP theft.
- Black-ops (government sponsored attacks, (military/intelligence)) mercenary/black hat hackers, terror groups and hacktivists employing cyber methods such as intelligence gathering, intellectual property theft, propaganda and misinformation, critical infrastructure damage, terror funding and distributed denial of service.

Ransomware in South African is a major issue. A high-profile government department with extremely sensitive information recently experienced a very serious ransomware attack. A powerful strain of ransomware was used where the modus operandi is to steal the data first and then encrypt. This means that the cyber victim can be extorted twice; one to pay for the ransom, and the second to keep quiet and/or not publish the sensitive data. In this case the sensitive information could severely impact the state's ability to prosecute criminals and impede the fight against corruption thus affecting the entire country.

In addition to the challenges highlighted above, organisations also need to consider the following:

- Lack of cyber skills and added to this is the high churn rate of skills.
- Although cyber tools are in place, these are not always deployed and managed effectively.
- Senior Executives do not always understand the risk even though they are aware that something has to be done.
- There is often a disconnect between business and IT. As organisations become more dependent on technology, IT risk/cyber risk will become far more important in terms of guaranteeing availability.
- Companies at times adopt a "tick the box" attitude towards compliance rather than doing things for the right reason.
- Most companies currently perform a technical IT risk analysis but do not always appreciate or understand the business impact and relationship between IT assets and business risks. Consider how the following scenarios would impact your business:
- Sensitive customer information is accidentally shared by a third party,
  - Key systems are hacked and information & backups are encrypted/held ransom
  - An employee leaks sensitive salary/racial information to the public via social media,
  - Cybercriminals hack the finance department and steal money to fund terrorist activity.

Notwithstanding the above challenges, Covid-19 has created a new normal. The increase in working-from-home arrangements has expanded the use of potentially vulnerable services, such as virtual private networks (VPNs) that lack adequate safeguards, amplifying the threat to individuals and organisations. A blurring of the line separating corporate and personal systems heightens the risk of exposing sensitive information not appropriately secured and monitored on personal devices. Organisations cannot merely focus on company security; they need to also focus on the people and home aspect of security during and outside working hours.
Risk prevention measures should include cyber awareness and training, an incident response team, war gaming sessions, testing from a phishing perspective, improved reporting of suspected weaknesses, users being more aware to check before clicking on links and improved corporate culture. In other words, a team effort is required in counteracting cyber-attacks.

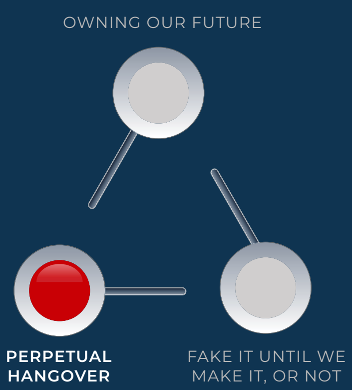
In conclusion, all organisations need to identify appropriate technology and process interventions in order to ensure that preventive, detective and investigative controls are in place. Spend allocated budgets in the right areas. At a human resource level, ensure that appropriate cyber-security skill sets are put in place.

Sources: Wolfpack Advisory – www.wolfpackrisk.com; Alert Africa (www.alertafrica.com); Sabric - https://www.sabric.co.za/; SonicWall Capture Labs Threat Research; Communication and Digital Technologies Notice-591

3.12
PROLONGED DEEP ECONOMIC RECESSION AND/OR ECONOMIC COLLAPSE

This year's medium-term budget policy statement (MTBPS) provided another sobering but realistic assessment of government finances, especially the rapid and unmitigated deterioration in key fiscal parameters during 2020. More importantly, it revealed that without significant fiscal reforms – and an improvement in economic growth – the government's fiscal position will deteriorate further, quickly reaching a point where an outright crisis is inevitable. This would have severe implications for financial markets, as well as the broader economy.

SCENARIOS



FLAGS

COUNTRY FLAGS	C	F
1. LEADERSHIP		
2. INSTITUTIONAL CAPACITY		
3. POLITICS		
4. SOCIAL COHESION		
5. NATIONAL POLICY		
6. SERVICE DELIVERY		
7. INEQUALITY		
8. ECONOMY		
9. GLOBAL TRENDS		
10. CLIMATE		

C – CURRENT (2020/21) F – FUTURE (2030)

SUCCESS STORIES

President Cyril Ramaphosa's successful drive to raise investment pledges from local and foreign companies to rebuild the economy in the wake of the devastating Covid-19 pandemic that has wiped out prospects of economic growth and job creation.

The Minister of Finance made it clear that "options to stabilise the fiscus are becoming increasingly limited". It is also evident that without a sustained increase in economic growth accompanied by an increase in employment and an improvement in revenue collection and tax morality, the South African government is going to continue to struggle to meet its revenue targets. Without higher economic growth, tax collection will continue to dwindle, scuppering government attempts to meet its social-economic objectives.

TOP 5 CHALLENGES TO ACHIEVING TARGETS

1. Low tax collections caused by low business and consumer confidence. Corporate SA not investing in new projects and consumers are afraid to spend.
2. High interest burden – budget deficit at an all-time high. Means we will collect tax to pay interest.
3. SOE Bailouts – eat into the budget and increase borrowings.
4. Poor allocation between consumption and infrastructure projects – what is the make-up of these projects, do they create local jobs and who benefits – SA or the overseas company who build the project – for example: e-Tolls.
5. Wage cuts – the R316 billion in government wages cuts may not happen, given the pressure from Unions – who had a taste of succeeding with SAA.

TOP 5 RISK TREATMENT OPTIONS AND OPPORTUNITIES

1. More efficient tax collection, run SOEs as profitable entities, align revenue with expenditure in government and restrict government spending.
2. Government policy reforms to stimulate economic growth. Call on all people to observe Covid-19 safety protocols to prevent a move back to stricter lockdown regulations.
3. Stricter management and discipline enforced at SOEs. Capital expenditure prioritised over consumption expenditure and matching of income and expenditure.
4. Prioritise capital expenditure over consumption expenditure and matching of income and expenditure.
5. Develop employee ownership and profit share reward schemes to encourage profitability and better management of parastatals.

FACTS AND FIGURES

BUDGET
- Government revenue is now projected R1.28 trillion in 2020/2021, which is R312.8 billion less than in February 2020 and R430 billion below what was envisaged 3 years ago.
- TAX
- R235.3 billion allocated to Health which equals to 4.5% of GDP (R5 240 billion) for 2020/21.
- 2.9% increase in Health Budget allocation for the next 3 years.
- R8.9 billion reduction in Employee Compensation for 2020/21. Total reduction over the next 4 years to 2024 amounts to R72.7 billion.

GDP
- Due to Covid-19, GDP forecast to decline by -7.8% in 2020, after growing by only 0.2% in 2019.
- 2021 GDP forecast revised up from 2.6% to 3.3%, while the growth estimates for 2022 and 2023 are little changed at 1.7% and 1.5% respectively.

FISCAL DISCIPLINE
- 2007/08 & 2011/12, government non-interest spending grew by an annual average of 14%, due to increase in public-service compensation and an expansion of social grants.

Source: Medium Term Budget Policy Statement 2020 – 28 October 2020, Stanlib Economics Team, October 2020
https://www.ecr.co.za/news/news/ramaphosa-over-50-companies-commit-invest-sa/

STANLIB
CHIEF ECONOMIST

KEVIN LINGS

EXPERT OPINION

The sustained deterioration in South Africa's fiscal position, which has been especially pronounced this year due to the unexpected and devastating impact of Covid-19, largely reflects the combined effect of three major longer-term constraints. These include weak economic growth that has led to a persistent under-collection of tax revenue; an ongoing need to provide many State-Owned Enterprises (SOEs) with additional finance; and the sharp deterioration in the efficiency of government spending.

National Treasury have revised up their 2021 GDP forecast as per data in facts and figures. It remains South Africa's reality in the short term and is the most significant constraint – especially in terms of job creation and a meaningful increase in tax revenue collection. The Minister of Finance has repeatedly highlighted that, should government make a concerted effort to implement the needed policy reforms, economic growth could exceed these estimates in the longer term. Encouragingly, National Treasury does envisage an increase in fixed investment spending in both 2022 and 2023, after a few years of sustained contraction. This growth in fixed investment is supported by government's current infrastructural development initiative, which appears to be gaining some traction.

In 2020/21, government is now expecting to only collect R1.11 trillion in tax revenue, down by R8.7 billion relative to the projections in June and a massive R312.8 billion below the budgeted tax revenue presented in the February 2020 Budget. This significant under-collection implies that total revenue will decline by -17.9% year-on-year during the current tax year vs a budgeted increase of +5.1%. As such, the tax-to-GDP ratio is expected to decline substantially and will be South Africa's worst tax performance since at least 1996. The shortfall of R312.8 billion has been driven by the tax relief measures implemented to combat the economic effects of the Covid-19 lockdown and the negative economic growth expected this year.

The expenditure to tackle the effects of Covid-19 is expected to result in a net increase of R36 billion, consisting mainly of non-interest spending for 2020/21 relative to the February 2020 budget. Most of the proposed upward expenditure adjustments are still expected to be spent on supporting vulnerable households and providing health and education services in households and schools. This includes the provision of water, sanitation, personal protective equipment and the continual deep cleaning of public areas. This is a step in the right direction – but is it enough and sustainable?

Between 2020/21 and 2023/24, the National Treasury estimates that government's wage bill will decrease by R310.6 billion, mainly through wage freezes for management-level employees and much slower wage increases for other employment levels. This plan is ambitious, as its success will require buy-in from the broader public sector, including municipalities, SOEs and trade unions. It also seems unlikely that government will succeed in its efforts to renegotiate the 2018 wage agreement aimed at saving R36.5 billion in 2020/21. It is, however, encouraging to see that the learning and culture function continues to receive the largest allocation of funds, mainly for basic and post-school education and training.

Economic development and community development are the fastest-growing functions at 4.6% and 4.3%, respectively, mainly due to higher growth in road infrastructure and expanded access to basic services in line with the economic recovery plan. Unfortunately, debt service costs continue to be the fastest-growing expenditure item over the medium term, growing by an average of 16.1% and increasingly crowding out spending in most functions.

The split between consumption and capital expenditure remains unbalanced. Over the past 10 years, government has tended to increase consumption expenditure at the expense of capital projects. This undermines economic growth over the longer term and is leading to the deterioration of many vital areas of service delivery, including water, healthcare and education. The efficiency of spending has deteriorated significantly, with the Auditor General reporting a substantial increase in wasteful and unauthorised expenditure in recent years. This, coupled with high levels of corruption, undermines the effectiveness of government services and negatively affects confidence.

A key constraint of the health of government's overall fiscal position is the perpetual need to provide significant additional finance to many of the State-Owned Enterprises (SOEs), such as Eskom and South African Airways. These bailouts, together with the under-performance of other SOEs, have contributed substantially to government debt. In addition, the government has raised expectations regarding the implementation of several ambitious projects, such as National Health Insurance. Achieving these ambitious goals is going to become increasingly problematic, unless there is a substantial increase in tax revenue and an improvement in the efficiency of government expenditure.

Sources: Medium-term Budget Policy Statement 2020, Article by: STANLIB Economics Team, October 2020

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SECTION FOUR

"Competence is such a rare bird in these woods, that I always appreciate it when I see it."

Frank Underwood *- House of Cards*

COMPETENCIES WE NEED TO OWN OUR FUTURE

Making sense of risk requires planning and unplanning as we respond to perpetual uncertainty. It requires fewer risk registers and more scenarios, and it should consider both expert and maverick ideas.

4.1 INTRODUCTION

For South Africa to become a risk-resilient country with a thriving economy – able to overcome shocks, bounce back, and grow – specific risk-management competencies are, amongst others, required at the level of the state, organisations, and risk professionals.

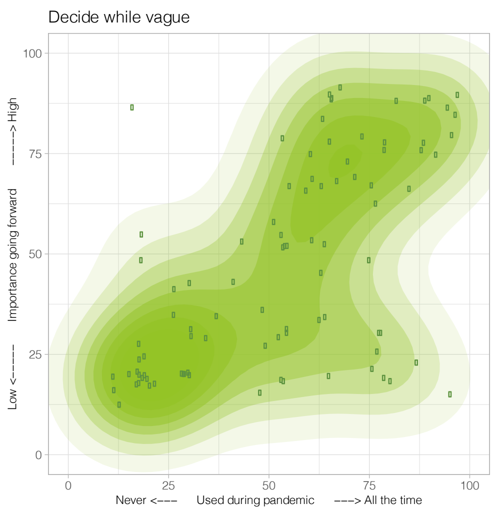
Risk is not binary. It is not all bad or all good, and it comprises both threats and opportunities. Likewise, risk management is not binary. It is intuitive and counterintuitive, partly art and partly science; related and unrelated; simple and complicated.

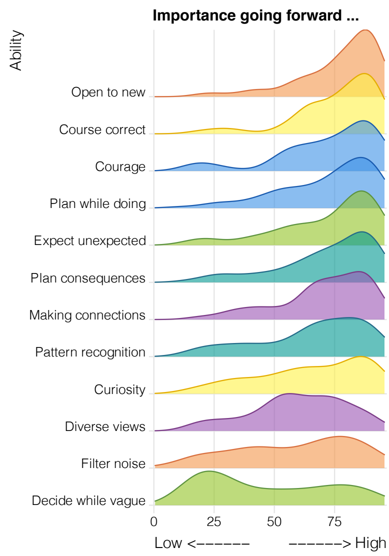
To make sense of uncertainty and the risks it introduces, various entities must necessarily comprise a litany of risk-management competencies to nurture creativity whilst retaining unity of purpose on emerging risks, adaptive responses, and a focus on building resilience to create a future in which all South Africans can prosper. These entities include the state; the organisations that make up and fuel the economy and society; and risk professionals that develop and bring risk-management expertise to bear.

4.2 A CHANGED WORLD

The leadership interviews, scenarios, expert opinions, and top risks confirm that we are living in a world, and at a time, where we can tangibly appreciate that risk is the effect of uncertainty on our personal and business objectives. The world has changed because of Covid-19, as well as political and organisational leadership responses to it. But this is neither the only nor the last driver of change that we will experience. There always have been, and there always will be, a next disruptor, followed by another – and they will, most likely, not follow in a sequential and orderly way.

