KINGDOM OF ESWATINI

MINISTRY OF FINANCE

ANNUAL PERFORMANCE REPORT FOR 2025/2026 FINANCIAL YEAR

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INTRODUCTION

This report seeks to highlighted performance carried out by the Ministry of Finance for the financial year 2025/2026. The primary responsibility of the Ministry of Finance is to advise Government on sound macroeconomic and financial management and execute central Government financial processes.

VISION

To be a model of excellence in financial and economic management for the prosperity of the Kingdom of Eswatini

MISSION STATEMENT

We promote Macroeconomic stability, sound financial management in Eswatini by formulating and implementing fiscal and monetary policies that optimize economic growth and improve the welfare of Emaswati.

VALUE STATEMENT

Accountability
Professionalism
Transparency
Integrity
Collaboration

OBJECTIVES

- Improve revenue collection through efficiency and diversification
- Improve the quality of spending
- Reduce the number of State Owned Entities (SOEs)
- Improve efficiencies of SOEs

- Harmonize conflicting legislation
- Comply with international standards
- Improve fiscal discipline and service deliver
- Improve service excellence

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

1. BUDGET AND ECONOMIC AFFAIRS

OBJECTIVES:

- Provide a sound regulatory framework for Government Public Finance management.

- Maintain fiscal discipline by providing 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 financial year, the cash flow committee continued to meet frequently to discuss issues of revenue collected within the financial year by both Government and Eswatini Revenue Services and agree 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 recently the Ministry of Economic Planning and Development.

BUDGET MANAGEMENT

During this reporting period, total recurrent spending excluding interest payments amounted to E18.5 billion which is 83% of the overall recurrent budget allocated. This is roughly what was expected in the fourth quarter. The budget department continues to strive in re-establishing fiscal discipline which remains key to macroeconomic sustainability. The released funds on recurrent budget amounted to E20.6 billion and on government financed capital amounted to E5.8 billion for the fourth quarter which is 92% and 81 % of the overall appropriated budget respectively.

BUDGET OUTTURN

The most spending is, Ministry of Public Works and Transport (114%) Ministry of Home Affairs (108%), and Judiciary (98%) as a percentage of the allocated budget. The over expenditures are a result of the recent implemented salary review and other critical expenditures. **Table 1**, below shows the recurrent expenditure Outturn for Q4 for the year 2025/26.

Table 1. Summary of Outturn budget in Q4 for 2025/26 (E' 000)

Head	Ministry/Department	Recurrent Budget	Q2 Outturn	Q3 Outturn	Q4 Outturn CUM	Q4 Cum as %
2	Parliament	139,829	72,430	109,872	135,804	97%
3	Private and Cabinet Offices	85,639	38,992	64,290	73,869	86%
4	Ministry of Tourism & Environmental Affairs	106,525	49,406	95,575	99,148	93%
5	Royal Eswatini Police	1,365,331	955,654	1,197,431	1,332,756	98%
6	Deputy Prime Minister's Office	1,044,677	368,784	607,763	695,730	67%
7	Ministry of Foreign Affairs & International Cooperation	696,815	142,841	425,626	642,917	92%
8	National Defence and Security	1,719,100	973,076	1,304,931	1,658,219	96%
9	Ministry of Tinkhundla Administration & Development	475,266	201,674	367,503	347,373	73%
10	Ministry of Natural Resources and Energy	119,398	51,095	78,395	91,490	77%
15	Geological Surveys, Minerals and Mines	27,532	10,164	19,491	20,393	74%
20	Ministry of Agriculture	406,187	205,936	302,000	374,599	92%

23	Ministry of Economic Planning & Development	295,363	238,508	210,452	270,821	92%
24	Ministry of Housing & Urban Development	431,184	230,675	413,787	420,069	97%
26	Fire and Emergency Services	132,541	45,476	107,207	99,737	75%
29	Ministry of Commerce Industry and Trade	162,708	71,611	142,251	141,850	87%
30	Ministry of Education & Training	4,174,369	2,011,524	3,492,184	3,784,994	91%
34	Ministry of Finance	954,649	472,591	717,078	922,987	97%
35	Treasury and Stores	55,078	24,046	55,260	51,920	94%
38	Internal Audit	15,124	5,943	14,458	12,797	85%
40	Ministry of Labour and Social Security	815,160	245,729	558,257	599,518	74%
41	Ministry of Public Service	276,287	112,838	215,482	243,788	88%
43	Ministry of Information, Communication & Technology	296,707	138,693	273,522	268,229	90%
44	Elections & Boundaries Commission	34,191	9,575	23,921	24,283	71%
45	Ministry of Health	2,875,231	1,251,151	2,267,680	2,405,837	84%
46	Ministry of Justice and Constitutional Affairs	109,564	43,996	94,834	89,301	82%

47	Anti - Corruption Commission	25,785	12,516	19,481	19,210	75%
48	Judiciary	120,160	65,327	92,511	117,679	98%
49	Correctional Services	727,260	395,577	556,137	686,318	94%
50	Ministry of Home Affairs	221,969	175,147	239,369	238,943	108 %
51	Eswatini National Treasury	493,019	244,723	367,057	490,606	100 %
52	King's Office	4,714	2,368	3,455	3,455	73%
53	Ministry of Public Works and Transport	1,287,227	955,224	1,023,338	1,470,274	114 %
56	Ministry of Sports Culture and Youth Affairs	87,612	41,643	62,678	83,630	95%
58	Audit	35,947	15,592	24,502	30,410	85%
60	Central tranfers	2,476,324	233,391	287,590	575,181	23%
Grand Total		**22,294,475**	**10,113,915**	**15,835,369**	**18,524,135**	**83%**

Source: *Ministry of Finance*

Table 2 below shows a summary of budget outturn per control item during the reporting period.

Table 2. Summary of control item in Q4 for 2025/26 (E' 000)

Code	**Description**	**Control Item Recurrent budget**	**Q2 Outtun**	**Q3 Outtun**	**Q4 Outtun**	**Q4 Outturn as %**
0	CTA Charges	392,687	125,502	270,789	315,814	80%
1	Personnel Costs	8,674,563	4,550,312	6,778,965	8,334,432	96%
2	Travel	443,872	301,967	398,457	457,079	103%

3	Drugs	776,201	250,507	340,567	599,974	77%
4	Professional Services	1,674,497	819,389	1,179,212	1,270,979	76%
5	Rentals	370,136	128,411	200,988	331,592	90%
6	Consumables	922,869	520,232	686,981	858,711	93%
7	Durables	87,028	59,972	78,769	123,666	142%
10	Internal Transfers	8,621,333	3,621,994	5,689,765	6,006,062	70%
11	External Transfers	316,005	196,320	210,876	300,791	95%
Total		**22,294,475**	**10,574,607**	**15,835,369**	**18,524,135**	**83%**

Source: *Ministry of Finance*

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i.Wages and Salaries

Spending on wages and salaries amounted to E8.3 billion which is around 96% of the total Personnel annual budget as shown in **Table 2** above. This has been influenced by the implementation of the salary review across Government departments.

ii.Transfers and Subsidies

Expenditure on Internal transfers (Subsidies, Grants and Social benefit) is E7.8 billion which is around 91 % of annual Internal transfers budget.

iii.Goods and Services

Spending in goods and services amounted to E4.4 billion which is 95% of the annual budget allocated to goods and services. Travel and Durables were the only item that overspent in this financial year, at the rate of 103% and 142% respectively. The budget and economic affairs department is working on reforms to tackle the over expenditures on both items.

Table 3, below shows the performance of the Government released budget by Ministry/Department. During the reporting period, ministries with highest released budget were; Ministry of Home Affairs (120%), Ministry of Agriculture (111%), Ministry of Public Works and Transport (105%). These ministries have received a supplementary budget to finance critical expenditures. The total release in the reporting period amounted to E20.6 billion which is 92% of annual budget.

Table 3. Summary of Released budget in Q4 for 2025/26 (E' 000)

Head	**Ministry/Department**	**Recurrent Budget**	**Q2 Released**	**Q3 released**	**Q4 released**	**Q4 % Released**
2	Parliament	139,829	75,519	111,928	136,804	98%
3	Private and Cabinet Offices	85,639	45,352	72,057	84,988	99%
4	Ministry of Tourism & Environmental Affairs	106,525	53,638	98,791	102,791	96%
5	Royal Eswatini Police	1,365,331	755,197	1,005,332	1,335,332	98%
6	Deputy Prime Minister's Office	1,044,677	522,967	637,604	1,038,604	99%
7	Ministry of Foreign Affairs & International Cooperation	696,815	466,194	448,776	649,717	93%
8	National Defence and Security	1,719,100	927,538	1,448,368	1,663,368	97%
9	Ministry of Tinkhundla Administration & Development	475,266	216,204	390,696	408,696	86%
10	Ministry of Natural Resources and Energy	119,398	77,759	95,870	112,870	95%
15	Geological Surveys, Minerals and Mines	27,532	13,751	23,027	25,027	91%
20	Ministry of Agriculture	406,187	254,128	310,550	451,802	111%
23	Ministry of Economic Planning & Development	295,363	235,244	230,348	277,309	94%
24	Ministry of Housing & Urban Development	431,184	235,936	420,944	426,934	99%
26	Fire and Emergency Services	132,541	76,947	110,990	128,990	97%

29	Ministry of Commerce Industry and Trade	162,708	82,091	145,197	155,197	95%
30	Ministry of Education & Training	4,174,369	2,117,534	3,529,491	4,131,072	99%
34	Ministry of Finance	954,649	488,604	800,312	944,312	99%
35	Treasury and Stores	55,078	27,001	56,433	69,433	126%
38	Internal Audit	15,124	7,525	11,598	14,598	97%
40	Ministry of Labour and Social Security	815,160	410,948	605,520	805,707	99%
41	Ministry of Public Service	276,287	133,882	235,304	285,304	103%
43	Ministry of Information, Communication & Technology	296,707	154,799	279,830	299,830	101%
44	Elections & Boundaries Commission	34,191	22,792	25,380	32,380	95%
45	Ministry of Health	2,875,231	1,742,530	2,349,625	2,785,025	97%
46	Ministry of Justice and Constitutional Affairs	109,564	52,150	96,353	96,353	88%
47	Anti - Corruption Commission	25,785	17,293	23,980	24,980	97%
48	Judiciary	120,160	82,491	94,647	126,472	105%
49	Correctional Services	727,260	398,513	616,386	716,386	99%
50	Ministry of Home Affairs	221,969	200,516	242,361	267,361	120%
51	Eswatini National Treasury	493,019	246,509	368,819	491,129	100%
52	King's Office					50%

		4,714	2,357	3,557	2,357	
53	Ministry of Public Works and Transport	1,287,227	914,880	1,127,095	1,357,284	105%
56	Ministry of Sports Culture and Youth Affairs	87,612	43,567	75,176	85,176	97%
58	Audit	35,947	20,507	26,640	35,371	98%
60	Central transfers	2,476,324	111,605	894,350	1,005,956	41%
Total		**22,294,475**	**11,234,466**	**17,013,336**	**20,574,915**	**92%**

Source: *Ministry of Finance*

Local financed Capital expenditure

Table 4, below shows that the total annual budget for Government financed capital projects is E5.8 billion. About 81% of the annual budget has been released to date. Full releases realized were from the Ministry of Labour and Social Security, Ministry of Home affairs and Ministry of Sports, Culture and Youth Affairs. E130.4 million was released for Ministry of Health reflecting a 100% of their budget.

Table 4: Summary of Capital Expenditure financed by Government 2025/26 (E' 000)

Head	Ministry/Department	Budget	Q2 Released	Q3 Released	Q4 Released Cum	Cum Released % Q4
02	Parliament	9,300	7,326	1,970	11,912	128%
03	Private and Cabinet Offices	41,770	0	8,370	8,370	20%
04	Ministry of Tourism & Environmental Affairs	15,504	0	3,604	3,604	23%
05	Royal Eswatini Police	86,446	83,947		86,446	100%
06	Deputy Prime Minister's Office	24,900	14,900		24,900	100%
07	Ministry of Foreign Affairs & International Cooperation	41,400	-	5,155	5,155	12%

08	National Defence and Security	70,000	37,222	5,132	70,000	100%
09	Ministry of Tinkhundla Administration & Development	57,438	30,000	21,000	51,000	89%
10	Ministry of Natural Resources and Energy	1,451,741	927,081	215,979	1,458,585	100%
15	Geological Surveys, Minerals and Mines					
20	Ministry of Agriculture	1,247,484	66,618	285,484	513,476	41%
23	Ministry of Economic Planning & Development	1,837,045	858,334	113,863	1,527,844	83%
24	Ministry of Housing & Urban Development	63,000	28,254	4,056	32,310	51%
26	Fire and Emergency Services	3,200	-		-	0%
29	Ministry of Commerce Industry and Trade	161,046	-	147,826	147,826	92%
30	Ministry of Education & Training	315,091	130,900	803	247,603	79%
34	Ministry of Finance	90,201	74,549	4,500	90,201	100%
35	Treasury and Stores					
38	Internal Audit					
40	Ministry of Labour and Social Security	5,800	5,800	-	5,800	100%
41	Ministry of Public Service					
43	Ministry of Information, Communication & Technology	58,000	26,328	506	26,834	46%

44	Elections & Boundaries Commission					
45	Ministry of Health	130,452	128,652		130,452	100%
46	Ministry of Justice and Constitutional Affairs	1,471				0%
47	Anti - Corruption Commission					
48	Judiciary					
49	Correctional Services	29,945	27,945		29,945	100%
50	Ministry of Home Affairs	20,000	20,000		20,000	100%
51	Eswatini National Treasury	170,000	120,000	50,000	170,000	100%
52	King's Office				-	
53	Ministry of Public Works and Transport	1,209,893	351,546	56,996	1,095,349	91%
56	Ministry of Sports Culture and Youth Affairs	35,860	35,860		35,860	100%
58	Audit	7,000	2,139		2,139	31%
60	Central Transfers	13,700	-		13,700	100%
	Total	**7,197,687**	**2,977,401**	**925,244**	**5,809,311**	**81%**

Source*: Ministry of Finance``*

INTERNATIONAL RELATIONS

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

IMF article iv mission 24th July– 06th August 2025

During this financial year, the Ministry welcomed staff from the IMF which conducted consultations with stakeholders on Article IV across the country. The consultations were scheduled from 24 July to 06 August 2025. The main purpose of the IMF Staff visit was to learn about the country`s policy priorities and follow up on points raised in the 2024 Article IV report. The IMF Staff also discussed recent economic developments and key challenges facing the Kingdom, particularly as reflected in the outcome of the FY2024/25 budget execution, the policy agenda underpinning the FY2025/26 budget and the medium-term plan to promote a sustainable fiscal position and balance of payments.

At the end of the consultations with the stakeholders the IMF Staff shared their findings and made key policy recommendations as follows;

Fiscal Policy

- Government should continue fiscal consolidation efforts and structural reforms to achieve her goal of containing public debt to close to 40 percent of GDP and build fiscal buffers over the medium-term while ensuring adequate spending on social programs, investment, and climate resilience.
- Key consolidation measures include containing spending on the wage bill, goods and services, and transfers, as well as reducing tax gaps.
- Rationalizing the civil service and reforming the public enterprises (PEs) are essential for durable consolidation.
- Government should institute reforms to improve the efficiency and effectiveness of government spending are essential.

These efforts will help address financing constraints, particularly given the volatility in SACU revenues and a shock-prone external environment, and safeguard the currency peg.

Monetary and Financial Policy

- Carefully calibrate the alignment of the policy rate with the South African Reserve Bank (SARB) to safeguard the peg, taking advantage of the SARB's easing cycle. This will also facilitate the alignment of the policy rate with the call rate to improve the clarity, transparency, and effectiveness of monetary policy.
- Remain vigilant to rising capital outflows and close the interest rate gap proactively if reserves come under pressure.
- Refine the monetary policy instruments and develop the money market.
- Continue implementing recommendations of the 2023 Financial Sector Stability Review (FSSR) and monitor vulnerabilities in the banking system and non-bank financial institutions.

Structural Reforms

- Prioritize and improve the business environment by continuing simplification of regulatory processes, advancing e-Government solutions, and broadening access to finance.

- Address skills and infrastructure gaps through education reform and well-targeted, effectively implemented investment is also critical.
- Additionally, reforming PEs and eliminating government arrears is vital to levelling the playing field and reducing business uncertainty

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Programme Based Planning and Budgeting Mission IMF-AFRITAC South 17th -39th September

During this financial year, the Ministry also received a mission from IMF Afritac South, from the 17th -30th September 2025. The objective of the mission was to strengthen medium term expenditure framework and transition to performance and program-based budgeting (PPBB). The mission reviewed the current progress in the implementation of the Medium Term Expenditure Framework (MTEF) and PPBB reforms, recommended practical steps to guide the rollout of the Budget Module in the newly developed Integrated Financial Management Information System (IFMIS), and provided support for the development of the PPBB implementation road map.

The mission further conducted trainings which comprised of international good practices and challenges of MTEF and PPBB reforms. Lastly, the mission assessed the readiness of Eswatini for the reforms and discussed the way forward. The mission made the following recommendations:

- The Fiscal Framework Paper (FFP) should clearly disclose fiscal objectives and explain the previous year's compliance with the medium-term fiscal objectives.
- The Ministry of Finance (MoF) should ensure that the ceiling does not include unidentified financing.
- Update the terms of reference for the macro-fiscal working group and ensure they are approved by the Principal Secretaries for MoF and MEPD as well as the Central Bank Governor.
- The budget department should draft the Terms of Reference for the PBC for approval by MoF, PBC and Cabinet
- The budget department should develop a methodology for baseline costing and build the capacity of planning officers and accountants in the Ministries, Department and Agencies (MDAs) to calculate baselines.
- The budget department should review the budget calendar to include an initial Planning and Budget Call Circular (BCC1) to guide MDAs to calculate their baselines.
- The budget department should strengthen the budget challenge function by building the capacity of the sectoral officers in the MoF to review and reconcile the budget proposals from MDAs and propose

measures for their prioritization and trade-offs.

- The MoF should undertake a review of the institutional structure for strategic budgeting with a view to consolidating the preparation of recurrent and capital budgets under MoF.
- The MoF should distinguish and separate the top-down and the bottom-up budgeting roles to mitigate the apparent conflict in the two functions being undertaken by the same team.
- The MoF should undertake a PEFA to inform the ongoing and planned PFM reforms.
- A sequenced implementation approach to implementation of the PPBB manual should be undertaken starting with presentation of the budget by programs and subprograms as an annex to the budget estimates book which remains unchanged.
- The Budget Department should lead on the reform elements referring to the budget, and the planning department while Policy and Programme Coordinating Unit (PPCU) should lead the reform concerning performance information.
- An independent review process of the budget structure including budget and planning department should be undertaken before approving the program structure.

In this financial year the Ministry was invited to participate in the 2025 IMF/WBG Annual Meetings which was held in Washington D.C, USA. The annual meetings were scheduled from 13 – 18 October 2025. The key theme of the discussions centred on the new normal of global uncertainty, focusing on job creation, debt sustainability, climate action and digitalization. The core sessions and major components included the meetings of the Board of Governors, the International Monetary Financial Committee (IMFC) and the Development Committee (DC).

The discussions at the 2025 IMF/World Bank Annual Meetings focused on navigating an era of **"uncertainty as the new normal,"** characterized by fragile global growth, record-high public debt, and escalating geopolitical tensions.

Global Economy and Growth

- **Fragile Stability:** The IMF projected global growth at **3.2%** for 2025, noting that while the economy has shown resilience, it remains below long-term averages due to persistent inflation and high interest rates.
- **Geopolitical Risks:** Significant attention was given to trade tensions, particularly between the **United States and China** regarding rare earth exports, which leaders warned could materially disrupt global supply chains.

Debt and Development Finance

- **Debt Crisis Alarms:** With global public debt exceeding **100% of GDP**, discussions focused on the urgent need for faster debt restructuring under the **G20 Common Framework**.

- **Transparency Mandate:** World Bank President Ajay Banga called for a "new culture of transparency" and more efficient disbursement of finance to prevent debt from "suffocating" developing economies.
- **Shift in Strategy:** The World Bank moved toward a **"holistic ecosystem approach"** for job creation, launching initiatives like **AgriConnect** to transform small-scale farming into a driver of food security and employment.

Climate and Technology

- **Climate Integration:** Leaders agreed that **climate finance and economic stability** are now inseparable, emphasizing blended finance tools to attract private investment into green structural transformations.
- **AI Governance:** The IMF identified **unregulated Artificial Intelligence** as a systemic risk, warning that most nations lack the regulatory foundations to manage its impact on labor markets and financial stability.

ii. African Development Bank

Mkhondvo Ngwavuma Water Augmentation Program Phase 1 Projects (Mnwap-1 A&B) Supervision Mission (14 - 23 April 2025)

An African Development Bank (AfDB) mission undertook a visit to Eswatini from the 14^{th} to 23^{rd} April 2025 to supervise the Mkhondvo Ngwavuma Water Augmentation Programme Phase 1 (MNWAP-1 A&B). The objectives of the mission were to (i) In MNWAP-1A: follow up on the works in the Mpakeni Dam and access road; and (ii) In MNWAP – 1B: Follow up on the procurement of the Main Conveyance System and the conditions precedent to first disbursement for Works.

Overall, the Mission is satisfied with the implementation of the MNWAP-1A Project after the improvement in the Contractor performance and compliance with E&S Safeguards requirements and other contract management issues. The overall E&S performance of MNWAP-1A is currently rated as satisfactory. EWADE however, is required to address the few remaining non-compliances by the agreed deadlines to bring the project to full compliance. Current rate of disbursement is 13.89%.

Key Recommendations

MNWAP-I

EWADE should work to address the remaining non-compliances under MNWAP-1A by the agreed deadlines and make sure that the Project is in full compliance by 30th June 2025. All required documentation and evidence must be submitted to the Bank for review and clearance.

EWADE should ensure that there is adequate allocation for MNWAP-1A PAPs compensation and relocation as required in the financing agreement to ensure compliance. For the MNWAP-1B, following the interest to use part of the project resources to cover the cost for resettlement, Government was advised to submit a request of revision of logs to the Bank once the project is declared effective.

Fertilizers Support

To ensure a more inclusive agricultural sector, the government should consider the establishment of a policy and regulatory board to oversee the entire fertilizer supply chain, from imports to blending and distribution. Such a board would help organize the private sector, regulate fertilizer quality and prices, and create a more conducive environment for investment while ensuring fair access to fertilizers for all types of farmers, including smallholders.

It is highly recommended that Eswatini considers benefiting from African Fertilizer Financing Mechanism's Trade Credit Guarantee Instrument to de-risk the value chain, encouraging private sector investment and involvement in both fertilizer production and distribution.

Mkhondo Ngwavuma Water Augmentation program phase I part b (MNWAP-1b) supplementary loan project: 26 August - 5 September 2025

African Development Bank mission visited the Kingdom of Eswatini during the period 26 August to 5 September 2025 to prepare the Mkhondvo Ngwavuma Water Augmentation Program Phase I Part b (MNWAP-1b) Supplementary Loan Project.

The Bank Approved Component 1a in 2021 and Component 1b in 2022 and was requested to provide supplementary financing for Component 1b, specifically to finance the secondary distribution system to Mconcwane and St. Philips areas. The secondary distribution system for the Maloma 1 and 2 areas are financed by the OPEC Fund. The mission's objective was to prepare the supplementary loan for Component 1b.

The mission reviewed the technical content of the project especially in respect to project location, processing schedule, environmental and social safeguards (E&S), climate change and fragility. The mission carried out physical inspection of the downstream development area including the proposed site for the selected crops for the value chain and assessed the readiness for implementation.

The mission was satisfied with the data collected to support preparation of the project concept note for the supplementary funding and an action plan has been agreed upon for implementation of E&S activities to ensure smooth processing of the operation. The project is planned for the board presentation within Quarter one of 2026. In this regard, an appraisal mission will be deployed in November 2025.

An African Development Bank (AfDB) team again undertook a mission to Eswatini from 03 to 13 November 2025 to supervise the Mkhondvo Ngwavuma Water Augmentation Program Phase 1 (MNWAP-1 A&B).
The objectives of the mission were to: (i) Follow up on the works in the Mpakeni Dam and access road under the MNWAP 1A; and (ii) Follow up on the procurement of the Main Conveyance System (MCS) and the conditions precedent to first disbursement for Works under the MNWAP1B.

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 E&S performance of MNWAP-1A is currently rated as partially unsatisfactory, a drop from the previous mission rating, which was satisfactory. Therefore, EWADE is required to address the identified E&S non-compliances by the agreed deadlines to bring the project to full compliance.

On the other hand, the MNWAP-1B performance remains unsatisfactory, and the project is eligible for cancellation. Urgent action is therefore required to remove the project from the red flag list and unlock other funding opportunities for the program.

Manzini Region Water Supply and Sanitation Project Supervision Mission:28th April -02nd May 2025
The African Development Bank (AfDB) fielded a supervision Mission to Eswatini over the period 28th April to 02nd May 2025 to discuss and support the implementation progress of the Manzini Region Water Supply and Sanitation Project.

There was a noticeable delay implementation of the two works contracts, which is indicated with the % slippage on both Contracts. The assurance however was that there are proposed strategies which are being set to recover the lost time in the last eight months of the Contracts. These involves the revision of work programme, which the contractor has committed to submit in two weeks for the employer's perusal and approve. The interventions of more staff to work in different locations of the pipelines should and close monitoring of delivery of equipment will be able to assist in delivery of the two projects in time.

