
THE REAL ECONOMY BULLETIN

TRENDS, DEVELOPMENTS AND DATA

PROVINCIAL REVIEW 2022

Introduction

The annual REB Provincial Review analyses developments in the real economy and in development policies and projects at the provincial level. Provincial GDP data are only available up to 2021.

Much like elsewhere, production in South Africa is centred on a few provinces. In 2021, Gauteng remained the largest provincial economy, accounting for a third of the national GDP and over a quarter of the national population. KwaZulu-Natal is the second largest economy, accounting for 16% of the national GDP and 19% of the total population, followed by the Western Cape, which accounted for 14% of the national GDP and 12% of the total population. The Eastern Cape and Northern Cape contribute 8% and 2% respectively to the national GDP (see Graph 1).

Notably, Gauteng experienced the most significant decline in the share of national GDP over the past two years, declining by 0.6%, followed by Kwa Zulu- Natal and the Western Cape, with both 0.4%.

However, Gauteng was also the fastest-growing economy between 2015 and 2019, growing at an annual average of 1.3%, followed by Limpopo at 1.2% and KwaZulu-Natal and the Western Cape at both 1.1%. COVID-19 affected the growth of all provinces in 2020 except for the Northern Cape. Provinces with large mining sectors experienced a sharp recovery from COVID-19. This is attributable to the commodity price surges in 2021.

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Editorial Team

Editor

Itumeleng Mokoena

Contributors

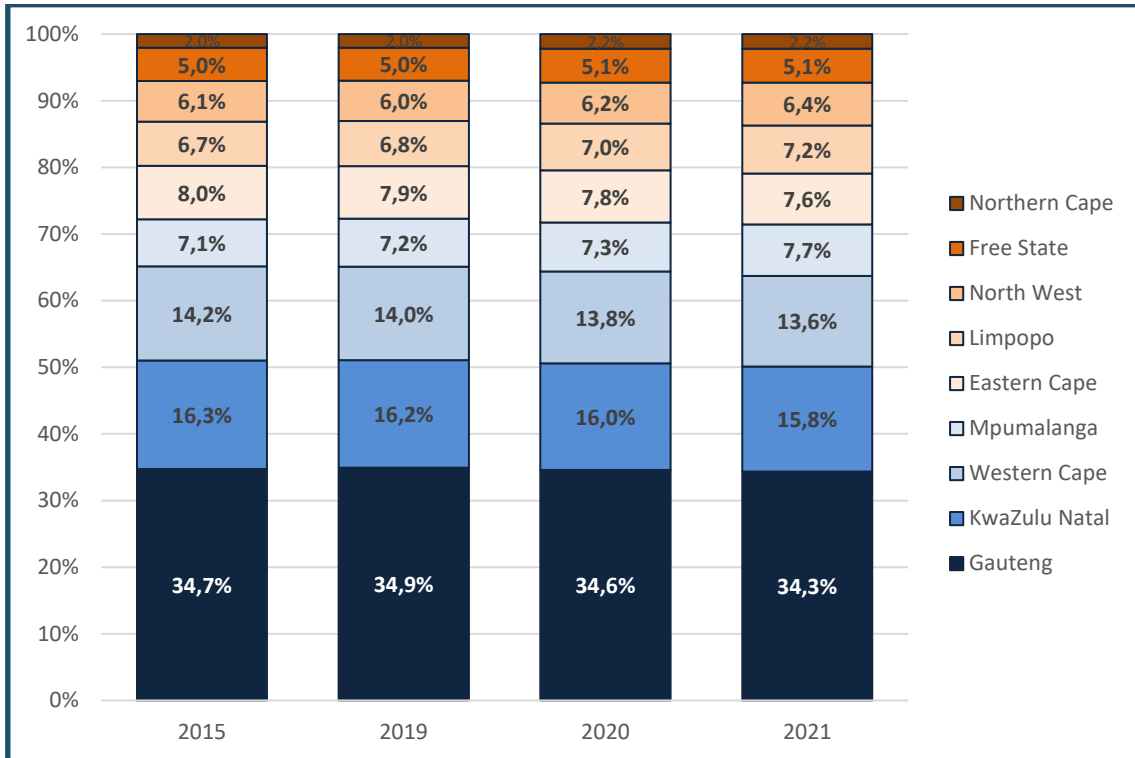
Neva Makgetla
Kellelo Mashiane
Lebogang Pheto
Lucas Mthembu
Masana Baloyi



TRADE & INDUSTRIAL POLICY STRATEGIES

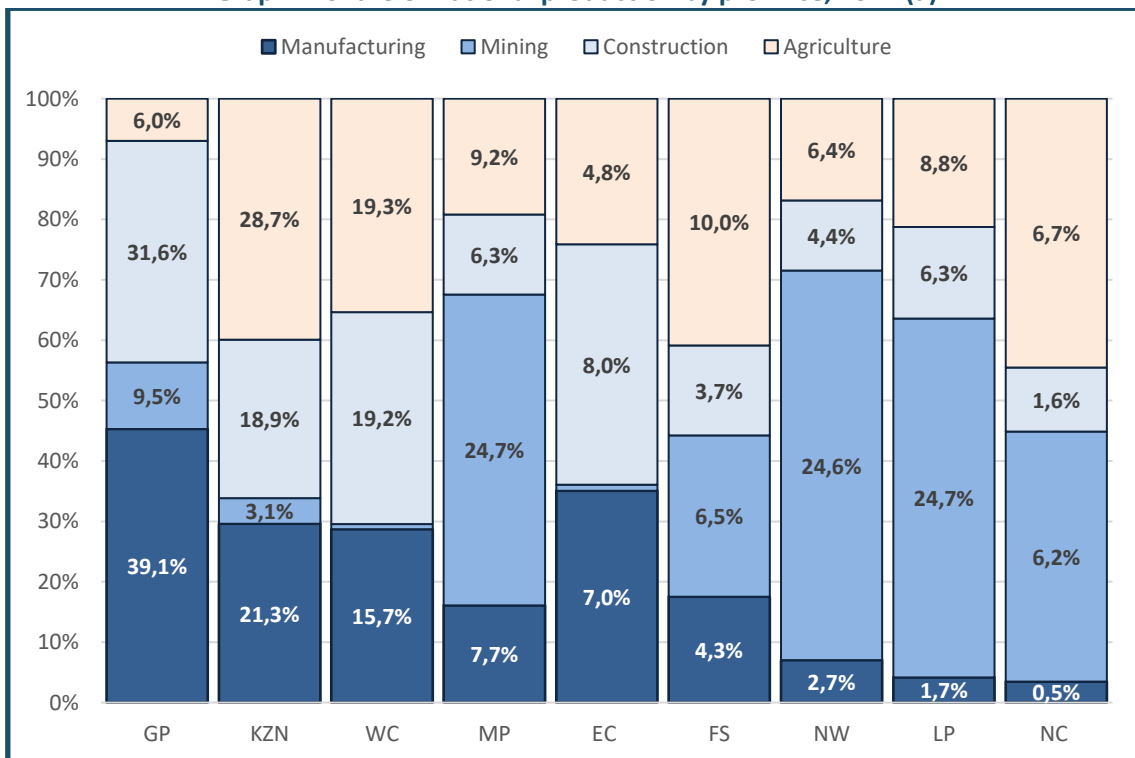
+27 12 433 9340
info@tips.org.za
www.tips.org.za

Graph 1: The provincial share of national GDP, 2015-2021 (a)



Source: Statistics South Africa and Quantec. Note (a): % of national GDP is calculated at Gross Value Added (GVA) basic prices at constant 2021 prices.

Graph 2: Share of national production by province, 2021 (a)

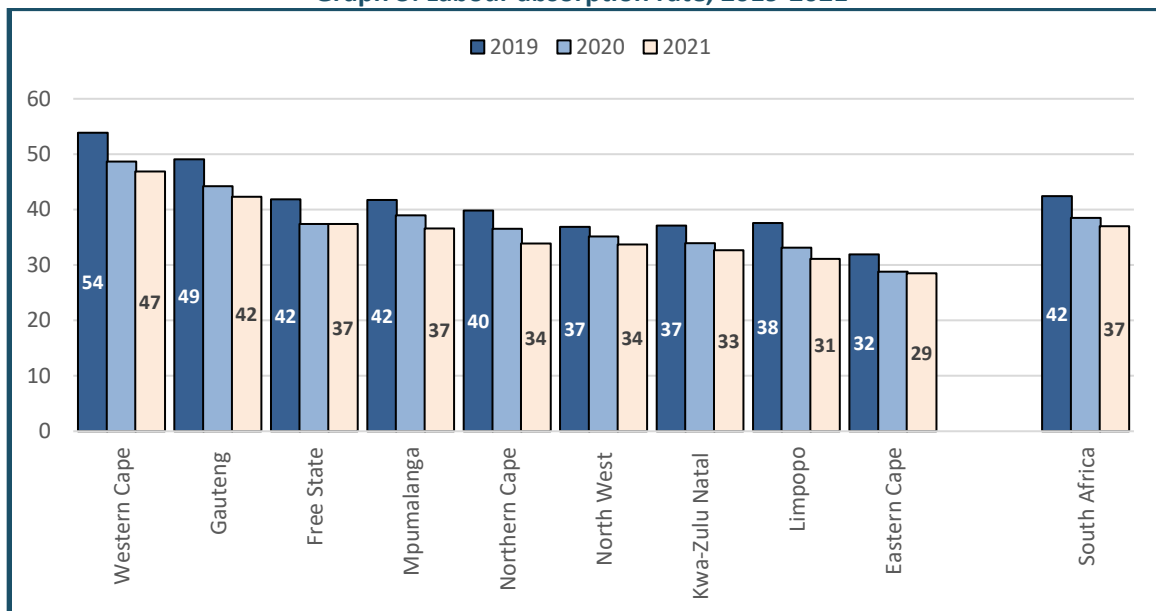


Source: Calculated using Quantec estimates and Stats SA data. Downloaded from www.easydata.co.za. Note (a): Calculation based on GVA at basic prices in constant 2021 prices.

The contribution to the real economy by provinces varies substantially. Manufacturing is dominant in the three largest provinces: Gauteng, KwaZulu-Natal and the Western Cape. Together, these provinces account for 76% of national manufacturing (see, Graph 2). Gauteng makes up the largest share of manufacturing output. Mining is largely concentrated in North West, Limpopo, Mpumalanga and the Northern Cape, which together account for 74% of national mining output. Mining alone in the North West accounts for a third of the provincial output, while in Limpopo, mining contributes 30% of provincial output. Agriculture is more concentrated in KwaZulu-Natal, the Western Cape and Free State.

Employment data sheds further light on the structure of the provincial economies. Notably, Gauteng, the Western Cape, and KwaZulu-Natal account for 73% of national employment in manufacturing. Mining employment is more concentrated in North West, Limpopo and Mpumalanga. North West alone accounts for 34% of total employment in mining. In addition, employment in services is more concentrated in Gauteng, KwaZulu-Natal and the Western Cape.

Graph 3: Labour absorption rate, 2019-2021



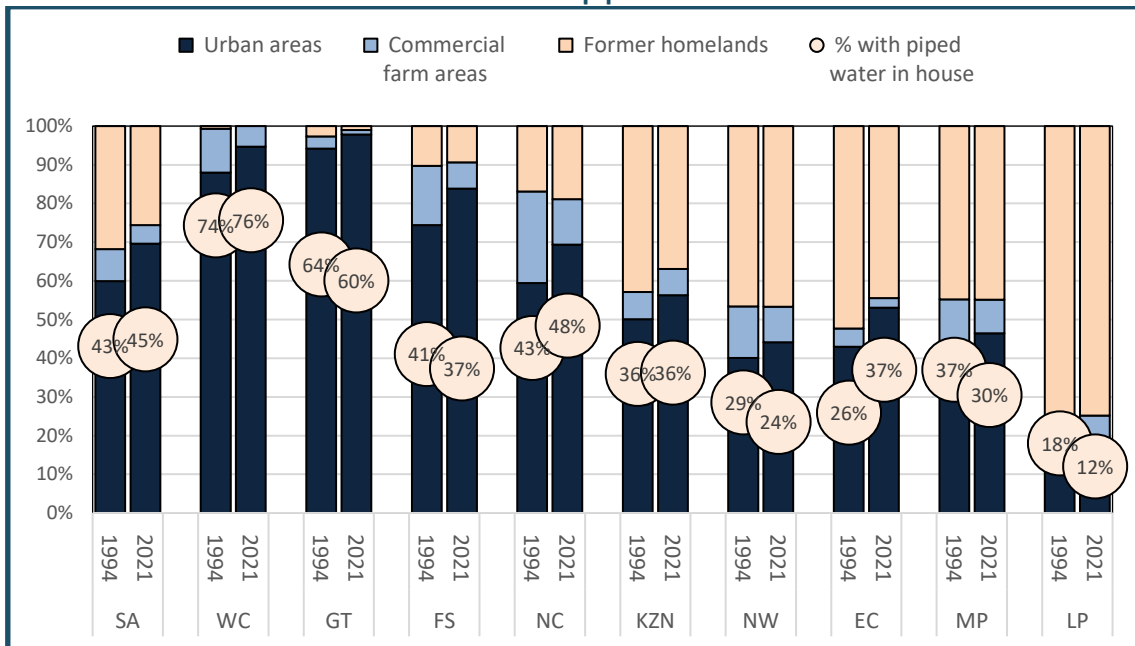
Source: Stats SA, Quarterly Labour Force Survey (QLFS). Downloaded from www.statssa.gov.za.

With overall employment, Gauteng and Western Cape have high employment levels compared to the national average. In 2021, 47% of the working-age population in the Western Cape was employed, while in Gauteng, the absorption rate was 42%. In contrast, Eastern Cape has high levels of joblessness, with 29% of the working-age population employed compared to the national average of 37%. Furthermore, the pandemic has reduced employment across all provinces except in the Free State.

In addition, South Africa's provinces still largely reflect apartheid geography. That is, there is a disproportionate distribution of service in the former homelands. Graph 4 underscores a massive infrastructure backlog in historic labour-sending regions (former homelands). In fact, the share of households with piped water inside the house has declined in Free State, North West, Mpumalanga and Limpopo since 1994, reflecting waning service delivery in these provinces.¹

¹ The calculation of the share of households with piped water in the house excludes water in the yard.

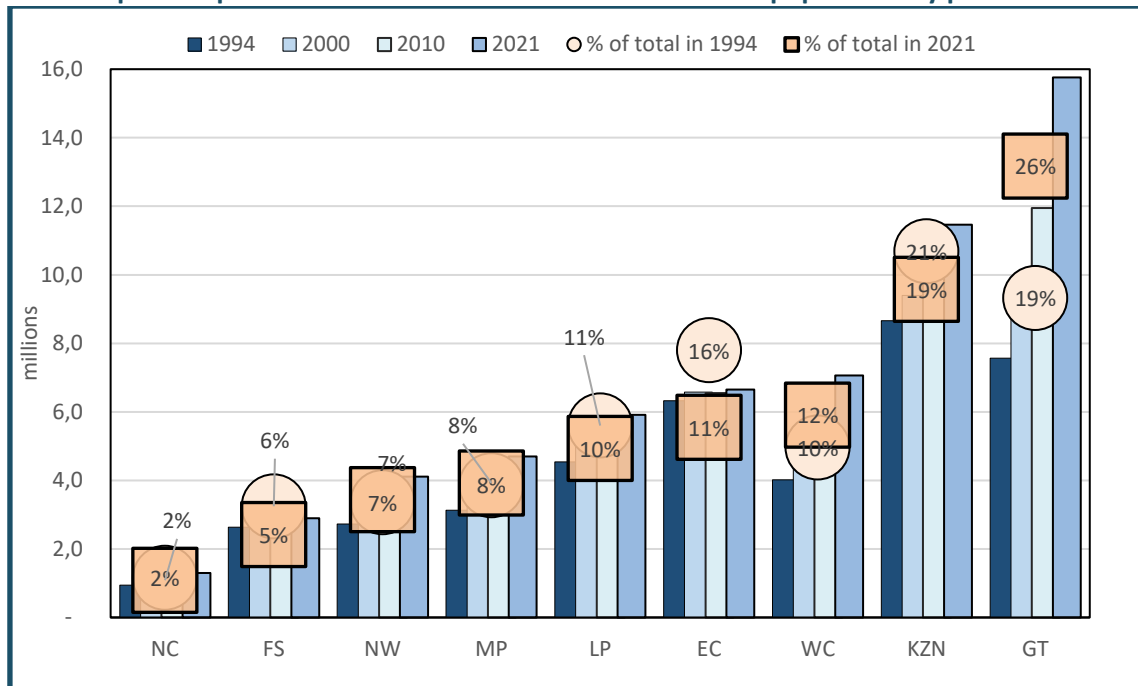
Graph 4: Share of households by historic geography within provinces and share of households with piped water inside the house



Source: Household Current Income Deciles by 2011 municipality/ward-based metro region. Downloaded from www.easydata.co.za,

Consequently, infrastructure backlogs have resulted in a massive migration to major cities, especially around Gauteng. Graph 5 indicates that Gauteng has seen the most rapid increase in population, with its share of the national population increasing from 19% in 1994 to 26% in 2021. In contrast, Eastern Cape has seen the slowest growth, with its share of the national population declining from 16% in 1994 to 11% in 2021.

Graph 5: Population in millions and share of the national population by province



Data from Stats SA. 2021. Mid-year population estimates. Available from www.statssa.gov.za.

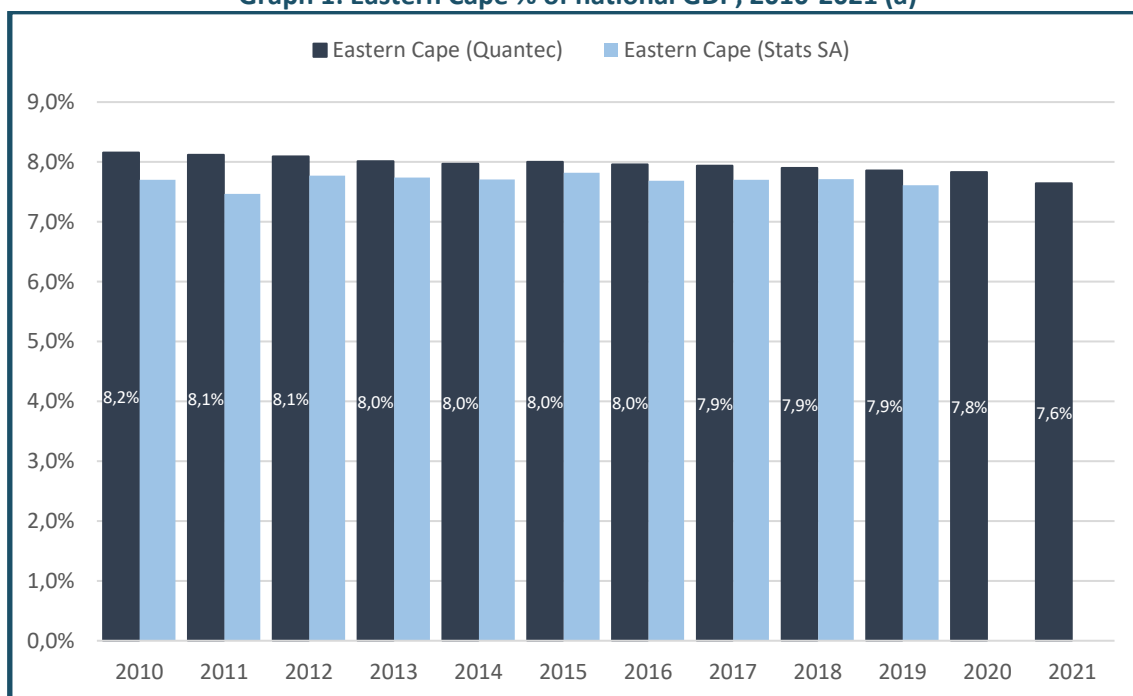
1. Eastern Cape

The Eastern Cape is the fourth most populous province in South Africa with a slow population growth rate. The Eastern Cape's contribution to the national GDP has been declining since 2011. Manufacturing is the largest real economic sector, followed by construction, with relatively small mining activities. The province has the highest level of unemployment in the country, and its absorption rate has declined over the past decade. The Eastern Cape has a relatively high share of non-urban areas, with two metros but no secondary cities. The province has seen improvements in piped water and electricity access.

The real economy in the Eastern Cape: structure and growth²

With 6.5 million residents in 2020, Eastern Cape is the fourth most populous province in South Africa after Gauteng, KwaZulu-Natal, and Western Cape, accounting for 11% of the national population in 2020. The province's population has grown at a snail's pace, averaging 0.01% a year. The province accounted for 7.6% of the national GDP in 2021, down from 7.8% in 2020. This makes Eastern Cape the fifth-largest contributor to national GDP. Overall, data from Quantec indicates that the province's contribution to GDP has been steadily declining since 2011.

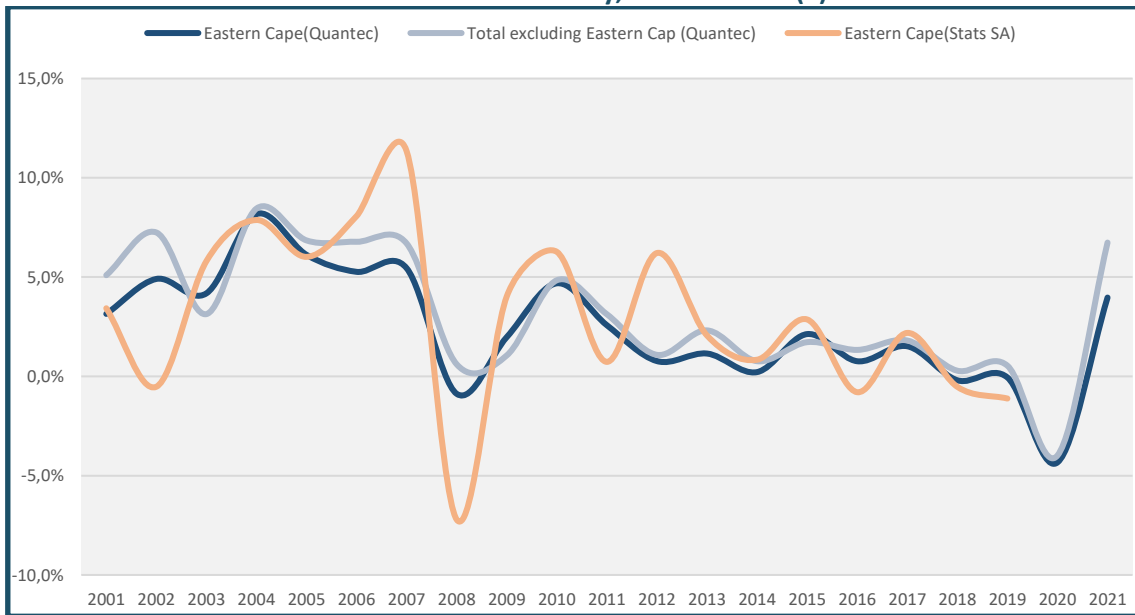
Graph 1: Eastern Cape % of national GDP, 2010-2021 (a)



Source: Statistics South Africa and Quantec. Note (a): % of national GDP is calculated at GVA basic prices at constant 2021 prices.

² Economic data for this review comes from Statistics South Africa and Quantec. Data from Quantec are estimates developed and based on Stats SA's regional employment and remuneration; national accounts ratio of remuneration to output; annual financial statistics; and national accounts provincial GVA. Given that Stats SA's regional GDP is available up to 2019, Quantec estimates are used to supplement the missing two years from the trends. This is important as it illustrates the impact of the COVID-19 pandemic at the regional level.

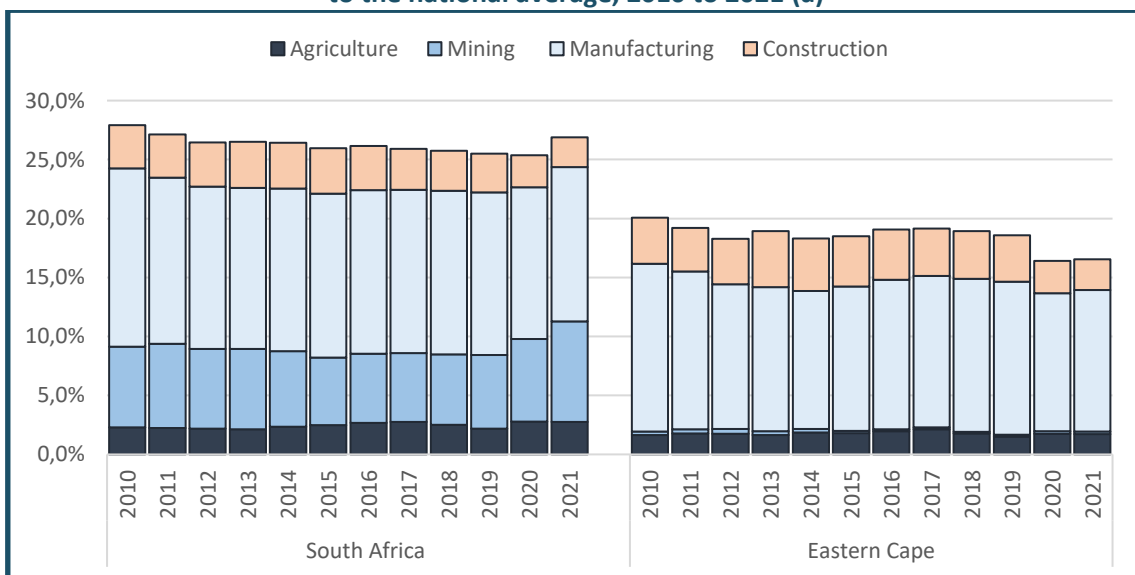
Graph 2: Eastern Cape economic growth compared to the rest of the economy, 2000 to 2021 (a)



Source: Calculated using Quantec and Stats SA data. Note (a): Growth rates are calculated at GVA basic prices at 2021 constant prices.

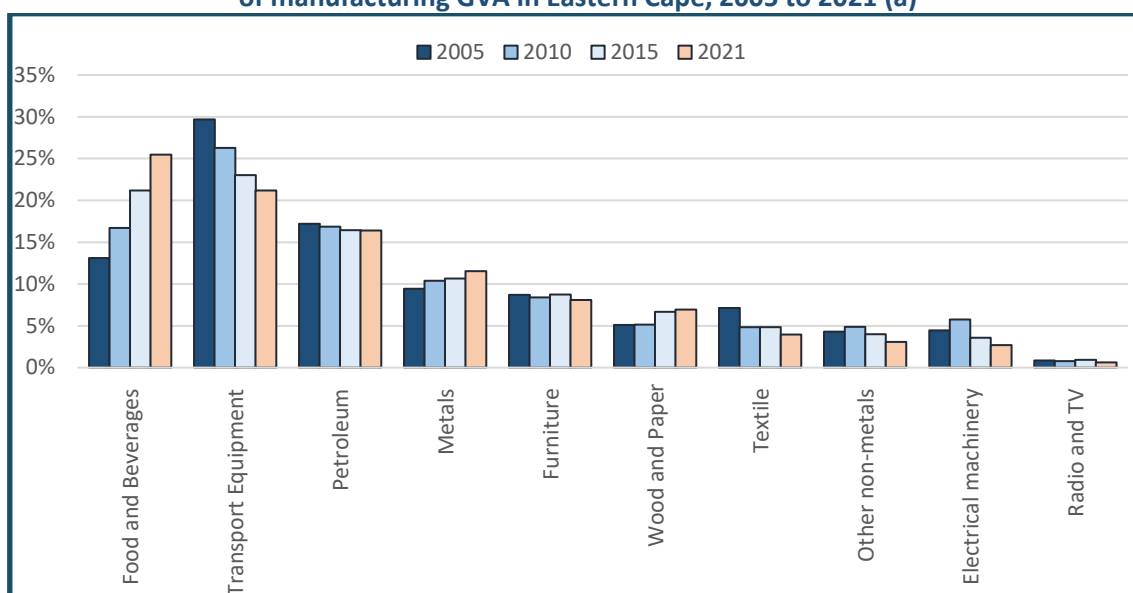
Eastern Cape's growth rate has been steadily declining since 2011 after a strong recovery from the 2008/9 global financial crisis, experiencing a negative growth rate of 0.2% in 2018. Although the province growth rate moderated in 2019, it plummeted by 4.3% in 2020 due to country-wide lockdown restrictions. Much like in other provinces, Eastern Cape recovered from the lockdown impact, recording a growth rate of 4% in 2021. Stats SA data show a much slower and more volatile growth rate for the Eastern Cape. According to Stats SA, Eastern Cape fell sharply in 2019, recording a negative growth rate of 1.1%.

