

# KINGDOM OF ESWATINI 'S

## BUDGET 2020/21 AT A GLANCE

### A. HOW MUCH BUDGET TERMINOLOGY DO YOU KNOW?

#### WHAT IS 'THE NATIONAL BUDGET'?

In February every year, the Minister of Finance announces Government's planned spending, taxes and borrowing for the next three years – these are estimates by the way, only to be confirmed once received or spent. A National Budget therefore, is a framework through which estimates of planned expenditure, revenues and other sources funding for the next three years are projected.

#### WHAT IS TOTAL EXPENDITURE?

The total amount that Government plans to spend. It is composed of Recurrent and Capital Expenditure.

- **Recurrent Expenditure:** Refers to the day-to-day spending by Government, including expenditure on wages for civil servants, spending on goods and services and transfers to Government sub-vented entities.
- **Capital Expenditure:** Refers to the total amount spent by Government on investment expenditure such as infrastructure projects like construction of roads, hospitals, schools, dams etc.

#### WHAT IS REVENUE?

This refers to the total amount of money Government receives through taxes, collection of fees and fines and SACU receipts (revenue from the Southern African Customs Union).

#### WHAT IS A BUDGET DEFICIT/SURPLUS?

The difference between what Government receives (total revenue) and what Government spends (total expenditure). If negative, it is called a budget deficit and if positive, it is called a budget surplus.

#### WHAT IS A FULLY-FINANCED DEFICIT?

A deficit is fully-financed when there are additional sources in excess of revenue that can be used to cover a budget deficit, e.g. through external borrowing or issuance of domestic debt instruments such as T-Bills and Bonds.



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## B. HIGHLIGHTS OF THE 2020/21 BUDGET

### OVERVIEW

-The budget for 2020/21 aims at reducing the structural and fiscal imbalances which have led to the weakening of confidence in our economy, both internationally and domestically.

-The budget also continues on the fiscal consolidation path by finding ways and means to improve revenue inflows while trying to hold expenditure effectively constant.

### BUDGET STRATEGY

-The Economic turnaround strategy envisaged by the Government prioritized five key growth sectors in the economy and we remain committed to these sectors as seen through the resource distribution by this budget. These key sectors are: ICT & Education, Infrastructure and Software Development Potential, Energy & Mining, Tourism, Manufacturing and Agro-processing and Agriculture.

-The budget depicts a positive outlook for 2020 as growth is expected to reach 2.9 percent. The growth in 2020 is backed by an anticipated relief in government's fiscal position. The relief is linked to the clearing of arrears coupled with a rebound in government spending and thereby stimulating domestic demand and promoting economic growth.

### AGRICULTURE

- About E745.1 million has been allocated in this budget to finance implementation of the Lower Usuthu Smallholder Irrigation Project (Phase 2) where a further 6,000 hectares of land is earmarked for irrigation development over the next four years.

### SOCIAL SECURITY

- Government has increased the allowance for Bogogo na Bomkhulu from E400 to E500 per month.

- In addition, the monthly grant for the disabled has been increased from E180 to E280 per month with effect from January 2020.

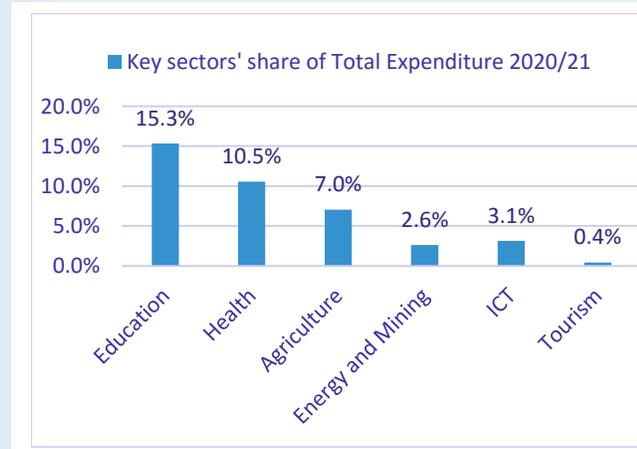
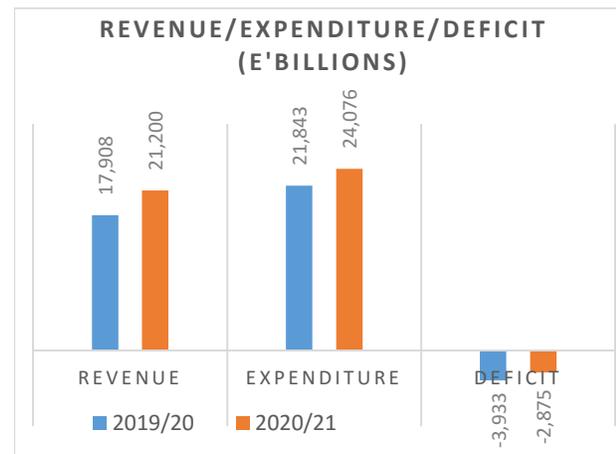
- The Regional Development Fund (RDF) has been increased to E177 million.

