



GOVERNMENT OF THE KINGDOM OF ESWATINI

INFORMATION STATEMENT
in respect of the
ZAR4,000,000,000
MEDIUM TERM NOTE PROGRAMME

The Government of the Kingdom of Eswatini (the **Issuer**) intends to issue notes from time to time (the **Notes**) under the ZAR4,000,000,000 Medium Term Note Programme (the **Programme**) on the basis set out in the Programme Memorandum dated 20 November 2023, as amended and restated from time to time (the **Programme Memorandum**).

The Notes may be issued on a continuing basis and be placed by the Dealer specified in the section headed "Summary of Programme" under the Programme Memorandum and any additional Dealers appointed under the Programme from time to time by the Issuer, which appointment may be for a specific issue or on an ongoing basis.

The specific aggregate nominal amount, the status, maturity, interest rate, or interest rate formula, dates of payment of interest, purchase price to be paid to the Issuer, any terms for redemption or other special terms, currency or currencies, form and denomination of Notes, information as to financial exchange listings and the name of the dealer, underwriters or agents in connection with the sale of Notes being offered at a particular time will be set forth or referred to in the terms and conditions contained in the Programme Memorandum (the **Terms and Conditions**), read together with the pricing supplement applicable to any Notes (the **Applicable Pricing Supplement**) and this information statement (the **Information Statement**).

Availability of Information

This Information Statement is also available on the Issuer's website at: <https://www.gov.sz/index.php/budget-monetary-affairs/public-debt>

Information on the Issuer's website, other than in this Information Statement and the Programme Memorandum, is not intended to be incorporated by reference into this Information Statement, save for those documents which are incorporated by reference in the section headed "*Documents Incorporated by Reference*" in the Programme Memorandum.

Recipients of this Information Statement should retain it for future reference. It is intended that the Programme Memorandum read together with the Applicable Pricing Supplement in connection with the issuance of Notes, will refer to this Information Statement for a description of the Issuer, its financial condition and results of operations (if any) and investor considerations/risk factors of the Issuer, until a new information statement is issued. This Information Statement is not intended, and should not be construed as, the Programme Memorandum and/or the Applicable Pricing Supplement(s). It is not a standalone document and cannot be read without reference to the Programme Memorandum and/or the Applicable Pricing Supplement(s).

Information Statement dated 4 August 2025.

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GENERAL

Capitalised terms used in this section headed "General" shall bear the same meanings as defined in the Terms and Conditions in the Programme Memorandum, except to the extent that they are separately defined in this section, or this is clearly inappropriate from the context.

The Issuer certifies that to the best of its knowledge and belief there are no facts that have been omitted from this Information Statement which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made, and that this Information Statement contains all information required by law and the Debt and Specialist Securities Listings Requirements of the JSE. The Issuer accepts full responsibility for the accuracy of the information contained in this Information Statement.

The JSE takes no responsibility for the contents of this Information Statement, the Programme Memorandum, the published audited annual financial statements, the integrated annual reports, the constitutional documents of the Issuer, the Applicable Pricing Supplement(s) and any amendments or supplements to the aforementioned documents. The JSE makes no representation as to the accuracy or completeness of this Information Statement, the Programme Memorandum, the published audited annual financial statements, the annual reports and the Applicable Pricing Supplement(s) and any amendments or supplements to the aforementioned documents and the JSE expressly disclaims any liability for any loss arising from or in reliance upon the whole or any part of the aforementioned documents. The JSE's approval of the registration of the Programme Memorandum and listing of the Notes is not to be taken in any way as an indication of the merits of the Issuer or of the Notes and that, to the extent permitted by law, the JSE will not be liable for any claim whatsoever.

In addition, the Issuer, having made all reasonable inquiries, confirms that this Information Statement contains or incorporates all information which is material in relation to the issuing and the offering of the Notes, that all information contained or incorporated in this Information Statement is true and accurate in all material respects and that the opinions and the intentions expressed in this Information Statement are honestly held and that there are no other facts, the omission of which, would make this Information Statement or any of such information or expression of any such opinions or intentions misleading in any material respect.

The Arranger, the Dealer, the JSE Debt Sponsor or any of their respective subsidiaries or holding companies or a subsidiary of their holding companies (**Affiliates**) and the professional advisors have not separately verified the information contained in this Information Statement. Accordingly, no representation, warranty or undertaking, expressed or implied, is made and no responsibility is accepted by the Arranger, Dealer, the JSE Debt Sponsor, their Affiliates or any of the professional advisors as to the accuracy or completeness of the information contained in this Information Statement or any other information provided by the Issuer. None of the Arranger, the Dealer, the JSE Debt Sponsor, their Affiliates nor any of the professional advisors accepts any liability in relation to the information contained in this Information Statement or any other information provided by the Issuer in connection with the Notes. The statements made in this paragraph are without prejudice to the responsibilities of the Issuer.

No person has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Information Statement or any other information supplied in connection with the issue and sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arranger, the Dealer, the JSE Debt Sponsor, their Affiliates or the professional advisors. Neither the delivery of this Information Statement nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof, or that any other financial statement or other information supplied in connection with the Information Statement is correct at any time subsequent to the date indicated in the document containing same.

Neither this Information Statement nor any other information supplied in connection with the Notes constitutes the rendering of financial or investment advice by or on behalf of the Issuer, the Arranger, the Dealer, the JSE Debt Sponsor, their Affiliates or any professional advisor.

This Information Statement and any other information supplied in connection with the Notes is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Arranger, the Dealer, the JSE Debt Sponsor, their Affiliates or any professional advisor, that any recipient of this Information Statement should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the

financial condition and affairs and its own appraisal of the creditworthiness, of the Issuer. Each potential investor should consult its own advisors to make its investment decision and to determine whether it is legally permitted to purchase the Notes under Applicable Laws and regulations.

Neither this Information Statement nor any other information supplied in connection with the Notes constitutes an offer or invitation by or on behalf of the Issuer, the Arranger, the Dealer, the JSE Debt Sponsor, their Affiliates or the professional advisors to any person to subscribe for or to purchase any Notes.

This Information Statement does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. None of the Issuer, the Arranger, the Dealer, the JSE Debt Sponsor, their Affiliates nor any professional advisor, represents that this Information Statement may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Arranger, the Dealer, the JSE Debt Sponsor, their Affiliates or the professional advisors which would permit a public offering of any Notes or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Information Statement nor any advertisement nor other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any Applicable Laws and regulations. The Arranger or the Dealer have represented that all offers and sales by them will be made on the same terms and in compliance with this prohibition.

The distribution of this Information Statement and the offer for the subscription or sale of Notes may be restricted by law in certain jurisdictions. Currently, the Notes are only available for subscription by South African residents. Persons into whose possession this Information Statement or any Notes come must inform themselves about, and observe, any such restrictions. In particular there are restrictions on the distribution of this Information Statement and the offer for the subscription or sale of Notes in the United States of America, the European Economic Area, the United Kingdom and South Africa.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**), or with any securities regulatory authority of any state or other jurisdiction of the United States of America and may not be offered or sold in the United States of America or to, or for the account or benefit of, US persons (as defined in Regulation S under the Securities Act (**Regulation S**)). The Notes will be offered and sold only in offshore transactions outside the United States of America in accordance with Regulation S and, subject to certain exceptions, may not be offered, sold or delivered within the United States of America or to, or for the account or benefit of, US persons.

Information and opinions presented in the Information Statement were obtained or derived from public sources that the Arranger, the Dealer, the JSE Debt Sponsor, their Affiliates or the professional advisors believe are reliable but make no representations as to the accuracy or completeness thereof. Any opinions, forecasts or estimates (if any) herein constitute a judgment as at the date of this Information Statement. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or estimates. Past performance should not be taken as an indication or guarantee of future performance and no representation or warranty, express or implied is made regarding future performance. The price, value of and income from any of the securities or financial instruments mentioned in this Information Statement (if any) can fall as well as rise. Any opinions expressed in this Information Statement are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or groups of the Arranger, the Dealer, the JSE Debt Sponsor, their Affiliates or the professional advisors as a result of using different assumptions and criteria. Furthermore, the Arranger or the Dealer (and their respective directors, employees, representatives and agents), the JSE Debt Sponsor, their Affiliates or any professional advisors accept no liability for any direct or indirect loss or damage incurred arising from the use of the material presented in this Information Statement, except as provided for by law.

All trademarks, service marks and logos used in this Information Statement are trademarks or service marks or registered trademarks or service marks of the Issuer. This Information Statement may not be reproduced without the prior written consent of the Issuer, the Arranger or the Dealer. It may not be considered as advice, a recommendation or an offer to enter into or conclude any transactions.

Copies of this Information Statement are available by request from the registered offices of the Issuer.

INVESTOR CONSIDERATIONS / RISK FACTORS

Capitalised terms used in this section headed “Investor Considerations/Risk Factors” shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section, or this is clearly inappropriate from the context.

The Issuer believes that the factors outlined below may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below. The value of the Notes could decline due to any of these risks and investors may lose some or all of their investment.

*The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information available to it at the date of this Information Statement (the **Information Statement Date**), or which it may not be able to anticipate at the Information Statement Date. Accordingly, the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive.*

Prospective investors should also read the detailed information set out elsewhere in the Programme Memorandum to reach their own views prior to making any investment decision.

