

# **BUDGET SPEECH**

**2023**

PRESENTED BY

**NEAL RIJKENBERG**

**THE MINISTER FOR FINANCE**

TO THE

**PARLIAMENT**

OF

**THE KINGDOM OF ESWATINI**

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# I. INTRODUCTION

## i. Opening Remarks

1. Mr. Speaker, it is my great honour to present to this esteemed House, my fifth Budget Speech and National Budget Estimates for the 2023/2024 financial year at this, the 5th session of the 11<sup>th</sup> Parliament of the Kingdom of Eswatini.
2. Let me start with a scripture from 1 Peter 5:10, ***"And the God of all grace, who called you to His Eternal Glory in Christ, after you have suffered a little while, will Himself restore you and make you strong, firm and steadfast."***
3. Mr. Speaker I would like to thank His Majesty the King for the clear mandate and direction that he gave the Nation and his Government in his speech from the Throne at the opening of this 11<sup>th</sup> Parliament. His Majesty reminded us that we can achieve great things if we work together in the spirit of dialogue and each one of us has a role to play in contributing meaningfully to peace in the Kingdom.
4. We also take great courage in His Majesty's words of encouragement and hope as he declared 2023 as a year of turnaround for our Nation, away from the pain and suffering that we have experienced in the last two years, so long as we continue to pray as a Nation and call out to God for His guidance and wisdom.
5. Mr. Speaker, I would also like to thank His Excellency the Right Honourable Prime Minister for his wisdom, leadership and commitment. I would also like to thank the Honourable Deputy Prime Minister for his steadfastness in these trying times, as well as my colleagues in Cabinet for their support and collaboration. I wish to express my profound gratitude to this extraordinary team of men and women for their leadership, wisdom, humility and public service. It has been my privilege to serve our King and the Nation with you.
6. Mr. Speaker, let me also express my heartfelt appreciation to all those who have helped in the preparation of this budget. This includes the many organizations, individuals and professional groups that presented expert briefs during the budget formulation meetings in the respective line ministries and the Planning and Budgeting Committee, the individuals and collective contributions from my colleagues and my dedicated team at the Ministry of Finance. I also thank the Honourable Members of Parliament, in particular the Sessional Committee and Finance Portfolio Committee. I present this budget, as a representative fiscal response to the current needs of our Nation and to best address our most pressing socio-economic needs and service delivery.

7. Mr Speaker, I chose this scripture from 1 Peter Chapter 5 for a specific reason. As you are aware, we have been working hard over the past few years to get our economy and our Country onto a sustainable growth path. Even without the global Covid-19 pandemic, the unrest, the floods, and the Russia/Ukraine conflict, this seemed to be an impossible task. But, we have somehow managed to reach our goal notwithstanding all of these economic and social disruptions. In addition, our economic growth has outperformed the region, while we have been reducing the actual budget and the budget deficit. And although, we have all worked incredibly hard, and made significant sacrifices, to get to where we are today, we need to acknowledge this miracle and say, *"All Glory to God"*, because without His grace and mercy, this would have been impossible. I want to take this opportunity to thank all of those people who pray diligently for our Nation. Please continue.
8. As a Nation, we have experienced unrest and politically motivated acts of violence resulting in the loss of lives and damage to property. Government has responded appropriately and proportionately to these threats and has called on all stakeholders to denounce violence, constructively engage and work collectively to establish a framework for dialogue. This requires the immediate end to violence and an uninterrupted period of peace and stability to ensure all Emaswati can safely and meaningfully contribute to this process. Because, unless this is achieved, we will continue to fail to thrive as a Nation and as an economy. Simply put, unless the violence stops, we cannot rebuild our economy, create jobs, and deliver services. In this regard the budget is providing E30 million to facilitate the National dialogue.

## **ii. Milestones**

9. Mr. Speaker, 4 years ago I stood before this Honourable house and presented a vision from our National Strategic Plan, for the economic turnaround, which aimed to balance the budget, raise revenue, and increase funding for infrastructure and service delivery. This plan was based on the following 5 pillars:
  - Fiscal Consolidation and a Deficit-Funding Strategy,
  - A Private Sector-led improvement in the Ease-Of-Doing-Business
  - Improved Socio-Economic Impact,
  - Infrastructure Investment, and
  - Developing a Culture of Excellence.
10. This vision laid the foundation for the subsequent budget themes of "Green Shoots", "Fixing the Foundations" and "Transformation through Economic Sustainability". And it is my pleasure, Mr. Speaker to announce that the theme of this Budget is "First Fruits". The incredible work of this administration is now

beginning to yield the resultant macro benefits and our fiscal position is stabilising and improving.

11. Mr. Speaker, I am incredibly proud to announce record Southern African Customs Union Receipts for 2023/2024, and to present both a record and fully-funded budget to the August House.
12. Mr Speaker, the real achievement is the fact that this budget puts us on a sustainable economic path. The fiscal deficit is the difference between the revenue that a Country earns and its expenditure, which is usually covered by loans. In 2020/2021 our fiscal deficit was 3.6 %, in 2021/2022 it increased to 6.5 %, in 2022/2023 we reduced it to 4.9 %. This has been a very tough task and I especially thank Parliament for their assistance in this regard. The budget I am presenting today has a fiscal deficit of 2.2 % of GDP. This means Mr. Speaker, that even though our debt is still slightly increasing, but if our GDP continues to grow with a minimum of 2.2 %, then our debt to GDP ratio remains the same. There are a few other factors at play in this calculation but the way I have explained it is generally the case. All indications are that our GDP will grow by even more than 2.2% in 2023/2024, which will then have the effect of reducing our debt to GDP ratio.
13. Despite these achievements, many Emaswati may not yet be seeing or experiencing these benefits in their daily lives and may not be receiving the social and economic dividends. This Budget begins to address this, by ensuring that all Emaswati receive better service delivery.
14. This administration inherited an unsustainable economy, fraught with budget deficits, declining revenues and huge financing gaps, ballooning arrears and deteriorating cash flows. Over the years, we have been lamenting over Government's failure to meet its statutory obligations, such as paying suppliers on time and remitting all other transfers, especially to schools. Times have indeed been very difficult, but we have overcome. The budget I will be tabling today aims to bring a more positive and promising year ahead of us and a good base for the years to come.
15. Through the adoption of a more expansionary fiscal policy, this budget seeks to make additional provisions to the most critical and mandatory line items and programmes to ensure that operations are not compromised. Whilst providing for new and non-discretionary items such as salary adjustments, elections and exit packages for politicians. Care has been given to make enhanced provisions for previously compromised budget lines and programmes such as tertiary education scholarships, free primary education grants, more grants for the elderly and the disabled, youth empowerment programmes, public investment and capital expenditure. This, however, does not suggest reckless and irresponsible spending,

but a move towards striking a balance between improving lives and livelihoods, while supporting sustainable growth.

