



# Eswatini

## Sectoral Scenarios for Eswatini

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## Sectoral Scenarios for Eswatini

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### Stability scenario

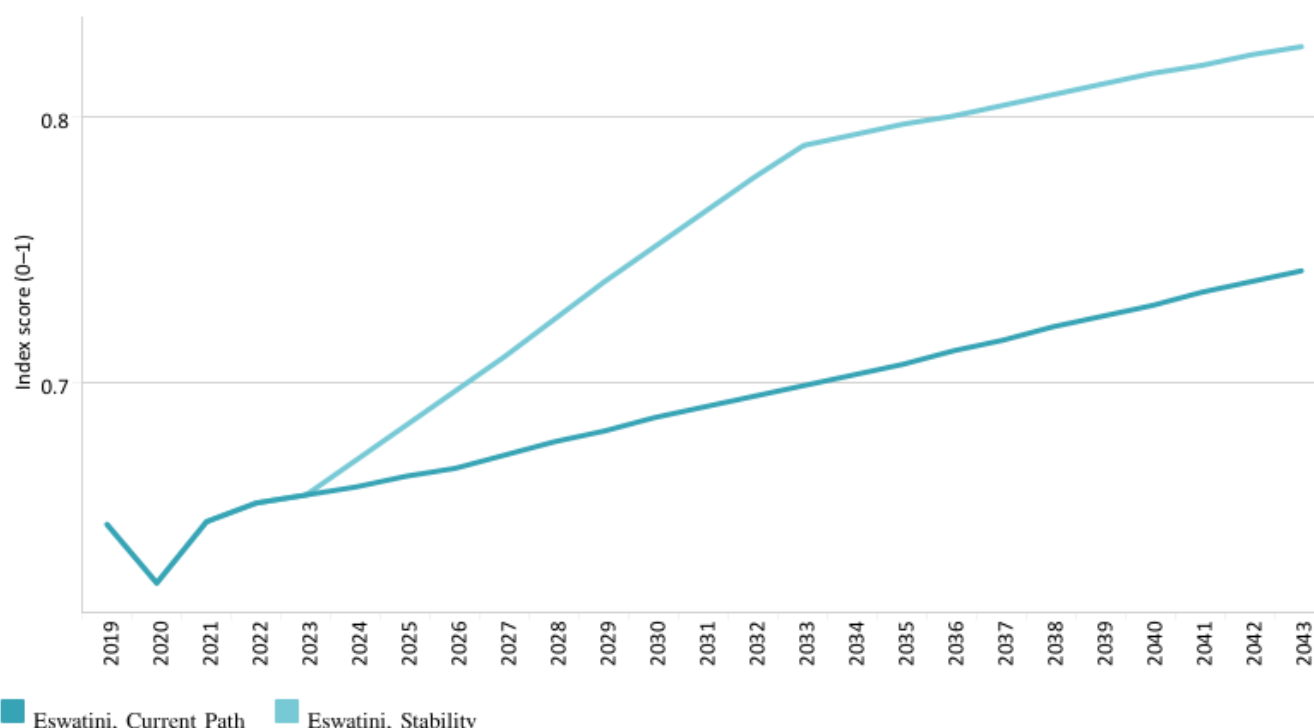
Chart 8 Chart 9 Chart 10 Chart 11 Chart 12 Chart 13 Chart 14 Chart 15 Chart 16 Chart 17 Chart 18

Chart 13: Governance security in CP and Stability scenario, 2019–2043

IFs index 0–1



Eswatini



Source: IFs 7.63 governance security index using internal war and government risk

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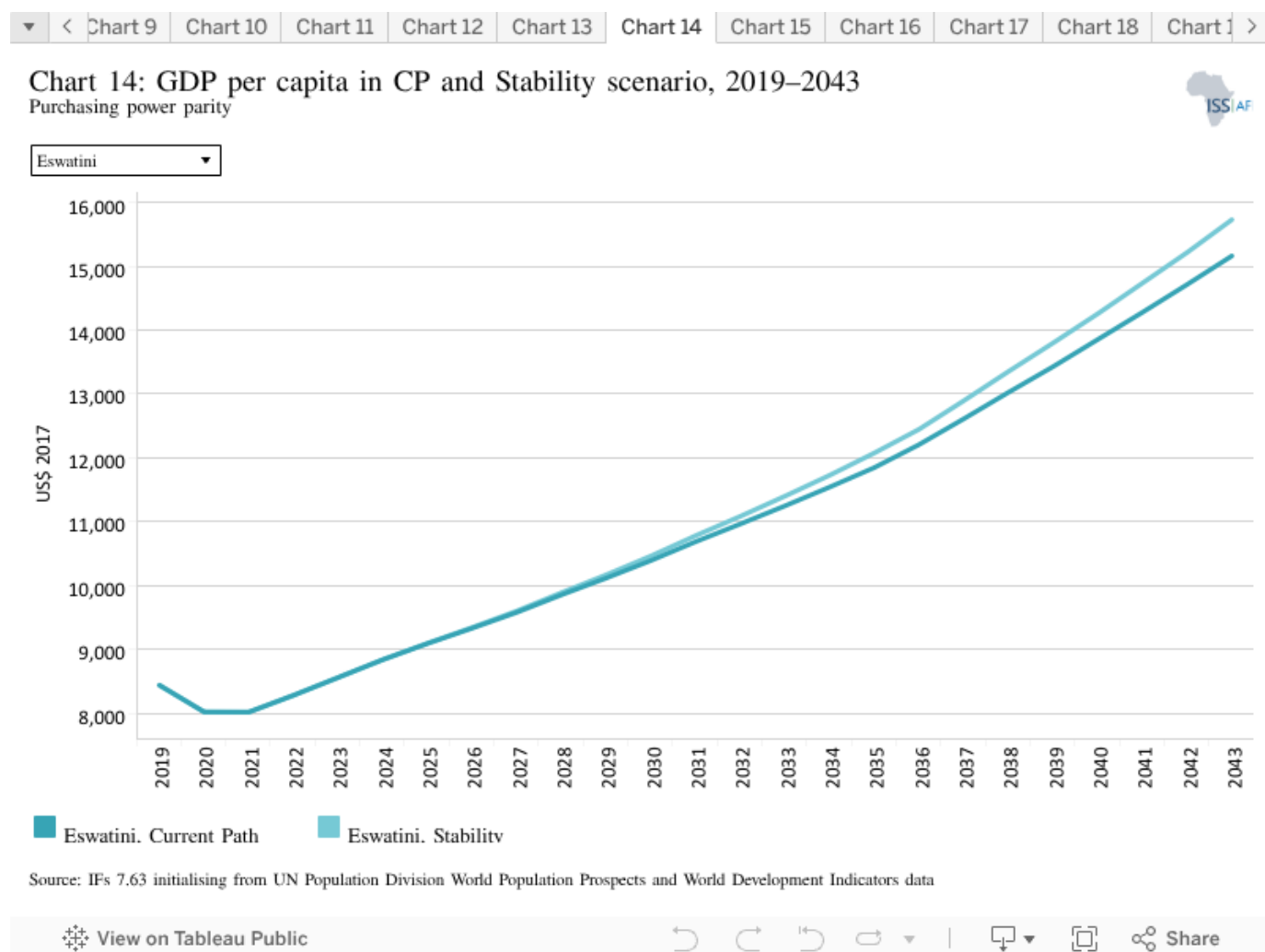
The Stability scenario represents reasonable but ambitious reductions in the risk of regime instability and lower levels of

internal conflict. Stability is generally a prerequisite for other aspects of development and this would encourage inflows of foreign direct investment (FDI) and improve business confidence. Better governance through the accountability that follows substantive democracy is modelled separately.

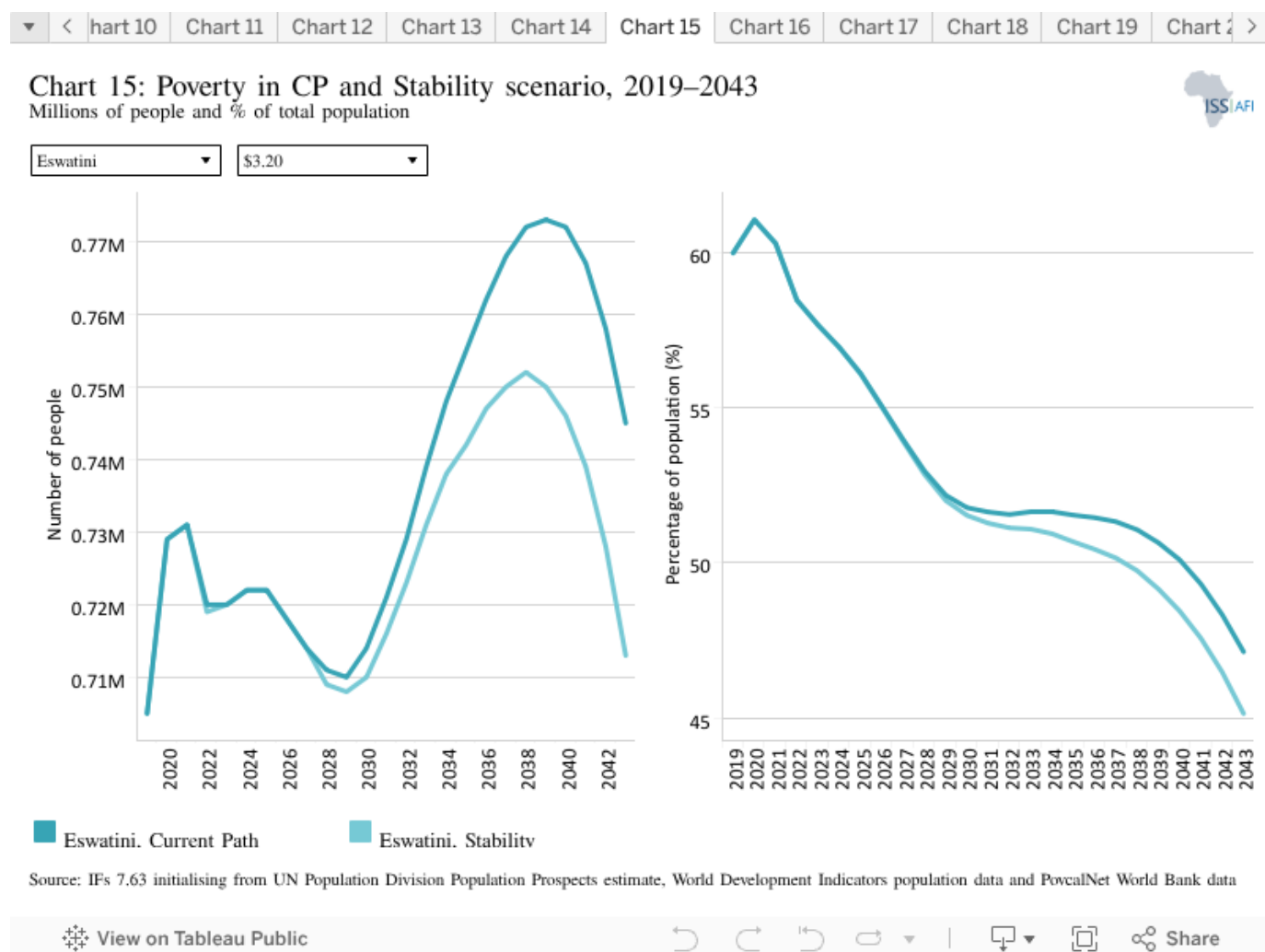
The intervention is explained [here](#) in the thematic part of the website.

Eswatini is an [absolute monarchy](#) with a strong patriarchal society. The country has roughly 300 chiefs who answer to the king and are responsible for allocating Swazi Nation Land and settling disputes. The country does not enjoy political freedom and suffers from a [democracy deficit](#). Calls for reform and pro-democracy demonstrations turned into civil unrest, protests and riots in June 2021. The 2021 riots were mobilised by the disgruntled youth's growing discontent with rising unemployment and worsening socio-economic conditions. Citizens demanded [democratisation](#), civil liberties and greater participation in economic and political affairs of the country. Tension remains high, and discontent with the ruling elite and their opulence is growing.

IFs' governance security index ranges from 0 (low security) to 1 (high security). In 2019, Eswatini's score on the governance security index was 0.65, lower than the average of 0.72 for lower middle-income Africa and slightly lower than the average of 0.69 for Africa. Eswatini does not enjoy civil and political freedom and in 2019 scored 3.2 percentage points below its income peers on the continent on the Freedom House index. Eswatini stands to gain substantially from the interventions proposed in the Stability scenario. In this scenario, the score for the country on the governance security index is 12% higher by 2043, compared to the Current Path forecast.



Stability stimulates economic growth as it attracts foreign investment and creates an enabling environment for businesses to thrive. The underlying tension and discontent especially among the youth that fuelled the riots and unrest in 2021 would have to be addressed to create a more stable environment conducive to attracting foreign investors. A more stable environment will however benefit Eswatini greatly and GDP per capita can grow from US\$8 440 in 2019 to US\$15 729 in 2043 — US\$567 more than in the Current Path forecast for the same year. In both the Current Path forecast and the Stability scenario, GDP per capita remains significantly above the average for lower middle-income African countries throughout the forecast horizon to 2043.



Improving stability within the country and avoiding the same tension flare-ups as observed in June 2021 can go a long way in raising investor confidence and lowering the perception of risks within the country. The endemic nature of poverty however still dominates the poverty picture. The Stability scenario therefore has a positive although small impact on poverty rate reduction and will only benefit the country from 2029 onwards.

Poverty rates in this scenario are likely to reach 45.1% by 2043, 2 percentage points lower compared to the Current Path forecast. Poverty rates will also remain above the average for lower middle-income Africa. In this scenario, 710 000 instead of 750 000 Eswatini will still be subjected to poverty by 2043, indicating that improved stability can lift an additional 40 000 people out of poverty.



## Demographic scenario

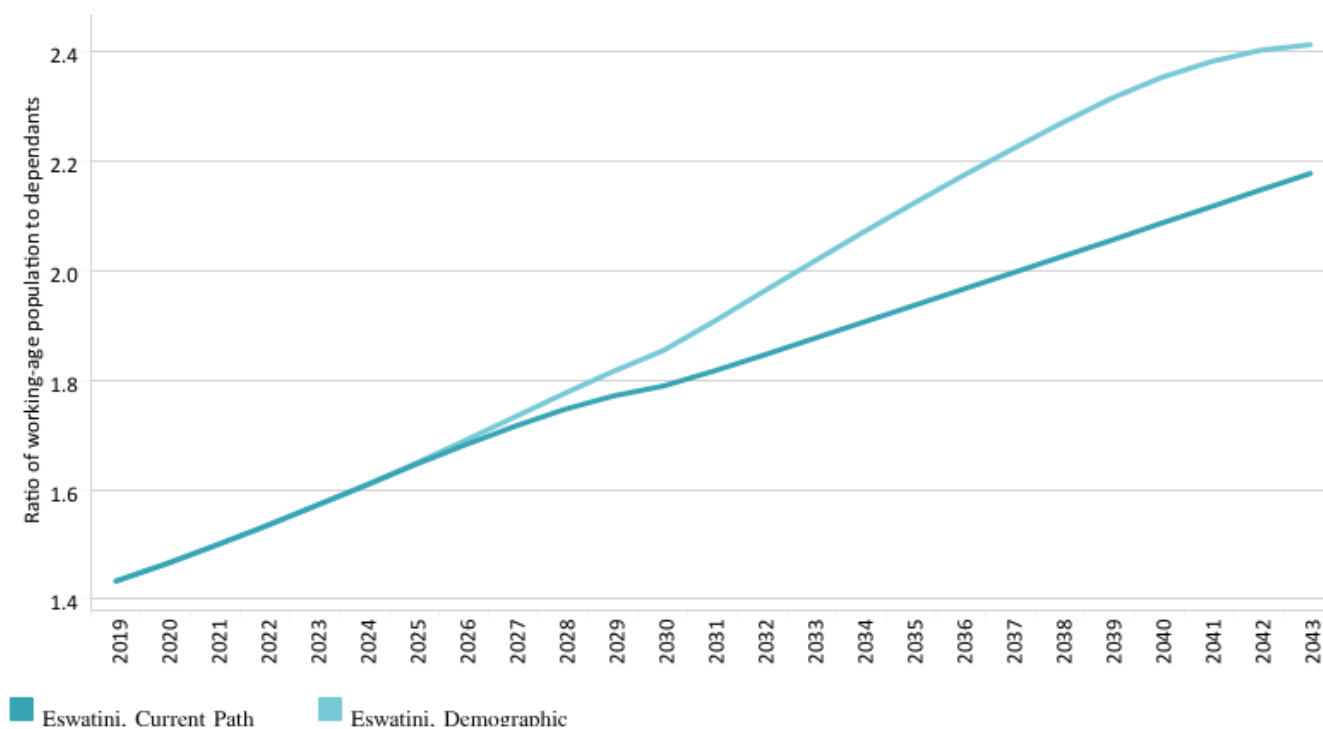
Chart 11 Chart 12 Chart 13 Chart 14 Chart 15 Chart 16 Chart 17 Chart 18 Chart 19 Chart 20 Chart >

Chart 16: Demographic dividend in CP and Demog scenario, 2019–2043

Ratio of working-age population to dependants



Eswatini



Source: IFs 7.63 initialising from UN Population Division Population Prospects

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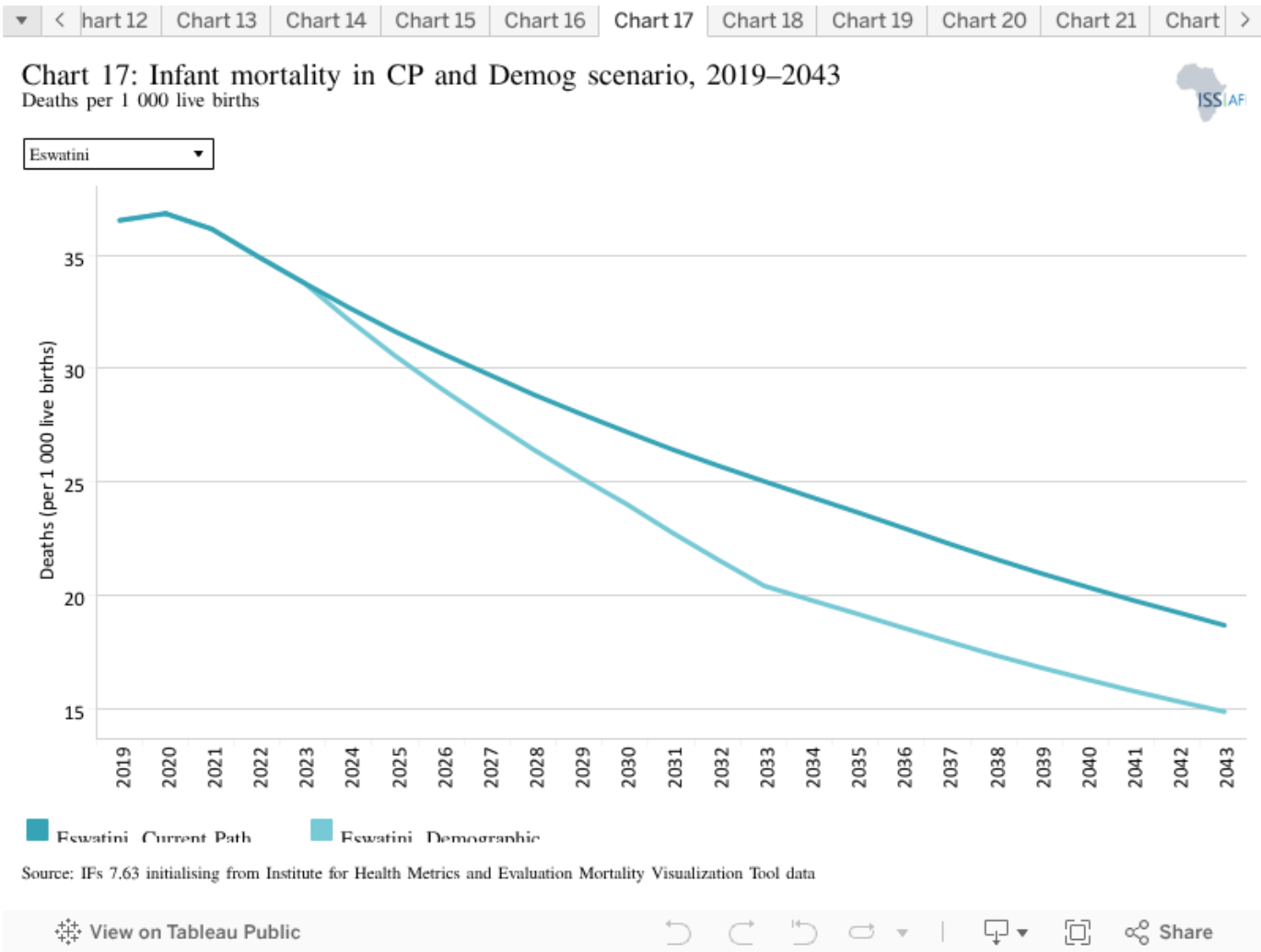
This section presents the impact of a Demographic scenario that aims to hasten and increase the demographic dividend through reasonable but ambitious reductions in the communicable-disease burden for children under five, the maternal mortality ratio and increased access to modern contraception.