The Bank further advises that there is need of reviewing the efficiency on way of working with the Consultant and solutions must be reached on way forward. The Bank also notes that there are many contractual issues raised by both Contractor and consultant which can be resolved with the use of the BAAB who is employed for both Contracts. It is with this hindsight, that the Mission in totality, finds the implementation progress in all contracts satisfactory and this is backed by the efforts which will be deployed to catch up with time.

The African Development Bank (AfDB) again fielded a supervision Mission to Eswatini over the period 17th to 21st November 2025 to discuss and support the implementation progress of the Manzini Region Water Supply and Sanitation Project.The bank noted that there continues to be a significant delay in the implementation of both works contracts (Lot 1 and Lot 2), as reflected in the percentage slippage recorded on each. The proposed recovery strategies—such as revising the work programme, deploying additional supervision staff across different sections of the pipelines, and closely monitoring equipment deliveries had not been utilised. These delays were further compounded by slow decision-making on the part of the Consultant. As a result, the completion date for the works had to be pushed to April 2026.

Overall, for the remaining Design and Supervision contract and the two Works contracts, progress had been consistent. However, these contracts should have been completed by this reporting period, as their implementation had extended beyond the contractual timelines. As a result, the contract management performance was deemed partially satisfactory, owing to non-adherence to the agreed schedules and limited efforts to recover time lost during the early stages of implementation. EWSC was therefore encouraged to accelerate its decision-making processes and at the same time enhance its effectiveness of contract implementation through stronger enforcement of the relevant contractual provisions.

Launching of Eswatini Road Infrastructure Improvement Programme Phase I & Supervision of Manzini - Mbadlane (Lot 1) & Manzini Golf Course Interchange: from the 04th to 10th May 2025.

An African Development Bank (AfDB) Mission visited Eswatini from 04th May, 2025 to carry out the project launching of the Eswatini Road Infrastructure Improvement Programme Phase I and a supervision mission of the Manzini-Mbadlane Project and Manzini Golf Interchange Project.0

Key Recommendations

The mission made the following key recommendations**.**

ERIIP Phase I

- Finalize the signing of the loan agreement.
- Fulfilment of all conditions precedent as outlined in the project documentation.

✔ *1st Disbursement*: Expedite the recruitment and appointment of key technical staff for the Project Implementation Unit (PIU), including the Procurement Specialist, Financial Management Expert, Environmental Safeguards Specialist, Social Safeguards Specialist and Monitoring and Evaluation Specialist.

✔ Prior to works commencement:

▪ Submission of Evidence of opening Special Accounts (foreign and Local) for PAPs compensation

▪ Submission of works and compensation schedule

▪ Submission of valuation report

- Ensure that a retroactive clause is included in the financing agreement to allow for reimbursement of any costs incurred by the Government, such as compensation payments or civil works, that are aligned with the project and financed under the loan.

Manzini Mbadlane Road Project

- Prioritize the immediate resolution of the pavement issues identified during the supervision mission to ensure the project meets the required technical specifications and quality standards.
- The Government to secure budget for the separation / severance packages as part of the road sector reform.
- Submission of the Road Works Project Completion Report (PCR) prior to project closing.
- The Bank to send communication on the project's closing procedures to ensure that all financial accounts are reconciled, pending disbursements are addressed to allow cancellation of any contract balances for activities under the project, and any unused or unjustified funds are refunded to the Bank to ensure compliance with the Bank's closure requirements.

Manzini Golf Interchange Project

- Submission of the Road Works Project Completion Report (PCR) prior to project closing.
- The Bank to send communication on the project's closing procedures to ensure that all financial accounts are reconciled, pending disbursements are addressed to allow cancellation of any contract balances

for activities under the project, and any unused or unjustified funds are refunded to the Bank to ensure compliance with the Bank's closure requirements.

Eswatini stand-alone country portfolio performance review workshop, 16 – 17 July 2025

In accordance with the new Bank guidelines on undertaking Country Portfolio Performance Review (CPPR) issued in March 2023, an African Development Bank mission led by the Regional Programme Officer (RPO) and carried out a standalone CPPR workshop in Mbabane, Eswatini from 16 to 17 July 2025.

The CPPR workshop was attended by Task Managers, the fiduciary team and cross cutting disciplines (Gender, Environmental & Social Safeguards, Climate Change & Green Growth, Fragility & Resilience, and Monitoring & Evaluation).

The overall objective of the 2025 CPPR exercise is to identify portfolio implementation challenges and propose remedies at the strategic and operational levels, thereby improving overall portfolio performance and informing design of future operations. Specifically, the CPPR includes an assessment of national capacity in project execution and management, the quality of Bank's supervision, as well as issues relating to quality at entry and exit of projects.

The 2025 CPPR mission in Eswatini successfully met all its objectives. The mission provided a comprehensive assessment of the African Development Bank's active portfolio in the country. It facilitated constructive dialogue between the Bank, the Government of Eswatini, Project Implementation Units (PIUs), Executing Agencies, and development partners. The mission enabled a candid review of portfolio performance, fiduciary compliance, environmental and social safeguards, monitoring and evaluation, and climate change integration.

The mission confirmed that while the portfolio remains strategically aligned with the 2025–2030 Country Strategy Paper (CSP), implementation challenges persist. These include delays in procurement and disbursement, staffing gaps, and weaknesses in financial and contract management. Nonetheless, notable improvements were observed in financial reporting and environmental and social safeguards, with Eswatini's portfolio rated as the best performing in the region.

Launching of support to public financial management reforms and supervision mission for support for state owned enterprises reform (soer) project 09 – 10 September 2025

The African Development Bank (AfDB) undertook a mission from 09-10 September 2025. The main objectives of the mission were, amongst others, to: (a) to officially launch the Support to Public Financial Management Reforms project, and (b) to assess the Government of Kingdom of Eswatini's (GoKE) request to extend the ongoing SOER project to November 2026 and agree on remedial actions to accelerate implementation of the key priorities and deliverables that have yet to be met.

The mission entailed the Launch of Public Financial Management Reforms project. It also detailed the responsibilities of the Project Implementing Unit (PIU) in managing activities, deliverables, implementation arrangements, and reporting, alongside the requirement for quarterly progress reports based on the annual work plan.

Support to State Owned Enterprises Reform Project:
The discussions focused on evaluating the updated work plan against the deliverables agreed to in the Grant Agreement. The Amended Public Enterprises Act is to be approved at the MOF level by the end of September 2025 to be able to be tabled in Parliament before its recess in December 2025.

It was agreed that the PIU would discuss with ESEPARC on delivering a draft framework of the Performance Management System for the different categories of SOEs presented in the Draft Sustainable Public Enterprise Development Policy. The updated work plan will include the deliverables agreed in the Grant Agreement and how it would contribute to increasing the disbursement rate. These updates will allow the Bank to evaluate the feasibility of the extension of the grant to November 2026 to ensure that the project is not flagged to a disbursement rate of lower than 60% with less than 12 months left. Currently, the disbursement rate is at 47.82%.

Support to Public Financial Management Reforms Project:
Following the official launch, the mission held in-depth discussions with the two beneficiaries of the project: Public Financial Management Reforms (PFMRs) Unit and Office of the Accountant General. These discussions were held to seek clarification on detailed project expenditures for Component 1 and Component 3; request for an annual work plan to be submitted to the Bank for no objection; finalize the procurement plan; publication of Expression of Interest for activities to ensure sound project management.

The PFMRs Unit submitted to the Bank Terms of Reference for the IFMIS Quality Assurance, PEFA Firm Consultancy, and PFM Advisor. The PFMRs Unit is to update the Terms of Reference to an individual consultant.

2. PUBLIC DEBT MANAGEMENT

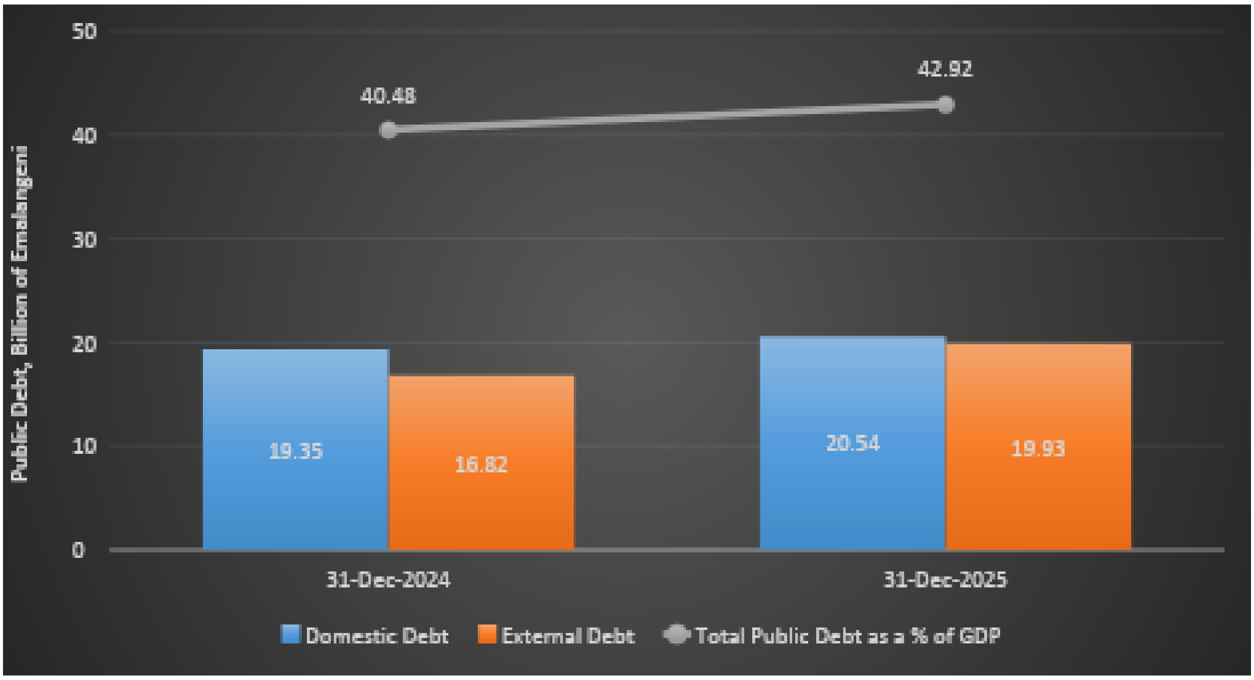
OBJECTIVES

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

PUBLIC DEBT STOCK AS AT END OF DECEMBER 2025

Preliminary debt figures show that, as at 31st of December 2025, total public debt stood at E40.47 billion which is an equivalent of 42.92 percent of GDP. This is composed of domestic debt amounting to E20.54 billion which is equivalent to 21.78 percent of GDP and external debt amounting to E19.93 billion which is equivalent to 21.14 percent of GDP. Compared to the previous year ended 31st December 2024 where total public debt stood at E36.16 billion which is an equivalent of 40.48 percent of GDP and this reflects a huge increase of about E4.31 billion which is an equivalent of 4.57 percent of GDP. This is illustrated below:

Figure 1: Trend of public debt stock in billions of Emalangeni and as a % of GDP



Source: *Ministry of Finance and Central Bank.*

Table 5: Public Debt Stock in Billions of Emalangeni

Items	**2024**	**2025**
Domestic Debt	-	-
CBE Advance	2 123,38	2 323,38
Treasury Bills	3 465,25	3 783,23
Government Bonds	12 008,89	12 926,82
Domestic Loans	1 747,91	1 504,38
Total:	*19 345,43*	*20 537,81*
External Debt		
Total:	16 816,64	19 933,20
Total Public Debt	***36 162,07***	***40 471,01***
GDP Estimate	89 331,59	94 304,46
Total Debt as a %		
of GDP Estimate	**40,48%**	**42,92%**

Source: *Ministry of Finance and Central Bank.*

Figure 1 shows that both domestic and external debt contributed towards the increase in public debt over the year. External debt increased from E16.82 billion recorded in 31st December 2024 to E19.93 billion at 31st December 2025. This can be attributable mostly to the increase in external loans drawdowns for capital project that currently being undertaken.

Total public external debt disbursements for the period ending 31st December 2025, amounted to E6.22 billion which largely contributed to the increase of the total external debt stock. This shows a huge increase when comparing with the previous period 31st December 2024 which stood at E2.70 billion. The drawdowns for the period under review were associated with the following project loans:

Table 6: Total Disbursements in Millions of Emalangeni

LOAN NAME	Dec-24	Dec-25
AfDB Development of Manzini Golf Course Interchange	38,61	23,88
AfDB Enhancing Economic Resilience and Competitiveness Program EER	-	815,29
AfDB Lower Usuthu Smallholder Irrigation Project II	49,94	27,54
AfDB Manzini Region Water Supply and Sanitation Project	234,42	257,74
AfDB Manzini-Mbadlane Highway	31,46	18,43
AfDB Mkhondvo Ngwavuma Water Augmentation Project (Phase I)	207,07	388,79
AfDB Mkhondvo-Ngwavuma Water Augmentation Program Phase 1B ((M	-	5,21
AfDB Road Infrastructure Improvement Programme Phase I	-	11,54
BADEA Lower Usuthu Smallholder Irrigation Project II	23,32	-
ESW01 3-Year Bond Coupon Rate 11.875 Maturity Date 08/05/2027	400,00	-
ESW03 5-Year Bond Coupon Rate 12.175 Maturity Date 01/08/2030	-	786,00
EXIM China - ICC Supplementary	840,96	-
EXIM China - Construction of the Strategic Oil Reserve Facility Phuzamoy	-	1 556,30
EXIM China - Five Star Hotel	-	133,02
EXIM India Construction of a Disaster Recovery Site	1,35	-
EXIM India Construction of Parliament Building	8,73	-
IBRD - Strengthening Early Childhood Development and Basic Education	65,44	85,63
IBRD Fiscal Management and Competitiveness Development Policy Loan	-	1 773,56
IBRD Health System Strentgthening	104,29	21,95
IBRD Network Reinforcement & Access Project	249,67	73,82
IBRD Water Supply and Sanitation Access	369,85	124,84
IFAD Financial Inclusion and Cluster Development (FINCLUDE)	20,64	27,00
IFAD Smallholder Agricultural Productivity Enhancement and Marketing	-	12,01
IFAD Smallholder Agricultural Productivity Enhancement and Marketing	-	13,54
IFAD Smallholder Market - Led Project	-	(22,12)
KUWAIT Lower Usuthu Smallholder Irrigation Project II	54,06	51,24
OFID Mkhondvo Ngwavuma Water Augmentation Project (MNWAP 1B)	-	34,02
TOTAL	**2 699,81**	**6 219,23**

Source: *Ministry of Finance.*

Domestic debt also increased from E19.35 billion in the year ended 31st December, 2024 to reach E20.54 billion recorded in the current year ended 31st December, 2025. The increase can be attributed to the increasing stock of outstanding Treasury Bills and Bonds as well as the CBE Advance during the year under review. Bonds increased from E12.01 billion to E12.93 billion during the year; Treasury Bills increased from E3.47 billion to E3.78 billion whilst the CBE Advance slightly increased from E2.12 billion to E2.32 billion in the year under review. The overall increase in the stock of Bonds and Treasury Bills can be largely attributed to the Auction Committee having to exercise the 'Green Shoe' option (An over-allotment option - meaning that in the event of oversubscription of an auction, the Auction Committee reserves the right to allocate an additional amount of 100 percent of the amount on offer for each auction) and the private placements for budget support under the Bond Programme.

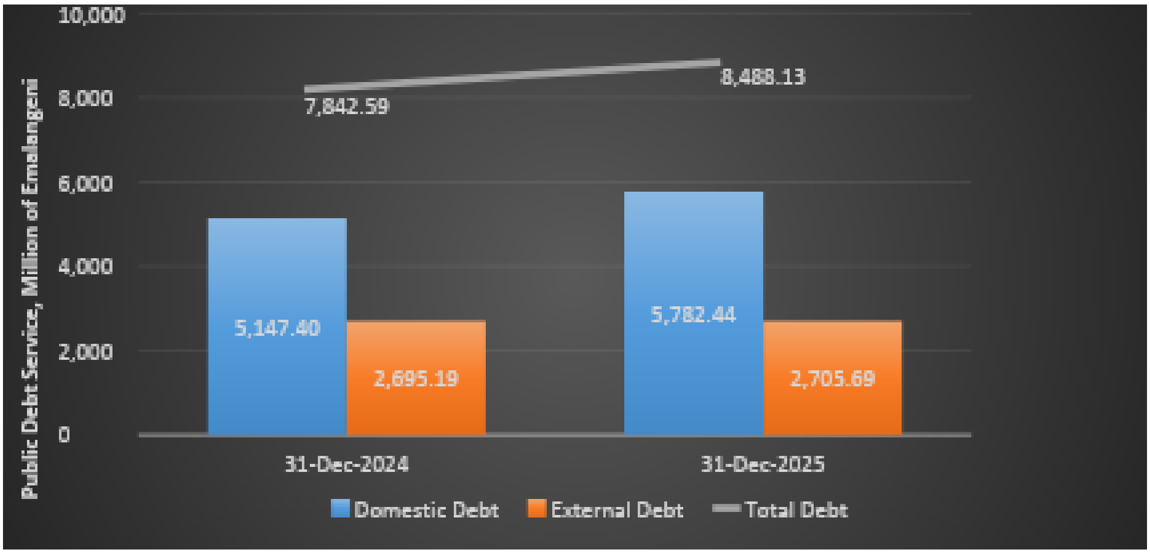
Domestic loans on the other hand, slightly decreased from E1.75 billion as at 31st December 2024 to E1.50

billion in the year ended 31st December 2025; and this was due to that all loans have fully disbursed and now they are only being repaid.

PUBLIC DEBT SERVICE AS AT END OF DECEMBER 2025

Public debt service (both principal and interest payments) for the year ended 31st December, 2025 amounted to E8.49 billion and when comparing it with the previous year which ended 31st December 2024 where total debt service stood at E7.84 billion, this shows a slight increase of E645.54 million. This is a result of the new external loans which have started repaying following the elapse of their grace period as well as a number of Bonds that were maturing over the period under review and the increase in the CBE Advance interest payments. This is illustrated in Figure 2 below:

Figure 2: Trend of public debt service in Millions of Emalangeni



Source: *Ministry of Finance and Central Bank*

Table 7: Public Debt Service in Millions of Emalangeni

Item	31-Dec-24	31-Dec-25
Domestic Debt Service		
CBE Advance Principal	-	
CBE Advance Interest	86,04	121,13
Bond Principal	3 321,52	3 776,47
Bond Interest	1 205,89	1 341,09
Treasury Bill Interest	305,24	318,97
Promissory Notes Principal	-	-
Promissory Notes Interest	-	-
Domestic Loans Principal	150,59	151,17
Domestic Loans Interest	78,12	73,61
Total Domestic Debt Service	**5 147,40**	**5 782,44**
External Debt Service		

Principal Payment	1 743,66	1 752,87
Interest Payment	951,53	952,82
Total External Debt Service	**2 695,19**	**2 705,69**
Total Public Debt Service	**7 842,59**	**8 488,13**

Source: *Ministry of Finance and Central Bank.*

Under domestic debt service, Bond principal payments increased from E3.32 billion as at 31st December 2024 to E3.78 billion as at end 31st December 2025 whilst interest payments increased from E1.21 billion to E1.34 billion. Treasury bills interest payment slightly increased from E305.24 million as at 31st December 2024 to E318.97 million in the period under review. There were no outstanding principal payments on Promissory Notes as they are now fully paid and there were no new issuances in the period under review. Domestic loans principal payments also increased slightly from E150.59 million as at 31st December 2024 to E151.17 million as at end 31st December 2025 whilst interest payments slightly decreased from E78.12 million to E73.61 million.

On external debt service, principal payments slightly increased from E1.74 million for the period ended 31st December, 2024 to E1.75 billion in the current year 31st December 2025. Interest payments also increased from E951.53 million as at 31st December, 2024 to E952.82 million in the current year 31st December, 2025.

OTHER DEVELOPMENTS

Following the successful listing of the ZAR4 Billion Bond Programme under the Johannesburg Stock Exchange (JSE) a second auction was held on the 22nd August 2025 and an amount of ZAR786 million was raised during the period under review. The country's second issuance under this programme represents a key milestone for the Government and it has showed that Eswatini is getting more recognition by the international investment community. This programme is an effort by the Ministry in collaboration with the Central Bank of Eswatini (CBE) to diversify Government's sources of funding, contribute to regional economic integration initiatives, as part of the Common Monetary Area (CMA), while raising the necessary capital required to meet the country's developmental needs.

The Ministry through the Public Debt Management negotiated and presented to Cabinet and Parliament for approval the following loan bills:

- The International Bank for Reconstruction and Development (Accelerating Sustainable and Clean energy Access Transformation(ASCENT)) Bill, Bill No. 10 of 2025 amounting to EUR48, 300, 000.00 (Forty Eight Million Three Hundred Thousand Euros);
- The International Development Association (Accelerating Sustainable and Clean Energy Access

Transformation in Eswatini Project) Financing Bill, 2025 (Bill No.9 0f 2025) amounting to EUR37, 000, 000.00 (Thirty Seven Million Euros);

- The Export-Import Bank of the Republic of China (Taiwan) for The Construction of the Strategic Oil Reserve Facility Project Loan Bill, 2025 (Bill No. 11 of 2025) amounting to USD300, 000, 000.00 (Three Hundred Million United States Dollars);
- The International Bank for Reconstruction and Development (the Fiscal Management and Competitive Development Policy) Loan Bill, 2025 (Bill No. 10 of 2025) amounting to USD100, 000, 000.00 (One Hundred Million United States Dollars); and
- The African Development Bank (Eswatini Road Infrastructure Improvement Road Programme) Bill, Bill No. 7 of 2025 amounting to USD140, 600, 000 (One Hundred and Forty Million Six Hundred Thousand United States Dollars).

The Debt Management Department also hosted a workshop for the drafting of the Medium Term Debt Strategy (MTDS) and an Annual Borrowing Plan (ABP) for Government. This was a team effort with stakeholders from the Central Bank of Eswatini, Eswatini Revenue Services, Ministry of Economic Planning & Development, Treasury Department, Budget & Economic Affairs Department and Fiscal & Monetary Affairs Department. The MTDS which is anchored on the medium-term budget framework, articulates Government's medium-term policy for debt and its strategy to help achieve debt management objectives approved by the legislature under the PFM Act, 2017. The ABP clearly specifies Government's financing needs and sources and is consistent with the MTDS and the budget strategy. It is also geared to fulfill Government's debt management objectives by ensuring the financing needs are met on a timely basis and to borrow at the lowest possible cost and consistent with prudent degree of risk whilst improving debt transparrency, strengthening investor confidence, promoting and development of the domestic capital market.

3. 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.

COMPLETED LEGISLATIVE REVIEWS

In a quest to widen the domestic tax base and thus minimise reliance on shared SACU receipts, in the current FY 2025/26, the Ministry completed promulgation of the following legislation:

- **Finance (Amendment) Act, 2025.** The fiscal year 2025/26 commenced with the Finance (amendment) Bill, 2025 in Parliament, which has received Royal Assent and has become a law. It is now being implemented as the **Finance (Amendment) Act, 2025.**
- **Alcohol and Tobacco Levy (Amendment) Act, 2025.** The fiscal year 2025/26 commenced with the Alcohol and Tobacco Levy (Amendment) Bill, 2025 in Parliament, which has received Royal Assent and has become a law. It is now being implemented as the **Alcohol and Tobacco Levy (Amendment) Act, 2025.**

TAX POLICY

Tax collection is a high priority. While SACU remains the main source of revenue for Swaziland, this revenue source is the most volatile. This remains a major concern. Coupled with the high volatility is the uncertainty going forward, as the SACU revenue formula is in the process of being reviewed. Work within the trade negotiations arena has been continuing meaning that trade related taxes will decrease going forward leading to a lower share of our SACU receipts. It is thus important that we strengthen on the collection of revenue internally, and also that on the expenditure side, measures are taken to employ some cost cutting measures.

1. DIRECT TAX POLICY DIVISION (DTPD)

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

i. Revenue Collection

Tax collection is a high priority. While SACU remains the main source of revenue for Swaziland, this revenue source is the most volatile. This remains a major concern. Coupled with the high volatility is the uncertainty going forward, as the SACU revenue formula is in the process of being reviewed. Work within the trade negotiations arena has been continuing meaning that trade related taxes will decrease going forward leading to a lower share of our SACU receipts. It is thus important that we strengthen on the collection of revenue internally, and also that on the expenditure side, measures are taken to employ some cost cutting measures.

