IOA 2019 ACBR

AFRICA COUNTRY BENCHMARK REPORT

Eswatini Profile

Far from home in the UK, Swazis protest their country's monarchical system of government, which has resisted Africa's democratisation movement. Back home, such demonstrations are shut down by police.

Image courtesy of Garry Knight

ESWATINI

#16 ESWATINI

OVERVIEW ANALYSIS

On his 50th birthday, 19 April 2018, King Mswati III unilaterally changed the name of the country from Swaziland to Eswatini without consulting his subjects. The move symbolised the unquestioned and uncontested power of Sub-Saharan Africa's last absolute monarch. As documented in media reports and by human rights organisations and Eswatini political observers, King Mswati continues to amass wealth for himself and his family while the majority of his 1.3 million subjects live in chronic poverty. Eswatini has the world's highest HIV prevalence rate, and social services are below what the country can afford. With endemic corruption, the Eswatini economy, the poorest performing in the region, continues to deteriorate.

KEY OPPORTUNITIES

- Close ties with neighbouring South Africa provide a boost for the economy
- While land reform is unlikely, much land is agriculturally productive
- Tourism based on Swazi culture is established and has room to grow

KEY CONCERNS

- A corrupt, dictatorial government has a poor human rights record
- A small domestic market hinders industrial growth
- Government survives through nepotism and patronage, but civil servants are close to uprising

COUNTRY HIGHLIGHTS

PREDOMINANT RELIGION	PREDOMINANT LANGUAGE	POPULATION WITHOUT ELECTRICITY	LITERACY RATE	PRIMARY ELECTRICITY SOURCE
Christianity	siSwati	34.2% (#14) ▲ [1]	87.5% (#7) ▲ [1]	Hydroelectric

IMPORT/ EXPORT	EXTERNAL DEBT	ACTIVE CONFLICT	LAND SIZE	INTERNET PENETRATION
Machinery/ Sugar	US$ 0.548 billion (#51) ▬	No	17,364 km² (#48)	28.6% (#14) ▼ [3]

