

**BUDGET SPEECH**

**2026**

PRESENTED BY

**NEAL RIJKENBERG**

THE HONOURABLE MINISTER FOR FINANCE

TO THE

**PARLIAMENT**

OF

**THE KINGDOM OF ESWATINI**

27th FEBRUARY 2026

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## **I. INTRODUCTION**

### **(i) Opening Remarks**

1. Mr. Speaker, it is my singular honour and profound responsibility to stand before this August House to present the National Budget Estimates for the 2026/27 financial year at the third session of the 12th Parliament of the Kingdom of Eswatini.
2. I rise this morning deeply conscious of the times in which we live. Across the world, nations are navigating uncertainty, geopolitical tensions are redefining alliances, global trade is being reshaped, supply chains remain fragile and economic nationalism is testing long-standing international arrangements. What once appeared predictable is now fluid. What once seemed stable is now contested.
3. Yet, Mr. Speaker, in the midst of this shifting global landscape, the Kingdom of Eswatini stands firm anchored in faith, guided by wise leadership and strengthened by unity.
4. Mr. Speaker, I give all thanks and glory to our Heavenly Father. We thank Him for the spirit of unity that prevails over our nation. This year, we are guided by the principle of Agape - the highest form of love, which seeks the well-being of others above oneself. As the Word reminds us in 1 John 3:18.

**“Dear children, let us not love with words or speech but with actions and in truth.”**

This budget is designed to be that action; it is a testament to our commitment to love and serve every LiSwati in truth.

This year, our theme is ***Agape Love — Love in Action for Economic Transformation.***

5. Agape love is not a sentiment. It is not passive. It is sacrificial. It is disciplined. It is responsible. It is the kind of love that chooses the greater good over personal comfort. It is the love that builds institutions, strengthens families, pays taxes honestly, fights corruption, and serves the nation faithfully.
6. Mr. Speaker, a budget is more than numbers. It is a moral document. It reveals what we value. It reflects who we choose to protect. It determines what future we are building.
7. This year's Budget is built on Agape love:  
*Love for the child in a rural classroom.*  
*Love for the unemployed seeking opportunity.*  
*Love for the farmer battling climate shocks.*  
*Love for the worker who rises before dawn.*  
*Love for the elderly citizen who depends on dignity.*  
*Love for future generations who will inherit the consequences of our fiscal decisions.*
8. His Majesty the King has consistently called upon us to build a nation of unity, discipline and integrity. During the opening of Parliament, His Majesty has reminded us that service delivery must improve, corruption must be uprooted, medicines must be supplied and the youth must be empowered. This Budget responds directly to that call.
9. Mr. Speaker, Agape love also demands accountability and good stewardship. We cannot speak of love while tolerating waste. We cannot speak of prosperity while enabling corruption. We cannot speak of progress while avoiding discipline.

### ***A Nation at a Turning Point***

10. Mr. Speaker, never before in recent history has the global order appeared so uncertain. Protectionism is rising. Major economies are re-prioritising domestic interests. Aid flows are being reduced. Trade agreements are under strain. Climate shocks are intensifying.

11. Small open economies like ours cannot control these global forces, but we can control our response.

And our response is this:

- We will strengthen domestic revenue mobilisation.
  - We will protect fiscal sustainability.
  - We will invest deliberately in growth.
  - We will accelerate reforms.
  - We will build resilience.
12. While others retreat inward, Eswatini will move forward with clarity and courage.
    - We are building dams and irrigation schemes.
    - We are building digital systems and financial transparency.
    - We are building energy independence.
    - We are building factory shells and manufacturing capacity.
    - We are building institutions that will outlive us.
    - And we are building a culture of accountability.

### ***From Stability to Acceleration***

13. Mr. Speaker, over the past several years, we prioritised stabilization, strengthening reserves, improving debt management, upgrading our credit rating, firming up tax administration, and restoring investor confidence.
14. That foundation is now bearing fruit. This Budget marks a transition from stability to acceleration. It is a pro-growth, pro-discipline, pro-investment Budget.
15. We are increasing capital expenditure because we understand that growth is not accidental, it is constructed. Infrastructure, energy security, water security, digital systems and industrial capacity are not expenses, they are investments in national

productivity. But growth without discipline makes us fragile. Therefore, while we invest boldly, we must remain fiscally prudent.

Agape love demands that we do not burden our children with reckless debt.

## **(ii) Milestones**

### ***Integrated Financial Management and Information System (IFMIS – UMSEBE)***

16. Mr. Speaker, one of the most significant institutional reforms undertaken by Government in recent years is the successful implementation of the first release of the Integrated Financial Management and Information System (UMSEBE IFMIS). For the first time, Ministries and Departments utilised a fully integrated digital platform for planning and budgeting. This reform marks a decisive shift toward programme-based budgeting, enhanced fiscal discipline, real-time expenditure monitoring and strengthened accountability. The system reduces opportunities for waste and irregular expenditure, improves transparency, and aligns public spending directly with the National Development Plan and Programme of Action. UMSEBE is not merely a technological upgrade, it is a structural reform that will permanently improve how Government manages public resources.

### ***International Convention Centre (ICC) Completion and Opening***

17. Mr. Speaker, after years of planning, construction and strategic investment, the International Convention Centre will be officially completed by the 25th of April 2026 and opened by His Majesty the King. This milestone represents far more than the completion of infrastructure; it symbolises Eswatini's ambition to position itself as a premier regional destination for conferences, trade expos and international events.

18. Its completion reflects Government's long-term vision of diversifying the economy and strengthening the country's presence in regional and global platforms.

### ***Central Medical Stores (CMS) Transformation***

19. Mr. Speaker, Government has taken decisive action to address longstanding challenges with the availability of medicines in public health facilities. The legislation transforming the Central Medical Stores into a stand-alone statutory entity has now been passed. This reform will establish an accountable, professionally managed institution with end-to-end visibility of medicine procurement, storage and distribution across Government. The new structure will modernise supply chain management, reduce stock-outs, improve forecasting accuracy and strengthen governance. This transformation is a critical step toward restoring confidence in the health system and ensuring reliable access to essential medicines for all eSwati.

### ***Border Declaration Reform***

20. Mr. Speaker, through an important revenue administration reform, Government has raised the declaration threshold at our borders to E10,000. This policy adjustment has encouraged greater compliance and transparency among travelers and traders. Early indications show a marked increase in declared goods, strengthening customs monitoring and positively impacting Southern African Customs Union (SACU)-related receipts. By simplifying compliance while tightening enforcement, this reform improves revenue integrity without increasing tax rates. It reflects our broader strategy of widening the tax base through compliance rather than burdening already compliant taxpayers.

### ***Public Service Salary Review***

21. Mr. Speaker, the implementation of the comprehensive Salary Review marks a significant milestone in strengthening morale, fairness and professionalism within the public service. Following extensive consultations through the Joint Negotiations Forum, Government implemented Scenario 3 of the Salary Review Report, including phased adjustments and structured backpay arrangements. This reform addressed longstanding disparities, particularly within the security forces and critical public service sectors, while maintaining fiscal sustainability through staggered implementation. A

motivated and fairly compensated public service is essential for improved service delivery, institutional stability and economic confidence.

### ***Renewable Energy Expansion***

22. Mr. Speaker, Government has made substantial progress in expanding domestic energy generation capacity through recently signed Power Purchase and Grid Connection Agreements. These include solar projects, a 40MW biomass facility, and the Lower Maguduza hydropower plant, all currently advancing toward implementation. These projects will significantly diversify our energy mix, reduce dependency on imported electricity, create employment opportunities, enhance tariff stability, and support industrial growth. Energy security is a prerequisite for sustainable economic development and these energy investments position Eswatini firmly on a path toward greater renewable energy independence and environmental sustainability. In addition, the Government has issued “notices of intention to award” contracts for up to 1,000 MW to nine Independent Power Producers (IPPs). These IPPs are currently at various stages of project development and the Government expects to finalize the awards within the current fiscal year.

### ***Strong GDP Growth Performance***

23. Mr. Speaker, Eswatini’s economic growth trajectory remains encouraging. Supported by infrastructure expansion, private sector investment, manufacturing recovery and public sector reforms, the economy has demonstrated resilience despite global uncertainty. Sustained growth strengthens Government revenues, improves debt sustainability and creates employment opportunities for our people. Importantly, this growth is increasingly supported by capital investments and productivity improvements rather than consumption alone. Maintaining this momentum remains central to our medium-term fiscal strategy.

