



Eswatini Country Presentation

Investment Opportunities in Eswatini



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Investment Forum, Rome, Italy | 15-17 October 2024



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Socio-Economic Indicators



A nation in conversation with itself - Renewal and the “Nkwe” mandate

Overview



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- **Domestic economic growth averaged 3.1%** for 2020, 2021 and 2022, strengthening from a previous 20-year average of around 2.5 %
- For 2024 it was 4.8 %, showing a strong resurgence post COVID-19 and other disturbances.
- The **Medium-Term Economic Outlook** is moderately favourable, with GDP growth stabilising at about 3 % over 2024-26.
- **Growth is expected to be driven by higher investments**, from the Eswatini Government (due to higher SACU revenue), and sustained improvements in industry and services.
- Eswatini is a lower middle-income country with a GDP per capita of USD 3,797
- **Headcount poverty rate is 58.9%**
- **Income distribution is skewed**; the highest 20% of the population share over 60% of the income –a need for “targeted” investments to promote job creation

(Source: World Bank, 2024)

Overview (cont.)



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2023-Indicators

• Population (million)	1.2
• GDP (USD billion)	4,6
• GDP per capita (USD)	3,797
• GDP Growth Rate (%)	4.8
• Share of Agriculture & Forestry to GDP (%)	8.1
• Share of manufacturing to GDP (%)	33
• Share of Tertiary Sector to GDP (%)	53.5
• Key economic sectors:	
• Agriculture, Forestry, Mining, Manufacturing	
• Total GHG emissions (mtCO ₂ e)	3.1

(Source: World Bank, 2024)

Ease of Doing Business Ranking - 2020

Eswatini Ranks 14th in Sub-Saharan Africa in the Ease of Doing Business



Source: Doing Business Legacy (Worldbank.org)



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Policy Framework and Enablers for Investment



Overview of the Agriculture Sector Policy Framework



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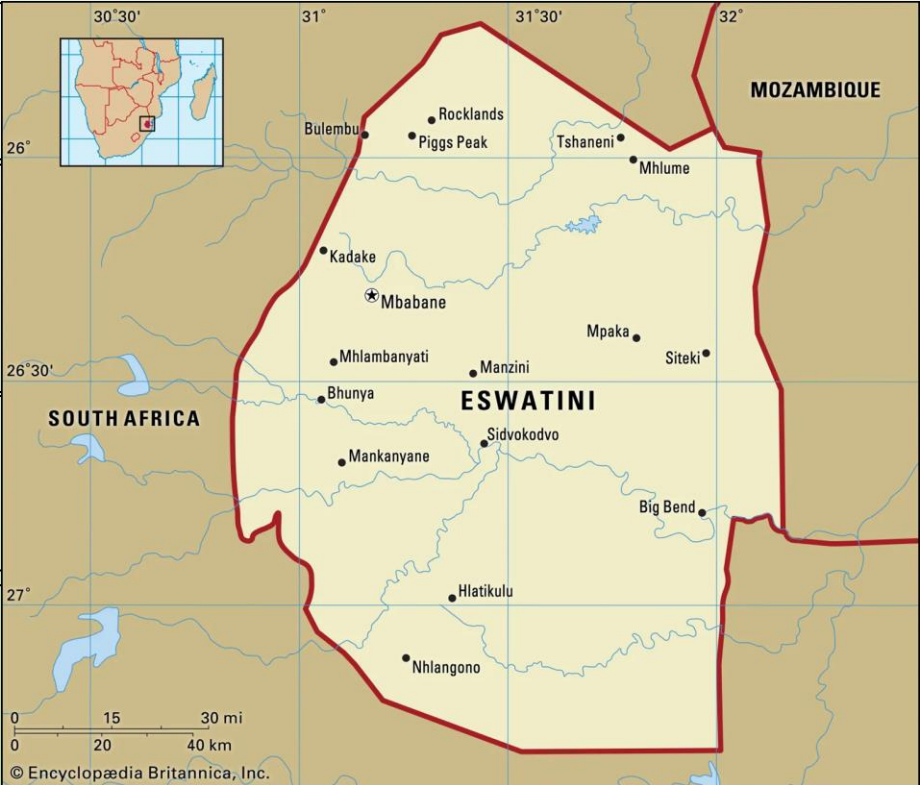
National Development Plan (2023-2028): Promotion of agriculture and high value crops, value addition and processing

Eswatini National Agricultural Investment Plan (ENAIP) (2023-2028): Increasing productivity and production, diversification and overall consumption.

