

BUDGET SPEECH

2022

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 honour to present the National Budget for the year 2022/2023, my fourth budget speech presented to this, the 11th Parliament sitting of the esteemed house.
2. May I start with a scripture taken from Psalm 23:

The LORD is my shepherd, I shall not be in want. He restores my soul. He guides me in paths of righteousness for His name's sake. Even though I walk through the valley of the shadow of death, I will fear no evil, for you are with me; your rod and your staff, they comfort me.

3. Mr. Speaker, as we enter the third year of the Covid19 pandemic, we look back on one of the most difficult years for our Nation. Not only did emerging countries, such as the Kingdom of Eswatini, bear a disproportionate social and economic burden due to the third and fourth waves of this global pandemic, but we suffered the tragic loss of life, and destruction of property, from unprecedented domestic civil unrest. No person, family or community has been left untouched by these events. We mourn our shared loss at every life lost, at every livelihood impacted and at every business damaged. We as a Nation have been grieving. The health, economic and social status of our Kingdom have been severely impacted causing immense hardship and pain. Yet, despite these seemingly insurmountable challenges, EmaSwati have continued to show their characteristic resilience.
4. Mr. Speaker, we can never drop our guard to the pandemic and we should never surrender the hard-won progress we have made as a Nation in responding to COVID19. However, the tide is slowly turning, and it is now time to learn to live side-by-side with this virus and return to normalcy. Echoing His Majesty's speech from the throne let me take this opportunity to encourage Emaswati to continue to take advantage of the vaccines as they continue to be our best line of defence, as the world opens up and this disease is demoted from a public health crisis to a manageable risk. We must embrace this new normal and take every action within our power to keep ourselves and our families safe and return to a sustainable growth path.

(ii) Milestones

5. Mr. Speaker, our current economic and social realities bring into sharp focus what we need to achieve in order to build the country and society that we all strive for. We acknowledge where we are failing as a government, we need to honestly assess the resources at our disposal and we need to urgently prioritise how those resources are allocated. We recognize that we could have done

better. Due to sustained lack of maintenance, and unseasonably high rainfall, our roads are now in a critical state. Sufficient job opportunities have not been provided for our youth. We have continued to experience a shortage of medicines in our clinics and hospitals. We are not delivering an education sufficient to prepare our future generations for the task at hand. Our general service delivery needs radical improvement, if we are to continue to build towards the vision of a First World and developed country.

6. Mr. Speaker, we are in collective pain as a country and Nation. The civil unrest has led to a loss of life, damage to property and infrastructure and a loss of confidence and trust in our government. The continued and sustained attacks on our institutions, infrastructure and economy will severely undermine our collective efforts to rebuild what has been lost. These efforts to rebuild only add to a long list of challenges that this Government has been working to mitigate.
7. As a Nation founded on peace, stability and the Rule of Law, His Majesty, in partnership with the private sector and our development partners, has launched a E 500 million Reconstruction Fund to compensate EmaSwati for the damage to property suffered during this civil unrest. We would encourage all qualifying affected people and companies to apply, so that we can restore confidence in our economy and create the jobs that we so desperately need.
8. Furthermore, His Majesty has called on all EmaSwati to constructively engage in dialogue, within the framework provided by our Constitution and Sibaya, which is the ultimate consultative and decision-making forum of all EmaSwati. As our society and economic activity resumes post COVID-19, the Nation now has the opportunity for this dialogue to resume. Government have set aside E 22 million in this year's budget for the Sibaya National Dialogue.
9. We should also celebrate our successes, provide a clear and sustainable fiscal path forward and create hope for our collective future as a united Nation.
10. This administration inherited a flailing economy coming from a weak fiscal position and the year 2022/23 will unfortunately be another tough year for us as we continue on our fiscal consolidation path. We have successfully addressed a number of critical issues. Government spending has improved through the restructuring of the CTA, the Phalala Fund has been refocused on growing local domestic capacity to address healthcare so that we can reduce our dependence on this fund, we have also started to issue lump sum contracts instead of re-measurable contractors on our capital projects. We continue to prioritise the repayment of arrears. We are reducing our dependence on debt and are now approaching a sustainable path. On the recommendation of the International Monetary Fund, we have tightened financial controls to ensure ministries do not overspend on their approved budgets.
11. Mr. Speaker, the theme of this year's Budget Speech is 'transformation through economic sustainability'. The work that is being done to transform our governance and financial position is starting to bear fruit and we are embarking

on a more sustainable path as an economy, as we continue to build on the progress made over the past 3 years. It is hard work and we believe there are no magic solutions. But by addressing leakages and fixing economic policies that have failed over years of misuse and inefficiency, we will see our economy, and the welfare of our nation, thrive.

II. GOVERNMENT'S PERFORMANCE IN 2021, ECONOMIC OUTLOOK AND COVID RESPONSE

(i) Economic Performance

12. Mr. Speaker, the global economy rebounded in 2021 following a contraction of 3.1 percent in 2020. This recovery was driven by the reopening of the global economy as worldwide vaccination initiatives intensified, and the provision of unprecedented economic and fiscal stimulus by Central Banks. This momentum in global recovery has weakened recently, owing to the continued resurgence of the COVID-19 pandemic. Despite this, the IMF projects global growth of 5.9 percent and 4.4 percent in 2021 and 2022, respectively.
13. The IMF projects that economic growth in the Sub-Saharan Africa region will rebound by 4.0 percent in 2021 from a contraction of 1.7 percent in 2020, in line with the anticipated global recovery. In 2022, economic activity in the region is forecasted to grow modestly to 3.7 percent. South Africa's economy was expected to grow by 5.0 percent in 2021. However, as a consequence of the civil unrest experienced in July, the IMF has since revised South Africa's growth to 3.0 percent. Nonetheless, the South African economy is expected to grow at a modest 2.7 percent in 2022.

Economic Growth

14. In line with the global developments, the domestic economy reflects significant signs of recovery. Following a contraction in economic activity by 1.9 percent in 2020, economic growth is expected to rebound by 5.9 percent in 2021, which has been revised up from an initial estimate of 1.3 percent. Mr. Speaker this is something we should celebrate. Notwithstanding, the recurrence of COVID-19 waves coupled with the unprecedented civil unrest that has dampened higher prospects for growth as activities in sectors such as tourism, wholesale, and trade remain subdued.
15. The medium-term outlook remains uncertain for the domestic economy. The three-year Fiscal Adjustment Plan for the period 2021/22 to 2023/24 financial years is expected to dampen growth in sectors linked to government operations such as public administration, construction, wholesale & retail, financial services, and professional services.

16. Even though the predictions for outer years remain uncertain, there are a number of reforms including the issuance of mining licenses, the implementation of the post-covid recovery plan and a number of projects with significant growth implications that will likely pull our growth numbers up in the medium term.

Inflation

17. Domestic headline inflation is projected to remain stable at 3.9 percent in 2021 reflecting contained inflationary pressures in the period. As of November 2021, the rate averaged 3.7 percent relative to 3.8 percent in November 2020. The drivers in the period were food inflation, alcohol & tobacco, clothing & footwear as well as recreation & culture, which were on an uptick in the period due to external pressure emanating from increases in global oil prices and constraints in global supply chains.
18. Over the medium term, inflation is likely to pick up due to the fact that crude oil has almost doubled in price in the past year, driving up energy costs. In Sub-Saharan Africa rising food prices will contribute to increased inflation pressures.

