

ESWATINI

(FORMERLY SWAZILAND)
UNITARY COUNTRY

BASIC SOCIO-ECONOMIC INDICATORS

INCOME GROUP: LOWER MIDDLE INCOME

LOCAL CURRENCY: LILANGENI (SZL)

POPULATION AND GEOGRAPHY

Area: 17 360 km²
Population: 1.367 million inhabitants (2017), an increase of 1.8% per year (2010-2015)
Density: 79 inhabitants / km²
Urban population: 23.4% of national population
Urban population growth: 2.5% (2017 vs 2016)
Capital city: Mbabane (5.0% of national population)

ECONOMIC DATA

GDP: 11.6 billion (current PPP international dollars), i.e. 8 640 dollars per inhabitant (2017)
Real GDP growth: 1.8 % (2017 vs 2016)
Unemployment rate: 26.4% (2017)
Foreign direct investment, net inflows (FDI): -59 (BoP, current USD millions, 2017)
Gross Fixed Capital Formation (GFCF): 11.7% of GDP (2017)
HDI: 0.588 (medium) rank 144 (2017)
Poverty rate: 42% (2009)

MAIN FEATURES OF THE MULTI-LEVEL GOVERNANCE FRAMEWORK

The Kingdom of Eswatini (formerly known as Swaziland until April 2018) is a unitary constitutional monarchy with a bicameral parliament composed of the House of Assembly and the Senate, elected for five-years. The King is the head of the State and he appoints the Prime Minister, who is usually the majority party leader in the House following an election, for a maximum of two five-year terms. The King also appoints the cabinet on the advice of the Prime Minister. The House of Assembly has 65 members, 55 of whom are elected by universal suffrage directly from *tinkhundla* centres and ten are appointed by the King for a term of up to five years. The Senate is composed of 30 members, of whom ten are elected by the House and 20 are appointed by the King.

The 2005 Constitution brought about significant reforms within the country's local government. The Constitution sets provisions for local governments and describes the system of government as "a democratic, participatory, *tinkhundla*-based system which emphasises devolution of state power from central government to *tinkhundla* areas and individual merit as a basis for election or appointment to public office" (Section 79, Chapter 7). The establishment of a *tinkhundla* system of government is the product of government's efforts to decentralise state power. An *inkhundla* is established by the King to serve for the election of members of the House (Section 80). Elections take place in two phases: chiefdoms hold primary elections to nominate members at the *inkhundla* level and each *inkhundla* elects a member to the House. The latest local elections took place in 2017 and the next are scheduled for 2022. The urban local authorities are under the responsibility of the Ministry of Housing and Urban Development while the regions, *tinkhundla* and chiefdoms are located within the Ministry of *Tinkhundla* Administration and Development.

Other main legislative texts include the 1969 Urban Government Act, the 1978 Regional Councils Order and the 1978 Establishment of Parliament Order. The Urban Government Act No.8 established the urban areas of local government and currently functions as the main legal instrument that governs local government. The Regional Councils Order and the Establishment of Parliament Order both established local government in rural areas. In 2006, a national decentralisation policy was adopted and in 2015 a bill was presented to Parliament which sought to replace the Urban Government Act. This new piece of legislation aims at promoting inclusive governance and it also grants the rural *tinkhundla* legal status.

TERRITORIAL ORGANISATION

2016	MUNICIPAL LEVEL	INTERMEDIATE LEVEL	REGIONAL OR STATE LEVEL	TOTAL NUMBER OF SNGS
	13 urban councils <i>urban municipalities</i> 55 rural councils (singular ' <i>inkhundla</i> ', plural ' <i>tinkhundla</i> ') Average municipal size: 20 407 inhabitants			
	68			68

OVERALL DESCRIPTION. Eswatini has 68 local governments and is divided into four administrative regions, namely Hhohho, which functions as the administrative capital, Manzini, Shiselweni and Lumbobo. Local government is divided into rural and urban councils.

