Ministry of Commerce
Industry & Trade

INDUSTRIAL POLICY FOR ESWATINI 2023-2033

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Foreword

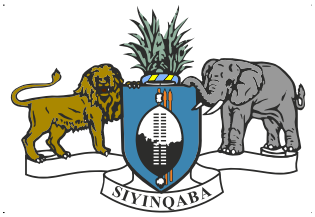
The Industrial Policy of Eswatini envisions a structural change in the country's growth path through value addition and diversification to achieve economic growth, social development and environmental sustainability. It is imperative for Eswatini to fast track industrial development to enhance the country's competitiveness and accelerate economic growth, generate decent employment, diversify the economy, build economic resilience, reduce inequality and poverty which are some of the major challenges that Eswatini is grappling with.

Among the objectives of this Industrial Policy are; maximizing domestic benefits by strengthening national value chains and increasing domestic production capacities; boosting value addition in resource-based sectors to ensure inclusive industrialization; enhancing economic resilience by diversifying production and export markets; supporting decent wage sectors and build new sectors for the creation of quality jobs and to promote green industrialization by supporting circular economy, waste management, and renewable energy and energy efficiency initiatives.

Moreover, this Industrial Policy is aligned to the country's National Development Goals namely; good Governance, economic Recovery, and macro- fiscal stability; enhanced and dynamic private sector that supports inclusive and sustainable inclusive growth; enhanced social and human capital development and sustainable livelihoods; efficient public service delivery that respects human rights; justice and the rule of law; well managed natural resources and environmental sustainability and disaster risk management and investment in infrastructure to expand economic network and digital innovation. For Eswatini, the New Industrial Policy intends to contribute to three specific National Development Goals related to economic recovery, sustainable and inclusive growth, and well managed natural resources and environmental sustainability.

In addition to that, this Industrial Policy is aligned to the regional industrialisation and integration agenda in the various Regional Economic Communities (RECs) such as SACU, SADC, COMESA, COMESA- EAC- SADC Tripartite, and at the continental level with the AfCFTA and the AU Agenda 2063 for Africa's inclusive and socio economic development. Moreover, the aspirations of this Industrial Policy are also aligned to the UN Agenda 2030 for sustainable development.

Honourable Manqoba B. Khumalo (MP)
Minister Of Commerce, Industry And Trade



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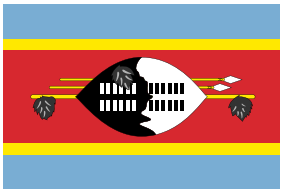

The development of the Industrial Policy was supported by the Investment Climate Reform (ICR) Facility. The ICR Facility is co-funded by the European Union (EU), the Organisation of African, Caribbean and Pacific States (OACPS) under the 11th European Development Fund (EDF), the German Federal Ministry for Economic Cooperation and Development (BMZ) and the British Council.

The ICR Facility is implemented by GIZ, the British Council, Expertise France, and SNV. This specific initiative was led by GIZ with the technical support from the Global Policy Incubator (GPI). The development of the policy was also supported by the "Strengthening the National-Regional Linkages (SNRL) in SADC programme" which is a Southern Africa Development Community (SADC) project funded by the German Federal Ministry for Economic Cooperation and Development (BMZ) and implemented by GIZ. The contents of this publication are the sole responsibility of the Ministry of Commerce, Industry and Trade and do not necessarily reflect the views of donors or implementing partners.

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EXECUTIVE SUMMARY

An Industrial Policy plays a significant role in helping governments to achieve economic growth, social development and environmental sustainability. More specifically, it is key for governments to fast-track national industrial development as it can help countries to enhance competitiveness and accelerate economic growth, generate decent employment, diversify the economy, build economic resilience, reduce inequality and poverty, and support green industrialization, to name a few.

In addition, it is important to have the Industrial Policy of Eswatini aligned to the country's National Development Goals (NDGs). This ensures a context-appropriate Industrial Policy package which is aligned to national priorities, facilitates inter-institutional and multi-stakeholder dialogue, ensures that the Industrial Policy vision receives national support as well as improves the government transparency and legitimacy by providing a clear rationale for Industrial Policy. For Eswatini, the New Industrial Policy intends to contribute to three specific National Development Goals related to economic recovery, sustainable and inclusive growth, and well managed natural resources and environmental sustainability.

The Industrial Policy (2023-2033) is aligned to the SADC Industrialization Strategy and Roadmap, particularly to Phase II which covers the period 2021 – 2050, focusing on diversification, enhancement of productivity and competitiveness, and increasing regional industrial development and integration. Moreover, the focus of the policy on inclusion, and environmental sustainability is also aligned to the SADC Industrialization Strategy and the UN SDGs .

The review of the country's National Industrial Development Policy 2015 -2022 was informed by the need to define a new evidenced-based Industrial Policy which uses real data to inform the strategic direction that the country needs to take for Eswatini to achieve structural transformation of the economy. The new Industrial Policy for Eswatini has been developed using the "Enhancing the Quality of Industrial Policies" (EQuIP) methodology, a tool developed by the United Nations Industrial Development Organization (UNIDO) and the German Development Cooperation (GDC) to empower governments to effectively design industrial policies. The new Industrial Policy will also have a well-designed Monitoring & Evaluation Framework to track progress and provide a reality check during implementation. In addition, the new Industrial Policy was designed considering a participatory approach where key stakeholders were invited to consultation workshops to enrich the policy making process.

The EQuIP tool offers a systematic step-by-step approach to structure the Industrial Policy design process. It provides a framework for policy makers to build an Intervention Logic that maps each of the main components of the Industrial Policy with a goal-oriented approach as illustrated in the figure below. The first step is to establish the contribution of the Industrial

Policy to the National Development Goals (NDGs). Secondly, based on the NDGs and main challenges faced by the industrial sector, define Industrial Policy Objectives which are the direct and specific goals of the policy. Thirdly, considering the established objectives, identify Intervention Areas as concrete preconditions that are required in the economy to achieve the objectives. Finally, propose potential Industrial Policy Instruments which are ultimately the specific actions or interventions that the government will implement to achieve the required changes in the Intervention Areas and Objectives.

EQUIP INTERVENTION LOGIC FOR INDUSTRIAL POLICY

Based on the EQuIP participatory policy making approach the stakeholders came up with the following Vision for the Industrial Policy ***"By 2033, the industrial sector in Eswatini is diversified in high-added products which benefits the local population by creating decent jobs and generating equal opportunities for all, while accounting for environmental sustainability practices and enhancing economic resilience."***

To define relevant Industrial Policy Objectives (IPOs), the policy review team and core team utilized the EQuIP methodology, which involved following key steps and leveraging data analysis to define evidence-based IPOs. The core team and stakeholders then came up with the following objectives:

Objective 1: Maximizing domestic benefits by strengthening national value chains and increasing domestic production capacities;

Objective 2: Boosting value addition in resource-based sectors to ensure inclusive industrialization;

Objective 3: Enhancing economic resilience by diversifying production and export markets;

Objective 4: Supporting decent wage sectors and build new sector for the creation of quality jobs;

Objective 5: Promote green industrialization by supporting circular economy, waste management, and renewable energy and energy efficiency initiatives.

The following Intervention Areas (IAs) and policy instruments (existing and new) were identified to initiate the implementation of a first phase of the Industrial Policy The preselected IAS and potential instruments are mentioned below:

a. Improve the effectiveness of the allocation of finance to producers for which the Eswatini Agricultural Development Fund is key to boost investment in agricultural infrastructure and capacity building. Further to address the challenge of access to finance, it is crucial to have a targeted financial scheme with special focus on women, youth and people living with disabilities involved in the resource-based sectors of the economy to ensure the participation of these target groups in the manufacturing sector.

b. Improving access to information through the establishment of an industrial platform is key. This platform will centralize statistical information about the trade and productive performance of the manufacturing sector of Eswatini, as well as indicators on structural drivers that influence its level of competitiveness and market intelligence.

c. Improve the regulatory framework to ease the manufacturing activity where there is a need for a law or regulation for FDI to guarantee benefits for the economy and local producers. Such a provision can be incorporated in the review of the National Investment Policy, where it will be stipulated that FDI guarantees benefits and links to local firms and is embedded in the local economy.

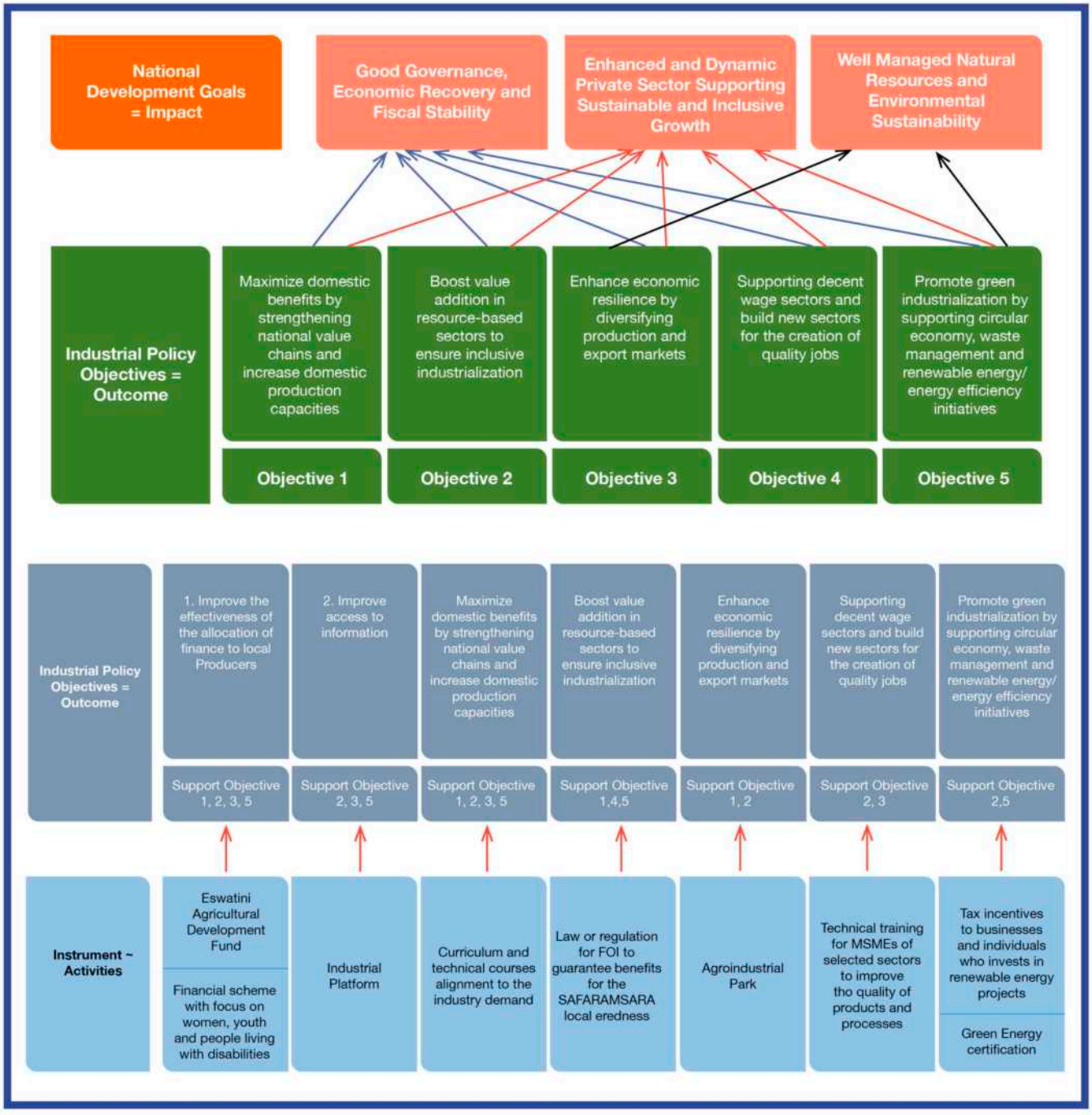
d. Increase vertical integration in national value chains by establishing an Agro-Industrial Park in the country, where agricultural and industrial activities within resource-based sectors will be integrated to enhance productivity, value addition and market access.

e. Improve standardization, metrology, conformity assessment and accreditation by training MSMEs of pilot sectors to improve quality standards is key. This will address the issue of compliance to international standards as well as enhance Eswatini's economic resilience by enabling the diversification of production and export markets.

f. *Improve and match skills to the needs of the manufacturing sector* by aligning the curriculum and technical courses to the industry demand.

g. *Expand alternative renewable energy sources produced locally* to encourage investment in this sector. The government can explore the use of targeted tax incentives and create a green energy certificate for companies or individuals for generating electricity from a green resource to promote the uptake of renewable energy.

The figure below was developed during the process of this policy formulation, and it shows the Intervention Logic which spells out how the National Development Goals, the Industrial Policy Objectives, Intervention Areas and potential Instruments relate to each other.



The implementation of the Industrial Development Policy (2023-2033) will be over a 10 (ten) year period with continuous monitoring and evaluation.

LIST OF ACRONYMS

AU	Africa Union
BE	Business Eswatini
CFI	Centre for Financial Inclusion
CSO	Central Statistical Office
DAO	Development Approval Order
ENIDC	Eswatini National Industrial Development Corporation
EQuIP	Enhancing the Quality of Industrial Policies
ESWADE	Eswatini Water and Agricultural Development Enterprise
ESWASA	Eswatini Standards Authority
FDI	Foreign Direct Investment
FINCLUDE	Financial Inclusion and Cluster Development
GAPs	Good Agricultural Practices
GDC	German Development Cooperation
GDP	Gross Domestic Product
GPI	Global Policy Incubator
IA	Intervention Area
IMICC	Interministerial Manufacturing Industry Coordination Committee
IP	Industrial Policy
IPO	Industrial Policy Objective
IPRT	Industrial Policy Review Team
ISIC	International Standard Industrial Classification
M&E	Monitoring and Evaluation
MCIT	Ministry of Commerce, Industry and Trade
MEPD	Ministry of Economic Planning and Development
MICT	Ministry of Information, Communication and Technology
MOA	Ministry of Agriculture
MOET	Ministry of Education and Training
MOF	Ministry of Finance
MOLSS	Ministry of Labour and Social Security
MOSCYA	Ministry of Sports, Culture and Youth Affairs
MOTEA	Ministry of Tourism and Environmental Affairs
MSME	Micro, Small and Medium Enterprise
MVA	Manufacturing Value Added
NAB	National Accreditation Body
NAF	National Accreditation Focal Point
NAMBOARD	National Agricultural Marketing Board
NDG	National Development Goals
NDP	National Development Plan
NEETs	Not in Education, Employment and Training

NIP	New Industrial Policy
PMO	Prime Minister's Office
PPCU	Policy and Programme Coordination Unit
RB	Resource-based
R&D	Research & Development
RQID	Regulatory, Quality Infrastructure Department
SADC	Southern African Development Community
SADCAS	Southern African Development Community Accreditation Service
SEZ	Special Economic Zone
SISR	SADC Industrialization Strategy and Roadmap
MSMESMME	Small, Mirco, Small and Medium Enterprise
SPS	Sanitary and Phytosanitary
SSELGS	Small Scale Enterprise Loan Guarantee Scheme
STEM	Science, Technology, Engineering and Mathematics
ESWASA	Eswatini Standards Authority
TFEC	Total Final Energy Consumption
TVET	Technical, Vocational, Education and Training
UNDP	United Nations Development Programme
UNESWA	University of Eswatini
UNIDO	United Nations Industrial Development Organization
WITAD	Women in Trade and Development
WITS	World Integrated Trade Solution

1. INTRODUCTION

1.1 Brief overview of the previous IP

The Industrial Development Policy (2015-2022) sought to achieve structural change in Eswatini's growth path through value addition and diversification for a globally competitive industrial sector by 2022. The main objectives of the old Industrial Policy (2015-2022) were:

- To enhance manufacturing and services contribution to GDP to above 50% and increase manufactured exports by 5%.
- To promote diversification of the country's industrial activities and increase employment in the manufacturing sector by 5% per year.
- To increase utilization and beneficiation of local and regional raw materials in the production of goods for domestic and export markets by 50%.
- To promote broad based industrialization path by increasing the participation of SMME in the manufacturing sector by 10%.

The main challenges with this policy and the reason why it required to be reviewed and updated are the following:

- The objectives were not well defined, and not considered evidence-based information, hence the difficulty in the implementation of the policy.
- No baselines for the year 2015 were determined at the policy design phase for the main objectives, which limited the possibility to measure any improvement. For example, although there were objectives on increasing manufactured exports and manufacturing employment by 5%, it was unknown what these percentages were in the year 2015 when the policy was developed.
- Targets established for the different objectives are not clear how they were calculated.
- Some of the objectives were lumped together, hence making it difficult to be specific on a certain aspect of the objective. For instance, the first objective sought to enhance manufacturing and services contribution to GDP to above 50 % and increase manufactured exports by 5 % which is confusing as it is addressing three different aspects in one objective.
- No Monitoring and Evaluation Framework was established, hence there were also challenges to monitor the progress and evaluate the achievement of these objectives.
- Furthermore, the old policy also lacked consideration for broader national development context as it was not aligned with other sectoral policies and the National Development Goals of Eswatini.

1.2 Rationale for the new Industrial Policy

The government of Eswatini realizes that the industrial sector is a significant contributor to the economy and has a strong potential to maximize domestic benefits, ensure an inclusive

industrialization, enhance economic resilience, create quality jobs and promote green industrialization, amongst others. Hence, Eswatini needs to define a new evidence-based Industrial Policy which uses real data to inform the strategic direction that the country needs to take for it to achieve structural transformation of the economy. The new Industrial Policy also needs to have a well-designed Monitoring & Evaluation Framework to track progress and provide a reality check during implementation.

In addition to this, it is key that the new Industrial Policy is designed considering national and regional priorities to ensure that the industrialization process contributes to the specific goals established at a broader level.

Moreover, industrial development and competitiveness has been prioritised in all the Regional Economic Communities (RECS) such as the Southern African Customs Union (SACU), and the Common Market for Eastern and Southern Africa (COMESA) where Eswatini is a member. This Industrial Policy is also aligned to the continental development agenda, the African Union Agenda 2063, in particular the African Continental Free Trade Area (AfCTA).

Additionally, the Industrial Policy is in support of the aspirations of the United Nations Agenda 2030, the Sustainable Development Goals (SDGs). Since this Industrial Policy is premised on the pursuit of Inclusive and Sustainable Industrial Development, it has strong linkages to all the SDGS, with particular focus on the following SDGs;

SDG 5: Achieve gender equality and empower all women and girls

SDG 7: Ensure access to affordable, reliable, sustainable, and modern energy for all

SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

SDG 10: Reduce inequality within and among countries

SDG 11: Make cities and human settlements inclusive, resilient and sustainable

SDG 12: Ensure sustainable consumption and production patterns

SDG 13: Take urgent action to combat climate change and its impacts

1.3 Connecting the Industrial Policy to the Government Priorities

An Industrial Policy plays a significant role in helping governments to achieve their National Development Goals. It is a potent tool for governments to fast-track national development as it can help countries to enhance competitiveness and accelerate economic growth, generate

decent employment, diversify the economy, build economic resilience, reduce inequality and poverty, and support a green industrialization, amongst others.

For Eswatini, the New Industrial Policy intends to contribute to three specific National Development Goals related to economic recovery, sustainable and inclusive growth, and well managed natural resources & environmental sustainability.

1.4 Connecting the Industrial Policy to the SADC Industrialization Strategy and Roadmap (2015-2063)

The primary orientation of the SADC Industrialization Strategy and Roadmap is to achieve structural transformation of the SADC region by industrializing the economy, upgrading the production system and promoting closer regional integration. Moreover, the SADC Strategy is anchored on three pillars: industrialization as a champion for economic and technological transformation, competitiveness, and regional integration and geography as the context for industrial development and economic prosperity. The SADC Industrialization Strategy is aligned to the African Union Agenda 2063. It is premised on three growth phases: Phase 1 (2015-2020), Phase II (2021- 2050), and Phase III (2051- 2063).

The new Industrial Policy (2023-2033) will be aligned to the SADC Strategy, particularly to Phase II which focuses on diversification, enhancement of productivity and competitiveness, and increased regional industrial development and integration. Moreover, the focus of the policy on inclusion, and environmental sustainability is also aligned to the SADC Industrialization Strategy and Roadmap.

1.5 The EQuIP Methodology

The new Industrial Policy for Eswatini has been developed using the “Enhancing the Quality of Industrial Polices” (EQuIP) methodology, a tool developed by the United Nations Industrial Development Organization (UNIDO) and the German Development Cooperation (GDC) to empower governments to effectively design industrial policies (See Annex 1).

The EQuIP considers three pillars: tailor made based on country needs, provides capacity development through on-the-job coaching and knowledge transfer, and intends to be transformative by introducing structural changes in the economy.

The EQuIP tool offers a systematic step-by-step approach to structure the Industrial Policy design process. It provides a framework for policy makers to build an Intervention Logic that maps each of the main components of the Industrial Policy with a goal-oriented approach (Figure 1). The first step is to establish the contribution of the Industrial Policy to the National Development Goals (NDGs). Second, based on the NDGs and main challenges faced by the industrial sector, define Industrial Policy Objectives which are the direct and specific goals of the policy. Third, considering the established objectives, identify Intervention Areas as concrete preconditions that are required in the economy to achieve the objectives. Finally,

propose potential Industrial Policy Instruments which are ultimately the specific actions/interventions that the government will implement to achieve the required changes in the Intervention Areas and Objectives.

FIGURE 1: EQUIP INTERVENTION LOGIC FOR INDUSTRIAL POLICY

There are also two key components in the EQuIP methodology. The first one is related to the use of an evidence-based approach for decision making that makes it objective, practical, and transparent. The second one refers to its participatory approach that requires coordination and collaboration from various stakeholders throughout the policy design process to ensure transparency, inclusiveness, appropriation, and effective implementation of the Industrial Policy. A summary of the EQuIP methodology is reflected in Figure 2.

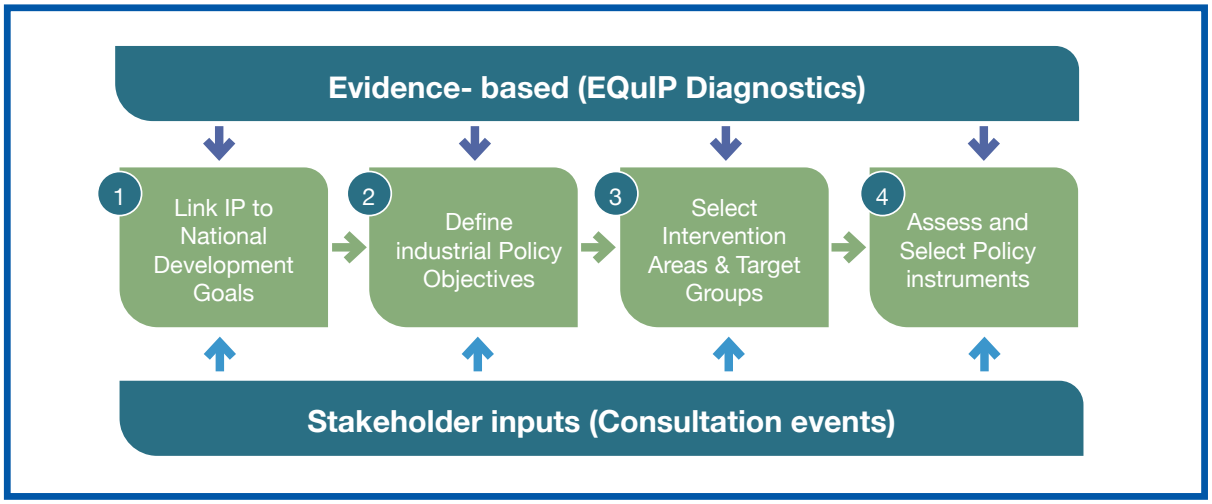


FIGURE 2: EQUIP METHODOLOGY FOR INDUSTRIAL POLICY DESIGN

1.6 Process for designing the new Industrial Policy in Eswatini

The process of designing the New Industrial Policy for Eswatini was conducted in two phases. **During Phase I (January – June 2022)** a "Industrial Policy Review Team" was constituted to strengthen its technical capacities to participate actively and contribute to the policy process. The capacity building was conducted by the Industrial Policy Experts from Global Policy Incubators (GPI), where members of the team received training on the EQuIP methodology for policy design, and on conducting a diagnostic of the industrial sector, as well as data analysis using various international and national databases.

The "Industrial Policy Review Team" was constituted of representatives from different departments of the Ministry of Commerce Industry and Trade (MCIT) such as Department of Industry – Core Team; Trade Department; Micro, Small, and Medium Enterprises Unit (MSME); Regulatory Infrastructure and Quality Department (RQID); and Planning Department. Other members of the "Industrial Policy Review Team" came from various government ministries such as the Ministry of Agriculture, Ministry of Economic Planning and Development, Ministry of Labour and Social Security, Prime Minister's Office (Policy and Programmes Coordination Unit), Ministry of Finance, Ministry of Information, Communication and Technology. There were also representatives from the University of Eswatini and Business Eswatini representing the private sector.

Consequently, **during Phase II (January – August 2023)** of the Industrial Policy design process, members of the Core Team from MCIT embarked on the actual drafting of the policy while also gathering views from the various relevant and key stakeholders during consultation workshops which were also facilitated by the Industrial Policy Experts from GPI. This ensured a participatory approach during the policy design since it involved several stakeholders to inform the new Industrial Policy. Annex 2 shows a list of institutions that were part of the policy design process during the two phases.

It is worth noting that since this policy has a strong commitment on promoting Women Economic Empowerment as a key to eliminate (or at least reduce) the gender gap in Eswatini, the process has considered consultation workshops where women organizations and female representatives have participated from the beginning to ensure that they are part of the decision-making process of the economy and their needs and interests are well captured. The institutions involved were, Women in Trade and Development, COMESA Federation of Women in Business Eswatini, and the Gender and Family Issues Unit from the Deputy Prime Minister's Office . Table 1 shows the total number of participants during the different consultation workshops showing a gender balance.

Consultations	Male participants	Female participants	Total
Inception workshop	32	28	60
Workshop 1 on National Development Goals	29	26	55
Workshop 2 on Policy Objectives and IP Vision	25	25	50
Workshop 3 on Intervention Areas and Preliminary Instruments	22 20	25 17	47 Day 1 37 Day 2

TABLE 1: NUMBER OF PARTICIPANTS IN THE CONSULTATION WORKSHOPS

Source: Registration list at the workshops

2. INDUSTRIAL POLICY IN THE CONTEXT OF THE NATIONAL DEVELOPMENT OF ESWATINI

It is important to have the Industrial Policy of the country aligned to the country's National Development Goals (NDGs). This ensures a context-appropriate industrial policy package which is aligned to national priorities, facilitates inter-institutional and multi-stakeholder dialogue, ensures that the industrial policy vision receives national support as well as improves the government transparency and legitimacy by providing a clear rationale for industrial policy. The National Development Plan (NDP) is the main document that guides the allocation of national resources to achieve the key development agenda and priorities set by the Government.

2.1 Overview of the National Development Goals

The NDP seeks to address the challenges that Eswatini is faced with such as sluggish growth, fiscal crisis, high levels of unemployment (particularly youth unemployment), high levels of inequality and poverty, declining Foreign Direct Investment (FDI) inflows, and the lack of social cohesion within society.

Eswatini NDGs are outlined in the NDP which provides the country's overall development framework and are the following six (6):

i. Good Governance, Economic Recovery, and Macro- Fiscal Stability

Seeks to stabilize the fiscal crisis, improve fiscal expenditure management, mitigate resource envelope risks and restore the role of the public sector in the economy of Eswatini.

ii. Enhanced and Dynamic Private sector that Supports Inclusive and Sustainable Inclusive Growth

Refers to a dynamic and agile private sector that is innovative and responsive to global opportunities which is key for restoring economic growth and laying the foundations for long-term development. The government will continue investing in tackling the obstacles hindering the competitiveness of Eswatini's business, particularly infrastructural facilities, and the difficult business environment. The focus is on increasing the vibrancy and competitiveness of the private sector, exploiting the potential of utilizing mineral resources, increasing employment, stimulating investment, fostering dynamic entrepreneurship and MSME growth and participation to resuscitate economic growth in Eswatini.

iii. Enhanced Social and Human Capital Development and Sustainable livelihoods

Recognizes the enhancement of social and human capital development as one of its priority development goals that will contribute to the improved human potential and is essential for development across all key sectors of the economy. Therefore, the government remains committed to developing well educated, skilled and healthy people required to operate and maintain infrastructure, and to build dynamic businesses. Moreover, the government needs to reduce poverty rates of all forms, enhance food security, improve social protection services, as well as improve access to proper sanitation and hygiene and decent housing.

iv. Efficient Public Service Delivery that Respects Human Rights, Justice and the Rule of Law

Refers to an efficient public sector that respects human rights, justice and the rule of law and remains one of the key government development goals. Under this goal, the government seeks to have a dependable, reliable, and efficient public sector, strengthen the implementation and enforcement of human rights, and enhance service delivery as well as foster rural and community development to improve the livelihoods and welfare of Emaswati.

v. Well Managed Natural Resources , Environmental Sustainability and Disaster Risk Management

Determines the need for a more inclusive, sustainable, and efficient management of natural resources and the environment, with resilience to climate change and sustainable disaster risk management mechanism as key to development. Policy direction should be more towards renewable and clean energy, mainstreaming climate change and environmental sustainability in projects and programmes to mitigate against the experience of recurring droughts and other natural disasters related to environmental

degradation. The government of Eswatini also recognizes the need to strengthen the enabling environment for green growth.

vi. Investment in Infrastructure to expand Economic Network and Digital Innovation

Establishes the importance of quality infrastructure to improve the country's competitiveness and drive economic growth. In this regard, the government wants to; upgrade physical infrastructure to enhance access and connectivity, improve coverage, quality, reliability, and affordability of digital infrastructure and services, sustainable, clean and affordable energy as well as invest in the water services industry. Infrastructure is deemed as among the key drivers of economic growth and development by the government.