The intervention is explained [here](#) in the thematic part of the website.

Demographers typically differentiate between a first, second and even a third demographic dividend. We focus here on the contribution of the size of the labour force (between 15 and 64 years of age) relative to dependants (children and the elderly) as part of the first dividend. A window of opportunity opens when the ratio of the working-age population to dependants is equal to or surpasses 1.7.

In 2019, Eswatini had a 1.4 ratio of working-age persons to dependants. This ratio, albeit shy of a demographic dividend, was above the ratio for lower middle-income Africa at 1.3. Eswatini's demographic dividend will materialise sooner than its income peers on the continent and it will likely start reaping the benefits of a larger workforce by as early as 2027. This demographic transition within the country will open up opportunities for economic prosperity. In the Demographic scenario, it is forecast that the ratio of working-age people to dependants will increase much quicker than in the Current Path forecast as more people enter the working-age group.

While the country's large, young workforce is an advantage, employment opportunities would have to be created to engage them. Absence of employment opportunities, similar to what is currently observed, will add to the youth's discontent and create further tension between them and the government. It is therefore prudent that the country provides a sound macroeconomic environment with progressive social policies.



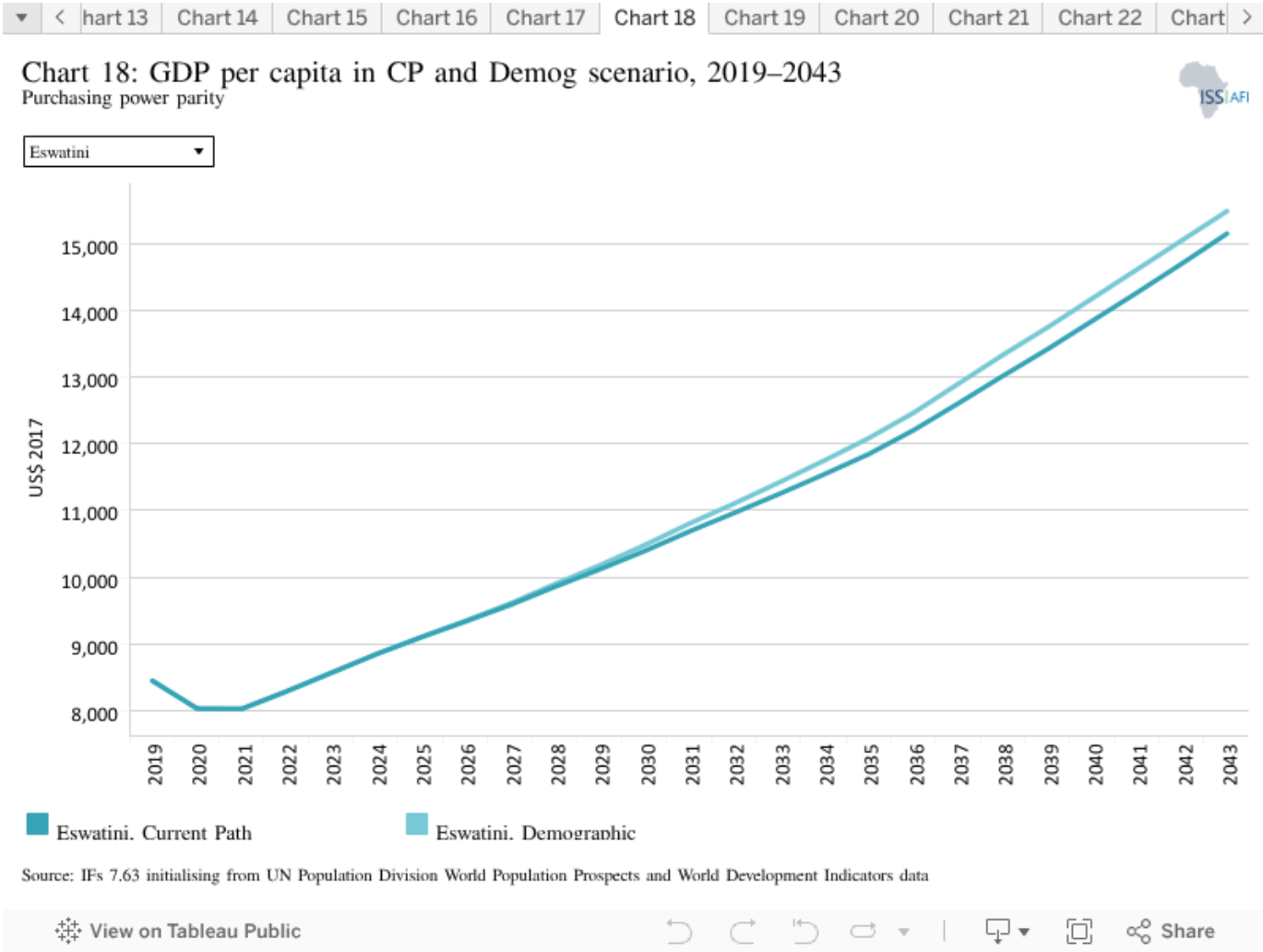
The infant mortality rate is the number of infant deaths per 1 000 live births and is an important marker of the overall quality of the health system in a country.

Infant mortality in lower middle-income Africa has substantially and consistently dropped over the past couple of decades and is less than half the figures recorded in the 1980s. Eswatini's infant mortality rates initially declined faster compared to its income peers. In the 1960s, infant mortality in Eswatini was higher than the average for lower middle-income Africa, but in 1990 the rates had substantially dropped below its income peers, more than 30 deaths per 1 000 live births. However, the 1990s and the first decade of this century marked a deterioration in the development indicator. Infant mortality started climbing again, mainly due to rampant HIV/AIDS infections within the country, so much so that by 2010 infant mortality rates were nearly 10 deaths per 1 000 live births higher compared to lower middle-income Africa.

Dramatic action by the government and various health organisations ensured that mothers and infants received the necessary medication. By 2019 infant mortality rates stood at 36.5 deaths per 1 000 live births dropping below the 46.4 average for lower middle-income Africa.

Many of the most severe challenges have received attention and Eswatini's downward trend is expected to accelerate in

the Demographic scenario reaching an infant mortality rate of 14.9 deaths per 1 000 live births in 2043, compared to 18.7 in the Current Path forecast. This means that the Demographic scenario can reduce the infant mortality rate in Eswatini by an additional 3.8 deaths.



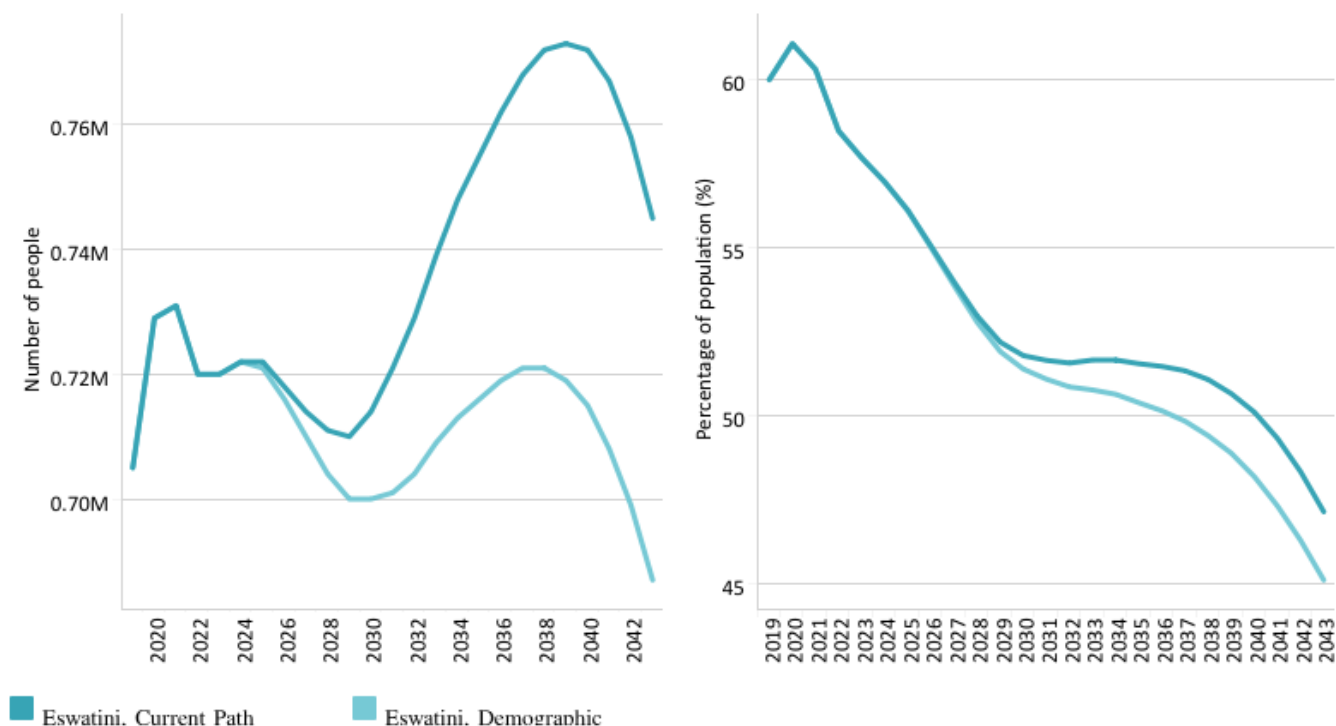


## Chart 19: Poverty in CP and Demog scenario, 2019–2043

Millions of people and % of total population



Eswatini \$3.20



Source: IFs 7.63 initialising from UN Population Division Population Prospects estimate, World Development Indicators population data and PovcalNet World Bank data

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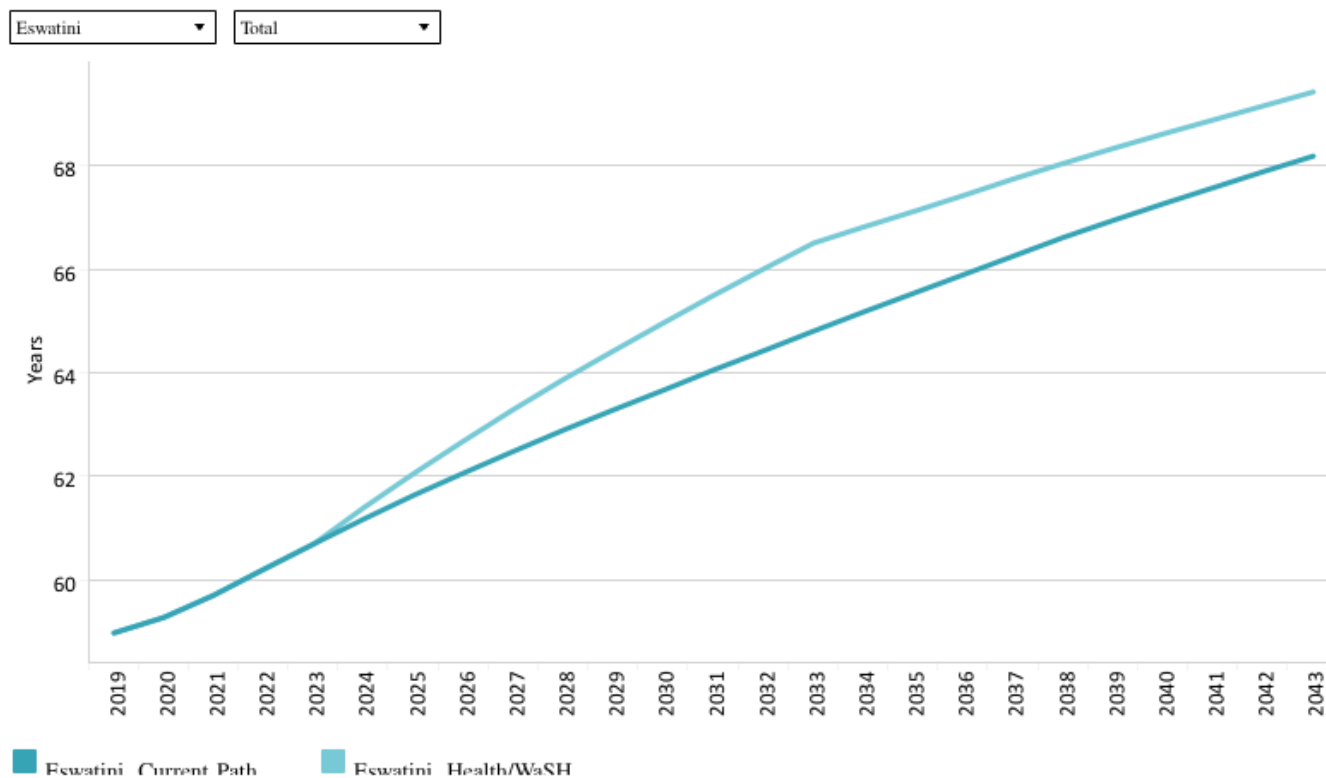
The interventions proposed in the Demographic scenario have a modest impact on poverty reduction in Eswatini. The poverty rate in this scenario is likely to reach 45.1% by 2043, 2 percentage points lower than in the Current Path forecast. The scenario would therefore lift an additional 60 000 people out of poverty. The poverty rate will remain significantly above the average for lower middle-income Africa.



## Health/WaSH scenario

Chart 15 Chart 16 Chart 17 Chart 18 Chart 19 Chart 20 Chart 21 Chart 22 Chart 23 Chart 24 Chart 25

Chart 20: Life expectancy in CP and Health/WaSH scenario, 2019–2043



Source: IFs 7.63 initialising from Institute for Health Metrics Evaluation GBD Foresight Tool data

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This section presents reasonable but ambitious improvements in the Health/WaSH scenario, which include reductions in the mortality rate associated with both communicable diseases (e.g. AIDS, diarrhoea, malaria and respiratory infections) and non-communicable diseases (NCDs) (e.g. diabetes), as well as improvements in access to safe water and better sanitation. The acronym WaSH stands for water, sanitation and hygiene.

The intervention is explained [here](#) in the thematic part of the website.

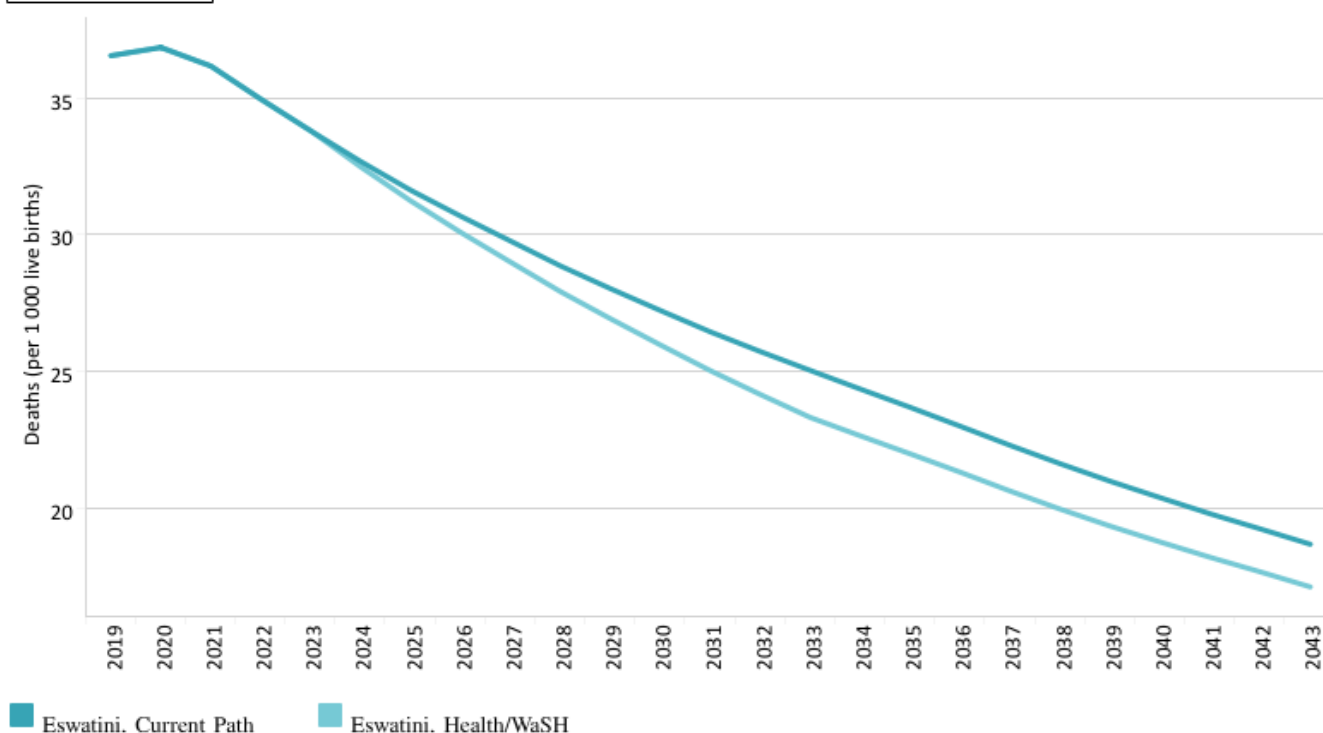
Life expectancy in Eswatini drastically improved between 1960 and 1990. In 1960, the average Swazi could expect to reach an age of 44 years. By 1990, life expectancy had climbed to 62 years. However, the onset of the HIV/AIDS pandemic affected the country severely. Several policies and actions were taken to curb the spread and attend to the high mortality among mothers and children. To date the country still bears the effects of the HIV/AIDS pandemic and has the misfortune of bearing the world's highest prevalence of HIV/AIDS infection. In 2019 life expectancy recovered to 59 years, 8.5 years below the average for lower middle-income Africa and the fifth lowest in Africa.

In the Current Path forecast, life expectancy in Eswatini is expected to continue improving, reaching 68.2 years by 2043. Swazi households, however, continue to suffer from the aftermath and ongoing effects of the pandemic. The interventions proposed in the Health/WaSH scenario can raise life expectancy by more than a year. The country is however forecast to continue lagging behind its lower middle-income peers.

Chart 21: Infant mortality in CP and Health/WaSH scenario, 2019–2043  
Deaths per 1 000 live births



Eswatini



Source: IFs 7.63 initialising from Institute for Health Metrics and Evaluation Mortality Visualization Tool data

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The Health/WaSH scenario will reduce infant deaths more quickly than the Current Path forecast, lowering it to 17.1 deaths per 1 000 live births by 2043. Compared to the Current Path, this constitutes a reduction in infant mortality by 1.6 additional deaths.



## Agriculture scenario

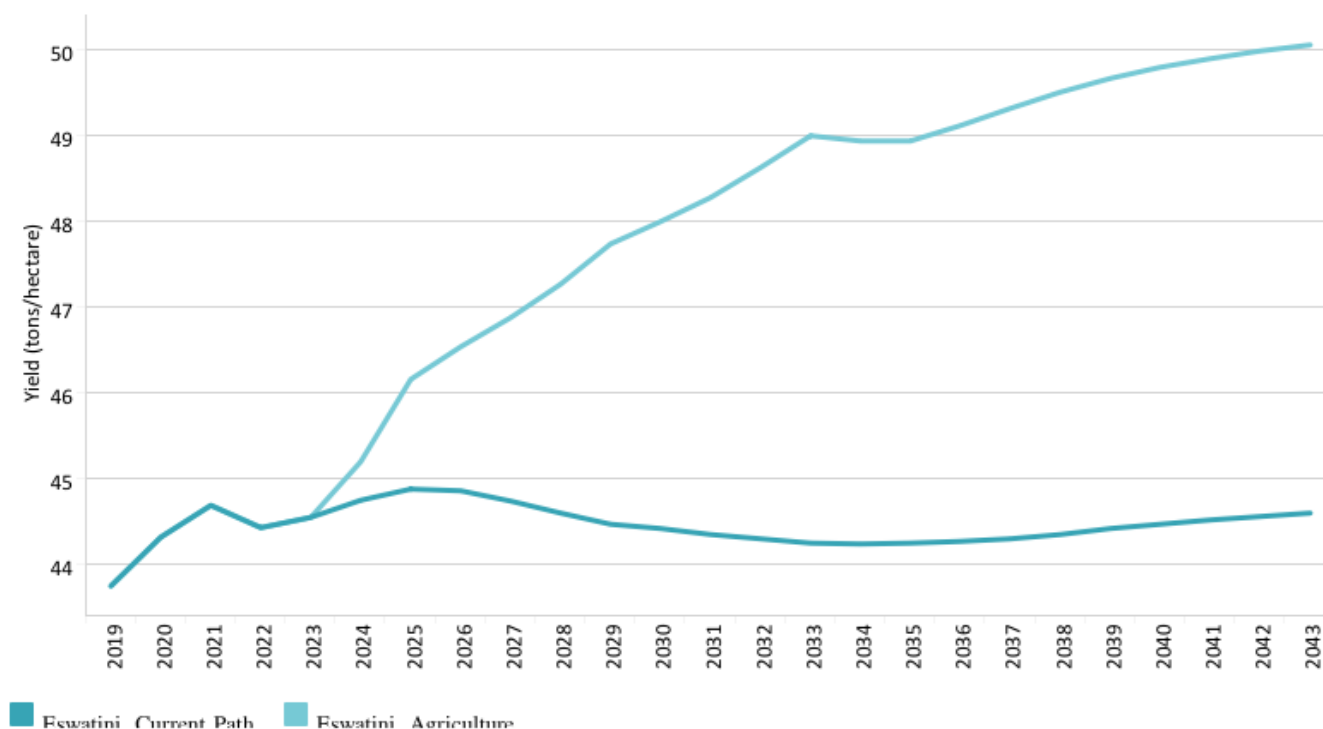
Chart 17 Chart 18 Chart 19 Chart 20 Chart 21 Chart 22 Chart 23 Chart 24 Chart 25 Chart 26 Chart 27

Chart 22: Yield/hectare in CP and Agric scenario, 2019–2043

Pre-loss levels



Eswatini



Source: IFs 7.63 initialising from FAOSTAT on-line statistical service data

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The Agriculture scenario represents reasonable but ambitious increases in yields per hectare (reflecting better management and seed and fertiliser technology), increased land under irrigation and reduced loss and waste. Where appropriate, it includes an increase in calorie consumption, reflecting the prioritisation of food self-sufficiency above food exports as a desirable policy objective.

