

THE REAL ECONOMY BULLETIN

TRENDS, DEVELOPMENTS AND DATA

PROVINCIAL REVIEW 2024

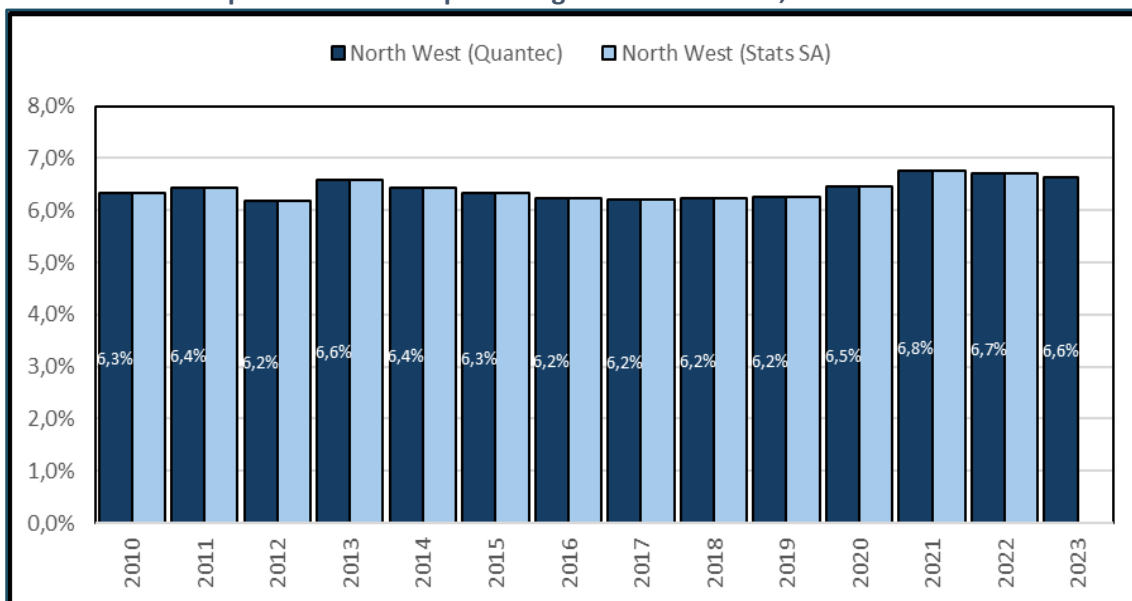
Provincial Review 2024: North West

The North West province has the third lowest population in South Africa, and nearly half of the population lives in non-urban areas. The economy is primarily driven by the mining industry, and rising commodity prices in 2021 led to significant growth in provincial output. Manufacturing contributes far less to provincial output, and the sector is dominated by food and beverages, and metals. The province has a high level of unemployment compared to the national average.

The real economy in the North West: structure and growth

The North West accounted for 6.6% of the national GDP in 2023, slightly up from 6.5% in 2020. According to Quantec estimates, the North West's share of the national GDP dipped to its lowest level between 2016 and 2019 in the past decade. In 2020, the province's contribution increased by 3.4% from the previous year (see Graph 1).

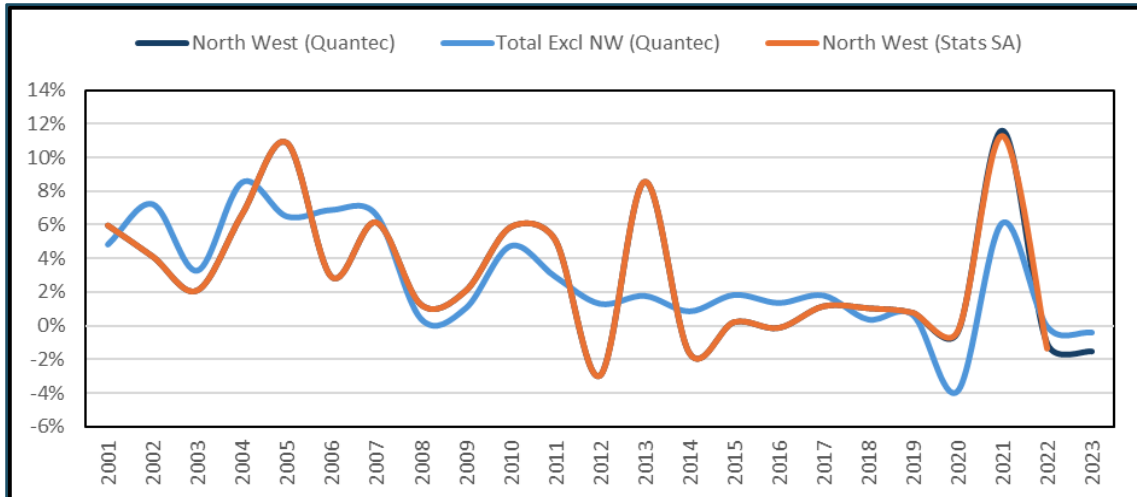
Graph 1: North West percentage of national GDP, 2010 to 2023