16. Mr. Speaker, in alignment with the Eswatini Strategic Roadmap, Government identified a list of policy reforms meant to lower expenditure levels and instil stronger expenditure controls, whilst closing avenues for misuse of the taxpayer's money. Government has worked hard to rethink its expenditure priorities and 'plug the holes in this bucket'. A number of budgetary and expenditure reforms have been enforced in our chronic problem areas such as CTA, capital projects and the Phalala fund. We have overhauled our infrastructure procurement processes, creating fiscal space to accommodate the much-needed spending on essential sectors.
17. Driven by higher-than-average SACU receipts and improved domestic collections by Eswatini Revenue Services (ERS), projected revenue estimates for 2023/24 are at record highs. While this presents a very important milestone for us, it is equally important to understand the underlying consequences of the volatility of SACU revenues. Any overestimates of the SACU revenues are usually corrected over the subsequent two years. It is important therefore to be very vigilant in the manner we spend any increases from this revenue source. At this point, I need to commend ERS for adopting a more client-centric approach in the collection of taxes.
18. Mr. Speaker, the year 2022/23 has been extremely difficult for all of us. We feel the pain that every Liswati is going through, especially our suppliers who have been relentlessly supplying their goods and providing services in spite of the irregular payments. Government together with Eswatini Revenue Services (ERS) is aiming at holding taxes constant and on balance, while enhancing efficiencies in tax collection and focusing on broadening the tax base. I am pleased to announce that for the third year in a row income tax rates will not increase.

## **II. GOVERNMENT'S PERFORMANCE IN 2022, ECONOMIC OUTLOOK AND COVID RESPONSE**

### **i. International and Regional Economic Performance**

19. Mr. Speaker, global economic activity is estimated to have slowed in 2022, reflecting a disrupted global economic recovery emanating from the ongoing geopolitical tensions and its associated disruptions. Global conflicts triggered sharp increases in commodity prices, in particular that of food and fuel, following supply chain disruptions. In response, Central Banks around the globe rapidly increased policy rates, thus dampening investment spending. In light of these developments,

the World Bank estimates output to have increased by 2.9 % in 2022 compared to a growth of 5.9 % in 2021. In 2023, global growth is projected to moderate to 1.7 % on account of anticipated muted economic activity, mostly for advanced economies as well as key emerging markets due to potential spill over effects from the ongoing geopolitical tensions, tightening global financial conditions and the continued Covid-induced impact on major economies like China.

20. Economic activity in Sub-Saharan Africa is estimated to have increased at a slower rate of 3.4 % in 2022 compared to 4.3 % in 2021 and will marginally rise to 3.6 % in 2023. The slower growth forecasted in 2023 is mainly due to the continued stronger inflationary pressures as well as the increasing food security threats in the region. Economic growth in the Republic of South Africa, Eswatini's main trading partner, is envisaged to increase at a slower rate of 1.1% in 2023 on the back of slowing domestic demand considering the inflationary challenges coupled with the weighing in of the persistent domestic structural issues, and in particular the electricity crisis.

## **ii. Domestic Economic Growth**

21. The domestic economy proved to be one of the most resilient economies, weathering several external and domestic induced shocks. Whilst on the road to recovery, the domestic economy further dealt with climate change induced economic disturbances, which resulted in a significant loss in agricultural output due to heavy flooding in certain areas of the Country. The events combined, amounted to an estimated output loss equivalent to E 6.2 billion in 2021/2022. Nonetheless, economic activity strongly rebounded in 2021, recording a robust growth of 7.9% from a contraction of 1.6 % in 2020 as a result of re-opening the economy. If one combines these two years, that are referred to as the Covid years, our economic growth out-performed all other countries in Sub-Saharan Africa.
22. In 2022, like most economies, the domestic economy grappled with rising inflation, tightening monetary policy and the re-emergence of supply disruptions, all resulting from the escalation of the global geo-political tensions, in particular that of Russia and Ukraine, which are amongst the largest producers of key commodities such as energy, wheat and fertilizer supplies globally. The elevated inflationary pressures were transmitted into the domestic economy through hikes in the prices of food, fertilizer and fuel. This situation resulted in dampened household spending owing to strained real wages and eroded consumers' purchasing power, weighing heavily on the performance of demand driven sectors such as "wholesale and retail". On the other hand, the high inflation environment resulted in a sharp increase in the cost of production. The domestic challenges coupled with subdued global demand and other trade disruptions negatively affected overall economic output. Resultantly, economic growth is very



conservatively predicted to be muted in 2022, increasing only marginally by 0.4%. However historically Eswatini has outperformed these predictions in the second half, and GDP growth could actually be significantly higher.

23. The medium-term prospects are currently tilted towards the positive trajectory, strongly backed by an anticipated improved fiscal path boosting domestic consumption and increased investment in infrastructure development, agriculture, manufacturing, as well as mining. These positive developments are expected to lift domestic economic growth to levels above the long-term average growth of 2.2 %, with growth in 2023 forecasted at 4.5 %.

### **iii. Inflation**

24. Headline consumer prices increased to average 4.7% in the eleven months of 2022 from 3.7% in the same period the previous year. The index for 'food & non-alcoholic beverages' rose to average 7.9% in the eleven months to November 2022, compared to 4.9% in the same period in the previous year. These increases were on the back of supply disruptions in relation to the Russia-Ukraine conflict, coupled with the cumulative 26.7% hike in the price of bread effected between April and July 2022.
25. Transport inflation grew by 5.3% to average 7.9 % between January 2022 and November 2022, mainly propelled by persistent increases in the prices for fuel on the back of higher international oil prices and volatile exchange rate movements. These increases were counteracted by slower growth in the price index for 'housing & utilities'. The index for 'housing & utilities' averaged a lower 3.0 % in the eleven months to November 2022 from an average of 4.4 % in the same period in the previous year. This was largely attributed to slower increases in the prices for 'actual rentals for housing'.
26. Overall, our inflation numbers would have looked a lot worse had it not been for the Strategic Fuel Reserve Fund that Government had in place and how the Energy Regulator maintained electricity price increases below the rate of inflation.

### **iv. Balance of Payments**

27. Mr. Speaker, Eswatini recorded a trade surplus amounting to E929.1 million in 2022 as exports grew by 8.4% to E33.1 billion, whilst imports increased by 12.4% to E32.2 billion. Eswatini largely trades with South Africa, as the Country's exports to South Africa accounted for 71 % of total exports, while imports from the same market constituted 81 % of total imports during 2022. Latest trade data for January 2023 shows that Eswatini started the year on a positive footing, recording a merchandise trade surplus of E171.5 million. The surplus recorded in January

2023 indicates significant improvement when compared to the surplus of E18.8 million that was recorded a year earlier in January 2022. This indicates that our private sector remains competitive in the international trade space.