Balance of Payments

19. The balance of payments is the difference between our import and export revenues relating to trade with other countries. Preliminary estimates for the country's balance of payments for 2021 indicate that we exported more than we imported. This is called a 'surplus in the current account', The surplus for 2021 was E1.9 billion, declining from a surplus of E4.4 billion in 2020. It is our policy to be an export driven economy, which will mean that there are more foreign exchange flows into the country, than outflows.
20. However, it is important to note that we continue to import more services than we export, therefore there was a deficit in the 'services account' for 2021 of E2.5 billion. As this forms part of the total balance of payment calculations we still remain in surplus. South Africa remains the main source of services imports for the country.

(ii) Financial Sector Developments

Monetary Policy, Interest Rates and Money Supply

21. At the onset of the pandemic, the Central Bank of Eswatini undertook an aggressive, pre-emptive response by reducing interest rates to mitigate the economic effects of the pandemic. In an effort to contain inflation and provide continued support for the economy, the Central Bank through the Monetary

Policy Consultative Committee, maintained the discount rate at an historic low level of 3.75 percent through 2021 down from 6.5percent in March 2020. This meant that it became cheaper to borrow money from financial institutions, leading to an increase in economic activity.

22. In January of 2022, the Central Bank raised the discount rate from 3.75 percent to 4.0 percent. The inflationary pressures experienced in 2021, as the economy reopened, remain a consideration point for the monetary policy stance. As a response, the Central Bank will likely maintain the accommodative and stable monetary policy stance as long as is necessary, to revive growth and mitigate the impact of the pandemic on the economy, while ensuring price stability in 2022.
23. A concept used to measure the amount of money circulating in the economy is called the "broad money supply". In 2021, the broad money supply increased due to the pick-up in economic activity and enhanced credit extension to the private sector. Consequently, during the first 11 months of 2021, broad money supply grew by 14.2 percent on average, compared to the 5.2 percent average growth over the same period in 2020.

Gross Official Reserves

24. Mr. Speaker, in 2021 the country's gross official reserves were notably enhanced by loan funds sourced from development partners and foreign exchange net inflows from trades with local banks. As at October 2021, gross official reserves amounted to E9.7 billion, marking a significant 10.3 percent improvement compared to the same period in 2020. At this level, the 2021 domestic buffers were equivalent to 3.8 months of import cover, surpassing the internationally recommended three month import cover threshold.
25. We wish to extend our gratitude to the Central Bank of Eswatini for maintaining healthy reserves.

Financial Sector Stability and Regulations

26. Mr. Speaker, the pandemic has continued to present a challenging operating environment for the banking sector and risks to financial stability remain elevated, especially from credit and operational risks. The adverse effects of the pandemic on domestic economic activity affected the financial condition of households and businesses, with a knock-on effect on credit, liquidity and operational risks in the banking system. Despite this, the financial sector remains resilient to the economic disruptions associated with the COVID-19 pandemic. This has largely been made possible by the monetary policy and macro-prudential policy measures.

27. The Central Bank of Eswatini decisively intervened with monetary and macro-prudential policy measures aimed at safeguarding financial system stability, as well as supporting economic recovery. Measures were implemented to alleviate the impact of the pandemic on Supervised Financial Institutions; giving permission to these institutions to grant credit relief to borrowers affected by the pandemic, reducing the minimum liquidity requirements by 5 percent for all banks that may come under liquidity distress, deferral of payment of dividends, and promotion of digital and cashless payment platforms.
28. Consequently, the measures supported the banking sector in building up and maintaining ample capital and liquidity buffers, over and above the statutory minimum requirements, to cushion them against emerging risks during the pandemic period. This provides for confidence and certainty in our economy.
29. The Central Bank of Eswatini stands ready to take action in order to address any emerging risks to financial sector stability.

(iii) Strengthening the Private Sector

Investment Promotion

30. Fair competition is an important feature in creating a business climate that fosters increased investment, efficient markets, and improved consumer confidence. The Eswatini Competition Commission (ESCC) continues to use competition law and policy as a tool to support economic recovery and the long-term sustainable growth of the Kingdom. In line with this pursuit, during the 2021/22 financial year, the Competition Commission reviewed and approved 17 mergers in forestry, financial services, insurance, telecommunications, retail, construction, health services and commercial property, amongst other sectors. The steady rise in merger notification in recent years signifies that companies continue to view Eswatini as an attractive investment destination with ample growth opportunities.
31. New trade opportunities are being created for the business sector, namely the African Continental Free Trade Area (AfCFTA) and the Economic Partnership Agreement (EPA) between SACU, Mozambique and the United Kingdom and Northern Ireland. These trade agreements are now both operational.
32. There is a new initiative to develop an e-Commerce Strategy for Eswatini with support from cooperating partners. The launch of the Eswatini Information Trade Portal (ETIP) and its coming live in September, 2020, has ushered in a new era for traders, as they are now in a better position to access all trade-related information from one source.
33. The Handicraft Department focuses on imparting skills to youth and adults to promote self-employment and job creation. Capacitating handicraft producers

in product development, standards and entrepreneurial skills allows producers to grow their businesses by producing export-ready goods.

34. Government is in the process of establishing an electronic One-Stop-Shop which will be hosted at RSTP. The One-Stop-Shop will enable a number of services including company registration, trading licenses, issuance of work permits, health inspections, labour compliance and registration for utilities including electricity, water and telecommunications to be done online.
35. Government has continued to support the cooperatives initiative. It is currently engaged in a project with the Republic of China on Taiwan, whereby women at grassroots level are empowered in the cooperatives ideology. The second phase of this project will roll out financing of the cooperatives through Savings and Credit Cooperative Organisations or Societies.
36. Government is constructing factory shells across the country. In this financial year the factory shells construction shall entail the completion of the Gamula Factory shell, Mantambe factory shell, Hlathikhulu factory shell and the Johnson Workwear factory situated in the Jabulani area near Nhlngano. This huge factory will be finished at the same time as the Sicunusa road along which it is located. These factory shells shall employ over 6000 people.
37. Government also facilitates a number of pipeline projects that are private sector led, which are expected to employ a further 3000 people in this coming year. These projects include a renewable energy project through ESERA, mining, manufacturing, retail and agriculture. All of these projects originated from the Post Covid-19 Recovery Plan. The new mall in Manzini at an estimated cost of over E2 billion, is expected to start in this financial year. Another commercial development is expected to start construction near the new interchange, worth over E3 billion. We are happy to note strong reinvestment initiatives in a number of large private companies, indicating that the investment sentiment in Eswatini remains strong.
38. Government, through the Ministry of Commerce, Industry and Trade in pursuit of its policies and programmes in this medium term is committed to create 9,000 new jobs this coming financial year, whilst continuing to explore all avenues as we continue to grow a competitive and export-driven economy.

Private Sector Credit Extension

39. Mr. Speaker, lifting of the lockdown related restrictions combined with the favourable borrowing rates, created favourable conditions for the recovery of private sector credit extension. Notably, annual growth in private sector credit averaged 9.3 percent between January and October 2021 compared to an average of -3.2 percent registered in the previous year.

Trade, Industry and Investment

40. Through the Industrial Infrastructure Development Programme the Government of the Kingdom of Eswatini continues to develop quality infrastructure to support industrialization. Improvements to the Ngwenya and Nhlangano Industrial estates, continue. In addition, the development of a privately owned industrial estate in Siteki will be commissioned shortly. We are in talks with the Sugar Industry to establish a sugar industrial estate near the airport in order to promote this industry as the risk of limited regional markets emerges. We are also encouraged by the development of a private timber industrial park at Bhunya that is envisaged to start this coming year as well.