### ***Rising Investor Confidence and Improved Business Climate***

24. Mr. Speaker, investor confidence in the Kingdom continues to strengthen independent assessments, including reports from multilateral institutions such as the World Bank,

which have acknowledged improvements in regulatory processes, digitalisation of services and institutional reforms that enhance the ease of doing business. The operationalisation of the Business One-Stop-Shop, improvements in customs processing times and enhanced financial sector regulations have reduced transaction costs and improved predictability for investors. The oversubscription of our sovereign bonds and sustained capital inflows further affirm that Eswatini is increasingly viewed as a credible, stable and investment-ready destination.

25. Mr. Speaker, Agape love means celebrating progress but not becoming complacent.
26. We still face:  
Youth unemployment, high poverty levels, climate vulnerability that is decimating our road infrastructure and agriculture and global trade uncertainties.
27. Therefore, this Budget is not a celebration of arrival — it is a declaration of intent.

## **II. GOVERNMENT'S PERFORMANCE IN 2025/26, INTERNATIONAL AND REGIONAL ECONOMIC OUTLOOK**

### **(i) International and Regional Economic Performance**

28. The global economy has exhibited resilience amid the emerging policy shifts since the beginning of 2025. Global growth is projected at 3.3 percent in 2025 and 2026, before easing slightly to 3.2 percent in 2027. The US implemented a series of new tariff measures, not seen in a century, and adjusted several trade deals with key trading partners, which impacted prices, investments and consumption. Although adaptation policies, along with the front-loading of trade by most economies supported resilience in 2025, the global outlook remains fragile. These factors, together with lingering effects of trade tensions and prolonged policy uncertainty are expected to weigh down on growth in 2026. Global growth therefore remains below the pre-pandemic average growth of 3.7 percent.

29. Growth in advanced economies is projected at 1.5 percent in both 2025 and 2026, supported by easing financial conditions and continued fiscal support. In Sub-Saharan Africa (SSA), growth is projected to remain steady at 4.1 percent in 2024 and 2025, and rising modestly to 4.4 percent in 2026 supported by macroeconomic stabilization and reform efforts. South Africa's economy is expected to grow by 1.2 percent in 2025 and 1.6 percent in 2026, attributed to an improved and stable power supply. Several countries in the SSA region have previously enjoyed preferential access to the US market under the African Growth and Opportunity Act (AGOA). However, the Act lapsed in September 2025, causing investment uncertainty in beneficiary countries. On February 3, 2026, however, President Trump signed legislation reauthorizing AGOA through to December 31st 2026. This one-year extension provides limited continuity for duty-free access to the U.S market for eligible nations, backdated to September 30, 2025.

**(ii) Domestic Economic Growth and Medium-Term Outlook**

***Economic developments in 2024 and 2025***

30. The Eswatini economy has remained resilient despite ongoing economic challenges. In 2024, real GDP growth is expected to moderate to 3.0 percent, down from 3.5 percent in 2023, reflecting weaker consumer demand resulting in a contraction of 3.3 percent in wholesale and retail trade services, as well as reduced agricultural activity due to a decline in animal production. However, this was partly offset by a strong rebound in manufacturing which grew by 7.8 percent, supported by improved external demand and agro-processing activities due to a strong recovery in crop production.

31. Mr. Speaker, preliminary estimates for 2025 reflect a GDP growth of 5.6 percent, anchored by robust public and private-sector investment in line with the implementation of infrastructure development plans. Major infrastructure projects including the Mpakeni dam under the Mkhondvo-Ngwavuma Water Augmentation

(MNWAP) project, energy projects, expanded ICT services, sustained growth momentum in the manufacturing industry and private sector investments boosting the construction sector by 17.1 percent.

32. Wholesale and retail activities grew by 9.7 percent, boosted by consumer demand and rising real wages in the public sector, which contributed 1.35 percentage points to the 2025 growth. Manufacturing also recorded sustained growth of 2.9 percent in 2025, underpinned by increased activity in the textile industry, food processing and other manufacturing industries, which include domestic appliances and non-metal products. The information and communication sector expanded significantly by 38.2 percent reflecting continued investment in digital infrastructure. On the negative side, the mining sector posted poor performance, declining by 1.3 percent in 2025, reversing the strong growth recorded in 2024. Despite a 12.9 percent rise in international arrivals, accommodation services remained subdued due to reduced conferencing activity linked to the freeze in foreign-funded programmes.
33. The medium-term outlook remains cautiously optimistic, with growth projected to reach 5.2 percent in 2026, supported by sustained public and private investments. Key growth drivers include major infrastructure projects such as the Strategic Oil Reserve, the construction of MR14 and MR21 (a 110-kilometer road connecting Siphofaneni to Nsoko and Maloma to Siphambanweni), the Central Bank headquarters, Manzini Mall, renewable energy initiatives, and the continued implementation of the Mpakeni Dam, among others. Moreover, the manufacturing industry is anticipated to benefit from increased external demand and private investment, while agriculture is expected to remain resilient, despite climate-related challenges. The tertiary sector is also projected to benefit from continued investment in ICT services, transportation and tourism. However, downside risks remain elevated. These include heightened global uncertainty leading to commodity price volatility and trade disruptions, which may constrain export-orientated sectors. Additionally, climate-related shocks pose significant risks to agricultural production and could delay the implementation of major construction projects.

### ***Inflation developments***

34. Mr. Speaker, inflationary pressures remained generally contained in 2025. Annual consumer inflation averaged 3.2 percent in the eleven (11) months to November 2025, down from 4.0 percent over the same period in 2024, with inflation in the second half of the year consistently below 3.0 percent. This moderation was mainly driven by lower food and transport inflation, reflecting declines in the prices of key food items such as rice and dairy products, as well as slower increases in sugar and reductions in domestic fuel prices. Transport inflation also eased in line with lower fuel costs and lower increases in vehicle purchase prices, supported by a decline of about 15.0 percent in international Brent crude oil.
35. In addition, price increases for housing rentals and utilities moderated in 2025 compared to 2024. However, upward price pressures were observed in alcoholic beverages and tobacco, largely reflecting higher sin taxes. In the medium term, international oil prices are expected to remain broadly stable, implying a muted impact on domestic headline inflation, particularly for transport and food components. Nonetheless, recent public sector wage adjustments, higher bread prices and lingering base effects are projected to exert upward pressure on domestic inflation. As a result, inflation is expected to rise modestly to about 4.0 percent in 2026 and 3.8 percent in 2027, compared to an outturn of 3.2 percent in 2025.

### ***Balance of Payments***

36. Mr. Speaker, Eswatini's external sector position is projected to weaken in 2025, with the current account surplus declining from E1.9 billion in 2024 to about E546 million. This narrowing of the surplus is mainly driven by a faster increase in imports than exports, reflecting higher demand for imported goods and services associated with the implementation of mega projects. The acceleration in imports of both goods and services is expected to persist into 2026, thereby exerting additional pressure on the current account.

37. Furthermore, Eswatini continues to be a net recipient of Foreign Direct Investment (FDI) from the rest of the world, which supports capital formation and job creation, but also results in higher outflows on the income account in the form of dividends and interest payments to foreign investors. SACU is expected to increase by 13 percent in the 2026/27 financial year, rising from E10.4 billion to E11.7 billion. In addition, the secondary income account surplus is also projected to decline to E11.8 billion in 2025 from E13.6 billion in 2024, reflecting a 20.4 percent reduction in SACU receipts for the 2025/26 relative to the 2024/25 financial year. Government will continue to closely monitor developments in the external sector and pursue policies that strengthen export performance, promote domestic production and safeguard external sustainability.

### **(iii) Financial Sector Developments**

#### ***Monetary Policy and Interest Rates***

38. Mr. Speaker, in 2025, the Central Bank of Eswatini pursued an accommodative monetary policy stance in support of economic recovery and also reduced the discount rate by a cumulative 25 basis points from 7.0 percent to 6.75 percent in May 2025 maintaining this stance to date. This easing was broadly aligned with the moderation in global and regional monetary policy conditions, subdued domestic inflation outcomes, and an improved inflation outlook for the domestic economy. The accommodative stance aims to stimulate economic recovery activity while maintaining inflation within acceptable levels.

#### ***Johannesburg Stock Exchange (JSE) Listing***

39. Moody's Ratings maintained Eswatini's long-term local currency issuer rating at B2 with a stable outlook in November 2025. The stable outlook reflects expectations that the Government will continue making progress in addressing fiscal challenges, maintaining political stability and preserving macroeconomic stability. The Government continued to raise funding under the ZAR 4 billion JSE-listed bond programme. During 2025, the Government raised ZAR 784 million, bringing the cumulative amount raised from the

JSE to ZAR 1.184 billion. Going forward, the Government is expected to return to the South African capital market for further issuances, capitalizing on the decreasing interest rate environment and the broader investor base available in South Africa.

