DEMOGRAPHIC AND HEALTH PROFILE

Gauteng, with an estimated 11.3 million people in 2011, has the biggest provincial population in the country. The median age of the province was 28.6 years in 2011, making its population the oldest the country. The province experienced the lowest fertility levels in the country (TFR of 2.1 children per woman) and intermediate mortality level (life expectancy at birth of 57.3 years) between 2006 and 2011. Despite the low fertility, the population of Gauteng grew the fastest during this period, growing at an annual average rate of 2.9%. Although other factors, including changes in provincial boundaries, contributed in this rapid rate of population growth, it seems it is the internal migration pattern that has been observed in the country in the recent past has been the major driver. Being one of the most economically advanced provinces, Gauteng is the largest net-gainer of inter-provincial migrants. During the period 2006-2011 alone the province gained about 367,000 people through inter-provincial migration. If this rate of growth persists into the future the population of Gauteng is expected to double in size in about 24 years.

One of the obvious advantages of the existing demographic and health profiles of Gauteng is that the province has amongst the most favorable dependency ratios in the country. However, considering the fact that the province is the smallest in geographic size and that it commands about a fifth of the national population, it applies that the rapid rate of growth of its population is not sustainable. As of 2010 the density of the population of Gauteng stood at 558 people per square kilometer. Further increases in the population size will mean more congestion in the province and increased pressure on resources to support the growing population.

ECONOMIC AND LABOUR PROFILE

The Gauteng province is the largest contributor to national GDP as depicted in Table 1. In the past 5 years it has added more than 33% annually to the national GDP relative to the other provinces. Despite being the smallest province geographically, Gauteng is evidently the economic hub of the country. The province grew by an annual average of 3.7% in the past 5 years. This was the highest average growth rate followed by the Western Cape Province with 3.6%.

According to figure 2, the finance sector has a share of 23.8% of Gauteng GDP, followed by manufacturing, government services and wholesale sectors whose share of GDP is 17.4%, 15.6% and 12.7% respectively. According to figure 3, manufacturing, finance, wholesale & retail, and government services were the major contributors to the growth recorded in 2010. The significant contribution by the finance and government services sectors is due to the province hosting a number of headquarters of financial institutions and national government departments.

<table>
<thead>
<tr>
<th>Table 1: Provincial contribution to SA GDP</th>
<th>Figure 2: Composition of GDP (2010)</th>
<th>Figure 3: Sector contribution to GDP growth (2010)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>2007</td>
<td>2008</td>
</tr>
<tr>
<td>WC</td>
<td>14.5%</td>
<td>14.5%</td>
</tr>
<tr>
<td>EC</td>
<td>7.7%</td>
<td>7.5%</td>
</tr>
<tr>
<td>NC</td>
<td>2.2%</td>
<td>2.3%</td>
</tr>
<tr>
<td>FS</td>
<td>5.4%</td>
<td>5.4%</td>
</tr>
<tr>
<td>KZN</td>
<td>16.2%</td>
<td>16.1%</td>
</tr>
<tr>
<td>NW</td>
<td>6.5%</td>
<td>6.5%</td>
</tr>
<tr>
<td>GP</td>
<td>33.8%</td>
<td>34.0%</td>
</tr>
<tr>
<td>MP</td>
<td>6.9%</td>
<td>6.9%</td>
</tr>
<tr>
<td>LIM</td>
<td>6.8%</td>
<td>6.8%</td>
</tr>
</tbody>
</table>

Source: Stats SA, DBSA Information Analysis Unit calculations
According to figure 4, the largest employer in the province according to figure 4 is the wholesale & retail trade industry which accounts 22.4% of the labour market. The community services, financial and manufacturing industries are also making a significant contribution to employment creation in the province. A large proportion of the youth is employed largely in wholesale & retail, finance sectors, community services and manufacturing sectors. The community services, financial and manufacturing industries are also making a significant contribution to employment creation in the province. A large proportion of the youth is employed largely in wholesale & retail, finance sectors, community services and manufacturing sectors. In the past decade, the unemployment rate in the province grew by an annual average rate of 24.2%. According to figure 6, the unemployment rate reached its peak in 2003 reaching 30% from 11.5% in 2000. From 2004 the unemployment rate receded to reach 20.7% by 2007. The same pattern is observed amongst the youth albeit with a higher unemployment rate. Since the impact of the 2008/09 financial global crisis that led to a number of job losses, the province has been experiencing a continued increase in the rate of unemployment and has not yet recovered. This is an indication of the challenges faced by the province specifically the labour market in creating employment opportunities with the ability to absorb even the youth looking for jobs.

**ACCESS TO BASIC SERVICES**

The standard of living and quality of life for the people in the Gauteng Province is largely influenced by improved access to basic services. Backlog figures indicated in figure 8 below highlights that electricity backlogs in 2011 were the highest while water had the least backlog figures than sanitation in 2011. During 2007, the percentage of households without access to sanitation was estimated at 17% that is 406054 households without access. Figure 8 below implies that the province is still bearing the burden of electricity services in general, while the number of households with access to water has increased significantly, hence less water backlogs.