Micro, Small and Medium Enterprises

41. There is a vital need to expand entrepreneurship in the Kingdom in order to boost economic growth, alleviate poverty, and increase living standards. Government continues to encourage the development of sustainable Micro, Small and Medium Enterprises through the provision of customized business development services with a strong focus on the facilitation of market and finance linkages. The Small Enterprises Development Company (SEDCO) continues to offer business coaching services to the Youth Fund beneficiaries.
42. The COVID-19 pandemic disrupted the MSME sector's physical connectivity but accelerated the need for the virtual and knowledge economy. To this end, online business support offerings were initiated. Initiatives to ensure MSMEs transition to the digital space are currently being developed.
43. Government has continued to pursue the incubation of businesses, with 122 businesses occupying workshops at SEDCO estates and employing over 500 EmaSwati.
44. Through the financial assistance of E2.2 million granted to Eswatini by the African Union Development Agency (AUDA – NEPAD) and the Spanish Government, SEDCO has successfully initiated the Business Incubator for African Women Entrepreneurs (BIAWE) project. This project has come to an end and the project has been fully transferred to COMESA Federation of Women in Business Eswatini chapter.
45. A poultry processing plant has been established at Hlathikhulu with the capacity to process 1000 chickens per day. Government is pleased to announce that a total of 168 entrepreneurs are benefiting from the Project. SEDCO in partnership with other stakeholders, including COMESA Federation of Women in Business, ESWADE, Eswatini Bank and the Trade and Development Bank, continue to play a facilitative role in the operationalization of the women-owned chicken abattoir.
46. Government is currently in the process of reviewing the MSME National Policy of 2018 which is due for review in 2022. We are currently engaging

Development Partners to assist in funding this initiative. The MSME Financing Model has been completed and was launched last year. Several sensitization workshops have been held countrywide. In partnership with the Centre for Financial Inclusion (CFI), Government will conduct a FINSCOPE survey for the MSMEs in the country.

47. The Manzini Trade Hub construction was completed last year. Ever since its completion we have observed its full utilization and we would like to thank all informal traders for ensuring optimal utilization of this facility.
48. Government has forged strategic partnerships with a number of private organisations, to assist us in accelerating execution of our mandate, such as FINCORP, through the Informal Traders Revolving Fund which provides short-term business loans to informal traders. This initiative is addressing the challenge of access to affordable finance for entrepreneurs. The fund also enables micro business to access loans at a very low interest rate. Currently, the fund is capitalized at E4 Million and already 200 micro businesses in the Manzini region have benefitted with plans to extend access to other regions countrywide.
49. Establishment of the E45 Million Micro, Small and Medium Enterprises Revolving Fund for the business community has been one of the major successes. The fund has approved 281 business loans since inception. I congratulate the parliamentarians for this brilliant initiative.
50. Government has relaunched the Small Scale Loan Guarantee Scheme with the sole intention of having government provide security for MSME's when they apply for business loans. Entities such as SEDCO, FINCORP, Youth Empowerment Revolving Fund and others can use this scheme as collateral for EmaSwati who may not have any security.
51. Government has continued to strengthen its partnership with Junior Achievers and ENACTUS in a bid to enhance entrepreneurship programmes for the youth.

III. ECONOMIC DEVELOPMENTS, GOVERNMENT'S SERVICE DELIVERY 2021 AND BUDGET STRATEGY FOR 2022/23

(i) Health

52. Mr. Speaker, significant investment has been made by Government and development partners in the health sector during the COVID-19 response. Major investments include:
 - I. The building of a ward for COVID-19 at Lubombo Referral Hospital
 - II. Repurposing of the National TB Hospital in Manzini

- III. Construction of oxygen plants at the Luke Commission and Lubombo Hospital,
- IV. Installation of bulk oxygen tanks at the Luke Commission and Raleigh Fitkin Memorial Hospital.
53. Furthermore, regional hospitals have improved their capacity to manage severely ill patients. This capacity will assist the country to manage other critically ill patients even post-COVID-19. The country has developed a surveillance system for COVID-19 and other illnesses in order to monitor and respond quickly should another outbreak occur in the future.
54. Mr. Speaker, Government is in the process of decentralizing the treatment of Non Communicable Diseases (NCD) such as diabetes which have been decentralised to 116 out of 239 primary health facilities. Further, the associated medicines have been declassified so that they can be accessible at clinic level.
55. Phase 1 construction has been completed at Mbabane Government Hospital and Phase 2 will begin this new financial year. The repurposed Manzini Hospital with a focus for treatment of NCDs is near completion. The oncology unit will move in immediately allowing Government to expand chemotherapy treatment to nearly 4 times what could be offered at Mbabane Government Hospital. In an effort to improve access to health services, the construction of 6 new clinics has begun.
56. A persistent challenge over the last few years has been adequate and timely payment for medicines. Government has prioritized this issue since 2019 and the stock and supply of medicines has been improving steadily since then, in particular the clearance of arrears in this area has had a significant positive impact on the supply and pricing of medicines. Government will continue to prioritise this sector and ensure that orders and payments are made on time to avoid gaps in the medicine supply. An electronic Logistics Management Information System is being rolled out to enhance the efficiency, transparency and accountability of medicines supply and delivery. Further, Government is exploring other avenues to enhance efficiency including outsourcing the procurement and dispensing of medicines to the private sector.
57. Mr. Speaker, HIV prevalence stands at 27 percent, with estimated new infections for the year declining to 3300. This achievement can be attributed to the country's HIV response. Eswatini has surpassed the 95-95-95 HIV/AIDS milestone, though COVID-19 has posed a risk to hard-won gains made in previous years. We have remained vigilant with our partners to devise different strategies to both maintain our gains and keep all EmaSwati in good health. Government continues to appreciate the support of PEPFAR and the Global fund.
58. Mr. Speaker, following the high burden of Human Papilloma Virus (HPV) infection and cervical cancer cases in the country, the Government has

budgeted E20 million and plans to introduce the HPV vaccine for young girls at ages 9 – 14 years in schools.

59. Mr. Speaker, the health of the Nation is an important resource that the Government will continue to invest in. In this regard, the Government has allocated E2.42 billion to the Ministry of Health. This translates to about E2,069 spending per capita, putting us in the top 10 percent of health spending in Sub-Saharan Africa.

(ii) Education

60. Mr. Speaker, Government has demonstrated its commitment to turning around the economy to achieve macro-fiscal stability and growth through the Strategic Roadmap, accompanied by improvements in human capital development. Recognizing the importance of human capital as a contributor to economic growth, Government has received support from the World Bank for a Human Capital Project that is geared towards holistic child development, improving learning outcomes for school going children and adequately preparing adolescents and the youth to become globally competitive and productive citizens.
61. Mr. Speaker, in 2021 Government rolled out the Grade zero programme to an additional 100 public schools countrywide. The programme also benefited from support received through UNICEF in mapping Early Childhood Care and Development Education (ECCDE), the main objective being to obtain a broad understanding of the current state of Early Childhood Care centres.
62. Mr. Speaker, Free Primary Education has been viewed as a consolidated programme, aimed at creating a conducive environment that features minimum barriers to access and quality education. The programme has been instrumental in addressing some of the barriers to access to schooling. Primary school enrollment rates have increased from 72 percent in 2007 to 94 percent currently. Under the Free Primary Education programme, Government introduced a Personal ID Number for every pupil in order to control any overspending on fees. Currently, the processing of FPE payments is manual and cumbersome. Government is exploring ways to improve this system and migrate to electronic processes.
63. Mr. Speaker, in 2022 Government is planning to introduce the Qualification Beyond Eswatini General Certificate of Secondary Education. This programme aims to improve the entry requirement at university level education. In other countries like Zimbabwe and Ghana the entry requirement at university is the A-level. However, in our country, it is still the EGCSE. This programme will introduce the 4 years of EGCSE at 28 identified schools in the country commencing in 2022 and rolled-out to other schools in subsequent years. Upon completion of the four years, the first batch of students will then proceed to the A-Level. This programme will provide a range of disciplines beyond science,

including business studies and humanities. Government has allocated an additional E30 million towards the e-Learning programme.

