LIMPOPO

PROVINCIAL GOVERNMENT

REPUBLIC OF SOUTH AFRICA

PROVINCIAL TREASURY

Quarterly Economic Bulletin 2020/21 Q 3

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Foreword

The Third Quarterly Economic Bulletin (QEB) is presented at an exceptional period where the country and the globe is contending with the COVID-19 pandemic, a pandemic that has forced individuals, business and government to re-evaluate the way of doing things. For certain, things will never be the same hence forth.

Global economic growth plummeted due to a halt in economic activity in most countries, although at different times. This has resulted in adverse socio-economic outcomes such as joblessness, hunger, rise in poverty and loss of incomes. The pandemic requires a holistic and comprehensive response strategy to salvage the developmental gains that were achieved in the past decades.

One of the policy responses to effectively redress the adverse effects of the pandemic is to pursue a job growth strategy. The rise in employment will lead to a rise in the average household income, increase in the tax base, rise in consumer confidence and reduced poverty levels. Its undeniable that the job growth strategy will achieve the developmental goals of government and ensure improved living conditions.

Fiscal policy at all tiers of government are certainly constrained and will therefore require prudent utilization of government resources to ensure maximum economic and social benefits in this period. Provinces and Municipalities will have to adapt to new way of doing things and boost efficiency in providing public services by implementing proper budget reprioritization.

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Date

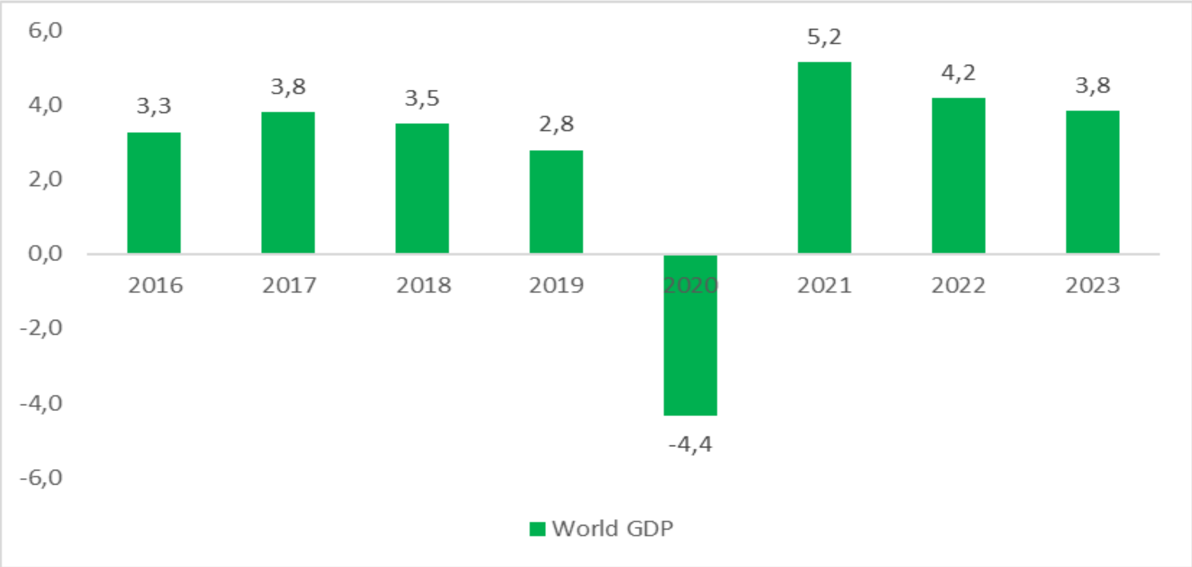
1 Introduction

The World is engulfed by unprecedented fiscal and monetary policy adjustments to cushion countries from experiencing the potential severity of COVID-19 pandemic. There has been a further shift to develop local industries to aid in the swift response to the pandemic. In a highly globalised and internationally integrated trade community, the currently applied policies where not seriously considered. The consequences of the lockdown have in some instances eroded the gains countries made in terms of reduction of unemployment, poverty, and inequality, where many people lost their jobs, failed to sustain their micro businesses and related issues. This has created a fiscal burden on many economies with the expansion of welfare services, health related expenses, and countries will content with these social challenges for some time to come. As much as COVID-19 created a disruption, it may have created a new economic paradigm that might in future see accelerated economic evolution with emphasis to service sector.

1.1. Global Economic Outlook

The pandemic has undoubtedly and adversely affected World economic growth prospects and strained health care services. The increased health expenditure and reduced economic activity, and resultant lack of revenue collection, in traditionally growing sectors, has led to extensive budget deficits. The IMF (International Monetary Fund) projects that the annualized World economic growth is projected to be a decline of 4.4 percent in 2020 which represents a significant reduction from the 2019 growth rate of 2.8 percent. The largest contractions in the bigger economies in all the regions are United Kingdom (-9.8 percent), India (-10.3 percent) and South Africa (-8.0 percent). The IMF forecast for the contraction in South Africa is still viewed by many as fairly conservative, depending on the status of the lockdown. China is the only country that is expecting positive growth during 2020, albeit at a much slower rate than normal.