Ministry of Agriculture Strategic Plan (2023-2028): Attain food abundance and create wealth: 10 strategic projects

Special Economic Zones (SEZ) Act 2018: Offers 20-year corporate tax exemption; reductions on customs duty & value added tax; unrestrictive foreign exchange controls or restrictions

Eswatini Food System Transformation Game Changing Pathways: value chain development, Eswatini **Agricultural Development Fund (EADF)**, institutional reengineering, Information and Tech systems, specialised nutrition programmes



Eswatini Agricultural Development Fund (EADF)



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- **Established** through the **Public Finance Management Act of 2017**, in **July 2023**. **Started operating, 1 August 2024**.
- **Purpose:** To transform the agriculture sector by providing **catalytic investments** for growth and private sector participation in agricultural value chains.
- Government injected USD 2.9M initially. Target is USD 56M in 4 years (USD 14M / year).
- EADF applies blended financing by crowding in other finance sources e.g. ongoing projects: EU, AfDB, IFAD and Climate Funds (GCF, GEF & AF).
- Local Development Bank to distribute funds to applicants (all Agricultural Stakeholders).
- **Max. single loan** of USD 268,800 (9% interest rate) to eligible applicants, then monitored.

Investment Environment



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- Agriculture products with huge potential for value addition.
- A range of supportive **policy instruments and incentives framework in place.**
- Agriculture sector supports agro-based industries and manufacturing which contributes about **33%** of Eswatini's GDP.
- **Huge export potential** of most agricultural commodities.
- **Stable political system** peaceful, unified nation with single cultural identity, active youthful workforce entrepreneurial spirit.
- **A range of Pro-Agriculture Government policies and programs.**



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Tax Incentives



Unlimited Provision for Losses;
may be carried forward
indefinitely



**Duty-free imports of Capital
Goods;** intermediate goods



**Duty Free imports of Raw
Material;** for production of
goods exported outside SACU



**Full Repatriation of Profits
and dividends** for capital
repayments, in any currency



Employee Training Allowance;
100% of costs to be offset
against tax liabilities



**Double Taxation
Agreements;** offering relief
for taxes paid abroad on
income

Investment Environment



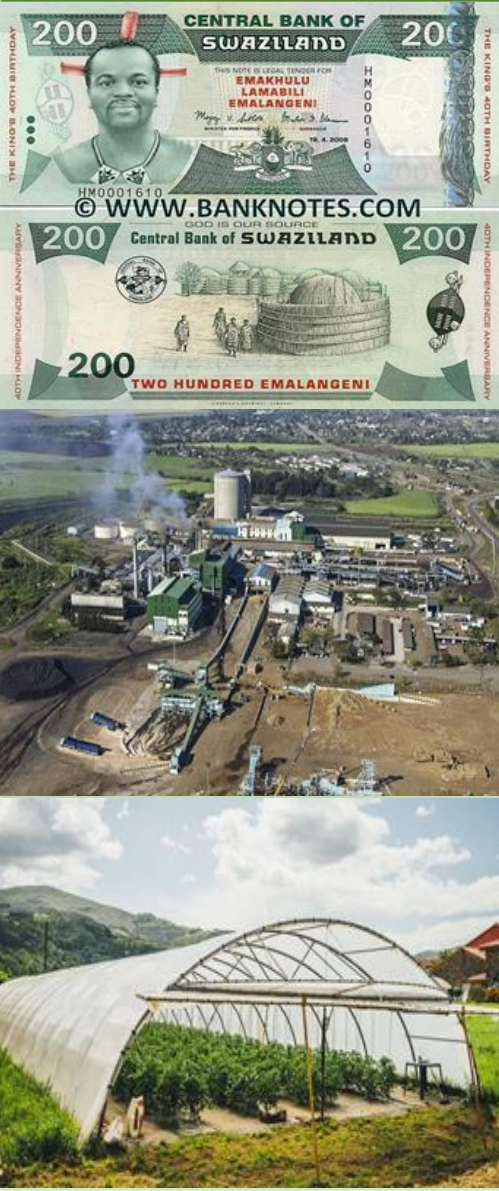
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Non-Tax Incentives

