

# Post COVID-19 Kingdom of Eswatini Economic Recovery Plan

Carving the path to a private sector-led economy



10<sup>th</sup> July 2020

# 1. Introduction



The Government of Eswatini (GoE) recognises that the COVID-19 pandemic is not just a health crisis but also an economic crisis. Before COVID-19, the Kingdom of Eswatini was already experiencing key economic challenges and so the pandemic has exacerbated an already fragile economic situation.

In the 2019-2022 Economic Outlook provided by the Ministry of Economic Planning and Development, growth in Eswatini has indeed declined from 2.4 percent in 2018 to 1.3 percent in 2019 due to a slowdown in economic activity in the primary and tertiary sectors of the economy. Another key factor contributing to subdued economic growth in Eswatini is Government's large footprint as the key driver of the economy. As a result of many businesses/economic activities being dependent on Government, the current fiscal challenges have constrained public expenditure and limited ability of the economy to create employment and opportunities for growth. While economic growth forecasts for 2020 had given prospects for economic recovery with a projection of more than 2 percent growth, the global outbreak of COVID-19 has resulted in a downward revision of the growth projections so that in the next coming months, the Eswatini economy is expected to experience a significant contraction in economic activities.

Noting the looming economic contraction and potential negative spillovers it would have on the different sectors of the economy, the GoE found it necessary to draw up a national economic recovery plan to save the economy and livelihoods. On the 27<sup>th</sup> of April, 2020, His Excellency The Right Honourable Prime Minister assembled a team of Cabinet Ministers and tasked them to develop a **Post COVID-19 Economic Recovery Plan** to address the impacts of COVID-19 on the economy by creating opportunities for income generation and wealth creation in key priority sectors of the economy. The purpose of the Plan is to resuscitate the economy and reignite economic growth through high impact private sector-led projects that will be implemented as soon as the country comes out of the COVID-19 state of emergency.

The Recovery Plan **does not replace** Eswatini's current Development Plans and Strategies towards achievement of the country's Development Vision 2022. These include: The Kingdom of Eswatini Strategic Roadmap 2019-2022; The National Development Strategy (NDS); and the National Development Plan (NDP) 2019-2022; The Strategy for Sustainable Development and Inclusive Growth (SSDIG), among others. Instead, the Post COVID-19 Economic Recovery Plan is a short-term but very high impact economic stimulus that will resuscitate the economy by igniting a large number of productive economic activities as soon as the COVID-19 pandemic subsides. In other words, it is meant to boost the number of viable and profitable economic activities within 18 months after launch as well as accelerate the implementation and delivery of the National Development Programmes in order for Eswatini to gain significant strides towards achieving Vision 2022 and implantation of the strategic room.

The Post COVID-19 Economic Recovery Plan is necessary in order to generate sufficient momentum for the Eswatini economy to come out of lockdown at a high speed of economic production and productivity. It will trigger profitable/high impact projects that will in the medium and long-term overcome the social and economic losses that have been imposed by the pandemic since the wake of COVID-19 in January 2020. Through this Recovery Plan, the Government of Eswatini intends to increase employment opportunities, expand the tax base, and restore the viability and sustainability of the Eswatini economy. Much of the proposed projects will support the GoE's goal to reverse the decline in economic activities, will enhance productive sectors of the economy, and will create jobs as well as restore the economy into a much higher level of production and productivity.

# 1.1. The Principles of the Post COVID-19 Economic Recovery Plan

A core principle of the Recovery Plan is to mitigate the impacts of COVID-19 on the Eswatini economy as much as possible in the short-term in order to recover from the anticipated loss in GDP caused by the COVID-19 lockdown and loss of economic activities. Therefore, the country needs to deliberately endeavour on a much higher level of gross domestic production in the near term in order to catch-up on the losses incurred. The goal is to create the momentum to grow the economy at an even faster rate compared to the time before COVID-19 hit Eswatini.

This Post COVID-19 Economic Recovery Plan is based on three critical components of the Eswatini Strategic Roadmap 2019 -2022, which are:

- To grow the country's GDP: in order to improve the overall macro-economic conditions.
- To Create Jobs: so that every liSwati finds opportunity to be productive in the economy. This can fast-track poverty reduction and creation of sustainable livelihoods.
- To fast-track government revenue mobilisation: to improve the fiscal space, which in turn, will provide the resources to implement the National Development Plan 2019-2022.

Therefore, this Economic Recovery Plan is designed to be a catalyst of the Eswatini's Strategic Roadmap. Put differently, the Post Covid-19 Economic Recovery Plan will become an Action Plan of the Eswatini Strategic Roadmap 2019-2022. In order to set the economy into a path that will achieve the three critical elements of the Strategic Roadmap, the Post COVID-19 Recovery Plan will adopt the following core principles in its approach and implementation:

## 1.1.1. "Eswatini to be a private sector-led economy committed to economic reform"


The GoE through this Recovery Plan commits itself to create a conducive business environment that will unlock all the bottlenecks that have prevented/imposed the implementation of viable development projects with high returns on investment. The strategy is to resuscitate the economy and address the anticipated contraction in GDP through a project based approach that will be driven by the private sector but **supported and enabled by the GoE**. An increased level of

production of goods and services will expand the economic base, boost Eswatini's GDP, and jolt the economy into a much higher growth trajectory.

## 1.1.2. "A focus on Big Projects for faster and higher levels of growth"

Through this Recovery Plan, the GoE is empowering the private sector to engage in high value and high impact projects that will increase the economic base by creating jobs and increasing economic activities that will grow the country's GDP. The plan is to stimulate the economy through "big projects" that can enable the private sector to expand and thrive beyond the current status quo. Government will also rollout the Recovery Plan through a "Marshall Plan" that will drive and monitor the implementation of the projects within an 18-month period. The Marshall Plan approach is necessary to integrate all the implementation of the projects into one pipeline of activity in order to ensure the necessary policy/legislative reforms are implemented for delivery of the Post COVID-19 Plan as a complete and successful package. This package of "big projects" is aligned to the sectors of the economy identified as key growth sectors based on their ability to deliver high impact on GDP growth, job creation, and revenue mobilisation. The growth sectors as identified in the Eswatini Strategic Roadmap 2019-2022 include: Agriculture, Manufacturing & Agro-processing, Tourism, Mining & Energy, and ICT & Education.

Therefore, to be a private sector-led economy, there are fundamental economic reforms that the country must embrace. There needs to be a shift away from Government as the central driver of the economy. Instead, Government needs to re-establish itself as the key enabler of growth across all sectors of the economy. In enabling private sector, the GoE will focus on creating a conducive business environment that will improve the country's ranking on the Ease of Doing Business. Overall, a focus on "big projects" that will be driven by the private sector will stimulate the necessary economic reforms to allow the private sector to lead and expand the Eswatini economy for greater income generation and wealth creation.




### 1.1.3. “To attract high net-worth individuals and investment that can transform Eswatini into the ultimate head office destination for multi-national corporations”

The COVID-19 pandemic is presenting the country the opportunity to restructure the economy to capitalise on private sector-led investments to generate the maximum possible value out of every Lilangeni spent in the economy. For a while now, Eswatini has been struggling to attract and land investments onto its shores, on top of its weakening external competitiveness that has kept growth subdued.

The Recovery Plan will accelerate key economic reforms that will position Eswatini economy to land international investors and projects by increasing investor confidence on the Eswatini economy. This will be done through the local economic activity that will be generated by the “big projects” and reinvestment into the economy by local investors that are already operating in the country. In unlocking the key bottlenecks that will enable the delivery of the projects that will be the heartbeat of this Post COVID-19 Economic Recovery Plan, Government will also endeavor to attract high net-worth individuals/investors to settle their business operations here in Eswatini.

The ultimate outcome of the Recovery Plan is to create the pathway for high value investment to settle in Eswatini so that the country can be Africa’s most preferred host for high net-worth individuals and the head office capital for multi-corporations.

Basically, the Post COVID-19 Economic Recovery Plan is Eswatini’s economic stimulus that will protect and resuscitate the economy from the COVID-19 pandemic. It will jolt the economy into a much stronger and winning trajectory post COVID-19 compared to its counterparts in the region and the rest of Africa.



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## 2. THE PRIORITY SECTORS FOR RECOVERY

The Post COVID-19 Economic Recovery Plan Task Team put together eight (8) sector work streams under the chairmanship of the Ministry of Economic Planning and Development to identify high impact private sector-led projects that would stimulate the economy and lift it out of decline.

### Post COVID-19 Economic Recovery Plan Priority Sectors



The Task Team followed a consultative process to draw-up the Recovery Plan. Each sector formulated a committee of members led by representatives from the private sector to develop a recovery plan under the following framework:

- An overview of the key challenges the economy is experiencing due to COVID-19 pandemic;
- Identify project/opportunities that can be explored to stimulate productive economic activities;
- Key actions/policy/legislative changes to enable the delivery of the earmarked projects;
- Identify the resources/financing instruments for each project; and
- Draw up an Action Plan & Implementation Strategy for each project.

### 3. The Macro-Economic Context

The Macro-Economic Framework provides an overview of the economy in terms of its performance as a result of the current state of emergency induced by COVID-19. It provides the economy-wide status of the economy in terms of GDP, price levels, inflation, rate of economic growth, and changes in unemployment. The Macro-Economic Framework consists of four (4) components of the economy which are; the real economy, fiscal, monetary, and external trade.



Source: MEPD

Generally, before COVID-19, the GoE was already experiencing cash flow challenges. COVID-19 has only exacerbated a long existing and fragile fiscal challenge. The slowdown in economic activities is expected to reduce total government revenue, which means that implementing the approved 2020/21 budget as it is will be untenable. Government is facing pressure to increase expenditure on health and social protection to cushion citizens from the hardship of the pandemic.

