MINISTRY OF FINANCE FIRST QUARTER PERFORMANCE REPORT FOR THE FINANCIAL YEAR 2026/2027

KINGDOM OF ESWATINI

MINISTRY OF FINANCE

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INTRODUCTION

This report seeks to highlight performance carried out by the Ministry of Finance in the 1st Quarter of the Financial Year 2026/2027. The primary responsibility of the Ministry of Finance is to advise the Government on sound macroeconomic and financial management and execute central Government financial processes.

VISION

To be a highly efficient and effective ministry that proactively addresses the needs of its stakeholders.

MISSION STATEMENT

To ensure macroeconomic stability in Eswatini by formulating and implementing fiscal and financial policies that optimize economic growth and improve the welfare of its citizens.

VALUE STATEMENT

The Ministry is guided by the following values:

- Excellence (punctuality, good customer service and quality service delivery)
- Professionalism (adherence to office etiquette and confidentiality)
- Integrity (honesty and transparency)

GOALS AND OBJECTIVES

- To improve revenue collection through efficiency and diversification.
- To control public expenditure management through improved budgeting, internal control and monitoring.
- To facilitate privatization and improve supervision of public enterprises.
- To enhance service delivery and improve internal operations.

- To improve the regulatory framework for the financial sector including the non-bank financial sector.
- To regulate and control supply chain management practices (procurement, stores management and contract and supplier performance).
- To facilitate timely payment of government financial obligations.

The Ministry comprises of the following departments:

Head 34 Ministry's Headquarters

- 1201 Corporate Services;
- 1301 Public Enterprise Unit;
- 1401 Supply Chain Management;
- 1501 Budget and Economic Affairs;
- 1601 Fiscal and Monetary Affairs;
- 1701 Public Debt Management;
- 1801 Policy and Planning

Head 35-Treasury and Stores Department

Head 38-Internal Audit Department

Head 58- The Office of the Auditor General

CORPORATE SERVICES

OBJECTIVES:

- To provide corporate services support to the entire Ministry and its departments.
- To provide Human Resource Management function to the Ministry.
- To provide secretarial services for the Ministerial Facilities.
- To produce Reports to Parliament and Cabinet.
- To establish, coordinate, monitor the wellness programmes within the Ministry.
- To provide support to the Royal Commission responsible for the terms and conditions of Parliamentarians, Statutory Boards and Commissions and the Judiciary, and
- To administer the housing loan and car loan schemes for civil servants and politicians.

COORDINATION FUNCTION

The Department continued to provide corporate services support to the entire Ministry and its departments in the monitoring the execution of the ministry's budget in line with the Appropriation Act and other related legislation.

The Ministry has submitted the Performance, Monitoring, Evaluation, Accountability and Learning (PMEAL reports for the first quarter for the current financial year to the Public Policy Co-Coordinating Unit (PPCU). This is in compliance with a Cabinet directive and is to track the implementation of the Programme of Action. This tool enables PPCU to monitor and report on policy and programme implementation for the whole Government.

The Department has coordinated and compiled reports for submission to the Public Accounts Committee (PAC) for deliberation.

HUMAN RESOURCE MANAGEMENT

i.Staffing and Recruitment

Within the reporting period, the Ministry with the assistance of the Ministry of Public Service and the Civil Service Commission finalized the process of variating three (3) officers from the Ministry of Public Service, Treasury and within the Ministry. The Ministry is still in the process of recruiting six (6) additional officers for the following reasons:

- Three (3) Finance Officers for the Public Debt Management Unit.
- One Personal Secretary for the Director Public Debt Management Unit
- One Personal Secretary to replace a retired Secretary for the Fiscal & Monetary Affairs Department.
- One officer for vacant Senior Finance Officer's position in the Budget and Economic Affairs Department
- One Senior Finance Officer was promoted to the post of Principal Finance Officer which was vacant in the Budget and Economic Affairs Department.

ii.Training

The Ministry remains committed to strengthening institutional capacity through continuous investment in the professional development of its officers. In line with the Government In-Service Training Policy and Performance Management System (PMS), the Ministry has consistently facilitated both long-term and short term trainings for it officers.

Long Term Training;

Two officers from the Supply Chain Management Department commenced a two-year Masters in Procurement in September 2025 and the Programme is currently on-going

Short-Term Training

Several officers participated in various short term training programmes during the reporting period, as outlined below:

Table 1: Short Term Training

Training	Duration	Number of Participant (s)
Media Management	1 Week	1
Leadership and Change Management	1 Week	2
Labour Law Enforcement	1 Week	1
Emerging Best Accounting Practices	1 Week	2
Procurement Fraud Audit and Investigation	1 Week	4
Baseline Costing and Transition to Programme Based Budgeting	Two Weeks	15
Government Finance Statistics (GFS) Training	1 Week	15

Corporate Governance on State-Owned Enterprises	1 Week	2
Debt Management Performance Assessment	1 Week	2

iii. **Leave Management**

Within the reporting period, leave records within the Ministry are as follows:

Within the reporting period, leave records within the Ministry are as follows:

Table 2: Summary of Leave Records within the Ministry

Total Vocational Days Taken	12
Total Compassionate leave days taken	7
Total Casual Leave Days taken	3
Total Sick Leave	13
Total Carry over	784
Total	**1,810**

Source: Ministry of Finance.

STAFF WELLNESS, WELFARE AND SUPPORT

During the reporting quarter, the Ministry continued to provide support to staff members experiencing illness by facilitating transport to health centres for medical check-ups and treatment. The Ministry also extended bereavement support to employees who lost their relatives, in accordance with the provisions of the General Orders.

TRANSPORT MANAGEMENT

Officers from the Ministry under the Corporate Services Department attended the specialized Fuel Management Training sessions which were held at Dlanubeka and the Standard Bank Building in Manzini on the 13th April and the 30th June, 2026 to optimize fuel tracking and operational resource oversight.

The Ministry received a high profile delegation from the International Monetary Fund (IMF) Government Finance Statistics (GFS) mission and the Director of AFRITAC South and the department facilitated transport logistics for the delegation during their business in the Country.

During the reporting quarter, the Department successfully coordinated and facilitated the seamless relocation of officers from the old Finance Building to the new premises at Umlamuli Building. The relocation was completed efficiently with minimal disruption, ensuring that the Ministry's operations continued uninterrupted and that all services remained fully functional throughout the transition.

COMMUNICATION

During this reporting period, the Communications Office continued to strengthen the Ministry's visibility through strategic media engagement, digital communications and public information initiatives. Communications focused on supporting Government's fiscal reform agenda, domestic revenue mobilisation, financial inclusion, legislative reforms, and regional and international engagements.

i. Public Relations and Media Engagement

The Communications Office coordinated communications for key Ministry activities through media statements, photography, video content, speeches and social media updates.

The Office coordinated communications for the launch of the Tax-Core Electronic Invoicing Programme, the validation of the Financial Inclusion Bill, the signing of the contract for the review of salary structures for State-Owned Enterprises (SOEs), engagements with the

Parliamentary Finance Committee on proposed fiscal legislation, and courtesy visits by the Chief Executive Officer of the Africa Strategic Investment Alliance (AFSIA) and the Minister for Natural Resources and Energy of the Kingdom of Lesotho.

ii.Ministerial Media Engagement:

Communications support was provided for the Honourable Minister for Finance's participation at the Financing for Development Forum in New York, ensuring Government's key messages on fiscal sustainability, domestic resource mobilisation and international cooperation were effectively communicated to local audiences.

The Office also supported the Honourable Minister's participation in the OPEC Fund Development Forum 2026 in Vienna, Austria, where he joined fellow panelists to discuss development and economic transformation. The Communications Office coordinated media coverage of the engagement and amplified Eswatini's participation through the Ministry's digital platforms.

The Communications Office coordinated an interview between the Honourable Minister and CNBC Africa, providing a platform to communicate Eswatini's economic reforms, investment priorities and fiscal outlook to a broader regional updates.

The Impact of effective communications and updates in the media platforms

- Increased visibility of Ministry programmes and reforms across local, regional and international platforms.
- Strengthened public awareness of Government's fiscal and economic priorities.
- Enhanced the Ministry's regional and international media profile through strategic media engagements.
- Reinforced the Ministry's position as a credible source of information on public finance and economic policy.

iii.Social Media and Digital Presence

The Communications Office maintained a consistent digital presence by publishing timely updates across the Ministry's social media platforms.

Content relating to revenue reforms, financial inclusion, international engagements, legislative developments and ministerial activities generated strong public engagement. Photography and video content from official events continued to perform well, contributing to increased visibility and improved public access to information.

iv.Finance-In-Focus

Finance in Focus remained an important platform for public engagement during the quarter.

The programme featured the Honourable Minister for Finance discussing Eswatini's role as a founding member of the Africa Strategic Investment Alliance (AFSIA), investment opportunities, financial and digital inclusion, job creation, and the impact of SACU receipts on the country's fiscal outlook among other topics.

v. Content Development:

The Communications Office produced media statements, speeches, feature articles, photography, video content and social media material supporting the Ministry's strategic priorities.

vi. Key Achievements

- Successfully coordinated communications for major national, regional and international engagements.
- Supported communications for the Honourable Minister's participation at the Financing for Development Forum and the OPEC Fund Development Forum 2026.
- Coordinated a regional media interview with CNBC Africa.
- Increased public awareness of Government's revenue mobilisation, financial inclusion and legislative reform initiatives.
- Maintained consistent media coverage and digital engagement throughout the quarter.

- Continued strengthening Finance in Focus as the Ministry's flagship public education platform.

BUDGET AND ECONOMIC AFFAIRS

OBJECTIVES:

- Provide a sound regulatory framework for Government public finance management.
- Maintain fiscal discipline by providing the Government with an effective financial and fiscal framework and financial advice.

- Efficient and effective planning in the allocation of financial resources and presentation of annual budgets that respond to national policies and strategies which are in line with the national priorities.
- Monitor the implementation of the budget and evaluate performance.

Cash Flow

During the first quarter, the cash flow committee continued to meet frequently to discuss issues of revenue collected within the quarter by both Government and Eswatini Revenue Service and agreed on solutions to challenges faced with regards to cash availability to run Government business.

The Ministry of Finance executes this responsibility through continued cash flow management for Government. Cash flow committee meetings are held frequently with relevant stakeholders who include the Central Bank, Treasury department and the Ministry of Finance itself and the Ministry of Economic Planning and Development.

Budget Management

Total recurrent released amounted to E5.9 billion which is 24% of the overall annual budget allocated for the year 2026/27. This is roughly what was expected in the first quarter. The budget department continues to strive to re-establish fiscal discipline and sustainability which remains key to macroeconomic sustainability. Head 60 budget was not released in this quarter hence the 24 % not the expected 25%. Total spending in this quarter amounted to E4.2 billion which is 70 % of the released budget. The total outturn in this quarter amounted to 17 % of the total annual budget. The released funds on recurrent budget amounted to E5.9 billion while government financed capital amounted to E1.8 billion for the first quarter which is 24% and 23% on the overall annual budget.

Table 3. Summary of Recurrent Released and Outturn budget in Q1 for the year 2026/27 (E' 000)

Head	Budget	Released	Released %	Outturn	Outturn %	Budget Vs Outturn %
Parliament	157,033	43,401	28%	34,031	78%	22%
Private and Cabinet Offices	99,747	22,574	23%	20,883	93%	21%
Ministry of Tourism & Environmental Affairs	183,070	45,010	25%	28,354	63%	15%
Royal Eswatini Police	1,486,491	376,263	25%	283,912	75%	19%
Deputy Prime Minister's Office	1,184,175	298,393	25%	33,001	11%	3%
Ministry of Foreign Affairs & International Cooperation	881,806	218,960	25%	19,890	9%	2%
National Defence and Security	1,891,959	493,068	26%	388,189	79%	21%
Ministry of Tinkhundla Administration & Development	490,454	110,897	23%	64,893	59%	13%
Ministry of Natural Resources and Energy	138,986	31,824	23%	26,281	83%	19%
Geological Surveys, Minerals and Mines	35,444	8,353	24%	5,901	71%	17%
Ministry of Agriculture	453,283	151,148	33%	126,896	84%	28%
Ministry of Economic Planning & Development	266,484	28,336	11%	16,887	60%	6%
Ministry of Housing & Urban Development	484,111	118,814	25%	117,018	98%	24%
Fire and Emergency Services	142,951	35,738	25%	25,460	71%	18%
Ministry of Commerce Industry and Trade	190,760	45,684	24%	38,388	84%	20%
Ministry of Education & Training	5,065,991	1,315,038	26%	1,104,479	84%	22%
Ministry of Finance	1,005,493	236,234	23%	228,747	97%	23%
Treasury and Stores	70,234	16,168	23%	13,622	84%	19%
Internal Audit	24,646	7,571	31%	5,557	73%	23%
Ministry of Labour and Social Security	854,752	208,860	24%	55,985	27%	7%
Ministry of Public Service	327,490	80,827	25%	62,754	78%	19%
Ministry of Information, Communication & Technology	366,402	75,921	21%	67,689	89%	18%
Elections & Boundaries Commission	46,081	7,599	16%	5,854	77%	13%
Ministry of Health	3,146,585	768,427	24%	547,963	71%	17%
Ministry of Justice and Constitutional Affairs	129,416	31,153	24%	27,447	88%	21%
Anti - Corruption Commission	29,245	7,477	26%	3,576	48%	12%
Judiciary	142,861	32,558	23%	32,902	101%	23%
Correctional Services	796,187	208,162	26%	181,844	87%	23%
Ministry of Home Affairs	274,535	113,892	41%	86,830	76%	32%
Eswatini National Treasury	510,859	127,202	25%	127,202	100%	25%
King's Office	4,627	-	0%	-		0%
Ministry of Public Works and Transport	1,532,728	640,188	42%	366,775	57%	24%
Ministry of Sports Culture and Youth Affairs	102,904	22,786	22%	21,937	96%	21%
Audit	48,282	11,995	25%	10,622	89%	22%
Central Transfers	2,067,641	0	0%	-	0%	0%
Total	**24,633,712**	**5,940,520**	**24%**	**4,181,768**	**70%**	**17%**

Source: Ministry of Finance

Table 3 above shows the performance of the Government by Ministry/Department on the recurrent expenditure in terms of the released budget and the total outturn for the First Quarter on the year 2026/27. Ministries with highest released budget in this quarter were Ministry of

Public Works and Transport (42%), Ministry of Home Affairs (41%), Ministry of Agriculture (33%), Internal Audit (31%) and Parliament (28%). Ministries/ Departments that spent most of their released budget in this quarter include Eswatini National Treasury (100%), Judiciary (101%), Ministry of Urban and Housing Development (98%), Ministry of Finance (97%) and Private and Cabinet (93%).

Table 4. Summary of recurrent Released and Outturn budget per item in Q1 for the year 2026/27 (E' 000)

Item	Budget	Released	% Released	Outturn	Outturn % vs Released
00	275,693	62,591	23%	9,815	16%
01	10,409,044	2,599,704	25%	2,469,130	95%
02	634,151	208,505	33%	76,924	37%
03	776,201	194,050	25%	60,154	31%
04	2,020,102	509,121	25%	303,266	60%
05	396,447	94,125	24%	44,074	47%
06	969,692	368,869	38%	130,511	35%
07	78,635	65,713	84%	1,486	2%
10	8,802,633	1,830,107	21%	1,082,079	59%
11	271,114	7,737	3%	4,328	56%
Total	**24,633,712**	**5,940,520**	**24%**	**4,181,768**	**70%**

Source; Ministry of Finance

Table 4 above shows a summary of the released and outturn budget by item on recurrent budget in the first quarter of the financial year 2026/27.

- **Wages and Salaries**

Spending on wages and salaries amounted to E2.5 billion which is 95% of total released recurrent budget in this quarter (E2.6 billion). Total spending amounted to E2.5 billion which is 24% of the total annual budget. Total released budget amounted to E2.6 billion which is 25% on the total annual budget.

- **Transfers and Subsidies**

Spending on transfers (Subsidies, Grants and Social benefit) amounted to E1.1 billion. The spending on transfers is at 59 % of the released budget in this quarter. Total released budget in this quarter amounted to E1.8 billion which is 20% of the total annual budget of E9.1 billion.

- **Goods and Services**

Spending in goods and services amounted to E626 million of the released E1.5 billion in this quarter which is 42%. The total annual budget on goods and services is E5.1 billion.

Local financed Capital expenditure

Table 5, below shows that the total annual budget for Government financed capital projects is E7.8 billion. About E1.8 billion has been released in this quarter which is 23% of the annual budget. The most released Ministries/Departments were from the Ministry of Health (100%), Ministry of Commerce and Industry (100%) and Ministry of Information, Communication and Technology (96%).

Table 5. Summary of Capital Released budget in quarter 1 for the year 2026/27 (E' 000)

Ministry/Department	Budget	Released	% Released
Parliament	-	-	
Private and Cabinet Offices	48,466	-	0%
Ministry of Tourism & Environmental Affairs	11,375	-	0%
Royal Eswatini Police	56,000	-	0%
Deputy Prime Minister's Office	38,216	26,403	69%
Ministry of Foreign Affairs & International Cooperation	53,500	-	0%
National Defence and Security	70,000	2,657	4%
Ministry of Tinkhundla Administration & Development	57,373	-	0%
Ministry of Natural Resources and Energy	1,552,193	-	0%
Geological Surveys, Minerals and Mines	-	-	
Ministry of Agriculture	1,791,698	189,632	11%
Ministry of Economic Planning & Development	952,566	533,007	56%
Ministry of Housing & Urban Development	429,318	-	0%
Fire and Emergency Services	8,750		
Ministry of Commerce Industry and Trade	97,435	97,435	100%
Ministry of Education & Training	408,746	126,013	31%
Ministry of Finance	84,961	38,581	45%
Treasury and Stores	-		
Internal Audit	-		
Ministry of Labour and Social Security	3,500	-	0%
Ministry of Public Service	8,023		
Ministry of Information, Communication & Technology	47,500	45,750	96%
Elections & Boundaries Commission	-		
Ministry of Health	92,291	92,291	100%
Ministry of Justice and Constitutional Affairs	23,669	-	0%
Anti - Corruption Commission	-		
Judiciary	8,750		
Correctional Services	24,702	-	0%
Ministry of Home Affairs	-	-	
Eswatini National Treasury	170,000	60,000	35%
King's Office	-		
Ministry of Public Works and Transport	1,682,484	598,834	36%
Ministry of Sports Culture and Youth Affairs	50,750	8,750	17%
Audit	4,482	-	0%
Central Transfers	-		
Total	**7,776,748**	**1,819,352**	**23%**

Source: Ministry of Finance

AFRICAN DEVELOPMENT BANK

Budget Support

The African Development Bank (AFDB) undertook a hybrid budget support mission to Mbabane, Eswatini, from 18-22 May 2026. The main objective of the mission was to discuss with the authorities the broad economic, Public Finance Management (PFM) and governance reforms, as well as the financing needs as relevant for the operation. Discussions focused on recent economic developments and progress against the agreed policy measures for Phase I and triggers for Phase II, and the following prior actions were agreed with the bank.

Prior action #1. Government to confirm that

- Cabinet approval has been obtained to clear amounts previously classified as arrears but which relate to micro projects that never took off (funds transferred by Treasury from Sector Ministries, but actual procurement nor subsequent contracting not pursued);

- Cabinet approval of the Internal Audit report that establishes the volume of arrears identified directly by Sector Ministries and submitted to the Office of the Auditor General for verification.

Prior action #2. Cabinet approval of the concept of the establishment and architecture of a Treasury Single Account (TSA).

Prior action #3 The Ministry of Finance issues a circular to Ministries, Departments, and Agencies (MDAs) to use the planning and budget module of IFMIS for the preparation of the FY2026/27 Budget.

Prior action #4. Cabinet approval of holistic PFM Reform Road map based on the findings of the PEFA

Prior action #5. Cabinet approval of a National Procurement Policy based on the recommendations of the MAPS assessment.

Prior action #6. Cabinet approval of the SOE Policy

Prior action #7. Cabinet approval of the National Investment Policy that aims to increase business competition and innovation.

Prior action #8. Cabinet approval of Amendment of the Customs and Excise Act to incorporate legal provisions related to the implementation of the Authorised Economic Operators (AEO) Programme.

Prior action #9. Cabinet approval of any of the following legislations: (i) Eswatini Electricity Company Act 2007; and (ii) Energy Regulatory Authority Act 2007 which incorporate emerging technological and other developments in the energy sector.

Prior action #10. Cabinet approval of legislation establishing the Centre for Financial Inclusion (CFI), an agency whose mandate is to coordinate the implementation of Eswatini's national financial inclusion strategy.

Manzini Region Water Supply and Sanitation Project Supervision Mission

The African Development Bank Group undertook a supervision Mission to Eswatini from 25 to 29 May 2026 for the Manzini Region Water Supply and Sanitation Project. The objective of the Mission was to assess progress in project implementation, review challenges affecting project delivery, and agree on measures required to support timely completion of the Project.

EWSC informed the Mission that the Water Master Plan has recently been completed and that two priority water supply schemes are being prepared for presentation in June 2026. Furthermore, EWSC has indicated that the Hawane Dam Raising Project and integration of the Makheng and Mbabane water supply systems to enhance water supply coverage is a priority for EWSC. Government will in due course make a decision on the implementation modality of the project.

The Mission was further informed that current priority for the Government is complete ongoing water project prior to any commitment for new ones.

Mkhondvo Ngwavuma Water Augmentation Program Phase I Projects (MNWAP-1 A&B) Supervision Mission and Mkhondvo Ngwavuma Water Augmentation Program Phase II Project (MNWA-2) – Preparation Mission

The African Development Bank (AFDB) Group deployed a joint Project supervision and preparation mission to Eswatini from 01 to 12 June 2026. The specific objectives of the mission were to: (i) Follow up on the works in the Mpakeni Dam and access road under the Mkhondvo-Ngwavuma Water Augmentation Program Phase 1 (MNWAP 1A); (ii) Follow up on the procurement of the Main Conveyance System (MCS) and the ongoing Works under the MNWAP 1B; and (iii) Prepare the MNWAP Phase 2 Project.

