

A Practical Guide to Doing
Business in

ESWATINI

INVESTOR'S GUIDE TO

Eswatini

PREFACE

Strategically situated between South Africa and Mozambique, Kingdom of Eswatini offers a safe and peaceful atmosphere for business. The Kingdom boasts of natural advantages including exquisite landscape, rich natural resources and relatively well-developed infrastructure in Africa. Its natural beauty and preserved culture coupled with a contemporary lifestyle make living and working in the country an enjoyable experience. The country is a competitive cost base for value added manufacturing coupled with educated and trainable workforce. Its strategic linkage to leading regional and international markets including SACU, COMESA, SADC, AGOA, EPA, SACU Mercosur, EFTA, and the CFTA makes Eswatini the investors' preference for export-oriented manufacturing. The strong trade relations between Eswatini and South Africa are enhanced by the Common Monetary Area (CMA), which pegs the Swati Lilangeni one-to-one with the South African Rand.

INVESTOR'S GUIDE TO ESWATINI

In the preparation of this guide, every effort has been made to offer current, correct and clearly expressed information. However, the information in the text is intended to afford general guidelines only. This publication is distributed with the understanding that COMESA RIA is not responsible for the result of any actions taken on the basis of information in this publication, nor for any errors or omissions contained herein.

CONTENTS

1	General Country Information	8
2	Legal and Judicial System	10
3	Economy	12
4	Licensing and Permits	14
5	Population/Demographics	16
6	Education	18
7	Infrastructure	20
8	Banking and Financial Services and Taxation	22
9	Taxation	24
10	Markets	28
11	Investment Opportunities	30
12	The Legal Framework for Investment	34
13	Contacts	36

1 GENERAL COUNTRY INFORMATION



Country Snapshot

Population (2016, millions) ¹	1,185,429*
Population Projections (2030, millions) ¹	1.5
Agriculture in Total Economically Active Population (2010, %) ¹⁵	28.9
Capital	Mbabane
Main Urban Agglomerations of More Than 300,000 Inhabitants (2014, thousands) ¹	N/A
Surface Area (km ²) ²	17,364
Weather ¹¹	In Mbabane: Hottest months, January and February, 15-25 °C; coldest month, June, 5-19 °C; driest month, June, 18 mm average rainfall; wettest month, January, 252 mm average rainfall
Languages ³	Official: English and siSwati
Main Religions ³	Main: Zionist (blend of Christianity and indigenous ancestral worship) and Roman Catholic - Others: Muslim, Anglican, Baha'i, Methodist, Mormon and Jewish
Time ⁴	South Africa Standard Time (SAST) +0200 UTC
Driving Orientation ⁵	Left Side
Internet Country Code ⁶	.sz
Country Calling Code	+268
Plug, Socket and Voltage ⁷	Type M - 230V/50Hz
Currency	Lilangeni (SZL) - 1/100 = Cent and South African Rand (ZAR) = 1/100 = Cent
Exchange Rate (As of 26 February 2018, per USD) ⁸	13. 9136 (SZL = ZAR)
GDP at Market Prices (2016, current, billions of USD) ⁹	3.720
GDP Growth (2016, annual %) ⁹	1.4
Average GDP Growth (2010-2014, annual %) ⁹	2.29
GDP per Capita, PPP (2016, current international \$) ⁹	8,329
Inflation, Consumer Prices (2016, annual %) ⁹	5.3

Average Inflation, Consumer Prices (2010-2014, annual %)⁹ 6.17

Total Reserves in Months of Imports (2016)⁹ 3.9

Source:

¹ Central Statistics Office.

² African Development Bank Data Portal.

³ CIA World Factbook.

⁴ Time and Date Portal.

⁵ Chartsbin Portal, "Worldwide Driving Orientation by Country".

⁶ Wikipedia, "List of Internet top-level domains"; and, Internet Assigned Numbers Authority, Root Zone Database.

⁷ International Electrotechnical Commission, World Plugs.

⁸ Central Bank of Swaziland.

⁹ World Bank, World Development Indicators 2018.

¹¹ Economist Intelligence Unit.

¹⁵ African Development Bank, Organisation for Economic Cooperation and Development Centre, and United Nations Development Programme, African Economic Outlook, 2016.

Strategically situated between South Africa and Mozambique, the Kingdom of Eswatini offers a safe and peaceful atmosphere for business. The Kingdom boasts of natural advantages including exquisite landscape, rich natural resources, and relatively well-developed infrastructure in Africa. Its natural beauty and preserved culture coupled with a contemporary lifestyle make living and working in the country an enjoyable experience. Eswatini offers a competitive cost base for value-added manufacturing coupled with an educated and trainable workforce. Trade among the Southern African Development Community (SADC), of which Eswatini is a member, allows 85% of goods duty-free to trade between member-states. Other benefits in the SADC free trade area include the reduction and elimination of tariffs and non-tariff barriers, easy cross-border trade, increased market opportunities, the creation of a value chain across the region, the lowering of input costs, and the creation regional competition to reduce consumer price index. Its strategic linkage to leading regional and international markets including SACU, COMESA, SADC, AGOA, EPA, SACU Mercosur, EFTA, and the CFTA makes Eswatini the investors' preference for export-oriented manufacturing. The strong trade relations between Eswatini and South Africa are enhanced by the Common Monetary Area (CMA), which pegs the Swazi Lilangeni one-to-one with the South African Rand.



A Country Undergoes Rebranding – from “Swaziland” to “Eswatini”

Further to the pronouncements by His Majesty King Mswati III during the 50th-anniversary celebrations for the country, from then onwards, “Swaziland” will be officially known as “Eswatini”. The name bodes well with the origin of the people of the Kingdom of Eswatini and it also identifies with their cultural heritage and history including the language, which is SiSwati. Eswatini has made significant strides in preserving its cultural heritage over the years which are being passed from one generation to another. The culture is entrenched on a series of cultural ceremonies that take place every year, including the Incwala and Umhlanga ceremonies.

Most tourists and international persons from outside the continent can mix-up Swaziland with Switzerland or at least fondly refer to Swaziland as the Switzerland for Africa. With this royal pronouncement, that mix-up will be history. An official Gazette was released by the government to revert to Eswatini, which was the original name of the country.

Interestingly, people, especially those who have not had the privilege of hearing about Eswatini, often ask and assume that Eswatini is a new country in Africa. But this is not the case. The government and its entities, and the local private sector, are gearing up to rebrand themselves in accordance with the royal pronouncement.



Geographical Location and Characteristics

Eswatini is situated in Southeastern Africa. The western half is mountainous, descending into a ‘Lowveld’ region in the east. The eastern border with Mozambique and South Africa is dominated by the escarpment of the Lubombo Mountains. Although Swaziland has a land area of 17,364 square kilometres, roughly the size of Wales or New Jersey, it contains four separate geographical regions. These run from north to south and are determined by altitude. The country features magnificent mountain scenery with unique ancient rock formations which are a source of interest for geologists, scholars and visitors. The Kingdom has four topographical and climatic areas each with its own unique characteristics.

The mountainous Highveld to the west is generally a high rainfall area, and predominantly rain-fed subsistence agriculture and agroforestry occur. The subtropical

Middleveld is where a substantial amount of agricultural activities occur. Further to the east is the Lowveld, which is the largest region covering about 40% of the country and is also subtropical. Sugar cane is successfully and commercially widely grown under irrigation in this area. Livestock-farming is also extensively carried out in this region. Much of the Lowveld typically constitutes a wonderful profusion of indigenous wild animals. Birds, trees and flora also thrive and are found in protected nature reserves. The smallest region is the Lubombo, which borders with Mozambique to the east. This subtropical area is characterised by the mountainous scenery and supports abundant plant and animal life. Mixed farming is the main activity in this area.

2 LEGAL AND JUDICIAL SYSTEM

The country has a dual (i.e. modern and traditional) political and governance system. A modern democratic parliamentary system, modelled along the lines of the British system with two chambers (the House of Assembly and the Senate), coexists with a traditional monarchy based on chiefdoms. The 2005 Constitution provides for the separation of powers between the executive, the legislature and the judiciary. The King remains at the top of both the constitutionally-created state and the traditional system. Since 1978, the traditional electoral system (tinkhundla) has functioned. These tinkhundla are administrative subdivisions (59 in total) based on a traditional governance system which underlies political organisation and representation in Parliament. The House of Assembly has 69 seats corresponding to the 59 tinkhundla seats that are democratically elected, in addition to 10 seats which are royal appointees. The Senate, constituting about 30 members, gives rise to a cabinet in accordance with ministerial portfolios. The Prime Minister is appointed by the King and also serves as Chairperson of Cabinet.