References below to the “Terms and Conditions”, in relation to Notes, shall mean the “Terms and Conditions of the Notes” set out under the section of the Programme Memorandum headed “Terms and Conditions of the Notes”.

Factors that may affect the Issuer’s ability to fulfil its obligations under Notes issued under the Programme

Risks Relating to the Notes

The Notes may not be a suitable investment for all investors

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in the Programme Memorandum or any applicable pricing supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such an investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor’s currency;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor’s overall investment portfolio.

There may not be an active trading market for the Notes

Notes issued under the Programme will be new securities which may not be widely distributed and for

which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. There is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes.

The Notes may be redeemed prior to maturity

Unless in the case of any particular Tranche of Notes the Applicable Pricing Supplement specifies otherwise, in the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the government of South Africa or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Terms and Conditions.

In addition, if in the case of any particular Tranche of Notes the Applicable Pricing Supplement specifies that the Notes are redeemable at the Issuer's option in certain other circumstances, the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

Because uncertificated Notes are held in the CSD, investors will have to rely on their procedures for transfer, payment and communication with the Issuer

Notes issued under the Programme which are listed on the Interest Rate Market of the JSE or such other or additional Financial Exchange and/or held in the CSD may, subject to Applicable Laws and the Applicable Procedures, be issued in uncertificated form. Unlisted Notes may also be held in the CSD in uncertificated form. Notes held in the CSD will be issued, cleared and settled in accordance with the Applicable Procedures through the electronic settlement system of the CSD. Except in the limited circumstances described in the Terms and Conditions, investors will not be entitled to receive Individual Certificates. The CSD will maintain records of the Beneficial Interests in Notes issued in uncertificated form, which are held in the CSD (whether such Notes are listed or unlisted). Investors will be able to trade their Beneficial Interests only through the CSD and in accordance with the Applicable Procedures.

Payments of principal and/or interest in respect of uncertificated Notes will be made to the CSD or the Participants and the Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the CSD or the Participants for distribution to their account holders. A holder of a Beneficial Interest in uncertificated Notes, whether listed or unlisted, must rely on the procedures of the CSD to receive payments under the relevant Notes. Each investor shown in the records of the CSD or the Participants, as the case may be, shall look solely to the CSD or the Participant, as the case may be, for their share of each payment so made by the Issuer to the registered holder of such uncertificated Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, such Beneficial Interests.

Holders of Beneficial Interests in uncertificated Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the CSD to appoint appropriate proxies.

Credit Rating

Tranches of Notes issued under the Programme, the Issuer, as the case may be, may be rated or unrated. A Rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning Rating Agency. Any adverse change in an applicable credit rating could adversely affect the trading price for the Notes issued under the Programme.

Any amendment in the Rating of the Issuer, as the case may be, after the Programme Date, will be announced on SENS.

Risks related to the structure of the particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

Notes subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of the Notes. During any period when the Issuer may elect to redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to re-invest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Index-Linked and Dual Currency Notes

The Issuer may issue Notes the terms of which provide for interest or principal payable in respect of such Notes to be determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a **Relevant Factor**) or with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- the market price of such Notes may be volatile;
- no interest may be payable on such Notes;
- payments of principal or interest on such Notes may occur at a different time or in a different currency than expected;
- the amount of principal payable at redemption may be less than the Nominal Amount of such Notes or even zero;
- a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable is likely to be magnified; and
- the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

Partly paid Notes

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of its investment.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Variable Rate Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate may at any time be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

Notes where denominations involve integral multiples: Individual Certificates

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive an Individual Certificate in respect of such holding and would need to purchase a Nominal Amount of Notes such that its holding amounts to a minimum Specified Denomination.

If Individual Certificates are issued, holders should be aware that Individual Certificates which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Modification and waivers and substitution

The Terms and Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Change of law

The Notes are governed by, and will be construed in accordance with, South African law in effect as at the Programme Date. No assurance can be given as to the impact of any possible judicial decision, change to South African law or administrative practice in South Africa after the Programme Date.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Risks Relating to the Government of the Kingdom of Eswatini

Rising Government Debt Levels

Notes issued under the Programme represent claims on the Government of the Kingdom of Eswatini (the **Government** or the **Issuer**) such that a fundamental risk relating to the Notes is the ability and willingness of the Issuer (as represented by the Ministry of Finance) to execute its obligations under the Programme in relation to payment of interest (coupons) and principal on redemption of the Notes. Although relatively low compared to other sovereigns, the Issuer's external debt has been on an upward trajectory over the past few years due to the Government's weak fiscal position. Persistent fiscal deficits and muted economic growth has caused Eswatini's debt to Gross Domestic Product (**GDP**) to rise from below 20 per cent a decade ago to 38.3 per cent as at May 2025. Persistent growth in debt levels accompanied by poor revenue growth have the potential to limit the Government's ability to service future debt.

Dependency on SACU

The Southern African Custom Union (**SACU**) revenues account for a significant portion of the country's total Government revenues (about 40 per cent average over the past few years), leading to challenges for the Kingdom of Eswatini (the **Kingdom or Eswatini**). The volatility in SACU receipts poses challenges for the Government in planning fiscal policy over the medium-term. This has been an issue for several years and led to the Government aiming to rely less on the SACU revenue and instead increase domestic tax collection. A significant decline in SACU revenues leads to widening fiscal deficits with a negative impact and have a negative impact on the economy. Another risk associated with SACU is the possibility in future of the SACU revenue sharing formula being revised such that smaller states like Eswatini end up receiving a lower share of the revenue pool. To circumvent this challenge, the Government has found it crucial to create a SACU stabilization fund which will assist cushion the shocks in SACU revenue, whilst also enhancing domestic revenue collection in order to strengthen the fiscus.

Monetary policy limitations

Although participation in the Common Monetary Area (**CMA**) has so far yielded positive results in terms of containing inflation and ensuring financial stability in Eswatini, joining the CMA has ensured that Eswatini surrenders its ability to conduct monetary policy independently. This prevents Eswatini from implementing policies that allow the country to independently manage the impact of external shocks that could hit the country. The Issuer cannot unilaterally use the exchange rate as a policy tool to either deal with external shocks or promote export competitiveness.

Low & volatile economic growth

The country's economic growth over the past decade has been relatively low but stable and highly susceptible to global dynamics due to its openness. Shocks to the global economy experienced in previous years such as the fiscal crisis and the Covid-19 pandemic have caused sharp contractions in Eswatini's economy. Furthermore, the strong links with South Africa through both trade and the CMA imply that shocks and disruptions in the South African economy have the potential to adversely affect Eswatini's economic performance.

Social unrest risk

Eswatini is noted to have a relatively high youth unemployment rate (15-24 years) estimated at 56.1 per cent (Labour Force Survey (**LFS**), 2023) and noted to be high in both urban and rural areas. Over the past few years, the country has experienced protests and social unrest in the major towns with calls for improved public finance management, transparency and political reform. Failure by the Government to address the prevailing poverty and income inequality in the near future would most likely intensify social unrest and calls for political reform undermining peace and stability.

Climate change impact on the economy

The country is exposed and vulnerable to weather-related environmental risks emanating from global climate change. These risks include, amongst others, the prevalence of droughts, floods and wild fires. The strong role of the agricultural sector in the economy implies that the country needs to prioritize climate change mitigation and adaptation measures. With a majority of the population residing in rural areas and relying on subsistence farming, adverse weather changes have the potential to exacerbate the high poverty and inequality challenges.

Enforceability of claims against the government

In terms of section 4 of the Government Liabilities Act, 1967 of the Kingdom of Eswatini, in the event of a default by the Government and a subsequent court judgment in favour of the noteholders, no execution, attachment, or similar process may be issued against the Government or its property. Payment of any sums awarded by a court is to be made by the Accountant-General out of the revenues of the Government of Eswatini. As a result, noteholders will not have recourse to the Government's assets to satisfy any judgment, and payment is dependent on the Government's willingness and ability to pay from its revenues. This may result in delays or non-payment in the event of fiscal constraints or other circumstances affecting the Government's finances.

Fiscal Sustainability

The Government has in recent years been putting into place reforms to put the fiscal account into a sustainable path. The implementation of the Fiscal Adjustment Plan (FAP) has come with challenges, nevertheless the commitment to contain expenditure has been the Government's main priority. Expenditure in the last three years has averaged E22.2 billion regardless of the expenditure pressures emanating from cyclone Eloise, the advent of the Covid-19 pandemic, the destruction of infrastructure due to social unrest, etc. To contain expenditure, the Government has been reallocating from on-going programs to cater for emerging issues other than increasing expenditure.