40. In addition, the Government continued to mobilise funding in the domestic market through the issuance of bonds and Treasury bills (T-bills). The increased frequency of issuing T-bills improved market performance in 2025, with subscriptions and allotment rates of 160 percent and 110 percent, respectively. Bond performance was also strong, supported by the re-launch of the Infrastructure Bond, which recorded an allotment rate of 125 percent, signaling sustained investor confidence in Government securities.

### ***Gross Official Reserves***

41. The country's gross official reserves continued to increase between April and November 2025, supported by stable SACU receipts, higher export earning remittances, and foreign exchange proceeds from external funding for Government projects. In July 2025, the Central Bank successfully acquired its first monetary gold, further boosting and diversifying reserves while providing a hedge against geopolitical risks.
42. As a result, gross official reserves averaged E11.5 billion between April and November 2025, reaching a peak of E15.5 billion in November 2025, compared to an average of E10.2 billion during the same period in 2024. The reserves import cover also improved, rising from an average of 2.7 months in April–November 2024 to 2.8 months in April–November 2025, with a peak of 3.6 months in November 2025. In the short-to-medium term, reserves are expected to be further supported by an increase in SACU receipts in the 2026/27 financial year.

### ***Financial Sector Stability and Regulations***

43. Provisional banking licenses were issued to Letshego Bank Eswatini and Swaziland Building Society Bank Eswatini, expanding access to financial services. Progress was also made in sustainable finance through the development of the Eswatini Green

Finance Taxonomy alongside the implementation of a Trade Verification System. Digital transformation advanced through improved management of private sector external debt and regulatory approvals, while financial inclusion was supported by removing charges on the first digital wallet withdrawal per transaction effective March 2025.

44. Significant progress was achieved in strengthening the National Payment System in line with regional harmonisation goals. The Central Bank working with Government and supported by the World Bank drafted National Payment System Regulations to operationalise the National Payment Systems Act of 2023. These regulations will enable the licensing of a broader range of payment service providers than what prevails at present. Implementation of the Eswatini Payment Switch continued with all banks and non-bank participants, which are now connected to the fast payments platform enabling instant domestic payments 24/7 and further expansion is planned to include QR CODE payments that will enable merchants and Government payments that will be processed seamlessly using your smartphone. In essence, what used to take up to 24 hours to transfer money between banks now takes 2 seconds.

### ***Performance of the Banking and Non-Banking Sectors***

45. Mr. Speaker, the Eswatini Banking sector remained broadly resilient, supported by adequate capital and liquidity buffers. As at September 2025, the Capital Adequacy Ratio stood at 15.8 percent, well above the minimum regulatory requirement of 8.0 percent. While the sector remained profitable, the non-performing loan (NPL) ratio increased slightly to 7.1 percent in September 2025. Liquidity conditions improved, with the liquid assets-to-deposits ratio reaching 34.3 percent during the review period, although concentration risks remain elevated. Stress test results confirm resilience to moderate shocks, however, vulnerabilities to large-borrower defaults persist.
46. The insurance and pension sectors continue to serve as important stability anchors within the financial system. Pension fund assets increased by 11.4 percent to E55.8 billion, representing 57.1 percent of GDP and 34.4 percent of total financial sector

assets. While investment portfolios remain diversified, elevated exposure to Government securities and foreign equities increases market and concentration risks. Capital market assets rose by 17.7 percent to E41.0 billion, however, low market liquidity and narrow participation continue to constrain market depth. The insurance sector remains profitable, although rising operational costs, climate-related risks, and high market concentration are among leading factors that pose emerging challenges.

#### **(iv) Strengthening the Private Sector**

##### ***Private Sector Credit Extension***

47. Mr. Speaker, the accommodative monetary policy stance pursued since 2024, which reduced borrowing and debt-service costs, continued to stimulate private sector credit, providing a necessary catalyst for growth and employment creation in the economy. Between April and October 2025, year-on-year average growth in private sector credit was 8.1 per cent, slightly lower than the 8.7 per cent recorded over the same period in 2024. In 2025, growth was concentrated in the business sector, with business credit rising by 14.2 percent, from 12.6 percent in 2024, supported by robust performance in agriculture, manufacturing, and distribution industries.
48. Conversely, household credit growth slowed to an average of 2.3 percent, down from 6.0 percent in the same period in the 2024/25 financial year, reflecting persistently tight consumer finances, despite lower borrowing costs. The amount of money in circulation within the economy expanded by an average of 5.9 percent between April and October 2025, compared to 9.9 percent in the same period in 2024. Growth was driven by increases in both private sector credit and net foreign assets. Notably, interest-earning deposits grew by 7.8 percent, indicating a higher tendency among depositors to save, while transactional deposits rose at a slower pace of 3.0 percent.

49. Mr. Speaker, in the short-to-medium term, growth in private sector credit and money supply is expected to remain positive, supported by the ongoing recovery in economic activity. Household credit is also expected to improve, aided by subdued inflation, declining interest rates, and stronger household finances, particularly following the recent civil service salary review.

**(v) Trade, Industry and Investment**

***Institutional Support for Medium Small and Micro Enterprises (MSMEs)***

50. Mr. Speaker, support measures for MSMEs include financing schemes such as the Informal Traders Revolving Fund, the MSME Revolving Fund, the Small Scale Enterprise Loan Guarantee Scheme, and the Export Credit Guarantee Scheme. These initiatives provide entrepreneurs with the capital necessary to establish, expand, and sustain their businesses. To date, E56 million has been disbursed under the SME Revolving Fund, resulting in the creation of 3,096 jobs. Additionally, the Small Scale Enterprise Loan Guarantee Scheme has supported 146 businesses to the value of E35 million, further supporting enterprise growth and employment creation.

51. The latest studies show that there are 70,000 MSMEs in the Kingdom, which employ over 90,000 emaSwati and contribute significantly to Eswatini's GDP. Seventy-four (74) percent of these MSMEs are located in the rural areas and are mainly concentrated in the retail sector. The agriculture sector is the most dominant in terms of employment. Government provides support to 123 businesses through the Incubation Programme, which helps SMEs to develop their business acumen and grow their businesses. Through the MSME capacity development and sector support (CDSS) programme, which targets MSMEs that are not under the incubation programme, Government capacitated over 1,500 entrepreneurs from different Tinkhundla on entrepreneurship business planning and financial literacy.

52. Mr. Speaker, the international financial architecture is changing swiftly, with a rapid decline in aid, making the shift towards trade inevitable. Eswatini's response needs to be equally swift and targeted in order to find a sustainable solution to the financing gap for small businesses, who represent the backbone of our economy.
53. Under the leadership of His Majesty the King, we are championing the establishment of a continental blended financing mechanism called the Africa Strategic Investment Alliance (ASIA), founded on an African Union Summit decision, which will enable us to provide collateral free loans to MSMEs, women and youth, as well as build digital and financial literacy nationwide. Working under a collective umbrella with other African Union Member States, DFIs and private sector companies, we will be able to attract additional funding for small businesses by leveraging technology. We have provided E10 million in this budget to establish this entity. Government will launch an inter-ministerial committee to oversee the country programme and the establishment of a Regional Head Office for Southern Africa for the African Strategic Investment Alliance (AfSIA) in the Kingdom of Eswatini.
54. Joining AfSIA positions the Kingdom of Eswatini to boost its trade under the African Continental Free Trade Area, attract investment flows from Southern Africa, increase digital and financial inclusion for marginalized groups including people with disabilities and increase youth employment through the country programme that will be initiated during the second quarter of 2026.

### ***Factory Shells Update***

55. Mr. Speaker, factory shells remain a cornerstone of the Government's industrial development strategy. They provide ready-to-use infrastructure that enables investors to commence operations without delay, thereby reducing the time and cost associated with establishing businesses. This approach removes a major barrier to investment, particularly in the manufacturing sector and sends a strong signal of the Government's commitment to supporting industrial growth. By offering fully serviced industrial

facilities, Eswatini is positioned as a more competitive and investor-friendly destination in a region where countries are actively competing for investment.

56. The Government has completed and handed over the Gamula and Ndzevane factory shells to investors. These facilities are expected to create a combined total of 1,500 jobs. In addition, construction of the Ngwenya, Pigg's Peak, and Sigwe factory shells commenced and is currently providing employment to over 200 people during the construction phase and 2,223 once operational. These factories are expected to be completed in the 2026/27 financial year. Furthermore, the Johnson Workwear factory in Nhlangano has been completed and is expected to become operational this year, with anticipated employment of over 2,000 people.
57. Government has transferred the control of all the Government owned factory shells to the Eswatini Investment Promotion Authority (EIPA) who now collects all the rentals for these factory shells. This funding exceeds E100 million per annum and after a renovation program, will be used to build new factory shells. In addition, Government has provided E87 million for the construction of factory shells in this budget.

