



**NORTH WEST
DEVELOPMENT
CORPORATION**

Economic Outlook of North West Province: A Brief Review

1st Quarter 2024/2025

Table of Contents

Introduction.....	3
Economic Performance	3
Import and Export Dynamics.....	4
Prohibiting Factors to Economic Development	11
SWOT Analysis	12
PESTEL	14
Political Factors.....	14
Economic Factors	14
Social Factors	14
Technological Factors	14
Environmental Factors	15
Legal Factors	15
Provincial Growth and Development Strategy (PGDS)	15
Economic Growth and Development.....	16
Infrastructure Development	16
Human Resource Development.....	16
Social Development	16
Environmental Sustainability	17
Governance and Institutional Development	17
Recommendations.....	18
Item 1.....	18
Item 2.....	18
Item 3.....	18
Item 4.....	19
Item 5.....	19
Item 6.....	19
Item 7.....	19
Conclusion	20
Bibliography.....	22

Introduction

This review briefly overviews North West Province's economy by considering its mining and agriculture strengths and imbalances such as unemployment. This will include examining trade activities and socioeconomic factors and how they relate to economic improvements achieved through the Provincial Growth And Development Strategy. Using SWOT (Strengths, Weaknesses/Barriers to Change, Opportunities and Threats Analysis) including Political/Economic/Social Technological/Environmental/Legal factors (PESTEL), this review provides an overall picture of opportunities and challenges involving the realisation of sustainable economic development transformation for the province.

Economic Performance

The global economic performance has been very poor. The economy is currently in a recovery mode for this Post COVID-19 Pandemic period. The International Monetary Fund (IMF) forecasted that the global economic growth will slow down from 3.2 per cent in year (2022) to 2.7 per cent year (2023). The deceleration is largely because of the Russia-Ukraine conflict which has a negative impact globally, with the South African economy also being impacted .

The North West Province's economy is characterised by strengths and weaknesses. In 2022, the province contributed approximately 6.6% to South Africa's GDP, with mining being the dominant sector, accounting for 36% of the provincial GDP. This sector is pivotal due to its rich platinum, gold, and diamond deposits, generating a substantial revenue of R227 billion in 2020. Agriculture is another significant contributor to the economy, adding R12.8 billion to the GDP in 2021. Key agricultural activities include maize, sunflower, and cattle farming. Although more minor, the manufacturing sector, which focuses on food processing, textiles, and automotive components, constitutes about 9% of the provincial GDP (Global African Network) (Statista).

Despite these strengths, the province faces considerable challenges. The unemployment rate is alarming at 38.6%, significantly above the national average. This issue is even more pronounced among the youth, with a staggering unemployment rate of 53%. Such high levels of unemployment necessitate urgent job creation and skills development initiatives. Additionally, the economy's heavy reliance on the mining sector makes it vulnerable to global commodity price fluctuations, which can impact overall economic stability and growth prospects (Statistics South Africa) (Global African Network).

The mining sector dominates the province's trade activities, significantly contributing to South Africa's export earnings. In 2020, the export of platinum group metals from the North West Province was valued at around R150 billion, representing about 70% of the province's total exports. Agricultural exports, including maize and sunflower oil, also play a role, valued at R5.6 billion in 2020. However, the province relies heavily on machinery, equipment, and consumer goods imports, with the total import bill reaching approximately R50 billion in 2020. This heavy reliance on imports

underscores the need for economic diversification to enhance trade balance and reduce dependency on imported machinery (Global African Network) (Statista).

Infrastructure inadequacies, particularly in rural areas, pose significant barriers to economic development. Poor road conditions and limited access to reliable electricity and water supplies hinder business operations and deter potential investors. In 2020, the province experienced an electricity supply shortfall of 500 MW, and around 20% of rural areas lacked access to clean water. Furthermore, corruption and administrative inefficiencies within provincial governance structures exacerbate these challenges, undermining investor confidence and impeding development projects. An audit in 2019 revealed irregular expenditure amounting to R15.3 billion, highlighting significant governance issues. Addressing these infrastructural and administrative challenges is crucial for fostering a conducive environment for sustainable economic growth (Global African Network) (South Africa Gateway).

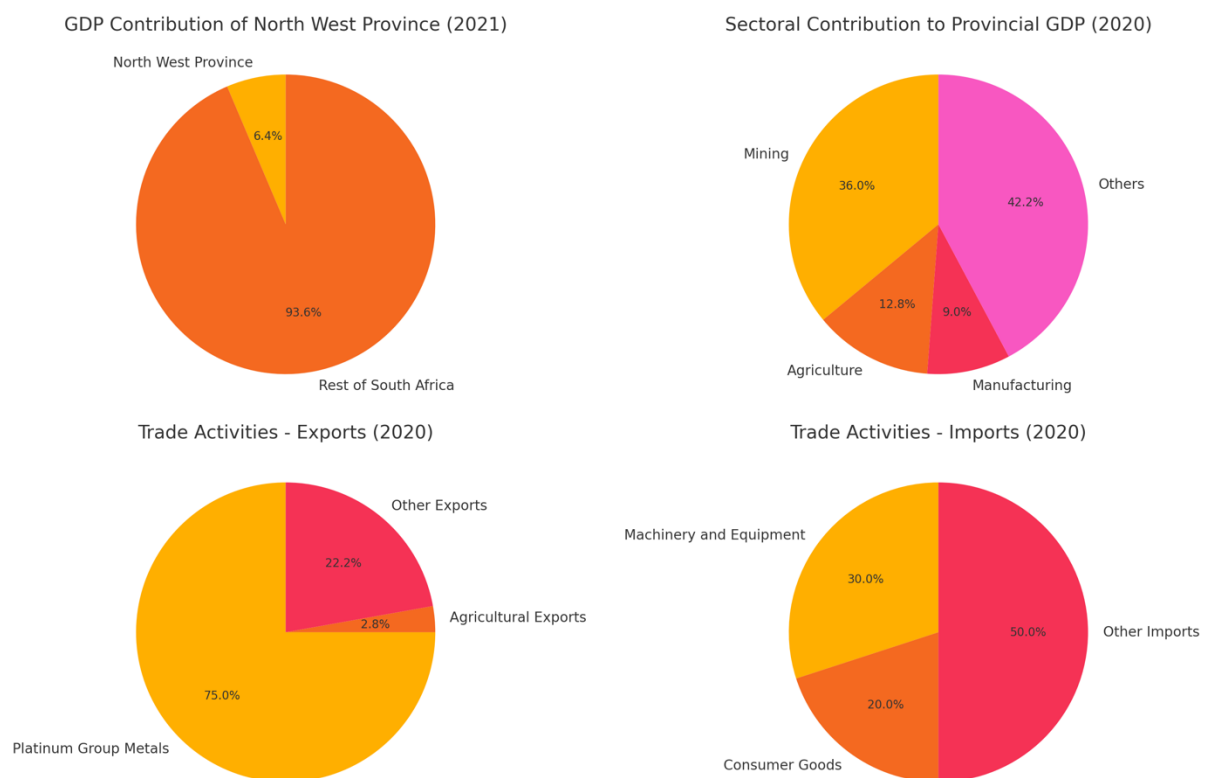


Figure 1: Economic performance of the North West province

Figure 1 above shows charts that collectively provide a comprehensive overview of the economic landscape of the North West Province. They highlight the province's relatively small contribution to the national GDP, the critical role of the mining sector, and a diverse trade portfolio with a strong emphasis on platinum exports and varied import needs. This data is crucial for understanding the economic strengths and dependencies of the North West Province within the context of South Africa's overall economy.

