

MINISTRY OF FINANCE



ANNUAL PERFORMANCE REPORT FOR 2024/2025 FINANCIAL YEAR

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INTRODUCTION

This report seeks to highlighted performance carried out by the Ministry of Finance for the financial year 2024/2025. The primary responsibility of the Ministry of Finance is to advise Government on sound macroeconomic and financial management and execute central Government financial processes.

VISION

To be a model of excellence in financial and economic management for the prosperity of the Kingdom of Eswatini

MISSION STATEMENT

We promote Macroeconomic stability, sound financial management in Eswatini by formulating and implementing fiscal and monetary policies that optimize economic growth and improve the welfare of Emaswati.

VALUE STATEMENT

Accountability

Professionalism

Transparency

Integrity

Collaboration

OBJECTIVES

- Improve revenue collection through efficiency and diversification
- Improve the quality of spending
- Reduce the number of State Owned Entities (SOEs)
- Improve efficiencies of SOEs

- Harmonize conflicting legislation
- Comply with international standards
- Improve fiscal discipline and service deliver
- Improve service excellence

The Ministry comprises of the following departments:

Head 34 Ministry's Headquarters

- 1201 Corporate Services;
- 1301 Public Enterprise Unit;
- 1401 Supply Chain Management;
- 1501 Budget and Economic Affairs;
- 1601 Fiscal and Monetary Affairs;
- 1701 Public Debt Management;
- 1801 Policy and Planning

Head 35-Treasury and Stores Department

Head 38-Internal Audit Department

Head 58- The Office of the Auditor General

1. BUDGET AND ECONOMIC AFFAIRS

Objectives:

- Provide a sound regulatory framework for Government Public Finance management.
- Maintain fiscal discipline by providing Government with an effective financial and fiscal framework and financial advice.
- Efficient and effective planning in the allocation of financial resources and presentation of annual budgets that respond to national policies and strategies which are in line with the national priorities.
- Monitor the implementation of the budget and evaluate performance.

1.1 Cash Flow

The cash flow committee continued to meet frequently to discuss issues of revenue collected by both Government and Swaziland Revenue Authority and agree on solutions to challenges faced with regards to cash availability to run Government business and ensure implementation of programs by line ministries and departments.

The Ministry of Finance executes this responsibility through continued cash flow management for Government. Cash flow committee meetings are held frequently with relevant stakeholders who include the Central Bank, Treasury department, the Ministry of Finance itself and the Ministry of Economic Planning and Development.

1.2 Budget Management

The total recurrent spending amounted to 92% (E16.7 billion) of the overall annual budget allocated. This is in line with expectation in the fourth quarter. The budget department continues to strive in re-establishing fiscal discipline and sustainability which remains key to macroeconomic sustainability. The released funds on the recurrent budget amounted to 17.9 billion while on government financed capital projects a total of 3.3 billion was released for the fourth quarter which is 99% and 96% respectively of the overall annual budget.

Table 1, below shows the recurrent expenditure for Q4 for the financial year 2024/25. The highest spending ministries are Ministry of Home Affairs (99%), Ministry of Public Works and Transport (99%), and Correctional Services (99%). The lowest spending ministry is Anti-Corruption Commission (70%).

Table 1. Summary of Outturn budget in Q4 for 2024/25 (E' 000)

Head	Ministry/Department	Recurrent Budget	Q2 Outturn	Q3 Outturn	Q4 Outturn CUM	Q4 CUM as % of Outturn
2	Parliament	127,403	34,258	35,389	127,378	98%
3	Private & Cabinet Offices	89,862	12,615	29,502	78,153	92%
4	Ministry of Tourism & Environmental Affairs	100,940	23,327	23,534	97,469	96%
5	Police	1,214,721	403,238	353,631	1,145,613	97%
6	Deputy Prime Minister's Office	903,350	269,073	258,383	766,108	89%
7	Foreign Affairs & International Co-op	573,710	60,802	90,931	308,729	80%
8	Ministry of Defence	1,525,178	465,909	418,893	1,406,678	94%
9	Ministry of Tinkhundla Administration	425,275	57,400	145,267	345,482	90%
10	Ministry of Natural Resources & Energy	107,195	30,934	22,339	101,168	95%
15	Geological Surveys, Minerals & Mines Depart.	25,620	5,743	5,748	20,723	89%
20	Ministry of Agriculture	367,969	122,240	69,230	265,371	80%

23	Ministry of Economic Planning & Development	267,627	9,258	201,011	248,255	93%
24	Ministry of Housing & Urban Development	443,178	127,954	121,495	434,512	95%
26	Fire & Emergency Services	103,450	23,606	24,343	85,342	88%
29	Ministry of Commerce, Industry & Trade	142,574	31,370	35,448	129,959	91%
30	Ministry of Education & Training	3,938,053	1,074,195	694,837	3,664,258	95%
34	Ministry of Finance	761,729	202,095	179,476	753,458	97%
35	Treasury & Stores	52,058	12,880	11,789	46,972	92%
38	Internal Audit	12,944	3,312	2,862	11,541	96%
40	Ministry of Labour & Social Security	750,598	71,062	194,305	506,176	89%
41	Ministry of Public Service	239,471	74,178	53,071	204,992	90%
43	Ministry of Information, Communication & Technology	279,833	65,336	61,057	258,703	94%
44	Elections & Boundaries Commission	26,636	5,821	4,500	19,987	85%
45	Ministry of Health	2,788,018	652,068	580,149	2,344,925	93%
46	Ministry of Justice & Constitutional Affairs	92,028	21,531	23,831	86,153	90%

47	Anti - Corruption Commission	24,779	4,367	3,489	15,051	70%
48	Judiciary	108,770	22,480	22,398	87,356	88%
49	Correctional Services	668,286	173,807	202,470	668,173	99%
50	Ministry of Home Affairs	187,100	84,242	59,030	186,099	99%
51	Swazi National Treasury	456,056	113,250	114,061	455,475	99%
52	King's Office	3,587	332	2,433	3,587	100%
53	Ministry of Public Works & Transport	1,162,247	335,462	238,106	1,145,254	99%
56	Ministry of Sports, Culture & Youth Affairs	77,154	17,546	18,452	70,418	90%
58	Audit	28,273	5,414	7,057	23,788	92%
	Total	18,075,672	4,617,103	6,032,731	16,709,900	92%

Source: Ministry of Finance

Table 2. Summary of control item in Q4 for 2024/25 (E' 000)

Code	Description	Control Item budget	Q2 Outturn	Q3 Outturn	Q4 outturn 2024_25 CUM	Q4 CUM as % of Recurrent
00	CTA Charges	332,756	99,651	103,793	334,924	101%
01	Personnel costs	8,242,667	2,171,691	4,038,232	8,065,071	98%
02	Travel	375,165	37,230	173,630	370,049	99%
03	Drugs	746,776	138,258	202,988	740,821	95%
04	Professional services	1,451,810	344,949	630,677	1,378,772	96%
05	Rentals	294,064	72,452	146,431	280,920	96%
06	Consumables	833,826	251,435	483,643	820,786	98%
07	Durables	83,826	9,442	59,888	97,081	116%
10	Internal Trans	5,962,397	1,356,783	16,730	5,062,397	85%
11	External Trans	292,434	58,007	176,719	292,733	100%
	Grand Total	18,075,669	4,617,103	6,032,731	16,709,900	92%

i. Wages and Salaries

Spending on wages and salaries amounted to E8.1 billion in this quarter which is around 98% of total annual recurrent budget.

ii. Transfers and Subsidies

Expenditure on transfers (Subsidies, Grants and Social benefit): Internal transfers have been estimated at E5.1 billion. The expenditure on transfers is about 85 % of annual transfers' budget.

iii. Goods and Services

Spending in goods and services amounted to E4.02 billion which is around 97% of total Annual budget for goods and services.

Table 3, below shows the performance of the Government released budget by ministry/department. Most ministries released budget in this quarter is at 100%. The total release in this quarter amounted to E17.9 billion which is 99% of annual budget.

Table 3. Summary of Released budget in Q4 for 2024/25 (E' 000)

Head	Ministry/Department	Recurrent Budget	Q2 Released	Q3 Released	Q4 Released_CUM	Q4 CUM as % of Budget
2	Parliament	127,403	43,399	31,564	127,403	100%
3	Private & Cabinet Offices	89,862	18,753	18,474	89,862	100%
4	Ministry of Tourism & Environmental Affairs	100,940	27,891	23,821	100,940	100%
5	Police	1,214,721	316,528	271,702	1,214,721	100%
6	Deputy Prime Minister's Office	903,350	224,923	226,300	901,752	99%

7	Foreign Affairs & International Co-op	573,710	132,999	76,197	561,459	97%
8	Ministry of Defence	1,525,178	424,254	295,866	1,496,253	98%
9	Ministry of Tinkhundla Administration	425,275	109,309	106,350	424,224	99%
10	Ministry of Natural Resources & Energy	107,195	28,774	24,261	107,195	100%
15	Geological Surveys, Minerals & Mines Depart.	25,620	6,397	4,985	23,029	97%
20	Ministry of Agriculture	367,969	115,498	73,405	366,927	99%
23	Ministry of Economic Planning & Development	267,627	190,163	20,273	252,251	96%
24	Ministry of Housing & Urban Development	443,178	161,989	95,948	442,095	99%
26	Fire & Emergency Services	103,450	32,416	19,870	103,450	100%
29	Ministry of Commerce, Industry & Trade	142,574	38,506	34,370	142,574	100%
30	Ministry of Education & Training	3,938,053	1,025,069	1,016,062	3,938,053	100%
34	Ministry of Finance	761,729	199,463	182,984	761,729	100%
35	Treasury & Stores	52,058	11,963	12,914	49,654	99%
38	Internal Audit	12,944	3,099	3,215	12,994	100%

40	Ministry of Labour & Social Security	750,598	186,787	182,481	750,598	100%
41	Ministry of Public Service	239,471	56,232	56,415	237,463	99%
43	Ministry of Information, Communication & Technology	279,833	75,056	72,805	279,883	100%
44	Elections & Boundaries Commission	26,636	6,526	6,355	26,636	100%
45	Ministry of Health	2,788,018	634,285	579,856	2,788,018	100%
46	Ministry of Justice & Constitutional Affairs	92,028	22,452	21,651	92,028	100%
47	Anti - Corruption Commission	24,779	6,177	5,848	24,779	100%
48	Judiciary	108,770	23,406	24,266	107,550	99%
49	Correctional Services	668,286	155,101	155,239	668,286	100%
50	Ministry of Home Affairs	187,100	39,932	34,410	187,100	100%
51	Swazi National Treasury	456,056	114,014	114,014	456,056	100%
52	King's Office	3,587	897	897	3,587	100%
53	Ministry of Public Works & Transport	1,162,247	496,806	135,279	1,162,247	100%
56	Ministry of Sports, Culture & Youth Affairs	77,154	19,579	18,967	77,154	100%
58	Audit	28,273	5,524	5,524	28,273	100%
	Total	18,075,672	4,954,166	3,952,567	17,936,377	99%

Source: Ministry of Finance

Table 4: Summary of Capital Expenditure financed by Government 2024/25 (E '000s)

Head	Ministry/ Department	Govt. Financed	Released through MOF Q3	Released through MOF CUM Q4	Released as % of Financed CUM govt. Q4
3	Private and Cabinet Offices	696		696	100%
4	Tourism & Environmental Affairs	29,900	4,687	28,000	94%
5	Police	50,000	9,247	49,998	100%
6	Deputy Prime Minister's Office	5,000		5,000	100%
7	Foreign Affairs	22,000	7,686	22,000	100%
8	Defence	70,000	48,293	68,404	98%
9	Tinkhundla Administration and Development	11,000		9,000	82%
10	Natural Resources and Energy	232,950	142,019	232,950	100%
20	Ministry of Agriculture	400,000	36,884	393709	98%
23	Economic & Development	1,122,301	805,148	1,122,301	100%
24	Housing & Urban Development	51,200	20,000	51,200	100%
26	Fire and Emergency Services	9,216	257	9,216	100%
29	Commerce, Industry and Trade	168,362	156,361	168,362	100%
30	Education & Training	85,700	12,560	87,249	102%
34	Ministry of Finance	66,678	10,775	66,678	100%
40	Ministry of Labour	8,000		8,000	100%
43	ICT	199,705	120,000	199,705	100%
46	Ministry of Justice	6,950	1,340	7,465	107%
48	Judiciary	0			
45	Health	119,350	9,411	118,350	99%
49	Correctional Services	27,000	6,425	27,000	99%

50	Ministry of Home Affairs	20,000			0%
51	Swazi National Treasury	160,000	50,000	160,000	100%
53	Public Works & Transport	500,000	151,005	391,770	78%
56	Sports Culture and Youth Affairs	40,000		40,000	100%
58	Auditor Generals Office				
	Total	3,406,008	1,482,137	3,262,097	96%

Source: Ministry of Finance`

The total annual budget for Government financed capital projects is E3, 406 billion. About 96% (3.3 billion) of the annual budget has been released in the fourth quarter of the financial year 2024/25. The main releases were E1.1 billion for Ministry of Economic planning and Development, E391 million for Ministry of Public works and Transport, E232 million for Ministry of Natural Resources, E199 million for Ministry of Information, Communication and Technology and E188 million for Ministry of Health.

1.3 International Relations

1.3.1 African Development Bank (AfDB)

1.3.1.1 AGRICULTURE

The African Development Bank (AfDB) visited Eswatini between 6-8 May 2024 for the launch of the Middle-Income Countries Technical Assistance Project on Integrating Skills and Jobs in the Mkhondvo Water Augmentation Project Area (ISJ-MNWAP). The main objectives of the mission were to operationalize the ISJ-MNWAP project and the mission held a workshop with Government officials and the Project Implementation Team (PIT) and explained the bank rules and procedures for rolling out bank projects.

The African Development Bank (AfDB) visited Eswatini from 16-17 September 2024 for the annual supervision mission of Eswatini Development Finance Corporation (FINCORP) for the Sovereign Guaranteed Line of Credit. The purpose of the mission was to evaluate the

results against the set overall project objectives.

The African Development Bank (AfDB) undertook a mission to Eswatini from 14 to 24 October 2024 to supervise the Mkhondvo Ngwavuma Water Augmentation Programme Phase 1A (MNWAP-1A) and prepare a Project Completion Report (PCR) for the Lower Usuthu Smallholder Irrigation Project II (LUSIP II).

The objectives of the mission were to (i) In LUSIP II: assess the completion of the activities financed by co-financiers and the operation of the Main Conveyance System including the implementation of the environmental and social mitigation measures. The mission also followed up on the implementation of the potable water supply systems; (ii) In MNWAP-1A: follow up on the works in the Mpakeni Dam and access road; (iii) Follow up on the ratification of the MNWAP – 1B Project; and (iv) Progress of Detailed Design of MNWAP Phase 2 (Ethemba Dam and Tunnel).

Overall, the Mission is satisfied with the implementation performance of the LUSIP II Project. On E&S, although the performance rating is satisfactory, there are outstanding issues that EA is required to address in full by the agreed timelines as indicated in Annex 4A. additional actions have been included in the Annex to further enhance the technical performance of the project.

The Mission is also satisfied with the implementation of the MNWAP-1A Project after the improvement in the Contractor performance and compliance with E&S Safeguards and other contract management issues. The E&S performance of MNWAP-1A is currently satisfactory. EWADE however, is required to address the few remaining non-compliances by the agreed deadlines to bring the project to full compliance. Current rate of disbursement is 13.89%.

1.3.1.2 WATER & SANITATION

The African Development Bank (AfDB) fielded a supervision mission to Eswatini over the period 4th to 8th November 2024 to discuss the implementation progress of the Manzini Region Water Supply and Sanitation Project and agree on actions leading to the completion of the project.

Project Extension: It is also noted that the project disbursement closing date has been extended to 31 December 2026 in line with the discussions and Government's request during the last mission in March 2024.

1.3.1.3 TRANSPORT

The African Development Bank (AfDB) conducted a mission in Eswatini from 13-31 May 2024 to prepare the project for the development of Siphofaneni-Sithobela Maloma-Nsoko (MR14) & Maloma -Siphambanweni (MR21) Roads and to supervise the Transport Portfolio for two (2) on-going operations, namely Manzini Golf Course Interchange and the Manzini-Mbadlane Project.

The mission made the following recommendations on the development of MR14/MR21

- The executive agency (EA) was to collect actual axle load data to ensure accuracy in the pavement design
- Ensure submission of Draft Final Engineering Design Report as per project delivery schedule
- The EA was to prepare and submit additional E&S safeguards instruments for review and clearance by the bank by 15 July 2024.

The mission made the following recommendations on the supervision of;

Manzini Mbadlane Road Project

- Project was to submit Draft Contract for capacity building and a revision of List of Goods services through the Ministry of Finance to the Bank by 31 May, 2024.

Manzini Golf Course Interchange

- EA was to submit a request to cancel a portion of the loan savings after contract costs for activities under procurement are completed.

The Bank (AfDB) conducted a mission in Eswatini from 09-13 September 2024 to pre-appraise the project for the development of Eswatini Road Infrastructure Improvement Programme Phase I which comprise the construction of the Siphofaneni-Sithobela Maloma-Nsoko (MR14) & Maloma -Siphambanweni (MR21) Roads. The bank recommended that the

roads department submit Final Detailed Design Report and Bidding Documents and that the bank was to provide a no objection to request for Advance contracting.

The Bank (AfDB) conducted a mission in Eswatini from 04 – 11 November 2024 to supervise the Transport Portfolio for two (2) on-going operations, namely Manzini Golf Course Interchange and the Manzini-Mbadlane Project. The mission informed the Ministry of its objectives as per the Terms of Reference (TORs) which included the consultations for the Country Strategy Paper and Supervision of on-going projects. The mission specifically intended to follow-up on the remaining activities for the on-going projects and follow-up on outstanding issues especially on the Manzini Mbadlane road projects. The mission was successful in achieving its objectives and the mission called for concerted efforts in implementation of the agreed actions to ensure faster project implementation.

1.3.1.4 STRATEGY PROGRAM

Pursuant to the request of the Government of the Kingdom of Eswatini, the Bank undertook a dialogue and preparation Mission from 4th to 11th November 2024 to inform the preparation of the Bank’s Country Strategy Paper (CSP) 2025-2029. The specific aim of the mission was to undertake consultations with the Government of Eswatini and other stakeholders on the lessons learned during implementation of CSP 2020-2024 and discuss the CSP 2025-2029 priority areas that were approved by the Committee on Operations and Development Effectiveness in July 2024. The consultations also entailed gathering updated economic data, sector analyses, emerging challenges and opportunities, sector policies and reforms, and identifying an indicative operations program for 2025-2027.

The main objective of the Bank’s CSP 2025-2029 is to support Eswatini to attain its development ambition of accelerating structural transformation and lay the foundation for a more inclusive, diverse, resilient, and competitive economy. To achieve this objective, the CSP is based on two mutually reinforcing Priority Areas namely (i) Investing in climate-resilient infrastructure focusing on transport, energy, and water and sanitation, and (ii) Strengthening competitiveness to promote private sector development. The new CSP 2025-2029 will selectively focus on four sectors, namely: (i) transport; (ii) energy, (iii) water resources under Priority Area I; and economic governance under Priority Area II to improve

public sector efficiency and unlock the potential of the private sector to lead growth.

1.3.2 International Monetary Fund and World Bank Group (IMF/WBG)

In 2024/25 the Ministry of Finance participated in the 2024 IMF/WB Spring Meetings which were held in Washington DC, USA from the 15th – 21st April 2024. The Spring Meetings bring together central bankers, ministers of finance and development, parliamentarians, private sector executives, representatives from civil society organizations and academics to discuss issues of global concern, including the world economic outlook, poverty eradication, economic development, and aid effectiveness. Also featured were seminars, regional briefings, press conferences, and many other events focused on the global economy, international development, and the world's financial system.

The main purpose of these meetings was to discuss progress on the work of the IMF and the WB on issues related to international economic development and finance. It is usually in this forum where the World Bank and IMF member states review the performance of the world economy over the past six months. During the meetings, Governors and alternate Governors come together to reflect on the international character of the two institutions, particularly in their response to the needs of their member countries. The meetings also provide a forum where constituency members discuss pertinent issues affecting their respective economies and come up with strategies and plans, on how best to manage their economies.

During the week of the meetings key reports on global growth and financial stability are published as well as announcements on funding initiatives which include the International Development Association (IDA) of which according to the reclassification, Eswatini now qualifies for funding. IDA is the part of the World Bank that helps the world's low-income countries. IDA's grants and low-interest loans help countries invest in their future programmes, improve lives, and create safer, more prosperous communities around the world. One of the major issues discussed in the meetings was the strengthening of financial preparedness to shocks whereby most small states in Africa including Eswatini are vulnerable to climate shocks. Member countries were advised not to treat climate crises as a surprise but need to be ready. There are a number of financing options that are provided by the World

Bank for member countries to tap into during climate change crises. Namely:

- i. Rapid response option – According to the World Bank there is about 10% readily available of undisbursed balances under this option to be tapped into in-times of crises.
- ii. Contingency emergency project for catastrophe draw down option – It was discussed that the Country Director will assist Eswatini to benefit from this option in times of need and in case when there is need for budget support.
- iii. Catastrophe bonds and insurance option – This option is currently being piloted for small states across Africa.

During the “Climate Financing for African Developing States; Closing the Gap: it was discussed that speed, flexibility and sustainability is critical in the disbursement of funds in cases of climate change crises. And member countries were advised to invest in early climate warning systems as part of strengthening preparedness to climate shocks hence building resilient economies across the African Continent. The Debt-for-Climate Swaps as a Climate Finance Instrument was also discussed during the meeting.

The Ministry also had bilateral meetings with the Mission Chief and the IMF staff as well as AfDB Executive Director. The issues discussed with AfDB ED included the fact that the bank is not in climate financing while African states are affected by climate change. It was highlighted that the bank considers 40% investment strategy for climate financing which need to be incorporate in the bank`s 10-year strategy and their need for the Board of Governors to articulate and provide a way forward in this issue.

On the top of the agenda with the issues discussed with the Mission Chief was the Article IV consultations which took place from 11 - 24 July 2024.

The International Monetary Fund Africa Department visited the country on July 2024 for the Annual Article IV mission. The mission made several recommendations on all sectors of the economy including the following particularly on the fiscal sector;

The current fiscal deficit was broadly appropriate. Lower SACU revenues in the future will require expenditure restraint to cap the deficit around 3.5 percent of GDP. This was needed to stabilize debt around 40 percent of GDP, as intended. Nevertheless, the interest bill would rise as debt was being repriced. • Debt management faced challenges that must be addressed.

Otherwise, arrears would likely persist. • PFM remained a problem, complicating treasury operations. The invoice register had improved the process.

The Ministry participated in the 2024 IMF/WBG Annual meetings which was scheduled from 21 – 27 October held in Washington D.C., USA. The main purpose of these meetings is to discuss progress on the work of the IMF and the WB on issues related to international economic development and finance. It is in this forum where the World Bank and IMF member states review the performance of the world economy. During the meetings, Governors and alternate Governors come together to reflect on the international character of the two institutions, particularly in their response to the needs of their member countries. The meetings also provide a forum where constituency members discuss pertinent issues affecting their respective economies and come up with strategies and plans, on how best to manage their economies.

December 04 – 11, 2024 an IMF staff visit mission was conducted which was led by the Mission Chief for Eswatini and two IMF staff members. The purpose of the mission was to make follow-ups on the recommendations from the 2024 Article IV Consultation, discuss the mid-year review of the 2024/25 budget and the recently completed rebasing of national accounts series and to also update the assessment of foreign reserves adequacy. Last but not least the mission also seek to identify possible relevant analytical topics for the next Article IV consultation.

2. PUBLIC DEBT MANAGEMENT

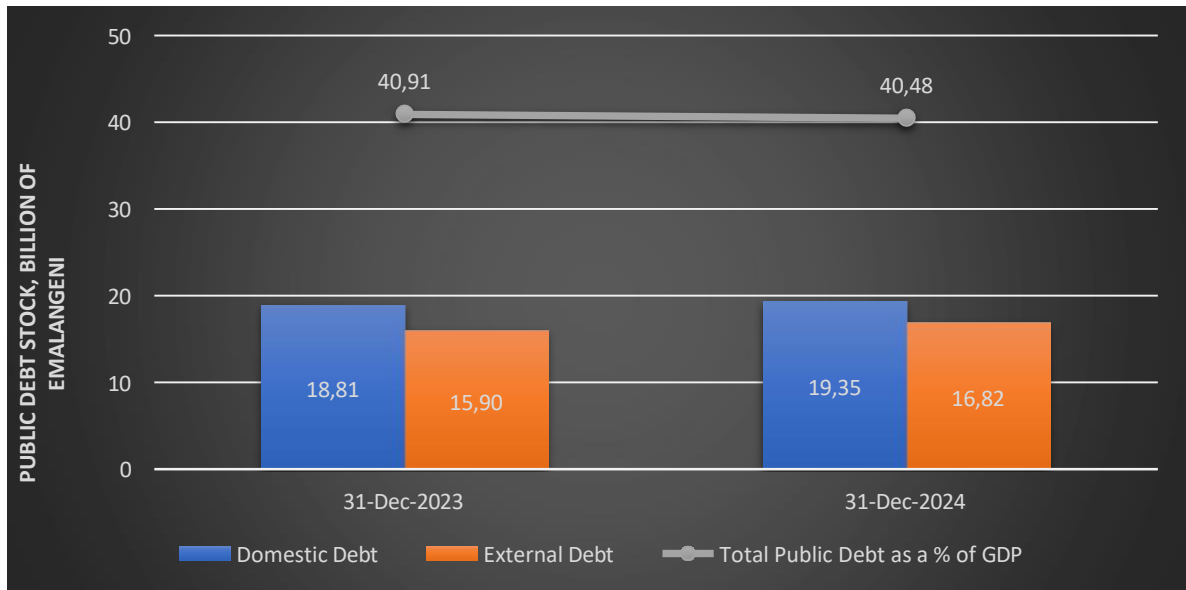
OBJECTIVES

- Implementation of Government borrowing plans and debt strategies;
- Maintaining effective and efficient debt information systems to provide consistent and reliable debt data;
- Facilitating the procurement of debt financing; and
- Ensuring that existing debt is serviced timeously.