- Export credit guarantee scheme
- Legal protection of investments
- Eswatini is a member of Multi Investment Guarantee Agency (MIGA)
- Five-year work and residence permits
- Subsidised rental on government factory shells
- Bilateral and Unilateral Trade Agreements (SADC, SACU, COMESA, AGOA, AfCTA)
- Financial enablers: Availability of financing options; investment incentives (tax breaks, duty exemption)
- Special designated areas for agricultural development





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Presentation of Investment Cases



Investment Locations



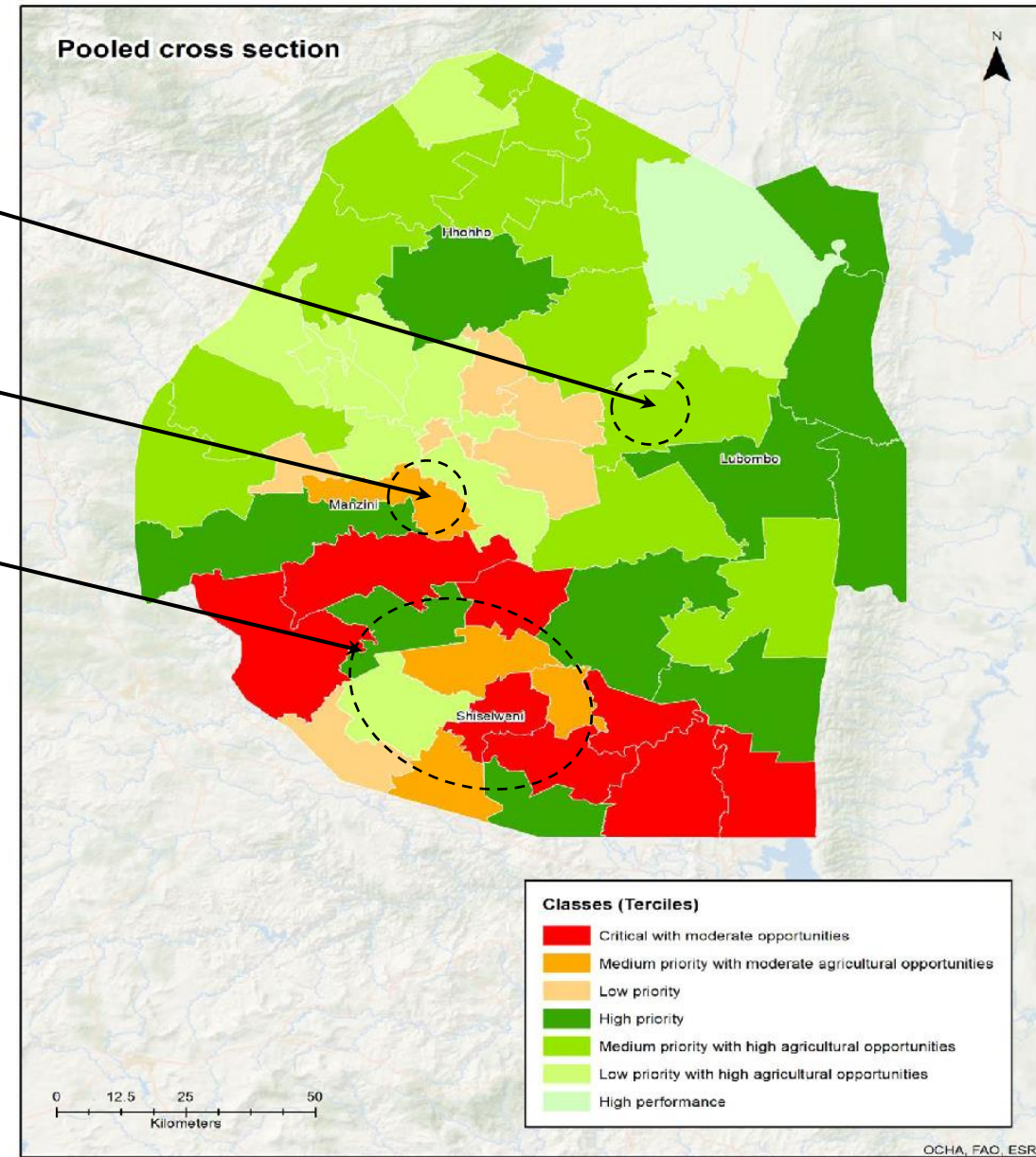
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- **Sikhuphe (KM3 International Airport):** *Export hub facility-* (Beef, Chevron, baby vegetables, & Milk)
- **Manzini:** *Seed multiplication & grain storage facility* (Maize & Beans)
- **Mkhondvo-Ngwavuma:** *Agro-industrial zone-* (Aquaculture, Maize, Dry beans & Soya Beans)

