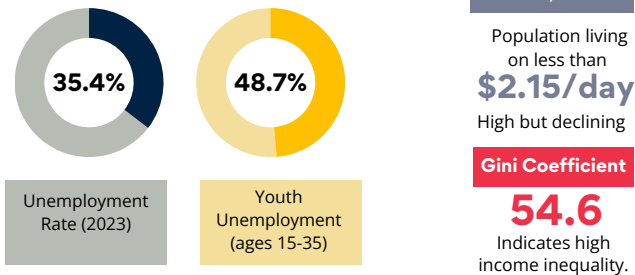


Eswatini Public Finance Review:

Leveraging Fiscal Adjustment for Better Development Outcomes

The Public Finance Review for Eswatini highlights the opportunities that lie ahead for Eswatini's economic stability and social equity.

Current Economic Landscape



Revenue Mobilization

Domestic Revenue Gap:

Non-SACU revenues are low compared to regional peers.

Tax Gaps:

- VAT Gap: Widening
- Corporate Tax Gap: High
- Property Tax Gap: Significant

Public Investment Management

Capital Spending: Dominated by domestic financing, but execution rates are low.

Mainstream climate considerations into the public investment management: Needs improvement.

Macro-Fiscal Challenges

State's footprint: Large, especially through State-Owned Enterprises (SOEs)

Public expenditure arrears: High

Public sector wage premium: High

Revenue: Volatile due to SACU revenue

Public Financial Management

Budget preparation and execution challenges

Commitment controls: Challenges

Procurement: Challenges

Health Outcomes

Life expectancy:

Declined after COVID

Infant Mortality Rate:



- Poorest Quintile: 45/1,000 live births
- Richest Quintile: 23/1,000 live births

Maternal Mortality Ratio:

Remains high at 240 per 100,000 live births (2021).

Policy Options

Make fiscal policy an instrument for macroeconomic stability and external competitiveness:

- Eliminate expenditure arrears
- Reduce state large footprint through SOEs
- Continue to implement prudent fiscal policies

Increase domestic revenue:

- Improve on tax administration
- Reduce tax expenditures
- Create a high-net worth individual unit
- Improve the financial performance of SOEs

Strengthen Public Financial Management:

- Improve budget planning, execution, transparency and citizen engagement
- Enhance public procurement
- Improve commitment controls

Build productive physical capital:

- Strengthen public investment management while mainstreaming climate considerations
- Implement fully finding of the 2019 PIMA
- Strengthen institutional arrangements

Invest in Health :

- Improve the efficiency of health spending
- Holistically address supply chain management challenges for essential medicines
- Increase funding and quality for primary healthcare.

Policymakers, stakeholders, and citizens could take the opportunities presented in the PFR and transform the policy options into actionable strategies that foster inclusive growth and improve the quality of life for all citizens.