2.1 PUBLIC DEBT STOCK AS AT END OF DECEMBER 2024

Preliminary debt figures show that, as at 31st of December 2024, total public debt stood at E36.16 billion which is an equivalent of 40.48 percent of GDP. This is composed of domestic debt amounting to E19.35 billion which is equivalent to 21.66 percent of GDP and external debt amounting to E16.82 billion which is equivalent to 18.82 percent of GDP. Compared to the previous year ended 31st December 2023 where total public debt stood at E34.71 which is an equivalent of 40.91 percent of GDP and this reflects an increase of about E1.45 billion which is an equivalent of 1.63 percent of GDP. Debt as a percentage of GDP reflects a decline even though debt stock has increased and this is due to the GDP rebasing exercise that was undertaken during the period under review. This is illustrated below:

Figure 1: Trend of public debt stock in billions of Emalangeni and as a % of GDP



Source: Ministry of Finance and Central Bank

Table 5: Public Debt Stock in Billions of Emalangeni

Items	31-Dec-23	31-Dec-24
Domestic Debt	-	-
<i>CBE Advance</i>	1,789.00	2,123.38
<i>Treasury Bills</i>	3,603.39	3,465.25
<i>Government Bonds</i>	11,530.94	12,008.89
<i>Domestic Loans</i>	1,890.68	1,747.91
<i>Total:</i>	<i>18,814.01</i>	<i>19,345.43</i>
External Debt		
<i>Total:</i>	15,895.73	16,816.64
Total Public Debt	34,709.74	36,162.07
GDP Estimate	84,847.00	89,331.59
Total Debt as a % of GDP Estimate	40.91%	40.48%

Source: Ministry of Finance and Central Bank.

Figure 1 shows that both domestic and external debt contributed towards the increase in public debt over the year. External debt slightly increased from E15.90 billion recorded in 31st December 2023 to E16.82 billion at 31st December 2024. This can be attributable mostly to the increase in external loans drawdowns as well as the volatile movements of exchange rates on foreign currencies. With over 60% of the country's external debt denominated in

hard currencies such as the British Pound, US Dollar or Euro, the impact of the Lilangeni's depreciation against these major currencies over the year has partially affected the debt stock as the exchange rates were volatile throughout the year.

Total public external debt disbursements for the period ending 31st December 2024, amounted to E2.70 billion which largely contributed to the increase of the total external debt stock. This shows a huge increase when comparing with the previous period 31st December 2023 which stood at E1.01 billion. The drawdowns for the period under review were associated with the following project loans:

Table 6: Total Disbursements in Millions of Emalangeni

	31-Dec-23	31-Dec-24
LOAN NAME		
AfDB Development of Manzini Golf Course Interchange	56.17	38.61
AfDB Ezulwini Water Supply and Sanitation Project	32.76	-
AfDB Lower Usuthu Smallholder Irrigation Project II	41.80	49.94
AfDB Manzini Region Water Supply and Sanitation Project	-	234.42
AfDB Manzini-Mbadlane Highway	4.91	31.46
AfDB Mkhondvo Ngwavuma Water Augmentation Project (Phase I)	232.84	207.07
BADEA Lower Usuthu Smallholder Irrigation Project II	119.32	23.32
ESW01 3-Year Bond Coupon Rate 11.875 Maturity Date 08/05/2027	-	400.00
EXIM China - ICC Supplementary	-	840.96
EXIM India Construction of a Disaster Recovery Site	0.36	1.35
EXIM India Construction of Parliament Building	-	8.73
IBRD - Strengthening Early Childhood Development and Basic Educa	45.34	65.44
IBRD Additional Financing for COVID-19 Emergency Response	49.58	-
IBRD Health System Strentgthening	79.81	104.29
IBRD Network Reinforcement & Access Project	196.18	249.67
IBRD Water Supply and Sanitation Access	-	369.85
IFAD Financial Inclusion and Cluster Development (FINCLUDE)	18.45	20.64
IFAD Smallholder Market - Led Project	33.40	-
KUWAIT Lower Usuthu Smallholder Irrigation Project II	98.09	54.06
TOTAL	1,009.01	2,699.81

Source: Ministry of Finance

Domestic debt also increased from E18.81 billion in the year ended 31st December, 2023 to reach E19.35 billion recorded in the current year ended 31st December, 2024. The increase can be attributed to the increasing stock of outstanding treasury bonds as well as the CBE

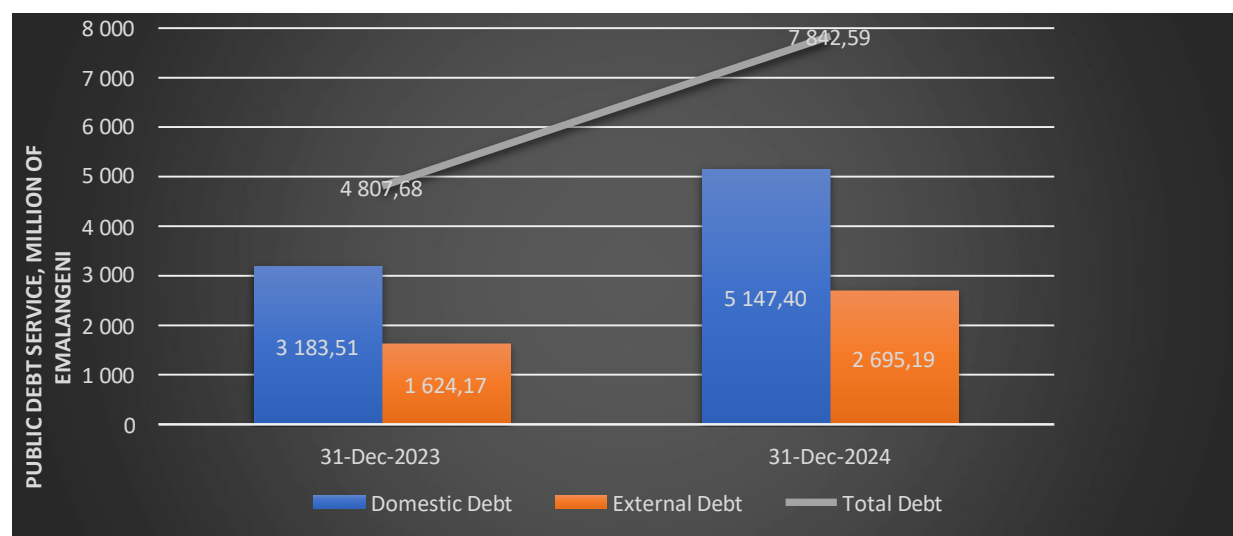
Advance during the year under review. Bonds increased from E11.53 billion to E12.01 billion during the year whilst CBE Advance slightly increased from E1.79 billion to E2.12 billion in the year under review. The overall increase in the stock of Bonds can be largely attributed to the Auction Committee having to exercise the ‘Green Shoe’ option (An over-allotment option - meaning that in the event of oversubscription of an auction, the Auction Committee reserves the right to allocate an additional amount of 100% of the amount on offer for each auction) and the private placements for budget support under the Bond Programme.

Domestic loans on the other hand, slightly decreased from E1.89 billion as at 31st December 2023 to E1.75 billion in the year ended 31st December 2024; and this was due to that all loans have fully disbursed and now they are only being repaid. Treasury Bills also slightly decreased from E3.60 billion as at 31st December 2023 to E3.47 billion in the year ended 31st December 2024.

2.2. PUBLIC DEBT SERVICE AS AT END OF DECEMBER 2024

Public debt service (both principal and interest payments) for the year ended 31st December, 2024 amounted to E7.84 billion and when comparing it with the previous year which ended 31st December 2023 where total debt service stood at E4.81 billion, this shows a huge increase of E3.03 billion. This is a result of the new external loans which have started repaying following the elapse of their grace period as well as a number of Bonds that were maturing over the period under review. This is illustrated in Figure 2 below:

Figure 2: Trend of public debt service in Millions of Emalangeni



Source: Ministry of Finance and Central Bank

Table 7: Public Debt Service in Millions of Emalangeni

Item	31-Dec-23	31-Dec-24
Domestic Debt Service		
<i>CBE Advance Principal</i>	-	-
<i>CBE Advance Interest</i>	78.69	86.04
<i>Bond Principal</i>	1,447.20	3,321.52
<i>Bond Interest</i>	1,054.26	1,205.89
<i>Treasury Bill Interest</i>	258.70	305.24
<i>Promissory Notes Principal</i>	38.52	-
<i>Promissory Notes Interest</i>	2.43	-
<i>Domestic Loans Principal</i>	246.57	150.59
<i>Domestic Loans Interest</i>	57.14	78.12
Total Domestic Debt Service	3,183.51	5,147.40
External Debt Service		
<i>Principal Payment</i>	866.24	1,743.66
<i>Interest Payment</i>	757.93	951.53
Total External Debt Service	1,624.17	2,695.19
Total Public Debt Service	4,807.68	7,842.59

Source: Ministry of Finance and Central Bank.

Under domestic debt service, Bond principal payments increased from E1.45 billion as at 31st December 2023 to E3.32 billion as at end 31st December 2024 whilst interest payments increased from E1.05 billion to E1.21 billion. Treasury bills interest payment slightly increased from E258.70 million as at 31st December 2023 to E305.24 million in the period under review. There were no outstanding principal payments on Promissory Notes as they are now fully paid and there were no new issuances in the period under review. Domestic loans principal payments on the other hand decreased from E246.57 million as at 31st December 2023 to E150.59 million as at end 31st December 2024 whilst interest payments slightly increased from E57.14 million to E78.12 million.

On external debt service, principal payments largely increased from E866.22 million for the period ended 31st December, 2023 to E1.74 billion in the current year 31st December 2024. Interest payments also increased from E757.93 million as at 31st December, 2023 to E951.53 million in the current year 31st December, 2024. This increases in both principal and interest payments can be attributed to the increase in drawdowns of external loans for projects implementation (see Table 2).

2.3. OTHER DEVELOPMENTS

Following the successful listing of the ZAR4 Billion Bond Programme under the Johannesburg Stock Exchange (JSE) an auction was held on the 08th May, 2024 and an amount of ZAR400 Million was raised. The country's first issuance under this programme represents a key milestone for the Government and it has provided an opportunity for Eswatini to introduce herself to the international investment community. This programme is an effort by the Ministry in collaboration with the Central Bank of Eswatini (CBE) to diversify Government's sources of funding, contribute to regional economic integration initiatives, as part of the Common Monetary Area (CMA), while raising the necessary capital required to meet the country's developmental needs.

The Ministry of Finance on behalf of the Eswatini Government through its Public Debt Management Department negotiated and presented to Cabinet and Parliament for approval the following loan bills:

- The African Development Bank (AfDB) Loan Bill, 2024 for the Mkhondvo Ngwavuma Water Augmentation Project (MNWAP) Phase 1B amounting to ZAR2, 084, 290, 000.00 (Two Billion Eighty Four Million Two Hundred and Ninety Thousand South African Rands);
- The Opec Fund for International Development (OFID) (Mkhondvo Ngwavuma Water Augmentation Project (MNWAP) Phase 1B) Loan Bill, 2024 amounting to USD20, 000, 000.00 (Twenty Million United States Dollars); and
- The International Fund for Agricultural Development (IFAD) (Smallholder Agricultural Productivity Enhancement and Marketing Project (SAPEMP)) Loan Bill, 2024 (Bill No.8 of 2024) amounting to USD13, 570, 000.00 (Thirteen Million Five Hundred and Seventy Thousand United States Dollars).

The Department hosted a workshop for the drafting of the Medium Term Debt Strategy (MTDS) and an Annual Borrowing Plan (ABP) for Government. This was a team effort with stakeholders from the Central bank of Eswatini, Eswatini Revenue Services, Ministry of Economic Planning & Development, Treasury Department, Budget & Economic Affairs Department and Fiscal & Monetary Affairs Department. The MTDS which is anchored on the medium-term budget framework, articulates Government's medium-term policy for debt and its strategy to help achieve debt management objectives approved by the legislature under the PFM Act, 2017. And the ABP clearly specifies Government's financing needs and sources and is consistent with the MTDS and budget strategy. It is also geared to fulfill Government's debt management objectives by ensuring the financing needs are met on a timely basis and to borrow at the lowest possible cost and consistent with prudent degree of risk whilst improving debt transparency, strengthening investor confidence, promoting and development of the domestic capital market.

Lastly, during the year under review Moody's Ratings reviewed Eswatini's credit rating from B3 to B2 which is an upgrade. The upgrade reflects the country's track record of fiscal policy effectiveness, which led to an improved fiscal trajectory, with a primary surplus achieved in the financial year 2023/2024 and expected in the next year. Government's commitment to fiscal consolidation and reforms illustrates that debt will stabilize around 40 percent of GDP, a level well below that of similarly rated countries. A number of significant institutional reforms have been implemented by Government and these include the establishment and

capitalization of the SACU Revenue Stabilization Fund and the clearing of domestic arrears to suppliers. These efforts have created a more stable fiscal landscape which will support the economy.

3. FISCAL AND MONETARY AFFAIRS

OBJECTIVES

- To maximize the availability of sustainable revenue sources to finance government operations. This will include expanding the existing revenue base and improving the efficiency of revenue collections and create an environment that will promote private sector development.
- To contribute to regional economic integration initiatives that are supportive of economic growth and development.

3.1 TAX POLICY

➤ To maximize availability of sustainable revenue sources to finance government operations. This will include expanding the existing revenue base and improving the efficiency of revenue collections

Tax collection is a high priority. The volatility of SACU revenue also remains a major concern. This remains a major concern. Coupled with the high volatility is the uncertainty going forward, as the SACU revenue formula is in the process of being reviewed. Work within the trade negotiations arena has been continuing. It is thus important that we strengthen on the collection of revenue internally, and also that, on the expenditure side, measures are taken to employ some cost cutting measures.

In an attempt to expand the tax base, the country completed the Income Tax (Amendment) Act, 2023. The Income Tax (Amendment) Bill of 2022 was passed into law in FY 2023/24. The implementation of this Act will ensure revenue mobilization and collections measures are enhanced resulting in efficient and increased collections. On the positive side, this has resulted in an increase in revenue collected. Furthermore, to expand and improve Government services, the country is looking for more measures to generate revenue. These

measures include, amongst others, an upward review of the levy on Alcohol and Tobacco products.

The country has also reviewed fees for Government services to at least be at cost recovery rate, given that the costs for the services are ever increasing. Government will make sure that essential services are not negatively affected by the review of the fees. It is thus important that we strengthen on the collection of revenue internally, and also that on the expenditure side, measures are taken to employ cost cutting measures.

3.1.1 DIRECT TAX POLICY DIVISION (DTPD)

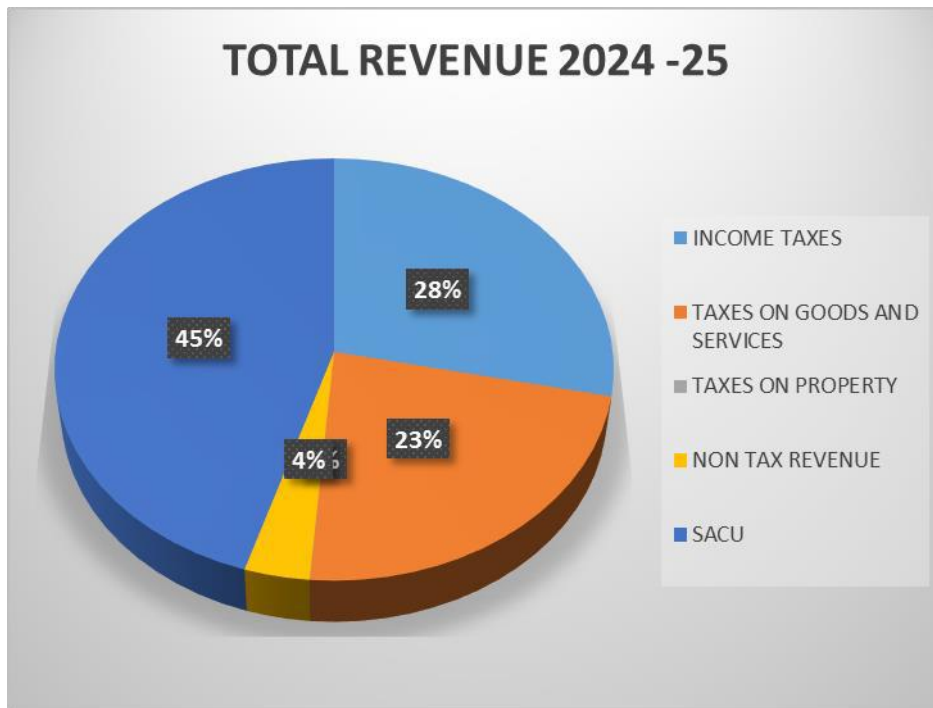
The DTPD is responsible for all direct tax policy issues. Update on activities in this unit include among others the following:

Table 8: Annual Indicative Revenue Performance Report for the Financial YEAR 2024/25

	2024-25		2023-24			
	TARGET	ACTUAL	TARGET	ACTUAL	YR ON YR GROWTH	YTD AS % OF TARGET
	000	000	000	000		
INCOME TAXES	7,939,943	8,201,567	6,984,281	8,536,530	-4%	103%
Company Tax	1,876,185	2,141,099	1,813,422	1,880,683	14%	114%
Individuals	5,249,663	5,225,233	4,549,896	5,924,231	-12%	100%
Other Income Tax	814,095	835,235	619,424	730,379	14%	103%
Graded Tax	-	-	1,539	1,236		
TAXES ON PROPERTY	43,670	43,408	45,264	40,090	8%	99%
Transfer Duties	43,670	43,408	45,264	40,090	8%	99%
TAXES ON GOODS AND SERVICES	19,958,820	19,694,390	17,926,722	17,805,081	11%	99%
Sales Tax	-	692	-	2,205		
Value Added Tax	5,038,328	4,971,844	4,516,983	4,365,891	14%	99%
Customs Union Receipts	13,079,613	13,065,102	11,752,733	11,826,095	10%	100%
Lotteries and Gaming	3,852	11,723	2,847	10,973	7%	304%
Road Toll	90,744	95,483	76,083	94,365	1%	105%
Licenses and Other Taxes	262,171	183,056	148,988	168,333	9%	70%
Fuel Tax	1,411,456	1,291,872	1,365,675	1,284,751	1%	92%
Motor Vehicle Levy	7,365	13,399	5,790	9,747	37%	182%
Alcohol and Tobacco Levy	65,292	61,220	57,623	42,722	43%	94%
NON TAX REVENUE	722,439	1,006,590	552,391	954,920	5%	139%
Property Income	452,594	641,145	234,086	618,479	4%	142%
Fees and Fines	193,214	287,600	231,606	264,932	9%	149%
Education Loan Repayment	76,631	77,845	86,699	71,509	9%	102%
				-		
TOTAL REVENUE	28,664,873	28,945,956	25,508,658	27,336,620	6%	101%

Source: Eswatini Revenue Revice and Eswatini Government

Figure: 3 Total Revenue 2024-2025



REVENUE COLLECTION ANALYSIS

i Total Revenue

The financial year 2024/25 saw Eswatini Government perform strongly against set revenue targets, demonstrating effective fiscal policy measures and improved compliance levels. The total revenue estimated to be collected is E28 945 billion by 1%. Year-on-year growth compared to 2023/24 showed a 6% increase, with improvements noted across several revenue categories of tax and non-tax revenue, including mainly Alcohol and Tobacco Levy, Motor Vehicle Levy, Customs Union Receipts (SACU), Value Added Tax (VAT), Other Income Taxes, and Company Tax. The analysis of detailed revenue performance is encapsulated below:

a Income taxes

The total collection for income taxes is projected to amount to E8.201 billion reflecting 3% above the target of E7.939 billion. Company tax revenue collected amounted to E2.141

billion, exceeding the target by 14%, indicating robust corporate earnings. Individual income tax fell slightly short at E5.225 billion, achieving 0.046% off the target and a 12% decrease year-on-year. Other income taxes, saw a positive collection trend, reaching E835 million reflecting a 3% above target.

b. Taxes on Property

The total collection of taxes on property is expected to amount to E43.408 million reflecting 99% of the target of E43.670 million. Year-on-year growth showed an 8% increase compared to the financial year of 2023/24.

c. Taxes on Goods and Services

Taxes on Goods and Services are expected to amount to E19.694 billion reflecting a 99% of the target of E19.958 billion and a year-on-year growth of 11%, driven by improved on Value Added Tax (VAT) and customs revenue collections. VAT expected to amount to E4.972 billion, attaining 99% of target, with a significant 14% growth from the previous year. Customs Union receipts contributed E13.065 billion, maintaining stability at 99% of the target.

d. Non-Tax Revenue

Non-tax Revenue projected during the year under review is expected to amount to E1.006 billion resulting to 39% above the target of E722.439 million. Year-on-year growth reflects a 5%, with notable surpluses from fees and fines, and education loan repayments showing a 9% year-on-year growth.

ii Double Taxation Avoidance Agreements (DTAA) and Exchange of Information (EOI)

Double Taxation Avoidance Agreements (DTAA). The Ministry of Finance made significant progress in facilitating and negotiating DTAA's during the financial year. Key achievements include:

- **Signing of the DTAA with the United Arab Emirates (UAE):** The agreement between the Kingdom of Eswatini and the UAE was signed by the Finance Ministers of both jurisdictions. It is now awaiting entry into force as Eswatini finalizes internal processes for its ratification.

- **Regional Engagements:** Eswatini actively participated in the Southern African Development Community (SADC) Tax Working Group Meeting, which focused on developing DTAA manuals and strengthening negotiation skills.

Global Forum and Transparency Initiatives. Eswatini continued to engage in global tax transparency and information exchange efforts:

- **Global Forum Peer Review:** The Ministry took part as observers in Peer Review and Monitoring Group sessions, preparing for Eswatini’s Peer Review and Monitoring Exercise scheduled for June 2025.
- **Exchange of Information:** Continuous Engagements were held with the Organization for Economic Cooperation and Development (OECD) and the African Tax Administration Forum (ATAF) and other stakeholders to facilitate the smooth exchange of information for tax purposes.
- **Stakeholder Consultations:** The Ministry completed and submitted the questionnaire on transparency and information exchange to the Organization for Economic Cooperation and Development (OECD) for review and follow-up.

iii. **Base Erosion and Profit Shifting (BEPS) Measures**

To combat tax avoidance, the Ministry advanced efforts toward ratifying the Multilateral Convention to Implement Tax Treaty-Related Measures to Prevent Base Erosion and Profit Shifting (MLI). The convention has been submitted to the Ministry of Foreign Affairs and International Cooperation for ratification. These initiatives underscore Eswatini’s commitment to fostering international tax cooperation, enhancing transparency, and aligning with global best practices in tax administration.

iv **Development Approval Order (DAO)/Development Enterprise Agreement (DEA)**

Following the coming into force of the Income Tax Amendment Act, 2023, which replaced the entire section 69(2) of the ITO by changing this incentive (DAO) to be known as the Development Enterprise Agreement (DEA), the Committee assumed its new name in alignment. The Committee recommended for approval 5 applications. The companies

granted the DEA incentive are mostly in the manufacturing sector. The DEA regulations were effective from 01 July 2024. All applications received post this period will be granted this tax concession at a 10% reduced rate on corporate income tax for 10 years, and this will be non-renewable.

3.1.2 INDIRECT TAX POLICY DIVISION (ITPD)

➤ *Ensure availability of sustainable revenue to finance government operations. This includes expanding existing revenue sources and continuously improving indirect tax policy with the aim of enhancing tax-revenue*

The Indirect Taxation Policy Division (Division) is responsible for formulating and implementing indirect taxation policy and related legislations. These includes matters falling under the ambit of the Value Added Tax (VAT), Customs and Excise, as well as all matters of an indirect nature. Further, this division is seized with the mandate of providing guidance pertaining to the administration of broader indirect taxation. These functions are performed consistent with the objective of enhancing generation of revenue, domestic resource mobilisation, and setting a competitive tax environment.

i. VAT Legislation

Pursuant to undertaking a scoping exercise on the VAT legislation, key areas which require reinforcement were identified. Therefore, the division commenced the process of amendments for the VAT Act, VAT Regulations and VAT Schedules – these proposed amendments are critically important to improve the VAT legislation consistent with developments in market forces, changes in business models caused by advancement in innovation, and the need to ensure that the VAT legislation strikes appropriate balance between ensuring a competitive tax landscape and revenue generation. These are legislations (VAT Act, VAT Regulations and VAT Schedules), are inherently related and hence it is vitally essential to amend them in the quest for sustainable VAT revenue generation. Worth noting is that the VAT Regulations have been referred to the Attorney General for legislative consideration and the broader amendments (VAT Act and VAT Schedules) are work in progress as at the end of the current reporting period.

Following the success of VAT reforms implemented in September 2022 and responses from regulators of key sectors to consider providing VAT relief in projects of a long-term nature (in excess of the statutory refund period), the Division is assessing suitable options that would ensure investment formation and generation of VAT revenue for the fiscus. The assessment is carried out by way of research with the aim of developing ideal VAT options that would support the aspirations for inclusive VAT legislation and meeting the targets set out in the National Development Plan 2024-2028. This is continuing work as at the reporting period.

ii. Customs and Excise Legislation

The Division effected amendments to the Customs and Excise legislation (Customs and Excise Act, and the Customs and Excise Regulations). The objective of the amendments is to promote clarity, consistency, and certainty in the administration of the Act; empower tax administration in matters of developments in performing its work; and facilitate development of accreditation programs for cross border trade. Further, the Regulations are also amended so to supplement efforts geared towards revenue generation by way of revising duties for bonded goods, enhance facilitation of the accreditation program through the demarcation of commercial ports of entry, and support seamless trade. Although this is work in progress as at the reporting period, these amendments (Customs and Excise Act, and the Customs and Excise Regulations) were referred to the office of the Attorney General in line with legislation processes as at the end of the reporting period.

iii. Tax Expenditure

For the period under review, the Division formulated a monitoring and evaluation framework for tax incentives in Eswatini. This work was performed in collaboration with support from the SADC Secretariat under the Support for Improving Investment and Business Environment (SIIBE) program. On completion of the framework, a training was conducted for relevant stakeholders (tax administration, investment facilitation and various implementers, policymakers) with the aim of bolstering investment efforts without expanding tax expenditure beyond parameters of realising sustainable development and aspirations for inclusive economic growth in the country. The Division is at the stage of finalising the training report and thereafter will focus on adoption of the tax expenditure framework with

the ultimate goal if implementation for use in assessing the impact of tax expenditure in Eswatini.

iv. Guidance on Tax Matters

Indirect Taxation Policy Division provided guided on tax matters for World Vision Eswatini, and Lower Maguduza Hydroproject. Following the implementation of the New VAT Schedules in September 2022, there were some challenges associated with its application and mainly this included refunds for importation on electricity components and inputs. The Division in collaboration with tax administration designed guidelines for use by entities active in the generation of electricity. The guidelines provide clarity regarding the correct application of VAT with the aim of enhancing investment formation.