Graph 3: Real sectors as a percentage of Eastern Cape GDP compared to the national average, 2010 to 2021 (a)



Source: Calculated using Quantec estimates and Stats SA data. Downloaded from www.easydata.co.za. Note (a): Calculation based on GVA at basic prices in constant 2021 prices.

Graph 4: Manufacturing subsectors as a percentage share of manufacturing GVA in Eastern Cape, 2005 to 2021 (a)



Source: Calculated using Quantec estimates. Downloaded from www.easydata.co.za.

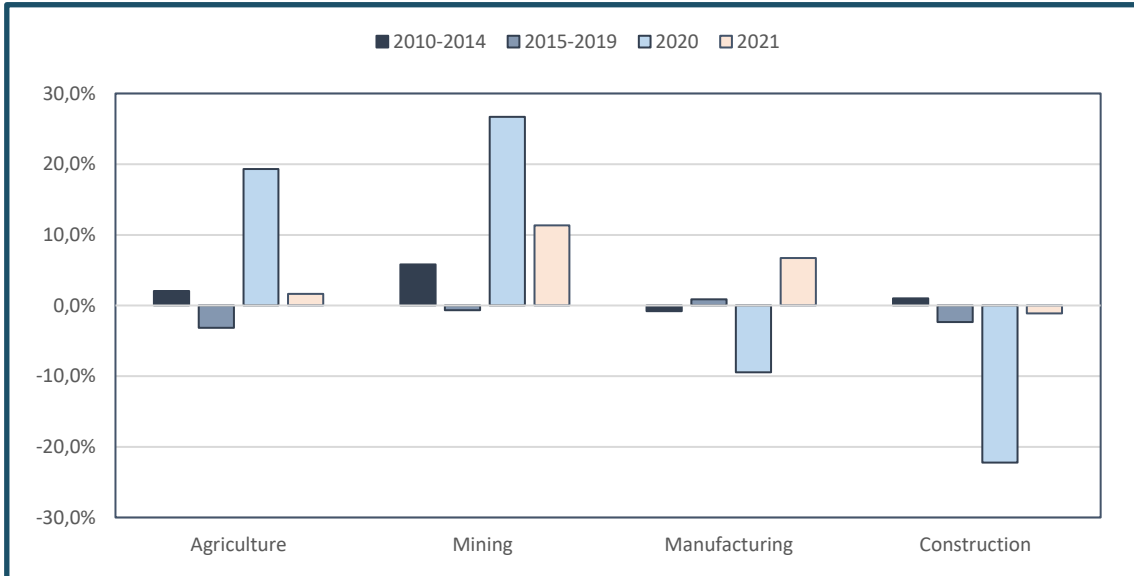
Note (a): Calculation based on GVA at basic prices in constant 2021 prices.

From 2021, the real economic sectors in Eastern Cape accounted for 17% of the provincial GDP compared to 27% at the national level. Manufacturing is the largest real economic sector, accounting for 12% of the provincial GDP. The manufacturing sector is dominated by the food and beverage industry making up 25% of the sector's output, followed by transport equipment and petroleum (see Graph 4). Notably, Graph 4 also shows that the share of food and beverage, metal, as well as wood and paper, have risen in the past decade. In contrast, the share of transport equipment, Petroleum and furniture has declined over the same period.

Construction is the second largest sector in the province, accounting for 2.6% of the total provincial GDP. Eastern Cape has relatively small mining activities, as the sector accounted for a modest 0.2% of the provincial GDP in 2021.

Between 2010 and 2014, mining was the fastest-growing sector in the Eastern Cape, recording an average growth of 5.8%. On the other hand, manufacturing was the worst performer among the real sectors over the same period as it recorded a negative average growth rate of 0.8%. Graph 5 shows that mining and agriculture fared relatively well during the pandemic, recording an increase of 26.7% and 19.3%, respectively. Construction and manufacturing experienced a steep decline in output, with construction declining by 22% and manufacturing by 9.5%. In 2021, manufacturing recovered from the effect of the pandemic, registering an increase of 6.7%. Construction still lagged behind in terms of recovery as it experienced a decline of 1.1% in the same period. All other real sectors continue to enjoy a modest increase in 2021.

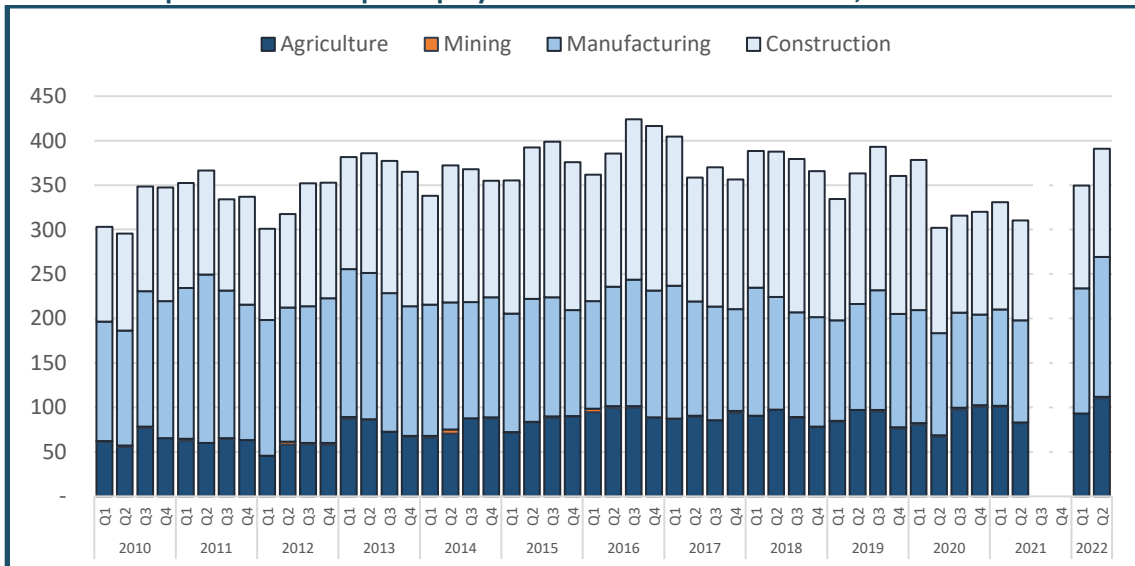
Graph 5: Average growth rate in real economic sectors of Eastern Cape (a)



Source: Calculated using Quantec data. Downloaded from www.easydata.co.za. Note (a): Calculation based on GVA at basic prices in constant 2021 prices

Employment in the real sectors of the Eastern Cape also sheds some light on the economic structure of the province. Eastern Cape accounted for 11.1% of national employment in 2021. Construction is the biggest employer of all real economic sectors, with 121 000 workers in 2021. However, this was not always the case, as manufacturing was leading in the real sector until it was overtaken by construction in 2015 (see graph 6). The manufacturing sector is the second largest employer in the province, with 116 000 workers over the same period, followed by agriculture with 100 000 workers. Furthermore, employment in the real economy of the Eastern Cape has recovered from the pandemic effects.

Graph 6: Eastern Cape employment in real economic sectors, 2010 to 2022³



Source: StatsSA Quarterly Labour Force Survey. Downloaded from www.statssa.gov.za

³ Q3 and Q4 2021 are excluded from the chart because During the pandemic Stats SA suspended the QLFS for those quarters due to low response rate.

Table 1 shows large public and private real-economy projects in the Eastern Cape between 2010 and 2021.

Table 1: Large public and private real-economy projects in the Eastern Cape 2010-2021

PROJECT NAME	COMPANY	VALUE	PROJECT INDUSTRY
Aegean Bunkering Ship	Aegean	R200 million	Utilities
Beijing Automobile International Corporation CKD Plant	Beijing Automobile International Corporation	R11 billion	Manufacturing
Mercedes-Benz expansion at East London plant	Mercedes-Benz	R500 million	Manufacturing
Somlolo Brokered Chinese Metals Project in Coega IDZ	Somlolo Investment	R580 million	Metals
Volkswagen SA Upgrading at Uitenhage plant	Volkswagen Group South Africa	R6 billion	Manufacturing
AGCO Tractor and agricultural implement manufacturing plant	AGCO South Africa	R108 million	Manufacturing
Mercedes Benz SA Additional AMG Models	Mercedes Benz South Africa	R200 million	Manufacturing
Cement Grinding Plant	Osho Ventures and Heidelberg Cement	R650 million	Manufacturing
Gas Cylinder Plant	Repkon and MM Engineering	R350 million	Manufacturing
Gibson Bay Wind Farm	Enel Green Power, Enel	R2.8 billion	Utilities
Uitenhage Tyre Manufacturing Plant Expansion and Upgrade	The Goodyear Tire and Rubber Company	R1 billion	Manufacturing
Mercedes-Benz East London Plant Expansion	Daimler AG	R9.5 billion	Manufacturing
UD Trucks Dealership (Billson Trucks)	UD Trucks	R110 million	Services
Agni-Steel SA expansion project	Agni Steel SA	R100 million	Manufacturing
Nxuba Wind Farm	Enel Green Power RSA	R3.1 billion	Manufacturing
Heavy Bay Foundry upgrades	Wier Minerals Africa	R30 million	Manufacturing
Heavy Bay Foundry upgrades	Wier Minerals Africa	R10 million	Manufacturing
Aberdare high voltage manufacturing plant	Aberdare Cables	R135 million	Manufacturing
Oyster Bay Wind Farm	Enel Green Power RSA	R2.9 billion	Utilities
VWSA Sustainability investment - Biogas Plant	Volkswagen Group South Africa (VWSA)	R3.5 billion	Utilities

Isuzu Stuansdale plant investment	Isuzu Motors South Africa	R1.2 billion	Manufacturing
MA Automotive Plant expansion	MA Automotive	R512 million	Manufacturing
ZF Lemförder axle assembly plant	ZF Lemförder	R240 million	Manufacturing
BioTherm Renewable Projects: GoldenValley Wind Facility	BioTherm/Actis	R939 million	Utilities
Sundale Schreiber JV	Sundale Dairy (SA) and Schreiber	R70 million	Manufacturing
Lactalis milk powder production plant	Lactalis	R100 million	Manufacturing
Sundale cheese and dairy production	Sundale and Schreiber	R101 million	Manufacturing
Eco-tourism development (Giant Flag Project)	Giant Flag consortium (Giant flag, Gigawatt Global and CT Worldwide)	R184 million	Services
RMIPPPP: Karpowership SA Coega	Karpowership SA/ Karadeniz Energy Group	R10.9 billion	Utilities
RMIPPPP: Mulilo Total Coega	Total Gaz/Mulilo	R4.8 billion	Utilities
Mercedes Benz manufacturing plant – extended investment	Mercedes Benz South Africa	R3 billion	Manufacturing
Aspen Pharmacare COVID vaccine production	Aspen Pharmacare, International Finance Corporation (IFC), Proparco, DEG, U.S. International Development Finance Corporation (DFC)	R10.8 billion	Manufacturing

Source: Compiled by Kelello Mashiane, using FDI data. TIPS FDI Tracker available at <https://www.tips.org.za/manufacturing-data/fdi-tracker>

Employment

Eastern Cape has the highest level of unemployment in the country. In 2021, Eastern Cape's absorption rate – the proportion of the working-age population aged 15-65 years employed – was 28.5% compared to the national average of 37%. Unemployment in the province has risen over the past decade, with the absorption rate declining from 32.2% in 2010 to 28.5% in 2021.

Economic policy initiatives

This section outlined major industrial policy and development initiatives that had an impact in the Eastern Cape:

- In 2019/20 the dtic approved projects worth R669 million for the province. The projects are anticipated to generate an investment of R1.2 billion and produce 711 jobs. However, the dtic support for the region had declined considerably compared to 2016/17 when the department approved projects worth R1.5 billion.
- In 2017/18, the projected investment for the MCEP in the Eastern Cape amounted to R818 945 and retained 95 baseline jobs. This represents a decline compared to the 2016/17 investment worth R119.8 million for the programme.
- In 2021, the dtic invested R300 million in the Black Industrialists Scheme in the Eastern Cape. Similarly, IDC invested R854 million to for black industrialists in the Eastern Cape and the NEF contributed R184 million.
- Eastern Cape hosts two IDZs, namely COEGA and East London SEZ. COEGA is the largest SEZ in Southern Africa. There are no new proposed SEZs for the province.

Table 2: Major national infrastructure in Limpopo from 2016 to 2022

PROJECT NAME	IMPLEMENTING AGENCY	PROJECT COST	PROJECT DESCRIPTION
Mzimvubu Water Project	Department of Water and Sanitation	R15 billion	The project involves the construction of two multi-purpose dams; Ntabelanga and Lalini Dams
Marine Tilapia Industry	Eastern Cape Rural Development Agency	R19.2 billion	The project involves the establishment of a Marine Tilapia industry Incubator, which will serve as support base for the development of Tilapia industry.
N2 Nodal Development	Nelson Mandela Bay Metropolitan Municipality	R44 billion	A mixed-use development that will be located around the Bay West Development precinct

Eastern Cape's national spatial economy

The Eastern Cape has a relatively high share of former non-urban areas within its borders. In 2021, 44% of the population lived in non-urban areas, compared to the national average of 26%. Nearly over half of the province's population lived in urban areas. The Eastern Cape has two metros and no secondary cities. Moreover, 21% of adult population in the Eastern Cape had matric and only 10% had a degree. The share of people with matric and a degree in the Eastern Cape is lower than the national average, with 30% of the adult population in South Africa having a matric, and 13% have a degree.

Regarding infrastructure, 48% of households in the Eastern Cape had running water in their houses or yards combined in 2021, compared to 38% in 1996. The share of households with running water in the house alone was 24% in 2021. In addition, 93% of households had access to electricity, up from 38% in 1996.

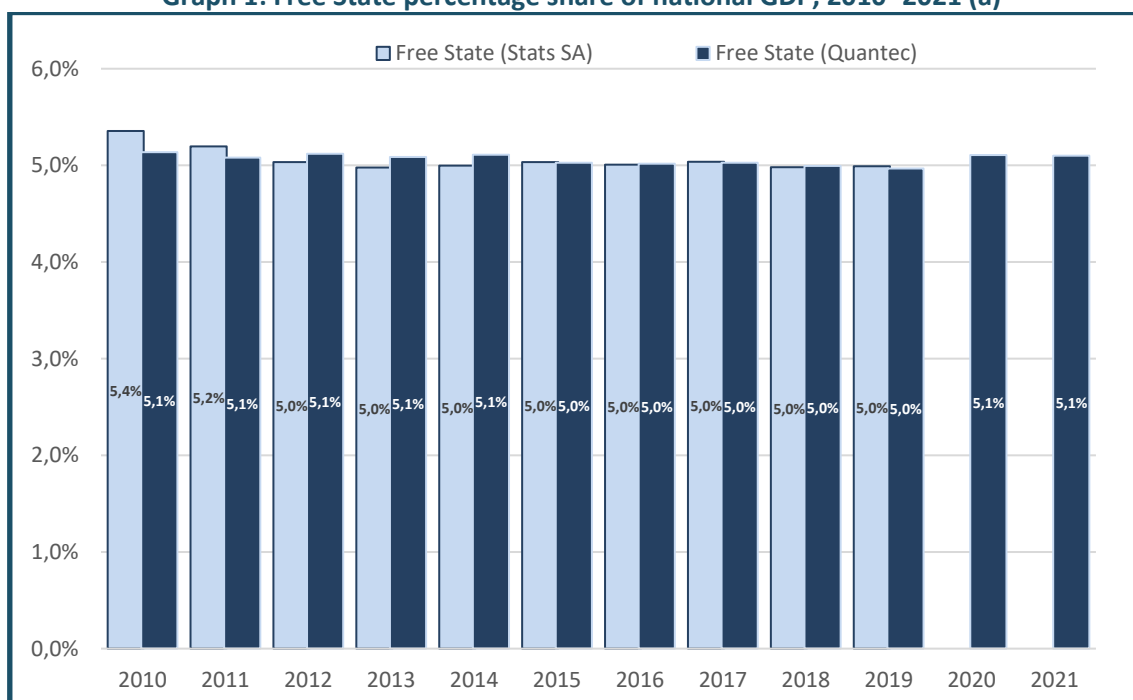
2. Free State

The Free State province in South Africa has a slow-growing population and it is the second-lowest contributor to the national output after Northern Cape, with its contribution to GDP remaining flat over the past decade. The lacklustre contribution to GDP and growth rate is often attributed to the waning mining sector in the province. In 2021, the real economic sectors in Free State accounted for 29.2% of the provincial output compared to 27% at the national level. Mining is the largest real economic sector in Free State, accounting for 11% of the provincial GDP in 2021, followed by manufacturing and agriculture. The province experienced a strong rebound in 2021, recording a growth rate of 6.3%. Despite this, it is still among the least-performing provinces.

The real economy in the Free State: structure and growth

Located at the heart of South Africa, Free State is a sparsely populated province with 2.9 million residents in 2020. The province accounts for 5% of the national population. Similar to the Eastern Cape, Free State population growth has been slow, increasing at an average of 0.6% per year. Regarding economic contribution, Free State is the second lowest contributor to national output after Northern Cape. Graph 1 shows that the province's contribution to the GDP has remained flat over the past decade, with only marginal variance. In 2021, Free State contributed 5.1% to the national GDP, according to Quantec estimates. This represents an increase from the pre-pandemic contribution.

Graph 1: Free State percentage share of national GDP, 2010 -2021 (a)

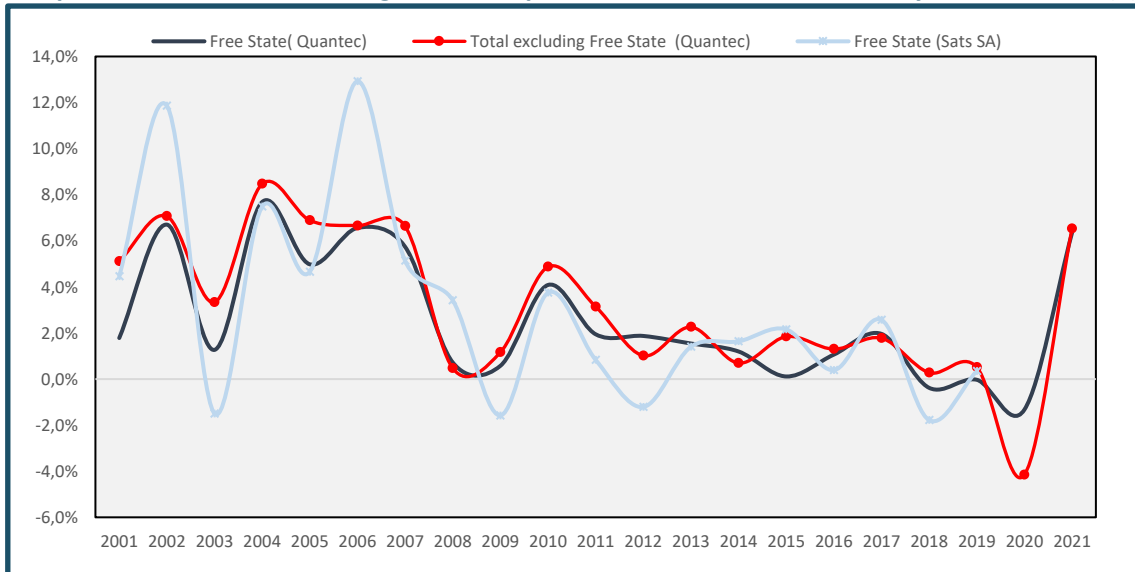


Source: Statistics South Africa and Quantec. Note (a): % of national GDP is calculated at GVA basic prices at constant 2021 prices.

After a strong rebound from the 2008/9 global financial crisis, Free State's growth rate steadily declined and eventually recorded a negative growth rate of 0.4% in 2018 (see Graph 2). In 2019, the province did not generate any growth. While other provinces experienced the steepest decline in growth due to the effects of the pandemic, Free State experienced a modest decline of 1.3% in 2020. In addition, Quantec estimates indicate that the province experienced a strong

rebound in 2021, recording a growth rate of 6.3%. Although the region seems to have fared well during the pandemic, it is still among the least-performing provinces. The lacklustre contribution to GDP and growth rate is often attributed to the waning mining sector in the province.

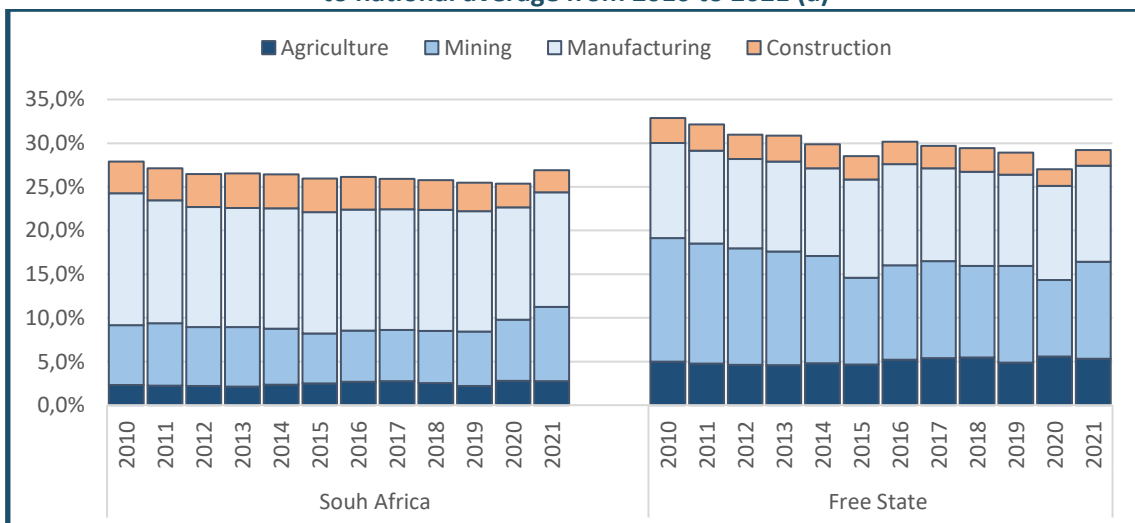
Graph 2: Free State economic growth compared to the rest of the economy, 2000 to 2021 (a)



Source: Calculated using Quantec and Stats SA data. Note (a): Growth rates are calculated at GVA basic prices at 2021 constant prices.

In 2021, the real economic sectors in Free State accounted for 29.2% of the provincial output compared to 27% at the national level. Mining is the largest real economic sector in Free State, accounting for 11% of the provincial GDP in 2021, followed by manufacturing and agriculture. Construction is the smallest sector among real economic sectors, accounting for 1.8% of the provincial GDP. Indeed, mining's contribution to the provincial GDP declined from 14.2% in 2010 to 11.1% in 2021. In contrast, agriculture's to GDP contribution has increased from 5% in 2010 to 5.3% in 2021 (see Graph 3), while manufacturing's contribution has remained the same over the same period.

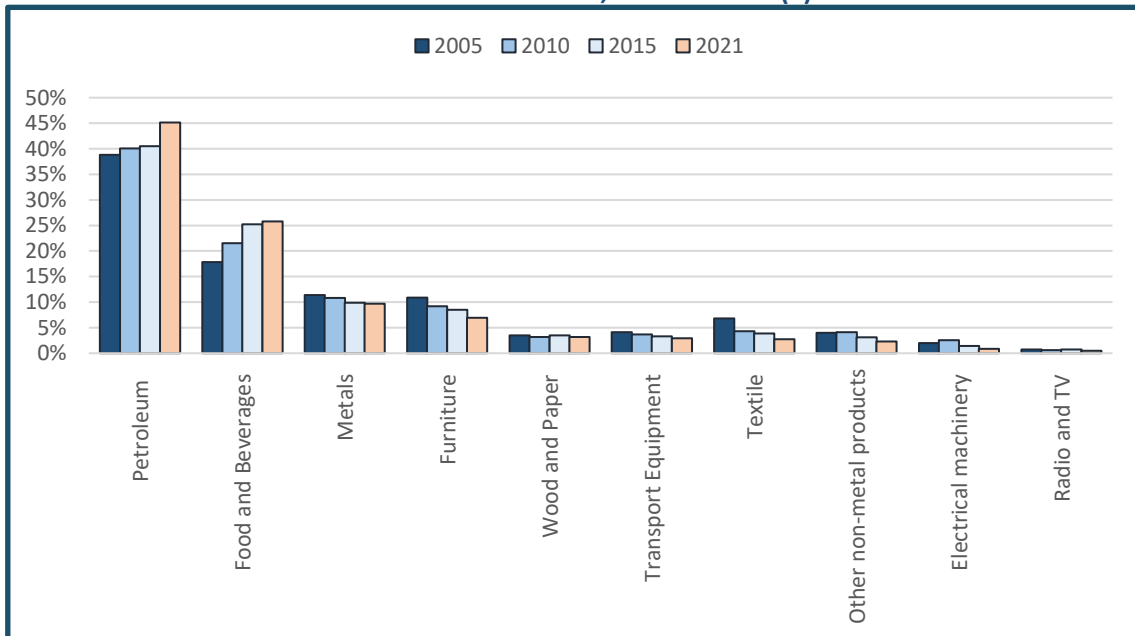
Graph 3: Real economy sectors as a share of Free State GDP compared to national average from 2010 to 2021 (a)



Source: Calculated using Quantec estimates and Stats SA data. Downloaded from www.easydata.co.za. Note: (a) Calculation based on GVA at basic prices in constant 2021 prices.

Petroleum products are the largest contributor to the manufacturing output in the Free State, accounting for 45% in 2021 (see Graph 4). It is followed by the food and beverage industry, which accounts for 26% of manufacturing value added and metals with 10%. Notably, the share of petroleum and food and beverage has risen over time while the share of metal has declined (see Graph 4).

Graph 4: Manufacturing subsectors as a percentage share of total manufacturing GVA in the Free State, 2005 to 2021 (a)



Source: Calculated using Quantec estimates. Downloaded from www.easydata.co.za. Note (a): Calculation based on GVA at basic prices in constant 2021 prices.

