

Four Possible South Africas

South Africa at the Fork. Again.

◆ What the data reveals — four scenario paths, probability weightings, trigger conditions, and the nine indicators that will tell us which path we are on
◆

FORWARD SCENARIO MODEL · 2025-2035

The 2010 backtest showed us what was lost when the window was open but the will was absent.
The 2035 forward model asks the harder question.

Four possible South Africas exist in 2035. The paths diverge from a common starting point: a GNU coalition managing an energy recovery, a debt trajectory that is stabilising but not yet declining, and a set of structural reforms that remain politically contested.

Which path we are on will not be visible in GDP data for several years. It is already visible — if you know which indicators to watch.

18%

Phoenix Rising

Structural breakthrough
Institutions rebuilt
Energy surplus by 2030

42%

Muddle Republic

GNU holds, delivery
Drift without collapse
BASE CASE

28%

Captured Again

Reform fatigue enables
new patronage networks
Slow institutional re-decay

12%

The Fracture

Fiscal crisis triggers
debt event, social
instability, capital flight

PROBABILITY MATRIX · BASE RATES



BASE PROBABILITIES REFLECT: GNU political durability · Eskom EAF trajectory · Debt-to-GDP momentum · Geopolitical alignment pressures · Historical precedent from comparable emerging markets
· THESE ARE JUDGEMENT ESTIMATES, NOT PREDICTIONS

SCENARIO 01 · MOST ASPIRATIONAL

18%

Phoenix Rising

The structural breakthrough that requires everything to go right simultaneously.

~\$10,800

GDP PER CAPITA 2035

~32%

DEBT-TO-GDP 2035

Surplus

ENERGY STATUS 2030+

~26%

UNEMPLOYMENT 2035

The Story Arc

The GNU develops genuine delivery architecture by 2026 — not coalition management, but a Delivery Unit with executive authority modelled on proven emerging market frameworks. The reform presidency enters its legacy phase. Eskom's energy availability crosses 70% sustainably by 2027 as renewable energy phases 6 and 7 deliver at scale. The Just Transition financing package arrives as genuine capital, not conditionality theatre.

By 2030, SA is a net energy exporter to neighbouring states. Transnet's port reform unlocks Durban as sub-Saharan Africa's premier logistics hub. Youth unemployment begins a structural — not cyclical — decline.

The Geopolitical Unlock

Trade agreements renewed on favourable terms. SA's non-aligned posture recalibrated from functionally bloc-aligned to genuinely neutral — maintaining multilateral engagement while rebuilding Western capital market relationships. The grey-listing lifted by 2026. The African Continental Free Trade Area creates a genuine demand base for SA's manufacturing sector.

The global green transition is SA's structural tailwind: platinum group metals for hydrogen fuel cells, renewable energy export, critical minerals for battery supply chains. In Phoenix, SA positions for all three simultaneously.

ENERGY FLOOR

Eskom EAF sustainably above 65% by end-2026. Renewable phases contracted and breaking ground. Load-shedding below Stage 2 frequency by 2027. Without this, nothing else compounds.

GNU DELIVERY ARCHITECTURE

Coalition moves from political management to a Delivery Unit with real budget authority by mid-2026. Development plan milestones become binding. Coalition parties accept shared accountability for outcomes.

FISCAL CREDIBILITY RESTORED

Debt-to-GDP stabilises and begins declining by 2027. Primary budget surplus achieved. SOE transfers capped with genuine performance conditions. Rating agencies move SA back to investment grade by 2029.

GEOPOLITICAL REPOSITIONING

Trade agreements renewed. Grey-listing lifted. Just Transition financing secured. SA positions as credible partner for both multilateral and bilateral capital flows.

TRANSNET REFORM

Port landlord model implemented by 2027. Private terminal operators in Durban. Rail maintenance ratio inverted. Freight volumes recovering to 220Mt+ by 2030.

MUNICIPAL FLOOR

Section 139 reform with teeth. At least 30 worst-performing municipalities under genuine administration. Water delivery metrics improving in Free State and Eastern Cape by 2028.

SCENARIO 02 · MOST LIKELY · BASE CASE

42%

Muddle Republic

SA locks into a permanently lower equilibrium. Nothing breaks. Nothing heals.