Eswatini's legal system is based on Roman-Dutch law. The Chief Justice heads the judiciary and the courts, comprising the High Court, Magistrates' Court and the Industrial Court. Justice in Eswatini is administered by the judiciary, which is independent and subject only to the country's Constitution, in both its judicial and administrative functions including financial administration. The judiciary has jurisdiction in all matters civil and criminal, including matters relating to the Constitution and any such matters that are legally conferred on it.

3 ECONOMY



Eswatini is classified as a lower middle-income country by the World Bank classification. The country's GDP at market price is estimated at USD 3.541 billion in 2018, and is expected to reach 3.931 in 2019. While the GDP growth rate was 1% in 2017 it is expected to marginally contract to -0.36% in 2018 while in 2019, a resurgent growth of 1.65% is expected. Eswatini's economy is fairly diversified, with agriculture and agroforestry accounting for about 8.0% of GDP, manufacturing (textiles and sugar-related processing) representing 45% of GDP, and 47% of GDP generated by public sector services.

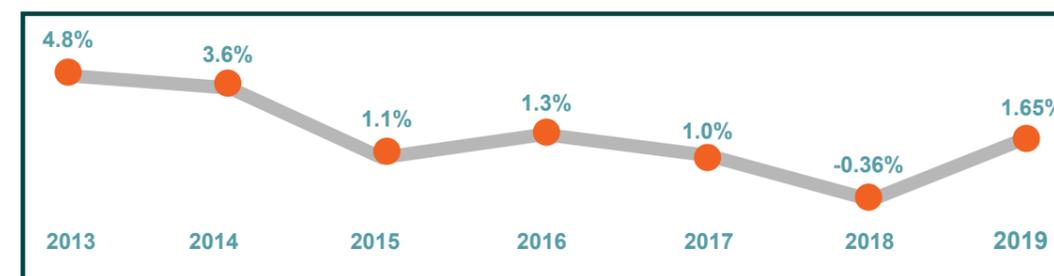
GDP

	2013	2014	2015	2016	2017	2018	2019
GDP at Market Prices (current, billions of USD)	4.602	4.500	4.340	3.786	3.523	3.541	3.931
GDP Growth (annual %)	4.8	3.6	1.1	1.3	1.0	-0.36*	1.65*

Source:

African Development Bank Group, AfDB Socio Economic Database, 1960-2019.

* Estimates from the Central Bank of Eswatini



Over a couple of decades ago, the economy of Eswatini had been characterised by enormous progress emanating largely from foreign direct investment in mining, agribusiness, tourism and manufacturing. Consequently, manufacturing and processing output have been the major contributors to economic growth due to the government's consistent and various incentives to sustain the contribution of these activities to the GDP. There has been an increase in manufacturing activity, owing to the recovery of the textile sector after regaining AGOA and the construction sector is on an upward trend. Agriculture, on the other hand, continues to be the mainstay of the economy through the export-oriented production of sugar, meat and meat products, timber, fresh fruits and vegetables amongst others. But the country was not spared from the effects of the global financial crisis of 2008, even though moderate recovery has been experienced. The 'title deed lands', where the bulk of high-value crops are grown (sugar, wood and citrus) are characterised by high levels of investment and irrigation, and high productivity. However, the majority of the population (about 75%) is employed in agriculture on Swazi Nation Land.

In an endeavour to diversify and sustain the manufacturing sector, Eswatini is making significant strides in making value-added manufacturing more competitive by offering generous incentive packages to investors to create

mass employment for the population. The country has a comparative advantage in food processing and agribusiness, business process outsourcing and call centres, timber processing and value addition to sugar among other sectors.

The Kingdom of Eswatini has joined a number of COMESA countries in the identification of new economic growth poles by promoting the development of Special Economic Zones (SEZ) through passing legislation, the Special Economic Zones Act of 2018. The Act lays the ground that fosters accelerated economic growth by assisting the establishment of competitive and innovative strategic economic activities leading to vibrant, resilient and high-performing industries. The Act specifies an ambitious and compelling set of incentives that will enhance production and processing for export in priority sectors, mainly in value-added manufacturing.

Two sites have already been declared as Special Economic Zones by law. First, the Royal Science and Technology Park, which will leverage biotech industries and high-value agribusiness. It is strategically located in proximity to the country's biggest industrial estate and rail inland port in Matsapha. The other site is the King Mswati III International Airport Zone. Both of these SEZs offer lucrative incentives to qualifying investments in bio-science, technology and innovation as well as aviation-related businesses and services and value-added manufacturing.

Trade Profile

Eswatini has positioned itself as an export-oriented economy, a position enhanced by strategic market access agreements that the country has entered into that cover more than 450 million people in Africa alone. The country is well positioned to act as a global export hub in an increasingly competitive market, where access to raw materials and time to market is crucial in maintaining a global supply chain. In addition to the government's annual Swaziland International Trade Fair, usually held every last week of August until the first week of September, which welcomes international companies for marketing purposes, the government has added regional trade fairs to allow the participation of small companies at grassroots level. More information can be obtained at www.sitf.co.sz.

Market access from Eswatini is guaranteed as the country is signatory to a number of agreements that ensure duty-free access into the U.S., EU, regional and international markets. Key imports in Eswatini constitute fabric and textiles, vehicles, petroleum products, foodstuffs and beverages, dairy products, furniture hardware and tools, steel and metals, essential oils and cosmetics, and farm inputs and chemicals. While main exports include Coke concentrates, sugar, timber and timber products, textiles, beef, refrigerators, canned fruits, vegetables, handicrafts, citrus and ethanol.

Import Partners (thousands, USD)

Exporters	Imported Value in 2012	Imported Value in 2013	Imported Value in 2014	Imported Value in 2015	Imported Value in 2016
World	1,786,322	1,752,505	1,679,134	1,464,590	1,300,168
South Africa	1,581,336	1,546,249	1,464,979	1,182,917	1,058,894
China	70,625	68,236	69,886	62,402	49,067
India	17,480	17,635	24,350	60,673	32,040
Singapore	1,283	553	2,784	2,732	23,034
Ireland	13,646	2,493	2,840	15,845	16,473

Source:

International Trade Centre COMTRADE Statistics

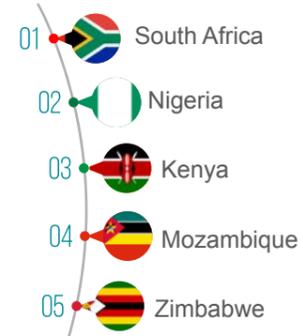
Export Partners (thousands, USD)

Importers	Exported Value in 2012	Exported Value in 2013	Exported Value in 2014	Exported Value in 2015	Exported Value in 2016
World	1,705,493	1,861,783	1,883,619	1,746,597	1,571,994
South Africa	1,223,691	1,199,810	1,189,225	1,153,508	1,053,537
Nigeria	794	48,854	94,357	85,319	69,802
Kenya	21,807	42,982	65,552	71,675	62,030
Mozambique	147,513	79,589	75,885	73,479	51,067
Zimbabwe	411	23,781	29,285	36,227	39,739

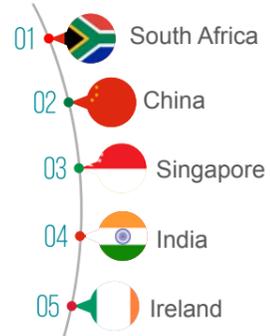
Source:

International Trade Centre COMTRADE Statistics

Top Export Partners



Top Import Partners



Foreign Direct Investment

To date the country has played host to a number of multinational corporations like the Coca-Cola Concentrate factory, Air Liquide, YKK Africa and Mondelez International, to name just a few. Eswatini is also canning fruit for major European, U.S. and UK retailers through the fruit cannery based in Malkerns. Indeed, Eswatini is one of the world's 'Top 5' low-cost sugar producers. So the country has a comparative advantage in the agro-industries, which is further anchored by the necessary support infrastructure.

