



ESWATINI CONSTRUCTION INDUSTRY 2023/24 PERFORMANCE REPORT



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ABBREVIATIONS

CBE	-	Central Bank of Eswatini
CIC	-	Construction Industry Council
CSO	-	Central Statistics Office
EEC	-	Eswatini Electricity Company
ESE	-	Eswatini Stock Exchange
EHB	-	Eswatini Housing Board
GDP	-	Gross Domestic Product
FDI	-	Foreign Direct Investment
IPP	-	Independent Power Producer
NDP	-	National Development Plan
PPP	-	Private Public Partnerships
PSPF	-	Public Service Pension Fund
PV	-	Photovoltaic
SACU	-	Southern African Customs Union
SARB	-	South African Reserve Bank
SEO	-	State-Owned Enterprise
USL	-	Ubombo Sugar Limited

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1. INTRODUCTION

The Construction Industry Council (CIC) was established in 2014 through the CIC Act no 14 of 2013 to regulate, develop and promote Eswatini’s construction industry to improve the socio-economic status of Eswatini. Its vision is to transform the construction industry to attain competitiveness and excellence. The Council’s strategic focus for the period 2024 - 2027 is on Relationship Transformation, Efficiency Optimisation, and Effectiveness & Impact.

Industry research is crucial to the CIC’s mandate, demonstrating its commitment to understanding the construction environment. This research provides the necessary foundation to advise the Minister on policies and programmes that impact the local construction sector. The Council’s core objective is to regulate, promote, and develop the capability of local contractors, making it imperative to continuously monitor the environment and landscape in which the contractors operate.

The CIC is mandated to obtain information related to the industry from any person engaged in Eswatini or any existing and proposed projects. This information allows the CIC to provide regular economic and construction-related reviews, a significant contribution to the current and projected trends in the Eswatini construction industry. The challenges associated with building local capacity intensify in a sector that is under pressure or diminishing turnover, affecting employment, skills transfers and profitability, whilst a thriving sector will support industry goals, targets and objectives. Skills development remains critical as a more robust recovery in construction investment can lead to skills shortages and upward pressure on tender prices where the industry has not been sufficiently capacitated.

CIC continues to pioneer the publication of the “Annual Review on the State of the Eswatini Construction Industry,” focusing on 2023. This will be followed up with regular quarterly reviews to monitor progress consistently in the broader construction environment. This ultimately provides the foundation to achieve its broader mandate and inform stakeholders.

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2. EXECUTIVE SUMMARY

2.1 Economy

Eswatini, a small economy bordered by South Africa and Mozambique, has a population of around 1.2 million and a 2023 per capita GDP of \$3,823. The economy is dominated by services and manufacturing, with South Africa as its primary trading partner. Despite a modest 4.8% economic growth in 2023, driven by the services sector and exports, the country faced significant challenges, including a 2.5% agricultural contraction due to drought, rising inflation, and fiscal constraints. Inflation rose from 4.8% in 2022 to 5.0% in 2023, primarily due to increased costs in transport, food, and alcohol.

The Eswatini government aims to strengthen economic governance and create a favourable investment climate to boost private-sector-led growth, which is essential for economic stability and reducing reliance on the South African Customs Union (SACU) revenues. Despite persistently high unemployment, which slightly decreased to 22% in 2023, the government is focused on improving public-private partnerships (PPPs) and policy frameworks to attract investment.

Economic prospects for 2024 are positive, with expected GDP growth of 4%, supported by increased SACU revenues and government expenditure on major projects like the Mkhondvo-Ngwavuma dam. However, the economy remains vulnerable to global economic conditions and South Africa's

economic performance. Eswatini's benchmark interest rates have been stable at 7.5% since July 2023, influenced by South Africa's monetary policy stance.

2.2 Construction

In 2023, Eswatini's construction sector grew marginally by 0.2%, reaching E2.6 billion, significantly lower than its 2016 peak. The industry has lagged behind overall economic performance, necessitating sustainable investment for future growth. Construction activities, including the Mpakeni Dam, boosted the sector in Q4 2023. However, the sector's GDP contribution dropped to 3.0% by the end of 2023. South Africa remains a key supplier of cement, with imports increasing significantly.

The number of registered construction projects surged by 63% in the 2023/24 financial period, driven by the E2.6 billion Mpakeni Dam project. Ongoing project values rose by 20%, indicating improved construction activity. Joint ventures and foreign works, including the Mpakeni Dam, significantly contributed to this growth.

The private sector's involvement in ongoing projects increased to 23%, while parastatals dominated with 69% due to the Mpakeni Dam. Government sector contributions decreased from 52% to 18%. The sector saw intense competition among contractors, particularly at lower grading levels. Capital expenditure is projected to increase, with significant allocations

to infrastructure-related projects. Notable projects include the International Convention Centre and the Mpakeni Dam. Renewable energy development is a priority, with solar, hydro, and wind energy projects.

Eswatini faces water infrastructure challenges, particularly in rural areas. The government aims for universal access to safe water and adequate

sanitation by 2030 but faces investment and coordination hurdles. Recent initiatives focus on upgrading roads and maintaining existing infrastructure to support economic recovery. The Eswatini Housing Board struggles with a housing backlog of 20,000 units due to insufficient investment and high unemployment. Efforts to increase housing access continue amidst these constraints.

3. GENERAL ECONOMIC OVERVIEW

Eswatini is a small, open economy bordering South Africa and Mozambique. The country has a population of around 1.2 million, with an estimated per capita GDP of \$3,823 in 2023. Slightly more than half the economy is concentrated in services, and industry (particularly manufacturing) comprises another third. South Africa continues to be Eswatini's main trading partner, accounting for about 65% of its exports and 75% of its imports.

Domestic economic conditions were constrained in 2023, exacerbated by a contraction in agriculture due to drought conditions, rising inflation and ongoing fiscal constraints.

Economic growth showed modest growth of 4.8 %, driven by improvements in services and exports. Support was also received through an increase from the South African Customs Union

(SACU), which allowed the government to reduce its overall fiscal deficit while increasing public spending on government-linked services. However, challenges such as a 2.5% agricultural contraction due to drought conditions and weather-related issues affected domestic production. While global inflationary pressures eased, Eswatini experienced an increase in inflation from 4.8 % in 2022 to 5.0 % in 2023, mainly due to rising costs in transport, food and alcoholic beverages. Structural challenges remain persistent, including high unemployment and limited access to quality jobs.

“Government’s active participation in the economy has to be relegated to an enabler with the private sector taking the lead”.

National Development Plan 2023-2028

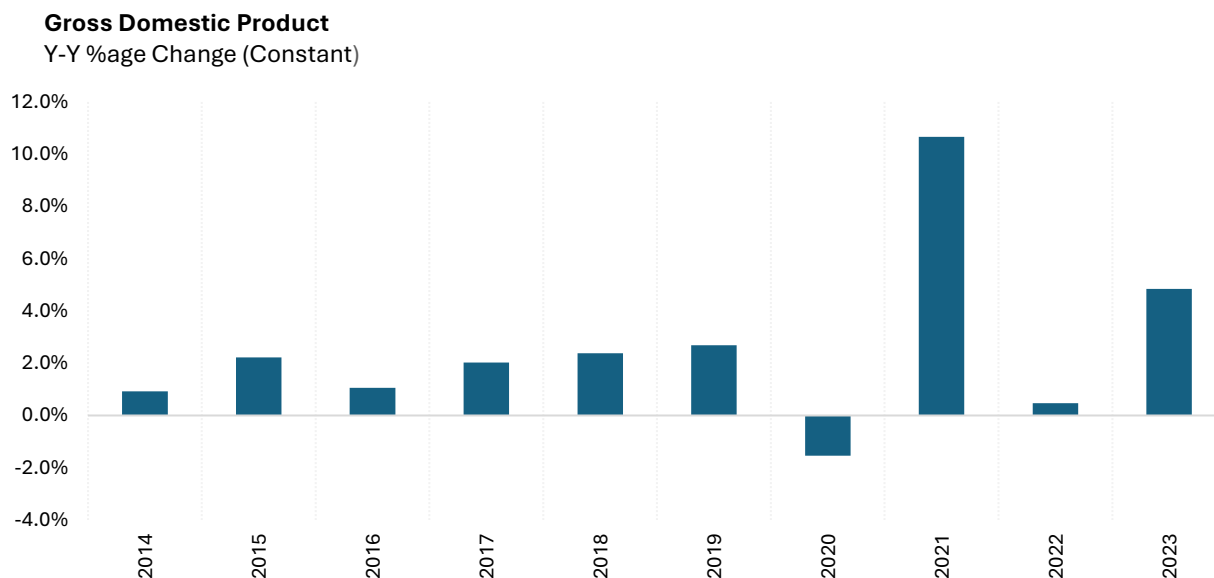


Figure 2: Gross Domestic Product: Y-Y %age Change (Constant)

However, despite these challenges, the Eswatini government has been working on strengthening economic governance and creating a more favourable investment climate to attract private sector development, which is crucial to improving the macroeconomic environment and restoring fiscal sustainability. Private-sector-led growth is at the core of Eswatini's developmental agenda, with the private sector leading the path towards economic resurgence and the public sector following through by creating a favourable business environment. A government-led growth model is unsustainable, crowding out much-needed private-sector investment and participation in Eswatini.

Private investment has fallen from 17.7 % of GDP in 2001 to 8.5 % in 2019, mainly due to disinvestment from South African companies and reduced Foreign Direct Investment (FDI) inflows. To achieve this, the government has said that it will improve the policy and legal frameworks for PPPs at national and sectoral levels in an effort to rebuild a mutually beneficial relationship with the private sector. However, structural challenges, such as the high unemployment rate, continue to dampen the country's full growth potential. The unemployment rate decreased to 22 % in 2023, from 22.6 % in 2022, slightly below the longer-term average of 24.4 % from 1989 to 2023. This is, nonetheless, the lowest rate in at least the last 10 years.

Economic prospects are deemed favourable for 2024, partly because of higher SACU revenues. Compared to 2023/24, SACU revenue for 2024/25 will grow by 11.5 % to E13.1bn. Higher levels of imports from SACU, which increased by 25.2 %, encouraged the increased revenue allocation. However, despite the immediate favourable economic impact, the government is working to reduce its reliance on SACU receipts as it undermines the country's sovereignty as Eswatini should reach a point where it

can finance its budget without SACU receipts fully. As such, the Premier, Russel Dlamini, reported in April 2024 that the government is working on a plan not only to reduce but remove the reliance on SACU. For the time being, projected increases in government expenditure will likely further support economic activity and external funding of major capital projects such as the Mkhondvo-Ngwavuma dam, which will boost demand and supply. The wholesale, retail, and construction sectors are expected to benefit from higher public spending, while a renewed focus on private sector investment could add further medium to longer-term economic support. Real GDP growth is likely to continue in 2024 at an estimated 4 %, but global turmoil and an economic weakness in South Africa (Eswatini's main trading partner) weigh in on the downside.

Eswatini's benchmark interest rates have been left unchanged at 7.5 % since July 2023. Since domestic rates are influenced by South Africa's stance, it is unlikely that rates will be lowered before the 3rd or 4th quarter in 2024, given South Africa's "higher rates for longer" position and seemingly sticky inflation that has thus far failed to reach the South African Reserve Bank's (SARB) mid 4.5 % target, albeit having moderated slightly to 5.2 % in May 2024.

3.1 Key economic developments during 2023:

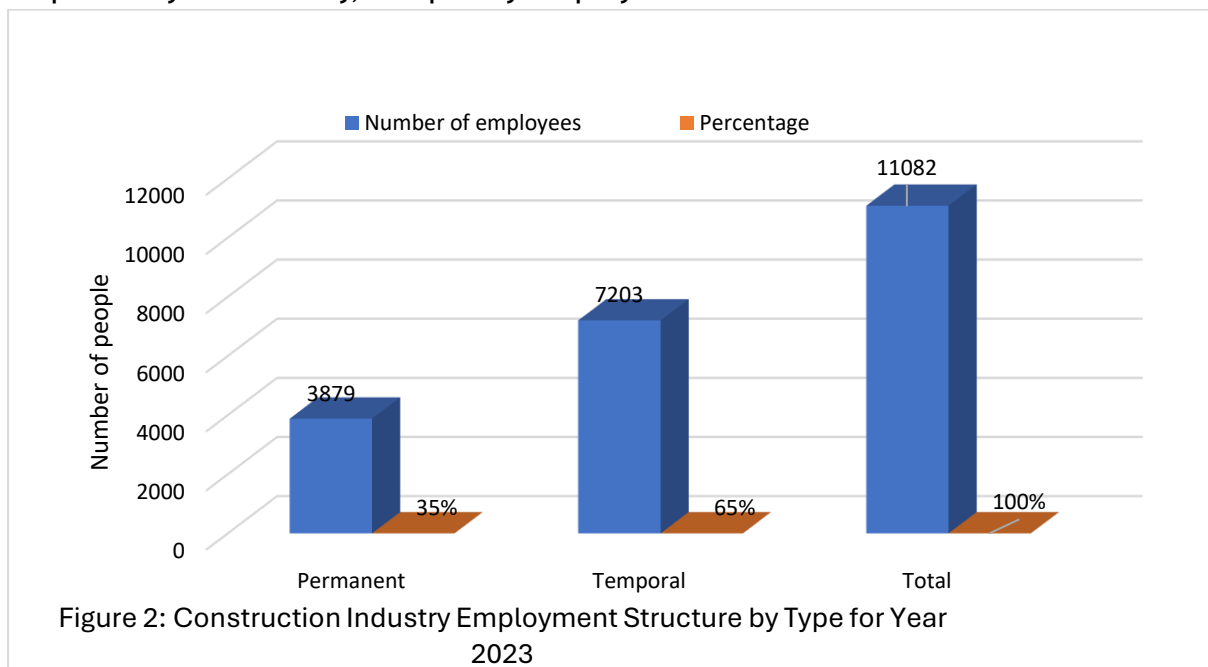
- Government drafted the National Development Plan 2023-2028 to consolidate and address high levels of youth unemployment and poverty.
- Increased focus on improving the effectiveness of state-owned enterprises to boost economic performance and address systemic challenges in governance and service delivery.
- Progress in terms of expanding the country's digital economy to boost development and enhance service delivery.
- Eswatini reaffirmed its commitment to the Sustainable Development Goals (SDGs) with specific strategies to accelerate progress, including substantial investments in digital transformation, renewable energy, and agriculture sectors.

4. LABOUR STRUCTURE AND EMPLOYMENT IN THE CONSTRUCTION INDUSTRY IN ESWATINI

For the financial year ending March 31, 2024, the construction industry employed an estimated total of 11,082 workers, segmented by gender, age (youth aged 18-35 and adults above 35), nationality (Swazi and foreign), and employment type (permanent and temporary). The national unemployment rate for the same period was 22%, emphasizing the sector's significance in addressing unemployment. Employment trends from 2019 to 2023 indicate that permanent employees were the primary drivers of workforce composition until 2022 and 2023, when temporary employment saw a notable increase, reflecting a shift toward project-based or short-term labour demands. Throughout this period, the workforce was characterized by a higher proportion of males, particularly within the youthful demographic, compared to females. These dynamics highlight the sector's evolving employment structure and its role in adapting to changing economic and operational conditions.

4.1 Employment by Type (Permanent & Temporal)

Employment in the construction industry for the financial year ending March 31st, 2024, showed that temporary employees accounted for approximately 65% of the workforce, while permanent employees comprised around 35%, as shown in Figure 2 below. This reflects a 3% decrease in permanent positions compared to the previous year, which had a distribution of 68% permanent and 32% temporary employees, respectively. Conversely, temporary employment saw a 3% increase.