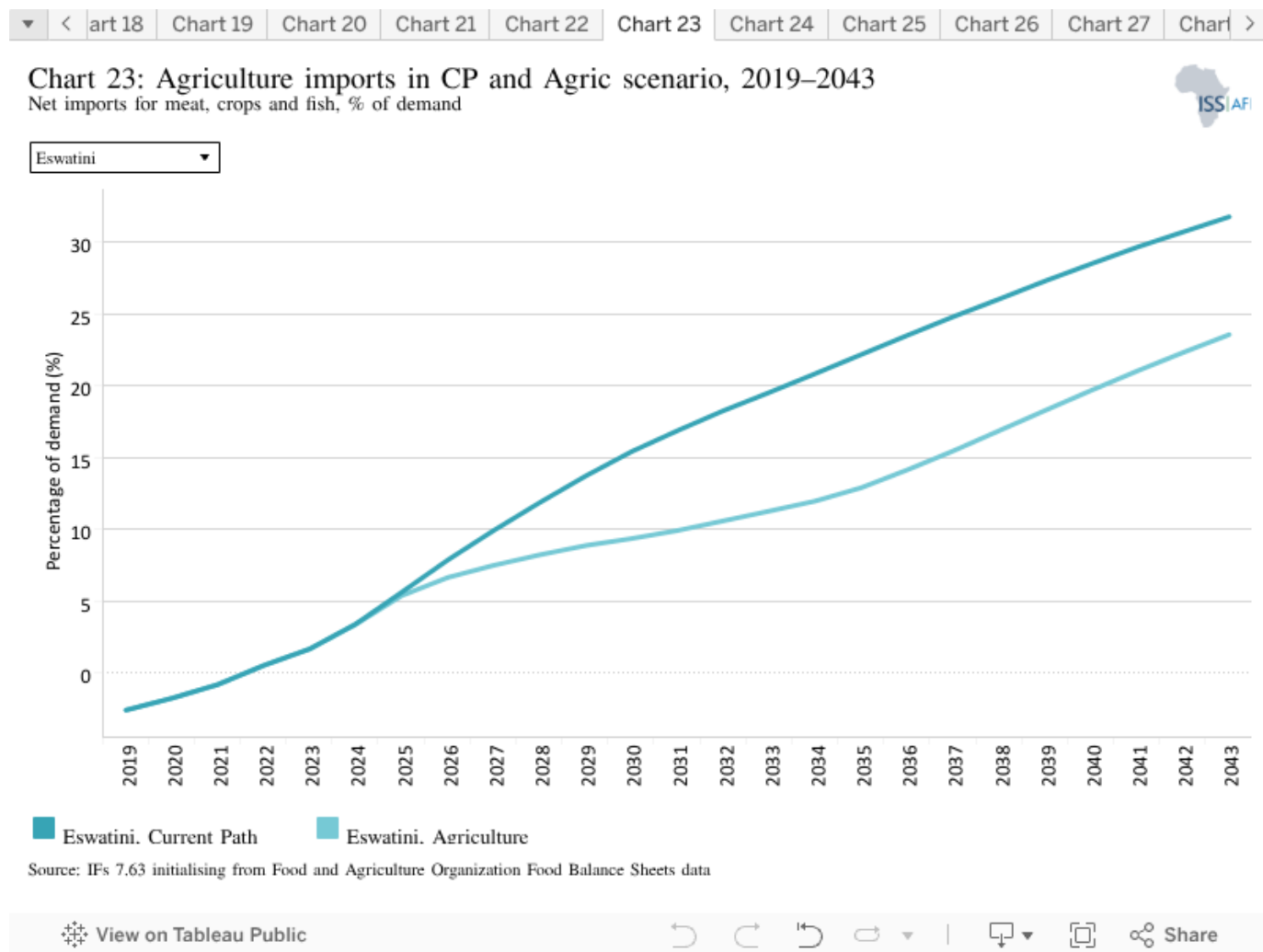
The intervention is explained [here](#) in the thematic part of the website. The data on yield per hectare (in metric tons) is for crops but does not distinguish between different categories of crops.

Eswatini's yield per hectare ranked second in Africa in 2019 at 43.8 tons per hectare. While this might seem exorbitant given its neighbours and current issues within the sector (see [Chart 9](#)), it should be seen in the light of its main export commodity being sugar cane. Its commercial [sugar cane farms](#) can deliver yields of over 60 tons per hectare. Sugar cane produces over half of total annual agricultural production output. Maize hovers in the vicinity of 2 tons per hectare and is severely affected by rainfall variability. In 2015, a higher yielding maize was introduced to the country that is more drought tolerant with potential yields of ten metric tons per hectare. This will support Eswatini in moving to food self-sufficiency especially among its rural subsistence farmers.

In the Current Path forecast, the country will remain profitable in its commercial farming activities aimed at exporting, but subsistence farming practices will not keep up with the growing demand and will be highly susceptible to rainfall variability



brought about by climate change. Yields will also be unchanged throughout its forecast horizon. In the Agriculture scenario, the introduction of newer technologies and the continued roll-out of irrigation schemes (to protect against rainfall variability) will boost yields per hectare by nearly 6 tons by 2043, compared to the Current Path forecast.



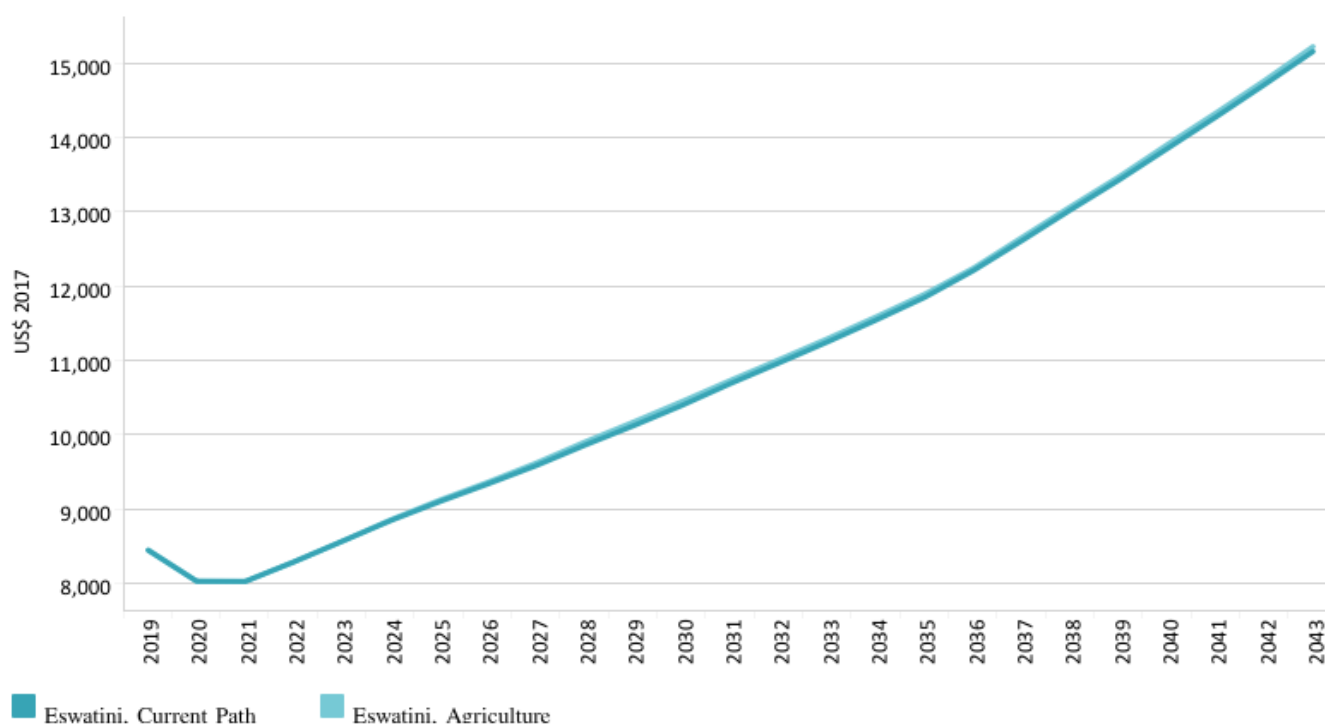
Eswatini's large rural population, which depends on subsistence farming, remains vulnerable to food insecurity especially in periods of regional drought. The country imports basic foodstuff and is not self-reliant. However, the country has a strong agricultural export market with sugar cane leading export incomes. Total agricultural production exceeded demand, with surplus exports equivalent to 2.6% of total demand. In the Current Path forecast, demand is forecast to far exceed production by 2043, resulting in a significant import dependency of 31.8% of total demand.

The Agriculture scenario will benefit Eswatini by increasing land access to irrigation and improving yields through new technologies and higher yielding seeds. In this scenario, Eswatini can lower its import dependency to 23.6% by 2043. Lowering import dependence will be beneficial to the country as it will release funds for other productive investments in the economy. It would also improve the country's current account balance and make it less vulnerable to international food price shocks.

Chart 24: GDP per capita in the CP and Agric scenario, 2019–2043  
Purchasing power parity



Eswatini



Source: IFs 7.63 initialising from UN Population Division World Population Prospects and World Development Indicators data

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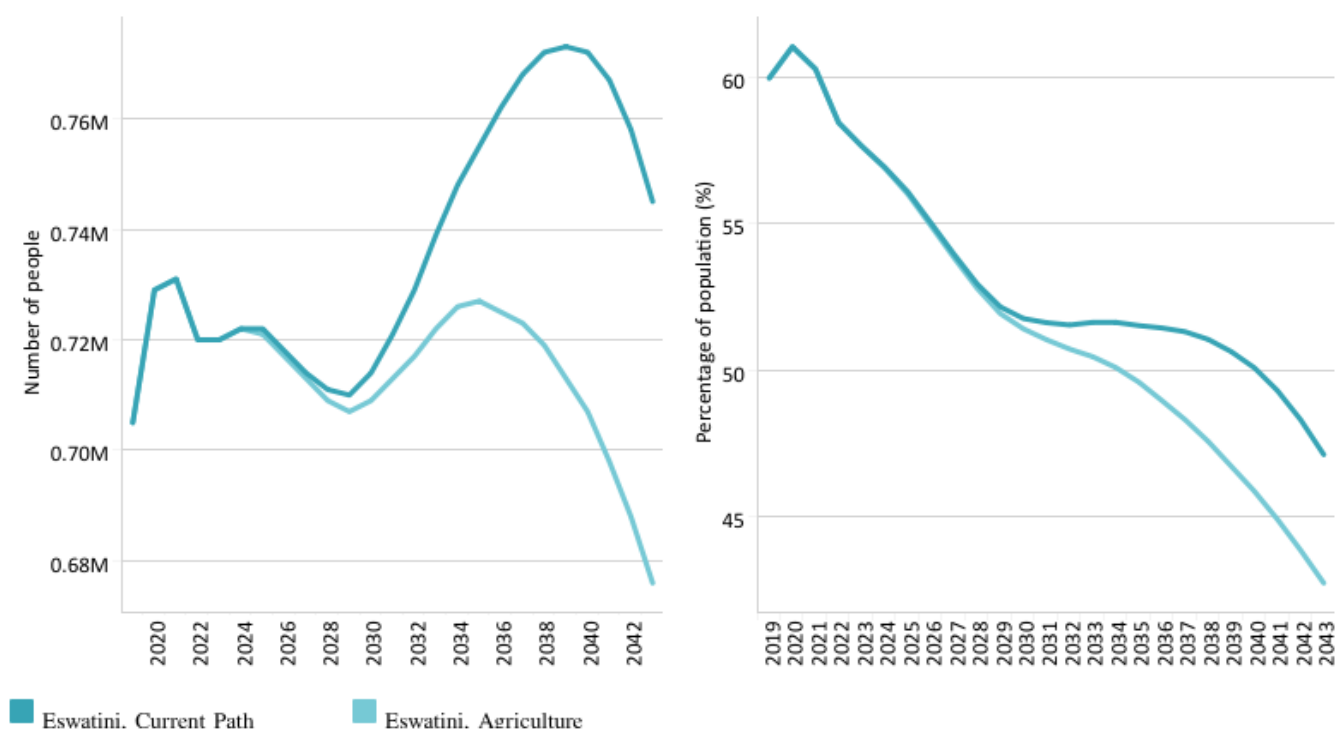
By 2043, the Agriculture scenario will have a modest impact on GDP per capita, increasing income by only US\$65 over the Current Path forecast. This will result in a GDP per capita of US\$15 227 in 2043. Although the scenario benefits lower middle-income Africa much more compared to Eswatini, the country's GDP per capita will remain significantly above the average for lower middle-income countries in Africa throughout the forecast horizon.

## Chart 25: Poverty in CP and Agric scenario, 2019–2043

Millions of people and % of total population



Eswatini \$3.20



Source: IFs 7.63 initialising from UN Population Division Population Prospects estimate, World Development Indicators population data and PovcalNet World Bank data

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Eswatini's agriculture sector is underperforming and can benefit substantially from interventions in the Agriculture scenario. The large percentage of subsistence farmers that struggle with endemic poverty can benefit from a more productive sector that boasts higher yields. The Agriculture scenario will therefore have a positive impact on poverty reduction in the country. The scenario has an immediate impact on reducing poverty and will reduce poverty by 4.2 percentage points compared to the Current Path forecast by 2043, lifting an additional 70 000 people out of poverty.

Boosting the agriculture sector's efficiency is vital to improving livelihoods and to transforming the face of poverty, especially in rural areas. More investment in the sector, particularly in small-scale farming, will increase consumption and income levels and even pave the way for these actors to partake in agro-industrial activities.



## Education scenario

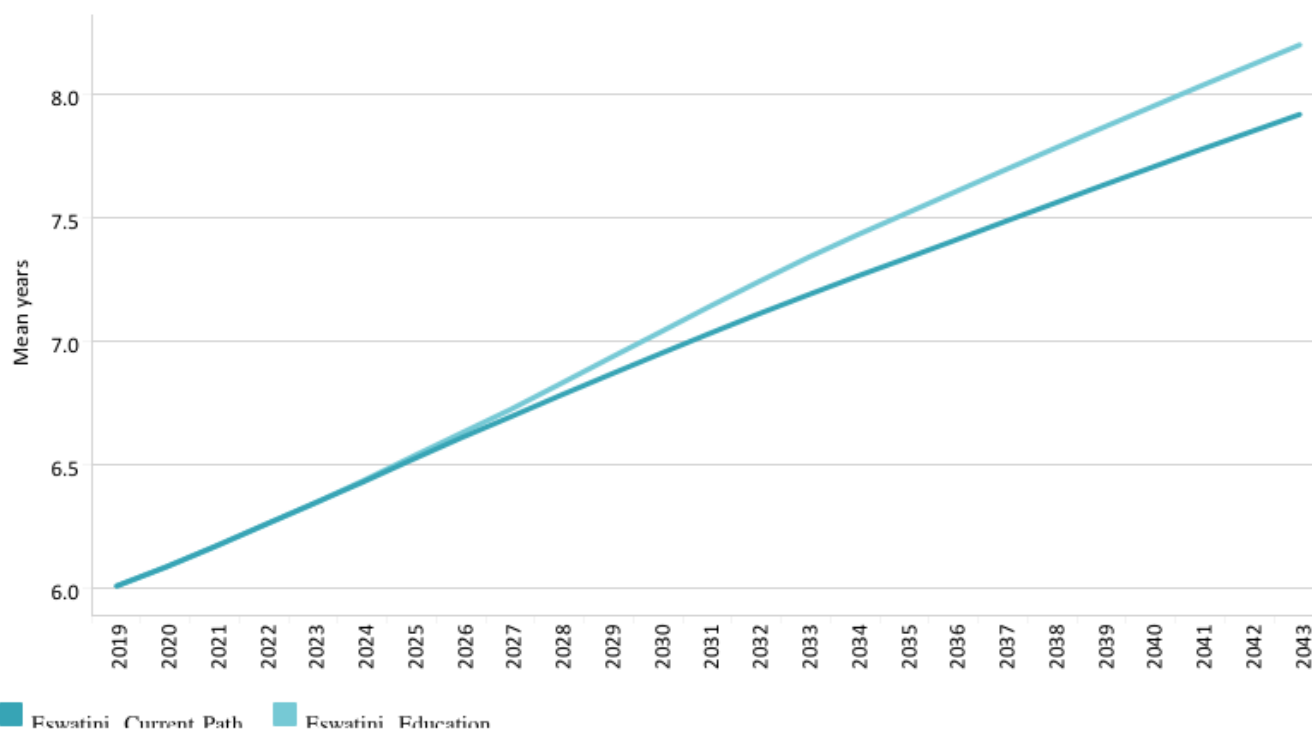
Chart 21 Chart 22 Chart 23 Chart 24 Chart 25 Chart 26 Chart 27 Chart 28 Chart 29 Chart 30 Chart 31

Chart 26: Mean years of education in CP and Educ scenario, 2019–2043

Mean years of adult (+15) education



Eswatini Total



Source: IFs 7.63 initialising from Barro-Lee data

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The Education scenario represents reasonable but ambitious improved intake, transition and graduation rates from primary to tertiary levels and better quality of education. It also models substantive progress towards gender parity at all levels, additional vocational training at secondary school level and increases in the share of science and engineering graduates.

The intervention is explained [here](#) in the thematic part of the website.

Eswatini spends a significant share of its GDP on [education](#), the fourth highest in Africa. In 2019, Eswatini spent 6.8% of its GDP on education, 0.3 percentage points above the average for lower middle-income Africa. However, the education sector suffers from high repetition rates among primary learners, low primary completion rates and high drop-out rates. High poverty levels and the unaffordability of school fees, pregnancy and high secondary education costs are among the reasons stated for this low figure.

The mean years of education in Eswatini was 6 years in 2019, below the average of 7.2 years for lower middle-income Africa and below the 6.2 years for Africa. Increased investment in education as proposed in the Education scenario will increase literacy rates from 92.6% to 100% by 2031. The Education scenario will also increase mean years of education to 8.2 years by 2043, compared to 7.9 in the Current Path forecast.



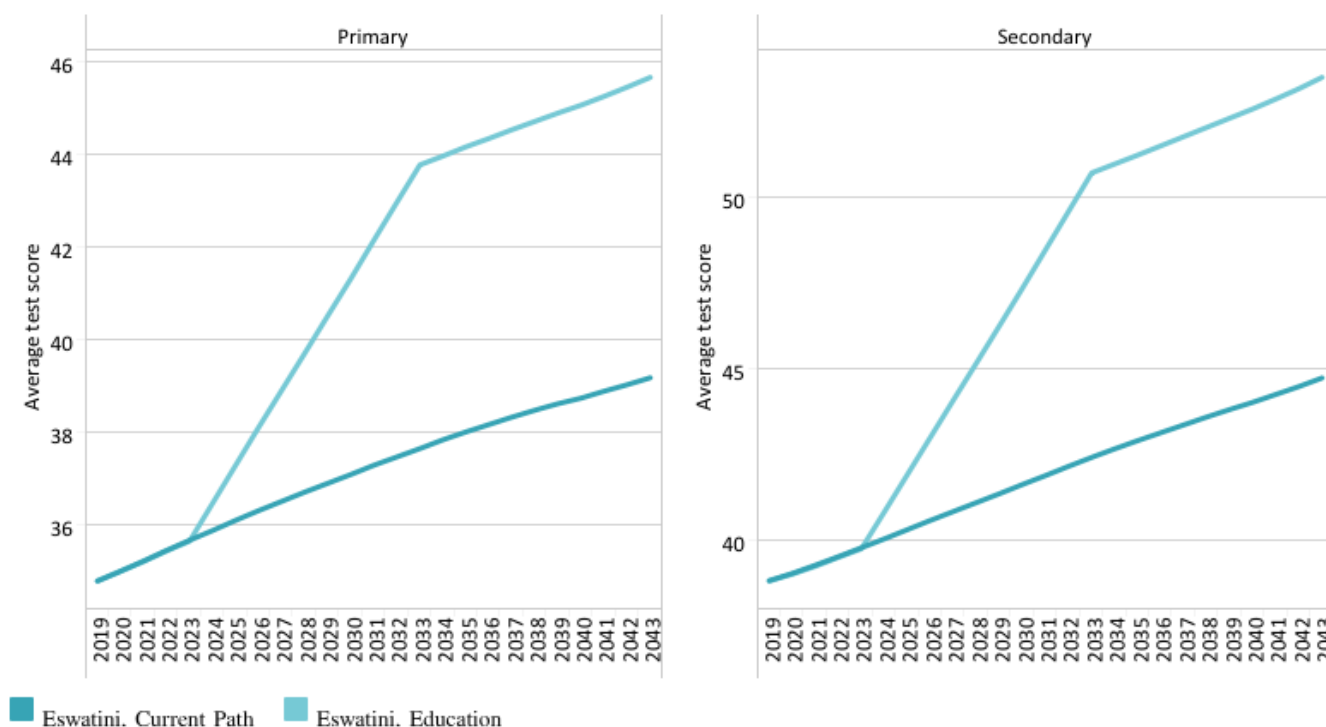
Education is a key lever for growth and development and given the country's large youth bulge and its potential for entering a period of demographic dividend, investment in the sector remains crucial for prosperity.