FDI Inflows (millions of USD)

Year	2012	2013	2014	2015	2016
FDI Inflows	90	29	27	32	21.1

Source:

United Nations Conference on Trade and Development, World Investment Report 2017



FDI Inward Stock (millions of USD)

Year	2012	2013	2014	2015	2016
FDI Inward Stock	1,071.77	826.123	678.795	555.118	867.7

Source:

United Nations Conference on Trade and Development, World Investment Report 2017



4 LICENSING AND PERMITS



Registration and Incorporation

The Companies Act No.8 of 2009 provides the legislative framework for the constitution, incorporation, registration, management, administration and winding up of companies and other associations in Eswatini. The Act allows for the incorporation of various forms of companies which include:

- **Private Company**—is a company that can be formed by one or more people with restrictions on the transfer of shares or debentures. The Companies Act requires that articles from private companies should have a clause prohibiting offers to the public for the subscription of any of the shares or debentures.
- **Public Company**—is a limited liability company that can be formed by two or more people, can freely offer shares or debentures and can be listed in the stock exchange.
- **Local Company**—is defined as a company in which Swati citizens hold more than one half of its issued share capital, has citizens forming the majority of its shareholders who have control over the placement of the Board of Directors, or has citizens forming the majority of its Board of Directors.
- **Company Limited by Guarantee / Association Not for Gain** – is a company that has the main object of promoting religion, arts, sciences, education, charity, recreation, or any other cultural or social activity or communal or group interests, including all game sanctuaries and other similar institutions concerned with the protection of wildlife or flora in Eswatini; it intends to apply its profits or other income in promoting its said main objects and prohibits the payment of any dividend to its members.
- **Foreign Company** – is a company incorporated under the laws of the foreign country but carries on business in Eswatini. The Act requires the company to register its memorandum of association within 21 days after it establishes a place of business in Eswatini.

The Companies Act of 2009 allows for exclusive foreign ownership of a company. Once a company is registered in Eswatini, it is issued with a registration/incorporation certificate.

Licensing

In order to trade in Eswatini, a company needs to acquire a trading license, register for taxes, and have a physical address as well as acquire work permits in case of any foreign national and directors intending to work in the country. The Swaziland (Eswatini) Investment Promotion Authority (SIPA) facilitates the processing of these documents for a company that intends to set up shop in the country. Information on the procedure and documents required for these processes can be accessed in detail on the Eswatini Government website at www.gov.sz.

There are various sectors that require special licenses/ permits which are issued by regulatory bodies in those sectors including banking, liquor, energy, education, hospitals, mining, mobile telecommunications, fuel, aviation and transport, and non-bank financial institutions amongst others.

Work Permits and Visas

Foreign Nationals wishing to obtain an Eswatini visa submit their applications to the Ministry of Home Affairs for processing. Alternatively, current practices allow a resident/juridical person to write a request for a visa on arrival to the Ministry of Home Affairs, Immigration Department, from which a travel letter for a visa on arrival is issued. Passports for visas on arrival are only endorsed by the immigration department, and not at the port of entry. A visa is required by all visitors to Eswatini, excluding persons whose passports are from SADC Countries, some COMESA countries, EU member states, the U.S., Canada, Australia, Taiwan and some other countries. A list of exempted and non-exempted countries is available on the government website www.gov.sz.

FDI Inward Stock (millions of USD)

Visa Type	Cost	Duration of Stay
1. Single Entry Visa	E80	Less than three months
2. Multiple Entry Visa	E300	Three months
	E700	Six months
	E1000	Nine months
	E1300	12 Months
3. Temporary Residence		More than 60 days

More information is obtainable at www.gov.sz

Customs Regulations on Travelling to Eswatini

When travelling to Eswatini, customs regulations require that travellers declare all goods in their possession with the exception of personal clothing, essential toilet articles and used sporting equipment. In order to be free from declaration, these goods must be for the passenger's personal use and not intended as gifts or to be sold, exchanged or traded. All articles, used or unused, carried by visitors as presents or parcels for other persons, must be declared. There are no restrictions on the amount of U.S. dollars that may be taken into Eswatini, but documentation on the source of the money must be presented to customs officials. Any traveller carrying an amount equivalent to E15,000 (local currency) has an obligation to declare it to customs officials detailing the source of the money. U.S. dollars and other currencies cannot be used in Eswatini and must be converted into Emalangeneni or South African Rand, which is at par with the local currency. Conversion must be done by an authorised foreign exchange dealer i.e. commercial banks or a bureau de change.

Access to/Acquiring Operating Space

Land Tenure System

In Eswatini there are several different classes of land for business site development. These may be divided into three broad categories:

- Title deed land (TDL) from the private sector.
- Title deed land from the government.
- Swazi Nation Land (SNL).

The Swaziland Investment Promotion Authority (SIPA) facilitates land access for foreign companies investing in the Kingdom of Eswatini.

Industrial Estates

Matsapha Industrial Estate is the largest and most active development of its kind in the kingdom with manufacturing activities of diverse types and sizes. The country's inland container dry port is also located in Matsapha, where most commercial cargo is cleared. Nhlangano Estate, which is near to Eswatini's closest border to the South African port of Durban, is the second biggest industrial site. Another industrial site is Ngwenya Estate, which is just a kilometre from the main border to Johannesburg, the industrial hub of neighbouring South Africa, and serves as a rapidly expanding adjunct site. There are further plans to develop more industrial estates in the country.

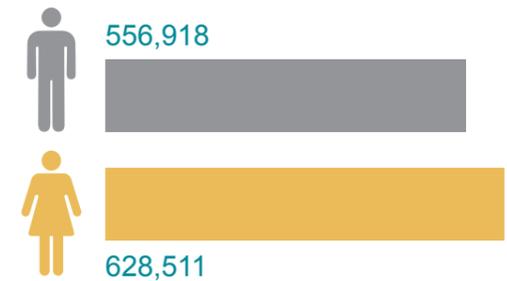
5 POPULATION / DEMOGRAPHICS



POPULATION

1,185,429

million (2016)



AGE DISTRIBUTION



37.4%
0-14 Years

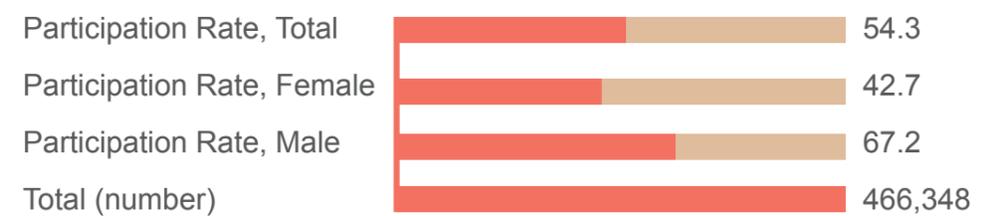


59.5%
15-64 Years



3.1%
65-Over

LABOUR FORCE (2017, % of Ages 15+, Modeled ILO Estimate)¹



Source:

¹ World Bank, World Development Indicators 2017.

Swatis by nature are non-militant people and this characteristic is deeply embedded in the culture. With literacy rates of 89%, there are abundant skills and trainable workforce. Eswatini's production costs compare favourably with internationally competitive low-cost destinations. Over the years, many Swatis have taken influential positions in South Africa, in major industries like finance, engineering, ICT and medicine.

