

BUDGET SPEECH

2024

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 to present to this esteemed House, my first Budget Speech and National Budget Estimates for the 2024/2025 financial year at this, the 1st session of the 12th Parliament of the Kingdom of Eswatini.
2. Mr. Speaker, I wish to give all glory to our Heavenly Father for His grace and protection over our nation. We thank Him for being our firm foundation in these troubled times. The scripture for this year is *Luke 6:47 and 48*:

As for everyone who comes to me and hears my words and puts them into practice, I will show you what they are like. They are like a man building a house, who dug down deep and laid the foundation on rock. When a flood came, the torrent struck the house, but could not shake it, because it was well built.

3. Mr. Speaker, I would like to thank His Majesty the King for the clear mandate and direction that he gave the nation and his Government in his speech from the Throne at the opening of this 12th Parliament, at Sibaya and in the 'Nkwe' declaration. His Majesty urged us to remain united, to hit the ground running, to prioritize service-delivery and to fight corruption. I also wish to take this opportunity to extend my heartfelt gratitude to Their Majesties for the confidence and trust they have placed in my re-appointment, as the custodian of this key portfolio in Government.
4. Mr. Speaker, I wish to congratulate His Excellency the Right Honourable Prime Minister and my colleagues on their appointments. I look forward, once again, to collaborating and working closely with all of you to execute our mandate. I also wish to congratulate the Elections and Boundaries Commission for the successful elections, and I look forward to working with the new Honourable

Members of both Houses of Parliament, (those appointed and elected) and in particular the Finance Portfolio Committee. I strongly believe that we have the leadership and team in place to maximize and build on the progress of the previous administrations and to grow our economy for national unity towards a first world economy.

5. Mr. Speaker, please allow me to also express my gratitude to all those who have helped in the preparation of this budget. This includes my dedicated 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, as well as the Planning and Budgeting Committee (PBC). This year, I would particularly like to thank members of the public who made submissions at Sibaya and on the social media platforms that were made available for budget interventions, these have been very useful in the budget preparation.
6. Mr. Speaker, last year my budget speech was presented against a backdrop of growing social unrest and violence. I wish to thank Their Majesties for their leadership in restoring calm and confidence in our country and institutions. Our nation has responded, in unity, to the call for peace and support for our traditional authorities and the Tinkhundla system of democracy. Sibaya, and our successful national events, have created a collective framework for the nation to constructively engage and work together for unity and peace. Our voices have been heard, and this administration has been tasked with putting those submissions into action. The violence and instability has stopped, and we are now firmly back on a path to national reconciliation, peace and stability and we can now continue to grow our economy, create jobs and improve service delivery.
7. Mr. Speaker, during the previous administration our collective focus was to deliver on the National Strategic Plan, which aimed to stabilize and grow the economy, balance the budget, build infrastructure and improve service delivery.

And while we made great strides, we were severely hampered by the Covid-19 pandemic and the subsequent social unrest. Nevertheless, our economy is now in better shape, with an average GDP growth of 5%, one of the lowest Debt-to-GDP ratios in Africa, at 39%, and a budget deficit of only 2%, which is the lowest in the region. Our SACU receipts are at record highs and we will be spending more this year on infrastructure and service delivery than ever before.

8. The theme of this year's budget is *Nkwe for growth!* To hit the ground running. And today I am going to present a budget that will enable and equip Eswatini to hit the ground running for economic growth and service delivery.

(ii) Milestones

9. In line with the National Development Agenda, this budget will address Social challenges, build Infrastructure and provide for Economic Growth. To attain this growth, we will be prioritizing the completion of existing capital projects, and spending in excess of E1 billion more on capital infrastructure, compared to the current year's actual spend. Major projects to be completed include the International Conference Center (ICC), the Manzini-Mpandze Highway, the Mpandze-Mbandlane Highway, the Nhlanguano-Sicunusa road, the Manzini Golf course interchange, LUSIP phase 2, the Biotechnology Park, Buhleni police station and the Shiselweni Network Reinforcement projects.
10. Prioritizing the completion of existing projects, should position the country to start seeing economic returns from the operationalization of these projects, and create space in the capital budget for new projects going forward.
11. Two of our most pressing challenges, remain poverty and unemployment. The only real way of sustainably addressing these is by growing the economy, which not only gets more people employed but also creates more opportunities for Emaswati to get better employment. This in turn will lift our people out of poverty.

12. Mr. Speaker, my previous budgets were focused on consolidation and fixing the foundations of the economy, and we have made great strides in achieving this. Eswatini is now poised for growth, and I believe that the budget I am presenting here today, if well executed and with the support of the nation, can grow our economy considerably. There is no one silver bullet that is going to save us. It is going to require doing many things well: continuing to cut unnecessary and wasteful expenditure, completing all outstanding capital projects, starting new capital projects that will give us good returns, and continuing to make Eswatini the investment destination of choice in the region.
13. Mr. Speaker, the goal of this budget is to keep us on a path of sustainable economic growth. The budget I am presenting today has a fiscal deficit of 1.96% of GDP. This means Mr. Speaker, that even though our debt is still increasing slightly, but if our GDP continues to grow with the estimated of 4.9 %, then our debt to GDP ratio actually reduces in real terms.
14. Although we have achieved record SACU receipts, it is equally important to understand the underlying consequences of the volatility of SACU revenues. A SACU Stabilization Fund has now been established to cushion against future fluctuations in our SACU receipts. Close to a billion Emalangeni is already in the fund, and we plan to increase this with another E1.5 billion in the 2024/25 financial year.
15. Eswatini Revenue Services (ERS), is also projecting record revenue estimates for 2024/2025. I wish to commend ERS for adopting a more client-centric approach in the collection of taxes, and for these record revenue collections.
16. Mr. Speaker, our current economic and social realities remind us that we still have much to do to improve the lives of EmaSwati. Household income for the average Liswati is still under pressure since the COVID-19 pandemic, but we believe that this pressure will slowly reduce due to the current year's decent

budget increase, similar increases in the budget for 2024/25 and the stronger GDP growth.

17. As a country we still have some real “dragons to slay”; corruption remains a real problem, education outcomes are concerning, health service delivery is inadequate and the quality of our rural roads remains poor. In line with His Majesty’s instruction to stamp out corruption, I have just tabled, the Forensic Audit Report on medicines to this Honourable House for adoption.

II. GOVERNMENT’S PERFORMANCE IN 2023, INTERNATIONAL AND REGIONAL ECONOMIC OUTLOOK

(i) International and Regional Economic Performance

18. Mr. Speaker, according to the latest IMF projections, the global economic growth is estimated at 3.0 % in 2023, following a growth of 3.5 % in 2022, whilst it is expected to decline further to 2.9 % in 2024. The slowdown in global growth is underpinned by tighter monetary conditions during the period in the midst of high and stubborn inflation, which dampens global demand and increases production costs. Downside risks include an escalation in the recent conflict in the Middle East, financial stress, persistent inflation, trade fragmentation and climate-related disasters.
19. Economic activity in the Sub-Saharan Africa region, is forecasted to moderate to 3.3 % in 2023 before rebounding to 4.0 % in 2024, owing to predicted uncertainties in resource-rich countries as well as structural economic challenges for major economies such as Nigeria and South Africa. South Africa is the primary trading partner for Eswatini, thus posing heightened risk for the country’s short to medium term outlook.

