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9. ABSTRACT

Sponsored by the Office of Eastern and Southern African Affairs, under contract with A.I.D., this paper includes social, geographic, economic, and political information to provide background on the issues and opportunities for economic assistance to the countries of Southern Africa through and following the periods of transition in Zimbabwe and Namibia. This report is a profile of Swaziland and includes a general background discussion of the physical features, population, culture, education, and politics. The economic overview discusses the structure of production, investment and savings, employment, income, prices, balance of payments, the government economic plan, problems and prospects in the economy and similar issues. The sector analyses include agriculture, mining, transportation, energy, health, education, population, manufacturing, forestry, and tourism. Swaziland's agriculture-based economy is diversified and expanding rapidly. The mining and forestry sectors are sizeable and the manufacturing and tourism sectors are growing. There is a wide variety of topographical and temperature zones which permit the raising of many diverse crops. Mineral wealth has aided the process of economic development by attracting foreign capital, by improving the physical infrastructure of the country, and by spawning subsidiary industries. Swaziland enjoys a favorable balance of trade. Tourism has become the most dynamic sector of the economy since 1968 when a complex of hotels and motels were built in the picturesque Ezulweni Valley. Total earnings from tourism are estimated at around \$6 million. A Tourism Development Authority was established to promote tourism and strengthen the basis for sustained development.

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This paper was prepared to provide background information on the issues and opportunities for economic assistance to the countries of Southern Africa thru and following the periods of transition in Zimbabwe and Namibia. It includes Social, Geographic, Economic, and Political information.

February 1977

Prepared by:
Southern Africa Task Force

Office of Southern and
East African Affairs
Africa Bureau, USAID

Transition in Southern Africa----- **SWAZILAND**

U.S. AID
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**A FRAMEWORK FOR U.S. ASSISTANCE
IN SOUTHERN AFRICA**

COUNTRY RESOURCE PAPER

SWAZILAND

Submitted by

THE OFFICE OF EASTERN AND SOUTHERN AFRICA AFFAIRS

**BUREAU FOR AFRICA
AGENCY FOR INTERNATIONAL DEVELOPMENT**

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I

GENERAL BACKGROUND

- **Physical Features**
- **Demography**
- **Culture**
- **Education**
- **Politics**

I. GENERAL BACKGROUND

A. Introduction

Swaziland and Lesotho share a number of common characteristics. The two countries are kingdoms with kingship and royalty dating back to the 18th and 19th centuries. Each country is made up of people from a single ethnic group: the Swazi people in Swaziland and the Basotho people in Lesotho. Both countries were under a British Protectorate status dating back to the 19th century acquired in each instance under the insistence of the monarch of the respective country to stave off Boer encroachment on their land. Both are under the unquestioned influence of the Republic of South Africa, a fact dictated by geography. The two landlocked countries and the Republic of South Africa are tied by monetary and trade agreements and recognition of each other's respective governments. Both countries were sought by the Republic of South Africa to become integral parts of the Republic in a greater federation of separate racial states envisioned in South Africa's concept of apartheid.

Beyond the historical and social, and geopolitical similarities, the shared experience begins to fade as we enter into the realm of economics. Lesotho is an impoverished nation considered to be among the "inner six" of the United Nations' twenty-five poorest nations.

By contrast, Swaziland's economy is diversified and expanding rapidly. Although it is an agriculture-based economy, its mining and forestry sectors are sizeable and its manufacturing and tourism sectors are increasing at a significant rate of growth. As one scholar noted, "...Swaziland enjoys relative economic viability based on a balanced economy of agricultural, mining, and industrial factors. In terms of agricultural potential, Swaziland is blessed with a wide variety of topographical and temperature zones which permit the raising of many diverse crops. In the 3,000 foot highveld are the largest man-made forests in Africa, which yield over \$12 million in revenues annually. The 1,000 to 2,000 foot middleveld is the center of a modest but expanding citrus and pineapple industry, while the 500 foot lowveld has over 70,000 acres under irrigation devoted primarily to growing sugar, cotton, and rice. Mineral wealth...has aided in the process of economic development by attracting foreign capital, by improving the physical infrastructure of the country, and by spawning subsidiary industries...The industrial sector of the economy has undergone rapid expansion...As a result of its balanced economy, Swaziland has enjoyed a favorable balance of trade..."

He concluded, "...Swaziland...is a picture of a small, isolated and landlocked country experiencing modest but perceptible economic growth..." (Potholm, 1973).

B. Physical Features

The Kingdom of Swaziland, the second smallest country in Africa, has a surprisingly diverse geography with essentially four different types of climate and physical features ranging from an inhospitable semi-desert to temperate highlands. The diverse climate and geography permitted the development of a diverse agriculture for a country as small as Swaziland is. Swaziland covers an area of 1.7 million hectares (17,364 sq kilometers), or roughly the size of the state of New Jersey.

The country can be divided into four distinct regions. The regions, running from west to the eastern border with Mozambique, and from north to south are: (a) the Highveld region covering 2,000 sq. miles in the western-most part of the country having a high altitude ranging from 3,500 to 4,500 feet (1,3000 meters), a cold temperature and high rainfall; (b) the Middleveld region covering 1,800 sq. miles has an altitude ranging from 1,100 to 3,500 feet, a slightly warmer temperature than the Highveld and about a one-fifth less rainfall than the Highveld; (c) the Lowveld region covers 2,400 sq. miles of sub-tropical and semi-arid land with an elevation ranging from 500 to 1,000 feet, and has the warmest temperatures in the country, and significantly less rainfall; (d) the Lubombo region which covers 500 sq. miles with an elevation of 1,800 feet, and a climate and rainfall similar to the Middleveld region but warmer and drier.

The area, altitude, temperature, and rainfall statistics are found on Table I-1, I-2 and I-3. The attached map shows the locations of the four regions.

20% of the total land area, or 340,000 hectares of the 1.7 million total, is suitable for intensive agriculture. One-half of this arable land, or 170,000 hectares/10% of total land area, is under cultivation. 65% of the total land area is suitable for livestock grazing. 15% of the land is not suitable for agricultural cultivation or livestock grazing.

Approximately two-thirds of its borders are shared with the Republic of South Africa. The remainder of the border is shared with the Peoples' Republic of Mozambique. The country is landlocked. It has extensive river drainage but it does not have river navigation within the country or between it and its two neighboring countries.

C. Population

Swaziland is not densely populated or overpopulated for its resource base, but its high rate of population growth will present problems in the future if the present growth trend continues unabated.

The estimated 1975 population for Swaziland ^{1/} stood at 494,396 persons. Of this number 32,218 were absent from the country, mostly in South Africa. The defacto population is 462,178. Census data is found on Tables I-4. (1974 mid-year estimates), and I-5 (population growth 1966-1975).

^{1/} The last census was taken in 1966 and all census data subsequent to that date is based on estimates).

FIGURE I-1
MAP OF SWAZILAND

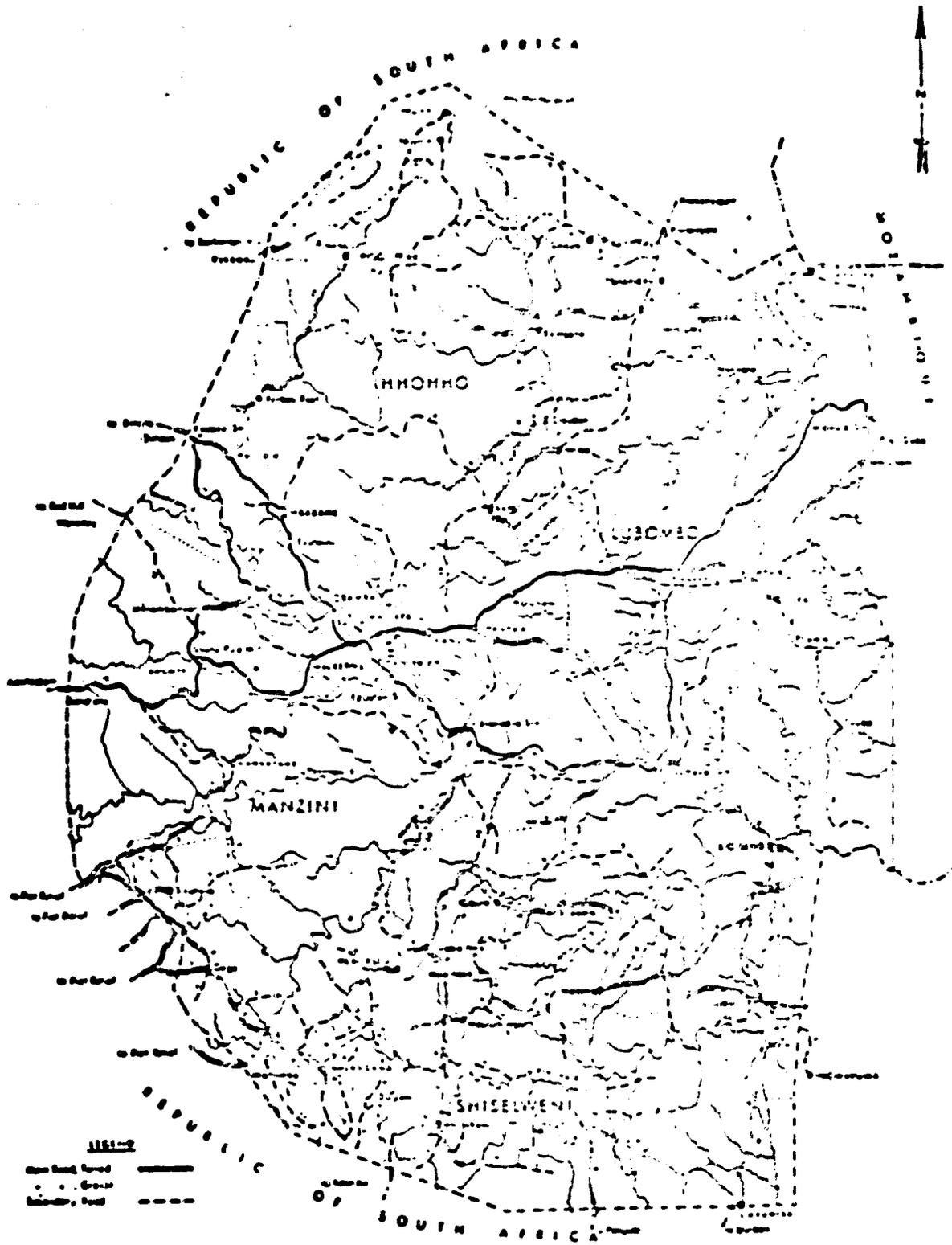


Table I-1
 SWAZILAND
Area by District (Sq. km)

District	<u>Hhohho</u>	<u>Manzini</u>	<u>Shiselweni</u>	<u>Lubombo</u>	<u>Total</u>
Area	3,553	4,040	4,146	5,625	17,364

Source: Public Works Department

Area and Altitude (Sq.Km)

Tenure	<u>Highveld</u>	<u>Middleveld</u>	<u>Lowveld</u>	<u>Lubombo</u>	<u>Total</u>
Rural	1,882,4	3,085,5	3,562,0	603,0	9,069,9
Farm	3,083,1	1,491,6	2,886,6	711,0	8,174,3
Urban	64,0	20,4	1,6	7,2	93,2
TOTAL	5,029,5	4,597,5	6,416,2	1,321,2	17,364,4
Average Altitude (mt)	1,300	700	200	600	700

Source: Report on the 1966 Swaziland Population Census - Ministry of Agriculture.

Table I-2
SWAZILAND
TEMPERATURE 1969 — 1973

		Degrees Centigrade											
Stations		Average		1969		1970		1971		1972		1973	
		Mean Max.	Mean Min.	Mean Max.	Mean Min.	Mean Max.	Mean Min.	Mean Max.	Mean Min.	Mean Max.	Mean Min.		
Highveld:	Havelock	22.2	11.4	22.5	12.2	23.1	12.0	22.0	11.7	21.7	11.2	21.8	11.6
	Mbabane	22.6	10.9	22.6	10.8	23.1	10.5	22.0	10.6	21.8	10.3	21.9	10.3
	Hlatsilulu	20.9	11.4	21.7	12.3	21.5	11.7	21.0	11.8	21.6	12.4	21.7	11.3
Middleveld:	Matsapa	26.3	13.8	26.0	14.5	26.6	14.1	25.6	13.9	24.9	13.8	25.2	13.8
	Nhlangano	23.8	11.8	23.6	12.6	24.0	12.3	23.2	12.2	23.6	11.8	22.8	11.8
Lowveld:	Ity Bend	28.9	14.8	28.9	15.5	29.7	14.7	28.9	14.7	28.4	14.2	28.0	14.6
	Lavunisa	29.5	15.4	30.0	17.1	30.8	17.0	30.8	15.1	31.2	11.0	31.2	11.4
Lubombo:	Siteki	24.9	14.1	25.2	15.1	25.6	14.9	24.4	14.8	24.7	14.5	24.3	13.9

SOURCE: Public Works Department.

Table I-3
RAINFALL: BY REGION

Region	Altitude in Metres	Longterm Rainfall		
		Annual	Summer	Winter
Highveld	910 — 1 830	1 016.0 — 2 286.0 (Mean 1 270)	813.0 — 1 778.0	203.0 — 508.0
Middleveld	330 — 1 070	762.0 — 1 143.0 (Mean 940)	610.0 — 914.0	153.0 — 229.0
Lowveld	60 — 730	508.0 — 890.0 (Mean 660)	405.0 — 711.0	102.0 — 178.0
Lubombo	270 — 820	635.0 — 1 016.0 (Mean 787)	503.0 — 813.0	127.0 — 203.0

SOURCE: Public Works Department.

Table I - 4

1974 Population - African Only

<u>Sex</u>	<u>Resident</u>	<u>Absentees</u>	<u>Total</u>
Males	220,276	24,133	244,409
Females	241,902	8,085	249,987
TOTAL	462,178	32,218	494,396

Table I - 5

Population Growth - 1966/1975

<u>Year</u>	<u>Africans (Resident)</u>	<u>Non-Africans</u>		<u>TOTAL</u>
		<u>Europeans</u>	<u>Other</u>	
1966	362,367	7,987	4,217	374,571
1967	373,677	8,248	4,377	386,302
1968	384,799	8,518	4,545	397,862
1969	396,405	8,797	4,723	409,925
1970	408,479	9,087	4,910	422,476
1971	421,079	9,384	5,107	435,570
1972	434,195	9,699	5,315	449,209
1973	447,877	10,016	5,535	463,428
1974	462,178	10,347	5,756	478,281
1975	477,023	10,695	6,010	493,728

An annual estimated population growth rate of 3% puts Swaziland among the highest population growth nations. This rate of growth will triple the total population to an estimated 1.2 million persons by the year 2000 (See Figure I-2).

The population is more female than male. There are 241,902 resident females and 220,276 resident males with another 24,133 males absent from the country (See Table I-6).

The population is extremely young with 50% of the population under 14 years of age.

The non-African population of Swaziland has considerable influence on the economic and commercial life of the country. The large estate farms that produce Swaziland's agricultural exports are expatriate owned and operated. The mining and tourist sectors are also expatriate (or European resident) owned and operated.

Approximately 3% of the population are non-African. 7,987 Europeans were counted in the 1966 census. Another 1,162 persons were given temporary resident permits in 1973 as can be seen from Table I-7. The vast majority of these were from South African or European countries with the Republic of South Africa and the United Kingdom contributing the most persons.

The largest occupation group was skilled production workers most of whom came from South Africa and the U.K. The expatriate work force was also concentrated in the managerial and lecture/teacher categories again with the majority coming from South Africa and the U.S. The expatriate temporary residents' occupational status is found on Table I-7.

D. Culture

Unlike most of the culturally pluralistic African nations Swaziland has only one traditional culture and one traditional ethnic group living within their respective borders. Conflict is not, therefore, based on linguistic or cultural differences. The culture is monarchical and the role of the monarchy is an arena of conflict.

This conflict over the role of the monarchy in the modern state was resolved with the King's (1973) declaration of himself as the sole ruler of the nation, and the suspension of the constitution and all political parties, and the establishment of a coterminous traditional-modern political structure with the King at the head.

Traditional values both political and social, persist and are embodied in the monarchical system and the living king. These values have been characterized as conservative and the Swazi people are often referred to as extremely traditionalistic.

As one scholar put it, "the social order of Swaziland is overwhelming traditionally and all social, political and economic actions of the people

FIGURE I-2

Swaziland
Projections of the African Population
(Including Temporary Absentees)
1975-2000

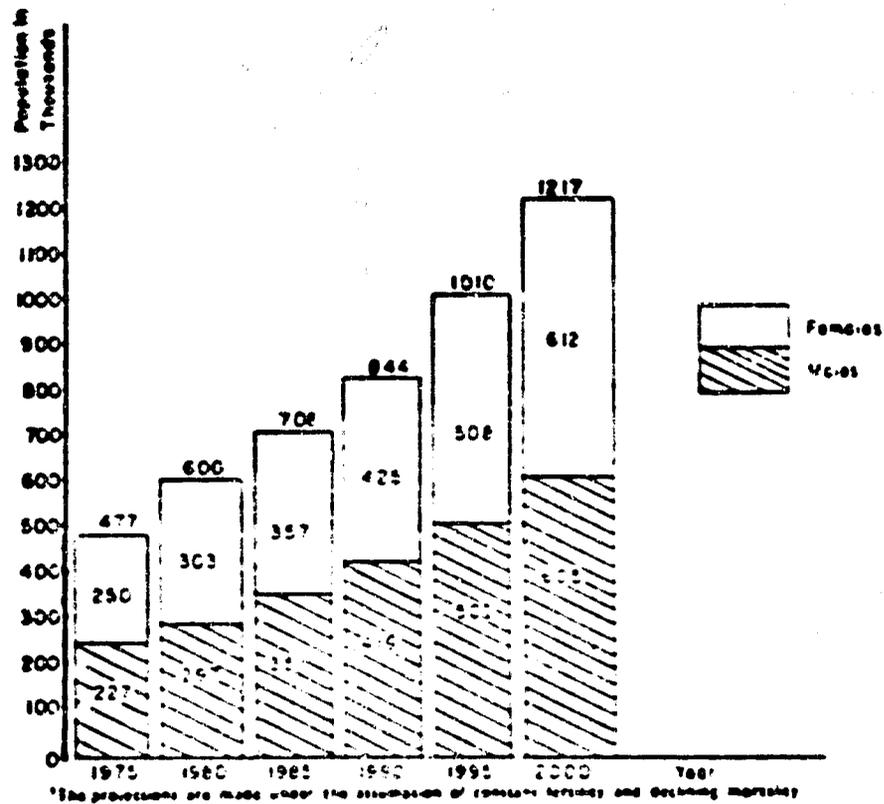


Table I - 6
Swaziland
African Population - 1974 Mid-Year Estimate

Age	----- M a i e s -----			----- F e m a l e s -----		
	Resident	Absentee	Total	Resident	Absentee	Total
0-4	45,651	840	46,291	45,705	600	46,305
5-9	35,988	869	36,857	36,501	591	37,092
10-14	29,051	1,085	30,136	29,870	699	30,569
15-19	22,629	2,643	25,272	24,544	1,076	25,620
20-24	16,972	4,267	21,239	20,121	1,399	21,520
25-29	13,716	4,101	17,817	16,920	1,176	18,096
30-34	11,461	3,375	14,836	14,252	345	15,097
35-39	9,878	2,440	12,318	11,993	604	12,597
40-44	8,465	1,702	10,167	10,060	388	10,448
45-49	7,140	1,145	8,285	8,380	268	8,648
50-54	5,961	687	6,648	6,903	170	7,073
55-59	4,689	419	5,108	5,498	101	5,599
60-64	3,533	231	3,764	4,214	60	4,274
65-69	2,469	122	2,591	3,068	31	3,099
70-74	1,604	58	1,662	2,032	18	2,050
75 & over	1,269	149	1,418	1,841	59	1,900
TOTAL	220,276	24,133	244,409	241,902	8,085	249,987

Table I-7
SWAZILAND

PERSONS GRANTED TEMPORARY RESIDENCE PERMITS BY OCCUPATIONAL STATUS 1969 -- 1973
AND BY COUNTRY OF NATIONALITY 1973

						Number													
	1959	1970	1971	1972	1973	Botswana	Lesotho	Malawi	Portugal Mozambique	Rhodesia	South Africa	Other African	Germany (FR)	Netherlands	U.K.	Other European	USA	Other	Not Stated
Medical, dental and related workers	13	20	25	7	19	--	--	1	1	--	4	--	--	3	5	4	--	1	--
Teachers and lecturers	92	89	90	59	37	--	--	--	--	--	24	1	--	--	19	4	12	1	--
Workers in religion	20	26	12	24	31	--	--	--	1	--	10	--	2	--	1	9	7	1	--
Engineers, Scientists)																			
Accountants, Economists)																			
Statisticians and related workers)	27	93	34	47	35	--	--	--	--	--	12	--	--	18	1	3	--	1	
Other professional workers					36	--	--	--	1	--	17	--	--	--	12	2	4	--	
Administrative and managerial workers)	182	136	127	183	103	--	1	--	5	--	46	--	3	2	30	14	2	--	
Clerical & related work	--	--	38	28	54	--	1	--	1	--	22	--	1	--	24	1	4	--	
Sales & Service workers	--	--	--	--	56	--	--	--	4	--	20	1	3	--	8	11	9	--	
Agricultural and Forestry workers	--	--	--	--	15	--	--	--	--	--	9	--	--	--	--	--	--	--	
Skilled production workers)	337	529	296	314	244	--	8	--	45	--	97	--	6	1	60	24	2	1	
Other production workers (Unskilled)	99	262	94	17	9	--	--	2	1	--	3	--	--	--	3	--	--	--	
Volunteers and Peace Corps members	45	--	--	5	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
Students and Conference delegates	159	75	71	114	108	20	29	--	1	1	24	17	--	2	6	1	4	3	
Visitors and Pensioners	45	62	31	67	44	--	--	--	2	--	21	--	--	--	15	4	--	--	
Wives)	735	1 003	287	268	271	--	--	--	32	2	120	1	--	--	90	9	8	6	
Children)	--	--	--	--	23	--	1	--	7	--	7	--	--	--	7	1	--	1	
All other	--	--	119	69	57	1	2	--	4	--	37	--	--	--	8	3	--	2	
TOTAL	1 654	2 295	1 224	1 202	1 162	21	42	3	105	3	473	20	19	8	312	20	36	34	2

Source: Immigration Department.

The classification of occupation status was changed in 1973, therefore the figures are not strictly comparable with previous years.

are generally carried out as a result of ingrained habitation. Underriding all their actions...is the 'value-orientation' of traditionalism which ensures that the social actions of persons will be determined by what seems to them to be required by duty, honor, personal loyalty and proper standards of right and wrong.