Sex and Age Composition	2016
Total Population	1,185,429
Male Total Population	556,918
Female Total Population	628,511
Persons 0 – 14 years	446,628
Persons 65 + years	55,396
Total (WAP)	738,799
Male (MWAP)	339,353
Female (FWAP)	399,446
Youth 15 – 24	245,255
Youth 15 – 35	444,169
Labour Force	
Total Labour Force (E + UE)	373,869
Employed (E)	288,044
Unemployed (UE)	85,825
Time-Related Underemployed	23,085
Rates	
Labour Force Participation Rate	50.6%
Employment-to-Population Ratio	39%
Unemployment Rate	23%
Unemployment Rate (Relax)	31%
Time-Related Underemployment Rate	8%
Labour Force by Sex	
Male Labour Force	188,246
Female Labour Force	185,623
Male Employed (EM)	148,389
Female Employed (EF)	139,655
Male Unemployed (UEM)	39,857
Female Unemployed (UEF)	45,968
Male Time-Related Underemployed	8,639
Female Time-Related Underemployed	14,446
Rates by Sex	

Male Labour Force Participation Rate	55.5%
Female Labour Force Participation Rate	46.5%
Male Employment-to-Population Ratio	43.7%
Female Employment-to-Population Ratio	35%
Male Unemployment Rate	21.2%
Female Unemployment Rate	24.8%
Male Time-Related Underemployment Rate	5.8%
Female Time-Related Underemployment Rate	10.3%
Youth (15–24 years) Labour Force	
Total Youth Labour Force (PWAY)	60 615
Youth Employed (EY)	31,880
Youth Unemployed (UEY)	28,735
Rates	
Youth Labour Force Participation Rate	24.7%
Youth Employment-to-Population Ratio	13.0%
Youth Unemployment Rate	47.4%
Youth (15–35 years) Labour Force	
Total Youth Labour Force (PWAY)	204,065
Youth Employed (EY)	137,874
Youth Unemployed (UEY)	66,191
Rates	
Youth Labour Force Participation Rate	45.9%
Youth Employment-to-Population Ratio	31%
Youth Unemployment Rate	32.4%

Source:

Central Statistics Office (CSO) of Eswatini

6 EDUCATION AND HUMAN RESOURCE



Education is considered the foundation for the country's economic and social development and this is enshrined in the Constitution. The levels of education are primary, secondary, high school and tertiary. The latter embraces university, technical and vocational education. Thousands of graduates are produced annually by local tertiary institutions in various disciplines including technology and multimedia, commercial, vocational, health sciences, creative arts, social sciences, education, and agriculture amongst others. The government also, in addition to foreign aid, supports international undergraduate and postgraduate studies for Eswatini students in advanced fields that are not available in the country, including engineering, chemistry, and medical amongst others through scholarship funding in international academic institutions across the world. In terms of employment, the Employment Act of 1980 governs employers and employees while the Industrial Relations Act of 2000 provides for the collective negotiation of terms and conditions of employment, for the provision of dispute resolution mechanisms and for matters incidental to employer-employee relations.

Primary Education (2014, %)

Net Enrolment Rate, Primary, Both Sexes	79.61
Net Enrolment Rate, Primary, Female	79.43
Net Enrolment Rate, Primary, Male	79.79

Source:

United Nations Educational, Scientific and Cultural Organization, UNESCO Institute of Statistics

Secondary Education (2014, %)

Net Enrolment Rate, Secondary, Both Sexes	36.21
Net Enrolment Rate, Secondary, Female	40.72
Net Enrolment Rate, Secondary, Male	31.74

Source:

United Nations Educational, Scientific and Cultural Organization, UNESCO Institute of Statistics

Tertiary Education (2013, %)

Gross Graduation Ratio from First Degree Programmes, Both Sexes	8.36
Gross Graduation Ratio from First Degree Programmes, Female	6.50
Gross Graduation Ratio from First Degree Programmes, Male	10.19

Source:

United Nations Educational, Scientific and Cultural Organization, UNESCO Institute of Statistics

Youth Literacy Rates (2015, %)

Youth Literacy Rate, Population 15-24 Years, Both Sexes	94.77
Youth Literacy Rate, Population 15-24 Years, Female	96.02
Youth Literacy Rate, Population 15-24 Years, Male	93.53

Source:

United Nations Educational, Scientific and Cultural Organization, UNESCO Institute of Statistics

Expenditure on Education (2014, %)

Government Expenditure on Education as % of GDP	7.04
Education Expenditure as % of Total Government Expenditure	22.35

Source:

United Nations Educational, Scientific and Cultural Organization, UNESCO Institute of Statistics

7 INFRASTRUCTURE AND UTILITIES



AIRPORT

Eswatini has modern infrastructural facilities suitable for export-oriented and global companies seeking to reduce operating/production costs and gain a foothold in global export markets, while at the same benefiting from a safe and well-established base location. Key facilities include reasonably priced and reliable utilities; modern road infrastructure and railway networks; reliable haulage and courier services; and sophisticated banking and insurance facilities. For instance, large-scale investments are being made in rail infrastructure in conjunction with South Africa and Mozambique to the tune of E17 billion.

Eswatini has developed well-established industrial estates in key urban centres, where medium-sized and large businesses are found. The industrial sites are fully serviced with reliable infrastructure and utilities, including:

- Competitively priced factory buildings readily available from the Ministry of Commerce, Industry and Trade, the Swaziland Industrial Development Company and private developers.
- A regionally linked electricity supply network that provides a reliable and competitively priced service to all businesses.
- A well developed and robust telecommunications system (including mobile cellular systems).
- Abundant and consistent water supply.



Energy

The Eswatini Electricity Company (EEC) provides an uninterrupted power supply for major business users and all other users, including households. EEC has a guaranteed power supply agreement with Eskom in South Africa up to the year 2025, which has resulted in Eswatini avoiding the power rationing currently being witnessed within the region. The electricity supply is linked regionally to the electricity supply network known as the Southern African Power Pool.

This ensures the supply of power at reliable and low-cost rates. The recent upgrading of the network to kv400 means that Eswatini has the necessary power supply to meet the needs of mega industries that may be located here in the near future. Investors apply for service by completing an application form. Requests for electricity installation/connections can be made either in Mbabane or at a local Eswatini Electricity Company (EEC) office.

After receiving the application, EEC carries out a site survey to determine the nearest supply source and assess the connection costs. EEC headquarters will send a cost proposal to the client. If the applicant accepts the proposal, the full cost is paid in advance, EEC issues the work order and installation



Water

The Swaziland Water Services Corporation (SWSC) provides a reliable water supply to businesses and households. Water costs are among the lowest in the region. Water resources management in Eswatini is the responsibility of the Water Resources Branch of the Ministry of Natural Resources and Energy, and the Ground Water Section of the Department of Geological Survey & Mines. Once a site is secured, investors must submit an application form to the Swaziland Water Services Company (SWSC) requesting a water connection. Upon receipt of the application, SWSC undertakes a site survey to determine:

- The quality of water available in the area.
- The nearest connecting point to main water lines, and water pressure.

More information can be obtained from www.swsc.co.sz.



Telecommunications

Eswatini runs on a fully digital communications network. Given the size of the country, there are universal optic fibre systems. The country has three companies providing telecommunication services. Eswatini Telecom is a state-owned enterprise which operates fixed-line telecommunications. MTN Swaziland and Eswatini Mobile, on the other hand, provide mobile telephone services as well as fixed and mobile wireless services to clients. Since the liberalisation of the telecommunications sector to open it up to competition, there has been a reduction in telecommunications fees. There are various Internet service providers in the country that mostly provide fixed wireless services. The Eswatini Communications Commission ensures fair play in the industry through regulation, licensing and subsequent monitoring compliance to regulations and laws governing the industry. For more information, visit www.sptc.co.sz.

8 Banking and Financial Services



Financial institutions in Eswatini comprise three South African banks, First National Bank, Nedbank and Standard Bank along with the government-owned Eswatini Development and Savings Bank, which offers retail and corporate banking facilities with international transacting facilities. The country also has a building society that offers various categories of banking products, investments and savings with more orientation on property development.

Swaziland Industrial Development Company (SIDC) is a semi-private development company committed to supporting its customers with quality services in the financing of projects through equity, loans, financial leasing and factory buildings for lease. SIDC is a joint venture between the Government of Eswatini and three financial institutions namely Nedbank, Swaziland National Provident Fund and Standard Bank.

National Industrial Development Corporation of Eswatini (NIDCS) is a government entity that invests in economically and financially viable, technically feasible, and environmentally friendly projects that have sustainable medium to long-term returns and growth effects to Eswatini's socio-economic economy and its stakeholders.

The Public Service Pension Fund, a manager and administrator of pensions for government employees, is also charged with managing and investing the accumulated pension assets. The domestic investment is diversified to various sectors of the economy including agriculture, real estate, finance and public sectors. The fund strives to invest in projects that address the challenges of job creation and economic stimulation without compromising investment returns.

STANLIB Swaziland a subsidiary of the Liberty Life Group is available in the country. STANLIB's expert investment franchises operate in the equity, fixed income and property investment sectors.

Old Mutual Swaziland also provides funding for various sectors including agriculture and other sectors.

The Swaziland National Provident Fund seeks to provide the fund's members with the best retirement packages through investing wisely as one method among others. Funding is made available for various projects depending on their viability and return on investment.