Further, the Division provided guidance on the development of the national bioenergy policy particularly the application of tax policy with the aim of fostering development and growth of the energy sector. Furthermore, the Division is seized with providing guidance on the application of VAT on generation and purification of portable water in line with Sectoral Outcome 6.3: Improved management and access to safe drinking water, sanitation and hygiene as embraced in the National Development Plan 2024-2028.

v. External Meeting

The Division participated in the African Union 5th Extraordinary Session of the Specialised Technical Committee on Finance, Monetary Affairs, Economic Planning and Integration. The purpose of the meeting was to examine the development of the African Financing Stability Mechanism and African Monetary Institute. The African Financing Stability Mechanism is designed to help alleviate the surging non-African debt by African countries by way of setting a mechanism for debt in African for African nations including the shareholding structure, and financing this mechanism. The African Monetary Institute is established as a transitory arrangement towards formulating the African Central Bank. Both are pivotal for buttressing continental economic integration and bolster efforts towards sustainable development in Africa.

vi. Monitoring and Evaluation of Appeals and Applications for Tax Relief

Monitoring and evaluation of appeals as well as applications for tax relief is a continuous activity performed by the division. In the reporting period, applications and appeals for tax progressed on the declining trajectory. This is attributed to various interventions continuously implemented by the Division with the goal of striking a balance between enhancing tax compliance and reducing tax liability for taxpayers. This is a continuing activity of the Division as at the end of the period of this review.

3.2 TRADE POLICY

To contribute to regional economic integration initiatives that are supportive of economic growth and development.

Regionalism offers us the best opportunity to grow our economy. The Southern African Customs Union (SACU) and neighbouring regions have a huge untapped market, which is growing at a faster rate. We have made significant progress in integration under the SACU, but there is much potential for expanded trade and investment in the SADC, COMESA and the rest of Africa regions. The Government in collaboration with SACU Member States Government will continue to support reforms that are aimed at facilitating trade, reduce distortions and ensure we secure a share in the growth in international trade commensurate with the objective of sustainable development. The route to achieving the objective, entails nationally for the government to work towards removing inefficient customs procedures including complicated rules of origin and other non-tariff barriers, in line with the existing Regional Protocols which it is signatory to.

i. Deepening Regional Economic Integration

On regional, continental and international fronts, deeper regional integration in Africa is seen as a key enabler for economic growth and development through promotion of trade, economic liberalization and sustainable development. The Ministry of Finance has continued to focus on influencing local, regional and global policies to advance the development, economic, financial and technological objectives of Eswatini, Africa and the Rest of the World.

The Ministry of Finance plays a leading role in developing, coordinating and negotiating Eswatini’s position with respect to the SACU, SADC and COMESA Common Development Agenda, in close collaboration with relevant key stakeholders. The overarching policy strategy is to facilitate and advance Intra-SACU Trade particularly on Fuel and High Value products in order to increase Eswatini’s SACU Revenue Share with a view to improve the country’s performance in respect of primary macroeconomic convergence (encapsulated via inflation, budget balance and public debt) in the Southern Afrin Region.

ii. Southern African Customs Union (SACU) Developments

The Ministry participated in the meeting of the SACU Council of Ministers that was held on the 6th December 2024 in Johannesburg, South Africa and the meetings of the Commission and Finance Risk & Audit Committee that were held on the 3rd – 4th December 2024 in Windhoek, Namibia. These meeting were preceded by the meeting of the Task Team on Trade Data Reconciliation which was held on the 2nd December 2024. The purpose of these meetings was to finalise the process of reconciling intra SACU trade data for 2022/23, consider the SACU Secretariat’s 2025/26 budget and calculate Member States’ revenue shares for the 2025/26 fiscal year.

iii. Intra-SACU Trade Data for 2022/23, 2022 GDP and Population Statistics

At the meeting, the 2022/23 intra-SACU trade data, GDP and population for 2022 were finalised and agreed on by Member States in accordance with the 2002 SACU Agreement. This set of data is critical as it formed the basis of sharing the 2025/26 projected size of the Common Revenue Pool (CRP). The table below depicts the level of intra-SACU imports, GDP level and population for all Member States finalised in the meeting:

Member States	2022/23 Intra-SACU imports (ZAR)	2022 GDP at basic prices (ZAR)	2022 Population (de facto)
Botswana	98 816 559 709	317 342 933 654	2 359 609
Eswatini	27 357 763 883	73 279 588 196	1 174 014
Lesotho	23 837 153 291	32 330 491 557	2 090 482
Namibia	61 707 428 588	187 673 344 968	2 596 037

South Africa 59 617 525 815 5 952 708 449 411 62 027 503

The 2025/26 Common Revenue Pool (CRP) Forecast, Audited Size of The CRP for 2023/24 and Allocation of Revenue Shares for 2025/26 to Member States. The Manager of the Pool communicated in the meeting that the audited size of the Pool for 2023/24 amounted to E131.4 billion, disaggregated as E 70.5 billion in customs revenue and E60.9 billion in excise revenue, against a forecast of E137.1 billion, comprising of E72.6 billion in customs revenue and E64.4 billion in excise revenue, resulting in an overall deficit of E5.6 billion (E2.1 billion in customs and E3.5 billion excise revenue). As per the 2002 SACU Agreement, it was agreed that adjustments be made to the 2025/26 Member States' revenue shares in order to incorporate the deficit as highlighted above.

South Africa, as Manager of the Pool, also presented a forecast of the CRP for 2025/26 of E148.2 billion, which is made up of E79.7 billion in customs revenue and E68.4 billion in excise revenue. Based on all the above information, the Council approved the Member States' revenue shares for 2025/26 financial year after taking into consideration the outturn for 2023/24 financial year and the SACU Secretariat's budget for 2025/26 financial year. Eswatini's SACU share for 2025/26 will stand at E10.4 billion reflecting a decrease of 20.4 per cent from what the country received in the current financial year i.e., 2024/25. Compared to 2024/25, the 2025/26 revenue levels for Botswana, Lesotho, Namibia and South Africa will also decrease by 11.75 percent, 20.46 per cent, 24.61 per cent and 15.2 percent, respectively. The decline is mainly due to lower-than-expected collections in the Common Revenue Pool (CRP), particularly, Customs and Specific Excise duties in 2023/24 fiscal year. This under collection is as a result of a contraction in nominal imports into the Union and under collections in cigarettes and tobacco products.

iv. Eswatini faces a Conundrum in the Face of the Volatile and Declining SACU Revenue.

In the short run, tax incentives are viewed as the only lever to attract investment and promote job creation in a context of strong international competition. If these incentives are not properly designed, they can erode the tax base by providing windfall gains to some or opening the doors for abuse from others. This in turn, deprives the country of much needed revenue to undertake the types of long-term investments that are required to building a more-friendly

investor environment. This risk of tax revenue adequacy is compounded by an expected decline in SACU revenue, in line with the implementation of African Continental Free Trade Area (AfCFTA) and proposed changes to the SACU revenue sharing formula. Thus, it is critical to focus on the design aspects of tax incentives to ensure they are properly designed and assess whether they have been effective in achieving their intended goals.

V. Southern African Development Community (SADC)

The Ministry continued to participate in SADC meetings and workshop geared towards the implementation of the SADC Protocol on Finance and Investment (SADC FIP). During the quarter under consideration, the Ministry of Finance participated in the following SADC meetings and workshops: Workshop of Senior Treasury Officials and Experts; Virtual Extraordinary Finance Subcommittee; Special Session of the SADC Macroeconomic Reviews for 2024/25 (Training on Macroeconomic Surveillance); Macroeconomic Subcommittee; Extraordinary Meeting of the SADC Committee of Ministers responsible for Finance and Investment; the Workshop of Senior Treasury Officials; and the SADC Macroeconomic Subcommittee.

vi. Workshop of Senior Treasury Officials and Experts from Ministries for Finance and Extraordinary Meeting of the SADC Committee of Ministers of Finance and Investment

The Senior Treasury Officials and Experts from SADC Member States ministries responsible for Finance and Investment was held on 8th – 9th November 2024 to consider a detailed presentation from the African Development Bank (AfDB) on the SADC Regional Development Fund (RDF) Revised Discussion Paper and adopt the Road Map for the operationalisation of the Fund. Work on the Revised Discussion Paper is in line with the 2016 Agreement on operationalisation of the RDF.

The Extraordinary of the Committee of SADC Ministers responsible for Finance and Investment met virtually on the 12th December 2024 and considered recommendations from the Workshop of Senior Treasury Officials and Experts from SADC Member States Ministries responsible for Finance and Investments concerning the modalities to operationalise the SADC RDF. The meeting was preceded by a meeting of Senior Treasury

Officials which took place on 11th December 2024 to clear and validate the workshop recommendations for the Minister's meeting.

vii. Virtual Extraordinary Finance Subcommittee Meeting and Joint Meetings of the Finance Subcommittee and Defence Subcommittee

The Extraordinary Finance Subcommittee held its meeting on 11th November 2024 and discussed the following issues: Status of SADC Member States Contributions; and Status of Financing conflicts in the Republic of Mozambique and the Democratic Republic of Congo (DRC). The Joint Meeting of the Defence Subcommittee (Logistics Working Group) and the Finance Subcommittee met virtually on 28th November 2024 and reviewed the draft indicative budget for financing the extended mandate on the DRC conflict.

viii. Special Session of the SADC Macroeconomic Reviews for 2024/25 – Training on Macroeconomic Surveillance and Macroeconomic Subcommittee Meeting

The SADC Macroeconomic Subcommittee meetings were held on 25th - 26th November 2024 preceded by a special briefing/refresher training session of the SADC Macroeconomic Subcommittee/Peer Review Experts on Macroeconomic Surveillance from SADC Member States. The specialised briefing/refresher took place on 18th – 22nd November 2024. The meeting of the Macroeconomic Subcommittee which comprises SADC Member States technical officials from Ministries of Finance and/or Economic Planning and Development and Central Banks discussed issues falling under its mandate on the implementation of Annex 2 of the SADC Protocol on Finance and Investment (FIP), more importantly, reviewing of Member State (MS) economic performance for the year 2024 against the SADC Macroeconomic Convergence Targets/Indicators. The purpose of the economic/peer review is to review progress made by individual MS towards the achievement of agreed SADC Macroeconomic Convergence targets as well as to identify risks to economic outlook and policy options to mitigate these risks. In quarter four, the Ministry is expected to attend and participate in the SADC Extraordinary Council meetings and SADC Peer Review Mission of the Democratic Republic of Congo, proposed to be held on 3rd – 18th March 2025 and 17th – 28 March, respectively.

ix. African Capacity Building Foundation

The Ministry participated in the “33rd meetings of the Africa Capacity Building Board of Governors” under the theme “Evidence-Based Strategies for Sustainable Climate Financing in Africa”. The statutory session of the Annual meeting was held on 11th October 2024, preceded by the “2024 Africa Think Tank Summit” which took place on 8th -10th October 2024. The Summit was tailored made for think-tankers, policymakers, researchers, practitioners (including the private sector), development partners and other stakeholders from across the Africa continent and beyond to explore, discuss and develop practical solutions to enhance climate resilience, adaptation efforts and climate finance in Africa.

x. Chairing of the African Union’s 7th Specialized Technical Committee on Finance, Monetary Affairs, Economic Planning and Integration.

The Kingdom of Eswatini is currently the substantive First Vice-Chair and Acting Chair of the African Union (AU) 7th Specialized Technical Committee on Finance, Monetary Affairs, Economic Planning and Integration. Eswatini, through the Ministry of Finance, has successfully chaired the AU 7th Specialized Technical Committee on Finance, Monetary Affairs, Economic Planning and Integration. **We must place emphasis on the importance of coordinating macroeconomic and sectoral policies to achieve inclusive growth and sustainable development in Eswatini and Africa.**

It is important to highlight the necessity of complementary policies in infrastructure, technology, climate change, and financing mechanisms to enhance policy effectiveness. We underscore the importance of advocating for global financial architecture reforms and better, bigger and effective multilateral development banks. We also stress the need for unified African positions on international tax reforms and domestic resource mobilization to curb illicit financial flows. The overarching goal is to support Agendas 2030 and 2063’s vision of a prosperous, socially inclusive Africa through coordinated policy efforts.

xi. Import Permits

The Import Permit Committee, which comprises members from Eswatini Revenue Service (ERS) – Customs and Income Tax Officials, Ministry of Commerce, Industry and Trade,

Central Bank of Eswatini and the Ministry of Finance (Chairperson and Secretary), is tasked with the issuance of import permits for goods listed under “Legal Notice No. 60 of 2000”, and imported into Eswatini from countries outside the Southern African Customs Union (SACU) region. The Committee meets weekly on Tuesday to consider numerous applications. During the period under review, the Ministry received a total of 359 Import Permit applications, whereby 169 import permits were issued to individuals and 190 was issued to companies including oil companies. No import permits were rejected. The total value of goods imported through these goods was E 627.58 Million.

4. SUPPLY CHAIN MANAGEMENT

OBJECTIVES

- To achieve economy, efficiency and maximum competition to ensure value for money in the use of public funds
- To provide technical support to ministries and departments in managing the procurement process;
- To conduct procurement training to ministries and departments to ensure compliance with the procurement law and regulations;
- To provide support to the Tender Board in managing the tendering process, including pre-bid meetings, clarifications, receipt of tenders and opening of tenders;
- To provide secretarial services to the Tender Board, including preparation of agendas and minutes, distribution of tender documents and notification of Tender Board decisions to Ministries and Departments.
- To facilitate procurement and financing of development programmes through public-private partnerships (PPPs).

4.1 ESWATINI GOVERNMENT TENDER BOARD

The Board is responsible for ensuring compliance with public procurement legislation by Ministries and Departments and that procurement is conducted as dictates The Procurement Act, 2011 and Procurement Regulations, 2020. It also provides prior authorizations of specific stages of the procurement process. The Board adjudicates applications from Ministries, Departments and parastatals that have exceeded their thresholds, on their procurement of goods services, works and consultancy.

The Eswatini Tender Board composition consists of members representing the private sector, for a full complement the private member was appointed in the first quarter of 2024/2025. This completed the full Board which consists of nine members.

The performance of the Board during this reporting period is as follows:

There were Forty-four (44) Board sittings for the period from 1st April, 2024 to 31st December 2024. Table 1 below shows a summary of procurement activities as approved by the Tender Board by sector:

Table 9: Summary of the Procurement Activities by Sector

SECTOR	AWARDED TO LOCAL COMPANIES (E)	AWARDED TO FOREIGN COMPANIES (\$)	AWARDED TO FOREIGN COMPANIES (£)
PUBLIC WORKS	E1,360,017,290.49	\$ 782,604.10	
PHARMACEUTICALS & MEDICALS	E 61,720,172.35	\$ 3,219,975.21	
EDUCATION	E 44,345,513.70		
GOODS & SERVICES	E1,592,961,642.10	\$ 2,389,762.00	£ 953,979.94
TOTAL	E3,059,044,618.64	\$ 6,392,341.31	£ 953,979.94

The Ministries and Departments undertake procurement in accordance with availability of funds and needs for that particular period under review.

4.2 TENDER OPENING COMMITTEE

Tender Opening Committee is a sub –committee of the Eswatini Government Tender Board.

The Committee’s function is to conduct tender opening on behalf of the Board.

Table 10: Tender Opening Meetings in the reporting period

MONTHS	PROCUREMENT METHOD USED	TOTAL OPENING PER METHOD	NUMBER OF TENDER(S) RECEIVED	NUMBER OF REJECTED/LATE TENDER(S)	TENDER SUBMISSION NONE RECEIVED	NATIONALITY
TOTALS AS AT 31ST DECEMBER 2024 FROM 1ST APRIL 2024						
	OPEN TENDER	50	457	Nil	Nil	All tenderers were Swati companies
	LIMITED TENDER	89	371	Nil	Nil	All tenderers were Swati companies except seven (7)
	SINGLE SOURCE	37	37	Nil	Nil	All Swati Companies except three(3)
	EMERGENCY LIMITED	5	13	Nil	Nil	All tenderers were Swati companies except one (1)

A conclusion can be, that procuring entities are still using limited tendering method instead of the preferred method, which is the open tender, and this might be the attributes of the number of pre-qualification Eswatini Government that are in place. A slightly decrease in the use of open tender and a steady increase in the use of single source in this period has been witnessed.

4.3 TECHNICAL SECRETARIAT

i. Training on Procurement Legal Framework

Training of line ministries and departments mainly took place in the 2nd Quarter of fy2024/2025 aimed at bringing about change in behaviour, specifically an improvement in performance of officers involved in public procurement. The training and development was focused on development of procurement skills, knowledge required for effective public procurement compliance according to the legal framework and procurement procedures.

The trainings were conducted in collaboration with Eswatini Institute of Management of Public Administration (EIMPA). During this quarter, officials from the Ministry of Justice and Constitutional Affairs and the Anticorruption Commission have been trained. This is addition to the assistance given to line ministries individually to ensure compliance and improvement in the procurement process. The objectives to the training had been achieved this was observed through the submission of procurement plans by almost all the procuring Government Ministries and departments.

Table 11: Procurement Trainings in the Quarter

Ministries	No. of Officers	Training Programmes
Health	14	Procurement process and procedures
Housing and Urban Development	16	Procurement process and procedures
Deputy Prime Minister’s Office	05	Procurement process and procedures
Police	04	Procurement process and procedures
Tourism and Environmental Affairs	06	Procurement process and procedures
Home Affairs	01	Procurement process and procedures
Anti-Corruption	02	Procurement process and procedures
Agriculture	01	Procurement process and procedures
Agriculture	06	Procurement Planning
Total	45	

4.4 PROCUREMENT PLANNING

Government Ministries and Departments after the approval of the national budget during the first quarter of fy2024/2025 prepared Procurement Plans to be in line with the budget. All Ministries and Departments submitted their procurement plans to the Supply Chain Management Department for acknowledgement. These plans are a tools Ministries / Departments use to monitor their procurement activities to ensure procurements are conducted timely. The Tender Board also uses the tool to monitor if procurement is conducted according to plan.

4.5 AFRICAN DEVELOPMENT BANK’S (AfDB) ASSISTANCE

In the First Quarter the Ministry obtained a grant from AfDB for the assessment and legislative framework development for Private Public Partnership (PPP) environment in the country. The

procurement for the consultant for this exercise was conducted by the Bank.

4.6 ELECTRONIC GOVERNMENT PROCUREMENT SYSTEM

The consultations were conducted and finalized by the Ministry of Finance, Ministry of Information, Communication and Technology and Rwanda Cooperation Initiative during the 1st quarter of 2024/2025 on the implementation of the project. The electronic Government Procurement System contract was vetted by the Attorney General.

4.7 ESWATINI PUBLIC PROCUREMENT REGULATORY AGENCY

i. Compliance Monitoring

This is an important and critical task of the section to effectively monitor procurement activities, which requires the assessment of compliance and performance. The Agency during the 2nd quarter developed compliance tools that would automate or facilitate processes and procedures that Public Entities must have in place to be compliant with public procurement regulatory requirements. The tools were procurement manual, compliance audit tool, compliance and performance assessment tool, procurement standards forms, guidelines and records management. The tools are expected to be fully developed and implemented in the fourth quarter.

ii. Methodology for Assessment of Procurement Systems (MAPS)

The Ministry and ESPPRA in collaboration with African Development Bank (AfDB) procured a consultant to conduct an assessment of the procurement system and legislation using the Methodology for Assessment of Procurement Systems (MAPS).

This project was concluded in the 2nd Quarter and a report has been published in the MAPS website. The Ministry is currently in the process of engaging a consultant that would conduct the procurement reforms as there were gaps that were identified by the MAPS project.

iii. Establishing Standard Bidding Documents

The Ministry and ESPPRA have concluded drafting of Tender Bidding documents for standard use by all Government Ministries, Departments, Parastatals and State Owned Enterprises. The

documents are for all the procurement categories that is goods, works services and consultancy services. They are aligned with the Public Procurement Regulations of 2020 and they have been officially rolled out for use in December 2024 by all Procuring Entities effective from January 06th, 2024. They are aimed at providing a uniform and standardised procurement process for Public Entities.

iv. Introduction on the new ESPPRA Board.

On November 27, 2024 the Hon. Minister of Finance appointed the new Board of Directors for the ESPPRA. This was after majority of the previous Board members term ended in April 2024. The core mandate of the Board is to oversee and regulate public procurement practices in Eswatini. It therefore, plays a crucial role in ensuring that public procurement in Eswatini is efficient, effective, and free from corruption.

4.8 PROCUREMENT ACT REFORMS

The Ministry has undertaken to conduct a whole review the Public Procurement Act, 2011. This is to ensure that the legislation meets international standards and is incorporates the use of electronic procurement system. The Ministry signed a cooperation agreement with the Government of Rwanda to assist the Ministry on financial management reforms. Thus they will provide technical support on the public procurement legislative review. The procurement expert is expected to start work in the next quarter.

The Ministry has approached Financial Services Volunteer Corps (FSVC), a not-for-profit, public-private partnership from the United States. FSVC structures practical, demand-driven technical assistance and training missions.

The engagement was aimed soliciting technical assistance on the country's procurement reforms by conducting a bench marking exercise in an effort to conduct a comparative analysis on both legislative review and electronic government procurement systems

The primary goal of the Ministry is to modernize and enhance the country's procurement processes through the incorporation of an E-Government procurement system and innovative practices. To achieve this, the Ministry needs assistance and guidance in identifying and analyzing legislative reforms from other jurisdictions that have successfully incorporated E-

Government procurement systems to enable it to create a framework that addresses its unique needs and challenges.

4.9 PUBLIC PRIVATE PARTNERSHIP (PPP)

The Ministry in collaboration with African Legal Support Facility (ALSF) engaged a consultant for the Public Private Partnership (PPP) reforms. The main objective of the reform is to come up with a policy and legislative framework. The PPP Project commenced on the 14th August 2024 where the consultants are currently conducting an assessment of the PPP environment in the country.

The consultant DLA –Piper continued with the assessment of the PPP environment with the intention to eventually develop a PPP legislative framework in the 3rd Quarter. Under the quarter the consultants conducted a consultative meeting with key stakeholder in the country. They have however issued two draft reports:

- i. Legal and regulatory framework in Eswatini
- ii. Recommendations for PPP Law, including the comparative review and key challenges to harnessing PPPs in Eswatini

The final report will be issued in the fourth quarter.

A team comprising of the officials from the Supply Chain Management Department, ESPPRA and Legal Office of the Ministry attended a PPP Model Law Validation workshop in Lusaka, Zambia. This meeting was attended by other COMESA member states. This Model Law will assist the country as we develop our own legislative framework.

5. CORPORATE SERVICES

OBJECTIVES

- To provide corporate services support to the entire Ministry and its departments
- Provide Human Resource Management function to the Ministry
- To provide secretarial services for the Ministerial Facilities
- To produce Reports to Parliament and Cabinet
- To establish, coordinate and monitor the wellness programme within the Ministry
- To provide support to the Royal Commission responsible for the terms and conditions of Parliamentarians, Statutory Boards and Commissions and the Judiciary
- To administer housing loan and car loan schemes for Civil servants and Politicians

5.1 CO-ORDINATION FUNCTION

The Department continued to provide corporate services support to the entire Ministry and its departments in the monitoring of the ministry's budget in line with the Appropriation Act and other related legislation, furthermore the department led in the compilation in the Ministry's annual budget for the financial year 2025/2026.

The Department in collaboration with the Ministry's Heads of Departments submitted programme objectives and policy strategies under Objective 1 entitled "To stimulate exponential inclusive economic growth of 12% by the end of FY'29" in the programme of action. The Ministry has costed all the activities under this programme in compliance with a Cabinet directive.

The Department has coordinated and compiled reports for submission to the Public Accounts Committee (PAC) for deliberations and the ministry's final appearance for this period of the PAC sitting was on the 28th August 2024.

5.2 HUMAN RESOURCE MANAGEMENT

i. Staffing and Recruitment

During the reporting period, the Ministry, in collaboration with the Civil Service Commission, successfully concluded the recruitment process for entry-level positions, alongside promotions and transfers. The new appointments are listed below;

1. Corporate Services Department: Two (2) officers
2. Policy and Planning Department: One (1) officer
3. Ministry Administration: One (1) officer (Principal Secretary)
4. Budget and Economic Affairs Department: One (1) Officer (Director)
5. Corporate Services Department: One (1) Driver, who replaced the one attached to IFMIS.
6. Corporate Services Department: One (1) Messenger, recruitment underway.

ii. Deployment

An officer under the Budget and Economic Affairs Department was seconded to Washington DC for a period of six (6) months under the World Bank's Voice Secondment Program (VSP). Six officers were deployed to the Integrated Financial Management Information System (IFMIS) for a period of two (2) years. The Officers are from the Budget Department, Policy and Planning, Corporate Services and Supply Chain Management.

iii. Transport

The Ministry acquired three new vehicles, in the current financial year; mainly a Toyota Corolla, Kia Pegas and a Toyota Fortuner. The Ministry also successfully implemented the Fleet Management System, which is now fully operational, through which the Ministry will manage effective use of its vehicles.

The Ministry finalized the Internal Fleet Management Audit in conducted by the Internal Audit Department in December, 2024. The report was approved and the recommendations were implemented.

iv. Wellness Programme

The Ministry, in collaboration with PSHACC and NERCHA, successfully hosted Candlelight Ceremony before joining the nation for the World Aids day celebrations in Mahlangatja. The Ministry also held a Team Building exercise at Legend's shared Adventures in Ezulwini.

The Ministry, in February, will also be joining the nation during the Emaganu Festival at Hlane Royal Residence.

v. ***Training***

Periodically, the Corporate Services Department facilitates training for the Ministry in collaboration with various stakeholders, to ensure a competent and dynamic workforce. To this end, the department approved training requests for several officers.

To this end, the department has approved training requests for several officers. In addition to these, the Ministry has also welcomed back three officers, who were abroad on study leave. The Corporate Services Department hopes that the skills and knowledge achieved by all these officers will be shared with colleagues in their respective departments, and will help improve overall efficiency in the Ministry.

Two officers are currently embarked on training and have been fully bonded by the Ministry of Public Service. The Ministry hopes to have an induction course at EIMPA for all the new officers who are still on probation.

- **Institute of Development Management – *Matsapha, Eswatini***

One officer from the Corporate Services Department was nominated to attend a Fleet Management Course at IDM Campus in Matsapha. This was a five-day course, which took place from the 2nd up to the 6th December 2024.

- **GNT Training at Orion – *Pigg's Peak, Eswatini***

One officer from the Corporate Services Department, attended a five-day course on Negotiating Skills, as part of the Joint Negotiation Forum's agenda to improve the participant's n The Corporate Services Department, in collaboration with EIMPA, facilitated a five (5) day Public Procurement training for five officers of the Ministry of Finance. The course was aimed at capacitating officers on the procurement processes, regulatory framework surrounding public procurement and officer's responsibilities thereof.

- **World Bank's Voice Secondment Program (VSP) – *Washington, United States of America***

One officer in the Budget and Economic Affairs Department, who was seconded to Washington DC for a period of six (6) months under the World Bank's Voice Secondment Program (VSP) has completed her training.

- **Master of Science in International Cooperation (Development Economics) - *Beppu, Japan***

One officer in the Budget and Economics Department who had received approval for full-time study to pursue a Master's Degree under the in-service training facility, has completed his training. The officer has been studying for Master of Science in International Cooperation (Development Economics) for a period of two (2) years six months at the University of Ritsumeikan Asia Pacific University, Beppu, Japan.