Figure 1: World Gross Domestic Prices, % change

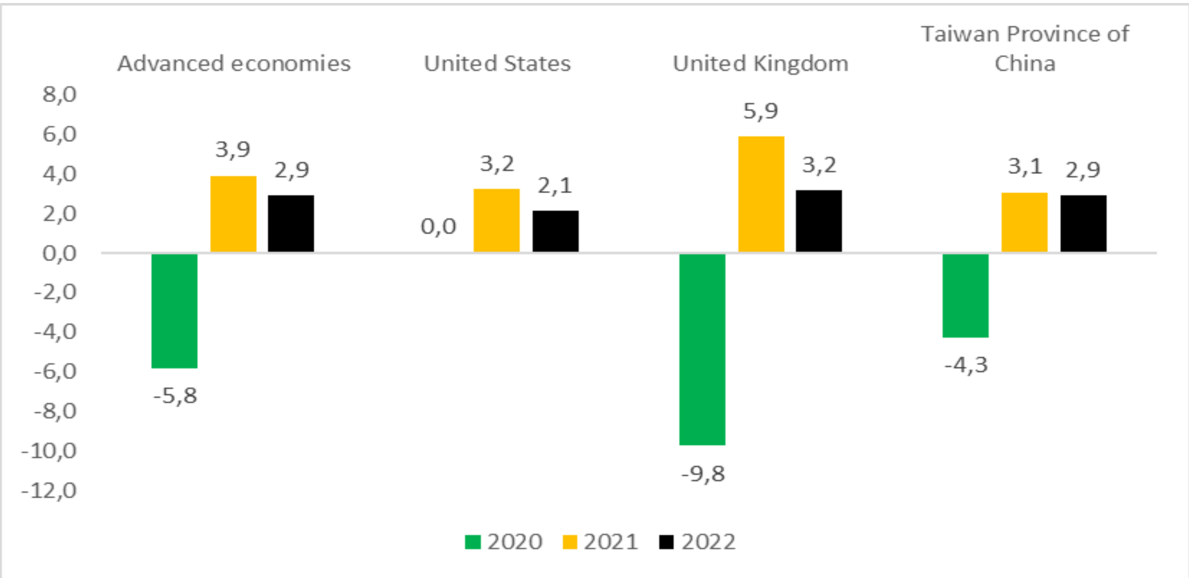


Source: IMF October 2020

1.1.1. Advanced Economies

Growth in the advanced economy group is projected at –5.8 percent in 2020, weighed down by the United Kingdom at -9.8 percent and Taiwan at -4.3 percent. In 2021 the advanced economy growth rate is projected to strengthen to 3.9 percent, with the UK rebounding to 5.9 percent. The US economy is projected to grow by 3.2 percent in 2021.

Figure 2: Advanced Economies Gross Domestic Prices, % change

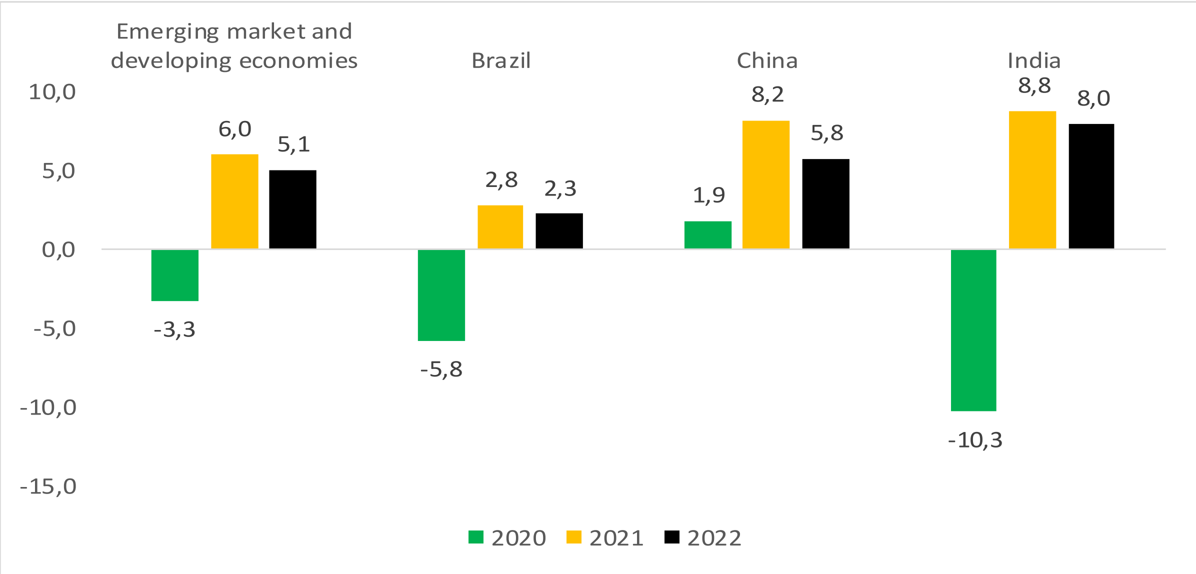


Source: IMF October 2020

1.1.2. Emerging and Developing Economies

Emerging and Developing Economies, economic growth is forecast to contract by –3.3 percent in 2020, India and Brazil recording GDP declines of -10.3 percent and -5.8 percent respectively. However, the region is anticipated to strengthen to 6 percent in 2021, China and India being the main drivers of the growth at 8.2 percent and 8.8 percent respectively. Prospects for China are much stronger than for most other countries in this group, expected to grow by 1.9 percent during 2020

Figure 3: Emerging and developing Economies Gross Domestic Prices, % change



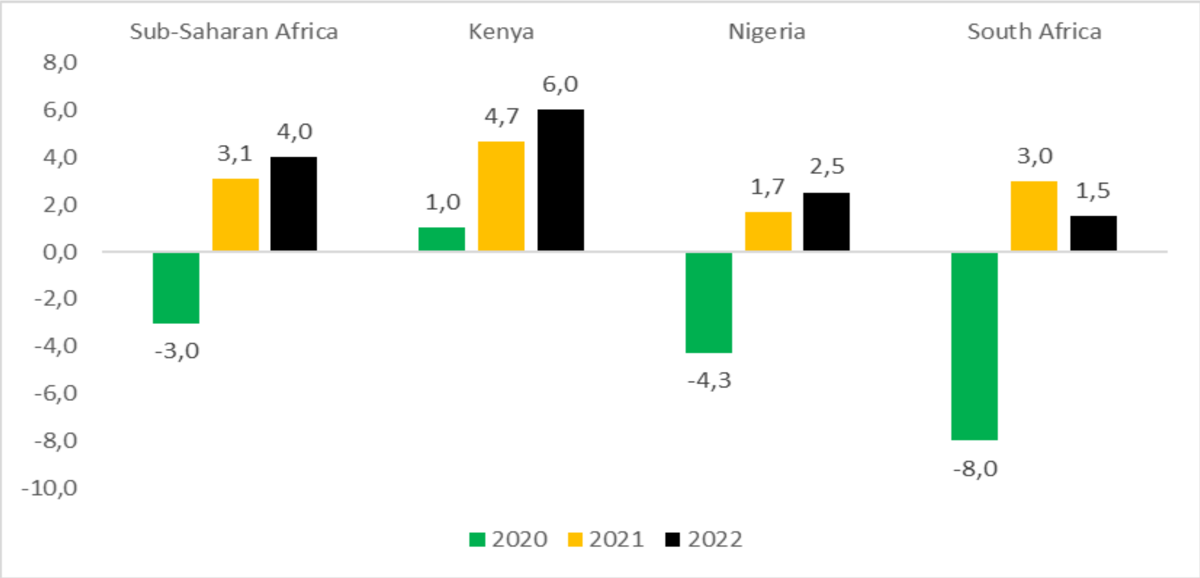
Source: IMF October 2020

1.1.3. Sub-Saharan Africa Economies

Sub-Saharan Africa is contending with an unprecedented health and economic crisis, one that in just a few months has jeopardized years of hard won development gains and changed the lives and livelihoods of millions in the continent. Overall, the region is projected to contract by –3.0 percent in 2020. The three largest economies in the region experienced significant contractions save one (South Africa -8.0 percent, Nigeria -4.3 percent and Kenya 1.0 percent). The largest impact of the crisis on growth has been for tourism-dependent economies, while commodity-exporting countries have also been hit hard. It is expected that South Africa will only reach the pre-pandemic output levels in 2022.