...This social order derives from the sacredness of tradition whose validity is reinforced socially and psychologically by fears of the anger of the ancestral spirits which brings with it magical evils if tradition has been transgressed. The living symbol of all their traditions and of the unity of the nation is the King...who is, as it were, draped in the 'mystical credentials of authority' which give unquestioned legitimacy to whatever he does or says. When the Swazi speak of 'our way of life' and of 'our traditions', they refer to the social relationships and social actions which take, as their point of departure, age-old customs which are validated by the ideology of traditionalism and legitimized by the King" (Vilikazi, 1976).

The King and his mother (the Queen Mother) are at the top of the traditional Swazi hierarchy. Below them is the aristocracy (Dlamini) made up of the King's extended family and commoners honored for their service to the Swazi Nation. Last are the commoners.

The Swazi monarchy derives its strength from its control of all Swazi Nation land. Allocation of land, settlement of land disputes and all other land related questions are under the authority of the King's appointed chiefs and the royal traditional system. Within the royal system the appointed Swazi chief's most important function is the allocation of land to the people. The people in turn are required by tradition to give a portion of their produce to the chief.

The traditional system is not democratic but it is in many ways open. Commoners participate in discussions with the King and the chiefs through regional forums (tinkindia). The traditional ruling body, the Swazi National Council and the chief's ruling bodies, are open to all Swazi who may wish to participate. Commoner participation has its limits however. Discussion is generally limited to a few select men and those who overstep their ascribed social position can be accused of "umbang" which is an illicit disputation for power.

Upward economic mobility for commoners is allowed by the traditional system but too much success is resented and the successful may find themselves accused of disloyalty to the King, usurping power and a range of social attacks. The presence of a modern economic sector provides an escape for those who cannot be confined by the limits of traditionality.

E. Education

Swaziland has a moderately high rate of literacy, surely higher than many African countries. Missionary influence and the nation's close proximity to South African society explains in part at least the growth and acceptance of education.

The rate of literacy of the Swaziland adult population is estimated to be around 30% as of the last census (1966). The large increase in student enrollment over the past decade has in all probability pushed the figure up.

School enrollment figures for 1967 to 1973 are found on Table I-8. The annual increases in primary enrollment are around 8% per annum. Secondary enrollment has grown at 15% per annum since 1960.

The percent enrollment by age group is found on Table I-9. The total primary enrollment is about 70% of the 6 to 12 age group. Universal primary education is expected to be achieved by 1985. Secondary enrollment is estimated at 20% of the 13 to 17 age group and is expected to be sustained over the next decade.

Data on total graduates by category of degree is not available.

F. Politics

1. Political System -- The Swaziland political system is dualistic with a modern bureaucracy and the remnants of the Parliament and a traditional political system. The traditional political system with the King at the top ruling with the advice and consent of the Swazi National Council decides on all matters pertaining to the development in the rural traditional sector. The King, Sobuzo II, has the power and the authority to rule and decide on all political matters. The King rules by decree with advice given by the Advisory Assembly for the modern sector and with the advice and nominal consent of the traditional political bodies for the traditional sector. The important political structures are the Advisory Assembly made up of King-appointed members for the modern sector. The Swazi National Council is the supreme ruling body of the traditional sector. Below the Swazi National Council are the appointed chiefs and their councils. The King and the Swazi National Council communicate to the chiefs and people through several regional centers known as "tinkunola". The centers are established by tradition and encompass several of the chieftaincies. An interesting evolution of these traditional regional centers is their role as centers for donor project development. Social services, employment opportunities and development projects are increasingly being located in these traditional political centers.

While political participation has been banned including the formation of political parties and the constitution has been suspended, there is freedom to participate in the discussions and decision-making of the traditional political structure. Discussion and voting at the Swazi National Council and at the chiefs' councils is open to any Swazi. In practice, however, discussion is generally limited to important persons and voting is often a symbolic affirmation of the Council's decisions. The traditional political system however acts as a communication and participation linkage between the political elites and the people and in so doing can relieve pressure that may be building in the Swazi socio-political system.

The traditional political sector has authority over questions of land and development of the Swazi Nation (which makes up 55% of the total land area

TABLE I-8

NUMBER OF PUPILS AND TEACHERS IN PRIMARY AND SECONDARY SCHOOLS, 1967-1973

Year	Schools	Pupils			Teachers
		Boys	Girls	Total	
Primary schools¹:					
1967	349	30 469	23 813	59 237	1 539
1968	373	31 216	30 255	62 022	1 627
1969	366	33 251	31 150	64 401	1 739
1970 ²	351	35 571	33 494	69 055	1 706
1971 ²	366	36 770	34 635	71 455	1 893
1972 ²	392	39 361	36 932	76 343	2 015
1973 ²	395	41 960	39 734	81 694	2 112
Secondary schools¹:					
1967	31	2 169	1 623	3 792	232
1968	31	3 515	2 731	6 246	301
1969	42	3 943	2 324	6 277	365
1970	54	4 562	3 453	8 027	432
1971	54	5 057	3 944	9 001	441
1972 ²	62	6 045	4 635	10 651	491
1973 ²	64	6 953	5 455	12 410	510

¹Source: Central Statistical Office.

TABLE I-9

NUMBER OF CHILDREN IN SCHOOL BY AGE-GROUP, 1972

Age	Total Number of children	Number in School		(3) + (4) as Percentage of (2)
		Primary	Secondary	
(1)	(2)	(3)	(4)	(5)
5-6	28 634	6 560	—	22.9
7-13 ¹	83 725	55 955	705	67.7
14	10 257	5 116	964	59.3
15-19 ²	44 415	8 596	7 907	37.2
	167 021	76 227	9 576	51.4
Over 19	1 105	
Not stated	...	116	...	
		76 343	10 651	

Notes: ¹Modal primary school age-group.
²Modal secondary school age-group.

of Swaziland), affairs of a tradition and disputes between members of the Swazi Nation.

2. Economic Philosophy -- Conservative traditionalism is the dominant political and social philosophy of the Swazi Government. Traditionalism pervades the actions and rhetoric of government. The traditional philosophy of the ruling monarch appears to have widespread popular support as evidenced in the unanimous election of the King's monarchist political party to the national assembly in the 1967 elections. The widespread popular acceptance of traditional values and philosophy lends legitimacy to the Swaziland Government and suggests a further reason for the absence of any meaningful or significant political opposition to the government, its policies or to the King's 1973 coup.

The Swazi Government's economic philosophy supports capitalism for the modern sector and encourages a gradual transformation of its traditional small holder production into semi-commercial farming. Foreign investment is encouraged and numerous benefits and tax advantages are given to foreign investors. Private Swazi investment is also supported and encouraged.

G. Major Issues Confronting the Swaziland Government

The major political issues confronting the Swaziland Government since independence are:

- The role of the monarch in the political system
- Distribution of total land between the Individual Tenure Farms (ITF) and the Swazi Nation Farm
- Relationship with the Republic of South Africa
- Relationship with the independent Government of Mozambique
- Impact of tourism on the traditional values

The King has been the major political force in Swazi politics from the transition to independence to the present. His political party swept the first national elections in 1964. The King's influence on politics was unquestioned and the former opposition flocked to his party, the Mbokodvo. The King was solidly in control but he saw the Westminster model constitution Swaziland inherited at independence on the Sixth of September, 1968 as a threat. The presence of a legal opposition was the most controversial constitutional issue. The fact that commoners who were elected to Parliament were emerging as national leaders was the sorest social issue for the King and the monarchy. Following a number of court defeats against the King's deportation of emerging opposition personages the King took over the government on April 16, 1973. The Constitution was suspended and all decision-making was taken over by the King with advice from his Prime Minister and an appointed Assembly.

An unresolved issue is the distribution of the total Swaziland land between the largely white owned individual large-scale farms and the Swazi Nation Farm land. At issue is the tendency of the Individual Tenure Farm owners not to fully utilize their land but the government has not effectively enforced the variety of law and taxation penalties.

It is uncertain what impact these issues will have on the individual tenure farm system in the long run. At most the government would decrease their total land holdings but it is unlikely that the basic individual tenure farm structure would be tampered with.

The Swazi Government has chosen a policy of accommodation and cooperation with the Republic of South Africa. They also have openly rejected a foreign policy of pan-Africanism. The Government of Mozambique has apparently disparaged the Swazi foreign policy toward South Africa but they have limited their action to rhetoric. The Swazi's however can afford to be less accommodating to the South Africans with the independence of Mozambique but no moves away from their traditional relationship with the Republic are presently evident.

Tourism has brought with it a number of social problems. It is unlikely this will develop into a major issue but has the potential to limit the growth of the growing and increasingly important tourist sector of the economy.

II

ECONOMIC OVERVIEW

- **GDP**
- **Balance of Payments**
- **Other**

II. ECONOMIC OVERVIEW

A. Introduction

Swaziland's economy is characterized by three factors. The first is its modern, expatriate-owned, commercial, export-oriented agriculture dominated by sugar, and built on a rather well-endowed agriculture resource base. Commercial agriculture provided 18% of the GDP in 1975, the bulk of exports (60%), a sizeable component of government revenue (36% in 1975), and a large part (43%) of the modern sector wage employment. Traditional subsistence type agriculture coexists with the modern agricultural sector. It serves as welfare maintenance for half of the population who are totally dependent on it. The traditional sector provides only a small fraction of the total exports, and virtually no revenue to the central government. It contributes about 11% of the GDP. Some headway is beginning to be made in promoting cash crops and commercial/semi-commercial livestock, but it is apparent that the different functions performed by the modern and the traditional agricultural sectors demonstrate a severe duality in the economic system.

The second factor is an open economy and attractive environment for foreign investment. Foreign investment is responsible for developing all the productive sectors of the economy including agriculture.

The third factor is the tie-in of the domestic economy into the larger South African economy. The two economies are tied by customs and monetary agreements and pricing policies for many of Swaziland's exports and all of its imports. The Swazi currency is backed by the rand and is readily convertible. South Africa provides Swaziland with an important market for its goods, and a source of capital and human resources. Swaziland's close links with the South African economy have partly shielded it from the worst effects of world inflation of the last two years insofar as most of Swaziland's imports come from South Africa. The average unit import cost has risen less than in most LDCs because of the close proximity of the two countries, and because moderate inflation in South Africa has kept down the cost of Swaziland's imports.

However, unlike Lesotho, migrant labor to South Africa is not an important feature of the Swazi economy. 8,000 Swazis work in the South African mines (equal to 12% of Swaziland's modern sector employment total) compared to 175,000 to 200,000 from Lesotho. (An additional 12,000 Swazis live in South Africa but are not classified as migrant laborers). Income remittances from migrant laborers back to Swaziland are only a small component of the GNP and in no way offset the income outflow from Swaziland in the form of corporate profits.

These factors have worked to give Swaziland a diversified economy, and one of the more dynamic and growing in Africa.

B. Gross Domestic Product

The Gross Domestic Product grew in real terms at 7% per annum from 1967-73 and is estimated to be E186.3 million for 1975/75 (constant prices).

Sizeable investment in mining, quarrying, forestry and agriculture began in the post-World War II period. These investments and the accompanying economic activity gave Swaziland a real growth rate of 12% from the 1950s.

The economy cooled in the 1960s and the real growth stabilized around 7%, which is nonetheless impressive. Swaziland has sustained this rate of growth because of the prevailing high world market prices for its major exports and the continued expansion of the agriculture, manufacturing and tourist sectors.

Some slow down in the general economic activity is expected with the downturn in the prices for sugar on the world market. The economy, nonetheless, is expected to maintain a 5 to 7% rate of growth for the period ending in 1980/81.

The GDP per capita figures show Swaziland to be at a high level of development. In fact the 1975 GDP per capita of E390 (\$581)* ranks Swaziland among the highest in Africa, surpassing even Rhodesia.

The GDP per capita figures however hide a skewed income distribution within the economy. The traditional subsistence agricultural sector has been virtually stagnant. Moreover, per capita income in the traditional sector is about a fourth of the latest national per capita figure. Per capita income was R84 (\$125) in 1966 and estimates put it at E92 (\$137) at present. This estimate is a more realistic measure of the level of welfare for the majority of people in the country.

Table II - 1a

SWAZILAND

Gross Domestic Product (Current Market Prices)

<u>Year</u>	<u>GDP (R/E million)</u>	R/E = \$1.49**
1967/68	53.4	
1968/69	57.0	
1969/70	75.3	
1970/71	80.1	
1971/72	100.1	
1972/73	114.3	
1973/74	140.3	
1974/75	186.3	
...		
1980/81 (projected)	220.0	

*E1 = \$1.40

**The value of the rand and the emalangenzi were devaluated on the following dates to the specified values:

June 27, 1975 - 1R/E = US\$1.40

Sept 22, 1975 - 1R/E = US\$1.15

Table II - 1b

SWAZILAND

Gross Domestic Product at Constant Prices

1970 = 100

<u>Year</u>	<u>GDP E million</u>
1970	80.1
1971	91.9
1972	99.9
1973	110.6
1974	129.2

Table II - 2

SWAZILAND

Gross Domestic Product

(Per Capita in Current Prices)

<u>Year</u>	<u>GDP/Per Capita (E/\$)</u>	<u>Percent Change From Previous Year</u>
1967/68	E 135 (\$201)	
1968/69	E 140 (\$208)	3.5%
1969/70	E 179 (\$267)	28.4%
1970/71	E 185 (\$277)	3.7%
1971/72 (IBRD estimate)	E 223 (\$330)	19.9%
1972/73 " "	E 255 (\$380)	17.7%
1973/74 " "	E 303 (\$451)	22.7%
1974/75 " "	E 390 (\$581)	32.8%

C. Structure of Production: Sector Contributions and Developments.

Swaziland's economy is highly diversified for a country of its size. The major productive sectors of the economy include agriculture and forestry, manufacturing, mining and tourism.

The major development in the economy is the growth in the value of Swaziland's agricultural exports and the expansion of the manufacturing sector. Agriculture and manufacturing have in fact replaced mining as the dominant sector(s) of the economy. Mining fell from its position as the dominant sector in the economy because of the combination of lower output and lower world prices for its products.

Investment is flowing into the manufacturing and the tourist sectors. In the manufacturing sector, investments are increasingly diversified, and moving away from processing of agricultural and forestry production for export into electronics, cloth and other consumer durable and non-durable industries for export to the South African market. Though much of its present growth is attributed to the value added from price increase, its real rate of growth is estimated at between 8 to 10% per annum. Manufacturing contributes 22% to the GDP.

Table II - 3

SWAZILAND

Gross Domestic Product (Current Prices) - Millions of Rand/E

	67/68	68/69	69/70	70/71	71/72	72/73	73/74	74/75
Agriculture and Forestry	14.7	13.2	21.9	24.1	28.5	31.6	39.1	49.8
Individual Tenure Farms	(6.8)	(5.5)	(9.9)	(11.3)	(13.2)	(15.9)	(18.8)	(27.8)
Swazi Nation Farms	(6.9)	(6.5)	(10.1)	(10.5)	(12.7)	(12.5)	(16.1)	(17.6)
Forestry	(1.0)	(1.2)	(1.8)	(2.3)	(2.6)	(3.2)	(4.2)	(4.4)
Mining and Quarrying	10.4	9.2	8.5	8.3	8.4	5.0	5.9	7.3
Manufacturing	6.7	8.4	9.3	9.1	13.3	21.6	27.3	34.5
Community and Social Services	7.2	9.0	12.2	13.2	15.2	16.8	20.4	26.8
Other (Total)	12.1	15.2	16.3	18.9	22.3	27.7	32.1	35.6
Electricity and Water	(1.0)	(1.0)	(1.4)	(1.6)				
Construction	--	--	(1.5)	(1.8)				
Distribution	(4.2)	(5.3)	(4.1)	(5.4)				
Transport and Communications	(4.3)	(4.7)	(5.0)	(5.6)				
Finance and Business Services	(2.1)	(1.6)	(1.7)	(1.4)				
Ownership of Dwellings	--	(2.6)	(2.6)	(2.6)				
TOTAL	51.1	55.0	65.2	73.6				
Less Unallocated Items	0.4	0.4	0.9	0.8				
GROSS DOMESTIC PRODUCT (factor cost)	50.6	54.6	67.3	72.8	87.7	102.7	124.8	157.0
GROSS DOMESTIC PRODUCT (market cost)	53.4	57.0	75.3	80.1	100.1	114.3	140.3	186.3

Table II - 4

SWAZILAND

Gross Domestic Product - Percent of GDP at Current Prices

	67/68	68/69	69/70	70/71	71/72	72/73	73/74	74/75
Agriculture and Forestry	29.1	26.1	37.5	33.1	32.5	30.8	31.3	31.7
Individual Tenure Farms	(13.4)	(10.1)	(14.7)	(15.5)	(15.1)	(15.5)	(15.1)	(17.7)
Swazi Nation Farms	(13.4)	(11.9)	(15.0)	(14.4)	(14.5)	(12.2)	(12.9)	(11.2)
Forestry	(1.9)	(2.1)	(2.7)	(3.2)	(3.0)	(3.1)	(3.4)	(2.8)
Mining and Quarrying	20.6	16.8	12.6	11.4	9.6	4.9	4.7	4.6
Manufacturing	13.2	15.4	13.8	12.5	15.2	21.0	21.9	22.0
Community and Social Services	14.7	16.5	18.1	18.1	17.3	16.4	16.3	17.1
Other (Total)	23.9	27.8	24.2	25.9	25.4	27.0	25.7	24.6
Electricity and Water	(1.9)	(1.8)	(2.1)	(2.2)				
Construction	--	--	(2.2)	(2.5)				
Distribution	(8.3)	(9.7)	(6.1)	(7.4)				
Transport and Communications	(9.5)	(3.6)	(7.4)	(7.4)				
Finance and Business Services	(4.2)	(2.9)	(2.5)	(2.6)				
Ownership of Dwellings	--	(4.8)	(3.8)	(3.6)				
TOTAL % of	100	100	100	100	100	100	100	100

Of further interest is the growing importance of tourism. It is now the most dynamic sector of the economy and has potential for expansion. The number of guests has more than doubled between 1969 and 1974. The number of hotel beds has increased from 900 to 1630. The income from room rental was about E3 million in 1974 and the ancillary services for the sector generated an income of around E6 million. 1500 persons were directly employed in tourism. Plans are underway to expand investment in the tourism subsector.

Agriculture and forestry accounted for 49.8 million of the GDP in 1975, which represents about 32% of the total. The agriculture sector is severely dualistic. Expatriate owned, freehold modern, large-scale commercial farms which coexist with traditional small farms contribute the majority of the agricultural production. E27.8 million was contributed by the former vs. E17.6 million for the latter.

The freehold farms, referred to as Individual Tenure Farms, produce almost entirely for export. Sugarcane is the most important crop followed by citrus, pineapples, and cotton. Cane is processed at local factories and exported as sugar and sugar by-products, mostly to the UK and other EEC countries. Sugar alone contributes 34% and export crops as a whole make up 60% of the export total. The freehold farms contribute about 13% of the GDP.

The traditional small farms produce almost entirely for home consumption. About 10% of the output reaches the market. The major crops are maize, groundnuts, beans, potatoes, sorghum, cotton and tobacco. They contributed about 11% to the GDP in 1975.

Iron ore, coal and asbestos are mined in Swaziland. Mining and quarrying contributed about E7.3 million in 1975 which represents about 5% of the GDP, down from its 20.6% contribution eight years earlier. Mining has declined in importance because of low output and declining world market prices. No new mining ventures of any significance have commenced in recent years, because of a freeze on granting of new mining concessions until very recently, and partly because of the government's insistence on shareholder participation in some of the ventures. The Swazi Nation Council acquired a 20% share in the iron ore mine and a 40% share in the asbestos mine.

The government recently initiated efforts to get the mining sector moving. It introduced a non-development tax on existing concessions to get the mining companies to develop their concessions or surrender them back to the government.

D. Investment and Savings

Investment and capital formation has remained stable over the past five years at about 25 per cent of the GDP per annum. Private investment accounted for around 70 per cent of the total capital formation for the period. Government capital formation accounted for about 23 per cent of the total, and changes in stocks accounted for the remainder.

The level and magnitude of private capital formation is impressive by any measure and reflects the openness of the economy. The government, too, has taken a more positive role in capital formation. Its contribution grew from around 15 per cent of total formation in 1971/72 to 29 per cent in 1973/74. The Government's more active role in capital formation reflects both the increase in investments under its Second Development Plan and the improvement of its implementation capacity.

Swaziland also has maintained a very high level of domestic savings. From 1972 to 1974 the ratio of domestic savings to GDP is around 30 per cent and probably rose beyond that in 1975 as government revenues surpassed government expenditures because of windfall taxes.

Savings grew faster than investments and as a result there is a resource surplus from 2 to 4 per cent of the GDP from 1971 to 1974. This resource surplus combined with the rather conservative lending policies of the major banks and repayment of private sector loans to the banks gave Swaziland abundant liquidity, which in the estimation of some observers was excessive. Insofar as the banks are privately owned and establish their own lending policies, the government cannot do much to encourage additional private lending. Rather than releasing additional monies as loans, the banks have deposited monies elsewhere in the Rand area. However the government recognizes that if it increased its program of capital expenditures it could pick up some of the resource liquidity by drawing down its reserves and increase its borrowing from the banks.

E. Economic Dualism

Swaziland's economy is severely dualistic. The modern wage sector contributes 96% of the GDP, virtually all exports and revenues, and most of the growth in the economy. The traditional sector made up of subsistence small farms on which 50% of the total population is totally dependent, is virtually stagnant. In fact, its contribution to the GDP has declined over the past decade. Swaziland's dualism is however somewhat different from the typical dual economy. Much of the dualism is within the agricultural sector (where in fact 43% of the total wage employment is provided by the freehold tenure farm operations.) This is unlike the more typical duality between the rural vs. the urban economies. As a result, Swaziland's duality has not given rise to the glaring urban/rural income gap. The gap is inter-rural. Swaziland's duality is also mainly foreign vs. Swazi and not Swazi elite vs. Swazi masses.

F. Employment

The Swaziland employment situation is characterized by a shortage of skilled Swazis throughout the modern sector to fill the increasing numbers of opportunities. This necessitates the recruitment of a high proportion of expatriate personnel to fill administrative and skilled positions. The modern sector employs from 30 to 33% of the estimated total labor force of 202,000. The private sector employs 80% of the modern wage labor force and the government employs the remaining 20%. As noted earlier, commercial agriculture

Table 11 - 5

Swaziland: Employment in the Public and Private Sectors by Industry, 1971-74^{1/}

	1971		1972		1973		1974	
	Private sector	Public sector						
Agriculture and forestry ^{2/}	19,865	975	24,159	173	23,479	176	26,882	1,147
Mining	2,926	--	2,950	--	2,924	--	3,020	--
Manufacturing	5,837	--	6,512	--	7,360	--	7,547	--
Electricity and water	--	518	--	541	--	592	--	546
Construction	1,350	1,187	2,107	1,522	2,256	1,694	2,459	1,952
Distribution	3,842	--	3,842	--	4,002	--	4,414	--
Transportation	537	1,513	775	1,505	778	1,910	887	1,596
Finance	427	--	580	--	581	--	773	--
Social services	2,346	5,728	2,842	6,348	2,905	8,375	2,635	8,193
Total by sector	37,130	9,921	43,767	10,089	44,285	12,747	48,627	13,436
Total employment	47,051		53,856		57,032		62,061	

Source: Data provided by the Central Statistical Office.