2.2 Connecting Industrial Policy to Selected National Development Goals

Out of these six National Development Goals stated in the NDP, three goals were selected as they represented the three main pillars to which the Industrial Policy can make the largest contribution to the economy. The three NDGs are:

i. Good Governance, Economic recovery, and Macro-Fiscal Stability
ii. Enhanced and Dynamic Private sector that Supports Inclusive and Sustainable Growth
iii. Well Managed Natural Resources and Environmental Sustainability and Disaster Risk Management

It is worth mentioning that upon further scrutiny and discussion it was agreed that these three NDGs will be referred as stated below, intending to highlight the specific elements within each NDG that can be addressed through the new Industrial Policy.

i. Economic Recovery (NDG1)

The focus is on economic recovery as the Eswatini economy suffered a huge blow during the COVID-19 pandemic and there is great need to create opportunities for income and wealth generation in the key sectors of the economy.

ii. Sustainable and Inclusive Growth (NDG2)

It is key for the Eswatini economy to be sustained over time and be inclusive by not neglecting any section of the population, particularly the marginalised and vulnerable.

iii. Environmental Sustainability (NDG3)

There is need for a sustainable and efficient management of natural resources and the environment and the mainstreaming of climate change and environmental sustainability in government policies, projects, and programmes.

2.3 Contribution of the new Industrial Policy to the selected National Development Goals – Brief diagnostic

2.3.1 Economic Recovery (NDG1)

To contribute to economic recovery and resilience the country needs to focus on two main pillars: 1) Expand domestic production and value addition to improve industrial performance, and 2) diversify the economy to reduce vulnerability to external shocks.

2.3.1.1 Expand domestic production and value addition to improve industrial performance

The data analysis illustrates that the Eswatini manufacturing sector is a significant contributor to the economy together with the service sector. However, Figure 3 below shows that while the share of the Manufacturing Value Added (MVA) in the economy is high, ranging between 31.6% in 2000 and 29.1% in 2020, its relative share has decreased during these years.

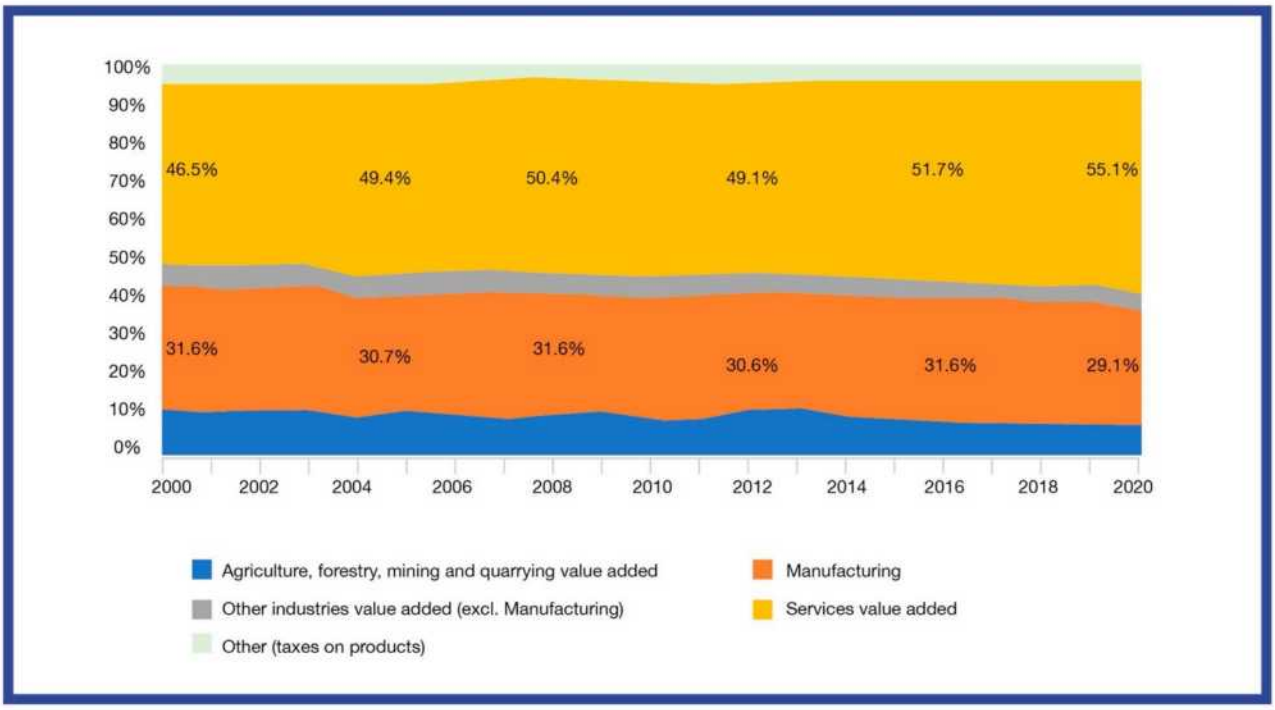


FIGURE 3: STRUCTURE OF THE VALUE ADDED BY SECTOR IN ESWATINI, 2000-2020

Source: Central Statistical Office

When comparing the share of MVA in total Gross Domestic Product (GDP) for Eswatini and comparator countries (Mauritius, Botswana, Brazil), Figure 4 shows that the share for Eswatini is impressive and much higher than the other countries (29.1% in 2020 versus 11% for Mauritius, 6% for Botswana and 10% for Brazil).

Also, in terms of the MVA per capita, Eswatini is performing well ahead of the benchmarking countries. It registered the highest value of US$ 1,094.2 per capita, although it has declined since the pandemic.

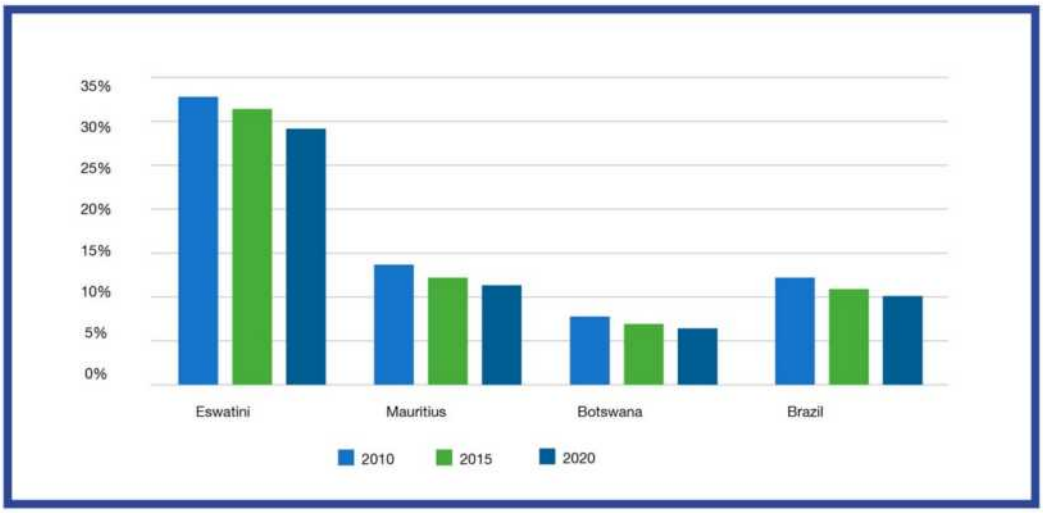


FIGURE 4: MANUFACTURING VALUE ADDED AS A SHARE OF GROSS DOMESTIC PRODUCT, 2010-2020

Source: World Development Indicators

Despite the high contribution of the manufacturing sector towards GDP and high MVA per capita, the situation is problematic as the data shows that there are very few sectors and companies that are contributing to this performance. Figure 5 illustrates that the manufacturer of beverages accounted for 58% of the total MVA in 2020, followed by manufacture of sugar (13%), manufacture of textiles (10%), manufacture of cocoa & chocolate (6%), and manufacture of wood and its products (4%). These five sectors together represented 91% of total MVA and are not considered high technology or sophisticated sectors, which usually bring interesting benefits to the economy due to the spill over effects. Also, in most of these sectors the type of activities that Eswatini develops are not the ones that incorporate high value addition.

This situation illustrates the need for Eswatini to diversify into other manufacturing sectors. For the Industrial Policy to contribute to economic recovery, build resilience and reduce vulnerability, it needs to identify which manufacturing subsectors can play an active and dynamic role. This could be achieved by intra-sectoral upgrading from low valued-added to higher value-added activities (e.g. shifting from unprocessed wood to

furniture), or by intersectoral upgrading from one manufacturing sector to another (e.g. shifting from the textile & apparel sector towards a fruit processing sector that can incorporate advanced technology).

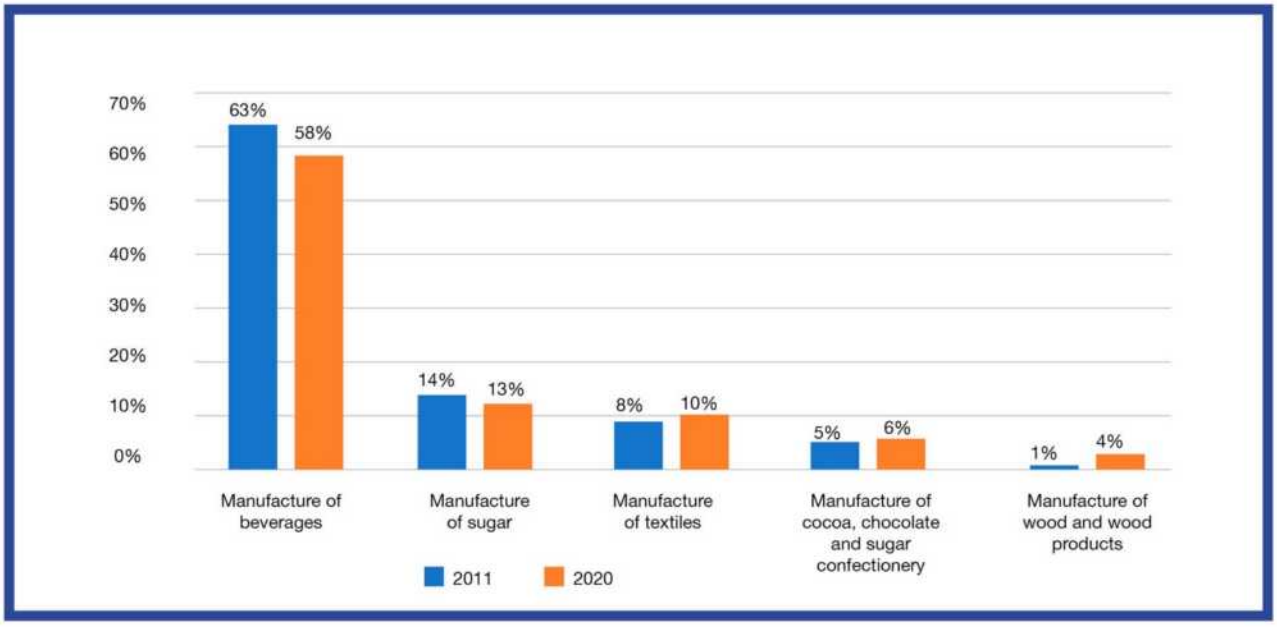


FIGURE 5: SECTOR VALUED ADDED IN TOTAL MANUFACTURING VALUE ADDED, 2011-2020

Source: Central Statistical Office

2.3.1.2 Diversify the economy to reduce vulnerability

Diversification of export products

Another area of the economy where Eswatini needs to build resilience and reduce vulnerability to external shocks is in export products and markets. Eswatini is doing well in this area in terms of having a high share of manufactured exports in total exports when compared with its comparators, as manufactured exports constituted of over 90% in total exports in 2020 (except for Mauritius that also registered a concentration over 90%, Brazil reached over 50% and Botswana over 20% in the same year).

However, the main challenge is that Eswatini's exports are highly concentrated and when compared to the benchmarking countries, it exhibits the highest concentration. For instance, over 89% of the manufactured exports of Eswatini come from the top 3 groups of products as shown in Figure 6, namely; chemicals , followed food products , and wearing apparel. Such high dependence on just three groups of manufactured exports exposes the country's economy to external shocks, rendering it extremely vulnerable. Countries such as Brazil registered the lowest share (58%) due to the strong focus on export diversification strategies over the last 25 years and a process of understanding the firm-level processes which support the introduction of new export products.

The Industrial Policy can support diversification of manufacturing exports to move away from the dependency on chemical, food, and textiles & apparel products that in some cases incorporate low value addition, generate low employment or are produced by few large companies owned by foreign investors.

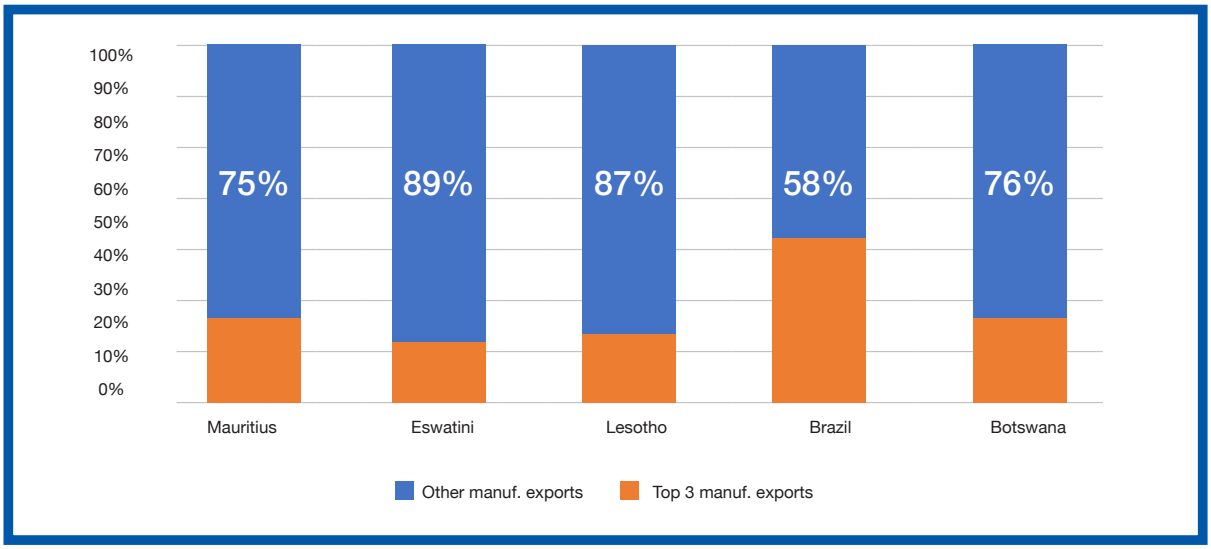


FIGURE 6: MANUFACTURED EXPORTS CONCENTRATION, 2020

Source: UN COMTRADE through WITS

Diversification of export markets

Moreover, the other challenge with the destination of the exports coming from Eswatini is that they are highly concentrated to a few markets as shown in Figure 7.

This is problematic as it means that the economy is highly vulnerable to demand shocks if the countries that are our major export destination experience abrupt shocks and crises. The country's industrial policy needs to assist the country's economy by ensuring that the export markets are diversified. Figure 7 illustrates that in 2020, the top 5 export markets for Eswatini manufactures as a whole represented 84% and were: Republic of South Africa, Kenya, Nigeria, Mozambique, and the United Kingdom.

Eswatini therefore needs to focus more on strategizing on how to penetrate more export destinations, so that the country's export markets are more diversified, and the economy builds more resilience. The country further needs to maximise its use of trade agreements with various trade partners to ensure that it reaches more market destinations for the country's manufactured exports. This is particularly important as well as reducing the country's dependence on South Africa as a main market.

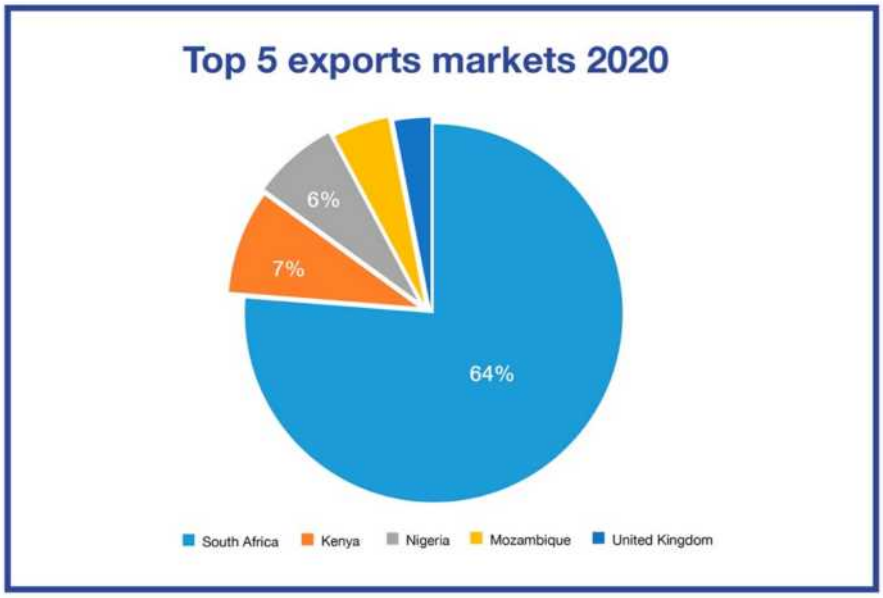


FIGURE 7: MANUFACTURED EXPORT MARKET CONCENTRATION, 2020.

Source: UN-COMTRADE through WITS

2.3.2 Sustainable and Inclusive Growth (NDG2)

It is very important that Eswatini's Industrial Policy contributes towards economic growth which can be sustained over time and that ensures active economic participation of women, the youth, persons living with disabilities as well as MSMEs. Currently, the Eswatini economy is not inclusive as the above-mentioned groups are not equally benefiting from the country's manufacturing activities and this has created a highly unequal society. For instance, women wages in the manufacturing sector are 11% lower than that of men. Youth participation in the manufacturing sector is at 13.5%. Moreover, only 13 % of the MSMEs are involved in manufacturing sector, with only 11% of persons living with disability involved in manufacturing. It is therefore important that all these groups of the population actively participate for the country to attain inclusive and sustainable growth and ultimately achieve its National Development Goals.

The Industrial Policy can alleviate this challenge of low participation by: a) promoting the creation of other manufacturing sectors that can offer better quality of jobs and benefits to the society; b) promoting sectors and jobs that could bring higher women participation and trigger Women Economic Empowerment; c) promoting laws, regulation and incentives to attract more MSMEs participation; and d) promoting jobs that can attract the youth and people living with disabilities and provide incentives to companies to hire them.

Figure 8 below shows the employment structure for Eswatini, and it indicates that the manufacturing sector (together with the service sector) is a significant contributor to employment creation in the country, representing about 20% towards total employment.

This percentage is the highest compared to the benchmarking countries where Mauritius registered 12.6%, South Africa 10.8%, and Lesotho 9.1%.

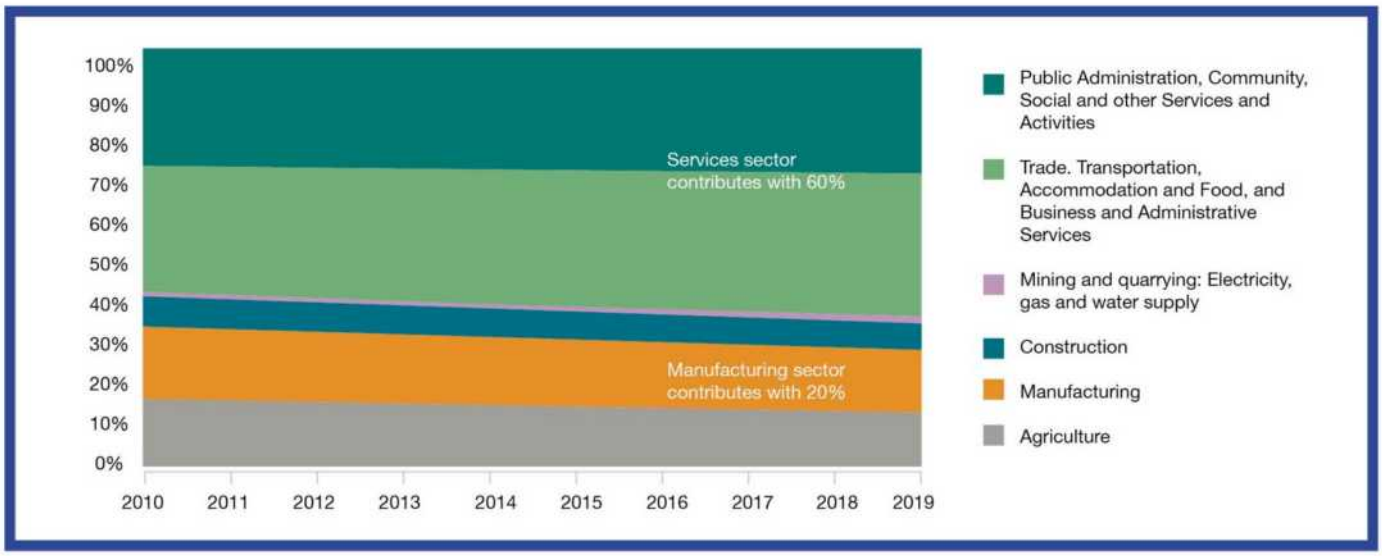


FIGURE 8: EMPLOMENT STRUCTURE IN ESWATINI BY SECTOR, 2010-2019

Source: Central Statistical Office

Despite the important contribution of the manufacturing sector to employment generation, the first challenge is related to the high concentration on only a few manufacturing subsectors. Figure 9 shows that the largest contribution towards employment in the manufacturing sector comes from the weaving of textiles, other textiles, and wearing apparel. This unequal distribution of employment in the different sub sectors illustrate the need for Eswatini to diversify and promote other manufacturing activities that can create good job opportunities and quality employment.

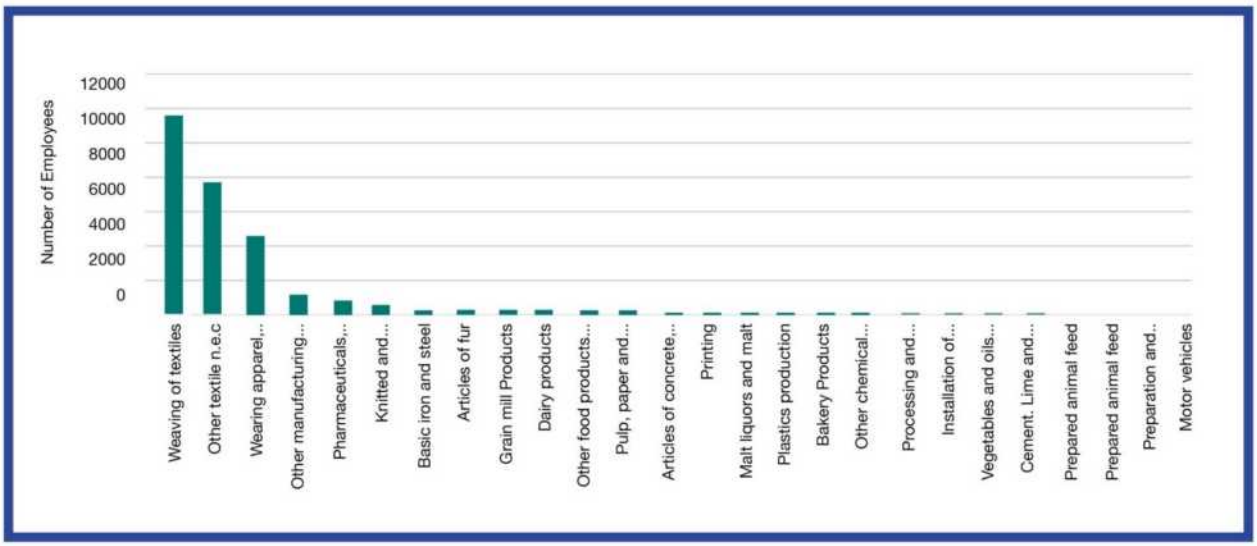


FIGURE 9: EMPLOMENT STRUCTURE IN THE MANUFACTURING SECTOR IN ESWATINI , 2019

Source: Central Statistical Office

2.3.2.1 Quality employment

Another current challenge that Eswatini is facing is that although the manufacturing sector is such a significant creator of employment in the country, the sector is not creating high quality jobs yet as the average wages in manufacturing are among the lowest. Figure 10 shows that the average monthly wages in manufacturing reached US$ 200 compared to other sectors such as Mining & Quarrying and Public sectors double or more than double this amount.

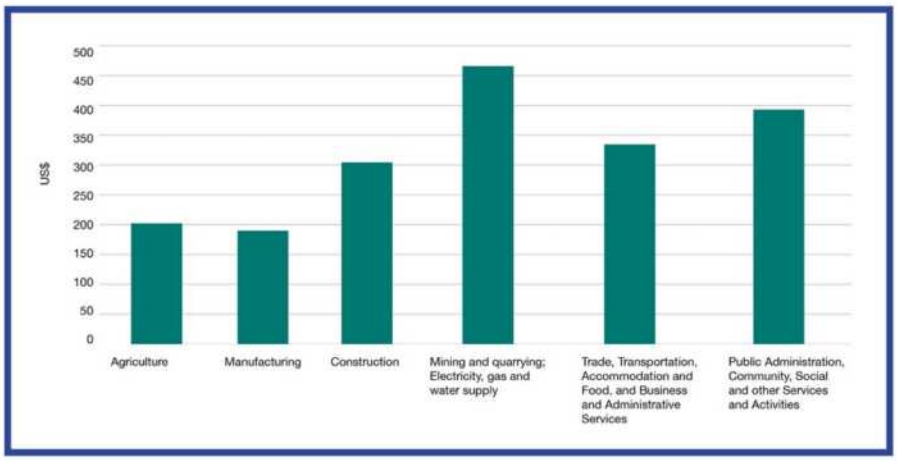


FIGURE 10: AVERAGE MONTLY WAGES PER SECTOR IN ESWATINI, 2019

Source: Central Statistical Office

Also, the manufacturing sectors that create more employment are not the ones that pay higher wages. Figure 11 illustrates this discrepancy, for instance the weaving of textiles, wearing apparel and knitted and crocheted fabrics employ a large number of workers, yet the median monthly earnings are low. The Industrial Policy therefore needs to promote sectors within manufacturing that pay higher wages to reduce inequality as well as foster social cohesion.

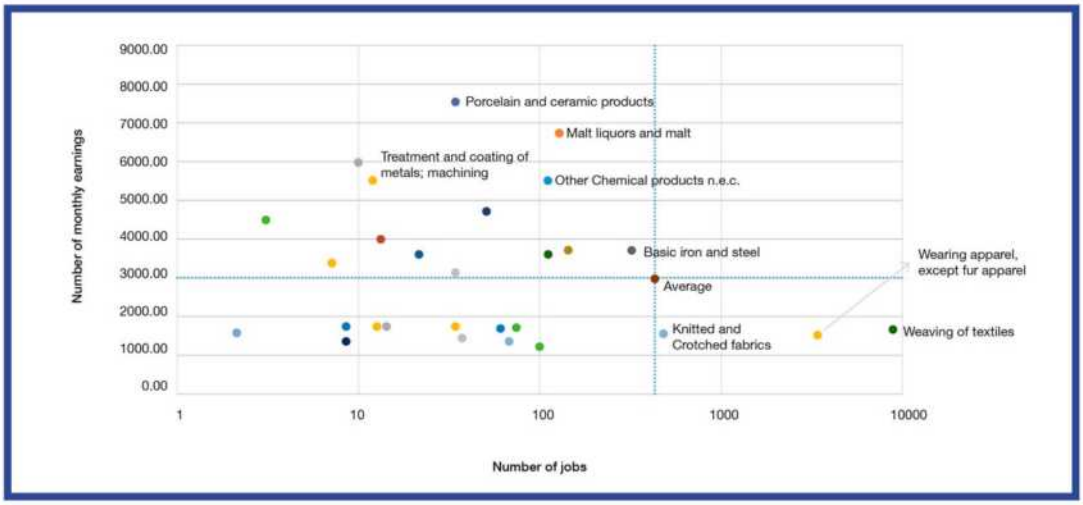


FIGURE 11: MANUFACTURING EMPLOYMENT AND WAGES, 2019

Source: Central Statistical Office

2.3.2.2 Gender equality

The analysis shows that there exists a gender gap in overall employment in Eswatini, in most of the sectors male employment is higher than female employment. However, the manufacturing sector is contributing to close this gap as it shows that female employment is higher (Figure 12). This may be attributed to the nature of the sub sectors were the manufacturing sector has mostly focused on, the clothing and textiles which employs more women than men.