Economic recovery in the region is constrained by limited resources (fiscal stimulus), meaning that policymakers aiming to rekindle their economies will face some difficult choices. Both fiscal and monetary policy will have to balance the need to boost the economy supporting the need for debt sustainability and external stability.

Figure 4: Sub-Saharan Africa Economies Gross Domestic Prices, % change



Source: IMF October 2020

The economic forecast in all the regions depends on public health and economic factors that are inherently difficult to predict, the needed public health response, and how countries react, most notably in contact-intensive sectors of the economy. Europe and America have been lackadaisical in arresting the spread of the pandemic spearing risks of eminent economic lockdowns. Sources of uncertainty also include the extent of global spillovers from soft demand, weaker tourism, and lower remittances; and uncertainty surrounding the damage to supply potential, which will depend on the level of pandemic shock, the size and effectiveness of the policy response.

1.1.4. Downside Risks to World economic growth

The following represent downside risks to the outcome of the pandemic:

- **Attitude towards the pandemic:**

During October 2020, a Human Sciences Research Council (HSRC) survey revealed that there is fatigue about Covid-19, with the general public not adhering to the health protocols so diligently as at the beginning of the lockdown. However, in Europe and America, people are getting angry, frustrated, and resentful. In all instances, these are conditions that may lead to multiple surges of the pandemic in all regions of the world and thereby hinder the potential world economic recovery. Production of a safe, effective vaccine would prevail over all other upside risk factors, although indications are that it will only be available in the latter half of 2021.

- **Limited fiscal policy choices:**

Unfortunately, a number of sub-Saharan African countries will find themselves with limited fiscal space to respond to the pandemic and support economic recovery. The region was confronted with COVID-19 crisis with significantly less fiscal space from prior years and the remnants of the global financial crisis. The region has some number countries either at high risk of debt distress or already in distress.

- **Trade policy uncertainty and technology frictions:**

Despite the recent reaffirmation of the Phase One trade deal between the United States and China, tensions between the world’s two largest economies remain high. Hopefully the relationship between China and America will improve with the election of President Biden in the recent election. While the United Kingdom’s transitional arrangement with the European Union (Brexit) needs to be concluded, pose trade uncertainty for Africa and South Africa in particular.

- **Liquidity shortfalls and insolvencies:**

Deep recessions invariably entail widespread liquidity shortfalls as firms suffer immediate revenue losses but still have to meet payroll expenses, cover fixed costs, and fulfill debt service obligations. Prolonged liquidity shortfalls can readily translate into bankruptcies and firm closures. In African context, business confidence will be suppressed and economic growth will be largely reliant on expansionary fiscal policy which is inevitably going to lead to growth of sovereign debt levels compromising fiscal sustainably and possibly devastating tax policy options.

- **Intensifying social unrest.**

Instances of social unrest increased globally in 2019 before declining during the early part of the pandemic. While ultimate causes vary across countries, in many cases, these include declining trust in established institutions and lack of representation in governance structures, as well as a perceived disconnect between leaders' priorities and the problems faced by the public. Social inequalities during the pandemic where magnified (rise in joblessness and poverty), which if not responded to adequately may lead to potential social unrest.

- **Weather-related natural disasters:**

The increased frequency and intensity of weather-related natural disasters, such as tropical storms, floods, heat waves, droughts, and wildfires has inflicted a devastating humanitarian toll and widespread livelihood loss on many regions in recent years. The advent of Covid-19 exacerbates governments challenge in dealing with the calamities and advancing economic growth and development.

USA elections

According to the IMF, the U.S. is the world's largest economy with one of the largest military structures around the world. Considering the country's economic and military significance, the U.S. presidential election every four years is seen as one of the most important recurring political events globally. Depending on the outcome of the 2020 elections, investors can expect everything from robust economic growth supported by another wave of fiscal stimulus and increased government spending, to a stifled economy hindered by congressional gridlock particularly on trade policies. In the event Mr Trump is re-elected there are fears of trade war with Europe, as he has previously threatened to do, claiming previously that Europe has treated the U.S. worse than China. While Mr Biden appears to be cordial and likely to advance accommodative economic and trade policies that support fair trade with conservative trade restrictions His focus will be on increased government expenditure to boost the American economy.

1.2. South African Economic Outlook

In terms of sector contributions, the South African primary sector contributed about 10.2 percent to the Gross Domestic Product (GDP) in 2019, the secondary sector contributed 19.3 percent and the Tertiary sector 70.3 percent. However, most sectors experienced a decline in the first and second quarter of 2020, which is congruent to the Covid-19 outbreak in the country, accompanied by regulatory measures to reduce the accelerated infection rates by closing down the economy and utilising non-contact methods to run businesses or render public services. The aim of the lockdown was also to give the Department of Health the opportunity to prepare for the expected increased demand for ICU beds with ventilators.

Table 1: SA Gross Domestic Product by sectors

	2019 - Q2	2019 - Q3	2019 - Q4	2020 - Q1	2020 - Q2
Agriculture, forestry and fishing	-4,9	-4,5	-7,6	28,6	15,1
Mining and quarrying	17,4	-6,1	1,8	-21,5	-73,1
Manufacturing	2,1	-4,4	-1,8	-8,5	-74,9
Electricity, gas and water	3,2	-4,9	-4,0	-5,6	-36,4
Construction	-2,4	-6,9	-5,9	-4,7	-76,6
Trade, catering and accommodation	3,4	2,6	-3,8	-0,7	-67,6
Transport, storage and communication	-0,3	-5,4	-7,2	0,5	-67,9
Finance, real estate and business services	4,1	1,6	2,7	3,7	-28,9
General government services	3,3	2,4	-0,4	1,2	-0,6
Personal services	0,8	0,4	0,7	0,5	-32,5
GDP at market prices	3,3	-0,8	-1,4	-1,8	-51,0

Source: StatsSA GDP Q2

The recession before the lockdown was evident with some of the economic sectors showing contractions already such as manufacturing, construction, and mining. COVID-19 exacerbated the adverse economic performance suppressing the economic fundamentals. The South African economy has now contracted in four consecutive quarters placing the country in a fully-fledged recession. The sectoral performance of the primary, secondary, and tertiary sector will now be discussed in more detail.