URBAN AREAS. There are 13 urban councils (also referred as urban municipalities) and 55 rural councils (known as "*tinkhundla*"). There are three tiers of government in the urban areas: city councils, town councils and town boards. Decisions are made by full council based on recommendations from the various subcommittees. The town clerk is the chief advisor in each local authority council or town board. The status of town councils and town boards differs from the position and status of city councils. Town boards and town councils are managed by a partly elected and partly appointed board/council while city councils are administered by a fully elected council. Urban councils are divided into wards and councillors are elected from various wards based on the first-past-the-post-system. The councillors' term of office is three years. The Urban Government Act grants urban council the power to assist in maintaining order and good governance within its jurisdictional area. The Act further creates provisions for the election of a Mayor by the councillors from the council itself, the position is part-time and is limited to chairing council meetings and performing ceremonial functions.

RURAL AREAS. Similarly, there are three tiers of government in the rural areas: the administrative regions, the *tinkhundla* and chiefdoms. According to the Constitution, each administrative region is directed by a regional administrator appointed by the King for a five-year period, and their term of office coincides with the term of Parliament. A regional administrator serves as the political head of a region (section 83 of the Constitution). The regional councils play an

advisory role and provide assistance to the Regional Administrator on issues relating to the social and economic development of the region (section 84). The *tinkhundla* can be rural or urban, or partly rural and partly urban. They are smaller than administrative regions but bigger than chiefdoms, and are managed by a regional administrator through elected members in each *inkhundla*. Below the *tinkhundla* (at sub-municipal level) are 360 chiefdoms. Leadership in the chiefdoms is hereditary. A chief is appointed in line with each chiefdom's protocols and procedures, but can only assume chieftaincy once blessed by the King.

SUBNATIONAL GOVERNMENT RESPONSIBILITIES

Local government is mainly responsible for town planning, housing, roads, regulation of water and sanitation, refuse collection and disposal, environmental protection, parks and open spaces, cemeteries and crematoria and slaughterhouses. Local authorities have discretionary powers in the provision of sports and leisure facilities, welfare homes and tourism promotion. Urban and rural councils, share the same responsibilities, with the exceptions of the agriculture, forestry and fisheries sectors which are sole responsibility of urban councils.

Central and local spheres of government also have joint responsibilities, including housing, urban roads, electoral register, family welfare services, primary health care, environmental protection, parks and open spaces, cemeteries and crematoria and slaughterhouses, sports, and leisure facilities, welfare homes, tourism promotion, local economic development, and trade and industry.

MAIN RESPONSIBILITY SECTORS AND SUB-SECTORS

MUNICIPAL LEVEL (URBAN AND RURAL COUNCILS)	
1. General public services	Administrative services (electoral register)
2. Public order and safety	
3. Economic affairs/transport	Road networks and facilities (urban roads); Support to local enterprises and entrepreneurship; Tourism; Commerce; Agriculture; Forestry; Fisheries (only Urban Councils)
4. Environmental protection	Parks and green areas; Environmental protection; Waste management (collection, treatment and disposal of waste); Cemeteries and crematoria; Slaughterhouses
5. Housing and community amenities	Housing/Town planning (Construction/renovation); Housing (Management); Urban and land use planning; Urbanism
6. Health	Primary healthcare (medical centres)
7. Recreation, culture & religion	Sports and recreation; Libraries; Religious affairs
8. Education	
9. Social protection	Support services for families

SUBNATIONAL GOVERNMENT FINANCE

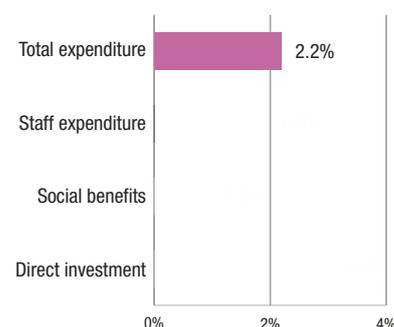
Scope of fiscal data: urban and rural councils.	SNA: Other	Availability of fiscal data: Low	Quality/reliability of fiscal data : Low
---	------------	----------------------------------	--

GENERAL INTRODUCTION. The main legislative tools that outline and regulate local authorities' fiscal framework are the Urban Government Act of 1969 and the Public Finance Management Act of 2010. The first Act makes provisions for the regulation of municipal funds for urban authorities and its principles are also used in rural authorities (Section 9). The objective of the Public Finance Management Act is to ensure accountability, transparency and the management of the revenue, expenditure, assets and liabilities of various public institutions including local government authorities.