Source: Calculated from Statistics South Africa and Quantec, EasyData. Series on Gross Value Added at basic prices in Macroeconomic Service and Series on Gross Value Added at basic prices in Regional Service. Accessed at www.easydata.co.za in July 2024. Note: Rebased to 2023 using CPI data from Stats SA.

North West's growth performance is more volatile than the national growth performance, due to the dominance in the province of the mining sector, which is vulnerable to commodity price shocks. Graph 2 shows that in 2005, the provincial economy's growth performance outpaced the national economy due to the commodity boom of the early 2000s. However, as commodity prices declined, the provincial growth rate eased and became much more volatile. Moreover, in 2020, the North West's GDP contracted 0.4% due to the national lockdown. Then in 2021, the province's growth shot up to 12%, the highest growth rate of the provinces, thanks to a surge in commodity prices in 2021. In 2023, however, the province recorded a 2% growth rate decline.

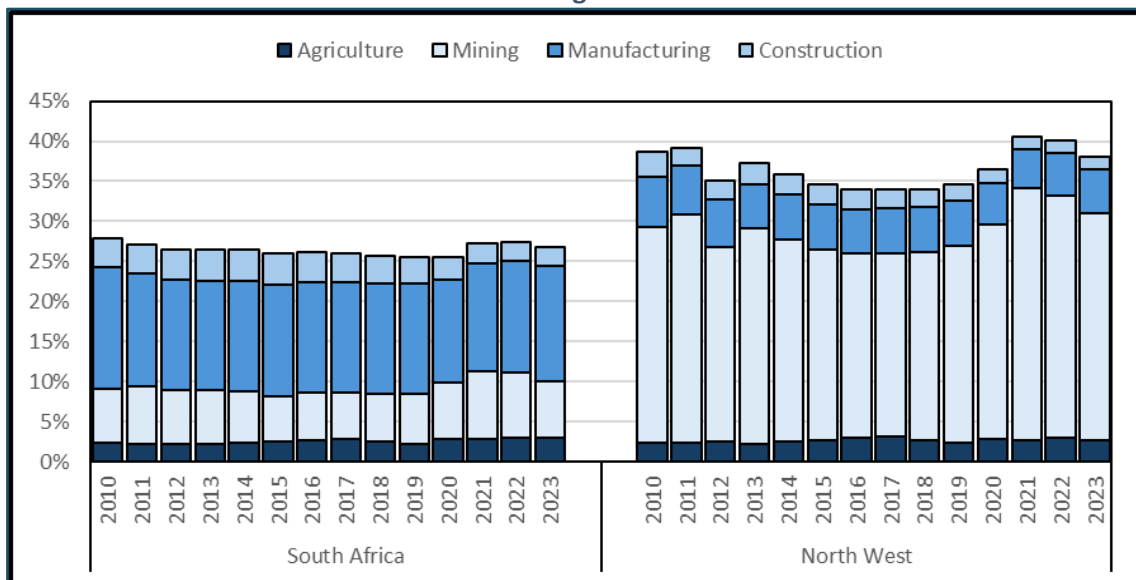
Graph 2: North West economic growth compared to the rest of the economy, 2000 to 2021



Source: Calculated from Statistics South Africa and Quantec, EasyData. Series on Gross Value Added at basic prices in Macroeconomic Service and Series on Gross Value Added at basic prices in Regional Service. Accessed at www.easydata.co.za in July 2024. Note: Rebased to 2023 using CPI data from Stats SA.

The real economic sectors in the North West accounted for 38% of provincial GDP compared to 27% at the national level in 2023 (see Graph 3). The higher proportion of the real economic sectors to the provincial GDP is primarily driven by the dominance of mining, particularly platinum mining, in the province. Mining is the largest real economic sector, accounting for 28% of the provincial GDP in 2023. Manufacturing is the second largest sector, accounting for 6% of the provincial GDP. Agriculture accounts for 3% while construction accounts for 2%.