64. Mr. Speaker, the audit for right-sizing the teaching service in all public schools regarding school quotas has been done. A total of 761 teachers are being re-deployed. The main objective of the exercise is to ensure that schools are manned by the appropriate staff in terms of numbers and qualifications.
65. Mr. Speaker, the Technical and Vocational Education and Training (TVET) Enhancement Project was completed in June 2021. The programme benefited Eswatini College of Technology (ECOT) and Gwamile VOCTIM through support from the Republic of China on Taiwan.
66. Mr. Speaker, the Government continues to improve and expand infrastructure provisions both in schools and tertiary institutions. In 2021, 169 classrooms and 49 staff houses were constructed and 99 structures were rehabilitated. At the tertiary level, the rehabilitation of Emlaladini, VOCTIM and ECOT is ongoing. Government also undertook the construction of hand washing facilities in many primary and secondary schools.
67. Government is allocating E3.53 billion to the Ministry of Education and Training to cater for all educational and training programmes. If we were to add the OVC grants and scholarships, which also support education and training, this number grows to E4.05 billion, approximately 16.0 percent of the total national budget, putting us in the top 10 percent of education spending in Sub-Saharan Africa. With this huge investment made by the tax-payers we challenge educators and learners to ensure that Emaswati benefit from this significant investment.

(iii) Labour

68. Mr. Speaker, with the support of the International Labour Organisation (ILO), Government has prioritised the establishment of an Unemployment Benefit Fund in Eswatini, towards comprehensive social protection for all. This intervention seeks to establish a gender inclusive unemployment protection system as part of a comprehensive national social security and social protection policy.
69. Government has also initiated a National Action Plan project which aims to strengthen the Labour Market Information and Skills Anticipation System (LMIS) in Eswatini. The Plan seeks to position this system as a one-stop shop for labour market information and job-matching in Eswatini.
70. Government will continue improving access and efficiencies in human resource skills development. Currently, 14,000 students are supported through the study loan scheme to study at tertiary institutions locally and abroad, with an annual expenditure above E300 million. Recovery of loans from past beneficiaries amounts to E60 Million on average per annum. Due to the glaring under-

recovery of disbursed scholarships, Government is pursuing the establishment of a scholarship revolving fund to be managed by a bank. In 2022 the regulations for this fund will be finalized and should then mean that the fund grows on an annual basis, allowing more students to benefit from the fund.

71. I would like to remind scholarship recipients that it is a privilege and not a right to receive these loans. The money that funds the scholarships is from hard earned income from taxpayers and is meant for the sole purpose of getting an education. Government will not hesitate to cancel the scholarships of students that abuse this privilege and engage in violence and other unlawful behavior.
72. An amount of E439 million has been set aside for the Ministry of Labour and Social Security of which E361 million is for scholarships for tertiary education.

(iv) Social Protection

73. Mr. Speaker, Government continually strives to provide better social protection services. In Eswatini the OVC fund is instrumental in supporting vulnerable children. There has been a significant increase in enrolment of children at high schools over the years, with nearly 51 percent of high school children enrolled under this fund. During this COVID 19 pandemic, the number of children falling within the category of OVC increased from approximately 58,000 to over 60,000.
74. In the past five-year period, there has been an annual average increase of 1,881 elderly persons per year. In partnership with mobile money operators and EPTC, Government pays 80 percent of beneficiaries through mobile cash transfers and 20 percent of the beneficiaries through the 5 major banks in the country. Government is currently disbursing elderly grants to over 75,000 beneficiaries, with a budget allocation of E466.8 million. The Kingdom has significantly increased the number of grants disbursed to persons with disability in 2021/22, from 20 to 88 beneficiaries per Inkhundla.
75. Mr. Speaker, Government is working on an automated cash payment system that will improve the efficiency and turn-around time for all grant-disbursements. In response to the vulnerability level experienced among the elderly persons, Government is introducing a funeral cover for elderly persons.
76. Mr. Speaker, more than E 1 billion has been spent in the past two years to mitigate the impact of the COVID-19 pandemic. This money was used to quickly build the Lubombo Referral hospital COVID-19 wing, a plethora of hospital equipment, personal protective equipment, ambulances, and food for more than 300,000 people who could not support themselves anymore. Government is grateful to all EmaSwati and businesses that contributed towards the COVID-19 emergency response. We are especially indebted to the Kirsh Foundation for the immense support to Government of more than E300 million. Many lives

were saved due to the timely investment made in the COVID-19 Emergency Response.

77. In Early 2021, Eswatini also experienced a tropical cyclone resulting in damage across the country. Roads, bridges and houses worth over E200 million were damaged. Government was able to swiftly mobilize resources to rehabilitate the bridges and damaged houses. More than 270 houses and 68 bridges were constructed through NDMA in partnership with Umbutfo Eswatini Defense Force.
78. Government has continued to provide for social protection and has allocated a total of E762.2 million in this year's budget.

(v) Food Security and Agriculture

79. Mr. Speaker, the disruptions brought about by COVID-19, compounded by the civil unrest experienced in 2021, have brought about new food security challenges in the country. Government acknowledges the need to upscale local food production to ensure sustainable accessibility and availability of food commodities within the country. To that end, numerous agricultural programmes were prioritised in the past year.
80. The Input Subsidy Programme, which has been running for over five years, has resulted in significant increases in the local production of maize. In 2021, a total of 100,042 metric tonnes of maize was produced, marking a significant improvement from 86,000 metric tonnes in 2020, however, this continues to remain below the national requirement of 140,000 metric tonnes. The input subsidy programme has gained momentum and demand has been growing on an annual basis. Government aspires to increase the number of beneficiaries from 10,000 to 15,000 over the medium term. Government has set aside E42.2 million to cater for the input subsidy programme.
81. Currently more than half of the contoured fields in Eswatini Nation Land in the highveld are not being utilised. The high rainfall in this area is another reason Maize is said to grow well but farmers complain that the returns are marginal due to the small plots of land. For this reason, the Government encourages farmers to group together as shareholders and form farming companies as has been done through ESWADE with many sugar projects so that they can benefit from the economies of scale of commercial farming. ESWADE and FINCLUDE stand ready to assist in this regard.
82. The Government of Eswatini also facilitated the formation of irrigation schemes and construction of scoop dams to support agricultural production across the country. Through the implementation of these programmes, the country now produces and exports approximately 33,675 metric tonnes of fruit and 315 metric tonnes of vegetables in the past year.