~\$7,300

GDP PER CAPITA 2035

~73%

DEBT-TO-GDP 2035

Managed

ENERGY — INTERMITTENT

~39%

UNEMPLOYMENT 2035

The Story Arc

The GNU survives — but on political management, not delivery. Each coalition crisis resolved through negotiation that preserves existence at the cost of implementation momentum. Energy stabilises around 63-66% EAF — enough to prevent Stage 6 but not enough to free the economy's energy ceiling. Debt stabilises but does not fall. The interest bill stays around 20-22% of revenue — a permanent tax on future capacity.

Why This Is the Dangerous Path

Muddle Republic is the hardest scenario to escape because it doesn't feel like a crisis. The dashboard stays amber — never red, never green. Every year of Muddle reduces Phoenix probability by ~2% and increases Captured Again by ~1.5%. The equilibrium calcifies. By 2030, the political economy settles into stable low-growth that becomes self-reinforcing.

SCENARIO 03 · MOST UNDERESTIMATED RISK

28%

Captured Again

It won't announce itself. It will look like exhaustion, pragmatism and compromise. That's what makes it dangerous.

~\$5,800

GDP PER CAPITA 2035

~90%

DEBT-TO-GDP 2035

Deteriorating

ENERGY STATUS

~49%

UNEMPLOYMENT 2035

The Story Arc

This scenario begins not with a dramatic event but with a quiet exhaustion. The GNU fractures by 2027 — not from a scandal but from accumulated disappointment. A new political formation emerges, promising results-focused governance with pragmatic partnerships. The language of reform is retained. The institutions are not dismantled — they are simply not protected.

The tell is not a single event — it is a pattern of quiet erosion. Revenue weakens not because the economy has slowed, but because the broader revenue ecosystem loses integrity: SOEs that should be generating surpluses return to transfers, infrastructure projects stall, board appointments start looking familiar — not the same names, but the same network logic.

Why This Is the Most Dangerous Path

The Fracture is frightening. But Captured Again is insidious — it produces the same long-run outcome without a triggering crisis that might galvanise response. Each individual compromise is deniable. The sum is catastrophic.

The historical pattern repeats across multiple reform cycles in comparable emerging markets: reformers build, exhaustion sets in, networks re-establish, reformers must start again — each cycle from a lower institutional base.

The pattern is consistent: reformers build, exhaustion sets in, networks re-establish, reformers must start again — each cycle from a lower institutional base.

JUSTICE CULTURE SIGNAL

The signal is whether accountability has become culturally embedded. Are consequence management frameworks applied consistently? Are whistleblowers protected? A justice system that only acts when forced to is fragile.

REVENUE ECOSYSTEM SIGNAL

Watch the full picture: are SOEs generating surpluses or demanding transfers? Is industrialisation expanding the formal tax base? Are infrastructure investments generating economic multipliers? Revenue integrity is a system — when any major component weakens, the whole dims.

GNU FRACTURE SIGNAL

If the reform coalition fractures without triggering a Phoenix-direction election, the political vacuum will be filled by factions with less institutional commitment. Watch who replaces ministers and with what mandate.

SOE BOARD APPOINTMENTS

The quality and independence of SOE board appointments is a leading indicator. Not the names — the process. Unilateral ministerial discretion without parliamentary scrutiny: the vessel is being prepared for the next cargo.

CIVIL SOCIETY CAPACITY

The civil society organisations that provided institutional resistance during the capture era are not infinitely resourced. If their capacity is progressively litigated away or defunded, the accountability ecosystem thins.

ELECTORAL MATH SHIFT

If electoral gains in 2029 force the governing party into a coalition that includes anti-reform parties, the political economy shifts decisively. Coalition stability through 2029 is a prerequisite for avoiding this path.

SCENARIO 04 · TAIL RISK · SEQUENCE-DEPENDENT

12%

The Fracture

Low probability. Non-negligible. The scenario that restructures everything else around it.

~\$4,500

GDP PER CAPITA 2035

100%+

Crisis

ENERGY STATUS

55%+

UNEMPLOYMENT AT PEAK

The Fracture Sequence

The Fracture is not a single event — it is three shocks arriving simultaneously on a system with zero absorbers. Shock one: a global risk-off event reduces SA's export revenue by 15–20% over 18 months. Shock two: Eskom's EAF falls back below 58% following a major generation failure — Stage 5 returns.