## **v. Financial Sector Developments**

### ***Monetary Policy, Interest Rates and Money Supply***

28. The Central Bank of Eswatini (CBE) pursued a restrictive monetary policy stance in 2022, increasing the discount rate by a cumulative 275 basis points.
29. Whilst on a tightening cycle, the Central Bank of Eswatini remains cognisant of the need to strike a balance between anchoring inflation, curbing capital flight, and supporting domestic economic recovery. The short to medium term monetary policy outlook remains uncertain with an upward bias threatened by persistent inflationary pressures at global level with inflation remaining way above target in advanced, emerging markets and developing economies. The Central Bank of Eswatini is therefore likely to continue pursuing a relatively restrictive stance in line with regional and global monetary policy conditions.
30. Broad money supply (M2) growth decelerated from positive territory in 2021 to negative territory in 2022. Notably, M2 growth averaged -1.0 % between April and October 2022 compared to a positive average of 5.7% in the previous fiscal year. The fall in M2 was recorded in both quasi money, which represents deposits held for investment purposes, as well as narrow money, which represents deposits held for transactional purposes.

### ***Gross Official Reserves***

31. Mr. Speaker, the Country's Gross Official Reserves amounted to E8.4 billion on the 10<sup>th</sup> February 2023. The reserves were enough to cover an estimated 2.8 months of imports of goods and services and above the recommended level of coverage for reserve money at 212% against a target of 200%.
32. In the short to medium term, gross official reserves are expected to be positively affected by the projected increase in SACU receipts during the next fiscal year.

### ***Financial Sector Stability and Regulations***

33. The financial system remained stable and resilient during the past year. This was against heightened market volatility, severe disruptions in commodity markets,

tightening financial conditions, eroded disposable household income and weaker corporate profits. Developments in the external economic environment and their interactions with domestic economic developments remain a concern to the stability of the domestic financial system due to the ever intensifying and complex relationship of the domestic financial system with foreign markets.

34. The household sector remains vulnerable to economic shocks. The sector's vulnerability intensified over the past two years due to the impact of the Covid-19 pandemic, the impact of social unrest and the Geopolitical tensions. The vulnerability of the household sector has contributed to increased susceptibility of the financial system to shocks. Household indebtedness increased from 68.9 % in 2020 to 70.5 % in 2021. The household debt-service-ratio also worsened over the year reflecting households' weakened ability to meet debt repayments. The sector remains under pressure due to eroded disposable income on the back of rising inflation and rising debt servicing costs. It is anticipated that risks from the household sector will remain elevated in the upcoming year as economies worldwide continue to adjust to operating in this unprecedented economic environment. Given the increase in SACU receipts the outlook in the domestic financial sector is very secure.

### ***Performance of the Banking Sector***

35. Mr. Speaker, the domestic banking system remained sound and stable in 2022 despite the challenging operating environment triggered by rising interest rates, increasing fuel and food prices. Banks complied with the minimum statutory requirements and maintained acceptable buffers to withstand anticipated shocks. The sector experienced reasonable growth in its total assets, loans and deposits. There was also an improvement in the sector's earnings and profitability. However, asset quality deteriorated as customers struggled with increasing interest rates coupled with the withdrawal of Covid-19 relief measures by the Central Bank of Eswatini.
36. Looking forward, the banking sector is expected to face rising non-performing loans as interest rates continue rising to counter inflation. This will likely increase write-offs for bad debts and negatively affect capital levels. However, banks are most likely to absorb these losses given their capital buffers. The Central Bank will continue paying close attention, whilst being proactive to ensure that banks remain resilient to anticipated shocks.

## **vi. Strengthening the Private Sector**

### ***Private Sector Credit Extension***

37. Mr. Speaker, Private sector credit extension continued to recover in 2022, but at a slower pace than in 2021. The growth in private sector credit was supported by the elimination of lockdown restrictions related to the Covid-19 pandemic leading to increased borrowing by businesses. However, partly weakening the growth in credit was the rapid rise in lending rates since January 2022, in line with the CBE's pursuit of a restrictive monetary policy stance aimed at curtailing inflationary pressures fuelled by the Russia-Ukraine conflict.
38. Notably, annual growth in private sector credit averaged 4.4% between April and October 2022 compared to an average of 6.4% registered in the previous fiscal year. The increase in private sector credit was mainly reflected in the business sector, which depicted average growth of 15.9% between April-October 2022 compared to 7.6 % in the previous fiscal year. Major industries that contributed to the increase were real estate, manufacturing, transport, communications as well as construction. Credit to the household sector also depicted average growth of 5.3% between April-October 2022 compared to 9.0% in the previous fiscal year.
39. Mr. Speaker, In the short-to-medium term, private sector credit growth is likely to remain positive, underpinned by anticipated normalisation in economic activity, locally, regionally and globally.

### ***Trade, Industry, and Investment***

40. Mr. Speaker, in the medium term, the Country has made strides in economic development supported by a vibrant private sector that is characterised by both local and foreign economic players. FDI from various regions in the world has found a home on our soil and the Government would like to take this opportunity to thank all foreign companies, investors, and partners for the confidence in the Kingdom for their investments. It is noteworthy that our economic objectives have been shaped and achieved in collaboration with the private sector. According to the World Economic Forum (2020), Eswatini is ranked at 104<sup>th</sup> in the world in terms of Global Competitiveness Index with a score of 3.6 out of 7.
41. Domestic and foreign direct investment is increasing, though at a constant rate, and many companies demonstrated their commitment to operate in Eswatini thus creating the much-needed jobs in their expansions. More diversification of investment into new sectors is expected as the Government adopts new policy

directions and reviews regulatory and institutional frameworks to keep up with global trends and best practices.

42. Mr. Speaker, public investment in infrastructure and ICT will improve the Country's competitiveness and is expected to contribute to accelerated growth rates in the productive sectors such as manufacturing, mining, retail and services. These sectors have also been encouraging a private sector led economy. The Government therefore would like to express its gratitude to all companies that committed themselves in the Economic Recovery Strategy and those that have already commenced their projects despite the unrest in the Country.
43. Investment in infrastructure to support industrialization is key. Government is continuously accelerating industrialization within our available financial resources to upgrade and develop infrastructure, such as Industrial Estates to promote domestic and foreign investments into the manufacturing sector. To attract investment and strengthen value addition, the Government will reinvigorate the development of the Sidvokodvo Industrial Estate of 310 hectares, which will alleviate the shortage of industrial land for investors and create employment for Emaswati. This initiative is anticipated to create 600 jobs during the initial phase of the construction and 4 000 jobs in the second year.
44. In line with His Majesty's speech from the Throne, the Government has committed to building factory shells to stimulate the entry of new investors into the local market. This includes developments such as the construction of the Gamula, Ndzevane and Mantambe factory shells, which will create over 3000 jobs for Emaswati. Factory shells play a crucial role in attracting investment by creating a conducive and enabling environment, drawing FDI into our borders. Furthermore, the Government shall complete the Johnson Workwear factory shell at Nhlangano and the rehabilitation of the burnt down factory shell at Hlathikhulu. In this budget Government has provided E171 million for the construction of factory shells.
45. Mr. Speaker, in addition to infrastructure, the legislation which guides this investment is key to attracting additional economic activity into Eswatini. The coming financial year will see the development of the National Export Strategy, amendments of the Eswatini Investment Promotion Act and the Special Economic Zones Act. All of these programmes are crucial to the business environment for both local and international investment and will go a long way in further promoting investment from both within and outside of our borders.
46. Our global rankings as a Country contribute to set us apart as an investment destination of choice. Eswatini is currently ranked 6<sup>th</sup> in the Africa Industrialization Index 2022 which is testament to our commitment to creating an export driven

private sector led economy. In implementing these economic interventions, value addition has become another priority for enhancing economic activity in Eswatini.

