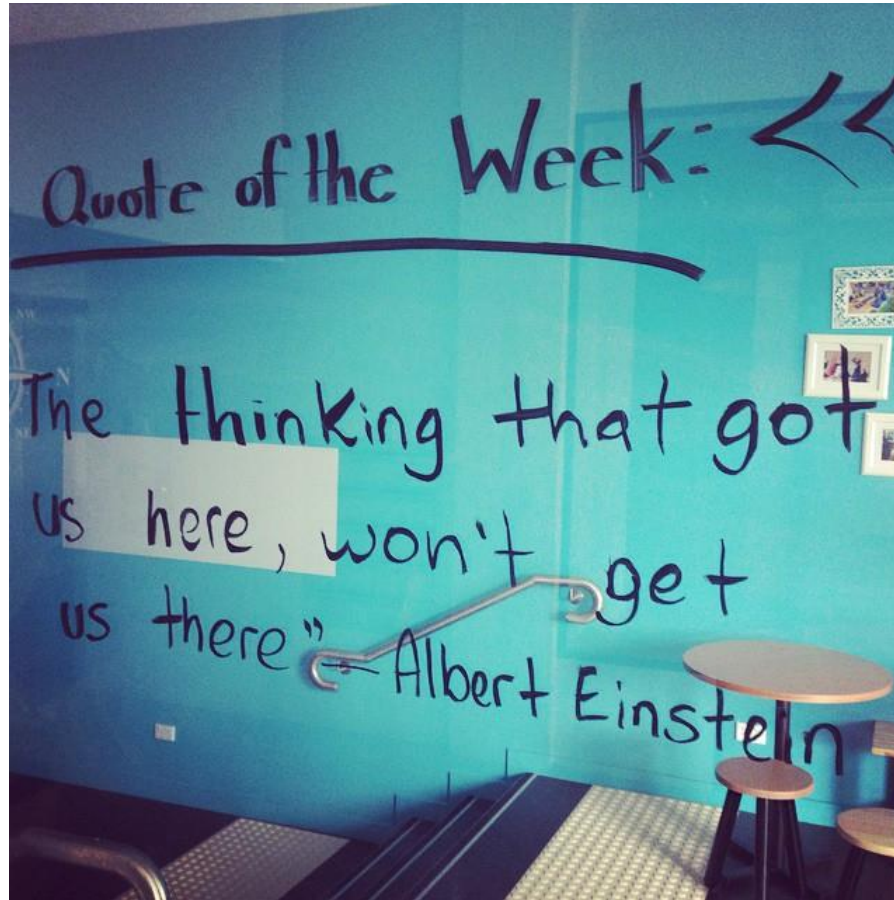




EXTERNAL CONTEXT SETTING, MONITORING AND REPORTING WITHIN RISK MANAGEMENT

Michael Ferendinos
IRMSA Chief Risk Advisor

Example 1: Disruptive Technology



Past success is no predictor of future success

For example: These corporations did not respond to disruptive technology:



NOKIA

Kodak



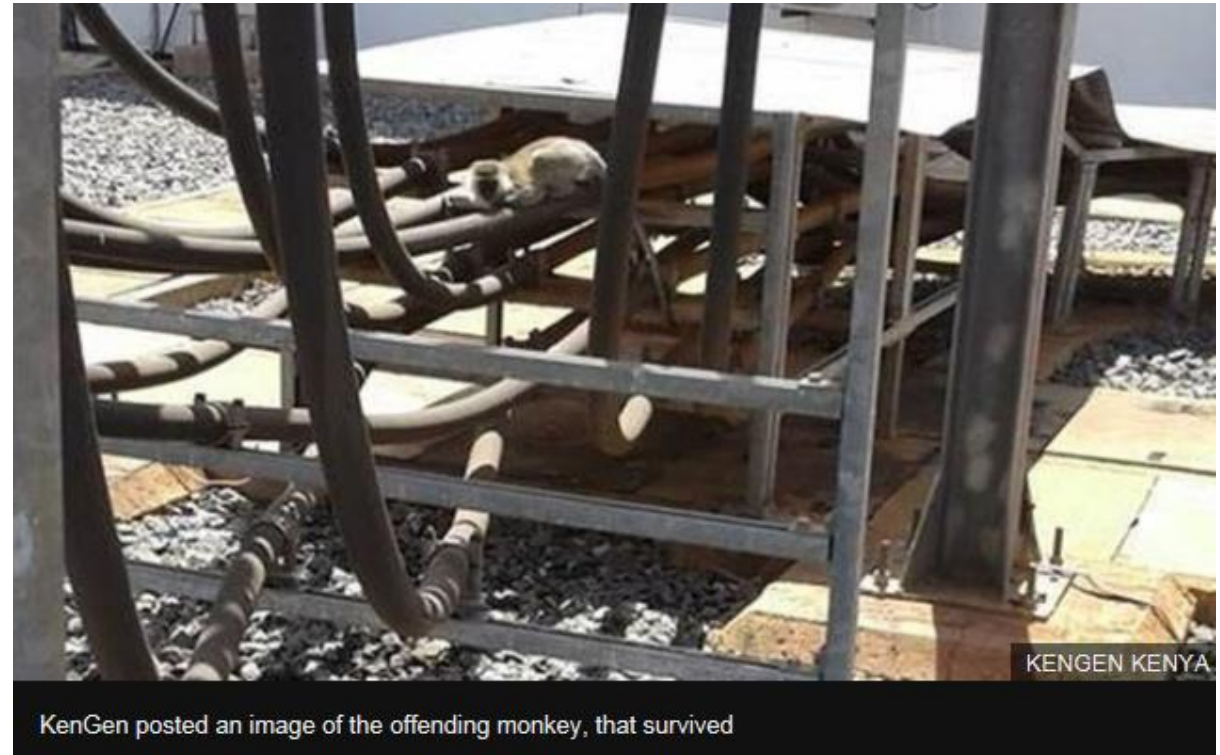
Example 2: Kenyan Nationwide Blackout

| Africa News

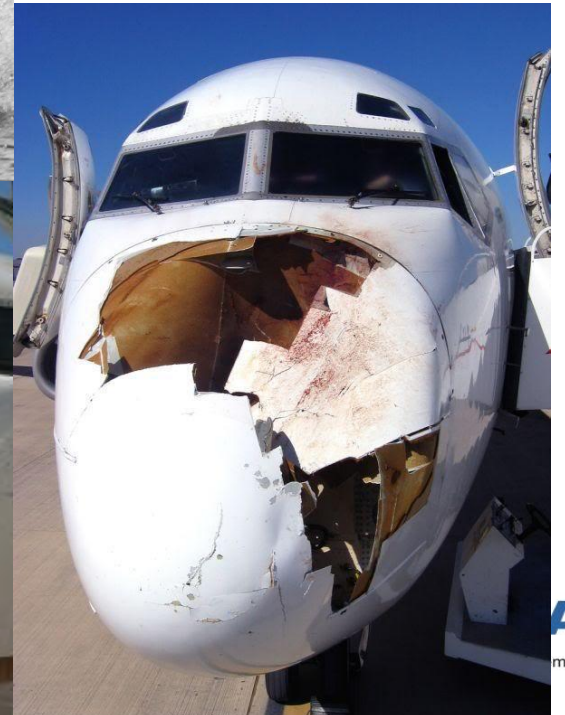


Monkey causes nationwide Kenya blackout

A single monkey causes a nationwide blackout in Kenya after falling on to a transformer at a power station.



Example 3: “Miracle on the Hudson”



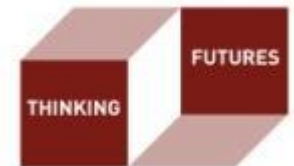
Key External Environment Lessons

- Organisations are often **not flexible enough** to deal with unexpected changes in the external environment.
- **Key risks** are either missed or poorly understood in the absence of environmental scanning.
- This affects opportunities too as **potential innovation** and **strategic options** are missed because organisational assumptions and ideologies are not challenged.
- Ultimately **better informed decision making** should position an organisation appropriately in the external environment.

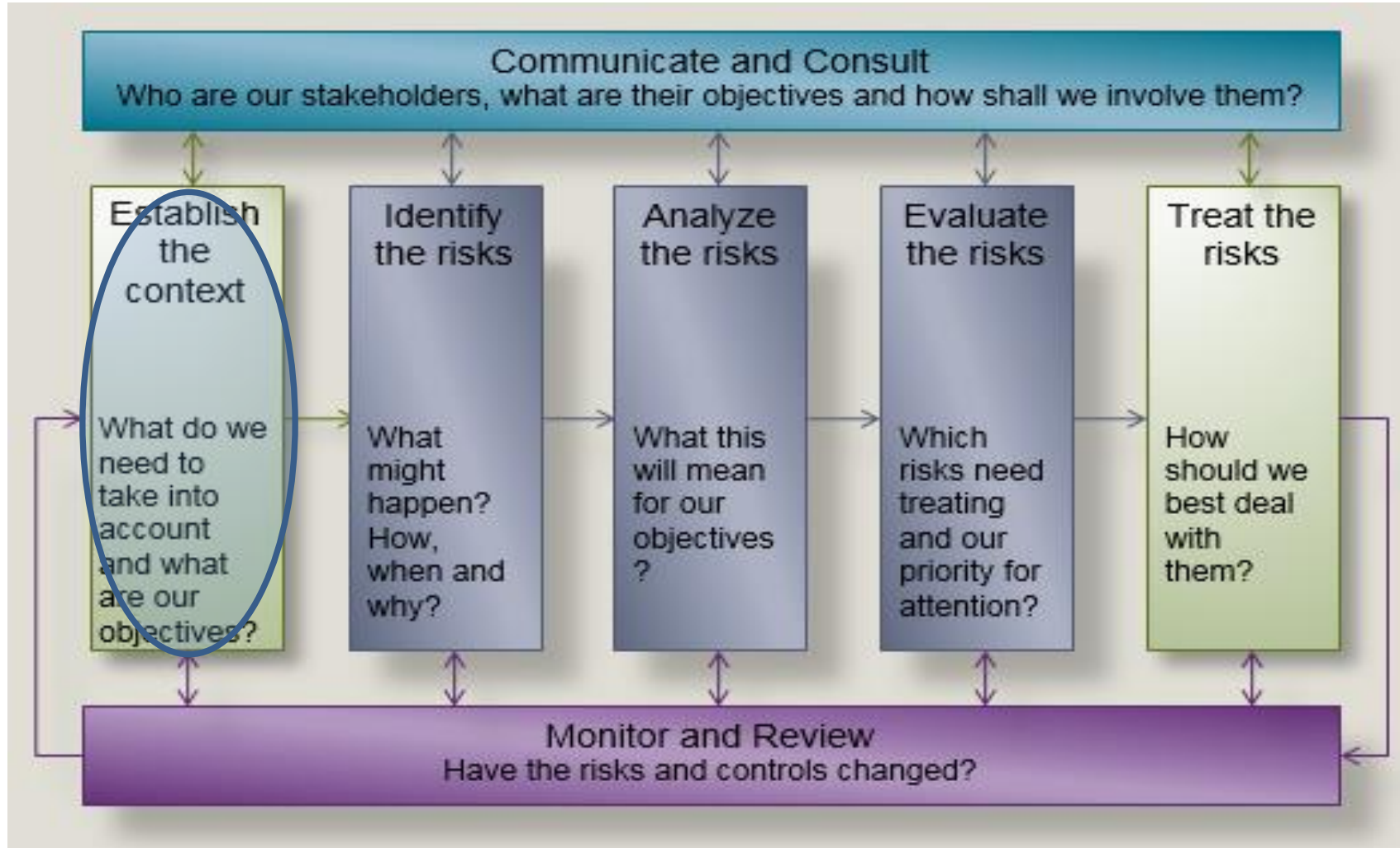


Conventional vs. Futures Thinking

Conventional Business Thinking	Futures Thinking
Immediate term	Depth of vision
Own business focus	Cross-disciplinary
Attention to detail	Broad vision
Techno-economic trends focus	Trends and emerging issues
Problem approach	Systems approach
Less attention to connections	Interactions and cross-impact
Continuity assumption	Wild cards and discontinuities
Bottom line focus	Strategic focus
Undiscussables	Speak the unspeakable
Short term focus	Long term orientation
A single future	Alternative futures
Mainstream thinking	Mind changers
Past and present dominate decision making	Future dominates decision making