GDP Contribution of North West Province (2021)

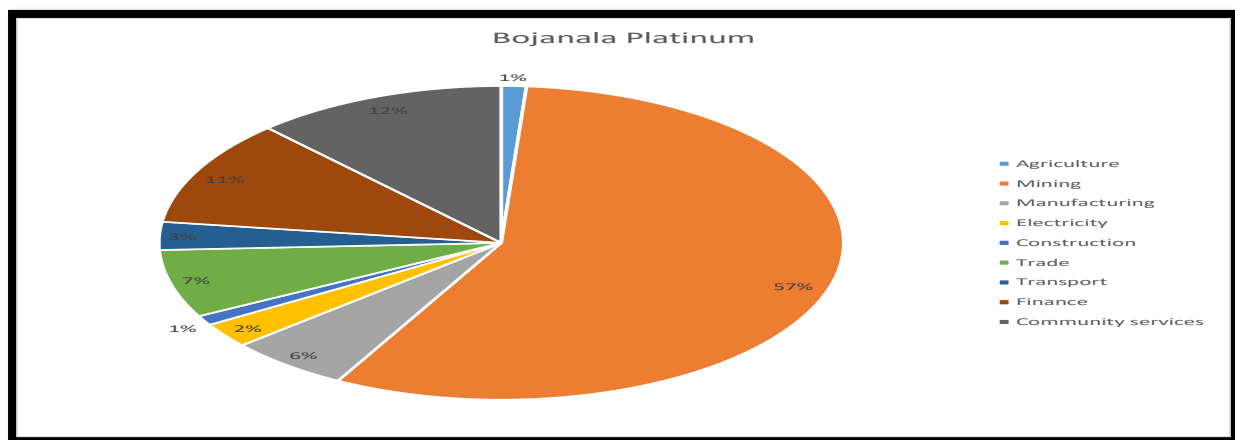
The pie chart illustrating the GDP contribution of the North West Province in 2021 reveals a significant disparity in economic contribution between this province and the rest of South Africa. Specifically, the North West Province contributes a mere 6.4% to the national GDP, while other regions generate the remaining 93.6%. This data underscores the relatively minor economic role of the North West Province within the broader national economy.

Sectoral Contribution to Provincial GDP (2020)

An analysis of the sectoral contribution to the provincial GDP of the North West Province in 2020 highlights the diverse economic activities within the region. The mining sector is the most substantial contributor, accounting for 36.0% of the provincial GDP. This indicates the province's rich mineral resources and the pivotal role of mining in its economy. The agricultural and manufacturing sectors contribute 12.8% and 9.0%, respectively, reflecting the significance of these traditional economic activities. The 'Others' category, encompassing various other sectors, constitutes the largest share at 42.2%, suggesting a considerable diversity in the provincial economic base beyond the primary sectors of mining, agriculture, and manufacturing.

Sector Share of Regional Total

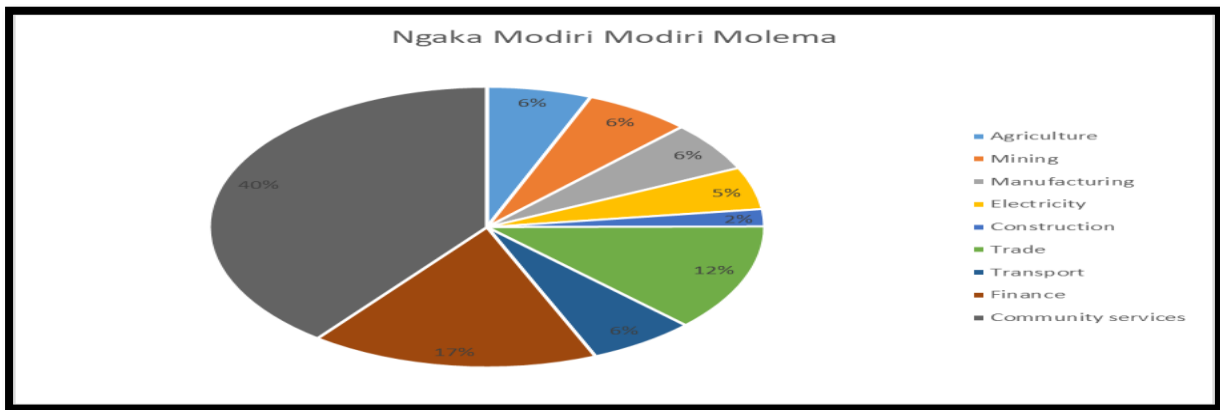
Figure 4.3.2: Bojanala Platinum Sector Share of Regional Total, 2022



Source: S&P Global, (2023)

In 2022, the construction and agriculture industries each contributed 1 percent, while the electricity industry contributed 2 percent. There is a dire need to diversify the economy to reduce overreliance on the mining sector which could lead to economic collapse. The mining industry predominantly drives the economy of Bojanala Platinum District Municipality, as depicted in Figure 4.3.2.