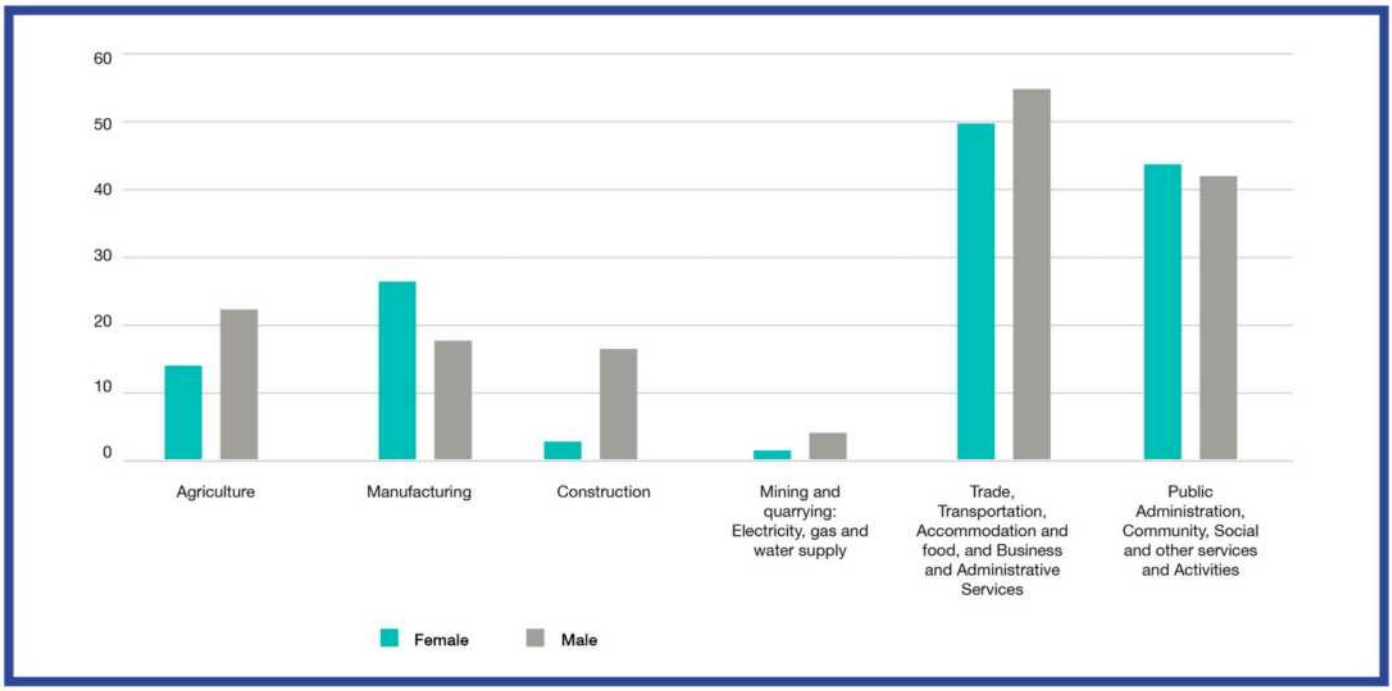


FIGURE 12: EMPLOYMENT BY ECONOMIC SECTOR AND GENDER, 2019

Source: Central Statistical Office

Although the manufacturing sector employs more women than men in Eswatini, females earn 11% less than their male counterparts in Eswatini as shown in Figure 13. Additionally, labour statistics for Eswatini show that the proportion of women in managerial positions is 41.6%, women representation in parliament is at a low 9.6%, and women representation in local government is only 14.2%, showing the scarce participation of women in decision making processes.

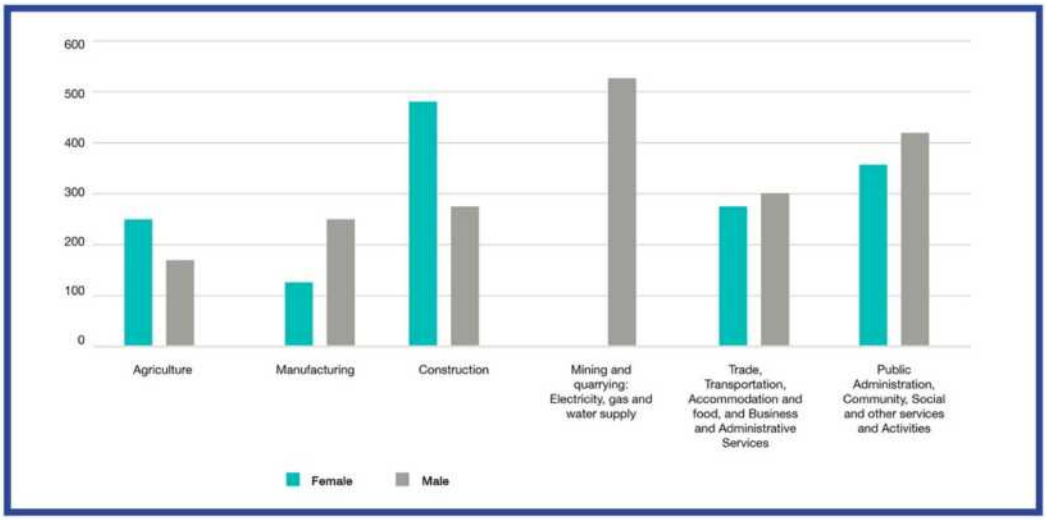


FIGURE 13: AVERAGE MONTLY WAGES BY SECTOR AND GENDER, 2019

Source: Central Statistical Office

The Industrial Policy needs to focus on promoting Women Economic Empowerment as well as creating better quality jobs for women to increase their participation in the economy and decrease the gender inequality in Eswatini.

Women Economic Empowerment (WEE) in the manufacturing sector of Eswatini is crucial for fostering inclusive and sustainable development. By promoting equal access to opportunities, resources, and decision-making roles, women can contribute significantly to the country's economic growth.

According to "Women in Trade and Development", one of the stakeholders that participated during the consultation process, whose mission is to empower adolescents girls and women including people living with disabilities and female refugees, considers that initiatives such as: a) providing training and mentorship programs to improve skills, b) supporting access to funding with clear preferences for women, c) improving the dissemination of information about the industrial sector (e.g. who does what), the benefits that women in the productive sector can access, the quality standards that they need to comply; d) creating and providing access to centralized productive infrastructure to support women conduct their businesses, can help empower women in manufacturing and enhance their participation in this sector.

In addition to this, the COMESA Federation of Women in Businesses, believes that promoting associativity among women entrepreneurs and creating cooperatives, developing financial management skills, and supporting women marketing their products can also promote the full potential of the female workforce and drive economic progress.

BOX 1: WOMEN ECONOMIC EMPOWERMENT IN ESWATINI

Source: Interviews conducted with representatives of Women in Trade and Development and COMESA Federation of Women in Businesses

2.3.2.3 MSME participation

Latest data show that the MSMEs in Eswatini participate more in other sectors than in manufacturing. According to the FinScope 2017 MSME Survey, only 13 % of MSME business owners are involved in the manufacturing sector. The leading sector was wholesale/retail (39%), followed by Agriculture/farming (23%), and Community and Household (13%). This Industrial Policy should seek to change this current situation so that MSMEs have a higher role and can also benefit. Figure 14 illustrates the MSME participation in the manufacturing sector in Eswatini.

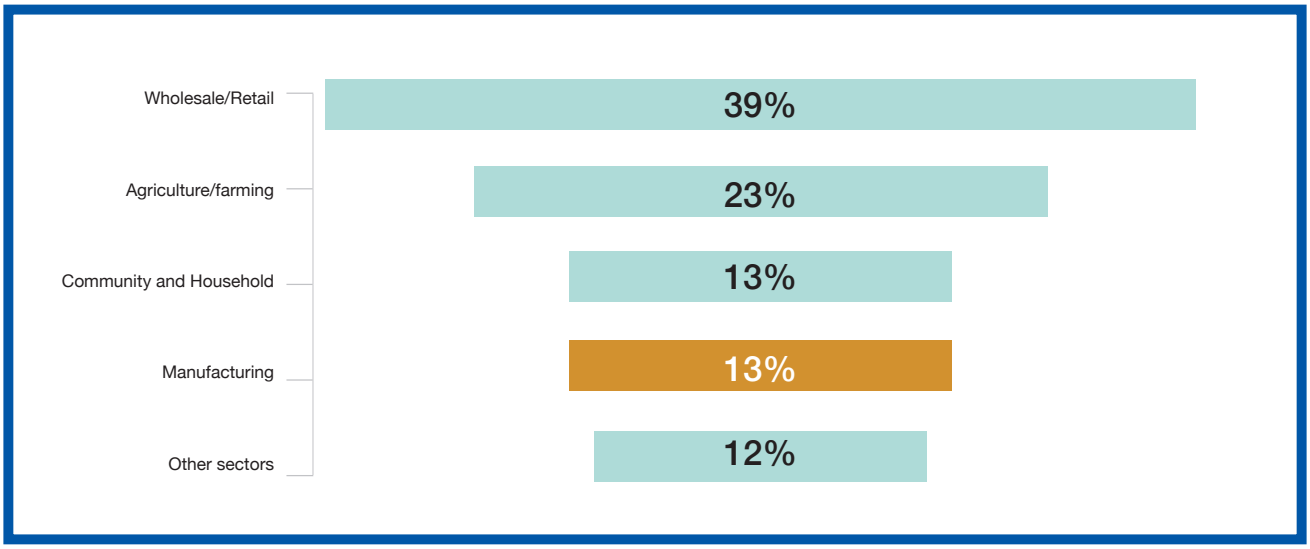


FIGURE 14: MSME PARTICIPATION BY SECTOR IN ESWATINI, 2017

Source: Finscope, MSME Survey 2017

One example of how the correct support can trigger the development of MSMEs can be seen with 'Acero Steel Frames' which is a liSwati-owned company based in Matsapha, that manufactures steel door and window frames as well as structural steel fabrication for warehouses and manufactures meter boxes, brick forces and other steel products.

The Small Enterprises Development Company (SEDCO) contributed in supporting the development of this company by creating a conducive environment for its growth. The business incubation programme at SEDCO has played an instrumental role in shaping the business into the success story it is today. Acero Steel Frames is currently employing more than 20 EmaSwati, where most of them are young people, and is contributing to the economic growth of the country.

Through the Industry Department from MCIT and its initiative to develop the industrial sector, Acero Steel Frames has been able to acquire industrial plot at a subsidized rate for its manufacturing plant. The Company won the Entrepreneur of the Year Award in 2023.

BOX 2: MSME DEVELOPMENT IN MANUFACTURING CAN CONTRIBUTE TO GROWTH AND EMPLOYMENT

Source: Industrial Policy Core Team from MCIT

2.3.2.4 Youth participation

The youth participation in the manufacturing sector of Eswatini is also limited. According to the Integrated Labour Force Survey 2021, the percentage of youth employed in the manufacturing sector was 12.5 % and 13.4 % for the youth in the 15-25 and 15-35 age group respectively. Additionally, unemployment rates are generally high in Eswatini, and even higher among the female youth since the unemployment rate is at 54%, while for male youth it is 48%. Moreover, female youth not involved in education, employment and training (NEET) stands at 41% compared with 30% of male youth. This displays the low levels of youth involvement in the Eswatini economy.

The Industrial Policy can be a significant tool used to promote the youth's participation in the economy and foster inclusion, thus enabling Eswatini to achieve its national development goals.

2.3.2.5 Persons living with disabilities participation

The labour force survey of 2021 shows that people living with disabilities in Eswatini are not actively participating in the economy. The percentage of this group employed in the manufacturing sector shown in Figure 15 is even lower than that of the youth at 11.8% for both sexes (11.0% for males and 12.4 % for females).

This low participation rate justifies the significant role of Industrial Policy in helping the country to achieve inclusion by ensuring the participation of these marginalised groups in the economy.

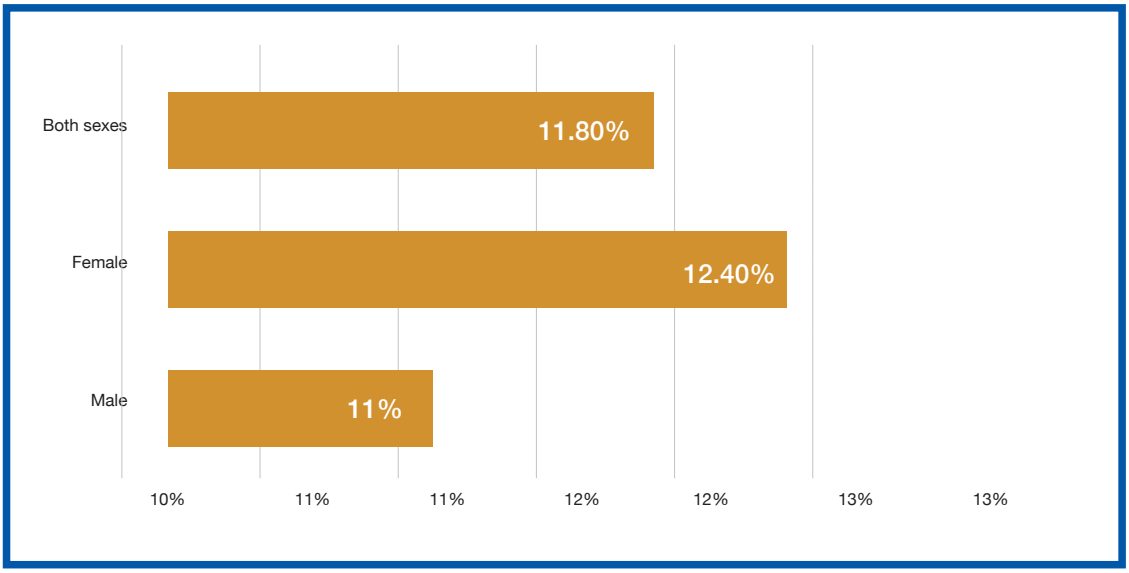


FIGURE 15: PEOPLE LIVING WITH DISABILITIES INVOLVED IN THE MANUFACTURING SECTOR, 2021

Source: Integrated Labour Force Survey, 2021

2.3.3 Well managed natural resources and environmental sustainability (NDG 3)

The country's industrial development initiative cannot come at the expense of the environment and resource depletion. It should promote productive activities with low environmental impact that incorporates environmentally friendly and circular strategies. The two key elements related to environmental sustainability to which the Industrial Policy can make greater contributions are associated with the resource extraction-economic growth decoupling approach and the circular economy approach.

2.3.3.1 Resource and material extraction – economic growth decoupling

The industrial policy can promote the development of a manufacturing sector that ensures a higher material and resource use efficiency while promoting growth by: a) reducing material extraction and establish incentives to use alternative materials to produce goods and services, and b) reducing resource (e.g. energy) consumption and provide incentives to use renewable energy to produce goods and services. Figure 16 shows an upward trend in material extraction, energy consumption and economic growth in Eswatini over the period from 2005 to 2019, meaning that there is no economic growth decoupling effect happening in the country. The Industrial Policy needs to reverse this upward trend as it is not sustainable, hence the need to decouple material extraction and energy consumption from economic growth.

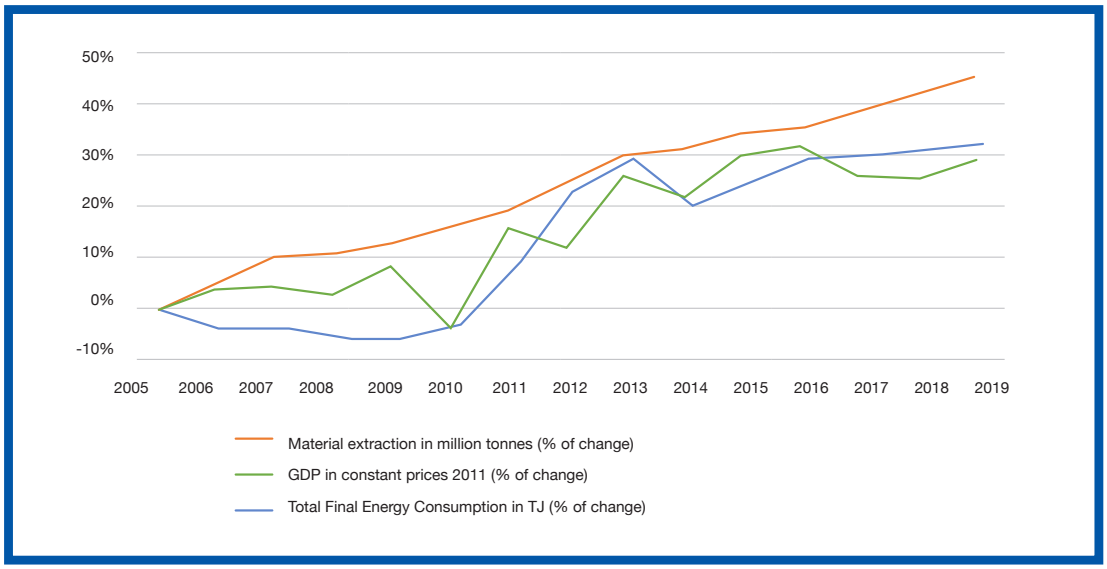


FIGURE 16: DECOUPLING OF MATERIAL EXTRACTION AND ENERGY CONSUMPTION FROM ECONOMIC GROWTH IN ESWATINI

Source: Central Statistical Office, International Energy Agency, MaterialsFlows.Net

More specifically, domestic material extraction in Eswatini has tripled in the last 50 years, in the period running from 1970 to 2019 as seen in Figure 17. Biomass had the largest share in overall material extraction in 2019 (79.2%), followed by non-metallic minerals (13.6%), metal ores (6.3%), and fossil fuels (0.8%). Overall, biomass consists mainly of waste from sugar cane

and other crops. This information is even more significant when analyzing the per capita values as the material extraction for Eswatini was 14.3 tonnes per capita which is 9.7 % above the global average (13.0 tonnes per capita).

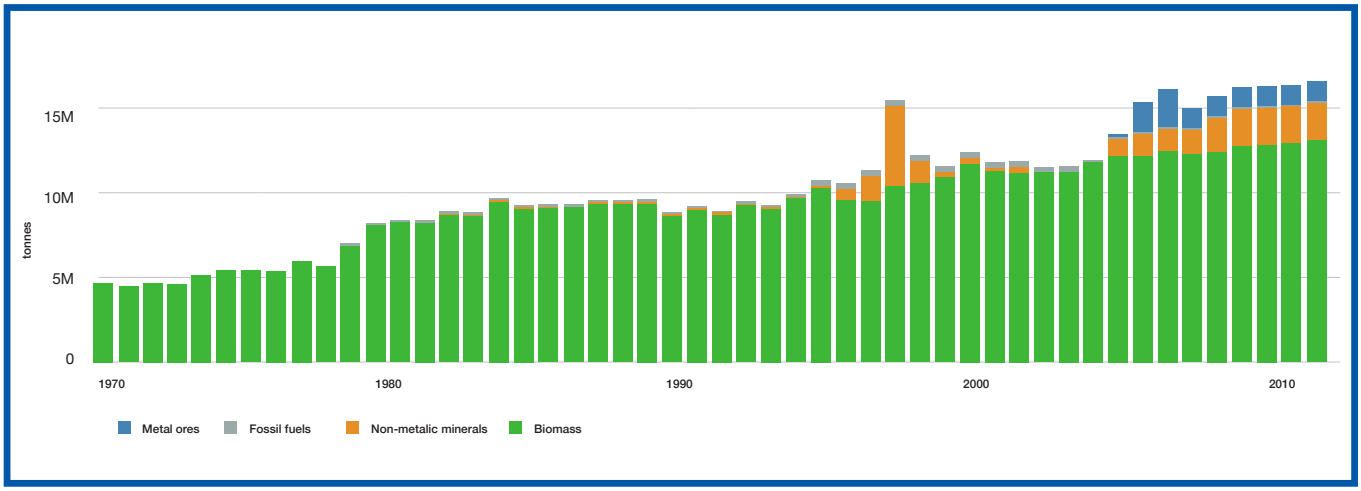


FIGURE 17: MATERIAL DOMESTIC EXTRACTION BY GROUP IN ESWATINI, 1970-2019

Source: MaterialsFlows.Net

On the other hand, Total Final Energy Consumption (TFEC) in Eswatini has increased in the overall period of 1990-2020, but mainly since 2010 going from 32,741 TJ to 42,688 TJ in 2020. In the 1990s, the residential sector was the main contributor to the TFEC, however through the years, the industrial sector has surpassed this behaviour and in 2020 represented 33% of TFEC compared to the 28% of the residential sector. This suggests that while the industrial sector grows is important to incorporate measures to promote energy efficiency practices and the use of more renewable energy instead.

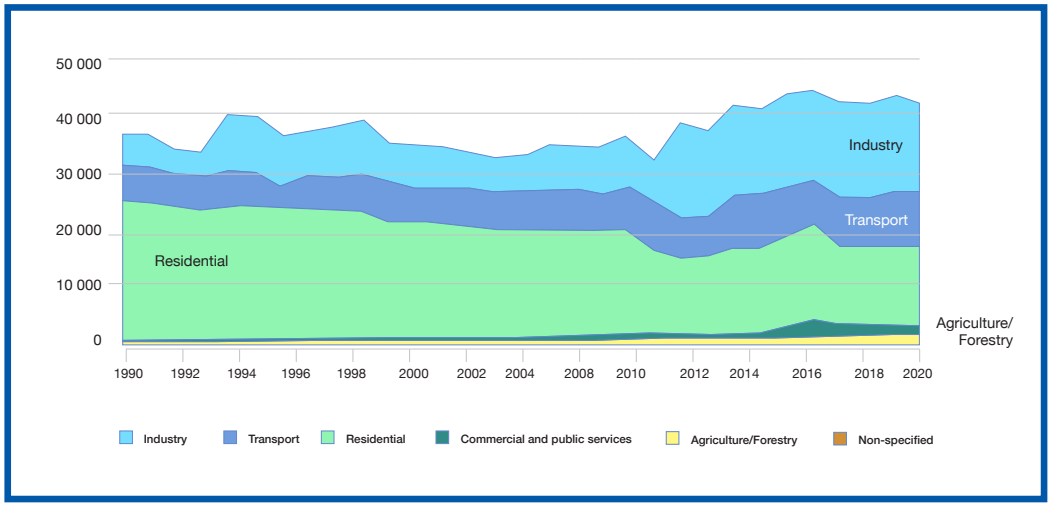


FIGURE 18: TOTAL FINAL ENERGY CONSUMPTION BY SECTOR IN ESWATINI, 1990-2020

Source: International Energy Agency

2.3.3.2 Circular Economy

Another important challenge in Eswatini is that the economy has been on a linear trajectory, which involves extraction, consumption and discarding which is an inefficient use of resources as it results in the generation of a lot of waste. There is a need to change this trend so that the economy adopts a circular economy approach whereby materials circulate in the production cycle as much as possible. The products and services are designed from the beginning to eliminate waste or turn it into new resources, and natural capital is regenerated to reduce negative environmental impact.

Moreover, waste generation and management is a major issue in Eswatini as waste generation has tripled since 1996 and 45% of waste generated is burnt, 26% is disposed into landfills and only 29% of the waste is recycled.

In addition, CO2 emissions are one of the critical elements that need to be tackled since it is creating a strong negative environmental impact for the country.

These challenges can be addressed through the creation of manufacturing sectors that motivate the incorporation of circular economy strategies in the production processes and development of new circular business models. The Industrial Policy cannot just influence the change of the production patterns, but also the change of the consumption patterns towards more responsible practices such as reuse, repair, remanufacture, and recycling.

There is scarcity of quantitative data which captures circular strategies that has been incorporated into the production or consumption processes in Eswatini. Therefore, the need to generate information that captures the improvement and implementation of this approach to analyze how the Industrial Policy and the manufacturing sector would be contributing to the NDG3.

2.4 Harmonization of the Industrial Policy with other national policies

For a successful implementation of the Industrial Policy, there must be harmonization and mainstreaming with other complementary national policies from other government ministries and departments. On the other hand, there could be other policy areas that need to be considered to avoid and minimize conflict.

Table 2 presents 13 national policies that are considered strategic to contemplate not just during the design phase of the Industrial Policy, but also during implementation.

Name of Policy	Role of Policy	Responsible Institution
1.National Cooperative Development Policy (2017)	Create a socio-economic, legal and institutional environment necessary for a strong, competitive, sustainable and vibrant cooperative movement responsive to members' needs and aspirations, which meaningfully contribute to national development.	MCIT- Cooperatives Department

Name of Policy	Role of Policy	Responsible Institution
2.National Gender Policy (2022)	Build upon the achievements of the 2010 to advance gender equality and equity by ensuring fair and equitable distribution of economic, social and political resources and full participation at community and policy level regardless of gender and to highlight challenges caused by gender disparities in the country.	Deputy Prime Minister's Office
3.Eswatini National Youth Policy (2020)	Provide, facilitate, and support an all-inclusive multi-sectoral national youth development framework that is focused on facilitating the improvement and strengthening of the youth capabilities and providing opportunities and platforms for the young people to utilize their capabilities for their personal development and that of their communities and the country through a comprehensive, integrated, and concentrated approach.	Ministry of Sports, Culture, and Youth Affairs
4.Technical, Vocational, Education and Training (TVET) Policy (2020)	Create a technical and vocational education and skills development system that is responsive to market demand, and a training system and mechanisms for formal, non-formal and informal qualifications.	Ministry of Education and Training
5.National MSME Policy (2018)(2023 draft)	Create a modern, comprehensive, targeted and coherent framework that will create a highly profitable and entrepreneurial sector, characterized by innovative, competitive and sustainable businesses and supported by an enabling institutional and regulatory environment.	Ministry of Commerce Industry and Trade - MSME Unit
6.National Energy Policy (2018)	Meet the energy needs of the country in a sustainable manner that contributes to the economic growth and wellbeing on the Population of Eswatini.	Ministry of Natural Resources and Energy
7.National Education and Training Sector Policy (2018)	Ensure equitable access to inclusive, life long, quality education and training for all Swazi citizens through sustained implementation and resourcing of a comprehensive education and training Policy.	Ministry of Education and Training
8.Swaziland National Climate Change Policy (2016)	Develop a sustainable, climate resilient and inclusive low-carbon green growth society and provide a mechanism for coordination and building of partnerships in addressing climate change in Eswatini.	Ministry of Tourism and Environmental Affairs
9.Swaziland National Disability Policy (2013)	Make Eswatini a country where persons with disability have equal opportunities to participate freely as equal partners in society and be empowered to realize their full potential in all spheres of life without discrimination. Moreover, the goal of the Policy is to promote, protect, and ensure full and equal enjoyment of all human rights and fundamental freedoms by Persons with Disability and to promote respect for their inherent dignity.	Deputy Prime Minister's Office

Name of Policy	Role of Policy	Responsible Institution
10.National Information and Communication Infrastructure Policy (2012)	Enhance national socio-economic development by encouraging beneficial activities of ICT in all sectors through the provision of a conducive environment that will progressively maximize the quantity & security of the life of the people of Eswatini and make the best use of the country's human and natural resources and promote multi-layered cooperation and knowledge sharing nationally, regionally and globally.	Ministry of Information, Communication and Technology
11.National Regulatory and Quality Policy (2010) (2023 draft)	Promote economic and social development by facilitating international trade and investment, improving competitiveness, supporting business development, and improving consumer protection in areas of quality, health, safety, and environment. Moreover, the policy aims at addressing the country's challenges of lacking coherent regulatory and quality infrastructure that effectively supports industrial production, trade, regulation and discharge of social services.	MCIT- Regulatory, Quality Infrastructure Department
12.National Social Development Policy (2010)	Have an empowered, resilient, and more egalitarian Swazi Nation that promotes the holistic, equitable, and sustainable development of all its people and is able to care and support the most vulnerable members of its population as they progress towards self-reliance and meaningful participation in the socio-economic development of the country.	Deputy Prime Minister's Office
13.Comprehensive Agriculture Sector Policy (CASP) (2005)	Ensure that the agriculture sector contributes fully to the socio-economic development of the country and provide clear guidance on policy options and measures necessary to enhance sustainable agriculture sector development and its contribution to overall economic growth, poverty alleviation, food security and sustainable natural resources management.	Ministry of Agriculture

TABLE 2: KEY NATIONAL POLICIES TO HARMONIZE WITH THE INDUSTRIAL POLICY

Source: Industrial Policy Core Team from MCIT

2.5 Institutional Architecture for the Industrial Policy

The Ministry of Commerce, Industry and Trade through the Department of Industry, serves as the primary government institution responsible to lead the formulation, implementation and monitoring of the Industrial Policy. Moreover, it is imperative to restructure the Industry Department to enable the effective coordination, facilitation and implementation of the Industrial Policy. Additionally, for a

successful execution of the Industrial Policy, it is key to collaborate and coordinate actions with other relevant Government Ministries and Agencies and other institutions identified in Figure 19.

