



KINGDOM OF ESWATINI

AGOA

AFRICAN GROWTH AND OPPORTUNITY ACT

AGOA UTILIZATION STRATEGY AND IMPLEMENTATION PLAN FOR THE KINGDOM OF ESWATINI



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LIST OF ACRONYMS AND ABBREVIATIONS

| | |
|---------|---|
| AEEA | AGO Extension and Enhancement Act |
| AGOA | African Growth and Opportunity Act |
| ANSI | American National Standards Institute |
| BE | Business Eswatini |
| CMA | Common Monetary Area |
| COMESA | Common Market for Eastern and Southern Africa |
| CPI | Consumer Price Index |
| CS | Commercial Service |
| CANGO | Coordinating Assembly of Non-Governmental Organizations |
| EFTA | European Free Trade Association |
| DSL | Digital Subscriber Line |
| EIPA | Eswatini Investment Promotion Authority |
| EU | European Union |
| ENIDC | Eswatini National Industrial Development Corporation |
| ESA | Eswatini Sugar Association |
| ETATA | Eswatini Textile and Apparel Traders Association |
| FDA | Food and Drug Administration |
| FESWATU | Federation of Swaziland Trade Unions |
| FTA | Free Trade Area |
| GATT | General Agreement on Tariffs and Trade |
| GCI | Global Competitiveness Index |
| GDP | Gross Domestic Product |
| GSP | Generalized System of Preferences |
| HACCP | Hazard Analysis and Critical Control Point |
| HDR | Human Development Report |
| HTS | Harmonized Tariff Schedule |
| ICT | Information Communication and Technology |
| ILEA | International Law Enforcement Academy |
| ILO | International Labour Organization |
| ISO | International Standards Organisation |
| IMF | International Monetary Fund |
| IPP | Independent Power Producers |
| ITD | International Trade Department |
| ITU | International Telecommunications Union |
| LDC | Least Developed Country |
| LFS | Labour Force Survey |
| MA-VLS | Ministry of Agriculture-Veterinary and Livestock Services |
| MCC | Millennium Challenge Corporation |
| MCIT | Ministry of Commerce, Industry and Trade |
| MFN | Most Favoured Nation |

| | |
|----------|---|
| MW | Mega Watts |
| NAMBOARD | National Agricultural Marketing Board |
| NBFI | Non-Bank Financial Institutions |
| NDP | National Development Plan |
| NFIS | National Financial Inclusion Strategy |
| NMRF | National Mechanism for Reporting and Follow up |
| NIST | National Institute of Standards and Technology |
| NTP | National Trade Policy |
| OPIC | Overseas Private Investment Corporation |
| PPP | Public-Private Partnership |
| QI | Quality Infrastructure |
| REC | Regional Economic Committee |
| SA | South Africa |
| SACU | Southern African Customs Union |
| SADC | Southern African Development Community |
| SADCAS | Southern African Development Community Accreditation Services |
| SEDCO | Small Enterprise Development Company |
| SEZ | Special Economic Zone |
| SME | Small to Medium Enterprise |
| SMI | Swaziland Meat Industries |
| SNL | Swazi National Land |
| SOE | State Owned Enterprise |
| EPTC | Eswatini Post and Telecommunications Corporation |
| SPS | Sanitary and Phytosanitary |
| SRA | Eswatini Revenue Authority |
| SSA | Sub-Saharan Africa |
| SWASA | Eswatini Standards Authority |
| TCB | Trade Capacity Building |
| TCF | Third Country Fabric |
| TDL | Title Deed Land |
| TIDCA | Trade, Investment and Development Cooperation Agreement |
| TPU | Trade Promotion Unit |
| TUCOSWA | Trade Union Congress of Swaziland |
| UNDP | United Nations Development Programme |
| U.S. | United States |
| USIC | Under Secretary International Cooperation |
| USAID | United States Agency for International Development |
| USG | United States Government |
| USTDA | United States Trade and Development Agency |
| USTR | United States Trade Representative |
| VAT | Value Added Tax |
| WEFGCR | World Economic Forum Global Competitive Report |
| WRAP | Worldwide Responsible Accredited Production |

EXECUTIVE SUMMARY

The African Growth and Opportunity Act (AGOA) was enacted on 18 May, 2000, as Public Law 106 of the 200th United States (U.S.) Congress. The Act originally covered an eight-year period (October 2000 to September 2008), but legislative amendments signed into law by U.S. President George W. Bush in July 2004 extended it to 2015. Upon completion of its initial 15-year period of validity, the AGOA legislation was extended on 29 June 2015 by a further 10 years, to 2025, through the AGOA Extension and Enhancement Act (AEEA). The major purpose of the Act is to enhance market access to the United States for qualifying sub-Saharan African (SSA) countries by offering incentives for African countries to continue their efforts to open their economies and build free markets. AGOA is non-reciprocal and offers eligible SSA countries duty-free access to the U.S. market. It extends the number of tradable products beyond the Generalized System of Preferences, which specifies 4,600 items, to more than 6,400 items. The current ten-year extension of AGOA from 2015 to September 2025 recommends that each AGOA-beneficiary country develops an AGOA utilization strategy to maximize export trade and investment from U.S. companies.

According to the Office of the U.S. Trade Representative, Eswatini was the United States' 167th largest supplier of imports in 2018. U.S. imports from Eswatini totaled \$13 million in 2018, down 34.9 percent (\$7 million) from 2017, and down 90.0 percent from 2008. The top imports from Eswatini were sugar (\$6 million), perfumery, cosmetics (\$1 million), special other (repairs) (\$942,000), electrical machinery (\$839,000), and machinery (\$769,000). U.S. imports of agricultural products from Eswatini totaled approximately \$7 million in 2018 (<https://ustr.gov/countries-regions/africa/southern-africa/eswatini>). Leading categories include raw cane sugar (\$6 million), essential oils (\$496,000), processed fruit and vegetables (\$240,000), other vegetable oils (\$80,000), and wine and beer (\$11,000).

Eswatini has been an AGOA beneficiary since 2001; however, the country was suspended from the program in 2015 and reinstated in 2017. In January 2018, Eswatini's AGOA benefits were fully restored; hence, the Ministry of Commerce, Industry and Trade (MCIT), in the spirit of private- and public-sector partnership, is undertaking the development of a national AGOA Utilization Strategy and Action Plan.

Eswatini's utilization of AGOA has experienced supply-side constraints, which include deficiencies in export firms' productive capacity, technical skill sets, international market sophistication, trade facilitation, physical infrastructure, and general awareness among stakeholders about exporting under AGOA. Notwithstanding these limitations, the AGOA National Utilization Strategy and Action Plan is meant to address limitations and capitalize on prevailing opportunities for Eswatini, with targeted support to develop identified priority export products and sectors.

This National AGOA Utilization Strategy for Eswatini was informed by the African Union guidelines, which promote five key elements to ensure a structured and results-based country response to the opportunities offered under AGOA. These elements include: the establishment of a national AGOA institutional structure that includes a ministerial taskforce on AGOA and a national AGOA secretariat; the identification of priority sectors for support; the development of support programs for priority sectors; the development of a comprehensive strategy for promoting U.S. investments, with emphasis on investments by small and medium enterprises (SMEs) as well as investments in agriculture and agro-processing; and the adoption of a results-based monitoring and evaluation framework.

This document contains a National AGOA Utilization Strategy for Eswatini and provides a detailed plan for increasing exports from Eswatini to the United States as well as for promoting U.S. investment into

Eswatini. The National AGOA Utilization Strategy was developed through a rigorous and thorough review of various Eswatini policies and strategy documents; evaluation and analysis of Eswatini trade data; and extensive stakeholder consultations. The Strategy provides guidance on required support for development of identified export products, including addressing policy, supply, market constraints and opportunities. The target is to increase exports from Eswatini to the United States under AGOA (including Generalized System of Preferences) by at least 12 percent (a figure adopted from the country's National Development Plan) per year for the next five years.

The recommended priority products for export for Eswatini under the AGOA program, based on 2019 top 10 exports and consultations, are:

1. Mixtures of Odoriferous Substances and Mixtures including Alcoholic Solutions, used as Raw Materials in Industry and the Manufacture of Beverages.
2. Sugar and Sugar Confectionaries (a request was made for the quota to be increased):
 - 1701: Cane Sugar and Raw Sugar Not Containing Added Flavoring or Coloring Matter. Eswatini only manufactures cane sugar and no beet sugar.
 - 1704: Sugar Confectionery (e.g. chewing gum, whether or not sugar-coated, NOT containing cocoa);
 - 1702: Other Sugars (Chemically Pure Lactose, Maltose, Glucose and Fructose, Artificial Honey).
3. Textiles and Apparel:
 - 6204: Women's or Girls' Suits/Clothing (Jackets, Dresses, Skirts, Divided Skirts, Trousers, Bib and Brace, Panties, Petticoats, Track Suits, Ski Suit);
 - 6203: Men's or Boys' Suits/Clothing (Ensembles, Jackets, Blazers, Trousers, Bib and Brace Overalls, Breeches and Shorts).
4. 4407: Thick Timber Wood (Wood Sawn or Cut Lengthwise, Sliced or Barked, whether Planed, Sanded or Finger-Jointed, With a Thickness of > 6 mm).
5. 4401: Firewood (Logs, Billets, Twigs, Faggots or Similar; Wood Chips or Particles; Sawdust, Wood Waste and Scrap, whether or not compressed into Pellets, Briquettes, or Similar Shapes).
6. 2207: Beverages, Spirits, and Vinegar (Undenatured Ethyl Alcohol of An Alcoholic Strength by Volume of >= 80 percent).
7. Handicrafts.
8. Horticulture and Citrus and Agro-Processing.
9. Jewelry and Semi-Precious Stones.
10. Leather and Leather Products.

The proposed priority products were selected based on the following criteria:

- Current export capacity;
- AGOA (including GSP) eligibility of product;
- Feedback from the stakeholder consultations underpinned by information from reviewed documents and the comparative advantage for Eswatini;
- Potential for increased production, including value-added products and export development, based on existing and/or previous performance;
- Existing U.S. market demand for the product;
- Product tariff rate for AGOA eligible countries;
- Regional integration potential;
- Contribution to job creation/poverty reduction;
- Unique product characteristics and country comparative advantage;
- Potential to be pursued by local producers for sustainability;
- Potential for niche marketing;

- Availability of natural resource base; and
- Investment that can break even within a sustainable pay-back period.

This AGOA Utilization Strategy for Eswatini provides a strengths, weaknesses, opportunities, and threats (SWOT) analysis for each priority product and further provides proposed strategic interventions to address identified general and product-specific constraints to increase utilization of the AGOA program. The following are key recommendations for the effective implementation of the strategy:

- Design and implementation of an AGOA Awareness and Training Campaign;
- Periodic two-year reviews of the strategy to ensure that it remains relevant;
- Urgent establishment of a national AGOA Committee consisting of all key stakeholders to facilitate the implementation of the strategy spearheaded by MCIT;
- Establishment of a presence in the United States to identify market opportunities and help promote Eswatini products;
- Political will and commitment to make required policy and regulatory changes; and
- Provision of adequate resources to implement the strategy, coupled with effective coordination as well as collaboration by relevant stakeholders.

In implementing the roadmap for an Eswatini national AGOA strategy, a key ally is the USAID Southern Africa Trade and Investment Hub (USAID TradeHub), funded by the U.S. Agency for International Development (USAID), to assist AGOA-eligible countries in the region to increase exports under the AGOA scheme in a sustainable manner. Eswatini stakeholders recommended strengthening the existing trade facilitation program to scale up AGOA utilization, instead of introducing new parallel structures.

Institutional Arrangements: The current national trade facilitation committee will reconstitute itself to an AGOA steering committee. It will also be determined whether there is a need to add more members to the committee for the purposes of AGOA implementation. In addition to this, terms of reference (ToR) for the steering committee will be developed.

The Secretariat of the AGOA Strategy will be the Secretariat of the National Trade Facilitation Committee (NTFC), which will operate in tandem with the MCIT, and in turn AGOA activities under the MCIT will be led by an AGOA coordinator, within the International Trade Department. The AGOA steering committee needs to confirm the ToR and then develop / guide the development of working arrangements. The National Trade Facilitation Committee (NTFC) has been given a mandate to spearhead/implement and have oversight on all trade facilitation and promotion activities.

The National African Growth and Opportunity Act (AGOA) Utilization Strategy and Action Plan for the Kingdom of Eswatini needs to be applied within the era of COVID-19. While COVID-19 has made trade promotion and business travel complex and slow at the moment, it has also ushered in a digital marketing and promotion era that provides pathways for alternative import and export trade and investment promotion. Adjustments in compliance with COVID-19 protocols will need to be factored in to the implementation of activities.

1.0. SITUATION ANALYSIS

1.1. Overview of AGOA

The African Growth and Opportunity Act (AGOA) program is a non-reciprocal trade policy instrument whose long-term objective is to help foster economic growth and development in sub-Saharan Africa (SSA) through links with the multilateral trade system and, more specifically, the U.S. market. AGOA is similar to the United States Generalized System of Preferences (GSP) in that it provides the same tariff benefits and eligibility. The only difference is that it covers more products than those in GSP, and its eligibility criteria extend beyond those of GSP.

The main attraction of AGOA is the duty-free and quota-free access to the U.S. market that SSA countries (Eswatini included) currently enjoy. In terms of World Trade Organization (WTO) rules and U.S. intentions, AGOA is not expected to be a permanent arrangement but a transitory launching pad to leverage competitiveness and manufacturing capacities of SSA countries. AGOA offers over 6,400 products duty-free and quota-free access to the U.S. market. The U.S. Harmonized Tariff Schedule (HTS) includes about 10,500 tariff lines for products imported into the United States. AGOA's long-term objective is to help foster economic growth and development in SSA.

Eswatini has not set quantitative targets to achieve AGOA goals; however, the Kingdom is generally expected to meet the following objectives:

- Increase and diversify exports to the United States;
- Stimulate growth of light manufacturing industry;
- Generate employment;
- Attract and increase U.S. investment in Eswatini; and
- Foster the development of sustainable capacity for value addition.

AGOA has been credited with creating an estimated 300,000 jobs. Lesotho, a successful apparel exporter under AGOA, estimates that employment in manufacturing rose from 19,000 in 1999 to 45,700 in June 2011 (<https://agoa.info>). While oil/energy has been the biggest beneficiary sector, several non-oil sectors have registered significant exports under AGOA, especially automotive and parts, primary metals, and textiles and apparel. Of non-oil exports, apparel has been one of the few sectors that has benefited from AGOA, involving the greatest number of beneficiary countries.

The AGOA facility has increased non-oil exports from SSA countries from \$1.4 billion in 2001 to \$4.1 billion in 2015, even though total exports from SSA have dipped due to a decrease in oil and commodity prices. While ample assistance has been provided to facilitate increased utilization of the AGOA program, only a handful of countries are utilizing the program with significant impact.

1.1.1. Technical Assistance

AGOA has been credited with trade and development provisions, promoting export diversification, and encouraging the regional integration agenda. The U.S. Government (USG) financially supports most of the trade capacity building (TCB) efforts related to AGOA, including USAID-funded African Trade Hubs. To boost trade and investment in SSA beyond gains from tariff exemptions, the USG refocused the approach of some support institutions. For instance, all the USAID-funded Trade Hubs have been renamed to incorporate an investment component.

Over the years, there has been greater emphasis on increasing exports. Changing economic conditions in SSA, however, have prompted a policy shift toward private sector investment and increasing two-way trade.

AGOA provides beneficiary countries with technical assistance in the following areas:

- Liberalizing trade policy;
- Harmonizing laws and regulations with WTO membership commitments;
- Fiscal and financial restructuring;
- Promoting greater agribusiness linkages;
- Developing private sector business associations and networks with U.S. enterprises;
- Increasing trade in services; and
- Addressing critical agricultural policy issues.

Through AGOA, the following U.S. development institutions have been made available to beneficiary countries to offer varied assistance based on their areas of specialization. These are:

- U.S. Trade and Development Agency (USTDA) – The USTDA funds and carries out a trade capacity-building mandate as part of its mission to support priority trade policies of the USG. All AGOA countries qualify for USTDA assistance.
- Export-Import Bank (Ex-Im Bank) – The Ex-Im Bank is the export credit agency of the United States and is required to assist AGOA beneficiary countries through its trade finance services offerings.
- U.S. Trade Representative (USTR) – The Assistant USTR for Africa serves as the official primary contact point between the United States and AGOA countries.
- U.S. Foreign Commercial Service (CS) – CS officers are based in SSA to service the needs of U.S. businesses seeking to do business in SSA.
- U.S. Agency for International Development (USAID) – USAID funds trade capacity-building efforts in AGOA countries through its African Trade Hubs. The Trade Hubs are specifically mandated to assist potential exporters in becoming globally competitive, in order to fully exploit AGOA benefits.

1.2. AGOA Eligibility Criteria

U.S. President Barack Obama signed the AGOA Trade Preferences Extension Act of 2015 into law in June 2015, renewing AGOA by a further ten years to September 30, 2025. The extension includes Third Country Fabric (TCF) provisions, which are important to the development of the textile and apparel industry in SSA. The TCF provisions allow lesser-developed beneficiary countries duty-free/quota-free access into the United States for apparel made from fabric imported from any country. The Act promotes compliance with the eligibility criteria by providing the United States with greater flexibility to withdraw, suspend, or limit benefits under AGOA if it is determined that such action will be more effective than termination.

Section 104 of the AGOA legislation sets out eligibility criteria for prospective SSA partnerships. While the eligibility requirements are set out in legislation, it is the United States which determines, annually, whether countries have met the published eligibility requirements. This implies that beneficiary status may therefore be granted, or withdrawn, at the discretion of the U.S. President. Beneficiary countries have no recourse to dispute settlement in this regard, and this is one aspect that differentiates AGOA's non-reciprocal preferences to those contained in reciprocal and bilateral trade agreements.

To be eligible for AGOA, a country should have established or made progress toward achieving the following:

- a) A market-based economy that protects private property rights, incorporates an open rules-based trading system, and minimizes government interference in the economy through measures such as price controls, subsidies, and government ownership of economic assets;
- b) The rule of law, political pluralism, and the right to due process, a fair trial, and equal protection under the law;
- c) The elimination of barriers to U.S. trade and investment, including:
 - the provision of national measures to create an environment conducive to domestic and foreign investment;
 - the protection of intellectual property; and
 - the resolution of bilateral trade and investment disputes;
- d) Economic policies to reduce poverty, increase the availability of healthcare and educational opportunities, expand physical infrastructure, promote the development of private enterprise, and encourage the formation of capital markets through micro-credit or other programs;
- e) A system to combat corruption and bribery, such as signing and implementing the convention on combating bribery of foreign public officials in international business transactions;
- f) Protection of internationally recognized worker rights, including the right of association, the right to organize and bargain collectively, a prohibition on the use of any form of forced or compulsory labor, a minimum age for the employment of children, and acceptable conditions of work with respect to minimum wages, hours of work, and occupational safety and health;
- g) Does not engage in activities that undermine U.S. national security or foreign policy interests; and
- h) Does not engage in gross violations of internationally recognized human rights or provide support for acts of international terrorism and cooperates in international efforts to eliminate human rights violations and terrorist activities.

1.3. Highlights of the 2015 AGOA Extension

Highlights of the AGOA Extension and Enhancement Act include:

- An out-of-cycle review allowing the U.S. President to review at any time whether an AGOA beneficiary country is making progress toward meeting eligibility requirements, with a 60-day notification period prior to termination as an AGOA beneficiary;
- Emphasis on promoting the role of women in social and economic development in SSA;
- U.S. TCB agencies expected to provide appropriate resources to assist the development and implementation of the biennial AGOA utilization strategies; and
- USTR should consider requesting that Regional Economic Communities (RECs) prepare biennial AGOA utilization strategies to support greater regional integration.

1.4. Review of Economic Performance of Eswatini

Eswatini is a landlocked and open economy bordering Mozambique and South Africa with a total land area of about 1.7 million hectares (54 percent is categorized as Title Deed Land [TDL], and 46 percent is Swazi National Land [SNL]). TDL refers to land that is privately owned through a freehold or concession

agreement, and SNL is customary land held in trust by the King through the Chiefs and may not be sold, leased, or mortgaged. South Africa is Eswatini’s largest trading partner, absorbing approximately 60 percent¹ of Eswatini exports and providing 80 percent of imports, including most of the electricity. Eswatini’s population is concentrated in rural areas, with subsistence agriculture as a major source of livelihood. The country’s economy is largely dependent on its membership in the South African Customs Union (SACU) and the Common Monetary Area (CMA). SACU revenues represent more than half of government revenue and around 17 percent of gross domestic product (GDP).

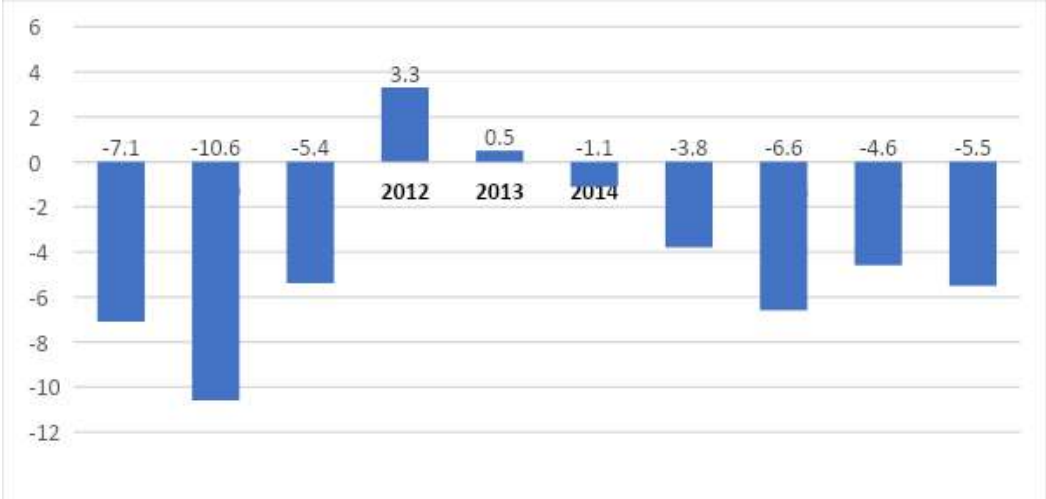
According to the Eswatini National Development Plan (2019/20-2021/22, page v), the economic environment of Eswatini is characterized by:

- a) Low levels of growth that are highly dependent on government activities’ stimulus;
- b) A fiscal crisis with high deficit levels (5.5 percent of GDP in 2018);
- c) Huge arrears that are negatively affecting the private sector;
- d) Increasing debt levels with high-interest payments (10.75 percent of GDP for 2018);
- e) High levels of unemployment (about 28.1 percent) with the impact being felt primarily by youth;
- f) High poverty levels and a skewed income distribution, with more than 50 percent of wealth owned by less than 20 percent of the population; widespread poverty, especially in rural communities; and, according to the Human Development Report (HDR), a Gini coefficient that stood at 49.5 in 2016, with huge regional disparities;
- g) An estimated 38.6 percent of the country's population living below the poverty line;
- h) A weak health system.

1.4.1. Budget Deficit

Eswatini recorded a government budget deficit of 5.5 percent of the country's GDP in 2018, with the government budget deficit averaging -2.19 percent of GDP from 1999 until 2018, reaching a record high of 10.10 percent in 2006 and a record low of -10.60 percent in 2010.

Figure 1: Eswatini budget deficit to GDP 2009 to 2018 (%)



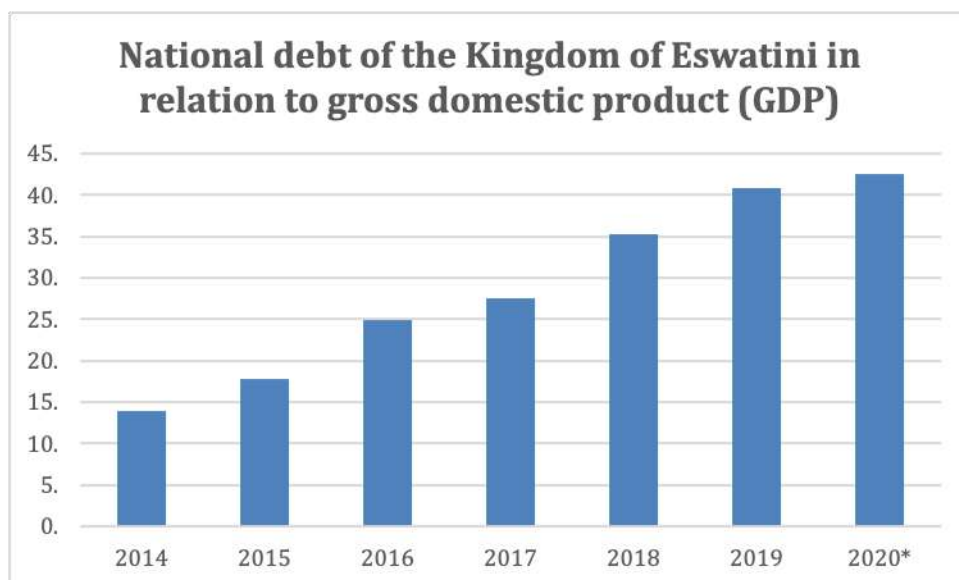
Source: www.tradingeconomics.com

¹ <https://www.worldbank.org/en/country/eswatini/overview>

1.4.2. Debt to GDP

Generally, government debt as a percentage of GDP is used by investors to measure a country’s ability to make future payments on its debt, thus affecting the country’s borrowing costs and government bond yields. Eswatini recorded a government debt of 10.75 percent to the country's GDP in 2018, with an average of 13.21 percent from 1999 until 2018, increasing to 42.7 percent by 2020 and a record low of 6.79 percent in 2012 (World Bank, 2018).

Figure 2: Eswatini Government Debt to GDP 2009 to 2018 (%)



Source: <https://www.statista.com/statistics/576534/>

1.4.3. Economic Growth

The economy grew by 1.9 percent in 2017, largely because of recovery in crop production on both Eswatini national land and individual tenure farms, with crop production growing by 17.2 percent in 2017. The livestock population was, however, negatively impacted due to drought, leading to low output in 2017. On the whole, Eswatini’s growth in GDP has been positive over the past eight years, as shown in Table 1.

