

## **FOREWORD**

The world economy suffered economic and political turbulences post 2009 global financial crisis. Economies have been on a recovery phase assisted by accommodative monetary and expansionary fiscal policies. The latest developments of the possible international trade reforms in United States of America raised uncertainties and crippled investor confidence. One of the most buoyant economies in the world, China has experienced decelerated growth rates, putting developing economies in a precarious situation, particularly the raw material exporting economies. As economies seek to improve productivity and accelerated growth, it should be done in a more sustainable way and benefiting the broader society. That's the pedestal of the establishment of the Sustainable Development Goals (SDGs) to ensure that economic growth is not at the expense of the livelihood of people and the environment.

The South African economy, though lackluster, is steered by a fundamental economic framework being the National Development Plan (NDP). The objective of the plan is to promote inclusive economic growth, for the country to create the much needed jobs and generate sufficient revenue to support current expenditure. Labour unrests, deterioration of the rand and commodity prices made it difficult to achieve these objectives.

The Limpopo province has made strides in reducing overall poverty and extending basic services to the marginalized population groups in the province. However, the province is plagued by low economic growth affected by drought, army worm and of course low commodity prices. Unemployment in the province among the youth and women grew gradually towards the end of 2016 and consumer price inflation is not abated. This raises social and policy concerns that can be addressed through effective private investments and prudent fiscal policy that is pro-growth.

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**Pratt GC. CA (SA)**  
**Head of Department**  
**Provincial Treasury**

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## **ABBREVIATIONS**

AIDS- Acquired Immune Deficiency Syndrome  
CPFs- Community Policing Forums  
CSF-Community Safety Forum  
DM-District Municipality  
ECD-Early Childhood Development  
EPWP-Expanded Public Works Programme  
GDP-Gross Domestic Product  
GHS-General Household Survey  
GVA- Gross Value Added  
HDI-Human Development Index  
HIV- Human Immunodeficiency Virus  
IP-Industrial Policy  
IMF-International Monetary Fund  
LDP-Limpopo Development Plan  
LED-Local Economic Development  
LEDZ-Limpopo Economic Development Zone  
LER -Learner Educator Ratio  
LP- Limpopo Province  
LTSM-Learner-Teacher Support Material  
MTSF-Medium Term Strategic Framework  
NDP - National Development Plan  
NHI-National Health Insurance  
NSNP-National School Nutrition Programme  
PFMA -Public Finance Management Act  
RDP- Reconstruction and Development Programme  
SA-South African  
SADC-Southern Africa Development Community  
SDG- Sustainable Development Goals  
SERO-Socio-Economic Review and Outlook  
SEZs-Special Economic Zones  
SMMEs -Small Medium and Micro Enterprises  
StatsSa-Statistics South Africa

TB-Tuberculosis

QLS- Quarterly Labour-Force Survey

UN DESA- United Nation Department of Economic and Social Affairs

## INTRODUCTION

The global economic growth accelerated in the final quarter of 2016 due to a combination of improved conditions in emerging market countries and stronger growth in developed economies. Geo-political risks remained high in 2016 as a result of the Brexit vote, instabilities in the Middle East, the impeachment of Dilma Rousseff in Brazil and the election of Donald Trump in the U.S... amongst others. Challenging weather conditions, led by a severe El Nino weather effect, seriously constraining the agricultural sector in most countries, particularly in emerging markets.

In 2017, many developed economies are still benefiting from accommodative monetary policies due to the low global inflation environment which is strengthening business and consumer confidence, though the ultra-low interest rates will not last forever. Economic dynamics among developing economies are gradually improving following some quarters of sluggish growth. The increase in commodity prices that started in the final quarter of 2016 is good news for the majority of emerging market nations.

The South Africa's economy has been in stagnation for a prolonged period of time due to subdued global demand. Economic activity recorded another dismal expansion in 2016 of 0.5 percent. A weak labour market and high inflation took a toll on private consumption and the investment environment was undermined by political instability. The country managed to avoid a credit downgrade last year, causing analysts to give government and its reform agenda the benefit of the doubt. However, it will not be long before investors and rating agencies want to see some tangible results.



## CHAPTER 1: Economic Overview

### 1.1. World Economic Outlook

Global economic growth has been lacklustre in 2016, though the world economic activity is projected to pick up pace in 2017 and 2018, including the emerging market and developing economies. However, there is a wide dispersion of possible outcomes around the projections, given uncertainty surrounding the policy stance of the incoming United States (U.S.) administration and its global ramifications as well as the June 2016 United Kingdom (U.K.) vote in favour of leaving the European Union (Brexit). Global growth is projected to slow to 3.1 percent in 2016 before recovering to 3.4 percent in 2017, then to 3.6 percent in 2018.

**Table 1: Overview of the World Economic Outlook Projections**

	<b>Estimates</b>		<b>Projections</b>	
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>World Output</b>	<b>3.2</b>	<b>3.1</b>	<b>3.4</b>	<b>3.6</b>
<b>Advanced Economies</b>	<b>2.1</b>	<b>1.6</b>	<b>1.9</b>	<b>2</b>
<b>United States</b>	<b>2.6</b>	<b>1.6</b>	<b>2.3</b>	<b>2.5</b>
<b>Euro Area</b>	<b>2</b>	<b>1.7</b>	<b>1.6</b>	<b>1.6</b>
<b>Germany</b>	<b>1.5</b>	<b>1.7</b>	<b>1.5</b>	<b>1.5</b>
<b>France</b>	<b>1.3</b>	<b>-</b>	<b>-</b>	<b>1.6</b>
<b>Italy</b>	<b>0.7</b>	<b>0.9</b>	<b>0.7</b>	<b>0.8</b>
<b>Spain</b>	<b>3.2</b>	<b>3.2</b>	<b>2.3</b>	<b>2.1</b>
<b>Japan 3</b>	<b>1.2</b>	<b>0.9</b>	<b>0.8</b>	<b>0.5</b>
<b>United Kingdom</b>	<b>2.2</b>	<b>2</b>	<b>1.5</b>	<b>1.4</b>
<b>Canada</b>	<b>0.9</b>	<b>1.3</b>	<b>1.9</b>	<b>2</b>
<b>Other Advanced Economies 4</b>	<b>2</b>	<b>1.9</b>	<b>2.2</b>	<b>2.4</b>
<b>Emerging Market and Developing Economies</b>	<b>4.1</b>	<b>4.1</b>	<b>4.5</b>	<b>4.8</b>
<b>Commonwealth of Independent States</b>	<b>-2.8</b>	<b>-0.1</b>	<b>1.5</b>	<b>1.8</b>
<b>Russia</b>	<b>-3.7</b>	<b>-0.6</b>	<b>1.1</b>	<b>1.2</b>
<b>Excluding Russia</b>	<b>-0.5</b>	<b>1.1</b>	<b>2.5</b>	<b>3.3</b>
<b>Emerging and Developing Asia</b>	<b>6.7</b>	<b>6.3</b>	<b>6.4</b>	<b>6.3</b>
<b>China</b>	<b>6.9</b>	<b>6.7</b>	<b>6.5</b>	<b>6</b>
<b>India 5</b>	<b>7.6</b>	<b>6.6</b>	<b>7.2</b>	<b>7.7</b>
<b>ASEAN-5 6</b>	<b>4.8</b>	<b>4.8</b>	<b>4.9</b>	<b>5.2</b>
<b>Emerging and Developing Europe</b>	<b>3.7</b>	<b>2.9</b>	<b>3.1</b>	<b>3.2</b>
<b>Latin America and the Caribbean</b>	<b>0.1</b>	<b>-0.7</b>	<b>1.2</b>	<b>2.1</b>
<b>Brazil</b>	<b>-3.8</b>	<b>-3.5</b>	<b>0.2</b>	<b>1.5</b>
<b>Mexico</b>	<b>2.6</b>	<b>2.2</b>	<b>1.7</b>	<b>2</b>
<b>Middle East, North Africa, Afghanistan, and Pakistan</b>	<b>2.5</b>	<b>3.8</b>	<b>3.1</b>	<b>3.5</b>
<b>Saudi Arabia 7</b>	<b>4.1</b>	<b>1.4</b>	<b>0.4</b>	<b>2.3</b>
<b>Sub-Saharan Africa</b>	<b>3.4</b>	<b>1.6</b>	<b>2.8</b>	<b>3.7</b>
<b>Nigeria</b>	<b>2.7</b>	<b>-1.5</b>	<b>0.8</b>	<b>2.3</b>
<b>South Africa</b>	<b>1.3</b>	<b>0.3</b>	<b>0.8</b>	<b>1.6</b>

Source: IMF, January 2017 World Economic Outlook

In Advanced Economies growth slowed down to 1.6 percent in 2016, but is projected to recover to 1.9 percent in 2017, and 2 percent in 2018, while in the Emerging Markets and Developing Economies the 2016 growth rate of 4.1 percent is projected to improve to 4.5 percent in 2017 and 4.8 percent in 2018. In Sub-Saharan Africa GDP the 2016 growth of 1.6 percent is projected to improve to 2.8 and 3.7 percent in 2017 and 2018 respectively.

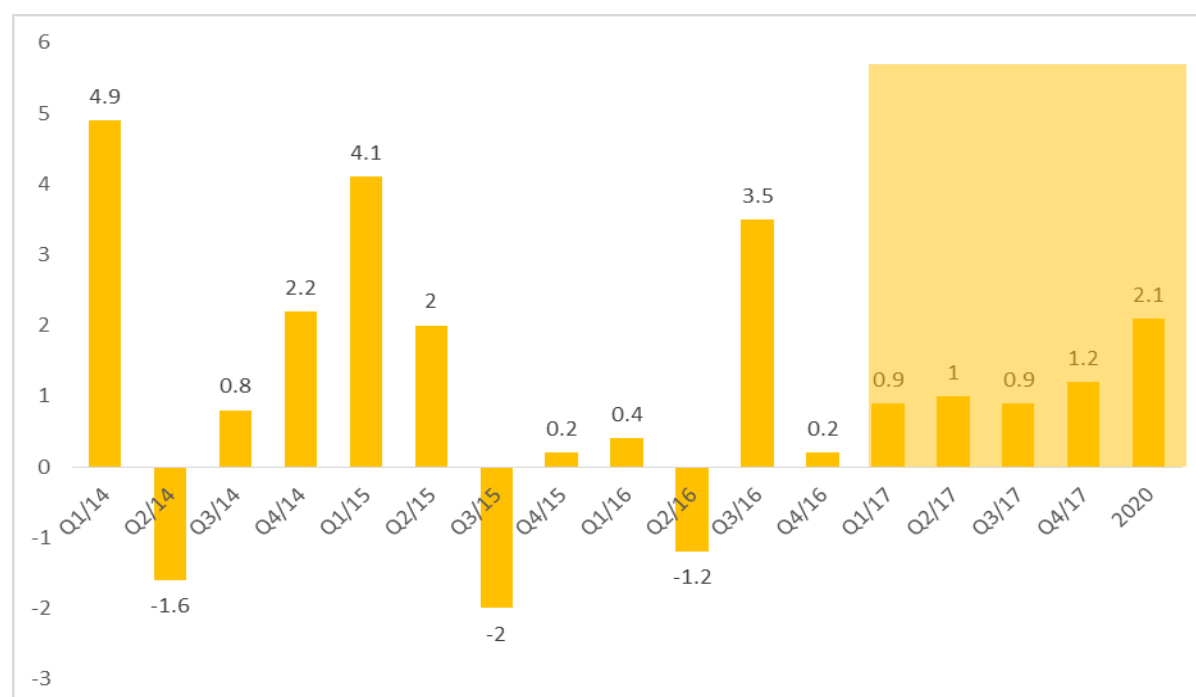
Among the major emerging economies, the economic outlook for Brazil and India deteriorated from the December 2016 assessment, while China's GDP growth projection remained stable.

Geo-political risks and a range of other non-economic factors continue to weigh on the outlook in various regions. Civil war and domestic conflict in parts of the Middle East and Africa, the tragic plight of refugees and migrants in neighbouring countries and in Europe, acts of terror worldwide, the protracted effects of a drought in Eastern and Southern Africa, and the spread of the Zika virus are some of the factors contributing to this phenomenon. If these factors intensify, they would deepen the hardship in the directly affected countries. Increased geo-political tensions and terrorism could also take a large toll on global market sentiment and economic confidence.

## **1.2. South African Economic Outlook**

South Africa has an unemployment rate above 25 percent and is one of the most unequal societies in the world. In recent years the South African economy was not only effected by a low economic growth rate, but the mining industry has been culling jobs as commodity prices have fallen in the international markets, throwing many communities and towns into economic distress. The loss of jobs in mining is felt in other industries, and the general saying in South Africa is that when mining sneezes, the economy catches a cold.

**Figure 1: South Africa Annualised percentage change in seasonally adjusted GDP**



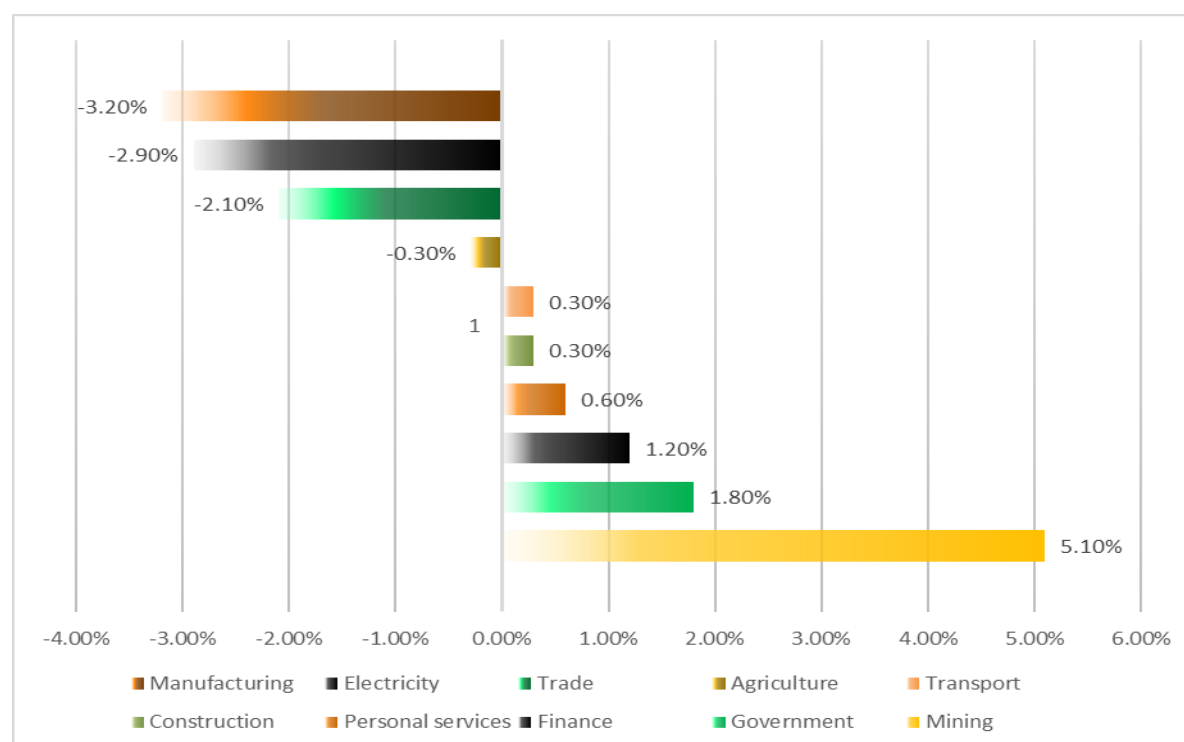
Source: StatsSA GDP 2016

The South African economy only expanded an annualized 0.2 percent in the fourth quarter of 2016, compared to vastly improved growth of 3.5 percent in the third quarter of 2016, and it is estimated that the economy will only expand by 0.9 percent in the first quarter of 2017. In 2017 the SA economy is projected to show positive signs of growth, albeit low, mainly supported by mining, general government services and real estate activities.

### **1.2.1. South African Sector Growth and Contribution**

The largest contributor to GDP growth in the third quarter of 2016 was mining and quarrying, growing at 5.1 percent. This was largely the result of increased production in the mining of 'other' metal ores, in particular iron ore. Activities related to the local government elections in August 2016 also contributed positively to economic growth. The payment of additional salaries to thousands of temporary electoral staff, as well as increased spending on goods and services, pushed general government services up by 1.8 percent. Other industries that recorded positive growth were finance (1.2 percent), personal services (0.6 percent), construction (0.3 percent) and transport (0.3 percent).

**Figure 2: SA Industry growth in the 3rd Quarter of 2016**



Source: StatsSA GDP 2016

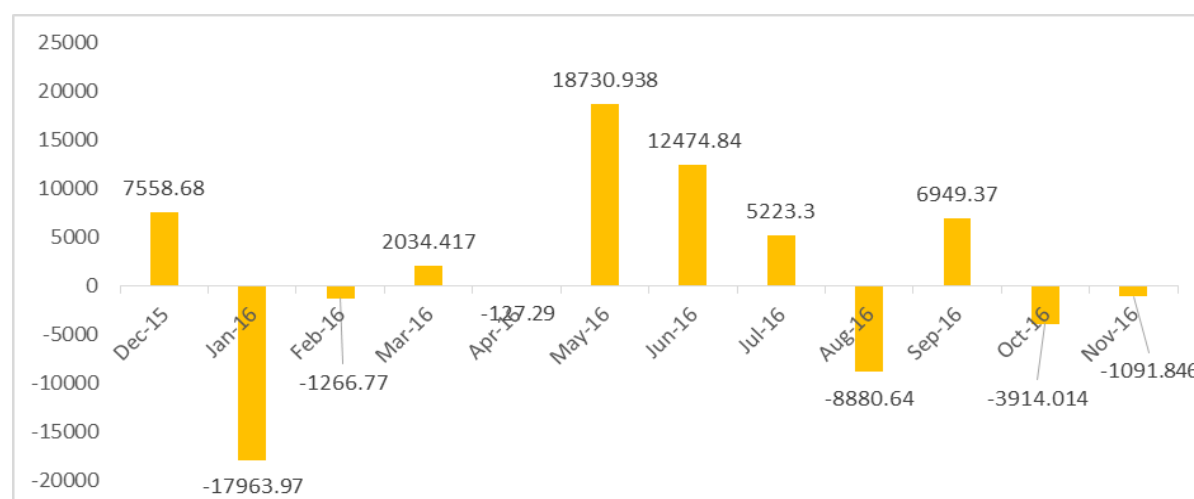
There were four industries that contracted in the third quarter of 2016 and they contributed negatively to the GDP growth. The agriculture industry posted its seventh consecutive quarter of economic decline, on the back of one of the worst droughts in recent history. The third quarter decline of 0.3 percent in the agricultural sector was mainly as a result of a decrease in the production of horticulture products.

The trade industry recorded its first contraction since the second quarter of 2015, declining by 2.1 percent. This was largely as a result of lackluster performance in wholesale, retail and motor trade and catering and accommodation. The implementation of water restrictions across the country, together with waning electricity consumption, saw the electricity, gas and water industry fall by 2.9 percent. The manufacturing industry contracted by 3.2 percent in the third quarter, driven mainly by decreases in the production of petroleum and chemicals; basic iron and steel; as well as food and beverages.

### 1.3. South Africa and International trade growth

International trade growth has slowed since 2012 relative to both its strong historical performance and to overall economic growth. The overall weakness in economic activity, in particular in investment, has been the primary restraint on trade growth, accounting for up to three-quarters of the slowdown. However, other factors are also weighing on trade. The waning pace of trade liberalization and the recent uptick in protectionism are holding back trade growth, even though their quantitative impact thus far has been limited. The decline in the growth of global value chains has also played an important part in the observed slowdown.

**Figure 3: South Africa Trade balance 2016**



Source: Trading Economist 2016

South Africa posted a trade deficit of R1.1 billion in November 2016 compared to a downwardly revised R3.9 billion deficit in October. Considering the first eleven months of 2016, the trade deficit declined to R14.6 billion compared to R59.3 billion the same period a year earlier, as exports went up by 5.8 percent and imports grew at a much slower 1 percent.

