

Cover Page

FOREWORD

The 2019 Socio-Economic Review and Outlook seeks to synthesise the provincial economic development factors to gauge development progress overtime. The province has been addressing the social challenges such as unemployment, income inequality and poverty guided by the implementation of the Limpopo Development Plan. Progress was achieved, albeit, more still needs to be done to ensure general equality promulgated by the Sustainable Development Goals that envisages a state of society where living conditions and resource use continue to meet human needs without undermining the integrity and stability of the natural system.

The international economy is currently characterized by sporadic trade tensions and unstable geo political environment that is sending waves of uncertainty to all the countries. Inevitably, uncertainty disturbs economic stability particularly in developed economies with high dominance on less diversified export. Given these vulnerabilities, African economies in particular need to constructively form a resilient inter regional pan African economy that will address development challenges facing the continent

The provincial economy showed good resilience in the last few years by showing positive growth and it expected to continue this growth performance. The difficult economic conditions place a bigger emphasis on the implementation of sound fiscal policy by Limpopo Treasury. As the province gears itself for the new Medium Term Strategic Framework cycle, it will be imperative to acknowledge progress attained so far and the backlogs that are still remaining and set out clear government actions to take in enhancing the lives of the people of Limpopo.

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ABBREVIATIONS

| | | |
|---------|---|---|
| AIDS | - | Acquired Immune Deficiency Syndrome |
| ART | - | Antiretroviral Therapy |
| ARV | - | Antiretroviral |
| EAP | - | Economic Active Population |
| ECD | - | Early Childhood Development |
| GDP | - | Gross domestic product |
| GFCF | - | Gross Fixed Capital Formation |
| GHS | - | General Household Survey |
| GOS | - | Gross Operating Surplus |
| GVA | - | Gross Value Added |
| HDI | - | Human Development Index |
| HIV | - | Human Immunodeficiency Virus |
| IMF | - | International Monetary Fund |
| LDP | - | Limpopo Development Plan |
| LED | - | Local Economic Development |
| LICs | - | Low Income Countries |
| LTA | - | Limpopo Tourism Agency |
| NDP | - | National Development Plan |
| NHI | - | National Health Insurance |
| OECD | - | Organization for Economic Cooperation and Development |
| QLFS | - | Quarterly Labour Force Survey |
| Q-on-Q | - | Quarter on Quarter |
| RDTs | - | Rapid Diagnostic Tests |
| SA | - | South African |
| SADC | - | Southern Africa Development Community |
| SASSA | - | South African Social Security Agency |
| SDGs | - | Sustainable Development Goals |
| SERO | - | Socio Economic Review and Overview |
| SEZs | - | Special Economic Zone |
| StatsSA | - | Statistics South Africa |
| TVET | - | Technical and Vocational Education and Training |

| | | |
|--------|---|---|
| UK | - | United Kingdom |
| UN | - | United Nations |
| UNESCO | - | United Nations Educational Scientific and Cultural organization |
| US | - | United States |
| USA | - | United States of America |
| WHO | - | World Health Organization's |
| WIDE | - | World Inequality Database on Education |
| WTO | - | World Trade Organization |

CHAPTER 1: ECONOMIC OVERVIEW

1.1 Introduction

World economy has undergone economic and financial market turbulences which some countries inevitably are still battling to recover from or still dealing with the consequences. Emerging and developing economies to a large extent are highly affected by trade tensions, geo-political uncertainties and most topically environmental consideration. The Sustainable Development Goals (SDG's) envisages inclusive growth that is environmentally friendly and doesn't put the lives of people in danger, South Africa needs to be agile and develop adaptive policies and find opportunities in the current developments.

The country's economy suffered episodes of weak investor confidence, sporadic fuel prices, and unfavourable international trade amendments over the past 5 years. However, it has just emerged from a technical recession through recovery in the Agriculture, Manufacturing and the Financial sector. It is important that as the economy is steered towards accelerated economic growth, it is also appreciating international protocols such as the Sustainable Development Goals (SDGs). Limpopo is characterized as an extractive economy with the mining sector contributing the most compared to other sectors, it is important that this sector strives towards sustainable business models that are beneficial for the environment and the people in the province.

1.2 World Economic Overview

1.2.1 World Economic growth rate

Global economic growth rate averaged 3.6 percent since 2014 maintaining positive yet moderate trends amidst trade and geopolitical tensions. These tensions, combined with concerns about softening global growth prospects, have weighed on investor sentiment. World economic growth in 2018 is projected to be 3.7 percent. Global growth is projected by the IMF to decline to 3.6 percent in 2019 before picking up slightly to 3.7 percent in 2020. The World Bank is even more bearish than the IMF, only

expecting 2.9 percent world economic growth during 2019. This growth pattern reflects a persistent decline in the growth rate of advanced economies together with a temporary decline in the growth rate for emerging market and developing economies in 2019. The current trade tensions between America and China had a bigger negative impact on China than America.

Table 1: World Gross domestic product (GDP), constant prices Percent change

| Country Group Name | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|------|------|------|------|------|------|------|------|
| World | 3.58 | 3.45 | 3.27 | 3.74 | 3.73 | 3.65 | 3.66 | 3.64 |
| Advanced economies | 2.07 | 2.31 | 1.71 | 2.34 | 2.36 | 2.13 | 1.72 | 1.68 |
| Euro area | 1.42 | 2.05 | 1.89 | 2.39 | 2.03 | 1.88 | 1.65 | 1.55 |
| Emerging market and developing economies | 4.72 | 4.30 | 4.39 | 4.72 | 4.68 | 4.68 | 4.93 | 4.88 |
| Emerging and developing Asia | 6.81 | 6.80 | 6.46 | 6.54 | 6.52 | 6.31 | 6.42 | 6.31 |
| Emerging and developing Europe | 3.91 | 4.73 | 3.27 | 5.98 | 3.77 | 1.98 | 2.83 | 2.55 |
| Sub-Saharan Africa | 5.14 | 3.27 | 1.40 | 2.75 | 3.07 | 3.76 | 3.91 | 3.95 |
| South Africa | 1.85 | 1.28 | 0.57 | 1.32 | 0.76 | 1.40 | 1.74 | 1.80 |

Source: IMF World Economic Outlook Database, October 2018

Advanced Economies

Growth in the Euro area is set to weaken from 2.39 percent in 2017 to 2.03 percent in 2018. Growth rates have been marked down for many economies, notably Germany (due to soft private consumption, weak industrial production following the introduction of revised auto emission standards, and subdued foreign demand); Italy (due to weak domestic demand and higher borrowing costs as sovereign yields remain elevated); and France (due to the negative impact of street protests and industrial action).

Developing Economies

Developing economies remain the main drivers of global growth expected to grow by 4.68 percent in 2018. In 2017, Asia accounted for nearly half of global growth, as the region continue to expand at a relatively rapid pace. The Chinese economy alone contributed about one-third of global growth during the year. Growth in emerging and developing Asia is expected to moderate in the medium term. Despite fiscal stimulus that offsets some of the impact of higher US tariffs, China's economy will slow down

due to the combined influence of needed financial regulatory tightening and trade tensions with the United States. India's economy is poised to pick up in 2019, benefiting from lower oil prices and a slower pace of monetary tightening than previously expected, as inflation pressures ease.

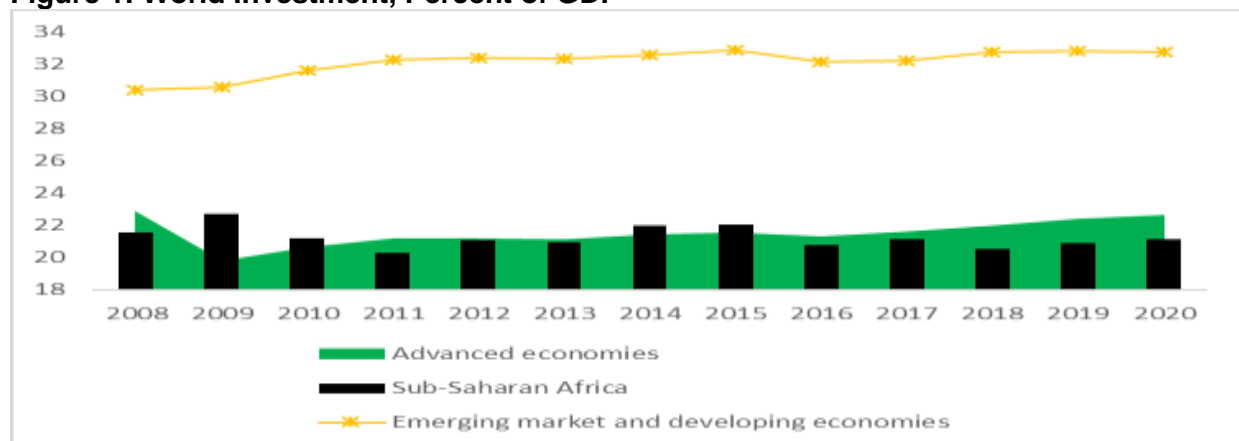
Sub-Saharan Economies

In Sub-Saharan Africa, growth is expected to pick up in the medium term from 3.07 percent to 3.95 in 2021. Softening oil prices have caused downward revisions for some oil producing African economies such as Angola and Nigeria as oil is the most traded commodity and major revenue generator. African growth potential is subdued by lack of interregional trade, geopolitical tensions and less developed financial markets.

1.2.2 World Investment Overview

The composition of global demand has shifted more towards investment since 2017. Gross fixed capital formation accounted for roughly 60 percent of the acceleration in global economic activity in 2017. This improvement, however, is relative to a very low base, following two years of exceptionally weak investment growth. From the below figure, all three regions witness a fall in investment activity between 2015 and 2016. Business investment contracted in a number of large economies in 2016, including Argentina, Australia, Brazil, Canada, the Russian Federation, South Africa, the United Kingdom of Great Britain and Northern Ireland and the United States of America.

Figure 1: World Investment, Percent of GDP



Source: IMF World Economic Outlook Database, October 2018

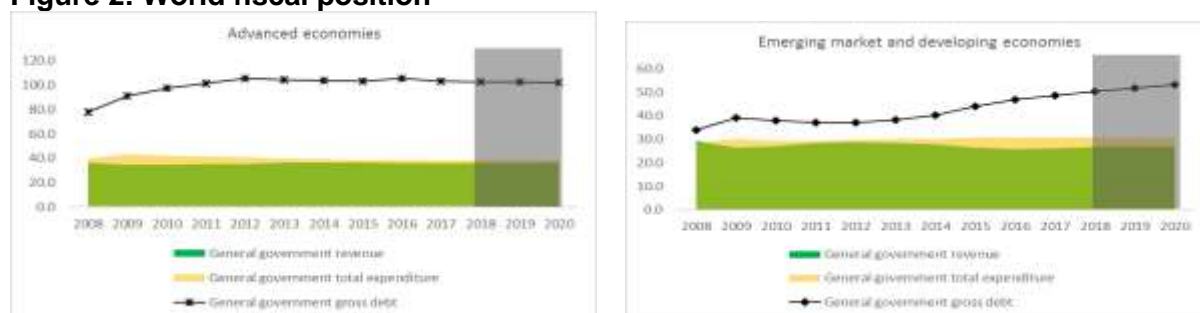
Advanced economies experienced significant rebound in total investment from 2016 and it's expected to maintain the momentum in the medium term provided trade tensions are managed and do not change investor sentiments. Total investment as a percentage of GDP is expected to grow from 22.0 percent in 2018 to 22.7 in 2020. While investment deteriorated in the sub Saharan region from 21.1 percent in 2017 to 20.5 in 2018. However, the situation is anticipated to change in the future. Emerging market and developing economies have sustained high levels of investment as a percentage of their GDP. In 2018, investment was 32.8 percent and not expected to change in the medium term.

A more entrenched recovery in investment growth is likely to be held back by elevated levels of uncertainty over future trade policy arrangements, the impact of balance sheet adjustments in major central banks, as well as high debt and a build-up of longer-term financial fragilities.

1.2.3 World Fiscal Overview

General government debt levels are rising in all the regions, this is indicative of counter cyclical fiscal policy stance of many economies that sought to stimulate economic growth through stimulated aggregate demand. Many countries have sizable government debt and primary fiscal deficits, elevated or rising private debt, and high non-performing loans. Corporate borrowers have increasingly relied on bond markets to finance rising debt levels, and now face significant refinancing needs amid rising interest rates. This could result in sudden increases in corporate default rates and have a sustained negative effect on investment and financial stability.

Figure 2: World fiscal position



Source: IMF World Economic Outlook Database, October 2018

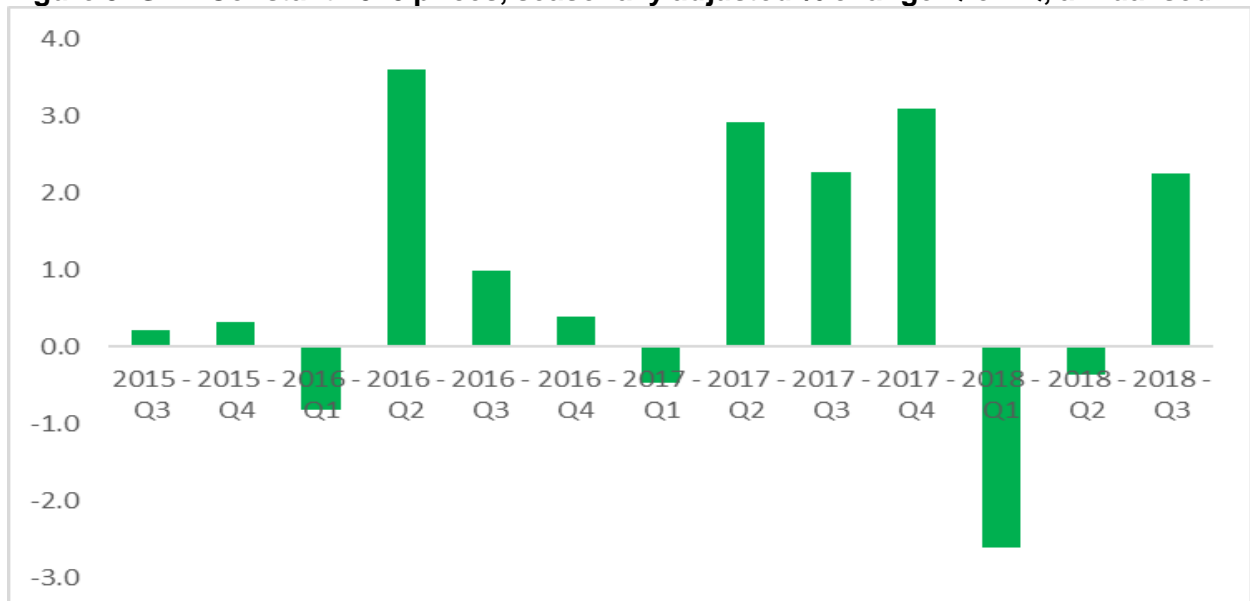
Advanced economies have the largest accumulated debt, recording an average government debt to GDP of 104 percent over the past 5 years. Although the gap between government expenditure and revenue is narrowing, the levels of debt remain a risk. Emerging market and developing economies are witnessing a rise in government debt to GDP from 33.9 percent in 2008 to 48.6 percent in 2017 and it's expected to rise to 53.1 in 2020. A similar trend is witnessed for Sub-Saharan African countries whose government debt to GDP is at 45.4 percent from 25.0 percent in 2008. Debt vulnerabilities in Low-Income Countries (LICs) have increased substantially in recent years.

1.3 South African Economic Overview

1.3.1 South African growth rate

There was a significant improvement in the economic activity of the country in the 3rd quarter of 2018 following two consecutive quarters of contraction (-2.6 percent in Q1 and -0.4 in Q2). Growth in real Gross Domestic Product (GDP) grew by 2.2 percent bolstered by the manufacturing sector and broadly the tertiary sector that experienced improved growth rates.

Figure 3: GDP Constant 2010 prices, seasonally adjusted % change Q-on-Q, annualised



Source: STATSSA GDP 2018Q3

The largest positive contributors to growth in GDP in the third quarter were the manufacturing, finance, transport and trade industries. The manufacturing industry increased by 7.5 percent and contributed 0.9 of a percentage point to GDP growth. The increase in the financial intermediation and insurance subsectors reflected improved trading activity in the equity market. The finance, real estate and business services industry increased by 2.3 percent and contributed 0.5 of a percentage point. The transport, storage and communication industry increased by 5.7 percent and contributed 0.5 of a percentage point. Negative contributions to GDP growth were from the mining, electricity and construction industries.

Table 2: GDP constant 2010 prices, seasonally adjusted % change Q-on-Q, annualised

| | Sep-17 | Dec-17 | Mar-18 | Jun-18 | Sep-18 |
|--|--------|--------|--------|--------|--------|
| Agriculture, forestry and fishing | 41.7 | 39.0 | -33.6 | -31.9 | 6.5 |
| Mining and quarrying | 6.2 | -4.4 | -10.3 | 8.1 | -8.8 |
| Manufacturing | 3.7 | 4.3 | -6.7 | 0.6 | 7.5 |
| Electricity, gas and water | -6.1 | 3.3 | 0.2 | 2.2 | -0.9 |
| Construction | -1.2 | -1.4 | -1.9 | 2.1 | -2.7 |
| Trade, catering and accommodation | -0.1 | 4.8 | -3.1 | -1.4 | 3.2 |
| Transport, storage and communication | 0.8 | 2.8 | 0.9 | -4.9 | 5.7 |
| Finance, real estate and business services | 1.9 | 2.5 | 1.1 | 1.9 | 2.3 |
| General government services | 1.1 | 1.4 | 1.9 | -0.4 | 1.5 |
| Personal services | 1.2 | 1.0 | 1.2 | 0.8 | 0.7 |

Source: STATSSA GDP 2018Q3

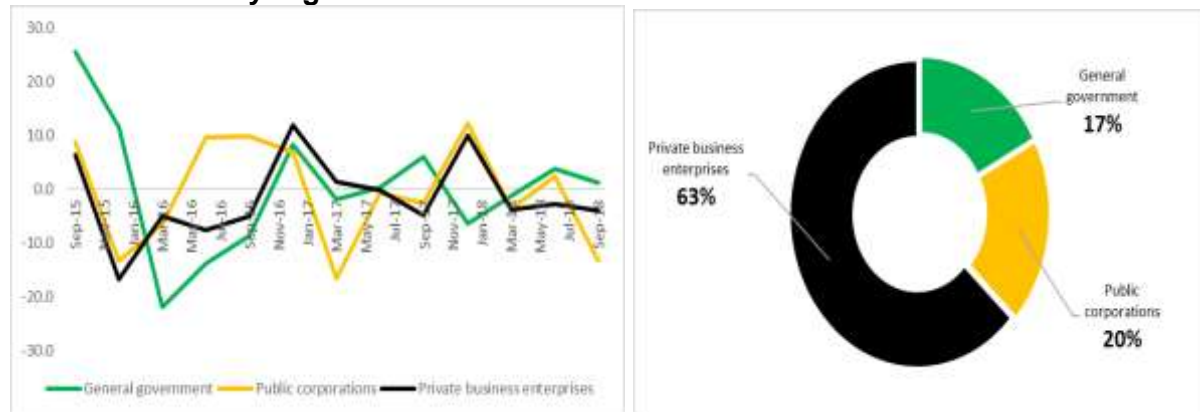
1.3.2 Gross Fixed Capital Formation (GFCF)

Gross Fixed Capital Formation decreased for a third successive quarter in the third quarter of 2018, as capital spending by private business enterprises, and in particular public corporations, contracted notably. Private sector fixed investment was weighed down by reduced spending on transport equipment and non-residential buildings. The marked decline in capital spending by public corporations reflected the constrained financial position of many state-owned companies.

Private business enterprises constitute 63 percent (R383 billion) of total gross fixed capital formation in the 2018 third quarter. It therefore implies that market

vulnerabilities and policy uncertainties will have a damning effect of the national GDP and subsequently the jobs and social wellbeing. Public corporations are the second largest contributors to total GFCF followed by general government. It is crucial that state entities/ public corporations efficiently and effectively utilize public resources as their spending evidently is significant.

