

THE REAL ECONOMY BULLETIN

TRENDS, DEVELOPMENTS AND DATA

PROVINCIAL REVIEW 2024

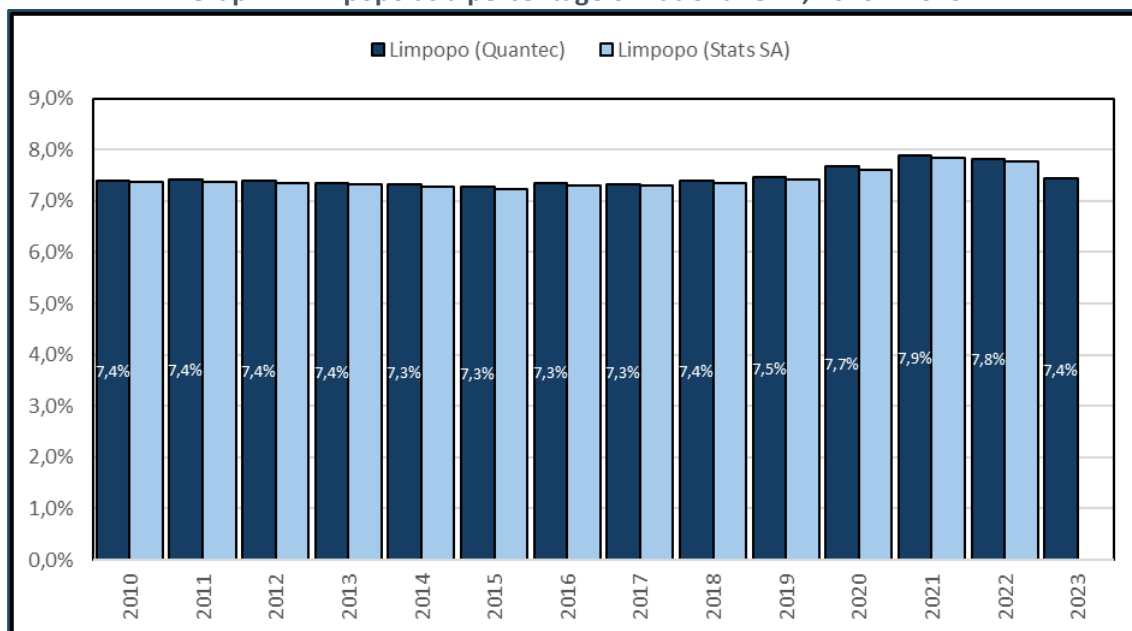
Provincial Review 2024: Limpopo

Limpopo has the highest share of the population living in former homelands. Despite a declining growth rate since 2011, Limpopo's contribution to national GDP has remained stable. Among real economic sectors, mining is the most significant contributor to the province's GDP, while agriculture and manufacturing are almost equal. The metals and food and beverage industries dominate the manufacturing sector. Construction overtook agriculture as the largest employer among the real economic sectors in 2023.

The real economy in Limpopo: structure and growth

Limpopo accounted for 7.4% of the national GDP in 2023. Quantec estimates indicate that, in 2021, Limpopo's contribution to GDP increased by 10%, above its normal level and showed a strong rebound from 2020 (see Graph 1). This growth is attributed to the province being less impacted by the COVID-19 pandemic compared to other provinces. The province experienced a modest 1% decline in 2020.