Based on an analysis of 95 responses from business leaders and risk professionals in relation to the skills and attitudes through the Covid-19 period, the SenseMaker™ survey revealed that the following skills and attitudes are required as we go forward.





SOURCE: IRMSA SENSEMAKER™ SURVEY, 2020

SenseMaker™ found that listening to and distilling diverse views is important for risk awareness, and that more emphasis is required in this area. They found that taking decisions based on vague information might be a blind spot and IRMSA concluded that developing skills in the face of vague, and at times contradictory information is a risk management competency that will need to be further developed.

For risk management, these times present an opportunity that must be seized to demonstrate the purpose and value of Risk Management. However, value will not be demonstrated by doing the same things in the same way, as we have always done. We need to continue doing the beneficial things that we have been doing – but we also need to do new things in new ways. For that to happen, we need to make sure we have the requisite competencies.

4.3 STATE OF RISK MANAGEMENT

THE PURPOSE OF RISK MANAGEMENT

The purpose of the risk management function has not changed. Risk management continues to support risk-informed decision-making through the prioritisation of threats and opportunities, so that leadership can focus on taking the right risks to achieve organisational objectives. However, the way in which the risk management function should be performed has evolved. Consequently, the competencies that are needed for effectiveness must also progress.

The spotlight is on risk management and the opportunity should not be wasted.

In 2021, the spotlight will remain on risk professionals who have learned in 2020 how quickly a health crisis can turn into a socio-economic crisis. The Covid-19 pandemic has catapulted the role of the risk professional, which gives risk professionals a stronger voice than ever before in influencing the strategic direction of their organisations. The onus now rests on risk professionals to rise to the occasion and engage executive leadership with a view to helping organisations take more of the right risks needed to rebuild the economy and help the country to succeed.

After 9/11 and the 2008 Global Financial Crises, many organisations turned to the formal discipline of risk management. However, the discipline of risk management was often not sustained and stalled after a while. We cannot allow it to do the same after Covid-19, and we must use the current context as an opportunity to develop robust and resilient risk management as a country – as institutions, as industries and as organisations. The challenge for government, industries, organisations and risk professionals is to overcome the challenges we are facing as good stewards acting on behalf of future generations. The next shock will happen – we are just uncertain of its timing, nature, and impact.

In a 2019 survey before Covid-19, it was found that:

- 59% of business executives believed that the volume and complexity of risk is increasing extensively over time[1].
- 68% of organisations had recently experienced an operational surprise due to a risk they did not adequately anticipate.
- 31% of those surveyed said that they have a complete risk management process in place – and a mere 23% described their risk management as “mature” or “robust”.
- Fewer than 20% of executives believe that their risk-management processes provide an important strategic advantage.
- Just 26% said that their board substantively and formally reviewed top risk exposures when discussing the organisation’s strategic plans.
- Only 21% of board members believed their organisation was “very prepared” to respond to an adverse risk event like the Covid-19 pandemic[2].

Organisations know that risk is an enterprise threat, yet many are not adopting an enterprise-wide approach to managing it. Perhaps the issue lies in how governments and organisations perceive the value of risk management.

As the unseen coronavirus pandemic continues, and as the overreactions and underreactions of governments continue to cause prolonged disruption in nearly every industry, risk management is under the microscope. But it could, in future, be in the dock. Socio-economic and business success is more critical than ever before, and governments and organisations may finally be ready for proper and widespread risk management implementation.

[1] *North Carolina State University’s Poole College of Management, State of Risk Oversight Report, 2019.*

[2] *E&Y, Global Board Risk Survey, 2020.*

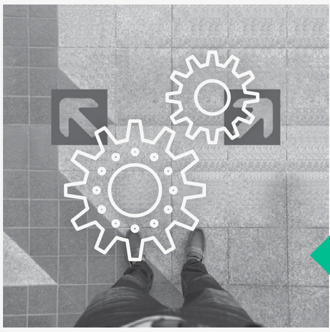
Considering the above, the following four risk management competencies must be demonstrated:

RISK MANAGEMENT STRATEGY

A clear risk management strategy is essential for effective risk management and the competence to create one is therefore core. Truly effective risk management practices are not overly process-oriented, bureaucratic, and complicated and may simply be concepts of mindset and approaches to leading and conducting business.

FOCUSED RISK CONVERSATION

The competence to facilitate a focused risk conversation that leads to a good decision is more effective than risk registers meticulously and laboriously updated for each board meeting.



EFFECTIVE RISK COMMUNICATION

Risk professionals should think beyond reporting all their activities to the board. The competence to concisely report the most important risks to achieving the most important goals is needed. The ability to practice good scenario-planning, coupled to an emerging risk framework, can enable organisations to focus on strategic risks that can materially impact the oranisation, as well as emerging risks in a constantly changing environment (risk context).

AGILE DECISION MAKING

Layers of process, reports, and committees do not promote agile decision-making and oftentimes, by the time the bureaucracy decides, the time for making a beneficial decision may be long gone. The ability to make good decisions quickly at the lowest level in the organisation where a well-governed decision can be made is another core risk management competence.

Success in managing risk requires a clear definition of risks, a proper definition of victory, and clear understanding of the events that could hinder or help the achievement of victory.

Effective conversations about actual risks will enable risk management to deliver on its purpose. The time is right to document less, discuss more, make better decisions, and implement bolder strategies.

Effective risk managers are not mere facilitators of a process. They are the ultimate integrators of risk information and influencers of influencers. They provide all decision-makers across the organisation with the optimal set of risk information on which to base their decisions.

4.4 SPECIFIC COMPETENCIES TO DELIVER THE PROMISE OF RISK MANAGEMENT

This section is written to guide readers who desire real strategic value from risk management. Given the space constraints, the topic cannot be covered exhaustively, but it is hoped that what is discussed would serve as a catalyst for you to take stock of where you stand, individually or as an organisation, and determine the actions you are going to take to transform and become competent and confident in the practice of risk management.

Competencies are the knowledge, skills, abilities, and behaviours that contribute to individual and organisational performance. Knowledge is information developed or learned through experience, study, or investigation. Skill is the result of repeatedly applying knowledge or ability. Ability is an innate potential to perform actions or tasks. Behaviour is the observable reaction of an individual to a certain situation. An organisation, public or private, that collectively has the knowledge, skills, abilities, and behaviours can be termed capable.

Capability is not easy to copy in a world where copies abound and is a source of real and sustainable competitive advantage.

4.5 STATE COMPETENCIES

The state must have specific competencies. These fall into three broad categories: to protect and punish; to provide infrastructure and serve; and to engage and collaborate.

The primary function of government is to protect the weak and vulnerable in society and punish lawbreakers. A secondary function is to provide the infrastructure and services, either on their own or through public-private partnerships, to encourage investors to risk capital – this by funding the businesses that provide the goods and services on which the economy is built, and from which taxes are levied to fund the fiscus.

Professional bodies such as IRMSA and others, as well as the private and NGO sector, should be engaged to assist with the risk-based decision-making competencies required to do this – and to find solutions in collaboration with government.

During these times of disruption and extreme uncertainty, government may also need to develop competence in performing economic triage when deciding which institutions, industries and organisations to save and which to let go. State resources are limited and giving a little aid to many organisations – but not enough to save any one of them – may be politically expedient but is economically ineffective. Tough choices will need to be made in deciding which industries and/or organisations will yield the best socio-economic return on investment.

The expectation is that the state would competently tackle corruption, reduce crime, and create policy certainty to encourage investment and halt capital and economic migration.

4.6 ORGANISATION COMPETENCIES

Organisations should have specific risk management competencies. Here we will consider four:

1. Holding a clear view of risk management
2. Robust decision-making capability
3. Dynamic planning
4. Agility in adapting and responding

The competencies discussed here are equally applicable to organisations in the public and private sector and, by extension, to government.

1. HOLDING A CLEAR VIEW OF RISK MANAGEMENT

Any endeavour or business has a reason or motivation for doing what it does and not doing what it does not do. Organisations must clarify what they want from risk management and how this supports the achievement of strategic objectives. An organisation must know why it is pursuing risk management before it can become competent at managing risk. Without this clarity, an organisation will not get value from risk management.

Only once an organisation knows and appreciates why risk management is valuable, will it support risk management and invite the risk management professionals to engage in a meaningful way.

2. ROBUST DECISION-MAKING CAPABILITY

USING RISK MANAGEMENT AS A DECISION-MAKING TOOL

Organisations must develop the competence to use risk management as a decision-making tool and not merely as a compliance tool. Unfortunately, many organisations continue to lament that their risk-management processes do not provide a competitive advantage and are not a helpful tool for decision-making.

An organisation's governance policy should ensure that the organisation is making the best decisions possible and, to this end, directors and executives must demand more than a risk register, a report, or a heat map. They need to ensure that a structured process exists for improving the quality of decisions and the avoidance of costly errors at all levels throughout the organisation.

SYSTEMATIC DECISION-MAKING

Risk management has its origin in the decision-making sciences. Organisations must have a systematic approach to decision-making, using proven tools and a structured communication process. This must be applied to generate, evaluate, and compare alternative decisions and options. Good decisions must be underpinned by a good decision-making process.

PROACTIVE DECISION-MAKING

A proactive – rather than a reactive – approach to decision-making is an essential capability, especially in uncertain times. The competence to know and apply tools to make good decisions quickly is essential. Proactively identifying threats and opportunities for strategic objectives, instead of merely reacting to events or issues as they arise, is a key distinction between traditional risk management and enterprise risk management.

SPEEDY DECISION-MAKING

Times of crisis demand speedy decisions, but also a complete rethink of an organisation's managerial modus operandi. This involves more than simply speeding up existing processes. It calls for the creation of entirely new procedures.

CONTINUAL REVIEW AND LEARNING

Operating under conditions of extreme uncertainty turns an organisation's operating imperatives upside down. A constant review of assumptions is needed. Instead of merely planning the work and working the plan, managers must be competent in comprehending and responding to dynamic and stressful change.

The cycle of learning from mistakes, recalibrating, and redesigning must take place continually to ensure that responses are reflective of the unfolding situation. Tenacious questioning of established assumptions, especially those based on ideas adopted under conditions of extreme uncertainty and pressure, is needed. No assumptions can be treated as sacrosanct. Organisations should accept when they are wrong, recalibrate, celebrate quick learning, and move forward.

SEEK EXPERT ADVICE

Where specialised knowledge is needed to make informed decisions, expert advice should actively be sought. The value of internal expertise, for example in risk management, should be actively engaged. Proposed solutions should be systematically challenged and, where required, external/independent advice should be part of the decision-making process and part of improving/providing assurance. Managers and risk professionals should be encouraged to shoot holes into proposals, but this should be done in a constructive manner.

BOLD RISK-TAKING

Executives and managers should be empowered and encouraged to take bold, speedy actions that would normally feel risky, based on whatever information is available at the time of making the decision. The counterbalance is that, as competence is developed in making fast practical decisions, decision-makers should readily be prepared to shift the course of action if the situation changes. We should bear in mind that King IV encourages responsible risk taking and, being risk averse, leaves value on the table.

[3] *The King IV Report of Corporate Governance in South Africa, 2016.*

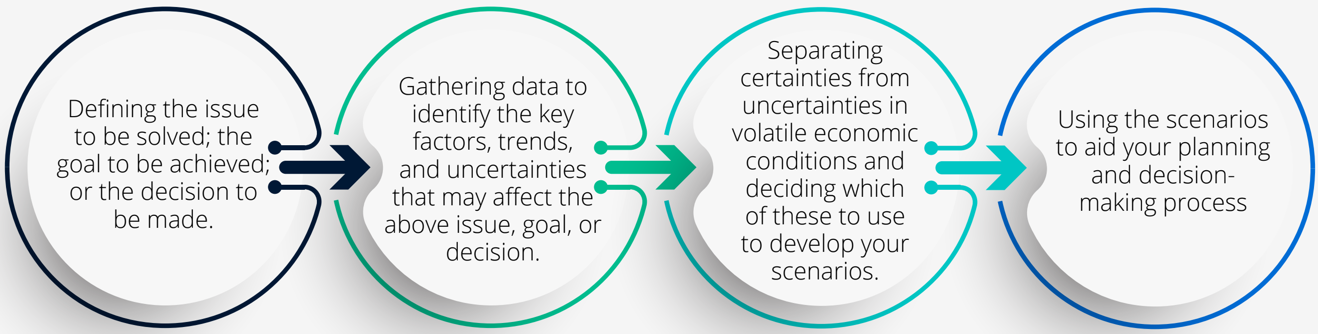
3. DYNAMIC PLANNING

REPLACING THE TRADITIONAL PLANNING CYCLE WITH A DYNAMIC ONE

Extreme uncertainty on a global scale is rare. However, existential crises at organisation- or community-level are more frequent, providing lessons concerning which operating models succeed and fail during periods of uncertainty. As traditional annual planning cycles are disrupted and undermined, the competence to plan dynamically and adjust quickly must emerge. If we find ourselves moving from one reporting cycle to another or one board cycle to another, the organisation is going to be in trouble.

SCENARIOS

The competence to develop and use scenarios and war-gaming techniques is essential in times of extreme uncertainty. To enable organisations to develop scenarios to explore different futures, Boards, C-Suite Executives and Risk Managers should develop competence in the areas depicted below.



PRIORITISATION

We cannot do everything about all things that may affect our business. In the end, we have limited resources with which we can only control so much. The ability to prioritise, given the pace and the nature of change and choosing between conflicting demands on resources, is a prime motivator for a robust risk management process with embedded decision-making capability.

4. AGILITY IN ADAPTING AND RESPONDING

IDENTIFYING AND RESPONDING TO RISKS FROM OUTSIDE

When making decisions concerning risks coming from outside the organisation, the only thing an organisation can control is how to react to things that are out of their control. This presupposes a good system in place to track and identify risks coming from outside the organisation. This is an important capability and an opportunity for risk and strategy to tie in resources/competence in how best to track the external environment.