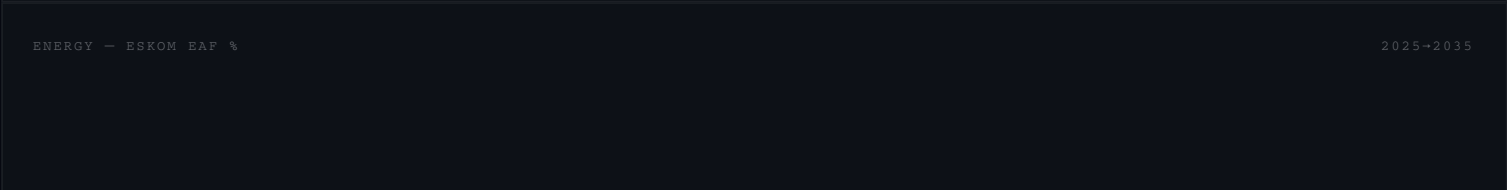
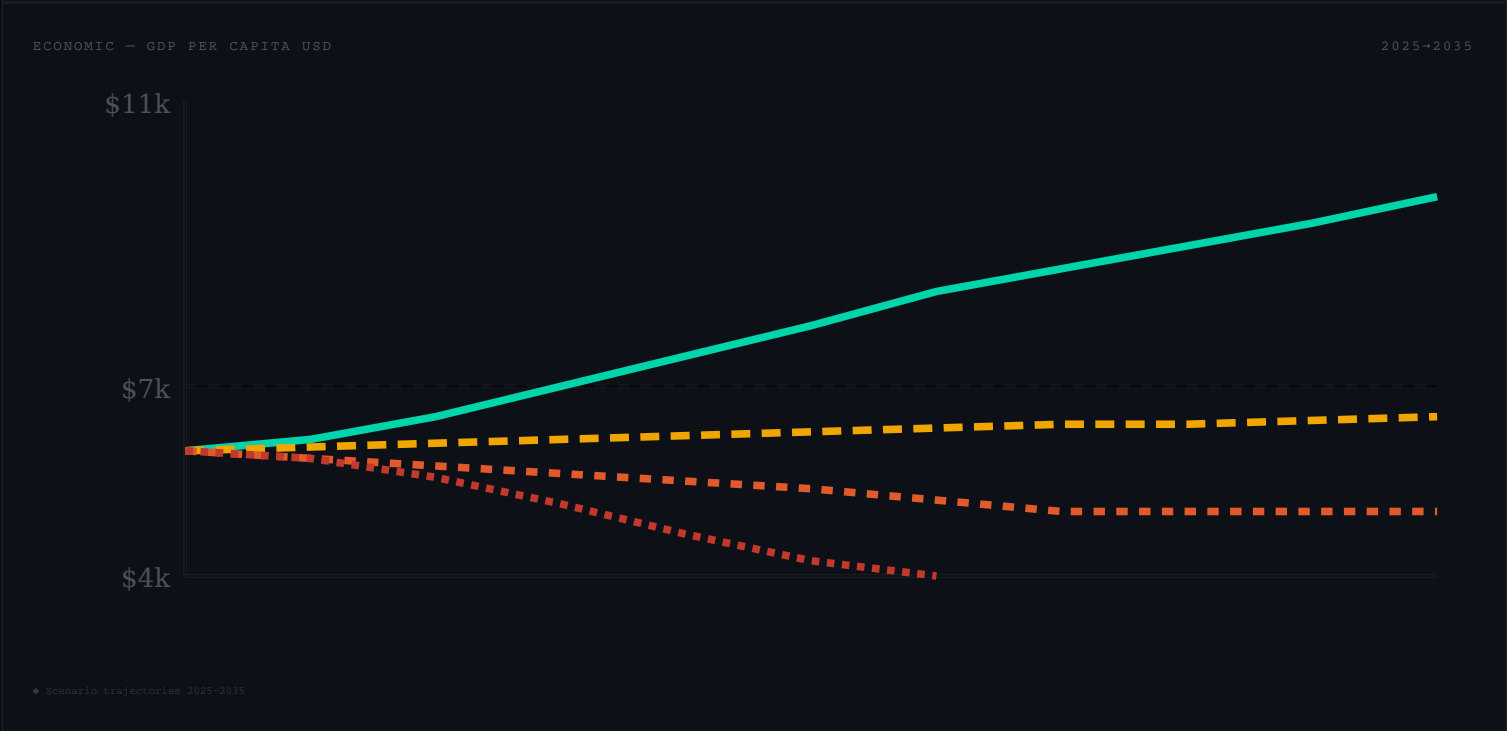
Shock three — the decisive one: the debt service ratio crosses 25% of revenue, forcing a choice between social spending and debt obligations in an election year. The coalition fractures along papered-over fault lines. The external lender call comes. The conditionality it brings is politically unacceptable. The government falls.