### **III. ECONOMIC DEVELOPMENTS, GOVERNMENT'S SERVICE DELIVERY IN 2025 AND BUDGET STRATEGY FOR 2026/27**

#### **(i) Health**

58. Mr. Speaker, this year has presented us with an extraordinary challenge. The United States Government has announced a significant shift in its global health financing priorities, which has created a fiscal shock for our health system. PEPFAR funding, which has been a cornerstone of our HIV/AIDS response, is under review. We have engaged directly with US Government representatives and I am pleased to report that an MOU has been signed to ensure continuity of HIV support.

59. Mr. Speaker, we continue to shift our health system from late-stage treatment to prevention and early detection. We have deployed 4 mobile cancer screening units across the country, bringing screening directly to communities. Early detection saves lives. Early detection is also more cost-effective than late-stage detection.
60. To complement the health financing reform, Government is poised to operationalise the transformation of the Central Medical Stores into a semi-autonomous, accountable, and efficient Eswatini Medical Supplies Agency. This reform will strengthen governance arrangements, modernise procurement and logistics systems, reduce chronic stock-outs, and ensure the availability of essential medicines and medical supplies across all levels of care. In this budget, E40 million has been provided under the recurrent budget to cater for the costs of this critical exercise.
61. Mr. Speaker, our goal is that no LiSwati should travel more than 8 kilometres to a health facility. Every clinic we build, every community health worker we deploy, every medicine we stock — all of it is directed at this singular aim: a healthy nation that does not have to choose between distance and care.
62. Mr. Speaker, I am pleased to report that the Phalala Fund, which provides emergency financial assistance for patients requiring treatment beyond our borders, has had its outstanding debt reduced to E30 million. This represents significant progress in managing one of our most sensitive health financing obligations.
63. Mr. Speaker, in our HIV response, Eswatini has again led the continent. We are among the first countries globally to introduce Lenacapavir as part of our national HIV treatment protocol. Lenacapavir is a long-acting injectable — a patient receives two injections per year, rather than daily pills. This transforms adherence and dramatically improves health outcomes.
64. The Opium and Habit-forming drugs (Amendment) Bill, 2025 was gazetted towards the end of the last Parliament session and is ready for tabling and onward processing

through Parliament. If this is passed, it should move many people from informal to formal employment and create thousands of new jobs.

65. Mr. Speaker, for the 2026/27 financial year, the Ministry of Health has been allocated E3.24 billion. This is our commitment to a health system that prevents, heals and loves its people back to wholeness.

**(ii) Labour**

66. Mr. Speaker, the threat of retrenchment is one of the most anxiety-causing realities facing Eswatini households. This year, we have developed the Unemployment Benefit Insurance Fund (UBF), a structured safety net that will, for the first time, provide funding for workers who lose their employment through no fault of their own. This is a social compact. It says: we see you in your moment of vulnerability, and we will not leave you there.
67. Mr. Speaker, Government through the Measurement and Testing unit, successfully held the Eswatini National Career Expo in July 2025, it engaged 17,984 participants across five locations. Targeting in-school youth, out-of-school youth, and persons with disabilities, the event provided crucial career guidance and networking opportunities.
68. Mr. Speaker, we have also launched the National Human Resources Development Policy 2024–2030. This policy coordinates our skills development, training, and employment strategy across all ministries. For the first time, Eswatini has a coherent, integrated national plan for developing its most important resource: its people.
69. Mr. Speaker, for the 2026/27 financial year, the Ministry of Labour and Social Security has been allocated E858.3 million.

### **(iii) Education**

70. Mr. Speaker, education is where Agape Love makes its longest investment. The decisions we make today in our classrooms will determine the kind of nation we are in 2040. This year, we have taken bold steps to transform what happens in those classrooms through the rollout of Competency Based Education (CBE) — a curriculum reform that moves from rote memorization to applied understanding.
71. Mr. Speaker, we are also introducing AS/A Level as a pathway for Eswatini students to gain internationally recognised qualifications without leaving the country. This opens university doors across the world to every LiSwati student with the talent and determination to walk through them.
72. Mr. Speaker, 340 Grade 0 classrooms are already receiving the Competency Based Education curriculum, and we have targeted 243 schools for full CBE materials distribution. In parallel, we have launched the Teach at The Right Level (TaRL) pilot in 30 primary schools — an evidence-based approach that meets children at their actual learning level rather than their grade level.
73. Mr. Speaker, our Staff and Student Education Management Information System (SEMIS), built on the DHIS2 platform, is now considered an Africa-wide benchmark for education data management. Real-time data on teachers, students, and school performance allows us to direct resources where they are needed, not where we assume they are needed.
74. Mr. Speaker, this year we have converted 130 primary school teachers and 113 high school teachers from temporary to permanent employment. A teacher who has security in their own life is better placed to build security in the lives of their students.
75. In the 2026/27 financial year, Government has received an additional grant of E85.36 million from the Japan International Cooperation Agency (JICA) for the construction of

four secondary schools in support of expansion of secondary education infrastructure at Ngwenyameni, New Thulwane, Maphungwane and Lavumisa. This represents one new secondary school per region and is expected to be completed in one year.

76. Mr. Speaker, in the 2026/27 financial year, the Ministry of Education is allocated E5.06 billion in the recurrent budget and E408.7 million in the capital budget. In addition, E194.5 million has been allocated for the OVC fund and E702.3 million for scholarships. This total of E6.4 billion, representing 16.7 percent of the total budget, is spent on educating eSwazi. This is by far the highest budget allocation, reflecting Government's intentionality in investing in our youth for future productivity in the economy.

#### **(iv) Social Protection**

77. Mr. Speaker, Government continues to champion the rights and wellbeing of vulnerable populations through progressive reforms and expanded social protection coverage. During the past year, the DPMs office intensified the transition from institutional care to family-based care, prioritizing kinship care, foster care, and adoption. Through partnerships with faith-based and non-governmental organisations like Bulembu Ministries and SOS Children's Village, children were successfully reunified with extended families, strengthening family systems and reducing reliance on institutional care. To respond to emerging social challenges affecting the country, Government is on course to establish more decentralized service centres across the country.
78. As we continue to build a nation where every child is protected, empowered, and given the opportunity to thrive, Government remains at the forefront of safeguarding children's rights and wellbeing across the Kingdom. In the 2026/27 financial year, Government, through the Deputy Prime Ministers Office will spearhead the establishment of Community Justice Committees nationwide. These committees will promote restorative justice approaches for children at risk of being in conflict with the law, reinforcing rehabilitation over punishment. It will also review and implement the National Children's Policy and the Early Childhood Care and Development (ECCD)

Framework, ensuring early investments in children's development, protection, and inclusion with particular attention to children with disabilities.

79. Mr. Speaker, Significant progress has been made in implementing the Persons with Disabilities Act (2018), including the development of the Persons with Disabilities (Registration) Regulations 2025. The Mzimpofu Hostel has been upgraded to provide appropriate residential care for persons with disabilities
80. Mr. Speaker, the Disaster Risk Management Act 2025 has been enacted. This gives Eswatini a legal and operational framework for responding to disasters with speed, coordination, and accountability. When disaster strikes, the speed of government's response is a measure of how much it loves its people.
81. Mr. Speaker, in the 2025/26 financial year, our Food Assistance Programme reached 263,090 emaSwati in 58,201 households across all 59 Tinkhundla. Additionally, 256 houses have been constructed for vulnerable households who previously had no safe shelter.
82. Mr. Speaker, for the 2026/27 financial year, we are committing to building houses for 60 additional vulnerable households and livelihood support for 200 families to provide vocational and agricultural training. These are not statistics. These are specific families with specific names, in specific communities, awaiting Government assistance.
83. Mr. Speaker, the Government has allocated E1.2 billion to the Deputy Prime Minister's Office in order to continue with these essential services of taking care of the most vulnerable.

**(v) Agriculture**

84. Mr. Speaker, agriculture remains the industry that could have the biggest positive impact on our economy in the short term. The country has been negatively impacted by the outbreak of Foot and Mouth Disease, which is one of the highly-guarded trans-

boundary animal diseases. This has resulted in the suspension of exports and disrupted internal markets of food commodities of animal origin. There is a need to upscale investment in the prevention and control of animal diseases.