The revenue losses will create an even bigger fiscal deficit and so continuing implementing government programmes without adjustment/

reallocation of the budget may lead to a situation where government will not be able to pay civil servants salaries, let alone its suppliers. The challenge that the Recovery Plan has to address has to do with the fact that domestic tax revenue in 2022 will not be able to supplement the expected sharp fall in SACU revenue. On the other hand, Government spending keeps increasing annually at a much higher rate than revenue is generated. The Macro-Economic situation is such that the country is facing a fiscal crisis without any significant reforms and adjustment in government spending, the economy will crash.

# The Macro-Economic Problem Created by COVID-19 in a nutshell



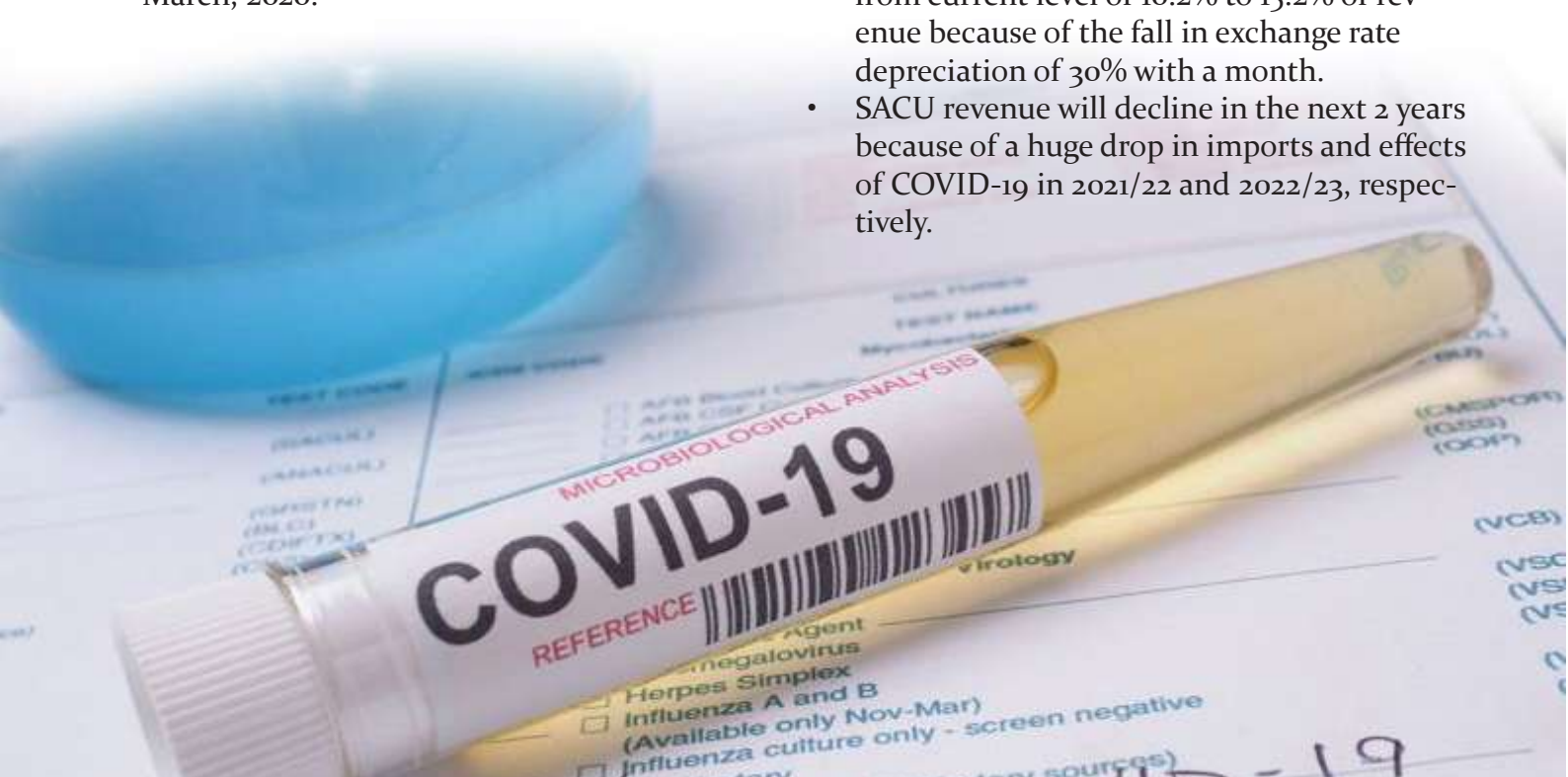
## BEFORE COVID-19

- The economy was already challenged with sluggish growth and a fiscal crisis.
- GDP growth was 1.3% in 2019 and expected to recover slightly in 2020 at 2.8% mainly because of SACU receipts.
- The budget approved in February for the financial year 2020/21 stood at E24 billion in total expenditure and E21 billion in revenue.
- A budget deficit of E2.9 billion, which is equivalent to 4.3% of GDP.
- E1.5 billion of the deficit to be financed by borrowing from identified sources and remaining E1.4 billion of borrowing not identified.
- Debt stock was at E22.5 billion (30 % of GDP) excluding arrears.
- The debt stock including arrears was at E27.9 billion (38% of GDP).
- Arrears estimated at E5.1 billion at the 31<sup>st</sup> March, 2020.

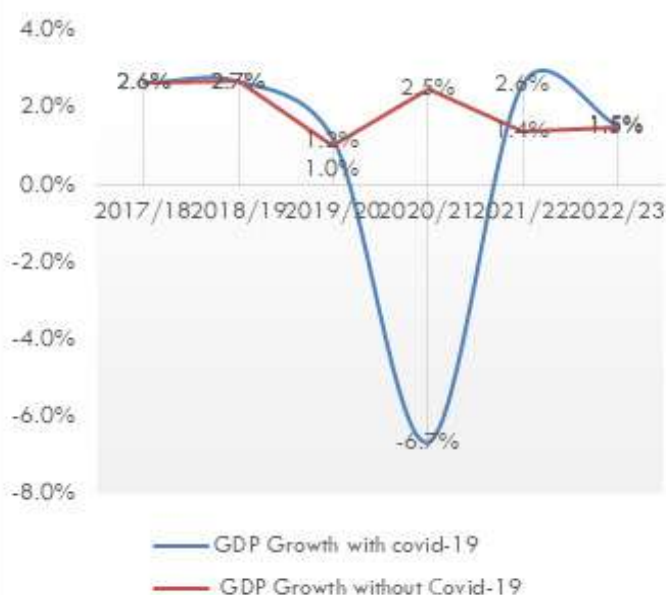


## WITH COVID-19

- COVID-19 has added another dimension to the slow growth and fiscal crisis, demanding quick, precise, and a different approach.
- GDP growth is expected to fall by 6.7% because of the lockdown and disruptions in economic activities.
- With lockdown, there is much less government revenue being collected. Overall, revenue is expected fall by E2.7 billion to a total of E18.3 billion instead of E21 billion.
- If expenditures are maintained at E24 billion, the budget deficit will grow to E5.6 billion and to widen to 9.1% of GDP.
- As the deficit rises, financing needs will rise. Government has to find an additional E4.1 billion of funding if expenditures remain as budgeted.
- Debt is expected to increase to 38% of GDP
- Debt servicing expected to increase by 5% from current level of 10.2% to 15.2% of revenue because of the fall in exchange rate depreciation of 30% with a month.
- SACU revenue will decline in the next 2 years because of a huge drop in imports and effects of COVID-19 in 2021/22 and 2022/23, respectively.



### GDP GROWTH PROJECTION



### LOW GROWTH TRANSLATES INTO:

- Lower tax collection (reduced E2.7 billion)
- With expenditures unchanged the fiscal deficit widened by 9.2% of GDP
- Financing gap increased to E4.2 billion.
- Massive depletion of reserves and no cushioning buffer
- Increasing threat to the peg with the Lilangeni to the Rand
- Government struggling to pay its suppliers and services dysfunctional
- Capital programme running to a halt whereas contractors increasingly charging penalties
- Uncontrollable accumulation of arrears
- Salaries paid through domestic borrowing

Due to the scope for domestic financing being limited, efforts for external budget support have been deemed necessary. In dialogue with multilateral loan-providing institutions, accessing external budget support has been proved conditional on fiscal consolidation. The required scope of fiscal consolidation has been set to 6.5% of GDP up until financial year 2023/24. The requirement originates from the risk of defaulting on awarded loan repayments due to unsustainable Government finances.

To mitigate the impacts of the COVID-19 pandemic on the macro-economy and to save the economy from further collapse, the following recommendations need to be implemented:


- ▶ Government has to set a balanced and fully financed budget: Need to revise the current budget to make the necessary cuts/reallocations. Cuts/Expenditure adjustments beginning in the current budget 2020/21 for the next 3 years to amount to total **savings of E3.334 billion** (E2.564 billion savings from recurrent expenditure and E770 million savings from capital account):
- ▶ The reallocation/adjustment of expenditures has to start in the current financial year. The COVID-19 pandemic is an opportunity to kick-start and speed up the process of fiscal adjustment and consolidation. Accumulatively in the next three (3) years, Government must achieve the following:

| Fiscal Consolidation Policy Options |                                   |         |         |         |       |
|-------------------------------------|-----------------------------------|---------|---------|---------|-------|
| (E'Million)                         | Input Value of Annual Fiscal Cuts |         |         |         |       |
| Expenditure item                    | 2020/21                           | 2021/22 | 2022/23 | 2023/24 | Total |
| Wages                               | 0                                 | 230     | 295     | 378     | 903   |
| Goods & Services                    | 0                                 | 123     | 245     | 478     | 846   |
| Transfers                           | 0                                 | 95      | 300     | 420     | 815   |
| Capex                               | 0                                 |         | 385     | 385     | 770   |
| Total Annual cuts                   | 0                                 | 448     | 1225    | 1661    | 3334  |
| Total Cumulative cuts               | 0                                 | 448     | 1673    | 3334    |       |
| Cumulative cuts (% of GDP)          | 0                                 | 0,6%    | 2,2%    | 4,1%    |       |

### Expenditure Adjustments

- Wage bill to be cut by E903 million over a period of 3 years (Through Hiring freeze, if given Cola below inflation, alternative service delivery, EVERS)
- Transfers to be cut by E815 million (streamlining and merging of state owned enterprises)
- Good and Services to be cut by E846 (Closing of trading accounts and improve on commitment system, efficiency in procurement)
- Capex to be cut by E770 (Rationalization)



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- ▶ **To sustain operations, Government to engage Multilateral Development Institutions for financial relief:**
    - *Afri-Exim Loan for Arrears clearance set at E2 billion (already signed, awaiting disbursement)*
    - *Prospect for World Bank Budget Support US\$200 million (i.e. E3.6 billion)*
    - *IMF can offer up US\$100 million (about E1.8 billion)*
    - *US\$6 million loan for Health response to COVID-19 (already disbursed)*
  - ▶ **Settling of government's arrears will be a key output** of the Recovery Plan to induce healthy cash flow at all levels of the economy. The settling of arrears will boost government cash flow through the payment of taxes and provide a cash stimulus to the business sector, especially MSMEs.