FINDING NEW WAYS OF WORKING

Managers must become competent at working in a dynamic environment of extreme uncertainty. They must know what they need and develop the flexibility and capability to act collectively, quickly, and across the whole organisation as challenges arise.

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4.7 RISK PROFESSIONAL COMPETENCIES

A PIVOTAL ROLE

Executive and non-executive directors consistently complain that risk management does not provide strategic advantage or valuable insights to decision-making. They say that no real insight is given, and risk reports are typically a list of known risks that are a rehashed or updated version of what business leaders already know.

Concerning risk management not providing strategic value, the likely culprit is that risk management is set up and viewed as a separate process instead of an integral part of managing an organisation for success. However, there is a bigger underlying cause: the risk management team works with business units to understand risks and generate reports, but they are not invited to the strategy development session, where the real value of risk management could come to the fore.

A CHANGED MINDSET

Risk professionals must change their mindset and improve their competencies if they are to overcome this problem. They must understand that risk management is not about their standard, framework, knowledge, interests, skills, or background. It is not even about managing the threats to the organisation. It is about ensuring that organisational objectives are met and that the company is successful and sustainable. Norman Marks[4] clarifies that: "the effective management of risk enables more informed decision-making, from the setting or modification of strategy to the decisions made every day across the extended enterprise."

Carol Williams[5] explains that for there to be a shift in how executives react to risk management, risk professionals must transform themselves and their mindset. A changed mindset does not come naturally and requires focused effort on the part of the risk professional.

A few other pointers for shifting your mindset include:

MAINTAIN NEUTRALITY
The risk professional's role in strategic planning is to provide a unique perspective, ask the right questions, and ensure the right people are in the meeting.

KEEP YOUR EGO IN CHECK
Strategic planning is not a "risk management" or a risk discussion. The risk professional is merely part of something bigger. Offer and ask what you can contribute to ensure the right discussions take place in the most beneficial way.

COMMUNICATE
Constantly communicate and engage business to explain your role, your neutrality, and the perspective you can bring to the conversation.

FOCUS ON DECISION-MAKING
Remember, it is not about the risk register. Although it can be disheartening to see business file your reports away never to be read again, risk professionals must remember that their role is to help the organisation's leaders make risk-informed decisions, which include deliberate risk taking and not just risk avoidance.

[4]*Marks, N, World Class Risk Management, 2015*

[5]*Blog: www.erminsightsbycarol.com*

TRADITIONAL COMPETENCIES

The traditional competencies associated with a risk professional are illustrated below.

1 CONCEPTUAL

- Planning
- Organising
- Decision-making
- Management processes
- Ethical judgement
- Organisational architect
- Strategic thinking
- Problem solving

2 TECHNICAL

- Risk-management process
- Risk analysis
- Risk control
- Risk financing
- Risk management
- Project management
- Insurance knowledge
- Business-continuity knowledge
- Cyber-security knowledge

3 INTERPERSONAL

- Leadership
- Motivate others
- Negotiations
- Consensus building
- Team building
- Facilitation
- Soft skills
- Interviewing
- Stimulating conversation

4 PERSONAL

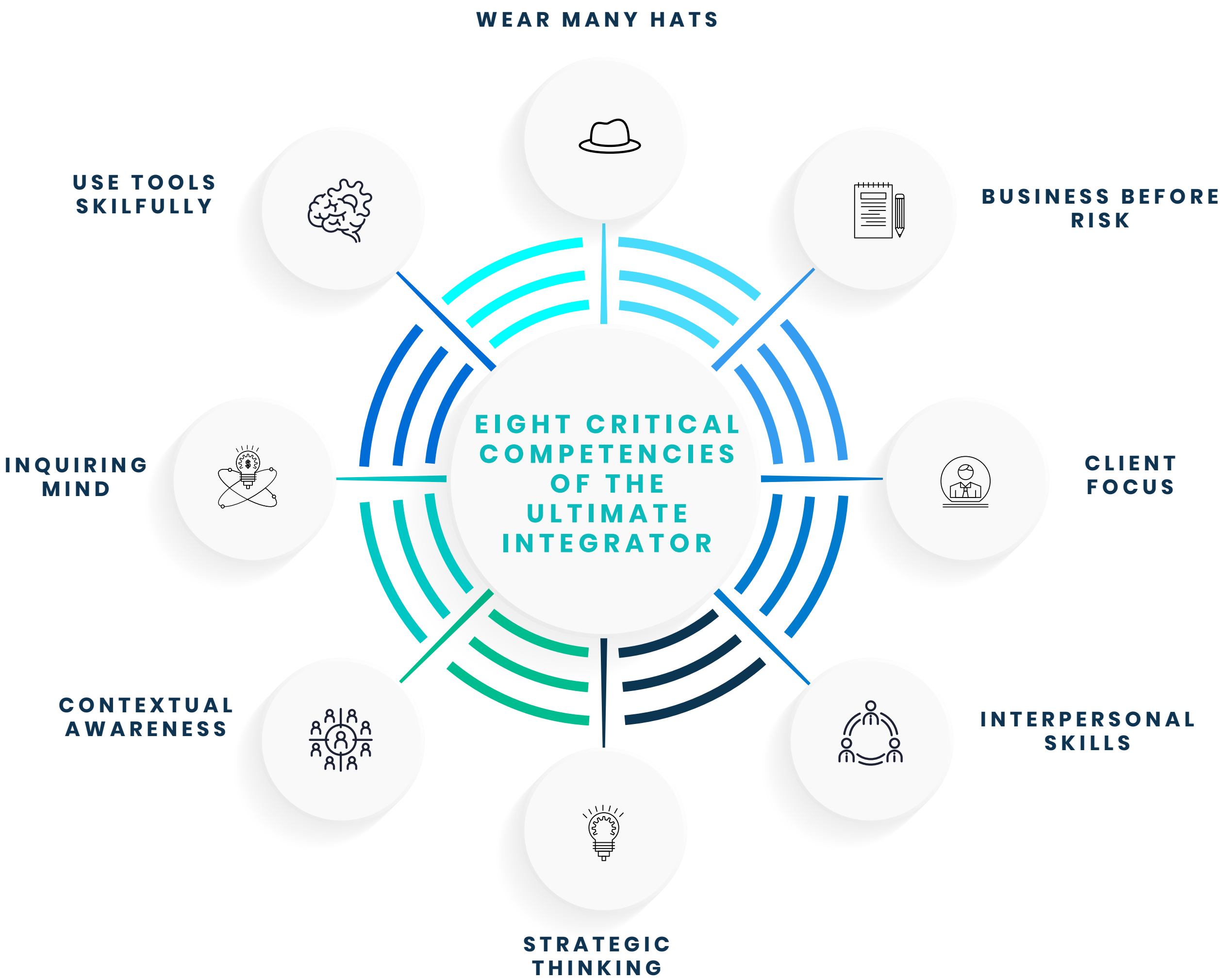
- Self-motivated
- Innovative
- Experienced
- Communication
- Consultative
- Intentionality

5 BUSINESS

- Accounting
- Economics
- Finance
- Legal
- Compliance
- Ethics
- Human resources
- Audit
- Strategy
- ITC
- Marketing
- Operations
- Statistics
- Research
- Security
- Safety
- Business intelligence
- Artificial Intelligence

CRITICAL COMPETENCIES

Rather than expand on each of the traditional competencies above, consider the following eight desired competencies:



1. WEAR MANY HATS

Unless and until risk management stops being considered a separate activity from running the business, managers and executives will continue to see little strategic benefit. To transition the shift in mindset, risk professionals must have certain traits. Certain personality traits can stand in the way of a risk professional being able to put on the different personas required for effective risk management. Wearing different hats is an art form that can take years to refine.

Consider these hats:

Executives are not interested in following a particular risk management standard. Wearing this hat, you must figure out what they need, deliver it, and ensure that it is embedded into everyday decision-making.	Focus on helping the organisation to succeed and not simply to avoid failing. Wearing this hat, you must facilitate conversation, ask the right questions, and ask difficult questions. You should be able to set off a controlled burn of contained and productive conflict by bringing together the right perspectives, creating a common platform for collaboration and carefully revealing the most important differences of opinion for further discussion.	Wearing this hat, you must be an internal business coach by providing advice and perspective in one-on-one conversations, while keeping yourself and the business focused on the results that must be achieved.	Wearing this hat, you must speak the language of business and not the language of risk, so that communication is meaningful and valuable to business. You should speak about risk, and measure risk, in terms of business-performance metrics to demonstrate that you understand the business values, needs, objectives and drivers. This will help to build trust and respect.	You do not need to be a C-suite executive or hold a lofty title to wear this hat. When wearing this hat, your job is to influence behaviour, decisions, and the direction of the organisation. Success here relies on the ability to systematically create rapid, profound, and sustainable change in a few key behaviours.

SOURCE: ADAPTED FROM CAROL WILLIAMS[6]

The above personas can, to an extent, be developed over time but an effective risk management professional will need to possess at least some capacity for each of these if they are to ultimately influence the direction and decisions of an organisation. Being wired for these personas is important because they are, after all, traits not skills.

[6] *www.erminsightsbycarol.com accessed 5 December 2020.*

2. BUSINESS BEFORE RISK

Being or becoming an effective risk management professional is not something you need to train for before taking on this sort of role. Although academic and training programs can assist you, many of the nuts and bolts of the risk management process can be learned and developed as you perform the role. However, it is preferable that you understand business and, if possible, the business of your business before you take on a risk management role.

3. CLIENT FOCUS

For risk management to deliver strategic value and be viewed as more than a compliance exercise, executive engagement and championing of risk management is required. To achieve this engagement, relationships and people skills play the pivotal role between success and failure. The focus of risk professionals must be on bringing a risk perspective to decisions and challenges facing the organisation. They must focus on client needs and wants. Their role is to find solutions to problems and not to push their preferred method or process.

Risk professionals must emphasise the experience business will have, and the outcome they will achieve if they engage you. In doing so the risk professional must balance their duty towards the whole organisation – a hat that they should always be wearing – with their service to the specific business client. The reason for this is that risk management, as the second “independent” line of assurance, plays an important role in the governance of risk and in combined assurance. The risk professional should never be “captured” by the client. It is a hard act to perform, but one that a risk professional must develop the competence and confidence to perform seamlessly.

4. INTERPERSONAL SKILLS

Technical skills are only one piece of the puzzle. Risk management professionals must possess and apply other soft or interpersonal skills to make risk management a valuable tool for helping the organisation succeed. For example, risk professionals need to be skilled at listening to and reading people.

No person naturally possesses all the soft skills. A person may be strong in one area but struggle in another. Your listening skills may be great, but you may freeze up when speaking in front of others. You may be confident speaking to peers but unable to conduct an unstructured, flowing interview with senior executives.

By making the effort to identify the areas in which you need improvement and taking firm steps to develop and enhance these skills, you will enable risk management in your organisation to become what it is designed to be – a tool for ensuring executives are making informed decisions and taking the right amount – and type – of risk in the pursuit of strategic objectives. By undergoing this process, you will transform yourself into a well-rounded, competent, confident, and more valuable risk professional.

Risk professionals should speak to the interests of the client and speak the language of business. They should speak about risk, and measure risk, in terms of business-performance metrics. Risk terms like ‘impact’, ‘likelihood’, ‘velocity’, or ‘vulnerability’ should be replaced with ‘net present value’, ‘profit’, ‘return on sales’, or whatever other key performance indicators the organisation is using. A risk professional’s attention should be focused on specific business problems and what is needed to help the organisation achieve a desired result. Risk professionals must show that they understand their client’s situation, problems, and aspirations.

5. STRATEGIC THINKING

Of all the competencies a risk professional needs to develop, strategic thinking is arguably the most important. If you do not master this skill, your potential to add value to your organisation and gain the respect of executives will be limited.

To develop this skill, you need to get out of the trenches and take a holistic, a helicopter, and a satellite view of your organisation.

The true purpose, and the true value, of risk management does not lie in the mire of detailed standards, processes, and risk registers. It is found in making sense of uncertainty; understanding the big issues that can sink the organisation; contributing to the debate inside and outside your organisation; guiding decision-making; and ensuring strategic objectives are achieved.

To be clear, some level of detail is necessary for a strategic thinker to understand how details can impact the big picture – but you should not get so bogged down in the details that you become unable to see the wood for the trees. Discernment and experience are needed to determine when details are required and when they only serve to obstruct and impede organisational ambition and purpose.

Risk professionals must think like leaders and executives to be able to have meaningful interaction and contribute to the organisation at a strategic level.

TOP 10 SKILLS

2020	2015
1. COMPLEX PROBLEM SOLVING	1. COMPLEX PROBLEM SOLVING
2. CRITICAL THINKING	2. COORDINATING WITH OTHERS
3. CREATIVITY	3. PEOPLE-MANAGEMENT
4. PEOPLE-MANAGEMENT	4. CRITICAL THINKING
5. COORDINATING WITH OTHERS	5. NEGOTIATION
6. EMOTIONAL INTELLIGENCE	6. QUALITY CONTROL
7. JUDGEMENT AND DECISION-MAKING	7. SERVICE ORIENTATION
8. SERVICE ORIENTATION	8. JUDGEMENT AND DECISION-MAKING
9. NEGOTIATION	9. ACTIVE LISTENING
10. COGNITIVE FLEXIBILITY	10. CREATIVITY

SOURCE: FUTURE OF JOBS REPORT, WORLD ECONOMIC FORUM, 2020.

The similarities in the competencies required of a Chief Executive Officer and a risk professional are not coincidental or overstated. Both CEOs and risk professionals must have a deep knowledge of how all the components of the organisation should fit together and function in harmony to create sustainable value and deliver the required results. Because risk and strategy are flipsides of the same coin, the competencies needed to drive strategy are aligned to those needed to drive risk.

6. CONTEXTUAL AWARENESS

To be strategic, risk professionals require a solid understanding of the external and internal context of the organisation, organisational drivers, industry, and world. Coupled with this is being knowledgeable about emerging business trends and how all these contextual elements are woven into the unique cloth of the organisation. The ability to see, comprehend, and react to the bigger picture is what makes risk professionals, organisations, and countries exceptional.