(ii) Domestic Economic Performance

Growth

20. Domestic economic growth averaged 3.1 % for the years 2020, 2021 and 2022, strengthening from a previous 20-year average of around 2.5 %. The estimated growth for the year 2023 is 4.8 % and the projected growth for 2024 is 4.9 %. These growth figures show a strong upward trend. This anticipated recovery will be underpinned by the country's fiscal policy, wherein higher revenue mobilization is expected in the period, and will result in improved fiscal space promoting public spending and investment as well as spurring demand in some sectors.
21. The secondary and tertiary sectors are expected to have driven the growth in 2023. This growth was supported by manufacturing and construction activities. The manufacturing subsector is expected to benefit from agro-processing of sugar, fruit canning, dairy and processing of wood & wood products and other manufacturing mainly linked to construction activity. On the negative side, the manufacturing of textile and wearing apparel is envisaged to remain constrained on the back of the deterioration of the terms of trade in key markets.
22. Mr. Speaker, growth in the tertiary sector will be broad-based, with the sector projected to grow by 6.7 % in 2023 compared to 0.1 % in the previous year. Subsectors expected to contribute positively to the growth include; wholesale & retail, transport, tourism activities, information & communication services, public administration and professional activities. The wholesale & retail subsector will benefit from increased government spending.
23. Activity in the primary sector will be subdued on account of weather-related challenges, coupled with high input costs, which are anticipated to weigh negatively on crop production. In addition, the prolonged outbreak of foot and mouth disease in some parts of Southern Africa, will weigh heavily on hoofed

animal output hindering supply-value-chains. On the contrary the mining and forestry subsectors are expected to counteract the decline in the agricultural subsector, benefiting from improved yields as well as external demand.

24. Mr. Speaker, the medium-term outlook, i.e., between 2024 and 2026, for Eswatini remains positive, as real GDP is projected to average 3.3 % with a peak of 4.9 % in 2024, but we remain aligned to His Majesty's desired objective for the economy to grow by at least 5 % in the upcoming year.

Inflation

25. Domestic prices remained elevated in 2023 as the overall Eswatini inflation averaged 5.02 % in the eleven months of the year, from the 4.7 % recorded in the same period in 2022. The uptick in inflationary pressure was underpinned by 'food and non-alcoholic beverages' as well as prices for 'housing and utilities'. Notably, food and non-alcoholic beverages averaged an increase of 13.3 % in the eleven months compared to the 7.9 % recorded in the same period in 2022.
26. Food inflation was driven by the price of 'bread and cereals', 'milk, cheese, and eggs', as well as 'vegetables' which all contributed to the increase in the period. Moreover, 'housing and utilities' prices also increased in the period reflecting hikes in 'housing rents' as well as 'electricity', which both grew by 2.6% and 5.3%, respectively. The general inflation rate was, however, cushioned by the national energy utility, which, despite significant electricity hikes from their source partner, was able to use financial reserves to subsidize and hence moderate increases in local prices. These resources have, nevertheless, now been depleted, and pose upside risks to inflation from higher electricity prices.
27. On the contrary, there was a drop in transport costs, benefiting from the decline in global crude oil prices. Consequently, transport prices fell by 7.08 % to average 0.69 % in the period.

Balance of Payments

28. Mr. Speaker, the balance of payment figures indicate that Eswatini's current account balance moved to a surplus of E3.3 billion in 2023, a more favorable position from the deficit of E2.1 billion that was recorded in 2022. The projected surplus is equivalent to 4% of GDP and is the result of the improved trade surplus, coupled with a higher surplus observed in the secondary income account emanating from higher SACU receipts in the 2023/24 financial year. The improvement in the trade surplus will be as a result of higher exports relative to imports in 2023, a consequence of good performance in Eswatini's major export commodities.

29. The current account surplus is projected to continue in 2024 and the outer years. It is expected that the flow of foreign direct investment has been maintained in 2023, benefitting from envisaged profitability of entities resident in Eswatini, which, in turn, are expected to reinvest a portion of these profits back into the economy. This trend is projected to continue into the year 2024 warranting more investment inflows into the Eswatini economy.

(iii) Financial Sector Developments

Monetary Policy, Interest Rates and Money Supply

30. Overall, the Central Bank of Eswatini pursued a restrictive stance in 2023, and the discount rate was increased by a cumulative 100 basis points (bps), in line with tightening regional and global monetary conditions. When deciding its policy stance, the CBE remains cognisant of the need to strike a balance between anchoring inflation expectations, curbing capital flight and supporting domestic economic recovery.

31. The short to medium-term monetary policy outlook remains uncertain given the highly fluid global environment which affects macroeconomic fundamentals. The

Bank forecasts inflation to average 4.99 % in 2024 and to marginally increase to 5.06 % in 2025. Elevated oil prices and the weaker exchange rate pose as upside risks to the inflation outlook.

Johannesburg Stock Exchange (JSE) Listing

32. The Central Bank is at an advanced stage to introduce the Government of Eswatini as a sovereign borrower in the South African market, through a JSE listing process. A 4 billion Rand programme will be listed on the JSE and the government will tap into the market in various tranches.

Gross Official Reserves

33. Mr. Speaker, the country's gross foreign assets were at E9.359 billion in November 2023, which was slightly lower than E9.361 billion in April 2023. The gross official reserves were equivalent to 2.7 months of import cover, on average, over the April to November 2023 period and peaked at 3.0 months import cover in April 2023 as well as October 2023. These peaks were as a result of incoming SACU receipts.
34. The projected increase in SACU revenues in 2024/25 is expected to have a positive effect on gross official reserves in the short-to-medium term.

Financial Sector Stability and Regulations

35. Household indebtedness rose during the period under review, while the debt-service ratio indicated a deterioration in households' capacity to manage their debt obligations. The vulnerable household sector remains a risk to the financial system due to the sector's intricate multi-sectoral interlinkages. The increased vulnerability of households due to continued monetary policy tightening and weakening creditor's assets in the medium-term, led to an 8.2% growth in non-performing loans. The household debt-service-ratio also increased in comparison to the same period last year. The higher ratio indicates weakened resilience of both lenders and households to negative shocks. Households are finding it more

challenging to service debts given their decreasing disposable income levels. Mr. Speaker, we encourage households to spend within their means and be very careful of not falling into the debt trap.

36. Despite prevailing economic challenges, such as upward inflationary pressures and tight financial conditions, the corporate sector showed resilience. There was an expansion in credit within the corporate sector during the review period. There was also an increase in earnings and profitability for large corporates across all sectors during the period under review. In addition, the debt service capacity improved as indicated by the interest coverage ratio. Profits for small, medium, and micro enterprises also increased, while their interest coverage ratio deteriorated.

Performance of the Banking and Non-Banking Sectors

37. Mr. Speaker, despite challenges posed by the lagging effects of the COVID-19 pandemic and geopolitical tensions, the local banking system remained sound, stable and resilient, supported by strong capital and liquidity buffers. High interest rates positively impacted on banks' margins, leading to improved earnings and profitability. However, the combination of high interest rates and inflationary pressures resulted in higher non-performing loans (NPLs) and impacted negatively on liquidity ratios while customer deposits decreased. The rise in Non-Performing Loans is due to the cumulative increases in interest rates over the year, which has made debt more expensive thus limiting repayment capabilities of customers.
38. Assets of the non-banking sector reached over E94 billion as at the end of 2023, and this accounts for approximately 70% of the financial sector assets. In response to some failures in the industry, the Ministry of Finance, through the Central Bank, instituted a Forensic Investigation into the collapse of Ecsponent. The FSRA has put in place its own remedial measures to address gaps flowing from this collapse, including inter-connections between the different financial

services providers. These will include taking enforcement action on individuals responsible including referrals which have been submitted to law enforcement for criminal elements. The need to strengthen the laws to better protect the investing public will be the Government's priority in the immediate future.

