

THE REAL ECONOMY BULLETIN

TRENDS, DEVELOPMENTS AND DATA

PROVINCIAL REVIEW 2024

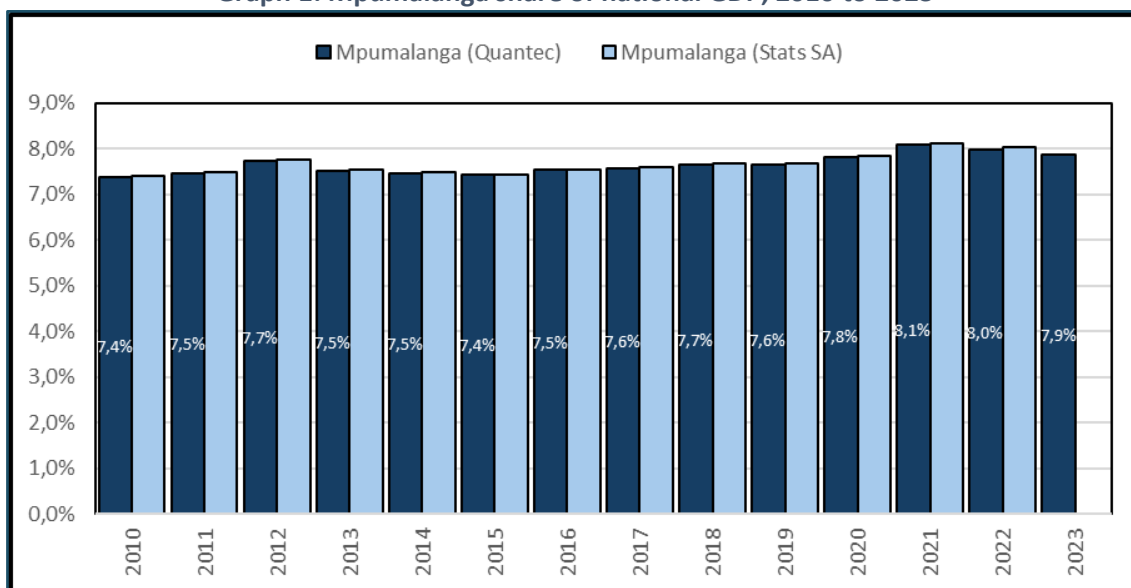
Provincial Review 2024: Mpumalanga

Mpumalanga's population has grown significantly and half the province's residents live in non-urban areas. The real economy is mainly driven by the mining industry, followed by manufacturing. The largest manufacturing industries are petroleum, metals, food and beverages. The COVID-19 pandemic devastated employment in Mpumalanga. The province has a lower labour absorption rate than the national average.

The real economy in the Mpumalanga: structure and growth

Mpumalanga accounted for 7.9% of national production in 2023. The province's economy increased by 2.1% in 2020. In addition, Mpumalanga's share of the national GDP has moderately increased over the past decade, from 7.4% in 2010 (see Graph 1).