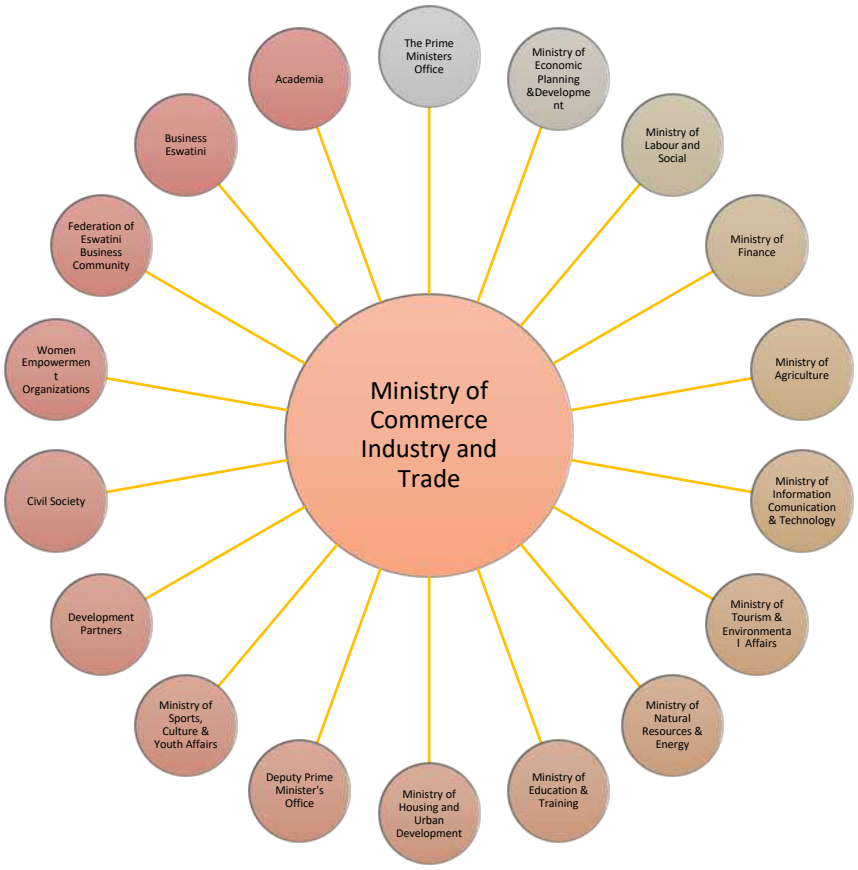


FIGURE 19: KEY GOVERNMENT MINISTRIES & AGENCIES AND OTHER INSTITUTIONS FOR THE IMPLEMENTATION OF THE INDUSTRIAL POLICY

Source: Industrial Policy Core Team from MCIT

A summary of the main roles and responsibilities of these institutions are presented in Table 3.

Institution	Role	Specific actions to support industrial development through the Industrial Policy
1.Ministry of Commerce, Industry and Trade	Spearhead and coordinate the implementation of the Industrial Policy. Promote Public-Private Investment in Industrial Development projects. Engagement in industrialization initiatives at regional and international level that can	• Chair and coordinate the works of the IP • Review, restructure and capacitate the structure of the Industry Department for the effective coordination, facilitation and implementation of the Industrial Policy.

Institution	Role	Specific actions to support industrial development through the Industrial Policy
	complement the implementation of the Industrial Policy	• Develop Action Agenda, Guidelines and operational arrangements/Terms of Reference for the IP. In collaboration with MoF and Ministry of Economic Planning to mobilize development partners to support industrial sector development • Expedite drafting of key industrial support legislation. • Undertake studies to support the implementation of the industrial policy. • Allocate space to investors in the established industrial, Special Economic Zones and business/Science parks across the country. • Inspect, monitor and periodically report on all aspects of the Industrial Policy implementation. • Strengthen the backward and forward linkages between MSMEs and FDI in the Manufacturing sector • Promote the sourcing of raw materials from local producers
2.Office of the Prime Minister/CABINET	Ensure harmony and coherence in policy implementation.	• Strengthen the Policy and Programme Coordinating Unit (PPCU) to ensure harmonization and coherence in the implementation of the Industrial Policy. • Promote and facilitate cooperation and

Institution	Role	Specific actions to support industrial development through the Industrial Policy
		collaboration among Ministries, Departments and Agencies.
3.Ministry of Agriculture **NAMBOARD** **ESWADE**	Ensure adequate production and supply of high quality agro raw materials necessary for value addition	• Facilitate the acquisition of climate change adaptation technologies that enhance resilient, productive and sustainable agricultural systems. • Develop and implement dedicated agricultural extension services and business skills development programmes in production areas. • Promote bulk handling and supply of agricultural products through improved storage facilities. • Undertake quality improvement in the agricultural raw material supplies through the adoption of Good Agricultural Practices (GAPs), traceability guidelines, and Sanitary and Phytosanitary (SPS) regulations.
4. Ministry of Education and Training	Support industrial skills development. Implement the skills audit report	• Equip tertiary, vocational, research and technological institutions with laboratories and workshop equipment to enhance practical skills acquisition. • Review education curricula to tailor academic work towards industrial labour needs.

Institution	Role	Specific actions to support industrial development through the Industrial Policy
		• Strengthen the TVET Policy to address existing skills mismatch.
5. Ministry of Labour and Social Security	Promote occupational health and safety in the industrial sector. Enforcement of labour laws and regulations within the industrial sector	• Ensure that Occupational Safety and Health, labour laws and regulations, gender, cultural and equity concerns are mainstreamed into all Industrial operations. • Carry out regular statutory and routine inspections to ensure Occupational Safety and Health in industrial establishments. • Orient academic scholarships to address practical industry needs.
6. Ministry of Information, Communication and Technology	Support technology development and upgrading in the industrial sector. Enhance commercialization of R&D from Academia. Facilitate the development and incorporation of science and technology and innovation in the national industrial development process, through the Eswatini Royal Science Technology Park (RSTP).	• Strengthen the operationalization of science and technology parks and business incubation centres. • Strengthen the initiatives and linkages between technology developers and industrialists. • Facilitate coordination of creativity and innovation ecosystem. • Create awareness of technology transfer, adoption and upgrading. • Improve and streamline the national science and technology policy environment to foster

Institution	Role	Specific actions to support industrial development through the Industrial Policy
		scientific and technological innovation. • Strengthen national system for research, product development, technology transfer and intellectual property management. • Increase public understanding and appreciation of science and technology
7.Ministry of Tourism and Environmental Affairs	Ensure industrial development is balanced with environmental conservation and sustainable management.	• In collaboration with Environmental Authority implement strategies aimed at emission reduction and pollution control in the Industrial Sector • Promote waste recycling • Create awareness on good waste management practices
8. Ministry of Housing and Urban Development	Support industrial land acquisition for industrialists.	• Create awareness on good waste management practices • In collaboration with MCIT, facilitate access to land for industrial establishments • Develop physical plans that ensure peaceful coexistence of industries and human settlements.
9. Ministry of Economic Planning and Development	Develop guiding principles and strategies for sector prioritization in the National Development Plan.	• Prioritise industrial development in the

Institution	Role	Specific actions to support industrial development through the Industrial Policy
	National Development Strategy - Sectoral Development Policies and Plans - Population Issues - Statistics - Census	National Budget, Medium Term Expenditure Framework and other national planning frameworks to ensure that National Development goals are achieved. • Track progress of industrial sector performance against its expected contribution to NDGs
10. Academia	Undertake scientific research, training and industrial innovations.	• Provide industrial research and technology development infrastructure such as laboratories and student incubation facilities that support industrial product development and innovation.
11. Eswatini Investment Promotion Authority	Attract investment for manufacturing sector.	• Undertake measures to facilitate investment in priority value chains as stipulated in this policy. • Provide one stop centre for investment
12. Ministry of Natural Resources and Energy	Strengthen Energy Policy to ensure affordable, accessible and efficient energy for industry. Promote local content in Energy Infrastructure projects	• Design green energy certification to promote local renewable energy generation. • In collaboration with MoF, develop specific tax incentives for renewable energy projects and investments.
13. Eswatini National Industrial Development Corporation	Promote and facilitate Government's investment in industrial development projects.	• Invest in strategic priority sectors to promote industrial development to enhance wealth and job creation.

Institution	Role	Specific actions to support industrial development through the Industrial Policy
		• Leverage partnerships and networks to mobilise resources for industrial development
14. Ministry of Finance	Create an inductive environment for financial markets to support industrial development projects.	• Support industrial development through Tax and non- tax Incentives
15. Eswatini Environmental Authority	Ensure compliance to environmental standards and regulations in the industrial sector	• Build capacity of industries to comply with environmental standards and regulations. • Monitor compliance of industrial activities with environmental guidelines.
16. Eswatini Revenue Authority	Implement and enforce existing tax regimes to support to industrial development	• Control smuggling of manufactured products to protect local industries. • Implement the Digital Tracking System (DTS) for manufactured goods
17. Eswatini Standards Authority	Develop and enforce standards to enhance the competitiveness of manufactured products in domestic and international markets	• Fast track development and dissemination of standards. • Increase testing capacity and reduce turnaround time for issuance of test reports. • Decentralize and leverage partnerships with other Government institutions in promotion of standards. • Decentralize and leverage partnerships with other Government institutions in promotion of standards.

Institution	Role	Specific actions to support industrial development through the Industrial Policy
		• Support MSMEs to adopt and implement national and international standards.
18. Small Enterprises Development Company	Promote enterprise development and sound management practices in support of industrialisation.	• Provide training, advisory and entrepreneurship development services to manufacturing enterprises. • Develop training programmes for developing skills in priority sectors of NIP

TABLE 3: ROLES AND MAIN ACCIONS OF KEY INSTITUTIONS FOR THE IMPLEMENTATION OF THE INDUSTRIAL POLICY

Source: Industrial Policy Core Team from MCIT

3. IP VISION STATEMENT

After a process of consultation with national stakeholders[1] the vision of this Industrial Policy can be synthetized in the following way:

> *"By 2033, the industrial sector in Eswatini is diversified in high value-added products which benefits the local population by creating decent jobs and generating equal opportunities for all, while accounting for environmental sustainability practices and enhancing economic resilience."*

4. INDUSTRIAL POLICY OBJECTIVES

To define relevant Industrial Policy Objectives (IPOs), the policy review team and core team dwelled on the EQuIP methodology, which involved following key steps and leveraging data analysis to define evidence-based IPOs.

[1] During the stakeholder consultation held on April 27 and 28 in Eswatini, the core team presented a proposed vision for the Industrial Policy. The proposed vision was based on an exercise of identifying key elements contained in the objectives that needed to be mentioned as part of the vision. Also, of describing how the team foresees the industrial sector in the future. During the session stakeholders made different proposals and voted for the one that best described the type of industrial sector they desire to have in the future.

As a first step, the team analysed common IPOs and the current industrial performance of Eswatini to preselect the most relevant IPOs for Eswatini from a list provided by the EQuIP methodology[2]. The team then deliberated to refine the common IPOs to tailor them to Eswatini, which led to the following list of seven preliminary IPOs for Eswatini:

- Maximize domestic benefits by strengthening national value chains and increase domestic production capacities,
- Boost value addition in resource-based sectors to ensure inclusive industrialization,
- To enhance economic resilience by diversifying production and export markets,
- Supporting high wage sectors and build new sectors for the creation of quality jobs,
- Support circular economy through promotion of green industries to reduce pollution,
- Boost export performance by moving away from simple and primary products to advanced products,
- Ensure that the manufacturing contribution to the economy is maintained overtime.

Consequent to further analysis by the Core Team the preliminary IPOs were discussed and fine-tuned and merged into five objectives. After a consultation workshop with a wider key stakeholder representation, the preliminary IPOs were refined and adjusted to the five IPOs for Eswatini and aligned to the selected NDGs as expressed in Figure 20.

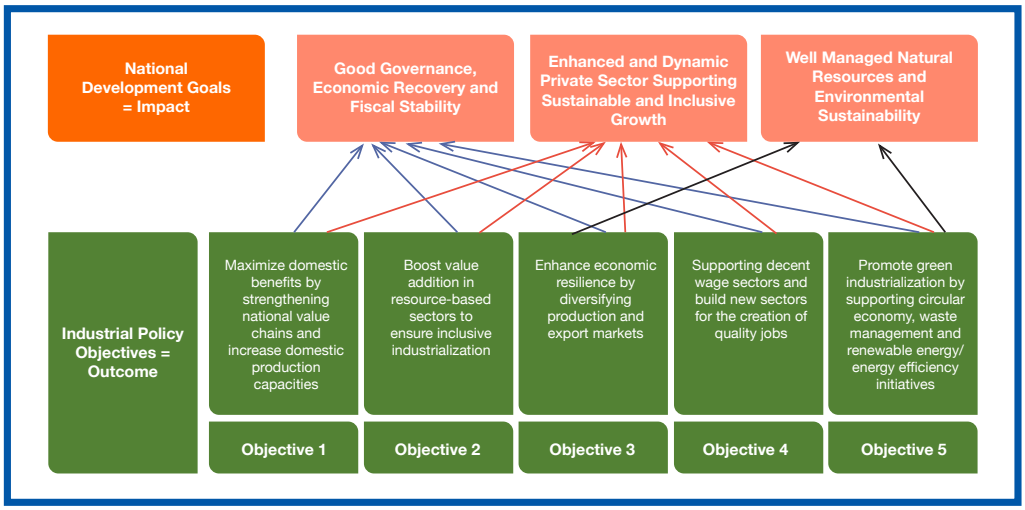


FIGURE 20: INTERVENTION LOGIC – 2 LEVELS

[2] The ten EQuIP industrial policy objectives are to: increase productive activities, deepen market integration, maximize domestic benefits, generate productive employment, improve quality of employment, ensure inclusive production, build economic resilience, promote self-sufficiency, promote resource efficiency, and reduce pollution.

4.1 Objective 1: Maximizing domestic benefits by strengthening national value chains and increasing domestic production capacities

4.1.1 Description

A value chain comprises various business activities and processes involved in the creation of a product or a service. It consists of multiple stages of a product or service's lifecycle from conception to the final consumer. Moreover, it recognises that the design, production and marketing of products involves a chain of activities divided among different enterprises.

Maximizing domestic benefits for Eswatini involves strengthening national value chains through the development of industries with strong backward linkages, this is linking industrial sectors with the primary sector to process domestically available raw materials, instead of importing them from abroad. In addition to this, to maximize domestic benefits, promoting the increase in domestic production and capacities may be a relevant strategy to reduce imports, create local employment and minimize leakages out of the economy by circulating money within the local market through increasing domestic ownership in the productive sectors.

4.1.2 Challenge

The challenge for Eswatini is that, although the manufacturing sector is such a strong contributor to GDP in the country, it has weak linkages with other sectors of the economy. This has resulted in low quality employment in the country and heavy reliance of certain sectors on imports in their production processes.

In addition, despite having high MVA per capita and high levels of Foreign Direct Investment (FDI), foreign firms that have invested in the manufacturing sector did not enable Eswatini to maximize domestic benefits.

A sector whose potential has not been fully reached in Eswatini is the textile sector. Figure 21 illustrates that the textile sector is importing more than 50% of the raw and semi-finished materials used in the production processes. So, strengthening local value chains and increasing production may enable Eswatini to benefit to a greater extent from the textile sector, with positive impact in terms of employment and value added.

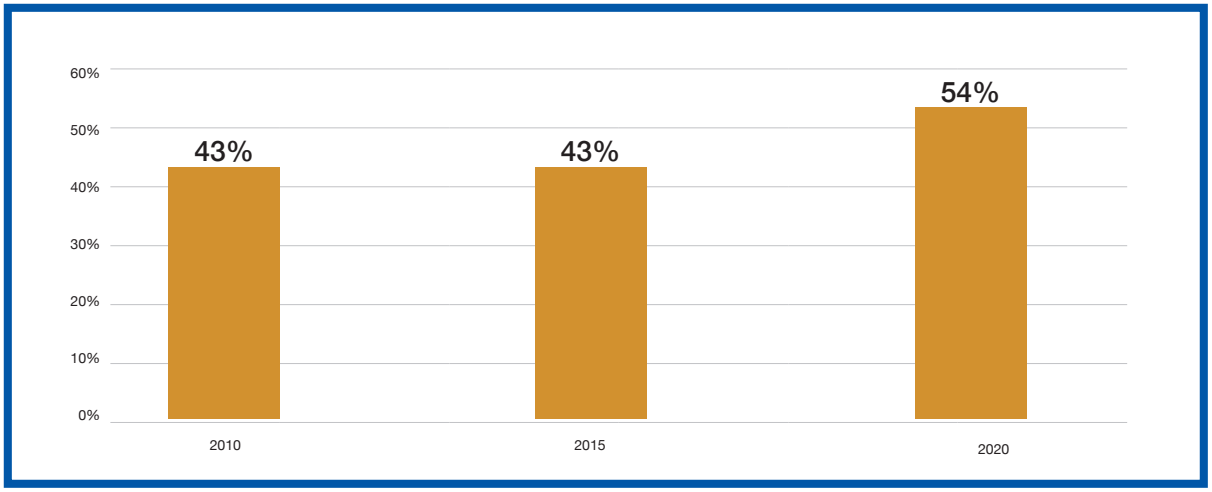


FIGURE 21: IMPORTS OF RAW MATERIAL AND SEMI-FINISHED TEXTILES AS A SHARE OF FINISHED TEXTILE EXPORTS, 2010-2020

Source: UN-COMTRADE through WITS

4.1.3 Impediments

The main impediments that need to be improved to achieve this objective include among others; limited access to finance, low technical expertise, lack of skills, poor quality standards, inadequate infrastructure, poor backward linkages and the lack of the required raw materials needed, poor regulatory framework on localization and skills transfer requirements.

4.1.4 Contribution to NDGs

Maximizing domestic benefits and strengthening local value chains can help Eswatini to strengthen national inter-firm linkages thus boosting local income generation, increase employment, reduce poverty and inequality. In particular, this objective is directly related to promote NDG 1 “Economic Recovery”.

4.2 Objective 2: Boosting value addition in resource-based sectors to ensure inclusive industrialization.

4.2.1 Description

Value added may be defined as the final output of a product minus intermediate inputs. There may be several strategies to boost value added such as (i) increasing the level of processing[3], (ii) incorporating differentiating, for instance through improving marketing/packaging, or (iii) improving overall quality.

[3] It is worth noting that processing a product may increase value added while in some instances a high level of processing does not necessarily increase value of the product.

Resource-based (RB) sectors are essentially sectors associated with the extraction of resources from the ground for further processing. The resources can come from agriculture, fisheries, mining, metals, and forestry[4].

Inclusive industrialization implies participation of all those who are willing and able to take part in the industrialization process and calls for a process in which the local population in Eswatini; men, women, youth, rural and urban, people living with disabilities, participate actively both as owners and drivers of industry and as workers, depending on their expertise[5].

Inclusive industrialization requires Eswatini to introduce and implement policies that support such participation and practical interventions to build local capacity for industrialization and living standards for all people.

Moreover, boosting value addition in these sectors has great potential to generate high quality employment, foster backward and forward linkages in various sectors of the economy to achieve inclusive industrialization and strengthen value chains.

The Resource Based (RB)sectors represented 88% in the total Manufacturing Value Added of Eswatini in 2020. Although the annual average growth rate of all the RB sectors was only 0.8% between 2011 and 2020, there were some sub sectors that registered high growth rates (above this average) such as the manufacture of wood and wood products (22.8%), manufacture of bakery products (7.7%), processing and preserving of fruits and vegetables (4.7%), manufacture of paper and paper products (3.9%), and manufacture of sugar confectionery (2.6%).

While the textile and apparel sector in Eswatini is the major contributor for employment generation within manufacturing, the RB sectors have the potential to improve their performance and create jobs if the country dedicates efforts to incorporate value addition and process the raw material available in the country.

In terms of the trade performance of the RB sectors, data shows that they represented 32.4% of the total exports in Eswatini in 2020 (a significant increase in participation compared to the 15.3% of 2010). This is related to the fact that several of these sectors are dynamic in Eswatini since the annual average growth rate for the RB sectors was 9.2% between 2010-2020 compared to the average growth rate of the world that was only 2.8% in the same period.

[4] The technology classification used to categorize the resource-based sector is the one developed by UNIDO for the International Standard Industrial Classification (ISIC) Rev 3 shown in Annex 3.

[5] UNIDO defines inclusive industrial development as the primary source of income generation which allows for rapid and sustained increases in living standards for all people. The approach is based on two main pillars: the first one is about creating shared prosperity for all, and the second focuses on safeguarding the environment.

Category	Eswatini exports (thousand USD)		Annual Average Growth Rate World	Annual Average Growth Rate Eswatini
	2010	2020	2010-2020	2010-2020
Resource based sectors	233,505.5	565,543.4	2.8%	9.2%
Total exports	1,526,523.7	1,747,783.7	2.1%	1.4%
RB/Total	15.3%	32.4%		

Among all the RB sectors the manufacture of wood veneer sheets, the manufacture of soft drinks, and the manufacture of sugar registered the highest exports growth rates (49%, 34% and 19% respectively between 2010-2020). However, there are other activities like the processing and preserving of fruits that can have a significant potential for both domestic consumption and exports considering the level of local and international demand. This will also support the objective of exports diversification in the country.

Due to the favorable climate and fertile soil in Eswatini some of the key fruits with potential include citrus fruits (oranges, grapefruits, lemons, and limes), and tropical fruits (mango, papaya, pineapples). All these fruits have high possibilities of processing, but investment, infrastructure development, value addition and quality compliance will play a major role.

BOX 3: THE POTENTIAL OF THE RESOURCE BASED SECTOR IN ESWATINI

Source: UN-COMTRADE through WITS and Central Statistical Office

4.2.2 Challenge

Eswatini's manufacturing sector is characterized by low value-added production with limited backward and forward linkages. Disadvantaged groups such as female, youth, people living with disabilities and MSMEs exhibit a low participation in the manufacturing space. Statistical evidence shows that the country exports mostly raw and semi-finished products with little or no value addition. On average, in 10 value chains shown in Figure 22, the share of raw materials and semi-finished products in total exports represented more than 55% in 2020. Figure 21 highlights the most important trading sectors for Eswatini, they mostly export products with low value addition in terms of the level of transformation (wood, leather, metal, chemicals, mineral, fish, sugar, spices & cereals, oilseeds & fats, beverages & spirits).

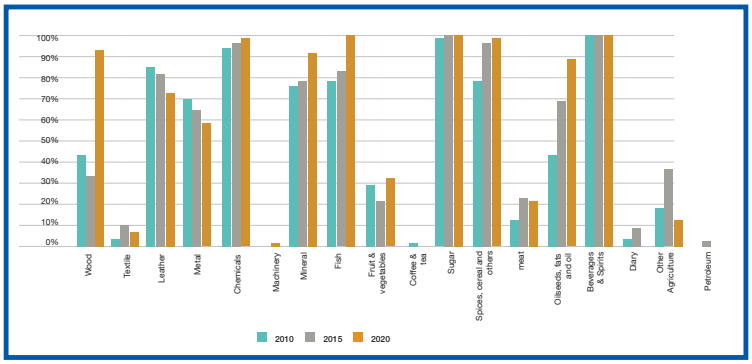


FIGURE 22: SHARE OF RAW AND SEMIFINISHED PRODUCTS IN TOTAL EXPORTS, 2010-2020

Source: UN-COMTRADE through WITS

For example, value addition in the wood sector is very low. In 2020, raw and semi-finished products in total exports represented 90%. By developing other segments within the sector (e.g. furniture) and incorporating value addition could increase employment and capture more benefits. By increasing value addition and developing more beneficial segments of the wood sector, it can also contribute to inclusive industrialization. This considering that in 2016, the labour force involved in the manufacture of wood and wood products and manufacture of furniture was mostly male (2,105 in total from which there were 1,796 male), but there is a strong potential for female employment depending on the type of activity (i.e furniture design).

In addition to that, high value-added segments in the wood sector can also play an important role in inclusive industrialization for Eswatini through improving the quality of jobs in the country. Figure 23 illustrates that in 2019, median monthly wages in the furniture segment were at E3,112.00 which is higher than the median monthly wages in the pulp, paper, and paperboard sector which was E1,58.30 in the same year. This clearly shows that boosting value addition in the country's resource-based sectors can significantly enhance inclusive industrialization through improved wages locally.

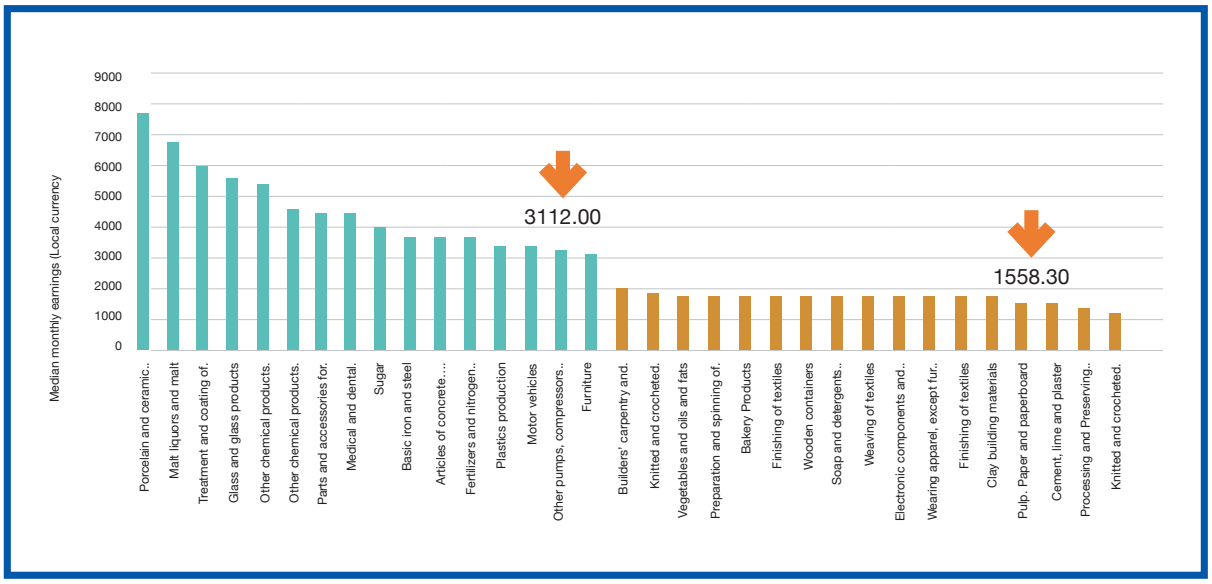


FIGURE 23: AVERAGE MONTLY WAGES IN MANUFACTURING SECTORS (FOCUS ON THE WOOD SECTOR), 2019

Source: Central Statistical Office

4.2.3 Impediments

To realize value addition potential for inclusive industrialization, measures are required to address impediments related to access to finance, infrastructure development and technology and lack of skills required to participate in value-addition activities.

4.2.4 Contribution to NDGs

Boosting value addition in resource-based sectors and strengthening backward and forward linkages will increase income; employment in more sectors and regions;incorporate vulnerable groups such as women, youth, MSMEs and people living with disabilities; reduce poverty and inequalities and enhance social cohesion and unity. In particular, this objective is directly related to NDG 2 “Sustainable and Inclusive Growth”.

4.3 Objective 3: Enhancing economic resilience by diversifying production and export markets

4.3.1 Description

Economic resilience is the ability of the economy to cope, recover and reconstruct after a shock. It can also be defined as the ability to recover from a shock and adapt to changing circumstances in the wider economy and strengthen the ability to respond to potential future shocks as well as the ability to smoothen the impact of shocks.