The Swaziland Finance Development Corporation (FINCORP) assists Swati entrepreneurs by financially empowering them at grassroots level.

African Alliance is a pan-African investment banking company that offers a wide array of services to clients including active investment management, security management and asset management.

Eswatini is a signatory to the Common Monetary Area (CMA) Agreement, and there is an unfettered flow of funds between Eswatini, Lesotho, Namibia and the Republic of South Africa. The four combined form a single exchange control territory. Each, however, administers exchange control within its borders for transfers with the rest of the world. Eswatini classifies residents into those who are CMA (residents) and those of the rest of the world (non-residents). As part of government policy in attracting foreign investment, dividends derived from current trading profits are freely transferable on submission of documentation (including the latest annual financial statements of the company concerned) subject to provisions for non-resident shareholders taxes. Local credit facilities may not be utilised for paying dividends.

In addition, Eswatini has a relatively small stock exchange with only seven companies currently trading. The exchange only deals with equity and debt instruments. The debt instruments are currently government and corporate bonds. In 2010 the Financial Services Regulatory Authority was established. This institution governs non-bank financial organisations including capital markets, insurance, retirement funds, building societies, micro-finance institutions and savings and credit cooperatives. The royal wealth fund, national pension funds and private funds invest in the private equity market.

Regulatory Institutions

The Central Bank of Eswatini

The CBE regulates all banking institutions in the country. It was established as the monetary authority in 1974 under the Monetary Authority Order of the same year, empowering the bank to monitor, regulate and develop Eswatini's financial infrastructure.

The Financial Services Regulatory Authority (FSRA)

The FSRA was established in 2010 under the Financial Services Regulatory Authority Act to regulate non-bank financial services providers in the country. The Authority manages about 390 non-bank financial institutions, including retirement funds, cooperatives, insurance providers and brokers, fund managers, beneficiary funds and corporate agents amongst others.

9 Taxation



Eswatini taxes on a source basis system, in terms of which income from a source within or deemed to be within Eswatini will be subject to taxation.

Trading Losses

Where, in any year of assessment, the allowable deductions of the taxpayer, as determined by the order exceeding the total income, an assessed loss arises. The loss may be carried forward in subsequent years of assessment to be set off against any future income. However, where a company does not carry on trade in any year of assessment, it is not entitled to bring forward the loss from the previous tax year. A company may, accordingly, carry forward the assessed losses indefinitely, provided that such loss has been assessed/approved by the Commissioner General.

Tax Rates

- The Corporate Tax Rate is 27.5% unless a company qualifies for a corporate tax incentive of 10% for 10 years.
- Value Added Tax (VAT) is 15%.
- Individuals are taxed on income from a sourced/deemed to be within Eswatini.

Personal tax rates are:

Rates of normal tax in the case of individuals

TAXABLE INCOME		Rates of Tax
0	100, 000	0 +20% of the excess over 0
100, 000	150, 000	20, 000 + 25% of the excess over 100, 000
150, 000	200, 000	32, 500 + 30% of the over 150, 000
200, 000	And above	47, 500 + 33% of the excess over 200,000

Registration, Provisional Taxes and Returns

a. Registration

Taxpayers are required to register as taxpayers within 90 days of registration so they become liable for normal taxes (once the company has been registered with the Company Registry or a company representative has been present in Eswatini for at least 90 days, for purposes of furthering the business interests of the company). Income tax returns are required to be submitted twice per tax year. From the 1st July to the 30th June is the Tax Commissioner General's year of assessment. However, taxpayers who want to use a different tax year end may make an application for approval by the tax authority. Companies registered for taxes but not yet operational or that have not been operating in the year of assessment must notify the Commissioner General in writing.

b. Provisional Tax

Eswatini tax year starts on the 1st of July. Provisional tax is paid twice per year, the first payment is due no later than the 31st December, the second payment is due no later than the 30th June, and the third payment is due on receipt of the Notice of Assessment after having submitted income tax returns, while remittance of PAYE is done no later than the 7th of every month.

Submission of Tax Returns

The deadline for the submission of income tax returns is issued through a public notice by the Commissioner General, annually. Such notice specifies the deadlines for submission for all income tax returns. Where there may be required an extension of time for the submission of the returns, such person may make an application accordingly for approval. At the end of the tax year (30th of June), the employer is required to reconcile all employees' taxes paid and submit an annual reconciliation statement in that regard, on or before the 30th of September, annually.

a. 13.3.4 Withholding Tax

The Income Tax Order, in line with the basis of tax at source, provides for withholding of taxes in respect of income from both residents and non-residents.

Type of Income	Rate (%)
Entertainers and Sportsmen	15%
Contractors	15%
Royalties and Management Fees	15%
Non-Residents Shareholders Tax	12.5%
Dividends (Non-residents)	15%
Dividends (Residents)	10%
Interest (Non-Residents)	10%
Rental Payments (Residents)	10%
Branch Profits (Non-Residents)	15%
Vested Trust Income	33%

For more information, visit www.sra.org.sz.

10 Markets

With a market size that is relatively small, Eswatini has extended market access to a population of over one billion through trading blocs which include the Common Market for Eastern and Southern Africa (COMESA), the African Growth and Opportunities Act (AGOA), Southern Africa Development Community (SADC and SADC-EU Economic Partnership Agreement), Southern Africa Customs Union (SACU, SACU- European Free Trade Association and SACU-MERCOSUR Preferential Trade Agreement), as well as the Generalized System of Preferences (GSP). The Southern African Customs Union (SACU) and the U.S. which includes Eswatini, signed a Trade, Investment, and Development Cooperative Agreement (TIDCA) in 2008. The TIDCA establishes a forum for consultative discussions, cooperative work, and possible agreements on a wide range of trade issues, with a special focus on customs and trade facilitation, technical barriers to trade, sanitary and phytosanitary (SPS) measures, and trade and investment promotion. Eswatini is also a member of the Common Market for Eastern and Southern Africa (COMESA) which signed a Trade and Investment Framework Agreement (TIFA) with the U.S. in 2001.

Specifically, the following markets are accessible by companies domiciled in Eswatini with relevant rules of origin:

- Common Market for Eastern and Southern Africa (COMESA): 480 million population, free trade area with preferential market access.
- Southern African Customs Union (SACU): 60 million population with South Africa as a major trading partner.
- African Growth and Opportunity Act (AGOA): Preferential treatment to export 6400 tariff lines to the U.S..
- Southern Africa Development Community (SADC): 277 million population, free trade area with preferential market access.
- SADC-EU Economic Partnership Agreement: 500 million population, duty-free entry for Eswatini products to EU 27.
- SACU-European Free Trade Association: 12.8 million population, preferential market access for Eswatini products.
- SACU-MERCOSUR PTA: 241 million population, preferential trade agreement.
- COMESA-SADC-EAC Tripartite Free Trade Area: over 500 million population and GDP of over USD800 billion.



11 AREAS OF OPPORTUNITY/SECTORS



The Kingdom of Eswatini has a hive of investment opportunities and it is constantly positioning itself to be one of the preferred industrial and manufacturing hubs in the region. As a free and open economy, investors can invest in various sectors of the economy as guided by the National Investment Policy. However, the country is focusing on the areas listed below. Eswatini's economy is fairly diversified, with agriculture and manufacturing contributing significantly to the country's GDP accounting for about 8.2% and 40%, respectively. The country has a comparative advantage in these sectors, which are further anchored by the necessary support infrastructure.

- **Manufacturing:** The country imports a lot of its manufactured products, mainly Fast Moving Consumer Goods (FCMGs).
- **Agriculture and Agribusiness:** The cultivation of high-value cash crops and agro-processing, e.g. wheat, rice, cassava and other medicinal crops.
- **Energy:** The country imports about 80% of its power, therefore there is the opportunity to develop thermal and renewable energy plants.
- **Biotechnology:** Biocosmetics, bio-fertiliser, animal vaccine, and biomedical products.
- **Mining:** Diamonds, coal, gold, zinc from former asbestos mines, and iron ore.
- **Light engineering and assembly:** Including electronics, selected auto-parts and light machinery.
- **Tourism, Hospitality and Recreation:** High-value investments in hotels, casinos and other recreational facilities.
- **Property Development:** Commercial property development, industrial buildings and warehouses.
- **Life Sciences:** Pharmaceuticals and specialised healthcare.
- **ICT:** Call centres, computer software and hardware, and ICT components assembly.
- **Aviation Services and Training:** Opportunities exist for aircraft services for regional connection flights linking to international connecting destinations like the Middle East and Eastern Africa.