- **International Masters of Public Procurement – *Rome, Italy***

One officer from the Supply Chain Department, who had been granted approval for integrated study of International Masters of Public Procurement, which is both physical and online offered by the University of Rome (Italy), has completed the physical part of his training, with the online part expected to continue until 2025.

1. An officer under the Budget and Economic Affairs Department has embarked on a part time Master's program of Philosophy in Development Finance (Stellenbosch, Cape Town)
2. Four (4) officers attended training outside the country the trainings were on Monitoring and Evaluation on Public Procurement – SADC and Public Private Partnership (PPP) Legislation – COMESA.

The following additional courses were undertaken by some officers:

- **Annual International Conference for Finance Managers, Accountants, Auditors, and Procurement Professionals - *Durban, South Africa***

Two officers, one from the Accounts department and another from Supply Chain Management department attended the above-mentioned course from the 16th up to the 20th December 2024.

- **Workshop on Strengthening Medium-Term Fiscal Frameworks**

Three officers, from the Budget and Economic Affairs department, Fiscal and Monetary Affairs and the Debt Management department, attended the above-mentioned course from the 16th up to the 20th December 2024.

- **The International Conference for Executive Secretaries and Personal Assistants – *Sandton South Africa***

One officer from the Budget and Economic Affairs department, attended the abovementioned course held in Sandton South Africa from the 11th November 2024 up to 15th November 2024.

- **Annual Conference for Executive Secretaries, Personal Assistants and Administrative Professionals - Pretoria, South Africa**

Three officers from the officers Ministry attended the above mentioned course held in Manhattan Hotel in Pretoria, South Africa from the 9th up to the 13th December 2024.

vi. Leave

Table 12. Utilization of Leave within the Ministry

	2nd Quarter	3rd Quarter
Total Vocational Days Taken	58	209
Total Compassionate leave days taken	21	0
Total Casual Leave Days taken	16	40
Total Sick Leave	40	44
Total	135	293

Source: Ministry of Finance

vii. Retirement

A Principal Finance Officer in the Fiscal and Monetary Affairs department left Public Service through Deferred Retirement.

A Senior Finance Officer in the Fiscal and Monetary Affairs department retired from Public Service on the 2nd February 2025.

5.3 COMMUNICATION

Our efforts have focused on enhancing public awareness, improving transparency, and engaging stakeholders through various channels.

Key Achievements:

i. Public Relations and Media Engagement

News Releases: Issued 20 releases on key updates which included: The World Bank, Eastern & Southern Africa Vice President Victoria Kwakwa’s mission to Eswatini, African Development Bank Mission to Eswatini, The Minister’s participation at the Specialized Technical Committee on Finance, Economic Planning and Intergration (STC FMAEPI) in Tunisia, Public Procurement Symposium and the Integrated Financial Management system

(IFMIS) extraordinary Steering Committee meeting among other local ministerial engagements.

Media Coverage: Achieved around 266 media mentions across national platforms due the recently launched video series by the Minister and taking the Budget to the People Initiative.

Interviews and Features: Coordinated 6 interviews with the Minister in publications and news channels. International publication features of the Minister included Forbes Africa Magazine.

ii. ***Social Media and Digital Presence***

Growth: Increased followers on official social media platforms by 17% a fair growth from the previous quarter.

Engagement: Achieved an increase in engagement rates across LinkedIn and Facebook mainly due to the engaging nature of our content.

iii. ***Content Development***

FinanceInFocus Video Series

Launch of Series: In September 2024, we launched the #FinanceInFocus video series featuring Finance Minister Neal Rijkenberg. This weekly series aims to provide updates on financial issues impacting the economy.

Content Focus: The series addresses key topics such as rising household debt, Inflation, and practical financial advice to the everyday Liswati among other topics. The videos emphasize transparency and aim to educate citizens on financial issues as well as on the functions of the Ministry of Finance.

Engagement Metrics: The first five episodes garnered over 14,000 views collectively within the first week of release, with positive feedback from viewers regarding clarity and relevance.

iv. ***Website Updates***

Updated the Ministry's website, making Finance Documents more easily accessible from the Government website's landing page. A portal for feedback and budget contributions has been created on the Government website to allow the public to write their inputs on the website.

v. ***Taking the Budget to the People Initiative***

The Planning and Budget Committee Launched the “Taking the Budget to the People” initiative aimed at increasing public understanding of the national budget process. The initiative has significantly enhanced communications and media coverage for the Ministry. From the feedback on both social media and newspaper publications this initiative has positioned the Ministry as more accessible which helps promote transparency and accountability.

The Communications Office has made significant strides in engaging with the public and improving transparency in the Second Quarter of 2024. The launch of the #FinanceInFocus video series and the “Taking the Budget to the People” initiative have provided innovative platforms for direct communication. By continuing to adapt our strategies based on feedback and performance metrics, we aim to foster greater public understanding and trust in the Finance Ministry's initiatives moving forward.

5.4 INFORMATION SYSTEMS

The Ministry of Finance has completed hardware upgrades and networking on the WIFI (Jenny Internet) both the Headquarters and Imfumbi building which will ensure that the Ministry continues to have dedicated WIFI services.

Telephone equipment was delivered and installed at the Imfumbi premises for officers. Monitoring of cellphone contracts is continually monitored so as to ensure that the incorrect billing issues are identified sooner rather than later whereby they then hinder future upgrades.

6. PUBLIC ENTERPRISES

OBJECTIVES

- Advising Ministers as they discharge their functions conferred by the PE Act.
- Monitor the operational and financial affairs of category A Public Enterprises to improve their efficiency and ensure that their operations are in line with government policies.
- Ensuring productivity and efficiency in all Public Enterprises.
- Promote good corporate governance to all the Public Enterprises, and
- Ensuring compliance to the PE Act of 1989 by all category A Public Enterprises.

6.1 GOVERNANCE ISSUES

The issue of governance remains critical for all entities in their daily operations, as such all CEO and CFO vacancies are reported to SCOPE Ministers for their action. The issue of vacancies in governing bodies for these entities is also critical and as such swift action by the Ministers is always encouraged, to promptly appoint board of directors to provide strategic direction for the entity and ensure there are no delays in making any strategic decisions because of the non-appointment of a board.

Some Enterprises had their governing bodies being appointed and some of them had already been trained on corporate governance by both local and external service providers. The training assists the board of directors to fully understand their oversight role in the Public Enterprises and reduce the conflicts that usually arise as a result of the directors being seen to be taking over managements responsibilities.

As part of the Unit's program of strengthening good governance, the officers attended Corporate Governance training sessions for the entities where they made presentations on the shareholder's expectations from the entities as well as presenting on all PEU circulars and policies.

6.2 STATE OWNED ENTERPRISES REFORMS

The Ministry of Finance through the Public Enterprises Unit made a presentation to Cabinet as one of the major stakeholders for this project. This follows that Government had new Cabinet

Ministers therefore had to be consulted before any implementation of the project recommendations.

Over and above the streamlining of the public enterprises, this exercise will also assist with the development of a policy guiding the establishment of new entities, amendment of the PE Act of 1989 to be in line with the PFM Act of 2017 and establishing a performance management framework. All entities will be expected to have performance contracts and this will assist PEU to ensure that the entities are delivering on their mandates.

The Ministry of Finance through ESEPARC have resumed the review of the legislation (PE Act of 1989) exercise, through the African Development Bank (AFDB) grant funding of 150,000 US Dollars. A situational analysis was submitted and approved by the Ministry in the year under review.

6.3 PEU QUARTERLY REPORTS

The PEU continued to produce quarterly reports for SCOPE and Parliament. There are three quarterly reports that had been submitted and approved by SCOPE in the year 2024. These reports inform SCOPE and Parliament about the operational and financial affairs of all Category A Public Enterprises. PEU makes analysis on the operations of the enterprises and brings to the attention of SCOPE impending problems with certain entities. The comments also highlight the major concerns on the operations of the enterprises and also on corporate governance issues.

6.4 MONITORING OF PUBLIC ENTERPRISES' PERFORMANCE

The Public Enterprises play a very important role in the economic growth of the country, as such the Public Enterprises Unit continued to provide oversight and control of these entities to ensure that they remain effective, efficient and deliver according to their mandates. Public Enterprises had been advised to ensure that they all have a strategy in place and that the strategy document is in line with the government strategy and national development plan as this will give the shareholder assurance that the entities are still performing up to the expectations of both the shareholder and stakeholders. The Unit participated in a number of strategy session meetings where the officers get to understand how the entities plan to executive their mandate in the best interest of the citizens and the resources needed to be able to motive for their additional subvention for the implementation of the strategy.

PEU participated during the Audit Committee meetings where annual audited financial statements were being discussed. These allow the PEU officers some opportunities to engage the PEs on how they have utilized state funds, appreciate the PEs' challenges and where appropriate advise SCOPE on these issues.

During the year, we noted an increase in the tax compliance of Public Enterprises, especially pay as you earn. This was a result of Eswatini Revenue Services using a third party (Accountant General) to collect tax due by the entities before releasing their subvention.

Public Enterprises continued to execute their mandates, though being faced with some challenges mainly including limited financial support from government, high operational costs due to inflationary increments in costs which has led to decline in profitability of some of the commercial entities.

Most Public Enterprises continued to comply with the PE Act by submitting their Audited Financial Statements and quarterly reports to PEU timely and entities were encouraged to comply with all the relevant statutory obligations.

6.5 DIVIDEND PAYMENT

During the year 2024, two Enterprises under category A Public Enterprises declared and paid dividend to government. These are:

Eswatini Electricity Company E4,173,336.15, and
Eswatini Railways E2,000,000.00.

Government continued to receive dividends from other private companies where she is a shareholder.

6.6 MANAGEMENT OF THE PUBLIC ENTERPRISES LOAN GUARANTEE FUND (PELGF).

The Public Enterprises Unit continued to monitor the Public Enterprises Loan Guarantee Fund managed by Standard Bank of Eswatini. There is a continuous decline in the contributions made by the entities and this is attributed to the cash flow challenges they are facing.

Entities continued to utilize the Fund for training their Boards on Corporate Governance, Executive members and middle management members. The fund is also utilized by Eswatini Railways for a guarantee of E10 for their ICD project at Mpaka and Eswatini Cotton board was granted a Guarantee of E2m against the Fund through Eswatini Bank. PEU will continue to engage qualifying entities to make use of the Fund in their businesses to ensure maximum benefit from it.

The surplus funds from the PELGF are being invested with Standard Bank, Eswatini Bank, FINCORP, Ned Bank, Eswatini Building Society, First National Bank and the Central Bank of Eswatini.

6.6.1 Individual Training

The State Owned Entities have continued to use this fund to finance trainings, meetings and conferences for their executive and senior management, based on the operational rules of the Fund. In the period under review, this facility was used by Eswatini Electricity Company (EEC), Public Service Pension Fund (PSPF), Eswatini Posts and Telecommunications (EPTC), Eswatini Bank and Eswatini Public Procurement Agency (ESPPRA).

6.6.2 Group Training

The Fund also has a component for group trainings. This component is used to finance corporate governance trainings for Board of Directors as well as middle managers' trainings. About 9 entities received funding for corporate governance board trainings under this Fund. The department is currently working on sourcing suppliers for middle managers' trainings and an award has been issued by the Eswatini Government Tender Board for the provision of training services for all category A Public Enterprises on Performance Management. This training is anticipated to resume not later than 1st April 2025.

6.7 PROVISION OF SECRETARIAT SERVICES TO SCOPE.

PEU continued providing the secretariat services to the Standing Committee on Public Enterprises (SCOPE) by arranging for meetings, preparing agenda and minutes and providing advice on compliance issues. SCOPE discusses issues pertaining all Category A Public

Enterprises before a final decision is taken at Cabinet level. For the year 2024 SCOPE met and the following approvals were made:

6.8 SCOPE APPROVALS

- Scope definition of “major” 2024/2025;
- Appointment of the Chief Financial Officer for Eswatini Bank;
- Appointment of two Eswatini Revenue Service Board Member;
- Appointment of the Chief Financial Officer –National Agricultural Marketing Board;
- Appointment of acting Chief Executive Officer for National Disaster Management Agency (NDMA);
- Public Enterprises Unit quarterly report for the period ending 30 June 2023;
- Eswatini Bank salary review implementation;
- ENPF request for approval of incentive bonus payments for 2022/2023;
- Request for a once-off payment on top of cost of living adjustment for the Conciliation, Mediation & Arbitration Commission [CMAC];
- Request for approval for the appointment of the Eswatini National Provident Fund acting Chief Executive Officer;
- Recommendation for the acting appointment of the Eswatini Tourism Authority Chief Financial Officer;
- Recruitment of Chief Financial Officer for SEDCO;
- The appointment of a member of the Eswatini Competition Commission Board of Commissioners;
- Approval of the Eswatini National Petroleum Company (ENPC) audited financial statements as at March, 2023;
- The appointment of the Eswatini National Provident Fund acting Chief Financial Officer /General Manager Business Development & Finance;
- Recommendation for appointment of the Chief Executive Officer for the Eswatini Tourism Authority;
- Appointment of members of examinations council of Eswatini;
- Directors’ fees, control of board meetings and external travel for category A public enterprises;
- Acting appointment for Eswatini National Youth Council Chief Executive Officer;

- request for the approval of the salary review report for Eswatini Water and Agricultural Development Enterprise (EWADE)
- Appointment of Board of Directors for Enterprises Development Company (SEDCO)
- The appointment of a member of the law society to the Eswatini Competition Commission Board of Commissioners
- Renewal of NDMA Board of Directors term of office
- Appointment the Board of Directors at the Royal Science and Technology Park (RSTP)
- Appointment of the Board of Directors for Eswatini Television Authority (ESTVA)
- Re-Appointment fixed term contract in favour of the Chief Financial officer of CMAC.
- Appointment of PwC as external auditors for Eswatini Civil Aviation Authority
- Eswatini Dairy Board construction of a cold storage facility for agricultural products at KMIII International Airport
- Contract for Eswatini Energy Regulatory Authority Chief Executive Officer
- (EWADE) Eswatini Water and Agricultural Development Enterprise approval of external auditors from 2023/24 audit year up to 2025/26 audit year.
- Eswatini Railways extension of SNG Grant Thornton external audit services for 1 year.
- Eswatini Water Services Corporation request for a multi-year tariff (MYT) increase for the financial years 2024/25,2025/26 and 2026/27
- Recruitment and appointment of the NERCHA National Executive Director.
- PEU Quarterly Reports for June 2023 and September 2023
- Salary review for all 49 State owned entities in Eswatini and the review of the executives' pay packages
- Request to engage a consultant to develop the Eswatini National Competition policy for the Ministry of Commerce, Industry and Trade.
- Re-Appointment of a board member for FINCORP
- SMVAF appointment of external auditors 2024 TO 2026
- Eswatini Railways (ESR) approval of roll-over of E150 million loan with the Public Service Pensions Fund
- Audited Financial Statement for Eswatini Environment Fund 2022/23
- The appointment of the acting Chief Financial Officer for the National Maize Corporation
- Annual Financial Statements for Eswatini Environment Authority
- Appointment of Kobla Quashie & Associates auditors for Eswatini Nazarene Health Institution (ENHI) for the next 3 years 2024-2026

- Cabinet approval for carrying out an in depth investigation into alleged misappropriation, fraud, theft and/or embezzlement of funds under the farming inputs subsidy program;
- Engagement contract of employment for the chief financial officer, Eswatini National Industrial Development Corporation (ENIDC);
- Appointment of acting chief executive officer for the National Disaster Management Agency (NDMA);
- Approval of the Eswatini Electricity Company's external auditors;
- Request to SCOPE for the extension of term of office for board members for Eswatini Housing Board;
- Appointment of the Board of Directors for the Eswatini Electricity Company;
- Eswatini Water Services Corporation annual financial statements for the year ended 31 March 2023;
- Re-engagement of EIPA Chief Financial Officer;
- Addition of board member for the Eswatini National Trust Commission;
- Eswatini National Provident Fund request for the appointment of the ENPF Chief Executive Officer;
- Extension of term of office for the for the Board of Directors - Eswatini Water and Agricultural Development Enterprise (EWADE);
- Extension of term of office for the Board of Directors – Eswatini Dairy Board;
- Extension of term of office for the Board of Directors – National Maize Corporation;
- Appointment of the Board of Directors of the Roads Authority;
- Request for approval of EPTC CAPEX;
- Request for Shareholder's approval to appoint Dr. Andile Simphiwe Metfula as the acting Chief Executive Officer (CEO) at the Royal Science and Technology Park (RSTP);
- Appointment of Eswatini Railways Board of Directors;
- The appointment of acting Chief Executive Officer for the Eswatini National Trust Commission;
- Appointment of Board of Directors (Council Members) for Eswatini Standards Authority (SWASA);
- Appointment of one (1) additional member of the Eswatini Roads Authority Board;
- State Owned Enterprises Terms of Reference for Salary review;
- The re-appointment of the Eswatini National Provident Fund's external auditors;
- Renewal of the contract of employment for the Eswatini Electricity Company (EEC) Managing

Director;

- Eswatini National Provident Fund request for the cost of living salary adjustment for the financial year 2024/2025;
- Audited annual financial statements for the Eswatini Competition Commission for the year ended 31 March 2024;
- Appointment of the Managing Director of Eswatini Bank for a three year fixed term period;
- The appointment of the ESPPRA Board of Directors;
- The FSRA audited financial statements for the year ended 31 March 2024;
- Eswatini Revenue Services integrated report and audited financial statements for the year ended 31 March 2024;
- Directors' fees, Control of board meetings and external travel for all Category A public enterprises;
- Request for the appointment of ESHEC auditors for the period ending 31 March 2024 to the period ending 31 March 2026;
- Appointment of Board members for the Eswatini National Petroleum Company (ENPC);
- Approval of performance bonus 2022/23;
- Public Service Pensions Fund pensioners cost of living adjustment 2024/25 and minimum pension increase;
- Public Service Pensions Fund staff cost of living adjustment 2024/2025;
- Payment of performance bonus for the staff of the Eswatini Revenue Services (ERS) for the financial year 2023/2024;
- Appointment of the Board of Directors of the Eswatini Sports and Recreation Council (ESRC);
- PSPF annual report and financial performance for the year ended 31 March 2024;
- Appointment of the Board of Directors: National Maize Corporation;
- Appointment of the Board of Directors of Eswatini Water and Agricultural Development Enterprise (EWADE);
- Extension of acting Chief Financial Officer's appointment – National Maize Corporation (NMC);
- Recommendation for the appointment of members of Eswatini Higher Education Council (ESHEC);
- Appointment of the managing director (MD) of the Eswatini Development Finance Corporation (FINCORP);
- Eswatini Public Procurement Regulatory Agency (ESPPRA) appointment of the Board of

Directors;

- Eswatini National Trust Commission recruitment of Chief Executive Officer;
- Eswatini National Trust Commission recruitment of Chief Financial Officer;
- Approval to re-engage the Managing Director of the Eswatini Water Services Corporation;
- Eswatini National Council of Arts and Culture (ENCAC) appointment of the Board of Directors;
- Appointment of the RFM Eswatini Nazarene Health Institution Board of Directors;
- Eswatini Water Services Corporation annual financial statements for the year ended 31 March 2024;
- Approval of the Eswatini Energy Regulatory Authority's (ESERA) audited financial statements;
- Appointment of Executive Director for the Conciliation, Mediation and Arbitration Commission (CMAC);
- Southern Africa Nazarene University Board Members appointment;
- Revision of statutory contributions to the Eswatini National Provident Fund (ENPF);
- Appointment of Board Members for the Eswatini Energy Regulatory Authority (ESERA);
- Appointment of members of the Board of Directors of the Eswatini Water Services Corporation (EWSC);
- Appointment of PWC as external audit service providers from Eswatini Railways;
- Request for approval of a once-off lump sum salary award to all Eswatini Railways employees;
- Eswatini National Provident Fund financial statements for the period ended 30th June 2024;
- ENPF request for approval of performance incentive bonuses payments in respect of the financial year 2023/2024;
- Public Service Pensions Fund request for contract renewal of the Chief Executive Officer (CEO);
- Public Service Pensions Fund request for contract renewal of the Chief Financial Officer (Director Finance);
- Appointment of a Board Member for the Youth Enterprise Revolving Fund (YERF); and
- Good Shepherd Catholic Hospital contract renewal for Finance Director;

7. POLICY AND PLANNING

7.1 FINANCIAL POLICY UNIT

OBJECTIVES

- To promote sound financial management by formulating and implementing monetary policies that optimise economic growth and improve the welfare of Eswatini.

7.1.1 ANTI-MONEY LAUNDERING/COUNTER-FINANCING OF TERRORISM (AML/CFT)

During the year under review, **Anti-Money Laundering, Counter Financing of Terrorism and Proliferation (Miscellaneous Act), 2024**

In the calendar year under review, the country's Anti-Money Laundering, Counter Financing of Terrorism and Proliferation Financing (Miscellaneous Act), 2024 was passed into law on 31 October 2024. The Act sought to address most of the country's technical compliance gaps flagged in the country's 2022 Mutual Evaluation Report (MER). The Miscellaneous Act amended six (6) pieces of legislation, namely;

- Money Laundering & Financing of Terrorism (Prevention) Act of 2011;
- Financial Institutions Act, 2005;
- Financial Services Regulatory Act, 2010;
- Criminal Matters (Mutual Assistance) Act, 2001;
- Exchange Control Order, 1974; and
- Prevention of Organized Crime Act, 2018.

Pursuant to the passing of the AML/CFT/CPF Miscellaneous Bill into an Act, the country's the Ministry AML/CFT Task Force convened on the 13-15 November to populate the country's third follow up report to ESAAMLG. The follow up report reflects the country's efforts in addressing the country's Mutual Evaluation Report (MER) deficiencies. The amendments will address deficiencies on nineteen (19) FATF recommendations. The country was found to be non-compliant on twenty-six (26) FATF recommendations. As per ESAAMLG procedures, the country is required to request for a re-rating of a maximum of fifteen (15) recommendations

per sitting. Furthermore, the Ministry has also made a call for instructions to all Task Force members to submit instructions to develop regulations for this Act.

- i. The Ministry also coordinated the National ML/TF Risk Assessment exercise and also documented the final National Risk Assessment reports (Money Laundering NRA and Terrorism Financing NRA reports). The Results were disseminated to all relevant stakeholders and players in the financial sector. The expectation is that the NRA will remain a live document so that from time to time whenever there is a new risk or a change affecting the risk rating it will be updated accordingly.
- ii. The Ministry also developed of the National AML/CFT Strategy and Policy. This National AML/ CFT Strategy was based on the National Risk Assessment. The Strategy and Policy were adopted by the Council of the National AML/CTF Task Force and approved by Cabinet.
- iii. Furthermore, during this year the Ministry attended the ESAAMLG Council of Minister and Senior Task Force meetings which were held in Diani, Kenya in August 2024. Eswatini participates in a number of Project Teams in ESAAMLG, such as the Financial Inclusion Forum to which a concept note related to AML/CFT is being developed. The Ministry also attended the 47th meeting of the ESAAMLG Task Force of senior officials in Angola from the 5th to 12th April 2024. In the meeting, the delegation including EFIU presented the country's second follow up report to the ESAAMLG Assessors. The country's ratings on some of the criteria were upgraded from, "not met" to "met."
- iv. In order to realize substantial progress, the National Technical Committee during the year continued to meet every Wednesday to effectively implement the Strategic plan.

7.1.2 ESWATINI FINANCIAL INTELLIGENCE UNIT (EFIU)

I Monitoring and Analysis of Suspicious Transactions

The EFIU is tasked with receiving Suspicious Transaction Reports (STRs) from Accountable Institutions (AIs), Analyze them, using information from its own database and from other databases and disseminate Intelligence to Law Enforcement Agents (LEAs). The LEAs include Royal Eswatini Police Service (REPS), Anti-Corruption Commission (ACC) and Eswatini Revenue Authority (ERA). During this year, the EFIU continued to receive STRs from reporting institutions. The EFIU disseminated reports to LEAs as well as responding to requests received from the LEAs.

In the year under review, the EFIU continued to receive STRs from reporting institutions. The EFIU disseminated reports to LEAs as well as responding to requests received from the LEAs.

a. Suspicious Transactions Reports (STRs)

The EFIU received 4 115 STRs in the year under review. A majority of the STRs relates to tax evasion whereby subjects used personal accounts to conduct business transactions. The banking sector remains the largest reporter, with 54% of the total STRs. MVTSS were the second largest sector with 42% of the total STRs. The rest of the STRs were from SACCOs, DNFBPs, Casinos, Insurance Companies and Investment Managers (4%). Reporting by the non-financial sector is still scanty.

The EFIU received 49 requests from LEAs, other FIUs and Central Bank of Eswatini, CBE (See Table 2). Out of the 49 requests, 47 were from LEAs, 1 from other FIUs and 1 from CBE as depicted on table 2. Out of the 47 requests by LEAs, 4 were from ERS for tax evasion, 13 from REPS for fraud, drugs, and 30 were from ACC for corruption. The department disseminated 40 intelligence reports as responses to the 49 requests by LEAs, other FIUs and CBE. The Centre sent 6 requests for information to foreign FIUs. Consequently, the EFIU received 5 responses to these requests. In addition, the EFIU also received 2 spontaneous alerts from other FIUs.

The EFIU disseminated a total of 14 spontaneous reports to LEAs and other FIUs (see table 1). Consistent with other periods, most of the intelligence reports were disseminated to ERS. Out of the 14 reports disseminated in the period under review, 8 were disseminated to ERS for tax evasion, 6 were disseminated to REPS for fraud and drug trafficking

b. Potential Money Laundered

The estimated potential money laundered in the year under review is approximately E1 764 129 500.28. The disseminated amounts totalled E735 755 951.03. Potential money laundered is the total amounts from STRs. On the other hand, disseminated amount is the total amounts from spontaneous intelligence reports disseminated to LEAs and other FIUs.

c. Cash Threshold Reports (CTRs) Received

In November 2022, the EFIU started receiving CTRs from financial institutions, casinos, one furniture shop and money value transfer service providers. In the financial year under review the EFIU continued to receive CTRs, (cash withdrawals or deposits) exceeding E25 000.00 (per transaction), were reported as shown on the table below.

Table 13: Cash Threshold Reports (CTRs) Received

Reporting Institution	Number of CTRs	Total Amount Reported (E)
Bank 1	154 693	5 988 474 722,91
Bank 2	42 209	3 071 248 310,67
Bank 3	43 147	1 511 106 321,27
Mobile Money 1	320 809	673 326 387,58
Building Society 1	6 000	367 849 157,30
Bank 4	13 203	237 452 978,50
Instant Money 1	26 195	94 496 383,00
Casino 1	301	12 630 358,06
Cooperative 1	106	6 875 105,03
Money Value Transfer Service 1	102	3 137 451,00
Money Value Transfer Service 2	32	997 263,37
Cooperative 2	29	766 890,09
Insurance 2	22	507 400,62
Credit Provider 1	6	197 613,69
Investment Company 1	4	114 000,00
Furniture Shop 1	2	88 295,00
Furniture Shop 2	2	31 648,00
Grand Total	606 862	11 969 300 286,09

In the period under review, CTRs submitted to EFIU amounted to **E11 969 300 286.09**. This is an average of more than **E1.3 billion** per month.

d. Trends

Tax Evasion

A majority of the cases reported to the EFIU consist of individuals or entities evading tax. Tax evasion is the illegal non-payment or the underpayment of taxes. There are various mechanisms that individuals use to conceal funds received. Some of them include acceptance of cash payments for goods or services rendered and using personal accounts for business transactions or receiving funds through a third party. In the period under review, accountable institutions submitted 381 STRs relating to tax evasion, which is less than 10% of the total STRs. On the other hand, potential money laundered through this predicate offence amounted to E850 215 835.24 (about E95 million per month on average) which is about 50% of the total potential laundered amount.