CONTRIBUTIONS TO GDP BY SECTOR

AGRICULTURE	INDUSTRY	SERVICES
6.5%	45%	48.6%

POPULATION AGE BREAKDOWN

0-14	15-24	22-54	55+
35%	22.1%	34.6%	8.3%

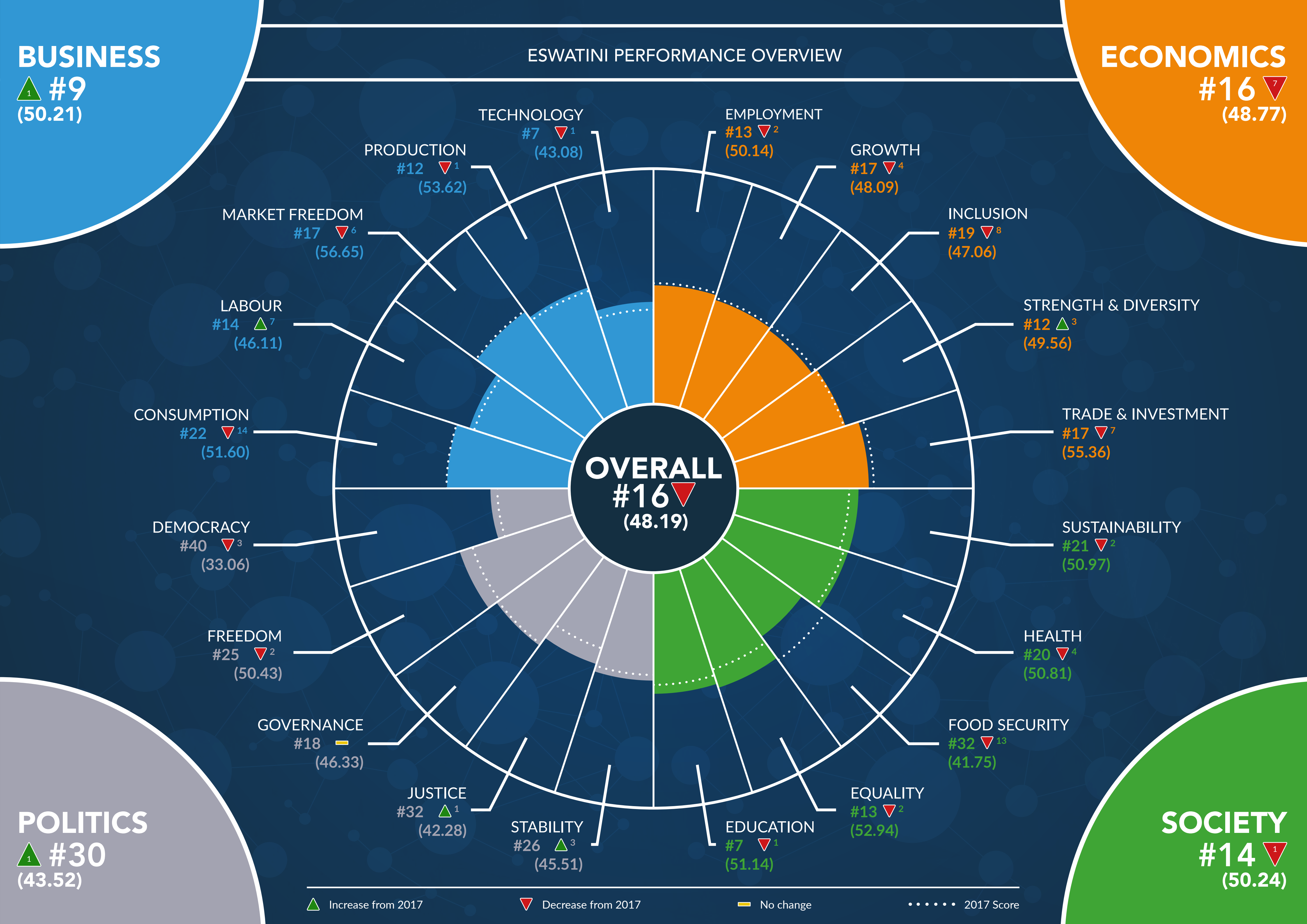
NATIONAL GOVERNANCE

Term:
25/04/1986 - present
N/A

Political Party:
N/A

Recent Electoral Information:
N/A
N/A Votes
N/A
Voter turnout: N/A

King
Mswati III


ESWATINI PERFORMANCE OVERVIEW
BUSINESS
#9 ▲1
(50.21)
ECONOMICS
#16 ▼7
(48.77)
POLITICS
#30 ▲1
(43.52)
SOCIETY
#14 ▼1
(50.24)
OVERALL
#16
(48.19)
TECHNOLOGY
#7 ▼1
(43.08)
PRODUCTION
#12 ▼1
(53.62)
MARKET FREEDOM
#17 ▼6
(56.65)
LABOUR
#14 ▲7
(46.11)
CONSUMPTION
#22 ▼14
(51.60)
EMPLOYMENT
#13 ▼2
(50.14)
GROWTH
#17 ▼4
(48.09)
INCLUSION
#19 ▼8
(47.06)
STRENGTH & DIVERSITY
#12 ▲3
(49.56)
TRADE & INVESTMENT
#17 ▼7
(55.36)
DEMOCRACY
#40 ▼3
(33.06)
FREEDOM
#25 ▼2
(50.43)
GOVERNANCE
#18
(46.33)
JUSTICE
#32 ▲1
(42.28)
STABILITY
#26 ▲3
(45.51)
SUSTAINABILITY
#21 ▼2
(50.97)
HEALTH
#20 ▼4
(50.81)
FOOD SECURITY
#32 ▼13
(41.75)
EQUALITY
#13 ▼2
(52.94)
EDUCATION
#7 ▼1
(51.14)
Increase from 2017
Decrease from 2017
No change
2017 Score