Figure 4: GFCF constant 2010 prices, seasonally adjusted % change Q-on-Q, annualized and by organization



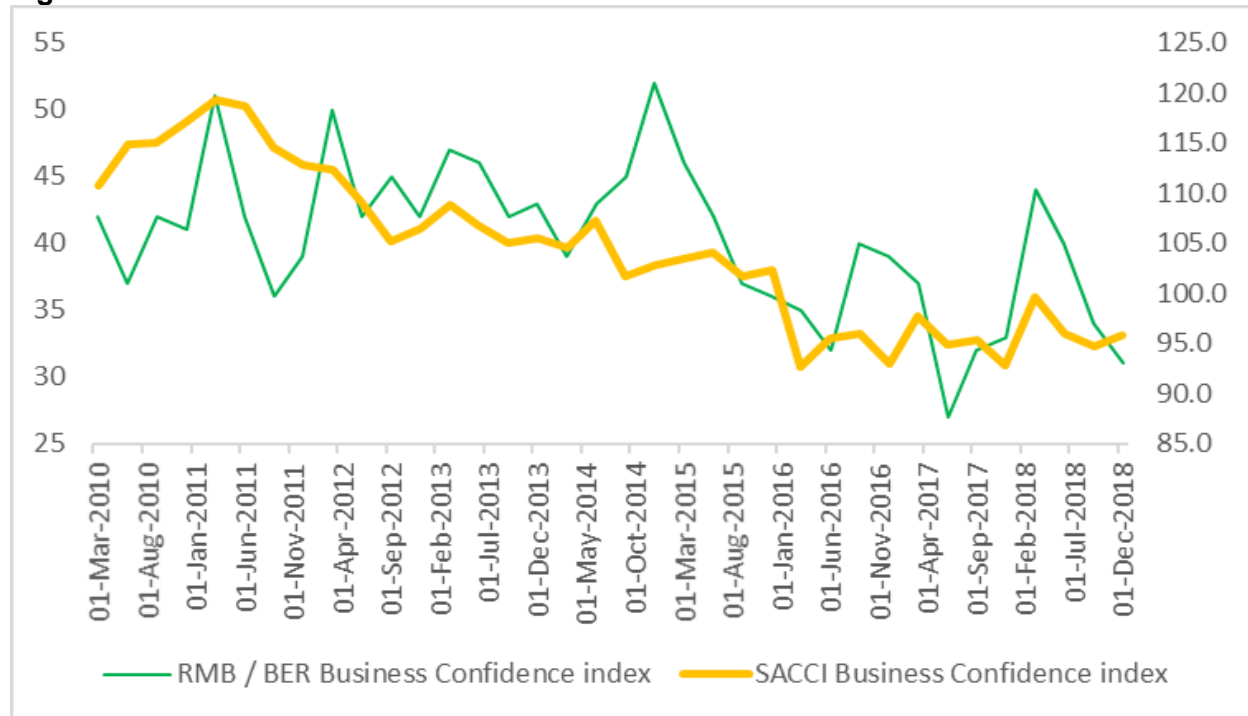
Source: STATSSA GDP 2018Q3

1.3.3 Business Confidence

The business confidence in South Africa is being measured by means of indexes like the RMB/BER Business Confidence Index and the SACCI Business Confidence index. The indexes are based on monthly surveys amongst the business community. Both the RMB / BER Business Confidence index and SACCI Business Confidence index are trending downwards over time. This is an after effect of a number of episodes that transpired in the country over the years. Investment zeal subsided after 2010 where business confidence had reached the peak and began its downturn. Political contestations by opposition parties and within the ruling party weighed on investor confidence during 2015 and mid-2017. However, the change of leadership in the ruling party towards the end of 2017 and reassurance of prudent economic policy narrative significantly boosted investor confidence. RMB / BER Business Confidence index was reported to be 27 points in the second quarter of 2017, but improved to 44 points in the first half of 2018. It is rather concerning to observe a decline in the last quarter of 2018 to 31 points. SACCI Business Confidence index generally follows the same trends as the RMB / BER Business Confidence index, however it recorded improved

business confidence of 95.8 points in the fourth quarter of 2018 from 94.7 points in the third quarter.

Figure 5: RMB / BER Business Confidence index and SACCI Business Confidence index

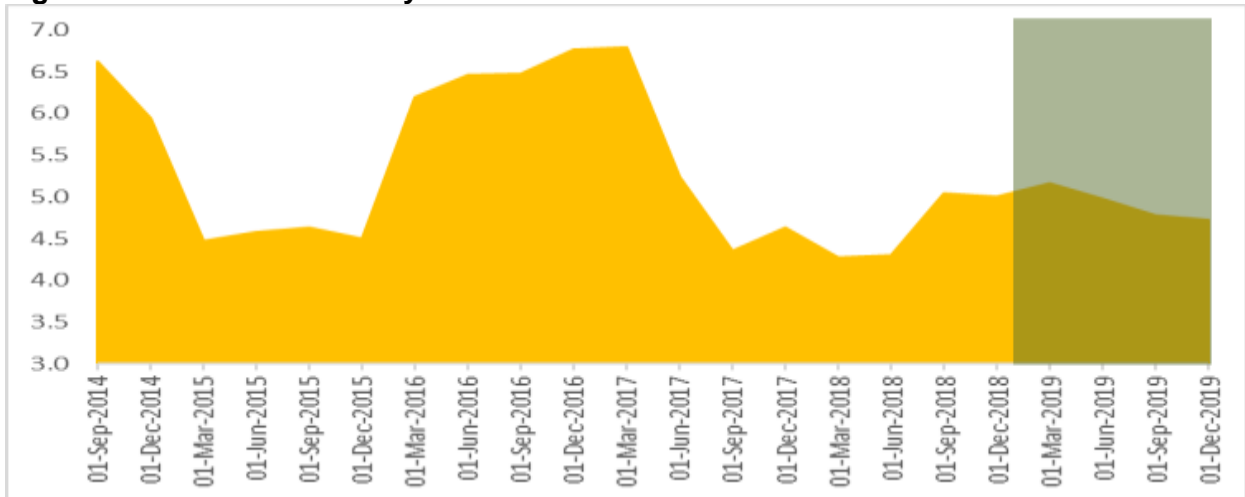


Source: Econostat 2019

1.3.4 Consumer Price Index (CPI)

Domestic inflationary pressures have increased in the second half of 2018, accelerated by the surge of international crude oil prices. To a lesser extent, the depreciation in the exchange value of the rand from February 2018 contributed to this acceleration. By fourth quarter of 2018, headline CPI was recorded at 5.0. It is anticipated that it might rise to 5.2 in the first quarter of 2019 but moderate through the rest of the year, provided that the USA does not increase its interest rate, which is not likely, and crude oil prices remain stationary. It is therefore expected that wage increases will be moderate unlike in 2014 and 2016 period where headline inflation was around 6.5 percent.

Figure 6: CPI for total country: All items

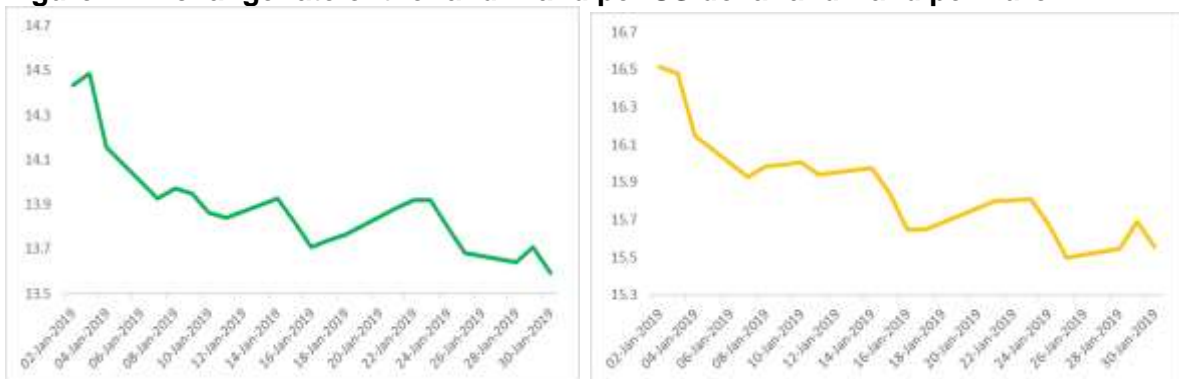


Source: Econostat 2019 (Forecasts Own calculation)

1.3.5 Exchange rates

The South African rand has been firming up against the major currencies since the beginning of 2019. The rand was R14.50 a dollar on 02 January 2019 strengthening to R13.60 a dollar on 30 January 2019. The same can be said about the Euro. Government departments need to adopt currency hedging to maximize on their budgets. Currency hedging is a strategy designed to mitigate the impact of currency or foreign exchange risk. Popular methods for hedging currency are forward contracts, spot contracts, and foreign currency options. Imported goods and services are relatively less expensive now than they were in the beginning of the month, this strategy of currency hedging could be beneficial for Departments such as Health, Transport, Agriculture and Energy.

Figure 7: Exchange rate of the rand- Rand per US dollar and Rand per Euro



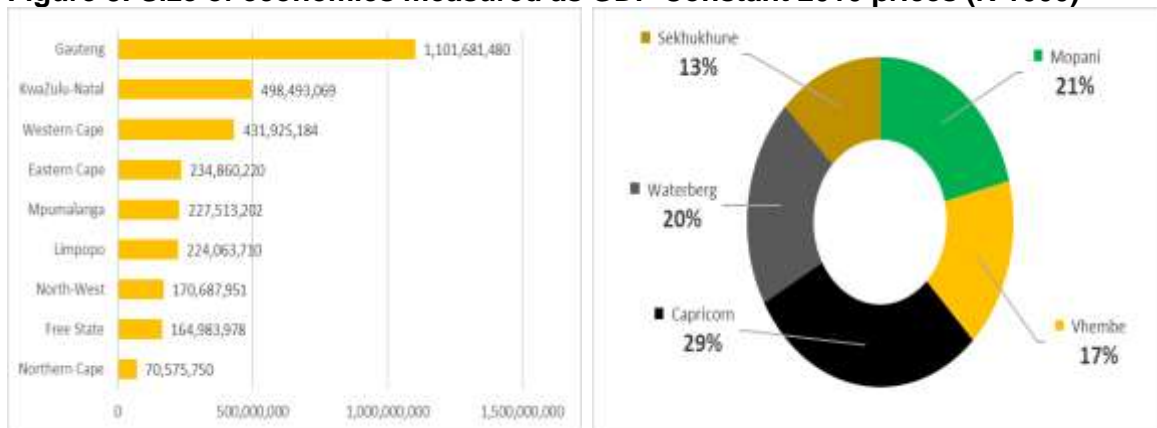
Source: Econostat 2019

1.4 Limpopo Economic Overview

1.4.1 Limpopo economic structure

The Limpopo province economy is the sixth largest economy in the country recording GDP value of R224 billion surpassing North West, Free State and Northern Cape provinces. The provincial economy is constituted by five districts of which Capricorn, Mopani and Waterberg are the largest economies. It is in these three districts where there is relatively higher human development due to the concentration of economic activities. However, Limpopo's human development, when compared to other provinces, is generally lower as the province is characterized as rural.

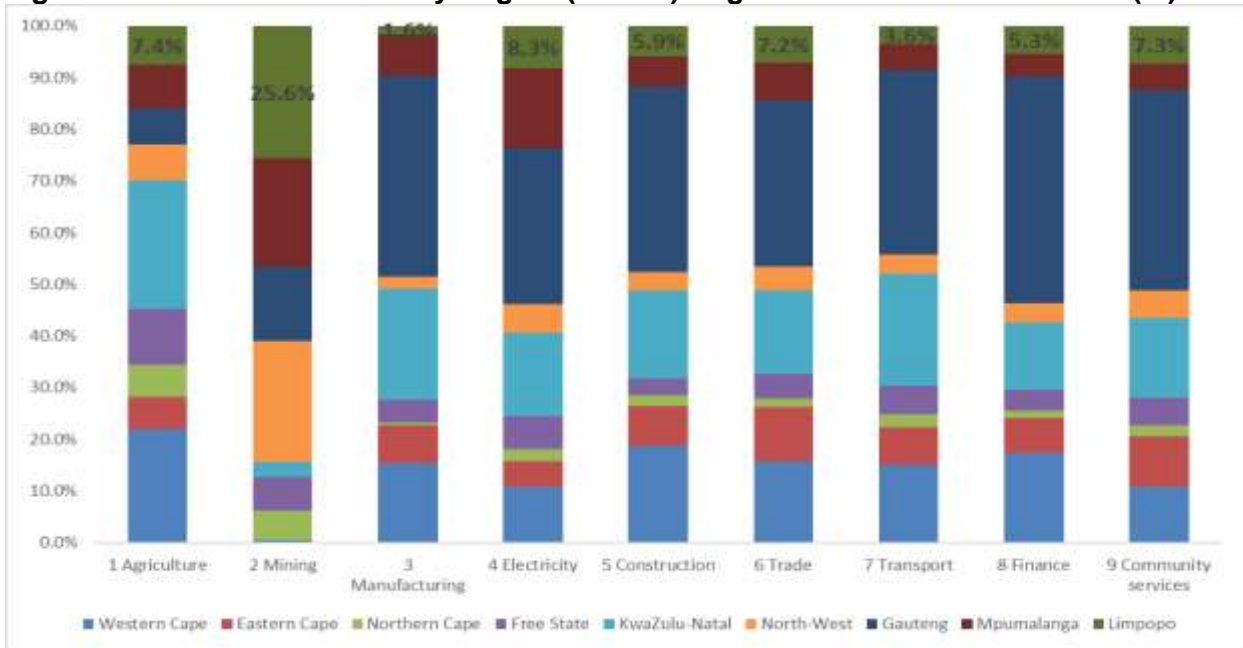
Figure 8: Size of economies measured as GDP Constant 2010 prices (R 1000)



Source: IHS Markit Regional Explorer 2019

The province is the leading mining province in the country and has one of the lowest manufacturing activities. This indicates low diversification in the local economy. The provincial economy is driven by mining sector and secondly by community services of which its contributions have not drastically changed since 1994. Provincial government total expenditure mainly goes to compensation of employees and a small fraction goes to purchasing of goods and services. The first review the province needs to undertake is to ensure that it pays personnel who are actually rendering the service and at the commensurate rate. Secondly, ensure that the goods and services budget boosts local economy by supporting local manufacturers at the market related rate.

Figure 9: Gross Value Added by Region (GVA-R) Region's share of national total (%)

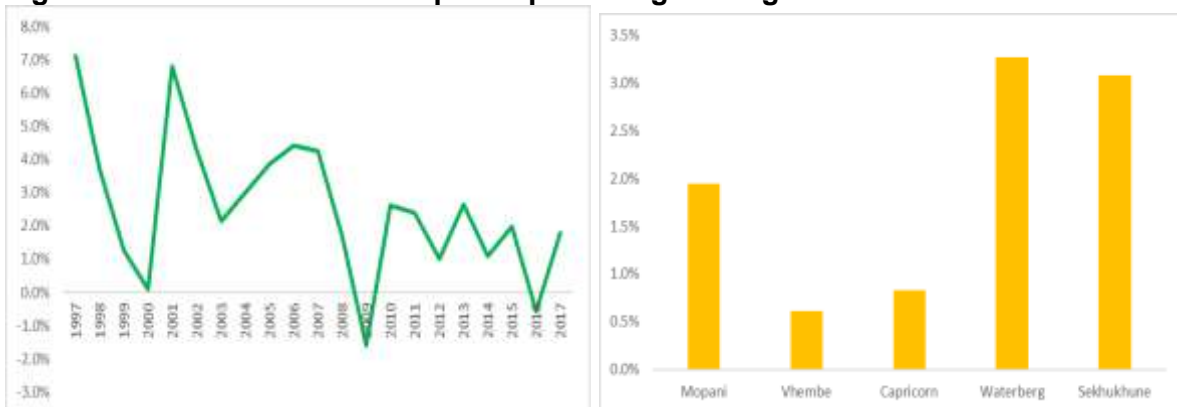


Source: IHS Markit Regional Explorer 2019

1.4.2 Limpopo Economic Growth

The provincial economy has been underperforming or experiencing a negative growth trajectory since 1997. In 2017, the province recorded growth of 1.8 percent, an improvement from -0.6 percent in 2016. The 2017 growth was supported by Waterberg and Sekhukhune districts recording growth of 3.3 percent and 3.1 percent respectively. The subdued provincial growth can be associated with unfavourable commodity prices, increasing operating expenses for mines and the El Nino climate phenomenon that farmers are still recovering from.

Figure 10: GDP Constant 2010 prices percentage change



Source: IHS Markit Regional Explorer 2019

1.4.3 Conclusion

Trade organizations such as the World Trade Organization (WTO) and global financial institutions such as the International Monetary Fund (IMF) need to intervene in unfair trade policy stances of elite influential countries and ensure financial stability in the world markets. Failure to do so, vulnerable countries in developing economies stand to be severely impacted.

South Africa is among the developing economies that seek to catch up with developed economies. The characteristic of a developing economy implies that the country has lacked behind on the stages of development. Developed economies are transiting to service economies, otherwise coined deindustrialization; a decline in the importance of manufacturing and industry, whether this is a decrease in the size of the industry, in its share of the GDP or in employment levels within the sector. This is evident in the United States and Europe, as well as Japan and, more recently, East Asia. This phase is supported by huge financial injections in research and development and the emergence of the fourth industrial revolution. As economic structures change, South Africa needs to swiftly realign its economic framework to remain competitive in the global arena. Of course without discounting the importance of environmental sustainability in its plans.

The province is suffering from a low industrial activity such that it is characterized as an extractive economy. Albeit, it is well endowed with vast natural resources such as the land mass, sun and other minerals, which are the basis at which it can explore renewable energies. The fourth industrial revolution can be a niche for the province to capitalize on by aligning the current skills profile with the market needs.

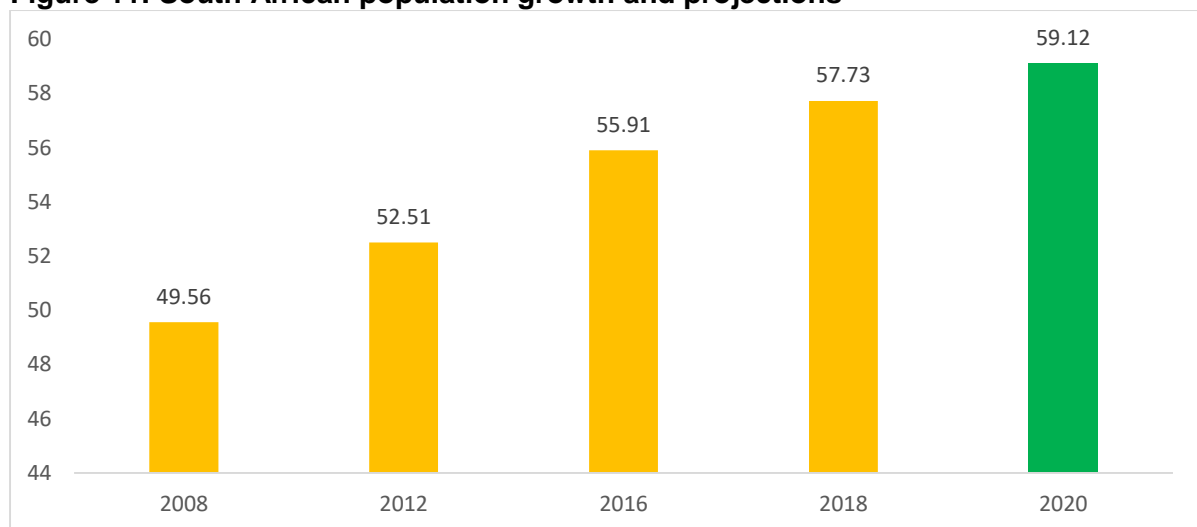
CHAPTER 2: DEMOGRAPHIC PROFILE

2.1. Introduction

Examining the population dynamics of a country or a region continues to be a crucial element of planning as it entails or outlines more population parameters beyond breaking down of numbers. 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.