Graph 5: Average growth rate in real economic sectors of Free State (a)

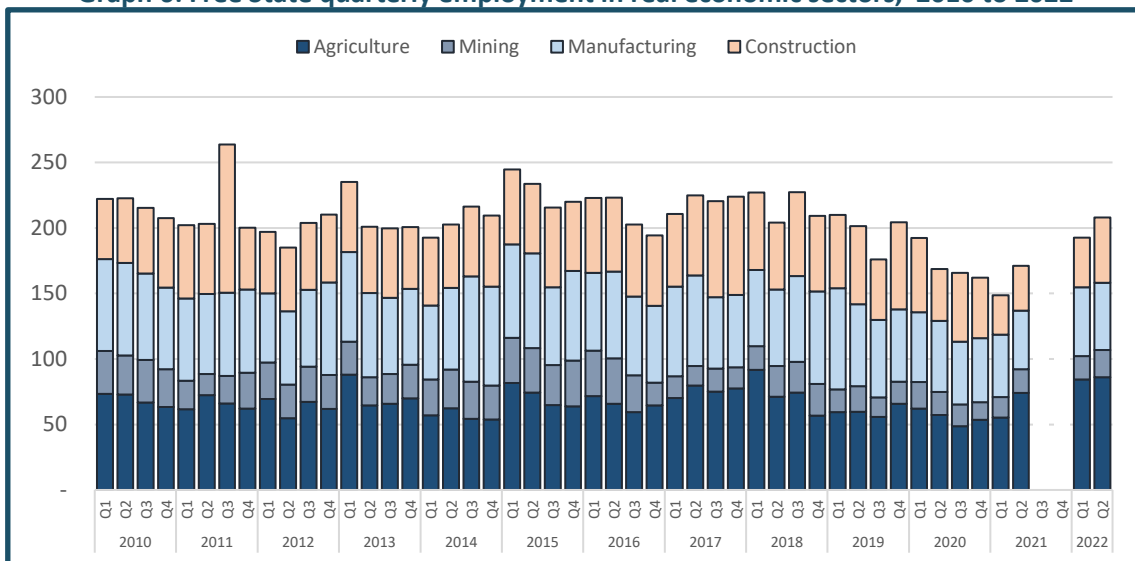


Source: Calculated using Quantec data. Downloaded from www.easydata.co.za. Notes (a): Calculation based on GVA at basic prices in constant 2021 prices

Graph 5 shows the average growth of real sectors in Free State between 2010-2014 and 2015-2019. To exclude the extraordinary effects of COVID-19 that would heavily skew the average growth of the sectors, 2020 and 2021 were included as separate categories. Mining was the fastest-growing sector between 2010 and 2014 in the Free State, growing at an average of 3.3% per annum. In contrast, agriculture and manufacturing experienced a decline over the same period. However, between 2015 and 2019, all real sectors except for manufacturing were declining. Manufacturing was increasing at an average of 1% per annum. During the pandemic, manufacturing experienced a decline of 7.9%, followed by construction with a decline of 12%. At the same time, mining and agriculture recorded significant growth rates. In 2021, all real economic sectors experienced growth, with mining growing faster than any other sector, with an increase of 34.7%.

In 2021, the real economic sectors in Free State employed a total of 157 000 workers, which is about 8% of the total number of people employed in the province. Agriculture was the biggest employer in the real sector, with 67 000 workers in 2021, followed by manufacturing, with 39 000 workers. Mining accounts for the least number of workers in the real economic sector, with 19 000 workers in the same period. From 2010 to 2019, employment in the real sector declined by 8%. Mining, in particular, experienced the most significant decline – 44% – in employment over the same period. In addition, the pandemic exacerbated the employment problem in the province, with all real sectors experiencing a decline in employment except agriculture. Between Q1 2020 and Q1 2022, employment in construction declined by 33%. Meanwhile, mining and manufacturing experienced a decline of 12% and 2 % respectively over the same period.

Graph 6: Free State quarterly employment in real economic sectors, 2010 to 2022



Source: Stats SA Quarterly Labour Force Survey. Downloaded from www.statssa.gov.za Note: Q3 and Q4 2021 are excluded because during the pandemic Stats SA suspended the QLFS for those quarters due to low response rate.

Table 1 shows large public and private real-economy projects in the Free State between 2010 and 2021.

Table 1: Large public and private real-economy projects in the Free State 2010-2021

PROJECT NAME	COMPANY	VALUE	SECTOR
The revitalisation of Lace Diamond Mine	Diamond Corp	R384 million	Mining
Kruisvallei small hydroelectric plant	Building Energy	R102 million	Utilities

Renegen Gas Project	Renegen	R583 million	Utilities
Draslovka facility upgrades	Draslovka Holding Company	R797 million	Manufacturing
Sasol Fischer Tropsch Wax Expansion Project	Sasol	R13.6 billion	Manufacturing
Sasolburg Green Hydrogen Project	Sasol	R350 million	Utilities

Source: Compiled by Kelello Mashiane and Lebogang Pheto, using FDI data. TIPS FDI Tracker available at <https://www.tips.org.za/manufacturing-data/fdi-tracker>

Employment

Employment levels in Free State are similar to the national average. In 2021, the absorption rate in Free State was 37.3%, while the national average was sitting at 37%. Notably, employment levels in the province have risen over the past decade, with the absorption rate increasing from 32.2% in 2010 to 37.2% in 2021.

Economic policy initiatives

The main national industrial policy and development initiatives that have influenced the Free State economy include:

- In 2019/20, the dtic approved projects worth R15 million in the Free State, which was anticipated to yield a projected investment of R78.7 million and create 72 jobs. This Investment by the dtic is significantly small compared to the department's 2016/17 investment of R402 million.
- Regarding the MCEP, Free State received an investment of R104 million.
- In 2017/18, Free State received R310 000 for the Manufacturing Investment Programme
- Regarding the Black Industrialists Scheme, Free State received the least investment related to the programme compared to the eight other provinces. In 2021, Free State received R85 million for the initiative. NEF contributed R88 million, and IDC contributed R80 million to BIS in the Free State.
- Free State is a host to one Industrial Development Zone – Maluti-A-Phofung, which was designated in 2015.

Table 2: Major existing or planned national infrastructure projects in Gauteng 2016-2022

PROJECT NAME	IMPLEMENTING AGENT	PROJECT COST	PROJECT DESCRIPTION
Orange Riet Canal increase of bulk raw water supply	Department of Public Works and Infrastructure	R450 million	An upgrade of this scheme will ensure that additional water can be conveyed through to Rooigrond
Vista Park II & III: Free State	Human Settlements Infrastructure	R6 billion	The project aims to build 10 563 mixed-used housing in Bloemfontein

Rustfontein Water Treatment Works	Bloem Water	R500 million	The project consists of an extension of Rustfontein Water Treatment Works that will assist with the future water demand in Mangaung Metropolitan Municipality
N1 Winburg Interchange	SANRAL	R417 million	The rehabilitation and upgrading of National Route 1 between Winburg interchange and Winburg Station
N1 Ventersburg to Kroonstad	SANRAL	R704 million	The project consists of the reconstruction of a 43km road stretch from Ventersburg to Kroonstad.

Free State's national spatial economy

The Free State has a relatively low share of non-urban areas within its borders. In 2021, 9% of the population lived in non-urban areas; this has been consistent since 1998. In addition, 84% of the Free State's population lived in urban areas in 2021, up from 74% in 1994. The province has a metro and a secondary city, which account for 44% of the province's population. In terms of education, 30% of adult population in Free State had matric, increasing from 15% in 1996. Moreover, 11% of adults in the Free State had a degree compared to 13% nationally.

In 2021, 86% of households in the Free State had running water in the house and yard, up from 71% in 1996. However, share of households with running inside the house alone was 37% in 2021. Furthermore, 94% of households had electricity including generators.

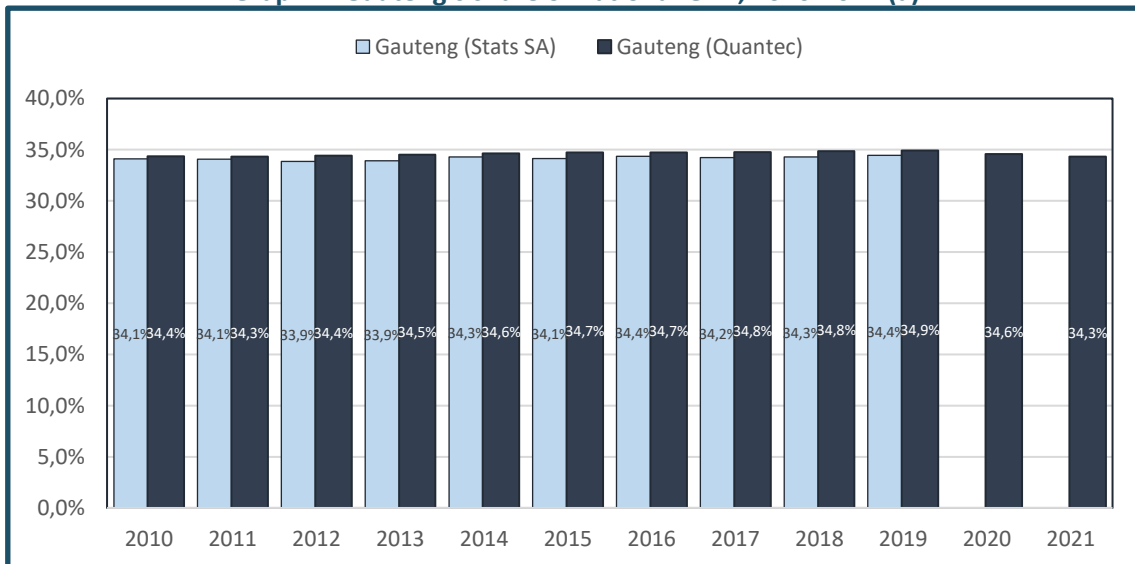
3. Gauteng

Gauteng is the most populous province in South Africa, with a rapidly growing population due to a large influx of internal migrants. It is also the largest economy in the country, although its growth performance has been in decline since 2005, with steeper declines during global shocks such as the 2008/9 global financial crisis and the COVID-19 pandemic. The real economy in Gauteng is dominated by the manufacturing sector, which accounts for 15% of the province's output, followed by construction, mining, and agriculture. However, the share of the real economy in the province has declined from 24.4% in 2010 to 20% in 2020. Employment in the real economy has declined in the past two years, although manufacturing remains the largest employer in the sector. Overall, Gauteng enjoys higher income, employment, education and infrastructure than other provinces.

The real economy in Gauteng: structure and growth

Gauteng has the largest population in the country. With 15.6 million residents in 2020, Gauteng accounted for 26% of South Africa's total population. In addition, the province has the fastest-growing population in the country, growing at an annual average of 2.6%, compared to the national average of 1.4%. The rapid population growth rate is attributable to a large inflow of migrants to the province. Between 2016 and 2021, net migration in the province was 980 000, accounting for 6.3% of the provincial population. Gauteng is also the largest economy in the country, accounting for 34.3% of the national GDP in 2021. Notably, due to pandemic effects, the province's share of the national GDP has declined from its peak in the past decade of 34.9% in 2019 to 34.4% in 2021 (see Graph 1).

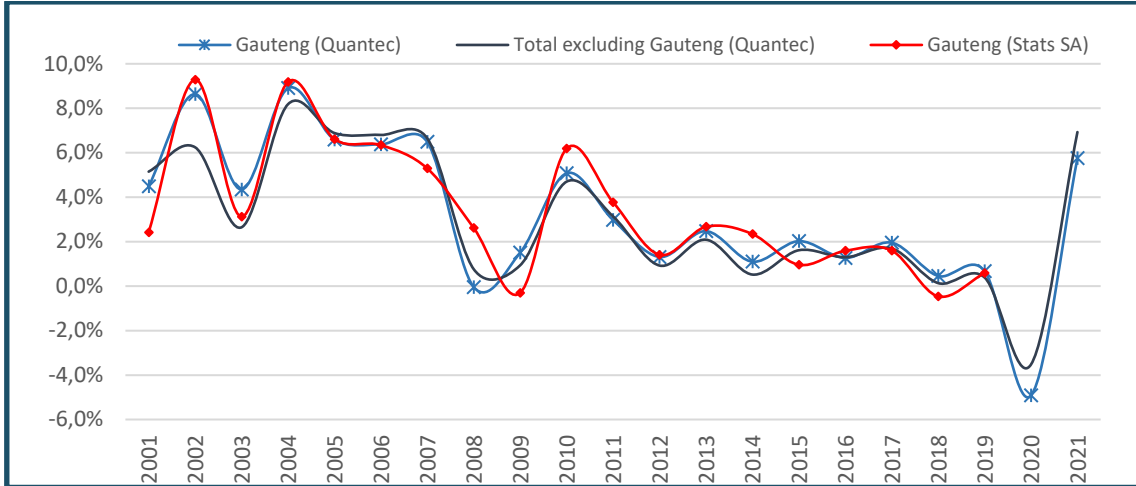
Graph 1: Gauteng's share of national GDP, 2010-2021 (a)



Source: Statistics South Africa and Quantec. Note (a): % of national GDP is calculated at GVA basic prices at constant 2021 prices.

Although Gauteng remains the biggest economy, its growth performance has been on a terminal decline since 2005, with steeper declines from global shocks such as the 2008/9 global financial crisis as well the COVID-19 pandemic. In 2020, Gauteng's growth rate contracted by 4.9% due to the pandemic, becoming the second hardest-hit province after Western Cape. In the following year, Gauteng recovered from the pandemic and experienced a growth rate of 5.8%.

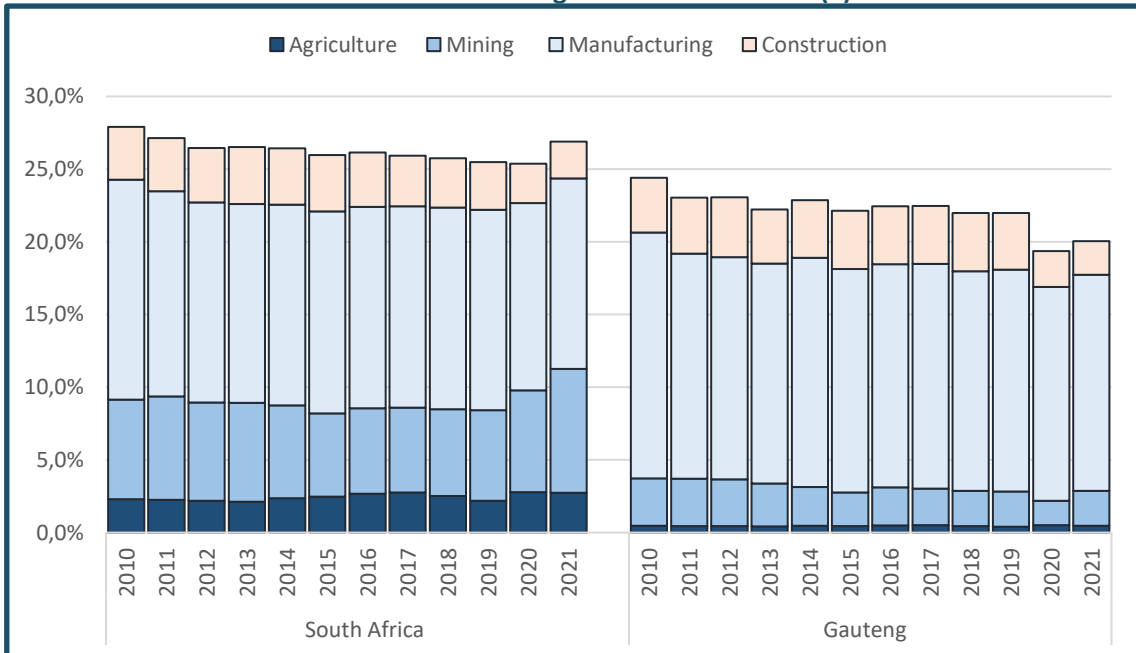
Graph 2: Gauteng economic growth compared to the rest of the economy, 2000 to 2021 (a)



Source: Calculated using Quantec and Stats SA data. Note (a): Growth rates are calculated at GVA basic prices at 2021 constant prices.

As of 2021, the real economy – that is, agriculture, mining, manufacturing and construction – in Gauteng accounted for 20% of the provincial GDP compared to 27% at the national level (see Graph 3). However, the share of the real economy in the province has declined from 24.4% in 2010 to 20% in 2020, suggesting a broader trend of deindustrialisation. Manufacturing is the largest real economic sector in Gauteng, accounting for 15% in 2021, down from 17% in 2010. At the subsector level, petroleum (23%), metals (22%), as well as food and beverages (19%) account for the largest share of manufacturing output in Gauteng. As shown in Graph 4, the food and beverage industry has been the fastest-growing manufacturing subsector in Gauteng, with its share of total manufacturing output increasing from 11% in 2005 to 19% in 2021.

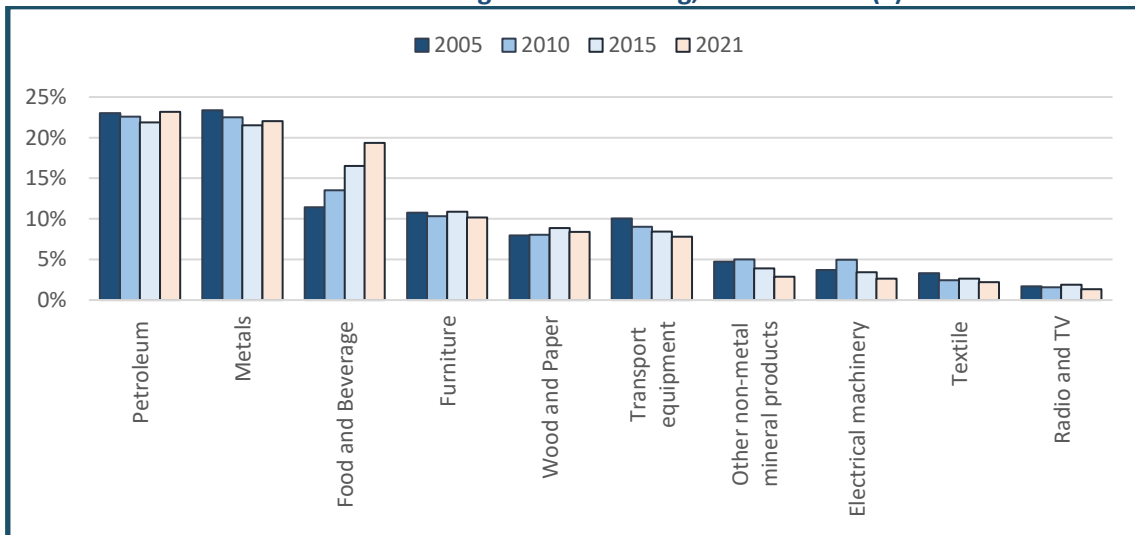
Graph 3: Real sectors as a percentage of Gauteng GDP compared to the national average from 2010 to 2021 (a)



Source: Calculated using Quantec estimates and Stats SA data. Downloaded from www.easydata.co.za. Note (a): Calculation based on GVA at basic prices in constant 2021 prices.

Construction is the second largest real economic sector, making up 2.3% of the province's output, followed by mining with 2.4% and agriculture with 0.5%. While the construction and mining contribution to Gauteng's GDP has declined over the past decade, agriculture output has essentially remained flat.

Graph 4: Manufacturing subsectors as a percentage share of total manufacturing GVA in Gauteng, 2005 to 2021 (a)

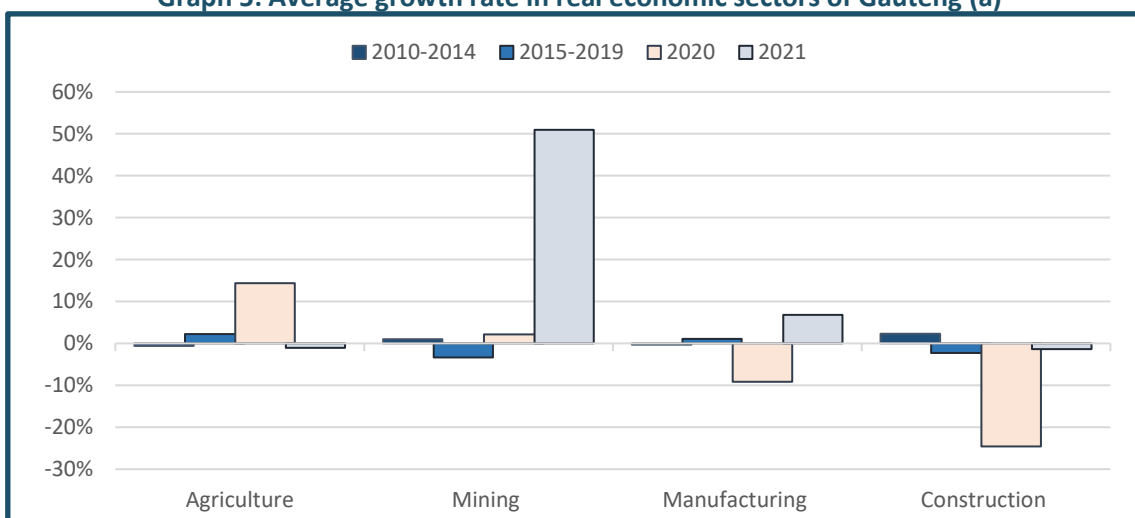


Source: Calculated using Quantec estimates. Downloaded from www.easydata.co.za.

Note (a): Calculation based on GVA at basic prices in constant 2021 prices.

The growth of the real economy in Gauteng was sluggish between 2014 and 2019. Between 2010 and 2014, construction was the fastest-growing real economic sector in Gauteng, with an average growth rate of 1%, while manufacturing growth was mute. However, between 2015 and 2019, the manufacturing sector experienced an annual growth rate of 1%, while agriculture grew by 2%. Much like elsewhere, COVID-19 sent Gauteng's real economy into a tailspin, with construction experiencing a contraction of 25%, followed by the manufacturing sector with 9%. In contrast, agriculture and mining experienced 14% and 2% growth rates, respectively. All real economic sectors recovered except construction, which is still lagging behind. Notably, mining recorded a sharp increase of 51% in 2021, which can be attributed to commodity price surges.

Graph 5: Average growth rate in real economic sectors of Gauteng (a)



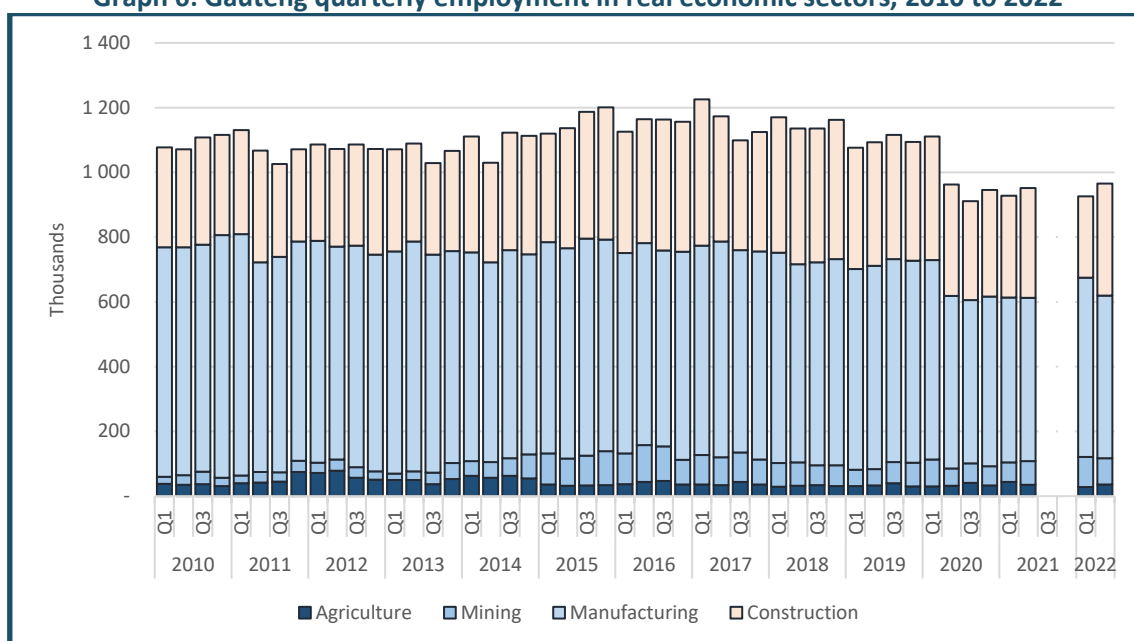
Source: Calculated using Quantec data. Downloaded from www.easydata.co.za.

Note (a): Calculation based on GVA at basic prices in constant 2021 prices

In Q2 2022, Gauteng accounted for 31% of total employment in South Africa. The real sector in the province employed 965 000 people in Q2 2022, making up 20% of total employment in the province. Manufacturing accounts for the lion’s share of employment in the real economy, with 502 000 people in Q2 2022, followed by construction with 346 000, mining with 81 000 and agriculture with 36 000.

Much like elsewhere in the country, employment in the real economy has substantially declined in the past two years of COVID-19. In the past two years, employment in the real economy declined by 17% (see Graph 6). Construction shed the most jobs, with employment declining in the sector by 34% from Q1 2020 to Q1 2022, followed by manufacturing with 10% over the same period. Although employment in mining declined substantially in the first year of COVID-19, the sector has recovered, recording an increase of 12% in employment from Q1 2020 to Q1 2022. Agricultural employment in the province increased by 44% between Q1 2020 and Q1 2021. However, employment in the sector has been declining since then.

Graph 6: Gauteng quarterly employment in real economic sectors, 2010 to 2022



Source: StatsSA Quarterly Labour Force Survey. Downloaded from www.statssa.gov.za.

Table 1 shows large public and private real-economy projects in Gauteng between 2010 and 2021.

