

## **BarnOwl Information Sharing Session**

26 September 2024

### **Country Risks – IRMSA Risk Report**

Christelle Faul Marais

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## South Africa: Top Risks and Responses

1. A Tale of Two Cities

2. Single Highest Risk in SA: Disengaged People

3. You Can't Serve From An Empty Cup

4. So, Who Is Moving Your Cheese?

5. Equip Yourself To Lead

6. Where Do You Lead?

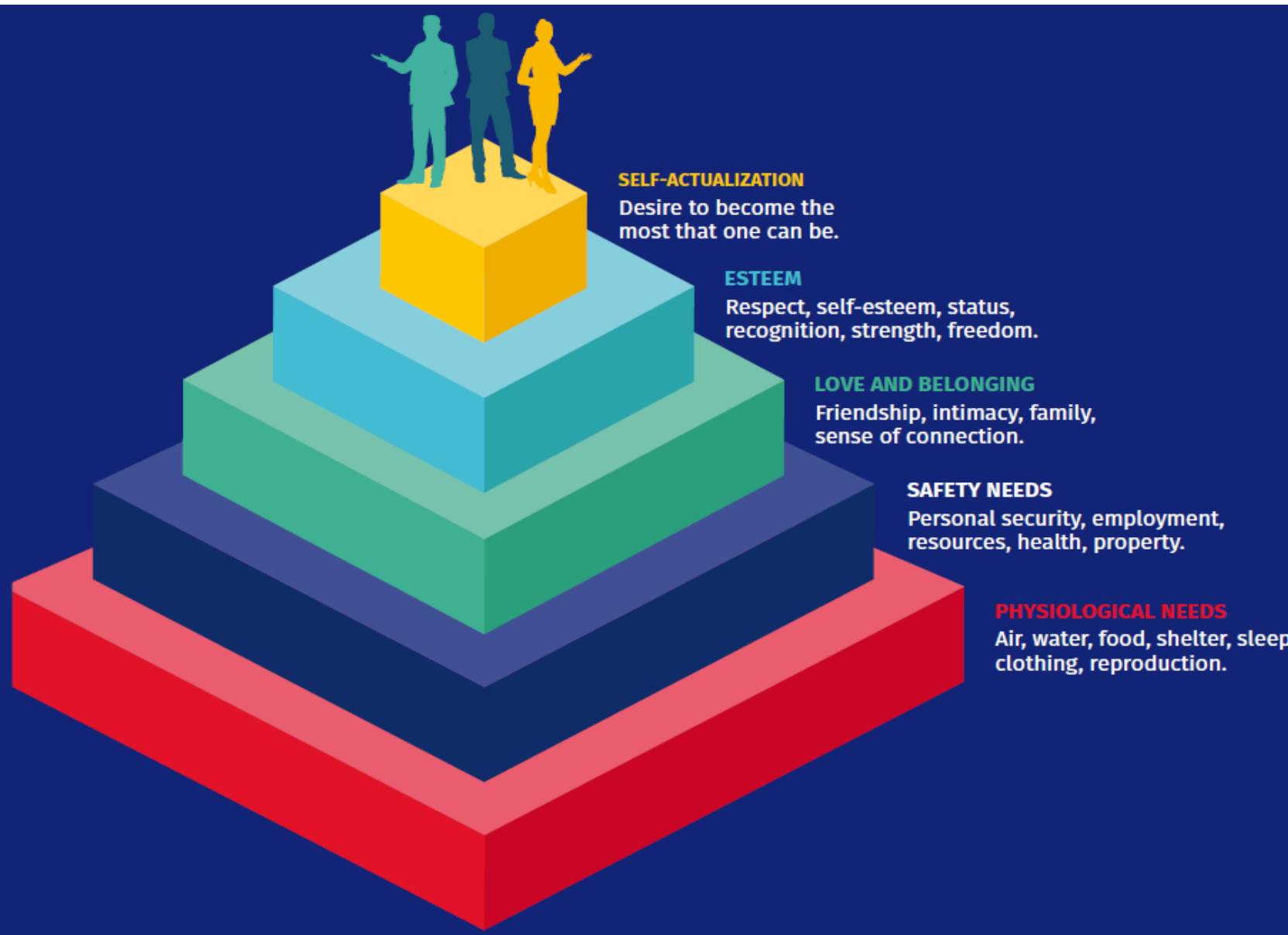
7. Giving Ourselves A Winning Chance...

8. Leading Behaviours From MTSF 2019/24 - MTDP 2025/30

9. What Has Changed Since Launching the IRMSA RR2024?

10. Keeping Each Other Honest

# A Tale of Two Cities...



“I see a beautiful city and a brilliant people rising from the abyss... Nothing that we do, is done in vain. I believe, with all my soul, that we shall see triumph.”

