



12TH EDITION

RISKREPORT

2026/27

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12th Edition
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A close-up photograph of a smiling man with a goatee, wearing a white shirt and a grey suit jacket. The image is partially covered by a large, semi-transparent circular graphic that frames the text below.

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Foreword

Beyond Shock and Disruption: Shaping a Resilient South Africa

Mpumi Tyikwe
SASRIA SOC Ltd CEO

South Africa enters the 2026/27 period confronting a risk landscape defined by complexity, uncertainty and deep interdependence. Governance challenges, fiscal pressures, sluggish economic growth, infrastructure constraints, social instability, climate-related disruptions, cyber threats and organised crime have evolved beyond isolated events. They now represent systemic risks that collectively shape the country's developmental trajectory and test the resilience of institutions, businesses and communities alike. In such an environment, the ability to anticipate, understand and respond to risk is no longer a competitive advantage, it is a national imperative. Robust risk intelligence, informed decision-making and coordinated action are essential to safeguarding economic stability, protecting livelihoods and fostering sustainable growth.

As South Africa's specialist insurer against civil unrest, strikes, riots, public disorder, terrorism and related special risks, SASRIA operates at the intersection of many of these emerging and persistent threats. We witness first-hand the economic and social consequences when risks materialise, disrupting businesses, damaging infrastructure, undermining investor confidence and affecting the lives of ordinary citizens. This perspective reinforces an important reality: resilience is not built in isolation. It is a collective national asset that requires continuous investment, partnerships, collaboration and stewardship.

The 2026/27 IRMSA Risk Report provides an invaluable contribution to this effort. By presenting a comprehensive view of the risks shaping South Africa's future, it highlights the interconnected nature of governance weaknesses, macroeconomic fragility, infrastructure challenges, energy and water insecurity, social inequality, climate pressures and digital disruption. More importantly, it demonstrates how these risks compound one another, amplifying vulnerabilities across sectors and communities while influencing investment decisions, economic performance and social cohesion.



For SASRIA, the findings contained in this report reaffirm the importance of strengthening a proactive and preventative approach to risk management. While our mandate includes providing financial protection when special risks occur, long-term resilience requires a broader commitment to prevention, mitigation, preparedness and recovery. This demands strong partnerships between government, regulators, industry and civil society, supported by effective governance, sound public policy and sustained investment in institutional and infrastructure resilience.

A particularly important area of focus is local government. It is within municipalities that the realities of these systemic risks are most directly experienced by citizens, where service delivery, infrastructure reliability, disaster response, economic activity and social wellbeing converge. Local government is the sphere closest to communities and therefore the place where resilience must be built, nurtured and sustained. If South Africa is to become more resilient, our municipalities must be at the fore of such resilience.

Recognising this imperative, SASRIA, IRMSA and SALGA have partnered to develop an Integrated Risk and Resilience Framework for Municipalities, aimed at strengthening the capacity of local government to anticipate, prevent, mitigate, respond to and recover from risk events. The framework seeks to embed a more proactive and forward-looking risk culture within municipalities, enabling leaders to move beyond compliance-driven approaches towards integrated resilience planning and risk-informed decision-making. It provides a practical foundation for building stronger institutions, more sustainable service delivery systems and communities that are better equipped to withstand disruption and adapt to change.

This collaboration reflects an important shift in

thinking. Risk management can no longer be viewed solely as a governance function; it must be recognised as a strategic enabler of sustainable development and societal resilience. We therefore call on municipal leaders, policymakers, risk practitioners, development partners and the private sector to actively champion the implementation of resilience-building initiatives across local government. By investing in risk prevention, risk reduction and effective response capabilities today, we can reduce future losses, strengthen public confidence and create conditions for inclusive economic growth and social stability. The report also offers a powerful reminder that the future is not predetermined. The risks identified herein are significant, but they are not insurmountable. Through ethical leadership, accountable governance, evidence-based decision-making and purposeful collaboration, South Africa can transform risk into opportunity and build a more inclusive, competitive and resilient economy. The choices made today will determine whether future generations inherit a nation strengthened by its challenges or constrained by them.

I extend my appreciation to the Institute of Risk Management South Africa (IRMSA), its contributors and strategic partners for producing a report of such depth, relevance and insight. It is my hope that the perspectives contained in these pages will inform meaningful dialogue and decisive action across boardrooms, government institutions, municipal councils and policy forums. More importantly, may this report serve as a catalyst for strengthening the risk and resilience capabilities of our institutions, communities and municipalities, ensuring that South Africa is better prepared not only to withstand future shocks, but to emerge stronger from them. Ultimately, resilience is not measured by the absence of disruption. It is measured by the ability of institutions, economies and communities to anticipate, adapt and recover while preserving confidence, opportunity and social cohesion.

Foreword

Integrated Governance: Confronting Systemic Risk with King V

Ansie Ramalho
King Committee
Chairperson



Southern Africa's risk landscape, as is the case globally, is becoming more complex, more interconnected and more consequential. The challenges confronting our country are not limited to individual events or isolated failures but reflect deeper structural weaknesses that continue to test governance, institutional capability, economic resilience and social cohesion. In such an environment, risk management cannot be treated as technical exercise alone. It must be understood as an essential part of how organisations are governed, how leadership is exercised and how long-term value is created and protected. In King V language, such an operating environment requires risk management to be approached within the framework of integrated thinking. This 2026/27 IRMSA Risk Report makes an important contribution by presenting a clear and integrated view of the forces shaping the country's future. Governance and leadership failure, economic fragility, infrastructure decline, inequality, climate stress, organised crime, cyber disruption, water insecurity and energy instability are not separate themes. These risks dynamically interconnect across the broader economic, social and environmental systems. This interconnected risk ecosystem requires boards, executives and public leaders to think and act with greater discipline, and insight informed by facts and data.

From this perspective, the report's call for integrated thinking is especially timely. Organisations do not operate apart from society, or the natural environment. Organisations' interests also do not merely overlap with those of society and the environment. Instead, they are embedded within these wider systems in which events often have consequences far beyond the boundaries of one or

two institutions. This is why the principles associated with King V, including ethical and effective leadership, responsible corporate citizenship, stakeholder-inclusive governance, and transparent disclosure, remain so relevant in the current context. They provide a basis for governing in a manner that is both principled and a prerequisite for strategy development that results in real value creation and resilience.

It is, therefore, encouraging that the report does not frame the future only in terms of threat. It also recognises that better outcomes are possible where leadership is values-based, governance is intentional, opportunities (together with threats) are integrated into strategy and performance, and collaboration is pursued across sectors and society. In this sense, resilience is not merely the ability to absorb shocks. It is the ability to respond wisely, adapt and build institutions that can sustain trust over time. From a governance perspective, one of the report's most valuable features is that it moves beyond describing risks and points toward the quality of leadership and decision-making required in response. Good governance is not proven in periods of calm, but in times of uncertainty, pressure and consequence.

Appreciation is extended to all those who contributed to this report and to the broader effort of strengthening governance and resilience across Southern Africa. It is trusted that the insights contained in these pages will support more thoughtful leadership, more accountable institutions and more deliberate action toward a just, capable and sustainable future.

Message from the President

Nicola Comminos
President, The Institute of
Risk Management
South Africa



Southern Africa approaches the 2026/27 period at a point where risk has become a defining feature of how we govern, invest and lead. The operating environment is shaped by multiple pressures at once: stressed public finances, uneven growth, infrastructure deficits, social tension, climate volatility, organised crime, digital vulnerability, and persistent energy and water challenges. Taken together, these dynamics influence confidence, capital flows, service delivery and the everyday realities of citizens and organisations. They also place unprecedented demands on the quality of leadership, oversight and decision making.

The IRMSA Risk Report 2026/27 is designed to help leaders navigate this complexity with clarity and purpose. It does not attempt to predict one future, nor does it present risk as a static list. Instead, it offers a structured view of how key risk drivers interact across sectors and regions, how they could evolve under different conditions, and where deliberate choices can strengthen resilience. By combining a systemic overview with detailed sectoral and regional chapters, scenario narratives and a practical governance agenda, the Report provides a reference point for risk informed strategy and implementation.

Central to this edition is the recognition that risk and resilience are inseparable from societal wellbeing. The UmphakathiVuka theme encourages us to see organisations, institutions and communities as parts of a shared ecosystem and to recognise that decisions taken in boardrooms, council chambers and

control rooms ultimately shape the lived experience of people. In this sense, risk management is not only about defending balance sheets; it is about contributing to a more capable, fair and sustainable society.

The governance lens used in the Report reflects this wider responsibility. It connects risk to ethical leadership, integrated thinking, stakeholder consideration and measurable impact. The Call to Action outlines practical priorities for strengthening governance structures, embedding risk in strategy and performance, building legitimacy through transparency, and advancing collaborative approaches that cut across traditional boundaries between sectors and spheres of government. As President of IRMSA, I am acutely aware that the value of this Report will be determined by how it is used. My hope is that it will stimulate honest conversations, sharpen strategic choices and encourage more disciplined, forward looking risk practices.

I extend my appreciation to the IRMSA Board, contributors, partners and members whose commitment has enabled this work, and I invite all leaders to engage deeply with its insights. The decisions we make in the coming years will shape whether Southern Africa merely endures disruption, or uses it as a catalyst to build stronger institutions, more resilient communities and a more inclusive future.

Message from the IRMSA CEO

Yvonne Mothibi

CEO, The Institute of Risk Management South Africa

We are entering an era in which uncertainty is no longer episodic; it is structural. Economic volatility, geopolitical fragmentation, climate disruption, technological acceleration and shifting societal expectations are reshaping the operating environment for organisations, industries and societies across the globe. While these forces manifest differently across regions, they are bound by one defining reality: no institution, sector or nation can confront them alone. In an interconnected world, resilience is no longer optional; it is our greatest shared asset.

The defining question of our time is therefore not whether disruption will emerge, but whether our institutions, leaders and communities have the courage, foresight and resilience to withstand it, learn from it and transform it into opportunity. That question sits at the heart of the 2026 IRMSA Risk Report.

Drawing on global insight, African perspectives and local realities, this Report explores how interconnected risks are shaping resilience across Southern Africa and beyond. It shows that governance and leadership failures, economic fragility, infrastructure constraints, organised crime, climate pressures, cyber threats, water insecurity and energy instability no longer exist as isolated risks; they reinforce one another within a broader meta-crisis. This calls for more than individualised risk-by-risk responses; it demands the deliberate strengthening of whole systems.

Yet the Report also carries a powerful message of possibility: every major risk contains the seeds of renewal. Stronger governance, institutional reform, innovation, investment, digital transformation and climate resilience are pathways to sustainable growth and long-term competitiveness. Organisations that treat risk as a strategic input, rather than merely an operational disruption, will be best positioned not only to protect value, but to create it in an increasingly uncertain future.

The Report's call to action is framed through two complementary lenses. The first is the King V Report on Corporate Governance for South Africa, which reinforces integrated thinking, ethical leadership, accountability and sustainable value creation. The second is UmphakathiVuka: A Community Awakened, a philosophy that reminds us that resilience is built collectively. Like a living forest, organisations, institutions, sectors and communities are interconnected, and the health of each depends on the wider ecosystem. The true measure of resilience is not the absence of risk, but the strength, agility and unity of our collective response.

This spirit of collaboration is reflected both in the substance of the Report and in the community that has shaped it. Contributions from professional bodies, partner organisations and subject matter experts across the world affirm our belief that the Community of Risk transcends geography, sector and institution. To build on this, IRMSA is proud to contribute African risk perspectives to the World Economic Forum's Global Risks Report survey process and to ensure that the experiences, innovation and resilience of our continent continue to influence the global risk conversation.

Importantly, this Report is not intended to conclude the conversation; it is designed to ignite one. Over the coming months, IRMSA will convene sector-focused engagements that translate these insights into practical action, enabling industries to examine their risk landscapes, identify localised solutions and strengthen resilience through collaboration. In this way, the Report becomes a platform for implementation, shared learning and collective progress.

I encourage business leaders, boards, policymakers, regulators, risk practitioners, members and partners to engage deeply with the insights presented in

these pages. My sincere appreciation goes to the IRMSA Board for its strategic leadership and steadfast support; to Dr Hermie Le Roux and Vanessa Thurlwell, our project leads; to Lucia Khonjelwayo, Leesle van Louw, Your Hub, our partners, the Critical Review Team, volunteers and contributors from different parts of the world, while maintaining a strong Southern African presence; to our partner organisations like the IoDSA, King Committee Chair, SASRIA, Discovery, FSCA, other professional bodies; and to the entire IRMSA team. This publication reflects the philosophy it advances: resilience is built through collaboration, diverse perspectives and shared responsibility.

As risk professionals, we often say that uncertainty is inevitable. I would add that resilience is intentional. The future will not be defined by the risks we face, but by the resilience we choose to build together. May this Report inspire the courage to lead, the wisdom to collaborate and the conviction to shape a more resilient future for our organisations, our communities, our continent and the world.

“

This publication reflects the philosophy it advances: resilience is built through collaboration, diverse perspectives and shared responsibility.



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Executive Summary

Dr Hermie Le Roux and Vanessa Thurlwell





“

The report aims to be honest about the severity of Southern Africa's risks while highlighting opportunities for resilience, action, and positive change.

”

UmphakathiVuka

Awakening the Forest

Umphakathi in the Nguni languages means “the community” or “the people”, while Vuka means “to rise” or “to awaken”. Together, UmphakathiVuka expresses the idea of a people first community rising together in shared humanity, with an awakened, long range vision for a just future. It brings together three powerful traditions:



UBUNTU
our shared humanity



BATHO PELE
putting people first



INDLULAMITHI
seeing above the trees to
shape a fair and sustainable
tomorrow

IRMSA further extends the UmphakathiVuka theme to position Southern Africa’s risk landscape as a living forest, made up of many different trees, i.e. organisations, sectors, communities and institutions. Each shaped by its own context, yet deeply dependent on the health of the whole ecosystem. By using this metaphor, the report aims to make complex systemic risks more tangible and accessible for decision makers.

In practice, “Awakening the Forest” calls on leaders to move beyond compliance driven risk management towards a more proactive, collaborative and community centred approach. It encourages organisations to recognise early signals of stress in their own “trees”, understand how their decisions impact neighbouring “trees”, and contribute deliberately to rebuilding trust, capacity and resilience within the broader forest. Throughout the report, we reference this theme to connect data and analysis to the lived realities of people, organisations and communities.



“Awakening the Forest” calls on leaders to move beyond compliance driven risk management towards a more proactive, collaborative and community centred approach.

Top 10 Risks and Opportunities

The current Top 10 Risks can be understood as the most vulnerable and fast changing “trees” within Southern Africa’s broader risk forest. Some are deeply rooted but showing signs of decay, such as governance failures, economic fragility and systemic corruption. Others are under increasing environmental pressure, including climate stress, water scarcity and energy insecurity. At the same time, newer growth patterns are emerging, including cyber risk and digital disruption. While these risks are common across the forest, their intensity and impact vary significantly by sector, as reflected in the rankings. Some sectors face concentrated exposure to specific risks, while others must navigate a more complex cluster of interconnected threats.

For organisations operating within this forest, these risks are not abstract, but they manifest as daily operational realities. In sectors such as energy, mining and manufacturing, infrastructure failure and electricity instability rank among the most immediate threats, directly disrupting production and supply chains. In agriculture and tourism, climate variability and water scarcity dominate the risk landscape, shaping both sustainability and long-term viability. Meanwhile, financial services and the digital economy face heightened exposure to cyber risk and rapid technological disruption, while public services and education are particularly affected by governance failures and institutional weakness. Across almost all sectors, economic pressures, unemployment and inequality form a persistent undercurrent, influencing demand, social stability and stakeholder expectation.

Importantly, the distribution of these risks across sectors also reveals where resilience and opportunity can take root. Just as some trees adapt and grow stronger under pressure, organisations that respond strategically to these risk patterns can position themselves for advantage. The prominence of energy risk, for example, is already accelerating investment in renewable solutions and decentralised power

The Top 10 Risks not only highlight areas of vulnerability within the forest, but also show where deliberate, coordinated action can build resilience and create new opportunities for growth.

generation. Similarly, high rankings for cyber risk in digitally exposed sectors are driving innovation in cybersecurity and digital infrastructure. In socially exposed sectors, rising inequality and stakeholder expectations are prompting new forms of partnership, inclusive growth strategies and shared value creation.

Viewed collectively, the Top 10 Risks not only highlight areas of vulnerability within the forest, but also show where deliberate, coordinated action can build resilience and create new opportunities for growth. For boards and executives, the imperative is to understand both the condition of individual trees and the dynamics of the forest as a whole, recognising that sector specific exposures and system wide interdependencies must be managed together.



Just as some trees adapt and grow stronger under pressure, organisations that respond strategically to these risk patterns can position themselves for advantage

Failures of governance and leadership across state institutions and State-Owned Enterprises (SOEs), weak accountability and oversight, governance breakdowns in public and private sectors and an increasingly incapable or failed state unable to perform basic functions and protect rights.



OPPORTUNITY

Strengthen governance frameworks, enhance accountability, and embed ethical leadership to rebuild institutional trust and performance.

Fiscal crises, macroeconomic headwinds, economic slowdown or recession, risk of complete economic collapse and a low growth, high cost, less competitive economy unable to generate inclusive growth.



OPPORTUNITY

Drive structural reforms, improve productivity, and unlock investment through innovation, localisation, and policy certainty.

Profound political and social instability, national political uncertainty, unmanageable societal unrest, and, more recently, fragmented, coalition driven and geopolitically exposed politics are constraining coherent direction and reforms.



OPPORTUNITY

Foster collaborative governance, strengthen public-private partnerships, and enable more inclusive, consensus driven policy development.

Failure or shortfall of critical infrastructure (energy, water, transport, ICT), systemic failure of public infrastructure, and under capacitated infrastructure that cannot reliably support citizens or the economy.



OPPORTUNITY

Accelerate infrastructure investment, modernisation, and private sector participation to enhance resilience and service delivery.

Persistently high structural unemployment and underemployment, especially among the youth, combined with employment and livelihood crises, deepening poverty and limited small business ecosystem, are driving social instability and slowing growth.



OPPORTUNITY

Stimulate job creation through entrepreneurship, skills development, and inclusive economic participation models.

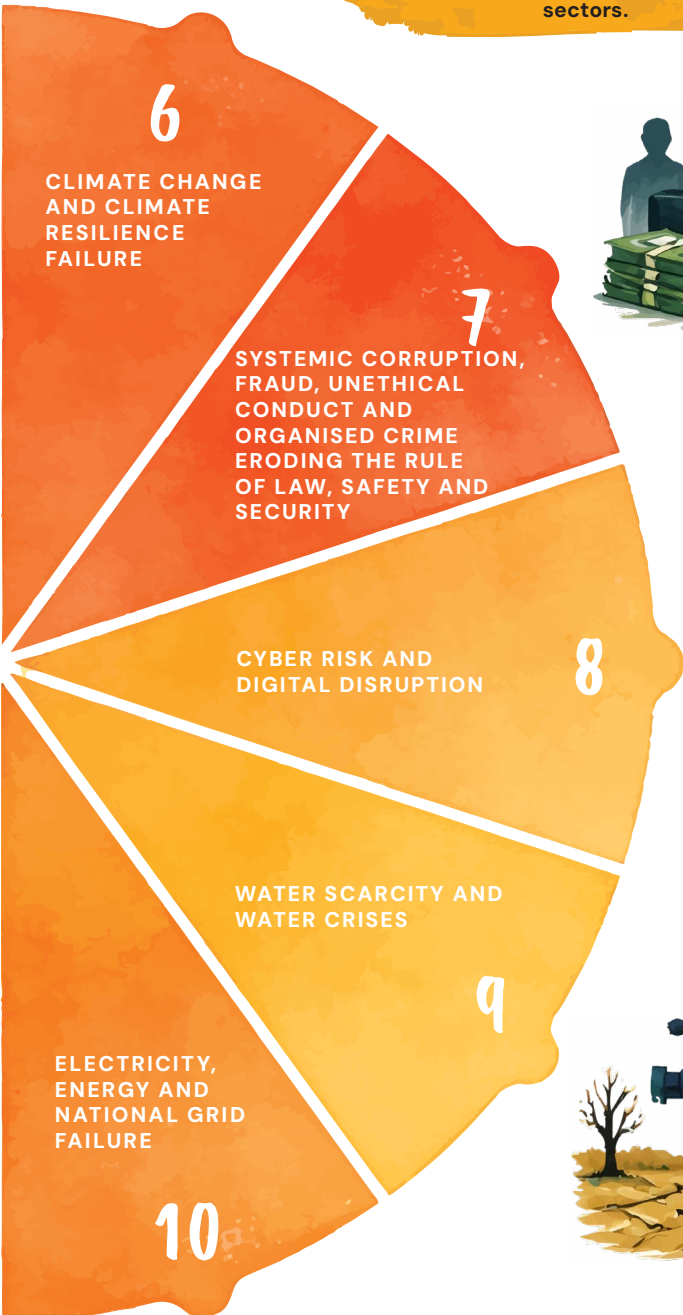




Extreme weather events, droughts in Sub-Saharan Africa and broader impacts of climate change and climate action failure, alongside inadequate adaptation and context relevant climate resilience.

OPPORTUNITY

Invest in climate adaptation, green technologies, and sustainable practices that drive resilience and new economic sectors.



Systemic corruption, fraud, and organised crime that erode the rule of law, undermine institutions, weaken delivery, and drive instability and declining confidence.

OPPORTUNITY

Strengthen anti-corruption controls, leverage technology for transparency, and rebuild ethical cultures across sectors.



Escalation in large scale cyber-attacks, interruption of digitally enabled services, and activity leading to cyber risks and data fraud/theft.

OPPORTUNITY

Enhance digital resilience, invest in cybersecurity capabilities, and leverage digital transformation for competitive advantage.



Water crises driven by droughts, structural scarcity, failing water infrastructure and poor management, impacting growth, agriculture, public health and stability.

OPPORTUNITY

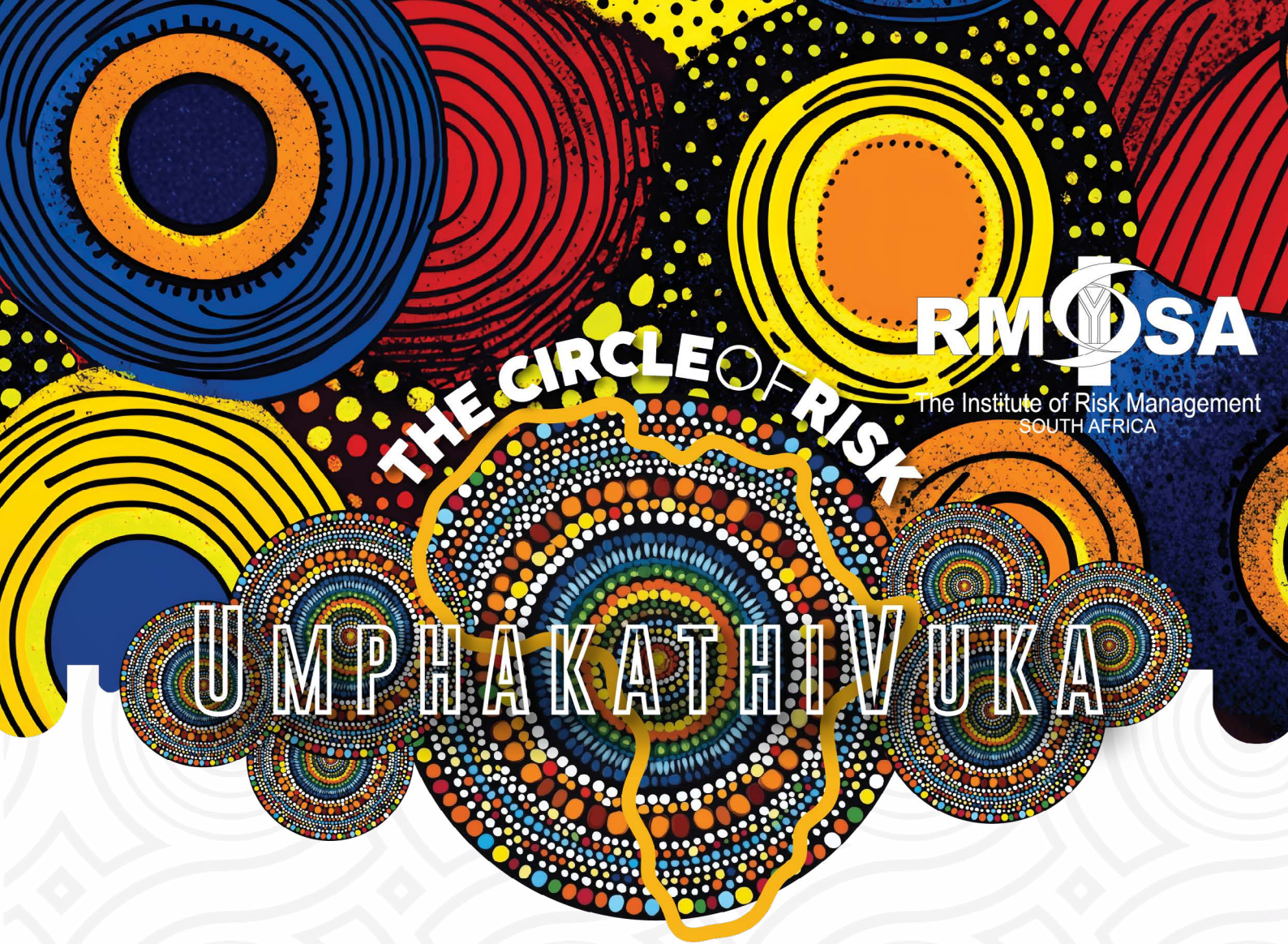
Improve water governance, invest in infrastructure and alternative water sources, and promote efficient usage practices.



Insufficient or unreliable electricity and energy supply, deepening Eskom constraints and risk of national grid failure, threatening growth, jobs, safety and investment.

OPPORTUNITY

Diversify energy sources, accelerate renewable energy adoption, and enable decentralised energy solutions for resilience.



RMISA
The Institute of Risk Management
SOUTH AFRICA

THE CIRCLE OF RISK

UMPHAKATHI VUKA

30 SEP - 2 OCT 2026

ANNUAL CONFERENCE 2026

A COMMUNITY AWAKENED. RISING TOGETHER TO SHAPE TODAY,
FOR A RESILIENT AND SUSTAINABLE FUTURE.

GALLAGHER CONVENTION CENTRE

THE CIRCLE IS FORMING. JOIN SOUTH AFRICA'S RISK COMMUNITY
FOR THREE DAYS OF SHARED THINKING, OPEN CONVERSATION AND
COLLECTIVE LEADERSHIP.


JOIN SOUTH AFRICA'S LEADING RISK EVENT
REGISTER NOW

Scenarios

Tomorrow's Forests

The scenarios explore how Southern Africa's forests could evolve over the coming decade under different combinations of choices, shocks and trends. They are not predictions, but structured stories that help leaders test their strategies and resilience against plausible futures. Each scenario imagines a different path for governance quality, economic performance, infrastructure reliability, social cohesion and environmental stewardship.

By framing these futures as "tomorrow's forests", the scenarios invite decision-makers to consider what kind of landscape they are helping to create through the decisions they make today. In some futures, neglected risks lead to further erosion of trust, capacity and resilience, resulting in a sparse and fragile forest. In others, concerted action, reform and collaboration gradually restore confidence and resilience, with new "growth rings" visible in stronger institutions and more inclusive development. The scenarios support boards and executives in stress-testing their strategies, clarifying trade-offs and identifying early warning indicators for the paths they most want to pursue or avoid.



The scenarios invite decision-makers to consider what kind of landscape they are helping to create through the decisions they make today.



Call To Action

Cultivating our Future Forest

The Call to Action translates the risk insights and UmphakathiVuka theme into a practical governance and implementation agenda, framed through three reinforcing lenses: King V, the 5W1H framework (What, Why, Where, When, Who and How) and a people first, Ubuntu centred mindset. Guided by King V, it focuses on five mutually reinforcing priorities:

Strengthening ethical, accountable leadership

Integrating risk into strategy and performance

Enhancing governance structures and control effectiveness

Advancing stakeholder inclusivity and collective action

Building legitimacy through measurable impact and transparent reporting.

The 5W1H structure anchors each priority in concrete practice by clarifying who must act, what must be done, where and when action is required, why it matters and how implementation should unfold, ensuring the Call to Action can be translated into board agendas, executive plans and sector compacts rather than remaining aspirational.

At its heart, UmphakathiVuka positions the Call to Action as a shared national pact by putting people first in decisions, co creating solutions across sectors, making progress visible and accountable so that trust is rebuilt on evidence rather than promises, and aligning organisational efforts with South Africa's National Development Plan (NDP) 2030 and related priorities. If embraced at scale, this agenda offers a pathway for leaders, institutions and communities to rise together towards a more just, resilient and inclusive Southern Africa.

The report concludes this section by reminding readers that every action taken today either depletes or enriches the shared forest on which all trees ultimately depend.

Acknowledgements

This report is the product of a collective effort by risk professionals, subject-matter experts, IRMSA members, partners and contributors who generously shared their insights, time and data. Their willingness to engage honestly with Southern Africa's challenges and to propose practical responses reflects a strong commitment to building a more resilient and inclusive country.

IRMSA acknowledges, in particular, the organisations and individuals who participated in surveys, interviews, workshops and technical review processes, often while managing their own demanding responsibilities. We also recognise the broader community of practitioners who continue to use these insights to improve decision-making, governance and resilience in their own contexts. Without this shared commitment, the vision of an awakened, thriving forest would remain out of reach.



From Insight to Action

How to use the Report

The IRMSA Risk Report 2026/27 is intended to support better decisions, stronger governance and more resilient organisations, sectors and institutions across Southern Africa. It should be used not only as a reference on the region's top risks, but as a practical tool for strategic dialogue, scenario testing, risk prioritisation, resilience planning and collective action.

Different role-players will derive value from the report in different ways:



BOARDS AND GOVERNING BODIES

Use the report to test whether the organisation is focusing on the most material risks in the current Southern African context, to strengthen oversight of interconnected risks, and to inform strategy, risk appetite, governance and long-term sustainability discussions.



RISK PRACTITIONERS AND ASSURANCE FUNCTIONS

Use the report to refresh risk registers, support risk workshops, strengthen emerging risk analysis, improve reporting to leadership, and connect organisation-specific assessments to a broader systemic risk and resilience view.



EXECUTIVES AND MANAGEMENT TEAMS

Use the report to challenge assumptions, stress test strategy against plausible futures, identify strategic trade-offs, and align business, operational and investment decisions to the most material external risks and opportunities.



PUBLIC LEADERS, REGULATORS AND POLICYMAKERS

Use the report to identify where structural risks are converging across governance, infrastructure, economic performance, social cohesion and climate resilience, and to support coordinated policy, reform and institutional responses.



SECTOR LEADERS AND INDUSTRY BODIES

Use the sector chapters to understand how the Top 10 risks manifest differently across industries, to benchmark sector exposures, identify common vulnerabilities, and support sector-wide resilience and collaboration initiatives.



REGIONAL AND CROSS-BORDER DECISION-MAKERS

Use the regional chapters to compare country-specific conditions, assess concentration and spill-over risks, and inform regional strategy, investment, supply chain and partnership decisions.

The report is best used in layers. Readers may begin with the Executive Summary for the overall risk picture, use the Top 10 IRMSA Risks, interdependency analysis and scenarios to understand the broader systemic landscape, turn to the sector and regional chapters for context-specific implications, and then apply the Call to Action to translate insight into governance, management and implementation priorities.

The scenarios are particularly valuable for testing resilience against different futures, while the Call to Action provides a practical bridge from insight to implementation through the King V lens, the 5W1H framework and a people-first UmphakathiVuka mindset. Together, these elements help ensure that the report can be used in boardrooms, executive planning processes, sector dialogues and public decision-making, rather than remaining a descriptive assessment of risk alone.

This report should therefore be read as a strategic input into decision-making and resilience building, not as a substitute for organisation-specific judgement or due diligence. Its greatest value lies in helping leaders connect internal choices to the wider realities shaping Southern Africa's future, and in encouraging more integrated, collaborative and accountable responses to risk.

Advancing risk management capability through insight, innovation and practical support to build resilient and future-ready organisations.

The IRMSA Centre of Excellence serves as a hub for advancing risk management capability through specialised services, thought leadership, research and professional support. Through practical guidance, learning interventions and industry collaboration, the Centre helps organisations strengthen resilience, enhance decision-making and embed effective risk management practices.



OUR CORE SERVICES

EXPERT GUIDANCE & ADVISORY

Practical support to strengthen enterprise risk management frameworks aligned with leading governance standards and best practice.

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Curated frameworks, guidance and practical tools to support effective day-to-day risk management.

STAKEHOLDER ENGAGEMENT PLATFORMS

Forums and communities of practice that promote collaboration, knowledge sharing and peer learning.

The IRMSA Risk Report in Your Risk Management Cycle

The IRMSA Risk Report 2026/27 is designed to support integrated risk and resilience practice across strategy, performance, assurance and long-range planning. The Top 10 IRMSA Risks & Opportunities, NDP mapping, scenarios, sector chapters and Call to Action can be used as structured inputs into the organisation's ERM cycle rather than as a standalone external reference.

A practical way to use the report is to move through five steps: scan, map, assess, stress-test and act. This helps organisations translate national and sector risk intelligence into risk registers, risk appetite discussions, board oversight, combined assurance and resilience planning.



SCAN

Use the Top 10 IRMSA Risks & Opportunities, trend analysis and comparative sections to identify the national risks most likely to affect the organisation directly or indirectly.



MAP

Compare organisational strategic and operational risks to the national Top 10 to identify overlaps, gaps, under-recognised exposures and systemic dependencies.



ASSESS

Compare organisational strategic and operational risks to the national Top 10 to identify overlaps, gaps, under-recognised exposures and systemic dependencies.



STRESS TEST

Compare organisational strategic and operational risks to the national Top 10 to identify overlaps, gaps, under-recognised exposures and systemic dependencies.



ACT

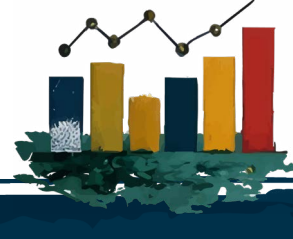
Compare organisational strategic and operational risks to the national Top 10 to identify overlaps, gaps, under-recognised exposures and systemic dependencies.

Practical application



MAP ORGANISATIONAL RISKS TO NATIONAL RISKS

Treat the Top 10 IRMSA Risks & Opportunities as a parent lens and test whether internal risks are local expressions of wider national pressures such as governance weakness, infrastructure failure, inequality, cyber disruption, water stress or energy insecurity.



INTEGRATE SECTOR INSIGHT

Use the sector chapter to refine the risk register, challenge current rankings and adjust appetite thresholds, indicators and mitigation priorities where sector exposure is more concentrated than internal reporting suggests.



BOARD DASHBOARD STARTER

Start with a small number of sector-relevant indicators and expand over time. The report's sector chapters show that the same national risks manifest differently across sectors, so dashboards should focus on the organisation's most material exposures.



USE SCENARIOS AND THE CALL TO ACTION

Apply scenarios in strategy and resilience planning, then use the Call to Action to convert insight into governance actions, assurance priorities and implementation accountability.

Methodology at a Glance

The IRMSA Risk Report 2026/27 was developed through a structured, mixed-method process designed to produce a credible, practical and decision-useful view of the most material risks and opportunities shaping Southern Africa. The report draws on surveys, interviews, workshops, technical review processes, practitioner and specialist input, comparative analysis and longitudinal insight from previous IRMSA Risk Reports to identify, test, prioritise and validate its core findings.

This approach is intended to strengthen both relevance and robustness. By combining multiple sources of evidence and iterative expert challenge, the methodology reduces reliance on any single dataset, viewpoint or moment in time, and supports a more balanced assessment of current, emerging and persistent risks.



Read the Report through an Integrated Risk & Resilience Lens

The IRMSA Risk Report 2026/27 should be read through an integrated risk and resilience lens. At its centre are the IRMSA Top 10 Risks & Opportunities, which represent the most material and interconnected pressures shaping Southern Africa’s current environment. These risks do not operate in isolation. Taken together, they form a broader meta-crisis in which governance, economic, infrastructure, social, environmental, crime and digital pressures reinforce one another across institutions, sectors and communities.

This lens is intended to help leaders move beyond viewing risks as separate line items and instead understand how they interact, accumulate and shape resilience outcomes over time. It connects today’s most material risks to the possible futures explored in the scenarios, shows how those risks manifest differently across sectors and regions, and then translates those insights into practical action through the Call to Action. In this way, the report links diagnosis, foresight and response in one coherent framework.


The lens is also grounded in the report’s wider governance and development context. It is informed by the principles of King V, aligned to the priorities of the National Development Plan 2030, and framed through the people-first UmphakathiVuka mindset, which encourages leaders to see organisations, sectors and communities as interdependent parts of a shared forest.

IRMSA Integrated Risk and Resilience Lens

How the report fits together







How to read the report through this lens

Readers should therefore approach the report in sequence: First by understanding the IRMSA Top 10 Risks & Opportunities, then by considering how they interact as a meta-crisis, next by examining the scenarios and storylines, and then by turning to the relevant sectoral and regional chapters for context-specific implications.

The Call to Action should be read as the practical response layer, translating analysis into governance, management and resilience priorities that can be applied in board agendas, executive plans, assurance activities and broader social compacts.



The Institute of Risk Management
SOUTH AFRICA

A central graphic of a golden globe with a textured surface, set against a dark, textured background. The globe is surrounded by several concentric golden circles and lens flare effects. The text 'THE GOLDEN CIRCLE 2026' is overlaid on the globe in a large, bold, golden, sans-serif font. Below the main title, the Zulu phrase 'UMPHAKATIVUKA' is written in a smaller, golden, sans-serif font.

THE GOLDEN
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1.

Today's trees

Tomorrow's forests

The analysis of IRMSA's Top 10 Risks and opportunities is brought to life by presenting it as "today's trees" then exploring how they may evolve across different futures using a structured scenario framework.

Using the UmphakathiVuka mindset and the metaphor of trees, it translates the interconnected meta crisis into concrete risk storylines and scenarios that help boards, executives and public leaders understand what is at stake now, and what futures their choices may enable or foreclose.

“

If these trees are not deliberately tended, treated, or, where necessary, cleared to make room for new growth, they will continue to weaken the soil in which every organisation, sector and community must take root and grow.

”



1.1

Today's Trees

1.1.1

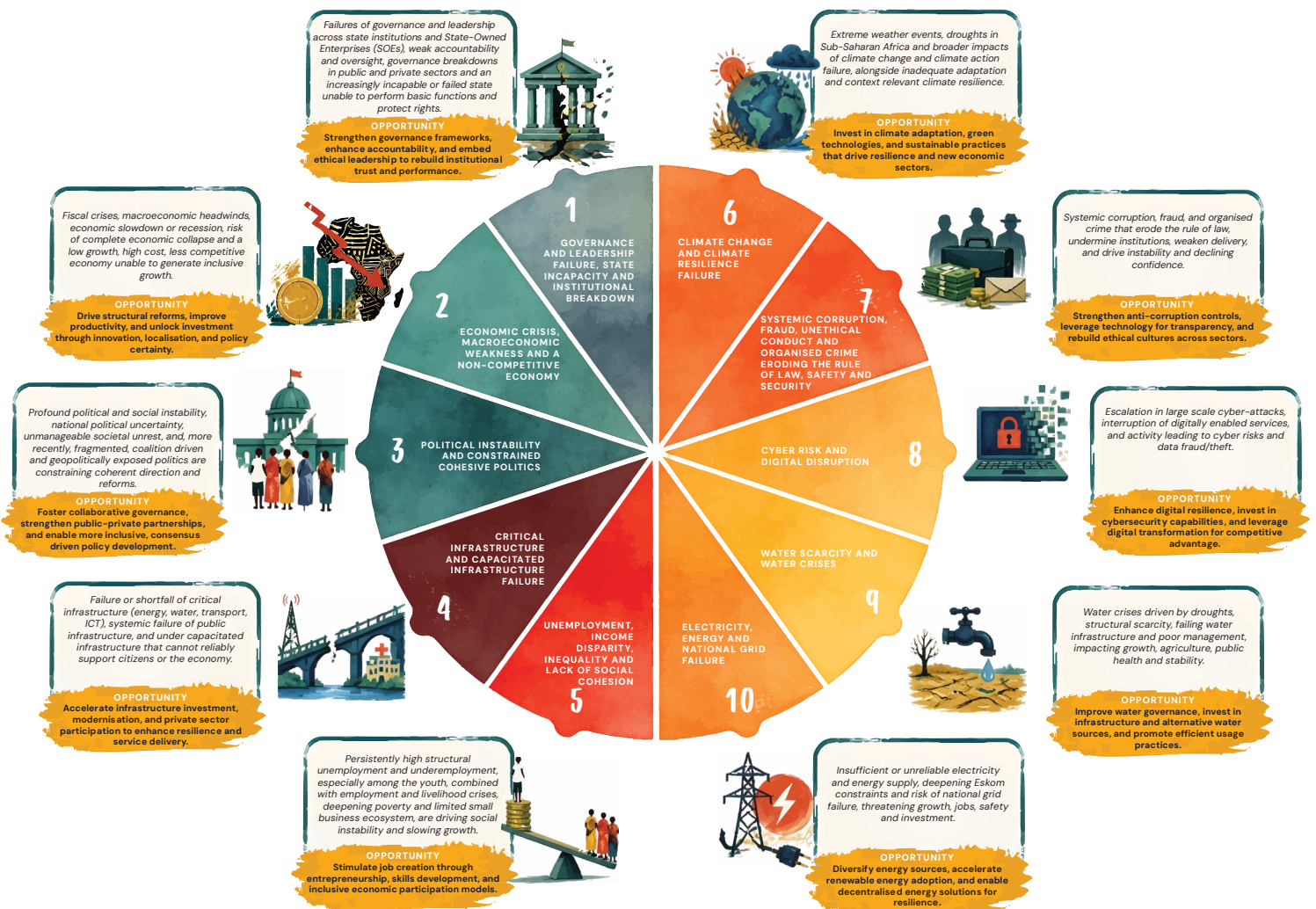
IRMSA's Top 10 Risks & Opportunities

Grounded in extensive practitioner and specialist input, comparative data and longitudinal insight from previous IRMSA Risk Reports, the below prioritised list maps the trees that currently define Southern Africa's Forest, some leaning, some hollow at the root, and some already fallen.

Each tree represents a risk that has moved beyond the horizon of uncertainty and is already casting a visible shadow, i.e. structural governance failures, economic fragility, infrastructure decay, social

fracture, climate stress, systemic crime, cyber vulnerability, water scarcity and energy insecurity. Together, they form the canopy of a present meta-crisis, one that is not approaching but already alive beneath our feet.

If these trees are not deliberately tended, treated, or, where necessary, cleared to make room for new growth, they will continue to weaken the soil in which every organisation, sector and community must take root and grow.



Certain factors operate as cross cutting conditions that continually shape and amplify Southern Africa's risk landscape, even when they do not appear as discrete items in the IRMSA Top 10. Demographic pressure and rapid urbanisation, weak institutional capacity in the state, spatial inequality, fragile rule of law and accountability, technological adoption gaps and digital divides, low trust and distorted information ecosystems, and short term, compliance driven organisational cultures all interact to deepen vulnerability across governance, economic, infrastructure, social and climate risks. They are most visible where they converge on two highly sensitive fault lines: food security, including access to affordable food, and the persistent lack of education, skills and competent people, both of which sit at the heart of livelihoods, social cohesion and South Africa's long term resilience prospects.