Overall, the Mission is satisfied with the implementation of the MNWAP-1A as substantial progress has been registered from the previous mission. The Mission However, puts forward recommendations as outlined below to further enhance the project performance. The Mission is also satisfied with the progress in MNWAP-1B including the fulfillment of conditions precedent to first disbursement and the procurement of the construction contractor. The E&S performance of MNWAP-1A and MNWAP-1B is currently rated as unsatisfactory.

Recommendations

MNWAP-IA

The Mission urged the EA and the Ministry of Finance to prioritize the settlement of outstanding obligations and to ensure predictable release of counterpart funds going forward, especially as MNWAP 1B and the proposed Phase 2 operation will further increase Government's counterpart funding requirements. A summary of outstanding payments is presented in Annex 5 for reference.

MNWAP-1B

The EA should complete farmer company registration by August to enable participation of the farmer companies in the investment decision.

International Monetary Fund and World Bank Group (IMF/WBG)

During the first quarter the Ministry of Finance participated in the 2026 IMF/WB Spring Meetings which was held in Washington DC, USA from the 13th – 19st April 2026. The discussions focused intensely on navigating an uncertain global economy, managing fallout from geopolitical and Middle East energy crises, scaling up job creation, and mitigating the developing public debt crises level through exploring debt swaps and public private partnership instruments.

Key Discussion Themes and Initiatives

Global Economy & Geopolitical Shocks: Policymakers grappled with the fallout from Middle East conflicts and global energy crises, shifting the institutional focus toward immediate crisis management and mitigating economic disruptions. Despite the cloudy geopolitical outlook, global growth projections held up without a projected recession, largely buoyed by private sector resilience.

World Bank Jobs Agenda: A major focal point was addressing the global job shortage, with multilateral development banks (MDBs) agreeing on a common approach to measure and boost job outcomes for better global accountability.

Debt and Development Finance: Leaders heavily debated strategies for sustainable debt restructuring, private capital mobilization, and continued financial and structural support for regions heavily impacted by conflict, such as Ukraine and the Middle East.

Technology & AI: The meetings featured prominent discussions on fintech, the implementation of AI in financial systems, and agentic payments, as well as the associated cybersecurity and stability risks.

Climate and Water Security: The World Bank launched the "Water Forward" global platform, aimed at making water security a primary driver for jobs, investment, and growth.

The Ministry of Finance welcomed IMF experts for T.A on the Government Financial Statistics (GFS) from the AFRITAC South. The workshop on GFS was scheduled from 8 – 19th June, 2026. The main objectives of the GFS workshop were to provide participants with a comprehensive overview of the GFSM 2014 framework including its concepts, principles, classifications and analytical uses for fiscal reporting and policy analysis. The workshop was also aimed at enhancing technical skills for compiling accurate, reliable and comprehensive GFS data, foster collaboration among institutions involved in fiscal statistics compilation and support the country's compliance with international statistical reporting standards.

From May 18 – 22, 2026, the World Bank conducted a mission on accelerating sustainable and clean energy access transformation (ASCENT). The mission's objectives were to:

Review the implementation progress of the Accelerating Sustainable and Clean Energy Access Transformation in Eswatini (ASCENT Eswatini, P508960) across its technical, procurement, financial management (FM), environmental and social (E&S), and gender dimensions, as well as its Performance-Based Conditions (PBCs)

- Agree on an action plan to accelerate implementation of ASCENT
- Continue key sector dialogue
- Provide technical support to advance the preparation of the National Energy Compact.

The key findings and agreed actions for the mission were as follows:

- A second restructuring to include the 132 kV transmission activities and revise Performance-Based Conditions. In addition, there is an ongoing discussion between EEC and Ministry of Natural Resources and Energy (MNRE) regarding the project's operating costs.
- The mission agreed with MNRE and EEC on a set of priority activities under all three Project components. It is critical that:

EEC and MNRE work toward implementation of these activities in accordance with the agreed timelines.

- Regular oversight from the PSC is provided. Among others, under Component 1, timely allocation of budget for compensation of Project Affected Persons will be essential to enable commencement of civil works as scheduled. Under Component 2, MNRE should complete the identification of on-grid access beneficiaries in a timely manner to avoid delay.
- The mission held extensive discussions on approaches to maximize local participation including the use of local contractors in Project implementation. It was agreed that competitive procurement methods will continue to be followed, while local job creation objectives will be supported through the application of rated criteria that appropriately balance competitive pricing and technical quality to ensure overall value for money and achievement of universal access to electricity in Eswatini by 2030.
- The economic and financial analysis of the energy sector, intended to inform the Government of key reform measures to help achieve government priorities including energy security,

affordability and private capital mobilization, which are aligned with the objectives of Mission 300, has been finalized.

- The Bank welcomes Eswatini's participation in the National Energy Compact under Mission 300. The Technical Committee has been established, and its first meeting was conducted on June 01, 2026.

The World Bank undertook a mission on the implementation of the project on strengthening early childhood development and basic education systems to support human capital development in Eswatini. The mission was scheduled from April 13 – 24, 2026. The findings of the mission were as follows:

- The World Bank welcomes the Government's finalized strategy to strengthen secondary science and mathematics teacher training through a Project Steering Committee-endorsed hybrid model for the target 106 schools, supported by local master trainers and institutionalized in two teacher training colleges.

- Project expenditure remains critically low at 21 percent, with only 44 percent disbursement and a procurement plan covering less than 30 percent of financing. With just 13 months to closing, this continues to pose a high risk to achieving the development outcomes and exposes Government to commitment fees on undisbursed funds.

The Ministry of Finance was also invited by the World Bank to loan negotiations for the digital Eswatini Project which conducted on hybrid platform on May 18, 2026. During the negotiations, the following documents were discussed:

- the draft Loan Agreement between KoE and IBRD;
- the draft Loan Agreement between EPTC and IBRD
- the Draft Financing Agreement between the KoE and IBRD;
- the Guarantee Agreement between KoE and IBRD;
- the draft Project Appraisal Document (PAD)
- the draft Disbursement and Financial Information Letters (DFILs) for both EPTC and KoE
- the draft Environment and Social Commitment Plan (ESCP) for both the KoE and EPTC.

The World Bank also undertook a water supply and access project implementation mission from 21 – 30 April, 2026 and the following critical issues were note and need urgent action without delay.

- Water supply infrastructure investments are substantially completed and on track to reach the targeted beneficiaries beginning in Late-May 2026 (11,800 total beneficiaries, with 10,255 receiving limited or basic access from kiosks, and 1,625 receiving safely managed access from household connections). Reaching the targets, however, depends on sustained oversight to ensure that commissioning timelines, materials, staffing, and field execution/supervision for connections remain aligned with the compressed closing timeline, including rapid resolution of any operational bottlenecks that could delay service activation.

- Household sanitation investments have begun to reach the beneficiaries (5,785), but the current pace is insufficient to meet the targeted number (31,224). The remaining five months require rigorous focus to achieve the target, as the current pace is estimated to achieve only 50% of the targeted beneficiaries. Therefore, timely and successful project completion rests largely on ensuring that the construction and handover of the household sanitation facilities are carried out as planned in the new accelerated implementation schedule.

- Bottlenecks resulting in delays in payment of certificates and invoices from contractors and service providers need urgent resolution from EWSC and MoH Leadership, with a goal of reducing the overall processing time from the current six weeks to less than three weeks. Only goods and services received and delivered by the project closing date (September 30, 2026) will be eligible for payment during the project period and/or during the grace period after project closure.

There was a World Bank Mission on Urban Sector Scoping Mission from 10 – 13 May, 2026. An aide memoire was shared which highlighted the following agreed outcomes from the mission.

- The Government of Eswatini and the World Bank have agreed to initiate an Eswatini Urbanization Review as the primary entry point for renewed URL engagement. The Review will be a single, integrated analytic product examining how urbanization is shaping Eswatini's economy, what the constraints are to inclusive and resilient urban growth, and what the most important policy choices are for the decade ahead. It will cover six interconnected themes: spatial dynamics and urban form; municipal finance and the intergovernmental fiscal framework; housing, land, and informal settlements; urban infrastructure and solid waste management; economic growth, jobs, and tourism; and climate and disaster risk. The Review will be co-owned by the Government of Eswatini and the World Bank, with MHUD as the primary government anchor and MEPD, MTAD, and others as active participants.

- To guide and validate the Urbanization Review, the Government and the World Bank agreed to establish a light inter-ministerial steering group, to be co-convened by MHUD and the World Bank Representative's office.

- The mission held productive discussions with the National Disaster Risk Management Agency (NDRMA) on the urban dimension of disaster risk in Eswatini. The World Bank's URL and Water Global Practices will co-lead on this engagement, building on the strong foundation established through the current Water Supply and Sanitation Project.

POLICY & PLANNING DEPARTMENT

1. FINANCIAL POLICY UNIT

OBJECTIVES

- To promote sound financial management by formulating and implementing monetary policies and reforms that optimize economic growth and improve the welfare of Eswatini.
- Improve the efficiency and effectiveness of public financial management and financial accountability processes.

ANTI-MONEY LAUNDERING/COUNTER-FINANCING OF TERRORISM (AML/CFT)

- **Eswatini 5th Follow Up Report (FUR) and 2nd Technical Compliance Re-rating**

Following the passing of the Anti-Money Laundering, Counter Financing of Terrorism and Proliferation Financing (Miscellaneous Act), 2024. The country has made strides in addressing the technical compliance gaps flagged in the country's 2022 Mutual Evaluation Report (MER). Eswatini received an upgrade on the fourteen (14) FATF Recommendation, adopted during the 50th Task Force of Senior Officials Meeting held in Addis Ababa, Ethiopia, Federal Democratic Republic of Ethiopia in August 2025.

In the quarter under review, the Ministry coordinated the Eswatini 5th Follow Up Report (FUR) and 2nd Technical Compliance Re-rating request. The ESAAMLG Review Group reviewed the country's FUR with request for rerating on four (4) recommendations (Recommendation 5, 28, 37, and 39). The reviewers upgraded the country from Partially Compliant to Largely Compliant on all the four Recommendations. In June, the ESAAMLG Secretariat circulated the country's FUR with a request for rerating to the Global community for comments. The National AML/CFT Task Force then addressed comments received from the global community.

Eswatini's FUR with request for rerating will be discussed and adopted during the ESAAMLG Task Force of Senior Officials meeting to be held in September 2026.

Below are the 4 Recommendations and the upgrades thereto:

Table 6: Recommendations and updates

Rec Ref	Rec Description	Initial Mutual Evaluation Rating (June 2022)	New proposed Rating (June 2026)
5	Terrorist Financing Offence	Partially Compliant	Largely Compliant
28	Regulation and Supervision of DNFBPS	Partially Compliant	Largely Compliant
37	Mutual Legal Assistance	Partially Compliant	Largely Compliant
39	Extradition	Partially Compliant	Largely Compliant

Source: Ministry of Finance

Following the re-rating in 2025, the country is now compliant with 28 of the 40 AML/CFT FATF recommendations and non-compliant with 12 of these recommendations. The country receiving an upgrade on the four Recommendations, the country will now be compliant on 32 of the 40 AML/CFT FATF recommendations and non-compliant with 8 of these recommendations. Eswatini is expected to continue with the remediation of Recommendation 6 and the 11 immediate outcomes to fully comply with all the AML/CFT FATF international standards.

The Ministry coordinated the population of various AML/CFT questionnaires from the ESAAMLG Secretariat, including but not limited to the; Diplomatic Travel document framework; Tracking status of implementation of Recommendation 15 (criterion 15.3 -15.11) by ESAAMLG members and Terrorist Financing through social media and Instant Messaging Application; and the ESAAMLG project on opportunities and challenges posed by Virtual Assets and Virtual Assets Service Providers.

In order to realize substantial progress, the National AML/CFT Technical Committee during the quarter continued to meet monthly to effectively implement the AML/CFT Strategic plan.

SADC AML/CFT Committee meeting

In the quarter under review, the Ministry participated in the 5th meeting of the SADC AML/CFT Committee Meeting in June 2026 held in Gaborone, Botswana. During this meeting SADC countries reviewed Member State's compliance with the FATF Recommendations and effectiveness of AML-CFT systems in the region, reviewed progress on implementation of the SADC AML-CFT Work Plan; and worked on measures to enhance SADC preparedness for the third round of ESAAMLG mutual evaluations.

ESWATINI FINANCIAL INTELLIGENCE CENTRE (EFIC)

The Eswatini Financial Intelligence Centre (EFIC) recorded solid operational performance in the first quarter of the 2026/2027 financial year. The EFIC received 1,115 Suspicious Transaction Reports (STRs), with a declining monthly trend from April to June. Potentially laundered funds remained significant, with notable volatility, including a sharp increase in June. The banking sector contributed the majority of reports and 96% of cash threshold transaction values, indicating its dominant role in reporting compliance.

Tax evasion remained the most prevalent offence, driven by misuse of personal accounts by business operators. Fraud and account takeovers continued to pose major risks, reflecting ongoing exposure to scams and social engineering. Emerging risks include gambling-related transactions and use of money mules, though at lower volumes. EFIC increased dissemination of intelligence to law enforcement, contributing positively to investigations, asset tracing, and prosecutions. Strong international cooperation continued, with active information exchange with foreign Financial Intelligence Units.

Audit for the year 2026

This quarter, auditors from Pricewaterhouse Coopers began their audit assignment. The audit is expected to be finalized at the end of July 2026.

Human Resources Management

During this quarter, the recruitment of the Compliance Manager and Manager Analysis positions was finalised. Both incumbents commenced their respective roles in May 2026.

Training, capacitation and technical assistance

In the quarter under review, one (1) analyst received training on terrorism financing and all EFIC officers were trained on Risk management.

Monitoring and Analysis

During the quarter under review, the EFIC received 1,115 STRs.

Cash Threshold Reports.

The EFIC continued to receive cash threshold transaction reports from accountable institutions. The Banking sector accounts for 96% of the values for cash threshold reporting, with the Gaming sector following at 3% and the other industries sharing the remainder. Pursuant to the directive on the amended Cash threshold report template, the Banking sector underwent a socialization session to support adoption and compliance to the directive.

Analysis of financial intelligence

Operational and Strategic analysis

Operational and strategic analysis continues to focus on high priority risks as highlighted in the National Risk Assessment and emerging trends and risks, including;

- Tax Evasion

Tax evasion continues to be the dominant predicate offence reported due to the continued use of personal accounts to conduct business by company directors for purposes of evading tax.

- Fraud

Fraud was the third most reported predicate offence during the quarter. The sustained reporting level indicates continued exposure to fraudulent documentation, scams, social engineering, mobile money fraud, and related schemes across reporting institutions.

- Account takeover

Account takeover related reports continue to show an increase, indicating rising use of unsuspecting or vulnerable persons to disguise illicit activities. This activity is usually used for concealing tax crimes as well as other money laundering activities.

- Gambling

While the volume is low, the typology report indicates that gambling activity is used as a placement or layering mechanism, particularly where large cash deposits or unusual transactional activity are linked to gambling venues or platforms as evidenced by cash threshold reports from the gaming industry.

Dissemination of financial intelligence

In the quarter under review, financial intelligence products were disseminated to competent authorities where there were reasonable grounds to suspect the commission of financial crimes. Feedback from the law enforcement authorities indicated increased operational value of financial intelligence products in investigations, identification of assets and prosecutions.

International cooperation

The EFIC continued to collaborate with other Financial Intelligence Units on information sharing. These requests support cross-border investigations, tracing and recovery of proceeds of crime. A total of 10 requests were sent to foreign FIU's and received 5 responses. The EFIC also received one request from a foreign FIU and sent a response for that request.

LEGAL AND POLICY

Board and Governance

A quarterly Board meeting was held during the period under review.

Policy Formulation and Legal Framework Review and Advice

In line with its strategic goals and objectives, the EFIC is currently engaged in the review of DNFBP legislation to align them with MER and FUR report findings. Policy papers have been drafted awaiting approval and transmission to relevant stakeholders.

COMPLIANCE AND PREVENTION

AML/CFT Supervision

In the quarter, the EFIC issued a directive to all Designated Non-Financial Businesses and Professions (DNFBPs) mandating them to fully comply with all the sector specific AML/CFT Guidelines issued by the EFIC, 2024. In compliance with Section 6 octies of the Anti-Money Laundering and Combating of Financing of Terrorism and Proliferation Financing (Miscellaneous Amendments) Act, 2024, the EFIC issued a Directive on High-Risk Jurisdictions to all DNFBPs.

In compliance with Section 10(5) of the United Nations Security Council Resolutions Regulations, 2016 in identification of Persons and Entities by the United Nations, the EFIC notified all DNFBPs on changes in the United Nation Security Council sanction lists.

Compliance Management and Monitoring

During the quarter, the EFIC engaged the DNFBPs Self-Regulatory Bodies (SRBs) with the aim of collating fit and proper documentation for submission to ESAAMLG. This resulted in a positive assessment of the recommendation 28 (DNFBPs Supervision) re-assessment.

- The EFIC participated in a joint AML/CFT on-site Inspection of one Remittances services provider with a designated Authority in Eswatini.

- Oriented REPS Senior Management on the financial crimes data collection tool to compliance with recommendation 33 (Statistics) of FATF. This yielded positive results as the REPS shared with the EFIC investigations statistics for the previous year, 2025.

- The EFIC received a total of seventeen (17) populated risk assessment questionnaires from Real Estate Agents in the quarter under review. These populated questionnaires are an input to the on-going institutional risk assessment for the sector.

In the quarter under review, the EFIC requested and received DNFBPs data from the Banking Sector. This data is utilized for national, sectorial and institutional risk assessments in compliance with AML/CFT international standards.

Operation Risk Management

The EFIC Compliance department conducted and developed the departmental operational risk assessment register. Mitigation measures with timelines were clearly articulated for tracking purposes.

AML/CFT Guidance

The EFIC prepared and shared drafting instructions to the draft Real Estate Agents Bill, 2024, contribution to adequate market entry requirements to comply with AML/CFT international standards. The instructions have been incorporated in the draft bill.

The EFIC provided guidance on the development and implementation of the AML/CFT policy to one of the country's leading Audit Firms and this institution has since developed its AML/CFT Policy for the first time.

Stakeholder Engagement

The EFIC contributed to addressing the country's follow up report with global comments. The country's report had been distributed to the global community to determine the country's re-rating request.

The EFIC participated in the penal discussion during the Eswatini Association of Savings and Credit Cooperation Indaba held in the quarter. During the Indaba, the EFIC provided guidance on AML/CFT related issues to the entire sector.

The EFIC in collaboration with the other AML/CFT Supervisors (FSRA and CBE) completed an ESAAMLG project questionnaire on the opportunities and challenges posed by Virtual Assets and Virtual Assets Service Providers.

FINANCIAL SERVICES REGULATORY AUTHOURITY(FSRA)

Law Review Session

The Ministry continued to meet with the FSRA Legal team to continue with the review of the following laws;

Table 7: Review of Laws

FSRA (Amendment) Bill	The object of this Bill is to amend and modernize the FSRA Act 2010, so as to: accommodate the change of the country's name from Swaziland to Eswatini; ensure that the Financial Services Regulatory Act, 2010 prevails over all financial services laws; declare new categories of products as non-bank financial services providers or financial services without the need to amend the Financial Services Regulatory Act, 2010; and to adjust the list of Financial Services laws in the First Schedule of the Financial Services Regulatory Act, 2010 to include the Building Society Act 1962, the Consumer Credit Act 2016, the Motor Vehicle Accident Fund Act 1991, the Eswatini National Provident Fund Order, 1974, the Medical Schemes Act, 2017; and other relevant financial services laws. The FSRA Bill is under review by the Attorney General's Office. During this quarter, the Ministry received comments from the AG's Office on the FSRA Bill.

Compulsory Third Party Liability Motor Vehicle Insurance (Legislative Framework Proposal)	During this quarter, the Ministry requested the Financial Services Regulatory Authority to develop a legal framework for the Compulsory Third Party Liability Motor Vehicle Insurance.
Retirement Funds (Amendment) Bill	The objective of the Retirement Funds Amendments is to provide an improved legal framework for the sound governance and management of the retirement funds industry and enhance the prudent administration and market conduct of retirement funds. A comprehensive self-assessment undertaken by the Authority in 2012 identified gaps in the current legal framework, which limited our ability to comply with international standards. We also noted that some of the provisions in the 2005 Act were not in conformity with the principal legislation, the FSRA Act which came into effect in 2010 which this amendment seeks to cure. During the quarter, the Ministry received a court judgement prompting the amendment of the Retirements Funds Act to be consistent with the provisions of the Constitution.
Medical Aid Scheme Bill	This framework is aimed at establishing a coherent and modern regulatory regime for the registration, governance, and supervision of medical aid funds operating within the Kingdom of Eswatini. The development of the Bill has been informed by extensive sectoral analysis, stakeholder consultations, and comparative regulatory reviews.
Consumer Credit Regulations	Aims at supporting the operationalization of the Consumer Credit Act (Amendment) 2016.
Consumer Credit Information Reporting Regulations	Aimed at strengthening Eswatini's credit reporting system. The Ministry worked on consolidating the regulations into a single document, developing forms to support the substantive provisions. These are presently in a separate folder and final

	efforts are being made to develop the balance of these two pieces of legislation.

Source: Ministry of Finance

CENTRAL BANK OF ESWATINI (CBE)

Law Review Session

The Ministry continued to have sessions with the Central Bank to discuss the following proposed strategy and amendments of the following laws;

Table 8: Proposed Strategy and amendment of laws

The National Payments System Regulations	Regulations are aimed at operationalizing provisions of the National Payments Systems Act, 2023 and provides for the regulation & oversight of national payments systems. In the quarter under review, The National Payments System Regulations were presented and approved by the Cabinet.
The Central Bank Order 1974 (as amended)	The Central Bank Bill was approved by the Attorney General's Office for onward submission to Cabinet for approval. In the quarter under review, The Central Bank Bill was presented and approved by the Cabinet.
The Financial Institutions Bill	In the quarter under review, the Ministry received comments on the Financial Institutions Bill from the Attorney General's office.
The Financial Stability Bill	The Financial Stability Bill is under review by the Attorney General's Office.