Table 1: GDP 2009 to 2017 (% Growth)

| Year | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|-------------------------|------|------|------|------|------|------|------|------|------|
| Growth Domestic Product | 1.6 | 3.8 | 2.2 | 4.7 | 6.4 | 1.9 | 0.4 | 1.4 | 1.9 |

Source: Eswatini Central Statistics Office

1.4.4. Socio-economic Conditions

Population Structure

According to the 2017 Population and Housing Census Preliminary Results launched in November 2017, Eswatini has a population of 1,093,238 people, with Manzini being the most populous region with about 355,945 inhabitants, followed by Hhohho with a population of 320,651. Lubombo has a population of 212,531, and the least populated region is Shiselweni with 204,111 inhabitants. The United Nations Development Programme (UNDP, 2017) estimates the percentage of the population residing in urban centers to be 21.3 percent.

Poverty Structure

The World Bank states that three in four Eswatini citizens live in rural areas, making agriculture their main source of livelihood. The Gini coefficient, which is a measure of the extent of inequality, stood at 49.5. This implies that the haves and have-nots are in a 49.5 and 50.5 split, respectively. A Gini coefficient of 0 implies that everyone receives the same income while a coefficient of 100 means only one person receives all the income while everyone else receives nothing. According to the UNDP Human Development Report, 2016, Eswatini is ranked 149 out of 188 in the Human Development Index (HDI). The HDI measures a country's overall achievement in its social and economic dimensions. The social and economic dimensions of a country are based on the health of people, their level of education attainment, and their standard of living.

Unemployment and Labour Force Participation

According to the Labour Force Survey (LFS, 2013/2014), an estimated 585,872 persons were of working age, of whom 53 percent were women and 57 percent were men. The results of the 2013/14 survey revealed that the unemployment rate stood at 28.1 percent, with an even higher youth (ages 15-34) unemployment rate, estimated at 38.5 percent.

Infrastructure Context

Limited infrastructure to facilitate domestic and international trade. As a landlocked country, intermodal linkages are important for integration and linkages with the rest of the region. In this regard, the 301-kilometer (km) railway network in Eswatini is essential for movement of goods to neighboring countries, particularly South Africa, which is the country's main trading partner. The Global Competitiveness Report (World Economic Forum [WEF], 2017/18), ranked Eswatini 81 out of 137 countries in the overall quality of its infrastructure, which assesses the quality and supply of infrastructure in the country as inadequate. The quality of roads and the railroad ranked at 39 and 48, out of 137, respectively. Quality of port, air, and electricity supply ranked 87, 80, and 98 respectively. Eswatini has a road network of more than 4,000 km, of which over 65 percent is paved.

Limited ICT penetration in Eswatini: Mobile market penetration in Eswatini is well above the regional average, though subscriber growth has slowed in recent years. The internet sector is open to competition, with four licensed Internet Service Providers (ISPs), but prices have remained high and market penetration relatively low. Although digital subscriber line (DSL) services were introduced in 2008, development of the sector has been hampered by limited fixed-line infrastructure and a lack of

competition in the access and backbone network.² The introduction of Eswatini Mobile, a mobile network company, provided more diversity in the telecommunications industry. It is estimated that internet penetration is at 47 percent; social media at 23 percent; and mobile phone connection at 99%, with three fixed lines per 100 inhabitants as at January 2020³.

Political Context

Dual political and governance system comprising modern and traditional systems. The modern state comprises a democratic parliamentary system modeled (bi-cameral parliament of a lower House of Assembly and an Upper House of Senate) along the British system (a judiciary and an executive) and a traditional monarchy based on chiefdoms. The 2005 Constitution provides for the separation of powers between the executive, the legislature, and the judiciary. The traditional governmental structure consists of districts divided into 59 Tinkhundlas, or administrative sub-districts, which in turn consist of 385 Chiefdoms.

1.5. Overview of the Business Environment in Eswatini

1.5.1. Exchange Rate Dynamics

According to a report by Eswatini central bank in 2014 (by Bongani P. Dlamini), exchange rate policy in Eswatini cannot be viewed in isolation of the Common Monetary Area (CMA). This is because by virtue of being a member of the CMA, Eswatini surrenders monetary and exchange rate policy to the South African monetary authorities. The features of the CMA have evolved from a monetary union tightly based on the South African Rand (ZAR) to a situation where Lesotho, Namibia and Eswatini have issued their own currencies, obtaining a certain degree of independence. The report further explains that the parity peg of the Eswatini currency, the Lilangeni, to the Rand as well as the free mobility of capital, Eswatini, with a small economy compared to that of South Africa, acts as a price taker of interest rates from South Africa and surrenders its exchange rate policy to the South African authorities. Monetary and exchange rate policies in Eswatini under this configuration mirror that of South Africa.

1.5.2. Inflation

Statistics from the Central Bank of Eswatini show that the annual consumer inflation rate, as measured by the growth of the Consumer Price Index (CPI), eased in 2017. Annual inflation closed at 6.2 percent, down from 7.8 percent in 2016, just slightly above the SADC convergence target of three percent to six percent.

1.5.3. Challenges in Competitiveness

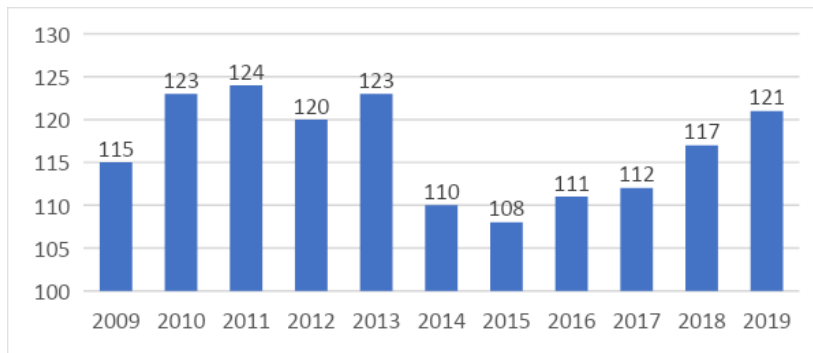
The International Monetary Fund (IMF) notes that Eswatini has experienced low levels of competitiveness, fiscal challenges, low investment, and a high cost of doing business. Statistics from the World Bank indicate that Eswatini is ranked 121 among 190 economies for the ease of doing business, according to the latest World Bank annual ratings. The rank of Eswatini deteriorated to 121 in 2019 from

² <https://www.businesswire.com>

³ <https://datareportal.com/reports/digital-2020-eswatini>

117 in 2018. Ease of doing business in Eswatini averaged 116.5 from 2008 until 2019, with a worst rating of 124 in 2011 and a best of 108 in 2015, as illustrated in Figure 3 below.

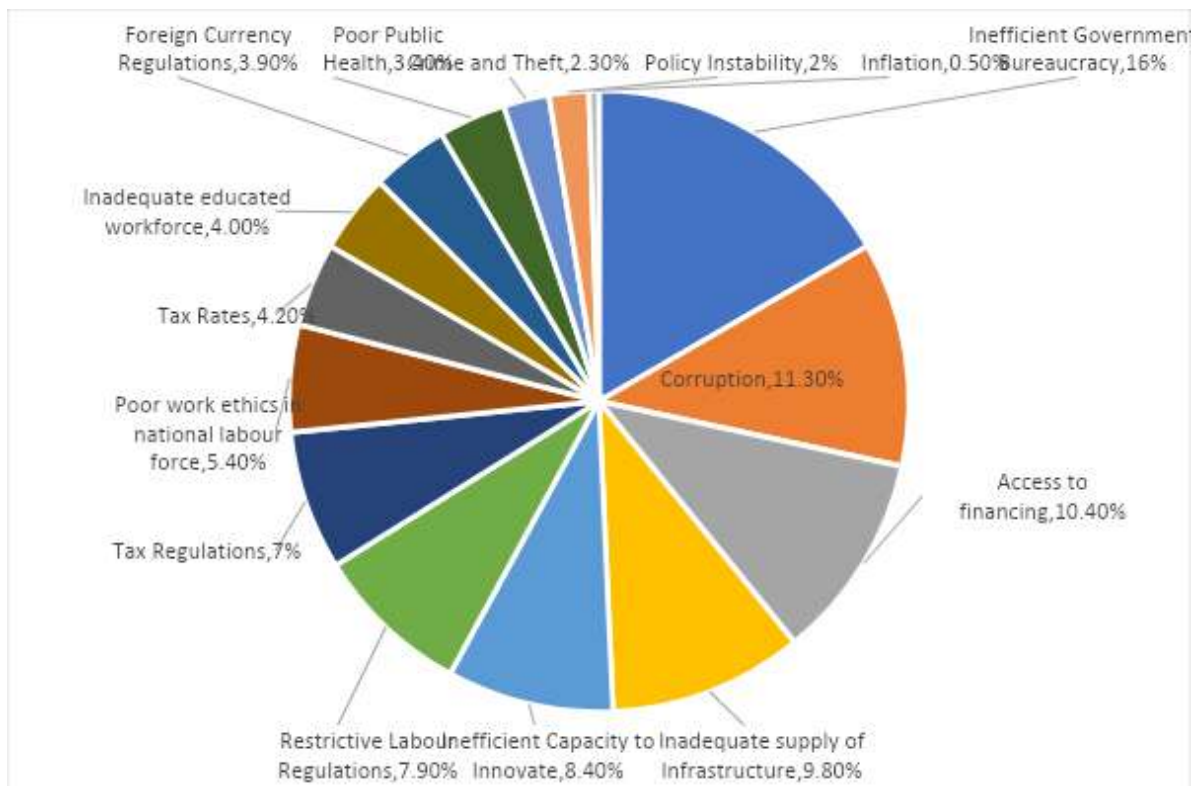
Figure 3: Ease of doing business (2009 to 2019)



Source: World Bank

The WEF GCR (2018) identifies inefficient government bureaucracy, corruption, limited access to finance, and inadequate supply of infrastructure (Figure 4) as the most problematic factors for doing business in Eswatini. Consequently, in 2017/2018, Eswatini was ranked 122 out of 137 countries in terms of the Global Competitiveness Index (GCI).

Figure 4: Most Problematic Factors for Doing Business in Eswatini



Source: World Economic Forum's Global Competitiveness Report, 2017/18

Eswatini made improvements in the areas of “getting credit” and “trading across borders” over the past year. Improvements can be attributed to the adoption of a law that guarantees borrowers the right to access personal data, as well as easier cross-border trade supported by a web-based customs data management platform, ASYCUDA.

However, dealing with construction permits became harder following the introduction of a requirement to register all new construction projects with the Construction Industry Council. Eswatini also scored low on enforcement of contracts (169), accessing electricity (159), and starting a business (158).

Eswatini’s private sector is relatively small and characterized by low levels of entrepreneurship and a constraining business environment. In response, the government participates in the economy through state-owned enterprises (SOEs) which operate in many economic sectors including agriculture, manufacturing, transport, finance, and tourism. This notwithstanding, the government is making efforts to enhance competitiveness and improve the business climate.

1.5.4. General Strengths and Weaknesses

Annexes 1 and 2 (adopted from the National Development Plan [NDP] 2019/20 – 2021/22) summarize the general strengths, opportunities, challenges, weaknesses, and threats in Eswatini, which surround investment and export performance.

1.5.5. Stakeholder Consultations

From 27 January, 2020, to 31 January, 2020, the MCIT International Trade Department Portfolio Manager and a USAID Southern Africa Trade and Investment Hub expert conducted key informant interviews and consultations with stakeholders in Eswatini to assess the current trade facilitation environment, challenges, and possible solutions for optimal utilization of AGOA. Stakeholders highlighted the following issues and recommendations as well as possible solutions.

Eswatini Revenue Authority (SRA)

Major issues raised

- ❖ SRA is the custodian of export data. SRA reports to the Ministry of Finance’s two departments:
 - Customs and Excise
 - Domestic Taxes
- ❖ Administration of Protocols of Trade, which operationalize Rules of Origin that the country is party to, including through AGOA, Economic Partnership Agreements (EPAs), SADC – Common Market for Eastern and Southern Africa (COMESA), etc. (e.g. developing operational procedures and guidelines for registering AGOA exporters and certification of their exports).
- ❖ Administration of rebates as provided in the Customs and Excise Act.
- ❖ Implementation of programs/initiatives in support of government economic development strategies, such as:
 - Fiscal Strategies and Policies;
 - National Trade Facilitation Road Map; and
 - Establishment of the Customs to Business Forums.
- ❖ Administration of laws governing exports manufactured under AGOA and GSP, such as:
 - Facilitate registration of manufacturers and /or exporters;
 - Issuance and validation of Certificates of Origin and any other documentation granting preferential access for local products to U.S. markets;

- Special attendance where supervision of loading of exports is required.
- ❖ Engagements to build capacity and competency of manufacturers/exporters to meet standards required by the U.S. market.
- ❖ Regional collaboration and inclusion in programs aimed at facilitating cross-border movement of goods to mitigate the challenges associated with Eswatini's land-locked location.

Recommendations

- ❖ Engage relevant industries and sectors and improve understanding about requirements relevant for export under AGOA;
- ❖ Promote platforms for increasing collaboration with regulatory authorities in partner countries;
- ❖ Encourage government ministries and agencies to collectively engage current and potential businesspeople to increase awareness on trade opportunities such as AGOA; and
- ❖ Collaborate in development and implementation of regulatory frameworks to facilitate streamlined processing of imports and exports.

Eswatini Standards Authority (SWASA)

Major issues raised

- ❖ Product certification is done in South Africa, as there are no fully established laboratories in the country, which makes it expensive for small businesses and small- and medium-sized enterprises (SMEs).
- ❖ Product certification for food is done for every batch, making it expensive for the exporter and disincentivizing export
- ❖ Currently SWASA is limited to capacity building and offering support and linking local exporters with laboratories in South Africa.

Recommendations

- ❖ Encourage government to approach buyers and partners about establishing a local laboratory. The government might also consider subsidizing the certification process to improve exports;
- ❖ Conduct awareness campaigns on the role of SWASA and how exporters can benefit from the organization. Some exporters view SWASA as a barrier to trade;
- ❖ Capacitate SMEs on the importance and relevance of operating within internationally acceptable standards
- ❖ Include a standards technical committee, such as the AGOA technical committee, that continues post AGOA to assist exporters with upholding internationally acceptable standards; and
- ❖ Include standards officials on trade missions.

National Agricultural Marketing Board (NAMBOARD)

Major issues raised

- ❖ Major exports are baby vegetables that include baby marrows and baby gems, but these currently are not being exported to the United States. South Africa and the European Union are the main export destinations;
- ❖ Mandate is mainly farmer support, primarily through contract farming. They also work with Eswatini Development Finance Corporation (FINCORP) and Eswatini bank for financial support to farmers and provide guaranteed domestic and international markets to the farmers;

- ❖ All products are exported as fresh products and no value addition is being done;
- ❖ Requirements for export under AGOA are hefty for exporters and some do not have the capacity to meet the compliance requirements;
- ❖ AGOA in Eswatini is basically treated as synonymous to textiles. For horticultural products the impediment is product certification, the cost and effort of which can be overly onerous for the exporter.

Recommendations

- ❖ Utilize new downstream schemes, starting with guiding and mentoring farmers who have consolidated their land and other resources to utilize AGOA. Support organizations among the 1,840 farmers across the country that are affiliated with Namboard to help them benefit from AGOA by pooling resources and products.
- ❖ Mobilize farmers to support agro-processing firms such as Eswatini Kitchen to improve their production and capacity.
- ❖ Capacitate exporters to scale up so that they produce meaningful volumes for export.
- ❖ Add value through agro-processing.

Ministry of Labour and Social Security

Major issues raised

The current mandate of the Ministry of Labour and Social Security as per Portfolio Responsibilities (Legal Notice No. 189 of 2015) is as follows:

- Labour Administration and Industrial Relations;
 - Conciliation, Mediation and Arbitration;
 - Labour Inspection;
 - Workmen's Compensation;
 - Occupational Health and Safety;
 - Factory and Machine Inspections;
 - Social Dialogue;
 - Trade Unions;
 - Wages Regulation;
 - National Employment Services;
 - National Employment Statistics;
 - National Human Resources Planning and Development;
 - Apprenticeship Oversight;
 - Vocational Training and Rehabilitation Services;
 - Training and Localisation;
 - Social Security; and
 - Measurement.
- ❖ The basic legal framework administered by the Ministry includes:
 - The Kingdom of Eswatini Constitution Act No. 001 of 2005
 - The Employment Act No. 5 of 1980 (as amended)
 - The Industrial Relations Act of 2000 (as amended)
 - The Workmen's Compensation Act No. 7 of 1983
 - The Wages Act No. 16 of 1964
 - The Factories, Machinery and Construction Works Act No. 17 of 1972

- The Codes of Good Practice 2005
 - The Occupational Health and Safety Act No. 5 of 2005
- ❖ There are statutory bodies which include: The National Steering Committee on Social Dialogue; the Labour Advisory Board (LAB); the Essential Services Committee; Workmen’s Compensation Medical Board; Training and Localization Board; Scholarship Board; Directorate of Industrial Vocational and Training Board; Tripartite Technical Committee of Experts for Occupational Safety and Health and 18 Wages Councils covering various sectors of the economy. The Unit is also responsible for International Affairs issues, which include; preparation and submission of ILO, SADC, AU meeting and conference reports, queries and co-ordination of responses to comments from these organizations.
 - ❖ There has been a lack of proper orientation on the role of the Ministry of Labour in supporting exporters to fully utilize the AGOA facility. The ministry is not fully aware of its role outside just ensuring compliance;
 - ❖ In terms of the informal sector, the ministry has been lagging in assisting and monitoring compliance issues; and
 - ❖ There is lack of unionization in the handicraft sector, making it a challenge to coordinate producers.

Recommendations

- ❖ Build awareness and capacity of the Ministry of Labour to be conversant in its role in promoting and supporting AGOA;
- ❖ Encourage the Ministry of Labour to broaden the provisions of social security (Eswatini National Pension Fund Scheme) to incorporate the informal sector;
- ❖ Champion local and international standards through new LAB programmes,, including for the informal sector;
- ❖ Include labour officials in the formation of the AGOA structures and committees;
- ❖ Identify key products to focus on through the end of the AGOA preferential structure;
- ❖ Introduce the Ministry of Labour to fair trade organizations; and
- ❖ Encourage the Ministry of Labour to continue engagements with the U.S. Embassy in Eswatini as well as the department of labour for the United States.

Swaziland Fair Trade (SWIFT) (handmade baskets, wooden carvings, sauce, jewelry, accessories)

Major issues raised

- ❖ Exporters are not fully aware of how to utilize the AGOA scheme and have requested support from the U.S. Embassy in Eswatini;
- ❖ NGOs assist with consolidation of smallholder farmer products for export and have facilitated buyer tours and assisted exporters to acquire fumigation certificates and certificates of origin required by buyers;
- ❖ Small businesses find it difficult to export because of cumbersome requirements by multiple offices. Furthermore, some officers in these offices have limited information on AGOA forms and requirements; and
- ❖ Cumbrous local documentation requirements and customs procedures; one is required to visit four different offices to send one order.

Recommendations

- ❖ Capacitate exporters to understand and follow the provisions and requirements of AGOA;

- ❖ Build exporter commitment by having them attend at least four trade shows in the USA;
- ❖ Build regional networks for exporters;
- ❖ Encourage exporters to support each other through networking, sharing buyer information, and consolidating orders;
- ❖ Encourage private/ public initiatives and partnerships to support small-scale producers;
- ❖ Encourage handicrafters to make succession plans for continuity through youth involvement;
- ❖ Create a one-stop center for the export process to assist with ease of doing business; and
- ❖ Grow AGOA exports to ensure that this valuable system remains open to Eswatini.

Ministry of Commerce, Industry and Trade -HANDICRAFT PROMOTION SECTION

MISSION: To create an enabling environment for the development and expansion of handicraft enterprises and producers.

OBJECTIVES:

- To impart skills on handicraft;
- To train for self employment;
- To improve income generation;
- To promote self reliance.

MAIN FUNCTIONS:

- The creation of employment, whether formal or informal self –employment.
- Conducting market research on local and external handicraft competition and opportunity.
- Formal training on handicraft skills and extension service.

FUNCTIONS OF THE (NHTC) NATIONAL HANDICRAFT TRAINING CENTRE

The functions are as follows:

- Upgrading and developing skills to meet market demand.
- Giving opportunities to low achievers and school leavers
- Promoting self reliance and self employment among students.
- Catering.

ACTIVITIES OF (NHTC) NATIONAL HANDICRAFT TRAINING CENTRE

- Recruitment and selection of participants.
- Maintenance of product and student profile.
- Organization of exhibitions.
- Creation of awareness of handicraft sector.

DEVELOPMENT/ TRAINING

1. General and advanced sewing;
2. Fine arts/technical drawing;
3. Leather craft;

4. Ceramics/pottery;
5. Wood carving and carpentry;
6. Metal work and machinery/small engines repair;
7. Electrical / engineering / plumbing;
8. Computer and word processing;
9. Intermediate computer study.

Reference: <http://www.gov.sz/index.php/departments-sp-1596706154?id=324>

Federation of Swaziland Trade Unions (FESWATU)

Major issues raised

- ❖ All members and affiliates of FESWATU are purely private sector;
- ❖ When Eswatini was re-instated to AGOA, there were no clear guidelines about re-entry, producing challenges for workers who sought to return to the jobs they had before the suspension;
- ❖ Gazetted wages within the Wages Council may be a barrier for negotiations as the Wages Council negotiates based on minimum standards;
- ❖ No skills transfer within the textile industry;
- ❖ Most work and investments come from Chinese or Taiwanese investors. They do business in the country and export products from Eswatini to the United States, and are the beneficiaries of the returns; little is retained in Eswatini. This means that there will be little to show in terms of economic advancement as a result of AGOA.
- ❖ Remunerations and benefits for those employed by foreign investors are not the same as for the investors;
- ❖ Workers employed by investors are not covered by any guaranteed sustainable social security schemes except for Eswatini National Provident Fund;
- ❖ Government should have provided factory shells for the investor in Eswatini and arranged for workers to hold shares, so as to benefit from the AGOA privilege; and
- ❖ Government can still work with relevant stakeholders to implement a different strategy for the remaining period of the AGOA program, resulting in improved benefits for investors as well as Eswatini and its workers.

Recommendations

- ❖ Improve transparency within the Wages Council;
- ❖ Create an open-door policy between the employer and the employee to build rapport
- ❖ Capacitate the informal sector for better understanding of national laws and acceptable international standards;
- ❖ Improve labor inspections;
- ❖ Encourage the Wages Council to negotiate based on maximum rather than minimum standards;
- ❖ Ensure skills transfer and advocate that skills transfer requirements are integrated at high level; and
- ❖ Encourage exporters to observe labor laws and employee rights as well as promotion of decent work.

Coalition of Informal Associations of Eswatini (CIAS)

Major issues raised

- ❖ Mainly funded by donors and a few subscriptions from affiliated companies, but subscriptions are inconsistent;

- ❖ Main market is South Africa and secondhand clothing imports from Mozambique;
- ❖ Mainly deal with secondhand clothing and not locally produced textiles. Do not have access to the locally produced products;
- ❖ Exports are mainly in the form of tourists purchasing traditional products on their visits to Eswatini;
- ❖ Have 84 registered organizations and 15,000 individuals, up from 10,000 members in 2016;
- ❖ Informal traders normally work with local municipalities, which are governed by inconsistent by-laws;
- ❖ Website development in progress – about 75 percent complete;
- ❖ Most members know very little about exporting;
- ❖ Handicrafters are more organized and get support from SME sectors;
- ❖ Association representatives do not have full knowledge of exports, and thus require training; and
- ❖ No information on AGOA and exports in general.

Recommendations

- ❖ Simplify policies to make them user-friendly for vendors, and build awareness about markets and products that can be exported to the United States under AGOA;
- ❖ Support micro businesses with organizational capacity and coordination;
- ❖ Improve member awareness on trade and export requirements; and
- ❖ Link the association to relevant ministries and departments for support, capacity building and information sharing.

Trade Union Congress of Swaziland (TUCOSWA)

Major issues raised

- ❖ AGOA benefits largely confined to foreign-owned textile companies, beyond jobs and low wages for locals
- ❖ Garment and textile workers earn very little; the association is in the process of engaging the government to improve wages;
- ❖ Eswatini industry is largely agro-based;
- ❖ TUCOSWA has 18 affiliated unions, but two are not active;
- ❖ Trade unions are registered through the ministry, not through the federations, and can only become affiliates after registration with the Ministry of Labour;
- ❖ Some unions have struggled to register, and certain unions have been denied registration without due process. Employers in the textile industry often refuse to recognize unions;
- ❖ Slow turn-around in resolving labor disputes that far exceeds a process envisioned to take only 21 days;
- ❖ Low worker morale; and
- ❖ High levels of exploitation of handicraft producers by middlemen.

Recommendations

- ❖ Apply labor laws impartially;
- ❖ Resolve cases in a timely manner;
- ❖ Encourage members to increase volumes under AGOA;
- ❖ Improve the ease of doing business, including issuing of business licenses and offering equal incentives to both foreign and local companies such as tax incentives;
- ❖ Facilitate access to funding;

- ❖ Link issues of workers' rights and international best practices with AGOA benefits access;
- ❖ Focus on skills development for Eswatini workers;
- ❖ Find ways of linking production to education;
- ❖ Capacitate employers and employees to understand the importance of human development; and
- ❖ Protect the rights of the handicrafters to avoid exploitation.

Eswatini Textile and Apparel Traders Association (ETATA)

Major issues raised

- ❖ When AGOA was suspended, there was an attendant challenge for access to South African markets;
- ❖ The sector is overwhelmingly female (95 percent of 22,000 employees are female);
- ❖ The sector, combined with jewelry, contributes 37 percent to GDP;
- ❖ Of the 18 member firms, only two are currently exporting to the United States;
- ❖ U.S. markets do not provide attractive margins compared to the South African market;
- ❖ Onerous documentation procedures for U.S. exports;
- ❖ Unions generally advocate for salary increases ;
- ❖ No direct access to buyers, requiring the use of an agent;
- ❖ Sector benefitting in some ways from export through cut-make-trim (CMT); and
- ❖ There is lack of understanding and awareness of AGOA requirements.

Recommendations

- ❖ Work toward having a one-stop desk for processing AGOA documentation;
- ❖ Improving collaboration and cooperation to mitigate universal challenges experienced by most members, in order to seek and obtain government support;
- ❖ Unified approach to challenges and improved documentation in order to pursue government redress that recognizes the significant contribution of the sector to the economy;
- ❖ Better use of the trade facilitation committee to meet and overcome sectoral challenges;
- ❖ Consider an export-specific committee to navigate export-specific considerations.