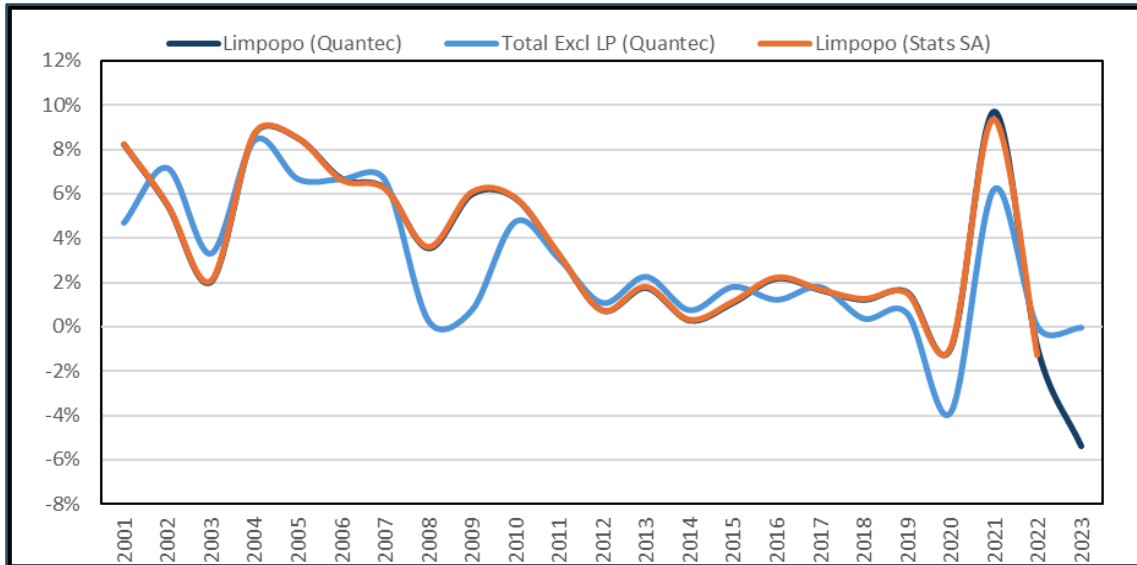
Graph 1: Limpopo as a percentage of national GDP, 2010 – 2023



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

Similar to other provinces, Limpopo's growth rate has been declining since 2012 (see Graph 2). The 2008/09 global financial crisis had a limited impact on the province's economy as it continued to grow, while the growth rate in 2020 declined by 1%. The relatively small decline and the massive 10% recovery in 2021 could be attributed to a surge in commodity prices, as the province has a large mining sector.

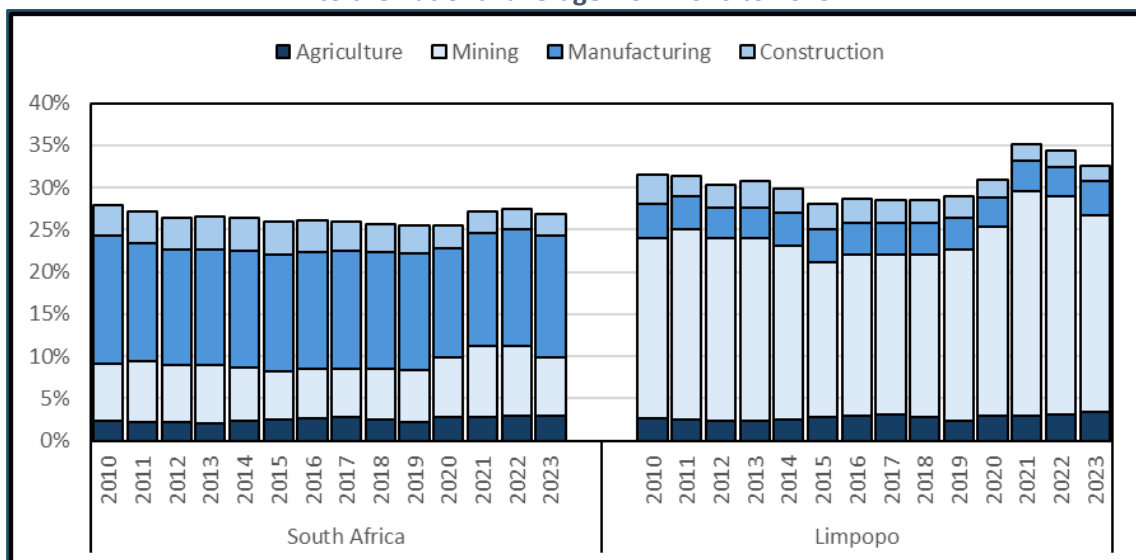
Graph 2: Limpopo's economic growth compared to the rest of the economy, 2000 – 2023



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

The real economic sectors in Limpopo accounted for 33% of provincial output in 2023 (see Graph 3). Mining dominated the real economic sectors, accounting for 23% of provincial output, despite declining from a peak of 27% in 2021, largely due to a rise in commodity prices. Manufacturing output has plateaued at 4% over the years. Agriculture accounted for 3% and construction accounted for 2% in 2023.