2.2. South African population

Figure 11: South African population growth and projections



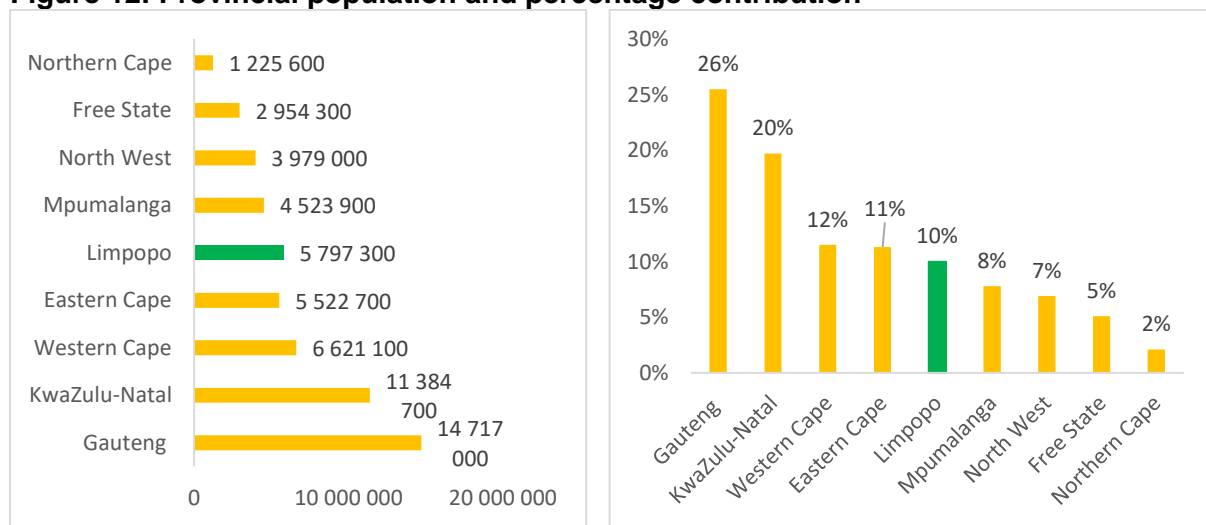
Source: StatsSA Mid-Year population estimates 2018

The South African population has been on a rise in recent years, the national population grew from 49.5 million in 2008 to 57.7 million in 2018. The population in the country is further projected to grow to 59.1 million in 2020. The growth is stimulated by a number of factors, among others being, the increasing life expectancy of the South African population, reduction in terms of mortalities and inward migration from neighbouring SADC countries.

2.2.1. South African Population by province

Limpopo has a population of approximately 5.8 million which represents 10 percent of the national population. Limpopo has the fifth largest population in the country after Gauteng with 14.2 million (25 percent), KwaZulu Natal with 11 million (20 percent), Western Cape with 6.5 million (12 percent) and Eastern Cape at 5.5 million (12 percent). The province with the least number in terms of population numbers is Northern Cape at 1.2 million (2.1 percent).

Figure 12: Provincial population and percentage contribution



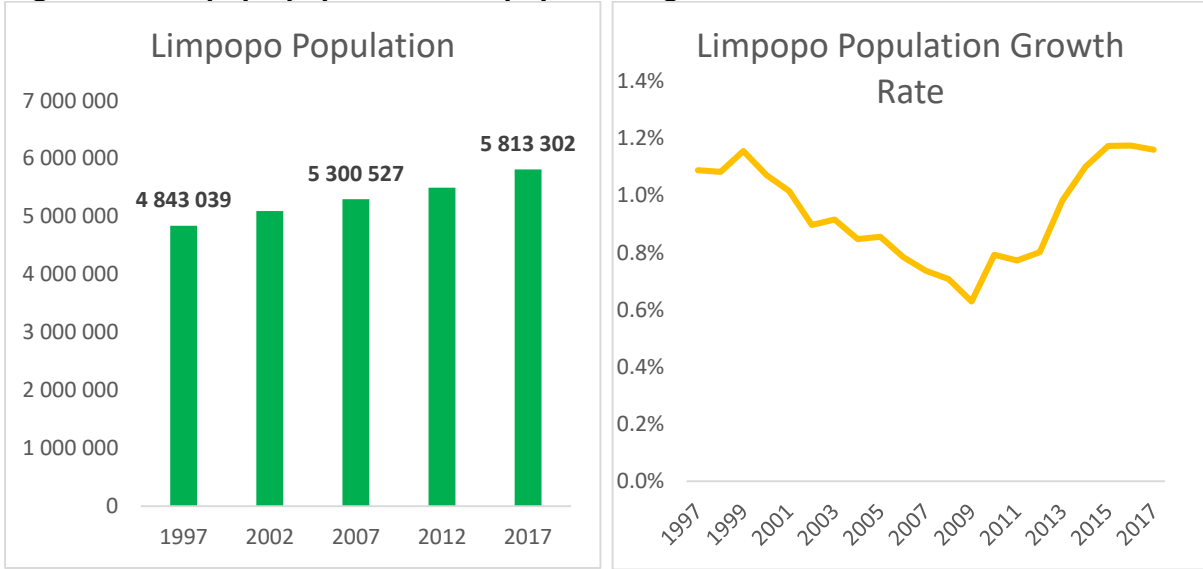
Source: StatsSA Mid-Year population estimates 2018

2.3. Limpopo population

Limpopo province population has been on a positive growth trajectory over a period from 1997 to 2017. The provincial population was recorded at 4.8 million in 1997 and it increased by around 1 million to 5.8 million in 2017. The population increase in the province will demand that the province should rearrange the budget priorities to align to the population dynamics.

The provincial population is seen to be growing at a steady rate between 2015 and 2017 following a period of rapid growth between 2009 and 2014. The provincial growth rate reached a low of 0.62 percent in 2009 and a peak of 1.17 percent in 2015, and it was recorded steadily at 1.16 percent in 2017.

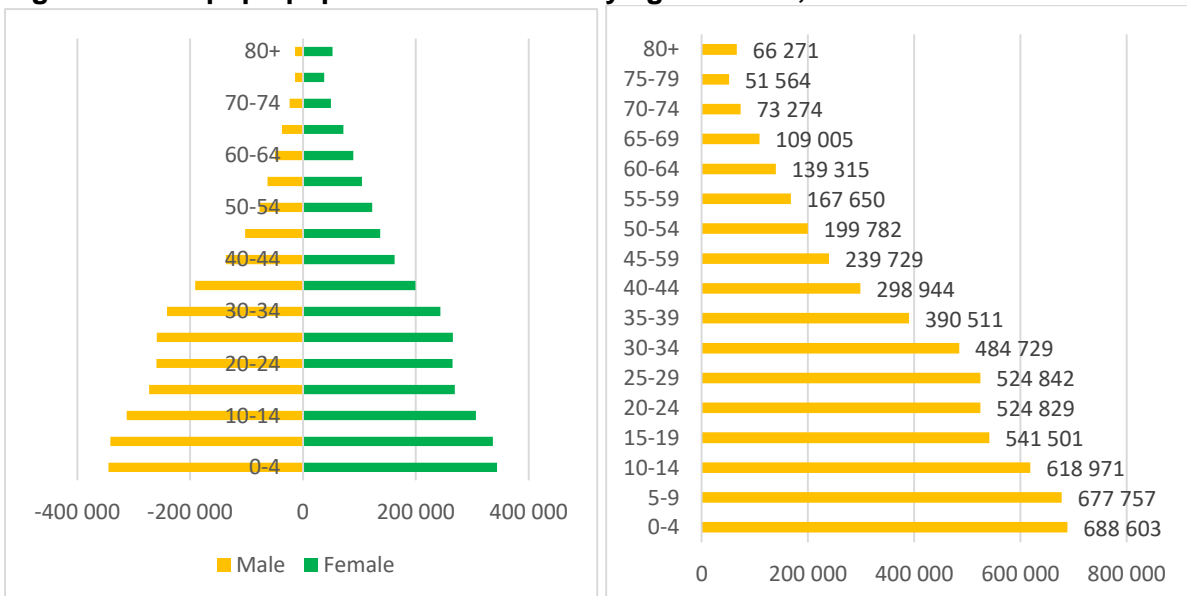
Figure 13: Limpopo population and population growth rate



Source: IHS Markit Regional eXplorer 2018

Limpopo population structure is dominated by youth as it is more imbalanced towards the youth population, these are people who are 35 years and below. The highest population concentration is on the years below 14 years, for both males and females. The total population contribution of the below 14 years' age group is about two million people. This indicates that the composition of the population is growing especially among infants, teenagers and youth.

Figure 14: Limpopo population estimates by age and sex, 2018

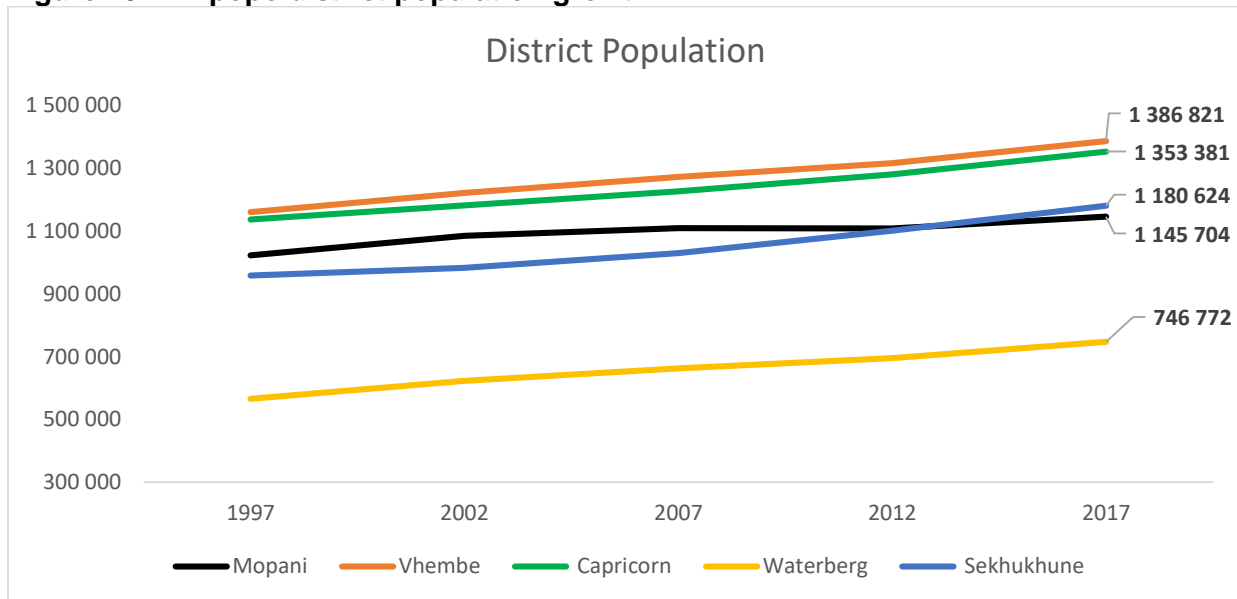


Source: StatsSA 2018

2.4. Limpopo district population growth

The diagram below shows the 2017 provincial population by district. Vhembe at 1.386 Million and Capricorn at 1.353 Million are the biggest in terms of the provincial population share, followed by Greater Sekhukhune at 1.180 Million, Mopani at 1.145 Million, and Waterberg at 746 thousand respectively. Vhembe District continues to be the most populous district in the province.

Figure 15: Limpopo district population growth

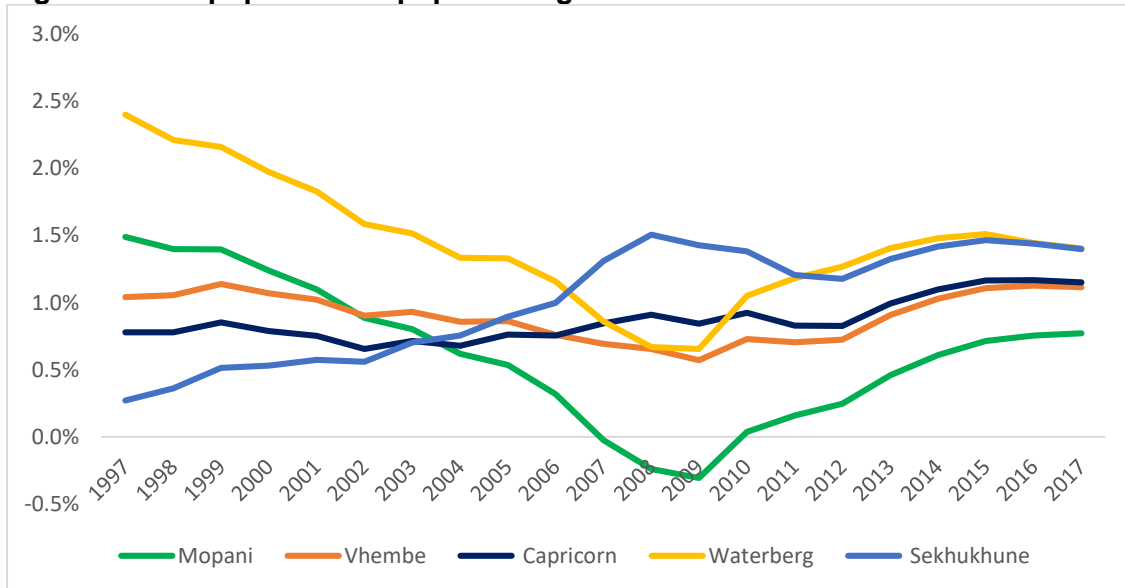


Source: IHS Markit Regional eXplorer 2018

2.5. District population growth rate

Sekhukhune and Waterberg district population growth rate are at high in the province as they were recorded at an average of around 1.4 percent and 1.5 percent respectively. Mopani is the slowest growing district in terms of population growth at an average of 0.7 percent in 2017. The diagrams below indicate that the province should pay special attention to Sekhukhune and Waterberg districts when planning the allocation of the provincial resources as these two mining districts have a high potential to outgrow the other districts due to inward migration as people may be flocking in looking for better employment opportunities in the mines.

Figure 16: Limpopo District population growth rate



Source: IHS Markit Regional eXplorer 2018

2.6. Conclusion

Limpopo population has been on a steadily growth over the years, with the provincial population profile mainly dominated by younger people who are still enrolled at school as they enhance their level of education and many are dependent on the provincial government to access basic education, through no-fee education. The high number of young or youth population in the province dictates to the provincial planners to give more support to the Department of Education, Department of Sport, Arts and Culture and Department of Social Development so that these departments can implement their programmes aligned to the youth more efficiently.

The provincial government should strive to take advantage from the demographic dividend that is available due to the relative young population, as this displays a great potential for economic gains from the younger population. This can be achieved through the creation of better employment and better paying jobs within the confines of the province and encourage the young population not to migrate out of the province in search for better opportunities in other parts of the country. The province should strive for effective public policies, which are more skewed towards the youth as this will help to facilitate more rapid economic growth and put less strain on families and

government in the long-run. The high number of young people also implies that a substantial number of people in the province is dependent on child grants.

The growth in provincial population in the last decade should be accompanied by the necessary structural transformation so that equitable human development and improved livelihoods for the people can be achieved. Changes in the population dynamics of the provincial districts, such as changes in population size, structure and distribution, and the associated demographic factors of births, deaths and migration need to be given more attention. Planners in the province should start to give special attention to Sekhukhune and Waterberg districts when planning the allocation of the provincial resources as these two mining districts have a high potential to outgrow the other districts due to inward migration as people may be flocking in looking for better employment opportunities in the mines.

CHAPTER 3: LABOUR MARKET

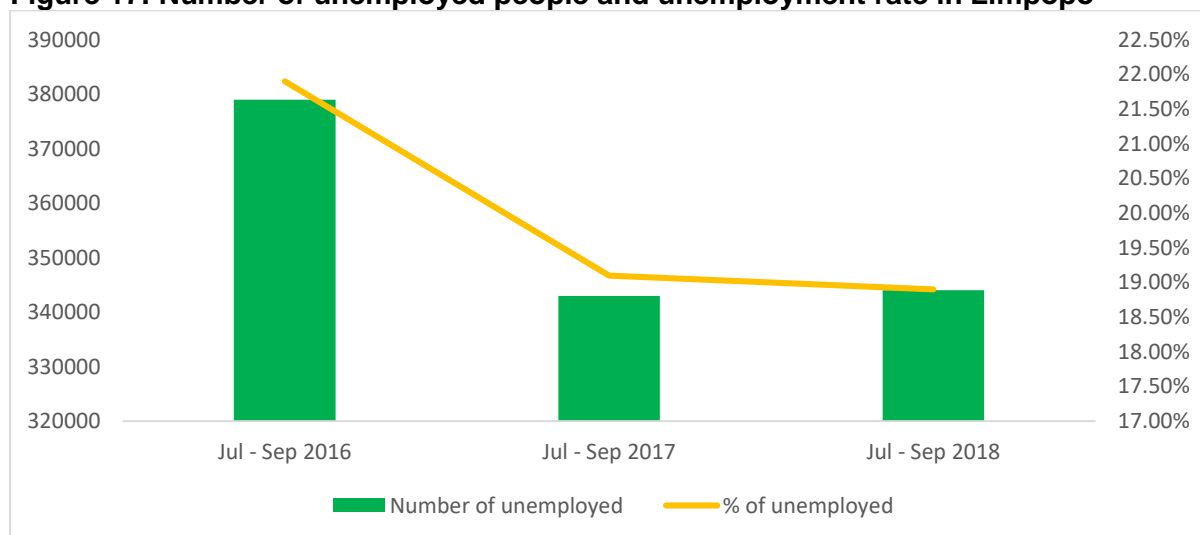
3.1. Introduction

The issues related to the labour market has been identified as key in the South African economy. The national unemployment rate continues to be higher than 25 percent despite the various efforts to reduce it. Unemployment has been highlighted as a key policy issue in various government economic policy documents like the National Development Plan, the New Growth Path and the Limpopo Development Plan (LDP) The LDP is aligned to the NDP and accepted the NDP target of reducing unemployment in 2019 to 14 percent and to 6 percent in 2030.

3.2. Unemployment

The unemployment rate in Limpopo decreased from 19.1 percent in quarter 3 in 2017 to 18.7 percent in the same quarter in 2018. This slight decrease in the unemployment rate is seen in the decrease in the actual number of unemployed people from 373 thousand in the third quarter of 2017 to 344 thousand in the corresponding quarter in 2018.

Figure 17: Number of unemployed people and unemployment rate in Limpopo



Source: StatsSA QLFS various issues

Despite the decline in the unemployment rate, the current level of unemployment is still high especially when we have to consider the discouraged workers (people who have given up looking for work). Some of the issues that needs to be addressed includes that fact that the labour force participation rate and absorption rate in the province is still relatively low. The first issue is to increase the labour force participation and absorption rates in the provincial economy. In the third quarter of 2018 the labour force participation rate¹ was 48.7 percent and absorption rate was 39.5 percent in the province. More than 1.9 million people were deemed not to be economically active and 444 thousand job seekers deemed to be discouraged and not actively looking for work. The labour force participation rate of 48.7 percent implies that 51.3 percent of the potential workers are not working or actively looking for work.

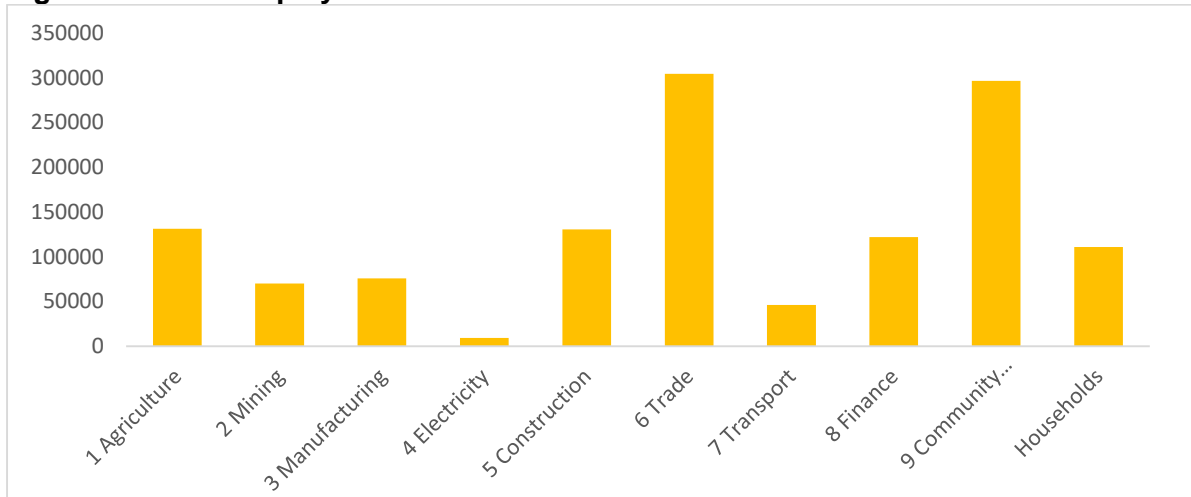
The effort to create jobs in the provincial economy should focus on the promotion of the labour absorbing industries. A major challenge in this regard is the capital intensive nature of mining as a sector which limits the potential to create more jobs. The most labour intensive sector, where jobs can be created at the lowest cost, is the agricultural sector. The Economic Active Population (EAP) as share of the total population should also further be increased. According to IHS Market, the ratio of the EAP to the total population in Limpopo increased from 16.4 in 1996 to 29.2 percent.