Source: Ministry of Finance

MOTOR VEHICLE ACCIDENT (MVA) FUND REGULATIONS

Law Review Session

Following the passing of the Motor Vehicle Accident (MVA) Fund Bill, 2025 into law, The Ministry and MVA Fund developed the Regulations to operationalize the Act.

CENTRE FOR FINANCIAL INCLUSION (CFI)

Institutionalisation of CFI

In this reporting period, the CFI took significant steps in the development of the Eswatini Financial Inclusion Legislation with support from the European Union. The following key milestones were achieved;

Stakeholder consultations have been conducted with government agencies, regulators, financial institutions, and civil society, providing valuable input on barriers to financial inclusion and priority areas for reform;

Benchmarking Visit with Bank Negara Malaysia and Other Stakeholders- CFI facilitated a benchmarking visit with Bank Negara Malaysia and other stakeholders in Malaysia. The primary goal of the benchmarking visit was to learn from a more advanced or highly successful peer country (Malaysia) to accelerate the development of the Eswatini Financial Inclusion Legislation.

Draft Eswatini Financial Inclusion Legislation Validation – CFI facilitated a validation workshop for the draft Eswatini Financial Inclusion Bill. An additional one-week workshop was organised for stakeholders to present their comments and finalise the bill before submission to parliament.

Development of Regulations for Management of CFI MSME Fund

The draft Eswatini Financial Inclusion Bill under Section 17 makes provision for the establishment of a fund whose objectives are as follows:

- Promote access to affordable financial services and products for individuals, micro, small and medium enterprises (MSMEs), and marginalized communities;

- Facilitate the provision of loan guarantee schemes and lines of credit;
- Support programs and initiatives that enhance
- Provide targeted financing instruments to stimulate inclusive economic growth;
- Facilitate partnerships between government, financial institutions, and development partners in advancing financial inclusion;
- Expand access to affordable climate finance for low-income households, smallholder farmers, and micro, small, and medium enterprises (MSMEs);
- Promote equitable access to climate-related financial resources for vulnerable populations.

During the quarter under review, there was an IFAD Financial Inclusion and Cluster Development Project (FINCLUDE) – Implementation Support Mission. The Mission agreed that IFAD will work with CFI to develop a MoU between MoF and CFI on the management of the fund and reporting lines. This should receive an IFAD No Objection before August 2026. While CFI will be working on the regulations in order to get the assignment of responsibility to the Institution to manage these instruments

AFRICAN DEVELOPMENT BANK (AFDB) – Middle Income Country Technical Assistance for CFI

The CFI received a grant from the African Development Bank - Middle-Income Country Technical Assistance Fund (MIC-TAF). The approved technical assistance amounts to AFDB's Unit of Account AU 300,000, i.e $430,000. The grant will support the implementation of 4 activities which are:

- Financial Inclusion Bill
- Microfinance Policy
- Consumer Financial Inclusion Baseline Survey;
- and Green Finance Investment Facility.

The implementation of the AFDB Grant is scheduled to start in July 2026.

<u>FINANCIAL INCLUSION AND CLUSTER DEVELOPMENT (FINCLUDE) PROJECT</u>

During the reporting period, the project reported progress in strengthening access to finance, portfolio performance, and institutional partnerships. Implementation focused on optimising existing financing instruments, reallocating underperforming funds, expanding outreach through new financial intermediaries, and supporting savings-led financial inclusion. Positive trends were observed in loan disbursements and settlements, savings mobilization, and partner engagement, alongside advancements in digital financial literacy initiatives.

Under Component 1, implementation strengthened inclusive cluster development through continued business and social mentorship, market-linkage support, cooperative formation readiness, and delivery of sector development equipment. A total of 983 beneficiaries were reached through Component 1 interventions, comprising 392 males, 591 females, and 223 youth. Producer groups generated E621,910.00 in sales from vegetables, poultry, and piggery, reflecting improved market access and the growing commercial orientation of supported clusters. The component also showed evidence of stronger group cohesion, adoption of collective input purchasing, and increased use of community-based mentors to support timely follow-up with producer groups.

Under Component 2, rural financial services expanded through improved performance of the FIRM and LOC facilities and strengthened savings mobilisation. Actual disbursements under FIRM and LOC reached E13,576,019, with additional pipeline commitments planned through participating financial institutions. DREAMSAVE remained a key savings platform, reaching 1,319 savings groups, 18,588 members, and E28,896,967.00 in savings. The component also advanced partnerships with YERF, FINCORP, IDCE, IMBITA, ESASCCO, Standard Bank, and Eswatini Building Society, while identifying continued priorities around portfolio risk management, arrears follow-up, technical assistance, and institutionalisation of financial instruments beyond project closure.

Under Component 3, climate-resilient decision-making and investment progressed through climate information services, climate-smart agriculture, climate-proof infrastructure planning, sustainable land management, and development of the Climate Finance Strategy and Action Plan. The updated early warning bulletin process was strengthened, an SMS platform was subscribed for farmer advisories, and 4,837 households were reported to be using climate information for farming decisions. Climate-smart agriculture training reached 3,236 farmers against a target of 3,000, while all planned trainings and demonstrations were completed. The Project also advanced plans for 10 climate-proof structures and supported catchment rehabilitation and environmental safeguards around dam infrastructure.

Overall, the findings show progress in strengthening rural enterprise capacity, expanding access to finance and savings, improving market participation, and embedding climate resilience into rural development interventions, while continued attention is needed on sustainability, partner handover, portfolio quality, and completion of remaining climate finance and infrastructure activities.

Component 1 – Inclusive Cluster Development

In this reporting period the project impacted a total of **983 (392 Male, 591 Female)** beneficiaries through various interventions as summarised in the table below:

Table 9 Project people impacted

	April Target				
Activity	**Plan**	**Achieved**	**%**	**Male**	**Female**
Tinkhundla progress report	0	3	0	2	1
Business plan development	0	14	0	9	5
Savings accounts opened	0	4	0	3	1
Access to Insurance for Farmers	0	8	0	5	3
Market linkages	0	60	0	35	25
Business mentorship	0	320	0	136	184
Social mentorship	0	162	0	74	88
GALS Graduation	0	8	0	0	8
SDF delivery and demonstration	0	404	0	128	276

Total	983		392	591

Sales of produce

Sales recorded this month amounted to **E621,910.00** in sales made from vegetables, poultry, and piggery producer groups.

Table 10: Sales of Produce for Producer Group

Producer Group	Produce	Total amount	Market
Nhlalabantfu Vegetable Group	Butternut Onions	E12,900 E2,475	Namboard Namboard
Mahlalini Piggery	Porkers	E3,300	Tfokotani Butchery
Mahlalini Vegetables	Green beans Green beans	E7,215 E4,050	Namboard Namboard
Gege Sisingeni Vegetables	Tomatoes Onions	E4,180 E7,150	Namboard Namboard
Dlangeni Vegetables	Green pepper	E15,880	Namboard
Sigangeni Vegetables	Onions Butternut	E72,000	Namboard
Shewula	Green pepper	E3,240	Namboard
Vuvulane	Green pepper Tomatoes	E14,700	Namboard
Sigcaweni East	Tomatoes	E11,500	Namboard
Ntsambo	Tomatoes Green pepper	E8,160	Mpaka savemore
Siphameni	Beetroot Green pepper	E15,560	Nambord
Mafutseni	Green pepper	E9,890	Namboard
Bhekinkhosi	Cabbages	E10,550	Namboard

Luyengo	Green beans	E8,500	Namboard
Macudvulwini	Green Pepper	E94,320	Namboard
Bhadzeni	Poultry	E185,250	King feast
Maliyaduma	Poultry	E45,000	Community
Mnyokane	Poultry	E67,735	Fresh farm butchery
Manjengeni	Poultry	E13,000	Test of test restaurant Medi Eats
Sigangeni	Poultry	E5,355	Fresh farm butchery Capitol Cateres
TOTAL	**E621,910.00**		

Source: Ministry of Finance

Business Mentoring

In the quarter under review, 19 beneficiaries (9 males and 10 females), including 14 youth, were visited to monitor the performance and progress of their enterprises following access to credit from financial institutions.

Social Mentoring

In the quarter under review, a total of 243 farmers received social mentorship support, comprising 132 males and 111 females, of whom 41 were youth. The mentorship sessions focused on the application of key Gender Action Learning System (GALS) tools, including the Vision Journey, Gender Balance Tree, Social Empowerment Map, and Multi-Lane Highway, aimed at strengthening household planning, gender equity, social empowerment, and sustainable livelihoods.

Access to credit, saving and insurance for farmers

In the quarter under review, eight (8) business plans were developed to support farmers in accessing finance and strengthening their enterprises (5 Broiler farmers, 2 vegetable farmers and 1 piggery farmer).

An additional, 14 (9 Male, 5 Female) Business plans were completed and submitted to YERF for loan application. 4 (2 males and 2 females), loan applications from broiler and vegetable farmers were submitted to FINCORP and the Youth Enterprise Revolving Fund (YERF) for consideration.

Access to Savings (DreamSave)

During the reporting period, 2 new groups were enrolled, comprising a total of 15 members (8 males, 7 females, and 2 youth).

Furthermore, a total of E8,510.00 was mobilized in savings through the DreamSave platform by 33 active members, demonstrating continued commitment by beneficiaries to building financial resilience and improving household financial security.

Component 2: Increasing Supply of Rural Financial Services

Implementation under Component 2 strengthened the institutional base for rural finance delivery through updated performance tracking, continued savings mobilization, financial institution partnership management, and planning for projected FIRM and LOC disbursements. DREAMSAVE remained a core savings platform, while exit strategy activities began to clarify ownership and continuity of key financial inclusion functions beyond Project closure.

Table 11: FIRM and LOC Progress

Initiative	Milestones
ERF	- Disbursed E3.5 million to date - Disbursed E2 million in May

Initiative	Milestones
	- New agri-insurance product launched (embedded in all agribusiness loans)
FINCORP	- MOA signed - 1st tranche of E1 million disbursed - 2nd tranche of 500 K to be disbursed
IDCE	- MOA signed - 1st tranche of 939 K disbursed in March
Standard Bank	- MOA under review by Bank's legal department
IMBITA LOC	- E5 million disbursed to date - E1.5 million disbursed in May - Support for incorporation of Savings Groups to access finance through IMBITA
CFI-ESASCCO LOC	- 1st tranche disbursed – E2m - Addendum to Increase funds to E6M submitted to IFAD for NO
Eswatini Building Society	- Expression of interest to be filled and submitted by end of June 2026

Source: Ministry of Finance

Table 12: Exit Strategy Activities

Output Area	Key Transition Activity	Lead / Supporting Stakeholders	Accountability Mechanism
Financial Instruments	Access to LOC & FIRM facilities	CFI	Ministry of Finance — CFI as Fund Manager
	Technical support for financial institutions	CFI	Ministry of Finance — Ongoing under CFI
	Enterprise–finance linkages	CFI/ Development Partners/ PFIs	Ministry of Finance — CFI

Savings & Credit Groups	DreamSave subscription rollout	CFI	Ministry of Finance — MoF/CFI ownership
	Digital financial literacy programs	CFI	Ministry of Finance — Institutionalized
	Formation of savings groups	WV, ACAT, IMBITA	CFI — Partner-led

Source: Ministry of Finance

Component 3: Climate Resilient Decision Making and Investment

Climate Information Services

Under Climate Information Services, an updated Early Warning Bulletin was developed with stakeholders, and a new task team was trained on the revised monthly bulletin template. The bulletin was expanded to cover all four regions, and an SMS platform was subscribed with MTN Eswatini for FINCLUDE farmer advisories. The Project is also working with the National Early Warning Unit to formulate messages and disseminate them nationwide using extension services. In addition, a National Task Team to work on the national bulletin was established with all value chain specialists.

Quarterly meetings are being conducted to determine usage of the information by farmers. To date, 4,837 households (57.3%) use climate information to inform farming decisions. Required next actions include resuming monthly bulletin production and dissemination under NEWU leadership, translating bulletin information into SMS alerts for farmers, following up with NEWU on regular bulletin production, and discussing handover of the SMS platform to the Ministry of Agriculture and/or SAPEMP.

Climate Smart Agriculture and Adoption of Climate-Resilient Practices

Under CSA trainings and demonstrations, the cumulative Project result stands at 3,236 farmers reached, representing 108% of the overall target of 3,000 farmers. Current implementation includes ongoing trainings targeting livestock value chains. Performance against activity targets shows that all 800 planned trainings were completed and all 53 planned demonstrations were completed, representing 100% achievement for both outputs.

Construction of Climate-Proof Structures and Climate Finance Mobilised for Farmers

A total of 10 climate-proof structures are planned for construction across three regions. All net structures will use improved material, including 40% titanium shade netting. Based on the design, a comprehensive Bill of Quantities have been compiled and costed, SECAP requirements were considered for each item to be purchased, and benefiting farmers were identified and vetted. The regional distribution is Hhohho (3), Manzini (5), and Shiselweni (2), with one beneficiary being a group of eight farmers.

Table 13: Sustainable Land Management Interventions at Catchment Areas

Activity	Milestones
Implement Sustainable Land Management interventions at catchment areas	- Sustainable land management remained part of ECSMP implementation for catchment areas, with trainings conducted for Traditional Authorities, CDCs, Dam Committees, Livestock Committees, farmers, and other dam users. - Communities were mobilised to use locally available material such as sand bags and grass strips as rehabilitation measures. - Lubhuku and Luhhwahhweni communities were trained on land rehabilitation, and approximately 0.5 ha at Lubhuku catchment remains under

	rehabilitation through graded contour banks and check dams.

Source: Ministry of Finance

Climate Finance Strategy

A draft strategy has been produced, and a presentation has been developed by the task team. A tentative plan for the remaining activities has also been developed. Consultations were conducted with the Principal Secretaries of the Ministry of Finance, Ministry of Tourism and Environmental Affairs, Ministry of Agriculture, and Ministry of Economic Planning and Development, as well as Agriculture Heads of Department and the Agricultural Climate Change Coordination Mechanism, and the draft was submitted to IFAD. The validation of the strategy is scheduled for July 2026.

2. PUBLIC FINANCIAL MANAGEMENT REFORMS UNIT

OBJECTIVES

- Improve the efficiency and effectiveness of public financial management and financial accountability processes;
- Ensure awareness of the PFMA 2017 to all stakeholders;
- Ensure participatory, effective and equitable allocation of public funds in line with Government priorities.

- Ensure efficient and effective budget utilization, accurate and timely accounting and reporting and effective scrutiny and review of expenditure of public resources.'
- Ensure accountability of public resources, oversight, effectiveness and lawfulness in the collection and application of public funds.
- Establish and implement a framework for fiscal decentralization and to facilitate timely disbursements and efficient delivery of services in a transparent and accountable manner.
- Develop a consistent and harmonized PFM legal and institutional framework.
- Automate and integrate PFM systems which facilitate efficient and effective execution of all financial management processes, eliminate risks, enhance security and financial controls in all service areas including inter-connectivity of county units.
- Ensure efficient and effective coordination, planning, monitoring, communication and implementation of the PFM Reform Programme activities.
- To monitor the implementation of all PFM Reforms.
- Developing and sustaining capacity within the Ministry of Finance to ensure that it fulfils its lead role in the planning and implementation of the PFM Reform Programme
- Consolidation of annual work plans and cost estimates submitted by Implementing Agencies for the purpose of preparing the Programmes' annual budget

SPECIAL FUND REGULATIONS IMPLEMENTATION PROGRESS

RECONSTRUCTION FUND

The Reconstruction Fund Regulations objective is to provide partial financial assistance to the businesses that have been affected by the unrests in the Kingdom of Eswatini by providing –

- Easily accessible grants to both the formal and informal sectors to cater for the reconstruction or rehabilitation of the business buildings or premises;
- Business grants for the purpose of restoring or replacement of machinery or equipment which is vital for business re-opening and recovery.
- Business grants for the purpose of stock compensation and loss for micro and small business enterprises

This Fund is implemented by the Ministry of Finance. The Following is the progress report of this Fund.

RECONSTRUCTION FUND REPORT FOR THE PERIOD ENDED 31 MARCH 2026

Approved applications:

- **Number of Applications : 569**
- **Value of Approved Applications : E286,332,902-25**

Value of payments made to date

- **Cash Payments Made : E280 305 061-43**
- **Payments Outstanding (Commitments) : E 6 027 840-82**

E286 332 902-25

Table 14: Payments to date:

Comments		Approved Amount (E)	Cash Payments (E)	Balance Outstanding (E)
1. Fully Paid		256 610 016-19	256 610 016-19	-
2. Partially Paid		25 558 485-28	23 695 045-24	1 863 440-04
3. Not Yet Paid		4 164 400-78	-	4 164 400-78
TOTAL		**286 332 902-25**	**280 305 061-43**	**6 027 840-82**

Table 15: Summary of applications

Category	Approved Value	Paid	Balance
Infrastructure	71 121 191-30	70 228 157-63	893 033-67
Equipment	68 905 389-04	68 152 208-42	753 180-62
Stock	110 005 516-96	106 279 425-54	3 726 091-42
Refunds	36 300 804-95	35 645 269-84	655 535-11
TOTAL	**286 332 902-25**	**280 305 061-43**	**6 027 840-82**

Table 16: Bank account summary

	(E)
Balance per Bank Statement	12 128 336-55
Less Commitments: Approved Applications / Pending Payments	(6 027 840-82)
Less Commitments: Management Fees	(29 972-95)
Adjusted Account Balance	**6 070 522-78**

Application process

- Application Forms are distributed through Eswatini Bank Branches.

- Upon completion, they are forwarded to Head Office (Finance Department) where they are registered and key application details captured on a spreadsheet.
- Applications are loaded onto Govender for processing by the Technical Committee.

Payment process

- Upon Approval by the Management (Main) Committee, the approval list is shared with the Bank.
- The List is captured on a spreadsheet (for ease of reconciliation, tracking and report preparation). Approval notes are recorded as well for ease of reference (for Finance Officers)
- Applicants are advised of their approvals telephonically.
- Documentation required (if different from that submitted in the application):
  - i. Quotations (some change suppliers, etc)
  - ii. Invoices
  - iii. Proof of Payment (where refunds are sought)
- All applicants sign an "Acknowledgement Form", where they confirm Banking Details as well (at the nearest branch).
- Once all documentation is provided and / signed, payments (through Electronic Funds Transfer) are made into local bank accounts and SWIFT is used for all cross-border payments;
- Payment Schedules are checked and signed-off by two officers of the Bank;
- The necessary payments are completed for all cross-border payments and handed over to the Forex Department for processing. NB: These payments attract charges from the receiving Bank, and the charges are debited directly to the Reconstruction Fund Account. The Bank collects zero revenue from all the payments.
- Once the payment is complete, the original application documents are filed for future reference.

Fraudulent activities

The Police are currently investigating twelve (12) applicants for possible fraudulent activity. The areas of investigation include: a. Fraudulent Claims – claims for damage that never happened

- Fraudulent Documentation – Quotations & Invoices that were tempered with (change of company names, banking details, etc)
- Fraudulent Company Stamps
- Questionable Police Reports, yet this is an important document we place our reliability of the incident occurrence on.

Some of the Directors of for the companies have appeared before the Courts and are out on bail.

Challenges

- Applicants who do not respond to calls.
- Some are "undecided" on what to do and take long to submit the required documentation.
- Most service providers / suppliers do not accept or recognize the Guarantees and require upfront payment before invoicing. This has created an opportunity for the alleged fraudulent activity.
- Some suppliers refuse to supply based on old quotations, hence the need for new quotations at payment stage.
- Applicants that seem to have tempered with the invoices / receipts / bank accounts. Noted suspicious files were handed over to the Police for further investigation.
- Applicants submitting applications post the cut-off date. These are forwarded to the Technical Committee.
- Some applicants coming up with second submissions claiming that the initial submissions were for "testing the waters" and were therefore incomplete.
- The Committee has received and evaluated more applications from businesses affected after October 2021, the challenge is budget non availability and the approval for the payment of these Businesses from Cabinet.
- Delay in some infrastructure compensations in the completion of the structures, requiring continuous monitoring from the Committee

SOVEREIGN WEALTH FUND

The Ministry of Finance in in the process of developing a Sovereign Wealth Fund (SWF) for the Government of Eswatini. SWFs are special-purpose investment funds or arrangements that are owned by the general government. They are created by the general government for macroeconomic purposes, including to hold, manage, or administer assets to achieve financial objectives, and employ a set of investment strategies that include investing in local and/or foreign financial assets." These Funds are invested by Government to ensure long-term stability of the country and to invest in strategic industries and assets.

SWFs are important in promoting economic development and diversification by investing in key industries and assets, these funds can help to support the growth of key industries and assets. These funds can help to support the growth of domestic businesses and industries while also promoting innovation and technology development.

- **SOVEREIGN WEALTH FUND DEVELOPMENT UPDATE**

The Draft Legislation crafted by the by the African Legal Support Facility(ALSF) through a legal team that was procured by the ALSF. The draft has been submitted at the Attorney General's Office

- The Attorney General's office is still engaging with the Ministry of Finance and the ALSF for clarity of observations before the Ministry uploads to cabinet Approval
- The Benchmarking has been done to three (3) countries, Ethiopia, Rwanda and Morocco physically and Belgium virtually, to make informed contributions to the legislation before tabling in Parliament.

Challenges

The Sovereign Wealth Fund doesn't have a Budget allocation in the current Financial Year, yet the following activities need to be embarked on in the current financial year:

- The Gazetting of the SWF Management Committee
- The engagement of the SWF Advisor
- The development of the SWF implementation Strategy
- Stakeholder engagements in preparation of the SWF Establishment

PUBLIC FINANCE MANAGEMENT REFORMS PROGRESS

UMSEBE INTEGRATED FINANCIAL MANAGEMENT AND INFORMATION SYSTEM (IFMIS)

Project status

The IFMIS/UMSEBE implementation have 18 modules which had four years of implementation and support starting from 2nd of May 2024. The implementation followed the implementation plan as per the inception report. However, due to various challenges, delays and did not realize all releases as planned. This section highlights the current status, challenges and recommendations for improvement.