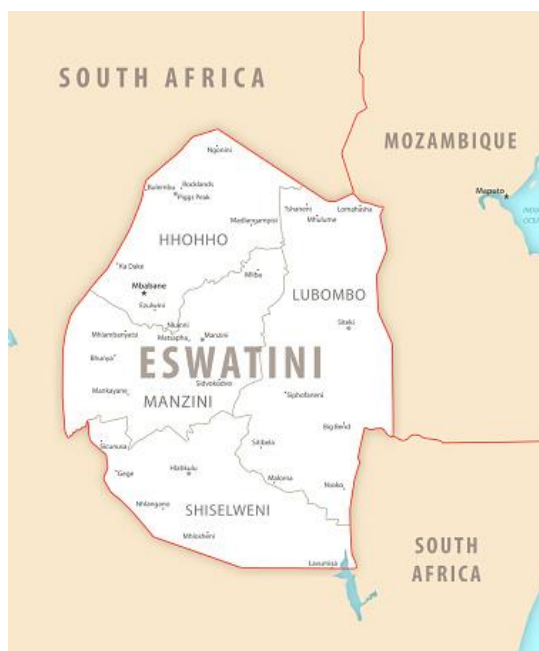
The FAP was amended in October 2021, due to alterations in projections and difficulty in implementing some of the policy measures initially planned. The amended FAP with an adjustment of 4.8 per cent of GDP over the medium term has also proven to be difficult to implement in the set time period due to pressing needs in the Kingdom. 2023/24 was an election year and as expected, there was pressure on expenditures since the Government had to provide for the election activities. The anticipated expenditure savings from the FAP (EVERS, SOE reforms, Scholarship Fund) have proven to be difficult to implement in the medium term as there are certain processes that need to be completed first. The Government however remains committed to implementing the reforms in the medium to long term.

Furthermore, policy measures intended to increase revenue collections have also been delayed. For example, the fuel tax increase has been halted due to the Russia- Ukraine war that has exerted pressure

on global fuel prices making it impossible for the country to put additional tax. On the positive side, SACU revenues are expected to increase and reach about E10 billion and the Government intends to save part of the revenue in a stabilization fund to cater for SACU volatility.

DESCRIPTION OF THE GOVERNMENT OF THE KINGDOM OF ESWATINI

Capitalised terms used in this section headed “Description of the Government of the Kingdom of Eswatini” shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section, or this is clearly inappropriate from the context.



Source: International Press Telecommunications Council

1. INTRODUCTION AND SUMMARY

The Kingdom of Eswatini (formerly known as Swaziland) (**Eswatini**) is a small land-locked open economy with a land area of 17,364 km² and a population of 1.2 million people. The country shares $\frac{3}{4}$ of its borders (north, south and west) with the Republic of South Africa and $\frac{1}{4}$ to the east with the Republic of Mozambique. With a GDP per capita of USD 3,987 (World Bank), Eswatini is classified as a lower middle-income country. The Kingdom gained independence in September 1968 from the United Kingdom and is a monarchical democracy with His Majesty King Mswati III (the **King**) as the Head of State ruling in consultation with a government constituted of modern institutions (the executive, legislature and judiciary). Eswatini is geographically divided into four districts – Hhohho (with the administrative capital Mbabane), Manzini (the commercial district), Lubombo and Shiselweni. Within each district are regional constituencies, defined as Tinkhundla through which social services are delivered as part of Government’s decentralization policy. The Tinkhundla centres also serve as a key pillar for political organization and popular representation of people in Parliament through direct elections. The country changed its name from Swaziland to Eswatini in 2018.

Eswatini has an open economy and strong economic ties in the region characterized by its membership in the Southern African Customs Union¹ (**SACU**) and the CMA. South Africa is the country’s major trading partner with 65 per cent of the country’s total exports destined for South Africa and Eswatini importing 70 per cent of its total imports from South Africa. The country’s currency, the Lilangeni, is pegged at par to the South African Rand (the **Rand**). Through the country’s membership in the CMA, together with South Africa, Lesotho and Namibia, the Rand also enjoys legal tender status in Eswatini. Participation in the CMA has ensured that the country has a credible monetary policy with the Central Bank of Eswatini’s policy discount rate closely tracking the South African Reserve Bank’s (the **SARB**)

¹ SACU is the regional customs union with Botswana, Lesotho, Namibia, South Africa and Eswatini as members.

repo rate. The CMA membership also guarantees free capital flows between Eswatini and South Africa with no exchange controls in place amongst all CMA members.

Eswatini has a dual legal system with Swazi law and custom being of the same force as Roman Dutch law (the common law). This allows for a duality of courts which apply either Swazi law and custom or Roman Dutch law which has a heavy influence of English common law. Matters predominantly of a customary nature are brought before the Swazi courts. The common law courts apply both criminal and civil law, with the Supreme Court being the highest court in the Land. The judiciary is created in terms of the constitution which provides for the separation of powers and guarantees the rule of law. All courts are guided by the principal of legal precedence (*stare decisis*), with consequences that all lower courts are bound by the decisions of the higher court.

2. THE ECONOMY

Overview

The global economic outlook remains volatile underpinned by escalating trade tensions and policy uncertainty, mainly due to the United States' implementation of new tariff measures. This has led to a subdued growth outlook, with global growth projected to slow to 2.8 per cent in 2025 and 3.0 per cent in 2026 (IMF, WEO April 2025). Moreover, the Sub-Saharan Africa is expected to experience a similar slowdown, with growth projected to ease to 3.8 per cent in 2025 and 4.2 per cent in 2026, attributable to lower external demand, subdued commodity prices, and tighter financial conditions.

Economic Projections 2024

The Eswatini Central Statistical Office (CSO) undertook a rebasing exercise of the country's National Accounts, revising the base from 2011 prices to 2019 prices. Resultantly, this has revised previously submitted estimates as well as projected growth rates for the economy. The CSO released its final rebased GDP series in March 2025, estimating official GDP growth at 3.4 percent for 2023, necessitating a revised real GDP growth of 2.6 per cent for 2024. This revision reflects a weaker-than-expected performance in the second half of 2024, particularly in the 'wholesale & retail', 'financial services' and 'agriculture & forestry' sectors.

a) Primary Sector Developments

The primary sector is estimated to have grown by 4.2 per cent in 2024 – relative to a marginal 0.1 per cent growth in 2023 – before growing by a projected 5.3 per cent in 2025. The 'agriculture and forestry' subsector is projected to grow by 4.6 percent in 2025, relative on a revised marginal growth of 0.4 per cent in 2024. The growth in this subsector grew softer than earlier expectations due to erratic weather conditions, characterized by extended dry spells in the last quarter of 2024, succeeded by significant rainfall at the onset of 2025, which adversely impacted crop yields. On the same vein, the 'mining & quarry' subsector is projected to grow by 8.1 per cent, down from the estimated 21.8 per cent in 2024. This toned-down growth in 2025 reflects geological limitations on coal yields, interrupting the robust growth momentum seen in 2023 and 2024.

Future medium-term growth is projected to be bolstered by the continued advancements of the Lower Usuthu Smallholder Irrigation Project (LUSIP II) and the expected commencement of new mining operations in 2026 and 2027.

b) Secondary Sector

The secondary sector is estimated to grow by 4.8 per cent in 2024 – recovering from a 0.9 per cent decline in 2023 – before growing by a revised 10.0 per cent in 2025. The 'manufacturing' subsector is estimated to grow by 6.4 per cent in 2024, relative to a 1.1 per cent decline in 2023. This recovery in 'manufacturing' activity emanates from positive developments in 'food manufacturing', especially in the sugar industry at the back of prospective improvements in sucrose yields and additional cane harvested under the Lower Usuthu Smallholder Irrigation Project (LUSIP II). Moreover, the manufacture of 'chemical products' as well as manufacture of 'textiles & wearing apparel' are estimated to positively

contribute to the subsector's performance in 2024, benefiting from improvements in external demand. However, there are heightened downside risks for the manufacturing sector, which may impede growth prospects for the short-to-medium term. These include the ongoing protectionism policies in the South African market for the textile industry, which is likely to constrain the optimal performance of the domestic textile industry.

The construction subsector is expected to remain robust in the short-to-medium term, attributed to the notable 79.4 per cent growth in 2025, relative to the 7.2 per cent contraction in 2024, primarily due to the continuation of public sector projects, and the commencement of private projects. The Mpakeni Dam, part of the Mkhondvo-Ngwavuma Water Augmentation Program (MNWAP), is a significant project, alongside the initiation of several large-scale initiatives such as major road constructions (MR14 and MR21), the Strategic Oil Reserve, and the new Parliament building, among others. Furthermore, substantial private sector initiatives, especially in the energy domain, along with expansions in shopping malls and investments in corporate headquarters exceeding E3.0 billion, are anticipated to bolster construction activity. Construction output is projected to reach its maximum in 2026, subsequently declining as certain projects conclude and the initiation rate of new projects decreases.

Additionally, expansion in manufacturing, especially in food processing, textiles, and wood products, is anticipated to enhance overall growth in the short to medium term. The export-oriented manufacturing sector is anticipated to gain from consistent external demand. Recent investments in the energy sector are expected to significantly enhance electricity supply by 2027, thereby facilitating increased industrial activity.

c) Tertiary Sector

The 'tertiary' sector is estimated to grow by 1.2 per cent in 2024 – down from 6.5 per cent growth in 2023 – before growing by a revised 6.4 per cent in 2025. The services sector is estimated to have slowed in 2024 due to base effects, following the robust growth in 2023. The slowdown is underpinned by a 2.1 percent decline in the 'wholesale & retail' subsector, reflecting a winding down of consumption demand in 2024 after the 8.5 percent growth recorded in 2023. Additionally, the 'public administration' subsector is projected to contract by 1.2 percent in 2024, owing to lower hiring compared to the previous year, when the sector grew by 3.2 percent. The slowdown in these sectors is largely attributed to high base effects from 2023, spurred by activities related to elections in 2023.