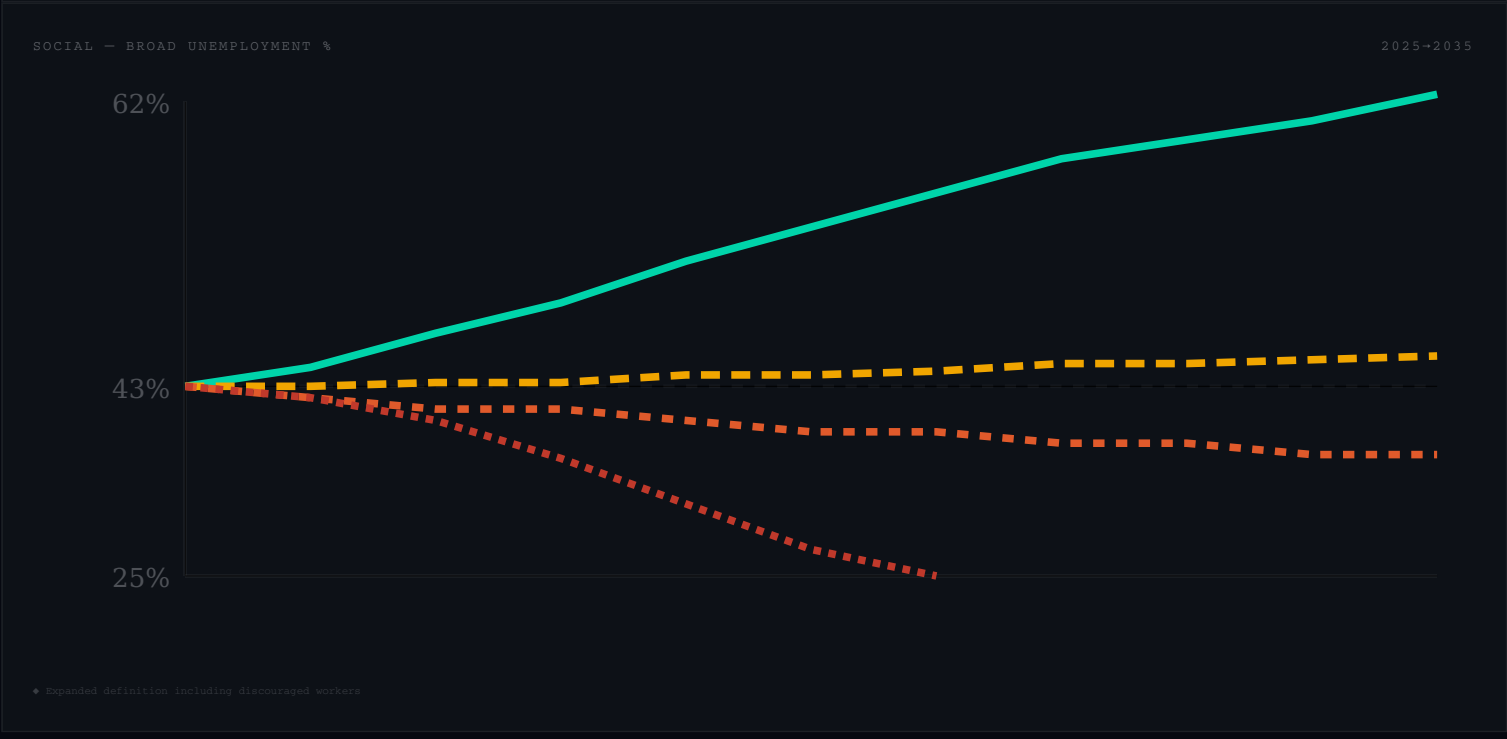