ESWATINI BUSINESS ANALYSIS

#9

1

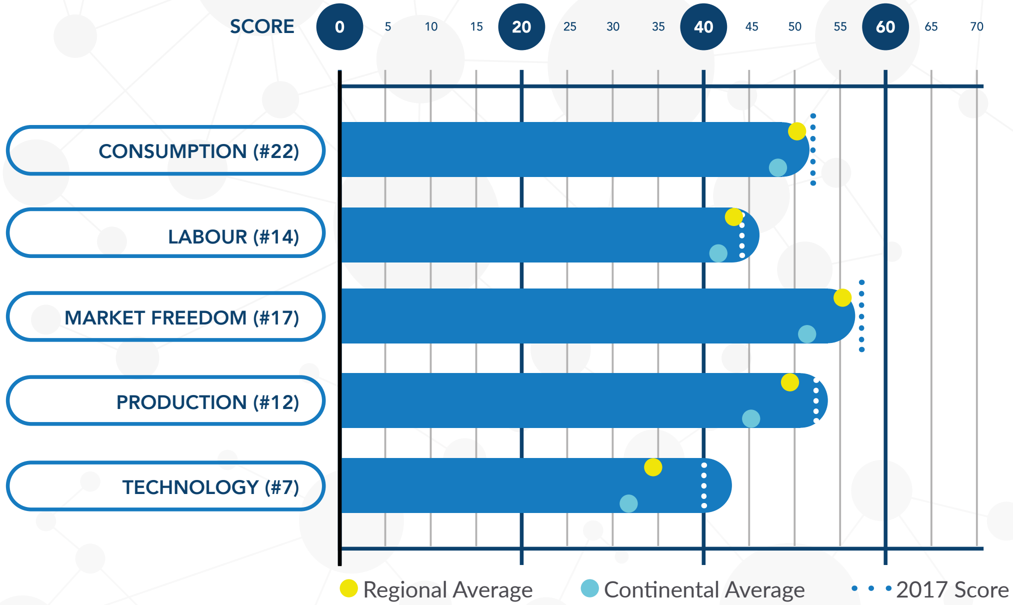
BUSINESS OVERVIEW

The royal conglomerate Tibiyo Taka Ngwane is involved in the business and industrial sectors. Large private business ventures must accommodate the royal family through shareholding and seating royals on company boards. Government owns a monopoly on broadcasting, electricity, landline telecommunications services and water. The small economy is dominated by a few large companies owned by long-time residents or politically connected individuals.

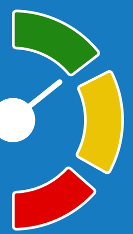
Eswatini depends on South Africa for financial services, imports and as a source of exports. All but 10% of the country's electricity is imported from South Africa. The retail sector is limited by the great poverty of the Swazi people. Business is stagnating in most cases and is contracting in others. Subsistence agriculture is the livelihood of a majority of Swazis. Industrial agriculture is dominated by sugarcane, which is Eswatini's top export revenue earner. Citrus and timber are secondary exports. Swazi marijuana is considered among the world's most potent, but Eswatini has not followed many countries in legalising the drug.

In the Business quadrant, Eswatini advanced one position to 9th place. This is a case of a country successfully fulfilling segment scoring requirements in contrast to the business realities on the ground. Eswatini dropped in all segments, most notably by six ranks in Market Freedom and by 14 in Consumption, reflecting contracting consumer and industrial purchasing.

BUSINESS SCORES & RANKINGS



BUSINESS DATA COMMENTARY



Eswatini data availability

71.43%

REGIONAL AVERAGE	AFRICAN AVERAGE	CONTINENTAL RANK
87.41%	77.78%	#35

The current score for business data availability in Eswatini is 71.43%, thus ranking 35th continentally. This falls short of both the regional average for Southern Africa, which currently stands at 87.41%, as well as the continental average of 77.78%. With high levels of poverty, unemployment and commercial dependence on neighbouring South Africa, the scope of domestic industry is already highly curtailed. This is further exacerbated by a general lack of transparency reinforced by political manipulation.

BUSINESS STATISTICS

% POPULATION IN URBAN CENTRES	LABOUR FORCE IN MILLIONS	INDUSTRIAL PRODUCTION GROWTH	PRIME LENDING RATE
23.8% (#46)	0.43 million (#48)	1.1% (#45)	11.7% (#19)

% ADULTS WITH A BANK ACCOUNT	ANNUAL AIR PASSENGERS	MOBILE SUBSCRIPTIONS	NATIONAL 3G COVERAGE
N/A (#N/A)	N/A (#N/A)	76.90 per 100 (#32)	21.2% (#49)