47. Mr. Speaker, the Government has ensured that there is increased and stable market access for the business community that will contribute to sustainable development and economic growth for the benefit of all Emaswati. Following the entry into force of the African Continental Free Trade Area (AfCFTA), Government will this financial year prioritise the development of the AfCFTA Implementation Strategy and Action Plan which will focus on both trade in goods and services. The objective of the AfCFTA National strategy for Eswatini is to complement a broader development framework in relation to the Country's trade policy environment and assist in the implementation of the AfCFTA Agreement. It will also facilitate the identification of key value chains, value addition and trade opportunities, constraints, measures, and capabilities required for Eswatini to take full advantage of the national, regional, and multilateral markets within this context.

### ***Micro, Small and Medium Enterprises***

48. Mr. Speaker, Government has taken the initiative to increase the leverage on the MSME guaranteeing capacity from 3 times to 5 times the portfolio value. The expected output on this initiative is to see more enterprises benefitting from the scheme hence a boost to economic growth as MSMEs remain the key drivers of economic growth. Government will continue with the mentorship and incubation of MSMEs to promote entrepreneurship and business development skills. In the current financial year 123 businesses were incubated in the SEDCO Estates, that have created employment for 513 people.
49. The private sector is also supporting initiatives, which empower MSMEs through partnership with SEDCO. MTN Eswatini through the MTN Foundation has been providing sponsorship to the MTN-SEDCO radio programme, which aims at empowering MSME's. Development partners are contributing to improving the livelihoods of entrepreneurs in the Kingdom of Eswatini through the signing of a Memorandum of Understanding between the International Trade Centre (ITC) and SEDCO for a grant of E500,000.00. This Grant agreement aims to establish a framework of cooperation between ITC and SEDCO to support the Capacity Development & Sector Support by Business Support Organizations (BSOs) under the project "Eswatini: Promoting Growth through Competitive Alliances".
50. Mr. Speaker, in the Financial Year 2023/2024 the Country looks forward to the return of the Entrepreneur of the Year Awards. The Entrepreneur of the Year Awards (EYA) competition is part of our National pride, which is aimed at recognizing and rewarding business excellence with the endeavour to cultivate an entrepreneurial spirit amongst Emaswati.

### **III. ECONOMIC DEVELOPMENTS, GOVERNMENT'S SERVICE DELIVERY IN 2022 AND BUDGET STRATEGY FOR 2023/24**

#### **i. Health**

51. Mr. Speaker, the Ministry of Health continues to make notable strides in the fight against HIV and AIDS. According to the Eswatini HIV Incidence Measurement Survey (SHIMS 3), in 2021, the Ministry of Health reduced the HIV incidence (i.e., new HIV cases) from 1.4% in 2016/2017 to 0.62% and made significant progress towards the UNAIDS 95-95-95 targets set for 2025. SHIMS 3 reveals that in Eswatini, 94% of adults, 15 years and older living with HIV, are aware of their status, 97% of those aware of their status are on antiretroviral therapy (ART), and 96% of those on ART have achieved viral suppression.
52. Government is planning to enrol even more HIV positive patients on ART by at least 1,974 patients by March 2024. This means that targeted HIV positive people on ART will be increased from 204,483 in September 2022 to 206,457 in March 2024. The targeted HIV pregnant women on ART will be increased to 98% by March 2024. Whilst TB success rates will be increased from 84% in September 2022 to 90% in March 2024.
53. Since March 2020 the Ministry experienced a total of 74,053 confirmed Covid-19 cases, with 72,603 recoveries translating to a 98% recovery rate. 1,422 deaths were reported from the 14<sup>th</sup> March 2020 to the 7<sup>th</sup> of January 2023. Citizens are encouraged to continue being vigilant by following the guidance given by the health sector since the fight against Covid-19 is not won yet. In addition, the health sector has established a public health surveillance system to monitor several public health threats such as Ebola, Malaria and Maternal Mortality.
54. The burden of Non-Communicable Diseases (NCDs) is increasing and requires that every citizen follow a healthy lifestyle. The Ministry continues to see the dominance of NCDs in the number of cases that the health sector transfers to hospitals within the Country, and to South Africa and Mozambique through the Phalala Fund. The decentralisation of NCD services has seen an increase to 212 of the targeted 229 primary health facilities. This is meant to diagnose, treat, or manage it early to reduce the burden so that there will be fewer complicated and costly cases to treat.
55. These commitments re-affirm the position adopted by Government a few years ago, that the health sector is a priority. Government has allocated E2.76 billion to the Ministry of Health.

56. Mr. Speaker, despite these strides Government is still facing challenges to supply medicine effectively and efficiently to Eswatini. Today I am tabling a report shedding light on the problems we are facing in the Ministry of Health on the supply of medicines to Eswatini.

## **ii. Labour**

57. Mr. Speaker, in an effort to promote compliance with the labour laws, Government will be pre-testing the Strategic Compliance Plan portal – which is a tool aimed to maximise available resources in conducting labour inspections and promoting labour compliance. This tool was developed by the ILO in 2018 when the Kingdom of Eswatini volunteered to be amongst ILO Member States in whose jurisdictions the ILO Strategic Labour Compliance Planning on labour inspection, could be applied.

58. Mr. Speaker, following the recommendations of the National Skills Audit Report 2022, the Ministry of Labour will be reviewing the National Human Resources Development Policy, which will serve as a guide to provide opportunities for all Eswatini in terms of human resource development in the Country.

59. The Ministry has increased the scholarship budget from E361million by an additional E286million to be a total of E647million. This will increase the number of new scholarships from 2500 to 3500 scholarships this year.

60. Mr. Speaker, today I have also tabled the regulations for the establishment of a National Student Loan Revolving Fund that will be managed by one of the commercial banks. This fund should solve the problem of limited scholarships in time.