Manufacturing, and Value Addition (Processing)

Manufacturing is one of the major sectors in the economy, contributing about 40% to the GDP and is the second largest employer after the agriculture sector. Main products include food and beverages, textiles, zippers and apparel, timber, engineering and metal products, plastics and chemicals as well as refrigerators. Seamless investment opportunities exist for processing, high-end fashion textile goods, food processing, downstream value added sugar products, confectionary, mineral beneficiation, etc.

"Air Liquide, being the world leader in gases, technologies and services for industry and health, started its business in the Kingdom of Eswatini in 2008, with the establishment of Swazi Gases, a liquid carbon dioxide recovery plant, producing liquid products of the highest purity. Our product is consumed in-country as well as exported and has turned into a vital product source to, amongst others, the beverage industry across Southern Africa. Swazi Gases is currently branching out, furthering our affiliations with significant additional investments in the kingdom. We are certainly looking forward to what the future may hold for the Kingdom of Eswatini" - Louise Roux - Managing Director, Swazi Gases (Pty) Ltd T/A Air Liquide, (Headquarters in Paris, France)

Agribusiness and Processing

Agribusiness has traditionally been the backbone of Eswatini's economy. The sector employs a significant proportion of the labour force. Investment in agriculture has wide opportunities, including joint ventures for expanding cultivation of high-value cash crops such as cotton, citrus fruit, fruit and baby vegetables, bananas, garlic and ginger. Agro-processing opportunities exist in vegetable production, the manufacture of candy, forest products processing, medicinal and skin care products. In terms of livestock, with abundant supplies from local farmers, opportunities exist for processing meat into various meat derivatives and the introduction of new food products.

Areas of potential investment exist within the following areas:

- **Baby Vegetables:** Eswatini has an agricultural marketing agency which supports farmers growing a variety of vegetables for export but also the local market. Farmers in Eswatini are slowly penetrating this business opportunity, but there is a need for a constant raw material supply of baby vegetables.
- **Vegetable and Fruit Drying:** Most vegetables and fruits consumed in the country are fresh; hence they are seasonal in nature. Opportunities exist for much greater exports and local consumption of dried fruits and vegetables.

- **Frozen Vegetables:** Eswatini imports virtually all of the frozen vegetables it consumes, despite the fact that agriculture forms a major part of its economy. Almost all the vegetables in question can be grown in the country easily through commercial farms and community schemes. Investment opportunities in this area are further enhanced by Eswatini's abundant river water supplies.
- **Aquaculture:** Fish farming has been in the kingdom for some time even though local consumers may not be aware of that fact. Increasingly health-conscious consumers and a growing tourism industry have led to increased demand for fish meat. The opportunities available in this area include the construction of fish hatcheries, fish ponds and processing plants to produce canned fish.
- **Spice and Herb Processing:** There is a growing popularity of hot and spicy food internationally. Recent market research has confirmed the demand for green and hot pepper sauces as well as jerk seasoning. Any new processing plant would help satisfy both local and export markets.
- **Floriculture:** Flower production in Eswatini is increasing due to the growth of the tourism industry. Flowers are attractive to local consumers and can be exported outside the country.
- **Timber:** Opportunities exist for the processing of timber for local and export hardware markets. Eswatini has plenty of timber which needs to be processed locally before exportation.
- **Tomato Sauce Production:** Tomatoes are grown in large quantities in the country and have huge potential for further processing. The country has favourable weather conditions which can allow tomatoes to be grown all year round.

"In the past few years we have relocated and established our community farming initiatives and agri processing facilities in the Kingdom of Eswatini. The country provides arguably some of the best agricultural infrastructure on the continent, and this coupled with its global trade incentives and support of the local labour puts the kingdom in a league of no other." - Keenin Schofield, Director, Artemis Phytocare Eswatini (Headquarters - Dubai, United Arab Emirates)

Energy

Eswatini has 70% national coverage of electricity (2012/13). Installed capacity for power generation is about 70 MW. Domestic energy sources are mainly hydropower plants. The kingdom offers opportunities for the generation of sustainable power that can increase the base load generated locally and the potential for export to the Southern African power pool. The supply shortfall currently stands at 70–80% of the aggregate demand. The government actively seeks investments by independent power producers who would invest in local generation with guaranteed offtake by the power utility subject to the signing of a Power Purchase Agreement.

"Since the signing of the Memorandum of Understanding with the Government of Swaziland represented by the Ministry of Natural Resources and Energy, Ecolibri has injected millions on the introduction of its Renewable Energy solution in the SADC region. With Eswatini being the safe and peaceful country, Ecolibri is now recognised in the SADC Region through its showcasing and pilot site visits from the neighbouring countries. Ecolibri have three pilot sites since its introduction in 2014, one in Maldiva and two in the Kingdom of Eswatini"- Marcelino J. Silveira- Ecolibri-SADC- Managing Director, Italy

"Eswatini is a great and safe country for renewable energy investment. Wundersight has developed two solar pilot projects connected to the grid, and we are working to develop more capacity and electricity production with our local team. Now we are producing local solar electricity and selling it to the Eswatini Electricity Company (EEC). From the first day in the country, we have had full support from all main stakeholders (SIDC, SIPA, EEC, ESERA, Ministry of Natural Resources & Energy). Eswatini has a great solar and biomass resource, enough water and wind, and skilled people, and our goal is to help Eswatini become a self-sufficient energy country through renewable energy". Jorge Dot, CEO of Wundersight Investments (PTY) Limited, (Headquarters – Guadalajara, Castilla La Mancha, Spain)

Mining

Over the years, the Kingdom of Eswatini has identified rich deposits of a number of precious stones and gems. The country has recently launched its new gold mine, Lufafa Mine, and is actively promoting investments in other minerals such as coal, diamonds and granite, among others. Exploration has resumed for some other minerals such as coal and the industry heads for a stellar growth. Other minerals available for exploration include asbestos, quarried stone, soapstone, kaolin, talc, silica, green chert and others.

With the advent of the Special Economic Zones, the kingdom presents a rich hotbed for beneficiation of precious and bulk metals for subsequent export regionally and overseas.

Information Communications and Technology (ICT) and Other International Services

This is an emerging sector supported by the country's transition to being an efficiency-driven economy where ICT plays a vital role. In 2017, the country issued a second mobile license to increase competition in the market and benefit the consumers and consequently, a drop in prices has been realised in the mobile ICT industry. Eswatini has embarked on a number of initiatives to spur the growth of this key sector such as e-government and the construction of the Royal Science and Technology Park. The digital migration programme of the Southern African Development Community (SADC) presents ample ICT opportunities in the country.

Eswatini also introduced the wire-line broadband services along with the Next Generation Networks. The country boasts of a fixed network that is 100% digital and supported by a countrywide optical fibre network and increased skills pool for the sector through the introduction of IT courses in tertiary institutions. Optical fibre and local loop systems have been installed and link key areas throughout the country and neighbouring countries. According to a profiling study by KPMG (2012/2013) of the African region, Eswatini has a relatively well-developed fibre optic backbone network. The country presents seamless opportunities for operating call centres, computer software and hardware development and the assembling of ICT components amongst others, as well as ICT infrastructural support services.

Tourism & Hospitality

Eswatini's tourism industry remains one of the fastest growing industries and a large generator of income. Traditionally known as a hub for peace, the country's stability and low crime rate compare well with its neighbouring countries. Eswatini is acknowledged for its deeply rooted culture and traditions with a homogeneous population. The country's tourism sector is characterised by major tourist-attracting events all year round.

These major tourism festivities include the Umhlanga Reed Dance, Incwala, Bushfire Festival, the East3Route, and the Eswatini International Trade Fair, most of whose dates can be traced online. Furthermore, the construction of the state-of-the-art International Convention Centre will move the country towards a preferred location to host major interregional and global events. The country seeks to expand tourism facilities including investments in golf courses, amusement parks, theatres, casinos, hotels, and partnerships for developing, upgrading and commercialising community tourism sites, amongst others.