(iv) Strengthening the Private Sector

Private Sector Credit Extension

39. Mr. Speaker, credit extended to the private sector accelerated from the lower levels recorded in 2022. Notably, year-on-year private sector credit growth averaged 10.1 % in the ten months up to October 2023 compared to an average of 4.2 % in the twelve months of 2022. The growth in credit was mainly reflected in the business sector, underpinned by sustained economic recovery in most industries. Credit to businesses, therefore, registered an average growth of 15.4 % in October 2023, higher than an average growth of 11.1 % in 2022. Major industries that contributed to the rise were manufacturing, mining & quarrying, real estate, transport & communication, as well as distribution & tourism. This general trend is reflected in the increased growth in GDP.
40. On the contrary, credit to the household sector depicted a lower than average growth of 3.9 % in October 2023 compared to 5.8 % in 2022. The lower growth in household credit partly reflected the higher interest rate environment which continues to weigh on appetite for new credit. Broad money supply developments largely tracked trends in private sector credit, depicting growth in the ten months of 2023, contrary to negative growth in the twelve months of 2022.
41. Notably, year-on-year growth in broad money supply (the amount of money in circulation in the economy) turned around and increased by an average of 4.1 % in October 2023 compared to an average decline of 1 % in 2022. The rise in broad money supply was recorded in both quasi money (highly liquid but non-

cash assets) as well as narrow money supply (money held by the Central bank). Notably, quasi money supply which is an indicator of depositors' savings for investment purposes, rose by an average of 3.3 % in October 2023, contrary to an average fall of 1.2 % in 2022. Narrow money supply which is an indicator of depositors' willingness to reserve money for transactional purposes grew by an average of 5.6 % in October 2023 contrary to an average 0.4% drop in 2022.

Trade, Industry and Investment

42. Mr. Speaker, Government remains committed to build factory shells to stimulate the entry of new investors into the local market and to create jobs. The construction of the Gamula and Hlathikhulu factory shells has been completed. These factory shells are expected to employ 1 000 and 450 people respectively. Moreover, the factory shell that was purchased at Ngwenya currently employs over 900 people. The Ndzevane and Johnson Work wear factory shells are under construction and are anticipated to be completed this year. The Government will then pursue the completion of two factory shell structures at Ngwenya and commence construction of the Bulandzeni factory shell. If we continue with an aggressive roll out of factory shells, this should add at least 0.5% growth in GDP every year.

43. Following the discontinuation of the Ease of Doing Business Index by the World Bank Group in September of 2021, Eswatini has continued to implement targeted improvements to the business environment. To date this has seen the establishment of the Commercial Court, Small Claims Courts, the launch of the Electronic Trading Platform at the Eswatini Stock Exchange, improvements in the company registration process, including the electronic payment and the elimination of the requirement for advertising when applying for trading licenses. These improvements are bearing fruit, as investor confidence is rebounding and this is witnessed by the new business establishments that are continuing to invest in the Eswatini economy, creating the much-needed jobs.

44. Mr. Speaker, in partnership with the European Union, the International Trade Center and Business Eswatini, the Prime Minister has officially launched the State Business Relations initiative, with the primary objective of establishing a Competitiveness Council in Eswatini. This is a forum, chaired by the Prime Minister, and in partnership with the private sector, to drive investment, remove obstacles that frustrate and prevent foreign direct investment, and to drive legislative change to make Eswatini more private sector focused and business friendly. As was evident in our post COVID recovery plan, if rolled out effectively, the State Business Relations initiative should give us a 0.25 % GDP growth in 2024, and at least 0.5 % growth annually thereafter.
45. The government is currently spearheading the amendment of the Special Economic Zones Act. A diagnostic process has been carried out by the Export Processing Zones Authority (EPZA) from the Republic of China on Taiwan who through an intergovernmental cooperation arrangement agreed to assist Eswatini to reform the SEZ legislation.

Micro, Small and Medium Enterprises

46. Mr. Speaker, the Business Incubation Programme provides support that helps entrepreneurs to develop and grow their businesses. The programme offers working and office space, business coaching, mentorship, networking opportunities, market linkages and access to finance linkages. A total of 155 businesses have been part of the programme in the Financial Year 2023/24, providing employment to 994 Emaswati and averaging about E5 million in sales revenue per month. Capacity development initiatives under this programme were focused on issues like tax, ENPF and labour compliance.
47. In the financial year 2024/25 the MSMEs which are incubated within SEDCO will continue to be capacitated to upskill and expand their businesses. Ongoing commercial training was completed under several funding umbrellas including the Inhlanyelo Fund where a total of 3700 applicants were trained before

receiving their loans, the World Vision Project that saw over 1150 households receive training, and under SEDCO whereby 241 vendors operating within the city of Mbabane as part of the Mbabane Municipality project, received training.

48. As part of the Capacity Development and Sector Support programme, and in line with the mandate amplified at Sibaya to address unemployment, Government will be implementing 3 new projects, the first of which is; the SEDCO – ESERA Entrepreneurship Project which seeks to integrate entrepreneurship with the mini-grid system. The target is to facilitate the establishment of 10 businesses that will utilize the electricity generated and supports His Majesty’s vision for expedited national electricity independence. The second project is the Eswatini Livestock Value Chain Development Project in partnership with the International Trade Center, which is targeting 300 cattle and goat producers in the 4 regions. Finally, the SEDCO – Youth Enterprise Revolving Fund business training, coaching and mentorship project which is targeting 250 youth – owned enterprises to create 500 jobs.

III. ECONOMIC DEVELOPMENTS, GOVERNMENT’S SERVICE DELIVERY IN 2023 AND BUDGET STRATEGY FOR 2024/25

(i) Health

49. Mr. Speaker, improving the health care of emaSwati remains a core priority for Government. We are pleased with notable achievements made so far, which include the surpassing of the UNAIDS target for treatment and viral suppression of HIV/AIDS in advance of the 2025 target date. This provides clear evidence of the effectiveness of the country’s HIV treatment programmes.
50. In collaboration with health partners, we were also able to implement programmes and interventions that greatly assisted in containing the COVID 19 pandemic and keeping its mortality rates to about 2%. In light of the lessons learnt from the pandemic, Government has constructed and commissioned

Pressure Swing Absorption Oxygen plants at Hlathikhulu Government Hospital and Nhlanguano Health Centre with capacity to refill oxygen cylinders for clinics in the region. With support from UNICEF, we have further constructed solar power plants at Hlathikhulu and Nhlanguano to reduce electricity costs.

51. There has also been great improvement in the network of health facilities countrywide as we are implementing the policy of having a health facility within every 8 kilometers radius. This has been done through constructing and operationalizing more health facilities in all four regions of the country. These include clinics at Hlane, Nkomazi, Sidvokodvo (Luve), Magwanyana and Tikhuba.
52. Mr. Speaker, the health system has serious challenges with inherent structural weaknesses and capacity constraints. The health sector has been struggling with an acute shortage of key inputs such as, human resources, procurement of drugs and medical supplies, security controls, fuel and hospital management, which have led to disruptions in providing essential health services. The drug shortage has had a negative impact on patient care as well as significant financial implications.
53. The problem of drug shortages can be managed by streamlining the supply chain and introduction of new rules and regulations. Largely, strengthening the health system through investments in skills, technology, equipment and applying evidence-based policy decisions are key to achieving better quality healthcare. Through the transformation of the Central Medical Stores, Government will improve procurement and supply chain management systems for drugs. Currently, we are preparing the legislation for Central Medical Stores to be a stand-alone entity, eventually becoming an SOE, meaning that Government will only pay for medication once it is proven to have been supplied to the relevant patients.
54. Notwithstanding the challenges, government remains committed to prioritizing the health sector by providing additional resources to ensure that the gains that

have been realized in HIV, TB, other diseases are not reversed. Going forward, health outcomes will be improved in order to ensure that Emaswati live healthy and productive lives, resonating his Majesty's speech from the Throne that "***no liswati should die from lack of proper health services***". This will be attained through an honest, efficient, equitable, client-centered health system that accelerates attainment of the highest standards of health for all emaSwati and everyone living in the Kingdom of Eswatini.

