



**New Partnership for
Africa's Development (NEPAD)
Comprehensive Africa Agriculture
Development Programme (CAADP)**



**Food and Agriculture Organization
of the United Nations
Investment Centre Division**

GOVERNMENT OF THE KINGDOM OF SWAZILAND

SUPPORT TO NEPAD–CAADP IMPLEMENTATION

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**NATIONAL MEDIUM TERM INVESTMENT PROGRAMME
(NMTIP)**

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SWAZILAND: Support to NEPAD–CAADP Implementation

Volume I: National Medium–Term Investment Programme (NMTIP)

Bankable Investment Project Profiles (BIPPs)

Volume II: Multipurpose Earth Dams Construction and Rehabilitation Project

Volume III: Promotion of Value–Adding Activities in Agriculture

Volume IV: Community–Based Natural Resources and Land Management

Volume V: Promotion of Sustainable Feed and Fodder Production and Utilisation

Volume VI: Mfumbaneni Hatchery

SWAZILAND:

NEPAD–CAADP National Medium–Term Investment Programme (NMTIP)

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Abbreviations

ACAT	African Cooperative Action Trust
AEZ	Agro–ecological Zone
AfDB	African Development Bank
AIDS	Acquired Immunodeficiency Syndrome
APS	Aid Policy Statement
ARD	Agricultural Research Division
BADEA	Arab Bank for Economic Development in Africa
BIPP	Bankable Investment Project Profile
BOP	Budget Outlook Paper
CAADP	Comprehensive Africa Agriculture Development Programme
CASP	Comprehensive Agricultural Sector Policy
CSP	Country Strategy Paper
DAE	Department of Agriculture & Extension (MOAC)
DFID	Department for International Development (United Kingdom)
DVLS	Department of Veterinary & Livestock Services (MOAC)
EIB	European Investment Bank
EIU	Economist Intelligence Unit
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GEF	Global Environment Facility
GOS	Government of Swaziland
HDI	Human Development Index
HIV	Human Immunodeficiency Virus
HRD	Human Resource Development
ICDF	International Cooperation and Development Fund
ICT	Information and Communications Technologies (World Bank)
IFAD	International Fund for Agricultural Development
IFI	International Finance Institutions
IMF	International Monetary Fund
JICA	Japan International Co–operation Agency
KDDP	Komati Downstream Development Project
LDS	Lutheran Development Services
LUSIP	Lower Usuthu Smallholder Irrigation Project
MEPD	Ministry of Economic Planning & Development
MHUD	Ministry of Housing & Urban Development
MNRE	Ministry of Natural Resources & Energy
MOAC	Ministry of Agriculture & Co–operatives
MPWT	Ministry of Public Works & Transport
MTEC	Ministry of Tourism, Environment & Communications
NAMBOARD	National Agricultural Marketing Board
NDP	National Development Plan
NDS	National Development Strategy
NEPAD	New Partnership for Africa’s Development
NGO	Non–governmental Organisation
NMTIP	National Medium–Term Investment Programme
NRMC	Natural Resources Management Committee

PRS	Poverty Reduction Strategy
ROC	Republic of China (Taiwan)
SFDF	Swaziland Farmers Development Foundation
SKPE	Swaziland Komati Project Enterprise
SME	Small & Medium Enterprises
SNL	Swazi Nation Land
SSA	Swaziland Sugar Association
TDL	Title Deed Land
UDP	Urban Development Project
UN	United Nations
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children’s Fund
WHO	World Health Organization

Preface

*In an effort to halt and reverse the decline of the agricultural sector in the continent, the African ministers for agriculture unanimously adopted, at the 22nd FAO Regional Conference for Africa, held on 8 February 2002 in Cairo, a resolution laying down key steps to be taken in relation to agriculture in the framework of the **New Partnership for Africa’s Development (NEPAD)**. As a follow–up to this resolution, they endorsed, on 9 June, 2002, the **NEPAD Comprehensive Africa Agriculture Development Programme (CAADP)**. The recent **Declaration on Agriculture and Food Security in Africa**, ratified by the African Union Assembly of Heads of State and Government during its Second Ordinary Session, held in Maputo between 10 and 11 July 2003, provided strong political support to the CAADP. During this session, the Heads of State and Government agreed to adopt sound policies for agricultural and rural development, and committed themselves to allocating at least 10 percent of national budgetary resources for their implementation within five years.*

*The CAADP provides an integrated framework of development priorities aimed at restoring agricultural growth, rural development and food security in the African region. In its very essence, it seeks to implement the key recommendations on food security, poverty reduction and sustainable use of natural resources, made at recent global conferences. The CAADP comprises **five pillars**:¹*

- 1. Expansion of the area under sustainable land management and reliable water control systems.*
- 2. Improvement of rural infrastructure and trade–related capacities for improved market access.*
- 3. Enhancement of food supply and reduction of hunger.*
- 4. Development of agricultural research, technological dissemination and adoption to sustain long–term productivity growth.*
- 5. Sustainable development of livestock, fisheries and forestry resources.*