Eswatini Sugar Association (ESA)

Major issues raised

- ❖ Association set up through an Act with a mandate to regulate the sugar sector with representation split equally between millers and growers;
- ❖ Association markets sugar and distributes the proceeds back to members, taking a commission;
- ❖ Two of three mills are operated by the Royal Swaziland Sugar Corporation, with the third operated by Illovo Sugar, a regional conglomerate based in South Africa that is part of a global retail group, Associated British Foods;
- ❖ Some growers are organized in associations/cooperatives; about 400 of 488 growers are smallholders producing sugar cane on less than 50 hectares of land;
- ❖ On average, the number of growers in an association ranges between 10 and 22;
- ❖ The industry employs roughly 14,000-16,000 people, excluding indirect employment;
- ❖ The association is a member of Business Eswatini. Unions allow workers to join the associations of their choice;
- ❖ Eswatini has a quota of 16,000 tons for export to U.S. markets that transcends the AGOA function;

- ❖ The country uses paid agents in the United States, which is an additional cost for doing business;
- ❖ Eswatini exports raw cane sugar to the United States and has a capacity to export 250,000 tons, which exceeds the current quota;
- ❖ There are general specifications about grain quality for sugar, but no stringent certification issues;
- ❖ There is a sales team that deals with the customs and required paperwork.
- ❖ ESA has a very good relationship with the government and is always catered to and involved in consultative processes.

Recommendations – Note these are cross-sectoral.

- ❖ Engage relevant stakeholders about a possible increase in the quota to the U.S. while recognizing that quotas are difficult to change;
- ❖ Encourage exporters to take advantage of the opportunities that the government is making available;
- ❖ Encourage industries to become more export-ready;
- ❖ Align education to industry requirements;
- ❖ Develop strategies and programs to improve volumes on already established product lines to realize meaningful returns;
- ❖ Identify niche sectors and priority products through national dialogue;
- ❖ Create an efficient supply chain;
- ❖ Align AGOA priorities with the Eswatini Government’s industrialization policy priority sectors;
- ❖ Utilize existing structures that can be used to improve exports. These are already operational and need to be supported and capacitated to drive exports in a sustainable and meaningful way.

Eswatini Investment Promotion Authority (EIPA) and Eswatini National Industrial Development Cooperation (ENIDC)

Major issues raised

- ❖ Main mandate is to assist exporters with utilization of preferential markets, such as AGOA, in terms of market development, and provide outward and inward services;
- ❖ Introduce export training for SMEs to support globalization;
- ❖ The Production Incentive Scheme currently drives capacity-strengthening in the textile and apparel sector;
- ❖ Eswatini has failed to provide adequate protection of intellectual property, which means that some products produced locally return as imports;
- ❖ Potential exporters lack exposure to international markets and need to gain confidence and know-how to become competitive internationally.

Recommendations

- ❖ Raise awareness and information about AGOA so that exporters and their support systems are fully aware of the provisions of AGOA, its benefits, eligibility and requirements;
- ❖ Mobilize buyers to capacitate exporters for scale up, as it is in their best interest to have a continued supply of product in the right quantities. This has happened before for textiles and handicrafts sectors, but the efforts need to be intensified. This can be done through:
 - identifying key sectors and linking them with foreign direct investment (FDI), and
 - buyers partnering with local producers.
- ❖ Develop programs and strategies that make local producers confident enough to participate in international markets;

- ❖ Build relationships with buyers that will continue post AGOA.

Coordinating Assembly of Non-Governmental Organizations (CANGO)

Major issues raised

- ❖ Lack of adequate information on AGOA, eligible products, processes and eligibility criteria;
- ❖ Poor working conditions for employees in export-producing factories;
- ❖ The required standards for AGOA are considered an impediment by some exporters;
- ❖ The informal sector requires more attention and support as it remains a major contributor to GDP for many African countries; and
- ❖ Informal producers often lack education and access to technology to meet evolving market demands.

Recommendations

- ❖ Share information so that exporters and their support systems are fully aware of the provisions of AGOA, its benefits, eligibility and requirements;
- ❖ Include representatives from NGOs and relevant line ministries and departments in local, regional and international trade missions;
- ❖ Encourage and support the formalization of the informal sector and capacitation of informal sector support groups to be able to fully assist their members. Support should include capacity building and equipping SMEs and small businesses to effectively operate in the advanced technological world;
- ❖ Develop a database of the informal sector, and produce a gap analysis to establish where assistance is required; and
- ❖ Address the issue of ease of doing business to attract FDI.

Business Eswatini (BE)

Major issues raised

- ❖ Has a two-fold mandate: to operate as a chamber of commerce and to be an employers' federation. BE deals with trade and commercial matters, industrial relations and social policy issues. Its overall mandate is to be the voice of the private sector when it comes to discussions with government and other stakeholders. BE represents all sectors across the economy from small-scale businesses to multinationals;
- ❖ Most of Eswatini's exports under AGOA come from the textile sector;
- ❖ The organization has been trying to build as many global relationships as possible but currently does not participate that much in investment missions and trade fairs. BE also has several agreements and memoranda of understanding (MOUs) with counterparts in Asia, Europe and the Middle East. However, involvement in the United States has unfortunately not been that strong;
- ❖ BE has a very good relationship with the U.S. Embassy in Eswatini but has had no engagements with diplomatic missions in the United States;
- ❖ BE believes exports of sugar and agricultural products are being done in raw form with very little value addition.

Recommendations

- ❖ Utilize already existing structures such as the National Trade Facilitation Committee and its sub-committees that deal with trade facilitation and have AGOA issues embedded in the structures, while taking care to avoid creating bureaucratic structures that can slow down trade;
- ❖ Take advantage of the AGOA platform to create a conducive export environment and build sustainable international relationships that can continue to thrive post AGOA;
- ❖ Emphasize already established sectors and industries;
- ❖ Identify priority sectors and products in line with the country's industrialization policy;
- ❖ Encourage value addition.

Ministry of Agriculture - Veterinary and Livestock Services

Major issues raised

- ❖ The ministry has a license to export to the European Union (EU). However, there are no current exports to the EU or the United States; current export destinations are Norway, Reunion, South Africa and Mozambique;
- ❖ The Livestock Development Policy is the main strategy for export development, and the ministry encourages producers to do commercial livestock farming. Eswatini laws include veterinary public health and livestock identification to ensure customers know the origins of the animals;
- ❖ A national market for goats exists, but in limited quantity; and
- ❖ Leather from livestock is exported in its wet blue form to South Africa.

Recommendations

- ❖ Strengthen AGOA trade facilitation and promotion by capacitating existing systems and structures to ensure sustainability.
- ❖ With just five years until AGOA expires, emphasis should be on already established sectors and industries;
- ❖ Identify priority sectors and products in line with the national Industrialization Policy; and
- ❖ Encourage value addition.

Small Enterprise Development Company (SEDCO)

Major issues raised

- ❖ Assists SMEs from the outset, with support for ideation and business plan development through incubation;
- ❖ Need for SME to pursue a three-year business management program where all business aspects are taught until completion;
- ❖ Most services provided on a cost recovery basis or subsidized.
- ❖ SEDCO missing capacity and knowledge on how to systematically support development of AGOA-related value chains to help Eswatini earn foreign investment. They believe current regulations don't promote trade; and
- ❖ AGOA eligibility criteria is very stringent.

Recommendations

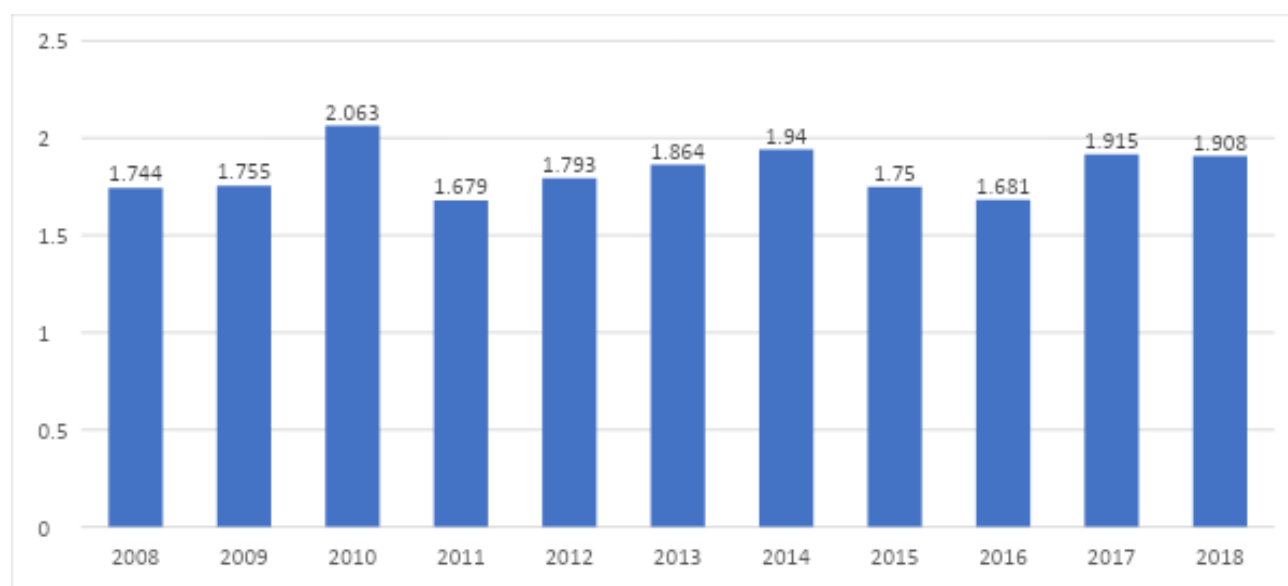
- ❖ Encourage entrepreneurs to form mergers and joint ventures that can create necessary economies of scale in aligned business areas; and

- ❖ Incorporate AGOA awareness and requirements into SEDCO training, mentoring and coaching programs to encourage increased utilization of AGOA by the graduates. Currently about 28 percent of graduates from SEDCO go into textiles, but the majority are not utilizing the AGOA scheme.

1.6. Review of Eswatini’s Exports to the World

Eswatini’s exports are highly concentrated both in terms of products and markets, with South Africa being the major export destination (60 percent of Eswatini's exports are to South Africa). According to the Central Bank of Eswatini, U.S. markets represent 1.5 percent of the country’s exports. The United States has a trade surplus with Eswatini (over \$7 million in 2015 according to USITC). The country has a relatively stable overall export trend as illustrated in Figure 5 below, reaching \$2.063 billion (2010) at its highest point.

Figure 5: Eswatini Overall Exports 2008 to 2018 (\$Billion)



Source: World Bank

Supply side constraints that limit the expansion of Eswatini’s export to regional and global markets include:

- Limited capacity to expand production and export base and diversify its export products, as well as in value-addition
- Dependence on a few traditional export markets that offer trade preferences.
- Exporters, especially SMEs, lack access to adequate credit for export trade.

It is critical for Eswatini to work towards enhancing its export trade by addressing supply-side constraints; diversifying its export markets and products; expanding its production and export base; adding value, and improving access to adequate finance to exporters.

Table 2, below, shows Eswatini’s top ten exports by category for the year 2019.

Table 2: Eswatini Top Exports by Category (2019)

| Tariff Code and Product Line | Export Values/Product |
|------------------------------|-----------------------|
|------------------------------|-----------------------|

| | | (converted from Rand/ Emalengeni to US\$ at 17.3530 on June 30, 2020) |
|-----|--|---|
| 1. | 3302: Mixtures of Odoriferous Substances and Mixtures, including Alcoholic Solutions, used As Raw Materials in Industry and the Manufacture of Beverages | 471,558,884.13 |
| 2. | 1701: Cane or Beet Sugar and Chemically Pure Sucrose, In Solid Form (raw and beet sugar not containing added flavoring or coloring matter) | 350,561,133.71 |
| 3. | 3824: Chemical Products (prepared binders for foundry molds/cores- mixtures of natural products, tungsten mixed with metallic powder, prepared additives for cement or concrete) | 200,986,990.64 |
| 4. | 6204: Women's or Girls' Suits/Clothing (Jackets, Dresses, Skirts, Divided Skirts, Trousers, Bib and Brace, Panties, Petticoats, Track Suits, Ski Suit) | 50,739,953.93 |
| 5. | 6203: Men's or Boys' Suits/Clothing (Ensembles, Jackets, Blazers, Trousers, Bib and Brace Overalls, Breeches and Shorts) | 49,142,705.17 |
| 6. | 4407: Thick Timber Wood (Wood Sawn or Cut Lengthwise, Sliced or Barked, Whether or Not Planed, Sanded or Finger-Jointed, With a Thickness of > 6 Mm) | 46,933,332.71 |
| 7. | 4401: Firewood (Logs, Billets, Twigs, Faggots or Similar; Wood Chips or Particles; Sawdust, Wood Waste and Scrap, Whether or Not Compressed into Pellets, Briquettes, Logs or Similar Shapes) | 24,656,862.35 |
| 8. | 1704: Sugar Confectionery (e.g. chewing gum, whether or not sugar-coated, NOT containing cocoa) | 23,347,666.60 |
| 9. | 2207: Beverages, Spirits and Vinegar (Undenatured Ethyl Alcohol of An Alcoholic Strength by Volume of \geq 80 %) | 23,345,982.17 |
| 10. | 1702: Other Sugars (Chemically Pure Lactose, Maltose, Glucose and Fructose, Artificial Honey). | 18,486,798.15 |

Source: Eswatini Investment Promotion

Table 3 gives total monthly export values for Eswatini in 2019 across all export categories.

Table 3: Eswatini Overall Monthly Export Values 2019

| Period | Export Values in Rand/ Emalengeni | Export Values (converted from Rand/ Emalengeni to US\$ at 17.3530 on June 30, 2020) |
|----------|--------------------------------------|---|
| January | 1,956,851,481.36 | 112,767,330.22 |
| February | 2,128,865,583.78 | 122,679,973.71 |
| March | 2,178,398,009.66 | 125,534,375.02 |
| April | 2,219,160,295.29 | 127,883,380.12 |
| May | 2,308,689,833.23 | 133,042,691.94 |
| June | 2,047,356,665.90 | 117,982,865.55 |
| July | 2,368,625,580.80 | 136,496,604.67 |

| | | |
|----------------------------------|--------------------------|-------------------------|
| August | 2,732,136,389.00 | 157,444,614.13 |
| September | 2,711,646,550.00 | 156,263,847.75 |
| October | 2,810,296,542.00 | 161,948,743.27 |
| November | 2,746,479,760.00 | 158,271,178.47 |
| December | 2,691,216,633.26 | 155,086,534.50 |
| Grand Total (end of year) | 28,899,723,324.28 | 1,665,402,139.35 |

Source: Eswatini Investment Promotion

Export trends have been relatively stable overall in 2019, as shown in Figure 6.

Figure 6: Eswatini Overall Monthly Export Values 2019



1.6.1. Major Global Export Destinations (2017)

The major export destinations for Eswatini are outlined in Table 4, with South Africa ranking number one.

Table 4: Eswatini Export Destinations (2017)

| Country | Value of exports (\$) | Country | Value of exports (\$) |
|-----------------------|-----------------------|--------------------|-----------------------|
| 1. South Africa | \$1.25B | 14. Spain | \$13.08M |
| 2. Kenya | \$106.46M | 15. United Kingdom | \$10.15M |
| 3. Nigeria | \$84.19M | 16. Zambia | \$9.93M |
| 4. Mozambique | \$59.45M | 17. Madagascar | \$9.71M |
| 5. Tanzania | \$35.31M | 18. Portugal | \$9.48M |
| 6. Zimbabwe | \$27.89M | 19. Netherlands | \$8.88M |
| 7. Angola | \$27.02M | 20. France | \$7.87M |
| 8. Uganda | \$24.23M | 21. Eswatini | \$7.37M |
| 9. Italy | \$19.14M | 22. Ireland | \$5.47M |
| 10. Namibia | \$18.96M | 23. Australia | \$3.17M |
| 11. The United States | \$14.98M | 24. Lesotho | \$2.76M |
| 12. Mauritius | \$13.40M | 25. Congo | \$2.72M |
| 13. Botswana | \$13.12M | | |

Source: United Nations COMTRADE database on international trade

1.6.2. Eswatini Exports to the United States

According to USTR, Eswatini is currently the United States' 185th largest goods trading partner with \$46 million in total (two-way) goods traded during 2018. Goods exported totaled \$33 million; goods imported totaled \$13 million, leaving a trade surplus with **Eswatini of \$20 million in 2018: a 25 percent increase over 2017 (\$16 million).**

Eswatini was United States' 181st largest goods export market in 2018. U.S. goods exports to Eswatini in 2018 totaled \$33 million, with the top export categories being art and antiques (\$5 million), vehicles (\$4 million), machinery (\$3 million), organic chemicals (\$2 million), and special other (military equipment)) (\$2 million). U.S. total exports of agricultural products to Eswatini totaled \$5 million in 2018. Leading domestic export categories include tree nuts (\$1 million), prepared food (\$416,000), processed fruit (\$407,000), wine and beer (\$40,000), and vegetable oils (ex. soybean) (\$10,000).

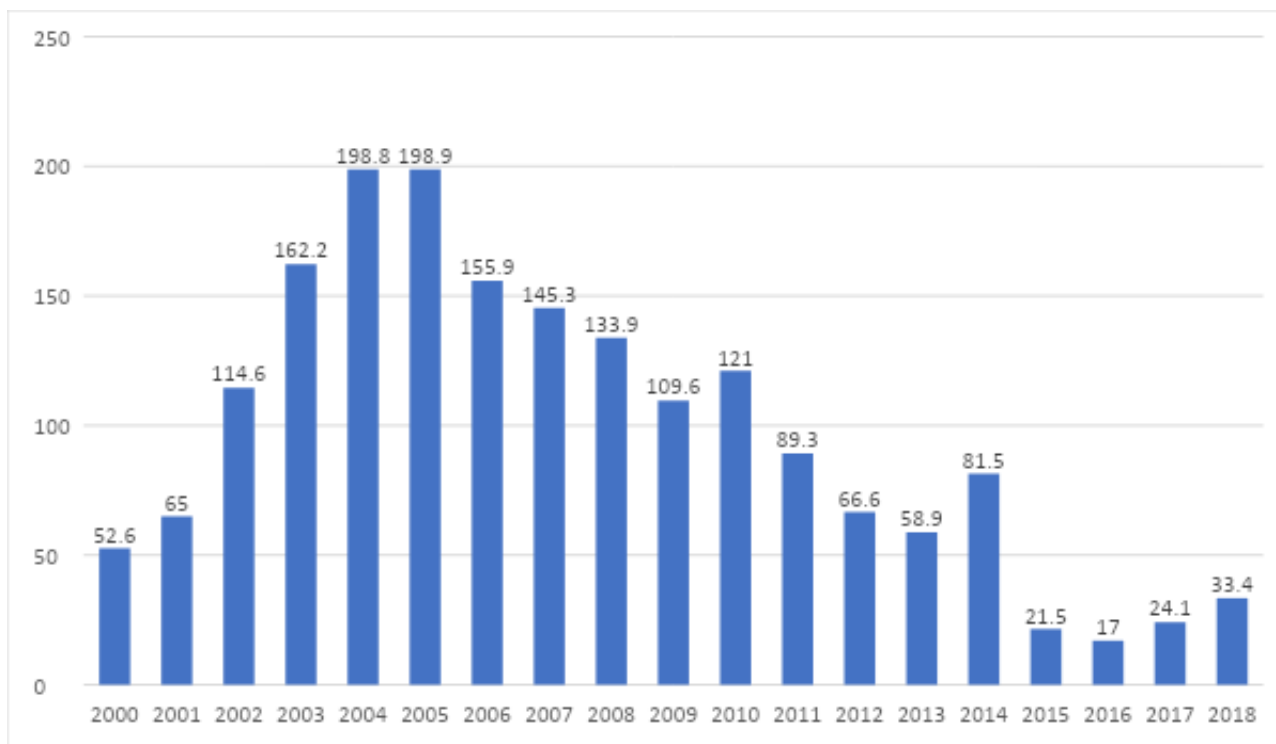
Table 5: Eswatini Exports to the United States by Category

| Export Category | Value |
|--|--------------|
| 1. Sugars and sugar confectionery | \$12,480,000 |
| 2. Toys, games, sports requisites | \$397,960 |
| 3. Vegetable, fruit, nut food preparations | \$365,110 |
| 4. Articles of apparel, not knit or crocheted | \$321,330 |
| 5. Essential oils, perfumes, cosmetics, toiletries | \$244,760 |
| 6. Stone, plaster, cement, asbestos, mica or similar materials | \$242,640 |
| 7. Articles of iron or steel | \$194,410 |
| 8. Manufacturers of plaiting material, basketwork | \$133,100 |
| 9. Wood and articles of wood, wood charcoal | \$76,110 |
| 10. Miscellaneous articles of base metal | \$69,870 |

Source: <https://tradingeconomics.com/swaziland/exports/united-states>

Overall exports from Eswatini to the United States for the period 2000 to 2018 are as illustrated in Figure 7, demonstrating an upward trend from \$52.6 million in 2000 to a peak of \$98.9 million in 2005.

Figure 7: Eswatini Overall Exports to the U.S. 2000 to 2018 (\$ Million)



Source: agoa.info

1.6.3. Analysis of Eswatini Exports under AGOA

Overview

U.S. imports from SSA under AGOA totaled \$11.97 billion in 2018: an 11.5 percent decrease from \$13.5 billion in 2017, and accounting for 48 percent of total U.S. imports from SSA. The decrease in AGOA imports was due mainly to a 14 percent decrease in imports of energy-related products (mostly petroleum), which accounted for 66 percent of all AGOA imports. The decrease in AGOA imports was further driven by a 47 percent decrease in transportation equipment and a 12 percent decrease in minerals and metals, while chemicals and related products increased by 52 percent and agricultural products increased by 8 percent. Textiles, apparel, minerals and metals were the two largest sectors for non-energy related AGOA imports. The top five exporters of goods under AGOA were Nigeria, South Africa, Angola, Chad, and Kenya.

1.7. Analysis of SSA and SADC Exports under AGOA

The SADC Trade Protocol came into force in January 2000. The Protocol is supported strongly by the World Bank, International Monetary Fund, and the African Development Bank. The trade protocol limits export controls for regional members, which means that a company with operations in Eswatini can supply across the region of 16 member states. SADC's members are: Angola, Botswana, Comoros, Democratic Republic of Congo (DRC), Eswatini, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Tanzania, Zambia and Zimbabwe. Neither DRC nor Zimbabwe are AGOA beneficiaries; Eswatini was under a three-year suspension until January 2018. Madagascar faced a

five-year suspension from 2009-2014, while Seychelles became the first country to graduate out of AGOA in January 2017 after achieving developed country status.

According to the U.S. Department of Commerce (International Trade Administration), trade (exports plus imports) with SSA totaled \$40.9 billion, which translates into a 5.12 percent increase from the \$38.9 billion that was realized in 2017. U.S. imports and exports from SSA rose in 2018, resulting in an increase in total trade. U.S. trade with SSA accounted for 1.06 percent of U.S. total global trade. The department further indicated that U.S. exports to SSA totaled \$15.8 billion, a 12.66 percent increase from \$14 billion in 2017, and accounted for 0.95 percent of total U.S. exports to the world. Top exports were machinery, aircraft (including parts), vehicles (including parts), and electric machinery.

The increase in exports to SSA in 2018 was driven by a 46 percent increase in sales of aircraft and parts, a 37 percent increase in sales of vehicles, a 36 percent increase in sales of oil, and a 12 percent increase in sales of machinery. The top five SSA destinations for U.S. exports were South Africa, Nigeria, Ethiopia, Ghana, and Togo. U.S. exports to South Africa rose by 9.9 percent; to Nigeria by 22.9 percent; to Togo by 16.9 percent; and to Ethiopia by 49.4 percent. U.S. exports to Ghana dropped by 7.7 percent.

U.S. total imports from SSA reached \$25.1 billion, a 0.86 percent increase from \$24.8 billion in 2017 and accounted for 1.15 percent of total U.S. global imports. Top imports were oil, diamonds and platinum, vehicles and cocoa beans. The increase in imports from SSA was driven by a 39 percent increase in apparel, 19 percent in precious stones/metals, and a 21 percent increase in minerals. The top five SSA sources of imports to U.S. were South Africa, Nigeria, Angola, Côte d'Ivoire, and Madagascar. U.S. imports from South Africa rose by 9.39 percent, from Angola by 3.64 percent, from Côte d'Ivoire by 2.5 percent and from Madagascar by 20.2 percent, while imports from Nigeria decreased by 20.29 percent.

1.8. How a Product Qualifies for AGOA Duty-Free Treatment

A product qualifies for AGOA duty-free treatment under the following conditions (<https://agoa.info/aboutagoa/product-eligibility.html>):

- a) The product must be included in the list of GSP eligible articles: included in the list of new AGOA products, or be a qualifying apparel/textile item;
- b) The product must be imported into the U.S. directly from an AGOA beneficiary country or pass through another country in a sealed container and addressed to a location in the United States;
- c) If foreign materials are imported into the AGOA country first to be used in the production of an AGOA-eligible product, the sum of the cost of the materials produced in the AGOA beneficiary country, plus the costs of processing, must equal at least 35 percent of the product's value when the product is sold for export into the United States;
- d) In the case of clothing/apparel, the 35 percent rule does not apply directly; instead, the goods need to comply with the respective Rules of Origin (ROO) requirements; and
- e) The U.S. importer must request duty-free treatment under AGOA on the relevant customs entry form (Form 7501) by placing a "D" in column 27 in front of the U.S. tariff number that identifies the imported article.

1.9. Analysis of FDI in Eswatini

Official Eswatini government policy encourages FDI for economic growth, although the pace of reforming investment policies is slow.