Table 8: Year-to-Year Comparison of Quarterly Revenue Collections per Tax Type (E'000) - Annual Indicative Revenue Performance Report for Financial Year 2025/26

	2024-25		2025-26			
	TARGET	2024-25	TARGET	2025-26	ANNUAL VARIANCE	COLLECTION VS TARGET
	000	000	000	000		
INCOME TAXES	**7 939 943**	**7 288 105**	**9 046 352**	**8 913 923**	22%	99%
Company Tax	1 876 185	1 729 343	2 336 259	2 386 410	38%	102%
Individuals	5 249 663	4 837 370	5 800 363	5 568 101	15%	96%
Other Income Tax	814 095	721 392	909 730	959 412	33%	105%
Graded Tax	-	-				
TAXES ON PROPERTY	**43 670**	**43 408**	**47 830**	**40 807**	-6%	85%
Transfer Duties	43 670	43 408	47 830	40 807	-6%	85%
				-		
TAXES ON GOODS AND SERVICES	**19 958 820**	**19 583 549**	**17 904 643**	**16 893 239**	-14%	94%
Sales Tax	-	692		3 004		
Value Added Tax	5 038 328	4 862 035	5 852 037	4 913 819	1%	84%
Customs Union Receipts	13 079 613	13 065 102	10 402 128	10 408 784	-20%	100%
Lotteries and Gaming	3 852	11 723	13 081	13 802	18%	106%
Road Toll	90 744	95 483		-		
Licenses and Other Taxes	262 171	183 056	127 836	117 153	-36%	92%
Fuel Tax	1 411 456	1 300 666	1 424 864	1 360 681	5%	95%
Motor Vehicle Levy	7 365	12 114	14 888	11 089	-8%	74%
Alcohol and Tobacco Levy	65 292	52 678	69 809	64 906	23%	93%
NON TAX REVENUE	**722 439**	**1 006 590**	**1 085 206**	**1 018 843**	1%	94%
Property Income	452 594	641 145	672 971	684 670	7%	102%
Fees and Fines	193 214	287 600	325 900	258 373	-10%	79%
Education Loan Repayment	76 631	77 845	86 334	75 799	-3%	88%
				-		
TOTAL REVENUE	**28 664 873**	**27 921 651**	**28 084 030**	**26 866 812**	-4%	96%

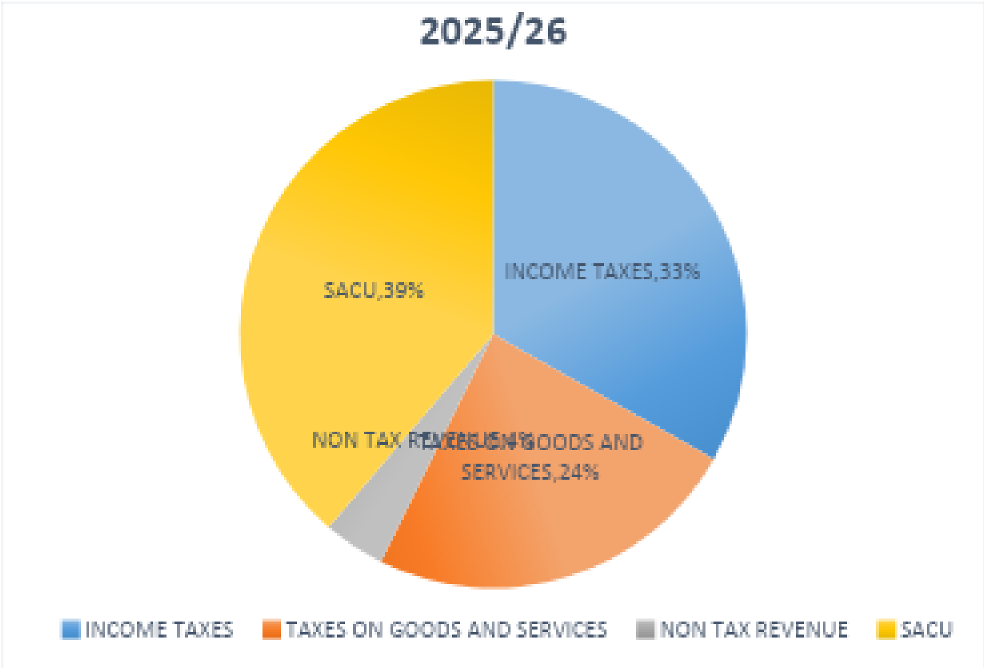
Source: Eswatini Revenue Revice and Eswatini Government

ii. Total Revenue Performance

Total revenue collected in the 2025/26 financial year amounted to E26.866 billion, representing a 4% decline compared to revenue collected in 2024/25. This performance was mainly driven by a 20% decrease in SACU receipts. Overall, revenue collection achieved 96% of the annual target. The shortfall is largely attributable to the unanticipated clearance of a backlog of VAT refunds, which were paid in October and December.

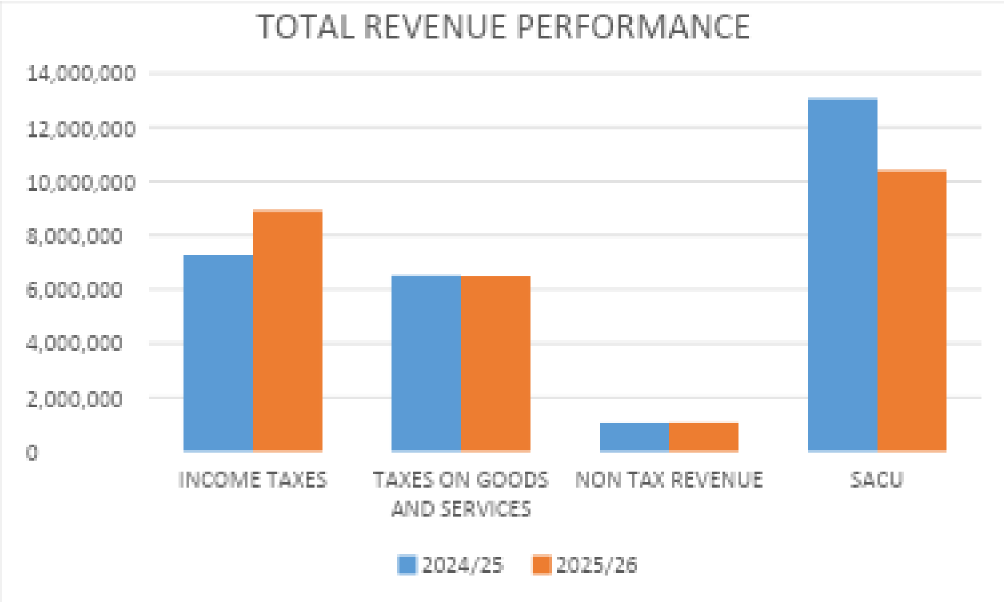
During the year under review, the composition of total revenue was as follows: SACU receipts accounted for 39%, income taxes 33%, taxes on goods and services 24%, and non-tax revenue (including transfer duties) 4%. Among the major tax categories, only income taxes recorded a notable increase during the period. The overall revenue performance is illustrated in the graphs below.

Figure:3 Overall Revenue Performance



Source: *Ministry of Finance*

Figure: 4 Total Revenue Performance



Source: *Ministry of Finance*

iii. Income Taxes

Income tax revenue for the 2025/26 financial year amounted to E8.914 billion against an annual target of E9.046 billion, achieving 99% of the target. This represents a 22% increase compared to collections of E7.288 billion recorded in the 2024/25 financial year, indicating a strong year-on-year performance despite the marginal shortfall against the target. Company taxes and other income taxes exceeded the annual target whilst personal income tax fell slightly below target.

iv. Company Tax

Company tax revenue totalled E2.386 billion in 2025/26, exceeding the annual target of E2.336 billion by 2%, and reflecting a significant 38% increase compared to the E1.729 billion collected in 2024/25. This performance indicates improved corporate profitability and enhanced compliance and enforcement measures during the year.

v. Personal Income Tax

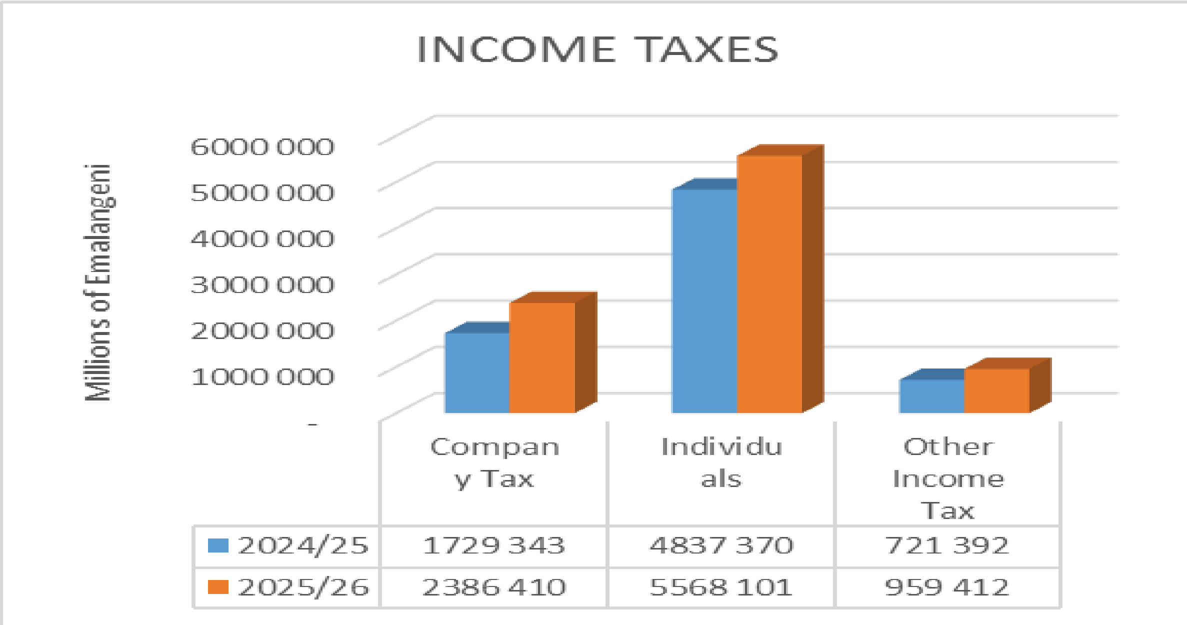
Revenue from individuals amounted to E5.568 billion against a target of E5.800 billion, achieving 96% of the target. This can mainly be attributed to the partial implementation of the Government salary review. However, despite the slight underperformance, collections increased by 15% from E4.837 billion in the previous financial year due to the implementation of the Government Salary review in October 2025 and review of salary for the country's security forces termed "phase 2".

vi. Other Income Tax

Other income taxes performed strongly, with collections of E959.4 million against a target of E909.7

million, achieving 105% of the target. This represents a 33% increase over the E721.4 million collected in 2024/25. This is mainly attributed to increase in withholding taxes and the Government's efforts to pay suppliers.

Figure: 5 Income Taxes

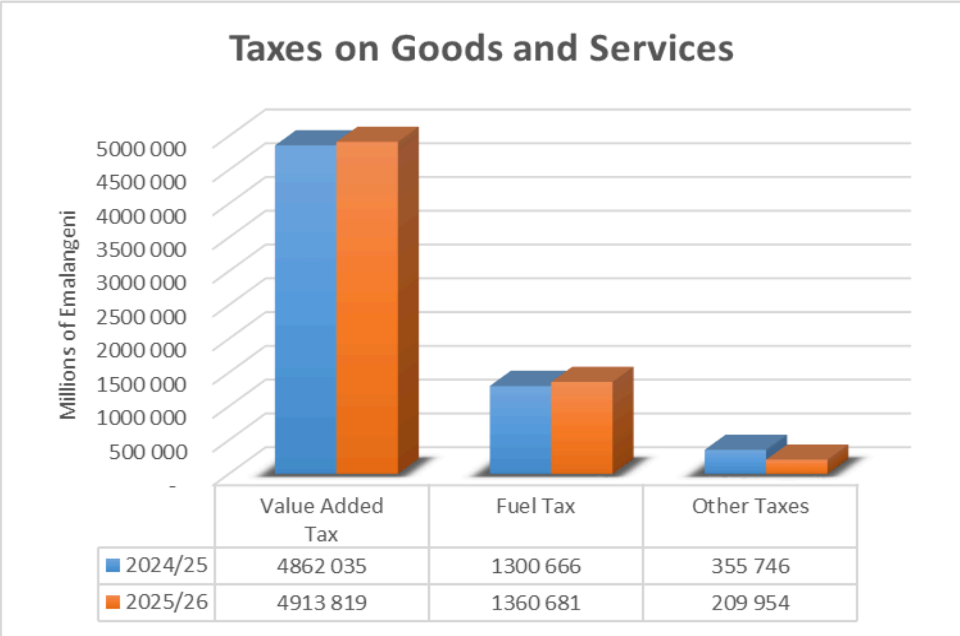


Source: *Ministry of Finance*

vii. Taxes on Goods and Services

Total collections from taxes on goods and services decreased from E6.518 billion in 2024/25 to E6.484 billion in 2025/26. While Value Added Tax and fuel tax both recorded increases, the overall growth was constrained by the transfer of some revenue items to the Roads Authority implemented in the beginning of 2025. The overall performance is shown below:

Figure: 6 Taxes and Services



Source: *Ministry of Finance*

viii. Value Added Tax (VAT)

Value Added Tax collected in the year amounted to E4.914 reflecting a 1% increase from E4.862 billion in 2024/25. The total collection of VAT is equivalent to 84% collection of the annual target. The overall underperformance is due to unprecedented clearing of VAT refunds backlog done in October and December 2025.

ix. Fuel Tax

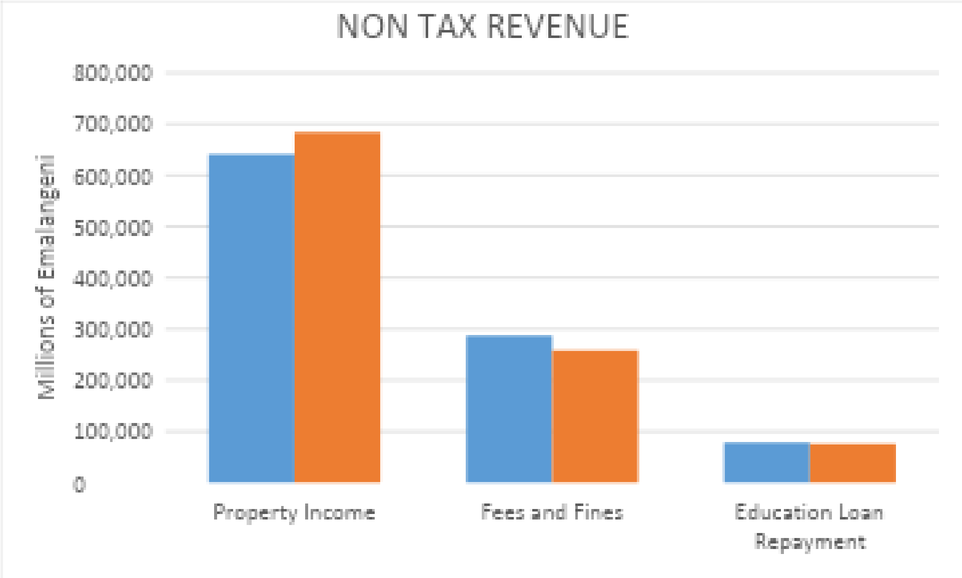
Fuel tax collections in 2025/26 amounted to 1.361 billion from E1.301 billion in 2024/25. The increase reflects higher fuel demand which could be attributed to the fall in the price of fuel experienced in 2025.

x. Other Taxes on Goods and Services & Non-Tax Revenue

a) ***Other Taxes on Goods and Services.*** Minor taxes in this category are inclusive of lotteries and gaming, licences and other taxes, motor vehicle levy and alcohol and tobacco levy collections declined significantly from E355.7 million in 2024/25 to E210.0 million in 2025/26. This is mainly due to transfer of some of the minor taxes from Government to Roads Authority, which includes road toll and all other fees on motor vehicles as prescribed in the Roads Authority Act, 2023 as a result of the implementation of the Act.

b) ***Non-Tax Revenue.*** Non-tax revenue collected in the year amounted to E E1.018 billion indicating an increase by 1% from previous year collection. The performance is attributed to an increase in property income which is driven by increased dividends received in the year. Fees and fines declined in the year due to some fees transferred to the Roads Authority. Education loan repayment declines due to some loans finished and unemployed beneficiaries. The overall performance of non-tax revenue is shown below:

Figure: 7 Non Tax Revenue



Source: *Ministry of Finance*

Development Enterprise Order (DEO)

In the year under review, the Development Enterprise Order Committee approved three (3) applications. The companies granted the incentive are in the manufacturing sector.

Revenue Appeals Tribunal (RATE)

The Tribunal experienced a surge in the lodgement of cases during the period under review compared to the previous reporting period. A total of six (6) appeals were received during the quarter, two (2) judgments relating to appeals lodged in prior quarters were delivered. As at the end of the reporting period, seven (7) cases were in progress. Stakeholder engagement remained central to RATE's work, with constant stakeholder sensitization to strengthen understanding of the Tribunal's mandate and recent legislative developments and activities.

On legal matters, RATE continued to closely monitor review proceedings on cases taken for review at the High Court, supported by the newly appointed legal representative.

Capacity building remained a key focus area during the period under review. Staff continued participating in internal training sessions on topical taxation issues and recent legislative amendments, while staff from the Technical Department continued pursuing professional development courses offered by the South African Tax Institute.

Double Taxation Avoidance Agreements (DTAAs)

The Ministry continues to prioritize the negotiation and renegotiation of DTAAs, as well as addressing matters related to international taxation and information exchange. Weekly meetings have been consistently held to advance these objectives. During this quarter, the Ministry received a proposal for the negotiation of a DTAA from the State of Kuwait, and initial logistics were discussed.

Tax Information Exchange Agreement (TIEA) with the Isle of Man

A TIEA between Eswatini and the Isle of Man was received by the Ministry's Legal Advisor to facilitate the completion of internal processes required to bring the Agreement into force. The Ministry is currently notifying the Isle of Man, through diplomatic channels, of the completion of these internal procedures.

Global Forum on Transparency and Exchange of Information for Tax Purposes (GF) - Peer Review and Monitoring Group (PRMG) Draft Report

Following Eswatini's receipt of its Draft Report from the PRMG regarding transparency and EOI for tax purposes, a delegation of officers travelled to Paris, France, at the OECD Headquarters to defend Eswatini's PRMG Report. Eswatini performed exceptionally well in five of the reviewed elements, with four elements deferred to Phase 2 for practical implementation. The Ministry is currently facilitating Eswatini's self-assessment process and addressing the recommendations of the PRMG assessors in preparation for the Phase 2 review.

- Participation in Global Initiatives

An officer selected to participate in the 2025 Train the Trainer Programme, organized by the OECD, successfully graduated after completing training sessions and delivering practical EOI sessions to approximately 40 ERS auditors. This program aims to enhance capacity building and expand the pool of trainers in EOI standards, including:

- Exchange of Information on Request (EOIR)
- Automatic Exchange of Information (AEOI)
- Spontaneous Exchange of Information (SEOI)

Multilateral Instrument (MLI) Updates

In preparation for the ratification of the MLI Agreement, the Ministry forwarded the Agreement to the Ministry of Foreign Affairs and International Cooperation (MFAIC) to facilitate the ratification process. After providing a detailed synopsis and providing a presentation for a workshop of Members of Parliament on the Agreement, the Ministry submitted the full documentation to the MFAIC for ratification. The Ministry is awaiting the opportunity to table the Agreement after the next Parliament Session opens.

United Nations Convention on International Tax Cooperation

The United Nations General Assembly (G.A.), during its seventy-eighth meeting held in New York in December 2023 passed a resolution on the promotion of inclusive and effective international tax cooperation (Resolution 78/230) directing that a Member State-led, open-ended ad hoc intergovernmental committee be established for the purpose of drafting terms of reference (ToRs) for a United Nations framework convention on international tax cooperation. The ad hoc committee completed its task and submitted the draft ToRs to the GA for adoption. Subsequently, sessions were set rolling, guided by a roadmap. Eswatini participated in the first, second and third sessions of the Intergovernmental Negotiating Committee (INC) during this period but could not attend the fourth session. The Committee's work is ongoing as there shall be three (3) meetings per year till submission of a final report to the GA in 2027.

2. INDIRECT TAX POLICY DIVISION (ITPD)

The Indirect Tax Policy Division is mandated to formulate, develop and implement indirect taxation policy and legislation, while providing guidance on the administration of indirect taxes. These functions are executed in pursuit of the overarching objective of enhancing sustainable revenue mobilisation while maintaining a competitive tax environment. During the 2025/2026 fiscal year, the division focused mainly on strengthening the legislative framework governing Value Added Tax (VAT) and Customs and Excise. The division further supported the enhancement of related legislation, while simultaneously supporting broader national objectives of trade facilitation, economic transformation, and fiscal sustainability.

Review of Legislations

Throughout the fiscal year, the division undertook extensive review and amendment of key indirect tax legislation to ensure alignment with evolving economic realities, technological advancements, and regional integration imperatives. The legislative reform agenda was anchored on strengthening revenue mobilisation, enhancing compliance, improving trade facilitation, and safeguarding policy coherence across fiscal instruments.

Value Added Tax (VAT)

The division completed the drafting of amendments to the VAT Act, by way of a VAT (Amendment) Bill, VAT Regulations and VAT Schedules. These reforms were strategically designed to modernise the VAT framework in response to changing business models, digitalisation of economic activities, and shifting market dynamics.

Key outputs included submission of the proposed VAT (Amendment) Bill, 2025, which seeks 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, to the Legal Advisor, and subsequently to the Attorney General. As at the reporting period, the amendment Bill is with the Attorney General for approval.

Moreover, 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 the Attorney
General and subsequently approved by Cabinet. The proposed VAT (Amendment) Schedules, 2025, which seek to align the Value Added Tax framework with national development priorities by enhancing compliance and data accuracy, broadening the tax base, and strengthening social, public health and environmental protection, were approved by the Honourable Minister and published through a gazette.

Customs and Excise Issues

The Division finalised amendments to the Customs and Excise Bill and Regulations aimed at improving the administration of goods in bond, revising bonded warehousing fees, facilitating seamless trade, and strengthening institutional coordination. Notable reforms included the review of administrative rates for goods in bond, transit, and state warehouses to ensure competitiveness within the SACU region. Both the Customs and Excise Amendment Bill, 2025, and the Customs and Excise (Amendment) Regulations, 2025 have been approved by the Attorney General and are yet to be presented to Cabinet.

Finance (Amendment) Bill, 2025

The division supported the amendment of the Finance Bill which reviewed fees for government services. The amendment process included the provision of technical workshops and participation in public hearings, and parliamentary deliberations, culminating in the successful passage of the Bill by both Houses of Parliament.

Alcohol and Tobacco Levy (Amendment) Bill, 2025

The division similarly supported the legislative process for the Alcohol and Tobacco Levy (Amendment) Bill, 2025, which revised definitions and levy rates on imported alcohol and tobacco products. Technical support, stakeholder engagement and parliamentary participation contributed to the successful enactment of the Bill.

Monitoring and Evaluation Framework for Tax Incentives

In collaboration with the SADC Secretariat, the division advanced work on the development of a comprehensive Monitoring and Evaluation Framework for Tax Incentives. The initiative recognises the dual role of tax incentives in promoting investment and economic diversification, while also entailing significant revenue foregone. The framework is intended to strengthen evidence-based policy making and enhance fiscal accountability.

Policy Advisory and Technical Guidance

The division provided policy guidance on tax matters, including collaboration with the Direct Tax Policy division on the biomass-to-power project under the Eswatini Energy Regulatory Authority. This engagement aimed at supporting investment in the energy sector while ensuring fiscal prudence and policy consistency.

Applications for Tax Relief

Processing applications for tax relief remained a core operational function of the division. During the year, 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. Where gaps in the legislative framework were identified, the division proposed legislative reforms to address emerging economic realities while preserving the integrity of the tax system.

Overall Performance

Overall, the division recorded significant progress in advancing its legislative reform agenda, strengthening the indirect tax framework, and supporting national fiscal objectives. The division remains committed to finalising outstanding legislative amendments, operationalising the Tax Incentives Monitoring and Evaluation Framework, and strengthening the responsiveness and effectiveness of indirect tax policy.

3. 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)

The Ministry participated in the meeting of the SACU Council of Ministers that was held on the 5th December 2025 in Johannesburg, South Africa and the meetings of the Commission and Finance Risk & Audit Committee that were held on the 2nd – 4th December 2025. These meeting were preceded by the meeting of the Task Team on Trade Data Reconciliation which was held on the 1st December 2025. The purpose of these meetings was to finalise the process of reconciling intra SACU trade data for 2023/24, consider the SACU Secretariat's 2026/27 budget and calculate Member States' revenue shares for the 2026/27 fiscal year.

Intra-SACU Trade Data for 2023/24 and 2023 GDP & Population Statistics

At the meeting, the 2023/24 intra-SACU trade data, GDP and population for 2023 were finalised and agreed on by Member States in accordance with the 2002 SACU Agreement. This set of data is critical as it formed the basis of sharing the 2026/27 projected size of the Common Revenue Pool (CRP). The table below depicts the level of intra-SACU imports, GDP level and population for all Member States finalised in the meeting:

Member States	**2023/24 Intra-SACU imports (ZAR)**	**2023 GDP at basic prices (ZAR)**	**2023 Population (de facto)**
Botswana	98 048 119 428	**345 871 066 715**	**2 480 833**
Eswatini	30 450 401 686	**79 184 355 343**	**1 187 956**
Lesotho	25 589 926 884	**33 582 103 654**	**2 103 555**
Namibia	66 161 626 273	**208 648 642 137**	**3 022 401**
South Africa	64 371 048 895	**6 310 829 455 635**	**62 180 391**

The 2026/27 Common Revenue Pool (CRP) Forecast, Audited Size of the CRP for 2024/25 and Allocation of Revenue Shares for 2026/27 to Member States

The Manager of the Pool communicated in the meeting that the audited size of the Pool for 2024/25 amounted to E143.3 billion, disaggregated as E 76.7 billion in customs revenue and E66.7 billion in excise revenue, against a forecast of E146.2 billion, comprising of E81.7 billion in customs revenue and E64.6 billion in excise revenue, resulting in an overall deficit of E2.9 billion (E5 billion deficit in customs and E2.1 billion surplus excise revenue). As per the 2002 SACU Agreement, it was agreed that adjustments be made to the 2026/27 Member States' revenue shares in order to incorporate the deficit as highlighted above.

