

BUDGET SPEECH

2025

PRESENTED BY

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THE HONOURABLE MINISTER FOR FINANCE

TO THE

PARLIAMENT

OF

THE KINGDOM OF ESWATINI

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I. INTRODUCTION

(i) Opening Remarks

1. Mr. Speaker, it is my great honour and privilege to present to this esteemed House, my second Budget Speech and National Budget Estimates for the 2025/26 financial year at the second session of the 12th Parliament of the Kingdom of Eswatini.
2. Mr. Speaker, I humbly stand before you today to give all thanks and glory to our Heavenly Father for His Spirit of unity over our nation. We thank Him for His mercy and the promises of His Word in these uncertain times. The scripture for this year's speech is taken from Romans 12:2.

"Do not conform to the pattern of this world, but be transformed by the renewing of your mind. Then you will be able to test and approve what God's will is---His good, pleasing and perfect will."

3. Our united prayer today is for the transformation of our minds to seek and find God's perfect will for our nation, to take us into His promised land that He has prepared for us. We acknowledge that this is no easy task - there are rivers to cross, sacrifices to be made and giants to conquer. However, we also know that, if we seek His presence, His will and His wisdom, that nothing is impossible for us.
4. Mr. Speaker, this promise is not possible without the mandate and wisdom of His Majesty for us to stop wandering in the desert, and to enter a Promised Land of unity, transformation and opportunity. His Majesty the King has given us this command in his speech from the Throne at the opening of Parliament, and Honourable Speaker, we are aligned with His vision for our nation. In doing so,

His Majesty has commanded that we improve service delivery, fight corruption and prioritize the youth, the elderly and the unemployed.

5. Mr. Speaker, I wish to thank His Excellency the Right Honourable Prime Minister and my colleagues in Cabinet for their tireless efforts in supporting me in the preparation of this budget and in faithfully executing His Majesty's vision for our country.
6. Mr. Speaker, this budget was made possible by the dedication and expertise of the team at the Ministry of Finance and the many organizations and professional groups that presented expert briefs during the budget formulation meetings, in the respective line ministries, especially the Planning and Budgeting Committee (PBC). I wish to extend my sincere gratitude to all of them.
7. Mr. Speaker, following the very successful National events emboldened by His Majesty's "**Nkwe**" declaration, I can confidently state that the Kingdom of Eswatini is poised for economic growth. The domestic economy is growing at an impressive rate and the Nation stands united, against a backdrop of peace and stability. It is now incumbent on us to continue to put the policies and budgets in place to grow the economy, create jobs, improve service delivery and uplift our people.
8. Mr. Speaker, I must caution however, that never in my seven years of presenting the budget has the world seemed less certain, or more fragmented. At regional, continental and global level, countries are at odds and ideologies colliding; economies are straining under the yoke of protectionism and nationalism. What used to seem certain is now being tested and dismantled on a global stage in real time. However, we need to remain steadfast in our faith, dedicated to our national identity and uncompromising in our pursuit of growing our economy and aligning with our principals and allies.

9. Mr. Speaker, it would be remiss of me to promise this Honourable house that our journey will be easy, or that crossing into our promised land will be without pain or sacrifice. We still have to confront, and defeat, the giants of corruption, mediocrity, and not providing enough job opportunities for our youth.
10. The theme of this year's budget is ***Transformation for Growth!*** Transformation demands that we admit our failings and strive to do things better.
11. This Budget is made up of the recurrent budget and the capital budget. It is the capital budget that has the biggest positive impact on Growth. For this reason, Cabinet has been very intentional by increasing the recurrent budget by 8.4 percent (this excludes the Contingency Fund) and the capital budget by 14.4 percent. This is why we can confidently say that this budget is a pro-growth budget.

(ii) Milestones

12. Mr. Speaker, it gives me great pleasure today, to announce that our economy is predicted to grow by 8.3 percent in 2025/26. This is against the solid growth figures of 5 percent in 2023 and 4.8 percent in 2024. This will be a remarkable achievement and is the highest predicted GDP growth rate in the region, and one of the highest in the world. We have laid the foundations to ensure that this growth is both sustainable and achievable. Growing our economy allows us to spend more on critical needs like health and education. It allows us to safely and sustainably borrow more to improve our infrastructure and it enables us to assist more vulnerable people in our communities. If we don't continue to grow our economy, we will not be able to create more jobs, provide more services or improve our quality of life.
13. This sustained economic performance has translated to allowing an increase of expenditure by E3.19 billion, or 10.9 percent. And even though we are borrowing more, because our economy is growing faster than our debt, the debt-to-GDP ratio is, in fact, stabilizing at 40.5 percent.

14. Mr. Speaker, you will recall that there was a strong call at Sibaya for emaSwati at community level to have input into the budget. I am grateful that for the first time ever this process kicked off in 2024. The approach was to sensitize all emaSwati on the Government budgeting process. The Planning and Budgeting Committee met with the Chief's, MP's, Tindvuna teTinkhundla and the Community Development Councils in all the four regions of the country on this subject.
15. Mr. Speaker, the Government is happy to report that Eswatini has qualified for World Bank International Development Agency (IDA) funding. This funding is highly concessional as 40 percent is a grant and 60 percent is a loan. This year our IDA window is USD 27 million.
16. Our fiscal prudence and business-friendly approach has meant that our economy has been rewarded with an upgrade of the country's sovereign credit rating from B3 to B2 by Moody's Rating's Agency. This means that Eswatini is being recognized as a safer and better place to invest and do business in, and it reduces our cost of borrowing.
17. Mr. Speaker, Eswatini also made history this year when our first sovereign bond was registered on the Johannesburg Stock Exchange. The bond was oversubscribed, meaning that investors were expressing their confidence in the sustainable economic future of the country. With the Moody's country upgrade, our Johannesburg Stock Exchange rating was also upgraded to investment grade. This should also reduce the cost of our bonds and broaden the market.
18. Mr. Speaker, despite our Southern Africa Customs' Union receipts declining by E 2.6 billion, we have been able to close the gap by relying on our SACU Stabilization Fund. The fund currently stands at E 2.5 billion, and E 1 billion will be drawn down to support this budget. Again, Eswatini is picking the fruit of the good seed that was planted. But we need to remain vigilant, as this year we are

budgeting to spend E 2.5 billion on servicing interest alone. The projected budget deficit of 3.0 percent is amongst the lowest in the region. Previous years of fiscal discipline are now starting to show results.

19. Mr. Speaker, I am also excited to announce the planned establishment of a Sovereign Wealth Fund in Eswatini, with the support of the Commonwealth. The purpose of the fund will be to consolidate, professionalize and align the Government's holdings into a single entity, according to international best practices, for the benefit of the Nation. The Fund is expected to be launched in April 2025.
20. Eswatini Revenue Services (ERS), is again projecting a record revenue estimate. In the year, 2024/25, they will be collecting E 14.5 billion, and this is projected to increase to E 16.5 billion in 2025/26. I wish to commend the Eswatini Revenue Service for this outstanding performance, as this increase of E2 billion is a function of broadening the tax base, as opposed to increasing tax.

II. GOVERNMENT'S PERFORMANCE IN 2024, INTERNATIONAL AND REGIONAL ECONOMIC OUTLOOK

(i) International and Regional Economic Performance

21. The global economic outlook is expected to remain steady though it continues to perform below potential. This is attributable to the lingering effects of the intensifying geopolitical tensions, which triggered supply chain disruptions and elevated global inflationary pressures, thereby heightening economic vulnerabilities for most countries. However, supportive financial conditions emanating from a less restrictive monetary policy stance as well as robust labour markets in the United States have offset the downward revisions in other major economies. Hence, global growth is projected to rise from 3.2 percent in 2024 to 3.3 percent in 2025 and 2026 (IMF World Economic Outlook, January 2025).

22. Similarly, in the Sub-Saharan Africa (SSA) region, economic activity is projected to grow by 3.8 percent in 2024 and further rise to 4.2 percent in 2025 and 2026 reflecting the easing inflationary pressures and less restrictive financial conditions. South Africa's growth is projected to rise from 0.8 percent in 2024, to 1.5 percent and 1.6 percent in 2025 and 2026, respectively, owing to the waning effects of load-shedding and improved logistics, which would support the rebound in economic activity and thus improve demand for Eswatini's exports.