1.2.1. Primary sector

The agricultural sector was the only sector that expanded in the second quarter of 2020, at a robust pace of 15.1 percent. The real output of the mining sector contracted sharply further by 73.1 percent in the second quarter of 2020 following a decline of 21.5 percent in the first quarter. Mining output subtracted 6.0 percentage points from overall GDP growth as production declined in all the mining subsectors, particularly of platinum group metals (PGMs), gold, iron ore, chromium ore and coal. This does increase the worries about the economic impact of COVID-19 on the provincial econom-19 on the provincial economy in view of the important role of the mining industry in the province.

1.2.2. Secondary Sector

The real output of the manufacturing sector contracted by 74.9 percent in the second quarter of 2020 and subtracted the most of all sectors from overall GDP growth, at 10.8 percentage points. The real output of the sector supplying electricity, gas and water declined for a fourth consecutive quarter in the second quarter of 2020, by a notable 36.4 percent weighed down by both electricity distribution and water consumption. The decrease in the real GVA by the construction sector of 76.6 percent was the most severe of all sectors in the second quarter of 2020 and extended the period of uninterrupted contractions to a full two years.

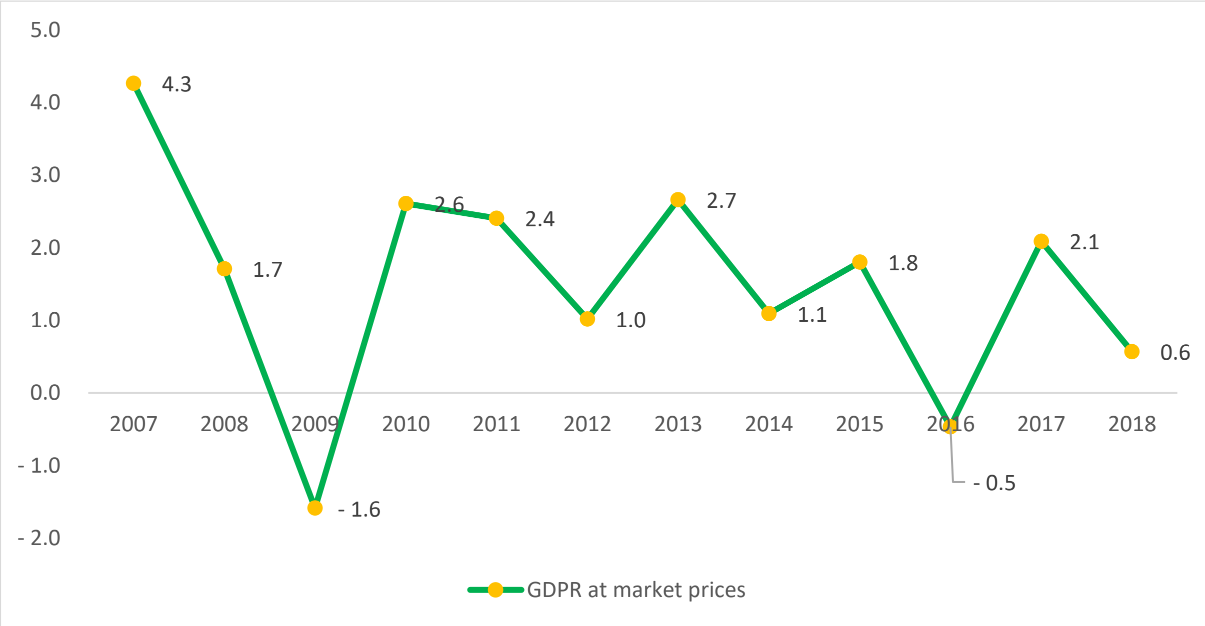
1.2.3. Tertiary Sector

The Trade, Catering and Accommodation industry contracted by 67.6 percent in the second quarter of 2020, subtracting 10.5 percentage points from overall GDP growth, following a revised decline of 0.7 percent in the preceding quarter. The real output of the Transport, Storage and Communication services sector reverted to a sharp contraction of 67.9 percent in the second quarter of 2020 following a slight increase of 0.5 percent in the first quarter. The real GVA by the Finance, Insurance, Real Estate, and Business Services sector receded by 28.9 percent in the second quarter of 2020, subtracting 5.4 percentage points from overall GDP growth. The real GVA by the General Government services sector reverted from a revised increase of 1.2 percent in the first quarter of 2020 to a decrease of 0.6 percent in the second quarter.

1.3. Limpopo Economic Outlook

According to Statistics SA, Limpopo economy grew by only 0.6 percent during 2018. This is a continuation of the relative poor growth performance since 2013. The growth of the provincial economy is still hugely influenced by the performance of the mining industry, as it is the largest and most erratic sector in the province- influenced by international demand and commodity price changes. It is expected that the provincial economy will not be spared from the adverse COVID-19 effects due to reduced demand in precious metals.