Diversifying production and exports markets can help to decrease the exposure and the vulnerability of a country to specific shocks, hence its resilience. Another important consideration is to diversify into products with low price volatility.

Both the number of products and export markets in Eswatini are currently highly concentrated, which makes the economy vulnerable to shocks. Improving its resilience through diversifying products and export markets should then be a priority.

4.3.2 Challenges

Eswatini currently faces the challenge of producing a limited number of products in the manufacturing sector. For instance, the top three products in 2021 contributed over 56% as a percentage of total manufactured exports. These top three products each contribute 32%, 14% and 10% respectively. The other products that follow these top three each contribute less than 9% in total manufactures, which is negligible and problematic. This poses a risk for the Eswatini economy as it remains vulnerable to shocks, thus the need to pursue a product diversification strategy to enhance economic resilience in the country. Figure 24 shows the top ten manufactured exports from Eswatini in the year 2021. It clearly illustrates that the country is largely dependent on the top three manufactured exports which shows the lack of diversification in manufactured export products.

Harmonized System 8 digit	2021 (Thousand USD)	% in total manufactures
33021000 : Mixtures of Odoriferous Substances and Mixtures (including Alcoholic Solutions) with a Basis of one or More of These Substances	618,713,391.32	32%
38249999 : Other Chemical Products and Preparations	265,733,770.26	14%
17011300 : Raw cane sugar for refining, in solid form, not containing added flavouring or colouring, obtained without centrifugation, with sucrose content 69° to 93°, containing only natural anhedral microcrystals	200,187,551.33	10%
17011400 : Raw cane sugar for refining, in solid form, not containing added flavouring or colouring matter (excl. cane sugar of 17011300)	184,036,349.34	9%
44071100 : Wood of Coniferous Species	82,443,807.65	4%
62046210 : Women's or girls' trousers, bib & brace overalls, breeches & shorts, not knit or crocheted, of cotton	36,160,171.96	2%
62034210 : Men's or boys' trousers, overalls & shorts, not knitted or crocheted, of cotton	29,820,193.16	2%
22071000 : Undenatured Ethyl Alcohol of an Alcoholic Strength by Volume of 80% or Higher Undenatured ethyl alcohol of an alcoholic strength by volume of 80 per cent vol. or higher	28,600,260.92	1%
19021900 : Other Macaroni	25,559,503.80	1%
62034310 : Men's or boys' trousers, bib & brace overalls, breeches & shorts, not knitted or crocheted, of syn. Fibers	21,291,226.21	1%

FIGURE 24: TOP TEN MANUFACTURED EXPORTS FROM ESWATINI, 2021

Source: Eswatini Revenue Services (ERS) – Custom Department

In addition to these limited export products in the country's total manufactures, there is a high concentration of manufactured exports markets. The main export market for Eswatini in 2021 is the Republic of South Africa. Currently, for the top three exports from Eswatini, more than 65% are exported to South Africa, showing high dependence on this market. The other top trading partners are Kenya, Nigeria, Zimbabwe, Mozambique, Tanzania, among others. Figure 25 shows top markets for the top three export manufactured products.

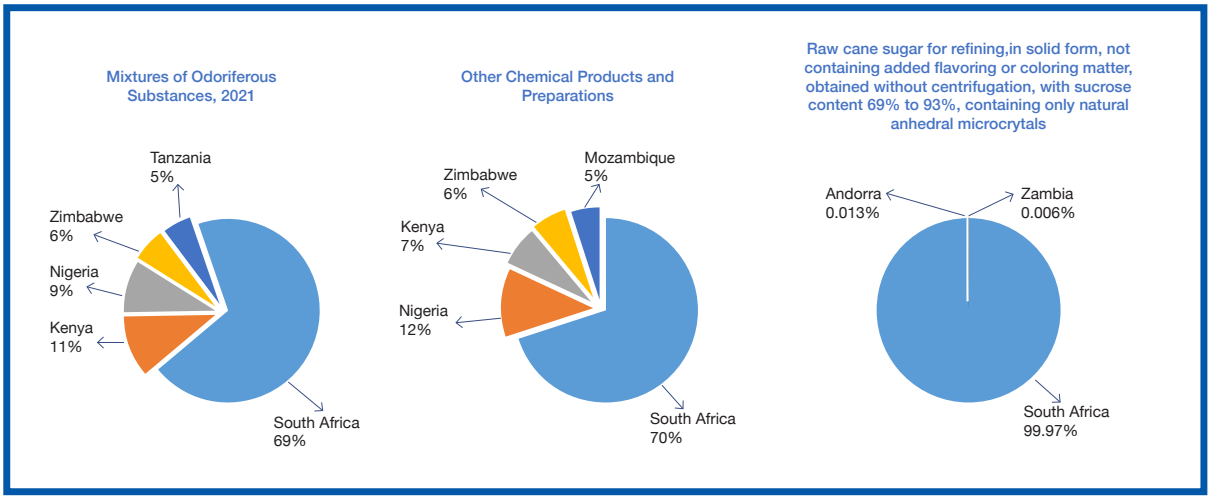


FIGURE 25: TOP 5 MARKETS FOR THE TOP 3 MANUFACTURED EXPORT PRODUCTS FROM ESWATINI, 2021

Source: Eswatini Revenue Services (ERS) – Custom Department

Data diagnostics show that the Eswatini economy is highly vulnerable to external shocks such as commodity price volatility, global demand shocks, crises such as the COVID-19 pandemic and the Russia-Ukraine war. Moreover, if Eswatini can diversify the economy by producing a variety of products, it can build resilience and withstand vulnerability in a significant way. Eswatini needs to pursue both product and export diversification strategies to enhance economic resilience.

4.3.3 Impediments

Impediments to achieve this objective include conflicting policies within government, lack of Research & Development (R&D), poor market intelligence, weak regulations, insufficient information on trade agreements. Other impediments relate to lack of quality and standards, limited coordination and cluster formation among local producers to access export markets.

4.3.4 Contribution to NDGs

Diversifying the production structure and export markets, can help to reduce the vulnerability to external shocks (such as demand shocks emanating from the changes in global markets and pandemics such as the recent COVID-19), enhance resilience, contribute to economic recovery, and boost economic stability for Eswatini. In particular, this objective is directly related to NDG 1 “Economic Recovery”.

4.4 Objective 4: Supporting decent wage sectors and build new sector for the creation of quality jobs

4.4.1 Description

There is no consensus on what quality jobs involve. They may relate to some or all the following elements: receiving living wage or decent earnings, basic benefits, career-building

opportunities, wealth-building opportunities, social benefits, a fair and engaging workplace, and safeguarding workers' rights.

Decent wage sectors are the sectors or sub sectors that offer decent wages[6]. This could be achieved either within the sector (intra-sectoral shift) or concentrating in new high wage sectors (inter-sectoral shift).

This objective seeks to generate quality jobs in productive sectors and emphasise on the creation of stable and quality employment opportunities to boost social cohesion, eradicate poverty and reduce inequality.

4.4.2 Challenges

Although the manufacturing sector contributes to job creation in the country (Figure 8), employment in this sector is of poor quality and exhibits low wages. Figure 26 shows in general that the manufacturing sector is the one that pays the lowest average monthly wages compared to the other sectors in the economy (less than 200 US$).

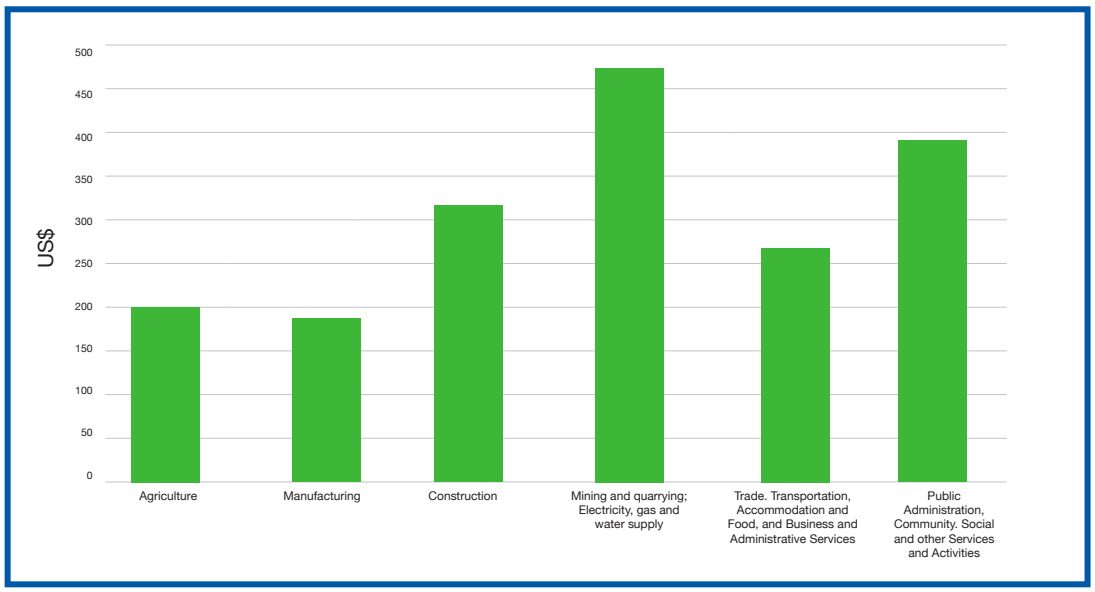


FIGURE 26: AVERAGE MONTLY WAGES PER SECTOR IN ESWATINI, 2016

Source: International Labour Organization

The textile and apparel sector, for example, does not create high paying jobs and the working conditions of workers are unfavorable. Figure 27 shows the manufacturing wages in Eswatini in 2019 and illustrates that this sector is in fact one of the sectors that registered the lowest wages. As part of this sector, it may be beneficial to engage in more rewarding activities such as clothing design or the development of biomaterials. In general, prioritizing and supporting sectors that offer decent wages and building new sectors should be the focus of this policy.

[6] One may want to define decent wages as wages above the minimum wage.

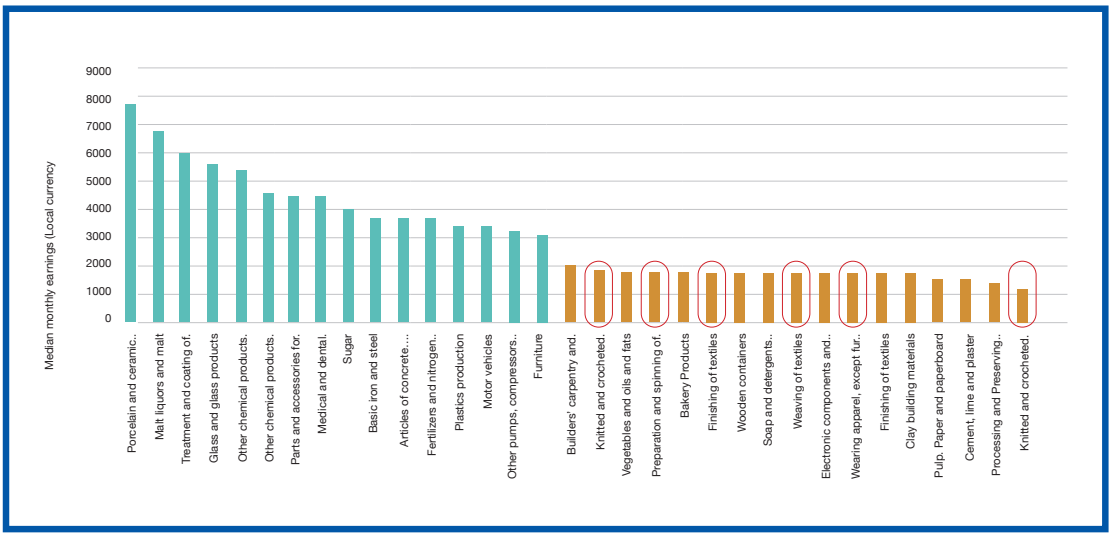


FIGURE 27: AVERAGE MONTLY WAGES IN MANUFACTURING SECTORS (FOCUS ON THE TEXTILE SECTOR), 2019

Source: Central Statistical Office

4.4.3 Impediments

Some of the identified constraints to achieving this objective include impediments related to lack of expertise and skills development, poor infrastructure and technology, lack of information in terms of labour market demand, lack of information on R&D, and high levels of casual and informal labour.

4.4.4 Contribution to NDG

Supporting quality jobs and building new decent wage sectors is necessary to improve social cohesion, reduce inequality and reduce poverty. These elements will mainly support the achievement of the national development goal NDG 2 “Sustainable and Inclusive Growth”.

4.5 Objective 5: Promote green industrialization by supporting circular economy, waste management, and renewable energy/energy efficiency initiatives.

4.5.1 Description

This objective is about the promotion of green industrialization and for Eswatini it is focused on three components which are: the circular economy, waste management and renewable energy/energy efficiency initiatives. Green industry, as defined by the United Nations Industrial Development Organization (UNIDO) means economies striving for a more sustainable pathway of growth, by undertaking green public investments and implementing public policy initiatives that encourage environmentally responsible private investments. In

this regard, this objective seeks to pursue a more environmentally sustainable industrial development path.

On one hand, adopting the circular economy approach in Eswatini as part of the desired industrial development will serve to support the transformation of linear business models into circular ones and improve the consumer behavior to shift consumption to more responsible patterns.

Moreover, improving the waste management system starts with a correct segregation at the source, collection, transportation, processing, and final disposal of garbage, is pertinent and must be taken into consideration when pursuing industrial development. Mistreatment of solid waste is one of the major issues in the country and is a source of pollution and health issues.

Lastly, energy efficiency may be described as the practice of using less energy to generate the same amount of useful output; the use of less energy to perform the same task or produce the same result. Energy efficiency is beneficial as it saves money for businesses and the economy, it increases the reliability of the electricity grid, and provides environmental benefits as well. However, it is important to complement energy efficiency initiatives with the shift toward the use of renewable energy (solar, wind, hydro, waste, etc) to reduce the reliance on fossil fuels and decrease pollution caused by Greenhouse gas emissions.

4.5.2 Challenges

It has been proven that the Eswatini economy has over the years displayed a linear economy whereby resources are extracted, produced, consumed and discarded. Material extraction in Eswatini, as mentioned previously, has tripled over the last 50 years. Moreover, the economy shows a positive correlation between economic growth and the consumption of materials and resources. This clearly shows that Eswatini is in pursuit of an unsustainable growth path, hence the need to decouple the economy and consequently pursue a circular economy.

Additionally, waste management is a challenge as more than 45% of the waste generated in the country is burnt and the recycling of solid waste has only reached 29%, limiting the possibility to give materials a second life use. Figure 28 illustrates the state of waste management in Eswatini.

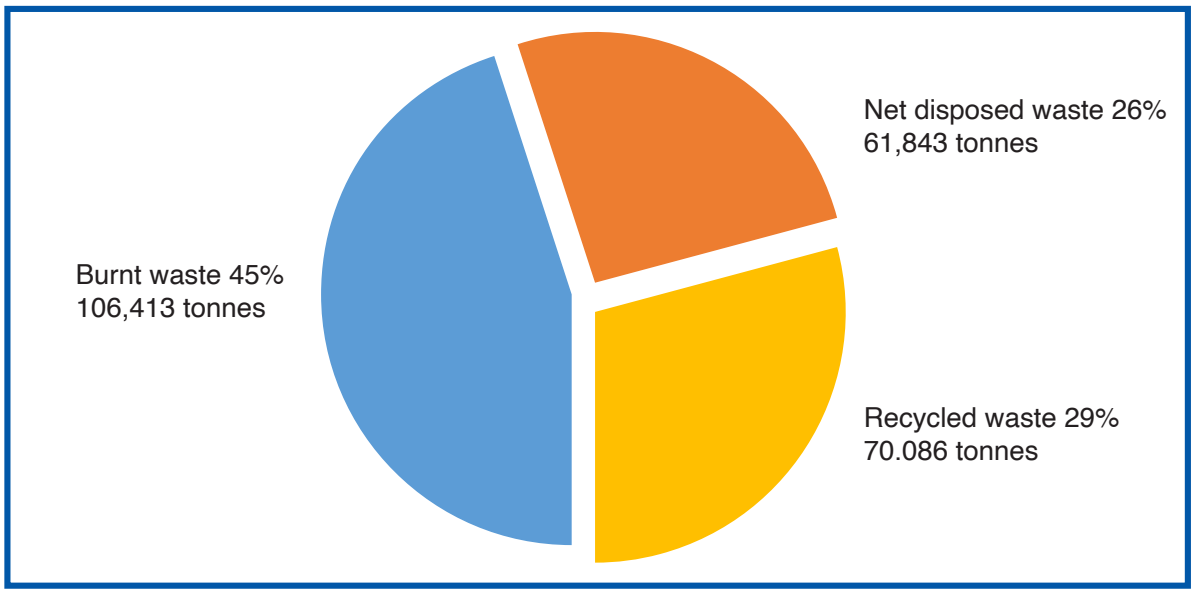


FIGURE 28: WASTE MANAGEMENT IN ESWATINI, 2017

Source: Centre for Science and Environment. Solid waste management in Eswatini. Challenges and opportunities

Finally, according to the UNDP State of the Environment Report for Eswatini (2020), renewable energy as a share of Total Final Energy Consumption in the country represented 60% compared to the 20% at a world level (Figure 29). This is mainly driven by biomass and hydro sources, even though there is a high potential of solar sources in Eswatini.

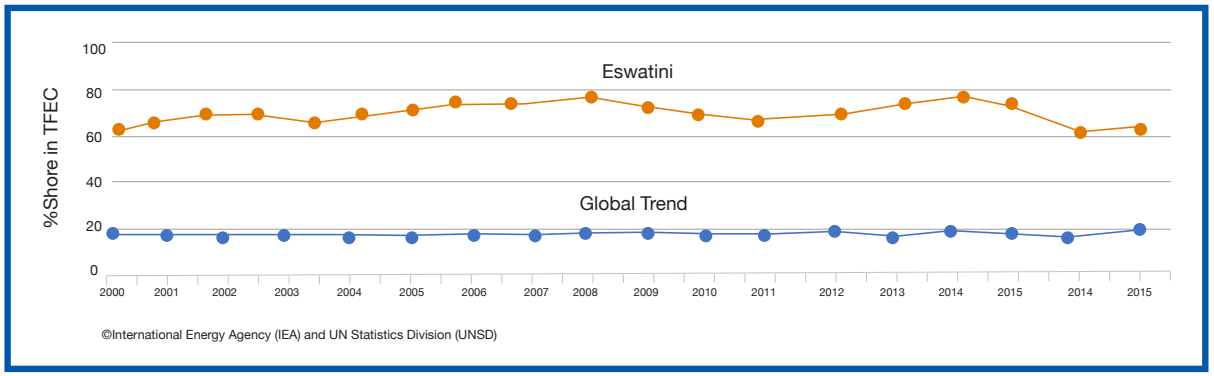


FIGURE 29: RENEWABLE ENERGY SHARE IN TOTAL FINAL ENERGY CONSUMPTION (TFEC) (%), 2000-2017

Source: Review and Update of the State of Environment Report – Ministry of Tourism and Environmental Affairs- UNDP

Despite these apparent good figures[7], Eswatini continues to import about 70% of its electricity from neighboring countries such as South Africa and Mozambique which is problematic as it makes the country to remain vulnerable to energy supply and highly dependent on external energy sources.

4.5.3 Impediments

Impediments are the insufficient knowledge and awareness of the benefits of green industrialization and the circular economy. Also, the lack of financial resources to increase renewable energy generation in the country and construct the required infrastructure. Lack of policies, laws and regulations to prevent old attitudes and incentivize producers and consumers to pursue environmentally friendly practices are also a problem in Eswatini.

4.5.4 Contribution to NDGs

This objective is directly linked to NDG 3 “Environmental sustainability”. The attainment of this objective will ensure that Eswatini pursues its structural transformation through the Industrial Policy by ensuring that development is not achieved at the expense of environmental sustainability, and it will help Eswatini to achieve Sustainable Industrialization.

4.6 Trade-Offs between Objectives

Overall, the five defined objectives complement each other to set out a combination of elements that help to establish the type of industrialization that Eswatini is willing to pursue in the following years. Strengthening local value chains, a shift from low to high value-added activities, and the promotion of quality investments, will ensure that Eswatini benefits from the opportunities that the industrial sector offers. At the same time, this will allow the involvement of vulnerable groups in the economic process such as women, youth, MSMEs and people living with disabilities, while ensuring the creation of quality jobs. Furthermore, new local high value-added activities are also a foundation to foster the diversification of products and markets to reduce the vulnerability of the economy, but also ensuring the incorporation of environmental sound practices.

Based on this, stakeholders believed that there are not significant trade-offs between the objectives except for Objective 5. During the consultation process it was clear that Objective 5 is the one that has a higher risk of being compromised as some stakeholders are not yet convinced that economic growth can be simultaneously achieved while also safeguarding the environment and pursuing circular economy initiatives.

[7] The high value could be explained by the fact that Total Final Energy Consumption only captures energy consumed by end users from the industry, residential, transport and services sector. The energy sector that produces electricity is not covered, and this one relies mainly on fossil fuel in Eswatini.

5. INDUSTRIAL POLICY INTERVENTION AREAS AND PRELIMINARY INSTRUMENTS

To define Intervention Areas (IAs) for the Industrial Policy, a stakeholder consultation workshop was held in Eswatini on March 9th and 10th. Based on the EQuIP methodology, as a first step, the stakeholders identified the main impediments / preconditions that need to improve in the productive sector to achieve the 5 defined IPOs. Further analysis was done by the Core Team who complemented the identified impediments, obtaining a total number of 14 impediments that were transformed into the following IAs:

- Improve the effectiveness of the allocation of finance to local producers,
- Promote associativity and arrangements between local producers,
- Increase R&D and promote innovation,
- Improve infrastructure (physical and digital),
- Boost technology adoption,
- Improve access to information (develop market information),
- Improve and match skills to the needs of the manufacturing sector,
- Increase the level of formalization of MSME,
- Improve the regulatory framework to ease the manufacturing activity,
- Attract quality Foreign Direct Investment (FDI),
- Increase vertical integration in national value chains,
- Improve standardization, metrology, conformity assessment and accreditation,
- Expand alternative renewable sources locally produced,
- Increase and improve recycling,

As a second step, quantitative and qualitative information was obtained to understand the current performance of the 14 IAs and identify the main challenges for an evidence base analysis.

Continuing with the process, another consultation workshop was held in Eswatini on April 28th and 29th to discuss the findings with the stakeholders and complement the assessment of IAs based on available instruments. This analysis was done relaying on an inventory of policy instruments developed by the Core Team.

While the 14 IAs are important to achieve the IPOs and contribute to the selected NDGs of Eswatini, it is worth mentioning that selectivity, as part of a policy process, is crucial to narrow the intervention and maximize the effectiveness by focusing on key issues, economize on limited resources available, and develop a clear intervention logic that outlines how the government support will achieve the desired objectives.

Therefore, a process of prioritization of key IAs was developed by the Core Team with the technical support from GPI. The main criteria used was: 1) identify IAs whose improvement

can address at least 2 IPOs, 2) IAs that can address the issue of other IAs (e.g attract quality FDI can be tackled through the improvement of the regulatory framework to ease the manufacturing activity), and 3) IAs that have a Policy or Strategy and a specific institution to support its improvement.

Figure 30 shows the intervention logic considering the 7 IAs selected based on the previous criteria.

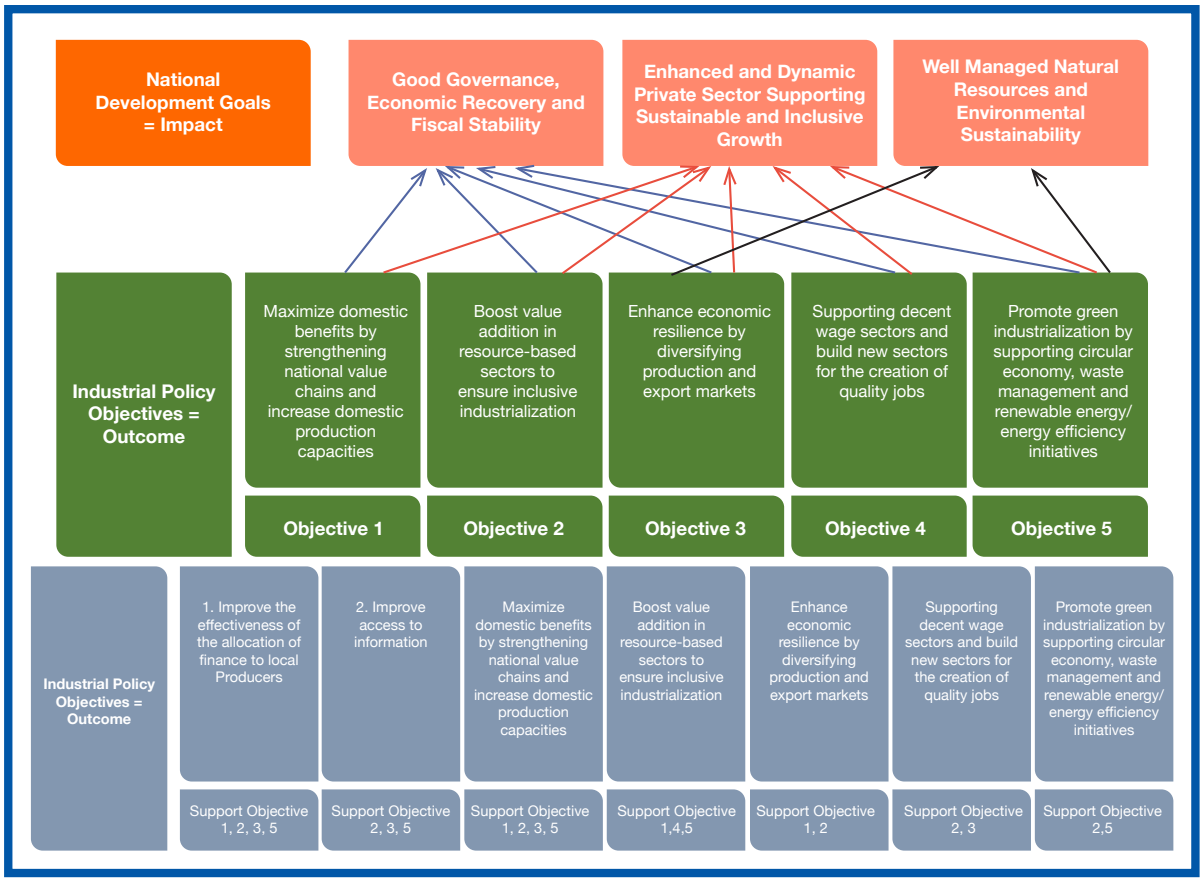


FIGURE 30: INTERVENTION LOGIC – 3 LEVELS

5.1 Intervention Area 1: Improve the effectiveness of the allocation of finance to local producers

5.1.1. Relation to policy objectives

<u>Objective 1. Maximize domestic benefits by strengthening national value chains and increase domestic production capacities:</u>

- To strengthen the industrial sector of Eswatini there is a need to improve the allocation of finance by the different actors of the economy. To achieve the above objective there is a need for financial institutions to finance production equipment,

technologies, the development of input materials currently imported and land infrastructure. From the bankers' perspective, the problem is not so much a lack of financial resources but a deficiency of effective demand for credit. Many MSMEs, especially microenterprises, are unable to submit basic financial information about their business – either because they operate in the informal sector or are incapable of demonstrating a good understanding of their business and its prospects. From the entrepreneur's view, especially MSMEs, the issue seems to be that banks are biased in their evaluation of requests for credit: "they see problems rather than prospects". Considering the above statements there is a need to improve the available instruments and make finance accessible and affordable. Also, financial institutions should be knowledgeable of sectors that have a potential to make profit.

- Improving the financial landscape will bring the possibility of strengthening value chains and increasing domestic production to maximize local benefits.

Objective 2. Boost value addition in resource-based sectors to ensure inclusive industrialization

- To achieve this objective, it is crucial to improve the allocation of finance to boost value addition and develop new agro-processing activities that can bring better benefits. Although a Eswatini National Industrial Development Corporation (ENIDC) was established to finance agro-processing sectors there is still not much production or processing that has been financed due to lack of knowledge or demonstration of understanding of the businesses on these sectors. This perspective places the onus on business development and support services, and calls on the Government to boost institutional capacity to provide such support to businesses especially the MSMEs.

Objective 3. Enhance economic resilience by diversifying production and export markets

- Improving the effective allocation of finance is key to support the development of more products and create new ones. The lack of diversification at a country level is reflected in the characteristics of MSMEs. These are concentrated in few and low value-added products like sugarcane cultivation, with limited growth prospects.
- Over 90 per cent of the estimated 68,536 MSMEs are qualified as "low impact" enterprises and most of them are informal. Therefore, this unattractive performance has a negative effect on the financial institutions when allocating financial resources.