55. Mr. Speaker, in the upcoming fiscal year, government will fully operationalize the Emergency and Referral Complex at Mbabane Government Hospital. This facility will be prioritized so that it can treat complicated cases thereby significantly contributing to improving the health status of the population. Also, construction of Ndunayithini and Ntondozi Clinics as well as the re-building of the KaMfishane clinic is ongoing. These facilities will increase access of the nearby communities to quality primary health services.
56. Mr. Speaker, with the high number of patients requiring dialysis, government intends to expand the renal services to at least two more hospitals which are Pigg's Peak Government Hospital and Good Shepherd Catholic Hospital. This will bring the number of health facilities providing this critical service to 5, meaning that the services will now be available in all four regions of the country.
57. Mr. Speaker, the outcry at Sibaya around the problems in the Ministry of Health, as well as from the public in the submissions for the budget speech on the virtual platforms, emphasized the need for additional funding to turnaround the Ministry of Health and for this reason, we have allocated E250 million more to the health budget bringing it to a budget of E3 billion. This represents 10% of the total budget.

(ii) Education

58. During the 2023/24 financial year, the Government approved a revised Fee Schedule Structure for Free Primary Education. Recognizing the necessity to address the changing economic landscape, the Ministry of Education and Training embarked on amending the Free Primary Education Act of 2010.
59. Government converted 794 temporary teachers into permanent and pensionable positions in the 2023/2024 financial year. In the 2024/2025 budget, Government has allocated E65 million to continue with conversion of temporary teaching positions into permanent roles to address teacher shortages and also contribute to the overall quality of education, providing students with a more stable and conducive learning environment.
60. Mr. Speaker, Government carried out a comprehensive review of Special Educational Needs (SEN) manuals. These manuals are designed to cater for the unique learning requirements of students with special needs. In the 2024 academic year, a pilot of the manuals is to be carried out in selected schools. This initiative is one way of ensuring mainstreaming inclusive education in our schools. To enhance the learning experience for special education needs students, soft copies of instructional materials have been uploaded using technologies through the assistance of our local and international development partners. This ensures that special education needs students can access educational content in formats that cater for their specific needs using the gadgets.
61. Government is in the process of transitioning from a traditional paper-based approach to a more advanced and efficient web-based system known as DHIS2 for Education. This system is designed to capture comprehensive data on individual learners in grades 0, Primary, and High Schools, as well as teachers, utilizing their Personal Identification Numbers. The primary objective is to ensure accurate tracking and accountability within the education system. This System

will be critical in ensuring quick turnaround in the processing of Free Primary Education grants to schools, Human Resource management within the Teaching Service Commission, linkage with the Orphaned and Vulnerable children at the Deputy Prime Minister's Office and other management information systems in Government. Data capturing is at 90% running concurrently with data cleaning and quality assurance. The target is to produce the Annual Education Census Report by March 2024.

62. Institutionalizing the AS and A Levels as qualifications beyond EGCSE is one of the means to improve on the quality of education as well as respond to the outcry over the ending of the Matric qualifications that learners from Eswatini have been accessing over the years. To this end, the pilot programme is progressing well and checkpoint assessments have been conducted for the first cohort and for the next year another checkpoint assessment will be conducted to inform implementation and possible rollout. This will enable our students to access university education anywhere in the world.
63. Government continued with the incremental roll out of Grade 0 by ensuring an additional 80 classrooms, with 20 classrooms established in each of the four regions of the country. This brings the total number of public primary schools with Grade 0 to 340 and with an enrolment of approximately 8500 learners. This accomplishment reflects substantial progress since the programme's inception in 2018.
64. The e-learning platform referred to as the "Learning Passport", has been launched after the development and customization of content for the core subjects at the senior secondary level (Form 4 and 5). This initiative is critical in ensuring that students have access to educational resources, especially in times of disruptions. E-learning platforms and multi-mode teaching methods ensure that students have access to quality education regardless of their location or circumstances. The initiative is on-going with the development of e-content for the remaining subjects at the senior secondary level.

65. Government is allocating E3.94 billion in the recurrent budget, E200 million in the capital budget to the Ministry of Education and Training, E194million in the OVC fund and E647 million for scholarships, equalling a total of E5 billion for the provision of education and training at all levels in the country. This represents 17% of the total budget spent on educating Emaswati.

(iii) Labour

66. Mr. Speaker, skills development is an essential ingredient for a country's sustainable development and economic growth. Government through the Ministry of Labour, is in the process of reviewing the National Human Resource Development Policy which is a coherent attempt to give direction to the development of human capital for Eswatini. This policy framework will also guide the review, enactment and alignment of other Human Resource Development sector policies. It will also form the basis on which good legislative and regulatory frameworks are developed and influence the review of laws, regulations and governance structures responsible for human resource development in the country.
67. In 2024/25, Government will develop a National Skills Development Master Plan that seeks to inform the overall skills development priorities in the country and provide a cohesive and coordinated approach to the development of the required skills and competencies.
68. In the current financial year, Government increased the pre-service tertiary education and training (scholarships) budget from E361 Million to E647 Million. The budget increase not only facilitated the efficient payment of long outstanding tuition fees in tertiary institutions, both locally and externally catering for a deficit of E241 Million, but also allowed for the addition of 1000 more scholarships as a positive response to the rising numbers of high school graduating students.

69. Mr. Speaker, Government has been struggling to cope with the increasing demand of funding for scholarships. Consequently, this financial year Parliament passed a law that establishes a Student Revolving Fund. In the 2024/25 FY, Government commits to operationalize the Eswatini Student Revolving Fund to address the national call for Scholarships for All in time, as the revolving fund grows.

(iv) Social Transfers

70. Mr. Speaker, the Government has continued to prioritize the needs of vulnerable groups by providing various social transfers amounting to E748.6 million in the current financial year. These resources have enabled the Government to increase the number of eligible Persons with Disabilities to 14,459, while benefiting 58,847 OVCs and benefiting a total of 81 554 Elderly Persons as of November 2023. Another key milestone on the disbursement of grants was the improvement on the turn-around time from three months to monthly payments.

71. The impact of climate related disasters has continued to reverse development gains for the country while also negatively impacting the lives and livelihoods of Emaswati. Through the NDMA, the Kingdom has reconstructed and rehabilitated a total of 1 026 houses for poor and vulnerable elderly people damaged by various hazards including tropical cyclones, windstorms, and fires. Through the collaboration of various government departments and its stakeholders, the country received global recognition at the COP 27 by winning an award for the development of the best Urban Resilience Project in Africa. This project aims to introduce innovative climate actions in the urban landscape.

72. Government has allocated an amount of E909 million to the Deputy Prime Minister's Office in order to continue these essential services of taking care of the social sector. The addition to this year's budget mainly caters for the increased number of people on disability grants as well as to increase the amount of the disability grant.

(v) Agriculture

73. Mr. Speaker, Government continues to support our farmers through the Input Subsidy Programme being implemented through the National Maize Corporation (NMC). The main goal is to increase production and productivity. It has been noted that the demand for services under this programme has increased and E59 million has been allocated to address this. The Agriculture Revolving Fund is also proving to assist rural farmers and an additional E35 million will be allocated to this Fund.
74. Government has also embarked on significant capital investments in the Agriculture sector. We are currently in the process of constructing the Mpakeni dam which will provide water for irrigation and other developments mainly under the Shiselweni region. A sum of E630 million in the budget has been earmarked for this in the 2024/25 financial year. We are grateful to His Majesty King Mswati III for conducting the sod-cutting to mark the commencement of such an important project.
75. Today, I have also tabled a loan bill to provide for the construction of a canal from the dam. Unlike previous bulk water infrastructure projects, for this project we will be constructing the dam, canal and in-field infrastructure at the same time so that when the dam is complete, the holistic project can start supplying water to farmers straight away. This project should unlock a growth of 0.25% of GDP in 2026, 0.5% in 2027, and 2% in 2028.
76. The LUSIP II project has also been allocated a budget of E417 million to bring it to completion so that the nation starts to realize real returns from its utilization and feeding into the overall growth imperative in the medium term. As this project rolls out, it should give us 0.5 % growth in 2024, 0.5% growth in 2025, and 0.75 % growth in GDP in 2026.