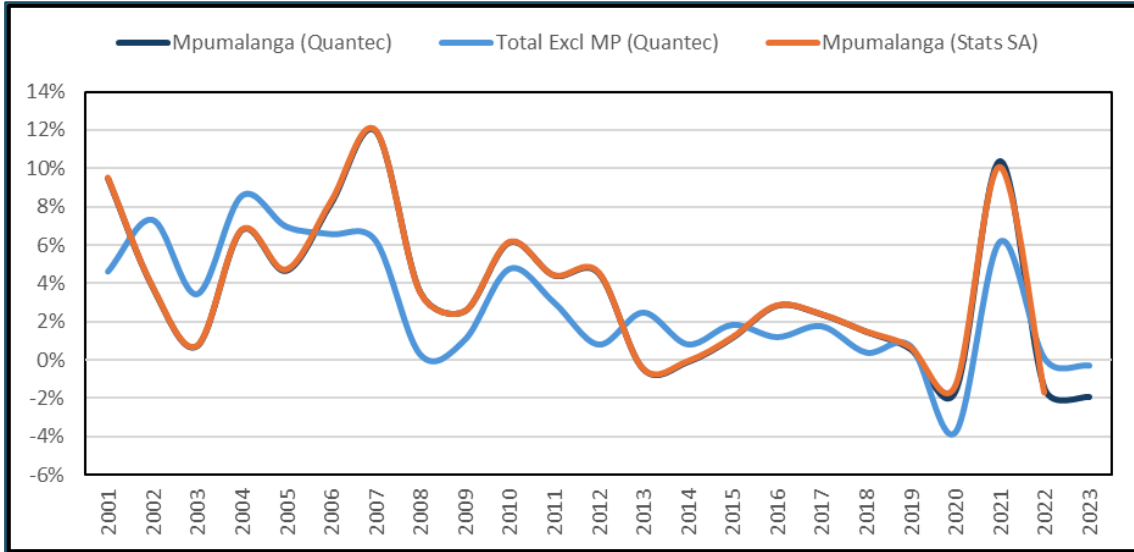
Graph 1: Mpumalanga share of national GDP, 2010 to 2023



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

Mpumalanga enjoyed the benefits of the early 2000s commodity boom: 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 level in 2013. In addition, the COVID-19 pandemic caused Mpumalanga's growth rate to contract by 2% in 2020 (see Graph 2). However, in 2021 Mpumalanga's growth rate shot up 10%, driven by a commodity price. The province's growth rate declined by 2% in 2023.

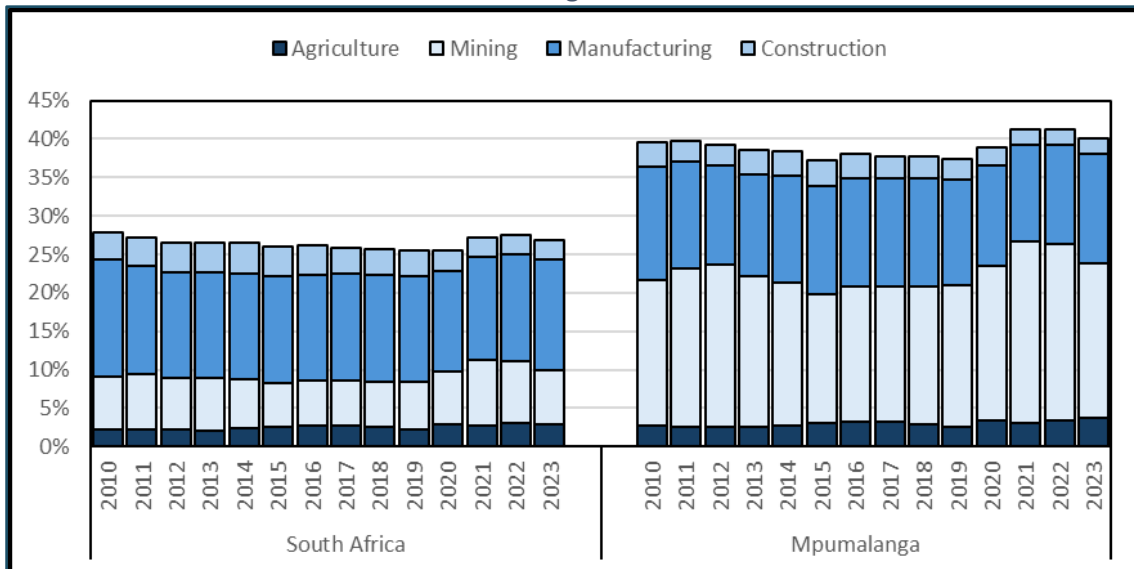
Graph 2: Mpumalanga economic growth compared to the rest of the economy, 2000 to 2023



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

In 2023, real sectors in Mpumalanga accounted for 40% of the provincial GDP compared to 27% at the national level (see Graph 3). Mining is the largest real economic sector in the province, accounting for 20% of provincial output, followed by manufacturing with 14%. Agriculture accounted for 4% and construction 2%. The share of mining in Mpumalanga’s GDP declined by 4% from 2021 to 2023.