In the absence of fiscal adjustment there are several fiscal risks to Government that needs to be considered. A lack of fiscal adjustment translates to persistent high fiscal deficits over the medium-term leading to further accumulation of domestic arrears, hampering economic recovery and growth. It further implies an erosion of international reserves and undermines the ability to repay awarded loans and poses a threat to the Lilangeni Peg to the Rand. It is therefore of outmost importance that Government's fiscal accounts are brought back to a sustainable path, which can only be achieved by extensive fiscal consolidation measures. However, it should be noted that this fiscal adjustment does not wipe away all arrears as financing gap is still prevalent in the adjustment period, but the size and growth of arrears is declining.

## 4. THE “BIG PROJECTS” FOR RECOVERY

The private sector (business) is a critical component and cornerstone of this Post COVID-19 Economic Recovery Plan because Government seeks to empower this sector to drive the required productive economic activities to lift the economy out of decline. To induce the necessary activity, the business sector will focus on the following fundamental reforms to enable the implementation of high impact projects post the COVID-19 lockdown;

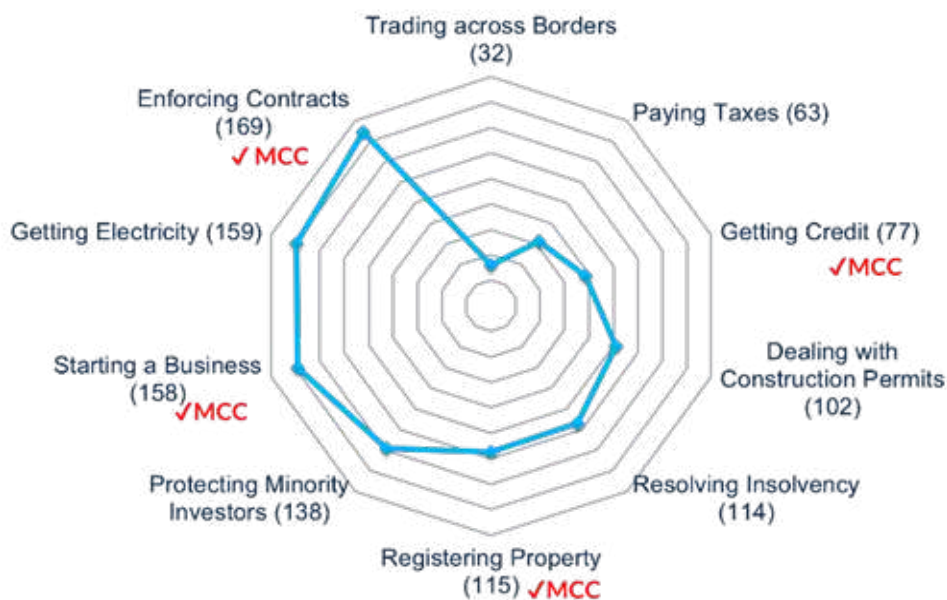
### Business Sector Strategy to Implement the “Big Projects” for Recovery



The Business strategy will focus on repositioning the private sector to be the key driver of the economy while Government re-establishes itself to focus on creating a conducive business environment to enable business to thrive. Improving Eswatini’s ranking on the Ease of Doing Business (EODB) will form the basis for all the key policy/changes that need to take place in order to allow the private sector to expand and thrive. The key reforms that the country needs to focus on under

the EODB include enforcement of contracts, improving the electricity sector, improving the time it takes to start a business and to register property, and access to credit. Each project listed under the Recovery Plan includes a list of the key legislative/policy bottlenecks that need to be addressed to ensure that every project gets implemented to achieve the desired outcomes for expanding the economic base and launching the economy into a higher growth trajectory.

## Eswatini's Ranking on The Ease of Doing Business



Source: Doing Business 2018



The goal of the Recovery Plan is to attract private sector-led investment to stimulate economic activities for greater GDP production. The private sector companies will commit to invest in the Eswatini economy under the following 2020 Corporate Pledge:

**“A E20 billion  
re-investment to  
stimulate the economy”**

The goal is simple: To get existing companies in Eswatini to commit a percentage of their balance sheet to be re-invested in the economy to drive and enhance local value chains. By doing so the economy will be retaining investors already established in the economy and growing their businesses to stimulate and create value in the different sectors of the Eswatini economy. This way, the Recovery Plan will enable local investors to expand their footprint in the private sector and will in turn create the much needed confidence in the Eswatini economy to attract foreign direct investment (FDI).

Moreover, this substantial investment is expected to trickle down to benefit micro, small, and medium enterprise (MSME) sector to create multipliers in the various sectors of the economy.

At the same time, it is important to note that while the Recovery Plan will be implemented through a “Marshal Plan” driven by the top performing sectors of the economy, the implementation of the projects will provide many economic and social opportunities for the youth, women, and aspiring entrepreneurs and MSMEs to change their economic situation for the better.

## Ensuring that Eswatini Leaves No-One Behind

In implementation of the Recovery Plan, the GoE will ensure that no sector of the economy is left behind. To achieve the goals under GDP growth, job creation, and revenue mobilisation, requires full participation of every sector of the economy and segment of the population in productive economic activities.

Specifically, Eswatini is facing a monumental challenge in creating opportunities for its youth. Youth unemployment is high, with almost one in every two young people being unemployed. The goal of this Recovery Plan is to generate enough economic activities that can begin to create opportunities for young people to participate in the economy. Besides a focus on the youth, the implementation of the “Big Projects” will create innumerable opportunities for MSMEs to link-up with the “big companies” so they can also benefit. By doing so, young people will be able to start and run their own MSMEs to take advantage of the economic activities that will be created through the significant investments that will come with the Recovery Plan.

Leaving no-one behind is an empowerment concept of the Recovery Plan that seeks to address issues of marginalisation among the youth, women, the elderly, people living with disabilities, the informal sector, among many others. The Recovery Plan is geared to create high impact projects that can trickle down to every sector of the economy to improve the social and economic prospects of all emaSwati in their different corners of the economy.



## **Lack of opportunity is the greatest barrier for youth and MSME participation in the economy**

Consultations with the youth sector (Ministry of Sport Youth and Culture, Youth Enterprise Development Fund, and Eswatini National Youth Council) revealed that Eswatini's youth lack business ideas in order to participate in the economy. The proposed "big projects" need to deliberately make provisions for the youth and their businesses to be part of the value/supply chains. The Government of Eswatini needs to also create a conducive public procurement system that can create opportunities for young people to participate in the different value chains of the projects.

- **Set provisions in public procurement projects** to encourage youth participation as well as to expand the number of viable businesses created through the Youth Enterprise Revolving Fund. For example, grass-cutting tenders could be set aside for MSMEs owned by the youth. Construction of simple infrastructure requiring low skill such as sub-stations, the rehabilitation of roads and buildings could be done by youth enterprises in their communities. The Eswatini Public Procurement Regulatory Authority (ESPPRA) is currently developing an online platform to enable easy access to the procurement system by various stakeholders such as the youth and MSMEs.
- **Create special industrial zones** for specific industries in cities where youth MSMEs can take advantage of manufacturing opportunities, green economy projects (such as recycling and renewable energy), local tourism and indigenous retail shops.
- **Develop a mind-set change programme** to support a paradigm shift among the youth so that a majority of Eswatini youth can shift away from being job seekers into job creators. The country has to invest in technical and vocational education and training (TVET) to it attractive to the youth and to support industrialisation.
- **Fast-track enactment** of the National Youth Policy and National Youth Bill to facilitate the effective engagement of youth in social and economic development.
- **Rehabilitate Tinkhundla Centres** to provide a one-stop-shop for the youth to access information on services, public procurement processes, funding opportunities, and all other development opportunities/information.
- The Ministry of Commerce, Industry and Trade has set up a **E45 million Revolving Fund** as a cash injection to support MSMEs.
- The Ministry of Commerce, Industry and Trade is also **recalibrating/adjusting the requirements for the Loan Guarantee Scheme** under the Central Bank of Eswatini to increase access to credit and participation of MSMEs in the economy.

## 5. A FOCUS ON BENEFITS TO THE MSME SECTOR

The Post Covid-19 Recovery Plan is about resuscitating the economy and putting an action plan to the Eswatini Strategic Roadmap 2019-2022. It is deliberately designed to create abundant opportunities for the different components of the Eswatini economy, particularly, the MSME sector so that it can actively participate in the economy for higher GDP production. MSMEs are considered the backbone of many economies: they crucial for growth and employment creation as they account for nearly 86% of employment opportunities in developing countries.