1.9.1. FDI into Eswatini

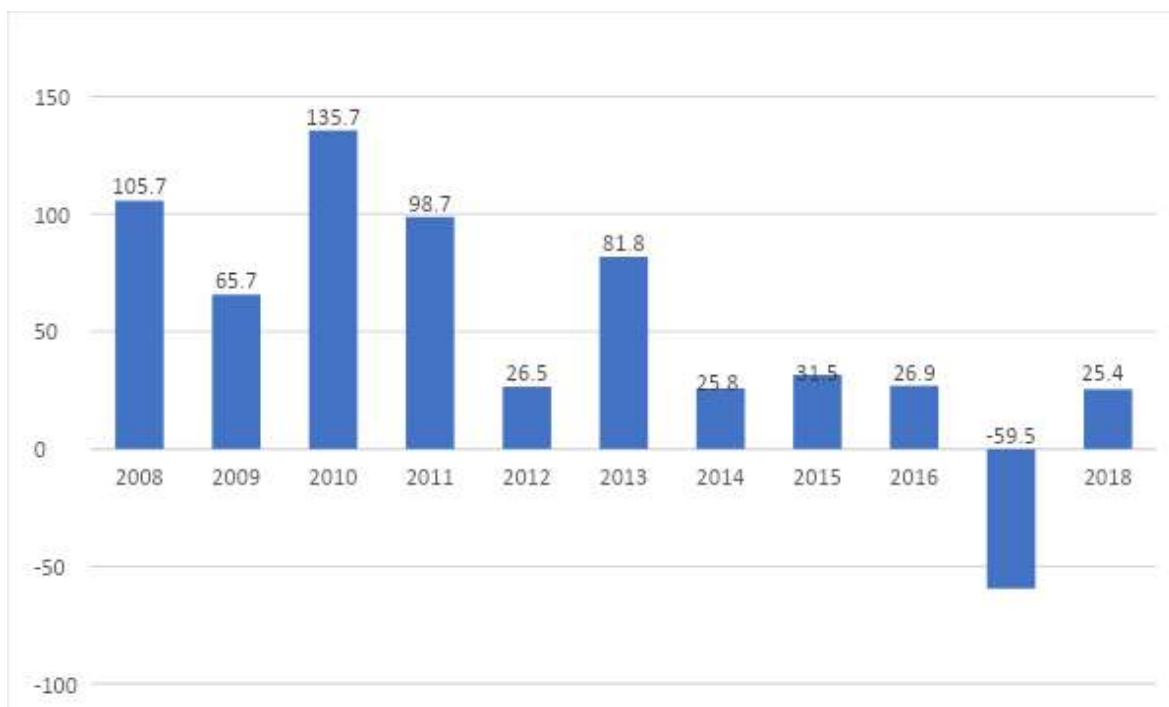
The Eswatini Investment Promotion Authority (EIPA) advocates for foreign investors and facilitates regulatory approval. Recent positive developments include its January 2018 reinstatement under the AGOA program and the enactment of the Special Economic Zones (SEZs) Act and updated intellectual property legislation. Incentives to invest in Eswatini include:

- Repatriation of profits;
- Fully serviced industrial sites;
- Purpose-built factory shells at competitive rates; and
- Duty exemptions on raw materials for manufacture of goods to be exported outside SACU.

On the financial side, incentives for investors include tax allowances and deductions for new enterprises, including a 10-year exemption from withholding tax on dividends and a low corporate tax rate of 10 percent for approved investment projects. New investors are privy to duty-free import of machinery and equipment. According to the United States Department of Commerce (International Trade Administration) report on Eswatini, special economic zone (SEZ) investors can enjoy a 20-year exemption from all corporate taxation (followed by taxation at 5 percent); full refunds of customs duties, value-added tax, and other taxes payable on goods purchased for use as raw material, equipment, machinery, and manufacturing; unrestricted repatriation of profits; and full exemption from foreign exchange controls for all operations conducted within the SEZ.

FDI is one of the five pillars of Eswatini's Sustainable Development and Inclusive Growth (SDIG) program, and a means to drive economic growth, obtain access to foreign markets for exports, and improve international competitiveness. Figure 8, gives the net FDI figures for the period 2008 to 2018. During that period, the highest net FDI inflow was in 2010 (\$135.7 billion) and the lowest was in 2017 (-\$59.5). The significant discrepancy between the two amounts is an indication that Eswatini has the potential to attract more FDI.

Figure 8: Eswatini Net FDI 2008 to 2018 (\$ billion)



Source: World Bank

Appendix 3 shows FDI inflows into Eswatini by country.

1.10. Overview of Eswatini's National Export Strategy/Trade Policy

According to the National Trade Policy (NTP, 2017-2022), Eswatini has never had a comprehensive trade policy (since its independence in 1968) to guide the nation on trade-related issues nor to identify the role that can be played by a trade policy in development planning. Clear guidance through trade policy, on how trade can drive sustainable economic growth and development in the country, has been lacking. The **vision** of the NTP is to transform Eswatini into a dynamic and export-led globally competitive economy, with value addition and export diversification, which will enable the trade sector to function as an engine for sustainable growth and prosperity. The **mission** of the NTP is to create a conducive and supportive environment for all sectors of the economy to orient toward export and international competitiveness, with the ultimate objective of achieving socio-economic transformation in line with **Vision 2022**: to enhance regional and global integration and widen participation of the private sector in international trade (NTP, 2017-2022). The NTP establishes a framework for enhanced export performance under AGOA.

In addition to the NTP, the Eswatini government enacted trade-supportive legislation and a trade remedy regime intended to enhance competitiveness in the trade and investment climate by protecting the domestic market from unfair trade practices, within legislation including: the Competition Act; Fair Trading Act; Price Control Act; Liquor Licensing Act; Trading Licences Amendment Order and Trade Licencing Amendment Act; and Business Registration Act. It addresses issues that impede trade development and promotion as well as private sector development.

1.10.1. Objectives

The NTP is intended to achieve the following objectives, which represent the foundation of this AGOA Response Utilization Strategy:

- a. Increase exports through diversification and value addition, with the ultimate target of increasing contribution of exports to GDP by 5 percent.
- b. Strengthen and consolidate existing relationships with current export markets to ensure that Eswatini takes full advantage of preferences offered by these markets;
- c. Identify and explore new markets, especially in new and existing bilateral relations;
- d. Secure Eswatini's key interests in trade negotiations by developing and enhancing its trade negotiations capacity;
- e. Enhance market access for Eswatini's exports through branding and improved product quality;
- f. Improve trade facilitation in order to expedite movement of goods and services both internally and with external trading partners;
- g. Play an effective role in the SACU trade and tariff policy process and secure Eswatini's interests in industrial development and infant industry protection;
- h. Allow for technological innovations and technological transfers that will enhance competitiveness of Eswatini's exports by ensuring the United States of low-cost production methods that do not compromise the national objective of employment creation;
- i. Create an enabling environment for trade and investment to flourish;
- j. Create a conducive environment for Eswatini to attract investment directed toward the production of exports;
- k. Contribute to poverty reduction and employment creation;
- l. Develop and improve strategies that will enhance trade as an engine of growth and development;
- m. Mainstream all trade-related strategies and initiatives into the National Trade Policy;
- n. Increase exports and expand the country's export base and industrial base;
- o. Assist exporters to access existing and new markets

1.10.2. Priorities of the National Trade Policy

The focus of the government in implementing the NTP are as follows:

- a. Enhancing the competitiveness of Eswatini's products and services in domestic, regional and international markets;
- b. Facilitating the smooth flow of trade, while ensuring that trade conforms to national and international laws and regulations;
- c. Securing and maintaining improved market access to the regional and international markets for goods and services;
- d. Providing trade/market information to traders and the business community that enables them to make informed and optimal investment decisions;
- e. Developing capacity to exploit existing market access opportunities;
- f. Enhancing the capacity of socially and economically disadvantaged sections of the community to trade.

1.11. Comparative Advantage for Eswatini

Eswatini has a limited range of exports, which include soft drink concentrates, textiles and apparel, sugar, potable alcohol, sugar-based products, canned fruits, timber, wood pulp, citrus fruits, fresh produce, handicrafts, cut flowers and refrigerators. The duty-free preferences under AGOA (over 30 percent in terms of textiles and apparel) have largely influenced the performance of the clothing and sugar sectors.

Global commodity prices have had an impact on the performance of sugar, timber, canned fruits and citrus.

1.12. Development of the National AGOA Utilization Strategy for Eswatini

Following a request from the Government of Eswatini, USAID/Southern Africa agreed to provide support through the USAID TradeHub to develop a National AGOA Utilization Strategy and Action Plan for the remaining five years of AGOA.

The AGOA strategy development process entailed an in-depth review of Eswatini national development plans and its investment and trade policies, the outcomes of which were employed to design a structured National AGOA Utilization Strategy and Action Plan. The strategy team conducted a situational analysis to review the current economic environment and to assess performance compared to other SADC countries. The strategy team also conducted a literature review to evaluate experiences of other countries and interviewed key stakeholders in Eswatini who work closely with the Eswatini MCIT. The team analyzed the collected data and validated the draft strategy with stakeholders prior to incorporating suggested changes into the final document for approval by both relevant U.S. Government agencies and MCIT.

2.0. STRATEGY

The overarching strategy for Eswatini should be to find a niche market for each of the potential export products. Production and export of these products can be increased over time as more markets are established, spurred by increased demand. In the meantime, Eswatini would need to incrementally increase production capacity. This strategy aims to help the Government of Eswatini formulate, in close collaboration with the private sector, civil society, and development partners, a sustainable export-driven program that will facilitate and accelerate value addition over the export of raw commodities.

The AGOA Utilization Strategy and Action Plan for Eswatini seeks to address the constraints noted above to enhance growth and competitiveness of exports to the U.S. market under AGOA. The constraints identified through stakeholder consultations and analysis of several documents are categorized below into product specific and general, to facilitate identification of suggested strategic interventions and address them with the required actions detailed in the action plan.

The action plan includes strategic objectives, performance indicators, anticipated deliverables, proposed investment and financing, and the institution responsible for implementation of the activity, with a suggested timeframe for implementation and a proposed lead and support institution. The objective for clearly highlighting the strategic activities and specific implementing entities is to avoid duplication of efforts and to facilitate implementation and effective monitoring and evaluation as outlined in Section 4.

2.1. Broad Strategy Directions

2.1.1. Goal

The overall goal of this strategy is to take full advantage of the preferential market access under the AGOA unilateral trade preference program to increase the growth and competitiveness of exports to the U.S. market. The strategy aims to provide government and the private sector with tools and realistic recommendations for generating revenue and jobs as the country develops its productive base to drive its export competitiveness and economic empowerment agenda. The goal is to improve current exports to the United States under AGOA from 2016 levels of \$51.3 million, including GSP, by at least 20 percent over the next five years.

2.1.2. Outcome

Effective implementation will develop identified potential sectors and increase production of quality products for export to take full advantage of AGOA facility and realize the full potential of the AGOA unilateral trade preference program. The focus areas for the strategy are:

1. To develop the identified sectors and products with export potential;
2. To increase production capacity and productivity;
3. To develop strategic initiatives for reducing constraints; and
4. To increase market accessibility and competitiveness for Eswatini products in U.S. markets.

2.1.3. Objectives of the Strategy

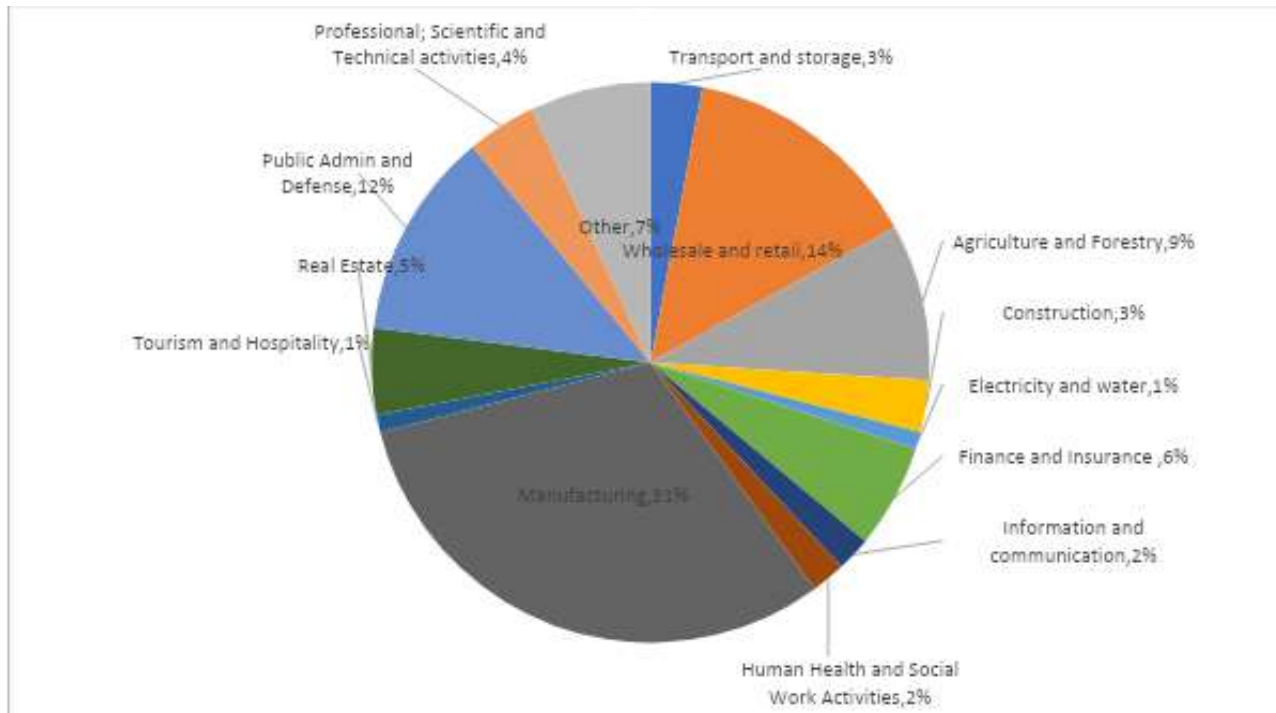
The Eswatini AGOA Utilization Strategy provides a structured framework outlining the measures required to identify and increase production of export products through addressing policy, supply-side and market constraints. The objectives of the strategy are to:

1. Increase activities and awareness of the AGOA unilateral trade preference program in Eswatini;
2. Identify priority products with potential for increased exports under AGOA;
3. Identify policy responses in line with Eswatini's priority sectors to capacitate current and potential exporters in Eswatini to increase exports under AGOA;
4. Promote policies that facilitate increased FDI; and
5. Build capacity to meet Sanitary and Phytosanitary (SPS), labor and security regulations and requirements in U.S. markets and beyond.

2.2. Sectoral Analysis for Eswatini and Product Specific Constraints

Manufacturing, wholesale, retail and public administration are the largest contributors to GDP for Eswatini. In 2016, manufacturing contributed 31.4 percent to GDP. Agriculture has been declining in importance to GDP from a high of 23 percent in 1980 (World Bank, 2013) to an estimated 9 percent in 2016, yet plays a substantial role in the livelihoods of the primarily rural population, with 75 percent of adults depending on agriculture.

Figure 9: Eswatini Sectoral Contribution to GDP (2017)



Source: Eswatini Central Statistics Office

2.3. Product Specific Constraints

2.3.1. Agriculture

Over 70 percent of the primarily rural population of Eswatini depends on agriculture for their livelihoods. While the agricultural sector is important for sustenance in the rural areas, it is also an important source of raw material for agro-based manufacturing industries. Although this sector has experienced increased value addition over time, its contribution to GDP has been declining since the year 2000.

There are two main types of land tenure systems in Eswatini under which agricultural production takes place: Swazi Nation Land (SNL) and Individual Tenure Farms. Maize, cotton and sugar cane dominate SNL production. Since most of the land is not under irrigation it tends to be greatly affected by prevailing weather conditions. SNL farmers cannot access finance due to lack of collateral. The country has experienced prolonged periods of drought, which have had very serious impacts on maize and cotton yields. Maize production was also affected by the switch of local farmers to the production of export crops such as sugar cane. Commercialization of SNL agriculture has led to the transformation of areas, which previously depended on rudimentary methods of production with low yields to modern, irrigation-based agriculture with higher yields.

Stringent SPS measures have had a negative impact on the performance of the agricultural export sector. This, however, can be rectified by establishment of laboratories for testing as well as capacity building in the office responsible for SPS measures.

a) Citrus Fruit

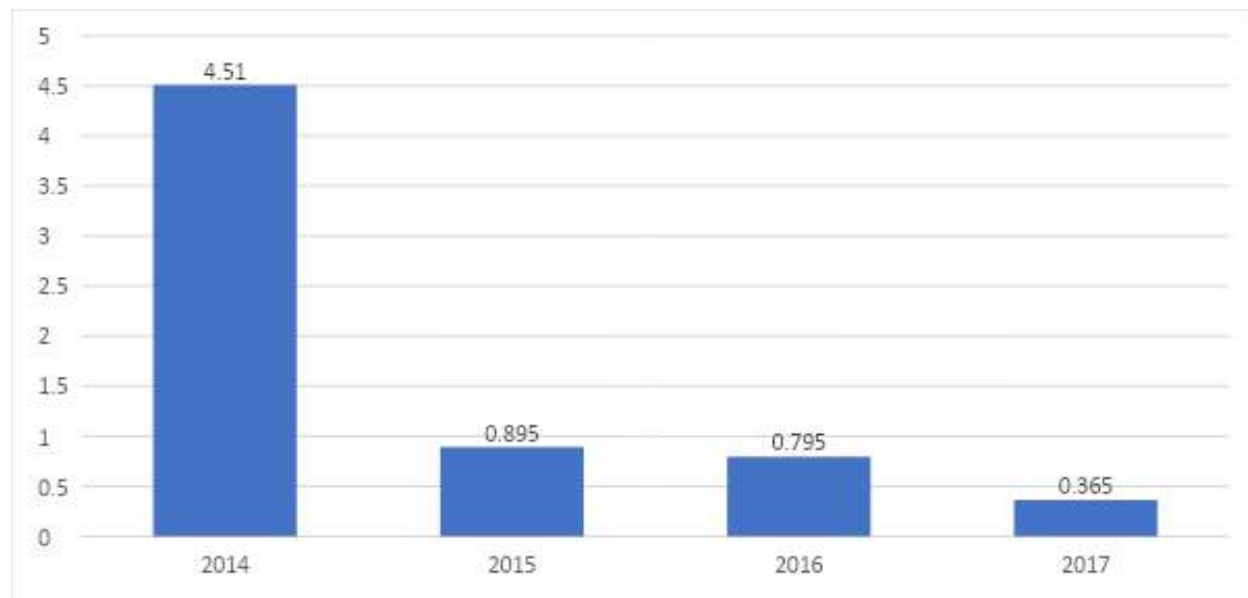
Production in this sector has been seriously affected by unfavorable climatic conditions and stringent SPS measures. Export has been limited by the failure of the local citrus sector to meet stringent phytosanitary

standards. Some improvements have been made and a limited degree of value addition has brought local citrus fruit into the local fruit canning industry and sold as fresh produce to Japan and the EU. Improved world market conditions have increased prospects for this sector.

b) Other agricultural and horticultural products

In 2017, Eswatini exported \$365,110 of vegetable, fruit, and nut food preparations to the U.S., according to the United Nations COMTRADE database on international trade.

Figure 10: Eswatini Exports to U.S. of Vegetable, Fruit, and Nut Food Preparations 2014 to 2017 (\$ Million)



Recent years have seen the growth of the horticulture sector, mainly baby vegetables and cut flowers, with the major market being the EU. The varying ecological zones of Eswatini allow production of baby vegetables throughout the year. The growth of the sector can also be attributed to access to preferential markets such as the EU through the Cotonou Agreement. In the past the bulk of baby vegetable exports went through South African agents, showing the products as originating from South Africa. Increasingly, local farmers are beginning to send their produce directly to EU markets, mainly France and Holland as well as to the UK. The sector has begun realizing increased inflows of foreign exchange earnings and job creation, particularly in rural areas.

2.3.2. Manufacturing

a) Sugar

The sugar sector has been the main driver of the Eswatini economy for a long time. Trends indicate that the industry has been growing over the years despite various shocks. Sugar production increased by 12.3 percent to register 730,040 tons during the 2018/19 cropping season compared to the previous season where production stood at 650,126 tons⁴. Increased yields are attributed mainly to favorable climatic conditions and the expansion of cultivated area as a result of a shift of large numbers of small-scale farmers into sugar cane growing.

⁴ <http://www.esa.co.sz/cane-production-statistics/>

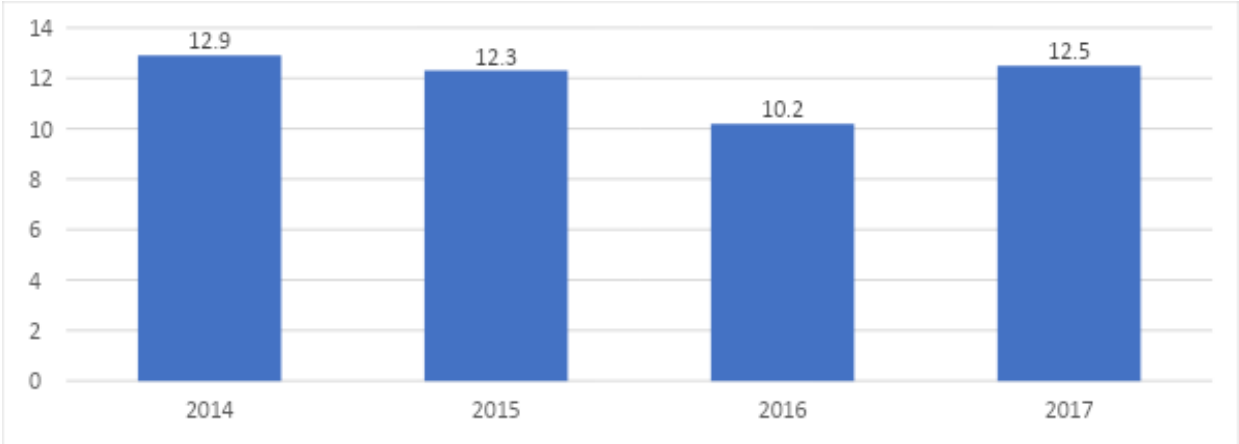
Relatively low production and labor costs make Eswatini one of the the top ten most efficient cane sugar producers in the world, giving them preferential access to the European Union, United States and SACU markets under quota systems that bolstered the growth of the industry. However, the world sugar market is grossly distorted, resulting in the world price falling below production costs. Currently, there is only one country that has been able to produce below the world price and that is Brazil, whose competitive edge is largely attributed to the large area of land devoted to cane, allowing for economies of scale.

Major challenges face the sugar industry. As part of the reform of the EU’s Common Agricultural Policy, which is aimed at removing subsidies to EU farmers, the price of sugar in the EU market will fall in the next few years. Currently, the price of sugar in the EU market is three times higher than the world market price. What this implies for the sector is that a bulk of the produce will have to be sold in the world market where the price is depressingly low. There is need for the sector to cut down on production costs to remain competitive.

Eswatini Sugar Exports

Eswatini exports to U.S. markets of sugars and sugar confectionery was \$12.48 million during 2017, according to the United Nations COMTRADE database on international trade. Figure 10 shows Eswatini’s sugar and sugar confectionery exports for the period 2014 to 2017, representing a downward trend from 2014 through 2016 but turning around in 2017.

Figure 11: Eswatini Sugar and Sugar Confectionaries Exports, 2014 to 2017 (\$ Million)



Source: United Nations COMTRADE database on international trade

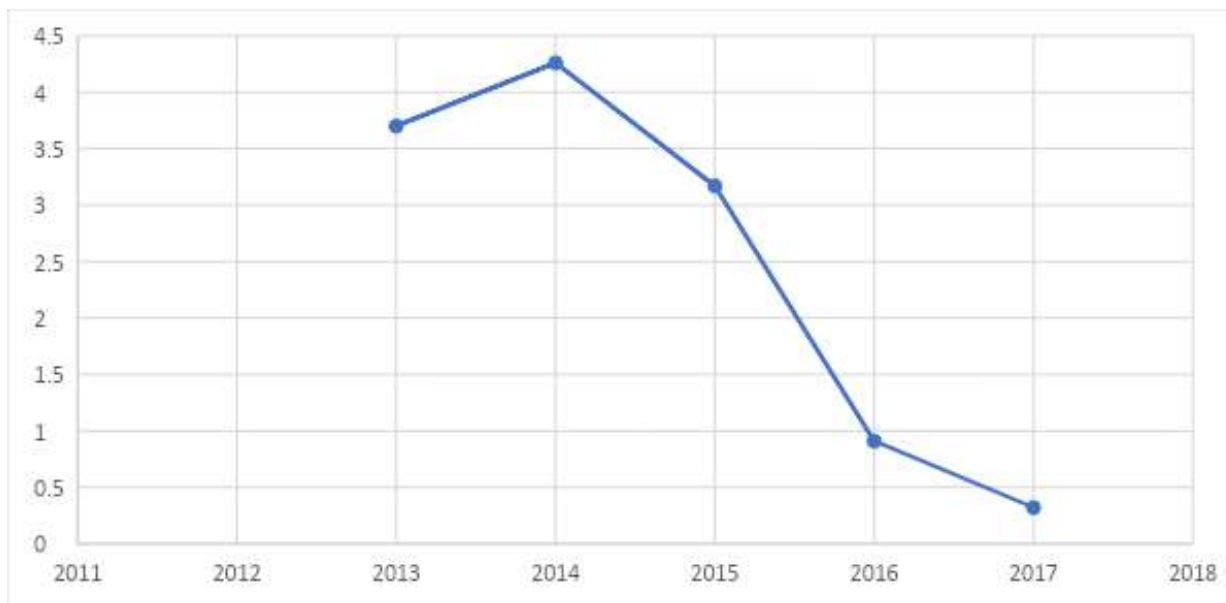
b) Sugar-Based Products

The country has attracted several sugar-based manufacturing industries, largely to take advantage of the competitive price of sugar. These include soft drink concentrate and other confectionery industries. Soft drink concentrate has its main market in South Africa (about 50 percent) and the rest in SSA, Australia and New Zealand. Markets for confectionery include South Africa (95 percent) and other SADC countries.

c) Textile and Apparel

Eswatini exported \$321,330 worth of articles of apparel, not knit or crocheted, to the US in 2017, according to the United Nations COMTRADE database on international trade.