83. The Ministry of Agriculture has been allocated E1.36 billion to improve food security and minimize external risks.

(vi) Youth Welfare

84. Echoing His Majesty's sentiments in the Parliament opening speech, we have too few entrepreneurs in Eswatini and we need to see more successful EmaSwati entrepreneurs. Despite the Youth revolving fund, the SME fund, the RDF grants, the loan guarantee scheme, the Export loan guarantee scheme and FINCORP we still hear of challenges faced by entrepreneurs, with many young applicants failing to meet the requirements of these Funds.
85. I want to take this opportunity to encourage entrepreneurs to start following their dream with the limited resources that they have. A loan should be a stimulus to your business and not the start. You might think that you have no resources but every liSwati has access to some resources, such as land and I would encourage you to develop an entrepreneurial spirit and start with what you have. I will use an example: *If you plan to start a beekeeping business then find some old pallets, loan a hammer, and make some rough boxes to keep bees in. You then sell the honey through one of the local vendors. When you now approach the funding institutions with a running business, proof that your area is good for honey production, a market for your product and a known price per kg of honey, your chances to get the loan are a lot better than just a business plan.*

(vii) Water and Sanitation

86. Mr. Speaker, access to potable water in the country stands at 67 percent. Currently, there are many projects being implemented including the potable water scheme in Shiselweni for four Tinkhundla centres, another four in the Manzini region, the rollout of LUSIP II and the WASH programme. These will expand our national access to potable water to 75 percent. These projects should all have been completed in 18 months' time. This is a great achievement and we congratulate all those involved.
87. Over 152 000 people are impacted by ESWADE projects. ESWADE's current project portfolio stands at 10 projects, of which 4 have been completed, and 6 are ongoing. ESWADE has undertaken water harvesting works which are of great significance, aimed at eradicating poverty and spurring economic activity.
88. The LUSIP II Main Canal and Secondary Distribution Systems have been completed, under which a net area of 5,273 ha will be developed and irrigated. The project aims to establish 27 farming enterprises, which will create 4500 jobs for EmaSwati this year.

89. A very exciting project that is currently underway is the Mkhondvo/Ngwavuma water augmentation project. This project, which is due for completion in 2027, is related to the building of large dams, canals, and a hydroscheme. Initially irrigating 10,000ha but ultimately irrigating around 30,000ha of land mainly in the Shiselweni region. It is expected to create an additional 10,000 jobs at full implementation.
90. Government has budgeted E507 million for LUSIP and E26 Million for Mkhondvo/Ngwavuma for resettlement of affected families and environmental mitigation.

(viii) Tourism and Environment

91. Mr. Speaker, despite the challenges in the tourism industry, due to the pandemic, Eswatini retains its commitment to this sector. Officially declared protected conversation areas have increased, which led to an increase in the percentage of protected land from 5.2 percent in 2020 to 6.15 percent in 2021 of the surface area of our country. Government is planning for a new game reserve around the Lubombo area enclosing about 60,000ha that will then be the largest game park and conservation area in the Kingdom and will create opportunities in the tourism industry.
92. We are anticipating that the lifting of Covid restrictions and the newly introduced 24-hour access through the Ngwenya border post will facilitate an increase in regional tourism.

(ix) Information, Communication and Technology

93. Mr. Speaker, in 2021 government undertook the amalgamation of the Government Computer Services (GCS) department with Royal Science and Technology Park (RSTP). This was intended to promote availability of all ICT resources centrally, minimise duplication of resources, eliminate working in silos and ensure that the implementation of e-Government initiatives is fast-tracked.
94. A priority area is the reduction of the cost of communication and ensuring secure internet access for all citizens. A price benchmarking study was undertaken in 2021, through the Communication Commission, which established that wholesale prices of internet and leased lines in Eswatini are significantly higher than comparative competitive markets in SADC. A directive was then issued to Eswatini Posts and Telecommunications Corporation (EPTC) to reduce wholesale prices for leased lines and internet.
95. Government has provided E360.7 Million to the Ministry of ICT to improve the performance of this fast-developing sector.

(x) Infrastructure Development

96. Mr. Speaker, infrastructure development remains the key driver to achieve sustainable and equitable growth for the country's citizens and residents. The infrastructure sector has suffered setbacks and was not spared from the impact of the pandemic, civil unrest and climate change.

Roads

97. Mr. Speaker, the maintenance of our public roads has been glaringly inadequate for many years. Coupled with the recent high rainfall, this has led to the devastating deterioration of our roads. There has not been enough preventative maintenance of our tarred roads which involves the sealing of cracks and keeping the drainage open. Our gravel roads also need to be shaped more regularly and re-graveled when needed. We have allocated an additional E80m to the Ministry of Works for the maintenance of roads and have re-prioritised an additional E150m to their capital budget to start resurfacing existing tar roads where patching is becoming counter-productive.
98. The establishment of a Roads Agency Fund has been tabled in this house, as a sustainable and permanent solution to our roads crisis. The objective of this Fund is to tender out all roads maintenance to the private sector. We envisage it to be funded by the savings from shutting down Government departments currently responsible for road maintenance, the road toll charges at the border crossings, additional funds from the fiscus and an additional 30 cents fuel tax that I intend to table with the Fuel Tax Bill. Discussions with the affected civil servants have started and I would invite them to use their retrenchment packages to form companies to do the actual maintenance work as we would like to see the Road Agency Fund empower smaller local roads contractors. Once again, I would like to thank the members of Parliament for this wonderful initiative.
99. The completion of the Lukhula–Big Bend road (MR 13) and the progress made on the upgrades of the Manzini-Mbadlane highway (MR 3) will transform the road transport landscape significantly in the Kingdom of Eswatini. The improvements that have been done in the rural areas by introducing the pro-base technology and the single seal approach to road paving has also contributed positively to improving the country's road network.
100. Mr. Speaker, prioritisation of the Shiselweni roads remains key in ensuring that the benefits of growth are enjoyed by all citizens and residents of Eswatini. The re-launch of the Nhlanguano-Sicunusa road (MR13) is a positive contribution to improve the road network in the Shiselweni region that will ultimately stimulate economic activity along the Nhlanguano-Sicunusa corridor. Government anticipates that the project will be completed within the next 18 months.

Energy

101. Mr. Speaker, as highlighted by His Majesty in his Parliament address, Eswatini needs to find a self-sufficient, sustainable and renewable solution to its national energy requirements by 2025. This provides us with an opportunity to positively restructure our economy and promote investment.
102. Mr. Speaker, significant progress has been made with electricity access through the Rural Electrification Programme which continues to uplift the lives of many EmaSwati. To date, the population with access to electricity above 82 percent which is expected to expand to 87 percent over the next financial year primarily through the Rural Electricity Access Fund. Access to electricity was 21 percent in 2001. Government appreciates the support provided by the World Bank Group for financing the 132 kva line as an upgrade to the current 11kva line from Nhlangano to Lavumisa, which will enable electricity access to 8000 homesteads along that line.
103. The lifeline tariff was launched in August 2021 to offer a discount to customers who meet both criteria of lower than 75kWh monthly consumption and a monthly income of less than E3,500. It is anticipated that a total of 40,000 customers will ultimately benefit from this newly launched pro-poor scheme, which will contribute to the country's objectives of providing access to energy for all EmaSwati.
104. Government, through the Energy Regulator, continues with the competitive bidding procurement process for new renewable power generation capacity. Resources will be mobilised to carry out further studies on the potential of wind power generation in the country.
105. The Petroleum Act of 2020 is now operational and establishes the Eswatini National Petroleum Company (ENPC), which is responsible for the planned construction and operation of the Strategic Oil Reserve facility.
106. Government has allocated E529 million to the Ministry of Natural Resources to carry out its programmes.