Sikhuphe: KM3 is an existing international airport
Manzini: Central distribution, high bean producing area, existing infrastructure and close proximity to high maize producing areas (Sigangeni, Madulini)
Mkhondvo-Ngwavuma: Epicentre of poverty and drought stricken parts of Eswatini, big dam being constructed.



Source: Stochastic frontier analysis FAO-HiHi task force (2024)

Potential Markets for Selected Commodities



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Beef

- Preferential tariff-free access into EU through the Economic Partnership Agreement
- **Currently exports well below the quota.**
- In 2008, quota was 10,000t, currently **no limit and no tax levy**
- Current export markets: Norway (57%), rest to South Africa, Mozambique, Asia
- Potential Export Market through the African Continental Free Trade Area (AfCFTA)

Baby Vegetables

Current export market: South Africa
Potential: EU, Taiwan

Milk

Current export markets: Botswana, Mozambique
Current import quantity: 66 M litres
Potential: Taiwan

Chevon

Current export market: South Africa
Potential: South Africa (150,000-1M live animals), Kuwait (USD 144M), Taiwan, South Korea

Annual imports by selected target markets (000 USD)

Country/Region	Product	Value (000 (USD))	Tonnage	CAGR (2016-2022) – for value
European Union	Beef	667,648	288,987	8%
	Milk	375,242	1,172,558	11%
	Baby vegetables	420,251	147,000	17%
South Africa	Milk	3,555	48,469	30%
	Baby vegetables	564	94	18%
Mozambique	Beef	380	217	15%
	Milk	185	64	32%
	Baby vegetables	115	17	27%

Source: FAOSTAT (2024); World Bank (2022); OEC World (2022)

1 - Export Hub Facility: Food Processing Facility

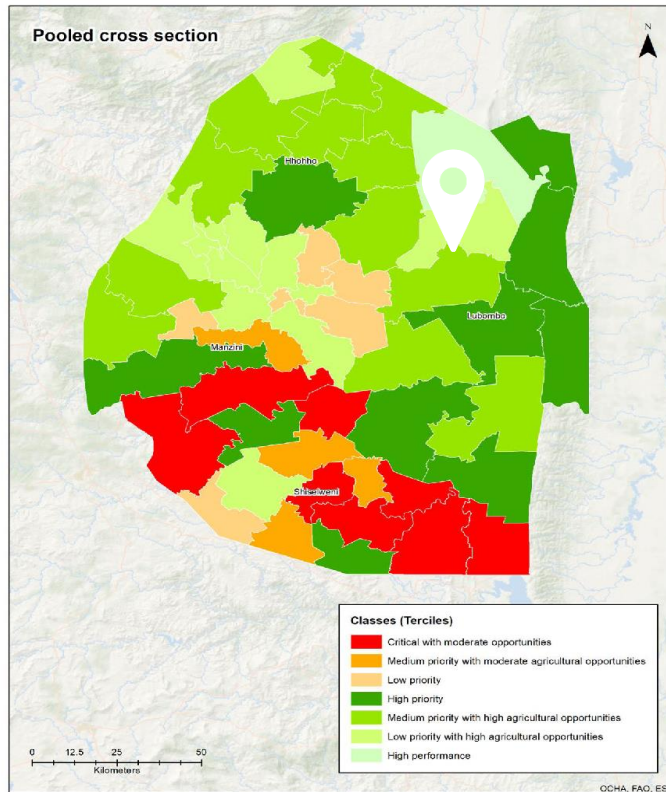
Targeted Products: **Dairy** (Cheese, Yoghurt, Butter, Fresh and Skimmed Milk, Juice; **Baby Vegetables** (Fresh and Frozen); **Beef** (fresh, sausages, dried meat; **Goat** (Chevon) – for local and export market



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Source: Stochastic frontier analysis FAO-HiHi task force (2024)