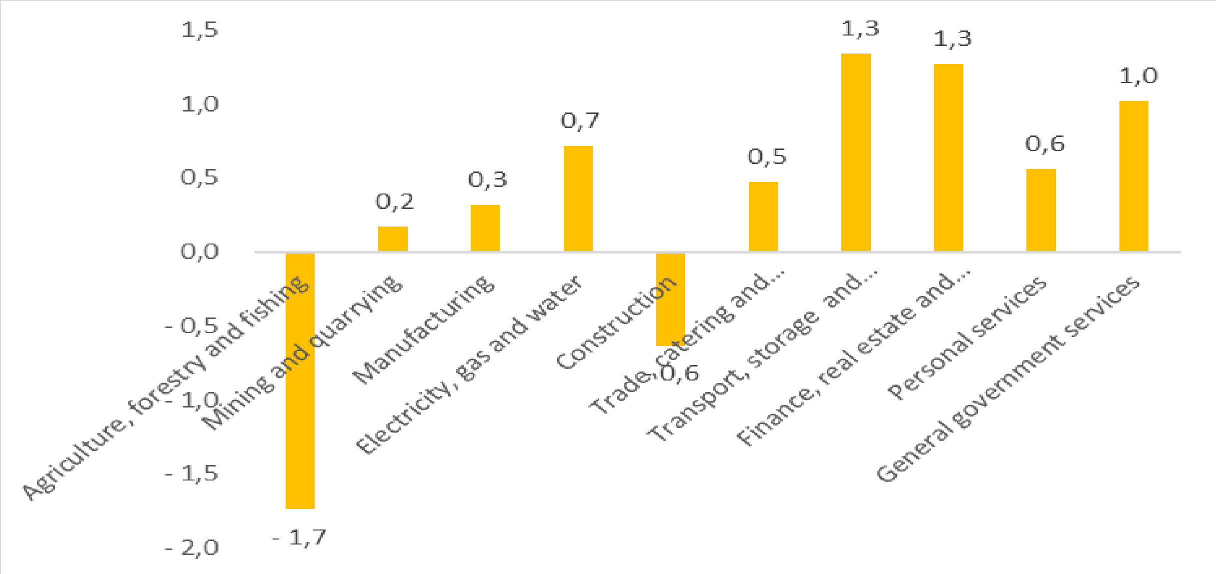
Figure 5: Limpopo GDPR, at constant prices



Source: StatsSA, 2019

Growth in the province was driven by largely the tertiary sector. The Mining sector contributed 0.2 percent, Manufacturing 0.3 percent, and Electricity, Gas and Water grew by 0.7 percent. Contractions were witnessed in Agriculture, Forestry and Fishing by -1.7 percent and Construction by -0.6 percent.

Figure 6: LIMPOPO GDPR Constant 2010 prices - percentage changes



Source: StatsSA, 2019

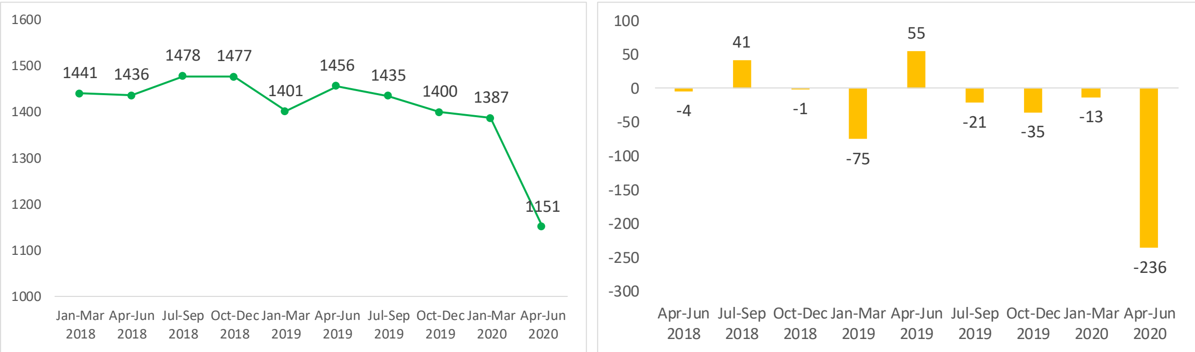
2 Labour Market Dynamics

The pandemic has affected the following groups in the labour force more negatively: 1. Those with underlying health conditions and older people are most at risk of developing serious health issues. 2. Young persons, already facing higher rates of unemployment and underemployment, 3. Women are over-represented in more affected sectors (such as services) or in occupations that are at the front line of dealing with the pandemic (e.g. nurses). 4. Unprotected workers, including the self-employed, casual and gig workers such as independent contractors, are likely to be disproportionately hit by the virus as they do not have access to paid or sick leave mechanisms, 5. Migrant workers are particularly vulnerable to the impact of the COVID-19 crisis.

2.1 Employment in Limpopo

The number of employed people in the province dwindled to 1.15 million in the second quarter of 2020, from 1.38 million in the previous quarter. This is indicative of the adverse impact of Covid-19 that resulted in an economic slowdown. It is observed that the province has been shedding jobs prior the pandemic. Job losses were recorded in the last two quarters of 2019 (Q3 was -21 000 and Q4 -35 000) and the subsequent quarters of 2020 that are concomitant to Covid-19 (Q1 was -13 000 and Q2 -236 000). Limpopo is one of the provinces with the largest population living in poverty, with the lowest industrial base and with rural characteristics, therefore, joblessness has a dire impact on the society and on government in general.

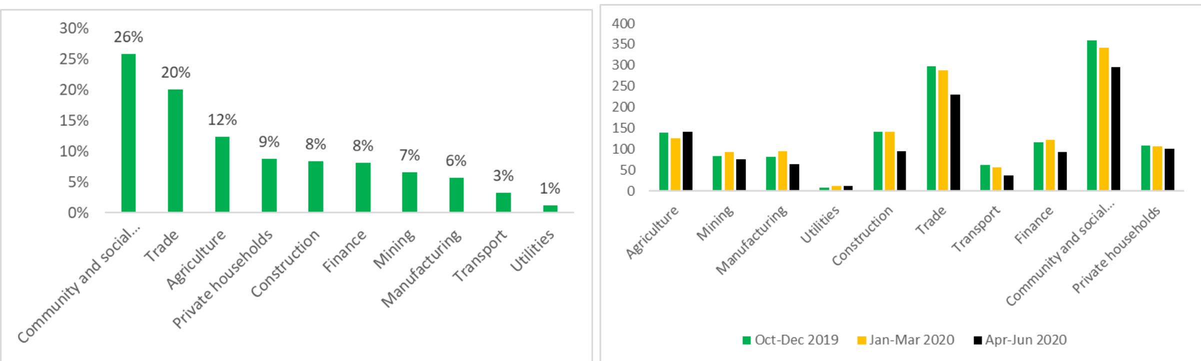
Figure 7: Number of people employed and job creation in Limpopo



Source: StatsSA LFQS 2020Q2

The largest employers in the province employ 67 percent of the labour force, Community and Social services (26 percent), Trade (20 percent), Agriculture (12 percent), Private household (12 percent). Even during the COVID-19, the major employers in the province did not change, even after the pandemic, the employment structure in the province will not change much as the economic structure would have not changed significantly during the crisis.