**Table 2: South Africa Trade 2016**

South Africa Trade	Last	Previous	Highest	Lowest	Unit
<b>Balance of Trade</b>	-1091.9	-3914.01	18730.94	-23426.2	ZAR Million
<b>Exports</b>	99638	88325.08	105163.3	55.8	ZAR Million
<b>Imports</b>	100730	92239.09	110258.8	66.1	ZAR Million
<b>Current Account</b>	-175774	-122720	15627	-241786	ZAR Million
<b>Current Account to GDP</b>	-4.4	-5.4	6	-7.5	percent
<b>External Debt</b>	141530	132434	145082	33262	USD Million
<b>Tourist Arrivals</b>	1269749	1273734	1558854	37430	
<b>Gold Reserves</b>	125.25	125.22	183.51	123.48	Tonnes
<b>Terrorism Index</b>	3.53	4.23	4.23	0.22	
<b>Weapons Sales</b>	39	59	235	1	USD Million
<b>Crude Oil Production</b>	2	2	58	2	BBL/D/1K
<b>Foreign Direct Investment</b>	1958	1961	2089	1	ZAR Billion

Source: Trading Economist 2016

SA Exports rose from R88.3 billion in October to R99.6 billion in November, boosted by higher sales of mineral products and precious metals and stones and the major destinations for exports were China, the US, Germany, Namibia and Botswana, while SA Imports rose to R100.7 billion from R92.2 billion in the same period, the upward movement in imports was derived by purchases for vehicles and transport equipment, mineral products, machinery and electronics and prepared foodstuffs that went up during this period. The main sources of imports to the country were from China, Germany, the U.S., France and Saudi Arabia.

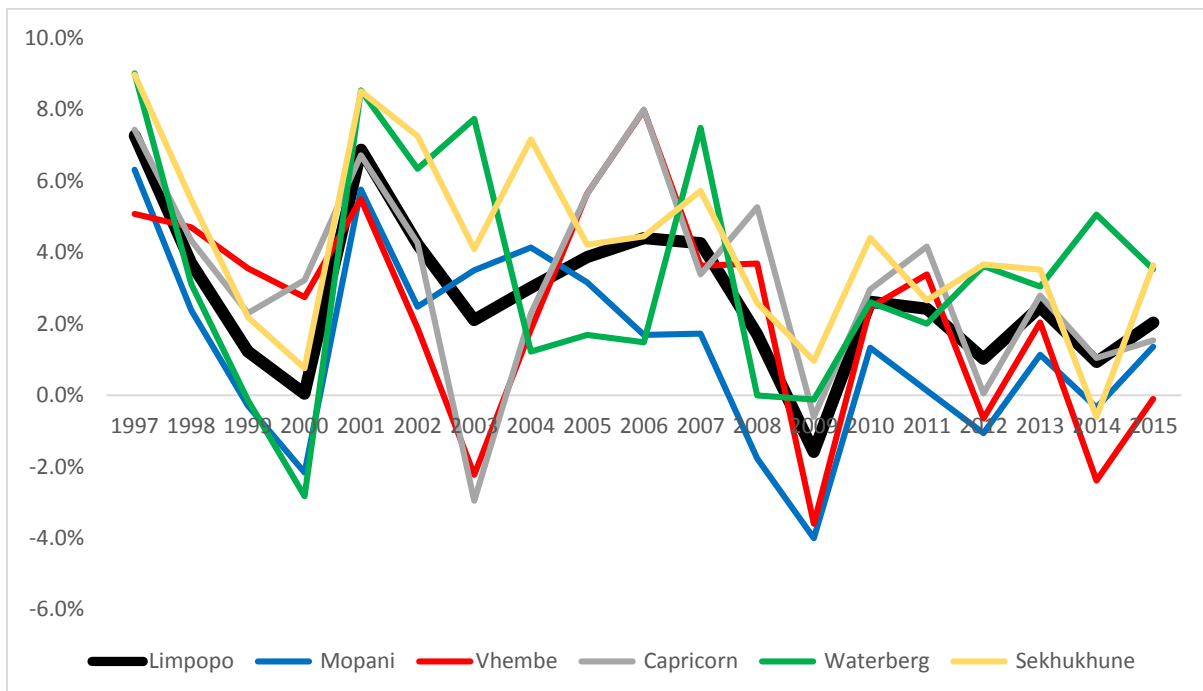
SA Current account deficit rose from R122.7 billion in October to R175.7 billion in November, while the current account to GDP decreased from 5.4 percent to 4.4 percent in the same period.

Tourist Arrivals in South Africa decreased to 1 269 749 in October from 1 273 734 in September of 2016. Tourist Arrivals in South Africa averaged 488 290 f between 1979 and 2016, reaching an all-time high of 1 558 854 in January of 2016.

## 1.4. Limpopo Province Economic Overview

This section will discuss the economic performance of Limpopo Province and its district municipalities. The economy of Limpopo province has sustained a positive trajectory over the years, only recording negative growth in 2009 due largely to the global financial crisis. The local economy has been on a positive growth path in the past years, recording a 2.0 percent GDP growth rate in 2015. The 2.0 percent GDP growth rate is however below the LDP targeted GDP growth of 3 percent which was deemed suitable to stimulate job creation in the province.

**Figure 4: Limpopo GDP Average annual growth (Constant 2010 Prices)**



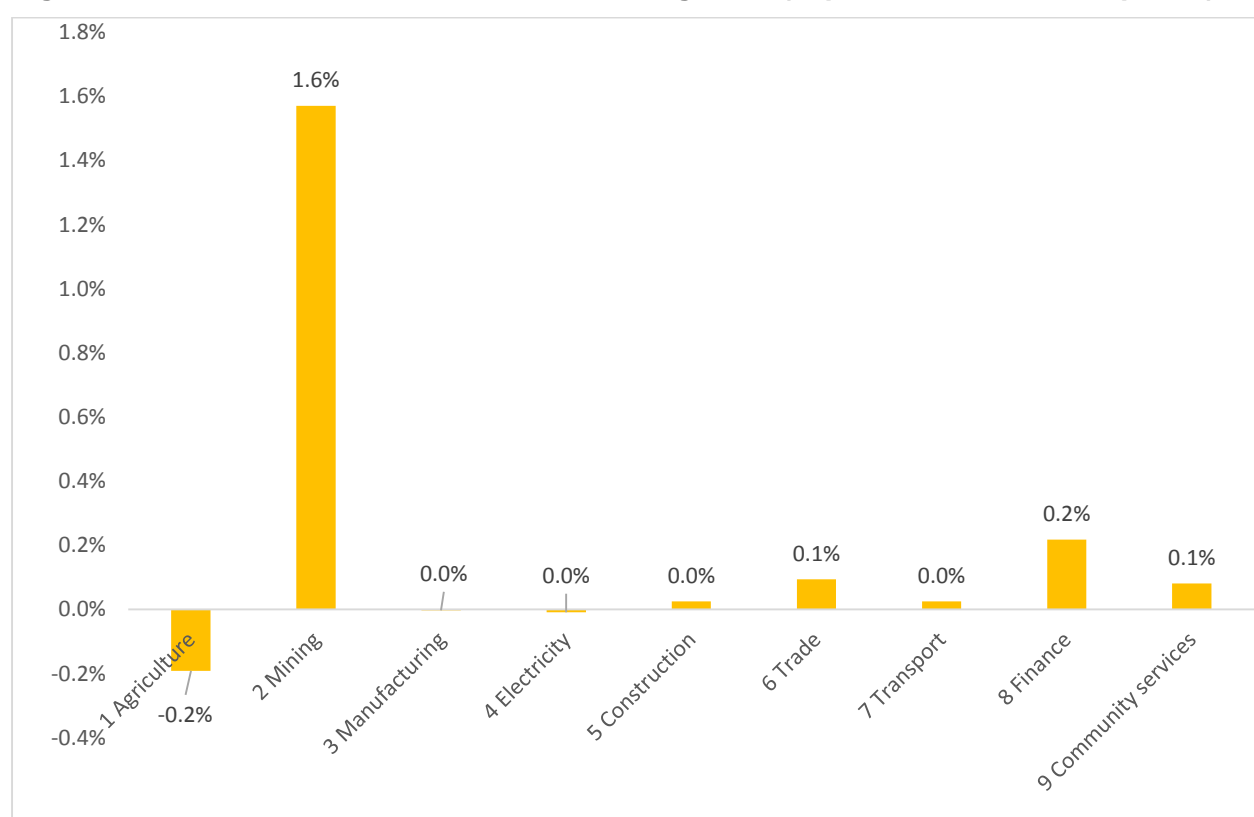
Source: Regional Explorer 2016

In terms of the districts economic performance, the districts' GDP growth rate trends tend to follow a similar pattern with the provincial trend. Waterberg district economy has been performing better than the other districts and the provincial average GDP growth since 2011 and this is mainly attributable to the recent economic activities in the Lephalale area of the district. Generally, the Limpopo districts economies are on a positive path except for Vhembe and Mopani districts which recorded negative growth between 2012 and 2014.

## 1.5. Limpopo Sector Growth and Contribution

In terms of contribution to the provincial GDP growth in 2015, Agriculture has experienced a negative contribution of -0.2 percent; this is evidently due to the prolonged severe drought in the province that affected the horticultural crops and animal products. Conversely, the sector that held the provincial economy in the positive territory was the mining sector which contributed a high of 1.6 percent to the GDP growth, and this was largely due to recovering commodity prices.

**Figure 5: Sector Contribution to total economic growth (% point, Constant 2010 prices)**

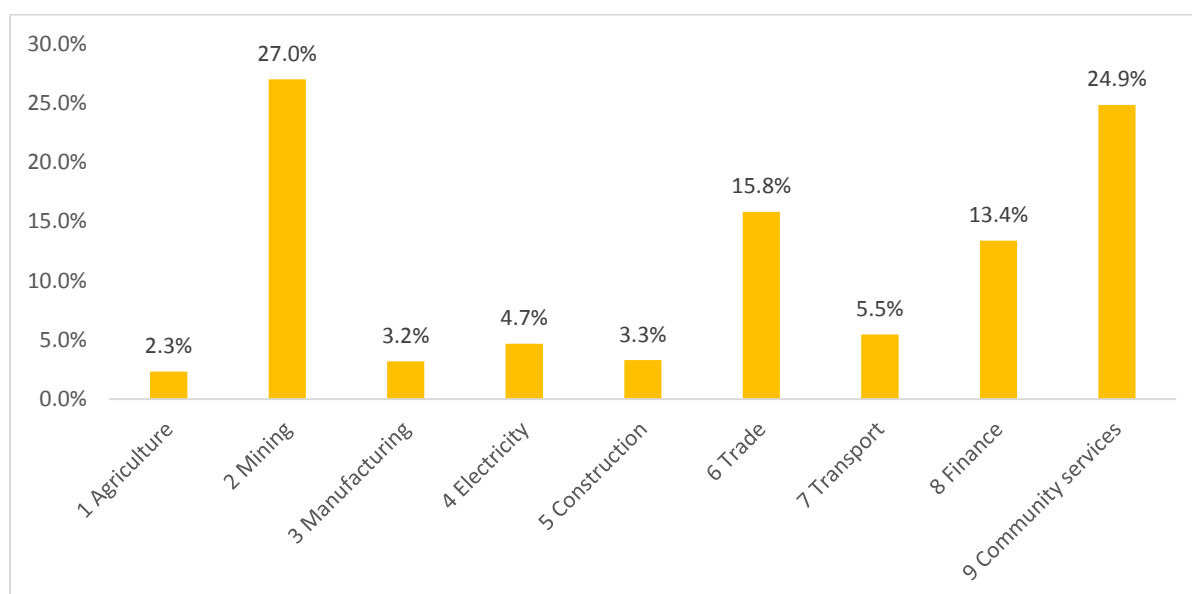


Source: Regional Explorer 2016

The provincial economy is mainly driven by four sectors, which are the Mining, Finance, Community services and Trade. These sectors contributed 1.6, 0.2, 0.1 and 0.1 percent respectively to GDP growth in 2015. Mining sector's contribution to the local economy has been significant in the past years and the sector has been playing a major role in job creation for the citizens of the province.



**Figure 6: Limpopo Sector's share of regional total GVA (%), 2015**



Source: Regional Explorer 2015

Agriculture, Manufacturing and Construction are the least contributing sectors in the local economy, contributing 2.3, 3.2 and 3.3 percent respectively to the provincial GVA. These sectors need to be given more focus in terms of industrialisation through agro-processing facilities and industrial policies to encourage manufacturing activity as they have a potential to employ the low skilled labour force in the province.

**Table 3: District Sector's share of regional total GVA (%)**

	Mopani	Vhembe	Capricorn	Waterberg	Sekhukhune
<b>Agriculture</b>	3.2%	2.8%	1.5%	2.5%	1.6%
<b>Mining</b>	32.2%	8.7%	5.2%	48.5%	38.9%
<b>Manufacturing</b>	2.3%	3.3%	4.1%	2.9%	3.2%
<b>Electricity</b>	8.2%	5.5%	2.6%	4.5%	2.4%
<b>Construction</b>	3.0%	4.6%	3.6%	3.0%	2.2%
<b>Trade</b>	13.3%	18.8%	21.4%	11.2%	14.7%
<b>Transport</b>	5.0%	6.8%	6.9%	4.4%	4.1%
<b>Finance</b>	11.4%	14.8%	21.3%	7.9%	11.0%
<b>Community services</b>	21.4%	34.8%	33.3%	15.1%	21.9%

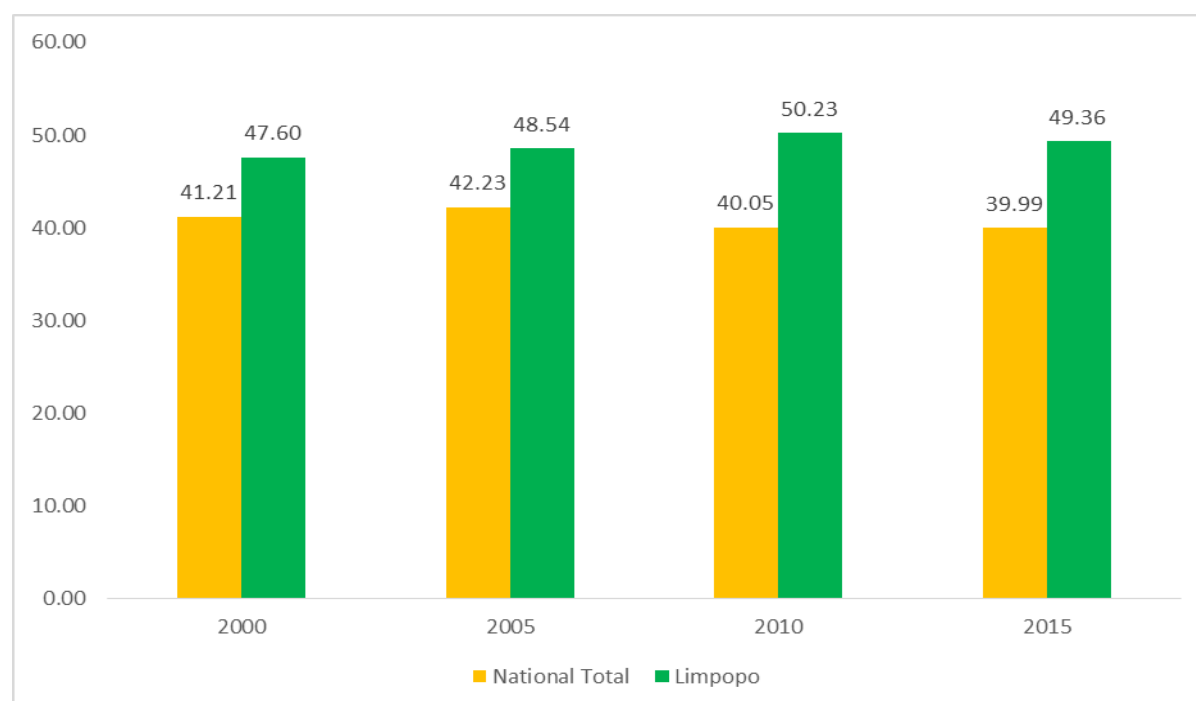
Source: Regional Explorer 2016

The economies of three districts in the province are driven by mining, which contributes 48.5, 38.9 and 32.2 percent and these are Waterberg, Sekhukhune and Mopani districts respectively. The dominance of mining in the province exposes the provincial economy to some risks as the mining sector is dependent mostly on external factors which the province has no control over, such as the minerals prices. Contribution of the Agriculture, Manufacturing and Construction sectors are very minimal in all the provincial districts economies and this requires the provincial government to channel more resources in supporting these sectors as they are key in job creation.

### 1.6. Tress Index

The tress index is a technique used to measure the extent to which an economy is concentrated or diversified. The indices of the tress index are between 0 and 100, with 50 being mid-point. Any tress index of above 50 indicates that the economy is relatively concentrated and an index of less than 50 indicates that the economy is diversified.

**Figure 7: SA and Limpopo province Tress Index**

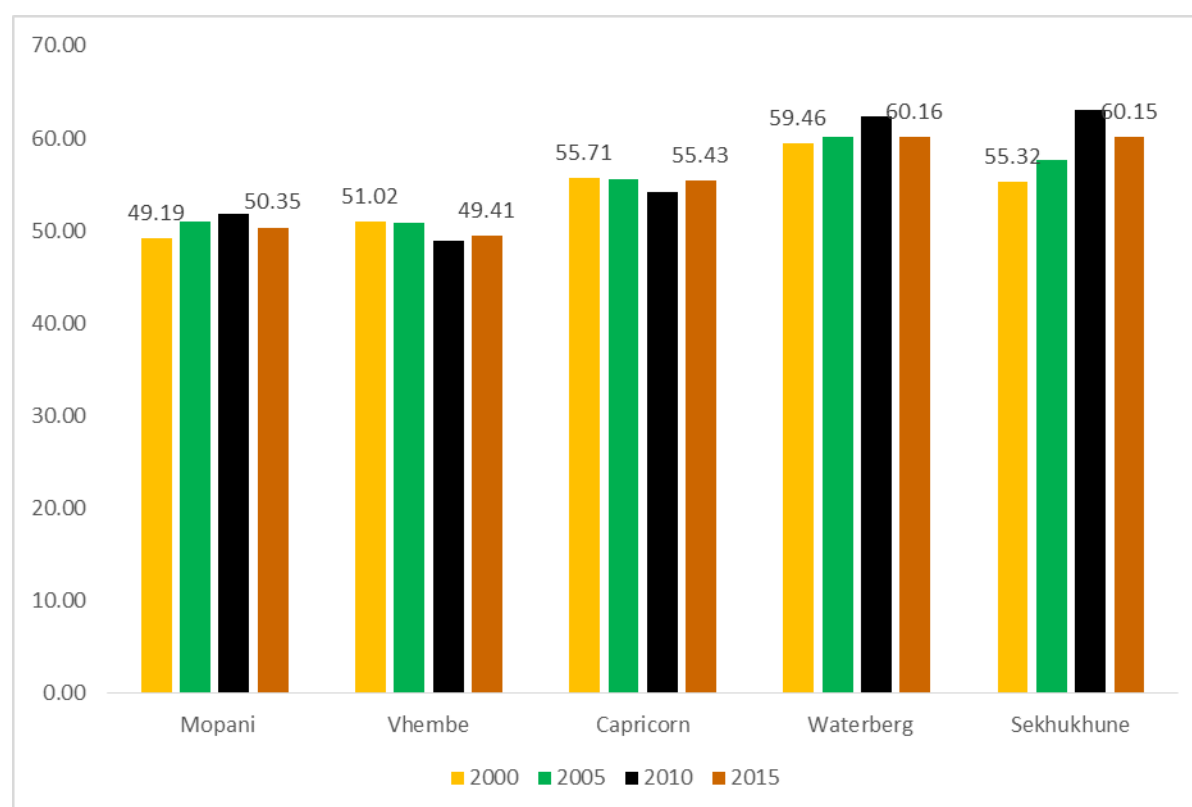


Source: Regional Explorer 2016

The tress index for the Limpopo Province in 2015 was recorded at 49.36 indicating that the levels of concentration of the economy is almost at the mid-point, while the economy of South Africa has a slightly lower degree with an index of 39.99. The province's higher level indicates that its economy is more vulnerable to market fluctuations as it is largely depended on one industry/sector (mining) for its growth.