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

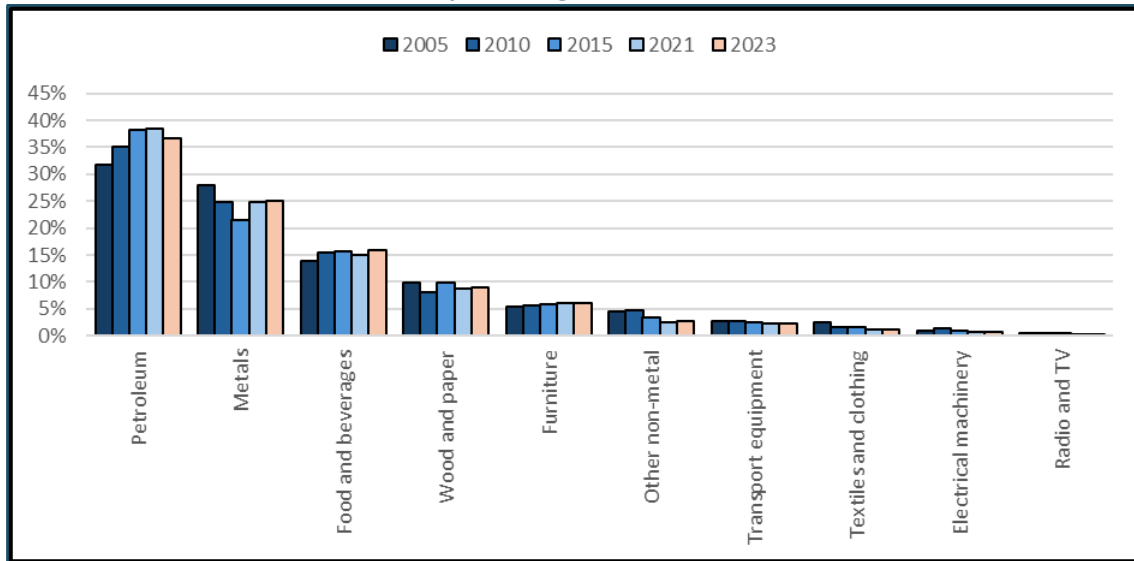


Source: Calculated from Quantec, EasyData. Series on Gross Value Added at basic prices in Regional Service. Accessed at www.easydata.co.za in July 2024. Note: Rebased to 2023 using CPI data from Stats SA.

Petroleum and metals dominate the manufacturing sector, petroleum accounting for 37% and metals 25% of provincial manufacturing output in 2023. Food and beverages accounted for a 16% share of output. Graph 4 shows that the petroleum industry’s share of manufacturing output in

the province has climbed since 2005: its share of manufacturing output in Mpumalanga rose by 7% from 2005 to 2021 but declined by 1.7% in 2023 from 2021.

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



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

Graph 5 shows that between 2011 and 2014, mining was the fastest-growing real sector in Mpumalanga, growing at an annual average of 3.4%, followed by agriculture at 2.8%. However, between 2015 and 2019, mining became the fastest-growing sector, closely followed by manufacturing. In 2020, construction contracted by 20% and manufacturing by 6%. In contrast, agriculture and mining in Mpumalanga showed significant growth. In 2023, all sectors grew except mining, which declined after its significant increase in 2021, primarily due to the commodity boom that year. Agriculture and manufacturing grew by 8% in 2023 and construction by 3%.