77. Government is currently working on a holistic, integrated farming training programme with associated loans, industry development, technical, logistical and supply chain support, to address the pressing issues of unemployment, poverty and food self-sufficiency, in response to Sibaya submissions. The nation will be engaged for input on this project before launching. This programme is modeled to be able to release at least 0.25 % GDP growth in 2026, 0.5 % growth in 2027, and 0.75 % growth in 2028.
78. Government has allocated E1.55 billion for the Ministry of Agriculture in the 2024/25 fiscal year.

(vi) Natural Resources

79. Mr. Speaker, in the financial year 2023/24 Government managed to construct eight (8) major rural water schemes that benefited a total of 14, 490 people and provided water supply to six (6) urban and peri-urban areas. Furthermore, government also managed to drill over 150 groundwater boreholes that benefited about 4500 homesteads throughout the country. The government will continue with the provision of potable water through the reticulation of water schemes and hand pumps to ensure that all Emaswati have access to potable water, as articulated by the submissions during Sibaya. The construction of the long awaited Lomahasha-Namaacha Cross Border Water Supply Project is budgeted for and is expected to commence in September 2024 and will be implemented in 18 months.
80. The two rural water projects remain ongoing and the Government has provided E275 million for the Manzini Regional water and sanitation project and E292 million for the Shiselweni water supply and sanitation project. These projects are aimed at getting potable water to Emaswati living in the rural areas.
81. The utility companies continue to suffer unprecedented damage to infrastructure resulting from climate change. This has necessitated redesigning their

infrastructure in order to be more resilient to withstand these challenges. All Emaswati are requested to support efforts meant to protect the water and power sectors against network vandalism, which cost the country millions of Emalangeni.

82. The mining sector remains a sub sector that has a potential to significantly contribute to the economy. A number of companies were granted prospecting and mining licenses in 2023/24. If we are able to commission at least two large mining concerns per annum, this would add 2% to our GDP growth annually.

(vii) Energy

83. Mr. Speaker, the government remains committed to driving renewable energy sources in the country in line with the pledge made at COP28. These projects include the expansion of the Maguga Hydro Plant by 10MW, development of a 13.5MW lower Maguduza Hydro Plant, the procurement of 75MW solar power and 40MW biomass power plant. A total capacity of 12.91 MW was authorized in 2023/24, through license exemptions awarded to solar PV-based generators focused on self-consumption, aligning with ongoing initiatives to boost local generation capacity. If these energy projects and those in the pipeline are rolled out efficiently and effectively, they should add 0.25% to our GDP growth in 2024 and 2025, 0.5 % to our GDP growth in 2026, 2027 and 2028 respectively.
84. Government is also undertaking projects to strengthen the electricity network infrastructure, to ensure network resilience and reliability. These include constructing a new 55KM 132KVA transmission line from Edwaleni via Siphocosini to Mbabane, to strengthen the backbone of electricity supply in the entire Hhohho Region. Through the assistance of the World Bank, EEC is constructing a new transmission line from Nhlngano to Lavumisa, including substations in Hluti, Matsanjeni and Lavumisa with the aim to strengthen the electricity network in the Shiselweni Region. This project is 40% complete and is planned for

completion in 2024. The project also includes the electrification of 8000 households.

85. The rural electrification programme is continuing through the Rural Electrification Access Fund, with the aim to fast-track rural household electrification towards achieving 100% access to power by 2030. In the past 12 months, 11 000 households have been electrified.

(viii) Tourism and Environment

86. Mr. Speaker, the Government continued to promote 'Destination Eswatini' as an advocacy strategy to ensure that Eswatini continues to be recognized as the preferred destination of choice both locally and internationally. International visitors increased by 77% from January to October 2023 when compared to the 2022 calendar year. Even though the increase in tourism is encouraging, we have not reached the pre-COVID 19 Tourism levels yet.
87. In 2024/25 Government will be working towards operationalizing the International Convention Centre. The Convention Centre carries huge prospects of significantly boosting the tourism sector. In this year's budget, we will be allocating E1.11billion for the final completion of the International Convention Centre. When completed in 2024, and if managed well, this project should give us 0.25 % growth in GDP in 2025, 0.75 % GDP growth in 2026 and 2027.
88. Government will continue to work on the construction and development of the Big Five National Park. This project will also bring about numerous jobs both directly and indirectly and should increase tourism numbers, and for the first time, the country will have free roaming predators in a conservation park. If this project is rolled out correctly, it should give a 0.25 % GDP growth in 2027 and 2028.

89. Eswatini is pioneering the global concept of "Other Effective Conservation Measures (OECMs), to increase the area under conservation in the country. The Big Five National Park Project has a huge potential not only to increase the country's conservation estate but to also contribute to global conservation efforts while implementing the Global Biodiversity Framework. This project has been fully funded by the Government so far which demonstrates the country's commitment to implement the Global Biodiversity Framework and to increase the area under conservation to 10% of the country's total area.
90. Weather and climate extremes have become more frequent, costing the Eswatini economy millions of Emalangenis. While hastening efforts to mobilize external resources to deal with this climate change related challenge, the government of Eswatini has also taken it upon itself to contribute to improving the country's early warning systems, in line with the call by the UN Secretary General. Collaboration and coordination among sectors in order to issue effective and targeted early warning messages, to develop plans and strategies for early warnings and risk management, and to mobilize resources for further climate change mitigation and adaptation is also key.

(ix) Information, Communication and Technology

91. Mr. Speaker, Government steadfastly upholds the belief that ICT is a catalyst for the socio-economic development of the nation. Recognizing this, we are committed to positioning ICT as a foundational pillar in our economy and envisage the full integration of ICT across diverse sectors. Our vision extends to reforming Health, Agriculture, Finance, Governance, Education, and Social Welfare to name but a few, using ICT as a paramount focus on decentralising Government services.
92. In response to Sibaya submissions on the decentralization of Government services through digital platforms, Government is continuing to transform its business processes using ICT to improve service delivery. A number of services

across the different ministries and departments have now been digitized. The Electronic Case Management System which services the Ministry of Justice and Constitutional Affairs, His Majesty's Correctional Services and Royal Eswatini Police Service is at completion stage and will be launched at the end of March 2024. On digital payments, the public can now use swiping machines to do Electronic Funds Transfers at Revenue centers in the country which widens the digital payment options over and above the MOMO payments introduced in previous years. Government is also embarking on a programme to establish Digital Hubs at Tinkhundla Centers, which will further ensure decentralization of Government services.

93. Despite these interventions, copper theft from some of the country's infrastructure continues to be a major challenge, resulting in service outages of radio, television and telecommunications. To mitigate this, the Government continues to deploy optic fibre in replacement of copper cables, however, this is a costly exercise.
94. This budget provides E50 million for the completion of the construction of the Biotechnology Park at Nokwane. When fully operational, this project shows exciting prospects if rolled out with the SEZ legislation and should unlock 0.25 % GDP growth in 2025 and 2026, and 0.5 % GDP growth in 2027 and 2028 respectively.
95. The budget to the Ministry of ICT has been increased by E80 million from the previous financial year to E542 million.

(x) Infrastructure Development

96. Mr. Speaker, government recognizes the need for infrastructure development to meet transportation and access to services needs for the nation. Over the years, significant investment has been made in developing public infrastructure including several roads, office buildings, railway lines, residential blocks to

mention a few. With the passage of time, growing usage and an increase in the population, wear and deterioration has come to be the prominent feature of such infrastructure. Government recognizes the need for improved maintenance on Government infrastructure in general and additional funding for maintenance has been provided in this year's budget.