Chart 27: Education quality in CP and Educ scenario, 2019–2043

Average test scores for primary and secondary learners



Eswatini



Source: IFs 7.63 initialising from World Bank EDSTATS

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The quality of education at primary level in Eswatini is higher than its income peers on the continent. In 2019, the primary average test score (an indication of quality education) was 35, slightly above the 24.8 average for lower middle-income Africa. The interventions proposed in the Education scenario can lift the primary test score to 45.7, 6.5 percentage points above the Current Path forecast by 2043.

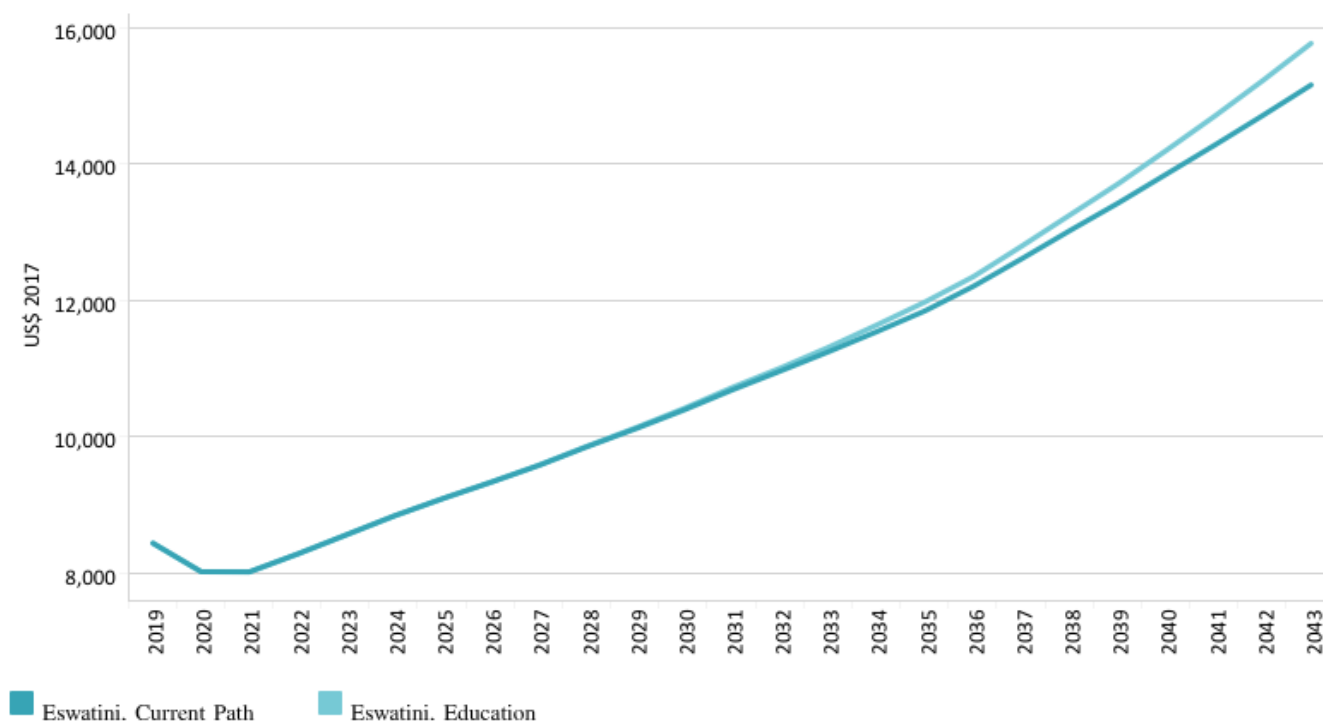
The test score for Eswatini in 2019 at secondary level was 38.8, which is below the average for lower middle-income Africa at 41.7. The Education scenario is expected to result in test scores for secondary learners of 53.5 by 2043. This is 8.8 percentage points higher compared to the Current Path forecast at 44.7.

Quality education is crucial for economic development. It not only allows the country to increase its current added value but also creates tomorrow's technological innovations. Thus, Eswatini's authorities should accelerate reforms to improve the quality of education in the country and as well as keep learners enrolled.

Chart 28: GDP per capita in CP and Educ scenario, 2019–2043  
Purchasing power parity



Eswatini



Source: IFs 7.63 initialising from UN Population Division World Population Prospects and World Development Indicators data

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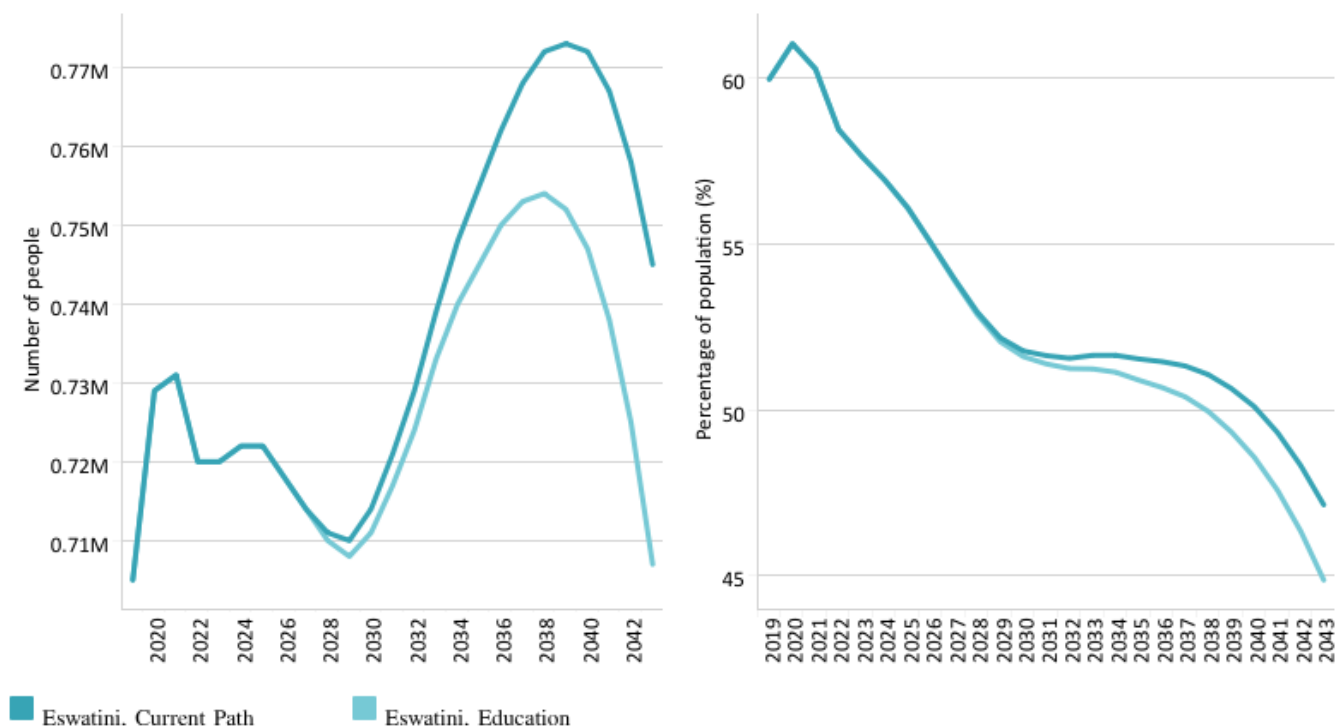
Eswatini has a low Human Development Index score, ranking 138 out of 186 countries globally. Education can improve the human capital of a country, which ultimately leads to economic growth in the long term. By 2043, GDP per capita in Eswatini is expected to increase to US\$15 772 in the Education scenario, compared to US\$15 162 in the Current Path forecast. It means that the Education scenario can improve average GDP per capita in Eswatini by an additional US\$610. The GDP per capita for Eswatini is expected to continue to excel above its income peers throughout the forecast horizon, with this scenario making a greater impact in Eswatini compared to its income peers.

## Chart 29: Poverty in CP and Educ scenario, 2019–2043

Millions of people and % of total population



Eswatini \$3.20



Source: IFs 7.63 initialising from UN Population Division Population Prospects estimate, World Development Indicators population data and PovcalNet World Bank data

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In the Education scenario, it is expected that the poverty rate in Eswatini will decrease to 44.9% by 2043, down from 60% in 2019. This is a 2.2 percentage point improvement to the Current Path forecast that is expected to be 47.1% by 2043. Poverty rates in both the Current Path forecast and the Education scenario will remain above the average for lower middle-income African countries. The Education scenario can lift an additional 40 000 people out of extreme poverty by 2043 compared to the Current Path forecast. Although education is a powerful tool for poverty reduction, as it equips individuals to obtain livelihoods, its benefits take long to manifest.



## Manufacturing scenario

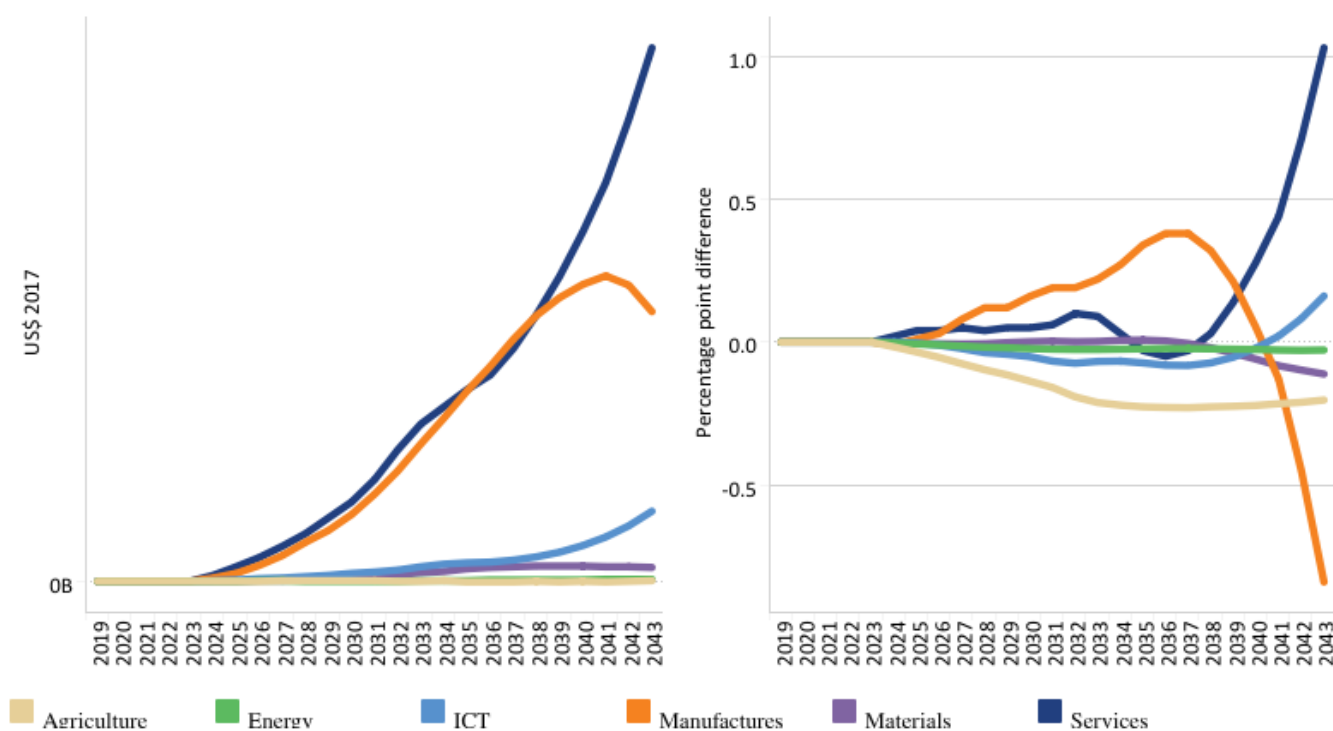
Chart 25 Chart 26 Chart 27 Chart 28 Chart 29 Chart 30 Chart 31 Chart 32 Chart 33 Chart 34 Chart 35

Chart 30: Value added by sector in CP and Manufac/Transfers scenario, 2019–2043

Absolute and % point difference GDP



Eswatini



Source: IFs 7.63 initialising from International Monetary Fund World Economic Outlook database

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The Manufacturing/Transfers scenario represents reasonable but ambitious manufacturing growth through greater investment in the economy, investments in research and development, and promotion of the export of manufactured goods. It is accompanied by an increase in welfare transfers (social grants) to moderate the initial increases in inequality that are typically associated with a manufacturing transition. To this end, the scenario improves tax administration and increases government revenues.

The intervention is explained [here](#) in the thematic part of the website.

Chart 30 should be read with [Chart 8](#) that presents a stacked area graph on the contribution to GDP and size, in billion US\$, of the Current Path economy for each of the sectors.

In the Manufacturing/Transfers scenario, the service sector will continue to be the largest contributor to the economy, contributing an additional US\$900 million to GDP by 2043, which as a percentage of GDP is a 1 percentage point increase compared to the Current Path forecast.

The scenario will improve the contribution of the ICT sector too, which will contribute an additional US\$100 million (0.2 percentage improvement) to GDP by 2043 compared to the Current Path forecast. As a percentage of GDP, the contribution of the energy, materials, agriculture and manufacturing sectors to GDP in the scenario is lower than in the



Current Path forecast by 2043. However, in absolute terms, the contribution of the manufacturing sector to GDP is US\$400 million larger than in the Current Path forecast by 2043.

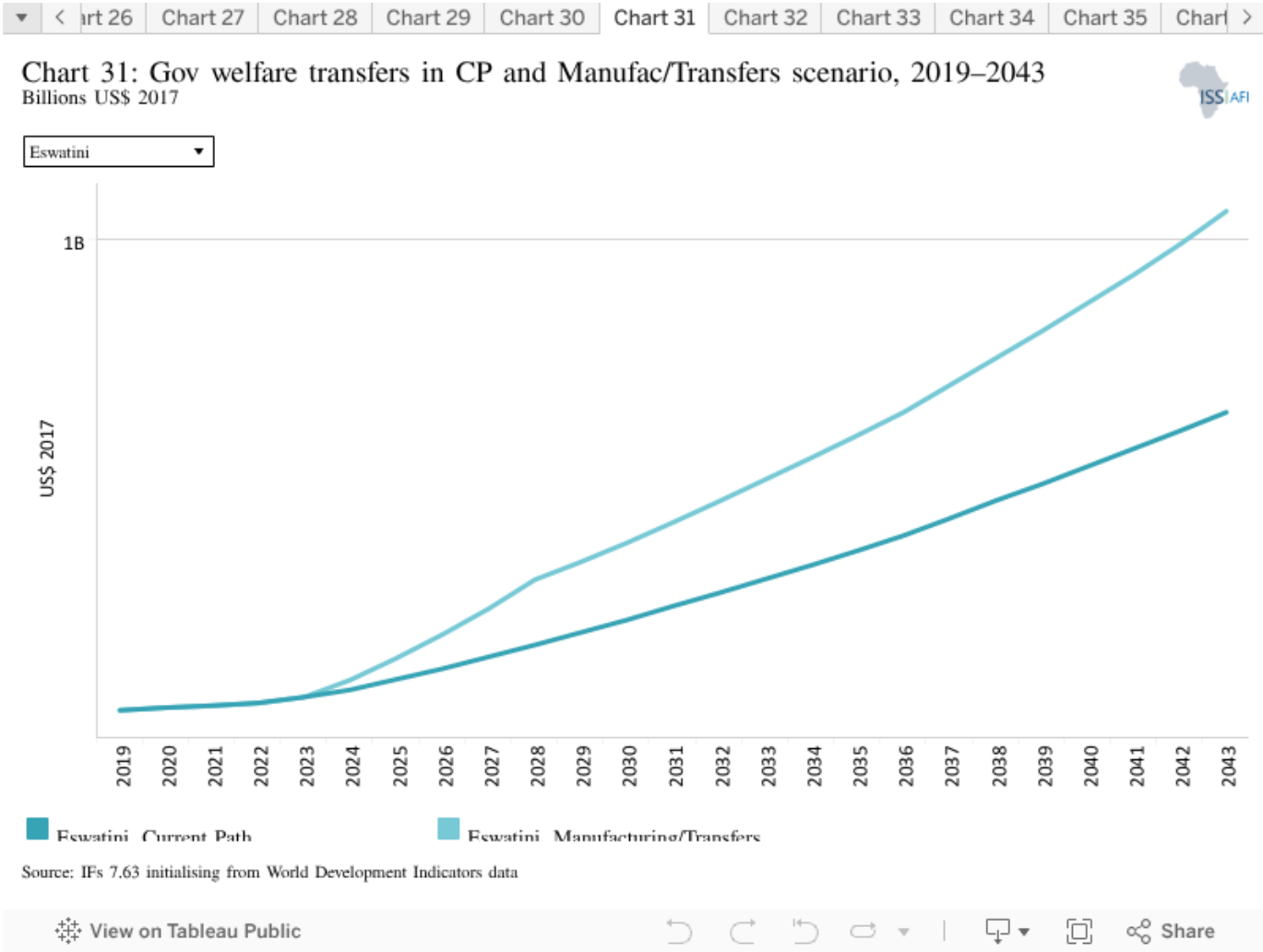
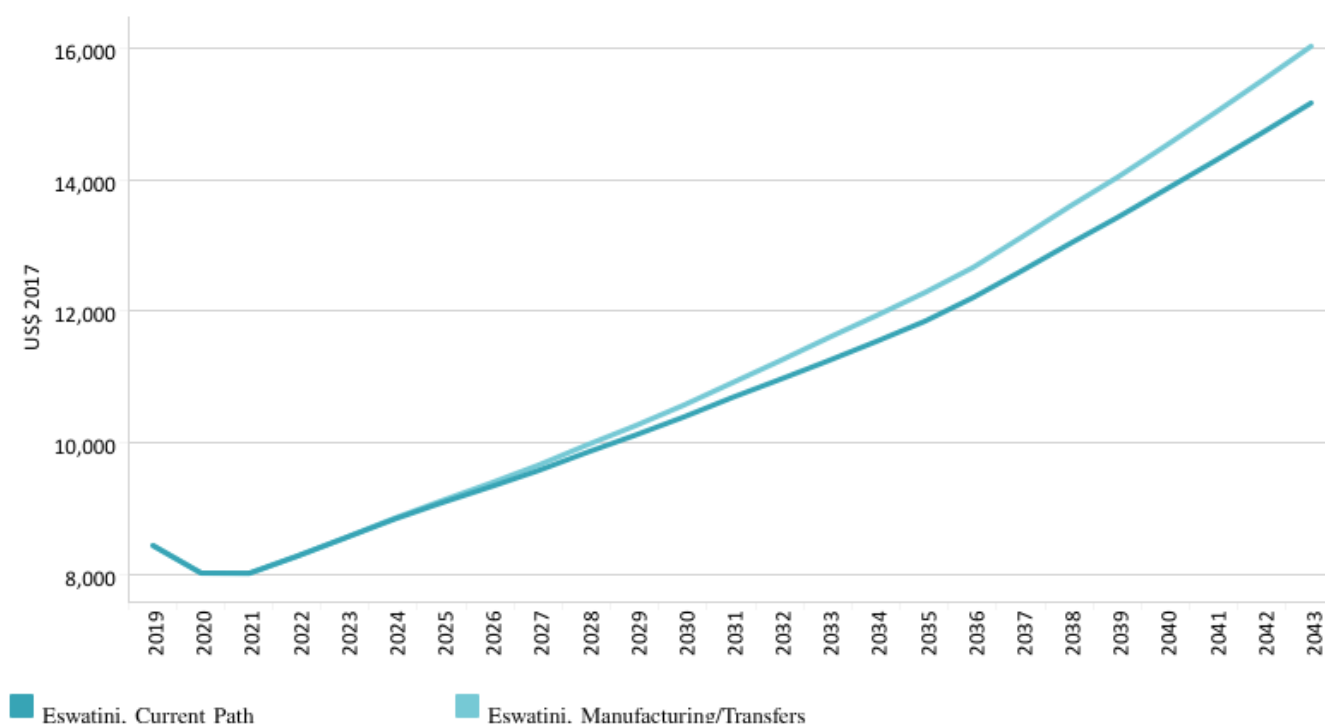