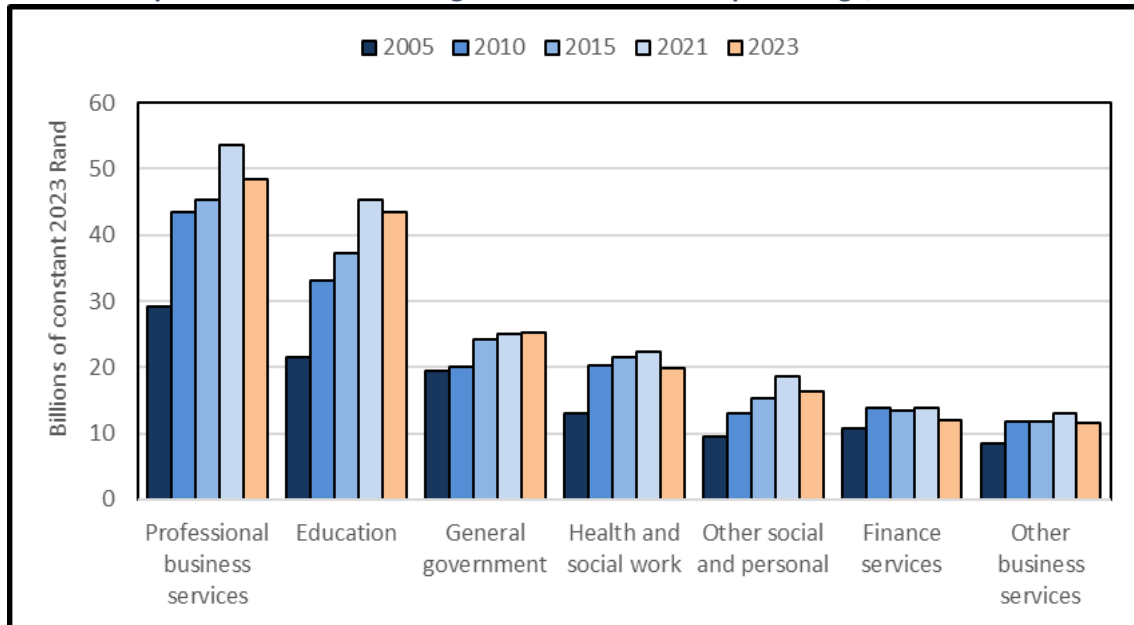
Graph 5: Average growth rate in real economic sectors of Mpumalanga (a)



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.

Professional business services are the largest contributor to services' value added in Mpumalanga. The industry accounted for R48.5 billion while education accounted for R43 billion in 2023 (see Graph 6). Both industries have experienced significant growth over the years. General government services, health and social work, and other social and personal services have also grown significantly over the years. Financial services and other business services have somewhat plateaued over the years. The value added of all service industries except general government services declined in 2023 from 2021.

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



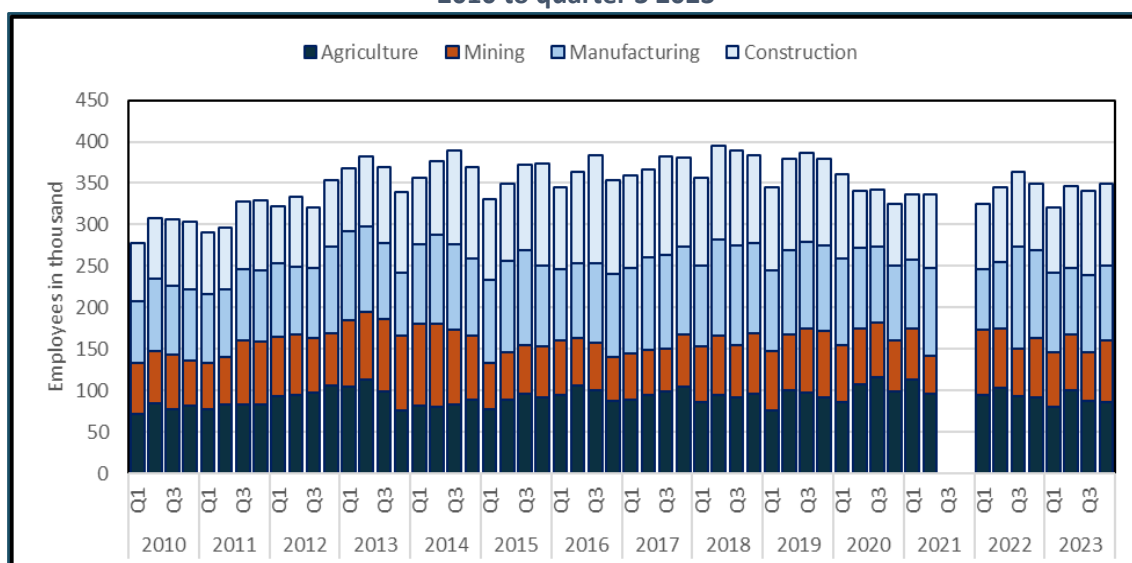
Source: Calculated from Quantec, EasyData. Series on Gross Value Added at basic prices in Regional Service. Accessed at www.easydata.co.za in February 2025. Note: Rebased to 2023 using CPI data from Stats SA.