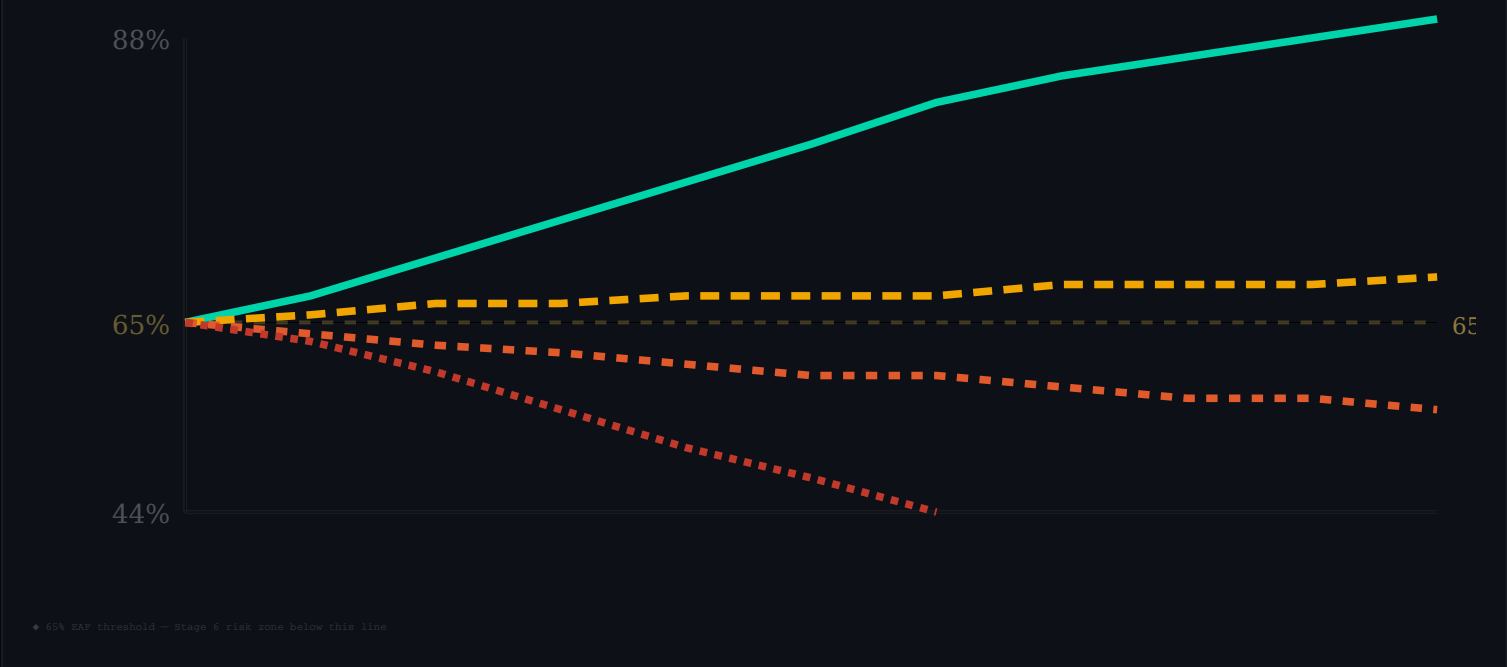
Why 12% Is Not Zero