Aviation

107. Mr. Speaker, since operations began in 2014, the KM III International Airport has not experienced full capacity. Commercial activity remains constrained, however efforts are underway to increase airline activity and have the airport facility operating as a distribution hub to other destinations.
108. The Royal Eswatini National Airline Corporation has acquired two 50 seater airplanes to operate flights from Eswatini to Cape Town, Durban, Johannesburg and Harare. The planes are being rebranded now and are expected to be operational in June 2022.

Rural Development

109. Mr. Speaker, the Regional Development Fund (RDF) continues to be the main funding mechanism for the implementation of rural development projects. In 2022/23, the Government continued to allocate E 177 million to the RDF to facilitate the continuation of these projects. It is important to note that, while the original micro-projects programme was established and run with EU funding, Government took over the running and funding of this project since 2007 and is very proud of the achievements under this employment and infrastructure generating programme.
110. In the past year, government facilitated the development and launch of 15 Chiefdom Development Plans. As a result of the implementation of these Chiefdom Development Plans, a total of 23 projects in the different chiefdoms have been undertaken. These include donga reclamations, establishment of a Feedlot and dairy production centre, goat production, bee-keeping, construction of low-level bridges and earth dams with downstream irrigation.
111. In 2021, the Government continued with the programme of rehabilitating Tinkhundla Centres following the demarcation and increase of Tinkhundla from 55 to 59. The reconstruction of Mtsambama Inkhundla was completed and the construction of Manzini South and Gilgal Tinkhundla Centres is ongoing. A number of Tinkhundla Centres were damaged during the civil unrest experienced in 2021 and a rapid assessment on the cost and extent of the damage has been commissioned. A budget of E385 million has been allocated to the Ministry of Tinkhundla to fulfil its obligations.

(xi) National Security

112. Mr. Speaker, despite the challenging socio-economic landscape, the Eswatini Royal Police Service were able to contain the rate of crime and road traffic accidents, as well as strengthening state security frameworks. The Police Service has been steadfast in ensuring that safety and security arrangements prevail amid the civil unrest. This was achieved by strengthening an array of strategies and is attributed to an increase in police visibility in crime hotspots and the implementation of educational and awareness programmes.
113. In an effort to improve quality service delivery to the public, the Government has provided the Police with 84 new vehicles to enable prompt response to distress calls and incidents of crime. To address critical manpower shortages in the police service, the Government is in the process of filling 200 new posts and enlistment has already been initiated.
114. Mr. Speaker, Umbutfo Eswatini Defence Force worked tirelessly to maintain the stability, peace and security of the Kingdom. The Army conducted peace keeping missions regionally and internationally and disaster relief missions

during the heavy rains and storms witnessed in the country and neighbouring countries. The Army is commended for its support during the cyclone Eloise and the rehabilitation work that followed. They were instrumental in helping NDMA with their teams and resources, particularly with the rebuilding of homesteads affected by the cyclone.

115. His Majesty's Correctional Services continues to provide programmes aimed at bringing law offenders back into society in order to improve public order, safety and stability. The rehabilitation aims to foster productive citizens in order to break the cycle of crime, repeat offenses and animosity in the communities. Thus, bringing harmony and a new start to previously convicted offenders.

(xii) Justice and Judiciary

Promotion and Protection of Human Rights

116. Mr. Speaker, the Government is to make provision for the basic human rights of its citizens. This includes but is not limited to the rights to health, education and all other interdependent rights including economic rights. Government is committed to the Sustainable Development Goals agenda, with a particular focus on the most vulnerable. The need to ensure gender equity in the implementation of these SDGs cannot be over-emphasised.
117. The Human Rights Commission has investigated and provided a number of recommendations which seek to improve the human rights record of the country. The Commission has played an important role in the investigation of the recently witnessed civil unrest.
118. Mr. Speaker, through the National Mechanism for Reporting and Follow-up Unit (NMRF), the Government will continue to honour its reporting obligations under the various human rights treaties the Kingdom is party to. Reporting on the implementation of these treaties is beneficial to the Kingdom for self-assessment on the measures taken to give effect to the rights and freedoms recognised and guaranteed.
119. The National Mechanism for Reporting and Follow-up Unit is now focusing on finalizing the report on Convention on the Rights of People with Disabilities (CRPD) and also prepare a report on Convention on Economic, Social and Cultural Rights (CESCR), report on Convention on Elimination of All Forms of Discrimination Against Women (CEDAW) and the Common Core Document. These reports will then be presented before the UN Human Rights Council.

Crime Prevention Measures, Structures and Legislation

120. Corruption remains a challenge in Eswatini and continues to undermine professional service delivery to EmaSwati. The ACC continues to investigate

cases, but only 5 cases have been referred to the DPP of which only 1 has been completed. Government has resorted to using a blunt tool of shutting down entities where corrupt practices are prevalent. In 2022/23, a budget allocation of E 24 million has been provided to combat corruption.

121. Mr. Speaker, Government is in a bid to develop and operationalize an Electronic Case Management System. The system will capture, track and manage a court case through-out its lifecycle. Apart from supporting the key functions of the Ministry of Justice, this system will be able to be utilized by other stakeholders which include: The Royal Eswatini Police Service, The Judiciary, His Majesty's Correctional Services, The Directorate of Public Prosecutions, Anti-Corruption Commission, Commission on Human Rights and Public Administration and the Attorney General and integrate seamlessly with other relevant systems within the Government network.
122. The Government is in the process of establishing a Legal Aid System which will ensure equal access to justice for all, especially the poor and the vulnerable groups consisting of children, women and people living with disabilities. Legal aid allows free legal representation for vulnerable persons in the country. The Government will soon be finalising the amendment of the Legal Practitioners Act and the Legal Aid Bill. The Government will solicit assistance from the country's development partners to help develop this system. Parliament is requested to facilitate the passing of these bills once they are tabled. Government has provided E 3.5 million to cater for the legal aid unit.
123. Small Claims Courts were established during the 2019/20 financial year. The Courts started operating in August 2021 with an initial staff complement of five Commissioners, five clerks and five Legal Assistants distributed regionally. The establishment of the Small Claims Courts will reduce the heavy burden and long standing backlog of cases at the Magistrates Courts.
124. Mr. Speaker in an effort to address disputes between taxpayers and the tax administrator, the Revenue Appeals Tribunal was established and will be operational from March 1st, 2022.

Audit

125. Mr. Speaker, the Government continued to strengthen mechanisms for good governance, accountability, transparency, integrity and value for money in the management of public resources.
126. During the financial year 2019/2020, E64 million was recovered from losses contained in the reports and other outstanding recoveries from previous years. We thank the PAC for their commitment towards this task.
127. Forensic audits were conducted on a number of projects, including the Nhlangano-Sicunusa Road, Manzini-Mpandze Road (MR3-Lot 1), Mpandze to Mbadlane Road (MR3-Lot 2) and Government commits to have these reports

finalised by the end of March 2022 and tabled by the end of April 2022. Furthermore, auditing of the COMESA Institutions, SACU Secretariat and the ICC-FISH is ongoing.

Financial Innovation and Intelligence

128. Mr. Speaker, as part of Government's mandate of ensuring a sound financial regulatory framework for the country, several banking and non-banking laws will be reviewed in order to create an environment which promotes private sector development.
129. Developments within the financial sector in 2021 included the automation of the Eswatini Stock Exchange which has been completed. This will facilitate the participation of ordinary EmaSwati to buy and sell companies shares and debt instruments using their cell phones. This move will facilitate electronic trading, which should encourage more listings as well as active trading exchange. The Eswatini Stock Exchange also incorporates a SME platform that enables small and medium enterprises to participate in the stock exchange. It is expected that Swati owned businesses will benefit from accessing available financial resources in order to expand their businesses.