ESWATINI ECONOMIC ANALYSIS

#16

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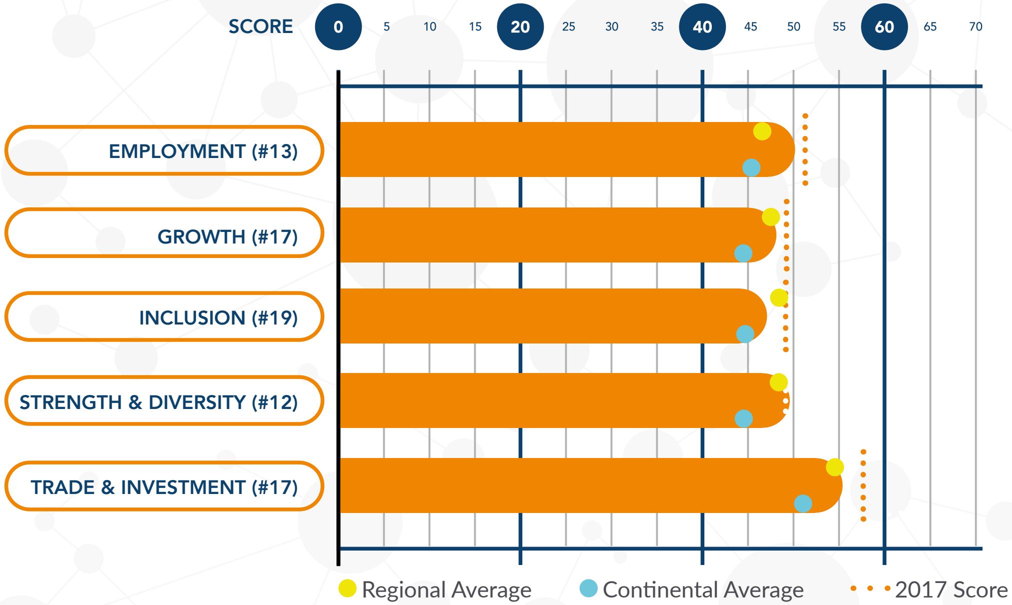
ECONOMIC OVERVIEW

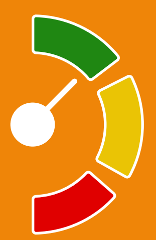
The economy of Eswatini depends on a few exports and the benefits of the country being almost entirely surrounded by South Africa. The large neighbour offers their market for Swazi exports, jobs for Swazi citizens and services like air transportation, banking and electricity. Transit rail traffic from South Africa keeps the government-owned company Eswatini Railway profitable. The country's currency, the Swazi lilangeni, is made stable by being pegged to the South African rand, and government is obliged to follow South Africa's economic policies. This ensures that interest and inflation rates in both countries are similar. Eswatini's government has sufficient revenue to pay their bills. However, spending priorities are directed towards extravagant yet ultimately unprofitable public works projects. Most recently, as an example, a new but underutilised airport was completed, and currently, there is a luxury hotel and international conference centre busy being built. One result is that Swazi contractors remain unpaid for long periods of time. This has had a negative ripple effect with the rest of the economy.

Unaffected are the two-thirds of Swazis who live in poverty, the same number of Swazis who reside as landless peasants on the king's land. Because the country is run to financially benefit the elite, Eswatini has one of the world's largest rich-poor divides. The lowest 10% of income earners own 1.7% of national assets compared to the 40% owned by the top 10%.

ECONOMIC SCORES & RANKINGS



ECONOMIC DATA COMMENTARY



Eswatini data availability

75.21%

REGIONAL AVERAGE	AFRICAN AVERAGE	CONTINENTAL RANK
87.18%	77.78%	#33

Leading on the previous quadrant, the score for economic data availability in Eswatini presently stands at 75.21%, thus ranking 33rd continentally. However, this too falls below the respective regional and continental averages of 87.18% and 77.78%. The national statistical apparatus, the Kingdom of Swaziland Central Statistical Office, tends to provide fairly elementary macroeconomic data, with superior coverage being provided by regional and international multilateral institutions such as the African Development Bank.

ECONOMIC STATISTICS

GDP PER CAPITA	UNEMPLOYMENT RATE	TRADE BLOC MEMBERSHIP	INFLATION RATE
US$ 9,900 (#11)	26.4% (#52)	AFTZ, COMESA, SACU, SADC	7% (#34)

GDP AT PPP	CURRENCY AND GOLD RESERVES	FDI NET INFLOWS	BUDGET SURPLUS (+) OR DEFICIT (-)
US$ 11.3 billion (#42)	US$ 0.58 billion (#28)	US$ 27 million (#49)	-8.1% (#45)