South Africa, as Manager of the Pool, also presented a forecast of the CRP for 2026/27 of E159.5 billion, which is made up of E86.7 billion in customs revenue and E72.8 billion in excise revenue. Based on all the above information, the Council approved the Member States' revenue shares for 2026/27 financial year after taking into consideration the outturn for 2024/25 financial year and the SACU Secretariat's budget for 2026/27 financial year. Eswatini's SACU share for 2026/27 will stand at E11.74 billion reflecting an increase of 12.9 per cent from what the country received in the current financial year i.e., 2025/26.

Compared to 2024/25, the 2025/26 revenue levels for Botswana, Lesotho, Namibia and South Africa will also increase by 1.8 percent, 9.5 per cent, 9.1 per cent and 13.3 percent, respectively. These increases in revenue levels for Member States are despite the lower-than-expected collections in the 2024/25 financial year depicting a stronger projected growth of the 2026/27Common Revenue Pool (CRP). The projected CRP for 2026/27 that stands E159.5 billion is an increase of 7.7 percent when compared to the 2025/26 CRP of E148.1 billion.

SADC Macroeconomic Convergence

The Ministry of Finance, on behalf of the Kingdom of Eswatini, has successfully submitted the Consolidated Self-Assessment Macroeconomic Performance Report (2020–2025) to the Southern African Development Community (SADC) Secretariat. In this current peer review round, Eswatini will be peer-reviewed by the United Republic of Tanzania to assess its progress toward harmonized regional macroeconomic stability.

Regarding the SADC Macroeconomic Convergence (MEC) targets, the country's performance was mixed during the review period due to various external and domestic shocks. Under the **primary indicators**, Eswatini broadly achieved two of the three targets:

1. **Inflation:** Maintained within the 3–7% target range, averaging 4.3%.
2. **Public Debt:** Successfully kept below the 60% of GDP threshold, averaging approximately 40%.

*However, the **fiscal deficit** averaged 3.8% of GDP, exceeding the SADC target of 3.0%.*

In terms of **secondary indicators**, the country achieved the target for the current account balance (remaining below 3% of GDP) and maintained a stable level of international reserves. From a sectoral perspective:

- **Primary Sector:** Struggled with an average contraction of 1.4% due to unfavorable weather conditions and livestock diseases.
- **Secondary Sector:** Showed a modest average growth of 1.6%, driven primarily by manufacturing rebounds.
- **Tertiary Sector:** Remained the strongest performer, growing by an average of 2.4%, bolstered by significant gains in the ICT and financial services subsectors.

Import Permit Contribution

The Import Permit Committee, which comprises members from Eswatini Revenue Service (SRA) – Customs and Income Tax Officials, Ministry of Commerce, Industry and Trade, Central Bank of Eswatini and the Ministry of Finance (Chairperson and Secretary), 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 on Tuesday to consider numerous applications. During the quarter under review, the Ministry received a total of 105 Import Permit applications, whereby 21 import permits were issued to individuals and 84 was issued to companies including oil companies. No import permits were rejected. The total value of goods imported through these goods was E 379.08 Million.

4. 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 on nine members. The Government Tender Board being the highest approval authority continued to provide approval of procurement activities.

The activities of the Tender Board in the period under review, there were thirteen seven (37) ordinary meetings, and six (6) special sittings. There were One Thousand and Sixteen (1016) submissions that were adjudicated from the various Ministries and Departments with a total cost of Four Billion One hundred and Thirty-Four Million, Two Hundred and Forty-Three Thousand, Eight Hundred and Seven and Fifty-Eight cents (E4,134,243,807.58) and an additional Three Million, Nine Hundred and Ninety-one Thousand, Four Hundred and Eighty-four American Dollars (US$3,991.484.00).

Table 9: Tender Board's Performance for the period as at 31st December, 2025

SECTOR	**AWARDED TO LOCAL COMPANIES (E) APRIL - DECEMBER**	**AWARDED TO FOREIGN COMPANIES ($)**
PUBLIC WORKS	E1,080,931,410.88	$3,796,884.00
PHARMACEUTICALS & MEDICALS	E94,893,676.94	
EDUCATION	E44,082,831.50	
GOODS & SERVICES	E2,914,335,888.26	$194,600.00
TOTAL	E4,134,243,807.58	$3,991,484.00

PROCUREMENT PLANNING

Procurement plan as a tool that ensures that all procurement requirements are linked to the approved budget and charge accounts within their respective centres. It also helps Ministries and Departments to forecast their needs for goods, works and services, so that they are aware of when to start the procurement process for each item to be procured. A correspondence was sent to all Procuring Entities to advise them to begin the Procurement Planning process, following the completion of their Public Budgeting Committee (PBC) consultations. They were also advised that they will need 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 following activities were undertaken in this reporting period:

- Contract between Government of Eswatini and Rwanda Cooperation Initiative (RCI) was signed, October 2025.
- Appointment of the members of the Government of Eswatini (GoE) Technical Team, November 2025**.**
- Inception Report Technical Assistance for the development of Public Procurement Policy Strategy and Review of the Legislative Framework for the Government of the Kingdom of Eswatini was signed and submitted, December 2025.
- Finalization of stakeholder engagement in the Kingdom of Eswatini with key stakeholders conducted by the Ministry of Finance (Supply Chain Management Department) and RCI Team, December 2025.

PUBLIC PRIVATE PARTNERSHIP LEGISLATIVE AND REGULATORY FRAMEWORK DEVELOPMENT

The Ministry with the assistance of African Legal Support Facility (ALSF) and DLA Piper (consultant)developed PPP tool kits for public building (standard tendering documents under the Public works PPP projects) and Tollgate tool kits (standard tendering documents) these tools were delivered by the Consultant. The Consultant further conducted a capacity workshop on PPP contract negotiation and management where various stakeholders were invited, such as the Ministry of Finance, Health, Commerce, Works, EWADE, EIPA and Attorney General.

CHALLENGES

- Poor Procurement planning which was demonstrated using less competitive procurement methods including the overuse of the emergency procedures (Limited Method on the grounds of urgency as well as the Emergency Single Source procurement method).
- The shortage of capacity in people performing procurement activities in Procuring Entities, mainly

manifested in the number of applications that do not attain Tender Board approval out rightly, either are conditionally approved, deferred or even rejected. This also affects the length of the 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 sometimes the number of submissions submitted to the Board is huge enough to compromise thorough adjudication of deserving submissions.
- Poor contract Management often makes it hard for the government to realise value for money. Goods are delivered late, sometimes not at the specified standard, and suppliers are paid late resulting in diminishing of the government supplier base.

- The continued absence of an E-procurement system makes it difficult to eliminate the ill practices that are brought about by human elements in the procurement process, such as corruption, bribery and lack of transparency.

5. CORPORATE SERVICES DEPARTMENT

OBJECTIVES

- To provide corporate services support to the entire Ministry and its departments
- Provide Human Resource Management function to the Ministry
- To produce Reports to Parliament and Cabinet
- To establish, coordinate and monitor the wellness programme 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
- To administer housing loan and car loan schemes for Civil servants and Politicians

CO-ORDINATION FUNCTION

The Department continued to provide corporate services support to the entire Ministry and its departments in the monitoring of the ministry's budget in line with the Appropriation Act and other related legislation. Furthermore, the department led in the compilation in the Ministry's annual budget for the financial year 2026/2027.

The Department in collaboration with the Ministry's Heads of Departments submitted programme objectives and policy strategies under Objective 1 entitled "To stimulate exponential inclusive economic growth of 12% by the end of FY'29" in the Programme of Action (POA). The Ministry has costed all the activities under this programme in compliance with a Cabinet directive. The department has continued to compile quarterly reports on the POA and its achievements since inception.

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

HUMAN RESOURCE MANAGEMENT

i. Retirement

A Personal Secretary in the Fiscal and Monetary Affairs department reached her mandatory retirement during this reporting period, 9th September, 2025.

ii. Resignation

One officer resigned under the Budget and Economical Affairs. The officer held the post of Senior Finance Officer (Grade E3).

iii. Death

During the reporting period, the Ministry recorded the death of two officers. This include a Cleaner in the Corporate Services Department and a Senior Finance Officer, serving in the Budget and Economic Affairs Department.

iv. **Retirement**

One officer from the Policy and Planning Department, who was the Principal Finance Officer left the Civil Service through a Secondment.

v. Leave

Table 10. Utilization of Leave within the Ministry

Type of Leave	**Number of Officers**	**Number of Leave Days**
Vacational Leave	23	340
Maternity Leave	1	84
Sick Leave	8	47
Casual Leave	14	40
Compassionate leave	1	7
Total		**518**

Source: *Ministry of Finance*

vi. Training

Periodically, the Corporate Services Department facilitates training for the Ministry in collaboration with various stakeholders, to ensure a competent and dynamic workforce. To this end, the department approved training requests for several officers.

Long Term Training

Two officers from the Supply Chain Management enrolled for a Msc. In Procurement, a two-year program at ESAMI.

Table: 11 - Short Term Trainings

Training Program	Number of training Participants					Total
Department	Corporate Services	Fiscal & Monetary Affairs	Policy & Planning	Public Enterprise Unit	Supply Chain Management	
Embracing Efficient and Targeted Approaches to Equitable Tax Systems		1				1
Financial Action Task Force (ATF) Standards			1			1
FinTech Governance "Building a Sustainable future for Finance"			1			1
Leadership Development for Women in Government & SOE				1		1
NBR-AFI Regional Training on leveraging Digital Technology for Enhanced Consumer protection			1			1
Procurement Fraud Audit and Investigation					2	2
Public Sector Strategic and Category Management	2					2
Strategic International Health & Wellness Retreat	2					2
Grand Total	4	1	3	1	2	11

TRANSPORT MANAGEMENT

The transport and logistics section of the Corporate Services Department maintains a fleet of 12 Government vehicles ranging from sedans, to MPVs and Double cabs for transport needs within the ministry. Two are assigned to IFMIS and one to E-GP (Electronic Government Procurement) – Supply Chain department. Vehicle usage is divided between officers and drivers. All these vehicles are in excellent working condition.

The Ministry acquired five new vehicles, in the current financial year; mainly a Toyota Corolla, Kia Pegas, Toyota GD6 (2) and a Toyota Fortuner**.** The Ministry through the Ministry of Public Works and Transport also successfully implemented the Fleet Management System, which is fully operational, through which the Ministry will manage effective use of its vehicles.

The Ministry facilitated government driving authority for most of its staff members because of the diversity of the work of the Ministry. Currently the Ministry is operating with only one driver since the other one was deployed to the IFMIS Project.

The Ministry is allocated a monthly fuel of 2500 liters to cater for both diesel and petrol engines in order to carry out the day to day duties of the Ministry. The fuel was increased from 1600 liters to 2500 liters, after Government added a new fleet of vehicles.

PROCUREMENT AND CONTRACT MANAGEMENT

The Corporate Services Department manages and facilitates most of the procurement of goods and services, stores management and disposal of assets. The department maintains the following contracts for the Ministry of Finance:

- Security Services for the building,
- Photocopiers and printer maintenance,
- Wi-fi internet,
- Catering,
- Hygiene services and
- Lifts.

WELLNESS INITIATIVE

During the financial year under review, the Ministry demonstrated a strong and sustained commitment to employee wellbeing through the implementation of a comprehensive range of wellness initiatives. These programmes were strategically designed to promote physical, mental health while fostering positive workplace relationships and a supportive organisational culture. Collectively, these initiatives underscore the Ministry's continued commitment to employee wellbeing and the promotion of a supportive and inclusive work environment.

i. Men's Health Month – July 2025

During the financial year under review the Ministry celebrated and observed the Men's Health Day in July

2025, which focused on raising awareness of critical men's issues such as mental health, gender-based violence (GBV) awareness and prevention, and general health screenings. The event also incorporated physical activities, including a soccer match, to promote physical wellbeing and team spirit.

ii. Women's Health Month – August 2025

Furthermore, the Ministry hosted a Women's Day event in August 2025, during which key topics such as cancer awareness were discussed. The programme also featured a motivational session on building resilience for female employees, delivered under the theme "Cultivating Mindfulness for Sustainable Resilience."

iii. Suicide Awareness and Prevention

The Ministry also hosted a Suicide Awareness and Prevention session, in September 2025 aimed at raising awareness and to promote actions that prevent suicide.

iv. Team Building Exercise

The Ministry of Finance has been able to successfully facilitated and conducted a team building exercise for the third consecutive years, following similar initiatives held since 2023. This activity forms part of the Ministry's broader staff wellness Programme and is designed to provide employees with the opportunity to interact outside the formal work environment. By offering a refreshing and supportive setting, the initiative aims to strengthen work relationships, enhance collaboration and boost staff morale.

COMMUNICATION

During this reporting period, the Communications Office implemented targeted public relations, media, and digital communications initiatives aimed at strengthening the visibility, credibility, and public understanding of the Ministry of Finance's work.

The financial year was marked by notable growth in media mentions, increased social media reach and following, and the continued momentum of Finance in Focus as a key public-facing communications platform. Collectively, these outcomes reflect a strengthening communications function and improved public engagement on fiscal and economic matters.

i. *Public Relations and Media Engagements*

The Communications Office recorded a significant increase in media coverage relating to Ministry of Finance activities during this reporting period. Coverage was driven by proactive dissemination of information and strategic positioning of senior leadership in public discourse.

Key Focus Areas Communicated:

▪ Government revenue performance and SACU inflows
▪ Supplier payment commitments and fiscal sustainability
▪ Cost of living measures and revenue reforms
▪ Budget and economic policy messaging

Impact:

▪ Enhanced consistency of messaging across media platforms
▪ Increased public visibility of fiscal policy decisions
▪ Stronger positioning of the Ministry of Finance as the authoritative source on national economic issues

ii. Social Media and Digital Presence

<u>Platform Growth</u>:

The Communications Office observed quarter on quarter growth in the Ministry's social media presence, particularly on Facebook, evidenced by increases in page followers, post reach and impressions, and audience engagement.

<u>Digital Reach</u>:

Video content emerged as the strongest driver of reach and engagement. Posts linked to major fiscal developments consistently performed above average.

3. Finance in Focus Flagship Communications Product

The Communications Office continued to produce and distribute Finance in Focus, which gained further traction during this period.

<u>Key Outcomes</u>:

▪ Episodes recorded substantially higher view counts than standard posts
▪ Sustained engagement over time indicated growing public trust and interest
▪ The series effectively simplified complex fiscal issues and strengthened transparency.

<u>Strategic Value</u>:

Finance in Focus has become a core communications asset, supporting public education, accountability, and direct engagement with citizens on economic issues.

iii. Content Development

During the reporting period, the Communications Office focused on delivering clear, consistent, and high impact content, including video scripts, key messages, and supporting digital content aligned to major announcements.

iv. Website and Direct Public Engagement

The Communications Office supported the use of the Ministry's official website as the primary source of verified information. Public participation was facilitated through email submissions to finance.gov.sz, particularly for budget contributions and public input initiatives.

KEY ACHIEVEMENTS

This period reflects a strong strengthening communications function, with measurable improvements in media visibility, digital engagement, and public education. The Communications Office successfully amplified key fiscal messages and enhanced public understanding of economic issues. The following achievements have been noted in the financial year:

▪ Growth in media mentions and online visibility,

▪ Increased social media following, reach, and engagement,

▪ Finance in Focus established as a high performing communications platform and,

▪ Improved public access to fiscal information

STRATEGIC OBSERVATIONS

▪ Video based communication delivers the highest engagement

▪ Public interest is strongest around fiscal clarity and service delivery

▪ Consistent leadership visibility supports credibility

6. PUBLIC ENTERPRISES

OBJECTIVES

- Advising Ministers as they discharge their functions conferred by the PE Act.
- 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 productivity and efficiency in all Public Enterprises.
- Promote good corporate governance to all the Public Enterprises, and
- 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 CEO and CFO vacancies are reported to SCOPE Ministers for their action. There are entities that have been without the critical positions and this remains a challenge in the execution of the mandates of these entities.

PEU has continued with capacitating the governing bodies of the State Owned Entities through funding of Corporate Governance training for the boards. This assist the Boards to understand their oversight responsibilities in the boards.

PEU has continued to attend and make presentations during the boards' trainings to ensure that the boards understand their role and the relationship between them, management and the shareholder as the appointing authority.

During the year 2025, South Africa has launched King V code of corporate governance and one of the consultants in the country REDI Pty Ltd invited companies in the country for half a day workshop where the King V code was unpacked to the board members from all sectors in the country for their appreciation.

STATE OWNED ENTERPRISES REFORMS

During the year, PEU has come up with the first draft legislation that seeks to amend the current Public Enterprises (Control and Monitoring) Act of 1989. This legislation will strengthen the responsibilities of the PEU and the line Ministry in the control of the State Owned Entities. This exercise has been funded by the African Development Bank (AFDB) and Eswatini Economic Policy Research Centre (ESEPARC) is the consultant that is assisting the Public Enterprise Unit with the drafting of the legislation.

MONITORING OF PUBLIC ENTERPRISES' PERFORMANCE

The Public Enterprises are an arm of government and they play a crucial role in driving the economic development by managing strategic sectors like utilities, finance and provide services on behalf of government.

Most of the entities are financially constrained and as such they are not able to fully execute their mandates as per the expectation of the shareholder and the general public. We note that some of these entities are continuously increasing their liability which has reached a stage where they are unable to honour those obligations when they fall due. Most noted is the pension liability in some entities and the amounts continue to increase from year to year thus putting the employees who are due to retire at risk. This mainly affects the entities that receive funding from government as most of the funds received are used to cater for the wage bill and other operations, thus, not remitting pension to their pension funds. This amounts have accumulated to more than E300 million. There is need for government to intervene and find a lasting solution in this matter. The lack of resources has even compromised the quality of service to the public and this has been noted amongst others in the education sector.

In line with our monitoring role, we participated in the presentation of Annual Financial Statements for the year ended March 2025 for our entities and only a few have reported challenges in their internal controls. Over the last few years, we note an increase in compliance with the PE Act in the submission of audited financial statements.

DIVIDEND PAYMENT

During the year 2025, the entities that usually declare and pay a dividend did not perform well as such we only received a dividend payment from one entity being Eswatini Railways E1 million.

Government continued to receive dividends from other private companies where she is holding some shares and the total dividends received are above E100 million and the main contributors are Standard Bank of Eswatini, Nedbank Eswatini and Eswatini Royal Insurance Company.

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

This Fund is managed by Standard Bank and the total amount of the LGF is plus E800 million. This increase in the Fund is as a result of the contributions from the State Owned Entities and the interest accumulated through investing in the various financial institutions including the Central Bank of Eswatini, Eswatini Bank, Nedbank, First National Bank, Eswatini Building Society and Fincorp.

The Fund is also used to guarantee entities that require some loan funding for their business and for the year ended December 2025, there are only two guaranteed entities, which are the; Eswatini Cotton Board with a E2 million guarantee and Eswatini Railways with a E10 million for their Inland Container Depot (ICD) project at Mpaka.

i. Individual Training

The Fund was also used to fund senior managers for entities in their conference both outside and in the country. The entities apply to PEU for funding and if approved they cater for their costs and then request for re-imbursement from the Fund.

ii. Group Training

The Fund also has a component for group trainings. This component is used to finance corporate governance trainings for Board of Directors as well as middle managers' trainings. During the year, a number of these entities who attended the governance training were funded and a group training was conducted for middle management programs for the middle managers of the State Owned Entities. The individuals were made to apply for these programs and were accepted based on a competitive criterion

PROVISION OF SECRETARIAT SERVICES TO SCOPE.

PEU as Secretary to the Standing Committee on Public Enterprises (SCOPE) continued to provide the secretariat services to (SCOPE) by arranging for meetings, preparing agenda and minutes and providing advice on compliance issues. SCOPE discusses issues pertaining to all Category A Public Enterprises before a final decision is taken at Cabinet. For the year 2025 SCOPE met and the following approvals were made:

SCOPE APPROVALS

Board of Directors for the Small Enterprise Development Company (SEDCO), Eswatini Standards Authority (ESWASA), Eswatini Medical Christian University, Eswatini Tourism Authority, Eswatini Competition Commission, Eswatini Water Services Corporation (EWSC), Eswatini Electricity Company, NERCHA, ESPPRA, Eswatini Post and Telecommunications (EPTC), ESCCOM, Eswatini National Provident Fund, Eswatini Energy Regulatory Authority and the Conciliation, Mediation and Arbitration Commission (CMAC)

- Once off 1% payment for SEDCO employees and FINCORP employees
- Approval of management agreements between RENAC and MOPWT regarding VVIP operation.
- Acting bursar of Southern Africa Nazarene University (SANU)
- External Auditors for the National Agricultural Marketing Board (NAMBoard), National Disaster Management Agency (NDMA), National Maize Corporation (NMC), FSRA, ESPPRA, Eswatini Cotton Board and Eswatini Communications Commission
- Chief Executive Officer of the Eswatini Public Procurement Regulatory Agency (ESPPRA) Acting Chief Executive Officer for the Eswatini National Petroleum Company.
- NERCHA's acting Director Financial Services
- Chairpersons of Royal Science Technology Park and FINCORP
- Eswatini Revenue Services (ERS) cost of living adjustment 2025/2026
- Competition Commission Chief Financial Officer (CFO)
- CEO of RSTP and also request to extend acting period of the current acting CEO
- Contract renewal for the Chief Executive Officer –Eswatini Water and Agricultural Development Enterprise (EWADE)
- Acting Chief Executive Officer for RSTP
- Chief Financial Officers for the Eswatini Water Services Corporation, Eswatini Bank, NERCHA and Eswatini Nazarene Health Institutions
- Approval to source structured short-term /overdraft finance to support LUSIP II EXT 2025/2026 on farm budget for EWADE
- Extension of appointment of PriceWaterhouseCoopers (PwC) as auditors of the Royal Science and Technology Park (RSTP)
- Request for 1% cost of living adjustment for NDMA
- CEO (Mr Muzi Eric Dlamini) for Good Shepherd Catholic Hospital.
- Payment of the Eswatini Revenue Services (ERS) staff performance bonus for financial year 2024/2025
- Eswatini Electricity Company board of directors' chairman.
- Extension of contract for NERCHA external auditors - SNG Grant Thornton auditors
- Appointment of one board member of the Eswatini Electricity Company
- Additional 1% for the Eswatini National Provident Fund cost of living salary adjustment

- Southern Africa Nazarene University acting Bursar
- Chief Executive Officer –Eswatini cotton board
- Executive Director for Eswatini Environment Authority
- Replacement of a member in the disciplinary tribunal
- Acting Chief Financial Officer for Eswatini Water and Agricultural Development Enterprise
- New member into the board of directors – National Maize Corporation
- Acting Managing Director for the Eswatini National Industrial Development Corporation(ENIDC)
- Acting Managing Director and acting Chief Financial Officer for Eswatini post and telecommunications
- Re-engagement of CEO for the Youth Enterprise Revolving Fund
- Approval of audited financial statements for the year ended 31st March 2025 for Eswatini Electricity Company, Eswatini investment promotion authority, Eswatini national industrial development corporation (ENIDC), Small Enterprises Development Company (SEDCO), Eswatini Standards Authority (ESWASA), Eswatini Water Services Corporation, Eswatini national petroleum company (ENPC) and Eswatini energy regulatory authority's (ESERA.
- Establishment of mining companies (SPVS) by Eswatini national industrial development corporation (ENIDC)
- Extension of external auditor's term of office at the Southern Africa Nazarene University
- Acting Chief Executive Officer of the Eswatini Higher Education Council
- Executive Secretary for Eswatini Country Coordinating Mechanism (CCM)
- Appointment of an acting Chief Financial Officer for Eswatini National Industrial Development Corporation (ENIDC)
- Eswatini National Provident Fund board appointment (addendum to include Commissioner of Labour)
- Appointment of C.S. as acting Chief Executive Officer for the Eswatini National Petroleum company.
- Acting Chief Financial Officer for Royal Eswatini National Airways Corporation (RENAC).
- Board members appointment for Eswatini Investment Promotion Authority (EIPA) Eswatini Standards Authority (SWASA), Eswatini Television Authority and Small Enterprises Development Company LTD (SEDCO)
- Eswatini water services corporation Chief Financial Officer
- Payment of performance bonus to Public Service Pensions Fund staff - 2024/2025 financial year
- Authority to use the Public Enterprise Loan Guarantee Fund (PELGF) to finance public entities salary review
- Southern Nazarene University Bursar appointment
- Eswatini National Trust Commission (ENTC) organizational restructuring

- Eswatini Development Finance Corporation appointment of one board member
- Request to open bank accounts under Eswatini water and Agricultural Development Enterprise
- Appointment of two members into the board of directors of the Youth Enterprise Revolving Fund (YERF)
- Chief Executive Officer of the Eswatini National Petroleum Company.
- Chief Financial Officer appointment- Eswatini tourism authority
- Appointment of one board member for Eswatini Bank
- Secondment of the CEO SMVAF position
- Eswatini posts and telecommunications corporation's capital expenditure budget
- Chief Executive Officer for Eswatini housing board
- Contract renewal for the Chief Executive Officer –National Maize Corporation (NMC).
- Good Shepherd Hospital & College one percent once-off payment for employees
- Eswatini Railways proposed forensic investigation
- Appointment of acting Chief Executive Officer (CEO) of the Royal Science and Technology Park (RSTP)
- ESCCOM Chief Financial Officer appointment
- Contract renewal for the Chief Financial Officer of Eswatini Civil Aviation Authority (ESWACAA).
- Appointment of acting Chief Financial Officer (S.M) for the Eswatini National Petroleum Company.
- Appointment of the Eswatini Electricity Company Board of Directors Mr. Myeni.