These pressures are further intensified by global geopolitical shocks and international conflicts that disrupt food, fertiliser and energy supply chains, driving volatility in input costs and exacerbating food insecurity across the region.

Alongside these pressures, there is a powerful set of opportunities to use them as catalysts for renewal rather than only as sources of harm. Integrated responses that combine governance reform, green and digital investment, and human capital development can unlock new sectors, from distributed renewable energy and climate-smart agriculture to regenerative tourism, professional services and technology-enabled small enterprises. By strengthening regional value chains in food, fertiliser, logistics and health, and by using public-private and community partnerships to widen access to quality education, skills and decent work, Southern Africa can turn demographic growth, urbanisation and digital innovation into engines of productivity, social mobility and shared resilience, even in a more volatile global environment.



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1.1.2

Impact of IRMSA’s Top 10 Risks on South Africa’s National Development Plan Priorities

South Africa’s top 10 risk landscape materially affects the implementation of the National Development Plan (NDP) 2030 because the risks are systemic, mutually reinforcing, and concentrated around state capability, economic performance, infrastructure resilience, social stability, and environmental sustainability. The NDP is intended to eliminate poverty and reduce inequality by 2030, while the implementation architecture linked to the plan is structured around priority outcomes such as economic growth and employment, infrastructure,

environmental sustainability, social protection, nation building, and an effective public sector.

The analysis below positions each of the top 10 risks as both a threat to development execution and a strategic entry point for reform. In this sense, the opportunity statements should be read not only as responses to risk, but also as practical interventions that can help recover momentum against core NDP priorities, especially those relating to a capable state, inclusive growth, service delivery, and social cohesion.

Alignment of top 10 risks to NDP priorities

	OPPORTUNITIES	NDP PRIORITY	DESCRIPTION OF IMPACT
GOVERNANCE AND LEADERSHIP FAILURE, STATE INCAPACITY AND INSTITUTIONAL BREAK-DOWN	Strengthen governance frameworks, enhance accountability, and embed ethical leadership to rebuild institutional trust and performance.	Capable and developmental state; effective public sector; local government; nation building and social cohesion	Failures in governance and leadership weaken implementation capacity across the state, undermine oversight and accountability, and reduce the state’s ability to deliver on the developmental role envisaged in the NDP. This constrains progress across multiple NDP priorities because institutional weakness affects planning, execution, monitoring, and service delivery.
ECONOMIC CRISIS, MACROECONOMIC WEAKNESS AND A NON-COMPETITIVE ECONOMY	Drive structural reforms, improve productivity, and unlock investment through innovation, localisation, and policy certainty.	Economic growth and employment; inclusive growth; social protection	Macroeconomic weakness directly undermines the NDP’s central objectives of faster, more inclusive growth, large-scale employment creation, and poverty reduction. Fiscal constraints linked to low growth also limit the state’s ability to finance infrastructure, public services, and social support programmes.
POLITICAL INSTABILITY AND CONSTRAINED COHESIVE POLITICS	Foster collaborative governance, strengthen public-private partnerships, and enable more inclusive, consensus driven policy development.	Nation building and social cohesion; effective public sector; leadership and partnerships	Political fragmentation and instability weaken policy continuity, reduce reform momentum, and undermine the social compact required for long-term NDP implementation. This affects the state’s ability to build consensus around difficult reforms and slows coordinated action between government, business, labour, and communities.
CRITICAL INFRASTRUCTURE AND CAPACITATED INFRASTRUCTURE FAILURE	Accelerate infrastructure investment, modernisation, and private sector participation to enhance resilience and service delivery.	Economic infrastructure; human settlements; rural development; service delivery	Infrastructure failure disrupts economic activity, raises the cost of doing business, and constrains access to reliable basic services, all of which are central to the NDP’s development model. It also delays spatial transformation, limits competitiveness, and weakens resilience in both urban and rural areas.
UNEMPLOYMENT, INCOME DISPARITY, INEQUALITY AND LACK OF SOCIAL COHESION	Invest in climate adaptation, green technologies, and sustainable practices that drive resilience and new economic sectors.	Environmental sustainability; rural development; agriculture; resilient settlements	Macroeconomic weakness directly undermines the NDP’s central objectives of faster, more inclusive growth, large-scale employment creation, and poverty reduction. Fiscal constraints linked to low growth also limit the state’s ability to finance infrastructure, public services, and social support programmes.



The overall pattern is clear: the top 10 risks do not sit at the margins of development planning, but strike at the core conditions required for NDP execution. Risks relating to governance, corruption, politics, infrastructure, unemployment, and basic services are especially significant because they weaken both state capability and societal resilience at the same time.

From an IRMSA risk report perspective, this mapping demonstrates that national risk identification should be interpreted through a development lens as well as a control lens. The opportunity statements attached to each risk therefore provide a useful basis for framing strategic risk responses that are not merely defensive, but explicitly developmental, reform-oriented, and aligned to South Africa's long-term national priorities.



OPPORTUNITIES NDP PRIORITY DESCRIPTION OF IMPACT

CLIMATE CHANGE AND CLIMATE RESILIENCE FAILURE

Foster collaborative governance, strengthen public-private partnerships, and enable more inclusive, consensus driven policy development.

Nation building and social cohesion; effective public sector; leadership and partnerships.

Political fragmentation and instability weaken policy continuity, reduce reform momentum, and undermine the social compact required for long-term NDP implementation. This affects the state's ability to build consensus around difficult reforms and slows coordinated action between government, business, labour, and communities.

SYSTEMIC CORRUPTION, FRAUD, UNETHICAL CONDUCT AND ORGANISED CRIME ERODING THE RULE OF LAW, SAFETY AND SECURITY

Strengthen governance frameworks, enhance accountability, and embed ethical leadership to rebuild institutional trust and performance.

Capable and developmental state; effective public sector; local government; nation building and social cohesion.

Failures in governance and leadership weaken implementation capacity across the state, undermine oversight and accountability, and reduce the state's ability to deliver on the developmental role envisaged in the NDP. This constrains progress across multiple NDP priorities because institutional weakness affects planning, execution, monitoring, and service delivery.

CYBER RISK AND DIGITAL DISRUPTION

Drive structural reforms, improve productivity, and unlock investment through innovation, localisation, and policy certainty.

Economic growth and employment; inclusive growth; social protection.

Macroeconomic weakness directly undermines the NDP's central objectives of faster, more inclusive growth, large-scale employment creation, and poverty reduction. Fiscal constraints linked to low growth also limit the state's ability to finance infrastructure, public services, and social support programmes.

WATER SCARCITY AND WATER CRISES

Foster collaborative governance, strengthen public-private partnerships, and enable more inclusive, consensus driven policy development.

Nation building and social cohesion; effective public sector; leadership and partnerships.

Political fragmentation and instability weaken policy continuity, reduce reform momentum, and undermine the social compact required for long-term NDP implementation. This affects the state's ability to build consensus around difficult reforms and slows coordinated action between government, business, labour, and communities.

ELECTRICITY, ENERGY AND NATIONAL GRID FAILURE

Foster collaborative governance, strengthen public-private partnerships, and enable more inclusive, consensus driven policy development.

Nation building and social cohesion; effective public sector; leadership and partnerships.

Political fragmentation and instability weaken policy continuity, reduce reform momentum, and undermine the social compact required for long-term NDP implementation. This affects the state's ability to build consensus around difficult reforms and slows coordinated action between government, business, labour, and communities.

“

Sustainable resilience will require integrated, collaborative approaches that address the root causes across all ten risk domains, nurture healthier relationships within the forest and deliberately cultivate conditions in which both people and institutions can thrive over time.

”





1.1.3

Comparative Analysis

Global Top 10 vs. IRMSA Top 10

The Global Risks as reported in the World Economic Forum Global Risk Report and IRMSA risks are still strongly aligned, i.e. the same global pressures around geopolitics, economics, technology, climate and society map directly onto South Africa's top

10 IRMSA risks, but are amplified by local structural weaknesses. This means that global shocks mainly intensify existing domestic risk clusters rather than introducing completely new risk types.

GLOBAL TOP 10 RISKS	IRMSA TOP 10 RISKS	BRIEF DISCUSSION
Geoeconomic confrontation	Governance and leadership failure, state incapacity and institutional breakdown	External geoeconomic pressures expose weak state capability and leadership, making it harder to coordinate responses, protect national interests and maintain institutional stability.
Economic downturn and debt stress	Economic crisis, macroeconomic weakness and a non-competitive economy	Global slowdown and debt risks reduce export demand, capital flows and fiscal space, worsening low growth, high costs and weak competitiveness.
Inequality and lack of opportunity	Unemployment, income disparity, inequality and lack of social cohesion	K-shaped outcomes – where better-off groups recover while poorer and vulnerable groups stagnate or decline – deepen South Africa's inequality and youth unemployment, fuelling social tension.
Societal polarisation	Political instability and constrained cohesive politics	Rising polarisation and fragmented politics mirror global trends and increase the risk of protests, coalition instability and policy incoherence.
Infrastructure endangered; disruptions to critical infrastructure	Critical infrastructure and capacitated infrastructure failure	Global infrastructure and supply chain shocks layer onto domestic underinvestment and poor maintenance, worsening failures in energy, water, transport and ICT.
Inequality, social strain and exclusion	Unemployment, income disparity, inequality and lack of social cohesion	Global cost-of-living and opportunity gaps reinforce South Africa's already extreme disparities, eroding social cohesion and trust in institutions.
Extreme weather events; critical Earth system changes	Climate change and climate resilience failure	Climate shocks such as droughts and floods directly affect livelihoods, food systems and infrastructure, especially in vulnerable rural and peri-urban communities.
Natural resource shortages (especially water)	Water scarcity and water crises	Global and regional resource stress magnifies local water infrastructure and governance failures, impacting agriculture, industry, health and stability.
Cyber insecurity; online harms	Cyber risk and digital disruption	More frequent and sophisticated cyber-attacks increase the likelihood of disruptions to critical services and data in a fragile digital and control-systems environment.
Technological disruption, AI and frontier tech risks	Systemic corruption, fraud, unethical conduct and organised crime eroding the rule of law, safety and security (via tech-enabled crime) Cyber risk and digital disruption	Weak governance and regulatory capacity raise the risk that AI and frontier technologies are misused, entrenching digital crime, disinformation and security vulnerabilities.

Taken together, these ten linkages position South Africa's top IRMSA risks squarely within the global risk narrative, reinforcing the need for a resilience strategy that simultaneously tackles governance reform, inclusive growth, infrastructure reliability, and digital and climate readiness.

1.1.4

Comparative Analysis 2015–2026 Trends

Over the past 12 years of IRMSA Risk Reports (2015–2026/7), governance failures, economic fragility, infrastructure stress, social inequality and environmental pressures have recurred, with few risks disappearing, indicating that Southern Africa is still living with the consequences of earlier decisions and deferred reforms. Boards and executives therefore operate in a “long emergency”, where multiple long standing risks reinforce one another and surface in events such as load shedding, service delivery failures, social unrest and cyber incidents. The 2015–2026 trend analysis highlights which risks have hardened into structural constraints, where progress has been made and where new vulnerabilities are emerging, informing strategy, capital allocation, risk appetite and resilience planning.

Over 2015–2025, South Africa’s systemic risk profile is characterised by persistent, mutually reinforcing vulnerabilities in governance, the macro economy, politics, infrastructure, social cohesion and the natural environment. Governance and leadership failures evolve from discrete breakdowns to a failed state framing by 2022–2023, before a conditional shift in 2024–2025 towards a functional and capable state. Economic risks follow a similar arc, progressing from fiscal crises and downgrades towards complete economic collapse risk and then reframing around building a competitive economy as a core resilience outcome. In parallel, chronic infrastructure constraints escalate into systemic utilities disruption, structurally high unemployment and inequality deepen into an employment and livelihood crisis, and climate related risks shift from discrete events to climate resilience failure. Systemic corruption and organised crime, escalating cyber risks and recurring water and electricity crises continue to erode institutional trust and service reliability, even as the most recent narratives increasingly pair these downside exposures with opportunity oriented end states such as credible rule of law, cohesive politics, capacitated infrastructure and creative technology.



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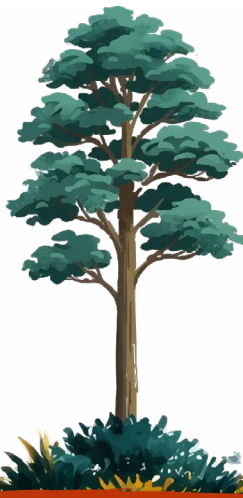
1.2

When Trees Speak of the Future

Southern Africa's Risk Scenarios

Southern Africa today is like a forest standing at a crossroads of seasons. Some trees are burnt and brittle from years of drought and neglect, others are stubbornly invasive, crowding out new growth, and yet, scattered among them, are resilient indigenous trees putting down deeper roots and sending out fresh shoots.

In the spirit of UmphakathiVuka, communities awakening, our scenarios use these trees as a metaphor for the choices the country now faces: Whether we continue to exhaust the soil that sustains us, allow toxic species to dominate the canopy, or deliberately nurture a healthier, more diverse ecosystem that can withstand storms and regenerate after fire. Each scenario imagines how Southern Africa's "forest" might evolve over the next decade, from deepening fragmentation to fragile recovery, to a thriving, interconnected woodland, depending on how leaders, institutions, businesses and communities choose to act, cooperate and invest in the common good.



BEST CASE SCENARIO

OUR YELLOWWOOD FUTURE
A WOKEN UP SOUTHERN AFRICA

REAL YELLOWWOOD

(Podocarpus latifolius)

South Africa's national tree, the evergreen forest giant, is a strong symbol of heritage, stability, and dignified leadership.

The Real Yellowwood represents institutions, companies and communities that are deeply rooted in clear purpose and values, providing stable, ethical and predictable environments. They offer "shade" through reliable services, trusted leadership and a culture where people feel safe and respected. Heritage and institutional memory are protected, while succession, leadership development and innovation continuously renew the "canopy" and sustain social cohesion and shared identity.



MEDIUM CASE SCENARIO

MOPANE MIDDLE
SURVIVING, NOT YET THRIVING

MOPANE

(Colophospermum mopane)

Hardy tree thriving in hot, low rainfall areas, widely seen as a symbol of survival and adaptation under harsh conditions.

Mopane symbolises organisations and communities that have woken up enough to survive and adapt, but not yet to thrive. They operate under chronic stress from crime, unemployment, service gaps and climate pressure, yet still hold together. Basic services continue, businesses remain viable and communities persist, but most energy goes into coping, rather than transforming. Rules and relationships prevent collapse, yet under investment and weak partnerships trap the system in "just surviving" mode.



WORST CASE SCENARIO

THE BLACK WATTLE SHADOW
INVASIVE RISKS DOMINATING

BLACK WATTLE

(Acacia mearnsii)

Fast growing, shallow rooted, thirsty trees are crowding out indigenous life.

Black Wattle represents risks and failures that are allowed to spread until they dominate, e.g. corruption networks, criminal economies, toxic cultures, red tape and uncontrolled costs. Like an invasive tree draining water and choking rivers, these patterns exhaust budgets, energy and trust, leaving institutions and communities under severe pressure. Dense, tangled "thickets" block light from reaching good practice, while the effort and cost of restoring the system become overwhelming, making recovery uncertain and fragile.



The Spekboom Shift today will move us along the Wild Olive Path, towards the Baobab Horizon, avoiding choking by Black Wattle Shadow and pushing the country beyond a Mopane Middle into Our Yellowwood Future.



SHORT TERM HORIZON

THE SPEKBOOM SHIFT
WAKING UP THROUGH SMALL ACTS

SPEKBOOM

(Portulacaria afra)

Fast establishing, easy to plant in large numbers, used widely in restoration and carbon projects.

Spekboom illustrates short term change through many small, fast growing interventions that quickly “green” an organisation or community. It mirrors quick wins such as service improvements, “no regret” process fixes, visible integrity and safety measures, staff engagement drives and community led projects. Because Spekboom is easy to plant at scale, it represents pilots and prototypes multiplying across branches, sites or neighbourhoods, showing that “waking up” begins with simple actions that restore hope and confidence.



MEDIUM TERM HORIZON

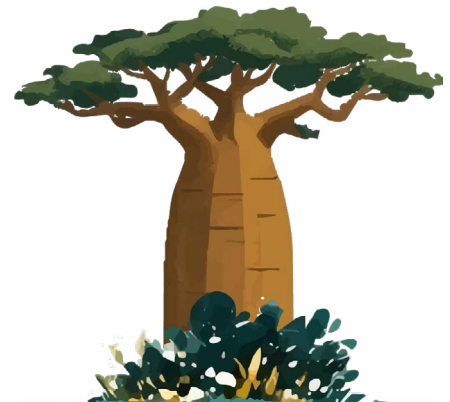
THE WILD OLIVE PATH
SLOW, SURE RENEWAL

WILD OLIVE

(Olea europaea subsp. Africana)

Slow but steady growth, resilient, long lived, associated with endurance and legacy.

The Wild Olive symbolises steady, disciplined work over three to five years that quietly builds resilience and durable structures. Organisations and communities use this phase to redesign operating models, professionalise governance, embed risk and ethics practices and forge robust partnerships across public, private and civic actors. Its endurance reflects investments in training, knowledge systems, leadership pipelines and stable forums, where “how we do things here” starts to shift in lasting ways.



LONG TERM HORIZON

THE BAOBAB HORIZON
A RESILIENT SOUTHERN AFRICA

BAOBAB

(Adansonia digitata)

The iconic “Tree of Life”, lives for centuries, stores water and is a symbol of long term resilience and abundance.

The Baobab represents a mature “Tree of Life” institution that stores resources and knowledge in good times to support people through shocks and crises. It delivers many forms of value, e.g. quality services, jobs, innovation, social investment, environmental stewardship and a strong shared identity. At this stage, organisations move beyond managing only their own risks and actively nurture wider systemic resilience, enabling suppliers, communities and future leaders to thrive around them.

1.3

Risk Storylines and Scenarios


The risk storylines and scenarios bring together, in one place, how each of IRMSA’s Top 10 Risks could realistically unfold over time, showing how today’s “trees” may grow, weaken or fall. They explain how the narrative storylines and tree based scenarios jointly describe Best, Medium and Worst Case futures across three time horizons, enabling leaders to see both the direction of travel for each risk and the scale of improvement or deterioration linked to different choices and levels of collective action.

The potential outcomes can be summarised as follows:




BEST CASE SCENARIO

Assumes effective mitigation, ethical and competent leadership, sufficient resources and supportive external conditions, allowing damaged trees to recover and new growth to take root.



MEDIUM CASE SCENARIO

Reflects incremental progress with persistent weaknesses, partial reforms and uneven implementation, representing the most likely pathway if current patterns in the forest continue largely unchanged.



WORST CASE SCENARIO

Illustrates catastrophic outcomes driven by policy failures, cascading crises, inadequate responses and compounding shocks, where multiple trees fail and large parts of the forest become fragile or barren.

The time horizons are:

SHORT TERM HORIZON

(1–2 YEARS)

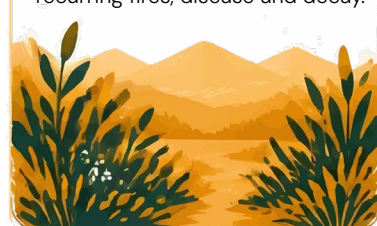
Focuses on immediate responses and crisis prevention, marking a critical window to prevent trees already under stress from collapsing and to avoid locking in worst case trajectories.



MEDIUM TERM HORIZON

(3–5 YEARS)

Examines whether early interventions translate into systemic improvements in the forest’s health or whether Southern Africa becomes trapped in patterns of chronic crisis, with recurring fires, disease and decay.



LONG TERM HORIZON

(6–10 YEARS)

Projects transformational outcomes, ranging from achieving Vision 2030 through sustained stewardship and regeneration of the forest, to experiencing state failure through accumulated neglect and continual depletion of soil, roots and canopy.



The scenario analysis highlights dangerous interconnections in this forest



ELECTRICITY FAILURES

weaken the roots of the economy and cascade into water stress, service disruption and business failure.



GOVERNANCE BREAKDOWNS

act like invasive species, enabling corruption that chokes off other mitigation efforts and diverts nutrients away from healthy growth.



UNEMPLOYMENT AND INEQUALITY

create dry underbrush that fuels social and political instability, making it harder to coordinate coherent responses when shocks occur.

Together, these insights reinforce the UmphakathiVuka imperative that tending a single tree in isolation is not enough. Sustainable resilience will require integrated, collaborative approaches that address the root causes across all ten risk domains, nurture healthier relationships within the forest and deliberately cultivate conditions in which both people and institutions can thrive over time.





Risk 1

Governance and Leadership Failure, State Incapacity and Institutional Breakdown

Southern Africa’s governance risk profile is increasingly defined by eroding institutional capacity and legitimacy, with far-reaching economic and social implications. Across the state, many institutions and key state-owned enterprises suffer from weak leadership, politicised appointments, and inadequate professionalisation, undermining their ability to plan, execute and account for their core mandates. Checks and balances – including oversight, assurance and investigative bodies – are often constrained by political interference, resource limitations and leadership instability, while uneven enforcement of laws fuels perceptions of impunity and deepens mistrust.

These weaknesses translate into systemic service-delivery failures and infrastructure

breakdowns in water, electricity, transport, health and policing, driving ongoing protests and localised unrest. At the macro level, governance fragility manifests as policy uncertainty, slow reform implementation and recurring crises in SOEs, which add to fiscal pressures and constrain growth. Investors and ratings agencies increasingly view governance and state-capacity failures as central drivers of Southern Africa’s elevated risk premium and subdued outlook.

If not addressed, the country risks drifting toward an increasingly incapable state, with widening gaps between constitutional promises and lived realities, heightened social instability and a persistent loss of confidence – reinforcing “governance failure and an incapable state” as a foundational, cross-cutting national risk.

	BEST CASE	MEDIUM CASE	WORST CASE
SHORT-TERM (1-2 YEARS)	Governance reforms implemented, competent leadership appointed, accountability mechanisms strengthened, service delivery improved, public trust rebuilt.	Mixed governance performance, some reforms and setbacks, persistent capacity constraints, uneven service delivery, and eroded but not collapsed trust.	Governance collapse, leadership vacuum, institutional breakdown, service delivery failure, state capture resurgence, legitimacy crisis.
MEDIUM-TERM (3-5 YEARS)	Capable developmental state emerging, professional public service, effective SOEs, transparent governance, citizen confidence restored.	Incremental capacity building, ongoing governance challenges, variable institutional performance, and slow rebuilding of trust.	Failed state, inability to perform basic functions, complete loss of legitimacy, parallel governance structures emerge, intervention required.
LONG-TERM (6-10 YEARS)	World class governance, visionary leadership, strong institutions, effective service delivery, democratic consolidation, and a regional governance model.	Functional but flawed governance, periodic crises, persistent capacity gaps, modest improvements, unfulfilled democratic promise.	Permanent state failure, authoritarianism or anarchy, complete institutional collapse, humanitarian catastrophe, international trusteeship.

AT A GLANCE: WHY THIS RISK MATTERS

- Weak governance is a foundational risk because it undermines delivery, accountability, reform momentum and trust across the whole system.
 - It amplifies other risks by weakening the state’s ability to respond to infrastructure, economic, social, climate and security pressures.
- It directly affects investor confidence, institutional legitimacy and the credibility of long-term national planning.



Risk 2

Economic Crisis, Macro-Economic Weakness and a Non-Competitive Economy



Southern Africa faces an intertwined risk of economic crisis, persistent macroeconomic weakness and a steadily less competitive economy, driven by structural unemployment, low productivity and mounting fiscal and financial pressures. Structural unemployment and entrenched low labour utilisation, combined with skills mismatches and infrastructure bottlenecks, suppress job creation and productivity growth. At the same time, high public debt and rising debt-service costs crowd out social and infrastructure spending, while weak logistics, unreliable network industries, policy uncertainty and low investor confidence deter much-needed domestic and foreign investment.

These vulnerabilities are amplified by global headwinds, commodity price volatility and exposure to capital-flow reversals, raising the risk of fiscal

crises, prolonged stagnation or recession and a potential step-change towards a low-growth, high-cost equilibrium. Global geopolitical instability, including conflicts that disrupt energy and grain markets, further amplifies inflationary pressure, particularly on food and fuel prices, increasing household cost of living pressures and weakening economic resilience. The impacts are severe, i.e. rising unemployment and poverty, fiscal consolidation pressures and spending cuts, higher taxes and borrowing costs, currency weakness and imported inflation, business failures and credit losses, reduced foreign direct investment (FDI) and capital formation, heightened social unrest and political instability, and increased emigration of skills and capital flight that further erode Africa's productive base and long-term growth potential.

	BEST CASE	MEDIUM CASE	WORST CASE
SHORT-TERM (1-2 YEARS)	Structural reforms boost investor confidence, growth rebounds, fiscal consolidation achieved, inflation controlled, competitiveness improves.	Low growth persists, fiscal pressures continue, reforms incomplete, inflation volatile, limited job creation, stagnant living standards.	A fiscal crisis triggers sovereign debt default, currency collapse, hyperinflation, capital flight, economic depression, and IMF intervention under harsh conditions.
MEDIUM-TERM (3-5 YEARS)	Economic recovery established, inclusive growth generating jobs, competitiveness rankings improve, investment inflows, and debt sustainability achieved.	Sluggish growth, persistent unemployment, uneven recovery, unresolved structural constraints, and the middle income trap deepens.	Economic collapse, mass unemployment, poverty surge, social unrest, brain drain, deindustrialisation, and a lost decade scenario.
LONG-TERM (6-10 YEARS)	Transformed, diversified economy, NDP 2030 goals achieved, regional economic powerhouse, innovation driven growth, inclusive prosperity.	Moderate growth is insufficient for transformation, persistent inequality, a dual economy, unfulfilled potential, and relative decline.	Failed economy, chronic crisis, mass emigration, humanitarian disaster, complete loss of regional leadership, international isolation.

AT A GLANCE: WHY THIS RISK MATTERS

- Economic weakness reduces jobs, household resilience, fiscal space and investment capacity across the public and private sectors.
- It intensifies social strain by raising living costs, suppressing growth and limiting inclusive opportunity.
- It constrains the resources needed to address infrastructure, education, climate and security risks.

Risk 3

Political Instability and Constrained Cohesive Politics



Southern Africa is entering a period of heightened political instability and constrained cohesive politics as the dominance of traditional parties gives way to a more fragmented, coalition-driven landscape at the national and local levels. The rise of smaller parties, deeper ideological polarisation and unstable coalition arrangements interact with unresolved historical inequalities, a fraying social compact and growing exposure to global geopolitical rivalries, creating a more volatile and contested political arena.

While coalition governments can, in principle, broaden representation, in practice they have often produced fragile administrations, frequent leadership changes and short-term bargaining that undermine policy

continuity and weaken the state's capacity to take tough, long-term decisions. This environment raises the risk of policy volatility and stalled reforms, difficulty in passing budgets and key legislation, and increased uncertainty for households, businesses and investors. It also heightens the likelihood of disruptive protests and unrest when expectations are not met or coalitions break down, leading to governance paralysis in already fragile municipalities and potentially at the national level. Over time, persistent instability and inconsistent external positioning can erode Southern Africa's international standing and diplomatic leverage, raising risk premiums, dampening investor confidence and constraining the country's ability to secure investment, partnerships and support.

	BEST CASE	MEDIUM CASE	WORST CASE
SHORT-TERM (1-2 YEARS)	Coalition stability achieved, cross party cooperation on national priorities, policy certainty, reduced political violence, and strengthened democratic norms.	Fragile coalitions, periodic political crises, reform delays, policy uncertainty, moderate unrest, democracy under strain.	Political breakdown, coalition collapse, unmanageable unrest, violence escalates, constitutional crisis, inability to govern.
MEDIUM-TERM (3-5 YEARS)	Political maturity, multi-party democracy consolidated, stable coalitions delivering on mandates, constructive opposition, reduced polarisation.	Continued political volatility, coalition instability, stop-start reforms, unpredictable policy environment, and persistent polarisation.	Political disintegration, violent conflict, democratic breakdown, authoritarian turn or civil war, regional instability spillover.
LONG-TERM (6-10 YEARS)	Stable, multi-party democracy, effective coalitions, long-term strategic planning, political consensus on development, and an exemplar for the continent.	Perpetual coalition instability, governance challenges, unrealised democratic potential, mediocre development outcomes.	Failed political system, autocracy or state collapse, permanent crisis, international intervention, lost sovereignty.

AT A GLANCE: WHY THIS RISK MATTERS

- Political instability weakens policy continuity, slows reform and increases uncertainty for citizens, institutions and markets.
- Fragile coalitions and polarisation can lead to delayed decisions, governance paralysis and rising unrest.
- It erodes the social compact needed for coordinated action on shared national priorities.

Risk 4

Critical Infrastructure and Capacitated Infrastructure Failure



Southern Africa faces an escalating risk of critical infrastructure and capacitated infrastructure failure as decades of under-investment, poor maintenance and mismanagement across SOEs, and municipalities collide with ageing, overloaded assets and rising vandalism, theft and illegal connections. Historic neglect of energy, water, transport and ICT systems, combined with corruption, weak asset management and limited infrastructure planning and project delivery capacity, has left many networks fragile and unable to keep pace with household and economic demand. This is increasingly visible in frequent and prolonged service disruptions, e.g. power cuts, water outages, rail and port bottlenecks, and ICT failures, that ripple through supply chains and production networks, reducing productivity and eroding Southern

Africa's competitiveness.

Businesses face higher operating costs, rising insurance and risk-mitigation spend, and recurring business interruption, driving some firms to relocate activity or capital away from the most affected regions. For communities, infrastructure failures translate into health and safety incidents, constrained access to essential services and daily hardship. As these failures become more persistent and more spatially widespread, they deepen public frustration, fuel localised protests and unrest, and reinforce perceptions of state incapacity, further undermining trust in institutions and the broader social compact.

	BEST CASE	MEDIUM CASE	WORST CASE
SHORT-TERM (1-2 YEARS)	Emergency infrastructure repairs completed, Public-Private Partnerships (PPPs) mobilise private investment, critical backlogs addressed, service delivery improves.	Maintenance continues to lag demand, deterioration matches repair efforts, service interruptions persist, and uneven geographic access persists.	Major infrastructure collapses (bridges, water treatment, transport), service delivery crisis, business closures, investor exodus.
MEDIUM-TERM (3-5 YEARS)	Comprehensive infrastructure modernisation is underway, transport, ICT, and water networks upgraded, capacity meets economic demand, and regional integration strengthened.	Patchwork improvements, chronic underinvestment continues, infrastructure bottlenecks constrain growth, and ageing assets require increasing maintenance.	Systemic infrastructure failure across multiple sectors, economic activity severely curtailed, health and safety emergencies, and the inability to attract investment.
LONG-TERM (6-10 YEARS)	World-class infrastructure supports a competitive economy, smart infrastructure integrates digital technology, universal access is achieved, and a maintenance culture is established.	Infrastructure deficit persists, a two tier system (functional urban, failing rural), and ongoing fiscal constraints limit investment, and competitive disadvantage.	Infrastructure collapse triggers complete economic failure, mass unemployment, a humanitarian crisis, and state incapacity to rebuild.

AT A GLANCE: WHY THIS RISK MATTERS

- Infrastructure failure disrupts essential services, economic activity, logistics, public health and daily life.
- It raises costs for business and government while shifting resilience burdens onto households and communities.
- It is a major transmission channel through which governance weakness becomes visible in lived experience.

Risk 5

Unemployment, Income Disparity, Inequality and Lack of Social Cohesion



Southern Africa faces a deeply entrenched risk of unemployment, inequality and weakening social cohesion that is structural rather than cyclical. Persistently high unemployment and underemployment, especially among youth, combined with sluggish inclusive growth, low labour absorption and pronounced skills mismatches to lock millions out of formal opportunity. These labour-market failures are layered on top of spatial inequality and historical exclusion, where townships, informal settlements and rural areas continue to experience higher poverty, fewer jobs and weaker access to quality education and services. This is further compounded by global geopolitical disruptions that drive food and input price volatility, particularly in staple foods, fertiliser and fuel, thereby increasing food insecurity and amplifying social

and household vulnerability. Weak basic education outcomes, limited post-school pathways and a constrained small-business ecosystem further narrow routes into dignified work, while gaps in social protection leave households with minimal buffers against shocks. The consequences are rising poverty and food insecurity, increased crime and social unrest, and the growth of informal and, at times, illicit economies as people seek ways to survive. Over time, trust between citizens, business and the state erode, brain drain and youth disillusionment intensify, pressure on welfare and public finances grows, and Southern Africa's reputation as a stable, investable destination deteriorates, creating a feedback loop in which weak social cohesion and poor economic performance reinforce one another.

	BEST CASE	MEDIUM CASE	WORST CASE
SHORT-TERM (1-2 YEARS)	Job creation accelerates, youth employment programmes succeed, small businesses boom, inequality begins to decline, and social cohesion initiatives gain traction.	High unemployment persists, limited job creation, deepening inequality, social tensions, fragile cohesion, and modest interventions.	Unemployment soars, poverty deepens, inequality explodes, social cohesion collapses, widespread unrest, violence, and generational despair.
MEDIUM-TERM (3-5 YEARS)	Inclusive growth, unemployment declining, middle class expanding, inequality reducing, vibrant small business sector, and social cohesion strengthening.	Structural unemployment unchanged, persistent inequality, two tier society, social fragmentation, periodic unrest.	Mass unemployment, extreme inequality, complete social breakdown, permanent underclass, violence, revolutionary pressures.
LONG-TERM (6-10 YEARS)	Full employment achieved, equality of opportunity, shared prosperity, social cohesion, transformed society, NDP goals met.	Moderate unemployment, persistent inequality, fractured society, unfulfilled transformation, and ongoing tensions.	Permanent unemployment crisis, apartheid level inequality, societal collapse, civil conflict, failed nation.

AT A GLANCE: WHY THIS RISK MATTERS

- High unemployment and inequality weaken social cohesion, reduce dignity and deepen household vulnerability.
- Youth exclusion, food insecurity and low opportunity increase the risk of unrest, crime and long-term disillusionment.
- This risk affects both economic performance and the legitimacy of institutions and leaders.

Risk 6

Climate Change and Climate Resilience Failure



Southern Africa faces mounting systemic risks from climate change and a failure of climate resilience as rising temperatures, shifting rainfall patterns and more frequent extreme-weather events intersect with existing vulnerabilities in infrastructure, settlements and livelihoods. The country is already experiencing hotter and, in many areas, drier conditions, alongside more intense storms, floods and droughts which are placing growing pressure on water systems, agriculture, human health and urban infrastructure. Yet investment in adaptation and resilience remains inadequate and fragmented, and climate-risk considerations are still not consistently integrated into spatial planning, infrastructure design, budgeting or enterprise risk management.

These dynamics are driving increasing damage to infrastructure, agriculture and settlements, with

associated water and food insecurity, health impacts from heat stress and disease, and rising insurance claims and premiums, including the emerging risk of assets or regions becoming effectively uninsurable. At the same time, Southern Africa's slow and contested energy transition, and its continued dependence on carbon-intensive sectors, expose the economy and financial system to transition risks such as stranded assets, shifting trade patterns and tightening climate-related regulation.

The combined effect is to raise fiscal and humanitarian burdens, intensify migration and displacement pressures, and erode social cohesion and investor confidence, creating a feedback loop in which climate impacts, inequality and weak capacity reinforce one another.

	BEST CASE	MEDIUM CASE	WORST CASE
SHORT-TERM (1-2 YEARS)	Successful climate adaptation initiatives launched, green economy investments attract funding. Moderate weather patterns with manageable extreme events.	Localised extreme weather events cause disruption, adaptation efforts are delayed, and some green investments proceed but on an insufficient scale.	Severe droughts and flooding devastate agriculture, leading to mass displacement, damage to critical infrastructure, and a food security crisis.
MEDIUM-TERM (3-5 YEARS)	Climate resilient infrastructure operational, renewable energy transition accelerated, adaptation strategies embedded in planning, and regional cooperation strengthened.	Incremental adaptation progress, continued vulnerability to extreme events, uneven implementation across sectors, and rising adaptation costs.	Cascading climate disasters, agricultural collapse, water system failures, and climate migration are overwhelming urban capacity.
LONG-TERM (6-10 YEARS)	Southern Africa becomes a climate resilient economy, net zero pathways are established, a just transition creates green jobs, and international climate finance is secured.	Persistent climate vulnerability, reactive rather than proactive responses, widening adaptation gap, and economic drag from climate impacts.	Climate catastrophe renders regions uninhabitable, economic collapse from compounding climate shocks, social breakdown, and a failed state scenario.

AT A GLANCE: WHY THIS RISK MATTERS

- Climate shocks are no longer environmental issues alone; they directly affect water, food, health, infrastructure and migration pressures.
- Weak adaptation increases losses, insurance pressure and the risk of repeated humanitarian and fiscal strain.
- Climate risk compounds existing inequality and exposes gaps in long-term planning and resilience investment.

Risk 7

Systemic Corruption, Fraud, Unethical Conduct and Organised Crime Eroding The Rule of Law, Safety and Security



Systemic corruption, fraud, unethical conduct and organised crime have become a profound cross-cutting risk in Southern Africa, eroding the rule of law, safety and security, and undermining confidence in institutions and markets. Years of weak enforcement and oversight, politicisation and capture of key institutions, and limited consequences for high-profile offenders have normalised unlawful behaviour and allowed entrenched patronage networks to shape how public resources are allocated and used. Lack of transparency in procurement and public spending, combined with under-resourced and sometimes compromised law-enforcement and prosecuting agencies, further weakens deterrence and enables sophisticated corruption schemes to proliferate.

In parallel, organised crime and illicit markets, from illegal mining and environmental crimes to extortion, drugs, cyber-fraud and counterfeit goods, have

expanded and increasingly intersect with corrupt networks in both the state and private sector. This “organised corruption” blurs the line between state capture, white-collar crime and traditional organised crime, creating powerful vested interests opposed to reform and accountability. The impacts are severe, e.g. diversion and theft of public resources, weakened service-delivery and infrastructure outcomes, elevated crime, violence and extortion risks for communities and businesses, higher security and compliance costs, reduced investment and tourism, and persistent civil unrest and emigration of taxpayers and skilled workers.

At a systemic level, ongoing corruption and organised crime erode institutional legitimacy and raise the risk of renewed international censure, making it significantly harder to restore trust, strengthen the rule of law and build a competitive, inclusive economy.

BEST CASE

SHORT-TERM (1-2 YEARS)

High profile prosecutions succeed, anti-corruption institutions are strengthened, asset forfeiture is used, organised crime networks are disrupted, and an ethical culture emerges.

MEDIUM-TERM (3-5 YEARS)

Corruption has been significantly reduced, a strict rule of law has been established, functional criminal justice has been restored, business confidence has been restored, and an ethical governance norm has been established.

LONG-TERM (6-10 YEARS)

Integrity based society, corruption rare and punished, strong institutions, rule of law transparent governance, investment magnet.

MEDIUM CASE

Limited prosecutions, corruption persists, slow justice, crime continues, incremental improvements, public scepticism.

Endemic corruption persists, selective enforcement, ongoing state capture, normalised criminality, and a two tier justice system.

Corruption contained but not eliminated, imperfect rule of law, ongoing vigilance required, reputational damage persists.

WORST CASE

State capture deepens, corruption becomes total, organised crime controls territory, there is a complete breakdown of the rule of law, and a narco-state scenario.

Complete criminalisation of the state, organised crime dominates the economy, rule of law extinct, violence endemic, investor boycott.

Failed state controlled by criminal networks, permanent lawlessness, economic collapse, humanitarian crisis, pariah status.

AT A GLANCE: WHY THIS RISK MATTERS

- Corruption and organised crime divert resources, weaken institutions and normalise impunity.
- They raise security, compliance and operating costs while undermining service delivery and public trust.
- This risk blocks progress on many others by choking off reform, accountability and fair competition.

Risk 8

Cyber Risk and Digital Disruption



Southern Africa faces a rapidly intensifying risk of cyber-attacks and digital disruption as digitalisation races ahead of security capabilities in both the public and private sectors. Rapid adoption of cloud services, online platforms and digitally enabled service delivery is often built on legacy IT systems with poor architecture and weak cyber hygiene, while acute skills shortages in cybersecurity and limited security-by-design practices leave critical vulnerabilities unaddressed.

At the same time, cybercriminals are becoming more sophisticated and better organised, increasingly using ransomware, data-theft, phishing and supply-chain attacks to target high-value information and critical services that are concentrated on a small number of digital platforms and providers.

These dynamics are driving an escalation in large-scale cyber-attacks, data breaches and disruptive incidents that can interrupt essential services such as banking and payments, healthcare, logistics, telecommunications and government services. The direct impacts include financial losses, ransom payments, recovery and remediation costs, regulatory penalties and litigation, while the indirect impacts include reputational damage, customer churn, higher cyber-insurance premiums and a growing loss of trust in digital channels. Over time, repeated and visible cyber incidents erode confidence in Southern Africa's digital-economy trajectory and weaken its positioning as a secure, reliable destination for data-intensive and digitally enabled investment, turning cyber risk into a persistent drag on growth, innovation and competitiveness.

	BEST CASE	MEDIUM CASE	WORST CASE
SHORT-TERM (1-2 YEARS)	National cybersecurity framework implemented, critical infrastructure hardened, incident response capabilities established, and awareness programs launched.	Ongoing cyber-attacks with contained impacts, slow security improvements, persistent vulnerabilities, and limited coordination across sectors.	A major cyberattack cripples the financial system, the grid, or government services, data breaches compromise millions, economic paralysis, and a national security threat.
MEDIUM-TERM (3-5 YEARS)	Robust cyber defences across public and private sectors, a skilled cybersecurity workforce, AI-enhanced threat detection, and a regional cyber cooperation hub.	The cat-and-mouse dynamic with threat actors, the escalating sophistication of attacks, uneven security maturity, and skills shortages persist.	Sustained cyber warfare targeting critical infrastructure, state sponsored attacks, digital economy collapse, and loss of sovereignty over critical systems.
LONG-TERM (6-10 YEARS)	Cyber resilient digital economy, African cybersecurity leadership, innovation in quantum safe encryption, and trusted digital infrastructure attract investment.	Continuous arms race, periodic major incidents, the development of the cyber insurance market, and persistent vulnerability in legacy systems.	Digital infrastructure rendered unreliable, economic activity reverts to analogue, technological isolation, and permanent competitive disadvantage.

AT A GLANCE: WHY THIS RISK MATTERS

- Cyber incidents can interrupt critical services, destroy trust and impose direct financial and operational losses.
- As digital dependence grows, weak cyber resilience becomes a systemic competitiveness and continuity issue.
- The risk cuts across sectors, affecting government, finance, health, logistics, communications and households alike.

Risk 9

Water Scarcity and Water Crises



Southern Africa faces increasing systemic risk of water scarcity and recurrent water crises as physical limits on water resources converge with decades of under-investment, weak governance and infrastructure failure in the water value chain. Structural water stress is intensifying due to declining storage capacity in ageing, silted dams, degraded catchments, and growing climate variability, while high levels of non-revenue water from leaks, illegal connections, and poor metering mean that a significant share of available water never reaches households, farms, or industry. Pollution of rivers, dams and aquifers by untreated sewage, industrial effluents and agricultural runoff further reduces usable supplies and raises treatment costs. These weaknesses are already evident in frequent and prolonged water outages and low-pressure events in towns, cities and rural communities, with households facing unreliable, and at times, unsafe water and

sanitation services. Agriculture experiences yield losses, production shifts and heightened food-price volatility as drought, failing irrigation systems and competition for scarce water intensify. Businesses in water-dependent sectors confront production losses, business interruption and rising costs as they invest in self-provisioning and contingency measures, influencing investment and location decisions.