**Figure 4: Industry employment** (2010)  
**Figure 5: Industry employment by age** (2010)  
**Figure 6: Youth unemployment rate**

Source: Stats SA, DBSA Information Analysis Unit calculations

**Figure 8: Number of households without access to services**

Source: DWA, DME, Stats SA
In terms of the support rendered by the DBSA to the province, the Siyenza Manje program assigned Deployees to under-resourced municipalities in the province as shown in figure 10. These were specialists aided by young professionals. The Deployees helped to facilitate projects worth over R5.6 billion. Figure 10 depicts the distribution of loans per sector. A large portion of the loans supported projects in the roads & drainage and social infrastructure sectors.

The total value of loans disbursed between 2006/07 and 2010/11 financial years was just over R5.6 billion worth of projects. The bulk of the disbursements were allocated to roads & drainage and social infrastructure sectors. The City of Johannesburg as well as the City of Tshwane received the highest value of loans towards their projects. Figure 12 further depicts the two Metros having those projects completed.
MACROECONOMIC IMPACT OF DBSA SUPPORT TO GAUTENG

The Social Accounting Matrix (SAM) model was used to calculate the impact of the DBSA’s (SA Operations Division) funding during the 2010/11 financial year. The approved funding portfolio together with the signed agreements are said to have potential impact which comes into effect once the funds are actually disbursed. Only the disbursed funding portfolio has an actual development impact on the province. The DBSA’s disbursement to projects in the province was R1.9 billion and an estimated 18 employment opportunities were created.

According to Table 2, the share of Gauteng in the funding of provinces in the 2010/11 financial year was relatively significant in all the funding portfolios. Given that the province is the largest contributor to national GDP and the economic hub of the country, the DBSA funding is reasonably in line with the socio-economic challenges experienced by the province.

The level, the distribution and the disbursement of funding in the various sectors have a major impact on the provinces’ ability to reach the objectives to grow the economy and create employment in line with the government’s objectives. The impact of funding on the various sectors is reflected in the investment multipliers of the sectors as shown in figure 13 and 14.

A R1 million investment in the tourism sector is estimated to have an impact on GDP of R1.49 million and the lowest impact is estimated to be in the energy sector. Similarly, an investment of R1 million in the tourism sectors will contribute to the creation of 8.47 employment opportunities while the energy sector will contribute to only creating 1.31 employment opportunities.

Table 2: Actual impact of DBSA’s disbursements on GDP and employment (2010/11)

<table>
<thead>
<tr>
<th>Approved DBSA &amp; Co-Founders (R mil)</th>
<th>Total Funds Approved (R mil)</th>
<th>Signed Agreements (R mil)</th>
<th>Funds Disbursed (R mil)</th>
<th>Impact on GDP per R1 mil Investment</th>
<th>Impact on Employment per R1 mil investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>R7.119</td>
<td>R6.367</td>
<td>R1.963</td>
<td>R1.893</td>
<td>Highest Impact 1.49</td>
<td>Lowest Impact 0.40, Highest Impact 8.47, Lowest Impact 1.31</td>
</tr>
</tbody>
</table>

Percentage share of Gauteng in DBSA Funding: (75%), (76%), (53%), (64%)

Source: DBSA South African Operations Division, Information Analysis Unit

According to figure 13, more sectors yield a significant impact on GDP compared with the impact on employment creation in figure 14. The impact on employment is significant only in the productive economic sectors such as agriculture and tourism compared to the infrastructure sectors which fall within the DBSA mandate (water, roads & drainage, energy). Investment in these sectors is enabling and creates opportunities for private sector investment.
### Strength and Challenges in the Province

<table>
<thead>
<tr>
<th>INDICATORS</th>
<th>STRENGTH</th>
<th>CHALLENGES</th>
</tr>
</thead>
</table>
| **Socio-economic indicators** | ➢ Relatively diversified economy.  
➢ Good economic growth driven largely by the growth in the finance sector.  
➢ Largest contributor to national GDP.  
➢ Relatively high impact on socio-economic challenges as a result of availability of appropriate investment opportunities in the province. | ➢ Rising unemployment especially amongst the youth.  
➢ Wholesale & retail trade sector largest employer in the labour market.  
➢ Impact on employment is lowest in the infrastructure sectors that fall within the DBSA funding mandate. |
| **Access to basic services** | ➢ Improvement in access to basic services of water refuses removal and sanitation.  
➢ The province has amongst the most favorable dependency ratios in the country. | ➢ Hugely burdened with provision of electricity services.  
➢ Gauteng has the biggest provincial population in the country.  
➢ Largest net-gainer of inter-provincial migrants |

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