Drug Trafficking

Accountable institutions reported individuals who receive suspicious deposits through personal accounts. These transactions raised suspicion of drug trafficking due to references on financial statements. However, due to multiple reporting of these individuals, the EFIU supported the Police Service by conducting investigations on these individuals into a drug manufacturing and trafficking syndicate. The department gathered, analyzed and disseminated financial intelligence relating to bank accounts and transactions linked to subjects of the investigation, including cross-border transactions. In the period under review, potential money laundered through drug trafficking amounted to E506 786 207.67. The bulk of this amount was transferred to other African countries through MVTSSs.

Fraud

Fraud is one of the common predicate offences to ML that the EFIU has identified in the period under review. The Government, Business and individuals continue to lose lots of funds through fraud schemes. The losses of government and business funds or resources arise mostly through insiders who are mostly employees colluding with suppliers and in some instances diverting

funds or other resources for their personal gain. In the government space, losses also arise through tenders whereby these tenders are awarded to the public officials' associates with the view of getting some form of gratitude for awarding the tender. In the period under review, 1 346 fraud STRs with a potential money laundered amounting to E28 127 844.49 were submitted to the EFIU by accountable institutions. More than 90% of the STRs were reports from the Money Financial Service Providers. Most of the fraudulent transactions were linked the "Facata" scams.

Corruption

Corruption is modelled as a consequence of the interaction between the underlying task being performed by bureaucrats, the bureaucrat's private incentives and what the principal can observe and control. Corruption occurs through the misuse of power by those occupying positions of power or privilege in governmental and non-governmental bodies. The legitimate business processes are usually used by these perpetrators to perform activities that would otherwise seem normal and legitimate for the organization in question. While the end result of such a seemingly legitimate transaction is the personal financial gain by the person who has mis-used their power to influence such a transaction. In the period under review, 31 of the 47 requests for intelligence made to the EFIU were corruption cases.

II. ADVOCACY AND COMPLIANCE

The EFIU is responsible for compliance oversight of the Money Laundering and Financing of Terrorist (Prevention) Act, 2011 as amended. Our core function is to monitor compliance, inform, advise, and collaborate with Supervisory Authorities and other Competent Authorities. The EFIU is also responsible for the training of Accountable Institutions, Supervisory Authorities and Competent Authorities on their AML/CFT compliance obligations. It is also our responsibility to conduct both off-site and on-site risk-based inspections/ examinations on accountable institutions including DNFBPs to ensure compliance with AML/CFT compliance requirements.

a. National AML/ CFT Coordination

The EFIU distributed the country's ML and TF National Risk Assessment reports to all DNFBPs Self-Regulatory Bodies (SRBs) who were requested to further disseminate the reports

to all industry players in December 2024. These National Risk Assessment (NRA) reports will assist all accountable institutions to develop their own AML/CFT risk assessments as per FATF standards. This dissemination was done in conformity with a dissemination instruction received from the Ministry of Finance. The SRBs of which the NRA was disseminated to are listed below;

- Eswatini Gaming Board – Dissemination to Casinos and Gaming Houses;
- Eswatini Law Society – Dissemination to Legal Practitioners (Lawyers);
- Ministry of Housing and Urban Development – Dissemination to Real Estate Agents;
- Ministry of Natural Resources and Energy – Dissemination to Dealers in Precious Metals and Stones;
- Ministry of Commerce, Industry and Trade – Dissemination to Motor Vehicle Dealers and Building Hardware Dealers;

In December 2024, the EFIU attended the Technical Committee Task Force meeting where a review of the country's AML/CFT strategy and Implementation plan was extensively discussed and updated. Completed and outstanding activities in the implementation plan were identified and the necessary updates were made. The committee also finalized the country's Inter Agency Framework to ensure cooperation and coordination amongst key stakeholders in fighting financial crime.

The EFIU was also tasked with the implementation of FATF recommendation 33 on the collection of Financial Crime statistics. The recommendation states that countries should maintain comprehensive statistics on;

- STRs, received and disseminated
- ML/TF investigations, prosecutions and convictions
- Property frozen; seized and confiscated; and
- Mutual legal assistance or other international requests for co-operation made and received.

The EFIU has collated 5 years' worth of data of STRs received, and disseminated, ML/TF investigations, prosecution, and convictions, property seized and confiscated and statistics on mutual legal assistance rendered and received.

The Technical Committee of the Task Force met with the representative from the United States and the United Nations Office on Drugs and Crime (UNODC) on 17th June 2024 to enhance the country's Framework for Inter-Agency Cooperation in Assets Recovery. The EFIU Compliance contributed to the enhancement of the country's inter-agency framework, especially on AML/CFT governance issues. It was resolved that the AML/ CFT Technical Committee be given the mandate to implement the framework.

The EFIU participated in the on-going development of the Country's AML/CFT/CPF Framework for the regulation of Virtual Assets (VA) and Virtual Assets Service Providers (VASPs). With the financial assistance of SADC, a Consultant from Kenya has been engaged to assist the country in the development of the framework. The Consultant engaged various local stakeholders including EFIU for data collection through a series of interviews.

The EFIU documented the country's AML/CFT Profile for submission to ESAAMLG for its Silver Jubilee Anniversary commemoration. ESAAMLG had requested all member countries to prepare and submit their AML/CFT profiles for the celebrations. EFIU prepared the profile and shared with the Ministry of Finance for submission to ESAAMLG. The country's profile was added in ESAAMLG's catalogue of its Silver Jubilee Anniversary commemoration

The EFIU immensely contributed to the ongoing country evaluation on exchange of information for Tax purposes by the Global Forum on Transparency and Exchange of Information for tax purposes. The evaluation entails the completion of a lengthy questionnaire where the global forum requests country's controls on the exchange of information within the country's relevant stakeholders.

The EFIU working together with other state agencies in the technical committee of the task force contributed to the development of the country's Non-Profit Organization (NPO) Bill under the Ministry of Home Affairs. The country is currently non-compliant with international standards on combating terrorism financing risks posed by the NPO sector. The country currently does not have a legislative framework for the supervision of the NPO sector. This

NPO bill is meant to assist the country comply with international standards on combating terrorism financing within the NPO sector.

b. Supervision & Outreach programs

In 2024 annual calendar year, the EFIU had engagements with the various DNFBPs Self-Regulatory Bodies (SRBs) to deliberate on the sectors AML/CFT vulnerabilities and threats. These engagements assisted the EFIU to conduct and document the recently completed sectorial risk assessment. The meeting schedules with the SRBs were as follows:

Table 14 Supervision and Outreach

Name of SRB	Engagement Date	DNFBP Sector
Ministry of Natural Resources and Energy (Minerals and Mines Department)	14 Oct 2024	Dealers in Precious Metals and Stones
Ministry of Housing and Urban Development	16 Oct 2024	Real Estate Agents
Ministry of Tourism and Environmental Affairs (Gaming Board)	16 Oct 2024	Casinos and Gaming Houses
Ministry of Commerce, Industry and Trade (Registrar of Companies)	06 Nov 2024	Motor Vehicle Dealers and Building Hardware Dealers

The EFIU collaborated with the Ministry of Commerce, Industry and Trade to arrange AML / CFT Training for the country’s Building Hardwares Dealers since this sector was designated accountable institutions under the MLTFP Act. The EFIU Compliance successfully trained 42 entities on sector AML/ CFT compliance obligations.

EFIU participated in FNB Eswatini joint on-site inspection with the Reserve Bank of South Africa and the Central Bank of Eswatini. The Unit also participated in Standard Bank joint inspection with the Central Bank of Eswatini. The joint AML/CFT inspections were aimed at evaluating the two Bank’s compliance with the provisions of the country’s AML/CFT Act.

The EFIU prepared a presentation on the protection of Non-Profit Organizations (NPOs) from the threat of terrorism financing abuse. This was presented by the EFIU to CANGO and all its affiliates on the 12th June 2024. The Ministry of Finance had requested the EFIU to make this presentation to the NPOs. The combating of terrorism financing training to NPOs shall assist the country remediate the Mutual Evaluation findings on the supervision of NPOs (FATF Recommendation 8). Currently, the country is rated non-compliant with FATF recommendation 8 (NPOs).

The EFIU successfully engaged all the country's Commercial Banks and the Swaziland Building Society to solicit DNFBPs data held with the institutions. All the institutions complied and shared all DNFBPs data requested by the EFIU. This data was requested to enable the EFIU to conduct DNFBPs sectorial risk assessment which is a critical component in the AML/CFT supervision framework of DNFBPs.

The EFIU also provided Cash Threshold Reporting training to Non-Bank Financial Services under the purview of the Financial Services Regulatory Authority (FSRA). The EFIU was also responding to a request made by the FSRA as part of collaboration between the two entities. The sectors successfully trained on cash threshold reporting obligation are the Capital markets sector, Insurance sector, SACCOs, Credit Providers, and Building Societies.

The EFIU provided AML/CFT training to a total of 40 staff members from Letshego Financial Services (a financial service provider from the non-banking sector). This training had been requested by the Letshego Financial Services to capacitate its staff on their expected AML/CFT compliance obligations.

c. Regulatory Framework and Guidance

In the 2024 calendar year, the EFIU issued DNFBPs AML / CFT sectorial guidelines. The guidelines issued were for the following DNFBP sectors; Legal professionals, Accountants, Gaming Sector, Dealers in precious Metals and stones, Dealers in Motor Vehicles, Real Estate practitioners and Dealers in Hardwares. The various industries were given a period of one

month in February to review draft guidelines and share their review comments. Industry review comments were addressed by the EFIU, and the sectorial guidelines came into effect on 1st March 2024.

The Country's AML/CFT Supervisory forum consisting of the EFIU, CBE and FSRA conducted the Cash Threshold Reporting Risk Assessment to determine the substantive Cash Threshold for accountable institutions. A cash threshold of E25 000 was determined and the gazette instructions was prepared by the EFIU and shared with the Ministry of Finance.

The Minister of Finance acting on the advice of the EFIU issued legal notice 88/ 2024 increasing the cash reporting threshold for reporting institutions from E 15 000 to E 25 000 effective 1 July 2024. All the country's accountable institutions (Banks, Non-Banks and DNFBPs) are expected to file cash threshold reports with the EFIU in line with this new threshold effective 1st July 2024.

The EFIU Compliance and Prevention department developed and issued out the country's Cash Threshold Reporting (CTR) Guideline for implementation by all the country's accountable institutions. The guideline shall assist accountable institutions meet their cash threshold reporting obligations in terms of the section 12 *bis* of the MLTFP Act. The guideline explains reporting timelines and how reports must be filed with the EFIU.

The EFIU developed a draft Suspicious Transactions Reporting (STR) guideline for all accountable institutions which was shared with industry players in the 2024 calendar year developed in the previous quarter. The review comments were received from non-banks financial institutions under the regulatory purview of the Financial Services Regulatory Authority (FSRA). After the passing of the AML/CFT/CPF Miscellaneous Bill into an Act, the EFIU made some few amendments to its STR draft guideline and shared with the Banking sector for their review.

The EFIU Compliance formally provided comments on the Real Estate Agents Bill presented by the Ministry of Housing and Urban Development. The comments were provided by virtue of the EFIU being the AML/CFT supervisor for Real Estate Agents. The Ministry of Housing and Urban development is the prudential supervisor for the sector. As such, there is a need to align the Real Estate Agents Bill with the AML/CFT Act.

To prove effectiveness of the country's AML/ CFT regulatory framework, the EFIU for the first time received E180 000 fine from a Micro Lender for non-compliance with the MLTFP Act. This fine was imposed by the FSRA.

The EFIU also developed an EFIU Registration User Guide for Accountable Institutions to assist accountable institutions navigate the registration platform. This guide clearly articulates all the steps to be undertaken by accountable institutions from start to completion of the registration process. This guide has been uploaded into the EFIU website

In a bid to develop the country's AML/CFT regulations, the EFIU also prepared and submitted the country's AML/CFT regulations drafting instructions to the Ministry of Finance in the year under review. The EFIU was responding to a request by the Ministry of Finance to all relevant stakeholders to prepare AML/CFT regulations drafting instructions. The development of these regulations shall assist the country remediate some the country's technical compliance issues flagged in the country's MER.

iii. DOMESTIC, INTERNATIONAL CO-OPERATION AND STAKEHOLDER RELATIONS

a. Domestic Co-operation

- The successful meeting held with the National Commissioner of Police in the previous quarter culminated in the signing of a memorandum of understanding with INTERPOL during the quarter under review.
- The EFIU is a member of the Transnational Organized Crime Strategy under the REPS and during the quarter two meetings were held.

b. International Co-operation

- The EFIU had successful engagements with the **Taiwan Embassy and the Taiwan's Ministry of Justice Investigations Bureau, AML Division** with the aim developing cooperation in fighting financial crime. A draft MOU for the exchange of information and technical assistance between the two (2) entities has been drafted and discussed. It is expected that the MOU be signed in the 2025 calendar year.
- The EFIU received technical assistance from the **Republic of China (Taiwan), Anti-Money Laundering Division (AML/D), Investigative Bureau under the Ministry of Justice**. The technical assistance received was on Risk Based Approach AML/CFT Supervisory framework for DNFBPs and DNFBPs' Reporting Operation and Guidelines in Taiwan.
- At the September 2024 Eastern and Southern Africa Anti-Money Laundering Group meeting held in Diani Kenya, the EFIU signed three memorandums of understanding with financial intelligence units from **Namibia; Ethiopia and Tanzania** for information sharing.
- Another MOU was signed with **INTERPOL**, granting the EFIU access to a global database which will enhance the quality of intelligence reports
- The technical assistance program rendered by the **His Majesty's Treasury on the United Kingdom** was completed in the period under review. The EFIU received the technical to ensure the country fully complies with AML /CFT international standards.
- The EFIU attended one weeklong training on Terrorism Financing and Targeted Financial Sanctions conducted by **ESAAMLG** in the calendar year under review. This training was attended by both the public and private sector at Ezulwini.
- Received technical assistance from the **South African Financial Intelligence Centre** on cash threshold reporting guidance. The country has introduced cash threshold reporting for all accountable institutions, hence there is need to develop industry guidance.
- Some EFIU Officers attended a regional training on advancing anti-corruption in Africa through Beneficial ownership transparency in Pretoria from 15th to 18th April 2024. The training was organized and financed by the **United Nation Office on Drugs and Crime**

(UNODC) and the Commonwealth Africa Anti- Corruption Centre. The main objective of the training was to develop the technical capacities of FIUs across the region to use beneficial owner data for financial investigations.

- Some EFIU Officers also attended regional training on strategic and operational effectiveness and financial intelligence from 13th to 17th May 2024 in Kenya. The training was organized and financed by **COMESA**. The main aim of the training was to enhance the capabilities of the FIUs in the COMESA region to effectively combat financial crimes.

iv. STAKEHOLDER ENGAGEMENT

a. Courtesy Meetings with Accountable Institutions

In the calendar year under review, the EFIU through successfully held bilateral engagements with country's Banking Sector's Chief Executive Officers and Managing Directors to deliberate on key developments within the AML/CFT space. The EFIU management successfully met all the Banks Chief Executive Officers including the Mobile Financial Services Provider Management. Key developments discussed in the bilateral meetings include, namely;

- Update of AML /CFT Legislative Amendments;
- Suspicious Transactions and Cash Threshold Reporting;
- Supervision of Designated Non-Financial Businesses and Professions; and
- Update on National Risk Assessment, AML/ CFT Policy and Strategy.

b. Bilateral Engagement with Country's Law Enforcement Agencies (LEAs)

In the calendar year under review, the EFIU Executive Team held bilateral engagements with the Executives of the country's Law Enforcement Agencies, being REPS, ACC, and ERS. The Unit also met with DPPs. The aim of these bilateral engagements was foster enhanced domestic cooperation in handling financial crime issues. The EFIU also have presented the country's National Risk Assessment results and National AML/CFT strategy to the LEAs

c. Fraud Awareness Month Launch

The EFIU participated in the Fraud Awareness Month launch organized by the Eswatini Bankers Association which was held at the Royal Villas. This is an important campaign that brings all key stakeholders in the fight against financial related crimes, where they jointly empower customers through robust informational campaigns to recognize fraudulent activities and protect personal information.

d. Brand Visibility

Part of the objectives of the EFIU includes conducting public awareness, an article was published in the local newspapers titled stakeholder engagement forum which informed accountable institutions of their obligation to register with the EFIU by using the newly developed online registration portal. In support of the country's zero tolerance instance on corruption, the EFIU published a supplementary commemorated the World Anti-Corruption Day. The EFIU also published a newspaper article on the AML threats and vulnerabilities of the Building Hardware sector the calendar year under review.

A press statement was published on 18th April 2024 informing the public on the EFIU's position regarding the deluge of media reports on cyber threats. Another article was published in the Sunday Observer on 30th June 2024 which highlighted the mandate of the EFIU and its approach in handling cyber threats.

e. Information Technology infrastructure enhancements

The 2024 calendar year saw the successful completion of several key ICT initiatives, enhancing security and efficiency across the organization. Notably, during year, the EFIU achieved remediation of all vulnerabilities that were identified within our system. Other protocols conducted during the year included, the full implementation of Active Directory password synchronization with Microsoft cloud, ensuring seamless user experience and improved security posture. Additionally, all user devices were successfully enrolled in Intune, providing a robust platform for enhanced patch management and monitoring.

To further strengthen data security, BitLocker encryption was implemented on all user devices, safeguarding sensitive information. A dedicated dissemination SharePoint folder with secure and convenient access to essential documents was created under the Monitoring & Analysis department SharePoint site for all law enforcement agencies. The SSL certificate was

successfully installed, enabling secure access to Web Self-Service from outside the EFIU network.

Below are some of the key achievements with the EFIU ITC and Security space in the 2024 calendar year;

- **Disaster Recovery Site Establishment:** Successful establishment of a disaster recovery (DR) site at the Royal Swaziland Technology Park (RSTP) to ensure business continuity.
- **Enhanced International Cooperation:** Established a secure connection with Interpol for faster and more efficient information sharing
- **Increased Security Measures:** Implemented robust security measures, including improved access controls, enhanced malware and intrusion detection, and increased staff security awareness training.
- **i2 System Enhancements:** Successfully migrated i2 systems to a new virtual machine server with improved security measures. Enhanced Microsoft Security Posture Score and BitSight Security Rating. Conducted comprehensive user training programs.

7.1.3 FINANCIAL SERVICES REGULATORY AUTHORITY

During the year, the Ministry together with the FSRA conducted an induction session for the Parliament Finance Portfolio committees of both houses. The purpose was to induct the House of Assembly and House of Senate members on the Financial Services Regulatory Authority and its operations and services. The House of Senate and House of Assembly are stakeholders of the Financial Services Regulatory Authority, and it was important that the induction be carried out so that both houses are aware of the role played by the Authority in the country. This enabled the legislators to understand the Authority as they engage on business that may concern the Authority

i. Law Review Session

Furthermore, the Ministry met with the FSRA Legal team to continue with the review of the following laws;

Table 15 Legislation under Review

<p>FSRA (Amendment) Bill</p>	<p>The object of this Bill is to amend and modernize the FSRA Act 2010, so as to: accommodate the change of the country’s name from Swaziland to Eswatini; ensure that the Financial</p>
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	<p>Services Regulatory Act, 2010 prevails over all financial services laws; declare new categories of products as non-bank financial services providers or financial services without the need to amend the Financial Services Regulatory Act, 2010; and to adjust the list of Financial Services laws in the First Schedule of the Financial Services Regulatory Act, 2010 to include the Building Society Act 1962, the Consumer Credit Act 2016, the Motor Vehicle Accident Fund Act 1991, the Eswatini National Provident Fund Order, 1974, the Medical Schemes Act, 2017; and other relevant financial services laws.</p>
Insurance (Amendment) Bill	<p>The Bill seeks to promote the maintenance of a fair, safe, and stable insurance market for the benefit and protection of policyholders by establishing an updated framework for insurers, insurance groups, and intermediaries that: a) Facilitates the monitoring and preserving of the safety and soundness of insurers; b) Enhances the protection of policyholders and potential policyholders; c) Increases access to insurance; and d) Contributes to the stability of the financial system in general.</p>
Insurance (Amendment) Regulations	<p>Regulations are aimed at operationalizing provisions of the Insurance Bill</p>
Retirement Funds (Amendment) Bill	<p>The objective of the Retirement Funds Amendments is to provide an improved legal framework for the sound governance and management of the retirement funds industry and enhance the prudent administration and market conduct of retirement funds. A comprehensive self-assessment undertaken by the Authority in 2012 identified gaps in the current legal framework, which limited our ability to comply with international standards. We also noted that some of the provisions in the 2005 Act were not in conformity with the principal legislation, the</p>

	FSRA Act which came into effect in 2010 which this amendment seeks to cure.
Retirement Funds (Amendment) Regulations	Regulations are aimed at operationalizing provisions of the Retirement Funds (Amendment
Securities (Amendment) Bill	Securities Act, 2010 amendment of the Securities Act, 201 objectives; 1. To equip itself with an enhanced regulatory and supervisory framework for securities industry; 2. Ensure that securities legislation meets minimum international supervisory standards and practices. 3. Ensure that the Securities Act is harmonized and is in line with the provisions of the umbrella legislation (FSRA Act).
Securities Regulations	Regulations are aimed at operationalizing provisions Securities Bill
Building Societies Bill	The Authority's key objective in replacing the Building Societies Act, 1962 is to modernize the outmoded building society legislation to allow for the better supervision and regulation of new entrants into the market.
Consumer Credit Regulations (Draft)	Aims at supporting the operationalization of the Consumer Credit Act (Amendment) 2016.
Consumer Credit Information Reporting Regulations (Draft)	Aimed at strengthened the Eswatini's credit reporting system. The Ministry worked on consolidating the regulations into a single document, developing forms to support the substantive provisions. These are presently in a separate folder and final efforts are being made to develop the balance of these two pieces of legislation.
Compulsory Third Party Liability Motor Vehicle Insurance (Legislative Framework Proposal)	This framework seeks to cover all Emaswati motorists and the proposal is still being designed by the Ministry together with the FSRA and Ministry of

	Works and Transportation in order to agree on a suitable way of implementing this insurance.
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7.14 CENTRAL BANK OF ESWATINI (CBE)

During the period under review, the Ministry continued to have a session with the Central Bank to discuss the following proposed strategy and amendments of the following laws;

Table 16 Strategy and Amendments

The Draft Eswatini National Financial technology (Fintech Strategy)	The main objective of the Strategy is to create and accelerate an enabling and inclusive fintech environment. Eswatini fintech technology is still in its nascent stages and therefore lacks key local and non-incumbent actors, alternative regulatory instruments and sustainable funding sources, amongst others, to develop the ecosystem.
The National Payments System Regulations	Regulations are aimed at operationalizing provisions of the National Payments Systems Act, 2023. provides for the regulation & oversight of national payments systems.
The Central Bank Order 1974 (as amended)	Enabling legislation that establishes the Central Bank (Bank). Legal underpinnings of the Bank’s mandate. Operations of the Bank, including its relationship with commercial banks, Financial Institutions and Government.
The Financial Institutions Bill	The Financial Institutions Bill seeks to provide an acceptable legal basis for the regulation of banking business. The Bill introduces a regulatory framework that seeks to improve the safety & soundness of failing banks. sets out general framework for licensing of commercial banks.
The Financial Stability Bill	The Financial Stability Bill seeks to foster the stability of the financial system as a whole.

The exchange Control Order 1974 and exchange Regulations 1975)	Provides for the regulation of the purchase and sale of foreign currency.
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7.15 SINCEPHETELO MOTOR VEHICLE ACCIDENT FUND (MVA)

During the year, the Ministry with the Parliament Finance Portfolio Committees were workshopped on the MVA Bill. The objective of the Bill is to provide for the following;

- (a) the removal of the disparity between categories of claimants;
- (b) the introduction of general capping provisions including those relating to medical stabilization, medical management and rehabilitation;
- (c) the review of the SMVA Fund mandate
- (d) the aligning of the SMVA Fund legislation with the relevant Constitutional provisions
- (e) the increase of the overall limits and liability of the SMVA Fund and introduction of new categories of liabilities; and
- (f) to provide for matters incidental thereto.

Furthermore, during the reporting period MVA embarked in the following initiatives;

- The fund has implemented the new Business Operating Model where it gets involved from the scene of the accident for effective treatment and rehabilitation.
- The MVA Bill will effectively increase the claims benefits to be relevant to the current prevailing situation and increase the claims expenses.

7.16. CENTRE FOR FINANCIAL INCLUSION (CFI)

i. Hosting of the Alliance for Financial Inclusion (AFI) Working Groups Meetings;

The Ministry hosted the Alliance for Financial Inclusion (AFI) Working Group meetings in collaboration with Centre for Financial Inclusion (CFI) and the Central Bank of Eswatini (CBE) during the year under review. The Working Groups were AFI’s Financial Inclusion Strategy (FIS), Global Standards and Proportionality (GSP) and Digital Financial Services (DFS). The three (3) AFI Working Group meetings were attended by 160 participants from 47 countries.