Figure 8: Sector contribution to total employment and number of employed by sector

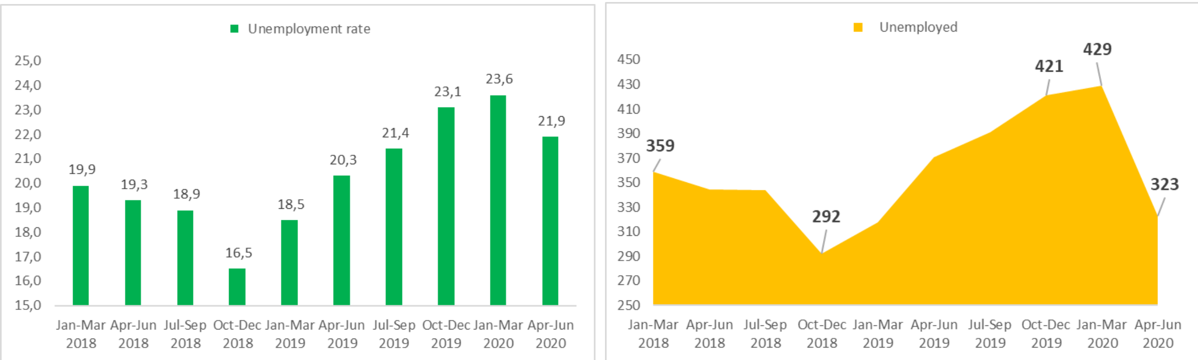


Source: StatsSA LFQS 2020Q2

2.2 Unemployment in Limpopo

Limpopo has traditionally recorded on of the lowest unemployment rates in the country, the lowest point was in the fourth quarter of 2018 at 16.5 percent, while the latest rate is at 21.9 percent in the second quarter of 2020. In the previous analysis the Limpopo Provincial Treasury, in a SERO Policy Brief publication, unearthed that the low unemployment rate in the province was disguised by a large proportion of the labour force that was discouraged due to largely lack of job opportunities and lack of qualifications. Although Unemployment rate in the province declined from 23.3 percent in the first quarter of 2020 to 21.9 percent in the second quarter of 2020, the decline is not due to people gaining employment, but many people were discouraged and other fell in the none economical population (quite looking for jobs) mainly due to the COVID-19 regulations that restricted movement of people.

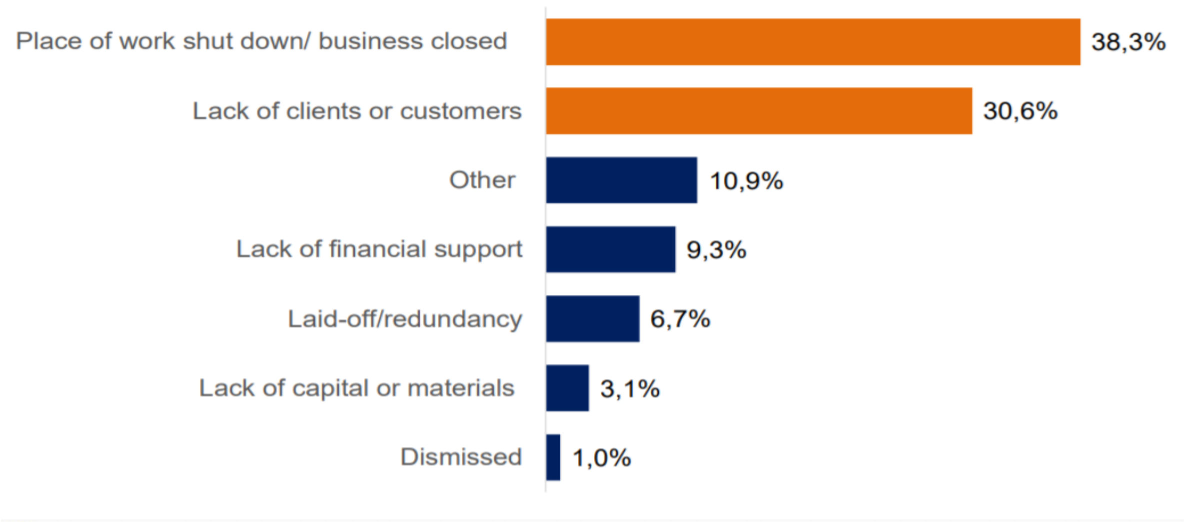
Figure 9: Unemployment rate and number of unemployed people in Limpopo



Source: StatsSA LFQS 2020Q2

StatsSA conducted a survey on the impact of the COVID-19 pandemic on employment and income in South Africa. The survey established that the loss of jobs or business closure was mainly due to shut down of work place/ business closure (38.3 percent), lack of client or customers (30.6 percent), and lack of financial support and other reasons (20.3 percent)

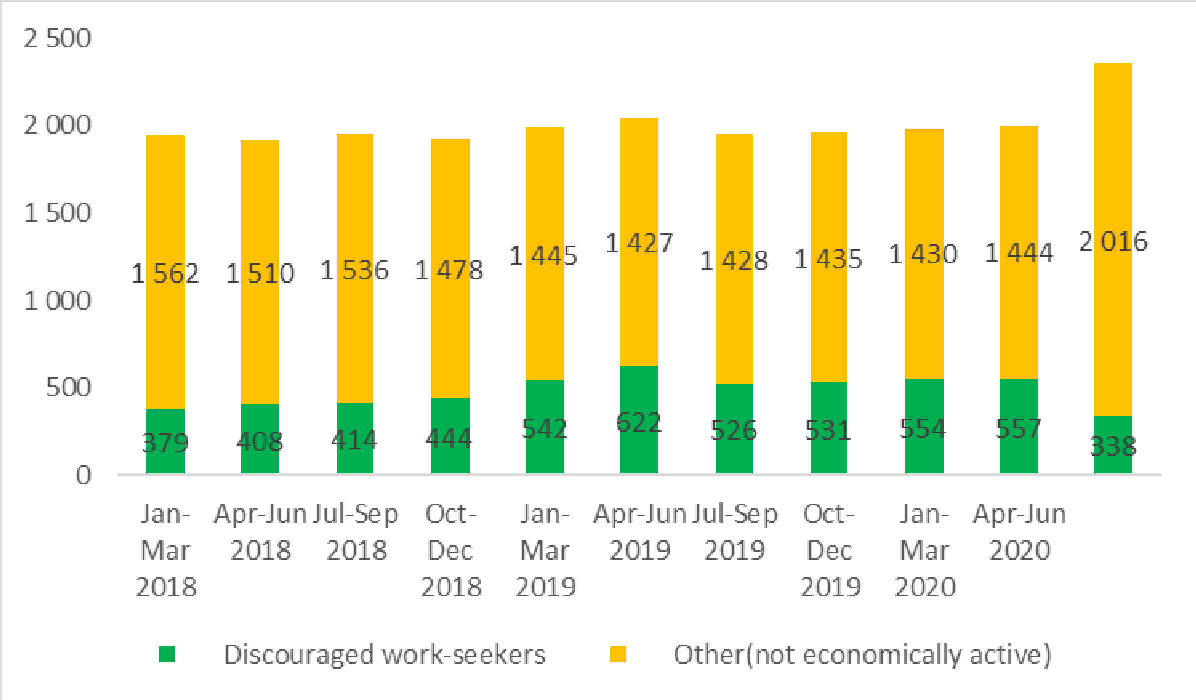
Figure 10: Reasons of job loss or business closure