Sekhukhune and Waterberg districts are the most concentrated districts in the province recording tress index of above 60 percent and they are both concentrated in mining. This means that if are fluctuations in the prices of minerals the economies of these two districts may be under threat. It is also evident that with the exception of Vhembe which has slightly reduced its concentration during the period 2000 to 2015 from 51.71 to 49.41 all Limpopo district economies are still relatively concentrated.

**Figure 8: Tress Index by district**



Source: Regional Explorer 2016

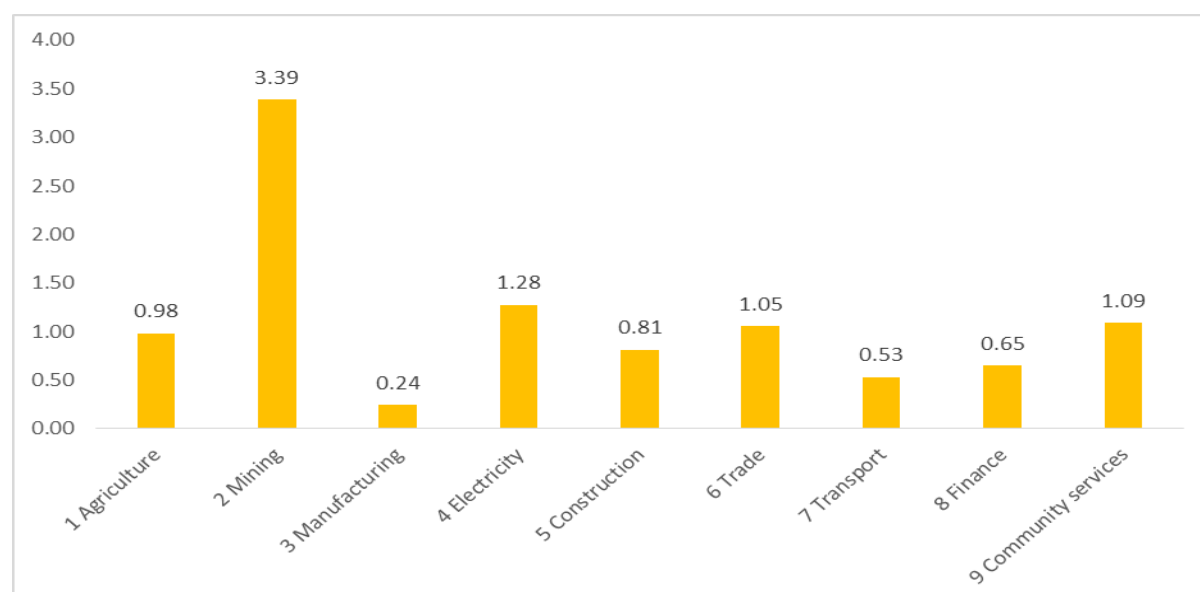
## 1.7. Location quotient

Location quotient is an indicator used to measure economic development, as it examines the economy in terms of its comparative and competitive advantages so as to determine where or which active sectors have advantages. A location quotient larger than 1 shows a comparative advantage for a particular sector in the province compared to the same sector in the national economy

The economy is primarily divided into three main sectors namely the Primary, Secondary and Tertiary sectors. The Primary sector consists of Agricultural and Mining activities. The Manufacturing, Electricity, Construction and Trade activities form the Secondary sector while the Tertiary sector consists of the Transport, Finance and Community Services activities.

The figure below shows that in 2015, Limpopo Province had a comparative advantage in Mining (3.39), Electricity (1.28), Community services (1.09), Trade (1.05) and Agriculture (0.98). The province is found to have a significant comparative advantage in the primary sector with mining and agriculture combined taking a share of around 4.4 percent.

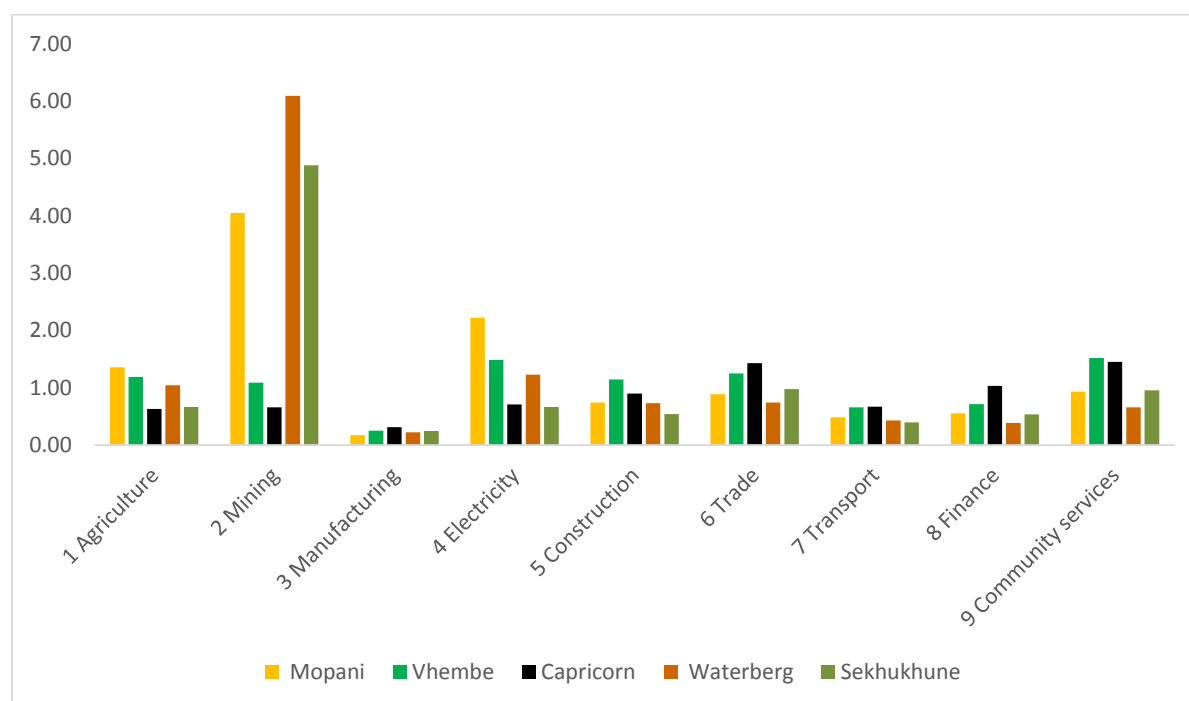
**Figure 9: Limpopo province 2015 Location quotient by sectors**



Source: Regional Explorer 2016

In terms of the districts, in 2015 Waterberg, Sekhukhune and Mopani had a comparative advantage in Mining, while Vhembe and Capricorn are found to have comparative advantage in the Community Services and Trade sectors.

**Figure 10: Districts Location quotient by sectors 2015**



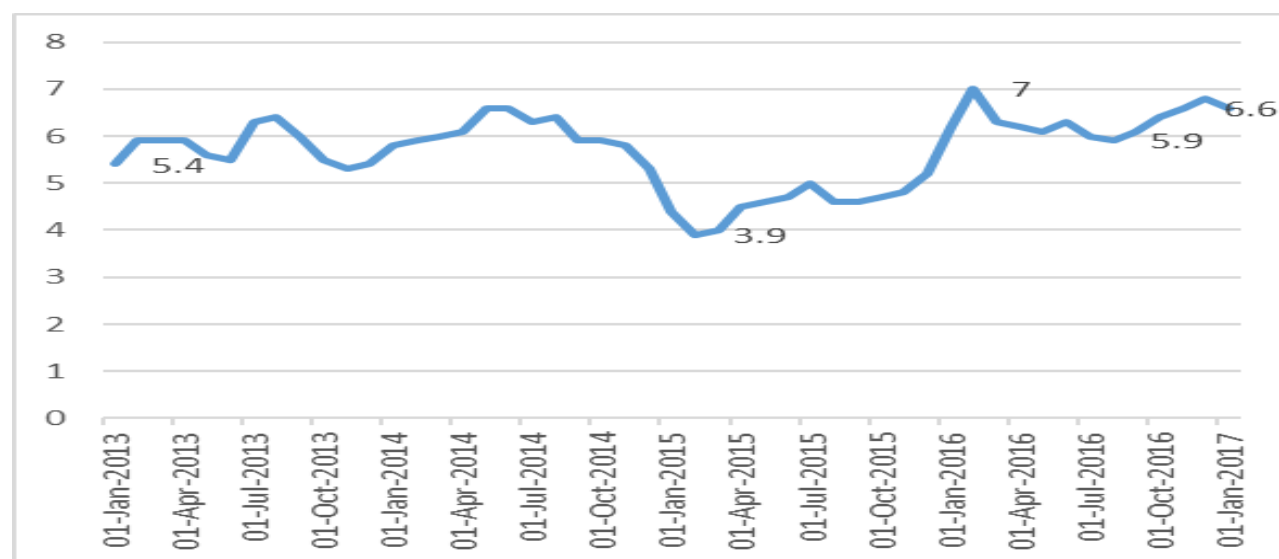
Source: Regional Explorer 2016

### 1.8. Consumer Price Index (CPI)

The inflation rate is the change in the CPI for all items of the relevant month of the current year compared with the CPI for all items of the same month in the previous year expressed as a percentage. Inflation rate is one of the tools that the South African Reserve Bank (SARB) uses to set the central bank's interest rate (Repo rate). The SARB has an inflation target band of between 3 and 6 percent, if the inflation rate moves towards the lower limit of 3 percent, the repo interest rate may be reduced to encourage consumer borrowing and/or spending. Conversely when inflation rate moves towards the upper limit of 6 percent, interest rates may be hiked to discourage consumers from borrowing and or spending.

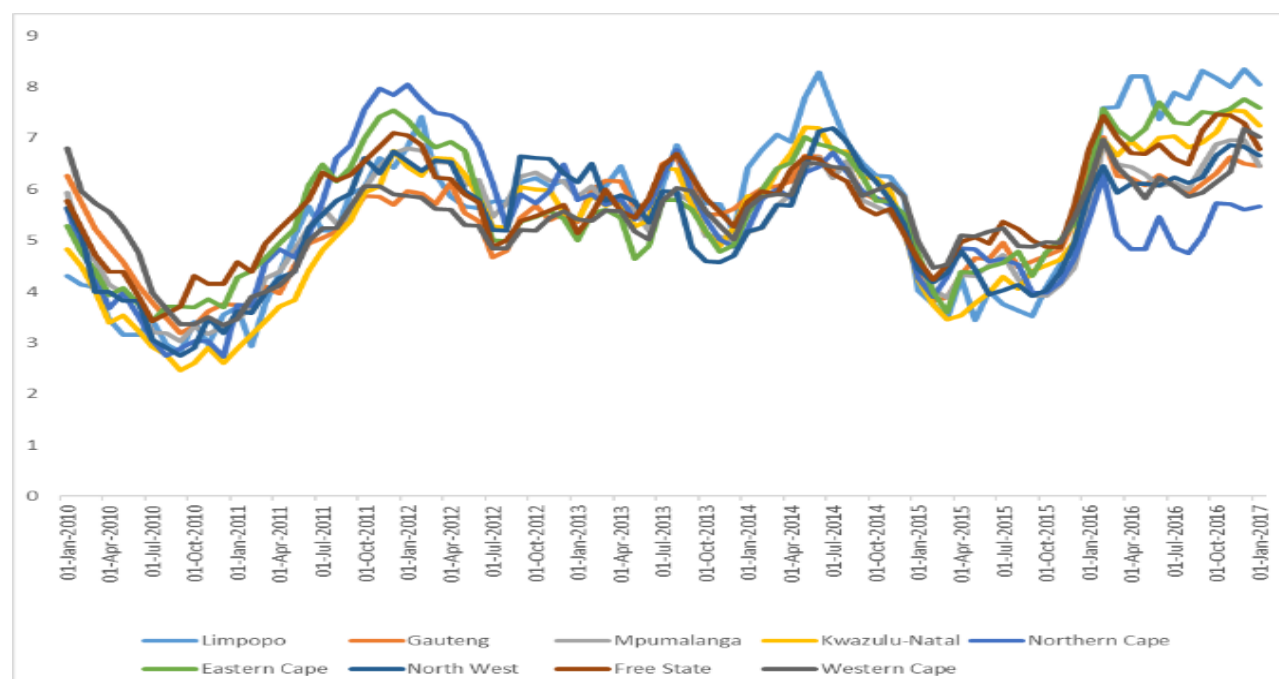
Consumer prices in South Africa rose to 6.8 percent year-on-year in December 2016, following a 6.6 percent increase in November 2016 and it reverted back to 6.6 percent in January 2017. The 6.8 percent in December 2016 was the highest inflation rate since February 2016 when inflation was at 7 percent.

**Figure 11: SA and Provincial annual inflation rates**



Source: StatsSA Consumer Price Index - January 2017

### Provincial Annual Inflation



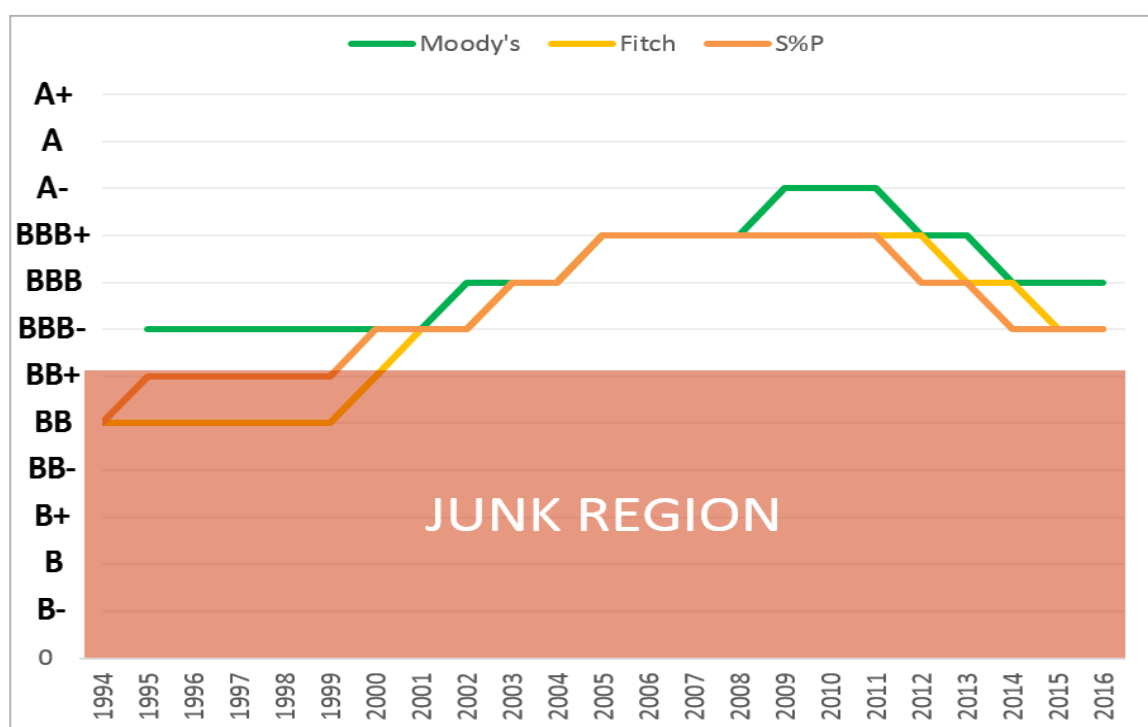
Source: StatsSA Consumer Price Index - January 2017

Comparing the provincial CPI, Limpopo province's CPI at 8.1 percent has been constantly high from 2015 as compared to the other provinces in the country, followed by Eastern Cape at 7.58 and Kwazulu-Natal at 7.2 percent. Northern Cape has the lowest inflation rate in the country at 5.7 percent. It is worth noting that the country's most rural provinces are faced with high inflation which is above the national CPI of 6.6 percent. This means that poor communities are greatly affected by the increases in the prices of commodities in the country.

## 1.9. South African Credit Ratings

Moody's Investors Service confirmed South Africa's BBB long-term government bond rating in 2016. The confirmation of South Africa's ratings reflects Moody's view that the country is approaching a turning point after several years of low growth; the 2017/18 budget and Medium Term Fiscal Plan will likely stabilize and eventually reduce the general government debt metrics.

Figure 12: South African Sovereign Credit Ratings (1994 – 2016)



Source: National Treasury

South Africa's credit rating outcomes by Moody's were confirmed after considering three major factors. Firstly, Moody's considered the South African economic growth trajectory which is demonstrating signs of recovery in the medium term. Secondly, the agency considered the Medium Term Fiscal Plan which is geared to stabilizing and reducing the national debt to GDP ratio and thirdly the geo-political stability and independence of state institutions such as the judiciary, which recently have demonstrated high degree of independence.

For the country to escape rating downgrades, it is important for all the spheres of government to contribute towards maintaining a positive investment rating of the country's government bonds through prudent fiscal discipline. Provincial and Municipal authorities have the responsibility to ensure that the national fiscal policy remains sustainable in the long run. This can be achieved by ensuring prudent fiscal plans that resonate with the provincial and national economic frameworks.

The country needs to ensure rigorous implementation of the revenue enhancement strategies to continue to effectively and efficiently improve current sources of own generated revenue, furthermore, also guide in the identification of new sources of own revenue which will increase fiscal autonomy of sub-national governments.

#### **1.10. Conclusion**

The World and South African economy remains distressed though with a positive outlook. South African economy currently has a negative trade balance, with imports surpassing exports and low investor confidence. Stimulating the economy will be achieved through fiscal stimulus and monetary policies that create new markets for exports and jobs and also attract foreign direct investment.

The Limpopo economy remain stable during these trying times supported by high aggregate demand for minerals. The provincial policies such as the development of Special Economic Zones (SEZs) and Industrial Policies (IPs) become relevant to promote industrialisation and spurring local economic growth as the province needs to move from raw extracting to value addition economy.