Table 1: Large public and private real economy projects in Gauteng 2010-2021

PROJECT NAME	INVESTOR FIRMS	VALUE	PROJECT INDUSTRY
Ford Investment Programme	Ford Motor Company South Africa (Ford)	R15.8 billion	Manufacturing
Isondo Fuel Cell MEAs Manufacturing	Isondo Precious Metals	R8 billion	Manufacturing
BMW Rosslyn Plant Investment Programme	BMW South Africa	R6 billion	Manufacturing
Teraco JB4 datacentre infrastructure expansion	Teraco/Permira/Birkshire Partners	R4.4 billion	Services

Tshwane Auto SEZ	Ford and South African Government	R4.3 billion	Manufacturing
Ford Plant Expansion Project	Ford Motor Company South Africa	R3 billion	Manufacturing
Nissan Rosslyn Plant Investment-Navara	Nissan South Africa	R3 billion	Manufacturing
SAB Breweries Expansion	AB Inbev I(SAB Miller)	R2.8 billion	Manufacturing
Ford Silverton Assembly Plant Expansion Project	Ford Motor Company South Africa (FMCSA)	R 2.5 billion	Manufacturing
Cullinan Processing Plant Project	Petra Diamonds (74%), Kago Diamonds (14%) and the Itumeleng Petra Diamonds Employee Share Trust (12%).	R1.65 billion	Mining
Menar coal project pipeline: Palmietkuilen opencast thermal coal mine	Menar (Canyon Coal)	R1.5 billion	Mining
Liquid Telecom South Africa Data Centre (SADC) Expansion	Liquid Telecom	R1.3 billion	Construction
AB Inbev investment	AB InBev	R 1 billion	Manufacturing
Dunnottar train manufacturing complex project	Gibela Rail Transport"	R1 billion	Manufacturing
Nissan Investment Programme	Nissan	R1 billion	Manufacturing
Heineken Sedibeng Brewery Expansion	Heineken South Africa	R1 billion	Manufacturing
Leroy Merlin expansion project	Leroy Merlin	R1 billion	Wholesale and Retail Trade
Komatsu Industrial Campus	Komatsu Africa	R985 million	Manufacturing
Johannesburg 1 Data Centre	Dimension Data/Nippon Telegraph and Telephone Corporation (NTT)	R875 million	Services
Dangold Packaging beverage canning plant	Dangold Packaging	R830 million	Manufacturing
Opel South Africa	Opel International	R700 million	Services
Menar coal operations development: Khanye colliery	Menar (Canyon Coal)	R600 million	Mining
Heineken Sustainability Investments	The Heineken Company	R582 million	Utilities

Transmashholding (TMH) Africa Rail Manufacturing Facility	Transmashholding (TMH) and Mjisa Investments	R500 million	Manufacturing
BMW Regional Distribution Hub, Training Centre and IT Operations Hub	BMW South Africa	R400 million	Services
Toyota Atlas warehouse expansion	Toyota Motors South Africa	R365 million	Construction
Radisson Red Hotel Johannesburg project	Radisson Hotel Group; Intaprop; RDC Properties	R358 million	Construction
Cummins Power Hub	Cummins	R350 million	Manufacturing
Diageo Africa sustainability projects	Diageo	R310 million	Manufacturing
UD Trucks Plant Upgrade (Phase 1)	UD Trucks	R300 million	Manufacturing
B. Braun Pharmaceutical Plant	B. Braun	R300 million	Manufacturing
Facilities expansion project: Equites Park Riverfields	Equites Property Fund Sandvik	R287 million	Manufacturing
Komatsu Africa Holdings remanufacturing plant	Komatsu Africa	R280 million	Manufacturing
BMW Midrand Campus	BMW South Africa	R260 million	Services
Fuch operations expansion	Fuchs Lubricants South Africa/Fuchs Petrolab SE	R260 million	Manufacturing
P&G diaper manufacturing plant expansion	Procter and Gamble (P&G)	R260 million	Manufacturing
BAW Taxi Manufacturing Plant Upgrade and Expansion	Beijing Automotive Works (BAW) South Africa	R250 million	Manufacturing
Econet Energy (Distributed Power Africa) Solar PV installations	Econet Global	R210 million	Utilities
AVK Valve Factory	AVK Southern Africa	R 200 million	Manufacturing
Lucchini RS Railway Wheels Manufacturing Plant	Lucchini South Africa"	R 200 million	Manufacturing
KLT Automotive expansion and diversification programme	KLT Automotive and Tubular Products	R200 million	Manufacturing

Bosch Rexroth Hytec Unified by Bosch (HUBB)	Bosch Rexroth	R200 million	Construction
Sew-Eurodrive head office and factory	Sew-Eurodrive	R200 million	Manufacturing
DR Oetker product production expansion	Dr Oetker	R200 million	Manufacturing
Rosslyn Plant Manufacturing Facility Upgrade	BMW South Africa	R160 million	Manufacturing
Supavut Auto components investment (Tshwane Special Economic Zone)	Supavut Industry	R150 million	Manufacturing
Ford "Project Blue Oval" renewable energy programme: Solar carports	Ford Motor Company South Africa	R135 million	Utilities
3M investment in Maple Park plant	3M South Africa	R120 million	Manufacturing
Ga-Rankuwa school, BMW	BMW South Africa	R113 million	Construction
ASSA ABLOY investment in automation	ASSA ABLOY (SA) Pty Ltd	R100 million	Manufacturing
Eicher Trucks Assembly	VE Commercial Vehicles	R100 million	Manufacturing
Jaguar Land Rover Experience centre	Jaguar Land Rover South Africa	R100 million	Services
Huawei Innovation and Experience Centre	Huawei	R72 million	Manufacturing
BFG Africa composites manufacturing plant	BFG Africa	R50 million	Manufacturing
Komatsu Africa Holdings undercarriage rebuild repair and rebuild centre	Komatsu Africa	R40 million	Manufacturing
Bosal emissions control system	Bosal	R25 million	Manufacturing
Enertronica Santerno manufacturing capacity expansion	Enertronica Santerno	R17 million	Manufacturing
Hyundai solar energy system	Hyundai	R3 million	Utilities

Compiled by Kelello Mashiane using FDI data. TIPS FDI tracker available at <https://www.tips.org.za/manufacturing-data/fdi-tracker>.

Employment and unemployment

Gauteng has a low level of joblessness compared to the national average. In 2020, the absorption rate, which is the proportion of the working-age population between 15-65 years employed, was 42%, while the national average was 37%. Although joblessness is still low in Gauteng compared to the national average, it has risen sharply over the past decade, with the absorption rate declining from 51% in 2010 to 47% in 2021.

Economic policy initiatives

This section outlines major industrial policy and development initiatives that had an impact in Gauteng:

- In 2019/20, the Department of Trade, Industry and Competition (the dtic) approved projects worth R3.7 billion for the Gauteng Province. The projects were expected to create a projected investment of R9 billion and 7 411 jobs. This represented a slight decline compared to the dtic 2016/17 approved projects worth R3.9 billion and anticipated to yield R11 billion projected investment while creating 8 647 new jobs.
- In 2016/17, the investment for Manufacturing Competitiveness Enhancement Programme (MCEP) in Gauteng was R2.2 billion and created 36 910 jobs. The Investment for MCEP for Gauteng is the largest compared to other regions.
- In 2021, the dtic made a R1.9 billion investment in the Black Industrialists Scheme (BIS) in Gauteng. The Industrial Development Corporation (IDC) invested R9.4 billion, and the National Empowerment Fund (NEF) invested R2 billion towards the BIS.
- As of 2020, Gauteng had two designated and/or proposed Industrial Development and Special Economic Zones (see box below).

	FOCUS	DESIGNATION DATE
OR Tambo SEZ	<ul style="list-style-type: none"> • Mineral beneficiation • Agro and food processing • Electronics • Pharmaceuticals • Aerospace/aviation 	2019
The Tshwane Automotive SEZ	<ul style="list-style-type: none"> • Automotive 	2020
Vaal SEZ	<ul style="list-style-type: none"> • Green hydrogen innovation • Agro-logistics • Aerotropolis • Aerodrome • Air freight • The revitalised steel manufacturing sector 	Proposed

- In 2021, Tshwane Automotive SEZ (TASEZ) completed building 12 factories with private investment valued at R4.33 billion. The TASEZ investments were anticipated to create 2088 jobs.
- In 2016/17, a grant worth R42 million was approved for the Ga-Rankuwa Industrial Park in the Gauteng province.

Table 2: Major existing or planned national infrastructure projects in Gauteng 2016-2022

PROJECT NAME	IMPLEMENTING AGENT	PROJECT COST	PROJECT DESCRIPTION
Lufhereng Mixed Housing Development Programme	City of Johannesburg	R22.3 billion	A mega housing project on 2 000 ha with the capacity to accommodate just over 30 000 households
Lesotho Highlands Phase 2	Lesotho Highlands Development Authority and Trans-Caledon Tunnel Authority	R32.6 billion	The project aims to augment supply to the Vaal System to specifically meet the increasing water demand from Gauteng and other downstream users
Lanseria Smart City	Gauteng Department of Economic Development	The exact investment is unknown	Lanseria Smart City is an area identified for residential and commercial development in West Rand, Gauteng.
Malibongwe Ridge	City of Johannesburg	R2.6 billion	An integrated human settlement development which aims to reduce the housing backlog and eradicate informal settlement.
Fochville Extension 11	Department of Human Settlements, Water and Sanitation	R114 million	The Fochville Extension 11 is social housing project in the West Rand District Municipality in Gauteng. The development will consist of 2 198 residential units
Germiston Ext 4 Social Housing Project	Department of Human Settlements, Water and Sanitation	R85 million	A social housing project in Ekurhuleni Metropolitan Municipality, Gauteng. The development will accommodate 601 people.
Salvokop Precinct	Department of Public Works and Infrastructure	R18.1 billion	Salvokop is a mixed-use precinct that will accommodate five government departments in the inner city of Tshwane

Gauteng's national spatial economy

Apartheid spatial planning continues to have a significant impact on the economic structure of South Africa, especially on access to economic opportunities for ordinary South Africans. Gauteng is mainly comprised of urban areas, with 98% share of households living in urban areas. In addition, the province has three metros and two secondary cities that accommodates 95% of Gauteng residents. In terms of education, 35% of adult population in Gauteng had matric. The share of adults with matric climbed from 23% in 1996.

Unlike historic labour sending regions, Gauteng enjoy higher service delivery. According to the General Household Survey 2021, 92% if the households in Gauteng had running water in their houses and yards compared to the national average of 75%. The share of households with piped water inside the house excluding the yard was 60% in 2021. Furthermore, 91% of households in Gauteng had electricity including generators in contrast to 93% nationally.

4. KwaZulu-Natal

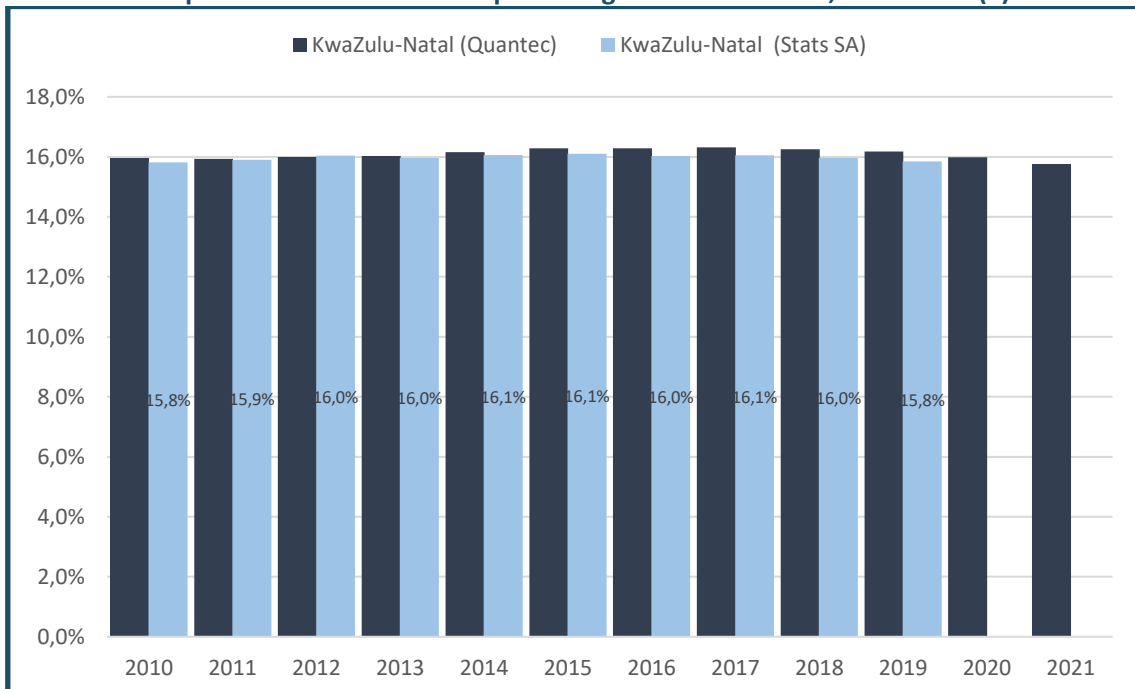
KwaZulu-Natal is the second largest economy in South Africa, and its real economy is dominated by the manufacturing sector, particularly petroleum, food, and beverage production. The province also has a significant agricultural sector, employing more than 90 000 people, and a smaller construction industry. The COVID-19 pandemic has had a significant impact on KwaZulu-Natal's economy, with employment in the real economy declining by 16% since Q1 2020. All real economic sectors experienced a reduction in employment, with mining being the most affected, followed by agriculture, manufacturing, and construction. In addition, KwaZulu-Natal's unemployment rate is higher than the national average, and inequality has worsened in the province. Notably, the province has a relatively high share of non-urban areas and one metro and three secondary cities. Infrastructure is also a mixed picture, with most households having electricity, but piped water access is still relatively low.

The real economy in the KwaZulu-Natal: structure and growth

With 11.5 million residents in 2020, KwaZulu-Natal accounts for 19.4% of the national population. Compared to other major provinces such as Gauteng and the Western Cape, population growth in Kwa-Zulu Natal is relatively slow, growing at an annual average of 1%. Kwa-Zulu Natal is also the second largest economy after Gauteng, accounting for 15.8% of the national GDP in 2021. Notably, Kwa-Zulu Natal's contribution has essentially remained the same over the past decade (see Graph 1).

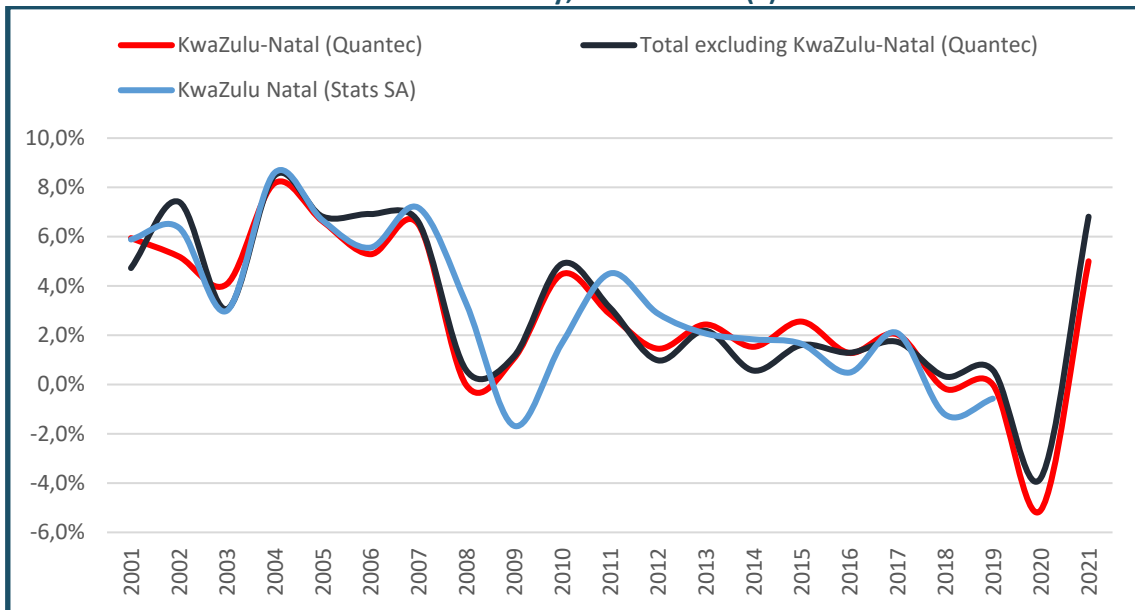
Graph 2 shows that the KwaZulu-Natal economy has been slowing down since 2011. In 2020, the provincial growth rate contracted by 5.1% but recovered with an increase of 5% in 2021.

Graph 1: KwaZulu-Natal as a percentage of national GDP, 2010-2021 (a)



Source: Statistics South Africa and Quantec. Note (a): % of national GDP is calculated at GVA basic prices at constant 2021 prices.

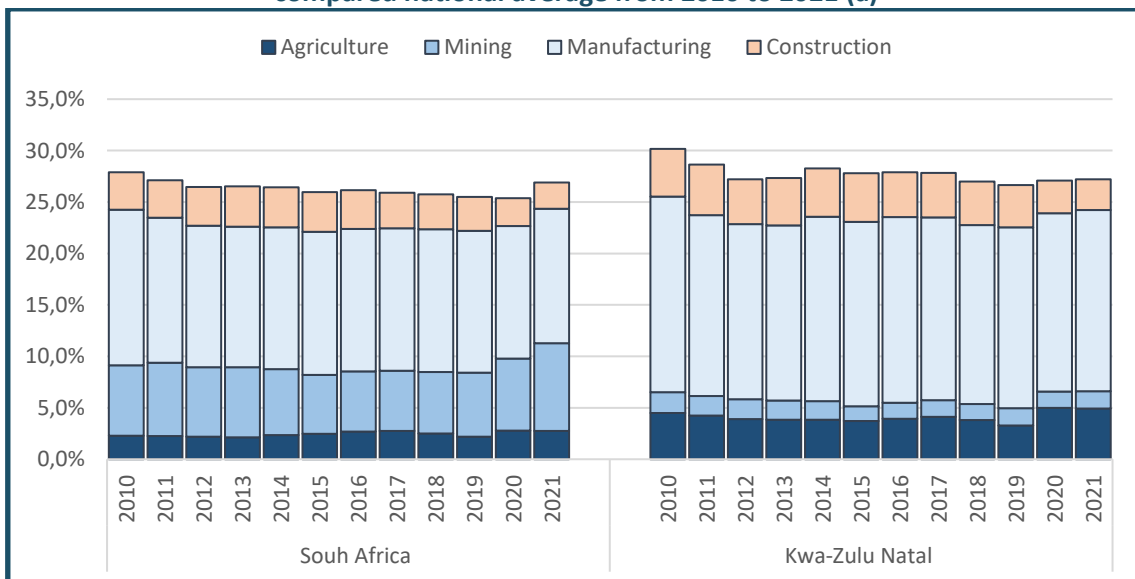
Graph 2: KwaZulu-Natal economic growth compared to the rest of the economy, 2000 to 2021 (a)



Source: Calculated using Quantec and Stats SA data. Note (a): Growth rates are calculated at GVA basic prices at 2021 constant prices.

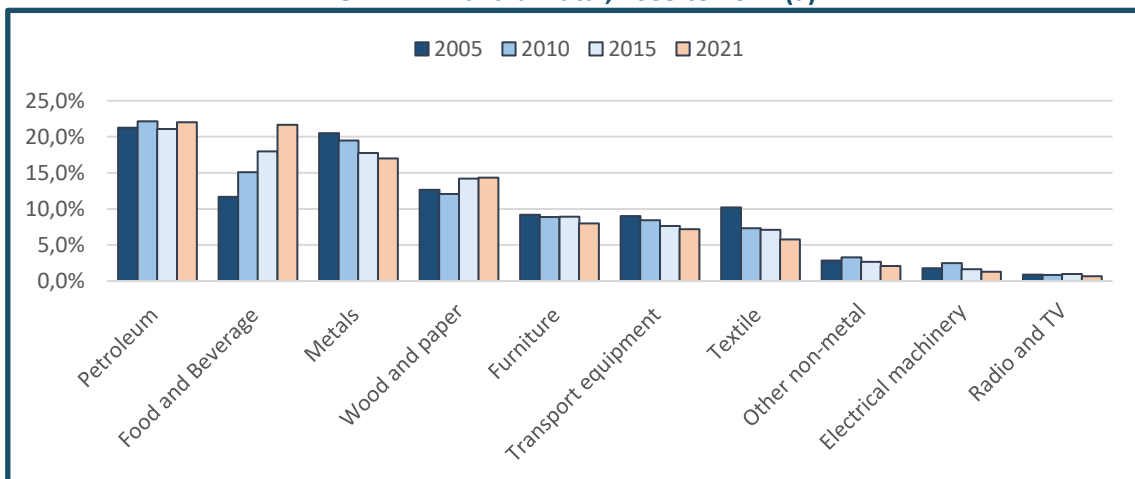
In 2021, KwaZulu-Natal’s real economy accounted for 27%, which is equal to the national average. As shown in Graph 3, manufacturing is the largest real sector in the province, accounting for 17.6% in 2021. Petroleum, food and beverages dominate the manufacturing sector in the province, and metal industries (see Graph 4). In addition, as shown in Graph 4, the food and beverage industry has grown rapidly since 2005. In contrast, the metals sector has shrunk over the same period. Agriculture is the second largest real sector, accounting for 4.9% of provincial GDP in 2021, followed by construction with 3%. Similar to Western Cape, mining plays a small role in KwaZulu-Natal’s economy, accounting for 1.7% of the provincial GDP in 2021.

Graph 3: Real sectors as a percentage of KwaZulu-Natal GDP compared national average from 2010 to 2021 (a)



Source: Calculated using Quantec estimates and Stats SA data. Downloaded from www.easydata.co.za. Note (a): Calculation based on GVA at basic prices in constant 2021 prices.

Graph 4: Manufacturing subsectors as a percentage share of total manufacturing GVA in KwaZulu-Natal, 2005 to 2021 (a)



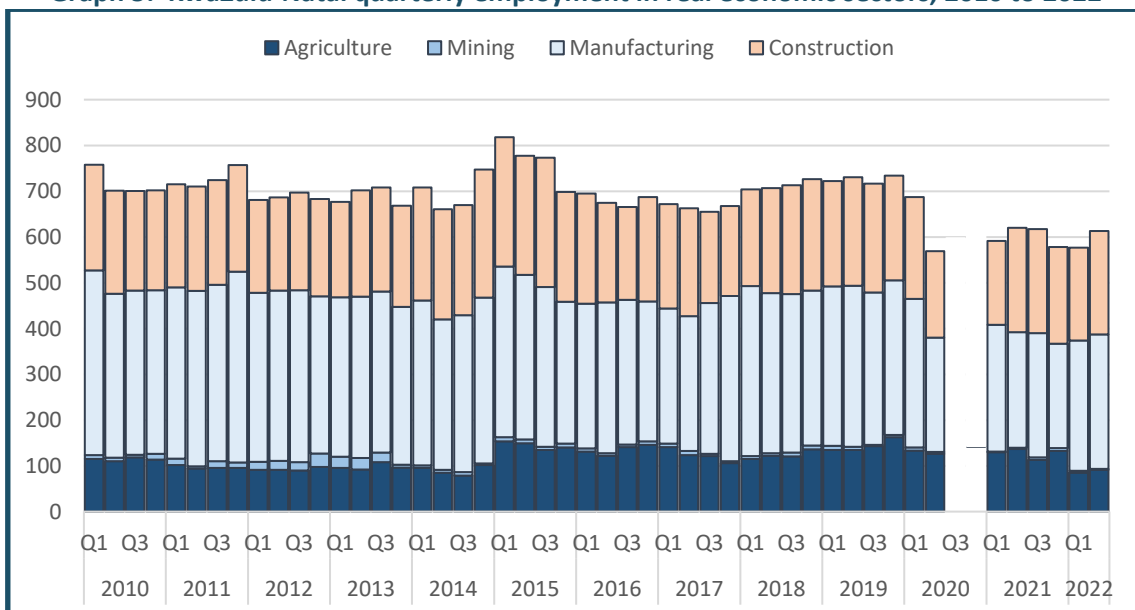
Source: Calculated using Quantec estimates. Downloaded from www.easydata.co.za. Note (a): Calculation based on GVA at basic prices in constant 2021 prices.

In terms of employment, KwaZulu-Natal accounted for 16% of national employment in the second quarter of 2022. With 613 000 people employed in Q2 2022, the real economy accounted for 25% of total employment in the province. Of employed people in the real economy:

- 294 000 were in manufacturing
- 225 000 were in construction
- 91 000 in agriculture
- 2 000 in mining

Employment in the real economy has declined by 16% since Q1 2020 due to the COVID-19 pandemic. All real economic sectors experienced a reduction in employment since Q1 2020. Mining had the largest reduction in employment as it declined by 48%, followed by agriculture with 36%, manufacturing with 12% and construction with 9%. Employment in the real economy of KwaZulu-Natal is yet to recover to pre-pandemic levels.

Graph 5: KwaZulu-Natal quarterly employment in real economic sectors, 2010 to 2022



Source: Stats SA Quarterly Labour Force Survey. Downloaded from www.statssa.gov.za.

Table 1 shows large public and private real-economy projects between 2010 and 2021.

Table 1: Large public and private real economy projects in KwaZulu-Natal 2010-2021

PROJECT NAME	COMPANY	VALUE	SECTOR
Avon Peaking Power Plant	Mitsui	R6 billion	Utilities
HBM-SA Health Protection Services condom manufacturing facility	HBM-SA Health Protection Services	R150 million	Manufacturing
Nestle Coffee Export Facility	Nestle	R1.2 billion	Manufacturing
Sumitomo Tyre Factory	Sumitomo Rubber Industries	R2 billion	Manufacturing
Cipla's First South African Biotech Manufacturing Facility	Cipla BioTec	R1.3 billion	Manufacturing
Yangtze Optics Africa Cable investment in Dube Trade Port	Yangtze Optics Africa Cable (Pty) (Lid)	R150 million	Services
Petredec, Bidvest LPG Storage Facility	Petredec and Bidvest Tank Terminals	R1 billion	Utilities
KwaZulu Cruise Terminal	MSC Cruises and Africa Armada Consortium	R215 million	Specialised construction activities
Metso Second Smelting Furnace at Isithebe Foundry	Metso Corporation	R54 million	Manufacturing
Zulti South Mine	Rio Tinto	R6.5 billion	Mining
Defy Jacobs factory upgrade	Arcelik- Defy Appliances	R121 million	Manufacturing
Cisco Edge Incubation Centre	Cisco Systems	R10 million	Services
Toyota Hiace Ses'fikile minibus production	Toyota Motors South Africa (TMSA)	R454	Manufacturing
Toyota Hilux Export operation (Kenya kit project)	Toyota Motors South Africa	R20 million	Manufacturing
Toyota new passenger car production	Toyota South Africa	R2.43 billion	Manufacturing
Royal Vopak LPG Terminal and distribution facility	Royal Vopak	R3.1 billion	Services
Defy production line investment	Arcelik- Defy Appliances	R462 million	Manufacturing
Wilmar manufacturing plant	Wilmar International	R1.5 billion	Manufacturing
Menar coal project pipeline: Riversdale Anthracite Colliery (RAC) project	Menar (Canyon Coal)	R300 million	Mining
Toyota Hiace output increase	Toyota South Africa	R91 million	Manufacturing
Chem Energy South Africa fuel cell production factory	Chem Energy South Africa (Chem Corporation)	R166 million	Manufacturing
Toyota Health support package	Toyota Motors South Africa	R15 million	Services
United Heavy Industries Investment Programme	United Heavy Industries	R17 million	Manufacturing
Home Stead game lodge	Really Epic Dog (The Homestead)	R200 million	Services

Risk Mitigation Independent Power Producer Procurement Programme (RMIPPPP): Karpowership South Africa Richards Bay	Karpowership South Africa/Karadeniz Energy Group	R10.9 billion	Utilities
Toyota Wessels Institute for Manufacturing Studies	Illovo Africa, Metair, The Foschini Group and Toyota	R9 million	Research and Development
Defy Danskraal warehouse	Arcelik/Defy	R170 million	Services

Source: Compiled by Kelello Mashiane, using FDI data. TIPS FDI Tracker available at <https://www.tips.org.za/manufacturing-data/fdi-tracker>.

Employment and unemployment

Unlike other major provinces such as Gauteng and the Western Cape, KwaZulu-Natal has a high level of unemployment. In 2021, the absorption rate in the province was 32.7%, which is lower than 37% at the national level. In addition, KwaZulu-Natal's joblessness level has increased as the absorption rate has declined from 37.6% in 2010.

Economic policy initiatives

The following are the main national industrial policy and development initiatives that impacted the KwaZulu Natal economy.

- In 2019/20, the dtic approved projects worth R1.2 billion in KwaZulu-Natal, which is expected to generate 10.6 billion and 8 548 jobs.
- In 2017/18, the projected investment for the MCEP in KwaZulu-Natal was worth R36.7 million and retained 201 baseline jobs.
- In 2021, the dtic invested R894 million into Black Industrialist KwaZulu-Natal. This is the dtic's second-largest investment in the black industrialist initiative relative to the dtic's investment in the other eight provinces.
- In the same period, The IDC invested R2.2 billion towards the black industrialist initiative in KwaZulu-Natal, and the NEF invested R577 million towards the programme.
- KwaZulu-Natal had two designated and/or proposed Special Economic Zones as of 2020 (see box below).