## **iii. Education**

61. Mr. Speaker, the Government of the Kingdom of Eswatini recognises the critical role played by Education and Training in the alleviation of poverty, improving the quality of life for all Eswatini, attainment of accelerated economic growth and enhancing social cohesion. Government is implementing the UN Sustainable Development Goals (SDGs) and education is an enabler of all 17 goals, particularly SDG 4 on Quality Education. Government continues to closely monitor the key indicator in the access to education parameter i.e., "getting every child in school". The Free Primary Education (FPE) grant programme continues to assist pupils to have access to school and plays a pivotal role in lifting the enrolment rate at primary school level. In all Secondary Schools Government pays school fees for



orphaned and vulnerable children, which is not a completely Free Education Programme hence the percentage of enrolment is low at this level.

62. Government has supported several communities through the opening of ten new secondary schools over and above the four inclusive schools opened with the assistance of the Government of Japan.
63. Eswatini is performing relatively well in terms of education; according to the World Bank (2019), it has the highest literacy rate in the region at 95.8%, while it has the second highest secondary school enrolment rate in the region at 73.3%.
64. Mr. Speaker, the approval of the Eswatini Qualification Framework (ESQF) by Government is one major milestone that will serve as a blueprint for development of education and skills in the country. In line with the ESQF, a Technical and Vocational Education and Training (TVET) policy was developed to address governance and coordination, provision of sustainable financial resources for quality TVET, improvement of quality of TVET programmes to enhance employability, and enhancement of programme relevance. Government also approved The National Open and Distance Learning Programme to strengthen and ensure the continued provision of quality education by addressing the acute shortage of spaces in secondary schools to meet demand and enable tertiary institutions to absorb all qualifying secondary school graduates.
65. Following the impact of Covid-19 and other disasters, the education system's resilience is being strengthened through the provision of a multi-mode teaching and learning system which includes the traditional brick and mortar classroom setting and a learning management system called Learning Passport. This system is currently offering subjects at Higher secondary (Form 4 & 5). Four core subjects have been developed and now focusses on the elective subjects and plans are underway for developing content for subjects at the Junior Secondary Level. Moreover, the Ministry has piloted another learning management platform in grade 4. Teaching and learning materials have been created and plans are at an advanced stage for development of content for other grades to complement the traditional face-to-face teaching and learning.
66. Government has developed a web-based Education Management Information System that will be used by all schools in the Country (both public and private schools) to update and capture both learner and staff information using their personal identity number (PIN) and track them in the education system in real time. The system will also be of great use in the disbursement of the Free Primary Education (FPE) grants, human resource management for the Teaching Service Commission (TSC) and schools' assessment for the Inspectorate. There are about

400 000 learners and 16 000 teachers that will be recorded and tracked by the system.

67. Government will be increasing the Free Primary Education grant per learner and implementation of the revised fees is going to commence in the fiscal year 2023/2024 at a 20% level of adjustment, amounting to E45.6 million.
68. Mr. Speaker, Government is piloting the 4-year secondary school programme of institutionalising as build up to the A/AS-levels as a school leaving certificate. This will enable learners to access tertiary education regionally and internationally without having to go through bridging courses. A total of 32 schools have started implementing the 4-year certificate in 2022. In the academic year 2023, the Ministry of Education will be conducting checkpoint assessments for the pilot schools. This entails developing a series of diagnostic tests to check learning progress of learners and inform teachers about the learning needs of learners.
69. The Ministry of Education continued to roll out grade 0 in our public primary schools. To this end, the Ministry has rolled out 80 more Grade 0 classes, 20 per region. This initiative will also assist in the reduction of inefficiencies in the education sector since studies have shown that the large repetition rates at early grade levels is a consequence of learners who were not adequately prepared for school. Progress has also been made with the staggered implementation of the Competency Based Education. The programme is now at Grade 5. This is a curriculum reform wherein the country is moving away from the objective based education to competency based. This will ensure that learners have access to a learner centred and inclusive curriculum.
70. Mr. Speaker, since 2015 Eswatini Higher Education Council conducted institutional and programme assessments for over 40 higher education institutions. As a result, there are about 45 registered higher education institutions in Eswatini and in the 2023/2024 financial year deliberate focus will be on assessment for accreditation of Government funded institutions.
71. Government is allocating E3.96 billion to the Ministry of Education and Training. This represents a E430 million increase over 2022. The education sector including scholarships of E647 million represents 19% of the total budget. This is in line with Government's commitment to 15% of the National Budget being spent on Education.

#### **iv. Social Transfers**

72. Government has recorded a steady annual increment of beneficiaries for Elderly Grants, People with disability and OVC. To enhance safety during the pandemic, partnerships with mobile money operators were able to switch to mobile cash transfers for a majority of beneficiaries. For 2023/2024 an additional provision of E72.9 million has been made to cover an approximately 15,000 new people in these vulnerable groups, in addition to existing beneficiaries.
73. In partnership with several organisations, a Kinship Care and Foster Care Programme, Child Protection Information Management System, Toll Free Line and Child Headed Household programmes have been established. Kinship Care and Foster Care programmes cater for children that are abandoned by their parents, while the Child Protection Information Management System automates the management and recording of abuse cases in the Country.
74. The Disaster Risk Reduction, Mitigation and Response Initiative continues to implement a Child Headed Household Programme, which provides 360 households with farming inputs to build resilience and self-sustenance among children. NDMA and Baphalali Red Cross Eswatini and other major stakeholders, managed to provide food assistance to 28,741 households, which translates to 143,705 people out of 258,800 food insecure people in 2022.
75. Government has allocated an amount of E850 million to the Deputy Prime Minister's Office in order to continue providing these essential social services.

#### **v. Agriculture**

76. Mr. Speaker, the agriculture sector has demonstrated resilience in the wake of the production disruptions faced in the past year, attaining a growth of 1.6% of GDP in 2022. The sector is expected to maintain this growth rate in 2023 and Government will continue to invest in the agriculture sector to ensure food security at household and national level, as well as promote commercial agricultural production.
77. The establishment of the Agricultural Development Fund is also at the final stages. This fund will mobilise resources that will enhance access to agricultural credit by private sector players in the sector and individual farmers. It will also fund the setting up of basic and pre-requisite infrastructure that will attract more investment to the sector and increase production.

78. Government has allocated an amount of E1.63 billion for the Ministry of Agriculture. Amongst other things, the allocated funds will be utilized in the construction of secondary distribution canals and LUSIP II infield irrigation development where the target is to irrigate an area covering 5200 hectares in the lowveld. The LUSIP II project should start contributing significantly to the economy this year as the planting of crops accelerates. This budget also provides for the start of the construction of the Mkhondvo Ngwavuma water augmentation project.
79. Government has increased the budget for the Ministry of Agriculture by more than E274million.