The primary contributor to tertiary sector growth in 2025 is projected to be 'transportation & storage,' expected to rise by 25.1 percent. The 'ICT' and 'wholesale & retail' sectors are anticipated to expand by 9.1 percent and 7.6 percent, respectively, due to spillover effects linked to heightened activity in the construction sector. The ICT subsector will persist in benefitting from infrastructure investments, particularly in fibre connections, coupled with the continued demand for ICT-related solutions. The tourism sector is projected to decline by 0.7 percent due to ongoing sluggishness compared to pre-COVID levels.

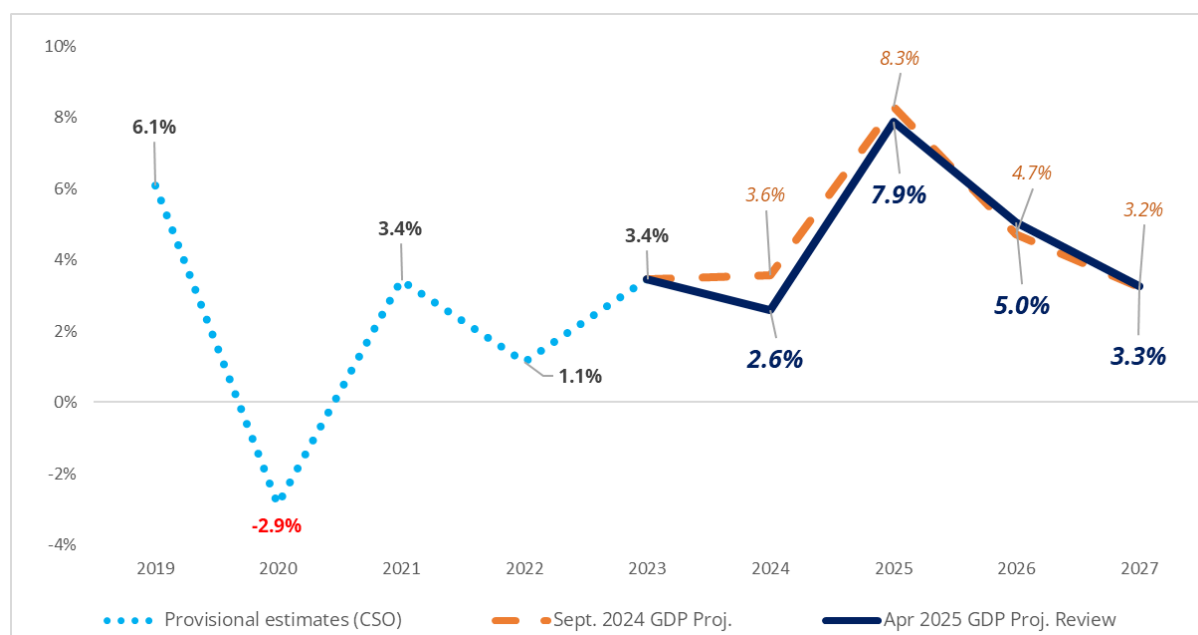
Medium Term Outlook

Economic activity is expected to increase in the medium term, averaging 5.4 percent from 2025 to 2027. Medium-term growth will primarily result from expansions in energy-related projects and the anticipated scaling up of public sector investment project implementation. The projects encompass dam construction, specifically the Mpakeni dam under the Mkhondvo-Ngwavuma Water Augmentation Programme (MNWAP), road construction – primarily the combined 110-kilometre MR14 and MR21 roads, and other significant initiatives, including the parliament building, strategic oil reserve, and the ongoing implementation of projects such as the ICCFISH.

Real GDP is anticipated to grow by 7.9 percent in 2025, an increase from 2.6 percent in 2024. The notable increase in economic growth is primarily attributed to construction activities designated for the medium term on the previously mentioned projects. Construction activity is expected to directly contribute 2.1 percentage points to the overall growth outcome in 2025. Additional supporting sectors, including transportation, quarried stone production, manufacturing, wholesale and retail, and financial services, will benefit from construction activity and contribute positively to the overall outcome.

Projected GDP growth is expected to decelerate in the subsequent years, reaching 5.0 percent in 2026 and 3.3 percent in 2027. The anticipated slowdown in economic growth is attributed to high base effects from 2025, along with the completion of several mega projects that are expected to have a slower replacement ratio. The continuation of public and private projects, such as energy initiatives, road construction, dams, and other infrastructural developments, is contingent upon the availability of financing in the medium term. The mining sector is projected to sustain robust growth, driven by heightened coal production and the exploration of additional minerals. The tourism sector is projected to return to pre-COVID levels and sustain consistent growth in the medium term. Significant growth is anticipated in the textile industry, propelled by factory shell expansions and enhanced market penetration, particularly in the United States, designated for the medium term.

Figure 1: Eswatini GDP Developments; 2019 to 2027



Source: Macro Forecasting Team (April 2025)

Downside Risks or the country's economy

Risks to the economic outlook remain predominantly tilted to the downside. Geopolitical tensions, transition in political power and trade disputes likely to create uncertainty and disruptions in global supply chains. These factors could lead to higher production costs and delay in investment, ultimately dampening economic growth prospects. Additionally, climate-induced erratic weather patterns continue to threaten agricultural output, agro-processing, and hydro-power generation. Domestically, the risk of a fiscal squeeze – stemming from lower Southern African Customs Union (SACU) receipts and potential delays in external funding for public projects – may slow the implementation of public sector projects. Furthermore, unanticipated delays in the execution of private sector driven projects particularly energy-related initiatives by independent power producers (IPPs) could further weigh on growth prospects, especially in 2025.

Table 1: Sectorial Developments; 2019 to 2027

GDP by Production Sectors at Constant 2019 prices (E million)									
2019	2020	2021	2022	2023	2024	2025	2026	2027	
a	a	a	a	est.	proj.	proj.	proj.	proj.	

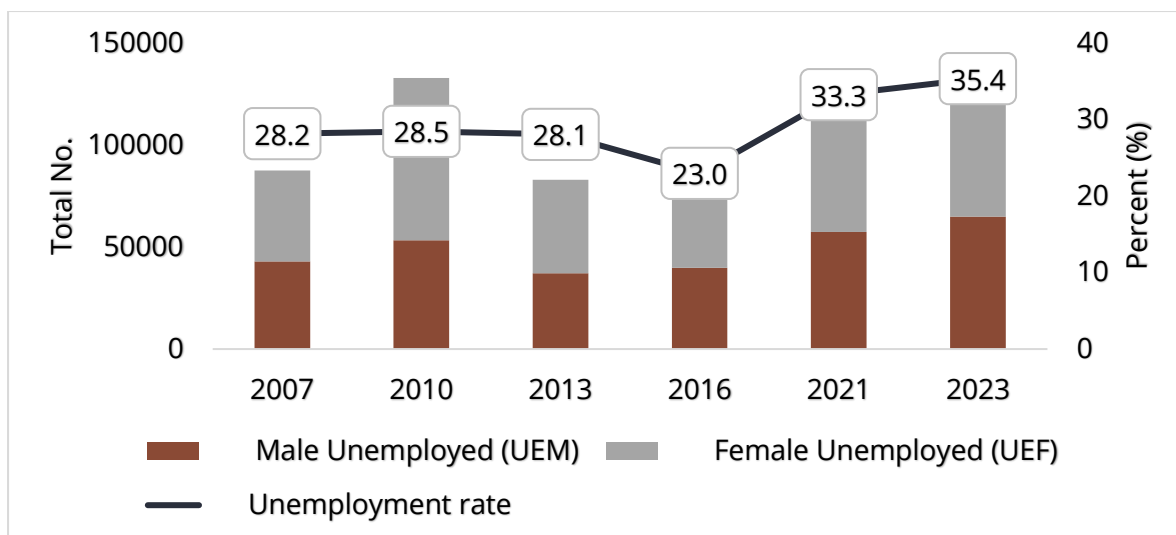
Agriculture and forestry	6.3%	-9.8%	-8.9%	3.0%	-7.9%	0.4%	4.6%	2.5%	1.9%
Growing of crops	-0.4%	-9.5%	-8.2%	6.9%	-9.5%	4.8%	4.5%	3.5%	2.8%
Animal production	22.1%	-7.5%	-15.8%	-8.0%	-2.3%	-3.9%	2.2%	-0.7%	-0.8%
Mining and quarrying	-12.4%	10.4%	18.4%	34.3%	66.0%	21.8%	8.1%	41.4%	16.3%
Primary sector	5.1%	-8.7%	-7.1%	5.7%	0.1%	4.2%	5.3%	10.9%	5.9%
Manufacturing	7.5%	-11.9%	17.6%	-0.6%	-1.1%	6.4%	4.0%	5.4%	5.8%
Construction	-3.8%	-10.4%	-6.9%	5.5%	11.8%	-7.2%	79.4%	19.3%	-10.7%
Secondary sector	6.2%	-11.5%	14.9%	-0.4%	-0.9%	4.8%	10.0%	7.3%	3.7%
Wholesale and retail trade	12.3%	-0.7%	1.2%	-0.4%	8.5%	-2.1%	7.6%	-0.4%	-0.3%
Transportation and storage	10.8%	-9.5%	-1.6%	7.8%	3.4%	5.9%	25.1%	7.3%	0.6%
Tourism	-2.3%	-41.1%	0.3%	25.2%	29.3%	8.1%	-0.7%	4.2%	3.6%
ICT	7.0%	25.9%	6.7%	16.1%	15.5%	28.3%	9.1%	7.3%	7.9%
Financial & insurance act.	10.0%	6.7%	0.2%	-4.5%	7.5%	-1.0%	8.8%	4.1%	4.3%
Real estate activities	2.0%	-2.5%	0.4%	1.0%	2.6%	-1.7%	2.8%	3.1%	2.3%
Professional services	0.3%	13.0%	-3.2%	8.9%	8.6%	-2.4%	5.2%	6.0%	5.3%
Public Admin	-3.3%	31.7%	-11.5%	-6.3%	3.2%	-1.2%	0.1%	1.1%	5.3%
Education	-2.0%	-4.6%	0.8%	6.7%	1.5%	1.5%	0.8%	1.0%	1.0%
Human health	41.5%	-3.5%	-1.9%	4.2%	5.6%	6.0%	3.3%	1.4%	2.6%
Tertiary sector	6.1%	4.3%	-1.6%	1.2%	6.5%	1.2%	6.4%	2.6%	2.7%
GDP by economic activity	6.1%	-2.9%	3.4%	1.1%	3.4%	2.6%	7.9%	5.0%	3.3%