Chart 32: GDP per capita in CP and Manufac/Transfers scenario, 2019–2043  
Purchasing power parity



Eswatini



Source: IFs 7.63 initialising from UN Population Division World Population Prospects and World Development Indicators data

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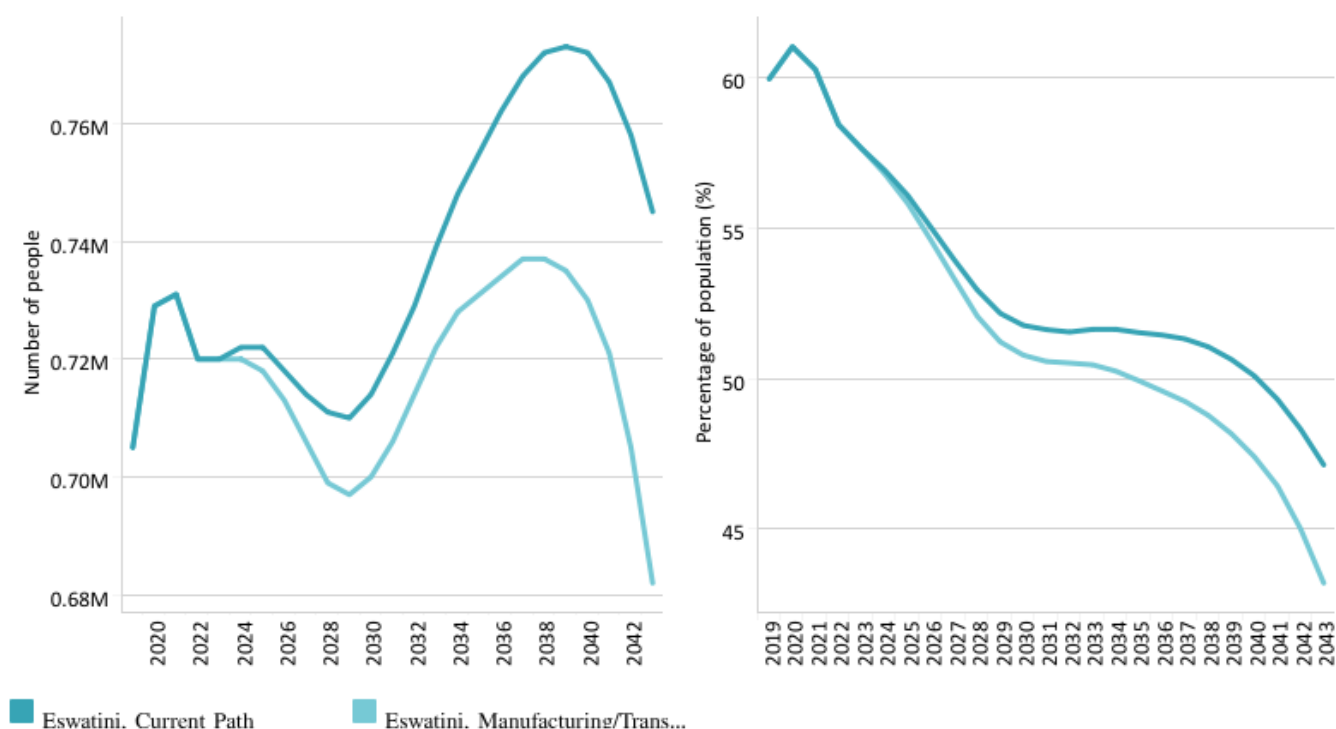
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Eswatini already boasts a strong manufacturing sector but the interventions proposed in the Manufacturing/Transfers scenario will still improve GDP per capita of the country significantly. By 2043, this scenario can increase income by as much as US\$864 above the Current Path forecast. The GDP per capita is expected to increase to US\$16 023 in this scenario compared to US\$15 162 in the Current Path forecast. The GDP per capita in both the Current Path forecast and the Manufacturing/Transfers scenario will still be significantly above the average for lower middle-income countries in Africa by 2043.

Chart 33: Poverty in CP and Manufac/Transfers scenario, 2019–2043  
Millions of people and % of total population



Eswatini \$3.20



Source: IFs 7.63 initialising from UN Population Division Population Prospects estimate, World Development Indicators population data and PovcalNet World Bank data

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The Manufacturing/Transfers scenario will have a significant impact on poverty reduction in the country by 2043. The benefits of this scenario already start to impact poverty reduction by as early as 2025. In this scenario, the poverty rate is reduced to 43.2% by 2043, a 3.9 percentage point reduction compared to the Current Path forecast. An additional 70 000 people will be lifted out of poverty in the Manufacturing/Transfers scenario compared to the Current Path forecast by 2043.



## Leapfrogging scenario

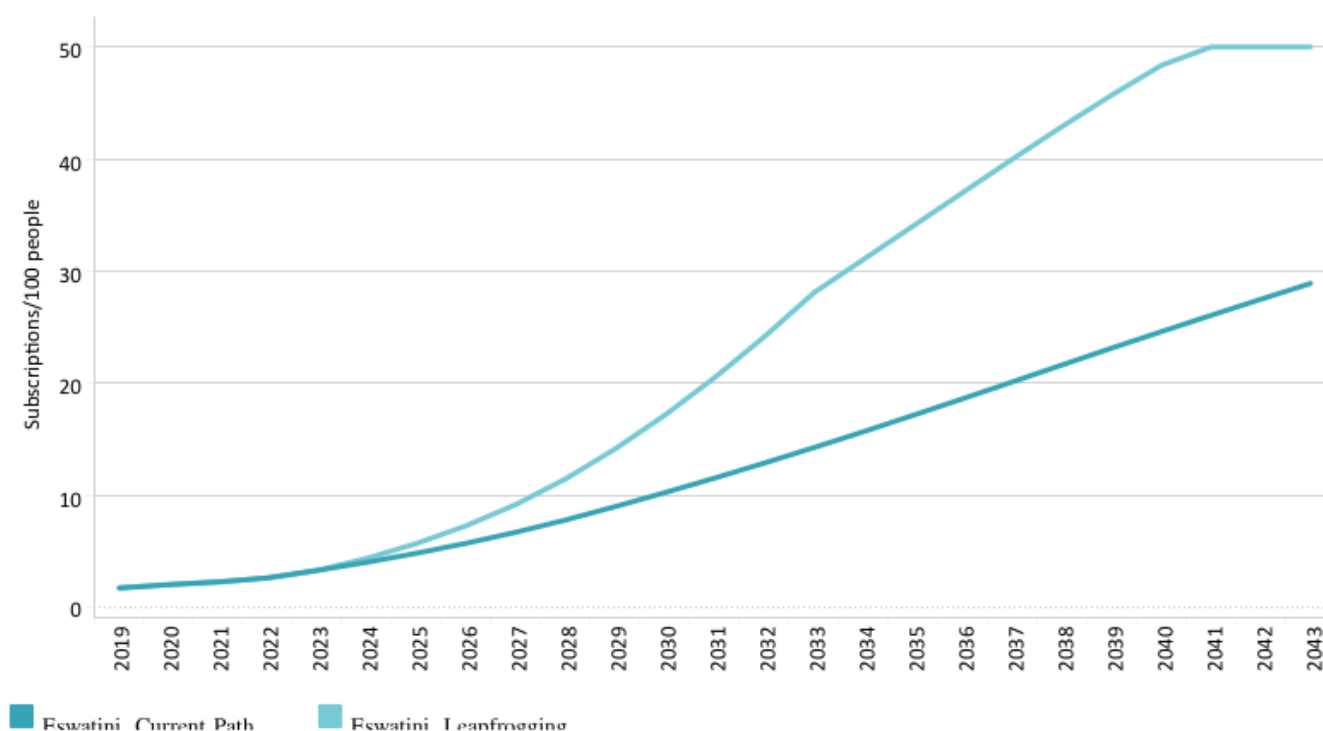
Chart 29 Chart 30 Chart 31 Chart 32 Chart 33 Chart 34 Chart 35 Chart 36 Chart 37 Chart 38 Chart 39

Chart 34: Fixed broadband access in CP and Leapfrogging scenario, 2019–2043

Subscriptions per 100 people



Eswatini



Source: IFs 7.63 initialising from International Telecommunication Union data

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The Leapfrogging scenario represents a reasonable but ambitious adoption of and investment in renewable energy technologies, resulting in better access to electricity in urban and rural areas. The scenario includes accelerated access to mobile and fixed broadband and the adoption of modern technology that improves government efficiency and allows for the more rapid formalisation of the informal sector.

The intervention is explained [here](#) in the thematic part of the website.

Fixed broadband includes cable modem Internet connections, DSL Internet connections of at least 256 KB/s, fibre and other fixed broadband technology connections (such as satellite broadband Internet, ethernet local area networks, fixed-wireless access, wireless local area networks, WiMAX, etc.).

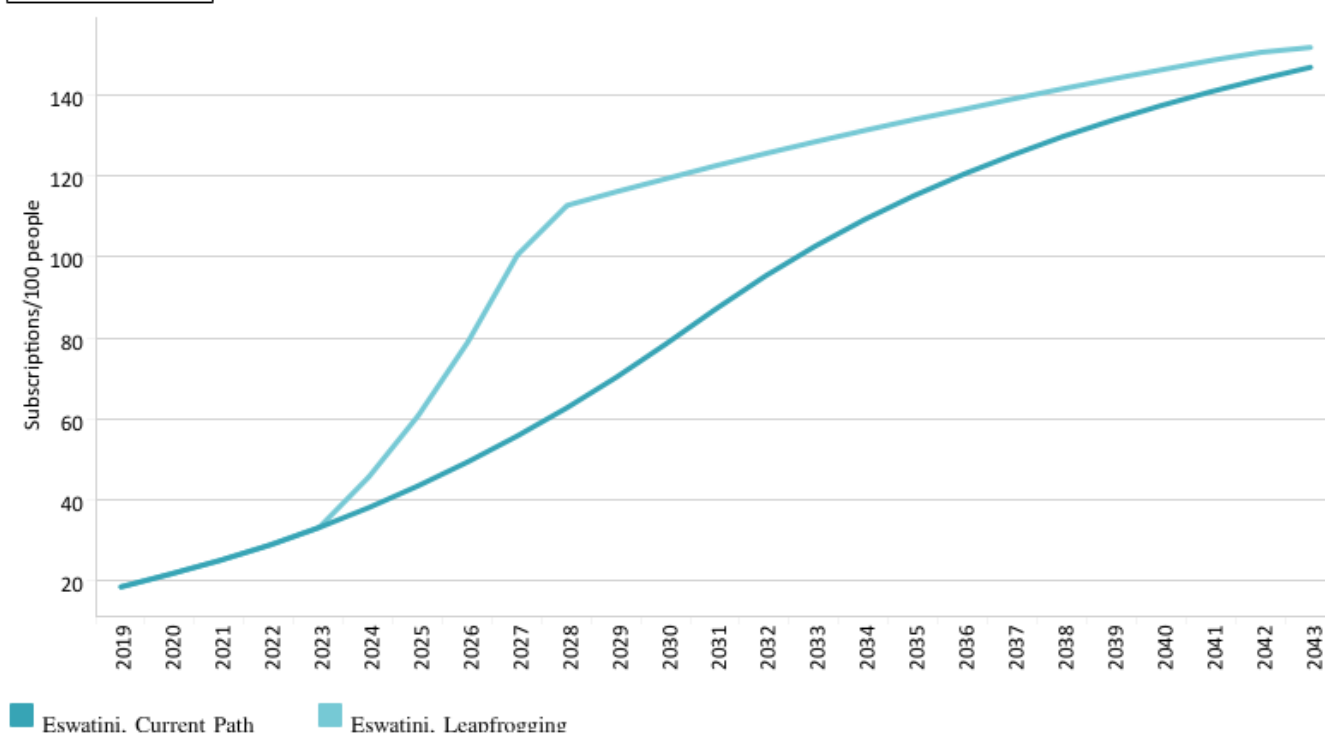
Greater Internet connectivity through fixed broadband increases the speed at which information can be shared and so spurs on innovation and knowledge transfer between communities and countries. Eswatini's fixed broadband subscriptions of 2 per 100 people in 2019 was below the average for lower middle-income countries in Africa, which was 3.7, and below the average of 3.2 for Africa. In the Leapfrogging scenario, fixed broadband subscriptions increase to 50 subscriptions per 100 people by 2041. In the Current Path forecast, Eswatini only reaches 28.9 subscriptions by 2043. The interventions proposed in the Leapfrogging scenario accelerate access from 2024 onwards.



Chart 35: Mobile broadband access in CP and Leapfrogging scenario, 2019–2043  
Subscriptions per 100 people



Eswatini



Source: IFs 7.63 initialising from International Telecommunication Union data

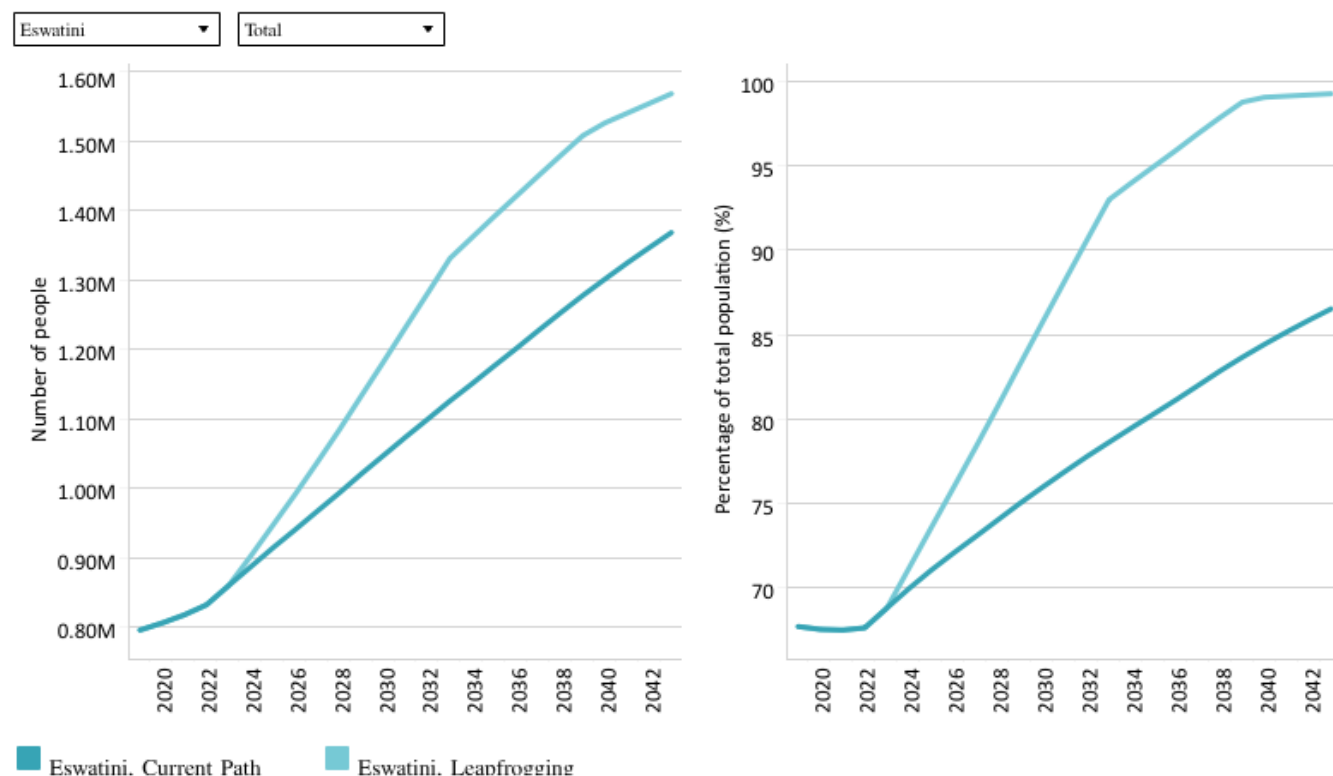
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Mobile broadband refers to wireless Internet access delivered through cellular towers to computers and other digital devices.

For many decades, Eswatini was stuck with one [mobile service provider](#) but the landscape has changed dramatically with the introduction of two new mobile service providers the past few years. Eswatini's mobile broadband subscriptions stood at 18.5 per 100 people in 2019, below the 49 subscriptions for Africa's lower middle-income countries. The Leapfrogging scenario will accelerate access to mobile broadband. In the Leapfrogging scenario, mobile broadband subscriptions will increase to 151.7 subscriptions per 100 people by 2043, with access accelerating from 2023 onwards. Compared to the Current Path forecast this scenario has an immediate effect that peaks in 2028.

Chart 36: Electricity access in CP and Leapfrogging scenario, 2019–2043  
Millions of people and % of population



Source: IFs 7.63 initialising from World Development Indicators data

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Navigation icons: back, forward, search, etc.

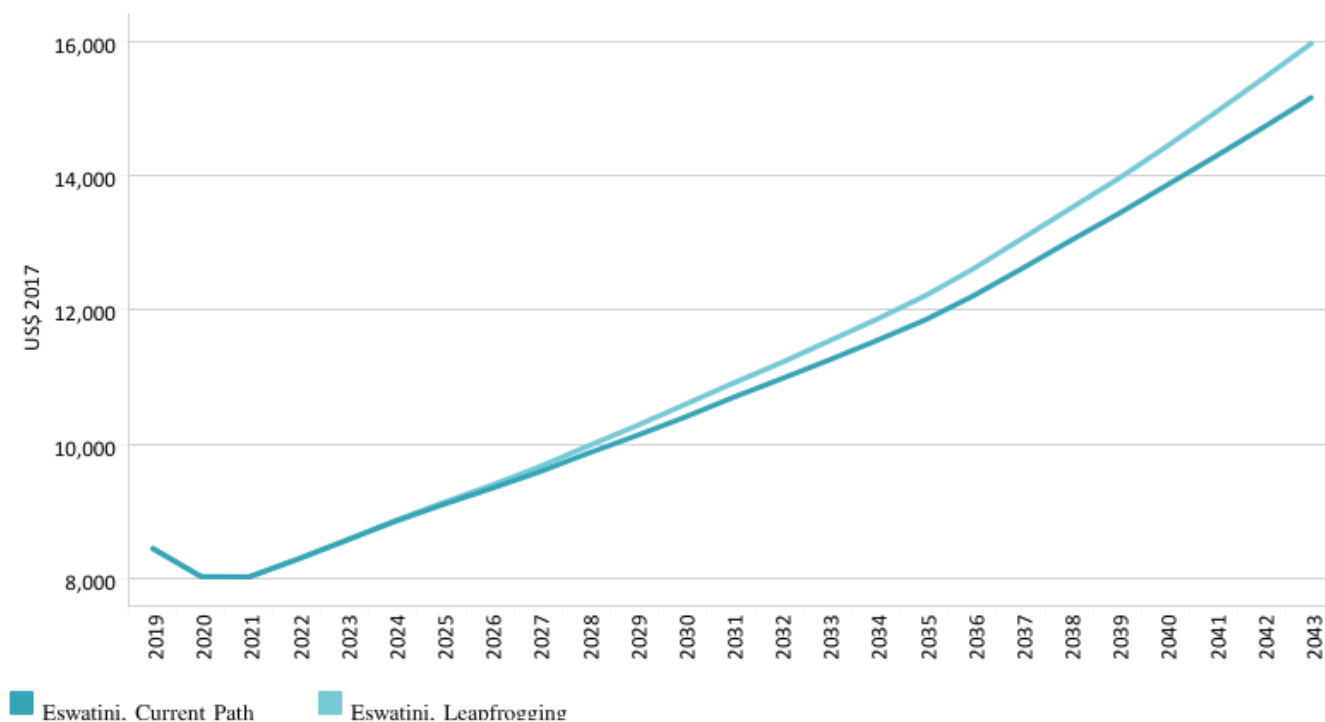
In total, 67.7% of the country's population had access to electricity in 2019 — 1.4 percentage points higher than the average for lower middle-income Africa and 14.5 percentage points more than the average for Africa. The country does boast renewable energy potential but this remains underused. The bulk of the energy needs are currently met through imports from the struggling Eskom power utility in neighbouring South Africa with limited hydropower and renewable energy sources in-house.

In the Current Path forecast, it is projected that 90.2% of Eswatini's population will have access to electricity by 2043, translating to 1.4 million people. In the Leapfrogging scenario, electricity access is projected to reach 99.3% by 2043. The projection indicates that in the Leapfrogging scenario rural electricity access will increase from 62.5% in 2019 to 100% by 2040, while access in the Current Path forecast will reach 84.4% by 2043. For populations living in urban spaces, it is projected that in the Leapfrogging scenario, electricity access will increase from 84.9% in 2019 to 97% by 2043. This rapid acceleration in electricity access will support the country's socio-economic development.