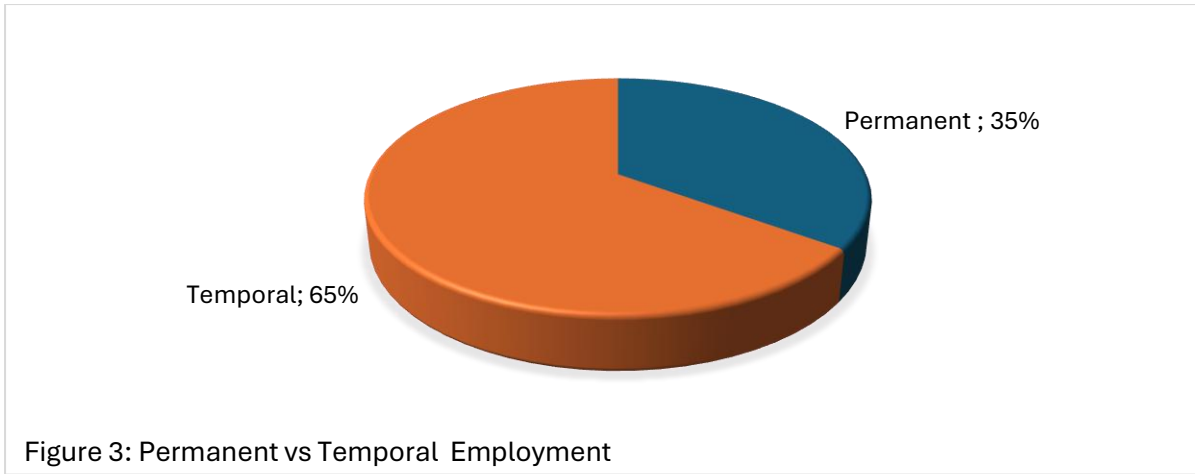


Figure 3: Permanent vs Temporal Employment

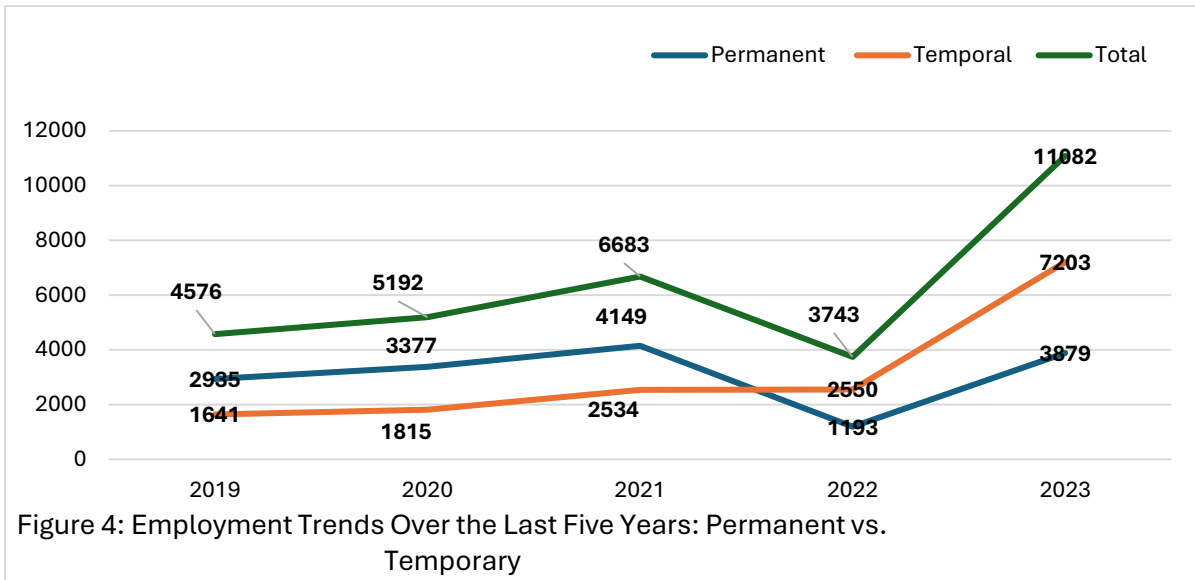
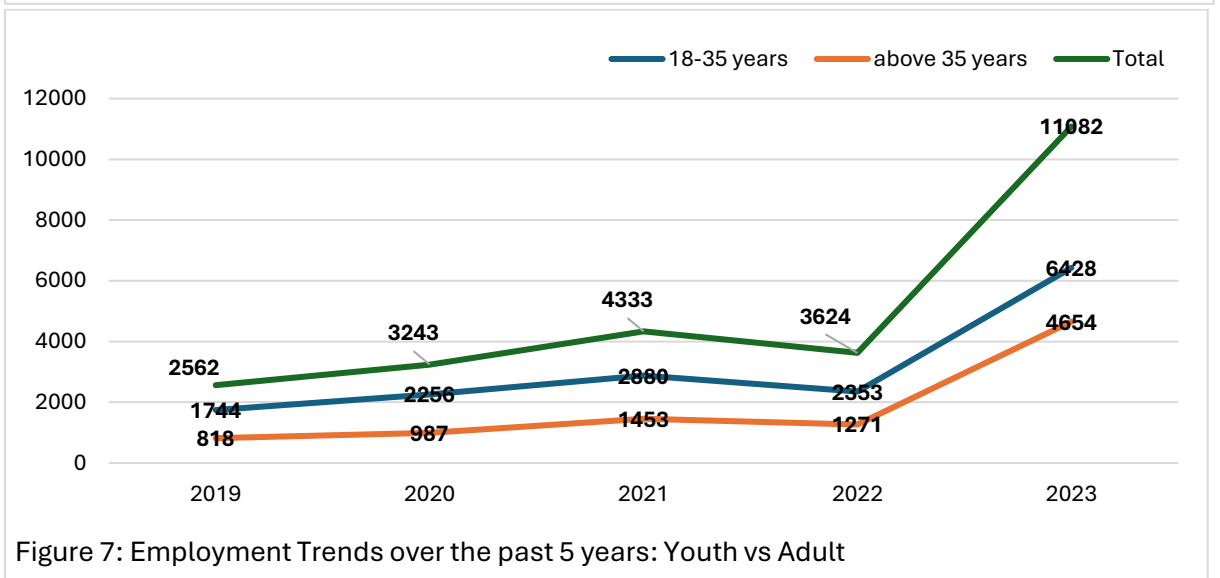
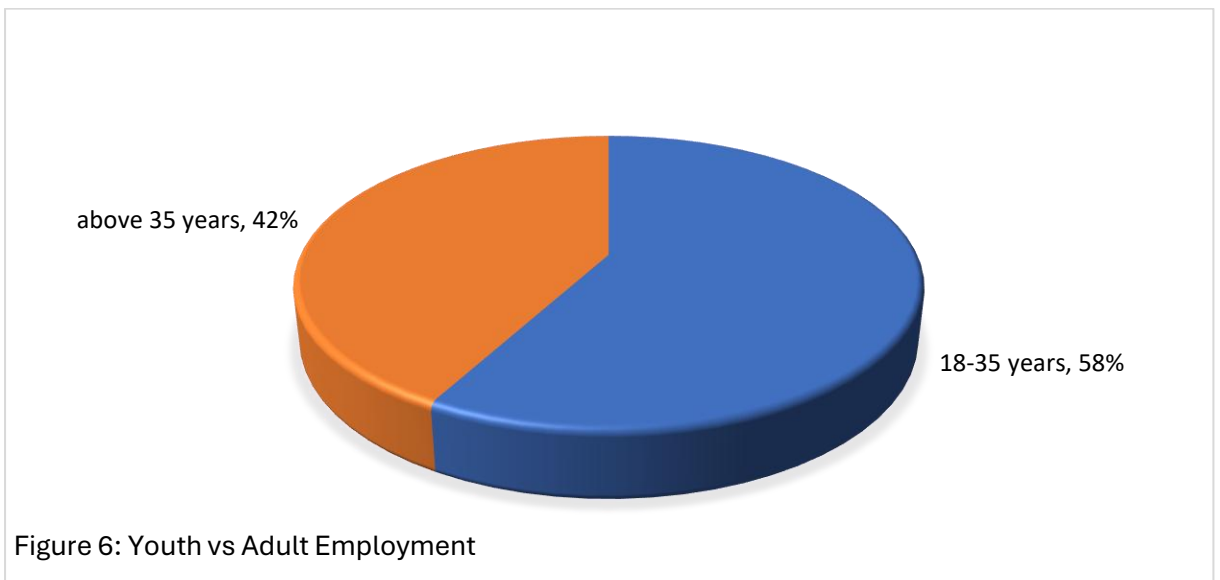
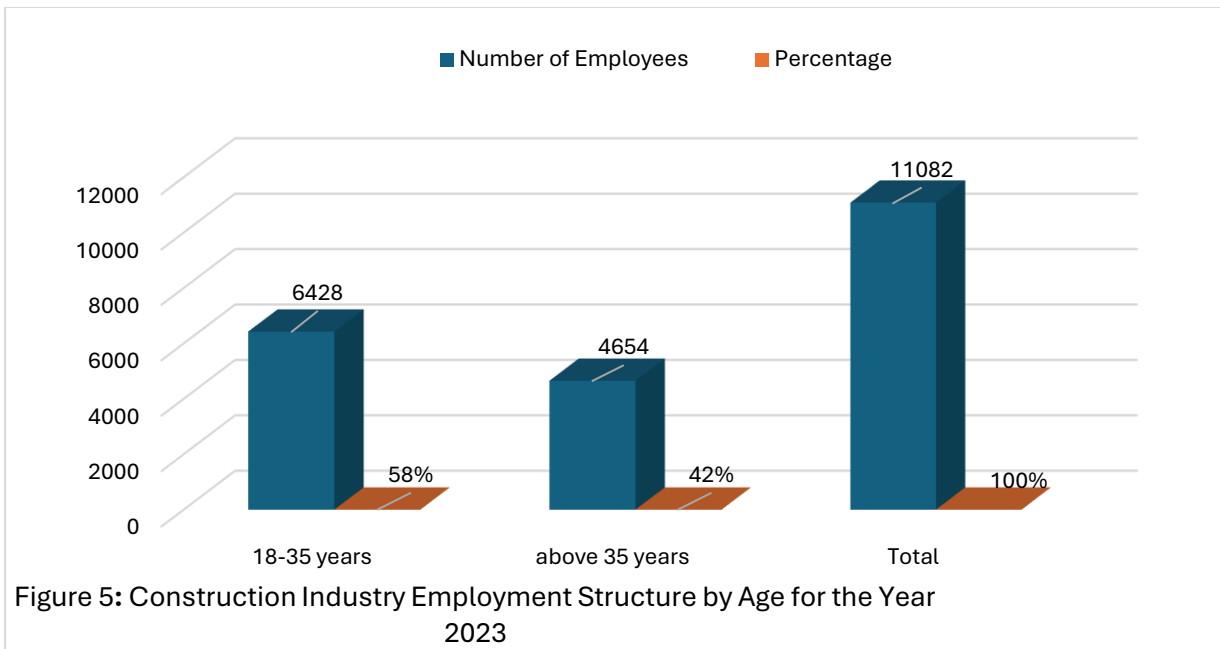


Figure 4: Employment Trends Over the Last Five Years: Permanent vs. Temporary

4.2 Employment by Age

Employment in the construction industry for the year ending March 31st, 2024, was categorized into two age groups: those 18 to 35 (youth) and those above 35 (adults). The total workforce decreased by 3.6% from the previous year when it had 11,492 employees. Additionally, there was a 16% decline in the number of workers from 2022 to 2023. As shown in Figure 5 below, 6,428 employees (58%) were youth, while 4,654 employees (42%) were adults.



4.3 Employment by Gender

The financial year ended March 31st, 2024, indicated that there were more males, 9 420 (85%), than females, 1 662 (15%). There was a marginal increase in female employment of 1%, which stood at 15% for the year from 14% the previous year.