Source: Macro Forecasting Team (MFT)

Employment and Labour Statistics

The labour market in Eswatini can be divided into three segments: the public sector, the private formal sector and the informal sector. The informal sector is made up of unofficial economic activities that are organised without Government approval and are outside mainstream industry and commerce, and they are difficult to estimate for the economy due to the nature of the industry. Notably, the country's unemployment rate increased to 35.4 per cent as reported by the 2023 LFS compared to 33.3 per cent in the 2021 LFS. Eswatini is noted to have a relatively high youth unemployment rate (15-24 years) estimated at 56.1 per cent per cent (LFS, 2023) and noted to be high in both urban and rural areas.

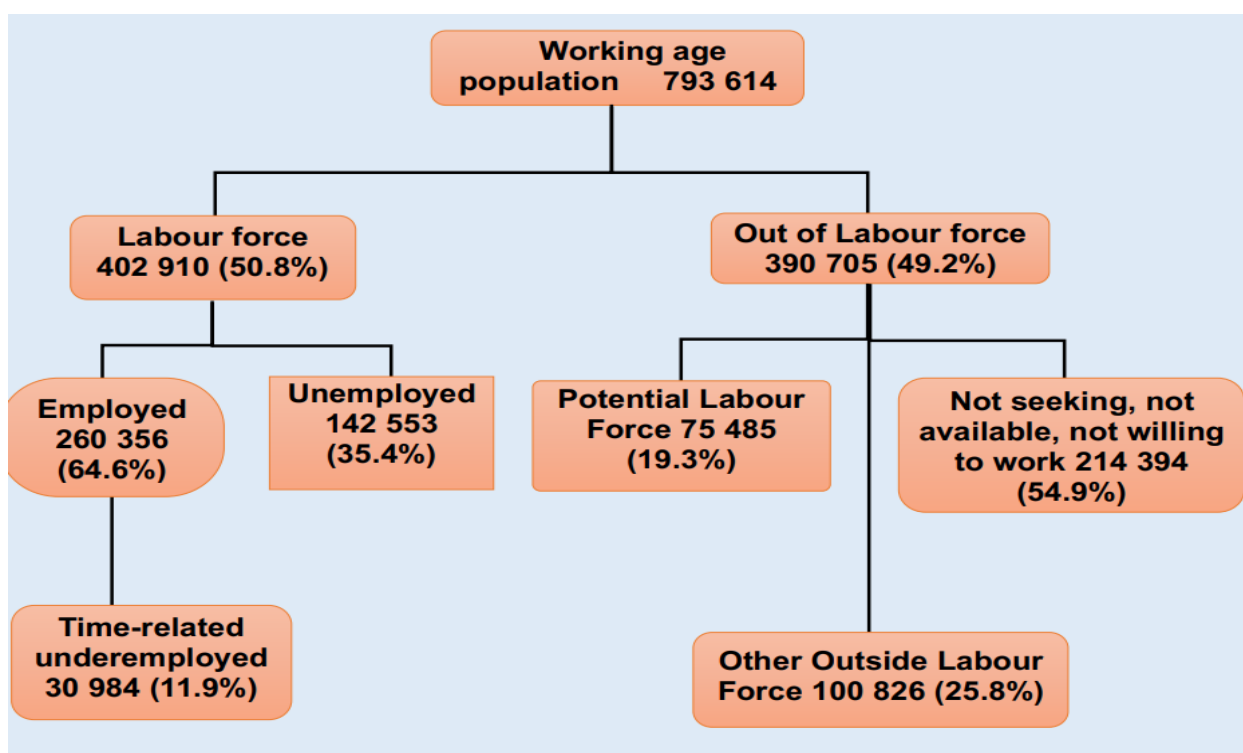
Figure 2: Unemployment Rate as % of the Total Labour Force



Source: Labour Force Survey (2023)

The country's working age population stood at 793,614 (LFS, 2023), whereby 402,910 (50.8%) is encompassed in the labour force, whilst 390,705 (49.2%) was reported to be out of the labour force. Out of the total population in the labour force, 260,356 (64.6%) are employed and economically active whereas 142,553 (35.4%) are termed to be unemployed. The out of labour force group is inclusive of potential labour force individuals together with those not seeking, not available and/or not willing to work.

Figure 3: Labor Force Status of Population Aged 15 Years and Above



Source: Labour Force Survey (2023)

Inflation

Annual consumer price inflation averaged a slower 4.0 per cent in 2024, down from an average of 5.0 per cent in 2023. The surge in consumer prices resulted from slower increases in the price indices for 'food and non-alcoholic beverages', 'household furniture & maintenance', 'health care' and 'clothing &

footwear', which accounted for 1.2 per cent of the overall inflation outcome in 2024 compared to 3.3 per cent in 2023.

On the back of an observed moderation in the supply-chain disruptions impelled by the Russia-Ukraine conflict through-out 2023, domestic food inflation was on a downward trajectory during the year 2024. Evidently, food prices fell by a significant 8.9 percentage points to average 3.9 per cent in 2024, relative to an average of 12.8 per cent in the previous year, accounting for approximately 0.8 per cent of the overall inflation outcome. Within the food category, almost all the commodities declined on a year-on-year comparison, though on different magnitudes. Notably, the prices for 'other cereals, flour & other products', declined by 24.2 percentage points to record a 0.2 per cent deflation, whilst the 'bread' price fell by 13.6 percentage points to average a mere 0.2 per cent during the year under review. In addition, the prices for 'meat' also fell by 7.5 percentage points on average, with the prices for 'fish & seafood' falling by 17.7 percentage points.

Moreover, the price index for 'household furniture & maintenance' grew by a slower 2.1 per cent in 2024 compared to 6.1 per cent in the previous year, benefitting from year-on-year decreases in the prices for 'furniture & furnishings', 'goods & services for routine household maintenance' and 'small electric household appliances'. Other downwards pressures were noted in the price indices for 'health care' and 'clothing & footwear', which fell by 1.9 and 1.6 percentage points, respectively, between the two years under review.

3. FOREIGN TRADE AND BALANCE OF PAYMENTS

Balance of Payments

Preliminary data for the year shows that the country's current account posted a narrower surplus of E1.202 billion in 2024 from a surplus of E1.849 billion in 2023. The account benefitted from a positive trade balance that more than doubled in comparison to the previous year and a 23.7 per cent improvement in the secondary income account surplus. Noteworthy is that the positive effect from the two sub-accounts was diluted by the bolstered services account deficit coupled with a deficit primary income account balance. As a share of GDP, the current account surplus was equivalent to 1.4 per cent following a surplus equivalent to 2.2 per cent of GDP in 2023.

The financial account shows that during 2024, the country posted a net outflow amounting to E1.238 billion, albeit lower compared to the outflow of E1.923 billion in 2023. The net outflow in the financial account was on account of net increases in assets held in portfolio and reserve assets accounts, whilst the direct investment and 'other investment' accounts posted net inflows.