IFMIS/UMSEBE Implementation status:

Development completion status

The recent development status as of December 2025 showed that the development of IFMIS/UMSEBE was at 77.56 % as detailed below:

Table 17: Development completion status

Release #	Module	Score	Dec-24	Feb-25	Mar-25	Apr-25	Sep-25	Dec-25
Release 1	General IFMIS Architecture Characteristics	4	100%	100%	100%	100%	100%	100%
	Planning and Budgeting	10	100%	100%	100%	100%	100%	100%
	Chart of Accounts	4	100%	100%	100%	100%	100%	100%
	Total	**18**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Release 2	Debtor Management	1	0%	0%	30%	50%	95%	98%
	Supplier Management	1	60%	95%	95%	95%	95%	98%
	Accounting	12	85%	85%	90%	95%	95%	98%
	Bank Reconciliation	12	75%	75%	75%	75%	95%	98%
	Total	**26**	**76%**	**78%**	**81%**	**84%**	**95%**	**98%**
Release 3	Procurement	13	30%	70%	85%	95%	95%	98%
	Travel Management	5	-	70%	75%	95%	95%	98%
	Cash Management	3	-	40%	40%	60%	60%	60%
	Total	**21**	**19%**	**66%**	**76%**	**90%**	**90%**	**93%**
Release 4	Staff establishment and Payroll Management	10	-	10%	40%	70%	80%	97%
	Revenue Collection (Non-tax receipts)	5	-	-	10%	45%	95%	98%
	Total	**15**	**-**	**7%**	**30%**	**62%**	**88%**	**97%**
Release 5	Capital Project Management and budgeting	7	-	-	-	-	-	
	Debt Management Interface to CS-DRMS	1	-	-	-	-	-	
	Grant Management	4	-	-	-	-	-	
	Total	**12**	**-**	**-**	**-**	**-**	**-**	
Release 6	Inventory Management	5	-	-	-	-	-	
	Asset management	3	-	-	-	-	-	
	Audit Management	NA	-	-	-	-	-	
	Integration	NA						
	Total	**8**	**-**	**-**	**-**	**-**	**-**	
OVERALL DEVELOPMENT PROGRESS		**100**	**41.70 %**	**52.00 %**	**59.60 %**	**68.00 %**	**74.30 %**	**77.56 %**

The requirements for the Staff Establishment and Payroll Management Module and the Revenue Collection (Non-Tax Receipts) Module were initially validated by representatives of the respective modules, the business owner and subsequently developed.

However, upon completion of the development phase, the validation stage commenced in a booth camp in January 2026 and the Business Owner requested a comprehensive review and redesign of both modules, citing that the approved requirements did not adequately reflect the actual business processes and operational practices.

As a result, status was downed to zero and the project team had to revisit the requirements, conduct additional consultations, and redevelop the affected modules.

Similarly, the development of the Cash Management module had already commenced based on the initial requirements. However, during the development we noted that the modules may overlap significantly with the Revenue Management module, Grant Management, Public Debt and outsider's information (eg: Central Bank). Developing it in isolation had a risk of duplication of effort and budget. As a result, the development of the Cash Management module was suspended and could not proceed as planned. The project team subsequently restarted the requirements analysis and development process to ensure alignment with the revised business needs and operational practices.

Furthermore, due to unforeseen complexities identified during the implementation phase, the scope and requirements of the Asset Management and Inventory Management modules were not comprehensive and requires more resources for their development and deployment. Consequently, a reassessment and revision of the implementation approach became necessary, which increased the workload and resource requirements from both the local team and team Rwanda. This revision also led to a reduction in the overall percentage of project completion and affected the planned implementation schedule.

Consequently, the overall IFMIS/Umsebe Project implementation is given in the next section.

Project overall implementation status

As of 30th May 2026, considering the modules implemented and their corresponding scores over the IFMIS/UMSEBE project, the implementation status is at **51.02%** whereas the development completion status was **77.56%. The table below shows more details**:

Table 18: Project status of execution basing on scores of each module

Release #	Module	Status against initial SRS: Initial SRS availability	Development completion status 100%	Score Contribution	Status against remaining works to completion during two next years: SRS amendment Gathering/ Validation 10%	Development 65%	User acceptance testing 10%	Data migration 5%	Training 10%	Total 100%	Execution scores	Status % 100%
Release 1	General IFMIS Architecture Characteristics (system documentation)	Yes	100%	40	5%	65%	10%	5%	10%	95%	38	95.00%
	Planning and Budgeting	Yes	100%	100	10%	63%	8%	5%	10%	96%	96	96.00%
	Chart of Accounts (COA)	Yes	100%	40	10%	65%	10%	5%	10%	100%	40	100.00%
			100%	**180**	**8%**	**64%**	**9%**	**5%**	**10%**	**97.00%**	**174.6**	**97.00%**
Release 2	Debtor Management	Yes	98%	10	10%	63%	1%	0%	1%	75%	7.5	75.00%
	Vendor Management	Yes	98%	10	10%	65%	0%	5%	0%	80%	8	80.00%
	Accounting	Yes	98%	120	10%	60%	0%	2%	4%	76%	91.2	76.00%
	Bank Reconciliation: Processes, Accounting and Reconciliation	Yes	98%	120	10%	60%	0%	0%	0%	70%	84	70.00%
			98%	**260**	**10%**	**62%**	**0%**	**2%**	**1%**	**75%**	**195.65**	**75.25%**
Release 3	Procurement	Yes	98%	130	10%	63%	8%	5%	9%	95%	123.5	95.00%
	Travel Management	Yes	98%	50	10%	65%	5%	2%	10%	92%	46	92.00%
	Cash Management	Yes	60%	30	0%	0%	0%	0%	0%	0%	0	0.00%
			93%	**210**	**7%**	**43%**	**4%**	**2%**	**6%**	**62.33%**	**130.9**	**62.33%**
Release 4	Staff establishment	Yes	97%	100	6%	0%	0%	0%	0%	6%	6	6.00%

Release #	Module	Initial SRS availability	Development completion status	Score Contribution	SRS amendment Gathering/ Validation	Development	User acceptance testing	Data migration	Training	Total	Execution scores	Status %
		Status against initial SRS			Status against remaining works to completion during two next years							
			100%		10%	65%	10%	5%	10%	100%		100%
	and Payroll Management											
	Revenue Collection (Non-tax receipts)	Yes	98%	50	6%	0%	0%	0%	0%	6%	3	6.00%
			97%	**150**	**6%**	**0%**	**0%**	**0%**	**0%**	**6.00%**	**9**	**6.00%**
Release 5	Capital Project Management and budgeting	Yes	0%	70	0%	0%	0%	0%	0%	0%	0	0.00%
	Debt Management Interface to CS-DRMS	Yes	0%	10	0%	0%	0%	0%	0%	0%	0	0.00%
	Grant Management	Yes	0%	40	0%	0%	0%	0%	0%	0%	0	0.00%
			0%	**120**	**0**	**0**	**0**	**0**	**0**	**0%**	**0**	**0**
Release 6	Inventory Management	Yes	0%	50	0%	0%	0%	0%	0%	0%	0	0.00%
	Asset management	Yes	0%	30	0%	0%	0%	0%	0%	0%	0	0.00%
	Audit Management	No	0%		0%	0%	0%	0%	0%	0%	0	0.00%
			0%	**80**	**0%**	**10%**	**0%**	**0%**	**0%**	**0%**	**0**	**0**
Release 7&8	Integration	No	0%		0%	10%	0%	0%	0%	0%	0	0.00%
Release 9&10	Dashboards	No	0%		0%	0%	0%	0%	0%	0%	0	0.00%
	Knowledge transfer	N/a	0%		0%	0%	0%	0%	0%	0%	0	0.00%
	Support	N/a	0%		0%	0%	0%	0%	0%	0%	0	0.00%
	Agencies	No	0%		0%	0%	0%	0%	0%	0%	0	0.00%
	Local Government	No	0%		0%	0%	0%	0%	0%	0%	0	0.00%
TOTAL			**77.56%**	**1000**	**5%**	**28%**	**2%**	**2%**	**3%**	**40.10 %**	**510.15**	**51.02%**

Challenges

During the execution, the project faced numerous challenges, some have been resolved while others are being worked on progressively. Especially, the project experienced implementation delays caused by several challenges, including:

No Semi-Autonomous Project Management Unit for ease of UMSEBE IFMIS implementation

Challenge: Absence of dedicated Project Management Unit office poses a threat to the effective knowledge transfer and capacity building to the Eswatini Government Officials, hinders turnaround time in most of the Project Management Administrative processes, a threat to retention of competent Officials.

Impact: Limited opportunities for hands-on training, shadowing, and collaborative problem solving essential for sustainable system ownership. Hinders the delivery of the IFMIS according to the plan, Loss of critical skill due to the long on boarding process of new staff

Stakeholder non availability

Challenge: Key stakeholders frequently unavailable during planned requirements gathering and validation sessions, testing, and training activities preventing adherence to the original implementation timeline.

Impact: Affects negatively, caused the shift of the go-live dates, the shift in Project Timelines has triggered increase in the Project cost.

Delayed Payment Turnaround time

Challenge: The delayed payments turnaround, delayed approval of items to be implemented by the Project Management Team according to the project management plan negatively affects the delivery of the system within the specified time frame. These delays are essentially influenced by the normal processes within the Central Government which are dissuasive to the delivery of a project within a specified time frame.

An oversight of the scope and complexity of activities, particularly in the Revenue Management, Staff establishment, Asset Management, Inventory Management, Integration, and Audit Management modules. The understanding of SRS developers was that Eswatini accounting was on cash basis while it was on modified cash basis.

Recommendation

To address the identified challenges, several corrective actions and recommendations were proposed, including:

Preparation of a revised IFMIS (UMSEBE) implementation plan;

- Re-allocation of human resources to the project, including appropriate staff rotation arrangements to maintain team effectiveness;

- The immediate appointment of a dedicated IFMIS/UMSEBE Project team and full-time business owners for each module to work closely with the Rwanda team and strengthen ownership and accountability;

- Recognition that the current development phase will not fully implement IPSAS Accrual; however, the UMSEBE system will be designed to accommodate future IPSAS Accrual reforms when officially adopted;

- Revision of the project budget and payments terms and conditions;

- The immediate establishment of the semi-autonomous PFM Unit to ensure the implementation of the IFMIS and other PFM Reforms efficiently and expediently

PUBLIC FINANCE MANAGEMENT (PFM) REFORMS PROJECT- AFDB Grant

The principal objectives of this project are to improve Public Financial Management (PFM) and strengthen the efficiency of public spending. The specific objectives of the project involve the effective implementation of the PFM Reforms across the Government of Eswatini, to ensure public expenditure and financial accountability is achieved in the Government through the assessment and harmonization of the public financial management pillars, and ensure the proper implementation of the Integrated Financial Management Information Systems (IFMIS) in the Government of Eswatini

Project Objectives and Description.

The objective of Program is to improve Public Financial Management (PFM) and strengthen the efficiency of public spending.

The Project consists of the following two (2) components:

Component 1: Providing support to Integrated Financial Management Information Systems (IFMIS) implementation; and

Component 2: Supporting the development of a holistic road map for PFM Reforms.

The main project expected outputs and outcomes of the Project will include:

- Roll out of IFMIS Planning and Budgeting modules and generation of requisite reports;
- Reviewed chart of accounts that adheres to Government Finance Statistics (GFS 2014);
- Public Expenditure and Financial Accountability (PEFA) assessment report;
- PFM Implementation Road Map developed;
- International Public Sector Accounting Standards (IPSAS) certification (Certificate and Diploma levels) of seventy (70) Accounting cadre;
- Certification of ten (10) accounting cadre under the PFM Academy.

Timelines for the engagements of the PFM Advisor, IFMIS Quality Assurance Provider and the Public Expenditure and Financial Accountability (PEFA) Assessment Advisor:

1. PFM Advisor procurement process has been concluded, the contract will be signed by the 29th June 2026

2. The IFMIS Quality Assurance Provider procurement process will be concluded 31st July 2026
3. The PEFA Assessment procurement process will start in October 2026 and is expected to be finalized by October 2026
4. Training on IPSAS June 2026
5. Training of Accountants On IPSAS Implementation (certification and Diploma levels under CIPFA) October 2026

Table 19: Work Plan Targets (2026/2027)

	Activity	Target output	Expected Outcome
Component 1 Public Finance Management (PFMR) Advisor	1. Provide support to Government of Eswatini in strengthening its PFM system. 2. Provide Technical /Policy Advice and support to the Ministry of Finance and other relevant stakeholders 3. Provide policy advice on PFM reforms and best practices. 4. Support the development and implementation of PFM-related. 5. Conduct training and workshops for government officials on PFM-related topics. 6. Develop and implement a capacity-building plan	PFM Implementation Road Map Developed:	Improved budget planning and preparation, execution, enhancing financial reporting, improved cash management, and ensuring effective internal controls and audit practices. Institutionalize the principles of responsible fiscal management and to improve fiscal transparency and efficiency in financial management,

	for the Ministry of Finance and other relevant institutions. 7. Assist in the development and implementation of a medium-term expenditure framework (MTEF) 8. Support the annual budget preparation process, ensuring alignment with national priorities. 9. Provide guidance on budget execution, monitoring, and reporting. 10. Enhance the quality and timeliness of financial reports in accordance with international standards.		
Component 2 IFMIS Quality Assurance	1. To provide technical advice and Support to the Ministry of Finance and relevant stakeholders through provision of Quality Assurance on the implementation, enhancement and management of an integrated financial management information system (IFMIS).	Roll out of IFMIS Planning and Budgeting modules and generation of requisite reports;	Enhanced public financial management (PFM) to ensure efficiency, transparency, and accountability in the use of public resources.

Component 3 Financial Accountability Assessment Public Expenditure Financial Accounting (PEFA)	**Monitor and Evaluate Development Outcomes:** Evaluate how public expenditure aligns with national development priorities, particularly in areas like education, health, and infrastructure. Suggest methods to track and measure the impact of public spending on socioeconomic development goals. **Risk Management:** Identify and mitigate risks associated with financial mismanagement, corruption, and inefficiency.	Public Expenditure and Financial Accountability (PEFA) assessment report.	The PEFA Framework will provide a comprehensive, standardized tool for assessing the performance of PFM systems, processes, and institutions in Eswatini. **Compliance with International Standards:** Ensure that the government's financial practices comply with international financial and accounting standards, such as IPSAS (International Public Sector Accounting Standards) and PEFA guidelines

LOSSES COMMITTEE

In accordance with the *Public Finance Management Act, 2017*, Part VII: Enforcement, Section 112, the Ministry of Finance established a Losses Committee to oversee and address the reporting and investigation of government property losses.

During the quarter under review, the Ministry continued its efforts to guide and support Ministries and Departments on proper reporting on losses of public/government assets.

The Losses Committee examined reports of lost government property submitted from the following institutions:

1. Ministry of Health

2. Ministry of Finance - Internal Audit Department
3. Ministry of Commerce, Industry and Trade
4. Ministry of Justice and Constitutional Affairs
5. Ministry of Natural Resources and Energy
6. Ministry of Tinkhundla Administration and Development

Following robust deliberations, the Committee arrived at the following recommendations in line with the PFM Act, aimed at strengthening internal controls and minimizing future occurrences of similar losses.

Table 20: Discussed matters and conclusions

MINISTRY / DEPARTMENT	REPORTED LOSS	STATUS
1. Heath	Obsolete pharmaceutical stock for disposal valued at E237,666,390.71.	On-going. Further inquiry.
2. Finance – Internal Audit	Accident damaged government vehicle - Isuzu Double Cab 2.4L Petrol GSD 006 IA involving Mr. S. Sukati	Recommendation: Officer surcharged **E30,000.00.** Recommendation implemented.
3. Commerce, Industry and Trade - ENIDCS	Eswatini National Industrial Development Corporation (ENIDC) - **E15, 095, 845.00** untraceable loan pre – 1986	Recommendation for write – off **E15, 095. 845.00** authorised.
4. Justice and Constitutional Affairs	Unaccounted Imprest (2020) E10, 000.00. Deceased officer – Makhosini Dlamini	Recommendation for write – off **E10, 000.00** authorised.

5. Natural Resources and Energy	a) Accident damaged truck (2016) GSD 164 NR. The cost of repairs - E211,035.65. b) Missing Computer Hardware Component (chip storage) – E4,047.00.	Recommendation for write – off **E E215,082.65** and authorized.
6. Tinkhundla Development and Administration	Paid and Undelivered Laundry Machine valued at E131 000 Manzini South Inkhundla.	On – going. Further inquiry.

Source: Ministry of Finance

CHALLENGES EXPERIENCED BY THE UNIT

Since the Unit was formed in 2020, there are only two (2) Officers. The Public Finance Management is a critical Government Function. The Unit is grossly understaffed owing to its mandate. For the PFM to at least perform without being seriously overstretched Unit needs to be at least have five (5) PFM dedicated staff, focusing on the implementation of the PFM and its various Reforms for now and be a formal Directorate.

FISCAL AND MONETARY AFFAIRS

OBJECTIVES

- To maximize the availability of sustainable revenue sources to finance government operations. This will include expanding the existing revenue base and improving the efficiency of revenue collections and create an environment that will promote private sector development.
- To contribute to regional economic integration initiatives that are supportive of economic growth and development.

The Fiscal and Monetary Affairs Directorate is tasked with the following policy portfolios:

- Direct Tax Policy;
- Indirect Tax Policy; and,
- Trade Policy.

The overall objective of the Fiscal and Monetary Affairs Department (FMAD) is to improve as well as extend good practices and lessons learned elsewhere in order to promote a more effective service delivery. The purpose of this main objective is to ensure effective and efficient coordination of all efforts regarding finding solutions to challenges in the department's focus areas with a view to improve the operations of the FMAD in relation to fiscal policy formulation, management and leadership.

TAX POLICY

To maximize availability of sustainable revenue sources to finance government operations. This will include expanding the existing revenue base improving the efficiency of revenue collections.

- **DIRECT TAX POLICY DIVISION (DTPD)**

The DTPD is responsible for all direct tax policy issues. Update on activities in this unit include among others the following:

Revenue Collection

Tax collection is a high priority. While SACU remains the main source of revenue for Eswatini, this revenue source is the most volatile. This remains a major concern, thus, it is imperative to strengthen the collection of revenue internally, as well as employ cost cutting measures on the expenditure side.

Total Revenue Performance

During the first quarter of the 2026/27 financial year, total revenue collections amounted to E6.69 billion, representing a 5% increase compared to the corresponding quarter of the 2025/26 financial year. This performance translates to 21% of the annual revenue target.

The positive revenue performance was primarily driven by increased collections from Southern African Customs Union (SACU) receipts, individuals' tax (PAYE), Value Added Tax (VAT), and fuel tax. Growth in individuals' tax was largely attributable to the Government salary review implemented in October 2025, while SACU receipts recorded strong growth during the quarter. Other revenue items that recorded positive year-on-year growth included the levy on alcohol and tobacco and property income.

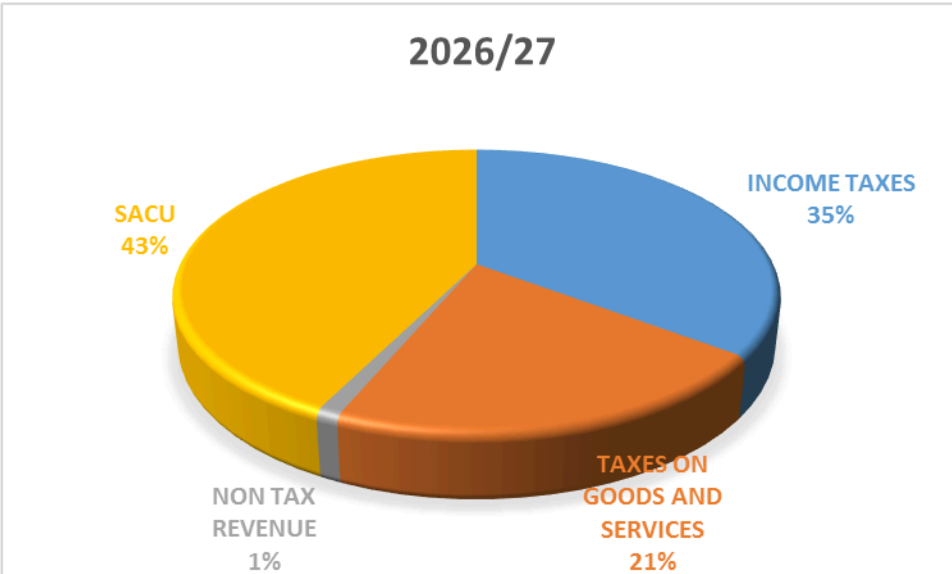
FIRST QUARTER REVENUE PERFOMANCE REPORT FOR THE YEAR 2026/27

Table 21: Revenue Performance

	2026-27		2025-26			
	TARGET	Q1	TARGET		ANNUAL VARIANCE	COLLECTION VS TARGET
	000	000	000	000		
INCOME TAXES	**10 676 990**	**2 359 834**	**9 046 352**	**2 268 145**	**4%**	**22%**
Company Tax	2 560 980	704 476	2 336 259	740 417	**-5%**	**28%**
Individuals	6 568 088	1 411 440	5 800 363	1 252 714	**13%**	**21%**
Other Income Tax	1 547 922	243 919	909 730	275 014	**-11%**	**16%**
Graded Tax	-					
TAXES ON PROPERTY	**41 989**	**1 105**	**47 830**	**7 756**	**-86%**	**3%**
Transfer Duties	41 989	1 105	47 830	7 756	**-86%**	**3%**
TAXES ON GOODS AND SERVICES	**20 330 355**	**4 260 726**	**17 904 643**	**3 996 012**	**7%**	**21%**
Sales Tax		168		698		
Value Added Tax	7 264 170	1 051 544	5 852 037	1 020 750	**3%**	**14%**
Customs Union Receipts	11 396 707	2 850 254	10 402 128	2 602 329	**10%**	**25%**
Lotteries and Gaming	10 288	47	13 081	5 513	**-99%**	**0%**
Road Toll		-		-		
Licenses and Other Taxes	123 745	7 875	127 836	28 033	**-72%**	**6%**
Fuel Tax	1 421 274	328 192	1 424 864	321 175	**2%**	**23%**
Motor Vehicle Levy	12 506	1 721	14 888	3 172	**-46%**	**14%**
Alcohol and Tobacco Levy	101 665	20 925	69 809	14 341	**46%**	**21%**
NON TAX REVENUE	**923 723**	**69 156**	**1 085 206**	**72 248**	**-4%**	**7%**
Property Income	668 998	45 731	672 971	43 665	**5%**	**7%**
Fees and Fines	178 349	22 260	325 900	26 916	**-17%**	**12%**
Education Loan Repayment	76 375	1 166	86 334	1 666	**-30%**	**2%**
TOTAL REVENUE	**31 973 057**	**6 690 821**	**28 084 030**	**6 344 161**	**5%**	**21%**
Source: Eswatini Revenue Revice and Eswatini Government						

As illustrated in the figure below, total revenue comprised income taxes (35%), taxes on goods and services (21%), SACU receipts (43%), and non-tax revenue (1%).