The Fracture requires multiple shocks to coincide — hence 12%, not 30%. But the system's lack of shock absorbers means that when shocks do coincide, the amplification is severe and fast.

The comparator is middle-income countries with credible institutions that experienced rapid fiscal collapse when debt dynamics interacted with political fragmentation during an external shock. SA's Constitution and institutional depth provide more resistance. But resistance is not immunity. The 12% is the honest number.

The Fracture is preventable until approximately 2028. The prevention: reduce the debt service ratio below 15% before the external shock arrives. Every year of Muddle or Captured Again narrows this window.





The Model Meets *the 2026 Reality.*

Today's Budget Speech provides the first real-world data point against this model's scenario framework. Here is where SA sits — scored against Phoenix/Muddle thresholds — and what the four ground-level dimensions the macro model cannot fully see are showing right now.

◆ 2026 BUDGET SCORECARD

GDP GROWTH · 2026

1.6%

MUDDLE

Phoenix needs 3%+. Below global average of 3.3%. GDP per capita still declining. Reforms could unlock 3.5% if fully executed.

GROSS DEBT TO GDP · 2025/26

78.9%

TURNING POINT

Falls to 76.5% by 2028/29. "For the first time in 17 years, debt will stabilise and continue to fall." The most important macro signal in today's speech.

UNEMPLOYMENT · NARROW

~32%

MUDDLE

"Four in 10 working-age adults cannot find work." Slow recovery. Growth not yet reaching the informal economy at meaningful scale.

ESKOM EAF · YTD 2026

65%

PHOENIX SIGNAL

Strongest leading indicator. 261 consecutive days without load-shedding since March 2024. Energy floor is holding. Structural repair incomplete.

CREDIT RATING · DIRECTION

↑ Upgrade

PHOENIX SIGNAL

First upgrade in 16 years. FATF grey-listing lifted. Bond yields falling. Investor credibility returning — not yet investment grade.

◆ WHAT THE SCORECARD CANNOT SEE — FOUR GROUND-LEVEL GAPS

↳ THE WATER CRISIS

Electricity stabilising. Water collapsing. The silent divergence.

Non-revenue water sits at 47% — nearly half of all treated municipal water lost before reaching a household. Up from 35% a decade ago. eThekweni NRW has reached 58%. The maintenance backlog for water infrastructure is estimated at R400bn — the same order as the Eskom debt that consumed the last decade. The 2026 Budget allocated R156bn for water and sanitation over the medium term. A factory with electricity but no water does not produce. A hospital with power but no reliable supply cannot operate. The "water mafia" — illegal connections and billing fraud — accelerates collapse in precisely the municipalities least able to absorb it.

47%

Non-revenue water · Up from 35% in 2014 · Peer average: 30%

↳ HUMAN CAPITAL LAG

The Delivery Unit cannot build a bridge if there are no qualified welders in the district.

The Phoenix path projects 300k+ new formal jobs annually from 2027. That number assumes a pipeline of artisans, electricians, plumbers and project managers that does not currently exist at scale. The basic education crisis — matric pass rates that mask functional illiteracy, TVET throughput mismatched to market demand — means the growth dividend and the skills to capture it are on mismatched timelines. Rebuilding delivery capacity is not just a fiscal question. It is a generational one.

~2.5m

Artisan and technical skills deficit · SETA delivery gap widening annually

↳ SOCIAL COMPACT IGNITION

Recovery perceived as exclusive is socially identical to no recovery.

The model places ignition primarily in the Fracture scenario at 12%. This understates a subtler risk: ignition during a recovery that bypasses the informal basement. If SA grows at 3% but that growth concentrates in green-energy corridors and financial services, the 12 million South Africans in the informal economy may register zero relief — while observing a visible enrichment of those already positioned to capture it. The Fracture scenario does not require a debt crisis as its trigger. The 2026 Budget social wage — 60% of non-interest spending — is the fiscal buffer. Whether it is sufficient is the open question.

12 million

South Africans in informal economy · Zero direct exposure to formal growth recovery

↳ POLITICAL DURABILITY — 2026 LGE

The model assumes the GNU is a starting point. The 2026 local government elections test whether it survives contact with the electorate.

The GNU's credibility depends on what it produces at municipal level — where water arrives, roads are maintained, refuse is collected. If reform-aligned parties lose significant ground in metros and secondary cities, coalition partners face internal pressure to prioritise patronage over institutional repair. A "Paper Phoenix" — reform on a Treasury spreadsheet, capture in the streets — becomes more probable with each municipal loss. The 2026 LGE is not a footnote to this model. It is its first real electoral verdict.

2026 LGE

First electoral test of GNU delivery · Municipal credibility determines national durability

THE BUDGET SCORECARD READING

Today's numbers place SA firmly in **Muddle Republic with Phoenix signals**. The debt turning point is real and significant — the first in 17 years. The energy floor is holding. The credit upgrade is not cosmetic. But growth at 1.6%, unemployment structurally above 30%, and water infrastructure in active crisis mean the Phoenix path requires execution quality the macro numbers alone cannot guarantee. The distance between the green signals and the Phoenix outcome is not fiscal. It is institutional, technical, and political.