Chart 37: GDP per capita in CP and Leapfrogging scenario, 2019–2043  
Purchasing power parity



Eswatini



Source: IFs 7.63 initialising from UN Population Division World Population Prospects and World Development Indicators data

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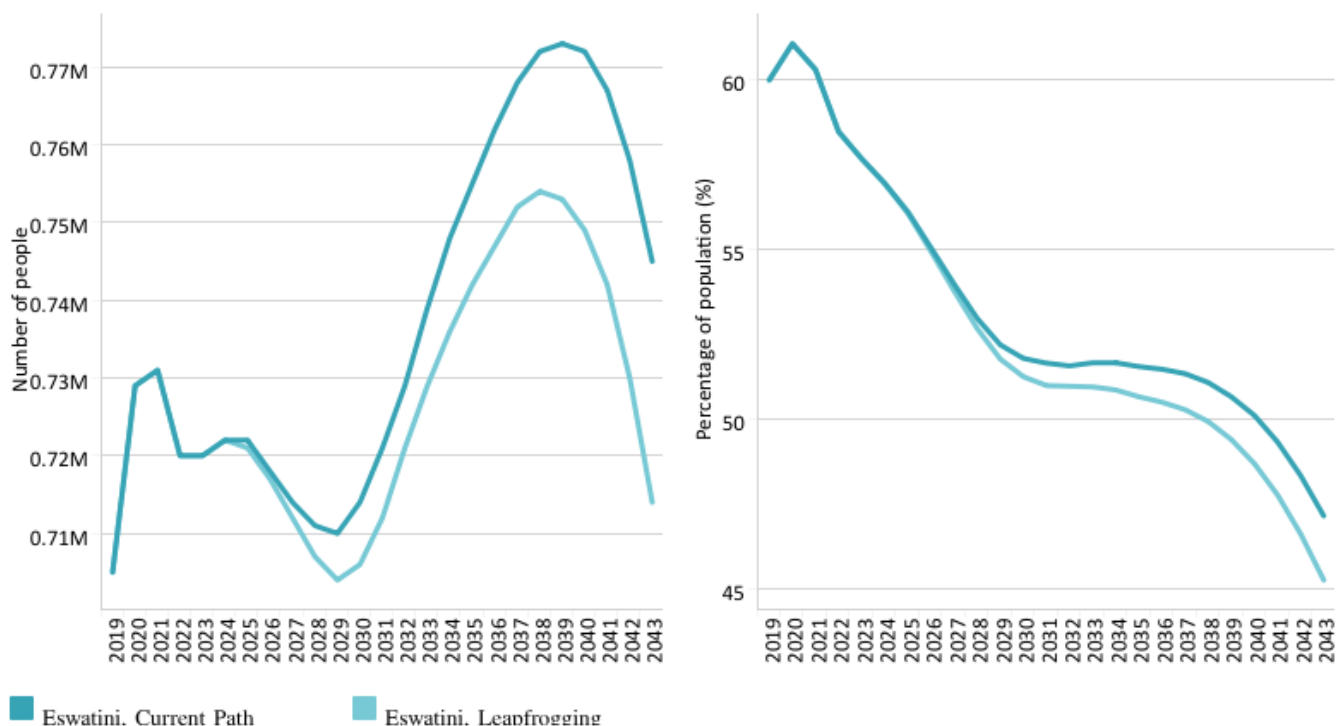
Technology improves the skill level of workers and allows them to be more productive. Technological advances can however increase income levels that are already very high in the country. By 2043, GDP per capita in Eswatini is expected to increase to US\$15 969 in the Leapfrogging scenario, compared to US\$15 162 in the Current Path forecast. It means that compared to the Current Path, the scenario could improve GDP capita by US\$807. The GDP per capita for Eswatini is expected to continue to excel above its income peers.

## Chart 38: Poverty in CP and Leapfrogging scenario, 2019–2043

Millions of people and % of total population



Eswatini \$3.20



Source: IFs 7.63 initialising from UN Population Division Population Prospects estimate, World Development Indicators population data and PovcalNet World Bank data

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The Leapfrogging scenario has a positive impact on poverty reduction by 2043, lowering it by 1.9 percentage points compared to the Current Path forecast. The interventions proposed in this scenario will lift an additional 40 000 people out of extreme poverty. Poverty rates remain above the average for lower middle-income Africa throughout the forecast horizon.



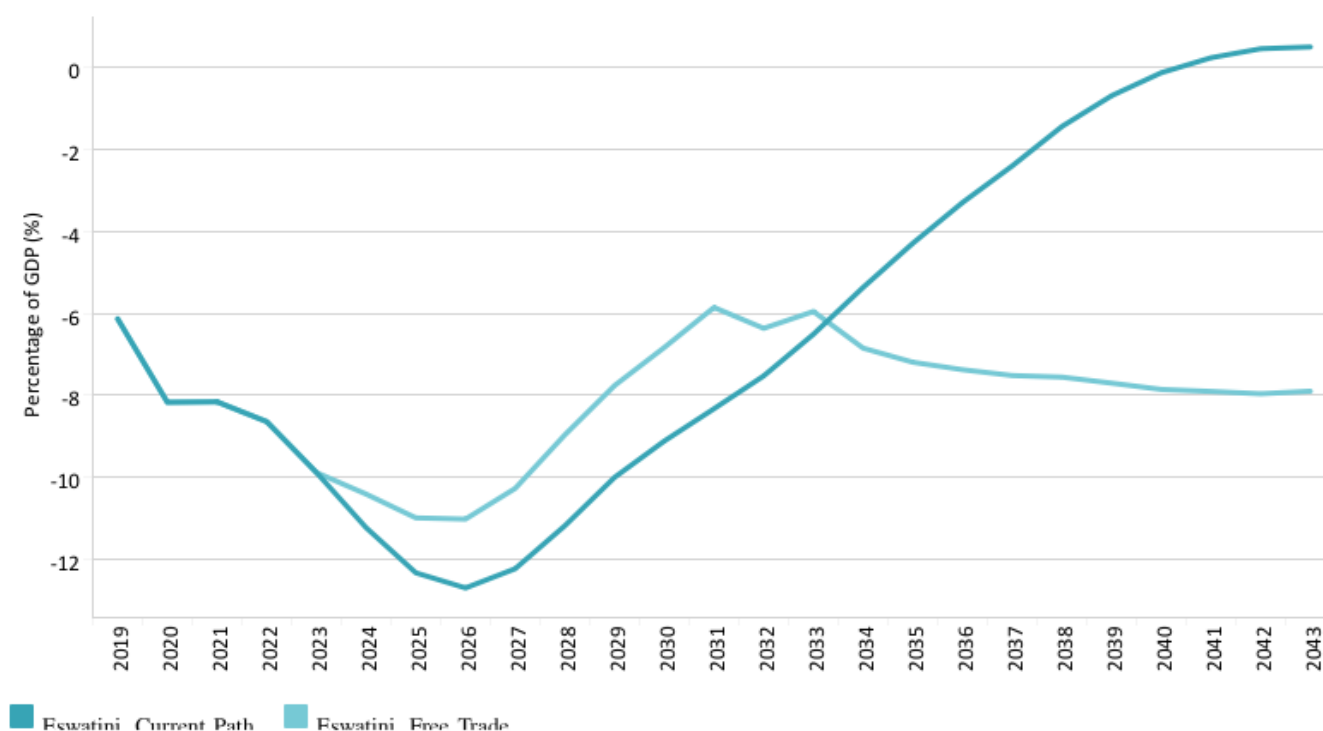
## Free Trade scenario

Chart 34 Chart 35 Chart 36 Chart 37 Chart 38 Chart 39 Chart 40 Chart 41 Chart 42 Chart 43 Chart 44

Chart 39: Trade balance in CP and Free Trade scenario, 2019–2043  
% of GDP



Eswatini



Source: IFs 7.63 initialising from World Development Indicators data

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The Free Trade scenario represents the impact of the full implementation of the African Continental Free Trade Area (AfCFTA) by 2034 through increases in exports, improved productivity and increased trade and economic freedom.

The intervention is explained [here](#) in the thematic part of the website.

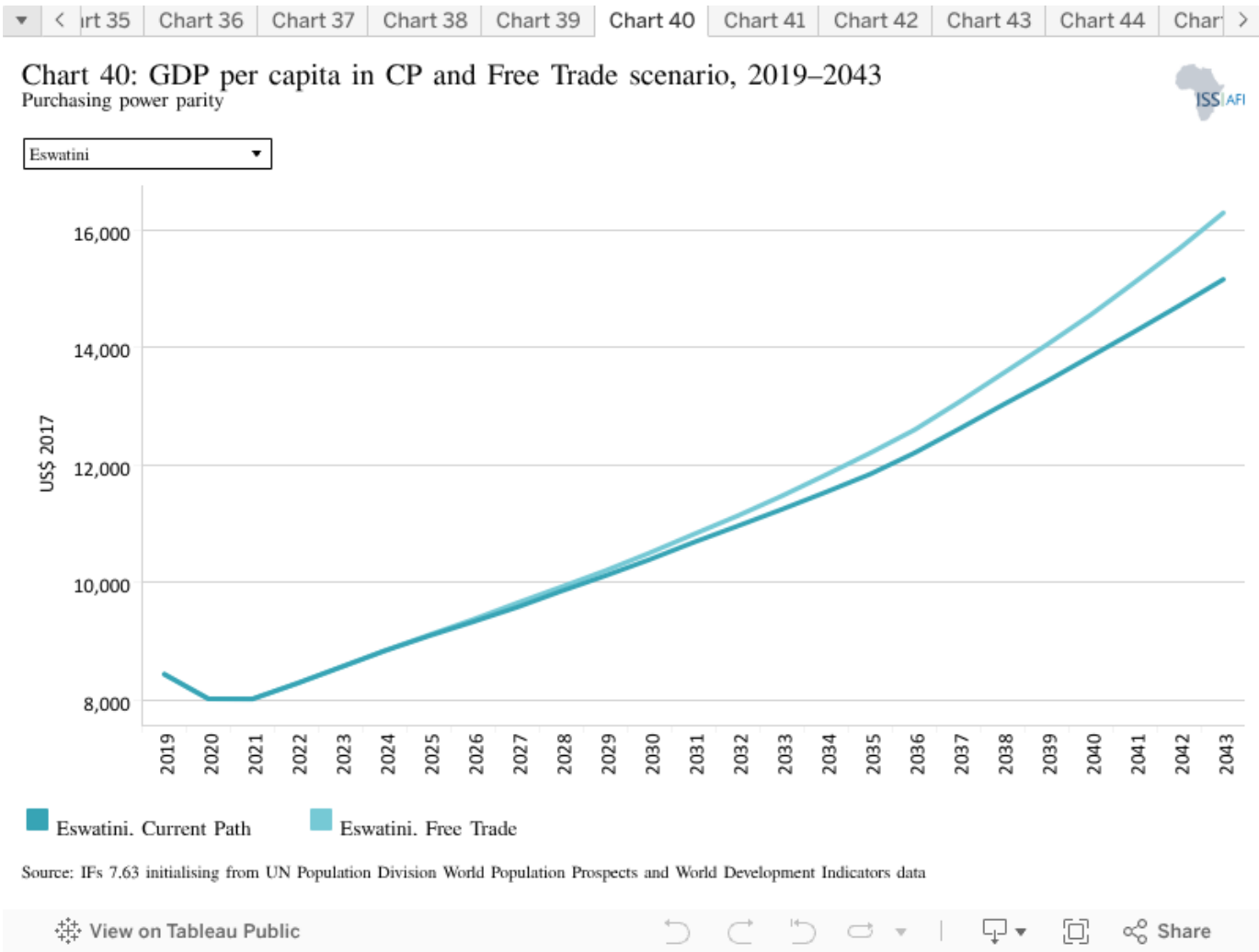
The trade balance is the difference between the value of a country's exports and its imports. A country that imports more goods and services than it exports in terms of value has a trade deficit, while a country that exports more goods and services than it imports has a trade surplus.

The [economy of Eswatini](#) is heavily dependent on the importation and exportation of basic foodstuffs. The country has several trade agreements in place and is a key link between the economic heartland of Gauteng, in South Africa, and the harbour city of Maputo in Mozambique. Exports include sugar, cotton, beef and soft drink concentrates and the main export recipient is neighbouring South Africa, and to a lesser extent Mozambique, Namibia, Botswana and the EU. The value of agricultural exports in 2019 stood at US\$130 million, while the agricultural importation bill stood at US\$266 million.

Eswatini's trade deficit therefore in 2019 stood at 6.1% of GDP. In the Free Trade scenario, Eswatini is projected to record a trade deficit across the forecast horizon. However, between 2026 and 2031, the trade deficit in the scenario remains lower

than in the Current Path forecast. In 2043, the deficit is projected to reach 7.9% of GDP compared to the Current Path forecast at a possible surplus of 0.5%.

The full implementation of the AfCFTA will likely improve Eswatini’s trade balance in the short to medium term and deteriorate it in the long term. With the removal of trade restrictions, following trade liberalisation, it becomes easier to import, while Eswatini firms face intense competition on the export markets. However, only using the trade balance is not a viable indicator to conclude that in the long term Eswatini will be a loser in the implementation of the AfCFTA. The country’s total trade will increase significantly in the Free Trade scenario, growing from US\$19.7 billion in the Current Path forecast to US\$28.6 billion by 2043. Furthermore, employment in the ICT sector will increase by 21% in 2043 compared to the Current Path forecast, a positive shift towards activities with higher productivity rates.



Trade enables countries to export comparatively advantageous products while importing goods that they have less advantage in producing. This eventually results in higher growth due to increased income from export and reduced expenditure on cheaper imported commodities. From all the interventions introduced in the scenarios, it is the Free Trade scenario that will have the biggest positive impact on per capita income in Eswatini. By 2043, GDP per capita in the country is expected to increase to US\$16 296 in the Free Trade scenario, compared to US\$15 162 in the Current Path forecast — an increase of US\$1 134. The GDP per capita for Eswatini is expected to continue to excel above its income peers.



Chart 41: Poverty in CP and Free Trade scenario, 2019–2043

Millions of people and % of total population



Eswatini \$3.20



Source: IFs 7.63 initialising from UN Population Division Population Prospects estimate, World Development Indicators population data and PovcalNet World Bank data

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Trade openness will reduce poverty in the long term after initially increasing it due to the redistributive effects of trade. Most African countries export primary commodities and low-tech manufacturing products, and therefore a continental free trade agreement (AfCFTA) that reduces tariffs and non-tariff barriers across Africa will increase competition among countries in primary commodities and low-tech manufacturing exports. Countries with inefficient, high-cost manufacturing sectors might be displaced as the AfCFTA is implemented, thereby pushing up poverty rates. In the long term, as the economy adjusts and produces and exports its comparatively advantaged (lower relative cost) goods and services, poverty rates will decline.

By 2043, the poverty rate will drop from 47.1% in the Current Path forecast to 38.5% in the Free Trade scenario — the biggest impact on poverty from the various intervention scenarios. This scenario therefore causes an 8.6 percentage point reduction in the poverty rate compared to the Current Path forecast, meaning that the Free Trade scenario can move an additional 140 000 people out of extreme poverty by 2043. The Free Trade scenario boosts exports from the manufacturing sector by 10.5% compared to the Current Path forecast by 2043 — an increase which will have a huge impact on poverty reduction due to the large proportion of the country's labour force employed in the industrial sector. The increase in intra-Africa trade will improve the livelihoods of these people through increased sales and incomes, while opening up new employment opportunities for others not currently employed in the sector.



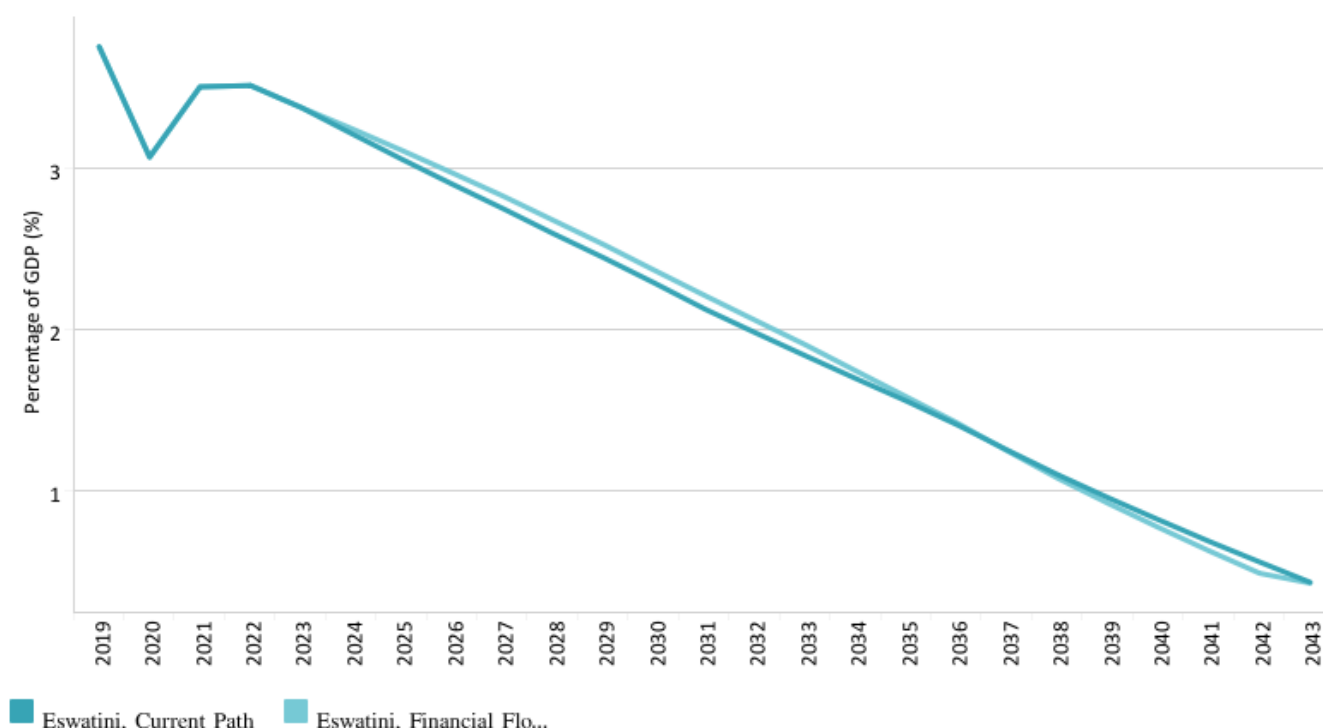
## Financial Flows scenario

Chart 37 Chart 38 Chart 39 Chart 40 Chart 41 Chart 42 Chart 43 Chart 44 Chart 45 Chart 46 Chart 47

Chart 42: Foreign aid in CP and Financial Flows scenario, 2019–2043  
% of GDP



Eswatini



Source: IFs 7.63 initialising from Development Assistance Committee of the OECD data, and World Bank and OECD GNI estimates.

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The Financial Flows scenario represents a reasonable but ambitious increase in worker remittances and aid flows to poor countries, and an increase in the stock of foreign direct investment (FDI) and additional portfolio investment inflows to middle-income countries. We also reduced outward financial flows to emulate a reduction in illicit financial outflows.

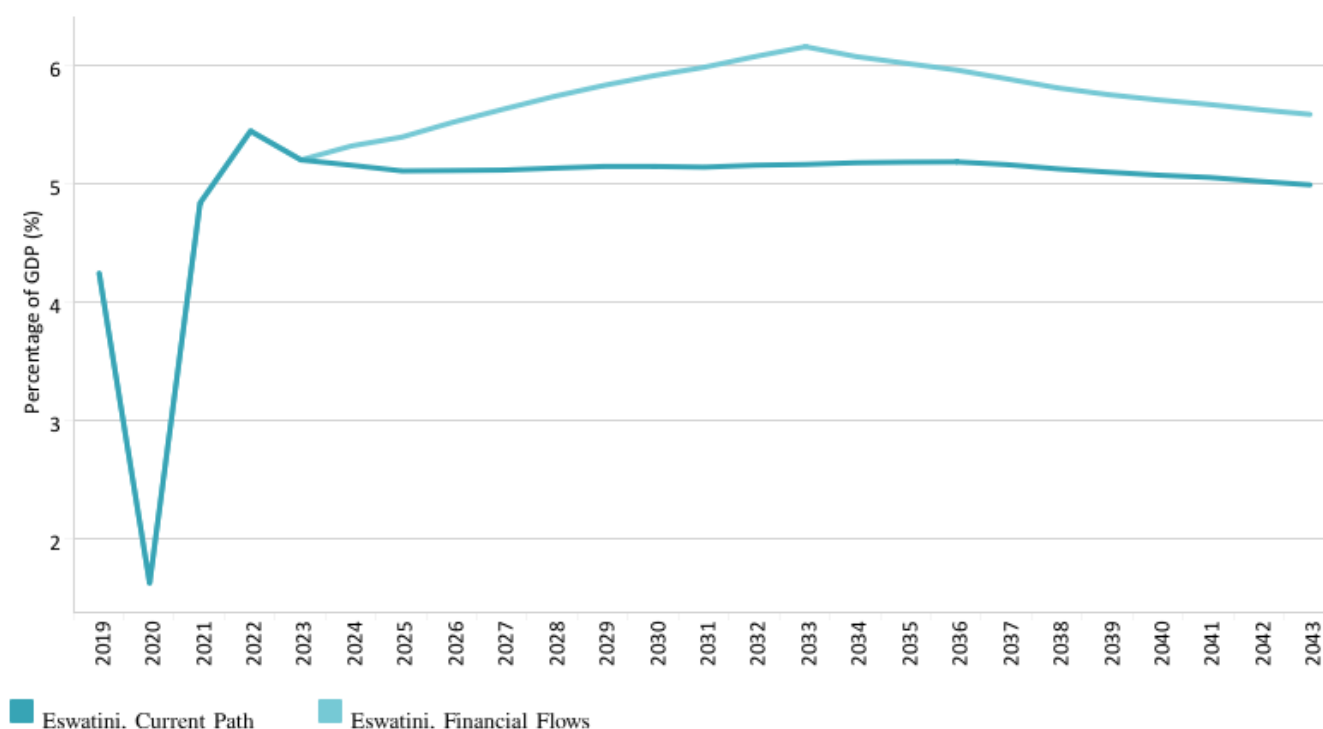
The intervention is explained [here](#) in the thematic part of the website.