### EDUCATION

- Over the past years, Eswatini has invested significantly in education and skills development. An amount of over E3.5 billion is proposed for education and training in the 2020/2021 budget.

### EASE OF DOING BUSINESS

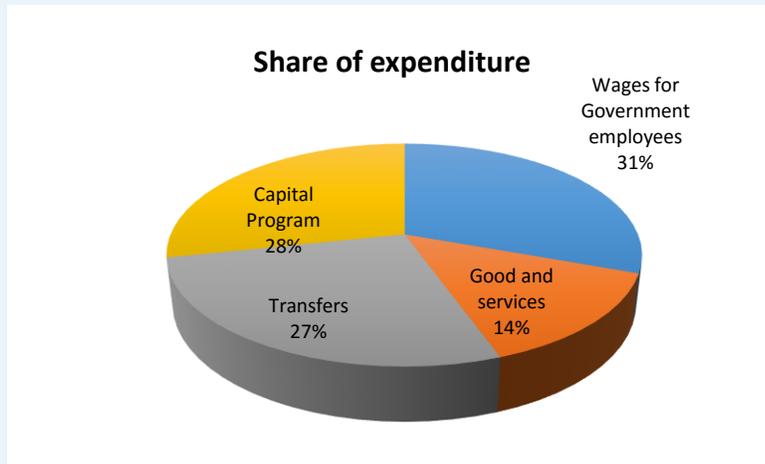
- To cater for improvements in the ease of doing business and combating corruption, the budget seeks to improve the operations of the justice system by making a provision for additional judiciary staff and setting up a unit for asset recovery, small claims court, witness protection unit and a national mechanism for reporting.



