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# The Kingdom of Swaziland: Statistical Appendix

This Statistical Appendix paper for **The Kingdom of Swaziland** was prepared by a staff team of the International Monetary Fund as background documentation for the periodic consultation with the member country**.** It is based on the information available at the time it was completed on **January 24, 2006**. The views expressed in this document are those of the staff team and do not necessarily reflect the views of the government of The Kingdom of Swaziland or the Executive Board of the IMF.

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INTERNATIONAL MONETARY FUND

THE KINGDOM OF SWAZILAND

# Statistical Appendix

Prepared by the African Department

Prepared by a staff team consisting of
Messrs. Wang (Head), Gons, and Haacker, and Ms. Masha (all AFR)

Approved by the African Department

January 24, 2006

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# BASIC DATA

## Swaziland: Basic Data

| | |
|---|---|
| Area | 17,364 square kilometers |
| Population (2005) | 1,045,000 |
| Population growth rate (2005) | 0 percent |
| Formal employment (2003) | 102,000 |
| **IMF Position (November 30, 2005)** | |
| Quota | SDR 50.70 million |
| Fund holdings of emalangeni | SDR 44.15 million |
| Holdings of SDRs | SDR 2.48 million |
| Exchange rate | US$1 = E 6.32 |

| | 2000 | 2001 | 2002 | 2003 | 2004 Prel. |
|---|---|---|---|---|---|
| | (Annual percentage change, unless stated otherwise) | | | | |
| National Income and Prices | | | | | |
| GDP at constant prices | 2.6 | 1.6 | 2.9 | 2.4 | 2.1 |
| GDP per capita at constant prices | 0.0 | -1.0 | 0.3 | 0.1 | -0.1 |
| GDP deflator | 11.6 | 10.8 | 12.6 | 12.1 | 3.4 |
| CPI (period average) | 7.2 | 7.5 | 11.7 | 7.4 | 3.4 |
| CPI (end of period) | 6.4 | 10.8 | 11.5 | 4.6 | 3.2 |
| Unemployment rate (in percent) | 31.3 | 31.3 | 30.0 | 29.0 | 30.0 |
| External sector | | | | | |
| Current account balance (in millions of U.S. dollars) | -75.0 | -56.8 | 57.6 | 36.3 | 40.0 |
| Trade balance (in millions of U.S. dollars) | -31.2 | -22.5 | -0.3 | -0.9 | -13.1 |
| Exports, f.o.b. 1/ | 3.0 | 48.3 | 16.0 | 3.3 | 2.8 |
| Imports, f.o.b. 1/ | -6.9 | 33.7 | -9.2 | -9.8 | -2.4 |
| Nominal effective exchange rate 2/ | -1.9 | -5.1 | 0.1 | 4.4 | 1.3 |
| Real effective exchange rate 2/ | -1.9 | 1.7 | -0.5 | 11.8 | 1.2 |
| Money and credit | | | | | |
| Broad money | -6.6 | 10.7 | 13.1 | 14.1 | 10.4 |
| Prime lending rate (in percent; end of period) | 14.0 | 12.5 | 16.5 | 11.5 | 11.0 |
| Interest rates on 12-month time deposits (in percent; end of period) | 7.0 | 6.3 | 9.5 | 4.2 | 4.1 |
| | (In percent of GDP) | | | | |
| Gross national savings | 13.2 | 13.9 | 24.6 | 19.9 | 19.0 |
| Of which: government | 4.8 | 5.2 | 3.0 | 3.3 | 3.4 |
| Gross domestic investment | 18.6 | 18.4 | 19.8 | 18.0 | 17.4 |
| Of which: government | 6.3 | 8.0 | 7.4 | 5.7 | 7.7 |
| Central government finance (fiscal year) 3/ | | | | | |
| Total revenue and grants | 28.4 | 27.6 | 26.3 | 26.3 | 29.3 |
| Of which: South African Customs Union (SACU) receipts | 14.2 | 13.3 | 12.4 | 12.6 | 16.8 |
| Total expenditure and net lending | 29.9 | 30.6 | 30.8 | 29.0 | 33.6 |
| Current expenditure and net lending | 23.8 | 22.6 | 23.4 | 23.1 | 26.0 |
| Central government balance (including grants) | -1.4 | -3.1 | -4.5 | -2.7 | -4.3 |
| Primary balance (including grants) | -0.8 | -2.1 | -3.3 | -1.6 | -3.3 |
| External sector | | | | | |
| Current account balance | -5.4 | -4.5 | 4.8 | 1.9 | 1.6 |
| Trade balance (merchandise goods) | -9.8 | -6.5 | 7.6 | 2.2 | -1.3 |
| Capital and financial account balance | 1.2 | -9.9 | -6.6 | -3.7 | 0.4 |
| Overall balance 4/ | -0.5 | -4.5 | -2.2 | -2.3 | -0.7 |
| External debt | 25.8 | 22.9 | 29.4 | 21.7 | 22.6 |
| Memorandum items: | | | | | |
| GDP in current prices (in millions of emalangeni) 5/ | 9,638 | 10,846 | 12,560 | 14,422 | 16,262 |
| Overall balance of payments (in millions of U.S. dollars) | -6 | -56 | -25 | -21 | 45 |
| Net official international reserves (in millions of U.S. dollars) | 293 | 228 | 217 | 212 | 258 |
| (in months of imports of goods and nonfactor services) | 2.6 | 2.0 | 2.3 | 1.5 | 1.3 |
| Total external debt (in millions of U.S. dollars) | 358 | 288 | 351 | 413 | 571 |

Sources: Swazi authorities.

1/ In U.S. dollars.
2/ IMF Information Notice System trade-weighted; end of period.
3/ The fiscal year runs from April 1 to March 31.
4/ Excluding net errors and omissions.
5/ Under review by the CSO; data on indirect taxes used for estimation of GDP may contain errors and are subject to downward revisions based on the review.