Roads

97. Mr. Speaker, in the medium term, government will focus on upgrading a number of roads from gravel to tar standard so as to enhance all weather accessibility of the targeted areas. Roads spanning about 500 km have been targeted for upgrading and these are spread throughout the four (4) regions. With such initiatives, it is envisaged that economic activity will be stimulated and poverty reduced. Construction work also plays a crucial role in creating employment during peak activity periods thereby contributing to the reduction of unemployment.
98. To further enhance coverage of the road network, the service roads traversing the communities will be improved through a partnership with the private sector through a hire service to do re-graveling, blading and grading. The promulgation of the Roads Authority Act (2023) will assist in coming up with new strategies for dealing with the country's road network issues. Road transportation is the most widely used transport mode in the country, hence it remains a priority in development plans of the country.
99. Government has made a provision of E390 million for roads maintenance and major rehabilitation.

Railways

100. Mr. Speaker, the country's rail network has played a major role in the movement of bulk commodities from neighboring states. We recognize the need to expand the network further especially from Sidvokodvo to Lothair in the Republic of

South Africa to create the necessary link for rail traffic from the north (DRC, Zambia Zimbabwe) en-route to the ports of Durban, Richards Bay and Maputo.

Aviation

101. Mr. Speaker, in the current financial year the country through the Royal Eswatini National Airways Corporation (RENAC) re-launched the national airline and to date flies to 4 destinations (Johannesburg, Cape Town, Durban and Harare). The airline industry is complex and costly, hence support for the airline will be critical, especially because it is still at its infancy stages. Some of the start-up challenges the airline has faced is the non-accreditation to facilitate baggage transfer to other destinations outside its routes. This is a major blow as it causes a lot of inconvenience to travelers and will soon be resolved once the necessary accreditation and networks are fully established.

Rural Development

102. Mr. Speaker, the government has been working with other stakeholders to ensure Tinkhundla Offices that were destroyed during the social unrest are speedily reconstructed. Four Tinkhundla offices are being constructed at Ndzingeni, Lamgabhi, Sandleni and Kwaluseni. These are expected to be completed by May 2024. Government, has engaged Micro-projects to recruit contractors for the Kukhanyeni, Timphisini, Ngudzeni and Somntongo Tinkhundla. Additional funding has been provided to complete the reconstruction at KuMethula Inkhundla, which will be upgraded to offer additional government services in line with the decentralization of services mandate.

103. Government will again allocate E177 million to the Rural Development Fund (RDF) and E183 million towards the Micro Projects Community Development Fund (CDF), as these projects continue to deliver opportunities and infrastructure in the rural areas in Eswatini and create a significant economic impact.

104. Government has allocated an amount of E440 million to the Ministry of Tinkhundla Administration and Development in order to continue with rural development services.

(xi) National Security

105. Mr. Speaker, the Royal Eswatini Police Services (REPS) is alive to the fact that a national landscape characterized by law and order, as well as high levels of safety and security, is key for the attainment of social and economic development

106. Focused Investigative Task Teams have been established to single-mindedly pay attention to prioritized and high-profile crimes such as violent murders , gender-based violence (GBV), Cyber related crimes, Property crime as well as corruption-related cases. Human Trafficking crimes are on the rise in Eswatini and a task team was set up with their own budget to deal with this scourge.

107. Crime levels have been kept under control in the country which has seen it maintaining its appeal as a viable investment destination in comparison to other jurisdictions. In this reporting period, serious and prioritized crimes decreased by 8.7% as a result of robust police action and targeted interventions, whilst road deaths decreased by 7.7% in the same period.

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

109. The Correctional Services will continue focusing on the rehabilitation of offenders and integrating them back to society for improved public safety and stability.

(xii) Combating Corruption

Crime Prevention Measures, Structures and Legislation

110. Mr. Speaker, the Government is committed to dealing with corruption, money laundering and terrorist financing within the country and from both the public and private sector spheres. This will involve the active pursuit of effective prevention and investigative strategies, social re-engineering of attitudes to awaken everyone's consciousness to the necessity of getting involved and invoke a stance for zero tolerance against corruption. This will be done through the implementation of a cross-sectoral National Anti-Corruption Policy.

111. The public sector will also be targeted in terms of the development of a National Corruption Risk Assessment framework wherein every Ministry or Department will be required to map out their corruption risks and then design a framework that they will be implementing to close the corruption loopholes. In line with the directive from the Throne to deal decisively with corruption, the Right Honorable Prime Minister launched a task team to investigate, prosecute and resolve matters of corruption in the public and private spheres.

Audit

112. Mr. Speaker, the Office of the Auditor General continues its critical role of being a public oversight institution and notable watchdog which monitors and ensures that Government spends its budget wisely, economically, efficiently and effectively so that we as a nation, can face the future with the confidence and improved potential to change our lives for the better.

113. The Auditor General's office is the Supreme Audit Institution (SAI) of the country that ensures effectiveness and integrity in the use of public resources and plays an important role in preventing and detecting corruption. The office of the Auditor General has noted the concerns around non-delivery of public services

and the loss of public funds submitted during the Sibaya consultations and will conduct audits in line with these submissions in this coming year.

114. Mr. Speaker, the misuse of public funds and corruption pose a serious threat to the development efforts of all countries. To address these, the Government will continue to support institutional capacity building of the Office of the Auditor General in order to create a more efficient and effective supreme audit institution that will monitor the use of all public funds and assets and work with the Public Accounts Committee and the Losses Committee to recover lost funds.

Anti-Money Laundering

115. Mr. Speaker, corruption, fraud and tax evasion continue to present a challenge in the financial space in the Kingdom. As a response to the findings in the AML/CFT mutual evaluation report published in 2022, and in order to strengthen the AML/CFT regime in the country legislative amendments will shortly be brought to Parliament. These legislative amendments are intended to close gaps in the regulatory and institutional structure of the Kingdom. A national AML/CFT Strategy has also been developed and this will be the framework within which the efforts to curb financial crime will be rolled out. It is envisioned that implementation of this strategy, which takes into account both the findings of the mutual evaluation as well as the national risk assessment, will bring us into compliance with the international AML/CFT standards as set out in the Financial Action Task Force recommendations.

(xiii) Financial Innovation and Intelligence

116. Mr. Speaker, financial inclusion and access to financial services play a significant role to improve sustainable livelihoods of the Emaswati and the Small and Medium Enterprise (SME) businesses. The Government of Eswatini reviewed its first National Financial Inclusion Strategy (2017-2022) to the second National Financial Inclusion Strategy (NFIS) (2023-2028) which aimed to support access

and usage to affordable, appropriate and quality financial services and products for the underserved segments of the population. The new strategy also puts emphasis on quality, welfare, gender and inclusive green finance as opposed to access to financial products. In order to advance financial inclusion, we need to have a financially healthy society and to integrate financial literacy in the National curriculum, this will further be enhanced by the launch of the National Financial Education Strategy (NFES).

117. Our aim when it comes to the Financial Inclusion (FI) agenda is to ensure that all individuals have equal access to and usage of financial services. Eswatini has been commended by the Alliance for Financial Inclusion (AFI) and other partners for being one of the few countries that established a centre dedicated to financial inclusion. When we did our first survey (on consumer access to & usage of financial services) in 2011 , the proportion of those who could not use financial services and products was 37%, in 2014 the number reduced to 27% and in 2018 to 13 %.

118. The Government is encouraged by reports of recent activity on the Eswatini Stock Exchange (ESE) and its role in unlocking value for Emaswati. Increased activity on the Stock Exchange means that in time, Emaswati will be able to freely trade shares of companies and benefit from the growth realized from their operations.