Table 2: Balance of Payments (In Millions of Emalangeni, Flow Statistics); 2021 to 2024

Description	2021	2022	2023	2024
Current account	1,882.30	-2,112.50	1,849.70	1,201.80
<i>Goods</i>	1,890.80	1,119.70	3,058.90	4,639.10
Exports f.o.b.	30,513.80	33,298.50	37,452.30	42,508.20
Imports f.o.b.	28,622.90	32,178.80	34,393.40	37,869.00
<i>Services</i>	-2,444.30	-4,138.40	-6,512.70	-10,789.70
Exports	1,070.10	1,060.00	2,699.00	4,274.10
Imports	3,514.40	5,198.40	9,211.70	15,063.90
<i>Primary Income</i>	-5,359.30	-6,164.80	-5,692.40	-6,251.60
Credit	1,649.60	2,114.40	2,350.70	2,666.60
Debit	7,008.90	8,279.20	8,043.10	8,918.20
<i>Secondary Income</i>	7,795.00	7,071.00	10,996.00	13,603.90
Credit	8,688.90	8,194.50	12,543.90	15,215.40
Debit	893.9	1,123.50	1,547.90	1,611.50

Capital Account			-21.9	-55.8	-2.5	-23.5
		Credit	107.4	51.5	52	26
		Debit	129.3	107.3	54.5	49.6
Financial Account			2,469.60	-2,242.60	1,823.20	1,237.90
		<i>Direct investment</i>	<i>-845.3</i>	<i>-522.5</i>	<i>-926.9</i>	<i>-553.4</i>
		Assets	891.3	-284.5	-385.4	1,142.30
		Liabilities	1,736.70	238.1	541.5	1,695.70
		<i>Portfolio investment</i>	<i>5,784.50</i>	<i>-368.5</i>	<i>2,804.00</i>	<i>1,678.20</i>
		Assets	5,784.50	-368.5	2,804.00	2,065.30
		Liabilities				387.1
		<i>Financial derivatives</i>	<i>14.5</i>	<i>2.4</i>	<i>65.9</i>	<i>88.8</i>
		<i>Other investment</i>	<i>-2,704.30</i>	<i>-383.9</i>	<i>-735.1</i>	<i>-1,015.20</i>
		Assets	689.6	4,055.50	-301.7	898
		Liabilities	3,393.90	4,439.40	433.4	1,913.20
		<i>Reserve assets</i>	<i>220.2</i>	<i>-970.1</i>	<i>615.2</i>	<i>1,039.60</i>
		Special drawing rights	1,514.30	-2,303.50	-167.1	62.2
		Currency and deposits	-10.2	763.5	740.6	497.6
		Securities	-1,283.90	569.9	41.8	479.8
Net Errors and Omissions			609.2	-74.3	-24.1	-27.6

Trade Account

In 2024, Eswatini recorded a positive trade surplus of E4.639 billion from a surplus of E3.59 billion in 2023. Total exports grew by 13.5 per cent year-on-year, amounting to E42.508 billion. Imports grew at a slower 10.1 per cent to total E37.869 billion. South Africa remained the key trading partner for the country, with exports to the market accounting for 64.9 per cent of total receipts and 72.5 per cent of imports originating from South Africa.

Imports and Exports

Performance for key export commodities was mixed. Receipts from soft drink concentrates, which totaled E18.753 billion, grew by 13.6 per cent in 2024, when compared to 2023. The growth was on account of a few factors, namely, volume increases and pricing adjustments by producers, as well as inflationary pressures in demand economies. Sugar and sugar products performed impressively year-on-year, with the value of exports growing by 22.5 per cent to E10.810 billion in 2024. Although sugar prices took a dip in 2024 compared to 2023, the country benefitted from exporting to the EU market. Wood and wood articles exports amounted to E2.676 billion for the year, growing by 7.2 per cent when compared to 2023, owing to lucrative prices. Textile and textile apparel exports remained subdued in the year, falling by 2.7 per cent in 2024, as the impact of South African policies, specifically the Clothing and Textile Masterplan, continue to affect the industry.

Imports of energy products (mainly fuel and electricity) grew by a mild 2.3 per cent year-on-year to E6.992 billion in 2024, with increased volumes imported in the year. Machinery and electrical equipment imports amounted to E4.016 billion in 2024, 24.1 per cent higher year-on-year. Imports of animal and vegetable products increased by 13.5 per cent year-on-year to E3.760 billion, with growth mainly coming from the import of cereals in the year. Imports of textile and textile apparel amounted to E2.717 billion, declining by 5.9 per cent in 2024. The decline was correlated to the slow activity in the sector. Vehicle purchases abroad were worth E2.197 billion in 2024, 22.4 per cent higher year-on-year, as the

demand for commercial vehicles continues to grow. The import of plastics and plastic articles, which were valued at E1.520 billion in the year, increased by 12.5 per cent year-on-year.

Table 3: Value of Expenditure on Imports and Export Earnings from 2021 to 2024

	2021	2022	2023	2024
Exports	30,514.7	33,078.4	37,452.8	42,508.2
Soft Drink Concentrates	14,362.8	15,043.2	16,737.2	18,752.6
Sugar and Sugar Products	6,947.0	6,513.9	8,823.2	10,809.6
Textiles and Wearing Apparel	3,876.2	3,971.2	4,018.3	3,909.8
Wood and wood articles	2,095.1	2,259.1	2,497.5	2,676.4
Imports	28,622.6	32,178.8	34,393.4	37,869.0
Food and Beverages	5,670.2	6,365.7	7,098.7	3,760.2
Fuel products and Electrical Energy	4,195.2	5,751.4	6,835.9	6,991.6
Machinery and Electrical Appliances	3,031.5	3,183.8	3,235.7	4,015.9
Textile Inputs	2,790.1	3,131.2	2,886.4	2,717.1
Vehicles and Other Transport Means	1,553.6	1,576.3	1,803.4	2,196.9
Optical & Medical Instruments	976.8	370.7	304.3	310.1
Pharmaceutical Products	776.1	608.1	634.8	518.1
Trade Balance	1,892.1	899.6	3,059.4	4,639.1

Foreign Direct Investment

The direct investment (FDI) account recorded a net inflow of E553.4 million, from the net inflow of E926.9 million during the preceding year, mainly attributed to liabilities increasing more than the net increase recorded in assets. FDI assets recorded a E1.142 billion increase, a complete shift from the E385.4 million decrease during 2023, mainly driven by transactions in debt instruments between related entities. The liabilities side (inward FDI) performed better during the period, recording a net inflow of E1.696 billion during the year after posting an increase of E541.5 million in 2023. The improvement in this aspect of FDI was discernible in transactions in debt instruments liabilities extended to resident enterprises, alongside an increase in equity and investment fund shares during the period. Debt instruments liabilities saw a net increase of E1.282 billion from a decrease of E993.7 million in 2023, whilst equity and investment fund shares recorded a milder increase of E414.0 million against an increase of E1.535 billion in 2023.

Trade Policy

Generally, Eswatini has a supportive legal and regulatory framework for investment which is mindful of the essential interests of the State. The policy framework for regulation of the various sectors of the economy rest with the central government and may be allocated by the relevant line ministry to a department, parastatal, or board. The primary custodian of policy and regulation is the minister responsible for the relevant law. All laws, regulations and policies are applied at a national level.

Laws applicable to business operations in the Kingdom conform to international standards and best practices. Such laws are based on a framework of legislation relating to business activity such as company, copyrights, patents, trademarks amongst others. The Kingdom subscribes to a number of international Conventions such as the World Intellectual Property Organisation (**WIPO**).

Eswatini is signatory to a number of bilateral and multilateral agreements that support an open trade policy that facilitates a comparative advantage for the country's foreign direct investors. The table below show the different trade markets where Eswatini is a member.

Table 4: Eswatini's List of Trade Agreement Partners

Southern African Customs Union (SACU)
Eswatini – Republic of China (Taiwan) – Economic Cooperation Agreement (ECA)
Southern African Development Community (SADC)
Common Market for Eastern and Southern Africa (COMESA)
Generalized System of Preferences (GSP)
African Growth Opportunity Act (AGOA)
Economic Partnership Agreement (SADC-EU EPAs)
SACU-European Free Trade Association (PTA)
SACU – MERCOSOUR (PTA)
Tripartite Free Trade Area (COMESA-EAC-SADC)
African Continental Free Trade area (AfCTA)
Tripartite Free Trade Area (COMESA-EAC-SADC)

Source: Ministry of Commerce Industry & Trade

4. PUBLIC FINANCE

Revenue

In fiscal year (FY) 2024/25 total revenue and grants were budgeted at E27.581 billion. The projected outturn is estimated at E27.789 billion reflecting an excess of E208 million. The surplus relative to the budget was attributable to taxes on income and profits, particularly corporate income tax (CIT) which performed beyond expectations, indicating sustained economic activity during the period.

The budget for FY2025/26 appropriated total revenue and grants at E29.702 billion, reflecting an increase of 6.9 per cent from the projected outturn for 2024/25. The projected increase is anticipated to benefit from increased economic activity in 2025 which will likely benefit domestic tax revenue (non-SACU) in the period. Notably, Domestic revenue is projected to increase by 13.5 per cent from a preliminary outturn of E14.720 billion in 2024/25. The growth in domestic tax, budgeted at E16.707 billion will be at the back of a 10.3 per cent increase in taxes on income and profits coupled with a 17.6 per cent increase in taxes on goods and services. Taxes on income and profits projected at E9.023 billion will be driven by CIT and personal income tax (PIT) which are anticipated to grow by 9.1 per cent and 10.9 per cent respectively. Notably, taxes on goods and services forecasted at E7.602 billion will be driven by value added tax (VAT) and the fuel levy which are projected to grow by 19.1 per cent and 17.2 per cent respectively.

On the contrary, SACU receipts are expected to decline by 20.4 percent in 2025/26 from E13.072 billion to E10.402 billion. To cover the shortfall in SACU receipts, E1 billion will be withdrawn from the Revenue Stabilization fund to finance the budget.

In fiscal year FY2026/27 total revenue and grants are projected at E31.745 billion, reflecting a growth of 6.5 per cent compared to the 2025/26 budget. The growth in revenue is anticipated to be in line with sustained improvement in economic activity coupled with administrative efficiencies. This will likely benefit domestic tax collection particularly lines such as taxes on income and profits as well as taxes on goods and services. On the contrary, SACU receipts are anticipated to remain under strain with the Revenue stabilization fund used to cushion the revenue gap.