ISO 31000 and Context



Establish the Context

The risk management context is where the approach and boundaries is defined to be applied for the risk assessment at hand

- *Scope and boundaries*
- *Define risk criteria*
- *Risk assessment method*



The external context is the external environment in which the organisation seeks to achieve its objectives:

- **P** – *Political*
- **E** – *Economical*
- **S** – *Social*
- **T** – *Technology*
- **L** – *Legal*
- **E** – *Environmental*

The internal context is the internal environment in which the organization seeks to achieve its objectives:

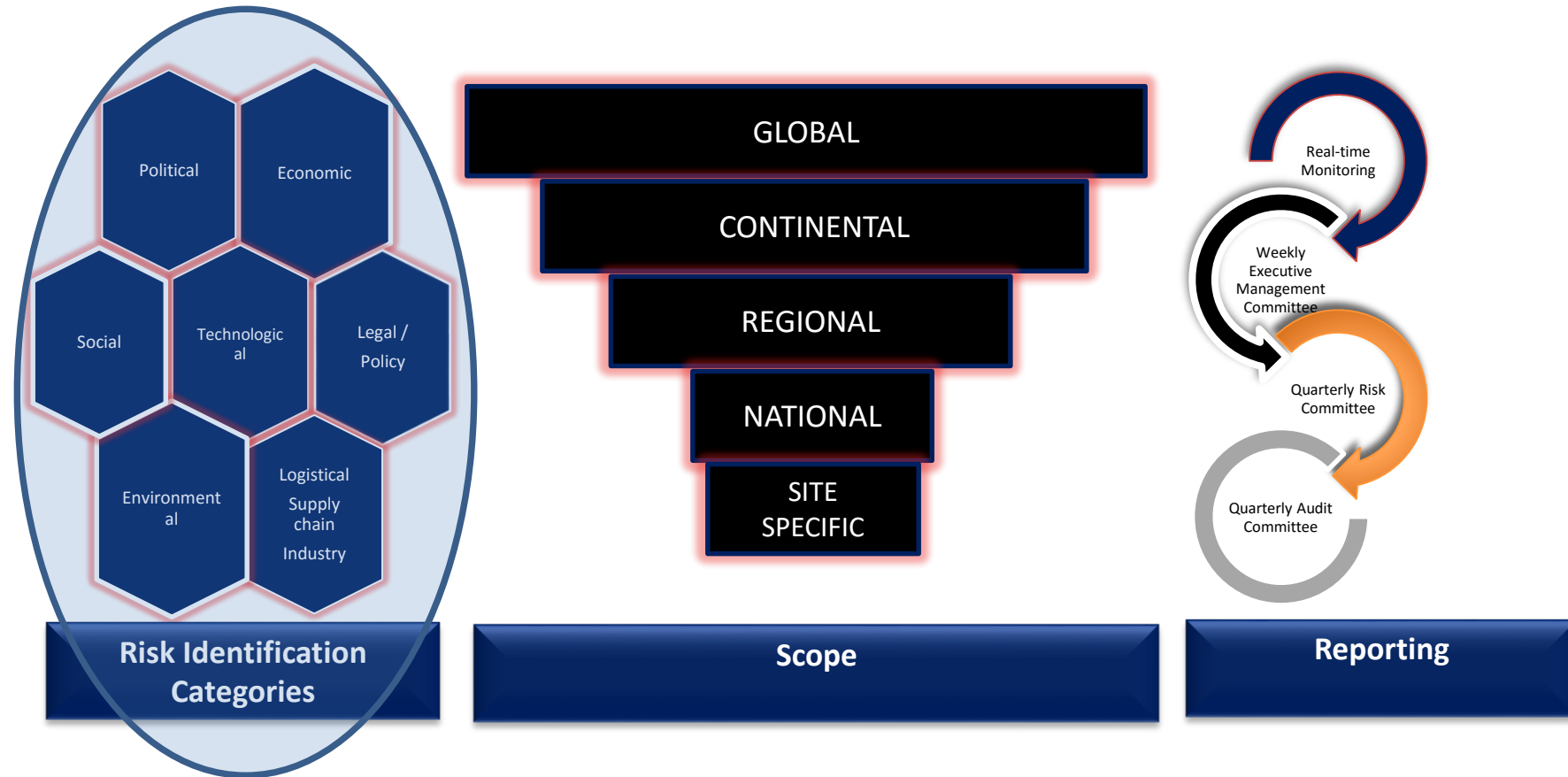
- *Governance*
- *Structure*
- *Culture*
- *Capability*
- *Policies, procedures, IT systems etc.*

External Context Setting Challenges

- We have **limited** time and energy, and limited resources. Who should be scanning? Risk Champions?
- **Information overload**; difficulty to define focus.
- Absence of a **knowledge sharing** platform.
- Lack of **management buy in** considering that pertinent strategic issues, challenges and decisions need to be considered now (short-term thinking).
- Misaligned **reporting** expectations.



What Categories should be Scanned?



PESTEL Analysis

Political Future

- Alignment with political parties
- Legislation
- Government relations
- Government involvement within the industry

Economic Future

- Total GDP
- Inflation
- Revenue
- Exchange Rates
- Investment
- Cyclicity
- Costs

Socio-cultural Future

- Changes in Values & Culture
- Change in Lifestyle
- Work & Leisure attitudes
- Education & Health
- Demographic Changes
- Distribution of Income

Political
Economic
Socio-Cultural
Technological
Environmental
Legal

Technological Future

- Government Investment Property
- R&D initiatives
- New Patents & Products
- Speed of change and adoption
- R&D Expenditure
- Industry Developments

Environmental

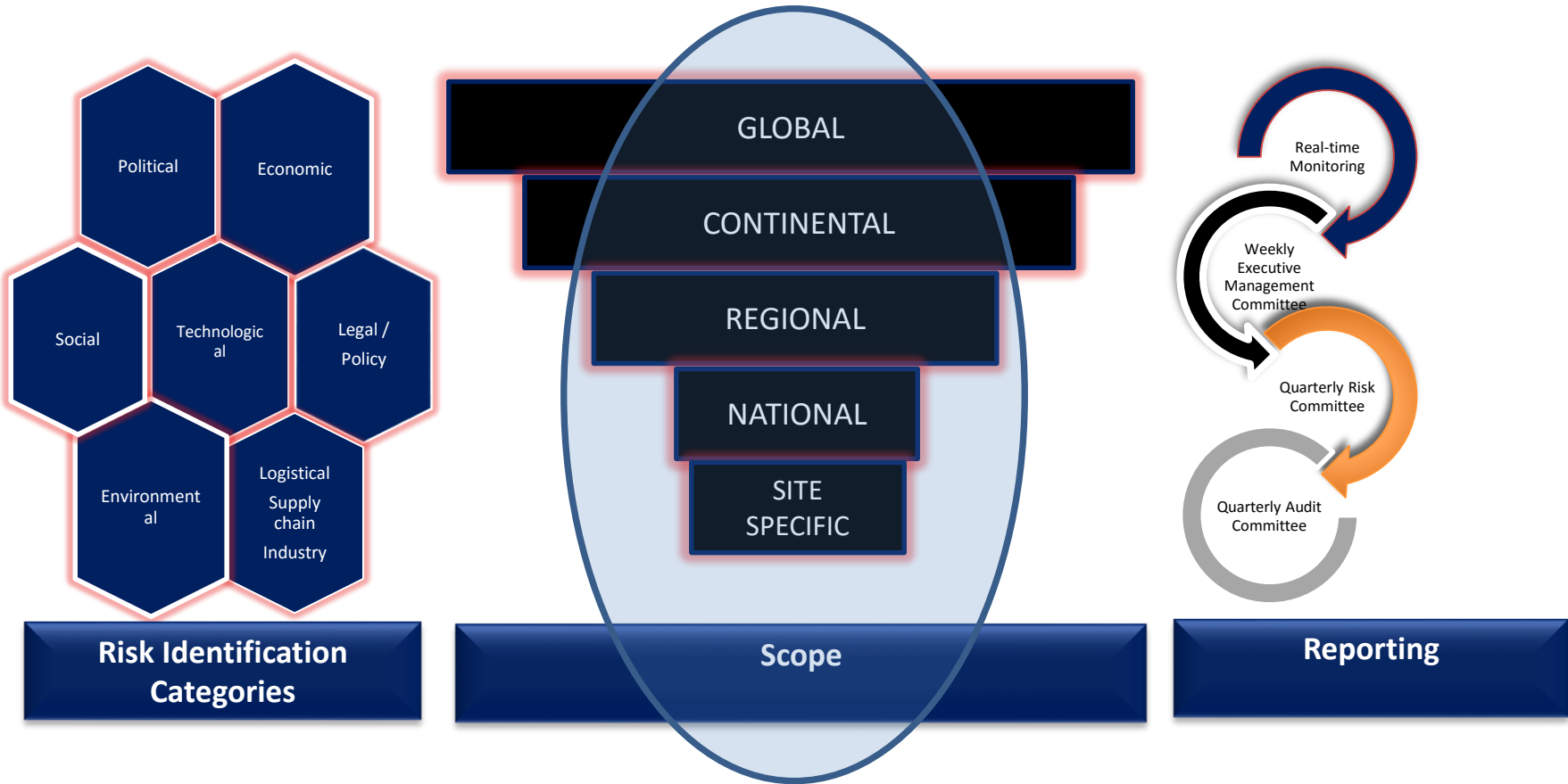
- Green Issues
- Community
- Social Responsibility
- Triple Bottom Line

Legal

- Certification
- Government Regulations
- Operating Licenses
- Labour Laws

Used to identify risks in the above listed key areas of an organisation

What Levels should be Scanned?