7. POLICY AND PLANNING

1. FINANCIAL POLICY OBJECTIVES

 To promote sound financial management by formulating and implementing monetary policies that optimise 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 4th Follow Up Report (FUR) and 1st Technical Compliance Re-rating

During this financial year, the country has made strides in addressing the technical compliance gaps flagged in the country's 2022 Mutual Evaluation Report (MER). Following the passing of the Anti-Money Laundering, Counter Financing of Terrorism the country had requested for a re-rating on fifteen (15) Financial Action Task Force (FATF) Recommendations. Eswatini received an upgrade on the fourteen (14) FATF Recommendation. The re-rating was adopted during the 50th Task Force of Senior Officials Meeting held in August 2025 Addis Ababa, Ethiopia, Federal Democratic Republic of Ethiopia.

Table: 12 shows the results of the upgrades

Rec Ref	Rec Description	Initial Mutual Evaluation Rating (June 2022)	New Rating (August 2025)
1	Assessing & Applying Risk Based Approach	Partially Compliant	Largely Compliant
2	National Cooperation & Coordination	Partially Compliant	Largely Compliant
10	Customer Due Diligence	Partially Compliant	Largely Compliant
12	Politically Exposed Persons	Partially Compliant	Compliant
14	Money or Value Transfer Services	Partially Compliant	Largely Compliant
16	Wire Transfers	Non-Compliant	Partially Compliant
17	Reliance on Third Parties	Partially Compliant	Compliant

18	Internal Controls and Foreign Branches and Subsidiaries	Partially Compliant	Compliant
19	Higher Risk Countries	Non-Compliant	Compliant
22	DNFBP: Customer Due Diligence	Partially Compliant	Largely Compliant
23	DNFBP: Other Measures	Partially Compliant	Largely Compliant
26	Regulation & Supervision of Financial Institutions	Partially Compliant	Largely Compliant
32	Cash Couriers	Partially Compliant	Largely Compliant
34	Guidance & Feedback	Partially Compliant	Compliant
40	Other Forms of International Cooperation	Partially Compliant	Largely Compliant

Source: *Ministry of Finance*

Following the re-ratings, the country is now compliant with 28 of the 40 AML/CFT FATF recommendations and non-compliant with 12 of these recommendations. The country is expected to continue with the remediation of the 12 outstanding recommendations and 11 immediate outcomes to fully comply with all the AML/CFT FATF international standards.

The Ministry received technical assistance from the World Bank to facilitate the dissemination of the National Risk Assessment (NRA). The Ministry coordinated the review of NRA bulletins, which will be disseminated to all the accountable institutions.

In the year under review, the Ministry received technical assistance received from the (United Nations Office on Drugs and Crime) UNODC to update policy on inter-agency coordination and engage in a stock-taking exercise, looking intended to strengthen the mechanism by mapping the good practices and challenges experienced so far. The Ministry coordinated the interagency coordination meeting held 5-6 August 2025. During this meeting, the members of the interagency coordination reviewed the implementation of the interagency coordination framework, highlighting the successes, failures and possible improvements of the framework. The meeting also developed the monitoring and evaluation framework for the country.

The Ministry coordinated the population of various AML/CFT questionnaires from the ESAAMLG Secretariat, including but not limited to the; Technical Assistance and Training Assessment Needs; AML/CFT Derisking Survey Questionnaire; Questionnaire on illicit cross-border movements and Bearer Negotiable Instruments.

Furthermore, during this year, the Ministry attended the ESAAMLG Council of Ministers meeting and Task Force of Senior Officials meeting held in Addis Ababa in August 2025. During this meeting the country reported its progress report on the mitigation measures in closing the gaps identified by the Mutual Evaluation Assessment. The Ministry also attended the ESAAMLG Task Force of Senior Officials meeting held in Kampala, Uganda in April 2025. The delegation included, amongst other key stakeholders, the Eswatini Financial Intelligence Unit, the Central Bank of Eswatini, the Financial Services Regulatory Authority, Registrar of the Supreme Court, Attorney General's Office and the Ministry of Commerce and Trade, Members of Parliament and the Members of the National AML/CFT Council.

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

ESAAMLG Parliamentary workshop

During this calendar year, the Ministry hosted the ESAAMLG Parliamentary workshop held in July 2025 for both the House of Assembly and Senate. The workshop was facilitated by the ESAAMG Secretariat to address the knowledge gap that exists between the members of parliament who are responsible for formulating the laws and those officials who are required to implement those laws.

SADC AML/CFT Committee meeting

During this reporting period, the Ministry hosted the 4th meeting of the SADC AML/CFT Committee Meeting in November 2025. 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 next round of ESAAMLG mutual evaluations.

ESWATINI FINANCIAL INTELLIGENCE CENTRE (EFIC)

i. **Monitoring and Analysis**

Requests & Disseminations

The EFIC analysed and produced a total of 92 intelligence reports from April to December 2025, this number included both Proactive/Spontaneous, as well as reactive requests disseminations to law enforcement agencies.

Operational analysis focus

The EFIC uses a risk-based approach in conducting its analysis. Operational analysis during this reporting period focused on predicate offences which generate most of the proceeds which are laundered. Tax evasion, fraud, corruption, drug trafficking were the main potential predicate offences reported to the EFIC during the year under review, however tax-related offences continued to be the main predicate offence reported followed by fraud.

Feedback

Feedback received from law enforcement agencies indicated increased usefulness of EFIC's intelligence products in audits, investigations, and prosecution. The ERS was able to recover an amount of about E200 million from tax offenders. Police officers were able to apprehend the perpetrators of the "Facata" fraud scam.

Capacity Building

The EFIC through SecFin undertook a capacity building exercise wherein law enforcement agencies from the Royal Eswatini Police, The Eswatini Revenue Services and the EFIC were capacitated on financial investigations and asset recovery which assisted in strengthening Eswatini's efforts in prosecuting perpetrators, depriving criminals of their illicit profits and deterring organised criminals and terrorist groups supported by financial intelligence.

ii. Compliance and Monitoring

AML/CFT Guidance

In fulfilment of its mandate to provide regulatory guidance and promote effective compliance, EFIC issued several key AML/CFT instruments during the reporting period.

A Suspicious Transaction Reporting (STR) Guideline was issued to all accountable institutions with the objective of enhancing the quality, consistency, and timeliness of suspicious transaction reports submitted to the Centre. The Guideline was developed through a consultative process that included industry engagement, and stakeholder comments were incorporated into the final version to ensure practicality and sector buy-in.

To strengthen regulatory oversight and ensure comprehensive supervisory coverage, EFIC issued a Directive mandating the registration of all accountable institutions with the Centre within prescribed timelines. This intervention was critical in formalising EFIC's supervisory reach and establishing a reliable national database of accountable institutions, with non-compliance subject to regulatory sanctions in accordance with the law.

In the reporting period, the EFIC issued Directive No. 5 in terms of Section 6 octies of the AML/CFT/CPF

(Miscellaneous Amendments) Act, 2024. The Directive informed DNFBPs of jurisdictions identified by the FATF as high-risk or under increased monitoring and prescribed enhanced due diligence measures in line with FATF Recommendation 19. This ensured that supervised entities remained responsive to evolving international money laundering and terrorist financing risks.

Following the implementation of the EFIC Accountable Institutions Registration System, notable progress was achieved in improving registration levels across regulated sectors. By the end of the reporting period, a significant number of accountable institutions had successfully registered, with full compliance achieved among banks and Money Value Transfer Services providers. Moderate compliance was observed among non-bank financial institutions, while DNFBP registration levels, though lower, showed gradual improvement, particularly within the real estate and accounting sectors. To support this process, the EFIC reviewed and updated the Registration Instruction Guidelines to enhance clarity, accessibility, and accuracy of the registration process.

Outreach Programme and Regulatory Guidance

During the reporting period, the EFIC implemented an extensive outreach and awareness programme aimed at strengthening AML/CFT compliance, enhancing sectoral understanding of statutory obligations, and fostering cooperation among key stakeholders. The EFIC actively engaged with both public and private sector entities to promote a shared understanding of money laundering and terrorist financing risks and the importance of preventative controls.

During the year under review, EFIC conducted targeted AML/CFT training sessions for several DNFBP sectors, including casinos and gaming houses, real estate agents, dealers in precious metals and stones, accountants and auditors, and legal practitioners. The training programmes focused on customer due diligence, risk assessment, record-keeping, targeted financial sanctions, transaction monitoring, and suspicious transaction reporting, while also addressing sector-specific money laundering and terrorist financing threats and vulnerabilities.

To broaden national awareness, EFIC conducted a public radio engagement focusing on AML/CFT risks, sectoral vulnerabilities, and EFIC’s role in safeguarding the integrity of the financial system. In addition, EFIC responded to AML/CFT training requests from various institutions across different sectors, reinforcing its preventative and advisory role beyond formal supervision.

The EFIC also developed comprehensive Know Your Customer and Customer Due Diligence guidance for all DNFBP sectors. This guidance included practical onboarding tools and illustrative examples designed to support effective implementation of due diligence and risk assessment obligations under the MLTFP Act, 2011 (as amended), and the 2024 EFIC AML/CFT Guidelines.

The EFIC participated in stakeholder consultations on the Real Estate Bill, 2025, organised by the Ministry of Housing and Urban Development. EFIC's engagement ensured that the proposed legislative framework adequately incorporated AML/CFT compliance obligations for real estate agents, who are designated accountable institutions under the MLTFP Act, 2011, and aligned with EFIC's supervisory expectations.

The EFIC made substantial progress during the reporting period in strengthening the national AML/CFT legal and regulatory framework. Draft AML/CFT Regulations on Preventive Measures were developed, with a focus on customer due diligence and record-keeping requirements.

Supervision

During the year under review, the EFIC strengthened its supervisory framework through the application of structured, risk-based methodologies. Sectoral risk assessment bulletins for DNFBPs were finalised following the incorporation of World Bank feedback and were formally shared with the DNFBPs Self-Regulatory Bodies.

The EFIC developed and disseminated sector-specific institutional risk assessment questionnaires and accompanying risk matrices to all DNFBP sectors. Responses received during the period enabled the EFIC to begin profiling institutional vulnerabilities and identifying entities requiring enhanced supervisory attention.

During this year, the EFIC continued to play a coordinating role through chairing the Supervisory Forum, comprising the Financial Services Regulatory Authority and the Central Bank of Eswatini. The forum finalised the amendment of the Terms of Reference and submitted through the national AML/CFT governance structures for approval.

Technical Assistance

During the reporting period, the EFIC benefited from extensive technical assistance and capacity-building initiatives.

The World Bank provided technical assistance on risk-based supervision of DNFBPs, supporting the development of sector-specific risk matrices, outreach questionnaires, and supervisory tools tailored to the Eswatini context. Further assistance was sought to automate the risk matrix tools to support consistent scoring and supervisory planning.

EFIC staff participated in a range of regional and international training programmes, including FATF AML/CFT Standards Training, ESAAMLG training on terrorism and proliferation financing risk management, cybercrime and electronic evidence training, and advanced training on virtual assets and crypto-related money laundering and terrorist financing risks. Staff attachments and exposure to advanced supervisory practices at the South African Financial Intelligence Centre further strengthened institutional capacity and informed ongoing supervisory reforms.

iii. Legal and Policy

Domestic Cooperation

Signing of Domestic Memoranda of Understanding- To improve collaboration and the ease of the sharing of information between the EFIC and local entities and government departments, the EFIC engaged on a drive to execute four (4) MOUs with relevant agencies, entities and government departments which are custodians of key information databases relevant to financial intelligence.

Regulatory Framework

Legislative review and amendments- During the year under review, the EFIC drafted and formally sent legislative drafting instruments to the Ministry of Finance to address the country's AML/CFT technical deficiencies on the below international standards;

- Recommendation 1: Assessing Risks and applying a Risk-Based Approach;
- Recommendation 6: Targeted Financial Sanctions Related to Terrorism Financing;
- Recommendation 7: Targeted Financial Sanctions Related to Proliferation Financing;
- Recommendation 25: Transparency and Beneficial Ownership of Legal Arrangements; and
- Recommendation 28 – Regulations and Supervision of DNFBPs.

International Co-Operation

Signing of International Memoranda of Understanding (MOUs)- According to the requirements of the Financial Action Task Force (FATF) standards, countries through FIUs are required to establish coordination and cooperation mechanisms on anti-money laundering and countering financing of terrorism and combatting financing proliferation (AML/CFT/CFP). The EFIC signed memoranda of understanding (MOUs) with fourteen (13) other FIU as follows; Malawi, Ethiopia, Namibia, Tanzania, Zambia, Lesotho, Burundi, Rwanda, South Sudan, Eritrea, Taiwan, Kenya and Zimbabwe.

Egmont Membership Application Update

In the year under review, the EFIC had an on-site engagement with its Egmont Membership Sponsors from South Africa Financial Intelligence Centre (FIC) and Malawi Financial Intelligence Authority (FIA) with a view to conducting a legal review on the operations of the EFIC through the completion of the Egmont Membership Criteria Template (MCT). Upon the completion of the legal review, the Sponsors submitted the completed MCT to the Egmont Secretariat.

The EFIC application was then presented to the Egmont Support and Compliance Working Group in Luxembourg, in July 2025. The application was deferred to the January /February working groups meeting to be held in Tanzania. The Sponsors highlighted challenges on the operational independence of the EFIC as captured in section 27 of the Money Laundering and Financing of Terrorism (Prevention) Act, 2011 (as amended). This was redressed by the EFIC and feedback was positive. The Egmont Subcommittee has subsequently approved the EFIC membership application and will submit their recommendations for the country's membership for approval and endorsement in the July 2026 Plenary meeting.

iv. Governance and Policy

The Board

The Board conducted one benchmarking with Kenya Financial Reporting Centre.

v. ICT and Security

During this year, the department focused on four strategic pillars: ICT Infrastructure Modernisation; Cybersecurity and Resilience Enhancement; Operational Efficiency & Business Process Automation and Physical Security Strengthening. Significant progress was achieved across all pillars, positioning the organisation for improved operational performance in the next financial year.

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 13: Laws to be reviewed

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.
Compulsory Third Party Liability Motor Vehicle Insurance (Legislative Framework Proposal)	During this quarter, the Ministry and Financial Services Regulatory Authority met with the insurance industry to discuss the possible proposals to structure the compulsory third party liability Motor Vehicle Insurance.
Insurance (Amendment) Bill	The Bill seeks to promote the maintenance of a fair, safe, and stable insurance market for the benefit and protection of policyholders by establishing an updated framework for insurers, insurance groups, and intermediaries that: a) Facilitates the monitoring and preserving of the safety and soundness of insurers; b) Enhances the protection of policyholders and potential policyholders; c) Increases access to insurance; and d) Contributes to the stability of the financial system in general.
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.
Retirement Funds (Amendment) Regulations	Regulations are aimed at operationalizing provisions of the Retirement Funds (Amendment
Securities (Amendment) Bill	Securities Act, 2010 amendment of the Securities Act, 201 objectives; 1. To equip itself with an enhanced regulatory and supervisory framework for securities industry; 2. Ensure that securities legislation meets minimum international supervisory standards and practices. 3. Ensure that the Securities Act is harmonized and is in line with the provisions of the umbrella legislation (FSRA Act).
Securities Regulations	Regulations are aimed at operationalizing provisions Securities Bill

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.

CENTRAL BANK OF ESWATINI (CBE)

Law Review Session

During the reporting year, the Ministry continued to have sessions with the Central Bank to discuss the following proposed strategy and amendments of the following laws;

Table 14: Amendment of the 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
The Central Bank Order 1974 (as amended)	During this reporting year, the Ministry, Central Bank Bill was approved by the Attorney General's Office for onward submission to Cabinet for approval
The Financial Institutions Bill	During this reporting period, the Ministry, Central Bank met with the Attorney General's office to address their comments on the Financial Institutions Bill.
The Financial Stability Bill	During this reporting period, the Ministry, Central Bank met with the Attorney General's office to address their comments on the Financial Stability Bill.
The Prescription	During this year, the Prescription of Annual License Fees for Banking

of Annual License Fees for Banking and Financial Institutions Regulations, 2025.	and Financial Institutions Regulations, 2025 were passed by Parliament.

MOTOR VEHICLE ACCIDENT (MVA) FUND BILL

Law Review Session

During the reporting year, the Motor Vehicle Accident Fund Bill, 2025 was passed by the members of Parliament, following approval by the Cabinet.

CENTRE FOR FINANCIAL INCLUSION (CFI)

In this reporting period, CFI took significant steps towards developing a comprehensive legal framework to formalise and strengthen its institutional mandate. This strategic move aims to establish a solid legal foundation that will define CFI's role, responsibilities, and authority in promoting financial inclusion across Eswatini. The goal is to institutionalise CFI's role in advancing financial inclusion and to ensure long-term sustainability and accountability. In addition to the institutionalisation of CFI, notable progress was made in promoting inclusive financial access, enhancing financial capability, strengthening the enabling environment, and supporting gender-responsive and sustainable economic initiatives Eswatini.

Financial Capability and Consumer Protection

To expand access to innovative financial products, during this reporting year, the CFI commissioned the creation of a national digital financial literacy curriculum in partnership with MTN, the Central Bank of Eswatini (CBE), the Financial Services Regulatory Authority (FSRA), and other stakeholders, with funding from IFAD. The curriculum aims to enhance digital financial literacy among Emaswati, supporting improved access to and effective use of innovative financial services. The development of the digital financial literacy curriculum contributes directly to the implementation of a key strategic priority of the National Financial Education Strategy.

CFI also facilitated the operationalisation of the Microfinance Policy, drafting an Action Plan in consultation with FSRA for submission to the Ministry of Finance (MoF), and establishing a Policy Steering Committee to guide the review process.

Integration of Financial Literacy into the School Curriculum.

With the support of the Curriculum Centre, the CFI facilitated the development of a Competency-Based Education (CBE) secondary syllabus that embeds financial literacy across all subjects. This will improve the financial capability of future generations and increase financial inclusion rate in the country.

Financial Literacy for Youth Entrepreneurs

During this reporting period, the CFI delivered financial literacy training to 80 youth-owned enterprises in partnership with the Youth Enterprise Revolving Fund (YERF), targeting beneficiaries of the Financing Instrument for Risk Management, and 30 in partnership with Ginus Dream Centre. In addition, the CFI conducted financial literacy outreach to 280 informal traders in collaboration with the Central Bank of Eswatini and the Financial Services Regulatory Authority.

Gender-Inclusive Finance Roadmap Implementation

During the reporting period, under this component, significant progress was achieved in implementing the Gender-Inclusive Finance Roadmap and the Greening MSMEs initiative, which aims to promote a greener economy. With funding support from the Alliance for Financial Inclusion (AFI), the Centre for Financial Inclusion (CFI) developed two knowledge products to support evidence-based policy making and provide practical guidance for stakeholders.

- A case study on access to finance for women-owned MSMEs in Eswatini – providing insights to advance gender-inclusive financial policies.
- A study on MSMEs as agents of green change – which informed the development of Inclusive Green Finance Policies and the Greening MSMEs Toolkit.

The Annual State of Financial Inclusion and Literacy Report

During the reporting period, data collection tools to assess the state of financial inclusion and financial literacy in Eswatini were developed and subsequently peer-reviewed by the Alliance for Financial Inclusion (AFI). The survey is scheduled for roll-out at the beginning of May 2026, marking a critical step towards generating evidence to inform policy, monitor progress, and guide interventions in financial inclusion and literacy initiatives.

National Financial Inclusion Strategy

During the reporting period, the Centre for Financial Inclusion (CFI) facilitated the internal review process, including the assessment of progress and challenges, with a view to validating findings with stakeholders prior to commissioning the external review. The assessment shows good progress, with most short-term outputs achieved, providing a solid foundation for medium- and long-term outcomes.

In the reporting period, the following key milestones were achieved;

i. 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;

ii. A preliminary Situational Analysis outlining the current financial inclusion landscape and regulatory gaps; and,

iii. A preliminary draft of the Financial Inclusion Bill, which will serve as the basis for further stakeholder review and refinement.

Research & Information

Blended FinScope MSME Survey Eswatini

i. During the reporting year, the CFI, in collaboration with the United Nations Development Programme (UNDP) and the Ministry of Commerce, Industry & Trade, developed a pilot programme to test with selected MSMEs. The primary objective of this consultancy is to enhance the operational, financial, and strategic capabilities of MSMEs chosen to ensure their long-term growth and profitability.

ii. In addition, MSME Regional Business Clinics were successfully conducted in all four regions of Eswatini.

During the reporting period, 4 Regional Business Clinics were successfully conducted as part of the pilot programme. A brief analysis of the small businesses that participated in each region is shared below;

i. Lubombo

The first business clinic commenced on 26th November at Lugongolweni Inkhundla in the Lubombo region. Attendance was recorded at 33 participating MSMEs.

ii. Shiselweni

The second business clinic was hosted by Nkwene Inkundla, representing the Shiselweni region. Total attendance was recorded at 23 MSMEs. Like Lugongolweni, the majority (eleven) of MSMEs attending were involved in various retail businesses, accounting for about 48% of attendees. Among these, one was listed as a wholesale supplier of alcoholic beverages operating at Hlatikhulu, and two were supermarkets, while the remaining eight were general retail dealers. Agriculture came second at approximately 17%, with four attendees, including one woman involved in piggery. The other three operate vegetable farms. The rest of the participants were in construction (1), handcrafts (1), manufacturing (2), and other sectors (4).

iii. Manzini

The third business clinic was hosted by Ludzeludze Inkundla, representing the Manzini region. Total attendance was recorded at 30 MSMEs. Like the other two above, the majority of attendees (thirteen) were involved in a variety of retail businesses, accounting for about 43% of the participants. Among these, one was a bar, one was a boutique, and two were mobile kitchens, while the remaining nine were listed as general retail dealers. Agriculture accounted for approximately 10%, with six MSMEs involved in piggery. The other four engaged in arable farming. The remaining participants were involved in manufacturing (4) and other sectors (3).

iv. Hhohho

The Hhohho region hosted the final business clinic at Lobamba Inkhundla. Total attendance was recorded at 25 MSMEs. Once again, the majority (eleven) of the MSMEs attending were involved in various retail businesses, representing about 44% of attendees. Agriculture ranked second at approximately 24%, with two attendees raising pigs and four engaged in a variety of arable farming. The remaining participants included one in handicrafts, three in manufacturing, and four others. The table below summarizes the MSMES attended by industry or business type.

Technical Assistance

African Development Bank (AfDB)

During this reporting year the CFI Under the AfDB MIC received a grant to support CFI's activities. The approved technical assistance amounts to AfDB's Unit of Account $430,000. The grant will support the implementation of the following activities, 1) Financial Inclusion Bill, 2) Microfinance Policy, 3) Consumer Financial Inclusion Baseline Survey, and 4) Green Finance Investment Facility.

World Bank

During the reporting period, the Centre developed a funding concept for the World Bank to support the expansion of activities under Component Two of the FINCLUDE Project. A second funding concept was also prepared for the Alliance for Financial Inclusion (AFI) to support financial inclusion initiatives for people living with disabilities.

Eswatini National FinTech Strategy

The Ministry of Finance (MoF), Central Bank of Eswatini (CBE) and the Centre for Financial Inclusion have successfully developed and launched the Eswatini National FinTech Strategy. The development of the Strategy was supported by the Alliance for Financial Inclusion (AFI). The strategy aligns with the National Financial Inclusion Strategy 2023–2028, aiming to expand access to financial services for all EmaSwati. The Strategy is aimed at establishing a trusted, well-regulated, resilient, and competitive digital finance ecosystem while promoting responsible fintech innovation.

Financial Inclusion and Cluster Development (FINCLUDE) Project

During the reporting period, implementation largely comprised the continuation and consolidation of activities initiated in the previous quarter, recording solid progress in strengthening access to finance, portfolio performance, and institutional partnerships. Implementation focused on optimizing existing financing instruments, reallocating under-performing 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. Overall, performance during the quarter positions the Project for continued growth, improved portfolio health, and enhanced impact among rural enterprises and communities.

Financial Instrument for Risk Management (FIRM)

Under the Financial Instrument for Risk Management (FIRM), strategic portfolio adjustments and partner engagement advanced during the quarter. Eswatini Bank funds amounting to E939,000 were recalled and are scheduled for reallocation to The Industrial Development Company of Eswatini (IDCE) as a first tranche, ensuring better alignment with Project objectives. In addition, E1 million was disbursed to Eswatini Development Finance Corporation (FINCORP), expanding access to finance for rural enterprises. Progress was also made in on-boarding new financial partners, with Standard Bank's expression of interest approved and the due diligence process initiated. Furthermore, initial discussions were held with Eswatini Building Society, and submission of their expression of interest is awaited. Overall, FIRM performance improved, supported by enhanced portfolio management and repayment behavior.

The Line of Credit (LOC) facility also performed well during the reporting period. A total of E2 million was disbursed to Eswatini Association of Savings and Credit Co-Operatives (ESASCCO), strengthening the availability of affordable credit to rural clients. Combined performance across FIRM and LOC reflects improved portfolio health, with sixty-five (65) loans cumulatively settled during the period, valued at E1.26 million, demonstrating increased borrower capacity and effective credit management.