Current situation

Beef

Demand 19,094 MT
Production 16,353 MT
GAP 2,741 MT
IMPORTS 2,014 MT
Source: FAOSTAT 2024

Milk

Production: 22M litres
Demand: 88M litres
GAP 66 M litres
Imports: 66M litres
Source: (ERA, 2023; SDB, 2023)

GAP 31,499 MT
Imports 2,994 MT
Source: FAOSTAT,2024

Profitability Indicators

Investment Outlay

USD 28.42M

Internal Rate of Return(IRR)

13.90%

Net Present Value(NPV)

USD 19.34M

Social- Economic Indicators

Direct Beneficiaries

15,100

Indirect Beneficiaries

137,500

Income Increase Per Capita

USD 248.32

Government Support – Fiscal & Policy Incentives

1. KM3 designated Special Economic Zone (SEZ)
2. 2,300 ha of land is earmarked for industrial development
3. 67 ha fully serviced and ready to welcome new investment

Baby Vegetables

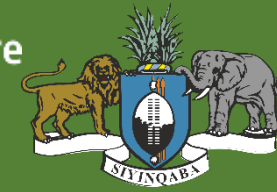
Demand 39,146 MT
Production 7,647 MT

1 - Export Hub Facility: Food Processing Facility

Targeted Products: **Dairy** (Cheese, Yoghurt, Butter, Fresh and Skimmed Milk, Juice; **Baby Vegetables** (Fresh and Frozen); **Beef** (fresh, sausages, dried meat; **Goat** (Chevon) – for local and export market



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Key Bottlenecks

- Low livestock value addition - inadequate infrastructure, technologies and equipment.
- Limited technical and management skills
- High transportation costs for inputs and goods.
- Lack of modern quality control and certification systems
- Limited marketing and branding initiatives

Key Investment Needed

- 1: Establish climate smart, cost-effective food processing facility (USD 13.97)
 - (i) Transport and cold chain infrastructure (USD 3.25M) – private sector
 - (ii) Collection centres (USD 6.5M) – private sector
 - (iii) Sorting, packaging, & branding system – (USD 4.22M) – private sector
- 2: Outgrower production system (USD 2.5M) – private sector
- 3: Breeding & artificial insemination services (USD 1.6M) –government
- 4: Digital marketing system & collective marketing (USD 1.5M) – private sector
- 5: Establish accredited laboratory (USD 7.6M) - government
- 6: Deploy internationally accredited certified agents - USD 1.25M – private sector

Risks & Mitigation

- **Supply of raw materials**

Mobilize critical mass of raw materials from farmers & cooperatives, bulk purchasing through outgrower schemes

- **Market linkages and price volatility**

Promote digital marketing system

- **Quality control and certification infrastructure**

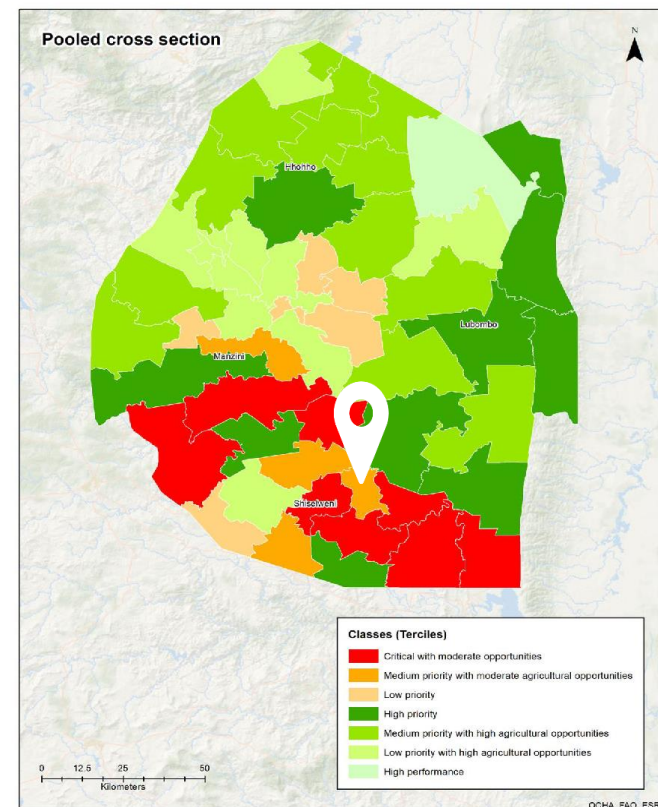
Enforce quality standards & strengthen certification system