3.3. Sectoral contribution to employment

The contribution of the different sectors to job creation in the Limpopo province is indicated in the Figure below. The three biggest contributors to employment is the trade, community services and agricultural sector. The 10 percent contribution of agriculture is fairly significant in view of the fact that the sector only contributes approximately 3 percent to the local economy. Mining only contributes 5 percent of the jobs despite its share of the provincial economy being nearly 28 percent.

¹ Employed/labour force ratio

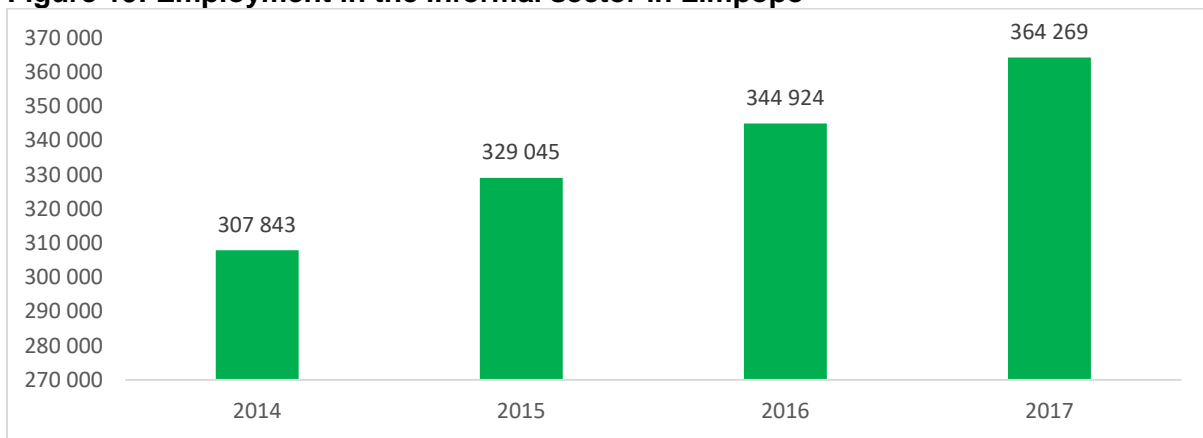
Figure 18: Total employment contribution in 2017



Source: IHS Markit Regional Explorer 2018

According to Fourie (2014) the informal sector has great potential to contribute to the job creation in the provincial economy. According to IHS Markit Regional Explorer 2018, 364 thousand people were employed in the informal sector in the province.

Figure 19: Employment in the informal sector in Limpopo

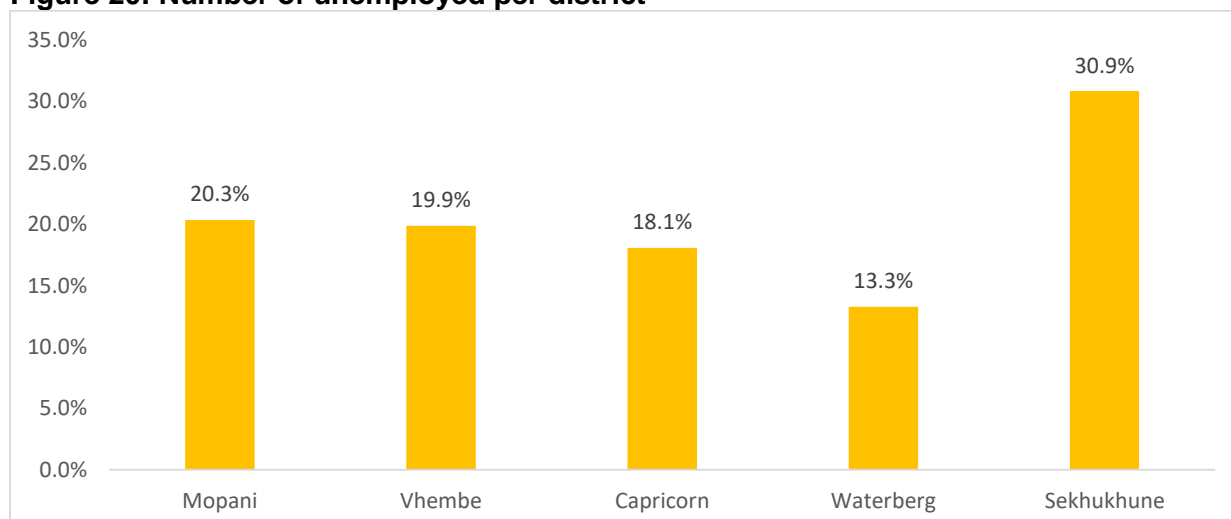


Source IHS Markit Regional Explorer 2018

3.4. Unemployment rate in the districts

The highest number of unemployed is from the Sekhukhune district, followed by Capricorn and Vhembe. The Waterberg district only had 37 thousand unemployed workers. It should however be noted that the Waterberg is also the smallest district in terms of population, hosting only 12.8 percent of the provincial population.

Figure 20: Number of unemployed per district



Source IHS Markit Regional Explorer 2018

3.5. Profit, wages and productivity

Burger (2018) investigated the relationship between wages, productivity and profit and indicated that wage and productivity showed a direct relationship over time. A one percent increase in productivity in general leads to a one percent increase in wages. The question that then begs is whether the workers share of total income increased or decreased as a share of total income over time, especially if compared to the Gross Operating Surplus (GOS). It is important to compare it to GOS because wages are a cost factor of companies and impacts negatively on their earning. According to Burger (2018) the GOS can be seen as a measure of the corporate sectors operating profit.

In 1998, labour's share of total income stood at 54 percent and then fell over time to only 47.9 percent in 2002. Since 2009 labour managed to regain its share. In Limpopo the ratio between wages and total income (GOS plus wages) increased from 34.6 to 40.6 percent between 2009 and 2017. This can be attributed to the relative slow growth in corporate earnings since the global financial crisis in 2009.

3.6. Conclusion

Despite the fact that the Limpopo province has one of the lowest unemployment rates amongst the different provinces, some challenges still exist. The challenge of the relatively low absorption and labour participation rates. This includes the skills challenge in the province and the relative capital intensive nature of production in the mining sector. A further strategic issue to be considered is the policy implications to support the informal sector to play its rightful place in terms of job creation in Limpopo.

CHAPTER 4: DEVELOPMENT INDICATORS

4.1. Introduction

It is important to discuss the level of economic development in the Limpopo province because it provides a broader measure than economic growth. Economic growth measure the level of production in the local economy as measured by the Gross Domestic Product (GDP) while economic development includes efforts that seek to improve the economic well-being and quality of life of a community. The level of economic development is measured by means of different indicators like the Human Development Index and the level of income inequality in the economy. Although economic growth on its own is not sufficient to create economic development it is a prerequisite for higher levels of economic development.

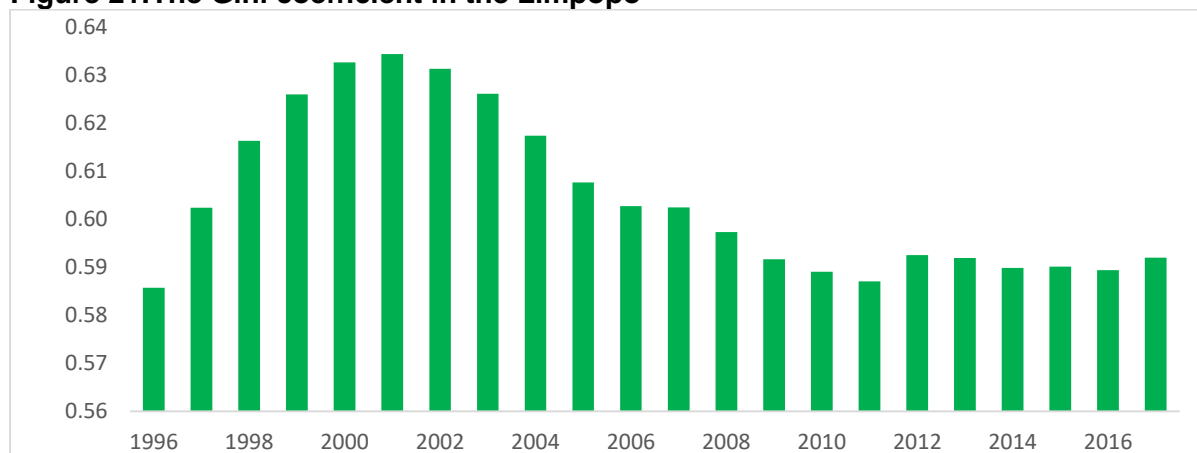
4.2. Income inequality

South Africa is the country in the world with the skewest distributions in the world. Traditionally the inequality existed on racial lines but since 1994 the level of inequality between the White and African population reduced whilst intra African inequality increased.

The level of inequality on provincial level can be measured by means of the Gini coefficient. The Gini Coefficient is a calculation that compares the cumulative level of income with the cumulative percentage of the population that is receiving the income. Theoretically the indicator can have a value of between 0 and 1. If the value of the Gini Coefficient is equal to 1 it implies that one person will receive all the income. If the value of the Gini Coefficient is equal to 0 it means that the distribution of income is perfectly equal. The target of the level of inequality was to reduce the level of inequality to 0.5 by 2019. The aim in the National Development Plan (NDP) is to significantly reduce the level of inequality from 0.69 to 0.60 by means of various policy measures.

In 2017 the Gini Coefficient of South Africa was 0.63. Although this is an improvement from the 0.69 mentioned in the NDP, it is still an indication of a skewed distribution of income on national level.

Figure 21: The Gini coefficient in the Limpopo



Source: IHS Markit Regional Explorer 2018

From the table below it is clear that the Sekhukhune district has the most equal distribution of income in Limpopo. The city of Polokwane has a Gini Coefficient of 0.61 and Lephalale 0.62. It should however be noted that a low Gini coefficient is not necessary a better indicator of the level of economic development than a high level of inequality. In previous research in Limpopo the poorer towns in Limpopo had lower Gini coefficients than the prospering towns. The difference is that not everybody is benefitting equally from the growth in the town. Lephalale and Polokwane is a case in point. The income distribution in the towns are more unequal than Sekhukhune but both a growth point that is prospering.

Table 3: Inequality in on district level

| | 2014 | 2015 | 2016 | 2017 |
|-------------------|------|------|------|------|
| Mopani | 0.59 | 0.59 | 0.59 | 0.59 |
| Vhembe | 0.57 | 0.57 | 0.57 | 0.57 |
| Capricorn | 0.61 | 0.60 | 0.60 | 0.60 |
| Waterberg | 0.60 | 0.60 | 0.60 | 0.61 |
| Sekhukhune | 0.56 | 0.56 | 0.56 | 0.57 |

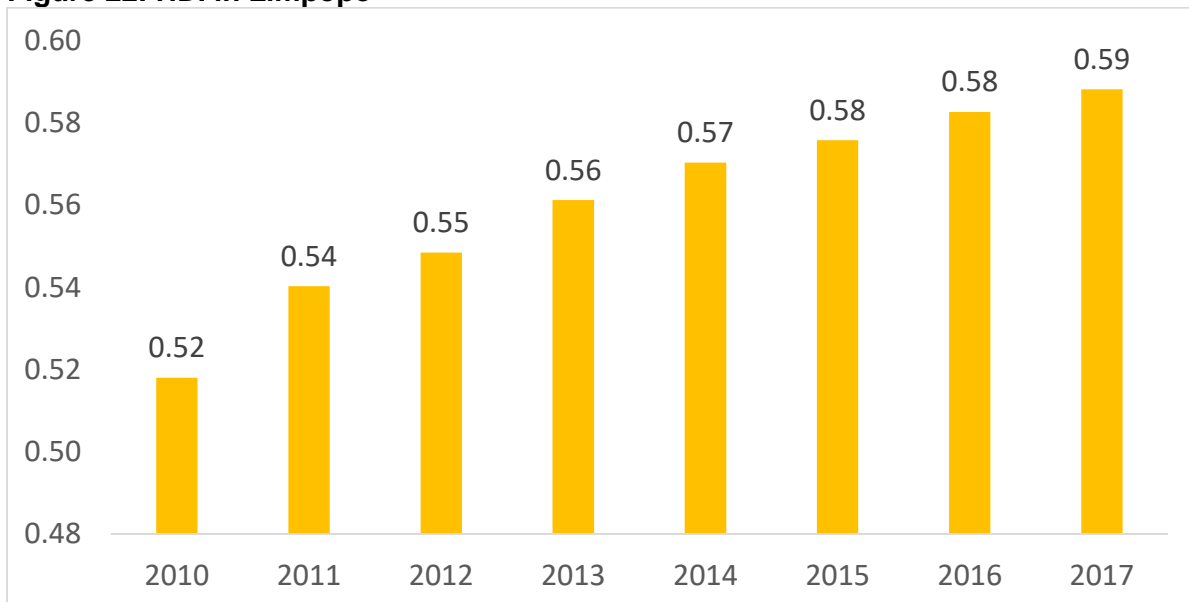
Source IHS Markit Regional Explorer 2018

4.3. Human Development Index (HDI)

Human Development Index (HDI) can be defined as a composite relative index used to compare human development across population groups or regions. HDI is the combination of three basic dimensions of human development namely a long and healthy life, knowledge or education and a decent standard of living. The status of health is measured by means of life expectancy at birth. The status of knowledge or education is determined by measuring the levels of adult literacy and/or the enrolment in primary, secondary and tertiary schools. A decent standard of living is typically measured using GDP per capita.

From the graph below it is clear that the level of human development has improved since 2010 with the HDI increasing from 0.52 to 0.59. The increase in the HDI can be ascribed to improved access to health and education in Limpopo. In the districts the situation in terms of human development is fairly much the same as on provincial level. Waterberg, with a HDI level of 0.61 in 2017, is on the highest level of development followed by Capricorn with a HDI of 0.6.

Figure 22: HDI in Limpopo



Source: IHS Markit Regional Explorer 2018

4.4. Poverty

Poverty is a multi dimensional concept which has been defined in various ways in the literature. The World Bank traditionally used \$1 a day and \$2 per day measures. Absolute poverty was defined by the United Nations (2016) as a condition characterised by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education and information. Poor people do not have control or agency about the outcome of their level of well being. The poor lack sufficient access to economic opportunities and cannot avoid poverty unless their economic opportunities improve (Duncan 1984)

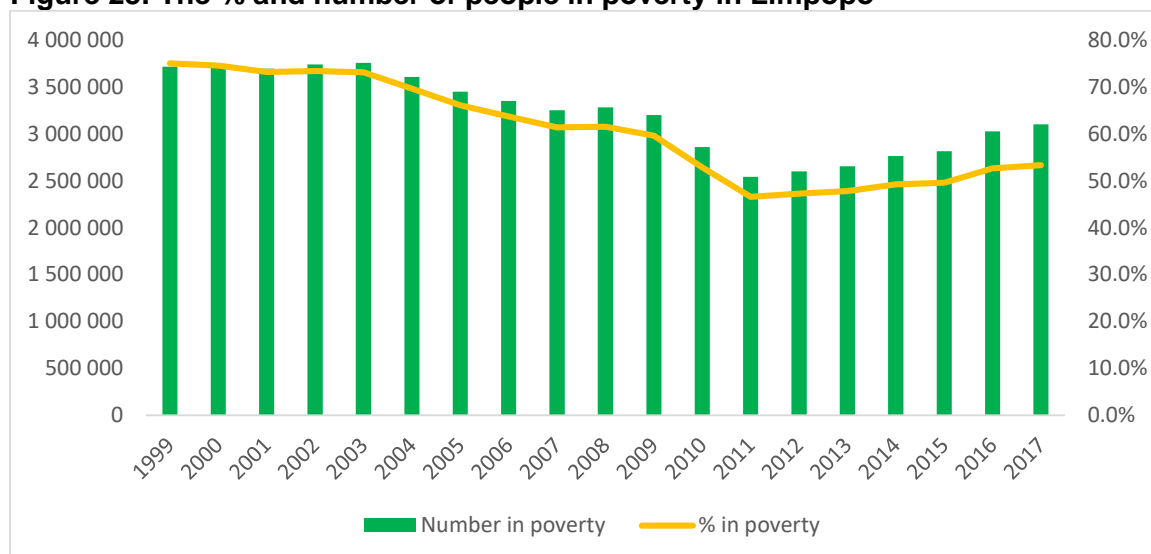
The selection of a definition for poverty in any study also depends on the availability of data. In this Chapter the Lower Poverty Line as defined by Statistics SA will be used as the measure for poverty. It is also chosen because it provides a more conservative estimate of poverty in the Limpopo Province.

4.4.1. The Lower Poverty Line in Limpopo

According to IHS Markit Regional Explorer 2018, the lower poverty line is defined by StatsSA as the level of consumption that includes both food and essential non-food items, but requires that individuals sacrifice some food items in order to obtain the non-food items. The level of consumption that was set as the minimum in 2017 was R750. Both the number and the percentage of people below the Lower Poverty Line will be reported. A province or town can theoretically have very high percentage of people living in poverty but a low number of people in poverty. The opposite is also true.

In 2017 the number of people below the Lower Poverty Line in South Africa was 24.2 million persons or 42.1 percent of the population, while in Limpopo the comparable numbers were 3,1 million persons or 52.7 percent. This is a significant improvement from the 75.1 percent of persons in poverty in 1999.

Figure 23: The % and number of people in poverty in Limpopo



Source: IHS Markit Regional Explorer 2018

4.4.2. Poverty in the districts

According to the below table Sekhukhune has the highest number of people in poverty and also the highest percentage of people in poverty. There is no significant difference in the poverty gap rate between the Limpopo districts.

Table 4: The poverty levels in the districts

| | No below the poverty line | % below the poverty line | Poverty gap rate |
|-------------------|---------------------------|--------------------------|------------------|
| Mopani | 629 920 | 54.7% | 31.2% |
| Vhembe | 777 447 | 56.2% | 31.2% |
| Capricorn | 667 087 | 49.2% | 31.2% |
| Waterberg | 342 933 | 46.0% | 31.1% |
| Sekhukhune | 684 125 | 58.0% | 31.2% |

Source: IHS Markit Regional Explorer 2018

From the discussion it is clear that Limpopo province continues to face a serious challenge in terms of inequality, human development and poverty. Research has indicated that higher levels of growth is needed to address these challenges. It is also important to promote more labour absorbing activities in the Limpopo province. The improvement of the skills levels of the poor is also very important.

In terms of fiscal policy, it is important that stable macro-economic policy be implemented on national level. With the current budget constraint on provincial level, it leaves limited scope to allocate funding to additional priorities. Provincial Treasury should continue to ensure that the provincial budget is spent efficiently and economically.

4.4.3. Climate change and poverty

The countries that are currently at the same level of development as developed countries decades ago are subjected to much more stringent climate change regulations than the developed countries were decades ago. It can be argued that this situation is putting the current developing countries at a disadvantage in terms of their efforts to catch up with the level of development of the developed and rich countries because they have to implement more climate friendly policies. The climate friendly policies might lead to slower levels of economic growth, due to the costs that mitigation and adaption puts on the economy.