IV. TURNAROUND STRATEGY

(i) Fiscal Consolidation

130. Mr. Speaker, the Government continues to pursue fiscal consolidation in order to bring our fiscus to a sustainable level. To this end, the Government adopted a Post COVID-19 Economic recovery plan alongside a Fiscal Adjustment Plan (FAP) incorporating growth and revenue enhancing measures alongside expenditure decreasing measures. Both of these plans were meant to augment Eswatini's existing development plans and strategies towards achievement of the country's development goals.
131. Consequent to delays or alterations to implementation of prescribed policy measures, the Fiscal Adjustment Plan was amended in October 2020 and further in October 2021. The amendment called for a total adjustment of 4.2 percent of GDP on the expenditure side while revenue targets were revised to a 0.6 percent of GDP adjustment across the three-year period as opposed to the initial 2 percent of GDP. We are still on track to achieve our goal of a 1 percent fiscal deficit in 2023/24 which will put us on a sustainable path. On the revenue side, the amended adjustment strategy includes a combination of policy measures and administrative efficiency gains.
132. The wage bill soared at alarming rates for 5 years before the hiring freeze policy was implemented. The accelerated increase began in 2013/14 when the wage bill increased by 13.5 percent from E4 billion to E4.5 billion. It increased by a

further 7.5 percent to E4.8 billion in 2014/15, another 10.7 percent in 2015/16 to reach E5.3 billion and then a further increase by 22.5 percent to E6.5 billion in 2016/17 due to the salary review. In 2017/18 the wage bill grew by 6.3 percent to reach E6.9 billion. Over the five years from 2013 there was a total growth of 61 percent in the wage bill.

133. In 2018/19 there was a slight reduction in this alarming growth trajectory with a relatively muted increase of 2.5 percent settling at E7.1 billion due to the hiring freeze that was implemented. In 2019/2020 a further dampening of this trend continued with only a 0.5 percent increase in the wage-bill. In 2020/21 automatic notching, Covid-19 hiring and the Cost of Living Adjustment led to a further 6.5 percent increase to E7.4 billion. In 2021/22 the wage bill is projected to decrease to E7.3 billion, a reduction of 2.1 percent. This is further projected to decrease in 2022/23 by 1.7 percent. All these numbers exclude the pension contributions. The hiring freeze has been successful in muting the growth of the wage bill, increasing by only 3.2 percent over the 5 year outlay from its implementation and resulting in an average growth of 0.64 percent in sharp contrast to the 12 percent average annual growth recorded in the preceding five-year period.
134. The head count was increasing by about 2 percent per year during years before the hiring freeze. The hiring freeze led to headcount increases of only 0.8 percent during the first year of implementation, but since 2019/20 there have been steady reductions in the headcount numbers. 2019/20 saw a decrease of 1.1 percent in the headcount followed by a decrease of 0.8 percent in 2020/21 and a further decrease of 1.4 percent in 2021/22. There has been an average decrease of just over 1 percent per year since this policy was implemented.
135. Mr. Speaker, even though a huge amount of effort is going into reducing the exorbitant wage bill, we remain very aware of the fact that civil servants have been getting no or below-inflation cost of living adjustment recently. In spite of the one billion emalangeni reduction in our budget, an effort has been made to accommodate COLA at E220 million, salary review exercise at E15 million and E55 million for appeals.

(ii) Public Enterprises

136. Mr. Speaker, Public Enterprises continued to execute their mandates, however there has been a continuous decline in the profitability of the commercial entities as a result of the COVID-19 global pandemic. The entities fully dependent on government subvention were faced with cash flow challenges due to the 5 percent cut that was implemented mid-year resulting in many scaling down their operations.
137. Following the decision to reform public enterprises, as a part of the Fiscal Adjustment Plan, I am pleased to report that Eswatini Economic Policy Analysis and Research Centre (ESEPARC) has completed the study commissioned to

streamline the public enterprises. The report has recommended a reduction of the entities from 49 to about 30, which will result in significant cost savings for the Government. It is now for us policy makers to scrutinize, push for and implement the recommendations of the study, we are requesting the support of this House as well as all relevant stakeholders in this important endeavour to increase Government efficiency and reduce unnecessary cost. Implementing this set of reforms within this financial year will allow us to see the positive impact on revenue performance as early as next year.

(iii) Public Procurement Reform

138. In reforming the country's procurement system, the government has amongst other things, developed an e-Government Procurement Strategy, at a cost of E21 million, developed a national supplier database and an e-Quotation System aimed at improving transparency, efficiency and a reduction in costs. Public Procurement Regulations have been issued and a review and appeal structure has been established for adjudication of matters involving public procurement processes. Previously, in large part due to Government's vast stock of arrears to suppliers, procurement was another source of inefficiency in Government spending. Addressing arrears has led to increased confidence in Government, greater efficiencies and lower prices in procurement.

V. FISCAL PERFORMANCE

(i) Revenue Performance 2020/21

139. Mr. Speaker, revenues in the 2021/22 are projected to amount to E17.49 billion, corresponding to 25 percent of GDP and indicating a 7 percent decline in total revenue compared to 2020/21. Domestic tax revenue is projected to account for 15 percent of GDP.
140. Mr. Speaker, as you will recall we received E8.3 billion through SACU last year, 2020/21, we received E6.3 billion this year 2021/22 and initial projections estimated E4.3 billion for 2022/23. The sharp reduction was a consequence of the delayed impact of the first COVID 19 lockdown. Fortunately, SACU collections were not impacted as heavily as initially predicted and measures to increase our share of the SACU revenue are bearing fruit. SACU revenue receipts for 2022/23 are estimated at E5.8 billion. The other good news is that our estimates for the next year, 2023/24, is E8.7 billion. This is a conservative estimation for 2023/24 as it does not take into account the full impact of the measures that we have been implementing. We have started working on regulations for a SACU Stabilization Fund that will force us to save some of our SACU income in the good years to cater for when SACU is down, hopefully alleviating the harsh impacts of volatile SACU receipts.

(ii) Expenditure 2020/21

141. Mr. Speaker, total Government expenditure for the fiscal year 2021/22 was budgeted at E24.04 billion. The projected expenditure at the end of the year is E21.5 billion due to lower than anticipated drawdown on capital programmes, approximately 30.1 percent of GDP. Total projected expenditure for 2021/22 is approximately 3.9 percentage points lower than the outturn in 2020/21.

(iii) Overall Balance/Government Deficit 2021/22

142. Mr. Speaker, the deficit for financial year 2021/22 was budgeted at 6.5 percent of GDP which is higher than the 4.9 percent deficit to GDP ratio for financial year 2020/21. This equates to an increase of E1.3 billion to E4.6 billion. Whilst we have been able to fund part of this through local borrowing, a large part of it will be financed through external borrowing for budget support.