## **vi. Water and Sanitation**

80. Mr. Speaker, Government through the Department of Water Affairs and WASH partners continued to provide potable water through the reticulation of water schemes and hand pumps. To date, the population that has access to improved potable water supply is estimated at 75%. Seventeen (17) major rural water schemes that benefited a total of 42,047 people and provided water supply to ten (10) urban/peri-urban areas in the current financial year. Furthermore, the Government managed to drill over 200 groundwater boreholes that benefited about 5,000 homesteads and rehabilitated 81 hand pumps that benefited 25,658 people. The country managed to host the Secretariat for the Incomati and Maputo Water Course Commission, which is managed by the Kingdom of Eswatini and the Republics of Mozambique and South Africa.
81. Government will continue with the construction of two major water supply projects to benefit 5 Tinkhundla in the Manzini Region and 3 Tinkhundla in the Shiselweni Region. These projects will benefit a total population of 114,000 people. Furthermore, next financial year the Government will undertake the Environmental and Social Impact Assessment (ESIA) for raising the Hawane dam wall. The construction of the Lomahasha - Namaacha Cross Border Water Supply Project is expected to commence in the Financial Year 2023/2024.

## **vii. Energy**

82. Mr. Speaker, Government, through the Eswatini Energy Regulatory Authority has approved the implementation of the 75 MW Solar PV, 13.6 MW Lower Maguduza hydro power plant, 33 MW Maguga Expansion and Lower Maguga Hydro Power Plants. 80 MW of biomass power generation capacity, in addition to the already approved 40MW, has been assessed and confirmed viable for an additional generation. The country is also assessing the market for the development of wind generation capacity. All these projects are expected to add to the installed capacity

and will contribute to the achievement of national security of supply and the target of at least 50% of renewable energy in the country's electricity mix.

83. While the country is strengthening its local generation, significant progress has been made with electricity access through the Rural Electrification Programme which considers both on-grid and off-grid solutions, based on the specific location of beneficiaries. Government has further developed a model for the installation of Distribution Ready Boards to assist under-privileged Eswatini that are unable to wire their houses. This will assist to fast track the rate of electrification in the country and meet the 2030 target in a cost-effective manner and maximise on available resources. Eswatini is one of the leading countries in the SADC region that has invested substantially in boosting access to electricity, with a National electrification rate of 83%. This is higher than the average for Africa, which stands at 40%. Also, as reported by the World Bank, in 2020, Eswatini ranked 8<sup>th</sup> in the SADC region for access to clean fuels and technologies, with a score of 74.7%.
84. Government through the Eswatini National Petroleum Company (ENPC) is working towards the development of the Strategic Oil Reserve Facility, and has completed the land-use/planning, zoning at Phuzumoya. Construction of this project should start this year.
85. Government has allocated a budget of E1.09 billion which translates to an increase of E561 million Emalangeni, compared to last year's allocation, to the Ministry of Natural Resources to implement its programmes including the access to clean water and electricity.

## **viii. Tourism and Environment**

86. Mr. Speaker, the year 2022 marked the re-emergence of Eswatini's robust efforts to revive partnerships and increase its brand visibility across the region as a destination of choice. With the easing of travel restrictions, the world over, Eswatini has reclaimed its reputation as one of the world's most accessible and preferred destinations for domestic, regional, and international tourists. This has been possible through the Triland Agreement between the Eswatini Tourism Authority (ETA), Mpumalanga Tourism & Parks Agency and the Mozambique Tourism Board which promotes the region as a tourist, trade, and investment destination.
87. According to ETA's Tourism Research Annual Report for 2021, Eswatini recorded 164,807 international tourist arrivals. Between January and October 2022, this number surged to 393,298 accounting for a 138.6% increase, which demonstrates an impressive recovery from the Covid-19 shock.

## **ix. Information, Communication and Technology**

88. Mr. Speaker, Government in its effort to improve service delivery through leveraging the use of ICT, has continued to scale-up the implementation of the e-Government programme. In the 2022/2023 financial year special focus has been on the rollout of e-payment for Government services through the Mobile Money platform. It is planned that the payment of more services will be extended to the e-banking platform in the 2023/2024 financial year.
89. Government has also extended wireless network coverage to remote Government Service Centres on 20 Government sites in different parts of the Kingdom. These include: Tinkhundla Centres, Parliament, Clinics, Revenue Service Centres, Royal Eswatini Police Stations and Immigration Offices.
90. Cognizant of the high cost of access to broadband, Government continues to review and reduce the cost of connectivity in the country. To this end, the cost of connectivity and internet provision to operators and Internet Service Providers (ISPs) has been reduced by 20% and 25% respectively in the past year. This intervention will increase data affordability and accessibility for consumers in a drive to bridge the digital divide.
91. The budget to the Ministry of ICT has been increased by E101 million from the previous financial year to E462 million.

## **x. Infrastructure Development**

### ***Roads***

92. Mr. Speaker, the year 2022 has brought about the delivery of improved road infrastructure, particularly along the major trunk route in the country, the freeway from Ngwenya border through the capital city, down to the industrial town and the hub of the country all the way to the King Mswati III International Airport. The massive investment in this infrastructure will improve the country's road travel experience for many years to come.
93. Notwithstanding this great milestone, there remains two major challenges in this space, and these are a comprehensive maintenance programme and the improvement of feeder roads. The Shiselweni roads in particular have rendered some of the places as "neglected" due to non-improvement. Significant investment is required to make these improvements and for the country to derive "shared growth". E514 million has been budgeted for roads rehabilitation, maintenance

and feeder roads upgrades. This is significantly more than what has been ever spent on road maintenance and rehabilitation.

## **xi. Public Sector Wage Bill**

94. The Ministry of Public Service has embarked on a Management Audit study to identify critical vacant posts that need filling, redundant posts and to ensure all Ministries are sufficiently staffed. The study will be finalised at the end of March 2023.
95. Since 2018 Government has implemented a hiring freeze which has resulted in less than 1% increase per annum in the wage bill. The Wage Bill has reduced as a percentage to budget from 41% in 2017 to a more sustainable 35% currently. This measure has unfortunately resulted in some Ministries desperately needing to fill posts. This year's budget is providing E900 million more than last year to fill these vacancies. This is an 11% increase, but due to the fact this budget is 14% higher than last year's budget, the percentage of wage bill to budget should continue to decrease.
96. We have budgeted for 3% Cost of Living Adjustment but fully understanding that the salary review should take place and could affect this percentage.

## **xii. Youth**

97. I could not help but notice that every time His Majesty spoke of the youth in his speech from the Throne, there was a louder than normal "Bayethe" being shouted by all those present indicating that the welfare of the youth is very close to the hearts of all of us in leadership.
98. The budget for the Ministry of Sports, Culture and Youth Affairs has increased from E69 million to E85 million. The amount of budget allocated to this Ministry is purely for auxiliary activities related to Sport and the Youth, and is no way reflective of Governments full commitment to empower the youth. If one considers this budget holistically the E900 million increase in the wage bill is mainly for the youth, the E286 million increase in scholarship is 100% for the youth, the E430 million increase in the Education budget is 100% for the youth and I can keep on going. These numbers are the true reflection of how this budget is focused on youth empowerment.