Employment in real economic sectors

As of 2023, Mpumalanga accounted for 8% of national employment (see Graph 7). Mpumalanga's real economy sector accounted for 28% of total employment in the province, with 349 000 people in the fourth quarter of 2023. Construction accounts for the largest share of real sector employment, with 99 000 people employed in Q4 2023. It is followed by manufacturing with 89 000, agriculture with 86 000, and mining with 74 000.

Like other provinces in the country, the COVID-19 pandemic had a devastating impact on employment in Mpumalanga. However, there was a slight recovery between Q4 2021 and Q4 2023 with construction and mining increasing by 25% and 3% respectively. The manufacturing and agriculture sectors, however, failed to recover, and between Q4 2020 and Q4 2023, manufacturing lost 15% of jobs, followed by agriculture with 6%.

Graph 7: Mpumalanga 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 Mpumalanga between 2010 and 2023.

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

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

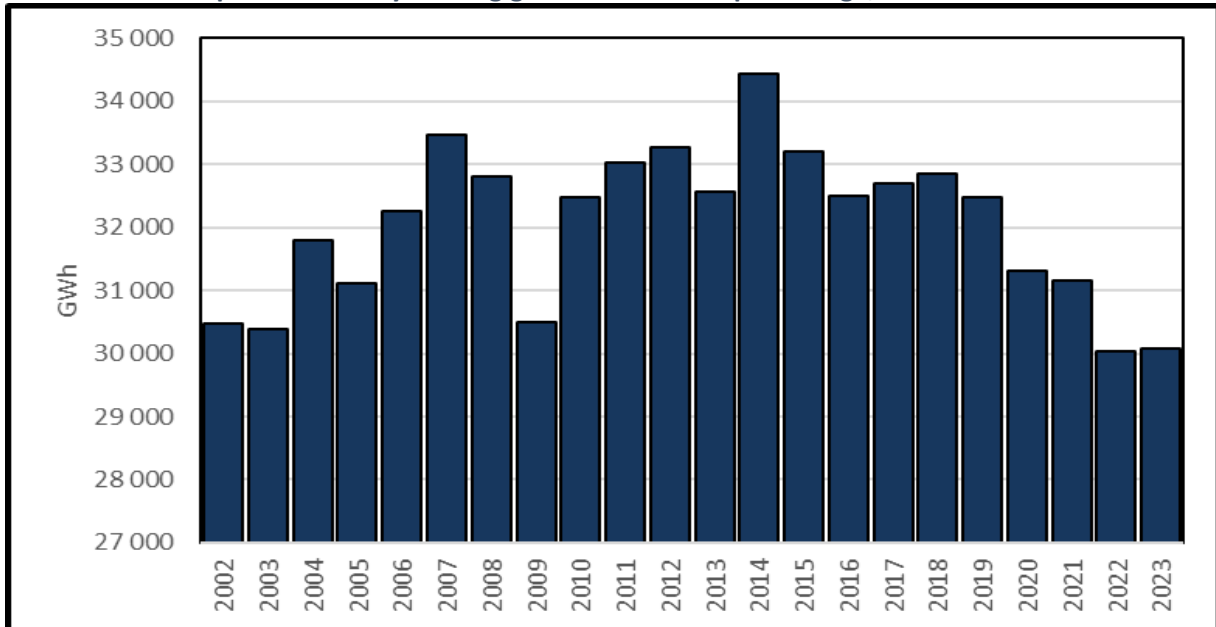
PROJECT NAME	COMPANY	VALUE	SECTOR
Menar Coal Project Pipeline: De Wittekrans Opencast and Underground Mine	Menar (Canyon Coal)	R600 million	Mining
Menar Coal Project Pipeline: Witfontein Underground Mine	Menar (Canyon Coal)	R1 billion	Mining
Elikhulu Tailings Retreatment Project-Solar Energy Plant	Pan 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: TIPS FDI Tracker. 2010 – 2023. Available at <https://www.tips.org.za/manufacturing-data/fdi-tracker>.