85. This will be attained through rehabilitation of Cordon fences to prevent trans-boundary movement of livestock. Strengthening the capacity of national laboratories through the provision of equipment and re-agents to facilitate local testing and detection of pathogens is of paramount importance. Efforts were directed towards containing and controlling the disease including the erection of cordon fences, establishment of checkpoints and provision of human resources for the operation. A budget of E15 million has been allocated for the rehabilitation of Cordon fences. Between reallocations in the 2025/26 budget, the supplementary budget and the budget I am tabling today, E57 million has been provided for vaccines, for the rollout of a national vaccination exercise.
86. Mr. Speaker, the Eswatini Agricultural Development Fund has been fully operationalized providing loans in excess of E22 million to qualifying agri-businesses. The businesses include start-ups and expansion of existing operations. The Fund has also supported a mechanization project in collaboration with Standard Bank, the Embassy of the United States of America as well as Swazi Trac. Despite it being a revolving fund that should be self-sustaining, we have added another E10 million towards this Fund in this budget, to make it more impactful to the farmers.
87. The Commercial Maize Project's Hamba Ubuye Revolving Fund has grown into one of Eswatini's most strategic instruments for achieving food sovereignty. Under the Government's leadership, and through Eswatini Water and Agricultural Development Enterprise's (EWADE), disciplined execution over four seasons, the programme has supported 402 farmers, cultivated 3,141 hectares and produced 7,634 metric tons of maize, directly strengthening the nation's ability to feed itself and reducing reliance on volatile regional grain markets.

88. The 2024/25 farming season delivered 3,530 metric tons of maize, marking the programme's strongest performance to date. For the 2025/26 season, 248 farmers (192 men, 56 women, and 21 youth) have qualified for support. These farmers were provided with farm inputs worth over E18 million. They cultivated 1,861 hectares and are expected to produce an estimated 7,444 metric tons. These achievements reflect the Government's vision and EWADE's stellar execution in expanding national maize production, strengthening rural livelihoods, creating jobs and reducing import dependency.
89. In the 2024/25 financial year, Government launched the Smallholder Agricultural Productivity Enhancement and Marketing Project (SAPEMP), an E851 million investment aimed at transforming Eswatini's rural economy. This 8-year multi-partner programme supported by IFAD, the Green Climate Fund, Government and private partners is poised to revolutionise smallholder agriculture.
90. SAPEMP will uplift 19,600 households, benefiting more than 117,000 citizens, while prioritising women, youth and vulnerable groups. It is designed to make farming more productive, resilient, and profitable, to strengthen food security and nutrition, creating at least 7,500 jobs across all four regions.
91. The Mpakeni Dam — the flagship component of the Mkhondvo Ngwavuma Water Augmentation Programme (MNWAP) — has now surpassed the 44 percent completion mark. This is the largest single investment Government has made in a multi-stage agricultural project, and this year, we have allocated E1.6 billion in the budget towards the Mpakeni Dam construction, which is an integral part of the Mkhondvo Ngwavuma Project. At this pace, we remain confident that the dam will be delivered by 2028, underscoring disciplined project control and responsible stewardship of public resources. The holistic MNWAP project is designed to create 100 000 jobs after full implementation, when both dams are fully constructed.

92. Mr. Speaker, to date, over 1,800 jobs have been created across its various components — from the Mpakeni Dam construction under the Sakhalive Joint Venture, to household resettlement works, bush clearing, soil preparation, farming activities and other livelihood restoration efforts.
93. Working with key ministries (Education & Labour) and supported by the African Development Bank (AfDB); EWADE, through the MNWAP programme, is championing skills transfer by supporting an apprenticeship initiative that places 50 young Diploma holders with Sakhalive Joint Venture for hands-on training at the dam site.
94. Eswatini Youth Employment Opportunities Project (EYEOP), funded by the World Bank Group to the value of E486 million to be implemented over a period of 5 years, is designed to create jobs and entrepreneurial pathways for youth aged 18–35. The project places strong emphasis on practical training, agribusiness incubation and strategic partnerships with the private sector to catalyse meaningful and sustainable employment. Thirty thousand (30,000) young beneficiaries will be empowered to participate in three high-impact streams: on-farm ventures such as crop and livestock production, off-farm enterprises including post-harvest and value-addition facilities, and employable skills development through on-the-job training.
95. The Lower Usuthu Smallholder Irrigation Project Phase II (LUSIP II) is now in its completion and closing stage. Twenty (20) Farmer Companies have been established and are fully operational. Seven contractors are currently on the ground undertaking on-farm development activities, including bush clearing, land preparation, irrigation system installation, and planting, finalising on-farm development for 10 schemes under the Mngometulu and Myeni Chiefdoms. All schemes are projected to be fully operational by the end of March 2026 and will then be providing 1,687 permanent jobs.
96. Mr. Speaker, under LUSIP II, six potable water supply schemes have been established, all now fully operational, providing improved water services to over 15,000 people,

marking an increase of 2,969 beneficiaries largely attributed to the Sinyamantulwa Potable Water Scheme (PWS) and the MNWAP interim water schemes.

97. Mr. Speaker, Government through NMC has successfully procured maize from local farmers at a competitive price of E6,000.00 for ordinary farmers and at E6,300.00 per ton for contracted farmers representing an increase of 3.4 percent when compared to the previous financial year. Fifty (50) hectares of Swazi Nation land has been availed to Government for purposes of constructing the National Grain Reserve facility.
98. For the 2026/27 financial year, the Government has allocated E2.2 billion to the Ministry of Agriculture.

**(vi) Natural Resources**

99. Mr. Speaker, the Government of Eswatini is making positive strides towards the provision of safe and clean water supply to all emaSwati, irrespective of location. The achievement of Water Supply, Sanitation and Hygiene (WASH) Master Plan during 2025 is indeed a significant milestone for the sector.
100. The master plan demonstrates water supply gaps and the needed budget for water supply infrastructural development throughout the Kingdom to ensure that all emaSwati receive affordable, clean and safe water at all times. Testimonial to this assertion is the roll-out of Mega Projects such as the Nhlangano–Siphambanweni, Lomahasha–Namaacha and the Manzini Region Integrated Water Supply and Sanitation project. All of these mega water schemes will be completed in 2026.
101. The Government, through the Ministry of Natural Resources–World Vision collaboration, completed seven (7) macro water supply schemes (Bethel Extension, Lombatsela, Mbhoke, Nsenga, Gebeni, Mahlangatsha and Tfutukani), while construction continues on the Moti, Luhlangotsini Phase 2 and Khuphuka schemes. The partnership also restored functionality to over 72 micro water supply systems across

the country, extending clean water access to rural communities that grid infrastructure could not reach.

102. Mr. Speaker, the Geological Survey Department has conducted an extensive mineral survey in the recent past. Potential mineral targets were generated. The country will now make a follow up survey on the various targets to fully unlock the value of the natural resources and a budget of E6.13 million has been provided for this.
103. The minerals sub-sector had some positive developments in that a number of mineral rights were granted under the auspices of iNgwenyama in trust for emaSwati. There were three (3) coal mining licenses that were granted and this includes a mining license for the power utility; Eswatini Electricity Company, to embark on the feasibility to develop a thermal power plant that will feed into the national electricity grid. There was also a granting of two (2) gold prospecting licenses for exploration programs in the North western part of the country. The iron ore project at the defunct Ngwenya Iron Ore Mine site, got an extension of a prospecting license to determine the viability of extracting the in-situ resources.

#### **(vii) Energy**

104. Mr. Speaker, in the power sector, through the Power Procurement Programme, the Government has made remarkable progress towards the construction of 75 MW Solar PV Power Plants that will be developed by the private sector — as witnessed during the launch of the 20 MW solar PV plant which will be constructed at Nduma. This will soon be followed by the launch of the 15 MW Ndzevane solar PV plant. To further diversify the local electricity generation mix, a Power Purchase and Grid Connection Agreement has been signed with Ubombo Sugar Limited for the development of a 40MW biomass plant that will significantly increase local power generation. These projects are in addition to the 13.6 MW Lower Maguduza Hydropower Plant, which is already under construction.

105. The country is finalizing its Power Purchase Agreement with Eskom and the National Transmission Company of South Africa (NTCSA) for a period of 10 years. This will give our country enough time to increase its local power generation capacity to the extent of exporting excess power to the region.
106. To ensure reliable power supply and to support the connection of households in the Shiselweni region, the EEC has completed the construction of four sub-stations in Hluti, Lavumisa, Matsanjeni and Nhlangano as well as the 132 kV transmission line from Nhlangano to Lavumisa. The utility further completed the construction of another 132 kV line from Dwaleni to Stonehenge that provides reliable supply for the capital city.
107. Mr. Speaker, through the Rural Electrification Programme, the Government continued to improve access to electricity. In the 2025/26 financial year, 4227 households were electrified and 1500 ready-boards installed for previously un-electrified households. Furthermore, in line with the need to come up with innovative solutions for the electrification of the last mile customers, the Government has recently embarked on a pilot project for solar home systems which targets 40 households at Khelekhele that were previously impossible to electrify through grid extension
108. In ensuring energy access through grid extension and strengthening, the Government, through the assistance of the World Bank Group, will undertake the ASCENT project, which intends to ensure that Eswatini achieves 100 percent access to electricity by 2030. The project will assist in the electrification of households in both rural and urban areas throughout the country.
109. Mr. Speaker, in the Petroleum Sector, the Government has secured funding from the EXIM Bank of the Republic of China (Taiwan) for the construction of the Strategic Oil Reserve Facility. The construction company has begun preliminary works on the facility located at Phuzumoya. This marks a significant step towards establishing an E80 million-litre national fuel reserve, which will enhance the country's fuel supply security. The project is expected to be completed by the end of 2028.