– Charles Dickens, A Tale of Two Cities

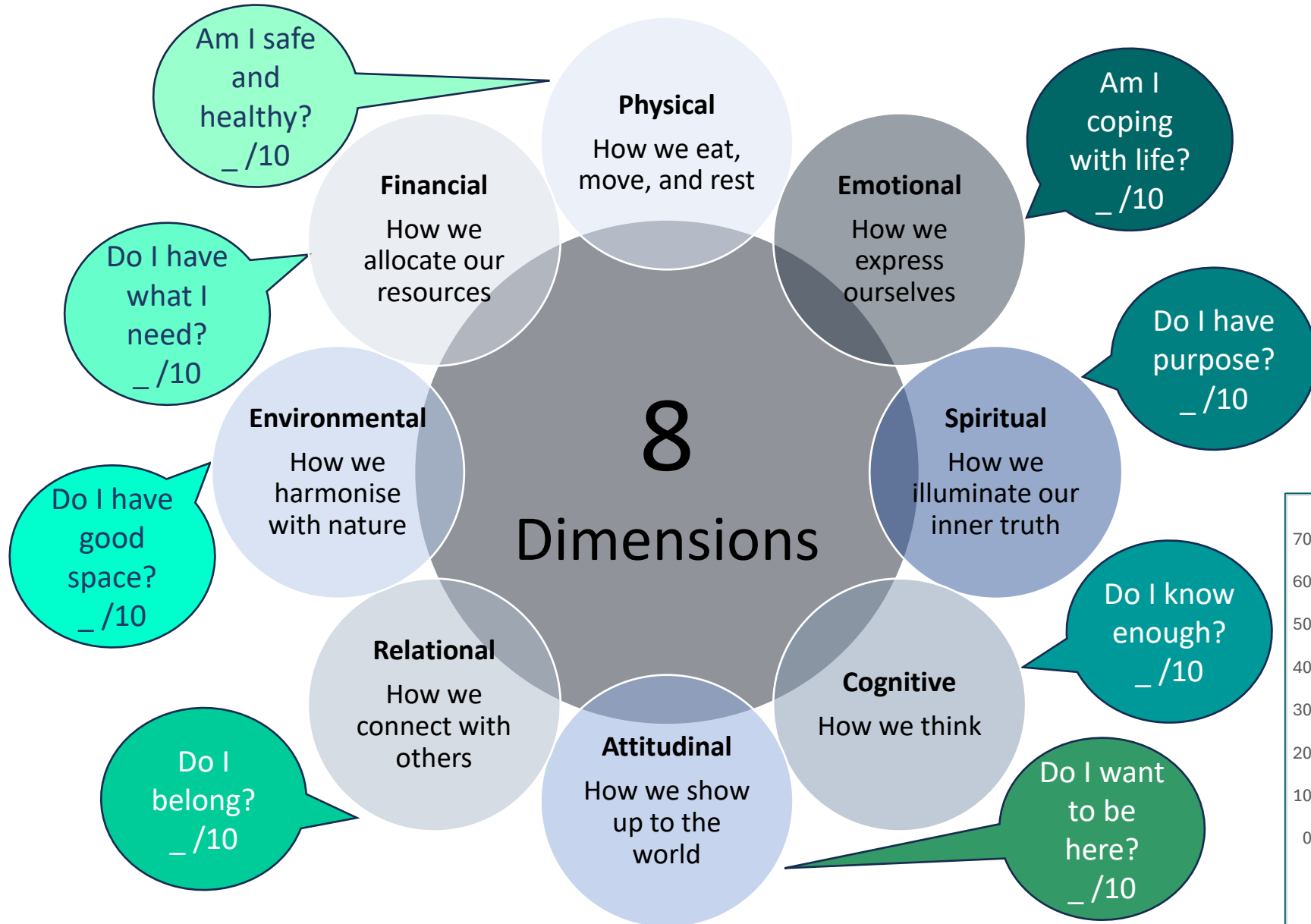
# Single Highest Country Risk: Disengaged People



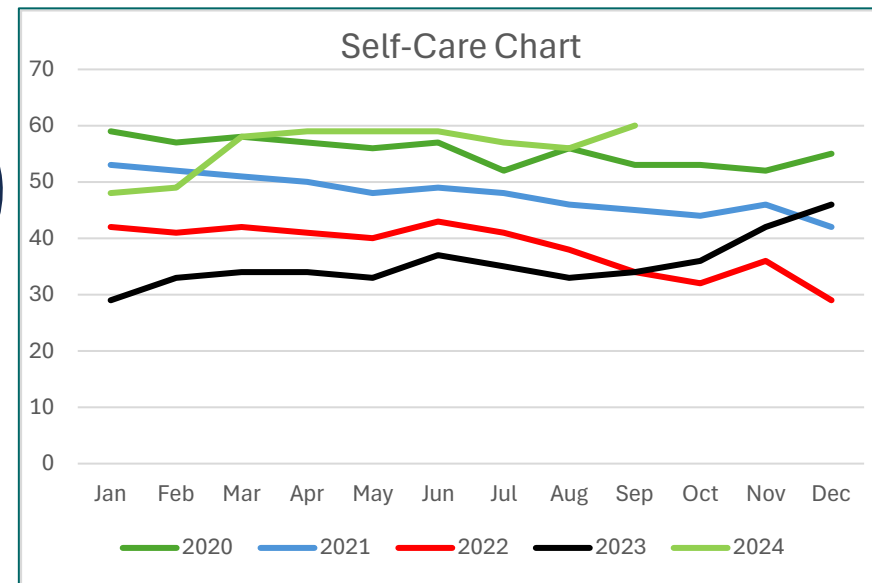
**Where do you lead?**



# Lead Yourself: You Can't Serve From An Empty Cup



	2020	2021	2022	2023	2024
Jan	59	53	42	29	48
Feb	57	52	41	33	49
Mar	58	51	42	34	58
Apr	57	50	41	34	59
May	56	48	40	33	59
Jun	57	49	43	37	59
Jul	52	48	41	35	57
Aug	56	46	38	33	56
Sep	53	45	34	34	60
Oct	53	44	32	36	
Nov	52	46	36	42	
Dec	55	42	29	46	





So, if we are the leaders, whereto from here...?