At the same time, chronic failures and sewage spills fuel community protests and local conflicts over access, erode trust in municipalities and water utilities, and reinforce perceptions of state incapacity. Without accelerated catchment rehabilitation, efficiency and demand management, infrastructure refurbishment and stronger regulation of utilities and pollution, recurring water crises risk becoming a binding constraint on growth, public health and social stability.

	BEST CASE	MEDIUM CASE	WORST CASE
SHORT-TERM (1-2 YEARS)	Emergency water interventions succeed, infrastructure repairs are completed, demand management is effective, pollution is controlled, and water security improves.	Localised water crises, inconsistent supply, slow infrastructure progress, ongoing management failures, and rationing in some areas.	Major city water system collapse (Day Zero), health crisis, economic shutdown, mass displacement, and agricultural devastation.
MEDIUM-TERM (3-5 YEARS)	Water security achieved, modern infrastructure, integrated water resource management, desalination and reuse, operational, drought resilience.	Chronic water stress, ageing infrastructure, inadequate investment, periodic crises, uneven access, and economic constraint.	Cascading water failures, public health disasters, agricultural collapse, industrial shutdown, mass migration, state failure.
LONG-TERM (6-10 YEARS)	Water-secure nation, world-class infrastructure, sustainable management, regional water cooperation, climate adapted systems.	Persistent water vulnerability, insufficient investment, climate pressures mounting, competitive disadvantage, and ongoing crises.	Permanent water catastrophe, uninhabitable regions, economic collapse, humanitarian emergency, climate refugee crisis, failed state.

AT A GLANCE: WHY THIS RISK MATTERS

- Water insecurity threatens public health, food production, industrial activity and community stability.
- It turns climate stress, infrastructure weakness and poor governance into immediate operational and social crises.
- Repeated water failures can become a binding constraint on growth, wellbeing and legitimacy.



Risk 10

Electricity, Energy and National Grid Failure



Southern Africa faces an enduring, system-wide risk of electricity, energy and national grid failure as decades of under-investment, maintenance backlogs and governance weaknesses in the power sector collide with growing demand and a slow transition to a more diversified energy mix. Historical neglect of generation, transmission and distribution assets at Eskom and municipal distributors has left an ageing, unreliable fleet with low availability and frequent breakdowns, while delays in adding new capacity and expanding the grid constrain the integration of renewables and new projects. Theft, vandalism and illegal connections, combined with financial strain and weak governance in parts of the energy value chain, further erode system resilience and increase technical and non-technical losses.

These structural weaknesses manifest in recurring load-shedding and localised power interruptions that reduce industrial output, shave growth off GDP, and damage equipment and productivity across

sectors. Energy-intensive industries are particularly exposed, and many firms have diverted capital into costly backup generation and embedded solutions, raising operating costs and, in some cases, prompting relocation of activity and new investment to jurisdictions with more reliable power. Households, small businesses, and essential services such as health, education, water, logistics, and ICT face repeated disruptions, safety risks and rising tariffs, with poorer communities least able to cope. Grid-instability risks and the possibility of cascading failures remain a critical concern, even as short-term performance improves.

Without sustained governance reform, accelerated investment in grid and generation infrastructure, and a faster but orderly shift to a more diversified, resilient energy system, electricity constraints will continue to act as a binding brake on growth, jobs, fiscal stability and social cohesion.

	BEST CASE	MEDIUM CASE	WORST CASE
SHORT-TERM (1-2 YEARS)	Load shedding eliminated, Eskom reforms succeed, rapid deployment of renewable energy, grid stability restored, IPP capacity added.	Reduced but persistent load shedding, incremental improvements, ongoing Eskom challenges, slow renewable rollout, and business uncertainty.	Grid collapse, prolonged blackouts, industrial shutdowns, job losses, food spoilage, water system failures, and security breakdowns.
MEDIUM-TERM (3-5 YEARS)	Energy security achieved, diversified generation mix, smart grid operational, affordable electricity, and energy intensive industries thrive.	Adequate but expensive electricity, reliability concerns persist, slow transition to renewables, unequal access, and economic constraint.	Chronic energy crisis, deindustrialisation, permanent loss of energy intensive sectors, collapse, humanitarian emergency.
LONG-TERM (6-10 YEARS)	Clean energy leader in Africa, excess generation capacity, renewable energy exports, green hydrogen economy, and just transition completed.	Adequate supply but high costs, stranded coal assets, transition delays, missed opportunities, moderate progress.	Failed energy system, inability to rebuild, permanent electricity poverty, economic irrelevance, state failure.

AT A GLANCE: WHY THIS RISK MATTERS

- Energy insecurity directly constrains growth, jobs, service delivery, safety and investor confidence.
- It increases costs across the economy and forces organisations to divert capital into self-protection and backup systems.
- Because energy underpins water, logistics, health, ICT and production, this risk has cascading system-wide effects.

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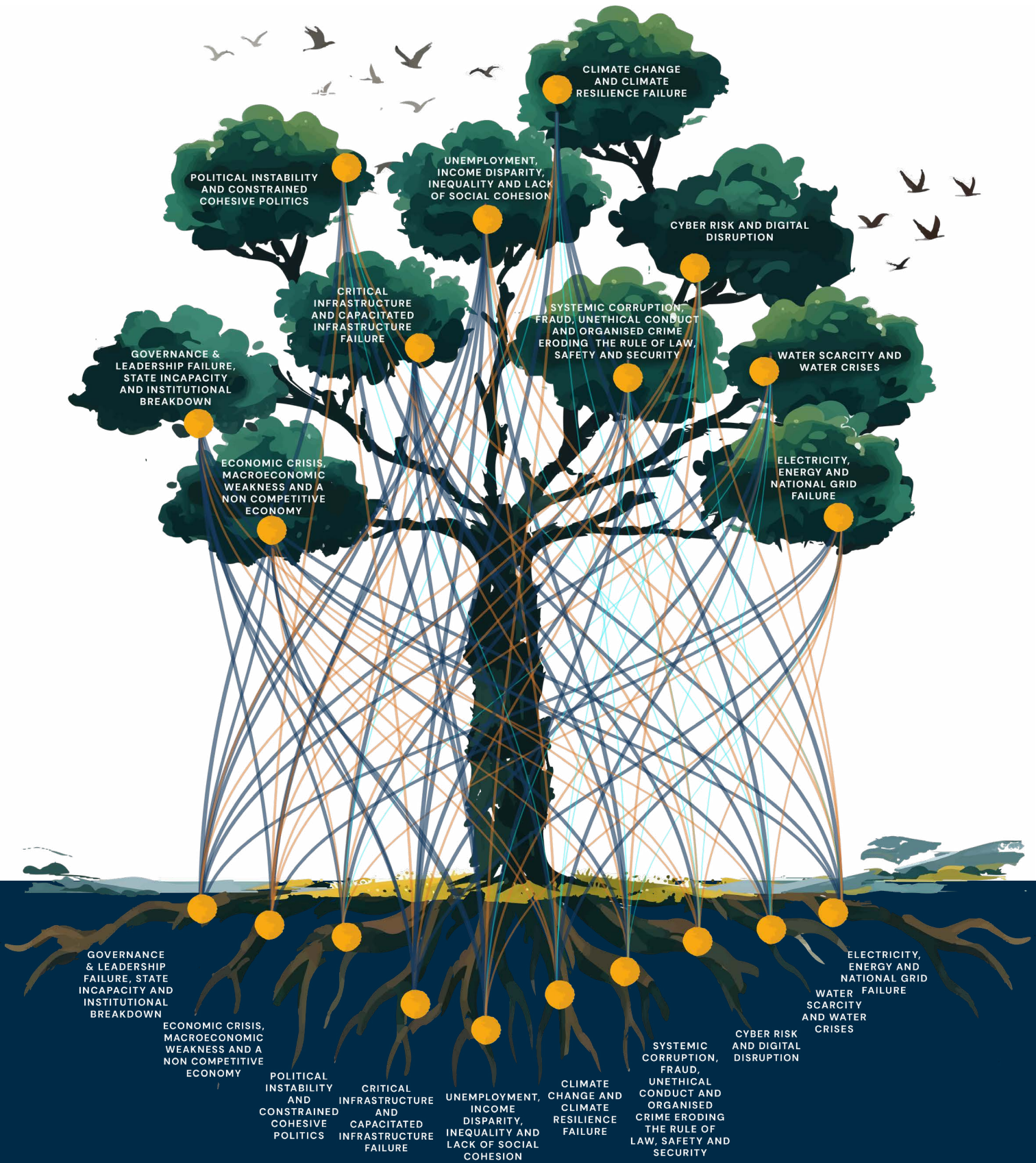
Interconnectedness

Southern Africa’s risk landscape is no longer a set of discrete “issues” to be managed in isolation, but a dense web of interconnected pressures that amplify one another across time. Governance failures weaken institutions’ capacity to manage infrastructure and service delivery, which, in turn, fuels social unrest, deters investment and deepens unemployment and inequality, further eroding trust in the state and the private sector. Climate shocks, water stress and energy constraints not only disrupt operations, but they also aggravate fiscal pressures, undermine public health and heighten security risks, feeding back into political instability and systemic corruption.

In this context, understanding the interconnectedness of risks is not a theoretical exercise but a practical necessity for leaders. It shapes which risks are truly systemic, where tipping points may lie, and which interventions can deliver reinforcing benefits across multiple domains. An interconnected view helps decision makers move beyond short term, single risk fixes towards integrated responses that build resilience in the whole system, i.e. institutions, communities, markets and the environment, rather than simply shifting vulnerabilities from one area to another.

RISK (ROW) ↓ VS (COLUMN) →	GOVERNANCE & LEADERSHIP FAILURE	ECONOMIC CRISIS & NON COMPETITIVE ECONOMY	POLITICAL INSTABILITY & CONSTRAINED COHESIVE POLITICS	UNEMPLOYMENT, INEQUALITY & LACK OF SOCIAL COHESION	CRITICAL INFRASTRUCTURE FAILURE	CLIMATE CHANGE & RESILIENCE FAILURE	CORRUPTION, FRAUD & ORGANISED CRIME	CYBER RISK & DIGITAL DISRUPTION	WATER SCARCITY & CRISES	ELECTRICITY, ENERGY & GRID FAILURE
GOVERNANCE & LEADERSHIP FAILURE	-	H	H	H	H	M	H	M	H	H
ECONOMIC CRISIS & NON COMPETITIVE ECONOMY	H	-	M	H	H	M	M	M	M	H
POLITICAL INSTABILITY & CONSTRAINED COHESIVE POLITICS	H	M	-	M	H	L	H	M	L	M
CRITICAL INFRASTRUCTURE FAILURE	H	H	M	-	H	H	M	H	H	H
UNEMPLOYMENT, INEQUALITY & LACK OF SOCIAL COHESION	H	H	H	H	-	M	H	L	M	M
CLIMATE CHANGE & RESILIENCE FAILURE	M	M	L	H	M	-	L	L	H	H
CORRUPTION, FRAUD & ORGANISED CRIME	H	M	H	M	H	L	-	M	L	L
CYBER RISK AND DIGITAL DISRUPTION	M	M	M	H	L	L	M	-	L	M
WATER SCARCITY AND WATER CRISES	H	M	L	H	M	H	L	L	-	M

STRENGTH OF INFLUENCE — HIGH — MEDIUM — LOW



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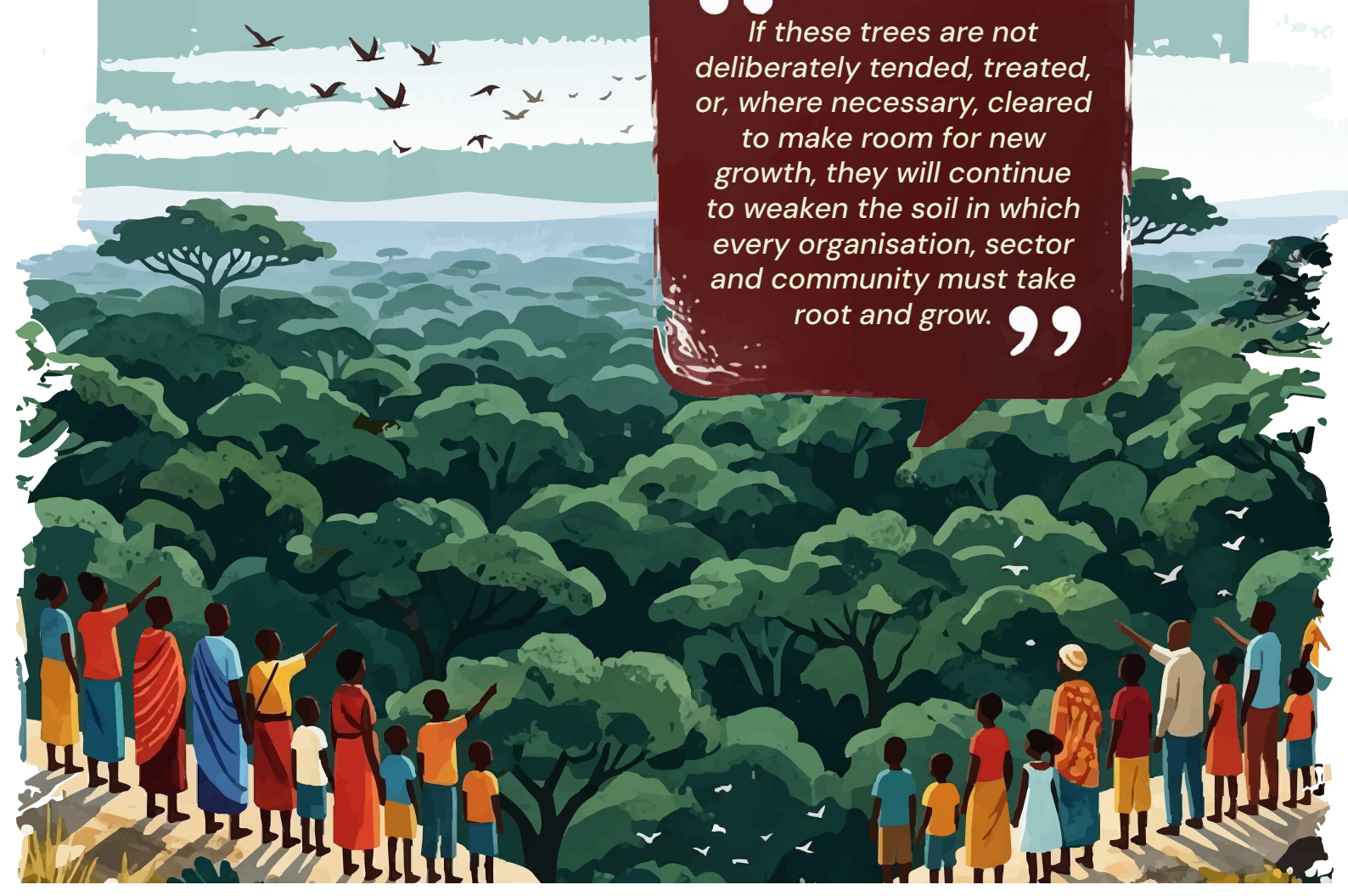
Sector Forests and their risk landscapes

The report now turns from the national risk forest to the “sector forests” that make up Southern Africa’s real economy and public services, showing how the same meta crisis plays out very differently in each operating environment. Using the IRMSA Top 10 Risks as a common backbone, it maps how these risks rank, interact and manifest across 14 sectors, and then interprets each sector’s risk landscape through a concise, market style narrative that links structural strengths and weaknesses to external pressures, resilience drivers and UmphakathiVuka aligned opportunities.

“

If these trees are not deliberately tended, treated, or, where necessary, cleared to make room for new growth, they will continue to weaken the soil in which every organisation, sector and community must take root and grow.

”



2.1 Agriculture, Forestry and Fisheries

2.1.1 IRMSA Top 10 Risks Impact on Sector

The sector overview shows that Agriculture, Forestry and Fisheries operate within a deeply interconnected risk environment in which environmental, economic and institutional pressures reinforce one another. Against this backdrop, the IRMSA Top 10 Risks below illustrate how national risk conditions translate into sector specific consequences for production, profitability, resilience and long-term viability across the AFF system.

ECONOMIC OUTLOOK

The Agriculture, Forestry and Fisheries (AFF) sector has solid long-term importance and resilience potential, but near- to medium-term performance will depend on how well it manages climate, water, infrastructure and institutional risks.

KEY PRIORITIES

Strengthen climate, water and infrastructure resilience while improving coordination, inclusion and adaptive capacity across the value chain.

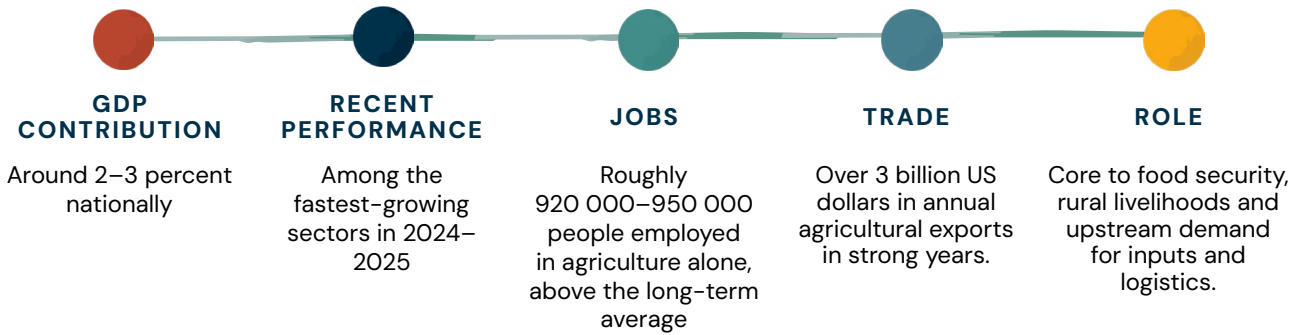


AVE RANK 1	AVE RANK 2	AVE RANK 3	AVE RANK 4	AVE RANK 5
<p>Climate change and climate resilience failure</p> <p>Climate and yield volatility</p> <p><i>Increasing climate variability, extreme weather and disrupted rainfall patterns undermine production assumptions, destabilise yields and weaken long-term sector viability.</i></p>	<p>Economic crisis, macroeconomic weakness and a non-competitive economy</p> <p>Profitability and investment squeeze</p> <p><i>Persistently low growth and high costs raise input prices, compress margins and limit the sector's ability to invest in productivity and resilience.</i></p>	<p>Critical infrastructure and capacitated infrastructure failure</p> <p>Market access and cost pressure</p> <p><i>Failing transport, storage, irrigation and digital infrastructure raise logistics costs, increase post-harvest losses and restrict access to markets, especially for smaller producers. long-term sector viability.</i></p>	<p>Electricity, energy and national grid failure</p> <p>Energy-driven disruption and competitiveness risk</p> <p><i>Increasing climate variability, extreme weather and disrupted rainfall patterns undermine production assumptions, destabilise yields and weaken long-term sector viability.</i></p>	<p>Governance and leadership failure, state incapacity and institutional breakdown</p> <p>Systemic risk amplification</p> <p><i>Weak governance in water, infrastructure, energy, land and rural security shifts resilience costs to producers and heightens uncertainty around regulation and service delivery.</i></p>
<p>Water scarcity and water crises</p> <p>Binding production constraint</p> <p><i>Persistent water stress from drought, failing infrastructure and competing demand limits irrigated output, threatens food security and undermines long-term investment confidence.</i></p>	<p>Cyber risk and digital disruption</p> <p>Digital disruption and non-adoption risk</p> <p><i>Greater reliance on digital tools creates exposure to cyber incidents, while weak digital capability limits efficiency, optimisation and resilience gains.</i></p>	<p>Systemic corruption, fraud, unethical conduct and organised crime eroding the rule of law, safety and security</p> <p>Security costs and investment deterrent</p> <p><i>Corruption and crime drive direct losses, increase security costs, erode trust in value chains and weaken the overall investment climate.</i></p>	<p>Political instability and constrained cohesive politics</p> <p>Policy uncertainty and capital access risk</p> <p><i>Unstable and fragmented politics heighten policy uncertainty, raise investor risk premiums and slow investment in resilient production systems and infrastructure.</i></p>	<p>Unemployment, income disparity, inequality and lack of social cohesion</p> <p>Social tension and labour-market misalignment</p> <p><i>High unemployment and inequality strain rural communities and labour relations, while rising skill demands outpace education and labour-market adjustment, weakening adaptive capacity.</i></p>
AVE RANK 6	AVE RANK 7	AVE RANK 8	AVE RANK 9	AVE RANK 10

Taken together, these risks show that the AFF sector is exposed not only to direct production shocks, but also to a wider set of structural constraints that shape competitiveness, inclusion and long-term resilience. This broader perspective provides an appropriate bridge into the next section, which considers the sector's strategic context through a combined SWOT and PESTLE lens.

2.1.2 Sectoral Profile

2.1.2.1 Sector at a Glance



2.1.2.2 Internal Context: SWOT

STRENGTHS

- Diverse agro-ecological zones and established commercial farming with export markets.
- Central role in food security, rural livelihoods, jobs and key value chains.
- Expanding climate-smart and regenerative practices improving soil, water and ecosystems.
- Growing aquaculture and blue-economy opportunities diversifying rural and coastal incomes.

WEAKNESSES

- High climate and water-stress exposure undermining production and investment.
- Ageing rural infrastructure and weak coordination across subsectors and government.
- Limited finance, technology and buffers for smallholder and emerging producers.
- Biosecurity gaps, pests, diseases and invasive species across crops, livestock and fisheries.

OPPORTUNITIES

- Climate and green finance to scale resilient agriculture, forestry and aquaculture.
- Precision, digital and data-driven tools to lift productivity and resilience.
- Partnerships for catchment management, infrastructure co-investment and inclusive value chains.
- Restoration projects (reforestation, rangeland, wetlands) creating jobs and rebuilding natural capital.

THREATS

- Intensifying droughts, floods, heatwaves and wildfires affecting production landscapes.
- Trade and price volatility plus shifting standards threatening export access.
- Ongoing energy insecurity and rising costs disrupting irrigation, cold chains and processing.
- Water scarcity, degraded infrastructure and competing demand constraining sector growth.

2.1.2.3

External Context: PESTLE



2.1.2.4

Risks, Controls & Opportunities

AVE RANK	RISKS	CONTROLS (EXISTING / TYPICAL)	OPPORTUNITIES
1	Climate variability threatens agricultural productivity and livelihoods.	Climate adaptation plans and early warning systems implemented.	Scale climate-smart agriculture and access green finance.
2	Land degradation reduces productivity and ecosystem resilience.	Sustainable land use regulations and conservation programmes enforced.	Restoration projects create jobs and improve productivity.
3	Market volatility undermines farm income and investment stability.	Insurance, market intelligence and trade support applied.	Diversify crops, markets and agro processing opportunities.
4	Pests and diseases threaten agricultural and ecosystem health.	Surveillance, biosecurity and pest management systems strengthened.	Expand biosecurity and local biocontrol industries.
5	Ageing infrastructure limits agricultural efficiency and competitiveness.	Public investment and infrastructure partnerships implemented.	Develop agro industrial hubs and logistics networks.
6	Governance gaps weaken coordination and policy implementation.	Integrated planning frameworks and intergovernmental coordination applied.	Align sectors to unlock synergies and co- benefits.
7	Energy insecurity disrupts farming and processing activities.	Backup systems and energy efficiency measures implemented.	Scale renewable energy and embedded generation solutions.
8	Water scarcity threatens agriculture and competing demands.	Water regulation and efficient irrigation systems implemented.	Invest in water saving technologies and storage systems.
9	Food safety risks threaten market access and exports.	Regulatory inspections and certification systems enforced.	Improve traceability and access premium export markets.
10	Limited access constrains smallholder farmer participation.	Finance, extension and market support programmes provided.	Develop inclusive finance and digital market platforms.

2.1.2.5

UmphakathiVuka Next Steps

The preceding analysis suggests that AFF resilience must be built through coordinated action that links producers, communities, institutions and markets more effectively. Through the UmphakathiVuka lens, the following priorities translate sector risks and opportunities into practical next steps that emphasise inclusion, shared responsibility, foresight and implementation discipline.

UMPHAKATHIVUKA AGRICULTURE, FORESTRY AND FISHERIES COMPACT AND GOVERNANCE

Establish a shared cross-sector commitment that convenes producers, communities, government, business and civil society to agree on top systemic risks, resilience outcomes and collaboration principles, and to coordinate plans, joint forums and people-centred governance across the sector.

CLIMATE, LANDSCAPE, WATER AND ENERGY RESILIENCE IN VALUE CHAINS

Protect production systems and ecosystems from climate, land degradation and water stress by scaling climate-smart and regenerative practices, catchment partnerships, efficient irrigation, water harvesting, distributed renewable energy and energy-resilient irrigation, cold chains, storage and processing.

INCLUSIVE RURAL AND BLUE ECONOMIES WITH SOLIDARITY VALUE CHAINS

Build resilient and inclusive livelihoods across farming, forestry and fisheries communities through targeted support for smallholders and fishers, wider market access, inclusive finance, sustainable aquaculture and blue-economy opportunities, and shared-risk, shared-reward arrangements such as contract farming, aggregators and anchor-support models.

PEOPLE-FIRST IMPLEMENTATION, CAPABILITY AND FORESIGHT

Embed a people-first approach so that vulnerable groups, food security, jobs and local safety nets are prioritised, supported by strengthened extension services, revitalised agricultural and fisheries colleges, research partnerships and the use of long-term foresight and scenario planning to stress-test resilience pathways.

MONITORING, LEARNING, REGIONAL PILOTS AND SCORECARDS

Build resilient and inclusive livelihoods across farming, forestry and fisheries communities through targeted support for smallholders and fishers, wider market access, inclusive finance, sustainable aquaculture and blue-economy opportunities, and shared-risk, shared-reward arrangements such as contract farming, aggregators and anchor-support models.

These priorities indicate that UmphakathiVuka should be treated not as a separate initiative, but as a practical implementation pathway for turning AFF risk insights into coordinated resilience action. In this way, the sector can strengthen its contribution to food security, rural stability, ecological sustainability and inclusive economic development while improving its capacity to absorb and adapt to future shocks.



2.2 Communication and Digital Economy (CDE)

2.2.1 IRMSA Top 10 Risks Impact on Sector

The sector overview highlights a core tension within the communications and digital economy, i.e. strong enabling infrastructure and innovation potential coexist with systemic vulnerabilities that can quickly disrupt connectivity, trust, and inclusion. Against this backdrop, the top 10 risks below reflect the principal external and sector-specific pressures most likely to affect service continuity, affordability, investment and long-term resilience across the digital economy.

ECONOMIC OUTLOOK
The CDE sector has strong strategic growth and enabling potential, but near- to medium-term performance will depend on sustaining trusted connectivity amid cyber, infrastructure, policy and affordability pressures.

KEY PRIORITIES
Strengthen cyber resilience, infrastructure reliability and digital inclusion while improving policy certainty and adaptive capacity across the digital ecosystem.

AVE RANK 1	AVE RANK 2	AVE RANK 3	AVE RANK 4	AVE RANK 5
Cyber risk and digital disruption	Economic crisis, macroeconomic weakness and a non-competitive economy	Electricity, energy and national grid failure	Critical infrastructure and capacitated infrastructure failure	Governance and leadership failure, state incapacity and institutional breakdown
Systemic cyber vulnerability	Demand and investment squeeze	Service continuity and cost pressure	Rollout and resilience burden shift	Policy and regulatory uncertainty
<i>Cyberattacks, fraud and data breaches threaten network availability, regulatory compliance, customer trust and financial performance, making cyber resilience central to sector stability.</i>	<i>Weak growth and high costs suppress consumer and business demand, compress margins and slow investment in network modernisation and digital innovation.</i>	<i>Unreliable and costly energy causes outages, raises operating costs and constrains expansion, especially in under-served areas, forcing greater spend on backup and alternative supply.</i>	<i>Failing public infrastructure delays rollout, extends restoration times and shifts the cost of continuity and redundancy from the state to operators.</i>	<i>Weak institutional capacity and inconsistent execution create uncertainty around regulation, spectrum, licences and infrastructure development, delaying implementation and raising operating risk.</i>
AVE RANK 6	AVE RANK 7	AVE RANK 8	AVE RANK 9	AVE RANK 10
Systemic corruption, fraud, unethical conduct and organised crime eroding the rule of law, safety and security	Political instability and constrained cohesive politics	Unemployment, income disparity, inequality and lack of social cohesion	Climate change and climate resilience failure	Water scarcity and water crises
Security losses and trust erosion	Volatile operating environment	Affordability constraints and inclusion pressure	Climate-driven infrastructure stress:	Water-linked operational constraints
<i>Corruption, crime and vandalism drive equipment theft, network disruptions and higher security costs, undermining resilience, value for money and stakeholder confidence.</i>	<i>Political volatility, unrest and weak policy cohesion delay investment and infrastructure programmes and increase continuity and security risks.</i>	<i>High unemployment and inequality reduce affordability and demand for digital services while increasing pressure to balance commercial sustainability with inclusion and continuity.</i>	<i>More frequent extreme weather events damage towers, fibre and data centres and raise cooling, backup-power and adaptation requirements.</i>	<i>Water scarcity affects cooling, construction and site maintenance and increases the need for water-efficient design and contingency planning.</i>

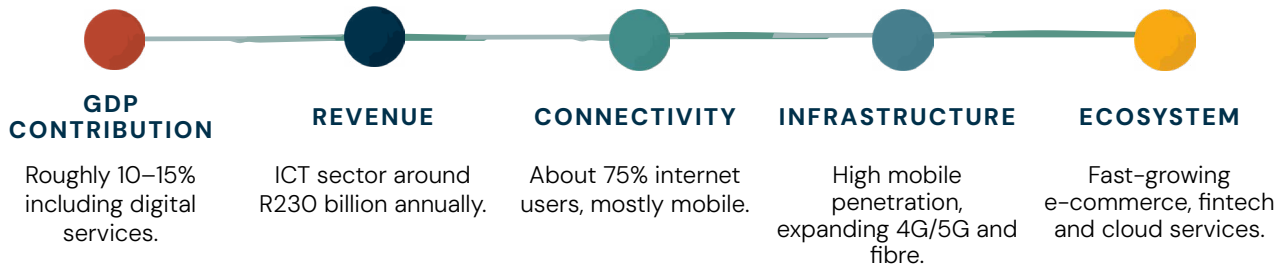
Taken together, these risks show that sector resilience is no longer defined only by network performance, but also by the ability to manage trust, affordability, institutional dependency and environmental stress in an increasingly complex operating environment. This naturally leads to a broader examination of the sector's internal strengths and weaknesses, as well as the external forces that are shaping its future trajectory.

2.2.2

Sectoral Profile

2.2.2.1

Sector at a Glance



2.2.2.2

Internal Context: SWOT

STRENGTHS

- Relatively advanced ICT and telecoms infrastructure base
- Strong core of functional telecoms operators
- Deepening cloud, platform and data-centre ecosystem
- Policy recognition of digital transformation as a strategic priority

WEAKNESSES

- Persistent digital divide and spatial inequality in connectivity
- Infrastructure fragility and crime-related disruption
- Shortage of critical digital and cybersecurity skills
- Regulatory bottlenecks and market concentration

OPPORTUNITIES

- Accelerated investment in broadband, 5G and open-access networks
- Expansion of inclusive digital platforms and services
- Public-private collaboration on cyber, infrastructure and skills resilience
- Leveraging 4IR technologies for resilience (AI, IoT, edge)

THREATS

- Escalating cybercrime, fraud and data-privacy breaches
- Global supply-chain disruptions and technology concentration
- Broader governance, energy and infrastructure failures
- Regulatory non-alignment and evolving global digital rules

2.2.2.3

External Context: PESTLE



2.2.2.4

Risks, Controls & Opportunities

AVE RANK	RISKS	CONTROLS (EXISTING / TYPICAL)	OPPORTUNITIES
1	Persistent cybersecurity threats target networks and data.	POPIA compliance and technical controls reduce breaches.	Build regional cyber hub offering managed security services.
2	Energy unreliability disrupts data centres and networks.	Generators and backup systems partly stabilise digital services.	Deploy renewables and storage supporting resilient edge centres.
3	Infrastructure gaps widen digital divide between communities.	Universal access policies and broadband projects expand connectivity.	Extend rural broadband and enable inclusive digital platforms.
4	Digital skills shortages limit innovation and resilience.	Training programmes and internships develop basic digital capability.	Scale artificial intelligence literacy through innovation partnerships.
5	Data privacy risks threaten long term regulatory compliance.	POPIA programmes and safeguards strengthen organisational data protection.	Grow local cloud capacity to enhance digital trust.
6	Outages and breaches create serious reputational damage.	Response plans and monitoring support transparent incident management.	Compete on trust, transparency and customer centred design.
7	Fragmented policy creates uncertainty for digital sectors.	Strategic plans and regulators provide partial policy coordination.	Streamline regulation to encourage innovation and investment.
8	Rising cyber expectations strain infrastructure and organisations.	Cyber rules and information sharing support basic sector resilience.	Develop structured resilience frameworks and advanced cyber services.
9	High data costs limit everyday digital adoption.	Pricing rules and sharing arrangements reduce infrastructure expenses.	Offer subsidies and innovative low cost digital services.
10	Digital exclusion restricts vulnerable groups' opportunities.	Inclusion strategies and community centres support basic access.	Design inclusive platforms supporting youth and women enterprises.

2.2.2.5

UmphakathiVuka Next Steps

The analysis above shows that resilience in the Communication and Digital Economy sector must be built through coordinated action that strengthens trust, inclusion, infrastructure reliability and institutional responsiveness. In this context, the UmphakathiVuka lens provides a practical way to translate sector risks and opportunities into shared next steps that are community-oriented, future-focused and implementation-driven.

UMPHAKATHIVUKA DIGITAL SOCIETY COMPACT AND INCLUSIVE REGULATION

Establish a shared digital society compact that treats connectivity, trust and continuity of services as public goods, with government, operators, platforms, small and medium enterprises and civil society agreeing on common resilience priorities, while regulation and policy remain agile and inclusive to support innovation and public value.

CYBER RESILIENCE AND ENERGY-SECURE DIGITAL BACKBONE

Position cybersecurity as a shared national capability through threat intelligence sharing, joint simulations and skills development, and protect critical digital infrastructure from energy instability by accelerating backup, storage and renewable solutions for towers, exchanges and data centres.

CLOSING THE DIGITAL DIVIDE AND COMMUNITY-CENTRED PLATFORMS

Prioritise digitally excluded groups in connectivity, affordability, devices and skills programmes, and design community-centred digital platforms that improve access to public services, livelihoods and social support through low bandwidth options, multilingual access and strong feedback channels.

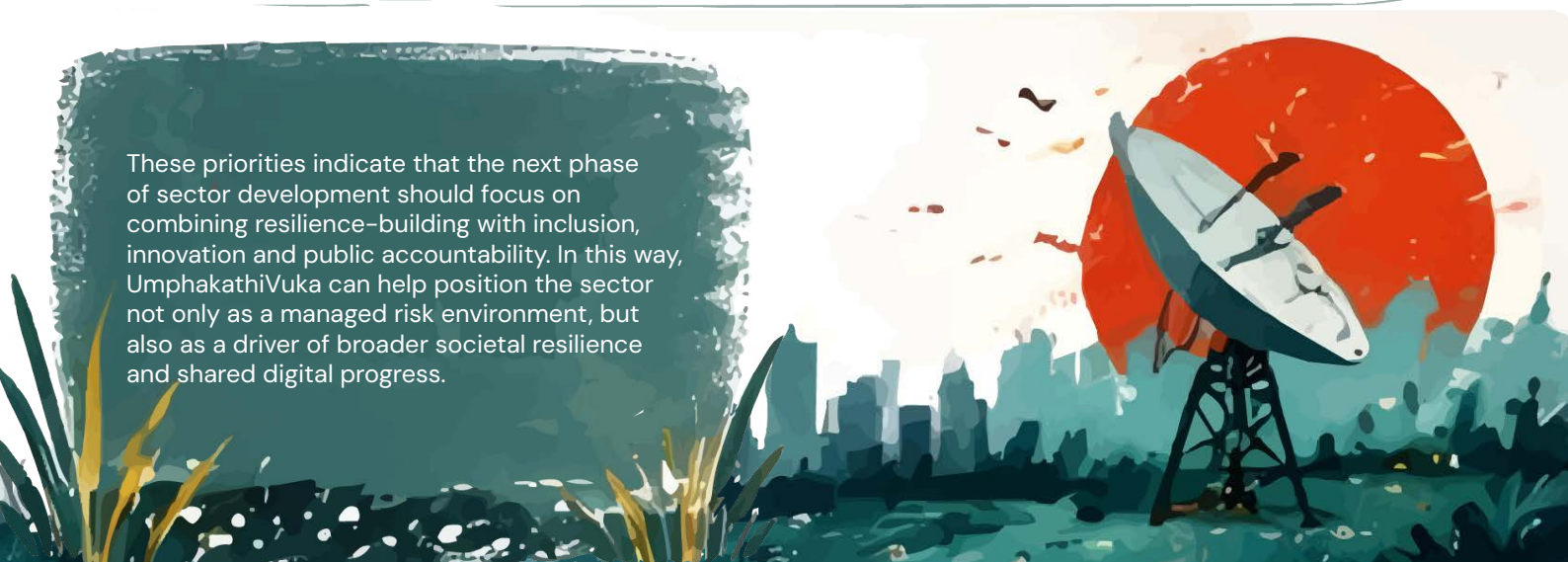
HUMAN-CENTRED DIGITAL SKILLS, TRUSTED DATA AND RESPONSIBLE ARTIFICIAL INTELLIGENCE

Expand digital and cybersecurity skills pipelines that deliberately include women, youth and township or rural enterprises, and strengthen privacy, data protection and responsible artificial intelligence governance so that digital trust becomes a core resilience principle.

DIVERSIFIED ECOSYSTEM, FORESIGHT AND ACCOUNTABILITY

Promote a more diversified and open digital ecosystem through infrastructure sharing and interoperability, use foresight and scenario planning to anticipate future digital shocks, and introduce public resilience and inclusion scorecards to build transparency, accountability and confidence in sector performance.

These priorities indicate that the next phase of sector development should focus on combining resilience-building with inclusion, innovation and public accountability. In this way, UmphakathiVuka can help position the sector not only as a managed risk environment, but also as a driver of broader societal resilience and shared digital progress.



2.3 Construction, Property and Real Estate (CPR)

2.3.1 IRMSA Top 10 Risks Impact on Sector

The short sector overview confirms that Construction, Property and Real Estate is highly exposed to system-wide pressures that affect both development activity and asset performance. Against this background, the IRMSA Top 10 Risks below show how national risk conditions translate into sector-specific consequences for project delivery, property values, operating resilience and long-term investment confidence.

ECONOMIC OUTLOOK

The sector remains strategically important, but growth is constrained by weak confidence, low investment and broader macroeconomic pressures.

KEY PRIORITIES

Strengthen resilience, efficiency and inclusion while addressing infrastructure, governance, climate and affordability pressures.

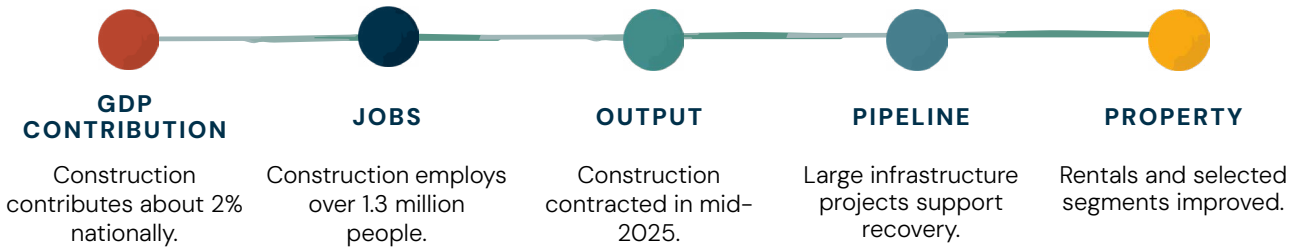


AVE RANK 1	AVE RANK 2	AVE RANK 3	AVE RANK 4	AVE RANK 5
Economic crisis, macroeconomic weakness and a non-competitive economy	Electricity, energy and national grid failure	Critical infrastructure and capacitated infrastructure failure	Governance and leadership failure, state incapacity and institutional breakdown	Climate change and climate resilience failure
Demand and valuation pressure	Operating cost escalation and asset unattractiveness	Service quality decline and value depression	Policy uncertainty and shifted service burden	Physical damage exposure and adaptation costs
<i>Weak growth, high borrowing costs and low affordability suppress demand for new housing and commercial space, increase vacancies and payment defaults, and erode property valuations and cash flows.</i>	<i>Power interruptions and rising tariffs disrupt construction and building operations, increase operating and project costs, and reduce the appeal and income performance of affected assets.</i>	<i>Failing municipal services, roads, water and sanitation weaken asset performance, raise disruption and maintenance costs, and depress property values, especially in smaller towns and weaker metropolitan areas.</i>	<i>Governance weaknesses and capacity gaps delay infrastructure and service delivery, create regulatory uncertainty, and force developers, owners and tenants to take on more of the service and resilience duties.</i>	<i>More frequent extreme weather increases damage and business interruption for buildings, drives up insurance and capital expenditure for resilient design, and undermines values where assets are poorly located or not adapted.</i>
AVE RANK 6	AVE RANK 7	AVE RANK 8	AVE RANK 9	AVE RANK 10
Systemic corruption, fraud, unethical conduct and organised crime eroding the rule of law, safety and security	Political instability and constrained cohesive politics	Unemployment, income disparity, inequality and lack of social cohesion	Water scarcity and water crises	Cyber risk and digital disruption
Project disruption and investor wariness	Project pipeline delays and cautious investment	Affordability constraints and community conflict	Habitability constraints and higher operating expenditure	Operational interruption and trust concerns
<i>Corruption, extortion, theft and vandalism delay projects, inflate costs, increase security spending and harm reputations, thereby weakening investor confidence in construction and property markets..</i>	<i>Political volatility and contestation over infrastructure, land and spatial planning create regulatory uncertainty, slow approvals and can trigger unrest that disrupts sites and dampens investment appetite.</i>	<i>High unemployment and inequality limit rental and ownership capacity, increase expectations of local benefits from developments, and raise the likelihood of protests, invasions and conflict around projects and assets.</i>	<i>Water stress and failing municipal supply increase operating costs, constrain viable development in high-risk areas, and require on-site storage and efficiency measures to maintain habitability and value.</i>	<i>Dependence on smart-building systems and digital platforms exposes owners and managers to incidents that can disrupt operations, compromise tenant information and create legal and reputational challenges.</i>


Taken together, these risks show that the sector's exposure is not confined to project execution alone, but extends across the full built environment value chain, from development feasibility to long-term asset performance. This provides a logical bridge to the next section, which considers the sector's wider strategic context through a combined SWOT and PESTLE market analysis.