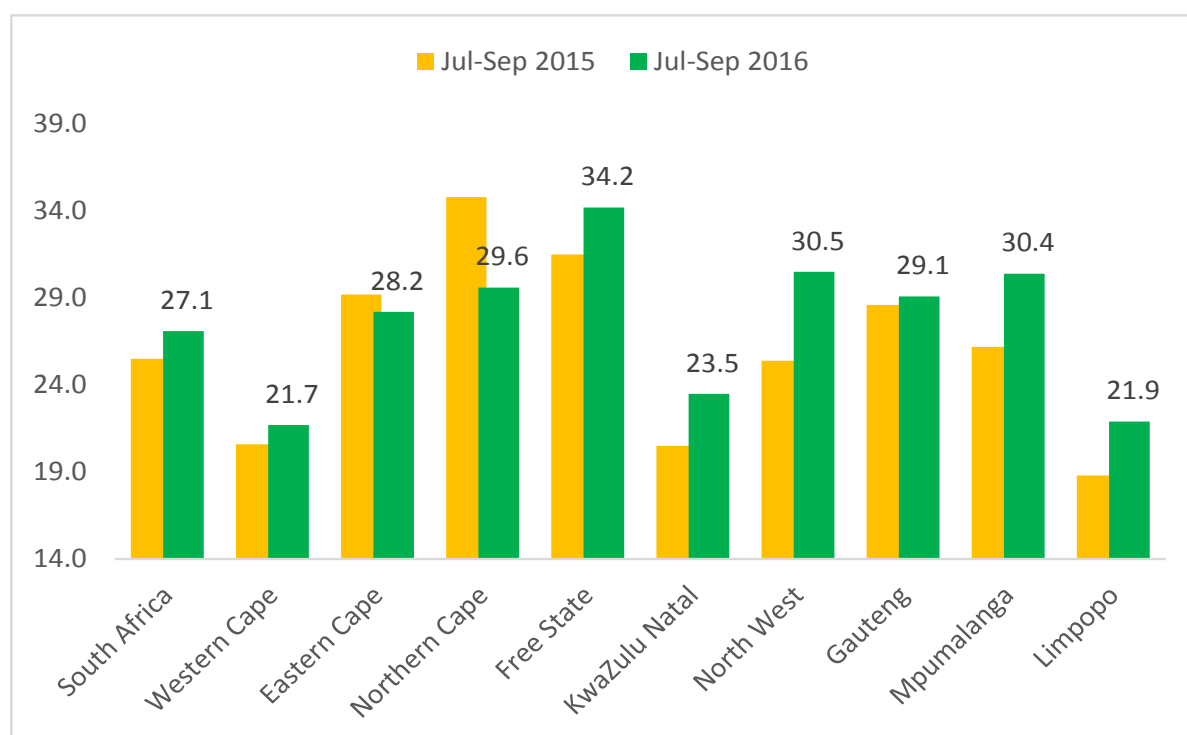


## CHAPTER 2: Labour Market

### 2.1. Unemployment

Most provinces have witnessed an increase in the unemployment rate year on year, however, Free State, North West and Mpumalanga recorded unemployment rates of above the 30 percent mark. Eastern Cape and Northern Cape had a decline in the rate of unemployed people year on year from 29.2 percent to 28.2 percent and 34.8 percent to 34.2 percent respectively. For the past few years, Limpopo and Western Cape have recorded the country's lowest unemployment rate. Although they are still doing well in this regard, their average rate of unemployment is rising gradually. Western Cape's unemployment rate increased from 20.6 percent to 21.7 percent year on year and Limpopo's grew from the low of 18.8 percent to 21.9 percent year on year.

**Figure 13: Unemployment by province**

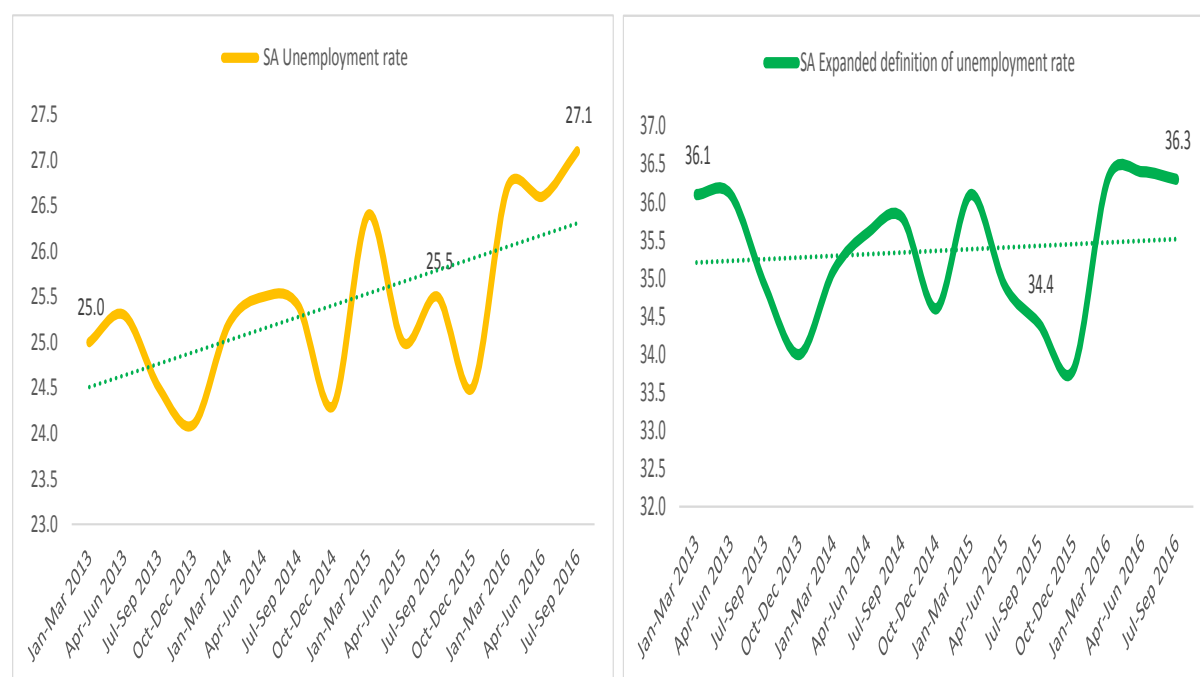


Source: StatsSA Quarterly Labour Survey 2016

The general rise in the average unemployment rate raises serious policy concerns that need to address economic growth acceleration such as job creation and addressing skills relevance or employability of graduates. The fight against poverty and income inequality can be accelerated by the decline in the number of unemployed people. Therefore, the neo liberal economic system in itself may be anti-developmental if left to itself, hence the need for government to introduce creative mechanisms that will encourage firms to increase graduate intake numbers.

The South African unemployment rate has gone through erratic growth patterns with an upward trend over time. It moved from 24.1 percent in the fourth quarter of 2013 to 27.1 percent in third quarter of 2016. The number of unemployed people rose from 4.862 million in the first quarter of 2013 to 5.873 million in the third quarter of 2016. The expanded unemployment rate in the third quarter of 2016 is at 36.3 percent. Labour unrests, deteriorating rand, low economic growth, low commodity prices, low investor confidence and an increase in the number of new entrants in the labour market are some of the contributing factors to the rise in the unemployment rate.

**Figure 14: SA Unemployment and Expanded Unemployment rate 2016**

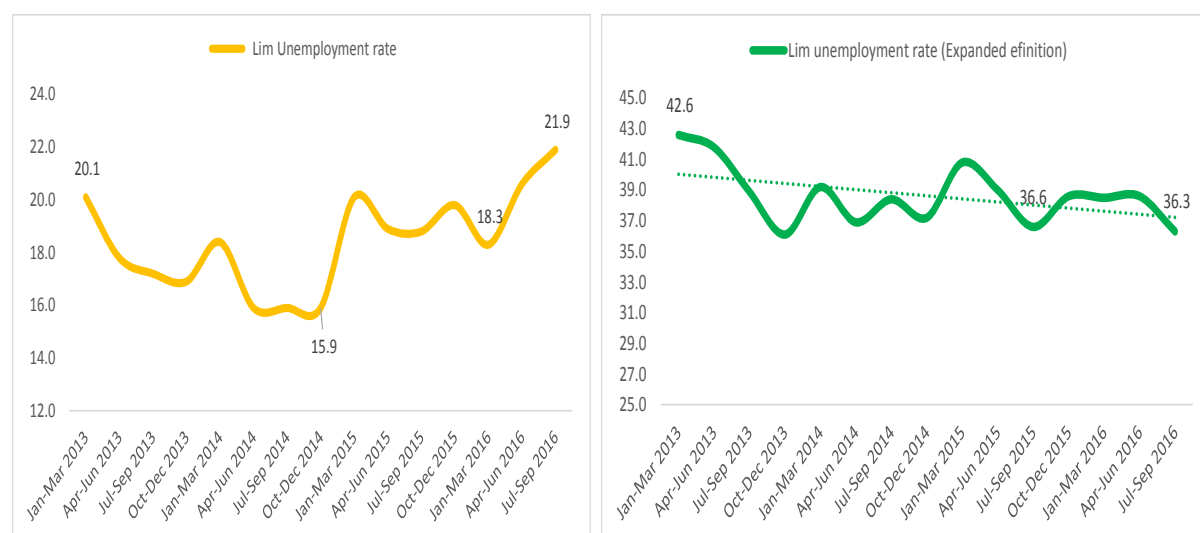


Source: StatsSA Quarterly Labour Survey 2016

## 2.2. Limpopo unemployment rate

The Limpopo provincial unemployment rate was at 20.1 percent in the first quarter of 2013, it dipped to an improved 15.9 percent in the fourth quarter of 2014 but has since deteriorated to 21.9 percent in the third quarter of 2016. The prolonged drought conditions along with other macro-economic dynamics led to the upsurge in the average unemployment rate in the province. Paradoxically, over an extended period, the expanded unemployment rate in the province is diminishing over time from 42.6 percent in the first quarter of 2013 to 36.3 percent in the third quarter of 2016.

**Figure 15: Limpopo Unemployment and Expanded Unemployment rate 2016**



Source: StatsSA Quarterly Labour Survey 2016

Discouraged jobseekers are a subset of the hidden unemployed who are willing and able to work but have given up searching for work because they are of the view that there are no jobs or they lack the necessary skills to access the job market. There is a reiterating trend of the number of discouraged workers lessening towards the last quarter of each year, which is explained by the massive recruitment drive to meet up with labour demand during the festive period. However, the number tends to pick up in the subsequent quarters after the epic sales periods of December. In the province, there has not been a significant structural change in the cyclical pattern of the discouraged workers. On the other hand, there is a decline in the economically inactive population from 2.062 million in the first quarter of 2013 to 1.906 million in the third quarter of 2016.

**Figure 16: Limpopo discouraged work seekers and not economically active population**

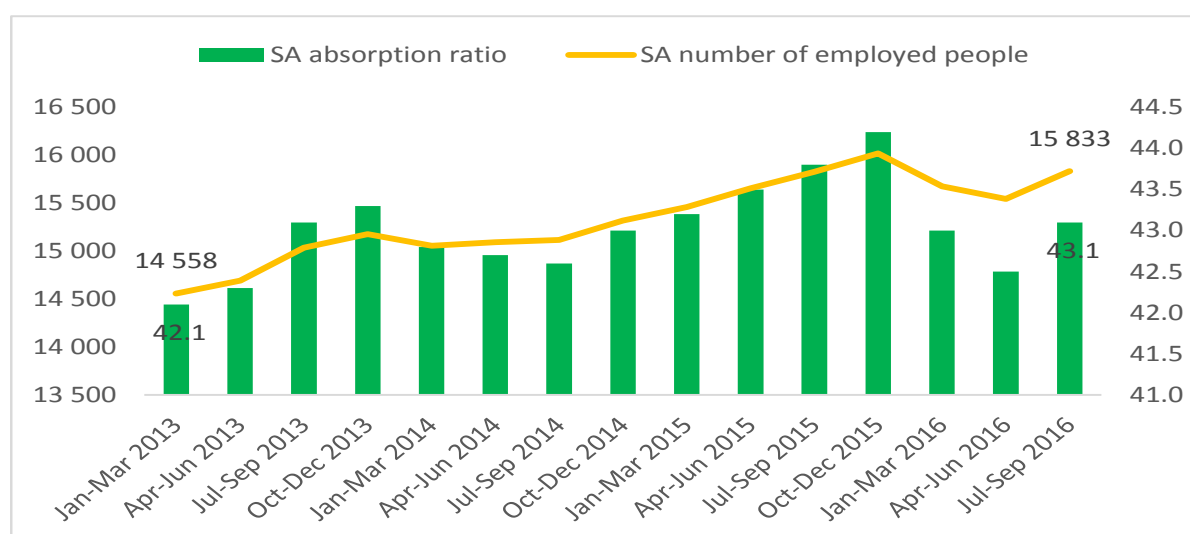


Source: StatsSA Quarterly Labour Survey 2016

## 2.3. Employment

The number of people employed in the country has increased gradually by 1.275 million between the first quarter of 2013 and third quarter of 2016. However, during the same period the absorption ratio has only increased by 1 from 42.1 to 43.1 and has not assisted in curbing the rising unemployment rate. The ratio is indicative of the economy's failure to create new job opportunities that would improve per capita income in the country.

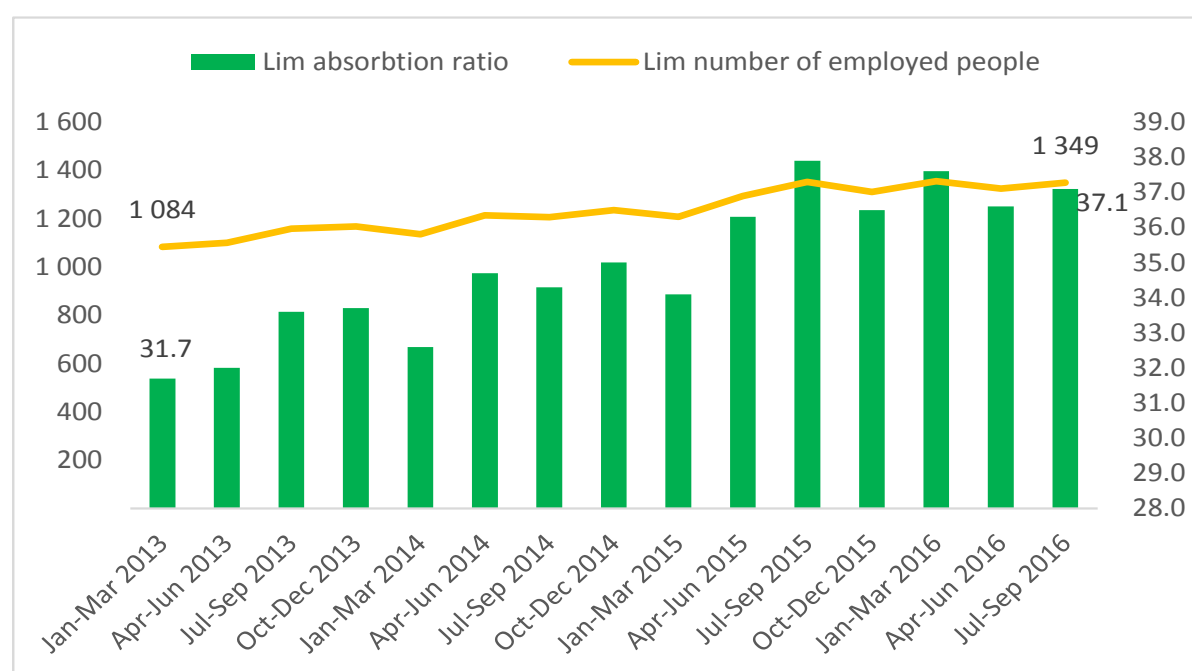
**Figure 17: SA absorption ratio and number of employed people**



Source: StatsSA Quarterly Labour Survey 2016

The number of employed people in the province has also been increasing gradually from 1.084 million in first quarter of 2013 to 1.349 million in the third quarter of 2016. This increase in the number of employed people in the province was not adequate to reduce rising unemployment rate in the province. The absorption rate has also improved from 31.7 percent in early 2013 to 37.1 percent in the second last quarter of 2016. Although this shows an improvement, the absorption rate is still below the national average absorption rate of 43.1 percent.

**Figure 18: Limpopo absorption ratio and number of employed people**

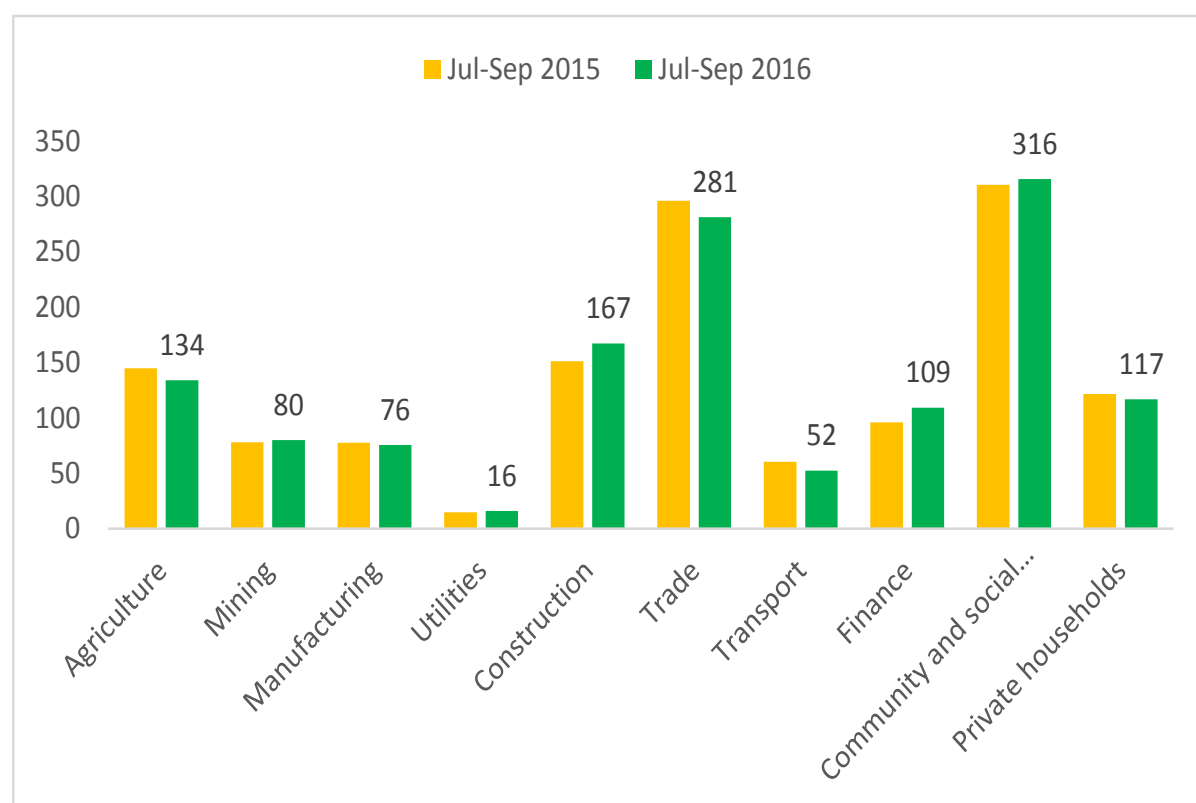


Source: StatsSA Quarterly Labour Survey 2016

## 2.4. Employment by sector

The two sectors that contribute significantly to total employment in Limpopo are community and social services, followed by the trade sector. Both sectors contribute 44.3 percent to total employment in the province. The manufacturing and finance sector in the Limpopo only contribute 4.5 percent and 4.7 percent to total employment respectively. Agriculture and mining are the sectors with low employment contribution, they both play a significant role in the national employment contribution. Agriculture contributes 15.2 percent to total employment nationally, while mining contributes almost 20 percent.