Research in various developing countries indicated that their key priorities in terms of climate change is agriculture, health and the protection of their water resources. In terms of health the focus is on how to treat waterborne diseases like malaria, which is expected to be more prevalent due to climate change. A number of countries highlighted the risk climate change poses for their energy sector, particularly those that derive a significant portion of their electricity from hydropower. They see the need to diversify their energy systems, such as by expanding geothermal, solar and biogas production. They also want to improve energy efficiency and expand the adoption of efficient technologies.

4.5. Crime Outlook

Crime puts an additional cost on the economy because people tend to spend money to hire security to protect them against crime. Crime also negatively impacts on the image of the province in terms of trying to attract more foreign direct investment.

The top 4 reported crimes in the province relate to civilians and domestic cases; there are 19 580 cases of drug related crimes, 14 328 Burglary at residential premises, and 11 998 Assault with the intent to inflict grievous bodily harm. While Burglary at business premises has the 7th most reported cases. It's given that every effective crime fighting and prevention effort must seek to deal with the causes of the crime.

4.5.1. Crime by Category

Table 5: The number of cases per category

| | |
|---|--------|
| Drug-related crime | 19 580 |
| Burglary at residential premises | 14 328 |
| Assault with the intent to inflict grievous bodily harm | 11 998 |
| Common assault | 7 514 |
| Robbery with aggravating circumstances | 7 037 |
| Malicious damage to property | 6 808 |
| Burglary at business premises | 6 713 |
| Driving under the influence of alcohol or drugs | 5 674 |
| Common robbery | 2 836 |

Source IHS Markit Regional Explorer 2018

4.6. Conclusion

The overview about the poverty situation in Limpopo indicates that, despite an improvement in the poverty situation, the province still faces a serious challenge in terms of poverty. The province will need higher levels of economic growth to significantly lower the number and the percentage of people living in poverty. It is also important to create more jobs to try and reduce the level of poverty. The poor is the most vulnerable to the negative impact in terms of climate change and will benefit from the drive towards sustainable development. It is clear that despite the fact that the province also experiences crime, it is relatively under control. It is important to continue to make a concerted effort to improve the situation.

CHAPTER 5: HEALTH

5.1. Introduction

Healthcare or health is one of the important factors in the human nature as people fall ill, accidents and emergencies happen and hospitals are needed as the first point of access for diagnoses to be made, for diseases to be treated and managed so they do not escalate into something worse.

5.2. Public healthcare expenditure per person

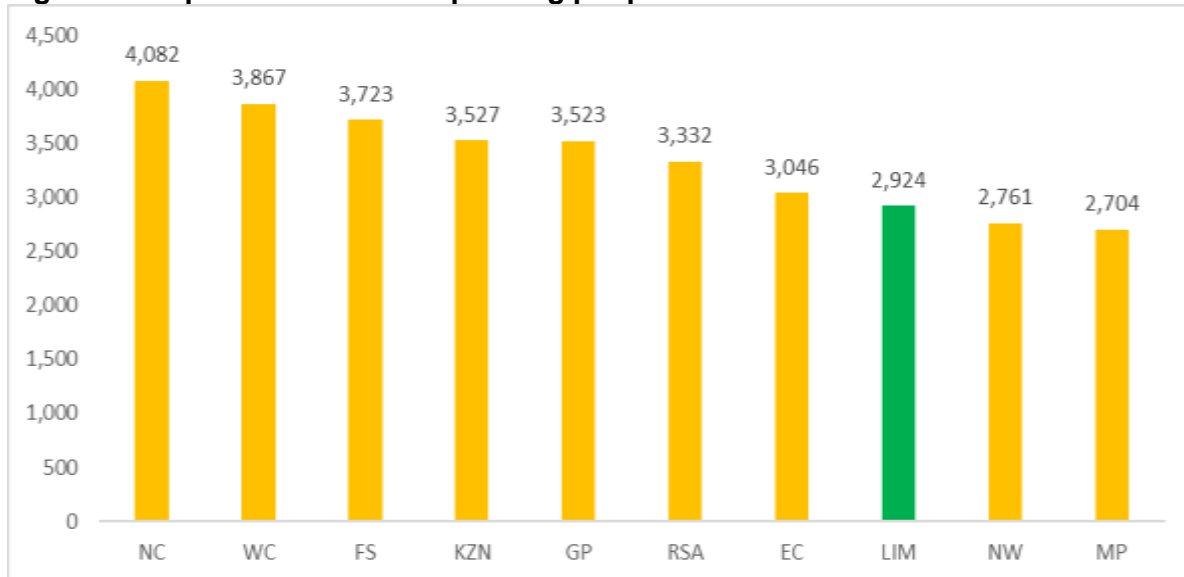
According to StatsSA General Household Survey 2017, seven in every ten households go to a public clinic or public hospital as their first point of access if a household member becomes ill, while only a quarter of households opted to go to a private institution. Public Healthcare continues to be of high priority for public sector spending as the government continues to increase its public health spending in recent years. For every Rand that the South African government spent, 11 cents went to healthcare.

The bulk of the Health budget, namely 86 percent, is spent by provincial governments, which is tasked to manage the nation's public healthcare system, comprising 422 hospitals and 3 841 clinics and health centres. In Limpopo the department of health is allocated about 30 percent of the provincial budget, which is aimed at assisting about 40 hospitals, 454 clinics, 26 community health centres and 123 mobile clinics.

Information in Stats SA's latest financial statistics of provincial government sets the healthcare bill for provincial government at R150 billion. This translates to an average of R3 332 spent per person for the 45 million people who do not have medical cover.

The below graph indicates that the Northern Cape government is the biggest spender in terms of public healthcare spending R4 082 per person, followed by Western Cape at R3 867, Limpopo, North West and Mpumalanga are the lowest spenders in public healthcare spending at R2 924, R2 761 and R2 704 respectively.

Figure 24: A public healthcare spending per person

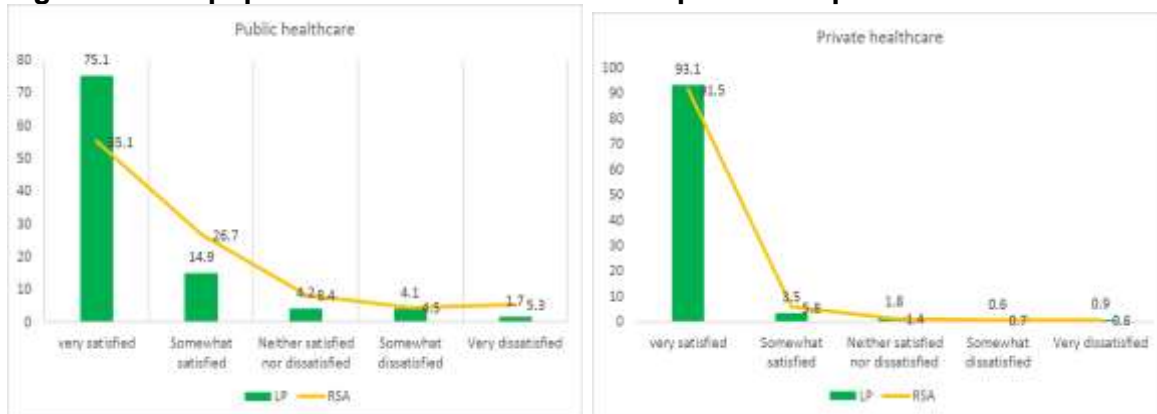


Source: StatsSA General Household Survey 2017

5.3. Level of satisfaction of public and private healthcare

Studies shows that users of private healthcare facilities seemed to be more satisfied with those facilities than users of public healthcare facilities across Limpopo province. About 75.1 percent of individuals who are using public healthcare facilities in Limpopo province are very satisfied, followed by 14.9 percent who are somewhat satisfied, about 4.2 percent are neither satisfied nor unsatisfied, while about 4.1 percent are somewhat dissatisfied with the level of service they receive from public healthcare facilities and about 1.7 percent is very dissatisfied with the level of service received from public healthcare. In terms SA, about 55.1 percent of individuals are very satisfied with the level of service received from public healthcare, 26.7 are somewhat satisfied, 8.4 percent are neither satisfied nor unsatisfied, while about 4.5 percent are somewhat dissatisfied and 5.3 percent are very dissatisfied with the level of service received at public healthcare facilities.

Figure 25: Limpopo and SA level of satisfaction public and private healthcare



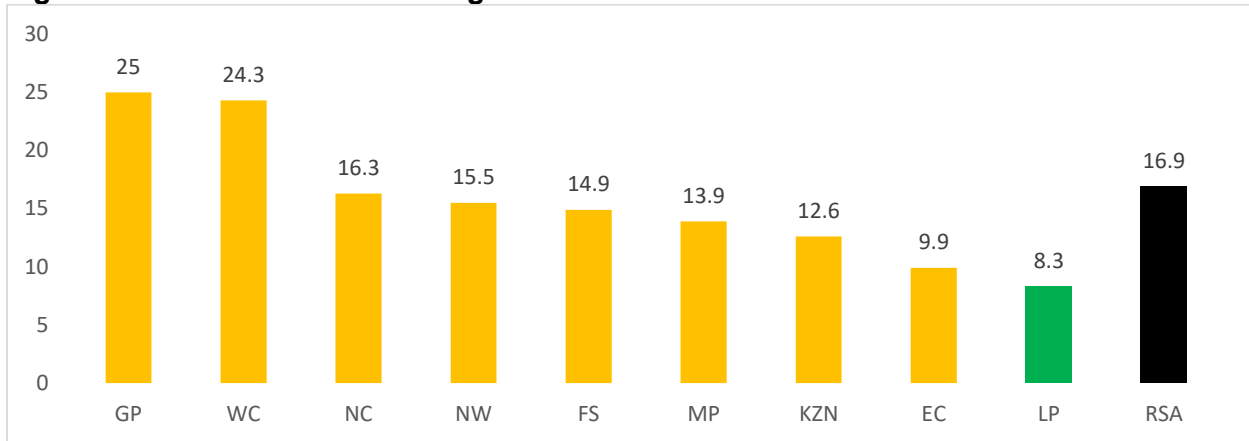
Source: StatsSA General Household Survey 2017

In terms of the level of satisfaction with service received at private healthcare facilities in the province, about 93.1 percent are very satisfied, 3.5 percent somewhat satisfied, 1.8 percent neither satisfied nor dissatisfied, with 0.6 and 0.9 percent who are somewhat dissatisfied and very dissatisfied respectively. In comparison to the national Average in the private health care service, about 91.5 percent of individuals are very satisfied with the level of service received from private healthcare, about 5.8 percent are somewhat satisfied, 1.4 percent are neither satisfied nor dissatisfied, while about 0.7 percent are somewhat dissatisfied and 0.6 percent are very dissatisfied with the level of service received at public healthcare facilities.

5.4. Medical Aid Coverage

Being a member of a medical aid scheme in South Africa can be considered as a privilege, as it is only the lucky few who have access to medical aid coverage. The lack of medical cover is expressed in the decisions that families make due to consideration of the cost of the medical aid schemes in the country. Access to medical aid is determined by wealth, the middle class and the rich mostly have access to medical aid coverage in South Africa, while the poor are left with only one option, using the public health facilities.

Figure 26: SA medical aid coverage

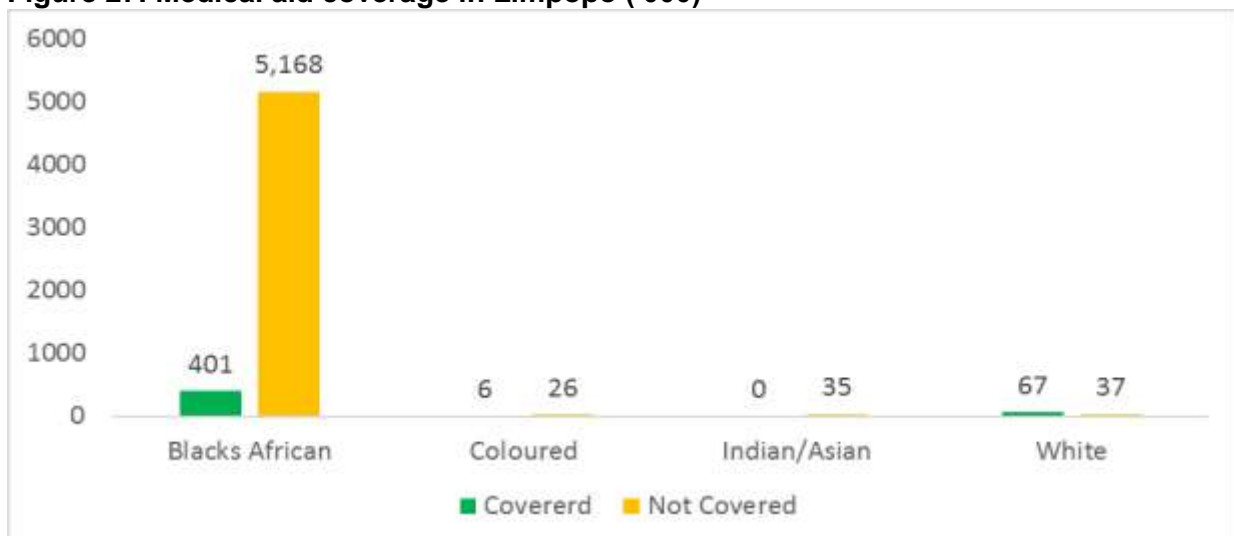


Source: Stats SA General Household Survey 2017

Gauteng and Western Cape have the highest population of individuals with medical aid schemes in South Africa at 25 and 24.3 percent respectively, followed by Northern Cape with 16.3 percent; Eastern Cape and Limpopo province have the lowest population of individuals with medical aid scheme coverage at 9.9 and 8.3 percent respectively. The overall population of South Africa covered by medical aid schemes is only 16.9 percent; Due to Limpopo having a low percentage of individuals under some form of medical scheme coverage indicating that that province will have high reliance to the public health care.

5.5. Medical aid coverage in Limpopo

Figure 27: Medical aid coverage in Limpopo ('000)



Source: Stats SA General Household Survey 2017

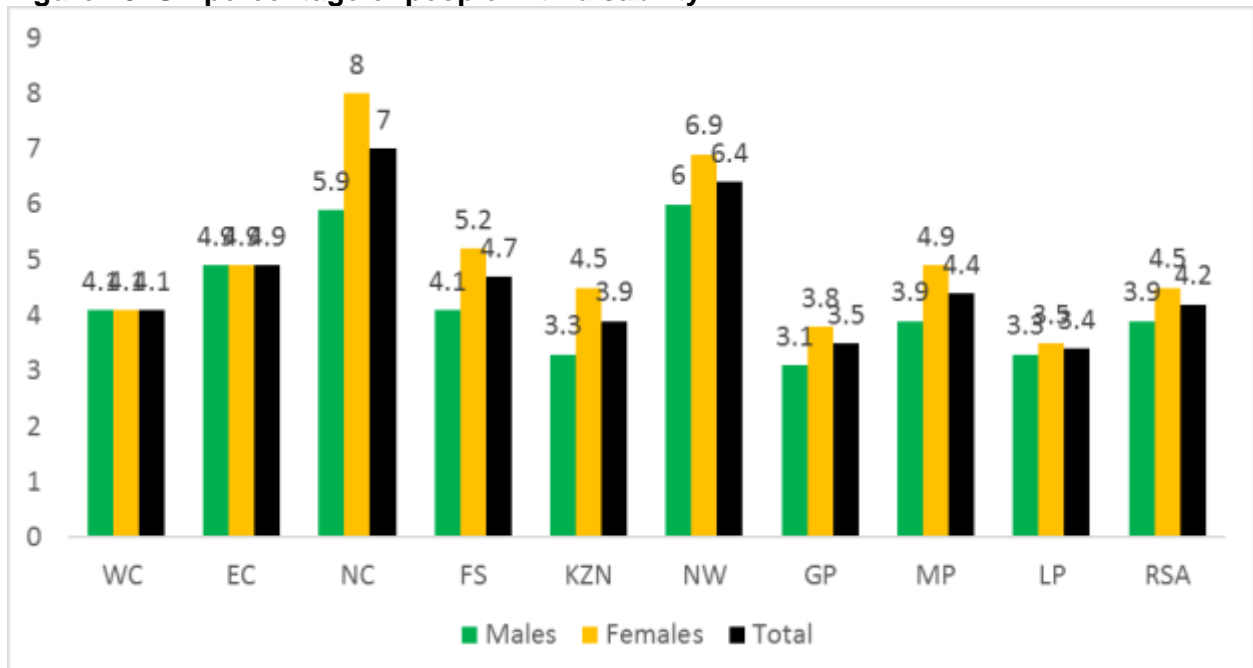
401 thousand Black Africans in the province are covered by medical aid, followed by 67 and 6 thousand Whites and Coloureds respectively. In terms of those not covered, about 5.168 million of the black population are not covered by medical aid, followed by 37, 35 and 26 thousand Whites, Indians and Coloureds respectively. Those not covered by medical aid in Limpopo will rely on public health facilities for assistance with medical issues.

5.6. Disability

5.6.1. SA percentage of people with disability

About 4.2 percent of South Africans aged 5 years and older were classified as disabled. Women are slightly more likely to be disabled than men. Northern Cape (7.0 percent), North West (6.4 percent), and Eastern Cape (4.9 percent) presented the highest prevalence of disability in the country. Limpopo province has the lowest at 3.4 percent.

Figure 28: SA percentage of people with disability



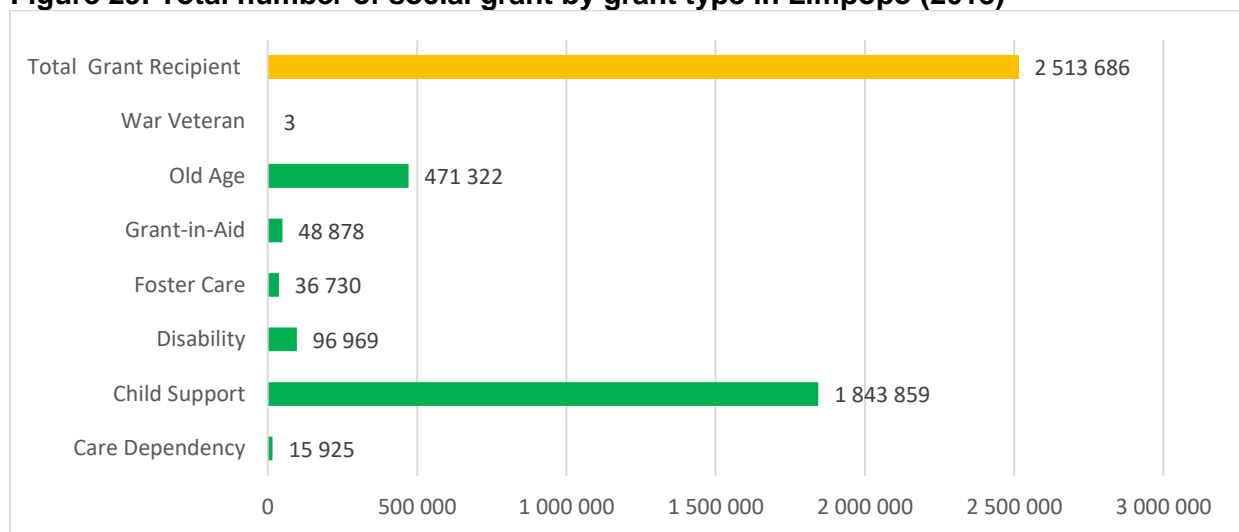
Source: StatsSA General Household Survey 2017

Northern Cape has the highest percentage of females who are disabled at 8 percent, followed by North West at about 6.9 percent disabled females, Gauteng and Limpopo province have the lowest percent of females who are disabled at about 3.8 and 3.5 percent respectively. North West has the highest number of males who are disabled at about 6 percent, followed by Northern Cape at 5.9 percent. Limpopo, Gauteng and KwaZulu-Natal have the lowest number of males who are disabled at 3.3 and 3.1 percent respectively.

5.7. Limpopo social grant recipients

The total number of grant recipients in the province was recorded at 2.5 million, with child support grant being the highest in the province at around 1.8 million recipients followed by old age at 471 thousand recipients. The high number of child support grant beneficiaries are supported by the composition structure of the Limpopo population in the above section which shows that the province is dominated by young people.