2(a) Agro-Industrial Zone - Eswatini Mkhondvo-Ngwavuma Water Augmentation Program (MNWAP)

Targeted Products: **Intensive climate-smart aquaculture (tilapia. Salmon and catfish)** – for local and export market



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Source: Stochastic frontier analysis FAO-HiHi task force (2024)

Government Support – Fiscal & Policy Incentives

- Approved by Cabinet as a priority project
- USD 139M approved & ongoing African Development Bank (AfDB) Loan for Mpakeni Dam
- USD 111M going through parliamentary approval for AfDB Loan
- USD 19M going through parliament approval for OPEC Loan

Current situation

- Demand 5,025 MT
- Production 165 MT
- **GAP 4,860 MT**
- Imports 169 MT

Source: FAOSTAT 2024

- Decline in per capita fish supply from 6.8 kg in 2005 to 3.2 kg in 2017 (Source: FAO 2019)
- No fish hatchery
- EWADE piloting cage farming at LUSIP II
- **Market:** Africa Growth Opportunity Act (AGOA) duty-free and quota-free fresh fish market

Profitability Indicators 15

Investment Outlay

USD 18.97M

IRR

14.10%

NPV

USD 12.43M

Social- Economic Indicators

Direct Beneficiaries

18,000

Indirect Beneficiaries

99,000

Income Increase Per Capita

USD 169.32

This investment will benefit from and build on the investments in the Mkhondvo-Ngwavuma Dam.



Key Bottlenecks

- No facility for production of aquaculture in Eswatini, no supportive infrastructure
- Limited breeding facilities
- Limited technical and management skills
- Limited quality control and certification infrastructure

Key Investment Needed

- 1: Establish climate-smart intensive aquaculture production facility (USD 8.15M)
 - (i) Farm infrastructure 20,000 tons capacity – USD 5.7M – private sector (20 cages – 1000 capacity)
 - (ii) Fish feed facility – USD 2.45M – private sector
- 2: Technical services (USD 1.64M) – private sector
- 3: Breeding programme (USD 2.7M) – private sector
 - (i) Hatchery - USD 1.36M- private sector
 - (ii) Source raw materials - Mpakeni dam – (USD 1.34M)
- 4: Quality control infrastructure – amenities, laboratories and certification services (USD 1.85M)
- 5: Marketing efforts to promote local consumption
 - (i) Awareness program – (USD 780,000)
 - (ii) Branding and Marketing (USD 1.15M - private sector)

Risks & Mitigation

- **Supply of raw materials**

Establish breeding programme

Introduce climate smart production techniques

- **Quality and certification standards**

Invest in quality control and certification infrastructure

- **Domestic market**

Targeted marketing efforts to promote fish consumption locally

Targeted awareness program

2(b) Agro-Industrial Zone - Eswatini Mkhondvo-Ngwavuma Water Augmentation Program (MNWAP)

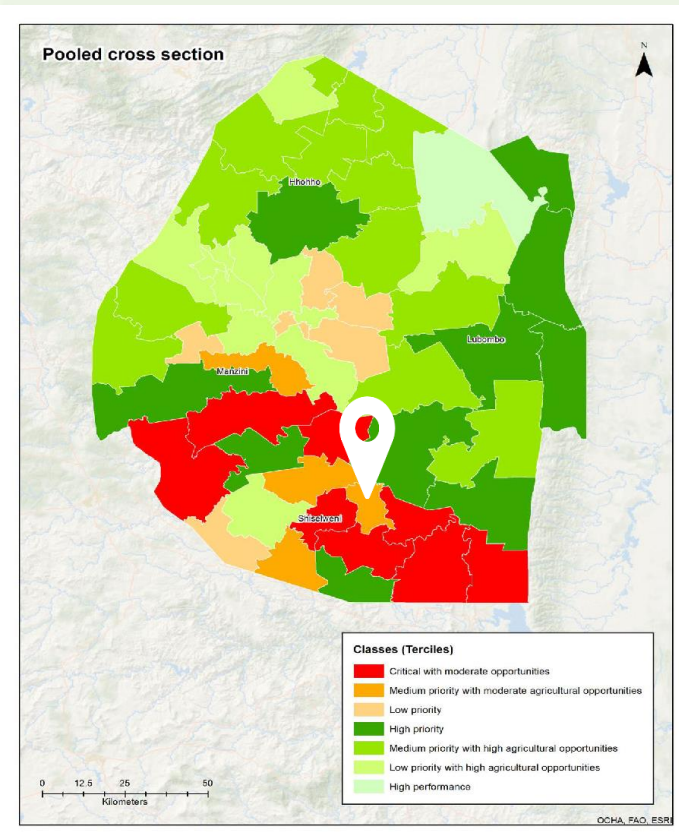
Targeted Products: **Integrated climate smart grain production (Maize, Beans and Livestock feed)** – for local and export market



