ESWATINI
Country Handbook

SUPPORTING SOCIAL AND ECONOMIC DEVELOPMENT IN SOUTHERN AFRICA: RECENT ACTIVITIES OF THE SUBREGIONAL OFFICE FOR SOUTHERN AFRICA OF THE ECONOMIC COMMISSION FOR AFRICA IN ESWATINI
Antonio Pedro, Acting Executive Secretary of ECA

Our mission is to deliver ideas and actions for an empowered and transformed Africa, informed by the 2030 Agenda and Agenda 2063.

ECA’s Core Functions:

Conducting multisectoral research and analysis that nurture regional integration.

Providing platforms for policy frameworks and action plans at the regional and subregional levels.

Providing policy advice and analytical work to support countries’ sustainable development.
ECA’s Strategic Directions:

**BUILD**
ECA analytical capabilities

**FORMULATE**
Macroeconomic and structural policies

**DESIGN**
Innovative financing models

**INTEGRATE**
Regional and subregional initiatives

**ADVOCATE**
Continental ideas at the global level

Hanan Morsy, Deputy Executive Secretary and Chief Economist of ECA

ECA’s Overall objective is to promote inclusive and sustainable development in support of accelerating the economic diversification and structural transformation of Africa, in line with the 2030 Agenda for Sustainable Development and Agenda 2063: The Africa We Want
The ECA Subregional Office for Southern Africa, based in Lusaka, supports 11 member States: Angola, Botswana, Eswatini, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Zambia and Zimbabwe. ECA pursues its mandate through the direct intervention of the two technical sections of the Subregional Office, the Subregional Initiatives Section and the Inclusive Industrialization Section. Within its broader programme of supporting social and economic development across the subregion, the Subregional Office periodically designates specific countries on which to focus its technical support, addressing specific development challenges. During the 2020–2023 cycle, the focus countries are Malawi, Namibia, South Africa, Zambia and Zimbabwe.

Support for member States is anchored in the three core functions of ECA: convening, acting as a think tank and providing operational support.

» Convening platforms. The Subregional Office for Southern Africa provides subregional bodies, member States and other stakeholders with a platform for consensus-building, leading to the development of policy frameworks, standards and action plans that reinforce subregional integration and development.

» Acting as a think tank. The Subregional Office conducts multisectoral research and analysis to foster the integration of the three pillars of sustainable development (social, economic and environmental) and promote peer learning, innovative thinking, advocacy of public policies and intersectoral linkages and synergies.

» Operational support. The Subregional Office for Southern Africa provides policy advice at the national and subregional levels through direct, demand-based support for member States and regional economic communities in areas related to the normative and analytical work of ECA, in collaboration with the United Nations system at the country level.
Economic Commission for Africa, mandate and core functions

**Mandate**

The mission of the Economic Commission for Africa (ECA) is to deliver ideas and actions for an empowered and transformed continent, informed by the 2030 Agenda for Sustainable Development and Agenda 2063: The Africa We Want, of the African Union.

**Core functions**

» Convening platforms for policy frameworks and action plans at the subregional and regional levels

» Acting as a think tank by carrying out multisectoral research and analysis to promote regional integration

» Providing operational support, including policy advice and analytical work, for the sustainable development countries

**Actions encompassed by the core functions of the Subregional Office for Southern Africa**

» Assisting member States and regional economic communities in the subregion in promoting and developing inclusive industrialization policies, national and subregional plans, and appropriate institutional frameworks geared towards achieving social and economic development.

» Collaborating with the secretariats of the Southern African Development Community (SADC), the Common Market for Eastern and Southern Africa, the Southern African Customs Union, other intergovernmental organizations, the private sector and other stakeholders in promoting subregional development agendas and priorities.