The deliberations resulted in the following for the participating countries;

1. Development of policy recommendations and guidelines for financial inclusion;
2. Sharing of best practices and experiences among member institutions;
3. Creation of collaborative initiatives to promote financial inclusion;
4. Identification of key challenges and opportunities in the financial inclusion sector; and,
5. Establishment of partnerships and networks to support financial inclusion effort

The Centre for Financial Inclusion (CFI) continues with its mandate of promoting financial Inclusion in the country through the implementation of the National Financial Inclusion Strategy (NFIS) and the facilitation of the Finclude Project. During the year the CFI embarked in the following activities;

Table 17 Implementation of the National Financial Inclusion Strategy

Progress update	<p>During the year, the CFI witness the successful launch of the National Financial Inclusion Strategy 2023-2028. CFI also undertook a process to develop and cost the strategy activities in preparation for the actual implementation.</p> <p>Furthermore, the Financial Inclusion Working group aimed at implementing the NFIS was established and convened its first meeting where the strategy was unpacked for their understanding and identification of the roles of each entity.</p> <p>One key activity undertaken in the year under the NFIS content is the finalization of the sex-disaggregated financial data tool to assist with the</p>

	<p>collection of sex-disaggregated data. The data will provide valuable insights to address the specific financial needs and challenges faced by men and women and banks are already started collecting this data.</p>
<p>DEVELOPMENT OF THE CENTRE FOR FINANCIAL INCLUSION CORPORATE STRATEGY</p>	
<p>Progress update</p>	<p>In the year CFI has a training on Corporate Governance assisted by SADC in order to assist in the development of the CFI Corporate Strategy. The CFI further engaged a consultant to assist with the development of the Strategy.</p> <p>The CFI then finalised and presented the Corporate Strategy to the CFI Council in the period under review</p>
<p>DEVELOPMENT OF A GREENING THE MICRO, SMALL AND MEDIUM ENTERPRISE SECTOR DIAGNOSTIC STUDY AND ROADMAP</p>	
<p>The rationale for this work stream: To align with the Global climate mitigation and adaptation agenda, the banking sector is moving towards greening the banking sector. As a result, SMEs will find it difficult to access financing for sustainable and green projects as banks are slowly being compelled to prioritize lending to businesses focused on environmental sustainability. SMEs may therefore be forced to invest in green projects, technologies and practices.</p>	
<p>Progress Update</p>	<p>Presentation of the diagnostic study and roadmap towards transitioning SMEs into a greener economy was successfully presented to SMEs in the country's four regions and input solicited has been incorporated into the final Roadmap.</p> <p>The Consultant assisting with the program conducted a half-day capacity building for the technical working group on green finance and its implication on financial inclusion.</p> <p>The Inclusive Green Finance Working group undertook the peer learning facilitated by the Central Bank of Egypt.</p> <p>The Road map was also peer-reviewed by AFI member institutions and comments that were found to be relevant were incorporated into the final document</p>

	The Consultant that was assisting with the process submitted the final report and the contract concluded.
IMPLEMENT THE FORCIBLY DISPLACED PERSONS FINANCIAL INCLUSION ROADMAP	
The rationale for this workstream: The ending strategy recognized the need to ensure that vulnerable and marginalized groups such as women, youth, disabled and other social groups such as forcibly displaced persons are financially included. To support the integration of forcibly displaced persons into the formal financial system, help them build savings, access credit, engage in economic activities and reduce their dependence on government, the Alliance for Financial Inclusion provided grant funding to develop a diagnostic study and roadmap on the inclusion of FDPs, which is currently being implemented.	
Planned Activity Summary	Support FDP savings groups by linking them to formal FSPs and digital platforms.
Progress Update	Activity not undertaken. World Vision and UNHCR recommended conducting a rapid survey on refugees' financial behaviours to assess their financial needs entirely.
Challenges and obstacles	None
Next steps and action plan	Conduct a rapid survey on the financial behaviour of refugees Conduct a validation workshop on the guidelines for onboarding refugees into the financial system
DEVELOPMENT OF A CREDIT INFORMATION SHARING SYSTEM	
The rationale for this workstream: supports the financial inclusion for the unbanked and underbanked to start building a credit history thus helping them access loans and other financial services and can encourage people to develop good financial habits, hence this work stream is linked with financial literacy interventions undertaken by the institution.	
Progress Update	The CFI is part of the Consumer Credit Regulation Working Group. In the year under review the working group completed the Debt Counsellors Regulations, Pawnbrokers Regulations, Debt Collectors

	Regulations, Credit Providers Regulations and Distribution Payment Agents Regulations which were submitted to the Industry for comments.
DEVELOP AND IMPLEMENT THE NATIONAL FINANCIAL EDUCATION STRATEGY 2023-2028	
The rationale for this workstream: The National Financial Inclusion Strategy 2017-2022, identified financial literacy as one of the key barriers to accessing and using financial services and products. Financial education is crucial for financial inclusion because it provides individuals with the knowledge and skills to effectively manage their finances and access financial services. It is widely acknowledged that without a solid understanding of basic financial concepts, individuals may struggle to navigate the complexities of banking credit, savings and investments	
Progress Update	<p>The curriculum integration validation workshop was successfully conducted with the assistance of the Curriculum Centre and Ministry of Education.</p> <p>Conducted a stakeholder engagement session for the Bankers Association on the proposed financial education curriculum before integration into the curriculum.</p> <p>The Bankers Association engaged in the curriculum to ensure that the financial sector interest within the curriculum is presented.</p>

Furthermore, during the year the CFI and the UNESWA (Computer Science Department) conceived the Re-Engineering Financial Inclusion in the Kingdom of Eswatini using the Machine Learning (ML) Algorithms project. The project is supported by grant funding sourced from the Royal Academy of Engineering a subsidiary of Mount Royal University, England. The project seeks to achieve the following objectives;

- ◆ Develop a framework to guide financial inclusion to improve access to financial products and services for the poor and low-income earners in Eswatini;
- ◆ Review critical factors (e.g. social, political, environmental etc), based on empirical evidence, that could influence financial inclusion;
- ◆ Assess the involvement of the poor, less privileged, and marginalized communities in accessing financial services;

- ◆ Develop an application software using Machine Learning Engineering algorithms that will improve the quality of the financial inclusion dataset in Eswatini; and,
- ◆ Use the developed application software in decision-making in balancing financial access and distribution in Eswatini among households and Micro, Small, and Medium Enterprises (MSMEs).

7.17 FINANCIAL INCLUSION AND CLUSTER DEVELOPMENT (FINCLUDE)

Project

The Financial Inclusion and Cluster Development (FINCLUDE) Project during the year continued to play a pivotal role in facilitating access to finance for rural micro-entrepreneurs. The Project has made commendable efforts in following;

The Project has developed two financial instruments: a Line of Credit (LOC) and the Financial Instrument for Risk Management (FIRM). There are four (4) Memorandum of Agreements (MOA) are in place to date with Eswatini Bank (signed in FY 2023/2024), Youth Enterprise Fund (YERF), FINCORP and the Industrial Development Company of Eswatini (IDCE). The LOC has been signed with Imbita Women Finance Trust for an amount of SZL 3,000,000 while the FIRM commitments amount to SZL 7,500,000. The total commitments for the FIRM and LOC to date will stand at SZL10,500,000 (USD 583,333), representing 34% of the budget available for these financial instruments (USD 1,720,000).

i. IMBITA Line of Credit:

The finalization and rollout of the IMBITA Line of Credit was a significant milestone with an allocated total of E3 million for rural financing. As at end of December 2024, E1 million was already disbursed to the financial institution to facilitate financing to qualifying micro entrepreneurs, demonstrating a strong demand for credit support in the rural sector.

ii. Memorandum of Agreement with FINCORP and IDCE:

In November 2024, the Project successfully signed Memoranda of Agreement (MoA) with Eswatini Development Finance Corporation (FINCORP) and Industrial Development Company of Eswatini (IDCE), with agreements valued at SZL1.5 million respectively. These partnerships will facilitate increased financial support and innovative products tailored to meet the needs of rural entrepreneurs, enhancing overall access to finance for the Project's target

group. Once the disbursements to the two institutions are concluded, total commitments for the FIRM and LOC will stand at SZL8,500,000 (USD 472,000) in FY2024/2025.

iii. Partnership with MTN for Digital Financial Literacy:

A collaboration with MTN to digitalize financial literacy initiatives targeted at rural micro enterprises was concluded during the implementation period. This will enable the Project to leverage MTN's extensive network and digital platforms to deliver financial education. The initiative aims to equip entrepreneurs with the knowledge necessary to make informed financial decisions, thereby improving their chances of improved financial capability.

In the year, FINCLUDE's market development initiatives continued to demonstrate progress towards widespread change in farmers participating in Project commodities. A total of SZL5 971 038,00 was recorded in sales across the supported producer groups in the Project scope with 40% of these sales being recorded under pig production mainly by the Shiselweni Livestock Farmers Association. FINCLUDE further reached out to two hundred and ninety-seven (297) new farmers with information and knowledge on financial literacy, agribusiness and agriculture technical skills, these new farmers have been enrolled into the already established clusters across the regions which has in turn increased the Project's outreach to eight thousand eight hundred and forty-two (8842) with finance only beneficiaries enrolled this quarter totalling to eight hundred and fifty-six (856).

Training programmes under FINCLUDE continued to be specific and targeting the identified capacity gaps for the smallholder farmers. These training plays a pivotal role in educating farmers about sustainable practices such as precision agriculture, agribusiness marketing, integrated pest management, record keeping. Six hundred and forty-four (644) farmers received agribusiness, one hundred and ninety-eight (198) on climate smart agriculture (CSA) trainings delivered by the Project together with the Ministry of Agriculture (MoA).

(g) Other key initiatives in the year were as follows:

- IFAD Implementation support and Supervision missions in May and September respectively;
- Partnering with strategic development partners (Young Heroes, SEDCO and NAMBOARD) to obtain a pool of finance only beneficiaries.
- Technical assistance (TA) to key stakeholders of the financial sector enabling environment with the goal of improving the ecosystem for financial inclusion;

- Progress in the digitalization of financial literacy programs.

7.2 PUBLIC FINANCE MANAGEMENT REFORMS UNIT

OBJECTIVES

- Improve the efficiency and effectiveness of public financial management and financial accountability processes;
- Ensure awareness of the PFMA 2017 to all stakeholders;
- Ensure participatory, effective and equitable allocation of public funds in line with Government priorities.
- Ensure efficient and effective budget utilization, accurate and timely accounting and reporting and effective scrutiny and review of expenditure of public resources.’
- Ensure accountability of public resources, oversight, effectiveness and lawfulness in the collection and application of public funds.
- Establish and implement a framework for fiscal decentralization and to facilitate timely disbursements and efficient delivery of services in a transparent and accountable manner.
- Develop a consistent and harmonized PFM legal and institutional framework.
- Automate and integrate PFM systems which facilitate efficient and effective execution of all financial management processes, eliminate risks, enhance security and financial
- Controls in all service areas including inter-connectivity of county units.
- Ensure efficient and effective coordination, planning, monitoring, communication and implementation of the PFM Reform Programme activities.
- To monitor the implementation of all PFM Reforms;
- Developing and sustaining capacity within the Ministry of Finance to ensure that it fulfils its lead role in the planning and implementation of the PFM Reform Programme
- Consolidation of annual work plans and cost estimates submitted by Implementing Agencies for the purpose of preparing the Programmes’ annual budget

7.2.1 SPECIAL FUND REGULATIONS AND AMENDMENTS

i. YOUTH ENTERPRISE REVOLVING FUND, 2009

The objective of the fund is to be accessed by and beneficial to;

- Individual Swazi Youth
- Registered associations, co-operative and companies whose membership ownership or which the directorship or office bearers' companies of mostly Swazi youth
- Who or which lack access to credit either for new or existing enterprises and who or which have projects which are visible and will contribute to the economic growth of the country

Progress

The Fund regulations amendment has since come back from the Attorney General's Office, but it was discovered by the Office of the Youth Fund that there were some missing clauses. The Ministry of Finance and the Ministry of Sports through the Youth Revolving Fund Office are concluding on the new amendment before taking it to the Attorney General's Office.

ii. COMMUNITY POVERTY REDUCTION FUND (CPRF)

Fund was established through Legal Notice Number 105 of 2009 and regulated through Legal Notice Number 1060 of 2009. This fund has been suspended for now until the finalization of the Fund Regulations review.

Objective of the Fund

The objective of the Fund is to alleviate and eventually eradicate poverty by supporting viable cooperative or commercial projects or schemes that will create jobs and further contribute to the economic growth and development of local/rural communities. This include support

Progress

The draft reviewed CPRF has been discussed between the Ministry of Finance and Ministry of Tinkhundla. The Ministry of Tinkhundla has resubmitted the Regulations to the Ministry of Finance, but there are some concerns raised by the Legal Advisor in the Ministry of Finance which needs to be addressed by Tinkhundla before forwarding the same to the Attorney General's Office.

7.2.2 SPECIAL FUND REGULATIONS IMPLEMENTATION PROGRESS

i. RECONSTRUCTION FUND

The Reconstruction Fund Regulations objective is to provide partial financial assistance to the businesses that have been affected by the unrests in the Kingdom of Eswatini by providing –

- (a) easily accessible grants to both the formal and informal sectors to cater for the reconstruction or rehabilitation of the business buildings or premises;
- (b) Business grants for the purpose of restoring or replacement of machinery or equipment which is vital for business re-opening and recovery.
- (c) Business grants for the purpose of stock compensation and loss for micro and small business enterprises

This Fund is implemented by the Ministry of Finance. The Following is the progress report of this Fund

RECONSTRUCTION FUND UPDATE: 31 DECEMBER 2024

APPROVED APPLICATIONS:

- a) Number of Applications : 561
- b) Value of Approved Applications : E274,441,979-55

VALUE OF PAYMENTS MADE TO DATE

- c) Cash Payments Made :E264,260,767-04
- d) Payments Outstanding (Commitments) : E 10,181,212-51
E274,441 979-55

Table 18 Payments to date

Comments	Approved Amount (E)	Cash Payments	Balance Outstanding
Fully Paid	240 193 851-95	240 193 851-95	-
Partially Paid	27 846 657-25	24 066 915-09	3 779 742-16
Not Yet Paid	6 401 470-35	-	6 401 470-35
TOTAL	274 441 979-55	264 260 747-04	10 181 212-51

Table 19 Summary of Applications

Category	Approved Value
Infrastructure	72 146 348-46
Equipment	68 667 709-03
Stock	98 866 128-57
Refunds	34 761 793.49
TOTAL	41 979-55

FRAUDULENT ACTIVITIES

- The Police are currently investigating twelve (12) applicants for possible fraudulent activity. The areas of investigation include:
 - Fraudulent Claims – claims for damage that never happened
 - Fraudulent Documentation – Quotations & Invoices that were tempered with (change of company names, banking details, etc)
 - Fraudulent Company Stamps

CHALLENGES

- Applicants who do not respond to calls.
- Some are “undecided” on what to do and take long to submit the required documentation.
- Most service providers / suppliers do not accept or recognize the Guarantees and require upfront payment before invoicing. This has created an opportunity for the alleged fraudulent activity.
- Some suppliers refuse to supply based on old quotations, hence the need for new quotations at payment stage.
- Applicants that seem to have tampered with the invoices / receipts / bank accounts. Noted suspicious files were handed over to the Police for further investigation.
- Applicants submitting applications post the cut-off date. These are forwarded to the Technical Committee.
- Some applicants coming up with second submissions claiming that the initial submissions were for “testing the waters” and were therefore incomplete.

7.2.3 NEW SPECIAL FUND REGULATIONS IN PROCESS

i. ELDERLY FUNERAL COVER FUND REGULATIONS

The objective of this fund is to provide elderly funeral cover to all Emaswati Elderly Persons. The elderly funeral cover is a benefit that provides critical financial support to ease the burden of funeral expenses upon the death of an Elderly Person, who has not taken any other personal funeral cover, and is not covered by any other public entity (Public Service Pension Fund).

Progress

These regulations have been cleared by the Attorney General’s Office, ventilated with the Cabinet and will be tabled in Parliament.

ii. MOTRACO TRANSIT FEE FUND

The Government of the Kingdom of Eswatini entered into a contract relating to the high voltage international connector or South Africa, Eswatini and Mozambique dated 28th June 2002.

The aim of these proposed fund Regulations is to:

Enable government to adhere to all its obligations stipulated in the Contract between the kingdom of Eswatini and Motraco relating to that part of a high voltage international connector for South Africa, Eswatini and Mozambique situated in the Kingdom of Eswatini, dated 28th June, 2002 and any subsequent agreement between the two parties.

Progress

These draft regulations have been submitted and presented at Cabinet and are now to be tabled in Parliament.

iii. DISASTER RISK MANAGEMENT FUND

The object of the Fund is to mobilize sufficient financial resources to enable an efficiently and effectively run disaster risk management system.

The draft Fund Regulations are now finalized between the Ministry of Finance, Ministry of the DPM, NDMA and relevant stakeholders. The Regulations are still with the Attorney General's Office.

iv. THE ORPHANED AND VULNERABLE CHILDREN'S FUND REGULATIONS

The draft regulations have been submitted to the Ministry of Finance but is yet to be discussed with the DPM's Office to finance before forwarding them to Attorney General's Office.

v. SOVEREIGN WEALTH FUND

The Ministry of Finance is in the process of developing a Sovereign Wealth Fund (SWF) for the Government of Eswatini. SWFs are special-purpose investment funds or arrangements that are owned by the general government. They are created by the general government for macroeconomic purposes, including to hold, manage, or administer assets to achieve financial objectives, and employ a set of investment strategies that include investing in local and/or foreign financial assets." These Funds are invested by Government to ensure long-term stability of the country and to invest in strategic industries and assets.

SWFs are important in promoting economic development and diversification by investing in key industries and assets, these funds can help to support the growth of key industries and assets. These funds can help to support the growth of domestic businesses and industries while also promoting innovation and technology development.

Next steps

The Ministry of Finance would:

- set up the internal team, reporting to the Minister of Finance, to work with the technical expert
- Gazette the technical team
- Procure the Services of an Advisor to work with the Ministry of Finance Team in setting up the SWF
- appoint the technical expert and develop a work plan for the design and establishment of the Fund
- During April 2024, various development partners were approached to provide technical assistance for the project, including:
 - The International Monetary Fund
 - The Commonwealth Secretariat
 - The African Development Bank

Technical experts on the project

The Commonwealth assumed the role of lead advisor on the project, with a mandate to develop the design and attendant establishment of the SWF. The design of the Fund extends to crafting policies, procedures and arrangements regarding funding, withdrawal and rules on spending; an investment policy that addresses asset liability management, risk tolerance and asset allocation in line with the investment mandate; and, developing the governance framework that depicts the responsibilities of the shareholder, the board and management. ComSec will also draft the legislation that established the Fund.

The International Monetary Fund will perform the “review” function, which essentially involves commenting on the various draft documents (including policies, investment mandates, governance model and the draft legislation) that will be prepared by the lead advisor.

The African Legal Support Facility will perform a “legal review” function (commenting primarily on the draft legislation and the governance model) and provide support in the form of capacity building for management of the SWF and officials of the Ministry of Finance involved in the project, as well as by way of establishing a legal hotline where management of the SWF will, for a period of 12 months *post* establishment of the Fund, be able to consult external legal counsel on issues that arise, at the cost of the ALSF and not the Fund.

7.2.3 PUBLIC FINANCE MANAGEMENT REFORMS PROGRESS

i. INTEGRATED FINANCIAL MANAGEMENT AND INFORMATION SYSTEM (IFMIS)

The IFMIS can be broadly defined as a set of automated solutions, that , through the use of the central data base, enables a government to plan, budget, execute its budget by, tracking, recording, and reporting its revenue and expenditure. Having this system in place, increases in financial management internal controls is achieved and reduced level of corruption is also achieved. This system has many modules which are in the financial management cycle.

Progress

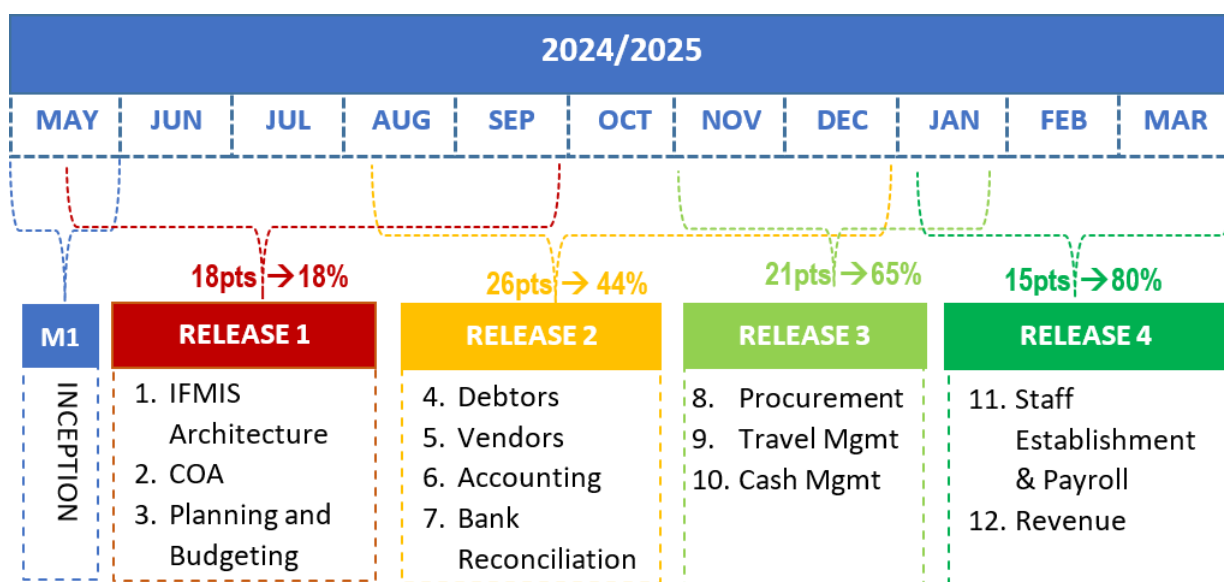
The IFMIS implementation has begun, its going to be a four-year project;

Therefore, the four-year implementation roadmap prioritizes modules based on the three specified constraints. It begins with the integration of existing automated core features in alignment with the fiscal calendar, followed with the addition of IPSAS compliance features.

First Year 2024/2025 focuses on delivering the IFMIS architecture and core domains (planning, budgeting, and accounting), along with the existing automated features (vendor management, procurement, payroll, revenue management). Due to time constraints, the staff establishment, payroll, and revenue management modules have been scheduled for the 4th release. This scheduling allows for flexibility in case time constraints or unforeseen project risks arise during implementation. If necessary, the 4th release can be deferred to the following year, allowing users to continue utilizing the existing system.

The implementation is phased out in Releases as in the following diagram showing the first year implementation plan:

Figure 4: First year Releases



Progress Made

As of December 23, 2024, the IFMIS project implementation for the Kingdom of Eswatini has reached **41.7% completion**. Both the Eswatini and Rwandan teams concluded the year with a clear and achievable goal and plan to deploy a core operational IFMIS system, incorporating 12 essential modules to support efficient Eswatini government financial operations by April 1, 2025.

Table 20 Implementation Progress

IMPLEMENTATION PROGRESS				
Fiscal Year	Release #	Module	Score	Completed
2024/2025	Release 1	General IFMIS Architecture Characteristics	4	100%
		Planning and Budgeting	10	100%
		Chart of Accounts	4	100%
			18	100%
	Release 2	Debtor Management	1	0%

		Vendor Management	1	60%
		Accounting	12	85%
		Bank Reconciliation: Processes, Accounting and Reconciliation	12	75%
			26	76%
	Release 3	Procurement	13	30%
		Travel Management	5	-
		Cash Management	3	-
			21	19%
	Release 4	Staff establishment and Payroll Management	10	-
		Revenue Collection (Non-tax receipts)	5	-
			15	-
2025/2026	Release 5	Capital Project Management and budgeting	7	-
		Debt Management Interface to CS-DRMS	1	-
		Grant Management	4	-
			12	-
	Release 6	Inventory Management	5	-
		Asset management	3	-
		Audit Management	NA	-
			8	-
OVERALL DEVELOPMENT PROGRESS			100	41.7%

Critical Issue That is Affecting the Project

The partial availability of Public Financial Management (PFM) business owners for the different Modules being developed. Their active involvement is essential for collaborating closely with the Rwandan team to develop an IFMIS solution tailored to the Kingdom's legal framework, policies, procedures, and user requirements.

In mid-December 2024, the Treasury team, in collaboration with Team Rwanda, developed an implementation plan to address unfinished tasks from release two and proceed with analysis of other budget execution processes. This plan included the following key components:

From January 13 to February 19, 2025: Testing the accounting module and analyzing present budget execution processes to align the existing system requirement specifications with current practices, avoiding any discrepancies.

From February 19 to February 28, 2025: Testing the entire budget execution process integrated with the accounting module, sharing test results with Team Rwanda, resolving identified issues, and delivering a system that meets users' expectations.

From March 1 to March 31, 2025: Conducting training sessions for trainers and end-users, collecting data for migration, simulating data migration, and completing preparations for the system go-live.

Challenges

This plan was officially submitted to the Eswatini project management team toward end December 2024, and approved during the project meeting on January 13, 2024, and implementation commenced the following day On January 14, 2024.

The Rwandan team, in collaboration with the Eswatini project team from the Treasury Department, commenced the implementation of the agreed-upon plan, beginning with the validation of the completed accounting module to ensure its full completion. However, midway through the session, the meeting was adjourned, and has not commenced as yet due to the busy schedule of the Treasury Department during the time allocated for the implementation.

Furthermore, this stagnation threatens the project schedule, potentially causing substantial delays that may disrupt the planned timeline for achieving a fully operational system by April 1, 2025.

7 TREASURY AND STORES - HEAD 35

OBJECTIVES

- Maintaining internationally acceptable accounting standards
- Effective internal checks and controls
- Setting up and maintaining a reliable and friendly revenue collection and payment service
- Maximize collection of government revenue

8.1 PUBLIC FINANCIAL MANAGEMENT (PFM) REFORMS

The Treasury Department remains steadfast in its commitment to advancing Public Financial Management (PFM) reforms to enhance fiscal transparency, accountability, and sustainability. These reforms align with the government's vision to modernize financial operations and meet international standards. The continued collaboration with stakeholders and international partners, coupled with robust training programs and technological advancements, will ensure the success of these reforms, contributing to sustainable development and fiscal governance. Below are the key milestones achieved in the ongoing PFM Reforms.

8.2 CHART OF ACCOUNTS (COA)

Background and Purpose

The Treasury Department is undertaking a comprehensive review of the multi-dimensional Chart of Accounts (COA) to align it with the International Public Sector Accounting Standards (IPSAS). This initiative aims to improve financial reporting accuracy, facilitate consolidation, support system integration, and enhance overall reporting capabilities. The COA is also harmonized with the Government Finance Statistics (GFS) 2014 coding to ensure consistency in financial reporting.

Key Milestones Achieved

a. Mapping Transactions

- A conversion scheme or bridge table has been developed to map transactions according to IPSAS requisites.

This mapping is essential to:

1. Understand mapping relationships.
2. Facilitate consolidation.
3. Support system integration.
4. Enhance reporting.

b. Harmonization with GFS 2014 Coding

- The COA has been harmonized with the GFS 2014 coding to ensure consistency in financial reporting.
- This harmonization aligns the COA with international standards and improves the quality of financial data.

c. Preparation for Integrated Financial Management Information Systems (IFMIS)

- The COA review and update process is a critical step in preparing for the implementation of Integrated Financial Management Information Systems (IFMIS).
- A robust COA will provide a strong foundation for accurate and comprehensive reporting within the IFMIS framework.