Source: StatsSA 2020

An unprecedented situation has presented itself in the labour market where the unemployment rate, unemployed people, employed people and discouraged job seekers reduced simultaneously. The discouraged job seekers declined from 557 000 in the first quarter of 2020 to 338 000 in the second quarter of 2020. This is explained by the fact that people (job seekers) where restrained from being mobile in search of work (in anyway, during the strict lock down, employers had shut down shops). Hence the rise in the not economically active (other) labour force who either decided to just sit home, stay home parent, retire, or became ill etc.

Figure 11: Discouraged work seekers and Not Economically active (other)



Source: StatsSA LFQS 2020Q2

2.3 Provincial skills base and prospects

The World Economic Forum (WEF) survey on future jobs stated that in 2025 most of the industry would have adopted technology to enhance the performance in the firms and also cut the costs. Many human jobs will be displaced by the new technology and robotics. It is expected that new skills will be needed in response to the new jobs that will emerge from the adoption of new technology work force. There will be an increase of jobs such as Data Analysts and Scientists, Artificial Intelligence (AI) and Machine Learning Specialists, Big Data Specialists, Digital Marketing and Strategy Specialists, Process Automation Specialist and Software and Applications Developers. The decrease of unemployment is expected on the following jobs: Data Entry Clerks, Administrative and Executive Secretaries, Bank Tellers and Related Clerks, Door-To-Door Sales, News and Street Vendors

The new technology is set to drive growth in future for industries. Mining industry, finance services industry and transportation industry are expected to adapt these technological systems quicker than other sectors in the economy. This development will create a need for new skills for the employees to adapt to the new technological enhanced environment.

Table 2: Education Level in Limpopo

Level of Education	2009	2019	% of Population (2019)	
98: No schooling	842 056	621 711	11,9%	46,8%
00: Grade 0	88 597	241 098	4,6%	
01: Grade 1/Sub A	233 131	199 487	3,8%	
02: Grade 2/Sub B	172 037	193 770	3,7%	
03: Grade 3/Standard 1	212 029	210 827	4,0%	
04: Grade 4/Standard 2	229 876	223 088	4,3%	
05: Grade 5/Standard 3	232 179	230 967	4,4%	
06: Grade 6/Standard 4	245 774	238 081	4,6%	
07: Grade 7/Standard 5	311 089	289 857	5,5%	
08: Grade 8/Standard 6/Form 1	351 606	369 669	7,1%	46,5%
09: Grade 9/Standard 7/Form 2	316 287	342 910	6,6%	
10: Grade 10/Standard 8/Form 3/NTC1	372 400	453 625	8,7%	
11: Grade 11/Standard 9/Form 4/NTC11	362 039	482 113	9,2%	
12: Grade 12/Standard 10/Form 5/Matric/NTC111	557 076	782 890	15,0%	
13: Less than matric & certif/dip	15 222	13 803	0,3%	6,6%
15: Certificate with Grade 12	58 460	90 148	1,7%	
16: Diploma with Grade 12	110 782	145 158	2,8%	
17: Bachelor's Degree	32 859	47 239	0,9%	
18: Bachelor's Degree and Diploma	15 266	16 210	0,3%	
19: Honours degree	13 648	23 599	0,5%	
20: Higher Degree (Master's, Doctorate)	7 406	11 454	0,2%	

Source: Quantec 2020

Limpopo is characterized by a low skills base with 93.4 percent (46.8 percent at primary level and 46.5 percent at secondary level) of the population have matric or lower as their highest level of education. This is a fundamental impediment for development in many aspects. Government has made strides in reducing the number of people who have never been to school in the past ten years, however the number is still high at 621 711 people in 2019. The risk of a low literate society is the comprehension and adaptation to new technology and digital economy. The fourth industrial revolution is based on advanced skills and knowledge of highly qualified employees and will put low skilled jobs at risk.

2.4 Employment growth strategies

To address the social ills of poverty and inequality, the province needs to have a job growth strategy that emphasizes on job creating economic growth strategies and targeting labour intensive sectors in the province. Therefore, besides boosting economic growth in the province, government needs to focus on the following strategies in the creation of jobs for people in the province.

2.4.1 Agriculture sector

Limpopo has a comparative advantage in the agricultural sector in terms of land availability and climate conditions. Further the sector has high elasticity of absorbing low skilled labour which is convenient for the current skills base in the province. The sector proved to be resilient in the pandemic period and may lead to sustainable jobs for the poor in the province.

The province needs a comprehensive Agrarian Growth Strategy that seeks to aggressively support small emerging farmers and develop them to commercial farmers' status where they are independent of government financial support and are able to create massive jobs. This requires develop high-yield crops, boost irrigation or water, improve market access, make better use of information technology, improve integration into the full Agricultural Value Chains. The value chain involves primary productions, agroprocessing, marketing, up to exporting commodities to foreign countries.

2.4.2 Construction

The reconstruction and recovery plan's end goal is to pursue an infrastructure led economic reconstruction and recovery, with investment in infrastructure that will stimulate the various sectors of the economy. Infrastructure plans will get fiscal favor post COVID-19 in line with the establishment of the entity called Infrastructure South Africa (ISA), therefore the province needs to take advantage of the national infrastructure agenda and accelerate infrastructure roll out. This is on the backdrop that the province has huge infrastructure backlogs and a relatively low infrastructure stock.