Figure 12: Eswatini Exports of Articles of Apparel, Not Knit or Crocheted, to the U.S. 2013 to 2017 (\$ Million)



Source: United Nations COMTRADE database on international trade

Growth in the textile and apparel sector has been spurred by Eswatini’s eligibility for AGOA. This has seen the establishment of garment and clothing companies, mainly from Taiwan. The phasing out of the Multi-fibre Agreement on textiles and garments has presented a major challenge on this sector, with many companies subsequently terminating operations. The absence of indigenous investors in the textiles and garments industry has been raised as a concern. Lack of information on markets and capacity to establish business contacts has prevented indigenous investors from effectively accessing markets under AGOA.

d) Agro-processing: fruit canning

Fruit canning is another emerging sector. Swazican produces a wide range of products comprising pineapple rings and pieces, juice, citrus segments and jams. The company also grows pineapples around the Malkerns Valley, while citrus fruits are purchased from local farmers. In recent years, there has been a shift from citrus growing to sugar cane growing by most farmers, which has prompted the company to buy a citrus estate to ensure adequate core supply of fruits. Similar trends have been observed in the pineapple sector. Production at Swazican fell by 0.7 percent in 2003. Export volumes, on the other hand, increased by 4.9 percent, but export receipts failed to match the increased volumes; export revenue fell by 21.1 percent due to a decline in international prices and local currency appreciation against international currencies. The company responded by increasing its land area for pineapple cultivation to make up for the shortage.

The main markets for canned fruits are the United Kingdom and Japan, while the domestic market and that South Africa are important for the sale of jam.

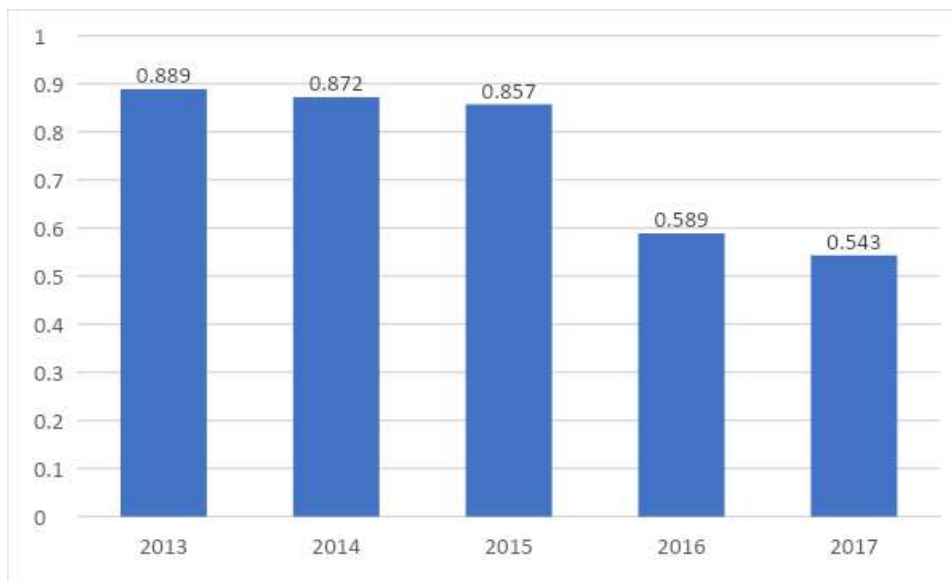
2.3.3. Handicrafts

This is one sector that has taken advantage of external markets, with an assist from the Trade Promotion Unit. The establishment of a trading house has greatly improved the marketing of handmade products.

2.3.4. Leather and Leather Products

Total exports of raw hides and skins (other than fur skins) and leather for Eswatini was \$543,470 during 2017, with the major export destination being South Africa (United Nations COMTRADE database on international trade).

Figure 13: Eswatini Overall Hides and Skin (Other than Fur Skins) and Leather Exports, 2013 to 2017 (\$ million)



2.4. General Constraints

2.4.1. Lack of a Vibrant Domestic Economy

A strong domestic presence is a necessary condition for a business to succeed in the export sector. Most exporting companies in Eswatini are multinational corporations with fewer domestic companies participating in the sector. With globalization taking its toll, several companies have been closing down, hence, parallel with FDI promotion, Eswatini needs to develop local businesses to the level at which they can produce for export. This could prove challenging in a country that confronts significant poverty with a minimal pool of public funds from which to draw.

2.4.2. Sanitary and Phytosanitary Measures and Technical Barriers to Trade

As an agriculture and agro-based economy, applications of SPS measures and technical barriers to trade (TBT) have proved to be supply-side constraints for Eswatini. The stringency of food safety standards challenges the extent to which Eswatini can engage in export markets; equally, the lack of domestic laboratory testing adds considerable expense. For Eswatini to retain customers and secure present and

future markets, it must adhere to these demands. Producers need to be informed of the latest food safety measures by major markets so that they conform to the requirements. This must be done on a regular basis, because in the wake of global tariff liberalization under the WTO system, countries tend to point to SPS and TBT measures to protect their domestic markets.

2.4.3. Limited Knowledge of the AGOA Program and Benefits

Information on available markets is not easily accessible. The country's export potential and access to preferential markets notwithstanding, information does not seem to filter down to the people who need it most. The Trade Promotion Unit, for instance, could be supported to disseminate the useful information on trade fairs and other market intelligence it has access to. Extensive use of ICT by Eswatini SMEs would enhance access to market information.

2.4.4. Insufficient Awareness of U.S. Market Requirements

Most Eswatini producers have limited knowledge of U.S. markets and market entry requirements, exacerbated by the perception that exporting to the United States is too complicated when compared to exporting to other parts of the world, mainly the SADC region and Europe. Also, Eswatini producers, particularly SMEs, lack expertise on how to market their products to U.S. markets and have little or limited knowledge of the potential buyers.

2.4.5. Inadequate Production Capacity and Lack of Productivity

Production capacity is one of the major constraints for most producers in Eswatini and a considerable challenge across developing countries. This is due to limited availability of raw materials, limited access to finance and lack of affordable sources for development funding, lack of technical expertise and experience, and lack of suitable modern equipment. Eswatini also lacks the required infrastructure in some parts of the country, such as a good road network to facilitate easy movement of products to the market. Furthermore, there is a need for facilities such as factory shells to enable producers to quickly upscale production to meet export orders as well as to facilitate investment, particularly in the textile and apparel sector. High costs of essential utilities including electricity and water coupled with unscheduled and frequent power outages constitute the major constraints to increased production and productivity. Inadequate technical expertise and experience are some of the deterrents to productivity. Most highly qualified nationals, particularly in specialized sectors like mining, prefer to work outside the country where it is perceived to be more rewarding.

2.4.6. Lack of Marketing of Eswatini Products in the United States

There is currently no entity tasked with spearheading marketing of Eswatini products and potential investment opportunities under the AGOA program. MCIT is mandated by government to fast track economic development in Eswatini by being the focal point of investment and export promotion and facilitation. How to use the final five years of the AGOA facility to promote and encourage increased penetration of U.S. markets by products from Eswatini will be critically important for future sustainability of the export relationship.

2.4.7. Cost of Compliance with U.S. Standards and Regulations

Eswatini producers exporting food products to the United States are required to register with the U.S. Food and Drug Administration (FDA), to certify they are safe for consumption prior to entering the United States. FDA may detain imported products if the shipments are found to be non-compliant with U.S. requirements. Consequently, although not mandatory, certification of food processors by accredited organizations to food safety standards like Hazard Analysis and Critical Control Point (HACCP) are a common step to ensure compliance with U.S requirements. In addition, local producers must satisfy other U.S. government and market conditions such as safe labor practices for workers. Worldwide Responsible Accredited Production (WRAP) and Fairtrade certification, among others, help exporters to meet U.S. requirements. There is a need to raise awareness of these requirements and assist potential exporters to comply. There are currently no accredited laboratories and certifications bodies in Eswatini, which makes acquiring certifications expensive, especially for SMEs. The Standards Quality and Assurance Act of 2000 is not fully operational because of lack of required laboratory equipment and a conducive institutional setting.

2.4.8. Inadequate Funding

This is a major problem for indigenous exporters. While several schemes have been set up to assist Eswatini-owned business to access financing, the desired impact has not been achieved, and most traders are unaware of the existence of such schemes, due in part to poor marketing. Local banks are increasingly reluctant to lend to SMEs, largely because of poor repayment history. Government has, through the provision of ‘free’ money in the form of the Regional Development Fund, sent conflicting signals to businesses. This fund, originally meant to provide infrastructure in rural areas, has been diverted to business finance with no repayment commitment, perpetuating a culture of defaulting. This has also distorted the financial sector in the country. Several exporters are experiencing difficulties in accessing export finance in a timely manner. The turn-around time for being approved for bank financing is currently long.

2.4.9. High Cost of Production and Transport

As a result of being land-locked, transportation costs for both imports and exports are quite high and can increase the cost of goods by as much as 50 percent at the point of sale. In terms of distance to the United States, exporting through Maputo in Mozambique should be economical, but shipping by railcar is expensive and the infrastructure is not well-developed. There have also been reports of corruption. The bulk of exports have to go through the Durban Port, in South Africa, which is far. For fresh produce, road transport is used to take the goods to O.R. Tambo International Airport in Johannesburg; from there, they are flown to overseas markets. The time taken at the border to clear goods through customs is too long, and with the envisaged additional customs documentation from the South African side, that is SC-form-36, the delay is likely to worsen. Some time constraints could, however, be eased with the implementation of the Electronic Data Interchange (EDI) system at customs and CCA1 system integration with South African customs, a system used for common customs areas.

The Eswatini Railway does not have adequate wagons to cater for the needs of most exporters, especially the sugar industry. There are considerable delays in getting merchandise to port on time. While some international conglomerates have local outposts to take advantage of available cheaper raw materials/inputs, greater competition in the global market has made this less attractive. Other global companies with a local presence are weighing relocation in order to source cheaper transport.

Feedback from stakeholders indicates that the high cost of production stems from the high cost of finance, electricity, water, machinery and the need to comply with standards and regulations, particularly for international markets. The Business Climate Survey Report 2016 cited “high and prohibitive charges” for telecommunication as a contributor to poor business growth.

2.4.10. Non-Tariff Barriers

Non-Tariff Barriers (NTBs) are restrictions that may go beyond their legitimate intended purposes and have the deliberate or unintended effect of increasing cost to trade and protecting domestic producers against imports. NTBs increase the cost of imports/exports. Non-tariff measures (NTMs) are government restrictions on trade for a range of legitimate public policy reasons such as safety, health and consumer information. NTBs in most African countries, Eswatini included, are generally in part due to action or lack of it by border officials. This often delays shipments and causes border delays.

2.4.11. Provisional VAT Payment for goods transiting through South Africa

During consultations for the NEP, exporters mentioned provisional VAT payment for goods transiting through South Africa as a common challenge. While several companies have no problem with the principle, inconsistency in implementation has been noted. Once companies have grasped and come to terms with the current requirements, additional requirements are then imposed by the South African Revenue Service (SARS), and there are routinely delays in that communication. This then comes into conflict with the requirement that goods transiting through South Africa be acquitted within 30 days. Failure to provide SARS with the acquittal documents results in a fine, which has in turn caused significant cash-flow problems for several companies.

There is a value added tax (VAT) payment deferment scheme for companies exporting to South Africa, allowing them to pay VAT on a monthly basis. SARS requires such companies to register a bond with the bank as a way of mitigating possible default. The cost of the bond is determined by SARS and in most cases, it is far more than what companies pay on a monthly basis. The issue of interest charges is a major concern for most exporters since money has a time value and for the small exporter, may result in severe cash-flow problems.

2.4.12. VAT Refund

Most exporters import their intermediate inputs from South Africa. They are expected to pay VAT on these goods and claim it once the goods are in Eswatini. The time it takes to claim back the VAT is very long. For machinery and heavy equipment, including motor vehicles for instance, the period can be more than two months. In addition, there are fees businesses must pay, resulting in reduction in the final payment. This has also caused cash-flow problems for most exporters.

2.4.13. Currency Fluctuations

The volatility of the Swazi Lilangeni to the U.S. dollar exchange rate over the recent years has affected exporters. The currency depreciated sharply against the U.S. dollar between 2001 and 2002, reaching lows of E13 to \$1, only to appreciate sharply beginning 2003. Currently, the rate is about E17.04 to the U.S. dollar. The depreciated currency produced mixed results for exporters; they gained competitiveness in the global market, but since intermediate inputs are imported, it made the final product expensive as

well. The appreciation of the Lilangeni, on the other hand, can prove quite detrimental to the export sector, particularly to those companies that established at a point when the currency was at its lowest.

2.4.14. Infrastructure

Even by developing country standards, Eswatini has limited infrastructure. However, the costs of communications are high, owing to the fact that the small domestic market limits the viability of multiple service providers. The paucity of the tourism sector limits the use of credit card machines across the country. The electrical grid, operated as a monopoly by the Eswatini Electricity Company, delivers erratic supply, which results in huge losses by businesses in terms of downtime.

2.5. Strategic Interventions to Address General Constraint

An integrated AGOA Committee consisting of public and private sector as well as civil society organizations will ensure effective implementation of this AGOA Strategy, through the institution designated to lead the interventions: MCIT. Table 6 gives a summary of identified general constraints and the proposed interventions to address the constraint.

Table 6: Strategic Interventions for General Constraints

| Identified Constraint | Intervention to Address the Constraint |
|---|--|
| 1. Limited knowledge of the AGOA program and the benefits | <ul style="list-style-type: none"> ● AGOA Committee establishes an AGOA Institutional Structure within MCIT to spearhead countrywide awareness program on the AGOA and its benefits ● AGOA Committee to include export-oriented service providers in the awareness campaign to provide information on their services ● AGOA Committee to develop a robust information dissemination program to provide information on AGOA to targeted stakeholders locally and in the United States |
| 2. Inadequate information about U.S. market requirements | <ul style="list-style-type: none"> ● AGOA Committee to conduct sector-specific workshops on U.S. market requirements with support/input from U.S. sector experts ● AGOA Committee distributes information on U.S. market requirements to targeted exporters ● MCIT to develop a database on AGOA-eligible products and make it easily accessible ● MCIT to link the database on AGOA-eligible products to websites of other strategic organizations ● MCIT to provide a list of common U.S. requirements, standards, general import documentation, technical regulations, and U. S. Customs and Border Protection (CBP) requirements ● MCIT to establish a link between U.S. buyers, Eswatini producers, and the United States and Eswatini private sectors through their respective Chambers of Commerce ● Support the Eswatini Trade Attaché in the United States for the next five years to help conduct market research and to promote Eswatini products in the United States |

| Identified Constraint | Intervention to Address the Constraint |
|---|--|
| | <ul style="list-style-type: none"> ● MCIT to engage the various U.S. Government agencies for required information and support for TCB to develop private sector business associations and networks in the U.S. markets |
| 3. Inadequate production capacity and poor productivity | <ul style="list-style-type: none"> ● MCIT to provide production-forward contracts to stimulate high volumes and aggregate financial support to buy readily available commodities, enticing commercial farmers and cooperatives to make collective efforts to promote production ● MCIT to encourage the use of modern agronomic practices in crop production ● MCIT to revitalize extension service delivery ● Identify and facilitate implementation of export-inclined incentives ● Introduce business linkage programs between SMEs and large organizations to promote private sector development, create a local market for SMEs ● Government helps identify markets and ensure prices for products supported by consistent economic and regulatory policies |
| 4. Disruptions from power cuts and high cost of electricity | <ul style="list-style-type: none"> ● Create a favorable investment climate for solar and other energy sources to augment hydro-generated electricity ● Facilitate implementation of approved electricity generation projects ● Provide and market gas as an alternative source of energy particularly for domestic use |
| 5. Inadequate marketing of Eswatini products in the United States | <ul style="list-style-type: none"> ● Identify markets and help market Eswatini products in the United States ● Organize reverse trade missions for Eswatini and U.S. stakeholders ● Facilitate participation of local producers at selected international trade shows to meet with buyers and share ideas with other exporters ● Government establishes an AGOA desk at the Eswatini Embassy in the United States to capacitate the existing setup to drive efforts on identifying markets and to help market Eswatini products in the United States |
| 6. Cost of compliance with U.S. standards and technical regulations | <ul style="list-style-type: none"> ● Assist producers to comply with required U.S. standards and regulations ● Facilitate producers of selected products to get required certifications ● Identify sponsors to provide funding for training of trainers on relevant standards and regulations ● Engage development partners to provide support to ensure compliance with U.S. standards and regulations |
| 7. Inadequate funding | <ul style="list-style-type: none"> ● Facilitate reduction of the current cost of finance and provide affordable funding to unlock the bottlenecks to increased production and productivity |
| 8. Poor competitiveness for investment | <ul style="list-style-type: none"> ● Capacitate national Doing Business Committees to help identify and implement activities to improve Ease of Doing Business indicators. Have the committees coordinate with the Millennium Challenge Corporation (MCC) Task Team, since Eswatini is currently trying to qualify for MCC assistance for the first time (three of the Doing |

| Identified Constraint | Intervention to Address the Constraint |
|-----------------------|--|
| | Business indicators are sources for three of the 20 MCC Scorecard indicators). |

2.6. Product Specific Strategic Interventions

Sectorial and product-specific challenges with proposed interventions are outlined in Tables 7 to 12.

2.6.1. Handicrafts

Table 7: Strategic Interventions for Handicrafts

| Challenges | Proposed Interventions |
|--|---|
| 1. Poor coordination of production and market access activities | <ul style="list-style-type: none"> ● Capacitate trading houses ● Develop a database of producers ● Establish a warehouse for stock ● Capacitate/set up a handicrafts association or body to help identify and coordinate the shared needs in the sector ● Establish a marketing house/handicrafts center to help with effective coordination, marketing and selling of products ● Develop a website and establish a database of available products ● Provide required training workshops e.g., for effective participation in exhibitions, marketing, costing, and export planning ● Support exporters to attend relevant exhibitions to market their products and meet buyers to understand market requirements ● Work with U.S. experts to understand U.S. market requirements |
| 2. Inconsistent quality and lack of capacity to meet required volumes for export | <ul style="list-style-type: none"> ● Encourage marketing houses to consolidate and manage production by different producers ● Facilitate collaboration among producers in-country and regionally ● Train producers on productivity improvement ● Provide grants and soft loans for women ● Engage buyers and/or experts to coach producers on market requirements |
| 3. Limited access to funding for the sector | <ul style="list-style-type: none"> ● Facilitate provision of affordable funding such as soft loans or grants |
| 4. Difficulty in accessing the U.S. market | <ul style="list-style-type: none"> ● Profile the sector for the export market ● Intensify export promotion and contact promotion missions in the United States (e.g. at the New York International Gift Fair, Santa Fe) ● Identify dedicated agent(s)/distribution partners in the United States |

| | |
|--|---|
| | <ul style="list-style-type: none"> ● Provide export development support towards trading houses, which understand the markets ● Conduct and share market research and development, to ensure that production supply matches demand |
|--|---|

2.6.2. Horticulture

Table 8: Strategic Interventions for Horticulture

| Challenges | Proposed Interventions |
|--|---|
| 1. Difficulty in meeting stringent U.S. market regulations and standards | <ul style="list-style-type: none"> ● Create adequate awareness on required regulations and standards, including SPS requirements ● Provide the necessary capacity building and training, engaging volunteer experts from the United States ● Capacitate service providers such as Bureau of Standards, SADC Accreditation Service (SADCAS), research institutes and testing laboratories |
| 2. Lack of production capacity | <ul style="list-style-type: none"> ● Effective use of land earmarked for horticulture purposes ● Provide required training ● Align available training with sector requirements ● Increase agro-processing capacity ● Provide grants and soft loans for start-ups, SMEs and women entrepreneurs ● Create awareness on existing government incentive programs for horticulture, such as assistance in purchasing irrigation equipment and production inputs ● Provide assistance with key infrastructure required for the success of the industry, particularly road networks and electricity ● Encourage the development of regional and national cropping plans to avoid over supply of products during peak seasons ● Capacitate farmer's associations to encourage dialogue and cross-pollination of ideas |
| 3. Distance from the market | <ul style="list-style-type: none"> ● Improve local transport infrastructure ● Explore alternative routes to the market ● Consider combining products to reduce transport cost ● Facilitate the provision of faster methods of getting produce to the market to maintain value, especially for highly perishable products ● Capacitate marketing houses ● Establish farmers' markets in strategic areas to increase marketing outlets |

2.6.3. Jewelry and Semi-Precious Stones Sector

Table 9: Strategic interventions for Jewelry and Semi-Precious Stones

| Challenges | Proposed Interventions |
|--|---|
| 1. Inadequate information on both the local industry and U.S. market needs | <ul style="list-style-type: none"> ● Encourage the industry to form a representative body (association) to encourage dialogue and facilitate provision of required assistance ● Engage stakeholders in the sector to establish available types of semi-precious stones and to determine production potential ● Create awareness of existing market potential in the United States ● Engage local or regional U.S. Government agencies to understand available TCB programs and how to access them |
| 2. Inadequate investment in the sector | <ul style="list-style-type: none"> ● Facilitate trade and investment reverse missions to identify business opportunities ● Provide funding in the form of grants or soft loans for women entrepreneurs |
| 3. Lack of knowledge of market requirements | <ul style="list-style-type: none"> ● Organize/include sector players on government missions to the United States |
| 4. Lack of exposure to international markets | <ul style="list-style-type: none"> ● Facilitate sector players to participate in regional and international exhibitions particularly in the United States ● Profile the sector and sector players for the export market |

2.6.4. Leather and Leather Products

Table 10: Strategic Interventions for Leather and Leather Products

| Challenges | Proposed Interventions |
|---|---|
| 1. Lack of production capacity | <ul style="list-style-type: none"> ● Capacitate value chain players, such as abattoirs, tanneries, and leather products manufacturers ● Facilitate investment into value-addition infrastructure and downstream leather processing opportunities ● Engage local or regional U.S. Government agencies to understand available TCB programs and how to access them |
| 2. Inadequate domestic market | <ul style="list-style-type: none"> ● Explore external market opportunities ● Provide required market intelligence or commission a U.S.-based firm to assist with exploring and penetrating external markets |
| 3. Stringent export market quality requirements | <ul style="list-style-type: none"> ● Engage the market to better understand export requirements ● Create adequate awareness on export requirements ● Conduct benchmarking visits to selected countries ● Provide required capacity-building and training ● Improve familiarity with export requirements among service providers |
| 4. Poor quality of raw materials | <ul style="list-style-type: none"> ● Work with farmers to create awareness of the value of quality leather, specifically to reduce damaged leather due to branding and tick bites |

2.6.5. Textiles and Apparel

Table 11: Strategic Interventions for Textiles and Apparel

| Challenges | Proposed Interventions |
|---|--|
| 1. Inadequate skilled managerial manpower | <ul style="list-style-type: none"> ● Coordinate skills development ● Review Eswatini education curriculum to align with industry needs ● Develop a skill transfer program to ensure skills and expertise transfer ● Capacitate vocational and technical training institutes and ensure sustainability of such institutions |
| 2. Low productivity levels | <ul style="list-style-type: none"> ● Provide more innovative incentives to encourage increased productivity ● Provide productivity training to operators ● Provide training for line supervisors ● Facilitate equipment upgrade |
| 3. Inadequate investment in the sector | <ul style="list-style-type: none"> ● Conduct investment missions to targeted countries ● Facilitate an investment friendly environment |

2.6.6. Sugar and Sugar Confectionaries

Table 12: Strategic Interventions for Sugar and Sugar Confectionaries

| Challenges | Proposed Interventions |
|--|--|
| 1. Inadequate supply of sugar and sugar-related products due to low production capacity and productivity | <ul style="list-style-type: none"> ● Provide technical assistance to smallholder farmers to help reduce time to initial production through termite control and nutrition management ● Work with farmers to develop technical capacity to service the production base, with regular on-farm support ● Integrate smallholder farmers into a reliable market and encourage private sector collaboration and partnership as part of an inclusive business approach ● Provide required capacity building and training, using experts from the United States ● Facilitate an out-grower scheme to get more producers involved |
| 2. Lack of required technical expertise | <ul style="list-style-type: none"> ● Organize smallholder sugar cane growers to facilitate delivery of services to large numbers ● Conduct a skills audit for the sugar sector to establish available experts and their expertise ● Identify required essential skills for the sector and coordinate resources to provide required training to bridge the gap ● Train the trainer on required essential skills to expedite the capacitation of farmers ● Align available education and training with sector requirements ● Capacitate farmer's leadership and associations to organize their members to facilitate training and sharing of ideas |
| 3. Lack of working capital for smallholder farmers | <ul style="list-style-type: none"> ● Facilitate availability of more viable sources of funding ● Encourage the government to facilitate an investment-enabling environment |

2.7. Strategic Outcomes

The strategic outcomes summarized in Table 13 and subsequent detailed strategies, if fully implemented, may yield great improvement in Eswatini export performance and competitiveness, resulting in an improvement in the utilization of the AGOA facility.

Table 13: Enhanced and Dynamic Private Sector Supporting Sustainable and Inclusive Growth

| Strategic Outcome | Strategies |
|---|--|
| 1. Enhanced Export Growth and Product Diversification | <ul style="list-style-type: none"> a) Diversify product base by building on agro-processing strengths and value chains b) Extend support measures offered to exporters c) Increase international marketing of Eswatini products d) Continue improving on cross-border trade e) Be responsive to international developments and proactive in protecting growing industries f) Enhance the human capital of citizens to increase their international competitiveness g) Import-substitution where local markets can be utilized as a stepping-stone to later export |
| 2. Strengthened Business Environment | <ul style="list-style-type: none"> a) Reduce the operational costs of running businesses b) Improve the regulatory framework across industries c) Reduce the skills gap in the economy d) Reduce the costs and time associated with commercial court cases e) Increase the speeds of registration, licensing compliance and issuing property f) Fully explore opportunity to utilize airport as a cargo hub for the sub -region |
| 3. Increased Employment Stimulating Investment | <ul style="list-style-type: none"> a) Optimize tax structure, rates and incentives b) Proactive marketing of Eswatini as an investment destination c) Private sector involvement in infrastructure development d) Investigate and develop further investment vehicles e) Fully utilize current infrastructure and capitalize on tourism and mining opportunities |
| 4. Entrepreneurial Activity Fostered | <ul style="list-style-type: none"> a) Improve access to finance b) Reduce stringent tax pressures and introduce incentives for SMEs c) Enhance government support programs for SMEs and entrepreneurs d) Scale-up informal market opportunities |

Source: Adapted from the NDP 2019/20-2021/22

The role of the private sector as the engine of economic growth in Eswatini has been sharply curtailed by the dominance of government. According to the National Development Plan (NDP) 2019/20-2021/22, Eswatini’s public and services sectors have driven most of the economic growth over the last decade and employment dynamics have seen a shift to these sectors. Private subsectors, which have historically been key to long-term economic growth, have not kept pace. The NDP further indicates that productivity growth in the private sector has come to a halt, private investment is virtually non-existent, employment growth is low, and the export base has become concentrated and reliant on fewer products and fewer destination markets.