Figure 29: Total number of social grant by grant type in Limpopo (2018)

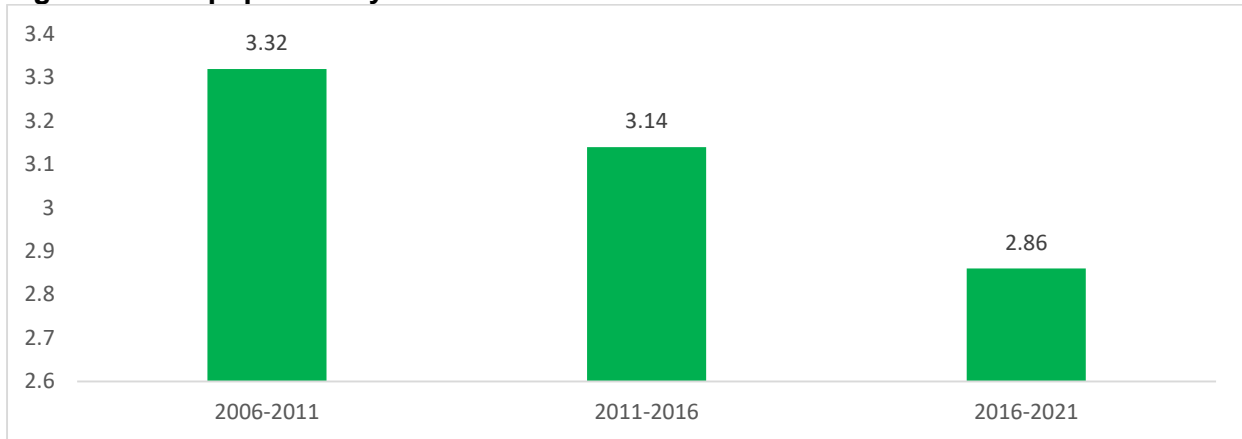


Source: SASSA 2018

5.8. Limpopo fertility rates

The below graph indicates that fertility rates from 2006-2011 were 3.3 percent, from 2011-2016 fertility rates decreased to 3.1 percent and from 2016-2021 fertility rates are expected to decrease further to 2.9 percent.

Figure 30: Limpopo fertility rates

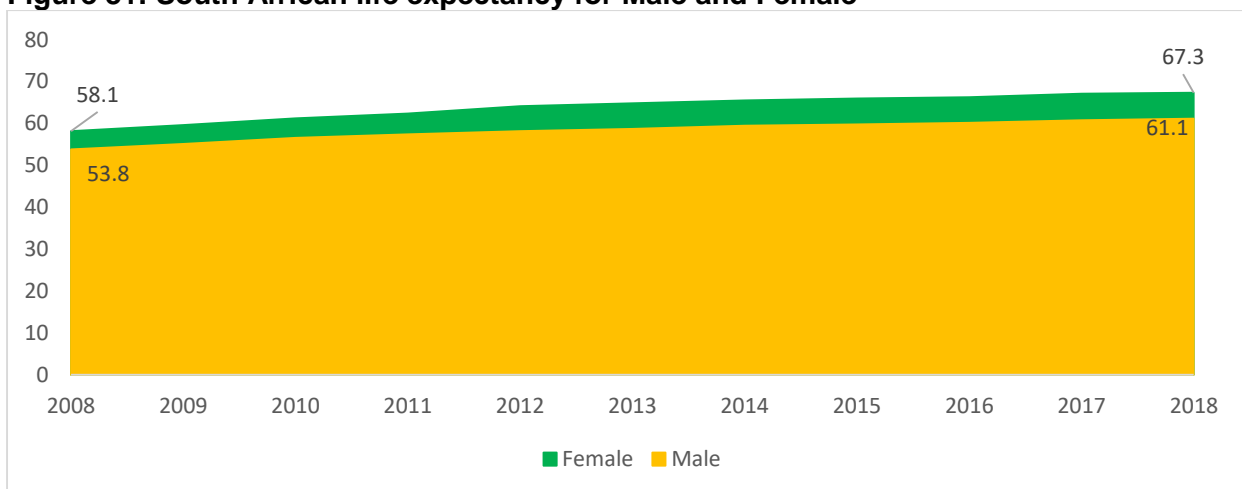


Source: Stats SA General Household Survey 2017

5.9. South African life expectancy for Male and Female

Life expectancy at birth has significantly increased over time between the period 2008 and 2018, as it moved from 58.1 and 53.8 years respectively in 2008 to 67.3 and 61.1 years in 2018 for females and males respectively. This significant improvement in life expectancy can mainly be credited to the impact of the massive introduction and campaigns for the use of Antiretroviral by the national government to curb the deadly HIV and AIDS epidemic which was destroying our people. Expansion of health programmes to prevent mother to child transmission as well as access to antiretroviral treatment has partly led to the increase in life expectancy since 2008. By 2018 life expectancy at birth is estimated at 61,1 years for males and 67,3 years for females.

Figure 31: South African life expectancy for Male and Female

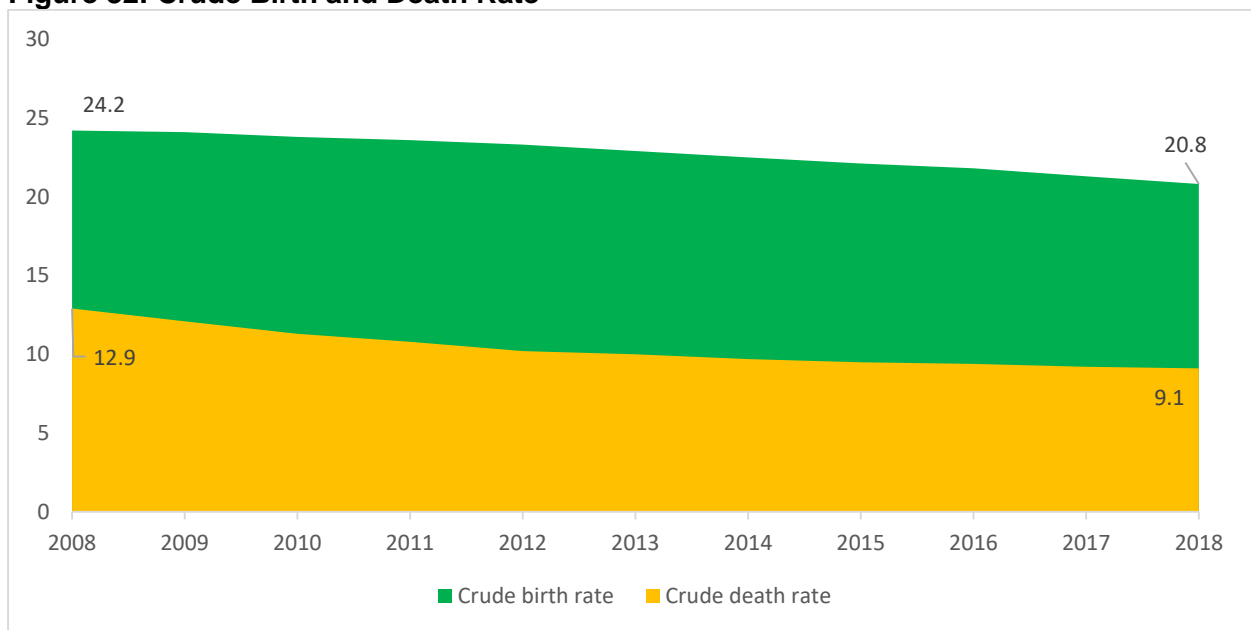


Source: StatsSA Mid-Year population estimates 2018

5.10. Crude birth and death rate

The crude birth and death rate measures the number of births and death case per 100 000 without taking the sex of the person into account. The crude birth rate is viewed as a measure of the fertility of the population. The SA crude birth rate and death rate has been on decline for the period 2008 and 2018. The birth rate was recorded at 24.2 percent in 2008 and it declined to 20.8 percent in 2018, while the death rate decreased from 12.9 percent in 2008 to 9.1 percent in 2018.

Figure 32: Crude Birth and Death Rate

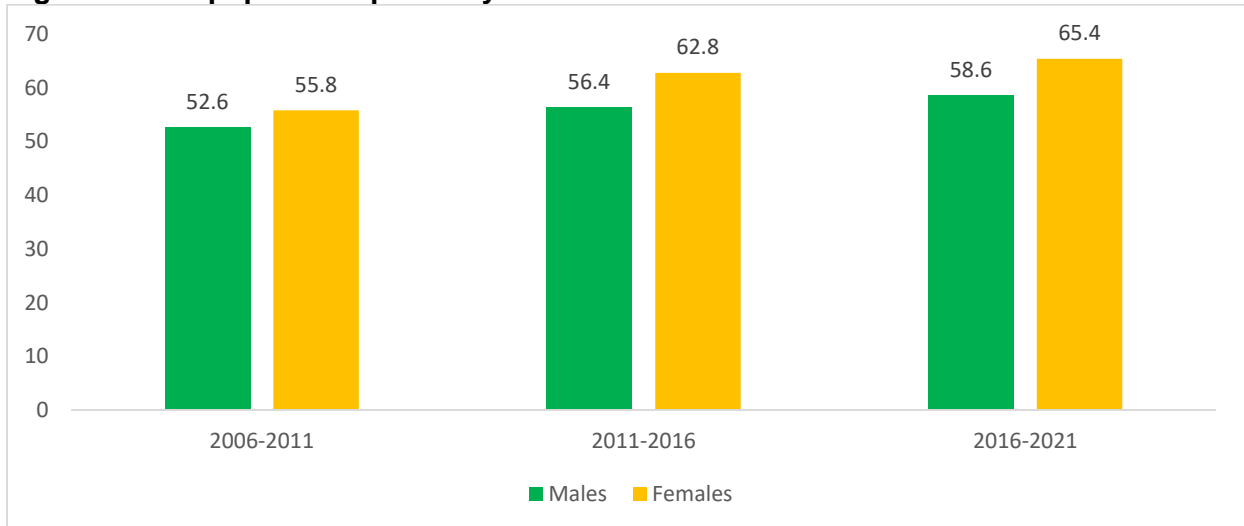


Source: StatsSA Mid-Year population estimates 2018

5.11. Limpopo life expectancy for males and female

The below graph indicates that from 2006-2011 life expectancy for males and females was 52.6 and 55.8 years, from 2011-2016 life expectancy increased to 56.4 years for males, 62.8 years for females and from 2016-2021 life expectancy is expected to increase to 58.6 years and 65.4 years for males and females respectively.

Figure 33: Limpopo life expectancy for males and female

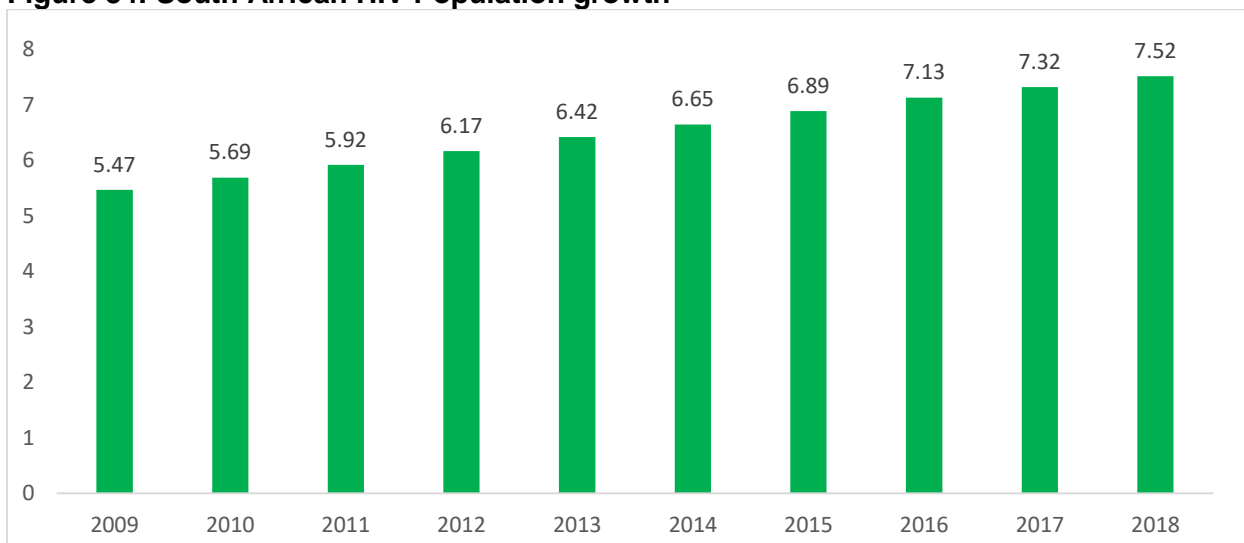


Source: StatsSA Mid-Year Population Estimates 2018

5.12. SA HIV Positive estimates

The number of people infected with HIV increased from 5.47 million in 2009 to 7.52 million in 2018. This shows an increase of about 2 million new infections in the past 10 years. The increase in the number of new HIV infections raises a concern as the government has in recent years embarked on several awareness campaigns about the dangers associated with the spread of HIV in the country.

Figure 34: South African HIV Population growth

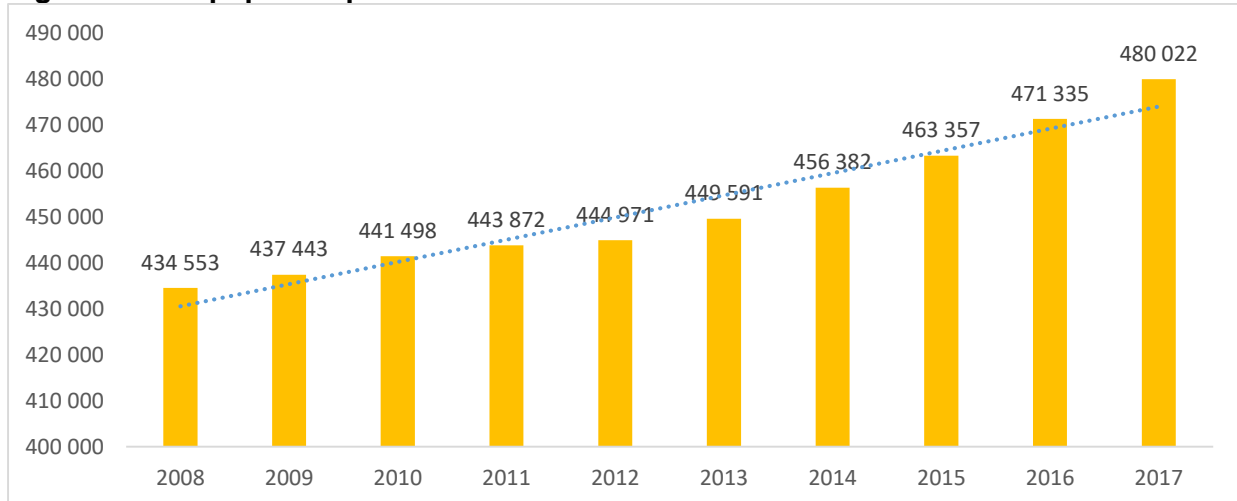


Source: StatsSA Mid-Year population estimates 2018

5.13. Limpopo HIV positive estimates

The estimated number of people who are HIV positive was 434 thousand in 2008. The number has been increasing from 2008 and was 480 thousand in 2017.

Figure 35: Limpopo HIV positive estimates



Source: IHS Regional Explorer 2018

5.14. Conclusion

Better health is central to human happiness and well-being. It also makes an important contribution to economic progress, as a healthy population lives longer and becomes more productive. According to the latest Statistics South Africa General Household Survey only a few privileged South Africans have medical aid cover, which is the essential key that opens the door to private healthcare and the majority of South Africans, fall outside the medical aid net, and as a result are largely dependent on public healthcare. Limpopo province has the lowest percentage of individuals under some form of medical scheme coverage which leads to the majority of the provincial citizens relying heavily on the public clinics or public hospitals as their first point of access if a household member becomes ill.

The provincial government should ensure that the provincial health budget is utilised sparingly with the main aim of improving the standards of the health facilities in the province. The fast tracking of the roll out of the National Health Insurance (NHI) in the

province will be key as the province is in need of better health facilities. The turn-around time and the quality of medications in the provincial hospitals should be improved so as to reduce the long queues and people coming back for further consultations.

The increase in the HIV positive numbers in the province raises a serious policy concern as one would be expecting a reduction in the number of people with HIV given the number of initiatives implemented by the Department of Health. On the other hand, this could be attributed to good campaigns which encouraged the communities to come forward to be tested. The Limpopo provincial government should consider developing intervention strategies towards the stigmatisation of HIV as well as coming up with plans to assist the most affected groups.

CHAPTER 6: EDUCATION

6.1. Introduction

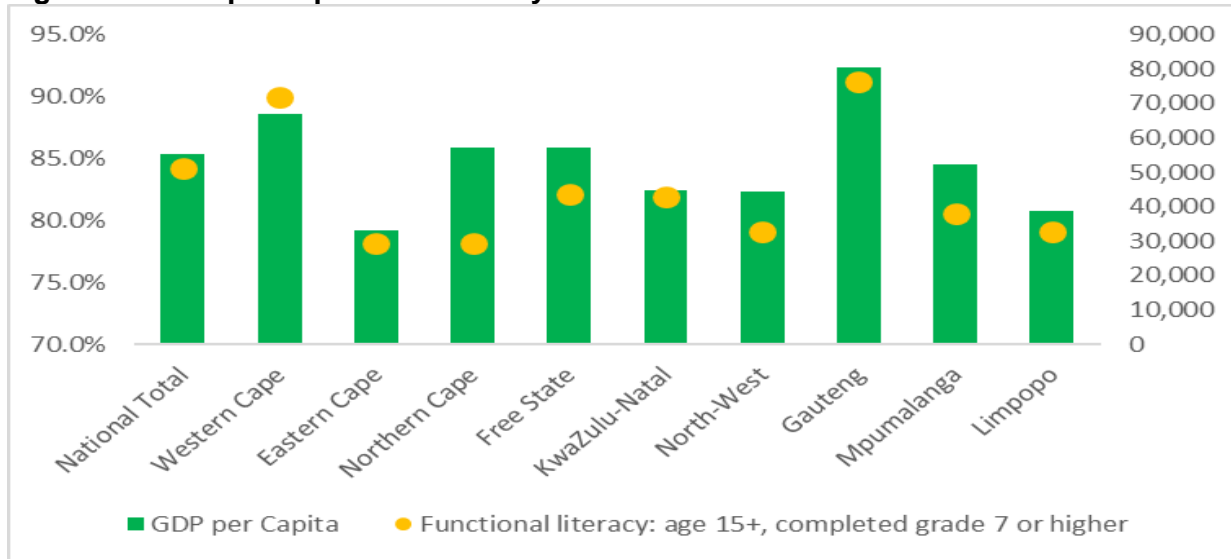
Limpopo faces some grave challenges economically. Unemployment, underemployment, poverty and unequal distribution of wealth being few of them. A pool of literature has demonstrated that literacy can present solutions to almost all these problems. Furthermore, literacy also reduces the economic inequality and reduces income disparity.

6.2. GDP per capita and Literacy rate

There is a positive correlation between GDP per capita and literacy rate. Provinces such as Western Cape and Gauteng reported the largest GDP per Capita of R66 738 and R80 410 respectively have witnessed the highest levels of literacy rates in 2017. Rural provinces such as Eastern Cape, Kwazulu Natal, North West and Limpopo reported the lowest GDP per capita of R33 150, R44 715, R44 385 and R38 543 respectively witnessed by low literacy rates.