Energy

Mpumalanga receives the third highest amount of electricity from Eskom in the country. In 2007, Eskom distributed 33 470 Gigawatt hours (GWh) to the province, accounting for 14% of the total distribution. As with other provinces, distributed electricity has declined over the years. In 2023, Eskom distributed 30 086 GWh to Mpumalanga, accounting for 15% of the total distribution.

Graph 8: Electricity use in gigawatt hours in Mpumalanga, 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 Mpumalanga. The only project, Biomass Technology, is currently operational. The limited presence of IPP projects highlights a potential area for growth in diversifying the province’s energy alternatives.

Table 2: Independent Power Producer projects in Mpumalanga

BID WINDOW	PROJECT NAME	TECHNOLOGY	CAPACITY (MW)	LOCAL COMMUNITY	PROJECT STATUS
Bid Window 4	Ngodwana Energy	Biomass	25	Nelspruit	Operational

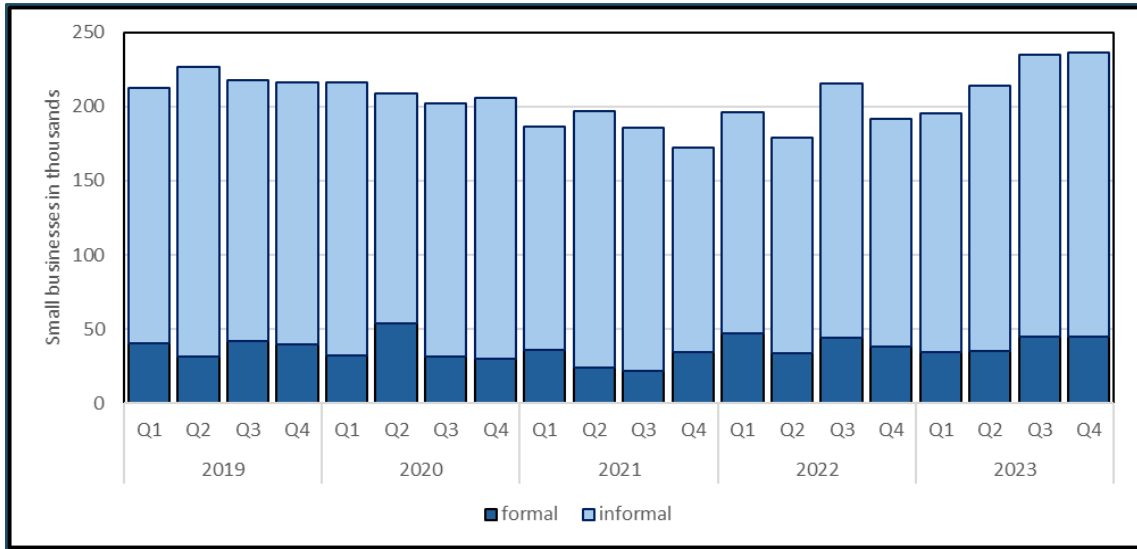
Source: Department of Mineral Resources and Energy (DMRE). Independent Power Producers Procurement Programme (IPPPP) Project database. Available at: <https://www.ipp-projects.co.za/ProjectDatabase>.