Levels of External Contextual Analysis



Global Developments



South African Developments



Africa Developments



Site-specific Developments



SADC/Regional Developments

Global, African and Regional Levels

The Global Risks Report 2016



Top 10 risks in terms of Likelihood

- 1 Large-scale involuntary migration
- 2 Extreme weather events
- 3 Failure of climate-change mitigation and adaptation
- 4 Interstate conflict
- 5 Natural catastrophes
- 6 Failure of national governance
- 7 Unemployment or underemployment
- 8 Data fraud or theft
- 9 Water crises
- 10 Illicit trade

Top 10 risks in terms of Impact

- 1 Failure of climate-change mitigation and adaptation
- 2 Weapons of mass destruction
- 3 Water crises
- 4 Large-scale involuntary migration
- 5 Energy price shock
- 6 Biodiversity loss and ecosystem collapse
- 7 Fiscal crises
- 8 Spread of infectious diseases
- 9 Asset bubble
- 10 Profound social instability

Categories

- Economic
- Environmental
- Geopolitical
- Societal
- Technological



The Global Risks Report 2016
11th Edition



Read more: wef.ch/risks2016 #risks2016



Global, African and Regional Levels

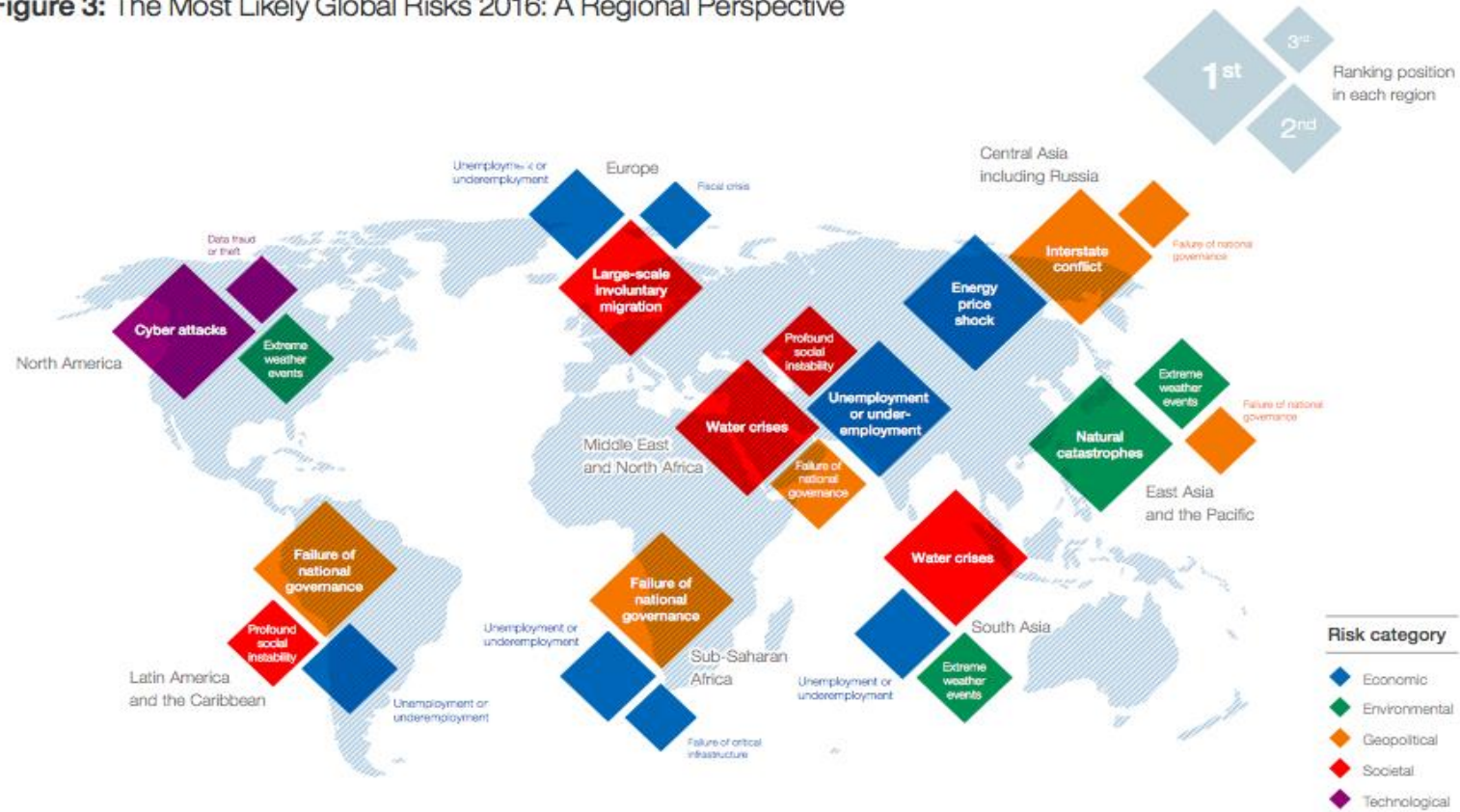
- Trends 2016



Trend	Description
Ageing Population	Ageing of populations in developed and developing countries driven by declining fertility
Climate change	Change of climate attributed directly or indirectly to human activity that alters the composition of the global atmosphere and which is in addition to natural climate variability
Environmental degradation	Deterioration in quality of air, soil and water from ambient concentrations of pollutants and other activities and processes
Growing middle class in emerging economies	Growing share of population reaching middle-class income levels in emerging economies
Increasing national sentiment	Increasing national sentiment among populations and political leaders affecting countries' national and international political positions
Increasing polarization of societies	Inability to reach agreement on key issues within countries due to diverging or extreme values, political or religious views
Rise of chronic diseases	Increasing rates of non-communicable diseases, also known as chronic diseases, leading to long-term costs of treatment threatening recent societal gains in life expectancy and quality, placing a burden on economies
Rise of hyperconnectivity	Increasing digital interconnection of people and things
Rising geographic mobility	Increasing mobility of people and things due to quicker and better performing means of transport and lowered barriers
Rising income disparity	Increasing socio-economic gap between rich and poor in major countries or regions
Shifts in power	Shifting power from state to non-state actors and individuals, from global to regional levels, and from developed to emerging market and developing economies
Urbanisation	Rising number of people living in urban areas, resulting in the physical growth of cities
Weakening of international governance	Weakening or inadequate global or regional institutions' (e.g. the UN, IMF, NATO, etc.) agreements or networks, and loss of trust in them, increasing the global power vacuum and preventing effective solutions to global challenges

Global, African and Regional Levels

Figure 3: The Most Likely Global Risks 2016: A Regional Perspective

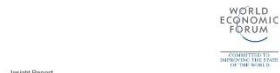
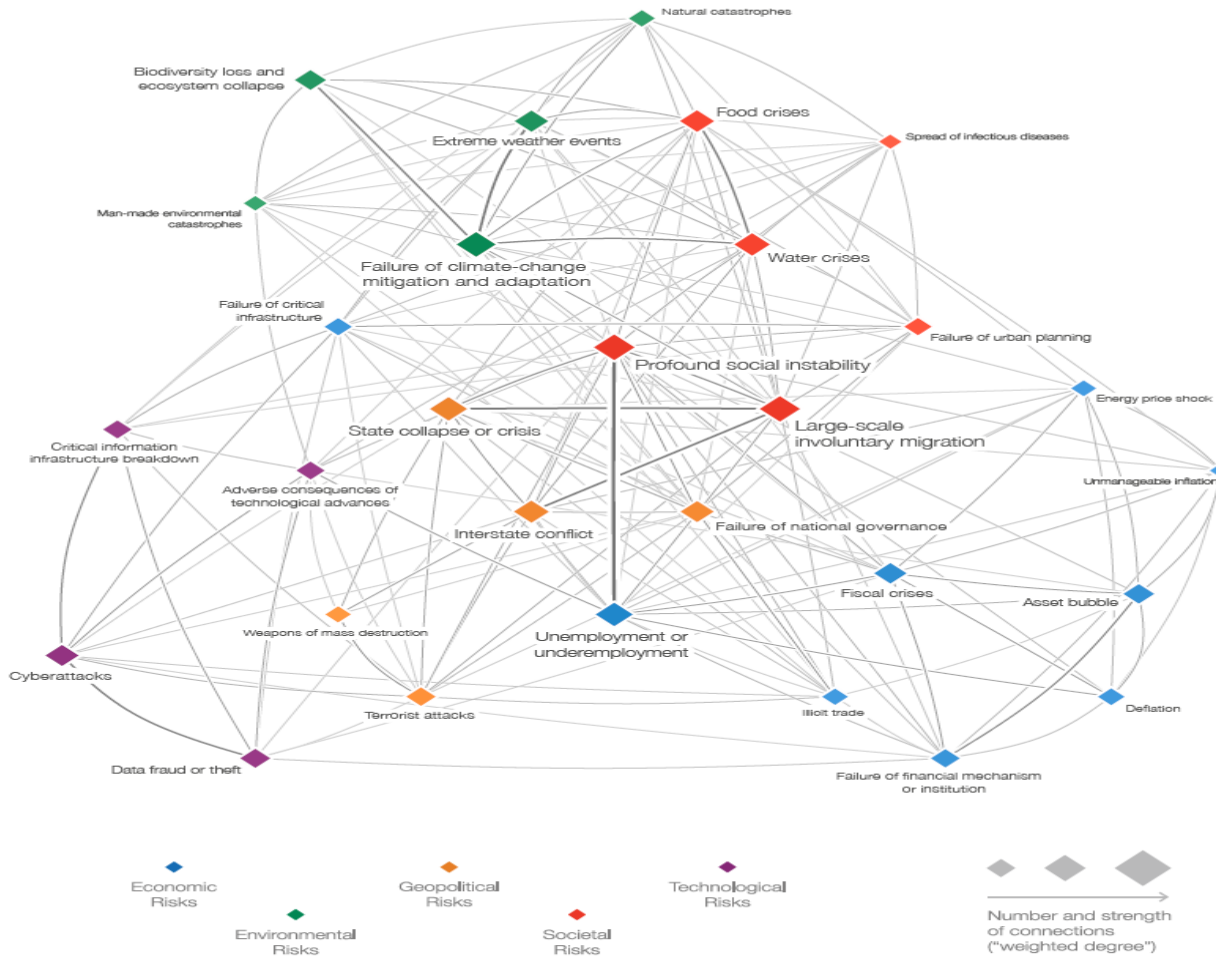


Source: Global Risks Perception Survey 2015.

Note: Respondents were asked to select the three global risks that they believe are the most likely to occur in their region. For legibility reasons, the names of the global risks are abbreviated; see Appendix A for the full name and description. Oceania is not displayed because of the low number of respondents.

Global, African and Regional Levels

Global Risks Interconnections Map 2016



The Global Risks Report 2016
11th Edition



Read more: wef.ch/risks2016 #risks2016



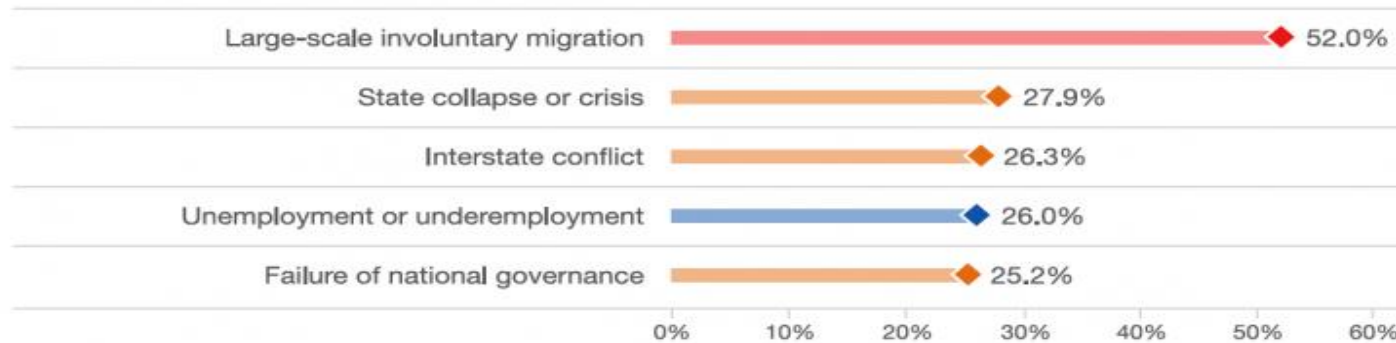
Global, African and Regional Levels

The Global Risks of Highest Concern, 2016

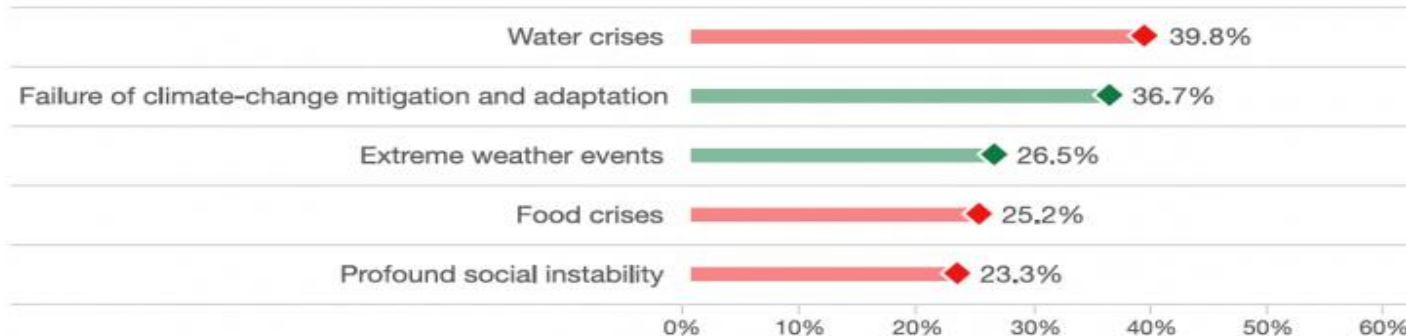
Percent of participants mentioning the respective risk to be of high concern for the time frame of 18 months or 10 years, respectively. Participants could name up to five risks in each time frame. In each category, the risks are sorted by the total sum of mentions.