Citizens with high literacy levels are naturally concentrated in economic buoyant regions where the demand of their labour is high and possibilities of securing employment are high. This explains why Western Cape and Gauteng enjoy relatively high literacy rates. Moreover, the fore mentioned regions enjoy high gross capital formation in both economic and social infrastructures supported by high density levels implying that the unit cost of rolling out such stock is relatively less expensive and benefiting more citizens compared to rural provinces - where settlements are scattered and population densities are very low,

Figure 36: GDP per capita and Literacy rate



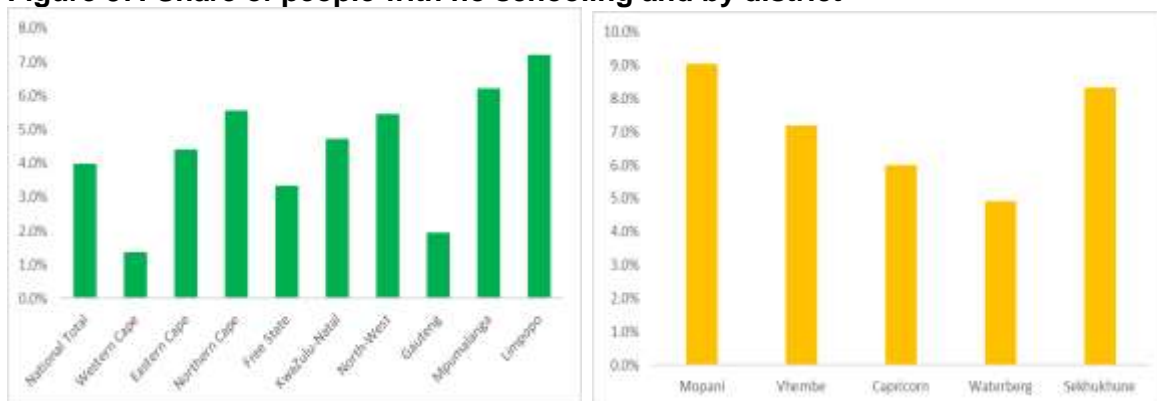
Source: IHS Markit Regional Explorer 2018

6.3. Levels of education

6.3.1. No schooling

Industrial economies such as Western Cape and Gauteng have a low share of its population without schooling. The converse can be said for less industrialized provinces or alternatively described - rural provinces. There is a relatively high share of citizens who have not been to school in rural provinces - Limpopo recording the highest. The worse affected districts are Mopani, Sekhukhune and Vhembe which recorded a share of 9 percent (103 643 people), 8.3 percent (98 230 people) and 7.2 percent (99 525. People) respectively.

Figure 37: Share of people with no schooling and by district

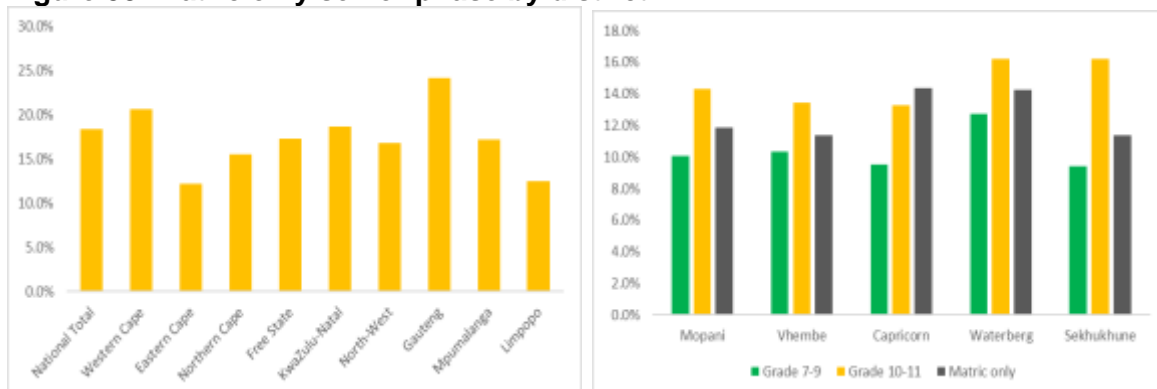


Source: IHS Markit Regional Explorer 2018

6.3.2. Post Matric Qualification

Almost 40 percent of the citizens of Limpopo fall in the cohort of people possessing either Grade 7 – 9, Grade 10 – 11 and Grade 12. People who possess Grade 7 to Grade 11 have lower probabilities of securing a job or further acquiring a post matric qualification. This is representative of the demographic structure of the province where the majority of the people living in the province are youth. In essence the province has a relatively large pool of youth that is not streamlined into special skills to contribute meaningfully in the provincial economy. Given the development framework of the province to industrialize, the province is likely to fall short of the requisite skills to support its industrialization and growth trajectory.

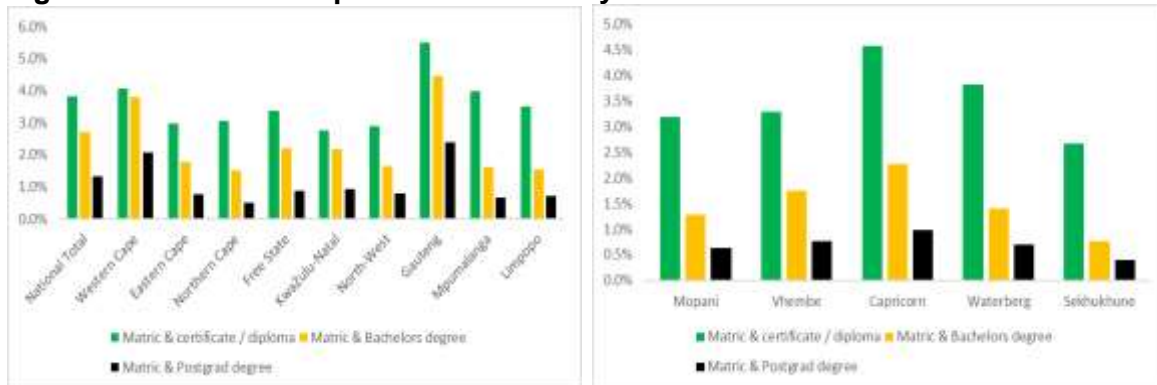
Figure 38: Matric only senior phase by district



Source: IHS Markit Regional Explorer 2018

The share of people with Diplomas are relatively higher than those in possession of degrees in the country, however it is pronounced in the province. This is explained by the number of private and public colleges that outnumber university enrolment particularly in the diploma segment. What is of strategic importance is whether the diploma graduates are aligned to the market demand and broader provincial development trajectory. If not, the education system or curriculum outcomes are not adding value to the development and growth of the province. Over and above graduating, the question is whether the graduate is employable and able to actively participate in the local economy.

Figure 39: Post matric qualifications and by district



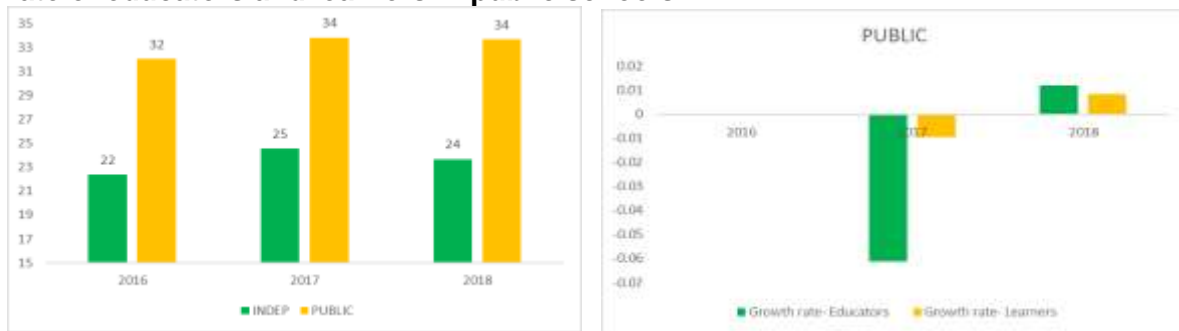
Source: IHS Markit Regional Explorer 2018

6.3.3. Learner/ Teacher Ratio

According to the OECD, smaller class sizes are often seen as beneficial because they allow teachers to focus more on the needs of individual students, and reduce the amount of class time needed to deal with disruptions. The ratio is also often used as a selling point for private schools, as they boast that smaller class sizes allow for more one on one time, and innovative teaching methods.

The learner/teacher ratio for public schools is generally higher than that of the private schools. This disparity is exacerbated by the fact that a pure public good is not supposed to be exclusive, therefore government seeks to accommodate as many students as possible with the limited resources it has at its disposal. There is a notable increase in the learner teacher ratio in public schools from 1:32 in 2016 to 1:34 in 2018. Public schools are experiencing a great leakage of educators in the system, in 2017 the public sector educators contracted by 6.1 percent when learner population declined by 0.9 percent. Independent schools' learner teacher ratio has averaged 1:24 over the past 3 years which helps to explain the quality of education in such institutions.

Figure 40: Learner teacher ratio for Limpopo for private and public schools and growth rate of educators and learners in public schools



Source: IHS Markit Regional Explorer 2018

6.4. Conclusion

The World Inequality Database on Education (WIDE) highlights the powerful influence of circumstances, such as wealth, gender, ethnicity and location, over which people have little control but which play an important role in shaping their opportunities for education. It draws attention to unacceptable levels of inequality in access and learning across countries and within countries, with the aim of helping to inform policy design and public debate.

Due to these market failures, there is a need for government to manage the country's education system to ensure quality education for all regardless of circumstances. This emphasis is based on the premise that rural provinces are underfunded and under resourced to provide the expected quality education.

The literacy rate is one of the key development indicators of the economic situation in a country as increased literacy rate leads to enhancement of a country's human capital development. Literacy, especially obtaining tertiary degrees at university, also provides better employment prospects and gives a higher socio-economic status.

CHAPTER 7: BASIC SERVICES

7.1. Introduction

South Africa is a country that faces many disparities because of its colonial and oppressive history. This has resulted in multiple socio-economic challenges that need redress across the different spheres of government to achieve transformation. Ensuring that redress occurs is complex, and the real needs of citizens are often overlooked. Though the government has made significant gains with regards to creating a more equal society, divides and challenges are still rife. The slow pace and lack of quality service delivery has fuelled protests all over the country, and have brought local government under the spotlight. These protests have been characterized by high levels of violence, xenophobic attacks, and looting and police brutality. The dissatisfaction about service delivery is prominent in informal settlements and rural areas like the Vhembe region in Limpopo.

Despite these challenges with basic service delivery the situation improved dramatically since 1994. The inhabitants in the province with access to water, sanitation and electricity improved markedly since the dawn of democracy.

7.2. Housing

The share of households occupying formal dwellings increased from 86.7 percent in 2007 to 90.2 percent in 2017. What is concerning for policy planners at provincial and local government sphere is households that still reside in informal and traditional dwellings. There are generally logistical challenges of providing decent dwelling and supplementary amenities such as water and sewage systems for households in rural areas due to scattered settlements and unfavourable topographic features. The most noticeable backlog of housing among the districts is Vhembe, where 55.7 thousand households do not live in formal dwellings.

Table 6: Share of households occupying formal dwellings and formal dwellings backlog

| | Share of household occupying formal dwellings | | | | Formal dwelling backlog | | | |
|-------------------------|---|-------|-------|--|-------------------------|-----------|-----------|--|
| | 2007 | 2012 | 2017 | | 2007 | 2012 | 2017 | |
| Limpopo | 86.7% | 90.5% | 90.2% | | 172,314 | 133,759 | 154,960 | |
| Mopani | 88.6% | 91.1% | 91.8% | | 32,255 | 26,427 | 26,466 | |
| Vhembe | 81.2% | 89.2% | 84.9% | | 56,816 | 35,894 | 55,795 | |
| Capricorn | 91.2% | 92.8% | 94.7% | | 27,398 | 24,447 | 20,106 | |
| Waterberg | 86.0% | 87.9% | 88.9% | | 24,735 | 22,105 | 22,997 | |
| Sekhukhune | 86.2% | 90.4% | 90.0% | | 31,111 | 24,886 | 29,595 | |
| National Average | 75.4% | 77.9% | 78.8% | | 3,236,573 | 3,186,967 | 3,405,757 | |

Source: IHS Markit Regional Explorer 2018

A further challenge is that the occupants of these houses, in many cases, do not have the title deed to the property. This limits the wealth impact of having access to proper housing.

7.3. Sanitation

The Strategic Framework for Water Services (2003) defines sanitation services as the provision of a basic sanitation facility which is easily accessible to a household, the sustainable operation of the facility, including the safe removal of human waste and wastewater from the premises where this is appropriate and necessary, and the communication of good sanitation, hygiene and related practices. Drought is endemic to South Africa in general and presents a major challenge to the achievement of sustainable development. The impact of the current drought conditions is resulting in water restrictions and is causing substantial socio-economic hardships, a decline in public health, land degradation and bio-diversity loss. The limited availability of water also has a negative impact of the provisioning of sanitation.

The situation, however, varies significantly by province. While flush toilets were quite common in Western Cape (93.4 percent) and Gauteng (86.3 percent), they were much less common in Limpopo (23.6 percent), Mpumalanga (45.7 percent), Eastern Cape (46.7 percent), KwaZulu-Natal (46.8 percent) and North West (47.7 percent). Pit latrines without ventilation pipes were most common in Limpopo (39.8 percent), Mpumalanga (28.8 percent) and North West (28.2 percent).

Table 7: Household access to sanitation in South Africa, 2011 and 2016

| | 2011 | 2016 | Change |
|---|------|------|--------|
| Flush toilet connected to public sewerage system | 57,0 | 60,6 | 3,6 |
| Flush toilet connected to a septic system | 3,1 | 2,7 | -0,4 |
| Chemical toilet (including ecological sanitation) | 2,5 | 4,5 | 2,0 |
| Pit latrine with ventilation pipe | 8,8 | 12,2 | 3,4 |
| Pit latrine without ventilation pipe | 19,3 | 13,7 | -5,6 |
| Bucket toilet | 2,1 | 2,2 | 0,0 |
| Other | 2,1 | 1,6 | -0,5 |
| None | 5,2 | 2,4 | -2,8 |

Source: StatsSA 2017

The share of households with hygienic toilets increased from 34.2 percent in 2007 to 53.2 percent in 2017 in Limpopo province, however, more still needs to be done as 736 thousand households are without hygienic sanitation. The problem is worse in Mopani, Vhembe, and Capricorn districts.

Table 8: Share of households with hygiene toilets and sanitation backlogs

| | Share of households with Hygienic toilets (%) | | | | Sanitation backlog | | | |
|-------------------------|---|-------|-------|--|--------------------|-----------|-----------|--|
| | 2007 | 2012 | 2017 | | 2007 | 2012 | 2017 | |
| Limpopo | 34.2% | 45.5% | 53.2% | | 854,174 | 769,386 | 736,441 | |
| Mopani | 33.3% | 47.2% | 60.0% | | 189,015 | 157,119 | 129,579 | |
| Vhembe | 33.1% | 42.1% | 56.2% | | 201,778 | 191,972 | 161,505 | |
| Capricorn | 36.5% | 48.9% | 53.6% | | 196,766 | 173,104 | 175,342 | |
| Waterberg | 53.0% | 61.4% | 68.6% | | 82,806 | 70,673 | 65,081 | |
| Sekhukhune | 18.7% | 32.2% | 30.7% | | 183,808 | 176,519 | 204,934 | |
| National Average | 68.0% | 76.1% | 80.1% | | 4,206,841 | 3,457,086 | 3,203,865 | |

Source: IHS Markit Regional Explorer 2018

7.4. Water Services

Safe and sufficient drinking water and adequate sanitation are both essential ingredients to ensure health and well-being of human beings, and they are necessary for economic development. The right for everyone to have access to sufficient water is Legislated. Only 67.9 percent of households in Limpopo have access to piped water. About 419 thousand households do not have access to piped water. Mopane, Vhembe and Sekhukhune districts recorded 109 thousand, 134 thousand and 100 thousand households without access to piped water respectively in 2017.

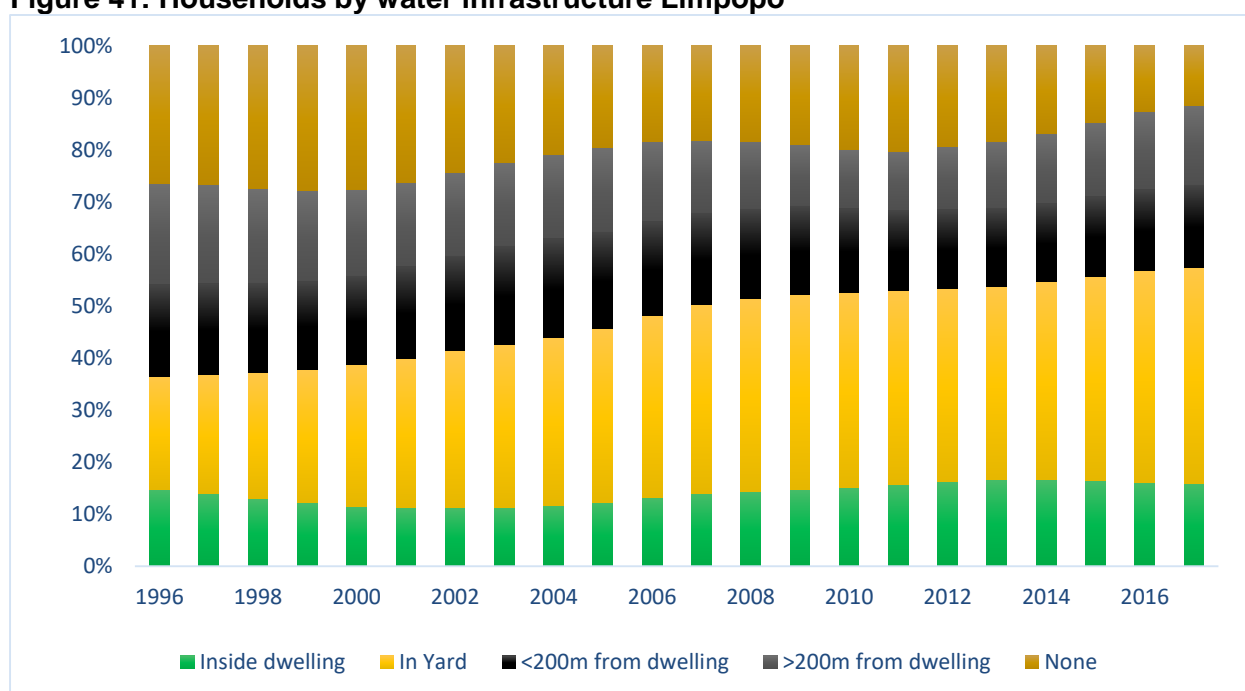
Table 9: Share of households with piped water and water backlogs

| | Share of households with piped water at or above RDP-level (%) | | | | Water backlog | | | |
|-------------------------|--|-------|-------|--|---------------|-----------|-----------|--|
| | 2007 | 2012 | 2017 | | 2007 | 2012 | 2017 | |
| Limpopo | 67.9% | 68.6% | 73.3% | | 415,793 | 442,749 | 419,636 | |
| Mopani | 63.0% | 67.6% | 66.4% | | 104,786 | 96,409 | 109,049 | |
| Vhembe | 62.0% | 67.4% | 63.6% | | 114,655 | 108,141 | 134,282 | |
| Capricorn | 76.7% | 75.2% | 86.5% | | 72,244 | 83,908 | 51,102 | |
| Waterberg | 81.6% | 78.8% | 88.0% | | 32,442 | 38,786 | 24,751 | |
| Sekhukhune | 59.5% | 55.7% | 66.0% | | 91,666 | 115,505 | 100,453 | |
| National Average | 81.9% | 84.1% | 86.6% | | 2,377,960 | 2,298,867 | 2,152,886 | |

Source: IHS Markit Regional Explorer 2018

The share of households with no access to water has declined significantly over the years. While the households with access to water within their yards has improved remarkably. This is evident of the strides that government is making in ensuring that citizens have access to the most basic yet critical services. However, more needs to be done for rural and remote settlements where citizens are deprived and most vulnerable.