# SWAZILAND'S EXTERNAL COMPETITIVENESS IN THE CONTEXT OF THE COMMON MONETARY AREA[1]

## A. Introduction

1. Swaziland is a small, open, land-locked economy within the Common Monetary Area (CMA) and the South African Customs Union (SACU).[2] There are no exchange controls among CMA countries, while trade among SACU countries is free of tariffs and quotas. The SACU joint customs and excise pool provides about half of Swaziland's fiscal revenues. Swaziland's main exports are sugar and sugar-based products, wood pulp and garments. South Africa absorbs about 60 percent of Swazi exports, and provides about 80 percent of the country's imports. Although Swaziland is a low middle-income country, poverty is widespread, aggravated by food shortages in some parts of the country and a severe HIV/AIDS epidemic.

2. Except for 2002, when the garment sector grew rapidly, economic growth has decelerated since the mid-1990s while the external current account has deteriorated. At the same time, foreign direct investment (FDI) declined from an annual average of 7.1 percent of GDP in 1985–93 to 4.7 percent of GDP in 1994–2002 and, after turning negative in 2003, amounted to 2.5 percent of GDP in 2004. External factors, such as South Africa's democratization since 1994, as well as domestic factors, e.g., governance issues, have contributed to the slowdown. Taken together, these developments suggest a weakening of Swaziland's external competitiveness. After describing some key features of the CMA and their policy implications for Swaziland (Section B), this chapter, to the extent that data availability allows, discusses (in Section C) some aspects of Swaziland's external competitiveness focusing on (i) trade preferences; (ii) exchange rate developments; (iii) wage costs and productivity; and (iv) nonwage costs and the investment climate. Section D concludes the chapter.

## B. Objectives and Key Features of the CMA[3]

3. The CMA was established in April 1986, succeeding the Rand Monetary Area (RMA) that was created in December 1974. The CMA's objectives are to confer the advantages of a common monetary area on its members, provide for the sustained economic development of the CMA as a whole, encourage the advancement of the less-developed members, and afford to all parties equitable benefits arising from the maintenance and development of the CMA.

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[1] Prepared by Jacob Gons.

[2] CMA members include Lesotho, Namibia (since 1990), South Africa, and Swaziland. SACU members include the CMA countries plus Botswana.

[3] A more complete description of CMA's features is contained in the Appendix.

4. Article 2 of the CMA agreement gives each of the three small member countries (Lesotho, Namibia, and Swaziland) the right to issue national currencies. The local currencies (in Swaziland, the lilangeni) issued by the three members are legal tender in their respective countries only. The South African rand, however, is legal tender throughout the CMA.[4] Like the currencies of the other small CMA members, the lilangeni is pegged to the rand at par.

5. Under the terms of the CMA Agreement (Article 3), no restrictions can be imposed on the transfer of funds, whether for current or capital transactions, to or from any member country.

6. Article 5 of the CMA Agreement requires the smaller countries' exchange control regulations to be similar, in all material aspects, to those in effect in South Africa.

**Policy Implications of Swaziland's Membership in the CMA**

7. The peg of the lilangeni to the rand, the parallel circulation of the lilangeni and the rand, currency convertibility, and regional capital mobility imply that Swaziland (like the other small CMA countries) does not have independent control of its money supply. The demand for emalangeni depends in large part on the public's confidence in the exchange rate parity given the extensive financial linkages between Swaziland and South Africa.[5] Swaziland's monetary base basically expands (or contracts) in line with central bank purchases (or sales) of foreign exchange. Given the small size of its economy relative to that of South Africa and their extensive financial links, interest rate movements in Swaziland largely mirror those in South Africa.

8. Swaziland's exchange rate arrangement under the CMA has certain characteristics of a currency board, with the Central Bank of Swaziland (CBS) converting at the fixed rate emalangeni into rand and vice versa. However, a currency board is typically prohibited by law from acquiring domestic assets, so all the currency it issues is automatically and fully backed by foreign reserves.[6] There is no such legal restriction for Swaziland under the CMA. Thus, following draw downs of government deposits in recent years to help finance fiscal deficits, the CBS has been recording an increase in its net domestic assets and, given the

---

[4] In Swaziland, the rand was reinstated as legal tender in 2003, after a 17-year interruption.

[5] These linkages are facilitated by the fact that from the four banks that comprise Swaziland's banking system, three (holding some 80 percent of banking system assets) are South African. These banks' liquidity is managed through their respective head offices.

[6] See Humpage and McIntire (1995).

demand for emalangeni, diminishing levels of its net international reserves.[7] As of end-September 2005, Swaziland's international reserves covered only 1.1 months of imports.

9. Given the exchange rate peg and lack of monetary independence, Swaziland will have to rely on fiscal and structural policy measures to achieve its economic goals and preserve, or improve, its external competitiveness. The next section discusses some indicators of Swaziland's external competitiveness.

## C. Indicators of External Competitiveness

### Trade preferences

10. The existence of several preferential trade arrangements represents a key factor in Swaziland's external competitiveness.[8] The Swazi economy benefits from preferential access to the European Union (EU) under the Cotonou agreement and, since 2000, to the United States (U.S.) under the African Growth and Opportunity Act (AGOA). However, both the EU and the U.S. have maintained quotas on sugar imports.

11. Sugar accounts for some 12 percent of Swaziland's exports, about half of which is exported to other SACU countries. Sugar is exported to the EU under two preferential agreements: the Sugar Protocol (100,000–130,000 tons per year) and the Special Preference Sugar (SPS) (about 40,000 tons per year), at prices that are more than three times higher than those in unprotected sugar markets. Exports to the EU amount to about one quarter of total sugar exports (including to SACU countries) in volume terms, and 40 percent by value.