### **xiii. Rural Development**

99. Mr. Speaker, Government has a mandate to coordinate development activities and programmes by development agencies, Government departments and non-governmental organisations at Regional, Tinkhundla and Chiefdom levels. The Community Development Unit provided capacity through Women in Development Training Centres and community outreach where 78 trainees participated in a nine-month Training Programme across 5 Training Centres in the 2022/2023 financial year.
100. The Regional Development Fund (RDF) continues to be the main funding mechanism for the implementation of the Regional and Tinkhundla development mandate. Thus, a provision of E177 million has been made in 2023/2024. Furthermore, an allocation of E183 million has been provided to cater for the Micro Projects Community Development programme.
101. Government continues operationalizing Tinkhundla Service Centres across the country and has launched some of the services at Lugongolweni, Simunye, Mhlambanyatsi and Lobamba during 2022/23. The services provided in the Service Centres include Civil Registration and Vital Statistics, Immigration, Master of the High Court, Social Welfare, Revenue, Library Services and Road Transportation permits.
102. Government has provided E15 million for the construction of new Tinkhundla centres.

### **xiv. National Security**

103. Mr. Speaker, Eswatini has always been renowned for its reputation for peace and stability. However, our Security Forces were not sufficiently equipped to adequately respond to the coordinated and widespread looting, rioting, arson and assassinations that the country has witnessed over the past 2 years.
104. His Majesty has again reminded us that we can only succeed as a nation, if our development aspirations are firmly grounded in peace, and that no one wants to live in a country where Government structures are continuously destroyed, homes are burnt down, and people's lives are lost.
105. Law and order is a foundational requirement for any healthy society and nation. Without law and order whatever else we do to build the nation is done on a poor foundation and remains unsustainable. I urge all Emaswati to fully support our security forces and to understand and appreciate their critical role in enforcing



law and order and re-establishing peace and stability in the country. We call on all EmaSwati to assist in fighting crime, terrorism and gender based violence. For this reason, we have allocated a budget of E1.17 billion for the Royal Eswatini Police Services.

106. The Umbutfo Eswatini Defence Force will continue with its peacekeeping mandate and manning our security along all borders.
107. The Correctional Services will focus on rehabilitation of offenders and integrating them back to society for improved public safety and stability.

## **xv. Combating Corruption**

### ***Crime Prevention Measures, Structures and Legislation***

108. Mr. Speaker, many people seem to misunderstand Government's role and developmental mandate. Some even believe in conspiracy theories that Government exists outside of the mandate of the people and is designed to harm and exploit its citizens. Let me assure you today that our Government has the sole agenda to improve the well-being of every Liswati and the Nation as a whole. Our Government is made up of Emaswati, family members, friends and colleagues. It is made up of all of us, and when people steal from Government, they steal from every one of us. Every Country in the world battles with corrupt individuals within their Governments, and Eswatini is no exception. Ephesians 5:11 says: "And have no fellowship with the unfruitful works of darkness, but rather expose them" and Proverbs 29:4 says: "By justice a King gives a Country stability, but those who are greedy for bribes tear it down". In line with His Majesty's pronouncements, I appeal to all Emaswati to unite with Government to fight corruption. I call on every Liswati who is a victim, or encounters corruption, to bring it to the light through whatever means possible.
109. The establishment of the Asset Recovery Unit has resulted in a process that recovers the proceeds of any form of criminal activity and gives it back to individuals, companies, public entities, or the Government at large, who are the victims of the loss. However, achieving justice in this way requires investment, law, and policy reforms by the National Government. Under the current financial year, the Unit has auctioned Motor vehicles and received an amount of E1,5 million. The Ministry's plan is to conduct auctions at least quarterly to fulfil the goal of restitution.
110. Mr. Speaker, public procurement corruption is observed amongst other typologies as one of the main challenges facing Eswatini and it is therefore important that solid efforts are taken to address this scourge. These acts of corruption, Money

Laundering and Terrorism Financing are also perpetrated through the use of modern digital technologies.

111. Mr. Speaker, the independence of the Judiciary remains at the heart of the dispensation of Justice. I would like to express my gratitude to the entire Government structures for the continued support in ensuring that the Judiciary not only attains its mandate but also maintains independence.
112. Government established the Commercial Court during the 2022/2023 financial year, and it is now fully operational. Three Judges have been appointed to work towards reducing the heavy burden and long-standing backlog of commercial cases at the High Court. The Small Claims Courts have been established and are fully operational and the permanent bench at the Industrial Court of Appeal is now in place.

### ***Audit***

113. Mr. Speaker, Government is committed to continue recovering lost public funds as it happened in the past fiscal years where it recovered a total amount of E112,4 million and E64,3 million in the fiscal years 2020 and 2021, respectively, as contained in both the reports of the Auditor General and Public Accounts Committee.
114. An audit system was introduced to enhance Risk Management and the Internal Control Framework. These will ensure executive management involvement and ownership of risk management to combat seen and unforeseen irregularities.

### ***Financial Innovation and Intelligence***

115. Mr. Speaker, Government successfully moved all payments from cheques to EFT payments. The implementation of a digital platform for revenue collection, registration of companies, motor vehicle license renewal and trading and liquor licenses has been successfully completed.
116. Government is also undertaking the implementation of an Integrated Financial Management Information System (IFMIS) to replace the existing Treasury Accounting System. The IFMIS will serve as an effective platform to implement the PFM Act 2017. E44 million has been provided in this budget to cater for IFMIS and an e-Procurement system.

## ***Promotion and Protection of Human Rights***

117. Government has embarked on the establishment of legal aid services nationally to benefit marginalised and vulnerable groups. The establishment of a National Legal Aid System is a key component of Eswatini's National development plan. The development of the National Legal Aid Policy has recently been concluded and the policy establishes a Legal Aid System that enhances the human right to access justice for marginalized and vulnerable groups and it also establishes institutional structures of the legal aid office.

### **IV. FISCAL PERFORMANCE**

#### **i. Revenue Performance 2022/2023**

118. Mr. Speaker, in the 2022/2023 fiscal year, Government revenue and grants are projected to amount to E18.97billion, corresponding to 25% of GDP. The projected revenue collection displayed a significant shortfall against the initial budget of E19.25 billion, largely attributed to the 9% decline in SACU revenue. Also, other causes of the poor performance in the current fiscal year 2022/23 are the post COVID-19 and political unrest effects.

119. Despite the significant underperformance of actual revenue receipts against projections in the previous fiscal year, revenue receipts were still at record highs.