Figure 1: Total Revenue Composition

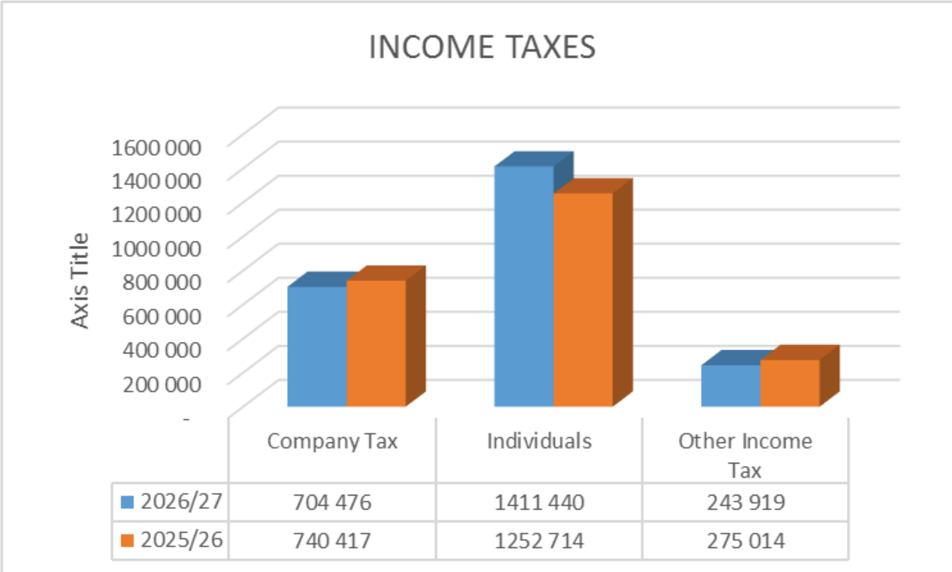


Income taxes

Total income tax revenue comprises company tax, individuals' tax (PAYE), and other income taxes. During the quarter, total income tax collections amounted to E2.35 billion, representing a 4% increase compared to the corresponding quarter of the previous financial year. This performance translates to 22% of the annual target. The overall growth in income tax collections was largely driven by higher individuals' tax (PAYE) receipts following the Government salary review implemented in 2025, which resulted in a 13% increase in PAYE collections compared to the same period last year.

In contrast, company tax and other income taxes declined by 5% and 11%, respectively compared to the corresponding quarter of the previous financial year. The decline is mainly attributable to lower payments received from large and medium taxpayers in the case of company tax, and reduced tax payments from non-residents under other income taxes.

Figure 2: Income Taxes



Taxes on Goods and Services

Total taxes on goods and services, including SACU receipts, amounted to E4.26 billion during the quarter. This revenue category comprises Value Added Tax (VAT), fuel taxes, SACU receipts, and other minor taxes.

SACU receipts, the largest contributor to this revenue category, amounted to E2.85 billion, representing a 10% increase compared to the corresponding quarter of the previous financial year.

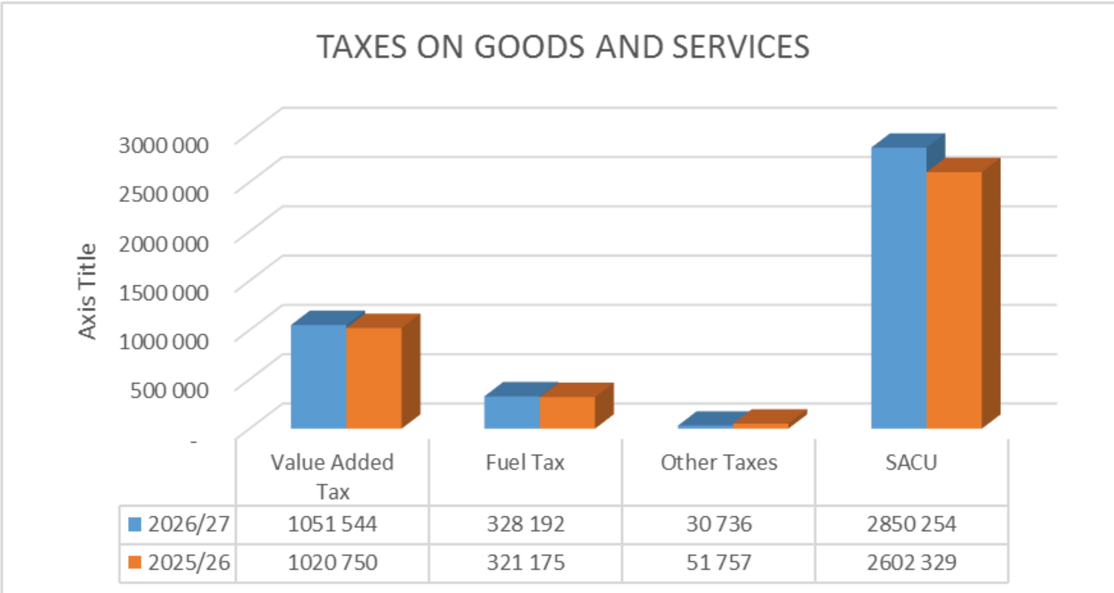
VAT collections amounted to E1.05 billion, reflecting a 3% increase compared to the first quarter of the 2025/26 fiscal year and representing 14% of the annual target.

Fuel tax collections totalled E328 million, an increase of 2% compared to the same period last year and equivalent to 23% of the annual target. The improved performance is mainly attributable to increased fuel demand during the quarter, driven by consumers' anticipation of a possible fuel shortage.

Revenue from other minor taxes amounted to E31 million, representing a 41% decline compared to the corresponding quarter of the previous financial year. The decline is primarily attributable to delays in capturing some payments in the Government financial management system.

A detailed breakdown of taxes on goods and services is presented in the graph below.

Figure 3: Taxes on Goods and Services



Non Tax Revenue

Total non-tax revenue collected during the quarter amounted to E69.2 million, representing a 4% decline compared to the corresponding quarter of the previous financial year. The collections account for 7% of the annual revenue target.

The decline in non-tax revenue was primarily driven by lower collections from fees and fines as well as Education Loan Repayment (ELR). Property income increased from E43.6 million in the corresponding quarter of the previous financial year to E45.7 million during the review period. In contrast, revenue from fees and fines declined from E26.9 million to E22.3 million, while Education Loan Repayment collections decreased from E1.7 million to E1.3 million over the same period.

Revenue Performance meetings

The Ministry continued to engage with the Eswatini Revenue Service through regular revenue performance monitoring meetings. During the quarter, the Ministry reviewed and discussed the

April and May revenue performance reports to assess revenue trends, identify emerging challenges, and monitor progress against revenue targets.

Progress on Double Taxation Avoidance Agreements (DTAAs)

The Ministry remains firmly committed to strengthening international taxation frameworks and ensuring compliance with global standards to enhance Eswatini's position in the global financial landscape. The Ministry continues to prioritise the negotiation, renegotiation, and implementation of DTAAs, as well as addressing international taxation and information exchange matters. To advance these objectives, weekly meetings have been consistently held to monitor progress and address emerging issues.

Capacity Building: ATAF International Tax Meeting and Workshop

Eswatini was invited and participated in the ATAF International Tax Meeting and Workshop on the Validation of the Revised ATAF Model Double Taxation Avoidance Agreement, held in South Africa. The meeting focused on:

- Discussing and adopting the report prepared by the Secretariat, in collaboration with the Working Group on Tax Treaties and the Cross-Border Taxation Technical Committee.
- Reviewing, article by article, the revisions made to the ATAF Model Double Taxation Avoidance Agreement.
- Validating the revisions to ensure alignment with best practices and regional needs.

The workshop was highly relevant as it aimed to:

- Build capacity for the negotiation of new DTAAs and the renegotiation of existing agreements.
- Align DTAAs with the Inclusive Framework on Base Erosion and Profit Shifting (BEPS).
- Ensure compliance with Exchange of Information (EOI) standards for Eswatini and other ATAF member states, using an African model that emphasizes preserving taxing rights for source countries.

Two officers, one from the Ministry of Finance and one from the Eswatini Revenue Service (ERS) attended the meeting and workshop, contributing to the discussions and gaining valuable insights for Eswatini's DTAA negotiations.

Peer Review and Monitoring Group (PRMG) Draft Report

The Ministry is actively facilitating Eswatini's self-assessment process and addressing the recommendations of the PRMG assessors in preparation for the Phase 2 review. This process is critical to ensuring Eswatini's compliance with international EOI standards and improving its tax transparency framework.

Participation in Global Initiatives

To further strengthen capacity in the areas of EOI and Beneficial Ownership (BO), the Ministry and ERS have engaged in the following initiatives:

OECD Advanced Train-the-Trainer Programme (2026). Two officers from the Ministry were selected to participate in the 2026 Advanced Train-the-Trainer Programme, organized by the OECD. The officers have already attended two virtual sessions in preparation for delivering training sessions to ERS investigators and auditors upon graduation. This program aims to:

- Enhance capacity building in Eswatini's tax administration.
- Expand the pool of trainers in Beneficial Ownership (BO) and EOI standards, including Exchange of Information on Request (EOIR), Automatic Exchange of Information (AEOI) and Spontaneous Exchange of Information (SEOI).

ATAF Specialized Training on Tax Transparency.

The African Tax Administration Forum (ATAF), in partnership with the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), invited Eswatini to participate in a specialized training program on Tax Transparency: Beneficial Ownership (BO) and Exchange of Information (EOI). Two officers, one from the Ministry of Finance and one from the ERS attended the workshop in South Africa, further enhancing their expertise in these critical areas.

Multilateral Instrument (MLI) Updates

In preparation for the ratification of the Multilateral Instrument (MLI) Agreement, the Ministry conducted a workshop for Members of Parliament of the House of Assembly to explain the provisions and implications of the Agreement. This workshop forms part of the ratification process, which will continue with a similar session for the House of Senate before a Certificate of Ratification is issued. Once issued, the certificate will be deposited with the OECD Repository, marking Eswatini's entry into force of the MLI Agreement.

Development Enterprise Order (DEO)

During the first quarter, the Ministry received two (2) applications for the Development Enterprise Order (DEO), both of which were considered by the DEO Committee in accordance with the provisions of the Income Tax Order, 1975, as amended.

The first application was submitted by a company operating in the property development industry. The DEO Committee determined that the proposed investment did not fall within the sectors prescribed under the Act, and consequently declined the application. Subsequent to the Committee's decision, the applicant lodged an appeal requesting reconsideration of the matter. The Committee convened and deliberated on this matter and a final decision has not yet reached as engagements are still ongoing.

The second application was submitted by a company operating within the mining sector, which is eligible for consideration under the DEO framework. In evaluating the application, the Committee identified the need to undertake a site inspection, and the need for further information and documentation. The inspection was conducted, and clarification was sought. The applicant has since submitted some of the requested information. However, as at the reporting date, the Committee awaits the full contingent of documents for a final determination to be made by the DEO Committee during the subsequent reporting period.

Amendment of Legislations

During the reporting period, two pieces of legislation were amended in line with the Directorate's mandate. These are the Income Tax Order, 1975 and the Revenue Service Act, 2008. A workshop for the Finance Portfolio Committee of the House of Assembly was undertaken wherein the proposed amendments were explained to the Members for further reporting to the House to allow for the pieces of legislation to progress to become incorporated into law.

The Indirect Taxation Policy Division has the mandate to formulate, develop, and implement indirect taxation policy and related legislations. Further, this division is seized with the function of providing guidance pertaining to the administration of broader indirect taxation. These functions are performed in line with the main objective of enhancing the generation of tax revenue as well as setting a competitive tax environment. In line with this objective, the division executed the following activities;

- **INDIRECT TAX POLICY DIVISION**

Legislation Amendments

The division continued with the process of amending the Value Added Tax Act and Customs and Excise Act. These reforms are aimed at strengthening the fiscal framework and ensuring that VAT continues to serve as an efficient instrument of revenue mobilisation. The Customs and Excise reforms are aimed at strengthening trade facilitation with other SACU member countries as well as conforming with international standards on customs operations.

Value Added Tax (VAT)

In the previous quarter, it was reported that the Value Added Tax (Amendment) Bill, 2025, whose object is to expand the tax base by subjecting electronic services to VAT, strengthen enforcement mechanisms, address legislative loopholes, and align the VAT regime with contemporary economic interaction, was pending approval by the Attorney General. In this quarter, the Bill was approved by the attorney General and subsequently presented to Cabinet. The VAT (Amendment) Regulations, 2025, whose objective is to ensure alignment and uniformity between the VAT Regulations and the VAT Schedules, as wells as provide clarity in the administration of VAT in donor funded projects were approved by Cabinet subject to the expansion of the scope of stakeholder consultations.

Customs and Excise

The division presented to Cabinet, the Customs and Excise (Amendment) Bill, 2025, and the Customs and Excise (Amendment) Regulations, 2025 aimed at improving the administration of goods in bond, revising bonded warehousing fees, facilitating seamless trade, and strengthening institutional coordination. These reforms were approved by Cabinet.

Stakeholder Consultations

In the quarter, the division conducted stakeholder consultations for the Value Added Tax Act (Amendment) Bill, 2025, Value Added Tax (Amendment) Regulations, 2025, Customs and Excise (Amendment) Bill, 2025, and the Customs and Excise (Amendment) Regulations, 2025. Consultations were undertaken with government ministries, agencies, regulators, civil society organisations, the private sector and academia. The objective was to ensure a more inclusive and coordinated approach by soliciting inputs from stakeholders regarding the proposed reforms, identify concerns, and ensure transparency and inclusivity in government's policy making and legislative process.

Stakeholders were generally supportive of the proposed amendments. Support was particularly strong for the extension of input VAT recovery provisions. There was a common view that this reform addresses practical challenges facing investors, thus would facilitate investment in capital intensive industries and support long term projects. Further, the idea of subjecting the currently untaxed digital economy to VAT and ensuring that non-resident suppliers of electronic services are charged VAT was welcomed as a measure to generate additional revenue. There further was support for the simplified treatment of donor-funded projects, as well as the strengthening of trade facilitation with other SACU member countries and conformity with international standards on customs operations.

Parliament

The aforementioned legislative amendments were tabled and read before Parliament during the reporting period. Subsequently, a workshop was conducted for the Finance Portfolio Committee as well as Members of Parliament. The objective of these engagements was to provide a comprehensive overview of the proposed amendments, clarify their policy rationale, and facilitate informed deliberations during the parliamentary review process. The workshop afforded Members an opportunity to engage with the technical aspects of the proposed amendments, seek clarification on areas of concern, and assess the anticipated fiscal and economic implications of the legislative measures.

As at the reporting date, the outcome of the workshop and recommendations of the Finance Portfolio Committee have not yet been communicated. Consequently, the status of Parliament's consideration of the proposed legislation remains pending, and further developments will be reported in subsequent reporting periods.

Policy Advisory and Technical Guidance

The division continued to provide policy advisory and technical guidance on tax matters to companies and other stakeholders during the reporting period. This facilitated the correct interpretation and application of tax legislation and enhanced compliance. The engagements also provided valuable stakeholder feedback, which contributes to the ongoing legislative amendments.

Applications for Tax Relief

Processing applications for tax relief remained a core operational function of the division. In the quarter, the division assessed multiple applications, balancing the objectives of strengthening compliance with alleviating legitimate taxpayer burdens. Applications were evaluated based on their fiscal, economic and legal implications, with recommendations made in line with existing legislation.

The division continues to prioritise the finalisation of pending legislative reforms, operationalisation of the Monitoring and Evaluation of Tax Incentives Framework, and timeous processing of applications for tax relief.

- **TRADE POLICY**

Deepening Regional Economic Integration

On regional, continental and international fronts, deeper regional integration in Africa is seen as a key enabler for economic growth and development through promotion of trade, economic liberalization and sustainable development. The Ministry of Finance has continued to focus on influencing local, regional and global policies to advance the development, economic, financial and technological objectives of Eswatini, Africa and the Rest of the World.

The Ministry of Finance plays a co-leading role in developing, coordinating and negotiating Eswatini's position with respect to the SACU, SADC and COMESA Common Development Agenda, in close collaboration with relevant key stakeholders. The overarching policy strategy is to facilitate and advance Intra-SACU Trade particularly on Fuel and High Value products in order to increase Eswatini's SACU Revenue Share with a view to improve the country's performance in respect of primary macroeconomic convergence (encapsulated via inflation, budget balance and public debt) in the Southern Afrin Region.

Southern African Customs Union (SACU)

During the quarter under review, the Ministry of Finance submitted to the SACU Secretariat all data that will be used to share the SACU Common Revenue Pool (CRP) in 2027/28 financial year. The data submitted are the 2024/25 intra-SACU trade data, 2024 GDP and population. This is in line with Annex 1 of the 2002 SACU Agreement which stipulates that all Member States are to submit actual data of intra-SACU trade, GDP and population for the most recent financial year for which such data are available at least 6 months prior to the beginning of any financial year. The preliminary data show that Eswatini's intra SACU imports for 2024/25 grew by 12.5% in 2024/25 when compared to 2023/24. However, it is important to note that the intra-SACU trade data submitted are yet to be reconciled with the data submitted by the other Member States in order to ensure accuracy.

SADC Macroeconomic Convergence

During the quarter under review, the Ministry continued to participate in SADC meetings aimed at supporting the implementation of the SADC Protocol on Finance and Investment (SADC FIP).

The Ministry of Finance coordinated and participated in meetings of the SADC Macroeconomic Subcommittee. The purpose of these meetings was to review progress on the implementation of Annex 2 of the Protocol on Finance and Investment, as well as to review and clear reports and research papers for consideration by the Peer Review Panel.

The Macroeconomic Convergence (MEC) Programme seeks to promote macroeconomic stability across the region by guiding Member States towards agreed regional benchmarks. These include maintaining stable inflation, implementing prudent and sustainable fiscal policies, reducing budget deficits, ensuring manageable domestic and external debt levels, and maintaining a sound financial system while addressing structural constraints that hinder sustainable economic growth.

The United Republic of Tanzania undertook a Peer Review Mission to the Kingdom of Eswatini from 2nd to 6th March 2026. During the SADC Macroeconomic Subcommittee Meeting held in Johannesburg, South Africa from 1st to 5th June 2026, the Republic of Tanzania presented Eswatini's Peer Review Report. Comments and inputs were provided to strengthen the report before submission to the Ministers of Finance and Investment and the Peer Review Panel meeting scheduled to take place in the Republic of Zimbabwe from 29th June to 2nd July 2026.

Revenue Stabilisation Fund

During the reporting period, the Trade Department also worked on the Revenue Stabilisation Fund (Amendment) Regulations, 2026. The proposed amendment sought to extend Ministerial discretion from two (2) years to three (3) years, representing an additional year. The proposed Bill was subsequently presented to the Finance Portfolio Committee for consideration and approval.

Import Permit Contribution

The Import Permit Committee, which comprises of members from Eswatini Revenue Service (ERS), Ministry of Commerce, Industry and Trade, Central Bank of Eswatini and the Ministry of Finance, is tasked with the issuance of import permits for goods listed under "Legal Notice No. 60 of 2000", and imported into Eswatini from countries outside the Southern African Customs Union (SACU) region. The Committee meets weekly to consider applications. During the quarter under review, the Ministry received a total of 55 Import Permit applications, whereby 14 import permits were issued to individuals and 41 was issued to companies including oil companies. No import permits were rejected. The total value of goods imported through these goods was E 235.32 Million.

Conclusion

The Fiscal and Monetary Affairs Department continued to make meaningful progress during the reporting period towards the achievement of its strategic objective, despite the complexity of the policy environment and the evolving fiscal landscape. The department successfully advanced a number of key policy, legislative, and stakeholder engagement initiatives aimed at strengthening the country's fiscal framework, enhancing revenue mobilisation, and supporting sustainable economic growth.

The FMAD remains committed to finalise pending matters while ensuring that policy reforms are responsive to emerging economic challenges and aligned with national development priorities.