(ii) Domestic Economic Growth and Medium-Term Outlook

Economic developments in 2023 and 2024

23. The domestic economy reflected resilience as economic activity rebounded strongly in 2023. Real gross domestic product (GDP) increased by 5.0 percent, from a contraction of 0.1 percent in 2022. In 2023, growth was strongly underpinned by increasing domestic demand, induced by national events. These events spurred activity in some of the demand-driven sectors such as the 'information and communication' and 'wholesale and retail'. Government operations also reflected a rebound in the period backed by the improved fiscal stance in line with higher SACU receipt as well as the increasing demand for Government services associated with the election activities. Similarly, mining activity increased in 2023, contributing 0.36 percentage points to overall real GDP growth. The sector benefited from expansions and new investments in coal production. On the contrary, agriculture production slumped in 2023, with the sector affected by increasingly erratic weather conditions during the farming season. Maize production declined by 33 percent whilst sugarcane output contracted by 2.7 percent in the period.
24. According to the latest projections (GDP Projections Review, January 2025), real GDP growth in 2024 will be 4.8 percent (previously projected at 3.6 percent in September 2024). Manufacturing activity is expected to have sustained the growth momentum in 2024, mainly the manufacture of sugar as well as

manufacturing of chemicals, rebounding from a slow growth in 2023. Similarly, primary activity, including the growing of crops in the agriculture and forestry sub-sector, is expected to slightly rebound in anticipation of better yields mainly in the sugar industry, previously affected by unfavourable weather conditions. On the contrary, growth in the services sector is expected to have slowed in 2024 on account of 2023's base effects linked to the national elections. The slowdown in activity will be observed in sectors such as the 'wholesale and retail', reflecting winding down of consumption demand as well as 'public administration' due to lower hiring compared to 2023.

(iii) Medium term (2025 – 2027) economic outlook

25. Mr. Speaker, positive economic prospects are envisaged in the medium-term as economic activity is projected to accelerate by an average of 5.4 percent between 2025 and 2027. The medium-term growth will be supported by expansions in energy related projects as well as the upscaled implementation of public sector investment projects such as the Mpakani dam under the MNWAP project, construction of the MR14 and MR21 roads, construction of the parliament building, the strategic oil reserve as well as the completion of the International Convention Centre and Five Star Hotel, among others.

26. Domestic real GDP is projected to peak at 8.3 percent in 2025 from a growth of 4.8 percent in 2024. The significant acceleration in economic growth is largely accounted for by the upscaled construction activity of the earmarked projects and is projected to directly contribute 2.5 percentage points to the overall growth outcome in 2025. In 2025 other supporting sectors such as 'transportation', 'quarried stone' production, 'manufacturing of construction material', 'wholesale and retail' and 'financial services will also benefit from the construction activity and contribute positively to the overall outcome. In the primary sector, double digit growth is expected for 'mining and quarrying' and 'forestry activities. The 'mining and quarrying' sub-sector growth would be on account of expansions in coal mining and anticipated increase in quarried stone production to support construction activities particularly that of big dams and planned roads.

27. GDP growth is projected to slow down in the outer years, to 4.8 percent in 2026 and 3.1 percent in 2027 as projected by our Macro Forecasting Team. The envisaged deceleration in economic growth is on account of high base effects from 2025, coupled with the completion of some projects with prospectively slower replacement ratio. The implementation of public and private projects (i.e., energy projects, roads, dams and other infrastructural developments) will continue in the medium-term, conditional on availability of financing. The mining sector is expected to maintain strong growth buoyed by increased production in coal and exploration of other minerals. The tourism industry is expected to recover to pre-COVID levels and maintain steady growth in the medium-term. Strong growth is also expected in the textile industry, driven by expansions in factory shells and a better penetration of markets particularly in the US market under the AGOA. The Government will be very intentional to counter these lower projected figures by targeting the pro-growth sectors like mining, ICT and agriculture.

Inflation developments

28. Mr. Speaker domestic inflationary pressures eased in 2024 as headline inflation averaged 4 percent in the year compared to an average of 5 percent in 2023. This was mainly attributable to the slowdown in food inflation, which fell by 8.9 percentage points from 12.8 percent in 2023 to 3.9 percent in 2024. On the other hand, inflation for housing rentals and utilities increased from 4.8 percent in 2023 to 7.0 percent in 2024 as this category responded to an upward tariff adjustment made effective on the 1st of April 2024. Domestic inflation is expected to remain within the target band of 3 – 6 percent in the short to medium term.
29. In the medium-term, international oil prices are expected to remain below US\$75 per barrel due to reduction in global demand and elevated global oil production. The Rand exchange rate to the US Dollar is anticipated to be stable in the medium-term. However, it faces a high risk of volatility and mild depreciation due to the uncertainty surrounding US policies over the next four years. Upside pressure on the inflation outlook is still expected mainly due to anticipated hikes

in administered prices, such as electricity and water tariffs in 2025. The inflation forecasts are envisaged to increase, averaging slightly above 4.5 percent for both 2025 and 2026.

Balance of Payments

30. External sector projections indicate that Eswatini's current account balance will post a surplus of E956.7 million in 2024, following a current account surplus of E1.9 billion recorded in 2023. The 2024 current account surplus is informed by a projected trade surplus of E3.8 billion, as exports continue to grow faster than imports. Data for January-November 2024 indicates that leading export commodities, namely, soft drink concentrate' and 'sugar' which account for over 60 percent of total exports, have performed well in 2024.
31. Eswatini's main trading partner for exports and imports is South Africa, as 70 percent of merchandise goods are sold and received from that market. Our country's positive merchandise trade balance is, however, eroded by the growing deficit of the services account balance, which emanates mainly from multinationals sourcing valuable services from outside of the country. SACU receipts continue to influence the current account balance. However, SACU receipts are projected to decline from the 2025/26 financial year, into the outer years. This, coupled with an increase in payments for services is expected to weaken the current account balance going forward.

(iv) Financial Sector Developments

Monetary Policy, Interest Rates and Money Supply

32. The Central Bank of Eswatini pursued an accommodative stance in 2024, reducing the discount rate by a cumulative 50 basis points. The Bank reduced the discount rate by 25 basis points to 7.25 percent in September 2024 and another 25 basis points to 7.0 percent in November 2024. This stance was broadly in line with the easing of global and regional monetary policy conditions, the lower domestic inflation outcomes and the improved inflation outlook for the

domestic economy. Consequently, commercial banks reduced the prime lending rate by the same 50 basis points over the year from 11.0 percent to 10.5 percent in November 2024, a conducive policy stance to boost credit extension to the private sector, hence economic growth. In executing its mandate, the Central Bank remains cognizant of the need to strike a balance between maintaining price and financial stability whilst supporting domestic economic growth.

33. The Bank remains conscious that the monetary policy is anchored on a fixed exchange rate regime. Hence, remains committed to curbing capital flight to protect the reserves and ensuring that the one-on-one peg of the Lilangeni to the South African Rand is maintained. The short-to-medium term monetary policy outlook remains uncertain with a downward bias. However, the global environment remains highly fluid with geopolitical tensions which, if they escalate, can cause supply chain disruptions and reversals on the disinflation path.

Johannesburg Stock Exchange (JSE) Listing

34. Following the successful listing of a ZAR 4 billion bond programme on the Johannesburg Stock Exchange, a total of ZAR 400 million was raised in May 2024 for a period of three years and these funds have helped the Government meet some of its financing needs. The Government will be going back to the South African stock market soon for a further issuance. It is expected that the conditions are likely to become more favourable following the improvement of the Country's credit rating on the domestic and international front, and the declining interest rate environment.
35. The Government of the Kingdom of Eswatini's long-term local currency and foreign currency issuer rating was upgraded in November 2024 from B3 to B2. The rating of our Bonds on the JSE also improved to investment grade. This improved credit rating was due to a good track record of the country's fiscal policy effectiveness which has led to an improved fiscal trajectory and the

Government's commitment to fiscal consolidation and institutional reforms such as the SACU stabilization fund and clearing of arrears.

Gross Official Reserves

36. Eswatini's stock of gross official reserves improved markedly in the 2024/25 financial year mainly due to higher SACU revenues, increased foreign currency trades with local banks, as well as an internal investment asset swap with a local non-bank institute.
37. Consequently, gross official reserves increased by 19.2 percent year-on-year between April and November 2024 from an average growth of 8.1 percent over the same period in 2023. However, the average import cover fell from 2.7 months in the first eight months of 2023/24 to 2.5 months over the same period of 2024/25, mainly due to a sharper increase in the country's import bill.
38. In the short to medium-term, gross official reserves are expected to remain under pressure due to the anticipated decline in SACU revenues in 2025/26 and persistent rise in imports.