The Government of Eswatini recognises that while the “big projects” will provide the much needed investment to stimulate economic activities, the MSME sector has a critical role to anchor that growth into the different local value chains that make up the different sectors of the economy. In other words, the “big projects” are about “big investment” that can create the required business/market opportunity that can drive and develop Eswatini’s MSME sector. As much as possible, the Recovery Plan is setting the platform for “big business” to partner and collaborate with MSMEs to enable economic growth that is anchored on the domestic value chains. The GDP production that will follow from the different economic activities that will be spurred by the Recovery Plan will supply the local economy but also transform Eswatini into an export-led economy that takes advantage of the country’s trade agreements that are already in place.

### ► Ensuring MSME Access to Opportunities

Therefore, in terms of Emalangeni value, there is E23 billion that will be invested into the economy through big business and another E7 billion through government/capital projects out of which a minimum of E5 billion will be absorbed by the MSME sector. The MSME sector will get a share of the E30 billion investment through the intermediate demand/inputs of production they will be supplying to the “big projects”. For example, during the implementation of the Projects,

MSMEs will be sub-contracted in the construction of roads, dams, malls, office spaces, residential estates, among other infrastructure Projects. At the same time, MSMEs will also play a critical role in supplying raw materials and intermediate services (financial, technology, etc.) to the various “big projects” for the production of final goods and services that will launch the economy into a higher growth trajectory.

It is worth noting that big business cannot exist without the MSME sector and the MSME sector cannot exist without big business. Both are part of the same fabric that makes up the economy. Overall, part of the E30 billion investment will come as a cash-injection to the MSME sector through the settlement of arrears in the amount of E2 billion and the other part will come through the different supply chains that will link big businesses and MSMEs. Therefore, the MSME sector stands to benefit a minimum of E5 billion out of the total E30 billion investment contained in the Recovery Plan. With this cash-stimulus, the MSME sector will be positioned to take advantage of the following opportunities:



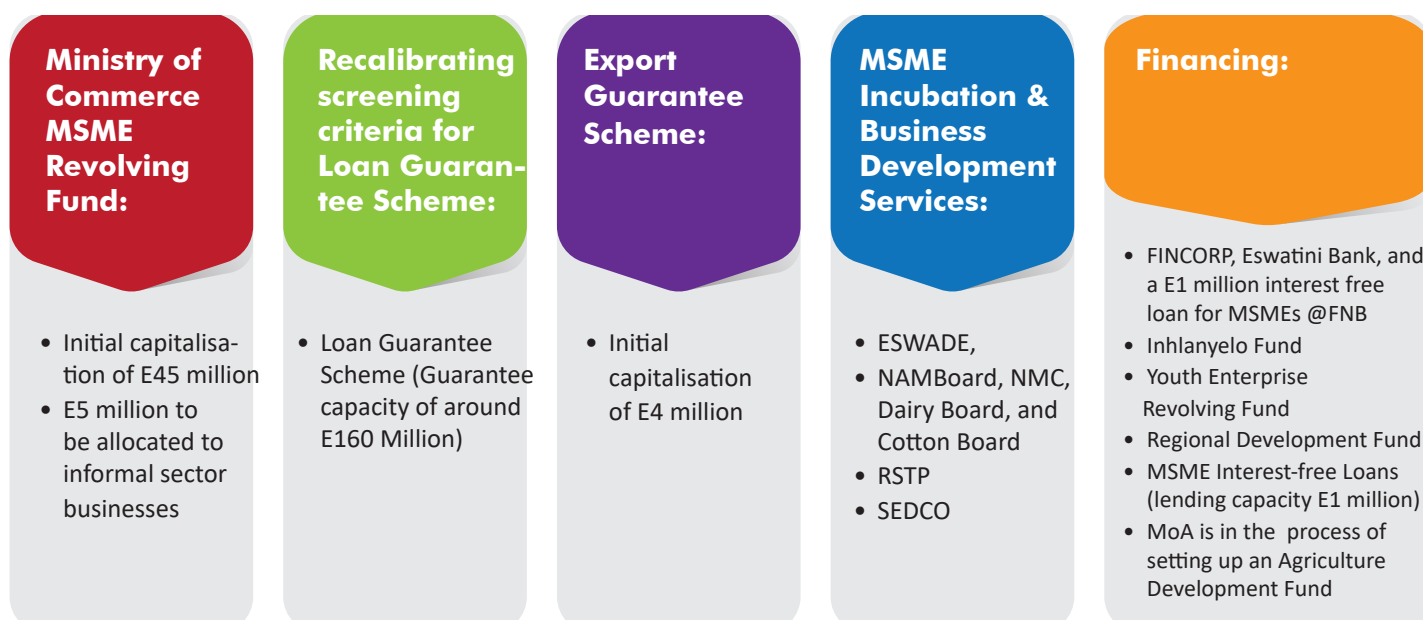
|    | Sector of the Economy                         | MSME Opportunities from the Post Covid-19 Economic Recovery Plan  |
|----|---|---|
| 1. | <b>Tourism</b>                                | <ul style="list-style-type: none"> <li>• Shuttle/transportation services to tourist destination areas</li> <li>• Supply of single-use hand towels, cutlery, menus, etc.</li> <li>• e-tourism to facilitate the export of handicraft products</li> <li>• Graphic design and online marketing opportunities</li> </ul>  |
| 2. | <b>Agriculture, Forestry, &amp; Fisheries</b> | <ul style="list-style-type: none"> <li>• 27 farmer companies to be established through LUSIP 2</li> <li>• Light manufacturing opportunities in production of egg trays, chicken coops/cages</li> <li>• Supply of milk to be sold to dairy processing plant</li> <li>• Production of baby vegetables to be exported to regional and world markets through KMIII Airport</li> <li>• Production of maize, beans, rice, other grains for local processing and packaging</li> <li>• Production of white and red meat for processing plants</li> <li>• Trucking and logging through expansion of forestry Projects</li> <li>• Forest management</li> <li>• Bee keeping/expansion of honey industry</li> <li>• New fish market/value chains to be established</li> <li>• Increased access to credit through the soon to be established Farmers Bank</li> </ul> |
| 3. | <b>Infrastructure</b>                         | <ul style="list-style-type: none"> <li>• Sub-contracting through civil projects (construction of roads, dams, malls, office spaces, residential estates, factory shells, railway lines, and rehabilitation of schools)</li> <li>• Supply of building material to infrastructure Projects</li> <li>• Maintenance of infrastructure</li> <li>• Refrigeration &amp; air-conditioning, architecture, plumbing, wiring, welding, painting, lighting, landscaping, carpentry, interior design, etc.</li> <li>• Catering businesses to supply food to construction Projects</li> <li>• Engineering Consultancies</li> <li>• Supply of fixtures, furniture, computers, and other equipment and systems</li> </ul>   |
| 4. | <b>Wholesale &amp; Retail</b>                 | <ul style="list-style-type: none"> <li>• Supply of “Made in Eswatini” products/commodities in the retails shops/malls to be constructed</li> <li>• Import and export of commodities for wholesale and retail</li> <li>• Financials services for retail transactions</li> <li>• Establishment of new brands and expansion of existing brands on household goods and clothing lines, coffee shops, eateries, etc.</li> <li>• Transport for commuting shoppers and retail employees</li> <li>• Shipping &amp; logistics management</li> <li>• Storage</li> </ul>   |



|    |                      |  |
|----|----------------------|--|
| 5. | <b>Manufacturing</b> | <ul style="list-style-type: none"> <li>Value addition through expansion of sugar industry/industrial park</li> <li>Supply of raw materials to manufacturing plants (fertilizer, dairy, recreational vehicles, pharmaceuticals, candy, crude oil, noodles and other food products, sugar, paper, industrial protective clothing, steel and metal recycling).</li> <li>Cleaning and maintenance services to factories/manufacturing plants</li> <li>Provision of security systems and security services</li> <li>Shipping &amp; logistics management</li> <li>Import/Export</li> </ul> |
| 6. | <b>Energy</b>        | <ul style="list-style-type: none"> <li>Construction of sub-stations</li> <li>Extension and maintenance of power lines</li> <li>Maintenance of solar plants (cleaning, landscaping, etc.)</li> <li>Security services</li> </ul>   |
| 7. | <b>Textiles</b>      | <ul style="list-style-type: none"> <li>Catering, accommodation, transport services</li> <li>Expansion of cotton industry through cotton production</li> <li>Expansion of cotton ginnery operations to</li> <li>Laundry services</li> <li>Ginning, spinning, weaving/knitting, dyeing, printing, finishing, fashion design</li> </ul>   |

## ► Ensuring Access to Finance & MSME Business Development Support

MSMEs are a special group that needs special attention and care if they are to be effective drivers of innovation and growth in any economy. Other than a focus on providing opportunities for the MSME sector, the Recovery Plan is also deliberate in putting together the necessary structures to promote MSME participation and success in the economy. Government considers MSME business development support as a necessary ingredient that can encourage rapid economic development and sustainable growth. A range of policy options may be considered to promote sustained growth and competitiveness of MSME; however, the following support system is available to level the playing field for all MSM, so that they can reap the benefits that come with the Recovery Plan:





## ► The Key Enablers for the MSME Sector



## 6. ENABLERS FOR THE PATH TO RECOVERY:

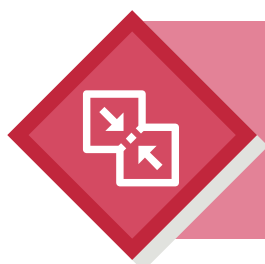
To be a private sector-led economy, there are critical economic/institutional reforms that need to be implemented. Without these key enabling mechanisms in place, Eswatini will continue to trail behind on its rankings on the Ease of Doing Business, and as a result, private sector investment will continue to be stifled. One of these critical enablers that the country must address as a matter of urgency is the ICT sector.