Small business

Mpumalanga has a low number of formal small businesses, hosting 6% of the country’s total in the fourth quarter of 2023. Formal small businesses peaked at 53 000 in the second quarter of 2022 and then declined by 41% in the following quarter, with the decline attributed to the pandemic. In the fourth quarter of 2023, the province hosted 45 000 formal small businesses (see Graph 9).

As in other provinces, the disparity between formal and informal small businesses is huge. Though informal businesses dominate in the province, Mpumalanga hosted only 11% of the country’s informal small businesses in the fourth quarter of 2023. Informal small businesses peaked at 196 000 in the second quarter of 2019, followed by a decline to 155 000 in the second quarter of 2020, likely because of the pandemic. The province hosted 192 000 informal small businesses out of a total of 237 000 small businesses in the fourth quarter of 2023.

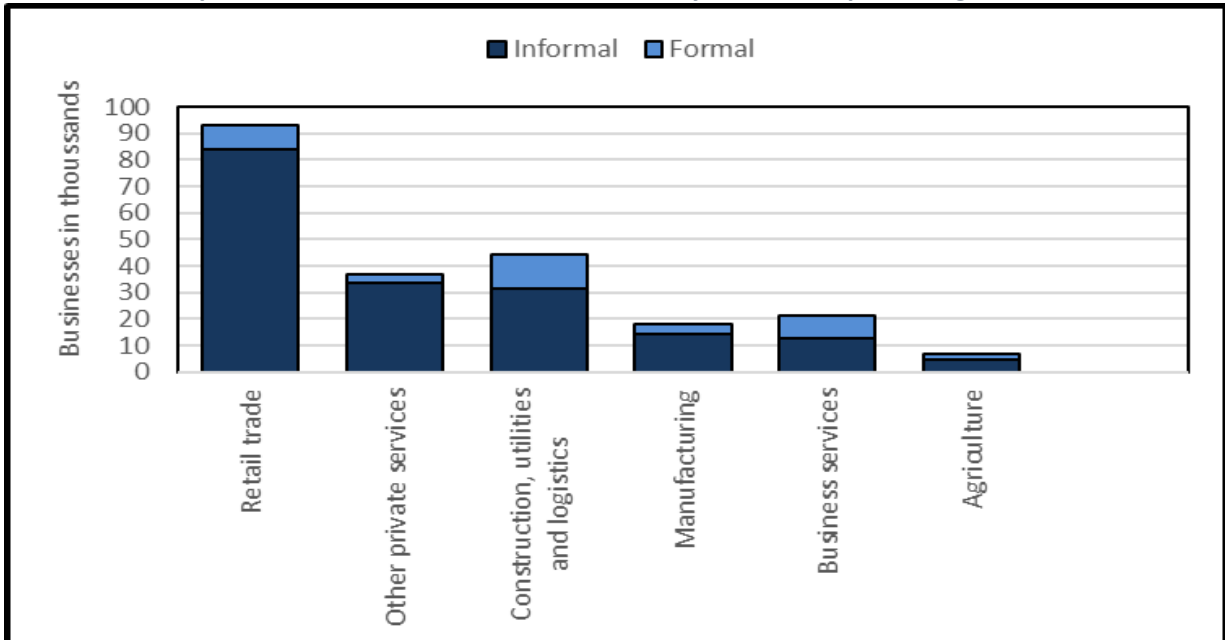
Graph 9: Number of formal and informal small businesses in Mpumalanga, in thousands, quarterly from 2019 to 2023



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.

Mpumalanga has a significant number of informal businesses, with relatively few operating formally. Retail trade constitutes a significant share of businesses, accounting for 42% of all businesses in the province (see Graph 10). The construction, utilities, and logistics sectors represent the second-largest grouping, comprising 20% of total businesses. Other private services make up 17%, followed by business services at 10%, manufacturing at 8%, and agriculture at 3%.