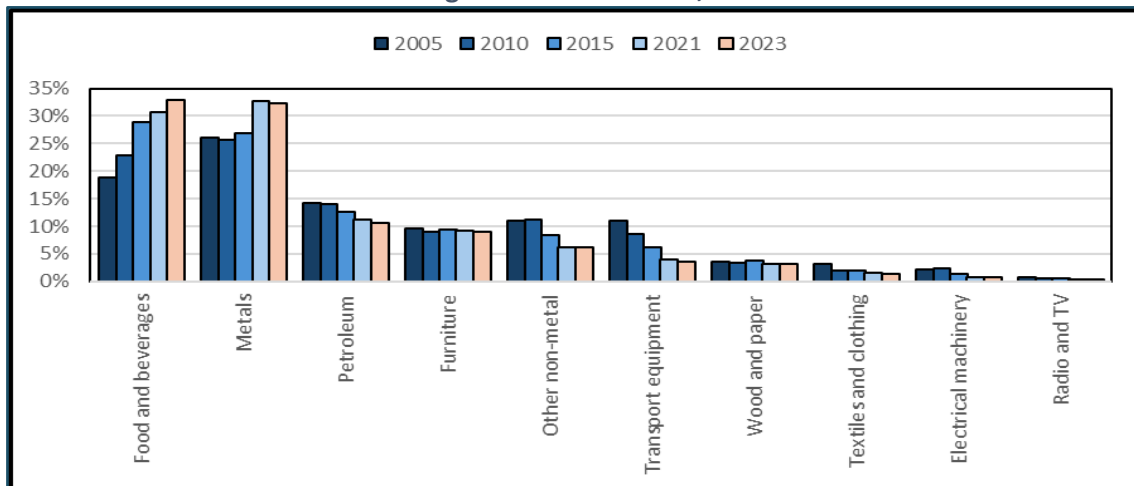
Graph 3: Real sectors as a percentage of North West GDP compared to the national average from 2010 to 2023



Source: Calculated from Quantec, EasyData. Series on Gross Value Added at basic prices in Regional Service. Accessed at www.easydata.co.za in July 2024. Note: Rebased to 2023 using CPI data from Stats SA.

Manufacturing in the North West is dominated by the food and beverages and metals industries, accounting for 33% and 32% of provincial output in 2023 (see Graph 4). Petroleum accounted for 11%. Notably, the share of food and beverages has steadily increased over the years, increasing by 14% from 2005 to 2023. The metals industry’s output increased the most in 2021. In contrast, petroleum, other non-metal, and transport equipment have declined over the years.

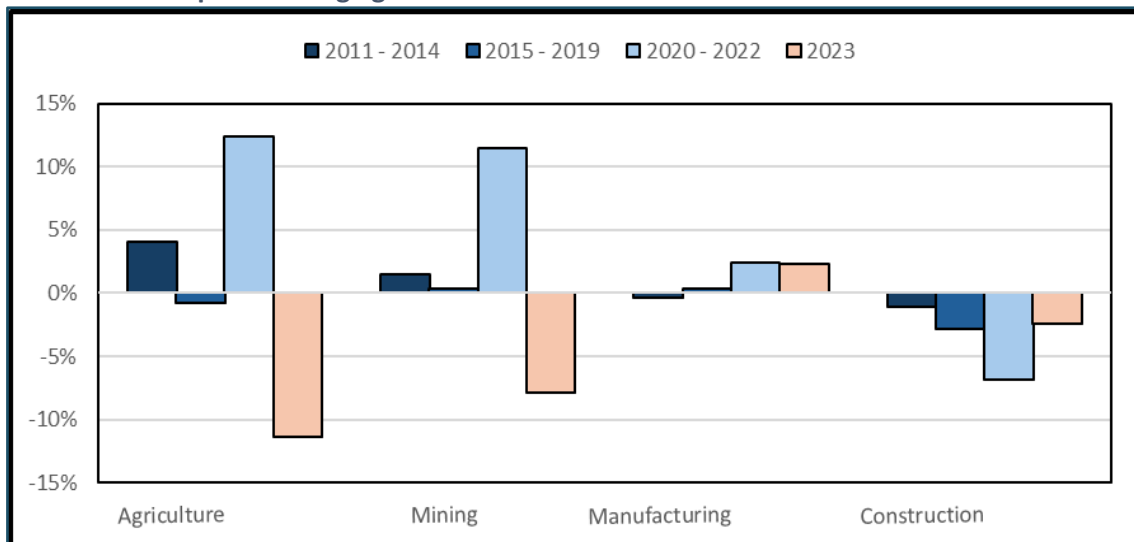
Graph 4: Manufacturing industries as a percentage share of total manufacturing GVA in North West, 2005 to 2023



Source: Calculated from Quantec, EasyData. Series on Gross Value Added at basic prices in Regional Service. Accessed at www.easydata.co.za in July 2024. Note: Rebased to 2023 using CPI data from Stats SA.