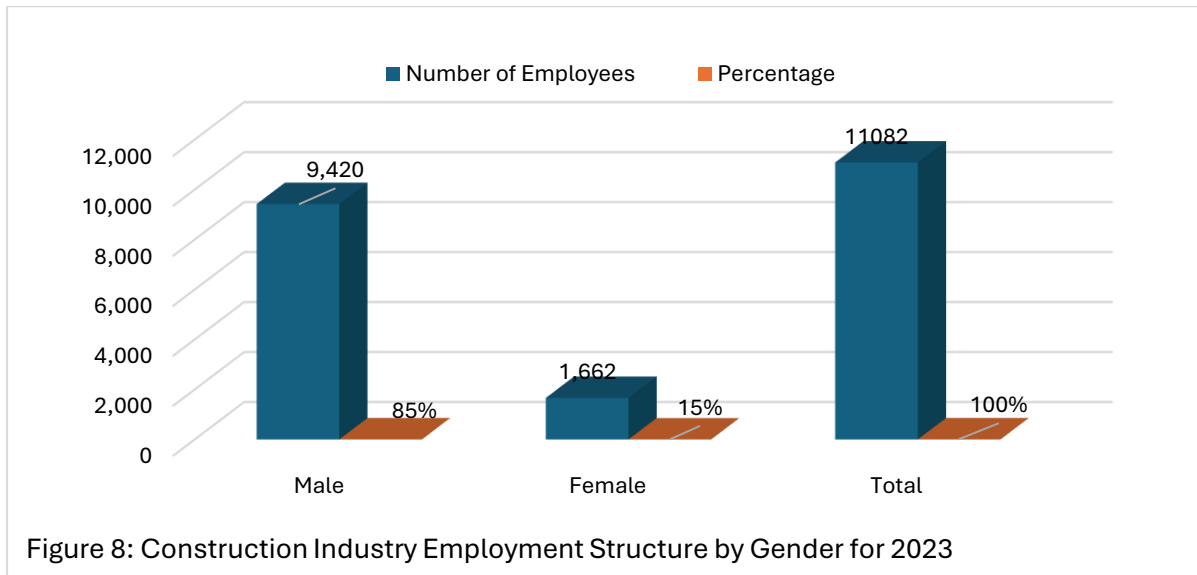


Figure 8: Construction Industry Employment Structure by Gender for 2023

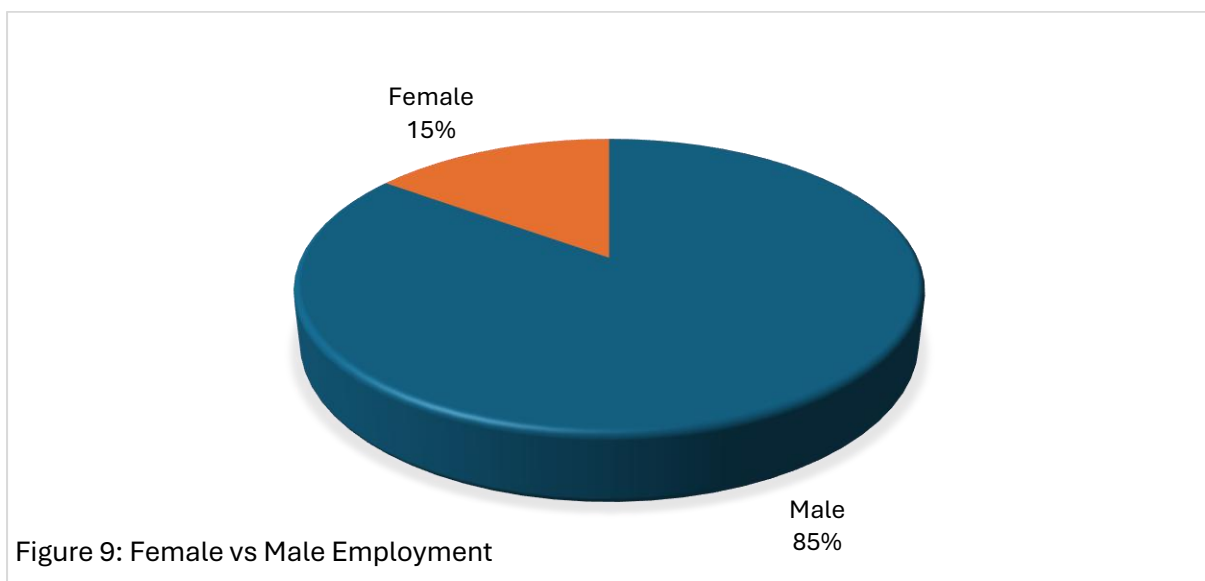
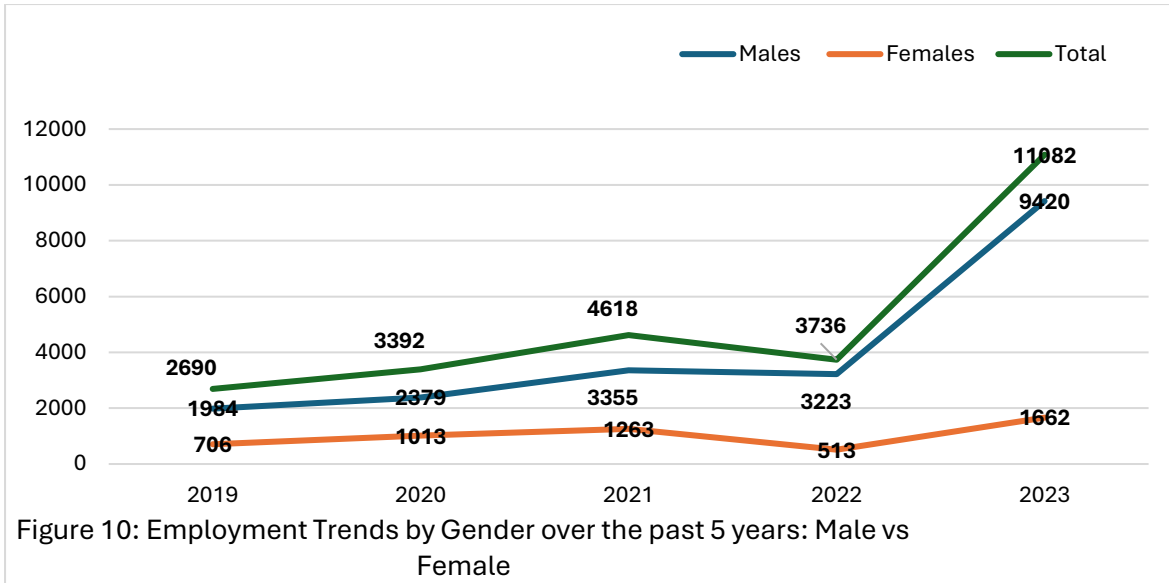
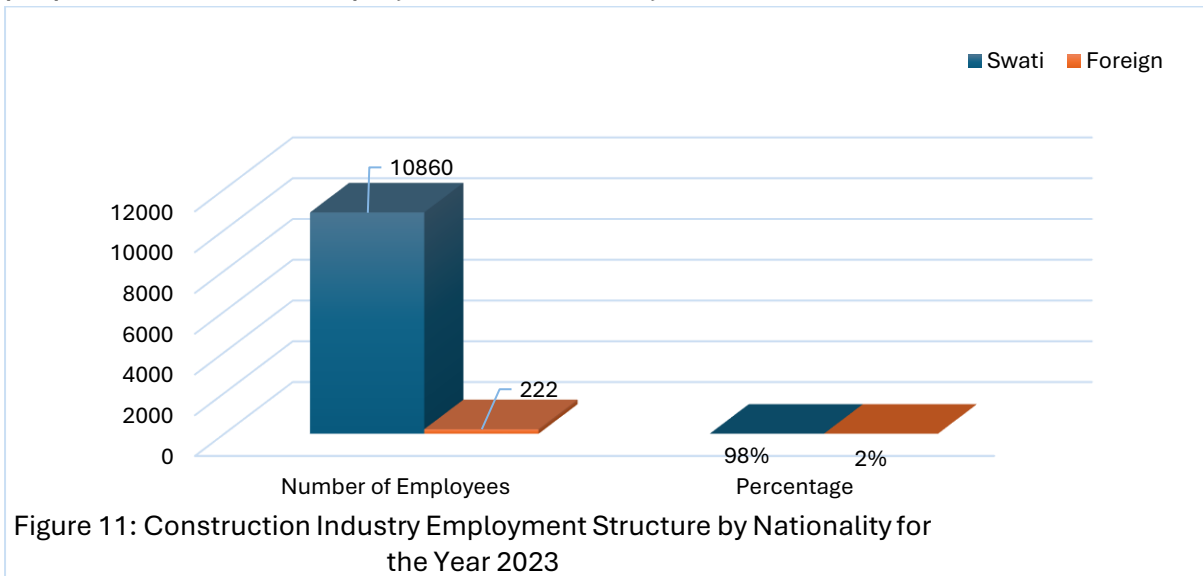


Figure 9: Female vs Male Employment



4.4 Employment by Nationality

For the financial year ending March 31st, 2024, the construction industry employed 98% of Swazis and 2% of foreigners. Compared to the previous financial year, the proportion of Swazis employed in the industry remained constant at 98%.



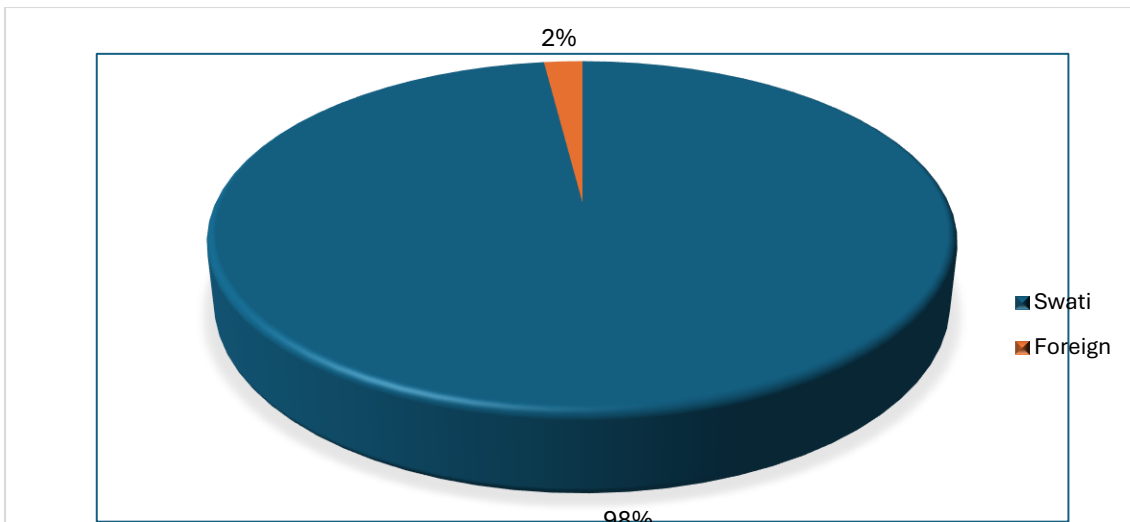


Figure 12: Local vs Foreign Employment

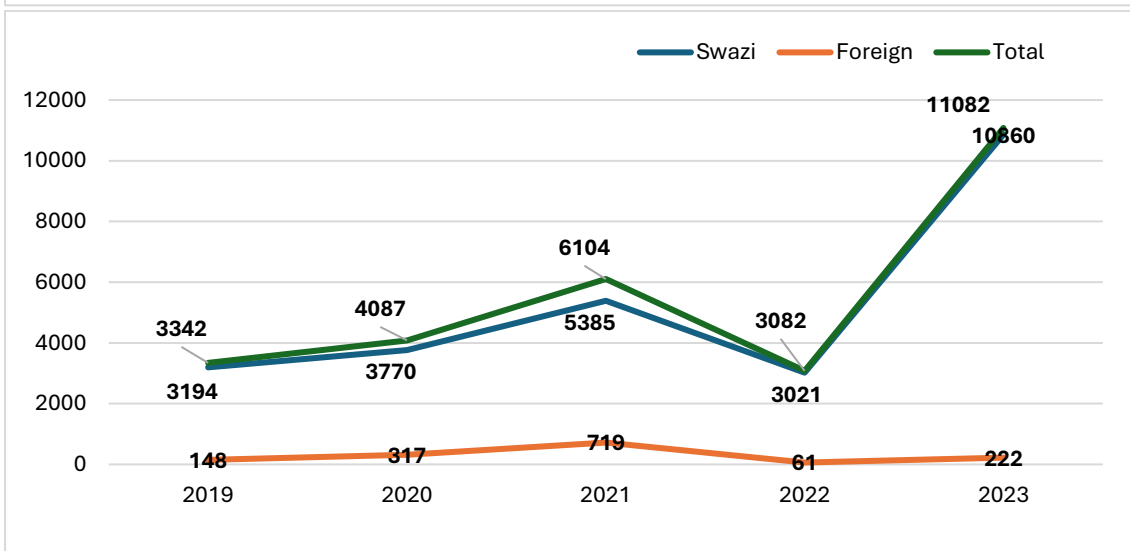


Figure 13: Employment Trends over the past 5 years: Swazi vs Foreign

5. CONSTRUCTION SECTOR PERFORMANCE

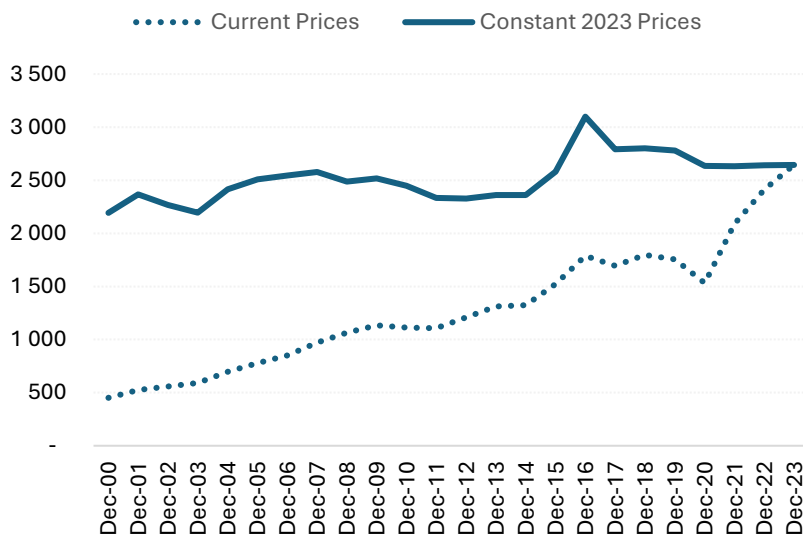
5.1 Local construction sector lags economic performance

GDP by Economic Activity: Construction

Eswatini Emalangeni million: Current vs Constant

Prices

Source CSO



The construction sector increased by a moderate 0.2 % year over year in 2023 to E2.6bn (Constant prices, adjusted for inflation) and has maintained a flat performance since 2020, 15 % below the peak in 2016, when investment reached over E3bn following a 20 % increase during that year. The local construction sector has been underperforming against overall

Figure 14: Construction Current vs Constant 2023 Prices

Gross Domestic Product vs Construction

Y-Y %age Change (Constant)

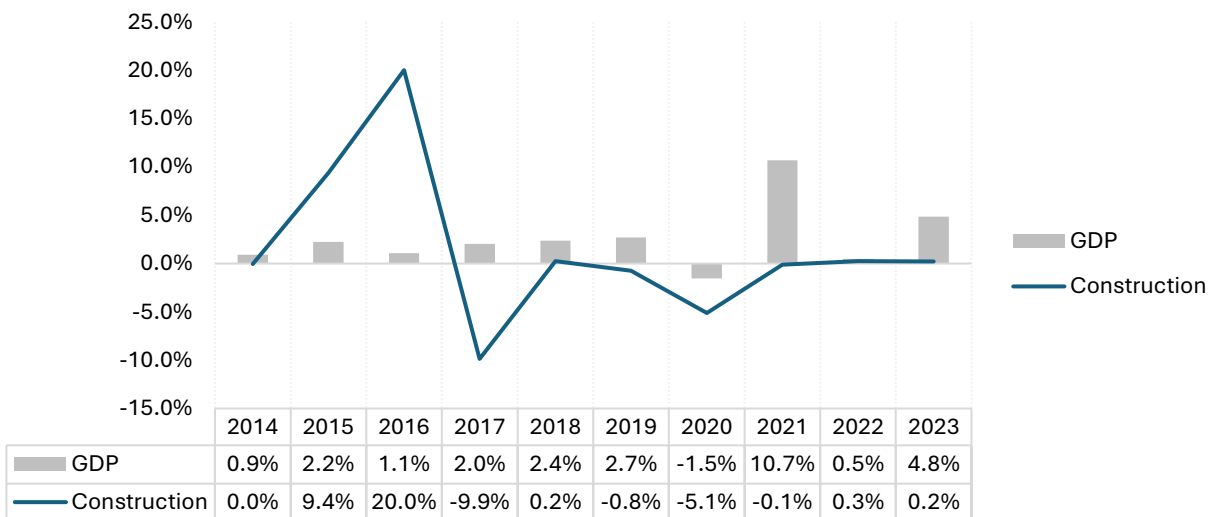


Figure 15: GDP vs Construction: Y-Y %age Change (Constant)

economic performance, increasing the need for sustainable investment to support sustainable growth moving forward.

Implementing public and private sector projects, including the commencement of the Mpakeni dam, supported construction activity in the fourth quarter of 2023.

Eswatini: GDP vs Construction

E millions Constant 2023 Prices - Quarterly Moving Annual Total

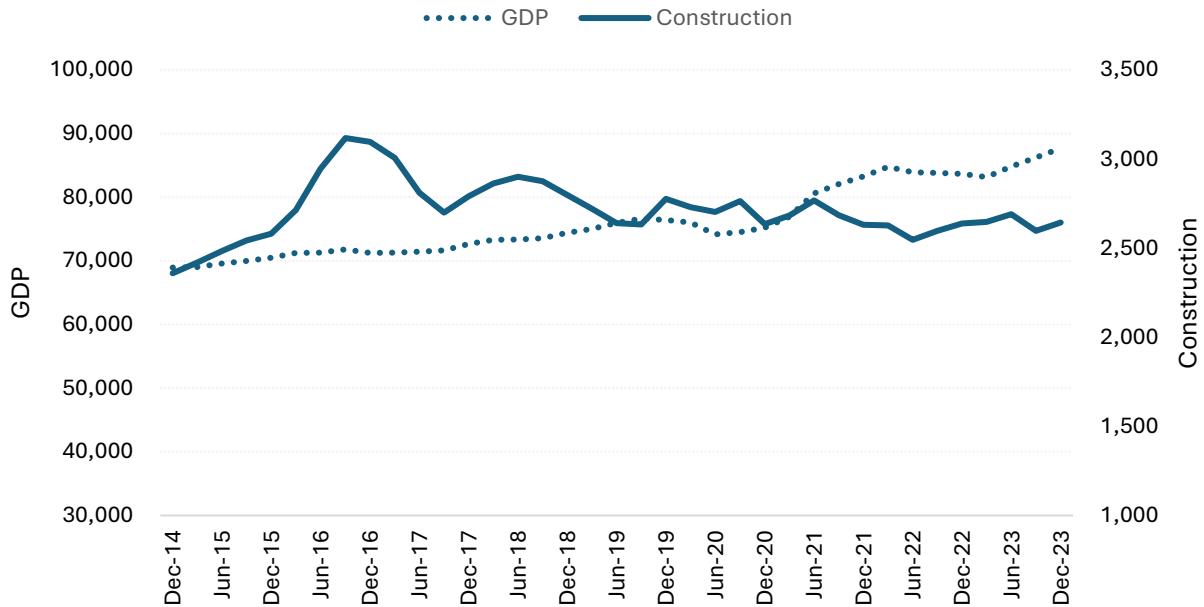
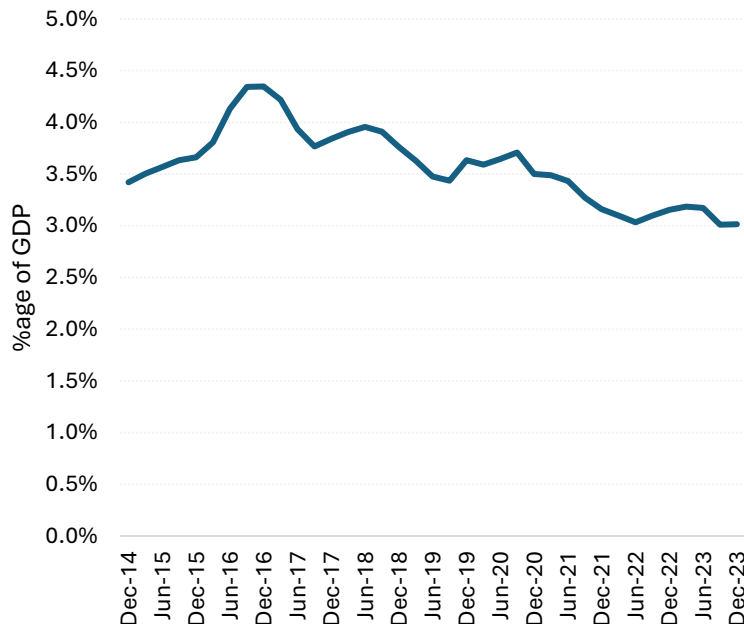


Figure 16: GDP vs Construction

Eswatini: Construction Sector % of GDP

Smoothed over running 4 quarter total



The slower pace of investment in construction resulted in the contribution by the construction industry slowing to 3.0 % of GDP by the end of 2023, from 4.3 % as at the 4th quarter of 2016. By comparison, the South African construction sector’s contribution slowed to 5.2 % in 2023 and fell by 3.7 % y-y (real terms) in 2023 to R385bn (current prices).