Financial Sector Stability and Regulations

39. Mr. Speaker, in pursuit of financial inclusion and economic growth, the country has licensed MTN Fintech Services (MTN FS) as an Authorized Dealer with Limited Authority (ADLA) through the Central Bank of Eswatini. This system allows emaSwati residing in South Africa to send money back home to support their families using their mobile phones, facilitating cross-border mobile money transfers. This digital transformation solution will help close the gap between the unbanked and traditional banking services while ensuring compliance with applicable laws and regulations.
40. This year has also seen significant progress in the planned conversion of the Swaziland Building Society (SBS) into a bank. Following SBS's Annual General Meeting, the voting results indicated that 94 percent of permanent shareholders

supported the intention to convert to a bank. If this conversion milestone is ultimately achieved, the number of active banks in Eswatini will increase to five.

Performance of the Banking and Non-Banking Sectors

41. Mr. Speaker, the Eswatini Banking sector remained profitable with industry after-tax profits increasing by 7.9 percent year-on-year to E169.3 million compared to the previous year's E156.8 million. The industry is well capitalized, with an industry Capital Adequacy Ratio (CAR) reported at 18.3 percent and Common Equity Capital at 16.2 percent. These ratios satisfied the minimum regulatory requirements of 8 percent total minimum regulatory capital and 4.5 percent Common Equity Capital respectively under the Basel II Capital Framework. The industry's non-performing loans (NPLs) ratio averaged at 6.9 percent, marking a 0.2 percentage point increase from the previous quarter's 6.7 percent. The industry remains liquid and reports satisfactory liquidity levels above the statutory minimum requirements of 22 percent for commercial banks and 20.5 percent for development banks. The industry's liquidity increased to 34.8 percent compared to the previous quarter, which stood at 29.9 percent

42. The Non-Bank Financial Industry sector plays a pivotal role in the country's financial sector, holding assets valued at E 106.10 billion equivalent to 71 percent of the financial sector's assets. Pension funds and insurance companies grew by 11.6 percent, with pension assets reaching E50.10 billion. However, risks such as asset concentration and exposure to foreign markets persist, particularly for pension funds heavily invested overseas. The short-term insurance sector faces profitability challenges, though the long-term segment remains resilient. Transparency concerns and dependence on unsecured household credit, which constitutes 51.6 percent of household debt, are key challenges requiring careful oversight.

(v) Strengthening the Private Sector

Private Sector Credit Extension

43. Mr. Speaker, annual growth in private sector credit extension slowed down between April and October 2024, in part due to the rapid rise in inflation in 2022 and 2023. Year-on-year, the average growth in private sector credit decelerated from 10.0 percent between April and October 2023 to an average of 8.8 percent over the same period in 2024. Growth in private sector credit was driven by both the business and household sectors. Credit to businesses increased by an average of 12.7 percent year-on-year driven by sectors such as manufacturing, transport & communications, distribution & tourism, as well as community, social and personal services. Annual growth in credit to households stood at 6.0 percent at the backdrop of improvements in motor vehicle loans.
44. In line with positive developments in private sector credit, broad money supply (the amount of money circulating in the economy) improved between April and October 2024 compared to 2023. Annual growth in broad money supply rose from 4.6 percent in the first seven months of 2023/24 to 10.0 percent in the same period of 2024/25 as both quasi-money supply (liquid but non cash assets) and narrow money supply (money held by the Central Bank) expanded. In the short-to-medium term, growth in private sector credit and money supply, is expected to remain stable and positive respectively. Despite the relatively lower borrowing rates and improved economic growth in outer years, disposable incomes are forecasted to remain under pressure from global and regional factors.

(vi) Trade, Industry and Investment

International Trade Enhancement and Market Expansion

45. Mr. Speaker, the Government is strategically focused on amplifying Eswatini's export footprint through comprehensive trade agreements, including SACU,

SADC, COMESA, and AfCFTA. A priority agenda includes concluding AfCFTA negotiations, particularly in sensitive categories, and advancing Tripartite Free Trade Area discussions. Key to this strategy is the execution of plans such as the AfCFTA Implementation Strategy and the SADC-EU Economic Partnership Agreement Strategy, which are underpinned by intensive stakeholder engagement and capacity-building workshops.

Institutional Support for MSMEs

46. SEDCO's pivotal role in MSME advancement is marked by programs such as the Entrepreneur of the Year Awards and the Business Incubation Programme, which foster enterprise development and digital integration. Legislative advancements, including the Citizen Economic Empowerment Act, further entrench the MSME sector's importance. Collaborative efforts with organizations like Junior Achievement underscore a commitment to nurturing youth entrepreneurship, ensuring MSMEs remain integral to socio-economic progress.

Ensuring Fair Competition and Consumer Protection

47. The Eswatini Competition Commission is instrumental in fostering a competitive business environment, critical for economic vitality. By addressing anti-competitive practices and ensuring a level playing field through merger regulation, the Commission has bolstered investor confidence, as evidenced by the approval of 28 mergers in the 2024/25 financial year. Consumer protection is equally prioritized, with a 98 percent resolution rate for complaints, substantial compensation for violations, and proactive market monitoring to curb excessive pricing and ensuring transparency.

Intellectual Property and Creative Sector Empowerment

48. Mr. Speaker, the Government's commitment to enhancing Intellectual Property administration is pivotal in transforming Eswatini into an export-driven, diversified economy. The operationalization of the Eswatini Copyright and Neighbouring Rights Society aims to ensure artists benefit from royalties, thereby stimulating economic growth and addressing youth unemployment.

Cooperative Development and Financial Support

49. The co-operative sector will receive a significant boost with E30 million in support from the German Co-operative and Raiffeisen Confederation, including the establishment of a local office and a Co-operative bank. This financial and technical backing is poised to strengthen the co-operative movement's role in economic development.

Factory Shells Update

50. Mr. Speaker, the construction of the Johnson Workwear factory shell is on track for completion within six months. Once operational, this facility is expected to create over 2,000 jobs. Additionally, the reconstruction of the previously burnt-down factory shell at Hlathikhulu has been completed, potentially providing employment for 450 individuals. Operations at the Gamula factory shell are set to have commenced in January, while the Ndzevane factory shell has recently been finalized, with an anticipated workforce of slightly over 1,000 employees. The development of factory shells at Ngwenya and Piggs Peak are being finalized, which are projected to offer employment opportunities for approximately 1,000 and 450 people, respectively.

Factory Shells future aspirations

51. Mr. Speaker, a strategic policy has been adopted of constructing 10 factory shells annually. This initiative is expected to attract investments totalling E1.047 billion and generate approximately 4,000 new employment opportunities each year.
52. In this budget we have provided E140 million for the construction of factory shells.

III. ECONOMIC DEVELOPMENTS, GOVERNMENT'S SERVICE DELIVERY IN 2024 AND BUDGET STRATEGY FOR 2025/26

(i) Health

53. Mr. Speaker, Government spending on healthcare is undeniably crucial for the well-being of the nation. Tremendous progress has been made in reducing and managing the spread of HIV, TB, Malaria and other diseases.
54. Indicators show that currently, 97 percent of People Living with HIV know their HIV status; 98.3 percent of people with a known HIV positive diagnosis receive anti-retroviral therapy (ART); and 98.4 percent of people receiving ART are virally suppressed. In addition, 64 percent of the clients initiated on ART have reported to having disclosed their HIV status to their family members, sexual partners or other colleagues. Such gains are commendable and need to be sustained going forward.
55. Mr. Speaker, TB accounts for nearly one-third of all AIDS-related deaths, making it the leading cause of mortality in people living with HIV. Hence, we should ensure that TB Interventions are effective. It is encouraging that the TB Treatment Success Rate currently stands at 84 percent, illustrating an improvement of about 4 percentage points from the figure last reported.
56. Mr. Speaker, the nation cannot prosper if our children are not healthy and protected. At present, the national immunisation coverage (as measured by the DPT3 proxy indicator), is at 67 percent and full immunization coverage is at 68 percent according to the MR1 proxy indicator. In order to reduce mortality of those under-5 years old our vaccination programmes will continue to be supported.
57. The human papillomavirus (HPV) is the leading cause of cervical cancer in women and girls globally. To deal with this, the Government took a policy decision to vaccinate girls between 9 to 14 years of age against this disease. Remarkable

progress has been made as the vaccination rate is at 73.6 percent nationally. In the third quarter of 2024/25 financial year a second dose for the same age group was introduced for immune compromised girls. The plan is to extend immunization against HPV to ages 15-20 in 2025/26.