The four ground-level gaps — water, human capital, social compact, political durability — are not secondary. They are the terrain on which the macro model's assumptions either hold or evaporate. **The Phoenix scenario does not fail at Treasury. It fails at the pipe, the TVET college, the informal settlement, and the ballot box.** Tracking these four dimensions with the same rigour as EAF and Debt-to-GDP is not optional for anyone serious about which path SA is actually on.

Thirteen leading indicators — the original nine macro and institutional signals, plus four ground-level indicators added after the 2026 Budget Reality Check. Track quarterly. Signals appear 18-30 months before the macro data confirms them.

01

Eskom EAF — 6-month moving average

Not the daily number — the trend. Three consecutive months above 67% EAF signals Phoenix territory. Below 60% signals Fracture risk elevation.

- Phoenix: EAF 67%+ sustained, renewables accelerating
- Muddle: EAF 61-66%, oscillating, no structural improvement
- Fracture: EAF below 58%, Stage 4+ returning regularly

02

Accountability Culture Index

Is consequence management applied consistently at all levels? Are whistleblowers protected? Institutional accountability that depends on individual champions is fragile. Culture that demands it is durable.

- Phoenix: Consequence management applied consistently, civic trust rising
- Captured: Accountability selectively applied by faction
- Fracture: Rule-of-law premium collapsed, system openly politicised

03

The Revenue Ecosystem — Breadth, Not Just Collection

Are SOEs generating surpluses? Is industrialisation expanding the formal economy? Is infrastructure generating multipliers pulling new firms into the tax net?

- Phoenix: SOE surpluses, industrial GDP rising, trade flows expanding
- Muddle: Revenue stable but narrow, SOE transfers continuing
- Fracture: Revenue base contracting, debt service crossing 25%

04

Transnet Freight Rail Volumes (Mt)

Recovery above 180Mt signals genuine infrastructure repair. Decline below 130Mt signals accelerating productive economy damage independent of policy direction.

- Phoenix: 200Mt+ by 2028, port reform delivering efficiency gains
- Muddle: Stabilised 145-165Mt, structural ceiling
- Captured: New procurement cycle, maintenance ratio inverts again

05

GNU Coalition Stability Index

Track policy convergence not political statements. Are ministers co-implementing or co-existing? Watch budget votes, SOE appointments, municipal intervention decisions.

- Phoenix: Joint delivery targets, shared accountability, delivery unit active
- Muddle: Coalition intact, delivery fragmented, blame-shifting visible
- Captured: Reform coalition exits, replaced by anti-reform partners

06

Net Skilled Emigration Rate

Currently ~15-20k/year. Reversal to net inflow is a Phoenix signal. Acceleration above 30k/year is a leading indicator of Captured Again or Fracture trajectory.

- Phoenix: Net diaspora inflow by 2029, skills premium recovering
- Muddle: Continued outflow 12-18k/year, stabilised not reversed
- Captured: Acceleration to 25k+, healthcare and legal sectors worst

07

Just Transition Financing Realisation

Track disbursements vs. pledges. Low realisation (<30% by 2027) signals the geopolitical relationship remains performative. High realisation is the external capital injection Phoenix requires.

- Phoenix: 60%+ realised, renewable export infrastructure contracted
- Muddle: 25-40% realised, conditionality disputes slowing disbursement
- Fracture: Financing suspended following geopolitical rupture

08

Municipal Water & Sanitation Delivery

The deepest basement indicator. Track the percentage of municipalities providing reliable water and sanitation. Moves slowly — early trend detection is critical.

- Phoenix: 70%+ municipalities functional by 2030, Section 139 working
- Muddle: Metros functional, secondary cities deteriorating
- Captured: New tender cycle in water sector, delivery outcomes declining

09

Youth Formal Employment Absorption

The social compact indicator. If formal employment absorption of the 18-34 cohort is not increasing by 2027, the social springs are not decompressing regardless of GDP growth.