	FOCUS	DESIGNATION DATE
Richards Bay SEZ	<ul style="list-style-type: none"> - Agro-processing - Marine Industry Development - ICT and Techno-Parks - Renewable Energy - Metals Beneficiation 	2016
Dube Tradeport SEZ	<ul style="list-style-type: none"> - Aerospace and aviation-linked manufacturing and related services - Agriculture and agro-processing, including horticulture, aquaculture and floriculture - Electronics manufacturing and assembly - Medical and pharmaceutical production and distribution - Clothing and textiles - Automotive component manufacturing - Other supplemental sectors 	2016

**Table 2: Major existing or planned national infrastructure projects
in KwaZulu-Natal 2016-2022**

PROJECT NAME	IMPLEMENTING AGENT	PROJECT COST	PROJECT DESCRIPTION
N3 Dardenelles to Lynnfield Park	SANRAL	R1.48 billion	Cato Ridge- Dardanelles N3 upgrade
Greater Cornubia	Department of Human Settlements	R25 billion	The project aims to provide 28 000 social housing
Umkhomazi Water Project Phase 1	Department of Water and Sanitation	R23.2 million	The project involves the construction of Smithfield Dam and the associated conveyance infrastructure to augment the Mgeni System
N3 Cato Ridge to Dardanelles	SANRAL	R1.6 billion	N3 road upgrades
N3 Dardenelles to Lynnfield Park		R1.6 billion	
N3 Paradise Valley to Mariannahill Toll Plaza		R1.9 billion	
N2 Edwin Swales to South of EB Cloete Interchange		R1.9 billion	
N3 Ashburton Interchange to Murray Road		R2 billion	
N3 Mariannahill Toll Plaza to Key Ridge		R2.1 billion	
N2 EB Cloete Interchange		R3.9 billion	

KwaZulu-Natal's national spatial economy

KwaZulu-Natal has a relatively high share of non-urban areas within its borders. In 2021, 37% of the population lived in non-urban areas, 7% lived on farms, and 56% of the population lived in urban areas. The province has one metro and three secondary cities, which together account for 47% of the province's population. In terms of education, 33% of the adult population had matric in 2021, up from 15% in 1996. Furthermore, 8% of the population in the province had a degree compared 13% at national level.

Regarding infrastructure, 69% of households in KwaZulu Natal had running water inside their houses and yards combined, compared to 46% in 1996. The share of households with running water inside their houses, and not yard was 36% in 2021. In addition, 95% of households in KwaZulu Natal had electricity including generators.

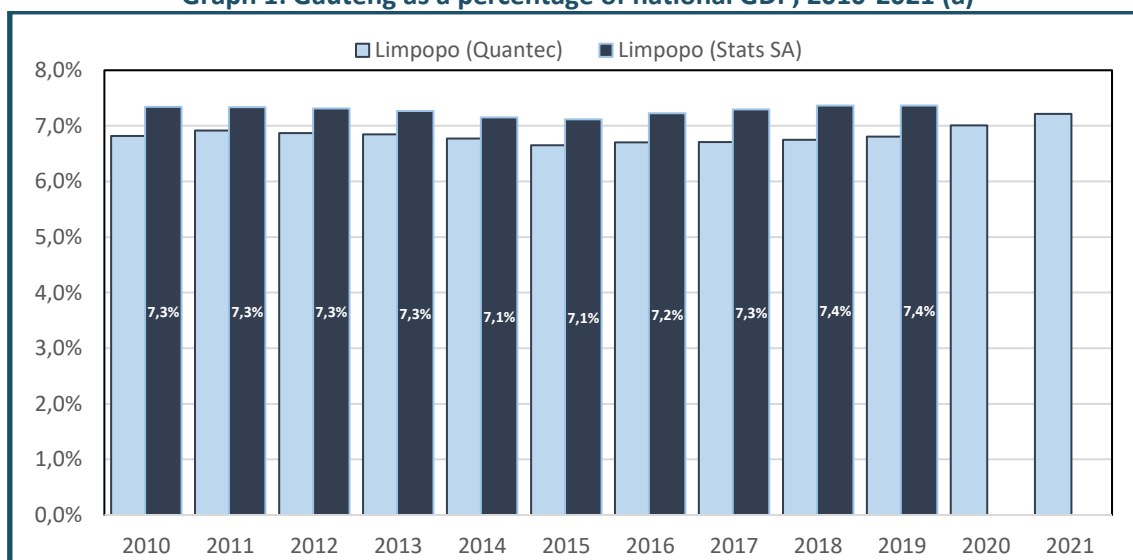
5. Limpopo

Limpopo has the highest share of population living in former homelands. Despite a declining growth rate since 2011, Limpopo's contribution to national GDP has remained stable and accounted for 7.2% of the national GDP in 2021. Among real economic sectors, mining is the most significant contributor to the province's GDP, accounting for 30% of the provincial output in 2021, while agriculture and manufacturing are almost equal, contributing 3.3% and 3.1%, respectively. The food and beverage industry dominates the manufacturing sector, accounting for 33% of the manufacturing output in 2020. In Q2 2022, Limpopo accounted for 9% of the total employment in South Africa, with agriculture being the largest employer among the real economic sectors, followed by construction and mining, while manufacturing had the least employment.

The real economy in Limpopo: structure and growth

Limpopo is home to 6 million people. It is the fifth most populous province, accounting for 10% of the national population. Limpopo's population has been growing at an average of 1% per year. In terms of economic contribution, Limpopo is the sixth most significant contributor to the GDP, accounting for 7.2% of the national GDP in 2021. Graph 1 shows that the contribution to GDP slightly dipped from 2014 before stabilising at its normal levels again in 2016. Quantec estimates indicate that, in 2021, Limpopo's contribution to GDP increased above its normal level. This increase is attributable to the fact that the province was not as severely affected by the pandemic as other provinces. In 2020, it experienced a modest decline in growth of 1.1%. Moreover, the province experienced a strong rebound from 2020, increasing by 9.7% in 2021.

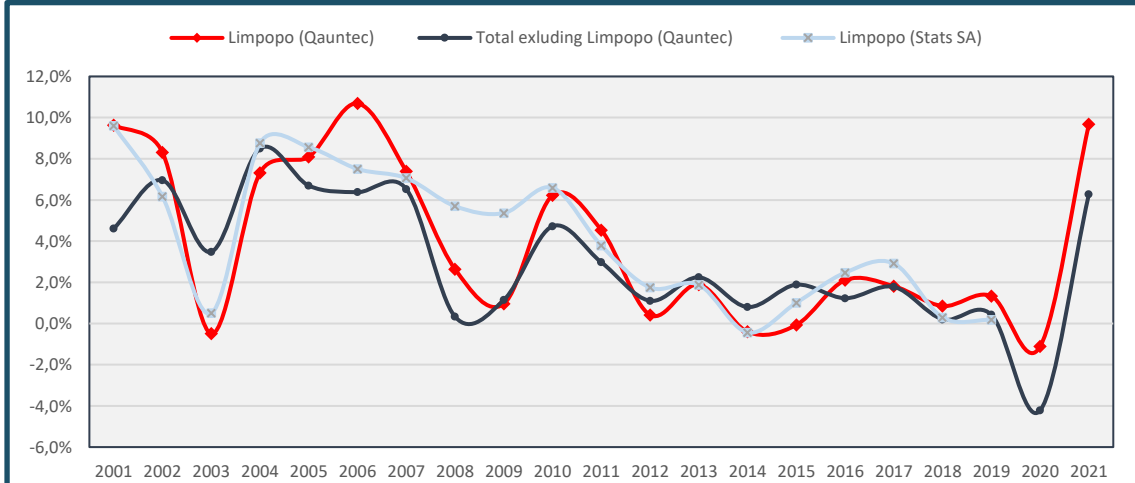
Graph 1: Gauteng as a percentage of national GDP, 2010-2021 (a)



Source: Statistics South Africa and Quantec. Note (a): % of national GDP is calculated at GVA basic prices at constant 2021 prices.

Similar to other provinces, Limpopo's growth rate has been declining since 2011 (see Graph 2). The province's economic growth rate is often higher than the national rate. As previously noted, Limpopo is one of the provinces, along with Free State, that did not experience a massive decline in growth rates due to the pandemic. The relatively small decline and massive recovery in 2021 could be attributed to a surge in commodity prices, as the province has a large mining sector.

Graph 2: Limpopo's economic growth compared to the rest of the economy, 2000 to 2021 (a)

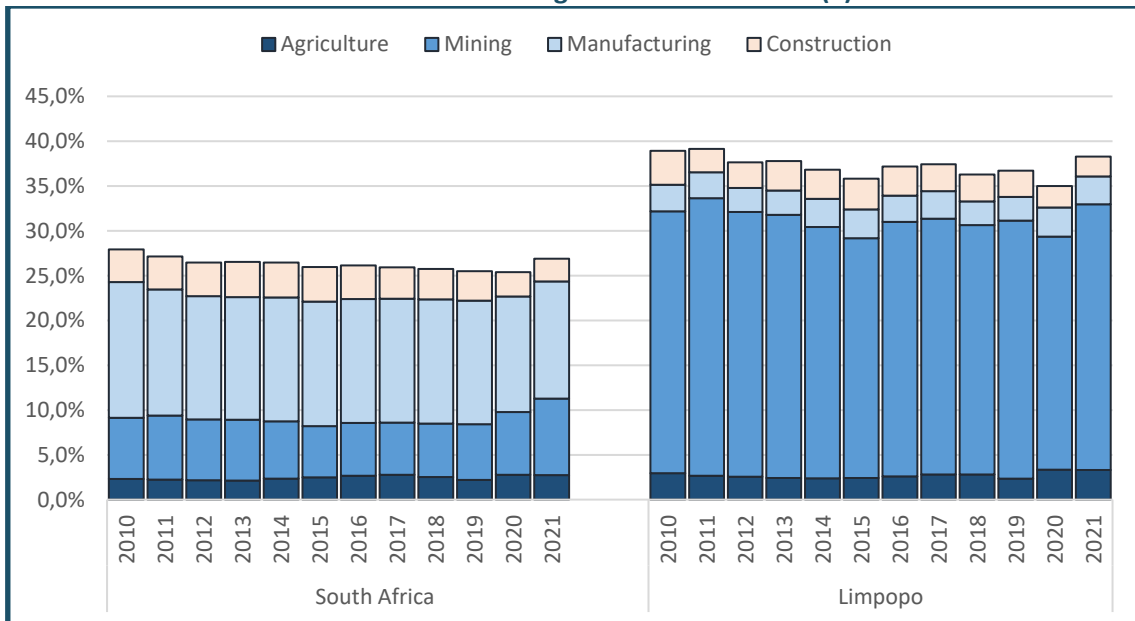


Source: Calculated using Qauntec and Stats SA data. Note (a): Growth rates are calculated at GVA basic prices at 2021 constant prices.

As noted, mining is the real economic sector in Limpopo, accounting for 30% of the provincial output in 2021. Agriculture and manufacturing are nearly equal, accounting for 3.3% and 3.1%, respectively to the provincial GDP (see Graph 3). Notably, the mining and manufacturing contribution to the provincial GDP has remained the same since 2010, while agriculture's contribution has marginally increased. Construction, on the other hand, declined from 3.8% of GDP in 2010 to 2.9% in 2019 before the pandemic.

Graph 4 shows that the manufacturing sector in the province is largely dominated by food and beverages, metals and petroleum industries. The food and beverage industry has rapidly grown in the province as its share of manufacturing output increased from 26% in 2005 to 33% in 2020.

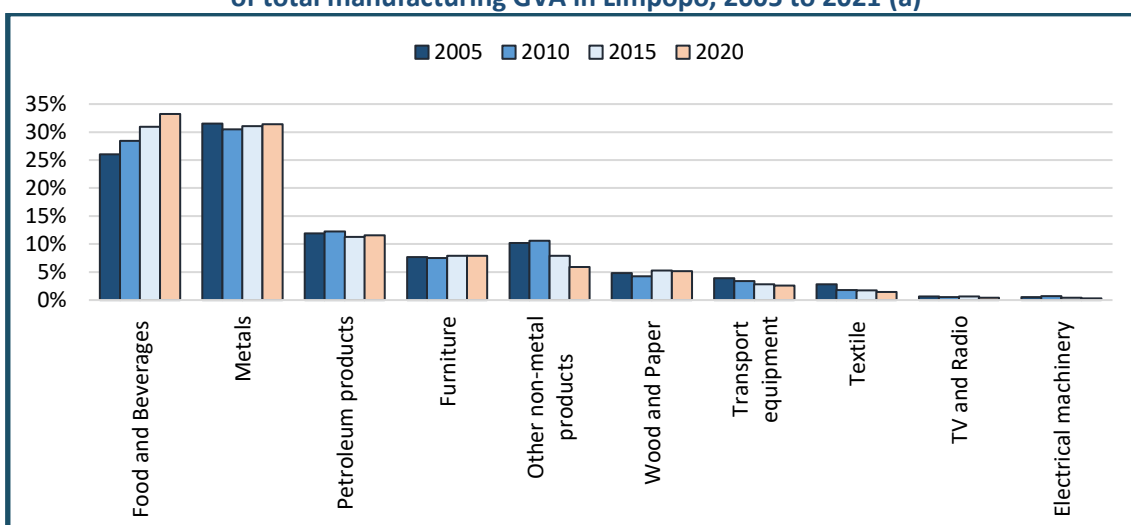
Graph 3: Real sectors as a percentage of Gauteng GDP compared to the national average from 2010 to 2021 (a)



Source: Calculated using Qauntec estimates and Stats SA data. Downloaded from www.easydata.co.za.

Note (a): Calculation based on GVA at basic prices in constant 2021 prices.

Graph 4: Manufacturing subsectors as a percentage share of total manufacturing GVA in Limpopo, 2005 to 2021 (a)



Source: Calculated using Quantec estimates. Downloaded from www.easydata.co.za. Note (a): Calculation based on GVA at basic prices in constant 2021 prices.

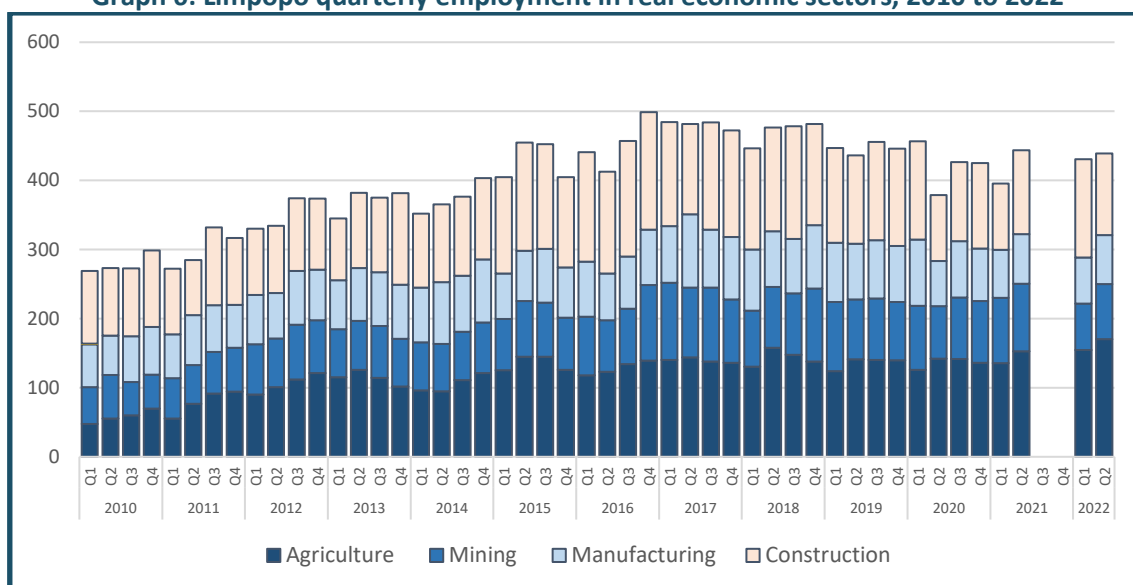
Furthermore, from 2010 to 2014, mining was the fastest growing sector in Limpopo, increasing by 2.9% annually, followed by construction with 1.7% (see Graph 5). Over the same period, manufacturing declined by 0.5% annually. However, from 2015 to 2019, manufacturing began to experience some growth, growing at an annual average of 0.8%. In 2020, Agriculture grew by 33%, followed by mining with 8.9%. In contrast, construction declined by 16.8%, and manufacturing declined by 6.1%. Mining continues to experience spectacular growth in 2021, with an increase of 25.1%. This growth rate is attributable to the surge in commodity prices from 2020.

Graph 5: Average growth rate in real economic sectors of Limpopo (a)



Source: Calculated using Quantec data. Downloaded from www.easydata.co.za. Note (a): Calculation based on GVA at basic prices in constant 2021 prices.

Graph 6: Limpopo quarterly employment in real economic sectors, 2010 to 2022



Source: Stats SA Quarterly Labour Force Survey. Downloaded from www.statssa.gov.za.

In Q2 2022, Limpopo accounted for 9% of total employment in South Africa. The real economic sectors in the province accounted for 32% employment in Q2 2022. Agriculture is the largest employer among the real economic sectors with 170 000 workers in Q2 2022, followed by construction with 118 000 and mining with 79 000. Manufacturing has the least employment, with 71 000 works over the same period. Historically, construction was the biggest employer among the real economic sectors but was overtaken by agriculture by 2020. The pandemic has seemingly affected manufacturing and construction. Employment in manufacturing fell by 21%, from 83 000 in 2019 to 65 000 in 2021. Similarly, employment in construction declined by 7% over the same period.

Table 1 shows large public and private real economy projects in Limpopo between 2010 and 2021.

Table 1: Large public and private real economy projects in Limpopo 2010-2021

PROJECT NAME	COMPANY	VALUE	SECTOR
Musina-Makhado Energy Park	Consortium led by Hoi Mor (Hong Kong Mining Exchange), and consisting of Hoi Mor Industrial, China Harbour Engineering, China Africa Development Fund, Guangzhou Stainless Steel, Lianzhong Stainless Steel, Guangzhou Rising Steel, TaiYuan Iron and Steel, and China Power Investment Company	R40 billion	Manufacturing
Platreef Project – platinum group metals, gold, nickel and copper mine.	Ivanhoe Mines indirectly owns 64% through subsidiary, Ivanplats. BBBEE partners 26% stake and the remaining 10% is owned by a Japanese consortium of Itochu Corporation; Japan Oil, Gas and Metals National Corporation;	R21 billion	Mining

	ITC Platinum Development, an Itochu affiliate; and Japan Gas Corporation		
Anglo American Polokwane sulphur dioxide (SO2) abatement project.	Anglo American Platinum	R1.5 billion	Mining
Zebediela nickel mine project	URU Mining	R11.2 billion	Mining
Ivanhoe/Ivanplats Platreef project-	Ivanhoe Mines	R1 billion	Mining
Waterberg Bushveld Igneous Complex Platinum Group Metals project	Platinum Group Metals	R18 billion	Mining
Amplats Expansion Projects: Mogalakwena Expansion	Anglo American Platinum	R29.7 million	Mining
Amplats Expansion Projects: Mototolo/Der Brochen Replacement Project	Anglo American Platinum	R29.7 million	Mining
Amplats Expansion Projects: Mototolo/Der Brochen Expansion	Anglo American Platinum	R29.7 million	Mining
Amplats Capital Projects: Modikwa chrome recovery plant	Anglo American Platinum	R200 million	Mining
Amplats Capital Projects: Amandelbult modernisation	Anglo American Platinum	R1.3 billion	Mining
Amplats Capital Projects: Tumela 15E mechanisation	Anglo American Platinum	R1.1 billion	Mining
Steelpoortdrift vanadium project	Vanadium Resources	R2.4 billion	Mining
Ivanhoe/Ivanplats Platreef project	Ivanhoe Mines	R73 million	Mining
Makhado hard coking coal project	MC Mining	R433 million	Mining
Venetia underground project	De Beers/ Anglo American	R32 million	Mining

Employment and unemployment

Limpopo has a high level of joblessness compared to the national average. In 2020, the absorption rate was 31% compared to the national average of 37%. Notably, unemployment has marginally declined in the province with the absorption rate increasing from 29% in 2010 to 30% in 2020.

Economic policy initiatives

The following are the fundamental national industrial policy and development initiatives that influenced Limpopo's economy.

- In 2019/20 the dtic approved projects worth R190.4 million in the Limpopo Province, which was anticipated to yield a projected investment of R755 million and create 418 jobs. This represents a decline relative to the dtic's 2016/17 project approvals, which were worth R660.9 million.
- In 2016/17, the Limpopo province received an actual investment of R41.1 million, for the MCEP, which yielded 875 jobs at the claim stage.
- The 2021 Black Industrialist Report reported that the dtic allocated R186 million the programme in Limpopo. Similarly, the NEF invested R258 million in the Black Industrialists scheme. initiative.
- The dtic approved projects worth R48.3 million towards the BIS in the Limpopo Province. This represents an increase in investment relative to the collective Investment of 2021, despite the COVID-19 pandemic.
- The Limpopo Province has one designated SEZ, namely Makhado-Musina. It also has one proposed SEZ – Tubatse SEZ, which will focus on PGMs beneficiation as well as general manufacturing.
- The Makhado/Musina SEZ's investment pipeline is more than R250 billion, while the Tubatse SEZ's investment pipeline is R25 billion.

Table 2: Major existing or planned national infrastructure projects in Limpopo 2016-2022

PROJECT NAME	IMPLEMENTING AGENT	PROJECT COST	PROJECT DESCRIPTION
Groot Letaba River Water Development Project – Nwamitwa Dam	Department of Water and Sanitation	R3.8 billion	To provide the ecological water reserve for domestic and irrigation water requirements in the Greater Letaba area of Limpopo
N1 Musina Ring Road: Limpopo	SANRAL	R 661 million	The project involves the construction of N1 Musina Ring Road
Olifants River Water Resources Development Project: Phase 2	Department of Water and Sanitation	R12 billion	The project aims to increase the bulk water supply to effectively support the mining developments on the province
Phase 2A of the Mokolo Crocodile	Department of Water and Sanitation	R12.3 billion	The project involves the construction of a water transfer system from the

River (West) Augmentation Project			Crocodile River to Steenbonkap and Lephalale, linking it Medupi Power Station and Exxaro Grootgeluk Mine
Groot Letaba River Water Development Project - Nwamitwa Dam	Department of Water and Sanitation	R 3.7 billion	The project includes the construction of a dam below the GrootLetaba and Nwanedzi Rivers.
N1 Polokwane Eastern Ring Rd Phase 2	SANRAL	R 697 million	The project involves the construction of 5.9 km section of eastern ring. The proposal includes construction of interchanges at Burgersfort (R37), Tzaneen (R71) and R81.

Limpopo's national spatial economy

Limpopo has a very high share of non-urban areas within its borders. In 2021, 75% of the population lived in non-urban areas and 6% in farms, compared to 26% and 5% for the country as a whole. Limpopo has limited urbanisation by national standards, with no metro and two secondary cities. Together, these cities account for 13% of the province's population. In terms of education, 22% of the adult population in Limpopo has matric, up from 13% in 1996.

In terms of infrastructure, 45% of households in Limpopo had running water in their houses and yard in 2021, compared to 38% in 1996. Limpopo still has a massive infrastructure backlog, with the share of households with running water in the house (excluding yard) sitting at 12% in 2021. In term of electricity, 97% of households in the province had electricity, including generators, which is above the national average of 93%.

In 2021, Limpopo was home to 3% of the richest 10% of households in South Africa. In contrast, 1% of the poorest 60% lived in the province in 2021. Notably, the number of households in the poorest 60% decile has declined by 1% between 2000 and 2021.

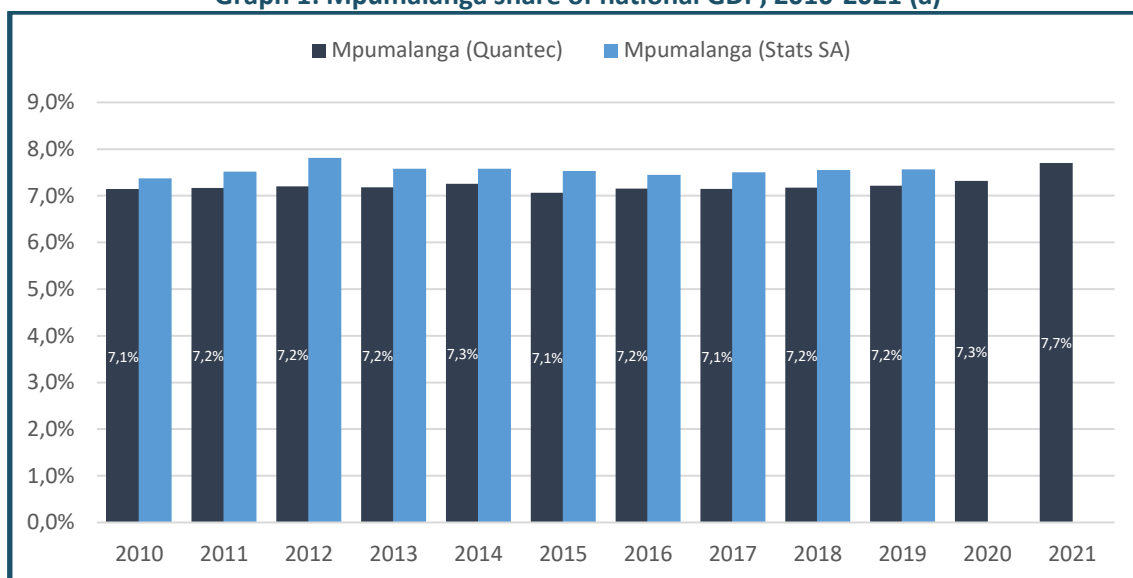
6. Mpumalanga

Mpumalanga's real economy is mainly driven by the mining industry, followed by manufacturing. The petroleum, metals, and food and beverage industries are the largest manufacturing industries in the province. COVID-19 has had a devastating impact on employment in Mpumalanga. Between Q1 2020 and Q1 2022, the manufacturing sector lost 30% of jobs, followed by construction with 21%. In contrast, mining and agriculture saw employment growth of 13% and 10%, respectively, over the same period. Mpumalanga has a similar level of unemployment to the national average, and 45% of its population lives in non-urban areas. The province has no metro but four secondary cities that account for 37% of the province's population.

The real economy in the Mpumalanga: structure and growth

In 2021, Mpumalanga had 4.6 million residents, making up 7.9% of the national population. Mpumalanga is among the provinces with the fastest growing population, with the provincial population growing at an annual average of 1.7% compared to the national average of 1.4%. In terms of economic structure, Mpumalanga accounted for 7.7% of national production in 2021, up from 7.3% in 2020. In addition, Mpumalanga's share of the national GDP has moderately increased over the past decade, from 7.1% in 2010 to 7.7% in 2021.

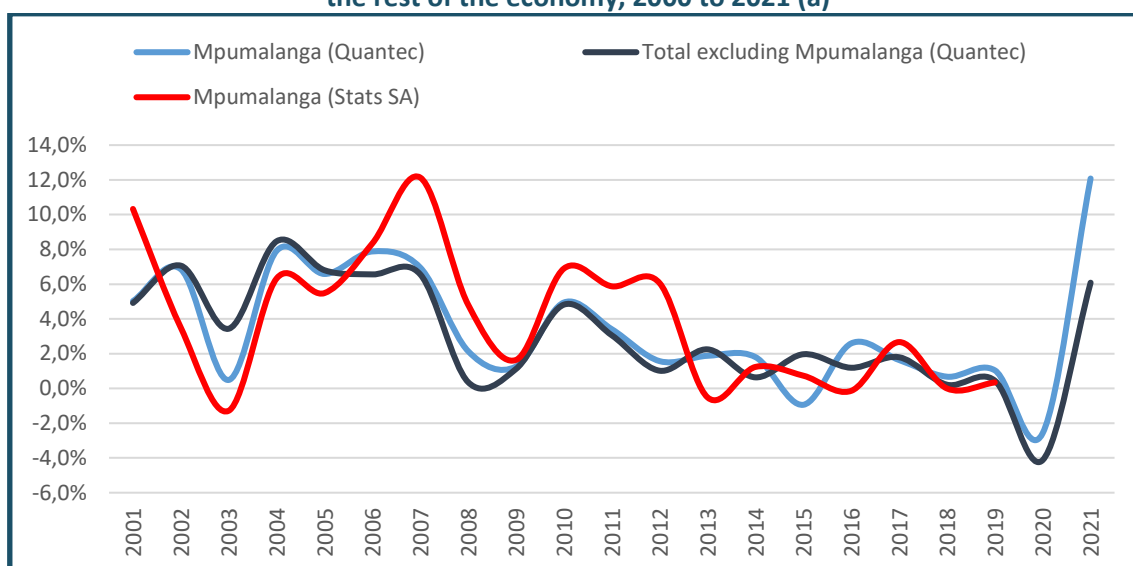
Graph 1: Mpumalanga share of national GDP, 2010-2021 (a)



Source: Statistics South Africa and Quantec. Note (a): % of national GDP is calculated at GVA basic prices at constant 2021 prices.