The DREAMSAVE platform continued to play a pivotal role in promoting savings-led financial inclusion. In FY25/26 Q3, total savings rebounded to E28,896,967, supported by 1,319 savings groups and 18,588 members. Through IMBITA, the platform has been instrumental in facilitating access to credit for savings and loans groups. During the quarter, E650,000 in loans was disbursed to 23 groups, while 18 groups successfully settled loans totaling E460,000. Performance under this initiative has revealed significant growth potential, informing a strategic approach to pilot the graduation of mature savings and loans groups into formal financial institutions.

During the reporting period, activities under Component 1 continued to focus on strengthening producer clusters, enhancing institutional capacity, and preparing for post-project sustainability as the Project approaches closure. Efforts concentrated on stakeholder transition planning, cooperative development, group cohesion, youth enterprise support, and market-oriented mobilization, with particular emphasis on broiler value chain engagement. A major focus during the year was stakeholder engagement and transition planning. The Project convened comprehensive stakeholder engagements and review meetings across the regions, bringing together NAMBOARD, ESWAMCU, IMBITA, the Ministry of Agriculture (MoA), the Ministry of Tinkhundla Administration and Development (MoTAD) extension officers, and cluster representatives, including cluster leaders, business mentors, and social mentors. The principal objective of these engagements was to initiate a structured transition process and to clarify institutional roles and responsibilities for sustaining cluster development following Project closure.

Market-oriented mobilization remained a central activity during the reporting period, with a particular focus on the broiler value chain. One Multi-Stakeholder Cluster Meeting (MCM) dedicated to broiler production was facilitated. The platform enabled farmers to engage directly with financial institutions, market outlets, input suppliers, and processors. In parallel, the Project continued to invest in cluster strengthening and cooperative formation. Sensitization sessions were conducted focusing on preparing producer groups for cooperative registration. The sessions aimed to guide groups toward establishing fully registered cooperatives as a means of improving governance, enhancing aggregation capacity, accessing structured markets, and positioning themselves for financing opportunities. The Ministry of Commerce Industry and Trade provided detailed guidance on cooperative registration procedures, regulatory obligations, documentation requirements, and benefits of operating as a legally constituted entity for the producer groups.

In addition, the Project conducted a review session for the Agriculture Sector Climate Finance Strategy. The strategy is a key instrument as it guides the integration of climate-smart approaches within rural financial services. By aligning financing with sustainable agricultural practices, the strategy will ensure that smallholder farmers and rural enterprises not only gain access to credit and savings products but also build resilience to climate risks.

Component 1 – Inclusive Cluster Development

Table 15: Key Activities Undertaken in the Period

Planned Activities	Milestones/Achievements

Conduct Business and Financial Skills Trainings for Farmers: These trainings are meant to provide capacity for the farmers on record keeping, business registering, agricultural marketing, value chain development, savings, personal financial management, credit, investment, digital financial services, agriculture insurance, financial management at cooperative level.	• A total of 312 farmers received refresher training on business and financial skills out of a target of 393. • 79.3% achievement.
Conduct MCM Sessions to Facilitate Market Linkages for Clusters: This involves facilitating linkages between clusters and input suppliers, off-takers, financial service providers, and other value chain actors.	• A total of 1 National MCM was conducted this quarter out of a target of 2. • 50% achievement.
Conduct Orientation of Cluster Leads on Cooperatives Formation/Governance: This training is intended to ensure that Cluster Leads can effectively support cooperative formation and sustain well-governed, functional producer organizations beyond the Project lifecycle.	• A total of 156 Cluster Leads were capacitated on cooperatives formation and governance of clusters out of a target of 187. • 83.4% achievement.
Conduct Business Skills Mentorship and Coaching Clusters: This entails providing regular coaching, mentoring, and on-site technical support to clusters for effective implementation of group plans. Monitoring cluster performance, capturing lessons, and helping them address challenges.	• A total of 1894 beneficiaries were provided with mentorship and coaching out of a target of 2,100 target. • 90.1% achievement.
Provide Business Development Training for Off-Farm Enterprises: The training is designed to improve the viability, profitability, and sustainability of off-farm enterprises supported under the Project.	• A total of 26 beneficiaries engaged in off-farm activities have been capacitated on business development, out of a target of 26. • 100% achievement.
Complete Dam Construction and Rehabilitation: This current year the Project is planning on completing construction at Madubane Earth Dam which is mainly the downstream development.	• The Project has officially engaged an independent contractor for the downstream development at Madubane Earth Dam, land clearing is underway. •
Conduct Capacitation of Beneficiaries on the DREAMSAVE Application: To build the capacity of beneficiaries to effectively use the DREAMSAVE application, enabling them to manage savings, track financial goals, and access digital financial services for improved financial inclusion and resilience.	• A total of 254 producer group members have been enrolled on the DREAMSAVE platform of a target of 330. • 76.9% achievement.

Source: *Ministry of Finance*

Key Outcomes and Achievements

Stakeholder Transition Planning and Engagement: During the quarter, the Project convened regional stakeholder engagement and review meetings that brought together NAMBOARD, ESWAMCU, IMBITA, Ministry of Agriculture, Ministry of Tinkhundla Administration and Development Extension Officers, and Cluster representatives. These engagements focused on discussing and preliminary mapping the roles and responsibilities of each institution in sustaining cluster development beyond Project closure. As a result, a structured transition process was initiated, and stakeholders gained greater clarity regarding mandates in market linkage facilitation, cooperative development and farmer representation, financial inclusion and savings mobilization, and the provision of technical extension and production support. The meetings strengthened institutional ownership and commitment to supporting clusters after Project completion and laid the foundation for a coordinated post-project support framework.

Cluster Strengthening and Cooperative Formation: Considerable progress was achieved in building institutional capacity for cooperative formation and governance. A total of 156 Cluster Leads were oriented on cooperative development and cluster governance, achieving 83.4% of the annual target. This strengthened leadership capacity to support formalization of producer organizations and sustain governance structures beyond the Project lifespan.

Business and Financial Skills Development: Significant advances were made in farmer business and financial skills development, with 312 farmers receiving refresher training on key areas such as record-keeping, business registration, agricultural marketing, value chain development, savings, personal financial management, credit, investment, digital financial services, and agricultural insurance. This represents 79.3% achievement against the annual target, contributing to improved enterprise management capacity among beneficiary farmers.

Market-Oriented Mobilization and Value Chain Engagement: Market-oriented mobilization focused primarily on the broiler value chain during the quarter. A Multi-Stakeholder Cluster Meeting dedicated to broiler production was facilitated, enabling farmers to directly engage with financial institutions, market outlets, input suppliers, and processors. Through these discussions, an assessment of value chain economics and feasibility was undertaken, leading to improved farmer understanding of production costs, pricing dynamics, and profitability constraints. Key market barriers were identified, including low farm-gate prices, high production costs, stringent bio security standards, and minimum volume requirements imposed by processors. The analysis generated evidence to support a strategic shift toward aggregation models, cooperative production, and negotiated market contracts, while initiating stakeholder alignment on potential restructuring solutions within the broiler value chain.

Business Mentorship and Coaching: Business mentorship and coaching remained an important support mechanism for clusters, with 1,894 beneficiaries receiving on-site mentoring and coaching services, equivalent to 90.1% achievement against the target. These engagements enhanced implementation of group plans, strengthened performance monitoring, and enabled timely resolution of operational challenges at cluster level.

Component 2: Increasing Supply of Rural Financial Service

Table: 16 Key Activities Undertaken in the Period

Activity	Milestones
Facilitate Access to Credit for Entrepreneurs: The Project has financial products with FINCORP, IMBITA, IDCE and YERF.	• A total of 101 beneficiaries have received financing out of a target of 216. • 46.7% achievement.
Facilitate Access to Savings for Farmers: Access to savings in the Project is facilitated through opening of savings accounts with financial institutions, savings through savings and loan groups (Stokvel's).	• A total of E28,896,967.00 has been saved by 1,319 savings groups and 18,588 members.
Engage Consultant to Develop Digital Financial Services Module: This activity entails procuring and engaging a qualified consultant to design a comprehensive Digital Financial Services (DFS) training module tailored to FINCLUDE beneficiaries and partner institutions.	• Consultant has been engaged, stakeholder consultation sessions have been conducted and a research report was developed following the sessions.

Key Outcomes and Achievements

- The total funding disbursed across all participating institutions amounted to 10,841,718.43, benefiting 1,033 recipients over the reporting period. YERF emerged as the largest contributor, disbursing 5,738,801.05 to 180 beneficiaries, with sustained support across FY24/25 and all three quarters of FY25/26. IMBITA provided 3,090,080.98 and reached the highest number of beneficiaries (562), with funding peaking in FY24/25 and Q1 of FY25/26 before declining in subsequent quarters. Eswatini Bank disbursed 3,069,885.30 to 216 beneficiaries, with activity largely concentrated in FY23/24, FY24/25, and Q1 of FY25/26. FINCORP recorded a single disbursement totalling 425,274.00, supporting 75 beneficiaries. Overall, funding levels were highest during FY24/25 and early FY25/26, followed by a tapering trend in later quarters, indicating a slowdown in disbursement activity toward the end of the reporting period.

Table 17: FIRM and LOC Progress

Initiative	Activity	Status / Next Step
YERF	MOA renewal and monitoring of performance	Total funding now E 1.5M
FINCORP	Disbursed 1M	Monitor the performance of the fund and the disbursement of second tranche
IDCE	MoA has been finalized, account opened	Disbursement of E900,000 to IDCE
Standard Bank	Due Diligence commence	Moving towards formal partnership
IMBITA Line Of Credit (LOC)	A total of E3.5M has been disbursed, renewal of MOA has been done with an increase in the allocated funds.	Additional E 1.5M requested to scale group outreach
CFI-ESASCCO Line Of Credit (LOC)	Disbursement of E2M to ESASCCO	Monitor the performance of the fund and disbursement
Eswatini Building Society	Initiation meetings were held, Expression of Interest submission will follow	Submission of EOI

During the reporting period from FY24/25 to FY25/26 Q3, savings mobilization showed consistent growth across institutions in terms of group participation, membership, and amounts saved. In FY24/25, a total of 1,172 groups comprising 16,047 members mobilized savings amounting to 18,860,649.00. This increased significantly in FY25/26 Q1, with 1,228 groups, 17,302 members, and savings of 31,523,182.00, representing the peak in savings mobilization during the period. Although the total savings declined slightly in FY25/26 Q2 to 27,919,681.00, participation continued to expand, reaching 1,330 groups and 18,759 members. In FY25/26 Q3, savings rebounded to 28,896,967.00, supported by 1,319 groups and 18,588 members.

Component 3: Climate Resilient Decision Making and Investment

Climate Finance Strategy and Action Plan

Work on the Climate Finance Strategy and Action Plan advanced meaningfully during the period. IFAD provided detailed comments, followed by technical discussions with the Environment and Climate Specialist during the supervision mission. A revised road map for finalization was developed with participation from key stakeholders.

Land Rehabilitation and Catchment Management

Under Land Rehabilitation and Catchment Management, the Project responded to evidence of degradation around dam infrastructure, largely driven by livestock movement and extreme weather events. Two rehabilitated dams in Lubombo Region; Luhhwahhweni (KaLanga) and Lubhuku (Malindza) were focal points for training and awareness activities. Training targeted Traditional Authorities, CDCs, Dam Committees, Livestock Committees, farmers, and other dam users, enhancing their capacity to manage erosion risks and implement Environmental and Catchment Sustainability Management Plans (ECSMPs). Emphasis was placed on practical, locally sourced solutions to ensure sustainability and ownership. In parallel, physical rehabilitation was undertaken by the Ministry of Agriculture in Lubhuku catchment, including land reshaping, check dam construction, and graded contour banks over approximately 0.5 ha, supporting restoration of both the catchment and downstream development zone.

Climate-Smart Agriculture Training

Significant progress was made under Climate-Smart Agriculture training. Having reached near saturation of CSA trainings for vegetable producers, the focus strategically shifted to the livestock value chain. In partnership with the Ministry of Agriculture's Department of Livestock and Veterinary Services, the Project developed a CSA training manual for livestock value chains. This harmonises content, standardizes delivery, and strengthens the technical quality of future trainings. Practical roll out began in Shiselweni Region, where (82) piggery farmers were trained on productivity-enhancing, low-emission husbandry practices aimed at improving enterprise resilience to climate change. These interventions strengthened farmers' capacity to adopt climate-smart technologies, improve input efficiency, and reduce vulnerability to climate shocks.

Plastic Mulching under CSA Demonstration

Table 18: Key Activities Undertaken

Activity	Milestones
Conduct Demonstrations for promoting adoption of CSA practices, mulching, water harvesting, conservation, productivity-enhancing, low-emission husbandry practices: These demonstrations are targeted at crops and livestock farmers as pilot demonstrations with the hope they can be upscaled up. Due to limited resources, these trainings can only be done on a pilot scale.	• A total of 109 beneficiaries were trained on CSA out of a target of 266. • 40.9% achievement.
Provide Equipment for Climate Proofing for Farmer Enterprises Under the SDF: This activity is	• A total of 10 farmers were targeted to be supported with shade

targeting to provide farmers with shade net structures to increase adoption of this affordable technology.	nets, none were supported material is still under procurement. • 0% achievement.
Conduct Review of the Climate Finance Strategy:	• The draft strategy has been reviewed with comments from IFAD incorporated.

Source: *Ministry of Finance*

Outcomes and Achievements

Climate Finance Planning Advanced: The Climate Finance Strategy and Action Plan was refined with IFAD inputs, technical consultations were completed, and a clear roadmap for finalization and endorsement was established, strengthening the basis for future climate financing and sustainability.

CSA Capacity Strengthened, especially in Livestock Value Chains: A CSA livestock training manual was developed with the Ministry of Agriculture, and 82 piggery farmers were trained on productivity-enhancing, low-emission practices, improving climate resilience and enterprise performance.

Catchment Restoration and Land Rehabilitation Progressed: Community structures around Luhhwahhweni and Lubhuku dams were trained on land rehabilitation and ECSMP implementation, while physical rehabilitation works in Lubhuku (land reshaping, check dams, contour banks) reduced erosion and protected dam infrastructure.

Social Inclusion and Gender Mainstreaming

In this year, significant progress was made in advancing social mentoring and gender mainstreaming activities. Social mentoring included GALS training to Producer groups reaching a total of 364 farmers. Households trained and mentored on GALS were also assessed for readiness to graduate hence a total of 126 were graduated. A refresher Training of Trainers (ToT) workshop for Social Mentors who have been appointed within producer groups to fill vacancies left by mentors who resigned due to other commitments was also conducted where a total of 22 Social mentors were reached.

As part of the Project's exit and sustainability strategy, joint regional review meetings for both social and business mentors were conducted across all regions, with Extension Officers from The Ministry of Agriculture, Ministry of Tinkhundla Administration and Development and NAMBOARD also invited to participate. These meetings provided a collaborative platform to reflect on progress, share experiences, and jointly address implementation challenges. Gender mainstreaming activities included 2 regional review meetings for youth champions. Additionally, women and youth continued to be supported in securing access to farming land through family-issued lease agreements.

Table 19: Key Activities Undertaken

Activity	Milestones
Deliver GALS trainings on tools 3&4 to farmers	● The Project has reached out to 364 beneficiaries against a target of 374 ● 97.3% achievement
Assess Farmers for Graduation under the Social Mentoring Program	● The Project has graduated 126 beneficiaries against a target of 216 ● 58.3% achievement
Conduct Refresher Training for Social Mentors	● A total of 22 Social Mentors were trained.
Conduct Annual Meetings for Youth Champions: These continue to be conducted annual. The Champions are elected to tackle issues faced by their counterparts in the Project and come up with possible solutions and engage the relevant stakeholders to provide support.	● 2 meetings were conducted for the quarter

***Source**: Ministry of Finance*

Outcomes and Achievements

● **Enhanced Social Mentoring and GALS Adoption:** A total of 364 farmers received GALS trainings, and 126 households were assessed and successfully graduated under the Social Mentoring Program, reflecting strengthened capacity for gender-transformative practices and household-level empowerment.

● **Strengthened Mentor Capacity and Continuity:** Refresher training for 22 Social Mentors were conducted to address staff turnover and maintain quality support within producer groups, ensuring sustained mentoring coverage and institutional memory.

● **Improved Stakeholder Collaboration and Youth Engagement:** Joint regional review meetings for social and business mentors, as well as two annual meetings for youth champions, facilitated knowledge sharing, problem-solving, and collaborative planning, enhancing institutional support for women, youth, and vulnerable groups in securing land access and advancing inclusive participation in Project activities.

● In the reporting period, FY25/26 the Project recorded substantial progress across all components. Under Component 1, structured stakeholder transition planning was initiated, producer groups were strengthened and prepared for cooperative registration, and youth and off-farm enterprise support advanced, while market-oriented engagements highlighted broiler value chain constraints and informed strategic approaches. Component 2 saw improved performance of FIRM and LOC facilities, with E4.94 million disbursed to partner financial institutions, 65 loans settled, and DREAMSAVE savings mobilization reaching E28.9 million across 18,588 members, alongside completion of the Digital Financial Services Module inception. Component 3 progressed on climate resilience, with 82 piggery farmers trained on CSA, two dam catchments rehabilitated and capacitated for ECSMP implementation, and the Climate Finance Strategy advanced with stakeholder consultations. Social Inclusion and Gender Mainstreaming achieved 364 GALS training, 126 household graduations, refresher training for 22 social mentors, and two youth champion meetings. Collectively, these achievements demonstrate strengthened institutional capacity, improved financial inclusion and climate-smart practices, enhanced group cohesion, and measurable steps toward sustainability, positioning the Project for successful closure.

2. PUBLIC FINANCE 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 –

a) easily accessible grants to both the formal and informal sectors to cater for the reconstruction or rehabilitation of the business buildings or premises;

b) Business grants for the purpose of restoring or replacement of machinery or equipment which is vital for business re-opening and recovery.

c) 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 UPDATE: 31 DECEMBER 2025

1.	APPROVED APPLICATIONS:		
a.	Number of Applications	:	561
b.	Value of Approved Applications	:	E285 809 882-26
2.	VALUE OF PAYMENTS MADE TO DATE		
a.	Cash Payments Made	:	E269 105 061-43
b.	Payments Outstanding (Commitments)	:	E 16 704 820-83
	TOTAL		**E285 809 882-26**

Table 20: Payments to date

Comments	**Approved Amount (E)**	**Cash Payments**	**Balance Outstanding**
1. Fully Paid	245 410 016-19	245 410 016-19	-
2. Partially Paid	25 558 485-28	23 695 045-24	1 863 440-04
3. Not Yet Paid***	14 841 380-79	-	14 841 380-79
TOTAL	**285 809 882-26**	**269 105 061-43**	**16 704 820-83**

Table 21: Summary Applications

Category	**Approved Value**
Infrastructure	71 121 191-30
Equipment	68 592 369-05
Stock	110 005 516-96
Refunds	36 090 804-95
TOTAL	**285 809 882-26**

Table 22: Bank Account Balance

BALANCE PER BANK STATEMENT	**23,349,839.55**
LESS COMMITMENTS: APPROVED APPLICATIONS & MGT FEES NOT YET PAID	**(16,734,009.25)**
ADJUSTED STATEMENT BALANCE	**6,615,850.30**

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

b. Fraudulent Documentation – Quotations & Invoices that were tempered with (change of company names, banking details, etc)

c. Fraudulent Company Stamps

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

Documentary

The documentary forming a part of the report of the Reconstruction fund activities since 2021 and interviews of the beneficiaries has been finalized

Challenges

a. Applicants who do not respond to calls.

b. Some are "undecided" on what to do and take long to submit the required documentation.

c. 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.

d. Some suppliers refuse to supply based on old quotations, hence the need for new quotations at payment stage.

e. Applicants that seem to have tempered with the invoices / receipts / bank accounts.

f. Noted suspicious files were handed over to the Police for further investigation.

g. Applicants submitting applications post the cut-off date. These are forwarded to the Technical Committee.

h. Some applicants coming up with second submissions claiming that the initial submissions were for "testing the waters" and were therefore incomplete.

i. 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.

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 preparation and engagement with the identified SWFs for the benchmarking is still on going, the benchmarking will be done before the end of March 2026

PUBLIC FINANCE MANAGEMENT REFORMS PROGRESS

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Umsebe Intergrated Financial Management and Information System (IFMIS)

Umsebe IFMIS can be broadly defined as a set of automated solutions, that, through the use of the central data base, enables a government to plan, budget, execute its budget by, tracking, recording, and reporting its revenue and expenditure. Having this system in place, increases in financial management internal controls is achieved and reduced level of corruption is also achieved. This system has many modules which are in the financial management cycle.

The Government of Eswatini through the Ministry of Finance, has successfully implemented the first Release of the Integrated Financial Management and Information System (UMSEBE IFMIS) from October 2025. The first go live of the system was in **October 2025** all the Ministries and Departments used the IFMIS for the Planning and Budgeting process.

The objective of implementing this system is to improve financial management, planning, budgeting, financial reporting, the quality and timelines of Public Financial Management information. The implementation of the Integrated Financial Management Information System (IFMIS) has offered a timely opportunity to intentionally align planning with budgeting through the introduction **of** Programme-Based Planning and Budgeting(PBPB). PBPB allows the Government to not only budget more strategically, but also to improve transparency and accountability by linking public spending directly to clearly defined programmes and measurable outcomes. The emphasis on the Government planning process, through clearly identifying the National Development Plan (NDP) and Programme of Action(POA) related activities, has given the Government strategic direction during the budgeting process.

The summarization of the main objectives of the **PBPB** includes:

- Making the public financial management system more results-oriented, thus increasing transparency and accountability;
- Strengthening the link between long-term planning and the annual budget;
- Help rationalize expenditure to improve efficiency and effectiveness of service delivery;
- Providing and using information on performance for policy planning and management.

Deliverables from October 2025

The following are the main deliverables encompassed three primary work streams:

i. Requirements gathering sessions

Planned engagement with Treasury teams to define specifications across nine critical areas including Chart of Accounts, Treasury Banking Processes, Electronic Payments, Cash Management, Revenue Management, and IPSAS implementation.

ii. Training delivery

Comprehensive training on Planning and Budgeting modules for Eswatini Government Personnel, covering program management, budget line creation, and revenue forecasting.

iii. System validation and testing

Validation sessions for developed modules including Procurement, Travel Management, Payment Processing, Payroll, Revenue Management, Debtor Management, and Accounting Banking and Bank Reconciliation functionalities.

iv. Planning and budgeting module Go-Live

- Successfully deployed Planning and Budgeting modules to production environment
- Completed training sessions on Planning Module (programs, subprograms, outputs, activities, projects)
- Completed training sessions on Budgeting Module (budget line creation, Chart of Accounts integration)
- Completed training on revenue forecasting and bottom-up budget preparation

v. Documentation and reporting

- Developed and integrated Budget Framework Paper for institutional budget consultations
- Designed and implemented Book of Estimates reports and annexes
- Conducted iterative deployments following each round of modifications

vi. Chart of accounts implementation

- Completed Chart of Accounts configuration and training
- Delivered training to ministries on economic segment usage.
- Configured CoA integration across PFM components with treasury approvals.

vii. Budget execution modules

- Developed all budget execution modules to completion.
- Prepared modules for user validation (scheduled for January 2026).

viii. User support and quality assurance

- Provided post-go-live user support.
- Resolved bugs, issues, and implemented improvements based on user feedback
- Conducted user acceptance testing cycles with iterative corrections

ix. Data migration

Personnel and Wage Data

CTA Vehicle and Fleet Costing Data

- New Multi-Dimensional Chart of Accounts **(CoA)**
- Responsibility Centre Structures
- Funding and Recipient Segments
- Programmes and Sub-Programmes aligned to the **NDP**
- Capital Projects Information
- Recurrent Wage and Non-Wage Ceilings
- Programme of Action Data. **(POA)**

System Validation for the Budget Execution Modules

Table 23: System Validation Session Schedule: 26th to 6th February 2026

Date		Morning	Afternoon	Status
Monday 26th January	**Modules**	Vendor Management	Vendor Management	
	Required	*Treasury* *Procurement PMU*	*Treasury* *Procurement PMU*	*Done*
Tuesday 27th January	**Modules**	Procurement	Procurement	
	Required	*Treasury* *Procurement PMU*	*Treasury* *Procurement PMU*	*Done*
Wednesday 28th January	**Modules**	Travel Management	Travel Management	
	Required	*Treasury* *PPCU* *Public Service* *PMU*	*Treasury* *Public Service* *PMU*	*Done*
Thursday 29th January	**Modules**	Staff establishment and Payroll Management	Staff establishment and Payroll Management	
		Treasury *Public Service* *PMU*	*Treasury* *Public Service* *PMU*	*Done*
Friday 30th January	**Module**	Staff establishment and Payroll Management		
	Required	*Treasury* *Public Service* *PMU*		*Done*
Monday 2nd February	**Module**	Payments & Banking	Payments & Banking	
	Required	*Treasury* *Central Bank* *PMU*	*Treasury* *Central Bank* *PMU*	*Partially Done*

Tuesday 3rd February	**Modules**	Bank Reconciliation: Processes	Debtor Management	
	Required	*Treasury* *Central Bank* *PMU*	*Treasury* *PMU*	*Partially Done*

Wednesday 4th February	**Modules**	Accounting	Accounting	
	Required	*Treasury* *PMU*	*Treasury* *PMU*	*Done*
Thursday 5th February	**Modules**	Revenue Receipting (ERS tax receipts)	Revenue Receipting (ERS tax receipts)	
	Required	*Treasury* *Fiscal* *PMU*	*Treasury* *Fiscal* *PMU*	*Done*
Friday 6th February	**Modules**	*System Integrations*		
	Required	*Treasury* *PMU*		*Not Done*

Source: *Ministry of Finance*

- The system validation was done, expect for validating the Bank Reconciliation Processes and the Banking process. This will be done between the 9th February and he 10th February 2026.
- The following session will be for the data migration from the old system to the new system. These sessions will begin from the 11th February 2026, to the 27th February 2026
- The whole of March will be for the User Acceptance Testing (UAT) in readiness for April 2026.