7. INQUIRING MIND

Another executive attribute that will bolster the competence of risk professionals is the ability to ask questions – knowing what to ask and when to ask it and knowing how to handle any difficulty or controversy.

Strategies are developed by asking and answering questions and can only be understood by asking questions and seeking answers. The answers to the questions posed assist in validating the robustness of strategies. Solid strategies can withstand scrutiny. Risk professionals must be curious and courageous in asking questions – not for the purpose of appearing smart, but for the purpose of seeking to understand so that risk advice and assurance can be based on a firm premise.

8. USE TOOLS SKILLFULLY

Risk professionals must know and be able to apply appropriate tools to facilitate a structured approach to strategic analysis and decision-making. The purpose of decision-making is not just to minimise harm to the business but equally, if not more importantly, to decide on the risk-taking strategies to achieve objectives and maximise organisational performance and success.

4.8 PULLING IT ALL TOGETHER

Professional bodies such as IRMSA support the risk professional, so that the risk professional can be the first cause to developing risk competence in their organisation and then integrating the risk competencies of the organisation with the risk competencies of the state. Risk professionals should voluntarily participate and contribute to the growth of the profession. Professional bodies should engage government and make members available to serve in forums and task teams between organisations, institutions, industry bodies and the state – this to find common ground, share experience, and work towards achieving national resilience. This takes time and effort but the prize of a future-fit and resilient country with a thriving economy, able to overcome shocks, bounce back, and grow, makes the journey worthwhile.

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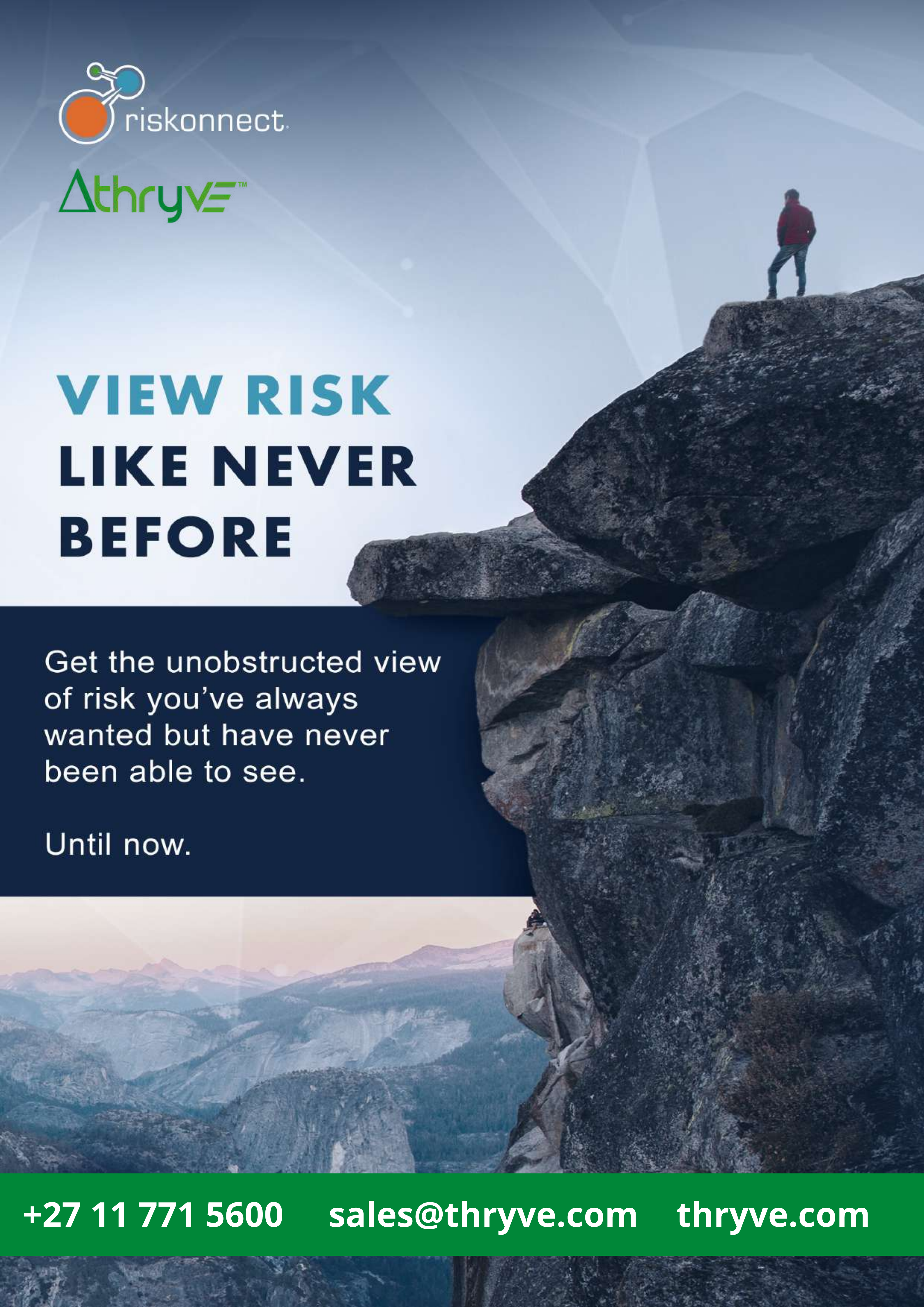
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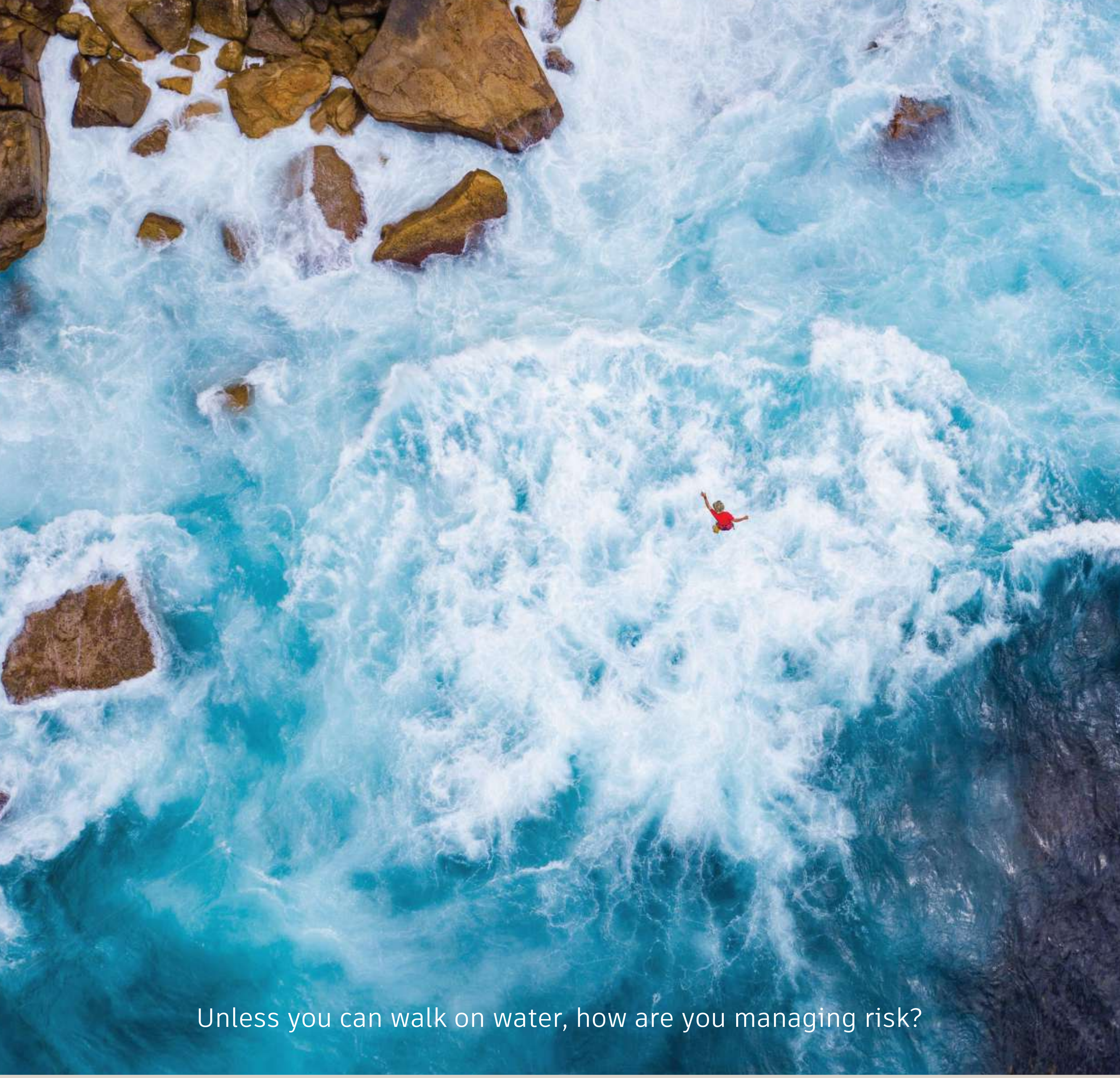
SECTION FIVE

CALL TO ACTION

A call to action is "a piece of content intended to induce a viewer, reader, or listener to perform a specific act, typically taking the form of an instruction or directive".



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5.1 INTRODUCTION

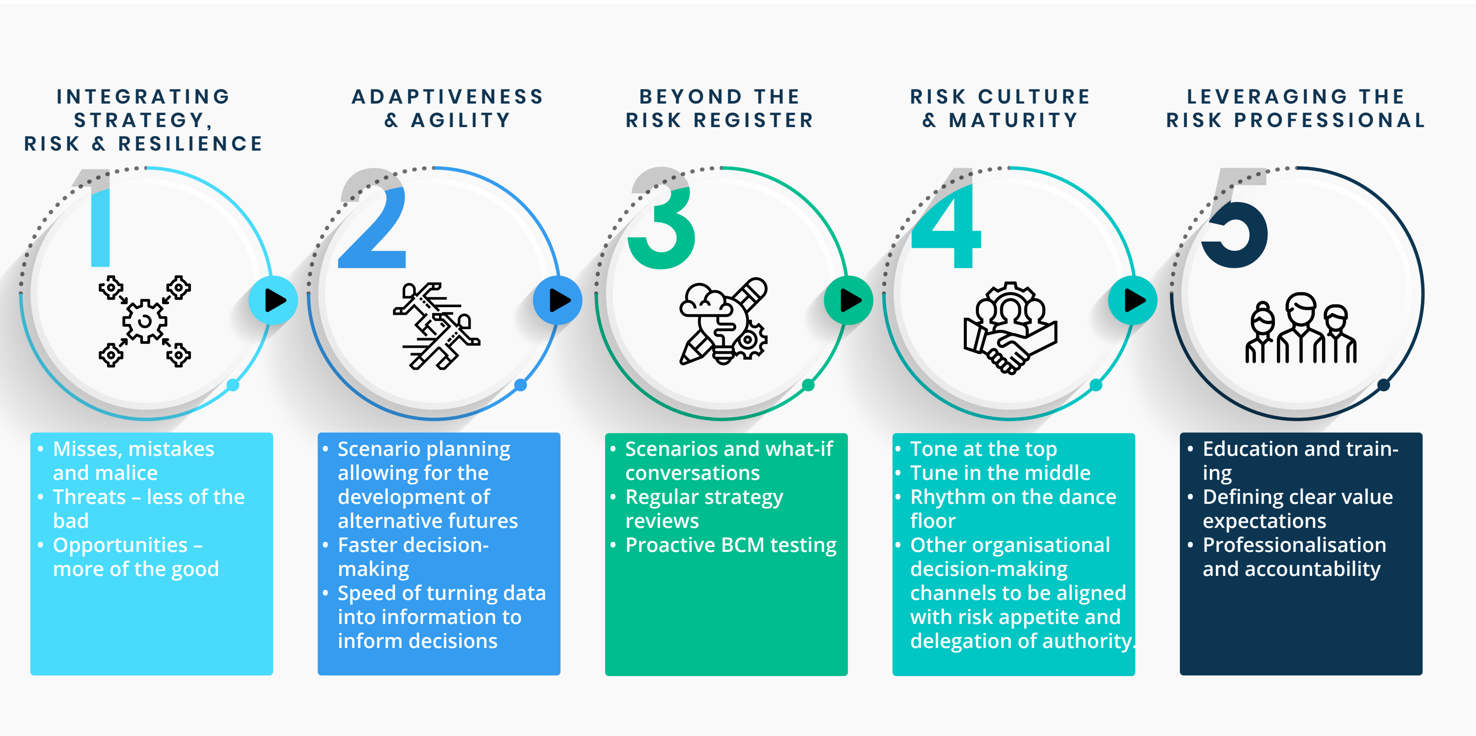
The value of this last section of the Report lies in the definition of its title: "Our Call to Action". A call to action is "a piece of content intended to induce a viewer, reader, or listener to perform a specific act, typically taking the form of an instruction or directive".

This report has given you views from prominent leaders on how they interpret the global landscape and South Africa's position in it, as well as the threats and opportunities of the future. It has offered their advice on doing less of the bad and more of the good. We have delved into the positioning of our country within a set of scenarios, highlighted the top risks in South Africa and then identified the skills required to enable the risk profession and leadership to tip the scales in our country's favour.

5.2 IRMSA'S CALL TO ACTION

It is IRMSA's conviction that South Africa will not be able to recover from corruption, unemployment and a flailing economy, as well as the other nine risks, armed only with a full understanding of the risks. Emerging from Covid-19 and striving to become a winning nation will require visionary and bold leadership by risk professionals and other leaders in organisations; an enabling and applied risk-management approach; courage; accountability; and education.