12. Swaziland historically has had a small garment sector that mainly catered to the South African market. The coming into force of AGOA's apparel provisions in 2001 explains its recent rise, through foreign direct investment notably from the Far East. At its peak, in early 2004, the sector provided about one quarter of formal employment. The bulk of the garment sector's output consists of quota-constrained basic items (e.g., trousers and T-shirts), sold to high-volume discount chains in the U.S.. Swaziland's garment exports have particularly benefited from AGOA's "third party fabric provision" granted to least-developed countries (LDC's). Under this provision, Swaziland is allowed to import inputs from nonmembers of AGOA without repercussions for its quota-free access to the U.S. market.

---

[7] Using the following equation to summarize the CBS's balance sheet: M=NFA+NDA, where M represents base money, and NFA and NDA represent net foreign assets and net domestic assets, respectively.

[8] This sub section does not discuss the benefits deriving from Swaziland's membership in the Southern Africa Development Community (SADC) and the Common Market for Eastern and Southern Africa (COMESA). As yet, these benefits are relatively small.

With relevant U.S. import tariffs at more than 15 percent,[9] on average, and with foreign inputs accounting for at least 50 percent of total costs, value added in Swaziland is effectively protected at a rate of 30 percent or more.[10] [11]

13. Since textile quotas under the Uruguay Round Agreement on Textiles and Clothing (ATC) were lifted at the beginning of 2005, exports by low-cost producers that are no longer quota-constrained, in particular China, have increased.[12] Producers in Swaziland have reported steep declines in garment exports and unofficial estimates suggest that some 15,000 jobs (about half of the sector's total) have been lost since early 2004.

14. Additional shocks affecting the garment sector are likely to occur:

- The "third party fabric provision" under AGOA is scheduled to be phased out in the fall of 2007. Maintaining tariff-free access to the U.S. market would then require sourcing fiber inputs from AGOA sources—which are generally more expensive than the current inputs, most of which originate in Asia;

- The safeguards imposed by the U.S. and the EU in 2005 on garment imports from China (renewable on an annual basis) are likely to expire by mid-2008. In the case of the U.S., these safeguards limit the annual growth of garment imports from China to 7.5 percent; and

- Multilateral tariff reduction of nonagricultural products under the Doha round is likely to gradually erode the significance of tariff-free market access.

15. Another adverse shock is the imminent change in the EU Sugar Protocol in 2007, implying a reduction in sugar prices of 36 percent over a 4-year period. Also, SPS access may expire in 2006.

---

[9] See USAID (2004).

[10] Thus, for given foreign input costs, the cost of finishing garment products (the "cut, make, and trim" phase) could be at least 30 percent higher in Swaziland than in a country not receiving these preferences, at the same after-tariff import costs.

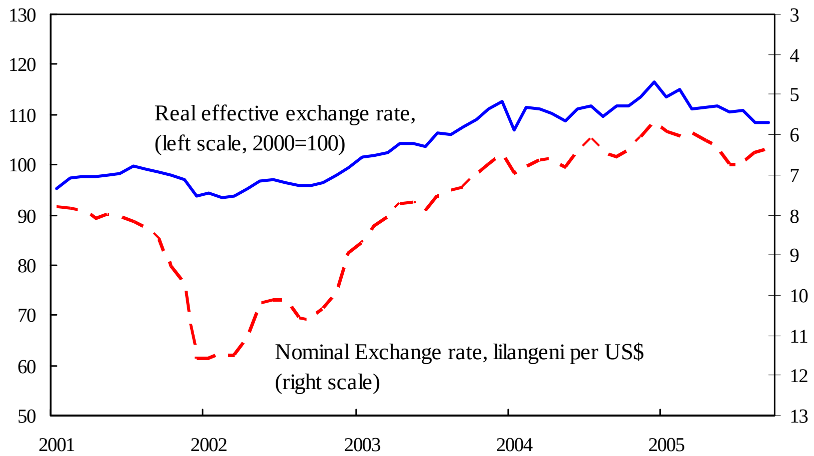
[11] Since EU access rules do not contain the equivalent of AGOA's "third party fabric provision," garment exports to the EU have been very small.

[12] Under the ATC, which superseded the Multifiber Arrangement (MFA), these bilateral quotas were to be eliminated in four phases over the period 1995–2005 (1995–98; 1998–2002; 2002–04; and the beginning of 2005). The last ATC phase was expected to have the largest impact because it applied to products that were highly quota constrained and that account for the bulk of Swaziland's exports.

**Exchange rate developments**

16. Swaziland's external competitiveness is strongly influenced by its currency peg to the South African rand. On the one hand, this arrangement has precluded any exchange rate movement against Swaziland's main trading partner, South Africa. Conditioned by this regime, domestic price movements in Swaziland have been largely similar to those in South Africa.

Figure I.1. Real and Nominal Effective Exchange Rates, Jan 2001-Sep 2005




Source: IMF, *International Financial Statistics* and staff estimates.

17. On the other hand, between 2002 and 2004, the strength of the rand combined with the general depreciation of the U.S. dollar, led to a sizable appreciation of the lilangeni relative to the dollar, by 50 percent in nominal terms and 24 percent in real effective terms (Figure I.1).[13] Developments in nominal and real effective exchange rates are widely used indicators of overall competitiveness. In the case of Swaziland, profit margins of many Swazi exporters, being price takers in international markets, are likely to have been squeezed by the lilangeni's strong appreciation.[14] During 2005, the lilangeni weakened against the U.S. dollar by about 13 percent, partly offsetting the earlier appreciation.