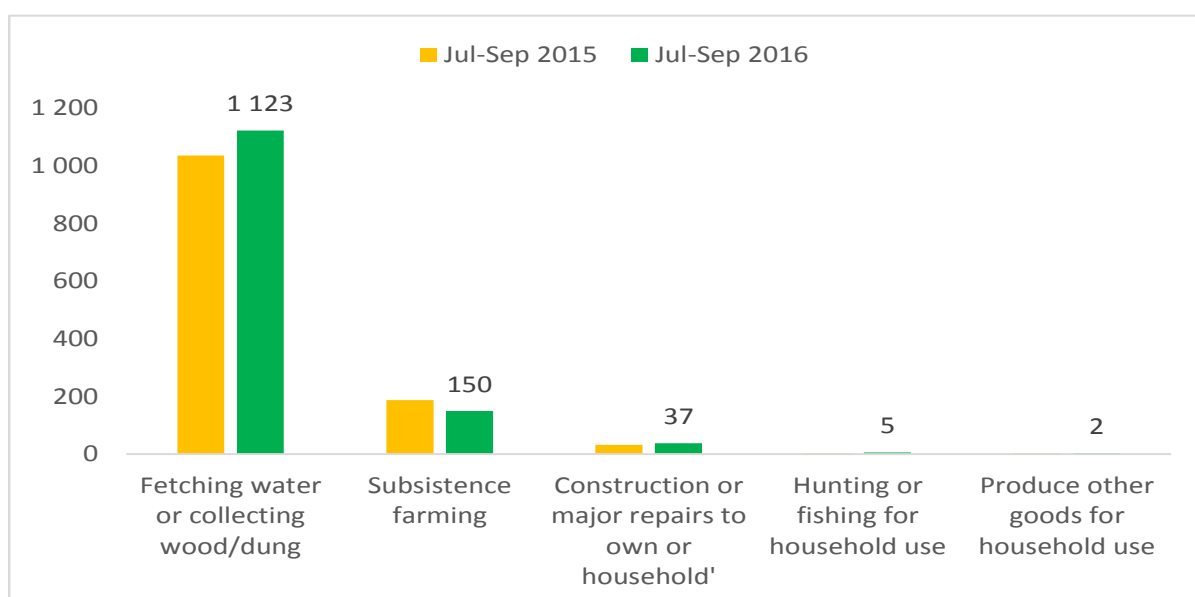
**Figure 19: Limpopo employment by sectors**



Source: StatsSA Quarterly Labour Survey 2016

The province's discouraged work seekers and the economically inactive population may be excluded from the definition of employment, but this does not mean they don't engage in other activities outside the mainstream economy non-market activities. There is a notable number of people who make a living from collecting water and wood in the non-market activities representing about 1.123 million people, followed by subsistence farming although there is a decline in the number of people engaged in subsistence farming year on year. This could be attributed to the rising costs of farming due to lack of seasonal rains particularly in 2016. In Limpopo 37 thousand people are engaged in construction or major repairs to own households, followed by hunting and production of goods for household use.

**Figure 20: Limpopo non-market activities 2016**



Source: StatsSA Quarterly Labour Survey 2016

## 2.5 Conclusion

South Africa is faced with a resilient and relatively high unemployment rate, particularly amongst the youth and women. Unemployment in the country and Limpopo in particular is exacerbated by the lack of skills in the labour force as some industries require specific technical skills. Though the Limpopo unemployment rate is one of the lowest in the country there is still a need for the province to improve GDP growth and create additional job opportunities in an effort to further reduce the unemployment rate. The province will also require a holistic policy approach to skills development, industrialisation and investment attraction.

## **Chapter 3: Demographic Profile**

### **3.1. South African Population**

Population dynamics, such as changes in population size, structure and distribution, and the associated demographic factors of births, deaths and migration, affects all facets of human life. Planners in every sector should examine the population aspects of their sectors carefully and address their sector plans with reference to the relevant population issues. For instance, the education sector should seek to analyse the current size and future growth of school age population as well as the supply of educators at all levels, their distribution in urban and rural areas and their future growth. The National Development Plan (NDP Vision 2030) also recognises the importance of population issues by looking at challenging issues to be addressed through government and collaborating agencies' interventions.

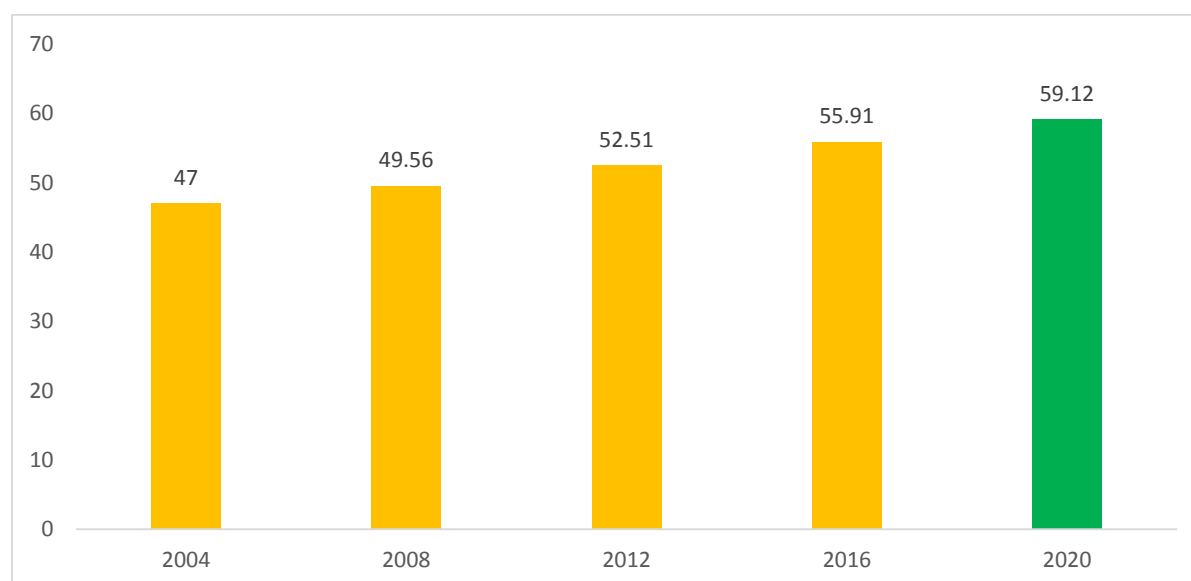
According to the United Nation Department of Economic and Social Affairs (UN DESA) the world population reached 7.3 billion in 2015, 1 billion people more than 12 years ago. However, it is projected that it will take 15 years to add another 1 billion people to the current population numbers. This is based on the current trends which depicts that between 2005 and 2015, the annual rate of population growth dropped from 1.24 percent to 1.18 percent. Africa accounts for 16 percent of world population representing 1.2 billion people in 2015 but has the highest rate of population growth, at 2.55 percent annually. This means that almost half, 1.3 billion of the 2.4 billion, of the people projected to be added to the world population between 2015 and 2050, will be Africans. As a result, Africa's share of the world population may reach 25 percent in 2050.

The South African population has been on an upward trajectory over time, growing on average at 1.5 percent per annum, slightly above the world population growth rate. The national population numbers grew from 47 million in 2004 to 55.91 million in 2016 and is projected to grow to 59.12 million in 2020. The growth is spurred by a number of factors among others being the increasing child birth rates and inward migration.



**Figure 21: South African population number**

**(Millions)**



Source: StatsSA\_population estimates 2016

South Africa being one of the most developed countries in the continent, it should be expected to have an influx of foreign nationals to the country for asylum, business and other activities

Some theoretical analyses argues that high population growth creates pressures on limited natural resources, reduces private and public capital formation, and diverts additions to capital resources to maintaining rather than increasing the stock of capital per worker. Other analyses point to positive effects such as economies of scale and specialization.

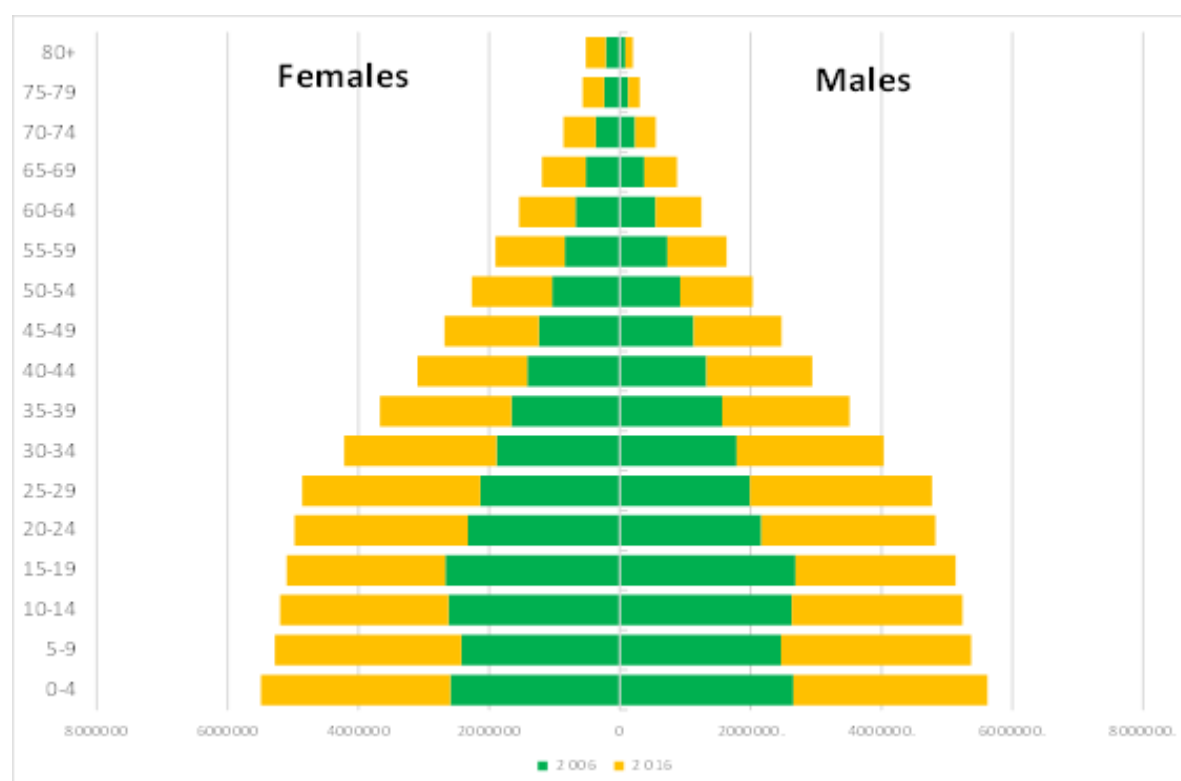
### **3.2. South African age structure**

The South African population age structure has transformed from a honey comb in 2006 to a bell shape in 2016. This implies that the composition of the population is growing especially among infants and teenagers. This raises very important policy questions in terms of government services in general. More investments will be required to ensure the achievement of the SDGs on access to universal education. A further risk is the possibility that the high unemployment rate and child dependency

will eventually become the state's responsibility as some of the children will need to be accommodated in the social security net for child support grants and other social security services, putting more pressure on the already limited resources.

The growth in the infant population and that of the elderly population increases the level of total dependency ratio in the country, thereby reducing the demographic dividend that could have otherwise spurred economic growth and development.

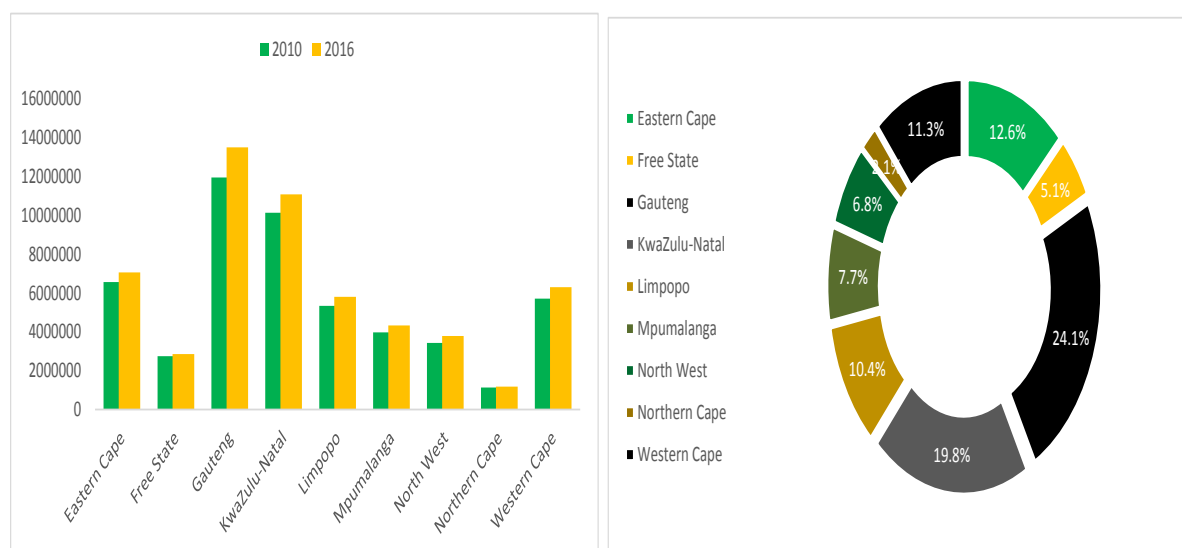
**Figure 22: SA population by sex and age**



Source: StatsSA\_population estimates 2016

The two provinces with the largest population numbers are Gauteng and Kwazulu Natal accounting for 44 percent of the total population, 24.1 percent and 19.8 percent respectively. Limpopo's population grew from 5.336 million in 2010 to 5.803 million in 2016 maintaining an average of about 10 percent of total population in the country. Northern Cape and Free State provinces remain the two provinces with the lowest population numbers in the country.

**Figure 23: Population size and contribution by provinces**



Source: StatsSA\_population estimates 2016

### 3.3. South African population projections

Projected population figures still indicate that by 2020, Gauteng and Kwazulu Natal will remain the most populated provinces in the country. In 2020, the two provinces will still account for 44 percent of the total national population. Limpopo total population is forecast to grow from 5.803 million in 2016 to 6.099 million in 2020, a growth rate of about 5 percent.

**Table 4: Population projections by provinces**

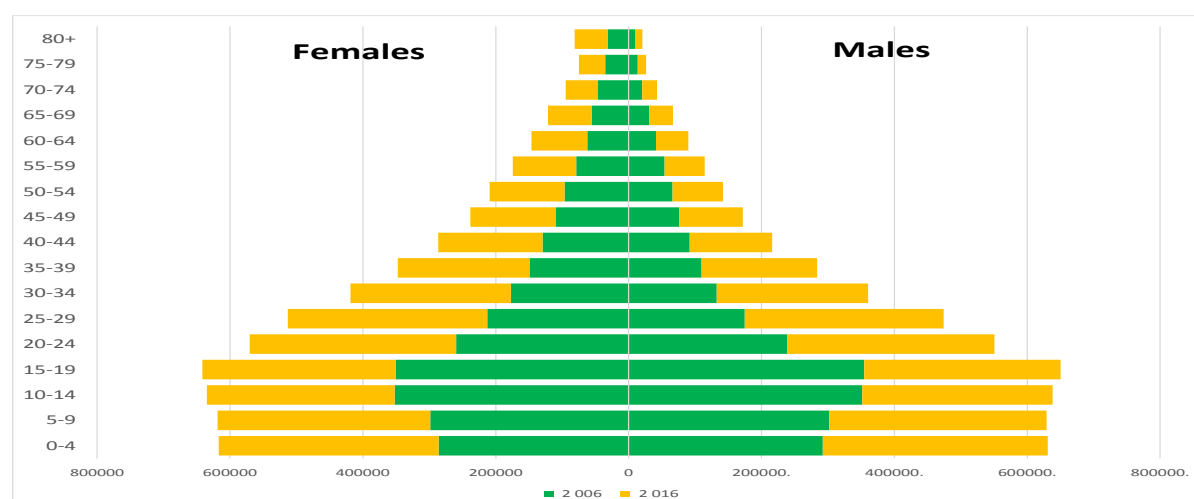
Region	2017	2018	2019	2020
Eastern Cape	7 139 343	7 216 342	7 292 740	7 368 275
Free State	2 881 699	2 901 236	2 920 124	2 938 351
Gauteng	13 773 633	14 039 599	14 298 205	14 550 769
KwaZulu-Natal	11 229 964	11 379 864	11 528 903	11 677 145
Limpopo	5 877 921	5 952 008	6 025 913	6 099 917
Mpumalanga	4 388 273	4 447 727	4 506 248	4 563 785
North West	3 847 645	3 904 691	3 961 709	4 018 453
Northern Cape	1 200 705	1 209 594	1 218 149	1 226 275
Western Cape	6 393 555	6 491 627	6 587 462	6 681 303
South Africa	56 732 739	57 542 689	58 339 454	59 124 273

Source: StatsSA\_population estimates 2016

### 3.4. Limpopo Population

The population age structure of Limpopo has not changed significantly since 2006. The structure has assumed a honey comb shape; however, it is notable that birth rates have decreased over the years. Also notable is the growth in the population numbers of the elderly citizens in the province, particularly among the females. In 2016, the population of those between 35 – 80+ accounted for 28 percent of the total population, while about 72 percent of the population is made up of people between 0 – 34 years old. This is indicative of the fact that the province has a special developmental challenge of servicing the needs of the youth and working age population. The need for access to academic institutions and creation of job opportunities cannot be over emphasised in this particular case.

**Figure 24: Limpopo population by sex and age**



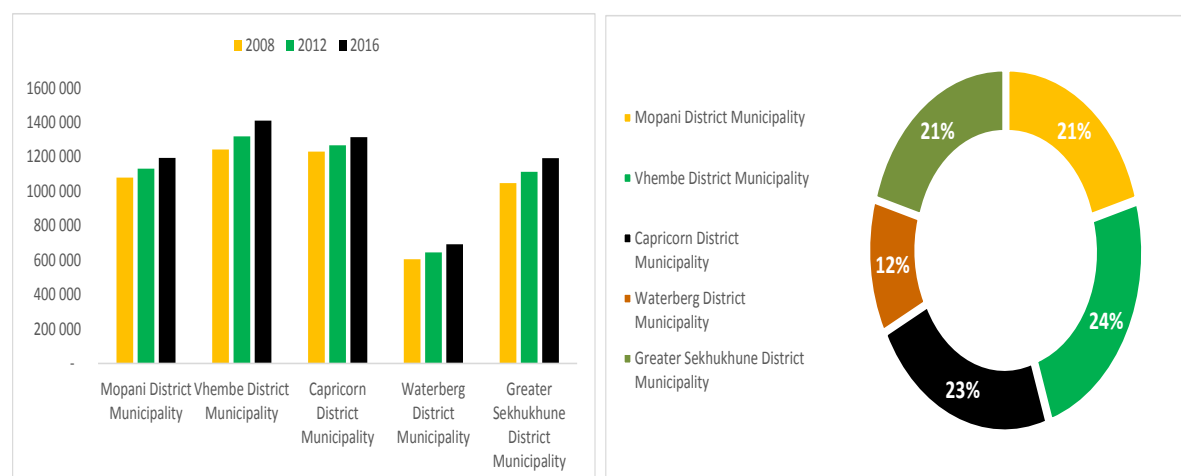
Source: StatsSA\_population estimates 2016

The provincial population is shared mainly by four districts namely Mopani, Vhembe, Capricorn and Sekhukhune districts recording 21 percent, 21 percent, 24 percent and 23 percent respectively. Waterberg is the least populated district only having 12 percent share of the total provincial population.

Most of the districts have experienced population growth over the years. Mopani's population grew from 1.080 million in 2012 to 1.193 million in 2016, representing population growth of 10.4 percent. Vhembe's population grew to 1.410 million from

1.242 million, representing 13.5 percent growth. Capricorn's population grew by 6.8 percent, from 1.230 million to 1.314 million; which was the lowest growth rate recorded in the province. Waterberg district's population grew by 47 thousand, from 605 thousand to 652 thousand. Sekhukhune's district population contributes 21 percent of the total population in the province, growing from 1.047 million to 1.192 million.