### 1. Unbundle EPTC



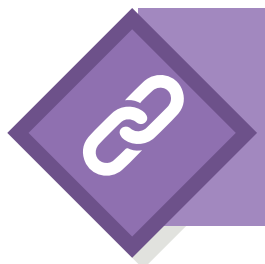
- Liberalisation of the ICT industry by de-bundling EPTC.
- EPTC and EEC collaboration project -EPTC to utilise EEC's optic. fibre infrastructure to provide network backbone infrastructure.
- ITU Wireless Broadband to schools project to provide free internet to rural schools.

### 2. Leverage RSTP



- Integrated Government Services (one-stop-shop): Merging Government Computer Services (GCS) with RSTP to provide a single Centre of IT Excellence for Government.
- Process harmonisation, Systems integration, and Data Exchange: This is a one stop shop online platform for delivery of Government and State Owned Enterprises (SOE) services to citizens and business.

### 3. eProcurement



- Linking government and public procurement (central & parastatals) to an auction type of platform in order to attract the best prices, and to promote buying local.

### 4. Establish IXP (Internet Exchange Point)




- Establishment of a reliable and robust IXP that ensures all local traffic between licensed providers (compulsory) and major content providers' stays in-country.
- ESCCOM to compel all licensed operators to connect to IXP.
- Ministry of ICT to move ownership and co-ordination of the IXP to an entity like RSTP.

### 5. Establish National Payment Gateway



- Localise clearing of card payments. Currently, card payment transactions are cleared in South Africa, at a massive cost to local business and citizens.



The ultimate goal is to attract and channel high value investments into the Kingdom of Eswatini. To achieve this goal, the country needs to make it easy for high net-worth individuals and quality FDIs to land and settle into the Eswatini economy. These kinds of investments can boost investor confidence as well as transform the Eswatini economy to become the ultimate head office destination for multi-national corporations. This requires an unwavering commitment on the key economic reforms that can make it easy for foreign and local investors to do business in Eswatini.

**Key Action Required:**

- ▶ **Cut the cost of communication (especially data) to be competitive within the region**
- ▶ **Set-up a commercial bench/specialised courts to deal with complex financial and international business matters:**
  - ◊ Align rules that govern companies with OECD requirements. Alignment of Eswatini's legislation with the OECD rules might, in fact, create an opportunity to attract Southern African and other international businesses to establish properly staffed offices in Eswatini.
  - ◊ Establish easy-to-understand and easy-to-follow laws for the financial services sector (especially for funds and fund/asset managers) to attract international asset managers.
  - ◊ Tighten anti-money laundering (AML) regulation so that it is robust enough to comply with international standards to allow cross border transactions, but sensible and condensed enough to attract and monitor foreign business transactions.
- ▶ **Protect Private Property Rights – Do not approve the Farm Dwellers Bill. The key concerns on this Bill stem from the following:**
  - ◊ Vagueness;
  - ◊ Obligation of the farm owner;
  - ◊ Procedure for the sale or purchase of a farm; and
  - ◊ The relevant provision of the Eswatini Constitution.
- ▶ **Government not to issue sovereign guarantees except for strategic projects such as dams, power plants, etc., that will eventually be owned by government.**
- ▶ **Tax Reform:**
  - ◊ Residency Tax Reform for big multinational corporations to pay tax here in Eswatini.
  - ◊ Establish/Conclude tax treaties with many jurisdictions as possible.
  - ◊ Establish escalating presumptive tax for MSMEs and rate should be comparable to or lower than MSME presumptive tax in South Africa.
  - ◊ Establish Special Tax Dispensation for the different industrial zones e.g. Finance, Textiles, Sugar, and Timber Industrial zones.
  - ◊ Set-up separate fund for SRA to remit VAT, rebates/refunds, etc.
  - ◊ Remove exemption on electricity to make it a VAT-able commodity based on the recommendation on the Study on the Potential Impacts of Introducing a VAT on electricity.
  - ◊ Integrate Eswatini's VAT system with Mozambique's system. Mozambicans doing business in Eswatini must be able to claim their VAT as they are able to do so with South Africa. The VAT can be loaded in a card that can be used to shop in Eswatini.

► **Government needs to establish clear criteria for path to temporal or permanent residency:**

- ◊ Cabinet to decide on issuance of Temporal Residence Permits and to clearly define the process for high net-worth individuals and investors.
- ◊ Remove discretion of Commissions on issuance of (TRPs) for high net-worth individuals and investors.
- ◊ Build in certain guarantees on TRPs: for example, one guaranteed TRP for every 40 jobs created.
- ◊ Set-up a Commission of Enquiry to investigate permits (PINs/IDs/) issued in the past ten years. Compare PINs/permits granted against the official list of citizenships granted. Revoke all documents found to be issued illegally.
- ◊ Enable foreign ownership of land, or a 99-year lease option for foreigners.
- ◊ Limit operation of foreign-owned businesses on SNL.

► **Ensure Eswatini's self-reliance on power:**

- ◊ Power Purchasing Agreements (PPAs) between Eswatini Electricity Company (EEC) and IPPs to be agreed based on current Eskom price + inflation as a baseline.
- ◊ Set-up EEC Guarantee Scheme (instead of sovereign guarantees) to enable the utility to procure power from Independent Power Producers (IPPs).
- ◊ Ensure that IPP investment is not subject to requirements that are not based on law.
  - The Competitive Bidding Process is stifling investment into the power sector. The regulator is prescriptive on the following; Local content requirements for Debt (yet to syndicate cross-border finance deals is costly), Equity and EPC (engineering, procurement, and construction) (cross-border engineering certification is costly and unnecessary). This makes deals much costlier, complex, and expensive to put together and finance. Applying localisation requirements to a local company is another hindrance.
  - Ideally, the Regulator should control price, quality, and sufficiency of power and leave the investment process to the investor.

► **Stop legislating through gazettes:** formulate policies from which legislation can be drafted.

► **Cabinet to trigger Joint Border Cooperation Agreement** between Eswatini and South Africa to explore 24-hour operation of Ngwenya, Mahamba, and Lavumisa borders.

► **Ministry of Foreign Affairs & International Co-operation to re-engage South Africa and Mozambique on the Joint Bilateral Commission for Cooperation** to improve trade relations and arrangements between the countries.

► **Prioritise the Mining Sector** to boost economic activity.

► **Stop over-regulating the economy:** Focus on improving the Ease of Doing Business.

► **Launch the State-Business Relations Programme:** it is part of the Eswatini Strategic Roadmap 2019-2022.

► **Monitor the implementation of the Recovery Plan** so that it is responsive to the needs of the private sector as it implements the “Big Projects”.



## 7. SUMMARY OF PROJECTS

### TOURISM PROJECTS

Tourism is one of the hardest hit sectors of the economy due to the COVID-19 pandemic. The sector is requesting a E20 million stimulus package from the Government of Eswatini to keep businesses afloat. The sector is also committing to stimulate activities through product enhancement to attract tourists when the pandemic subsides and through an “Eswatini Unlocked Campaign” that will encourage locals to participate in domestic travel for leisure to support and grow the tourism industry. In terms of the big projects, the tourism industry will attract investment across the country, which includes an amusement park in Buhleni, an aquarium at Maguga lodge, trails and backpackers in Mhlambanyatsi, and an Eco-lodge in Malkerns. Total investment into this sector will amount to **E466 million** and will create at least **345 job** opportunities.

### AGRICULTURE, FORESTRY, AND FISHERIES PROJECTS

Eswatini is already witnessing the devastating impacts of the COVID-19 pandemic on the economy. This pandemic came at a time when the country is nursing an ailing economy characterised by slow economic growth.

The agricultural sector as the backbone of the economy has proposed 21 projects worth **E5.361 billion**. These projects will create employment opportunities for **6,040** Emaswati. These projects will include the various agricultural value-chains such as the staple food maize, dairy, forestry, baby vegetables, citrus, banana, poultry, and the fisheries industry. Most importantly, the agriculture sector projects will address the food insecurity problem by ensuring the following:

- ◇ An increase in local white maize production for an additional 40,000 metric tonnes (MT).
- ◇ An increase in local yellow maize production to meet an immediate target of 25 000 MT and gradually increase to 100,000 MT.
- ◇ An increase in local production of fertile eggs and day old chicks for broiler chickens.
- ◇ An increase in beef production by an additional 40,000 MT.
- ◇ An increase in legumes by an additional 2,000MT to meet local demand. The agriculture sector will develop tunnels for baby vegetable production and a packaging facility.

### INFRASTRUCTURE PROJECTS

Infrastructure development is important to stimulate economic growth and to alleviate poverty. Quality infrastructure also attracts Foreign Direct Investment (FDI). In light of these benefits, this sector proposes 16 infrastructure projects worth **E4.016 billion** that will facilitate trade and enable the private sector growth. A total of **2,191 construction and permanent jobs** will be created within 12 months. These projects range from construction of earth dams, corporate head offices, railway infrastructure, depots, and extension of electricity and telecommunications networks.

### WHOLESALE & RETAIL PROJECTS

The Wholesale and Retail Sector will pursue 6 projects worth **E2.206 billion** in various parts of the country including Mbabane, Ezulwini, Manzini, Nhlangano, Mhlambanyatsi, and Bhunya. A E2 billion investment will go into the construction of a shopping mall in Manzini and the balance of the total investment will be channelled towards the construction of three filling stations, and a shopping centre in Pine Valley, Mbabane. In total, **1,870 jobs** will be created through these projects.