In terms of economic growth, Mpumalanga enjoyed the benefits of the early 2000s commodity boom as the provincial growth rate accelerated from 2004, reaching its peak in 2007 before the 2008/9 global financial crisis. Thereafter, Mpumalanga's growth rate fell sharply, reaching its decade-low in 2018. In addition, Mpumalanga's growth rate contracted by 2.6% in 2020 because of COVID-19. However, in 2021 Mpumalanga has experienced the most significant growth rate of 12%, which is driven by a commodity price surge in 2021.

Graph 2: Mpumalanga economic growth compared to the rest of the economy, 2000 to 2021 (a)

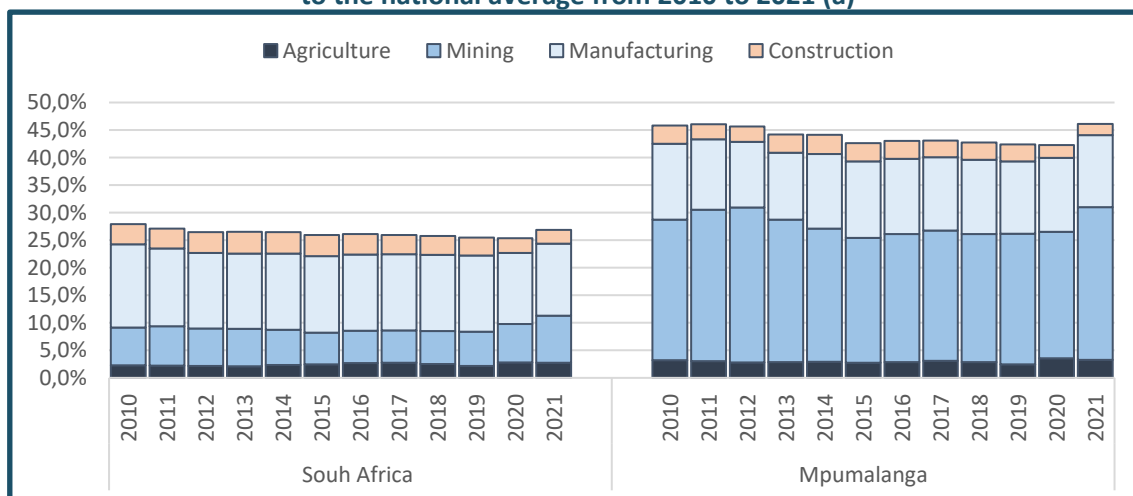


Source: Calculated using Quantec and Stats SA data. Note (a): Growth rates are calculated at GVA basic prices at 2021 constant prices.

In 2021, the real sectors in Mpumalanga accounted for 46% of the provincial GDP compared to 27% at the national level. Mining is the largest real economic sector in the province, accounting for 27.7% of the provincial output, followed by manufacturing with 13%. Agriculture and construction accounted for 3.2% and 2.1%, respectively. The share of mining in Mpumalanga has risen over the past decade from contributing 25.5% in 2010 to 27.7% in 2021. In contrast, the manufacturing and construction share of the provincial output has declined over the same period, and agriculture’s share has remained flat.

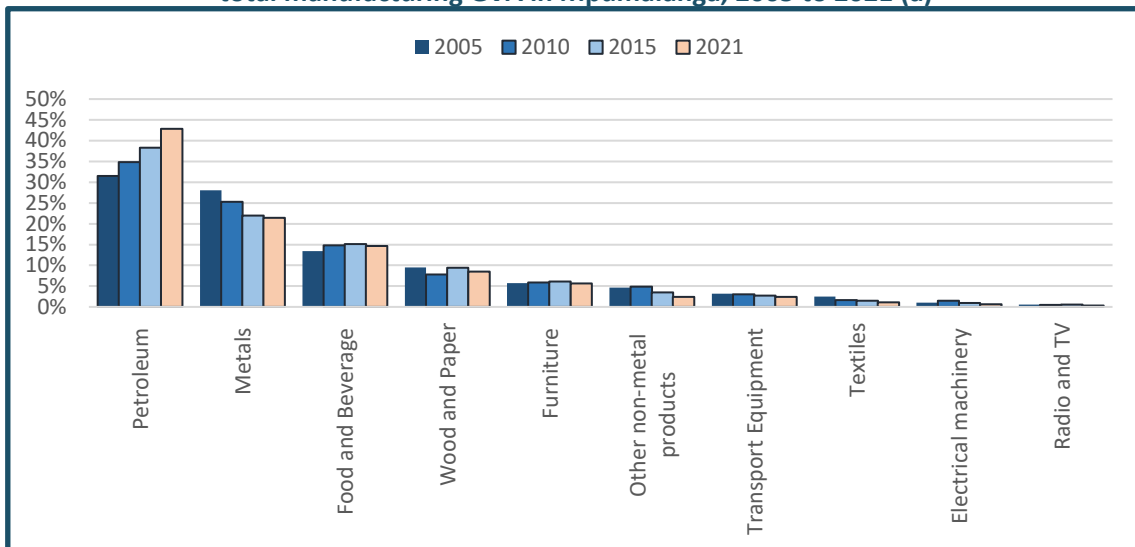
Petroleum, metals, and food and beverages are the biggest manufacturing industries in Mpumalanga (see Graph 4). Graph 4 also shows that the petroleum industry share of manufacturing output in the province has substantially increased since 2005. More specifically, the petroleum industry’s share of manufacturing output in Mpumalanga increased from 32% in 2005 to 43% in 2021.

Graph 3: Real sectors as a percentage of Mpumalanga GDP compared to the national average from 2010 to 2021 (a)



Source: Calculated using Quantec estimates and Stats SA data. Downloaded from www.easydata.co.za
 Note (a): Calculation based on GVA at basic prices in constant 2021 prices.

Graph 4: Manufacturing subsectors as a percentage share of total manufacturing GVA in Mpumalanga, 2005 to 2021 (a)



Source: Calculated using Quantec estimates and Stats SA data. Downloaded from www.easydata.co.za.
 Note (a): Calculation based on GVA at basic prices in constant 2021 prices.

Graph 5 shows that between 2010 and 2014, mining was the fastest-growing real sector in Mpumalanga, growing at an annual average of 4.3%, followed by construction at 1.6%. However, between 2015 and 2019, agriculture became the fastest-growing sector while construction contracted. In 2020, construction and mining contracted by 18.1% and 11.2%, respectively. In 2021, all real sectors experienced growth except for construction, which is yet to fully recover from the pandemic effects. Notably, mining experienced the most significant growth of 35.0% in 2021, mainly due to the commodity boom in 2021.

Graph 5: Average growth rate in real economic sectors of Mpumalanga (a)

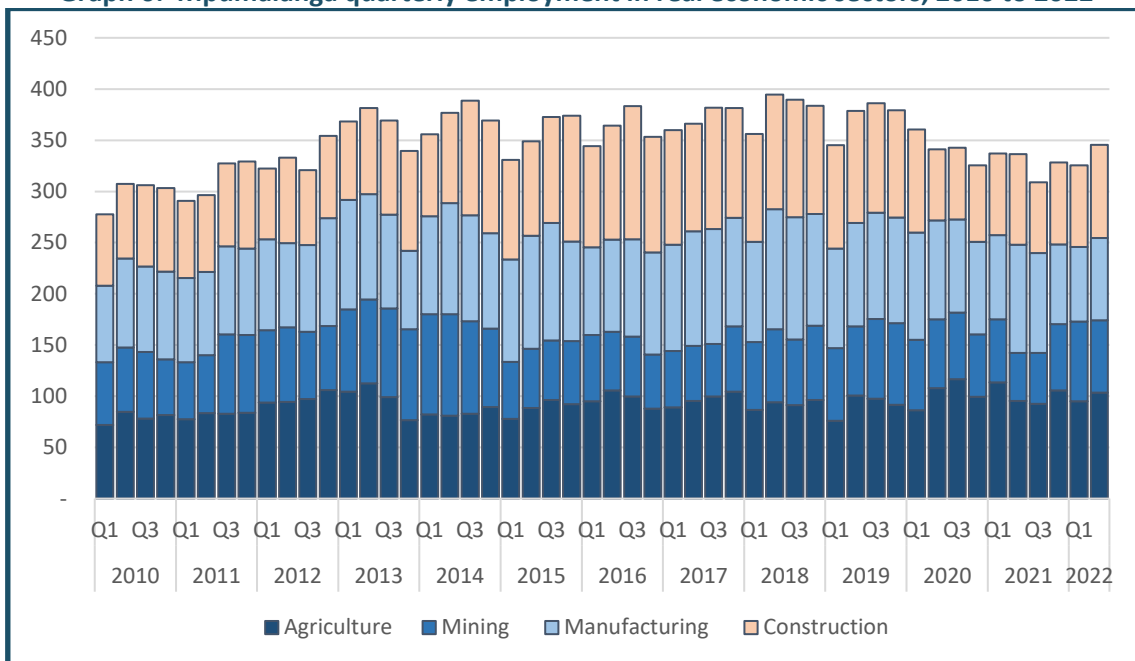


Source: Calculated using Quantec data. Downloaded from www.easydata.co.za. Note (a): Calculation based on GVA at basic prices in constant 2021 prices

As of Q2 2022, Mpumalanga accounted for 7% to national employment. With 345 000 people in the second quarter of 2022, Mpumalanga's real sector accounted for 30% of total employment in the province. Agriculture accounts for the largest share of employment among the real sector with 104 000 people employed in Q2 2022. It is followed by construction with 91 000, manufacturing with 80 000, and mining with 71 000.

Similar to elsewhere in the country, COVID-19 has had a devastating impact on employment in Mpumalanga. Between Q1 2020 and Q1 2022, the manufacturing sector lost 30% of jobs, followed by construction with 21%. In contrast, mining and agriculture saw employment growth of 13% and 10%, respectively over the same period.

Graph 6: Mpumalanga quarterly employment in real economic sectors, 2010 to 2022



Source: Stats SA Quarterly Labour Force Survey. Downloaded from www.statssa.gov.za.

Table 1: Large public and private real-economy projects in Mpumalanga 2010-2021

PROJECT NAME	COMPANY	VALUE	SECTOR
Rietfontein and Beta staged hard-rock gold mine development project.	Stonewall Mining, a subsidiary of Stonewall Resources.	R896 million	Mining
Fairview subvertical shaft project	Pan African Resources	R105 million	Mining
Elikhulu tailings retreatment project.	Pan African Resources	R1.74 billion	Mining
Klipspruit life extension project	South32	R4.3 billion	Mining
Sasol-Air Liquid Oxygen Gas Plant	Air Liquide; Sasol	R2.9 billion	Manufacturing

Galaxy Mine Refurbishment	Galane Gold	R76 million	Mining
Theta Gold Project	Theta Gold Mines	R592 million	Mining
Menar coal project Phalanndwa Colliery Extension Project	Menar (Canyon Coal)	R400 million	Mining
Menar coal project pipeline: De Wittekrans opencast and underground mine	Menar (Canyon Coal)	R600 million	Mining
Menar coal project pipeline: Witfontein underground mine	Menar (Canyon Coal)	R1 billion	Mining
Elikhulu tailings retreatment project-solar energy plant	Pan African Resources	R150 million	Mining
Sonae Arauco Paper production expansion	Sonae Arauco/ Sonae Industria	R220 million	Manufacturing
Pan African Resources Evander Egoli gold project	Pan African Resources	R1.05 million	Mining
Enaex Electronic facilities investment: Electronic Initiation Systems assembly plant	Enaex Africa	R16 million	Manufacturing
Enaex Electronic facilities investment: Weilaagte explosives distribution plant	Enaex Africa	R15 million	Manufacturing
Enaex Electronic facilities investment: Bulk emulsion facility expansion	Enaex Africa	R10 million	Manufacturing

Source: Compiled by Kelello Mashiane, using FDI data. TIPS FDI Tracker available at <https://www.tips.org.za/manufacturing-data/fdi-tracker>.

Employment and unemployment

In terms of overall employment, Mpumalanga has a similar level of unemployment to the national average. In 2021, the absorption rate – employment to population ratio – in Mpumalanga was 36.6% compared to the national average of 37%. Over the past decade, the level of unemployment in the province, with the absorption rate declining from 39% in 2010 to 37% 2021.

Economic policy initiatives

The following are the fundamental national industrial policy and development initiatives that influenced Mpumalanga's economy.

- In 2019/20, the DTIC approved projects worth R95.6 million in Mpumalanga. The approved projects were expected to create an investment of R5 billion and 2 171. This is significant decline to 2016/17 approved projects of R3.9 billion to the province.
- In 2021, the DTIC invested 279 million in Black Industrialist Programme in Mpumalanga. The IDC invested 2.8 billion in the programme and NEF made a contribution of R337 million.
- In 2016/17 a grant worth R49.9 million was approved for the Ekandustria economic hub/ industrial park in the Mpumalanga Province.
- Mpumalanga has one designated SEZ (see box below).

	FOCUS	DESIGNATION DATE
Nkomazi SEZ	<ul style="list-style-type: none"> - Agro-processing - Green or renewable energy - Warehousing facilities - Logistics (intermodal logistics and production logistics) 	2018

Table 2: Major existing or planned national infrastructure projects in Mpumalanga 2016-2022

PROJECT NAME	IMPLEMENTING AGENT	PROJECT COST	PROJECT DESCRIPTION
Kwandokuhle and Willow Creek Social Housing Project	Govan Mbeki Housing Company	R326 million	The KwaNdokuhle development will provide 492 units and Willow Creek will provide 360 units.
Nsikazi R40	SANRAL	R9 billion	The project include the upgrade of R40 from Hazyview to Maviljan.

Mpumalanga's national spatial economy

Mpumalanga has a relatively high share of non-urban areas within its borders. In 2021, 45% of the population lived in non-urban areas and 9% on farms, compared to 26% and 5% for the rest of the country as a whole. The province has no metro but four secondary cities that account for 37% of the province's population. In 2021, 29% of the adult population had matric compared to the national average of 30%, and 9% had a degree.

In terms of infrastructure, 72% of households in Mpumalanga had running water in their houses or yards in 2021, up from 60% in 1996. However, at a disaggregated level, only 30% of households had running water inside the house. Moreover, 91% of households had electricity including generators compared to the national average of 93%.

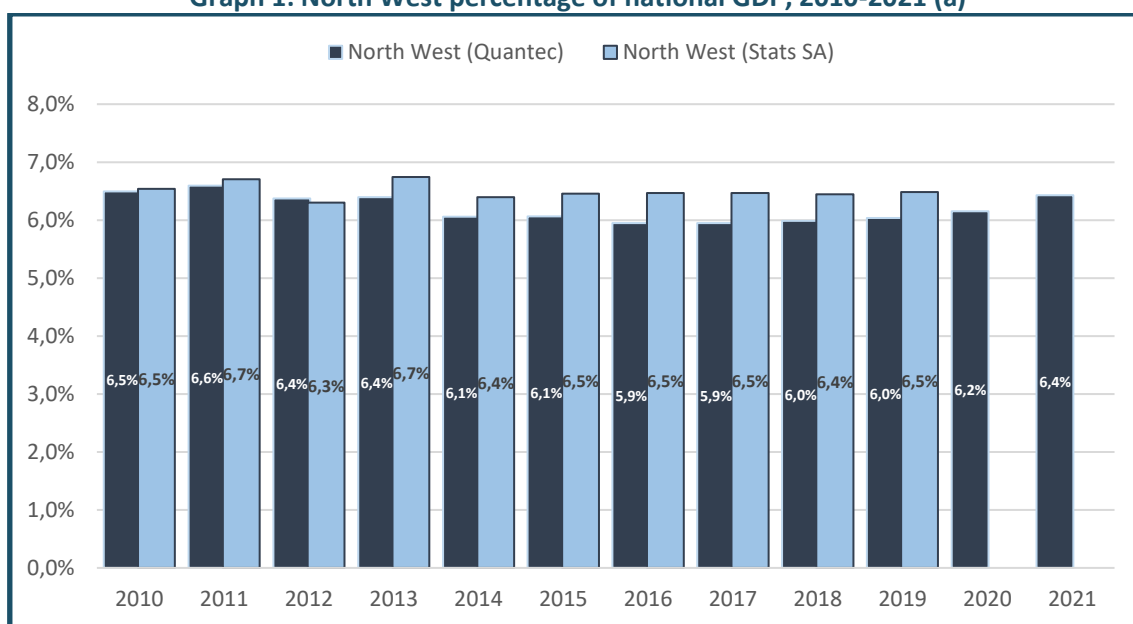
7. North West

In 2021, North West contributed 6.4% to the national GDP, with a real economy driven primarily by the mining sector. The mining sector accounted for 33% of the provincial output in 2021 and experienced exponential growth in 2021 due to a surge in commodity prices. The province also has a significant manufacturing sector, dominated by food and beverage production. Agriculture is also an important player in the North West, accounting for 2.7% of the provincial GDP, followed by construction with 1.7%. However, the province has a high level of unemployment, with an absorption rate of 34.6% compared to the national average of 37% in 2021. In addition, a significant share of the population in the North West still live in former homelands with limited access to water inside the yard or house.

The real economy in the North West: structure and growth

North West had four million residents in 2021, accounting for 6.8% of the national population. North West is among the provinces with the fastest population growth in the country, growing at an annual average of 1.6% from 2002, compared to the national average of 1.4%. This places it fourth in provinces with the fastest growing population after Gauteng, Western Cape and Mpumalanga. Furthermore, the province accounted for 6.4% of the national GDP in 2021, up from 6.2% in 2020. According to Quantec estimates, the North West share of the national GDP dipped to its lowest level in 2016 in the past decade. Thereafter the provincial contribution began to increase steadily. Notably, Stats SA data show that North West contributes more to national GDP than Quantec estimates. The reason for this divergence is unclear.

Graph 1: North West percentage of national GDP, 2010-2021 (a)

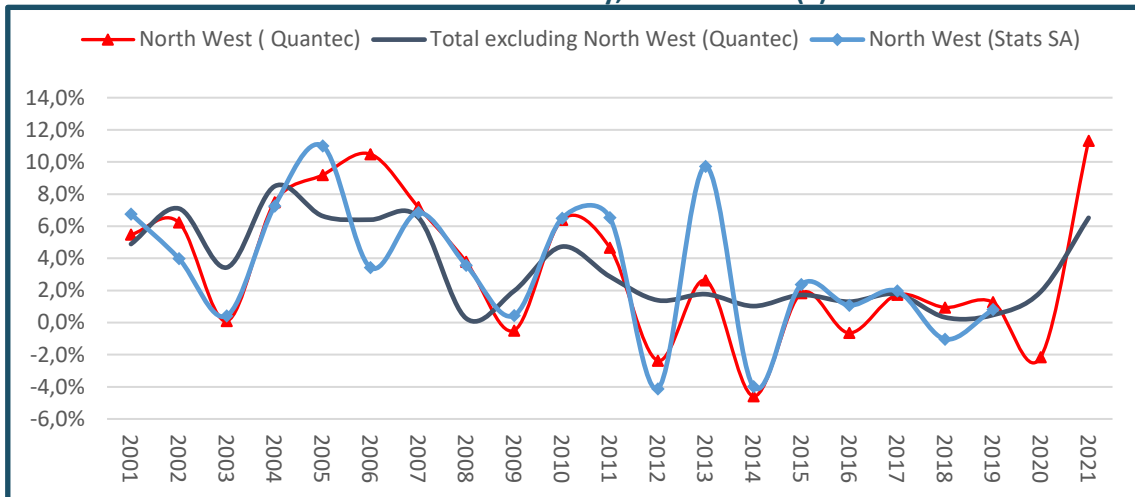


Source: Statistics South Africa and Quantec. Note (a): % of national GDP is calculated at GVA basic prices at constant 2021 prices.

North West's growth performance is more volatile than the national growth performance. The volatility in the North West's growth rate is due to the dominance of the mining sector in the province, which is vulnerable to commodity price shocks. Graph 2 shows that between 2005 and 2007, the provincial economy's growth performance outpaced the national economy due to the commodity boom of the early 2000s. However, as commodity prices subdued, the provincial

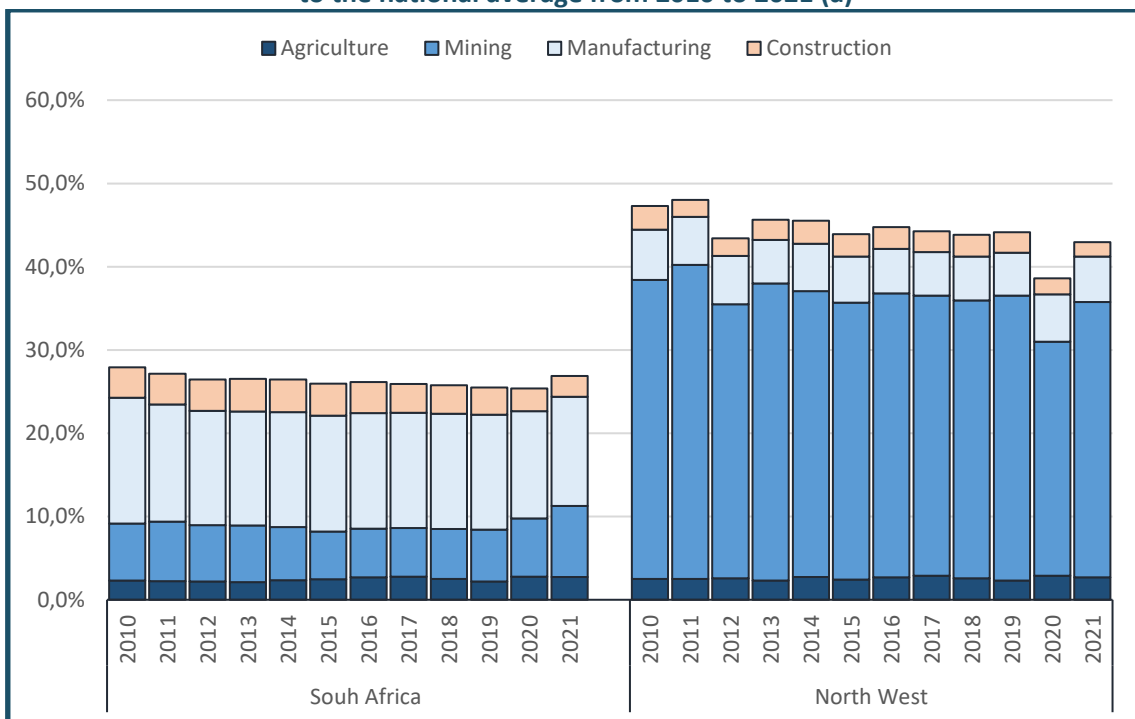
growth rate narrowed down and became much more volatile. In addition, North West experienced a GDP contraction of 2.1% in 2020 due to the national lockdown. However, in 2021, North West growth sharply increased to 11.3% – the second largest growth rate after Mpumalanga. This sharp increase in the provincial growth rate is due to a surge in commodity prices in 2021.

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



Source: Calculated using Quantec and Stats SA data. Note (a): Growth rates are calculated at GVA basic prices at 2021 constant prices.

Graph 3: Real sectors as a percentage of North West GDP compared to the national average from 2010 to 2021 (a)



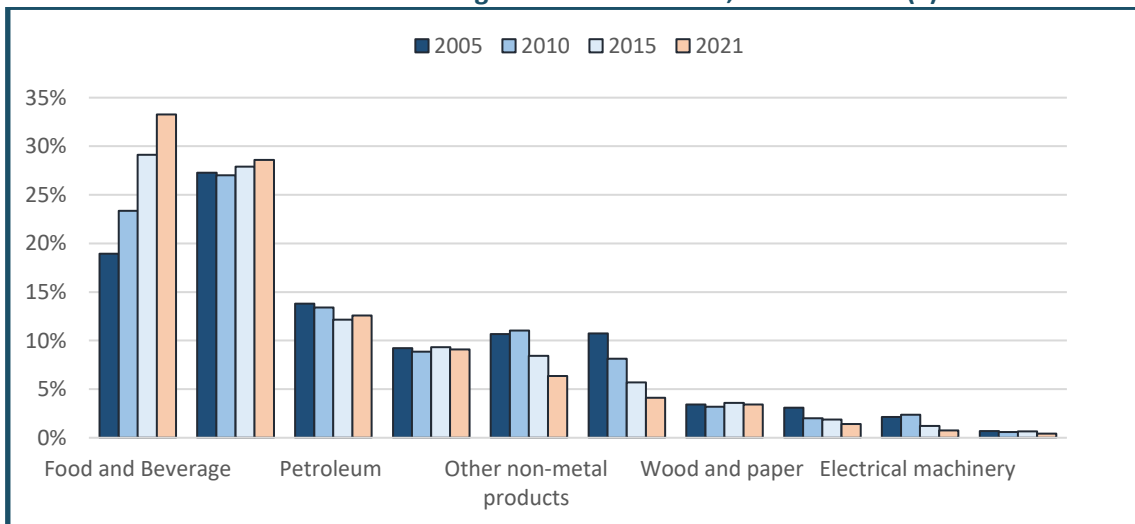
Source: Calculated using Quantec estimates and Stats SA data. Downloaded from www.easydata.co.za. Note (a): Calculation based on GVA at basic prices in constant 2021 prices.

The real economy of the North West – agriculture, mining, manufacturing and construction – is the largest in South Africa. Overall, in 2021, North West’s real economic sectors accounted for

43% of the provincial output compared to the 27% national average. The higher proportion of the real economic sector to the provincial GDP is primarily driven by the dominance of mining, particularly platinum mining, in the province. Graph 3 shows that the mining sector is the largest real economic sector in the province, accounting for 33% of provincial output in 2021. In addition, in 2021, the North West mining output made up a quarter of the national mining output and contributed 2% to the national GDP.

Manufacturing is the second largest sector in the province, making up 5.5% of the GDP in 2020. Manufacturing in North West is dominated by the food and beverage industry, which accounted for a third of manufacturing output in 2021, followed by metals at 29% and petroleum at 13%. Notably, the share of food and beverages has steadily increased over the past decade, see Graph 4. Agriculture is another important player in the North West, accounting for 2.7% of the provincial GDP, followed by construction with 1.7%.