**#1 BESTSELLER**

An A-Mazing Way to Deal with Change  
in Your Work and in Your Life

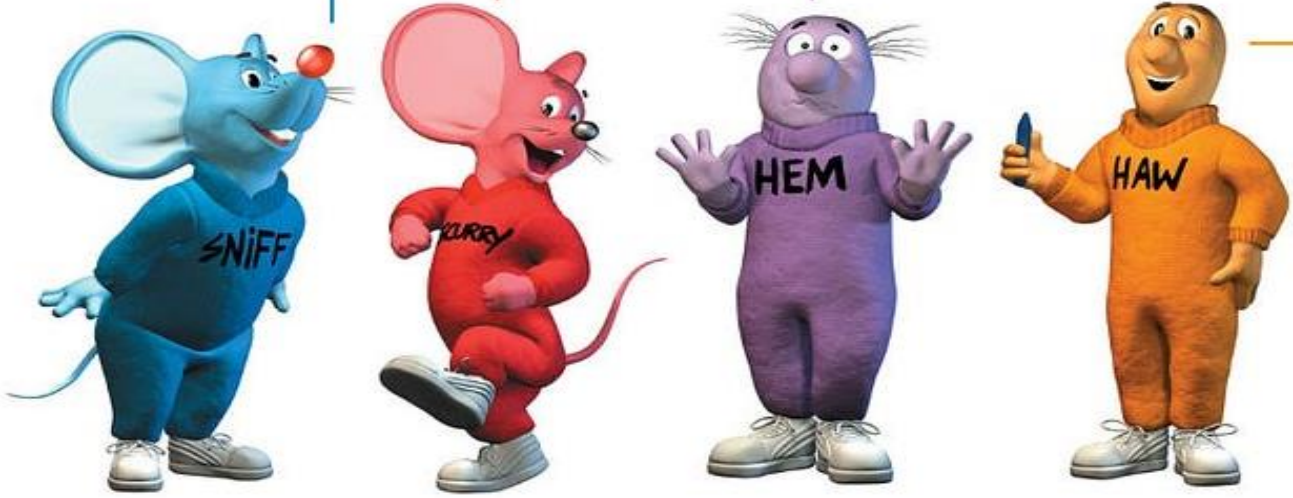
# Who Moved My Cheese?

**Spencer Johnson, M.D.**  
Foreword by Kenneth Blanchard, Ph.D.  
coauthors of **The One Minute Manager**  
The World's Most Popular Management Method