^{1/} Data reflect employment as determined by a census in September of each year.^{2/} The large increase in employment in agriculture and forestry in 1972 mainly reflects better coverage in the agricultural census.

alone provides 42% of the modern sector total. The male labor force is about 42 per cent of the total population 15 or over. This percentage equals approximately 112,200 persons and constitutes 55% of the total labor force.

There was a rapid expansion of employment during the 1960s as a result of the investments in modern sector enterprises. This was followed by a growth rate of about 10% per annum in employment opportunities. In 1971 wage employment stood at 47,000 persons. In 1974 it stood at 62,000. An additional 8,000 Swazi work in the mines in South Africa.

Much of the growth in employment is in the private sector, and most of it is in the primary sectors of the economy. There also is significant growth of employment in the industrialized sectors. Private sector construction employment grew at 24% per annum, and public sector construction employment rose by 18%. Manufacturing employment grows at 9% per annum and is expected to grow even more rapidly with the expansion and diversification of the manufacturing sector of the economy. Employment in government, the second largest source of employment after agriculture, grows at a rate of 9% annually.

Unemployment is not yet a problem but some concern has been raised about its prospects as more people who are without adequate skill training to fill new positions move to the urban areas in search of work in the manufacturing industry.

There is a shortage of skilled Swazis in the modern sector. This has necessitated recruitment of a fairly large number of expatriate personnel. (Exact figures for expatriate employment in all sectors are not available but the number of expatriate granted occupational visas run around 6,000.) Expatriates are concentrated in the administrative/technical and the skilled employment categories.

Competition for Swazi labor from South Africa and the increased demand for labor within the economy has pushed up wages for unskilled labor in the private sector. Wage increases of 20 and 60% occurred in 1974 and 1975 respectively.

Table II - 6

Employment in the Modern Sector, 1971-73

	<u>1971</u>	<u>1972</u>	<u>1973</u>
<u>Private Sector</u>	46,080	53,268	54,264
Paid employees	37,130	43,767	44,285
Self-employed*	1,278	869	987
Unpaid family workers*	142	1,042	1,093
Small Swazi traders*	1,030	1,090	1,399
Employees by private homesteads*	6,500	6,500	6,500
<u>Public Sector</u>	9,921	10,089	12,747
<u>Total Employment</u>	<u>56,001</u>	<u>65,357</u>	<u>67,011</u>

* These estimates are subject to wide margins of error and should be viewed with caution.

Source: Central Statistical Office.

G. Income

Income data is not available. Using data on land holdings, prices and food production the IBRD reconstructed a rough estimate of income distribution which can give some idea of the income gap. The dualism of the economy is reflected in the distribution of income. There is little doubt but that income distribution is skewed.

Table II - 7
Income Distribution, 1971/72

	<u>African</u> <u>Population*</u>	<u>Labor Force</u>	<u>Income</u>
		percent	
Swazi Nation Farms	62.1	65.7	14.1
Individual Tenure Farms & Forestry	16.8	15.2	22.0
Other employment	<u>21.1</u>	<u>19.1</u>	<u>63.9</u>
	100.0	100.0	100.0

The income distribution data, which admittedly is a rough estimate, raises as many questions as they answer. For example, they raise the question of the possible linkage between modern sector employment and income with the subsistence farm household. Is income earned in the modern sector remitted back to the farm household? The available data raises this possibility. For example, one-third of the labor force is engaged in modern sector employment and two-thirds is engaged in subsistence sector employment. It is quite possible that the one-third engaged in modern sector employment have family farms in the subsistence sector, which in all probability are managed by the wives (assuming the modern sector worker is a male). If this is so, the combined modern sector income earned by the male and subsistence farm income generated by the farm family would be quite substantial. For example, modern sector wages are quite high. An unskilled worker earns E442 and a semi-skilled worker earns E875 per annum. The subsistence farm per capita income is estimated to be E92 per annum. On the basis of this data, the family income for a subsistence farm family of five with the male head of household working in the modern sector is E718 (\$1,070) for the unskilled worker and E1151 (\$1,715) for a semi-skilled worker. (Note: the subsistence farm income is calculated at three times E92, and excludes the absent male from the calculation.)

If the hypothetical linkage between the worker in the modern wage sector with the subsistence farm family holds, then income distribution would not be as skewed as suggested by the present estimates.

H. Prices

Since the Swaziland economy ties closely into the South African economy,

* Excludes absentees

Table 11 - 8

Retail Price Index for Mbabane and Manzini 1969/70

(January 1967 = 100)

	----- F o o d -----						All
	<u>Vegetables and fruit</u>	<u>Other Food Items</u>	<u>Fuel & Light</u>	<u>Drinks & Tobacco</u>	<u>Clothing & Textiles</u>	<u>Other Items</u>	<u>Items Index</u>
(Index Weights)	(45)	(575)	(60)	(120)	(100)	(100)	(1,000)
<u>Annual Average</u>							
1969	106.8	111.0	101.1	100.2	111.4	112.5	106.7
1970	108.0	108.7	103.1	100.2	114.0	125.0	109.1

Retail Price Index for Mbabane*

(December 1970 = 100)

	<u>Food</u>	<u>Drink & Tobacco</u>	<u>Clothing & Footwear</u>	<u>Transport and Communications</u>	<u>Health & Education</u>	<u>Fuel, Light & Water</u>	<u>Durable and Household Goods</u>	<u>Misc. Items</u>	<u>All Items</u>
(Index Weights)	(297.5)	(95)	(100)	(152.5)	(80)	(65)	(90)	(120)	(1,000)
1971 October	111.7	114.6	106.0	109.5	106.9	100.9	107.1	105.8	108.9
1972 October	118.4	117.4	110.4	118.1	109.5	101.1	166.0	110.3	114.4
1973 October	143.9	124.0	118.4	121.3	114.8	102.5	131.4	118.4	126.8
1974 October	167.2	135.6	134.6	145.1	121.4	120.4	151.6	122.8	144.2
1975 January	183.1	139.5	137.4	151.6	133.0	120.4	157.6	126.8	152.4

* Produced quarterly in January, April, July and October.

the price changes in Swaziland reflect the changes in the Republic. Swaziland, as the junior partner among economic unequals, is not in a position to influence the direction of prices.

Prices were relatively stable up to 1972. In 1973 the price index climbed fourteen points. Inflationary pressures raised the price index another twenty points during 1974. In 1975 the economy cooled and the inflation dropped from 20% for the first three quarters to 6% for the last quarter for low income earners and to a 14% inflation yearly average for the upper and middle income earners.

Table II - 9
Swaziland
Prices Indices, 1971/75 by Income Group
(December 1970 = 100)

	Swaziland		South Africa	
	Index A High Middle Income	Index B Low Urban Income	Consumer prices	Wholesale prices
1971 October	108.9	104.0	106.3	104.3
1972 October	114.4	105.5	114.0	114.8
1973 October	126.5	121.0	124.5	130.4
1974 October	144.2	152.0	141.4	156.5
1975 October	--	157.6	157.4	178.7

Inflation in the retail trade hit the upper and middle income earners from 1971 to 1973. The inflationary pressures were relieved somewhat with the opening of large shopping centers in the urban areas and the stabilizing impact the subsequent competition from the large shopping centers had on the retail trade.

The 1973/74 price increases for food and fuel impacted on low income earners. Food, which makes up to 60% of the low income earner price index, increased in price by 20% as a result of a poor maize harvest in 1973. Food prices stabilized in 1975 with the large maize harvest. For 1976, the IMF expects the South African economy to stabilize which in turn will

* Index "A" is a quarterly index reflecting the cost-of-living changes facing middle- to high- income groups in Mbabane; Index "B" reflects the cost-of-living changes facing low-wage earning Swazi in Mbabane and Manzini.

decelerate Swaziland's rate of inflation.

I. Imports/Exports

Because of the very limited domestic market most of Swaziland's modern sector production is exported. The value of exports, estimated to be E125.28 million in 1975, accounts for 67.2% of the GDP. Three exports - sugar (60%), woodpulp and iron ore - together account for about 75% of the total export value. Other exports were citrus, asbestos, pineapple, meat and coal.

The United Kingdom and South Africa are Swaziland's two major export markets. The UK absorbed 23% of total Swazi exports and South Africa absorbed 18%. Other markets are Japan (13%), USA, Canada (for sugar), several African countries (for coal and sugar), and other countries in Europe, Asia and South America (woodpulp).

Swaziland has been able to enlarge its balance of trade surplus for the past two years (Table II-12), because of two factors. The first is the sharp rise in the price of sugar - the value of Swaziland's sugar rose 600% in five years. The second factor is that the average unit import cost rose less in Swaziland than in most other LDCs. It did so because Swaziland gets 90% of its imports from South Africa which has only had moderate inflation.

Machinery and transport equipment dominate imports. Most is headed for the private sector.

Beyond this, it is difficult to identify a trend of imports or the rationale for the changing structure of imports except to note that due to the low level of imports in absolute terms, the distribution of imports in any one year is significantly changed by individual large import orders.

A sharp increase in the value of imports came in 1974 following the oil price hike. Oil rose from 9% to 12% of the total value of imports. The Arab Oil Fund however granted Swaziland E1.8 million to offset part of the impact of the price rise.

J. Balance of Payments

Prior to 1974 Swaziland used the Rand as its national currency. In 1974 the Government of Swaziland established the Monetary Authority of Swaziland and issued a national currency. The currency, the emalangeni(pl) is wholly backed by the rand, and readily convertible in rand on demand. Swaziland continues to be a member of the Rand Monetary Area.

By nature of the monetary arrangements in force with the Republic of South Africa, Swaziland cannot have either a surplus or deficit on its overall balance of payments. Money in circulation is either expanded or contracted by the central monetary authority according to the activity within the monetary area, and most foreign exchange is held by the Central Monetary Authority. (There is a small overseas foreign exchange reserve.)

Table II - 10

SWAZILAND

Value of Domestic Imports, 1971/75

(In millions of emalangi)

	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>Est.</u> <u>1975</u>
Sugar	10.48	11.84	11.53	19.22	18.88	46.30	70.00
Woodpulp	9.3	12.4	9.57	11.07	15.32	31.33	15.42
Iron ore	9.6	11.0	12.11	9.32	7.93	12.29	8.97
Asbestos	6.2	5.2	5.90	4.55	6.68	5.68	6.00
Citrus fruit	3.5	3.6	4.34	3.49	3.95	4.52	3.70
Canned fruit	0.8	0.9	1.10	1.75	2.84	2.72	3.19
Meat & meat products	1.3	1.7	1.82	2.02	3.43	2.69	3.00
Other	<u>3.3</u>	<u>3.7</u>	<u>3.69</u>	<u>10.34</u>	<u>13.80</u>	<u>14.09</u>	<u>15.00</u>
TOTAL	44.5	50.36	55.06	61.76	72.83	119.62	125.28

Sources: Data provided by the Central Statistical Office

Table II - 11
SWAZILAND
Value of Imports by Commodity, 1971/75
(In millions of emalangeni)

	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>
Food and live animals	4.79	4.61	4.74	5.81	7.54	--
Beverages & tobacco	2.42	2.54	2.65	4.39	3.31	--
Crude materials	0.51	0.62	0.54	0.91	0.65	--
Fuels & lubricants	3.52	3.89	4.35	5.80	10.66	--
Edible oils & fats	0.17	0.20	0.25	0.29	0.42	--
Chemicals	3.63	4.34	5.93	6.71	10.00	--
Manufacturers class- ified by materials	7.49	7.94	9.36	10.95	12.73	--
Machinery & transport equipment	11.18	13.62	13.81	16.25	21.35	--
Miscellaneous manu- factures	4.97	5.39	7.26	6.98	11.83	--
Other	<u>4.05</u>	<u>4.67</u>	<u>4.42</u>	<u>8.53</u>	<u>9.77</u>	<u>--</u>
TOTAL	42.75	47.82	53.31	66.62	88.76	107.00

Source: Central Statistical Office, Annual Statistical Bulletin, 1974

FIGURE II-1

DOMESTIC EXPORTS AND IMPORTS 1969-1973

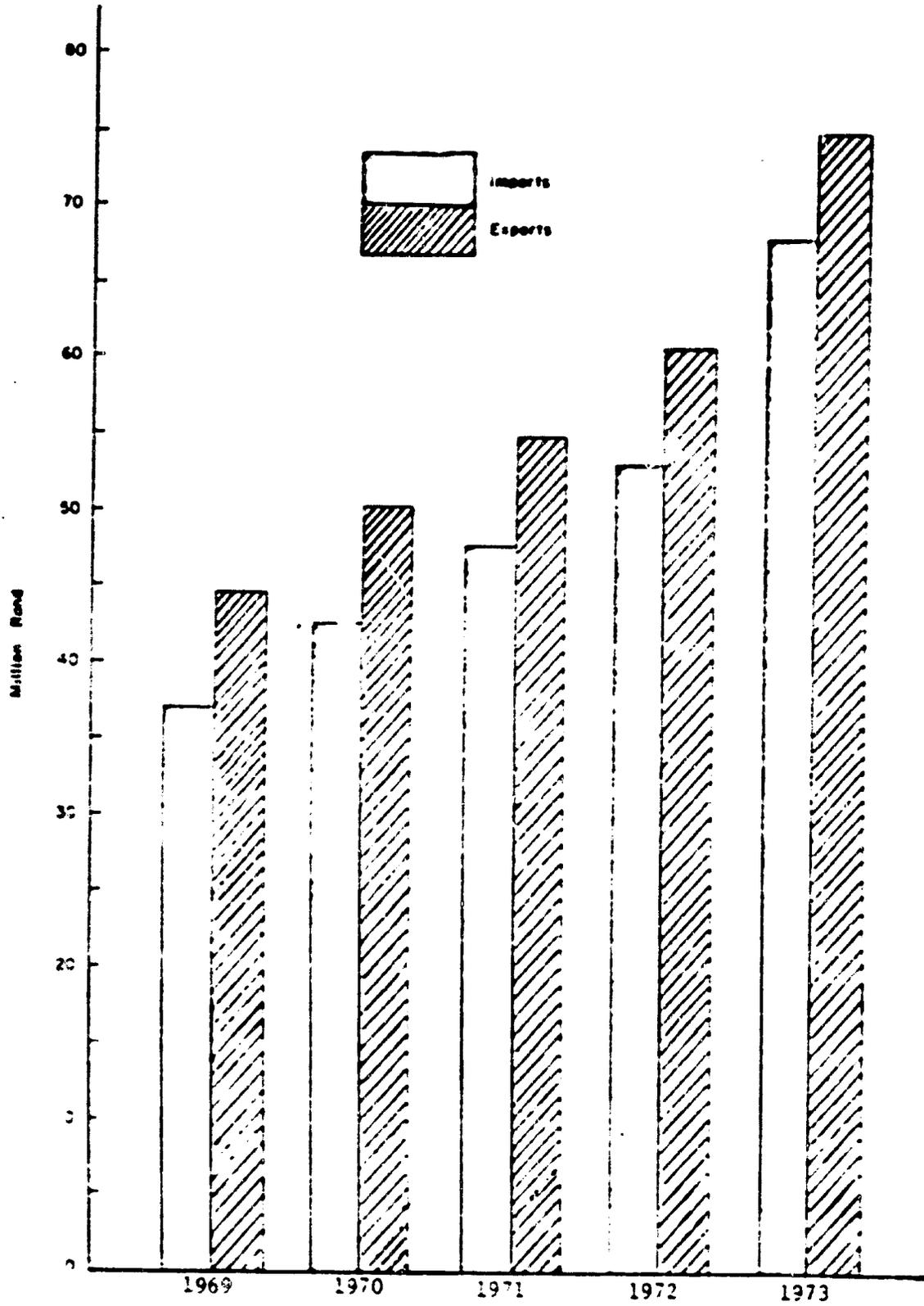


TABLE II-12

BALANCE OF PAYMENTS
(Expressed in Million of Rand and SDRs. 1 SDR=.98)

	<u>1968/69</u>	<u>1969/70</u>	<u>1970/71</u>	<u>1971/72</u>	<u>1972/73</u>	<u>1973/74</u>	<u>1974/75</u>
Exports	40.6	46.0	55.6	63.3	75.7	121.3	127.3
Imports	32.4	38.1	47.82	46.3	57.7	76.5	90.8
Trade Balance	8.2	7.9	7.8	17.0	18.0	44.8	36.5
Transport (net)	-0.6	-0.7	-0.8	-5.2	-6.1	-7.3	-8.5
Travel (net)	0.1	--	0.7	2.2	2.6	5.5	6.5
Income payments (net)	-6.6	-9.7	-9.5	-10.3	-11.4	-13.5	-25.8
Other services (net)	-6.8	-7.5	-6.5	-8.2	-9.6	-11.0	-13.3
Transfer payments	5.6	9.1	8.0	2.9	13.8	7.9	8.9
Government (net)	(5.4)	(8.9)	(7.7)	--	--	--	--
Private (net)	(0.2)	(0.2)	(0.3)	--	--	--	--
Overall Balance of Trade Services & Transfers	-0.1	(0.9)	--	-1.6	-2.7	26.4	4.3
Government Capital				0.1	10.1	10.4	8.0
Errors & Omissions (including private capital)				12.9	-8.9	-18.2	13.4
OVERALL Balance (current & capital accounts)				11.4	-1.5	18.6	25.7

Terms Used on Balance of Payments Table

1. Transport -- The net balance on the cost of goods into and out of the domestic economy. A net negative balance indicates the cost to ship merchandise out of the country on carriers of other nations exceeded the cost of shipping merchandise into and out of the country on carriers of the country in question.
2. Travel -- This item records the net balance on the receipts from travelers into and out of the economy. The positive net balance indicates Swaziland received more receipts from tourists entering the country than it lost on cost of Swazi nationals travelling out of the country.
3. Income Payments -- This item records the net balance on income and profits. It includes income and profits outflow to expatriates from the domestic economy and income and profit inflows to the economy from nationals earned outside the domestic economy. The Negative balance on the table indicates that outflows from Swaziland on income profits exceeded inflow from income and profits from its nationals outside of Swaziland.
4. Other Services -- This item records all other items and residuals. The net negative balance shows large outflows. Included in this line item is the cost for head office overhead charges, advertising and insurance.

Nonetheless, the IMF makes a number of observations on the make-up of Swaziland's balance of payments. The IMF's major conclusion is that Swaziland enjoys a small, favorable overall balance on its current account that is derived from its favorable balance of trade. In years past, more often than not, Swaziland ran a hypothetical current account deficit because of the net outflow in transportation, corporate income remittances, and service payments.

Swaziland's external debt is \$39 million (1974). Debt services payments of \$4.2 million are a fraction of the total GDP and about 5% of the value of total exports.

K. The Public Sector

The role of the public sector in the economy has grown in the past several years, mostly as a result of the government's more active role in rural development. A national monetary authority has been formed and the government participates as a minority shareholder in several companies (including sugar processing, iron ore, and asbestos.) The size of the government's contribution to the GDP also grew. By comparison to other African nations, however, its contribution to the GDP is still quite small.

The public sector generates approximately 23% of the GDP. Central government's revised 1975/76 expenditures were E44.01 million. Current expenditures stood at E31.81 million. Capital expenditures were E9.0 million. Debt service payments are very small comprising less than 3% of total expenditures. Net government lending was limited to loans to students.

Government expenditures increased in recent years (22% per annum) partly because it has more money to spend following the expansion of revenues from customs and exports. In 1971 government expenditures equalled 19% of the GDP vs. the 23% at present.

Most current expenditures support general administration but most capital expenditures go to economic services, including agriculture. General services (administration, police and defense) received 47% of the current expenditures and 17% of the capital expenditures. Social services (education and health) received 31% of the current and 19% of the capital expenditures. Economic services (including agriculture, mining, public works, power, communications) received 19% of the current and 42% of the capital expenditures. Community services (sanitation, financed by the IBRD and other) received 21% of the capital expenditures.

The majority of the current expenditures (58%) support salaries. Commodities take 33% and transfer payments make up just under 10%. The government's capital expenditures have increased considerably over the five year period after a slow post-independence beginning and the slow build-up of the absorptive capacity of the government and the economy. In 1972/73 the government's capital expenditures took off and has nearly doubled for each successive year (at current prices). Though there are considerable yearly variations in the total increases, the annual capital expenditures increase

TABLE 11-13
CENTRAL GOVERNMENT REVENUES AND GRANTS, 1971/72-1975/76
(In millions of Esmalange)

	1971/72	1972/73	1973/74	1974/75 Budget estimate	Preliminary Actual	1975/76 Revised estimate
Tax Revenue	<u>15.76</u>	<u>19.41</u>	<u>26.53</u>	<u>30.91</u>	<u>40.09</u>	<u>56.27</u>
Taxes on net income and profits	5.33	7.05	10.10	9.20	9.80	14.63
Taxes on property	0.42	0.12	0.14	0.11	0.16	0.11
Consumption, excise, and trade taxes	9.39	11.56	15.51	20.75	29.26	40.66
Customs Union receipts	(8.52)	(10.52)	(13.31)	(18.67)	(18.69)	(18.65)
Sugar levy	(--)	(--)	(0.77)	(0.50)	(8.97)	(21.03)
Gambling and hotel taxes	(0.39)	(0.54)	(0.88)	(0.86)	(0.89)	(0.89)
Other	(0.48)	(0.51)	(0.55)	(0.72)	(0.71)	(0.73)
Other taxes	0.61	0.68	0.79	0.85	0.88	0.90
Non-tax Revenue	<u>2.36</u>	<u>2.91</u>	<u>1.81</u>	<u>1.49</u>	<u>1.86</u>	<u>1.73</u>
Fees, service charges, and fines	1.94	2.41	1.08	0.80	1.05	0.98
Other	0.42	0.50	0.73	0.69	0.81	0.75
Total revenue	18.12	22.32	28.34	32.40	41.94	58.00
Grants from abroad	0.12	0.15	0.30	0.71	2.72	4.82
Total revenue and grants	18.24	22.47	28.64	33.11	44.66	62.82

TABLE - 14

FUNCTIONAL CLASSIFICATION OF CENTRAL GOVERNMENT CURRENT EXPENDITURE, 1971/72-1975/76
(In millions of Emlaung)

	1971/72	1972/73	1973/74	1974/75 Budget estimate	Preliminary Actual	1975/76 Budget estimate
General services	7.65	8.34	10.78	12.40	11.61	16.77
General administration	(5.83)	(6.21)	(7.36)	(8.07)	(7.57)	(11.73) ^{1/}
Justice and police	(1.83)	(2.13)	(2.67)	(3.11)	(3.02)	(3.71)
Defense	(--)	(--)	(0.75)	(1.22)	(1.01)	(1.33)
Social services	4.58	5.30	6.46	7.57	7.68	8.46
Education	(3.08)	(3.64)	(4.39)	(5.30)	(5.21)	(5.93)
Health	(1.50)	(1.66)	(2.07)	(2.28)	(2.48)	(2.53)
Economic services	4.09	4.41	4.39	4.83	4.75	5.39
Agriculture	(1.53)	(1.48)	(1.77)	(2.06)	(2.06)	(2.29)
Mining, manufacturing	(0.32)	(0.28)	(0.29)	(0.37)	(0.40)	(0.43)
Public works, power, communications	(2.24)	(2.56)	(2.18)	(2.20)	(2.10)	(2.39)
Other	(--)	(0.10)	(0.15)	(0.20)	(0.19)	(0.27)
Public debt interest^{2/}	0.50	0.59	0.84	0.75	0.77	1.20
Total current expenditure	16.83	18.63	22.47	25.55	24.81	31.81

^{1/} Includes a provisional allowance of E2 million for a general salary increase which is expected during the year.