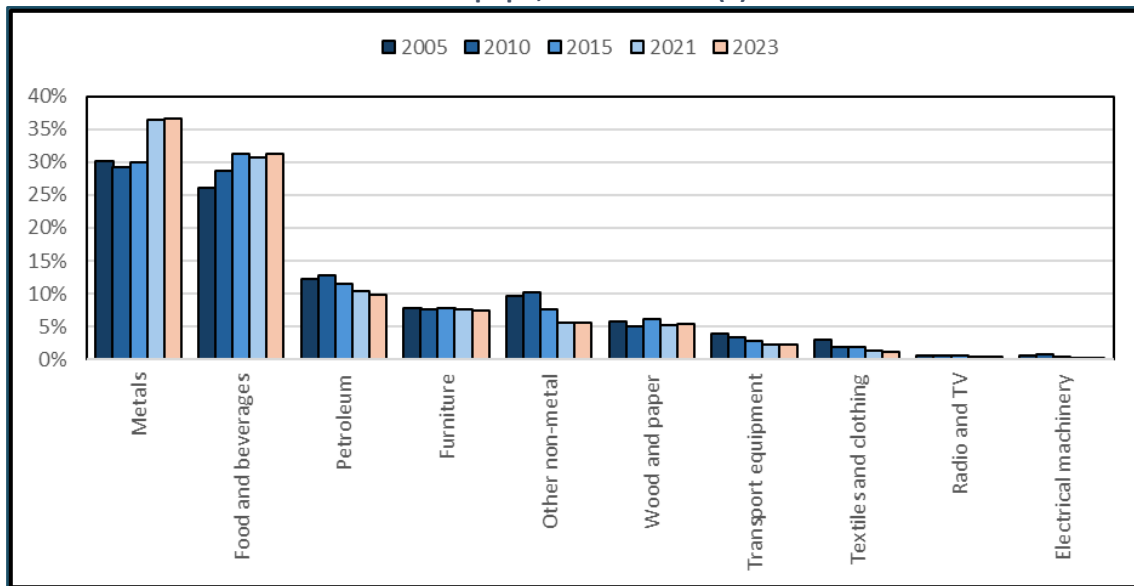
Graph 3: Real sectors as a percentage of Limpopo GDP compared to the national average from 2010 to 2023



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

Graph 4 shows that the manufacturing sector in Limpopo is largely dominated by metals, accounting for 37% of provincial output, followed by food and beverages accounting for 31% in 2023 (see Graph 4). Petroleum accounted for a 10% share. Similar to other provinces, the food and beverages industry has grown, increasing its share of manufacturing output. The metals industry grew rapidly post-2015.

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



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

Furthermore, from 2011 to 2019, there was minimal economic growth in real economic sectors (see Graph 5). Agriculture and mining experienced significant growth in 2020. Between 2020 and 2022, agriculture grew by 13%, mining by 12%, and manufacturing by 1%. Construction declined by 8% during this period. In 2023, mining declined by 14% and construction by 8%. Manufacturing grew by 8% and agriculture by 3%.

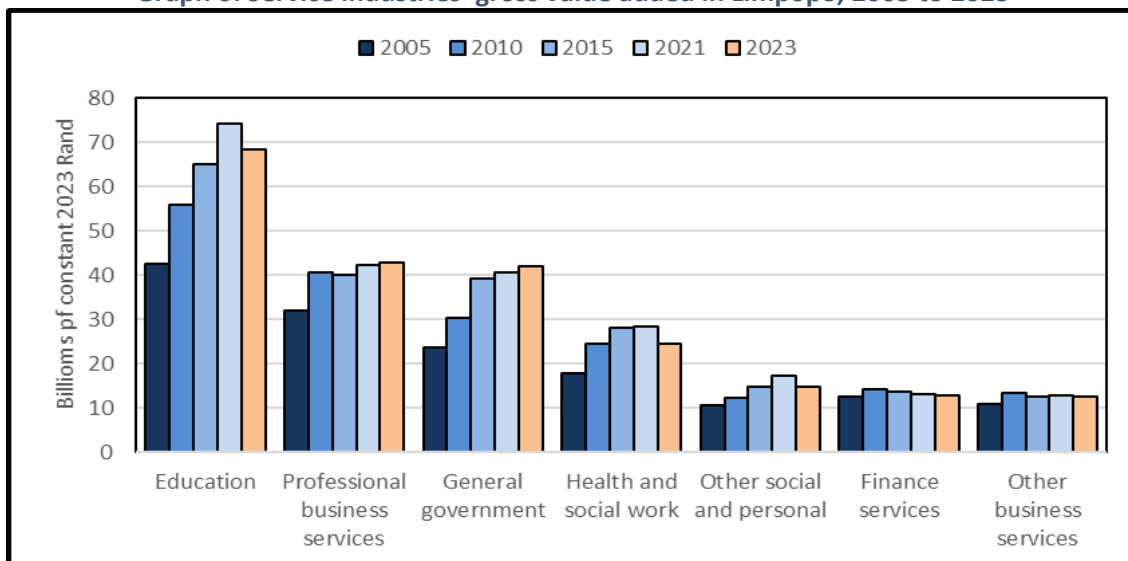
Graph 5: Average growth rate in real economic sectors of Limpopo