**Figure 25: Limpopo total population by districts**



Source: StatsSA\_population estimates 2016

### 3.5 Conclusion

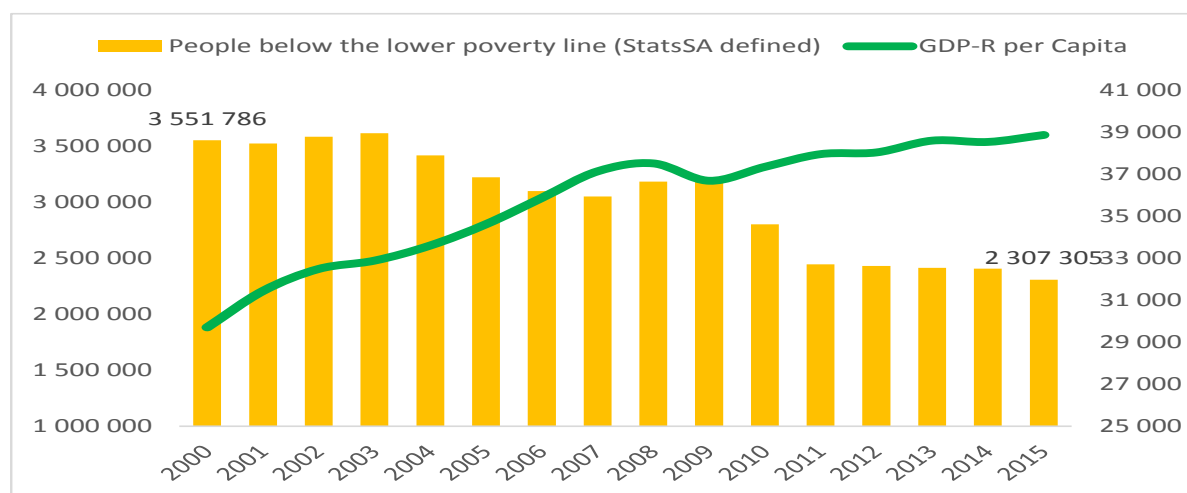
The population in the country is mainly composed of a good number of working age population skewed towards the youth. This indicates that the labour market could be sufficiently supplied with economically active labour force. However, the increasing population raises a number of policy concerns on the fiscus such as skills training and development for the youth to enable them to be absorbed into the mainstream labour market. This will require government to invest more into the education sector, from basic to tertiary education as well as giving incentives to companies to train the youth through the learnership and apprenticeship programmes.

## Chapter 4: Development indicators

### 4.1. Poverty

The challenge of poverty and its reduction remains the most pressing dilemma in the international development debate. There is no doubt that poverty is a contributing factor to poor health outcomes. Poor people have lower life expectancies, higher prevalence of chronic illnesses and health conditions, and they have more unmet health needs than people in the middle-class and high income levels. Poverty eventually traps people in the vicious cycle.

**Figure 1: Limpopo people below the lower poverty line and GDP per capita**



Source: Regional Explorer 2015

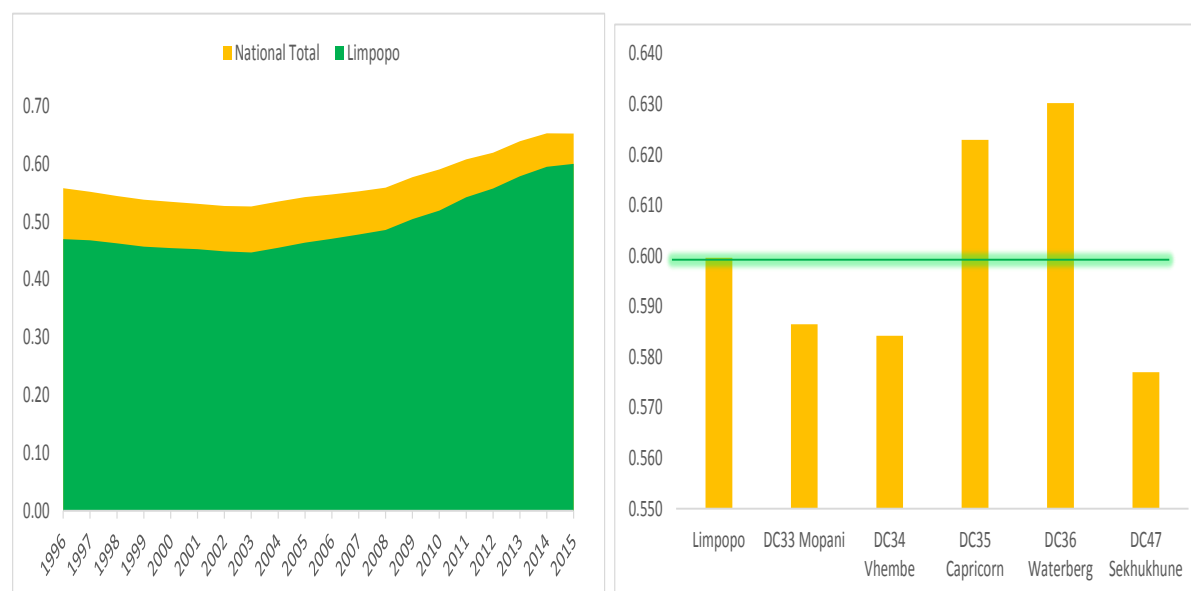
The poverty level is measured by the number of people below the lower poverty line. In 2000 the number of people living in poverty in Limpopo was 3.551 million and this number has decreased by 1.244 million to 2.307 million in 2015. There is a converse correlation between poverty and GDP per capita, as GDP per capita increases, the poverty levels decrease over time. Intuitively, the economy has to grow at a much faster rate to curb poverty through employment creation and expanded social welfare services. Government has also through the Expanded Public Works Programme (EPWP) managed to dent the general poverty levels in the province.

## 4.2. Human Development Index

The Human Development Index measures a country's average achievements in three basic aspects of human development; longevity, knowledge and a decent standard of living. HDI is measured between 0 and 1. Countries with an HDI score of over 0.8 are considered to have high development and scores between 0.5 and 0.8 to have medium human development and below 0.5 to have low human development.

Just after the dawn of democracy, the human development index both at national and provincial deteriorated, till early 2000s. In 2003, the Limpopo HDI was 0.446; however, it recovered to 0.600 in 2015. Although the improvement is celebrated, it is on average less than the national mark of 0.652 in 2015. Capricorn and Waterberg registered the highest HDI in the province at 0.620 and 0.630 respectively. The lowest recorded HDI is 0.580 in Sekhukhune district municipality. The HDI may not be integrated to per capita income; however, there is a close correlation between the two variables. Capricorn and Waterberg have the largest per capita GDP in the province and invariably the highest HDI.

**Figure 27: Limpopo Human Development Index 2015**



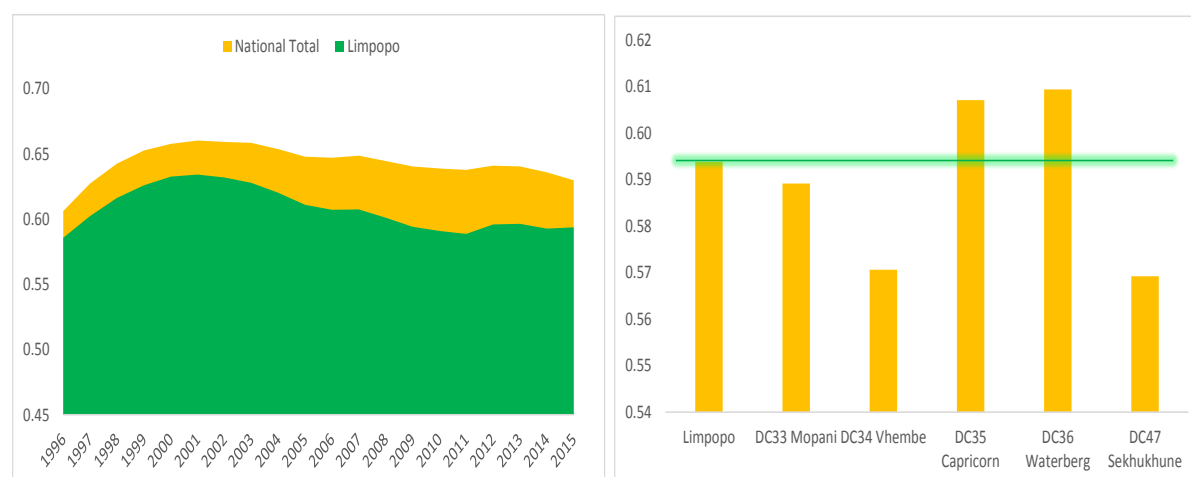
Source: Regional Explorer 2015

### 4.3. Gini Coefficient

The Gini coefficient is the measure of income inequality, ranging from 0 – 1, whereby 0 is a perfectly equal society and a value of 1 represents a perfectly unequal society.

There should be converse relationship between the HDI and the Gini Coefficient. When the HDI is high, there should be low income inequalities, however, when the HDI deteriorates, the income inequality rises. In 2015, Limpopo income inequality, measured by Gini Coefficient was 0.59 and the national average was 0.63.

**Figure 2: Limpopo Gini Coefficient**



Source: Regional Explorer 2015

### 4.4 Conclusion

Poverty remains a major contributing factor to poor health outcomes, implying that poor people may have lower life expectancies, higher prevalence of chronic illnesses and other health conditions. Government should ensure social protection which aims to help the poor and vulnerable people manage risk and overcome deprivation, through direct cash or in-kind transfers. These can include cash transfers such as pensions, disability grants, child benefits, social assistance, input distribution programmes for agriculture, employment guarantee programmes, subsidised access, nutritional supplements and school feeding programmes.



## **Chapter 5: Social Services**

### **5.1. Health**

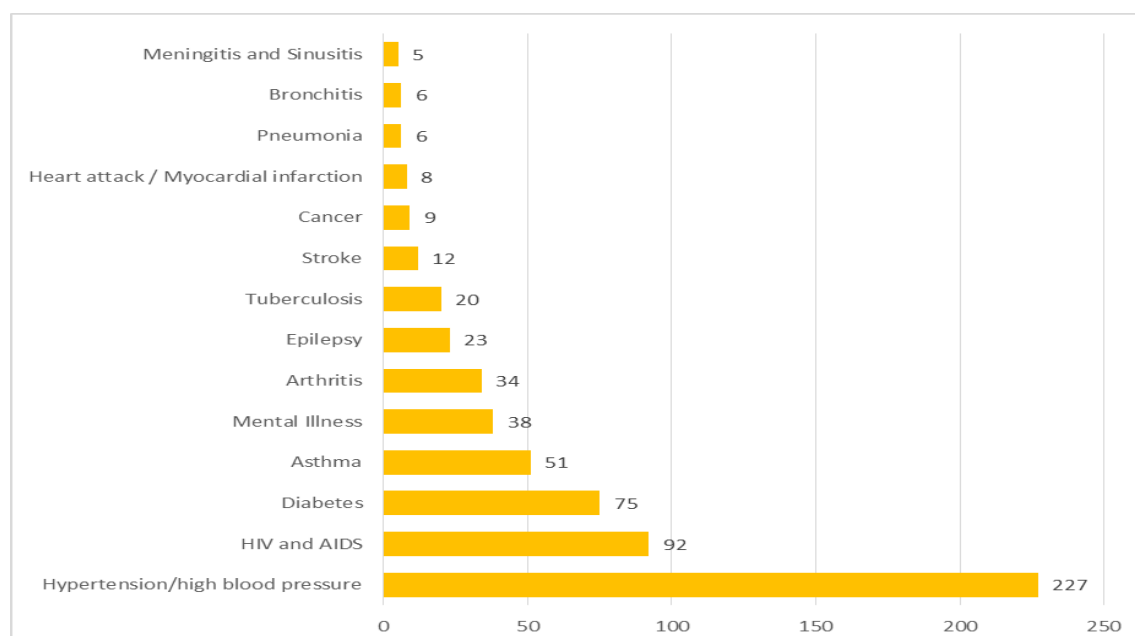
Better health is central to human happiness and well-being. It also makes an important contribution to economic progress, as healthy populations live longer, are more productive, and may save more. Many factors influence health status and a country's ability to provide quality health services for its people. For example: investments in roads can improve access to health services and inflation targets can on the other hand constrain health spending.

The health goal (SDG 3) comprises 13 targets, with a total of 26 indicators. The health goal has the largest number of proposed indicators of all the 17 SDGs. The 2030 development agenda seeks to end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, waterborne diseases and other communicable disease. It is further required to substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.

#### **5.1.1. Chronic health conditions**

Poverty leaves many people susceptible to contracting diseases. According to the World Health Organisation (WHO), people and families who are already poor are most likely to suffer because chronic diseases are likely to ruin a family's economic prospects.

**Figure 29: Limpopo Population suffering from chronic health conditions as diagnosed by a medical practitioner or nurse, by sex and province, 2015**



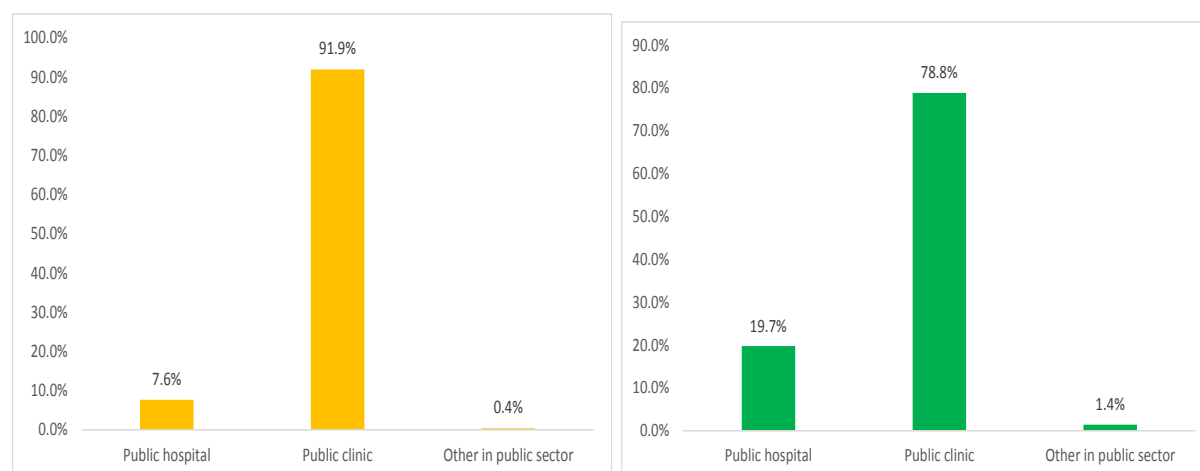
Source: StatsSA - General Household Survey (GHS)

According to the above figure about 227 thousand people in Limpopo are suffering from Hypertension/high blood pressure, followed by HIV and AIDS and Diabetes, affecting 92 thousand people and 75 thousand people respectively. The least prevalent chronic health conditions are Pneumonia affecting 6 thousand people, Bronchitis affecting 6 thousand people, and Meningitis and Sinusitis affecting 5 thousand people.

### 5.1.2. Place of consultation

In the public sector, about 91.1 percent of the people in Limpopo would consult a public clinic for medical attention. Rightly so, as clinics are the first port of entry in the public health system, they provide primary health care. Only 7.6 percent would go to the public hospital. It is noted that 78.8 percent of people with at least one member of the household covered with medical aid do still consult a public clinic. This implies that some family members are not included in the medical aid scheme of the covered member. This may be due to various reasons varying from expensive costs of medical aid schemes to family structure dynamics.

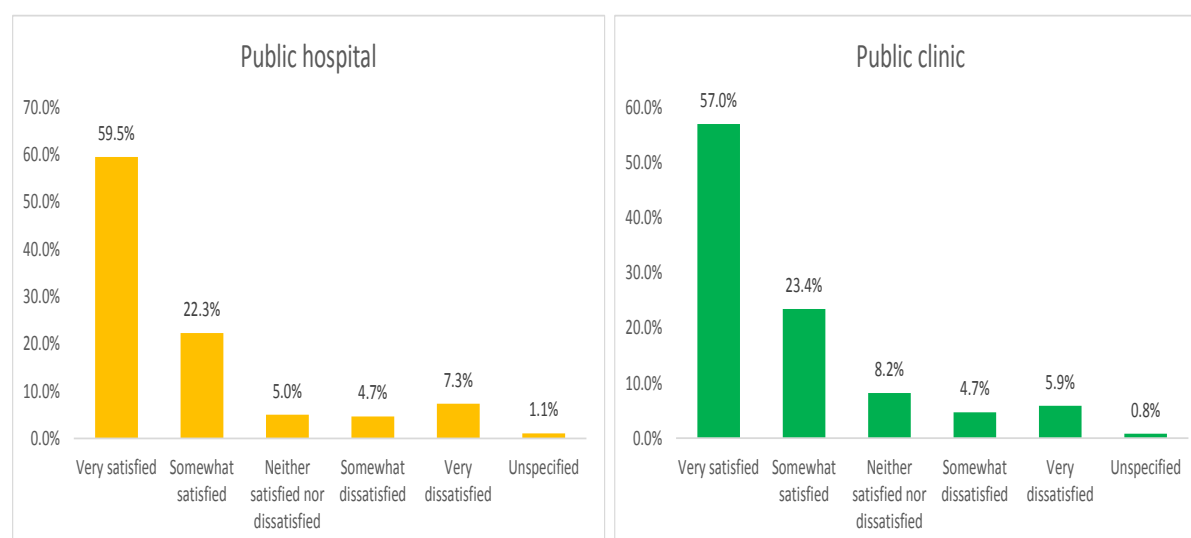
**Figure 30: The household's normal place of consultation and whether at least one member is covered by medical aid, 2015**



Source: StatsSA - General Household Survey (GHS)

In 2015, about 59.3 percent of people who used public hospitals were very satisfied, while those who were somewhat dissatisfied and very dissatisfied made up 12 percent. Similarly, about 57.0 percent of the people using public clinics in the province were satisfied with the services they received, while only 10.6 percent of the people were somewhat dissatisfied and very dissatisfied.

**Figure 31: The respondent's level of satisfaction with the service received during their most recent visit, by kind of health facility used, 2015**

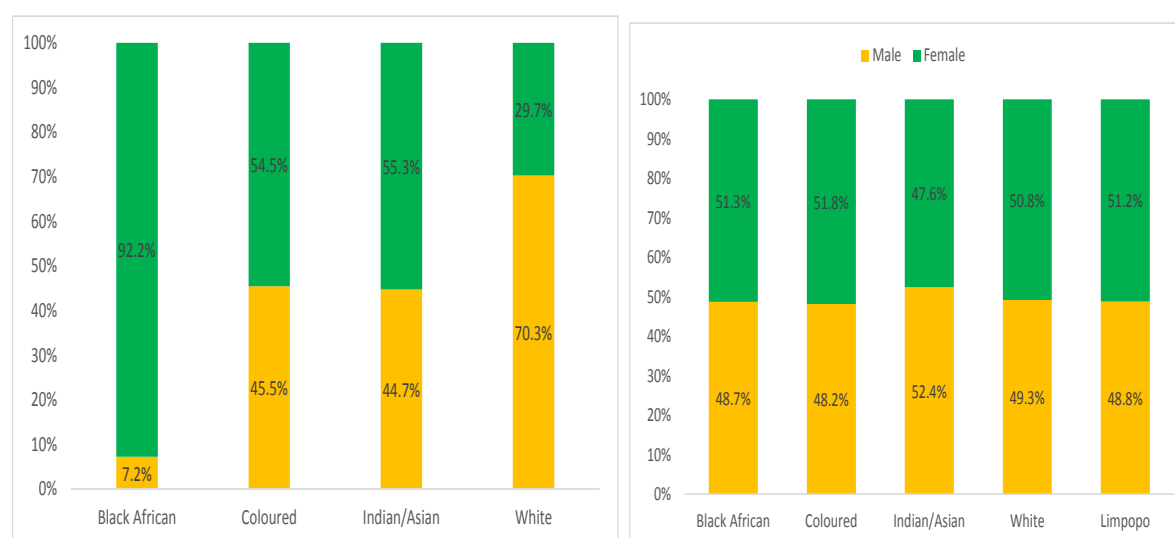


Source: StatsSA - General Household Survey (GHS)

### 5.1.3. Medical aid coverage

Medical services in the country are provided by both private and public sector. There is an overwhelming perception that private sector medical services are more efficient and satisfactory as compared to public health care. However, the private sector medical services are normally accessed by the middle-class through medical aid coverage. This generally excludes the majority of the low income and poor population of the province, who then have to rely on public sector health care services. There is no doubt that poverty is a contributing factor to poor health outcomes. Poor people have lower life expectancies, higher prevalence of chronic illnesses and health conditions, and they have more unmet health needs than people in the middle-class and high income levels.

**Figure 32: Percentage of people with medical aid and those without, by population group, 2015**



Source: StatsSA - General Household Survey (GHS)

Based on the above figure about 70.3 percent of the white population in the province have medical aid, followed by Coloureds and Indians with 45.5 percent and 44.7 percent respectively. 92.2 percent of the black African population do not have medical aid coverage, followed by the Indian/Asian population at 55.3 percent and Coloured population at 54.4 percent.