110. For the 2026/27 financial year, Government has allocated E1.73 billion to the Ministry of Natural Resources, Energy and Mining.

**(viii) Tourism and Environment**

111. Mr. Speaker, the much anticipated opening and operationalization of the International Conference Centre (ICC), in April 2026, is set to be transformational for the tourism industry in Eswatini. An additional E100 million has been set aside in this budget, specifically to ensure that all provisions are made available to enable the ICC to deliver professional services to local and international visitors wishing to use this world class facility. The ICC is expected to stimulate tourism, hospitality, aviation and related service industries, generating thousands of jobs and boosting foreign exchange earnings.

112. Mr. Speaker, Government will continue to strengthen environmental governance, mobilise climate and environmental finance, and empower communities to respond to emerging environmental risks. By supporting the Eswatini Environment Authority through this budget, we are protecting the natural capital that underpins agriculture, tourism, energy security, and long-term fiscal stability. This budget therefore reflects responsible leadership and a clear commitment to securing a prosperous, resilient, and sustainable future for the Kingdom of Eswatini.

113. Mr. Speaker the Ministry of Tourism has been allocated E194.4 million in the 2026/27 financial year.

**(ix) Information, Communication and Technology**

114. Mr. Speaker, in pursuing its mandate of transforming the digital economy agenda, Government will continue to focus on information and communication technologies implementation as a priority and a key enabler to attain the vision of "A knowledge-based economy and digitally inclusive society."

115. During the 2025/26 financial year, Government recorded significant achievements across regulatory enforcement, spectrum management, cybersecurity, data protection, infrastructure support, broadcasting expansion, postal and courier reform, consumer protection and sector strengthening.
116. The vision towards efficient service delivery by leveraging digital transformation has yielded notable achievements in e-government. These include the development of the Government in Your Hand (GIYH) App that was launched in May 2025, which brings services closer to emaSwati. The current downloads which are above 10,000 are increasing daily which shows user confidence and Government will be increasing the number of services that can be accessed through the App.
117. Preparatory work to merge Eswatini Broadcasting and Information Services (EBIS) and Eswatini Television Authority (ESTVA) to form the Eswatini Broadcasting Corporation as directed by the Broadcasting Act of 2023 has begun. This work will include consultations with key stakeholders on Change and Staff Management and the Legal Transition Process. Currently a report to be used to inform the process has been completed.
118. A number of emaSwati are taking advantage of the free lessons offered through the Coders Eswatini initiative. To date over 5000 citizens have enrolled in courses such as programming, artificial intelligence, data science and android development. This initiative in partnership with the United Arab Emirates, aims to bridge the digital divide and boost innovation for economic development.
119. To ensure efficient delivery of Government services to emaSwati, a budget of E35 million has been allocated to upgrade the mainframe computer system in order to deal with the frequent downtimes.

120. This budget provides E413.9 million to the Ministry of ICT for the rollout of all these targeted programmes.

### **(x) The Eswatini Population and Housing Census**

121. Mr. Speaker the 2026/27 financial year marks the beginning of a crucial national exercise, the Eswatini Population and Housing census – which will provide reliable and timely socio-economic data showing how the country’s population is structured for evidence-based planning and policy decision making.

122. The last census was conducted in 2017 and it was the first digital census in the country. The next one is going to be held in 2027. The Central Statistical Office has begun data collection for the first phase of the census, which is the mapping and listing of all households in the country. A budget allocation of E130.5 million has been set aside in this year’s budget for this exercise.

123. The nation is invited to fully participate in this national assignment to ensure it succeeds and that “no one” is left behind, especially on the census night, to confirm that the ultimate population figures produced, present a realistic estimate of how many people the country has in 2027.

### **(xi) Infrastructure Development**

#### ***Roads***

124. Mr. Speaker, the Government recognises the damage caused by the impact of extreme climate change on our road network, particularly after the recent rains, and especially to rural and district roads. The asphalt road network has continued to expand and currently accounts for an estimated 51 percent of gazetted roads. In the medium term, the Government, working with Development Partners, is expected to increase the paved road network to close to 60 percent.

125. The Government is cognisant of the road maintenance challenges. It is necessary that damaged roads are fixed to a level where climate change does not destroy them on an annual basis. This year Government will spend E164 million for the rehabilitation and maintenance of feeder roads. We will spend another E70 million for the maintenance and upgrade of roads, crossings and bridges. An additional E364 million has been set aside for the construction of main and district double sealed tarred roads.
126. To enhance planning and execution of road maintenance, the Government will prioritise the operationalization of the Roads Authority in 2026. At the end of the year, E450 million will be available in the Roads Authority Fund for the maintenance and upgrades of roads throughout the country. This is in addition to a budget of E880 million for the Siphofaneni-Nsoko- MR14-MR21 roads. This brings the total amount available to road infrastructure in the 2026/27 financial year to nearly E2 billion.
127. Mr. Speaker, Government also remains committed to improving road safety and will continue to align interventions with the African Road Safety Charter and the National Road Safety Strategy, which aims to reduce road accidents and fatalities with 50 percent by 2030.
128. Mr. Speaker, the state of most Government buildings is deplorable. This must be improved to ensure that buildings that are used to access public services, as well as those used as residences, are in a decent state. We are at the final stages of negotiations with DBSA for a ZAR 2.4 billion loan for the Housing Board, of which E368 million will be drawn down this year to build more institutional housing and to renovate Government houses and building infrastructure. This loan request is yet to come to Parliament for approval in this financial year.

### ***Aviation***

129. Mr. Speaker, Government has been instrumental in strengthening Eswatini's aviation sector through foundational regulatory and operational milestones. Eswatini achieved

an impressive 80.48percent in the ICAO Aviation Security Audit. A provision of E80 million has been allocated for the Audit in the 2026/27 financial year.

130. The recognition agreement by the African Airlines Association is a reflection that the Eswatini Airline has made a mark in the sub-regional aviation landscape, with Eswatini securing a new route to Lusaka, Zambia for 2 trips per week. The airline securing more routes is highly dependent on Eswatini remaining certified by International Air Transport Association (IATA). This certification will strengthen our ability to secure more Bilateral Air Service Agreements, enhancing regional connectivity, driving trade and tourism.

### ***Railways***

131. Mr. Speaker, the rail sector has demonstrated resilience over the years and the opportunities for growth increase as regional integration and global trade increases. Rail provides a convenient mode for the movement of bulk commodities especially fuel and minerals. Eswatini Railways is pursuing the development of a transit 154 KM route that traverses to the Republic of South Africa and a gateway to the north-south corridor where a lot of bulk commodities are hauled to the sea ports of Richards Bay, Durban and Maputo. Eswatini Railways continue to facilitate the clearance of the servitude while exploring opportunities for financing the actual construction of the line.

### ***Rural Development***

132. Mr. Speaker, in the 2025/26 financial year the Regional Development Fund (RDF) has completed seventy-four projects out of which nineteen were infrastructure projects and fifty-five were income-generating projects. These projects benefited 8,875 emaSwati directly and created 317 permanent jobs.
133. In the 2026/27 financial year Government will again allocate E177 million to the Rural Development Fund (RDF), with an additional E30 million towards clearing of the backlog of the outstanding requests from the constituencies. Government will increase

its allocation towards the Community Development Fund from E188 million in the 2025/26 budget, to E300 million in this 2026/27 budget. This fund continues to have a very positive impact in rural communities, through the construction of bridges, roads and other necessary infrastructure.

134. Mr. Speaker, Government was able to reconstruct and rehabilitate five Tinkhundla centres that had been vandalised and the Ngwempisi Inkhundla is expected to be completed by the end of the financial year.

135. Government has allocated an amount of E547.8 million to the Ministry of Tinkhundla Administration and Development in order to continue with rural development services and its decentralisation mandate.

#### **(xii) National Security**

136. Mr. Speaker, the police play a critical role in safeguarding the wellbeing and security of our communities. During the 2024/25 financial year, the Police Service worked tirelessly to curb criminal activity. However, despite these sustained efforts, reported crime levels increased by 11 percent. Road traffic accidents during the last financial year showed a decrease of 18 percent and 9 percent on fatal and serious accidents respectively.

137. In line with the Government Programme of Action, the Police Service focuses on community-oriented policing with an aim of reducing crime. This will be made possible through strengthening the trust between law enforcement and the community and fostering partnerships that address root causes of crime and promote proactive solutions.