Graph 5 shows that in the North West agriculture and mining grew by 4% and 1% while construction and manufacturing declined by 1% and 0.4% between 2011 and 2014. All sectors recorded minimal growth between 2015 and 2019, except for construction which declined by 3%. Construction was hard hit by the pandemic in 2020, declining 19%, followed by manufacturing at 9%. Agriculture had a significant growth of 25%, followed by mining, which grew by 8% in the same year. Between 2020 and 2022, agriculture grew by 12%, mining by 11% and manufacturing by 2% while construction declined by 7%. In 2023, agriculture declined by 11%, mining by 8% and construction by 2% while manufacturing grew by 2%.

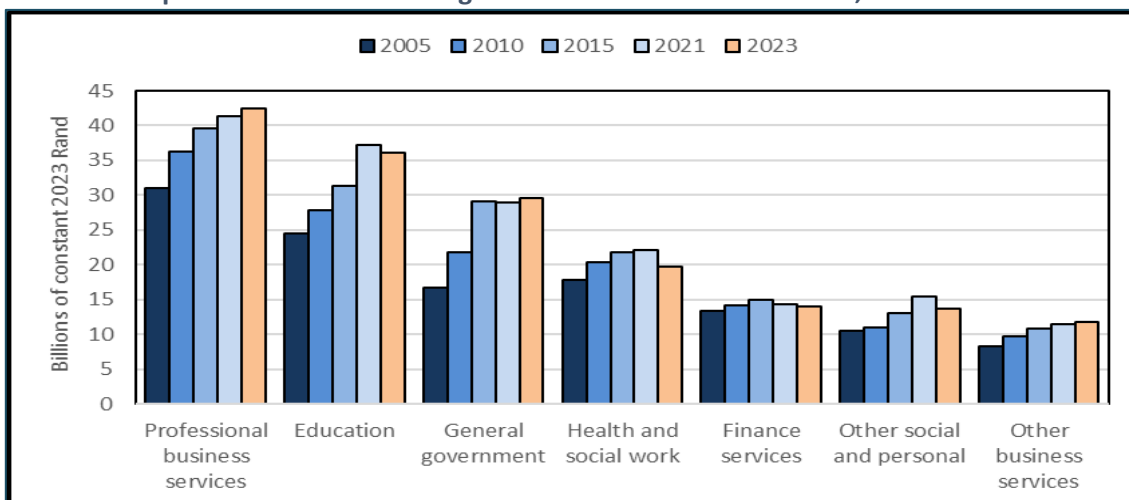
Graph 5: Average growth rate in real economic sectors of North West



Source: Calculated from Quantec, EasyData. Series on Gross Value Added at basic prices in Regional Service. Accessed at www.easydata.co.za in July 2024. Note: Rebased to 2023 using CPI data from Stats SA.

Professional business services are the largest contributor to services value added in the North West. The industry has grown significantly over the years and accounted for R42 billion while education accounted for R36 billion in 2023 (see Graph 6). General government services, health and social work, other social and personal services, and other business services have also grown over the years while financial services have plateaued in the province.