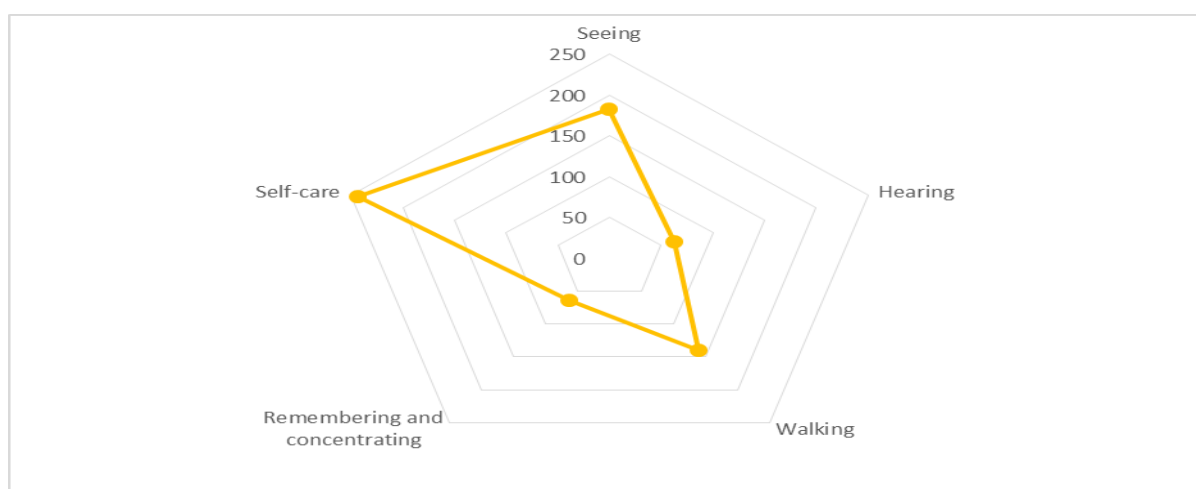
What's worth noting also is that, amongst the 92.2 percent of the black people not covered with medical aid, about 51.3 percent of them are females. This is the same group that suffers high unemployment and have the social burden of manning families in many instances, with meagre incomes. This almost applies to all other races except for the Indian/Asian's, where it is the male population that is not covered with medical aid.

#### 5.1.4. Disability

Women, children, youth, the elderly, orphans and people with disabilities are amongst those vulnerable to disproportionate burdens of specific forms of ill-health. This holds true at all levels of development, but is most pronounced under circumstances of poverty.

There is a high number of people in Limpopo who are unable to care for themselves, constituting 244 thousand. This number may be relatively small as a proportion of the total population but the burden may be severe for poor and low income households with lack of access to appropriate health services. The second highest disability in the province is eye sight, affecting about 183 thousand people and thirdly is walking disabilities affecting 140 thousand people.

**Figure 33: Population aged 5 years and older that have some difficulty or are unable to do basic activities, by province, 2015**



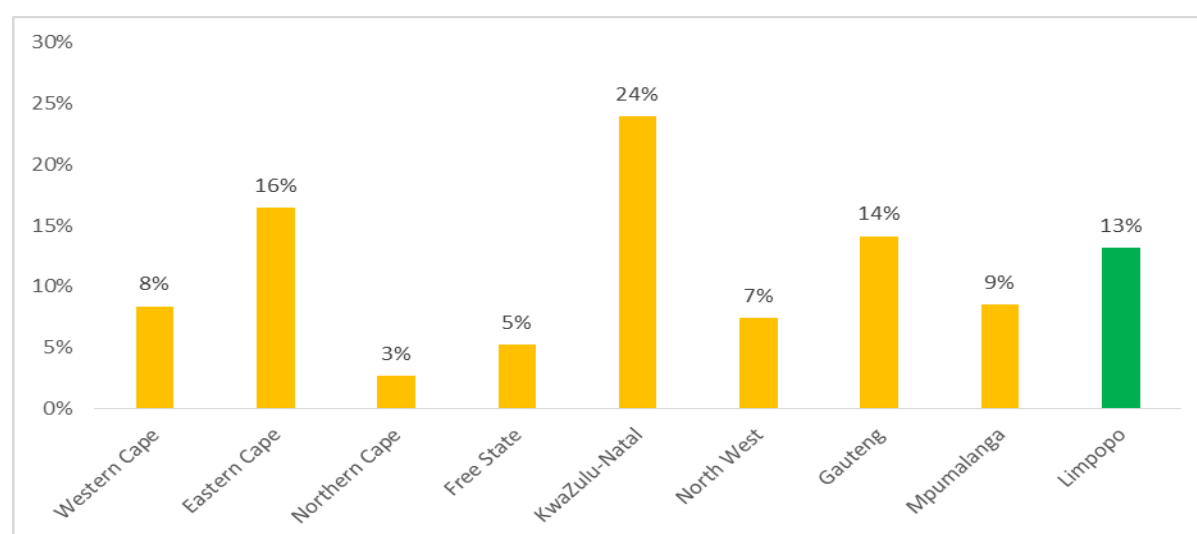
Source: StatsSA - General Household Survey (GHS)

To enable persons with disabilities to attain and maintain maximum independence, capacity development efforts should be aimed at ensuring access to employment. This can be done by promoting access to inclusive education, skills development and vocational and entrepreneurial training.

## 5.2. Social Welfare

Social welfare policies are important because they form the framework that allows all citizens to live within their basic rights with access to some of the most basic social amenities. These programs are developed and guided by the underlying policies and are geared towards helping people in need for purposes of poverty alleviation. They also offer an opportunity to risk groups to maintain their households and preserve their human dignity.

**Figure 34: Population that received social grants, relief assistance or social relief, province, 2015**



Source: StatsSA - General Household Survey (GHS)

Limpopo is the fourth largest beneficiary of social grants in the country representing 13 percent. It is surpassed by KwaZulu Natal, Eastern Cape and Gauteng recording 24, 16 and 14 percent respectively. Generally, the number of beneficiaries is driven by both demographic and socio-economic factors such as population size, age, unemployment and economic activity.

The majority of the social grant recipients in Limpopo are females who account for 54 percent. This is so because firstly, they have longer life expectancy than men, and the senior female population is more than that of males. Secondly, there are more men in employment than females after the age of 60 years. Men who receive social grants only account for 46 percent.

### **5.3. Education**

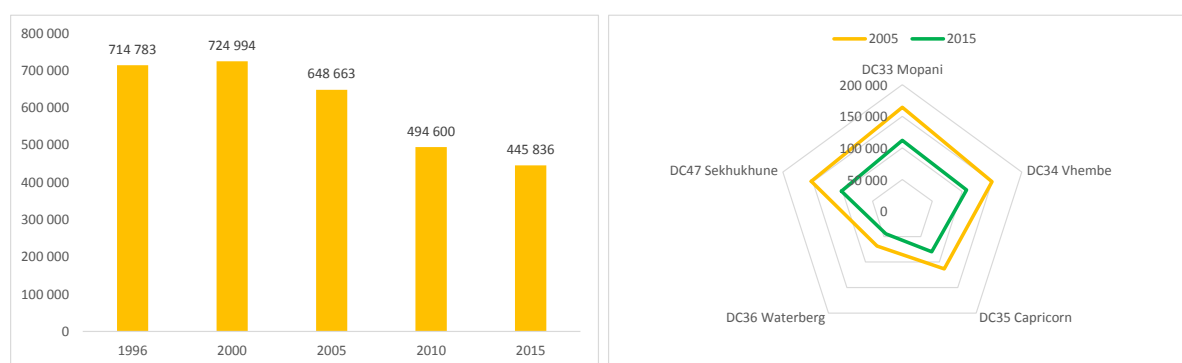
Recognizing the important role of education, the 2030 Agenda for Sustainable Development highlights education as a stand-alone goal (SDG 4- ensure inclusive and quality education for all and promote lifelong learning) and also includes targets on education under several other SDGs, notably those on health; growth and employment; sustainable consumption and production; and climate change. In fact, education can accelerate progress towards the achievement of all of the SDGs and therefore should be part of the strategies to achieve each of them.

Education can improve the capacity of individuals to live a decent life and to escape from the hunger trap. The basic idea is that being educated improves rural people's capacity to diversify assets and activities, to access information on health and sanitation, to enhance human urgency in addition to increasing productivity in the agricultural sector.

#### **5.3.1. Levels of education**

There is a decline in the number of people who have not been through the education system in the province. In 2015, the number of people without education was recorded at 446 thousand, from 714 thousand in 1996. The districts with the largest number of people without education are Mopani, Sekhukhune, Vhembe and Capricorn. Waterberg has the least number which correlates with the lower population size in Waterberg.

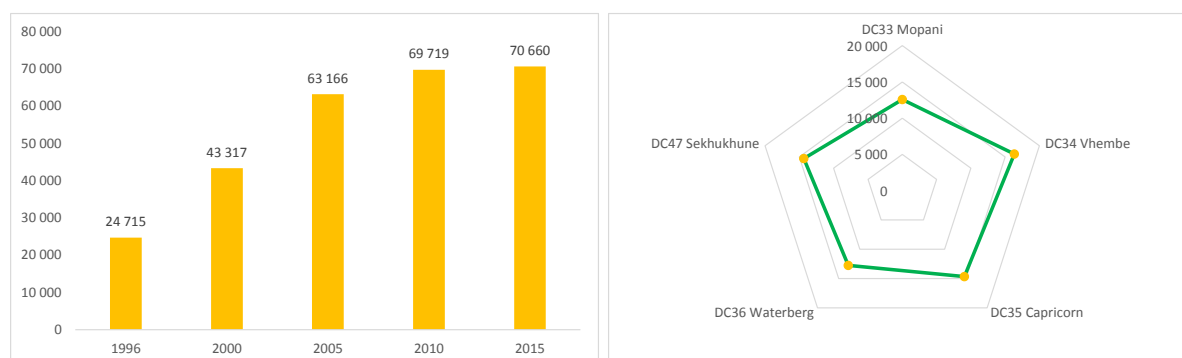
**Figure 35: Limpopo number of people with no education**



Source: StatsSA - General Household Survey (GHS)

The number of children possessing grade 0 – 2 has grown in quantum between 1996 and 2005. As indicated by the population pyramid, the birth rates in the province has increased which has also resulted in the number of people with grade 0 – 2 now growing at marginal rates. This however points to the need to support and develop the early childhood sector and promote child development and literacy rates in the province.

**Figure 36: Limpopo number of people with Grade 0 to 2**

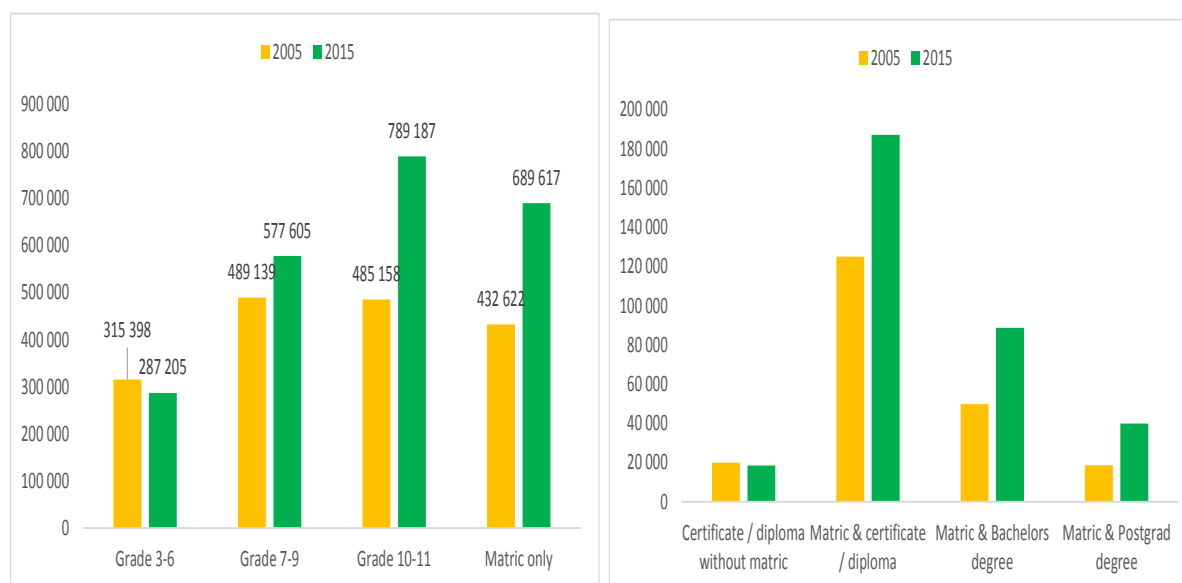


Source: StatsSA - General Household Survey (GHS)

There is a growing number of people with primary school and high school education. Most pronouncedly, is the growing number of people in possession of matric and diploma qualifications, this number increased from 125 thousand in 2005 to 187 thousand in 2015. These individuals are ready to join the labour market or pursue their studies further. The policy question is, whether the provincial and national labour market and higher learning institutions are ready to absorb them.



**Figure 37: Limpopo number of people with Grade 3 - 12**



Source: StatsSA - General Household Survey (GHS)

### 5.3.2. Limpopo learner enrolment

The majority of the learners in the province depend on government to receive education. Therefore, most learners are likely to enrol in government schools rather than private schools. In 2014, total number of enrolments in the public schools was 71 thousand while those in independent schools were only 3 thousand. The numbers increased significantly in the subsequent year, where total enrolments in public schools grew to 100 thousand, while independent schools recorded 4 thousand. This shows the continued importance of government in providing free and quality education to those who cannot afford. The largest enrolment growth was in Vhembe and Sekhukhune district recording growth difference of 8 thousand and 7 thousand respectively from 2014 to 2015.

**Table 5: Gr 12 Learner Enrolment per District and Sector**

District/Year	2014			2015		
	INDEPENDENT	PUBLIC	Total	INDEPENDENT	PUBLIC	Total
CAPRICORN	829	19 377	20 206	1 020	24 508	25 528
GREATER SEKHUKHUNE	627	14 499	15 126	695	21 499	22 194
MOPANI	757	13 960	14 717	849	18 766	19 615
VHEMBE	1 325	17 562	18 887	1 259	25 711	26 970
WATERBERG	215	6 475	6 690	236	9 588	9 824
Limpopo	3 753	71 873	75 626	4 059	100 072	104 131

Source: StatsSA - General Household Survey (GHS)

### 5.3.3. School categories

Given that Limpopo is a rural province, most schools in the province are quintile 1 and 2 schools, which makes up 84 percent of the schools in the province. The fiscal implication of course is that many of these schools will require continuous financial support from government and also require an expanded school nutrition programme to motivate teaching and learning.

**Table 6: Limpopo school categories**

District/Year	2015			
	Quintile 1	Quintile 2	Quintile 3	Total
CAPRICORN	228	446	213	887
GREATER SEKHUKHUNE	720	169	7	896
MOPANI	381	112	179	672
VHEMBE	125	638	172	935
WATERBERG	111	260	33	404
Limpopo	1 565	1 625	604	3 794

Source: StatsSA - General Household Survey (GHS)

#### **5.3.4. Conclusion**

Good health plays a very important role in economic growth and development of a country. A healthy population is more productive, live longer, and save more. The South African government is face with the responsibility of making provision for health services to the majority of the population as many are unemployed, live in poverty and can't afford medical aid facilities. Equally, the Limpopo province is faced with the same dilemma of increasing its health services as many people rely on public facilities such as clinics to address their health needs since they are easily accessible in the rural areas.

The exclusion of the majority of the low income and poor population from the medical aid schemes put more reliance on the public sector health care services. The full implementation of the NHI, will provide access to quality, affordable personal health services for all people in the province based on their health needs, irrespective of their socio-economic status and will relieve the public health of congestion.

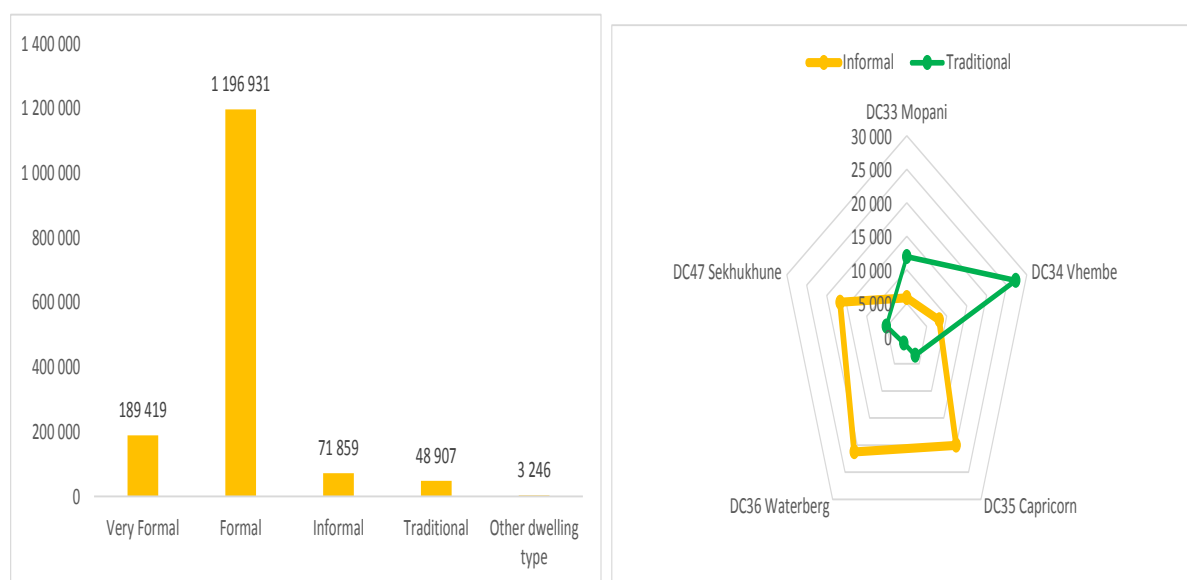
A high number of people in the province are having social challenges and are unable to take care for themselves hence they rely on social welfare. Social welfare policies are important because they form the framework that allows all citizens to live within their basic rights with access to some of the most basic social amenities. Limpopo being a rural province has most of the schools categorized under quintile 1 and 2. This has fiscal implications as many schools will require continuous financial support from government and also require an expanded school nutrition programme to motivate teaching and learning.