^{2/} Partly estimated.

TABLE 11-15

FUNCTIONAL CLASSIFICATION OF CENTRAL GOVERNMENT CAPITAL EXPENDITURES, 1971/72-1975

(In millions of Emlangeni)

	1971/72	1972/73	1973/74	1974/75 Budget estimate ^{1/}	Preliminary actual	1975/76 Budget estimate ^{1/}	Revised estimate ^{2/}
General services	0.89	1.30	2.38	2.14	1.66	3.78	...
General administration	(0.75)	(1.11)	(1.40)	(1.50)	(1.05)	(2.87)	...
Justice and police	(0.14)	(0.20)	(0.99)	(0.64)	(0.61)	(0.92)	...
Community services	0.69	0.79	2.79	3.89	2.03	1.81	...
Sanitary works	(0.53)	(0.46)	(0.72)	(1.61)	(0.72)	(0.15)	...
Other	(0.17)	(0.33)	(2.08)	(2.27)	(1.31)	(1.66)	...
Social services	0.58	1.43	1.03	2.86	1.04	3.23	...
Education	(0.35)	(1.14)	(0.85)	(2.48)	(1.73)	(2.66)	...
Health	(0.23)	(0.29)	(0.18)	(0.38)	(0.11)	(0.57)	...
Economic services	1.06	2.22	3.49	6.50	4.02	13.28	...
Agriculture	(0.57)	(1.13)	(2.48)	(3.36)	(2.94)	(5.32)	...
Mining, manufacturing	(0.25)	(0.56)	(0.49)	(0.93)	(0.55)	(2.70)	...
Public works, power, communications	(0.24)	(0.54)	(0.51)	(2.07)	(0.48)	(3.95)	...
Other	(--)	(--)	(0.02)	(0.14)	(0.04)	(1.31)	...
Total capital expenditure	3.22	5.75	9.71	15.39	9.54	22.10	9.00

^{1/} As stated in the Capital Budget Estimates, which traditionally include the total cost of projects which extend beyond the fiscal year in question.

^{2/} As estimated by the Department of Finance and Economic Planning.

on the average of 29%. A national defense force was formed in 1973 and currently absorbs 3% of the total budget.

The government's revenue position has changed from a small deficit to a modest surplus. The government's improved revenue position came from additional revenue from the new customs agreement with South Africa and from a new windfall profits levy on sugar. The customs agreement included a more equitable sharing of customs duties and a new sales tax in the revenue basket. The government also enacted a new 5% turnover tax on hotels and restaurants. The new Sugar Levy brought in 20% of the revenue for 1974/75. It accounts for 23% of the revenues for 1976. Customs Union receipts account for 32% of the revenues, and income tax accounts for 26%.

The government has tried to enforce a policy of fiscal restraint but with only limited success. It set a 6.5% ceiling on annual expenditure increases but has not been successful in keeping to it. Recent salary increases and the formation of the national defense force increased current expenditures 19 and 35% for a two-year period (1973/75). Nonetheless, the government ran a surplus on its current account because of the windfall taxes from sugar.

The government's balance shows a large surplus, suggesting that for the time being the government's absorptive capacity (see Table II-16) has been reached until new capital projects are undertaken and additional areas for government expenditures and involvement are identified.

Table II - 16
Central Government Budgetary Situation
 (Millian Rand/Emalangeni)

	<u>1971/72</u>	<u>1972/73</u>	<u>1973/74</u>	Provisional	
				<u>Actuals</u> <u>1974/75</u>	<u>Estimate</u> <u>1975/76</u>
Current Revenue	18.12	22.32	28.34	41.94	58.00
Current Expenditures	16.83	18.63	22.47	24.81	31.81
Deficit/Surplus	+1.29	+3.69	+5.87	+17.13	+26.19
Capital Expenditure	3.22	5.75	9.71	9.54	9.00
Financing Deficit/ Surplus	-1.93	-2.06	-3.84	+7.59	+17.19
Grants	0.12	0.15	0.3	2.75	4.82
Change in Government Balance (Surplus = +)	-1.81	-1.91	-3.54	+10.34	+22.01

L. Government Economic Plan

The goals of the Second National Development (1973/77) are:

- Promote the expansion of the private sector to boost employment opportunities.
- Improve the education system to fit the manpower needs of the economy.
- Promote the transformation of traditional subsistence agriculture into semi-commercial or commercial farming.
- Provide better housing and improve the health conditions of low income families.
- Increase the tax base and further mobilize domestic resources to contribute to financing of government capital expenditures.
- Increase GDP by 5% per annum.

The government is scheduling E9.4 million of the plan's anticipated E42.7 million for overall rural development. In addition to rural development the plan's development strategy emphasizes the improvement and expansion of community and social services and the further development of the agriculture sector.

The plan anticipated a financial input of E42.7 million to be dispersed in over a three-year period which averages out to a E14.2 million annual capital investment. The proposed investments by sector are: 33% for community and social services; 19% for agriculture and forestry; 17% for transportation and communications; 12% for power; and 8% for industry, commerce, mining and tourism. The plan's proposed E42.7 million investment has fallen 44% short of the goal. Shortfalls came in sectors requiring a large construction input and capability, specifically, the community services, public works, power and communications sectors.

The government could not meet the investment targets in these sectors because it does not have either the construction capability to carry the plans out, or adequate and sufficient managerial and administrative capabilities to effectively contract for the required services or the capacity to manage the contracts.

M. Development Issues

The major development issues are:

- Reducing the dualism between the modern and the subsistence sector of the rural economy.
- Enlargement of the supply of educated and trained manpower and in so doing reduce the level of foreign control of the economy.
- Lessening of the regional imbalances.
- Enhancing the government's planning and implementation capacity.
- The high rate of population growth.

The dualism in the structure of the economy is undoubtedly the most pressing development issue facing the government. Illustrative of this problem is the fact that 80% of the GDP comes from the modern sector of the economy but over one-half of the population depends on subsistence agriculture for their livelihood. The GDP per capita of the subsistence sector is \$120 compared to the national per capita of \$581.

The government presently uses an integrated approach to rural development in Rural Development Areas as the means to redress the imbalance between the modern and the subsistence agricultural sectors. Provision is made for inputs, technical assistance, farmer training, and employment opportunities in the rural areas. The development of the Areas however has been slow and uneven. Most suffer from a shortage of extension staff and adequately trained staff. Rural education is low. Adult education and non-formal education are non-existent. Marketing and storage are said to be inadequate and there is said to be a pressing need for small farmer agricultural credit. The pricing system for major food staples needs to be evaluated. The present system for monitoring agricultural projects is totally inadequate. Farmer information services are lacking.

Another development problem identified by the government is the need to localize the manpower. So far the localization of the civil service has very largely been realized apart from the technical posts.

Localization is hampered by the lack of skilled Swazis and competition from the private sector for available skilled workers. The lack of skilled and managerial Swazis, it has been alleged, reflects the past academic orientation of Swaziland's education and until recently, the few technical and management training opportunities available. The government plans to give greater emphasis to agricultural and technical subjects. USAID plans to assist in a revision of the primary school curriculum. Plans for training of youth in agricultural skills and other crafts that can be used on family farms are underway.

Adult literacy is also a problem that impacts on the government efforts to increase the numbers of skilled Swazis and improve the economy, particularly in the traditional agricultural sector. Through adult literacy programs the government would like to overcome constraints on the success of agricultural extension efforts which the government feels are created by the widespread illiteracy among adults. In an effort to meet the goal of eradication of adult illiteracy the government, the UNDP and UNESCO have launched a large-scale program for adult literacy.

The government's proposed approach to equalize the imbalance between the country's four regions is to emphasize agricultural development using the Rural Development Areas Program. In this way the government hopes to ensure that comparable agricultural progress is being made in all districts. Four Rural Development Areas are operative. Fourteen more are planned, of which four are somewhere near completion. The IBRD loan agreement for the remaining ten was just recently negotiated. GOS implementation is planned to begin in 1978.

The government hopes to encourage the resource-based extractive industries to identify and invest in local opportunities as another way to overcome regional imbalances. Equalizing regional imbalances may require some infrastructural development in the lesser developed districts. Toward this end, the government proposes to draw up district development plans, so that the necessary support structures and development opportunities can be identified and appraised in an integrated district-wide approach.

The government and the Swazi Nation have not expressed a deep interest in the population growth problem. Swaziland's high population growth rate of 3% per annum can only serve to slow down any development effort. Until the King and the Swazi Nation express an interest and acknowledge the need for a comprehensive population program the problem will persist and little can be done in the way of development projects to arrest it.

N. Problems and Prospects in the Economy

The outlook for the economy's medium-term prospects is favorable. Real growth in the economy is expected and production will rise or remain stable in the major export industries according to the estimates put forward by the IMF.

There are several short-term problems facing the economy. The first, is the substantial fall in sugar export prices. This has affected central government revenues because the government cannot take advantage of the sugar levy with low export prices.

The impact of the 1975 devaluations of the rand on the Swaziland economy is uncertain but officials of the Government of Swaziland indicated to the IMF their displeasure with the devaluations. One immediate impact has been to sharply increase local currency costs of servicing government debt and imports.

A third problem is the mounting pressures for a significant salary increase in the government service. The government, in response to some of the pressure, increased the salaries of workmen by 70% and has appointed a commission to investigate other salary increases.

A fourth problem is the expected sharp drop in receipts expected from the customs union for FY 1976/77. The drop in customs duties reflects the impact of devaluation and the overall decline of dutiable imports into the Rand Area as well as an increase in non-dutiable imports, specifically, petroleum products.

There is abundant liquidity in the banking system and the government has expressed concern about this. The government would like the banks to ease their conservative lending policies to make more monies available for investment.

Swaziland also has argued for the need for continued donor support despite the fact that donor monies already available are not spent. The Swazis have argued that donor assistance is necessary not only from a long-term point of view but also to retain access to technical assistance.

III

FOREIGN DONOR ASSISTANCE

III. DONOR ASSISTANCE

Donor assistance has helped to improve the government's budgetary situation insofar as it reduced the government's need to use domestic financing, and reduced the debt burden the government would have had to assume using domestic deficit financing. In this way, past-donor assistance has acted as government budgetary support. This role for foreign assistance was very important from the government's standpoint during the government's chronic budgetary deficit period (pre-1973). If the government had not had foreign assistance support, its budgetary deficit would have been that much greater. With foreign assistance the government financed all of its capital expenditures without depending on added deficit financing. With the recent revenue surplus, the government has used the budgetary surpluses to finance part of the capital expenditures. Some observers have questioned the priority of using these surpluses for capital expenditures, arguing that it would have been more prudent to hold the surpluses in reserve and to continue to use grant and soft-loan foreign assistance monies to finance capital expenditures. The government's choice not to use this strategy may be based on other considerations, like confidence in the government, capacity to manage the economy and so forth. Nonetheless, recent revenue surpluses finance only a small portion of total capital expenditures, (with the exception of the 1974/75 surplus which covered all capital expenditures). The Government will continue to require donor assistance and domestic borrowing to finance their development.

Swaziland has been successful in attracting more assistance from a wider range of bilateral and multilateral donors. From 1969 to 1971 Swaziland received an average annual level of donor assistance of \$4 million. This increased to \$10 million per annum from 1972 to 1975. In 1976 the Arab Oil Fund granted an additional \$4.2 million in grant money.

Foreign donor assistance has shifted from 83% British in 1962/65 to a much lower, but still predominant, 46% British in 1971/75. The British share has fallen as aid has grown from other sources, primarily from international agencies (29% in 1971/75), the U.S. (10%) and other DAC countries (15%). Swaziland has never been a recipient of communist economic assistance.

Swaziland has been a recipient of U.S. ODA for approximately a decade and has taken a growing share of all US assistance to the region: 2% of all US aid between 1966/70 and 16% of such aid in the more recent period 1971/75. The total has been \$9.2 million over the decade with the annual allocation tending to increase. A majority of this has been PL-480 food assistance, 53% over the total period, although this is a lower proportion than that which goes into the US assistance package to most other recipients in the region. Swaziland has received 8% of all PL-480 flowing into the region since 1962.

International agency assistance has grown to an almost \$5 million annual average in recent years. This is approximately \$10 per capita.

TABLE III-1
Official Development Assistance

SWAZILAND	1962/65 (4 yrs)	1966/70 (5 yrs)	1971/75 (5 yrs)	1971/75 % distribution	1962/75 (14 yrs)
UNITED STATES - Total	0	1.1	8.1	10%	9.2
- Dollar Economic Asst	0	(.8)	(3.5)	(4%)	(4.3)
- Food Asst. (PL-480)	0	(.3)	(4.6)	(6%)	(4.9)
	Gross off. & Flows	Percent Loans	66/68 G. of.	69/70 % ODA	
OTHER DAC Donors	38.4	51%	29.5	27%	16.5
- Former Colonial Power (G.B.)	(38.3)	51%	(29.0)	27%	(15.9)
- Other (Non US, Non G.B.)	(.1)	0%	(.5)	0%	(.6)
COMMUNIST DONORS - Total	0	0	0	0	0
- USSR	0	0	0	0	0
- China	0	0	0	0	0
- Eastern Europe	0	0	0	0	0
INTERNATIONAL AGENCIES	8.0	4.9	24.1	29%	37%
T O T A L	46.4	52.0	81.9	100%	180.3
			\$35		
			10.5%		

* 1975 DAC Proration derived by estimation based on 1971/74 experience.

Table III - 2

SWAZILAND

UNDP Country Projects as of 6/30/76

Project number and title	Code	Executing agency	Date approved	Estimated completion date	Estimated project cost (US dollar equivalent)	
					UNDP	Government counterpart contribution
<u>AGRICULTURE, FORESTRY AND FISHERIES (25001)</u>					2,118,732	1,031,086
SWA-68-009 AGRICULTURAL STATISTICS	60	FAO	01/69	01/76	192,203	
SWA-71-006 FORESTRY DEVELOPMENT	40	FAO	06/71	01/78	125,992	
SWA-72-014 LIVESTOCK PRODUCTION	20	FAO	02/73	01/78	686,892	36,447
SWA-72-015 CROP PRODUCTION AND EXTENSION	10	FAC	06/73	01/79	602,312	739,100
SWA-73-003 INLAND FISHERIES DEVELOPMENT	30	FAO	05/73	07/77	99,443	71,914
SWA-73-004 DAIRY INDUSTRY ADVISORY PROJECT	20	FAO	10/73	01/77	106,420	26,130
SWA-74-021 ASSISTANCE IN NUTRITION AND HOME ECONOMICS EXTENSION	60	FAO	02/74	01/78	89,750	39,215
SWA-75-001 RURAL SOCIOLOGIST	60	FAO	05/75	07/78	112,500	27,049
SWA-75-006 FELLOWSHIP IN AGRICULTURAL EXTENSION METHODS AND FERTILIZER USE	60	FAO	05/75	09/75	4,200	836
SWA-75-009 DAIRY FACTORY MANAGER (CPAS)	20	FAO	09/75	09/78	94,000	92,387
<u>EDUCATION (15001)</u>					1,075,923	163,562
SWA-68-002 ADULT LITERACY	40	UNESCO	11/68	01/77	178,085	
SWA-71-012 TEACHER TRAINING	22	UNESCO	10/71	01/77	240,250	
SWA-74-018 SWAZI NATIONAL HIGH SCHOOL-ACCELERATED DEVELOPMENT	22	UNESCO	02/75	08/77	146,000	
SWA-75-007 EDUCATION PLANNING SPECIALISTS	10	UNESCO	11/75	01/78	146,750	
SWA-75-013 APPRAISAL OF EDUCATION STATISTICS	10	UNESCO	09/75	11/75	3,000	
SWA-75-014 IN-SERVICE TEACHER TRAINING	21	UNESCO	01/76	07/79	247,100	166,089
SWA-75-016 LECTURERS IN AGRICULTURAL DEGREE STUDIES, UBLS, SWAZILAND, AND AGRICULTURAL EDUCATION TRAINING	23	FAO	09/75	10/76	108,000	
SWA-75-020 FELLOWSHIP IN EDUCATIONAL PLANNING	10	UNESCO	09/75	06/76	4,800	3,440
<u>GENERAL ECONOMIC AND SOCIAL POLICY AND PLANNING (20001)</u>					1,339,810	562,232
SWA-68-001 STATISTICS	11	UN	12/68	01/78	173,592	
SWA-68-005 ECONOMIC PROGRAMMING AND PROJECTIONS ECONOMIC PLANNING	11	UN	08/69	11/76	139,576	
SWA-71-002 PROJECT AND SECTORAL PLANNING	11	UN	08/71	01/77	52,179	
SWA-71-005 AGRICULTURAL ECONOMIC PLANNING	12	FAO	06/71	02/77	92,675	
SWA-73-006 WATER AND SEWERAGE MANAGEMENT PERSONNEL	20	UN	10/73	01/78	220,697	86,311
SWA-74-003 MANAGEMENT ASSISTANCE TO THE SWAZILAND DEVELOPMENT AND SAVINGS BANK (OPAS)	20	UNEP	06/75	06/78	243,000	131,540
SWA-74-009 STATISTICAL TRAINING PROGRAMMES	11	UNEP	08/74	09/76	45,311	5,709
SWA-75-008 CHIEF ECONOMIC PLANNING ADVISER	10	IBRD	09/75	06/79	142,650	41,522
SWA-75-012 SENIOR AGRICULTURAL ECONOMIST	12	FAC	08/75	09/78	108,000	167,224
SWA-75-017 ECONOMIC ADVISER TO THE MINISTRY OF WORKS, POWER AND COMMUNICATIONS	11	IBRD	10/75	11/78	111,000	33,217
SWA-75-025 TAX ADMINISTRATION TRAINING	20	UN	01/76	06/76	5,250	2,306

(Country Projects Con't)

Project number and title	Code	Executing agency	Date approved	Estimated completion date	Estimated project cost (US dollar equivalents)	
					UNDP	Government counterpart contribution
INDUSTRY (13302)					2,916,168	712,981
SWA-69-001 SMALL SCALE BUSINESS ADVISER	23	ILO	07/69	01/76	30,133	
SWA-71-015 COOPERATIVE MANAGEMENT AND TRAINING	23	ILO	01/72	01/76	109,440	
SWA-71-505 SMALL ENTERPRISES AND HANDICRAFTS DEVELOPMENT	23	ILO	01/71	01/78	1,004,040	573,637
*SWA-71-002 UNDER-SECRETARY (INDUSTRY) IN THE MINISTRY OF COMMERCE, INDUSTRY AND MINES (OPAS)	10	UNIDO	06/71	06/73	12,025	
*SWA-72-006 MARKETING ADVISORY SERVICES FOR THE SWAZILAND "TIMHABI" TRACTOR	30	UNIDO	06/73	01/75	11,000	
*SWA-72-007 PRODUCTION ADVISORY SERVICES TIMHABI TRACTORS	30	UNIDO	03/74	01/76	19,570	
*SWA-72-009 SHORT TERM STUDY OF THE SWAZILAND DAIRY INDUSTRY	30	FAO	03/73	04/74	9,500	
SWA-72-012 MINISTRY OF INDUSTRY, MINES AND TOURISM	10	UNIDO	09/72	01/77	96,000	8,938
SWA-73-005 OPERATIONAL POSTS FOR THE NATIONAL INDUSTRIAL DEV. CORP.	10	UNIDO	09/73	01/78	109,890	109,942
SWA-73-010 COOPERATIVE ACCOUNTANCY AND AUDIT	30	ILO	11/73	01/76	36,922	10,041
SWA-74-014 INDUSTRIAL INVESTMENT PLANNING AND PROMOTION CONSULTANCY	10	UNIDO	03/75	04/76	150,000	5,767
*SWA-75-004 SURVEY OF SMALL-SCALE INDUSTRIAL INVESTMENT OPPORTUNITIES	23	UNIDO	05/75	12/75	18,000	3,400
*SWA-75-019 STUDY OF PRODUCTION OF VEGETABLE TANNINS FROM WATTLE BARK	24	UNIDO	07/75	01/77	21,000	
INTERNATIONAL TRADE (14001)					161,350	76,971
SWA-72-003 TRADE POLICY	10	UNCTAD	05/72	01/76	17,350	
SWA-73-007 CUSTOMS ADVISER	10	UNCTAD	10/74	12/77	72,000	
SWA-74-006 TOURISM ADVISER	32	UN	06/74	01/78	72,000	76,971
LABOUR, MANAGEMENT AND EMPLOYMENT (14001)					352,500	35,927
SWA-72-001 VOCATIONAL TRAINING	50	ILO	07/73	01/77	244,450	
SWA-75-002 TECHNICAL ADVICE IN LABOUR ADMINISTRATION AND LABOUR LEGISLATION	70	ILO	05/75	06/78	92,900	9,919
SWA-75-015 MANAGEMENT DEVELOPMENT	40	UNEP	11/75	01/76	15,150	26,003
NATURAL RESOURCES (15001)					39,700	007
SWA-73-002 STUDY OF THE SWAZILAND GOVERNMENT WATER ACT	30	UN	03/73	01/78	39,700	007
SCIENCE AND TECHNOLOGY (16001)					750	001
SWA-75-005 FELLOWSHIP FOR COMPUTER CENTRE MANAGEMENT TRAINING	10	UN	04/75	05/75	750	001
SOCIAL SECURITY AND OTHER SOCIAL SERVICES (17001)					751,295	
SWA-71-004 COMMUNITY DEVELOPMENT	40	UN	07/71	02/75	100,520	
SWA-71-007 ARCHITECT TRAINING	30	UN	09/71	01/79	174,214	
SWA-71-004 GOVERNMENT ARCHITECT	30	UN	09/71	01/77	101,204	
SWA-71-013 CONSTRUCTION MANAGEMENT	30	UN	10/71	01/79	193,345	
SWA-72-010 DEVELOPMENT OF HOUSING	30	UN	02/73	01/77	181,945	

*PROGRAMME RESERVE PROJECT

(Country Projects Con't)

Project number and title	Code	Executing agency	Date approved	Estimated completion date	Estimated project cost (US dollar equivalent)	
					UNDP	Government counterpart contribution
TRANSPORT AND COMMUNICATIONS (75001)					875,225	21,515
SWA-68-011 TELECOMMUNICATIONS	50	ITU	07/67	01/70	106,577	
SWA-70-008 CIVIL AVIATION	40	ICAO	11/70	01/77	173,802	
*SWA-71-701 HIGHWAY DETAILED ENGINEERING (SUGAR ROADS)	20	IBRD	08/71	01/76	186,065	
SWA-72-008 DEPARTMENT OF POSTS AND TELECOMMUNICATIONS	50	ITU	07/72	01/77	90,208	34,048
SWA-73-008 DEPARTMENT OF POSTS AND TELECOMMUNICATIONS	50	ITU	08/73	01/78	152,549	34,761
*SWA-73-309 DETAILED ENGINEERING OF A ROAD FROM HELEHELE TO SIMCFANANI	20	IBRD	09/73	01/76	166,024	19,726
TOTAL					9,224,316	2,577,152
OF WHICH						
IPP PROJECTS					8,781,132	2,562,368
PROGRAMME RESERVE PROJECTS					443,184	14,784

*PROGRAMME RESERVE PROJECT

The total annual assistance from all sources has reached a relatively high \$35 per capita in recent years, second only to Botswana. This is 11% of the country's GDP and 5% of all aid flowing into the region.