ESWATINI POLITICAL ANALYSIS

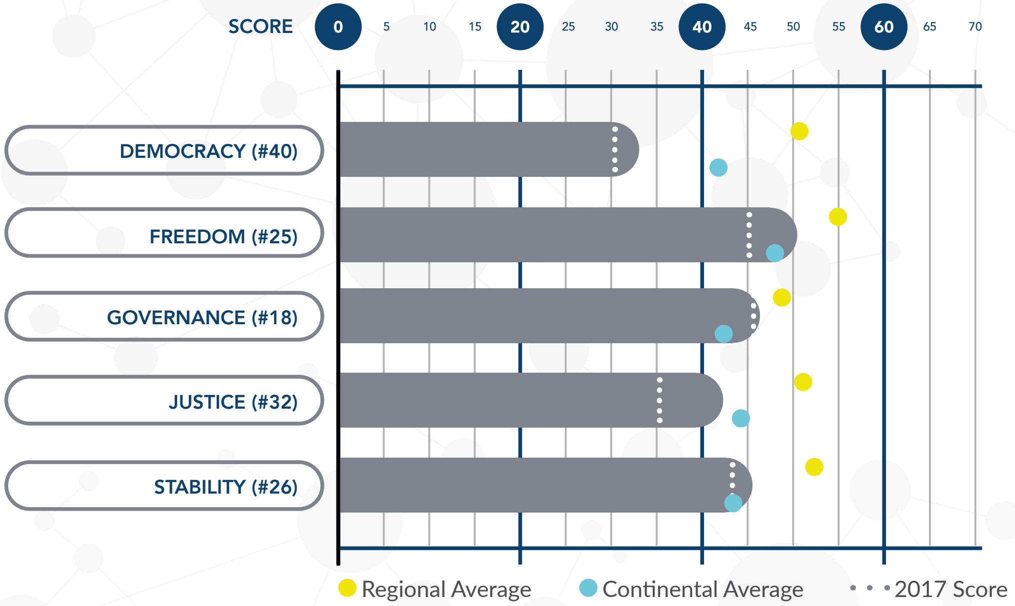
#30

POLITICAL OVERVIEW

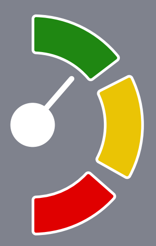
National elections held every five years voted in a new parliament in September 2018. Vote buying was open and widely reported, but such corruption was inconsequential for a parliament that has no power and serves as window dressing to disguise the absolute power of the monarchy. The king is above the constitution and the three branches of government. Although he disregards parliamentary decisions and can dissolve parliament at will, King Mswati still ensures that royal interests are heeded there. In October 2018, the king appointed his daughter and several family members to positions as members of parliament and senators. The judiciary and government are not independent from the king. He appoints high court judges and the prime minister from his close family circle. Additionally, he has appointed all of the cabinet ministers, high ranking government officials and heads of the three security forces. Organised political opposition to royal rule is banned. Police spies infiltrate meetings of labour unions and non-governmental organisations (NGOs), and political dissent when openly displayed in demonstrations is met by police and army brutality. About half of government revenue comes from regional customs. Any interruption of this unearned income will test the survival of the Mswati regime.

The veneer of peacefulness enforced by security forces allowed Eswatini to score higher in the Politics quadrant than in the previous review, raising the country by one position to 30th.

POLITICAL SCORES & RANKINGS



POLITICAL DATA COMMENTARY



Eswatini data availability

77.3%

REGIONAL AVERAGE	AFRICAN AVERAGE	CONTINENTAL RANK
88.82%	82.86%	#37

Despite its self-description as an electoral democracy, the reigning political regime in Eswatini has been subject to widespread critique due to the de facto entrenchment of monarchical absolutism under King Mswati III. This has the effect of limiting political transparency, thus resulting in a political data availability score of 77.30% and a corresponding rank of 37th. This falls below both the regional and continental averages, the former standing at 88.82% and the latter at 82.86%.

POLITICAL STATISTICS

NUMBER OF POLITICAL PARTIES	MILITARY EXP AS % OF GDP	REFUGEE INFLOW	NUMBER OF RIGHTS
4 (#48)	1.9% (#14)	N/A (#N/A)	61 (#12)
DATE OF INDEPENDENCE	**NET OFFICIAL DEVELOPMENT ASSISTANCE**	**WOMEN IN PARLIAMENT**	**CAPITAL PUNISHMENT**
09/06/1968	US$ 147 million (#42)	6.2% (#52)	Special Cases