58. Mr. Speaker we are now facing a relatively new phenomenon of the rise of non-communicable diseases (NCDs). This calls for the strengthening of prevention and health promotion programmes and interventions, as well as the adoption of a healthy lifestyle by every liSwati. Significant progress is being made in re-purposing the former TB Hospital in Manzini to an NCD facility. A High Dependency Unit has been completed and preparations are on-going to construct the Radiation Oncology department, and Nuclear Medicine section. The High Dependency Unit is meant to cater for critically ill NCD patients, including those with cancer and those that have suffered from a stroke among other complications.
59. Tertiary health services in the country have been improved through hiring of more medical specialists and commissioning of the two new theatres in the new Referral and Emergency Complex at the Mbabane Government Hospital. It is anticipated that the number of referred medical cases to neighbouring countries will decrease, thereby reducing the expenditure on the Phalala Fund scheme. Government has been able to ensure that complicated medical cases continue to be transferred for treatment. There has also been an addition of 12 ambulances to assist with the transfer of patients to health care facilities.
60. To bring quality health services closer to communities, the Hlathikhulu Public Health Unit structure has been completed and commissioned. Rehabilitation of Wards 4 and 5 at the National Psychiatric hospital and renovations of the Outpatient Department at Lubombo Referral Hospital were also completed. The network of health facilities shall be improved through the completion and operationalisation of Ntondozi, New Haven and Ndunayithini clinics.

61. Mr. Speaker, we acknowledge the challenges that we are still facing in the delivery of medication to eSwatini that are in dire need. Even though efforts have been made to correct this, these efforts still seem insufficient as there is still an outcry of a shortage of drugs. We plan to solve this persistent problem by transforming the Central Medical Stores into a semi-autonomous entity. With assistance from the Global Fund, the Government has engaged a consultant who is currently working on the logistics of the transformation. This will ensure that Medicines are bought on time, at the right price, are correctly stored, are tracked from CMS all the way through to the patient and will heavily reduce the amount of medicines expiring. An allocation of E40 million has been provided in this budget specifically for this transformation.
62. Mr. Speaker, the 90 days' pause of funding from USAID has caused a lot of stress in the system as we have become reliant on this funding. The US Government's PEPFAR program has funded critical health staffing, systems and health commodities for HIV treatment and prevention. Fortunately, the US Government recently re-instated limited portions of its funding for urgent lifesaving HIV care and treatment services. We will continue to work closely with the US Embassy during this difficult time.
63. In the medium term, the Government will embark on the following priority areas;
- Establishment of National Public Health Institute to lead and coordinate essential public health functions.
 - Sustain Eswatini Prevention Centre Clinical Research Site (CRS).
 - Rehabilitation of maternity theatres at Matsanjeni, Mkhuzweni, Nhlangu Health Centres and treatment plant for Dvokolwako Health Centre.
 - Operationalization of Neonatal Intensive Care Unit at the Mbabane Government Hospital.

- Construction of the Radiation Oncology department, and nuclear Medicine section.

64. Government is allocating E3.10 billion to the health sector to implement the above and other priority areas.

(ii) Labour

65. Mr. Speaker, the Employment Bill which seeks to repeal the Employment Act of 1980 was tabled in Parliament as Bill No. 7 of 2023. Unfortunately, the 11th Parliament was dissolved before completion of the legislative process. Cabinet has approved the Bill and we shall be tabling it to this August House soon.

66. Mr. Speaker, this budget allocates an additional E55.30 million to the scholarship programme to cater for the additional intake of 1000 students awarded study loans for the 2024/25 academic year. This has raised the number up to 4450 students for local institutions including 80 students who will be studying outside the country to support the acquisition of the science, technology, engineering and mathematics (STEM) rare skills which are not offered within the country. Government has allocated a total of E702.35 million for scholarships in the 2025/26 financial year.

67. There are currently 18 regulated sectors of the economy and the same number of wages councils that are appointed by the Minister of Labour and Social Security. The wages councils are comprised of a tripartite structure whereby the Government, Employers and Workers each have 6 representatives to facilitate negotiations of wages and other minimum terms and conditions of service. The 18 wages councils have over the last two years managed to diligently carry out their work such that the percentage range of negotiated increases of the minimum wages for 2023 ranged between 4 and 20 percent and between 5 and 20 percent in 2024. This has resulted in the average minimum wage increasing by 8.8 percent annually for the last two years. With this increase being about

double the inflation figures we believe that it will reduce the percentage of inequality.

68. Government will also construct two trade testing workshops which will be used to test apprentices and artisans in the welding and plumbing fields. This will help clear the huge backlog of apprentices waiting to be grade tested and in turn contributes to a reduction of youth unemployment.
69. This budget has provided E821.76 million to the Ministry of Labour and Social Security to execute its mandate.

(iii) Education

70. Mr. Speaker, the Government of the Kingdom of Eswatini remains steadfast in ensuring that quality education remains accessible to all Emaswati. Government has continued to employ teachers, especially those who have been on contract for longer periods of time according to the needs in the different schools. This has been systematically done using the Human Resource Information Management System which uses identity numbers for employees. In the previous financial year, a total of 364 teachers were converted to permanent and pensionable positions.
71. Mr. Speaker, following the ongoing pilot of the four-year secondary programme, the Government will be introducing qualifications beyond EGCSE in 2026, wherein 4 out of 7 earmarked secondary schools will be offering AS and A levels. The roll out will follow a staggered approach, starting with one school in each region. These are: Mhlume, Mhlatane, Manzini Nazarene, and Evelyn Baring high schools.
72. At Sibaya the quality of education and other learning platforms were widely criticized for lacking relevance exemplified by the increase in graduates' unemployment rates. To this end, the Government has commissioned a high-

level committee of experts to propose a transformation programme for the education sector. The education transformation will ensure that the education system produces graduates who are skilled to make sustainable livelihoods for themselves and others.

73. Mr. Speaker, we are aware of the difficulties at UNESWA. The University of Eswatini continues to face a number of challenges despite the increase in subventions in the recent years. The challenges include poor financial management, non-remittance of medical aid and pension payments for personnel, poor research output, archaic academic programmes to mention a few. This state of affairs has led to numerous class boycotts and has greatly compromised the quality of education and the University's global ranking. In order to solve the UNESWA crisis permanently and ensure that the university gets back to its former glory, the Government commissioned a task team to investigate the issues and come up with pragmatic recommendations. To this end, the task team has presented an interim report. The Government will commission a forensic audit whilst also implementing some of the short-term recommendations proposed by the task team interim report.

74. Government is allocating E4.20 billion in the recurrent budget and E316 million in the capital budget to the Ministry of Education and Training. The Government has increased the budget for school feeding by E33 million. In addition, E194 million has been allocated for the OVC fund and E702.35 million for scholarships, equalling a total of E5.41 billion for the provision of education and training at all levels in the country. This represents 16.6 percent of the total budget spent on educating emaSwati.

(iv) Social Transfers

75. Mr. Speaker, Government has continued to support the vulnerable populations through cash transfers to Elderly Persons and the Persons with Disabilities. Currently, there are 84 740 elderly grant beneficiaries and 17 468 beneficiaries of grants for Persons with Disabilities (PWDs). In line with His Majesty's

pronouncement, this financial year the Government has allocated an additional E105 million to cater for the increase in the grant received by the elderly, which is a 20 percent increase, mainly to cushion the cost-of-living adjustments experienced throughout the economy, adding E100 to the current E500 monthly, bringing it up to E600 per month. Government has also budgeted to increase the number of Persons with Disabilities receiving the national grant by 2500, and adding E50 to each recipient raising the monthly amount received to E450. For the 2025/26 financial year, the Government of Eswatini will move all the beneficiaries to the mobile Money Platform (MoMo) for grant payments to ensure efficiency and a cost reduction amounting to about E2.9 million per annum.

76. Following the submissions made during the Sibaya National Dialogue, the Government through the Deputy Prime Minister's Office (DPM) has conducted a Community Outreach Programme in all four regions, to identify vulnerabilities and other social ills that require immediate social protection interventions. Among the key deliverables to the poor and vulnerable population is the provision of decent shelter. Through the support of Partners, in the current year, the Government through the DPM's Office has managed to construct 20 houses for the needy and vulnerable people including Elderly Persons, Persons with Disabilities and Child Headed Households. In the 2025/26 financial year, Government has made an allocation towards the construction of houses with backyard gardens, fencing and water tanks to promote water harvesting in order for households to access clean and safe drinking water.
77. Mr. Speaker, the Government of Eswatini is committed to inclusiveness and mainstreaming of disability issues in both the public and private sector. Government has launched the National Disability Plan of Action 2024-2028, which will guide the nation in implementing policies and development programmes that are inclusive. The plan aims at promoting and protecting the fundamental rights and empowerment on socio economic issues for all Persons with Disabilities. In collaboration with our UN Development Partners, the Government of the Kingdom of Eswatini received E13 million to strengthen the

services provided in the education and health sector on human capital development of Persons with Disabilities. To deliver on the mandate for PWDs, the Government of Eswatini has provided the budget to establish the Secretariat and ensure the Office delivers the aspirations of the Persons with Disabilities as specified in the National Plan of Action for 2024 -2028.