## C. HOW WILL GOVERNMENT SPEND THE MONEY?

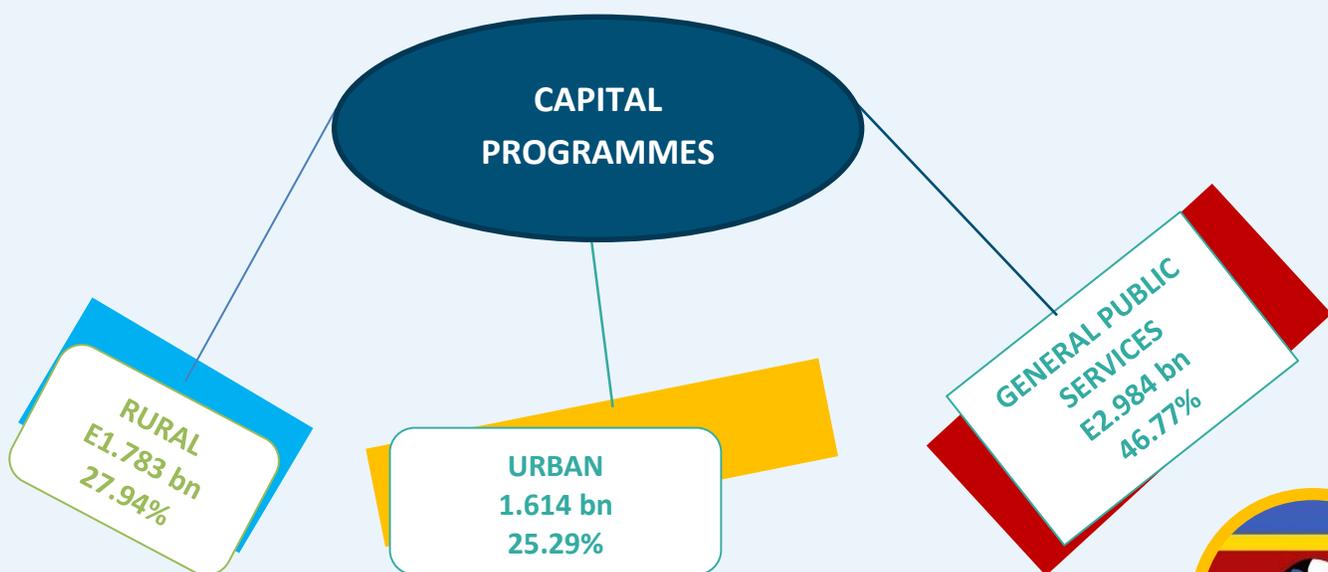
### GOVERNMENT'S TOTAL EXPENDITURE

Government has over 43,890 employees, paying all their salaries is about 31% of the total budget. In total E3.2 billion, which is around 14% of total expenditure, will be spent on purchases of goods and services across all ministries. Transfers, which include grants to Bogogo/Bomkhulu, OVCs, disabled persons, scholarships, and allocations to State Owned Enterprise (SOEs) etc, will share E6.1 billion, equivalent to 27% of total expenditure. The proposed development budget for the financial year 2020/21 is E6.4 billion.



2020/21 CAPITAL BUDGET ALIGNMENT TO NATIONAL DEVELOPMENT PLAN		
THEMATIC AREA	BUDGET 2020/21	% of total budget
1. Good governance and fiscal stability	330,079	5.17%
2. Economic Recovery, inclusive and sustainable	3,747,385	58.73%
3. Private sector development	570,489	8.94%
4. Human capital development	742,461	11.64%
5. Poverty reduction	560,303	8.78%
6. National stability	382,587	6.00%
<b>TOTAL TOWARDS NDP THEMES</b>	<b>6,333,304</b>	<b>99.26%</b>

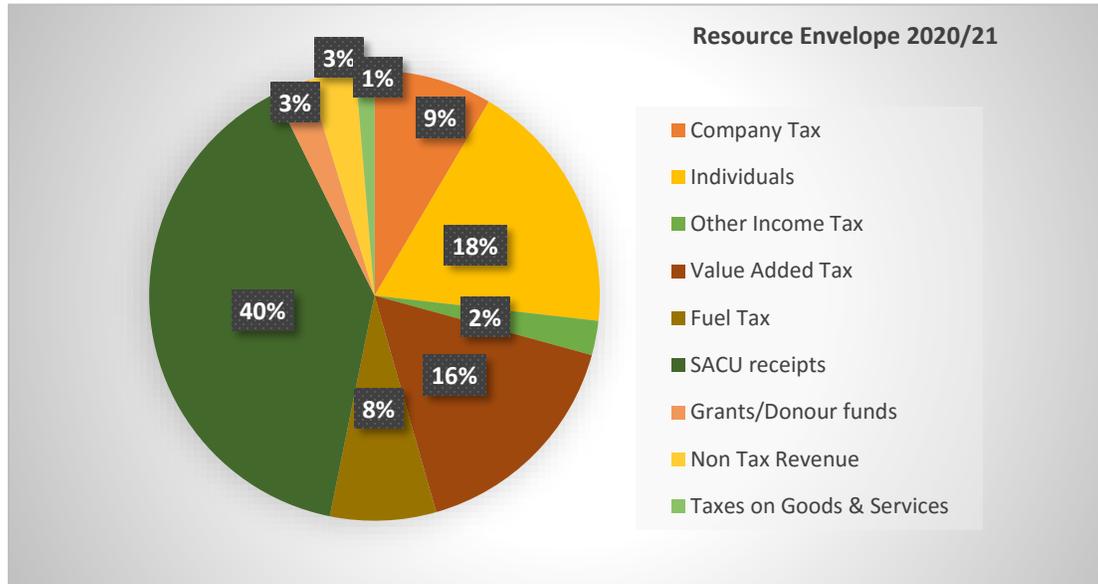
To spur growth, boost employment and reduce poverty, government is working collaboratively with different stakeholders on a number of initiatives. In this budget, Government has increased the overall allocation for capital programme by approximately 11% to be shared among the identified six thematic areas of the National Development Plan (NDP).



## D. WHERE WILL GOVERNMENT GET THE MONEY?

### GOVERNMENT'S RESOURCE ENVELOPE:

A total of E21.2 billion is expected to be collected in 2020/21. Revenues from the Southern Africa Customs Union will amount to E8.3 billion while domestic revenues are expected to be E12.3 billion. Grants are projected to reach E553.1 million. As the revenue will not be enough to cover all the expenses, government will need to borrow E2.9 billion. This borrowing will be in the form of loans, treasury bills and bonds payable over the short and long-term.



*Even though the focus of this year's budget continues to be on building a resilient economy through fiscal consolidation, we are starting to see positive signs of growth reflecting a promise of "green shoots".*