The outcome of this call to action is a risk-intelligent public and private sector where leaders at the highest levels embrace an enterprise-wide culture of integrated risk management to secure South Africa's future through robust risk-informed decision-making. In this context, we discuss our call to action under the following headings:



5.2.1 INTEGRATING STRATEGY, RISK AND RESILIENCE

For an organisation to prosper, it must be relevant to its customers, differentiated from its competitors and economically viable and commercially sustainable. Organisations that meet these four requirements create value for their stakeholders. In our Master Class of 2019, presented in conjunction with The Decision-Making Advisory Group (TDAG), IRMSA showcased how many organisations are struggling to meet these requirements. In some cases, it is dramatic. In many other cases, it is a gradual decline. These gradual declines that result in value loss are as a result of at least one of the following reasons:

- Misses
- Mistakes
- Malice

Misses occur when organisations do not do what they should have done. For example: failure to evolve to meet changing customer needs. These organisations will lose relevance and no longer be with us. Mistakes occur when organisations do what they should not have done. For example: failure to deliver on all of their strategic objectives, resulting in impairments of investments. While misses and mistakes are generally the result of well-intentioned executives, Malice occurs when executives are deliberately acting in their own interest and not that of the other stakeholders.

The risk capability in an organisation is mostly concerned with execution activities (i.e. doing things right) and with downside protection (i.e. doing less of the bad). This might help to prevent cases of malice, but is not at all well positioned to prevent misses and mistakes because these result from strategy (i.e. doing the right things). Moreover, while prevention of mistakes is doing less of the bad, prevention of misses requires doing more of the good (i.e. positioning the organisation to capitalise on upside opportunities). In other words, for an organisation to survive and thrive it needs to "do the right things" AND "do things right", and it also needs to "protect against the downside" AND "position for the upside".

In addition, since strategy is about the future and the future is inherently uncertain, strategic decisions are about making decisions in a context of uncertainty. Proactive risk management reduces the potential negative impact of risks on strategic drivers (what we called "flags" in Section 2) and therefore makes the future less uncertain and therefore easier to influence. Good strategic decisions follow a good process that aims to deliver the highest expected value for the organisation's strategic objectives. Due to the uncertainty, sometimes that good process delivers a bad outcome. When this happens, an organisation might handle it well or poorly, which can be seen as an indicator of its level of resilience. The implications of how the problem is handled can be significant, in some cases bolstering the reputation of the organisation and, in some cases, undermining the organisation.

THE CALL TO ACTION:

Organisations typically employ four capabilities to address the issues above, viz.

In most organisations, these three capabilities run independently. Given the prevalence of misses, mistakes, and malice, IRMSA's view is that organisations would benefit from an integrated capability of strategy (including governance), risk and resilience.

5.2.2 BUILDING ADAPTIVENESS AND AGILITY TO DEAL WITH COMPLEXITY AND CHAOS

Leaders at the highest levels of the private and public sectors must embrace an enterprise-wide culture of integrated risk-management to secure their future. Only by building risk-intelligent organisations will leaders be able to respond appropriately to what some may see as threats and others as opportunities.

Exponential growth of information. Organisations that do not respond and build a competitive advantage around harnessing their data will be left behind.

Adoption of new technologies. Failure, or even just a delay, to effectively implement digital transformation and new technologies will become a target for the ones that do.

Agile and innovative business models. Organisational leadership that cannot design and develop new, agile and flexible business models, towards delivering faster, excellent decision-making, will be overtaken by competitors.

Disruption. The new generation "whiz kids" are breaking all the rules, and traditional thinking is replaced with innovation, creativity and speedy decision-making to break down boundaries of accessibility and delivering value.

Geopolitical landscape. Marked by Covid-19, climate change, trade wars, and other socio-economic upheavals.

THE CALL TO ACTION:

The pace of business is constantly accelerating in an increasingly complex global environment, resulting in greater uncertainty than ever before and demanding an increase in faster, excellent decision-making. Therefore, part of the strategic function ought to be to maintain a broad enough option field. Part of the risk-management function should be to provide safety guardrails to explore and leverage that field safely.

It is done by using risk management as a sensing organ of the organisation (i.e. how do we know we are reaching the edges of our option field where rapid adaptation is required).

Of course, part of the governance and assurance functions should also provide a safety net to operate safely while focusing on agility, speed of decisions and implementation.

5.2.3 LOOKING BEYOND THE RISK REGISTER

These conditions compel leaders to make the right decisions more often, much faster and using the best information available to them. If they falter, disruptors will quickly force them out of their own market.

Risk professionals should play much more prominent roles, beyond what they are traditionally used to, especially in the public sector. Not just a prominent role but also a role that goes beyond what is currently expected of a risk professional.

Risk professionals should be deeply involved in all activities in the organisation to ensure that the effect of uncertainty on objectives is effectively influenced and leads to excellent decision-making. Areas such as strategy setting and execution, resilience, decision-making and combined assurance etc.

IRMSA believes the frameworks and methodologies of risk management can assist organisations in both the public and private sectors immeasurably. This means that private and public sector leadership must start thinking about the future together, using hindsight and insight to create foresight.

THE CALL TO ACTION:

Thinking and designing alternative futures or responses to potential risks and opportunities, in advance and based on future thinking and scenario planning, will, in essence, give your organisation the basis of fast and reliable decision-making in concert with a flexible and agile business model.

- Integrate strategy, risk and resilience to optimise decision-making.
- Delegate ownership and accountability throughout the organisation.
- Discard tall management hierarchies in favour of empowering people with the right skills to make business-critical decisions.
- Break down silos and silo mentality, and encourage information-sharing, decision-making and action across all departments or areas of responsibility.
- Become data-centric and technology-savvy to achieve objectives.
- Improve boardroom conversations (identified in the Sensemaker survey). This includes:
  - More scenarios and "what-if" conversations
  - Continual review of the organisation strategy
  - Proactive testing of contingency plans

5.2.4 RISK MATURITY AND RISK CULTURE

Interpreting the Sensemaker results, human behaviour and culture significantly influence all aspects of risk management at each level and stage. Therefore, there is a lot riding on having an enabling risk culture in the organisation to be driven as part of the overall organisational culture effort of the Human Capital Management Function. Very specifically, the setting of clear roles and responsibilities – and, equally, a clear and well-articulated accountability framework for risk-management activities. Clearly defined escalation rules for risk appetite and risk response breaches to ensure consequence management.

The continuing parade of organisational catastrophes (and indeed some notable successes) demonstrates that frameworks, processes and standards for risk management, although essential, are not sufficient to ensure that organisations reliably manage their risks and meet their strategic objectives. What is missing are the behavioural and risk maturity elements: why do individuals, groups and organisations behave the way they do – and how does this affect all aspects of the management of risk?

THE CALL TO ACTION:

IRMSA continuously challenges organisations to answer, amongst others, the following questions:

- Is my risk management capability mature enough to respond in a way that supports the organisation in such a way that threats are adequately responded to and opportunities fully leveraged?
- Is my organisation risk intelligent and resilient?
- Is there buy-in to risk-management and risk leadership at the highest levels of the organisation?
- Do all managers have a consistent understanding of what constitutes acceptable and unacceptable risk to the organisation?
- Do managers have specific risk-management responsibilities in their key performance indicators?
- Is a transparent, integrated approach taken to risk-management reporting?
- Are the management mandates appropriate to the risk-management delegations and performance measures?
- Are the response measures for critical risks observed consistently at all levels of the organisation?

5.2.5 LEVERAGING THE RISK PROFESSIONAL

Organisational leadership must expect more from their risk-management functions. Not just from the leaders of the risk functions, but of the risk practitioners alike. Considering this and what has been written so far, risk functions must be led and staffed by those who are the most competent.

With risk management being identified as a scarce and critical skill, as well as an occupation in high demand, it is crucial that the industry produces highly competent professionals and inspires more young people to take up this profession in order to contribute meaningfully to their country, organisations and the profession.

The right training therefore becomes key.

THE CALL TO ACTION

Training is evolving and IRMSA stays ahead of the curve by focusing on research and development, ensuring that all our training solutions adopt the latest education theories, technologies, content, and delivery.

It is one of IRMSA's strategies to support both the public and private sectors, with access to applied/practical risk management. The outcomes of the IRMSA strategy, specific to the building of risk-management capacity, are:

- Improved governance through accountability management and quality decision-making guided by the IRMSA integrated strategy, risk and resilience code of best practice.
- Increased risk practitioners' competency in risk and resilience, through applied risk-management skills building, support programmes, risk-management training, and risk-leader mentorship interventions.
- The support of boards, oversight bodies, executive management and line management in the comprehension of the value of risk management and realising the benefits of an effective risk-management capability to support them in quality decision-making.
- The development of credible risk professionals, acquiring the risk-management designations (CRM Practitioner and CRM Professional) – the two most important risk-management designations registered with the South African Qualifications Authority (SAQA).
- A full learnership service from student selection, planning, project management, training, mentorship and support, to work placementand follow-up support.
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Risk Insights is thus a unique Environmental, Social and Governance (ESG) rating provider for South Africa. Developed and launched in May 2020, the first artificial intelligence driven ESG-GPS rating model is very scalable and flexible for all businesses and investors.

The model takes into account more than 200 different global ESG best practice frameworks and has been bespoken to South African laws and regulations.

This model allows investors or corporates to identify and mitigate business risk to increase the sustainability of a company in terms of ESG. These ratings create ESG investing opportunities for each business.


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5.3 IMPORTANCE OF RISK MANAGEMENT'S ROLE IN INTEGRATED REPORTING

Creating synergy between risk management and integrating reporting

Whether it is environmental, social and governance (ESG) reporting or reporting against the six capitals, increasingly corporates are committing to the reimagination of value beyond just financial indicators. There is a broader understanding that improving risk related disclosure, which includes ESG risks, will assist all stakeholders to make informed decisions about any organisation. It goes beyond financial capital to recognize two further elements: first, the shared value an organization creates which benefits its direct stakeholders; and second, the value it generates for society and the environment. Using all three value elements to guide reporting and disclosure holds significant potential upside for companies, enabling a better understanding of their risks and potential returns that can be generated through new opportunities. The purpose statement of companies has become more clearly defined through this process. Shared valued and stakeholder responsibility is a major part of risk management for all companies.

Regulatory measures and non-governmental initiatives are speeding up this evolution across the globe with the Johannesburg Stock Exchange (JSE) not far behind. The JSE became the first South African stock exchange to list two global ESG focused Exchange Traded Funds.

The significant role that risk professionals play in any organisation should include collaboration with their integrated reporting counterparts as there are synergistic benefits in terms of value that can be unlocked not just in compliance with the integrated reporting framework but similarities to be leveraged in integrated thinking, decision-making and actions that focus on the creation of value over the short, medium and long term. It goes further by focussing on strategy, future orientation and the importance of integrated thinking within the organisation.

Sources: RiskInsights; EY, Integrated reporting - Linking strategy, purpose and value

ACKNOWLEDGEMENTS

IRMSA WOULD LIKE TO THANK

IRMSA would like to thank all the members that took part in the surveys, which greatly contributed to making the 2021 IRMSA Risk Report a high quality, credible report. This project would not have been successful had it not been for our strategic partners, the IRMSA Risk Intelligence Committee, the IRMSA Executive Committee and the Subject Matter Experts who provided their inputs.

We would like to especially thank the IRMSA Risk Report Project Team and Contributors who gave considerable time to the project.

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from the biggest economic contraction since the Great Depression?

Mellony Ramalho speaks on the elevated role of Risk and compliance professionals amidst the COVID-19 pandemic and other significant risks being faced all over the world.

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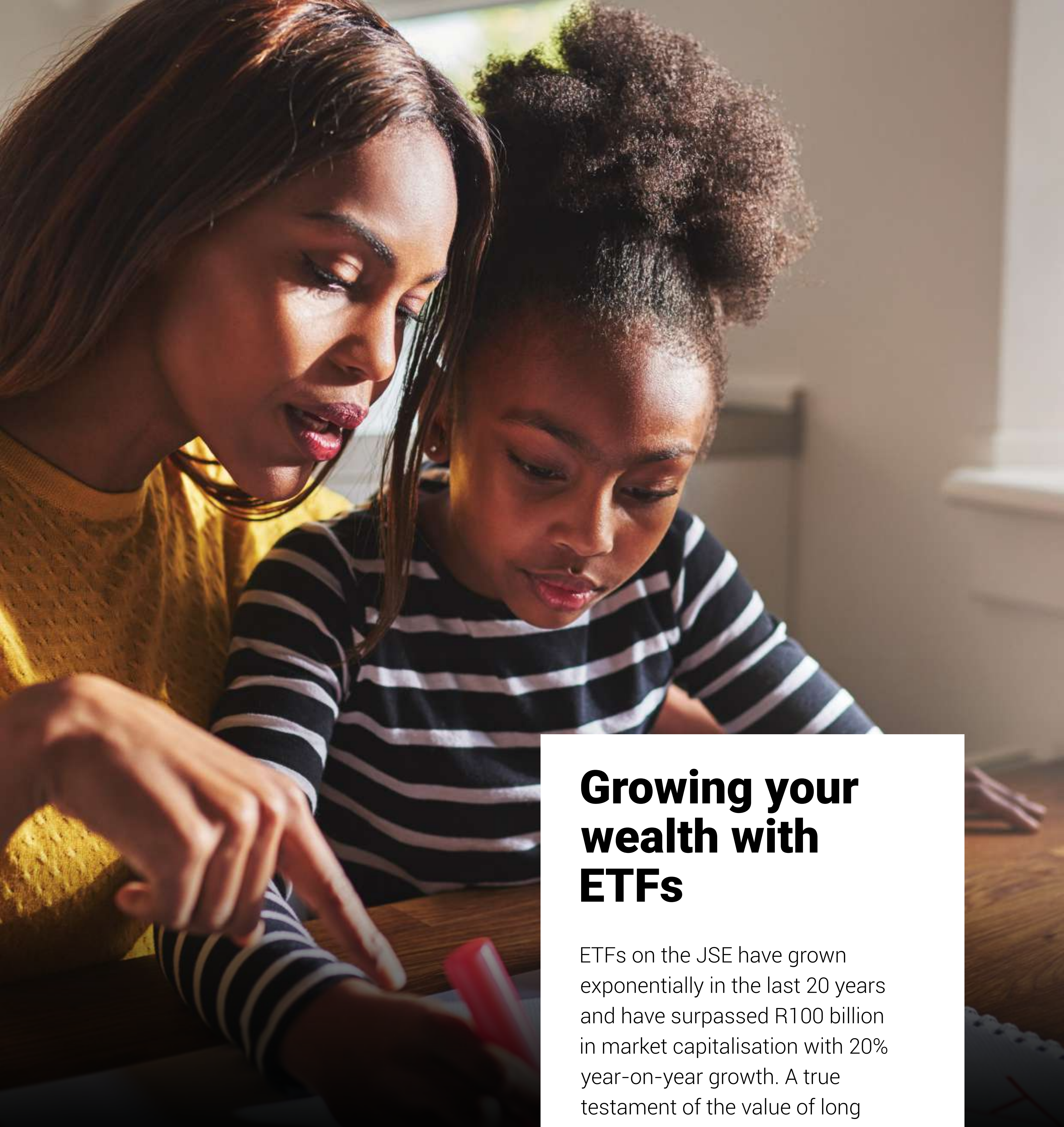

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SUBJECT MATTER EXPERTS

EXECUTIVE: CORPORATE AFFAIRS, RISK AND SUSTAINABILITY MOTUS HOLDINGS

BERENICE FRANCIS

Berenice joined Motus from Imperial Holdings where she served as the Group Commercial Executive. She is also the representative director on Ukhamba Holdings and independent non-executive director of Altron Limited. Berenice has been actively involved in the Institute of Risk Management South Africa (IRMSA) since 2006, where she is currently serving as Immediate Past President.