Donor assistance is concentrated in the areas of agriculture, industry and education. Smaller amounts are channeled into the other sectors including the communications and transport sectors. Sizeable amounts also have gone to building up the government's planning and implementing capacity, a capacity where Swaziland is weak (See Table III-2 for UNDP country projects). The UNDP notes that much of the assistance is used to support technical assistance personnel. The large operational cum personnel component of donor assistance grows out of the shortage of trained and qualified Swazis required to plan and implement development projects.

Different multilateral and bilateral donors agreed to sponsor development projects in specific functional areas and productive sectors scheduled over the remainder of the Second Plan Period. In the development planning area, the Scandinavians, the U.K. and the UN agencies plan to provide assistance. Other infrastructure development (e.g., buildings, housing, urban water and sewage, physical planning, civil aviation, posts and telecommunications and roads) tentatively includes considerable multilateral sponsorship including the UN agencies and the African Development Bank. The U.K. intends to provide technical assistance personnel in most of these areas; the Danes also will finance consultant studies in the physical planning area; and the SIDA are scheduled to assist the UN with road development.

Most of the bilateral and multilateral donors plan to sponsor some component of agricultural development. The most significant agricultural development project is the IBRD's Rural Development Area expansion project. This \$17 million project will include contributions from other bilateral and multilateral donors.

In the industrial/tourism sector several donors plan to participate including the Germans, the Japanese, the Scandinavians, and the UN agencies. The Canadians plan to become involved in the tourism sector. In the human resources sector, the UK and USAID are the tentative principal sponsors. UN assistance is also sought and most of the bilaterals will participate in some way.

IV

SECTOR ANALYSES

- **Agriculture**
- **Mining and Minerals**
- **Transportation**
- **Energy**
- **Health**
- **Education**
- **Population**
- **Industry**
- **Other**

IV. SECTORAL ANALYSES — AGRICULTURE

A. Introduction

Swaziland's agricultural sector dominates the economy. On the average it contributes 29 percent of GDP. Fresh and processed agriculture makes up 60 percent of total exports. Processed sugar alone accounted for 35 percent of the total value of exports.

Commercial agriculture is the major source of employment in the modern sector of the economy, providing 42 percent of all wage employment opportunities. In addition, some 50 percent of the population is dependent on subsistence agriculture for their work and livelihood. Taxes on agricultural exports are now the single most important source of government revenue.

The value of Swaziland's agricultural production has grown continuously over the past eight years. On the average, it has grown at the same rate as GDP — 24 percent per annum in current prices. The value of the sector's annual production is presented below in current prices:

<u>Year</u>	<u>Value (millions of emalangeni/rand)</u>
1967/68	14.7
1968/69	13.2
1969/70	21.9
1970/71	24.1
1971/72	28.5
1972/73	31.6
1973/74	39.1
1974/75	49.3

^{1/} The downturn reflects the initial uncertainty from large farmers during transition to independence.

The growth in value is partly a result of the prevailing high prices in the world market for Swaziland's major export crop, sugar. Over the past several years the average prices received for sugar cane rose by about 20 percent per annum, and then rose sharply in 1974/75. Additionally, acreage in cane increased at a rate of 5 percent each year. Volume of production has grown at an average of 9 percent per year reflecting an increase in output per acre, and the sugar extraction rate has grown at 5 percent each year. The sector's growth also is partly a result of high world market prices and expanded production of some of Swaziland's other major export crops, namely: citrus, cotton, and pineapple.

The sector's agricultural production is very diverse for a country of its size. Basic food crops, specialized garden-type crops and export cash crops are produced. The major food crops are maize, groundnuts, beans, sorghum, sweet potatoes, and rice. The major export cash crops are sugar, citrus, pineapples, cotton and tobacco. Specialized garden-type crops include a wide range of vegetables.

Agricultural production is diversified because of variations in land characteristics and climatic conditions found in Swaziland's four geographical regions. The first of the four regions is the Highveld. It is mountainous and cool, covered with forest (mostly man-made) and natural pasture. It is suitable for grazing and lumbering. The Middleveld lies east of the Highveld and has a rolling terrain, a temperature range of 27 degreesC. The Middleveld can support the production of most of the major crops. The Lowveld is a flat savannah-like terrain and is semi-tropical. It, too, can support the production of most crops but its climate is most suited to the cultivation of cotton and sugar, sorghum, and rice. The Lowveld is also used for grazing. The Lubombo Plateau borders Mozambique. It rises up from the Lowveld in a sharp escarpment. Its topography and temperature are very much like that of the Middleveld. There is little crop production or grazing on the Lubombo Plateau.

Rainfall is adequate on the average of every nine years out of ten, but a serious rainfall deficiency is recorded on the average of one year in ten. Summer rains provide between 75 to 83 percent of total annual precipitation. The mean rainfall varies from 20 inches in the Lowveld to 90 inches in the Highveld.

Cash crops for export (sugar, citrus, pineapples, cotton and tobacco) make up the bulk of agricultural production. Maize makes up the bulk of locally consumed food crops.

Table IV-1
CROP PRODUCTION - 1972/73 - VOLUME OF PRODUCTION
('000 tons)

	<u>Swazi Nation land</u>	<u>Freehold title land</u>	<u>Country (total)</u>
Maize	77.9	9.9	87.8
Groundnuts	2.6	.1	2.7
Beans	1.7	.3	2.0
Cotton	2.2	9.6	11.8
Sorghum	2.1	.3	2.4
Sweet potatoes	4.2	-	4.2
Tobacco	.3	.1	.4
Sugar cane	10.9	1596.0	1606.9
Rice	-	4.5	4.5
Pineapples	-	13.9	13.9
Citrus	-	71.9	71.9

Swaziland's land and water resources are only partially exploited. Presently, crop cultivation covers about 10 percent of the total land area of 1.7 million hectares. Another 12 percent or 215,000 hectares is suitable for intensive agriculture and could be brought under cultivation. 65 percent of the total land area is useable for grazing, 6 percent is under forest, and 9 percent is classified as "other" — urban areas, houses, roads and wasteland.

The physical land potential may be summarized as follows:

	<u>area '000 ha.</u>	<u>Percent</u>
Arable land 0-12% slope	385	22
Poor arable — good grazing	344	20
Wet land and rivers	49	3
Grazing land	452	26
Steep and rocky	<u>506</u>	<u>29</u>
Total land	1,736	100

Most soils are deep, acidic and freely drained, and of the red and yellow ferrisolic and ferralitic type. Many are underlain by quartz stonelines which can impede mechanical cultivation. Natural fertility is low. With adequate fertilizer and lime applications, yields are considered good. The Lower Middleveld has grey or red light textured soils derived from granite or gneiss. The shallowness and light texture restrict the moisture holding capacities. Fertility is generally low and erodability high. Other soils include heavy textured clay-pan soils in the Western Lowveld, and red, brown and black clays underlain by basalt in the Eastern Lowveld.

Swaziland's system of agricultural production is severely dualistic. It is made up of modern large-scale expatriate-owned farms having freehold land rights and small traditional subsistence farms located on Swazi tribal land. The former is referred to as the Individual Tenure Farms, and the latter as the Swazi Nation Farms.

Modern Individual Tenure Farms (ITF) take up 42 percent of Swaziland's total land area (729,000 hectares). The approximately 790 farms average about 900 hectares of total land each. They cultivate on the average 140 acres per farm. Only half of the farms are considered to be fully utilized. Nonetheless, they produce about 60 percent of the value added in the agricultural sector. Most sugar cane production is on ITFs except for a very small volume produced on traditional land; and except for a very limited government participation in the processing industry. Production on freehold farms has grown at about 10 percent per annum for the past decade (see attached crop production Tables IV-2, IV-3, and IV-4).

Some 39,000 traditional farm households, comprising 70 percent of the population, are located on 58 percent of the total land area (1,006,880 hectares). The average farm size is 3 hectares. The land is held by

Table IV-2

SWAZILAND: Area Harvested, Production and Average
Yield of Major Crops on Individual Tenure Farms, 1970/71-1973/74

	1970/71	1971/72	1972/73	1973/74
<u>Area harvested</u> (In thousands of hectares)				
Sugarcane	14.4	13.9	15.2	16.8
Cotton	6.4	8.1	9.2	9.4
Pineapples	0.6	0.8	0.8	0.4
Rice	2.4	1.7	1.3	1.1
Maize	5.0	6.7	7.0	6.9
<u>(In thousands of trees)</u>				
Citrus fruits	482.9	515.7	555.5	503.7
<u>Production</u> (In thousands of metric tons)				
Sugarcane	1,339.6	1,515.1	1,596.0	1,750.0
Cotton	6.3	9.4	9.6	8.3
Pineapples	8.6	7.9	13.9	21.2
Rice	8.1	5.6	4.5	3.5
Maize	7.9	10.5	9.9	8.7
Citrus fruit	59.3	73.3	71.9	73.8
<u>Yield</u> (In metric tons per hectare)				
Sugarcane	93.0	109.0	105.0	104.2
Cotton	1.0	1.2	1.0	0.9
Pineapples	14.3	9.9	17.4	53.0
Rice	3.4	3.3	3.5	3.3
Maize	1.6	1.6	1.4	1.3
<u>(In Kilograms per tree)</u>				
Citrus fruit	122.8	142.1	129.4	146.5

Table IV-3

**SWAZILAND: Total and Unit Values of Major Crops
of Individual Tenure Farms, 1970/71-1973/74**

	1970/71	1971/72	1972/73	1973/74
Total value	(In thousands of emalangeni)			
Sugarcane	5,901.7	8,698.6	11,469.1	13,414.0
Cotton	850.5	1,723.0	1,902.2	2,706.3
Pineapples	131.6	113.7	216.4	272.4
Rice	861.8	702.6	775.5	779.5
Maize	341.3	218.1	251.5	236.7
Citrus fruits	<u>4,502.3</u>	<u>3,821.3</u>	<u>3,809.8</u>	<u>4,516.7</u>
Total	12,613.0	15,277.3	18,424.5	22,707.1
Unit value	(Emalangeni per metric ton)			
Sugarcane	4.4	5.7	7.2	7.7
Cotton	135.0	183.3	198.1	326.3
Pineapples	15.3	14.4	15.6	12.8
Rice	106.4	125.5	172.3	216.5
Maize	43.2	20.8	25.4	27.2
Citrus fruits	75.9	52.1	53.0	61.2

Table IV-4

**SWAZILAND: Crop Statistics for Swazi
Nation Land, 1970/71-1974/75**

	1970/71	1971/72	1972/73	1973/74	1974/75
Area under cultivation (In thousands of hectares)					
Maize	45.9	62.3	70.6	66.9	59.9
Sorghum	2.7	2.6	3.2	2.7	3.4
Beans	1.2	2.1	1.5	1.4	2.0
Groundnuts	5.1	7.8	4.4	5.2	5.4
Yield (In metric tons per hectare)					
Maize	1.6	1.8	1.1	1.6	1.4
Sorghum	1.2	1.0	0.7	0.9	0.7
Beans	0.3	0.5	0.3	0.6	0.7
Groundnuts	1.0	0.6	0.6	0.5	0.4
Output (In thousands of metric tons)					
Maize	72.4	112.1	77.9	105.4	86.3
Sorghum	3.2	2.6	2.1	2.3	2.3
Beans	0.4	1.0	0.5	0.8	1.4
Groundnuts	5.1	4.7	2.6	2.8	2.3

the King for the common use of the Swazi Nation. Production of food crops is primarily for subsistence but some cash crops are also produced, notably tobacco and cotton.

Output on the Swazi Nation farms grew on the average 3 percent per annum, which did not keep pace with the population growth rate of 3.3 percent. In effect, traditional sector growth is stagnant. Subsistence agriculture contributes 40 percent of the value added to the agricultural sector.

Productivity of land and labor in traditional farming is low, due in part to the basic technology used on the farm and the lack of skills and capital. In contrast to the modern mechanized production technology employed on commercial farms, traditional farms use animal power for tillage, and few modern inputs. Fragmentation of farming plots is common and is becoming a serious problem in some areas with increasing pressure of new families seeking arable land. Overstocking is becoming a critical problem on Swazi Nation land. Erosion has become a problem in some areas, but from the evidence at hand it has not reached crisis proportions as in Lesotho.

Maize is the principal crop grown on traditional land, occupying about 80 percent of the cropped land area. Other important crops are groundnuts, sorghum, beans, sweet potatoes and pumpkins. Cotton, tobacco, and vegetable production has increased rapidly in recent years but still represents a very small portion of total production.

The area under maize cultivation has remained stable in recent years, but yields have declined. This has been due to the reduction of the area of maize under irrigation and the shift of irrigated land from maize to other higher return crops, especially cotton and tobacco. The country is not self-sufficient in maize and has had to import from South Africa to make up the deficit.

Livestock is the largest source of cash income in the traditional sector. Swazis place great social prestige on cattle and view cattle as a capital reserve. This may explain the low annual off-take (10 percent vs the recommended 15 percent) of the estimated 500,000 traditional sector cattle. This is well below the recommended 15 percent off-take. Overstocking has lowered the quality of the herd and has led to overgrazing and erosion in some parts of the country (see attached Table IV-5).

Commercial freehold ranches own 20 percent of the national herd (approximately 100,000 head). These cattle are generally exotic or upgraded animals. An annual off-take of 15 percent and modern husbandry practices have kept the quality of the herd up.

Income distribution between the freehold and the traditional sectors is highly skewed. This apparently reflects differences in prevailing prices for crops produced by the two sectors, the low productivity of the traditional sector and the capital intensity and efficiency of the modern

Table IV-5

SWAZILAND: Livestock Population, 1970/74
(In thousands)

	1970	1971	1972	1973	1974
Cattle	568.4	571.8	589.2	604.4	607.4
Goats	259.0	261.5	252.0	265.1	248.9
Sheep	39.7	43.1	37.2	38.2	29.9
Equines	17.4	17.6	17.9	18.6	17.2
Poultry	359.3	399.3	379.2	443.0	497.8
Pigs	11.5	11.4	14.5	15.5	36.4

sector relative to the traditional. The table below, which was constructed by the IBRD, shows the duality in income distribution. The estates and farms that make up the Individual Tenure Farms employing some 27,000 persons contributed 60 percent of the value added to agriculture and an average of 15.5 percent GDP over the past five years. The traditional sector made up 39,000 farm families, and contributed 40 percent of the value added to agriculture and 10 percent of the GDP. The per capita income of the traditional sector was last estimated to be R84 (\$125) compared to a national per capita income of R390 (\$581) for 1974/75.

INCOME DISTRIBUTION, 1971/72

	African population ^{1/}	Labor force percent	Income
Swazi Nation farms	62.1	65.7	14.1
Individual Tenure Farms and forestry	16.8	15.2	22.0
Other employment	<u>21.1</u>	<u>19.1</u>	<u>63.9</u>
	100.0	100.0	100.0

^{1/} Excludes absentees.

Source: Annual Statistical Bulletin, 1974.

The government's agricultural development policy has a dual focus. The first is to encourage Individual Tenure Farms to put all available land under cultivation. Toward this end the government passed a penalty tax on cultivable freehold land that is kept out of production. Passed in 1974, it has not been implemented and is in the process of being redrafted. One source felt that the government lacked the capability to properly monitor freehold land use and implement the penalty tax if they were to choose to do so. The government has also spoken in favor of returning underutilized freehold land to the control of the Swazi Nation. The government, however, either is unwilling to carry out its stated policy or lacks the capability to do so. For example, the UK Overseas Development Ministry gave a \$3.6 million grant to purchase underutilized Individual Tenure Farm land on behalf of the Swazi Nation. Only about a third of the money has been disbursed because expatriate owners were unwilling to sell their land and the government was unwilling to force them to do so for fear of adverse reaction from other commercial farms.

The second focus is on the traditional subsistence sector. The government's stated policy is to encourage and assist subsistence farmers to make a transition from subsistence to semi-commercial or commercial farming.

The government has adopted a large-scale, area-based, integrated agricultural development approach as the means to this goal. Four large, UK-financed rural development areas were established on Swazi Nation land in 1970. With headquarters at the traditional regional centers, the tinkundla, the four rural development areas provide a range of services. Included are road improvements, water resource development, construction of terraces, and provision of extension services for livestock and crops. Crop extension concentrates on increasing the production of maize, cotton, tobacco, beans, vegetables, and rice. This is to be achieved through more intensive extension services and by making inputs available to farmers.

The four rural development areas are located in each of the four regions. They are: the Northern Rural Development Area, located in the northwest frontier; the Central RDA, located north of Mbabane, the Southern RDA and the Mhlongatse located in the southwestern part of Swaziland. On the average, an RDA is about 20,000 hectares with a population of 15,000. The experience with the RDAs is encouraging according to the IRBD but performance data to validate this is not available. Most of the problems so far have been due to the government's limited implementation and logistical support capabilities. Target group response has been forthcoming and cooperative.

The government plans to expand the RDAs to eighteen total over the next five years. The cost for 10 of the RDAs is expected to be 217.1 million, of which 61 percent will be financed by IBRD, African Development Bank and European Development loans and grants. Four additional RDAs will be financed by the UK's Overseas Development Ministry.

Government expenditures in agriculture run about 6 percent of the recurrent expenditures. Recurrent expenditures in administration, social services and infrastructure run higher. Agriculture accounts for about 17 percent of the capital expenditures and runs second only to capital expenditures for administration. With Swaziland's improved budgetary standing, the IBRD urges that increased appropriations for agricultural development should be considered.

In summary, Swaziland's agricultural sector in all likelihood will continue to develop along the same lines as in the past. Government emphasis is on the development of the traditional sector using the Rural Development approach, while government control or limitations on the activities of the Individual Tenure Farms is a much less important goal. The agricultural sector's rate of growth is also likely to cool with the decline in the world market price for sugar. Sugar, above all, will continue to dominate the sector.

B. Principal Crops

1. Sugar Cane — Sugar cane is the single most important crop grown in Swaziland. Income from sugar production has served as the prime mover

of Swaziland's economic growth over the past eight years. Sugar products are the principal exports, making up from 35 to 40 percent of the total value of exports. It accounts for 60 percent of the value of output from the freehold farms. Taxes on sugar exports are the single most important source of government revenue. The industry employs 8,000 persons, which is roughly 15 percent of the total wage labor force. Prices on the world market rose on the average of 20 percent per year with a sharp increase in 1974/75 (see Table IV-1 for volume of production).

All but 5 percent of the crop is grown on freehold farms, half on individual estates and half on plantations owned by two processing companies. All cane cultivation is irrigated. Most is cultivated in the hot, humid areas of the Lowveld region. Cane is processed locally in two mills.

Variable weather conditions have contributed to a decline in the extraction rate. The 5 percent per annum increase in extraction has not kept pace with the 9 percent increase in output.

The price for cane is set by the Swaziland Sugar Association through the use of a formula that takes into account the sale price of refined sugar, production costs, and investment requirements.

Technical training for Swazi management staff and technicians is available at the Commonwealth Development Corporation's Mananga Agricultural Management Center.

2. Maize - Maize is the staple food of the Swazi people and is the most widely grown crop in the traditional areas, occupying about 60 percent of the cropped area. 89 percent of the yield comes from Swazi Nation land. About 40 percent is grown in the Middleveld, 34 percent in the Lowveld, and 18 percent in the Highveld, and 8 percent in Lubombo (see Table IV-1).

Local production can meet farm subsistence needs but it cannot meet urban demand. The urban demand deficit is met by imports from South Africa.

Yields fluctuate yearly depending on the rainfall. The average per hectare yield is between 0.8 to 1.4 tons. An average yield of 2 tons per hectare would satisfy domestic consumption requirements and end the need to import from South Africa. Research has shown that yields ranging from 2 to 9 tons, depending upon the region, can be achieved with proper use of inputs and practices under rainfed conditions.

The quantity of Swazi-produced maize marketed each year varies between 10 to 25 percent, depending on the yield for that year. The rest is consumed by the farm family. Virtually all freehold farm maize production is sold through commercial channels.

Swaziland farmers have two principal market outlets for maize: small shops and hammer mills located throughout the rural areas, and a commercial mill (the Swaziland Milling Company) at Manzini. The latter is obligated to

purchase all maize offered to it at a government fixed floor price if the maize is fit for consumption, packaged and not excessively moist (12.5 percent moisture content).

The government fixes producer prices but the farmer may sell direct to consumers at any price he chooses. Market outlets must abide by the government price. The price is set by a formula that incorporates the prices paid in the Republic of South Africa plus a subsidy to the farmer. On the average, the Swaziland prices are 12 to 20 percent higher than the South African price. Data is not available on the government's effectiveness in enforcing price floors in the local market outlets.

Witchweed, a parasite plant, and inadequate storage are constraints on the development of maize production. Witchweed can be controlled by weeding or applying herbicides. Inadequate storage and protection from weather damage, pests and rot are responsible for losses estimated at 20 percent of the marketed crop. The present low output per hectare is another problem.

3. Cotton — Swazi farmers are cultivating cotton in ever increasing numbers, with their share of the total national output growing significantly over the past five years from 13.1 percent of the output in 1970 to 48.8 percent in 1975. Total output on Swazi and freehold farms also rose during the same period (see Table IV-6).

The Ministry of Agriculture actively promotes cotton cultivation, and their efforts combined with sharp price increases in recent years explains the growing popularity of the crop. Small farmer credit for cotton cultivation is available from the private sector at rates 1.5 to 2 percent above the bank rate. Inputs and technical assistance are provided by the private mills and the Ministry.