2.3.2 Sectoral Profile

2.3.2.1 Sector at a Glance




2.3.2.2 Internal Context: SWOT




STRENGTHS

- Relatively developed construction and property markets
- Mature financial sector and project-finance capacity
- Strong linkages with infrastructure and logistics investment
- Growing focus on green, resilient and self-sufficient buildings
- Sectoral experience with complex, large-scale projects




WEAKNESSES

- Prolonged low-growth, cyclical downturn and margin pressure
- High dependence on public-sector and SOE project pipelines
- Governance issues, collusion legacy and trust deficits
- Skills shortages and health & safety weaknesses
- Fragmentation and vulnerability of smaller contractors



OPPORTUNITIES

- National infrastructure drive and urban regeneration
- Growth in alternative and logistics-related real estate
- Retrofit, maintenance and resilience upgrading of existing stock
- Regulatory and market incentives for green and social housing
- Regional expansion and cross-border projects



THREATS

- Weak macro growth, high interest rates and affordability constraints
- Deteriorating municipal finances, infrastructure and service delivery
- Energy crisis, load-shedding and utility-cost escalation
- Climate change, extreme weather and ESG pressures
- Policy uncertainty and expropriation / land-reform concerns
- Shifts in demand patterns (remote work, e-commerce)

2.3.2.3

External Context: PESTLE

 <p>POLITICAL</p> <ul style="list-style-type: none"> • Infrastructure policy, NDP and public-investment pipeline • Land reform, expropriation and spatial planning • Governance and corruption in procurement and permitting • Security, crime and social unrest 	 <p>ECONOMIC</p> <ul style="list-style-type: none"> • Interest rates, credit conditions and affordability • Shifting real-estate sub-sector performance • Input-cost inflation and supply-chain volatility 	 <p>SOCIAL</p> <ul style="list-style-type: none"> • Housing backlog, urbanisation and informal settlements • Inequality, unemployment and community expectations • Changing work and lifestyle preferences • Health, safety and labour-relations climate
 <p>TECHNOLOGICAL</p> <ul style="list-style-type: none"> • Construction methods, digital tools and productivity • Smart-building and Property Technology innovations • Data-centre and digital-economy linked demand • Project-governance and risk management tools 	 <p>LEGAL</p> <ul style="list-style-type: none"> • Property rights, title security and conveyancing system • Building regulations, zoning and planning law • Environmental, health & safety and labour regulation • Competition, collusion and anti-corruption enforcement 	 <p>ENVIRONMENTAL</p> <ul style="list-style-type: none"> • Climate change and physical-risk exposure • Energy, water scarcity and environmental degradation • Green-building standards and Environmental, Social and Governance pressures • Construction impacts, waste and pollution

2.3.2.4

Risks, Controls & Opportunities

AVE RANK	RISKS	CONTROLS (EXISTING / TYPICAL)	OPPORTUNITIES
1	Construction output remains weak with slow recovery.	Diversification and cost management support stable cashflow.	Reposition firms toward full infrastructure lifecycle value.
2	Rising costs and shocks severely reduce margins.	Escalation clauses and hedging partly stabilise costs.	Grow local manufacturing and industrialised building capacity.
3	Infrastructure backlog and weak delivery raise risk.	Partnerships and oversight structures improve project governance.	Increase bankable projects and secure infrastructure investment.
4	Criminal activity and unrest disrupt projects frequently.	Security measures and engagement reduce safety and disruption.	Strong community partnerships enhance project delivery outcomes.
5	Declining building activity raises oversupply concerns.	Phased construction and portfolio reviews limit exposure.	Repurpose properties to meet housing and mixed demand.
6	Interest rates and inflation suppress property demand.	Conservative gearing and stress testing protect portfolios.	Benefit from lower rates and growing rental demand.
7	Geographic and product concentration heightens exposure.	Diversified tenants and planning reduce concentration risk.	Expand into new regions, sectors and logistics assets.
8	Poor municipal services erode property reliability.	Due diligence and backup systems support continuity.	Create premium value in well serviced urban precincts.
9	Sustainability requirements increase climate compliance pressures.	Certifications and retrofits improve energy and climate performance.	Develop green buildings, attract finance and cut lifecycle costs.
10	Safety incidents and labour issues delay projects.	Compliance, audits and training strengthen site safety.	Improve productivity, reputation and long term labour relations.

2.3.2.5

UmphakathiVuka Next Steps

The previous analysis suggests that resilience in Construction, Property and Real Estate will depend on whether the sector can align investors, developers, contractors, municipalities, communities and labour around a more inclusive and adaptive built-environment agenda. Through the UmphakathiVuka lens, the next steps below translate sector risks and opportunities into practical priorities that connect resilience, public value, accountability and long-term competitiveness.

UMPHAKATHIVUKA CONSTRUCTION AND PROPERTY COMPACT AND GOVERNANCE

Establish a shared compact for a just and resilient built environment that serves communities as well as investors, by convening developers, contractors, financiers, municipalities, state-owned enterprises, labour and communities to agree on the most material systemic risks, shared resilience outcomes and clear collaboration principles.

RESILIENT INFRASTRUCTURE, HOUSING AND MUNICIPAL PRECINCTS

Align public and private project pipelines around climate-resilient, inclusive infrastructure and human settlements, using scenario-based planning to stress-test projects against climate, energy and governance risks, while partnering with municipalities and communities to co-create more resilient, well-governed precincts that restore basic services and investor confidence.

CLIMATE-, ENERGY- AND VALUE-CHAIN RESILIENCE

Reduce physical, climate and energy risks across the full asset life cycle through green-building standards, efficiency retrofits, solar and backup systems, resilient site selection and better integration of transition and physical risks into design and investment decisions, while strengthening smaller contractors and developers through fair payment practices, risk-sharing, joint ventures, mentoring, guarantees and tailored insurance.

COMMUNITY, LABOUR AND INTEGRITY PARTNERSHIPS

Embed Ubuntu by sharing project benefits, protecting workers and managing social risks proactively, through structured community engagement, local labour and small-enterprise participation, sound labour relations and strong health and safety, underpinned by robust governance, anti-corruption measures, better procurement controls, disclosure and visible consequence management to rebuild trust.

ADAPTIVE PORTFOLIOS, FORESIGHT AND LEARNING

Improve long-term competitiveness by diversifying and repurposing portfolios away from structurally weak central business district office and retail assets into residential, mixed-use, student, healthcare and logistics formats, guided by long-range scenario planning, regional collaboration where fundamentals are strong, and continuous monitoring and learning through risk and resilience registers and transparent performance tracking.

These priorities show that UmphakathiVuka should be treated as an implementation pathway for turning CPR risk insights into coordinated action that improves resilience, inclusion and long-term sector performance. In this way, the sector can strengthen not only its own commercial viability, but also its wider contribution to safer settlements, better services and more resilient communities.



2.4 Education

2.4.1 IRMSA Top 10 Risks Impact on Sector



ECONOMIC OUTLOOK

The education sector is expected to experience constrained but gradually improving investment conditions, driven by fiscal pressures, shifting public priorities, and increased reliance on public-private partnerships and digital innovation to expand access and efficiency.

KEY PRIORITIES

Strengthening foundational learning outcomes, addressing infrastructure and inequality gaps, enhancing governance and accountability, and accelerating digital and skills aligned education delivery remain critical to improving resilience and long-term sector performance.



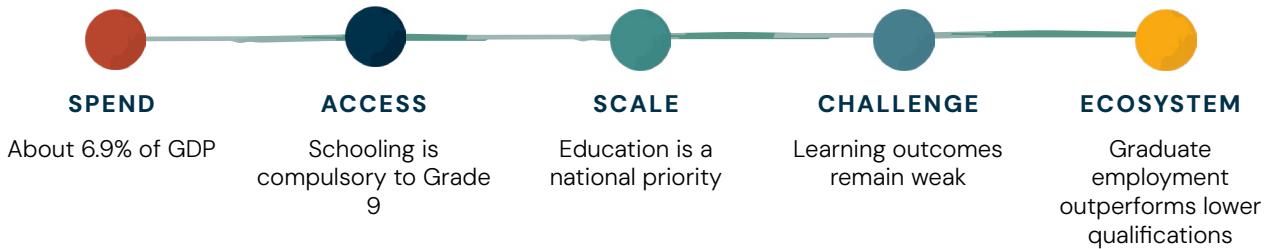
The short sector overview shows that the Education sector operates within a highly interconnected national risk environment in which institutional, social, economic and infrastructure pressures directly affect learning continuity and long-term system performance. Against this background, the IRMSA Top 10 Risks below indicate how national level threats translate into sector specific impacts across schools, colleges, universities and the broader post school system.

<p>AVE RANK 1</p>	<p>AVE RANK 2</p>	<p>AVE RANK 3</p>	<p>AVE RANK 4</p>	<p>AVE RANK 5</p>
<p>Governance and leadership failure, state incapacity and institutional breakdown</p>	<p>Economic crisis, macroeconomic weakness and a non-competitive economy</p>	<p>Unemployment, income disparity, inequality and lack of social cohesion</p>	<p>Critical infrastructure and capacitated infrastructure failure</p>	<p>Electricity, energy and national grid failure</p>
<p>Service quality and reform delay</p>	<p>Budget pressure and value erosion</p>	<p>Learning disruption and social tension</p>	<p>Unsafe and uncondusive learning environments</p>	<p>Interrupted teaching and widening inequality</p>
<p><i>Weak governance and coordination undermine infrastructure delivery, basic services, school safety and oversight, leading to uneven quality and slower implementation of resilience reforms.</i></p>	<p><i>Constrained public finances squeeze education budgets and resources, while high youth unemployment undermines the perceived value and legitimacy of education pathways.</i></p>	<p><i>Poverty, hunger and fragile cohesion increase dropout, absenteeism and poor learning outcomes, and raise the likelihood of protests and instability that interrupt education services.</i></p>	<p><i>Backlogs in water, sanitation, electricity, roads and connectivity create unsafe conditions, limit digital and blended learning and increase continuity challenges during shocks.</i></p>	<p><i>Power cuts disrupt teaching, technology and campus operations, particularly where backup power is lacking, deepening gaps between well resourced and poorer institutions.</i></p>
<p>AVE RANK 6</p>	<p>AVE RANK 7</p>	<p>AVE RANK 8</p>	<p>AVE RANK 9</p>	<p>AVE RANK 10</p>
<p>Systemic corruption, fraud, unethical conduct and organised crime eroding the rule of law, safety and security</p>	<p>Political instability and constrained cohesive politics</p>	<p>Cyber risk and digital disruption</p>	<p>Climate change and climate resilience failure</p>	<p>Water scarcity and water crises</p>
<p>Resource diversion and safety concerns</p>	<p>Reform inconsistency and learning loss</p>	<p>Digital disruption and trust concerns</p>	<p>Physical disruption and planning gaps</p>	<p>Health, hygiene and operational strain</p>
<p><i>Corruption in procurement and services diverts scarce funds from learning, while crime and violence in and around institutions heighten safety risks and cause operational disruption and trauma.</i></p>	<p><i>Political volatility and contested priorities interrupt education reform continuity, delay strategic plans and can trigger unrest that damages facilities and extends periods of lost learning.</i></p>	<p><i>Dependence on management and learning systems exposes institutions to incidents that compromise data, disrupt examinations and online learning, and weaken confidence in digital solutions.</i></p>	<p><i>Extreme weather damages or closes facilities, interrupts schooling and reveals shortcomings in disaster planning, resilient design and psychosocial support.</i></p>	<p><i>Water shortages and failing local systems undermine sanitation and basic operations, especially in rural and high-risk areas, raising health concerns and forcing costly mitigation.</i></p>


Taken together, these risks show that the sector’s vulnerability extends well beyond classroom performance, reaching into governance, public services, household stability, institutional capability and long-term labour-market relevance. This provides a clear bridge to the next section, which reframes the Education sector through a combined SWOT and PESTLE market report lens.

2.4.2 Sectoral Profile

2.4.2.1 Sector at a Glance




2.4.2.2 Internal Context: SWOT




STRENGTHS

- Constitutional and policy commitment to education as a public good
- Large, diversified basic and post-school system
- Strategic plans focused on quality, inclusion and resilience
- Growing use of digital and blended learning models
- Youth demographic “dividend” and skills-development focus




WEAKNESSES

- Persistent learning crisis and low foundational outcomes
- Infrastructure backlogs and basic-services deficits
- Unequal resourcing and entrenched spatial and socio-economic disparities
- Teacher / lecturer workload, skills gaps and uneven support
- Governance, management and accountability challenges
- Limited digital access and low digital literacy in many communities



OPPORTUNITIES

- System-wide focus on improving foundational learning
- Expansion of TVET, skills, and work-integrated learning
- Leveraging EdTech and digital innovation for equity and continuity
- Partnerships with private sector, NGOs and communities



THREATS

- Fiscal constraints and competing budget priorities
- High youth unemployment and skills mismatches
- Socio-economic shocks, inequality and social instability
- Public-health crises and environmental disasters
- Crime, violence and safety risks in and around institutions
- Global technological, labour-market and geopolitical shifts

2.4.2.3

External Context: PESTLE

 <p>POLITICAL</p> <ul style="list-style-type: none"> • Policy commitment to education, NDP and sector plans • Governance, intergovernmental coordination and oversight • Education equity, transformation and social-justice agenda 	 <p>ECONOMIC</p> <ul style="list-style-type: none"> • Macroeconomic performance and fiscal space • Youth unemployment, labour-market structure and skills demand • Household income, poverty and affordability of post-school education 	 <p>SOCIAL</p> <ul style="list-style-type: none"> • Demographic youth bulge and changing student profile • Inequality, language, culture and social cohesion • Health, nutrition, psychosocial and safety issues
 <p>TECHNOLOGICAL</p> <ul style="list-style-type: none"> • Digital infrastructure, connectivity and EdTech adoption • Curriculum alignment with digital and 4IR skills • Institutional ICT systems, data and cyber-resilience 	 <p>LEGAL</p> <ul style="list-style-type: none"> • Education, safety, inclusive-education and child-protection legislation • Labour, employment and collective-bargaining arrangements • Data-protection, cyber and procurement frameworks 	 <p>ENVIRONMENTAL</p> <ul style="list-style-type: none"> • Education, safety, inclusive-education • Climate change and disaster-risk exposure of facilities • Environmental sustainability, green campuses and curricula

2.4.2.4

Risks, Controls & Opportunities

AVE RANK	RISKS	CONTROLS (EXISTING / TYPICAL)	OPPORTUNITIES
1	Severe learning crisis undermines outcomes and employability.	Strategic plans and early grade interventions implemented.	Scale literacy programmes using adaptive education technology.
2	Inequitable infrastructure limits safe effective learning environments.	Infrastructure standards grants and safety programmes applied.	Build climate resilient digitally enabled school infrastructure.
3	Teacher quality gaps reduce teaching consistency outcomes.	Standards training performance systems curriculum support applied.	Strengthen mentoring development digital teaching resources alignment.
4	High dropout rates weaken education system transitions.	Dropout programmes vocational reforms learner support implemented.	Expand vocational pathways strengthen support vulnerable learners.
5	Skills mismatch limits graduate employability and productivity.	Skills plans learnerships internships employer partnerships implemented.	Increase work integrated learning expand high demand training.
6	Funding constraints reduce per learner resource availability.	Budget frameworks pro poor funding financial aid provided.	Improve efficiency leverage blended finance for programmes.
7	University capacity shortages limit access to education.	Enrolment planning funding gradual expansion quality assurance applied.	Expand Technical and Vocational Education and Training Colleges (TVET) colleges Open and Distance Learning (ODL) private provision micro-credentials.
8	Governance weaknesses reduce institutional performance accountability.	Governance frameworks audits oversight performance agreements implemented.	Professionalise leadership strengthen accountability data driven management.
9	Safety violence risks affect learner wellbeing outcomes.	Safety policies community collaboration psychosocial support programmes implemented.	Develop wellbeing models strengthen early intervention systems.
10	Systemic digital divide limits equitable access to quality learning.	ICT in education policies device and connectivity initiatives blended learning pilots digital safety guidelines teacher digital skills training applied.	Accelerate universal affordable connectivity scale low bandwidth digital learning embed digital literacy partner for devices content and data-driven support.

2.4.2.5

UmphakathiVuka Next Steps

The preceding analysis shows that the Education sector's resilience challenge is both systemic and societal, requiring coordinated action across government, institutions, communities, labour and the private sector. Through the UmphakathiVuka lens, the next steps below translate the sector's risks and opportunities into practical priorities that place people, dignity, learning continuity and long-term capability at the centre.

EDUCATION UMPHAKATHIVUKA COMPACT AND GOVERNANCE

Build a shared national compact that treats learning as a collective resilience project, bringing together national and provincial departments, universities, colleges, unions, communities, youth, business and civil society to agree on the most material systemic risks and shared resilience outcomes.

FOUNDATIONAL LEARNING AND DIGNIFIED LEARNING SPACES

Treat foundational reading and numeracy as a national resilience priority and scale proven interventions, while ensuring every learner studies in safe, dignified and climate-resilient spaces with reliable water, sanitation, electricity, connectivity, classrooms, maintenance and local disaster-risk-reduction measures.

EQUITY-FIRST INCLUSION AND LEARNER SUPPORT

Reduce inequality in access, success and progression by prioritising rural, township, poor and marginalised learners in funding, staffing and support, and by building integrated local support ecosystems that address nutrition, psychosocial support, transport, safety and household vulnerability.

SKILLS, TRANSITIONS AND DIGITAL RESILIENCE

Improve alignment between education outputs and labour-market needs through expanded technical and vocational education, occupational pathways and work-integrated learning, while building resilient and inclusive digital learning systems via targeted investment in connectivity, devices, educator capability, cyber resilience and low-cost models for under-served communities.

LEADERSHIP, FORESIGHT AND LEARNING CULTURE

Professionalise leadership and strengthen accountability across schools, universities and colleges, use long-range scenario thinking to prepare for future labour-market, technology and climate shifts, and maintain living risk and resilience registers so that monitoring, learning and course-correction become core parts of the sector's culture.

These priorities show that UmphakathiVuka should be approached as a practical implementation pathway for turning Education risk insights into shared action that protects learning, restores dignity and strengthens future national capability. In this way, the sector can improve not only educational outcomes, but also its broader contribution to social cohesion, employability and long-term national resilience.



2.5 Energy

2.5.1 IRMSA Top 10 Risks Impact on Sector



ECONOMIC OUTLOOK

The energy sector faces a fragile but improving outlook, shaped by ongoing supply constraints, utility financial pressures, and accelerating investment in renewable energy and private generation capacity.

KEY PRIORITIES

Stabilising energy supply, strengthening utility governance and financial sustainability, accelerating renewable energy integration, and enabling a just and affordable energy transition are critical to enhancing sector resilience and performance.



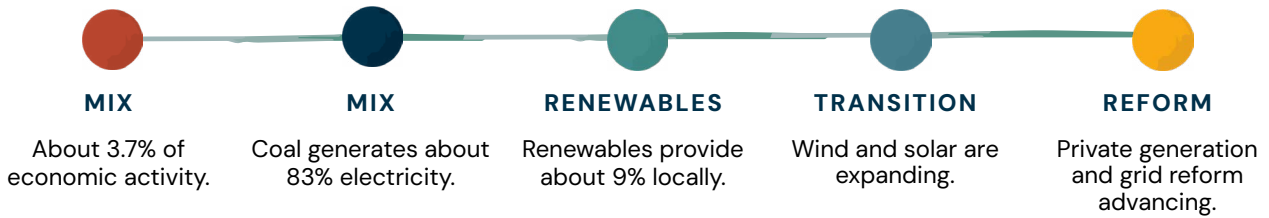
The short sector overview indicates that the Energy sector is both a recipient of national risks and, at times, a driver of wider systemic instability across the economy. Against this background, the IRMSA Top 10 Risks below show how national level threats translate into sector specific impacts on system reliability, affordability, transition planning and long-term energy security.

<p>AVE RANK 1</p>	<p>AVE RANK 2</p>	<p>AVE RANK 3</p>	<p>AVE RANK 4</p>	<p>AVE RANK 5</p>
<p>Electricity, energy and national grid failure</p>	<p>Governance and leadership failure, state incapacity and institutional breakdown</p>	<p>Economic crisis, macroeconomic weakness and a non-competitive economy</p>	<p>Critical infrastructure and capacitated infrastructure failure</p>	<p>Climate change and climate resilience failure</p>
<p>System continuity and growth constraint</p> <p><i>Chronic capacity shortfalls, power cuts and grid instability undermine continuity, erode trust and constrain economic and sector growth.</i></p>	<p>Reform delay and investment uncertainty</p> <p><i>Weak governance, policy uncertainty and slow decisions delay maintenance and reform, weaken credibility and reduce investment certainty for resilience measures.</i></p>	<p>Limited public investment and affordability pressure</p> <p><i>Weak growth, high debt and tight public finances limit state investment in generation and grids, increase tariff affordability pressures and heighten dependence on private capital.</i></p>	<p>Integration limits and higher outage exposure</p> <p><i>Transmission, distribution and related infrastructure constraints hinder the integration of new generation, increase outage likelihood and reduce the system's ability to absorb shocks.</i></p>	<p>Weather-driven disruption and adaptation costs</p> <p><i>Heatwaves, droughts, floods and storms affect plants, networks and fuel supply, increasing damage, derating, forced outages and the need for costly adaptation.</i></p>
<p>AVE RANK 6</p>	<p>AVE RANK 7</p>	<p>AVE RANK 8</p>	<p>AVE RANK 9</p>	<p>AVE RANK 10</p>
<p>Systemic corruption, fraud, unethical conduct and organised crime the eroding rule of law, safety and security</p>	<p>Political instability and constrained cohesive politics</p>	<p>Water scarcity and water crises</p>	<p>Cyber risk and digital disruption</p>	<p>Unemployment, income disparity, inequality and lack of social cohesion</p>
<p>Losses, disruption and trust erosion</p> <p><i>Corruption, theft, vandalism and sabotage increase losses, disrupt operations, raise security and repair costs and further weaken public and investor confidence.</i></p>	<p>Strategic uncertainty and just-transition complexity</p> <p><i>Political contestation and instability cloud policy direction and reform pace, complicating decisions on the just transition and management of closures and new projects.</i></p>	<p>Generation constraints and licence pressure</p> <p><i>Water scarcity and failing water systems restrict water-intensive generation, heighten environmental and licence-to-operate pressures and can force costly adjustments or curtailments.</i></p>	<p>Digital operations and data vulnerability</p> <p><i>Increasing digitalisation of grid and customer systems exposes operations to incidents that can disrupt control, compromise critical data and threaten grid stability.</i></p>	<p>Energy poverty and social-licence strain</p> <p><i>High unemployment and inequality deepen energy poverty, non-payment, tariff backlash and community conflict around projects and transition processes, straining revenues and implementation.</i></p>

Taken together, these risks confirm that energy sector resilience depends not only on technical generation capacity, but also on institutional quality, financial viability, public trust and the management of transition related trade-offs. This creates a natural link to the next section, which interprets the sector's broader risk and resilience context through a combined SWOT and PESTLE market narrative.

2.5.2 Sectoral Profile

2.5.2.1 Sector at a Glance



2.5.2.2 Internal Context: SWOT

STRENGTHS

- Significant domestic energy resource endowment
- Established state utility and system-operator capabilities
- Mature policy recognition of energy as a strategic enabler
- Strong renewable energy resource potential and proven procurement track record
- Growing private-sector participation and embedded generation

WEAKNESSES

- Over-reliance on ageing coal fleet and centralised generation
- Insufficient grid capacity and constrained transmission networks
- Policy uncertainty, implementation delays and governance weaknesses
- Financial stress in key energy institutions
- Skills shortages and limited specialised resilience capacity

OPPORTUNITIES







- Accelerated renewable-energy and storage deployment
- Grid-resilience, modernisation and regional interconnection
- Energy-efficiency and demand-side management
- Just energy transition financing and climate-aligned investment
- Growth in distributed and resilient energy solutions for business

THREATS

- Chronic supply shortages and load-shedding
- Climate change, extreme weather and water stress
- Escalating tariffs and affordability pressures
- Cybersecurity and critical-infrastructure sabotage
- Geopolitical and commodity-price volatility
- Social, labour and community-related conflict

2.5.2.3

External Context: PESTLE

 <p>POLITICAL</p> <ul style="list-style-type: none"> • Energy policy direction, IRP and coordination • Governance and leadership in key energy institutions • Just transition, social dialogue and stakeholder management 	 <p>ECONOMIC</p> <ul style="list-style-type: none"> • Macroeconomic conditions and fiscal capacity • Tariffs, cost recovery and financial sustainability • Investment climate and private-sector appetite • Industrial structure and energy intensity 	 <p>SOCIAL</p> <ul style="list-style-type: none"> • Energy poverty, inequality and access gaps • Public trust, expectations and social licence • Skills base and workforce transition
 <p>TECHNOLOGICAL</p> <ul style="list-style-type: none"> • Generation mix evolution and technology choices • Grid modernisation, digitalisation and smart systems • Distributed energy resources and microgrids 	 <p>LEGAL</p> <ul style="list-style-type: none"> • Regulatory framework for electricity, gas and renewables • Environmental, climate and just-transition obligations • Cybersecurity, critical-infrastructure and safety regulations 	 <p>ENVIRONMENTAL</p> <ul style="list-style-type: none"> • Climate change impacts and physical risk • Air quality, water use and local environmental impacts • Natural resource constraints and land competition

2.5.2.4

Risks, Controls & Opportunities

AVE RANK	RISKS	CONTROLS (EXISTING / TYPICAL)	OPPORTUNITIES
1	Electricity supply insecurity persists due to ageing infrastructure.	Energy plans, maintenance, procurement, regulatory oversight applied.	Diversified generation market grows with private investment.
2	Coal dependence exposes sector to climate transition risks.	Climate policies, IRP, carbon pricing, disclosure requirements enforced.	Low carbon technologies and green finance create advantage.
3	Climate risks disrupt energy infrastructure and demand patterns.	Risk assessments, resilient design, coordination, early warning systems implemented.	Resilient infrastructure and smart grids improve system recovery.
4	Grid constraints limit connection of new generation capacity.	Transmission expansion, reforms, tariffs, and grid upgrades implemented.	Modernised grids and partnerships enable expanded generation capacity.
5	Policy uncertainty delays investment and increases financing costs.	Strategic plans, procurement programmes, reforms, consultations implemented.	Regulatory clarity unlocks investment and lowers capital costs.
6	Financial risks weaken utilities and state energy entities.	Debt support, tariffs, efficiency, and sector reforms implemented.	Private investment improves sustainability and utility business models.
7	Coal transition creates social and employment risks.	Transition planning, reskilling, social assessments, project requirements implemented.	Green jobs and regional diversification support economic transition.
8	Renewable projects face land, permitting, security risks.	Standardised frameworks, impact assessments, insurance, engagement, security applied.	Scaled projects, storage, hybrids strengthen energy ecosystem.
9	Fuel supply and logistics risks affect energy security.	Stock policies, supplier diversification, regulation, regional cooperation implemented.	Regional infrastructure and alternative fuels enhance resilience.
10	Cyber risks threaten energy systems and operations.	Cyber frameworks, protection measures, monitoring, response systems implemented.	Cyber resilience capabilities support secure digital energy systems.

2.5.2.5

UmphakathiVuka Next Steps

The preceding analysis shows that resilience in the Energy sector must be built through coordinated action spanning government, utilities, regulators, investors, labour, communities and end-users. Through the UmphakathiVuka lens, the next steps below translate the sector's risk and opportunity profile into practical priorities for a more reliable, just and resilient energy future.

ENERGY UMPHAKATHIVUKA COMPACT AND GOVERNANCE

Build a shared national compact to secure affordable, reliable and just energy for all, convening national departments, the state utility, the system operator, independent producers, municipalities, regulators, labour, communities, financiers and business around the most material systemic risks, shared resilience outcomes and clear roles.

ENDING CHRONIC SUPPLY INSECURITY AND MODERNISING THE GRID

Treat the elimination of chronic power cuts as a whole-of-society resilience priority by combining disciplined maintenance, justified life-extension, and fast-tracked private and municipal generation, storage and wheeling, all aligned to a transparent long-term build programme and a flexible, smart, climate-resilient grid.

JUST ENERGY TRANSITION, LIVELIHOODS AND LOCAL ECONOMIES

Ensure the shift from coal to cleaner energy protects workers, communities and local economies through reskilling, localisation, economic diversification and social plans in affected regions, implemented as core resilience measures rather than secondary social obligations.

DISTRIBUTED, DEMAND-SIDE AND COMMUNITY-CENTRED RESILIENCE

Use decentralised energy solutions and stronger demand-side management to improve resilience and inclusion, by scaling mini-grids, solar home systems, commercial and industrial microgrids, productive-use solutions, demand response, efficiency standards and incentives, especially for vulnerable households and small enterprises.

FINANCIAL SUSTAINABILITY, SECURITY AND REGIONAL COOPERATION

Stabilise sector finances and unlock investment in resilience by restructuring debt, reforming tariffs, reducing losses, improving collections and enabling well-designed private participation, while strengthening cyber and physical protection of energy assets and deepening regional cooperation on power trade, fuels, logistics and emergency response.

These priorities show that UmphakathiVuka should be understood not as a separate programme, but as a practical implementation pathway for turning energy-sector risks into coordinated resilience action. In this way, the sector can strengthen security of supply, affordability, public trust and transition readiness while improving its contribution to broader national resilience.



2.6 Financial Services

2.6.1 IRMSA Top 10 Risks Impact on Sector



ECONOMIC OUTLOOK

The financial services sector is expected to remain broadly stable but under pressure from low growth, elevated sovereign risk, and rising operational and cyber costs, while selective opportunities emerge through digital innovation and regional expansion.

KEY PRIORITIES

Strengthening financial stability and governance, enhancing cyber resilience and conduct risk management, advancing financial inclusion, and leveraging digital innovation to improve efficiency and customer access are critical to sustaining sector confidence and resilience.



The short sector overview shows that Financial Services is deeply interconnected with the wider economy and is therefore affected not only by firm level risks, but also by broader national governance, macroeconomic and social conditions. Against this background, the IRMSA Top 10 Risks below illustrate how systemic national risks translate into sector specific pressures on profitability, resilience, trust, compliance and long-term growth.

<p>AVE RANK 1</p>	<p>AVE RANK 2</p>	<p>AVE RANK 3</p>	<p>AVE RANK 4</p>	<p>AVE RANK 5</p>
<p>Economic crisis, macroeconomic weakness and a non-competitive economy</p>	<p>Cyber risk and digital disruption</p>	<p>Systemic corruption, fraud, unethical conduct and organised crime the eroding rule of law, safety and security</p>	<p>Governance and leadership failure, state incapacity and institutional breakdown</p>	<p>Political instability and constrained cohesive politics</p>
<p>Return pressure and cautious growth</p>	<p>Expanded digital exposure and resilience demands</p>	<p>Fraud losses and trust erosion</p>	<p>Investment deterrent and spillover disruption</p>	<p>Confidence and planning uncertainty</p>
<p><i>Weak growth and elevated uncertainty constrain returns, hinder achievement of strategic and financial objectives, and make clients more cautious about investment and expansion.</i></p>	<p><i>Rapid digital expansion through cloud, artificial intelligence and third parties increase cyber exposure and complexity, while expectations for stronger resilience, incident management and reporting continue to rise.</i></p>	<p><i>Higher external and internal fraud leads to client harm, financial losses and reputational damage, compounded by broader governance deterioration that undermines confidence and security.</i></p>	<p><i>Weak governance reduces attractiveness to investors, can trigger adverse market and rating reactions, and contributes to service failures and unrest that spill over into sector operations.</i></p>	<p><i>Political instability undermines financial stability and slows growth by weakening confidence, delaying investment decisions and reducing operating certainty.</i></p>
<p>AVE RANK 6</p>	<p>AVE RANK 7</p>	<p>AVE RANK 8</p>	<p>AVE RANK 9</p>	<p>AVE RANK 10</p>
<p>Climate change and climate resilience failure</p>	<p>Water scarcity and water crises</p>	<p>Unemployment, income disparity, inequality and lack of social cohesion</p>	<p>Critical infrastructure and capacitated infrastructure failure</p>	<p>Electricity, energy and national grid failure</p>
<p>Climate-linked portfolio and compliance pressure</p>	<p>Operational strain and sectoral credit pressure</p>	<p>Social instability and household fragility</p>	<p>Higher operating costs and credit deterioration</p>	<p>Growth drag and cost escalation</p>
<p><i>Rising physical and transition climate effects on clients and counterparties require integration of climate considerations into core risk frameworks and adapting to evolving disclosure and reporting expectations.</i></p>	<p><i>Water stress affects institutions' own premises and technology, increases credit strain in water-sensitive sectors and further weighs on national growth prospects.</i></p>	<p><i>Persistent unemployment and inequality heighten the likelihood of unrest, weaken household resilience and dampen market confidence and operating conditions.</i></p>	<p><i>Infrastructure failures raise operating costs for institutions and clients, increase default risk in lending portfolios and simultaneously create demand for private infrastructure financing solutions.</i></p>	<p><i>Energy insecurity depresses economic growth and raises the cost of doing business and operations across the sector.</i></p>

Taken together, these risks show that the sector's resilience depends not only on prudential strength, but also on the quality of the broader social, political, technological and economic environment in which financial intermediation takes place. This provides a direct bridge to the next section, which interprets the sector through a combined SWOT and PESTLE market report narrative.

2.6.2

Sectoral Profile

2.6.2.1

Sector at a Glance



2.6.2.2

Internal Context: SWOT

STRENGTHS

- Deep, diversified and relatively sophisticated financial system
- Robust prudential regulation and supervisory architecture
- Leading regional and pan-African footprint
- Growing fintech and digital-finance innovation
- Strong payment, clearing and settlement infrastructure

WEAKNESSES

- Structural dependence on a concentrated, oligopolistic core
- High exposure to domestic macro-economic and sovereign risk
- Persistent financial exclusion and inclusion gaps
- Legacy systems and operational-complexity constraints
- Conduct-risk and trust vulnerabilities

OPPORTUNITIES

- Expansion of inclusive digital financial services
- Sustainable finance and climate-risk integration
- Regional integration and African Continental Free Trade Area (AfCFTA)
- Regulatory Technology (RegTech), Supervisory Technology (SupTech) and advanced analytics
- New safety-net instruments and crisis-management tools

THREATS

- Prolonged low growth, high unemployment and inequality
- Heightened cybercrime, fraud and technology risk
- Regulatory tightening, FATF grey-listing legacy and compliance burden
- Sovereign, state-owned entity (SOE) and public-sector credit risk
- Climate-related physical and transition risks
- Intensifying competition from global platforms and new entrants

2.6.2.3

External Context: PESTLE



POLITICAL

- Policy stability, rule of law and institutional strength
- Financial-sector reform agenda and state-owned entities
- International relations and sanctions / grey-listing status



ECONOMIC

- Macroeconomic growth, inflation and rate environment
- Fiscal sustainability and sovereign-risk profile
- Household and SME financial health



SOCIAL

- Inequality, poverty and financial-inclusion imperatives
- Demographics, youth unemployment and trust in institutions
- Consumer-protection expectations and conduct standards



TECHNOLOGICAL

- Digitalisation, fintech and platformisation
- Data, AI and advanced-analytics usage
- Infrastructure, cloud and third-party dependencies



LEGAL

- Prudential, conduct and Anti-Money Laundering / Combating (or Countering) the Financing of Terrorism regulatory frameworks
- Data-protection, privacy and cyber-security law
- Competition, consumer-credit and financial-sector transformation



ENVIRONMENTAL

- Climate-change physical risks to collateral and operations
- Transition risks in carbon-intensive sectors
- Environmental, Social and Governance expectations and sustainable-finance taxonomy

2.6.2.4

Risks, Controls & Opportunities

AVE RANK	RISKS	CONTROLS (EXISTING / TYPICAL)	OPPORTUNITIES
1	Macroeconomic stress reduces credit demand and profitability.	Prudential regulation, diversification, stress testing, monitoring implemented.	Innovative products and infrastructure finance drive growth.
2	Cyber risks threaten financial systems and operations.	Cyber frameworks, supervision, governance, incident response strengthened.	Cyber resilience services and digital trust create advantage.
3	Payment system vulnerabilities pose systemic financial risks.	Financial Market Infrastructures oversight, Principles for Financial Market Infrastructures alignment, updated payment regulations implemented.	Modern payments and innovation improve efficiency and inclusion.
4	Fintech disruption challenges incumbents and customer expectations.	Digital strategies, partnerships, innovation governance, competition rules applied.	Platform banking and AI enhance services and expansion.
5	Regulatory changes increase compliance costs and complexity.	Coordinated supervision, compliance frameworks, legal support implemented.	Regulatory Technology (RegTech) adoption improves efficiency and regulatory engagement.
6	Liquidity and interest rate risks affect stability.	Capital frameworks, liquidity support, stress testing, hedging applied.	Deeper markets and diversification strengthen funding resilience.
7	Concentration risks increase systemic interconnectedness vulnerabilities.	Supervision, group risk management, recovery resolution planning implemented.	Niche players and resolution tools reduce contagion risks.
8	Financial crime risks threaten integrity and compliance.	AML frameworks, monitoring systems, inspections, sanctions enforced.	AI analytics improve detection and strengthen compliance confidence.
9	Climate risks affect financial portfolios and insurance exposure.	Climate risk management, scenarios, disclosures, ESG integration applied.	Green finance products and climate analytics create opportunities.
10	Conduct risk and mis-selling damage trust.	Conduct frameworks, supervision, enforcement, complaints systems implemented.	Customer centric practices strengthen trust and differentiation.

2.6.2.5

UmphakathiVuka Next Steps

The preceding analysis shows that the Financial Services sector's resilience challenge extends beyond balance-sheet strength to include social legitimacy, inclusion, cyber trust, climate readiness and systemic coordination. Through the UmphakathiVuka lens, the next steps below translate these issues into practical priorities for building a fairer, safer and more resilient financial system.

UMPHAKATHIVUKA FINANCIAL COMPACT AND SYSTEMIC GOVERNANCE

Build a shared compact for a fair and resilient financial system that serves the whole community by aligning regulators, banks, insurers, asset managers, financial-technology firms, consumer bodies and communities on the most material systemic risks, shared resilience outcomes and clear roles and accountability.

INCLUSION, CONDUCT AND COMMUNITY-ANCHORED TRUST

Treat inclusive finance for households, township economies and small and medium enterprises as a primary risk-reduction strategy, while rebuilding trust through fair treatment, transparent and simple disclosures, strong customer protection, effective complaints handling, and community-anchored financial literacy and capability building.

MACRO-STRESS, SOVEREIGN AND CRISIS RESILIENCE

Protect systemic stability while supporting the real economy through downturns by using stress testing, concentration-risk management, robust capital and liquidity buffers, and well-designed restructuring for viable clients, underpinned by credible recovery and resolution planning, deposit protection and other tested safety-net arrangements.

DIGITAL RESILIENCE, FINANCIAL CRIME AND CYBER-TRUST COMMONS

Treat cyber resilience, digital trust and financial-crime control as shared systemic responsibilities, through advanced analytics, collaborative anti-money-laundering and counter-terrorist-financing efforts, joint threat-intelligence sharing, sector-wide incident simulations, stronger third-party risk management and privacy-by-design approaches.

CLIMATE-AWARE, TECHNOLOGY-ENABLED AND FORWARD-LOOKING FINANCE

Align portfolios and products with a just, low-carbon and climate-resilient transition, while using regulatory-technology and supervisory-technology tools and structured partnerships with platforms, financial-technology firms and large technology companies to expand access safely, guided by long-range macro, climate, technology and social foresight and living risk and resilience registers.

These priorities show that UmphakathiVuka should be positioned as a practical pathway for translating financial-sector risk insight into coordinated action that strengthens trust, inclusion, stability and adaptive capacity. In this way, the sector can reinforce not only its own resilience, but also its wider contribution to Southern Africa's social and economic resilience.



2.7

Healthcare

2.7.1

IRMSA Top 10 Risks

Impact on Sector

The short sector overview shows that healthcare is not insulated from the broader national risk environment. It absorbs and amplifies shocks originating in governance, infrastructure, economic fragility and social instability. The Top 10 Southern African risks therefore provide a useful frame for understanding how system wide pressures translate into higher healthcare utilisation, cost escalation, access disruption and strategic uncertainty.



ECONOMIC OUTLOOK

The healthcare sector faces a constrained but gradually evolving outlook, shaped by fiscal pressures, rising demand, and reform initiatives, alongside growing private sector participation and digital health innovation.

KEY PRIORITIES

Strengthening governance and system integration, addressing workforce and infrastructure gaps, improving equitable access and affordability, and enhancing digital and operational resilience are critical to improving healthcare outcomes and system sustainability.



AVE RANK 1	AVE RANK 2	AVE RANK 3	AVE RANK 4	AVE RANK 5
Governance and leadership failure, state incapacity and institutional breakdown	Systemic corruption, fraud, unethical conduct and organised crime eroding the rule of law, safety and security	Economic crisis, macroeconomic weakness and a non-competitive economy	Electricity, energy and national grid failure	Critical infrastructure and capacitated infrastructure failure
System strain and complexity	Financial loss and trust erosion	Affordability pressure and membership decline	Care disruption and cost escalation	Accessibility challenges and higher service costs
<i>Weak governance and deteriorating state capacity push more demand and expectation onto private healthcare and medical schemes, driving higher utilisation, rising costs, more complex regulation and greater reputational exposure.</i>	<i>Fraud, false claims, procurement abuse and cybercrime increase losses and compliance burdens, while weak ethics and enforcement undermine confidence in the healthcare funding environment.</i>	<i>Economic stress, unemployment and reduced disposable income lead to membership losses, benefit downgrades and lapses, while medical cost inflation outpaces general inflation and strains reserves and sustainability.</i>	<i>Persistent power interruptions disrupt hospitals, pharmacies and laboratories, affecting patient care, cold chains, digital systems and emergency services and increasing operational expenditure.</i>	<i>Failures in transport, digital networks, water and municipal infrastructure hinder hospital operations, medicine distribution and emergency response, reducing access and raising delivery costs.</i>
AVE RANK 6	AVE RANK 7	AVE RANK 8	AVE RANK 9	AVE RANK 10
Climate change and climate resilience failure	Unemployment, income disparity, inequality and lack of social cohesion	Cyber risk and digital disruption	Water scarcity and water crises	Political instability and constrained cohesive politics
Disease burden growth and facility disruption	Widening access gaps and delayed care	Data compromise and service interruption	Hygiene challenges and operational disruption	Investment hesitation and reform uncertainty
<i>More extreme weather raises rates of trauma, respiratory and water-borne disease and mental ill-health, while also damaging infrastructure and disrupting medicine supply and access, particularly for vulnerable communities.</i>	<i>Rising unemployment and inequality reduce affordability of private cover, increase pressure on public services and deepen disparities in access, leading to poorer outcomes and delayed care-seeking.</i>	<i>Cyber-attacks, ransomware and breaches can expose sensitive health information, disrupt claims and digital care services, and create financial, legal and reputational damage for schemes.</i>	<i>Water shortages and failing water systems undermine sanitation, infection prevention, dialysis and production of medicines, and can increase communicable disease and healthcare usage.</i>	<i>Political volatility, coalition uncertainty and shifting policy direction weaken confidence, slow healthcare investment and reform implementation and complicate planning for future funding and distribution models.</i>

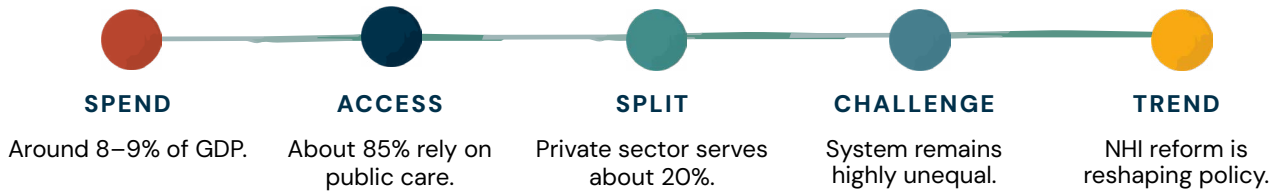
Taken together, these risks show that healthcare resilience depends not only on clinical capability, but also on the performance of governance, energy, water, logistics, cyber systems and socio-economic stability. This provides the bridge to the next section, where the SWOT and PESTLE material is rewritten as a market-style analysis of the sector's resilience outlook, strategic capacity and structural vulnerability.