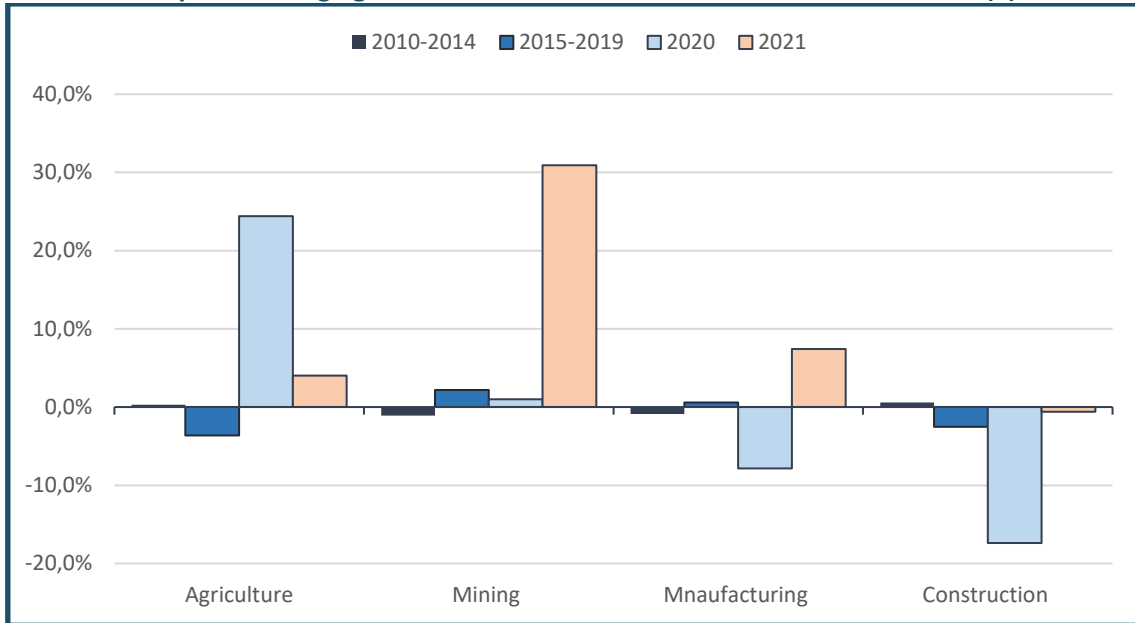
Graph 4: Manufacturing subsectors as a percentage share of total manufacturing GVA in North West, 2005 to 2021 (a)



Source: Calculated using Quantec estimates. Downloaded from www.easydata.co.za. Note (a): Calculation based on GVA at basic prices in constant 2021 prices.

Graph 5 shows that mining has been the fastest-growing sector in the North West for most of the past decade. In contrast, manufacturing, mining and construction faced slow growth, with construction contracting sharply between 2015 and 2019. Furthermore, construction suffered disproportionately more during COVID-19, as it contracted by 17.4% in 2020 and is yet to recover fully from the pandemic. Manufacturing growth also steeply declined in 2020 but has recovered, recording an increase of 7.4%. Much like elsewhere in the country, agriculture in the North West showed resilience as it grew by 24.4% in 2020 and 4% in 2021. The mining sector in the province experienced exponential growth in 2021 due to a surge in commodity prices.

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

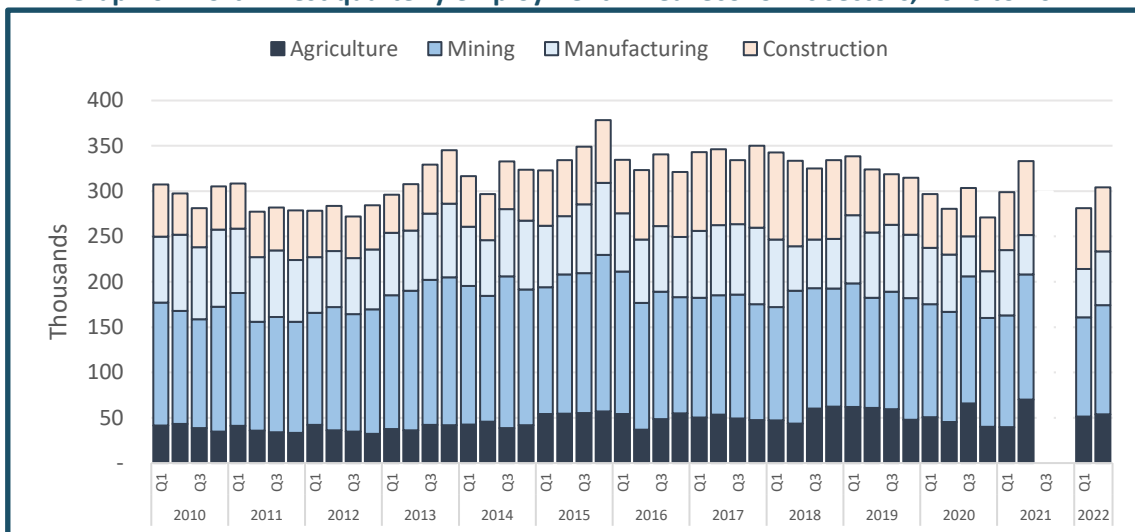


Source: Calculated using Quantec data. Downloaded from www.easydata.co.za. Note (a): Calculation based on GVA at basic prices in constant 2021 prices.

In Q2 2022, North West accounted for 6% of total employment in South Africa. The provincial real economy had 304 000 employees in Q2 2022 (latest available data), making up a third of total employment in the province. Mining accounts for the largest share of employment, with 120 000 people employed in Q2 2022, followed by construction with 70 000 people, manufacturing with 59 000 people, and agriculture with 54 000 people.

Although COVID-19 had an adverse effect on employment in the province, the province has recovered most of the jobs lost during the hard lockdown in the second quarter of 2020. Between Q2 2020 and Q2 2022, total employment in the real sectors increased by 8%. From Q1 2022, employment in the real sectors increased by the same percentage. Construction and agriculture employment has recovered beyond the pre-pandemic levels; mining and manufacturing are still lagging behind.

Graph 6: North West quarterly employment in real economic sectors, 2010 to 2022



Source: Stats SA Quarterly Labour Force Survey. Downloaded from www.statssa.gov.za.

Table 1 shows large public and private real-economy projects in the North West between 2010 and 2021.

Table 1: Large public and private real economy projects in North West 2010-2021

PROJECT NAME	COMPANY	VALUE	SECTOR
Lonmin Bulk Tailings Treatment Plant	Lonmin	R664 million	Mining
Bakubung Platinum Mine project.	Wesizwe Platinum.	R10.69 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

Source: Compiled by Kelello Mashiane, using FDI data. TIPS FDI Tracker available at <https://www.tips.org.za/manufacturing-data/fdi-tracker>.

Employment and unemployment

North West has a high level of joblessness compared to the national average. In 2021, the absorption rate in the province was 34.6% compared to the national average of 37%. Over the past decade, the level of unemployment has risen in the North West, with the absorption rate declining from 36.5% in 2010 to 34.6% in 2021.

Economic policy initiatives

The following are the fundamental national industrial policy and development initiatives that influenced the North West province's economy.

- In 2019/20, the dtic approved projects worth R293.6 million in the North West. The projects were anticipated to generate an investment of R621.4 million and create 180 jobs.
- In 2016/17, the North West province received an actual investment of R64.4 million for the MCEP, which yielded 521 jobs at the claim stage.
- In 2020/21, the dtic invested R132 million into the Black Industrialist Scheme, while IDC invested R491 million and NED contributed R380 million.
- The North West Province has one proposed SEZ (see box below).

	FOCUS	DESIGNATION DATE
Bojanala SEZ	- Mineral beneficiation of platinum group metals (PGM) -Platinum (Pt) -Palladium (Pd) -Rhodium (Rh) -Osmium (Os) -Ruthenium (Ru) -Iridium (Ir)	Proposed

- In addition, in 2016/17, a grant worth R34.6 million was approved for the Bodirelo industrial Park in the North West province.

Table 2: Major existing or planned national infrastructure projects in North West 2016- 2022

PROJECT NAME	COMPANY	PROJECT COST	PROJECT DESCRIPTION
Bakwena Toll Projects on the N4	SANRAL/Bakwena Platinum Corridor Concessionaire	R582 million	The project involves the construction of 22 km between Zeerust and Rustenburg, the rehabilitation of the N4 between Brits, Marikana and Swartruggens.
Prieska Power Reserve	Central Energy Corporation and the Industrial Development Corporation	R9.7 million	The project aims to produce green hydrogen and green ammonia in 2026, using renewable solar and wind energy
Matlosana N12 West Development	MXN Developments	R8.9 billion	The projects aims to eradicate housing demands and informal settlement in Klerksdorp.
Taung/ Naledi Bulk Water Supply	Departments of Water and Sanitation	R800 million	The project aims to overcome water provision challenges by upgrading the Taung/Naledi Bulk Water Supply

The North West economy and the national spatial economy

The North West has a relatively low share of non-urban areas and farms within its borders. In 2021, 47% of the population lived in non-urban areas and 44% in urban areas. The province has five secondary cities that account for 55% of the province's population. In addition, 27% of the adult population in the North West had matric, and 9% had a degree.

Regarding infrastructure, 66% of households in the North West had running water inside their houses or yards, compared to 53% in 1996. However, only 24% of households in the North West had piped water inside the house (excluding the yard) in 2021. In terms of electricity, 91% of households had electricity, up from 50% in 1996.

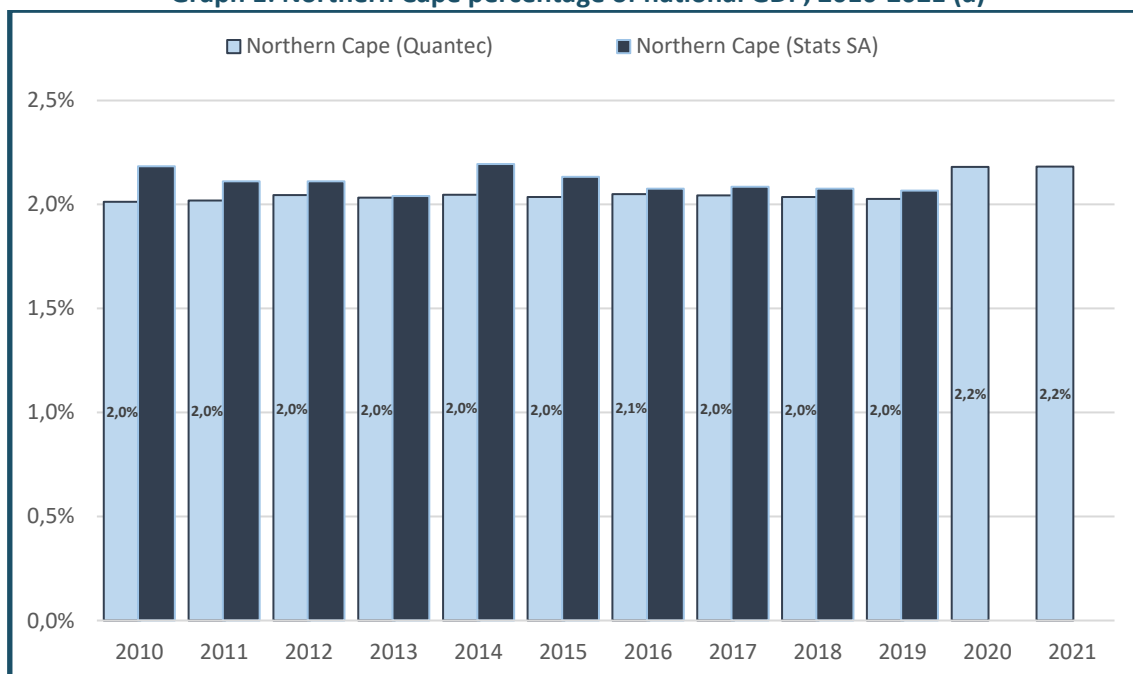
8. Northern Cape

The Northern Cape is the least populated province in South Africa and contributes the least to national output, with a growth rate that has consistently declined since 2011. However, during the COVID-19 pandemic, the province experienced a growth rate of 3.3% due a commodity boom. Among the real economic sector, mining plays a dominant role in the province, accounting for 24.6% of the provincial GDP. Agriculture, manufacturing, and construction also have a significant presence in the province. The mining and manufacturing sectors experienced a decline in growth in 2020 but recovered in 2021, while agriculture had substantial growth. Employment levels are low compared to national standards, with the absorption rate declining from 39.1% in 2010 to 34% in 2021. The province has a relatively small share of non-urban areas within its borders, with 69% of the population living in urban areas. The Northern Cape has seen improvements in infrastructure, with an increase in the share of households with piped water and electricity.

The real economy in the Northern Cape: structure and growth

Northern Cape is the least populated province in the country, with 1.2 million residents, which is about 2% of the national population. The province's population has been increasing at an annual average of 1.1%. Similarly, Northern Cape contributes the least to national output. In 2021, the province contributed 2.2% to the national GDP, up from the consistent 2% contribution in the pre-pandemic period. The increased contribution is primarily because Northern Cape experienced a growth rate of 3.3% during the pandemic while all other provinces experienced a decline in growth.

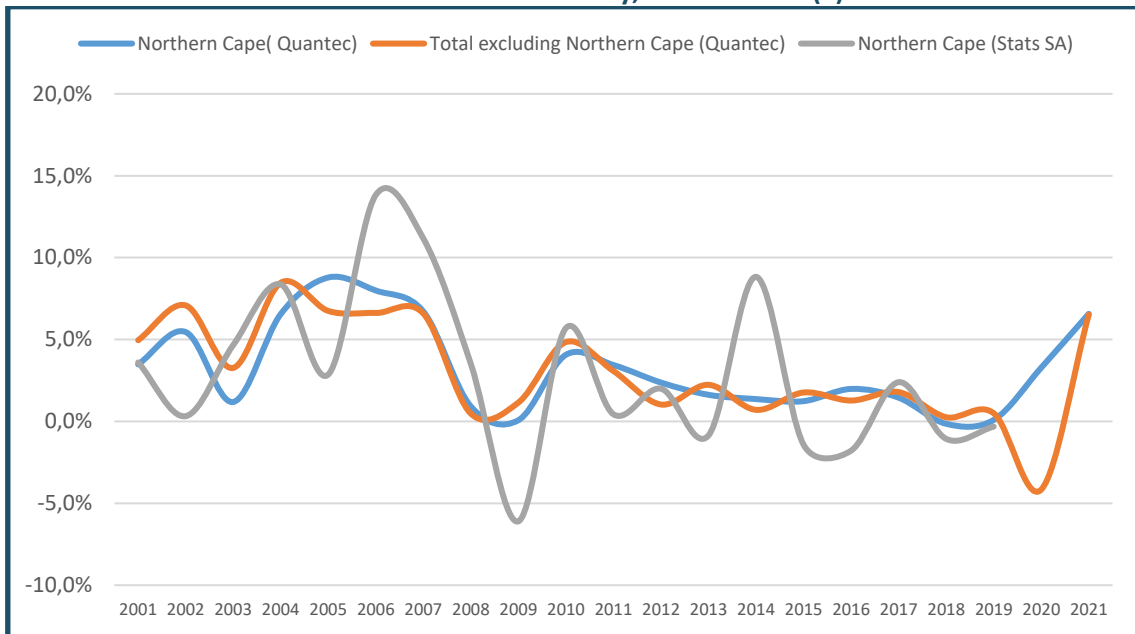
Graph 1: Northern Cape percentage of national GDP, 2010-2021 (a)



Source: Statistics South Africa and Quantec. Note (a): % of national GDP is calculated at GVA basic prices at constant 2021 prices.

Similar to other provinces, the Northern Cape growth rate has declined consistently since 2011. In addition, in 2018, it experienced a negative growth rate of 0.1%. As noted, the Northern Cape growth rate was not affected by the national lockdown measures, as it recorded an increase of 3.3% in 2020. In 2021, the provincial growth rate increased by 6.6%.

Graph 2: Northern Cape economic growth compared to the rest of the economy, 2000 to 2021 (a)



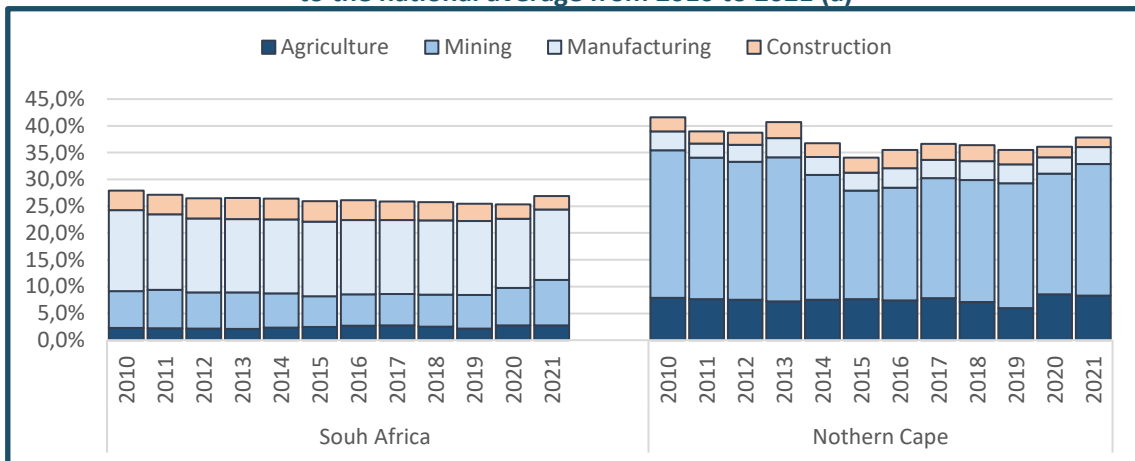
Note: Calculated using Quantec and Stats SA data. Note (a): Growth rates are calculated at GVA basic prices at 2021 constant prices.

The real sectors in Northern Cape accounted for 38% of the provincial GDP compared to 27% at the national level. Mining plays a dominant role in Northern Cape’s economy. In 2021, the mining sector accounted for 24.6% of the provincial GDP. Precious metals dominates the mining activities in the Northern Cape as it accounted for 89% of the mining output in 2021. Other mining and quarrying account for 11% of the mining sector output. The presence of such a strong mining industry in the province has provided it with a buffer from the COVID-19 shock as mining prices soared during the pandemic.

Other real economic sectors with a significant presence in the province include agriculture, which accounts for 8.3% of the GDP, manufacturing, with 3.1%, and construction with 1.8%. Notably, in the past 10 years, mining output has declined in the province, with the sector’s share of the provincial GDP declining from 27.6% in 2010 to 24.6% in 2021.

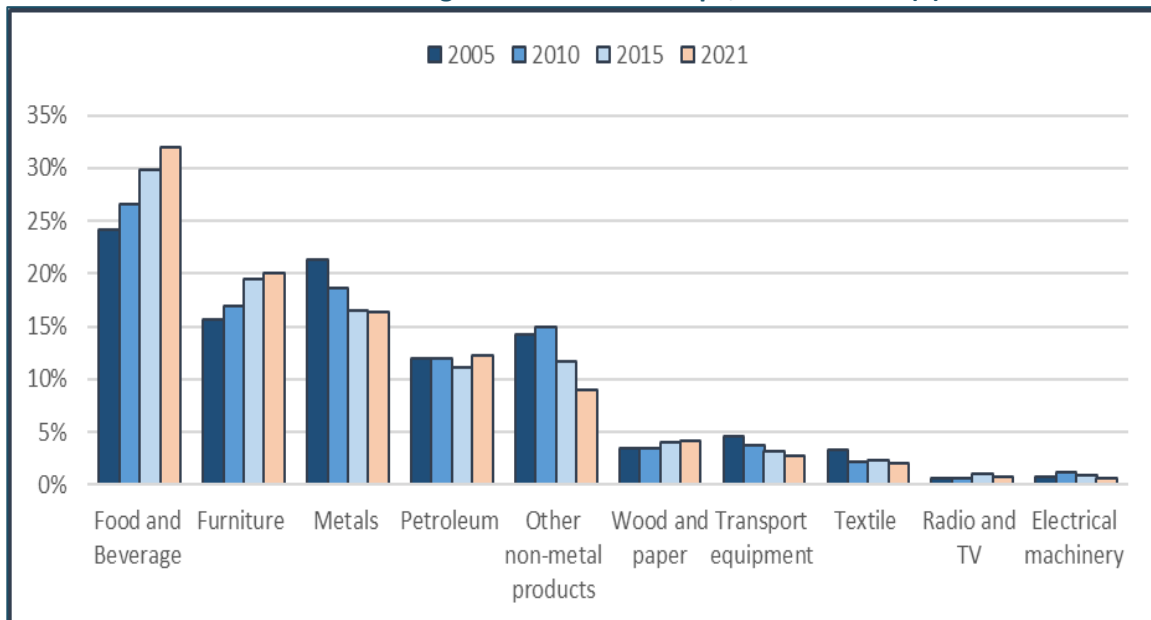
Although manufacturing is relatively small in the Northern Cape, the sector is mainly dominated by the food and beverage industry, which has risen significantly over the years. Furniture also makes up a significant proportion of manufacturing output in the province, accounting for 20% in 2021, followed by metal industry with 16%.

Graph 3: Real sectors as a percentage of Northern Cape GDP compared to the national average from 2010 to 2021 (a)



Source: Calculated using Quantec estimates and Stats SA data. Downloaded from www.easydata.co.za.
 Note (a): Calculation based on GVA at basic prices in constant 2021 prices.

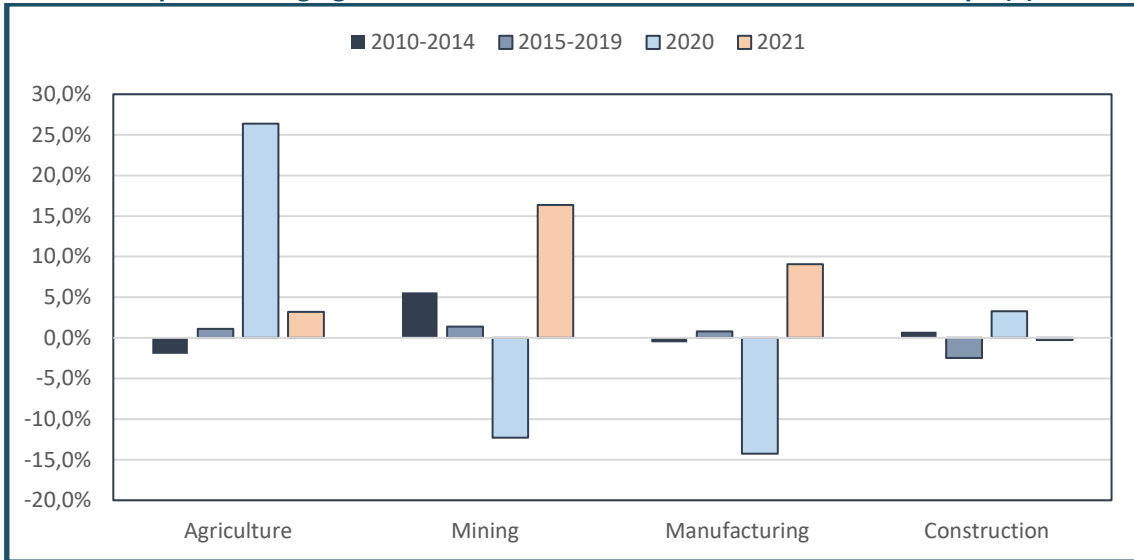
Graph 4: Manufacturing subsectors as a percentage share of total manufacturing GVA in Northern Cape, 2005 to 2021 (a)



Source: Calculated using Quantec estimates. Downloaded from www.easydata.co.za.
 Note (a): Calculation based on GVA at basic prices in constant 2021 prices.

Furthermore, the mining sector was the fastest-growing sector in the province between 2010 and 2014, growing at an annual average of 5.6%. However, the sector's growth rate slowed down between 2015 and 2019, growing by 1.4%. In addition, all other real economic sectors experienced a modest growth rate, except construction, which was declining by 2.5% on an annual average. In 2020, manufacturing and mining growth declined by 14.2% and 12.3%, respectively. In contrast, agriculture experienced a substantial growth rate of 26.4%, followed by construction with 3.3%. In 2021, manufacturing and mining recovered from the pandemic effects, with manufacturing recording a growth rate of 9.1% and mining with 16.4%.

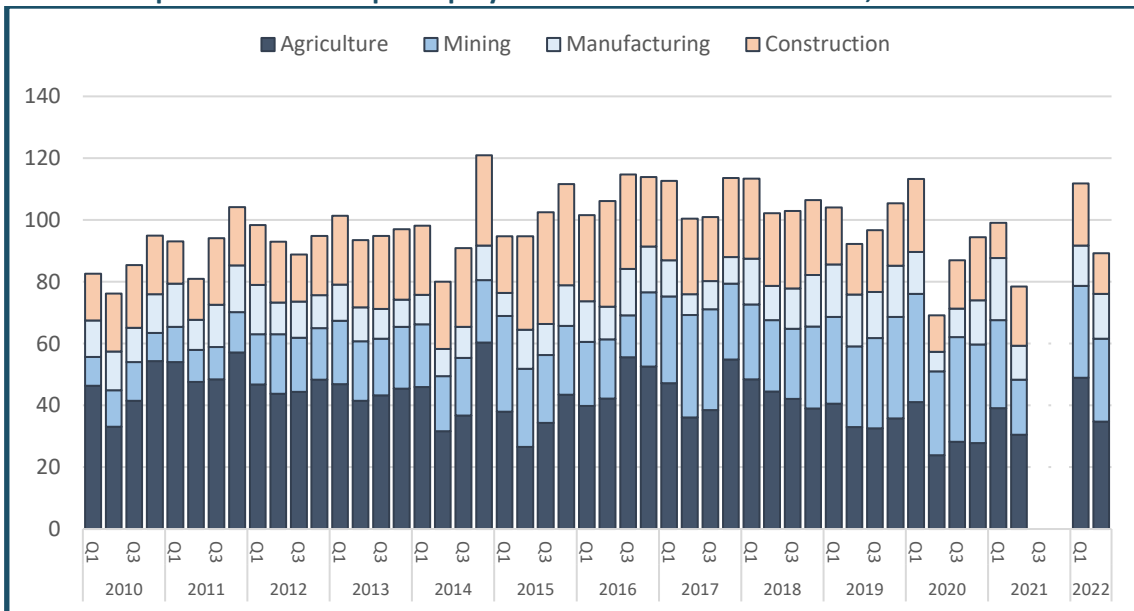
Graph 5: Average growth rate in real economic sectors of Northern Cape (a)



Source: Calculated using Quantec data. Downloaded from www.easydata.co.za. Note (a): Calculation based on GVA at basic prices in constant 2021 prices.

As of Q2 2022, the real economy in the Northern Cape had 89 000 people employed, accounting for 28% of employment in the province. Agriculture is the largest sector for employment, with 35 000 workers in Q2 2022. It is followed by mining with 27 000, manufacturing with 14 000, and construction with 13 000 people employed. The mining sector in the Northern Cape has shed most jobs since two years ago, declining by 15.2%. Construction also experienced large job losses, with a 14.7% reduction in employment since Q1 2020. Employment in manufacturing declined by 4%. Agriculture, however, experienced an increase of 19.4% from Q1 2020 and Q1 2022.

Graph 6: Northern Cape employment in real economic sectors, 2010 to 2021



Source: Stats SA Quarterly Labour Force Survey. Downloaded from www.statssa.gov.za.

Table 1 shows large public and private real-economy projects in the Northern Cape between 2010 and 2021.