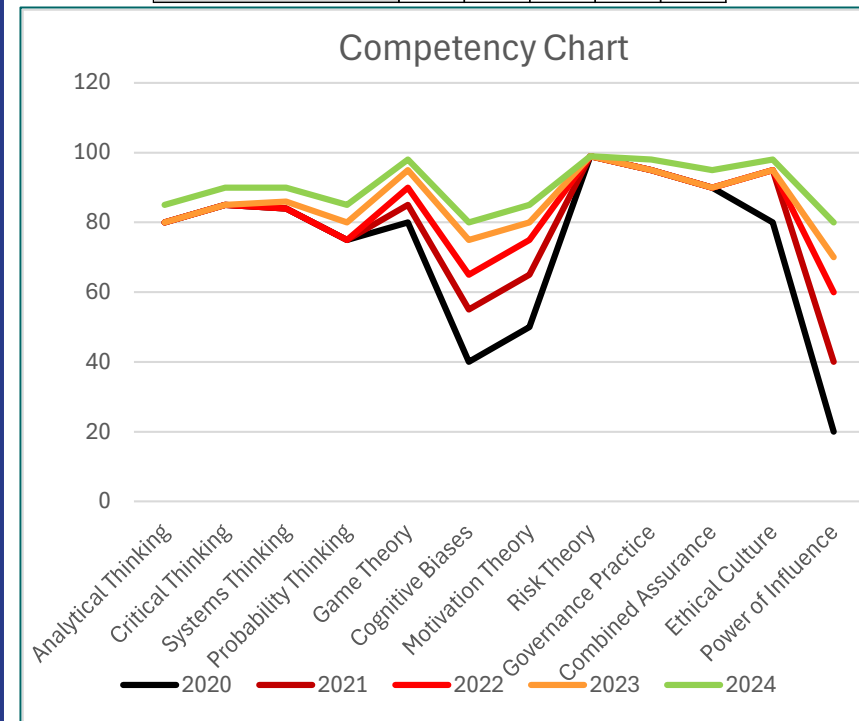
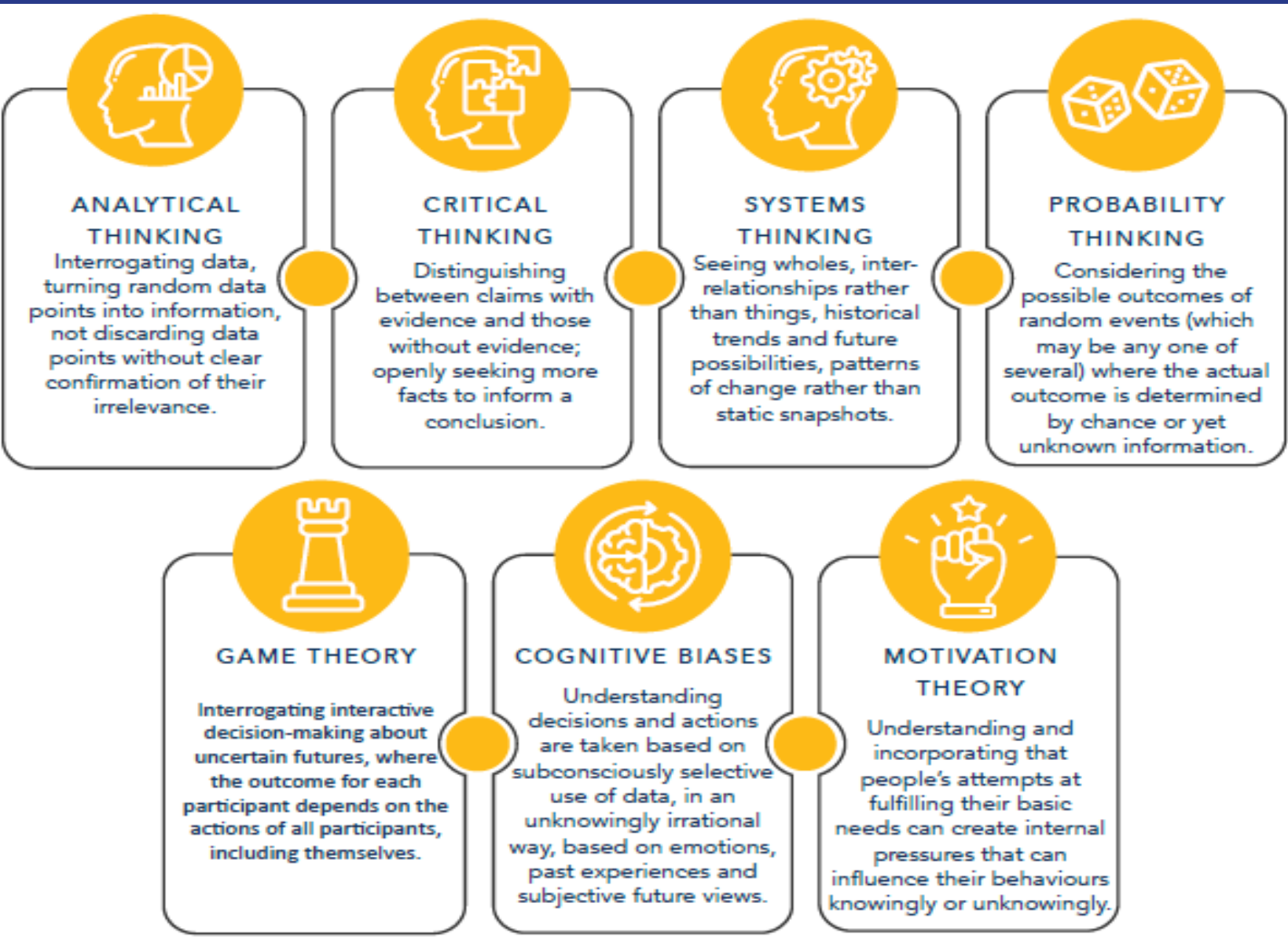
- Scurry**
- Quick to Adapt
  - Never settles
- Sniff**
- Innovator
  - Senses minute changes

- Hem**
- Loves Stability
  - Hates to change
- Haw**
- Observer
  - Startled by Change



# To be a leader, you must equip yourself to lead...

	2020	2021	2022	2023	2024
Analytical Thinking	80	80	80	80	85
Critical Thinking	85	85	85	85	90
Systems Thinking	84	84	84	86	90
Probability Thinking	75	75	75	80	85
Game Theory	80	85	90	95	98
Cognitive Biases	40	55	65	75	80
Motivation Theory	50	65	75	80	85
Risk Theory	99	99	99	99	99
Governance Practice	95	95	95	95	98
Combined Assurance	90	90	90	90	95
Ethical Culture	80	95	95	95	98
Power of Influence	20	40	60	70	80



Risk Theme	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Cyber, Security (Technology)	Red	Red	Red	Red	Red	Red	Red	Red	Red	Blue
Rule of Law	Red	Red	Red	Red	Red	Red	Red	Red	Red	Green
Economy (global, national)	Red	Red	Red	Red	Red	Red	Red	Red	Red	Orange
Social Security, Inequality	Red	Red	Red	Red	Red	Grey	Red	Red	Red	Red
Politics, Policy, Geopolitics	Red	Red	Red	Red	Red	Red	Red	Grey	Red	Orange
Infrastructure	Red	Red	Red	Red	Red	Grey	Grey	Red	Red	Yellow
Skills, Education	Grey	Red	Red	Red	Red	Red	Red	Red	Grey	Orange
Climate Change	Grey	Grey	Red	Red	Grey	Red	Red	Red	Red	Red
Functional State	Grey	Red	Grey	Red	Red	Grey	Grey	Red	Red	Green
Leadership	Grey	Red	Red	Red	Red	Red	Red	Grey	Grey	Grey
Energy	Grey	Red	Red	Grey	Red	Red	Grey	Grey	Red	Yellow
Innovation	Grey	Red	Red	Red	Red	Grey	Grey	Grey	Grey	Grey
Water	Grey	Red	Red	Grey	Grey	Grey	Grey	Grey	Grey	Yellow
Brand/Reputation	Grey	Red	Grey	Red	Red	Grey	Grey	Grey	Grey	Grey
Food Security	Grey	Grey	Grey	Grey	Grey	Grey	Grey	Grey	Grey	Red
Business Interruption	Grey	Grey	Grey	Grey	Red	Grey	Grey	Grey	Grey	Grey
Risk Culture	Grey	Grey	Grey	Red	Grey	Grey	Grey	Grey	Grey	Blue
Financial Systems	Grey	Red	Grey	Grey	Grey	Grey	Grey	Grey	Grey	Grey