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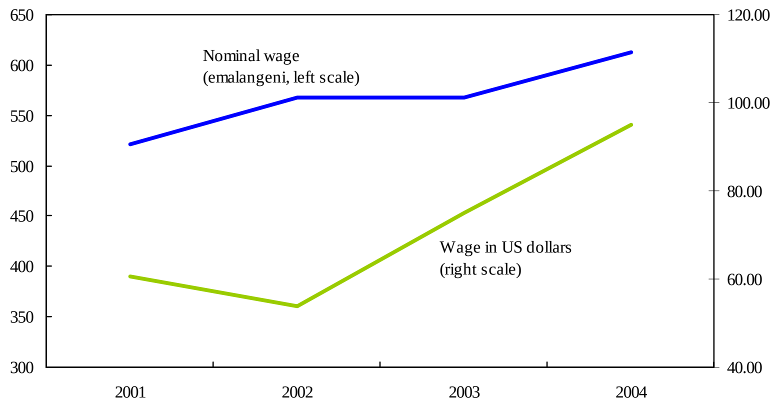
[13] The real effective exchange rates were calculated on the basis of 2002 data on partner country weights that reflect each country's relative share in Swaziland's trade (imports plus exports), and using Swaziland's consumer price index (CPI). An alternative and more appropriate methodology, given the focus on cost competitiveness, would have been to use unit labor costs, but data limitations prevented this.

[14] The share of the U.S. dollar in Swazi exports is estimated at 35 percent, with about one third of that amount concerning exports to the U.S. However, exporters invoicing in rand would still have experienced a profit squeeze since, in setting prices, their customers would have factored in the lilangeni's appreciation.

**Wage costs**

18. Given the openness of Swaziland's economy, its external competitiveness is closely related to its wage level. In addition, the country's fixed exchange rate highlights the importance of domestic cost control for maintaining competitiveness. Available data on minimum wages in manufacturing show an increase of 17.5 percent during 2002–04 (Figure I.2). However, reflecting the appreciation of the lilangeni, the nominal wage expressed in US dollars increased by 58 percent during the period.

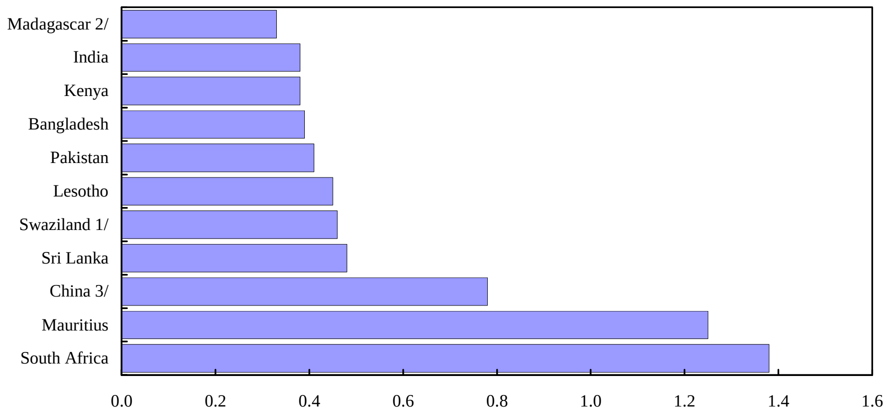
Figure I.2. Monthly Minimum Wage in Manufacturing and Processing




Source: Department of Labor.

19. Available data, for the garment sector only, indicate that in 2002 Swazi nominal wages were around the level of those in Asian countries, except China, which has a much higher rate. In addition, although lower than in South Africa, Swazi nominal wages were at the same level as those in Lesotho but exceeded those of Kenya and Madagascar.

Figure I.3. Garment Sector Wages for Selected Countries, 2002
(In U.S. dollars per hour)



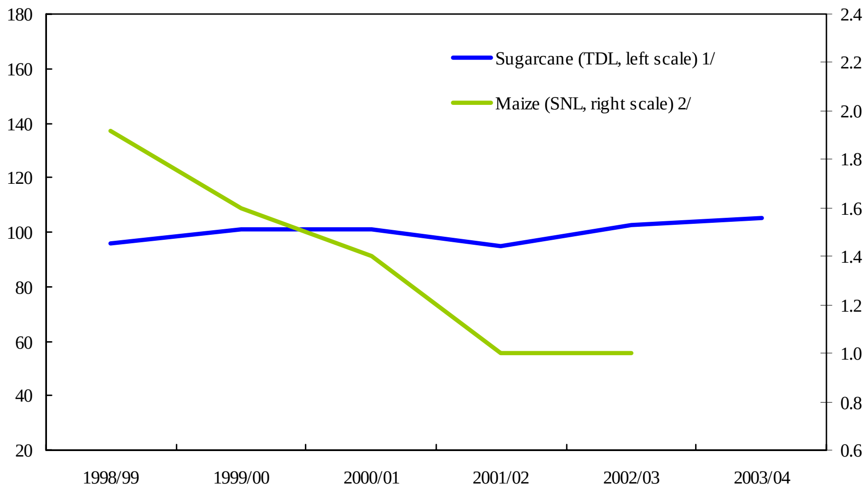

Source : USITC (2004); Cadot and Nasir (2001), USAID (2004).

1/ Estimated.
2/ Data for 2001 computed in Cadot and Nasir (2001).
3/ Midrange between US$ 0.68-US$ 088 as reported in USITC.

20. Although no systematic studies have been conducted on labor productivity in Swaziland, anecdotal evidence suggests that, except for the sugar sector, productivity is relatively low.[15] Deteriorating social indicators, including increased absenteeism partly due to the HIV/AIDS pandemic, have aggravated the problem.

21. In the agricultural sector, data on yields present a mixed picture. Sugar cane, one of the two main crops, is mainly grown on privately owned, well-irrigated, Title Deed Land (TDL) and output per hectare has increased by some 9 percent since 1998/99 (the Swazi sugar industry is generally considered as efficient and competitive). However, maize, the other main crop, is primarily cultivated on rain-fed communal Swazi Nation Land (accounting for 60 percent of Swazi territory), where output per hectare has almost halved since 1998/99 under the influence of drought, soil erosion, lack of investment and credit, and, increasingly, the effects of the HIV/AIDS pandemic. Productivity declines have affected other food staples as well and since acreage was not increased, absolute declines in food production have occurred, leading to upward pressures on prices.