Urban municipalities in Eswatini hold revenue-raising and budget-setting powers whilst rural councils (*tinkhundla*) do not. *Tinkhundla* operate with direct funding from government. Municipal councils are permitted to set deficit budgets where they are able to ensure sustainability.

SUBNATIONAL GOVERNMENT EXPENDITURE BY ECONOMIC CLASSIFICATION

2014	DOLLARS PPP / INH.	% GDP	% SNG EXPENDITURE	% GENERAL GOVERNMENT EXPENDITURE (SAME EXPENDITURE CATEGORY)
Total expenditure	60	0.7%	100%	
Incl. current expenditure				
Staff expenditure	23	0.3%	37.9%	
Intermediate consumption				
Social expenditure				
Subsidies and current transfers				
Financial charges				
Others				
Incl. capital expenditure				
Capital transfers				
Direct investment (or GFCF)				



ESWATINI

(FORMERLY SWAZILAND)

UNITARY COUNTRY

EXPENDITURE. Financial data on subnational government expenditures are only available for fiscal year 2013-2014. Eswatini has low expenditure at local government level, although there are some infrastructure intensive services which have been devolved to local government as per the national decentralisation policy adopted in 2006. There are relatively low levels of service coverage, which may account for the lower than anticipated level of expenditure. The country has seen, over the years, an exceptionally large wage bill. In fiscal year 2014, staff expenditure accounted for 38% of total subnational government expenditures.

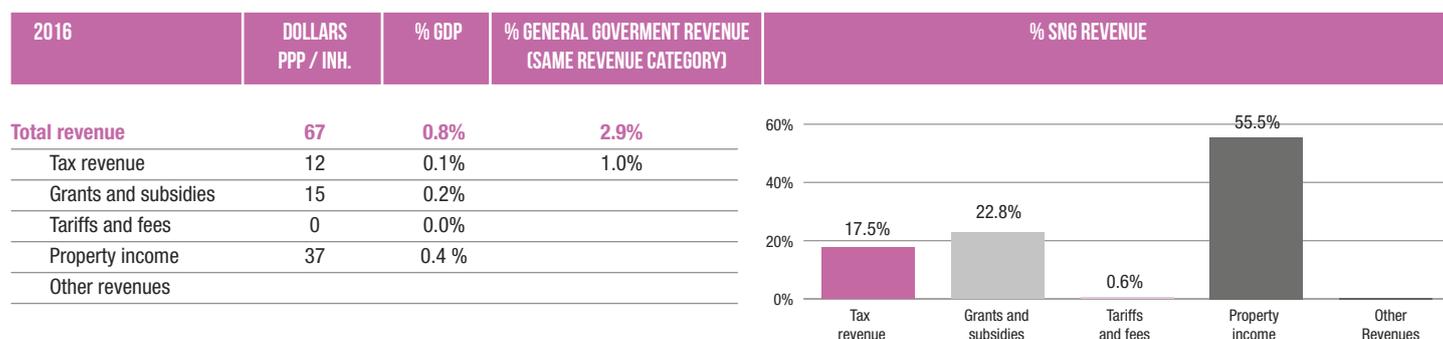
DIRECT INVESTMENT. The Kingdom of Eswatini has adopted a national strategy for public investment that empowers regions through *Tinkhundlas* (and chiefdoms) to: a) facilitate the coordination and implementation of government priorities as outlined in the National Development Strategy, PRSPs, SDGs and other national priorities within the portfolio of the Ministry for *Tinkhundlas* Administration (MTA); b) provide financial and technical support to the Regional and *Tinkhundla* Centres and Committees to help address and reduce the impact of poverty; c) facilitate and implement the decentralisation of all basic services from the national government to the grassroots level; d) efficiently disburse and monitor development funds aimed at poverty reduction (Regional Development Fund, Empowerment Fund and Community Poverty Reduction Fund); and e) undertake research that will inform local economic development planning.