PARTNER AND DIRECTOR, PWC

JUNAID AMRA

Junaid has been with the firm since 2004, holds a BCom degree and has passed the Certified Information Systems Auditor (CISA) exams as well as the EncCE digital forensic examiner exams of which there are approximately 4 000 people certified globally. He is also certified to conduct investigations on mobile devices. Junaid is a full member of the Institute of Commercial Fraud Practitioners. In his role he is involved with assisting clients in dealing with various technology issues. His areas of expertise include Cyber crime investigations, Cyber security reviews, Ethical hacking reviews, Social engineering, King III IT Governance Implementations, Privacy legislation and Development of IT Strategic plans.

Junaid has also provided expert witness testimony in the High court and in multiple disciplinary hearings for clients. He further provides support to some law enforcement agencies in Southern Africa in terms of conducting search and seizure operations where the focus is on electronic devices.

MANAGING DIRECTOR: THREE TIERS INVESTMENTS AND CONSULTING AND INDEPENDENT NON-EXECUTIVE DIRECTOR

ZEONA JACOBS

Zeona is an executive with experience in corporate communications, marketing and adveristing with the following companies in executive and senior management positions: Johannesburg Stock Exchange, Telkom, Cell C, Multi-Links (Nigeria), Leo Burnett.

She has served as Director and Chairman of companies with extensive governance leadership/ skills: Johannesburg Social Housing Company, Bankserv, Johannesburg Theatre, Soweto and Roodepoort Theatre, Nestle SA, Truth and Reconciliation Commission. She has also served on a number of advisory boards: Wits Business School and the Stellenbosch Business School. In addition, she has served on the following African associations linked to the financial markets: Chairman: Committee of Southern African Stock Exchanges (Cosse) and Committee Member: African Securities Exchanges Association (ASEA)

Her passions include start-ups, turn-arounds and supporting individuals and companies in achieving their life goals.

CHIEF EXECUTIVE OFFICER, FNB

JACQUES CELLIERS

Jacques has been FNB CEO since 2014. He joined FNB in 2000 in an eCommerce development role supporting the launch of eBucks.com.

He then managed several initiatives particularly focusing on innovative entry strategies in new markets, which FNB had identified for expansion. Prior to his current role, he was CEO of Credit Card, Retail Foreign Exchange, Merchant Services, and Business Banking. He actively supports SA's Payments Association as well as Banking Association thru various roles.

Jacques graduated as an Engineer from the University of Stellenbosch in 1994. He holds an MBA from the University of Cape Town's Graduate School of Business (1998) and was an exchange scholar to Wharton, University of Pennsylvania, USA (1999). He is an avid aviator and has four children with his wife, Henriette.

CHIEF EXECUTIVE OFFICER , AFRICAN BANK HOLDINGS LIMITED AND AFRICAN BANK LIMITED

BASANI MALULEKE

Basani assumed her role as Chief Executive Officer of African Bank in April 2018. She served as an independent non-executive director from July 2015 and joined the executive team as Group Executive Head of Operations in July 2017.

Having qualified as an attorney at Edward Nathan Sonnenbergs, she joined FirstRand Bank Limited as a member of RMB corporate finance in 2005. She subsequently joined the FNB Division as the Head of Private Clients in 2011. Basani is a member of the African Leadership Initiative, the Aspen Global Leadership Network and a member of Council of Witwatersrand University.

DIRECTOR AND CHIEF ECONOMIST, ECONOMETRIX

DR. AZAR JAMMINE

Between 1970 and 1975, Dr Jammine was employed as Investment Analyst at Senbank and subsequently at Stockbrokers Martin & Co, now JP Morgan, during which time he completed a B.A. Honours in Economics, Cum Laude, part-time at Wits. In 1976, Dr Jammine completed his M.Sc in Economics at the London School of Economics, followed by his PhD at the London Business School after which he was awarded a two-year Post-Doctoral Fellowship at the school's Centre for Business Strategy. In order to pay his way whilst working on his PhD, Dr Jammine used his knowledge of six languages to conduct numerous international business consultancy projects in Europe, North America and the Far East, covering a wide variety of industries. Dr Jammine returned to South Africa in December 1985 to take the position of Director and Chief Economist of Econometrix (Pty) Limited. He has occupied that position ever since.

Dr Jammine has published a number of articles in international strategic management journals and is co-author of "McGregor's Economic Alternatives", "Trends Transforming South Africa" and "Mindset for the New Generation on South Africa", all published by Juta. Dr Jammine's contribution to McGregor's Economic Alternatives was used by the ANC as a setwork in the organisation's internal training programme prior to taking power in 1994. Dr Jammine has presented papers on the South African Economy at conferences in Washington, New York, London, Warsaw, Frankfurt, Paris and Phuket. Dr Jammine is also a non-executive director of Federated Employers Mutual, A M B Holdings, Netcare, GHG (in the UK) and Iron Fireman. He is a member of the Board and the Finance Committee of St Mary's School, Waverly and a member of the Council of the Independent Schools Association of South Africa (ISASA). Dr Jammine has recently been appointed to the National Advisory Council on Innovation.

CHIEF RISK ADVISOR, FNB

LYTANIA JOHNSON

Lytania started her career in the financial services industry in 2001, in cost accounting. She then moved into the risk function of the bank, where she held various risk positions over a period of 9 years. She was involved in the implementation of the Basel II programme for operational risk at an FNB level and has also played a pivotal role in the implementation of various regulatory projects over the years. Due to her vision of becoming a well rounded leader, she was privileged enough to be responsible for managing the HR portfolio in conjunction with her risk portfolio for one of the key client segments. During this period, she was the responsible lead for driving the HR transformation journey within the Personal Banking segment of FNB. In 2014, she was appointed as Chief Risk Officer of the International segment of the FNB business, where her responsibilities included managing risk across 9 countries with varied maturity levels. Lytania has also held the position of CEO for the e-Wallet business that was responsible for driving the remittance product for FNB clients and developed a product solution that would enable access to banking for the unbanked base. In line with her vision of being exposed to diverse opportunities, she has also held the role of Chief Ethics Officer for the banking group for a short period of time. Lytania has been the Chief Risk Officer for FNB since 2017 and her portfolio includes direct responsibility for retail credit, all the non-financial risk functions, the AML operational area and the key enabling risk functions like Risk Data and Analytics ,HR, PMO and the Risk CIO office.

GROUP CEO, TARSUS TECHNOLOGY GROUP

MILES CRISP

Miles is currently Group CEO of Tarsus Technologies Group, a private IT Distribution business serving the African region. The Tarsus Group employs some 1200 people. Prior to that, Miles was CEO of SecureData Ltd, an Information Security company listed on the Johannesburg Stock Exchange before being acquired by Tarsus Technology Group in March 2014. Before that he was Group CEO of O'Keeffe & Swartz Consulting (Pty) Ltd, a group of enterprises employing some 800 people in the business of direct sales of simple insurance products to the public and related administrative services.

Miles was previously with Deloitte & Touche (14 years) where he led various teams and initiatives, in South Africa and outside of South Africa. Miles was member of the Deloitte South Africa Exco for 5 years. He led his division in the EMEA region for 6 years. Miles cut his teeth before then with a ten year stint at Anderson Rochussen Crisp, a professional practice that he co-founded.

Miles grew up in Harare, Zimbabwe and was a student for four years at Rhodes University in Grahamstown. He also served in the South African Infantry for two years in the seventies.

CHAIRMAN, JOHANNESBURG STOCK EXCHANGE

NONKULULEKO NYEMBEZI

A seasoned business leader, leader, Nonkululeko has served at leadership or senior executive level at multinational organisations such as ArcelorMittal Group, Ichor Coal N.V., Vodacom and IBM. Her governance roles include non-executive director positions on the boards of Standard Bank Group, Anglo American plc and Macsteel Service Centres, which she chairs.

She is well versed in advocacy for business through her role as Chair of Business Leadership South Africa, an industry body representing some of the largest corporates in South Africa. She has been a member of the B20 for a number of years, primarily participating in task teams focusing on mechanisms to allow for cross-border private sector participation in infrastructure development.

She has a B.Sc. Honours degree in electrical engineering from the University of Manchester Institute of Science & Technology and a Masters degree in the same discipline from California Institute of Technology. She also has an MBA from the Open University (UK).

PUBLIC HEALTH SPECIALIST

DR. NICHOLAS CRISP

Dr Crisp is a medical doctor and public health specialist who has for many years focused on health management consulting across the African continent. He served as Superintendent General (HOD) of the Department of Health and Welfare, Northern Province (Limpopo) from 1994 to 1999.

Dr Crisp was then a self-employed consultant and has worked on projects in several African countries including South Africa, Nigeria, Ghana, Lesotho, Botswana, Namibia and Tanzania. In 2009 he served as Special Adviser to Minister Barbara Hogan. He was intimately involved in the establishment of the National Health Laboratory Service (NHLS), the transfer of the medicolegal mortuaries from police to health and the creation of the Forensic Pathology Services, and in the establishment of the South African Health Products Regulatory Authority (SAHPRA).

He is now working with the Minister of Health on implementation of the National Health Insurance Fund.

UNIVERSITY OF CAPE TOWN GRADUATE SCHOOL OF BUSINESS

PROF. RALPH HAMANN

Ralph is Professor at the UCT Graduate School of Business and works on business strategy and sustainability, collaborative governance, and social entrepreneurship and innovation. Rated an "internationally acclaimed" researcher by the National Research Foundation, he has numerous scholarly publications, including in highly-ranked journals such as "Journal of Business Venturing" and "Journal of Management Studies."

Among his other roles, Ralph is an executive editor of "Environment: Science and Policy for Sustainable Development." He is the co-founder of the South African leg of the Embedding Project and the Southern Africa Food Lab, two award-winning initiatives bridging research and practice. Ralph has been a visiting scholar or consultant in different parts of the world, most recently as Pearson Visiting Professor of Engineering and Entrepreneurship at Brown University (USA) and as research fellow at the "Institut für Mittelstandsforschung" in Germany.

CHIEF EXECUTIVE OFFICER ASSOCIATION OF CERTIFIED FRAUD EXAMINERS

JACO DE JAGER

Jaco commenced full-time employment as a Legal Advisor within ABSA Bank's Legal Collection, Estate Late, and Administration and Sequestration Department identifying possible fraud and instructing Attorneys on proceedings relating to the recovery of debts, drawing up credit agreements and compiling financial statistics. His postgraduate professional experience was enhanced by being appointed as a Claims Assistant, Internal Auditor/Risk Investigator and Senior Quality Control Officer within the Road Accident Fund, where after he then furthered his career as a Senior Forensic Auditor: Risk Management at Hollard Assurance. Jaco was appointed the first chairperson of the then LOA Forensic Standing Committee (now ASISA). During February 2008 he was appointed the first CEO of the Association of Certified Fraud Examiners' South Africa chapter (ACFE SA) by virtue of his experience and expertise. Under his leadership, the organisation has seen a phenomenal growth in membership and service delivery. Together with his team of colleagues, he has managed to register the ACFE SA as the only internationally recognised professional body in the forensic industry per the SAQA Act. Jaco further is the initiator of and driver behind several industry forums, such as the ACFE SA Cyber Forum, Science Forum, and AML forum. He further sits on national and international forums, such as King Committee which released the King IV report, and the ISO – TC309 committee initiated by the SABS.

Jaco is often quoted in the media and has been a speaker on several international platforms.

DIRECTOR, RETLAW FOX

WALTER EHRLICH

Walter Ehrlich is a Chartered Director CD(SA) and a Certified Risk Management Professional (CRM Prof.) specialising in the integration of Strategy, Governance, and Risk with a passion for building better boards in the private, public, and non-profit sector. He has extensive local and international experience in developing and implementing strategy, developing markets, managing operations, risk management, and implementing GRC. Walter holds a BA (Law) degree from Rhodes University and an MBA degree from Henley Business School at Reading University (UK). Walter is the deputy Chair of the IRMSA Risk Intelligence Committee and a longstanding IRMSA Training Facilitator.

DEAN AND DIRECTOR, HENLEY BUSINESS SCHOOL

JONATHAN FOSTER-PEDLEY

It takes a multi-talented leader, innovative businessperson and expert in curriculum design to direct Henley Business School South Africa. Dean and Director Jonathan Foster-Pedley has worked on six continents and has over thirty years of global business experience. He is a former airline pilot and senior executive in the European aerospace industry, and has guided and facilitated cohesion and productivity in international and local multicultural sales and marketing and management teams. He is also an entrepreneur, a leading academic and coach (working as a visiting professor in Strategy, Creativity and Innovation), and a writer and blogger. He is Vice Chair for the South Africa Business Schools Association.