» Convening expert group meetings and policy dialogues and providing technical support and advisory services to member States and other stakeholders aimed at enhancing their capacity to design and implement priority initiatives for subregional economic transformation.
Recent technical support provided by the Subregional Office for Southern Africa to stakeholders in Southern Africa

» Industrial policy harmonization

» Development of national strategies and implementation plans related to the African Continental Free Trade Area

» Support for the growth of micro-, small and medium-sized enterprises

» Domestic resource mobilization

» Capacity-building in macroeconomic modelling

The Subregional Office for Southern Africa periodically designates specific countries on which to focus its technical support within the broader programme of supporting social and economic development across the subregion by addressing specific development challenges. The current focus countries in the region are Malawi, Namibia, South Africa, Zambia and Zimbabwe.

Eswatini, socioeconomic and development context

Overview

Eswatini, formerly known as Swaziland, has a relatively diversified economy, although it is more dependent on such sectors as agriculture, manufacturing and mining than on others. The country is the last absolute monarchy in Africa. It is ruled by King Mswati III and Queen Mother Ntfombi, who have veto powers over the three branches of Government (the executive branch, a bicameral legislature and the judiciary).

Eswatini is a member of SADC, the Common Market for Eastern and Southern Africa, and the Southern African Customs Union, which includes four other members: Botswana, Lesotho, Namibia and South Africa. It was among the first countries to deposit its instruments of ratification for the Agreement Establishing the African Continental Free Trade Area, on 2 July 2018.

Economic trends

According to the Central Bank of Eswatini, gross domestic product (GDP) is estimated to have risen by 7.9 per cent in 2021, after a contraction of 1.6 per cent in 2020 during the coronavirus (COVID-19) pandemic. The inflation rate rose to 5.8 per cent in August from 5.3 per cent in December 2021. Many shocks, including higher oil and food prices, the conflict between the Russian Federation and Ukraine, and the effects of COVID-19 have all contributed to eroding the country’s economic
prospects. Escalating inflation in neighbouring South Africa is another factor affecting Eswatini, through imported goods and services; the country depends on South Africa for nearly 70 per cent of its imports. Further inflationary pressures have emanated from disruptions to fertilizer and wheat supplies because of the conflict between the Russian Federation and Ukraine. Inflationary pressures are projected to continue, owing to the weakening of the South African rand.

**Social indicators**

Eswatini has a population of approximately 1.16 million people (World Bank 2020 estimate).1 Despite its status as a lower-middle-income country, an estimated 31.7 per cent of the people live below the international poverty line of $2.15 a day (2017 purchasing power parity),2 while 69 per cent of the rural population live below the national poverty line and 25 per cent are extremely poor, according to the World Food Programme.3 World Bank figures4 indicate that Eswatini has a Gini coefficient of 0.546 (2016).5 Approximately 70 per cent of the population, of whom 60 per cent are women, still rely on subsistence farming in rural areas.6 This situation is likely to get worse, owing to the unpredictability of climate change and other factors that could continue to weaken the economy of Eswatini.

Recent support from the Subregional Office for Southern Africa to Eswatini

Promoting development of micro-, small and medium-sized enterprises and inclusive industrialization

The Subregional Office for Southern Africa has been providing technical support to the Government of Eswatini to develop an inclusive financing model, promoting the growth of micro-, small and medium-sized enterprises in the country, following a request made to ECA by the Government, through the Ministry of Commerce, Industry and Trade. Since November 2019, when the first field mission to Eswatini was carried out, the financing framework for micro-, small and medium-sized enterprises was designed. It is aimed at enhancing their growth and

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1 Available at https://data.worldbank.org/country/eswatini?view=chart.
4 Available at https://worldpopulationreview.com/country-rankings/gini-coefficient-by-country.
5 Available at https://data.worldbank.org/indicator/SI.POV.GINI?locations=SZ.
their integration into the industrialization process, in line with the SADC Industrialization Strategy and Roadmap, 2015–2063. A national consultative meeting was held online in August 2020 as part of the continuous engagement of stakeholders, in particular those from the private sector. The financing framework for micro-, small and medium-sized enterprises was finalized, approved by the Government and launched in late 2021. Starting in 2022, capacity-building workshops have been held in four regions in Eswatini, and lessons learned from the workshops are being documented to inform a potential roll-out to other member States.