PUBLIC DEBT

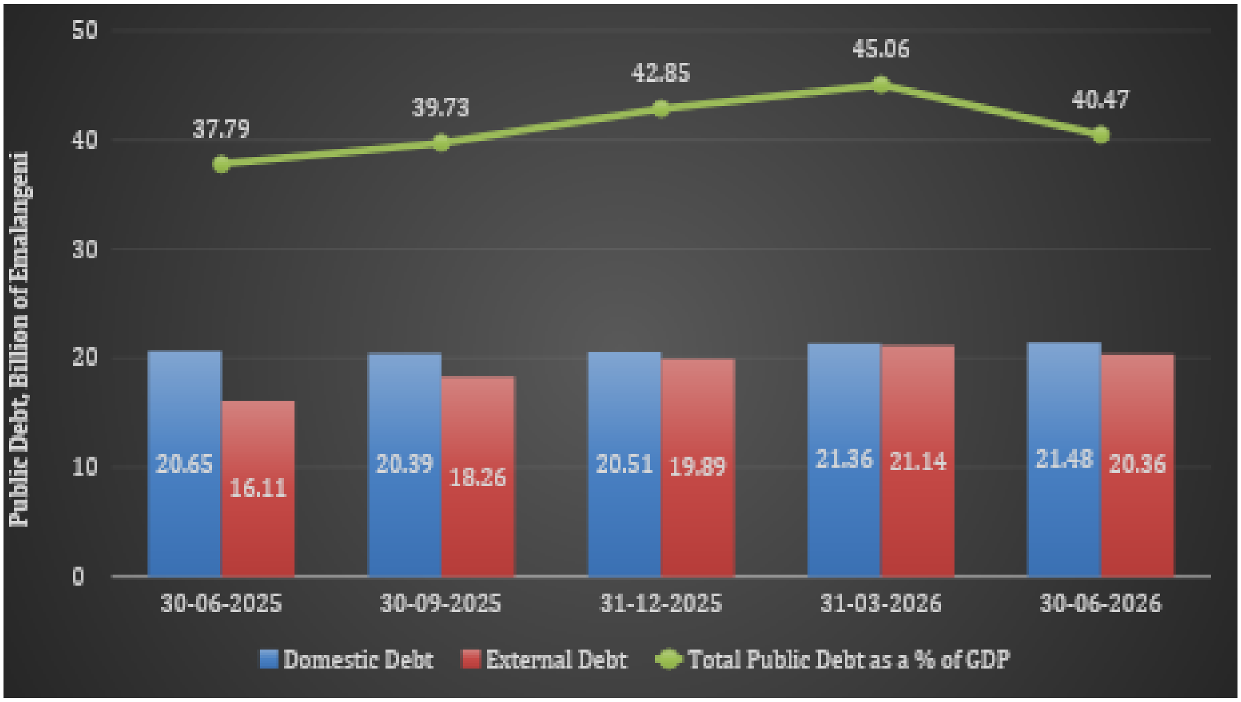
OBJECTIVES

- Implementation of Government borrowing plans and debt strategies;
- Maintaining effective and efficient debt information systems to provide consistent and reliable debt data;
- Facilitating the mobilization of debt financing; and
- Ensuring that existing debt is serviced timeously.

PUBLIC DEBT STOCK AS AT 30TH OF JUNE 2026

Preliminary debt figures show that, as at 30th of June 2026, total public debt stood at E41.84 billion which is an equivalent of 40.47 percent of GDP. This is composed of domestic debt amounting to E21.48 billion which is equivalent to 20.78 percent of GDP and external debt amounting to E20.36 billion which is equivalent to 19.69 percent of GDP. Compared to the previous quarter which stood at E42.49 billion, total public debt has slightly decreased by about E652.48 million. This is illustrated below:

Figure 4: Trend of Public Debt Stock in billions of Emalangeni and as a % of GDP



Source: Ministry of Finance and Central Bank of Eswatini

Table 22: Public Debt Stock in Millions of Emalangeni

Items	30/06/2025	30/09/2025	31/12/2025	31/03/2026	30/06/2026
Domestic Debt					
CBE Advance	2 928,38	2 323,38	2 323,38	2 323,38	2 723,37
Treasury Bills	3 154,26	3 402,85	3 783,23	3 881,37	3 688,24
Government Bonds	12 931,60	13 120,19	12 926,82	13 709,77	13 650,17
Domestic Loans	1 640,31	1 546,19	1 477,01	1 440,83	1 423,00
Total:	*20 654,55*	*20 392,61*	*20 510,44*	*21 355,35*	*21 484,78*
External Debt					
Total:	16 107,37	18 262,41	*19 894,64*	21 139,04	20 357,13
Total Public Debt	***36 761,92***	***38 655,02***	***40 405,08***	***42 494,39***	***41 841,91***
GDP Estimate	97 283,00	97 283,00	94 304,46	94 304,46	103 401,39
Total Debt as a %					
of GDP Estimate	**37,79%**	**39,73%**	**42,85%**	**45,06%**	**40,47%**

Source: Ministry of Finance and Central Bank of Eswatini.

Figure 4 shows that external debt contributed towards the overall decrease of the total debt stock over the quarter under review. This decrease can be attributable to the changes in exchange rates over the period.

Domestic debt stock slightly increased from E21.36 billion as at end of 31st March 2026 to E21.48 billion as at 30th June, 2026. The increase can be attributable to a slight increase in the uptake of Government Treasury Bills and Bonds in auctions over the period under review. Treasury bills slightly decreased from E3.88 billion as at 31st March 2026 to E3.69 billion as at 30th June 2026. Domestic loans also slightly decreased from E1.44 billion to E1.42 billion as at 30th June 2026. Whilst the Central Bank Advance increased from E2.32 billion to E2.72 billion during this period.

External debt slightly decreased from E21.14 billion as at 31st March 2026 to E20.36 billion as at 30th June 2026. This can be attributed to a slight decrease in the implementation of capital projects as reflected in external disbursements which amounted to E134.21 million and the slight appreciation of Lilangeni against foreign currencies for the period under review compared to the previous quarter ended 31st March 2026 which stood at E968.76 million. Overall total disbursements indicate a huge decrease of about E834.55 million from the previous quarter. The drawdowns for the quarter were associated with the following project loans

Table 23: Projects Disbursements in Millions of Emalangeni

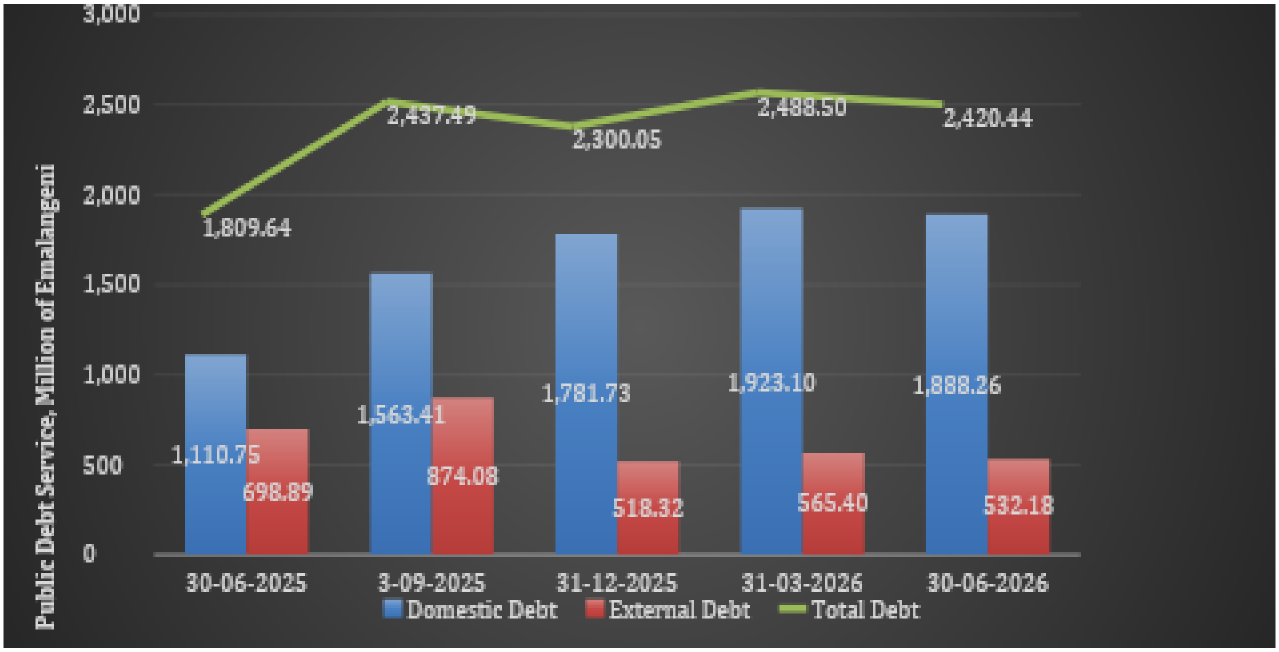
	2025/26		2026/27
LOAN NAME	Q3	Q4	Q1
AfDB Development of Manzini Golf Course Interchange	1,20	0,25	-
AfDB Enhancing Economic Resilience and Competitiveness Program EERCP Phase 1	815,29	-	-
AfDB Manzini Region Water Supply and Sanitation Project	57,47	13,84	-
AfDB Manzini-Mbadlane Highway	2,39	-	-
AfDB Mkhondvo Ngwavuma Water Augmentation Project (Phase I)	47,22	42,46	78,89
AfDB Road Infrastructure Improvement Programme Phase I	11,34	-	0,70
EXIM China - Construction of the Strategic Oil Reserve Facility Phuzamoya	1 556,30	-	-
EXIM China - ICC Supplementary	112,07	-	-
IBRD - Strengthening Early Childhood Development and Basic Education Systems	45,92	-	-
IBRD Accelerating Sustainable and Clean Energy Access Transformation (ASCENT)	2,40	-	-
IBRD Additional Financing for COVID-19 Emergency Response	-	-	3,54
IBRD Health System Strentgthening	-	4,68	-
IBRD Network Reinforcement & Access Project	19,23	-	-
IBRD Water Supply and Sanitation Access	124,84	112,50	-
IDA Eswatini Youth Employment Opportunities Project	-	-	51,08
IFAD Financial Inclusion and Cluster Development (FINCLUDE)	3,28	-	-
IFAD Smallholder Agricultural Productivity Enhancement and Marketing Project (SAPEMP)	2,95	-	-
IFAD Smallholder Agricultural Productivity Enhancement and Marketing Project (SAPEMP)	13,54	-	-
KUWAIT Lower Usuthu Smallholder Irrigation Project II	6,10	-	-
OFID Fiscal Management and Competitiveness Policy Financing	-	795,03	-
OFID Mkhondvo Ngwavuma Water Augmentation Project (MNWAP 1B)	33,13	-	-
	2 854,67	968,76	134,21

Source: Ministry of Finance

PUBLIC DEBT SERVICE AS AT 30TH JUNE 2026

Based on the latest figures, total debt service (principal and interest payments) for the quarter ended 30th June 2026 amounted to E2.42 billion and when comparing it with the previous quarter which ended 31st March 2026 where total debt service stood at E2.49 billion this shows a slight increase of E700.00 million. Domestic debt service decreased from E1.92 billion as at 31st March 2026 to E1.89 billion in the quarter under review and external debt service also decreased from E565.40 million to E532.18 million. This is illustrated in Figure 5 below:

Figure 5: Trend of Public Debt Service in Millions of Emalangeni



Source: Ministry of Finance and Central Bank.

Table 24: Public Debt Service in Millions of Emalangeni

Item	30/06/2025	30/09/2025	31/12/2025	31/03/2026	30/06/2026
Domestic Debt Service					
CBE Advance Principal	-				
CBE Advance Interest	42,71	34,72	12,55	24,33	40,50
Bond Principal	582,70	1 110,60	1 213,17	1 485,99	1 296,18
Bond Interest	418,70	212,78	473,73	230,19	479,97
Treasury Bill Interest	66,64	94,19	82,28	77,30	71,61
Domestic Loans Principal	-	75,42	-	71,03	-
Domestic Loans Interest	-	35,70	-	34,26	-
Total Domestic Debt Service	**1 110,75**	**1 563,41**	**1 781,73**	**1 923,10**	**1 888,26**
External Debt Service					
Principal Payment	442,69	646,41	237,87	330,80	226,97
Interest Payment	256,20	227,67	280,45	234,60	305,21
Total External Debt Service	**698,89**	**874,08**	**518,32**	**565,40**	**532,18**
Total Public Debt Service	**1 809,64**	**2 437,49**	**2 300,05**	**2 488,50**	**2 420,44**

Source: Ministry of Finance and Central Bank of Eswatini.

Under domestic debt service, Bond principal payment stood at E1.30 billion and interest payments stood at E479.97 million for the period under review. Treasury bills interest payment stood at E71.61 million which is a slight decrease from the previous period ended 31st March

2026 which stood at E77.30 million. CBE advance interest stood at E40.50 million as at end of 30th June 2026 which is an increase from the previous quarter which stood at E24.33 million. There were no principal and interest payments under Domestic loans during the quarter under review.

On external debt service, principal repayments decreased from E330.80 million as at 31st March 2026 to E226.97 million as at 30th June 2026 whilst Interest payments increased from E234.60 as at 31st March 2026 to E305.21 as at 30th June 2026.

OTHER DEVELOPMENTS

The Department had Technical Assiatance from the International Monetary Fund (IMF) on the ongoing amendments of the Public Finance Management Act, 2017 as well as the Regulations. This is still work in progress as the Ministry if working on amending the entire Act and also submit the Regulations for Cabinet and Parliament approval.

PUBLIC ENTERPRISES UNIT

OBJECTIVES

- Monitor the operational and financial affairs of category A Public Enterprises to improve their efficiency and ensure that their operations are in line with government policies.
- Ensuring efficiency and effectiveness in all Public Enterprises.
- Promote good corporate governance to all the Public Enterprises.
- Ensuring compliance to government policies.
- Ensuring compliance to the PE Act of 1989 by all category A Public Enterprises.

GOVERNANCE ISSUES

The issue of governance remains critical for all entities in their daily operations, as such all vacancies at CEO and CFO levels are reported to SCOPE for action. The issue of delay in the board appointments remain a challenge as it halts key strategic decisions by the entity. It is the Unit's responsibility to advise the Minister on timeously board appointments and to ensure that boards are appointed on merit and based on competency. During the quarter, there were board appointments for some entities and PEU continued to participate in the board induction and governance training to provide guidance in line with best practice and shareholder expectations to the boards and the entities. The Unit continued to fund corporate governance training for boards and management through the use of the Public Enterprises Loan Guarantee Fund. The board is capacitated on governance matters to ensure that they have the understanding of their oversight role and fiduciary responsibility in the position they are appointed to.

PUBLIC ENTERPRISES REFORMS

PEU continued to pursue the Public Enterprises Reforms agenda and currently there is a draft policy document that guides the establishment of a new entity. This policy has been submitted to the Public Policy Coordinating Unit (PPCU) for their review before stakeholder engagements. The department is working with ESEPARC to amend the Public Enterprises (Control and Monitoring) Act, 1989 and currently a draft Bill on State Owned Entities is being finalised after which there will be consultations with the relevant stake holders before the Bill is presented to Cabinet and Parliament.

THE PUBLIC ENTERPRISES PERFOMANCE

The Public Entities continue to submit their quarterly reports as per the requirements of the law, where they detail their three months operational and financial performances. The general performance of the entities falls below the shareholder's expectations and most of them sighted the challenge of limited resources and the economic conditions that are currently prevailing in the country. The Unit, however, continued to challenge them to execute their mandate as per their establishing legislations.

To improve the performance monitoring of the Entities and their relevance, PEU working with ESEPARC are on the process of developing a performance management tool that will align the reporting of the Entities with the governance policies including their strategy documents, Program of Action deliverable, National Development Plan and others. This will enable government to appreciate their existence as well as their impact to the economic growth of the country.

One of the key challenges as cited by the entities is the issue of governance which compromises the execution of their responsibilities and performances. The Ministry of Finance through the PEU is working towards establishing a corporate governance framework that will guide the operations of the entities, putting more emphasis on the responsibilities of the shareholder, PEU, the entity, board of directors and the general stakeholders.

During the quarter, the Eswatini Medical Supplies Agency, a newly established entity had its board appointed. This entity will take over the functions of the current Central Medical Stores and it is expected to improve efficiencies in the supply of pharmaceuticals in the health institutions to ensure that drugs and medication shortages are minimized.

MANAGEMENT OF THE PUBLIC ENTERPRISES LOAN GUARANTEE FUND (PELGF).

The Unit continued to monitor the operations of the Public Enterprises Loan Guarantee Fund which is held by Standard Bank of Eswatini. A notable decline in the quarterly contributions has been observed which has resulted in long outstanding balances and most of the entities are requesting for write-offs as the balances have continued to increase due to non-payment. PEU is currently reviewing the Loan Guarantee Fund Regulations and will request for the write-offs approval from Cabinet. The write-offs will assist the entities which are currently carrying huge liability balances that continue to increase due to financial constraints faced by the entities. Revenue that will be used to compute the contributions to the Fund will be defined by the Unit and a capping will be recommended for approval by Cabinet. PEU is hopeful that this will bring a huge relief to a majority of these entities.

The funds are invested in financial institutions in the country and these institutions include; Standard Bank, Eswatini Bank, Fincorp, Ned Bank, Eswatini Building Society, First National Bank and the Central Bank of Eswatini for better returns. Interest received from investing in these institutions is more than E20m annually.

PRESENTATION OF FINANCIAL STATEMENTS AND DIVIDEND DECLARATION

During the quarter, the Unit attended presentations on Audited Financial Statements for the year ended 31 March 2026 and so far, four entities have presented their financials. These entities are; Public Service Pension Fund, Eswatini Revenue Services, Financial Service Regulatory Authority and Eswatini Bank. The Unit observed a continuous decline in the performance of Eswatini Bank and as result, a recommendation not to declare a dividend was presented to the shareholder. Presently, consultants which were appointed with the advice of the Central Bank of Eswatini as regulator of banks in the country are working with the Eswatini Bank to identify the issues that contribute to the poor performance of the bank. The Ministry of Finance is confident that the Consultants will identify the sources of the poor performance and come up with turnaround strategy recommendations and the Ministry will ensure that the recommendations are implemented for the sustenance of the Bank of Emaswati.

SALARY REVIEW FOR PUBLIC ENTITIES

The Ministry of Finance has approved Emergence Growth as the consultant that will conduct the salary review for all Category A Public Entities in the country. On the 1st of June 2026, the Minister officially unveiled the consultant to all members of ESPEA and their Chief Financial Officers and commissioned the start of the salary review. The consultant was able to make a presentation on the scope of work, which was welcomed by the members in the meeting. The Service Level Agreement for the salary review exercise was signed by both the Ministry of Finance and Emergence Growth.

The consultant was given a six (6) months' timeline and will be reporting frequently on the deliverables. The salary review for all entities emanated from the basis that many of these entities had never engaged in a salary review since establishment and would only benefit from the PEU "Major" for salary adjustments whilst management's salaries continued to be reviewed through the PEU circulars on pay packages that were issued in an average of 3 years.

PROVISION OF SECRETARIAT SERVICES TO SCOPE.

PEU continued with the function of providing secretariat services to the Standing Committee on Public Enterprises (SCOPE) by arranging for the meetings, preparing agenda and minutes and providing advice to SCOPE Ministers, governing body and management on all issues of their entities and also on best governance practices. For the first quarter of 2026/2027 SCOPE met seven times and the following papers were discussed and approved:

- Appointment of the SANU Vice Chancellor – Dr. Faith Mlotsa-Mngomezulu
- Appointment of CEO Sebenta National Institute
- The appointment of board members for Eswatini Investment Promotion Authority.
- Appointment of the members of the Eswatini Nuclear Regulatory Authority

- Appointment of PwC as Eternal Auditors for Eswatini Energy Regulatory Authority for the years 2026 to 2028
- Appointment of Acting Managing Director at Eswatini National Industrial Development Corporation
- Submission to Cabinet for approval of once-off payment to employees of National Maize Corporation (NMC)
- Eswatini Bank board appointment of two members
- Appointment of Eswatini Posts and Telecommunications Corporation managing director
- Appointment of acting Chief Executive Officer Eswatini Communications Commission (ESCCOM)
- Appointment of members of the board of directors of the Eswatini Water Services Corporation (EWSC).
- Approval of acting appointment - Chief Financial Officer of the National Disaster Risk Management Authority (NDRMA)
- Appointment of Chief Financial Officer for Eswatini National Industrial Development Corporation (ENIDC)
- Appointment of Mr. Sifiso Gulwako, finance manager to the position of acting Chief Financial Officer – Eswatini Communications Commission.
- Appointment and re-appointment of members to the Eswatini Electricity Company (EEC) board
- Appointment of the board of directors for Eswatini Communications Commission
- Request for the establishment of Avalon Eswatini Eco-Industrial Park

SUPPLY CHAIN MANAGEMENT

OBJECTIVES

- To provide supply chain management services to Ministries and Departments.
- Assist Ministries and Department on managing the procurement function.
- Provide guidance and support to procuring entities on the tendering process.
- Provide secretarial service to the Government Tender Board.
- Provide guidance and advise to Ministries and Department on Public Private Partnership (PPP) procurement.

ESWATINI GOVERNMENT TENDER BOARD

The Eswatini Tender Board term composition consists of members representing the private sector. The full Board consists of nine members. The Government Tender Board being the highest approval authority continued to provide approval of procurement activities.

Tender Board Performance During the Quarter

The activities of the Tender Board in the quarter under review recorded ten (10) ordinary meetings and two (2) special sittings, for a total of twelve (12) meetings. Submissions were adjudicated from various Ministries and Departments with a total value of Two Billion, Eight Hundred and Sixty-one Million, Four Hundred and Thirty-three Thousand, Nine Hundred and Twenty-nine Emalangeni Fifty-four cents (E2,861,433,929.54), with additional foreign currency awards of One Million, Four Hundred and Three Thousand, Two Hundred and Eighty-one United States Dollars Ninety cents (US$1,403,281.90) and One Hundred and Eleven Thousand Pounds Sterling (£111,000.00).