Table 24: Implementation progress

ESWATINI IFMIS SOFTWARE DEVELOPMENT PROGRESS									
Release #	**Module**	**Score**	**DEC**	**FEB**	**MAR**	**APR**	**SEP**	**DEC**

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%**

Table 25: Implementation Progress continued

Release #	Module	Score	DEC	FEB	MAR	APR	SEP	DEC
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 #	**Module**	**Score**	**DEC**	**FEB**	**MAR**	**APR**	**SEP**	**DEC**
Release 6	Inventory Management	5	-	-	-	-	-	
	Asset management	3	-	-	-	-	-	
	Audit Management	NA	-	-	-	-	-	
	Total	**8**	**-**	**-**	**-**	**-**	**-**	
OVERALL DEVELOPMENT PROGRESS		**100**	**41.70%**	**52.00%**	**59.60%**	**68.00%**	**74.30%**	**77.56%**

Challenges

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, preventing adherence to the original implementation timeline.

Impact: Affects negatively, the Project Timelines might trigger 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.

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 period under review, the Ministry continued its efforts to guide and support Ministries and Departments in the proper and timely reporting of such losses. Ministries were also encouraged to appoint Liaison Officers on losses matters, whose primary responsibility is to ensure compliance with reporting requirements and promote accountability in cases involving the loss of public/government assets.

The Losses Committee continued with follow ups on pending matters and examined additional reports of lost government property submitted from the following institutions:

- Ministry of Information, Communication and Technology (ICT)
- Ministry of Sport, Culture and Youth Affairs – Youth Enterprise Revolving Fund (YERF)
- Ministry of Public Service Ministry of Agriculture
- Ministry of Agriculture
- Ministry of Health

Following much 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 26: Discussed matters and conclusions

MINISTRY	REPORTED LOSS	STATUS
1. Information Communication and Technology	Outstanding Advertising Fees Aegis Media Value: E60 954.70	Write off recommended E60, 954.70.

2. Sports, Culture and Youth Affairs	2.1. Youth Enterprise Revolving Fund (YERF) and Imbita Swaziland Women's Finance Trust. Outstanding loan balances 2.2 Buyisakuthula Matsenjwa, from Maphungwane Bhindza Area. outstanding loan of E24000 for fire damaged equipment.	Write-offs of loan balances of 23 deceased beneficiaries valued at E305 886.00. Mr Matsentjwa, was located and gainfully employed. He acknowledged the outstanding loan of E20 000 with an interest of E4000. Total outstanding loan is E24 000. Recommendation: Full recovery of outstanding loan. YERF to provide regular reporting on progress.
	2.3 Ninety- nine (99) other beneficiaries were traced with a total outsanding loans valued at E796 958,82.	Recommedation: To press for recovery of all outstanding loan balances. YERF to provide regular updates on recovery progress.
	2.4 Futhi Mngomezulu (deceased) beneficiary loan balance E42, 500.00	Recommendation: To recover from business partners who committed to repay the debt of E42, 500. 00. YERF to provide progress report.
Ministry of Public Service	Fire incident office 319 - office equipment valued at E392 490.00 was destroyed.	On – going. Further inquiry.
Ministry of Agriculture	Salary Overpayment E1, 332.92 – Agnes S. Dlamini	Write – off recommended E1, 332.92
	Obsolete pharmaceutical	On-going. Further inquiry.

Ministry of Health	stock for disposal valued at E237,666,390.71.	

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.

- Term of office of the Losses Committee lapsed 2 January, 2026 and pending publication of a gazette for six months extension.

8. TREASURY AND STORES - HEAD 35

OBJECTIVES

- Maintaining internationally acceptable accounting standards
- Effective internal checks and controls
- Setting up and maintaining a reliable and friendly revenue collection and payment service
- Maximize collection of government revenue

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.

CORE STRATEGIC 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:

a) To ensure the integrity, security, and optimal utilization of all public funds.

b) To safeguard public assets and ensure their accurate recording and management.

c) To provide reliable, timely, and transparent financial information for decision-making.

d) To build a sustainable, skilled, and professional workforce within the public financial management sector.

e) To implement modern, integrated systems that enhance efficiency, control, and fiscal policy execution.

KEY FUNCTIONAL RESPONSIBILITIES

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 channelled 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.

BACKGROUND

The 2025/2026 financial year has been a period of significant transition and foundational progress for the Treasury and Stores Department. We have steadfastly advanced our core mandate of ensuring fiscal discipline, safeguarding public assets, and promoting transparent financial governance, as enshrined in the Public Finance Management Act of 2017.

Key achievements underscore our commitment to reform and capacity building:

a) Public Financial Management Reforms

We have made tangible progress in modernizing the nation's financial infrastructure. Critical foundational work on the Integrated Financial Management Information System (IFMIS), the Treasury Single Account (TSA), the national asset register, and the strategic transition to the IPSAS Accrual framework positions the Government of Eswatini for enhanced fiscal control, accountability, and alignment with international standards.

b) Strategic Human Capital Investment

The landmark partnership with the African Development Bank and CIPFA to professionalize our workforce through the Professional Accountancy Qualification represents a transformative investment in the long-term capability and integrity of public financial management in Eswatini.

c) Operational Management

The Department has effectively managed its budget execution, maintaining oversight of expenditures while navigating necessary adjustments. We have also successfully overseen a major operational transition in revenue collection through ERS and EPTC, providing stabilizing support during the initial phase.

PUBLIC FINANCIAL MANAGEMENT (PFM) REFORMS

The Government of Eswatini, through the Treasury Department, continues to drive comprehensive financial management reforms to strengthen fiscal sustainability, enhance accountability, and align with international best practices. These reforms are critical in addressing systemic challenges, including liquidity constraints, arrears accumulation, and the need for modernized financial reporting systems.

This report outlines the progress, challenges, and strategic direction of these initiatives, demonstrating the government's unwavering commitment to sound financial governance and sustainable economic management.

Accelerating IFMIS Development: Chart of Accounts and Treasury Single Account (TSA)

Following the successful IMF technical assistance workshop, the critical work on the dimensional Chart of Accounts is progressing actively, with mappings ongoing and validation of responsibility centres under the administration segment currently underway. This detailed work is essential for the integrity of the new system.

Concurrently, to strengthen fiscal control and cash management, the Treasury Department has taken leadership in drafting the project charter for the Treasury Single Account (TSA). The Department is also defining and documenting the core processes that will inform and underpin the development of the new Integrated Financial Management Information System (IFMIS), ensuring the business processes, TSA and IFMIS are strategically aligned.

Advancement in National Asset Data Collection

The comprehensive national asset data collection exercise continues to make significant strides. Data collection for the Shiselweni and Lubombo Regions is complete, and the Board of Survey is finalizing the data capture for the Lubombo Region. The project is now set to resume data collection in the Manzini Region beginning February 2026. This collaboration with the Ministry of Tinkhundla Administration and Development is vital for establishing a complete and accurate government asset register.

IPSAS Accrual Framework Transition: Strengthening International Collaboration

Preparations for the transition to the IPSAS Accrual reporting framework are advancing through strategic partnership. The Treasury Department is awaiting our Tanzanian partners to complete their internal protocols to finalize the signing of the Memorandum of Understanding (MoU) between the two governments. This collaboration is pivotal for the transition. The formal project with the Republic of Tanzania's Treasury is scheduled to commence on 1st April 2026, and will build upon the foundational "Trainer of Trainers" programme already conducted.

Deepening Strategic Partnership with African Development Bank (AfDB) & Chartered Institute of Public Finance and Accountancy (CIPFA)

The capacity-building partnership with the African Development Bank has moved into an exciting implementation phase. The Office has successfully enrolled the first cohort of twenty-one (21) officers for the prestigious Professional Accountancy Qualification (PAQ) with the Chartered Institute of Public Finance and Accountancy (CIPFA). This is the first of three planned trenches to qualify a total of seventy (70) officers.

Administrative processes are being finalized to ensure a smooth start, with the contract currently under final review by the Attorney General's Office. Concurrently, enrolled officers are processing their bonding agreements with the Ministry of Public Service. The PAQ course is scheduled to commence immediately upon the signing of the contract between the Ministry of Finance (Treasury Department) and CIPFA.

This initiative, which also includes plans for an exchange program with the Office of the Accountant General in Tanzania, continues to represent a major investment in world-class PFM and change management skills for our officers.

Revenue Collection

This report provides a summary of the transition of revenue collection responsibilities from Eswatini Government Revenue to the Eswatini Revenue Services (ERS), effective December 2025. Under the new structure, the Eswatini Post and Telecommunications Corporation (EPTC) was appointed as an intermediate collection agent. The transition involved a phased operational rollout and temporary support arrangements to ensure continuity of service.

Operations commenced in December 2025 at two EPTC outlets in Mbabane and Manzini.
Service capacity was expanded commencing January 2026 with the addition of three outlets in Nhlangano, Siteki, and Matsapha.

The Office of the Accountant General provided temporary handholding support staff during the initial transition period. Their contribution was instrumental in stabilizing operations, facilitating knowledge transfer, and enhancing service delivery standards.

In conclusion Post-Transition Support Mechanism is recommended to ensure ongoing operational stability and address any residual or emerging challenges, a protocol for continued remote guidance and periodic oversight. This measure will support EPTC during the final stabilization phase following the transition.

Reconciliation

Achieved a 63% reconciliation rate for previously unreconciled accounts, with ongoing efforts to complete the remainder. This process ensures the accuracy of balances slated for transfer as opening balances into IFMIS upon project commencement.

The Tours subsection has successfully retired all issued tour advances through October 2025 and is currently reconciling advances for November 2025, pertaining to the 2025/2026 financial year

Reporting

Currently finalizing the Treasury Annual Report for the 2024/2025 financial year. The complete set of financial statements for 2024/2025, comprising 122 appendices, has been submitted to the Office of the Auditor General for audit. Presently preparing a resubmission of these financial statements following the resolution of audit queries received.

Conclusion

The Department remains focused on consolidating these gains. Our immediate priorities are the successful commencement of the CIPFA qualification program, the finalization of key PFM reform projects, and the diligent closure of the 2025/2026 financial year. We are committed to building upon this year's progress to further strengthen the financial governance framework of the Kingdom of Eswatini, ensuring optimal utilization of public resources for national development.

9. INTERNAL AUDIT – HEAD 38

OBJECTIVES

The objectives of Internal Audit are to improve fiscal discipline and 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.

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.

INTRODUCTION

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.

Internal Audit is also responsible for facilitating the establishment, implementation and monitoring of risk management across government as articulated in Government Risk Management Policy as well as the relevant Frameworks. The officers who perform risk management functions are not simultaneously involved in audit work.

VISION: 'To be the preferred and trusted internal audit service provider, a catalyst for positive change to improve Government's response to risk'

MISSION: To enhance and protect public entities values by providing independent risk-based and objective assurance, advice, insight and foresight'

VALUES

- Integrity
- Objectivity
- Competency
- Confidentiality

FISCAL DISCIPLINE AND ARREARS MANAGEMENT

To improve fiscal discipline towards ensuring that ministries and departments manage their funds appropriately to deliver their programs and activities within their budgets, the Internal Audit Office (IAO) verified arrears amounting to E 601,064,011.53 accumulated by eighteen (18) ministries and departments. Factors contributing to the accumulation of arrears were identified in collaboration with management. Recommendations aimed at improving fiscal discipline and ensuring adherence to approved budgets were discussed with management in the listed ministries and departments.

- Parliament
- Foreign Affairs
- Defense
- Natural Resources
- Economic Planning
- Finance
- Labour and Social Security
- Public Service
- Information and Communication Technology
- Elections and Boundaries Commission
- Health
- Justice and Constitutional Affairs
- Anti-Corruption Commission
- Judiciary
- Correctional Services
- Home Affairs
- Public Works and Transport

- Sports, Culture and Youth Affairs

The IAO appreciates these ministries and departments (Cabinet, Tourism, DPMO, Tinkhundla, Geology, Agriculture, Housing, Fire, Commerce, Education and Treasury) who have efficiently managed their budget and had no arrears as at 30th November 2024.

STRENGTHENING THE CONTROL ENVIRONMENT

Government's service delivery is affected by both economic constraints and weaknesses in public sector governance and control systems. Strengthening internal controls is essential to improving public financial management and service delivery. The IAO has assessed the adequacy and effectiveness of controls, governance and risk management systems through conducting different types of audits in the listed entities:

- Health The Luke Commission -Financial audit
- Commerce ECODEC- Revenue Collection
- Public Service- supply chain
- Works LOT 1 – asset management
- Fire- Utilities
- Parliament- Utilities
- Health Central Medical Stores
    - Stock take
    - Handling of expired medicine & medical supplies
    - Supply chain

FOLLOW UP AUDITS

Monitoring the implementations of recommendations to ascertain improvement of the control environment continued in the year 2025/26. Table 1 below shows an average implementation status of 38% for the follow up audits that were conducted. This shows an 8% reduction in the implementation status

Table 27: Average Implementation Status of the follow up audits

AUDIT REPORT	NO. OF ISSUES	RESOLVED	PARTIALLY RESOLVED	UNRESO LVED	%
Labour- arrears	4	2	0	0	50
Public Service- arrears	4	2	1	1	50
Mbuluzi high school	10	5	3	5	50
Tourism- fleet (A)	8	0	1	7	0
Commerce- arrears	3	1	2	0	33
Commerce- financial	4	3	0	0	75

Home Affairs- arrears	4	2	0	2	50
Works Lot 1- assets	3	0	1	2	0
Tourism- utilities	4	3	0	1	75
Tourism- fleet (B)	8	0	1	7	0
Health Phalala- arrears	5	4	1	0	80
ICT -arrears	4	1	1	2	25
EBC- arrears	6	0	0	6	0
Overall Implementation Rate					**38%**

Source: *Ministry of Finance*

WORK IN PROGRESS

The following audits of this Ministries shall be completed by 31st March 2026:

- Deputy Prime Minister's Office - fleet management,
- Housing Hlathikhulu Town Board – operational audit,
- Home Affairs (citizenship)- operational audit,
- Labour – Human Resource audit,
- Agriculture – utilities,
- Works (Public Works Department) supply chain,
- Works (Golf Course Interchange)- asset management and
- Finance (Centre for Financial Inclusion) - asset management

These follow up audits shall also be completed by 31st March 2026:

- Education (Teaching Service Commission),
- Parliament,
- Finance (Eswatini Public Procurement Regulatory Agency),
- Health The Luke Commission,
- Health Central Medical Stores,
- Correctional Services,
- Fire,
- Follow up audits for 2024 and
- Follow up audits for 2025.

ENTERPRISE RISK MANAGEMENT

Developed Risk Registers for the following ministries:

- Home Affairs,

- Health –Central Medical Stores Department,
- Housing and Urban Development-Siteki Town Council and
- Finance-Supply Chain Department.

Risk Awareness Workshops on the ERM Policy and Framework were done with the following ministries:
- Education,
- Housing and Urban Development,
- Agriculture,
- Tinkhundla Administration,
- Home Affairs,
- Tourism and Environmental Affairs,
- Foreign Affairs and International Cooperation,
- Justice and Constitutional Affairs,
- Finance,
- Sports, Culture and Youth Affairs,
- Commerce, Industry and Trade,
- Deputy Prime Minister's Office,
- Natural Resources and Energy and
- Public Works and Transport.

AUDIT COMMITTEE

The Audit Committee (AC) held five (5) meetings three (3) ordinary and two (2) extra ordinary meetings). In the current financial year, the AC held the 4th, 5th and 6th ordinary meetings to deliberate on the work done by the IAO in the three quarters of the financial year 2026. The extra ordinary meetings were conducted to approve the Consolidated Annual Risk Based Plan for the office and the other was scheduled to discuss the audit report for The Luke Commission.

During the reporting period the following Controlling Officers were invited by the AC to discuss critical and significant audit findings where-in the audit opinion showed that the control environment was either unsatisfactory or partially satisfactory:
- Tourism,
- Labour,
- Home Affairs,
- Defense,
- Health,

- ESPPRA,
- Public Service,
- Education,
- Parliament and
- Economic Planning.

The AC was able to submit the second and third reports to the Minister reporting on the performance of the IAO and Government's control environment.

COMBINED ASSURANCE

Development of a Memorandum of Understanding (MoU) with the Office of the Auditor General (AG)

The AG has appointed the Legal Adviser to be the lead facilitator for the meetings that shall be held weekly (with the 1st meeting held on the January 15, 2026) until the MoU is signed. Head of Legal at Finance shall also participate in this meeting. This is meant to strengthen the collaboration between the 2 offices. This exercise shall be completed by 31st March 2026.

The whistle blowing line

When the AC was appointed in August 2024, Minister Finance gave the Committee the mandate to foster ethical culture within the civil service. A resolution was taken by the AC that a whistle blowing line would be the most confidential and safest way to report unethical behavior or malpractice. A benchmarking exercise was done with Eswatini Revenue (ERS) as they already have an operating line held by their department Internal Affairs. Following disagreements among the implementing parties (Internal Audit, ACC and Human Rights Association) on where to house the line, the AC agreed that the role players should do a benchmarking exercise in 3 countries; prioritizing RWANDA. Engagements with Rwanda are at an advance stage. Namibia has been identified as another country where the benchmarking exercise can be done.

HUMAN RESOURCE MANAGEMENT

Filling of vacant positions

The IAO with the assistance of the Civil Service Commission (CSC) finalized the promotion of officers to Senior Internal Auditor positions; successfully advertised externally and recruited seven (7) Internal Auditors with special skills in Human Resource and IT. Moving forward the office shall conduct HR and IT audits.

The Ministry of Public Service has authorized IAO to fill three (3) vacant positions for Internal Auditors and is working to fill these positions with the assistance of the CSC. A team to audit schools shall be established after recruiting these Internal Auditors.

With the assistance of the Ministry of Public Service, the vacant positions of Human Resource Officer and Assistant Human Resource Officer have been filled.

Training

Following the recommendation by the AC to train all role players in the supply chain process, twenty-two (22) officers (technical staff) were trained in Eswatini Government Procurement Process by the Ministry of Finance Supply Chain Department.

Eleven (11) Officers (new recruits and the supply chain audit team) were trained on Government Procurement Procedures by ESPPRA.

An in-house training was conducted for the seven (7) newly recruited Internal Auditors. They were trained on their new role, on the Internal Audit Standards, the Internal Audit Manual and Enterprise Risk Management.

The long term training of 2 officers to be Certified Internal Auditors is on-going.

Wellness Program

The office successfully compered the under listed wellness activities:

- Training (Induction) of Wellness Committee Members by PSHAAC in September
- With the support of the Ministry of Finance the Office celebrated the Men's Health Month at IDM and Women's month at the Hilton Garden Inn in June and August
- Conducted a mental health awareness session for all officers in October
- Held a financial management awareness presentation for all officers in November
- Also in November, IAO officers along with Finance and Treasury Officers embarked on a team building exercise in Durban
- In December, officers participated in the World AIDS day commemoration.

COLLABORATION WITH STAKEHOLDERS

Through the audits conducted at the Ministry of Works (MR3 LOT1 and Golf Course Interchange), the African Development Bank has pledged to support the office by training the team that has audited these projects. Terms of reference have been submitted to the Bank to meet the training needs of the office on auditing of projects.

The office participated in the Revenue Takeover by the Eswatini Revenue Service whereby the IAO continuously facilitated the identification of risks and mitigation measures to make the process seamless.

To strengthen Public Financial Management, the AC invited Director Supply Chain, Accountant General and IFMIS Project Manager to establish a working relationship with Internal Audit that will promote fiscal discipline, ensure compliance and control expenditure within Government.

An MoU with the Institute of Internal Auditors Eswatini has been drafted to establish a framework for cooperation between the two offices. This shall enhance professional development, knowledge and skills of internal audit practitioners within the Eswatini Government.

ACHIEVEMENTS

- Completion of the Office’s Strategic Plan for 2025/2029.
- Developed a framework for Internal Quality Assurance and Improvement Work Program.
- The Institute of Internal Auditors Eswatini trained our technical staff on the Code of Ethics. All Internal Auditors signed annual declarations to uphold to the code when doing their work.
- Received Cabinet approval for the creation of Item 10 to pay annual subscriptions for the office with the Institute of Internal Auditors to enhance professionalization of the office.
- Offered training for senior government officials from the Ministries of Health, Justice, and the Police on the role of internal audit and risk management within government.
- Payment of tax by The Luke Commission following audit findings on the internal audit report.

CHALLENGES

Delays in completing audits arising from uncooperative clients. The office shall ensure that there is continuous communication with clients; starting with the sharing of the annual risk based plan, engagement letter confirmations dates up to execution of the audit.

Inability to implement the risk based annual plan due to delays when requesting for information to verify arrears and conduct other audits. A revised plan was approved by the Audit Committee following justification that the newly recruited Internal Auditors were anticipated to have joined the office in July 2025 but due to the resolution to recruit externally, the Internal Auditors joined the office in October 2025.

10. AUDITOR GENERAL – HEAD 58

INTRODUCTION

The Office of the Auditor General is established as an independent oversight body under Section 207 of the Constitution of the Kingdom of Eswatini, further empowered by the Audit Act No. 4 of 2005. The Auditor General is constitutionally mandated to conduct independent external audits of all public accounts, including the judiciary and all government authorities, and formally report the audit findings to Parliament to facilitate accountability, a process that ensures the executive branch remains accountable to the legislature and the general public.

STRATEGIC VISION AND MISSION

The Office is driven by the vision to serve as an independent Supreme Audit Institution (SAI) that proactively promotes good governance in the public sector and improve service delivery to the citizens. Its mission is to provide high-level assurance on accountability, transparency, and integrity, while ensuring that the management of public resources adheres to the principles of value for money. By maintaining this focus, the Office acts as a guardian of the national purse, safeguarding public assets through rigorous scrutiny.

CORE AUDIT FUNCTIONS

To fulfill its mandate effectively, the Office operates through several specialized Business Units that deliver a comprehensive suite of audit functions:

- **Financial Audits and Compliance Audits:** Ensuring that financial statements are accurate and that all expenditures comply with statutory regulations.
- **Performance Audits and Forensic Investigative Audits:** Evaluating the efficiency of government programs and conducting specialized investigations into financial malpractice.
- **Information Systems (IS) Audits:** Securing the integrity of the government's digital infrastructure and revenue collection platforms.

AUDIT OF THE AFRICAN UNION

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

The Auditor-General, as Head of the Supreme Audit Institution (SAI), having been appointed as the Chairman of the African Union Board of External Auditors (BoEA) continued in this role to carry out audit assignments for financial years 2024 and 2025 as per Rule 99 of the African Union Financial Rules. In the BoEA, he represents the Southern Region together with Mauritius (Eastern Region), Ivory Coast (Western

Region) as well as Equatorial Guinea (Central Region) and now heads the overall audit of the AU.

AU AUDIT ASSIGNMENTS

The Office successfully led the audit of the African Union Commission (AUC) Secretariat and the African Peer Review Mechanism (APRM) for the year ended 31st December 2024. The audit of the AU's financial statements for the year ended 31st December 2025 commenced and it is ongoing to be completed on the second week of April 2026. Further, Special IT Audits commissioned by the Permanent Representatives Committee (PRC) will be conducted in 2026 under the leadership of the Auditor-General.

AUDIT OF AFROPAC

The Office has taken over the audit of the African Organisation 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 MINISTRIES, DEPARTMENTS AND AGENCIES (MDAs)

Financial Audit of Government Ministries and Departments

The office has concluded the following financial audits:

- Follow-up audits on PAC Recommendations covering all Government Ministries and Departments.
- PAC Briefing notes on Financial Audit Report for financial year ended 31st March 2024.
- PAC Deliberations on the Financial Audit Report for financial year ended 31st March 2024 and PAC Recommendations for all Ministries and Departments.
- Audit of 32 Government Ministries and Departments for the financial year ended 31st March 2025:
  - Audited of 121 individual Financial Statements and
  - Issued 34 Audit Management Letters and Audit Reference Sheets to the respective heads of MDAs.
- Audited of the Eswatini Agricultural Development Fund for the financial years ended 31st March 2024 and 2025.
- Audited of Input subsidy and Tractor Hire Programme implemented by NMC for the financial years 2024 and 2025.

Compliance Audit Report

The Office compiled and tabled a Consolidated Compliance Audit Report for Central Government, focusing on Government payroll accuracy verifications across all MDAs; asset management by investigating government fleet losses and unreported damages from 2020 to 2024; specialized service delivery inspections of the Teaching Service Commission, Embassies for financial years 2023 and 2024 as well as National Health Programs, including donor-funded emergency initiatives. This report was deliberated on by the PAC during the second quarter of the year.

Information Systems (IS) Audits

The IS Audit Unit conducted four (4) audits in the following fields:

a) Security and integrity audits of National Child Protection Management Information Plus (CPMIS+);

b) Judiciary Electronic Case Management System (e-CMS);

c) Elections Management System; and

d) Security audit of core government directory services to support the secure enrollment of 5,000 additional civil servants into the official communication system.