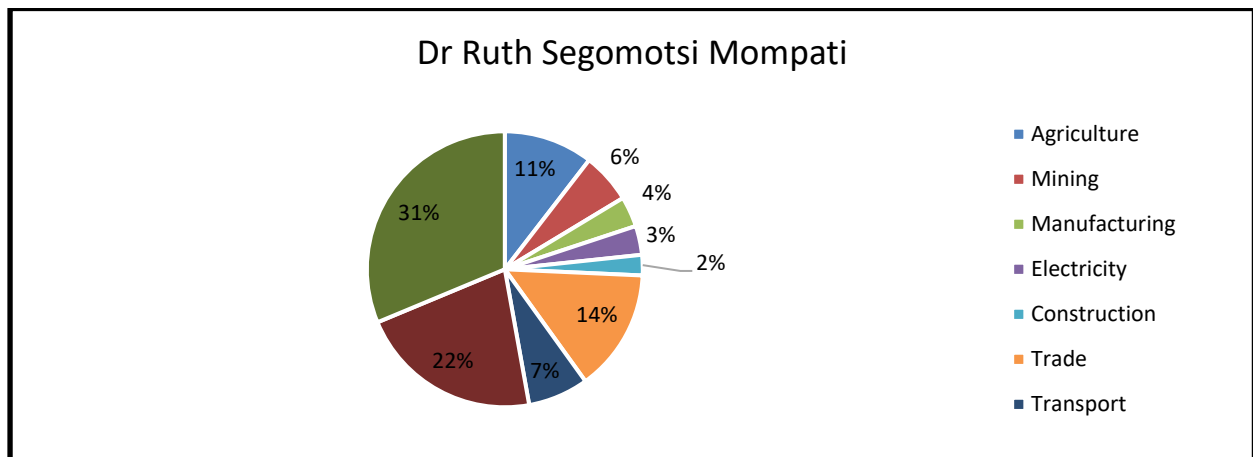
Figure 4.3.3: Ngaka Modiri Molema Sector Share of Regional Total, 2022



Source: S&P Global, (2023)

Ngaka Modiri Molema District is the gateway to Africa. It is the second most populous district of the four. The community services industry in Ngaka Modiri Molema District Municipality contributed a share to the GDP of the district at 40 per cent in 2022. The concentration of the district economy is due to the fact that the provincial government head offices are in the jurisdiction of Ngaka Modiri Molema District Municipality.

Figure 4.3.4: Dr Ruth Segomotsi Mompoti Sector Share of Regional Total, 2022

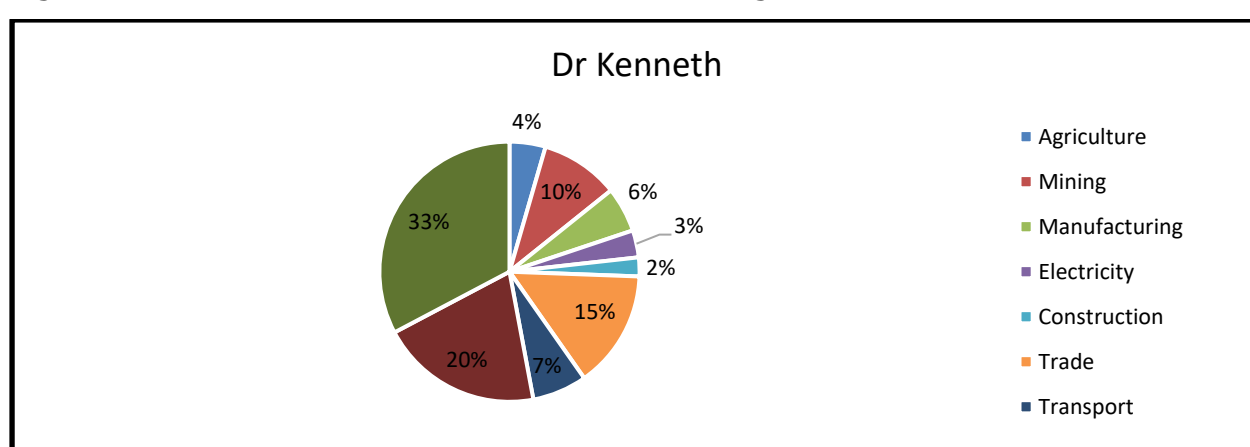


Source: S&P Global, (2023)

Community services had the largest contribution towards the economic growth in Dr Ruth Segomotsi Mompoti District Municipality at 31 per cent in 2022 while finance contributed about 22 per cent in 2022. The smallest contributor for the district was construction which recorded 2 per cent in 2022.

Construction contributed the least at 2 per cent for the period under review. The agriculture industry was the third largest contributor at 11 per cent and it has the potential to enhance its contribution since the district has comparative advantage in agriculture. Agriculture remains an important sector for this district due to its abundance of vast pieces of land that could be utilized for various activities within the sector. The district remains a labour sending region for other districts in and outside the province.

Figure 4.3.5: Dr Kenneth Kaunda Sector Share of Regional Total, 2022



Source: S&P Global, (2023)

In 2022, within the Dr Kenneth Kaunda District, the community services industry held the largest share of the regional total at 33 percent, followed by finance at 20 percent. Conversely, the construction and electricity industries had the smallest share of the regional total, each at 2 percent and 3 percent respectively.

Despite having a comparative advantage in the mining and agriculture sectors, which are underutilized, contributing less than 15 percent each to the region's economy in 2022, there is a need for further efforts to enhance economic activities within these industries.

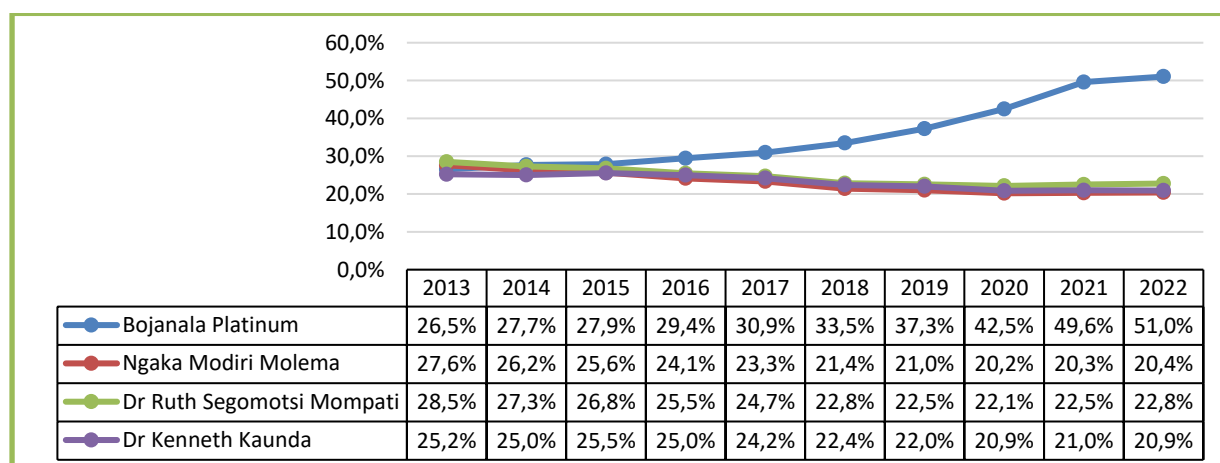
Trade Activities - Exports (2020)

The export profile of the North West Province in 2020 is heavily dominated by platinum group metals, which constitute a substantial 75.0% of total exports. This predominance highlights the province's wealth in platinum resources and its importance in the global platinum market. Agricultural exports, albeit present, represent a minor proportion of 2.8%, indicating that agriculture, while significant domestically, is not a major export commodity. The remaining 22.2% of exports are

categorised under 'Other Exports,' reflecting a range of other commodities the province trades internationally.