### MANUFACTURING PROJECTS

Manufacturing is another important aspect of the economy that has been prioritised by the Strategic Roadmap to drive innovation and growth. The 21 projects proposed under this sector will expand existing manufacturing companies as well introduce new products that can be consumed locally as well as exported to increase GDP. Manufacturing investment will amount to **E6.409 billion** creating **4,573 jobs**. These manufacturing projects include, but not limited to expanding the sugar industry for value addition to produce various sugar products, manufacture of pharmaceutical through RSTP, production of fridge components, and a Kellogg's factory to manufacture noodles and other food products, leather factory for the manufacture of industrial protective clothing, the refurbishment of former Swazi Paper Mills for the manufacture of craft paper, cardboard, etc., and a Lubombo Industrial Park for the manufacture of soap, pharmaceutical, and assembly of cars as well as an ethanol enrichment plant. It is worth noting that the manufacturing sector will benefit from the largest share of investments out of the Recovery Plan, so that the sector will be well-positioned to drive the country's growth as per the objectives of the Eswatini's Strategic Roadmap 2019-2022. A majority of these projects will take place in Matsapha



– the industrial hub of Eswatini.

## ENERGY PROJECTS


A limited energy supply can adversely affect the development of a country and if not taken into consideration can limit growth prospects of the different sectors of the economy. Since economic activity will be increasing in other sectors, a sustainable supply of energy is necessary. This sector proposes 9 projects worth **E3.747 billion** that will provide the much needed energy security to stimulate economic growth. These projects mainly consist of solar plants (varying in size), a biomass Energy Plant, Refinery, and an oil reserve. In total, **750 jobs** will be created through these energy projects.

## TEXTILE PROJECTS

The textile industry is also earmarked to contribute significantly on job creation. Over and above the expansion of existing investments, the textile industry will also expand into rural Eswatini to create employment opportunities for rural people in their localities. In total, the textile sector will invest **E1.202 billion** to create the largest number of jobs compared to all the other sectors, that is, **10,900 jobs** for Emaswati in Bhunya, Nhlangano, Mhlabanyatsi, and Matsapha. An increase in textile production will help the country take full advantage of the United States of America (USA) African Growth Opportunity Act (AGOA) as well as attract spin-off industries around the textile economic zones.

## GOVERNMENT PROJECTS

The Government of Eswatini will invest **E7.055 billion** comprising of 13 projects that will enable private sector investment and expansion. These projects include earth dams to allow the production of food in various rural communities in Eswatini, construction of factory shells in key strategic areas to establish FDIs, an upgrade of Bulandzeni-Pigg's Peak-Bulembu road to facilitate growth of the Tourism Industry and completion of the Nhlangano-Gege-Sicunusa road. In total, these Government projects will facilitate for the employment of **12,420 people**. Also to improve the standard of living in the country, Government will be constructing a National Referral Hospital to provide tertiary care under different health specialisations. Government will also ensure the settlement of arrears to restore healthy cash-flow into the economy, especially for the MSME sector.



Overall, the Post COVID-19 Economic Recovery Plan consist of a **E22.940 billion private sector-led investment** with an additional **E7.055 billion investment from Government**. In total, the Recovery Plan consists of **92 Projects that are ready to be implemented within 18-months beginning of 1st July 2020**. These projects will inject a total

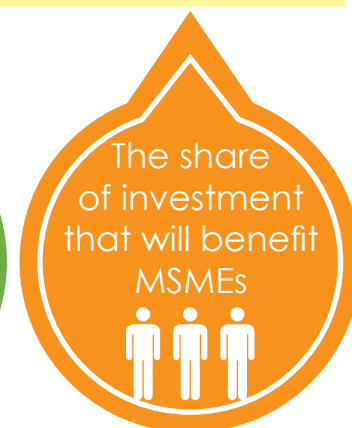
of **E29.995 billion** into the economy creating **38,744 jobs** for recovery from the COVID-19 pandemic.

Altogether, these “big projects” are well positioned activate the Eswatini Strategic Roadmap 2019-2022 by jolting the economy into a higher growth trajectory post the COVID-19 lockdown.

What is more is that the Recovery Plan also has an opportunity to create new sectors of the economy (cannabis industry and growing and processing of hemp) should the Government of Eswatini decide to approve the required legislation for these sectors. These are viable and megaprojects that could transform Eswatini to an even much higher GDP production and growth trajectory.

# SUMMARY OF PROJECTS

|   | SECTOR                  | NUMBER OF PROJECTS | VALUE OF PROJECTS      | JOBS          | BENEFIT TO MSMEs      |
|---|-------------------------|--------------------|------------------------|---------------|-----------------------|
| 1 | TOURISM                 | 4                  | E466,000,000           | 345           | E46,600,000           |
| 2 | AGRICULTURE             | 21                 | E5,360,900,000         | 6,040         | E151,400,000          |
| 3 | INFRASTRUCTURE          | 16                 | E4,016,000,000         | 2,191         | E585,300,000          |
| 4 | WHOLESALE & RETAIL      | 6                  | E2,206,000,000         | 1,870         | E661,800,000          |
| 5 | MANUFACTURING           | 21                 | E6,409,000,000         | 4,573         | E1,066,700,000        |
| 6 | ENERGY                  | 9                  | E3,747,000,000         | 750           | E179,850,000          |
| 7 | TEXTILES                | 6                  | E1,202,000,000         | 10,900        | -                     |
|   | TOTAL PRIVATE SECTOR    | 79                 | E22,890,900,000        | 26,324        |                       |
| 8 | <b>GOVERNMENT</b>       | <b>13</b>          | <b>E7,054,530,000</b>  | <b>12,420</b> | <b>E2,313,459,000</b> |
|   | <b>TOTAL INVESTMENT</b> | <b>92</b>          | <b>E29,995,430,000</b> | <b>38,744</b> | <b>E5,005,109,000</b> |





# Tourism Projects

|   | Project & Company   | Value               | Jobs Expected   | Timeframe        | Key Enablers   |
|---|---|---------------------|-----------------|------------------|--|
| 1 | Ebomini Trading: Chinese Eco Lodge and Herbal Tea Packaging                   | <b>E30 million</b>  | 50              | Within 18 months | Developer has submitted plans with Malkerns Board, need approval                           |
| 2 | Buhleni Fun City/Amusement Park   | <b>E350 million</b> | 195             | Jan-21           | EIPA facilitating linkages with financiers. Company started construction of game equipment |
| 3 | Maguga Lodge: Maguga National Aquarium  | <b>E63 million</b>  | 40              | Immediately      | EEA approval and support from MoA, MNRE, and MoTEA   |
| 4 | Consortium, Swazi Trails Tin Ryoks: Trailers and backpackers in Mhlanbanyatsi | <b>E23 million</b>  | 60              | Within 18 months | Direct flights into KMIII from Europe & implementation of Mhlanbanyatsi Industrial Estate  |
|   | <b>TOTAL</b>  | <b>E466 million</b> | <b>345 jobs</b> |                  |  |





# Agriculture, Forestry, & Fisheries Projects

|   | Project & Company   | Value               | Jobs Expected | Timeframe            | Key Enablers   |
|---|---|---------------------|---------------|----------------------|--|
| 1 | Eswatini Milk   | <b>E120 million</b> | 20            | Immediately          | To import 750 cows need prompt issuance of import permits                                |
| 2 | KMIII Agri-zone Baby vegetable production: NAMBoard/Inyatsi/ESWADE                  | <b>E283 million</b> | 300           | Within 6 months      | Appointment of project operator. Mobilisation of resources for investment in the project |
| 3 | Shiselweni Forestry Company: Forestry 446Ha in Thunzini & 107Ha in Mthongwane Farms | <b>E34 million</b>  | 10            | To start August 2020 | Approved and in operation Thunzini & Mthongwane Farms                                    |
| 4 | Shiselweni Forestry Company: Gege Farm 6: 157Ha Forestry and 175 Ha of Maize        | <b>E62 million</b>  | 10            | July/August 2020     | Approved   |
| 5 | Shiselweni Forestry Company: Gege Phase 2: 1800Ha Forestry                          | <b>E105 million</b> | 240           | Aug-20               | 461 hectares planted so far.   |
| 6 | Shiselweni Forestry Company: Highveld farm (1000 Hectares of Maize)                 | <b>E10 million</b>  | 20            | Immediately          | Awaiting rental/lease agreement  |
| 7 | Cimbresh Investments (Maize processing, rice and sugar beans packaging)             | <b>E35 million</b>  | 50            | Within 18 months     | Company has applied for DAO  |
| 8 | Vancobb Group: 270ha of Citrus  | <b>E100 million</b> | 150           | Within 18 months     | Securing funding   |
| 9 | Kindbridge Mdzimba avacados & Vegetables  | <b>E100 million</b> | 500           | Jun-20               | Legal agreements finalised, awaiting signature. Partially in operation.                  |



|    |   |                       |                   |                           |  |
|----|---|-----------------------|-------------------|---------------------------|--|
| 10 | Temaswati Farms & Triomf: Maize, Soya, and Cattle Ranching          | <b>E126 million</b>   | 200               | May-20                    | Legal agreements finalised. Operations commencing.   |
| 11 | Culture Ponics: Nkalashane 1: Aquaponics (2000T/year)               | <b>E216 million</b>   | 470               | Within 18 months          | Initialising legal agreements  |
| 12 | Swazi Poultry Processors  | <b>E410.9 million</b> | 250               | Immediately               | Ensure Eswatini is self-sustainable in Poultry and its related products. Waiting for Land lease.   |
| 13 | Airfreight (RENAC) Export/import of perishable and high value goods | <b>E23 million</b>    | 180               | Nov-20                    | Evaluation of the cargo terminal facility including available cargo handling equipment's. Appointment of a Cargo Handling Company                                      |
| 14 | Local Fish Pty Ltd: 8 tonnes of fish (trout & catfish)              | <b>E16 million</b>    | 30                | Immediately upon approval | License from MoA. HSA & EEA Approval of the Bhunya Industrial Estate. Governmental assistance in sourcing and securing distribution markets.                           |
| 15 | Crookes Brothers: Plantation for Banana plantations                 | <b>E36 million</b>    | 250               | Immediately               | Need work permits  |
| 16 | Local Fish Pty Ltd: Red Claw Aquaponics                             | <b>E14 million</b>    | 30                | Immediately               | License/Approval from MoA  |
| 17 | Bhunya Timber Expansion   | <b>E500 million</b>   | 500               | 12 months                 | DAOs for all participants or Tax legislation. Road to Mhlambanyatsi needs to be fixed.   |
| 18 | TWK   | <b>E1 billion</b>     | 400               | Within 18 months          |  |
| 19 | Salmon Fish Project   | <b>E1.4 billion</b>   | 130               | Within 18 months          | Access to land, preferential market, highly perishable goods need 24-hour operations at borders, also want to airlift some of the cargo so dependent of KMIII facility |
| 20 | LUSIP 2: Farmer Company Investments                                 | <b>E270 million</b>   | 1,300             | Within 18 months          | Construction of second canal and farmer companies to secure funding from banks   |
| 21 | Farmers Bank  | <b>E500 million</b>   | 1,000             | Within 18 months          | Need/waiting for license from Central Bank of Eswatini   |
|    | <b>TOTAL</b>  | <b>E5.360 billion</b> | <b>6,040 jobs</b> |                           |  |