Audit of Projects

During the reporting period, the Office audited thirteen (13) donor-funded and nationally significant projects as follows:

a) Audit Africa Mini-Grids Project, implemented by the Eswatini Energy Regulatory Authority (ESERA) and funded by the United Nations Development Programme (UNDP).

b) Audit of the Mbuluzi River Basin Project, implemented by the Eswatini National Trust Commission (ENTC) and funded by the Global Environment Facility (GEF).

c) Audit of the Market Price Survey for Common Use Items (MAPS) Project, implemented by the Eswatini Public Procurement Regulatory Authority (ESPPRA) and funded by the African Development Bank (AfDB).

d) Audit of Manzini-Mpandze- T515/99/55 project financial statements for financial years 2024 and 2025 funded by the African Development Bank (AfDB).

e) Audit of the upgrading works at Somhlolo National Stadium, implemented by Micro-Projects under the Ministry of Sports, Culture, and Youth Affairs.

f) Audit of Strengthening Early Childhood Development and Basic Education System to Support Human Capital Development Programme, under the Ministry of Education and Training, for the year ended 31st March 2025.

g) Audit of Health Systems Strengthening for Human Capital Development implemented by the Ministry of Health, funded by the World Bank.

h) Audit of COVID-19 Emergency Response Preparedness Project implemented by the Ministry of Health, funded by the World Bank.

i) Audit of Manzini Golf-Course Inter-Change project- T521/99/55 for the financial year 2024 funded by the African Development Bank (AfDB).

j) Audit of Restoration of Ecosystems, Integrated Natural Resource Management and Promotion of SLM in Mbuluzi River Basin of Eswatini for the Financial year 2024 funded by the Global Environment Facility (GEF).

k) Audit of Eswatini Water Supply and Sanitation for Hosea, Zombodze A and Shiselweni 1 Tinkhundla project.

l) Audit of Manzini Region Water and Sanitation project.

m) Audit of Shiselweni Network Re-enforcement and Access Project- F031.

Audit of Public Enterprises and Local Government Authorities

Audits

The Office conducted three (3) audits of the following State Owned Entities:

a) Audit of Eswatini Railways (Operations and Eswatini Railway Line Project) for the financial years ended 31st March 2023 and 2024;

b) Audit of Pigg's Peak Town Council for the Financial year 2024; and

c) Audit of Revenue financial statements for the Eswatini Revenue Service for financial years 2023, 2024 and 2025.

Compliance Audits

The Office compiled and tabled a Compliance Audit Report covering the operations of the Public Enterprises and Local Government Authorities after issuing audit review reports of financial statements and audit reference sheets for all fifty-two (52) Public Enterprises and thirteen (13) Local Government Authorities for the financial year ended 31st March 2024.

Audit of Eswatini Missions Abroad

The Office audited thirteen (13) Eswatini Missions Abroad as follows:

a. The High Commission of Eswatini in the United Kingdom.

b. Eswatini Consulate Office in Johannesburg;

c. Eswatini High Commission in Pretoria;

d. Eswatini Embassy Taiwan (Taipei);

e. Eswatini Embassy in Malaysia;

f. Permanent Mission of Eswatini in Geneva;

g. Eswatini Embassy and Mission to the European Union in Brussels;

h. Embassy of the Kingdom of Eswatini in Morocco;

i. Eswatini High Commission in Ethiopia;

j. Eswatini Embassy in Kuwait;

k. Eswatini Embassy in Saudi Arabia;

l. Eswatini Embassy in Qatar; and

m. Eswatini Embassy in the United Arab Emirates.

Audit of schools

The Office has completed 100 audits of public schools as of mid-February 2026

Forensic Investigative Audits

The Office successfully concluded two (2) forensic investigative audits and one (1) legality audit during the reporting period:

a) A forensic investigation into the Eswatini National Petroleum Company (ENPC), under the Ministry of Natural Resources and Energy;

b) A forensic investigation of the Royal Science and Technology Park (RSTP) under the Ministry of Information, Communications and Technology (ICT), executed through Dede Management Consultancy; and

c) Legality Audits: Review of procurement Process at Ministry of Sports, Culture and Youth Affairs.

Performance Audits

The Office conducted three (3) major performance audits focusing on high-impact socio-economic sectors namely:

a) Assessing youth empowerment programmes and their impact on unemployment, skills development and entrepreneurship under the Ministry of Sports, Culture and Youth Affairs (including the Youth Enterprise Revolving Fund and Eswatini National Youth Council);

b) Evaluation of government initiatives aimed at addressing food insecurity under the Ministry of Agriculture Eswatini Water and Agricultural Development Enterprise; and

c) Access to clean water under the Ministry of Natural Resources and Energy (Department of Water Affairs).

ENHANCEMENT OF LEGAL FRAMEWORK AND INSTITUTIONAL DEVELOPMENT

Legislative Reform and the Public Audit Bill

The Office continues to actively advance the drafting of the Public Audit Bill to ensure full constitutional alignment and adherence to international principles governing the operations of a SAI. The following strides have been achieved:

● The finalization of the Legal Framework Roadmap, supported by a comprehensive Gap Analysis Report and the Public Audit Policy Document, developed with technical guidance from the INTOSAI Development Initiative (IDI).

● The engagement of the Minister of Finance on the Public Audit Policy for a formal ministerial endorsement.

● Submission of the requisite documentation to the Cabinet Portal for the Public Audit Policy to be presented to Cabinet.

Capacity Building in Fraud Detection and Governance

To stay ahead of increasingly complex financial crimes and corruption, the leadership of the Legal Business Unit participated in advanced certification programs, including intensive training in Fraud Examination. This specialized expertise is complemented by active participation in regional workshops hosted by AFROSAI-E and IDI, which focus on SAI Independence and Institutional Governance. These international collaborations ensure that the Office remains at the forefront of regional legal best practices, strengthening its ability to defend its independence and provide expert legal oversight for the Kingdom's public resources.

HUMAN RESOURCES DEVELOPMENT AND MANAGEMENT

Institutional Capacity and Professionalization

The Office has advanced the professionalization of the public sector audit function by integrating automated methodology and institutional strengthening into its core operations. The following strides have been achieved in the past year:

- The Office collaborated with AFROSAI-E to transition seventy-six (76) officers to automated audit platforms (E-SEAT); and
- Two (2) Information Systems Auditors have been enrolled to the Information Systems Audit Champions Program by AFROSAI-E.

Professional Development - Technical Proficiency

To address the complexities of modern auditing and ensure high-level outputs, the Office has prioritized the following professional certifications, professional qualifications, and advanced academic qualifications:

- Seventeen (17) officers have been enrolled in professional certification programs, including performance audit, compliance audit, and certified fraud examination.
- One (1) officer has been conferment with a Doctorate in Business Administration.
- An officer (1) has been admitted to the Association of Chartered Certified Accountants (ACCA) and also admitted as Chartered Accountant of Eswatini.
- Eight (8) staff members are currently pursuing Postgraduate in Public Sector Accounting Degrees and Honours' Degrees in Accounting and Finance.

Professional Development for Public Sector Auditors Professional Certifications and Qualifications

Established the Pupil Auditors – Public Sector Auditor Professional Development Program: through the support of Ministry of Public Service and Civil Service Commission, Office engaged ten (10) Pupil Auditors that are trained to be public sector auditors through on-job-training while enrolled to attain professional certifications from Professional Education for Supreme Audit Institutions Auditors (PESA), Association of Certified Fraud Examiners, and professional qualifications from ACCA and SAIGA.

Strategic Recruitment and Executive Leadership

The Office has significantly strengthened its executive governance by successfully filling the key positions of Deputy Auditor-General – Institutional Development, Quality, and Risk Management), Assistant Auditor-General – Legal and Regulatory Audits, Assistant Auditor-General – Institutional Development, Risk and Quality Management, Principal Auditor – Risk and Quality Management, and Principal Auditor – Institutional Development and Strategy Officer. These appointments provide the necessary leadership to oversee quality assurance and legal compliance across all audit streams.

COMMUNICATIONS AND STAKEHOLDER ENGAGEMENT

Parliamentary Collaboration and Technical Support to PAC

The Office continues to serve as the primary technical partner to the Public Accounts Committee (PAC). In the reporting year, the office collaborated with the PAC in the following areas:

- Technical support during public hearings for Central Government Ministries was provided.
- An orientation program to familiarize Honourable Members with the nuances of the Financial Audit FY2024 and Compliance Audit Reports (Central Government and Public Enterprises and Local Authorities) was conducted.
- Technical support was provided during PAC physical and investigative missions to the country's Missions in Ethiopia, Kenya, India, Mozambique, and South Africa.

Regional Governance and Strategic Perception

To strengthen the institutional governance frameworks, the Auditor-General actively participated in the following high-level regional forums:

- Southern African Development Community for Public Accounts Committees (SADCOPAC) conference and Annual General Meeting held in Lesotho.
- West African Association of Public Accounts Committees (WAAPAC) General Assembly, focusing on public debt oversight and the mitigation of illicit financial flows.

Website Design and Corporate Emails

The Office has prioritized the modernization of its corporate image and digital infrastructure through the following platforms:

- Design of an official OAG website;
- The establishment of secure and corporate emails; and
- A comprehensive Stakeholder Perception Survey was conducted, targeting Parliament, Controlling

Officers, and Civil Society.

Anti-Corruption Frameworks and Academic Partnerships

The Office is significantly strengthening the national fight against financial malpractice by establishing a formal collaborative platform with the Anti-Corruption Commission supported by AFROSAI-E. Furthermore, the Office continues to bridge the gap between academic theory and auditing practice through a strategic partnership with the University of Eswatini (UNESWA). This collaboration has resulted in the successful localization of the Public Sector Auditor Qualification curriculum, offered in conjunction with the Southern African Institute of Government Auditors (SAIGA).

QUALITY MANAGEMENT, RISK, AND INSTITUTIONAL DEVELOPMENT

Strategic Planning and Institutional Roadmap

The Office is currently finalizing its new Strategic Plan for the upcoming cycle, a process facilitated by technical support from INTOSAI and AFROSAI-E. A key output of this strategic exercise during the fourth quarter of 2025/2026 was the completion of a robust stakeholder analysis and a comprehensive institutional assessment. These evaluations have provided a clear gap analysis, identifying specific operational strengths and areas requiring targeted resource injection.

Professional Accreditation and Capacity Sustainability

In a significant move toward long-term technical sustainability, the Office has formally initiated the process to register as an Approved Practical Experience Provider (PEP) with the Association of Chartered Certified Accountants (ACCA).

Quality Management Systems (QMS) and International Standards

The Office has prioritized the modernization of its quality framework through a high-level sensitization workshop conducted in collaboration with AFROSAI-E and the UNDP. The primary output of this initiative was the development of a comprehensive Quality Management Roadmap, rooted in a rigorous gap analysis against international auditing benchmarks. This roadmap serves as the foundational guide for transitioning the Office toward full compliance with global quality standards, ensuring that every audit report issued is backed by a system of rigorous internal quality control and risk management.

11. RECURRENT EXPENDITURE

HEAD 34- MINISTRY OF FINANCE

Table 28: Ministry of Finance Expenditure Report

Item	Description	Estimated Budget	Released Budget	Expenditure	Committed Funds	Variance Amount	Variance Percent
		E	E	E	E	E	%
00	CTA Charges	958,163.60	718,618.00	163,166.02	298,452.87	256,999.11	35.76%
01	Personnel Costs	28,750,468.00	32,609,831.00	29,671,014.80	0	2,938,816.20	9.01%
02	Travel, Transport and Communication	5,185,990.00	11,008,700.00	8,491,642.64	1,457,535.84	1,059,521.52	9.62%
04	Professional Services	16,292,995.00	8,119,192.00	4,181,164.74	2,805,639.49	1,132,387.77	13.95%
05	Rentals (Land, Building & Computers)	600,000.00	600,000.00	229,186.88	0	370,813.12	61.80%
06	Consumables and Office Supplies	644,623.00	1,405,763.00	679,293.76	550,163.42	176,305.82	12.54%
07	Durables	700,000.00	1,050,000.00	0.00	987,598.44	62,401.56	5.94%
10	Internal Grants	859,599,884.0	859,599,884.0	853,123,660.0	0	6,476,224.00	0.75%
11	External Grants	38,057,994.00	29,199,994.00	29199994.00	0	8,850,322.98	30.31%
	Total	**950,790,117.60**	**944,311,982.00**	**925,739,122.84**	**6,099,390.06**	**21,323,792.08**	**2.26%**

SUMMARY

The Ministry of Finance was allocated a budget of **E950, 790, 117.60** for the financial year 2025/2026 of which **E 944,311,982.00** was released. The expenditure for the financial year 2025/2026 stands at **E931,838,512.80,** which is the sum of actual expenditure and committed funds. This expenditure levels reflect that over 98% of released funds have been utilized.

The Ministry's annual expenditure performance reflects, overall, reflects a sound budget management, with a total variance of E21,828,792.08, representing only 2.26% of the released funds. This indicates that, in general, spending was closely aligned with the funds released for the quarter, although some items recorded notable under-expenditure.

BRIEF SUMMARY OF RECURRENT EXPENDITURE PER CONTROL ITEM

ITEM 00- CTA CHARGES 35.76%

CTA Charges recorded a variance of E256,999.11 (35.76%), indicating significant under-expenditure. This suggests that a considerable portion of the allocated funds was not utilized during the reporting period. Outstanding invoices are being processed to ensure full absorption of released budget.

ITEM 01- PERSONNEL COST AND ALLOWANCES 9.01%

Personnel Costs reflected a moderate variance of E2,938,816.20 (9.01%), demonstrating relatively controlled spending, though slightly below the released budget. The personnel costs are expected to surge higher following the implementation of salary review.

ITEM 02- TRAVEL, TRANSPORT AND COMMUNICATION 9.62%

Funds for this reporting item are provided for subsistence travel expenses (internal & external) and communication costs. Despite the recorded moderate variance of E1,059,521.52 (9.62%), external travels costs are on the rise. In essence, the item is under budgeted and this is reflected in the number of outstanding invoices from the communication sector as well as the amounts reallocated to cater for external travels.

ITEM 04- PROFESSIONAL AND SPECIAL SERVICES 13.05%

This control item is used to cover expenditure related to security services, print reports, utility bills, government gazettes, workshops and other professional services within the ministry. Professional Services showed a variance of E1,132,387.77 (13.95%), suggesting that some contracted services have some invoices due in the final stages of the financial year and some services have not yet been fully implemented to be fully paid.

ITEM 05- RENTALS (LAND, BUILDING & COMPUTER EQUIPMENT) 61.80%

The ministry rents office space at the Central Bank of Eswatini and some invoices have not yet been captured for payment. Expenditure is expected to be confined within the allocated budget, which currently shows a very high variance of 61.80% amounting to E370,813.12, implying that planned rental-related expenditures are delayed and might be slightly lower than anticipated.

ITEM 06- CONSUMABLES AND OFFICE SUPPLIES 12.54%

This control item is reserved for the provision of consumable materials and office supplies for the effective and efficient running of the day-to-day operations of the ministry. Consumables and Office Supplies recorded a variance of E176,305.82 (12.51%), reflecting reasonable budget control with slight under-utilization caused by staggered distribution of the supplies.

ITEM 07- DURABLE MATERIALS AND EQUIPMENT 5.94%

Durables demonstrated good budget performance with a relatively low variance of E62,401.56 (5.94%), indicating that expenditure was closely aligned with the released funds. The dynamics of the technological space require funds availability from time to time to timely replacements of obsolete office equipment's.

ITEM 10- INTERNAL GRANTS AND SUBSIDIES 0.75%

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. Internal Grants showed excellent performance, with a minimal variance of 0.75% (E6,476,294.00), meaning that almost the entire released budget was spent as planned.

ITEM 11- EXTERNAL GRANTS AND SUBSIDIES 30.31%

This budget allocation is reserved for external subscriptions and payments to international organization. External Grants recorded slightly higher variance of E8,850,392.98 (30.31%), reflecting substantial under-expenditure. This suggests minor implementation delays and pending disbursements within externally funded programs.

In conclusion, while certain expenditure items experienced significant under-spending, the overall annual performance demonstrates effective financial management, as total expenditure remained closely aligned with the released budget.

HEAD 35- TREASURY AND STORES

Overview

During the third quarter of the financial year 2025/26 funds were utilized within their allocated control items. Any under/over expenditures reflected will be offset in the coming months as we are approaching the end of financial year and few activities are still anticipated.

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

Table: 29 Detailed summary of the estimated budget versus expenditure below

Summary on Recurrent Expenditure

Item	Estimated Budget (E)	Released To Date (E)	Expenditure (E)	Committed Amount (E)	Variance (E)	% Variance
00-(CTA-Charges)	2,113,505.20	762,235.00	15,000.00	5,000.00	742,235.00	97%
01- (Personnel Costs)	35,751,208.00	36,787,463.00	46,947,189.11	0	-10,159,726.11	-28%
02-Travel, transport and communication)	705,671.00	3,084,639.00	2,767,978.16	296,632.20	20,028.64	4%
04 -Professional Services	11,013,130.00	27,223,641.00	6,731,056.44	1,660,878.82	18,831,705.74	69%
06- Office supplies & consumables	2,688,161.00	1,181,329.00	475,341.57	575,727.22	130,260.21	11%
07-Durables (furniture, equipment etc.)	1,300,000.00	33,498.00	0	18,840.01	14,657.99	44%
11-Grants & Subsidies)	360,000.00	360,000.00	421,125.00	0	-61,125.00	-17%
TOTAL	53,931,675.20	69,432,805.00	57,357,690.28	2,557,078.25	9,518,036.47	

The Treasury Department was allocated an annual budget of E53,931,675.20 for the financial year 2025/26 of which E69,432,805.00 had been released by the end of the third quarter and the expenditure accumulation was E59,914,768.53 which is a figure comprising of actual and committed expenditure. Below is a summary of the recurrent expenditure per control item:

ITEM 00 CTA CHARGES 35.76%

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 - PERSONNEL COST AND ALLOWANCES 9.01%

This item covers Personnel Costs comprising of salaries & allowances for the Department. This control item reflects an over-expenditure, which is emanating from the implementation of circular no.2 of 2025 salary review exercise. This will be cushioned by a release of funds in the coming quarter.

ITEM 02 - TRAVEL, TRANSPORT AND COMMUNICATION 9.62%

This reporting item covers funds reserved for Transport, Travel and Communications. This control item is within the expected threshold. And will be normalized by the release of funds in the coming quarter.

ITEM 04 - PROFESSIONAL AND SPECIAL SERVICES 13.05%

This reporting item covers Professional Services such as printing, hospitality, training and the payment of utilities (electricity & water bills). The projected under-expenditure in this control item is due to funds allocated to Micro-Project for Treasury and Stores Rehabilitation, that has not yet been committed at the time of the report compilation. The department has also scheduled training courses for 2025/26.

ITEM 06 - CONSUMABLES AND OFFICE SUPPLIES 12.54%

This reporting item caters for Office Supplies and Consumables. This control item is within the acceptable range.

ITEM 07 - DURABLE MATERIALS AND EQUIPMENT 5.94%

This item is for the procurement of Durable Materials such as Office Furniture & Equipment. The under-expenditure in this item would be offset as internal requisitions has been received for procurement.

ITEM 11 - EXTERNAL GRANTS AND SUBSIDIES 30.31%

This item is for Grants & Subsidies; the Department subscribes to the African Association of Accountant Generals (AAAG) annually. An invoice from the Association was received and paid. The amount paid varies significantly depending on the exchange rate at the time of the transfer. The unfavourable exchange rate movement by the time the payment was made caused an over-expenditure of 17%, since we ended up paying E61,125.00 more than budgeted.

HEAD 38- INTERNAL AUDIT

Table 30: Summary on Recurrent Expenditure

ITEM & DESCRIPTION	ESTIMATED	RELEASED	EXPENDITURE	COMMITTED	VARIANCE	%
00-(CTA-Charges	770 783.00	378 084.00	235 374.33	0.00	125 709.67	62
01(Personal Costs)	10 840 133.00	11 369 211.00	11 372 764.54	0.00	-3553.54	0
02-Travel, Transport, and communication	763 438.00	901 594.00	253 836.15	382 111.46	263 276.39	28
04 -Professional Services	1 840 332.00	1 368 571.00	367 862.01	54 590.55	946 118.44	27
06-Office supplies & consumables	280 567.00	430 416.00	0.00	62 225.94	368 190.06	100
07-Durables (furniture, equipment etc)	100 000.00	150 000.00	48 950.00	0.00	101 050.00	33
TOTAL	**14,595,253**	**14 597 876.00**	**12 278 787.03**		**1 800 791.02**	

Quality Management Systems (QMS) and International Standards

The Office has prioritized the modernization of its quality framework through a high-level sensitization workshop conducted in collaboration with AFROSAI-E and the UNDP. The primary output of this initiative was the development of a comprehensive Quality Management Roadmap, rooted in a rigorous gap analysis against international auditing benchmarks. This roadmap serves as the foundational guide for transitioning the Office toward full compliance with global quality standards, ensuring that every audit report issued is backed by a system of rigorous internal quality control and risk management.

Analysis

ITEM 00 – CTA CHARGES:

This item shows an expenditure of 62% which is attributable to delayed transaction postings by the Ministry of Works and Public Transport.

ITEM 01- PERSSONEL COSTS:

This item is indicating a 0% expenditure with a possibility to exceed released funds at year end due to filling of vacant positions and the salary review. The budget allocation for this item is less than what was budgeted for.

ITEM 02- COMMUNICATION AND TRAVEL:

This item shows a 28% under expenditure. Communication invoices have been misdirected resulting in unintended delays in our payment processing cycle.

ITEM 04- PROFESSIONAL SERVICES:

This item shows an under expenditure of 27%. More commitments are still in process on this item such as workshops for the department. The remaining variance shown will cater for the rest of the months remaining on the financial year for items such as utility bills, government gazettes and other professional services.

ITEM 06- CONSUMABLES:

There is a projected under expenditure of 100% of the allocated budget but this item will show a positive expenditure because there are items that will be procured.

ITEM 07- DURABLES:

This control item is indicating a 33% under expenditure. Procurement of laptops for new staff is still underway for this item.

HEAD 58- AUDIT OFFICE

Table 31: Recurrent Expenditure

Item	Description	Estimated	Released	Expenditure	Variance (E)	Perce

Cod e		Budget (E)	Budget (E)	& Commitment s (E)		nt (%)
00	CTA Vehicle Charges	837,527.00	213,141.00	210,873.00	2,268.00	1%
01	Personnel Costs	22,785,771.0 0	24,996,804.00	29,354,462.00	(4,357,658.0 0)	-17%
02	Travel, Transport and Communication	2,975,410.00	4,217,857.00	4,186,752.00	31,105.00	1%
03	Medical Supplies and Drugs	59,796.00	59,796.00	55,237.00	4,559.00	8%
04	Professional and Special Services	5,924,110.00	1,316,764.00	1,303,104.00	13,660.00	1%
05	Rentals	0.00	0.00	0.00	0.00	0%
06	Consumable Supplies	1,022,068.0	1,889,133.00	1,745,042.00	144,091.00	8%
07	Durable Materials	0.00	0.00	0.00	0.00	0%
11	External Grants and Subsidies	131,400.00	252,000.00	234,000.00	18,000.00	7%
Tota l		**33,736,082.0 0**	**32,945,495.00**	**35,754,470.00**	**(4,375,149.0 0)**	**-14%**

Analysis of Recurrent Expenditure Variances:

- **Control Item 00 – CTA Vehicle Charges:** This item covers the servicing, hiring, and general maintenance of the vehicle fleet. Expenditure remains within the allocated budget for the quarter.
- **Control Item 01 – Personnel Costs:** This item shows a 17% over-expenditure projection. This variance is primarily due to the mandatory implementation of the Salary Review as per Establishment Circular No. 2 of 2025.
- **Control Item 02 – Travel, Transportation, and Communications:** Expenditure for this item is currently within the allocated budget, supporting the Office's essential field audits including the audits of embassies and communication requirements.
- **Control Item 03 – Hospital Drugs:** There is a projected under-expenditure of 66%. These funds are earmarked for specific health-related requirements and will be fully utilized within the current financial year.
- **Control Item 04 – Professional and Special Services:** This item shows an under-expenditure. This is due to utility charges scheduled for settlement toward the end of the financial year, as well as pending forensic audit commitments currently awaiting Tender Board approval.
- **Control Item 06 – Consumable Supplies:** This item reflects an 8% under-expenditure, after

reallocation from other items.

- **Control Item 11 – External Grants and Subsidies:** Expenditure is within the allocated budget. Payments are currently being processed to settle annual membership fees with various international professional bodies.

Capital Expenditure

Capital allocations are dedicated to **Project G62399** - System Development and Capacity Building, and **Project G63870/G63999** - Institutional Capacity Development. These focus on automating audit processes and systems, developing records management, and professional development for public sector auditors and training for investigative and information system audits.

Table: 34 Capital Expenditure

Project	Budget Estimate (E)	Released Budget (E)	Expenditure and Commitments (E)	Variance (E)	Percentage (%)
G62399	2,500,000.00	2,500,000.00	2,500,000	0	100%
G63870	4,500,000.00	4,500,000.00	4,500,000	0	0%
G63999	2,500,000.00	2,139,400	2,139,400	0	0%

Status of Capital Projects:

- **Project G62399 - System Development and Capacity Building:** These funds are dedicated to the automation and modernization of audit systems. All allocated funds have been committed and are expected to be fully spent within the current financial year.
- **Project G63870 Institutional Capacity Development:** This grant funding project focuses on institutional development and the budget was fully committed for capacity building initiatives.
- **Project G63999 - Institutional Capacity Development:** This project supports the development and enhancement of audit capabilities, and budget was fully committed an