Labour Markets

NW's District Municipalities Unemployment Rate (official Definition)



Source: S&P Global, (2023)

The lowest unemployment rate was in Ngaka Modiri Molema District Municipalities at 20.4 per cent while Bojanala Platinum had the highest at 51.0 per cent for the period 2014 and 2022.

Employment by industry per District Municipality, 2022

Percentage Employment by industry per District Municipality (2022)				
Industry	Bojanala District	Ngaka Modiri	Dr Ruth Segomotsi	Dr Kenneth
Agriculture	2,8	6,3	18,1	8,3
Mining and Quarrying	41,0	2,4	2,2	7,3
Manufacturing	4,7	4,7	3,8	6,1
Electricity and water	0,5	0,5	0,6	0,5
Construction	4,0	4,0	4,3	5,7
Wholesale and retail trade	12,6	17,4	15,7	19,0
Transport and communication	1,0	1,7	1,4	1,5
Finance, real estate and business services	8,8	13,5	11,0	13,5
Community services	15,5	36,9	31,8	30,2
Households	9,2	8,7	11,1	7,8

Source: S&P Global, (2023)

Trade Activities - Imports (2020)

A diverse range of goods characterises the import activities of the North West Province in 2020. 'Other Imports' represent the largest share at 50.0%, suggesting a wide variety of miscellaneous goods imported into the province. Machinery and equipment imports constitute 30.0%, underscoring the province's need for technological and industrial tools to support its various sectors, particularly mining. Consumer goods

make up the remaining 20.0%, reflecting the local population's demand for products intended for personal use and consumption.

Import and Export Dynamics

The North West Province plays a vital role in South Africa's import and export landscape, mainly through its robust mining sector, which significantly contributes to its earnings. In 2020, the export of platinum group metals from the province was valued at approximately R150 billion, accounting for about 70% of the province's total exports. Other essential export commodities include gold, diamonds, and base metals, bolstering the province's economic stature. The mining sector remains the backbone of the provincial economy, making it a critical player in South Africa's overall export framework (Global Africa Network, 2021).

Agriculture also contributes significantly to the province's exports. In 2020, agricultural exports from the North West were valued at R5.6 billion. The province is a significant producer of maize and sunflower oil, both notable export products. While less dominant than mining, the agricultural sector plays a crucial role in diversifying the provincial economy and providing employment. According to Agribook Digital, the North West accounts for 10.1% of South Africa's agricultural production, with maize alone contributing 12.6% of the national production. This makes agriculture indispensable to the province's export profile and economic stability (Statista, 2022; Agribook Digital, 2023).

Despite these strengths, the North West Province relies heavily on the import of machinery, equipment, and consumer goods. In 2020, the total import bill for the province was around R50 billion, with machinery and transport equipment constituting 45% of these imports. This heavy reliance on imported machinery underscores the province's vulnerability to external economic conditions and highlights the critical need for economic diversification. By reducing dependency on imported goods, the province can enhance its financial resilience and ensure more sustainable growth (Statista, 2022; NWDC, 2021).

The trade balance in the North West remains positive due to the substantial export revenues generated by the mining sector. However, there is a pressing need to diversify the export base and reduce the province's reliance on mining. Enhancing the agricultural sector's export capabilities and developing other industries, such as manufacturing, can provide a more balanced economic structure. This diversification is crucial for mitigating the risks associated with global commodity price fluctuations, ensuring the province's long-term financial stability and growth (Global Africa Network, 2021; Agribook Digital, 2023).

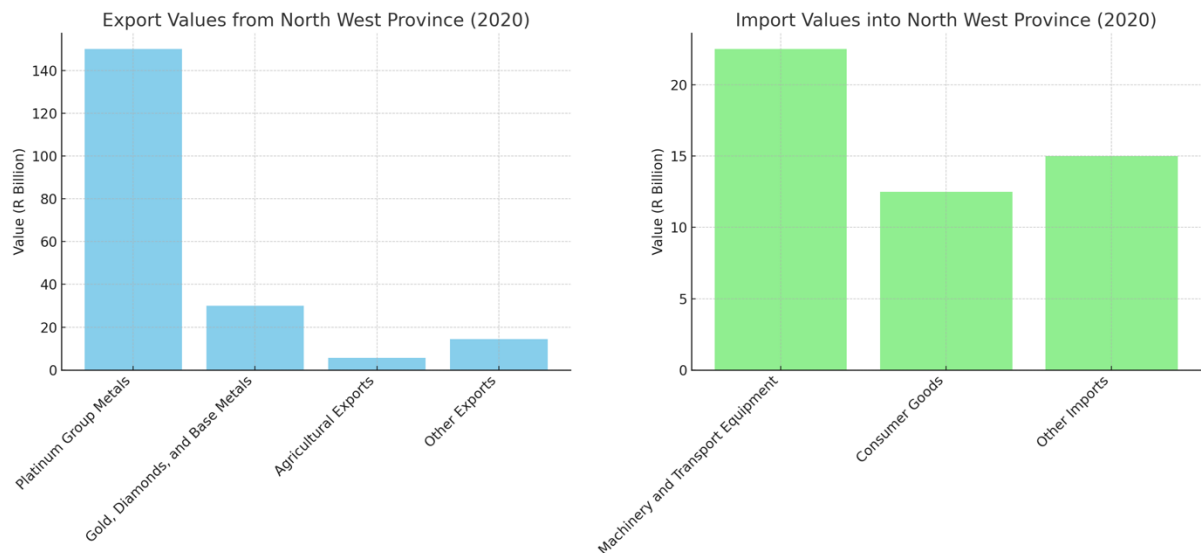


Figure 2: Imports and Exports of the North West province

The bar charts in Figure 2 above examine the export and import values associated with the North West Province in 2020, providing insight into the region's trade dynamics.

The first chart, depicting export values, clearly illustrates the predominance of platinum group metals in the province's export portfolio. With an export value surpassing R140 billion, platinum group metals are the leading export commodity, underscoring the province's significant mineral wealth and critical role in the global platinum market. This is followed by gold, diamonds, and base metals, contributing approximately R40 billion to the province's exports. These figures highlight the substantial economic contribution of mining activities in the region. Agricultural exports, although present, are relatively minor, with values barely reaching R5 billion. Other exports, encompassing a diverse range of commodities, also exhibit limited export values, reflecting a lesser emphasis on these categories within the province's overall export structure.