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

Education is the largest contributor to services' value added in Limpopo. The industry has grown significantly despite the decline in 2023, which saw the industry account for R68 billion (see Graph 6). Professional business services, general government services, health and social work, and other social and personal services have grown over the years. Financial services have been experiencing a moderate decline while other business services have plateaued.

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

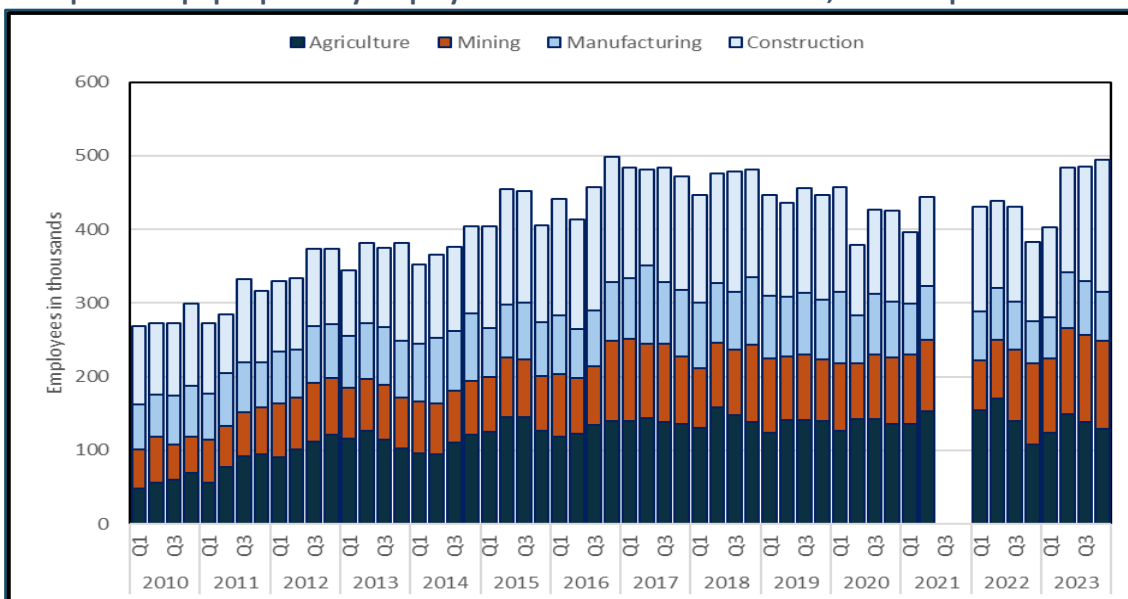


Source: Calculated from Quantec, EasyData. Series on Gross Value Added at basic prices in Regional Service. Accessed at www.easydata.co.za in February 2025. Note: Rebased to 2023 using CPI data from Stats SA.

Employment in real economic sectors

In 2023, Limpopo accounted for 10% of total employment in South Africa. The real economic sectors in the province accounted for 33% of employment in Q4 2023. While agriculture was previously the largest employment figure in the previous years (see Graph 7), construction has shown more growth in the past two years, with 179 000 workers, followed by agriculture with 129 000 workers and mining 12 000 workers in Q4 2023. Employment in the real economic sector experienced a recovery from Q4 2022 to Q4 2023, with construction increasing by 67%, agricultural and manufacturing increasing by 20% and 19% respectively while mining over the same period increased by the smallest margin of 7%.

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



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

Real economy projects

Table 1 shows large public and private real economy projects in Limpopo between 2010 and 2023.