Cotton is grown either as a dry land crop or with irrigation. The latter is found mostly on freehold farms. It is grown in the Middle and Lowveld regions. The marketing system is not well organized or effectively controlled by the government. It is made up of unlicensed small traders, cooperatives and the mills. Unlicensed small traders began buying cotton when it was apparent that marketing in the rural areas was inadequate to meet the marketing needs. They purchase cotton below the government fixed price and resell to the mills. Their operations are illegal but the government tolerates them. Cooperatives entered cotton marketing in 1974/75 to counter the small trader operations. Information on their operations is scanty but what there is gives the impression of a limited operation. The mills only purchase "A" grade cotton directly from farmers, the cooperative and middlemen.

All cotton lint and cotton seed are sold to manufacturers in South Africa under a Customs Union quota agreement. Cotton in excess of total quota or manufacturing requirements remains unsold or is put on the world market.

Table IV-6

SWAZILAND
Seed Cotton Production, 1963/64 to 1973/74
 (Tons)

<u>Total Intake of Ginneries</u>	<u>Title Deed Farmers</u>	<u>%</u>	<u>Swazi Area Farmers</u>	<u>%</u>	<u>Total</u>
1963/64 Season	4096	85.0	722	15.0	4,818
1964/65 "	5058	82.2	1099	17.8	6,157
1965/66 "	6437	79.1	1702	20.9	8,139
1966/67 "	9252	79.4	2398	20.6	11,650
1967/68 "	6409	84.2	1201	15.8	7,610
1968/69 "	5132	86.9	772	13.1	5,904
1969/70 "	6305	86.8	960	13.2	7,265
1970/71 "	8530	86.7	1304	13.3	9,834
1971/72 "	10115	81.6	2287	18.4	12,397
1972/73 "	9521	76.0	3013	24.0	12,534
1973/74 "	11449	64.9	6195	35.1	17,644
1974/75 "	11578	51.2	11040	48.8	22,618

The government sets producer prices based on the South African prices. Cotton prices are fixed in South Africa by a cotton committee that includes a Swaziland observer. The South African government is able to control prices through its control of cotton imports into the Customs Union. Prices reflect prices paid on the world market.

4. Citrus and Pineapple — Citrus and pineapples are important Individual Tenure Farm export crops. Swazi Nation farmers contribute very little to the production of citrus but do cultivate about one-fourth of the pineapple crop.

Citrus (which includes grapefruit, oranges and small quantities of lemons and tangerines) is the second largest export crop, accounting for about 9 percent of the total export earnings. The industry employs about 4,000 workers, or about 8 percent of the paid employment in the private sector.

Three-fourths of the pineapple area under cultivation is grown by one company (Libby). Swazi farmers organized into a settlement scheme (Mphetsheni Pineapple Settlement Scheme) grow the remaining fourth.

Half of the citrus is sent fresh to the United Kingdom, a third is processed for juice for export to South Africa, and the rest is consumed locally. Nearly all the pineapple is canned and exported to the United Kingdom and small amounts are exported to South Africa or consumed locally.

5. Rice — Almost all rice is grown by Individual Tenure Farms but a small amount is grown by Swazi under the supervision of Taiwanese technical assistance personnel. Only 80 farmers are involved but the initial findings show great success. The average income per farmer was E1300. All rice is grown under irrigation.

Total rice production and acreage have declined in recent years, apparently due to Tenure farmers shifting to more profitable crops.

6. Tobacco — Although only recently introduced in select areas, initial findings indicate tobacco cultivation shows great promise as a small farmer cash crop. Small farmer production grew from 40 percent of production in the 1960s to 80 percent in 1975. Yields are high and the profit margin is estimated at between E1000 and E1400 per hectare. Cultivation is limited to about 1700 Swazi farmers (see Table IV-7).

The government is interested in promoting small farmer tobacco cultivation. A tobacco section has been established in the Ministry of Agriculture with a staff of 10 technicians and two expatriate tobacco experts.

Poor quality seedling, inadequate storage and marketing problems constrain the development of the tobacco industry. Marketing is handled by a central cooperative whose membership produces only 20 percent of the output; and whose membership is made up mostly of large farmers. The cooperative

Table IV-7
 SWAZILAND
Tobacco Production 1960/61 to 1974/75
 (Tons)

<u>Year</u>	<u>Members of Tobacco Cooperative</u>	<u>Non-members of Cooperative</u>	<u>Total</u>
1960-61	252	183	435
1961-62	108	89	197
1962-63	162	107	269
1963-64	114	60	174
1964-65	11	78	188
1965-66	52	27	79
1966-67	45	41	86
1967-68	20	47	67
1968-69	24	43	67
1969-70	21	59	80
1970-71	35	95	130
1971-72	27	118	145
1972-73	35	129	164
1973-74	53	205	258
1974-75	34	180	214

purchases from the individual farmers and sells to South African manufacturers on a quota allocation set by the South African Tobacco Board.

7. Groundnuts — Swazi farmers grow groundnuts for home consumption. Most are grown in the Middleveld and Lowveld regions. Ministry of Agriculture findings suggest that cultivation will not expand beyond the present 5,000 hectares because of the low gross margin returns from the crop.

8. Sorghum — Sorghum is used mostly for brewing homemade beer. Some is sold to the Swaziland Milling Company which imports another 3500 to 4000 tons each year for local distribution. Sorghum is grown on 3000 hectares in the Lowveld because of its drought resistance. Average yields are between 800 to 1000 kg per hectare. Yields can be as high as 2700 kg per hectare with proper inputs and practices.

9. Beans — Beans are grown for household consumption and only very small quantities reach the market. Production does not meet the demand requirements and about 500 tons are imported annually.

10. Potatoes — Potatoes are grown exclusively by Swazi farmers for home consumption and for the local market. There has been a very rapid increase in production over the past few years, apparently because of high prices and an available South African export market to absorb unconsumed local production.

	<u>Potatoes</u>		
	<u>1969</u>	<u>1970</u>	<u>1971</u>
Production '000 15 kg pockets	137	264	484
Sales '000 Rand	124	201	315

C. Livestock

Livestock and meat production accounted for \$5.4 million (2.3 percent) of the total value of exports in 1974. Data on its value added contribution to the economy is unavailable. However, 50,000-60,000 of the estimated 620,000 cattle are marketed annually by Swazi and Individual Tenure Farmers. About 12 percent of the cattle are exported live, 60 to 70 percent are slaughtered by local butchers, and the remainder (18 to 28 percent) are slaughtered by the Swazi Meat Corporation. The SMC runs an abattoir that has a 35,000 head annual capacity. With a cattle herd estimated at 620,000 in 1975, Swaziland's cattle stock density is estimated at 36 head per km. This is the highest in Africa. Additionally, there are an estimated 263,000 goats (owned by 14,000 families) and 20,000 merino sheep.

About 100,000 cattle are on modern commercially-run ranches. About 50 percent of these expatriate-owned ranches are located in the Lowveld.

Modern animal husbandry practices are employed and an annual off-take reaches the recommended level of 14 to 15 percent. Virtually all the cattle are exotic breeds or improved local cattle. (Cattle are extremely important for Swazi society)

Livestock is valued for its social prestige, as a capital reserve and as the major source of cash income. The Swazi Nation herd numbers somewhere around 526,000 and increases at an annual rate of 2 percent (see Table IV-13).

The livestock herd is increasing in size and is grazing on a gradually decreasing area of land since more arable land is required for food crop production. Overstocking poses a potential serious problem and soil erosion caused by overstocking is now a problem in some districts.

Traditional husbandry techniques include communal ownership of pasture land. Some have argued that this aggravates the problems of overstocking because people are unwilling to improve communal pasture.

Off-take on Swazi Nation farms is about 10 percent per annum. Off-take on commercial farms is 15 percent, as recommended by government technicians. Veterinary services are excellent and cattle dipping is compulsory.

The government, according to the IBRD, lacks a clear and effective animal husbandry development program. This is seen by some as a constraint to the improvement of the herd through a systematic program of off-take and pasture improvement.

D. Structure

The two types of land tenure arrangements in Swaziland are the Individual Tenure Farms (freehold) and the Swazi Nation Farms (traditional subsistence).

1. Individual Tenure Farms — The origins of the Individual Tenure Farms date back to the last two decades of the nineteenth century when white farmers received land and mineral concessions from the Swazi rulers. By 1907, 60 percent of all Swazi land had been purchased by whites and no longer was under the control of the Swazi. That year the British appointed a commission of inquiry on land alienation. The commission recommended that at least half of the land should be reserved for the Swazi people and the other half under freehold tenure arrangements. The original land concessions were permitted to change their status to freehold land. Most concessions did so and retained this right until 1972. As of that year, all concessions still under the original title were allowed to retain their land rights at the will and pleasure of the King. Concession owners interpreted this as a 99-year lease after which time the land will revert to Swazi Nation status.

Some land was repurchased over time on behalf of the Swazi Nation. The share of the Individual Tenure Farm land dropped to 42 percent of the total land area and the Swazi Nation's share rose to 58 percent of the total. These farms continue to be owned and managed by European farmers.

Freehold land rights are like those in Europe or America with a few modifications. Until 1972, any person could buy or sell freehold land. In 1972 a new regulation required any non-citizen desiring to purchase land to obtain permission from the Land Control Board. The Board gives permission to purchase if it deems the intended land use to be in the national interest. Data on the impact of the regulation on the number of land transfers is not available. One effect of the regulation has been to substantially reduce the market value of freehold land which at present is about one-tenth the value of comparable land in South Africa.

A further modification on freehold land use rights was introduced with a penalty tax on underutilized land (see page 9, Agriculture). However, the tax has not been implemented and hence landowners use their land as they see fit.

Distribution of land within the Individual Tenure Farm sector is highly skewed. The majority of farms are well below the 900 hectare mean for the sector. A majority of the holdings are 500 hectares or less and account for 8.2 percent of the total Individual Tenure Farm area. 29 separate holdings account for 44 percent of the total Individual Tenure farm lands. Data on land use and cropping patterns for the different farm size categories are not available.

Table IV-8

INDIVIDUAL TENURE FARMS: NUMBER AND TOTAL AREA BY SIZE 1972/73

	<u>Number</u>	<u>Area (hectares)</u>	<u>Percent of total area</u>
Below 100 hectares	307	16,778	2.2
100 up to 500 hectares	220	45,907	6.0
500 up to 1,000 hectares	94	67,119	8.7
1,000 up to 2,000 hectares	71	102,661	13.3
2,000 up to 3,000 hectares	45	105,347	13.7
3,000 up to 4,000 hectares	15	51,133	6.6
4,000 up to 5,000 hectares	10	44,245	5.8
5,000 and above	<u>29</u>	<u>336,171</u>	<u>43.7</u>
Total	791	769,361	100.0

Source: Central Statistical Office.

The land is unevenly distributed between the four regions, as shown on the following table.

Table IV-9
DEVELOPMENT AND UTILIZATION OF
FREEHOLD TITLE FARMS BY ECOLOGICAL AREA

<u>Region</u>	<u>Ha</u>
<u>Highveld</u>	
Developed or new planted forests	109,270
Partially to fully developed farms	28,330
Under-developed land	<u>159,161</u>
Subtotal	<u>296,761</u>
<u>Middleveld</u>	
Partially to fully developed farms	39,030
Under-developed land	<u>57,329</u>
Subtotal	<u>146,359</u>
<u>Lowveld</u>	
Northern Lowveld-irrigation and ranching	52,610
Big Bend	20,230
Other ranching and dry land cropping	64,750
Under-developed land	<u>104,961</u>
Subtotal	<u>242,551</u>
<u>Lubombo</u>	
Partially to fully developed farms	40,470
Under-developed land	<u>25,280</u>
Subtotal	<u>65,750</u>
<u>Total Swaziland</u>	
Partially to fully developed	404,690
Under-developed land	<u>347,231</u>
Total freehold title land	<u>752,000</u>

The Highveld land holdings include large tracts of forest and the Lowveld land holdings include much of the sugar cane holdings.

Distribution of freehold land according to functional categories includes roughly 6,000 hectares of crop land, 101,000 hectares of commercial forests and about 522,472 of pasture land.

Table IV-10
Land Use, 1973-74
 (hectares)

Land use	Swazi Nation Land	Freehold title land	Whole country
Cropland:	101 394	56 513	157 907
of which in crops	86 285	47 037	133 322
Grazing land:	801 581	522 472	1 324 053
of which improved	--	124 436	124 436
Commercial forests	--	101 980	101 980
All other land	6 873	136 343	143 216
Urban areas	--	--	9 300
Total land	<u>909 848</u>	<u>817 308</u>	<u>1 736 456</u>

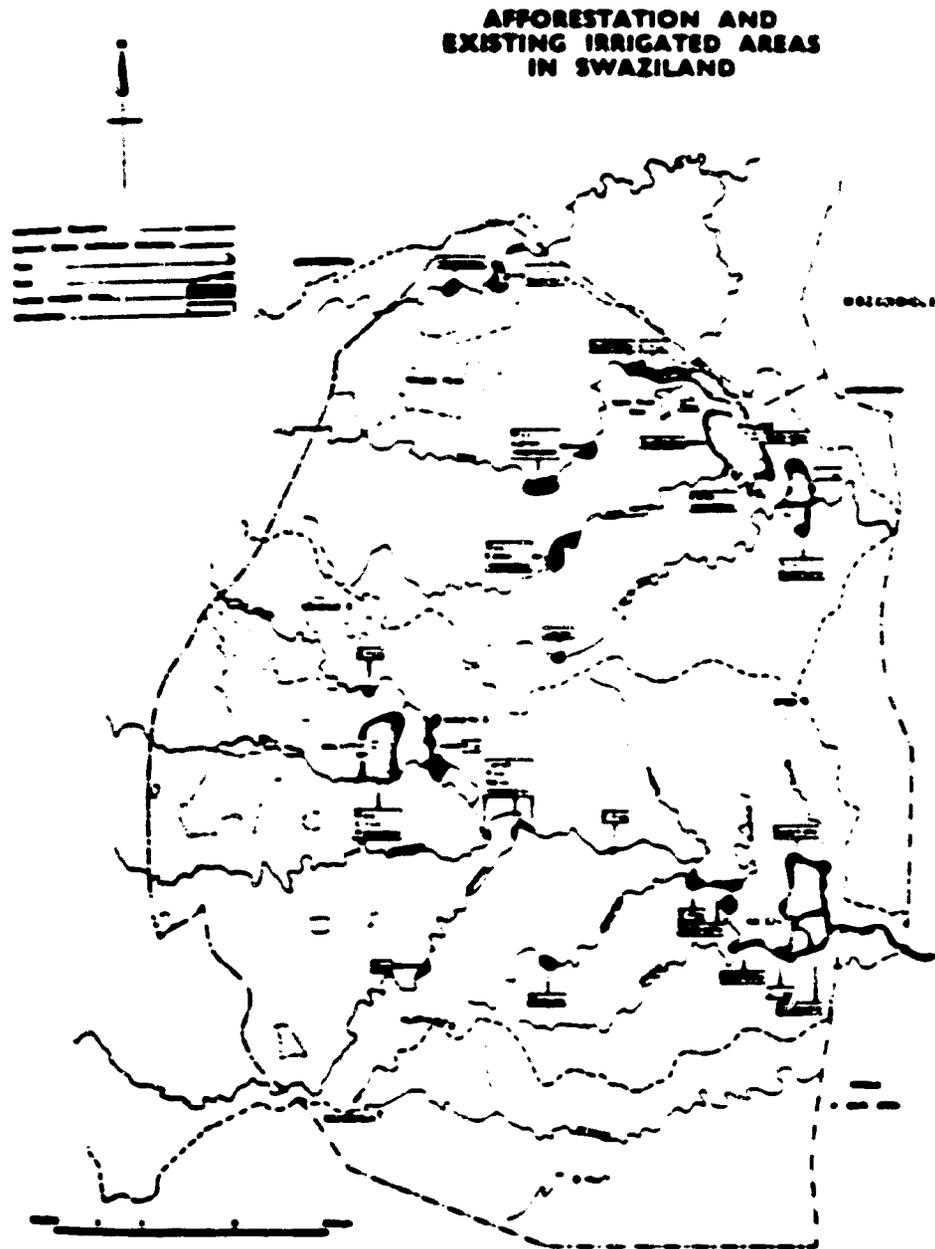
Quality of freehold land varies from good to useless. The 1971 freehold land capability data is presented below.

<u>Land class</u>	<u>Thousand hectares</u>
Good arable	120
Fair arable	261
Grazing	313
Useless	<u>100</u>
Total	794

Source: Second National Development Plan, p 52.

Over 60 percent of freehold crop land is irrigated. Irrigated areas are indicated in the darker areas on the following map.

FIGURE IV-1



72 percent of all cultivated freehold crop land is devoted to export cash crops. Sugar cane alone accounts for 42.5 percent of all cultivated freehold crop land.

<u>Major crop</u>	<u>Percentage under cultivation</u>
Sugar cane	42.5
Cotton	17.0
Maize	14.4
Rice	6.3
Citrus	5.6
All other crops	<u>14.2</u>
Total	100.0

Production figures for the main crops are presented on Table IV-2. Sugar and citrus production are the largest and both show a continuous growth in output. Rice production drops progressively because farmers shifted to sugar cane and citrus. Yields per acre for the major crops are high according to IMF and IBRD reports.

The Individual Tenure Farms use production techniques which are for the most part "highly mechanized and use advanced agricultural technology..." (IMF 1976 Country Report, p. 5). None of the reports makes note of any major problems with acquiring machinery, spare parts or other production inputs and support items.

The government considers the underutilization of land as a problem. The government notes, "At one extreme are a large number of highly capitalized and excellently managed estates. At the other are virtually underdeveloped holdings owned by absentees; these are either almost unutilized or, as in the case of some Highveld farms, used only for winter grazing of trek sheep." (Plan, p. 52). The government's policy on this question was discussed earlier.

The government's policy toward the Individual Tenure Farms would appear to be one of non-interference in the internal operations except on the question of land utilization.

Unauthorized settlement on freehold land is a new problem for the Individual Tenure Farm. An estimated 15,000 Swazi households farm on unutilized freehold tenure land, some as tenants, employees and others simply as squatters. Disputes center around the rights of the farm dwellers to farming unutilized land and squatters' demands for compensation from the landowners to move off. A Board has been established to deal with the "farm dweller" dispute. Other government involvement is restricted to taxation on sugar exports, limited capital participation in one of the large sugar estates, and supply of expansion capital and credit.

2. Swazi Nation Farms — The Swazi Nation farmland is held in trust by the King for communal use of the Swazi people. Traditional communal tenure rules, based on customary law, govern land distribution and use. Land is used primarily for subsistence farming and livestock grazing but cash crop cultivation, though still a small component of total production, is becoming increasingly important. The land covers 984,000 hectares which is roughly 58 percent of the total land area of Swaziland. 184,500 hectares are reserved for special uses, including commercially managed farmland controlled by the Swazi Nation Council and the King's own land.

Swazi Nation land is the traditional home of the Swazi people. 70 percent of the population live there and 50 percent of the population is dependent on subsistence agriculture on Swazi land for their livelihood.

Production on Swazi Nation subsistence farms accounts for 40 percent of the value added to agriculture. Maize is the principal crop accounting for 80 percent of the cropped land area. The other major crops are ground-nuts, sorghum, beans, sweet potatoes and pumpkins. Commercial crops, cotton, tobacco, vegetables and rice are also produced but represent a very small portion of total production. About 10 percent of the holdings presently grow crops for sale. Some 1760 Swazi farms do, however, grow 80 percent of Swaziland's tobacco crop. Crop production data are shown in Table IV-12.

Table IV-11
SWAZI NATION LAND - NUMBER AND AREA OF HOLDINGS

	Highveld	Middleveld	Lowveld	Lubombo	Swaziland
All holdings (number)	9,247	19,182	8,440	1,939	38,807
(hectares)	19,195	45,284	38,086	3,833	106,397
Holdings under 1 ha (number)	2,669	5,304	1,565	764	10,303
(hectares)	1,592	2,991	864	367	5,814
Holdings of 1-5 ha (number)	5,937	12,215	4,608	1,020	23,780
(hectares)	12,889	29,879	11,399	2,345	56,513
Holdings of 5 ha and above (number)	640	1,663	2,266	155	4,725
(hectares)	4,713	12,413	25,822	1,121	44,070

Table IV-12

SWAZI NATION LAND: AREA AND PRODUCTION OF CROPS 1971/72 - 1973/74

Crop	1971/72		1972/73		1973/74	
	Area (ha)	Quantity produced (T)	Area (ha)	Quantity produced (T)	Area (ha)	Quantity produced (T)
Maize	62 311	109 792	70 555	77 893	68 851	108 578
Groundnuts (nuts)	4 945	2 898	4 422	2 631	5 202	2 793
Cotton (seed cotton)	3 933	2 523	3 493	2 239	1 671	1 071
Jugo beans	2 813	1 648	2 053	1 222	1 495	1 302
Sorghum	2 566	2 504	3 235	2 142	2 716	2 330
Beans	2 084	1 111	1 450	474	1 438	778
Sweet potatoes	926	6 864	569	4 217	946	7 013
Tobacco	308	228	319	236	507	375
Sugar cane	133	9 977	116	10 884	119	14 000

Livestock is the largest source of cash income. Some 27,000 Swazi families owned 520,000 cattle which are grazed on Swazi Nation land. The off-take is 10 percent each year (see Table IV-13).

Distribution of land is not highly skewed. 26.5 percent of Swazi Nation farms have holdings of one hectare or less. 61.3 percent have holdings of 1 to 5 hectares and 12.2 percent have holdings of 5 hectares or above (with an average in this latter size group of 11 hectares). The average holding is 3 hectares in size (see Table IV-11).

Holdings are larger in the Lowveld (average 4.5 ha.) where rainfall is low and smaller in the Highveld (average 2.1 ha.) where rainfall is higher.

Chiefs allocate homestead and arable crop land to individual Swazi households. Only Swazis may use Swazi Nation land. As a prerequisite for obtaining land, each individual must swear allegiance to the King and the Chief. All other land is shared communally including pasture lands, woodlands, and water. All Swazis may use any communal land within the Swazi Nation but in practice they use communal land accessible to the homesteads, including grazing land.

Communal ownership of grazing land has been attacked as contributing to the problem of overstocking (which in turn has contributed to erosion in some areas). It has also been attacked as a disincentive to pasture improvement insofar as an individual would be unwilling to invest in improved pasture that would be shared by all.

A farmer has rights to arable and homestead land for his lifetime. He may pass it on to his heirs, though in theory his heirs should request additional land from the Chief. The farmer cannot buy or sell land but he may loan it to another individual within the Chiefdom for his use, or grant it outright to use but not to settle on.

Additional land or land for a new homestead can be obtained from the Chief. In this case, the farmer may settle on the land and exercise all land rights entitled to him.

A person can lose his rights to land if he does not use it or if he leaves the community.

After harvest, crop land reverts back to communal status until the next planting. During this time the community may graze livestock on it without hindrance. Some have argued that this practice impedes fencing of arable land and acts as a constraint to other types of land improvement investments.