2.7.2

Sectoral Profile

2.7.2.1

Sector at a Glance



2.7.2.2

Internal Context: SWOT

STRENGTHS

- Constitutional right to healthcare and policy commitment to UHC
- Significant health expenditure as % of GDP
- Dual public–private system with advanced private–care capacity
- Established disease–programme experience (HIV, TB, immunisation)
- Growing digital–health and telemedicine adoption

WEAKNESSES

- Deep inequality between public and private subsystems
- Chronic workforce shortages and high vacancy rates
- Governance, management and corruption weaknesses
- Infrastructure decay and maintenance backlogs
- Fragmented information systems and incomplete electronic health record

OPPORTUNITIES

- National Health Insurance (NHI) as a potential integration platform
- Expansion of primary healthcare and community–based services
- Digital health, data and AI for system resilience
- Integration of mental–health and wellness services
- Partnerships with private sector, NGOs and communities

THREATS

- High burden of communicable and non–communicable diseases
- Fiscal constraints and uncertain NHI financing
- Intensifying cyber–crime and health–data risk
- Climate change, extreme weather and environmental health risks
- Policy uncertainty and implementation risk around NHI and regulation

2.7.2.3

External Context: PESTLE

 <p>POLITICAL</p> <ul style="list-style-type: none"> • Constitutional mandate and health sector policy direction • National Health Insurance (NHI) legislation and reform process • Governance, accountability and anti-corruption efforts • International health diplomacy and donor relations 	 <p>ECONOMIC</p> <ul style="list-style-type: none"> • Macroeconomic conditions and fiscal space for health • Public-private spending balance and affordability • Healthcare cost inflation and input-cost pressures • Labour market and health-workforce economics 	 <p>SOCIAL</p> <ul style="list-style-type: none"> • Demographics, inequality and disease burden • Urbanisation, informal settlements and rural access • Health literacy, cultural practices and trust in the system
 <p>TECHNOLOGICAL</p> <ul style="list-style-type: none"> • Digital health infrastructure and interoperability • Cybersecurity and health-information protection • Medical technology, diagnostics and innovation • Data analytics, AI and decision-support tools 	 <p>LEGAL</p> <ul style="list-style-type: none"> • Health legislation, standards and accreditation • NHI, pricing and reimbursement regulations • Data-protection, privacy and cyber law • Labour, OHS and professional-practice regulation 	 <p>ENVIRONMENTAL</p> <ul style="list-style-type: none"> • Climate change, disasters and environmental health • Water, sanitation and waste-management systems • Green hospitals and sustainable operations

2.7.2.4

Risks, Controls & Opportunities

AVE RANK	RISKS	CONTROLS (EXISTING / TYPICAL)	OPPORTUNITIES
1	Public private imbalance increases pressure on schemes.	Managed care, networks, governance, wellness programmes implemented.	Value based care and digital health expand access.
2	Governance failures increase fraud waste and inefficiencies.	Anti-fraud controls, audits, analytics, compliance frameworks applied.	AI detection and transparency improve governance outcomes.
3	Fiscal pressure increases utilisation and healthcare costs.	Cost containment, tariffs, reserves, utilisation management applied.	Innovative funding and value-based care improve sustainability.
4	Chronic diseases increase utilisation and claims costs.	Disease management, screening, analytics, case management implemented.	Preventative care and digital monitoring improve outcomes.
5	Workforce shortages reduce access quality and increase costs.	Telemedicine, networks, retention strategies, care models applied.	Digital care and training partnerships expand capacity.
6	Public infrastructure decline increases private sector dependence.	Provider networks, accreditation, monitoring, continuity planning implemented.	Private investment and community care expand service delivery.
7	Medicine shortages disrupt availability and increase costs.	Formularies, generics, diversification, inventory monitoring applied.	Local production and digital supply chains improve resilience.
8	Cyber risks threaten sensitive health information security.	POPIA compliance, controls, testing, response plans implemented.	Secure digital ecosystems enhance trust and engagement.
9	Medico legal claims increase costs and defensive practices.	Risk management, audits, reviews, dispute mechanisms applied.	Value based care and safety improve outcomes.
10	NHI uncertainty creates strategic and operational risks.	Scenario planning, compliance, engagement, financial modelling implemented.	Blended models and innovation improve system efficiency.

2.7.2.5

UmphakathiVuka Next Steps

Healthcare resilience cannot be achieved by any single institution acting in isolation. It depends on coordinated effort across the state, private funders and providers, professional bodies, communities and patients, and the UmphakathiVuka next steps set out a practical agenda for building a more just, resilient and trusted health system.

HEALTHCARE UMPHAKATHIVUKA COMPACT AND SHARED GOVERNANCE

Build a shared compact for a just and resilient health system by convening national and provincial health authorities, private funders and providers, regulators, labour, professional bodies and communities around the most material systemic risks, clear roles and the resilience outcomes they must jointly protect.

EQUITY-CENTRED INTEGRATION, PRIMARY CARE AND COMMUNITY HEALTH

Use national health insurance and related reforms to reduce structural inequality without destabilising care delivery, with phased implementation that protects primary care, essential hospital services and vulnerable groups, while making strong primary and community care the foundation through expanded clinics, community health workers and integrated prevention and treatment programmes.

SAFE, RESILIENT INFRASTRUCTURE AND WORKFORCE WELLBEING

Ensure that health facilities are operationally safe, water-secure, energy-resilient and climate-aware by addressing maintenance backlogs, water, sanitation and hygiene risks, infection prevention and municipal service failures, and treat health workers as core resilience assets through better workforce planning, mental-health support, safer working conditions, training alignment and incentives for service in under-served areas.

DIGITAL HEALTH, SUPPLY-CHAIN RESILIENCE AND INTEGRITY

Use digital health to improve continuity, planning and patient experience through interoperable information systems, telemedicine and strong protection of data and systems, while reinforcing medicine and consumable supply chains through procurement integrity, stock visibility, supplier diversification, regional pooling and local production, underpinned by ethical management, transparent dashboards and robust consequence management.

PATIENT EXPERIENCE, COMMUNITY PARTNERSHIPS AND FUTURES THINKING

Put patient dignity, safety and experience at the centre of service design through quality improvement, feedback loops, learning from harm and better dispute resolution, while building shared responsibility for health with communities, civil society and traditional leaders, and using long-range foresight on disease, climate, demography, economics and technology to guide realistic benefit design, provider contracting and funding choices.

Taken together, these next steps position UmphakathiVuka as a practical framework for strengthening healthcare resilience through equity, trust, prevention, foresight and coordinated action. In this form, the healthcare sector can better protect population wellbeing while also supporting economic resilience, social cohesion and long-term institutional credibility.



2.8

Manufacturing

2.8.1

IRMSA Top 10 Risks

Impact on Sector

The short sector overview demonstrates that manufacturing is both a core economic enabler and one of the sectors most exposed to national level instability as it relies heavily on energy, infrastructure, logistics, finance, labour and regulatory certainty. The IRMSA Top 10 Risks below therefore show how systemic national risks translate directly into production disruptions, cost escalation, weaker competitiveness and constrained industrial growth within the manufacturing environment.



ECONOMIC OUTLOOK

The manufacturing sector faces a subdued but gradually stabilising outlook, constrained by weak demand, infrastructure and energy challenges, but supported by selective industrial policy interventions, regional trade opportunities and ongoing localisation efforts.

KEY PRIORITIES

Enhancing energy and logistics reliability, accelerating industrial modernisation and skills development, strengthening regional and local supply chains, and aligning production with sustainability and competitiveness objectives are critical to improving sector resilience.

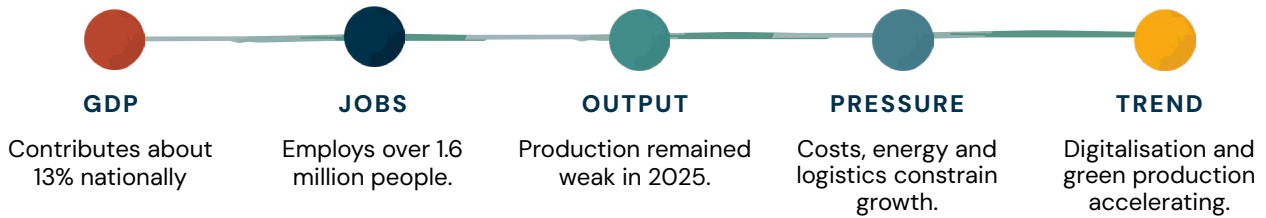


<p>AVE RANK 1</p>	<p>AVE RANK 2</p>	<p>AVE RANK 3</p>	<p>AVE RANK 4</p>	<p>AVE RANK 5</p>
<p>Climate change and climate resilience failure</p>	<p>Critical infrastructure and capacitated infrastructure failure</p>	<p>Electricity, energy and national grid failure</p>	<p>Governance and leadership failure, state incapacity and institutional breakdown</p>	<p>Systemic corruption, fraud, unethical conduct and organised crime eroding the rule of law, safety and security</p>
<p>Disrupted demand and business models</p>	<p>Competitive erosion and operational strain</p>	<p>Production interruption and growth constraint</p>	<p>Unstable environment and weakened performance</p>	<p>Profitability damage and shutdown exposure</p>
<p><i>More extreme and unusual weather alters market demand and supply patterns, reduces value creation for stakeholders and threatens long-term business sustainability.</i></p>	<p><i>Failures or shortfalls in energy, water, transport and digital infrastructure weaken competitive advantage, hinder growth and undermine sustainable operations..</i></p>	<p><i>Unreliable electricity and energy supply disrupt manufacturing, increase conversion and product costs and limit expansion opportunities needed for regional development.</i></p>	<p><i>Unstable environment and weakened performance: Governance and leadership failures reduce trust, increase staff turnover, depress business performance and jeopardise long-term sustainability.</i></p>	<p><i>Corruption and organised crime harm profitability, morale and product quality, endanger worker safety, raise the likelihood of licence loss and can trigger operational shutdowns and major legal and reputational consequences..</i></p>
<p>AVE RANK 6</p>	<p>AVE RANK 7</p>	<p>AVE RANK 8</p>	<p>AVE RANK 9</p>	<p>AVE RANK 10</p>
<p>Economic crisis, macroeconomic weakness and a non-competitive economy</p>	<p>Water scarcity and water crises</p>	<p>Unemployment, income disparity, inequality and lack of social cohesion</p>	<p>Political instability and constrained cohesive politics</p>	<p>Cyber risk and digital disruption</p>
<p>Investment restraint and contraction pressure</p>	<p>Cost escalation and competitiveness decline</p>	<p>Human-capital constraints and social disruption</p>	<p>Security concerns and reduced investment</p>	<p>Downtime, safety concerns and financial loss</p>
<p><i>Higher borrowing costs, currency and commodity volatility, workforce cuts and deferred capital spending constrain industrial expansion and growth</i></p>	<p><i>Unreliable or inadequate water supply raises production, maintenance and asset-replacement costs, undermines competitiveness and increases the cost of goods and living.</i></p>	<p><i>High unemployment and inequality limit skills availability, drive unrest, disrupt supply chains and operations, increase security and insurance costs and heighten expectations for social investment.</i></p>	<p><i>Political instability raises security threats, drives operational disruption and higher costs, reduces capital investment and weakens growth prospects and operational sustainability.</i></p>	<p><i>Cyber incidents can halt manufacturing, cause safety incidents, lead to regulatory non-compliance and result in direct financial losses</i></p>

Taken together, these risks show that manufacturing performance is inseparable from the broader resilience of Southern Africa’s political, infrastructural, environmental and economic systems. This provides the foundation for the next section, which reframes the sector’s SWOT and PESTLE analysis as a market report to explain how these risk drivers interact with the sector’s internal strengths and structural vulnerabilities.

2.8.2 Sectoral Profile

2.8.2.1 Sector at a Glance



2.8.2.2 Internal Context: SWOT

STRENGTHS

- Diverse manufacturing base and export linkages
- Demonstrated resilience despite multi-year headwinds
- Emerging adoption of Industry 4.0 and advanced manufacturing
- Established supply-chain risk-management practices in larger firms
- Circular-economy and green manufacturing opportunities

WEAKNESSES

- Persistent demand weakness and cyclical downturn risk
- Energy unreliability and high backup-power costs
- Logistics bottlenecks and infrastructure constraints
- Skills shortages and uneven technological readiness
- Environmental and regulatory risks not uniformly embedded

OPPORTUNITIES

- Re-industrialisation, localisation and African Continental Free Trade Area (AfCFTA) agendas
- Growth in green-energy and transition-related manufacturing
- Digitalisation and data-driven supply-chain management
- SME upgrading and inclusive industrialisation
- Risk-aligned financing and sector-specific resilience tools

THREATS

- Prolonged weak growth and Purchasing Managers' Index (PMI) contraction
- Cheap imports and competitiveness erosion
- Supply-chain shocks, geo-economic volatility and trade frictions
- Rising regulatory and environmental compliance burden
- Climate-change physical and transition risks

2.8.2.3

External Context: PESTLE

 <p>POLITICAL</p> <ul style="list-style-type: none"> • Industrial-policy and re-industrialisation focus • Governance and performance of State Owned Enterprises and regulators • Trade, tariff and regional integration policy • Political stability and social-cohesion environment 	 <p>ECONOMIC</p> <ul style="list-style-type: none"> • Macroeconomic growth, demand and investment • Cost structures, inflation and exchange-rate volatility • Access to finance and sector-risk perception • Global trade patterns, tariffs and reshoring trends 	 <p>SOCIAL</p> <ul style="list-style-type: none"> • Employment, skills and labour relations • Community expectations and social licence • Consumer behaviour and sustainability awareness • Crime, theft and security risks
 <p>TECHNOLOGICAL</p> <ul style="list-style-type: none"> • Adoption of Industry 4.0, automation and digitalisation • Supply-chain visibility, analytics and resilience tools • R&D, innovation and product-development capacity • Cyber-security of industrial and information systems 	 <p>LEGAL</p> <ul style="list-style-type: none"> • Labour, health-and-safety and environmental regulation • Industrial, competition and localisation frameworks • Trade, customs and technical-standards compliance • IP protection, data-protection and cyber-law 	 <p>ENVIRONMENTAL</p> <ul style="list-style-type: none"> • Energy reliability, cost and decarbonisation • Water scarcity and resource constraints • Waste, emissions and circular-economy pressure • Climate-change physical risks to plants and logistics

2.8.2.4

Risks, Controls & Opportunities

AVE RANK	RISKS	CONTROLS (EXISTING / TYPICAL)	OPPORTUNITIES
1	Weak demand reduces manufacturing output and profitability.	Cost management, diversification, liquidity control, scenario testing implemented.	African Continental Free Trade Area (ACFTA) exports and resilient subsectors drive recovery.
2	Technology adoption gaps reduce competitiveness and increase risks.	Automation investments, analytics, cybersecurity controls, IT governance applied.	Smart factories and data driven operations improve productivity.
3	Cheap imports increase competition and deindustrialisation risks.	Tariffs, standards, localisation, differentiation, customer agreements implemented.	Regional exports and high value niches improve competitiveness.
4	Skills shortages limit productivity and technology adoption.	Training programmes, partnerships, apprenticeships, upskilling initiatives implemented.	Reskilling and talent pipelines support Industry 4.0 adoption.
5	Governance and HSE failures cause quality risks.	Certifications, audits, compliance, supplier controls enforced.	ESG credentials and quality differentiate in global markets.
6	Energy unreliability disrupts production and increases costs.	Backup power, efficiency, renewables, scheduling controls implemented.	Renewable energy and efficiency improve cost competitiveness.
7	Supply chain disruptions affect production and deliveries.	Continuity plans, buffers, diversification, supplier audits implemented.	Local supply chains and analytics improve resilience.
8	Rising costs compress margins below cost of capital.	Lean processes, procurement optimisation, pricing, automation applied.	Higher value products and efficiency improve profitability.
9	Climate risks increase compliance costs and exposure.	Environmental systems, compliance, carbon assessments, efficiency projects implemented.	Low carbon production and green finance create advantage.
10	Funding constraints limit investment and resilience capacity.	Lending, incentives, restructuring, budgeting, financing arrangements implemented.	Innovative finance supports investment and industrial upgrading.

2.8.2.5

UmphakathiVuka Next Steps

The former sections show that manufacturing resilience depends not only on firm-level controls, but also on broader coordination across energy systems, logistics networks, skills institutions, financial service providers, communities and the state. The UmphakathiVuka priorities below therefore position manufacturing as both an economic engine and a social resilience platform whose renewal must be shared, inclusive and forward-looking.

MANUFACTURING UMPHAKATHIVUKA COMPACT AND SHARED GOVERNANCE

Build a shared compact to protect and regrow a just and resilient productive base by aligning manufacturers, labour, communities, financiers, logistics and energy actors, the Department of Trade, Industry and Competition and state-owned companies around common systemic risks and shared outcomes for jobs, exports and community wellbeing.

ENERGY-SECURE, CLIMATE-SMART AND DIGITALLY ENABLED PRODUCTION

Reduce disruption and transition risk by securing cleaner, more reliable energy and smarter operations through on-site solar, storage, energy efficiency, lower-carbon process redesign and risk aware digitalisation such as automation, production information systems, predictive maintenance and robust cyber controls, especially for smaller firms and vulnerable industrial communities.

RESILIENT SUPPLY CHAINS, LOGISTICS AND INDUSTRIAL CORRIDORS

Strengthen local and regional manufacturing continuity and competitiveness by deepening localisation and regional integration, building more visible and diversified supply chains, upgrading smaller suppliers, and partnering with logistics actors and communities to stabilise key trade routes, ports and industrial corridors through maintenance, security and coordinated planning.

INCLUSIVE INDUSTRIALISATION, SKILLS AND DECENT WORK

Embed Ubuntu by lifting smaller manufacturers and township-based industry into more resilient value chains through targeted finance, technology support, fair payment terms and anchor firm integration, while building shared skills pipelines for advanced, safe and dignified manufacturing work via apprenticeships, artisan development, multiskilling and jointly designed pathways for new industrial technologies

ENVIRONMENTAL RESILIENCE, CLUSTER STRATEGY AND LEARNING CULTURE

Turn climate, water and environmental pressures into resilience and market advantage through plant- and cluster-level climate and water assessments, circular manufacturing models and environmentally responsible product design, supported by strong governance, health, safety and environmental practices, futures-based cluster strategies, and shared risk and resilience registers that track performance and translate lessons into policy and firm level improvements.

Taken together, these priorities position UmphakathiVuka as a practical framework for rebuilding Southern Africa's manufacturing base that strengthens productivity, resilience, inclusion and long-term competitiveness. In this form, the sector can move beyond repeated crisis response toward a more coordinated model of industrial renewal that supports both economic value creation and broader social stability.



2.9 Mining

2.9.1 IRMSA Top 10 Risks Impact on Sector

The short sector overview shows that mining is both a strategic economic anchor and a highly exposed operating system, with performance directly influenced by failures in energy, infrastructure, governance and social stability. The Top 10 Southern African risks therefore provide a practical lens for understanding how national systemic pressures translate into production losses, project delays, weaker competitiveness and higher capital risk in mining.



ECONOMIC OUTLOOK

The mining sector faces a volatile but opportunity rich outlook, influenced by global commodity price cycles, energy and logistics constraints, and rising demand for transition critical minerals.

KEY PRIORITIES

Improving infrastructure reliability, strengthening regulatory certainty and governance, advancing decarbonisation and technology adoption, and reinforcing social licence through effective community engagement are critical to sustaining sector resilience and competitiveness.



AVE RANK 1	AVE RANK 2	AVE RANK 3	AVE RANK 4	AVE RANK 5
Electricity, energy and national grid failure	Critical infrastructure and capacitated infrastructure failure	Governance and leadership failure, state incapacity and institutional breakdown	Systemic corruption, fraud, unethical conduct and organised crime eroding the rule of law, safety and security	Economic crisis, macroeconomic weakness and a non-competitive economy
Production loss and competitiveness erosion	Export constraints and investment diversion	Policy uncertainty and delayed projects	Cost escalation and social licence damage	Margin compression and exit from the sector
<i>Persistent power cuts and grid instability curtail production time, damage equipment and require costly backup power, raising unit costs and undermining competitiveness while threatening shaft safety, employment and investment.</i>	<i>Failures in rail, ports, roads, water and digital networks limit export volumes, raise logistics costs, disrupt supply chains and deter new projects, shortening mine lives and pushing investment to other jurisdictions.</i>	<i>Weak governance and inconsistent enforcement slow permitting and infrastructure reform, increase policy and compliance uncertainty, raise risk premiums and delay or downsize capital projects despite strong resource potential</i>	<i>Corruption, organised crime and illegal mining increase operating costs and unpredictability, damage infrastructure, endanger workers and communities, divert ore into illicit channels and weaken social licence, deterring long-term capital.</i>	<i>Weak growth, macro instability, cost inflation and wage pressure squeeze margins, increase sovereign and currency exposure and reduce fiscal capacity for infrastructure, accelerating mine closures, job losses and capital flight</i>
AVE RANK 6	AVE RANK 7	AVE RANK 8	AVE RANK 9	AVE RANK 10
Political instability and constrained cohesive politics	Climate change and climate resilience failure	Water scarcity and water crises	Unemployment, income disparity, inequality and lack of social cohesion	Cyber risk and digital disruption
Reform delay and operational disruption	Safety threats and climate-driven market pressure	Production constraints and community conflict	Heightened expectations and site-level conflict	Digital operations disruption and delayed modernisation
<i>Political volatility and shifting policies slow mining and infrastructure reforms, while social unrest disrupts operations, threatens safety and interrupts export routes, undermining investor confidence and long-term planning.</i>	<i>Rising heat, storms, floods and droughts affect pit and underground safety, water availability and tailings stability, increasing interruption and liability, while slow decarbonisation and adaptation reduce access to climate-sensitive markets and finance.</i>	<i>Water shortages and failing bulk-water systems force cutbacks in water-intensive processes, raise the cost of securing supply and heighten environmental breaches and community tensions when mines compete with other users.</i>	<i>Deep unemployment and inequality intensify demands for jobs, procurement and social investment, fuelling protests, blockades and criminality around mines and increasing the importance of credible shared-value and social-labour commitments.</i>	<i>Cyber-attacks on increasingly digital and automated mines can halt production, compromise safety systems and expose sensitive data, causing downtime, financial and reputational damage and slowing digital-transformation gains</i>

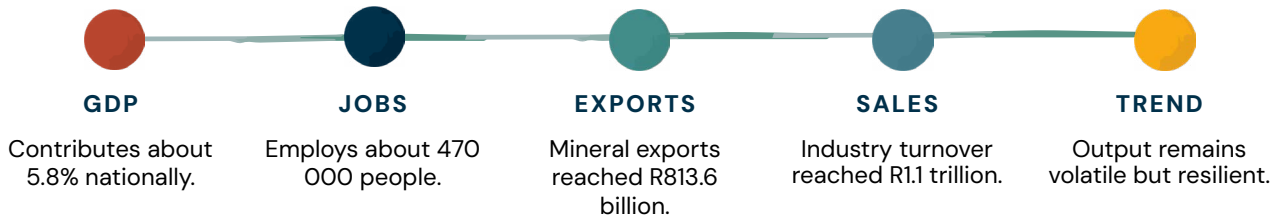
Taken together, these risks show that mining performance in Southern Africa is shaped as much by the national operating environment as by geology or commodity prices. This provides the bridge to the next section, where the SWOT and PESTLE findings are rewritten as a market report on competitiveness, resilience and structural exposure in the sector.

2.9.2

Sectoral Profile

2.9.2.1

Sector at a Glance



2.9.2.2

Internal Context: SWOT

STRENGTHS

- Large, diversified and strategic mineral endowment
- Mature mining ecosystem and institutional capabilities
- Demonstrated financial and operational resilience in recent cycles
- Policy recognition of critical minerals and just-transition role
- Increasing use of risk, ESG and resilience frameworks

WEAKNESSES

- Ageing, deep-level assets and structurally high-cost base
- Chronic dependence on fragile energy and logistics systems
- Regulatory complexity, overlap and permitting delays
- Social-licence fragility and community tensions
- Illegal mining, crime and security vulnerabilities

OPPORTUNITIES

- Rising global demand for critical minerals
- On-site and regional renewable-energy and storage solutions
- Technology, automation and data-driven operations
- Proactive closure, rehabilitation and post-mining land use
- Regional value chains, local procurement and skills development

THREATS

- Commodity-price volatility and macro-financial uncertainty
- Intensifying climate-change physical and transition risks
- ESG scrutiny, litigation and access-to-capital risk
- Labour relations, safety incidents and health risks
- Geo-economic fragmentation and policy volatility

2.9.2.3

External Context: PESTLE

 <p>POLITICAL</p> <ul style="list-style-type: none"> • Strategic importance of mining in national policy • Mining regulatory framework and policy certainty • Governance of sector-relevant SOEs and regulators • Security, law enforcement and response to illegal mining 	 <p>ECONOMIC</p> <ul style="list-style-type: none"> • Commodity-price cycles and global demand • Cost pressures and productivity trends • Infrastructure and logistics performance • Investor sentiment, country risk and access to capital 	 <p>SOCIAL</p> <ul style="list-style-type: none"> • Legacy of inequality, labour history and community expectations • Health, safety and community impact concerns • Labour relations, strikes and workforce transitions • Illegal mining and informal economic networks
 <p>TECHNOLOGICAL</p> <ul style="list-style-type: none"> • Mechanisation, automation and digitalisation • Exploration, geoscience and innovation capacity • Tailings, water and waste management technologies • Cyber-security of operational and information systems 	 <p>LEGAL</p> <ul style="list-style-type: none"> • Mining, environmental and water legislation • Social and Labour Plans (SLPs) and transformation obligations • Occupational health, safety and labour law • ESG, disclosure and global due-diligence standards 	 <p>ENVIRONMENTAL</p> <ul style="list-style-type: none"> • Climate change and physical-risk exposure • Water scarcity and catchment stress • Biodiversity, land disturbance and closure liabilities • Transition risk and decarbonisation pathways

2.9.2.4

Risks, Controls & Opportunities

AVE RANK	RISKS	CONTROLS (EXISTING / TYPICAL)	OPPORTUNITIES
1	Energy insecurity increases costs and reduces productivity.	Renewable projects, efficiency, load management, backup systems implemented.	Self generation and partnerships improve energy resilience.
2	Logistics bottlenecks disrupt exports and increase costs.	Routing alternatives, stockpiles, security, contractual protections implemented.	Infrastructure partnerships and logistics technology improve efficiency.
3	Policy uncertainty delays investment and increases risk.	Regulatory engagement, compliance, permitting strategies, advocacy implemented.	Streamlined approvals unlock exploration and expansion investment.
4	ESG risks create conflict and threaten operations.	Community engagement, SLPs, procurement, labour relations managed.	Shared value projects and ESG performance attract investment.
5	Safety and environmental incidents increase operational risks.	Safety frameworks, training, monitoring, environmental systems implemented.	Automation and innovation improve safety and sustainability outcomes.
6	Commodity volatility affects revenues and investment planning.	Hedging, diversification, flexible capex, balance sheet discipline applied.	Critical minerals and value addition improve resilience.
7	Illegal mining and crime threaten operations and safety.	Security measures, law enforcement collaboration, monitoring systems implemented.	Technology and community partnerships improve site security.
8	Climate risks increase costs and affect operations.	Climate strategies, water management, decarbonisation, disclosures implemented.	Green finance and low carbon mining create advantage.
9	Skills shortages limit productivity and innovation capacity.	Training programmes, succession planning, contractor support implemented.	Reskilling and partnerships build future workforce capabilities.
10	Ageing assets increase costs and safety risks.	Modernisation, standards, closure planning, divestment implemented.	Mechanisation and land repurposing improve long term sustainability.

2.9.2.5

UmphakathiVuka Next Steps

The above analysis shows that mining resilience cannot be built solely through technical controls. It requires shared action across companies, regulators, labour, communities, local government and financiers. The UmphakathiVuka next steps below therefore translate the sector's risk picture into a practical agenda for more inclusive, stable and future-fit mining.

MINING UMPHAKATHIVUKA COMPACT AND SHARED GOVERNANCE

Build a shared compact for a just and resilient mining system by aligning major and junior mining companies, labour, equipment manufacturers, regulators, financiers, communities and traditional leaders around the most material systemic risks and clearly defined resilience and inclusion outcomes.

ENERGY- AND LOGISTICS-SECURE, FUTURE-FIT OPERATIONS

Reduce dependence on unstable electricity and logistics by scaling self-generation, storage, corridor stabilisation and shared maintenance in mining regions, while using technology, mechanisation and analytics to improve safety, predictability and productivity with deliberate workforce transition planning and decent-work commitments.

JUST TRANSITION, CRITICAL MINERALS AND LOCAL ECONOMIES

Use the move to a low-carbon economy and the rise of critical minerals to protect workers and mining-affected communities through reskilling, regional diversification and fair transition plans that deliberately tie new investment to local economic benefits and more resilient town and regional economies.

SOCIAL LICENCE, SAFETY, SECURITY AND COMMUNITY WELLBEING

Place community partnership, worker dignity and public safety at the centre of mining resilience through long-term development compacts, credible grievance mechanisms, alignment with municipalities, focused support for vulnerable groups, and coordinated responses to organised crime, illegal mining and violence.

ENVIRONMENTAL STEWARDSHIP, REGULATORY CERTAINTY AND SHARED LEARNING

Convert environmental, climate and water pressures into resilience value through integrated climate, water, closure and rehabilitation planning, supported by more predictable and capable regulation, deeper local and regional supply chains, and shared risk registers and scorecards that track safety, environmental performance, community partnerships, and energy and logistics resilience.

Viewed as a whole, these next steps position UmphakathiVuka as a practical framework for strengthening resilience through shared responsibility, institutional renewal, community partnership and long-term investment. In doing so, mining can remain a strategic national asset while contributing more credibly to inclusive growth, regional renewal and durable economic resilience.



2.10 Professional Services

2.10.1 IRMSA Top 10 Risks Impact on Sector

The short sector overview highlights that Professional Services derives its value from trust, expertise and continuity, yet these same characteristics also make the sector highly exposed to systemic disruption in the broader economy and governance environment. The IRMSA Top 10 Risks below show how national risk conditions translate into specific operational, reputational, financial and strategic pressures for firms across legal, audit, consulting, engineering, tax, cyber and other advisory disciplines.



ECONOMIC OUTLOOK

The professional services sector is expected to experience moderate growth, supported by sustained demand for advisory, assurance and digital services, but constrained by cost pressures, talent competition and uneven economic performance.

KEY PRIORITIES

Strengthening digital and cyber capabilities, protecting professional standards and trust, addressing talent retention and skills development, and innovating service delivery models to enhance value and accessibility are critical to sustaining sector resilience and relevance.



AVE RANK 1	AVE RANK 2	AVE RANK 3	AVE RANK 4	AVE RANK 5
<p>Cyber risk and digital disruption</p> <p>Data breach exposure and digital dependency</p> <p><i>A single cyber incident can simultaneously disrupt operations, trigger regulatory action, damage reputation and cause mandate losses, while rapid adoption of cloud and artificial intelligence expands exposure faster than defences mature.</i></p>	<p>Economic crisis, macroeconomic weakness and a non-competitive economy</p> <p>Impact on sector Demand contraction and business model shift</p> <p><i>Structural stagnation and client cost-cutting reduce demand, compress margins and delay payments, pushing firms toward more integrated, outcome linked and product-based offerings to remain viable.</i></p>	<p>Critical infrastructure and capacitated infrastructure failure</p> <p>Delivery disruption and talent drain</p> <p><i>Failures in energy, transport, water and digital infrastructure undermine time critical services, suppress client investment and contribute to emigration of skilled professionals, amplifying other pressures on the sector</i></p>	<p>Electricity, energy and national grid failure</p> <p>Platform instability and delayed client decisions</p> <p><i>Power interruptions disrupt cloud-based delivery, secure remote work and digital client services, while persistent energy instability slows client investment and project flows, making resilient power and digital architectures essential.</i></p>	<p>Governance and leadership failure, state incapacity and institutional breakdown</p> <p>Non-payment exposure and ethical tension</p> <p><i>Fragile public institutions increase non-payment risk, create reputational exposure when firms are linked to failures and simultaneously raise demand for assurance and advisory work, testing independence and ethical leadership.</i></p>
<p>Systemic corruption, fraud, unethical conduct and organised crime eroding the rule of law, safety and security</p> <p>Gatekeeper strain and integrity premium</p> <p><i>Widespread corruption heightens exposure under anti-money laundering and gatekeeper expectations and increases reputational contagion, while also raising demand for independent risk, control and governance expertise, making ethical culture a core differentiator.</i></p>	<p>Political instability and constrained cohesive politics</p> <p>Planning uncertainty and foresight opportunity</p> <p><i>Political volatility complicates long-term planning, transactions and public mandates but increases demand for independent scenario work and policy analysis, favouring firms with diversified clients and strong foresight capabilities.</i></p>	<p>Climate change and climate resilience failure</p> <p>Indirect disruption and new advisory demand</p> <p><i>Climate impacts on infrastructure and client value chains, together with expanding climate and sustainability disclosure mandates, create growing demand for climate risk, continuity and just transition advisory services.</i></p>	<p>Unemployment, income disparity, inequality and lack of social cohesion</p> <p>Talent pipeline fragility and client base erosion</p> <p><i>High unemployment and inequality weaken the mid-level talent pool through emigration and burnout and shrink the domestic middle-market client base, constraining growth.</i></p>	<p>Water scarcity and water crises</p> <p>Client disruption and water focused advisory growth</p> <p><i>Water stress disrupts clients in water intensive sectors and heightens social and infrastructure strain, while driving demand for water risk, environmental and infrastructure advisory and requiring stronger water planning in firms' own continuity arrangements.</i></p>

Taken together, these risks show that the Professional Services sector is not insulated from national decline. Rather, it sits at the point where systemic stress, institutional weakness and market disruption are interpreted, managed and often absorbed. This leads directly into the next section, where the sector's strengths, vulnerabilities and external drivers are recast as a market report through the SWOT and PESTLE lens.

2.10.2

Sectoral Profile

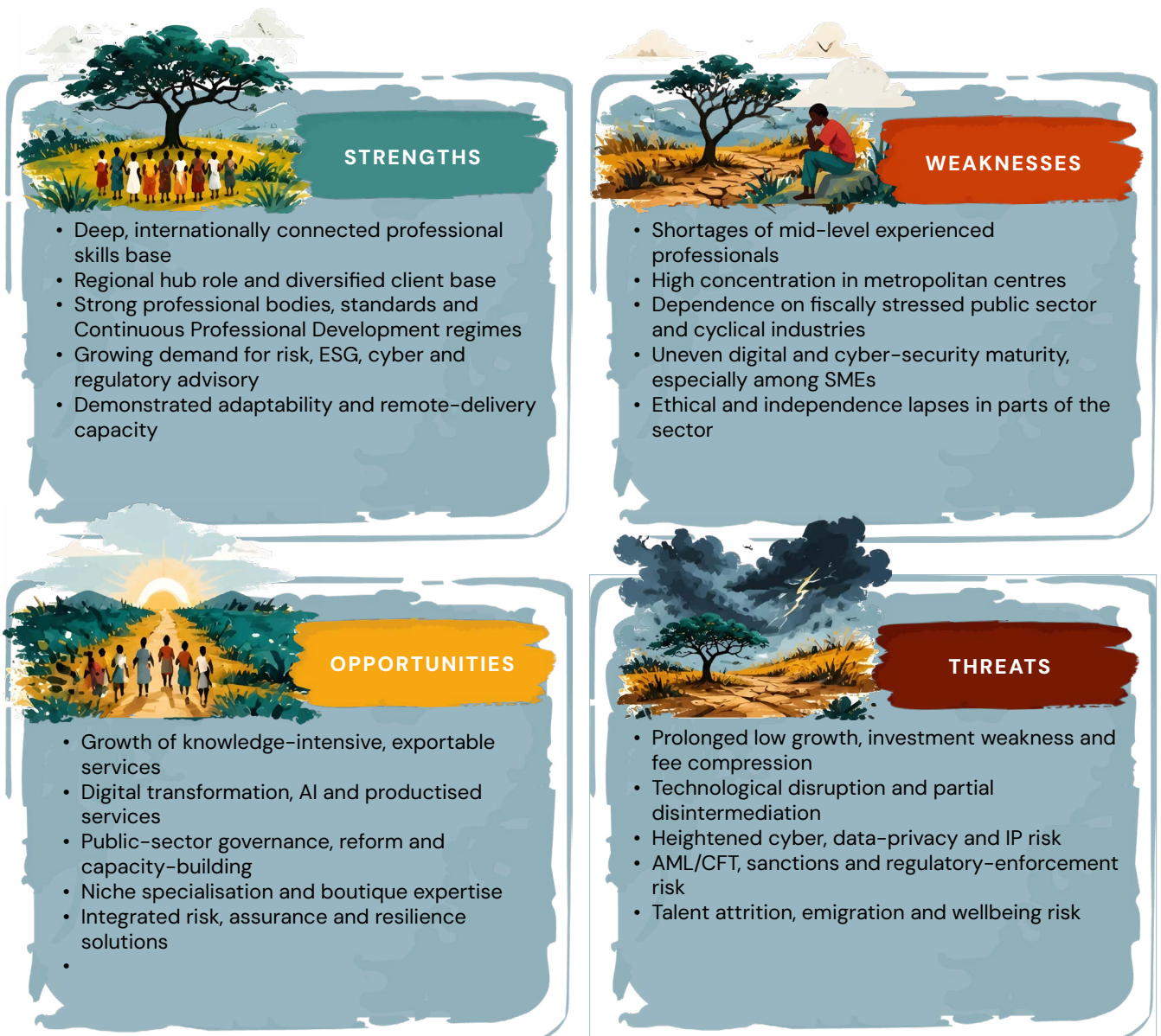
2.10.2.1

Sector at a Glance



2.10.2.2

Internal Context: SWOT



2.10.2.3

External Context: PESTLE



2.10.2.4

Risks, Controls & Opportunities

AVE RANK	RISKS	CONTROLS (EXISTING / TYPICAL)	OPPORTUNITIES
1	Technological disruption threatens traditional professional service models.	Digital transformation, AI governance, ethics, automation adopted.	AI enabled services improve value and productivity.
2	Economic volatility reduces demand for professional services.	Diversification, cost control, scenario planning, annuity income applied.	Countercyclical services and African expansion drive growth.
3	Talent shortages and emigration reduce skills availability.	Training pipelines, retention strategies, flexible work models implemented.	Centres of excellence and academies expand capabilities.
4	Cyber risks threaten sensitive client data security.	Data protection, encryption, monitoring, response plans implemented.	Cyber advisory and digital trust services expand.
5	Competition increases pricing pressure and margin erosion.	Differentiation, quality investment, alliances, value pricing applied.	Productised services and niche expertise improve competitiveness.
6	Regulatory risks create legal exposure and compliance burdens.	Compliance frameworks, indemnity cover, quality systems enforced.	Compliance advisory and Regulatory Technology (RegTech) services drive growth.
7	Client concentration increases exposure to sector shocks.	Diversification, client limits, cross selling strategies implemented.	SME focus and sector diversification expand markets.
8	Transformation gaps affect access to opportunities.	BEE strategies, equity plans, supplier development implemented.	Inclusive partnerships improve access and competitiveness.
9	Geopolitical risks affect cross border operations viability.	Risk assessments, sanctions screening, legal expertise applied.	Advisory on geopolitics and trade expands services.
10	Operational risks threaten continuity of critical services.	Business Continuity Plan (BCP), succession planning, redundancy, knowledge management implemented.	Resilience advisory and distributed teams improve continuity.

2.10.2.5

UmphakathiVuka Next Steps

The preceding sections show that Professional Services occupies a distinctive role in Southern Africa's resilience landscape because it not only absorbs risk internally, but also helps clients, institutions and communities understand and respond to systemic uncertainty. The UmphakathiVuka priorities below therefore position the sector as both a beneficiary and a builder of wider societal resilience.

SHARED RESILIENCE COMPACT AND ETHICS

Position professional services as a backbone of societal resilience through a visible compact that centres ethics, independence and the public interest, with stronger peer review, discipline and conflict-of-interest safeguards.

INCLUSIVE ACCESS AND TRANSFORMED TALENT

Extend professional support beyond major cities via satellite, virtual and partnership models, while building diverse, mid-level talent pipelines through mentoring, flexible careers, secondments and inclusive, people-centred workplace cultures.

DIGITAL, CYBER-SECURE AND VALUE-ADDING PRACTICE

Treat client data and digital systems as shared trust assets by raising minimum cyber, privacy and continuity standards, especially for smaller firms, and using technology and artificial intelligence to free people for judgement, ethics and complex advisory work.

PUBLIC SECTOR PARTNERSHIP AND INTEGRATED RESILIENCE

Support a capable, ethical and people-centred state through long-term, co-created programmes in governance, risk, auditing, procurement, digital government and infrastructure, and offer clients integrated resilience solutions that combine risk, assurance, regulation and organisational continuity.

FORESIGHT, EXPORTABLE SERVICES AND TRANSPARENCY

Use regular scenario work and shared risk registers to guide sector strategy, expand exportable knowledge and resilience services through remote and hub-and-spoke models, and improve public transparency on ethics, skills, cyber events, inclusion and sector-wide lessons.

Taken together, these priorities position Professional Services not merely as a commercial sector, but as an institutional partner in rebuilding trust, strengthening capability and supporting more resilient public and private systems. In this way, UmphakathiVuka provides a practical framework for linking professional excellence with public value, inclusive growth and long-term national resilience.



2.11

Public Services

2.11.1

IRMSA Top 10 Risks

Impact on Sector

The short sector overview highlights that Public Services does not merely experience risk passively. It is also the primary mechanism through which the state responds to social, economic, environmental and institutional disruption. The IRMSA Top 10 Risks below therefore illustrate how national risk conditions translate into direct pressure on governance, continuity, infrastructure, trust, service delivery and public sector legitimacy.



ECONOMIC OUTLOOK

The public services sector faces a constrained and uneven outlook, shaped by fiscal pressures, rising service delivery demands and infrastructure backlogs, with gradual reform and digitalisation offering selective efficiency gains.

KEY PRIORITIES

Strengthening governance and accountability, rebuilding institutional capacity and professionalism, modernising systems and infrastructure, and improving service delivery reliability and public trust are critical to enhancing sector resilience.