Figure 17: Construction % of GDP

5.2 Cement imports

5.2.1 Rapid rise in cement imports

As one of Eswatini's main trading partners, South Africa is responsible for the bulk of cement imported into Eswatini. For 2023, imports rose 18 % to 154,870 tons and increased by 46 % y-y in the 1st quarter of 2024. As of 2024, Eswatini's local cement production capacity is primarily dominated by Swaziland Portland Cement (SPC), also known as Eswatini Royal Vuka Cement, and Afrisam, which operates a cement blending and packing plant located in Matsapha, near Manzini. More than 80 % of South African imports enter the country via road through the Ngwenya border post. The outlook for cement consumption is favourable, given ongoing and planned

Eswatini: Cement Imports from South Africa

12-Month moving annual total (Tons)

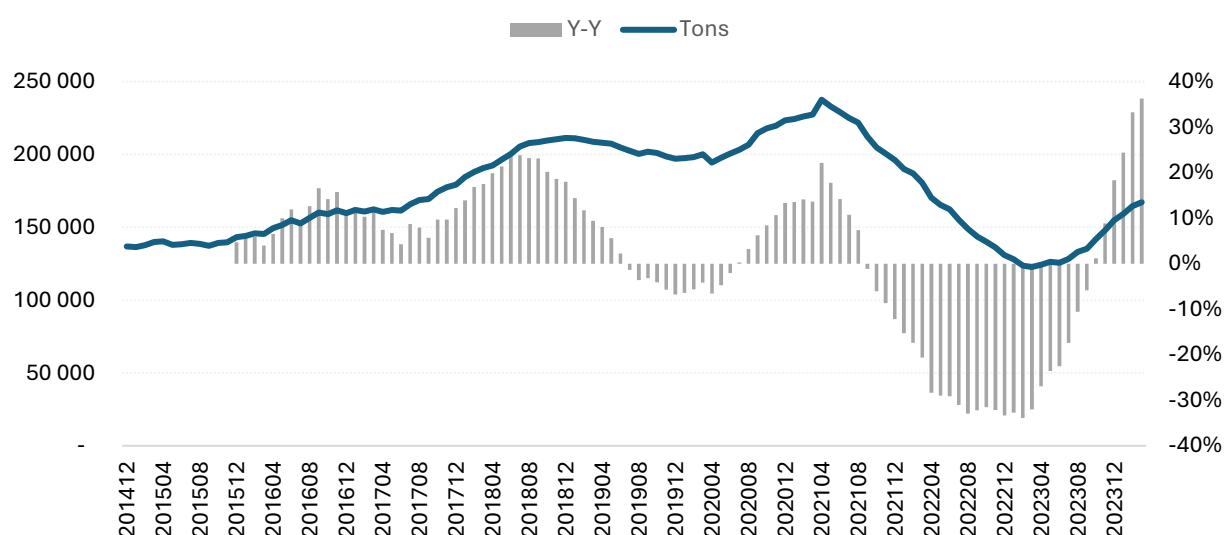


Figure 18: Cement imports from South Africa

construction projects.

Table 16: Cement imports via South Africa (Source South African Revenue Service)

YEAR	LIMESTONE FLUX (TONS)	CEMENT CLINKERS (TONS)	CEMENT IMPORTS VIA SOUTH AFRICA (TONS)
2014	1 262	112 690	136 797
2015	1 857	76 904	143 257
2016	1 084	84 999	159 659
2017	2 641	70 208	179 162
2018	4 060	69 981	211 413
2019	5 156	62 384	197 151
2020	5 096	66 582	223 443
2021	4 390	73 317	196 225

2022	1 942	75 901	130 822
2023	1 302	22 433	154 870
Y-Y %AGE CHANGE 2023 VS 2022	-33%	-70%	18%

5.3 CIC Registered Projects

5.3.1 Parastatals and the Private sector take a larger share of ongoing registered projects

The total number of projects registered (including completions and ongoing projects) increased by 63 % y-y for the 2023/24 financial period to E5.6bn from E3.4bn in 2022/23. However, included in 2023/24 is E2.6bn for the construction of the Mpakeni Dam and associated works (the largest project registered over the last two financial periods), awarded to the Sakhalive JV. Excluding the Mpakeni Dam and other completed projects, the value of ongoing projects registered increased by 20 % to E2.2bn for the 2023/24 financial period. **The current value of ongoing projects in 2023/24 was around 5 times larger than what was completed in 2022/23 (excluding the dam), suggesting improved construction activity during 2023/24, which should positively impact construction activity into 2024/25.**

The value of ongoing general building works registered rose 96 %, against a 14 % decline in general civil works. The Mpakeni Dam is registered as a “foreign works” contract and is not included as a general civil works project. The value of ongoing “Joint Venture” projects registered increased by over 900 %, although representing less than 1 % of the total value of ongoing projects registered.

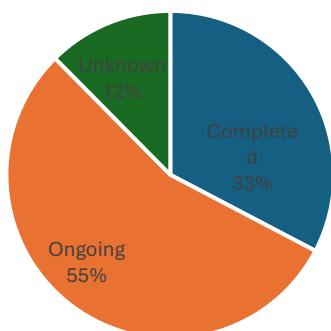


Figure 19: CIC Registered Projects 2022

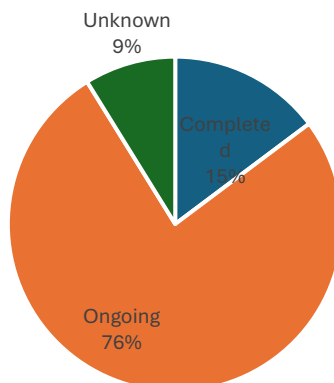


Figure 21: CIC Registered Projects 2023 (Excl Mpakeni Dam)

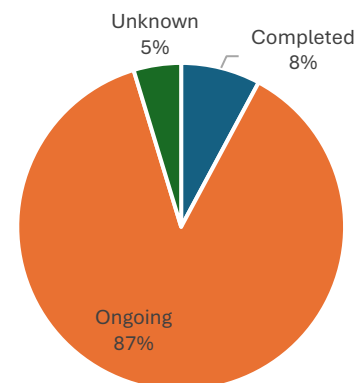


Figure 20: CIC Registered Projects 2023

Foreign works (including the Mpakeni Dam) contributed 54 %, with the share of general building and civil works at 41 %.

Table 17: Value of Registered Projects (Ongoing), Current Prices (Source CIC)

CATEGORY	2022/23	2023/24	Y/Y%	% SHARE 2023/24
FOREIGN WORKS	192 998 024	2 632 702 360 ¹	1264%	53.7%
GENERAL BUILDING WORKS	527 358 362	1 035 892 886	96%	21.1%
GENERAL CIVIL WORKS	1 149 814 240	985 309 223	-14%	20.1%
GENERAL ELECTRICAL WORKS	1 222 058	76 801 431	6185%	1.6%
UNKNOWN		55 533 737	-	1.1%
JOINT VENTURE	4 413 873	44 721 240	913%	0.9%
MANUFACTURER/SUPPLIER		24 589 710	-	0.5%
MECHANICAL SPECIALIST WORKS	293 156	12 353 248	4114%	0.3%
CIVIL SPECIALIST WORKS		10 323 297	-	0.2%
INDIVIDUAL ARTISANS		8 025 326	-	0.2%
BUILDING SPECIALIST WORKS	9 081 738	7 768 970	-14%	0.2%
ELECTRICAL SPECIALIST WORKS	7 198 604	7 403 266	3%	0.2%
CONSULTANCY PRACTICES		1 559 666	-	0.0%
ALLIED PROFESSIONALS		1 508 594	-	0.0%
GENERAL MECHANICAL WORKS		975 128	-	0.0%
GRAND TOTAL	1 892 380 055	4 905 468 081	159%	100.0%

¹ Including the E2.6bn Mpakeni Dam

CIC Registered Projects

Nett Change in Project Values: Ongoing less Completed

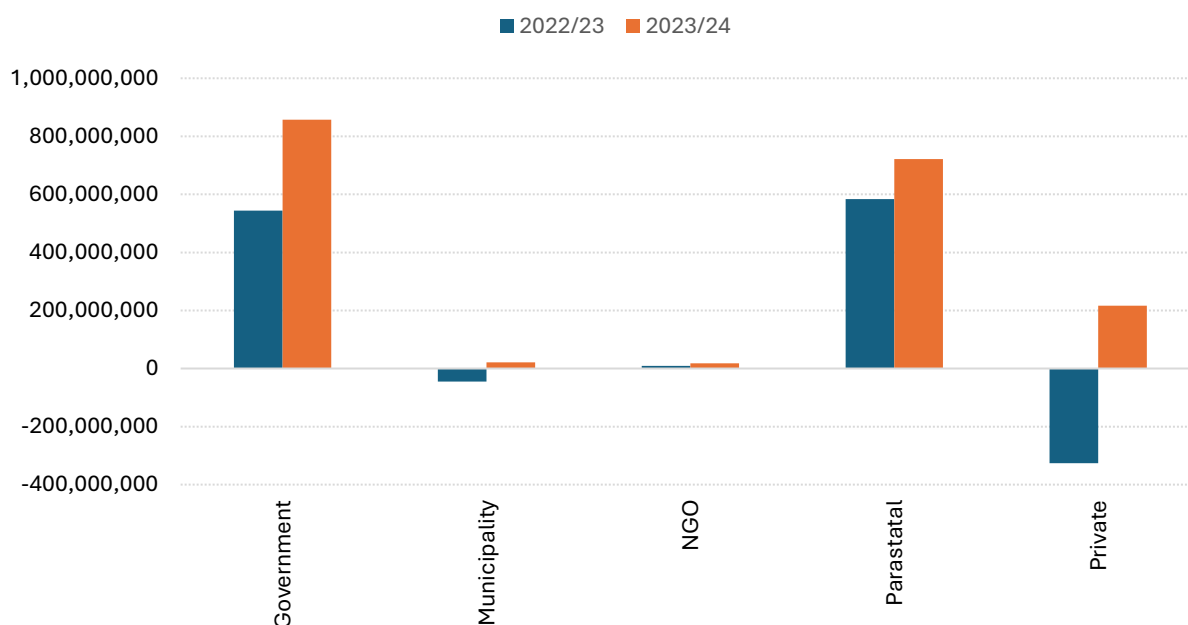


Figure 22: CIC Registered Projects: Nett Change Completed vs Ongoing

The nett change in the value of registered projects, the difference between the value of ongoing and completed projects, increased by E1bn in 2023/24 to E1.8bn.²Parastatals and Government showed the most substantial increase during this period, and a turnaround was also seen in the private sector compared to the previous financial year.

The contribution of Parastatals to the value of ongoing registered projects increased to 69 % in 2023/24 from 40 % in the 2022/23 financial year (linked to the multi-billion Mpakeni dam project), and the private sector also gained from 5 % to 11 %. This means the contribution by the government sector fell from 52 % in 2022/23 to 18 %.

Projects registered by Parastatals as “ongoing” in 2023/24 represented 69 % of the total value of projects registered, an increase of 348 % thanks to the E2.6bn Dam project, which otherwise would have shown a 77 % decrease to just under E800m. Government projects fell by 9 % to E903m (with a contribution rate of 18 %, the 2nd largest owner classification category), followed by the private sector, where the value rose five-fold to E528m and a contribution rate of 11 %.

² Excluding the E2.6bn Mpakeni Dam

Table 18: Value of Registered Projects (Ongoing), by Ownership Classification, Current Prices (Source CIC)

CLASSIFICATION	2022/23	2023/24	Y/Y%	% SHARE 2022/23	% SHARE 2023/24	% SHARE 2023/24 (EXCLUDING MPAKENI DAM)
PARASTATAL	752 528 428	3 373 762 703	348%	52%	69%	33%
GOVERNMENT	990 512 476	903 039 771	-9%	2%	18%	40%
PRIVATE	85 194 882	528 826 818	521%	5%	11%	23%
NGO	17 488 496	57 336 459	228%	1%	1%	3%
MUNICIPALITY	46 665 773	42 502 330	-9%	2%	1%	2%
UNKNOWN		16 844 116	-	0%	0%	0%
GRAND TOTAL	1 892 380 055	4 905 468 081	159%	100%	100%	100%

Value of Projects Registered by Status

Moving Annual Total, Current Prices
(Excluding E2,6bn Mpakeni Dam)

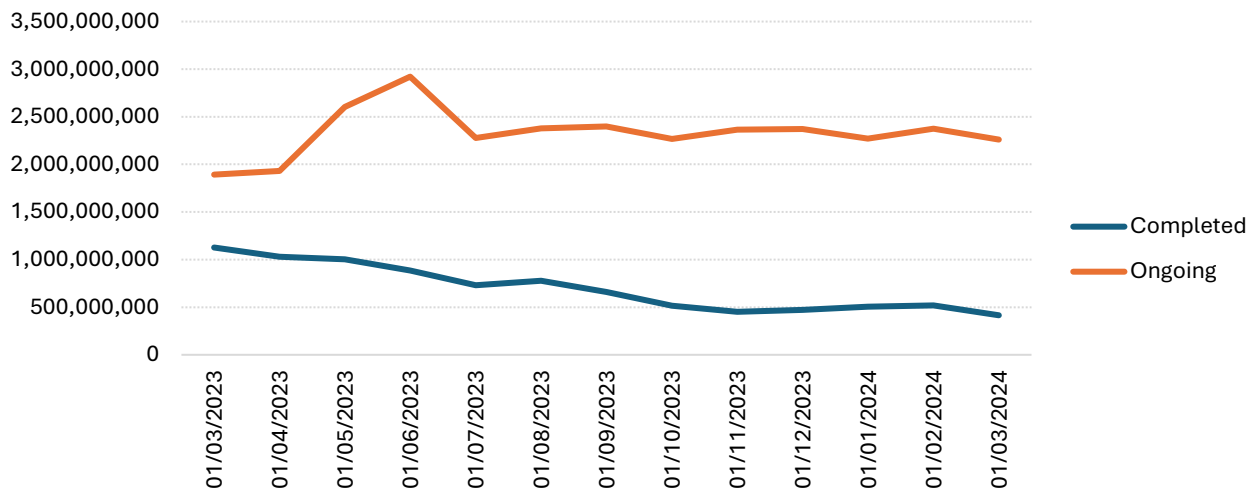


Figure 23: Value of CIC Projects Registered by Status– Moving Annual Total Current Prices