78. Mr. Speaker, the Government has allocated E1.07 billion to the Deputy Prime Minister's Office in order to continue with these essential services of taking care of the most vulnerable.

(v) Agriculture

79. Mr. Speaker, agriculture remains the industry that could have the biggest positive impact on our economy in the short term. We have tens of thousands of hectares of unused terraced agricultural land in Eswatini and we have a big unemployment problem. This is a recipe for a wonderful win-win if we could farm economically on a small piece of land. Many countries in the East have large percentages of their population successfully farming small pieces of land economically. We have spoken about this many times over the years, but with food security being a focus area in the Program of Action (PoA), the ministry of agriculture is now starting a few projects to deal with this. One of them is the Smallholder Agricultural Productivity and Market Enhancement Project (SAPEMP), which is scheduled to launch in May 2025 through the Eswatini Water and Agricultural Development Enterprise (EWADE). This project has a budget allocation of E60.40 million, SAPEMP aims to empower over 17,000 smallholder farmers, particularly in the vulnerable southeastern regions of our country.
80. Mr. Speaker, the IDA funding referred to earlier, will be used for another youth agriculture project. We have provided E50 million in this year's budget as this project will be taking off soon.
81. The Government has allocated E65 million to the National Maize Corporation (NMC) in the 2025/26 financial year for the Input Subsidy and Tractor Hire

Programme, which is designed to benefit smallholder farmers in the sector. A provision of E40 million has been made in the budget for commercial maize farming and E14 million to add to the Hamba Ubuye project funding. An additional E10 million has been allocated to top-up the Agriculture Development Fund (ADF).

82. We would like to express our sincere gratitude to the Republic of China (Taiwan) for its generous support in establishing the Aquaculture Research and Production Centre in Malkerns. This initiative will significantly enhance fish production in Eswatini. The Centre will focus on developing innovative systems to increase productivity, producing fingerlings for distribution to fish farmers, and contributing to the eventual commercialisation of fish production nationwide. The republic of China (Taiwan) has also given us a grant of E51.50 million for building two more grain silos in Eswatini.
83. The construction of the Mpakeni Dam (Phase 1A) is progressing as planned, and we are pleased to announce that the necessary financial resources for the Main Conveyance System (Phase 1B) have been secured from international financiers. The simultaneous implementation of both phases will ensure the efficient delivery of water to the targeted areas. With a dedicated budget allocation of E737.36 million for the 2025/26 financial year, this project will be a transformative force for the Shiselweni region. Furthermore, Phase 1B of the Mkhondvo-Ngwavuma Water Augmentation Project (MNWAP) will commence in 2025/26, focusing on the construction of the Main Conveyance System to facilitate the efficient distribution of water upon completion of the Mpakeni Dam. This budget has also provided E46.5 million for the construction of medium and small dams around the country.
84. The LUSIP II project remains a priority, with an allocated budget of E 230 million. The project is currently in the process of installing in-field infrastructure, and its timely completion will be instrumental in delivering the anticipated benefits to our citizens.

85. Mr. Speaker, livestock production continues to play a vital role in sustaining the livelihoods of our rural communities. Despite challenges posed by Foot and Mouth disease outbreaks in neighbouring countries, Eswatini has successfully maintained its disease-free status. The Government is actively working on the implementation of the Eswatini Livestock Value Chain, which includes the rehabilitation of Cordon Fences funded by the European Union. A budget of E30.40 million has been provided for this. This initiative is crucial for the control and prevention of transboundary animal diseases, while also addressing concerns related to stock theft.
86. For the 2025/26 financial year, the Government has allocated E 1.65 billion to the Ministry of Agriculture.

(vi) Natural Resources

87. Mr. Speaker, the Government of Eswatini is on a strong drive to finance water and sanitation projects to support economic, health and social developments, aligned with the National Development Plan (2024-2028) and the Sustainable Development Goals. These projects are central to the Government's efforts to achieve 100 percent safe drinking water coverage across the country. The Government has implemented the Eswatini Water Supply and Sanitation project estimated to cost E1.2 billion in the Shiselweni region. This project will benefit 49,230 people with improved water supply and sanitation. The project is expected to be completed by the end of 2026. Furthermore, the Lomahasha/Namaacha Water Supply Project aims to provide clean water to 46,500 people by the end of 2025, benefiting communities in Lomahasha (Eswatini), Namaacha (Mozambique), and along the pipeline route which is in Eswatini.
88. Another major project is the Manzini Region Water and Sanitation project (financed by the African Development Bank). The cost of the project is estimated at E1 billion and the objective of the project is to meet potable water

requirements of Manzini and surrounding areas (covering Mtfongwaneni, Manzini South, Nhlambeni, Manzini North and Mafutseni). The project is expected to benefit 110,000 people, and the expected date of completion is the end of 2025. This financial year the Ministry of Natural Resources is partnering with World Vision in trying to close the gaps that still exist in the rural areas. We are grateful that World Vision has pledged a budget of E125 million for the next 5 years to cover 15 Tinkhundla.

89. The mining sector remains a sub sector that has a potential to also significantly contribute to the economy. The Multi-Disciplinary Geo-Science Mapping project (airborne electromagnetic, radiometric and magnetic survey) for the Shiselweni and Lubombo Regions has been successfully completed except for a few areas that seem to have some mineral potential and these will be explored through ground truthing, these areas are Hlane-Lomahasha and Lushikishini-Dwalile. A geological and mining information system and an electronic document management system has been successfully developed for the ease and improved geoscientific data and information dissemination to mining investors.

(vii) Energy

90. Mr. Speaker, in the financial year 2024/25, Eswatini made significant strides in its energy sector, achieving a number of key milestones. Notably, two hydroelectric power plants are advancing: the 10MW Maguga and 13.6MW Lower Maguduza plants. These projects, combined with the existing 60MW hydro plants, will bring Eswatini's total hydroelectric capacity to 83.6MW by 2027. The construction of the Maguga Expansion project is set to run concurrently with the Lower Maguduza development, contributing to the country's growing renewable energy capacity.
91. In addition to hydro power, the EEC conducted a preliminary study on the potential for geothermal power generation, followed by geoscientific studies at three sites: Lobamba-Mvutjini, Mkhoba, and Lubombo Plateau.

92. Eswatini is also advancing in its efforts to increase local generation capacity through small-scale-embedded generation projects, allowing small power producers to feed electricity back into the grid. This initiative, alongside the hydro and geothermal developments, underscores the country's commitment to achieving net-zero emissions and boosting its local generation capacity.
93. Mr. Speaker, the Rural Electrification programme continued to improve electricity access for communities, with 4,227 households electrified and 887 ready boards installed for households without electricity, in 2024/2025.
94. On the transmission front, the construction of the Dwaleni – Stonehenge 132 kVA line is nearing completion, and it is expected to be operational in the first quarter of 2025. This line will strengthen the power supply to the capital city and northern Eswatini.
95. The regional electricity landscape remains challenging due to climate change conditions that have reduced power generation in neighbouring countries like Zambia. This, coupled with high demand and a heatwave, has driven up electricity tariffs across the region. While climate change remains a challenge, the volatility of the electricity market means that tariffs will continue to be uncertain. Despite these challenges, Eswatini's commitment to self-sufficiency in electricity generation remains central to its energy strategy, which will continue to drive the country towards greater energy independence and sustainability in line with our Programme of Action.
96. Eswatini has also signed up to the Accelerating Sustainable and Clean Energy Access Transformation Program (ASCENT) which is driven by the World Bank, African Development Bank and Rockefeller Foundation which seeks to fast-track access by connecting 300 million people to electricity across the continent. Through this programme we envisage to have 100 percent electricity coverage in Eswatini by 2030. We have budgeted E80 million for this.

97. The Ministry of Natural Resources has been allocated a total of E1.57 billion to implement its programmes.

(viii) Tourism and Environment

98. Mr. Speaker, the Tourism sector has continued to display strong performance indicated by a growing interest in traveling to Eswatini from regional and international markets. Intercontinental visits rose significantly by 11.8 percent, to 853 000 visits in 2024, reflecting an increase of 90 000 compared to 2023. This highlights the destination's appeal and the success of targeted advertising initiatives aimed at drawing visitors from all around the world.