Most Swazi Nation land is pasture (88 percent). 11 percent is arable crop land of which all but 15 percent (arable crop land) is under crop cultivation. One percent is "other land." There is no improved pasture.

Table IV-13

SWAZILAND

Census of Cattle 1948 - 1975

<u>Year</u>	<u>Swazi owned</u>	<u>European owned</u>	<u>Euro-African owned</u>	<u>Totals</u>
1975	526,164	55,722	9,835	621,721
1974	509,853	88,204	9,309	607,366
1973	499,340	86,536	16,538	602,414
1972	486,316	92,074	10,830	589,220
1971	468,150	92,319	11,316	571,785
1970	459,075	96,929	12,365	568,369
1969	437,567	90,319	10,334	538,220
1968	421,419	83,926	9,619	514,964
1967	410,084	85,081	9,358	504,523
1966	393,133	88,620	9,275	491,028
1965	403,860	96,631	9,594	510,085
1964	435,773	98,949	19,161	553,883
1963	416,717	104,721	10,102	531,540
1960	401,973	109,067	10,414	521,454
1959	388,688	104,921	10,306	503,915
1958	380,720	99,373	11,586	491,679
1957	355,659	98,351	9,009	463,019
1956	355,824	94,266	7,849	457,939
1955	333,631	88,862	8,852	431,345
1954	328,407	84,711	8,592	421,710
1953	326,985	86,566	8,111	420,662
1951	327,964	72,722	7,536	408,222
1950	334,252	76,961	6,416	417,629
1949	338,349	69,795	8,078	416,222
1948	338,405	72,949	7,198	418,552

<u>Land use</u>	<u>Area (ha.)</u>	<u>Percent of total</u>
Cropland	101,394	11
of which in crops	(86,285)	(9.5)
Grazing land	801,581	88
of which improved	--	--
All other land	6,873	1
Total	909,848	100

Farming practices are traditional. Land is prepared by hand or by oxen power. Broadcasting is a widespread practice. Fertilizers and pesticides are used by a majority of the Highveld farmers but nowhere else. The hoe is the most commonly used farm implement. Interplanting is an accepted practice (maize and beans, maize and groundnuts) and used as a hedge against crop failure. Crop rotation is uncommon, double cropping is not practiced and irrigation is not used at all (see Table IV-14).

There is a sexual division of labor that reflects the different status accorded to crops and livestock. The women tend to the crops but the men prepare the land if animal power is used, and the men tend to the livestock.

Animal husbandry is traditional also but most sources agree that the knowledge of improved practices is greater than with crops. Veterinary services are excellent and dipping is compulsory.

The King and the traditional ruling council, the Swazi Nation Council, have the power and authority to alter the land tenure system or to introduce changes in agricultural practices. This authority applies equally to development assistance projects. Traditional sector development assistance projects must meet with the approval of the King and the Council. The Council's deliberation usually takes considerable time and this has tended to slow up the donor's implementation schedule. There are benefits to the Council's system of deliberation, however. Specifically, approval from the traditional authorities guarantees support for a development project from the Chief and the people.

The King alone has the authority to allocate land for development projects. So far he has given his "full and unequivocal support for the basic concept of rural development programs now underway."

Most of the criticism directed at development in the traditional sector has been aimed at the limited implementation capability of the government

Table IV-14

SWAZI NATION LAND HOLDINGS - CHARACTERISTICS

<u>Characteristic</u>	<u>Highveld</u>	<u>Middleveld</u>	<u>Lowveld</u>	<u>Lubombo</u>	<u>All Swazi</u>
Number of holdings	9,247	19,182	8,440	1,939	38,808
Average holding size (hectares)	2.08	2.36	4.51	1.98	2.74
Holdings selling some produce (percent)	20.5	21.3	38.1	25.6	25.0
Use of fertilizers (percent)	63.7	34.6	4.4	15.6	34.0
Use of pesticides (percent)	53.3	25.8	4.9	17.9	27.4
Use of tractors for ploughing (percent)	21.0	21.7	9.4	47.0	20.1
Holdings having cattle (percent)	61.2	61.1	63.0	36.7	60.3
Cattle per holding (number)	19.4	15.4	16.9	28.1	25.6

and not the traditional land tenure system or the Swazis' responsiveness to new practices and programs. Manpower to implement new projects is lacking. Extension and cooperative staff are in short supply. Logistical support from the central government is reported to be not entirely adequate and often too slow to meet the project needs when required.

E. Development Assistance

Small farmers are largely outside credit facilities except for limited credit from the Swazi Development and Savings Bank and from private sources for cotton and tobacco cultivation. 60 percent of small farmer loans were from private sources, 24 percent from the SDSB, and 14 percent from the cooperatives. USAID provided \$750,000 to the Swaziland Savings and Development Bank for small farmer credit. Roughly \$200,000 has been disbursed as short-term loans of E500 or under. Repayment on about 24 percent of the monies disbursed is delinquent. Private sources provided between \$460,000 to \$600,000 in seasonal loans to small farmers. Liens are made against the crop and as a result repayment has not been a problem.

F. Major Constraints

The major constraints to agricultural development are the shortage of trained manpower, the limited experience and effectiveness of some of the institutions, poor access to markets, very limited access to credit, and traditional agricultural practices.

Donor-sponsored projects, notably the RDA and the USAID projects, address these constraints but problems are anticipated nonetheless. For example, the number of agricultural extension officers required in 1976 by the Ministry of Agriculture fell 45 short of the goal. The four ODM Rural Development Area projects were caught short of manpower. Only two of the four project manager posts were filled.

Institutional ineffectiveness results in large part from the dual governmental structure and the little coordination and liaison between central government staff and traditional government staff. The Rural Development Project found, for example, that the Ministry of Agriculture and the Central Rural Development Board - which is charged with overseeing all development in the Swazi Nation - did not have an operating procedure or forum for continuing liaison on policy and implementation. Policy decisions and implementation were delayed as a result. The ODM/RDA project found there were few institutions capable of maintaining infrastructure or equipment. There were logistical support problems including poor maintenance at the central maintenance facility, inadequate equipment and spare parts.

The market access and the agricultural practices constraints are discussed in the setting and crops section. Extension services are thin in the Rural Development areas. The IBRD found that out of the ten RDAs it sponsors, only two RDAs have an assistant extension officer, and only one has an Assistant Animal Health Inspector; four have Domestic Science Officers and seven have between one and three Field Officers. None have cooperative staff or livestock extension workers although cooperatives exist in eight of the 10 areas.

IV SECTOR ANALYSIS - MINING

Mining makes a significant contribution to the nation's economy, adding about 5% of the GDP, valued at E7.3 million in 1974/75, and about 15% of the nation's exports. Total paid employment stood at 2,924 persons (1973) which represents 5.1% of the total wage employment. The annual growth rate in employment opportunities is two-tenths of one percent. The mining companies are taxed by the government at a variable rate of 27% on the first E28,000 net income and 37-1/2% on the remainder of net income. Net income or revenue data for the sector is unavailable. There are no export duties.

Formerly the leading sector of the economy, mining has declined considerably in importance in recent years because of the exhaustion of much of the higher and medium quality iron ore. Highgrade iron ores, for example, were exhausted in 1975. In contrast to 1975, mining contributed about 10% to the GDP in 1971, valued at E8.3 million and one-third of total exports.

In terms of value the three main minerals extracted are iron ore, asbestos, and coal. Other minerals mined are small amounts of Kaolin, Barite, pyrophyllite, and tin. Swaziland however has a tiny proportion of the world production and share of total resources for any of these products. Parenthetically, there are, however, only five other nations which mine long-fiber chrysotile asbestos along with Swaziland.

Table IV-15

Role in the World Mineral Supply
(Thousand metric tons, unless otherwise specified)

Major Commodities	1974 production	Estimated share of production exported (%)	Share of world output (%)	Reserves	Share of total world Resources (%)
Asbestos, chrysotile	32	100	1	320	5
Barite	.3	100	(1)	750	(1)
Clays, kaolin	2	100	(1)	260	(1)
Coal, bituminous	116	100	(1)	200,000	3
Iron ore	2,480	100	(1)	30,000	(1)
Pyrophyllite	.04	100	(1)	Small	(1)

(1) Less than 1%

Table IV-16

SWAZILAND

Mineral Production and Estimated
Value of Mineral Exports, 1970/74

	1970	1971	1972	1973	1974
<u>(In thousands of metric tons)</u>					
<u>Production</u>					
Iron ore	2,348	2,264	1,984	2,142	2,077
Chrysolite asbestos	33	38	33	40	38
Coal	138	151	143	140	140
<u>(In millions of emalangeni)</u>					
<u>Value of exports</u>					
Iron ore	11.0	12.1	9.3	7.9	12.3
Chrysolite asbestos	5.2	5.9	4.6	6.7	5.7
Coal	0.2	0.2	0.2	0.3	0.2
Total	<u>16.4</u>	<u>18.2</u>	<u>14.1</u>	<u>15.0</u>	<u>18.2</u>

Sources: Central Statistical Office, Annual Statistical Bulletin 1974; and data provided by the Central Statistical Office.

Iron ore is mined in an open pit operation at Ngewana near the western border shared with South Africa. Operations began in 1964. The entire output of 2 millions tons per year is exported to Japan, except for small shipments to the Netherlands. The reserves of high grade ores were exhausted during 1975 which put the future of iron ore mining in doubt. The Japanese agreed to a three-year contract (1975/78) for medium-grade ore after which time the mine is expected to be closed. There are another 265 million tons of known reserves of low-grade ore, but the quality of the content makes it uneconomical to carry out further extraction. The Swazi Nation acquired 20% in shareholding in 1972.

Asbestos mining started in 1938 at Havelock in the northwestern part of the country. It is exported by aerial cable car to a nearby railhead in South Africa. Revenues from asbestos exports have remained relatively constant in recent years to about E5 to 6 million. At the current rate of extraction (36,000 tons a year) the mine will be exhausted in the early 1980s. There are however substantial deposits nearby which would allow operations to continue at present extraction rates to about the year 2000. Negotiations are underway with two mining concessions for rights to the area. The Swazi Nation Council has a 40% shareholding in the asbestos mine acquired in 1972.

Coal is mined at Mpaka in the lowveld, with production at around 140,000 tons per annum. Half of the existing volume of coal mined annually is used by the Swaziland Railway, and the other half (70,000 tons) is exported, mainly to Kenya and Mozambique. Substantial reserves estimated at between 200 to 400 million tons of low-grade bituminous coal exist and plans are underway for exploiting these deposits. Most of this could be used in the planned thermal power plant under consideration. Using a projected rate of utilization to meet the thermal plant needs the coal deposits should have a life span of thirty to thirty-five years. There is interest in mining the smaller but higher-grade deposits of coal, and the government is optimistic about the feasibility of establishing at least three new mines. Royal Dutch Shell and a Japanese firm have been granted a coal prospecting rights for this purpose. All coal mining is owned by private, foreign capital.

The production of other minerals is not very significant. In addition to the minerals mentioned in the introduction there is a potential to reopen gold mining and a potential for diamond mining.

The government encourages prospecting for new minerals and has granted a number of new concessions and prospecting rights for additional mineral deposits. The government has been equally concerned by the problem of nondevelopment of mineral concessions and has passed a nondevelopment tax in 1973 to ensure full utilization of concessions. The government has also acquired a minority shareholder position in iron ore (20%), and asbestos (40%) as well as buying out the kaolin mining interest of Kaolin (Pty.) Ltd. in April 1974.

IV. SECTOR ANALYSES--TRANSPORTATION

Landlocked Swaziland's transport system is made up of 2,600 km of road, 220 km of railway, an international airport and several airstrips. 40 percent of the land area is within 4 km of a main road and 75 percent is within eight miles. Swaziland is dependent on Mozambique for its harbor and port facilities, and on its railroad to move Swaziland's bulk exports to port. It is also dependent on South Africa's road carriers to transport most of her imports.

Development monies have gone into road construction since 1955, and as a result, Swaziland has a well developed network of roads. Road quality is, however, poor with only 190 km (75) paved and the rest are gravel and earth. The poor quality of most of the roads results in higher transport costs which in turn pushes up the cost of goods. All goods coming from South Africa, which covers 90 percent of total imports, are moved over the roads by truck carriers.

Road transport accounts for only 15 percent of total freight traffic in the country. The reason for the low overall road percentage is that iron ore, which forms the bulk of the country's freight traffic, moves by rail.

The road transport system requires considerable improvement in maintenance and upkeep. The IBRD's appraisal of the road system found road maintenance and equipment maintenance to be lacking and in need of improvement. CIDA and ODM technical assistance were provided to improve these two areas of operation. The IBRD has provided \$2.3 million to improve 32 km of road.

The Swaziland Railway extends 120 km from an iron ore mine to the Mozambique border where it joins the rail to Maputo (Lorenzo Marques) harbor. The line carried 3 million tons of ore, or 35 percent of all freight in 1973. The railway is operated by Mozambique Railway.

The movement of iron ore is expected to end by 1978 because of a mine closing. Portions of the line will be closed as a result, but the government intends to keep the section from Mutsapha operative under Swaziland Railway Authority.

1. Air Transport--International air service is provided at Matsopa Airport near Manzini by foreign carriers as Swaziland has no national airline. For 1973, the last year for which data is available, 13,000 passengers and a small amount of freight were handled.

Swaziland is considering the construction of a new airport. An exhaustive study was financed by the African Development Bank and prepared by the Netherlands Airports Consultants. The project would cost \$25 million.

IV. SECTOR ANALYSES--ENERGY

All of Swaziland's petroleum supplies are imported from South Africa and Mozambique. Approximately \$13 million of refined oil products were imported in 1974, which is about 11 percent of the total import value. Electricity is presently purchased from South Africa but Swaziland has the capacity to generate thermal power to meet its domestic needs as well as for export. The government is discussing with the South African Government and the IBRD the construction of a large thermal station. Present plans call for the initial installation of two one-hundred megawatt generators which would be powered by Swaziland's extensive coal deposits. Most of the energy would be sold to South Africa.

IV. SECTOR ANALYSES--HEALTH

The major causes of morbidity and mortality are gastroenteritis, respiratory tract infections, accidents, nutritional and parasitic disorders, venereal disease, and tuberculosis. Bilharzia is prevalent in the low and midlevel areas where an estimated 90 percent of inhabitants are infected. Tapeworm is also a serious problem in the rural areas where rural dwellers pick up the parasite from the meat of infected animals. Malaria, which was endemic until 1945, has been eradicated for the most part.

Among the principal causes of sickness and premature death are the unsanitary conditions, poor nutrition, and poor housing and general living conditions particularly in the rural areas. Rural areas are very much lacking in water and sewage disposal systems which aggravates the problem. Nutritional diseases are common. Multiple deficiency, kwashiorkor among children, and pellagra caused by niacin deficiency are common.

Swaziland's health delivery system is rather sophisticated by comparison to other African nations. Its impact on lowering the incidence of disease and its contribution to the general improvement of health conditions has not been analyzed as longitudinal data is not available. The crude death rate is twenty-four per 1,000 which is higher than Botswana (fourteen) or Mauritius (eight), the IBRD's reference countries, but lower than Gabon (twenty-five per 1,000). Life expectancy at birth is forty-one years (vs. fifty-five and sixty-three for Botswana and Mauritius and thirty-nine for Gabon.)

The health sector is made up of a government service, private practice, occupational health facilities and mission facilities. Together these institutions provide Swaziland with a comparatively better ratio for population per physician, per nurse, and per hospital bed. The following table shows that Swaziland is second only to Kenya among the selected countries of the population per physician and either the first or the third ranking country on the population per bed scale, depending on the data one accepts (WHO vs. IBRD).

	<u>Population/Physician</u>	<u>Population/Bed</u>
Botswana	12,500	300
Kenya	7,830	700
Nigeria	20,000	1,850
Zaire	30,000	320
Swaziland	9,000/8,000*	400/280*

* IBRD Figures

The health services are summarized on Table IV-17 (Health Services, 1974). In addition to the health services indicated on the table there are two specialized hospitals with 400 beds (a mental institution and a tuberculosis long-stay institution), a public health inspectorate, a Malaria and Bilharzia Control Center, a Tuberculosis and Smallpox Center, a Central Public Health Laboratory, a Central Medical Store, a Blood Transfusion Service and a Mobile Eye Clinic.

Table IV-17
 SWAZILAND
Health Services, 1974

<u>Provider</u>	<u>Number of Medical Doctors</u>	<u>General Hospitals/Beds</u>	<u>Bedded Clinic/Beds</u>	<u>Non-bedded Clinics</u>
Private practitioners	11			
Occupational health	12	1 - 70	3 - 6	6
Missions	10	2 - 422	14 - 60	4
Government (General)*	<u>20</u>	<u>5 - 608</u>	<u>-- --</u>	<u>30</u>
T o t a l	53	8 1100	17 66	40

Total general beds, hospitals/clinic: 1166

Population/physician - 9000 - 1

Population/bed - 400 - 1

* includes 2 government run specialized hospitals that together have 400 bed capacity.

The government spends about 3.45 million on health care which translates to \$7.50 per person. This is perhaps the highest per person government expenditure in Africa. Nonetheless, Swaziland's health care suffers from several deficiencies.

One drawback of Swaziland's health delivery system is the maldistribution of services between the urban and the rural sectors, and an imbalance in favor of the urban setting. As an example of the urban bias, it was found that 60 percent of all hospital beds are located in the Mbabane to Manzini urban corridor where one-sixth of the population resides. Only one-third of all patients took advantage of the facilities available in the corridor. The finding implies that the available health services resources are not being utilized efficiently.

Residents of the Mbabane-Manzini take greater advantage of the facilities available to them as shown by the hospitalization rates for this area compared to the outside corridor. Within the corridor the hospitalization is 150 to 1,000 persons but outside the corridor the rate is 50 to 1,000. This rate is not a result of a greater incidence of disease within the corridor but rather a result of availability.

Swaziland has fifty-seven to sixty rural clinics (the number varies according to source) in addition to eleven hospitals. Together they provide some form of medical services to most of the population. Data indicates for example that 85 to 90 percent of the population live within five miles of some type of health service center.

In light of the access to some form of health delivery service the important development question centers on the type of services offered. The rural clinics generally provide at best only a very basic curative service. One source indicated that since government rural clinics do not have beds, they are limited in the services they can perform. Each clinic is staffed by a nurse and supervised by the area hospital and public health center medical staff. However, supervision is inadequate since doctors must devote their time to out-patient services at the clinics; and since public health nurses do not have the time to travel frequently to all the outlying clinics.

The non-bed clinics do not provide child delivery services because of the lack of facilities to perform deliveries. As a result only 25 percent of deliveries occur in hospitals and bedded clinics. The rest occur at home or under the supervision of midwives or traditional practitioners.

Four Public Health Clinics round out the health delivery system. The Public Health Clinics provide preventive services including immunizations, pre and post-natal examinations, a well-baby clinic and some family planning services. The four Public Health Clinics are attached to or located near the hospitals in the four major towns (Mbabane, Manzini, Hlatikulu and Siteki). Their impact on the rural population is limited. Child care preventive services provided by these clinics and the rural clinics reach only 15 percent of the under five population.

Inadequate manpower is of course a constraint to an effective health care system. The Public Health Centers and the rural clinics are understaffed, and the number of doctors could be increased. Indications point to improving only the nursing shortage but not the doctor availability. The government intends to recruit and train additional nurses and to have nurses assume a larger role in the health delivery system. At the same time the government intends to phase out expatriate doctors and replace them with Swazi doctors. To do this it will be necessary to allow the overall doctor/population ratio to fall from its 1:6,200 to a 1:10,000 by 1980 as part of the phasing out of expatriates. If the government goes ahead with its plans to phase out expatriate doctors and assign a greater responsibility to other medical workers, it will be necessary to consider how to assign responsibilities and to which categories of health workers; and further how to adapt training programs to prepare the health profession to deliver care and services particularly in the rural areas.

IV. SECTOR ANALYSES--EDUCATION

Swaziland's present educational system consists of a seven-year primary cycle, a five-year secondary cycle, a two-year teacher training course offered to secondary school students depending on degree status, a four-year university program, a vocational school and several non-formal programs. Adult literacy is estimated to be 30 percent.

Primary enrollment was 86,110 in 1974 which accounts for 70 percent of the 6-12 age group. The number of primary schools is 405. Enrollment has been growing at a rate of 8 percent per annum.

14,301 students were enrolled in sixty-six secondary schools in 1974. Enrollment has been growing at 15 percent per annum and presently includes 20 percent of the 13-17 age group.

339 students were also enrolled at the William Pritchard Teacher Training College, and another 388 in a variety of post-primary, secondary, and vocational school courses.

There are 277 students attending the University of Botswana and Swaziland. The Agriculture faculty is located in Swaziland at Luyenge where sixty Swazis are enrolled. As part of the devolution program begun by the former University of Botswana, Lesotho, and Swaziland, a two-year arts and sciences campus was built at Kwaluseni, Swaziland.

One of the very important causes for the low quality education offered is that the number of available qualified teachers could not keep pace with the growing enrollments. Schools were forced to take on teachers who were not fully qualified in order to maintain the existing student/teacher ratios. Parenthetically, student/teacher ratios have been stable which may be some compensation for the overall low quality education offered. At the primary level the government estimates that fully one-third of the 2,220 teachers require additional training. At the secondary level 20 percent of the teachers are inadequately trained and over half are expatriates.

The effectiveness of expatriate teachers has been questioned because expatriate teacher turnover is high and the tenure is short. The high turnover and short tenure, in the government's estimation, lessen their effectiveness because they do not have adequate time to familiarize themselves with local conditions and pedagogical methods most effective for the Swazi setting.

The government has drawn up plans to expand the capacity of its teacher training institutions to meet the anticipated 2,000 additional teachers who will be required over the next ten years. The government hopes their plans will further improve the quality of the teachers and hence the quality of education offered. Current plans call for an expansion of the William Pritchard Teacher Training College, the only government sponsored teacher training institution, from 200 to 300 pre-service teachers, and from 300 to 360 in-service teacher trainees.

Table IV-18
SWAZILAND
Enrollment in Higher Education, Teacher Training
and Technical Training, 1969/73

	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>
University					
E.A. Degree Pt I	-	-	-	..	92
B.Sc. Degree Pt I	-	-	-	..	82
Diploma in Business Studies	-	-	-	..	20
Diploma in Agriculture	60	52	61	37	83
Certificate in Agriculture	68	27	12	14	-
Forestry Course	20	-	-	-	-
Home Economics Course	13	-	-	-	-
Total	161	79	73	51	277
Teacher Training					
Males	75	93	88	95	106
Females	200	213	244	225	233
Total	275	306	332	320	339
Domestic Science Teacher	21	17	-	-	-
Technical and Artisan Training					
Post Secondary School	..	19	65	89	177
Post Primary School	..	177	161	219	211
Total	96	196	226	308	388

Source: Central Statistical Office

The government is of the opinion that the curriculum is another cause of the low quality of the education. The government argues that the curriculum is academically oriented and outmoded, and is not culturally or economically relevant to the goals of national development. USAID has undertaken a curriculum development project for the primary schools to address this problem.