Number of Projects Registered by Status

Moving Annual Total

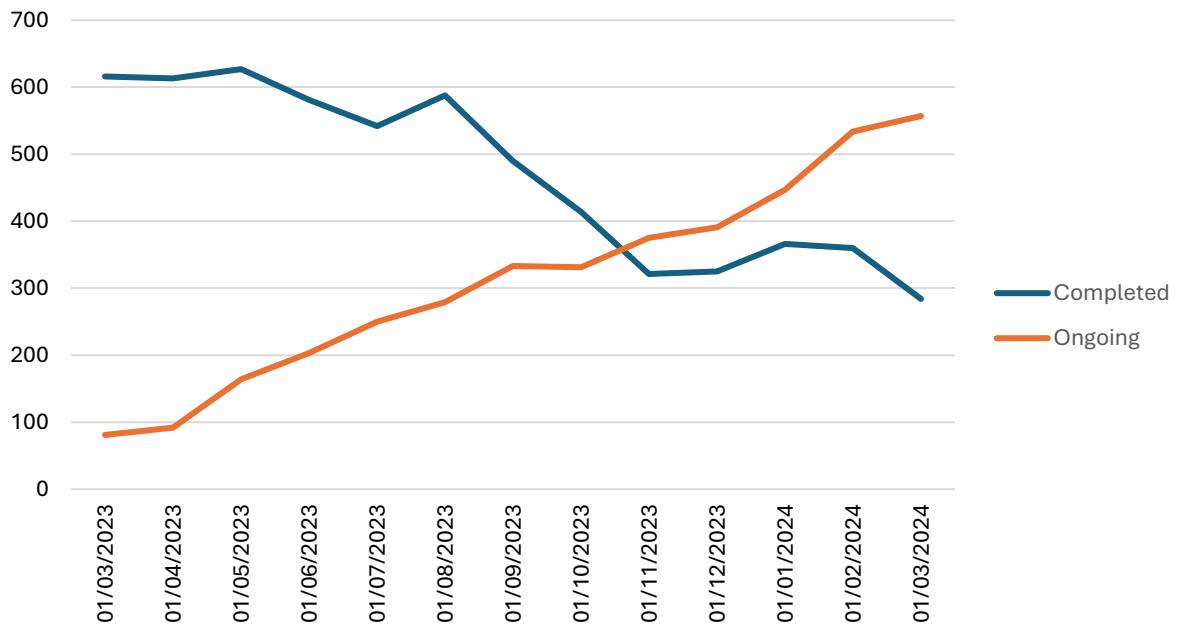


Figure 24: Number of CIC Projects Registered by Status – Moving Annual Total

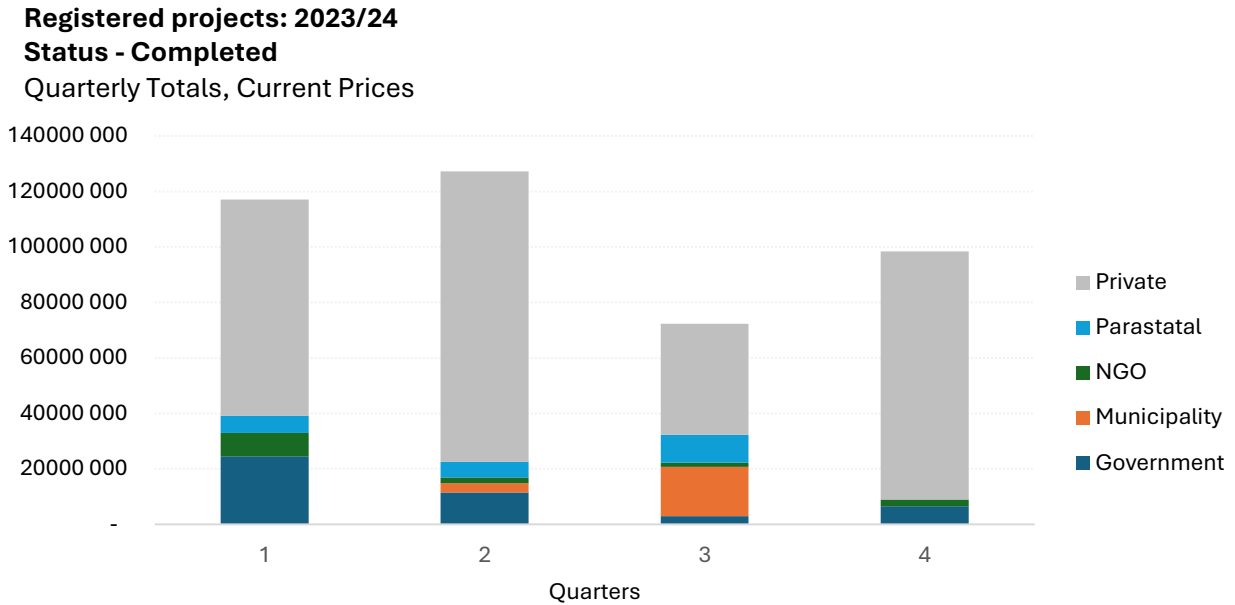


Figure 25: Registered projects: 2023/24: Status - Completed

As at March 2024, the value of ongoing projects registered with the CIC reached E2.2bn, with E439m reported as completed. While the private sector represented only 23 % of ongoing projects, or E528m, it represented 71 % (or E313m) of the completed projects.

The government represented 40 % of the ongoing projects in 2023/24 that had not been completed by the end of March 2024, followed by Parastatals (33 %), the private sector (23 %), NGOs, and municipalities (3% and 2%, respectively).

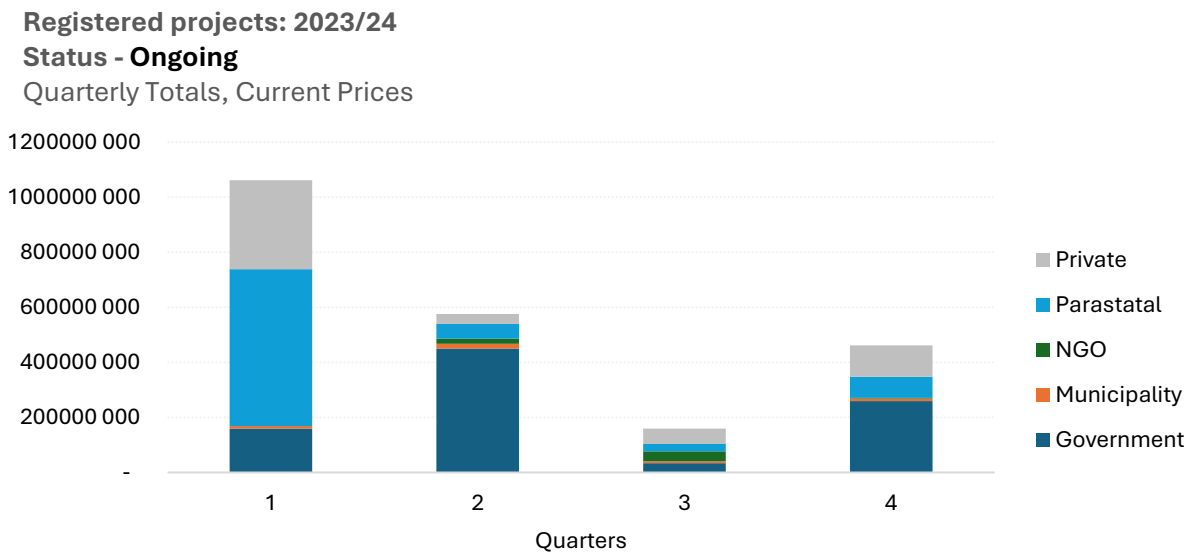


Figure 26: Registered projects: 2023/24: Status - Ongoing

5.4 Project Registered by Ownership classification: 2023/24 (Top 5)

Table 19: Government

PROJECT OWNER	TOTAL
MINISTRY OF PUBLIC WORKS & TRANSPORT	624 965
MINISTRY OF ECONOMIC PLANNING - MICROPROJECTS PROGRAM	540 419
MINISTRY OF HOUSING AND URBAN DEVELOPMENT	7 328
ENTANDWENI HIGH SCHOOL	601
GRAND TOTAL	1 173 314

Table 20: Municipality

PROJECT OWNER	TOTAL
PIGG'S PEAK TOWN COUNCIL	19 788
MUNICIPAL COUNCIL OF MBABANE	553
VUVULANE TOWN BOARD	19 107
EZULWINI MUNICIPALITY	390
MALKERNS TOWN BOARD	9 362
MATSAPHA TOWN COUNCIL	529
GRAND TOTAL	8 481
	249
	6 873
	667
	4 182
	578
	67 795
	967

Table 21: NGO

PROJECT OWNER	TOTAL
WORLD VISION SWAZILAND	62 744 798
HEART FOR AFRICA SWAZILAND	25 300 000
OLD APOSTOLIC CHURCH	5 881 722
MEDECINS SANS FRONTIERES	1 550 088
KINGDOM HALL OF JEHOVA'S WITNESSES	1 223 825
SUB-TOTAL	96 700 433

Table 22: Parastatals

PROJECT OWNER	TOTAL
ESWADE	2 733 503
	966
ESWATINI WATER SERVICES CORPORATION	389 187
	713
ESWATINI RAILWAYS	194 992
	675
ESWATINI ROYAL INSURANCE CORPORATION	32 615
	939
ESWATINI INVESTMENT PROMOTION AUTHORITY	26 967
	410
GRAND TOTAL	3 377 267
	703

Table 23: Private

PROJECT OWNER	TOTAL
UMLAMULI (PTY)LTD	250 354
	103
RES CORPORATION	167 951
	510
UBOMBO SUGAR LIMITED	66 304
	954
ROYAL SCIENCE AND TECHNOLOGY PARK	42 012
	733
CONCO LIMITED	39 804
	253
GRAND TOTAL	566 427
	553

5.5 Foreign works

Foreign Contractors registered accounted for only 1.6 % of the total number of CIC registered contractors as at June 2024. The start of the E2.6bn Makapei Dam increased the contribution by Foreign works to 53.7 % of the total value of ongoing projects registered for the 2023/24 financial year from 10 % in 2023/24. This, however, represented only around 1 % of the total number of ongoing projects in 2023/24 compared to 3.7 % in 2022/23. The number of projects, however, increased by 66 % for the 2023/24 financial period. The vast majority of projects ongoing during the 2023/24 financial period remain in general building works (47 %).

CIC Projects Registration Distribution by Status and Category
2023/24

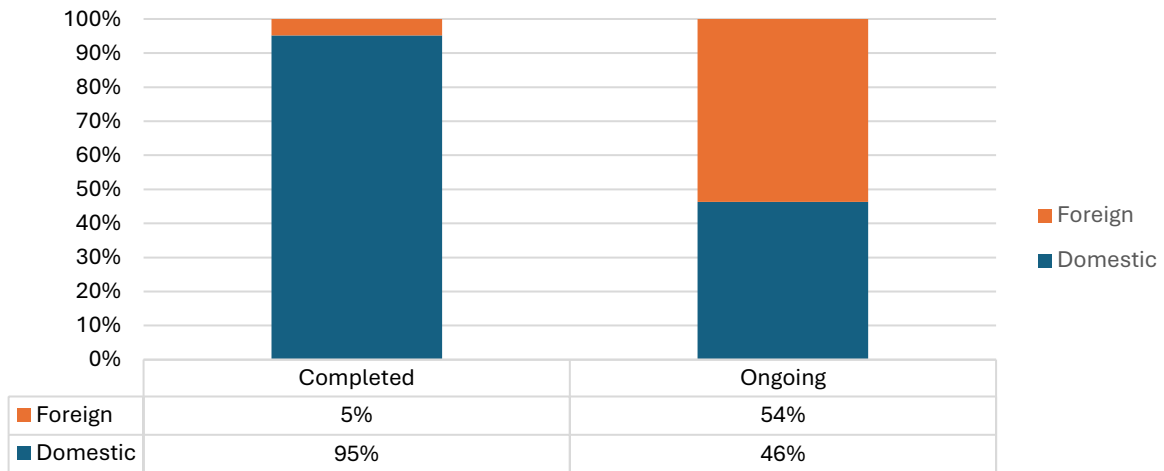
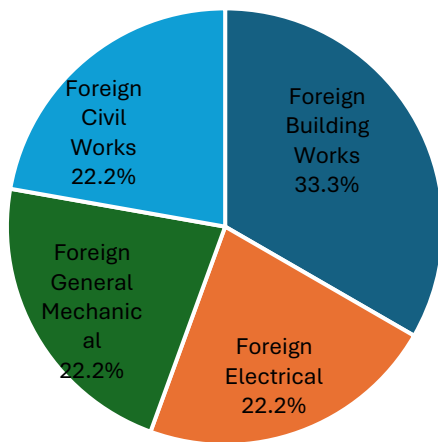


Figure 37: CIC Projects Registration Distribution by Status and Category 2023/24

CIC Foreign Contractor Registrations
As at June 2024



1.6 %

%AGE CONTRIBUTION BY FOREIGN CIC REGISTERED CONTRACTORS

Figure 28: CIC Foreign Contractor Registrations

5.6 CIC Registered Contractor Profile

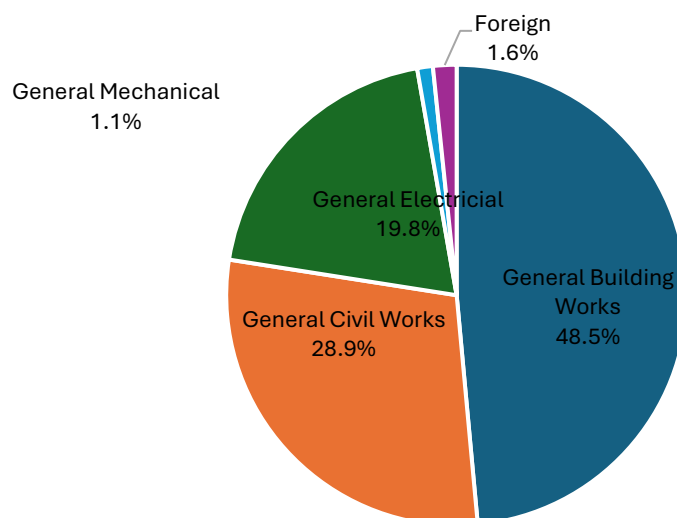


Figure 294: CIC Contractor Registrations (Total)

Table 24: Number of Registered Contractors

CATEGORY/GRADING	B1	B2	B3	B4	B5	B6	C1	C2	C3	C4	C5	C6	GRAND TOTAL
GENERAL BUILDING WORKS	15	10	55	66	2	117							265
GENERAL CIVIL WORKS							8	8	59	37	3	43	158
SUB-TOTAL	15	10	55	66	2	117	8	8	59	37	3	43	423

Table 25: Number of Electrical and Mechanical Registered Contractors

CATEGORY/GRADING	BF	CF	MF	E1	E2	E3	E4	EF	M4	GRAND TOTAL
GENERAL ELECTRICAL				8	8	22	70			108
GENERAL MECHANICAL									6	6
SUB-TOTAL				8	8	22	7		6	114

Table 26: Number of Foreign Contractors Registered

CATEGORY/GRADING	BF	CF	MF	E1	E2	E3	E4	EF	M4	GRAND TOTAL
FOREIGN BUILDING WORKS	3									3
FOREIGN ELECTRICAL								2		2
FOREIGN GENERAL MECHANICAL			2							2
FOREIGN CIVIL WORKS		2								2
SUB-TOTAL	3	2	2					2		9

Number of CIC Registered Contractors by Category (Excluding Foreign) as at June 2024

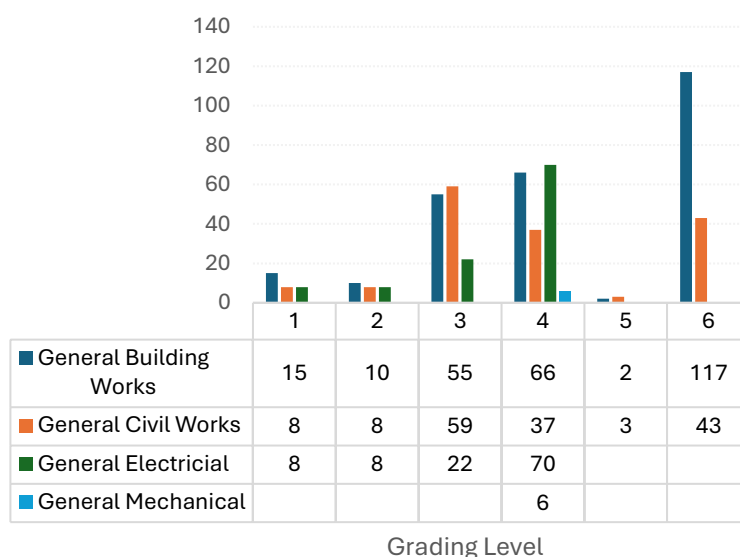


Figure 30: Number of CIC Registered Contractors by Category (Excluding Foreign) as at June 2024

and mechanical. Please note that duplicates may occur as a contractor can be registered in more than one category.