How to address these and other business constraints will be integral to achieving a vibrant and diverse private sector that can reclaim its glory as the major economic driver of the country, with the public sector providing support mechanisms by creating an enabling environment for export growth and competitiveness.

2.7.1. Enhanced Export Growth and Product Diversification

Eswatini has potential for growth through domestic demand and import substitution. The potential, however, is constrained by the country’s small population and persistent poverty, which then limits demand. This strategy recognizes that the scope for export growth is much greater, particularly given that Eswatini products have tariff-free and quota-free access to giant global markets, including the United States, Europe and South Africa. Growth in Eswatini has historically been driven by exporting sectors. According to the NDP 2019/20-2021/22, export growth has recently decelerated and growth has been across just a few products that are sold by few players in the economy, causing huge dependency on a small number of export destinations. Lack of export growth signals declining international competitiveness, while the lack of diversification is an indication of reduced resilience to potential international shocks.

In an effort to reverse these negative trends, potential new or developing export products should be identified, particularly in sectors where Eswatini shows strength and competitiveness. The strategy seeks to address barriers and risks through reducing financial risks to exporters, supporting exporters in meeting stringent standards requirements, and improving access to information for Eswatini exporters. The country must build up the knowledge that potential buyers have of Eswatini as a trading partner, while boosting the reputation of the country’s products. The country already ranks highly in terms of trading across borders and improving this standing should continue to be a focus, while also not neglecting the domestic side of trading. In order to protect growing export-oriented industries, the country must be prepared to quickly respond to international shocks. Furthermore, the competitiveness of Eswatini products should be prioritized and focus should not be limited to just the export of goods alone, particularly considering global technological trends. Import substitution can also be used as a vehicle for developing further export sectors.

Table 14 gives the strategies Eswatini can use to improve export growth and product diversification.

Table 14: Enhanced Export Growth and Product Diversification

| | |
|--|--|
| <p>Key Sectoral Outcome Targets</p> | <ul style="list-style-type: none"> ● Manufacturing and agriculture sector real economic growth to outpace tertiary sector real economic growth over period ● Nominal export growth of at least 12 percent per year on average ● Export product concentration index (Herfindahl-Hirschman index) reduced from 0.23 in 2018 to below 0.2 by 2021 (HS2 trade data) or 0.35 to 0.31 |
|--|--|

| | |
|--|---|
| | <p>(HS6 trade data)</p> <ul style="list-style-type: none"> ● Reliance on SACU as export destination reduced from 70 percent of exports on average, to 65 percent on average by 2021 ● ‘Trading across borders’ World Bank Ease of Doing Business rank improved |
| Strategy | Programs |
| Strategy 1 – Diversify product base by developing on agro-processing strengths and value-chains | <ul style="list-style-type: none"> ● Improve irrigation and water supply facilities and prioritize dams on the list of planned large infrastructure projects ● Identify and fully explore a range of potential new agricultural and horticulture crops and potential agro-processing products to prioritize ● Take full advantage of new trade deals to boost current product base ● Develop an integrated land use plan ● Promote investment directed towards processing of local raw materials into finished products in the value chain ● Support cross-border linkages into regional and global value chains ● Promote movement from subsistence farming to commercial farming, including the enactment of the SNL commercialization bill ● Ensure appropriateness of current legislation to harness opportunities ● Strengthen livestock breeding and improvement program ● Review Single Industry Borrower Limit regulations to provide more credit to agriculture sector |
| Strategy 2 – Extend support measures offered to exporters | <ul style="list-style-type: none"> ● Capacitate businesses on standards and steps needed to export ● Improve infrastructure to support high quality standards and checks ● Implement standards policies ● Identify gaps in standards between current product base and trading partner requirements ● Research limitations to current government financing schemes and investigate further financial products and export insurance models that could support exporters ● Promote cooperatives to increase access to financing ● Engage financial institutions to establish minimum risk credit products ● Increased awareness of all government schemes available for financing small, medium and micro enterprises ● Improve small-scale loan guarantee scheme and align it to graduate enterprise program |
| Strategy 3 – Increase marketing of Eswatini products internationally | <ul style="list-style-type: none"> ● Investigate effectiveness of current marketing strategies and identify gaps ● Coordinate stakeholders in Eswatini to develop effective international marketing strategies ● Engage players internationally to identify potential further buyers and guide product focuses. ● Enhance use of marketing venues ● Develop an Eswatini brand ● Expand use of international trade fairs |
| Strategy 4 – Continue improving on trading across borders | <ul style="list-style-type: none"> ● Operationalize 24-hour borders ● Improve speed of compliance systems at border ● Invest in rail networks ● Improve border infrastructure ● Utilize technology at the borders to improve compliance speeds and costs |

| | |
|---|--|
| | <ul style="list-style-type: none"> ● Review domestic road infrastructure quality and appropriateness ● Maintain current road and border infrastructure and establish maintenance plan ● Increase efficiency of exchange control regulations |
| Strategy 5 – Be responsive to international developments and proactive in protecting growing industries | <ul style="list-style-type: none"> ● Maintain gross official reserves above three months of imports ● Economic risk management plans developed ● Strategic oil reserves established ● Buffer of key input materials and foods stored ● Continuous research to identify international risks and potential threats to Eswatini’s exporters and industries ● Technical SACU teams to proactively engage SACU on emerging issues |
| Strategy 6 - Enhance human capital to enhance competitiveness | <ul style="list-style-type: none"> ● Implement educational strategies in National Outcome 3, which advocates for enhanced social and human capital development |
| Strategy 7 – Import substitution where local markets can be utilized as a stepping-stone to later export | <ul style="list-style-type: none"> ● Research and identify imported products that could be produced locally ● Identify potential infant industries that could grow local market |

Source: Adapted from the NDP 2019/20-2021/22

2.7.2. Strengthened Business Environment

The business environment in Eswatini is characterized by rising operational costs, unsuitable and often excessive regulation and levies, large skills-mismatches, weak enforcement of contracts and slow processes for starting a business and registering property. There has been some progress made in key areas over the last few years, including the liberalization of the ICT sector, which has brought down data costs, and shortened time-lines for gaining a trading license. Nevertheless, the environment has deteriorated in other aspects and these challenges must be addressed and alleviated if the private sector is to thrive and for investment to recover. In response to feedback from stakeholders, the Government of Eswatini is reviewing existing trading protocols to eliminate trading licenses for no risk and low-risk activities. The application of these recommendations would require only that GoKE maintain licenses for medium to high-risk activities related to public health, safety, environmental protection, and national security.

Strategies to improve the business environment should focus on reducing operational costs, and address accelerating electricity costs, continued high data costs and rising levies. According to the NDP, regulatory challenges are the single largest obstacle to growth that companies highlight in annual company surveys. Programs should be designed to bridge the gap between the skills that employers need and the skills that employees have. Improvement of the commercial court system, enforcement of contracts, and speeding up registration processing turnover also need to be addressed.

Table 15: Strengthening the Business Environment

| | |
|-------------------------------------|---|
| Key Sectoral Outcome Targets | <ul style="list-style-type: none"> ● Overall World Bank Ease of Doing Business rank improves to at least 110 by 2021 ● Average electricity inflation per year brought down to 3-6% inflation target ● Internet data costs brought down to regional averages ● Regulatory challenges no longer identified as top impediment to growth during |
|-------------------------------------|---|

| | |
|---|--|
| | <p>Annual Company Surveys by 2021</p> <ul style="list-style-type: none"> ● Skills-gap reduced from 47.1% (2013/14 Labour Force Survey) to 42% by 2021 ● ‘Enforcement of Contracts’ World Bank Ease of Doing Business Rank increased from 169 in 2018 to at least 145 by 2021 |
| Strategy | Programs / Intervention |
| Strategy 1: Reduce the operational costs of running businesses | <ul style="list-style-type: none"> ● Reduced reliance on energy imports and increased focus on renewable energy to supplement main power sources ● Prioritize multi-purpose dams infrastructure for power ● Expand support and purchase from Independent Power Producers (IPP) , while balancing pricing and risk considerations ● Finalize ICT infrastructure blueprint, upgrade to 5G network coverage and investment in enabling infrastructures ● Public Private Partnership (PPP) policies to facilitate investment in power and ICT projects that yield net positive benefits ● Adjust electricity cross-subsidies to make pricing more cost-reflective ● Complete unbundling of SPTC into three entities ● Investigate industry levies a to ensure they are appropriate ● Support initiatives by companies to set up their own power sources ● Zero-rating on VAT on electricity to allow producers to recover input VAT costs ● Strategic oil reserve to buffer against global fuel price increases |
| Strategy 2- Improve the regulatory framework across industries | <ul style="list-style-type: none"> ● Investigate the suitability of industry regulation and identify improvements ● Reduce regulatory overlap in particular industries ● Establish regulatory framework in under-regulated industries ● Expedite passing of outstanding legislation designed to improve business environment ● Enhance capacity of regulatory institutions ● Continuous monitoring of regulation into the future |
| Strategy 3- Reduce the skills-gap in the economy | <ul style="list-style-type: none"> ● Implement educational strategies in National Outcome 3 of the NDP ● Reduce wage-rigidities |
| Strategy 4- Reduce the costs and time associated with commercial court cases | <ul style="list-style-type: none"> ● Develop functional case management system ● Bench established specifically to handle commercial cases ● Increased investment into judicial facilities ● Hiring of additional judicial personnel ● Alignment of laws to the Constitution and international standards ● Utilize technology to improve systems ● Conduct cost-benefit analysis on setting up commercial courts |
| Strategy 5- Increase the speeds of registration, licensing compliance and issuing property | <ul style="list-style-type: none"> ● Review legislation on business compliance processes ● Establish one-stop-shops for licensing and registrations ● Increasing use of e-Government and digital processes ● Amend trading licenses Act and review existing trading protocols to eliminate trading licenses for no-risk and low-risk activities and only maintain licenses for medium to high-risk activities related to public health, safety, environmental protection, and national security ● Improve coordination between relevant government agencies ● Increase utilization of government agencies to reduce inundation of Boards ● Identify and scale best practices from around the region |

Source: Adopted from the NDP 2019/20-2021/22

2.7.3. Stimulating Investment

The most significant barrier to investment in Eswatini has been the fiscal crisis and weak macroeconomic conditions. According to the NDP, the crisis discourages direct investment, particularly as the accumulation of arrears diminishes the cash-flow of companies, and indirectly as the weak economic outlook reduces expected investment returns. The situation creates uncertainty and reduces investor confidence, deterring potential investment. Identification of new export opportunities and building on Eswatini's strengths can be used to attract investment.

Investor decisions are influenced by the tax structure and relative tax rates compared to neighboring countries. Responsive tax structures and incentives attract investment that will boost exports and feed into other sectors of the economy. Intensive marketing campaigns are also required for Eswatini to effectively market itself as an investment destination internationally. Increased private sector involvement and partnerships are necessary to develop infrastructure based on the current fiscal situation.

Table 16: Investment Stimulation

| Key Sectoral Outcome Targets | Programs / Intervention |
|--|--|
| <ul style="list-style-type: none"> ● Annual imports of construction and capital goods increased to at least 10% of GDP per year by 2021 ● Annual net foreign direct investment inflows increased to at least 3.5% of GDP by 2021 ● Unemployment brought down from 23% in 2017 to at least 20% by 2021, equivalent to 4,000 net new jobs on average every year | |
| Strategy 1 – Optimize tax structure, rates and incentives | Programs / Intervention |
| | <ul style="list-style-type: none"> ● Comprehensive analysis of tax incentives, the tax structure and tax rates, and an international tax comparison to identify a more optimal tax system ● Study how international investors view Eswatini's current incentives and rates compared to neighboring countries ● Tax structure, rates and incentives optimized to boost investment, promoting labor-intensive businesses ● Operationalize the Special Economic Zone (SEZ) and refine the regulations around SEZs to ensure they do not crowd-out domestic businesses, or create an uncompetitive environment ● Explore non-fiscal incentives that can be provided to attract investment |
| Strategy 2 – Proactive marketing of Eswatini as an investment destination | <ul style="list-style-type: none"> ● Develop an investor promotion plan ● Target specific organizations with potential to invest in Eswatini ● Improve effectiveness of investment promotion agencies ● Convene investment summits ● Investigate international channels to promote Eswatini ● Examine strategies of countries that have successfully marketed themselves |
| Strategy 3 – Private sector involvement in infrastructure development | <ul style="list-style-type: none"> ● Develop specific PPP policies and enforcement measures for policies ● Restrict PPP projects to those that provide net benefits to the Eswatini government and nation ● Establish long-term plan to build and maintain infrastructure |
| Strategy 4 – Investigate and develop further investment vehicles | <ul style="list-style-type: none"> ● Develop the Eswatini Stock Exchange and promote its use ● Coordinate with financial sector to identify new or upcoming investment vehicles |

| | |
|---|--|
| | <ul style="list-style-type: none"> ● Pilot new investment vehicle options, including agriculture futures ● Research how technology can be utilized to create new investment vehicles |
| Strategy 5 – Fully utilize current infrastructure and capitalize on tourism and mining opportunities | <ul style="list-style-type: none"> ● Explore further mining opportunities ● Ensure Eswatini citizens benefit from mining activity ● Develop efficient means to boost tourism in Eswatini ● Promote eco-tourism ● Investigate opportunities to increase non-hospitality-focused tourism ● Link business incentives to utilization of current infrastructure |

Source: Adapted from the NDP 2019/20-2021/22

2.7.4. Entrepreneurial Activity Fostered

A strong SME sector is critical to inclusive economic growth. In developing economies, SMEs contribute over 45 percent of employment and 33 percent of GDP on average, and this figure increases substantially when the informal sector is included. In Eswatini, only 1 in 5 adults earn their primary income from the formal sector. A thriving SME sector also boosts innovation and a rise in high value-added products, increasing exports as a result. The SME sector, however, is more vulnerable to poor macroeconomic conditions and shocks and more heavily dependent on a stable public sector, mainly through subsidies and prioritized treatment.

The SME sector in most developing countries is characterized by informal businesses largely concentrated in agriculture and artwork. The impact of the fiscal crisis on SMEs is evident, with banks reporting a surge in the number of SMEs defaulting on loans and closing. Outside of the fiscal situation, the SME sector and the informal market are faced with many other challenges, including limited access to finance and a lack of capacity. Eswatini requires an effective SME sector that can support the establishment and operations of such institutions. Creating an environment where SMEs and entrepreneurs can flourish will allow Eswatini to improve export productivity.

The need to come up with strategies to increase incentives for SMEs and reduce the regulatory burden they carry, particularly relating to taxes is indisputable. According to the NDP, the National Financial Inclusion Strategy (NFIS) launched in early 2017 is an effort to do just that.

Eswatini’s macroeconomic environment still provides ample opportunity to support and allow SMEs to flourish and contribute to export growth. Reducing tax pressure should be a priority, along with investigating incentives and tax options to promote increased SME activity. Support to SMEs should be strengthened to breed resilience despite unfavorable macroeconomic conditions.

Table 17: Fostering Entrepreneurial Activities

| | |
|---|---|
| Key Sectoral Outcome Targets | <ul style="list-style-type: none"> ● Significant increase in number of new businesses started and in survival rate of new businesses ● Non-Performing Loans brought down to 12 percent by 2021 ● Formalization of more of the informal sector from 37.4 percent of economy to 33 percent by 2021 |
| Strategy | Programs / Intervention |
| Strategy 1 – Improve access to finance | <ul style="list-style-type: none"> ● Implement SME roadmap ● Rationalize and recapitalize operations of small-scale enterprise credit guarantee scheme ● Increase awareness of all government schemes available for financing SMEs |

| | |
|--|---|
| | <ul style="list-style-type: none"> ● Investigate further utilization of financial technology ● Promote affordable financial product pricing ● Amend the Eswatini Development and Savings Bank order ● Establish schemes and funds that informal sector can access ● Expand e-money facilities ● Develop the microfinancing sector ● Provide targeted funding for new SME industries ● Promote cooperatives for financing to increase access ● Access global funds to boost SME growth, including the World Bank’s Africa Catalytic Growth Fund |
| Strategy 2 – Reduce stringent tax pressures and introduce incentives for SMEs | <ul style="list-style-type: none"> ● Simplify tax code and enact tax reforms to encourage and stimulate SME growth, including a potential presumptive tax ● Promote purchasing of local goods through a payday tax holiday scheme ● Investigate tax options and incentives to promote increased SME activity ● Balance tax collection with ensuring that businesses and growth are not stifled |
| Strategy 3 – Enhance government support programs for SMEs and entrepreneurs | <ul style="list-style-type: none"> ● Enact preferential procurement from a wider range of SMEs through improved legislation procurement processes ● Reduce time to start a business, including use of one-stop shops ● Increase SEDCO’s visibility ● Improve SME business management skills for sustainability ● Train entrepreneurs ● Provide coaching, mentoring and advisory programs ● Introduce local sourcing incentives ● Increase provision of workshop space and business support centers for business incubation ● Create linkages between SMEs and universities ● Investigate effectiveness and efficiency of current programs |
| Strategy 4 – Scale-up informal market opportunities | <ul style="list-style-type: none"> ● Implement and introduce trade hubs in major cities ● Provide targeted funding for new SME industries ● Map and cluster SME sectors and informal sector to highlight priority value chains |

Source: Adapted from the NDP 2019/20-2021/22

2.7.5. Clarity on the Role of the Public Sector Restored

In addition to the export and productivity enhancement strategies above, it is also important to address issues to do with the government’s role in creating a conducive environment for export, productivity, and FDI. Growth in Eswatini has become largely dependent on the public sector, rather than the private sector leading growth with the support of the public sector. According to the NDP, in some cases, the public sector is even seen to be competing and crowding out the private sector. Absence of evidence-based policymaking and poor policy implementation across the public sector reduces the potential positive impact that policies are in place to achieve. Effective collaboration with the private sector, development partners, and other potential stakeholders can contribute to enhancing productivity and export growth.

The roles and mandates of each ministry, department, and parastatal should be clearly articulated and periodic targets and reviews set. Evidence of what works and what doesn’t can be at the basis of a more informed network of analysts, advisors and participants in decision-making. Government involvement should be limited to addressing market failures. The NDP stipulates that forms of intervention are of huge

significance, as often a lighter or indirect method can be much more effective, less costly and less risky. The large projects that government embarks on must be chosen with care, as these can have far-reaching consequences for the economy. Collective collaboration and stakeholder engagement may assist in clarifying the roles of all parties in each situation and lead to improved coordination between parties to better attain export goals and targets.

Table 18: Restoration of Public Sector Role

| Strategy | Programs / Intervention |
|--|--|
| Strategy 1 – Review and clarify the roles and mandates of ministries, departments and parastatals | <ul style="list-style-type: none"> ● Review roles and mandates of all ministries, departments and parastatals ● Re-scope mandates and roles of entities where needed ● Merge entities where efficiencies can be created ● Analyze cost/benefit of maintaining entities where issues are highlighted |
| Strategy 2 – Evidence-based policy making | <ul style="list-style-type: none"> ● Further capacitate policymakers and officials to utilize and develop evidence-based decision making in the design of policies ● Support for greater Eswatini-specific research ● Collaborate with research institutions to align research to policy discussions ● Continuous development of national statistics and capacity of the statistics department |
| Strategy 3 – Examine government’s approach to market intervention | <ul style="list-style-type: none"> ● Review government approach to market interventions ● Ensure that analysis and impact statements accompany all significant proposed interventions and develop frameworks to appraise them ● Increase critical evaluations by stakeholder and other ministries/departments of proposed interventions ● Reform interventions where costs outweigh benefits or where the intervention is not achieving its intended purpose |
| Strategy 4 – Refocus recurrent and capital expenditures | <ul style="list-style-type: none"> ● Guide capital and recurrent expenditure budgeting using the NDP ● Examine capital program and priorities as well as broader impacts ● Ensure that the impact of budgets align with established mandates |
| Strategy 5 – Improve coordination and dialogue amongst stakeholders | <ul style="list-style-type: none"> ● Promote dialogue and establish coordination mechanisms inclusive of Ministry of Labor. ● Promote dialogue and consultations in formulation of public policy ● Utilize e-Government measures to improve consultation with stakeholders ● Investigate mechanisms and digital means to improve coordination and consultation ● Identify areas where private sector can assist in driving development goals |

2.7.6. Strengthened Implementation and Enforcement of Human Rights, Law and Order and Constitutionalism

Eswatini should strive to operate within a justice framework that ensures confidence in the judicial system, thus contributing to socioeconomic development through zero tolerance to corruption, improved access to justice for all, and adherence to human rights principles. The focus should be on ensuring access to justice for all by capacitating and decentralizing courts to reach the people and ensure that reports to treaty bodies are developed and submitted in a timely manner. Much of the legal framework in Eswatini is

old, a capacitated body such as the Law Reform Commission would do well to ensure that these laws speak to the present, future, and emerging issues affecting society. Country risk acts as a deterrent to FDI; with responsible investment becoming a critical priority globally, Eswatini must be deliberate and operate within internationally accepted labor and human rights principles and guidelines.

Table 19: Strengthened Implementation and Enforcement of Human Rights, Law and Order and Constitutionalism

| | |
|--|--|
| Key Sectoral Outcome Targets | <ul style="list-style-type: none"> ● Reduce backlog of cases and increase timeliness of case processing ● Increase adherence to Constitutional dictates ● Improve Eswatini rank on the Corruption Perception Index ● Ensure acceptable labor and human rights norms |
| Strategy | Programs / Interventions |
| Strategy 1 – Combat corruption across the public sector | <ul style="list-style-type: none"> ● Implement National Anti-Corruption Policy ● Increase controls and auditing of public sector procurement ● Increase resources for Auditor-General ● Increase resources and specialization of courts to reduce backlog of corruption cases ● Increase use of e-Government and digital means to deliver services |
| Strategy 2 - Ensure improved equal access to justice as well as an improved operational case management system | <ul style="list-style-type: none"> ● Promote timely reporting to treaty bodies ● Fast track establishment of the National Mechanism for Reporting and Follow up (NMRF) ● Develop and operationalize case management system ● Build judicial capacity in all courts ● Establish a legal aid system and programs to support its sustainability ● Decentralize the justice system |
| Strategy 3 - Fast track the alignment of existing and new laws to the Constitution and to international standards | <ul style="list-style-type: none"> ● Promote the alignment of laws to the Constitution and international standards ● Mainstream and integrate technology within the justice system ● Establish a law reform commission and programs to support its existence |

3.0. ACTION PLAN

The broad strategic objective of this strategy is for Eswatini to benefit from the resumption of its eligibility for AGOA supported exports and contribute to more sustained economic growth with trade as a major vehicle for growth. Specific strategic objectives, activities and expected outcomes are detailed in the proposed action plan in Table 20 and 21, derived from an assessment and response to the general and product-specific constraints and suggested interventions outlined in the section above.

The National AGOA Steering Committee will bring representatives from the public and private sectors together to ensure effective implementation and management of this strategy. A proposed AGOA Response Strategy Institutional Structure identifying whom to involve from across public, private and civil society sectors, led by MCIT as the custodian of the strategy and the AGOA secretariat, is outlined in the monitoring and evaluation (M&E) section of this strategy under Section 4.