Figure I.4 Sugarcane and Maize Yield, (In metric tons per hectare)




Source: Central Statictical Office and Swaziland Sugar Association.

1/ Title Deed Land (TDL).
2/ Swazi Nation Land (SNL).

## Investment climate

22. Swaziland's investment climate has been negatively affected by perceptions about poor governance, corruption, high costs of utilities and transportation, and a relatively burdensome regulatory environment. These factors have tended to outweigh the benefits of relatively little government intervention and a low crime rate.

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[15] USAID (2004), page 11, refers to a 50 percent higher productivity in Vietnam's garment sector.

23. **Governance issues have had a major impact on the business climate**. A rule-of-law crisis in 2002/03 concerning a property dispute that had negatively affected investors' perceptions has been resolved, contributing to some restoration of confidence. Although a new Constitution, which clarifies various individual rights including provisions to protect private property and provides a clearer separation of the executive, legislature, and the judiciary, became effective in February 2006, uncertainty remains about its implementation. Finally, the lack of important legislation, such as an Investment Code[16] and a Companies Act creates uncertainty.

24. **Among CMA countries, Swaziland ranks lowest on Transparency International's Corruption Perception Index** (Table I. 1) and, on various occasions, high-ranking government officials, including the Prime Minister, have identified corruption as a major policy challenge.

Table I.1. Corruption Perception Index

| | 2004 (Mean Value) | 2005 (Mean Value) | 2004 Ranking | 2005 Ranking |
|---|---|---|---|---|
| Botswan | 6.0 | 5.9 | 31.0 | 32.0 |
| South | 4.6 | 4.5 | 44.0 | 46.0 |
| Lesoth | 3.4 | 3.4 | ... | 70.0 |
| Swaziland | 3.0 | 2.7 | ... | 103.0 |
| **Africa** | 2.9 | 2.8 | | |
| **World** | 4.2 | 4.2 | | |

Source: Transparency International and Passau University.

1/ The 2004 report covered a total of 146 countries.
2/ The 2005 report covered a total of 155 countries.

25. **Utilities and transportation constitute significant bottlenecks for the Swazi business community**. According to a survey conducted by the Southern Africa Global Competitiveness Hub (2004), the cost of utilities is relatively high. Power outages (as well as power surges) occur frequently, and many companies reportedly have back up generators. Telecommunications are expensive and internet service needs to be improved. All utilities are provided by public enterprises that charge relatively high tariffs. Likewise, a survey by

[16] Currently, available incentives are scattered in several enactments, and responsibilities are shared among various ministries.

USAID (2004) concluded that despite a relatively well-developed road system and proximity to major seaports such as Durban and Maputo, transportation is costly and unreliable.[17]

26. **Administrative procedures are complicated and suffer from a lack of transparency and coordination among government agencies.**[18] For new businesses, the Swaziland Investment Promotion Agency (SIPA), officially a one-stop shop, is often confronted with intervening actions of other government agencies. Approval procedures are time-consuming and lack transparency. Sometimes, rules and regulations are contradictory.[19] In addition, existing businesses are faced with time-consuming customs procedures, and arbitrary health and sanitary inspections. The perception is widespread that available incentives are granted to nonresidents only and do not apply to local entrepreneurs.

27. **Land tenure issues are being handled by various ministries, which is time consuming.** In addition, there are no established procedures for the purchase of Government Title Deed Land. Single women are allowed to hold property title, but married women may only do so with their husband's consent.

28. **Swaziland's standard corporate tax rate (30 percent) is in line with neighboring countries.** The Minister of Finance may, with Cabinet approval, designate an enterprise as a Development Enterprise and grant tax concessions, implying a reduction of the corporate tax rate to 10 percent (the lowest among SACU members) for ten years and exemption from withholding tax on dividends, also for ten years. However, the requirement that new businesses pay provisional corporate income tax six months after commencing operations constitutes a heavy financial burden. In addition, in the absence of a tax tribunal, tax disputes are handled, with long delays, by the judicial courts.

## D. Conclusion

29. Available evidence indicates that Swaziland's external competitiveness has deteriorated in recent years due to erosion of trade preferences, exchange rate appreciation, relatively low labor productivity, partly because of HIV/AIDS, and a poor investment climate. In 2005, real GDP growth slowed to less than 2 percent and gross international reserves declined to 1.1 months of imports at end-September 2005.[20] Given Swaziland's

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[17] The cost of shipping a container from Hong Kong to Durban averaged between 2,500–3,000 rand. From Durban to Swaziland, the cost of inland transport averaged between 7,000–10,000 rand.

[18] Paragraphs 26–28 are mainly based on Southern Africa Global Competitiveness Hub (2004).

[19] For instance, an investor needs a Trading License to get an Entry (Work) Permit, which can only be obtained if he has a Trading License.

[20] Another reason for the decline in Swaziland's international reserves relates to the domestic financing of fiscal deficits (see next chapter).

participation in the CMA, i.e., it has no control over the exchange rate and does not have an independent monetary policy, effective implementation of prudent fiscal policies and bold structural reform measures would go a long way to improve Swaziland’s external competitiveness.

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## Appendix: CMA features

30. The CMA's broad objectives are to confer the advantages of a common monetary area on its members, provide for the sustained economic development of the CMA as a whole, encourage the advancement of the less developed members, and afford to all parties equitable benefits arising from the maintenance and development of the CMA (Article 2).