Within general building works, the majority (40 %) are registered within the lowest level grading (B6) for projects with a maximum value of up to E500 000. The highest grading (B1 for a project exceeding E25 million), accounts for 6.8 % of the total number of general building works contractors registered, and 5.8 % (C6 for a project exceeding E50 million) in terms of general civil works contractors. The majority civil contractors (41 %) have a C3 grading, for a project value up to E30 million. Majority of Electrical Contractors are registered with an E4 grading, for project values up to

According to the CIC, approximately 537 contractors were registered as at June 2024, with 265 registered as General Building contractors, and 158 as General Civil Contractors. General Electrical registrations totalled 108 with 6 contractors registered as General Mechanical Contractors. Foreign contractors represented 1.6 % (or 8 contractors) of total registrations, with a balance distribution between building and civil works, electrical

E500 000, with only 8 % at grading E1 for project values above E2 million. Only 6 lower level 4 Mechanical Contractors are registered, for project values up to E500 000.

A total of 263 general building projects were registered as ongoing by the CIC during 2023/24, with most (34 %) within the B4 grading level and the highest grading contracts (B1) representing 11 %.

Within the 104 ongoing general civil works projects registered, 34 % were in the C3 grading level, with 24 % of the projects in the highest grade, or C1 level.

5.7 Project to Contractor Ratio

Aligning the number of projects with the number of building and civil contractors registered, the strongest competition is within the B6 grading level, with 38 ongoing registered projects for around 117 contractors, that means 1 project for every three contractors, and the least competition within the B2 grading level, where 35 projects were registered alongside 10 registered building contractors within that grading level, or between 3 and 4 projects per registered contractor.

In terms of civil works, competition is most rife amongst smaller contractors, with a project to contractor ratio of 1:3, an average of 1 ongoing registered civil works project for every three contractors registered (or 13 projects compared to 43 registered C6 general civil works contractors). By comparison the highest-grade contracts (C1) included 25 projects to eight registered C1 civil works contractors translating to a ratio of 3:1, an average of 3 projects per contractor.

Mechanical Specialist Works projects, registered as ongoing during 2023/24, accounted for less than 0.5 % of the total value of ongoing projects registered and increased to E12.5 million from E293 000 in 2022/23. This includes 13 projects, with six Mechanical Contractors registered as at June 2024, all within the lower M4 grading level.

Table 27: Building Works Contractors

Determining Score Rating	Grade	Maximum Tender Value Range (E)	Number of registered contractors (June 2024)	Number of registered Ongoing projects 2023/24
501 - 600	B1	No Limit	15	28
401 - 500	B2	25 000 000	10	35
301 - 400	B3	10 000 000	50	71
201 - 300	B4	5 000 000	55	89
101- 200	B5	2 000 000	1	2
0 - 100	B6	500 000	88	38

Table 28: Civil Works Contractors

Determining Score Rating	Grade	Maximum Tender Value Range (E)	Number of registered contractors (June 2024)	Number of registered Ongoing projects 2023/24
501 - 600	C1	No Limit	8	25
401 - 500	C2	50 000 000	8	12
301 - 400	C3	30 000 000	57	35
201 - 300	C4	15 000 000	31	14
101- 200	C5	5 000 000	2	5
0 - 100	C6	1 000 000	33	13

Table 29: General Electrical Works

Determining Score Rating	Grade	Maximum Tender Value Range (E)	Number of registered contractors (June 2024)	Number of registered Ongoing projects 2023/24
301 - 400	E1	No Limit	8	8
201 - 300	E2	2 000 000	8	12
101- 200	E3	1 000 000	22	29
0 - 100	E4	500 000	70	7

Table 30: Mechanical Works

Determining Score Rating	Grade	Maximum Tender Value Range (E)	Number of registered contractors (June 2024)	Number of registered Ongoing projects 2023/24
301 - 400	M1	No Limit		
201 - 300	M2	2 000 000		
101- 200	M3	1 000 000		
0 - 100	M4	500 000	6	1

**Total Number of Ongoing Construction Projects Registered:
2023/24**

Source CIC

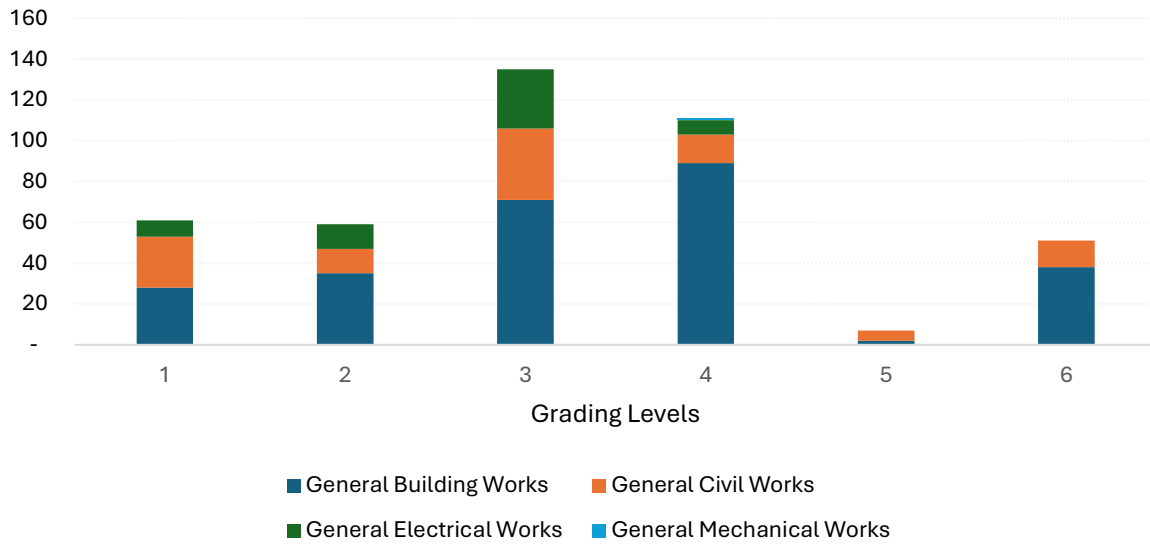


Figure31: Number of Ongoing Projects Registered: 2023/24

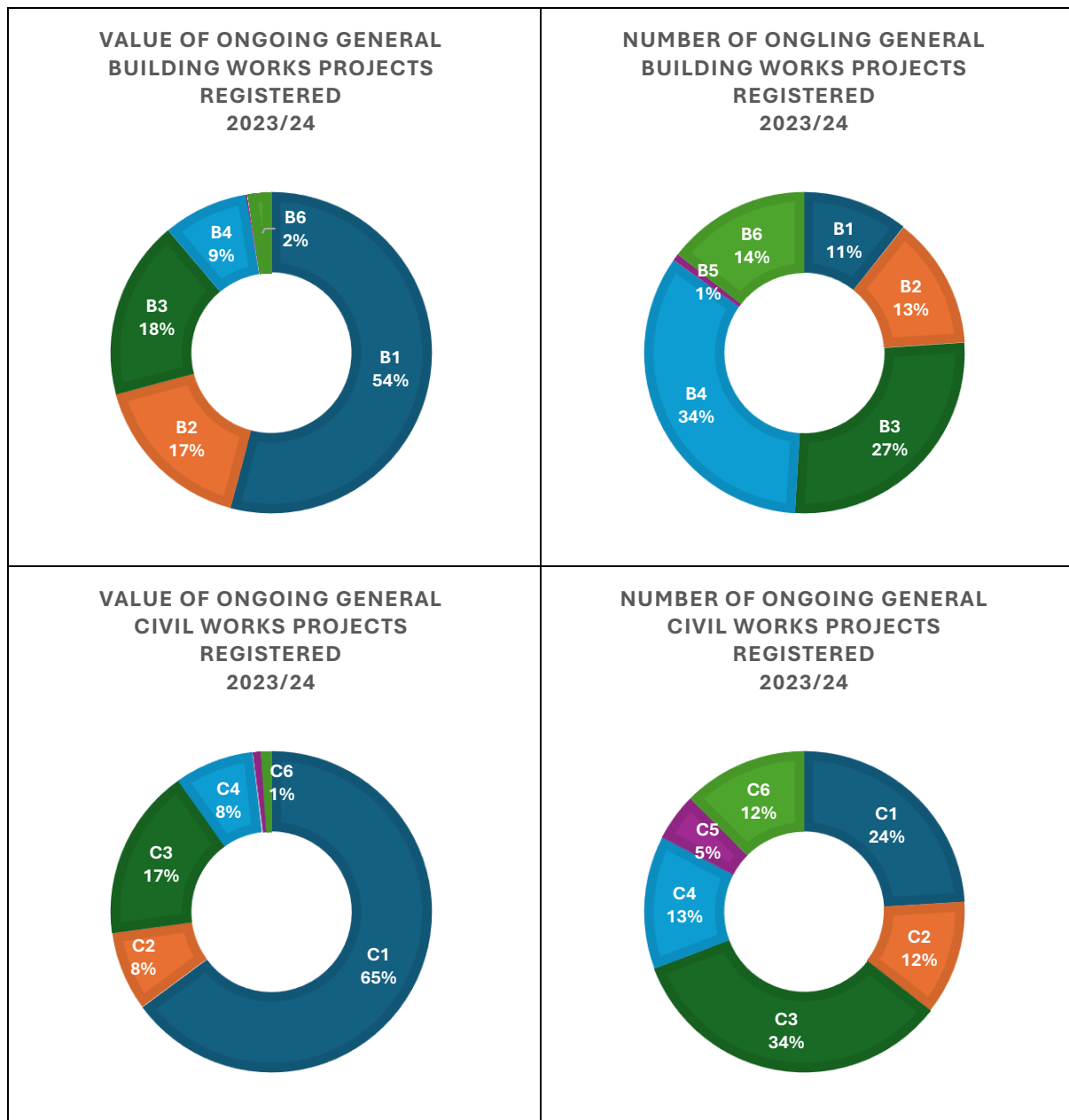


Figure 32: Value and number of ongoing General Building and Civil Works

General building and civil works projects, on average, represented **65%** of the total value of projects that have been registered and completed during the 2022/23 and 2023/24 financial years

Note excluding the E2.6bn Mpakeni Dam registered in 2023/24

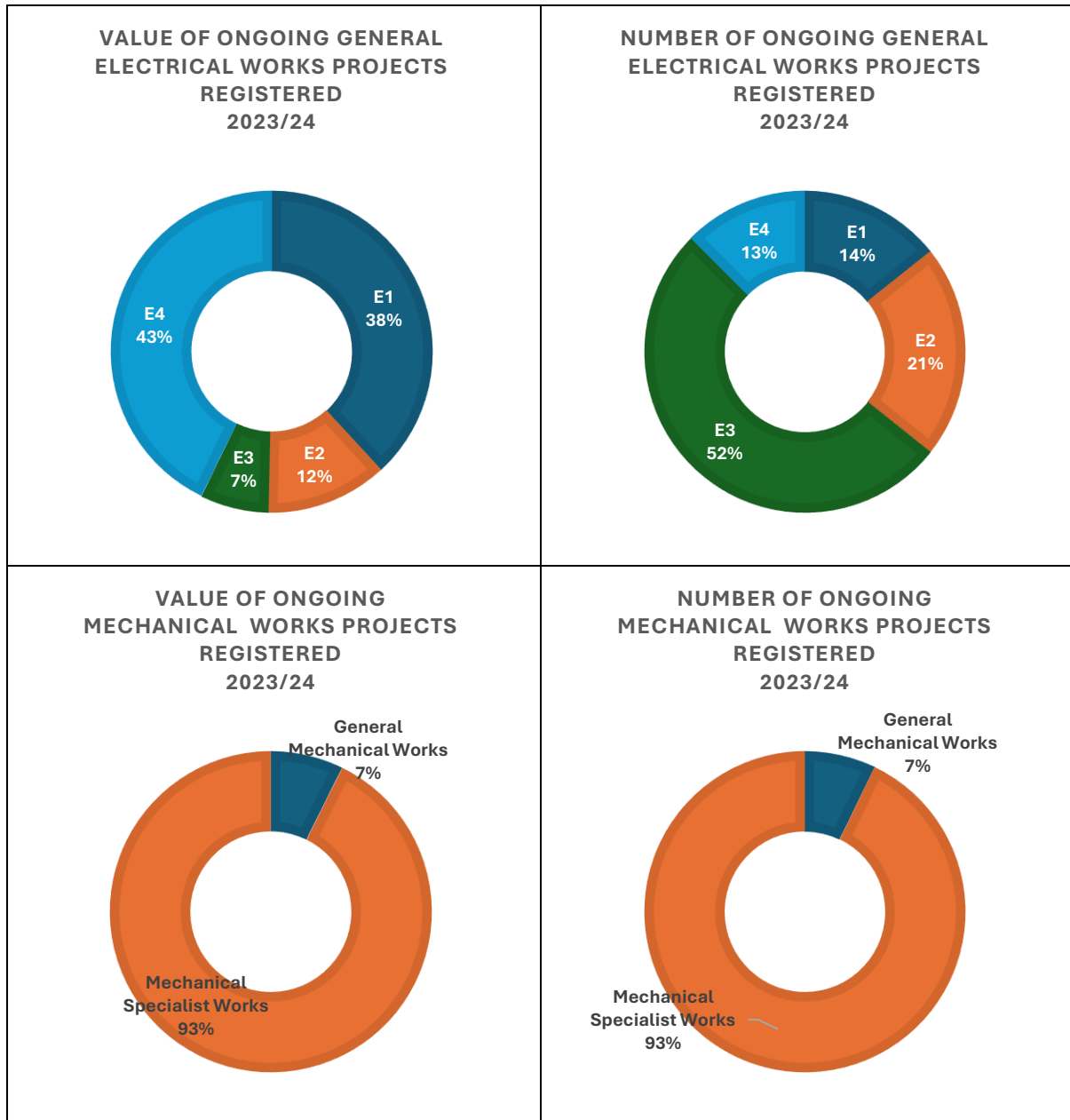


Figure 33: Value and number of ongoing General Electrical and Mechanical Works

6. CONSTRUCTION SECTOR OUTLOOK

6.1 Industrial demand drives growth in approvals for building construction

Approvals for building construction rose 50 % y-y (nominal) in 2023 to close to E1.5bn, representing an increase of E492m compared to 2022. In value, this is the best recovery recovered since 2015.