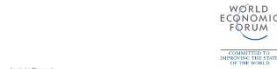
For the next 18 months



For the next 10 years



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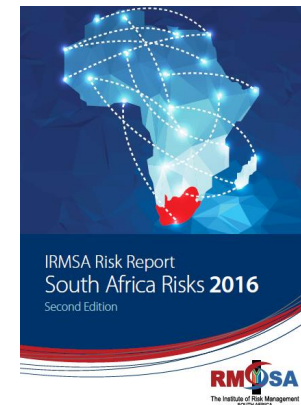
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South African Level

Figure 1: Top Ten South African Country Level Risks

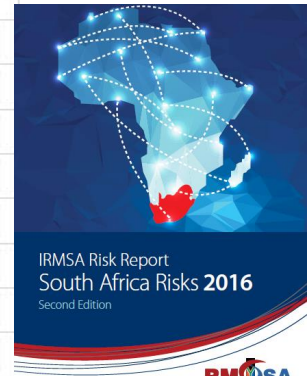
Figure 2: Top Ten South African Industry Level Risks



Interdependency of the Top 20 South African Risks for 2016

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
	Insufficient electricity supply	Increasing corruption	Skills shortage	Education and skills development	Water crisis	Structurally high unemployment / underemployment	Lack of leadership	Increasing strike action	Failure / shortfall of critical infrastructure	Severe income disparity	Profound political and social instability	Major escalation in organised crime and illicit trade	The weakening of representative democracy	Governance failure	Regulatory / legislative changes	Unmanaged inflation	State collapse or crisis	Reputational damage or adverse media / social media attention	Prolonged recession in the BRICS countries	Massive incident of data fraud / theft
1	SELF				WEAK		WEAK	WEAK	STRONG			WEAK		STRONG	WEAK		WEAK	STRONG		
2		SELF	WEAK				STRONG				STRONG	WEAK	STRONG	STRONG	WEAK	WEAK	STRONG	STRONG		
3		WEAK	SELF	STRONG	WEAK	STRONG	WEAK	WEAK	WEAK	WEAK	WEAK	WEAK		STRONG	WEAK		WEAK			
4			STRONG	SELF		STRONG	WEAK	WEAK		WEAK	WEAK	WEAK		STRONG	WEAK		WEAK	STRONG		
5	WEAK		WEAK		SELF		WEAK		STRONG					STRONG	WEAK			STRONG		
6			STRONG	STRONG		SELF	WEAK	WEAK	WEAK	STRONG	WEAK	WEAK		STRONG	WEAK	WEAK	STRONG	WEAK	WEAK	WEAK
7	WEAK	STRONG	WEAK	WEAK	WEAK	WEAK	SELF	WEAK	WEAK		STRONG		STRONG	STRONG		STRONG	STRONG	WEAK		
8	WEAK		WEAK	WEAK		WEAK	WEAK	SELF		WEAK	STRONG		STRONG	STRONG	WEAK		STRONG	STRONG		
9	STRONG		WEAK		STRONG	WEAK	WEAK		SELF					STRONG	WEAK			STRONG		
10			WEAK	WEAK		STRONG		WEAK		SELF	WEAK	WEAK		STRONG			WEAK	WEAK		
11		STRONG	WEAK	WEAK		WEAK	STRONG	STRONG		WEAK	SELF	WEAK	STRONG	STRONG	WEAK		STRONG	STRONG		
12	WEAK	WEAK	WEAK	WEAK		WEAK				WEAK	STRONG	SELF	STRONG	STRONG	WEAK		STRONG	STRONG		STRONG
13		STRONG					STRONG	STRONG			STRONG	STRONG	SELF	STRONG	WEAK		STRONG	STRONG		
14	STRONG	STRONG	WEAK	WEAK	STRONG	WEAK	STRONG	STRONG	STRONG	WEAK	STRONG	STRONG	STRONG	SELF	WEAK	STRONG	STRONG	STRONG		
15	WEAK	WEAK	WEAK	WEAK	WEAK	WEAK		WEAK	WEAK		WEAK	WEAK	WEAK	STRONG	SELF	WEAK	WEAK	WEAK		WEAK
16		WEAK				WEAK	STRONG							STRONG	WEAK	SELF				
17	WEAK	STRONG	WEAK	WEAK		STRONG	STRONG	STRONG		WEAK	STRONG	STRONG	STRONG	STRONG	WEAK		SELF	STRONG		
18	STRONG	STRONG		STRONG	STRONG	WEAK	WEAK	STRONG	STRONG	WEAK	STRONG	STRONG	STRONG	STRONG	WEAK		STRONG	SELF		
19						WEAK													SELF	
20												STRONG			WEAK					SELF

■ SELF ■ NO LINK ■ STRONG ■ WEAK

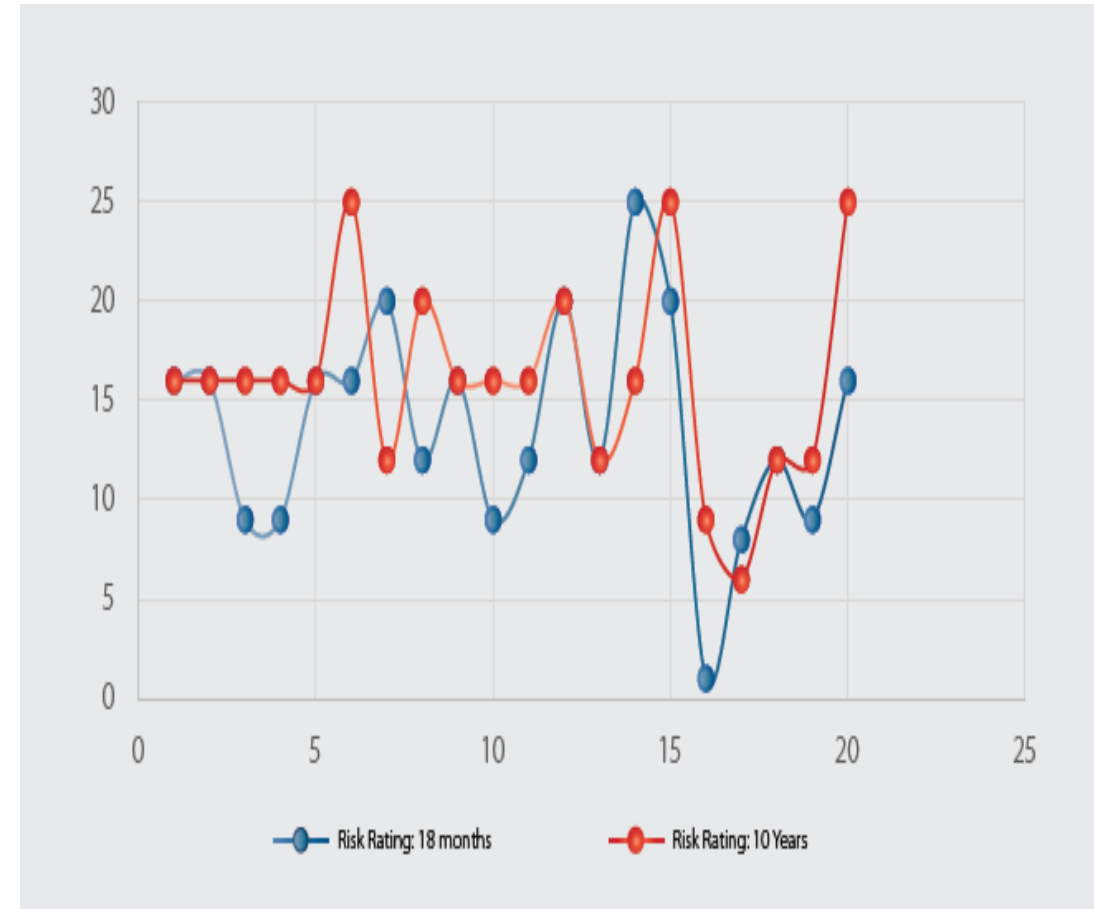
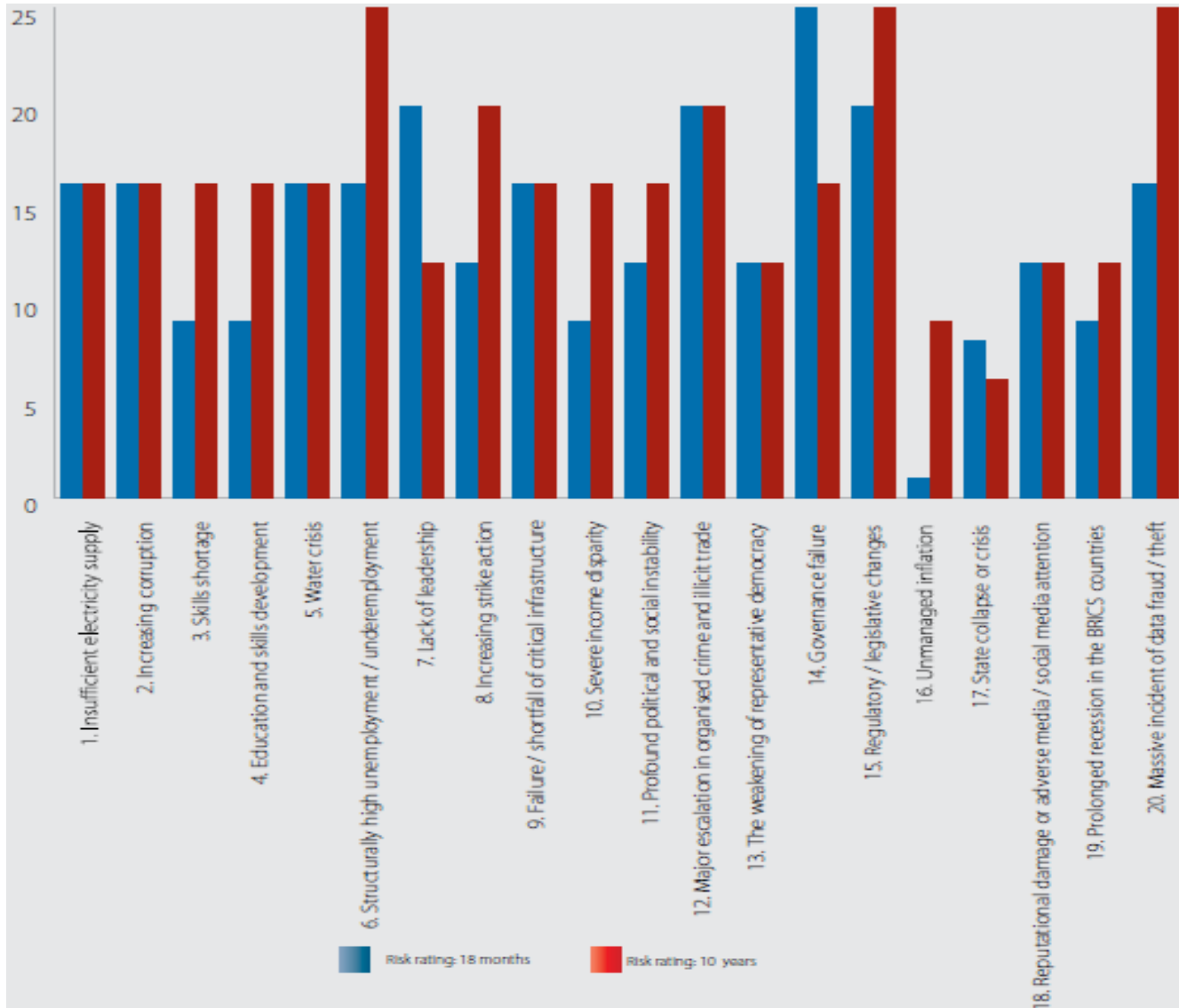