AVE RANK 1	AVE RANK 2	AVE RANK 3	AVE RANK 4	AVE RANK 5
Governance and leadership failure, state incapacity and institutional breakdown	Systemic corruption, fraud, unethical conduct and organised crime eroding the rule of law, safety and security	Economic crisis, macroeconomic weakness and a non-competitive economy	Climate change and climate resilience failure	Critical infrastructure and capacitated infrastructure failure
Service breakdown and trust erosion	Resource leakage and safety concerns	Fiscal strain and reduced service capacity	Disaster damage and escalating repair burden	Reliability loss and forced self-provision
<i>Persistent governance weaknesses, leadership instability and weak consequence management drive corruption and project delays, undermine planning and budgeting, and lead to ongoing service failures, protests and wasted public funds.</i>	<i>Corruption, procurement abuse, infrastructure theft and extortion divert resources, damage assets, delay projects and weaken financial controls, causing losses, service failures, higher safety risks and deep public mistrust</i>	<i>Weak growth, high costs and constrained public finances reduce investment, close businesses and cut jobs, shrinking municipal revenues and limiting the ability to maintain infrastructure, expand services and support inclusive development.</i>	<i>More frequent storms, floods, heatwaves and water stress damage core infrastructure, disrupt services, increase repair backlogs and costs and strain disaster-management capacity for households and local economies.</i>	<i>Ageing, poorly maintained and vandalised assets cause frequent outages and disruptions, drive protests, push communities and businesses to self-provide services and raise operating costs while undermining confidence in public provision.</i>
AVE RANK 6	AVE RANK 7	AVE RANK 8	AVE RANK 9	AVE RANK 10
Electricity, energy and national grid failure	Cyber risk and digital disruption	Unemployment, income disparity, inequality and lack of social cohesion	Political instability and constrained cohesive politics	Water scarcity and water crises
Operational disruption and uneven access	Digital service interruption and data exposure	Rising social pressure on strained systems	Decision paralysis and talent loss	Service interruptions and health threats
<i>Power interruptions and asset failures disrupt municipal operations and critical facilities, increase backup and repair costs, encourage business relocation and deepen inequities in access to reliable services.</i>	<i>Growing dependence on digital systems exposes public entities to breaches, outages and online fraud that can halt billing and service platforms, cause privacy violations and financial loss and weaken confidence in digital government.</i>	<i>High unemployment, rising living costs and inequality fuel crime, protests and demand for social support, increasing pressure on public services, budgets, staff and community relations.</i>	<i>Coalition volatility, contestation and protests delay decisions, reforms and infrastructure programmes, undermine policy consistency and investor confidence and discourage skilled staff from staying or fully contributing</i>	<i>Ageing and constrained water systems cause outages, leaks and sewer spills that disrupt users, raise environmental and health risks and fuel community frustration, protests and reputational damage for municipalities</i>

Taken together, these risks show that the Public Services sector sits at the centre of Southern Africa's resilience challenge, as failures in the sector amplify instability across the rest of society and the economy. This creates a natural bridge to the next section, where the sector's SWOT and PESTLE inputs are recast into a market style narrative that explains how structural strengths and weaknesses interact with the external environment.

2.11.2

Sectoral Profile

2.11.2.1

Sector at a Glance



2.11.2.2

Internal Context: SWOT

STRENGTHS

- Constitutional, legal and policy mandate for a capable, developmental state
- Extensive service-delivery footprint and social-protection systems
- Growing focus on continuity, resilience and ERM
- Oversight ecosystem and external assurance mechanisms
- Professionalisation and capability-building initiatives

WEAKNESSES

- Uneven institutional capacity and readiness across spheres
- Governance weaknesses, corruption and politicisation
- Ageing, under-maintained and vulnerable infrastructure
- Fragmented and inconsistently embedded risk management
- Limited cyber-resilience across public-sector information systems

OPPORTUNITIES

- Professionalisation, ethics and culture reforms
- Digital government, data integration and analytics
- Integrated disaster-risk reduction and climate-resilient planning
- Public-private and community partnerships for resilience
- Critical-infrastructure and threat-risk assessments

THREATS

- Recurrent service-delivery failures and social unrest
- High crime, vandalism and infrastructure sabotage
- Fiscal constraints and rising demand for services
- Climate change, disasters and environmental degradation
- Escalating cyber-threats to public-sector systems

2.11.2.3

Context: PESTLE



2.11.2.4

Risks, Controls & Opportunities

AVE RANK	RISKS	CONTROLS (EXISTING / TYPICAL)	OPPORTUNITIES
1	Service failures and backlogs trigger unrest.	Plans, grants, BCPs, risk analysis implemented.	Resilient infrastructure and partnerships improve delivery.
2	Corruption and fraud erode trust and resources.	Controls, audits, investigations, whistleblowing mechanisms implemented.	Analytics and digital procurement improve transparency.
3	Political instability undermines governance and planning.	Governance frameworks, oversight, coordination mechanisms implemented.	Professionalisation and merit appointments improve stability.
4	Capacity constraints limit policy implementation effectiveness.	Training, partnerships, ICT modernisation programmes implemented.	Automation and shared services improve capacity.
5	Weak risk management leaves key risks unmanaged.	Frameworks, policies, committees, ERM processes implemented.	Integrated risk management improves decision making.
6	Climate risks disrupt services and strain capacity.	Disaster plans, legislation, early warning systems implemented.	Climate resilience integration improves recovery and preparedness.
7	Complex regulations create duplication and implementation delays.	Coordination mechanisms, guidance, aligned planning frameworks implemented.	Simplification and cross programmes improve efficiency.
8	Cyber risks threaten services and citizen data.	ICT policies, controls, backups, response plans implemented.	Secure digital platforms improve resilience and services.
9	Poor data limits decision making and performance.	Monitoring systems, policies, limited analytics tools implemented.	Data platforms and analytics improve insights.
10	Labour relations risks disrupt public service delivery.	Bargaining structures, policies, wellbeing programmes implemented.	Modern HR and engagement improve service quality.

2.11.2.5

UmphakathiVuka Next Steps

The previous sections demonstrate that Public Services must be strengthened not only as an administrative system, but also as a social contract mechanism through which the state rebuilds trust, continuity and resilience. The UmphakathiVuka actions below therefore frame public-sector renewal as a shared undertaking rooted in ethics, accountability, inclusion and practical service delivery improvement.

PUBLIC SERVICES UMPHAKATHIVUKA COMPACT AND SHARED GOVERNANCE

Build a shared compact for a capable, ethical and people-centred state by aligning all spheres of government, public entities, oversight bodies, labour, communities and social partners on the most material systemic risks, clear roles and shared resilience outcomes.

PROFESSIONAL, ETHICAL LEADERSHIP AND RESILIENT BASICS

Restore trust through professional, ethical leadership and administration, using professionalisation frameworks, ethics programmes, lifestyle audits and real consequence management, while stabilising core basic services and infrastructure such as water, sanitation, roads, energy-linked assets and digital systems through climate-resilient design, maintenance and community-informed planning.

EMBEDDED RISK, CONTINUITY AND CLIMATE-RESILIENT PLANNING

Make risk management, continuity planning, disaster-risk reduction and long-term foresight central to decision-making by integrating risk registers, budgets, performance plans, climate-risk assessments and scenario planning so that institutions move from compliance to genuine resilience management. The Municipal Risk and Resilience Guideline, sponsored by SASRIA, authored by IRMSA and owned by SALGA, constitutes a formal and practical exemplar of such an initiative.

DIGITAL GOVERNMENT, FISCAL RESILIENCE AND PUBLIC SERVANTS' WELLBEING

Use digital government to improve service access, responsiveness and data protection through integrated platforms, cybersecurity baselines, skills development and tested incident response, while applying a resilience and equity lens to budgeting, staffing, maintenance, procurement and social protection, and treating public servants as critical resilience assets through capability-building, better tools and psychosocial support.

COMMUNITY PARTNERSHIPS, PROTECTION OF CRITICAL ASSETS AND PUBLIC TRANSPARENCY

Co-govern resilience with communities via ward structures, civil-society forums and participatory planning, protect key public assets and frontline workers through coordinated threat and risk management, and make performance visible with simple public scorecards on service reliability, maintenance, governance, cyber and disaster readiness to strengthen legitimacy, oversight and shared learning across sectors.

Collectively, these next steps position UmphakathiVuka as a practical public-sector resilience agenda rather than a purely conceptual framework. In this form, the sector can begin to move from fragmented response toward a more ethical, coordinated and citizen-centred model of institutional renewal.



2.12

Tourism and Hospitality

2.12.1

IRMSA Top 10 Risks

Impact on Sector

The short sector overview highlights that Tourism and Hospitality is highly exposed to system wide shocks because visitor demand, service quality and investor confidence are all sensitive to failures beyond the control of individual operators. Against this backdrop, the IRMSA Top 10 risks provide a useful framework for the external pressures most likely to shape sector resilience, competitiveness, and recovery prospects



ECONOMIC OUTLOOK

The tourism and hospitality sector is expected to experience gradual recovery and growth, supported by returning international demand and domestic travel, but constrained by infrastructure weaknesses, cost pressures and safety concerns.

KEY PRIORITIES

Enhancing safety and destination competitiveness, improving infrastructure reliability, strengthening skills and service quality, and advancing coordinated, climate resilient and inclusive tourism development are critical to sustaining sector growth and resilience.



AVE RANK 1	AVE RANK 2	AVE RANK 3	AVE RANK 4	AVE RANK 5
Economic crisis, macroeconomic weakness and a non-competitive economy	Governance and leadership failure, state incapacity and institutional breakdown	Political instability and constrained cohesive politics	Systemic corruption, fraud, unethical conduct and organised crime eroding the rule of law, safety and security	Electricity, energy and national grid failure
Demand contraction and investment hesitation <i>Weaker growth and shrinking travel budgets reduce domestic, corporate and government travel, heighten price sensitivity and cancellations, and discourage investment in new tourism infrastructure as currency volatility lifts input costs.</i>	Service inconsistency and reputation damage <i>Governance failures lead to unreliable basic services, weak destination management, slow approvals and investment bottlenecks, which erode visitor experience, raise operating challenges and weaken destination reputation.</i>	Arrival decline and event cancellation <i>Political instability and unrest can trigger travel advisories, insurance limits and cancellations, rapidly reducing international arrivals, conference bookings and high-value leisure demand..</i>	Higher costs and safety concerns for visitors <i>Corruption and crime increase operating and compliance costs, complicate permits and licences and heighten safety fears, undermining brand positioning and making international operators reluctant to include destinations</i>	Service disruption and cost escalation <i>Power cuts disrupt accommodation, venues, attractions and digital bookings, forcing investment in backup energy and raising costs, with direct impact on service quality, guest satisfaction and competitiveness.</i>
AVE RANK 6	AVE RANK 7	AVE RANK 8	AVE RANK 9	AVE RANK 10
Critical infrastructure and capacitated infrastructure failure	Climate change and climate resilience failure	Water scarcity and water crises	Unemployment, income disparity, inequality and lack of social cohesion	Cyber risk and digital disruption
Access constraints and weaker visitor experience <i>Poor transport, water, digital networks and public amenities limit access, increase travel time and uncertainty, complicate events and degrade the visitor journey, reducing repeat business and spend.</i>	Seasonality shifts and adaptation burden <i>Changing climate patterns and extreme weather affect attractions, stress water-intensive operations and require costly adaptation, while shifting global preferences away from more exposed destinations</i>	Capacity limits and reputational strain <i>Water shortages and rationing disrupt hospitality and attractions, drive usage restrictions and constrain capacity at peak times, while raising concerns among visitors about responsible resource use.</i>	Security concerns and constrained local demand <i>High unemployment and inequality can fuel crime, protests and informal activity around tourist nodes, raising security concerns and limiting domestic demand and inclusive tourism development</i>	Digital trust erosion and booking interruption <i>Cyber incidents affecting bookings, payments, loyalty and customer data disrupt services, cause financial loss and damage trust among guests, tour operators and online travel partners.</i>

Taken together, these risks show that Tourism and Hospitality is not only demand led but also deeply dependent on the performance of public infrastructure, social stability, governance quality and digital trust. This sets up the next section, which interprets the sector's SWOT and PESTLE findings as a market report on resilience, competitiveness and structural vulnerability.

2.12.2

Sectoral Profile

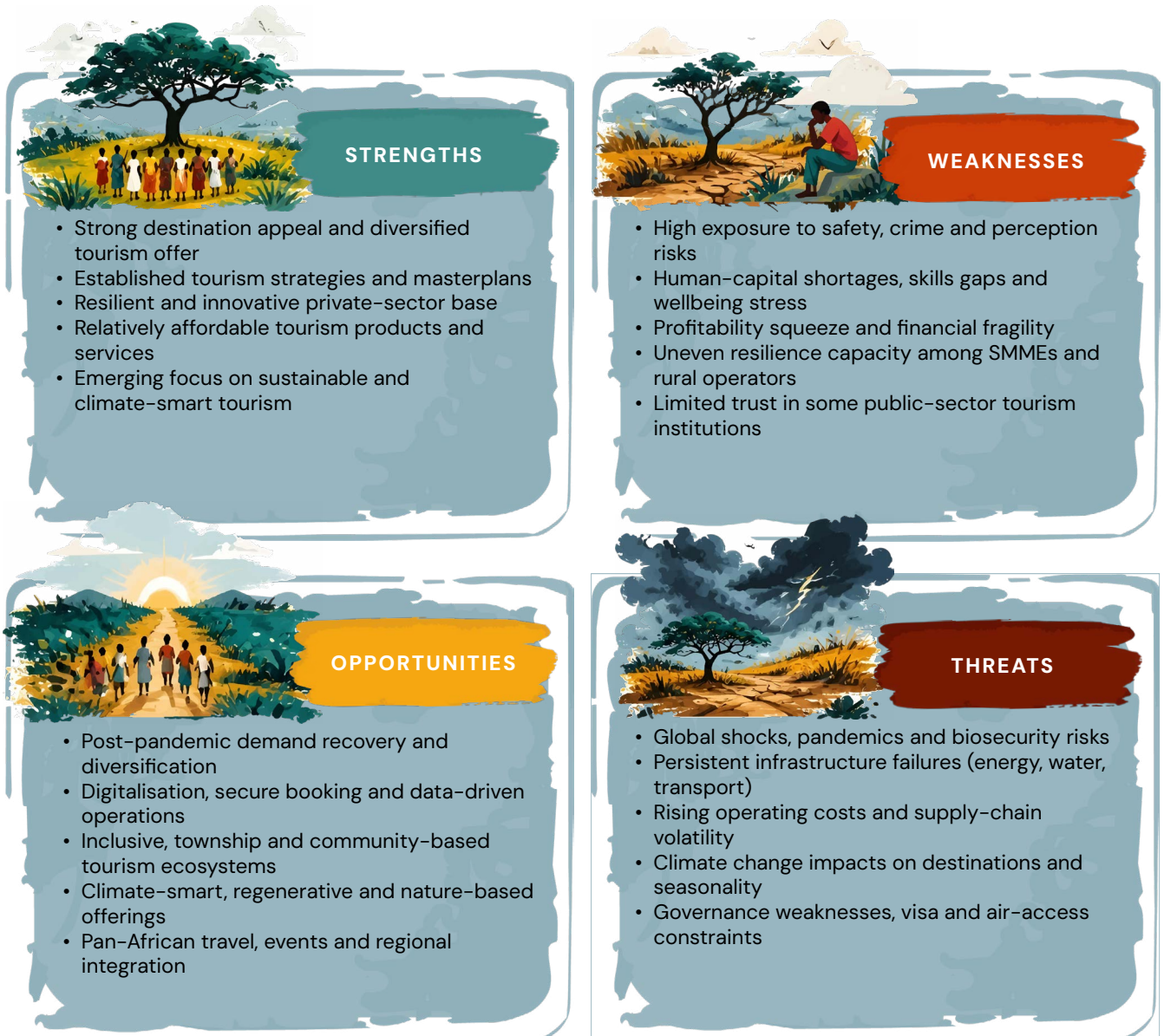
2.12.2.1

Sector at a Glance



2.12.2.2

Internal Context: SWOT



2.12.2.3

External Context: PESTLE



2.12.2.4

Risks, Controls & Opportunities

AVE RANK	RISKS	CONTROLS (EXISTING / TYPICAL)	OPPORTUNITIES
1	Skills shortages constrain hospitality service quality delivery.	Training, casual staff, partnerships, wellbeing initiatives implemented.	Talent pipelines and technology improve productivity.
2	Rising costs compress margins despite demand recovery.	Cost control, pricing, efficiency, contract renegotiation applied.	Data driven pricing and lean operations improve margins.
3	Infrastructure unreliability disrupts operations and guest experience.	Backup systems, maintenance, contingency planning implemented.	Resilient infrastructure and partnerships improve continuity.
4	Safety risks damage tourism reputation and demand.	Security measures, collaboration, training, monitoring implemented.	Safe tourism offerings and partnerships enhance competitiveness.
5	External shocks disrupt tourism demand and operations.	Continuity plans, diversification, hygiene protocols implemented.	Flexible models and domestic tourism improve resilience.
6	Climate risks affect tourism assets and seasonality.	Conservation, water saving, risk planning implemented.	Sustainable tourism attracts high value segments.
7	Concentration increases exposure to localised shocks.	Diversification, marketing, secondary destination promotion implemented.	New tourism niches and clusters expand demand.
8	Limited inclusion creates social and economic risks.	Enterprise support, training, local procurement implemented.	Inclusive ecosystems strengthen tourism value chains.
9	Regulatory complexity increases compliance burden for operators.	Industry guidance, compliance support, standards adherence implemented.	Simplified regulations and incentives improve competitiveness.
10	Trust deficits weaken coordination and destination management.	Industry engagement, forums, limited collaboration implemented.	Strong partnerships improve resilience and coordination.

2.12.2.5

UmphakathiVuka Next Steps

The former analysis indicates that Tourism and Hospitality can be a national resilience asset only if it is managed as a shared public-private-community system rather than as a set of isolated businesses. The UmphakathiVuka next steps provide a practical sector agenda grounded in inclusion, foresight, service, coordination and resilience.

TOURISM COMPACT, SAFETY AND INCLUSION

Build a shared tourism compact that makes safety and perceived safety a joint responsibility and places township, rural and community tourism at the centre of resilience through investment, digital support and co-owned governance.

HUMAN CAPITAL, SKILLS AND WELLBEING

Treat tourism workers as core resilience assets by expanding apprenticeships, continuous learning, language and digital skills, mental health support and progression pathways for youth and women

ENERGY, WATER AND INFRASTRUCTURE RESILIENCE

Protect continuity and guest experience from infrastructure failures through investment in renewable energy, water saving systems and storage, stronger municipal coordination and tailored support for smaller enterprises.

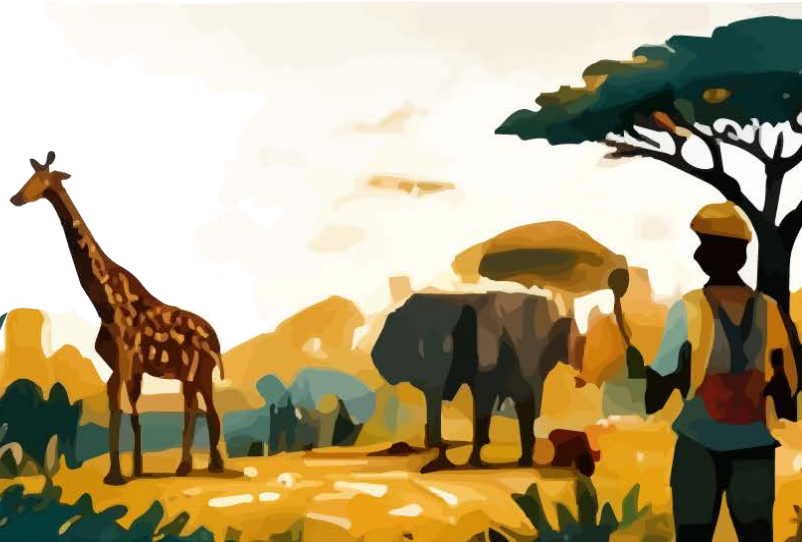
CLIMATE-SMART AND DIGITAL RESILIENCE

Turn climate and nature risks into drivers of long-term destination strength while using secure digital platforms, stronger cyber controls, better demand analytics and improved digital access for smaller operators to build resilience and trust.

GOVERNANCE, FINANCE AND FORESIGHT

Strengthen institutions, visa and air access policy, public-private coordination and targeted financial support, and embed regular scenario planning on health, climate, airline disruption, security and economic stress into tourism strategy and risk management.

Jointly, these next steps position UmphakathiVuka as a practical framework for renewing Tourism and Hospitality through shared responsibility, inclusive growth and resilience-led decision-making. In this form, the sector can strengthen its role not only as a contributor to GDP and jobs, but also as a platform for community development, confidence-building and adaptive national recovery.



2.13


Transport, Logistics and Supply Chains (TLS)

2.13.1

IRMSA Top 10 Risks

Impact on Sector

The short sector overview shows that the Transport, Logistics and Supply Chains sector's role as an economic enabler also makes it highly sensitive to national-level disruption, because weaknesses in governance, infrastructure, security and social cohesion translate directly into operational and financial stress across logistics networks. Against this background, the IRMSA Top 10 Risks below illustrate how broad systemic risks manifest in a sector that depends on continuity, coordination, and infrastructure performance.



ECONOMIC OUTLOOK
The transport, logistics and supply chains sector faces a constrained but reform dependent outlook, with performance limited by infrastructure inefficiencies and cost pressures, while targeted investment and private sector participation offer potential for gradual improvement.



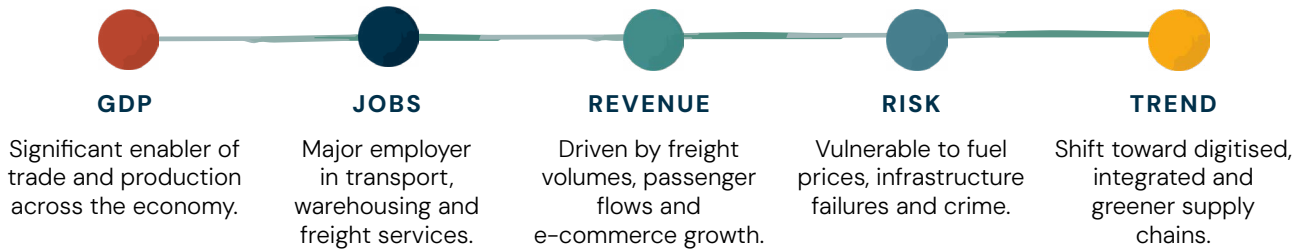
KEY PRIORITIES
Restoring infrastructure reliability, strengthening security and corridor performance, enhancing coordination across the logistics system, and accelerating digital modernisation and climate resilience are critical to improving sector efficiency and competitiveness.

<p>AVE RANK 1</p>	<p>AVE RANK 2</p>	<p>AVE RANK 3</p>	<p>AVE RANK 4</p>	<p>AVE RANK 5</p>
<p>Economic crisis, macroeconomic weakness and a non-competitive economy</p>	<p>Critical infrastructure and capacitated infrastructure failure</p>	<p>Systemic corruption, fraud, unethical conduct and organised crime eroding the rule of law, safety and security</p>	<p>Governance and leadership failure, state incapacity and institutional breakdown</p>	<p>Political instability and constrained cohesive politics</p>
<p>Volume decline and cost escalation</p>	<p>System-wide disruption of freight flows</p>	<p>Security burden and financial loss</p>	<p>Strategic drift and eroding competitiveness</p>	<p>Route disruption and higher operating costs</p>
<p><i>Weaker growth reduces freight volumes, compresses margins and delays investment, creating a feedback loop where deteriorating logistics performance further undermines recovery and raises logistics costs relative to economic output.</i></p>	<p><i>Failures across ports, roads, rail and pipelines drive congestion, delays and supply-chain breakdowns, including blackouts and service outages, turning infrastructure fragility into a central constraint on logistics reliability</i></p>	<p><i>Illicit trade, cargo theft, fraud and syndicate activity around logistics hubs increase losses, legal exposure and disruption, forcing heavy investment in security partnerships that diverts resources from efficient service delivery</i></p>	<p><i>Absent or poorly executed logistics strategy and weak state capability reduce infrastructure reliability and planning, shifting transport networks from economic enablers to persistent constraints on logistics performance.</i></p>	<p><i>Unrest, protests and security incidents block or slow routes, trigger delays and rerouting and raise insurance and security costs in a sector that must remain physically present and cannot easily relocate.</i></p>
<p>AVE RANK 6</p>	<p>AVE RANK 7</p>	<p>AVE RANK 8</p>	<p>AVE RANK 9</p>	<p>AVE RANK 10</p>
<p>Cyber risk and digital disruption</p>	<p>Climate change and climate resilience failure</p>	<p>Electricity, energy and national grid failure</p>	<p>Unemployment, income disparity, inequality and lack of social cohesion</p>	<p>Water scarcity and water crises</p>
<p>Digital failures with physical congestion</p>	<p>Repeated damage and transition pressure</p>	<p>Throughput reduction and safety strain</p>	<p>Social flashpoints along freight corridors</p>	<p>Operational constraints at key nodes</p>
<p><i>Cyber incidents that halt port systems, rail scheduling, signalling or fleet tracking quickly create congestion at ports, depots and borders, converting digital outages into major physical and financial disruption</i></p>	<p><i>Intensifying extreme weather repeatedly damages roads, rail and utility networks, raises disaster recovery costs and forces accelerated investment in lower-emission technologies and operating models.</i></p>	<p><i>Power failures disrupt cargo handling, shrink operating windows, raise congestion and increase accident risks, with only partial mitigation from resilience measures installed in recent years.</i></p>	<p><i>High unemployment and weak cohesion drive protests and blockades around logistics nodes and routes, turning freight corridors into sites where social pressures directly disrupt movements and route safety.</i></p>	<p><i>Water shortages at ports, depots and along corridors impose hard limits on activity and can force curtailment or reprioritisation of logistics operations in affected regions.</i></p>

Taken together, these risks show that the Transport, Logistics and Supply Chains sector's resilience is shaped not only by internal operating capability, but also by the stability and effectiveness of the wider political, infrastructural, economic and social environment. This provides a natural transition to the next section, which interprets the sector through a combined SWOT and PESTLE market report narrative.

2.13.2 Sectoral Profile

2.13.2.1 Sector at a Glance



2.13.2.2 Internal Context: SWOT

STRENGTHS

- Strategic geographic position and gateway role
- Established core freight, port and road infrastructure
- Emerging, reform-driven freight logistics roadmap
- Sophisticated logistics and 3PL capability
- Growing investment in automation and digitalisation

WEAKNESSES

- Infrastructure bottlenecks and performance decline in rail and ports
- Over-reliance on road freight and vulnerable corridors
- Energy instability and dependence on backup power
- Limited end-to-end visibility and fragmented data
- Uneven resilience capabilities across firms and sectors

OPPORTUNITIES

- Structural reforms and public-private partnerships (PPPs)
- National Infrastructure Plan 2050 and corridor upgrades
- Digitalisation, control-towers and advanced analytics
- E-commerce, CEP and value-added warehousing growth
- Green logistics, modal shift and decarbonisation

THREATS

- Systemic infrastructure failure and chronic under-investment
- Crime, cargo theft, vandalism and security threats
- Global shocks, geo-economic volatility and supply-chain disruptions
- Currency volatility and macroeconomic slowdown
- Climate-change impacts on corridors and nodes

2.13.2.3

External Context: PESTLE



2.13.2.4

Risks, Controls & Opportunities

AVE RANK	RISKS	CONTROLS (EXISTING / TYPICAL)	OPPORTUNITIES
1	Fuel volatility increases costs and reduces margins.	Surcharges, optimisation, maintenance, training, hedging implemented.	Efficient fleets and green logistics improve competitiveness.
2	Crime and theft disrupt logistics and increase losses.	Tracking, security, escorts, law enforcement collaboration implemented.	Advanced security technology improves logistics safety offerings.
3	Infrastructure constraints disrupt logistics and increase delays.	Route diversification, buffers, SLAs, maintenance implemented.	Investment and reforms improve logistics infrastructure capacity.
4	Supply chain disruptions impact distribution and operations.	Continuity plans, multisourcing, insurance, frameworks implemented.	Control towers and redundancy improve supply resilience.
5	Cyber risks threaten logistics systems and data integrity.	Security controls, backups, monitoring, access controls implemented.	Secure platforms and analytics improve operational visibility.
6	Climate risks disrupt logistics infrastructure and operations.	Risk assessments, insurance, contingency plans implemented.	Resilient infrastructure and green logistics enhance competitiveness.
7	Overreliance on road freight limits efficiency and resilience.	Rail integration, safety programmes, intermodal solutions implemented.	Intermodal hubs support efficiency and decarbonisation goals.
8	Regulatory bottlenecks delay cross border logistics operations.	Compliance programmes, brokers, preclearance systems implemented.	Digital borders and fast track services improve efficiency.
9	Labour shortages disrupt logistics continuity and performance.	Recruitment, training, wellness, union engagement implemented.	Skilled workforce pipelines improve resilience and innovation.
10	Weak risk management reduces supply chain resilience.	Supply Chain Risk Management (SCRM) frameworks, audits, Key Performance Indicators (KPIs), risk sharing implemented.	Expanded SCRM services improve sector resilience maturity.

2.13.2.5

UmphakathiVuka Next Steps

The prior analysis shows that the resilience of Transport, Logistics and Supply Chains depends not only on asset rehabilitation and operational efficiency, but also on stronger collaboration among state institutions, private operators, workers, and communities. Through the UmphakathiVuka lens, the next steps below convert the sector's risk profile into practical priorities for a more resilient, inclusive and future-ready logistics system.

TRANSPORT, LOGISTICS AND SUPPLY CHAINS UMPHAKATHIVUKA COMPACT

Build a shared compact that positions transport, logistics and supply chains as a national resilience backbone by aligning state-owned enterprises, private operators, freight forwarders, labour, communities, security agencies and cargo owners on the most material systemic risks, shared outcomes and clear corridor-level responsibilities.

CORRIDOR AND NODE REHABILITATION, WITH ROAD-RAIL-COASTAL REBALANCING

Stabilise and upgrade critical corridors and nodes through sequenced investment in maintenance, equipment, operations and partnership-based corridor compacts, while deliberately shifting suitable cargo from road to rail and coastal shipping via intermodal hubs, incentives and support for lower-carbon technologies.

SECURITY, COMMUNITY LICENCE AND ENERGY- AND CLIMATE-RESILIENT OPERATIONS

Protect people, cargo and infrastructure through joint security planning with law enforcement, operators and communities that also tackles local socio-economic drivers of crime and ensure operations can function through power cuts and climate shocks by strengthening backup energy, renewable solutions, climate-risk assessment and contingency planning across terminals, warehouses, ports and cold chains.

DIGITAL VISIBILITY, CYBER-SECURE LOGISTICS AND INCLUSIVE PARTICIPATION

Use shared data, tracking, control towers and predictive analytics to anticipate and absorb disruptions, while raising minimum standards for cyber security and business continuity across ports, terminals, fleets and warehouses, and deliberately bringing small and township-based logistics operators into these digital systems through targeted finance, training, technology support and fair contracting.

INTEGRATED RISK MANAGEMENT, GREEN LOGISTICS AND TRANSPARENT SCORECARDS

Embed structured risk management, business continuity, scenario planning and green logistics into sector governance by running regular sector-wide exercises on shocks, promoting fuel efficiency, route optimisation and low-carbon fleets, and publishing corridor and node scorecards that track reliability, crime, climate events, emissions, participation of smaller operators and community impacts to support shared learning and accountability.

These priorities show that UmphakathiVuka should be positioned as a practical coordination framework for rebuilding trust, strengthening corridor resilience and improving the sector's contribution to economic and social stability. In this way, the sector can move from reactive disruption management toward a more integrated model of national resilience and shared value creation.



2.14

Wholesale and Retail

2.14.1

IRMSA Top 10 Risks

Impact on Sector

The short sector overview shows that Wholesale and Retail are both highly systemic and highly exposed, because disruptions in this sector directly affect households, township economies, food security and business continuity across the country. Against this backdrop, the IRMSA Top 10 Risks below illustrate how national level pressures translate into direct operational, financial and social impacts on the sector.



ECONOMIC OUTLOOK

The wholesale and retail sector faces a subdued but stabilising outlook, shaped by constrained consumer spending, cost pressures and supply chain disruptions, alongside gradual growth in digital and informal market channels.

KEY PRIORITIES

Protecting affordability and supply continuity, strengthening supply chain resilience and security, leveraging digital and omnichannel capabilities, and expanding inclusive access to underserved markets are critical to sustaining sector performance and resilience.



AVE RANK 1	AVE RANK 2	AVE RANK 3	AVE RANK 4	AVE RANK 5
Economic crisis, macroeconomic weakness and a non-competitive economy	Cyber risk and digital disruption	Political instability and constrained cohesive politics	Critical infrastructure and capacitated infrastructure failure	Electricity, energy and national grid failure
Margin squeeze and demand pressure	Embedded digital exposure	Trading disruption and asset damage	Supply chain strain and access constraints	Utility volatility and pass through costs
<i>Weak growth, high costs and low consumer confidence erode disposable income and compress margins, forcing businesses to pursue efficiency gains and cautious expansion in a low growth, high-cost environment</i>	<i>Growing dependence on digital operations makes exposure to attacks on funds, intellectual property and confidential information an inherent part of doing business, requiring continuous investment in secure systems and controls.</i>	<i>Protests, strikes and unrest linked to local politics and poor services interrupt operations, destroy assets and reduce trading days, adding volatility to planning and performance.</i>	<i>Poorly maintained infrastructure disrupts routes and supply chains, reduces product availability and places profitability and, in some cases, business viability under sustained pressure.</i>	<i>Unreliable power and water disrupt operations, increase backup and continuity costs and constrain customer mobility, with many mitigation costs ultimately shifted onto already pressured consumers.</i>
AVE RANK 6	AVE RANK 7	AVE RANK 8	AVE RANK 9	AVE RANK 10
Water scarcity and water crises	Unemployment, income disparity, inequality and lack of social cohesion	Systemic corruption, fraud, unethical conduct and organised crime eroding the rule of law, safety and security	Governance and leadership failure, state incapacity and institutional breakdown	Climate change and climate resilience failure
Compounded continuity pressure	Weakened demand and social strain	Costly compliance and protection measures	Substitution of public functions	Resilience investment burden
<i>Water shortages intensify existing utility and supply chain vulnerabilities, raising store level operational risk and resilience costs across the value chain.</i>	<i>Persistent unemployment and inequality limit purchasing power and growth prospects while reinforcing the underlying social pressures that contribute to instability and constrained demand.</i>	<i>Normalised corruption, fraud and criminal activity require businesses to fund extensive controls and protective measures, eroding margins or forcing further cost increases for customers.</i>	<i>Businesses increasingly assume roles that public institutions fail to perform, adding cost and operational complexity as they build their own enabling infrastructure and safeguards.</i>	<i>Climate related shocks, compounded by inadequate public mitigation, drive businesses to invest in their own resilience measures and infrastructure to manage exposure and maintain continuity.</i>

Taken together, these risks show that the sector's resilience challenge is not limited to sales performance, but extends to affordability, infrastructure substitution, security, supply continuity and broader social stability. This creates a natural link to the next section, which interprets the Wholesale and Retail environment through a combined SWOT and PESTLE market report narrative.

2.14.2

Sectoral Profile

2.13.2.1

Sector at a Glance



2.14.2.2

Internal Context: SWOT

STRENGTHS

- Dense national store and distribution footprint
- Strong food and FMCG retail capabilities
- Independent and hybrid wholesale-retail channel
- Growing digital and omnichannel capacity

WEAKNESSES

- High crime, shrinkage and security exposure
- Dependence on stressed infrastructure
- Labour-intensive model with skills gaps
- High concentration among large chains
- Low financial resilience of SMEs & informal traders

OPPORTUNITIES

- Expansion into townships, rural and regional African markets
- Private-label and value formats for constrained consumers
- Data-driven, omnichannel and platform models
- Local supply-chain development and reshoring

THREATS

- Weak growth, unemployment and inequality
- Infrastructure, energy and municipal-service risk
- Climate-related disruption to food supply & logistics
- Geoeconomic, trade and import-cost shocks
- Regulatory, tax, labour and compliance complexity
- Cyber, data-privacy and digital-channel risks

2.14.2.3

External Context: PESTLE

 <p>POLITICAL</p> <ul style="list-style-type: none"> • Policy stability, governance and crime-prevention effectiveness • Regulatory and competition-policy direction • Labour-relations environment and social stability 	 <p>ECONOMIC</p> <ul style="list-style-type: none"> • Macroeconomic growth, inflation and interest-rate trends • Income distribution, unemployment and consumer-segment shifts • Exchange-rate volatility and import dependence • Independent and informal trade dynamics 	 <p>SOCIAL</p> <ul style="list-style-type: none"> • Demographic trends and urbanisation • Crime, safety perceptions and in-store experience • Shifting consumer preferences and trust in brands • Labour skills, culture and inclusion
 <p>TECHNOLOGICAL</p> <ul style="list-style-type: none"> • Digitalisation, e-commerce and data-analytics • Supply-chain and inventory technologies • Payments, fintech and financial-inclusion rails 	 <p>LEGAL</p> <ul style="list-style-type: none"> • Labour, consumer-protection and competition laws • Data-protection, cyber-security and ESG disclosure • Zoning, licensing and trading-hours rules 	 <p>ENVIRONMENTAL</p> <ul style="list-style-type: none"> • Climate-change impacts on food systems and infrastructure • Energy and water availability and transition pressures • Waste, packaging and circular-economy expectations

2.14.2.4

Risks, Controls & Opportunities

AVE RANK	RISKS	CONTROLS (EXISTING / TYPICAL)	OPPORTUNITIES
1	Weak economy reduces spending and basket sizes.	Promotions, value ranges, cost control implemented.	Discount formats and private labels drive growth.
2	Intense competition pressures margins and market share.	Differentiation, loyalty programmes, supplier management implemented.	Innovation and partnerships expand market reach.
3	Infrastructure disruptions threaten store operations and supply.	Backup power, logistics alternatives, contingency stock implemented.	Resilient stores and energy solutions improve continuity.
4	Supply chain disruptions affect inventory availability.	Multi sourcing, buffers, supplier assessments implemented.	Localisation and visibility tools strengthen supply chains.
5	Cyber risks threaten customer data and operations.	Security controls, compliance, monitoring implemented.	Data platforms and secure experiences enhance trust.
6	Crime increases losses and threatens store safety.	Security systems, training, coordination implemented.	Advanced loss prevention improves safety outcomes.
7	Regulatory compliance increases operational complexity and costs.	Compliance systems, legal oversight implemented.	Strong ESG practices enhance trust and partnerships.
8	Civil unrest disrupts operations and supply chains.	Continuity plans, insurance, omnichannel strategies implemented.	Flexible models improve resilience and recovery.
9	Labour challenges reduce productivity and service quality.	Training, learnerships, career paths implemented.	Skills development improves productivity and retention.
10	SME financial weakness threatens supply and employment.	Trade credit, support, financial management implemented.	Financial inclusion strengthens SME resilience and growth.

2.14.2.5

UmphakathiVuka Next Steps

The previous analysis shows that Wholesale and Retail is not only a commercial sector, but also a critical community-facing resilience system that affects food access, local livelihoods, consumer protection and social stability. Through the UmphakathiVuka lens, the next steps below convert the sector's risk and opportunity profile into practical priorities for a more inclusive, secure and resilient operating environment.

WHOLESALE AND RETAIL UMPHAKATHIVUKA COMPACT AND SHARED GOVERNANCE

Build a shared compact that positions wholesale and retail as a resilience backbone for households, township economies and food security by aligning major chains, wholesalers, independents, informal trade representatives, labour, communities, logistics providers and regulators around the most material systemic risks, clear roles and common resilience outcomes.

FOOD-SYSTEM, AFFORDABILITY AND LOCAL INCLUSION

Treat food availability, affordability and physical access as core resilience priorities through scenario-based planning on prices, climate, income stress and sourcing, while embedding Ubuntu by centring township, rural and regional markets in expansion strategies that strengthen local enterprises and diversify demand beyond a few dominant urban nodes.

SAFETY, CRIME RISK AND BUSINESS CONTINUITY

Protect workers, shoppers and supply chains through joint approaches to crime, shrinkage and safety that involve communities, law enforcement agencies, landlords and logistics providers in hotspot management and frontline wellbeing, and reduce disruption from power, water and municipal failures by investing in solar, storage, efficiency, backup systems and shared continuity templates for smaller firms.

SMALL ENTERPRISE, INFORMAL TRADE AND DIGITAL RESILIENCE

Support small retailers, informal traders and local suppliers as key community resilience anchors through tailored finance, insurance, working capital tools, digital enablement and shared services, while using secure digital, omnichannel and payment models to deepen inclusion, protect data and sustain operations during shocks.

LOCAL SOURCING, DATA-DRIVEN AFFORDABILITY AND TRANSPARENT LEARNING

Turn local value-chain development and environmental, social and governance expectations into competitiveness levers by expanding climate aware local sourcing and supplier partnerships, using data and analytics to keep essential baskets affordable and available for vulnerable households, and strengthening public transparency through shared reporting on prices, local sourcing, small enterprise support, crime and resilience measures.

These priorities show that UmphakathiVuka should be framed as a practical pathway for converting Wholesale and Retail risk management into wider community resilience and inclusive economic value. In this way, the sector can strengthen both business continuity and its broader social role in supporting households and local economies.



IRMSA TRAINING

IRMSA delivers practical learning experiences designed to strengthen governance capability, strategic thinking and integrated risk management competence across all professional proficiency levels.

TRAINING AREAS

- ✓ ENTERPRISE RISK MANAGEMENT
- ✓ GOVERNANCE AND COMPLIANCE
- ✓ BUSINESS CONTINUITY AND RESILIENCE
- ✓ EMERGING RISKS
- ✓ LEADERSHIP DEVELOPMENT
- ✓ DIGITAL AND CYBER RISK

LEARNING FORMATS

- ✓ WORKSHOPS
- ✓ CONFERENCES
- ✓ TECHNICAL WEBINARS
- ✓ EXECUTIVE FORUMS
- ✓ REGIONAL ENGAGEMENTS



ALL COURSES ARE ALIGNED
WITH THE
**IRMSA COMPETENCY
FRAMEWORK**
ENSURING PRACTICAL
IMPACT AND PROFESSIONAL
RECOGNITION.

FUTURE RISK LEADERS:

IRMSA continues to develop initiatives focused on supporting emerging professionals through mentorship, workplace learning, practical industry exposure and structured professional development pathways aligned to future industry needs.

3.

Regional forests and their risk landscapes

The report now shifts the lens from sectors to regions, examining how the national meta crisis and IRMSA Top 10 Risks are experienced across Botswana, Eswatini, Lesotho, Namibia and Zimbabwe. Treating each country as its own “regional forest”, the section shows how shared structural risks manifest in distinct political, economic, social and environmental contexts, and uses risk rankings, profiles and UmphakathiVuka aligned next steps to highlight both common fault lines and region-specific resilience opportunities.



3.1 Botswana

3.1.1 IRMSA Top 10 Risks Impact on Region

The short regional overview shows that Botswana’s risk profile is shaped by a combination of relative institutional strength and structural exposure to external shocks, domestic unemployment and infrastructure constraints. Against this backdrop, the IRMSA Top 10 Risks provide a useful comparative lens for understanding how broader Southern African risks translate into region specific impacts for Botswana.



ECONOMIC OUTLOOK

Botswana’s economic outlook remains stable but vulnerable to diamond market fluctuations, with moderate growth prospects supported by prudent fiscal management and gradual diversification efforts.

KEY PRIORITIES

Accelerating economic diversification, addressing youth unemployment, strengthening infrastructure and implementation capacity, and advancing climate resilience are critical to sustaining inclusive and long-term economic stability.