Foster-Pedley’s expertise in strategy, creativity, design, thinking and innovation are key features of the Henley MBA curriculum. He has developed hands-on programmes designed to stimulate innovative business thinking strategies, to increase productivity in the workplace, and to develop self-confidence, self-belief, creativity, proactivity and out-of-the-box thinking. Foster-Pedley has the business acumen, the academic prowess, and the social conscience to direct Henley students so that they reach the full productive potential in every facet of their daily lives.

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COMMENTATOR ON SOUTH AFRICA

MCEBISI HUBERT JONAS

Mcebisi Jonas is one of four Presidential Investment Envoys appointed by President Cyril Ramaphosa to attract USD100-billion to South Africa over the next five years. He is also currently a non-executive director on different company boards, as well as MTN. Jonas previously served as Deputy Minister of Finance and as a Member of Parliament from 2014 to 2017. During this time he helped to steer South Africa's economy through one of the country's most difficult post-democratic periods. He also served as Chairperson and Non-Executive Director of the Public Investment Corporation, the state-owned pension fund manager and one of Africa's largest investment managers.

Before his appointment to national government, Mr Jonas played a key political leadership role in the Eastern Cape. Among other provincial ministerial positions, he served as a Finance MEC in the province. He served as Chief Executive Officer of the Eastern Cape Development Corporation (ECDC), a state-owned entity, which successfully amalgamated various smaller development institutions. He also served as Chief Executive Officer of the Centre for Investment and Marketing in the Eastern Cape, developing the investment promotion agenda for the province, which resulted in the establishment of the ECDC, the Coega Industrial Development Zone and the East London Industrial Development Zone. His activism has defined his political career. During the anti-apartheid years he led a number of political activities both within South Africa and in exile. He played a key role in the establishment of the United Democratic Front (UDF) in the Eastern Cape. Upon his return from exile in the 1990's, he was central to establishing the ruling African National Congress (ANC) structures in the Eastern Cape. More recently, he played a seminal role in the civic activism against state capture.

CHAIRMAN, KING COMMITTEE ON CORPORATE GOVERNANCE
LEAD INDEPENDENT DIRECTOR, JOHANNESBURG STOCK EXCHANGE

SURESH KANA

Suresh is the Chairman of Murray & Roberts Limited and the lead independent director of the Johannesburg Stock Exchange. He served as Chairman of Imperial Holdings Limited until its unbundling in 2019.

He is the Chairman of the King Committee on Corporate Governance, Deputy Chair of the Integrated Reporting Committee of South Africa and serves as a trustee of the International Financial Reporting Standards Foundation, which oversees the setting of global accounting standards. He serves as the Chairman of the Audit Committee of the United Nations World Food Programme (WFP) based in Rome. The WFP aims at Zero Hunger and in 2019 reached 97 million people with food assistance in 82 countries.

Suresh was the CEO and senior partner of PwC Southern Africa and PwC Africa and a member of the PwC Global Board, until his retirement in 2015.

VICE-CHANCELLOR AND PRINCIPAL, UNIVERSITY OF PRETORIA

PROF. TAWANA KUPE

Prof. Kupe holds a BA Honours and Masters degree in English from the University of Zimbabwe, and a DPhil in Media Studies from University of Oslo in Norway. Prof Kupe is the Africa Co-Chair of the Australia Africa Universities Network (AAUN) since 2019 and an Honorary Doctorate in Humanities was bestowed on him by Michigan State University in December 2019. Prof Kupe has a notable publication record, having authored journal articles, books and book chapters in his main discipline, Media Studies and Journalism. Over the years, Prof Kupe has played a key role in the establishment of select new innovative initiatives at Wits, of which the latest in 2018 the Africa Centre for the Study of the United States. He is an active member of several Civil Society Organisations, including the AmaBhungane Centre for Investigative Journalism, and is Chairman of the Board of Media Monitoring Africa since 2005. He has been a judge and convenor of multiple major journalism awards in South Africa. He is also the Co-Chairperson of the Kifra Prize Selections Committee coordinated by the African Institute for Mathematical Sciences (AIMS) in Rwanda from 2020. He serves on the board of a major private company and is a member of Council of the International Association of Media and Communication Research (IAMCR) and The Association of Commonwealth Universities (ACU) Council. Professor Kupe is a popular invited speaker, academic expert and regular commentator on issues of media performance in radio, television and the print media in South Africa for local and international media. He has also been a columnist for several newspapers and magazines in South Africa.

CHIEF ECONOMIST, STANLIB

KEVIN LINGS

Kevin joined then-Liberty Asset Management as an economic analyst in 2001. As STANLIB's chief economist, he is responsible for domestic and global economic research and forecasts. Kevin also provides input into STANLIB's asset allocation processes and provides relevant economic research for our Fixed Income, Property and Equity teams. He joined Liberty Asset Management from JP Morgan Chase, where he was a member of their macroeconomic research team, providing economic research and analysis to the broader asset management industry in South Africa. Prior professional experience was built as a senior economist within the Nedcor group. Kevin has an honours degree in economics from Wits University, specialising in international and public-sector finance. He is a widely sought-after media commentator, and has had several journal articles published, internationally as well as locally. From the mid-1990s to mid-2000s, Kevin lectured economics part-time at Wits Business School.

MANAGING DIRECTOR, WOLFPACK INFORMATION RISK

CRAIG ROSEWARNE

Craig is the MD of Wolfpack Information Risk - a South African firm established in 2011 that specialises in cyber threat intelligence, research, training, awareness and advisory services. A community of 9000+ information and cyber security specialists subscribe to their regular community updates. Craig has over 18 years of management experience in the fields of IT & cyber security. He is frequently invited to speak at information security, cybercrime and counter-espionage events. He provides regular opinion pieces via TV, radio and print/online media.

Wolfpack have also been instrumental in driving many strategic cyber security initiatives with stakeholders on the African continent. Craig was previously an Associate Director of Deloitte's Risk Advisory division. He ran the Deloitte School of Risk Management and was responsible on a national level for learning and innovation for a team of over 400 professionals.

GROUP CEO, PURPLE GROUP

CHARLES SAVAGE

Charles is CEO of the JSE listed Purple Group - a fintech group democratising access to all things trading & investing. Actively involved in Fintech for +17 years, Charles was one of the pioneers of Spread & CFD trading in South Africa in his role as CTO of GT247.com in 2000. He is the founder & CEO of EasyEquities, a multi-award-winning fintech platform, democratising access to share ownership everywhere.

Charles completed a BCom Accounting and Information Systems from the University of Cape Town in 1996. Prior to joining GT247.com, he served as a Sales and Marketing Director for an internet development company, Dockside Internet.

The last 17 years of his career have been spent in financial markets with a strong focus on technology, business development and leadership.

Elected CEO of the Purple Group in 2011, he is now responsible for strategically leading the operating business units of the group which include GT247.com, EasyEquities, and Emperor Asset Management.

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TT100 Director General's Award for Overall Excellence 2020

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PARTNERS

The result of a vision to build a research-centric risk and strategy advisory company, ABMI Research Institute is a specialised research, advisory and digital solutions group with specialised focus on integrated financial and performance reporting, financial risk management, corporate risk management as well as geopolitical risk and due diligence studies. The approach and solutions of ABMI Research Institute are original intellectual property-based and arise from detailed research processes to ensure that solutions are relevant and value-adding.

The Lead Researcher of the ABMI Research Institute is Terence Murasiki, a risk advisory and governance professional who has extensive experience in both governance, advisory and technical roles since 1995. Supported by a vibrant and technically competent team of advisors, ABMI Research Institute's solutions are competitive and transformative in their nature. Key to our service ethos is ensuring that we deliver value to our clients through a focused application of our knowledge and skills in areas where we are, in comparison to our peers, leading. We desire that, by applying our principles and solutions, organisations derive competitive advantage and the required business resilience to ensure sound performance and sustainability in an ever-changing business environment.

AIG is a world leading property-casualty and general insurance organisation serving more than 70 million clients around the world. With one of the industry's most extensive ranges of products and services, deep claims expertise and excellent financial strength, AIG enables its commercial and personal insurance clients alike to manage risk with confidence. For over 50 years AIG has been dedicated to servicing the South African insurance market. Their products are characterised by innovation, outstanding value added services and underpinned with their underwriting specialists, unparalleled global network and the expertise of a local claims team.

The ACFE is the world's largest anti-fraud organization and premier provider of anti-fraud training and education. Together with more than 85,000 members, the ACFE is reducing business fraud world-wide and inspiring public confidence in the integrity and objectivity within the profession.

The mission of the Association of Certified Fraud Examiners is to reduce the incidence of fraud and white-collar crime and to assist the Membership in fraud detection and deterrence. To accomplish our mission, the ACFE:

- Provides bona fide qualifications for Certified Fraud Examiners through administration of the CFE Examination
- Sets high standards for admission, including demonstrated competence through mandatory continuing professional education
- Requires Certified Fraud Examiners to adhere to a strict code of professional conduct and ethics
- Serves as the international representative for Certified Fraud Examiners to business, government and academic institutions
- Provides leadership to inspire public confidence in the integrity, objectivity, and professionalism of Certified Fraud Examiners

BarnOwl is a fully integrated governance, enterprise risk management, compliance and audit software solution used by over 200 organisations in Africa, Europe and the UK. BarnOwl supports best practice risk management, compliance and audit frameworks (e.g. COSO, ISO31000, Compliance Institute's handbook, International Professional Practice Framework), whilst offering a highly flexible and configurable parameter-driven system allowing you to configure BarnOwl to meet your specific requirements. BarnOwl is the preferred enterprise risk management (ERM) software solution in the South African public sector, endorsed by the Office of the Accounting General (OAG). BarnOwl is developed, implemented and supported by IDI Technology Solutions (Pty) Limited (IDI). IDI is a well-established software development company based in Johannesburg, South Africa.

Established in 1995, the Compliance Institute Southern Africa encourages and promotes professional compliance and sets the standard for leading practice. It is the SAQA-recognised professional body for compliance officers, with members from a range of industries. The Institute is governed by a Board elected by the members and an independent chairman. Various board committees have been delegated responsibility for key initiatives. In addition to these committees, the Institute also has various industry focus groups. Our aims and objectives are to:

- Encourage and promote compliance within the South African regulatory environment
- Alert members of new developments in, and changes to, legislation and the interpretation and application of such by the relevant authorities
- Promote the professional status, image and credibility of compliance officers, our members, by providing accreditation for compliance officers
- Identify, establish, maintain and promote leading compliance standards and practices Promote education and training in the field of compliance to its members and other stakeholders
- Encourage and facilitate forums for the exchange of information and ideas among members / other stakeholders.

The Compliance Institute currently offers two professional designations: Compliance Practitioner: CPrac (SA) and Compliance Professional: CProf (SA). The Compliance Institute has developed an occupational qualification for compliance officers approved by both the QCTO and the South African Qualifications Authority (SAQA) and registered on the NQF at level 6. The Institute is one of the founding members of IFCA, together with compliance bodies in, amongst other countries, Australia, Ireland and the USA. The main objectives of this Federation are to standardise compliance methodology and portability of qualifications.

The Continuity Practice within Dimension Data previously known as ContinuitySA enables resilience and sustainability for business. Dimension Data Continuity helps clients to prepare for, and deal with, any threat to the smooth, efficient functioning of their business as a result of unforeseen or sudden disruption due to man-made or natural events. Our clients have a commitment to sustainable business, and we understand the importance of protecting their brand, reputation, revenue, service levels, and staff interest at all times, and especially during operational frailty. The Resilient Consulting team, offer a flexible methodology covering both strategic and operational elements of business continuity management. Our Resilient technology services, help organisations take advantage of new technologies like disaster recovery and backup as a service and abundant, affordable bandwidth to craft tailored solutions that reduce risk, build resilience and ensure a quick recovery from any disaster and lastly our Resilient office services, are flexible, fully managed and highly resilient infrastructure provide you with peace of mind.

CURA Software Solutions is a leading provider of Governance, Risk, Compliance and Risk-based Audit software solutions, implemented across more than 250 enterprise customers globally. These solutions offer a clear picture of risk across the organisation which leads to better decision-making and risk management. CURA enhances visibility into business activities and allows for information to be easily consumed and actioned, enabling better business performance and managing the uncertainty of risk.

CURA Software Solutions was the recipient of the 2019 IRMSA Award for Risk Management System Provider as well as multiple awards in 2019 from The Davinci Business Innovation Awards Programme (TT100) for Excellence in the Management of Technology, Innovation and Systems. CURA was also received the GRC 20/20 Risk Management Value Award 2019.

The Financial Planning Institute of Southern Africa (FPI) is a South African Qualifications Authority recognised professional body for financial planners in South Africa. It is the only institution in South Africa to offer the CFP® certification and has been approved by the South African Revenue Service (SARS) as a Recognised Controlling Body (RCB).

As a non-profit professional body, founding and affiliate member of Financial Planning Standards Board (FPSB), the Institute exists to improve the level of professionalism and positively influence the quality of advice provided by its members. There are 25 other affiliate member countries who offer the CFP® certification.

Our vision is one of professional financial planning for all.

Our mission is to advance and promote the pre-eminence and status of financial planning professionals, while at all times acting in the interests of the society whom the profession serves.

We strive to remain a pre-eminent financial planning standards authority for competent, ethical financial planners in South Africa and uphold the integrity of the CFP® certification.

FutureRisk is a Coaching and Consulting company that specialises in Longevity Risk and Opportunity. Kay Darbourn is the business owner and she brings a wealth of previous experience in the fields of Insurance, Risk Financing, Risk Management, Medical Aid, Pension Funds, General Management and Coaching.

Indwe Risk Services (Pty) Ltd is today one of South Africa's largest independent brokers, offering personal, business and specialist risk and insurance advisory services.
As a company with innovation as a value, we are always looking for new ways of doing business, to continually provide better services and solutions to our clients.

Intdev is an award-winning holistic technology services company with a focus on extraordinary service delivery with a countrywide presence. We have been offering complete and customised IT and communications solutions since 1998. Over the years, Intdev has become a preferred IT partner, focusing on connectivity, communications and managed services.