From a provincial perspective, infrastructure (roads, water pipes, dams and bridges, schools, hospitals and power stations) expenditure will have a greater socio-economic impact if:

1. Factor inputs are locally sourced. Greater socio-economic benefit will be realised if all infrastructure projects insist in employing local labourers to do the job. This will raise the average household disposable income, thereby reducing unemployment, poverty and income inequality in the province.
2. Maintenance of infrastructure is performed regularly. This ensures the longevity of local infrastructure stock in the province and will create long term job opportunities (including EPWP job opportunities) to regularly maintain and service the provincial infrastructure stock. Furthermore, maintenance of infrastructure gives government the opportunity to develop new infrastructure layout as resources will be saved from replacing existing stock.
3. Procurement of all inputs in developing infrastructure network is procured locally. In other words, government infrastructure spending will raise aggregate demand for input material which in turn will raise production and employment at factory level.

2.4.3 Manufacturing

Some manufacturing industries, such as clothing and footwear, are tied to labour intensive production methods that have proven difficult to automate. Therefore, bringing manufacturing back is an appealing proposition to policymakers for several reasons. Manufacturing in many countries boasts faster productivity growth and generates well-paying jobs in a range of skills and professions.

Industrialization in the province through Special Economic Zones (SEZs) should consider a mixture of commodity refining and clothing and footwear (which the latter is labour intensive).

2.4.4 Tourism

Tourism is a major contributor to employment creation particularly for women, youth, rural communities and indigenous peoples and has numerous linkages with other sectors. As a consequence, tourism can lead to the reduction of poverty and to the promotion of socio-economic development and decent work for all. However, Tourism in the province will have a lagged recovery due to the intermittent pandemic surges and lockdowns in international markets. However, government should prepare for post COVID-19 economic recovery.

3 The relative changes in the importance of economic sectors due to COVID-19

Prior the recent pandemic (COVID-19)**,** governments, businesses and research institutions where dealing with health and social ills which much information was available about them and made it relatively easy for planners to make short term and long term organisational plans. However, COVID-19 has disrupted government and business plans and operations. Each economic sector's potency was tested beyond measure and only the most versatile sectors will be able to navigate through the storm. In essence, the pandemic has amplified the relative importance of certain economic sectors that would have otherwise remained dormant.

Inference can be made from the economic performance of the second quarter of 2020 that sectors that have been resilient during the pandemic are agricultural and some tertiary subsectors sectors with a conspicuous ICT footprint. Generally, economic sectors that already infused ICT in their business models such as financial institutions experienced less shocks as compared to sectors with low ICT appreciation. Retailors who had ICT footprint in reaching customers were forced to accelerate their ICT solutions through e-commerce and delivery services via couriers and the postal service.

3.1 Relative importance of sectors during COVID-19

The relative importance of the different sectors during COVID-19 changed as follows:

- **E-commerce market**

E-commerce companies witnessed an overwhelming demand from customers placing online orders for packed foods and household goods as they avoid congested supermarkets and stores. Evidence show that, Amazon added 100,000 new jobs to manage the extra demand of its services.

- **Logistics/delivery**

As people around the world are blocked from leaving their homes, products and services will need to be delivered. It’s expected that the industry will grow as online shopping is set to make up 6.4 percent of the global grocery sales by the end of 2021.

- **Healthcare**

Healthcare technology firms that offer home diagnostics and telemedicine services[1] are witnessing a rush in the number of customers and queries. Governments worldwide have begun to heavily invest in the healthcare industry in order to better prepare for potential future outbreaks.

- **Pharmaceuticals**

Pharmaceutical companies are inevitably playing a large role in the crisis. Billions of Rands are being injected into the pharmaceuticals industry as companies race to find a vaccine against COVID-19. The importance of continuing infectious disease prevention and treatment research even once a coronavirus vaccine has been found is huge, so that the world can be prepared for any future pandemics. During the pandemic other diseases like HIV and TB were neglected due to the demand for COVID-19.

[1] A telemedicine service allows patients to have virtual consultations with a doctor remotely.

- **Telecommuting**

Organizations, including businesses, government agencies and religious bodies, have been forced to modify the way they operate in order to simultaneously keep their employees safe and ensure that their operations do not grind to a halt during the pandemic. Platforms such as Zoom, Slack and Skype are experiencing an increase in the number of users on their platforms. Videoconferencing start-up Zoom has benefited massively. The company's sales and share price are already up over 50 percent in 2020

- **Social Media, Gaming and Entertainment**

Instant messaging giant, WhatsApp, has seen a 40 percent increase in usage due to the COVID-19 pandemic. Netflix, Titok, etc experienced a significant increase in subscribers

- **E-learning**

The education sector as a whole is set to change dramatically post COVID-19 as it is forced to embrace technology and digital means on a large scale. Educational institutions across the globe have traditionally been slow to change, and even slower to embracing technology. However, with schools and universities forced to turn to home schooling and virtual classrooms during COVID-19. In the next few years there will be a rise in the need for skilled professionals to not only develop better platforms for e-learning, but also invent new technology so as to respond to heightened demand.

3.2 Final Analysis

ICT has proven to be the backbone of economies during the pandemic for both business and government. Furthermore, ICT cushioned economic disaster in certain sectors of the economy such as Finance and Real Estate. Recovery of the world economy will be powered by access to fast, low cost and reliable internet, supporting the 4th Industrial revolution.

4 Conclusion

The globe is still expected to deal with the effects of COVID-19 for the foreseeable future. South Africa needs to strengthen its fiscal framework by pursuing accelerated economic growth strategies and stabilize its debt levels. While the Limpopo Province should take this recovery phase to accelerate the implementation of infrastructure and industrial plans, with the backdrop that current opened economies are predominantly in Africa.

The remedy to poverty and loss of income is that government pursue and target job creation. The rise in employment will inevitably curb poverty, inequality and improve the national and municipal tax base (employed individuals will be able to pay income tax and pay for municipal services).

There is no doubt that COVID-19 has highlighted the need to adapt to the digital economy. The new economic trajectory, mainly in advanced and emerging economies, will be driven by ICT and innovation. South Africa and Limpopo in particular will have to accelerate ICT infrastructure layout in order to participate in the new economic era. Furthermore, ICT literacy and local content needs to be developed to address the special geographic and demographic features of the province. On a national level the opening up of spectrum for the ICT service providers should be prioritized. The recent announcement of launching a satellite to provide government supported broadband, especially also to the uncovered rural areas, like in Limpopo, should be supported.