- Phoenix: 300k+ net new formal jobs per year from 2027
- Muddle: Growth without absorption, Gini unchanged
- Fracture: Youth unemployment spike above 65%, social ignition risk

10

Non-Revenue Water Rate — Municipal Average

Currently 47% and rising — nearly half of all treated municipal water lost before generating revenue. Recovery below 38% signals genuine repair. Deterioration above 52% signals systemic collapse no energy recovery can compensate for. Track the No Drop report scores quarterly.

- Phoenix: NRW declining toward 35%, R156bn water budget disbursing to pipes not administration
- Muddle: NRW stable 44-48%, metros improving, secondary cities deteriorating
- Fracture: NRW above 52%, Day Zero events multiplying, water boards cutting supply

11

Vocational & Technical Skills Pipeline

Phoenix needs 300k+ formal jobs annually. That requires artisans, plumbers, electricians and project managers that don't exist at scale. Track TVET throughput, apprenticeship registrations, SETA delivery scorecards. A Delivery Unit with no qualified workforce is a spreadsheet, not a programme.

- Phoenix: TVET throughput rising 15%+, artisan completions tracking infrastructure pipeline
- Muddle: Skills gap stable but not closing, projects stalling at PM bottleneck
- Captured: SETA governance deteriorates, TVET budgets redirected, pipeline narrows

12

Inclusive Growth Index — Informal Economy

12 million South Africans live in the informal economy. GDP growth concentrated in green-energy corridors and financial services reaches them last, if at all. Track informal sector surveys, township retail, protest frequency. Social ignition threshold is a perception of exclusivity — not a debt ratio.

- Phoenix: Informal formalisation increasing, township retail growth visible, protest frequency declining
- Muddle: Growth concentrated in formal sector, informal-formal gap stable
- Fracture: Recovery perceived as exclusive, protest frequency rising, ignition risk independent of debt crisis

13

2026 LGE Outcome — Municipal Mandate

The near-term stress test of the entire model. Track vote share for reform-aligned parties in the top 15 municipalities, coalition formation in hung councils, and whether GNU co-governance extends municipally. The 2026 LGE is not a footnote. It is the model's first real electoral verdict.

- Phoenix: Reform parties hold or gain metros, co-governance extends municipally, GNU mandate confirmed
- Muddle: Split outcomes, reform parties hold metros, lose secondary cities, GNU under pressure
- Captured: Reform parties lose significant ground, anti-reform coalitions form, GNU fractures

The window is narrower *this time*. But it is open.

The 2010 backtest showed a window that was fully open and was closed from the inside. The 2025 forward model shows a window that is open — but narrower, shorter, and harder to hold open. The compound interest of the lost decade has reduced fiscal room, thinned institutional talent, compressed household shock absorption, and shortened the runway before Fracture risk becomes material.

The base case is Muddle Republic at 42%. Phoenix Rising requires political will of a quality that must be demonstrated simultaneously across energy, fiscal, institutional and geopolitical dimensions. It has been done before — by countries starting from worse positions than SA's in 2025. But it requires the decision-makers in the boardroom of the state to choose the basement over the ballroom, every time, for a decade.

THE SINGLE VARIABLE THAT DETERMINES EVERYTHING

Governance quality at the executive level is the master variable that sets the probability distribution across all four scenarios. Every other variable — energy, fiscal, geopolitics, social — is downstream of this one. The 2010 backtest proved it. The 2035 forward model confirms it.

THE ASYMMETRY THAT MAKES THIS URGENT

The probability distribution is not static. Every year of Muddle Republic reduces Phoenix probability by ~2% and increases Captured Again by ~1.5%. Every year of Captured Again increases Fracture probability by ~1%. The scenarios are a cascade, not parallel tracks. The clock is running.

THE NON-OBVIOUS OPPORTUNITY

SA's structural position in 2025 is better than it looks from inside the country. The global green transition creates genuine demand for exactly what SA has — sun, wind, platinum group metals, critical minerals, and a port that could serve a continent. The external conditions for Phoenix are more favourable than at any point since 2010.

THE QUESTION THIS MODEL CANNOT ANSWER

What makes a political system choose long-term institutional health over short-term coalition survival? The models can

specify the interventions. The data can show the outcomes. The signals can be tracked. But the variable that moves the needle is not technical. It is volitional. It always has been.