The second chart, focusing on import values, reveals a diverse import composition in the North West Province. Machinery and transport equipment dominate the import landscape, with values exceeding R20 billion. This indicates a significant demand for technological and industrial machinery, likely to support the province's extensive mining and manufacturing activities. Consumer goods also form a substantial portion of imports, with values around R15 billion, highlighting the consumption needs of the local population. Other imports, including various miscellaneous goods, contribute significantly, with values comparable to consumer goods. This diverse import profile underscores the multifaceted nature of the province's economic needs and its reliance on a wide array of imported goods to sustain its economic activities.

The provided bar charts offer an overview of the North West Province's trade activities in 2020. They emphasise the province's heavy reliance on the export of platinum group metals and other mineral resources, highlighting the significant importation of

machinery, equipment, and consumer goods. These trade patterns indicate the province's economic structure, characterised by a strong mining sector and diverse import needs to support both industrial activities and consumer demands.

Prohibiting Factors to Economic Development

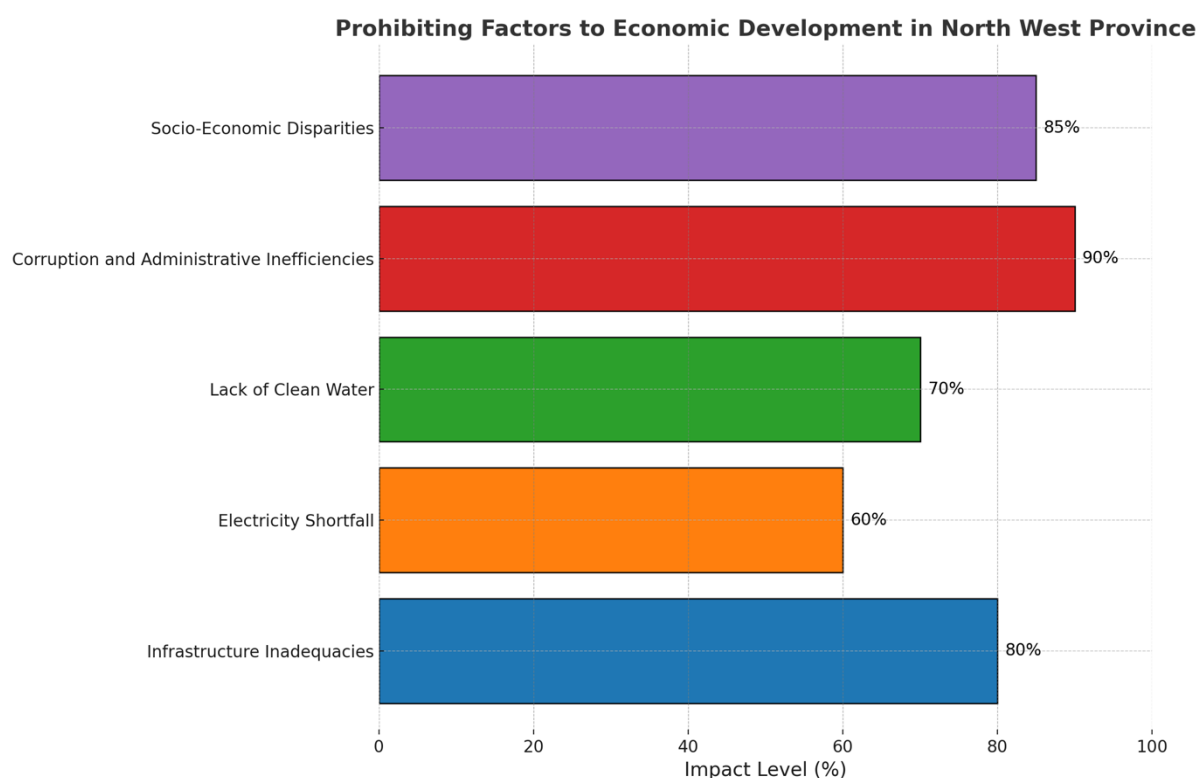


Figure 3: Economic prohibiting factors in the North West province

Figure 3 above illustrates the prohibitive factors to economic development in the North West Province, quantifying their impact levels in percentage terms. Corruption and administrative inefficiencies are identified as the most significant barriers, impacting economic development at a level of 90%. Socioeconomic disparities are closely followed, affecting 85% of economic activities, indicating substantial inequality and its adverse effects on economic progress.

Infrastructure inadequacies are also a significant concern, with an 80% impact level highlighting deficiencies in physical and organisational structures. The lack of clean water is another critical issue, impacting 70% of the province's economic development, underscoring the importance of primary resources in economic activities. Lastly, the electricity shortfall, with a 60% impact level, points to significant challenges in energy supply that hinder economic growth. Collectively, these factors present substantial obstacles that need addressing to foster sustainable economic development in the North West Province.

Several factors significantly hinder the economic development of the North West Province. Infrastructure inadequacies, particularly in rural areas, pose a substantial challenge. Poor road conditions hamper the efficient movement of goods and people, directly impacting businesses' operational efficiency and overall economic productivity. Additionally, the province needs help accessing reliable electricity and water supplies. In 2020, the North West Province experienced an electricity supply shortfall of 500 MW, which greatly affected industrial and commercial activities. Moreover, approximately 20% of rural areas lacked clean water, highlighting the need for substantial investments in basic infrastructure to support economic growth (GBIF, 2022).

Corruption and administrative inefficiencies within provincial governance structures further exacerbate the region's economic challenges. These issues undermine investor confidence, impeding the implementation of essential development projects. A 2019 audit report revealed that irregular expenditure in the province amounted to R15.3 billion, indicating significant financial management and governance lapses. Such high levels of irregular expenditure reflect a broader problem of corruption and inefficiency that stifles economic progress and deters local and foreign investment. Addressing these governance issues is crucial for creating a more conducive business environment and attracting the necessary investment for economic development (NWDC, 2021).

The socio-economic disparities in the North West Province also present a significant barrier to sustainable economic growth. Approximately 52% of the population lives below the poverty line, a statistic that underscores the extent of inequality in the region. This high poverty rate limits domestic consumption, which in turn hinders the growth of local markets. The pervasive poverty is closely linked to high unemployment rates and inadequate access to quality education and healthcare. These socio-economic challenges create a cycle of poverty that can only be broken with targeted interventions to improve living conditions and provide more excellent economic opportunities for all residents (SpringerLink, 2023).