ESWATINI SOCIETAL ANALYSIS

#14

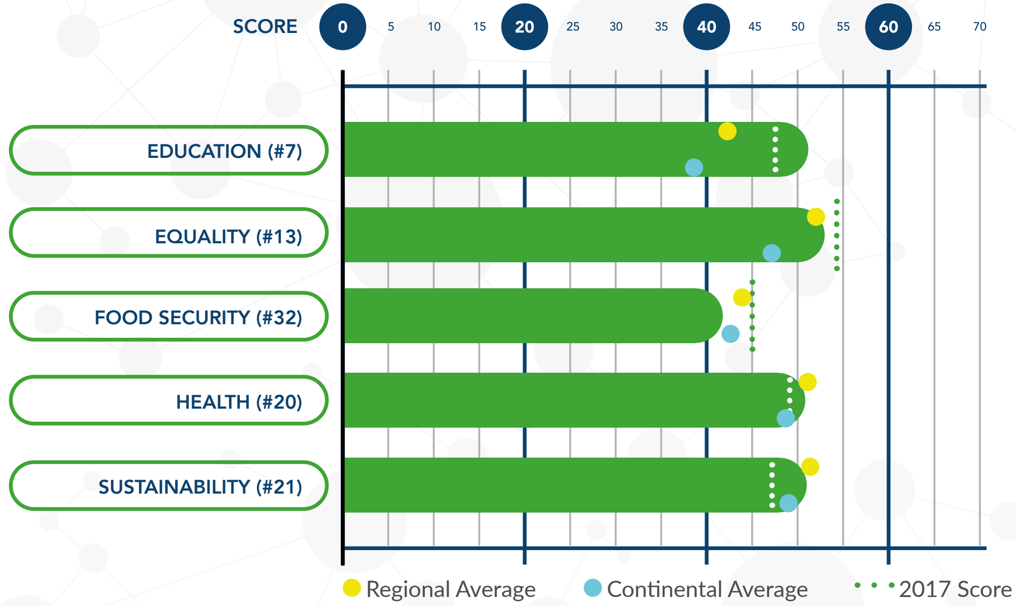
▼1

SOCIETAL OVERVIEW

On paper, Eswatini is a relatively prosperous country. In terms of national income, the World Bank classifies Eswatini as a middle-income country, making the country ineligible for aid and programmes reserved for poor nations. This leaves little means for the majority of Swazis, 63% of whom live in chronic poverty, to improve their lives. Government spending priorities do not include the poor, and programmes like grants to the disabled and elderly have been hit by government's inability – or unwillingness – to pay. To augment government services, NGOs carry out many services. The World Food Programme is instrumental in keeping famine from consuming the impoverished by monitoring crop yields and importing food. Eswatini leads the world in the HIV prevalence rate. Polygamy is a main contributor, whereby a culture of a man having multiple partners is instilled even in unmarried men, spreading HIV/AIDS. King Mswati has 15 wives. HIV/AIDS has lowered life expectancy to 52.1 years, one of the lowest in the world.

Eswatini ranks 14th for the Society quadrant. However, individual segment scores have dropped and, with these, Eswatini's position relative to other African countries. Food Security is down 13 positions from the previous year, Health has dropped four places, both Equality and Sustainability are down two ranks and Education is down by one place. That Eswatini ranks 7th among African countries in Education is due to a good private schools utilised by the affluent.

SOCIETAL SCORES & RANKINGS



SOCIETAL DATA COMMENTARY

Eswatini data availability

71.43%

REGIONAL AVERAGE	AFRICAN AVERAGE	CONTINENTAL RANK
84.54%	75.28%	#36

Along with the previous quadrants, Eswatini also underperforms on societal data availability, for which it has received a score of 71.43% and a corresponding rank of 36th. This falls far below the regional average of 84.54% and compares slightly better with the continental average of 75.28%. In terms of coverage, the eSwatini Data Portal sponsored by the African Development Bank provides some basic demographic information, although UNICEF provides a much more comprehensive assortment of data.

SOCIETAL STATISTICS

POPULATION SIZE AND GROWTH RATE	LIFE EXPECTANCY	HIV PREVALENCE	SEXUALITY TOLERANCE
1,467,152 (#47) at 1.08% p.a (#47)	52.1 years (#50)	27.2% (#1)	Illegal

LGBTQ

ACCESS TO DRINKING WATER	HEALTH EXPENDITURE (% OF GDP)	PRIMARY EXPENDITURE (% OF EDU. TOTAL)	SOCIAL MEDIA PENETRATION
74.1% (#33)	7.04% (#15)	50.79% (#10)	14% (#18)

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