## CHAPTER 6: HOUSEHOLD INFRASTRUCTURE AND ENVIRONMENT

### 6.1. Human Settlement

Out of the 1.510 million households, about 1.196 million reside in formal dwellings, followed by 189 thousand residing in very formal dwellings. What is concerning for policy planners are households that still reside in informal and traditional dwellings which poses logistical challenges when coming to the provision of amenities such as water and sewage systems. About 48 thousand households in the province still reside in traditional dwellings which are mainly concentrated in rural areas in the province. About 71 thousand households reside in informal dwellings. Most of these households are in Waterberg, Capricorn and Sekhukhune districts. Mopani and Vhembe have the lowest number of households living in informal dwellings at 6 thousand and 8 thousand households respectively. Vhembe has the largest number of households living in traditional dwellings

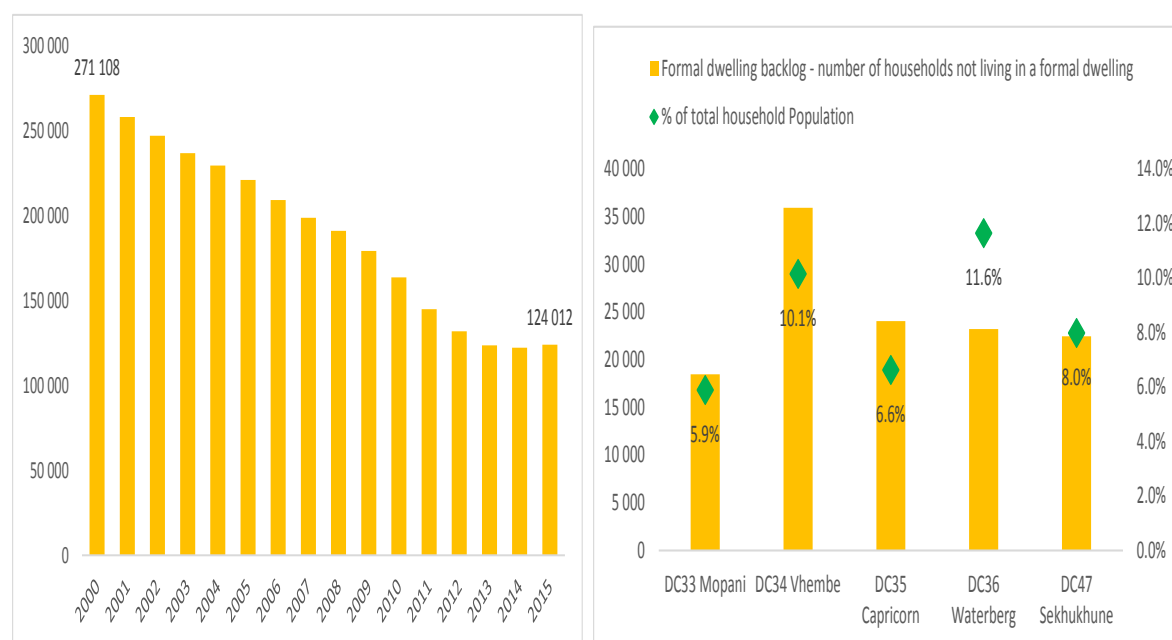
**Figure 38: Limpopo number of households by dwelling type**



Source: Regional Explorer 2015

Government, and in other instances, the private sector have aided in reducing the housing backlogs in the province. The backlog declined from 271 thousand households in 2000 to 124 households in 2015. Waterberg district accounts for only 12 percent of the Limpopo population but has the highest number of households who live in informal dwellings. About 11.6 percent of households in the Waterberg district are without proper dwellings, followed by Vhembe at 10.1 percent. However, backlogs in Vhembe are different from those at Waterberg, which are predominantly households living in traditional houses; while in Waterberg district its households living in informal settlements.

**Figure 39: Limpopo housing backlogs**

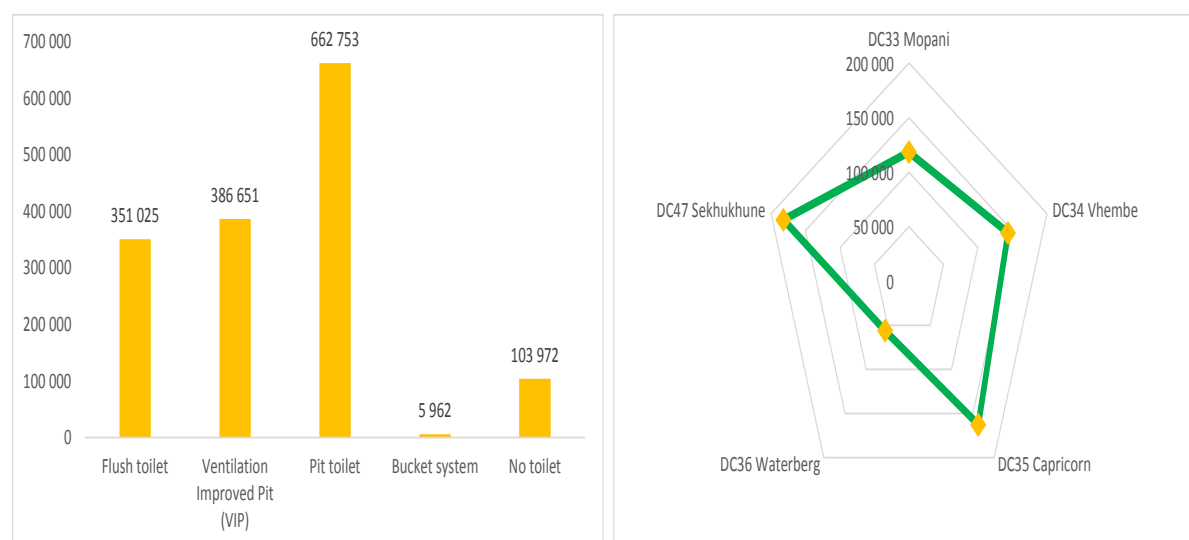


Source: Regional Explorer 2015

## 6.2. Sanitation

About 51 percent of the households in the province do not have hygienic toilets<sup>1</sup>; this implies that they have no formal toilets or that they make use of either pit toilets or the bucket system. The largest backlog is in Sekhukhune and Capricorn districts with about 182 thousand and 162 thousand households.

**Figure 40: Limpopo number of households by type of sanitation**



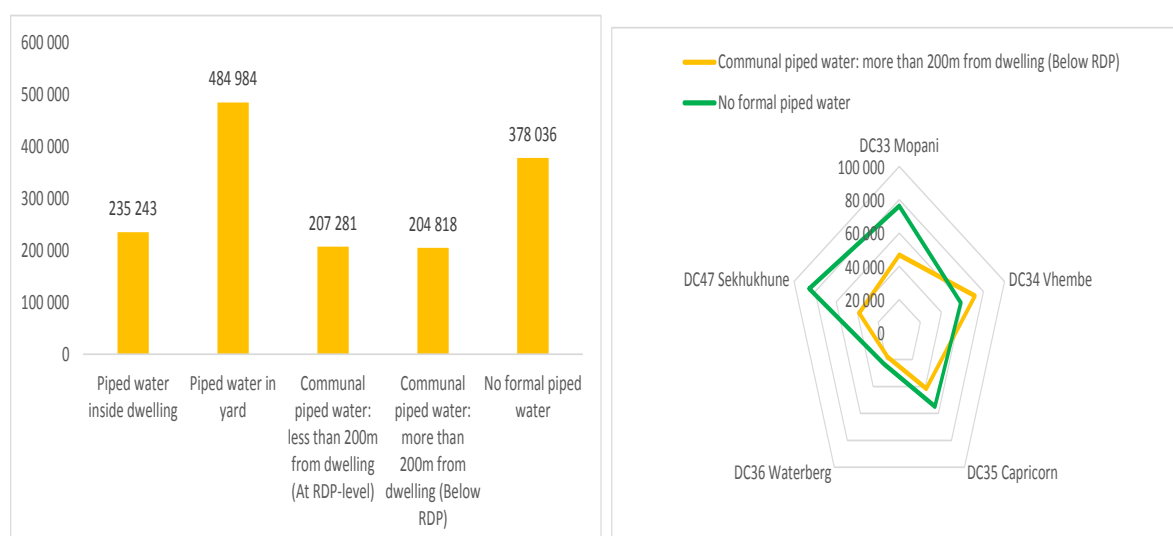
Source: Regional Explorer 2015

## 6.3. Water infrastructure

Limpopo is one of the provinces in the country that was affected by the El Niño phenomenon. The entire Limpopo population and not only farmers were affected by the drought, further the water infrastructure expansion programme of local authorities was also compromised, depriving households from access to water. About 25 percent of the households in the province do not have access to formal piped water. Those households with access to communal piped water (water within 200m from the dwelling) are 204 thousand. The largest number of households without piped water is in Sekhukhune and Mopani districts.

<sup>1</sup> A hygienic toilet refers to a flush toilet, chemical toilet and a pit latrine with a ventilation pipe.

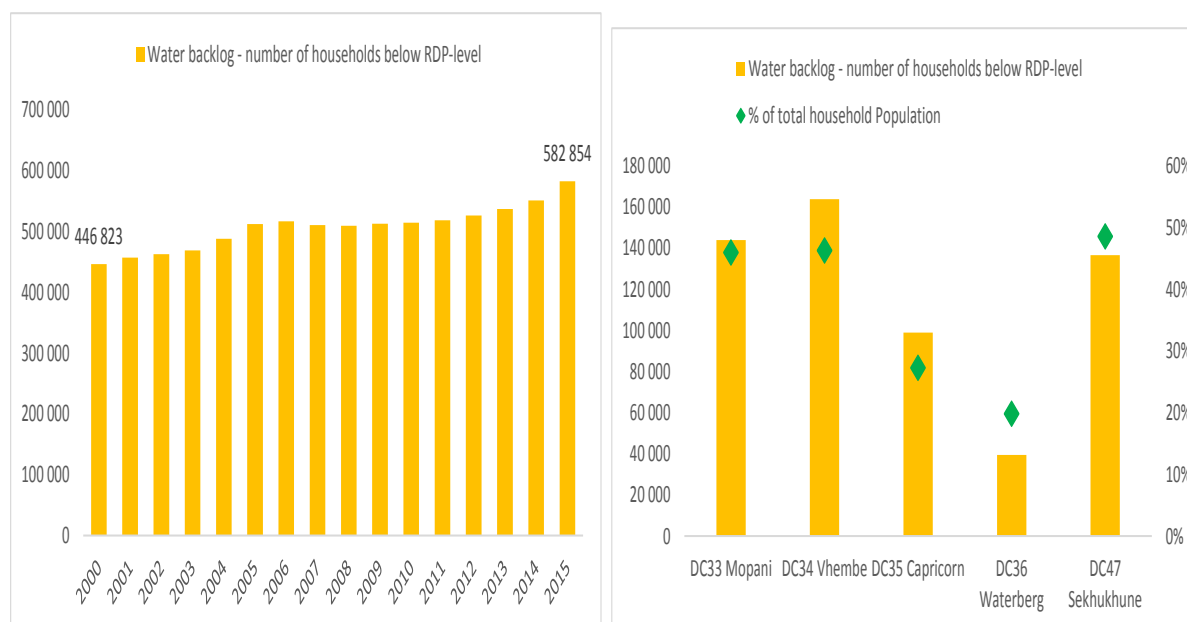
**Figure 41: Limpopo number of households by source of water**



Source: Regional Explorer 2015

The water backlog in the province is generally rising due to the increased demand created by the growth in population numbers and settlements. Areas of urgent intervention are in Sekhukhune and Mopani district.

**Figure 42: Limpopo water backlogs**

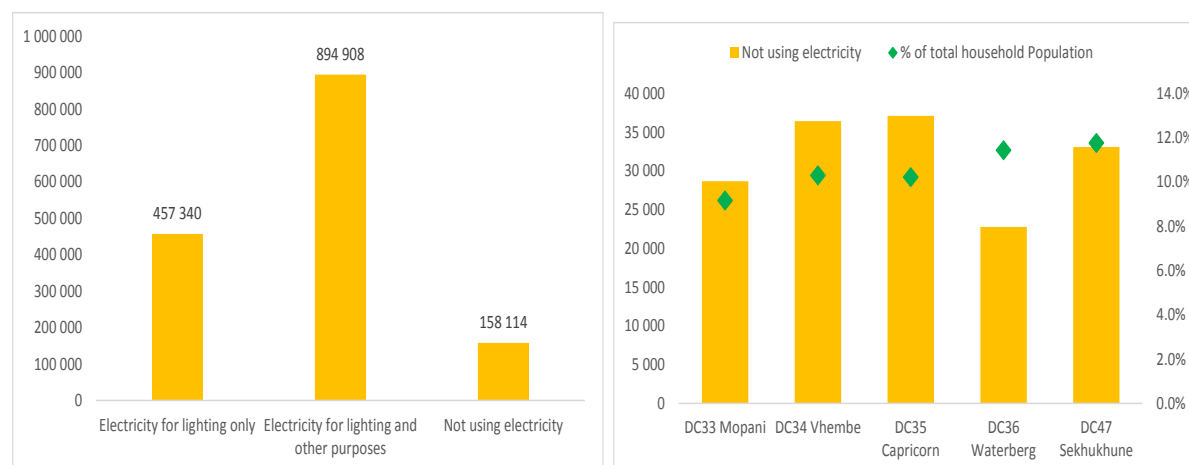


Source: Regional Explorer 2015

## 6.4. Electricity

About 85.5 percent of the households in the province have access to Electricity, about 158 thousand households do not have electricity connections.

**Figure 43: Limpopo number of households by use of electricity**



Source: Regional Explorer 2015

## 6.5. Conclusion

There is a general consensus that basic services are the building blocks for human development. By providing basic services effectively, leveraging municipal spending to create local jobs, and facilitating Local Economic Development (LED), rural municipalities can play a very important role in alleviating the worst forms of poverty and facilitating development in rural areas.

The provincial government has made significant strides in providing basic services to its citizens through provision of electricity connections and formal dwellings. More still needs to be done in terms of addressing the households that have no formal refuse removal, sanitation and water provision. This will require integrated infrastructure planning between different tiers of government and the private sector to address service delivery gaps. The provincial financial resources should be channelled to households in marginalised locations of the province to address these challenges.

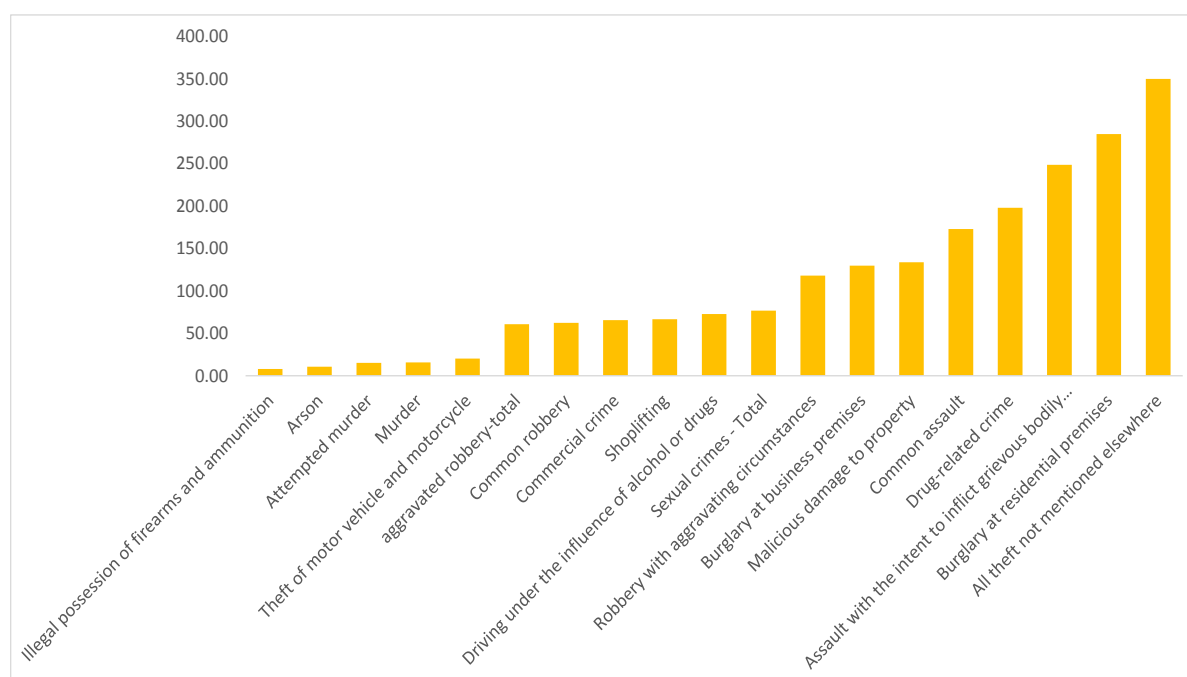


## CHAPTER 7: Limpopo Crime Outlook

The impact of crime on the economy is substantial, because it generates great costs to society at different levels, from the individual to the national economy. Crime increases uncertainty and the cost of doing business, so crime discourages entrepreneurial activities that will improve growth. The SDG goal 16 aspires peace, justice and strong institutions – to promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

The province is faced with various crimes, the highest of which is for theft where the province recorded a rate of 349 theft cases per 100 000 people. Common assault (173.04), drug-related crimes (198.24), assault with the intent to inflict grievous bodily harm (248.84) and burglary at residential premises (285.14) per 100 000 people are the main crimes reported in the province. The least reported crimes are Illegal possession of firearms and ammunition and arson.

**Figure 44: Limpopo crime rate by type per 100 000 people**



Source: Regional Explorer 2015

**Figure 45: Limpopo top four crimes**



Source: Regional Explorer 2015

There appears to be high prevalence of crime in Waterberg district compared to the other districts in the province. For all the top four crimes, most have been reported in Waterberg, followed by Capricorn and Mopani district. Generally, crime is correlated to economic buoyancy. In fact, the higher the economic growth, the more complex the crime becomes.

## CONCLUSION

Despite the uncertain global economic environment, South Africa's economy shows that it had entered a period of recovery. However, the economy is not growing fast enough to create the much-needed jobs. A programme that will stimulate economic growth is needed and it should focus on a few key areas to reignite growth, such as industrialisation, mining and beneficiation, agriculture, agro-processing, energy, small and medium enterprises, managing workplace conflict, attracting investment, growing the oceans economy, and tourism.

Downside risks still persist for South Africa's economy in 2017, the ongoing political situations, the dire state of the labor market and the potential effect of Trump's protectionist policies may weigh-in on 2017 growth. On a positive note, a gradual improvement in the world economy and a recovery in commodity prices will support South Africa's economy, thereby easing the pressure on the government fiscus.

Rising unemployment in the province has taken an undesirable trajectory. More and more people who are looking for employment cannot find jobs. Given the growing matric and higher learning graduates and despairing economic climate, the province may be faced with a serious social challenge of a higher unemployment rate, increase in the number of discouraged job seekers, crime and other problems related to unemployment. Growth in the Limpopo population is likely to increase the demand for social commodities as many people will become dependent of the state for health care services, education, housing, sanitation and other basic needs.

The provincial population however has a sufficient and skilled working age population to support economic growth, the challenge is to ensure that the correct required skills are available to support the industries in the province.

Due to the socio-economic status quo, a number of people in the province are not covered through medical aid and many are unemployed. This is a structural exclusion to good health care provided by the private sector, thereby confining the majority of the citizens to rely on state owned health facilities. This invariably raises the fiscal burden as most services are not paid for.

The education sector in the province is in a serious dilemma and requires attention. Firstly, the province is a rural province with most schools categorised as quintile 1 and 2 which implies that most parents that take their children to such schools are predominantly from low income households who can't afford to sponsor their children's fees. Government therefore becomes responsible to finance tuition at these schools. This explains why the sector, including the health sector, takes almost two thirds of the provincial budget; the clientele is highly reliant on government due to socio-economic circumstances.

In the long run, the risk that needs to be managed and mitigated is that more of the provincial resources may be deviated from productive and investment expenditure to social expenditure which may not necessary create economic growth.

It is essential for the country to promote a stable socio-political and economic environment, to attract and encourage investments as this will stimulate trade, which in turn could strengthen productivity and growth. In addition, given the subdued global growth outlook, further trade reforms that lower barriers of entry, coupled with measures to mitigate the cost to those who shoulder the burden of adjustment, would boost the international exchange of goods and services and revive the virtuous cycle of trade and growth.

Government should stimulate economic growth and investment expenditure at a rate above the population growth rate. This will assist to reduce social services backlogs and increase per capita income thereby reducing reliance on the state. Population growth can be helpful and stimulate the local economy, only if the citizenry is educated, healthy and productive.

In order to ensure that all people in the province receive access to high quality health care, government has introduced the National Health Insurance (NHI) fund. However, the NHI will not be a panacea of the health care challenges in the province. Well-orchestrated health reforms are necessary in the province. It is essential for the Health department to address inefficiencies in providing health care services, improve record

keeping and data capturing, strengthen and improve health ICT systems and improve revenue generation.

Government should stimulate job creation through expansionary fiscal policy that will increase aggregate demand and increase the productivity of firms and labour. Expenditure should be directed at capital stock accumulation which in turn will increase general productivity in all sectors by shifting from an extractive economy to a value adding economy and Provincial departments and Municipalities should focus on implementing programmes that will stimulate economic growth, reduce unemployment and poverty.