31. Article 2 of the CMA agreement gives the three small member countries (Lesotho, Namibia, and Swaziland) the right to issue national currencies, and their bilateral agreements with South Africa define the areas in which their currencies are legal tender. The local currencies (in Swaziland, the lilangeni) issued by the three members are legal tender in their respective countries only. The South African rand, however, is legal tender throughout the CMA.

32. Under the terms of the CMA Agreement (Article 3), no restrictions can be imposed on the transfer of funds, whether for current or capital transactions, to or from any member country. The only exceptions result from the member countries' investment or liquidity requirements prescribed for financial institutions. The small member countries tend to view the investment and liquidity requirements as a measure of savings mobilization for development purposes. The regulations requiring the investment of funds by financial institutions in domestic securities or credits to local businesses or individuals are, in effect, minimum local asset requirements. These regulations are meant to address the concerns of the three small, less developed, CMA members that funds generated in their territories and deposited with local financial institutions tended to flow to the more developed capital markets of South Africa. Swaziland's minimum local assets to total deposits ratio, which has been reduced in recent years, is 13 percent at present.

33. The CMA Agreement provides for the three small member countries to have access to the South African capital and money markets, but only through prescribed investments or approved securities that can be held by financial institutions in South Africa.

The CMA Agreement (Article 5) requires the smaller countries' exchange control regulations to be—in all material aspects—similar to those in effect in South Africa.

34. Since the rand is legal tender in all CMA countries (but the currencies of the three small CMA members are not legal tender in South Africa), South Africa compensates them for forgone seigniorage. Compensation is based on a formula equal to the product of (i) two-thirds of the annual yield on the most recently issued long-term South African government stock; and (ii) the volume of rand estimated to be in circulation in the member country concerned. The ratio of two-thirds was established on the assumption that it approximated the yield of a portfolio of reserve assets comprising both long-term and short-term maturities, assuming that the average yield would be less than the full long-term yield.

35. To facilitate the implementation of the CMA Agreement, the member countries have established a commission in which each of them has one representative (along with some

advisors, as needed). The commission holds regular consultations—at least once a year—with the aim of reconciling the interests of member countries on common issues pertaining to monetary and foreign exchange policies. It also convenes at other times at the request of a member country. Article 9 of the CMA Agreement provides for the establishment of a tribunal to arbitrate disputes that might arise between member countries regarding the interpretation or application of the agreement.

Table 1. Swaziland: Gross Domestic Product by Sector of Origin at 2000 Constant Prices, 2000-2004

| | 2000 | 2001 | 2002 | 2003 | 2004 Est. |
|---|---|---|---|---|---|
| | (In millions of emalangeni) | | | | |
| Primary production | 1,081.1 | 983.1 | 1,038.3 | 1,074.8 | 1,072.2 |
| Agriculture and livestock | 985.9 | 894.8 | 945.3 | 987.9 | 978.2 |
| SNL crops 1/ | 80.4 | 72.9 | 57.8 | 49.7 | 66.3 |
| TDL crops 2/ | 790.4 | 747.6 | 803.8 | 855.0 | 828.2 |
| Livestock and other | 115.1 | 74.3 | 83.7 | 83.2 | 83.7 |
| Forestry | 53.0 | 54.5 | 55.4 | 56.8 | 61.2 |
| Mining | 42.2 | 33.8 | 37.6 | 30.0 | 32.7 |
| Secondary production | 2,954.8 | 3,050.7 | 3,123.5 | 3,176.2 | 3,211.5 |
| Manufacturing | 2,400.2 | 2,422.8 | 2,474.9 | 2,519.8 | 2,533.3 |
| Electricity and water | 105.9 | 111.7 | 127.5 | 130.5 | 127.3 |
| Construction | 448.7 | 516.2 | 521.0 | 525.9 | 550.9 |
| Services | 2,660.5 | 2,737.7 | 2,810.9 | 2,877.9 | 2,965.4 |
| Wholesale and retail | 494.4 | 530.2 | 557.9 | 592.0 | 622.2 |
| Hotels and restaurants | 122.9 | 115.9 | 120.8 | 124.5 | 150.1 |
| Transport | 218.1 | 216.7 | 223.0 | 252.8 | 267.1 |
| Communications | 140.7 | 153.5 | 156.3 | 122.3 | 130.7 |
| Banking, finance, and insurance | 248.4 | 243.0 | 266.6 | 293.9 | 357.5 |
| Real estate | 81.4 | 83.8 | 86.9 | 89.5 | 94.2 |
| Government services | 1,243.5 | 1,268.4 | 1,281.0 | 1,319.6 | 1,334.8 |
| Other services | 80.7 | 82.3 | 83.6 | 85.5 | 87.5 |
| Owner-occupied dwellings | 198.1 | 207.9 | 214.6 | 212.5 | 206.4 |
| Imputed bank service charge | -167.7 | -164.1 | -179.8 | -214.9 | -285.0 |
| GDP at factor cost | 6,696.4 | 6,771.4 | 6,972.7 | 7,128.9 | 7,249.0 |
| Indirect taxes less subsidies | 2,941.2 | 3,021.4 | 3,102.6 | 3,192.9 | 3,285.3 |
| GDP at market prices 3/ | 9,637.6 | 9,792.8 | 10,075.3 | 10,321.7 | 10,534.3 |
| | (Annual percentage change) | | | | |
| Agriculture and livestock | 1.1 | -9.2 | 5.6 | 4.5 | -1.0 |
| Forestry | 2.3 | 2.8 | 1.6 | 2.7 | 7.8 |
| Mining | -22.8 | -19.9 | 11.2 | -20.1 | 9.0 |
| Manufacturing | 1.5 | 0.9 | 2.1 | 1.8 | 0.5 |
| Electricity and water | -6.7 | 5.4 | 14.2 | 2.3 | -2.5 |
| Construction | 9.8 | 15.0 | 0.9 | 0.9 | 4.7 |
| Services | 4.4 | 2.9 | 2.7 | 2.4 | 3.0 |
| GDP at market prices | 2.6 | 1.6 | 2.9 | 2.4 | 2.1 |
| | (In percent of GDP at factor cost) | | | | |
| Agriculture and livestock | 14.7 | 13.2 | 13.6 | 13.9 | 13.5 |
| Forestry | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 |
| Mining | 0.6 | 0.5 | 0.5 | 0.4 | 0.5 |
| Manufacturing | 35.8 | 35.8 | 35.5 | 35.3 | 34.9 |
| Electricity and water | 1.6 | 1.6 | 1.8 | 1.8 | 1.8 |
| Construction | 6.7 | 7.6 | 7.5 | 7.4 | 7.6 |
| Services | 39.7 | 40.4 | 40.3 | 40.4 | 40.9 |