138. The Umbutfo Eswatini Defence Force (UEDF) will continue with its peacekeeping role and taking control of our security along the national borders.

139. Mr. Speaker, in the 2026/27 financial year, His Majesty's Correctional Services plans to review its operational Trading facility regulations. This will enhance the skills impartation to offenders, optimize production processes at Industry and Agriculture sections and the awarding of certificates to graduating offenders.
140. The installation of a Command Control Centre at Matsapha Correctional Centre will enhance security and surveillance measures in order to reduce escapes. To adhere to UN standards, Government will review the Rehabilitation and Social Reintegration Policy. Government will upgrade the Correctional Staff College including the provision of potable water at Bhalekane, Big Bend and Mawelawela Correctional Centres.
141. In the 2025/26 financial year, 75 percent of offenders completed psychosocial therapy whilst 53 percent of offenders completed pre-release reintegration programmes and continued agricultural production enhancement to augment the food supplies budget. Correctional Services intensified vocational skills training and trade testing for offenders.

### **(xiii) Combating Corruption**

142. Mr. Speaker, Government remains committed to strengthening the fight against corruption. During the 2025/26 financial year, the Anti-Corruption Commission investigated over 285 cases, with six cases before the courts involving an estimated value of E660 million. In addition, 32 corruption awareness initiatives were conducted across the public and private sectors, reaching approximately 1,500 participants, while regional and international cooperation was enhanced through participation in key anti-corruption forums.
143. Government is intentionally introducing several technological reforms such as the vehicle tracking and fleet management system, IFMIS and the establishment of Eswatini Medical Stores Agency (EMSA) with the end-to-end medicine tracking solution and by doing so reducing the opportunity for corruption. The vehicle fleet management

system has already observed a 40 percent reduction in fuel consumption by the Government fleet.

144. Mr. Speaker, the embezzlement of public funds thrives in the shadows of weak coordination of combating such crimes. Building on the mandate from Sibaya, Government is strengthening the synergy between the Office of the Auditor General (OAG), the Anti-Corruption Commission and law enforcement. Government supports the Supreme Audit Institution (SAI) that monitors public funds without fear or favor, providing a stable environment where both the public sector and private investors can flourish under a predictable, transparent and world-class regulatory framework.

### ***Anti-Money Laundering / FinTech / Human Rights***

145. Mr. Speaker, Government through the Eswatini Financial Intelligence Centre (EFIC) continues to play a critical role in safeguarding the country's financial system against money laundering and terrorism financing, which pose serious risks to fiscal stability and economic development. In the 2025/26 financial year, EFIC implemented a compliance program aimed at monitoring the effective application of Anti Money Laundering and Countering the Financing of Terrorism (AML/CFT) measures by reporting entities. Key achievements included targeted AML/CFT training for high-risk sectors and the development of a comprehensive institutional risk assessment methodology.
146. The Government is also preparing for its next Universal Periodic Review (UPR) under the United Nations Human Rights Council, which is scheduled to take place in the October/November 2026 session. This review presents an opportunity for Eswatini to demonstrate progress made since the last session. This is our opportunity to reaffirm our commitment to continuous improvement in human rights governance.
147. Mr. Speaker, Government's clear commitment and efforts to advancing Sustainable Development Goal No.16, particularly in relation to ensuring access to justice for all, goes beyond the mere establishment of the Legal Aid Office. Government has

demonstrated a deliberate and comprehensive approach to building a justice system that is accessible, fair and responsive to the needs of all citizens by taking decisive steps to strengthen the legal and institutional framework for the provision of legal aid. The enactment of the Legal Aid Act and the Legal Practitioners (Amendment) Act, is a significant milestone. These pieces of legislation provide a conducive and modern legislative framework that will enhance the delivery of legal aid services and ultimately promote public confidence in the justice system.

#### **IV. FISCAL PERFORMANCE**

##### **(i) Revenue Performance 2025/26**

148. Mr. Speaker, in the 2025/26 financial year, Government revenue and grants are projected to amount to E29.64 billion, corresponding to 31.5 percent of GDP. The projected revenue collection displayed a decrease against the initial budget of E29.73 billion.

##### **(ii) Expenditure 2025/26**

149. Mr. Speaker, total Government expenditure for the 2025/26 financial year was budgeted at E32.6 billion. The estimated budget outturn at the end of the year stands at E35.6 billion which is 37.8 percent of GDP. This is approximately 3.2 percent higher than the outturn in the 2024/25 financial year.

150. During the 2025/26 financial year, Government recorded notable progress in advancing public service reforms and strengthening human resource management across Government. Key achievements included the successful finalisation and implementation of Phase II salary adjustments for the three Security Forces, benefiting the Umbutfo Eswatini Defence Force, Royal Eswatini Police Service and His Majesty's Correctional Services at a cost of E230 million. Following Government approval, the Joint Negotiations Forum (JNF) successfully negotiated and signed a Collective Agreement operationalising the implementation of the recommended Scenario 3 of the

Salary Review Report, with effect from the October 2025 pay dates, backdated to April 2025.

**(iii) Overall Balance / Government Deficit 2025/26**

151. Mr. Speaker, the deficit for 2025/26 financial year is expected to deteriorate to 6.4 percent of GDP from a budgeted 3.1 percent of GDP. Whilst we have been able to fund part of this through local borrowing, a large part of it has been financed through external borrowing.

**(iv) Public Debt 2025/26**

152. Mr. Speaker, total debt stock stood at E34.35 billion as at end of November 2024, which is an equivalent of 39.60 percent of GDP. Of this stock, external debt stood at E15.55 billion which is equivalent to 17.90 percent of GDP whilst domestic debt stood at E18.79 billion which is equivalent to 21.70 percent of GDP.

153. During this financial year, Government through Parliament approved and signed loan agreements, also secured some grants. The loan agreements include the OPEC-Fund for International Development (OFID) for financing of the Mkhondvo-Ngwavuma Water Augmentation Program (MNWAP Phase 1B) amounting to USD20 million and also the International Fund for Agricultural Development (IFAD) for financing of the Smallholder Agricultural Productivity Enhancement and Marketing Project (SAPEMP) amounting to USD13.57 million.

154. Mr. Speaker, Government has contracted a loan for the Strategic Oil Reserve for Eswatini National Petroleum Company (ENPC) and we are planning to raise a loan for Institutional Housing for Eswatini National Housing Board. Even though these have been contracted by Government, ultimately, they will be paid fully by these entities using their own income streams and balance sheet and for this reason they will be treated as contingent liabilities. These loans are projected to increase the Government loan book in the 2026/27 financial year to 47 percent of debt to GDP. However, without

these loans Government debt to GDP would be maintained at the same level as in the 2025/26 financial year at 43 percent of GDP, keeping us on a sustainable path.

**(v) Public Enterprises**

155. Mr. Speaker, the number of State-Owned Entities increased from 49 to 50 following the establishment of the Eswatini Roads Agency under the Ministry of Public Works and Transport, in response to widespread public concern over the poor state of road infrastructure. While Government recognises the importance of this intervention, it must be clear that the creation of new entities will not be accompanied by unchecked spending. Performance across several commercial entities has declined, resulting in reduced dividends to Government and placing additional strain on the fiscus, a situation that cannot be sustained.

156. Government is currently undertaking a comprehensive salary review of parastatals, alongside a stringent performance criteria exercise, identifying key performance indicators for each entity.

**(vi) Public Sector Reforms**

157. Mr. Speaker, the Government continues to implement Public Finance Management (PFM) Reforms. Government has initiated the development and implementation of the Integrated Financial Management and Information System (IFMIS). Through the IFMIS, Government is introducing Programme-Based Budgeting, paying much more attention to the National Development Strategy and Plan. This reform strengthens the planning of programs and activities by Ministries and Departments.

158. The implementation of IFMIS has offered a timely opportunity to intentionally align planning with budgeting through the introduction of Programme-Based Planning and Budgeting (PBPB). PBPB allows us to not only budget more strategically but also to improve transparency and accountability by linking public spending directly to clearly defined programmes and measurable outcomes. The emphasis on the Government

planning process, through clearly identifying the National Development Plan (NDP) and Programme of Action (POA) related activities, has given the Government strategic direction during the budgeting process.

## **(vii) Taxes**

159. Mr. Speaker, Government remains firmly committed to strengthening the tax system as the cornerstone of domestic resource mobilisation and sustainable national development. Our objective is to build a fair, efficient, and growth-supportive tax system that broadens the tax base, enhances compliance, and reduces over-reliance on volatile external revenue sources.