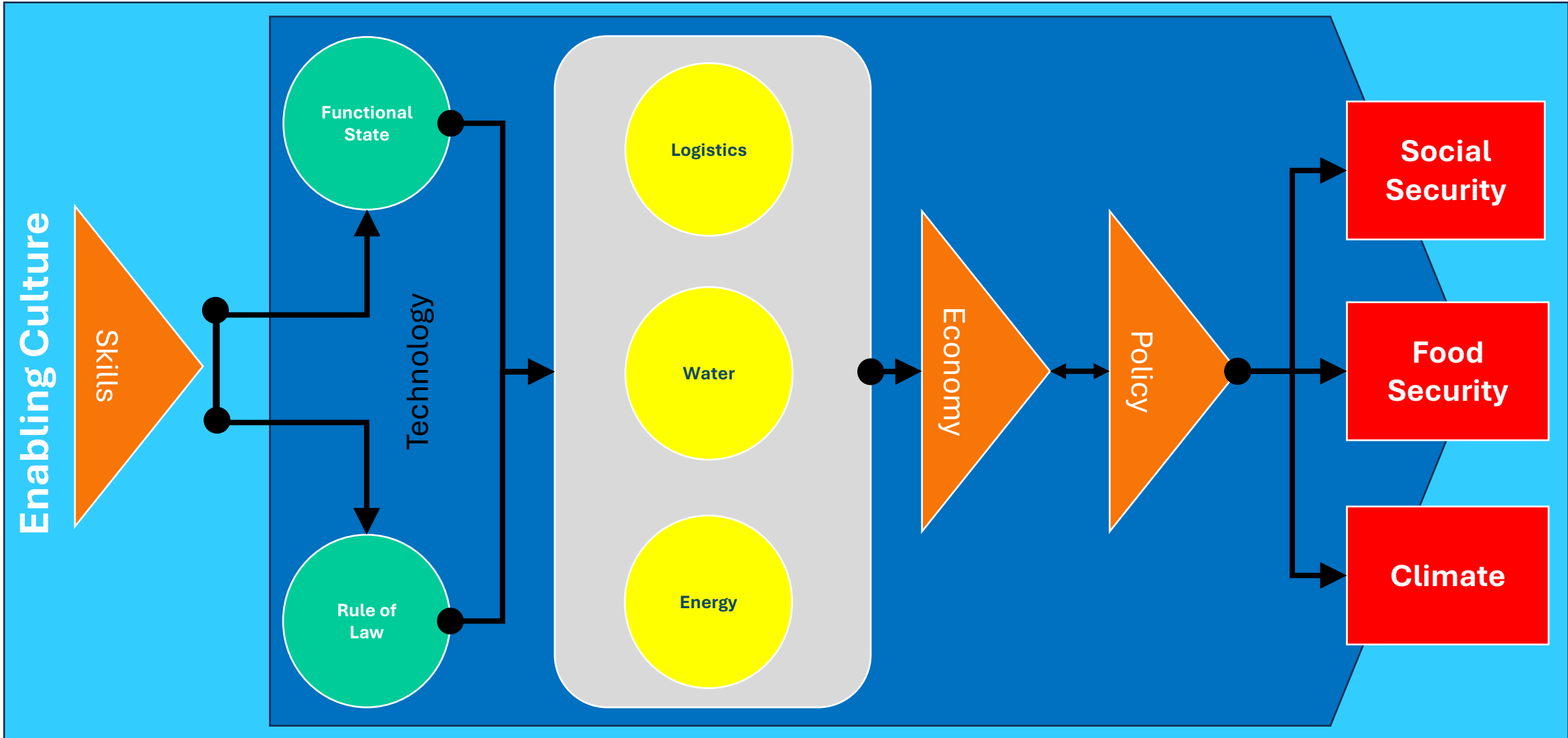


**Where  
do you  
lead?**





# We must give ourselves a winning chance...



# #leadwheretheyouare: MTSF 2019/24 to MTDP 2025/30

- Restore Energy Security
- Growing Economy & Jobs
- Building Better Lives
- Fighting Corruption
- Making Communities Safer
- Making Government Work