(xiv) Promotion and Protection of Human Rights

119. Mr. Speaker, pursuant to Government's resolution to restructure the Anti-Corruption Commission (ACC) and the Commission on Human Rights and Public Administration, the Government, with technical support from development partners, engaged an expert from the Commission on Human Rights and Administrative Justice of Ghana (CHRAJ) to perform the task. The expert shared the Ghanaian experience of how their Commission operates with three mandates (Corruption, Human rights, and Public Administration) housed in one institution; the functions and powers of the Commission; the operational challenges and

opportunities; operational structure or organogram; advantages and disadvantages of having the type of institution amongst other issues.

120. Government is now in the process of engaging a consultant to develop a comprehensive organizational structure reflecting the full mandate of the institution and its key pillars; undertake skills audit for the current Commissions; develop skills profiles required for the new institution; benchmark remuneration; develop job descriptions for strategic and middle level management positions including a transition strategy for the merging of the institutions. The draft Bill has been successfully developed.

(xv) National Elections 2023/2024

121. Mr. Speaker, Government would like to extend her appreciation to all Emaswati for coming out in large numbers during the recent national elections held by the country and fully adhering to the slogan ***"ngete ngasala nasakha live letfu"***.

122. Government would also like to applaud the 11th Parliament for the Amendment of electoral laws, mainly the Elections Act that gave birth to a number of changes in the conduct of elections i.e. counting of votes at polling stations and continuous voter registration to name a few, which resulted in the great success of the 2023 national elections.

123. The Elections and Boundaries Commission (EBC) conducted civic voter education and registration sessions as guided by the amendment of the Elections Act, in 2023, which entailed the audit of the current database in preparation for 'By elections', registration of new voters and periodic validation of the voter's roll.

IV. FISCAL PERFORMANCE

(i) Revenue Performance 2023/24

124. Mr. Speaker, in the 2023/24 fiscal year, Government revenue and grants are projected to amount to E25.48 billion, corresponding to 29.4 % of GDP. The projected revenue collection displayed a significant increase against the initial budget of E24.64 billion. Despite the significant better performance of actual revenue receipts against projections in the previous fiscal year, revenue receipts were still at record highs. This performance is largely attributable to SACU receipts in 2023/24. At 13.5% of GDP, SACU increased from E5.82 billion in 2022/23 to E11.75 billion approximately 46.1% of the total revenue collection.

(ii) Expenditure 2023/24

125. Mr. Speaker, total Government expenditure for financial year 2023/24 was budgeted at E26.44 billion. The revised budget at the end of the year stands at E26.98 billion. At 30.5 % of GDP, this is approximately 2% higher than the outturn in 2022/23.

(iii) Overall Balance/Government Deficit 2023/24

126. Mr. Speaker, the deficit for financial year 2023/24 was budgeted at 2.1 % of GDP which is lower than the 4.9 % deficit to GDP ratio for financial year 2022/23. This equates to a decrease of E3.88 billion to E1.8 billion. Whilst we have been able to fund part of this through local borrowing, a large part of it has been financed through external borrowing.

(iv) Public Debt 2023/24

127. Mr. Speaker, it remains the responsibility of Government to mobilize 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 November 2023, total debt stock stood at

E35.07 Billion, which is an equivalent of 37.43 % of GDP. Of this stock, external debt stood at E17.43 Billion which is equivalent to 18.60 % of GDP whilst domestic debt stood at E17.64 Billion which is equivalent to 18.83 % of GDP.

128. Government intends to review the current Medium-Term Debt Strategy to evaluate the cost and risk trade-offs associated with alternative financing strategies over the medium term. In line with the Public Finance Management (PFM) Act of 2017, the Ministry will also produce a Debt Sustainability Analysis report that provides an update on the country's ability to service its debt obligations as they fall due without disrupting its budget implementation. Both the Medium Term Debt Strategy and the Debt Sustainability Analysis reports will be submitted to Cabinet for approval before they are tabled in Parliament.

129. Mr. Speaker, we are in a relatively healthy space from a debt point of view. Our Debt to GDP ratio is low, our domestic debt is well priced and our external debt in foreign currency is all concessional funding. As I explained earlier, inflation has ballooned globally after Covid and that has caused the Central and Reserve Banks around the world to lift interest rates. Regardless of the fact that our debt is well priced, the increase of interest rates has a direct impact on the cost of our debt.

130. In 2023/2024 we budgeted E1.5 billion for interest and in 2024/2025 we have budgeted E2.3 billion, and this is being conservative as we have predicted the interest rates to have reduced by 100 basis points by the end of this calendar year. This additional E800 million takes a large chunk of the additional revenue that we have available.

(v) Cash Flow and Arrears 2023/24

131. Mr. Speaker, our cash flow remains constrained. As at the 12th of February 2024 we had a list of 1.75 Billion Emalangenis worth of payments due at Treasury. Of these, around E750 million is to suppliers and about E1 billion is for government

projects that have been budgeted for but waiting for funding before starting. Of concern is the amount outstanding to suppliers, of which a portion will be moving beyond the 30-day payment term. This amount has come down considerably over the last few years but remains an absolute priority to get under full control.

132. We budgeted to receive E650 million from the JSE listing that has been delayed. We are now expecting it to come through in March 2024 and that should get us close to solving this problem of outstanding arrears to suppliers.

(vi) Public Enterprises

133. The Ministry of Finance continued to provide oversight control on our State Owned Entities to ensure that they remain effective and efficient as a very important sector in improving economic growth in the country. The performance of the entities is showing improvement following Covid 19 and we will continue to support these entities to ensure that they execute their mandates to the expectations of government and the Nation. An additional E150 million has been budgeted to increase subventions to those SOEs that are struggling to maintain operations with their current allocations.
134. Mr. Speaker, as I have reported in previous years that some SOEs are owing Eswatini Revenue Service taxes dating back to over a decade, I am pleased to inform you that the Government in consultation with the Eswatini Revenue services has taken a decision to write-off all the PAYE tax arrears that has been owed by some of our State Owned Enterprises. This was done for SOEs who faithfully remitted PAYE taxes for six consecutive months to Eswatini Revenue Service and currently all these entities are up to date with the PAYE remittances.
135. Following the signing of the grant agreement of 150,000 US Dollars with the African Development Bank (AfDB) for the implementation of the Public Enterprises Reforms, the Ministry has submitted all necessary documents to AfDB for the disbursements of the funds to the Economic Policy Analysis and Research

Centre (ESEPARC) as our implementing agency. The funds will cover the review of the Public Enterprises Control and Monitoring Act of 1989 and the development of a performance management tool that will monitor performance of State Owned Enterprises.

(vii) Public Procurement Reform

136. Mr. Speaker, the Government through the Ministry of Finance has initiated comprehensive Public Finance Management (PFM) Reforms. This includes the development and implementation of the Integrated Financial Management and Information System (IFMIS) beginning in the Financial Year 2024/2025. The Ministry of Finance is working together with the Ministry of ICT through RSTP, the Accountant General's Office, the office of the Internal Audit, the Ministry of Economic Planning, and the Ministry of Public Service as the main stakeholders. The other stakeholders that will be interfaced with the system are the Central Bank, Eswatini Revenue Services, the Ministry of Home Affairs and the Ministry of Commerce.

137. This System will be integrated with the Electronic Government Procurement System. The objectives of the IFMIS development are to: improve financial management, budgeting, financial reporting and the quality and timelines of Public Financial Management information. The system also enhances controls and helps eliminate corruption on the use of public financial resources, enhances efficiency through automation, ensures clean data, visible Audit Trails and ensures reconciliation and data integrity.

138. Mr. Speaker, the Government will be introducing the Electronic Government Procurement System in the financial year 2024/2025. This system will be used by Central Government, Public Enterprises and Local Governments. This System will enhance efficiency and, transparency in the procurement process. It will also enhance service delivery as Ministries and Departments will be able to procure in the shortest possible time. Furthermore, it is anticipated that it will stimulate

the economy, through the participation of the private sector, and promote preference for local Eswatini Companies in public procurement.