Graph 6: Service industries' gross value added in North West, 2005 to 2023

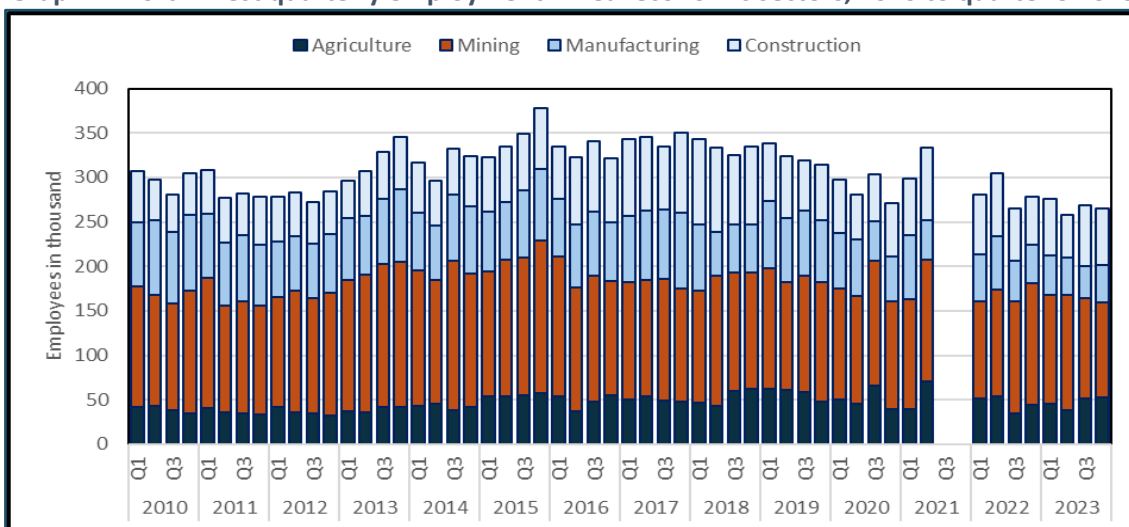


Source: Calculated from Quantec, EasyData. Series on Gross Value Added at basic prices in Regional Service. Accessed at www.easydata.co.za in February 2025. Note: Rebased to 2023 using CPI data from Stats SA.

Employment in real economic sectors

In 2023, North West accounted for 7% of total employment in South Africa. The provincial real economy had 265 000 employees in Q4 2023 making up 29% of total employment in the province (see Graph 7). Mining accounts for the largest share of employment, with 106 000 people employed in Q3 2023, followed by construction with 64 000 people, agriculture with 53 000 people, and manufacturing with 42 000 people. Although the COVID-19 pandemic had an adverse effect on employment in the province, the province has recovered its job losses. However, following the pandemic employment in mining decreased between Q4 2022 and Q4 2023, losing 22% of jobs in the sector. Employment in agriculture increased by 19% and in construction by 16% in the same period.

Graph 7: North West quarterly employment in real economic sectors, 2010 to quarter 3 2023



Source: Statistics South Africa. Quarterly Labour Force Survey. Series on Employment by industry and province. Downloaded from www.statssa.gov.za Note: Q3 and Q4 2021 are excluded because during the pandemic Stats SA suspended the QLFS in both quarters due to low response rates.

Real economy projects

Table 1 shows large public and private real-economy projects in the North West between 2010 and 2023.

Table 1: Large public and private real economy projects in North West 2010 - 2023

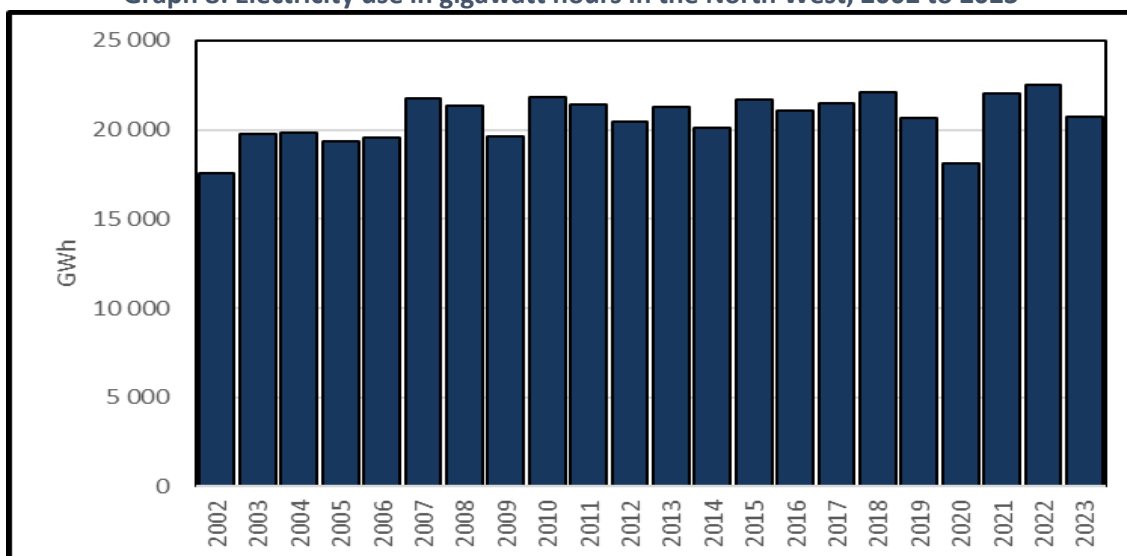
| PROJECT NAME | COMPANY | VALUE | SECTOR |
|--|--|---------------|---------------|
| Lonmin Bulk Tailings Treatment Plant | Lonmin | R664 million | Mining |
| Bakubung Platinum Mine project. | Wesizwe Platinum. | R10.7 billion | Mining |
| Bridgestone Brits plant upgrade | Bridgestone South Africa | R400 million | Manufacturing |
| Bakubung Platinum Mine project. | Wesizwe Platinum | R730 million | Mining |
| Triple Flag 2019 Conference Project | Triple Flag Precious Metals | R2.1 billion | Mining |
| Amplats Capital Projects: Rustenburg Base Metals Refinery | Anglo American Platinum | R700 million | Mining |
| Tharisa mining Vulcan Chrome Plant | Tharisa Mining (Tharisa) | R882 million | Mining |
| PPM Triple Crown production expansion | Sedibelo Platinum Mines Kell Process | R9.4 billion | Mining |
| Tronox Mineral Sands Solar PV Project | Tronox Mineral Sands/Tronox/ | R 3.2 billion | Utilities |
| Crocodile River Mine: Zandfontein underground | Eastern Platinum | R360 million | Mining |
| Bushveld Minerals operations expansion: Vametco | Bushveld Minerals | R1.04 billion | Mining |
| Vametco Hybrid Mini-Grid | Bushveld Minerals | R45.2 million | Utilities |
| Ferrochrome Furnaces (FCF) smelting complex refurbishment. | Ironveld | R40 million | Manufacturing |
| Kutlwano Solar Power Plant | Kutlwano Solar Power Plant (RF) (Pty) Ltd /Enel | R1.5 billion | Utilities |
| Boitumelo Solar Power Plant | Boitumelo Solar Power Plant (RF) (Pty) Ltd /Enel | R1.5 billion | Utilities |
| Doornhoek PV | AMEA Power | R2.2 billion | Utilities |
| Grootfontein (1, 2 and 3) solar PV projects | Scatec | R5.1 billion | Utilities |