Figure 41: Households by water infrastructure Limpopo



Source: IHS Markit Regional Explorer 2018

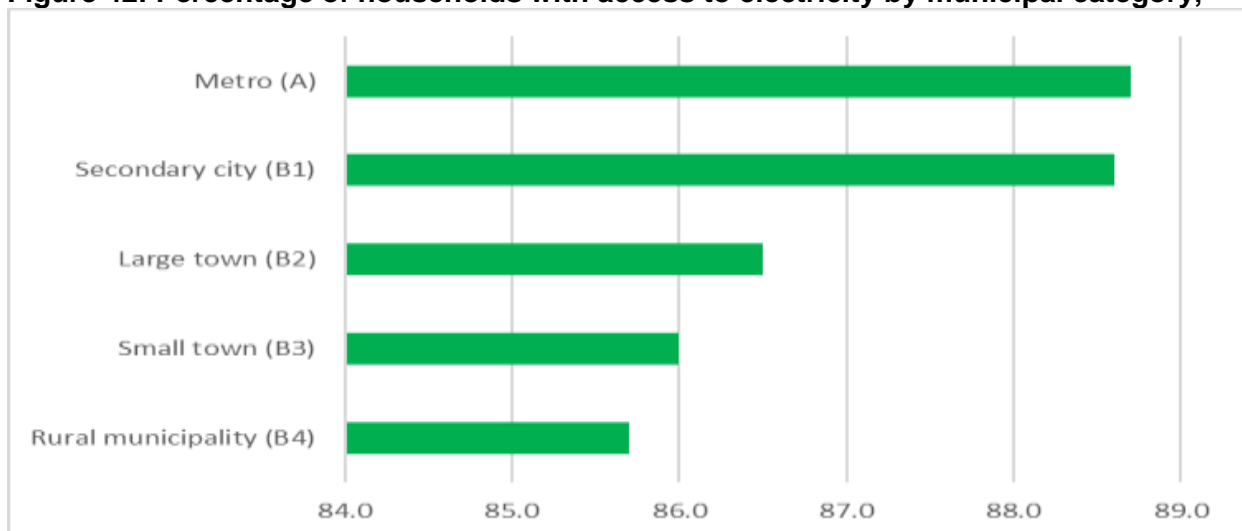
South Africa is a dry country with limited fresh water resources and adequately accessing water and sanitation is a challenge for many households in rural and peri-

urban communities. The NPC (2011) points out that inadequate access to water can be the result of insufficient bulk infrastructure, poor municipal service delivery and/or poor maintenance of existing infrastructure, as well as households being too poor to pay for the cost of services. As a long-term driver of development policy in the country, the NDP envisages that all South Africans will have full, affordable and reliable access to sufficient safe water and hygienic sanitation by 2030. The LDP seeks to improve access to basic services (water) from 83 percent in 2014 to 90 percent 2019, it is clear from the current data that the provincial government is lagging behind as only 73.3 percent of households have access to water.

7.5. Access to electricity

The provision of electricity can contribute significantly to the improvement of human quality of life. In addition to providing a host of social benefits, access to electricity could also stimulate local economic development. Local governments play an important role in the distribution of electricity, and the profit on the sale of electricity is an important Source of local government funding, particularly for larger urban municipalities. Although significant progress has been made since 1994 with the provision of electricity, significant challenges remain.

Figure 42: Percentage of households with access to electricity by municipal category,



Source: StatsSA 2017

In 2016, access to electricity is higher in more urban municipalities than in rural municipalities. While 88,7 percent and 88,6 percent of households used electricity in metros and secondary cities (category A and B1 municipalities) respectively, access was a few percentage points lower in rural (B4) municipalities.

About 94 percent of the households in the province have access to Electricity. Only about 94 thousand do not have electricity connections. Among the basic services, government has outperformed itself in ensuring that most people are connected to electricity. However, 42 thousand households in Waterberg and Sekhukhune districts do not have electricity.

Table 10: Share of households with electricity and electricity backlog

| | Share of households with electrical connections (%) | | | | Number of households with no electrical connection | | | |
|-------------------------|---|-------|-------|--|--|-----------|-----------|--|
| | 2007 | 2012 | 2017 | | 2007 | 2012 | 2017 | |
| Limpopo | 80.0% | 89.7% | 94.0% | | 260,081 | 145,457 | 94,363 | |
| Mopani | 82.7% | 90.8% | 95.6% | | 48,961 | 27,417 | 14,148 | |
| Vhembe | 82.2% | 89.2% | 95.2% | | 53,548 | 35,829 | 17,842 | |
| Capricorn | 79.2% | 89.8% | 95.0% | | 64,592 | 34,584 | 18,769 | |
| Waterberg | 75.5% | 90.6% | 89.6% | | 43,093 | 17,239 | 21,623 | |
| Sekhukhune | 77.9% | 88.3% | 92.6% | | 49,887 | 30,389 | 21,982 | |
| National Average | 80.8% | 86.6% | 90.5% | | 2,528,674 | 1,933,252 | 1,519,187 | |

Source: IHS Markit Regional Explorer 2018

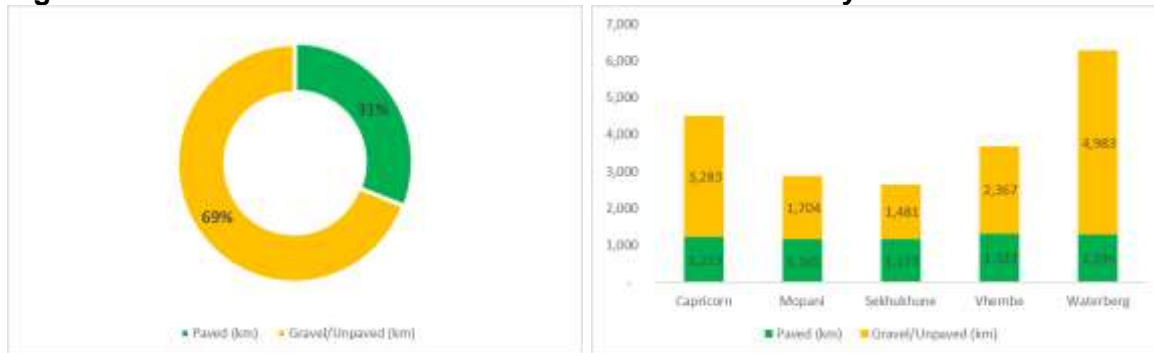
7.6. Provincial Roads Infrastructure

Economic theory and empirical research suggest that investment in economic infrastructure spurs economic growth. It is also expected to generate employment directly through the actual construction, operation and maintenance requirements but also through indirect multiplier effects across the economy. Generally, good infrastructure reduces the operating costs for firms thereby increasing profitability margins. Furthermore, good infrastructure, particularly roads, increases mobility of labour allowing firms to increase productivity and attract factor inputs.

A sizable portion (69 percent) of provincial roads are unpaved and such roads are concentrated mainly in the rural areas. Unpaved roads deteriorate over time due to the combined effects of traffic and environment, maintenance is essential to ensure the desired level of service of unpaved roads. Maintenance types can be classified

into routine maintenance, rehabilitation and reconstruction or emergency maintenance. Given the accelerated rate of deterioration observed on unpaved roads, routine and periodic maintenance should be performed continuously and with a higher frequency than that observed in paved roads.

Figure 43: Provincial road classification 2019 and network by districts 2019

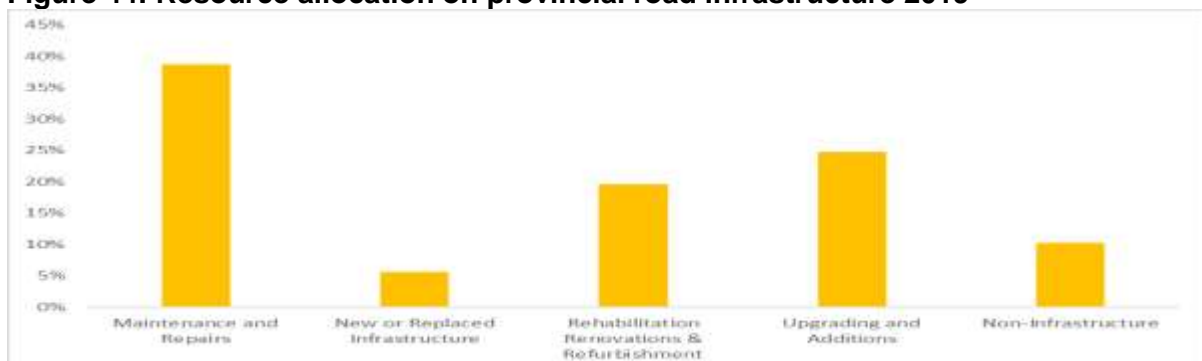


Source: Limpopo Department of Public Works 2019

The Waterberg district has the least population and the least number of households, however it has the longest road network in the province. This is explained by the vastness of the district, dispersed human settlement and fragmented economic activities. The least or shortest provincial road network is in Mopani and Sekhukhune districts.

RAL's budget is driven by Maintenance and Repairs (39 percent) Upgrading and additions (25 percent) and Rehabilitation Renovations & Refurbishment (20 percent). It is imperative that a cost and benefit analysis be conducted to ensure that resources are used and directed to areas where there are high social and economic benefits.

Figure 44: Resource allocation on provincial road infrastructure 2019



Source: Limpopo Department of Public Works 2019

7.7. Conclusion

The analysis of the household infrastructure provides an important opportunity to track the improvement of basic service delivery across the province. The analysis finds that the available infrastructure and accompanying service levels are worst for households in the poorer, mostly rural municipalities, particularly Limpopo where many households have to rely on informal and health risk practices to survive. Resources, both human and financial must be monitored to ensure that it attains maximum social benefit.

CHAPTER 8: TOURISM

8.1. Introduction

The tourism industry has been identified in various policy documents like the National Development Plan, the New Growth Path and the Limpopo Development Plan as one of the key sectors in the economy that must be promoted. The tourism sector has the advantage that it is labour intensive in nature with the potential to create a substantial number of jobs. The sector showed good growth during the last few years and established Limpopo as one of the leading tourism destinations in South Africa. Huge potential however still exists to further promote tourism in the province.

8.2. The comparative advantage of Limpopo Province as tourism destination

The comparative advantage Limpopo has as a tourist destination is entrenched in its diverse wildlife and vast natural landscapes. The uniqueness of these landscapes are showcased through international recognized conservation areas namely the three registered UNESCO Biosphere Reserves in the province and two World Heritage Sites. In addition, three national parks are located in the province and two trans-frontier conservation areas that positions Limpopo as a boundless destination. Wildlife viewing opportunities and birding remain popular activities in Limpopo with bird watching seen as one of the fastest growing nature-based activities worldwide. To date, the longest running route, the Soutpansberg-Limpopo Birding Route estimated that local birders spend about R700 million rand a year on their pastime.

Limpopo is also known for offering unique cultural and historical experiences that are celebrated through a number of cultural festivals and heritage celebrations. With the discovery of sediments, fossils, bones and artefacts Limpopo has also become a popular destination for palaeontology, archaeology and San rock art found throughout the province. Limpopo is further known as a welcoming province with its people playing an important part in the tourism industry. It is therefore not surprising that social tourism opportunities such as culture, culinary, educational and family gatherings

provide opportunities for tourists to not only interact with one another, but also with the local cultures.

An area where Limpopo is experiencing continuous growth is hunting and therefore the province acknowledges the hunting industry as one of the economic drivers that contributes to tourism growth. It is estimated that about 51 percent of the Limpopo wildlife ranching industry also takes part in ecotourism activities. The relationship between these activities should therefore be well managed and regulated to ensure that responsible practices and sustainable resource utilisation remains a priority to sustain Limpopo's competitive edge in the wildlife industry.

Sport tourism is growing and picking up rapidly across the globe. To leverage from this trend Limpopo started to position itself as a destination offering unique sporting opportunities closely linked with wildlife and wilderness settings. These include amongst others, warrior races, trail running, mountain biking, cycling, etc. The province has three soccer teams participating in the highest soccer league in the country, Therefore, the utilization of Peter Mokhaba and Thohoyandou Stadium for Premier Soccer league matches also positions the province as an important host province for soccer enthusiasts.

Another sector with tremendous potential in Limpopo is business tourism. Hosting meetings, and conventions remain a strong segment when contributing to the economy. In Limpopo, the business and events cluster has been identified to focus mainly for medium to small conferences, meetings and exhibitions. Incentive travel in particular has been identified as a potential market Limpopo should leverage from. It also showcases the opportunity to expand the domestic market through offering short breakaways. These are for example, local food and wine festivals and also flower, fruit, music and cultural festivals that are unique to Limpopo.

8.3. Tourism Performance in Limpopo

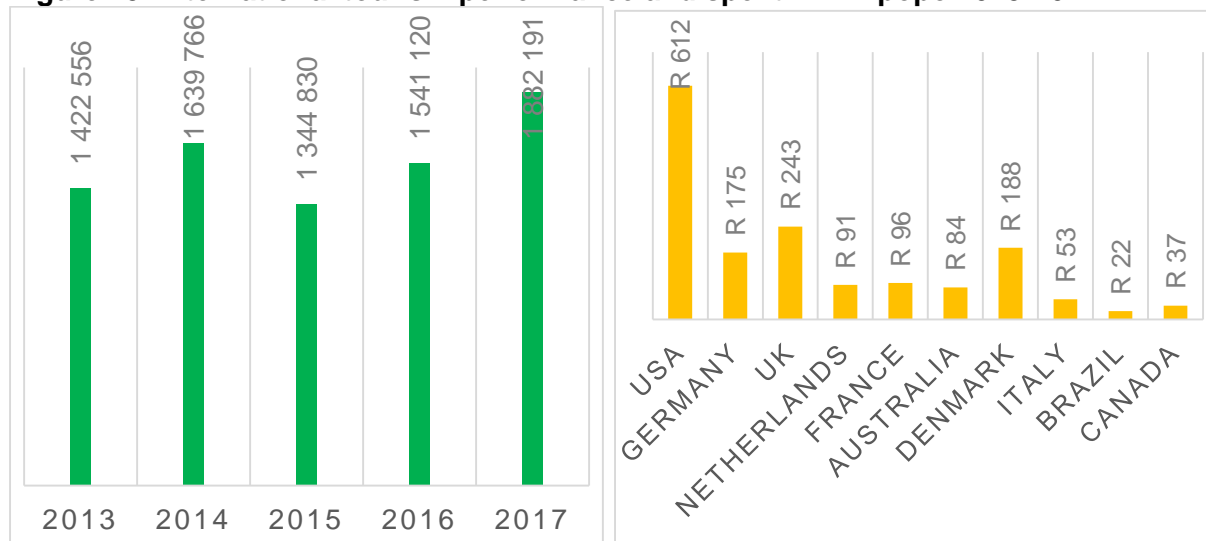
Limpopo recorded the second most visits per province by international tourists, with more than 1.8 million international arrivals in 2017. This reflects a 22 percent increase from 2016 and is a clear indication that Limpopo remains a competitive tourist

destination in the international market. The current economic recession in South Africa and the favourable exchange rate of the Rand, also makes it more affordable for international tourists to visit South Africa. The main long-haul international markets of the province are USA, Germany, UK, Netherlands, France, Australia, Denmark, Italy, Brazil, and Canada.

On the domestic front Limpopo reached the 8.3 million mark in 2016. With a 60 percent growth in the domestic market since 2013, made Limpopo the leading province in the domestic tourism space. However, after experiencing such high performance, the country in general experienced low growth in domestic travellers. One of the most likely reasons for the big drop in domestic tourists were the decrease in affordability caused by poor economic conditions experienced throughout South Africa. In total Limpopo recorded 3.1 million domestic travellers and this trend is anticipated to continue while the economy is under strain. However, Limpopo is the province that received the most revenue from domestic tourists in 2017, amounting to a total of over R5.4 billion.

Travelers from the SADC countries enjoy most of the key drivers for tourism in Limpopo too. South African Tourism confirmed the main purpose for SADC countries travelling to Limpopo in 2017 was to visit family and friends, which accounted for 51.3 percent of visits. This reinforces the fact that Limpopo must apply its marketing and destination offerings creatively to involve these tourists also in other activities. Furthermore, the SADC countries travelling to Limpopo enjoy shopping for personal reasons at 13.5 percent, holiday at 7.1 percent and religion at 2.4 percent as the key attractions. To cater for the regional niche markets, Limpopo would have to market attractions and activities for families and friends to enjoy. Providing more shopping experiences and holiday packages would also attract more of the regional markets to Limpopo.

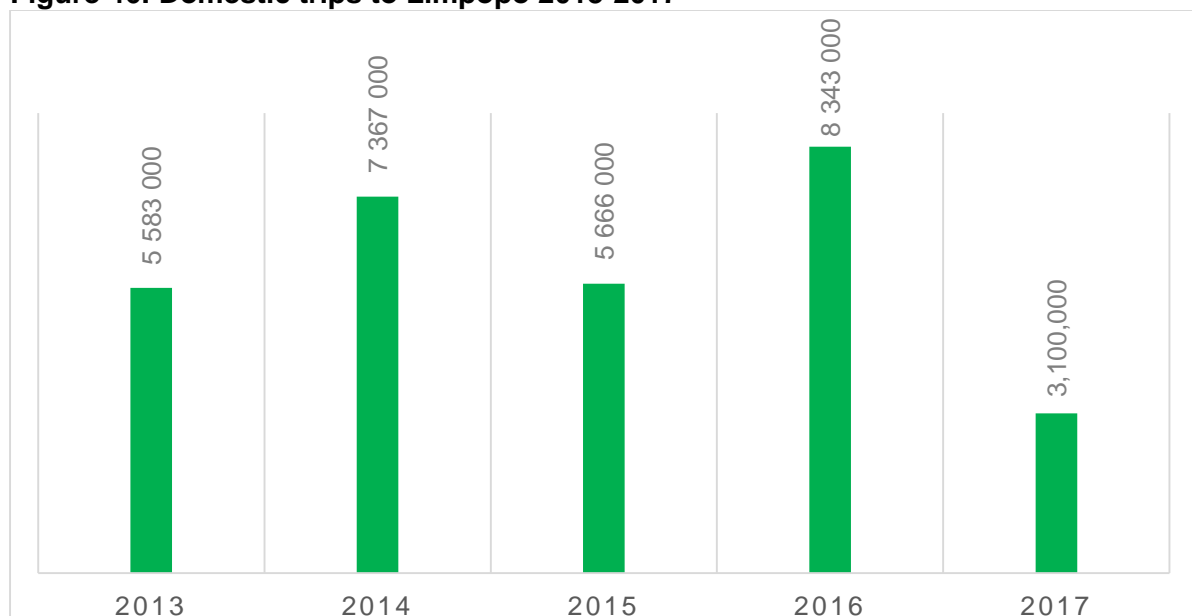
Figure 45: International tourism performance and spent in Limpopo 2013-2017



Source: South African Tourism

The number of local tourism arrivals increased from just more than 1.4 million visitors during 2013 to more than 1.8 million during 2017. From the Figure above it is clear that the biggest tourism spend in Limpopo still comes from the traditional international markets of the United States of America, Germany, United Kingdom and the rest of Europe.

Figure 46: Domestic trips to Limpopo 2013-2017



Source: South African Tourism

8.4. Tourism Clusters as building blocks for tourism growth in Limpopo.

As mentioned, tourism in Limpopo had been identified as a sector with a very strong competitive advantage in ecotourism linked to wildlife, culture and vast landscapes. The wide variety of tourism destinations, attractions, products and services led to the creation of six tourism clusters. As indicated in the introduction, six tourism clusters were identified as the building blocks of the strategy, namely the Family & Recreation cluster, Business & Events cluster, Sport & Wildlife cluster, Safari and Hunting cluster, and the Special Interest cluster. A tourism cluster presents the unique attributes of Limpopo that distinguishes itself from other tourist destinations and offers similar activities and experiences to existing and future identified market segments. It does not follow specific boundaries but rather links independent products and services associated with similar offerings and depicts the close linkages tourism has with the natural environment, landscapes and diverse wildlife offering unique to Limpopo.

It is furthermore important to note that these clusters do not necessarily exist in isolation but are in many ways interlinked and therefore enhance the tourist experience in a number of ways.

8.5. Conclusion

Although tourism is seen as a complex system of interrelated yet independent parts, it proved to be a resilient sector with tremendous growth potential despite certain challenges. The growth in tourist numbers clearly indicates that numerous opportunities still exist. To leverage from this competitive edge and to expand tourism opportunities in Limpopo that will contribute to economic growth, in especially rural and wilderness settings, six tourism clusters were identified. These clusters respond to the identified tourism market segments that showed potential for further growth. It is also acknowledged that tourism is not an isolated sector but depends on the performance of other sector departments, local destination planning and development and strong partnerships with the private sector.