Another weakness in the educational system is the shortage in classrooms to meet present demand. There is already sufficient classrooms in Grade I to accept all seven-year-old entrants if so many places were not blocked by over and under-age children and repeaters. But as it is, new entrants in addition to repeaters and older entrants cannot fit into the available spots. Overcrowding is the resultant compensation for the lack of spots. The government, in response to the problem of blockage of new entrants into school, passed two regulations in 1973. They are: (1) absolute priority for entry into Grade I will be given seven-year-olds; no other children may be granted entry until seven-year-olds are enrolled; (2) no repetition will be permitted for any course in the primary cycle except for unusual circumstances. The government's effectiveness in enforcing these regulations is questionable based on its past regulation enforcement. The government readily admits that it was not able to enforce the existing statute forbidding repeating through the first three of the seven-year cycle.

Another problem facing primary education in Swaziland is the large numbers of children who drop out during the first three years of school and before they have the ability to read and write. This means that the educational system's scarce resources are not being fully utilized toward a productive and, i.e., literacy training. Moreover, it means that these children leave school without any measurable lasting benefit from their education (see Table IV-20). UNESCO estimates that at least four years effective schooling is necessary to impart basic literacy. On this assumption more than one-third of the children who enter the primary schools leave without even achieving the fundamentals of reading and writing the local language, siswati. Only 22 percent who enter the primary cycle complete it.

Part of the drop-out problem is the inadequacy of facilities. 30 percent of the primary schools only offer the first four years of the seven-year cycle. Less than one-half of the schools offer the full primary cycle. This problem is particularly acute among the non-government, private schools where, in fact, none of the 140 schools offer the full primary cycle.

The government also argues that the uncomfortable classes, and the poorly taught curricula are disincentives to further education. Improved and expanded facilities would improve the problem but the government faces budgetary considerations and does not want to embark on a large classroom construction program. Additionally, there may be a cultural factor that plays into the tendency to drop out early in the primary cycle, but evidence is not available to substantiate or deny this.

The government estimates that if it can enforce its new regulations and the drop-out rate is reduced to 5 percent for the Grades (years 1 and 2) and 10 per-

Table IV-19

Pupils and Teachers in Primary and Secondary Schools, 1967/74

	<u>Number of Schools</u>	<u>Number of Pupils</u>			<u>Number of Teachers</u>
		<u>Boys</u>	<u>Girls</u>	<u>Total</u>	
Primary Schools					
1967	349	30,469	28,818	59,287	1,539
1968	358	31,816	30,266	62,082	1,627
1969	366	33,251	31,160	64,411	1,739
1970	351	35,571	33,434	69,055	1,706
1971	366	36,770	34,685	71,455	1,895
1972	392	39,361	36,982	76,343	2,015
1973	395	41,960	39,734	81,694	2,112
1974	405	43,948	42,162	86,110	2,220
Secondary Schools					
1967	31	2,169	1,623	3,792	232
1968	31	3,515	2,731	6,246	360
1969	41	3,943	2,834	6,777	356
1970	54	4,569	3,458	8,027	415
1971	54	5,057	3,944	9,001	448
1972	62	6,045	4,636	10,681	491
1973	64	6,993	5,466	12,459	455
1974	66	7,884	6,417	14,301	611

Source: Central Statistical Office

Table IV-20

RATES OF CONTINUATION, REPETITION AND DROP-OUT BETWEEN PRIMARY SCHOOL CLASSES 1971 & 1972

Class	Enrollment in 1971	% Continuing to Next Class in 1972	% Repeating Class in 1972	% Dropping out of System	Overall Rate of Continuation
Grade I	14 534	78.9	16.0	5.1	100.0
Grade II	12 149	88.7	11.4	-8.1*	74.9
Standard I	12 041	78.1	13.4	8.5	70.0
Standard II	10 347	76.3	16.8	7.0	54.7
Standard III	8 796	73.6	17.7	8.7	41.6
Standard IV	6 913	72.4	18.3	9.3	38.7
Standard V	6 585	54.5	28.5	17.0	22.2

PRIMARY SCHOOLS BY TYPE OF SCHOOL AND HIGHEST CLASS TAUGHT, 1972

Type of School	No. of Schools	No. of Pupils	Highest Class Taught					
			Grade I or II	Std. I	Std. II	Std. III	Std. IV	Std. V
Government	41	12 708	1	—	5	1	2	32
Grant-aided	211	33 026	2	—	19	17	33	148
Private	149	10 609	4	9	73	30	24	—
Total	392	76 343	7	9	97	48	59	172
	(100%)		(1.8%)	(2.3%)	(24.7%)	(12.3%)	(14.1%)	(43.9%)

RATES OF CONTINUATION, REPETITION AND DROP-OUT BETWEEN SECONDARY SCHOOL CLASSES
1971 AND 1972

Class	Enrollment in 1971	% Continuing to Next Class in 1972	% Repeating Class in 1972	% Dropping out of System	Overall Rate of Continuation
Form I	3 397	79.4	18.2	10.4	100.0
Form II	2 551	73.6	18.7	13.7	79.4
Form III	1 810	58.9	5.4	43.7	60.8
Form IV	842	88.9	5.8	13.7	38.5
Form V	348	4.5*	7.9	87.8	24.6

cent for the Standards (years 4 through 7), but 1977-ending, fully 80 percent of the 7 to 13 year olds will be enrolled.

Secondary schooling is affected by the same problems as the primary schools, plus a few more. Repeating rates are high with somewhere around 7 percent of the students repeating each year. Drop out rates are also high and only one-third of those who enter secondary school complete the cycle. Teachers are inadequately trained and the curriculum is academic which the government feels is inappropriate.

The students' performance in science and math subjects is particularly disturbing to the government. Poor performance reflects, in part, the inadequate introduction to these subjects in the primary grades and in part reflects the shortage of qualified teachers in this field. The government has proposed a program of secondary school curriculum revision intended to introduce math and science subjects early in the secondary cycle combined with expanded secondary school enrollments.

The Ministry of Education has set up a Planning Unit to undertake research on these problems. Government also plans to establish a Junior Certificate Examination under the sponsorship of the UBS Examinations Council, to take over from the Cambridge Overseas School Certificate. The goal is to eventually localize all testing. Achievement tests provided by the USAID-sponsored Regional Testing Resource Training Center are expected to be put into wider use.

With regard to teacher training the most disturbing problem is the low quality of serving teachers. As noted earlier one-third of all primary teachers and one-fifth of all secondary are not fully qualified. The government proposes to expand in-service training to raise teacher standards. This combined with increased teacher training hopefully will correct this problem.

The Ministry of Education, which is responsible for the administration and finance of the school system, is understaffed at the district inspectorate level. Additionally, the senior administrative staff, many of whom are expatriates (exact data on numbers and composition is not available), are overloaded with administrative work. They are not able to carry out their inspectorate and curriculum duties as a result.

The USAID curriculum revision project has relieved some of the administrative overload at the senior levels. Other donors are also providing staff to the Ministry to relieve the manpower shortage problem.

At the university level, the present output of graduates does not meet the annual trained manpower requirements. Swaziland's Manpower Survey (1969) estimated that to meet the manpower requirements through 1984 some 962 university entrants are required to complete a diploma course from 1970 to 1979. To achieve this figure by 1979, it is necessary to send about ninety-six students per annum for degree level training through this decade in the ratio fifty-six science/math students to forty humanities students. The number of entrants per

year has fallen short of the ninety-six mark because there are not enough qualified math and science students coming out of the secondary schools to qualify for the university program.

University education is also expensive, considerably more so in fact than in most African countries. The University of Botswana Lesotho and Swaziland's costs per student ran as high as R2,300 in 1972. The figure is probably higher now. The tone of the government's statements suggest that it wants the university to exercise financial prudence and to keep down costs. The government notes that, "Proposals for future developments must...receive the most rigorous economic and financial scrutiny." The government continued, "...it will be very difficult for the government to exceed the agreed subventions over the coming years."

The output of university agricultural degree and diploma students is short of the number required by the Ministry of Agriculture to staff the administrative and technical positions. The shortfall in 1976 was forty-five. To meet future manpower requirements ten to twenty degree students are required for 1976-81. Another forty-six to seventy-five diploma students are required from 1976/81 to staff agricultural extension posts.

There is also a critical shortage of field officer staff in the Ministry of Agriculture. Even the additional degree/diploma graduates coming out of the university program will not meet the manpower requirements. In anticipation of the field officer shortage, the university and the government have designed a one-year certificate in agriculture open to students at the Junior Certificate level, i.e., ten years formal education, seven years primary and three secondary. Government estimates that the program's lower entrance requirements will ensure an adequate supply of candidates.

The program is scheduled to begin in March 1977. The anticipated output of certificate holders plus anticipated degree and diploma graduates will meet the Ministry of Agriculture's field staff manpower requirements within ten years.

In the area of non-formal education, the government sponsors a National Adult Literacy Campaign organized by the National Literacy Board. Some 700 literacy classes, each lasting 100 hours, are provided each year. The program aims at raising the standard of functional literacy among the 70 percent of the population who are not functionally literate.

The second major adult education program involves training and advice in the fields of agriculture, home economics and health. Courses are offered at the regional centers (tinkundla).

Technical training is offered by the Swaziland Industrial Training Institute. The existing capacity for full-time students is 370 and for part-time students 320. Plans call for an expansion of capacity to 770 full-time and 360 part-time students. With the increase in capacity and enrollment SITI's output of students will meet most of the skill and technical needs of the economy.

1. Education and Development-- The short run goals of Swaziland's educational system is to provide sufficient trained manpower to staff the middle and upper management positions and provide the technical and skill needs for society. The government is moving toward achieving these purposes. It allocates nearly 19 percent of the recurrent expenditures to education. Education accounts for about 10 percent of the planned public investment under the Second National Development Plan, and in fact the actual amount accounted for about twice that much. If the educational programs already begun and scheduled to begin in the near future progress according to plan the short-run goal will be met over the next ten years.

The long-term employment prospects are less encouraging. Unemployment will become a problem as positions become filled by relatively young trained Swazis. Insofar as the country has a young population the waste of manpower through death, retirement and lateral occupational movement will be low and as a consequence other young trained Swazis will not be able to step into positions. The employment and occupational choices within the domestic economy will become very constrained. Trained and educated Swazis who find themselves unemployed will have a choice to move into the South African employment market or become self-employed in the trades, commerce or agriculture.

Does education have a role in opening up employment or occupational choices and alternatives to unemployment? The government argues that it does, and does so if the educational focus is reoriented to include training in skilled labor and agriculture. The government's arguments imply that with a reoriented focus on technical and agricultural training, there will at least be choices and alternatives through self-employment. Agricultural training in particular, it is believed, will enable otherwise unemployed persons to have the necessary skills to transform subsistence agriculture into intensive commercial or semi-commercial agriculture. Armed with this argument the government wants to change the emphasis of education away from its academic orientation to a more technical orientation.

IV. SECTOR ANALYSES--POPULATION

Until very recently, the King and the traditional leaders refused to recognize population growth as a problem for development. Their attitudes apparently reflected the general attitudes of the population on the question of birth control and family planning. Those attitudes are embodied in a traditional value structure which places considerable importance on large families and child bearing. Because of the traditional government's position on the question of population, the modern branch of the government restricted the range and scope of its population activities. Nonetheless, the government broached the question in the Development Plan. The Plan's authors stated, "it is the aim of the government to create a situation within which a substantial moderation in the rate of population growth can be achieved within a reasonable period. To this end much increased emphasis will be given to education in family planning at all health centers, rural clinics and hospital out-patient departments." In spite of these statements the government program in the population area was confined to a small, donor-sponsored MCH program with a small birth control component.

Most recently, in the summer of 1976, the King made a public statement acknowledging that population growth, if unabated, could present a problem for Swaziland's development. It is not clear what implications the King's most recent statements would mean for policy planners. AID officials returning from the field could not say if this meant that the government was given the go-ahead to put together a population program or if it only signified the King's acknowledgment of the problem, and not the acknowledgment of the necessity for comprehensive population policies and programs.

The present population growth rate of 3 percent per annum puts Swaziland among the countries with the highest population growth rates in the world. If the present rate of growth continues it is estimated that Swaziland's population will reach 1.2 million by the year 2000.

The precise impact of population growth on the economy has not been analyzed in detail. But one could assume that employment and agriculture will be affected. Employment opportunities will equal 600,000 if the present rate of 10 percent growth continues. If 50 percent of the population remains in the subsistence agricultural sector, the land will have to support 600,000 persons vs. the estimated 215,000 it presently supports.

The Ministry of Health with technical assistance and support of WHO, UNICEF, UNFPA and some contraceptives and supplies from USAID undertook some family planning activities. Three health centers provide family planning services (including IUD insertion), and some thirty health clinics distribute birth control pills.

From information supplied by AID officials returning from the field the birth control programs have not reached the rural population largely because of the traditional leaders' refusal to openly condone birth control.

The emphasis of the population program is on Maternal and Child Health care. The services are available at three health centers. USAID is training nurses for the Health Education Unit with emphasis on MCH and family planning. Demographic studies are under way under the sponsorship of the UNFPA.

IV. SECTOR ANALYSES--MANUFACTURING

Manufacturing has been increasing rapidly in importance in the past decade and is now the second most important productive activity in the economy, surpassing mining and forestry. It accounts for 22 percent of the GDP, E34.5 million in 1975, up from 15 percent of the GDP (E13.3 million) in 1971. In real terms the value of output grew at 10 percent per annum. Employment is estimated at 7,400 persons or 13 percent of the total wage employment. Revenue data from income taxes on net profits are unavailable.

Manufacturing is based on processing primary products for exports (see attached table). In this way, the sector adds value to Swaziland's primary products and further reflects the basic dualism of the economy. The two largest industries are sugar refining and woodpulp processing which together account for over half of the manufacturing exports. The other important processing industries are meat packing, cotton ginning and fruit canning which account for 10 percent of the manufacturing exports. Together, these industries account for 90 percent of the value added by the sector. The remaining 10 percent is made up by light industry.

Swaziland has had remarkable success in attracting private foreign investment in export-oriented light industries over the past three years. A television factory, financed by Finnish capital, has started production mainly for the South African market where Swaziland was granted a market share of 20,000 sets. A E12 million fertilizer plant has started production mainly for export to South Africa. Investors from Hong Kong have established a E6 million cotton spinning plant which employs 2000 persons. One factory recently started producing small tractors suited for the needs of developing countries. Other plants recently opened include a brewery, two knitwear factories, a cement factory, a furniture factory, an animal feed company and warehouses and workshops. These industries are in their infancy, but because they manufacture almost exclusively for the South African market, none of the enterprises have had to use the special infant industries or other protective provisions of the Customs Union agreement with South Africa.

Swaziland's membership in the Customs Union and the Rand Monetary Area has contributed to its appeal to private investors who can take advantage of the South African and other African markets. Swaziland is also a signatory of the Lomé Convention with the EEC, offering preferential treatment in that market.

The various factories are not concentrated in one city, and unlike many LDCs, are scattered throughout the country. The processing industries are situated near the source of their supply. Sugar processing is carried out at two large sugar mills in the sugar producing areas, one at Mhlume and the other at Big Bend. Wood pulp processing is done at one factory at Bunya, in the central Highveld forest area. The saw mills are near Piggs Peak in the northern forest areas of the Highveld. The Libby's canning factory is near Malkers in the pineapple growing district of the Middleveld. Most of the other light industries are centered at the Matsapha Industrial Park, near Manzini, the second major town of the country (after the capital) located in the Middleveld.

Table IV-21
SWAZILAND
Manufacturing Sector - Production of
Selected Processed Agricultural Products, 1970/74

	Unit (thousands)	1970	1971	1972	1973	1974
<u>Sugar milling</u>						
Sugar	metric tons	156.5	176.0	180.6	168.1	193.9
Molasses	metric tons	40.2	44.8	57.9	50.9	57.4
<u>Cotton ginning</u>						
Cotton lint	metric tons	0.9	2.1	3.1	3.5	...
Cotton seed	metric tons	1.8	6.2	5.8	6.6	...
<u>Meat processing</u>						
Canned meat	kilograms	392.9	355.5	355.0	231.2	...
Offal	kilograms	730.1	564.3	727.9	1,637.0	...
Other	kilograms	2,784.2	3,435.3	3,846.4	5,522.4	...
<u>Wood processing</u>						
Wood and wood products (mainly sawn timber)	cubic meters	87.3	89.3	81.3	108.6	...
Block board	sq. meters	173.8	172.0	152.8	167.8	...

Source: Data provided by the Central Statistical Office.

Most of the manufacturing industries are foreign owned, and many of them are South African. The government's policy is to encourage private, foreign investment and has established the National Industrial Development Corporation (NIDC) to promote this. Established in 1971 as an autonomous statutory body, NIDC is charged with promoting and assisting large-scale private investment in industrial, commercial, agricultural and mining enterprises in Swaziland. The main role of the NIDC is to identify investment opportunities and provide physical facilities for investors in joint equity ventures. It also participates in equity ventures through loans or equity capital. In 1975 its investments were still rather small, amounting to E2.8 million. NIDC encountered management problems when it first began but these have been resolved.

The government's policy to promote rapid industrial growth in order to raise domestic incomes and employment also includes accelerating the development of local enterprises and management. Toward this end the government, with ILO and UK donor assistance, established in 1972 the Small Enterprise Development Company (SEDCO) and its training affiliate, the Small Enterprise Promotion Office (SEPO). SEDCO, in collaboration with SEPO, is responsible for the development of Swazi entrepreneurship and small-scale enterprises. It provides factory shells at modest rentals, machinery and equipment under leasing or purchasing arrangements, stocks of raw materials, loans for working capital, and marketing assistance. SEPO is responsible for the formulation of the general policies for the promotion of small-scale enterprises and provides training and advice in financing, accounting, quality control, and management. Some of the small businesses promoted by SEDCO/SEPO include handicrafts, ceramics, furniture, clothing, leather products, and light engineering. Some of the future projects include a small foundry and glass works. In 1974 the number of SEDCO/SEPO supported industries stood at sixty-eight with a total employment of 550 and a total output of E1 million.

Swaziland's attractiveness for foreign investment because of its access to South African, other African, and EEC markets is heightened by the generous tax incentives Swaziland offers to investors. Over the above normal depreciation allowances, the government allows investors to deduct 30 percent of the cost of new industrial buildings, plants and machinery during the first year. The 1975 Income Tax Consolidation Order introduced a number of modifications in the tax law favorable to investors. Included in the modification are accelerated write-offs for capital investment beyond the 30 percent mentioned, increased deductions for company housing for employees, and a new deduction for money spent on employee training. The tax rate is 33-1/3 percent of taxable income. The government also offers export incentives to manufacturers. A drawback of duty is offered to firms which process goods imported from outside the customs union area and in turn are re-exported to markets outside the area. Manufactured items for the customs area may forego customs union duty if at least 25 percent of the value added to the product is of local content.

Several external events over which the Swazis have no control could thwart the growth of the manufacturing sector. For example, a serious disruption in the port of Maputo (Lorenzo Marques), or any breakdown in the rail services

between Swaziland and Mozambique because of disagreements between the two countries could halt the shipment of most of Swaziland's bulk exports. An economic downturn in South Africa would impact on Swaziland's light industries which export primarily to South Africa. As an example, the 1975 devaluations of the Rand increased the cost of Swaziland's imports from outside the customs area which are essential to many development projects in the manufacturing and other sectors.

IV. SECTOR ANALYSES--FORESTRY

Forestry and processing of forest products has significant potential for expansion, but the vagaries of the world market make it less attractive to private investors who own and manage the industry.

At present forestry contributes E4.4 million, or around 3 percent of the GDP (1975). If the pulp processing industry is included the sector's share rises to E22 million, or about 14 percent of the GDP at factor cost. Forestry exports consisting mostly of woodpulp amounted to E36.2 million in 1974, about 30 percent of total exports, but dropped to E16 million in 1975. The sector employs 3,600 persons or about 9.6 percent of the total wage labor. Wood processing alone employs 2,630 persons (7.1 percent). Employment growth estimates are not available. The industry is subject to 33-1/3 percent income tax on net profits. Revenues are estimated at \$12 million per annum.

The present stand of wood covers 100,000 planted hectares which makes it one of the world's largest planted forests. Most of the trees are large coniferous types. The total forest area could be doubled to 200,000 hectares without any strain on land availability or water required for wood processing (ILO estimates). The problem of expansion however is not one of resources but rather one of markets. Despite predictions of a growing demand for woodpulp and lumber in the South African market the woodpulp industry experienced marketing difficulties following a build-up in the world market and a decline in the unit price. Production was stockpiled in Swaziland and at depots abroad until marketing problems (the exact nature is not known) and the world market conditions improved. Sales resumed at lower prices below the earlier peaks and the 1975/76 value of exports did not exceed E15 million.

In spite of the depressed woodpulp market a Japanese company is considering plans for a second pulp mill with an annual production to reach 250,000 tons which is considerably greater than the present output (data on production in tons is not available.) There are no plans at present to expand the acreage under cultivation above the present 50 percent land carrying capacity.

IV. SECTOR ANALYSES--TOURISM

Tourism has become the most dynamic sector in the economy since 1968 when a complex of hotels and motels were built in the picturesque Ezulweni Valley between Mbabane and Manzini. Included in the complex are a gambling casino, two Holiday Inns and a Chinese hotel/restaurant. Since 1968/69 the number of hotel guests has more than doubled from 43,000 to 96,000, a growth rate of 18 percent per annum. Another 12,000 stayed at various caravan and camping sites. Total earnings from tourism are estimated to be around E6 million. The number of persons employed in the sector is estimated to be about 1,500. Revenues from taxes on the tourist sector are relatively minor contributing under 3 million in 1974/75 or less than 7 percent of the total revenues.

Most of the tourists are South Africans who most often come for weekend holidays to take advantage of the casino facilities. This has raised some concern with the government because of the low occupancy rate during the week. The government is also concerned about the sustained development of the tourist sector which was in doubt because of the "Weekender" orientation of the tourists. But according to the IMF, investment in tourist facilities has continued at a high rate as the market recently noticed a growing tendency of South Africans to choose Swaziland for longer stays than was evident in the past few years. The government is diversifying its facilities to include facilities in the countryside and a gamapark which will strengthen the longer-term, vacation-oriented tourist trade. A Tourism Development Authority was established to promote tourism and strengthen the basis for sustained development.

Total employment generated by tourism could be upwards of 4,500 by 1980 if tourism continues to expand at 18 percent (e.g., the number of visitors) and the accompanying 10 percent growth in employment. One consequence of this growth in employment is the need to accelerate the training of local staff at all levels of hotel operations, particularly at the supervisory and middle management levels. To the best of our knowledge, a systematic training program to train Swazis in hotel management, catering and the like is not available.

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Chapter I
AGRICULTURE AND LAND TENURE

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