Risk Theme	Consequence for NDP Objectives and Priorities						Most likely scenario outcome 2024/25			
	Restore energy security	Growing the economy & jobs	Building better lives	Fighting corruption	Making communities safer	Making government work	Everyone is in it for themselves	Will the real leaders please stand up?	Some young leaders taking charge	Everyone leading from where they stand
Functional State	Yellow	Red	Red	Yellow	Red	Grey	✓			
Politics	Red	Red	Red	Red	Red	Yellow	✓	😊		
Economy	Red	Grey	Red	Yellow	Red	Red	✓	😊		
Social Security	Red	Grey	Red	Red	Red	Yellow	✓			
Rule of Law	Red	Red	Red	Yellow	Red	Red	✓			
Water	Yellow	Red	Red	Yellow	Red	Grey	✓			
Energy	Grey	Yellow	Yellow	Yellow	Yellow	Yellow		✓		
Logistics	Red	Red	Red	Red	Red	Red	✓			
Food Security	Yellow	Green	Yellow	Yellow	Yellow	Yellow		✓		
Climate	Red	Yellow	Yellow	Yellow	Yellow	Red		✓		
Technology	Yellow	Green	Green	Green	Yellow	Red				✓
Skills	Red	Red	Red	Red	Red	Red	✓			

- Economic Growth
- Just & Secure Society
- Stable local & traditional government
- People Investment
- State Capacity
- Law Enforcement
- Parliamentary Oversight
- Social Cohesion
- Foreign Policy in National Interest

# Scenario 1: Everyone is in it for themselves



## Risk Level

Functional State  
Politics  
Economy  
Social Security  
Rule of Law  
Water  
Energy  
Logistics  
Food Security  
Climate Change  
Technology  
Skills



### Dominating Cultural Behaviours

- Deny need for change.
- Resist change out of fear.
- Want safety, but don't create it.
- No thinking, planning or definitive action.
- Blaming all to lack of leadership.

### EVERYONE IS IN IT FOR THEMSELVES (Our Sold-Out Future)

Public, private, civic, and criminal agendas dominate people's lives; society survives despite these influences, not because of true leadership. Institutional failures are the order of the day. Coalitions are dysfunctional, national policy is paralysed and partisan international relations harm the economy, while AGOA is cancelled. Water, electricity, education, and healthcare fail, unemployment is rampant, and securing food is a daily struggle.

# Scenario 2: Will the real leaders please stand up?



## Risk Level

Functional State  
Politics  
Economy  
Social Security  
Rule of Law  
Water  
Energy  
Logistics  
Food Security  
Climate Change  
Technology  
Skills



## Dominating Cultural Behaviours

- Adaptable.
- Jump into action.
- Insufficient thinking and planning.
- Produce short term results.
- Don't consider longer term implications.
- Don't think further ahead than own lives.

## WILL THE REAL LEADERS PLEASE STAND UP? (Perpetual Hangover)

Short-termism is exacerbated by ideologies and relationships rooted in the past. An economically and mentally exhausted populace struggles to prevent unravelling of the social fabric, supported by some dedicated business and civic leaders. Impractical and ideological national policies continue to degrade the foundations of economic growth and social renewal.

# Scenario 3: Some young leaders taking charge



## SOME YOUNG LEADERS TAKING CHARGE (Fake it until we Make it, or Not)

Despite the clear consequences of the current trajectory, decisive leaders don't fully succeed in implementing change. Younger voices grow louder, take charge, and become catalysts for change, even in the absence of buy-in from accepted structures. Older citizens remain passive acceptors of circumstances, instead of leading. Most people continue to hope for the best, not realising that they are the ones who will make the change happen.

## Dominating Cultural Behaviours

- More open minded.
- Learning to think analytically and detailed.
- Learning how to align own actions to expected goals.
- Adopts to given change in time.

## Risk Level

Functional State

Politics

Economy

Social Security

Rule of Law

Water

Energy

Logistics

Food Security

Climate Change

Technology

Skills





# Scenario 4: Everyone Leading From Where They Stand

LUCIDUM



Governance | Risk | Ethics | Compliance | Sustainability



## EVERYONE LEADING FROM WHERE THEY STAND (Owning Our Future)

South Africans fiercely guard their national well-being and take individual and collective responsibility for the future. They eliminate distractions that divert them from their shared goals. By optimising limited resources, they achieve common goals across all economic sectors, and solve problems constructively with everyone demonstrating leadership.

## Dominating Cultural Behaviours

- Accept and engage on uncomfortable truths.
- Anticipate and drive change.
- Practice detailed thinking, don't rush into action.
- Expect leadership from self and others.
- Consider generational impacts.