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Current situation

- Annual legume production: 924 T, national demand 14,000 T
- Livestock feed manufacturers (Soya) - 40,000T/annum
- Annual maize production \approx 75,000 MT whilst national demand is about 140,000MT
- Average bean imports 5 780 MT
- Target market:** Angola, Botswana, Malawi & Zimbabwe

Profitability Indicators

Investment Outlay	IRR	NPV
USD 17.20M	15.00%	USD 16.56M

Social- Economic Indicators

Direct Beneficiaries	Indirect Beneficiaries	Income Increase Per Capita
26,000	143,000	USD 131.60

This investment will benefit from and build on the investments in the Mkhondo-Ngwavuma Dam.

Source: Stochastic frontier analysis FAO-HiHi task force (2024)

Government Support – Fiscal and Policy Incentives

- Approved by Cabinet as a priority project
- USD 139M approved and ongoing AfDB Loan for the dam (Mpakeni)
- USD 111M going through parliamentary approval for AfDB Loan

2(b). Agro-Industrial Zone - Eswatini Mkhondvo-Ngwavuma Water Augmentation Program (MNWAP)

Targeted Products: **Integrated climate smart grain production (maize, beans and livestock feed)** – for local and export market



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Key Bottlenecks

- Insufficient land for modern farming and infrastructure
- Over-dependence on imported grains – e.g. annual maize production is 75,000 MT whilst national demand is 140,000 MT
- Low technical and managerial skills
- Inadequate marketing infrastructure & skills

Key Investment Needed

- 1: Establish integrated grains production & processing facilities - (USD 9.21M)
 - Farm infrastructure for maize – USD 3M – private sector
 - Farm infrastructure for dry beans USD 3.30M private sector
 - Collection centres – USD 1.41M –private sector
 - Transport infrastructure – USD 1.5M – private sector
- 2: Technical services for climate smart production practices & management (USD 3.99M)
 - GAP - (USD 1.56M) – private sector
 - Incubation programme - USD 2.43M - government
- 3: Outgrower production system (USD 2.5M) – private sector
- 4: Digital and Collective marketing systems (USD 1.5M) – private sector

Risks & Mitigation

- **Supply of raw materials**

Mobilize materials – bulk purchasing through outgrower schemes

Reduce post harvest losses through climate smart production techniques

- **Competition from major producers – e.g South Africa**

Competitive pricing through improved production, processing and marketing interventions