Objective 5. Promote Green Industrialization by supporting circular economy, waste management and renewable energy and energy efficiency initiatives

- Improving the effective allocation of finance can support the incorporation of a circular economy, waste management and renewable energy and efficiency strategies into the production processes to make them more efficient and competitive. Some of these strategies have not been afforded the opportunity to be financed due to the lack of understanding of their profitability. But now to achieve this objective there is

need to create awareness in the financial institutions on the economic and environmental benefits of the circular economy, waste management, renewable energy and energy efficiency initiatives.

5.1.2 Rationale of the IA

The amount of credit from national banks allocated to private sector as a share of total GDP can give an indication (proxy) of how strong the bank system is to make funds available for the private sector, and also, if the private sector is effectively accessing the funds.

Therefore, this main indicator can be used to understand the current situation of financial allocation in Eswatini.

5.1.3 Current Performance

In 2020, Eswatini registered 20% of credit allocated to the private sector as a % of GDP. When compared to benchmarking countries such as Brazil (70%), Mauritius (92%) and Botswana (40%), the country has the lowest share and has not increased since 2012, not even during COVID 19, like in the other countries.

The limited access to finance lowers the opportunity of the private sector to invest in more production, develop new activities and products, invest in better technologies, etc.

In terms of MSME financial access in Eswatini, the International Finance Corporation through its MSME Financial Gap Report shows that the unattended MSMEs´ financial demand was equivalent to 45% of GDP in 2017. This share is the highest compared to other countries such as Brazil (35%), Botswana (19%) and Mauritius (4%).

Moreover, there is a gender gap in terms of financial inclusion in Eswatini for business owners of MSMEs according to the FinScope. Micro, small and medium enterprises (MSME) survey of 2017. The level of exclusion is 12% of female MSMEs owners compared to 10% of male MSMEs owners. Also, there is a higher dependency of female MSMEs owners of accessing informal financial services (13% compared to 8%).

5.1.4 Underlying constraint based on available instruments

This section is based on the assessment of some available instruments for financial allocation in Eswatini that needs to be improve or new ones that needs to be created. Table 4 shows potential instruments that have been identified preliminary between the Core Team of MCIT and stakeholders during the consultation process.

Overall lack of information dissemination on the number of financial instruments available to entrepreneurs. Therefore, they find it difficult and time consuming to identify the right financial support they could benefit from.

Moreover, the type of financial instruments available are not in any way addressing their needs and beneficiaries would benefit from complementary instruments to better leverage

financial support. For instance, most grants seem inefficient since entrepreneurs get trained to access them, but they lack business skills to develop medium-term viable projects.

Group lending leads to inefficiencies since group formation tends to be organised by third parties, which only see association to access loans. Therefore, groups are not always coherently formed and skilled entrepreneurs tend to shy away from getting such loans to avoid taking high risks, which also reduces their ability to grow their business.

Instruments Name	Instrument Status / Comment	Description of the Instrument	Related Industrial Policy Objectives
Credit Guarantee scheme: Small Scale Enterprise loan guarantee scheme Export credit guarantee scheme	Existing. Need to improve the dissemination of information	CREDIT GUARANTEE SCHEME: **The Small Scale Enterprise Loan Guarantee Scheme** (SSELGS) administered through the Central Bank to provide credit guarantee to viable small businesses which would not obtain credit from the banks due to a lack of collateral	Objective 1
Youth Enterprise Revolving Fund	Existing. There is a need to improve the dissemination of information and need to be capitalized		Objective 3 and 5
Eswatini National Development Corporation Fund	Existing. The main issue with this scheme is funding. It needs to increase. 100 million seem to be sufficient to increase the impact of the programme	This fund is meant to fund business in the agro-processing	Objective 2
MSME Agricultural Development Fund[8]	New. Need to fund identified value chains from the resource-based sector	Eswatini Agricultural Development Fund to boost investments in agricultural infrastructure and capacity building	Objective 3

[8] The only financial product that is available for smallholder farmers is the one that is financing the sugar farmers through the assistance of the Eswatini Water & Agricultural Development Enterprise (ESWADE) who offers capacity building for sugarcane farmers. There is also the Financial Inclusion and Cluster Development (FINCLUDE) that also act as a guarantee for smallholder farmers in identified sectors. This scheme is managed by the Centre of Financial Inclusion (CFI).

Financial scheme for women and youth	New. Need to fund productive initiatives lead by women and youth	Finance which will adopt an inclusive target approach targeting married and unmarried youth, (18-35 yrs) and women headed households	Objective 2

TABLE 4: IDENTIFIED INSTRUMENTS RELATED TO THE INERVENTION AREA 1

Source: Industrial Policy Core Team from MCIT

5.2 Intervention Area 2: Improve access to information

5.2.1. Relation to policy objectives:

Objective 2: Boost value addition in resource-based sectors to ensure inclusive industrialization

- Getting relevant information on funding opportunities, in particular in relation to resource-based sectors, may enable entrepreneurs to engage in activities with higher value added. They may also access useful information to differentiate or engage in relevant sectors of the value chains with high potential.

Objective 3: Enhance economic resilience by diversifying production and export markets

- Market intelligence can also highlight opportunities for diversification (products and markets)
- Better understanding how local and international markets are performing enable to respond to changes in markets' demand.
- Information on laws, regulations and trade agreements may enable entrepreneurs to make more informed decisions.

Objective 5: Support circular economy, waste management and renewable energy/ energy efficiency initiatives to promote green industrialisation:

- Increased access to relevant information can enable stakeholders to identify business opportunities in relation to recycling.

5.2.2 Rational of the IA

The availability of existing information to relevant stakeholders in a country reflects the capacity of a country to empower its citizens for them to make informed and evidence-based decisions. Information can relate to potential opportunities to develop their businesses such as (i) access to funding or business or (ii) market intelligence.

5.2.3 Current Performance

A precondition to develop efficient information systems and information platforms for decision-making is to have access to the right technical capacity. Poor statistical capacity can lead to systems that provide limited and biased information which gives rise to inefficient decision-making.

The World Bank Indicator on statistical capacity[9] shows that Eswatini is performing relatively well compared to its peer countries such as Botswana and the Seychelles. The important improvements in statistical capacity from 2016 have enabled the country to display stronger statistical capacity than Botswana and to catch up with the Seychelles.

Despite relatively good statistical capacity, Eswatini needs to improve access to information to relevant stakeholders. There are currently very few market intelligence digital platforms such as the agricultural platform and the trade information system. Discussions with stakeholders have highlighted that a market intelligence platform gathering market intelligence on industry is needed to help local companies and entrepreneurs to identify opportunities. Finally, to improve waste management such as recyclingand create economic opportunities, a waste matchmaking platform would enable waste producers to derive economic income from their waste, while creating opportunities at the local level to value waste through transforming it to make new products.

5.2.4 Underlying constraint based on available instruments:

This section is based on the assessment of instruments related to information and market intelligence needs that are not already provided. Table 5 shows potential instruments that have been identified preliminary between the Core Team of MCIT and stakeholders during the consultation process.

Instruments Name	Instrument Status / Comment	Description of the Instrument	Related Industrial Policy Objectives
Information dissemination tool to raise awareness patenting processes	New	Forum on the patenting process, or webpage displaying a document with key steps	Objectives 2 and 3

[9] The Statistical Capacity Indicator is a composite score assessing the capacity of a country's statistical system. It is based on a diagnostic framework assessing the following areas: methodology; data sources; and periodicity and timeliness. Countries are scored against 25 criteria in these areas, using publicly available information and/or country input. The overall Statistical Capacity score is then calculated as a simple average of all three area scores on a scale of 0-100.

Information dissemination tools on funding opportunities (which could be forums or a platform)	New	The following funding schemes should be displayed: - Small Scale Enterprise loan Guarantee Scheme - Youth revolving fund - New funding schemes (e.g. for women)	Objectives 2, 3 and 5
Industrial platform	New. Needs to be develop within the MCIT	A platform that centralizes statistical information about the trade and productive performance of the manufacturing sector of Eswatini, as well as indicators on structural drivers that influence the level of competitiveness and indicators for market intelligence	Objective 2 and 3

TABLE 5: IDENTIFIED INSTRUMENTS RELATED TO THE INERVENTION AREA 2

Source: Industrial Policy Core Team from MCIT

5.3 Intervention Area 3: Improve and match skills to the needs of the manufacturing sector

5.3.1 Relation to Policy objectives

Objective 1. Maximize domestic benefits by strengthening national value chains and increase domestic production capacities.

- Skills development and matching skills to the needs of the manufacturing sector will enable participation in segments of the value chain more beneficial, increase production capacities and strengthen the national value chain. This means that domestic benefits will come as a result.

Objective 2. Boost value addition in resource-based sectors to ensure inclusive industrialization.

- Skilled and well-trained workforce is a prerequisite condition for increasing and enabling value addition. Specifically, skills development will support increase in productivity, and also, the participation of the marginalized groups in industrialization (women, youth, MSMEs and people living with disabilities) who will be provided more opportunities based on the new qualifications.

Objective 3. Enhance economic resilience by diversifying production and export markets.

- To enhance the resilience of the economy, there is a need for skills development. Skills are essential for enabling production of more and new sophisticated products whose prices are less volatile compared to commodities. Skills will also help to identify, negotiate and access new markets to diversify exports.

Objective 5. Promote green industrialization by supporting circular economy, waste management and renewable energy/ energy efficiency initiatives.

- Skills development will promote and support the adoption of sustainable activities. Developing green skills can promote sustainable and resource-efficient industrialization. Specifically, green skills are important to help the adaptation of products, services and processes to the transformation due to climate change and environmental requirements.

5.3.2 Rational of the IA:

The ratio of the labour force with advanced education is an indication of the capacity of a country to engage in high value activities. Graduates in Science, Technology and Mathematics (STEM) can engage in and create value-added activities through innovation. On the other hand, the share of youth Not in Education, Employment and Training (NEETs) reflects potential loss in production and productivity.

5.3.3 Current performance

Adequate skilled manpower and high labour productivity are critical to industrial development and competitiveness. Education and skills development therefore play a critical role in socio-economic development. It provides opportunities for growth, poverty reduction, employment, productivity and human development.

The Ministry of Education and Training and the Ministry of Labour and Social Security are responsible for human capital formation and skills development in Eswatini. The TVET policy was adopted to create a technical and vocational education and skills development system that is responsive to market demand, and training system and mechanisms for formal, non-formal and informal qualifications.

Eswatini has a relatively high literacy rate of 89% and with 83% of labour the force with advanced education. This implies that the workforce in Eswatini is skilled and easily trainable. However, the economy still suffers from shortage of critical skills to drive industrialisation. There is a mismatch between the skills produced in the higher learning institutions and the skills demanded by industry.

Moreover, Eswatini has a high share of youth that is not in education, employment or training (NEET). World Bank data show that 36% of youth was NEET in 2019, meaning that the potential loss in production and productivity is high in Eswatini. Additionally, Eswatini

experiences a very low percentage of STEM graduates. In 2006 for example, Eswatini recorded 4.06% STEM graduates, compared to 0% recorded in 2015.

The current training skills development programs are not properly aligned with the country's industrial development needs. The vocational and institutions of higher learning are underfunded. The Government needs to commit increased resources to technical, vocational and commercial education and training to develop critical skills and manpower to meet the country's industrial development needs. For instance, digital and green literacy including problem solving skills are becoming increasingly important in promoting inclusive and sustainable industrialisation. Other benefits associated with skills development is increased employability and participation of the population in high paying jobs.

5.3.4 Underlying constraints based on available instruments

This section is based on the assessment of current instruments for human capital formation and skills development that needs to be improved or new ones that need to be created. Table 6 shows potential instruments that have been identified preliminary between the Core Team of MCIT and stakeholders during the consultation process.

The evaluation of the existing tools and methods used for human capital development and skill enhancement in the education sector reveals a significant misalignment with the skills required in the country. As a result, there is a pressing need not only to harmonize these tools but also to align the curriculum and technical courses with the skills demanded in the manufacturing sector.

Instruments Name	Instrument Status / Comment	Description of the Instrument	Related Industrial Policy Objectives
Industrial and Vocational Training Act 192	Existing.	Among others, rules the establishment of Industrial and Vocational Training Board, its duties and functions. Also, rules training levies and the establishment of an Industrial and Vocational Training Fund	Objective 1, 2, 3 and 5
Higher Education act, 2013	Existing	Among others, rules the establishment of a Higher Education Council, its powers, and functions	Objective 1, 2, 3 and 5
Curriculum and technical courses alignment to the industry demand	New	Education system to ensure that the skill produced by local training institutions meet the demand requirements of the industry	Objective 1, 2, 3 and 5

TABLE 6: IDENTIFIED INSTRUMENTS RELATED TO THE INERVENTION AREA 3

Source: Industrial Policy Core Team from MCIT

5.4 Intervention Area 4: Improve the regulatory framework to ease the manufacturing activity

5.4.1. Relation to Policy objectives

Objective 1: Maximise Domestic Benefits by Strengthening National Value Chains and Increase Domestic Production Capacities

- Improving the regulatory framework to increase the ease and the cost of doing business will encourage the private sector to open businesses and therefore increase the number and the size of companies, strengthen national value chains and increase domestic production capacities.

Objective 4: Support decent wage sectors and build new sectors for the creation of quality jobs

- Increasing the ease of the manufacturing activity through regulations in decent wage sectors will enable the shift from traditional low income earning jobs and lead to higher quality jobs. Furthermore, regulating FDIs for example stipulating on employee training programmes and technology transfer can also increase the number of quality jobs.

Objective 5: Promote green industrialization by supporting circular economy, waste management and renewable energy/ energy efficiency initiatives

- Regulation can play a role in influencing the adoption of circular economy, waste management practices, renewable energy and energy efficiency initiatives. These will help to reduce production costs, improve the competitiveness level of the manufacturing sector and make it more efficient, while driving towards green industrialization.

5.4.2 Rationale of the IA:

The availability of an updated regulatory framework that responds to the needs of a country in the productive sector and promote business development in a responsible way reflects the capacity of a country to incentivize entrepreneurship, increase the number and size of companies in the manufacturing sector (creating opportunities to venture into higher quality jobs) and impact competitiveness. Regulation can further play a role in influencing the adoption of the circular economy, waste management and renewable energy as well as energy efficiency initiatives.

5.4.3 Current Performance:

Eswatini's manufacturing sector is a significant contributor to the economy in terms of output and employment and has a high Manufacturing Value Added per capita when compared to a

number of countries in the SADC region. Despite this high contribution towards GDP and high MVA per capita and contribution to employment generation, investment in the sector has not proven to maximize local benefits and strengthen local value chains. Moreover, there are few sectors which make a significant contribution to the MVA that are not necessarily high value sectors.

The low ease of doing business and limited updated regulation towards enforcing contracts, protecting low minority investors, starting a business and getting electricity, as well as accessing a high cost electricity, are main issues that are enablers in manufacturing which need to be addressed.

5.4.4 Underlying constraint based on available instruments:

This section is based on the assessment of current instruments related to the regulatory framework that show that they are not specific to increasing and ease the manufacturing activity. Table 7 also shows a potential instrument that needs to be updated to stipulate that foreign investment links to local firms and is embedded in the local economy. This potential instrument has been identified preliminary between the Core Team of MCIT and stakeholders during the consultation process.

Instruments Name	Instrument Status / Comment	Description of the Instrument	Related Industrial Policy Objectives
Citizens Economic Empowerment Act	Newly enacted law (Passed as law June 2023) but not specific for manufacturing	The Act seeks to empower Eswatini businesses through economic empowerment measures such as preferential procurement, promotion of local and foreign investment opportunities in specific sectors that will be reserved for citizen-owned companies and regional development inclusive of establishment of cooperatives and other community-based projects	Objective 1 and 4
National Investment Policy	Existing. Needs to be reviewed to stipulate that FDI links to local firms and is embedded in the local economy	Policy that promotes FDI to guarantee benefits for the economy and local producers	Objective 1 and 4

TABLE 7: IDENTIFIED INSTRUMENTS RELATED TO THE INERVENTION AREA 4

Source: Industrial Policy Core Team from MCIT

5.5 Intervention Area 5: Increase vertical integration in national value chains

5.5.1. Relation to policy objectives

Objective 1. Maximize domestic benefits by strengthening national value chains and increase domestic production capacities.

- Increasing vertical integration in national value chains will help Eswatini to create backward and forward linkages, therefore strengthening national value chains.
- This can support the development of new and more beneficial segments (e.g. design) and products and also lower the dependency of imported inputs. This will help to increase and retain the benefits within the local economy.

Objective 2. Boost value addition in resource-based sectors to ensure inclusive industrialization.

- Increasing vertical integration in national value chains in specific sectors within the manufacturing sector will promote the incorporation of value addition.
- This will allow Eswatini to support the processing of raw materials and generate more benefits by exporting higher value-added products, while involving targeted groups (e.g. MSMEs, youth, women and people living with disabilities) that are engaged in the productive activity.

5.5.2 Rationale of the IA

The share of imports of raw and semi-finished materials measured as a share of finished exports in specific sectors provide an indication of how much a sector is dependent on imported inputs and the level of vertical integration locally.

Moreover, the share of raw and semi-finished products in total exports provide evidence of the level of value addition (processing) in a specific sector, and also the level of vertical integration.

5.5.2 Current Performance

Reducing the dependency on imported raw material that can be produced locally, but also increase value addition through processing is critical to increase vertical integration and achieve a robust industrial development.

The example of the textile and apparel sector in Eswatini was mentioned previously, where statistics show that in 2020 raw and semi-finished material, imported mainly from the Republic of South Africa, represented 54% of the finished textile exports.

Opposite to this, trends in other manufacturing subsectors show that a high proportion of exports comprise of raw and semi-finished material in total exports. An example of this can

be seen in the wood, chemicals, minerals, fish, sugar, spices and food and beverages subsectors, where almost 100% of the exports are in raw and semi-finished form. This is an indication that Eswatini shows a low level of value addition. There is need to cover more segments of the value chains to create more value and ensure that it remains in the country.

5.5.3 Underlying constraint based on available instruments

This section is based on the analysis of the information related to instruments for promoting vertical integration in national value chains. The assessment revealed that several policy instruments have been implemented to promote manufacturing activities. However, these instruments are limited in promoting and supporting vertical integration. Table 8 also shows a potential new instrument that can be developed to promote vertical integration and has been identified preliminarily between the Core Team of MCIT and stakeholders during the consultation process.

Instruments Name	Instrument Status / Comment	Description of the instrument	Related Industrial Policy Objectives
Production Incentive Scheme (PIS)	Existing	An instrument created to boost the production capacity and competitions of the textile and apparel sector.	Objective 1
Special Economic Zones Act (SEZ Act) 2018	Existing	The act was promulgated to bolster economic development and job creation by providing special incentives to firms operating within a special economic zone. Such incentives include a 20-year tax holiday, and exemptions from foreign exchange controls for activities performed in the special economic zone	Objectives 2
Development Approval Order (DAO)	Existing	A tax concession on corporate tax up to a maximum rate of 10% instead of 27.5% for a period of not exceeding 10 years including exemption from withholding tax on dividends during the ten years. This is applied to newly approved investments, businesses or enterprises in the manufacturing, mining, international services, and tourism sectors	Objectives 1 and 2
Factory Shells	Existing	Meant to provide readily available factory space for firms in the	Objective 1
Industrial infrastructure (Industrial Estates Development programme)	Existing	Non-finance incentive providing serviced industrial land (infrastructure) to domestic and foreign investors at a below market value(subsidized)	Objectives 1 and 2
Exemption on imported	Existing	It provides exemption on import duties for machine and equipment and other	Objectives 1 and 2

machinery and equipment Customs Duties		intermediate goods, imported for manufacturing of export products.	
Agro-Industrial Park	New	Develop a designated area where agricultural and industrial activities will be integrated to enhance productivity, value addition and market access	Objectives 1 and 2

TABLE 8: IDENTIFIED INSTRUMENTS RELATED TO THE INERVENTION AREA 5

Source: Industrial Policy Core Team from MCIT

5.6 Intervention Area 6: Improve standardization, metrology, conformity assessment and accreditation.

5.6.1. Relation to Policy objectives

Objective 2. Boost value addition in resource-based sectors to ensure inclusive industrialization.

- Value addition can be incorporated through quality improvement in products and services. Therefore, for Eswatini to produce goods that comply with international standards can be beneficial to improve quality and differentiate from competition. This will allow to compete in a better position in both, local and external markets.

Objective 3: Enhance Economic resilience by diversifying production and export markets:

- To enhance economic resilience through diversification in production and exports markets the country needs to improve compliance to quality standards and ease the accreditation process for testing and calibration services. The costs of compliance to quality and standards has to be affordable to MSMEs and the accreditation process for testing and calibration services should be simpler.

5.6.2. Rationale of the IA

The number of products certified in the manufacturing sector that have international recognition give an indication of the capacity of the country to improve compliance to quality standards and increase value addition but also exports.

The number of enterprises and MSMEs certified in quality management systems in the manufacturing sector also give an indication of the capacity of the country to improve compliance to quality standards and increase value addition but also exports.

Improving compliance to quality standards and easing the process for testing and calibration services especially for MSMEs, will enhance Eswatini's economic resilience by enabling the diversification of production and export markets.

5.6.3. Current performance

The Eswatini Standards Authority (SWASA) offers certification for products and management systems that are accredited. However, MSMEs cannot access this service due to high costs. In addition, Eswatini has limited accredited laboratories and for the products that cannot be certified in the country (with an international recognition), companies have to certify their products outside which is very expensive.

SWASA has developed a "local access market certification scheme", specifically for MSMEs called, ***Ingelo Certification Scheme***: The Scheme is aligned to International Standards.

SWASA has certified one (1) product in the manufacturing sector, and the certification of three (3) more products are in process. Six (6) companies have been certified in quality management systems and three (3) companies in food safety management systems in the current year to date.

In terms of accreditation, the National Accreditation Focal Point (NAFP) in Eswatini was established in 2008. National Accreditation Focal Points were established in SADC Member States who do not have a National Accreditation Body and are using the Multi-Economy Accreditation Body called the Southern African Development Community in Accreditation Services (SADCAS) to accredit their conformity assessment bodies.

There is limited availability of suitably accredited laboratories and inadequately developed conformity assessment service provision in the country. This has resulted in trading partners not having much confidence in the results produced regarding products made in Eswatini. The country has approximately 120 laboratories of which only 11 are accredited: Seven (7) are testing laboratories, one (1) is a calibration laboratory and three (3) are medical laboratories. The Eswatini Standards Authority Certification Scheme is also accredited.

5.6.4. Underlying constraints based on available instruments

This section is based on the analysis of the information related to instruments for improving standardization, metrology, conformity assessment and accreditation. The assessment revealed that at the moment there is one instrument significantly useful for the purpose of this Industrial Policy shown in Table 9 (***Ingelo Certification Scheme***). This Table also mentions a potential new instrument that can be developed to improve the quality of products among MSMEs and has been identified preliminarily between the Core Team of MCIT and stakeholders during the consultation process.

Instruments Name	Instrument Status / Comment	Description of the instrument	Related Industrial Policy Objectives
Ingelo Certification Scheme	Existing	Local access market certification scheme specifically for MSMEs that is aligned to international standards	Objective 2
Technical training program for MSMEs to improve the quality of products and processes	New	Training of MSMEs in priority/pilot sectors to ensure compliance to international standards as well as enhance Eswatini's economic resilience by enabling the diversification of production and export markets	Objective 2 and 3

TABLE 9: IDENTIFIED INSTRUMENTS RELATED TO THE INERVENTION AREA 6

Source: Industrial Policy Core Team from MCIT

5.7 Intervention Area 7: Expand alternative renewable sources locally produced

5.7.1. Relation to policy objectives

Objective 2. Boost value addition in resource-based sectors to ensure inclusive industrialization

- Expanding the use of alternative renewable energy sources (hydro, wind and solar) will support that production processes in Eswatini become more sustainable. Specifically, it will lower the negative externalities associated with the transformation processes of manufacturing by using cleaner energy. This means that boost value addition through processing does not have to come at the expense of the environment.

Objective 5. Promote green industrialization by supporting circular economy, waste management and renewable energy/ energy efficiency initiatives

- Expanding the use of alternative renewable energy sources will help to reduce production costs, improve the competitiveness level of the manufacturing sector and make it more efficient, while driving towards a green industrialization.

- The increase of alternative renewable energy production will also contribute to reducing the vulnerability that Eswatini exhibits caused by the energy import dependency from South Africa, encouraging a more efficient green industrialization.

5.7.2 Rationale of the IA:

Renewable energy as a share of Total Final Energy Consumption (TFEC) gives an indication of the amount of clean energy used in the country (by different sectors of the economy) and the remaining opportunity to transform the energy matrix of the country. Providing clean energy and changing the energy matrix is crucial to contribute with climate action by reducing the Greenhouse Gas Emissions, but will also open opportunities for countries like Eswatini with abundant renewable power resources to produce it. Such sources can provide energy at a lower cost compared to fossil-fuel, which in turn can lower costs to access energy for enterprises, enhancing the overall competitiveness of the manufacturing sector.

Total Final Energy Consumption (TFEC) by sector gives an indication of the contribution of each sector in the energy use of the country. Although, TFEC only considers the total energy consumed by end users, (e.g., residential sector, industry, agriculture, transport), excluding the energy used by the energy sector to produce electricity, including for deliveries and transformation.

5.7.3 Current Performance

The TFEC in Eswatini during 2018 was 1Mtoe. Industry was the sector with the highest energy consumption (42% of total TFEC) and also one of the sectors that drives ambient air pollution, although a large proportion comes from biofuel and waste. Despite this, industry can benefit by using more renewable energy in its production process, since this implies lower costs and lower environmental damage. The residential and transport sector contributed 28% and 19% in TFEC respectively, but the latter relies entirely on oil as a source.

In general, Eswatini´s available renewable energy resources represented 60% of the TFEC compared to 20% in the global trend. This is mainly driven by biomass & hydro sources, specially the one produced through the waste generated in the wood and sugar sector (bagasse). This positive trend is related to the fact that TFEC only considers the total energy consumed by end users (e.g., residential sector, industry, agriculture, transport).

Knowing that approximately 80% of the electricity supply in Eswatini is imported from South Africa,[10] which is based on oil and coal, data suggests that the energy matrix of the country still have an important reliance on fossil fuel.[11] Also, this import dependency has created a strong vulnerable situation for all the sectors in the economy, mainly for the industrial sector

[10] Electricity supplied was imported from South Africa's Electricity Supply Commission (ESKOM) and the Southern African Power Pool (SAPP).

[11] The Energy balance shows that biomass (58%) had the largest share in Eswatini's energy mix in 2017, however fossil fuel sources played an important role. Petroleum contributed 28%, electricity 9%, coal 4%, hydro 1% and solar less than 1%.

(the biggest consumer), encouraging the relevance of having wider local production and access to alternative renewable energy sources such as solar energy.

The potential benefits associated with this are not just associated with a drastic reduction of GHE, but also to a reduction in the production costs, considering that renewables will be cost-competitive in the medium-long run. Despite this, it is important to highlight that the investment required to produce more renewable energy is significant, therefore the importance of having good instruments to support this type of initiative.

5.7.4 Underlying constraint based on available instruments:

This section is based on the analysis of some instruments available to support the implementation of renewable energy initiatives. The assessment suggests that there is a need to align them more to the green legislation of the country as shown in Table 10. In some other cases, it shows that there are other instruments that have been defined in different policies and strategies like the Independent Power Producer Policy and the National Energy Policy but require to be implemented and be more sector specific. Finally, it also mentions potential new instruments that can be developed to encourage the expansion of alternative renewable energy sources locally produced and that have been identified preliminarily between the Core Team of MCIT and stakeholders during the consultation process.

Instruments Name	Instrument Status / Comment	Description of the instrument	Related Industrial Policy Objectives
Environmental Audit, Assessment and Review Regulations, 2022	Existing	Needs to be aligned to the green legislation of the country	Objective 5
Incentives for renewable energy equipment (import duties, tax exemptions, VAT refunds)	Existing	Mentioned as instruments to promote the production of renewable energy. This is part of the Independent Power Producer Policy	Objective 5
Green energy certification	New	Green certificate for companies or individuals for generating electricity from a green resource to promote the uptake of renewable energy	Objective 2 and 5
Tax incentives to businesses and individuals who invests in renewable energy projects	New	A specific tax incentives for individuals and companies which aimed at the promotion of renewable energy generation in the country	Objective 2 and 5

TABLE 10: IDENTIFIED INSTRUMENTS RELATED TO THE INERVENTION AREA 7

Source: Industrial Policy Core Team from MCIT

6. PRESELECTED POTENTIAL INSTRUMENTS – PILOT ACTION PLAN

Based on the instruments that were mapped and suggested in the previous section, as part of the 7 IAs, the Core Team with the technical support from GPI, preselected 9 potential key instruments that can be designed or improved to be implemented on an initial phase.