## Risk Level

Functional State

Politics

Economy

Social Security

Rule of Law

Water

Energy

Logistics

Food Security

Climate Change

Technology

Skills

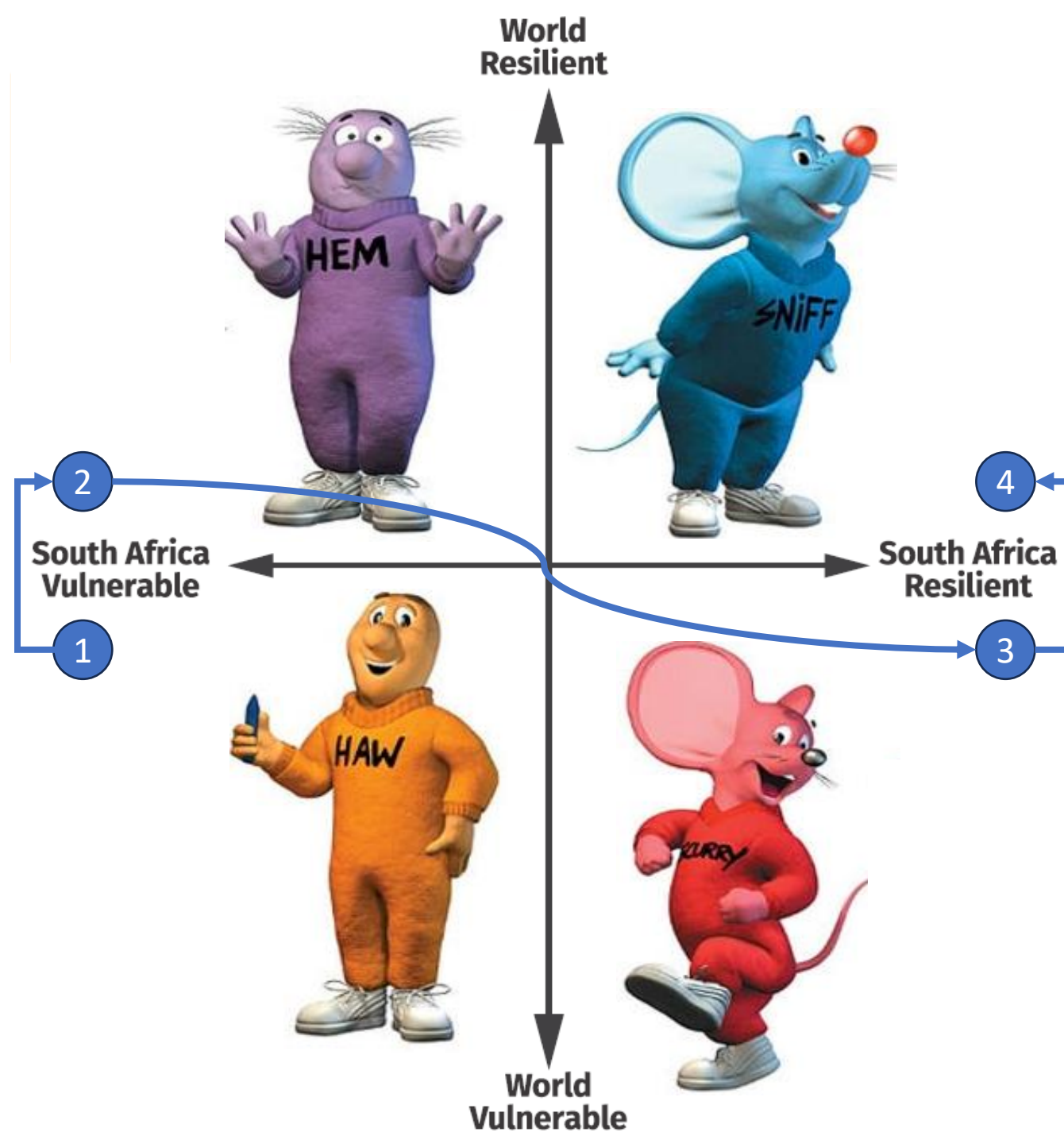


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## Dominating Cultural Behaviours

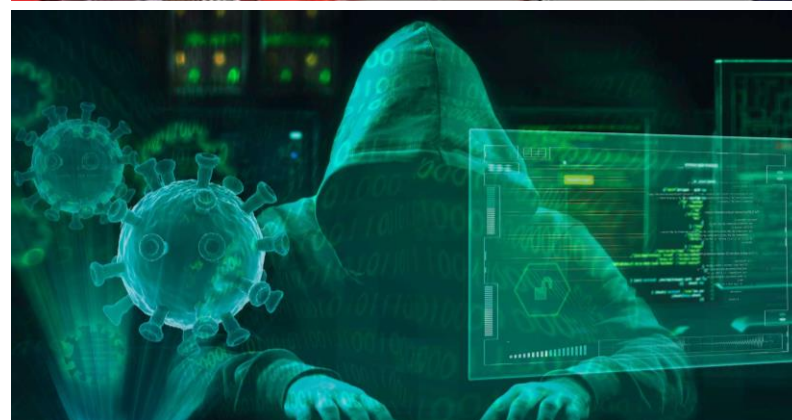
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## Dominating Cultural Behaviours

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# Three months later, what has changed for SA?





# Politics

- Government of National Unity
  - Inclusive Economic Growth
  - Reduced Poverty
  - Capable State
  - South Africa's International Policy
- Culture of Action -
  - Emerged with submissions for IRMSA RR24/25
  - Continuing post election:
    - ✓ In GNU (e.g., Eskom, Transnet)
    - ✓ Beyond the Public Sector
    - ✓ Are you included and/or do you know where to get involved?
  - Are we seeing accountability yet...?