Building Approvals:
Residential vs Industrial
 E'000 Mat Constant 2023 Prices

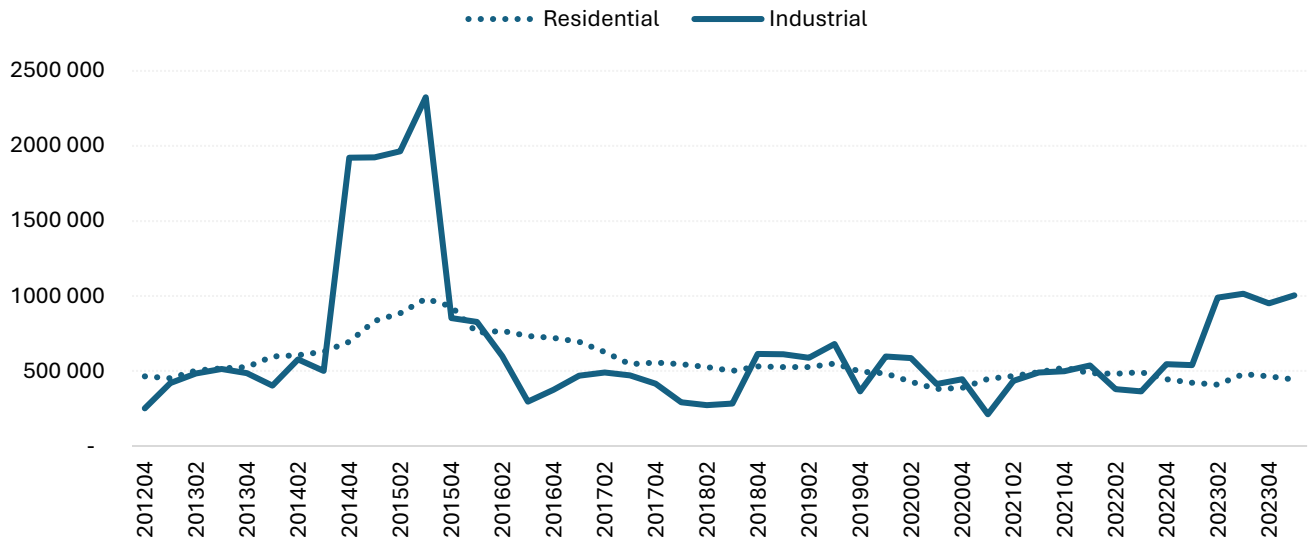


Figure 34: Building approvals: Residential vs Industrial (E'000 Constant 2023 Prices)

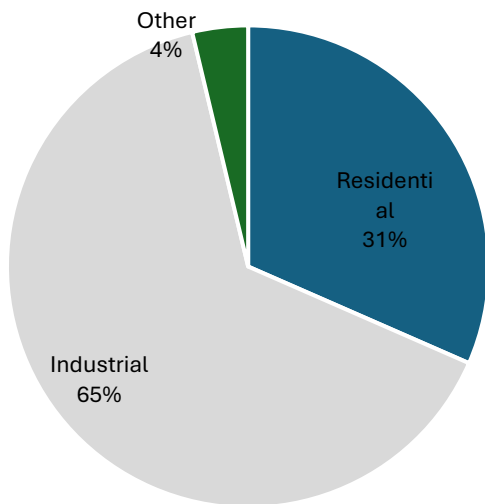


Figure 355: Eswatini Building Approvals 2023

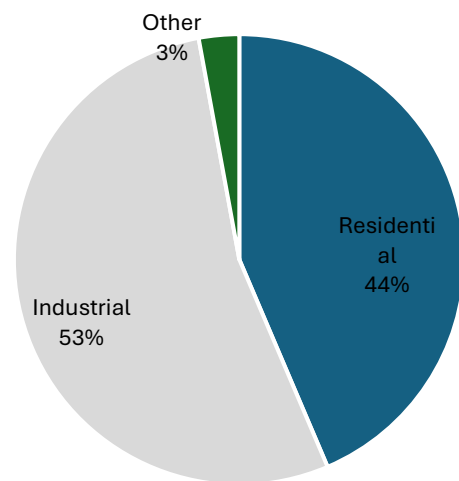


Figure 366: Eswatini Building Approvals 2022

The contribution by the residential market decreased from 44 % in 2022 to 31 % in 2023 as higher lending rates and more substantial inflation weakened demand for housing. However, an increase in industrial development-related demand increased this market segment’s contribution to 65 % in 2023 (from 53 % in 2022), as approvals for new industrial developments increased by 81 % y-y to just under E1bn. Approvals for other buildings increased by 94 % and contributed roughly 4 % of total approvals during the year, or around E55 million. The residential market was muted, offering only a 9 % y-y increase in 2023, to E463m, maintaining the similar status quo since 2017 and remaining well below the 2015 levels.

According to official statistics released by the CEB, the number of industrial plans approved increased by 30 to 120, with close to 40 approvals in the 3rd quarter of 2023, the highest level since 2018.

Industrial Approvals
Moving Annual Total

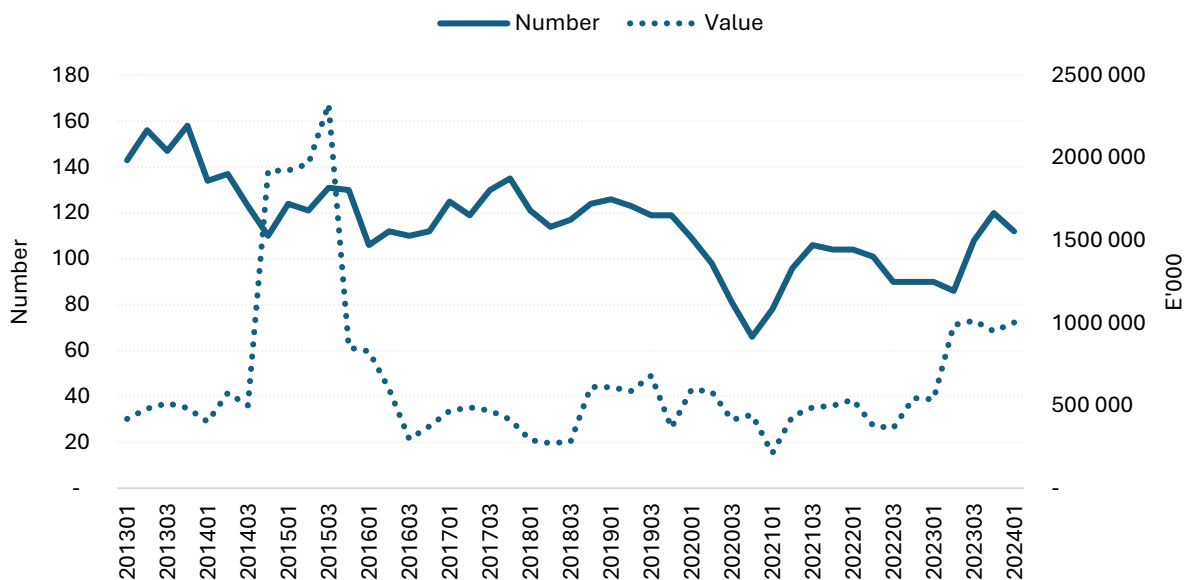


Figure 37: Building Approvals: Industrial Number vs Value

Residential Approvals
 Moving Annual Total
 E'000 Constant 2023 Prices

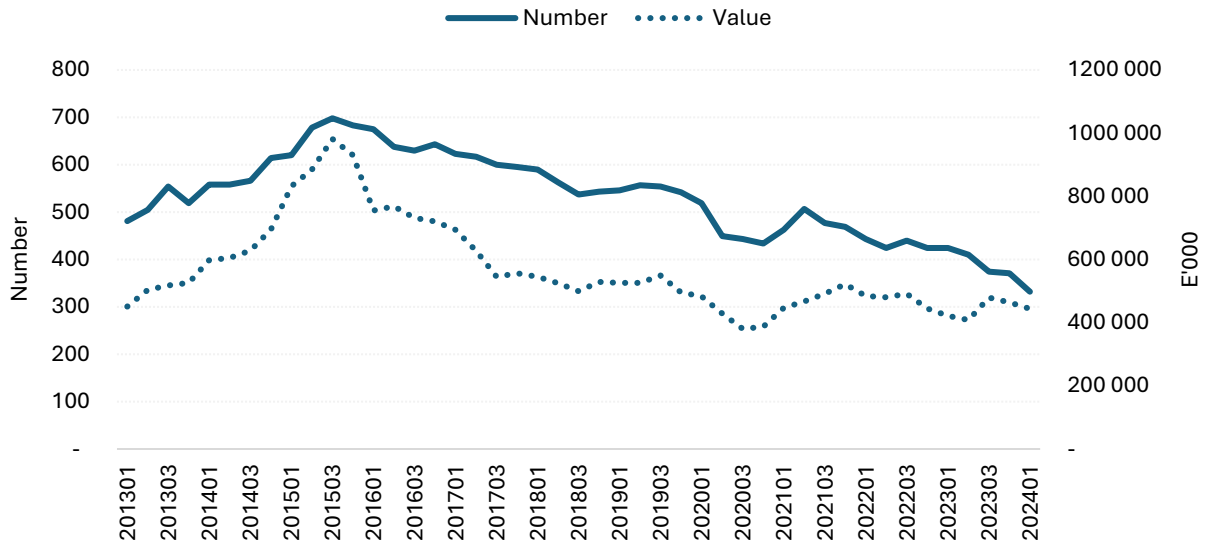


Figure 38: Building Approvals: Residential: Number vs Value

Other Approvals
 Moving Annual Total
 E'000 Constant 2023 Prices

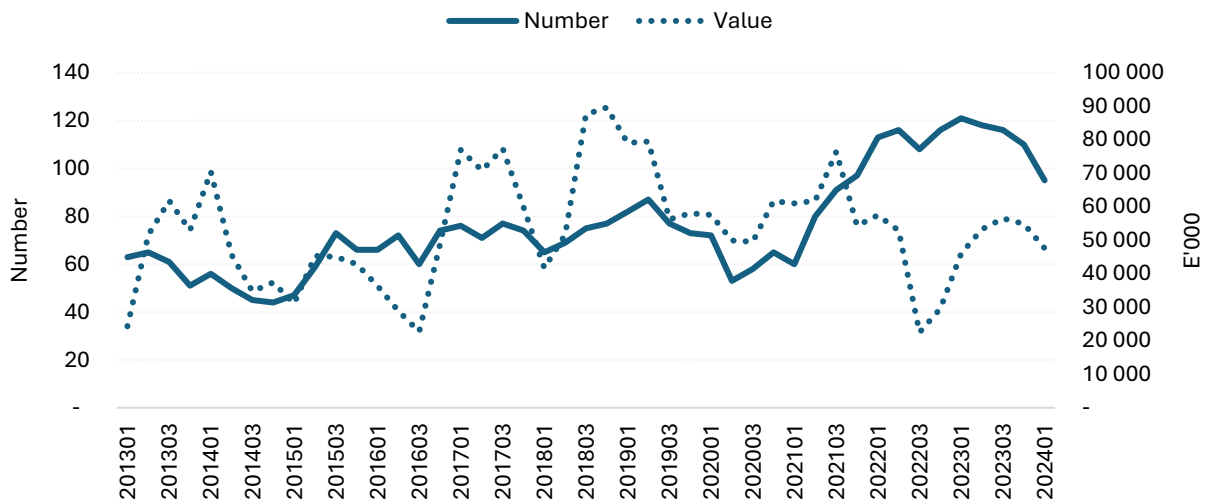
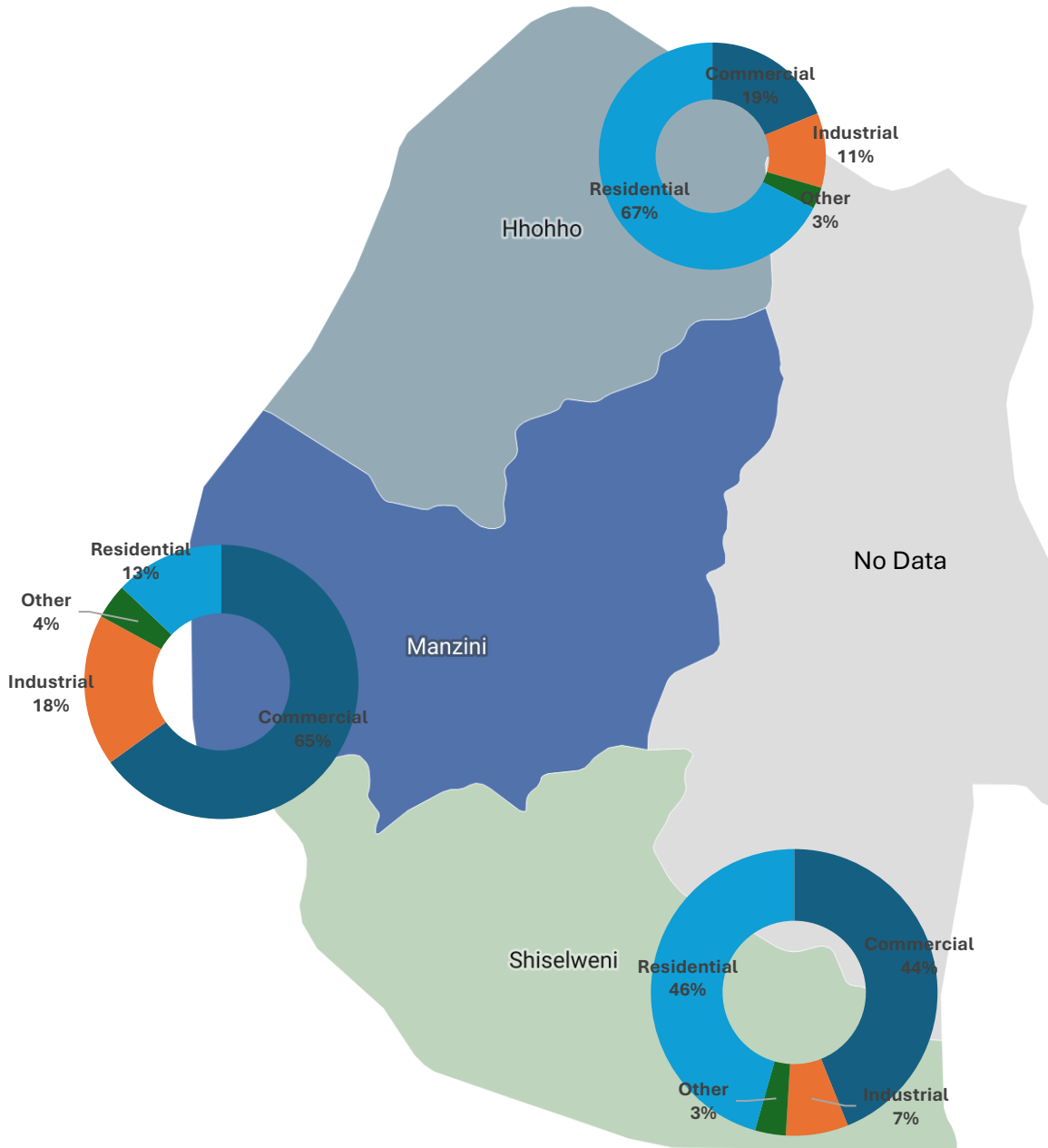


Figure 39: Building Approvals: Other: Number vs Value

Eswatini Building Approvals: 2023

VALUE



Created with Datawrapper

6.2 Improved Outlook for government-funded infrastructure expenditure

According to the 2024 Eswatini Budget estimates, capital expenditure has increased by 19 % y-y (or close to E1bn) to E6.3bn, with a further 17 % increase projected for 2026/27. This means capital expenditure is projected to increase by E2bn in the next two years to E7.4bn by 2026/27. The contribution of capital expenditure to total expenditure is thereby projected to increase from 18 % in 2022/23 to 28 % over the two-year period as the role of capital expenditure in promoting economic prosperity is increased. The economic spin-offs to Eswatini, which is already operating on an improved economic platform, are higher revenue generation, job creation, and economic opportunities. A more detailed analysis of capital expenditure by the various Ministries shows allocations towards “infrastructure-related” items increased by 20 % y-y in 2024/25, or E864m to E5.2bn. This does, however, include a 15 % downward revision from what was projected in the 2023 Budget for this financial year, but allocations nonetheless remain favourable.