160. In the 2024/25 financial year, tax collections increased by E1.588 billion, representing a growth of 12.2 percent. This strong performance reflects the effectiveness of tax administration reforms implemented by the Eswatini Revenue Service (ERS) through a service-focused and compliance-driven approach. Government appreciates all emaSwati who honoured their tax obligations and thereby contributed directly to funding public services and development programmes. Government continues to encourage those who are not yet fully compliant to do so, as tax compliance is both a civic responsibility and a foundation for inclusive development.

161. Mr. Speaker, this positive momentum is expected to continue, with tax collections projected to grow by 13.2 percent in the 2025/26 financial year. However, despite these gains, significant tax compliance gaps remain, estimated at approximately E4 billion annually. These gaps, particularly in Value Added Tax (VAT) within the wholesale and retail sector, represents lost resources that could otherwise support national priorities. Government is therefore prioritising improved compliance and enforcement as a more equitable and sustainable alternative to increasing tax rates and placing additional pressure on compliant taxpayers.

162. Mr. Speaker, tax and customs reforms have also been advanced through improved trade facilitation. Under the National Trade Facilitation Roadmap, significant progress has been achieved, including the expansion of the Authorised Economic Operator Programme, which rewards high levels of tax and customs compliance. Processing times have markedly improved with declaration processing now averaging under 28 minutes. In addition, the Government implemented targeted VAT policy measures to promote equity and reduce the cost of living, including increasing the VAT exempt threshold from E1,000 to E10,000 at the borders of entry into Eswatini, expanding the list of VAT-exempt goods, and zero-rating essential items such as sanitary pads, reusable nappies, and selected medical supplies. These measures reduce the tax burden on households while encouraging accurate declarations and compliance.
163. Turning to tax performance in the 2025/26 financial year, Government budgeted total revenue and grants at E29.725 billion, with the projected outturn at E29.638 billion. The marginal shortfall of E87 million reflects weaker performance in non-tax revenue, therefore reinforcing the importance of strengthening tax collection as the most reliable source of funding. Over the medium term, total revenue and grants are projected to rise, supported primarily by improvements in domestic tax mobilisation, enhanced compliance, digital tax administration reforms and the implementation of the fiscalisation plan.
164. Mr. Speaker, corporate income tax collections are projected to record a slight shortfall in the 2025/26 financial year due to subdued profitability across key sectors. However, over the medium term, corporate tax collections are expected to recover steadily, driven by gradual economic recovery, improved tax administration, and strengthened digital compliance systems. Similarly, personal income tax collections, mainly PAYE, performed slightly above budget in the 2025/26 financial year, reflecting improved compliance and moderate wage growth. These collections are projected to grow steadily over the medium term, supported by economic recovery, public service salary review and continued enforcement of compliance measures.

165. Government has completed key legislative reforms aimed at strengthening the tax system and widening the tax base. These include the Finance (Amendment) Act, 2025, the Alcohol and Tobacco Levy (Amendment) Act, 2025, and the Income Tax (Amendment) Act, 2023. The revision of alcohol and tobacco levies, alongside measures such as the planned collection of fuel tax at border points, forms part of Government's broader fiscalisation plan to improve tax compliance and efficiency.
166. Mr. Speaker, in the 2026/27 financial year Government does not intend to increase taxes other than the excise duties that were announced by South Africa, which forms part of the SACU revenue pool. In order to align with South Africa, the proposed increase of excise duties of 3.39 percent will be applied to all alcohol and tobacco products immediately.
167. Mr. Speaker, looking ahead to the 2026/27 financial year and beyond, Eswatini Revenue Services (ERS) will continue to modernise tax and customs systems, automate processes, and enhance service quality. The focus will remain on digitalisation, taxpayer education, stakeholder engagement and enforcement of compliance, ensuring that the tax system is fair, efficient and capable of generating sustainable domestic revenue to support Eswatini's development agenda.

## **V. REVENUE AND EXPENDITURE FOR 2026/27**

168. Mr. Speaker, I will now present the Budget estimates for the 2026/27 financial year.

### **(i) Revenue and Grants**

169. Mr. Speaker, Government revenue excluding grants in the 2026/27 financial year is projected to reach E31.42 billion, which is 30.4 percent of GDP, an increase of 7.8 percent on the 2025/26 financial year. SACU receipts increased from E10.40 to E11.74 billion, however this budget is utilizing E11.4 billion implying that over E300 million is injected into the SACU Stabilization Fund. Non-SACU revenue is expected to increase by approximately E2.36 billion and amount to E19.05 billion of which E18.09 billion is

from taxes and E962 million is from non-tax. Total grants for the 2026/27 financial year have decreased to E474 million, compared to E585 million in the 2025/26 financial year.

170. Total income taxes are projected to increase from E 9.05 billion in the 2025/26 financial year to E10.06 billion in the 2026/27 financial year. This is mainly due to the implementation of the salary review resulting in an expected increase in personal income taxes of 11.7 percent to E6.48 billion.
171. Mr. Speaker, taxes on goods and services excluding SACU receipts are expected to increase by 17.7 percent from E7.58 billion in the 2025/26 financial year to E8.92 billion in the 2026/27 financial year. Value Added Tax increased by 24.8 percent from E5.85 billion in the 2025/26 financial year to E7.30 billion in the 2026/27 financial year. Fuel tax decreased from E1.43 billion in the 2025/26 financial year to E1.42 billion in the 2026/27 financial year, reflecting a decrease of 0.25 percent.

## **(ii) Expenditure**

172. Mr. Speaker, total expenditure for the 2026/27 financial year is expected to be E36.92 billion. This excludes public debt redemption of E5.33 billion. The appropriated recurrent expenditure is set to be E29.14 billion, an increase of 14.7 percent compared to the 2025/26 financial year mainly due to the salary review. Total budget allocation to capital programmes amounts to E7.78 billion an increase of 8.1 percent from the previous years' allocation.
173. Mr. Speaker, in the 2026/27 financial year, public servant's wage bill is budgeted to reach E12.44 billion, compared to E10.48 billion in the 2025/26 financial year. In this budget, E635.35 million has been set aside for the 85 percent backpay and E535.28 million for allowances to complete the 2025/26 salary review implementation.
174. Mr. Speaker, Government will prioritise continued management of appeals arising from the Salary Review Exercise. Whilst the impact of the salary review has increased the

wage bill from 32 percent to 33 percent of Government total expenditure, it is still manageable compared to the 42 percent observed in the 2018/19 financial year. This shows Government efforts to rationalize the wage bill whilst taking into consideration the welfare of public servants and service delivery efficiencies. Government's target will be to reduce the percentage of the wage bill to total expenditure over the medium term to below 30 percent.

### **(iii) Overall Balance**

175. The budget deficit for the 2026/27 financial year is projected at 4.9 percent of GDP, equal to E5.02 billion.
  
176. Mr. Speaker, our main challenges in Eswatini remain poverty and unemployment causing many other problems emanating from these. For this reason, our main focus in crafting this budget remains GDP growth. The idea being that growth in GDP exceeds population growth, as emphasized by His Majesty, resulting in GDP per capita growth. This would mean that emaSwati get better jobs and decent salaries, and that the unemployed find employment. When this happens, people come out of poverty. You would have noticed that a common tread throughout this budget, was job creation. We need to provide emaSwati with the dignity to be able to find work and provide for their families.

## **VI. APPROPRIATION**

177. Mr. Speaker, by virtue of the responsibility entrusted to me as Minister of Finance, I now present to this August House the budget estimates for the 2026/27 financial year.

***Revenue and Grants: E31.90 billion;***

***Appropriated Recurrent Expenditure: E29.14 billion;***

***Appropriated Capital Expenditure: E7.78 billion;***

***Total Expenditure: E36.92 billion;***

***Fiscal Deficit: E5.02 billion***

## VII. CONCLUSION

178. In conclusion, I would like to express my sincere appreciation and gratitude to our local and international development partners, who have faithfully supported us through all these years. This includes partners who have displayed unwavering support to the nation both financially and technically.
179. Mr. Speaker, in particular, I would like to acknowledge the support we received from the US Government, Republic of China (Taiwan), European Union, Japan International Cooperation Agency (JICA), the UN family, Global Fund, the World Bank and the International Monetary Fund, African Development Bank, International Fund for Agricultural Development, Export-Import Bank of Taiwan, OPEC Fund for International Development, BADEA, Kuwait Fund, the Saudi Fund for Development, Clinton Health Access Initiative, Green Climate Fund, World Health Organization, African Legal Support Facility, Medicines Sans Frontières, World Food Programme, Red Cross, World Vision, and the Civil Society. I would also like to thank private companies, businesses and individuals in Eswatini who have helped us with donations and contributions for cultural events and functions.
180. Lastly, I would like to quote a scripture from **1 Corinthians 13:7**

***"Love always protects, always trusts, always hopes, always perseveres."***

**I THANK YOU ALL.**