<p>AVE RANK 1</p>	<p>AVE RANK 2</p>	<p>AVE RANK 3</p>	<p>AVE RANK 4</p>	<p>AVE RANK 5</p>
<p>Economic crisis, macroeconomic weakness and a non-competitive economy</p> <p>Constrained growth and heightened vulnerability</p> <p><i>Weak economic performance, limited diversification and squeezed fiscal space reduce funding for priority sectors, erode household purchasing power and deepen regional exposure to shocks.</i></p>	<p>Unemployment, income disparity, inequality and lack of social cohesion</p> <p>Latent social strain and underused human capital</p> <p><i>Very high youth unemployment and deep income gaps push households into poverty, leave qualifications idle and raise the risk of future instability if livelihoods do not improve.</i></p>	<p>Critical infrastructure and capacitated infrastructure failure</p> <p>Service bottlenecks and institutional strain</p> <p><i>Ageing, underfunded education, water and digital infrastructure limits service quality and growth, restricts absorption of rising demand and increases the chance that failures trigger wider operational and financial stress.</i></p>	<p>Climate change and climate resilience failure</p> <p>Climate sensitive livelihoods and adaptation gaps</p> <p><i>Droughts and floods undermine food security, agriculture, health and settlements, weaken household and client resilience and expose shortfalls in adaptation planning and infrastructure robustness.</i></p>	<p>Cyber risk and digital disruption</p> <p>Growing digital exposure and service disruption</p> <p><i>Rapid digitalisation in finance and education increases vulnerability to fraud and cyber incidents that can cause financial loss, harm pensioners and clients and interrupt essential online services.</i></p>
<p>AVE RANK 6</p>	<p>AVE RANK 7</p>	<p>AVE RANK 8</p>	<p>AVE RANK 9</p>	<p>AVE RANK 10</p>
<p>Systemic corruption, fraud, unethical conduct and organised crime eroding the rule of law, safety and security</p> <p>Confidence erosion and inflated costs</p> <p><i>Corruption and unethical conduct in public procurement and payments undermine service delivery, raise the cost of doing business and weaken trust, even as emerging reforms and investigations begin to respond.</i></p>	<p>Electricity, energy and national grid failure</p> <p>Persistent energy burden and service constraints</p> <p><i>Despite some easing of grid pressures, expensive energy and recurring outages continue to disrupt small enterprises, limit job creation and affect critical services, keeping energy security a concern.</i></p>	<p>Water scarcity and water crises</p> <p>Structural water stress and infrastructure loss</p> <p><i>Recurring drought and deteriorating water systems cause leakages and supply risks, requiring repeated interventions to protect communities, agriculture and economic activity.</i></p>	<p>Governance and leadership failure, state incapacity and institutional breakdown</p> <p>Emerging governance vulnerability</p> <p><i>Weaknesses in some public entities and services are starting to affect quality, costs and confidence, highlighting the need for proactive strengthening despite governance still comparing favourably with many peers</i></p>	<p>Political instability and constrained cohesive politics</p> <p>Conditional political stability</p> <p><i>Political conditions remain relatively stable with peaceful transitions and limited unrest so far, but sustained focus on inclusion and growth is needed to maintain cohesion under economic and social pressure.</i></p>

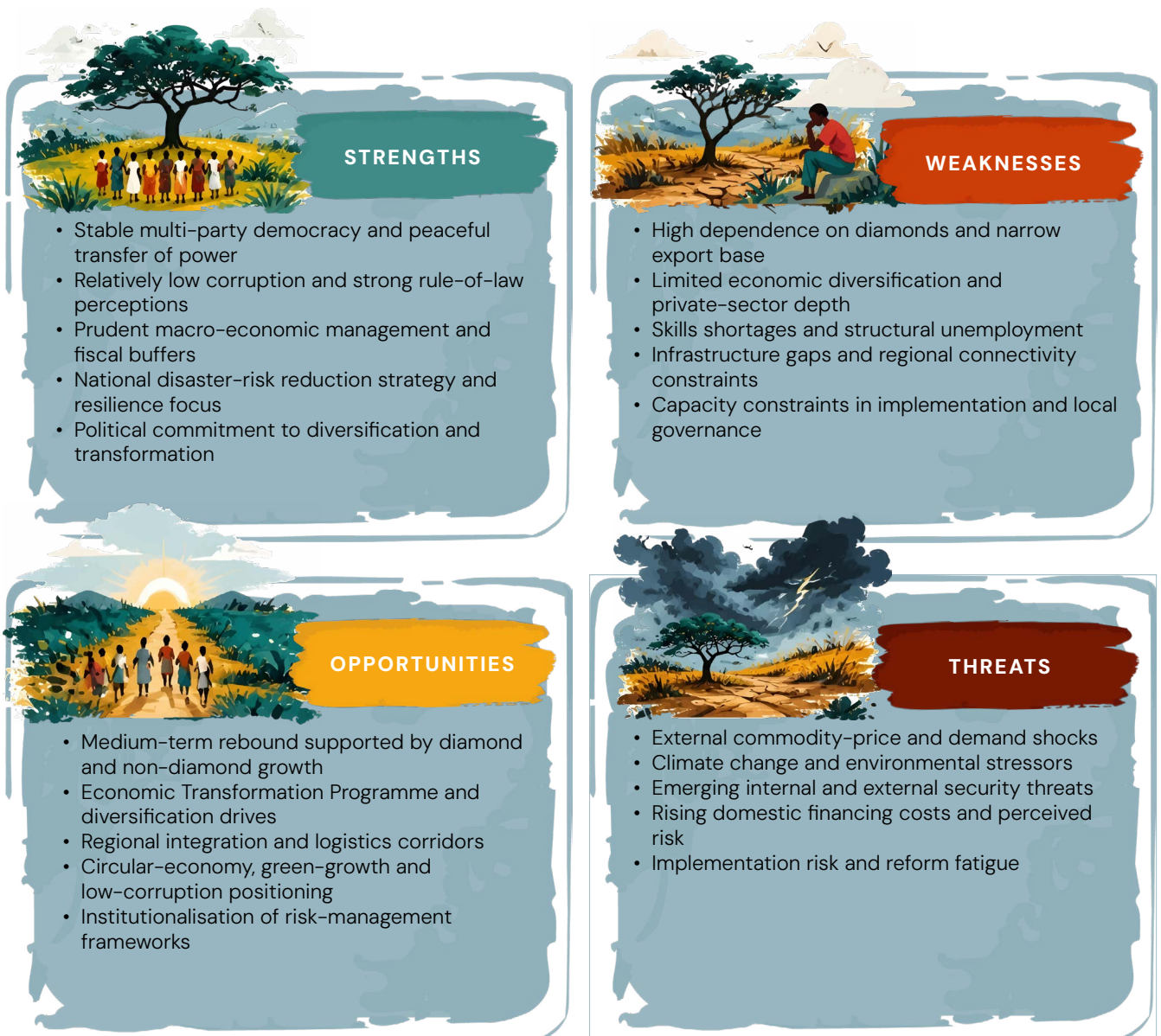
Taken together, these risks indicate that Botswana’s regional resilience rests not only on its governance strengths, but also on its ability to reduce concentration risk, improve inclusion and strengthen infrastructure and climate preparedness. This leads naturally into the next section, which interprets the regional context through a combined SWOT and PESTLE market style narrative.

3.1.2 Regional Profile

3.1.2.1 Region at a Glance



3.1.2.2 Internal Context: SWOT



3.1.2.3

External Context: PESTLE



POLITICAL

- Stable democratic governance and institutional continuity
- Governance quality, corruption control and rule of law
- Security strategy and evolving threat perceptions
- Regional diplomacy and participation in African initiatives



ECONOMIC

- Dependence on diamonds and terms-of-trade volatility
- Economic transformation and diversification agenda
- Fiscal stance, public-debt dynamics and buffers
- Employment, skills and private-sector development



SOCIAL

- Demographics, education and social indicators
- Inequality, poverty and rural-urban divides
- Social cohesion, civic engagement and trust in institutions
- Community-level disaster-risk awareness and capacity



TECHNOLOGICAL

- ICT infrastructure and digital-economy development
- Cyber-security and critical-information-infrastructure protection
- Innovation, R&D and knowledge-based economy aspirations
- Risk-management systems and institutional tools



LEGAL

- Constitutional and legal framework for rights and governance
- Regulatory environment for business and investment
- Disaster-risk, environmental and climate-related legislation
- Cyber, privacy and security laws



ENVIRONMENTAL

- Climate change, drought and water-resource stress
- Environmental management, land use and biodiversity
- Disaster-risk profile and DRR implementation
- Transition to low-carbon and climate-resilient development

3.1.2.4

Risks, Controls & Opportunities

AVE RANK	RISKS	CONTROLS (EXISTING / TYPICAL)	OPPORTUNITIES
1	Economic concentration increases vulnerability to commodity shocks.	Fiscal management, savings, partnerships, diversification strategies implemented.	Diversify sectors and attract foreign investment growth.
2	Social challenges limit cohesion and economic participation.	Skills programmes, employment schemes, social support implemented.	Develop human capital and youth entrepreneurship ecosystems.
3	Limited employers increase economic concentration and risk.	Fiscal buffers, diversification, public employment implemented.	Expand SMEs and broaden investor base.
4	Digital risks threaten systems and data security.	Cyber frameworks, controls, monitoring, standards implemented.	Build cyber capabilities and attract digital investment.
5	Regional risks affect economic stability and resilience.	Regional cooperation, surveillance, macro buffers implemented.	Strengthen regional integration and infrastructure development.
6	Skills gaps limit risk management and infrastructure delivery.	Training, advisory support, capacity programmes implemented.	Build governance skills and export professional services.
7	Climate risks threaten water security and agriculture.	Climate strategies, water management, resilience planning implemented.	Climate adaptation and conservation finance create opportunities.
8	Governance risks affect trust and investor confidence.	Strong institutions, audits, compliance, anti-corruption implemented.	Transparency and governance attract investment and partnerships.
9	Financial risks increase compliance and regulatory challenges.	AML frameworks, controls, audits, supervision implemented.	Expand financial services and fintech ecosystems regionally.
10	Public sector efficiency and capacity constraints affecting delivery of strategic programmes.	Performance management systems, public sector reforms, project monitoring, and audit oversight.	Strengthen execution capability, improve project delivery, and enhance public-private partnership effectiveness.

3.1.2.5

UmphakathiVuka Next Steps

The preceding analysis shows that Botswana's resilience pathway depends not only on preserving its institutional strengths, but also on addressing structural economic concentration, youth exclusion, climate exposure and implementation capacity in a more coordinated way. Through the UmphakathiVuka lens, the next steps below convert the regional risk profile into practical priorities for a more inclusive, diversified and resilient Botswana.

BOTSWANA UMPHAKATHIVUKA SOCIAL COMPACT AND GOVERNANCE

Build a shared national compact for a diversified, climate-resilient and inclusive Botswana by aligning government, business, labour, traditional leaders, communities and youth around the most material systemic risks, clear roles and a common set of long-term resilience outcomes.

DIVERSIFICATION, YOUTH SKILLS AND LIVELIHOODS

Accelerate inclusive diversification beyond diamonds through an operationalised economic transformation programme with clear milestones in renewables, agro-processing, tourism, services, manufacturing and higher-value mining, while treating youth skills and livelihoods as central by expanding technical, digital and green skills linked to growth sectors, entrepreneurship and rural employment pathways.

CLIMATE, WATER, RURAL LIVELIHOODS AND INFRASTRUCTURE RESILIENCE

Place climate adaptation and water security at the centre of rural and national resilience by prioritising drought management, water harvesting, efficient irrigation, climate-smart agriculture and better alignment between disaster-risk reduction and social protection, supported by investment that closes transport, logistics, energy and digital gaps that constrain non-mining sectors and regional competitiveness.

LOCAL CAPACITY, SOCIAL COHESION AND DIGITAL RESILIENCE

Translate strong national frameworks into effective local implementation and accountability by strengthening ministerial and local technical capacity, embedding risk registers and improving oversight of infrastructure and diversification, while nurturing social cohesion and community-based resilience and advancing cyber security, privacy and digital-skills strategies so that digital expansion supports inclusion.

FISCAL BUFFERS, REGIONAL COOPERATION, FORESIGHT AND TRANSPARENCY

Use fiscal space and buffers through an equity- and resilience-focused budgeting approach that protects vulnerable groups and prioritises social protection, education, health and resilience infrastructure, while deepening regional cooperation on shared risks, maintaining a living national risk and resilience register informed by foresight, and making Botswana's resilience trajectory visible through transparent reporting, dashboards and regular multi-stakeholder review.


These priorities show that UmphakathiVuka should be positioned as a practical implementation pathway for converting Botswana's relative stability into deeper resilience, inclusion and adaptive capacity. In this way, the region can strengthen both its domestic development trajectory and its contribution to wider Southern African resilience.



3.2 Eswatini

3.2.1 IRMSA Top 10 Risks Impact on Region

The short regional overview shows that Eswatini’s exposure to risk is shaped not only by its domestic structural vulnerabilities, but also by its close economic, infrastructure and political linkages with South Africa and the wider Southern African region. The IRMSA Top 10 Risks below therefore illustrate how broader regional shocks translate into direct consequences for fiscal stability, livelihoods, service delivery, investment confidence and social cohesion in Eswatini.



ECONOMIC OUTLOOK

Eswatini’s economic outlook remains constrained and vulnerable, shaped by fiscal pressures, dependence on SACU revenues and South Africa, and limited diversification, with modest growth linked to reform and regional integration prospects.



KEY PRIORITIES

Strengthening fiscal sustainability, accelerating economic diversification and job creation, improving infrastructure and governance capacity, and enhancing climate resilience and social protection are critical to building a more inclusive and shock resilient economy.

<p>AVE RANK 1</p>	<p>AVE RANK 2</p>	<p>AVE RANK 3</p>	<p>AVE RANK 4</p>	<p>AVE RANK 5</p>
<p>Unemployment, income disparity, inequality and lack of social cohesion</p> <p>Acute social strain and fragile demand</p> <p><i>High unemployment and poverty constrain domestic demand, increase reliance on remittances and informal activity and heighten the likelihood of youth led protests and unrest in vulnerable communities.</i></p>	<p>Electricity, energy and national grid failure</p> <p>Energy dependent growth constraints</p> <p><i>Reliance on imported power exposes the region to external disruptions that can impede industry, disrupt basic services and deter investment in energy intensive and export focused activities.</i></p>	<p>Economic crisis, macroeconomic weakness and a non-competitive economy</p> <p>Fiscal tightening and external dependence</p> <p><i>Regional downturns and weaker partners reduce shared revenues, export demand and investor appetite, tightening fiscal space, raising debt concerns and limiting funds for social protection and infrastructure.</i></p>	<p>Governance and leadership failure, state incapacity and institutional breakdown</p> <p>Governance fragility and reform uncertainty</p> <p><i>Limited democratic space and implementation capacity heighten the impact of governance failures on service delivery, reform credibility and funding, increasing the risk of domestic and regional instability</i></p>	<p>Climate change and climate resilience failure</p> <p>Climate stressed livelihoods and fiscal pressure</p> <p><i>Droughts and floods threaten agriculture, food security, water access and rural incomes, increasing humanitarian needs, migration pressures, infrastructure damage and strain on public finances.</i></p>
<p>AVE RANK 6</p>	<p>AVE RANK 7</p>	<p>AVE RANK 8</p>	<p>AVE RANK 9</p>	<p>AVE RANK 10</p>
<p>Cyber risk and digital disruption</p> <p>Trust sensitive digital transition</p> <p><i>Expanding digital finance and online public services increases exposure to fraud and cyber incidents that can erode trust, disrupt payments and undermine still developing security capabilities.</i></p>	<p>Political instability and constrained cohesive politics</p> <p>Reform tension and episodic disruption</p> <p><i>Reform tension and episodic disruption: Disputes over political reform and socio-economic grievances, combined with regional instability, raise the prospect of unrest that disrupts activity, deters visitors and investors and diverts scarce capacity to security.</i></p>	<p>Systemic corruption, fraud, unethical conduct and organised crime eroding the rule of law, safety and security</p> <p>Revenue loss and weakened market standing</p> <p><i>Corruption, trafficking and smuggling along regional routes erode institutions, reduce legitimate revenues, distort markets and damage responsible investment credentials, affecting access to premium markets and external support.</i></p>	<p>Critical infrastructure and capacitated infrastructure failure</p> <p>Structural access and diversification barriers</p> <p><i>Gaps and failures in transport, water, sanitation and digital networks raise costs, isolate rural areas, limit service access and constrain moves into higher value sectors.</i></p>	<p>Water scarcity and water crises</p> <p>Deepening water insecurity and resource competition</p> <p><i>Recurring drought and stressed water resources threaten crops, livestock, hydropower and urban supply, worsening food insecurity, health risks, rural poverty and competition over scarce catchments</i></p>

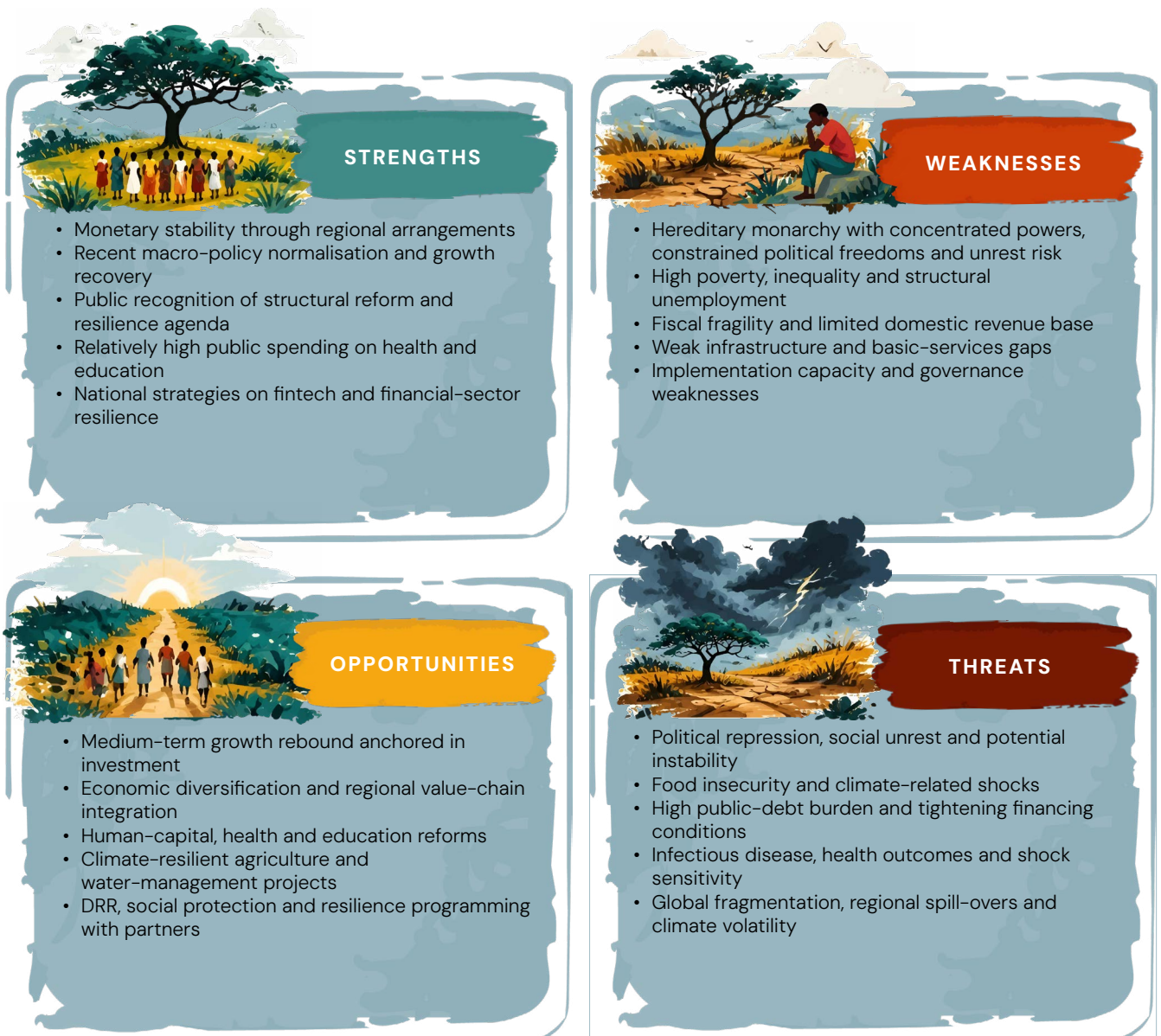
Taken together, these risks show that Eswatini’s resilience challenge is both domestic and regional, with national vulnerabilities frequently intensified by cross border economic, infrastructure and climate interdependence. This creates a natural bridge to the next section, where the SWOT and PESTLE inputs are rewritten as a regional market report to explain how internal strengths, weaknesses and external drivers combine to shape risk exposure and opportunity.

3.2.2 Regional Profile

3.2.2.1 Region at a Glance



3.2.2.2 Internal Context: SWOT



3.2.2.3

External Context: PESTLE

 <p>POLITICAL</p> <ul style="list-style-type: none"> • Hereditary monarchy with concentrated powers and constrained democratic space • Civil-unrest history and security-force responses • Regional and international relations • Governance, accountability and reform capacity 	 <p>ECONOMIC</p> <ul style="list-style-type: none"> • Growth trajectory and cyclical rebound • Narrow productive base and limited diversification • Fiscal deficit, debt dynamics and revenue risks • Unemployment, inequality and productivity constraints 	 <p>SOCIAL</p> <ul style="list-style-type: none"> • High poverty and vulnerability of households • Acute food insecurity and malnutrition • Health burdens and lagging social outcomes • Social cohesion, civic space and human-rights concerns
 <p>TECHNOLOGICAL</p> <ul style="list-style-type: none"> • ICT infrastructure and digital-financial-services strategy • Cyber-security and financial-sector resilience • Data, analytics and early-warning capabilities • Technology adoption in key sectors (agriculture, manufacturing, services) 	 <p>LEGAL</p> <ul style="list-style-type: none"> • Constitutional framework and human-rights obligations • Business, investment and property-rights frameworks • Public-finance, social-protection and service-delivery laws • Environmental, land-use and disaster risk reduction legislation 	 <p>ENVIRONMENTAL</p> <ul style="list-style-type: none"> • Drought, floods and climate-change exposure • Land degradation, water stress and natural-capital risks • Disaster risk reduction policies and climate-resilience mainstreaming

3.2.2.4

Risks, Controls & Opportunities

AVE RANK	RISKS	CONTROLS (EXISTING / TYPICAL)	OPPORTUNITIES
1	High unemployment and inequality weaken social cohesion.	Social protection, skills programmes, public employment implemented.	Growth strategy expands jobs across diversified sectors.
2	Limited diversification increases dependence on few sectors.	Trade agreements, zones, investment promotion implemented.	Diversify sectors and leverage regional market access.
3	Climate shocks threaten agriculture, water and health.	Climate strategies, DRR systems, early warnings implemented.	Climate resilience programmes and finance strengthen sectors.
4	Fiscal pressures constrain investment in resilience initiatives.	Fiscal reforms, expenditure controls, debt management implemented.	Improve revenue and prioritise resilience investments.
5	Food insecurity persists due to poverty and climate.	Food programmes, irrigation, disease control implemented.	Climate smart agriculture improves food security outcomes.
6	Governance risks affect stability and investor confidence.	Oversight structures, anti-corruption efforts implemented.	Governance reforms attract investment and strengthen stability.
7	Low productivity limits growth across economic sectors.	Industrial policies, investment support, trade facilitation implemented.	Technology adoption drives productivity and economic growth.
8	Infrastructure gaps limit connectivity and economic development.	Infrastructure projects, regional initiatives implemented.	PPPs and digital investment improve infrastructure resilience.
9	Health risks undermine human capital and resilience.	Health programmes, ART rollout, system strengthening implemented.	Digital health and prevention improve population outcomes.
10	Disaster governance gaps weaken resilience implementation capacity.	DRR frameworks, mapping, early warning systems implemented.	Risk informed planning strengthens community resilience systems.

3.2.2.5

UmphakathiVuka Next Steps

The preceding sections show that Eswatini's resilience challenge is not only economic or environmental, but also social and institutional, requiring a broader compact among state structures, communities, businesses, youth and regional partners. The UmphakathiVuka priorities below therefore position resilience as a shared national project centred on inclusion, accountability and practical capability-building.

ESWATINI UMPHAKATHIVUKA SOCIAL COMPACT AND GOVERNANCE

Build an inclusive national compact for resilient and rights-respecting growth by bringing together the monarchy, government, traditional leaders, youth, civil society, labour and business around a shared agenda on governance, diversification, social protection and climate resilience, underpinned by stronger accountability, civic space and transparent public institutions.

YOUTH, JOBS AND HUMAN CAPITAL RESILIENCE

Place youth employment, skills and health at the centre of resilience planning through reform of technical and vocational education, entrepreneurship support, targeted employment programmes, and stronger health and mental-health services that protect household resilience and long-term productivity.

FOOD SECURITY, CLIMATE RESILIENCE AND RURAL LIVELIHOODS

Reduce acute food insecurity and climate vulnerability in rural areas by scaling climate-resilient agriculture, irrigation, soil and water conservation, targeted social protection and meaningful local participation in disaster-risk-reduction initiatives in drought-prone and high-risk communities.

FISCAL RESILIENCE, DIVERSIFICATION AND DIGITAL INCLUSION

Use scarce fiscal space more strategically through a medium-term fiscal strategy that rebuilds buffers while prioritising social protection, disaster-risk-reduction and adaptation-linked infrastructure and simultaneously advance economic diversification and digital-finance and information-technology initiatives so that new sectors and small enterprises can participate in more resilient regional value chains.

RISK REGISTERS, EARLY WARNING, TRANSPARENCY AND SOCIAL COHESION

Develop a living national risk and resilience register supported by stronger data and early-warning systems that directly inform planning and budgeting, while strengthening social cohesion and Ubuntu-aligned solidarity through inclusive dialogue, community forums and accessible public reporting on poverty, food security, jobs, debt, climate impacts, rights and digital-finance risks.


Taken together, these next steps position UmphakathiVuka as a practical resilience and reform agenda for Eswatini rather than a purely conceptual framework. In this form, the region can begin to move from structural vulnerability toward a more inclusive, risk-aware and partnership-driven development pathway.



3.3 Lesotho

3.3.1 IRMSA Top 10 Risks Impact on Region

The short regional overview shows that Lesotho’s risk exposure is driven by a combination of domestic structural constraints and deep dependence on South Africa for trade, labour market opportunities, infrastructure linkages and macroeconomic stability. The IRMSA Top 10 Risks below therefore illustrate how broader regional instability and shocks can quickly translate into fiscal pressure, political stress, social vulnerability and economic disruption in the Lesotho context.



ECONOMIC OUTLOOK

Lesotho has a small, open economy that remains closely tied to South Africa. Growth is constrained by high unemployment, widespread poverty and persistent health challenges.



KEY PRIORITIES

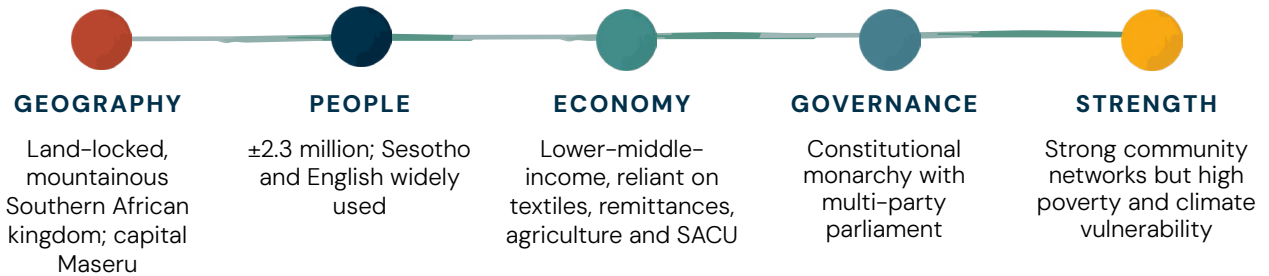
Heavy reliance on South Africa and a narrow sector base increases vulnerability to external shocks. Diversification and more inclusive growth are therefore increasingly important

<p>AVE RANK 1</p> <p>Systemic corruption, fraud, unethical conduct and organised crime eroding the rule of law, safety and security</p> <p>Institutional erosion and weakened rule of law</p> <p><i>Weak ethical leadership and vulnerability to bribery and procurement abuse undermine service delivery, damage investor confidence and progressively weaken respect for laws and institutions.</i></p>	<p>AVE RANK 2</p> <p>Unemployment, income disparity, inequality and lack of social cohesion</p> <p>Intensifying vulnerability and social tension</p> <p><i>Slow growth, unequal access to opportunity and weak private sector development deepen poverty and exclusion, increasing household fragility and the likelihood of social unrest.</i></p>	<p>AVE RANK 3</p> <p>Governance and leadership failure, state incapacity and institutional breakdown</p> <p>Constrained state capability and incoherent delivery</p> <p><i>Delayed merit-based appointments and ineffective leaders in key roles reduce state capacity and hinder consistent, ethical and competent public service outcomes..</i></p>	<p>AVE RANK 4</p> <p>Political instability and constrained cohesive politics</p> <p>Governance volatility and policy uncertainty</p> <p><i>Fragmentation of political formations and weak conflict resolution drive unstable coalitions and recurring volatility, undermining policy continuity, reform progress and institutional confidence.</i></p>	<p>AVE RANK 5</p> <p>Economic crisis, macroeconomic weakness and a non-competitive economy</p> <p>Concentrated and fragile economic base</p> <p><i>Dependence on external revenues, tariff sensitive exports and a geographically concentrated economy heighten employment and revenue risk and exposes the region to single point failures.</i></p>
<p>AVE RANK 6</p> <p>Cyber risk and digital disruption</p> <p>Cross-cutting digital exposure</p> <p><i>Growing use of digital platforms across society increases the potential for service disruption, data compromise and fraud, creating economy-wide operational instability when incidents occur.</i></p>	<p>AVE RANK 7</p> <p>Critical infrastructure and capacitated infrastructure failure</p> <p>Service fragility and constrained connectivity</p> <p><i>Failures in power, telecommunications, water and sewage systems disrupt continuity of services and economic activity, especially in areas already limited by difficult terrain and infrastructure gaps.</i></p>	<p>AVE RANK 8</p> <p>Climate change and climate resilience failure</p> <p>Climate stressed rural livelihoods</p> <p><i>Snow, extreme cold and drought place rural and highland communities, grazing systems, livestock and food security under sustained strain, reducing resilience and increasing long-term vulnerability.</i></p>	<p>AVE RANK 9</p> <p>Electricity, energy and national grid failure</p> <p>Costly and unreliable energy environment</p> <p><i>External energy shocks and geopolitical volatility raise energy costs and destabilise supply, adding pressure on productive sectors and already stretched households.</i></p>	<p>AVE RANK 10</p> <p>Water scarcity and water crises</p> <p>Localised water insecurity and health strain</p> <p><i>Rural communities without reliable clean water remain exposed to shortages and contamination, with direct implications for public health, livelihoods and local stability.</i></p>

Taken together, these risks show that Lesotho’s resilience challenge is inseparable from governance quality, economic concentration, rural vulnerability and regional dependence. This provides a direct bridge to the next section, where the SWOT and PESTLE findings are reframed as a market style regional analysis explaining how internal strengths and weaknesses interact with external drivers.

3.3.2 Regional Profile

3.3.2.1 Region at a Glance



3.3.2.2 Internal Context: SWOT

STRENGTHS

- Constitutional framework and multi-party electoral system
- Membership of SACU and the Common Monetary Area (CMA)
- Major water-resource assets and Lesotho Highlands Water Project Phase II (LHWP II) infrastructure
- National Strategic Resilience Framework and disaster risk reduction (DRR) focus
- Access to concessional finance and risk-pooling facilities

WEAKNESSES

- Political instability, coalition fragility and public distrust
- High poverty, inequality and structural unemployment
- Narrow economic base and external dependence
- Rising public-debt levels and limited fiscal space
- Infrastructure gaps and basic-services deficits

OPPORTUNITIES

- Medium-term growth supported by LHWP II and investment
- Implementation of the National Strategic Resilience Framework
- Economic diversification and regional value-chain participation
- Disaster-risk financing and social-protection expansion
- Governance and public-sector reforms

THREATS

- Recurrent political crises and potential constitutional deadlock
- Trade shocks, tariffs and preference erosion
- Climate change, droughts and extreme-weather events
- Rising debt and vulnerability to external financing shocks
- Cross-border and regional spill-overs

3.3.2.3

External Context: PESTLE



3.3.2.4

Risks, Controls & Opportunities

AVE RANK	RISKS	CONTROLS (EXISTING / TYPICAL)	OPPORTUNITIES
1	Labour migration creates dependence on remittance inflows.	Bilateral agreements and remittance systems managed effectively.	Leverage remittances for investment and domestic job creation.
2	Fiscal constraints limit resilience investment and shock absorption.	Fiscal reforms, budgeting improvements, international financial institution support implemented.	Mobilise revenue and use PPPs for infrastructure.
3	Climate risks threaten agriculture, water and livelihoods.	Climate frameworks, early warnings, regulations implemented.	Climate smart agriculture and finance improve resilience.
4	Institutional gaps weaken disaster risk management capacity.	Risk frameworks, strategies, technical support implemented.	Strengthen local capacity and integrate risk planning.
5	Geography increases logistics costs and market access challenges.	Regional corridors, infrastructure investment, cooperation implemented.	Leverage water projects and improve connectivity.
6	Poverty and unemployment weaken social and economic resilience.	Social protection, training, rural programmes implemented.	Inclusive growth and MSME development create jobs.
7	Health and food insecurity increase vulnerability risks.	Health systems, nutrition programmes, emergency responses implemented.	Strengthen primary care and food system resilience.
8	Weak private sector limits growth and investment.	Reforms, SME support, financial stability measures implemented.	Improve business environment and unlock entrepreneurship.
9	Narrow economic base increases vulnerability to shocks.	Fiscal prudence, investment promotion, trade participation implemented.	Diversify economy using natural and sector assets.
10	Political instability slows reforms and reduces confidence.	Governance frameworks, reforms, oversight mechanisms implemented.	Strengthen accountability and citizen engagement for stability.

3.3.2.5

UmphakathiVuka Next Steps

The preceding sections indicate that Lesotho's resilience challenge is fundamentally about building a more stable social compact while reducing exposure to recurrent political, economic and climate shocks. The UmphakathiVuka priorities below therefore frame resilience as a shared national undertaking rooted in dialogue, inclusive growth, accountable institutions and stronger community-level capability.

LESOTHO UMPHAKATHIVUKA SOCIAL COMPACT AND GOVERNANCE STABILITY

Build a broad national compact for stable, inclusive and climate-resilient development by bringing coalition parties, traditional leaders, youth, labour, business and civil society together around a shared agenda on governance stability, jobs, climate and food security, underpinned by consolidated electoral, constitutional and security-sector reforms and stronger, accountable institutions.

JOB, YOUTH OPPORTUNITY AND HUMAN-CAPITAL RESILIENCE

Place employment, youth opportunity and human capital at the centre of resilience strategy by aligning education, skills development, entrepreneurship support and stronger primary healthcare and HIV and tuberculosis services with diversification priorities and household resilience

CLIMATE, WATER, FOOD SECURITY AND INCLUSIVE INFRASTRUCTURE

Reduce climate- and water-related threats to food security, livelihoods and infrastructure by operationalising the national strategic resilience framework through climate-smart agriculture, soil and water conservation, resilient infrastructure and community-based disaster-risk-reduction in drought- and flood-prone areas, while ensuring that major projects such as the second phase of the Lesotho Highlands Water Project embed local content, jobs, skills transfer, climate resilience and community benefits

DIVERSIFIED ECONOMY, FISCAL RESILIENCE AND SOCIAL PROTECTION

Lower concentration risk in textiles, mining and remittances by promoting higher-value agriculture, agro-processing, tourism, services and niche manufacturing with supportive policy, infrastructure and skills, while managing fiscal volatility and debt so that buffers are rebuilt, disaster-risk finance is strengthened and well-targeted social protection becomes a core mechanism to shield vulnerable households from overlapping shocks.

DIGITAL INCLUSION, LOCAL RESILIENCE SYSTEMS AND TRANSPARENT LEARNING

Use digital connectivity and stronger data to improve anticipation, service delivery and participation through rural connectivity, early-warning systems, digital finance and electronic government, while building local resilience via community-based disaster management and Ubuntu-aligned practices, and maintaining a national risk and resilience register with transparent public reporting on stability, poverty, jobs, climate impacts, major project benefits and social-protection coverage to enable oversight and adaptive learning.

Taken together, these next steps position UmphakathiVuka as a practical resilience agenda for Lesotho rather than a purely conceptual framework. In this form, the region can move more deliberately from fragility and concentration risk toward a more inclusive, adaptive and institutionally grounded development path.



3.4 Namibia

3.4.1 IRMSA Top 10 Risks Impact on Region

The short regional overview indicates that Namibia’s resilience is influenced both by its own structural conditions and by its deep economic, financial, infrastructure and trade linkages with South Africa and the wider Southern African region. The IRMSA Top 10 Risks below therefore show how external shocks and regional dependencies can amplify domestic vulnerabilities in areas such as water security, growth, competitiveness, governance, energy and social cohesion.



ECONOMIC OUTLOOK

Namibia’s economic outlook is moderately positive but uneven, supported by mining, energy and logistics investments, yet constrained by structural unemployment, fiscal pressures and vulnerability to climate and commodity cycles.

KEY PRIORITIES

Advancing economic diversification and job creation, strengthening water and climate resilience, improving infrastructure and competitiveness, and ensuring that resource and energy investments translate into inclusive growth are critical to long-term sustainability.



AVE RANK 1	AVE RANK 2	AVE RANK 3	AVE RANK 4	AVE RANK 5
Water scarcity and water crises	Climate change and climate resilience failure	Cyber risk and digital disruption	Economic crisis, macroeconomic weakness and a non-competitive economy	Unemployment, income disparity, inequality and lack of social cohesion
Structural water constraint	Climate-amplified volatility	Growing digital exposure	Imported shocks and margin pressure	Latent social cohesion
<i>Structural aridity, recurring droughts and infrastructure limits create a persistent constraint on production and urban supply, driving higher costs and investment in efficiency, alternative sourcing and desalination alongside rising expectations of responsible water use.</i>	<i>Intensifying climate pressures worsen water stress, disrupt agricultural supply chains and damage transport networks, increasing input volatility, logistics and tourism uncertainty and capital costs for climate-resilient, low-emissions operations</i>	<i>Increasing reliance on enterprise systems, automation and digital networks heightens exposure to incidents that can disrupt operations, compromise sensitive data and interrupt supply chains in a region viewed as a relatively soft target.</i>	<i>A low-growth, high-unemployment setting, combined with the currency link to South Africa, constrains purchasing power, imports macro-financial shocks and, together with inflation and exchange-rate swings, compresses margins and competitiveness.</i>	<i>High unemployment and inequality dampen premium demand and raise expectations of inclusive growth and visible socio-economic contribution, even though social cohesion has not yet significantly deteriorated</i>
AVE RANK 6	AVE RANK 7	AVE RANK 8	AVE RANK 9	AVE RANK 10
Electricity, energy and national grid failure	Systemic corruption, fraud, unethical conduct and organised crime eroding the rule of law, safety and security	Critical infrastructure and capacitated infrastructure failure	Governance and leadership failure, state incapacity and institutional breakdown	Political instability and constrained cohesive politics
Cross-border energy dependency	Market distortion and compliance burden	Sector-specific cost and access pressures	Regulatory friction and confidence risk	Stable politics with policy shift potential
<i>Dependence on imported electricity keeps energy-intensive activities exposed to regional supply instability and cost escalation, despite relatively well maintained domestic infrastructure and infrequent major breakdowns.</i>	<i>Illicit trade in counterfeit and smuggled goods and pockets of corruption erode legitimate market share, weaken brand integrity and increase compliance efforts, even as recent prosecutions signal active response</i>	<i>Weaknesses in particular transport, logistics and water systems raise distribution costs and constrain export competitiveness, despite the broader infrastructure base remaining comparatively sound with relatively strong repair capability.</i>	<i>Capacity and governance constraints can slow approvals, create inconsistent policy application and delay infrastructure, affecting licensing, compliance and long-term investment confidence, even amid ongoing efforts to strengthen institutions.</i>	<i>Long-standing political stability underpins planning, but rising socio-economic pressures and regional dynamics may still drive shifts in taxation, regulation and cross-border trade that influence confidence and strategy.</i>

Taken together, these risks show that Namibia’s position is relatively stronger than that of some peers, yet it remains materially exposed to structural water, climate, competitiveness and regional dependence risks. This leads directly to the next section, where the SWOT and PESTLE inputs are rewritten as a market style regional analysis explaining how internal strengths and weaknesses.

3.4.2 Regional Profile

3.4.2.1 Region at a Glance



3.4.2.2 Internal Context: SWOT

STRENGTHS

- Political stability and relatively strong institutions
- Prudent macro-economic management and improving ratings
- Abundant natural resources and strong mining base
- Strategic green-hydrogen and energy-diversification agenda
- National development planning with explicit resilience focus

WEAKNESSES

- High unemployment, inequality and limited job creation
- Structural constraints and weak competitiveness
- Narrow economic base and dependence on primary sectors
- Fiscal pressures and elevated public-debt levels
- Persistent food insecurity and climate-sensitive rural livelihoods

OPPORTUNITIES

- Moderate growth outlook with investment-led expansion
- Green-hydrogen, renewables and offshore energy
- Climate-resilient food systems and social-protection strengthening
- Financial-sector resilience and risk-management initiatives
- Regional integration and logistics/port gateway role

THREATS

- External shocks and global trade/geopolitical uncertainty
- Climate change, droughts and environmental degradation
- Social unrest risks from unemployment and inequality
- Governance and execution risks around mega-projects
- Rising debt-service burden and tighter financing conditions

3.4.2.3

External Context: PESTLE



3.4.2.4

Risks, Controls & Opportunities

AVE RANK	RISKS	CONTROLS (EXISTING / TYPICAL)	OPPORTUNITIES
1	Labour migration creates dependence on remittance inflows.	Bilateral agreements and remittance systems managed effectively.	Leverage remittances for investment and domestic job creation.
2	Fiscal constraints limit resilience investment and shock absorption.	Fiscal reforms, budgeting improvements, IFI support implemented.	Mobilise revenue and use PPPs for infrastructure.
3	Climate risks threaten agriculture, water and livelihoods.	Climate frameworks, early warnings, regulations implemented.	Climate smart agriculture and finance improve resilience.
4	Institutional gaps weaken disaster risk management capacity.	Risk frameworks, strategies, technical support implemented.	Strengthen local capacity and integrate risk planning.
5	Geography increases logistics costs and market access challenges.	Regional corridors, infrastructure investment, cooperation implemented.	Leverage water projects and improve connectivity.
6	Poverty and unemployment weaken social and economic resilience.	Social protection, training, rural programmes implemented.	Inclusive growth and MSME development create jobs.
7	Health and food insecurity increase vulnerability risks.	Health systems, nutrition programmes, emergency responses implemented.	Strengthen primary care and food system resilience.
8	Weak private sector limits growth and investment.	Reforms, SME support, financial stability measures implemented.	Improve business environment and unlock entrepreneurship.
9	Narrow economic base increases vulnerability to shocks.	Fiscal prudence, investment promotion, trade participation implemented.	Diversify economy using natural and sector assets.
10	Political instability slows reforms and reduces confidence.	Governance frameworks, reforms, oversight mechanisms implemented.	Strengthen accountability and citizen engagement for stability.

3.4.2.5

UmphakathiVuka Next Steps

The preceding sections show that Namibia's resilience challenge is not one of immediate systemic breakdown, but rather of ensuring that strategic growth opportunities are translated into broad-based resilience, social legitimacy and long-term inclusion. The UmphakathiVuka priorities below therefore frame the next steps as a practical compact between the state, business, communities and institutions around a just and risk-aware transition.