Source: TIPS FDI Tracker. 2010 – 2023. Available at <https://www.tips.org.za/manufacturing-data/fdi-tracker>

Energy

Electricity distributed by Eskom to the North West has remained somewhat stable, peaking at 22 488 Gigawatt hours (GWh) in 2022 (see Graph 8). In 2007, Eskom distributed 21 774 GWh to the province, accounting for 9% of the total distribution. The province received 20 746 GWh in 2023, accounting for 10% of Eskom's total electricity distributed.

Graph 8: Electricity use in gigawatt hours in the North West, 2002 to 2023



Source: Calculated from Statistics South Africa. Electricity generated and available for distribution, Excel table from 2000. Downloaded from www.statssa.gov.za in February 2025.

Table 1 indicates the IPPs in the North West. Most projects are Photovoltaic Crystalline projects and most exceed the 100MW licencing threshold. Half, however, have no financial close yet.

Table 2: Independent Power Producer projects in the North West

| BID WINDOW | PROJECT NAME | TECHNOLOGY | CAPACITY (MW) | LOCAL COMMUNITY | PROJECT STATUS |
|--------------|-----------------------------|--------------------------------------|---------------|-----------------|------------------------|
| Bid Window 6 | Boitumelo Solar Power Plant | Photovoltaic Crystalline-Single Axis | 150 | – | No financial close yet |
| Bid Window 4 | Bokamoso | Photovoltaic Crystalline-Single Axis | 67.9 | Matlosana | Operational |
| Bid Window 1 | RustMo1 Solar Farm | Photovoltaic Crystalline Fixed | 6.93 | Rustenburg | Operational |
| Bid Window 6 | Kutlwano Solar Power Plant | Photovoltaic Crystalline-Single Axis | 150 | – | No financial close yet |
| Bid Window 6 | Doornhoek PV | Photovoltaic Crystalline-Single Axis | 120 | – | No financial close yet |
| Bid Window 4 | De Wildt | Photovoltaic Crystalline-Single Axis | 50 | Brits | Operational |