Efforts to enhance the economic development of the North West Province must, therefore, focus on addressing these critical issues. Improving infrastructure, particularly in rural areas, is essential to support business operations and attract investment. Combating corruption and enhancing administrative efficiency will help build investor confidence and ensure development projects are implemented effectively. Addressing socio-economic disparities by improving access to education, healthcare, and employment opportunities is vital for fostering more inclusive and sustainable economic growth. By tackling these challenges head-on, the North West Province can create a more prosperous future for its residents and contribute more significantly to South Africa's overall economic development (GBIF, 2022; SpringerLink, 2023).

SWOT Analysis

The North West Province of South Africa has abundant mineral resources, positioning it as a central hub for mining activities. The province's strategic location offers proximity to key markets within South Africa and neighbouring countries, enhancing

its attractiveness for mining investments. The mining sector significantly impacts the provincial economy, contributing R227 billion to the GDP 2020. Critical minerals extracted in the region include platinum, gold, and diamonds, which are vital for domestic use and export markets. This robust mining industry underpins the province's economic structure, providing employment and contributing to infrastructure development. However, despite these advantages, the province faces high unemployment rates, particularly among the youth, with a staggering 53% unemployment rate, highlighting a critical socio-economic issue that needs urgent addressing (Stats SA, 2021; Global Africa Network, 2021).

The heavy reliance on the mining sector also exposes the North West Province to external economic shocks, such as fluctuating global commodity prices, which can significantly affect financial stability. Additionally, infrastructural deficiencies, especially in rural areas, and administrative corruption pose considerable challenges to sustainable development. The 2019 audit revealing R15.3 billion in irregular expenditure underscores the severity of governance issues that undermine investor confidence and hinder effective project implementation. These challenges necessitate a diversified economic approach to mitigate risks associated with the mining sector and to promote long-term financial stability and growth (NWDC, 2021; Auditor-General of South Africa, 2019).

There are substantial opportunities for economic diversification within the North West Province. One of the critical areas for potential growth is the manufacturing sector, particularly agro-processing, which can add significant value to agricultural produce and create numerous job opportunities. Investing in renewable energy projects presents another avenue for economic diversification, addressing energy shortages, and attracting green investments, which are increasingly important in the global financial landscape. The Provincial Growth and Development Strategy (PGDS) underscores the importance of these sectors, highlighting their potential to drive economic growth and create a more resilient economic framework (PGDS, 2021; GreenCape, 2021).

Tourism development is another critical area with significant growth potential, capitalising on the province's rich natural and cultural heritage. The North West Province is home to several tourist attractions, including national parks and cultural sites, which, if properly developed, can attract domestic and international tourists. However, global economic uncertainties and commodity price volatility threaten the province's economic environment, which can affect mining revenues. Climate change impacts, such as droughts and extreme weather events, threaten agricultural productivity. In 2020, drought conditions led to a 30% decline in maize production, underscoring the farm sector's vulnerability to environmental changes. Furthermore, socio-political instability and potential civil unrest due to high unemployment and inequality could destabilise the economic environment, highlighting the urgent need for comprehensive socio-economic reforms (South African Weather Service, 2020; World Bank, 2021).

PESTEL

Political Factors

The political landscape of the North West Province is shaped by ongoing efforts to promote inclusive growth and transformation. However, political instability and corruption within local government structures remain significant barriers. The 2019 audit report, which revealed R15.3 billion in irregular expenditure, highlights the extent of governance issues that deter investment and hinder development initiatives (NWPG, 2024). With 38 political parties contesting the provincial elections, the political environment is highly competitive, contributing to instability (SABC News, 2024). Analysts predict that coalition politics will be critical in the build-up to the 2024 general elections, potentially leading to further uncertainty and disruption (The Citizen, 2023). The effectiveness of the electoral process and adherence to the Electoral Code of Conduct are critical to maintaining political stability and ensuring that development initiatives can proceed without undue interruption.

Economic Factors

The provincial economy of the North West Province relies heavily on mining and agriculture, making it highly susceptible to external economic conditions. In 2021, the mining sector contributed R227 billion to the GDP, underlining its economic significance (Global Africa Network, 2021). However, this reliance on mining exposes the economy to global commodity price fluctuations, which can severely impact financial stability. The high unemployment rate of 38.6%, with a staggering 53% youth unemployment, necessitates targeted interventions to create jobs and develop skills (Stats SA, 2021). The Provincial Growth and Development Strategy (PGDS) aims to reduce unemployment to 20% by 2030 through various economic initiatives, including diversification efforts in manufacturing and renewable energy sectors. These initiatives are essential to ensure sustainable growth and financial resilience.

Social Factors

The North West Province faces significant socio-economic challenges, including high poverty rates and inadequate access to quality education and healthcare. Currently, 52% of the population lives below the poverty line, severely limiting domestic consumption and hindering local market growth (Wikipedia, 2023). Furthermore, 30% of schools in the province lack basic facilities, adversely affecting educational outcomes and the future productivity of the workforce (SpringerLink, 2023). Addressing these social issues is crucial for improving the overall economic well-being of the population and fostering a more productive and skilled workforce. The PGDS includes initiatives to enhance social services, reduce poverty, and improve educational infrastructure, which is vital for long-term socio-economic development.

Technological Factors

Technological advancements offer significant opportunities to enhance productivity and efficiency in critical sectors such as mining, agriculture, and manufacturing. Investment in information and communication technology (ICT) infrastructure can support business development and attract tech-based industries to the province. The

PGDS emphasises the need for robust ICT infrastructure to support economic growth and competitiveness (NWPG, 2024). Technological innovations in mining can lead to more efficient and sustainable extraction processes, while in agriculture, they can improve crop yields and resource management. The integration of advanced technologies in manufacturing can enhance production efficiency and open up new markets. These advancements are essential for modernising the provincial economy and ensuring its competitiveness in the global market.

Environmental Factors

The North West Province is highly vulnerable to environmental challenges such as water scarcity and land degradation. In 2020, water scarcity affected 20% of rural areas, underscoring the urgent need for sustainable water management practices (South African Weather Service, 2020). The province's agricultural productivity is also threatened by climate change impacts, including droughts and extreme weather events, which led to a 30% decline in maize production in 2020 (World Bank, 2021). Implementing sustainable practices in mining and agriculture is essential to mitigate environmental impacts and ensure long-term resource availability. The PGDS includes strategies to promote environmental sustainability, such as adopting renewable energy projects and conservation initiatives, which are critical for preserving the province's natural resources and supporting sustainable development.

Legal Factors

The regulatory environment in South Africa provides a comprehensive framework for business operations, but bureaucratic red tape and inconsistency in policy implementation can create significant challenges for businesses. Strengthening legal frameworks and ensuring transparent governance are vital for economic development (NWPG, 2024). The PGDS calls for improved regulatory processes to facilitate business growth and enhance investor confidence. Implementing strict anti-corruption measures and promoting transparent governance can build trust in the provincial administration and ensure that development projects are executed efficiently and ethically. By addressing these legal challenges, the province can create a more favourable environment for business operations and attract more significant investment, contributing to sustainable economic growth.