IRMSA Risk Report
South Africa Risks 2016
Second Edition



IRMSA
Institute of Risk Management
SOUTH AFRICA

Unfolding of the Top 20 Risks - 18 Month and 10 Year Horizons



Likelihood Ratings: WEF – RSA – RSA Industry

WEF 2016 Report

	Economic	Environmental	Geopolitical	Societal	Technological
1 Large-scale involuntary migration	Interstate conflict			Skills shortage	Regulatory/legislative changes
2 Extreme weather events		Extreme weather conditions		Increasing corruption	Insufficient electricity supply
3 Failure of climate-change mitigation and adaptation	Failure of national governance			Insufficient electricity supply	Increasing corruption
4 Interstate conflict	State collapse or crisis			Unemployment/underemployment	Skills shortage
5 Natural catastrophes	Unemployment/underemployment			Severe income disparity	Government policy changes
6 Failure of national governance	Natural catastrophes			Education and skills development	Severe income disparity
7 Unemployment or underemployment	Failure of climate change adaptation			Lack of leadership	Unemployment/underemployment
8 Data fraud or theft	Water crisis			Increasing strike action	Water crisis
9 Water crises	Data fraud or theft			Water crisis	Reputational damage or adverse media/social media attention
10 Illicit trade	Cyber attacks			Regulatory/legislative changes	Increasing strike action
	WEF Likelihood			RSA Likelihood	RSA Industry Likelihood

Consequence Ratings: WEF – RSA – RSA Industry

WEF 2016 Report

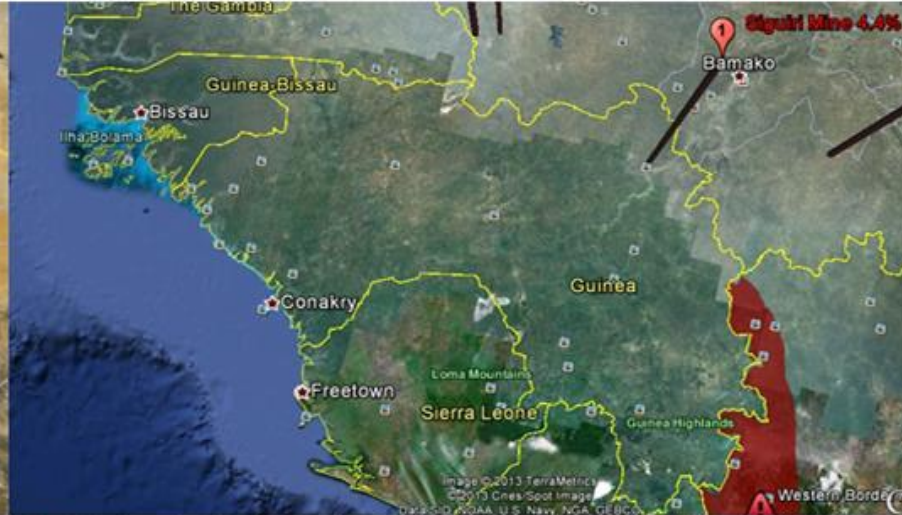
- 1 Failure of climate-change mitigation and adaptation
- 2 Weapons of mass destruction
- 3 Water crises
- 4 Large-scale involuntary migration
- 5 Energy price shock
- 6 Biodiversity loss and ecosystem collapse
- 7 Fiscal crises
- 8 Spread of infectious diseases
- 9 Asset bubble
- 10 Profound social instability

	Economic	Environmental	Geopolitical	Societal	Technological
		Water crisis		Water crisis	Regulatory/legislative changes
		Spread of infectious diseases			State collapse or crisis
		Weapons of mass destruction			Lack of leadership
		Interstate conflict		Education and skills development	Reputational damage or adverse media/social media attention
		Failure of climate change adaptation		Increasing corruption	Data fraud or theft
	Energy price shock			Failure/shortfall of critical infrastructure	Governance failure
		Critical information infrastructure breakdown		Lack of leadership	Failure/shortfall of critical infrastructure
	Fiscal crises			Skills shortage	Skills shortage
	Unemployment/underemployment		Unemployment/underemployment		Profound political and social instability
		Biodiversity loss and ecosystem collapse		Unmanaged inflation	Insufficient electricity supply
	WEF Consequence		RSA Consequence		RSA Consequence

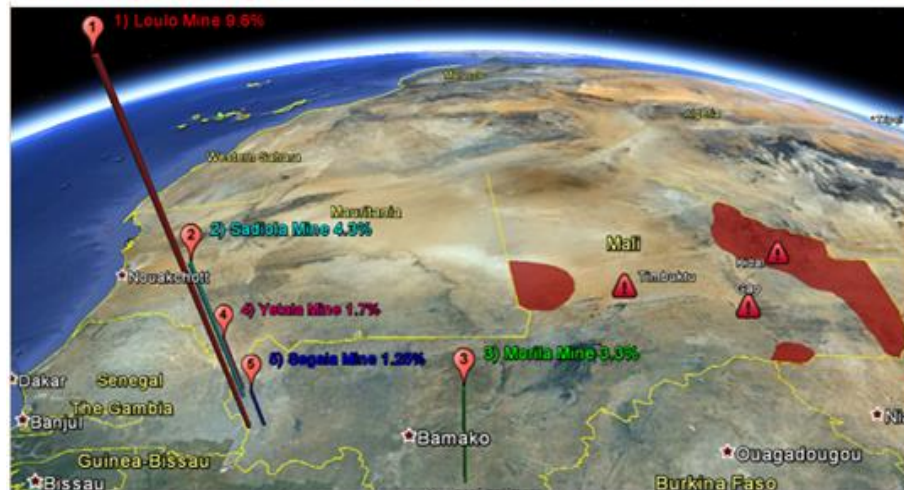
Site-specific Developments



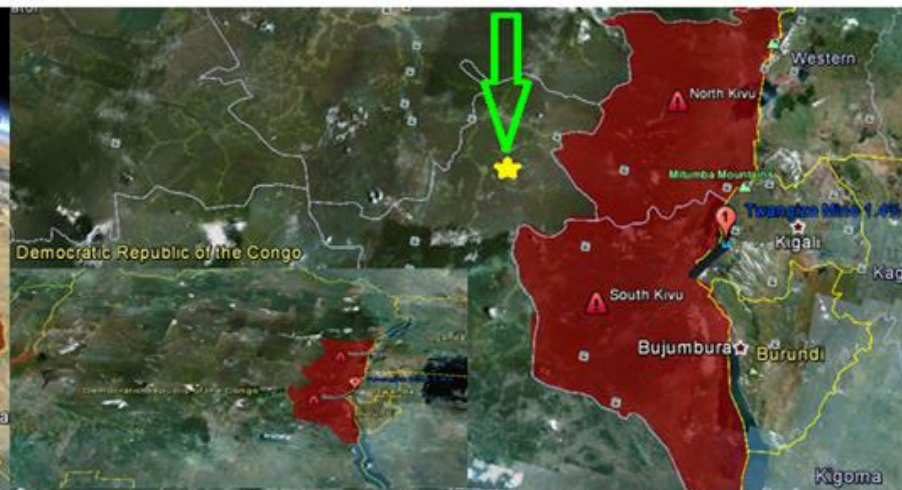
North Sinai remains turbulent; Cairo could witness unrest in February mark the anniversary of the resignation of former president Hosni Mubarak



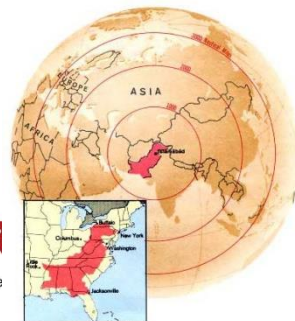
Siguiri mine not under threat unless Mali unrest spills over into a regional conflict



French troops have pushed insurgents further north away from mines in the southwest

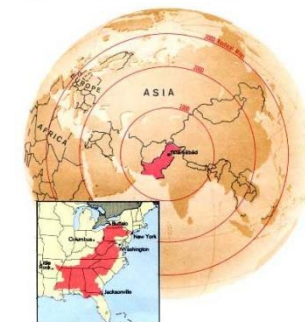
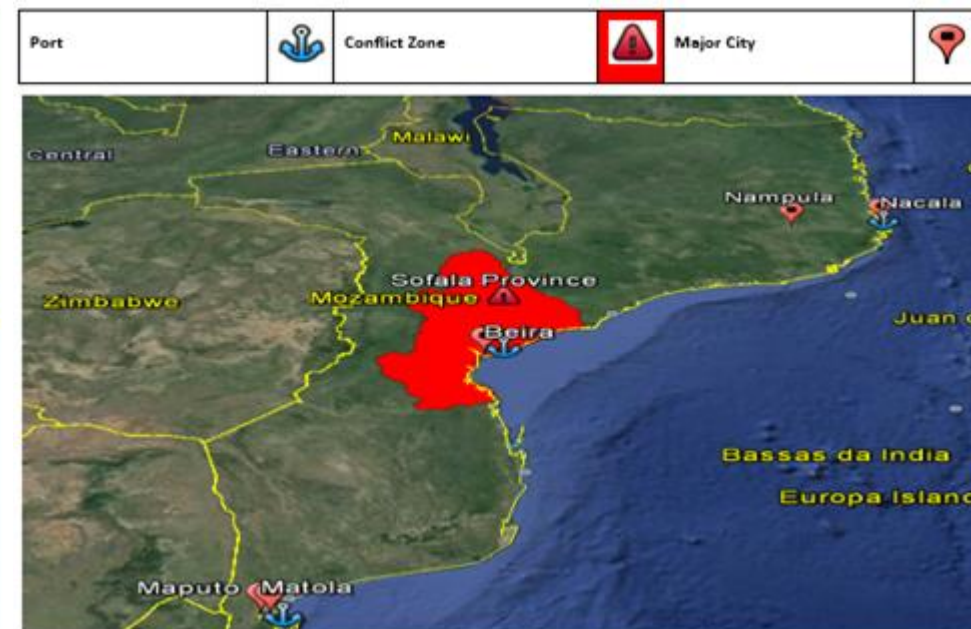
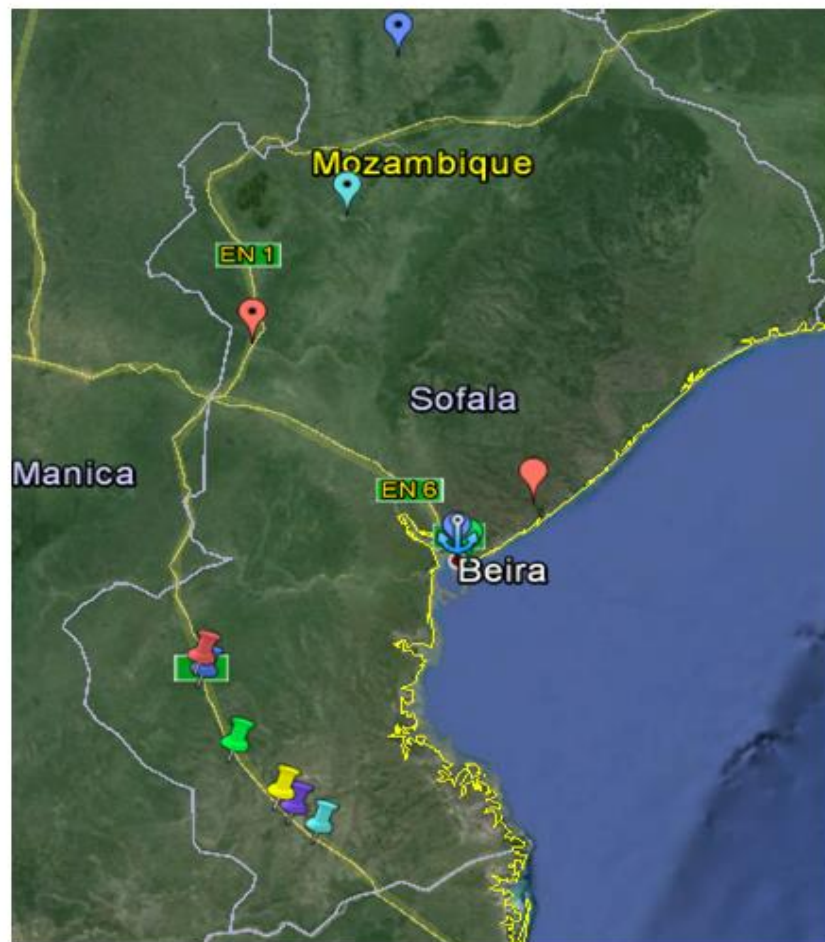


