Goal 8 Global Partnership For Development

Target: Address the special needs of landlocked countries and small island developing countries.

Indicator: Proportion of exports admitted free of duties and quotas; proportion of overseas development assistance provided to help build trade capacity.

STATUS AT A GLANCE

Will the Goal/Target be Met	State of Supportive Environment
Potentially **Unlikely** Insufficient Data	Strong Fair **Weak but improving** Weak

Status and Trends

In 1999 the ratio exports to GDP was 68 percent, which decreased to approximately 65 percent in 2000. This openness means the economy is heavily influenced by international developments, both within and outside the region, thereby drawing importance to the nature and depth of regional and global partnerships.

Table 8 Economic Indicators for Swaziland

Indicator	1999	2000	2001	2002
Real GDP at Factor Cost (E' mil)	1,452	1,481.	1,5057	+1,529
GDP Growth Rate	3.5	2.0	1.8	1.6
Merch. Exports	5,723	6,281	8,951	10,287
-to RSA	3,445	3,327	3,089	4,521
-other	2267	2,943	3,865	5,655
Merch. Imports	-6,526	-7,225	-9,587	-10,884
-RSA	5,124	5,957	8,343	9,145
-other	998	1,266	1,244	1,229
Trade Balance	(803)	(945)	(636)	(597)
Exchange Rates E: US$	6.1578	7.5687	12.0050	11.4400

Source: Central Bank of Swaziland

Real growth in GDP began to slow in the mid 1990s, following improvements in the political and business environments in South Africa and Mozambique. This brought about increased competition for FDI. Some businesses restructured their operations, others closed, leading to increased unemployment. These developments made it imperative for the country to forge global partnership to maximize benefits.

Regional Integration

The small size of the Swazi economy made trade an important cornerstone of the economy. The SACU brought about strong trade relations with South Africa whilst the CMA has cemented financial partnership between the two countries. Other regional economic groups to which Swaziland is a member include the SADC and COMESA. Swaziland is also a beneficiary of the Lomé convention, receiving preferences from GSP and is eligible for AGOA where it benefits from operations of a number of foreign companies mainly in the textile industry. A total of 12 new companies started operations by end 2001 with a total of E157 million worth of investment. More than 30 companies, employing approximately 20,000 people now benefit from AGOA.

Oda

Due to the country's classification as a lower middle-income developing country, the level of ODA received has been relatively lower than levels experienced in other Sub-Saharan African countries. In 1996, total ODA to Swaziland was estimated at US$41.8 million while in 2000 it rose to US$45.2 million. The rate of increase could have been higher had a number of donor agencies not closed office during this period. Overall, the ratio of ODA to GDP in Swaziland is estimated at 3.2 percent, which represents about US$45 per capita. In 2000, ODA to the country originated from 10 multilateral donors, 12 bilateral donors and 18 international NGOs.

Debt

Between the years 1995-2000, Swaziland's total public external debt more than doubled, to E2.7 billion, with debt from multilateral sources showing the fastest growth. The main factors contributing to the increase in the country's debt are the rate of disbursement on public sector loans and the continued depreciation of the local currency. Despite this large increase, Swaziland's external debt to GDP remains relatively low at 18 percent in 2000. The debt service ratio is also low; it is an estimated 2.3 percent in 2000.

Forging Global Partnerships

The country is soliciting partners to assist with its MDGs obtainment. Most of the efforts are directed towards resource mobilization through the Donor Round-Table process, the SMART Partnership Summit/dialogue as well as regional and continental initiatives such, as NEPAD. The UN system remains Swaziland's most supportive partner. Support from UN agencies has contributed towards policy advisory and institution capacity building. UNAIDS is a partner in the fight against HIV/AIDS.

Major Challenges

- The single major challenge facing the country is its classification as a lower middle-income country (LMIC), all the while 66 percent of the Swaziland's population lives below the poverty line. This status disqualifies Swaziland for concessionary lending. It is, therefore, imperative for the government to strengthen partnerships aimed at micro- enterprise development.

- There is a need for broadening and diversifying the country's revenue base.

- Restore investor confidence and broaden donor support base.

- Increased institutional capacity dealing with trade and industrial policy to ensure maximum returns.

Supporting Environment

- The amendment of the Company's Act of 1912 is a positive development toward a better working environment. The long awaited Securities Bill is currently at a drafting stage. The bill is expected to promote the development of the capital market in Swaziland through the mobilization of finances.

- The Ministry of Economic Planning and Development formulated an aid policy. The unit also monitors aid flow and disbursement.

- The SIPA plays a major role in promoting the country and forging investment partnerships in a highly competitive global environment.

Priorities For Development Assistance

- Swaziland needs support for capacity building in trade policy formulation, review and negotiation.

- The country also requires technical assistance in the study of possibilities to account for other country specific considerations with regard to its classification as a LMIC.

United Nations
Country Team
SWAZILAND

United Nations
Country Team

5th Floor of Lilunga House
Gilfillan Street
Mbabane
Swaziland.

P.O. Box 261
Mbabane
Swaziland
H100

www.undp.org