The Eswatini economy benefits significantly from foreign aid inflows, and in 2019 foreign aid represented 3.8% of the country's GDP, significantly above the average for lower middle-income Africa at 1.7%. Foreign aid flows are projected to decrease both in the Financial Flows scenario and in the Current Path forecast, equating to 0.4% of GDP by 2043. This is a trend that has been observed over the past couple of decades. Foreign aid will also decrease in absolute terms, a sure sign of the country reducing its dependence on foreign aid: by 2043, the Eswatini will receive US\$80 million of aid in the scenario, down from US\$240 million in 2019. Foreign aid receipts will peak by 2027 in the Financial Flows scenario.

Chart 43: Inflow of FDI in CP and Financial Flows scenario, 2019–2043  
% of GDP



Eswatini



Source: IFs 7.63 initialising from International Monetary Fund World Economic Outlook database

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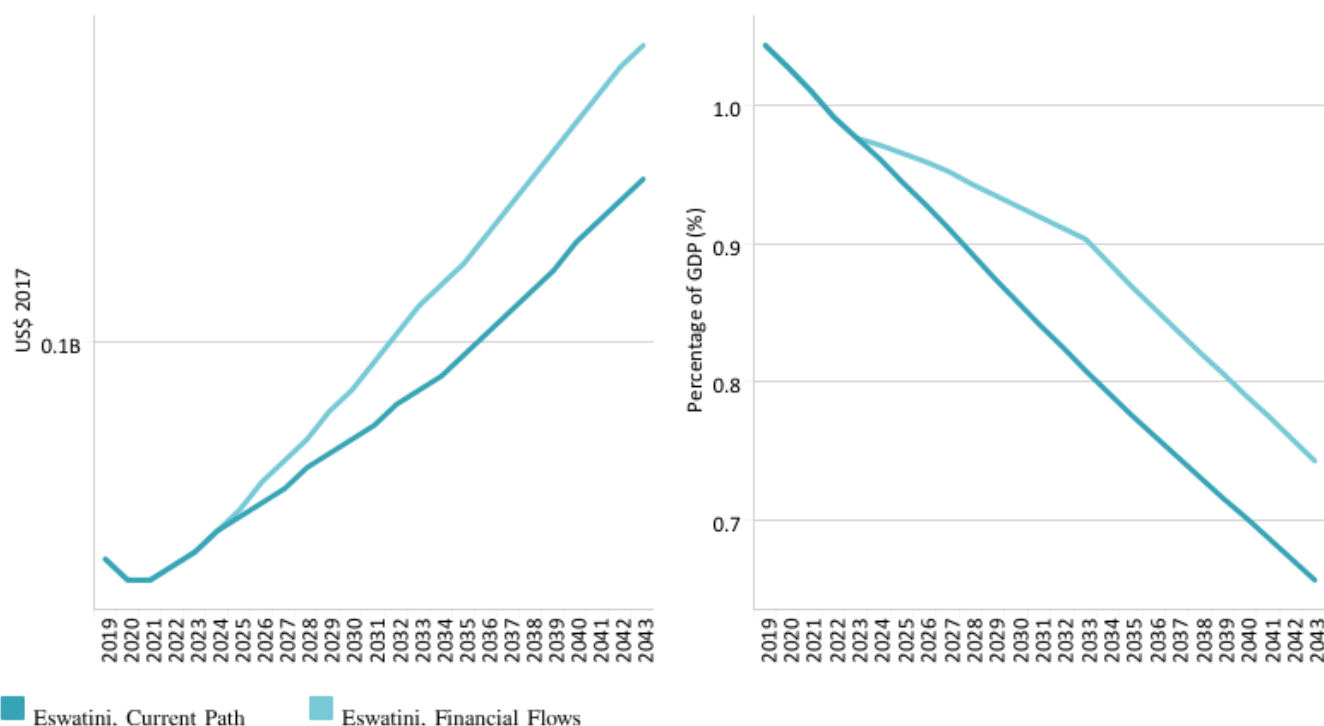
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In 2019, foreign direct investment in Eswatini was 1.7 percentage points above the average for lower middle-income Africa. In 2019, FDI inflows represented 4.2% of the country's GDP before declining to 1.6% in 2020 due to the multiple shocks associated with the COVID-19 pandemic. The discontent with the king's regime, as highlighted by the 2021 riots, is also a cause for concern and will impact investor confidence if not addressed. The country remains strong in terms of attracting investment and has recently released several mining prospect documents. In the Financial Flows scenario, FDI inflows increase to 5.6% of GDP by 2043, 0.6 percentage points higher than the Current Path forecast.

Chart 44: Remittances in CP and Financial Flows scenario, 2019–2043  
Billions US\$ 2017 and % of GDP



Eswatini



Source: IFs 7.63 initialising from World Development Indicators data

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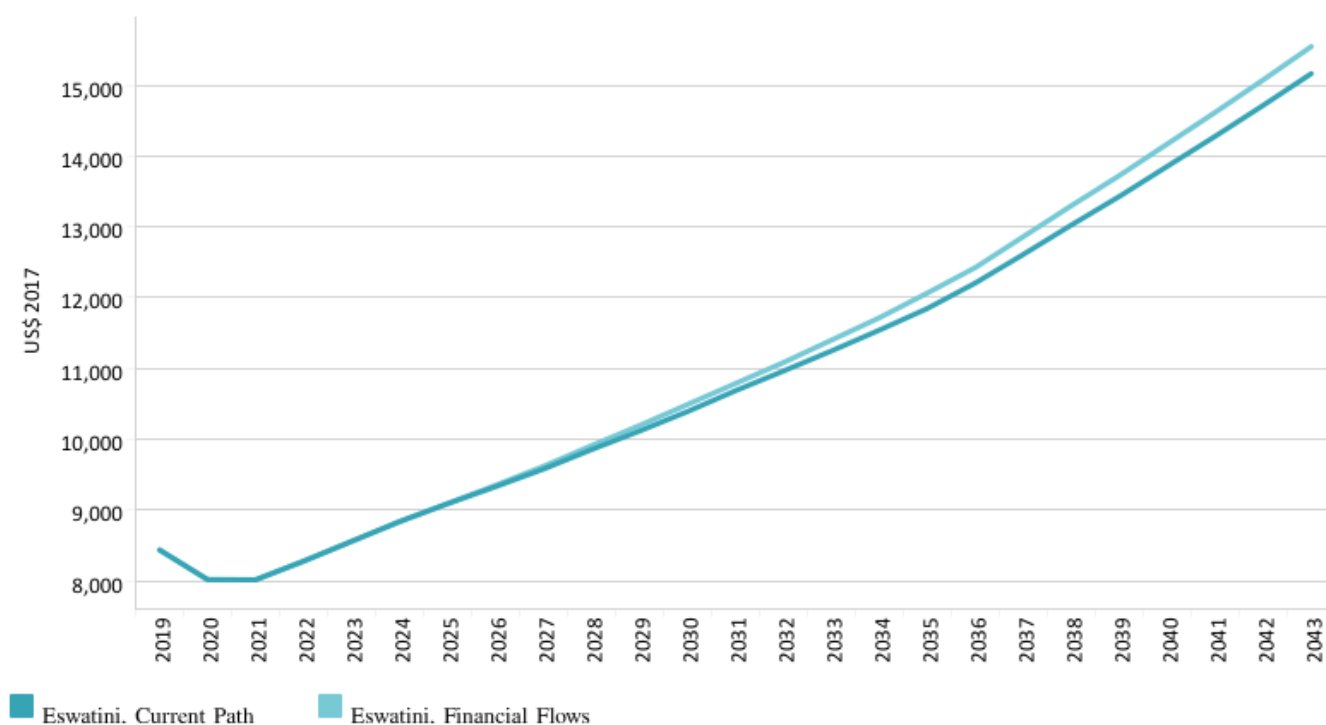
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Although Eswatini is a net receiver of remittances, it receives less compared to the average for Africa's lower middle-income countries. In 2019, the Swazi diaspora remitted an estimated US\$100 million — about 1% of GDP. This remittance trend is likely to continue throughout the forecast horizon and in 2043 it is estimated that in the Financial Flows scenario remittances will amount to US\$400 million — 0.74% of GDP compared to 0.66% of GDP in the Current Path forecast.

Chart 45: GDP per capita in CP and Financial Flows scenario, 2019–2043  
Purchasing power parity



Eswatini



Source: IFs 7.63 initialising from UN Population Division World Population Prospects and World Development Indicators data

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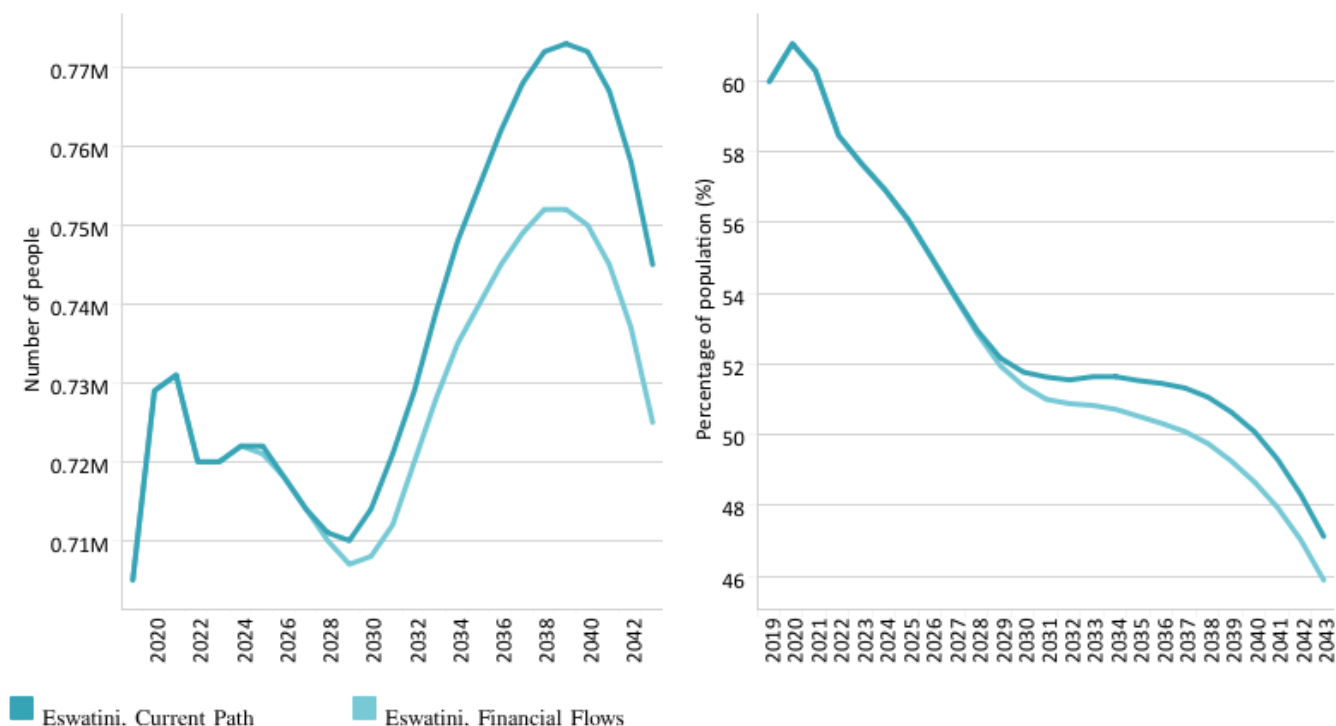
The Financial Flows scenario has a more modest impact on Eswatini's GDP per capita. By 2043, GDP per capita is expected to increase to US\$15 543 in the Financial Flows scenario, compared to US\$15 162 in the Current Path forecast — an increase of US\$381. The GDP per capita for the country will remain significantly above the average for lower middle-income Africa.

Chart 46: Poverty in CP and Financial Flows scenario, 2019–2043

Millions of people and % of total population



Eswatini \$3.20



Source: IFs 7.63 initialising from UN Population Division Population Prospects estimate, World Development Indicators population data and PovcalNet World Bank data

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The Financial Flows scenario has a positive effect on poverty reduction in Eswatini. It is expected that this scenario will reduce the poverty rate by 1.2 percentage points by 2043 compared to the Current Path forecast. The scenario has the potential to lift an additional 20 000 people out of poverty compared to the Current Path forecast by 2043.



## Infrastructure scenario

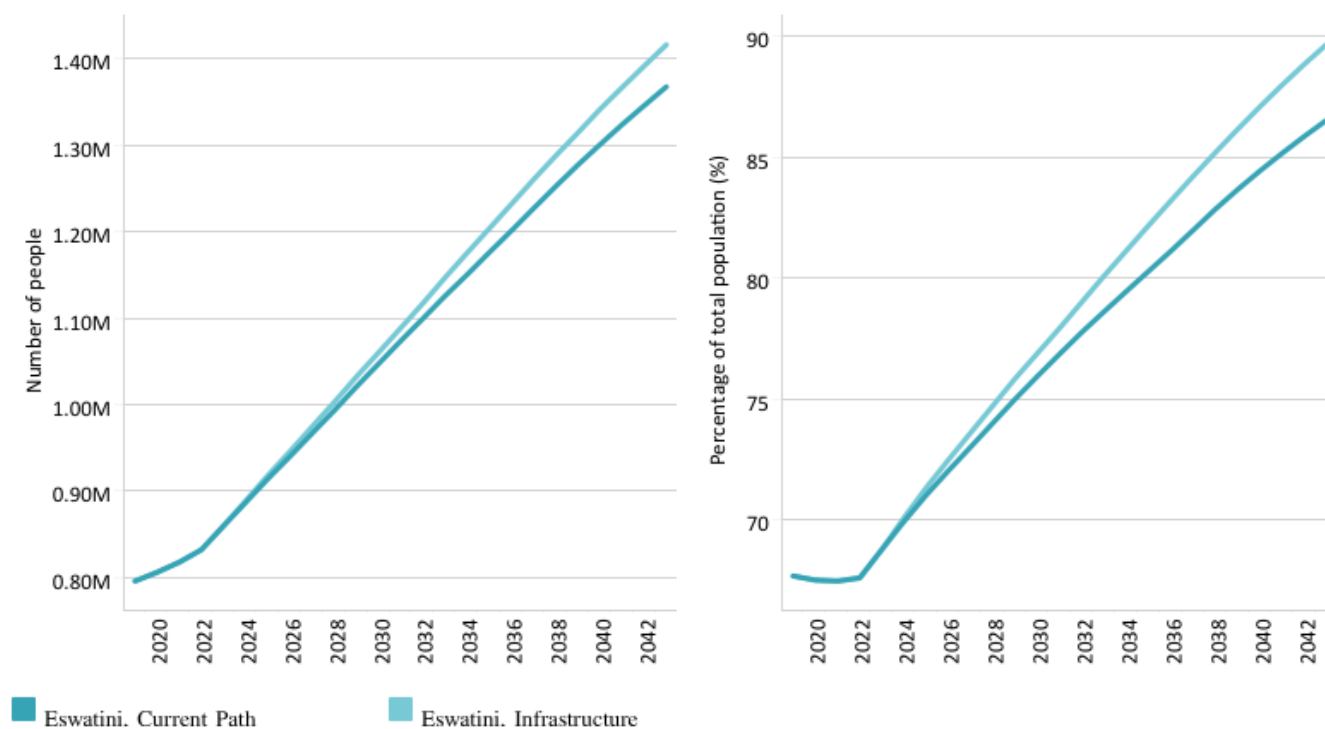
Chart 42 Chart 43 Chart 44 Chart 45 Chart 46 Chart 47 Chart 48 Chart 49 Chart 50 Chart 51 Chart 52

Chart 47: Electricity access in CP and Infrastructure scenario, 2019–2043

Millions of people and % of population



Eswatini Total



Source: IFs 7.63 initialising from World Development Indicators data

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The Infrastructure scenario represents a reasonable but ambitious increase in infrastructure spending across Africa, focusing on basic infrastructure (roads, water, sanitation, electricity access and ICT) in low-income countries and increasing emphasis on advanced infrastructure (such as ports, airports, railway and electricity generation) in higher-income countries.

Note that health and sanitation infrastructure is included as part of the Health/WaSH scenario and that ICT infrastructure and more rapid uptake of renewables are part of the Leapfrogging scenario. The interventions there push directly on outcomes, whereas those modelled in this scenario increase infrastructure spending, indirectly boosting other forms of infrastructure, including those supporting health, sanitation and ICT.

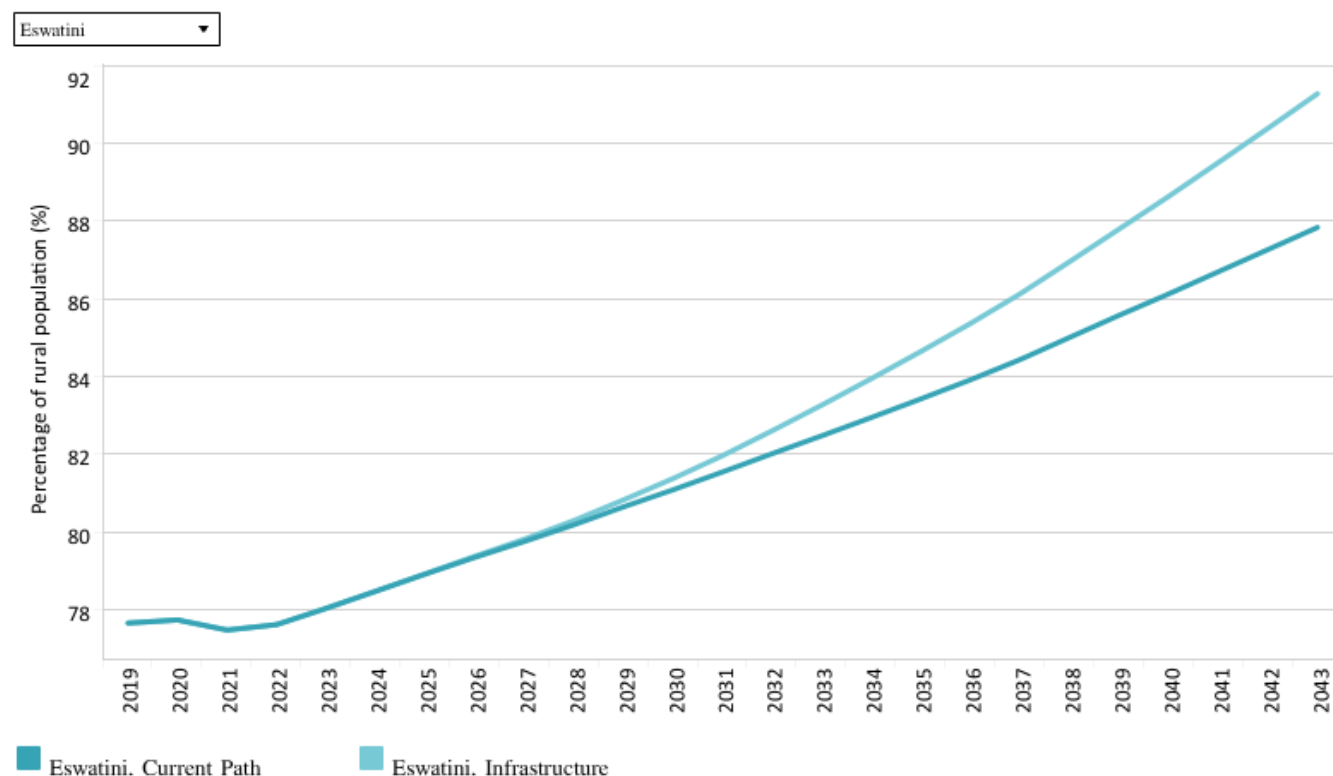
The intervention is explained [here](#) in the thematic part of the website.

In 2019, 84.9% of urban and 62.5% of rural populations in Eswatini had access to electricity. The Infrastructure scenario stands to benefit the country by increasing the total electricity access to 89.7% in 2043 — 3.1 percentage points above the Current Path forecast. It will also improve rural access to 87.9% by 2043 — 3.5 percentage points above the Current Path forecast. In the urban areas, electricity access rates in this scenario will reach 95.2% by 2043 — 1.9 percentage points above the Current Path forecast.



Chart 48: Rural road access in CP and Infrastructure scenario, 2019–2043

% of rural population within 2 km of an all-weather road



Source: IFs 7.63 initialising from World Bank Rural Access Index data

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Indicator 9.1.1 in the Sustainable Development Goals refers to the proportion of the rural population who live within 2 km of an all-season road and is captured in the Rural Access Index.