| BID WINDOW | PROJECT NAME | TECHNOLOGY | CAPACITY (MW) | LOCAL COMMUNITY | PROJECT STATUS |
|--------------|-----------------------------|--------------------------------------|---------------|-----------------|------------------------|
| Bid Window 4 | Bokamoso | Photovoltaic Crystalline-Single Axis | 67.9 | Matlosana | Operational |
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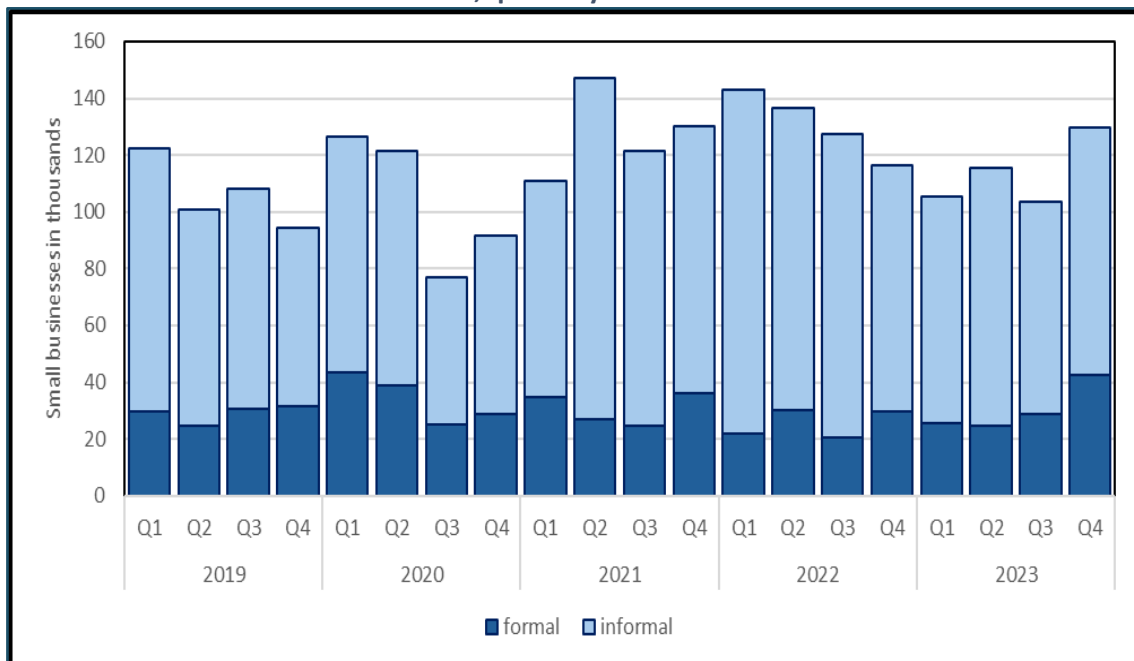
Source: Department of Mineral Resources and Energy (DMRE). Independent Power Producers Procurement Programme (IPPPP) Project database. Available at: <https://www.ipp-projects.co.za/ProjectDatabase>.

Small business

North West has few formal small businesses. At 43 000, the province hosted 6% of the country's total in the fourth quarter of 2023 (see Graph 9). This peak was also achieved in the first quarter of 2020. Formal small businesses declined by 36% in the third quarter of 2020 from the previous quarter, correlating to the pandemic.

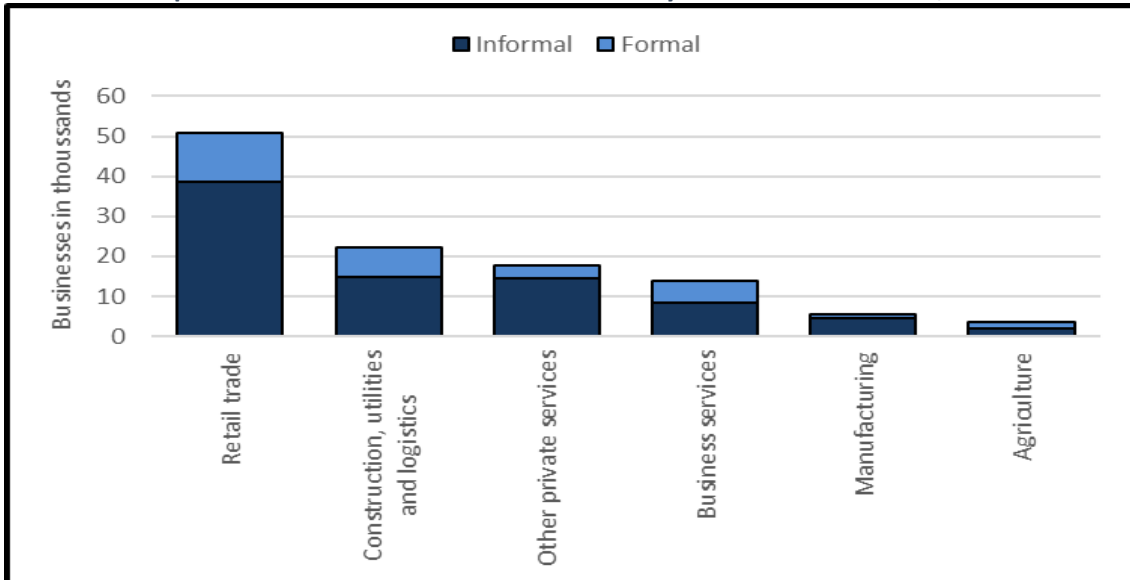
As with other provinces, informal small businesses far outnumber formal small businesses. North West hosted 87 000 informal small businesses, about 5% of the country's total in the fourth quarter of 2023. Informal small businesses in the province peaked at 121 000 in the first quarter of 2022. North West hosted 130 000 small businesses in the fourth quarter of 2023.