(iv) Public Debt 2020/21

143. Mr. Speaker, preliminary debt figures show that, as at end of December 2021, total public debt stock stood at E27.7 billion which translates to 39.8 percent of GDP. This is composed of domestic debt amounting to E16.6 billion which is equivalent to 23.8 percent of GDP and external debt amounting to E11.1 billion which is equivalent to 16.0 percent of GDP.
144. Mr. Speaker, the scope for extending domestic financing is saturated and the Government is, therefore, negotiating budget support from external multilateral financial institutions, namely the AfDB and WB, to finance the 2021/22 year's expenditure. Five external loans matured in 2021 effectively reducing Government's obligations to external sources. This will dampen the debt servicing costs of the loans keeping the fiscal path constant.
145. Mr. Speaker, I am pleased to announce that due to the efforts of this Government, Eswatini will propose to float treasury bonds on the Johannesburg Stock Exchange and has received approval from the South African Reserve Bank. South African banks have shown an appetite for our bonds. This is a relatively low risk plan to raise financing due to the currency peg between the Lilangeni and the South African Rand.

VI. REVENUE AND EXPENDITURE FOR 2022/23

146. Mr. Speaker, I will now present the Budget estimates for the financial year 2022/23.

(i) Revenue

147. Mr. Speaker, Government revenue excluding grants in the 2022/23 fiscal year is projected to reach E18.7 billion, which is 23.8 percent of GDP, a decrease of 2 percent on 2021/22. Of this, SACU receipts declined from E6.4 billion in 2021/22 to E5.8 billion in 2022/23. Non-SACU revenue increased from E12.6 billion to E12.8 billion, a growth of 1.6 percent.
148. Total income taxes are projected to increase by close to 0.6 percent from an estimate of E6.3 billion in 2021/22 to about E6.9 billion in 2022/23. This is because of higher expected growth and employment in 2022/23 compared to 2021/22. Out of this, corporate income taxes are expected to grow from E1.8 billion the previous year to E2.1 billion in 2022/23. Similarly, personal income taxes are expected to grow by 10.5 percent to E4.3 billion.
149. Mr. Speaker, taxes on goods and services excluding SACU receipts are expected to decrease by 5.3 percent to E5.5 billion. VAT is expected to decrease by 3.2 percent to E3.8 billion. Fuel tax is expected to decrease by 6.7 percent amounting to E1.4 billion. The levy on imported vehicles is projected to decline around 35.5 percent, from E20.0 million to E12.9 million.

(ii) Expenditure

150. Mr. Speaker, total expenditure for the financial year 2022/23 is expected to be E23.2 billion. The appropriated recurrent expenditure is set to be E16.2 billion, an increase of 1.9 percent compared to previous year. Total budget allocation to capital programmes amounts to E5.4 billion. The total expenditure for 2022/23 reviews for a minimal decrease of 3.5 percent compared to last year's budget amounting to E24.04 billion.

(iii) Overall Balance

151. Mr. Speaker, the budget deficit for financial year 2022/23 is projected at 4.8 percent of GDP, amounting to E3.8 billion.

(iv) Tax

152. Mr. Speaker, allow me to unpack the tax changes planned for 2022/2023.
153. Government is introducing a capital gains tax for businesses that is aimed at closing loopholes that businesses are using to pay less tax.
154. Government intends to lift the tax brackets leaving more cash in people's pockets earning less than E250,000 per year. Individuals will now only start paying tax from E4,000 per month instead of E3,500 per month. Unfortunately,

we cannot afford to have this reduction other than lifting the upper limits of those earning more. The proposal is to lift the upper tax bracket from 33 percent to 36 percent. This would mean that 80 percent of the tax payers would be better off with more money in their pockets and 20 percent of higher income earners paid more than E300,000 per year would be worse off. Mr. Speaker, it is understood that this will negatively affect everyone and I appeal to all of us to put the interest of the poor above our own. This measure will be addressing our income inequality.

155. Government is proposing amendments to the VAT legislation and reconsiders some non-vatable items that are not pro-poor and have standard rated VAT on electricity excluding domestic use.
156. We are introducing presumptive tax for SME's to simplify their administrative processes and remove the requirement of audited financials for payment of tax.
157. Mr. Speaker, we are reducing corporate tax from 27.5 percent to 25 percent. This is in line with the rest of the world reducing tax rates and aims to assist companies to grow quicker and helps to solve our unemployment problem. To balance the loss in the reduction in corporate tax the bill also includes the review of the initial allowances, penalties on late submissions on PAYE, capping of losses carried forward, and the increase of the rate of withholding tax on interest for non-residents from 10 percent to 15 percent.
158. In addition, Government intends to introduce a tax on worldwide income for the residents of the Kingdom of Eswatini. It is envisaged that these measures will make the poor better off.

VII. APPROPRIATION

159. Mr. Speaker, by virtue of the responsibility entrusted in me as Minister of Finance, I now present to this August House the budget estimates for financial year 2022/23.

Revenue and Grants: E19,359,410,870;

Appropriated Recurrent Expenditure: E16,218,426,836;

Appropriated Capital Expenditure: E5,362,000,450;

Total Expenditure: E23,162,583,197;

Fiscal Deficit: E3,803,172,327

VIII. CONCLUSION

160. In conclusion, I would like to thank our local and international development partners, who have supported us through thick and thin, especially through the pandemic.
161. Mr. Speaker, in particular, I would like to acknowledge the support we have received from the European Union, the Republic of China on Taiwan, the UN family, the World Bank and the International Monetary Fund, African Development Bank, International Fund for Agricultural Development, Export-Import Bank of India, Japan International Cooperation Agency (JICA), USAID, The Global Fund and PEPFAR Fund, the Luke Commission and the Civil Society.
162. I would like to acknowledge the partnership and collaboration that the public sector enjoys with the private sector. Both of these sectors are critical for the development of our Nation, and neither can succeed without the success of the other. We must continue to remove any boundaries that limit our Global Competitiveness or restrict our Ease-Of-Doing-Business. Eswatini remains open for business. Because, without investment and businesses, we cannot create jobs, we cannot grow our economy and we cannot continue to protect the most vulnerable in society.
163. His Majesty has called on all Emaswati to engage in the Sibaya to find the best way forward and ensure that the tragedies that we experienced during the past year are never repeated. In order to achieve this, we need an all-inclusive process that will allow everyone to be heard. We need to reflect on our words and put aside our weapons. We need to focus on healing rather than hurting, reconciliation rather than conflict and unity in directing our efforts towards common goals of peace and prosperity and a better life for all EmaSwati.
164. Transformation through economic sustainability means making the right long-term policy, and then implementing it consistently over time. I wish to assure all EmaSwati that there is renewed hope, let me re-emphasize some of our successes;
 - Our GDP growth has shown remarkable resilience with growth of 5.9 percent projected for 2021.
 - The significant benefits from the successful implementation of the Post-Covid Recovery Plan.
 - We now have a 24-hour access to South Africa, our biggest trading partner.
 - Significant increases in our Customs Union receipts over time due to the measures that we have put in place.
 - The commissioning of LUSIP phase II.

- The introduction of the life-line electricity tariff for the most vulnerable.
- The completion of the Manzini to KMIII International Airport highway.
- Improved cash flow leading to reduction of arrears.
- The shutting of CTA trading account.
- Moving from re-measurable contracts to lump-sum contracts which limits cost overruns on capital projects.
- Spending within the budget.
- Healthy reserves and a positive trade balance.
- Mining licences issued.

165. Mr. Speaker, all of these indicate a brighter tomorrow, if we don't lose faith Government is moving towards a more sustainable path.

166. Lastly, I would like to quote a scripture from Joshua 1:9; "Have I not commanded you? Be strong and of good courage; be not afraid, neither be dismayed, for the Lord your God is with you wherever you go".

167. I THANK YOU ALL.