These instruments were preselected considering that they are: 1) complementary between them, 2) tackle main issues discussed during the consultation process, and 3) constitute the basis for the implementation of other policy instruments in the medium term.

Figure 31 shows the intervention logic considering the 9 potential instruments based on the previous criteria.

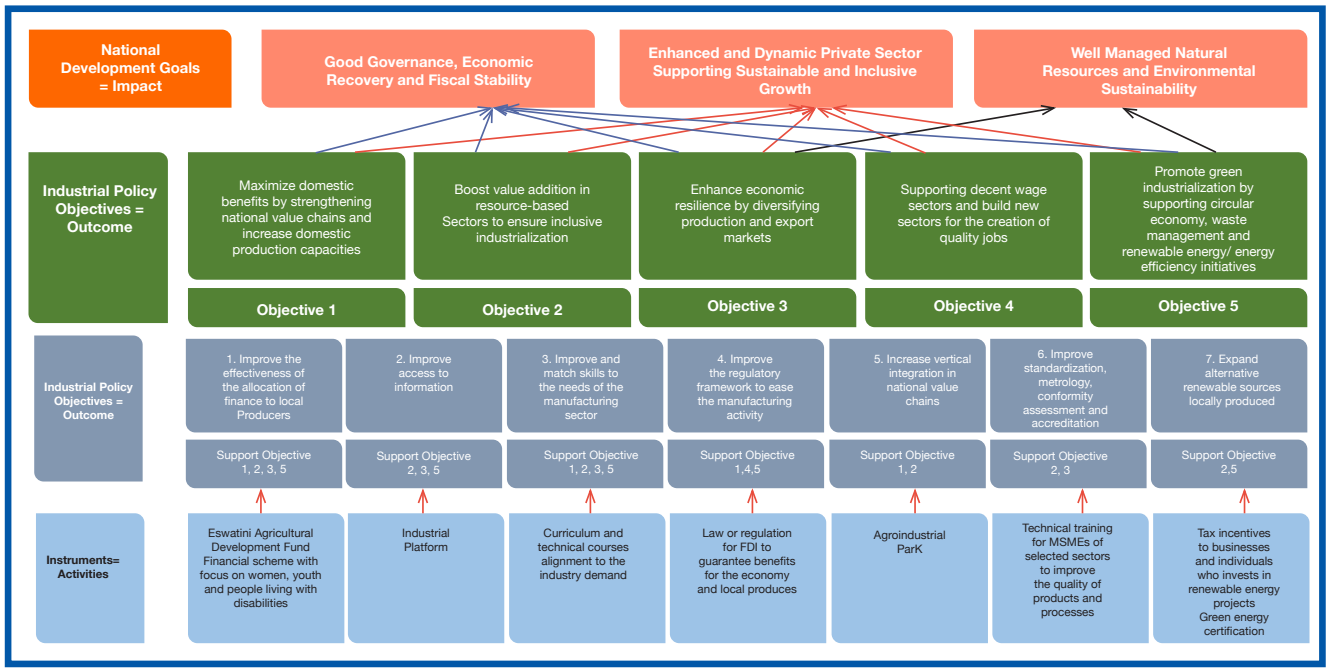


FIGURE 31: INTERVENTION LOGIC – 4 LEVELS

Table 11 shows the main elements of a Pilot Action Plan highlighting the 9 potential instruments selected and their contribution to improve the 7 Intervention Areas and achieve the 5 Industrial Policy Objectives. The Table also specifies the main activities that need to be conducted to design the instruments, the time required for the implementation of the instruments, as well as institutional responsibilities and an estimated budget.

During the design phase of the specific instruments, the establishment of indicators and milestones for monitoring and evaluation will be crucial. This will complement the monitoring and evaluation framework presented in the next section.

Intervention Area	Instrument	Description of the instrument and expected impact	Main activities to implement the instrument	Timeframe for the implementation of the instrument	Sources to collect the instrument implementation status	Responsible institution for the implementation of the instrument	Supporting institutions for the implementation of the instrument	Estimated budget for the implementation of the instrument
1. Improve the effectiveness of the allocation of finance to local produces	**1.1 MSME Agricultural Development Fund**	Eswatini Agricultural Development Fund to boost investments in Agricultural infrastructure and capacity building	1.1.1 Develop guidelines and criteria for accessing the fund 1.1.2 Create awareness on the fund 1.1.3 Screen applications and disburse funds 1.1.4 Enforce collaboration between the agricultural fund and relevant institutions 1.1.5 Monitor and evaluate the Agricultural fund	5 years	Ministry of Agriculture Annual reports	Ministry of Agriculture	NAMBORAD, Eswatini Cotton Board, MSME Unit, ESWADE, Development Finance Institutions	E60,000,000.00
	1.2 Financial scheme with special focus on women, youth and people living with disabilities	A targeted financial scheme that will focus on women, youth, and people living with disabilities involved in the resourced based sectors of the economy to ensure the participation of these target groups in the manufacturing sector	1.2.1 Develop guidelines and criteria for this targetted financial scheme 1.2.2 Create awareness on the scheme 1.2.3 Create awareness on the economic and social benefits of involving women, youth and people living with disabilities in the economy 1.2.4 Monitor and evaluate the financial scheme	1 year	Ministry of Finance, Office Annual Report	Ministry of Finance, ENIDC	FINCLUDE, Centre for Financial Inclusion, DPM's office, Ministry of , Sports, Youth and Culture,	E3,000,000.00
2. Improve access to information	**2.1 Industrial Platform**	A platform that centralizes statistical information about the trade and productive performance of the manufacturing sector of Eswatini, as well as indicators on structural drivers that influence the level of competitiveness and indicators for market intelligence	2.1.1 Engage the Ministry of ICT on the design of the Industrial platform and define the structure of the platform 2.1.2 Identify and engage stakeholders who will provide content for the Industrial Platform 2.1.3 Hire an Industrial Statistics and Information Officer 2.1.4 Collect, compile, analyse and disseminate industrial information	1 year	MCIT Industry annual budgets and quartely reports	Ministry of Commerce Industry and Trade-Industry dept	Ministry of ICT, Public Service, National Statistics Office, Royal Science and Technology Park	E3,000,000.00

Intervention Area	Instrument	Description of the instrument and expected impact	Main activities to implement the instrument	Timeframe for the implementation of the instrument	Sources to collect the instrument implementation status	Responsible institution for the implementation of the instrument	Supporting institutions for the implementation of the instrument	Estimated budget for the implementation of the instrument
3. Improve and match skills to the needs of the manufacturing sector	**3.1 Curriculum and technical courses alignment to the industry demand**	Education system to ensure that the skill produced by local training institutions meet the demand requirements of the industry	3.1.1 Conduct workshops between universities, centres for skills development, TVET Centres and private sector representatives to identify skills required by the private sector 3.1.2 Incorporate the skills required by the private sector into academic curriculum of these institutions	5 years	Ministries budgets and quarterly reports	Ministry of Education and Training, Ministry of Labour and Social Security, Training Institutions, academia, Ministry of Finance, private sector institutions	Ministry of Labour and Social Security, Ministry of Finance, Training Institutions, Private sector institutions	E2,000,000.00
4. Improve the regulatory framework to ease the manufacturing activity	**4.1 National Investment Policy for FDI to guarantee benefits for the economy and local produces**	Reviewing the National Investment policy for it to stipulate that FDI links to local firms and is embedded in the local economy	4.1.1 Review the National Investment Policy based on the evidence and a participatory approach 4.1.2 Conduct stakeholders' consultation workshops on new Investment Policy 4.1.3 Validate new Investment Policy 4.1.4 Launch new Investment Policy 4.1.5 Implement new Investment Policy	2 years	Annual Reports on FDI from EIPA, Central Bank Annual Report	Ministry of Commerce Industry and Trade, EIPA, Investor Roadmap Unit	Ministry of Economic Planning and Development, Eswatini Competition Commission	E1,500,000.00
5. Increase vertical integration in national value chains	**5.1 Agro-industrial Park**	Develop a designated area where agricultural and industrial activities will be integrated to enhance productivity, value addition, and market access	5.1.1 Identify and acquire an area in which to develop the Agro-industrial Park 5.1.2 Approach development partners for assistance for developing the agro-industrial park 5.1.3 Develop budget for the establishment of the Agro-industrial Park 5.1.4 Develop guidelines for the criteria to prioritise women, youth and persons living with disabilities	5 years	Ministry of Commerce Industry and Trade - Industry annual budgets and quartely reports	Ministry of Commerce Industry and Trade -Industry dept and ENIDC	Ministry of Agriculture, Ministry of Economic Planning and Development, Ministry of Finance, EIPA, Construction Industry Council, NAMBOARD, ESWADE	E850,000,000.00

Intervention Area	Instrument	Description of the instrument and expected impact	Main activities to implement the instrument	Timeframe for the implementation of the instrument	Sources to collect the instrument implementation status	Responsible institution for the implementation of the instrument	Supporting institutions for the implementation of the instrument	Estimated budget for the implementation of the instrument
			5.1.5 Develop guidelines for the criteria to select business initiatives to be established in the agro-industrial park					
			5.1.6 Develop and operationalize Agro-industrial Park					
6. Improve standardization, metrology, conformity assessment and accreditation	**6.1 Technical training for MSMEs of selected sectors to improve the quality of products and processes**	Training of MSMEs in priority/pilot sectors to ensure compliance to international standards as well as enhance Eswatini's economic resilience by enabling the diversification of production and export markets	6.1.1 Develop training module for MSME training programme on quality, standards, and conformity etc	Over the 5 year period	Participants certificates; Training reports and Quarterly reports	Ministry of Commerce Industry and Trade: Regulatory and Quality Infrastructure Department (RQID) and ESWASA	SEDCO, EIPA, National Laboratory Association; FESBC; Business Eswatini;	E1,500,000.00 each year (5 years)
			6.1.2 Conduct a needs assessment to identify MSMEs that will be beneficiaries of the training programme					
			6.1.3 Perform a quality assessment of the MSME's to identify main areas of improvement					
			6.1.4 Create awareness on the importance of quality assurance					
			6.1.5 Train MSMEs on quality assurance of identified areas					
			6.1.6 Monitor MSME's on quality improvement					
7. Expand alternative renewable sources locally produced	**7.1 Green energy certification**	Issuing a green certificate to companies or individuals for generating electricity from a green resource to promote the uptake of renewable energy	7.1.1 Develop criteria for Local Green Energy Certification	Continuous timeframe for green certification	Registry for Companies with green certification	Ministry of Natural Resources and Energy (MNRE), Eswatini Energy Regulatory Authority (ESERA), Renewable Energy	MCIT, EIPA,ESWASA	E1,000,000.00
			7.1.2 Consult relevant stakeholders on Green Certificate development					
			7.1.3 Create awareness on Local green certification					

Intervention Area	Instrument	Description of the instrument and expected impact	Main activities to implement the instrument	Timeframe for the implementation of the instrument	Sources to collect the instrument implementation status	Responsible institution for the implementation of the instrument	Supporting institutions for the implementation of the instrument	Estimated budget for the implementation of the instrument
			7.1.4 Audit firms and companies and issuing green certificates if they comply			Association of Eswatini (REASWA)		
	7.2 Tax incentives to businesses and individuals who invests in renewable energy projects	A specific tax incentives for individuals and companies which aimed at the promotion of renewable energy generation in the country such: Waiver of import duties and taxes on renewable energy equipment; VAT Refunds on renewable energy equipment; and Income "tax incentive" on companies and businesses investing in renewable energy projects, paying a lower tax than the normal corporate tax paid by other ordinary companies	7.2.1 Conduct an analysis on best practice on incentives for renewable energy 7.2.2 Design appropriate incentives to encourage and promote individuals and companies to invest in renewable energy projects 7.2.3 create awareness on the economic, social, and environmental benefits of investing in renewable energy projects 7.2.4 Design a programme for individuals and companies to develop and present renewable energy projects	1 Financial year to develop specific tax incentive for Renewable Energy	Customs data (ERS)	Ministry of Finance, Eswatini Revenue Services, Eswatini Energy Regulatory Authority	MCIT, EIPA	E1,500,000.00
	Total							**E 857,500,000.00**

TABLE 11: PRESELECTED POTENTIAL INSTRUMENTS

Source: Industrial Policy Core Team from MCIT

7. MONITORING AND EVALUATION FRAMEWORK

This section lays out a theoretical framework or "results framework[12]" to Monitor and Evaluate (M&E) the performance of the new Industrial Policy (IP) in Eswatini. More specifically, for each Industrial Policy Objective (IPO), through designing Theories of Change (ToC) it describes expected causal pathways to highlight the contribution of the industrial policy to impact[13]. Then, it includes indicators to measure each moment of these expected causal pathways.

This method enables practitioners to verify whether the policy contributed (or is contributing) to impact[14], but it does not enable them to claim with certainty that results are only triggered by the policy. More specifically, indicators can be impacted by external factors or other policies[15][16], which may lead to biased results. Therefore, in addition to analysing indicators, practitioners may also carry out qualitative analyses to better understand potential phenomena that could potentially impact results.

To operationalise this theoretical framework, two main steps must be carried out during the implementation phase of the project. First, a full analysis of (i) the capacity to collect data, (ii) to aggregate data and (iii) to create visualisation tools such as dashboards is necessary. Then, defining processes and responsibilities (i) to collect[17] and verify the data, (ii) to analyse the data and (iii) for reporting purposes is needed[18].

The first subsection presents the intervention logic of the industrial policy and the expected causal pathways associated with it. The second subsection describes relevant indicators to measure each moment of these causal pathways. The last subsection suggests how to define potential targets for outcomes of interest.

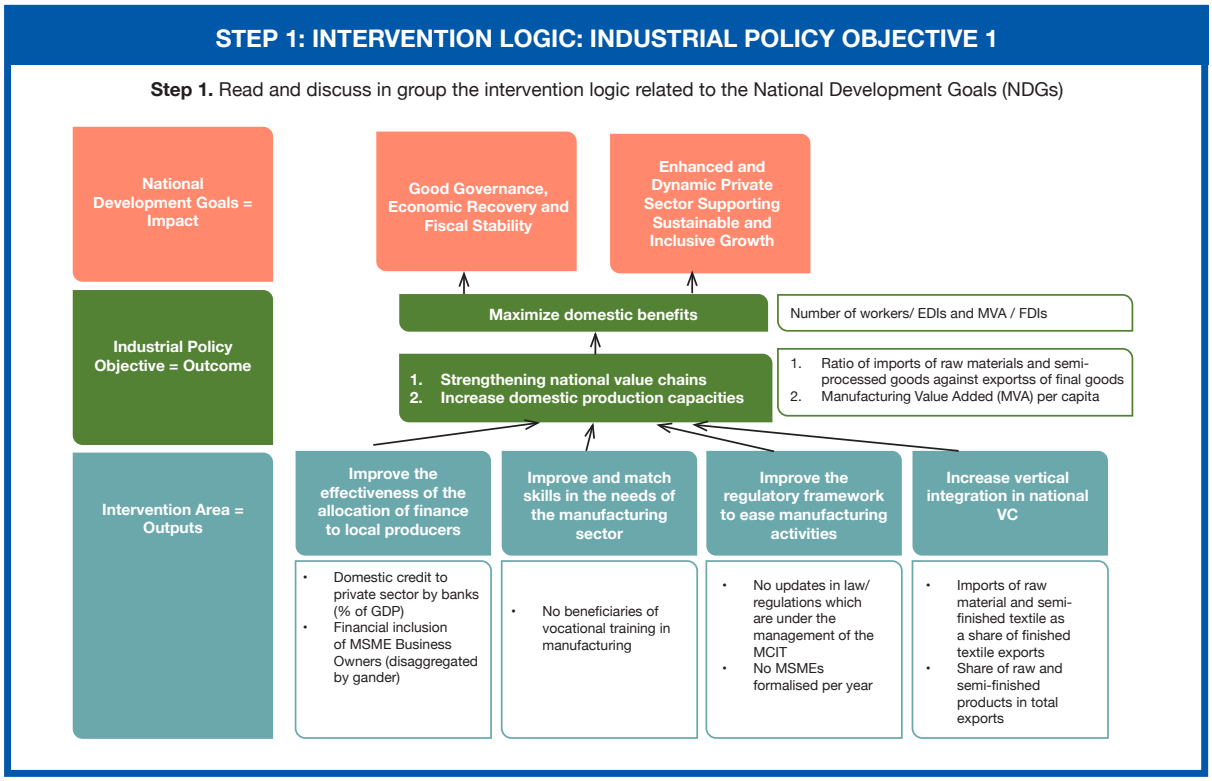
[12] A results framework is "an explicit articulation (graphic display, matrix, or summary) of the different levels, or chains, of results expected from a particular intervention—project, program, or development strategy" (World Bank, 2012). Various results frameworks exists such as logical frameworks, logic models, theories of change, results chains, and outcome mapping.
[13] The exercise is limited to Intervention Areas (IAs), Industrial Policy Outcomes (IPOs) and National Development Goals (NDGs) since instruments are yet to be defined.
[14] The only way to verify with certainty whether a policy or a programme had the desired impact is to rely on Rigorous Impact Evaluations (RIE). Unlike M&E approaches, RIE is able to find the causal impact of a policy or a programme on a target group and show what would have happened in the absence of the intervention. In other words, they enable to attribute variations in outcomes of interest to a specific intervention. To do so, they rely on the comparison of (i) a treatment group, which are units of observations which were exposed to an intervention, to (ii) a control group, which are units of observations which were not exposed to the intervention.
[15] Indicators that are closer to impact are more vulnerable to shocks and complementary or antagonist policies.
[16] Other factors, such as the self-selection of participants to benefit from instruments could also bias results.
[17] Including frequency of data collection and data analysis.
[18] Reporting may highlight the need for corrective measures to improve, refine or add complementary industrial policy instruments.

7.1 Theories of Change (ToC)

To understand how Industrial Policy Instruments (IPIs) are expected to contribute to Industrial Policy Objectives (IPOs) and, subsequently, to National Development Goals (NDGs), this section presents high-level Theories of Change (ToC) for each IPO. More specifically, for each IPO (or "Outcome"), it includes a mapping of relevant Industrial Policy Instruments[19] (or "activities"), Intervention Areas (IAs) (or "outputs"), and National Development Goals (or "impact")[2021].

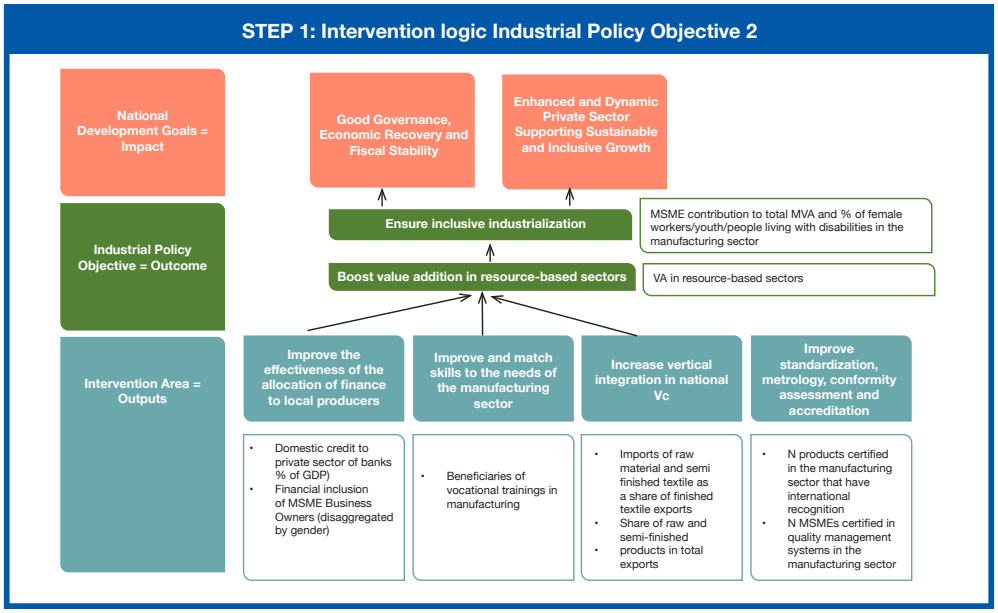
In the five following ToCs, relevant indicators to measure each moment of these ToCs are included within white boxes. Further consultations may lead to adjustments to this preliminary selection of indicators to monitor and evaluate the performance of the IP. This preliminary selection of indicators to measure IPOs and IAs has been included within the ToCs diagrams (i) to emphasise the outcomes-based nature of this industrial policy[22] and (ii) to help policymakers to better grasp the concepts behind each moment of the ToC.

- **Objective 1** Maximize domestic benefits by strengthening national value chains and increasing domestic production capacities

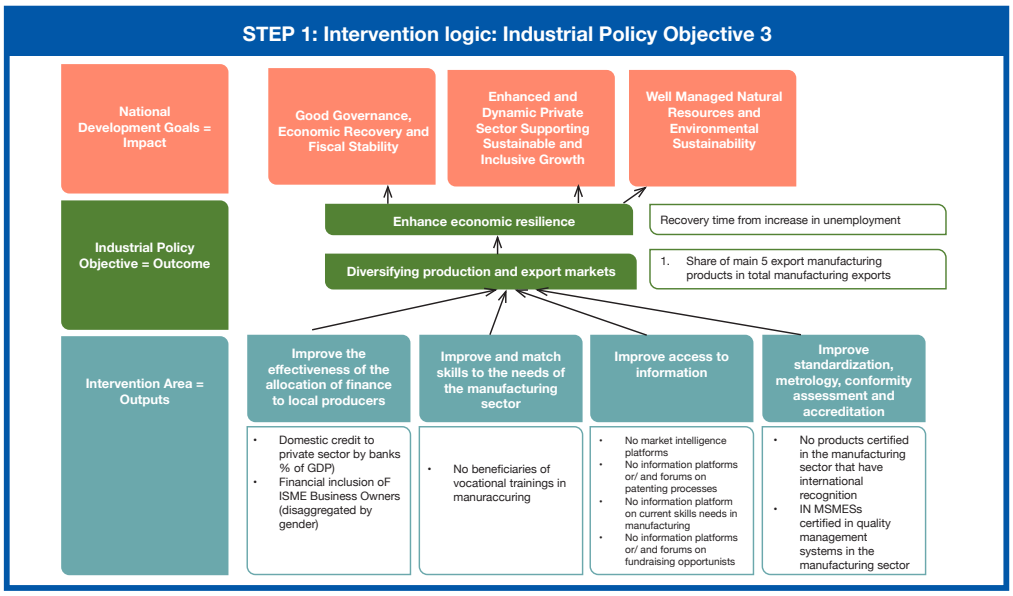


[19] The whole set of relevant policy instruments may be defined during a second phase of the project.
[20] Industrial Policy Instruments (IPIs) have not been defined yet. Therefore, corresponding boxes from each graph are left empty but they must be completed after the validation of the instruments.
[21] More work is needed to define assumptions of the expected causal pathways, and to list potential external factors such as other policies or shocks that may impact results.
[22] For more information on the indicators, see Subsection on indicators.

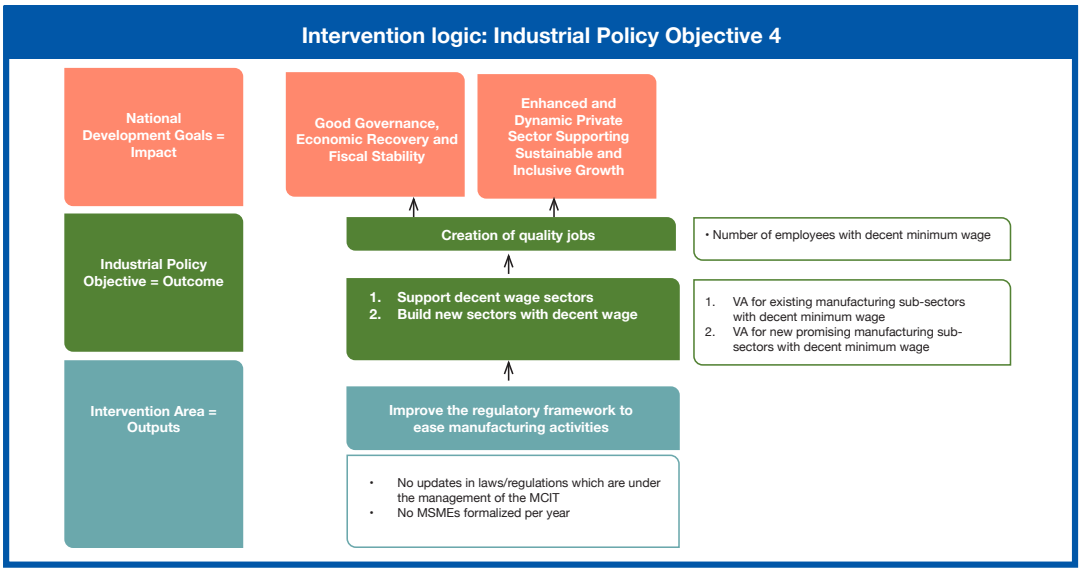
- **Objective 2:** Boost value addition in resource-based sectors to ensure inclusive industrialization



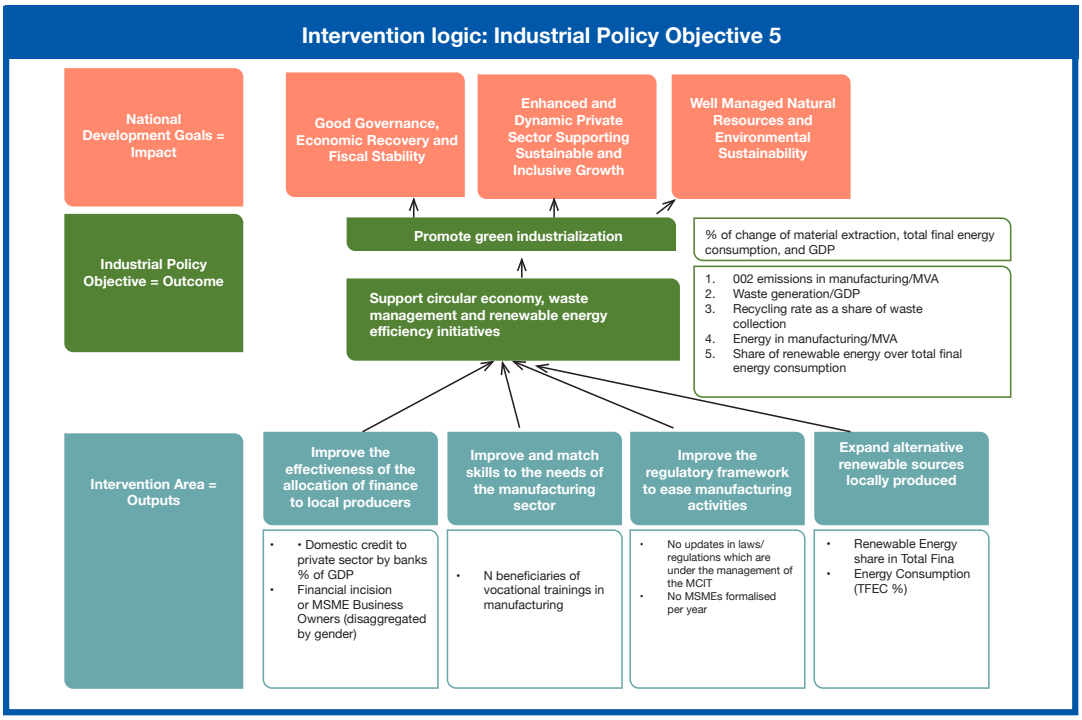
- **Objective 3:** Enhance economic resilience by diversifying production and export markets



- **Objective 4:** Supporting decent wage sectors and build new sectors for the creation of quality jobs



- **Objective 5:** Promote green industrialization by supporting circular economy, waste management and renewal and energy efficiency initiatives



For each Theory of Change (ToC), specific assumptions and a list of exogenous factors must be defined through a stakeholder meeting in a second phase of this project. Assumptions can be defined as "the core beliefs that underpin a theory of change and explain the ´theory´ behind the different elements of your theory of change and how they connect" (InFocus, 2020). For instance, if the government finances a vocational programme to improve productivity in the manufacturing sector, a key assumption is that the participants of the training will acquire relevant skills that will improve their productivity. External factors can be

social, economic, political, or natural factors that can influence various moments of a ToC, and in particular, the outcomes and the impact of the programme. The rest of this subsection lays out Theories of Change (ToC) for each Industrial Policy Objective (information of instruments must be added once they are finally validated.

7.2 Indicators

This subsection includes a preliminary list of indicators to monitor and evaluate the contribution of the instruments to the Intervention Areas (IAs) and the Industrial Policy Objectives (IPOs). Indicators related to instruments must be defined after the selection of the policy instruments.