Twangiza mine situated in the extremely volatile Kivu region. A mine was recently seized in

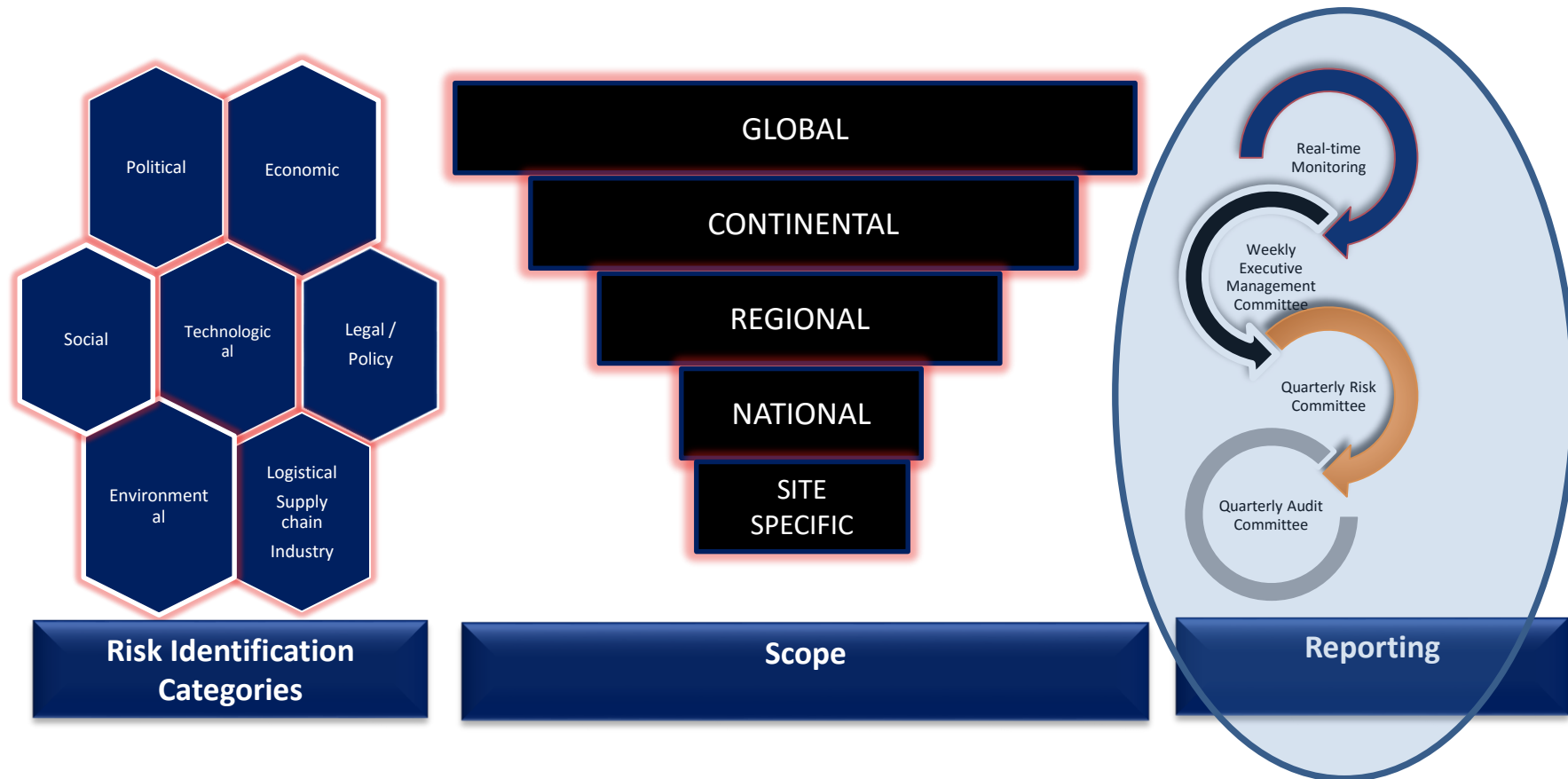


Site-specific Developments

-  Port of Beira
-  22 November - Maringue: 0 Dead, 0 Injured
Maringue police station attack
-  28 October - Muxungue: 1 Dead, 10 Injured
Three civilian vehicles attacked in Muxungue on north-south highway
-  17 November - Beira: 3 Dead, 26 Injured
MDM Rally Attacked By Riot Police in Beira
-  19 June - Savane: 6 Dead, 2 Injured
Military arms depot attack in Savane
-  6 April - Chibabava: 3 Dead, 2 Injured
Attackers ambush vehicles and Intercape bus on EN1 in Chit
-  3 November - Pungue (EN1): 0 Dead, 0 Injured
Renamo Attacks Truck On Bridge Over Pungue (EN1 Road)
-  28 November - Central Beira: 3 Dead, 0 Injured
Army accused of forced recruitment in Central Beira
-  4 April - Muxungue: 5 Dead, 0 Injured
Attack on a police station in Muxungue
-  5 November - Casa Banana: 3 Dead, 18 Injured
Renamo ambush of Mozambican soldiers on the road betwee Vunduzi administrative post and the locality of Casa Banana
-  5 November - North-south highway: 1 Dead, 3 Injure
Civilian attack on main north-south highway
-  15 November - Pembe River: 2 Dead, 9 Injured
Convoy attacked on north-south highway close to Pembe Riv
-  21 June - Machanga: 2 Dead, 0 Injured
Renamo gunmen attack a truck in central Mozambique, near Machanga



How to Monitor and Report what is Scanned?



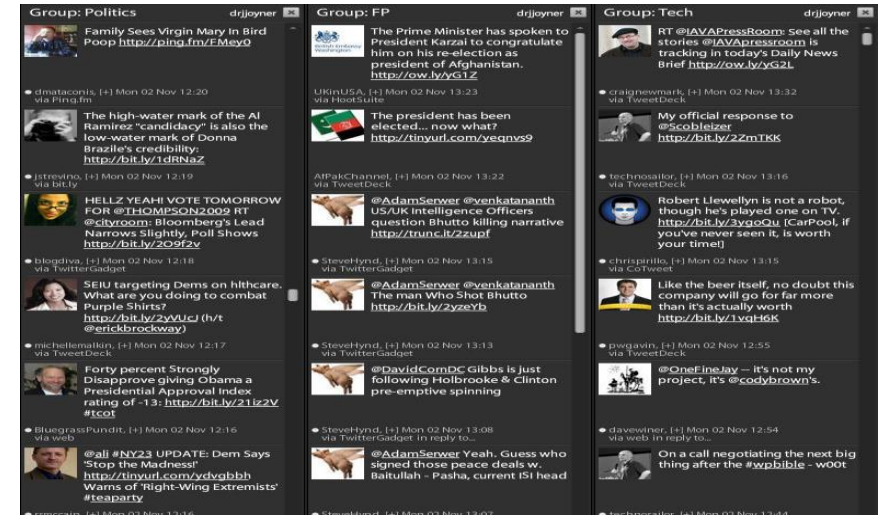
Real-time Monitoring Providers

- NKC Research**
- The Bureau for Economic Research (BER)**
- Control Risks / International SOS**
- SNL (rebranded as S&P Global Market Intelligence)**
- S-RM (formerly Salamanca)**
- Maplecroft**
- AON Political Risk**
- Horizon International**
- ReliefWeb**
- Tropical Storm Risk**
- AFP, Reuters etc.**
- Red 24 Business Monitor International**
- LexisNexis**
- Legal and Regulatory alerts from consultancies and law firms**

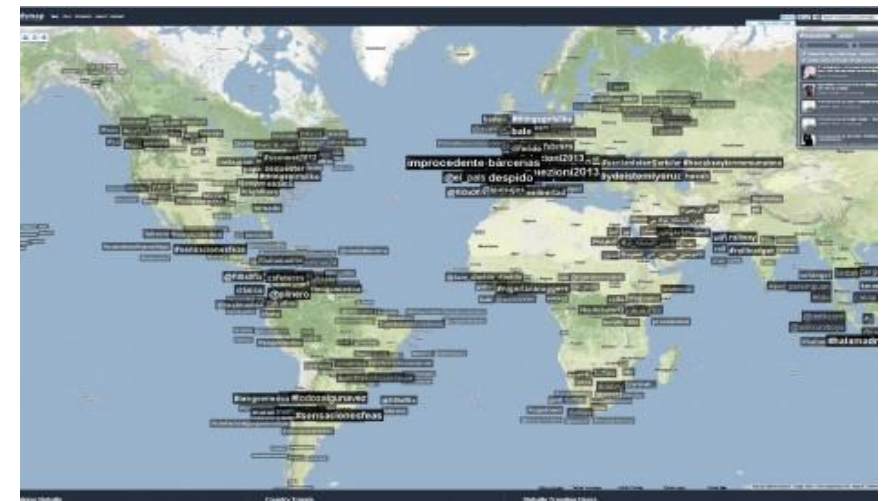


Real-time Monitoring (Social Media)

❑ TweetDeck



❑ Trendsmap



❑ Algorithms

Risk Intelligence Platform

Portal Newsfeed OneDrive Sites

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Managing Risks: A New Framework



Business risks facing mining and metals 2013-2014

BUSINESS RISKS IN MINING AND METALS 2013-2014
The focus of risk has changed. The term capital structure of capital.