# Infrastructure Projects

|    | Project & Company  | Value               | Jobs Expected | Timeframe                         | Key Enablers   |
|----|--|---------------------|---------------|-----------------------------------|--|
| 1  | RENAC: Schedule Airline & Charter Airline: Expansion of routes to Durban, CPT, etc.        | <b>E63 million</b>  | 31            | Mid-July as soon as airports open | Renegotiation of shareholder's agreement with Airlink SA and need successful application for an Air Operator's Certificate |
| 2  | Mpaka Inland Clearance Depot (Eswatini Railway)  | <b>E23 million</b>  | 30            | Within 12 months                  | Ready to be implemented  |
| 3  | Network Reinforcement (EEC)  | <b>E797 million</b> | 480           | Within 5 months for 18 months     | IBRD Loan Approved   |
| 4  | South East Network Reinforcement for LUSIP 2 (EEC)   | <b>E201 million</b> | 75            | Within 6 months                   | Approved CAPEX   |
| 5  | Manzini Region Water Supply Project (EWSC)   | <b>E750 million</b> | 40            | Within 8 months                   | Loan Secured from World Bank   |
| 6  | Eswatini Water & Sanitation Project  | <b>E825 million</b> | 40            | Within 8 months                   | Loan Secured from World Bank   |
| 7  | Rural Sanitation Project: (Water Aid & World Vision)                                       | <b>E55 million</b>  | 90            | Immediately                       | Ready to be implemented  |
| 9  | Waterfall Pty Ltd: Estate -A 200-lot residential development with HAS approval for Phase I | <b>E350 million</b> | 250           | Immediately after COVID-19        | Finance partners or investors to take up smaller pieces of the pie.  |
| 10 | BonAccord Estate: Rental Townhouses across 6 Lots in Mbabane                               | <b>E20 million</b>  | 20            | Immediately                       | Investment Partner / Purchaser HSA Municipality of Mbabane re-zoning approval  |
| 11 | Centricity: Mixed-use Commercial / Retail /Education development in the Ezulwini Valley.   | <b>E98 million</b>  | 250           | Within 6 months                   | Sectional Title implementation   |

|    |   |                       |                   |                           |  |
|----|---|-----------------------|-------------------|---------------------------|--|
| 12 | SEVEN-0-SIX Industrial Estate in Ezulwini for Retail or Owner-occupied mini-factories | <b>E97 million</b>    | 350               | Immediately               | Municipality of Ezulwini re-zoning. Approval. Governmental assistance in sourcing and securing distribution markets. |
| 13 | Montigny: Mhlambanyatsi Property Development & Agriculture Project                    | <b>E250 million</b>   | 200               | Immediately upon approval | HSA approval, EIA, foreign ownership of land resolved, TRPs.   |
| 14 | FNB Corporate Head Office   | <b>E200 million</b>   |                   |                           |  |
| 15 | FLAS Mbabane Clinic   | <b>E158 million</b>   | 60                | Negotiations ongoing      | Ministry of Health support   |
| 16 | 33. Thomas Investments: Manzini Oncology Clinic                                       | <b>E110 million</b>   | 50                | Negotiations ongoing      | Ministry of Health support   |
| 17 | MTN Eswatini  | <b>E19 million</b>    | 225               | Immediately               | ICT Industry-LTE/4G expansion and aggregation for 30 sites to improve coverage.                                      |
|    | <b>TOTAL</b>  | <b>E4.016 billion</b> | <b>2,191 jobs</b> |                           |  |





# Wholesale & Retail Projects

|   | Project & Company  | Value                 | Jobs Expected     | Timeframe                 | Key Enablers  |
|---|--|-----------------------|-------------------|---------------------------|---|
| 1 | Nthwese Development:<br>(Mall in Manzini)  | <b>E2 billion</b>     | 1 000             | Will begin after lockdown | Company identified sites and a land lease has been granted. On lifting of the restrictions at the border the development process will continue                              |
| 2 | Linac Investments: Expansion of Chain Stores   | <b>E22 million</b>    | 150               | Within 18 months          | Financing tends to be expensive and banks are reluctant to lend.  |
| 3 | Linac Investments: A filling station project with an accompanying franchise store  | <b>E22 million</b>    | 50                | Within 18 months          | Waiting for relaxation of COVID-19 Regulations  |
| 4 | Linac Investments: Developing a shopping complex with a filling station, franchise store, multiple stores and office spaces to let | <b>E129 million</b>   | 170               | Within 18 months          | Availability of financing: Expensive finance; Reluctance from banks on financing; SNL financing and Requires assistance in securing a 99 year lease for the concerned land. |
| 5 | Loffler Group: Filling Station Golf Course Mbabane   | <b>E11 million</b>    | 250               | Immediately               | Waiting for relaxation of COVID-19 Regulations  |
| 6 | Loffler Group: Ematjeni Shopping Centre, Pine Valley, Mbabane  | <b>E22 million</b>    | 250               | Immediately               | Waiting for relaxation of COVID-19 Regulations  |
|   | <b>TOTAL</b>   | <b>E2.206 billion</b> | <b>1,870 jobs</b> |                           |   |



# Manufacturing Projects

|   | Project & Company  | Value                                    | Jobs Expected | Timeframe   | Key Enablers  |
|---|--|--|---------------|-------------|---|
| 1 | Triomf Eswatini Holdings   | <b>E103 million</b>                      | 60            | Jan-20      | Off-take agreement and fertilizer market  |
| 2 | Dairy Processing   | <b>130 million</b>                       | 200           | Dec-20      | Promotion of milk production to support processing  |
| 3 | AeTrade: manufacture of laptop computer components at RSTP                 | <b>E1 billion</b>                        | 200           | Jul-20      | Granted lease by RSTP: PPP between Government and the AeTrade Group for E-Government Services for a period of 4 years (2020 -2024). Needs Sovereign Guarantee Law to back up the project. |
| 4 | Hoefer Group: Manufacture of Recreational Vehicles (Caravans) for export   | <b>E200 million</b>                      | 500           | Immediately | HSA & EEA Approval of the   |
| 5 | Avapharm: Manufacturing and Packaging of Pharmaceuticals                   | <b>E100 million</b>                      | 120           | Immediately | Lease from RSTP   |
| 6 | Mondelez International Expansion   | <b>E35 million</b>                       | 72            | Immediately |   |
| 7 | Golden Moon: Production of poly bags in Matsapha                           | <b>E13 million</b>                       | 40            | Immediately | EIPA to facilitate TIN application and opening of bank accounts for directors   |
| 8 | SOMI (expansion to produce crude oil from soya beans and animal feed cake) | <b>E150 million</b>                      | 400           | Nov-20      | Facilitate the acquisition of 5 hectare land to expand plant  |
| 9 | Kelloggs Tolarum Eswatini (Pty) LTD: Noodles manufacturing                 | <b>E203 million</b><br>(Investor Assets) | 270           | Dec-2020    | Construction of factory shell, which has started  |



|    |   |                        |                   |                  |   |
|----|---|------------------------|-------------------|------------------|---|
| 10 | B&H Sugar (Pty) LTD (packaging and distribution of sugar)   | <b>E50 million</b>     | 60                | Nov-20           | Company currently operating in Nhlanguano to move to Matsapha on completion of 5,000m2 factory shell. |
| 11 | YGA Papers Pty Ltd. Manufacture of craft paper, cartons, and cardboard boxes.                     | <b>E100 million</b>    | 250               | Immediately      | Refurbished former Swazi Paper Mills factory. EIPA to facilitating DAO.                               |
| 12 | Palfridge   | <b>E10 million</b>     | 21                | Aug-20           | Production of fridge components   |
| 13 | CONCO: New warehouse  | <b>E170 million</b>    | -                 | -                | -   |
| 14 | Eswatini Sugar Association (Industrial Park)  | <b>E500 million</b>    | 700               | Within 18 months | Short-listing stage   |
| 15 | RESCorp   | <b>E3 billion</b>      | 1,200             | Within 18 months | -   |
| 16 | Zeenat Industrial Park: Manufacture of Tissue Paper   | <b>E65 million</b>     | 90                | 6 months         | Local and Export Market   |
| 17 | Zeenat Industrial Park: LED Manufacturing   | <b>E65 million</b>     | 30                | 6 months         | Local and Export Market   |
| 18 | Zeenat Industrial Park: Tannery (leather manufacture for industrial protective clothing)          | <b>E150 million</b>    | 200               | 6 months         | Local and Export Market to SACU Region (Southern African Customs Union)                               |
| 19 | Zeenat Industrial Park: Foam Mattress manufacturing   | <b>E15 million</b>     | 30                | 6 months         | Local and Export Market   |
| 20 | Lubombo Industrial Park (Pharmaceuticals, car assembly, soap power, and ethanol enrichment plant) | <b>E300 million</b>    | 90                | Within 18 months | -   |
| 21 | Steel and Metal Recycling Plant   | <b>E50 million</b>     | 40                | 6 months         | Local Construction Market   |
|    | <b>TOTAL</b>  | <b>E 6.409 billion</b> | <b>4,573 jobs</b> |                  |   |