Table 1: Large public and private real economy projects in Limpopo 2010 – 2023

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/Ivanplats (64%), BBEE partners 26% Japanese consortium (Itochu Corporation; Japan Oil Gas and Metals National Corporation; ITC Platinum Development) (10%)	R21 billion	Mining
Anglo American Polokwane sulphur dioxide (SO ₂) 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:	Anglo American Platinum	R29.7 million	Mining

PROJECT NAME	COMPANY	VALUE	SECTOR
Mototolo/Der Brochen Expansion			
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	Invanhoe Mines	R73 million	Mining
Makhado hard coking coal project	MC Mining	R433 million	Mining
Venetia underground project	De Beers/ Anglo American	R32 million	Mining
Nkwe Platinum mine project	Nkwe Platinum/ Zijin Mining Group	R13 billion	Mining
Gravelotte emerald mine refurbishment	URA Holdings PLC	R47.5 million	Mining
PMC Lift II Copper project	HBIS Group/ Palabora Mining Company (PMC)	R9.3 billion	Mining
Thaba JV: PGM chrome ore treatment	Sylvania Metals (Sylvania Platinum Limited)/ Limberg Mining Company (South Africa)	R693 million	Mining

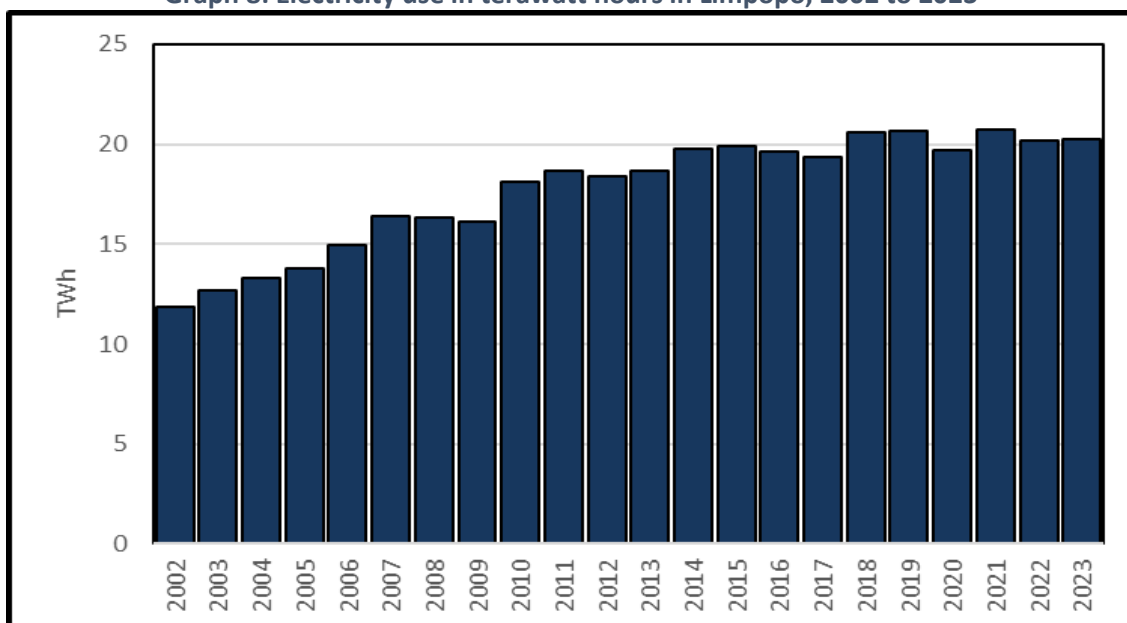
Source: TIPS FDI Tracker. 2010 – 2023. Available at <https://www.tips.org.za/manufacturing-data/fdi-tracker>.

Energy

Electricity distributed by Eskom to Limpopo has increased over the years. In 2007, Eskom distributed 16 402 GWh to the province, accounting for 7% of total distribution (see Graph 8).

Unlike other provinces, distributed electricity increased over the years to a peak of 20 725 GWh in 2021. Distributed electricity ultimately declined to 20 221 GWh in 2023, accounting for 10% of Eskom's distribution.

Graph 8: Electricity use in terawatt hours in Limpopo, 2002 to 2023



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

Table 2 indicates the IPPs in Limpopo which is currently only two projects in Photovoltaic technology and are currently operational.