To select relevant indicators to monitor and evaluate the impact of the industrial policy authors relied on the SMART principles, and indicators related to instruments may also be defined according to SMART principles.

7.2.1. Preselected indicators to measure Industrial Policy Objectives

This list of preselected 20 indicators to assess the contribution of the policy instruments to the IPOs was selected according to the SMART principles[23]. Other criteria such as data availability were considered.

Table 12 includes for each IPO the preselected indicators and the component and the subcomponent of the IPO they refer to. It also describes the type of indicator[24], the way the indicator is selected, and the rationale for the selection of each indicator.

Objective	Component	Subcomponent	Indicator type	Indicator	Unit	Data source	Reporting Frequency	Rational
Objective 1 Maximize domestic benefits by strengthening national value chains and increasing domestic production capacities	Maximizing domestic benefit	Decent job creation	Final outcome 1	Number of workers / FDIs	Workers per 100,000 Emalangeni (or $10,000)	National data ; WDI	Yearly	This indicator captures whether FDIs are associated with job creation.
		Local development	Final outcome 2	MVA / FDIs	n/a (ratio)	World Development Indicators; WDI	Yearly	This indicator captures whether FDIs are associated with Manufacturing Value Added. A high value of this indicator may indicate that FDIs enable local companies to engage in activities creating value added.
	Strengthening of value chains	n/a	Intermediate outcome 1	Ratio of imports of raw materials and semi-processed goods against exports of final goods	%	WITS	Yearly	The indicator captures the import dependency of a country from foreign raw materials. A lower value of this indicator may indicate that the dependency decreased, and more local inputs are being used in the value chain.
	Domestic production capacities	n/a	Intermediate outcome 2	Manufacturing Value Added (MVA) per capita	Emalangeni per capita (or $ per capita)	World Development Indicators	Yearly	MVA per capita is a key indicator of a country's industrial capacity. It provides insight into the country's level of industrialisation (adjusted for population

[23] Indicators are defined as SMART if they follow the following criteria[23]:

- Specific. A specific indicator will be narrowly defined and will describe exactly what needs to be measured.
- Measurable. A measurable indicator is one which can be aligned with a specific numeric or ranked value to show improvement over time.
- Achievable. Defining your indicators for milestones which are realistically achievable is key to success, and also in ensuring that during the conceptualisation phases, the project exists within the realm of what is actually possible to achieve.
- Relevant. Ensuring indicators are relevant provides for a consideration of the context in which the project is operating.
- Timely. Time-bound indicators are those which include a date by which you expect to see the change, giving substance and life to the project as a whole.

[24] Intermediate outcomes can be thought of as preconditions for final outcomes.

Objective	Component	Subcomponent	Indicator type	Indicator	Unit	Data source	Reporting Frequency	Rational
								size) and gives an indication of its capacity to add value in the manufacturing process.
Objective 2: Boost value addition in resource-based sectors to ensure inclusive industrialization	Inclusive industrialization	MSME' inclusion	Final outcome 1	MSME contribution to total MVA	%	Findscope MSME survey	Yearly	This indicator reflects the extent to which MSMEs capture MVA and, subsequently, benefit from manufacturing.
		Female' inclusion	Final outcome 2	% of female workers in the manufacturing sector	%	Female: ILO Youth and PLD: Integrated Labour Force Survey	Yearly	This indicator captures the extent to which women benefit from the manufacturing sector.
		Youth' inclusion	Final outcome 3	% of youth workers in the manufacturing sector	%	Local data	Yearly	This indicator captures the extent to which youth benefit from the manufacturing sector.
		People with disabilities' inclusion	Final outcome 4	% of people living with disabilities who work in the manufacturing sector	%	Local data	Yearly	The indicator reflects the capacity of the manufacturing sector to include people living with disabilities.
	Value addition in resource-based sect	n/a	Intermediate outcome 1	VA in resource-based sectors	Emalangeni (or $)	Local data	Yearly	This indicator reflects the capacity of the country to generate VA in resource-based sectors, which are expected to be inclusive for the case of Eswatini
Objective 3: Enhance economic resilience by diversifying production and export markets	Economic resilience	Recovery from socks	Final outcome 2	Recovery time from increase in unemployment	Days	Time to inverse a negative trend	Monthly	Shocks may increase unemployment. Time to recover from an increase in unemployment reflects the ability of the economy to recover from a negative shock.
	Diversification	Products	Intermediate outcome 1	Share of main 5 export manufacturing products in total manufacturing exports	%	UN-COMTRADE but check with National data through WITS	Yearly	Diversified economies with various export products are less vulnerable to shocks. The indicator is then a good measure of expected resilience.
		Markets	Intermediate outcome 2	Share of main 5 exports markets for manufacturing in total exports	%	UN-COMTRADE but check with National data through WITS	Yearly	Diversified economies with various exports markets are less vulnerable to shocks. The indicator is then a good measure of expected resilience.
Objective 4: Supporting decent wage sectors	Quality jobs	Decent wage	Final outcome 1	Number of employees with	Count	Local data	Yearly	"Decent" wages can be thought of as wages enabling workers to access at least

Objective	Component	Subcomponent	Indicator type	Indicator	Unit	Data source	Reporting Frequency	Rational
and build new sectors for the creation of quality jobs				decent minimum wage				a basket of essential goods. The underlying assumption is that these decent wages give them access to standards of living which are above a poverty line. We suggest to use as a benchmark the minimum wage in the formal sector.
	Supporting decent wage (existing) sectors	n/a	Intermediate outcome 1	VA for existing manufacturing subsectors with decent minimum wage	Emalangeni(or $)	Local data TBD	Yearly	"Decent" wages can be thought of as wages enabling workers to access at least a basket of essential goods. The higher the size of the sectors with decent minimum wages, the higher the likelihood that it provides a large number of decent wages.
<u>Objective 5:</u> Promote green industrialization by supporting circular economy, waste management and renewal and energy efficiency initiatives	Promote green industrialization	Decoupling effect	Final outcome 1	Material extraction Total Final Energy Consumption Gross Domestic Product	Million tonnes (% of change) TJ (% of change) USD constant prices (% of change)	Material Flow.Net International Energy Agency World Development Indicators	Yearly	The relation of the tree indicators captures the resource and material extraction – economic growth decoupling effect to understand if economic growth is happening in the country but not at the expense of the environment. GDP should exhibit an upward trend, while the other two a downward trend or at least that is starting to separate from the GDP trend. Ideally this relation should be analyzed not for the whole economy but for the manufacturing or the industrial sector
	Promote green industrialization	Emissions	Intermediate outcome 1	CO2 emissions in manufacturing/MVA	Tonnes per Emalangeni (or $)	International Energy Agency & WDI or CSO	Yearly	This indicator captures the proportion of CO2 emissions that has been generated by the manufacturing sector
	Promote green industrialization	Waste	Intermediate outcome 2	Solid Waste generation/GDP (ideally industry and hazardous solid waste generation/GDP)	Tonnes per Emalangeni (or $)	National data & WDI or CSO	Yearly	This indicator captures the average amount of solid waste generated by unit of GDP created (e.g. by Emalangeni). The lower the value, the lower the negative environmental impact of the manufacturing sector
	Promote green industrialization	Waste / Circular economy	Intermediate outcome 3	Recycling rate as a share of waste collection	%	National data	Yearly	This indicator captures the extent to which the waste collected is recycled for potential use. The higher the share, the higher the possibility of reincorporating materials into the production processes
	Promote green	Energy	Intermediate outcome 4	Industry energy consumption/ industry VA	Ktoe per $	International Energy	Yearly	This indicator captures the average amount of energy needed to create one unit of manufacturing value added. The

Objective	Component	Subcomponent	Indicator type	Indicator	Unit	Data source	Reporting Frequency	Rational
	industrialization					Agency and WDI		lower the value the lower the energy intensity of the manufacturing sector
	Promote green industrialization	Energy	Intermediate outcome 5	Renewable Energy share in Total Final Energy Consumption (TFEC %)	%	International Energy Agency	Yearly	Renewable energy as a share of total final energy consumption. Gives and indication of the amount of clean energy used in the country and the remaining opportunity to transform the energy matrix of the country

TABLE 12: PRESELECTED INDICATORS TO MEASURE INDUSTRIAL POLICY OBJECTIVES

During the implementation phase, additional elements must be completed (in line with the subsection on targets) such as data collection agents or entities, data frequency which must be in line with reporting needs, as well as various processes.

7.2.1. Preselected indicators to measure Intervention Areas

This list of preselected 15 indicators to assess the contribution of the policy instruments to IAs was selected according to the SMART principles. Other criteria such as data availability were considered.

Table 13 includes for each IA the preselected indicators and the component and the subcomponent of the IPO they refer to. It also describes the type of indicator, the source of data, the suggested reporting frequency and the rationale for the selection of each indicator.

Intervention area	Related objectives	Indicator	Unit	Data source	Reporting Frequency	Rational
1. Improve the effectiveness of the allocation of finance to local producers	Objectives 1, 2,3, 4 and 5.	Domestic credit to private sector by banks (% of GDP)	%	World Development Indicators (WDI)	Yearly	Gives an indication (proxy) of how strong the bank system is to make funds available for the private sector and if the latter is effectively accessing the funds.
		Financial inclusion of MSME Business Owners (disaggregated by gender)	%	Local data	Yearly	Level of MSME access (by strand) to diverse financial products and services in Eswatini. Gives an indication (proxy) of how well equipped the MSME group is to boost and improve their productive activity. This is relevant considering MSMEs sector is recognized as a significant contributor to economic growth and development and mass employment.
2.Improve access to information	Objective 3	Number of industrial platforms	Count	Local data	Yearly	An industrial platform can support the identification of market opportunities and provide information about the industrial performance and capabilities of the country

Intervention area	Related objectives	Indicator	Unit	Data source	Reporting Frequency	Rational
		N information platforms or/ and forums on patenting processes	Count	Local data	Yearly	A platform or forum on patenting processes can provide information and guidance on how to obtain a patent and incentivize innovation
		Number of information platforms or/ and forums on funding opportunities	Count	Local data	Yearly	A platform or forums on funding opportunities can provide information to incentivize investment in productive activities
3.Improve and match skills to the needs of the manufacturing sector	Objective 1,2,3, 4 and 5	N beneficiaries of vocational trainings in manufacturing	Count	Local data	Yearly	
4.Improve the regulatory framework to ease manufacturing activities	Objectives 1, 2, 4 and 5	Number of updates in laws/regulations which are under the management of the MCIT	Count	Local data	Yearly	Regulation is a driver of industrial development, which may incentivise entrepreneurship as well as impact competitiveness.
		N MSMEs formalised per year	Count	Local data	Yearly	Formalisation levels may reflect the incentives that the regulatory framework gives to companies to enter the formal sector.
5.Increase vertical integration in national VC	Objective 1	Imports of raw material and semi-finished textile as a share of finished textile exports	%	Local data	Yearly	Imports of raw and semi-finished materials as a share of finished exports in specific sectors give an indication of how much this sector depends on imported inputs. This related to FDI level in the specific sector also gives and orientation of how much benefits stays in the country.
		Share of raw and semi-finished products in total exports	%	WITS	Yearly	Share of raw and semi-finished products as a share of total exports provide evidence of the level of value addition (processing) in a specific sector
6.Improve standardization, metrology conformity assessment and accreditation	Objective 2 and 3	Number of products certified in the manufacturing sector that have international recognition. Number of of MSMEs certified in management systems in the manufacturing sector	Count	Local data	Yearly	Adopting international quality standards may increase demand for products and, subsequently, the capacity to export. Also will ensure that good quality products can compete in better conditions in the local market as well
7.Expand alternative renewable resources locally produced	Objective 5	Renewable electricity generation by source (GWh)	GWh	International Energy Agency	Yearly	Renewable electricity generation by source. Gives an indication of the amount of electricity generated by clean sources in the country

TABLE 13: PRESELECTED INDICATORS TO MEASURE INTERVENTION AREAS

During the implementation phase, additional elements must be defined such as specific targets, data collection agents or entities, data frequency which must be in line with reporting needs, as well as various processes.

M&E targets

This subsection presents recommendations to define targets at the Industrial Policy Objective (IPO) level[25]. To define quantitative targets, there is no one-size-fits-all methodology. Targets may be set up based on past performance, peer country performance, and resources dedicated to current and new policy instruments. Selected approaches may depend on data availability and internal capacity to run analyses to define targets.

To develop preliminary targets at the IPO level for this new policy, as a starting point, we recommend two main methodologies as follows:

- Benchmarking exercise. When historical data is available for Eswatini and peer countries[26], we recommend calculating the growth rates of the indicator for each country over a reference period of ten years. Then, based on the aforementioned analysis, we suggest defining the highest average growth rate and second highest average growth rates over the reference period. Adding the average highest growth rate, the current value of the indicator for Eswatini enables to obtain a preliminary "high target" for the following year. Repeating the exercise based on the value obtained at Y+1 enables us to calculate a target for the year Y+2. Applying the same methodology, the average medium growth rate enables us to obtain a preliminary "medium" target.
- Historical data only. When historical data is only available for Eswatini, one way to obtain a preliminary "high target" and a preliminary "medium target" is to respectively extract the highest and the medium yearly growth rate over the reference period. Then, preliminary targets can be obtained in the same fashion as in the benchmarking exercise. A main drawback of the methodology is that it does not provide any incentives for the country to improve the current efficiency in line with peer countries. So, additional instruments (or updates of the new instruments) are only expected to improve outcomes up to the past best performance of the country. However, with adequate instruments, one may expect higher achievements than just the best past achievements.
- No historical data available at the country level. We recommend collecting at least a baseline data for one year available, and then create M&E targets based on the "benchmarking exercise" methodology.

Analysing previous performances to define targets involves strong assumptions. It suggests that expected future performance should only depend on the past performance of the country or the most performing peer countries. Therefore, once these preliminary targets are

[25] Defining targets for National Development Goals is out of the scope of this project. To define targets for instruments, data on current instruments, as well as budgets are needed. Moreover, although it may be useful to define such targets at the instrument level, we only recommend monitoring spending and activities without putting specific objectives. This enables to put the focus on results i.e. Industrial Policy Objectives (IPOs), and to give more flexibility on how instruments are implemented.

[26] For the sake of this exercise, the following peer countries were selected: Botswana, The Seychelles and Brazil.

defined, we suggest leveraging qualitative information to refine them. Qualitative information on the expected budget, the outcomes of past projects, or the efficiency of the previous instruments may give information to the policymakers on whether it makes sense to raise preliminary targets or not. For instance, if an important budget is allocated to an instrument that may drastically impact an indicator, policymakers may decide to raise the target above the preliminary "high" target[27].

Targets may be impacted by other policies or external factors (economic shocks, natural disasters, etc.). Therefore, although targets defined in such a manner are informative, one may be cautious when interpreting performance in line with targets. For instance, in case of poor performance, additional information may be needed to assess whether policy instruments were irrelevant or not implemented correctly, or whether poor performance is due to external factor that are not under the managing control of the policymakers.

Next steps for the implementation of the M&E framework

As mentioned at the beginning of this section, to operationalise this theoretical framework, two main steps must be carried out during the implementation phase.

First, a full analysis of (i) the capacity to collect data, (ii) to aggregate data and (iii) to create visualisation tools such as dashboards is necessary.

Then, defining processes and responsibilities (i) to collect[28] and verify the data, (ii) to analyse the data and (iii) for reporting purposes is needed[29].

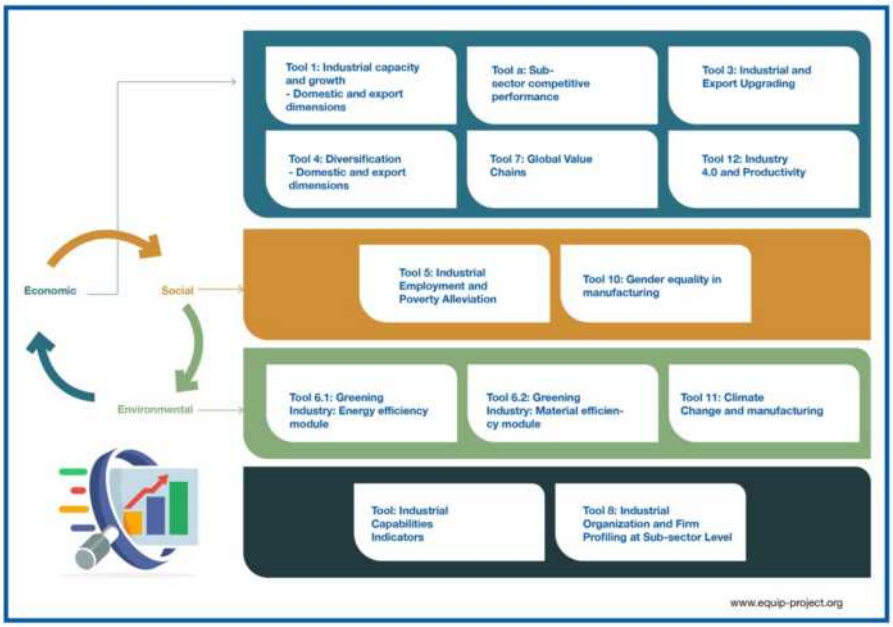
[27] This qualitative analysis may involve some degree of subjectivity. Therefore, we recommend running a workshop with key stakeholders to refine preliminary targets.
[28] Including frequency of data collection and data analysis.
[29] Reporting may highlight the need for corrective measures to improve, refine or add complementary industrial policy instruments.

8. ANNEX

Annex 1: Methodological considerations

a. EQuIP analytical toolkit for industrial performance diagnostic

The development of the Industrial Performance Diagnosis used for the decision-making process of this Policy was based on the EQuIP Analytical Toolkits (see figure below). The full EQuIP toolbox provides a long list of diagnostic and analytical indicators to be used for evidence-based Industrial Policy in a multi-dimensional approach; meaning that the analytical exercise contemplated economic, social and environmental considerations. Based on the needs, context and data availability of Eswatini, a series of indicators were selected and presented throughout the document.



This Annex also provides an overview of the main data sources used, the benchmark countries selected, and product classifications used in the process.

b. Data sources

Data source	Dimension	Level
World Development Indicators (WDI)	Economic	International
UN – COMTRADE through World Integrated Trade Solutions (WITS)	Trade	International
Central Statistical Office	Social (employment, wages) and Economic (value addition)	National
Eswatini Revenue Services (ERS) – Custom Department	Trade	National
Material Flow Net	Environment	International
International Energy Agency	Environment	International

c. Benchmark countries

In the global economy and when talking about industrial performance and competitiveness, the performance of others; hence the need for comparison. Benchmarking also helps to contextualize the country's development and to assess relative performance. It is also useful to identify 'best practice' through benchmarking.

Mauritius, Botswana, Lesotho, and Brazil were chosen as benchmarks for Eswatini. In the case of Botswana, Lesotho and Mauritius since they have some regional similarities as they are in the Southern African Development Community or have some similarities in terms of the size of the country or possess some similar trends in the manufacturing sector. While Brazil was selected more as a role model and an important competitor in the sugar sector (one of the most relevant in Eswatini among the resource-based sectors)

d. Product group classification

When looking into "manufacturing" data, the International Standard Industrial Classification of all Economic Activities (ISIC Rev 3) was used to obtain some economic, social and trade information. The category that classifies manufacturing is shown in the highlighted zone of the below graph.

ISIC Rev.3
(International Standard Industrial Classification of All Economic Activities, Rev.3)

Click on any code to see more detail. Click here for top level only.

- **A - Agriculture, hunting and forestry**
  - 01 - Agriculture, hunting and related service activities
  - 02 - Forestry, logging and related service activities
- **B - Fishing**
  - 05 - Fishing, operation of fish hatcheries and fish farms; service activities incidental to fishing
- **C - Mining and quarrying**
  - 10 - Mining of coal and lignite; extraction of peat
  - 11 - Extraction of crude petroleum and natural gas; service activities incidental to oil and gas extraction excluding surveying
  - 12 - Mining of uranium and thorium ores
  - 13 - Mining of metal ores
  - 14 - Other mining and quarrying
- **D - Manufacturing**
  - 15 - Manufacture of food products and beverages
  - 16 - Manufacture of tobacco products
  - 17 - Manufacture of textiles
  - 18 - Manufacture of wearing apparel; dressing and dyeing of fur
  - 19 - Tanning and dressing of leather; manufacture of luggage, handbags, saddlery, harness and footwear
  - 20 - Manufacture of wood and of products of wood and cork, except furniture;
  - manufacture of articles of straw and plaiting materials
  - 21 - Manufacture of paper and paper products
  - 22 - Publishing, printing and reproduction of recorded media
  - 23 - Manufacture of coke, refined petroleum products and nuclear fuel
  - 24 - Manufacture of chemicals and chemical products
  - 25 - Manufacture of rubber and plastics products
  - 26 - Manufacture of other non-metallic mineral products
  - 27 - Manufacture of basic metals
  - 28 - Manufacture of fabricated metal products, except machinery and equipment
  - 29 - Manufacture of machinery and equipment n.e.c.
  - 30 - Manufacture of office, accounting and computing machinery
  - 31 - Manufacture of electrical machinery and apparatus n.e.c.
  - 32 - Manufacture of radio, television and communication equipment and apparatus
  - 33 - Manufacture of medical, precision and optical instruments, watches and clocks
  - 34 - Manufacture of motor vehicles, trailers and semi-trailers
  - 35 - Manufacture of other transport equipment
  - 36 - Manufacture of furniture; manufacturing n.e.c.
  - 37 - Recycling
- **E - Electricity, gas and water supply**
  - 40 - Electricity, gas, steam and hot water supply
  - 41 - Collection, purification and distribution of water
- **E - Construction**
  - 45 - Construction

For some trade analysis the HS at 6-digit of the Harmonized System nomenclature was also used.

Annex 2: List of institutions that participated in the consultation process

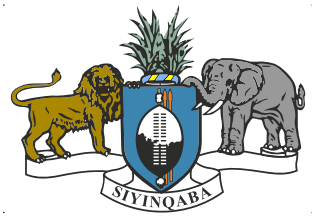
No.	Name of Institution	Department
1	Ministry of Commerce, Industry and Trade	Industry Department
		Commerce Department
		Micro, Small and Medium Enterprise (MSME) Unit
		International Trade Department (ITD)
		Regulatory Quality Infrastructure Department (RQID)
		Handcraft Department
		Planning Unit
		Cooperatives Department
		Registrar of Intellectual Property (IP)
		Weights and Measures
		Planning Unit
2	Prime Minister's Office	Policy and Programme Coordinating Unit (PPCU)
3	Deputy Prime Minister's Office	Gender Coordination Unit
4	Ministry of Agriculture	Planning Unit
5	Ministry of Economic Planning and Development	Central Statistical Office
		Macroeconomic Unit
6	Ministry of Natural Resources and Energy	Energy Department
7	Ministry of Education and Training	
8	Ministry of Labour and Social Security	
9	Ministry of Tourism and Environmental Affairs	
10	Ministry of Tinkhundla Administration	
11	Ministry of Finance	
12	Ministry of Information, Communication and Technology	
13	Ministry of Sports, Culture and Youth Affairs (MSCYA)	
14	Business Eswatini	
15	Central Bank of Eswatini	
16	Eswatini Investment Promotion Authority (EIPA)	
17	COMESA Federation of Women in Business Eswatini Chapter (COMFWB)	
18	European Union Delegation	
19	Eswatini Standards Authority (ESWASA)	
20	Eswatini Water and Agricultural Development Enterprise (ESWADE)	
21	Eswatini Bank	
22	National Agriculture Marketing Board (NAMBOARD)	
23	Eswatini College of Technology (ECOT)	
24	Eswatini Cotton Board (ECB)	
25	Eswatini Revenue Authority (ERS)	
26	Eswatini Development Finance Corporation (FINCORP)	
27	University of Eswatini (UNESWA)	
28	Centre for Financial Inclusion (CFI)	

29	Coordination Assembly of Non-Governmental Organizations (CANGO)	
30	Eswatini Energy Regulatory Authority (ESERA)	
31	Eswatini Economic Policy Analysis and Research Centre (ESEPARC)	
32	Eswatini Environmental Authority (EEA)	
33	Federation of Eswatini Business Community (FESBC)	
34	United Nations Development Programme (UNDP)	
35	Eswatini Competition Commission (ESCC)	
36	Eswatini National Industrial Development Corporation (ENIDC)	
37	Women in Trade and Development (WITAD)	
38	Small Enterprise Development Company (SEDCO)	
39	Coalition of Informal Economy Association of Swaziland (CIEAS)	
40	Youth Enterprise Revolving Fund (YERF)	
41	Luhlelo Lolunotsisa Tebhizinisi (LULOTE)	
42	Women In Informal Cross Border Trade (SIVE LESINEBUNYE)	
43	Umhluma Organization	
44	Construction Industry Council (CIC)	
45	Umhluma Women and Youth Foundation	
46	Vocational and Commercial Training Institute Matsapha (Gwamile VOCTIM)	

Annex 3: Technology Classification ISIC Rev 3

Technology Classification	ISIC Code Rev 3	Description
Resource based	151	Processed meat, fish, fruit, vegetables, fats
Resource based	1520	Dairy products
Resource based	153	Grain mill products; starches; animal feeds
Resource based	154	Other food products
Resource based	155	Beverages
Resource based	1600	Tobacco products
Low technology	171	Spinning, weaving and finishing of textiles
Low technology	172	Other textiles
Low technology	1730	Knitted and crocheted fabrics and articles
Low technology	1810	Wearing apparel, except fur apparel
Low technology	1820	Dressing & dyeing of fur; processing of fur
Low technology	191	Tanning, dressing and processing of leather
Low technology	1920	Footwear
Resource based	2010	Sawmilling and planing of wood
Resource based	202	Products of wood, cork, straw, etc.
Resource based	210	Paper and paper products
Other	221	Publishing
Other	222	Printing and related service activities
Other	2230	Reproduction of recorded media
Low technology	2310	Coke oven products

Resource based	2320	Refined petroleum products
Medium and high technology	2330	Processing of nuclear fuel
Medium and high technology	241	Basic chemicals
Medium and high technology	242	Other chemicals
Medium and high technology	2430	Man-made fibres
Resource based	251	Rubber products
Medium and high technology	2520	Plastic products
Resource based	2610	Glass and glass products
Resource based	269	Non-metallic mineral products n.e.c.
Medium and high technology	2710	Basic iron and steel
Resource based	2720	Basic precious and non-ferrous metals
Resource based	273	Casting of metals
Low technology	281	Struct.metal products;tanks;steam generators
Low technology	289	Other metal products; metal working services
Medium and high technology	291	General purpose machinery
Medium and high technology	292	Special purpose machinery
Medium and high technology	2930	Domestic appliances n.e.c.
Medium and high technology	3000	Office, accounting and computing machinery
Medium and high technology	3110	Electric motors, generators and transformers
Medium and high technology	3120	Electricity distribution & control apparatus
Medium and high technology	3130	Insulated wire and cable
Medium and high technology	3140	Accumulators, primary cells and batteries
Medium and high technology	3150	Lighting equipment and electric lamps
Medium and high technology	3190	Other electrical equipment n.e.c.
Medium and high technology	3210	Electronic valves, tubes, etc.
Medium and high technology	3220	TV/radio transmitters; line comm. apparatus
Medium and high technology	3230	TV and radio receivers and associated goods
Medium and high technology	331	Medical, measuring, testing appliances, etc.
Medium and high technology	3320	Optical instruments & photographic equipment
Medium and high technology	3330	Watches and clocks
Medium and high technology	3410	Motor vehicles
Medium and high technology	3420	Automobile bodies, trailers & semi-trailers
Medium and high technology	3430	Parts/accessories for automobiles
Medium and high technology	351	Building and repairing of ships and boats
Medium and high technology	3520	Railway/tramway locomotives & rolling stock
Medium and high technology	3530	Aircraft and spacecraft
Medium and high technology	359	Transport equipment n.e.c.
Low technology	3610	Furniture
Low technology	369	Manufacturing n.e.c.
Other	3710	Recycling of metal waste and scrap
Other	3720	Recycling of non-metal waste and scrap
	3999	Total manufacturing (D)



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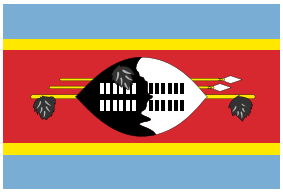

Acknowledgements

The Ministry of Commerce, Industry and Trade (MCIT) extends its sincere gratitude and appreciation to the donors, development partners or implementing agents for their joint efforts in providing technical and financial assistance for the development of this important project. Also not forgetting the staff in the Industry Department of the Ministry for a job well done.

The successful development of this Policy Document is attributed to the "Core Team" 1 * comprising officials from the Industry Department in the Ministry, which was established to undertake various tasks including data analysis, coordination, and drafting of this policy document, with technical support from GPI Consultants. Profound appreciation also extends to all private and public sector organizations and companies who provided valuable input to the development of this policy.

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