Table 25: Tender Board Meetings – Q1 2026/2027 (April to June 2026)

Quarter Q1 2026/2027	Ordinary Meetings	Special Meetings	Total Meetings
April – June 2026	10	2	**12**

Source: Ministry of Finance

Table 26: Tender Board's Performance for the period 1st April 2026 to 30th June 2026

SECTOR	AWARDED TO LOCAL COMPANIES (E)	AWARDED TO FOREIGN COMPANIES ($)	AWARDED TO FOREIGN COMPANIES (£)
PUBLIC WORKS	2,722,385,252.51	-	-
PHARMACEUTICALS & MEDICALS	3,199,476.94	1,403,281.90	-
EDUCATION	1,244,598.00	-	-
GOODS & SERVICES	134,604,602.09	-	111,000.00
TOTAL	**E2,861,433,929.54**	**1,403,281.90**	**111,000.00**

Source: Ministry of Finance

Table 27: Tender Openings in the Quarter (Monthly Breakdown)

MONTHS	PROCUREMENT METHOD USED	TOTAL OPENINGS PER METHOD	NUMBER OF TENDERS RECEIVED	NUMBER OF REJECTED/ LATE TENDERS/ UNLABELED	TENDER SUBMISSION NONE RECEIVED	NATIONALITY
April, 2026	Open Tender	3	14	None	Nil	All companies were Swati companies
April, 2026	Limited Tender	2	8	None	Nil	All companies were Swati companies
April, 2026	Single Source	2	2	None	Nil	1 Swati and 1 foreign company
May, 2026	Open Tender	4	23	None	Nil	All companies were Swati companies

May, 2026	Limited Tender	10	201	None	Nil	All companies were Swati companies
May, 2026	Single Source	10	10	None	Nil	7 were Swati companies and 1 was a foreign company
May, 2026	Emergency Limited	1	2	None	Nil	All companies were Swati companies
June, 2026	Open Tender	3	23	None	Nil	All companies were Swati companies
June, 2026	Limited Tender	12	175	None	Nil	All companies were Swati companies

Source: Ministry of Finance

Table 28: Summary of Tender Openings by Procurement Method – Q1 2026/2027

PROCUREMENT METHOD	TOTAL OPENINGS PER METHOD	NUMBER OF TENDERS RECEIVE D	NUMBER OF REJECTED/ LATE TENDERS/ UNLABELED	TENDER SUBMISSION NONE RECEIVED	NATIONALITY
OPEN TENDER	10	60	Nil	Nil	All companies were Swati companies
LIMITED TENDER	24	384	Nil	Nil	All companies were Swati companies
SINGLE SOURCE	12	12	Nil	Nil	10 were Swati Companies and 2 were Foreign.
EMERGENCY LIMITED	1	2	Nil	Nil	All companies were Swati companies
TOTAL ESWATINI COMPANIES		**456**			
TOTAL FOREIGN COMPANIES		**2**			

Source: Ministry of Finance

A conclusion can be drawn that procuring entities are still using the limited tendering method instead of the preferred method, which is the open tender. This is largely attributable to the number of pre-qualification lists that the Eswatini Government has in place. It is recommended that Procuring Entities be continuously guided to favour open competitive tendering as the default procurement method.

Procurement Planning

The procurement plan is a tool that ensures all procurement requirements are linked to the approved budget and charge accounts within the respective cost centers. It also assists Ministries and Departments in forecasting their needs for goods, works and services, enabling them to initiate procurement processes timeously. A correspondence was sent to all Procuring Entities advising them to commence the Procurement Planning process following the completion of their PBC consultations. They were also advised to adjust their Procurement Plans once the final budget is approved.

Development of Public Procurement Policy, Strategy and Review of the Legislative Framework for the Government of the Kingdom of Eswatini

- The Public Procurement Policy was validated on 18th May 2026, and the final draft is currently awaiting Cabinet approval.
- There is an ongoing review by the Government of Eswatini (GoE) Technical Team of the first shared Public Procurement draft Bill submitted by the consultant (RCI). The first review was conducted in the second week of June 2026.

Challenges

- Delays in extending contracts for commodities by user Ministries and Departments, resulting in gaps in supply and exposure to emergency procurement methods.
- Delays in concluding new contracts for Government Commonly Used Items by the responsible lead department, disrupting the continuity of supply to procuring entities.

- Poor procurement planning, demonstrated by the continued use of less competitive procurement methods, including the overuse of emergency procedures (Limited Method on grounds of urgency and Emergency Single Source).
- Shortage of capacity in people performing procurement activities in Procuring Entities, manifested in the number of applications that do not attain Tender Board approval outright being either conditionally approved, deferred or rejected. This also affects the length of tendering processes and, by extension, the speed of service delivery.
- The low level of thresholds for approving authorities beneath the Eswatini Government Tender Board means the number of submissions to the Board is at times large enough to compromise thorough adjudication.
- Poor contract management often makes it difficult for Government to realize value for money. Goods are delivered late, sometimes not to the specified standard, and suppliers are paid late, resulting in a diminishing Government supplier base.
- The continued absence of an e-procurement system makes it difficult to eliminate the ill practices brought about by human elements in the procurement process, such as corruption, bribery and lack of transparency.

TREASURY DEPARTMENT

GOALS AND OBJECTIVES

In alignment with our mandate and the strategic goals of the Government of Eswatini, the Department's operations are directed by the following core objectives:

- To ensure the integrity, security, and optimal utilization of all public funds.
- To safeguard public assets and ensure their accurate recording and management.
- To provide reliable, timely, and transparent financial information for decision-making.
- To build a sustainable, skilled, and professional workforce within the public financial management sector.
- To implement modern, integrated systems that enhance efficiency, control, and fiscal policy execution.

Mandate

The Treasury Department, operating under the authority of the Public Finance Management Act (PFMA) of 2017, holds the foundational mandate to ensure national fiscal discipline and financial transparency. This is achieved by promoting universal compliance with established accounting standards across government and compiling the Government of Eswatini's consolidated annual financial statements. Our work provides a true and fair view of the nation's financial position, forming the basis for accountability to Parliament and the public.

Key Roles & Responsibilities of the Treasury Department

To fulfil its mandate and achieve its strategic objectives, the Treasury Department executes the following critical functions as stipulated by the PFMA 2017:

- Banking & Cash Management: Sections 9(2)(i), 44, 45, 49, Implementing and overseeing sound banking arrangements to ensure the efficient, secure, and controlled management of all Government funds.
- Budget Execution & Control: Sections 10(1)(a), 46(2), Facilitating the execution of the Government budget by overseeing the release and disbursement of funds in strict adherence to the approved appropriations.
- Payroll Administration: Sections 10(1)(a), 46(2), Managing the government payroll system to guarantee the timely, accurate, and secure disbursement of salaries and benefits to all public servants.
- Revenue Administration: Section 10(1)(a), Overseeing government non-tax revenue collection and management to ensure all public monies are properly accounted for and channeled into the Consolidated Fund.
- Custody of Public Funds: Section 10(1)(b), Exercising custodianship and safeguarding of all public funds, ensuring robust internal controls and accountability mechanisms are in place.
- Capacity & Institutional Development: Section 10(1)(g), Leading capacity development initiatives for accountants and financial officers across government through targeted training, professional partnerships, and the establishment of clear financial management standards.

This report presents the performance of the Treasury Department for the first quarter of the Financial Year 2026/2027, covering the period April to June 2026.

Since the quarter is the beginning of the financial year, it has been used to ensure effective commencement of government financial operations and to settle all outstanding obligations carried over from the previous financial year.

Achievements of the First Quarter:

During the first quarter, the Treasury Department has achieved on the following:

Reporting and reconciliation- Across all categories, reconciliation is **well above 75%,** with financial instruments and advances nearing **full completion (above 95%)** for the 2025/2026 financial year while the remainder is expected to be completed before July 2026.

HUMAN RESOURCE

Professionalization: A total of eighty-seven (87) officers have been enrolled in professional development programs across undergraduate, postgraduate, and specialized training tracks at the various training institutions The department, in partnership with the Eswatini College of Technology (ECOT), is finalizing a tailor-made training programme, for stores officers set to commence in the 2026/27 academic year. About 25 officers have already completed their post graduate diploma in public sector Accounting in June 2026, 10. completed their degree in accounting, 2 their masters in accounting programs. 21 Officers have registered for a Certified public sector financial accounting programme (CIPFA) during the period under review. Most of the officers also are expected to finish this year, with a new cohort set to be enrolled in the same programs.

PFM REFORMS

i) IPSAS Adoption: Following the cabinet approval of the IPSAS adoption in January 2025 and the launch of the AAAG IPSAS change management workshop in October 2025, a Memorandum of Understanding (MOU) between Tanzania and Eswatini has been approved and awaiting final signing. The road map has been adjusted to 3 years starting from January 2027.

ii) Asset Management- The asset data on office furniture and equipment for the Shiselweni and Lubombo regions have been collected and captured. An inception meeting has been successfully held in May 2026 for preparation of the Manzini asset data collection which is scheduled for August 2026.

iii) IFMIS rollout: Nine Treasury modules have been **successfully developed and are currently undergoing testing** as part of the preparations for the rollout of the Integrated Financial Management Information System (IFMIS). The Treasury Department was able to develop processes for the nine modules.

iv) Treasury single account: The department has successfully **drafted and submitted a concept note** on the establishment of a Treasury Single Account (TSA). This initiative is a critical step toward **strengthening fiscal control, enhancing transparency, and improving cash management** across government operations.

FINANCIAL REPORTING-

i) An arrears' report for the 2025/2026 financial year has been completed and submitted to the auditor general.

ii) The Treasury Department has also successfully undertaken activities towards the **preparation and submission of** the **Treasury Annual Report for FY 2025/2026. The Treasury submitted 45 appendices to the Office of the Auditor General on the 30 June 2026**

Reconciliation and Account Balancing

Ministries and Departments proceeded with reconciliation activities to ensure that:

- Accounts are correctly recorded.
- Balances are matched with Treasury payment records and warrant information.
- Ongoing accounts update through reconciliation and accurate account positions availability for systems transition to IFMIS.

IFMIS Take-off Readiness

To support successful IFMIS implementation, Ministries and Departments have been preparing for the IFMIS take-off using accurate balances from April through June 2026 and completing the necessary reconciliation so that the transition begins on a correct financial footing.

Preparation and Submission of Financial Statements for Auditing Purposes

In addition, the Treasury Department has undertaken activities towards the preparation and submission of financial statements for auditing purposes, in preparation of the Treasury Annual Report for 2025/2026.

This includes:

- Collating financial information from Ministries and Departments.
- Reviewing and compiling financial statements to ensure completeness and accuracy.
- Preparing documentation required for auditing.
- Facilitating timely submission of the financial statements to the office of the Auditor General to enable audit processes for the 2025/2026 Treasury Annual Report.

Table 29: Revenue Performance

FIRST QUARTER, REVENUES PERFORMANCE REPORT FOR FINANCIAL YEAR 2026/2027.						
ITEM	**DESCRIPTION**	**2025/2026**	**2026/27**	**VARIANCE**	**OVER /**	**FAVOURABLE /**
CODE		**E**	**E**	**E**	**UNDER**	**ADVERSE**
					%	
20306	Stamp duty	1 224 042,00	4 822 007,00	(3 597 965,00)	-294	F
20308	Transfer duty	7 279 896,00	8 953 054,00	(1 673 158,00)	-23	F

20401	Motor vehicle licence	7 151 364,00	7 649 700,00	(498 336,00)	-7	F
20402	Motor vehicle penalties	1 778 021,00	1 600 558,00	177 463,00	10	A
20403	Disposal of motor vehicle	96 650,00	132 100,00	(35 450,00)	-37	F
20404	Change of ownership	95 800,00	130 600,00	(34 800,00)	-36	F
20405	Motor vehicle registration	410 250,00	569 995,00	(159 745,00)	-39	F
20407	Drivers licence	1 801 700,00	2 091 880,00	(290 180,00)	-16	F
20408	Motor vehicle arrears	1 041 772,00	869 016,00	172 756,00	17	A
20409	Special permit	7 900,00	13 100,00	(5 200,00)	-66	F
20410	Certificate of fitness	551 830,00	617 100,00	(65 270,00)	-12	F
20411	Public driving permit	278 000,00	171 300,00	106 700,00	38	F
20412	Motor vehicle duplicate disc	12 375,00	14 025,00	(1 650,00)	-13	F
20413	Duplicate .T.DISC	200,00	300,00	(100,00)	-50	F
20415	Instructors certificate	600,00	1 500,00	(900,00)	-150	F
20416	Duplicate motor vehicle certificate	2 700,00	38 600,00	(35 900,00)	-1330	F
20419	Motor vehicle third plate	104 325,00	147 355,00	(43 030,00)	-41	F
20434	Motor vehicle cancellation fee(VA40)	1 440,00	1 360,00	80,00	6	A

20435	Motor vehicle transfer fee(va040)	7 700,00	13 100,00	(5 400,00)	-70	F
21150	Disposal of redundant stores		3 900,00	(3 900,00)		
	TOTALS	**21 846 565,00**	**27 840 550,00**	**(5 993 985,00)**	-27	**F**

In this current financial year 2026/27, revenue collection is being done by ERS. The collections as compared to last year's 1st quarter collection is E21 846 565 and this year's 1st quarter revenue collection is E27 840,550. This shows a favourable variance of E5 993 985, 00. There is an over performance of 27% variance in the overall revenue collected in the quarter.2025/2026 was E21 846 845, 00.

ITEM CODE ANALYSIS

20306-STAMP DUTY

This item performed well, more Revenue was collected than budgeted. It has a favourable variance of 294%

20308-TRANSFER DUTY.

The item has performed well. It has a favourable variance of 23%

20401-Motor Vehicle Licence

The item performed well. It has a variance of 7% .

20402-MOTOR VEHICLE PENALTIES

The item has performed poorly, with an adverse variance of 10%

More revenue was collected in this item due to increased penalty fees on delayed renewals.

20403-DISPOSAL OF MOTOR VEHICLES

The item has performed well with a favourable variance of 37%.

20404-CHANGE OF OWNERSHIP

The item has performed well with a favourable variance of 36%.

20405- MOTOR VEHICLE REGISTRATION

The item has performed well with a favourable variance of 39%.

2407-DRIVERS LICENCE

This Item has performed well with a favourable variance of 16%

20408- MOTOR VEHICLE ARREARS

The item has performed poorly with an adverse variance of 17%

20409-SPECIAL PERMIT

The item has performed very well with a favourable variance of 66%

20410-CERTIFICATE OF FITNESS.

The item performed well with a favourable variance of 12%

20411-PUBLIC DRIVING PERMIT (PDP)

The item has performed poorly with an adverse variance of 38%

20412- MOTOR VEHICLE DUPLICATE DISC

The item has performed well with a favourable variance of 13%

20413-DUPLICATE T-DISC

The item has a favourable variance of 50%

20415-INSTRUCTORS CERTIFICATE

The item has performed very well with a favourable variance of 150%

20416-DUPLICATE MOTOR VEHICLE CERTIFICATE

The item has performed very well with a favourable variance of 1330%

20419- MOTOR VEHICLE THIRD PLATE

The item has performed well with a favourable variance of 41%

20434-MOTOR VEHICLE CANCELLATION FEE

The item has performed poorly with an adverse variance of 6%

20435-MOTOR VEHICLE TRANSFER FEE

The item has performed well with a favourable variance of 70%

21150-DISPOSAL OF REDUNDANT STORES

There were no collections in this item in year 2025/26, collections were only made in year 2026/27

Conclusion

The first quarter of the Financial Year **2026/2027** overall results achieved during the period confirm strong progress in reform implementation, capacity enhancement, and financial governance, while also underscoring the need for continued focus to finalize remaining reconciliations, complete ongoing system developments, and sustain operational stability through appropriate support mechanisms.

INTERNAL AUDIT DEPARTMENT

The Internal Audit Office is established by Section 81 of the Public Finance Management Act of 2017. The Internal Audit Office provides internal audit functions to a public entity and any other entity designated by the Principal Secretary for the Ministry of Finance. Its operations are guided by the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

Vision

To be the preferred premier internal audit function for the government to further her culture of excellence in governance, accountability, compliance and execution that helps in the achievement of objectives.

Mission

To enhance and protect organizational value by providing risk-based and objective assurance, advice and insight.

Objectives

The objective of the internal audit office is to improve fiscal discipline and promote service delivery. Improved fiscal discipline and service delivery is achieved through: -

- Providing an independent analysis, appraisal of public entities and making recommendations on the adequacy of internal controls, risk management and governance processes in delivering each entity's objectives;

- confirming existing government assets and reviewing means of safe guarding these assets;

- Delivering an independent assessment of the reliability and integrity of financial, regulatory and operational information and control effectiveness to Government;

- Promoting and advising on best control practices throughout Government.

STRENGTHENING THE CONTROL ENVIRONMENT

In an effort to strengthen internal controls, risk management and governance processes in the public sector, the Internal Audit Office **completed** the following (assurance) audits during the **first (1st)** quarter:

- Ministry of Home Affairs - Visa /citizenship
- Ministry of Works - Interchange project
- Ministry of Works – PWD Supply chain
- Ministry of Finance – CFI
- Ministry of Education – Macmillan
- Ministry of Agriculture – Utilities
- Ministry of Housing – Hlatikulu Town Board

Follow-up reports

The office conducted the following follow up audits to determine the implementation of internal audit recommendations

- Ministry of Health – CMS stock take
- Ministry of Education – Ntuthukweni primary school
- Ministry of Education – Education TSC
- Cabinet – PPCU external travel
- Arrears – EBC

- Arrears – Ministry of Foreign Affairs
- Arrears - Ministry of Commerce Supply chain

ENTERPRISE RISK MANAGEMENT (ERM)

- Risk **Assessment** workshops were done with the Ministry of Education & Training –National Curriculum Centre (NCC), Ministry of Home Affairs- Immigration Department and Ministry of Housing- Ngwenya Town Board where three (3) risk registers were developed.

Risk **Awareness** Workshops were done with the following;

1. Ministry of Education & Training- NCC
2. Ministry of Home Affairs-Immigration Department
3. Ministry of Housing and Urban Development- Ngwenya Town-Board

- Reviewed Risk Register Ministry of Housing- Piggs Peak Town Board
- Engagements with the Under Secretary- Public Service were done to do a Risk Awareness workshop for the Under Secretaries in ministries.

AUDITS IN PROGRESS

The following audits were started during this period and work is still in progress:

- Ministry of Tinkhundla – Micro projects (RDF Fund)
- Ministry of Works – MR 21 project (initiation stage)
- Ministry of Works - Board Members Claims
- Ministry of Works – Standard bank loan
- Ministry of Health – CMS: Receiving cold chain products
- Ministry of Health – CMS: Health and safety
- Ministry of Health – CMS: Stocktake
- Ministry of ICT – Digital transformation (EPTC)
- Ministry of ICT – Archives
- Police – Utilities

- Ministry of Justice – utilities
- Ministry of Labour - contracts

AUDIT COMMITTEE

The Audit Committee sat on 23rd April 2026 for its 7th Audit committee ordinary meeting and considered the following draft reports:

- Hlatikulu Town Board - Housing
- Asset Management CFI-Finance
- Fleet Management- DPMO
- Utilities Management- Agriculture
- Supply Chain Buildings Department-Works

Follow up audits

- Health -The Luke Commission
- Agriculture - Cordon Fencing
- Education - Teaching Service Commission
- Education Mangwaneni P. School
- Education School for the Deaf
- Education Magubheleni P. School
- Education Siyendle P.School

The Audit Committee also convened to engage the Controlling Officers and Directors to emphasize the importance of closing the issues raised in the reports. The following were engaged:

- Principal Secretary – Ministry of Health
- Principal Secretary – Ministry of ICT
- Principal Secretary – Ministry of Education

COMBINED ASSURANCE

- Establishment of a National Whistleblower/hotline program - A benchmarking exercise on the National Whistleblower/fraud hotline was conducted in the Republic of Rwanda from the 11th to 15th May 2026. With the assistance of the Rwanda corporation from the Ministry of Foreign Affairs, our delegation was able to identify key areas /starting points for the establishment of the hotline.

- Currently the team is implementing several action plans that will give direction including; consultations with technical team, procurement, infrastructure and legal framework.

HUMAN RESOURCES

- The office nominated four (4) officers to enroll for the Internal Audit Technician (IAT) program, in conjunction with the HRD (Mops). Officers are in the process of enrolling for learnership program with the Leadership academy, an institution that offers IAT learnership in South Africa.

- The Ministry of Public service granted the Office authority for the following positions:
  - One (1) Principal Internal Auditor (Assurance)
  - One (1) Senior Internal Auditor (ERM)
  - Two (2) Senior Internal Auditors (ERM)

OTHER ACHIEVEMENTS

Introduction to digital auditing - Successfully met (online) with digital Internal auditing program service providers (Teammate and LOOM enterprises). Service providers to make a presentation on the digital transformation of the Internal audit office.

AUDITOR GENERAL'S OFFICE

INTRODUCTION

The Office of the Auditor-General is established by Section 207 of the Constitution of the Kingdom of Eswatini and Audit Act No.4 of 2005 as a Public Office. The Auditor-General is mandated to audit the Public Accounts of Eswatini and all offices, courts and authorities of the Government of Eswatini, and report to Parliament.

Vision: To be an independent Supreme Audit Institution that promotes good governance.
Mission: To provide assurance to stakeholders on accountability, transparency, integrity and value for money in the management of public resources, through quality audits.

Values:

- Independence and Objectivity
- Creativity and Innovation
- Integrity
- Public interest
- Professionalism
- Making a difference
- Inclusiveness
- Confidentiality, Transparency and Accountability

Functions: The OAG is mandated to carry out Financial Audits, Compliance Audits, Performance Audits, Information System Audits, Investigative or Forensic Audits, and Audit Reviews. These audit core functions are supported by corporate services which need to be strengthened. The SAI has been engaged in the following assignments for the first quarter of the Financial Year 2024/2025.

AUDIT OF THE AFRICAN UNION (AU) AND ITS ORGANS

Chairmanship of the African Union Board of External Auditors (BoEA)

The Auditor-General of Eswatini, as Head of the Supreme Audit Institution (SAI), continues to serve as the Chairman of the African Union Board of External Auditors (BoEA) for a term of office running until **31 December 2026**. In this capacity, the Auditor-General leads the overall audit of the AU, executing audit assignments for the 2024 and 2025 financial years in accordance with Rule 99 of the African Union Financial Rules. Within the BoEA, Eswatini represents the Southern Region, working alongside Mauritius (Eastern Region), Ivory Coast (Western Region), and Equatorial Guinea (Central Region).