Table 20: Proposed Action Plan –lead and support institutions will be identified in discussion with stakeholders in the value chain/sector.

| Strategic Objective | Activities (Initiatives) | Performance Indicator (Measure) | Deliverable (Output) | Proposed Financier | Responsibility | | Time Frame | | |
|---|--|--|---|--------------------|------------------|---------------------|------------|---|---|
| | | | | | Lead Institution | Support Institution | S | M | L |
| 1) Establish / strengthen an effective National AGOA Utilization Strategy institutional structure | <ul style="list-style-type: none"> a) Formal confirmation of the proposed structure b) Drafting of job specifications (Scope of Work) for the proposed AGOA office personnel c) Appointment of required staff for the AGOA office d) Confirmation of the agreed arrangement for the U.S. presence for the AGOA representation | <ul style="list-style-type: none"> a) Progress with implementation of the AGOA Utilization Strategy b) Number of activities/ initiatives implemented from the AGOA Utilization Strategy | <ul style="list-style-type: none"> a) Effective implementation of the AGOA Utilization Strategy b) Increased volume of exports under AGOA c) Increased volume of FDI in the priority sectors for the AGOA Strategy | | | | X | | X |
| 2) Create adequate awareness on the AGOA facility and U.S. market needs | <ul style="list-style-type: none"> a) Hold periodic sector specific awareness workshops on AGOA b) Circulate trade information to exporters on electronic and print media c) Organize reverse missions and attendance at relevant trade shows by export ready firms d) Develop a website on “Exporting under AGOA for Eswatini” with information on AGOA activities in the country including, doing business in the United States, | <ul style="list-style-type: none"> a) Number of workshops organized per year, number of participants at each workshop and feedback received from workshop participants b) Size of email circulation list and the feedback from recipients c) Number of missions organized, trade shows attended and participants from Eswatini per year d) Number of hits on the website and queries | <ul style="list-style-type: none"> a) Number of entities participating in trade missions/ workshops per year b) Number of investors per priority sectors c) Number of queries and those resolved per quarter | | | | X | X | |

| Strategic Objective | Activities (Initiatives) | Performance Indicator (Measure) | Deliverable (Output) | Proposed Financier | Responsibility | | Time Frame | | |
|---|--|---|--|--------------------|------------------|---------------------|------------|---|---|
| | | | | | Lead Institution | Support Institution | S | M | L |
| | available export development programs, market leads and success stories including links to other useful websites. | received and attended to through the site | | | | | | | |
| 3) Create awareness about existing government incentive programs | <ul style="list-style-type: none"> a) Participation by service providers at awareness workshops on AGOA b) Joint awareness creation roadshows by related service providers c) Media campaigns on available incentives | <ul style="list-style-type: none"> a) Number of media releases by service providers b) Number of participating service providers per road show/ workshop and number of road shows/ workshops held | <ul style="list-style-type: none"> a) Number of participating firms at workshops/ road shows b) Number of incentives utilized by firms c) The frequency of media coverage on AGOA | | | | x | x | |
| 4) Coordinate skills development for relevance to industry | <ul style="list-style-type: none"> a) Conduct sector skills audit to identify gaps b) Capacitate sector specific vocational and tertiary education c) Review education curriculum to include requisite skills per sector d) Improve on-job training programs and, build skills of existing work force. | <ul style="list-style-type: none"> a) Number of graduates with relevant industry skills per sector b) Industry satisfaction with available skills | <ul style="list-style-type: none"> a) Number of adequately skilled graduates b) Productivity level of hired graduates | | | | | x | x |
| 5) Capacitate local quality infrastructure to improve competitiveness | <ul style="list-style-type: none"> a) Conduct needs assessment for infrastructure development and develop a program to address the needs for provision of infrastructure | <ul style="list-style-type: none"> a) Number of quality Infrastructure programs developed. b) The mechanisms for enhancing quality developed and the | <ul style="list-style-type: none"> a) Enhanced QI and competitiveness of local firms. b) Improvement in the participation of local firms in standards/ | | | | | x | x |

| Strategic Objective | Activities (Initiatives) | Performance Indicator (Measure) | Deliverable (Output) | Proposed Financier | Responsibility | | Time Frame | | |
|---|---|---|--|--------------------|------------------|---------------------|------------|---|---|
| | | | | | Lead Institution | Support Institution | S | M | L |
| | <ul style="list-style-type: none"> b) Develop mechanisms to enhance quality as well as strengthen the legal and regulatory framework for developing technical regulations c) Improve value adding mechanisms for local firms d) Facilitate interaction between AGOA priority sectors firms and institutions providing required support on quality issues | <ul style="list-style-type: none"> number of activities on improving the legal and regulatory framework for technical regulations c) Number of meetings between AGOA priority sectors firms and standards/quality issues support institutions d) Number of standards/technical regulations developed, and products certified to product standard | <ul style="list-style-type: none"> quality related issues c) Increase in level of support in programs on quality improvement and accredited facilities | | | | | | |
| 6) Facilitate an investment friendly environment | <ul style="list-style-type: none"> a) Develop a legal framework that clarifies protection and incentives available to investors b) Improve all rankings on Ease of Doing Business indicators | <ul style="list-style-type: none"> a) Reduction in the number of days to start a business, register property, get credit and approve permits b) Improved international competitiveness ranking of Eswatini on the Ease of Doing Business, Global Competitiveness Index, etc. | <ul style="list-style-type: none"> a) Volume of investments per year b) Number of companies investing in Eswatini per year | | | | | X | X |
| 7) Conduct investment missions to the United States and | <ul style="list-style-type: none"> a) Profile priority sectors and develop database thereof b) Identify potential investment missions to the | <ul style="list-style-type: none"> a) Number of investment missions b) Number of firms participating in | <ul style="list-style-type: none"> a) Investment enquiries and actual investments achieved through company | | | | | X | X |

| Strategic Objective | Activities (Initiatives) | Performance Indicator (Measure) | Deliverable (Output) | Proposed Financier | Responsibility | | Time Frame | | | |
|--|---|---|--|--------------------|------------------|---------------------|------------|---|---|---|
| | | | | | Lead Institution | Support Institution | S | M | L | |
| other targeted countries to attract investment | United States and other countries, profile the sectors and stakeholders for each mission c) Identify missions and sources for funding to support targeted participants | investment missions | mergers, companies investing in Eswatini b) Total value of U.S. and other FDI in AGOA priority sectors | | | | | | | |
| 8) Capacitate priority sectors and support associations to increase production capacity and to improve the quality of products | a) Facilitate stakeholders to form associations b) Identify capacity needs for each association and provide necessary interventions | a) Number of sector associations formed or assisted b) Sector specific capacity needs identified c) Number of workshops and trained participants per sector per year | a) Increase number of associations b) Increase production capacity per AGOA priority sector c) Increase in products certified to local standards | | | | | X | X | |
| 9) Facilitate regional integration of identified sectors to address production capacity issues and to develop markets for local products | a) Develop a database of sector related associations and players in the region b) Identify production capacity and needs for each sector in the region c) Study regional value chains where necessary | a) Identified production capacity and needs per sectors in the region b) Volume of possible production output for each sector locally and in the region c) Potential regional market requirements per sector d) Regional value chain studies contacted | a) Statistics on available production quantities in the region and potential regional market for local products. b) Regional value chain linkages facilitated | | | | | X | X | |
| 10) Engage local and | a) Identify technical | a) Identified local and | a) Number of technical | | | | | X | X | X |

| Strategic Objective | Activities (Initiatives) | Performance Indicator (Measure) | Deliverable (Output) | Proposed Financier | Responsibility | | Time Frame | | |
|--|---|--|---|--------------------|------------------|---------------------|------------|---|---|
| | | | | | Lead Institution | Support Institution | S | M | L |
| regional USG agencies for technical assistance and TCB programs and how to access them | <ul style="list-style-type: none"> b) Identify local and regional U.S. agencies offering required technical assistance and TCB c) Conditions for accessing available support from U.S. agencies | <ul style="list-style-type: none"> regional U.S. agencies offering relevant technical assistance and TCB b) Support required per AGOA Priority Sector from U.S. agencies | <ul style="list-style-type: none"> assistance programs provided per sector b) Number of participants and/or firms assisted, and amount of technical assistance provided | | | | | | |
| 11) Facilitate reduction of cost of production (not of labor costs) | <ul style="list-style-type: none"> a) Identify major contributors to cost of production per sector b) Identify tools to reduce cost of production for each sector | <ul style="list-style-type: none"> a) Percentage reduction in production costs | <ul style="list-style-type: none"> a) Increased volumes of production b) Improved competitiveness due to reduced cost of production | | | | x | x | x |
| 12) Identify and implement essential industry incentives to improve export competitiveness | <ul style="list-style-type: none"> a) Identify available and possible incentives for each priority sector b) Identify required sector specific incentives c) Assess the feasibility of providing required incentives | <ul style="list-style-type: none"> a) Number of required incentives per priority sector b) Available incentives per AGOA priority sector c) Conditions and approved budget for the incentives | <ul style="list-style-type: none"> a) Number of incentives provided per sector b) Number of beneficiaries per sector c) Improved production capacity and competitiveness | | | | | x | x |
| 13) Implement trade facilitation tools to alleviate time and cost of doing | <ul style="list-style-type: none"> a) Implement relevant trade facilitation tools b) Identify customs administration procedures | <ul style="list-style-type: none"> a) Number and effectiveness of trade facilitation tools implemented | <ul style="list-style-type: none"> a) Reduced time and cost of doing business b) Improved efficiency | | | | | x | X |

| Strategic Objective | Activities (Initiatives) | Performance Indicator (Measure) | Deliverable (Output) | Proposed Financier | Responsibility | | Time Frame | | |
|--|---|---|--|--------------------|------------------|---------------------|------------|---|---|
| | | | | | Lead Institution | Support Institution | S | M | L |
| business | c) that require improvement Implement the relevant mechanisms to reduce time and cost of doing business | b) Number of administration procedures targeted for improvement | at ports and borders c) Improved competitiveness | | | | | | |
| 14) Improve coordination of local suppliers to address challenges with production capacity and cost of transport | a) Investigate available suppliers and evaluate supply constraints for each AGOA Priority Sector b) Access production capacity constraints for each AGOA Priority Sector c) Provide relevant instruments to address identified supply and production capacity constraints d) Investigate alternative transport options | a) Number of local suppliers available in the country and constraints faced b) Production capacity for quality products in the country c) Available capacity building tools to improve production capacity d) Possible alternative transport options to reduce cost of transport | a) Improvement in supplier value chains to increase production b) Reduced cost of transport for local products c) Improved accessibility of products to relevant markets both locally and regionally | | | | x | x | |
| 15) Strengthen export development programs | a) Identify sources of external and internal funding for each AGOA priority sector b) Improve access to sources of funding for targeted sectors with potential to increase production and exports c) Establish twinning and | a) Sources of funding for each AGOA priority sector b) Identified channels for accessing funds for each priority sector c) Number of strategic alliances formed to strengthen market competencies and | a) Increased markets for exports b) Enhanced capacity and competitiveness for exporting to other countries c) Improved market and competitiveness of SMEs due to synergies between | | | | x | x | |

| Strategic Objective | Activities (Initiatives) | Performance Indicator (Measure) | Deliverable (Output) | Proposed Financier | Responsibility | | Time Frame | | | |
|--|--|---|--|--------------------|------------------|---------------------|------------|---|---|---|
| | | | | | Lead Institution | Support Institution | S | M | L | |
| | <p>market access whereby a selected market agency uses its extensive contacts to help create alliances between an export and parties with proven technical and managerial competencies as well as market access capabilities</p> <p>d) Develop linkage programs between SMEs and large organizations to allow SMEs to develop good work ethics, a culture of producing quality products and have access to markets</p> <p>e) Facilitate linkage between local organizations wishing to cooperate to meet export quantities required by the U.S. market</p> <p>f) Develop an AGOA export development initiative focusing on training and capacity building of exporters to ensure their success/ sustainability on the market</p> | <p>capabilities</p> <p>d) Number of local SMEs engaged in linkage programs with local large organizations</p> <p>e) Number of exporters trained on AGOA</p> <p>f) Value of exports under AGOA</p> | <p>SMEs and large organizations</p> <p>d) Increased number of exporting companies utilizing the AGOA program</p> | | | | | | | |
| 16) Increase access to the U.S. market by selected local | a) Identify and provide necessary training and capacity building on | a) Number of identified local products to develop for export to | a) Increased knowledge of U.S. standards, quality and market | | | | | | x | x |

| Strategic Objective | Activities (Initiatives) | Performance Indicator (Measure) | Deliverable (Output) | Proposed Financier | Responsibility | | Time Frame | | |
|--|---|---|---|--------------------|------------------|---------------------|------------|---|---|
| | | | | | Lead Institution | Support Institution | S | M | L |
| products with potential for export under AGOA | <ul style="list-style-type: none"> b) Organize benchmarking visits to the United States and attachments of relevant personal to targeted organizations in the United States c) Partner with U.S. institutions such as American National Standards Institute (ANSI), National Institute of Standards and Technology (NIST) to improve capacity on standards and quality d) Identify customs constraints on access to U.S market | <ul style="list-style-type: none"> b) Number of identified training and capacity building initiatives on U.S. technical regulations and standards c) Number of benchmarking visits to the United States d) Number of staff attached to targeted organizations in the United States to understudy standards, quality and market requirements e) Number of partnerships between local and U. S. companies | <ul style="list-style-type: none"> b) Enhanced quality of local products resulting in increased access of local products into the United States market c) More exporters equipped with substantial requisite knowledge of the U.S. market | | | | | | |
| 17) Continue to develop infrastructure and reduce cost of production | <ul style="list-style-type: none"> a) Review essential infrastructure to identify areas that need attention and prioritize requirements based on importance and availability of required funds b) Facilitate collaboration between exporters to reduce transport cost | <ul style="list-style-type: none"> a) Number of identified essential infrastructure development projects to facilitate export development and increased investment b) Number of collaborative efforts by exporters to reduce transportation costs c) Number of exporters with reduced cost of | <ul style="list-style-type: none"> a) Reduced cost of production, increased competitiveness and improved investment in AGOA Priority Sectors | | | | | X | X |

| Strategic Objective | Activities (Initiatives) | Performance Indicator (Measure) | Deliverable (Output) | Proposed Financier | Responsibility | | Time Frame | | |
|---|---|--|--|--------------------|------------------|---------------------|------------|---|---|
| | | | | | Lead Institution | Support Institution | S | M | L |
| | | production | | | | | | | |
| 18) Provide exporters with regional and international databases according to products and sectors | <ul style="list-style-type: none"> a) Conduct needs assessment for trade data base b) Facilitate establishment and maintenance of a database for potential export products per sector c) Facilitate training on accessing and utilizing the database | <ul style="list-style-type: none"> a) Volume of trade database developed on products and sectors b) Number of workshops about accessing and utilizing the database as well as number of participants trained | <ul style="list-style-type: none"> a) Improved access to data on available products per sector b) Enhanced marketing and competitiveness of local products regionally and to the United States markets | | | | x | x | |
| 19) Increase productivity of priority sectors for exports under AGOA | <ul style="list-style-type: none"> a) Investigate existing productivity constraints of priority sectors for exports under AGOA b) Suggest methods of enhancing productivity for priority sectors | <ul style="list-style-type: none"> a) Number of mechanisms identified for enhancing productivity for each sector | <ul style="list-style-type: none"> a) Increased productivity per AGOA Priority Sector b) Increased exports and profits per sector | | | | | x | x |
| 20) Develop a skill transfer program to ensure skills and expertise transfer \ | <ul style="list-style-type: none"> a) Conduct a skills audit to identify skills gap for each sector b) Engage stakeholders to agree on mechanism to transfer essential skills from expatriates to locals during their attachment to the firm | <ul style="list-style-type: none"> a) Relevant skills identified for the skills transfer programs b) The skills transfer mechanism/ program to be used and the duration | <ul style="list-style-type: none"> a) Number of participants in skills transfer program b) Number of workers with skills required by priority sectors firms | | | | | x | x |
| 21) Provide grants and soft loans for startups, SMEs, women entrepreneurs and | <ul style="list-style-type: none"> a) Review the AGOA Priority Sectors to identify opportunities for projects requiring assistance | <ul style="list-style-type: none"> a) Number of possible opportunities for SMEs and women owned businesses per sector | <ul style="list-style-type: none"> a) Increased participation in AGOA Priority Sectors by start-ups, SMEs, women | | | | | x | x |

| Strategic Objective | Activities (Initiatives) | Performance Indicator (Measure) | Deliverable (Output) | Proposed Financier | Responsibility | | Time Frame | | |
|--|--|--|--|--------------------|------------------|---------------------|------------|---|---|
| | | | | | Lead Institution | Support Institution | S | M | L |
| businesses owned by other disadvantaged groups | b) Develop a mechanism for providing and managing the grants/loans program | b) Demand for support and the available budget for grants/loans for such projects c) Number of assisted start-ups, SMEs and women | entrepreneurs and businesses owned by other disadvantaged groups | | | | | | |
| 22) Ensure good governance of public institutions upholding of human rights and fair labor practices | a) Combat corruption across the public sector b) Ensure improved equal access to justice as well as an improved operational case management system, inclusive of labor courts and CMAC c) Align existing and new laws to the Constitution and to international standards d) Ensure observance of human rights and fair labor practices in the workplace e) Establishment the National Mechanism for Reporting and Follow up (NMRF) f) Develop and operationalize Case management system; g) Build capacity in all courts h) Establish a legal aid | a) Number of corruption monitoring mechanisms b) Number of people and organizations with equal access to justice c) Number of new laws aligned to the Constitution | a) Implementation of b) National Anti-Corruption Policy c) Increased resources for Auditor-General d) Increased resources and specialization of courts to reduce backlog of corruption cases e) Increased use of e-Government and digital means to deliver services f) Observance of Human rights across all sectors g) Practicing of fair labor practices in both the private and public sectors h) Decentralized justice system | | | | | X | X |

| Strategic Objective | Activities (Initiatives) | Performance Indicator (Measure) | Deliverable (Output) | Proposed Financier | Responsibility | | Time Frame | | |
|---------------------|--|---------------------------------|----------------------|--------------------|------------------|---------------------|------------|---|---|
| | | | | | Lead Institution | Support Institution | S | M | L |
| | <p>system and programs to support its sustainability</p> <p>i) Decentralize the justice system through the construction of courts through PPPs</p> <p>j) Promote the alignment of laws to the Constitution and international standards</p> <p>k) Mainstream and integrate Technology within the justice system</p> <p>l) Establish Law Reform Commission and programs to support its existence</p> | | | | | | | | |

Table 21: Product Specific Action Plan

| Strategic Objective | Activities (initiatives) | Performance Indicator (Measure) | Deliverable (Output) | Proposed Financier | Responsibility | | Time Frame | | |
|---|---|---|--|--------------------|------------------|---------------------|------------|---|---|
| | | | | | Lead Institution | Support Institution | S | M | L |
| Handicrafts Sector | | | | | | | | | |
| 1. Productivity and appreciation of arts and crafts by the youth | a) Include arts and crafts as part of the syllabus in schools from primary to senior level | a) Number of arts and crafts courses, modules or subjects in each level of education | a) Increased productivity due improved appreciation of handicrafts | | | | | X | X |
| 2. Improve marketing and production of handicrafts | a) Encourage marketing houses for crafts to consolidate and manage production by different producers b) Provide support to capacitate targeted producers c) Identify U.S. based agent(s) /distribution partners | a) Number of handicrafts marketing campaigns conducted b) Types and number of capacity building programs provided as well as participants involved c) Number of identified producers for marketing purposes | a) Increased sales in arts and crafts | | | | X | X | |
| 3. Facilitate collaboration among producers in-country and regionally | a) Identify craft producers, locally and regionally b) Identify range of products produced and capacity to increase production | a) Number of collaborating producers, locally and regionally b) Types of products produced and volume of production | a) Increased sources for handicraft products leading to improved capacity to meet potential rise in demand b) Increased | | | | | X | X |

| Strategic Objective | Activities (initiatives) | Performance Indicator (Measure) | Deliverable (Output) | Proposed Financier | Responsibility | | Time Frame | | |
|--|--|---|--|--------------------|------------------|---------------------|------------|---|---|
| | | | | | Lead Institution | Support Institution | S | M | L |
| | | | volume of products sold | | | | | | |
| 4. Train producers on productivity improvement | a) Identify required capacity building for handicraft producers b) Ascertain possible sources to provide the capacity build | a) Capacity building programs available to handicrafts producers b) Number of assisted handicraft producers | a) Increase in productivity and quality handicrafts | | | | x | x | |
| 5. Intensify export promotion and conduct promotion missions in the United States | a) Identify export promotion opportunities (e.g. the New York International Gift Fair and Santa Fe) | a) Number of trade shows attended annually b) Local firms/ participants who attended the trade shows c) Orders/business from the show | a) Increased participation in trade shows b) Increase in volume of sales | | | | x | x | |
| 6. Provide export development support towards trading houses, which understand the markets | a) Identify trading houses to facilitate exports b) Establish the required support and the sources for assistance | a) Required support and the number of trading houses identified to assist with export trade development b) Markets associated with identified trading houses | a) Increased demand coupled with improved capacity to meet market requirements leading to increased business | | | | | x | x |
| 7. Provide research and development to ensure | a) Engage the market and stakeholders to develop the | a) Number of research and development programs b) Number of products identified for research | a) Boost in production capacity and meeting market | | | | | | x |

| Strategic Objective | Activities (initiatives) | Performance Indicator (Measure) | Deliverable (Output) | Proposed Financier | Responsibility | | Time Frame | | |
|--|--|---|--|--------------------|------------------|---------------------|------------|---|---|
| | | | | | Lead Institution | Support Institution | S | M | L |
| development of required products | required research and development programs b) Identify products for research and development | and development program | need | | | | | | |
| Jewelry and Semi-Precious Stones Sector | | | | | | | | | |
| 1. Engage stakeholders to establish the types of available semiprecious stones and to ascertain production potential | a) Identify stakeholders in the sector and types of available semiprecious stones b) Determine the quantity and quality available c) Identify the required support to ensure viability | a) Types of semiprecious stones available and the production capacity b) Required support to ensure viability, sources of support and the conditions | a) Enhanced understanding of types and quantities of semi-precious stones in the country as well as production capacity | | | | x | | |
| Leather and Leather Products Sector | | | | | | | | | |
| 1. Work with farmers to create awareness of the value of quality leather and to reduce the amount of damaged leather due to branding and | a) Identify leather producers and mechanism to work with farmers to create awareness b) Identify required training | a) Number of leather producers and identified appropriate awareness creation tools b) Number of trainings and workshops | a) Improved quality and quantity of leather received by tanneries b) Increased production in leather and leather products | | | | | x | x |

| Strategic Objective | Activities (initiatives) | Performance Indicator (Measure) | Deliverable (Output) | Proposed Financier | Responsibility | | Time Frame | | |
|---|---|---|---|--------------------|------------------|---------------------|------------|---|---|
| | | | | | Lead Institution | Support Institution | S | M | L |
| teak bites | | | | | | | | | |
| 2. Capacitate value chain players such as abattoirs, tanneries and leather products producers | a) Assess capacity of value chain players to identify need | a) Number of capacity development needs identified b) Number of firms/individuals who require capacity development | a) Number of firms/ individuals assisted b) Increased production and quality of leather and leather products | | | | | x | x |
| 3. Facilitate investment into value addition infrastructure and downstream leather processing opportunities | a) Identify available investment opportunities regionally b) Identify possible investors into the sector | a) Number of investment opportunities domestically b) Number of possible investors | a) Increased investment in the sector | | | | | x | x |
| Horticulture and Agro-processing Sector | | | | | | | | | |
| 1. Establish farmers' markets in strategic areas to increase marketing outlets | a) Investigate the feasibility of establishing farmers' markets | a) Number of farmers markets to be established | a) Increased sales of horticulture products per annum | | | | | x | |
| 2. Capacitate/ establish marketing | a) Identify capacity needs for marketing houses | a) Type of capacity need required by marketing houses and agro- | a) Increased sales of farmers' | | | | | x | x |

| Strategic Objective | Activities (initiatives) | Performance Indicator (Measure) | Deliverable (Output) | Proposed Financier | Responsibility | | Time Frame | | |
|--|--|--|---|--------------------|------------------|---------------------|------------|---|---|
| | | | | | Lead Institution | Support Institution | S | M | L |
| houses to consolidate and market farmers' produce | and agro-processing plants | processing plants | produce | | | | | | |
| 3. Facilitate faster methods to get produce to market especially highly perishable ones to maintain value | a) Identify alternative routes and methods of getting produce to market b) Investigate feasibility of using identified alternative routes to market | a) Alternative routes and methods of getting products to market b) Cost of using proposed alternative methods to market | a) Reduction in time and cost of getting products to market b) Improved competitiveness of local produce resulting in increased sales | | | | | X | X |
| 4. Create awareness on existing government incentive programs for horticulture, such as assistance in purchasing of irrigation equipment and production inputs | a) Develop a list of available incentives for horticulture b) Identify awareness creation tools and targeted audience | a) Number of available incentives for horticulture and awareness activities to be conducted | a) Increased uptake in incentives b) Increased horticulture production c) Increased sales and exports of local horticulture produce | | | | | X | X |
| 5. Provide assistance on key | a) Investigate the required key infrastructure | a) Number and types of required infrastructure b) Amount and type of | a) Improved productivity by farmers | | | | | | X |

| Strategic Objective | Activities (initiatives) | Performance Indicator (Measure) | Deliverable (Output) | Proposed Financier | Responsibility | | Time Frame | | |
|--|---|---|---|--------------------|------------------|---------------------|------------|---|---|
| | | | | | Lead Institution | Support Institution | S | M | L |
| infrastructure required for the success of the industry, in particular road networks and electricity | b) Establish the level of demand and where infrastructure is required | infrastructure provided | b) Increased exports and sales | | | | | | |
| 6. Create adequate awareness on market regulations and standards, including SPS | a) Identify pertinent local, regional and U.S. market regulations and standards b) Methods for awareness creation for standards/ regulations | a) Identified standards and regulations b) Activities to create adequate awareness | a) Increased number of products entering the United States and reduction in time and cost incurred before reaching the market | | | | | X | |
| Textiles/Apparel Sector | | | | | | | | | |
| 1. Identify and implement essential industry incentives to improve export competitiveness | a) Identify existing incentives and the required incentives for the sector based on what has worked elsewhere | a) Available incentives and what is required by the sector | a) Improved investment climate leading to better export potential b) Improved competitiveness and increased U.S. exports | | | | | | X |
| 2. Compliance with safety, health, environment | a) Identify training needs for supervisors and other staff | a) Required training to improve compliance with U.S. market SHEQ | a) Increased compliance with U.S. market SHEQ | | | | | X | X |

| Strategic Objective | Activities (initiatives) | Performance Indicator (Measure) | Deliverable (Output) | Proposed Financier | Responsibility | | Time Frame | | |
|---------------------------------|---------------------------------|--|---|--------------------|------------------|---------------------|------------|---|---|
| | | | | | Lead Institution | Support Institution | S | M | L |
| and quality (SHEQ) requirements | b) Facilitate equipment upgrade | requirements b) Identified requirements for equipment upgrade | requirement b) Increased production and competitiveness resulting in increased exports | | | | | | |

4.0. MONITORING AND EVALUATION FRAMEWORK

4.1. Introduction

The Trade Preferences Extension Act of 2015 specifies that AGOA-eligible beneficiary countries should develop utilization strategies on a biennial basis to more effectively and strategically utilize benefits available under the AGOA program. Also, both USTR and beneficiary countries should make public versions of AGOA utilization strategies available online.

While the AGOA Response Strategy and Action Plan for Eswatini covers the duration of the extension of the AGOA program (until September 30, 2025) starting immediately after the launch of this strategy, in line with the requirements of the program noted above, the strategy will be reviewed every two years to ensure its continued relevance.

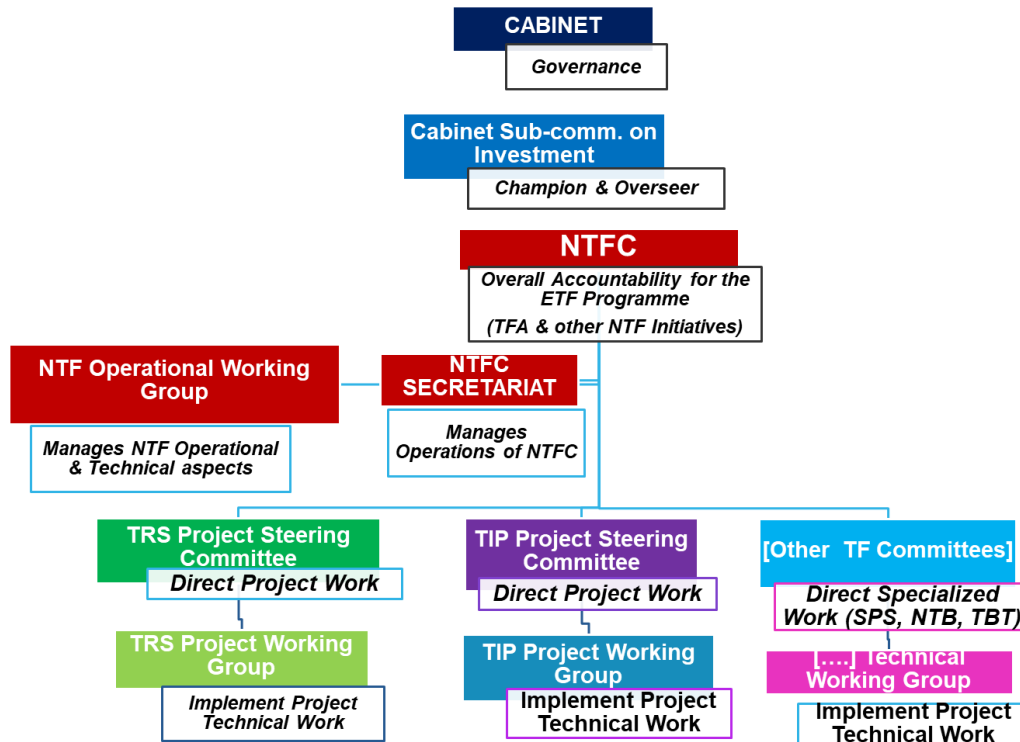
4.2. Eswatini AGOA Representation within MCIT

It is recommended that AGOA policy and operational matters be embedded in the existing trade facilitation structure to ensure sustainability. An M&E framework is essential to ensure effective management and implementation of the AGOA strategy and action plan within strengthened existing structures.