Eswatini is one of nine member States covered by the Subregional Office for Southern Africa that have ratified the Agreement Establishing the African Continental Free Trade Area. Moreover, the country has also initiated the process of formulating its national implementation strategy relating to the Agreement, with technical support from ECA. Three consultants have been recruited to draft the strategy, and a national consultative forum was organized in early November 2022 to solicit input from stakeholders.
Response to the pandemic

The Subregional Office for Southern Africa worked closely with the Resident Coordinator Office and other United Nations agencies in the country to support studies analysing the social and economic impact of COVID-19, in support of interventions by the United Nations system and other stakeholders, in particular in 2020.

In addition, the Subregional Office for Southern Africa is supporting member States, including Eswatini, through the Development Account Global MSME Surge Project (2020–2021), which is aimed at strengthening the capacities of micro-, small and medium-sized enterprises in Southern Africa to address and mitigate the economic and social impact of COVID-19.

Actions to date include:

- Two analytical studies were launched in collaboration with the ECA Digital Centre of Excellence – one on opportunities for micro-, small and medium-sized enterprises within the green and blue economies in SADC countries and one on the role of digitalization in strengthening the capacity of micro-, small and medium-sized enterprises in Southern Africa – and an ad hoc expert group meeting was held to discuss the two studies, which were finalized and disseminated by video at the twenty-seventh session of the Intergovernmental Committee of Senior Officials and Experts for Southern Africa.

- An online training course for African businesses on the use of technology and innovation to address the impact of COVID-19 has been designed and rolled out, in close collaboration with the African Institute for Economic Development and Planning.

- A digital platform on technology and innovation for micro-, small and medium-sized enterprises, to be hosted by the SADC Business Council, is currently undergoing testing.

Intergovernmental Committee of Senior Officials and Experts for Southern Africa

The Intergovernmental Committee of Senior Officials and Experts for Southern Africa was constituted under Commission resolution 826 of 1977 and General Assembly resolution 40/243 as the principal platform for strategic engagement with member States and other stakeholders on the subregion’s highest-priority policy and programme issues. The Subregional Office for Southern Africa convened the twenty-fifth session of the Intergovernmental Committee, hosted by the Government of Eswatini in Ezulwini from 10 to 13 September 2019, on strategies and policies for the integration of micro-, small and medium-sized enterprises into the industrialization
process in Southern Africa. The Intergovernmental Committee called upon member States to design innovative mechanisms to promote the growth and sustainability of small and medium-sized enterprises, stimulating interest in prioritizing their integration into industrialization processes. The session was preceded by an expert group meeting that reviewed a policy study on promoting industrialization in Southern Africa by harmonizing subregional industrialization strategies and policies. The experts identified gaps, overlaps and established minimum thresholds for consideration by member States in adapting regional industrialization frameworks, including those of SADC and the Common Market for Eastern and Southern Africa, to their national circumstances, in order to avoid duplication of efforts and resources.

Country Profiles initiative

The Subregional Office for Southern Africa prepared and published the Country Profiles series, which included a profile on Eswatini. Each profile provided robust independent analysis of the country’s economic and social development status, progress and prospects, which policymakers and analysts could use for key national, regional and international development initiatives and agendas, including economic transformation. The series was published and updated until 2018. The latest generation of profiles are the structural transformation, employment, production and society (STEPS) profiles. The recurrent publications
were widely disseminated, eliciting evidence-based policy engagement and dialogue among State and non-State stakeholders.

**Voluntary national reviews and support for the Africa Regional Forum on Sustainable Development**

The Technology, Climate Change and Natural Resources Management Division of ECA has supported countries in Southern Africa, including Eswatini, as they pursue voluntary national reviews of their sustainable development frameworks and progress. ECA provided technical advice and financing and facilitated participation at the Africa Regional Forum on Sustainable Development and the high-level political forum on sustainable development. Voluntary national reviews enable the sharing of experiences, including successes, challenges and lessons learned, with a view to accelerating implementation of the 2030 Agenda.