#### **ii. Expenditure 2022/2023**

120. Mr. Speaker, total Government expenditure for financial year 2022/2023 was budgeted at E23.13 billion. The revised budget at the end of the year stands at E23.15 billion. At 30.7 % of GDP, this is approximately 1 % higher than the outturn in 2021/2022.

#### **iii. Overall, Balance/Government Deficit 2022/2023**

121. Mr. Speaker, the deficit for 2022/2023 was budgeted at 4.9% of GDP which is higher than 4.6% deficit to GDP ratio for the financial year 2021/22. This equates to an increase of E3.3 billion to E3.9 billion.

#### **iv. Public Debt 2022/2023**

122. Mr. Speaker, public debt management is one of the key objectives for Government in ensuring that debt stock remains sustainable by raising the required funding at

the lowest possible cost over the medium to long term, consistent with a prudent margin of risk. As at end December 2022, total debt stock stood at E31.75 billion, which is an equivalent of 42.7% of GDP. Of this stock, external debt stood at E14.39 billion equivalent to 19.5 % of GDP and domestic debt stood at E17.36 billion, which is equivalent to 23.35 % of GDP.

123. Even though our debt stock has grown over the past few years, we have managed to keep the cost of our domestic debt within reasonable levels and we have ensured that all of our external debt remains concessional.

## **V. TURNAROUND STRATEGY**

### **i. SACU**

124. Southern African Customs Union (SACU) receipts for Eswatini will increase by 102% from E5.8 billion in 2022/2023 to E11.75 billion in 2023/2024. This is the highest amount that the Country has ever received from the regional bloc and was driven by a higher than projected outturn of the 2021/2022 Common Revenue Pool (CRP), a 25% increase in the projected size of the CRP for 2023/2024 compared to 2022/2023 and an increase in Eswatini's share of total intra-SACU imports from 9.6% in the revenue sharing framework for 2022/2023 to 10.8% in 2023/2024.

125. The volatility in SACU receipts has caused our economy to remain on an unsustainable path for a long time. For that reason, I have tabled the regulations for the SACU Stabilization Fund today. In this budget we are proposing to put E1.5 billion into the Stabilization Fund to cater for any reduced SACU receipts in the future. As this year's budget is driven by sustainability, this Fund should ensure that we remain on a sustainable path in the long term.

### **ii. Public Enterprises**

126. Mr. Speaker, Public Enterprises play a very important role in the economic growth of the Country, as such Government will continue to provide oversight and control of these entities to ensure that they remain effective and efficient.

127. As part of the Fiscal Adjustment Plan, through the Economic Policy Analysis and Research Centre (ESEPARC), Government embarked on a study to streamline and consolidate Public Enterprises and the implementation plan to this effect was approved by the Cabinet. This process has started and is underway.

128. I am pleased to inform this House that we have been able to sign a grant agreement of 150,000 US Dollars with the African Development Bank for the implementation of these Public Enterprises Reforms. We continue to request for the support of this House as well as all relevant stakeholders in the implementation of the plan, which seeks to increase Government efficiency and reduce unnecessary cost.

## **VI. REVENUE AND EXPENDITURE FOR 2023/24**

129. Mr. Speaker, I will now present the Budget estimates for the financial year 2023/24.

### **i. Revenue**

130. Mr Speaker, Government revenue including grants in the 2023/24 fiscal year is projected to reach E24.64 billion, which is 30 % of GDP, an increase of about 5 percentage points on the 2022/23 budget. Of this, SACU receipts will contribute E10.25 billion from E5.8 billion in the previous year. Non-SACU revenue is budgeted at E13.75 billion from E12.8 billion, a growth of 7 percent.

131. Total income taxes are projected to be E6.98 billion in 2023/24 a slight increase from the previous year's budget. This is because of higher expected growth and employment in 2023/24 compared to 2022/23. Out of this, corporate income taxes are E1.8 billion and personal income taxes are E4.5 billion.

132. Mr. Speaker, total taxes on goods and services are expected to be E6.13 billion. This is mainly VAT which is budgeted at E4.5 billion and fuel taxes amounting to E1.36 billion.

### **ii. Expenditure**

133. Mr. Speaker, total expenditure for the financial year 2023/24 is expected to be E26.44 billion. The total budget allocation to capital programmes, amounts to E5.85 billion, which reflects a E500 million increase from last year's budget allocation. The total expenditure for 2023/24 shows an increase of 14 % compared to last year's budget.

### **iii. Overall Balance**

134. Mr. Speaker, the budget deficit for financial year 2023/24 is projected at 2.2 % of GDP, equal to E1.8 billion.

135. Mr. Speaker, this year we are tabling a fully financed budget. For the first time as a Minister, I am not going to the market for budget support. We had managed to bring arrears down to less than E1billion at the beginning of the 2022/2023 budget cycle. But due to the delayed listing of our programme on the Johannesburg Stock Exchange (JSE), our arrears have grown. The JSE listing is planned to take place at the end of March 2023, and we will be using this funding to reduce the stock of arrears and aim to get the arrears totally settled in the 2023/2024 budget year.

## **VII. APPROPRIATION**

136. Mr. Speaker, by virtue of the responsibility entrusted to me as Minister of Finance, I now present to this August House the budget estimates for the financial year 2023/24.

***Revenue and Grants: E24,639,807,034;***

***Appropriated Recurrent Expenditure: E18,512,614,116;***

***Appropriated Capital Expenditure: E5,853,976,000;***

***Total Expenditure: E26,438,581,866;***

***Fiscal Deficit: E1,798,774,832***

## **VIII. CONCLUSION**

137. In conclusion, I would like to thank the members of this Honourable House for your support and integrity in getting our economy back on track. I trust that your constituencies notice and appreciate your outstanding efforts. I fully understand that the financial pressure on household expenditure continues to increase, but the effects of our National budget growing by 14% should start easing the pressure at household level.
138. Mr. Speaker, I would like to take this opportunity to recognize the contributions of our friends in the international community who have assisted us in many ways, with special mention to the USA, especially for their assistance towards our fight against HIV and AIDS. Our special thanks to the Republic of China on Taiwan who support numerous community projects, especially in agriculture and water distribution. I also thank the EU and its member states for the support in agriculture and youth programmes. I thank the UN family especially in the drive towards job creation for the youth. I also thank India especially for their training and education programs. We so appreciate the assistance from Japan and the support from South Korea. I also want to thank Morocco and Serbia for their continued support of our scholarship programmes. I thank the World Bank, the IMF and the African Development Bank for supporting us with concessional budget support loans during our time of need.
139. Mr. Speaker, I take this opportunity to extend my heartfelt gratitude to Their Majesties for the confidence and trust they have placed in me as the custodian of this key portfolio in Government. In particular, I would like to thank His Majesty the King for being the unifying force in our Nation and giving us clear leadership and guidance.

## **2023 THE YEAR OF TURNAROUND**

### **I THANK YOU ALL.**