99. In the 2024/25 financial year, the Government had planned to complete the ICC, unfortunately we have failed to do so due to variations in the scope of work. This year will be providing E600 million to finalize this project and an additional E30 million to operationalize the ICC.

100. The Government continues to provide regulatory oversight to ensure that all major infrastructural and economic development projects are subjected to Environmental and Social Impact Assessments and Comprehensive Mitigation Plans are developed to minimize adverse environmental and socio-economic harm.

101. Mr. Speaker, Government continues to provide an effective set of policies and regulatory frameworks to provide for enhanced environmental and human health protection. A comprehensive Radiation Safety Bill has been developed and awaiting Parliament approval, and will be implemented to facilitate protection of the environment and humans from the negative effects of radiation.

102. The Government issued environmental grants worth E2 million to communities in the four regions of the country through the Eswatini Environment Fund. Furthermore, the Government collaborated with communities to conduct a total of 108 clean-up campaigns. The footprint of the Eswatini Environment Fund has

spread to fund environmental projects in communities across all four regions of the country, which has included seed funding for novel projects such as the Eswatini Reptile Education Centre at Siphocosini.

103. The climate continues to change at an alarming rate, with extremes becoming more frequent and more severe. In recent years, damage to infrastructure and negative impacts on agricultural production have been observed. The need to minimize the impact cannot be overstated. We need to be more vigilant in our road and bridge construction, how and where we build our buildings, how we secure our assets to the ground and even what crops we plant to be able to better prepare for climate change.

(ix) Information, Communication and Technology

104. Mr. Speaker, the Government continues to fulfil its mandate of providing an enabling environment for socio-economic development by spearheading digital transformation, improving access to services, facilitating infrastructure development, expanding connectivity, and keeping the nation informed, educated, and entertained.

105. In the next 24 months, the Government will endeavour to deliver the Government in Your Hand (GIYH) platform, integrating all Government services into a one-stop online web-portal. Self-service booths will be placed at Tinkhundla centres, post offices and public libraries. To deliver this platform, Government has partnered with GOOGLE, a global tech leader who will also capacitate the country's local developers from the Royal Science and Technology Park, Eswatini Innovators Association and the independent young innovators creating a thriving innovation ecosystem. In the past year, Government has developed 7 applications that will be on boarded to the GIYH platform for various Ministries aiding improved service delivery in business registrations, deeds registration and agricultural services to name a few.

106. Mr. Speaker, the Government has made significant investments in infrastructure development which lays a solid foundation for seamless Government services. In the current financial year, 48 Tinkhundla Centres, 5 border gates, 5 rural clinics, 5 rural schools and other Government service centres have been connected to free Wi-Fi. Government plans to connect all the remaining Tinkhundla centres and extend this service to post offices and public libraries. A massive countrywide fibre-optic rollout has begun.
107. As we build the nation to be an information society and knowledge economy, bridging the digital divide, the Government has offered several digital training programs and opportunities for different sectors in Government and the Nation at large. The country signed an MoU with the United Arab Emirates (UAE) in September 2024, which has already yielded a number of capacity building initiatives. These include the Digital School training initiative for 50 teachers. More training has been scheduled for the coming year including a coding school for the entire country seeking to empower 300 000 emaSwati to learn coding in the next 2 years. This year will see us setting up various tech academies at RSTP with global leading brands such as GOOGLE, AMAZON, and Eswatini-UAE Academy.
108. The Government has launched the new Government Identity Manual in October 2024. The corporate manual is playing a major role in rebranding, standardizing and improving professionalism of the Government. The Government is branding its vehicles to enforce responsible use by Government officials and reviving the email system to secure Government communication, improve trust and flexibility amongst other benefits.
109. This budget provides E354.53 million to the Ministry of ICT for the rollout of all these targeted programmes.

(x) Infrastructure Development

Roads

110. Mr. Speaker, even though the Government has completed some major road construction projects in the past two years, more remains to be done to ensure the country's road network is not an impediment to the country's development in all the four regions. One major road that was officially opened in 2024 is the Nhlangano–Sicunusa road (MR13), after facing disruptions during the initial implementation period. All year-round accessibility to the entire country, especially rural areas remain key.
111. The Government will continue to work towards the upgrading of several roads through various initiatives. The phased approach to upgrading some roads has brought significant changes in the Siphocosini-Motshane road, (D78) and the Siteki -Tikhuba road (D12). The Roads Authority Act (2023) has set the tone for the establishment of the Roads Authority, a mechanism that is meant to improve the effectiveness of the country's road infrastructure maintenance. The Government is on course to fully establish the entity. As of the 1st March 2025, the Act has approved 40c, to be added to the fuel price, to be able to fund the operations of the Road Agency Fund, so that maintenance of the national, regional and local road infrastructure can be better executed.
112. Mr. Speaker, the Government Buildings stock is also another area that requires attention from a property point of view. The current state of this infrastructure is not appealing at all, neither to the users nor property custodians. An all-inclusive approach has been adopted to address the issue of public buildings maintenance to preserve their integrity and value.
113. Government has made a provision of E371.67 million for road maintenance and major rehabilitation. We have provided E636.12 million for the construction of roads. We have provided E200 million for the of surfacing of rural roads. We have provided E30 million for MicroProjects to continue concreting roads in the

rural areas. A total amount of E1.21 billion has been provided in this budget for the roads programme.

Aviation

114. Mr. Speaker, the launch of the country's only commercial airline is another milestone of the last two years and it has the potential to grow into a regional carrier. The new routes to Durban, Cape Town, and Harare continued to enhance regional connectivity, driving trade and tourism. In the reporting period (April 2024 to December 2024), passenger traffic increased by 34 percent, with 73,926 passengers compared to 56,281 in the same reporting period of the previous financial year, while cargo volumes grew by 25 percent.

115. The recognition by the African Airlines Association is a reflection that the Airline has made a mark in the aviation landscape in the sub-region. In 2024, Eswatini signed four Bilateral Air Services Agreements (BASA) to establish working relationships with other countries. This provides the national airline with the opportunity to start cooperating with airlines from these countries and possibly start new routes.

Rural Development

116. Mr. Speaker, the Regional Development Fund (RDF) has completed fifty-three projects, which consist of ten income generating projects and forty-three infrastructure projects benefiting 8 730 emaSwati directly and creating 445 jobs. The reconstruction programme for Kukhanyeni, Hosea, Timphisini, Ngudzeni and Somntongo Tinkhundla commenced during the 2024/25 financial year and it is anticipated to be completed in the 2025/26 financial year.

117. In the 2025/26 financial year the Government will continue to allocate E177 million to the Rural Development Fund (RDF) with an additional E60 million towards clearing of the outstanding requests from the constituencies. E282.66

million has been allocated to the Micro Projects Community Development Fund (CDF).

118. Government has allocated an amount of E532.70 million to the Ministry of Tinkhundla Administration and Development in order to continue with rural development services and its decentralisation mandate.

(xi) National Security

119. Mr. Speaker, the Government acknowledges the critical role that a national landscape characterized by law and order, as well as high levels of safety and security plays in fostering both social and economic development. A secure environment is fundamental for building a prosperous nation, and the Royal Eswatini Police Services (REPS) remains committed to upholding this essential foundation.

120. Mr. Speaker, it is worth noting that during the financial year 2024/25, the Police were able to achieve a 7 percent decrease in the volume of crime and a 14.5 percent reduction in premeditated crime. The Police also made significant breakthroughs in addressing cyber-related crimes like the "Facata" scam, along with other prioritized crimes like fraud, commercial crimes, housebreaking, and theft, among others.

121. The Royal Eswatini Police Services (REPS) aims to reduce crime by 3 percent annually through community-oriented policing. This will be achieved by strengthening the trust between our law enforcement and the community, while also fostering partnerships that address the root causes of crime and promote proactive solutions. Cooperation with the Police to recognize, report and fight crime and corruption, will ensure that the effectiveness of their effort is much higher and the cost to the Government is lower.

122. The Umbutfo Eswatini Defence Force (UEDF) will continue with its peacekeeping mandate and manning our security along all borders.

123. Mr. Speaker, His Majesty's Correctional Services made several achievements during the 2024/2025 financial year especially in relation to improved infrastructure, intensified security measures, self-sufficiency in some food production, enhanced rehabilitation and reintegration programmes for inmates.
124. The Correctional Services embarked on several outreach programmes which played a pivotal role in spreading the message of crime prevention and the negative impacts of gangsterism, drug abuse and gender-based violence, helping to educate the public and promote positive change in our communities.
125. The department has recorded a reduction in escapes and assaults due to effective security measures put in place which includes the training of 148 officers in supervisory courses, polygraph and dog handling empowerment.