Monitoring and Evaluation

a. Completion of Mapping Exercise

- Finalize the mapping of transactions using the conversion scheme or bridge table.
- Ensure that all transactions are accurately mapped to the new COA structure.

b. Testing and Validation

- Conduct thorough testing and validation of the updated COA to ensure accuracy and completeness.
- Engage stakeholders in the testing process to identify issues and make necessary adjustments.

c. Training and Capacity Building

- Develop and implement training programs for Treasury staff to familiarize them with the updated COA and the new IPSAS framework.
- Provide ongoing support and resources to ensure a smooth transition to the new COA.

d. Implementation of IFMIS

- Integrate the updated COA into the IFMIS to enable accurate and comprehensive financial reporting.

Monitor the implementation process and address any challenges that arise to ensure successful adoption.

e. Continuous Monitoring and Improvement

- Establish a mechanism for continuous monitoring and improvement of the COA.
- Regularly review and update the COA to ensure it remains aligned with IPSAS and GFS 2014 requirements.

8.3 INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS (IPSAS) ADOPTION

Background and Purpose

The Treasury Department of Eswatini is transitioning to the International Public Sector Accounting Standards (IPSAS) based on accrual accounting. This move marks a significant shift from the previous use of Generally Accepted Accounting Principles (GAAP) and cash basis accounting, which were unable to provide a comprehensive and accurate representation of the government's financial position. The adoption of IPSAS aims to enhance transparency, accountability, and accuracy in financial reporting, aligning Eswatini with global best practices in public sector financial management.

Key Milestones Achieved

a. Collaboration with Tanzania

- The Eswatini government has successfully collaborated with the Republic of Tanzania to adopt IPSAS.
- A Memorandum of Understanding (MOU) between the two countries has been finalized and approved by the Attorney General's office, paving the way for formal cooperation.

b. Cabinet Approval

- The cabinet paper requesting the adoption of IPSAS accrual accounting and the establishment of a project unit has been approved.
- The Treasury is now authorized to report using the IPSAS accrual accounting framework.
- The formation of a dedicated project unit has been approved to oversee and support the implementation of the new framework.

c. Exchange Programme Development

- An exchange programme with the Tanzanian Treasury has been planned to facilitate training and change management strategies.
- Personnel from the newly established project unit will participate in the exchange programme to gain insights and expertise from Tanzania's experience in IPSAS adoption.

d. Roadmap Presentation

- The Accountant General is tasked with presenting the detailed roadmap for IPSAS adoption to the Permanent Secretary (PS) of the Ministry of Finance. This roadmap will outline the strategic steps, timelines, and resource requirements for the transition.

e. Technical Assistance from the IMF on National Asset Register

- The Treasury will receive technical assistance from the International Monetary Fund (IMF) to develop a National Asset Register.
- This assistance will take place from **5th to 18th March 2025** and will focus on creating policies and frameworks for the accurate identification, valuation, and reporting of government assets.
- The development of a National Asset Register is a critical component of IPSAS adoption, as assets are a key element of government financial reporting under the accrual basis of accounting.
- This initiative will ensure that Eswatini's financial reports are comprehensive, transparent, and aligned with international standards.

Monitoring and Evaluation

a. Establishment of the Project Unit

- Set up the project unit to oversee the IPSAS adoption process, ensuring effective coordination among all stakeholders.
- Define the roles and responsibilities of the project unit to ensure a structured and efficient implementation process.

b. Execution of Exchange Programme

- Implement the exchange programme with Tanzania, focusing on capacity building, training, and change management strategies.
- Ensure that personnel involved in the exchange programme are equipped with the necessary knowledge and skills to drive the adoption process in Eswatini.

c. Training and Change Management

- Develop and roll out comprehensive training programs for Treasury staff to familiarize them with the IPSAS framework and accrual-based accounting principles.
- Implement change management strategies to address potential challenges and ensure a smooth transition to the new accounting framework.

d. Roadmap Implementation

- Finalize and execute the roadmap presented by the Accountant General, ensuring alignment with the approved timelines and objectives.
- Monitor the progress of the roadmap implementation and make adjustments as necessary to address any emerging issues.

e. Development of National Asset Register

- Collaborate with the IMF to develop policies and frameworks for the National Asset Register during the technical assistance period (5th to 18th March 2025).
- Ensure that the National Asset Register is integrated into the IPSAS adoption process to provide accurate and transparent reporting of government assets.

f. Continuous Monitoring and Evaluation

- Establish a robust monitoring and evaluation mechanism to track the progress of IPSAS adoption.
- Conduct regular reviews and assessments to ensure compliance with the new standards and identify areas for improvement.

8.4 TRAINING AND CAPACITY BUILDING

Background and Purpose

The Treasury Department is taking significant steps to professionalize the accountancy cadre and improve the integrity and effectiveness of its officers. In collaboration with the University of Eswatini and API, a postgraduate diploma in public sector accounting has been developed. These efforts aim to address the gaps identified in the accountancy cadre and ensure that officers are well-equipped to adopt the new IPSAS framework.

Key Milestones Achieved

a. Development of Postgraduate Diploma Program

- A new postgraduate diploma in public sector accounting has been developed in collaboration with the University of Eswatini and API.
- The program aims to enhance the skills and knowledge of public sector accountants, enabling them to implement the IPSAS framework effectively.

b. University Enrollments for Accounting Degrees

- Officers have been streamlined to enroll in universities for accounting degrees to bridge the gaps identified in the accountancy cadre.
- 35 officers have been sent to pursue degrees in accounting to better equip them for the new framework.

c. MBA in Accounting Placements

- 12 officers have been placed in programs to pursue an MBA in Accounting.
- These advanced degrees will help officers develop a deeper understanding of accounting principles and practices.

d. Profiling Exercise for IPSAS Certification

- A profiling exercise is underway to identify officers who will be sent for IPSAS certification through the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Association of Chartered Certified Accountants (ACCA).
- This certification will ensure that officers are well-versed in the IPSAS framework and can contribute effectively to the transition.

e. Collaboration with Multilateral Development Banks

- Multilateral development banks are working with the Treasury to strengthen the knowledge of officers on Public Financial Management (PFM).
- Officers are being trained in the PFM Academy to enhance their skills and knowledge in financial management.

Monitoring and Evaluation

a. Continuous Monitoring and Support

- Continuously monitor the progress of officers enrolled in degree and MBA programs to ensure they are on track and receiving the necessary support.
- Provide ongoing support and resources to officers pursuing IPSAS certification.

b. Expansion of Training Programs

- Expand the training programs to include more officers and ensure that all relevant personnel are adequately trained in the new accounting framework.
- Develop additional training materials and resources to support officers in their learning journey.

c. Strengthening Collaboration

- Strengthen collaboration with the University of Eswatini, API, and multilateral development banks to ensure the training programs are comprehensive and effective.
- Explore opportunities for further partnerships and collaborations to enhance the training efforts.

d. Regular Evaluation and Feedback

- Conduct regular evaluations and gather feedback from officers to assess the effectiveness of the training programs.
- Use the feedback to make necessary adjustments and improvements to the training initiatives

8.5 TREASURY SINGLE ACCOUNT (TSA)

Background and Purpose

The adoption of the Treasury Single Account (TSA) is a key initiative aimed at enhancing the efficiency and transparency of public financial management in Eswatini. In line with the

recommendations from the Tanzanian government's gap analysis and the requirements of the Public Financial Management (PFM) Act 2017, Eswatini is taking significant steps to implement the TSA.

Key Milestones Achieved

a. Benchmarking and Model Selection

- The Tanzanian government advised the Treasury and Central Bank of Eswatini to undertake benchmarking with other countries to identify the most suitable TSA model for Eswatini's unique jurisdiction.
- Research and analysis of different countries' TSA models are ongoing to select the optimal approach.

b. Integration of Payment Systems

- A critical recommendation is the integration of payment systems between the Treasury and Central Bank to ensure seamless and efficient operation of the TSA.
- Efforts are underway to align the systems, which will help in real-time monitoring and management of cash flows.

c. Change Management and Training Strategy

- The Treasury Department has recognized the importance of a comprehensive change management strategy to facilitate the transition to the TSA.
- A training strategy is being developed to conduct training sessions for users from both the Treasury and Central Bank of Eswatini.
- Training programs aim to ensure all stakeholders are well-versed in the new processes and systems associated with the TSA.

d. Compliance with the PFM Act 2017

- The Treasury has issued letters to controlling officers and commercial banks, reminding them of the PFM Act 2017 requirements.
- Emphasis has been placed on the prohibition of opening any accounts without the knowledge of the Office of the Accountant General.
- Commercial accounts are to be used solely as transit accounts, ensuring all funds are consolidated into the TSA.

Monitoring and Evaluation

a. Completion of Benchmarking

- Finalize benchmarking activities and select the TSA model that best fits Eswatini's needs.

- Engage with other countries and international organizations for best practices and lessons learned.

b. System Integration

- Accelerate the integration of payment systems between the Treasury and Central Bank.
- Conduct thorough testing to ensure system compatibility and efficiency.

c. Implementation of Training Programs

- Roll out the change management and training strategy to all relevant personnel.
- Monitor and evaluate the effectiveness of the training programs, making adjustments as necessary.

d. Ongoing Compliance Monitoring

- Establish a robust monitoring mechanism to ensure continuous compliance with the PFM Act 2017.
- Conduct regular audits and reviews to maintain accountability and transparency.

8.6 INTERGRATED FINNACIAL MANAGEMENT INFORMATION SYSTEM (IFMIS)

The Treasury Department is in full support of IFMIS implementation to enhance transparency and accountability.

Key benefits of the system include:

- Accurate reporting of public finances.
- Streamlined processes for managing public funds.
- Enhanced accountability in public expenditure.
- IFMIS integration with COA and TSA will further strengthen the financial management framework.

8.7 ARREARS OF MANAGEMENT

Background and Purpose

The Treasury Department is committed to promoting fiscal transparency and credibility by actively addressing government arrears. This initiative involves identifying longstanding obligations, reconciling to verify the authenticity of these obligations, and encouraging the use of an invoice portal to optimize the management and reporting of arrears and payables.

Key Milestones Achieved

a. Identification of Longstanding Obligations

- The Treasury Department has initiated a process to identify all longstanding obligations.
- This step is crucial for understanding the full extent of government arrears and addressing them systematically.

b. Reconciliation of Obligations

- An extensive reconciliation process is being undertaken to verify the authenticity of the government's obligations.
- This process ensures that only legitimate arrears are recognized and addressed, enhancing the accuracy and reliability of financial data.

c. Encouragement of Invoice Portal Usage

- Officers have been encouraged to use the invoice portal to streamline the management of arrears and payables.
- The invoice portal provides access to reports on arrears and payables, promoting efficient tracking and reporting.

Monitoring and Evaluation

a. Completion of Identification Process

- Finalize the identification of all longstanding obligations to ensure no arrears are overlooked.
- Engage with relevant stakeholders to gather comprehensive information on outstanding obligations.

b. Ongoing Reconciliation Efforts

- Continue the reconciliation process to verify the authenticity of all identified obligations.
- Address any discrepancies or issues that arise during the reconciliation process to ensure accuracy.

c. Optimization of Invoice Portal Usage

- Provide training and support to officers to maximize the use of the invoice portal.
- Ensure that all relevant personnel are proficient in using the portal for accessing reports and managing arrears.

d. Continuous Monitoring and Reporting

- Establish a robust monitoring and reporting mechanism to track the progress of addressing government arrears.
- Conduct regular reviews and assessments to ensure that arrears are managed effectively and transparently.

e. Stakeholder Engagement

- Engage with stakeholders, including government agencies and commercial banks, to ensure compliance with the PFM Act 2017 and other relevant regulations.
- Foster collaboration and communication to address any challenges and improve the overall management of arrears.

8.10 HUMAN RESOURCE

i. Staffing

During the financial year, 2024/2025, there has been some movements within the stores cadre. The Controller of Government Stores has since proceeded to compulsory retirement and this position needed to be filled since it is promotional. One Senior Stores officer positioned which was left vacant by the decease of its incumbent was also filled with a promotion. Six (6) Store-man have been promoted to Storekeeper positions and thirteen (13) Store-man positions have been filled through external recruitment.

In the Accountancy Cadre, one Deputy Accountant General, one Assistant Accountant General, two (2) Financial Controller, four (4) Principal Accountant, ten (10) Senior Accountant, nineteen (19) Accountant vacant positions have been filled through internal promotions.

a. Transfers

Within the reporting period, to ensure that officers are rotated within the different Government Ministries and Departments, Treasury Department with the assistance of the Civil Service Commission has successfully transferred eighty-four (84) officers from the different levels in the cadre.

b. Secondment

Two officers have been seconded to the Eswatini National Trust Commission (ENTC) and Royal Science and Technology Park (RSTP) for a period of six and three months respectively

ii. Training and Development

- a.** The Accountant General is tasked with the responsibility of providing leadership in the development of public sector accounting profession including the promotion of high standards and development of capacity in the profession. Professionalization and capacity development in the cadre requires the allocation of sufficient resources to induct and train or up skill the accounts personnel on a regular basis. Hence engagements are at a final stage with UNEWSA, API as well as ECOT with regards to programme development for capacity building for both

the Accountancy and Stores Cadres. These programmes are envisaged to commence at the beginning of Academic 2025.

- b. Two Accountants got funding for enrolment, and are currently pursuing their Master's Degree in Accounting at the University of Eswatini. Thirty-seven accountants have been sponsored to enroll at AMADI for a Degree programme in accounting on a part time basis for a period of two years.

Table 21 Revenue Performance Report

Description	Item Code	Budget E	Actual Expenditure E	Variance E	Over/ Under-Expenditure %	Favourable/ Adverse
Stamp duty	20306	12,571,469.00	4,001,834.00	8,569,635.00	68	A
Transfer duty	20308	11,348,380.25	12,427,759.00	(1,079,378.00)	-10	F
Motor vehicle licence	20401	7,452,205.00	7,890,808.00	(438,602.75)	-6	F
Motor vehicle penalties	20402	1,522,011.00	1,813,239.00	(291,228.00)	-19	F
Disposal of motor vehicle	20403	191,892.00	91,350.00	100,542.00	52	A
Change of ownership	20404	190,659.00	90,150.00	100,509.50	53	A
Motor vehicle registration	20405	350,851.25	383,250.00	(32,398.75)	-9	F
Drivers licence	20407	1,635,565.50	1,909,260.00	(273,694.50)	-17	F
Motor vehicle arrears	20408	764,670.50	1,080,108.00	(315,434.00)	-41	F
Special permit	20409	2,425.25	10,400.00	(7,974.75)	-329	F
Certificate of fitness	20410	1,516,049.25	532,520.00	983,529.25	65	A

Public driving permit	20411	167,388.75	186,900.00	(19,511.25)	-12	A
Motor vehicle duplicate disc	20412	17,076.75	18,225.00	(1,148.25)	-7	F
Duplicate T-Disc	20413	225,00	150,00	75.00	33	A
Instructors certificate	20415	2,476.75	1,500.00	976.75	39	A
Duplicate motor vehicle certificate	20416	65,657.75	56,600.00	9,057.75	14	A
Motor vehicle third plate	20419	90,681.75	98,085.00	(7,403.25)	-8	F
Motor vehicle cancellation fee	20434	2,249.50	2,520.00	(270.00)	-12	F
Motor vehicle transfer fee	20435	6,010.00	8,500.00	(2,490.00)	-41	F
Disposal of redundant stores	21150	1,316,465.00	1,162,900.00	1,047,065.00	12	A
TOTALS		39,214,410.00	31,766,055.00	8,341,855.00	19	A

REVENUE REPORT ANALYSIS

- **Stamp Duty (20306)**

Under-performance of 68%. Actual revenue collected amounting to E4, 001, 834.00 is significantly lower than the budgeted amount of E12, 571,469.00. The department has to investigate the causes of low collections, such as compliance issues or inefficiencies in the collection process, and implement corrective measures.

- **Transfer Duty (20308)**

Over-performance of 10%. Actual revenue collected amounting to E12, 427,759.00) exceeds the budgeted amount of E11, 348,380.25. The revenue collection unit should maintain or enhance the strategies that led to this over-performance.

- **Motor Vehicle Licence (20401)**

Over-performance of 6%. Actual revenue collected amounting to E7, 890, 808.00 is higher than the budgeted amount of E7, 452, 205.00. The office has to continue effective enforcement and compliance strategies.

- **Motor Vehicle Penalties (20402)**

Over-performance of 19%. Actual revenue collected amounting to E1, 813, 239.00 exceeds the budgeted amount of E1, 522, 011.00. The office has to strengthen enforcement mechanisms to sustain or improve this performance in collaboration with the Ministry of Works and Transport.

- **Disposal of Motor Vehicle (20403)**

Underperformance of 52%. Actual revenue collected amounting to E91, 350.00 is significantly lower than the budgeted amount of E191, 892.00. A review of the processes for disposing of motor vehicles and identify bottlenecks should be done to improve collection.

- **Change of Ownership (20404)**

Underperformance of 53%. Actual revenue collected amounting to E90, 150.00 is much lower than the budgeted amount of E190, 659.00. Department should streamline the change of ownership process to improve revenue collection.

- **Motor Vehicle Registration (20405)**

Over-performance of 9%. Actual revenue collected amounting to E383, 250.00 exceeds the budgeted amount of E350, 851.25. The office has to maintain efficient registration processes to sustain this performance.

- **Drivers Licence (20407)**

Over performance of 17%. Actual revenue collected amounting to E1, 909, 260.00 is higher than the budgeted amount of E1, 635, 65.50. The department has to continue with the effective licensing processes and enforcement.

- **Motor Vehicle Arrears (20408)**

Over performance of 41%. Actual revenue collected amounting to E1, 080, 108.00 significantly exceeds the budgeted amount of E764, 670.50. The Department has to strengthen arrears collection mechanisms to sustain this performance.

- **Special Permit (20409)**

Over performance of 329%. Actual revenue collected amounting to E10, 400.00 far exceeds the budgeted amount of E2, 425.25. The office should investigate the reasons causing this exceptional performance and replicate successful strategies in other areas.

- **Certificate of Fitness (20410)**

Underperformance of 65%. Actual revenue collected amounting to E532, 520.00 is significantly lower than the budgeted amount of E1, 516, 049.25. The Department should review compliance and enforcement strategies for fitness certifications.

- **Public Driving Permit (20411)**

Over performance of 12%. Actual revenue collected amounting to E186, 900.00 exceeds the budgeted amount of E167, 388.75. The Department should maintain effective processes for issuing public driving permits.

- **Motor Vehicle Duplicate Disc (20412)**

Over performance of 7%. Actual revenue collected amounting to E18, 25.00 is higher than the budgeted amount of E17, 076.75. The Department should continue efficient processes for issuing duplicate discs.

- **Duplicate T-Disc (20413)**

Underperformance of 33%. Actual revenue collected amounting to E150.00 is lower than the budgeted amount of E225.00. The Department should investigate the reasons for low collections and address any issues.

- **Instructors Certificate (20415)**

Underperformance of 39%. Actual revenue collected amounting to E1, 500.00 is lower than the budgeted amount of E2, 476.75. The office should review the process for issuing instructors' certificates and improve compliance.

- **Duplicate Motor Vehicle Certificate (20416)**

Underperformance of 14%. Actual revenue collected amounting to E56, 600.00 is lower than the budgeted amount of E65, 657.75). The department should streamline the process for issuing duplicate certificates to improve revenue collection.

- **Motor Vehicle Third Plate (20419)**

Over performance of 8%. Actual revenue collected amounting to E98, 085.00 exceeds the budgeted amount of E90, 681.75. The department should maintain efficient processes for issuing third plates.

- **Motor Vehicle Cancellation Fee (20434)**

Over performance of 12%. Actual revenue collected amounting to E2, 520.00 exceeds the budgeted amount of E2, 249.50. The office should continue effective enforcement of cancellation fees.

- **Motor Vehicle Transfer Fee (20435)**

Over performance of 41%. Actual revenue collected amounting to E 8,500.00 significantly exceeds the budgeted amount of E6, 010.00. The office should strengthen processes for collecting transfer fees.

- **Disposal of Redundant Stores (21150)**

Underperformance of 12%. Actual revenue collected amounting to E1, 162,900.00 is lower than the budgeted amount of E1, 316,465.00. The Department should review the disposal process and identify opportunities for improvement.

Conclusion

a. Address Underperforming Revenue Streams

The revenue unit shall conduct a detailed review of the severely underperforming items, such as Stamp Duty, Instructors Certificate, and Duplicate T Disc, to identify the root causes of the shortfalls. The unit shall also implement targeted strategies to improve compliance and revenue collection in these areas.

b. Leverage Over-Performing Revenue Streams

The unit is to analyse the factors contributing to the exceptional performance of Special Permits, Motor Vehicle Arrears, and Public Driving Permit to replicate similar success in other areas. It shall also consider expanding initiatives that have driven higher revenue collection in these categories.

9 INTERNAL AUDIT – HEAD 38

OBJECTIVES

The objectives of Internal Audit are to improve fiscal discipline and service delivery. Improved fiscal discipline and service delivery is achieved through:

- Providing an independent analysis, appraisal of public entities and making recommendations on the adequacy of internal controls, risk management and governance processes in delivering each entity's objectives,
- Confirming existing government assets and reviewing means of safe guarding these assets
- Delivering an independent assessment of the reliability and integrity of financial, regulatory and operational information and control effectiveness to Government,
- Promoting and advising on best control practices throughout Government.

The Internal Audit Office is established by Section 81 of the Public Finance Management Act of 2017. The Internal Audit Office provides internal audit functions to a public entity and any other entity designated by the Principal Secretary for the Ministry of Finance. Its operations are guided by the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

9.1 MEDIUM TERM POLICY OBJECTIVES

i. Fiscal Discipline and Arrears Management

To improve fiscal discipline towards ensuring that ministries and departments manage their funds appropriately to deliver their programs and activities within their budgets, the Internal Audit Office (IAO) verified arrears amounting to E816,023,106.43 (eight hundred and sixteen million, twenty-three thousand one hundred emalangen and forty-three cents) accumulated by seventeen (17) of these ministries and departments. Causal factors leading to the accumulation of arrears have been identified with management. Recommendations to improve fiscal discipline and ensure that ministries do not exceed the budget will be discussed with management in the listed ministries and departments:

- Defense

- Labour
- Police
- Correctional
- Home Affairs
- Public Works
- EBC
- Public service
- Judiciary
- ICT
- Health
- Economic planning
- Auditor General
- Natural resources
- Justice
- Tourism
- Parliament

ii. Improvement in Service Delivery

Delivery of government's goals and objectives is determined by economic factors and motivated strong public sector systems of control.

Strengthening of internal controls is one critical component that is aimed at improving public finance management control and service delivery. Where weaknesses in systems of internal control were realised, exit meetings were held and reports compiled to ensure that such anomalies are addressed by management. The IAO has assessed the adequacy and effectiveness of controls, governance and risk management systems through conducting different types of audits in the listed entities:

iii. Financial Audits

1. Health financial – closing stock
2. Housing – Financial (Matsapha Town Council)

Fleet Management

1. Anti –Corruption Commission
2. Finance
3. Tourism
4. Education - Projects (P173151-Fleet management)

Projects

1. Education - Projects (P173151-Fleet management)

Compliance with Schools Regulations

1. Education - Magubheleni Primary School
2. Education – Mangwaneni Primary School
3. Education – Ntuthukweni Primary School
4. Education - Mqolo Primary School

Supply Chain Management

1. Commerce
2. Labour
3. Home Affairs
4. Fire
5. DPMO
6. Eswatini Public Procurement Regulatory Authority (ESPPRA)
7. Central Medical Stores
8. Tinkhundla
9. Housing and Urban Development

Management Audit

1. DPMO OVCs grant
2. Cabinet - PPCU (External travel)

Utilities Audit

1. Sports - (EWSC + EEC)
2. Health - (EWSC)
3. Housing and Urban Development (Utilities)
4. Tourism and Environmental Affairs (Utilities)

Asset Management

1. Health- Mkhuzweni, Mankayane and Nkomanzi
2. Agriculture - Projects-Cordon fencing

9.2 FOLLOW UP AUDITS

Follow up audits were carried out during the year 2024/25 to ensure that systems of control are adequate and working for the intended purpose to improve the control environment and reduce accumulation of arrears in subsequent fiscal years. Seven (7) follow up audits were carried out.

Implementation of recommendations stands at an overall 59% after conducting follow up audits in the following entities:

conducting follow up audits in the following entities:

Table 22: Follow up Audits

	Ministry	Number of issues	Resolved	Partially Resolved	Unresolved	Percentage
1	Tourism financial	6	6	0	0	100%
2	Mbuluzi High School	10	4	3	3	40%
3	Tourism Fleet Management	7	2	3	2	29%
4	Commerce Financial audit	4	3	1	0	75%
5	Commerce Arrears	3	1	1	1	33%
6	Labour financial	7	6	1	0	86%
7	Labour Arrears	2	1	1	0	50%
	Overall	39	23	10	6	59%

9.3 ENTERPRISE RISK MANAGEMENT (ERM)

Enterprise risk management is one of the public finance management reforms that is coordinated by the Ministry of Finance through the IAO. The following was achieved in the current fiscal year:

- To ensure that risk management is established and is implemented ERM Training Manual has been finalized with the assistance of Commonwealth after it was piloted in four (4) member countries being Eswatini, Botswana, Lesotho and Namibia.
- Four (4) regional ERM trainings were conducted for the Ministry of Tinkhundla as they are in the process of establishing the Tinkhundla Empowerment Fund. In attendance in the trainings were Tindvuna TeTinkhundla, Members of Parliament and Clerks for all the four regions, thus the trainings were held in the regions.
- Enterprise Risk Management (ERM) Risk Assessment and Capacity Building Program for the Ministries of Agriculture, Health, Education and Public Service. One hundred and twenty (120) officers were capacitated. These comprised of Under Secretaries who are Chairpersons of the Risk Management Committees in the ministries, Departmental Heads who are members of the Committee and Risk champions. Risk Registers were developed.

9.4 AUDIT COMMITTEE

The Audit Committee as established by Section 82 of the Public Financial Management Act 2017 held its first ordinary meeting on the 19th -20th November 2024 to deliberate on the following issues:

- The first and second quarter performance reports for the Internal Audit department
- The internal Audit reports for audits conducted in the first two quarters of financial year 2024/25
- The internal audit Risk Based Annual Plan
- The Internal Audit Charter
- The Internal Audit Manual
- The Enterprise Risk Management Framework
- The Audit Committee Charter

The Committee also held its second ordinary meeting between 15th – 17th January 2025 and deliberated on the following issues:

- Third quarter performance report

- Nine (9) audits
- Four (4) follow up audit reports

The Committee met with four (4) Principal Secretaries and the Accountant General to discuss measures that need to be put in place to improve the control environment.

9.5 COMBINED ASSURANCE

Engagements with Anti-Corruption Commission were done and this led to the finalization of the Memorandum of Understanding (MoU). One (1) officer from the IAO attended PAC orientation and participated in the Public Accounts Committee (PAC) sittings for the duration of their programme. The officer also attended the Peer Review program and Training for members of the PAC and officials supporting the PAC held in Harare, Zimbabwe.