Effective digital marketing system

Strengthen collective marketing through producer associations

3. Seed Multiplication and Grain Reserve Facility

Targeted Products: **Maize and Beans** – for local market

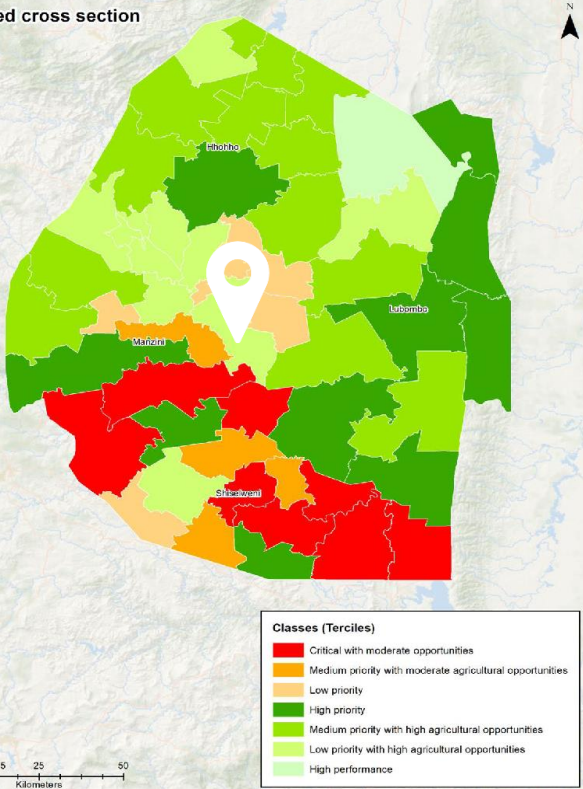


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Pooled cross section



Current situation

- Imports: USD1.02M of maize seed
- Market: Angola, Botswana, Malawi & Zimbabwe**
- Availability of small scale millers and commercial silos; capacity 54,000 MT
- The National Maize Corporation (NMC) provides market, maize aggregation & storage.

NAMBoard regulates grain imports & exports

Government Support – Fiscal & Policy Incentives

- Legal framework: The Seeds and Plant Varieties Act of 2000
- Approved by Cabinet as a priority
- Seed Multiplication Project (SMP) & contracted commercial seed-producers

Profitability Indicators

Investment Outlay	IRR	NPV
USD 21.27M	14.80%	USD 18.44M

Social- Economic Indicators

Direct Beneficiaries	Indirect Beneficiaries	Income Increase Per Capita
27,200	149,600	148.59



3. Seed Multiplication and Grain Reserve Facility

Targeted Products: **Maize and Beans** – for local market



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Key Bottlenecks

- Insufficient land for modern farming and infrastructure
- High transportation costs
- Overreliance on seed imports (maize & dry beans).
- High grain imports for food Maize: 143,000 MT; USD 64M
- Competition from major producers in the region – e.g. South Africa

Key Investment Needed

- 1: Establish climate smart seed multiplication facility – (USD 12.77M)
 - (i) Farm Infrastructure – USD 5.35M – private sector
 - (ii) Satellite collection centres for maize and beans –USD 2.5M –private sector
 - (iii) Transport infrastructure – USD 1.32M – private sector
 - (iv) Existing land 40 ha -USD 3.6M – government
- 2: Out grower production system (USD 2.5M) – private sector
- 3: Digital marketing system & collective marketing (USD 1.5M) – private sector
- 4: Construct 160,000-ton physical grain silo – (USD 4.5M) –government

Risks & Mitigation

- **Supply of raw materials**
Mobilize raw materials from farmers & cooperatives
- **Competition from major regional producers, particularly South Africa**
Promote digital and collective marketing
- **High cost of construction and management of storage facilities could discourage private sector**
Operation arrangements to be based on PPP model, e.g. build operate & transfer option



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Summary of Investment Plan



Summary of Investment Plans



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Total Investment: USD 85.86 M	16.82% Overall Average IRR	86,900 Direct Beneficiaries	529,100 Indirect Beneficiaries	Income Increase Per Capita: USD 174.50	MT =732,193 CO ₂ Emission Reduction Per ha/year
Government USD 21.85 M					
GAP: 64.01M					

Intervention 1	Intervention 2	Intervention 3	Intervention 4
Food Processing Facility	Aquaculture Production	Grain Production	Seed Multiplication Facility
Cost (USD) 28.42M	Cost (USD) 18.97M	Cost (USD) 17.20	Cost (USD) 21.27M
IRR (%) 16.20%	IRR (%) 14.98 %	IRR (%) 16.04%	IRR (%) 20.05%
NPV USD 19.45M	NPV USD 12.43M	NPV USD 16.54M	NPV USD 18.45M
Sustainability Benefits	Sustainability Benefits	Sustainability Benefits	Sustainability Benefits
Direct Beneficiaries: 15,100	Direct Beneficiaries: 18,000	Direct Beneficiaries: 26,000	Direct Beneficiaries: 27,200
Indirect Beneficiaries: 137,500	Indirect Beneficiaries: 99,000	Indirect Beneficiaries: 143,000	Indirect Beneficiaries: 149,600
Income increase per capita: USD 248.49	Income increase per capita: USD 169.32	Income increase per capita: USD 131.60	Income increase per capita: USD 148.59
CO ₂ Emission reduction per ha/year: 54,828t	CO ₂ Emission reduction per ha/year: 246,318t	CO ₂ Emission reduction per ha/year: 787,145t	CO ₂ Emission reduction per ha/year: 246,194t