Table 1: Large public and private real economy projects in the Northern Cape 2010-2021

PROJECT NAME	COMPANY	VALUE	SECTOR
ACWA Power Sola Africa Bokpoort Concentrated Solar Power Project	ACWA Power	R5 billion	Utilities
Khobab and Loeriesfontein	The wind farms are owned by a consortium led by Lekela Power, a joint venture between Actis and Mainstream Renewable Power. Other members include Thebe Investment Corporation; the IDEAS Managed Fund; Futuregrowth Asset Management; Genesis Eco0Energy, in partnership with Lereko Metier Sustainable Capital; and the Khobab and Loeriesfontein Community Trusts.	R7 billion	Utilities
Xina Solar One	Abengoa (40%), with the balance of the project being held by the Industrial Development Corporation, the Public Investment Corporation and the KaXu Community Trust.	R9.4 billion	Utilities
Kangnas Wind Farm	Mainstream Renewable Power; Lekela Power and others	R6.6 billion	Utilities
Redstone Concentrated Solar thermal power plant (CSP) ACWA Power CSP Plant Project	ACWA Power and others	R11.7 billion	Utilities
Gamsberg Mine Project-Zinc Refinery	Vedanta Zinc International	R11.2 billion	Mining
Roggeveld Wind Farm	Building Energy	R4.4 billion	Utilities
Gamsberg Mine Project	Vedanta Zinc International	R21.4 billion	Mining
Kathu Solar Park	Engie	R12 billion	Utilities
Garob wind farm project	Enel Green Power RSA	R3.2 billion	Utilities
AMG-WEGO Conference Project	AMG-WEGO	R2.79 billion	Mining
Tshipi Borwa manganese mine expansion project	Jupiter Mines/Tshipi é Ntle Manganese Mining	R1 billion	Mining
Dyason's Klip 1, Dyason's Klip 2 and Sirius solar photovoltaic (PV) complex project	Scatec Solar	R4.76 billion	Utilities

BioTherm Renewable Projects: Aggeneys solar photovoltaic power plant	BioTherm/Actis	R283 million	Utilities
BioTherm Renewable Projects: Konkoonsies II solar photovoltaic power plant	BioTherm/Actis	R529 million	Utilities
East Manganese mine project	Menar (Sitatunga Resources)	R250 million	Mining
SKA MeerKAT telescope expansion – German investment	German and South African governments	R400 million	Research and Development
RMIPPPP: Acwa Power Project DAO	Acwa Power	R3.7 billion	Utilities
RMIPPPP: Mulilo Total Hydra Storage	Total Gaz/Mulilo	R1.8 billion	Utilities
Sishen Ultrahigh dense media separation Project	Kumba Iron Ore	R3.6 billion	Mining
RMIPPPP: Scatec Kenhardt (1-3)	Scatec Solar	R14.8 billion	Utilities
Orion Minerals Okiep Copper Project	Orion Minerals	R656 million	Mining

Source: Compiled by Kelello Mashiane, using FDI data. TIPS FDI Tracker available at <https://www.tips.org.za/manufacturing-data/fdi-tracker>.

Employment

Northern Cape employment levels are low compared to South African standards. Northern Cape's absorption rate was 34% while the national average was 37%. Unemployment in the Northern Cape has increased in the past decade, with the absorption rate declining from 39.1% in 2010 to 34% in 2021.

Economic policy initiatives

A number of national industrial policy and development initiatives over the past decade in the Northern Cape include the following:

- In 2019/20, the dtic approved projects worth R11.9 million. This is a decline from R26.7 million invested by the dtic in 2016/17.
- For MCEP, Northern Cape received an annual Investment of R4.5 million, which created 150 jobs.
- In terms of the Black Industrialists Scheme, IDC directed R5 billion in investments towards the Northern Cape's black industrialist initiative. Likewise, the NEF contributed R92 million towards the Northern Cape Province's black industrialist initiatives.
- The Northern Cape has one proposed SEZ (see box below).

	FOCUS	DESIGNATION DATE
Namakwa SEZ	<ul style="list-style-type: none"> - Construction - Transport - Localisation and supplier development - Pharmaceuticals and food - Agriculture - Engineering and supplies - Manufacturing - Mining - Mineral processing - Petro-chemical 	Proposed

Table 2: Major existing or planned national infrastructure projects in the Northern Cape 2016- 2022

PROJECT NAME	IMPLEMENTING AGENT	PROJECT COST	PROJECT DESCRIPTION
Boegoebaai Port and Rail Infrastructure Project	Transnet National Ports Authority	R13.8 billion	The project involves the development of a deep water port that has two berths that will be supported by a 550 km railway line, bulk services and associated social infrastructure
Rehabilitation of the Vaalharts-Taung irrigation scheme	Agrifusion (Pty) Ltd	R4 billion	The project aims to enhance water security for food production and domestic supply in Magareng
Vaal Gamagara Water Project	Department of Water and Sanitation	R10 billion	To ensure water security that will support various sectors such as mining and agriculture
Hull Street Social Housing Project Phase 1	Department of Human Settlements	R144 million	The development aims to deliver 600 social housing.

The Northern Cape's national spatial economy

The Northern Cape has a relatively small share of non-urban areas within its borders. In 2021, 19% of the population lived in non-urban areas and 12% in farms, while 69% lived in urban areas. In addition, the 25% of the adult population in the province had matric in 2021, up from 11% in 1996. Only 9% of the provinces adult population had a degree, compared to 13% nationally.

In terms of infrastructure, 73% of households in the Northern Cape had running water in their houses or yard in 2021, compared to 73% in 1996. However, the share of households with running water has declined from 78% in 2011. Excluding water inside the yard, the share of households with running water inside the house in the Northern Cape was 48% in 2021. In terms of electricity, 91% of households had electricity including generators in the Northern Cape compared to 93% nationally.

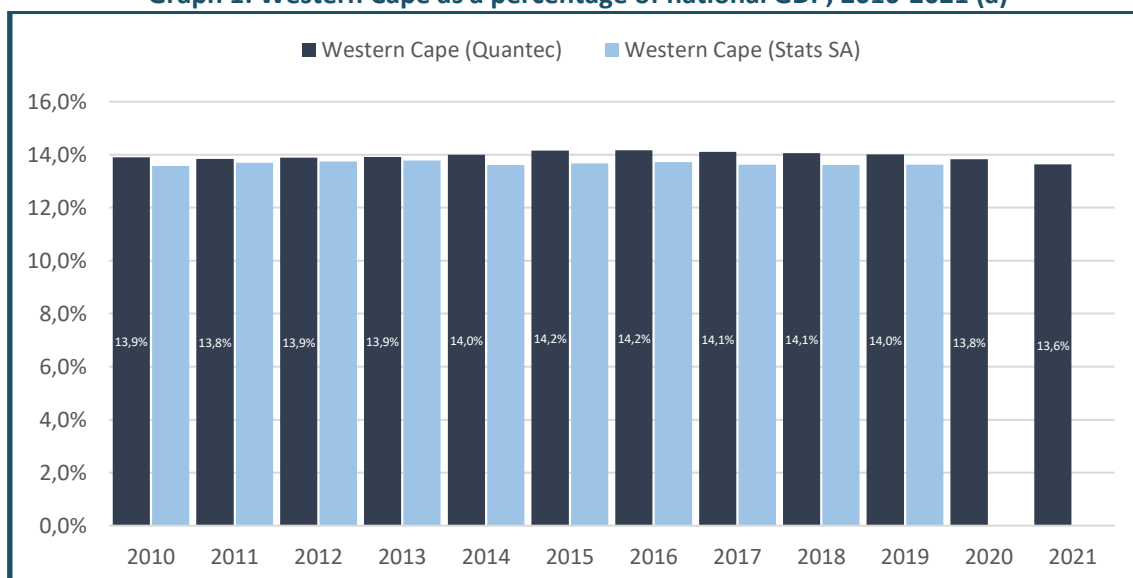
9. Western Cape

The Western Cape is the third largest economy in South Africa, with a population of 6.9 million residents. Its contribution to national GDP declined from 14% in 2019 to 13.6% in 2021. The real sectors, including agriculture, mining, manufacturing, and construction, account for 22.6% of the provincial output, with manufacturing being the biggest sector. The Western Cape has a high level of service provision, and 95% of the population lives in urban areas, with 76% of households having piped water inside the house and 97% having electricity. The level of joblessness in the province is low compared to the national average, with an absorption rate of 46.5%. However, the absorption rate has declined from 52.8% in 2010, and employment in the real economy declined by 6% from Q1 2020 to Q1 2022.

The real economy in the Western Cape: structure and growth

Western Cape is the third most populous province in the country. With 6.9 million residents in 2020, the Western Cape made up 11.7% of the national population. Along with Gauteng, the Western Cape has the fastest-growing population, growing at an annual average of 2.1%, compared to the national average of 1.4%. In terms of economic contribution, The Western Cape is the third largest provincial economy after Gauteng and Kwa-Zulu Natal. In 2021, the province accounted for 13.6% of the national GDP. Notably, Western Cape's contribution to national GDP has declined from 14% in 2019 to 13.6% in 2021 (see Graph 1).

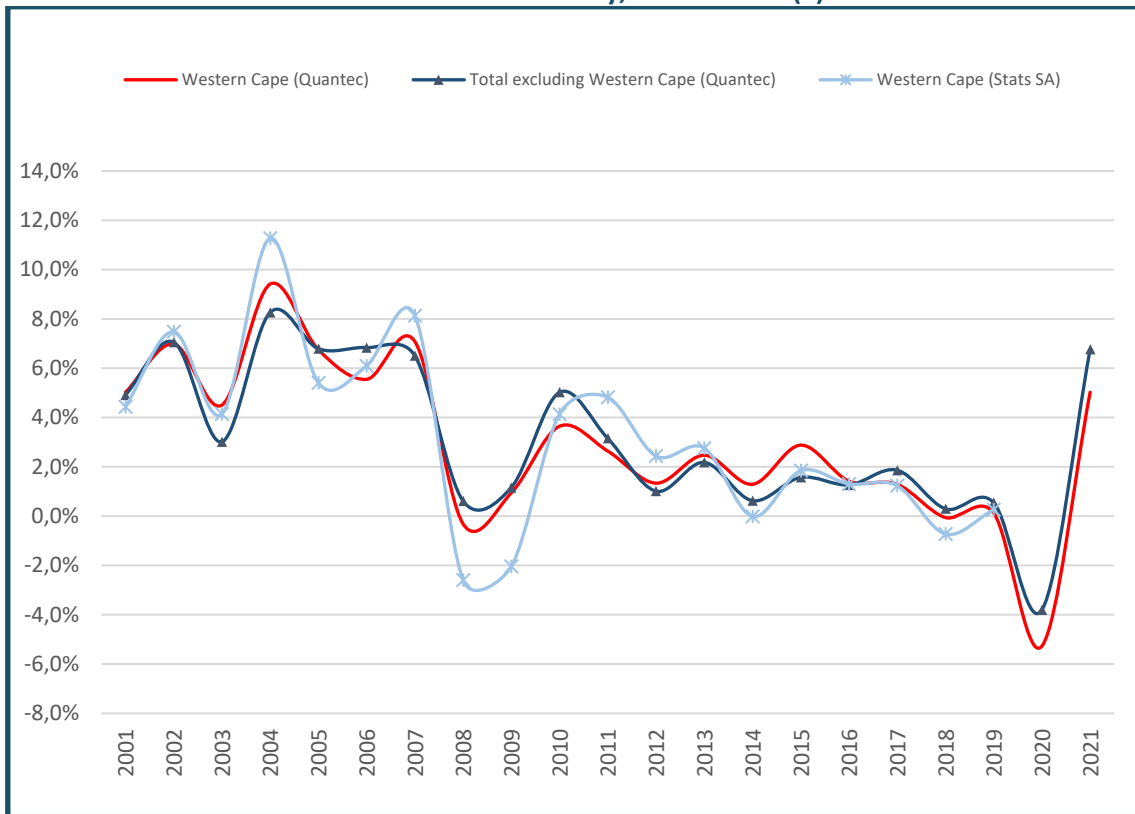
Graph 1: Western Cape as a percentage of national GDP, 2010-2021 (a)



Source: Statistics South Africa and Quantec. Note (a): % of national GDP is calculated at GVA basic prices at constant 2021 prices.

Similar to most provinces, the Western Cape economy grew fast in the early 2000s before the 2008/9 global financial crisis. Thereafter, as shown in Graph 2, Western Cape's growth has been slowing down since 2011. In 2020, Western Cape Province contracted by 5.3% before rebounding and recording a growth rate of 5%.

Graph 2: Western Cape economic growth compared to the rest of the economy, 2000 to 2021(a)

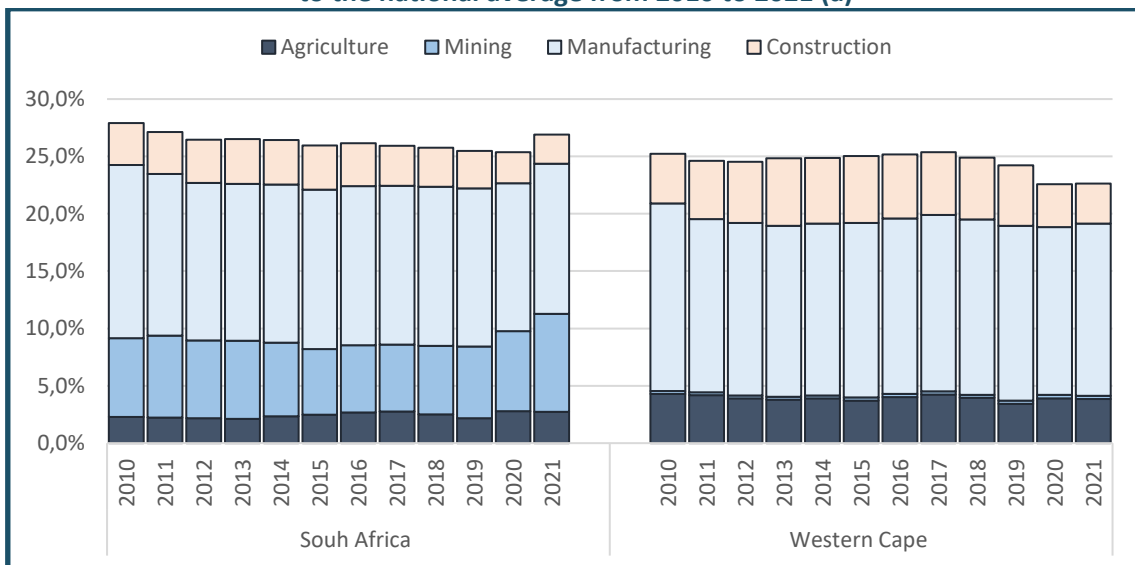


Source: Calculated using Quantec and Stats SA data. Note (a): Growth rates are calculated at GVA basic prices at 2021 constant prices.

Western Cape’s real economy is smaller compared to the national average. In 2021, the Western Cape’s real sectors – agriculture, mining, manufacturing and construction – accounted for 22.6% compared to 27% at the national level. As with most provinces, the share of real sectors in the Western Cape has declined from 25.2% in 2010 to 22.6% in 2021. Among the real sectors, manufacturing is the biggest sector in the province, accounting for 15% of the province's output. In addition, as shown in Graph 4, the manufacturing sector is dominated by the food and beverage industry, which accounts for 29% of manufacturing output, followed by petroleum and metals.

Agriculture is the second largest real sector in the Western Cape, accounting for 3.8% of the provincial output, followed by construction with 3.5%. The mining sector plays a small role in the Western Cape economy, accounting for only 0.3% of the provincial output.

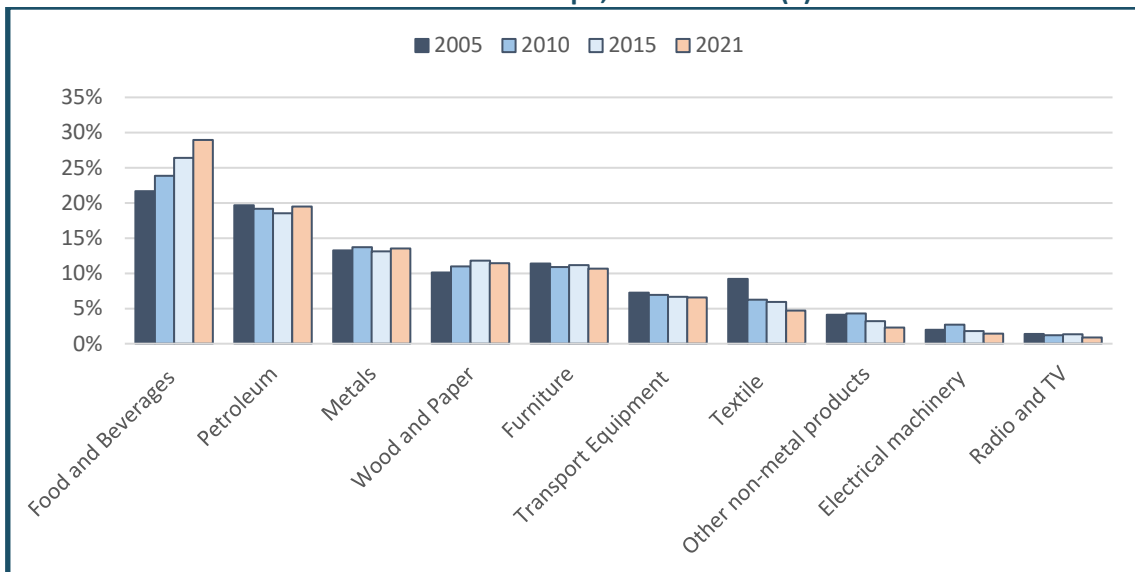
Graph 3: Real sectors as a percentage of Western Cape GDP compared to the national average from 2010 to 2021 (a)



Source: Calculated using Quantec estimates and Stats SA data. Downloaded from www.easydata.co.za.

Note (a): Calculation based on GVA at basic prices in constant 2021 prices.

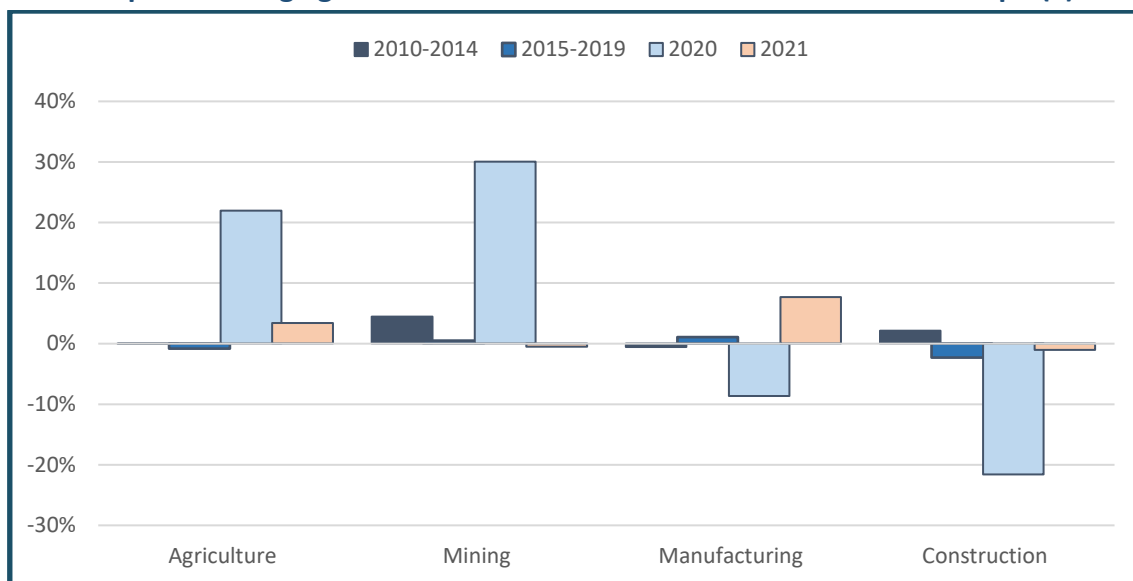
Graph 4: Manufacturing subsectors as a percentage share of total manufacturing GVA in Western Cape, 2005 to 2021 (a)



Source: Calculated using Quantec estimates. Downloaded from www.easydata.co.za. Note (a): Calculation based on GVA at basic prices in constant 2021 prices

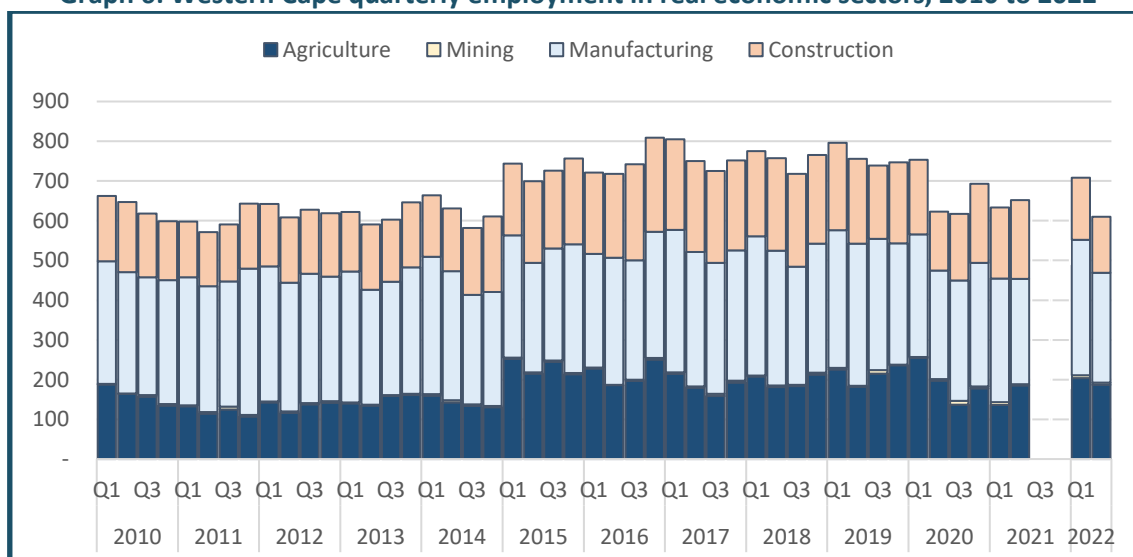
In terms of growth, mining was surprisingly the fastest-growing sector in the Western Cape between 2010 and 2014, growing at an annual average of 4%. It is followed by construction with 2% growth over the same period. However, between 2015 and 2019, the growth of mining in the province was zero, while construction and agriculture were the slowest-growing sectors over that period. In 2020, construction and manufacturing experienced a decline of 22% and 9%, respectively. In contrast, the mining sector and agriculture recorded significant growth in the same year. In 2021, recovery in construction was still lagging as the sector declined by 1%. Manufacturing, on the other hand, grew by 8% in 2021.

Graph 5: Average growth rate in real economic sectors of Western Cape (a)



Source: Calculated using Quantec data. Downloaded from www.easydata.co.za. Note (a): Calculation based on GVA at basic prices in constant 2021 prices.

Graph 6: Western Cape quarterly employment in real economic sectors, 2010 to 2022



Source: Stats SA Quarterly Labour Force Survey. Downloaded from www.statssa.gov.za.

As of Q2 2022, the Western Cape accounted for 15% of total national employment. With 610 000 people employed, the real economy in the province accounted for 26% of total employment in the province. Manufacturing is the largest employer with 277 000 people employed in 2021, followed by agriculture with 187 000, and construction with 141 000 people employed. As noted, mining plays a small role in the Western Cape economy as it employed only 5 000 people in 2021.

From Q1 2020 to Q1 2022, employment in the real economy of the Western Cape declined by 6%. Over the same period, agriculture and construction have shed most jobs, declining by 20% and 17%, respectively. On the other hand, employment in manufacturing and mining have recovered to pre-pandemic levels.

Table 1 shows large public and private real-economy projects in the Western Cape between 2010 and 2021.

Table 1: Large public and private real economy projects in the Western Cape 2010-2021

PROJECT NAME	COMPANY	VALUE	SECTOR
Johnson and Johnson Plant Refurbishment	Johnson & Johnson	R300 million	Manufacturing
Travelstart Investment	Travelstart	R40 million	Services
Resolux Investment in Atlantis SEZ	Resolux Investment in Atlantis	R25 million	Utilities
Chevron South Africa Divestment/ Sinopec Investment	Chevron South Africa	R113 million	Manufacturing
iSelect Cape Town Call Centre	iSelect	R320 million	Services
Pegas Nonwovens Atlantis Manufacturing Facilities	Pegas Nonwovens SA	R1.3 billion	Manufacturing
DHT Holding Africa Cape Town Iron and Steel Works (CISCO)	DHT Holding Africa	R550 million	Recycling of waste scrap metal
Hisense Atlantis factory expansion	Hisense	R720 million	Manufacturing
Total Drilling in South Africa	Total South Africa	R2.3 billion	Mining
Canopy by Hilton Introduction	Hilton World Wide Holdings	R550 million	Services
Zero-2-One Tower	FWJK & Others	R1.3 billion	Construction
SAB agricultural research and development centre	South African Breweries (AB-InBev)	R80 million	Agriculture
Hisense Atlantis Facility	Hisense	R160 million	Manufacturing
Astron Energy/ Glencore investment	Astron Energy/ Glencore	R6 billion	Manufacturing
Faurecia manufacturing plant expansion	Faurecia	R250 million	Manufacturing
Astron Energy Milnerton Refinery investment	Astron Energy/Glencore	R400 million	Manufacturing
Elandsfontein phosphate mine project	Kropz	R1.9 billion	Mining
BioTherm Renewable Projects: Excelsior Wind facility	BioTherm/Actis	R254 million	Utilities
Capita delivery centre	Capita	R530 million	Services
Google "Equiano" subsea cable	Google	R2.3 billion	Services
Total Drilling in South Africa: Luiperd-1 well	Total	R1.5 billion	Mining
Hisense solar power investment	Hisense	R20 billion	Utilities
RMIPPPP: Karpowership SA Saldanha	Karpowership SA/Karadeniz Energy Group	R7.8 billion	Utilities

Source: Compiled by Kelello Mashiane, using FDI data. TIPS FDI Tracker available at <https://www.tips.org.za/manufacturing-data/fdi-tracker>.

Employment and unemployment

Although the level of employment has declined in the province over the past decade, the Western Cape has a low level of joblessness compared to the national average. In 2021, the

absorption rate in the province was 46.5% compared to the national average of 37%. However, as noted, the absorption rate has declined from 52.8% in 2010.

Economic policy initiatives

This section outlines major industrial policy and development initiatives that had an impact in the Western Cape:

- In 2019/20, the dtic approved projects worth R933 million for the Western Cape. These projects were expected to generate an investment of R5.1 billion and 7 335 jobs. Notably, the dtic investment in 2019/20 for the Western Cape has declined compared to the 2016/17 year, whereby it approved projects that amounted to R1.5 billion.
- In 2021, the dtic invested R194 million in the Black Industrialist Scheme. The IDC invested R1 billion in the programme, and NEF contributed R275 million.
- In 2017/18, R110.6 million was invested into the MCEP in the Western Cape, representing a decline from R1.1 billion in 2016/17.
- The Western Cape Province has two designated SEZs (see details below).

Industrial Development Zones and Special Economic Zones in the Western Cape

	FOCUS	DESIGNATION DATE
Atlantis SEZ	- Renewable energy - Green technology sector	2018
Saldanha Bay IDZ	- Oil - Gas - Marine repairing engineering - Logistics services	2013

Table 2: New and planned infrastructure in the Western Cape

PROJECT NAME	IMPLEMENTING AGENT	PROJECT COST	PROJECT DESCRIPTION
Berg River Voelvlei Augmentation Scheme (BRVAS)	Trans-Caledon Tunnel Authority (TCTA)	R1 billion	The project aims to increase water security and create reliable water supply for large industrial users.
Maitland Metro	Maitland Ark	R1.2 billion	A rejuvenation project in the inner city of Cape Town that provides residential and commercial opportunities.

The Western Cape's national spatial economy

The Western Cape has no former homeland or non-urban area within its borders. Ninety-five percent of the population live in urban areas while 5% live on farms. This compares to 70% in urban areas and 26% in non-urban areas nationally. The province has a metro area and three secondary cities, which account for 76% of the province's population. In terms of education, 30% of adult population in the Western Cape had matric which is similar to the national average. Moreover, Western Cape has a higher share of adult population with degree compared to the national average, with 16% of adult population with a degree compared to 13% nationally.

Similar to Gauteng, the Western Cape has a high level of service provision. In 2021, 88% of households in the Western Cape had running water in their house or yard. The share of households with running water had remained the same since 1996, indicating consistency of municipal investment. In 2021, 97% of households in the Western Cape had electricity compared to the 93% national average. When assessing piped water inside the house alone, the share of households with running water was 76%.