(xii) Combating Corruption

Crime Prevention Measures, Structures and Legislation

126. Mr. Speaker, Government has established a Tripartite Task Team comprising of the Anti-Corruption Commission (ACC), the Royal Eswatini Police Services, and the Director of Public Prosecutions Office to investigate high-profile cases, and results are starting to show. Additionally, the Government approved the secondment of ten police officers to the ACC to address the ACC backlog of corruption cases, and plans are underway to ensure their smooth integration into the ACC's operations. These measures aim to enhance the effectiveness and efficiency of tackling corruption and high-profile cases.

Audit

127. Mr. Speaker, it is my duty to present an overview of the financial landscape of our nation as we embark on another financial year. The national budget serves not only as a fiscal blueprint but also as a commitment to uphold the principles of transparency, accountability, and stewardship of public resources. In this

context, I would like to highlight that the findings of the Auditor General continue to provide critical insights into the financial health and efficiency of Government entities.

128. In the 2024/25 financial year, the audits have revealed significant progress in various ministries, departments, and agencies, reflecting a collective effort to enhance fiscal responsibility and governance. Improvements in financial reporting practices and the timely submission of financial statements have set a positive trajectory for the management of public funds. However, we must also recognize persistent challenges, including delays in implementing audit recommendations and areas where financial controls remain weak. One of the critical initiatives to strengthen financial controls and minimise weaknesses in the public finance management system has been the successful launch of UMSEBE IFMIS, aimed at fortifying public financial management, enhancing accountability and streamlining processes.

129. Mr. Speaker, the audit plays a major role in strengthening parliamentary oversight, robust internal controls, strong operational systems in the public sector and also improving private sector and investor confidence. The Government continues to strengthen the office of the Auditor General with capacity building and the employment of over twenty Auditors in the current year. The Office of the Auditor General is the country's public spending watchdog which supports Parliament in holding the Government to account and helps improve public services through high quality audits.

Anti-Money Laundering

130. Mr. Speaker, the country has made great strides towards complying with the Anti-Money Laundering and Countering Terrorism Financing and Proliferation Financing Financial Action Task Force recommendations. In July 2024, Cabinet approved the AML/CFT National Risk Assessment, Policy, Strategic Plan and an Implementation Plan which sets out the framework to curb financial crime. In order to further strengthen the AML/CFT regime, the country has made great

strides towards complying with the Anti-Money Laundering and promulgated the AML/CFT Miscellaneous Amendments Act, 2024 that Parliament worked on and passed timeously.

(xiii) Financial Innovation and Intelligence

131. Mr. Speaker, the Payment Switch project is ongoing and will be implemented in 3 phases: Firstly, Fast Payments, Secondly Open Banking, and Thirdly Card Point of Sale (POS) & ATM Switching. The Fast Payments phase was launched on the 11th of December 2024 with three banks. The rest of the industry is expected to go live on Fast Payments during the first quarter of 2025. One will then notice that if you are making payments between banks in Eswatini, that transactions will reflect instantly.

132. Phase 2 of the National Payment Switch, Open Banking, will also commence in the first quarter of 2025. Upon the conclusion of this phase, the project will proceed to the implementation of the final phase. Open Banking aims to expand access to certain accounts, wallets and payment services to FINTECH, rather than limiting it to just current providers of accounts and digital wallets. Point of Sale and ATM Switching is the final phase of the project. This phase aims to localize the processing of domestic card transactions and enable the use of any ATM for certain financial services. Phases 2 and 3 of the Payment Switch are expected to be implemented within the next 18 months.

133. Mr. Speaker, financial inclusion data is essential for monitoring the progress of financial inclusion initiatives and measures its impact on the economy. To make this crucial information available, the Centre for Financial Inclusion will, in the current year, conduct a first-of-its-kind Financial Inclusion Baseline Survey. It is projected that the findings of this important national survey will be launched in the third quarter of the 2025/26 fiscal year.

(xiv) Promotion and Protection of Human Rights

134. Mr. Speaker, through the office of the Legal Aid Services, Government has assisted walk-in clients with various legal issues, including civil, criminal, labour and administrative matters by ensuring that they receive the necessary support pending representation in court in an effort to conform to human rights. The next plan is to decentralize the legal aid services to the Lubombo and Shiselweni Regions.
135. In order to fast-track court cases using the Electronic Case Management System, the Civil and Criminal components have been deployed rendering the project to be 80 percent complete. Currently, primary focus is on obtaining the essential tools and equipment to initiate the pilot phase which is crucial as it will enable us to assess the system's performance prior to full rollout.

IV. FISCAL PERFORMANCE

(i) Revenue Performance 2024/25

136. Mr. Speaker, in the 2024/25 financial year, Government revenue and grants are projected to amount to E27.79 billion, corresponding to 31.1 percent of GDP. The projected revenue collection displayed an increase against the initial budget of E27.58 billion. The increase in total revenue is largely caused by the administrative efficiency from Eswatini Revenue Services (ERS) which is expected to improve tax collections.
137. SACU increased from E11.75 billion in 2023/24 to E13.07 billion in 2024/25 approximately 47.9 percent of the total revenue collection.

(ii) Expenditure 2024/25

138. Mr. Speaker, total Government expenditure for financial year 2024/25 was budgeted at E29.42 billion. The revised budget at the end of the year stands at

E29.41 billion which is 32.9 percent of GDP. This is approximately 8.8 percent higher than the outturn in 2023/24.

(iii) Overall, Balance/Government Deficit 2024/25

139. Mr. Speaker, the deficit for financial year 2024/25 is expected to improve to 1.8 percent of GDP from a budgeted 2.1 percent of GDP. Whilst we have been able to fund part of this through local borrowing, a large part of it will be financed through external borrowing for budget support.

(iv) Public Debt 2024/25

140. Mr. Speaker, public debt management remains one of the key objectives for the Ministry of Finance with the responsibility of mobilizing funding for budget support at the lowest possible cost over the medium to long term consistent with a prudent degree of risk, whilst ensuring that Government debt stock remains sustainable. As at 31st December 2024, total debt stock stood at E36.16 billion, which is an equivalent of 40.5 percent of GDP. Of this stock, external debt stood at E16.82 billion which is equivalent to 18.8 percent of GDP whilst domestic debt stood at E19.35 billion which is equivalent to 21.7 percent of GDP.

141. The Ministry through its Public Debt Management Department also reviewed the current Medium-Term Debt Strategy (MTDS) to evaluate the cost and risk trade-offs associated with alternative financing strategies over the medium term. The strategy outlines how the Government intends to borrow and manage its debt to achieve a portfolio that reflects its cost and risk preferences, while meeting Government's financing needs. The MTDS is tabled today for more information.

(v) Cash Flow and Arrears 2024/25

142. Mr. Speaker, while our cash flow remains constrained, the Government confirms that it is doing all it can to pay suppliers on time. The Government is currently working on two budget support loans that will help clear arrears. One from the World Bank for USD 50 million and the other from the African Development Bank, also for USD 50 million.

(vi) Public Enterprises

143. The Public Enterprises Unit continued with its mandate to provide oversight control and monitoring function to our State-Owned Entities (SOE) to ensure that they remain effective and efficient in delivering their mandates in line with Government policies.
144. Mr. Speaker, following the Ministry of Finance's decision to write-off PAYE tax arrears that had been owed by some of our State-Owned Entities and the remittance of tax through the office of the Accountant General, I am pleased to report that the Ministry has seen an improvement in the PAYE tax compliance by the State-Owned Entities. This has also resulted in an increase in the annual tax revenue collection by Eswatini Revenue Services.
145. Under the State-Owned Entities Reforms project, it was found that the PEU Act is outdated and needs to be strengthened so the Public Enterprises Unit in collaboration with the Economic Policy Analysis and Research Centre (ESEPARC) is currently working on the review of the Public Enterprises (Control and Monitoring) Act of 1989. All stakeholders are therefore urged to support this process.
146. Mr. Speaker, despite isolated challenges faced by our State-Owned Entities, I am happy to report that in general they have continued to perform well and contributed positively to the economic growth of the country.

(vii) Public Sector Reforms

147. Mr. Speaker, Government has initiated the development and implementation of the Integrated Financial Management and Information System (IFMIS) which began on the 2nd May 2024. This project will run up until the 31st March 2028. Government has procured the consultancy services of the Republic of Rwanda's Government in the implementation of the UMSEBE IFMIS.