Institutional Arrangements

- a. The current national trade facilitation committee will reconstitute itself to an AGOA steering committee. It will also be determined whether there is a need to include more members on the committee for the purposes of AGOA implementation. Terms of reference (ToR) for the steering committee will be developed;
- b. The AGOA secretariat, to be housed under the Eswatini Investment Promotion Agency, will operate in tandem with the MCIT. In turn the AGOA activities under the MCIT will be led by an AGOA coordinator, within the International Trade Department. The AGOA steering committee needs to confirm the ToR and then develop / guide the development of working arrangements;
- c. The National Trade Facilitation Committee (NTFC) has been given a mandate to spearhead/implement all trade promotion activities. A further recommendation is that before the launch, clear ToR for each of the committee's deliverable areas (AGOA and NTFC functions) should be in place.

Figure 14: AGOA Committee Structure



The AGOA representation in existing structures would be multi-sectoral and include all key stakeholders. In addition, Eswatini will also need to have a presence in the United States to help facilitate the identification of opportunities in U.S. markets and to increase demand for Eswatini products. The suggested setup should include the establishment of an AGOA desk at the Eswatini Embassy in the United States to work with MCIT to provide a vital link between AGOA exporters in Eswatini and prospective buyers in the United States.

Having a representative in the United States will also help to expedite issues by taking advantage of the time differences between the United States and Eswatini. The AGOA Coordinator at MCIT and the AGOA desk at the Eswatini Embassy in the United States should work closely with the U.S. Embassy in Eswatini to identify opportunities and take advantage of the AGOA facility. In addition, MCIT and the AGOA Coordinator and the AGOA Secretariat will need to work closely with all relevant USG agencies to effectively utilize the available technical support and TCB programs offered by USG agencies and such USAID-funded projects like the TradeHub.

Immediately after the launch of the approved National AGOA Utilization Strategy and Action Plan for Eswatini, MCIT should organize a strategic planning process to facilitate implementation of the strategy and to help integrate the strategy into the public investment planning and budgeting process for Eswatini.

The M&E framework for the strategy consists of the following:

- a) An institutional structure as depicted in Figure 13. To ensure effective implementation of the strategy, progress would need to be reported to the Office of the President through the Minister of Commerce, Industry and Trade.
- b) The AGOA Coordinator under MCIT, working closely with the NTFC Secretariat, will be required to provide scheduled periodic updates on implementation progress including a report on any major issues impeding implementation. The AGOA Coordinator and AGOA Secretariat will

- liaise with the National AGOA Reference Group/Steering Committee composed of representatives of relevant stakeholders and co-chaired by the public and private sectors.
- c) During the first year of implementation, the National AGOA Steering Committee, including the AGOA Secretariat and the Coordinator, will meet quarterly and as needed to review strategy implementation progress; thereafter it can be decided how often they will meet.
 - d) The approved Eswatini AGOA Strategy Action Plan under Section 3 (see Table 20 & 21) will be the main tool for assessing progress and performance.
 - e) The AGOA Secretariat in consultation with the Coordinator and the National AGOA Steering Committee will produce a report every six months on the progress of the implementation of the strategy and provide the latest Eswatini statistics on exports under AGOA. The report will be used to update the Office of the Prime Minister and Cabinet on the progress through the Minister of Commerce, Industry and Trade.

Finally, to ensure that the implementation of this AGOA Utilization Strategy is properly monitored and is up to date, reliable statistics on Eswatini exports under AGOA will be essential. Currently, there are no readily available statistics on Eswatini exports under the AGOA program. The only available statistics of Eswatini exports to the United States under AGOA are from the U.S. Department of Commerce.

5.0. APPENDICES

Appendix 1: Eswatini Strengths and Opportunities

| | |
|--------------------------------|---|
| Financial Sector | Eswatini's banking system is reasonably well-developed and non-bank financial institutions (NBFIs) are also very active. Evidence suggests that real interest rates are relatively lower than many other comparable countries and the banking sector remains very liquid (World Bank, 2011). Nevertheless, there are further opportunities to improve access to finance, particularly for SMEs. |
| Financial Stability | Authorities have made progress in improving financial sector stability, including strengthening banking supervision and introducing a Financial Services Regulatory Authority to more closely monitor NBFIs. |
| Exchange Rates | As a member of the Common Monetary Area (CMA), the Lilangeni is pegged to the SA Rand. This provides greater balance of payments stability and reduces the risk of large currency fluctuations, thereby providing greater confidence to investors, exporters and trading partners. |
| Inflation | Over 80 percent of Eswatini imports are generally sourced from the CMA. By being a member of the CMA, the risk of imported inflation from exchange rate fluctuations is greatly reduced. Eswatini has been mostly successful at maintaining average inflation levels within the 3-6 % CMA inflation target since 2010. |
| Current Account Surplus | As an export-dependent economy, exports are generally higher than imports in Eswatini. Further, Southern Africa Customs Union (SACU) receipts boost the secondary income surplus. As a result, Eswatini generally experiences a healthy current account surplus and receives sufficient foreign currency to safely pay for imports. |
| Agro-processing | Productivity growth in the manufacturing sectors and agro-processing specifically has been impressive, with output per worker in manufacturing increasing by 30 percent over the last decade. |
| Trade Agreements | Eswatini has tariff-free access to many international markets, including the EU through the Economic Partnership Agreement, and the United States, through its recent re-admittance to AGOA. Eswatini continues to have unfettered access to Africa's second-largest economy, South Africa, and there are several other potential upcoming trade agreements. |
| Infrastructure | Eswatini has a relatively strong road infrastructure, although this is beginning to fall into disrepair because of lack of maintenance. Irrigation projects like LUSIP II have boosted small landholders' resilience and yields, while factory shells exist for manufacturing businesses. |
| ICT Liberalization | There has been a greater liberalization of the ICT sector, allowing for new competitors to enter the market. Although challenges remain, increased competition, along with a regulatory ordered drop in wholesale prices, has brought data costs down and reliability and product choices have improved. |
| Demographic Dividend | There is a huge young population now entering the workforce, providing abundant labor to the private sector. |
| Sugar Cane | The sugar industry has continued to be a key contributor to agricultural output in the country and the economy at large through backward and forward linkages to other sectors. A total of 9,000 new hectares of irrigated land has been developed and put under sugar cane production |
| Maize | An input-subsidy program was introduced in 2015 with the aim of improving competitiveness in agriculture production. Except for the drought year, maize production has increased to close to 100,000 tons per year. Nevertheless, this yield does not yet meet domestic consumption requirements, and a study has not yet been done to assess the impact of the subsidy. |
| High-Value Crops | Several new, high value-added crops are being explored, including horticulture, vegetables, cotton variants and new fruits. Some of these are already experiencing success in trials and |

| | |
|------------------------------------|---|
| | in informal markets. The regulatory framework is being developed for these and support to meet export standards are being put in place. |
| Livestock | Pig, poultry and dairy livestock are all undergoing positive developments, with increased pig breeding capacity, successful broiler and table egg exports to the regional market, and large investments in the dairy industry. |
| Irrigation Projects | Government has invested heavily in irrigation in the form of small earth dams as well as large dams for agricultural irrigation smallholder schemes. Projects like LUSIP I and II are enhancing irrigation coverage in Eswatini and increasing drought resilience. |
| Roads | There has been a notable increase in road infrastructure networks that includes paving, re-gravelling of existing road networks and upgrading of roads. The main road network now covers a length of 1500km, 75 percent of which is paved. Massive investments made in road infrastructure and, for instance, the Manzini - Sikhuphe road is nearing completion. |
| Rail | There is huge potential for rail projects to transform the transport sub-sector. The planned Eswatini Rail Link project, for example, is expected to create additional commodities traffic equivalent to 10.3 million tonnes through Eswatini. The project also has the support of regional partners. |
| Water | Recurring drought conditions have spurred increased water harvesting capacity. Multi-purpose dam investments can help to support increased bulk water storage capacity. |
| PPPs | Public-Private Partnership (PPP) projects could create opportunities for further infrastructure development, particularly given the current constraints from the fiscal crisis. However, there are large risks for government if PPP regulations, objectives and projects are not clearly defined and monitored. |
| Independent Power Producers | There is a growing potential supply of Independent Power Producers (IPPs) in Eswatini who could help to reduce reliance on imported energy. Eswatini Energy Regulatory Authority is developing an IPP plan to facilitate the development and utilization of IPP projects. |
| Hydropower | Efforts have been made to increase hydro-power production capacity and the feasibility of several dam projects is being considered. Dams remain a priority as not only will they increase power generation, they have large multiplier benefits for the rest of the economy. |
| Electricity Access | The Rural Electrification Programme has greatly increased countrywide electricity access, with access now at 78 percent. A Rural Electricity Fund is being established to further assist with improving access. |
| Mining | There are opportunities for economic growth by tapping into the mining sector. An unpacking of mining regulation and greater promotion of the sector internationally could attract potential investment. There is a need to conduct inventory accounting to gain a firm understanding of the types, amounts, qualities, locations and depths of the minerals in Eswatini. |
| Environmental Management | The Eswatini Environmental Authority was created to ensure environmental management is prioritized and conducted according to international standards, although the capacity of the authority is yet to be strengthened and adequately financed. |
| Stability and Peace | Eswatini is considered politically stable, with few internal or external conflicts. (Global Peace Index, 2018). |
| Defense and Police | Eswatini has a sizable and strong defense and police force ready to defend the nation's interests and to respond to issues concerning public peace and order. |
| Human Rights | The Commission on Human Rights and Public Administration has been established and is now operational in Mbabane. The Commission is empowered to investigate complaints concerning alleged violations of fundamental rights and freedoms. |

Source: Eswatini NDP 2019/20 – 2021/22

Appendix 2: Eswatini Challenges, Weaknesses and Threats

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| Monetary Dependence | Eswatini has limited monetary policy autonomy given that the country has a fixed exchange rate regime. As a result, the monetary policy lever cannot be used effectively to stabilize internal business cycles. The peg to the SA Rand also prevents the exchange rate from naturally adjusting to correct for external imbalances. |
| Falling Reserves | The country's quickly falling gross official reserves greatly increase the risks to the economy. Enough levels of reserves are critical for maintaining the peg to the SA Rand and to ensure a sufficient level of foreign currency to pay for imports in case there is a shock to SACU receipts or export earnings. |
| Inflation Shocks | National and international shocks can quickly feed high levels of inflation. This was most recently seen in 2016, when food inflation spiked to over 15 percent. The country currently has a limited buffer against such shocks. |
| Services Trade Deficit | Given the country's large skills shortage, foreign contractors and specialists are brought in in large numbers, particularly in sectors such as health and construction. This results in a large services trade deficit. |
| Fiscal Crisis | The current fiscal challenges and growing arrears greatly increase risks to the government and to the country. The current situation is unsustainable given no policy changes. It is damaging to the image of the country and further delays in developing a concrete plan for addressing the fiscal crisis do not reflect well. |
| SACU Receipts | Long-term expenditure commitments have grown with the growth of SACU receipts, but these receipts cannot be readily adjusted down when volatile SACU receipts fall. Further, SACU receipt growth is now on a decelerating path and this revenue source may decrease further given greater trade liberalization, as well as potential changes to the revenue sharing formula. |
| National Planning | There has been no NDP to guide the budget in several years. Decisions have largely been made in a vacuum, contributing to the current state of the fiscals. Even this current budget process is largely unguided by overarching long-term development plans, greatly reducing impact of expenditure and compromising government cohesion. Projects are not subject to a full appraisal process. However, an attempt is being made to consolidate the budget and focus on finishing what has been started, rather than embarking on new projects. |
| Decentralized PFM | Budget functions are divided across three central agencies, diminishing expenditure controls, and exacerbated by poor coordination. Further, there are weaknesses in the control of line ministries' expenditure commitments, procurement processes and the release of funds. |
| Unbalanced Budget | The wage bill and transfers are increasingly taking up a larger share of overall expenditures, with Eswatini holding one of the highest wage-bills as a proportion of expenditure in SSA (over 40 percent on average). This is crowding out potential capital projects and goods and services expenditure, resulting in inefficiencies in implementing programs. |
| Analysis | There is a lack of analysis at all stages of program implementation, in terms of capital and recurrent expenditures and other regulatory initiatives. A significant proportion of government projects lack project proposals and are not subjected to rigorous cost/benefit analyses. |
| Debt Management | Eswatini's public debt is now reaching close to 24 percent of GDP, the highest in the country's history. Debt servicing costs alone will soon amount to 10 percent of revenues and cash-flow management will become more complex. |
| Economic Environment | The weak economic environment is providing few working opportunities, with a particularly high youth unemployment rate of 47 percent. The impact of the fiscal crisis is creating a more difficult environment for small businesses and entrepreneurs. |
| Skills-Mismatch | Graduates lack the appropriate skills to fill labor-market needs. A lack of adequate labor market information exacerbates this gap. A shortage of training inputs led to the closure of vocational training and rehabilitation centers designed to prepare workers with adequate skills. Pre-Service Tertiary Education and Training Scholarships were also reduced. |

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| Workplace Compliance | Budget constraints reduced the number of workplaces inspected for compliance with labor laws. During this period, there was also an increase in protest action due to socio-economic issues raised by workers, including reported non-compliance with ILO standards. |
| Utilities Costs and Reliability | Utilities are more costly and less reliable than regional averages. Internet data charges in Eswatini are the second highest in SSA Eswatini Communications Commission (ESCCOM, 2016). Electricity outages are frequent and electricity price inflation accelerates annually. |
| Regulatory Issues | The regulatory framework is one of the major challenges cited by companies across all industries, with regulation being reported to be either too weak, inappropriate or, more often, too excessive, timely and costly. |
| Ease of Doing Business | Eswatini ranked 117 out of 190 countries worldwide in the ease of doing business overall, with a particularly poor rank in the enforcement of contracts, getting electricity, starting a business and registering property (World Bank, 2018). |
| Skills-Gap | Certain industries report facing a large skills shortage that the labor force of Eswatini is unable to meet. Companies must often either go without the skills required or bear high costs of training, while large numbers of graduates from local institutions cannot get employed for years, with numbers increasing yearly. |
| Climate Change | The frequency and intensity of droughts appear to be increasing and the country has limited climate change resiliency and mitigation mechanisms. The agricultural sector is greatly affected by droughts, with livestock and crops under Swazi National Land, where irrigation coverage is still low, being particularly exposed. The sector contracted by 11.4% cumulatively as a result of the last drought. To make matters worse, there is no insurance coverage against any disaster, unlike other countries in the region that have invested in insurance coverage. Despite the substantial, cross-sectoral impacts of climate change, there are currently weak regulatory frameworks and institutional arrangements in place. |
| Maize | The country has never been able to produce enough to feed itself and has always relied on imports to meet its consumption requirements. Local maize production is less price competitive compared to imported grains and local production makes up just 70 percent of the national requirement, despite it being the staple food. Further, a lack of coordination and inefficiencies associated with rollout of the input-subsidy program have reduced its potential impact. |
| Inflation | High food inflation has reduced access to food for many families, especially because they are dependent on purchases to meet their food requirements. Inflation is further exacerbated by drought effects and reliance on imported food. Increasing production costs, particularly electricity and water, are reducing margins and pushing out small producers. |
| Land Utilization | There is a sizeable amount of unused or under-utilized arable land, including large hectares of land held by government as idle farms. For land in the hands of their owners, most land is lying idle and held for speculation as land prices rise significantly. The current legislative framework for land procurement often limits the commercialization of land. Further, land issues are under the responsibility of different ministries, making it difficult to reach a consensus decision on land issues. |
| National Planning | Comprehensive development planning has stalled in recent years, limiting effective prioritization of capital expenditures, particularly in terms of major infrastructure projects. This also prevents multi-sectoral coordination across projects. Further, capital projects are often not well appraised and so soliciting external financing has been a challenge, resulting in heavy reliance on domestic financing. |
| Expenditure Cuts | Capital expenditure projects are the first to be cut when the government is facing fiscal challenges, adding delays to capital project timelines and development objectives. |
| Project Appraisal and Management | Projects are often poorly planned and managed. Projects often run long and cost well over their initial budgets, and the quality of the output is, at times, sub-standard. Evidence suggests that infrastructure spending in Eswatini is relatively inefficient compared to the region (Kwaramba, Nxumalo & Morris, 2019). |
| Maintenance | Much of the country's infrastructure is falling into disrepair and this is a major challenge for industry and other sectors. The costs associated with repair will increase exponentially |

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| | the longer this is not addressed. Over 35 percent of the road network is currently in poor condition. |
| Energy | Eswatini remains heavily reliant on electricity imports from South Africa. This threatens security of energy supply, reliability and quality and heightens the risk of inflation. |
| Land Management | Land issues are handled by different ministries and institutions. The legislative framework for land management is unsuitable to deal with current issues and there is a lack of coordination in the administration of land. Land utilization is suboptimal as a result. Issues are also arising around boundaries and around the security and complexity of land tenure. |
| Deforestation and Land Degradation | There has been significant deforestation and frequent fire outbreaks, and a twin increase in harvesting that puts indigenous trees and endangered species at risk as well as the spread of alien invasive species. There is a lack of forest management legislation, as well as related data and information. |
| Environmental Law Compliance | There is inadequate compliance to existing environmental laws, such as the Flora Protection Act, even by government entities. In addition, protection of the environment is not prioritized during construction of infrastructure like dams and roads. Little attention is given to preserving the natural environment. Plastic use is not controlled or managed, and presents a threat to the environment, land, water sources and livestock. The Environmental Authority (SEA) is not effective as it lacks support, adequate funding, leadership and capacity |
| Constitutional Adherence | There is weak implementation of the Constitution at all levels of society. This is further impaired by a lack of a separate Constitutional Court and specialized Constitutional Court Judges. There is also not enough capacity to ensure that legislation is aligned to the Constitution. |

Source: Eswatini NDP 2019/20 – 2021/22

Appendix 3: Eswatini FDI by Country

| Country | Value | Date of Reading | Previous Reading |
|----------------|-----------------|------------------------|-------------------------|
| Argentina | \$128.47 | Oct/19 | 96.34 |
| Australia | AUD80,891.00 | Dec/18 | 55183 |
| Brazil | \$6,814.52 | Oct/19 | 6953 |
| Canada | CAD13,386.00 | Sep/19 | 23066 |
| China | \$1,107.80 | Oct/19 | 1008 |
| France | EUR2,368.00 | Oct/19 | 5076 |
| Germany | EUR15,344.64 | Sep/19 | 7371 |
| India | \$1,704.00 | Sep/19 | 1824 |
| Indonesia | IDR105.00 | Sep/19 | 105 |
| Italy | EUR-2310.00 | Sep/19 | 801 |
| Japan | JPY6,243.00 | Sep/19 | 20214 |
| Mexico | \$7,332.00 | Sep/19 | 6235 |
| Netherlands | EUR-29,760.00 | Jun/19 | 6561 |
| Russia | \$10,206.00 | Mar/19 | 1506 |
| Saudi Arabia | \$1,072.00 | Jun/19 | 1249 |
| Singapore | SGD39,895.40 | Jun/19 | 37893 |
| South Africa | ZAR26,301.00 | Jun/19 | 11733 |
| South Korea | \$361,2754.00 | Sep/19 | 6704915 |
| Spain | EUR3,919.00 | Sep/19 | 1401 |
| Switzerland | CHF1,088,433.00 | Dec/17 | 1061331 |
| Turkey | \$13,200.00 | Dec/18 | 10900 |
| United Kingdom | GBP25,425.00 | Jun/19 | -15136 |
| United States | \$51,113.00 | Jun/19 | 52378 |

Appendix 4: Program For Stakeholder Consultations on the Development of the AGOA Strategy And Implementation Plan for Eswatini: Eswatini, 28 – 31 January 2020

| Date | Venue | Time | Activity |
|-----------------------------------|--|---------------------|---|
| Monday 27 January, 2020 | | | |
| | U.S. Embassy in Eswatini | 14:30Hrs-15:10Hrs | Courtesy visit by USAID TradeHub officials |
| Tuesday 28 January, 2020 | | | |
| | Hilton Gardens | 09:15hrs – 10:30hrs | USAID TradeHub meeting with PS/or Acting Commissioner of Labour or team, and FETWASU |
| | Ministry of Agriculture <ul style="list-style-type: none"> • NAMBOARD • ESWADE | 10:50hrs – 11:30hrs | USAID TradeHub meeting with Principal Secretary (PS) and NAMBOARD and EWADE representatives |
| | Ministry of Economic Planning and Development | 11:45hrs – 12:15hrs | USAID TradeHub meeting with PS and team |
| | CANGO | 12:30 – 13:00hrs | USAID TradeHub meeting with Executive Director and team |
| | | 13:00hrs | Lunch |
| | EIPA and ENIDCS | 14:15hrs – 15:00hrs | USAID TradeHub meeting with EIPA CEO with Team and ENIDCS Director with team at EIPA Offices in Mbabane |
| | SEDCO | 15:20hrs – 16:00hrs | USAID TradeHub meeting with SEDCO Managing Director and FESBC Official(s) |
| Wednesday 29 January, 2020 | | | |
| | ERA Offices | 09:00hrs – 09:45hrs | USAID TradeHub meeting with the Commissioner General |
| | TUCOSWA Offices/Ministry of Labour Board Room | 10:45hrs – 11:30hrs | USAID TradeHub meeting with TUCOSWA CEO, PS/or Acting Commissioner of Labor and/or team |
| | Textile Association (ETATA) | 12:00 – 13:15hrs | USAID TradeHub meeting with Chairperson of the ETATA and team |
| | | 13:15hrs – 14:00hrs | Lunch |
| | SWASA | 14:15hrs – 15:00hrs | USAID TradeHub Meeting with Acting Director and team |
| | Business Eswatini | 15:30 – 16:15hrs | USAID TradeHub Meeting with MD and team |
| Thursday 30 January, 2020 | | | |
| | Manzini-Mbabane | 08:30hrs – 13:00hrs | Tour of selected AGOA Exporting companies |
| | | 12:00hrs – 14:15hrs | Lunch |
| | Eswatini Sugar | 14:30hrs – 15:20hrs | USAID TradeHub visit to ESA for |

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| | Association (ESA) | | consultations |
| | Mbabane | 15:20 hrs – | USAID TradeHub team preparing report |
| Friday 31 January, 2020 | | | |
| | Ministry of Commerce, Industry and Trade | 08:30hrs – 09:00hrs | USAID TradeHub team meets the PS and presents report of stakeholders' consultations and way forward on the work program |

Annex 5: Public institutions/Academic Institutions Questionnaire

Section A

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| Government Ministry/Dept./Agency | |
| What is the mandate of your ministry or department? | |
| What departments/parastatals fall under your ministry/department? | |

Section B

| | |
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| What policies/programs/strategies has your ministry/department put in place regarding economic development? | |
| What is the ministry/department currently undertaking to promote exports to other markets especially the USA? | |
| What are the current challenges affecting the smooth utilization of AGOA? | |
| What solutions would you propose? | |

Section C

| | | | | | |
|---|--|------|------|------|------|
| Can you list the interventions that the ministry/department provides to support exports in general and exports under AGOA in particular? | | | | | |
| What has been your ministry/department's contribution to GDP for the past 5 years? | | 2016 | 2017 | 2018 | 2019 |

Section C

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| Any comments or recommendations regarding AGOA and what needs to be done to ensure maximum utilization of the facility? | |
| | |

Annex 6: UNION Questionnaire

Section A

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| UNION | |
| What is the mandate of your UNION? | |
| What Unions are affiliated to you? | |

Section B

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| What policies/programs/strategies has UNION put in place regarding economic development? | |
| What is UNION currently undertaking to promote exports to other markets especially the USA? | |
| What are the current challenges affecting the smooth utilization of AGOA? | |
| What solutions would you propose? | |

Section C

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| Can you list the interventions that the UNION provides to support exports in general and exports under AGOA in | |
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| | | | | | |
|---|------|------|------|------|------|
| particular? | | | | | |
| What has been your UNION contribution to GDP for the past 5 years? | 2015 | 2016 | 2017 | 2018 | 2019 |

Section C

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| Any comments or recommendations regarding AGOA and what needs to be done to ensure maximum utilization of the facility? | |
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Annex 7: Business Association Questionnaire

Section A

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| BUSINESS ASSOCIATION | |
| What is the mandate of your ASSOCIATION? | |
| What MEMBERS fall under the ASSOCIATION? Priority sectors? Priority products for export? | |

Section B

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| What policies/programs/strategies has the ASSOCIATION put in place regarding economic development? | |
| What is the ASSOCIATION currently undertaking to promote exports to other markets especially the USA? | |
| What are the current challenges affecting the smooth utilization of AGOA? | |
| What solutions would you propose? | |

Section C

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|--|------|------|------|------|------|
| <p>Can you list the interventions that the ASSOCIATION provides to support exports in general and exports under AGOA in particular?</p> | | | | | |
| <p>What has been your ASSOCIATION contribution to GDP for the past 5 years?</p> | 2015 | 2016 | 2017 | 2018 | 2019 |

Section C

| | | | | | |
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| <p>Any comments or recommendations regarding AGOA and what needs to be done to ensure maximum utilization of the facility?</p> | | | | | |
| | | | | | |

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