Table 2: Independent Power Producer projects in Limpopo

BID WINDOW	PROJECT NAME	TECHNOLOGY	CAPACITY (MW)	LOCAL COMMUNITY	PROJECT STATUS
Bid Window 3	Tom Burke Solar Park	Photovoltaic Thin Film Fixed	60	Ellisras	Operational
Bid Window 1	Soutpan Solar Park	Photovoltaic Crystalline-Single Axis	27.94	Dendron	Operational

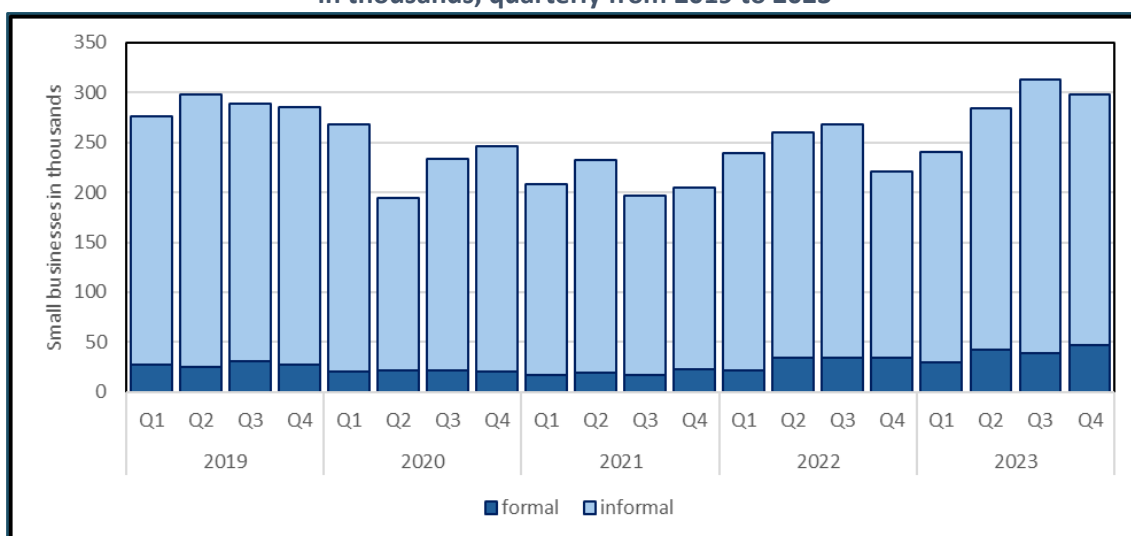
Source: Department of Mineral Resources and Energy (DMRE). Independent Power Producers Procurement Programme (IPPPP) Project database. Available at: <https://www.ipp-projects.co.za/ProjectDatabase>.

Small business

Limpopo has a low number of formal small businesses compared to other provinces, only hosting 6% of the country's formal small businesses. Despite fluctuations in the growth of formal small businesses, the province has had steady quarterly growth since the second quarter of 2022. In the fourth quarter of 2023, Limpopo hosted 47 000 formal small businesses, a 21% surge from the previous quarter (see Graph 9).

Similar to other provinces, the disparity between formal and informal small businesses is huge, as informal small businesses dominate in the province. Limpopo hosted only 14% of informal small businesses in the fourth quarter of 2023. In the first quarter of 2020, Limpopo hosted 248 000 informal small businesses, declining by 31% to 172 000 in the following quarter, likely attributed to the pandemic. Informal small businesses recovered to a peak of 274 000 in the third quarter of 2023 but declined in the fourth quarter of 2023 to 252 000.