Graph 10: Formal and informal businesses by sector in Mpumalanga, 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

Mpumalanga's labour absorption rate in 2023 at 37.9% was lower than the national average of 40%. With the absorption rate declining from 39% in 2010 to 38% in 2023, unemployment in the province has largely risen over the past decade, increasing from 28% in 2010 to 36.8% in 2023.

Economic policy initiatives

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

- The Industrial Development Corporation's (IDC's Social Employment Fund created about 1 080 jobs in Mpumalanga by the second quarter of 2023.
- In 2021/2022, the dtic approved R77.6 million for industrial infrastructure projects in Mpumalanga, aiming to support 3 300 direct jobs. The projects amounted to an actual investment of R90.1 billion.
- Mpumalanga's small-scale sugar growers were funded through the Sugar Industry Transformation Fund, which allocated R425 million over the 2021/2022 and 2022/2023 financial years.
- The Department of Trade, Industry and Competition (the dtic) approved R284 450 Industrial financing, which supported more than 60 jobs in Mpumalanga over the 2021/2022 period, the lowest approval across all provinces.
- The dtic approved R77.6 million in Industrial Infrastructure finance for projects in Mpumalanga, resulting in 3 300 jobs directly supported in 2021/2022.
- The IDC committed to nine approvals worth R70 million in 2022/2023.
- The IDC also committed about R205 million to the Capital Hotel and Apartments Mbombela as part of its capital investment in the tourism industry in 2021/2022.
- In the seven years leading up to 2021/2022, the dtic, IDC, and National Empowerment Fund approved combined funding of R4 billion to Mpumalanga through the Black Industrialist Programme to support spatial socioeconomic development.

Special Economic and Industrial Development Zones

Mpumalanga has one designated SEZ, Nkomazi SEZ.

Table 3: Major Infrastructure projects: 2022-2024

PROJECT NAME	IMPLEMENTING AGENT	VALUE	PROJECT DESCRIPTION
Welisizwe Rural Bridges	Department of Public Works and Infrastructure	R3.8 billion	Construction of bridges in rural areas across six provinces will provide safe crossings for community members over dangerous rivers.
Upgrade of N2 between Ermelo through Mkhondo to KZN	SANRAL	R9 billion	Planned road infrastructure

PROJECT NAME	IMPLEMENTING AGENT	VALUE	PROJECT DESCRIPTION
Upgrade of the R40 between Hazyview and Bushbuckridge			construction and improvement
Light rehabilitation of Road P57/2 from Graskop to Kornwyn Pass in Thaba Chweu	Mpumalanga Provincial Government	R4.29 billion	Provincial government has set aside billions for the completion of infrastructure projects.
Upgrading of Road D4407 and sections of Road D4409 and D4416 in Bushbuckridge			
Upgrading and rehabilitation of Road D481, Ekulindeni in Chief Albert Luthuli			

National Spatial Economy

Mpumalanga has a relatively high share of non-urban areas within its borders. In 2023, 41% of the population lived in urban areas, 50% in non-urban areas and 9% on farms. Mpumalanga has no metro but four secondary cities which house 35% of its population. Of the adult population, 38% had a matric certificate and 7% a post-matric qualification. In 2023, 87% of households in Mpumalanga had piped or tap water in their houses or yards, compared to 87% nationally. Ninety percent of households had access to electricity, the same as the national figure.

Provincial Government

The premier of Mpumalanga is Mandla Ndlovu, a member of the ANC. Makhosazane Christine Masilela is the MEC of Economic Development and Tourism, while Nompumelelo Evidence Hlophe is the MEC of Agriculture, Rural Development, Land and Environmental Affairs. Both MECs also represent the ANC.

<http://www.mpumalanga.gov.za/>

Trade & industrial policy Strategies (TIPS) supports policy development through research and dialogue. Its two areas of focus are trade and inclusive industrial policy; and sustainable growth.

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