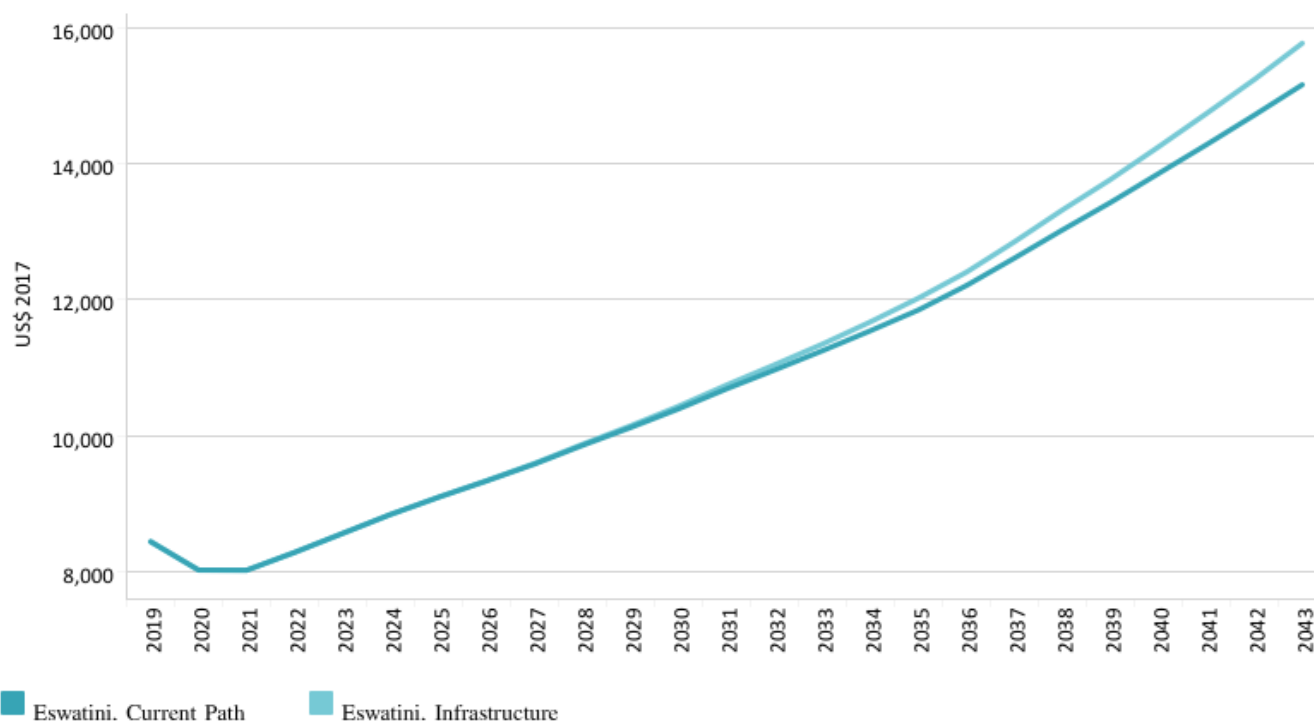
Measuring **rural accessibility** is a very important development indicator. There is a strong link between investing in rural access roads and positive socio-economic impacts, such as improving rural income, reducing poverty, reducing maternal deaths, improving paediatric health and increasing agricultural productivity.

Eswatini's small geographic size and the significant historical investment in accessibility has placed the country far above the average for lower middle-income Africa and it boasts the tenth highest rural access in Africa. Eswatini's geographical position between South Africa's economic heartland, Gauteng, and the harbour capital city of Mozambique, Maputo, facilitates trade and investment. The MR3 corridor that connects and facilitates this trade route has increased accessibility vastly. In 2019, 77.7% of the rural population of Eswatini had access to an all-weather road, compared to an average of 61.4% for lower middle-income countries in Africa and 53% for the average of Africa. The Infrastructure scenario will benefit rural accessibility, and by 2043 it is projected that 91.3% of the rural population will have access to an all-weather road, compared to 87.8% in the Current Path forecast.

Chart 49: GDP per capita in CP and Infrastructure scenario, 2019–2043  
Purchasing power parity



Eswatini



Source: IFs 7.63 initialising from UN Population Division World Population Prospects and World Development Indicators data

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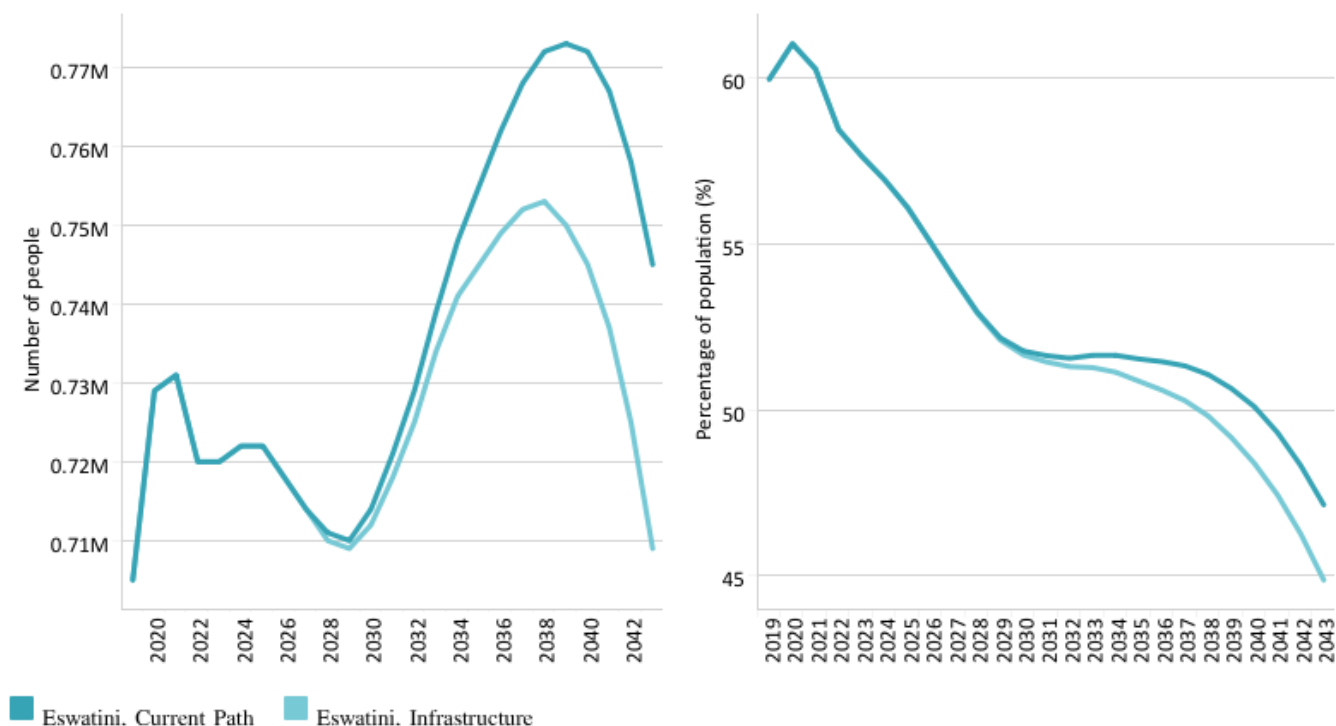
Quality infrastructure not only enables business and industry development but also increases efficiency in the delivery of social services. Important basic infrastructure, such as roads and electricity, plays a vital role in achieving sustained economic growth and in Eswatini's case can facilitate trade with its neighbours through the MR3 corridor. By 2043, GDP per capita in Eswatini is expected to increase to US\$15 772 in the Infrastructure scenario, compared to US\$15 162 in the Current Path forecast — an increase of US\$610. The GDP per capita for Eswatini will remain above the average for lower middle-income Africa throughout the forecast horizon.

## Chart 50: Poverty in CP and Infrastructure scenario, 2019–2043

Millions of people and % of total population



Eswatini \$3.20



Source: IFs 7.63 initialising from UN Population Division Population Prospects estimate, World Development Indicators population data and PovcalNet World Bank data

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The Infrastructure scenario has a small impact on poverty reduction by 2043 compared to the Current Path forecast, lowering poverty by 2.2 percentage points and lifting an additional 40 000 people out of poverty. By 2043, in the Infrastructure scenario 710 000 people will still be living in extreme poverty. Poverty rates remain significantly above the average for lower middle-income Africa throughout the forecast horizon.



## Governance scenario

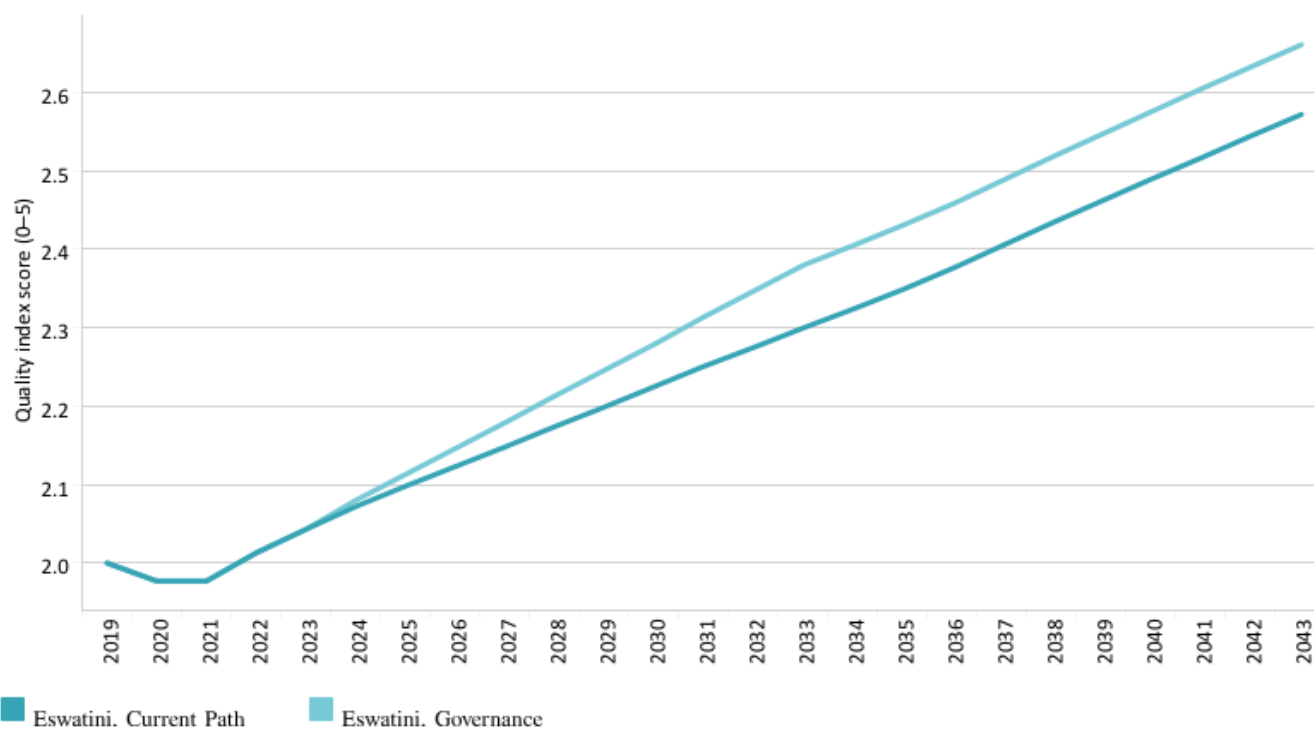
Chart 46 Chart 47 Chart 48 Chart 49 Chart 50 Chart 51 Chart 52 Chart 53 Chart 54 Chart 55 Chart 56

### Chart 51: Gov effectiveness in CP and Governance scenario, 2019–2043

World Bank quality index score for government effectiveness



Eswatini



Source: IFs 7.63 initialising from Kaufmann, Kraay and Mastruzzi (2010) data

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The Governance scenario represents a reasonable but ambitious improvement in accountability and reduces corruption, and hence improves the quality of service delivery by government.

The intervention is explained [here](#) in the thematic part of the website.

As defined by the World Bank, government effectiveness ‘captures perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government’s commitment to such policies’.

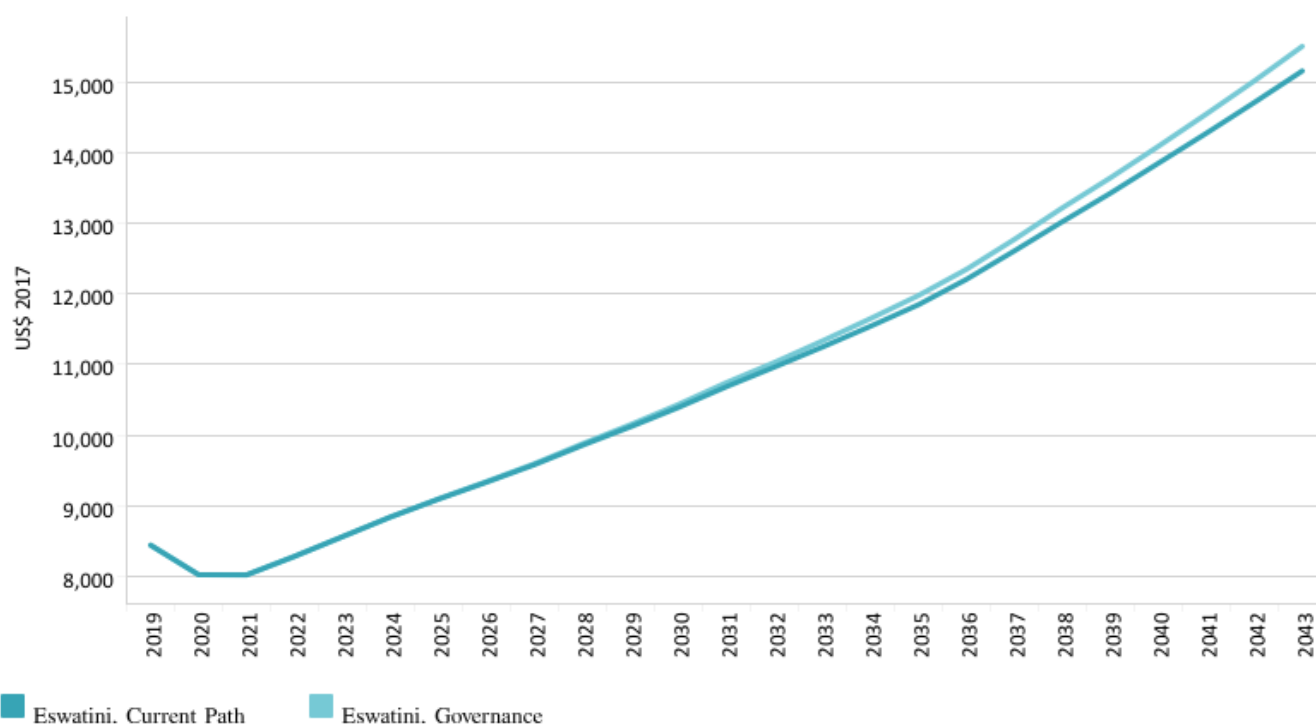
Chart 51 presents the impact of the interventions in the Governance scenario on government effectiveness.

Eswatini scored above the average for lower middle-income Africa and Africa on government effectiveness. In 2019, Eswatini had the 15th highest government effectiveness score in Africa and the eighth highest among its income peers. The Governance scenario improves the score from 2 (out of a maximum of 5) in 2019 to 2.7 in 2043. The lack of democracy and judicial independence has however stirred tension within [Eswatini](#) in the past few years and the economic climate has been further complicated by the fall in SACU revenues and the weak economy within the country. Foreign investment is at risk of being impacted by the ongoing deterioration of the governance system if not addressed.

Chart 52: GDP per capita in CP and Governance scenario, 2019–2043  
Purchasing power parity



Eswatini



Source: IFs 7.63 initialising from UN Population Division World Population Prospects and World Development Indicators data

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By 2043, GDP per capita in Eswatini will increase to US\$15 511 in the improved Governance scenario, compared to US\$15 162 in the Current Path forecast — an increase of US\$349. The GDP per capita for Eswatini will remain above the average for lower middle-income Africa throughout the forecast horizon.

## Chart 53: Poverty in CP and Governance scenario, 2019–2043

Millions of people and % of total population



Source: IFs 7.63 initialising from UN Population Division Population Prospects estimate, World Development Indicators population data and PovcalNet World Bank data

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The Governance scenario will have a small impact on alleviating poverty by 2043. The Governance scenario will reduce poverty by 1.1 percentage points, translating to 20 000 fewer people being extremely poor, compared to the Current Path forecast by 2043. The poverty rate will remain very high at 46% and Eswatini will continue to suffer endemic poverty throughout the forecast horizon.



## Impact of scenarios on carbon emissions

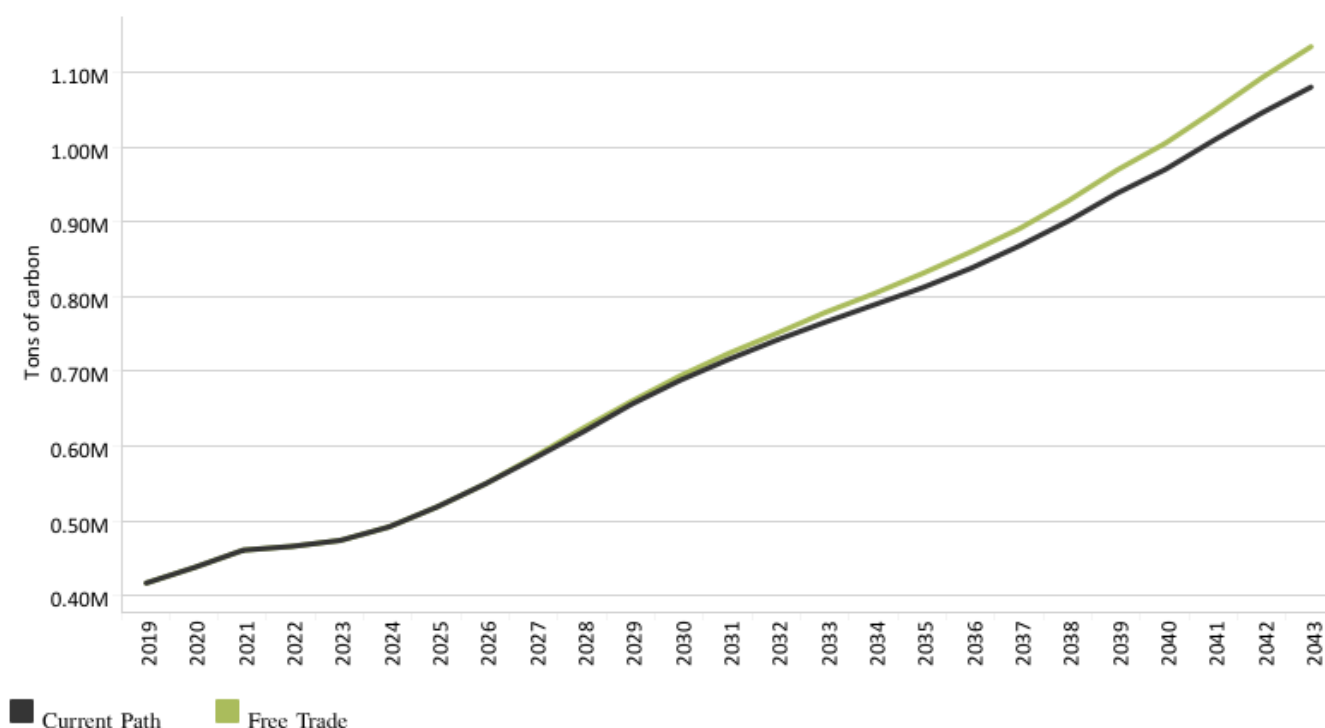
Chart 49 Chart 50 Chart 51 Chart 52 Chart 53 Chart 54 Chart 55 Chart 56 Chart 57 Chart 58 Chart 59

Chart 54: Carbon emissions in CP and scenarios, 2019–2043

Million tons of carbon (note, not CO<sub>2</sub> equivalent)



Eswatini (Multiple values)



Source: IFs 7.63 initialising from Carbon Dioxide Information Analysis Center data

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Chart 54 displays projected tons of carbon emissions for Eswatini in the Current Path and the 11 intervention scenarios. Note that IFs uses carbon equivalents rather than CO<sub>2</sub> equivalents.

Eswatini's carbon emissions are projected to increase most in the Free Trade scenario, with an additional 700 000 tons of carbon emissions by 2043 compared to 2019, and a trivial amount more compared to the Current Path forecast for 2043.

In the Leapfrogging and Demographic scenarios, emissions are forecast to be the lowest. This is largely the result of the population being smaller in the Demographic scenario compared to the Current Path forecast and the streamlining of more modern, low emission technologies in the Leapfrogging scenario. The most carbon-intensive intervention is the Free Trade scenario, which will result in the greatest increase in GDP per capita, due to the related substantial economic growth forecasted in this scenario.



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## About the authors

**Ms Alize le Roux** joined the AFI in May 2021 as a senior researcher. Before joining the ISS, she worked as a principal geo-informatics researcher at the CSIR, supporting various local and national policy- and decision-makers with long-term planning support. Alize has 14 years of experience in spatial data analysis, disaster risk reduction and urban and regional modelling. She has a master's degree in geographical sciences from the University of Utrecht, specialising in multi-hazard risk assessments and spatial decision support systems.

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