NAMIBIAN UMPHAKATHIVUKA SOCIAL COMPACT AND SOCIAL COHESION

Build a shared national compact for a just, green and inclusive Namibian transition, with transparent communication, visible community inclusion and clear benefit-sharing arrangements to manage expectations and strengthen social legitimacy.

JUST ENERGY, GREEN-INDUSTRIAL AND DIVERSIFIED GROWTH

Ensure green hydrogen, renewable energy and offshore energy projects drive broad-based diversification and competitiveness by embedding local employment, small-, medium- and micro-enterprise participation, strong land and water safeguards, and structural reforms that support non-resource sectors.

EMPLOYMENT, SKILLS AND HUMAN-CAPITAL RESILIENCE

Place labour-absorbing and future-oriented jobs at the centre of growth by aligning schooling, technical and vocational education and training, and wider skills strategies with green energy, logistics, tourism, agro-processing and services, supported by robust health systems and social support that strengthen household resilience.

CLIMATE, WATER, FOOD-SYSTEM AND COMMUNITY RESILIENCE

Reduce climate-related, aridity-related and food-security risks through climate-resilient agriculture, drought-resistant production methods, water-efficient practices, rangeland management, effective early-warning systems and shock-responsive protection, all delivered through locally co-designed adaptation and disaster-risk-reduction initiatives.

FISCAL, INFRASTRUCTURE AND DATA-ENABLED RESILIENCE GOVERNANCE

Strengthen public-finance resilience and social protection, climate-proof and upgrade ports and transport corridors as regional hubs, and build digital systems, data capabilities, early-warning mechanisms and a national risk and resilience register to guide the next national development plan, oversight of large projects and transparent public monitoring.

These next steps position UmphakathiVuka as a practical resilience and inclusion agenda for Namibia rather than a purely conceptual framework. In this form, the region can better translate strategic opportunity into a more inclusive, adaptive and institutionally credible growth path.



3.5 Zimbabwe

3.5.1 IRMSA Top 10 Risks Impact on Region

The regional overview shows that Zimbabwe’s resilience position is influenced not only by domestic weaknesses, but also by broader Southern African interdependencies in trade, power, capital flows, infrastructure, climate exposure and investor confidence. The IRMSA Top 10 Risks, therefore, provide a useful lens for understanding how regional shocks and shared systemic risks can intensify Zimbabwe’s existing structural vulnerabilities.



ECONOMIC OUTLOOK

Zimbabwe’s economic outlook remains highly volatile, constrained by macroeconomic instability, currency uncertainty and debt stress, with growth prospects tied to commodity performance and incremental reform progress.

KEY PRIORITIES

Restoring macroeconomic stability and policy credibility, strengthening governance and institutional capacity, rehabilitating infrastructure, and enhancing food, climate and social resilience are critical to enabling sustainable and inclusive recovery.

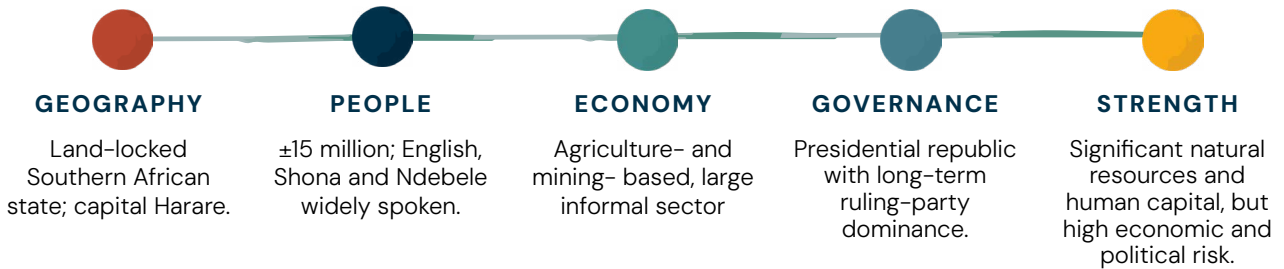


AVE RANK 1	AVE RANK 2	AVE RANK 3	AVE RANK 4	AVE RANK 5
Economic crisis, macroeconomic weakness and a non-competitive economy	Political instability and constrained cohesive politics	Governance and leadership failure, state incapacity and institutional breakdown	Systemic corruption, fraud, unethical conduct and organised crime eroding the rule of law, safety and security	Electricity, energy and national grid failure
Systemic macroeconomic fragility	Contextual volatility and constrained reform	Weak institutional backbone	Normalised leakage and weakened controls	Immediate production constraints
<i>A prolonged economic crisis drives currency shortages, underinvestment, skills flight and supply chain instability, undermining growth, competitiveness and confidence across the productive and financial system.</i>	<i>Political instability and contested legitimacy shape the entire operating environment, weakening policy focus and reform momentum and amplifying other pressures even when day to day operations continue.</i>	<i>Inconsistent leadership and limited state capability erode policy consistency, regulatory enforcement and infrastructure delivery, preventing institutions from providing stable, predictable and rules based conditions</i>	<i>Entrenched corruption, especially in resource sectors, inflates project costs, drives value leakage and undermines both public and private governance, diminishing competitiveness and trust..</i>	<i>Unreliable electricity supply disrupts processing plants, underground operations and critical pumping systems, turning power availability into a primary brake on output and investment.</i>
AVE RANK 6	AVE RANK 7	AVE RANK 8	AVE RANK 9	AVE RANK 10
Critical infrastructure and capacitated infrastructure failure	Water scarcity and water crises	Unemployment, income disparity, inequality and lack of social cohesion	Climate change and climate resilience failure	Cyber risk and digital disruption
Multi-channel disruption of economic flows	Persistent resource constraint on key sectors	Structural exclusion and fragile cohesion	Climate exposed energy and resource systems	Vulnerable digital transition phase
<i>Failures in logistics, utilities and communications trigger simultaneous production, export and cost shocks, eroding resilience and increasing the difficulty of sustaining and growing economic activity.</i>	<i>Climate driven water stress and limited innovation in water management create a chronic brake on mining, agriculture and urban systems, with rising competition over scarce supplies.</i>	<i>High unemployment and inequality, compounded by weak investment and restrictive labour conditions, undermine social cohesion, fuel discontent and slow progress toward a more diversified economy.</i>	<i>Dependence on hydropower and rainfall makes energy and production highly sensitive to drought and erratic weather, while rising expectations on safety and environmental performance add additional pressure.</i>	<i>Partial digitalisation and limited integration between information and operational systems create a period in which vulnerabilities grow faster than resilience measures as technology adoption accelerates.</i>

Taken together, these risks show that Zimbabwe’s regional profile is one of deep interconnectedness, where political, economic, infrastructure and environmental pressures reinforce one another rather than operating in isolation. This provides an appropriate bridge to the next section, which rewrites the SWOT and PESTLE material into a market style narrative that explains the broader resilience and risk environment.

3.5.2 Regional Profile

3.5.2.1 Region at a Glance



3.5.2.2 Internal Context: SWOT

STRENGTHS

- Substantial mineral, land and energy-resource endowment
- Recovery momentum in agriculture and mining
- Demonstrated community-level adaptation and coping strategies
- Emerging resilience-building programmes in agriculture
- Increasing analytical focus on resilience metrics

WEAKNESSES

- Prolonged governance crisis and constrained democratic space
- Chronic macro-economic instability and unsustainable debt
- High poverty, informality and food-security vulnerability
- Weak disaster-risk-management capacity in key sectors
- Infrastructure deficits and power-supply unreliability

OPPORTUNITIES

- Strong short- to medium-term growth projections
- Agriculture and food-system resilience investments
- Value addition in mining and manufacturing resilience
- Use of risk-financing instruments and social protection
- Integrating resilience into planning and local development

THREATS

- Persistent political repression and legitimacy deficit
- Climate change, drought and agricultural-risk intensification
- Continued macro-instability and loss of external support
- Widening inequality, youth unemployment and social unrest
- Environmental degradation and ecosystem-service erosion

3.5.2.3

External Context: PESTLE



3.5.2.4

Risks, Controls & Opportunities

AVE RANK	RISKS	CONTROLS (EXISTING / TYPICAL)	OPPORTUNITIES
1	Macroeconomic instability undermines confidence, investment and savings.	Monetary policy, reforms, regulation, IFI engagement implemented.	Stability and credibility attract investment and reduce risk.
2	High debt limits fiscal space and investment capacity.	Fiscal adjustments, debt engagement, reprioritisation implemented.	Debt restructuring unlocks finance for resilience investments.
3	Poverty and informality increase vulnerability to shocks.	Social support, resilience programmes, community projects implemented.	Livelihood programmes and agriculture improve rural resilience.
4	Governance weaknesses reduce trust and investment confidence.	Legal frameworks, oversight, reforms implemented.	Governance reforms rebuild confidence and attract investment.
5	Investment climate constraints limit private sector growth.	Business reforms, promotion, trade agreements implemented.	Regulatory improvements attract investment and diversify economy.
6	Infrastructure gaps constrain productivity and increase costs.	Public investment, PPPs, regional cooperation implemented.	Blended finance and PPPs improve infrastructure resilience.
7	Climate risks threaten agriculture, water and infrastructure.	Climate strategies, early warnings, resilience programmes implemented.	Climate adaptation investments strengthen resilience and sustainability.
8	Food and health vulnerabilities increase population risk.	Aid, health programmes, nutrition strategies implemented.	Strengthen health systems and climate resilient food systems.
9	External shocks affect trade, growth and stability.	Regional cooperation, trade agreements, DRR initiatives implemented.	Regional integration diversifies exports and strengthens resilience.
10	Social tensions risk instability and economic disruption.	Security, dialogue, community programmes implemented.	Inclusive growth and dialogue improve stability outcomes.

3.5.2.5

UmphakathiVuka Next Steps

The leading analysis shows that Zimbabwe's path to resilience depends on rebuilding trust, improving governance, stabilising the macroeconomic environment and strengthening the adaptive capacity of communities, firms and institutions. The UmphakathiVuka next steps provide a practical set of priorities for inclusive recovery and long-term resilience.

ZIMBABWE UMPHAKATHIVUKA SOCIAL COMPACT AND GOVERNANCE REFORM

Build an inclusive national compact for governance reform, macroeconomic stability and resilience-oriented recovery by bringing together government, opposition, business, labour, churches, traditional leaders, youth and civil society around a shared agenda on governance, livelihoods, climate and reform trade-offs, underpinned by stronger rule of law, anti-corruption measures, protection of civic space and accountable institutions.

MACRO STABILISATION, DEBT, RISK FINANCING AND SOCIAL PROTECTION

Stabilise inflation, currency conditions and public debt while protecting fiscal space for resilience through a credible stabilisation and arrears-clearance strategy, stronger debt transparency, expanded risk-financing instruments and shock-responsive social protection that cushions vulnerable households during crises. Structural reforms that support non-resource sectors.

CLIMATE, AGRICULTURE, FOOD SYSTEMS AND ENVIRONMENTAL REHABILITATION

Reduce drought-related and environmental threats to rural livelihoods, food security and macro stability by scaling irrigation, drought-tolerant seeds, soil conservation, diversified rural livelihoods, early-warning systems and agricultural disaster-risk-reduction capacity, together with reforestation, watershed management and sustainable land-use practices integrated into agriculture, mining and infrastructure policy.

INFRASTRUCTURE, ENERGY, PRODUCTIVE CAPACITY AND INCLUSIVE LIVELIHOODS

Stabilise and modernise energy, water and transport systems as a foundation for inclusive recovery, while promoting value addition, agro-processing and manufacturing through a better business environment, more reliable power and logistics, and stronger firm-level risk management, alongside programmes that prioritise youth employment, women's inclusion, informal livelihoods and urban-rural value chains.

NATIONAL RISK REGISTER, REGIONAL RE-ENGAGEMENT, TRANSPARENCY AND LEARNING

Maintain a single living national risk and resilience register informed by scenario analysis of political, macroeconomic, climate and social risks to guide policy, budgeting and investment, while deepening regional and international partnerships on trade, migration, climate, water, infrastructure and energy, and making Zimbabwe's risk-to-resilience journey visible through regular public reporting and multi-stakeholder review processes.

Collectively, these next steps position UmphakathiVuka as a practical resilience and renewal framework for Zimbabwe rather than an abstract concept. In this form, it can help align governance reform, economic recovery and social resilience within a more coherent regional contribution to the IRMSA risk report.



IRMSA MEMBERSHIP

.IRMSA membership delivers practical value through continuous learning, professional networking, technical resources and strategic industry engagement.

BENEFITS



**NETWORKING
OPPORTUNITIES**



**ACCESS TO
RESEARCH AND
INSIGHTS**



**CPD AND SKILL
DEVELOPMENT**



**EVENTS &
CONFERENCE**



**TECHNICAL
LIBRARY
ACCESS**



**INDUSTRY
VISIBILITY**



**PROFESSIONAL
RECOGNITION**



**LEADERSHIP
ENGAGEMENT
OPPORTUNITIES**



**CAREER GROWTH
SUPPORT**



**PROFESSIONAL
DEVELOPMENT
RESOURCES**



**VALUE-ADDED
BENEFITS
THROUGH OUR
PARTNERS**



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4.

International Contribution

Across international contributors, there is strong alignment that organisations are operating in a more volatile, interconnected and rapidly evolving global risk environment, where geopolitical fragmentation, economic pressure, climate disruption, cyber insecurity, resource stress and social fragility increasingly amplify one another rather than appearing as isolated shocks. Global risk bodies highlight that this is reshaping assumptions about globalisation, supply chains, technology dependence and energy systems, while simultaneously accelerating expectations around sustainability, ESG, transparency and the responsible use of emerging technologies such as artificial intelligence. At the same time, the role and maturity of risk management are evolving, with leading organisations moving beyond compliance to integrated, data enabled and strategy anchored approaches that position risk management, business continuity and strategic foresight as core enablers of resilience and value creation.

An international view of the IRMSA Top 10 risks shows that global practitioners recognise the same core risk themes, but emphasise their growing interconnectedness, increasing velocity and the need for more integrated, strategy led responses across regions.



AVE RANK 1	AVE RANK 2	AVE RANK 3	AVE RANK 4	AVE RANK 5
Governance and leadership failure, state incapacity and institutional breakdown	Economic crisis, macro economic weakness and a non-competitive economy	Political instability and constrained cohesive politics	Collapse of critical infrastructure and deterioration of basic infrastructure	Unemployment, income disparity, inequality and lack of social cohesion
International View	International View	International View	International View	International View
<i>Globally, governance quality remains uneven and continues to influence investor confidence, regulatory certainty and organisational resilience. Weak governance, corruption, regulatory inconsistency and ineffective leadership can undermine business stability, while strong governance is increasingly viewed as a strategic differentiator. Uncertainty in governance and regulation reduces planning certainty and requires preparation for multiple scenarios, including abrupt policy reversals, reinforcing the need for agile leadership and adaptable risk responses.</i>	<i>Inflation, currency volatility, elevated debt levels and uneven recovery patterns continue to place pressure on economies and organisations. Export oriented and globally connected sectors are especially exposed to shifts in demand and geopolitical fragmentation. Risk professionals are increasingly required to support leadership with timely insight for difficult decisions on costs, investment and growth, as prolonged strain can dampen innovation and expansion.</i>	<i>Political transitions, geopolitical tensions, protectionism and social unrest are now treated as strategic risks capable of disrupting operations and markets. Even in more mature environments, political division, regulatory uncertainty and trade tensions can create operational and financial disruption, while effectiveness of risk management depends heavily on the predictability of the political and regulatory climate.</i>	<i>Infrastructure resilience remains a global concern, with transport, logistics, water, telecoms and energy systems exposed to ageing assets, under-investment and climate related stress. Infrastructure is critical to organisational success, prompting closer scrutiny of dependencies, bottlenecks and failure points to prevent systemic breakdowns.</i>	<i>Unemployment, inequality and affordability pressures weaken social cohesion and heighten social tension, affecting labour markets and stakeholder expectations. Organisations are increasingly expected to demonstrate visible social responsibility and community support, with reputational consequences for those that do not.</i>

AVE RANK 6	AVE RANK 7	AVE RANK 8	AVE RANK 9	AVE RANK 10
Climate change and climate resilience failure	Systemic corruption, fraud, unethical conduct and organised crime eroding rule of law, safety and security	Cyber risk and digital disruption	Water scarcity and water crises	Electricity, energy and national grid failure
International View	International View	International View	International View	International View
<i>Climate change is recognised as a direct threat to continuity and economic stability, manifesting through floods, droughts, storms, wildfires, heat stress and associated food and water security issues. Historical data is less reliable as a predictor of future events, increasing the importance of scenario analysis and adaptive resilience planning.</i>	<i>Corruption, fraud, cyber enabled crime, illicit trade and unethical conduct continue to erode trust in institutions and markets, especially across complex cross border value chains. Organised crime increasingly intersects with cybercrime, intellectual property theft, supply chain infiltration, financial fraud, ransomware and human trafficking, demanding integrated responses across assurance functions.</i>	<i>Rapid digitalisation and technology adoption are expanding exposure to cyberattacks, ransomware, data breaches, operational technology failures and third party digital risks. Despite improved controls, adversaries remain highly adaptive, making cyber resilience and incident readiness central to risk management.</i>	<i>Water scarcity is emerging as a strategic risk in more sectors and regions, particularly where climate variability intensifies pressure on agriculture, manufacturing and urban systems. At the same time, energy security remains a concern worldwide, with rising demand, transition pressures and extreme weather driving investment in resilience, diversification and protection of critical energy infrastructure from both cyber and physical attack</i>	<i>Globally, energy security remains a significant concern, shaped by rising demand, infrastructure constraints, transition pressures, extreme weather and changing geopolitical conditions. These factors are driving increased organisational focus on energy resilience, backup capacity and alternative energy sources. Although not all organisations see energy disruption as a top immediate risk, major failures in electricity or national grid systems would have serious economic and operational consequences.</i>

Taken together, the international contributions underscore that future resilience will depend less on predicting individual events and more on cultivating governance, capabilities and collaboration that can absorb and adapt to complex, compounding disruptions. Priorities emerging from global peers include deeper integration of ERM into strategic decision making, investment in analytics, scenario planning and stress testing, and deliberate strengthening of risk culture, communication and leadership, particularly at CRO and board level. There is a clear call for closer cooperation between professional bodies, shared intelligence and harmonised competency standards so that the global risk community can develop integrated solutions that address multiple interconnected risks simultaneously, enabling organisations not only to protect value, but to unlock new opportunities for sustainable growth and societal resilience.



5.

Cultivating Our Future Forest

Call to Action

If every sector answers this call, Southern Africa can strengthen ethical culture, improve resilience and value creation, reinforce prudent control and rebuild legitimacy through visible results, so that people and institutions genuinely rise together into a more just, trusted and resilient future.





Southern Africa stands at a critical juncture where the meta-crisis we face demands more than individual action, it requires UmphakathiVuka, a people rising together.

This Call to Action is framed to mobilise leaders and stakeholders to respond to Southern Africa's meta-crisis through integrated risk management, sound governance and shared accountability. It combines three reinforcing lenses across five objectives.

The objectives provide a common scaffold for action, from strengthening ethical, accountable leadership to integrating risk into strategy, enhancing governance and controls, advancing stakeholder inclusivity and collective action, and building legitimacy through measurable impact, thereby ensuring that responses to systemic risk are coherent, people centred and sustainable rather than fragmented or ad hoc.

The 5WIH structure is used to ensure that every section is practical and answers six implementation questions, i.e. Who must act; What must be done; Where action must occur; When action is required; Why action

matters; and How implementation should happen. These are all aligned with the King V core governance themes of ethical leadership, sustainable value creation, prudent control and stakeholder inclusivity and are supported by suggested practical actions for leadership to consider.

UmphakathiVuka as a unifying narrative and moral centre signals that Southern Africa's risk landscape cannot be addressed through isolated technical interventions alone, but requires people first leadership, institutions and communities to rise together with urgency, shared humanity and a long-range vision for a just future.

It brings together the spirit of Ubuntu through shared humanity, the Batho Pele commitment to putting people first, and the Indlulamithi perspective of looking beyond the trees towards a just future. As the golden thread of this report, the UmphakathiVuka mindset ensures that governance is not treated as a technical exercise alone, but as a practical and ethical commitment to collective wellbeing, long-term value creation and national renewal.



“
The UmphakathiVuka mindset ensures that governance is not treated as a technical exercise alone, but as a practical and ethical commitment to collective wellbeing, long-term value creation and national renewal.
 ”

“When leaders rise for the people, not above them, UmphakathiVuka turns authority into service and power into a promise that no one is left behind.”

5.1 Strengthen Ethical, Accountable Leadership (Leadership)

Objective

Strengthen ethical, accountable leadership as a core strategic capability and risk control, by ensuring that governing bodies and executives consistently demonstrate integrity, competence, responsibility, accountability, fairness and transparency in their own conduct and decisions, before expecting it from the rest of the organisation.

The governing body sets the tone and direction of the organisation, which is why King V begins with ethical and effective leadership as its first principle. In South Africa's current risk landscape, ethical, accountable leadership is no longer a compliance ideal, but a non negotiable strategic capability and first line of defence against systemic failure, especially in high exposure sectors such as infrastructure, energy and water.

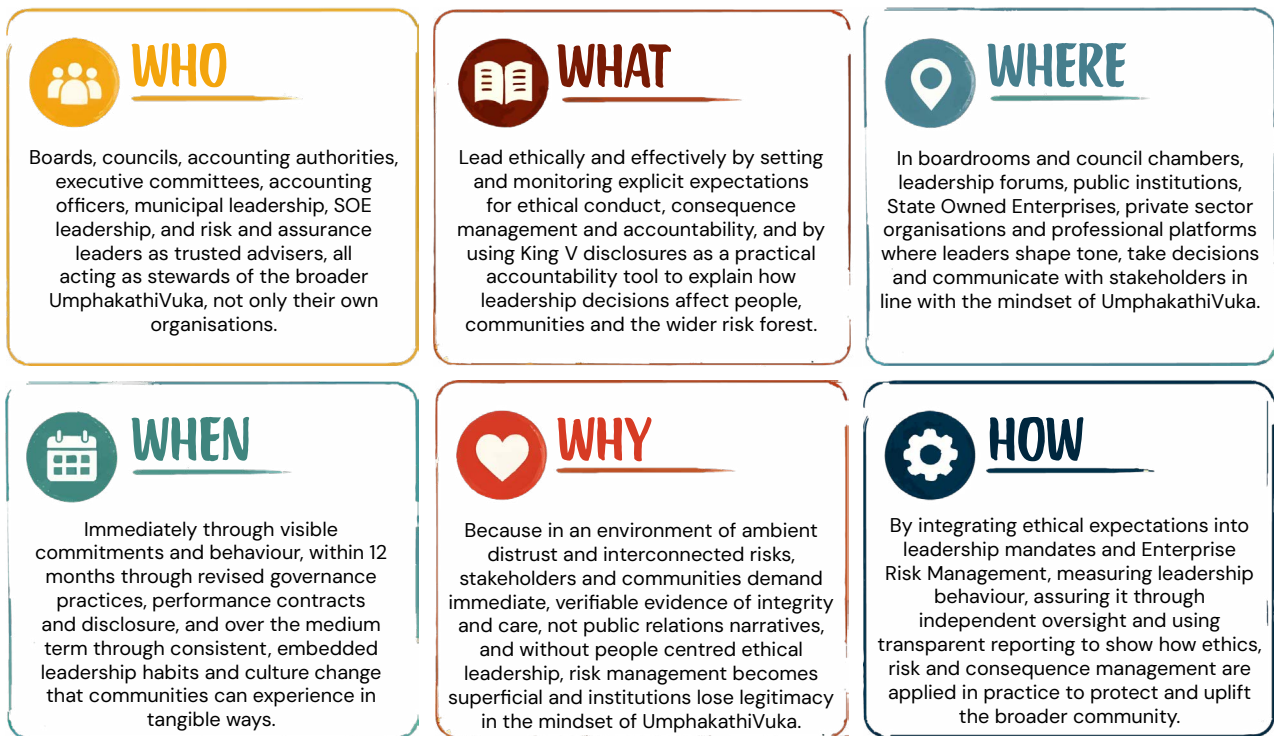
In the spirit of UmphakathiVuka, this means leadership that sees itself as part of a wider forest, acting in the interests of the community and the system, not

only the individual tree. This section calls on boards, councils and executives to move beyond aspirational statements and demonstrate values based, people first leadership through transparent decision making, timely consequence management and clear disclosure of governance outcomes, so that stakeholders can see governance in action and begin to rebuild trust in institutions.

In South Africa's current risk landscape, ethical, accountable leadership is no longer a compliance ideal

5.1.1

5W1H



5.1.2

Practical actions



Taken together, these actions give practical effect to the King V principles of ethical and effective leadership, good governance and responsible corporate citizenship, positioning leaders as custodians of value creation over the long term. By embedding integrity, accountability, transparency, and fairness into decision making, strengthening oversight structures and clarifying roles, they help rebuild trust, improve control effectiveness and ensure that governance arrangements are fit for purpose in an increasingly complex, interconnected risk environment.

King V Principles (Principles 1, 2, 5, 7)



“UmphakathiVuka calls us to see above the trees and to weave risk and resilience into strategy today so that tomorrow’s communities can stand on more certain ground.”

5.2

Integrate Risk into Strategy and Performance

(Strategy & Performance)

Objective

Integrate Enterprise Risk Management into core purpose, strategy, planning and performance so that organisations can navigate Southern Africa’s interconnected risks, protect value and unlock new, people centred opportunities across the wider economy, society and natural environment.

A sound understanding of an organisation’s risks and opportunities begins with recognising that it is embedded within the wider economy, society and natural environment, and depends on their health and resilience for its own sustainable success. Embeddedness means strategy and performance cannot be defined only in financial terms, but must reflect how value is created, maintained and eroded across these interconnected systems, including climate, nature, communities and institutions.

In a complex, fast changing environment where prediction repeatedly fails, leaders must shift from planning for what they hope will happen to preparing for what could realistically unfold, asking sharper questions

about the assumptions that sit beneath their plans and what happens if those assumptions are wrong. This requires clear links between risk appetite, strategic priorities and performance measures, supported by scenario planning, stress testing and forward-looking analytics that are built into every planning cycle, not added as a check at the end.

With an UmphakathiVuka mindset, risk informed strategy becomes a way to protect and grow the whole forest: aligning risk appetite to societal and environmental priorities, using sustainability lenses for all major choices and ensuring that long term resilience is never sacrificed for short term gains.

Leaders must shift from planning for what they hope will happen to preparing for what could realistically unfold

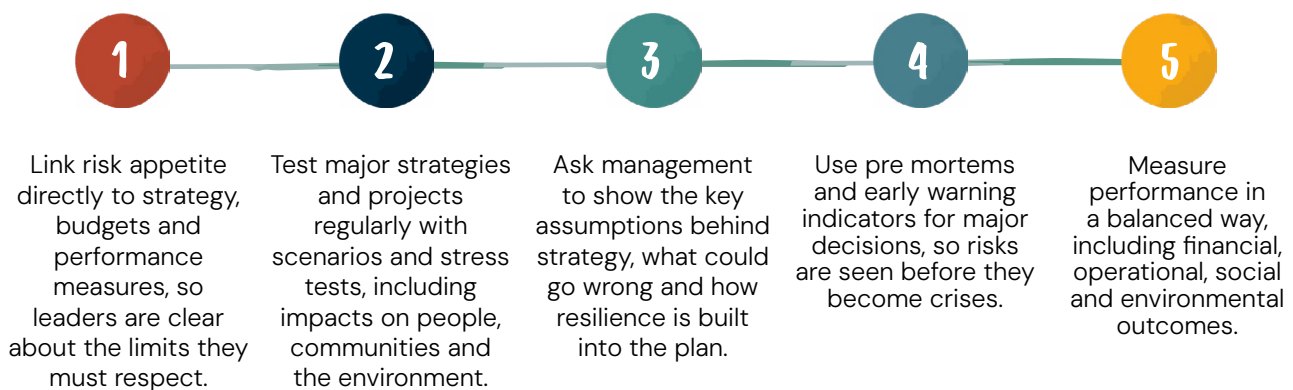
5.2.1

5W1H



5.2.2

Practical actions



Anchoring risk firmly within strategy and performance is central to the King V emphasis on outcomes-based governance, integrated thinking and responsible value creation. When boards and executives treat risk intelligence as a core strategic asset, linked to opportunity, resilience, and stakeholder outcomes, governance structures become more forward looking, decisions become more balanced and transparent, and organisations are better equipped to navigate uncertainty in a way that protects and enhances long term stakeholder value in alignment with the UmphakathiVuka mindset.

King V Principles (Principles 3, 4, 8, 10)

Every fair rule, every honest control and every clear line of accountability is an act of Ubuntu in practice. These form the quiet architecture of UmphakathiVuka that allows a nation to trust its institutions.



5.3

Enhance Governance Structures and Control Effectiveness

(Governance Structures & Controls)

Objective

Strengthen governance structures and control effectiveness so that governing bodies, committees and assurance providers can exercise informed oversight, respond to risk earlier and support resilient, accountable decision making across the organisation.

To govern requires different skills and competencies than to manage, and non executive members of the governing body need a sound understanding of how the risk management system and combined assurance can be used for effective oversight. In a volatile environment, governance structures must move beyond compliance driven oversight towards governance that is integrated, intelligent and increasingly real time, with clear accountability across the three lines model, sharper committee

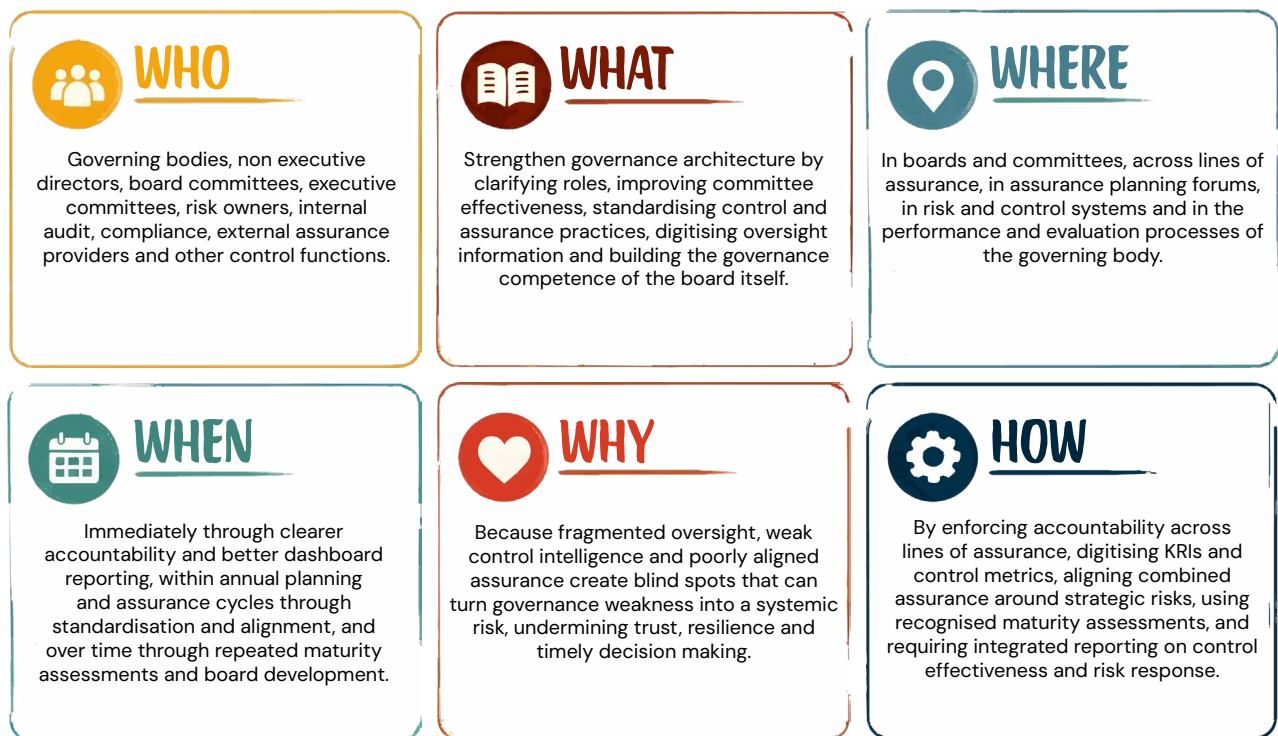
focus and decision ready risk intelligence. This includes standardised key risk indicators (KRIs), control effectiveness metrics, aligned combined assurance and better board evaluation practices so that oversight improves over time rather than relying on personality or experience alone.

With an UmphakathiVuka mindset, stronger governance architecture is not only about internal order, but about enabling better decisions that

Stronger governance architecture is not only about internal order.

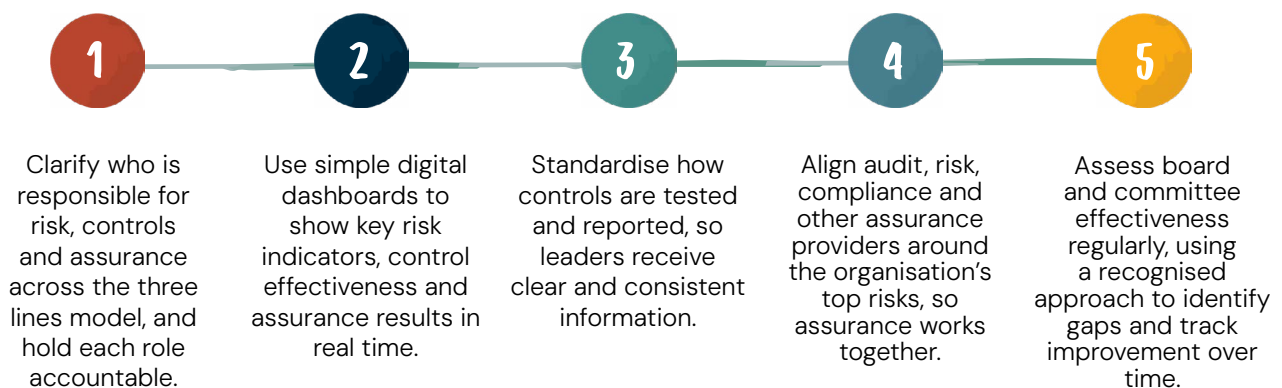
5.3.1

5W1H



5.3.2

Practical actions



Strong governance structures and effective controls help leaders see further, respond faster and govern with greater confidence in a complex risk environment. When roles are clear, assurance is aligned and oversight is informed by real time intelligence, boards are better able to protect both organisational value and the health of the wider forest. In UmphakathiVuka terms, stronger governance is not only about better control, but about creating institutions that are trustworthy, capable and visibly accountable to the people they serve.

King V Principles (Principles 6, 7, 9, 11, 12)



“When communities, business, labour and the state choose to walk together, UmphakathiVuka becomes more than a theme. It becomes a lived pact to put people first and build a just future in common.”

5.4

Advance Stakeholder Inclusivity and Collective Action

(Stakeholders)

Objective

Advance stakeholder inclusivity and collective action so that organisations can respond to systemic risks through shared responsibility, coordinated action and people centred value creation across the wider economy, society and natural environment.

A stakeholder-inclusive approach is essential because organisations both affect and are affected by their stakeholders, and responsible corporate citizenship requires accountability for economic, social and environmental consequences beyond mere legal compliance.

This is the practical expression of relatedness and interdependence, which sits at the heart of Ubuntu-Batho and the UmphakathiVuka mindset. In South Africa’s interconnected risk landscape, many of the most material risks, including

infrastructure failure, energy insecurity, safety concerns and social instability, cannot be solved by any single institution acting alone. This section therefore calls on boards and executives to move beyond consultation towards genuine co-creation with government, business, labour, communities and civil society, supported by clearer stakeholder value frameworks, structured collaboration platforms and shared accountability for resilience outcomes.

Boards and executives to move beyond consultation towards genuine co-creation

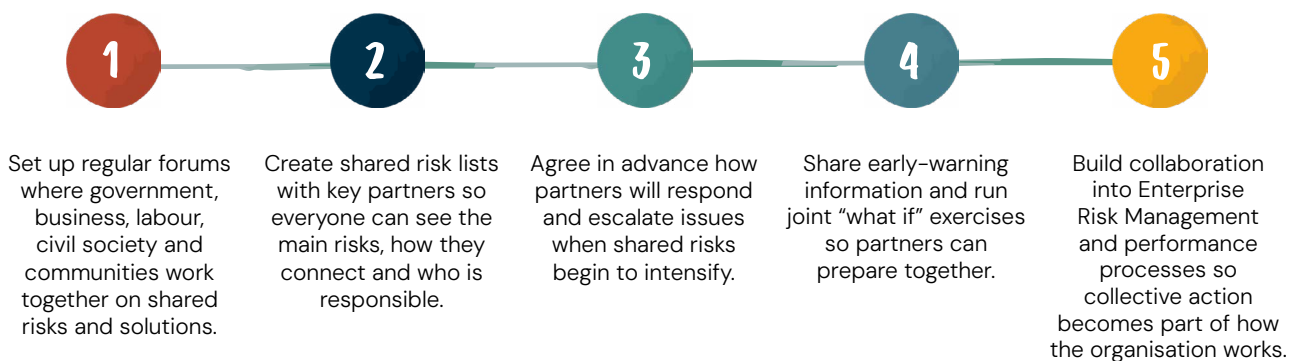
5.4.1

5W1H



5.4.2

Practical actions



Advancing stakeholder inclusivity and collective action is about recognising that no tree survives for long if the forest around it is failing. When leaders work with stakeholders in a structured, transparent and purposeful way, they strengthen trust, improve coordination and create more durable responses to shared risks. In UmphakathiVuka terms, this is how organisations move from isolated action to shared stewardship, helping communities and institutions rise together in a more resilient and inclusive Southern Africa.

King V Principles (Principles 2, 4, 9, 13)

Trust does not rise on promises alone. In the spirit of UmphakathiVuka, it grows when people can see, touch and question the evidence that commitments are being honoured and lives are tangibly improving.



5.5

Build Legitimacy Through Measurable Impact and Transparency

(Citizenship & Legitimacy)



Objective

Restore trust and build institutional legitimacy by showing clear, measurable results and transparent disclosure on how risk, resilience and value creation commitments are being met, not only through legal compliance but through visible impact in people’s lives.

Organisations must not only “walk the talk” but also show, in a transparent and verifiable way, that they are doing so. Sound governance cannot be enforced by law alone, so market discipline and social scrutiny both depend on honest, useful disclosure. In an environment of deep distrust, boards and executives need to demonstrate real progress on service delivery, risk reduction and societal value, backed by clear indicators and independent assurance where appropriate.

This means shifting from activity reporting to impact reporting, answering simple questions: What impact have we delivered, how do we know, and who has checked the evidence. Legitimacy also depends on responsible risk taking, with boards overseeing whether the organisation understands its key threats and opportunities, can respond appropriately and can justify the risks it chooses to take in pursuit of strategy, innovation and public value.



Boards and executives need to demonstrate real progress on service delivery, risk reduction and societal value.

5.5.1

5W1H



5.5.2

Practical actions



Building legitimacy through measurable impact and transparency is the thread that ties the entire Call to Action together. It turns ethical leadership, risk informed strategy, stronger governance and collective action into something stakeholders can see, test and trust. When organisations show clear results, explain their risk taking choices and admit where they have fallen short, they earn the right to ask for continued support and patience. In an UmphakathiVuka mindset, this is how institutions demonstrate that they are rising with, and for, the people they serve.

King V Principles (Principles 3, 4, 8, 9, 10, 12)

5.6

The Call to Action Voice

Hear the Call

Guided by King V, this Call-to-Action invites leaders, institutions and communities to move beyond awareness into active stewardship of Southern Africa's living risk forest, bringing together ethical leadership, risk informed strategy and performance, stronger governance and controls, stakeholder inclusive collaboration and measurable, transparent impact.

Through the 5WIH lens of who must act, what must be done, where and when action is required, why it matters and how it will be implemented, UmphakathiVuka becomes a disciplined, people first mindset for turning shared concern into coordinated, accountable practice across sectors.

If every sector answers this call, Southern Africa can strengthen ethical culture, improve resilience and value creation, reinforce prudent control and rebuild legitimacy through visible results, so that people and institutions genuinely rise together into a more just, trusted and resilient future.



6.

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Development of the Report

The IRMSA Risk Report was developed through a structured and inclusive process to ensure both credibility, defensibility and practical relevance.



600+

SURVEY RESPONSES



4

CRITICAL REVIEWERS



5

SPECIALISTS DEVELOPING THE CALL TO ACTION



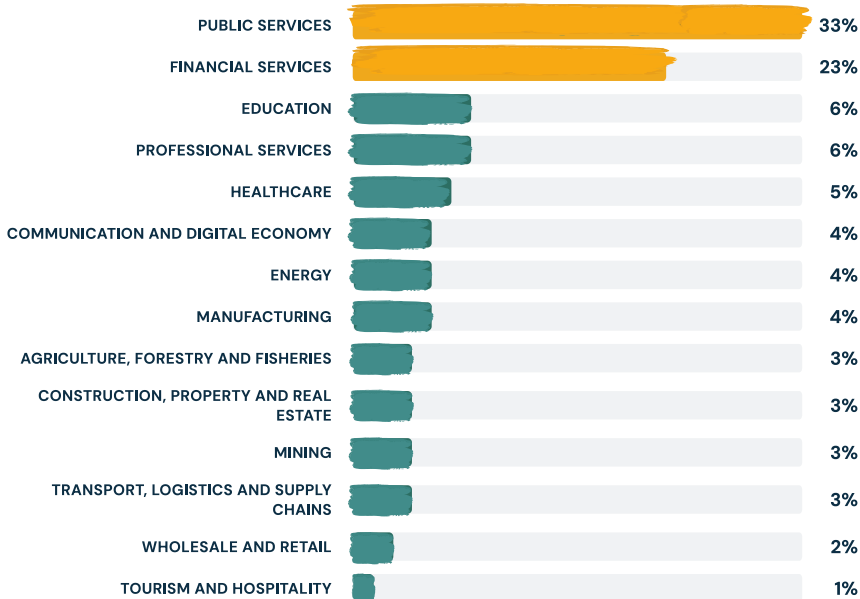
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INTERNATIONAL PERSPECTIVES

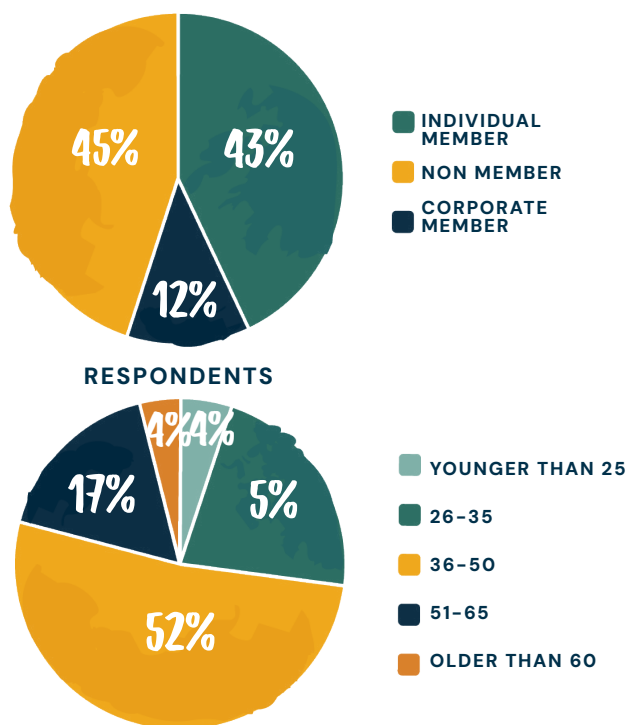


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