12 THE LEGAL FRAMEWORK FOR INVESTMENT



The Swaziland Investment Promotion Act of 1998

Investments are generally provided for in the Swaziland Investment Promotion Act of 1998. The act protects investments, supports non-discrimination in the promotion of investment in Eswatini and addresses other matters incidental to investments. In the protection of investments and settlement of disputes, the act provides for the freedom of both local and foreign investors to invest in any sector, save for a limited number of prohibited industries. The government has reserved small sectors exclusively for small and medium enterprises to protect them against unfair competition.

Guarantees Against Expropriation

Protection against deprivation of property is espoused in the Constitution of Eswatini under Article 19. Furthermore, Eswatini is a signatory to the World Bank Multilateral Investment Guarantee Agreement (MIGA), which seeks to protect investments of foreign investors of member countries from expropriation.

The government recognises the risks taken by investors when investing in other countries. Therefore, the Eswatini Government accordingly guarantees that it will not expropriate private property or take measures that will have a similar effect, except for a public purpose and on a non-discriminatory basis and with the prompt payment of adequate compensation.

Dispute Settlement and Alternative Dispute Resolution

The SIPA Act provides for dispute resolution mechanisms. Official government intervention/arbitration is available upon request, but most investment disputes are handled within the judiciary system, usually through the Industrial Relations Court. Subject to any agreement previously made in writing between investor and government, in the event of a dispute arising between the investor and the government, the investor may elect to submit the dispute either:

- To the jurisdiction of the high court of Swaziland.
- To a process of arbitration under the Arbitration Act, 1904.
- To arbitration under the Arbitration Rules of the United Nations Commission on International Trade Law.
- In the case of a foreign investor, to arbitration under the International Convention for the Settlement of Investment Disputes (ICSID) between states and nationals of other states.

The Constitution prohibits expropriation without compensation but rather emphasises conditions under which expropriation can be undertaken with the guarantee of payment for fair market value. To ensure the protection against politically related risks, the country is a signatory to the Multilateral Investment Guarantee Agency (MIGA) of the World Bank and national laws currently allow for international arbitration upon exhaustion of local remedies.

Furthermore, the government understands that doing business outside investors' territory has risks and therefore assures investors of the following, unless where public/social interest and/or differing circumstances warrant:

- Non-discriminatory treatment of foreign investments.
- 100% foreign ownership of foreign investments.
- Guaranteed repatriation of funds after payment of local financial obligations.
- Guarantees against expropriation.
- Allowance to bring in senior staff and expatriate technical experts whose skills are specialised and not available locally.

The Government of Eswatini has committed itself to facilitate the establishment of productive enterprises and reduce the burden of operating expenses and private corporation tax. Consequently, a number of incentives have been put in place of which qualifying investments may take advantage.

Investment Incentives and Guarantees

Tax Incentives

Developmental Approval Order (DAO): This tax incentive is available to investors qualifying as a "development enterprise" as defined by the relevant guidelines. The Government of Eswatini has identified specific areas in which it is seeking to bolster investment (either local or foreign direct investment), and for such areas as manufacturing, mining, agribusiness, tourism and international financial services, there exists a special corporate tax incentive for which the Minister of Finance has the prerogative to nominate a certain investing company as crucial for the development of Eswatini. With cabinet approval, these nominated investing companies receive incentives, including a 10% corporate tax rate for 10 years and an exemption from withholding taxes on dividends for the same amount of time.

Capital Allowances and Other Incentives:

- **Plant and Machinery:** For those used in the process of manufacturing, 50% initial allowance in the first year of use and a 10% annual allowance, using the reducing balance method, over the lifetime of the asset.
- **Hotel Construction and Improvement Allowance:** 50% of the cost is deductible in the year in which it is incurred on the construction of a new hotel or beneficial improvements are made to an existing hotel. In addition, an annual allowance of 4% of such expenditure is allowed.
- **Building Initial Allowance:** In respect of building other than hotels and improvements, if such building is wholly/mainly used for the purpose of housing machinery or plant for the year of assessment during which the building is first used. An allowance is given at the rate of 50% of the actual cost of the building plus 4% annual allowance on costs remaining after the initial allowance.
- **Immovable Property Allowance:** In respect of a taxpayer other than one whose sole trade is in immovable property, for an expenditure to be used for the erection of any dwelling that will be occupied solely by his staff for the purpose of his own business. The allowance shall be at the rate of 20% during the first year the expenditure is incurred and 10% for the next succeeding years. The allowance shall not exceed E12,000.00 for the first year and E6,000 for the succeeding eight years. The expenditure does not include the cost of the land on which the dwelling is erected. The dwelling should be occupied exclusively by persons or households who are the taxpayer's employees (other employees engaged in managerial or supervisory capacity). The taxpayer must be engaged in the business of manufacturing.
- **Hotel Initial Allowance:** In respect of capital expenditure in connection with the erection or beneficial improvement of a hotel. During the year of assessment for the first use of the hotel or beneficial improvements on an existing one, the allowance shall be at the rate of 50% of the actual cost incurred plus 4% annual allowance given for the succeeding years. Such allowance shall not exceed the expenditure
- **Capital Expenditure in Mining Operations:** The Income Tax Order provides for the immediate deduction of the amounts from the income derived by a taxpayer from mining operations including shift sinking building, works or equipment including any renewals or replacement of equipment. Development, general administration and management (including any interest payable on loans utilised for mining purposes) prior to the commencement of production or during any period of non-production but excluding the cost of acquiring mineral rights. "Expenditure in shift sinking" includes the expenditure on sumps, pump chambers, stations and bins, as

well as any accessories to a shaft. Building refers to offices, storage houses and other related buildings located where the mining operations are taking place. Offices not located at the mining area and residential are excluded. If separate and distinct mining operations are carried in mines that are not connected, the allowance for capital expenditure shall be computed separately for each mine. The amount of capital expenditure determined in respect of any year of assessment in relation to any one mine shall not exceed the taxable income.

- **Duty Free Access on Capital Goods:** Capital goods imported into the country as intermediate goods (to be used as inputs for final products) are exempted from import duties, subject to the SACU Common External Tariff Classification.
- **Import Duty Rebates for Raw Materials** (only applicable for export outside SACU common market): Raw materials imported into Eswatini for the production of goods destined beyond SACU as exports also receive rebates from import taxes.

Agricultural Capital Development Expenditure (CDE)

In terms of this, capital development expenditure is allowed as an incentive for agriculture subject to the following conditions:

- CDE may not cause or increase a loss.
- CDE, which has not been allowed in the current year of assessment, is carried forward to the next year of assessment to be set off against future profits.
- If a farmer ceases to carry on farming operations, he loses all the CDE which has accumulated during the previous year of assessment.

CDE may be allowed on the listed farming implements:

- Dipping tanks.
- Dams.
- Irrigation schemes.
- Wells and boreholes.
- Pumping machinery.
- Erection of/additions or improvements to farm buildings, including dwellings for employees.
- Establishment of orchards and vineyards.
- Building of roads and bridges used in farming operations.
- Carrying of electric power from the main transmission lines to farm apparatus.

Special Economic Zones (SEZ) Incentives

Eswatini has joined other COMESA member states to legislate the Special Economic Zones Act to bolster economic development and job creation. Primarily, companies located in the areas designated as SEZs benefit from a number of incentives which include but are not limited to:

- Exemption from corporate taxes for the first 20 years, thereafter a corporate tax shall be charged

at a rate of 5%.

- Remissions of customs duty, value added tax and any other tax payable on raw materials, equipment and machinery.
- Exemption from foreign exchange controls or restrictions for activities carried out in an SEZ.

Promoting Investments in Eswatini–The Swaziland Investment Promotion Authority (SIPA)

The Swaziland Investment Promotion Authority (SIPA) was created through an Act of Parliament, the Swaziland Investment Promotion Act 1998, and was officially launched in April of the same year. SIPA is a gateway for investors to Eswatini as well as a support centre for export companies operating in Eswatini.

SIPA's MISSION

To promote, facilitate and coordinate foreign and local investment and trade in Eswatini, with the objective of creating wealth necessary to enhance the economic development of the kingdom and its people.

SIPA VISION

"SIPA aims to be the leader in investor confidence in the Kingdom of Eswatini and the region".

SIPA Objectives Are:

- To attract, encourage, facilitate and promote local and foreign investment and trade in Eswatini.
- To initiate, coordinate and facilitate the implementation of government policies and strategies on investment and trade.
- To provide a one-stop information and support facility to local and foreign investors and exporters.
- To advise the Minister on investment policies, strategies, proposals and suitable incentives for investors and exporters.