The North West Province has significant economic potential, particularly in mining and agriculture. However, it faces substantial challenges related to political instability, financial vulnerability, social disparities, technological infrastructure, environmental sustainability, and legal frameworks. Addressing these issues through comprehensive policies and strategic initiatives is essential for achieving sustainable development and improving the quality of life for its residents. By leveraging its strengths and addressing its weaknesses, the province can build a more resilient and diversified economy that benefits all its inhabitants.

Provincial Growth and Development Strategy (PGDS)

The North West Province's PGDS outlines a comprehensive framework to foster economic growth and development. The strategy focuses on six critical pillars aimed

at transforming the province's financial landscape and improving the quality of life for its residents.

Economic Growth and Development

The PGDS emphasises diversifying the provincial economy by focusing on agro-processing, manufacturing, and renewable energy sectors. This diversification is crucial to reducing the province's dependence on mining, which accounted for R227 billion in revenue in 2020. The strategy aims to attract investments worth R100 billion by 2030, significantly boosting the GDP contribution from these sectors. By expanding the agro-processing industry, the province can add value to its agricultural products and create numerous job opportunities. Manufacturing, particularly in food processing and automotive components, is another area poised for growth, contributing around 9% to the provincial GDP. The renewable energy sector also presents substantial potential, addressing energy shortages and environmental sustainability (Global Africa Network, 2021; NWPG, 2024).

Infrastructure Development

Improving infrastructure is critical to the PGDS, targeting transport, energy, and water infrastructure enhancements. The strategy aims to reduce infrastructure backlogs by 50% by 2030, enhancing connectivity and supporting economic activities. In the 2023/24 financial year, twenty-five maintenance projects across the province were implemented with a budget of R256 million. Projects like rehabilitating the Phelindaba to Pecanwood Road and the Hartbeesfontein to Ottosdal Road are crucial for improving transport links. Transferring twelve roads to SANRAL for construction will significantly upgrade the provincial road network. They are enhancing energy infrastructure, particularly addressing the 500 MW electricity shortfall experienced in 2020 and improving water supply to rural areas, where 20% lack clean water, essential for sustainable development (South African Government, 2024; NWPG, 2024).

Human Resource Development

The PGDS focuses on education and skills development to reduce unemployment, which is 38.6%, with youth unemployment at 53%. The strategy aims to increase the number of technical and vocational education and training (TVET) graduates by 40% by 2030. This involves significant investments in educational infrastructure and programs to enhance the quality of education. For example, broadband and Wi-Fi access in schools are set to expand from 25% to 75% of learners in the current academic year, with a budget of R31.2 million. Furthermore, initiatives to feed 744,320 learners in over 1,300 schools and the rollout of sanitary dignity towels to 120,000 learners will improve school attendance and educational outcomes. These efforts are crucial for developing a skilled workforce capable of driving economic growth (South African Government, 2024; NWPG, 2024).

Social Development

Addressing poverty and inequality is a crucial focus of the PGDS, with targets to reduce the poverty rate to 30% and ensure universal healthcare and education services by 2030. Currently, 52% of the population lives below the poverty line, and 30% of schools lack basic facilities. Social development initiatives include expanding

healthcare services, improving educational infrastructure, and enhancing social welfare programs. For example, the province has procured 97 new ambulances and is completing new community health centres to improve healthcare access. Additionally, programs like the Letsema (Illima) and Comprehensive Agricultural Support Programme (CASP) have supported 383 agricultural projects and 4,570 farmers, promoting food security and economic participation (South African Government, 2024; NWPG, 2024).

Environmental Sustainability

The strategy promotes sustainable practices in mining and agriculture, aiming to reduce carbon emissions by 20% and enhance water conservation efforts. Environmental challenges such as water scarcity, which affected 20% of rural areas in 2020, and climate change impacts, like the 30% decline in maize production due to droughts, highlight the need for sustainable resource management. The PGDS includes initiatives to promote renewable energy projects, such as solar and wind power, which can reduce reliance on fossil fuels and support environmental sustainability. Implementing sustainable agricultural practices is also critical to maintaining productivity and preserving natural resources for future generations (South African Weather Service, 2020; World Bank, 2021).

Governance and Institutional Development

The PGDS calls for transparent and efficient governance structures to attract investment and facilitate economic growth. It targets a 50% reduction in irregular expenditure by 2030, addressing the R15.3 billion irregular expenditure reported in 2019. Strengthening legal frameworks and promoting transparent governance are vital for building investor confidence and ensuring the efficient allocation of resources. Anti-corruption measures and improved regulatory processes will enhance the business environment, making it more conducive to investment and economic development. By addressing governance issues, the province can create a stable and reliable environment for local and international investors (NWPG, 2024; Auditor-General of South Africa, 2019).

The PGDS provides a strategic framework for the North West Province to achieve sustainable economic growth and development. By focusing on diversification, infrastructure development, human resource development, social development, environmental sustainability, and governance, the province aims to create a more resilient and inclusive economy. These efforts will enhance economic stability and improve the quality of life for all residents, ensuring long-term prosperity and development.

Recommendations

Several recommendations can be implemented to enhance the North West Province's economic outlook.

Item 1

Diversifying the economy beyond mining is crucial. Mining dominates the provincial GDP, but this reliance makes the economy vulnerable to global commodity price fluctuations. Investing in agro-processing industries can add significant value to agricultural products and create numerous employment opportunities. For example, establishing food processing plants can increase the demand for locally produced maize, sunflower, and cattle products, thereby boosting the agricultural sector's contribution to the provincial GDP.

According to the Department of Agriculture, agro-processing can increase the sector's GDP contribution from R12.8 billion (2021) to R25 billion by 2030. Promoting export-oriented agriculture will also open new markets for North West products, enhancing economic resilience and sustainability (Department of Agriculture, Land Reform and Rural Development, 2021).

Item 2

Improving infrastructure is essential for economic development. Upgrading road networks, expanding access to reliable electricity, and ensuring clean water supply in rural areas will enhance business operations and attract investment. Poor infrastructure has been a significant barrier, with road maintenance projects often delayed, impacting economic activities negatively. According to the Department of Transport, improved infrastructure could reduce transport costs by 15%, significantly enhancing the competitiveness of local businesses.

Public-private partnerships can be leveraged to fund and implement these infrastructural projects, ensuring sustainability and efficiency. For instance, the recent R256 million budget allocation for road maintenance across the province is a step in the right direction, but continuous investment and timely completion of projects are crucial (South African Government, 2024).