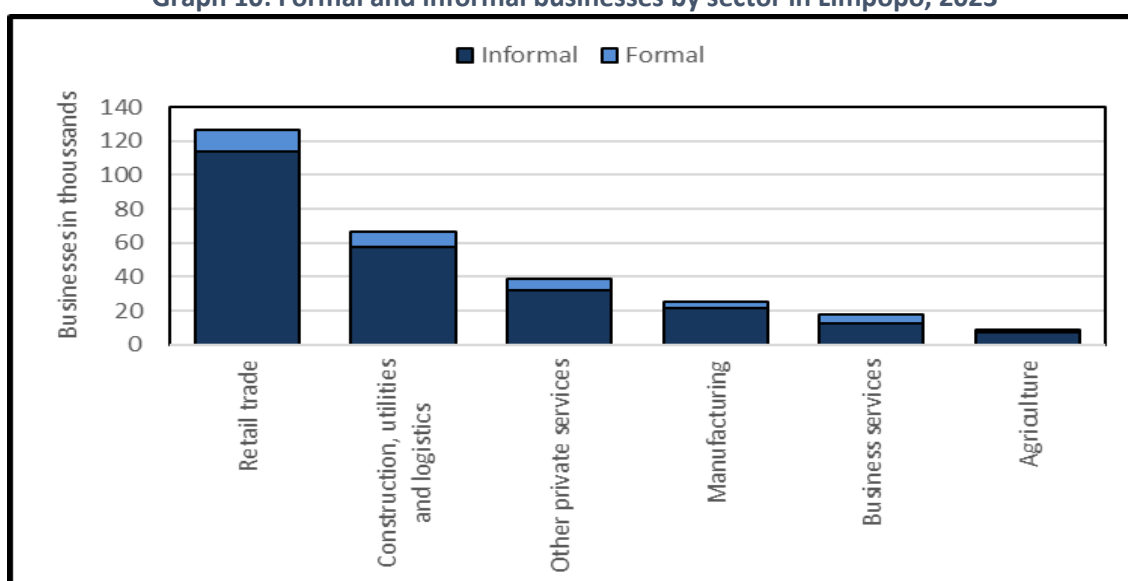
Graph 9: Number of formal and informal small businesses in Limpopo, in thousands, quarterly from 2019 to 2023



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

Limpopo has a significant number of informal businesses, with few operating formally. Retail trade constitutes a significant share of businesses, accounting for 45% of all businesses in the province (see graph 10). The construction, utilities, and logistics sectors represent the second-largest grouping, comprising 23% of total businesses. Other private services make up 14%, followed by manufacturing at 9%, business services at 6%, and agriculture at 3%.

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



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

Employment and unemployment

Limpopo has a high level of joblessness compared to the national average. In 2023, the absorption rate in the province was 36.9%, which is lower than the 40% at the national level. Unemployment in the province has largely risen over the past decade, with unemployment rates increasing from 22.4% in 2010 to 31.6% in 2023.

Economic policy initiatives

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

- The Industrial Development Corporations (IDC's) Social Employment Fund created about 4 560 jobs in Limpopo by the second quarter of 2023.
- In 2021/2022, the Department of Trade, Industry and Competition (the dtic) approved R189 million for industrial infrastructure projects in Limpopo, aiming to support 400 direct jobs. The projects were expected to yield a projected investment of R3 billion.
- Limpopo received nine funding approvals from the IDC worth R4.4 billion in the 2022/2023 financial year.
- In the seven years leading up to 2021/2022, the dtic, IDC, and the National Empowerment Fund approved combined funding of R2.3 billion to Limpopo through the Black Industrialist Programme to support spatial socioeconomic development.

Special Economic and Industrial Development Zones

The Limpopo Province has one designated SEZ, namely Makhado-Musina. The SEZ is between Makhado and Musina in the Vhembe district.

Table 1: Major Infrastructure projects: 2022 – 2024

PROJECT NAME	IMPLEMENTING AGENT	VALUE	PROJECT DESCRIPTION
Welisizwe Rural Bridges	Department of Public Works and Infrastructure	R3.8 billion	Construction of bridges in rural areas across six provinces will provide safe crossings for community members across dangerous rivers.

National spatial economy

Limpopo has a low share of urban households compared to other provinces. In 2023, the province comprised 19% of urban households, 75% of rural households, and 6% of farm households. Limpopo has no metro and two secondary cities accounting for 15% of the province's population. In terms of education, 28% of the adult population has a matric certificate and 9% has a post-matric qualification. Regarding infrastructure, 64% of households in Limpopo had piped or tap water in their houses or yards combined in 2023, compared to 87% nationally. In addition, 97% of households had access to electricity compared to 90% nationally.

Provincial Government

The premier of Limpopo is Dr Phophi Ramathuba, a member of the ANC. Tshitereke Baldwin Matibe is the MEC of Economic Development, Environment and Tourism, while Nakedi Grace Kekana is the MEC of Agriculture and Rural Development. Both MECs also represent the ANC.

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

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