Source: Central Statistical Office.
1/ Swazi Nation Land (SNL).
2/ Title Deed Land (TDL).
3/ Under review by the CSO; data on indirect taxes used for estimation of GDP may contain errors and are subject to downward revisions based on the review.

Table 2. Swaziland: Gross Domestic Product by Sector of Origin at Current Prices, 2000-2004
(In millions of emalangeni, unless otherwise indicated)

| | 2000 | 2001 | 2002 | 2003 | 2004 Est. |
|---|---|---|---|---|---|
| Primary production | 1,081.1 | 1,013.2 | 1,122.3 | 1,100.9 | 1,120.6 |
| Agriculture and livestock | 985.9 | 922.8 | 1,018.4 | 993.1 | 1,001.8 |
| SNL crops 1/ | 80.4 | 92.1 | 70.8 | 74.1 | 103.2 |
| TDL crops 2/ | 790.4 | 752.0 | 859.1 | 838.6 | 816.5 |
| Livestock and other | 115.1 | 78.7 | 88.5 | 80.4 | 82.1 |
| Forestry | 53.0 | 55.8 | 56.6 | 57.4 | 61.8 |
| Mining | 42.2 | 34.6 | 47.3 | 50.4 | 57.0 |
| Secondary production | 2,954.8 | 3,273.8 | 3,615.0 | 3,939.3 | 4,334.3 |
| Manufacturing | 2,400.2 | 2,710.1 | 2,983.3 | 3,269.7 | 3,403.0 |
| Electricity and water | 105.9 | 111.7 | 127.5 | 130.6 | 134.0 |
| Construction | 448.7 | 452.0 | 504.2 | 539.0 | 797.3 |
| Services | 2,660.5 | 2,847.3 | 3,138.4 | 3,470.5 | 3,770.4 |
| Wholesale and retail | 494.4 | 563.6 | 642.5 | 715.7 | 797.3 |
| Hotels and restaurants | 122.9 | 125.6 | 143.2 | 146.8 | 147.8 |
| Transport | 218.1 | 223.2 | 248.7 | 267.7 | 261.1 |
| Communications | 140.7 | 161.8 | 186.1 | 214.0 | 218.6 |
| Banking, finance, and insurance | 248.4 | 242.3 | 285.1 | 314.2 | 382.4 |
| Real estate | 81.4 | 83.6 | 86.3 | 89.4 | 93.2 |
| Government services | 1,243.5 | 1,363.4 | 1,496.1 | 1,687.3 | 1,856.0 |
| Other services | 80.7 | 82.6 | 85.0 | 86.7 | 89.2 |
| Owner-occupied dwellings | 198.1 | 164.9 | 158.0 | 161.0 | 165.7 |
| Imputed bank service charge | -167.7 | -163.7 | -192.6 | -212.3 | -240.9 |
| GDP at factor cost | 6,696.4 | 7,134.3 | 7,875.7 | 8,510.7 | 9,225.3 |
| Indirect taxes less subsidies | 2,941.2 | 3,711.8 | 4,684.3 | 5,911.7 | 7,037.0 |
| GDP at market prices 3/ | 9,637.6 | 10,846.1 | 12,560.0 | 14,422.4 | 16,262.3 |
| Memorandum items: | | | | | |
| GDP deflator (index, 2000 =100) | 100.0 | 110.8 | 124.7 | 139.7 | 154.4 |
| (percent change) | 11.6 | 10.8 | 12.6 | 12.1 | 10.5 |

Source: Central Statistical Office.
1/ Swazi Nation Land (SNL).
2/ Title Deed Land (TDL).
3/ Under review by the CSO; data on indirect taxes used for estimation of GDP may contain errors and are subject to downward revisions based on the review.

Table 3. Swaziland: Gross Domestic Product by Expenditure Category at Current Prices, 2000-2004