Expenditure

In FY2024/25 expenditures were budgeted at E29.851 billion, with recurrent expenditures budgeted at E23.079 billion and capital expenditure (capex) at E6.772 billion. The outturn was at E28.962 billion marginally above the budget with recurrent spending driving the increase as the public investment program underspent recording an 86 per cent implementation rate in the period. On foreign financed projects, the government achieved an implementation rate of 73 per cent due to slow disbursements while domestically financed projects achieved an implementation rate of 93 per cent in the period. The African Development Bank (AFDB) and World Bank (WB) remain the leading development partners to provide loans for Government capital projects.

Total expenditure for 2025/26 was appropriated at E32.892 billion, with recurrent expenditures budgeted at E25.655 billion and capex budgeted at E7.238 billion. The increase in total expenditures will be in line with the drive by the governments objective to promote growth, fight corruption and improve service delivery for the nation. Notably, capital expenditure is anticipated to increase by 23 percent to E7.238 billion from the preliminary outturn of E5.880 billion in 2024/25. Capital expenditure will be supported by major ongoing infrastructure projects, including the International Convention Centre, the Manzini Regional Water and Sanitation project, and the Phase 1 of the Mkhondvo-Ngwavuma Water Augmentation Program (MNWAP), especially the Mpakeni Dam construction, amongst others.

In the medium-term total expenditures are expected to grow at an average of 3 percent, in line with inflationary pressures on non-discretionary expenditures.

Table 5: Summary Medium Term Fiscal Framework; 2019/20 to 2025/26

<i>E. million</i>	2021/22 Act.	2022/23 Act.	2023/24 Act.	2024/25 Prel. Outturn	2025/26 Bud.	2026/27 Proj.	2027/28 Proj.	2028/29 Proj.	2029/30 Proj.
Total Revenue and Grants	17,986	20,120	26,888	27,789	29,702	31,745	33,204	35,126	37,089
Total Expenditure	21,279	23,910	28,075	28,962	32,892	34,916	36,279	37,117	37,337
Overall Balance	(3,293)	(3,790)	(1,187)	(1,173)	(3,190)	(3,171)	(3,075)	(1,990)	(248)
% of GDP	-4.6%	-4.9%	-1.4%	-1.3%	-3.3%	-3.0%	-2.7%	-1.6%	-0.2%
Total Identified Financing	3,297	2,893	992	1,276	5,867	4,442	3,075	1,990	248
Drawdown on foreign loans	2,537	2,100	2,563	2,576	7,190	5,729	4,573	3,539	1,680
Redemption of foreign public debt	(540)	(562)	(1,198)	(1,743)	(1,754)	(1,724)	(1,942)	(2,201)	(2,091)
Net domestic financing	950	1,354	(373)	444	430	437	445	652	660
Financing gap (-)/surplus(+) (est.)	4	(897)	(196)	103	2,676	1,271	0	(0)	0
% of GDP	0.0%	-1.1%	-0.2%	0.1%	2.8%	1.2%	0.0%	0.0%	0.0%
Public Debt Stock	27,157	31,395	34,008	36,029	41,748	46,031	48,922	49,735	49,969
% of GDP	37.9%	40.2%	39.2%	40.3%	42.9%	44.0%	43.6%	40.9%	38.1%

Source: Ministry of Finance

5. PUBLIC DEBT

As of May 2025, total public debt stood at E36.624 billion, equivalent to 38.3 percent of GDP. Of which domestic debt stood at E20.367 billion or 21.3 per cent of GDP and external debt was recorded at E16.257 billion or 17.0 per cent of GDP. Domestic funding sources are primarily treasury bills, treasury bonds, domestic loans, the Central Bank Advance to the Government as well as the recently relaunched infrastructure bond program. External sources consist of various multilateral, bilateral and commercial creditors, as well as the issuance of an external bond. Overall, domestic debt constitutes a large proportion of total debt accounting for 55.6 percent, while external debt accounts for 44.4 percent as of May 2025. Local commercial banks dominate the short end of the domestic market while pension funds, insurance companies and collective investment schemes dominate the (long term) capital market. A bulk of Government domestic borrowing has been geared towards budget financing while external debt has largely been directed at project financing.

Table 6: Government of Eswatini Outstanding Debt; 2021 to 2024

	2021	2022	2023	2024
Nominal GDP	70,749	77,576	84,964	88,951
Total Export of Goods and Services	31,584	34,358	40,151	46,782
Foreign Debt Stock	11,279	14,399	15,896	16,829
Bilateral	4,114.2	4,121.0	4,374.9	5,032.1
As per cent of Total	36.5%	28.6%	27.5%	29.9%
Multilateral	6,977.9	10,096.6	11,346.4	11,229.5
As % of Total	61.9%	70.1%	71.4%	66.7%
Private/Commercial	186.7	180.9	174.5	567.2
As % of Total	1.7%	1.3%	1.1%	3.4%
Foreign Debt Service	803	834	1,624	2,695
As % of Exports	2.5%	2.4%	4.0%	5.8%
Domestic Debt Stock	16,649.7	17,750.2	18,814.8	19,380.4
Treasury Bills	4,107	3,568	3,603	3,465
As% Total	24.7%	20.1%	19.1%	17.9%
Internal Registered stock	12,542.70	14,182.20	15,211.80	15,915.40
As % of Total	75.3%	79.9%	80.9%	82.1%
Total Central Government Debt	27,929	32,149	34,711	36,209
Proportion of Total Debt				
Foreign Debt Stock	40.4%	44.8%	45.8%	46.5%
Domestic Debt Stock	59.6%	55.2%	54.2%	53.5%
As % of GDP				
Foreign Debt Stock	15.9%	18.6%	18.7%	18.9%
Domestic Debt Stock	23.5%	22.9%	22.1%	21.8%
Total debt	39.5%	41.4%	40.9%	40.7%

Source: Central Bank of Eswatini and Ministry of Finance

Eswatini's external debt has been broadly stabilizing since 2022 due to mild improvements in the government fiscal position coupled with completion of some major infrastructural projects. In 2024 external debt stood at 18.9 per cent following the increase from 15.9 per cent in 2021. However, total debt servicing is likely to increase due to some loans anticipated within the medium term.

Table 7: Total Debt Service E' Millions; 2023 to 2028

Year	Commitment Fees Due	Interest Due	Principal Due	Total
2025	7.7	1,092	5,539	6,638
2026	6.9	1,648	5,102	6,757
2027	5.9	1,312	2,979	4,297
2028	5.6	1,103	2,845	3,953
2029	5.6	892	2,273	3,171
2030	5.6	749	1,903	2,657

Source: Central Bank of Eswatini and Ministry of Finance

6. POLITICAL SYSTEM

The Constitution of the Kingdom of Eswatini Act, 2005 (the **Constitution**) was adopted in 2005 and is the supreme law of Eswatini. Section 79 of the Constitution states that the system of Government in the Kingdom is democratic and participatory based on the “*Tinkhundla system of Governance*”. The Constitution provides for three independent organs of Government; namely the Executive, the Judiciary and a bicameral Legislature comprising of the House of Assembly (lower house) and a Senate (upper house). Members (**MPs**) of the House of Assembly are elected from the various Tinkhundla centres in the country. The House of Assembly has a total of sixty five (65) MPs, of which fifty-five (55) are elected directly through a popular vote from the Tinkhundla centres and ten (10) are appointed by the King. The Senate comprises thirty (30) Members (know as Senators), twenty (20) who are appointed by the King and ten (10) by the House of Assembly. The King appoints the Prime Minister of Eswatini from among the members of the House of Assembly as per Section 67(1) of Constitution. The Prime Minister is the head of the Government and together with the Cabinet (recommended by the Prime Minister and appointed by the King) exercises executive authority in the Kingdom. Elections in the country are held every 5 years where the respective Tinkhundla elect their representative MPs to the House of Assembly. The key functions of Parliament are to enact legislation, maintain oversight of the Executive on behalf of the people of Eswatini and to represent the interests and aspirations of the constituents for the promotion of democratic governance and achievement of sustainable development. The system of government emphasizes the devolution of state power from central government to the people.