WEF GLOBAL RISKS 2014
Transformational shifts in our economic, environmental, geopolitical, societal and technological systems offer unprecedented opportunities, but the interconnections among them also imply enhanced systemic risks. Divergences then across business, government and civil society face an existing imperative in understanding and managing emerging global risks which, by definition, respect no national boundaries... [Read More](#)



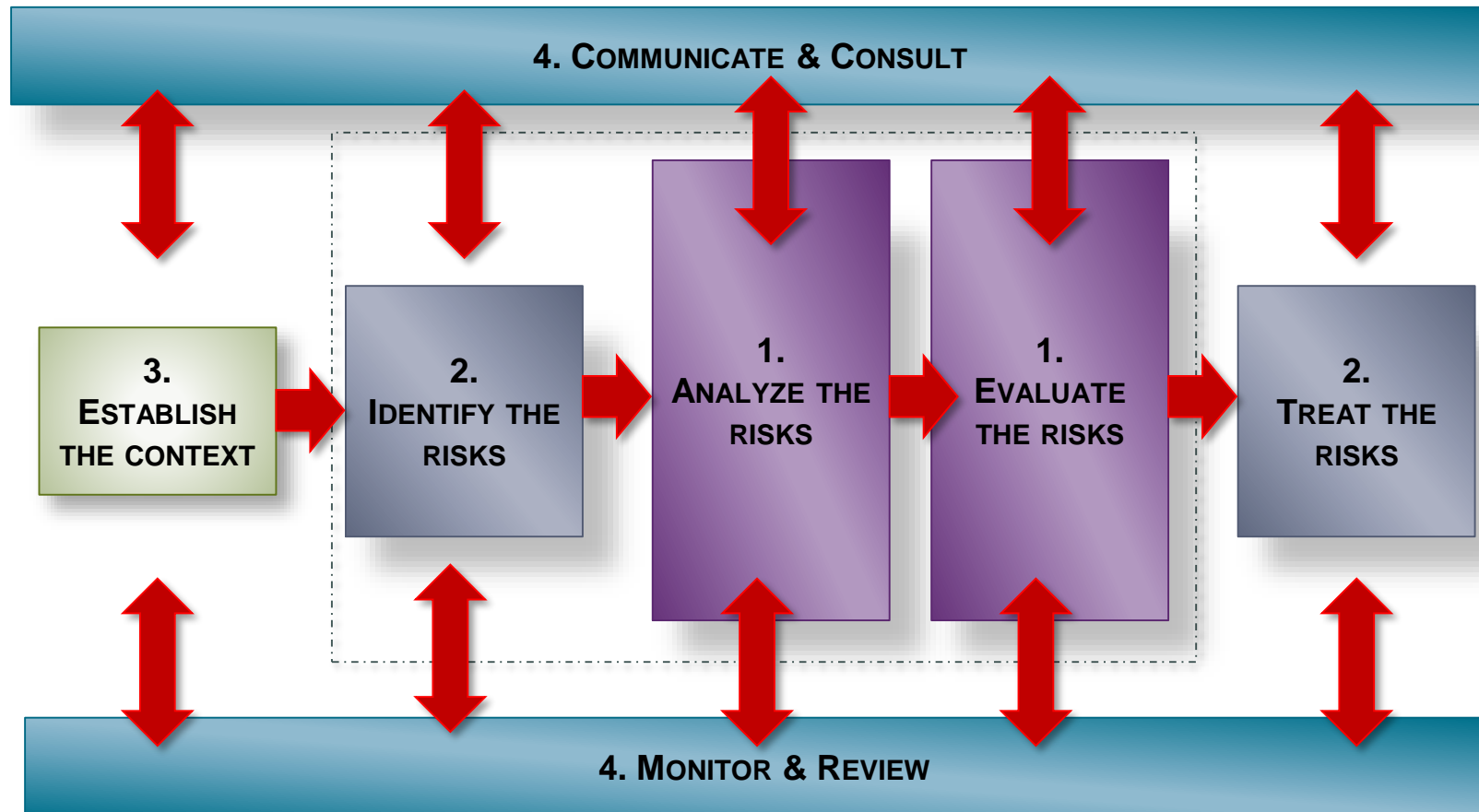


AFRICAN RISK LANDSCAPE
The Economist has made a monumental U-turn on Africa in the short space of eleven years. The magazine labelled Africa as 'the hopeless continent' on the cover of its July 2000 issue. The reputable magazine attributed this outlook to the continual war, abuse of power and corruption that ravaged the continent. The dramatic UCR in spirit was demoted and in the December 2011 issue which featured an article entitled 'The hopeful continent: Africa Rising'... [Read More](#)

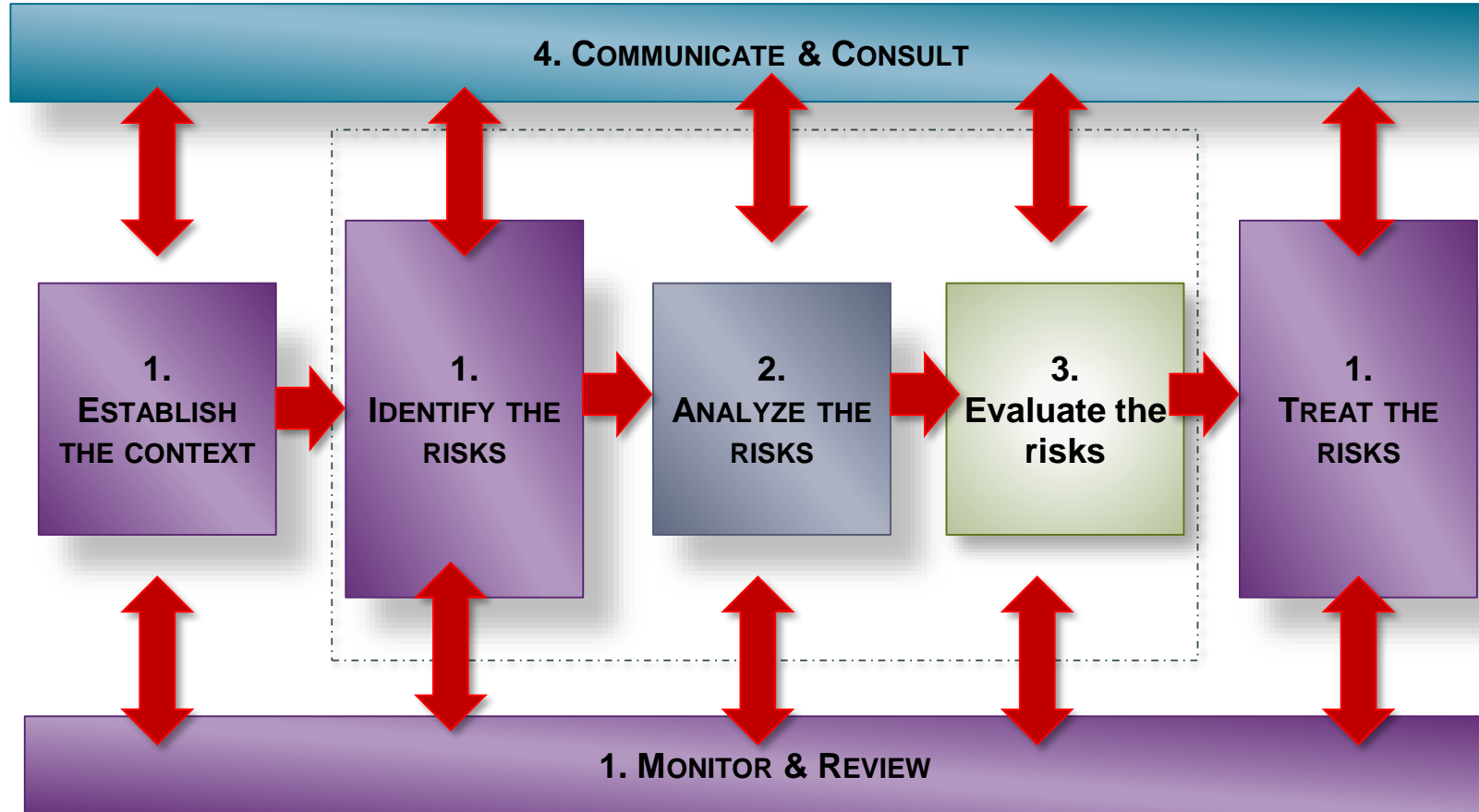
Weekly Executive Committee Reporting

<p>BURKINA FASO</p> <p>VIOLENT PROTESTS IN OUAGADOUGOU</p> <p>Description: Unrest on 9-10 March in the capital Ouagadougou underscores the country's unpredictable security environment. Heightened security measures should be expected in the capital in the coming days to deter any further unrest, including around important government and police buildings. <i>Inata Gold Mine is located in the north of the country, relatively far away from the capital.</i></p>	<p>GHANA</p> <p>TRIBAL CLASHES NEAR NAKPANDURI UNDERLINE POTENTIAL FOR SPORADIC COMMUNAL VIOLENCE IN NORTH</p> <p>Description: Clashes between members of the Konkomba and Bimoba tribal communities near Nakpanduri (Northern region) on 6 March underline the potential for communal violence in the north. <i>Rand Refinery receives deposits from gold mines in the south and southwest of the country.</i></p>
<p>KENYA</p> <p>PRESIDENTIAL CANDIDATE'S FIRST-ROUND VICTORY TO DECREASE ELECTORAL TENSIONS</p> <p>Description: The electoral commission (IEBC) on 9 March officially declared Uhuru Kenyatta the winner of the 4 March presidential elections. Kenyatta won 50.07% of the vote, scraping through the 50% plus one requirement to win the election in the first round. <i>Legal challenges to results are unlikely to succeed.</i></p>	<p>PERU</p> <p>UNREST POSSIBLE IN CAJAMARCA OVER ANTI-MINING GRIEVANCES</p> <p>Description: Activists against a local mining project have vowed to intensify their action on 13 March, when a related meeting is to be held in the city. On the previous day, clashes between protesters and the security forces during a 72-hour strike injured at least 20 people. <i>Further protests and related unrest remain possible in Cajabamba.</i></p>
<p>TANZANIA</p> <p>LAND DISPUTE BETWEEN LOCAL RESIDENTS, GOLD MINE IN TARIME DISTRICT LIABLE TO SPARK INTERMITTENT DISTURBANCES</p> <p>Description: Staff traveling to Tarime district (Mara region) should exercise caution and avoid all protests connected to an ongoing land dispute between local residents and the operators of a nearby gold mine. Tensions are reported to be running high following an incident in March, during which at least two protesters were killed when around 4,000 local residents reportedly invaded the mine and rioted for several hours. <i>The Tarime district is on the northern border, relatively close to Geita Mine.</i></p>	<p>ZAMBIA</p> <p>AVOID POLLING STATIONS IN LIVINGSTONE DURING BY-ELECTIONS ON 14 MARCH</p> <p>Description: Exercise caution during by-elections in the town of Livingstone (Southern province) on 14 March. Successive days of political violence in Livingstone, and the potential for further unrest, earlier prompted the authorities to delay the by-elections. <i>Livingston is far away from Solwezi in the north.</i></p>

Periodic Risk Reviews: Often Found Weighting



Periodic Risk Reviews: Importance Weighting



External Context within Risk Categories



Risk Management Committee Reporting

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Key IRMSA Risk Intelligence Committee Projects

BI-WEEKLY

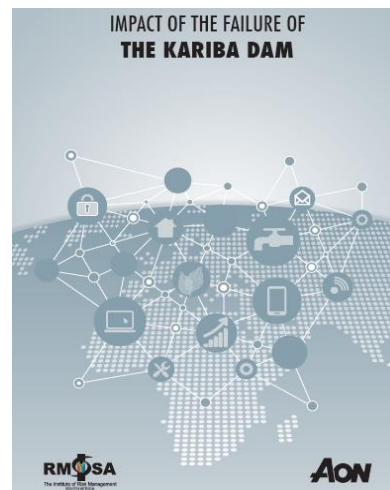
Top tags: [africa](#) [aviation](#) [Big Data](#) [Cloud Computing](#) [crisis management](#) [Cyber Attacks](#) [earthquake](#) [ebola](#) [health risk](#) [Internet of Things](#) [ISO 31000](#) [IT Risk](#) [natural disasters](#) [near-misses](#) [orkney](#) [reputational risk](#) [Socialbots](#) [travel](#)