148. The first two financial years, beginning 2024/25, will be for the development of the core IFMIS Modules, which will include: Planning and Budgeting, Accounting, Bank Reconciliation, Procurement, Payments, Payroll and Asset Management Modules. The last two years will be on the interfacing of the financial management systems to ensure end to end system processing.
149. Mr. Speaker, this system has been identified as the solution to a number of challenges in the Government which were perpetually causing audit queries identified by the Auditor General's Office. The system will enhance Government's efficiency and service delivery as it enables online signatures and a clear audit trail in all business processes. This will be a paperless system and will minimize human intervention, which usually promotes corruption and human errors.
150. Mr. Speaker, the Government is in the process to overhaul the Public Procurement legislation which will introduce the use of Information Communication Technology in the Public Procurement environment.
151. Upon finalising the legislation, the Government will work on the automated procurement system which will cover advertising, submission of tenders, adjudication, intention to award, award of tenders and contract management. The new system is intended to eliminate human intervention in the tendering system.
152. Mr. Speaker, as you can recall that the Government developed a Public Private Partnership (PPP) Policy and is now working with the African Legal Support Facility (ALSF) to develop the PPP legislation. This initiative will go a long way towards promoting the participation of the private sector in infrastructure projects. The Private Sector has been reluctant to invest in an environment where there is no supporting legislation to protect their investments. The Government is anticipating projects in road infrastructure, road maintenance,

construction of public buildings, the health sector and utility services that would benefit from PPP arrangements.

(viii) Taxes

153. Mr. Speaker, I commend all Emaswati and businesses for their invaluable contribution to our nation's fiscus by honouring their tax and Customs obligations. For the year 2024/25, the ERS expects to collect E14.6 billion, reflecting a 12.4 percent increase from the previous year. This improvement in revenue is attributed to enhanced voluntary compliance due to the ERS's ongoing commitment to quality service and strengthening stakeholder relationships.

154. The forecast for 2025/26 financial year is E16.5 billion, representing a 12.8 percent increase. This increase will be driven by the ERS's continued digitalization and trade facilitation efforts, including the deployment of customs scanners, fiscalization technology, and other digital tax systems while leveraging third-party data and data-matching to strengthen tax compliance. The ERS's digital transformation programme has been further enhanced by the upgrade of the Automated System for Customs Data (ASYCUDA) in December 2024 which shall simplify and speed up clearance processes at ports of entry.

155. We made significant strides in domestic revenue mobilization following the introduction of the Income Tax Order Amendments in July 2024. These reforms aim to enhance revenue collection while fostering an investor-friendly environment. Notable changes include the reduction of Company Income Tax from 27.5 percent to 25 percent, the introduction of a presumptive tax regime for small enterprises, simplifying compliance, and an increase in the VAT registration turnover threshold from E500,000 to E900,000, effective April 2024. This adjustment reflects economic realities and supports business growth of all segments.

156. Mr. Speaker, a major milestone in the ERS's digitalization journey was the successful implementation of the Oracle Revenue Management and Billing

(ORMB) system in March 2024. This state-of-the-art system replaces the Revenue Management System (RMS), providing modern, flexible, and agile solutions. ORMB enhances taxpayer services through its self-service platform, TaxEase, which allows clients to access seamless, efficient tax services at their fingertips, marking a significant leap forward in the ERS's technological capabilities.

157. The country has achieved substantial progress in trade facilitation through bilateral, regional, and international agreements. Initiatives such as electronic certificates of origin, the Authorized Economic Operators (AEO) program, and coordinated border management have enhanced the ease of cross-border trade. A landmark achievement was the launch of a joint Time Release Study with South Africa to measure and improve border clearance times. Through the National Committee on Trade Facilitation, Eswatini and South Africa also finalized a Joint Action Plan, paving the way for a one-stop border to serve both nations.

158. The ERS will also leverage third-party data and data matching to strengthen compliance enforcement. Over the medium to long term, we are committed to embedding tax education within the formal education system and enhancing compliance support for small and medium enterprises.

159. Mr. Speaker, to grow our tax base, we will be tabling a proposed increase on alcohol and tobacco taxes. We will also be reviewing the fees and fines in the Finance Bill mainly to keep up with the cost of providing the service.

V. REVENUE AND EXPENDITURE FOR 2025/26

160. Mr. Speaker, I will now present the Budget estimates for the financial year 2025/26.

(i) Revenue and Grants

161. Mr. Speaker, Government revenue excluding grants in the 2025/26 financial year is projected to reach E29.14 billion, which is 30.0 percent of GDP, an increase of 7.6 percent on 2024/25 financial year. SACU receipts decreased from E13.07 to E10.40 billion, however this budget is utilizing E11.40 billion of which E1 billion is withdrawn from the SACU stabilization fund. Non-SACU revenue is expected to increase by approximately E2 billion and amount to E17.72 billion of which E16.72 billion is from taxes and E1 billion is from non-tax.
162. Total grants for the 2025/26 financial year have increased to E585.27 million, compared to E492,20 million in 2024/25 financial year. This increase is primarily due to the International Development Association (IDA)- World Bank grant of E80 million allocated for clean energy access transformation, E51 million from Japan International Cooperation Agency allocated for the construction of 4 secondary schools across the four regions and E237 million from the Republic of China (Taiwan) to support various sectors.
163. Total income taxes are projected to increase from E 7.97 billion in the 2024/25 financial year to E9.05 billion in the 2025/26 financial year. This is mainly due to an increase in corporate income tax which grew by 23.6 percent. Similarly, personal income taxes are expected to grow by 10.3 percent to E5.80 billion.
164. Mr. Speaker, taxes on goods and services excluding SACU receipts are expected to increase by 14.1 percent from E6.65 billion in 2024/25 to E7.58 billion in the 2025/26 financial year. Value Added Tax increased by 15 percent from E5.09 billion in 2024/25 to E5.85 billion. Fuel tax increased from E1.36 billion in 2024/25 financial year to E1.43 billion in 2025/26, reflecting an increase of 4.5 percent.

(ii) Expenditure

165. Mr. Speaker, total expenditure for the financial year 2025/26 is expected to be E32.61 billion. This excludes public debt redemption of E4.44 billion. The appropriated recurrent expenditure is set to be E22.25 billion, an increase of 9.9 percent compared to the 2024/25 financial year. Total budget allocation to capital programmes amounts to E7.25 billion an increase of 14.4 percent from the previous years' allocation.
166. Mr. Speaker, in the 2025/26 financial year, public servant's wage bill is budgeted to reach E10.48 billion, compared to E9.80 billion in the 2024/25 financial year. In this budget, E500 million has been set aside in anticipation of the outcome of the salary review exercise and any other wage increase related expenditure.

(iii) Overall Balance

167. Mr. Speaker, the budget that I'm presenting today is fully financed.
168. The budget deficit for financial year 2024/25 is projected at 3 percent of GDP, equal to E2.88 billion.
169. Mr. Speaker, we are well poised for entering a new era of economic growth. We have a solid Tinkhundla system, a wise and dedicated Head of State, a hard-working Prime Minister, a committed Cabinet, a Parliament that is focused and dedicated on improving the lives of EmaSwati, a firm base of GDP growth at 5 percent and a projected growth for 2025 of 8.3 percent. Let us take full advantage of this favourable position that we find ourselves in to take our economy to new heights. Let us all stand together to achieve these goals for the benefit of our children and future generations.

VI. APPROPRIATION

170. Mr. Speaker, by virtue of the responsibility entrusted to me as Minister of Finance, I now present to this August House the budget estimates for the financial year 2025/26.

Revenue and Grants: E29.72 billion;

Appropriated Recurrent Expenditure: E22.25 billion;

Appropriated Capital Expenditure: E7.25 billion;

Total Expenditure: E32.61 billion;

Fiscal Deficit: E2.88 billion

VII. CONCLUSION

171. In conclusion, I would like to thank local and international development partners, who have supported us through thick and thin. This includes partners who have displayed unwavering support to the nation both financially and technically.
172. Mr. Speaker, in particular, I would like to acknowledge the support we received from PEPFAR, European Union, Republic of China (Taiwan), the UN family, the World Bank and the International Monetary Fund, African Development Bank, International Fund for Agricultural Development, Export-Import Bank of India, Export-Import Bank of Taiwan, Japan International Cooperation Agency (JICA), USAID, OPEC Fund for International Development, BADEA, Kuwait Fund, the Saudi Fund for Development, Global Fund, Clinton Health Access Initiative, Green Climate Fund, Georgetown University, World Health Organization, African Legal Support Facility, Medicines Sans Frontiers, World Food Programme and the Civil Society.
173. Lastly, I would like to quote a scripture from **Deuteronomy 1:8**

"See, I have set the land before you; go in and possess the land which the Lord swore to your fathers."

I THANK YOU ALL.