Graph 9: Number of formal and informal small businesses in North West, in thousands, quarterly from 2019 to 2023



Source: Calculated from Statistics South Africa. Quarterly Labour Force Survey for 2019 to 2023. Electronic datasets. Downloaded from Nesstar facility at www.statssa.gov.za in June 2024.

Graph 10: Formal and informal businesses by sector in North West, 2023



Source: Calculated from Statistics South Africa. Quarterly Labour Force Surveys for 2023, Electronic datasets. Downloaded from Nesstar at www.statssa.gov.za before January 2025. Notes: Calculated businesses as the number of formal employers and self-employed people in the survey.

The North West has a significant number of informal businesses, with relatively few operating formally. Retail trade constitutes a significant share of businesses, accounting for 45% of all businesses in the province (see Graph 10). The construction, utilities, and logistics sectors represent the second-largest grouping, comprising 20% of total businesses. Other private services make up 15%, followed by business services at 12%, manufacturing at 5%, and agriculture at 3%.

Employment and unemployment

North West has a high level of joblessness compared to the national average. In 2023, the absorption rate in the province was 32.6% compared to the national average of 40%. Over the past decade, the absorption rate has dropped from 36.5% in 2010 to 32.7% in 2023. Accordingly, unemployment in the province has also largely risen over the past decade, the rate increasing from 26.5% in 2010 to 38% in 2023.

Economic policy initiatives

This section outlines industrial policy and development initiatives introduced in the Northwest between 2022 and 2024.

- The Industrial Development Corporations (IDC's) Social Employment Fund created about 2 660 jobs in the Northwest by the second quarter of 2023.
- In 2021/2022, the Department of Trade, Industry and Competition (the dtic) approved R141 million for industrial infrastructure projects in North West, aiming to support 700 direct jobs. The projects were expected to yield a projected investment of R2 billion.
- The North West received five funding approvals from the IDC worth R91 million in the 2022/2023 financial year.

- The dtic approved R34 million in industrial financing which supported 320 jobs in the North West over the 2021/2022 period.
- The IDC approved one renewable energy project amounting to R23 million for the 2022/2023 financial year.
- In the seven years leading up to 2021/2022, the dtic, IDC, and the National Empowerment Fund approved combined funding of R1.1 billion to the North West through the Black Industrialist Programme to support spatial socioeconomic development.

Special Economic and Industrial Development Zones

- The North West province has one SEZ, the Bojanala SEZ. The SEZ focuses on mineral beneficiation, especially for platinum group metals and manufacturing, including capital equipment, agro-processing and renewable energy.
 - For 2021/2022, the North West government reported that there was about R9 billion investment in the pipeline, with about nine black industrialists having shown interest.
 - The North West Development Corporation reported that the SEZ managed to attract R3.5 billion for the 2022/2023 financial year.

Table 2: Major Infrastructure projects: 2022 – 2024

| PROJECT NAME | IMPLEMENTING AGENT | VALUE | PROJECT DESCRIPTION |
|---|---|--------------|---|
| Welisizwe Rural Bridges | Department of Public Works and Infrastructure | R3.8 billion | Construction of bridges in rural areas across six provinces will provide safe crossings for community members over dangerous rivers |
| Thirty-nine roads projects | Infrastructure South Africa | R13 billion | Planned maintenance and upgrading of thirty-nine roads in the province |
| Nelson Mandela Drive in Mahikeng | Northwest provincial government | R860 million | The provincial government has committed itself to upgrading and maintaining various roads |
| Road that leads to Sun City and Pilanesberg National Park | | | |
| Road from Phelindaba to Pecanwood | | | |
| Road between Haartebeesfontein and Ottosdal | | | |

National spatial economy

In 2023, the North West housed 42% of households in urban areas, 48% in non-urban areas, and 10% in farms. The province has no metro but five secondary cities, accounting for 55% of the province's population. Thirty-three percent of the adult population in the province had a matric certificate and 7% had a post-matric qualification. Eighty six percent of households in the North West had piped or tap water in their houses or yards in 2023, compared to 87% nationally. In addition, 85% of households had access to electricity compared to 90% nationally.

Provincial Government

The premier of the North West is Lazarus Mokgosi, a member of the ANC. Keobiditse Bitsa Lenkopane is the MEC of Economic Development, Environment, Conservation and Tourism, while Madoda Sambatha is the MEC of Agriculture and Rural Development. Both MECs also represent the ANC.

<https://www.nwpg.gov.za/>

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