# Economy

- Some remaining challenges
  - Persisting High Unemployment Rates & Poverty
  - Slow Economic Growth
  - Continued Fiscal Deficit
  - Limited Foreign Investment
  - FATF Greylisting
- Operation Vulindlela aligned to key SA risks:
  - Electricity
  - Water
  - Transport
  - Digital Communication
  - Visa



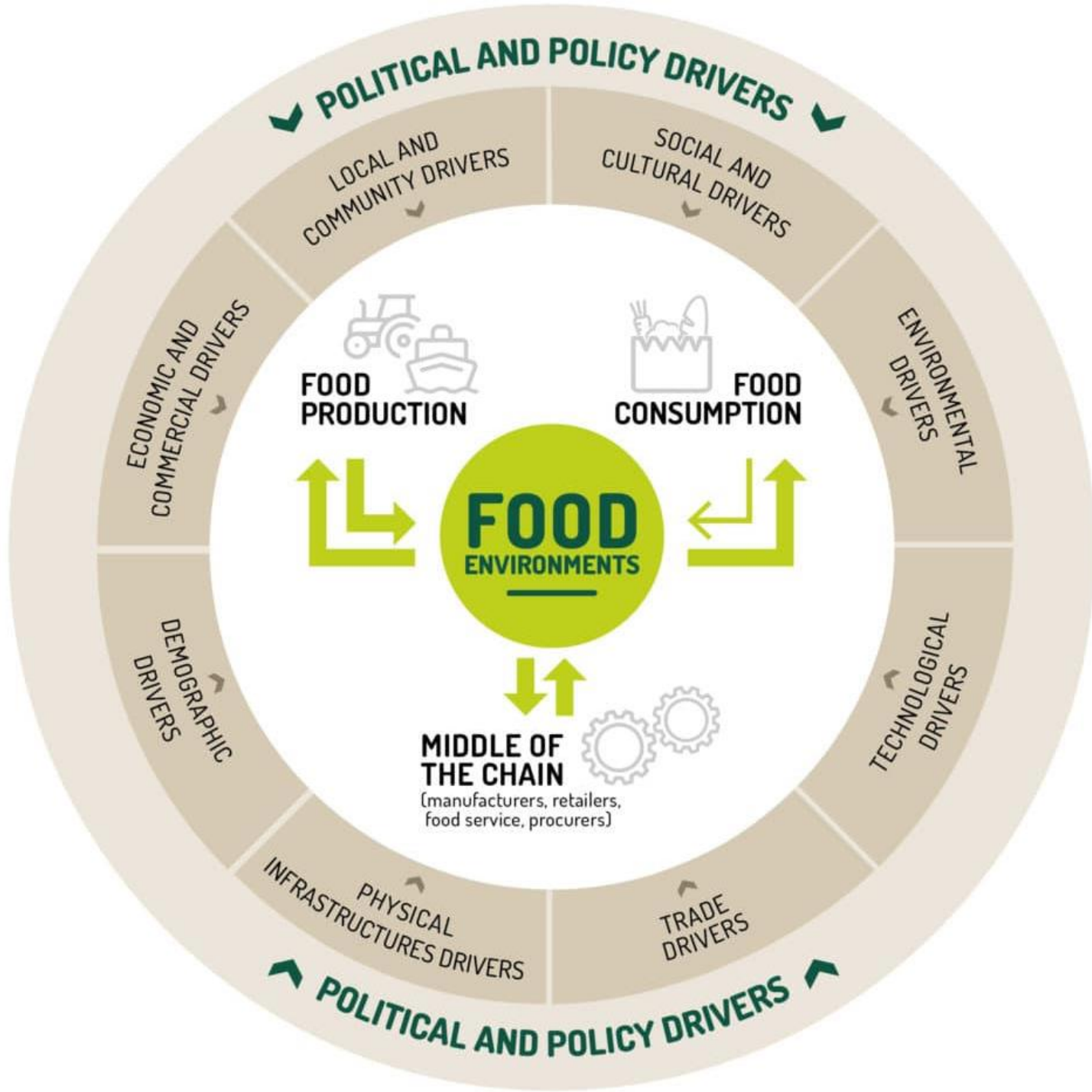
# Technology

- **The Good:**
  - Most opportunities in education and healthcare
  - Fintech finding its balance
- **The Bad:**
  - Capacity and infrastructure constraints/lags to protect and leverage disruptive technology
  - CrowdStrike: infrastructure, health, finance
- **The Ugly:**
  - Criminality not constrained by morals
  - Organised crime growing organically
  - More profitable



# Climate

- Robust resources available
  - [greenbook.co.za](https://greenbook.co.za)
  - [futures.iisafrica.org](https://futures.iisafrica.org)
  - [wmo.int/publication-series/state-of-climate-Africa-2023](https://wmo.int/publication-series/state-of-climate-Africa-2023)
- Largest exposures:
  - Food security risk (e.g., potato and tomato frost)
  - Logistics risk (e.g., N3 snow)
  - Fire risk
  - Flood risk
  - Ability to produce/secure food in the long run



- Interface between nature, food, people
  - Production, processing, logistics, consumption, waste management
  - Speed and scale underestimated
- Opportunities:
  - Biotech to improve yields, quality, resources required
  - Soil, water, and nutrient management
  - Balance internal needs and exports





- Risk professionals' focus areas:
  - Technology
    - ✓ AI and ML automate risk identification, prediction, assessment, and response
    - ✓ IoT connects devices enabling real-time monitoring and mitigation
    - ✓ Exponential access to data analysis and scenario modeling
- Business acumen to drive results:
  - Strategy (including risk appetite & tolerance)
  - Risk management inclusive of:
    - ✓ Business Continuity Management
    - ✓ Risk Financing (traditional, alternative)
    - ✓ Combined Assurance & Governance

We are all just helping each other to a better future...



**Where do you lead?**





# Questions



Join Our  
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