Item 3

Addressing the high unemployment rate requires targeted interventions. The unemployment rate in the North West Province is alarmingly high at 38.6%, with youth unemployment at 53%. Skills development programs focusing on vocational training and technical education can equip the youth with the necessary skills for employment. Collaboration with industries to create apprenticeship programs and internships will provide practical experience and increase employability.

Through these initiatives, the PGDS aims to reduce youth unemployment to 30% by 2030. Enhancing education infrastructure and expanding programs in technical and vocational education and training (TVET) are vital steps. The recent efforts to increase broadband access in schools from 25% to 75% and the investment of R31.2 million

in expanding Wi-Fi connectivity will support educational outcomes and skills development (North West Provincial Government, 2024).

Item 4

Enhancing governance and reducing corruption is vital to creating a conducive business environment. Implementing strict anti-corruption measures and promoting transparent governance will build investor confidence and ensure the efficient allocation of resources. Strengthening institutional frameworks to monitor and evaluate government projects will enhance accountability and reduce irregular expenditure. The Auditor-General of South Africa's recommendations should be implemented to improve financial management practices, including reducing the R15.3 billion in irregular expenditure reported in 2019. Transparent governance structures will attract local and international investors, fostering economic growth and stability (Auditor-General of South Africa, 2019).

Item 5

Promoting technological innovation is crucial for long-term economic growth. Establishing innovation hubs and facilitating collaborations between academia and industry will foster research and development, leading to technological advancements. Incentivising startups and tech-based businesses will attract investments and create high-skilled jobs. The PGDS emphasises the role of technology in driving economic growth, aiming to increase the ICT sector's contribution to the GDP by 5% by 2030. For instance, the North West University's innovation hub is an excellent model for fostering technological advancements and supporting tech startups. Such initiatives can transform the province into a tech hub, attracting significant investment and creating employment opportunities (North West Provincial Government, 2024).

Item 6

Environmental sustainability should be prioritised. Implementing sustainable mining practices, promoting renewable energy projects, and adopting water conservation measures will mitigate environmental impacts and ensure long-term resource availability. Encouraging solar and wind energy use in rural areas can address electricity shortages and reduce dependence on fossil fuels.

The PGDS targets a 20% reduction in carbon emissions and aims to increase the share of renewable energy in the province's energy mix to 25% by 2030. Projects like the Letsema (Illima) and Comprehensive Agricultural Support Programme (CASP) have already shown success in promoting sustainable agriculture, supporting 383 projects and 4,570 farmers (South African Government, 2024).

Item 7

Enhancing trade and export capabilities will strengthen the province's economic position. Establishing trade promotion agencies and participating in international trade fairs will open new markets for North West products. Providing export incentives and improving logistics infrastructure will facilitate smoother trade operations and boost export revenues. In 2020, the province's export revenues were R155.6 billion, with a target to increase to R200 billion by 2030. Enhancing the export capacity of sectors

like agro-processing and mining will diversify the economy and reduce reliance on a single industry, making the provincial economy more resilient to global economic shifts (South African Revenue Service, 2020).

The North West Province can create a more diversified, resilient, and sustainable economy by implementing these recommendations. These measures will not only boost economic growth but also improve the quality of life for its residents, ensuring long-term prosperity and development.

Conclusion

The North West Province of South Africa has rich mineral resources and fertile agricultural land, positioning it as a region with significant economic potential. The mining sector, contributing R227 billion to the provincial GDP in 2020, underscores the economic importance of minerals like platinum, gold, and diamonds (Global Africa Network, 2021). Additionally, with its robust production of maize, sunflower, and livestock, the agricultural sector contributes R12.8 billion to the GDP (Department of Agriculture, Land Reform and Rural Development, 2021). These natural endowments provide a strong foundation for economic growth. However, to fully realise this potential, a multifaceted approach is essential to address the existing infrastructural deficiencies, high unemployment rates, and governance challenges that impede progress.

The Provincial Growth and Development Strategy (PGDS) offers a comprehensive roadmap for achieving inclusive growth through economic diversification, technological innovation, and sustainable practices. The PGDS aims to diversify the economy and reduce the province's heavy reliance on mining by emphasising agro-processing, manufacturing, and renewable energy sectors. This diversification is crucial for mitigating the risks associated with global commodity price fluctuations, which can severely impact the provincial economy. Furthermore, the PGDS highlights the importance of investing in infrastructure. Enhancing the transport network, expanding access to reliable electricity, and ensuring a clean water supply are pivotal for supporting business operations and attracting new investments (South African Government, 2024).

Addressing high unemployment rates, particularly among the youth, is another critical component of the PGDS. With an overall unemployment rate of 38.6% and youth unemployment at 53%, targeted interventions are necessary to equip the workforce with relevant skills. The strategy's focus on education and skills development, including increasing the number of technical and vocational education and training (TVET) graduates by 40% by 2030, aims to reduce unemployment and foster a skilled workforce capable of driving economic growth (Stats SA, 2021). Initiatives such as expanding broadband access in schools and enhancing technical education infrastructure are integral to this effort, ensuring that the youth are better prepared for employment in various sectors (NWPG, 2024).

Governance and institutional development are also vital for creating a conducive business environment. Implementing strict anti-corruption measures and promoting transparent governance will build investor confidence and ensure the efficient allocation of resources. The PGDS targets a 50% reduction in irregular expenditure by 2030, addressing the significant governance issues highlighted by the R15.3 billion irregular expenditure reported in 2019 (Auditor-General of South Africa, 2019). Strengthening legal frameworks and enhancing regulatory processes will create a more stable and predictable business environment, encouraging local and international investments.

Moreover, bolstering trade capabilities and embracing environmental sustainability will fortify the province's economic resilience. Establishing trade promotion agencies and participating in international trade fairs can open new markets for North West products, thereby increasing export revenues. For instance, in 2020, the province's export revenues were R155.6 billion, with a target to grow to R200 billion by 2030 (South African Revenue Service, 2020). Promoting renewable energy projects and adopting sustainable agricultural practices are crucial for mitigating environmental impacts and ensuring long-term resource availability. The PGDS's goal to reduce carbon emissions by 20% and increase the share of renewable energy in the province's energy mix to 25% by 2030 is a testament to its commitment to environmental sustainability (NWPG, 2024).

Implementing these strategic recommendations will propel the North West Province towards its vision of economic prosperity. The province can attract significant investment and stimulate job creation by prioritising infrastructure enhancement, promoting skills development, and fostering a transparent and conducive business environment. Moreover, embracing trade capabilities and environmental sustainability will fortify the province's economic resilience, ensuring a more equitable and sustainable future for its inhabitants. These efforts will enhance financial stability and improve the quality of life for all residents, laying the foundation for long-term prosperity and development.

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