7. MONETARY SYSTEM

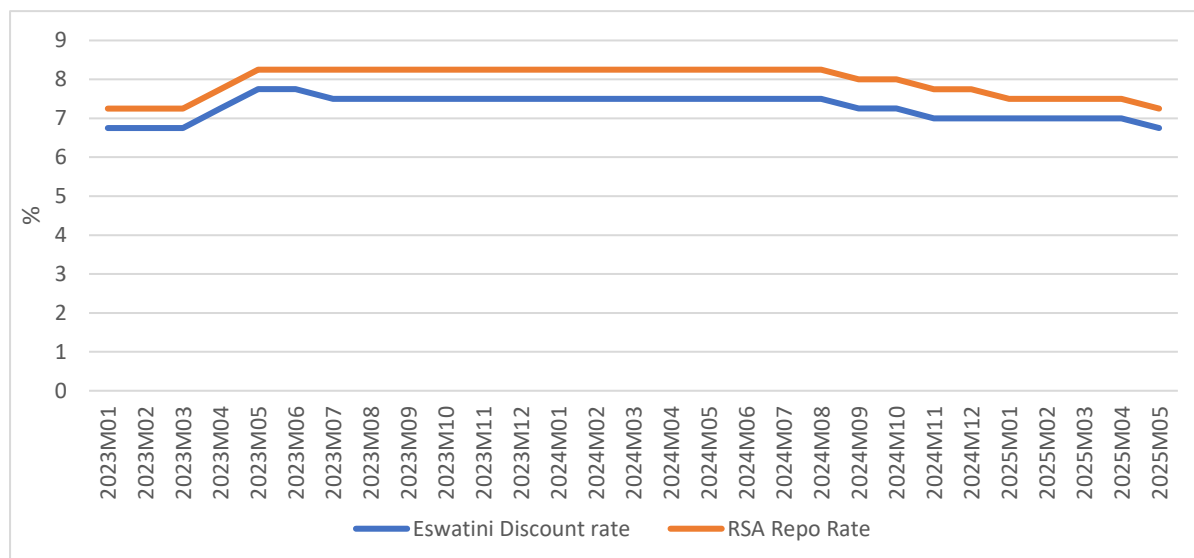
Monetary Policy

The monetary policy of Eswatini is characterised by its membership to the CMA, which comprises of four members, namely Eswatini, Lesotho, Namibia and South Africa. It is premised on the CMA Agreement (known as the Multilateral Monetary Agreement, Amended – MMA of 1974) which broadly defines the overall framework in which the four member states conduct monetary arrangements among themselves. It allows the South African currency, the Rand, to circulate freely in all three-member states alongside their national currencies. The Rand is pegged at par with the other member states’ currencies and there is unrestricted flow of funds within the CMA. The pegged exchange rate and open capital market limits Eswatini’s discretion to set monetary and exchange rate policies. However, as a member of the CMA, Eswatini benefits from the policy credibility of the SARB, free access to South African capital and money markets, low and stable interest rates and inflation, all of which contribute to Eswatini’s financial stability.

The Central Bank of Eswatini’s (the CBE) primary monetary policy mandate, as spelled out in Section 4 (a) of the Central Bank of Swaziland Order (Amended) of 1974, is to promote monetary (price) stability. This objective is achieved by ensuring the peg between the Lilangeni and the Rand, which is a form of a “soft” fixed exchange rate regime. The peg is attained by maintaining gross international reserves at a level that is sufficient to guarantee that for every Lilangeni issued there is basket of foreign currency equivalent reserves, which is the level that underwrites the peg. The CBE operationalises the monetary policy decision through conduct of open market operations which influences the short-term interest

rates with a view to align them with those in the CMA, albeit with an allowable deviation margin (Figure 4 below). This is to manage capital outflows within the CMA sub-region, especially with South Africa.

Figure 4: CBE Discount Rate versus RSA Repo Rate: 2023M1 to 2025M6



Source: Central Bank of Eswatini (CBE) and South African Reserve Bank (SARB)

On the overall the Bank pursued a restrictive stance in 2023 and increased the discount rate by a cumulative 1 per cent. The Bank effected a 25 basis points (bps) hike in January 2023 to 6.75 per cent which was followed by subsequent 50 bps increases in March and May 2023 to 7.75 per cent. This was in line with the uptick in inflationary pressures. The Bank adopted an easing stance and cut the discount rate by 25 bps to 7.5 per cent in July 2023, a stance which was maintained for the remainder of the year. Over the year 2023, the CBE kept a negative differential against the South African repo rate in an endeavour to be relatively supportive to domestic economic growth. The CBE kept a -50 bps differential in the first half of the year after which it widened the differential to -75 bps throughout the second half of the year.

Over the year 2024 the Bank pursued an accommodative monetary policy stance and reduced the discount rate by a cumulative 50 bps. The Bank reduced the discount rate by 25 bps to 7.25 per cent in September 2024 and another 25 basis points to 7.0 per cent in November 2024. This stance was broadly in line with the easing global and regional monetary policy conditions, the lower domestic inflation outcomes and the improved inflation outlook for the domestic economy. The Bank maintained the discount rate at 7.0 per cent in its January and March 2025 meetings and later reduced it by 25 bps to 6.75 per cent in May 2025. During the year 2024 the Bank kept a -0.75 differential against the South African which it later reduced to -50 bps in January 2024 to date.

Private Sector Credit

The accommodative monetary policy stance pursued by the Bank since July 2023, combined with higher economic activity supported the persistent rise in private sector credit observed over the past two years. Notably, private sector credit grew by an average of 8.4 per cent in 2024, though reflecting a slowdown from an average of 10.0 per cent in 2023. The increase was driven mostly by credit to the business sector which registered year-on-year average growth of 11.5 per cent in 2024, down from 15.0 per cent in the previous year. Credit to the household sector registered an average growth of 5.4 per cent in 2024, up from 3.8 per cent in 2023. This improvement in household credit growth partly reflected gradual recovery as consumer finances stabilized, supported by rising real incomes and the slightly lower borrowing costs.

In the first four months of 2025, private sector credit accelerated further, reflecting year-on-year growth of 10.4 per cent at the end of April 2025. The increase continued to be driven largely by the business

sector, which recorded robust year-on-year growth of 20.0 per cent at the end of April 2025. Within the business sector, nearly all the industries contributed to the year-on-year growth. These included manufacturing, distribution and tourism, mining & quarrying, agriculture & forestry, community, social and personal services, construction, as well as transport & communication. Credit to the household sector grew by 1.7 per cent year-on-year in April 2025, amid subdued credit demand. Within the household sector, credit growth was observed in motor vehicle and other personal (unsecured) loans.

Net Foreign Assets

Eswatini's net foreign assets expanded by an average of 17.6 per cent in 2024, a marked turnaround from the 7.8 per cent decline recorded in 2023. The recovery was on the back of higher Southern African Customs Union (SACU) receipts in the 2024/2025 and 2023/2024 fiscal years. Furthermore, the Central Bank secured a R1.0 billion asset swap investment from one of the local pension funds to augment the country's foreign exchange reserves position. Supporting the increase in net foreign assets was a rise in net foreign holdings of both the official sector and the banking industry.

Net foreign assets of the official sector grew by an average of 20.3 per cent over the year to reach E7.1 billion in December 2024, an improvement from the 1.2 per cent average growth recorded in the previous year. The expansion was due to the higher SACU receipts and asset swap investment. Net foreign assets of the banking sector, on the other hand, improved by an average of 17.3 per cent to close at E1.9 billion at the end of December 2024.

In the first four months of 2025, however, the net foreign assets, reflected a year-on-year fall of 14.7 per cent at the end of April 2025. Contributing to the fall were net foreign assets of the banking sector while net foreign assets of the official sector accelerated.

Gross official reserves

Gross Official reserves maintained high levels during the twelve months ended December 2024, largely supported by the bumper SACU receipts over the two fiscal years up to 2024/2025. At the end of December 2024, the reserves amounted to E10.1 billion, notably higher than the E 8.8 billion recorded in December 2023. At this level, the reserves were adequate to cover 2.4 months of imports, down from the 2.6 months recorded in December 2023 and below the targeted threshold of three months. This occurred despite the increase in reserves, primarily due to a rapid rise in imports during the review period.

In the first five months of 2025, the reserves continued to rise, largely bolstered by the inflow of quarterly SACU receipts in January and April 2025. However, by the end of May 2025, the reserves had amounted to E9.4 billion and sufficient to cover 2.1 months of imports. The fall in the reserves was largely attributed to a higher demand for foreign exchange by banks on behalf of their customers as well as the settlement of fiscal obligations.

Money Supply

Developments in broad money supply (M2) generally reflected trends in private sector credit and the external sector. M2 recorded average year-on-year growth of 9.7 percent in December 2024, higher than the 4.5 percent growth recorded in December 2023. This growth was reflected in both quasi and narrow money supply, which increased by 10.3 percent and 9.1 percent, respectively.

In the first four months of 2025, however, M2 grew by a lower 1.8 per cent year-on-year at the end of April 2025. Narrow money supply contributed to this growth, with an increase of 6.0 per cent while quasi money supply declined by 0.9 per cent year-on-year at the end of April 2025.

Financial Sector

The country's financial sector comprises five commercial banks (three of which are subsidiaries of South African banks) and several non-bank financial institutions (pension funds, insurance companies, collective investment schemes and savings and credit cooperatives). The banking sector is fundamentally sound, adequately capitalised and stable with good adherence to statutory prudential requirements. With the CBE responsible for regulating the banking sector, the Financial Services Regulatory Authority supervises the non-bank financial institutions (**NBFIs**) which have assets estimated at 110 per cent of GDP. Eswatini's financial markets are underdeveloped with South African markets a major destination for Eswatini savings. With the rising fiscal deficits, the Government issues

estimated at 110 per cent of GDP. Eswatini's financial markets are underdeveloped with South African markets a major destination for Eswatini savings. With the rising fiscal deficits, the Government issues a number of instruments in the local market including treasury bills, plain vanilla bonds, infrastructure bonds and supplier bonds. Due to the CMA arrangement, domestic borrowing costs are anchored by yields in the South African market, with government paper of different tenors yielding positive spreads ranging between 100 and 275 basis points above South African government paper.

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For and on behalf of

THE GOVERNMENT OF THE KINGDOM OF ESWATINI

acting through the Ministry of Finance


Name: Neal Rikkenberg

Capacity: Minister of Finance

Who warrants his/her authority hereto

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