MONTHLY

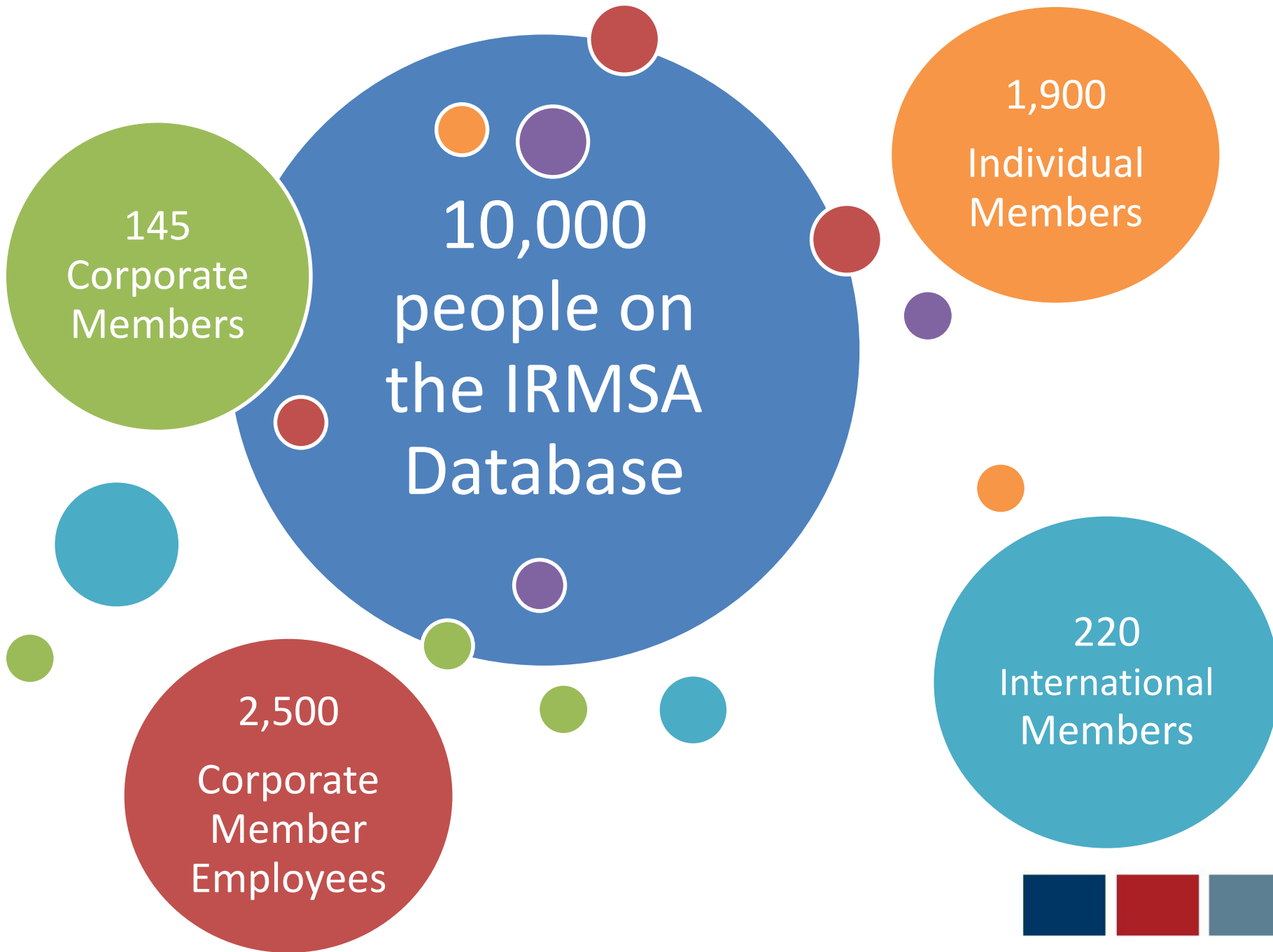


QUARTERLY



ANNUALLY



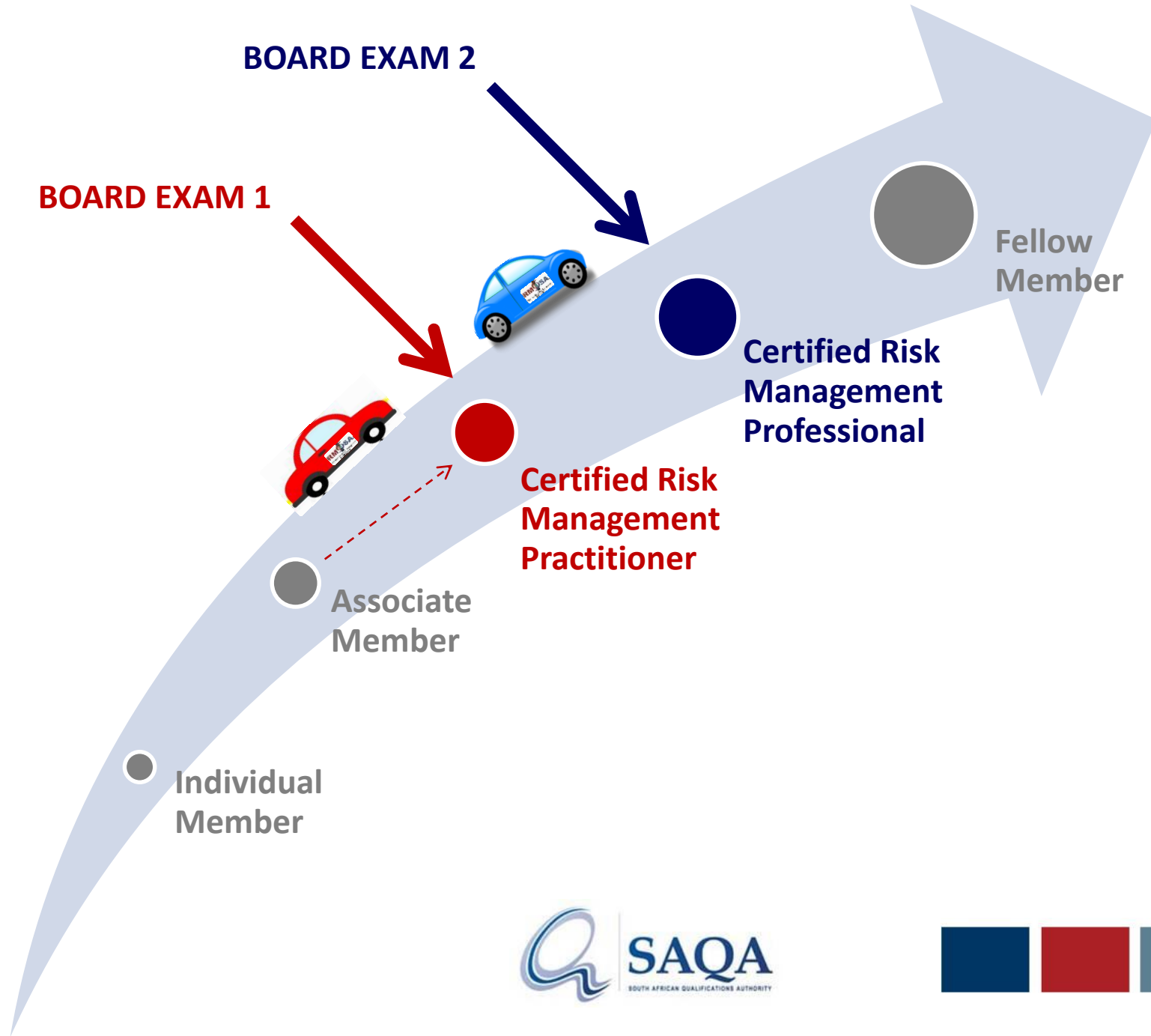




**Organisational
Risk Practitioner
(NQF Level 6)**

**Organisational Risk
Officer
(NQF Level 8)**





BOARD EXAM 1

BOARD EXAM 2

Fellow Member

Certified Risk Management Professional

Certified Risk Management Practitioner

Associate Member

Individual Member



BOARD EXAM 1



No qualification and 10 years RM experience

Any NQF Level 6 Qualification & 5 years RM experience

Risk Management NQF Level 6 Qualification & 3 years RM experience

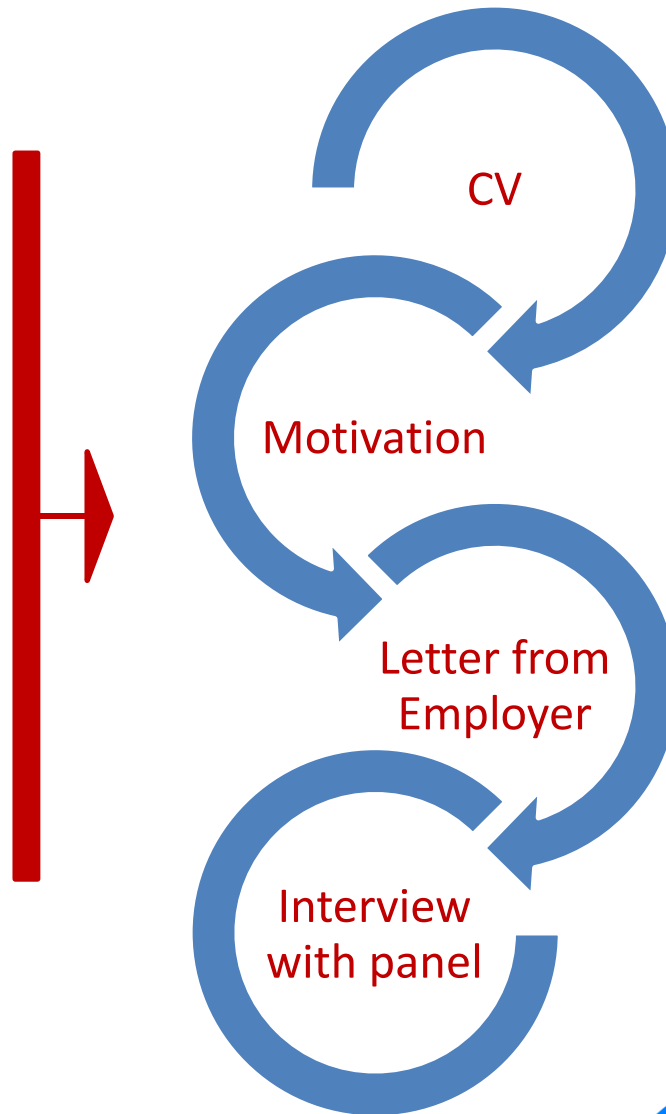
Organisational Risk Practitioner Qualification & 3 years RM experience



30 June & 30 November 2016

EXEMPTION OF BOARD EXAM 1

Meet the criteria
to write Board
Exam 2



BOARD EXAM 2



No qualification and 15 years RM experience

Any NQF Level 8 Qualification & 10 years RM experience

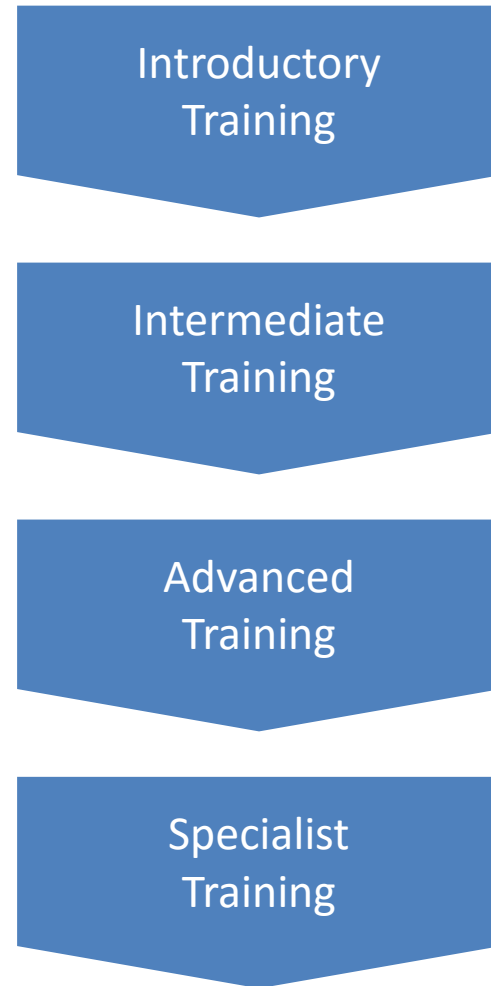
Risk Management NQF Level 8 Qualification & 5 years RM experience

Organisational Risk Officer Qualification & 5 years RM experience



**17 March (Pilot)
& 19 October
2016**

IRMSA Training Offerings



Questions?