9.6 INVESTIGATIONS

One Principal Internal Auditor is assigned to the investigation at the Ministry of Agriculture which started in May 2024 and is expected to be completed at the end of January 2025.

One officer was enlisted in the completed Ministry of Natural Resources and Energy investigation committee on mining licenses.

9.7 HUMAN RESOURCES

- Five (5) officers left the Internal Audit Department
 - Two (2) Internal Auditors joined the office of the Auditor General
 - One (1) office driver requested for a transfer to the Ministry of Finance
 - one (1) Typist was transferred as a result of the Ministry of Public Service skills audit which deemed her position redundant in the office
 - One (1) Senior Internal Auditor has retired. His last day at work was the 31st December 2024.
- One (1) Senior Internal Auditor has been promoted to the position of Principal Internal Auditor within the Risk Management Unit
- Two (2) Internal Auditors have been promoted to the Position of Senior Internal Auditor.
- Two (2) officers (one Senior Internal Auditor and One Internal Auditor have been deployed to the Integrated Financial Management Information System (IFMIS) Technical Committee. These officers

will be part of the IFMIS Project for guidance on system weaknesses and putting controls in place.

As a result of these aforementioned, there are vacancies that need to be filled hence a request for authority to fill seven (7) vacant positions has been sent to the Ministry of Public Service.

9.8 ACHIEVEMENTS

- The Audit Committee was established and launched. The Committee Successfully held its first and second General meetings to deliberate on critical internal audit findings, monitoring the implementation of management action plans enhancing the closure of the issues to improve the control environment. The committee was able to engage four (4) Controlling officers to commit to implementation of recommended action plans
- The office conducted thirty- four (34) audits which is a 40% increase from last financial year's output of twenty – four (24) internal audit reports.
- Facilitated with Commonwealth to train a hundred and twenty (120) key government officials to establish ERM in five (5) ministries.

9.9 CHALLENGES

- The office has seven (7) vehicles and all were procured in financial year 2014. The vehicles attract high maintenance costs due to serious mechanical faults and frequent breakdowns. The Ministry of Public Works through the CTA does not respond favorably towards the numerous requests for the replacement of these vehicles.
- Staff turnover.

10. AUDITOR GENERAL – HEAD 58

INTRODUCTION

The Office of the Auditor-General is established by Section 207 of the Constitution of the Kingdom of Eswatini and Audit Act No.4 of 2005 as a Public Office. The Auditor-General is mandated to audit the Public Accounts of Eswatini and all offices, courts and authorities of the Government of Eswatini, and report to Parliament.

Vision: To be an independent Supreme Audit Institution that promotes good governance.

Mission: To provide assurance to stakeholders on accountability, transparency, integrity and value for money in the management of public resources, through quality audits.

Values:

- Independence and Objectivity □ Creativity and Innovation
- Integrity □ Public interest Professionalism □ Making a difference
- Inclusiveness □ □ Confidentiality, Transparency and Accountability

Functions:

The OAG is mandated to carry out Financial Audits, Compliance Audits, Performance Audits, Information System Audits, Investigative or Forensic Audits, and Audit Reviews. These audit core functions are supported by corporate services which need to be strengthened. The SAI has been engaged in the following assignments for the second quarter of the Financial Year 2024/2025.

10.1 CHAIRMAN OF THE AFRICAN UNION BOARD OF EXTERNAL AUDITORS (BoEA)

The Auditor General, as Head of the Supreme Audit Institution (SAI) has been appointed into the African Union Board of External Auditors (BoEA) to carry out audit assignments for financial years 2024 and 2025 as per Rule 99 of the African Union Financial Rules and further appointed to Chair this Board. He joined the BoEA to represent the Southern Region together with Mauritius (Eastern Region), Ivory Coast (Western Region) as well as Equatorial Guinea (Central Region) and now heads the overall audit of the AU.

The Board of External Auditors comprises Eleven (11) Heads of Supreme Audit Institutions, one member from each five region of Africa, to serve for a tenure of two-year term. The Board also comprises an additional six Member States from the first-tier of the scale of assessment of the African Union budget. The Board is mandated to make observations on the efficiency of the financial management, including the accounting system, the internal controls and, in general, the administration and management of the African Union, including internal liaisons between the various authorities responsible for the framing, preparation and administration of the annual budget.

In the first quarter of the year, the SAI concluded AU Audits that were assigned to the country. SAI Eswatini was tasked with the Audit of the African Union organ, the African Committee of Experts on the Rights and Welfare of the Child (ACERWC) based in Lesotho and the Inter African Bureau for Animal Resources (IBAR) in Kenya. Audits commenced in March 2024 and have been concluded with the reports having been signed in May 2024. The new assignments for SAI Eswatini is the audit of the AU Commission in Addis Ababa, Ethiopia and the African Peer Review Mechanism (APRM) in Midrand, South Africa which commence on 24 February 2025 to be concluded on 22 April 2025.

10.2. AUDIT OF THE AFRICAN DEVELOPMENT BANK LOAN TO THE KINGDOM OF ESWATINI

The Office of the Auditor-General has audited an Agriculture Emergency Food Production Facility program and issued a Management Letter (Audit Report) in this quarter.

10.3. JOINT AUDIT OF GLOBAL FUND GRANT

The Office of the Auditor general conducted a joint audit with the Office of the Inspector General of the Global Fund on the Global Fund Grants to the Kingdom of Eswatini, in the first quarter.

10.4. AUDITED ESWATINI MISSIONS ABROAD

The Office of the Auditor General audited the following ten (10) Eswatini Missions Abroad:

- (a) Embassy to the Kingdom of Eswatini, Washington D.C.;
- (b) Permanent Mission of the Kingdom of Eswatini to the United Nations, New York;
- (c) Eswatini High Commission in Mozambique;
- (d) Eswatini Consulate Office in Johannesburg;
- (e) Eswatini High Commission in Pretoria;

- (f) Eswatini Embassy Taiwan (Taipei);
- (f) Eswatini Embassy in Malaysia;
- (g) Permanent Mission of Eswatini in Geneva;
- (h) Embassy of the Kingdom of Eswatini and Mission to the European Union in Brussels; and
- (i) Embassy of the Kingdom of Eswatini in Morocco.

10.4.1. Infrastructure Audits

The Office collaborated with AFROSAI-E in the design of a curriculum for the audit of large Infrastructure.

10.4.2. Audit of Capital Projects

The Office audited the following capital projects:

Micro-Projects Special Funds (CDSF)

Regional Development Fund (RDF)

Way-bridge Matsapha for the year ended 31st March 2023; and

Construction of executive Hanger at KM III for the ended 31st March 2023

10.5. AUDIT OF SCHOOLS

The Office conducted audits on the following schools and draft reports were issued:

Lamawandla High School

Nhlangano Central High School

Nkilongo Primary School

Chibidze AME Primary

Hhohho AME Primary

MDS

Our Lady of Sorrows

Bahai Schools

Hlutse

Sibusisweni High School

Mzipha Primary

Manyandzeni Primary

Hlathikhulu Central Primary

Ebuhleni Primary

New Thulwane

Duze High

St. Philomena Primary

Further, the SAI evaluated responses to 37 management letters issued and further drafted 28 Reference Sheets to public schools.

10.6. AUDIT OF WORLD BANK PROJECTS

The Office audited the following World Bank Projects:

- Eswatini COVID-19 Emergency Response Preparedness – Loan from World Bank Project number 173883;
- Audited the Health System Strengthening for Human Capital Development (HSS4HCD) – Loan from World Bank Project P168564; and
- Strengthening Early Childhood Development and Basic Education: Loan from World Bank Project

10.7. SPECIAL AUDITS

The Office conducted special audits and draft reports were issued to various Ministries in the first quarter as follows:

- Performance audit on Public Debt 2022/2023 - Ministry of Finance;
- Government Accounting System – Treasury Department;
- Swaziland Livestock Identification and Traceability System- Ministry of Agriculture
- Acquisition and Distribution of Medical Drugs - Ministry of Health;
- Audit of Phalala Fund for the year ended 31st March 2023 - Ministry of Health;
- Audit of Elderly Grants to DMP's Office;
- Audit of Gratuity Payments for the 11th Parliament;
- Audit of Eswatini Railways; and
- Audit of Pigg's Peak Town Council
- Audit of AfDB Project T515 Manzini-Mphandze Highway Lot 1.

10.8 OUTSOURCED AUDITS

The Office outsourced to SNG Grant Thornton the audit of Financial Statements of Eswatini National Trust Commission (ENTC) for the year ended 31st March 2023.

10.9. PERFORMANCE AUDITS

A comprehensive Sector Assessment on various Government sectors was conducted and a proposal for prioritised Performance Audit topics was issued.

10.10. PAC FOLLOW – UP AUDITS

The SAI carried out follow- up audits on the implementation of PAC recommendations for all 31 Government Ministries, Department and Agencies. Briefing notes.

The OAG further conducted a Follow-up audit in response to PAC Recommendations for the National Disaster Management Agency (NDMA), covering COVID-19 response project, Child-Headed Families Project, Lay-off Relief Fund Project, and Cyclone Eloise Response Project. The report was tabled in Parliament and deliberated on by the PAC.

10.11. AUDIT REVIEWS

The OAG conducted 42 audit reviews of audited financial statements for the year ended 31st March 2023 of Public Enterprises and issued 31 Audit Review Reports; and evaluated management responses and issued Audit Reference Sheets.

10.12. AUDIT OF GOVERNMENT MINISTRIES

The office has concluded the financial audit for all 31 Government Ministries and Departments for the financial year ended 31st March 2024. This includes 119 financial statements prepared and submitted by the Accountant-General, and other World Bank Programmes being implemented by the Ministry of Health as well as Ministry of Education and Training.

10.13. REFERENCE SHEETS

The OAG evaluated auditee responses to issued management letters and further issued 13 Audit Reference Sheets to the following entities:

- Embassy of the Kingdom of Eswatini in Ethiopia, Addis Ababa;
- Kingdom of Eswatini High Commission, Pretoria;
- Embassy of Eswatini in Kuwait;
- Manzini/ Mpandze Highway Construction, Lot 1, Project T51;
- Audit of Cash in Police Stations: Royal Eswatini Police Service;
- Eswatini Nazarene Health Institutions;

- Eswatini Television Authority;
- Youth Enterprise Revolving Fund;
- Eswatini National Youth Council;
- Eswatini Post and Telecommunications Corporation;
- Motor Vehicle Accident Fund;
- Environmental Fund - Ministry of Tourism and Environmental Affairs; and
- Conciliation, Mediation and Arbitration Commission (CMAC).

10.14. ENHANCEMENT OF LEGAL FRAMEWORKS AND INSTITUTIONAL DEVELOPMENT

The SAI conducted engagements with various well-functioning Supreme Audit Institutions (SAIs) in the African Region with the aim of enhancing the local SAI's legal framework and institutional development programme in the first quarter. In the second quarter, the legal drafting team presented to the SAI's Top Management a draft Audit Bill, which is still being worked on.

10.15. HUMAN RESOURCES DEVELOPMENT AND MANAGEMENT

10.15.1. Professionalisation of Public Sector Auditors

Since auditing is a specialised field, it requires Continuous Professional Development for one to adequately carry out the work. For non-sponsored programmes, the SAI continually receives support from AFROSAI-E as there are restrictions by Government for non-sponsored programmes outside the country. As the SAI encourages continuous development, a number of officers (about 30 Officers) have enrolled for various programmes of learning including the INTOSAI-IDI Certification - Professional Education for SAI Auditors (PESA), Public Sector Auditor Qualification from SAIGA, Bachelor (Honours) of Science Accounting and Finance - ACCA with UNICAF University as well as Master of Commerce (Auditing) with UNESWA.

10.15.2. Training and Development

Change Management: The OAG conducted a Change Management Program of Staff attended by 55 officers at all levels, facilitated by the Ministry of Public Service.

A-SEAT Support: Two Auditors from OAG have been involved as trainers in the region providing support in training other SAIs on the AFROSAI-E SAI Enhancement Auditing tool (A-SEAT) deployment and usage in Zimbabwe, Lesotho and Zambia. Two (2) A-SEAT Administrators have also been capacitated.

Performance Audit 3-Module Course: One Performance Auditor was engaged by the AFROSAI-E as a resource to carry out a training on Performance Audit three module course in South Africa.

Climate Scanner: Two Auditors attended a Climate Scanner workshop and are currently undertaking a research on Climate Scanner information.

Training of Trainers Champions Program: Three officers participated in a Training of Trainers Champions workshop at AFROSAI-E over two weeks in July 2024

Financial Audit Methodology: One Financial Auditor participated in a AFROSAI-E Financial Audit Methodology (FAM) Conference for SAIs implementing the revised FAM for two weeks in September 2024.

10.16. RECRUITMENT AND STAFFING

The Civil Service Commission has, successfully filled 24 vacancies in the Office of the Auditor General comprises of 15 Assistant Auditors and 9 Auditors.

10.17. COMMUNICATION AND STAKEHLODER ENGAGEMENT

The Communications Unit has supported the OAG engagement efforts with various stakeholders at various levels.

10.18. PAC COLLABORATION AND SUPPORT

The OAG attended the first set of PAC hearings as part of the collaboration and support coordinated in this unit. Various activities have been undertaken concurrently with the sittings such as a surprise visit to the Central Medical Stores by the PAC and the OAG and a fact finding visit to the Scholarship Recovery office following deliberations in the House. The OAG and PAC also participated in the Annual SADCOPAC Conference and AGM.

10.19. MEDIA ENGAGEMENTS

The Unit continues to manage relations with the local media to promote the corporate image of the office. The OAG has in recent times experienced publicity of its work which the media has taken interest in. The Communications Unit has taken the lead in engaging the media at various levels and also doing interviews to explain and correct misconceptions about the work of the OAG. We had a radio interview on EBIS (Both Channels) as well as facilitated an interview for the Auditor-General on a current affairs programme called “Tindzaba Letikhetsekile”.

11. RECURRENT EXPENDITURE

11.1 HEAD 34- MINISTRY OF FINANCE

Table 24 : Summary on Recurrent Expenditure

Item	Estimated Budget	Released	Expenditure	Committed Amount	Variance	Percentage Variance
00-(CTA Charges)	514,028	496,318	360,373	16,500	119,445	24%
01-(Personnel costs)	28,701,507	28,536,476	26,206,945	0	2,329,531	8%
02-(Travel, transport and communication)	5,185,990	8,946,596	7,166,568	1,238,231	541,797	6%
04-(Professional and Special services)	22,692,995	18,746,224	16,435,887	668,571	1,641,766	9%
05-Rentals(land, buildings and computers)	600,000	619,350	447,054	0	172,296	28%
06-Office stationery and supplies	644,623	1,962,915	892,422	1,057,923	12,570	1%
07- Durables	0	533,400	170,498	296,969	92,933	17%
10- (Internal grants)	665,513,180	665,513,176	665,513,176	0		0%
11-(External Grants)	38,057,994	33,068,079	30,165,023	0	2,903,056	9%
Total	748,989,532	758,422,534	747,357,946	3,278,194	7,813,394	1%

BELOW IS THE SUMMARY OF RECURRENT EXPENDITURE PER ITEM:

The Ministry of Finance was allocated an amount of E748,989,532 for the 2024/25 financial year of which E758,422,534 was released. The expenditure in the last quarter stands at E750,636,140 which is the sum of actual and committed expenditure.

BELOW IS THE SUMMARY OF RECURRENT EXPENDITURE PER ITEM:

ITEM 00- CTA CHARGES 24 %

This item is determined by activities done within the Ministry for all vehicle expenditure. The percentage variance shows 24% at this time of the year. This shall cater for all the outstanding commitments and the savings will be transferred to head 53 to cater for the additional petrol usage for the ministry.

ITEM 01- PERSONNEL COST AND ALLOWANCES 8%

This item shows an expenditure variance of 8% if analyzed according to what has been released for up to the current period and this means it is still within the annual budget allocation.

ITEM 02- TRAVEL, TRANSPORT AND COMMUNICATION 6%

This reporting item covers funds reserved for transport, external travel and communication costs. The variance shows that the item is at 6% at this time of the year due to the increasing number of external travels that occur during the financial year. Constant reallocations were made to cater for these travels, however it is still operating within the allocated budget.

ITEM 04- PROFESSIONAL AND SPECILA SERVICES 9%

This item is used to cater for security services, printing of reports, utility bills, government gazettes and workshops within the Ministry and other professional services. The percentage variance of 9% is currently within the allocated budget.

ITEM 05- RENTALS (LAND, BUILDING& COMPUTER EQUIPMENT) 28%

This reporting item shows 28% variance as invoices for up to the month of October 2024 rental charges from the Central Bank of Eswatini have been submitted to the Treasury department and capture into the system as they are submitted outside of the system. The remaining months rentals will be processed before the end of the financial year 2024/25.

ITEM 06- CONSUMABLES, MATERIALS AND SUPPLIES 1%

This item is operating within the allocated budget as the percentage shows an 1% expenditure variance in the remaining period of the financial year.

ITEM 07- DURABLE MATERIALS AND EQUIPMENT 17%

This reporting item was not allocated any budget this financial year. Funds were reallocated to cater for urgent requests from the departments within the ministry.

ITEM 10- GRANTS AND SUBSIDIES –INTERNAL 0%

The Ministry is operating within the set budget as there is currently a 0% expenditure variance and all 4th quarter subventions for the financial year have been processed.

ITEM 11- GRANTS AND SUBSIDIES EXTERNAL 9%

The budget allocated for external subscriptions and payments have been made for all invoices/requests submitted so far.

11.2 HEAD 35- TREASURY AND STORES

Overview

The Treasury Expenditure Annual Report for the 2024/2025 financial year provides a summary of expenditure performance up to the end of the 9th month. The report highlights variances between budgeted and actual expenditures, along with projections for the end of the financial year. Below is a detailed analysis of the expenditure performance by control item, supported by explanatory notes.

Table 25: Summary on Recurrent Expenditure

	ESTIMATED BUDGET (E)	RELEASED TO DATE(E)	EXPENDITURE (E)	COMMITTED AMOUNT (E)	VARIANCE (E)	% VARIANCE
00-(CTA- CHARGES	1 982 573,00	1 486 920,00	194 985,61	35 000,00	1 256 934,39	85%
01- (PERSONEL COSTS)	33 470 263,00	24 650 002,00	30 391 090,71	0	-5 741 088,71	-23%
02-Travel, transport and communication)	705 671,00	2 212 676,00	1 041 141,74	606 237,31	565 296,95	26%
04 -Professional Services	12 051 762,00	5 315 826,00	2 923 222,96	919 152,19	1 473 450,85	28%
06- Office supplies & consumables	2 688 161,00	2 626 020,00	2 265 149,06	119 658,80	241 212,14	9%
07-Durables(furniture, equipment e.t.c)	800 000,00	950 001,00	0	263 334,37	686 666,63	72%
11-Grants & Subsidies)	360 000,00	360 000,00	487 215,00	0	-127 215,00	-35%
TOTAL	52 058 430,00	37 601 445,00	37 302 805,08	1 943 382,67	-1 644 742,75	

EXPLANATORY NOTES FOR THE ANNUAL FINANCIAL PERFORMANCE

Significant underperformance is observed in CTA Charges, Professional Services, and Durables, primarily due to delays in processing and procurement.

Personnel Costs and Grants & Subsidies have exceeded their budgets, highlighting potential inefficiencies or unforeseen expenses. High commitments in items such as Travel, Transport & Communication and Durables suggest pending expenditures that could impact the final financial position.

- **00 - CTA Charges**

This item indicates performance resulting in under-expenditure of 85%. Only E194, 985.61 of the released funds have been expended, with minimal commitments of E35, 000.00. This indicates significant delays in utilizing allocated funds. The department has to investigate the cause of delays and expedite the processing of CTA charges to ensure funds are utilized effectively.

- **01 - Personnel Costs**

This item indicates over commitment resulting in over-expenditure of 23%. Expenditure of E30, 391 ,090.71 exceeds the released funds E24, 650, 002.00, indicating potential overspending on personnel-related costs. The office shall review staffing levels, salaries, and benefits to align with the approved budget and avoid further over-expenditure.

- **02 - Travel, Transport & Communication**

This item has under-performed resulting in under-expenditure of 26%. Despite high commitments E606, 237.31, actual expenditure E1, 041,141.74 is significantly lower than the released funds E2, 212, 676.00. The Department has to prioritize the processing of travel claims and communication bills to utilize the allocated funds before the end of the financial year.

- **04 - Professional Services**

This item indicates under-performance resulting in under-expenditure of 28%. Expenditure of E2, 923, 222.96 and commitments of E919, 152.19 are low compared to the released funds E5, 315, 826.00. The office should accelerate the procurement of professional services and ensure contracts are finalized promptly to avoid underutilization of funds.

- **06 - Office Supplies & Consumables**

This item indicates under-expenditure of 9%. Expenditure of E2, 265, 149.06 and commitments of E119, 658.80 are close to the released funds E2, 626, 020.00, indicating relatively efficient utilization. The office shall maintain current procurement processes and ensure remaining funds are utilized effectively.

- **07 - Durables**

The item indicates under-expenditure of 72%. No expenditure has been recorded, despite high commitments amounting to E263, 334.37. This is caused by delays in procurement processes of durable items. The department shall expedite the procurement process and ensure timely delivery and payment for durable items before the financial year ends.

- **11 - Grants & Subsidies**

This item indicates an over-commitment resulting in an over-expenditure of 35%. Expenditure of E487, 215.00 exceeds the allocated budget of E360, 000.00, due to a slight increase in the subscriptions and exchange rate loss. The Department has to review the subscription allocations to ensure they align with the approved budget and avoid further over-expenditure.

11.3 HEAD 38- INTERNAL AUDIT

Table 26: Summary on Recurrent Expenditure

ITEM	BUDGET	RELEASED FUNDS	ACTUAL EXPENDITURE	VARIANCE	%
00	460 528	345 396	217 879	127 516	63%
01	10 687 192	8 061 579	8 918 617	-875 038	-11%
02	613 438	601 334	182 106	266 307	30%
04	840 332	461 317	161 045	280 271	34%
06	180 567	199 912	89 576	110 335	44.8%
07	100 000	25 000	0.00	25 000	100%
TOTAL	12 882 057	9 694 538	9 569 223	-65 609	6.6%

Source: Internal Audit Department

Expenditure Analysis

- **ITEM 00 – CTA CHARGES:** This Control Item is showing an **under expenditure** of **63%** of the released funds. This item will normalize, there are commitments that have been made. The Office is waiting for Quotations from Central Transport Administration (CTA) for four vehicles that have breakdowns.
- **ITEM 01- PERSONEL COSTS:** This Control item is indicating an **over expenditure** of **- 11%**. The budget allocation for this item is less than what was budgeted for. The Ministry of Public Service has been engaged on this issue.
- **ITEM 02- COMMUNICATION AND TRAVEL:** There is an **under expenditure** of **30%** of the released funds. The under expenditure will normalize as commitments in this item are

still in process

- **ITEM 04- PROFESSIONAL SERVICES:** This Control Item is indicating an **under expenditure** of **34%** of the released funds. Further commitments await completion of all Procurement procedures.

- **ITEM 06- CONSUMABLES:** There is **44.8%** under expenditure of the released funds in this item. Other commitments in this item are still in process.

- **ITEM 07 – DURABLES:** There is a projected **under expenditure of 100%** of the allocated Annual budget allocation. The office is awaiting a full release on this item to be able to procure the needed items for the office.

11.4 HEAD 58- AUDIT OFFICE

Table 27: Summary on Recurrent Expenditure

Item	Budget Estimate (E)	Cumulative Released Budget (E)	Expenditure and Commitments (E)	Variance (E)	Variance in %
00-CTA Charges	782,110.00	482,110.00	114,768.00	367,342.00	76%
01-Personal Costs	18,496,988.00	18,591,305.00	21,396,931.00	- 2,805,626.00	-15%
02:Travel, Transport & Communications	2,875,410.00	3,875,410.00	3,801,197.00	74,213.00	2%
03:Drugs	59,796.00	59,796.00	0.00	59,796.00	100%
04: Professional and Special Services	5,124,111.00	4,424,111.00	1,943,512.00	2,480,599.00	56%
06: Consumables	708,859.00	708,859.00	889,917.00	-181,058.00	-26%
07: Durables	0.00	0.00	0.00	0.00	0%
11: Grants & Subsidies - External	131,400.00	251,400.00	205,580.00	45,820.00	18%
Total	28,178,673.00	28,392,991.00	28,351,905.00	45,820.00	0%

Expenditure Analysis

Control item 00 - CTA Vehicle Charges:

This item projects an under expenditure of 76% because the billing system is delayed for a period of three months. This item only caters for service, maintenance and hiring of vehicles.

Control item 01 - Personnel Costs:

There is an over-expenditure of -15% in this item. This is due to filling of vacant posts during the which was done in the third quarter. The filling of vacancies is expected to continue in the next financial year.

Control item 02 –Travel, Transportation and Communications

This item shows an under-expenditure of 2%. This insignificant positive variance projects that funds under this item will be expended as per the budget allocation and re-allocations.

Control item 03- Drugs

This is item for medical drugs and a first aid kit. Plans are to utilize funds in the last quarter.

Control item 04- Professional and Special Services

This item projects an under-expenditure of 56%. Funds under this item code have been committed and will be expended by the close of the current financial year.

Control item 06- Consumable Material

The over-expenditure for this item is -26% and this is due to insufficient funds allocated to this budget item. The over-expenditure will be cleared using savings in some of the budget item codes.

Control item 07- Durable Material

There was not budget allocated in the year 2024/2025.

Control item 11- Grants and Subsidies-External

This item projects an under-expenditure of 18%. This is due to annual membership fees for INTOSAI which are yet to be paid before the end of the financial year.

19.2 Capital Expenditure

This capital expenditure budget is for customization of the automated audit system, development of the record management system; and capacity building on audit of capital projects, investigative audits, information system audits, and the use of both systems.

Table 28: Capital Expenditure

Project	Budget Estimate (E)	Cumulative Released Budget (E)	Cumulative Expenditure (E)	Variance (+ Under / - Over Expenditure (E))	Under / Over Expenditure in Percentage (%)
G62399	0.00	0.00	0.00	0.00	0%
G63870	1,794,000	1,518,289.00	1,518,289.00	0.00	0%

G62399 Automated Audit System and Capacity Building Project

The Office did not receive a budget for this project however a supplementary budget will be requested to synchronize the ESEAT Enhanced Audit Management system with the Performance Management System. Certain invoices have been paid and some invoices are yet to be paid to the service providers from the supplementary budget.

G63870 Institutional Capacity Development Project

The Office enrolled and paid tuition and examination fees for seven (7) Auditors studying Bachelor (Honours) of Science Accounting and Finance - ACCA with UNICAF University and 15 Auditors are also studying Public Sector Auditor Qualification at Southern African Institute of Government Auditors (SAIGA). Two Auditors are also pursuing Master's Degree in Accounting at the University of Eswatini. Certain invoices have been paid and some invoices are yet to be paid to the service providers from the supplementary budget.