SIPA's strategies are geared towards the attainment of these broad objectives through providing a single window facility for investors. Execution of these strategies is undertaken through the two key departments which include:

Investment Promotion Department

This department is responsible for the execution of the investment promotion strategic objectives for investment generation from both local investors and foreign direct investment for job creation and economic growth. In doing so, it disseminates investment information and opportunities as well as related approval formalities. The department plays the front-line role in marketing the country as an ideal investment base through undertaking outward investment missions and facilitating inward investment missions for specific sectors, as well as arranging an array of meetings with regulatory and government entities for approval formalities.

Once an investor has decided to invest in Eswatini, the department facilitates the pre-establishment phase including registration, operating space acquisition, licenses and permits. It offers post-establishment aftercare services for compliance-related issues, addresses investor's concerns and encourages re-investment and expansion. The department also assists local entrepreneurs with their expansion plans by facilitating links with foreign direct investors either in joint-ventures or in sub-supply functions.

Trade Department

The trade department is responsible for executing policies and strategies related to trade promotion including domestic and international trade. To achieve this goal, the department organises national expos comprising sectoral and regional expos and the main Eswatini International Trade Fair. The department also organises and arranges international inward buyer missions for products made in Eswatini and facilitates and subsidises the participation of Eswatini companies in targeted international expos.

The implementation of trade-related agreements is undertaken by this department. The department also profiles products and companies that are (getting) ready for export and supports them with an export assistance programme.

Investing in Eswatini

The economic philosophy espoused by the Government of Eswatini is the free enterprise system, and this has sound economic management as the basis for creating an attractive macroeconomic environment that is necessary for increasing investor confidence. The stability of the macroeconomic environment is the guiding principle behind the government's management of the national economy. This is often considered to be the most important driver for new investment.

Foreign and local investments in all business sectors are welcome. While the Small Enterprise Development Company (SEDCO) offers business development and start-up support services for micro, small and medium enterprises, SIPA focuses on large companies both domestic and foreign to facilitate their investments in Eswatini.

For mergers and acquisitions, the Swaziland Competition Commission reviews investment and its effect on specific industries, the effect on employment and the ability of small businesses to be competitive. All mergers and acquisitions are subject to screening and approval by the Swaziland Competition Commission.

Eswatini's capital markets are closely tied to those of South Africa and operate under conditions generally similar to the conditions in that market. The government in 2010 enacted the Securities Act to strengthen the regulation of the portfolio investment. The act was primarily to facilitate and develop an orderly, fair and efficient capital market in the country.

13 Contacts



Federation of Swaziland Employers & Chamber of Commerce (FSE&CC)

P. O. Box 72, Mbabane
Phone: +268 2404 0768
Email: fsecc@business-swaziland.com
Web: www.business-swaziland.com

Federation of Swaziland Business Community (FESBC)

P.O.Box 5662, Manzini
Phone: (+268) 5059199
Fax: (+268) 5059199
Email: fesbc@realnet.co.sz
www.fesbc.org.

Construction Industry Council

Phone: +268 2404 9848 / 8481 / 1497
Fax: +268 2404 8527 |
Email: info@cic.co.sz
P.O. Box 5020, Mbabane, H100

Swaziland Institute of Accountants

P. O. Box 2653, Mbabane
Phone: +268 2404 5566
Fax: 404 6827
Email: sia@realnet.co.sz

Swaziland Association of Architects,

Engineers & Surveyors
P. O. Box A387, Swazi Plaza
Phone: +268 2404 2227

The Building Contractors Association

P. O. Box 518, Mbabane
Phone: +268 2404 0071
Fax: +268 2404 4258
Email: socoswad@realnet.co.sz

Hotel & Tourism Association

P. O. Box 462, Mbabane
Phone: +268 2404 2218
Fax: +268 2404 4516
Email: aliand@realnet.co.sz

Swaziland Law Society

P. O. Box 512, Mbabane
Phone: +268 2404 1915,
Fax: +268 2404 2179

Medical & Dental Council

C/o Ministry of Health
P. O. Box 5, Mbabane
Phone: +268 2404 2431
Fax: +268 2404 2092

University of Swaziti (UNESWA)

C/o University of Eswatini
Private Bag, Kwaluseni
Phone: +268 2518 4011
Fax: +268 2518 5276

National Agricultural Marketing Board

(NAMBOARD)
P. O. Box 4261, Manzini
Phone: +268 505 2646
Fax: +268 2505 4072

Swaziland Citrus Board

P. O. Box 343, Mbabane
Phone: +268 2404 4266

20. GOVERNMENT MINISTRIES

Main Government website: www.gov.sz

Prime Minister's Office

PHYSICAL ADDRESS
Cabinet Offices
Hospital Hill
Mbabane
Eswatini

POSTAL ADDRESS

P.O. Box 395
Mbabane
Phone: +268 2404 2251/3
Fax: +268 2404 3943
Website: www.gov.sz

Deputy Prime Minister's Office

PHYSICAL ADDRESS

Secretarial Building
Deputy Prime Minister's Office
Gwamile Street

POSTAL ADDRESS

P.O. Box A33
Swazi Plaza H101
Mbabane
Eswatini

Phone: +268 2404 2723/4
+268 2404 5980
+268 2404 5980/1
Fax: +268 2404 4073

Agriculture

P. O. Box 162
Mbabane
Phone: +268 2404 2731

Commerce Industry & Trade

P. O. Box 451
Mbabane
Phone: 404 3201/2/3/4/5; 4779; 4928
Fax: 404 4711

Economic Planning & Development

P. O. Box 602
Mbabane
Phone: 404 3765; 8153; 2158; 7963
Fax: 404 3300; 2157

Education

Ministry of Education and Training Building Hospital Hill Road, Mbabane

Postal Address: P.O. Box 39 Mbabane
Phone: (+268) 24042491/ 24045750/ 24043307
Fax: (+268) 24049433- Minister's office
(+268) 24043880-Principal Secretary's office
Email: ps_education@gov.sz

Finance

P. O. Box 443
Mbabane
Phone: 404 2142; 8145/6/7/8/9; 8150
Fax: 404 3187

Foreign Affairs
P. O. Box 518
Mbabane
Phone: 404 2661
Fax: 404 2669

Health

P. O. Box 5
Mbabane
Phone: 404 2431; 4016; 4090; 4345; 5514/5
Fax: 404 2092; 7420

Home Affairs

P.O. Box 432
Mbabane
Phone: +268 2404 2941/2404 5880/2
Fax: +268 2404 4303

Housing and Urban Development

P.O. Box 1832
Mbabane
Phone: + 268 2404 6049/235/78/43
Fax: + 268 24050697/ 24044085
Email: ps_housing@gov.sz

Justice and Constitutional Affairs

Phone: +268 404 1359
Fax: +268 404 3533
Email: ps@justice.gov.sz

Labour & Social Security

P. O. Box 198
Mbabane
Phone: +268 24041971/2/3
Fax: + 26824041966
Email: deptlab@realnet.sz

Information Communication & Technology

P. O. Box 642
Mbabane
Phone: +268 2405 4000
Fax: +268 2404 1898
Email: ps_mict@gov.sz

Natural Resources and Energy

P.O. Box 57
Mbabane
Phone: +268 2404 2644
Fax: +268 2404 4851
Email: nergyswa@realnet.co.sz

Public Service

P.O. Box 170
Mbabane
Phone: + 268 2404 3521
Fax: + 268 2404 5379
Email: PS_MOPS@gov.sz

Public Works & Transport

P.O. Box 58
Mbabane
Phone: (268) 2409 9000
Fax : (268) 2404 2170

Sports Culture and Youth Affairs

Phone: 2404 5053/ 5214/4081/4112/4106/5113
Website: www.gov.sz

Tinkhundla Administration

Industrial Site , Post and Telecom Building
Ground, First and Second Floors
Sheffield Road, Opposite Print Pak
Phone: +268 2404 1244
 +268 2404 1253
 +268 2404 1349
Fax: +268 404 1012

Tourism and Environmental affairs

P.O Box 2652
Mhlambanyatsi Road
Mbabane
Phone: +268 2404-6162
Email: ps_tourism@gov.sz
Website: www.gov.sz