| | 2000 | 2001 | 2002 | 2003 | 2004 Est. |
|---|---|---|---|---|---|
| | | | (In millions of emalangeni) | | |
| Final consumption expenditure | 9,344.0 | 10,515.1 | 10,107.0 | 11,880.8 | 13,975.0 |
| Private | 7,580.7 | 8,592.5 | 7,772.3 | 9,199.8 | 10,552.4 |
| Government | 1,763.3 | 1,922.6 | 2,334.7 | 2,681.0 | 3,422.6 |
| Capital formation | 1,793.9 | 1,996.4 | 2,486.4 | 2,590.4 | 2,831.6 |
| Gross fixed capital formation | 1,793.9 | 1,996.4 | 2,486.4 | 2,590.4 | 2,831.6 |
| Public | 1,189.5 | 1,129.3 | 1,550.9 | 1,772.6 | 1,572.6 |
| Private | 604.4 | 867.1 | 935.5 | 817.8 | 1,259.0 |
| Increases in stocks | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Balance of trade for goods and nonfactor services | -1,500.3 | -1,665.4 | -33.4 | -48.8 | -544.3 |
| Exports | 7,863.2 | 9,954.1 | 11,923.0 | 12,416.1 | 15,223.1 |
| Imports, f.o.b. 1/ | -9,363.5 | -11,619.5 | -11,956.4 | -12,464.9 | -15,767.4 |
| GDP at market prices 2/ | 9,637.6 | 10,846.1 | 12,560.0 | 14,422.4 | 16,262.3 |
| | | | (In percent of GDP) | | |
| Final consumption expenditure | 97.0 | 96.9 | 80.5 | 82.4 | 85.9 |
| Private | 78.7 | 79.2 | 61.9 | 63.8 | 64.9 |
| Government | 18.3 | 17.7 | 18.6 | 18.6 | 21.0 |
| Capital formation | 18.6 | 18.4 | 19.8 | 18.0 | 17.4 |
| Gross fixed capital formation | 18.6 | 18.4 | 19.8 | 18.0 | 17.4 |
| Public | 12.3 | 10.4 | 12.3 | 12.3 | 9.7 |
| Private | 6.3 | 8.0 | 7.4 | 5.7 | 7.7 |
| Increases in stocks | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Balance of trade for goods and nonfactor services | -15.6 | -15.4 | -0.3 | -0.3 | -3.3 |
| Exports of goods and services | 81.6 | 91.8 | 94.9 | 86.1 | 93.6 |
| Imports of goods and services, f.o.b. | -97.2 | -107.1 | -95.2 | -86.4 | -97.0 |
| GDP at market prices | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

Source: Central Statistical Office.
1/ All Southern African Customs Union receipts are treated as indirect taxes (and therefore deducted from imports, c.i.f. to get imports, f.o.b.), accounting for the significant difference between the trade figures in the national income accounts reported in this table and those in the balance of payments.
2/ Under review by the CSO; data on indirect taxes used for estimation of GDP may contain errors and are subject to downward revisions based on the review.

Table 4. Swaziland: Population and Labor Force Estimates, 2000-2003

| | 2000 | 2001 | 2002 | 2003 |
|---|---|---|---|---|
| | (In percent, unless otherwise indicated) | | | |
| Annual population growth 1/ | 2.1 | 2.0 | -0.5 | 0.0 |
| Population (in thousands) 1/ | 1,029.6 | 1,050.0 | 1,045.0 | 1,045.0 |
| Population density (per sq.km.) | 59.3 | 60.5 | 60.2 | 60.2 |
| | (In thousands, unless otherwise indicated) | | | |
| Labor force 2/ | 383.0 | 394.0 | ... | ... |
| Total employment | 259.1 | 263.1 | ... | ... |
| Formal employment 3/ | 92.0 | 93.0 | 95.0 | 102.0 |
| Public sector | 29.0 | 29.0 | 30.0 | 30.0 |
| Private sector | 63.0 | 64.0 | 65.0 | 72.0 |
| Informal employment | 167.1 | 170.1 | ... | ... |
| Unemployment rate (in percent) | 31.3 | 31.3 | 30.0 | 29.0 |

Sources: Central Statistical Office; World Bank; United Nations; and staff estimates.
1/ Estimate, United Nations and national authorities.
2/ World Bank estimates.
3/ Central Statistical Office data.

Table 5. Swaziland: Developments in Crop Production, 2000/01-2004/05 1/

| | 2000/01 | 2001/02 | 2002/03 | 2003/04 | 2005/06 Proj. | 2004/05 |
|---|---|---|---|---|---|---|
| | (In thousands of metric tons) | | | | | |
| Volume | | | | | | |
| Sugarcane | 4,442.0 | 4,179.0 | 4,609.0 | 5,046.0 | 4,884.0 | 4834.0 |
| Cotton | 6.0 | 3.9 | 1.2 | 3.2 | | ... |
| Maize | 86.7 | 67.7 | 69.3 | 71 | | ... |
| SNL 2/ | 78.8 | 62.0 | 62.4 | ... | | ... |
| TDL 3/ | 7.9 | 5.7 | 6.9 | ... | | ... |
| Citrus fruit | 102.3 | 89.8 | 74.4 | 70.9 | | ... |
| Tobacco | 0.072 | 0.1 | ... | ... | | ... |
| | (In metric tons per hectare) | | | | | |
| Yield | | | | | | |
| Sugarcane | 102.0 | 95.0 | 102.0 | 105.0 | 98.0 | 98.2 |
| Cotton | 625.0 | 370.0 | 348.9 | .... | | ... |
| Maize | | | | | | ... |
| SNL 2/ | 1.4 | 1.0 | 1.0 | ... | | ... |
| TDL 3/ | 1.4 | 0.9 | ... | ... | | ... |
| Citrus fruit | 40.9 | 40.6 | ... | ... | | ... |
| | (In millions of emalangeni) | | | | | |
| Value | | | | | | |
| Sugarcane | 5,399.3 | 5,887.0 | ... | ... | | ... |
| Cotton | 31.6 | 9.8 | ... | ... | | ... |
| Maize | 76.5 | 51.6 | ... | ... | | ... |
| SNL 2/ | 70.9 | 46.5 | ... | ... | | ... |
| TDL 3/ | 5.6 | 5.1 | ... | ... | | ... |
| Citrus fruit | 112.0 | 146.6 | ... | ... | | ... |
| | (In emalangeni per metric ton) | | | | | |
| Producer prices | | | | | | |
| Sugarcane | 1,215.5 | 1,408.7 | ... | ... | | ... |
| Cotton | 2,412.2 | 2,500.0 | ... | ... | | ... |
| Maize | 900.0 | 750.0 | ... | ... | | ... |
| Citrus fruit | 1,095.0 | 1,632.0 | ... | ... | | ... |

Source: Central Statistical Office and Swaziland Sugar Association.
1/ Variable crop years.
2/ Swazi Nation Land (SNL).
3/ Title Deed Land (TDL).