# Energy Projects

|   | Project & Company  | Value                 | Jobs Expected   | Timeframe                              | Key Enablers   |
|---|--|-----------------------|-----------------|--|--|
| 1 | 40 MW Solar Plants from IPPs (ESERA Process)   | <b>E800 million</b>   | 60              | Within 8 months                        | Compile solar PV tender documents, ESERA to conduct bidder's conference and finalise process   |
| 2 | 25MW Solar Farm & 25MW/100M-Wh Batter Farm and Substation (Frazium Energy Australia) | <b>E1.5 billion</b>   | 100             | June 2020 - June 2021                  | EIPA is facilitating their trading license and TIN. EEC to facilitate PPA with ESKOM to export power to South Africa. Operations to start in June 2021 |
| 3 | Lavumisa 10MW Solar Plant (EEC)  | <b>E260 million</b>   | 60              | Within 4 months                        | Already approved waiting for lockdown to end   |
| 4 | Crookes Brothers: Solar Plant  | <b>E17 million</b>    | 15              | Immediately                            | License to generate from ESERA   |
| 5 | Ethanol Fuel Blending (Petroleum Company)  | <b>E100 million</b>   | -               | Within 3 months to go on for 14 months | Approval to withdraw from Strategic Oil Reserve Fund   |
| 6 | 15MW Biomass Energy Plant  | <b>E800 million</b>   | 300             | 18 months                              | Needed: PPA at cost of power from Eskom plus CPI, Resolution of VAT issue on electricity, Distribution and Wheeling Licences for own consumption       |
| 7 | Tabankulu Solar Plant  | <b>E20 million</b>    | 15              | Aug-2020                               | License to generate, from ESERA  |
| 8 | Eswatini Fuelex LTD: Elwandle Depot  | <b>E100 million</b>   | 150             | Jul-2020                               | Waiting for License (MNRE)   |
| 9 | R.M.E Bullion (precious metals refinery)   | <b>E150 million</b>   | 50              | Immediately                            | Company to construct a refinery  |
|   | <b>TOTAL</b>   | <b>E3.747 billion</b> | <b>750 jobs</b> |  |  |
|   |  |                       |                 |  |  |



# Textile Projects

|   | Project & Company  | Value                                    | Jobs Expected      | Timeframe                          | Key Enablers  |
|---|--|--|--------------------|------------------------------------|---|
| 1 | Bhunya Manufacturing   | <b>E13 million</b>                       | 25                 | Within 6 months of Approval by HSA | HSA & EEA Approval of the Bhunya Industrial Estate  |
| 2 | Bhunya Garments  | <b>E113 million</b>                      | 450                | Within 6 months of HAS approval    | HSA approval Immediately after approval   |
| 3 | Nhlangano Garments   | <b>E186 million</b>                      | 625                | 12 months                          | Agreement with existing garment manufacturer and the required investment  |
| 4 | FTM Garments expansion                                       | <b>E300 million</b><br>(Investor Assets) | 6 000              | Within 9 months                    | Government to service industrial land, e.g. road and sewer: Needs 3 satellite factory shells at a cost of E150 million to create 2,800 jobs |
| 5 | Jonsson Manufacturing Eswatini (Pty) LTD; Work wear clothing | <b>E150 million</b><br>(Investor Assets) | 2 000              | On completion of factory shell     | Needs factory shell   |
| 6 | Giant Clockwork (expansion in Matsapha)                      | <b>E440 million</b>                      | 800                | Immediately                        | The company is in the textile industry manufacturing industrial safety garments from fabric and trim to finished garment stage (CMT)        |
|   | <b>TOTAL</b>   | <b>E202 billion</b>                      | <b>10,900 jobs</b> |                                    |   |
|   |  |  |                    |                                    |   |
|   |  |  |                    |                                    |   |



# GOVERNMENT PROJECTS

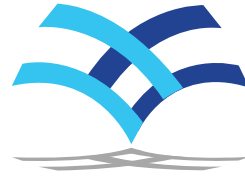
|   | Project & Company  | Value               | Jobs Expected | Timeframe        | Key Enablers   |
|---|--|---------------------|---------------|------------------|--|
| 1 | LUSIP 2: Secondary Canal and infield development including Stefannuti Stocks Irrigation & Laboratory | <b>E1.2 billion</b> | 790           | Jun-20           | Project already fully financed and ongoing   |
| 2 | Construction of small earth dams: (WHDP and SMLP)  | <b>E200 million</b> | 130           | Within 18 months | Pursuing procurement processes for engagement of contractors under external financiers regulations   |
| 3 | Mkhondvo/Ngwavuma Water and Irrigation Development   | <b>E1.3 billion</b> | 3,000         | 20-May           | Government approval to source funding from ADB   |
| 4 | Upgrade of Bulandzeni-Pigg's Peak-Bulembu Road   | <b>E900 million</b> | 1,300         | Within 7 months  | Agree financial term sheet based on proposal; Parliament Approval of Loan; Sign Finance agreement; Sign Contract   |
| 5 | Upgrade of Nhlengano-Gege-Sicunusa Road  | <b>E500 million</b> | 900           | Within 6 months  | Finalise existing contractual obligations; Design feasibility funding as per proposal; Design review, Agree Financial term sheet based on proposal; Parliament Approval of Loan, Sign financier agreement; Sign contract |

|    |  |                       |                                      |                  |   |
|----|--|-----------------------|--------------------------------------|------------------|---|
| 6  | Factory Shells: Jonsson factory shell =E300 million; FTM = E150 million for 3 satellite factory shells; and other factory shells =E300 million | <b>E750 million</b>   | 6,300<br>(from other factory shells) | Dec2020/Jan 2021 | Complete negotiations with prospect companies. High electricity and water tariffs. Application of the Tax regime for manufacturers in the industry. These amongst other issues result in the industry not being competitive in the region |
| 7  | National Referral Hospital   | <b>E68 million</b>    | 30                                   | Within 18 months | E816 million project to roll out inception phase  |
| 8  | Eswatini Water Supply (Hosea, Zombodze, Shiselweni 1)  | <b>E57.5 million</b>  | 80                                   | Within 18 months | E776 million project to be implemented over 5 years   |
| 9  | Network Reinforcement in Shiselweni  | <b>E41 million</b>    | 40                                   | Within 18 months | E150 million project to be implemented over 5 years   |
| 10 | New Parliament Building  | <b>E10 million</b>    | 20                                   | Within 18 months | E1.6 billion project to be implemented over 3 years   |
| 11 | Thermal Power Plant  | <b>E18 million</b>    | 10                                   | Within 18 months | E32.125 billion project to be implemented over 3 years  |
| 12 | New Stadium  | <b>E10 million</b>    | 10                                   | Within 18 months | 3.2 billion project to be implemented over 3 years  |
| 13 | Settlement of arrears  | <b>E2 billion</b>     | MSMEs to directly benefit            | Within 18 months | Payments to be made from 1st July 2020  |
|    | <b>TOTAL</b>   | <b>E7.055 billion</b> | <b>12,420 jobs</b>                   |                  |   |

# Pipeline of Potential Projects requiring new regulation/permits

|   | Project & Company   | Value                  | Jobs Expected      | Timeframe                           | Key Enablers  |
|---|---|------------------------|--------------------|-------------------------------------|---|
| 1 | MEDI Grow Eswatini: The cultivation, processing, handling, production and exportation of pharmaceuticals and derivatives of cannabis plant for medicinal and scientific purposes. | <b>E160 million</b>    | 300                | Immediately on approval of licenses | Need license to grow medicinal marijuana.   |
| 2 | Biogas Investments: Chemical blending facility for 70% of Ammonium Bi-Sulphate and (CT6C19) for water treatment in industrial estates (EWSC, Sugar mills, Bhunya & Mhlanbanyatsi) | <b>E12 million</b>     | 20                 | Immediately on approval of licenses | Needs support from MNRE   |
| 3 | Earth Sea Corporation: production of diesel, jet fuel, methane, and 135MW power plant   | <b>E8.8 billion</b>    | 1,300              | Within 8 months                     | Need licence to grow hemp, PPA for offtake power from EEC, and license to generate power. Project can be implemented in stages to produce diesel, jet fuel, and methane from hemp.  |
| 4 | Cannabis Projects (Multiple Credible Investors)   | <b>E1.4 billion</b>    | 1,200              | Immediately on approval of licenses | Needs cannabis legislation  |
| 5 | Sea Port  | <b>E54 billion</b>     | 10,000             | -                                   | Project approved provincially in Mozambique, awaiting national approval by Cabinet in Mozambique  |
| 6 | Border Caves: Archeological/ Eco Tourism, Eswatini and Jozini region  | <b>E450 million</b>    | 250                | Within 18 months                    | A feasibility study has been commissioned by KwaZulu Natal government entities. Eswatini needs to rezone area and also subject to permission to use the land around the Border Caves. ETA to invite proponents on the KZN side to present to EIPA for further guidance. |
|   | <b>Total</b>  | <b>E64.822 billion</b> | <b>13,070 jobs</b> |                                     |   |





**ESEPARC**  
ESWATINI ECONOMIC POLICY  
ANALYSIS AND RESEARCH CENTRE

## CONTACT INFO:



+268 2404 9077/2823



info@separc.co.sz



www.separc.co.sz



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