- **AU AUDIT ASSIGNMENTS**

The Office successfully led and completed key AU audit assignments during the reporting quarter, marking significant achievements for the period:

- **Completion of the 2025 Financial Audit:** The audit of the AU's financial statements for the year ended 31 December 2025 was successfully concluded. Following comprehensive engagements and clearance with AU Management, all final audit reports were formally approved by the AU Board of External Auditors (BoEA), under the leadership of the Auditor-General of Eswatini. These approved reports are now finalized and pending official presentation to the Permanent Representatives Committee (PRC) at a date to be announced by the AU.

- **Completion of the Merit Based Recruitment System (MBRS) Special Audit:** Commissioned by the Executive Council—a higher authority sitting above the PRC and its sub-committees—the Office successfully completed a comprehensive special audit focused on the AU's recruitment infrastructure. This major assignment was executed under the leadership of the Auditor-General of Eswatini utilizing a specialized pool of experts drawn from the SAIs of Eswatini, Morocco, Algeria, Mauritius, and South Africa.

- This joint effort culminated in the final **"Report of the Board of External Auditors on the Comprehensive Special Audit of the Merit-Based Recruitment System (MBRS) Software for the Period 2021 – 2025."**

AUDIT OF AFROPAC

The Auditor-General has been appointed to audit the African Organization of Public Accounts Committees (AFROPAC) and conducted the audit of financial statements for the years ended 31st December 2024 and 2025 under the leadership of the Auditor-General.

AUDIT OF SADCOPAC

The Auditor-General has been appointed to audit the Southern African Development Community of Organizations of Public Accounts Committees (SADCOPAC) and conducted the audit of financial statements for the year ended 31st March 2026.

Audit of Ministries, Departments and Agencies (MDAs)

Financial Audits for the financial year ended 31st March

- **Public Accounts Committee (PAC) Deliberations and Sittings Support**

Evaluated New Responses for the Financial Audit Report for the year ended 31 March 2025 from all the Ministries and Departments, prepared PAC Briefing Notes and officers responsible for the audit of the Ministries.

- **Audited Financial Statements of Eswatini Agricultural Development Fund (EADF)** for the financial years ended 31st March 2024 and 2025.
- **Audited Financial Statements of Project T515-99/55 Manzini-Mpandze Lot 1** co-funded by **Government and AfDB, for the financial year ended 31st March 2025.**
- **Compliance Audits for the financial year ended 31st March 2025**
- **Payroll Audits:** Conducted payroll audits for Ministries and departments for the financial year ended 31st March 2025;
- **Audit of losses due to vehicle accidents and damages:** Conducted audits of losses due to vehicle accidents and damages for all Ministries and departments. Issued 12 Management Letters for the following Ministries;
    - Private and Cabinet Office
    - Agriculture
    - Education and Training
    - Sports, Culture and Youth Affairs
    - Information, Communication and Technology
    - Natural Resources and Energy
    - Royal Eswatini Police Service
    - Judiciary
    - Home Affairs
    - Tinkhundla Administration and Development
    - Justice and Constitutional Affairs
    - National Defense and Security

- **Audit of the Ministry of Education and Training**: Conducted an audit inspection to verify the allocation of teachers to various public schools by the Teaching Service Commission (TSC). Three Management letters were issued.

- **Audit of Ministry of Health:** Conducted compliance audit covering the Ministry of Health and Audited the Psychiatric Hospital.
- **Audit of Gaming Fees** in the Ministry of Tourism and Environmental Affairs was conducted, and a Management Letter was issued.
- **Audit of Missions Abroad**; Audits of 16 Embassies are on-going.
- **Audit of Projects/ Infrastructure Audits**

Audited three (3) infrastructure projects implemented by Eswatini Water Services Cooperation:

- Manzini Region Water and Sanitation (W377)
- Eswatini Water Supply and Sanitation (W378)
- Lomahasha-Namacha Transboundary Project (W380)

Audited one (1) infrastructure project implemented by Eswatini Electricity Company:

- Shiselweni Reinforcement and Access (F031)

Audit of Public Schools

The Office has completed 68 audits of public schools as of 30 June 2026.

Audit Reviews of Financial Statements of Public Enterprises and Local Government Authorities for the year ended 31st March 2025

The Office conducted 54 reviews of Financial Statements of State-Owned Entities and 13 reviews of Financial Statements of Local Government Authorities; 67 audit review reports issued.

Information Systems (IS) Audits

Two (2) Information Systems Audits are ongoing:

- Elderly and Disability Grant System; and
- Treasury System Audit

Performance Audits

Two (2) performance audits were completed:

- Assessing the Performance of Youth Enterprise Revolving Fund (YERF), and Technical and Vocational Education and Training (TVET) Toolkits Programme,
- Grant Accelerator Programme being implemented by Eswatini National Youth Council.

- Evaluation of the Commercial Maize Project being implemented by Eswatini Agricultural Development Enterprise.

Forensic Audit Investigations

Final Review of the forensic audit investigation report of the Royal Science and Technology Park (RSTP).

Enhancement of Legal Framework and Institutional Development

Legislative Reform and the Public Audit Bill

The following strides have been achieved:

- Strategic engagements in Egypt and Morocco on Audit Consequence Management. The engagements aimed to strengthen the OAG's legal framework and align the Draft Public Audit Policy with international best practice.
- Finalized and shared the Draft Public Audit Policy document with PPCU.
- Crafted Memorandum of Understanding with International Institute of Certified Forensic Investigation Professionals (IICFIP) and obtained approval from Attorney General.

Institutional Collaboration

Crafted Memorandum of Understanding with Anti-Corruption Commission (ACC)- pending signature by Auditor-General (AG) and ACC Acting Commissioner.

- **HUMAN RESOURCES AND DEVELOPMENT**

Professionalization and Institutional Capacity

During this quarter, a number of officers participated in various programs:

International & Professional Certifications:

- **INTOSAI-IDI:** thirty-five (35) Auditors are currently enrolled in the 12-month Professional Education for SAI Auditors (PESA) Certification Programme. They have enrolled for the three types of Audits namely the Financial, Performance and Compliance Audits.
- Ten (10) auditors have obtained professional certification as **Certified Fraud Examiner (CFE)** from the Association of Certified Fraud Examiners (ACFE).
- Twenty-three (23) officers have been enrolled for ACCA which is a three-year program.
- The Office has been conferred the prestigious status of being an approved employer by the ACCA.

Academic Programs:

- **Post-Graduate:** Three (3) officers are pursuing an **MBA in Accounting** at UNESWA.
- **Post-Graduate**: four (4) officers are pursuing Post graduate diploma in Public Sector Accounting at UNESWA.
- **Undergraduate:** Five (5) staff members are enrolled in **Accounting and Finance degrees** (BSc and Bachelor of Accounting Science) at UNICAF and Botho University.

Regional (AFROSAI-E) & Technical Workshops:

AFROSAI-E Information Systems (IS) Audit Champion Program – two Auditors were sent for this program. the program was focusing on Building technical expertise in IT auditing and helping the nominated "IS to understand the evaluation of complex Integrated Financial Management Information Systems (IFMIS).

AFROSAI-E A-SEAT Program-: The SAI has trained other SAIs on the A-SEAT System.

INTOSAI Development Initiative (IDI) SAI Audit Impact Program – four senior officials were sent to train on operational integration of audit results for public benefit. The program provided structured methodologies for SAIs to align their annual scoping and risk profiling with macro national indicators.

AFROSAI-E Training of Trainers (ToT) Champion Program – three Audit Managers were sent for training for a long-term internal knowledge retention and institutional scaling.

Recruitment and Vacancy Management

Current Vacancies: There are currently **thirty-one (31) vacancies** within Audit Services and support functions. The Office is actively engaging the Ministry of Public Service to fill these critical roles.

Employee Wellness Program

Recognizing that staff well-being is vital to productivity, the OAG launched a comprehensive wellness program. Key initiatives included:

- **Physical Fitness:** Dedicated wellness activities held every Wednesday afternoon.
- **Engagement:** Themed appreciation events for Mother's Day and Father's Day to foster a positive workplace culture.

REGIONAL LEADERSHIP AND GOVERNANCE

The Auditor-General, supported by Principal Auditors, participated in the **22nd AFROSAI-E Governing Board Meeting**. The Auditor-General, in his capacity as **Chairman of the AFROSAI-E Capacity Building Portfolio**, presented the Capacity Building Sub-committee report.

COMMUNICATIONS AND STAKEHOLDER ENGAGEMENT

Parliamentary Collaboration and Technical Support to PAC

In this quarter, following the successful tabling of the Annual Auditor General's Report on the Consolidated Government Accounts for the year ended 31st March 2025, the OAG attended public hearings on this report by the Public Accounts Committee. There were further deliberations on the Compliance Audit Report of Public Enterprises and Local Government Authorities for the financial year ended 31st March 2024. This unit is responsible for the institutional coordination of the PAC sitting within the OAG and serves as liaison between the OAG and the PAC.

PAC SITE VISITS

The OAG was part of the site visit of projects by the Ministry of Natural Resources with the Public Accounts Committee (PAC). The sites visited during this quarter are Nondvo Dam (Mantabeni) as well as Hawane Dam.

- **INSTITUTIONAL DEVELOPMENT, RISK AND QUALITY MANAGEMENT**

Strategic Planning and Institutional Roadmap

The Office has finalized its new Strategic Plan 2026-2030, a process facilitated by technical support from INTOSAI and AFROSAI-E, and funding from Secretariat for Economic Affairs (SECO).

Institutional Development

- Held engagements with the United Nations Development Programme (UNDP) regarding the provision of institutional capacity-building support.

<u>RECURRENT BUDGET SUMMARY</u>

MINISTRY OF FINANCE – Head 34

Table 30: Ministry of Finance Expenditure Report for the First Quarter 2026/2027

Item	Estimated Budget	Released	Expenditure	Committed Amount		Variance	Percentage Variance
00	CTA Charges	519, 489	244, 402	15, 000	32, 500	47, 500	19.44
01	Personnel Costs	39, 700, 988	21, 648, 844	10, 392, 808	0	11, 256, 036	51.99
02	Travel, Transport and Communication	10, 085, 990	5, 509, 995	306, 889	2, 537, 225	2, 665, 880	48.38
04	Professional Services	44, 392, 995	6, 533, 978	291, 752	1, 763, 534	4, 478, 692	68.54
05	Rentals (Land, Building & Computers)	600, 000	112, 500	0	0	112, 500	100.00
06	Consumables and Office Supplies	644, 623	822, 306	0	456, 744	365, 562	44.46
07	Durables	700, 000	0	0	0	0	0.00
10	Internal Grants	861, 194, 116	430, 597, 058	211, 407, 279	0	219, 189, 779	50.90
11	External Grants	34, 057, 994	1, 960, 000	1, 788, 316	0	171, 684	8.76
	Total	**991, 896, 195**	**467, 429, 083**	**224, 202, 044**	**4, 790, 003**	**238, 287, 633**	**50.98**

SUMMARY

The Ministry of Finance was allocated **E991,896,195** for the 2026/2027 financial year. By the end of the first quarter, **E467,429,083** (47.1% of the annual budget) had been released. First-quarter expenditure amounted to **E228,992,047**, comprising both actual expenditure and committed funds. This represents an overall budget absorption rate of **50.98%** of the funds released. While the absorption rate is relatively high, the quality of expenditure remains low, as the majority of the absorbed funds were directed towards personnel emoluments and transfers, with comparatively limited actual spending on operational activities and budgeted programs.

BRIEF SUMMARY OF RECURRENT EXPENDITURE PER CONTROL ITEM

ITEM 00- CTA CHARGES 19.44%

The CTA charges comprise of activities related to vehicle expenditure within the Ministry of Finance. The low percentage variance reflects the maximum usage of released funds at this time of the year. Despite this fairly absorption rate, actual expenditure remains low as the increased in absorption is attributed to commitments.

ITEM 01- PERSONNEL COST AND ALLOWANCES 51.99%

Close analysis of the incurred expenditure reflects a fairly budgeted control item. The variance of 52.88% implies that the overall expenditure will be within the annual budget allocation by the financial year end.

ITEM 02- TRAVEL, TRANSPORT AND COMMUNICATION 48.38%

Funds for this reporting item are reserved for subsistence allowances, external travel expenses and communication costs. The variance is at **48.38%** under this control item during the reporting period which reflects a very huge expenditure. This is due to the number of official external trips undertaken by the ministry's officials. The item is not sufficiently budgeted which is evident from the effected reallocations in order to ensure that statutory meetings are attended.

ITEM 04- PROFESSIONAL AND SPECIAL SERVICES 68.54%

This control item is used to cover expenditure related to security services, reports printing, utility bills, government gazettes, workshops and other professional services within the ministry. The **68.54%** variance reflect the ministry's consistency in incurring expenditure under this control item during the reporting period. The absorption rate is expected to improve in the second quarter of the financial year considering the planned activities. All expenditure will be aligned to the allocated budget.

ITEM 05- RENTALS (LAND, BUILDING & COMPUTER EQUIPMENT) 100%

This reporting item reflects no activity at this time of the financial year. The ministry no longer rent office space.

ITEM 06- CONSUMABLES AND OFFICE SUPPLIES 44.46%

This control item is reserved for the provision of consumable materials and office supplies in order to run office affairs effectively and efficiently in the ministry. The reporting period reflects a very higher absorption of the released budget which also saw funds being reallocated to cover commitment towards provision of blinds following relocation to new offices.

ITEM 07- DURABLE MATERIALS AND EQUIPMENT 100%

This reporting item is yet to incur expenditure in the current financial year and the ministry is committed to spending within the annual allocated budget.

ITEM 10- INTERNAL GRANTS AND SUBSIDIES 50.90%

The allocated budget under this control item is normally transferred to subsidiaries benefiting within the ministry's budget through grants. The transfers were carried out successfully during the reporting period and the reflected variance are funds for second quarter.

ITEM 11- EXTERNAL GRANTS AND SUBSIDIES 8.76%

This budget allocation is reserved for external subscriptions and payments to international organizations. The **8.76**% variance reflect that most payments have been made successfully.

TREASURY DEPARTMENT – HEAD 35

During the first quarter of the financial year **2026/27** funds were utilized within their allocated control items. Any under/over expenditures reflected will be offset in the coming months as we are at the beginning of the financial year, a substantial increase in activity is expected over the coming months.

Hereafter is a detailed summary of the estimated budget versus expenditure below:

Table 31: Treasury Expenditure Report for the First Quarter 2026/2027

ITEM	ESTIMATED BUDGET (E)	RELEASED TO DATE(E)	EXPENDITURE (E)	COMMITTED AMOUNT (E)	VARIANCE (E)	% VA E
00-(CTA-CHARGES	1,691,269.00	845,630.00	0	0	845,630.00	
01-(PERSONEL COSTS)	47,409,329.00	24,238,082.00	12,243,043.60	0	11,995,038.40	
02-Travel, transport and communication)	1,309,671.00	1,060,118.00	218,601.82	171,800.00	699,716.18	
04 -Professional Services	10,404,130.00	4,746,783.00	1,001,757.86	268,150.76	3,476,874.38	
06- Office supplies & consumables	2,688,161.00	1,345,402.84	31,841.84	179,525.07	1,134,035.93	
07-Durables (furniture, equipment etc.)	1,300,000.00	0	0	0	0	
11-Grants & Subsidies)	360,000.00	0	0.00	0	0	
TOTAL	**65,162,560.00**	**32,236,015.84**	**13,495,245.12**	**619,475.83**	**18,151,294.89**	

<u>SUMMARY ON RECURRENT EXPENDITURE</u>

The Treasury Department was allocated an annual budget of **E65,162,560.00** for the financial year **2026/27** of which **E32,236,015.84** had been released by the end of the first quarter and the expenditure accumulation was **E13,495,245.12** which is a figure comprising of actual and committed expenditure.

Below is a summary of the recurrent expenditure per control item:

ITEM 00- This item reflects **C.T.A** charges which are mainly determined through activities of all the departments. This item shows an under expenditure because of CTA charges for vehicle repairs which have not yet been charged by the Ministry of Works & Public Transport.

ITEM 01-This item covers **Personnel Costs** comprising of salaries & allowances for the Department. There is an under-expenditure under this control item. The under-expenditure is due to overtime claims not yet forwarded for payment. The claims are scheduled to be paid upon completion of the reconciliation process.

ITEM 02-This reporting item covers funds reserved for **Transport, Travel and Communications**. There was expenditure incurred and commitments made under external travel during the first quarter. The under expenditure reflected was caused by communication bills that have not received for payment, as the billing is always retrospective. There was also some travel claims that were yet to be processed at the time of the report compilation.

ITEM 04- This reporting item covers **Professional Services** such as printing, hospitality, training and the payment of utilities (electricity & water bills). There is an under-expenditure under this item as the department is still processing tenders. Procurement is expected to take place once the tender process has been finalized during the current financial year. The department has also scheduled training courses for officers later in the year.

ITEM 06- This reporting item caters for **Office Supplies and Consumables** and an under expenditure is reflected. The under expenditure is going to be offset as a number of sections have forwarded requisitions for procurement of depleted stock., mainly office supplies at the time of report compilation.

ITEM 07- This item is for the procurement of **Durable Materials** such as Office Furniture & Equipment. There were no activities under this item at the time of the report compilation.

ITEM 11- This item is for Grants & Subsidies and the Department subscribes to the African Association of Accountant Generals (AAAG) annually. There was no activity under this item during the reporting period, as no invoice had been received. The institute is expected to issue an invoice for the current financial year as activities progress.

INTERNAL AUDIT – HEAD 38

Table 32: Expenditure report for the Second quarter for the financial year 2025/2026

ITEM	BUDGET	RELEASED FUNDS	ACTUAL EXPENDITURE	VARIANCE	%
00	377 303.70	94 325.00	0.00	92 825.00	98%
01	17 477 473.00	4 492 477.00	4 559 260.79	(66 783.79)	1%
02	1 263 438.00	915 858.00	402 327.57	208 369.60	23%
04	10 394 512.00	1 998 626.00	250 032.03	1 709 933.57	86%
06	280 567.00	70 140.00	0.00	70 140.00	100%
07	400 000.00	0.00	0.00	0.00	100%
TOTAL	**30 193 293.70**	**7,571 426.00**	**5,211,620.39**	**2,014,484.38**	**27%**

SUMMARY ON RECURRENT EXPENDITURE

ITEM 00 – CTA CHARGES: This Control Item is showing an **under expenditure** of **98%** of the released funds. This item will normalise since more vehicles are to be serviced.

ITEM 01- PERSONEL COSTS: There is an **under expenditure** of **1%** of the released funds. The under expenditure will normalise since vacant posts will be filled.

ITEM 02- COMMUNICATION AND TRAVEL: There is an **under expenditure** of **22%** of the released funds. Other commitments in this item are still in process.

ITEM 04- PROFESSIONAL SERVICES: This Control Item is indicating an **under**

expenditure of **86%** of the released funds. Further commitments await completion of all Procurement procedures.

ITEM 06- CONSUMABLES: There is **100%** under expenditure of the released funds in this item. Procurement is waiting on new Tenders.

ITEM 07- DURABLES: There is **100%** under expenditure of the released funds in this item. Procurement is waiting on new Tenders.

AUDITOR GENERAL'S OFFICE – HEAD 58

BUDGET PERFORMANCE REPORT (Based on released Funds for financial year 2026/2027 Quarter 1).

The budget performance of the Office of the Auditor-General on both Recurrent and Capital Expenditure is depicted in the following table.

Analysis

Table 33: Recurrent Expenditure

Item	Budget Estimate (E)	Cumulative Released Budget (E)	Expenditure and Commitments (E)	Variance (E)	Variance in %
00-CTA Charges	1,231,565.00	265,576.00	10,168.00	255,408.00	96%
01-Personal Costs	35,157,131.00	9,303,757.00	9,571,020.00	-267,263.00	-3%
02:Travel, Transport & Communications	2,975,410.00	993,850.00	963,811.00	30,039.00	3%
03:Drugs	59,796.00	14,949.00	0.00	14,949.00	100%
04: Professional and Special Services	5,924,110.00	1,141,635.00	151,517.00	990,118.00	87%
05: Rentals	0.00	0.00	0.00	0.00	0%
06: Consumables	1,022,068.00	255,516.00	251,538.00	3,978.00	2%
07: Durables	0.00	20,000.00	19,987.00	13.00	0%
11: Grants & Subsidies - External	131,400.00	0.00	0.00	0.00	0%
Total	**46,223,916.00**	**11,995,283.00**	**10,968,041.00**	**1,027,242.00**	**9%**

SUMMARY ON RECURRENT EXPENDITURE

Control item 00 - CTA Vehicle Charges:

This item shows an under expenditure of 96% because the CTA billing system is delayed for a period of three months. This item only caters for general service, maintenance and hiring of vehicles.

Control item 01 - Personnel Costs:

This item shows an insignificant percentage variance of -3% and this reflects that funds under this item are expended as per the allocated budget.

Control item 02 –Travel, Transportation and Communications

This item shows an under-expenditure of 3% and this is because it is still the first quarter of the financial year.

Control item 03- Drugs

This budget item is for medical drugs and first aid kits. Plans are underway to utilize these funds through wellness programmes for the office.

Control item 04- Professional and Special Services

This item projects an under-expenditure of 87%. Funds under this item code are still under control and will be expended by the close of the current financial year.

Control item 06- Consumable Material

This item shows an under-expenditure of 2% and this reflects that it is still within the allocated budget.

Control item 07- Durable Material

There was no budget allocated under this item code but funds have been re-allocated to cater for urgent procurement of office furniture and fittings.

Control item 11- Grants and Subsidies-External

This item projects an under-expenditure of 100%. Funds under this item code will be expended when annual subscriptions become due and this is expected in the last quarter of the current financial year.

Capital Expenditure

The capital expenditure budget is for system development and capacity building. Furthermore, the budgeted funds will also cater for institutional capacity development for professionalization of auditors.

Table 34: Capital Expenditure

Project	Budget Estimate (E)	Cumulative Released Budget (E)	Cumulative Expenditure (E)	Variance (+ Under / - Over Expenditure (E)	Under / Over Expenditure in Percentage (%)
G63870	2,294,000.00	0.00	0.00	0.00	0%
G63999	2,188,000.00	0.00	0.00	0.00	0%

By the end of the quarter, a request to have the funds released had been made.