SUBNATIONAL GOVERNMENT EXPENDITURE BY FUNCTIONAL CLASSIFICATION – COFOG

The majority of expenditure is spent on health services and education. However, spending is very low as the high level of wages crowds out other types of government expenditure that could be dedicated to the provision of services, especially in the areas of health, education and infrastructure.



SUBNATIONAL GOVERNMENT REVENUE BY CATEGORY



OVERALL DESCRIPTION. Financial data on subnational government revenues are available for fiscal year 2016-2017. Local Government revenue is almost 3% percent of the total revenue of general government. The majority of revenue comes from property income (55%) while transfers from Central Government represent the second main revenue source (23%). Tax revenue and other revenues jointly account for 17.5% of the total local government revenues.

TAX REVENUE. Municipalities hold revenue-raising and budget-setting powers while tinkhundla do not, they operate with direct funding from government. According to OECD Statistics 2016, revenues from property taxes represent the only source of tax revenue for subnational governments in Eswatini. The Rating Act of 1995 regulates the power of local governments to establish, evaluate and collect rates on all immovable property on the basis of the valuation of the land and its improvements (Part I of the Act). 36% of property taxes are levied on government properties, with the remainder coming from private residences and commercial properties. There is ministerial supervision of locally raised taxes. This oversight is conducted through examination of the overall budgets set by municipal councils.

GRANTS AND SUBSIDIES. The *tinkhundla* (rural councils) are funded entirely by government grants from an Empowerment Fund of SZL130 000 per council per annum (i.e. 26 573 dollars PPP) and a Regional Development Fund of SZL10 million per region per annum (i.e. 2 million dollars PPP). These funds are mainly for stimulating local economic development through funding viable projects.

Tinkhundla are fully reliant on central government for funding in order to operate. Urban councils, on the other hand, receive national government transfer payments according to a set formula. Both general and specific grants are allocated.

OTHER REVENUES. There is very little revenue from other activities. Other revenues are collected from fine and miscellaneous and unidentified revenues.

Focus on tariffs and fees

Urban municipalities may levy tariffs and fees for sales of goods and services rendered. Section 86 of the Urban Government Act grants the urban councils the power to generate revenue by charging rates, license and permit fees. However, in the case of town boards, this power should be assigned to them by the Minister through publishing a notice in the Gazette. The power to charge these fees is regulated by by-laws which are subject to the Minister's approval. Tariffs and fees make up only 4% percent of local government revenue.

■ SUBNATIONAL GOVERNMENT FISCAL RULES AND DEBT

	DOLLARS PPP/INH.	% GDP	% GENERAL GOVERNMENT DEBT	% SNG DEBT
Total outstanding debt				
Financial debt*				

* Currency and deposits, loans and bonds

FISCAL RULES. The Minister of Housing and Urban Development may use its powers under the Act to conduct an inspection or commission an audit. All local authorities are required to submit their accounts and financial statements for external independent audit. The audit report is then presented to both the council and the minister.

DEBT. Regarding sub-national governments debt, the Urban Government Act grants urban councils borrowing powers (section 94). The Council by a majority vote may apply to the Minister for the authority to borrow for any purpose subject to the Ministers' approval. The level of local government debt is unknown.



Lead responsible: UCLG
Last update: 02/2019

www.sng-wofi.org

Socio-economic indicators: World Bank // UNDP // UN Desa // ILO.

Fiscal data: Ministry of Finance (2015) Swaziland Budget Speech // OECD (2016) Revenue Statistics // Ministry of Finance Open Data.

Other sources of information: Cities Alliance & UCLGA (2018) Assessing the institutional environment of local governments in Africa // Local Authorities Managers Association of Swaziland – LAMAS // Ministry of Housing & Urban Development // Ministry of Tinkhundla Administration and Development // Commonwealth Local Government Forum (2015) The Local Government System in Swaziland: Country Profile 2017-18.