139. Government has just concluded and commissioned the Market Price Reference Catalogue in conjunction with ESPPRA. We hope that this catalogue will assist in preventing the suppliers from selling common use items using inflated prices to the government ministries, state owned enterprises and municipalities.

(viii) Taxes

140. Mr. Speaker, I would like to commend all Emaswati and business for contributing to the fiscus by honouring their tax and customs obligations. In the year 2023/2024 the ERS is expected to collect E13.1bn, an 8.1% increase from the year 2022/2023. The improvement in revenue collection is attributed to improved voluntary compliance observed since the ERS transitioned to a service-oriented organization. The ERS recently launched the Sondzela Sikhulume Programme as a commitment to accommodate those who have tax compliance difficulties. The forecast for 2024/2025 is E14.5 billion, an increase of 11%. This increase shall be delivered by the ERS's digital transformation programme and improved collaboration with key stakeholders. March 2024 shall see the launch of a modern Integrated Revenue Administration system following implementation that started in October 2022. The Automated System for Customs Data (ASYCUDA) shall be upgraded by the end of 2024. The Customs system shall enhance the programme to simplify and speedup clearance processes at ports of entry.
141. ERS's professionalism has caught the attention of institutions beyond the borders of the country. In December 2023 the Association of Certified Chartered Accountants Africa chapter awarded the ERS CFO with the CFO of the year award in the Public Enterprise category.
142. Raising sufficient revenue to support the provision of government services remains important for us as a country and finding the delicate balance between

raising sufficient revenue without stifling economic growth is what the ERS policy aims to achieve. It is in this regard that the coming fiscal year will see the coming into effect of the Income Tax Order Amendment, 2023. This legislation brings changes that will improve effectiveness in administration while simultaneously providing relief to businesses. Among other changes brought about by the Amendment that will come into effect on the 1st of July 2024, is the reduction of the corporate tax rate from 27.5% to 25%, a move that we believe will stimulate new investment and encourage the growth of existing investments. The review of capital allowances, introduction of capital gains on business assets and provisions on transfer pricing are among the main changes that the Income Tax Order Amendment is bringing. Overall, these changes will improve efficiency in tax administration while providing relief that will encourage economic growth.

143. Aligned to the reduction in the costs associated with taxation especially on the smaller taxpayers, we will implement the Presumptive Tax regime that was approved as part of the Income Tax Order Amendment in 2023. This regime will enable businesses that are below the threshold of E500 000 to keep minimal records that will enable the calculation of their tax liability that will be 1.75% of their turnover. Further, effective 1 July 2024, we will review the VAT threshold from the current E500 000 to E900 000. Businesses that would like to remain registered for VAT yet find themselves below the threshold will continue to apply for voluntary registration and remain registered for VAT should they be interested in utilising the benefits of VAT. These changes aim at reducing compliance costs and encourage growth for small businesses, in support of broad-based economic growth.
144. We continue to monitor our tax system for potential improvements, and in this regard, we will be reviewing the list of zero-rated items and the sale of all exercise books used in our schooling system is one of the items we are looking at for zero-rating, a change aimed at reducing the cost of education and providing relief to parents.

145. We shall be initiating a number of programmes to align our legislation and tax administration systems with the digital age, particularly the area of services where the revenue gaps remain significant. In the year 2024/2025 we shall launch Tax and Customs systems that sets us on a path to a modern era that enables system interface between the ERS and their Clients. This shall reduce compliance costs for taxpayers and enhance voluntary compliance.

V. REVENUE AND EXPENDITURE FOR 2024/25

146. Mr. Speaker, I will now present the Budget estimates for the financial year 2024/25.

(i) Revenue

147. Mr. Speaker, Government revenue excluding grants in the 2024/25 fiscal year is projected to reach E26.99 billion, which is 28.8% of GDP, an increase of 1.1% on 2023/24. Of this, SACU receipts increased from E11.75 billion in 2023/24 to E13.07 billion in 2024/25. Non-SACU revenue increased from E13.16 billion to E15.41 billion, a growth of 17 %.

148. Total income taxes are projected to increase by close to 12.4% from an estimate of E7.20 billion in 2023/24 to about E8.09 billion in 2024/25. This is because of higher expected growth and employment in 2024/25 compared to 2023/24. Out of this, corporate income taxes are expected to grow from E1.78 billion the previous year to E2.01 billion in 2024/25. Similarly, personal income taxes are expected to grow by 12.6% to E5.26 billion.

149. Mr. Speaker, taxes on goods and services excluding SACU receipts are expected to increase by 11.5% to E6.57 billion. VAT is expected to grow by 13.4% to E5.09 billion. Fuel taxes are expected to grow by 5.4% amounting to E1.39 billion. The levy on imported vehicles is projected to grow around 8.3%, from E12 million to E13 million.

150. Be that as it may Mr. Speaker, I wish to caution that, even though there has been a significant increase again in this year's revenue, I feel the need to inform the nation that crafting the budget is always a surprisingly difficult balance of allocating the limited resources to the most needed areas. At any given point in time, the resources available never match the competing needs of our beloved EmaSwati.

(ii) Expenditure

151. Mr. Speaker, total expenditure for the financial year 2024/25 is expected to be E29.42 billion. This includes public debt payments of E4.5 billion. The appropriated recurrent expenditure is set to be E20.24 billion, an increase of 9.3% compared to previous year. Total budget allocation to capital programmes amounts to E6.34 billion, increased at last year's budget allocation. The total expenditure for 2024/25 reviews for an increase of 11.3% compared to last year's budget of E26.4 billion.

(iii) Overall Balance

152. Speaker, you will notice that throughout the speech, when speaking about projects and plans that our Government is busy with, I have added possible GDP growth percentages. Please understand that these percentages are based on very rough indicative turnovers projected from these projects and could be lower or higher. Our current growth is around 5% but if we use a conservative 3% as a baseline and then add the possible growth percentages of the projects that we are doing and planning to do then you will notice that it is possible for us to reach a growth rate of 10% by the end of our term in 2028. We could be the leaders on the continent regarding GDP growth and this in turn would deal with our unemployment and poverty. Let's all do our best to work together to achieve this record growth and have this be the 12th Parliament's legacy.

153. Mr. Speaker, the budget deficit for financial year 2024/25 is projected at 1.96% of GDP, equal to E1.84 billion.

VI. APPROPRIATION

154. 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 2024/25.

Revenue and Grants: E27.58 Billion;

Appropriated Recurrent Expenditure: E20.24 billion;

Appropriated Capital Expenditure: E6.34 billion

Total Expenditure: E29.42 billion;

Fiscal Deficit: E1.84 billion

VII. CONCLUSION

155. In conclusion, I would like to thank our local and international development partners, who have supported us through thick and thin. These include partners who have displayed unwavering support to the nation both financially and technically.
156. Mr. Speaker, in particular, I would like to acknowledge the support we received from PEPFAR, the European Union, the Republic of China (Taiwan), the UN family, the World Bank and the International Monetary Fund, African Development Bank, the International Fund for Agricultural Development, the Export-Import Bank of India, Import-Export Bank of Taiwan, Japan International Cooperation Agency (JICA), USAID, the OPEC Fund for International Development, BADEA, the Kuwait Fund, the Saudi Fund for Development, the Global Fund, the Clinton Health Access Initiative, the Green Climate Fund, Georgetown University, the World Health Organization, Medicines Sans Frontiers, the World Food Programme and the Civil Society.
157. Lastly, I would like to quote a scripture from ***Isaiah 41:13 "For I am The Lord, your God, who takes hold of your right hand and says to you, do not fear: I will help you."***

I THANK YOU ALL.