We have won the support of several big players in of South Africa and its neighbouring countries. Intdev specialises in small and medium business enterprises (SMEs) in the private sector, as well as government institutions, and their industry- and business-specific needs.

This dynamic was the result of a demand in the marketplace for an IT service provider that can not only service customers over the broad scope of their IT requirements, but also focus on quality, resulting in reliability every time and with impeccable work standards.

JGL Forensic Services was founded in 2001 to meet the growing demand for specialised forensic accounting and financial investigative services in South Africa and further abroad.

Our multidisciplinary forensic team consists of experienced professionals with decades of experience in their fields, who all place specific attention and care to the application of scientific methods in the field of forensic accounting and auditing.

Our values closely relate to our mission, but we believe that our company is personified through our slogan, "Integrity, Professionalism and Quality." We strongly believe in the rule of law and the scientific method as it applies to forensic auditing and investigation, and it is this passion for our trade that drives us to provide the highest standard of work to our clients.

The JSE was formed in 1887 during the first South African gold rush. Following the first legislation covering financial markets in 1947, the JSE joined the World Federation of Exchanges in 1963 and upgraded to an electronic trading system in the early 1990s. The bourse demutualised and listed on its own exhange in 2005.

In 2003, we launched an alternative exchange, AltX, for small and mid-sized listings, followed by Yield X for interest rate and currency instruments. The JSE then acquired the South African Futures Exchange (SAFEX) in 2001 and the Bond Exchange of South Africa (BESA) in 2009. Today we offer five financial markets namely Equities and Bonds as well as Financial, Commodity and Interest Rate Derivatives.

Joshero specialises in combining information on every aspect of your business to tell your complete value-creation story. In the process, we can help you unlock valuable connections and reinforce links with investors and stakeholders.

You have a clear idea of where your company is going, and how you'll get there. But can you articulate this in ways that inspire people to invest in your vision, and to help you turn it into a reality? Collaborating with Joshero makes this much easier and helps portray your business exactly the way you want it to be seen – and show the world that you're positioned for sustainable growth.

We're committed to our vision of 'Enhancing the Potential of the African Continent by Advancing the Rule of Law'. With our strong community of legal professionals, we advance the practice of law. Through our corporate solutions, we advance compliance with the law.

Finally, we partner closely with government to advance the upholding of the law. For over 85 years LexisNexis® South Africa has been at the forefront of legal content and technology. Today, we provide the most trusted and credible legal and regulatory content and intelligent, digital platforms. Our corporate solutions guide you to better decisions, grounded in the latest legislation and regulatory developments. LexisNexis® prides itself on offering unmatched content accuracy together with superior technology. From e-signature to GRC, we equip today's organisation to protect against risk in the most robust way.

Lucidum enables boards and EXCOs to make quality governance, risk, ethics and compliance decisions that can effectively be implemented in their organisations. We believe that practical governance, risk, ethics and compliance must result in tangible business outcomes and that theoretical or academic approaches to these disciplines achieve very little and are not cost effective. Our consultants subscribe to the principles of "pro-active and credible governance", "actual management of risk", "ethics based on honesty and transparency" and "risk-based compliance". For more information, please contact us at info@lucidum.africa, jacques@lucidum.africa or visit our website at www.lucidum.africa.

Marsh is the world's leading insurance broker and risk adviser. With over 35,000 colleagues operating in more than 130 countries, Marsh serves commercial and individual clients with data driven risk solutions and advisory services. Marsh is a business of Marsh & McLennan Companies (NYSE: MMC), the leading global professional services firm in the areas of risk, strategy and people. With annual revenue approaching US$17 billion and 76,000 colleagues worldwide, MMC helps clients navigate an increasingly dynamic and complex environment through four market-leading businesses: Marsh, Guy Carpenter, Mercer, and Oliver Wyman.

Mondial has a strong culture of client service and its management team, consultants and employees have been performing a range of enterprise and related risk management projects for local and international clients since 1995.

We believe that we are in the position to offer innovative and pragmatic solutions to our clients taking into account our unique experience in a range of Risk, Business Continuity Management, Governance, Compliance, Sustainability and Assurance related disciplines.

More Beyond was founded in 2013 by Sonja Blignaut. We specialise in helping organisations and people become more resilient and adaptive in the face of uncertainty. More Beyond partners with several international thought leaders in the field of complexity. We play various roles:

- we are thinking partners, bringing new ways of thinking and seeing the world, new tools and frameworks alongside the expertise that already exists in your organisation and team. Often, leaders don't need a coach or consultant, but rather someone to think with them, to challenge their patterns and broaden their ideas.
- we challenge orthodoxy: to be effective in the so-called VUCA world requires us to not only think differently, but also to structure our organisations differently and to stop doing some of the things that we have been taught are best practices. It normally takes someone from outside the organisation to bring blind spots and complacencies to the surface.
- We provide custom learning journeys in sense-making, resilience, future-fitness, adaptive organisations and more
- we facilitate adaptive strategy and other emergent processes.
- we provide access to unique software tools that enable organisations to create narrative landscapes to guide decision-making

Our Group was established in Cape Town in 1845 as South Africa's first mutual life insurance company, offering financial security in uncertain times.

Our purpose is to help our customers thrive by enabling them to achieve their lifetime financial goals, while investing their funds in ways that will create a positive future for them, their families, their communities and broader society. In this way, we significantly contribute to improving the lives of our customers and their communities while ensuring a sustainable future for our business.

We now employ more than 30 000 people and operate in 14 countries across two regions Africa (South Africa, Namibia, Botswana, Zimbabwe, Kenya, Malawi, Tanzania, Nigeria, Ghana, Uganda, Rwanda, South Sudan and eSwatini) and Asia (China)

Our vision is to be our customers' most trusted lifetime partner, passionate about helping them achieve their lifetime financial goals.

Following the listing of Old Mutual Limited in 2018, we unveiled a vibrant new brand identity to reflect our fresh, customer-led approach and stronger focus on Africa. Old Mutual's visual personality now draws on the optimism, vibrancy and seize-the-day spirit of the continent, reinforcing the message of "Made in Africa for Africans".

At ProEthics, our main focus is organisational training. We use our extensive legal qualifications and practical experience to develop and present customised, face-to-face and online training courses that address organisational ethics and anti-corruption compliance. Contact us info@proethics.co.za or janette@proethics.co.za or visit our website http://www.proethics.co.za

Risk Insights (RI)

RI is a professional data analytics consultancy that delivers to its clients sustainable solutions and products using the latest achievements of data science. Established in 2009, Risk Insights is a Level 1 B-BBEE accredited company with a team of highly qualified and valued individuals with more than 70 years of combined experience in South African capital markets. Risk Insights has developed a rating model called ESG-GPS that rates all companies listed on the JSE in terms of ESG. Aligning ourselves with the UN's Sustainable Development Goals, we make sustainability our choice. We offer the following products and services:

- ESG GPS
- Data Analytics
- Risk Advisory services
- End to end ERM services

Find out more about us by visiting our website at https://riskinsights.co.za/

Risk Sense Africa was founded in 2020 with a single mission: to provide affordable strategic advisory services for businesses big and small across the African content. Each of our clients are unique, we therefore provide fit for purpose solutions that are aligned to our clients' needs and budgets. Though we've only recently started, the Risk Sense Africa network comes with a wealth of experience gained from working at big four consulting firms, JSE listed companies and small to medium enterprise in Southern Africa and abroad.

We don't do audit, we don't have performance or revenue targets and therefore focus all of our efforts to find the right people and solutions that can help your business thrive.

RUBIQ is the product of over 15 years of GRC market participation, framework design, research and innovation by its founder Nicky Downing and the core management team.

Our amazing and ever-growing team, building and supporting RUBIQ, works hard every day to ensure the platform delivers the latest technology and the most agile and relevant GRC solution in the market.

We are excited about GRC and passionate about delivering a truly game-changing GRC platform for organisations in any industry anywhere in the world.

RXNet is an innovative risk exchange network that enables just that - with a fully-integrated, FREE digital platform that combines the power of collaboration with innovative products and partnerships in value-added risk services.

The South African Institute of Chartered Accountants (SAICA) is the foremost accountancy body in South Africa and one of the leading Institutes in the world. It provides support, advice and services to its CAs throughout their professional lives.

Our purpose: Developing responsible leaders for a changing future

Our main objectives:

- Promote the interests of SAICA members
- Support the development of the South African economy and society
- SAICA's strategy supports the achievement of its purpose and has six pillars:
    - Continued relevance of the accountancy profession
    - Delivering better member value and offerings that will see our members remain relevant and in high demand in the marketplace
    - Growth and transformation of the accountancy profession in terms of race and gender and in line with the overarching national agenda
    - Growing the Institute's thought leadership standing, both locally and internationally, through technical excellence and a more robust stakeholder engagement focus
    - Making a quantifiable social contribution through nationbuilding initiatives, thereby contributing to the global Sustainable Development Goals (SDGs)
    - Sustainability of the profession through the attraction and retention of new members

The Ethics Institute is an independent public institute producing original thought leadership and offering a range of ethics-related services.

Our vision is: Building an ethically responsible society. We pursue our vision through thought leadership and an ethics-related offering, including training, advisory services, assessments, products and membership opportunities. We work with the public and private sectors, and with professional associations.

The Institute of Directors in South Africa (IoDSA) supports business leaders and directors in reaching their full potential by ensuring they fully understand the latest governance practices and are empowered to discharge their duties effectively.

The IoDSA offers exclusive programmes to develop existing and aspiring directors through thought leadership and providing a platform for peer interaction. We are committed to fostering better directors, better boards and better business in SA.

The Institute of Internal Auditors (IIA Inc.) is the leading professional body representing the interests of internal auditors worldwide. It is the internationally recognised authority, principal educator and acknowledged leader in certification, research and technological guidance for the profession. The Institute is creator and custodian of the International Standards for the Professional Practice of Internal Auditors, and the Code of Ethics to which all members must adhere. A global institute with headquarters in Florida, USA, the IIA Inc. has a network of affiliates serving members in more than 160 countries in the fields of internal auditing, risk management, governance, internal control, IT audit, education, security and management.

The Institute of Internal Auditors South Africa (IIA SA), as part of this international network upholds and supports the profession by providing a wide range of services dedicated to the education and advancement of internal auditors and dynamically promoting and developing the profession in South Africa. The IIA SA's objectives are to build the profession, its credibility and a thriving business environment in South Africa. The IIA SA is the largest affiliate in the world after North America.

The IISA is a registered non-profit organisation established in 1966 by the industry to advance the insurance sector in South Africa and beyond. The primary responsibility of the institute to its members and the industry in general, is to promote the advancement of knowledge and skills, the maintenance of the highest level of standards and ethics as well as the professional development within the insurance industry.

As the premier knowledge and standards hub for insurance industry professionals in South Africa, IISA maintains close links with local and international organisations with a similar mandate to ensure that the membership and other affiliates keep abreast of the latest developments in the sector from around the world.

thryve is a provider of cloud-based insurance administration, risk management information and customer relationship management systems. thryve is part of the Eikos Group and has been developing tailored insurance administration systems for insurance intermediaries for over 15 years. We market and support Riskonnect, a risk management information system solution that is provided in the cloud and developed on the Salesforce.com platform. We are a Salesforce.com partner and partner with Salesforce to deliver the world's leading cloud-based sales, service and marketing platform to clients. Our web-based insurance administration systems are hosted in the cloud and are developed on the Microsoft.net and SQL Server platforms. We employ developers, data analysts, business analysts, client support technicians, project managers and IT engineers, all key to delivering a robust and reliable solution to our clients. Our clients are large southern-African corporates, insurers and insurance brokers.

IGNORING RISK IS A RISKY BUSINESS

Risks are unavoidable in any business. While they can present a threat to your success, not all risks are bad, and taking a calculated risk can help you get ahead. Today, organisations are exposed to more risks than ever before and, because they cannot be avoided, it's essential that you tackle them head-on to minimise the impact they could have on your business.

THE RIGHT ADVICE

Indwe has a team of highly qualified risk management specialists who can help you identify, evaluate and manage uncertainty. Our skilled team use world-class risk management systems and analytics to carefully assess and then develop a deep understanding of the risks facing your business. Our specialists provide sound advice so you can better understand your risks and make informed decisions based on the unique risk appetite and risk tolerance of your business.

RISK MANAGEMENT ADVISORY SERVICES

Our services include:

Risk Financing and Alternative Insurance Advice

Our alternative risk financing solutions start with a risk bearing capacity analysis that will allow us to advise on the optimum risk transfer/retention strategy, which may include contingency policies, cell-captive solutions and spread-loss facilities. We use statistical modelling to identify optimum risk transfer limits, deductibles and stop loss limits supported by thresholds as part of a cost-effective re-insurance structuring, designed to support your business in the event of a catastrophic loss.

Risk control and post loss surveys

With a team of qualified engineers and industry experts, we can support operational management with fire, security, health, safety and logistics risk assessments, identify compliance gaps and recommend risk control improvements to enhance the overall risk profile of your business. We use RiskTech to deliver exceptional service and insights into major property and business interruption exposures, and we utilise UAV (drone) surveys for a unique perspective of post-loss events and property surveys.

Risk management systems and analytics

Using the latest analytics and modelling, we identify trends and ensure that your risk appetite is aligned to your risk management maturity. The use of technology, supported by expert opinion and analysis of data, is key to mitigating risk effectively in modern businesses.

Risk management governance and reporting advice

Our solution provides your leadership team with detailed feedback around risk management maturity and standards of business resilience. It also includes facilitated risk workshops, reporting guidance and assurance of the complete risk

When you have the right risk management strategy in place, you can better prepare your business and prevent or mitigate damages, increasing the chance of success. For more information about Indwe's risk management advisory services, speak to one of our IRMSA certified risk professionals on **011 912 7300** or email **risk@indwe.co.za.**

INDWE RISK SERVICES

www.indwe.

Indwe is an authorised Financial Services Provider. FSP
Ts&Cs apply.

Stratitude/IN2945

IRMSA RISK REPORT

SOUTH AFRICA RISKS 2021
SEVENTH EDITION

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