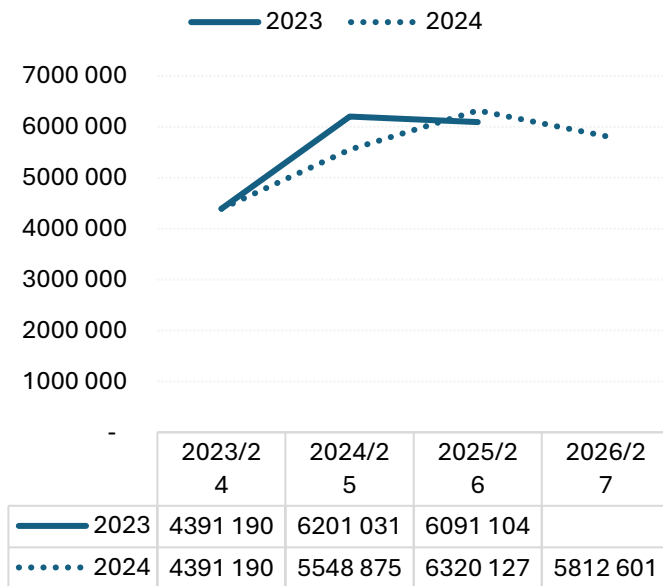


Figure 40: Government funded infrastructure related expenditure 2024 vs 2023

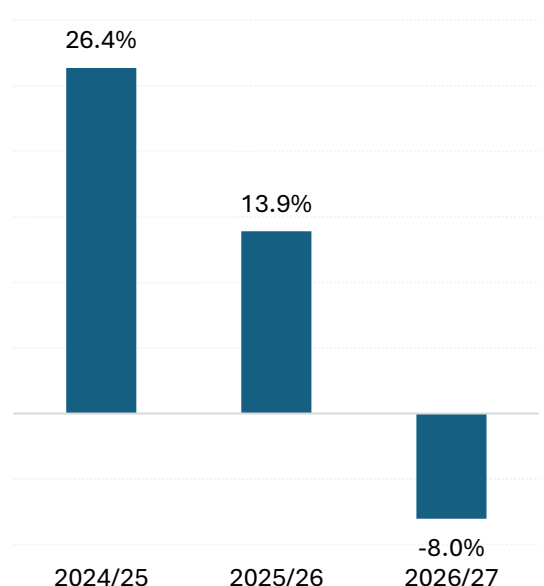


Figure 41: Government funded infrastructure related allocations 2024 Budget Y-Y Per.chg (Current Prices)

The Ministry of Economic Planning and Development received the highest “infrastructure-related allocations” of E1.9bn, representing a 58 % y-y increase. Agriculture is the second most dominant department in terms of projected infrastructure expenditure, with an allocation of E1.1bn, more than double the expenditure in the previous financial year. However, Public Works and Transport allocations were cut by 27 % to E698m, with a 33 % cut also announced for Natural Resources and Energy. The contribution of Public Works and Transport fell to 13 % of total infrastructure-related projected expenditure from 22 % in 2023/24. Within this

budget, roads spanning 500km have been targeted for upgrading across four regions in the 2024/25 year.

6.2.1 Renewable Energy

There is a firm commitment to driving further development of Renewable energy projects. A total capacity of 12.91MW was authorised in 2023/24, and several projects are already in the pipeline that are expected to support economic growth and energy provision. Investment in transmission lines will also be a priority.

6.2.2 Building Infrastructure

The construction of the International Convention Centre received the highest infrastructure-related allocation for the 2024/25 financial year (E1.1bn), followed by E629 million allocated to the construction of the Mpakeni Dam, with a further E1bn also allocated for the 2025/26 financial year. Less funding was allocated to the Emergency Maintenance Programme for Roads, with additional funding allocated towards the construction of Hangar and workshops at KMII Airport.

6.2.3 Road Infrastructure

Road infrastructure took a temporary back seat in 2024: On the downside, total infrastructure-related allocations to the Roads activity within the Department of Public Works and Transport declined by 32% for the 2024/25 financial year to E626m, with another 23% cut expected in 2025/26. The road sector takes a bit of a back seat in favour of economic and agricultural projects, but according to 2024 projections, allocations will improve in 2026/27.

Allocations to Energy under Natural Resources and Energy were cut by 17% and 50% over the next two years, with the largest amount of E293m in 2024/25 allocated to the Shiselweni Network Re-enforcement and Access Project. Allocations to the Manzini Region Water and Sanitation were revised higher to E275m, even though they are still lower compared to the actual expenditure of E315m in the 2023/24

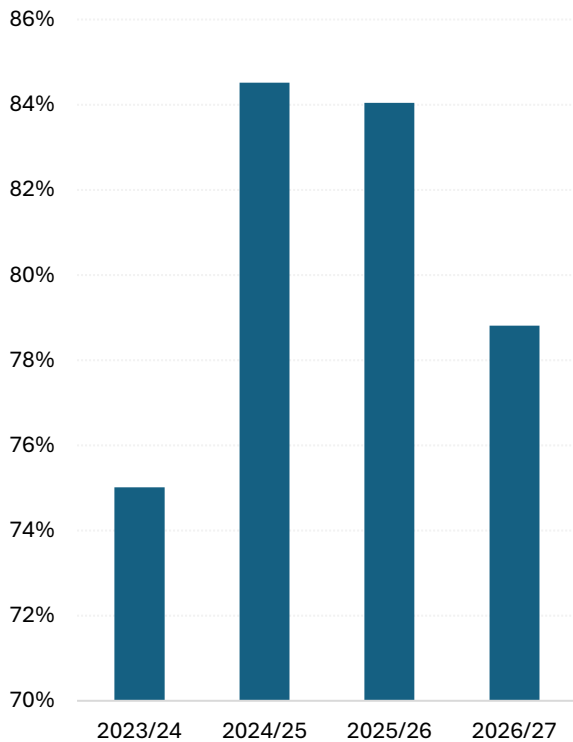


Figure 42: Infrastructure related expenditure as %age of total Capital Expenditure 2024 Budget

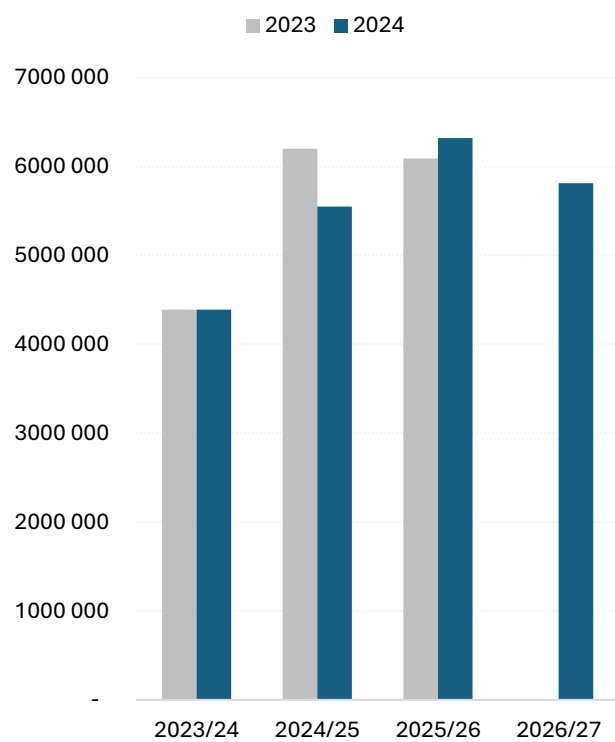


Figure 437: Infrastructure Related Allocations 2024 vs 2023 Budget E'000

financial year.

6.3 Improved investment outlook attracts foreign investment from South Africa, as the ESE hopes to attract local SOEs.

Given the recent performance, it is not surprising that Eswatini has attracted the attention of South African construction material suppliers. Colossal Concrete Products (with a long-standing track record as South Africa’s largest manufacturer of railway sleepers) announced in May 2024 that it is extending its footprint into Eswatini through a distribution agreement with local concrete construction products company Nkonyeni Precast (NPC). This may result in Colossal’s first permanent manufacturing operation outside South Africa, which is expected to create 20 - 30 jobs with the potential to upscale to a larger facility that could employ at least 150 people. NPC is listed on the Eswatini Stock Exchange (ESE) in 2023 with a current market cap value of E258m (or 3.8 % of the total ESE market value) and is clearly poised for further growth and expansion. There are currently nine listed companies on the ESE’s main board with a combined market capitalisation of around E6.7bn (as at April 2024), dominated by First National Bank Eswatini and Royal Eswatini Sugar

Corporation Limited. NPC is currently the largest concrete block and brick manufacturer in Eswatini, with a manufacturing capacity of approximately 90,000 to 100,000 pavers and 20,000 blocks per day. It is also the only local concrete roof tile manufacturer.

MARKET CAPITALISATION BY COMPANY 2022 vs 2023



Source: ESE Trading Statistics, 2023

Eswatini, through ABSA, also recently issued a R4bn bond programme on the Johannesburg Stock Exchange (JSE) debt board. The listing on the JSE will provide investors with a platform to trade and invest in the Kingdom of Eswatini's Protea Bond. Protea bonds are a unique offering that describes ZAR-denominated bond issuances by foreign Governments on the JSE. It also represents a major milestone for the Government of Eswatini, as it allows the Kingdom to introduce itself to the international investment community, diversify funding, and raise capital to meet infrastructure and development needs.

Eswatini recently announced a new free-flow plan to alleviate the current congestion at Manzini by building a highway extension to connect existing highways that terminate directly east and west of the central business district. A decade-long issue, the highway placement was finalised (building it directly above the Mnzimene River), skirting the CBD. As at October 2023, however no time frame or budget for the construction of the new highway has been set.

7. SECTOR REVIEW

7.1 Renewable Energy

Eswatini is actively involved in renewable energy development, including solar and biomass projects, to meet its energy needs and increase energy security. Eswatini has also taken great strides in terms of renewable energy generation, following its commitment at the COP26 conference, when it pledged a 50 % increase in renewable energy production by 2030. In 2020, bioenergy from burning natural materials such as wood and sugar cane waste constituted 97% of the supply of renewable energy in Eswatini. The government issued an Independent Power Producer (IPP) license to Ubombo Sugar Limited (USL), and USL's connection to Eswatini's national grid probably contributes more than 30% of local grid electricity production.

Photovoltaic (PV) solar cells are increasingly prominent sources of small-scale electricity production in Eswatini. The government actively encourages the adoption of solar panels in residential and commercial buildings to provide both electricity and water heating. Off-the-grid power generation helps to ease the strain on electricity imports whilst empowering rural communities by increasing access to education, health care and entrepreneurial opportunities. Larger scale projects, such as the Eswatini Solar-Storage Project by Frazer Energy, add further support to expand electricity access, create jobs and possibly even export power to communities throughout Southern Africa. In 2021, the government-owned Eswatini Electric Company (EEC) completed the Lavumisa Solar PV Plant. Hydroelectric power currently stands as one of the most prominent energy sources in Eswatini. The EEC, which operates four hydropower plants, constituting 15% of the country's electricity production, plans to bolster existing infrastructure.

The government also granted an IPP to Middle Lusutfu Hydropower Ltd., an energy company aiming to increase Swazi hydroelectricity production by more than 20%. The EEC and the Public Service Pension Fund (PSPF) have expressed interest in conducting feasibility tests and environmental impact assessments on further investment in hydroelectric energy and project expansions. Meanwhile, studies in the Lubombo Plateau are ongoing to explore the country's wind energy production. Eswatini is actively involved in renewable energy development, including solar and biomass projects, to meet its energy needs and increase energy security.

Eswatini's energy revolution is a testament to its dedication to sustainability and self-sufficiency. As Eswatini strides into the future with renewable energy, the convergence of local innovation, international collaboration and growth-oriented policies promises to illuminate every corner of the nation. This positions Eswatini as a beacon of inspiration for other developing nations navigating toward a self-reliant future. Within the 2023 National Development Plan (NDP), Eswatini further committed to increase the share of renewable energy to 50 % in the electricity mix by 2030 relative to 2010 levels.

7.2 Water Infrastructure

Eswatini faces significant challenges in terms of water infrastructure, particularly in rural areas where access to clean and safe water is limited. Approximately 30 to 40 % of rural communities lack access to clean water, and a significant portion of existing water infrastructure is not functional or in dire need of maintenance and upgrades. The government has set ambitious targets to achieve universal access to safe and affordable water and adequate sanitation by 2030. However, issues like insufficient investment, the need for better coordination and the impact of climate variability pose hurdles to achieving these goals.

Eswatini remains significantly behind its declared goal of achieving 100 % clean water coverage by 2022, with only an estimated 69 % of the country's population having access to essential water services and only 58 % having access to sanitary services. A significant disparity remains between urban and rural areas regarding water access and sanitation, which requires more concerted efforts to bridge the gap. Through policy development, like the National Water Policy, the government has invested in large-scale water transfer projects and promoted integrated planning and stakeholder involvement in water management. Although progress is being made, continued investment and international support (such as projects supported via the IBSA partnership - India, Brazil, and South Africa) are essential to address water-related challenges fully.

The recently released National Development Plan 2023 - 2028 includes the construction of three multipurpose dams, which remain a priority. Feasibility studies for the earmarked Nondvo dam and the feasibility study for raising the Hawane dam walls have been completed.

The CIC registered the E323m construction project of Raw WATER Pumping Main, Main Treatment Plant and Treated Rising Main as ongoing in 2023/24, awarded by the Eswatini Water Services Corporation to the Inyatsi Construction Limited-Plem Construction LTD-HE Jackson (IPH) Joint Venture. The value of ongoing water-related projects registered by the CIC increased by more than two-fold (247 %) in 2023/24 compared to the 2022/23 financial period.

7.3 Road construction

Recent initiatives have focused on upgrading main highways and rural roads to facilitate better transportation and economic activities. Additionally, there's a significant push towards maintaining and improving existing infrastructure to meet international standards. These projects are part of a broader strategic plan to support Eswatini's economic recovery and development, which includes diversifying

and strengthening the country's infrastructure base. The CIC has emphasized the importance of using high-quality construction materials and adhering to proper construction standards.

Some of the larger road projects issued by the Department of Public Works and Transport that were ongoing in 2023/24 and registered by the CIC include the E39m Ndlalane -Gobolodlwayini D12 Road, the E31m reconstruction of Sigcineni to Sibovu Feeder Road-Extension of Works, and the E10m rehabilitation of the Mbuluzi ARMCO culvert crossing along the MR3 (Maphiveni-Lomahasha) road. However, the value of ongoing road projects registered has fallen by 76 % in 2023/24 (excluding the road works associated with constructing the Mpakeni Dam).

7.4 Housing

The Eswatini Housing Board (EHB) works to provide housing through residential loans. Still, despite efforts to increase access to housing, there is an estimated backlog of 20,000 housing units due to insufficient investment and a lack of an integrated housing strategy. High unemployment and affordability remain key constraints.