As an immediate follow–up to the Maputo Declaration, representatives of 18 African ministries for agriculture from member countries of the NEPAD Implementation Committee, the NEPAD Steering Committee, the African Development Bank, the World Bank, the International Fund for Agricultural Development, the World Food Programme, FAO and civil society, participated in a meeting held in Rome on 17 September 2003, in order to discuss the implementation of the CAADP, and more specifically the:

- Methodology for the review/update of the **national long–term food security and agricultural development strategies**.*
- Preparation of **National Medium–Term Investment Programmes (NMTIPs)**.*
- Formulation of the related “**Bankable Investment Project Profiles**”(BIPPs).*

¹ Pillar 5 was initially not part of CAADP, but has been added in recognition of the importance of the sub–sectors.

It is within this context that the Government of Uganda, in an effort to reinforce its interventions aimed at fighting poverty and food insecurity, has requested FAO to assist in preparing a NMTIP and a portfolio of BIPPs, with the aim to:

- *create an environment favourable to improved competitiveness of the agricultural and rural sector;*
- *achieve quantitative objectives and mobilize resources to the extent needed for the associated investment in agriculture;*
- *achieve the targeted allocation of national budgetary resources to this area, reflecting the commitment made in the Maputo Declaration; and*
- *create a framework for coordinated bilateral and multilateral financing of the sector.*

*The present NMTIP, which draws on work of the recent National Development Strategy and other relevant strategies and policies, and is intended to contribute to the Poverty Reduction Strategy and Action Plan (PRSAP), was prepared by a team of consultants², under the overall supervision of the National Project Coordinator/NEPAD focal point in the Ministry of Agriculture and Co-operatives and in close collaboration with the NMTIP Steering Committee consisting of members from Government and the private sector. The team was assisted by experts from the FAO Investment Centre Division³ while the Office of the FAO Representative provided crucial administrative support. In the process of preparing this document, participation was sought from major stakeholders from government, development partners, farmer's organisations, private sector and civil society. Key to the finalization of the NMTIP was the **National Stakeholder Workshop** held on the 6th of July 2004, during which a draft of this document was discussed and validated, and project ideas for the BIPPs prioritized, based on agreed-upon selection criteria. Five of these were further developed into BIPPs, which were presented and agreed to in a second **National Stakeholder Workshop** held on the 7th of December 2004. The five BIPPs are presented in a separate document.⁴ Lastly, the NMTIP and the BIPPs were reviewed by an FAO Virtual Task Force of technical experts.*

This document starts with a brief description of Swaziland's agricultural sector in the context of the country's economy and poverty and food security situation. This is followed by a review of national and development partner strategies and programmes, lessons learned, and an analysis of the principal constraints to, as well as opportunities for, the development of the sector. Based on this analysis and taking into account existing government strategies and the five pillars of CAADP, priority areas for investment have been identified. Finally, an attempt has been made to estimate the financing gap in terms of additional resources that would be required to meet the target of allocating 10 percent of national budget to the sector within five years, and a proposal put forward for monitoring and evaluation of the NMTIP implementation.

² Dr. A. Rimmelzwaal, Land Use Planner, Mr. R. Brown, Environmentalist, Mr. S. Mamba, Economist.

³ Mr Pietros Kidane, Senior Economist, TCIS, and Mr H. Kolshus, APO, TCIS.

⁴ For the purposes of the present exercise, "*Bankable Investment Project Profiles*" are defined as documents elaborated in a format and with the information that could make them favourably considered by the financial institutions, donors and private investors foreseen in the Maputo Declaration. These documents should enable cooperating partners to make preliminary indications of interest, and of approximate level of funding commitment. Further feasibility analysis and subsequent processing through the concerned partner(s) regular project formulation systems would follow to obtain a project/programme proposal elaborated to the feasibility study level.

I. INTRODUCTION

A. The Economy

I.1. The Kingdom of Swaziland is a landlocked country with a population of 1,088,000 (2002 projection) of whom 73 percent live in rural areas. However, the actual population is 30,000 less than projected as a result of HIV/AIDS. Its gross domestic product (GDP) per capita in 2002 was US\$1,180, and it ranked 133 out of the 175 countries covered by the United Nations Development Programme's (UNDP) *Human Development Index* (HDI). The World Bank classes Swaziland as a *Lower Middle Income Less Indebted* country.

I.2. After independence in 1968, Swaziland has adopted a prudent macroeconomic management policy, based on free-market principles with little government intervention. The growth in national income since independence has led to a sustained improved average real income per head (EIU, 2003). The Swazi economy performed well in the 1980s, averaging an annual growth of almost six percent per year between 1985 and 1990. The strong economic growth was due to the creation of favourable conditions for foreign direct investment (FDI), political stability, tax incentives, liberal regulations on profit remittance, and the relocation of enterprises to Swaziland from South Africa (World Bank, 2004). The growth rates in the 1990s and 2000s are lower than in the 1980s, which slump is principally accounted for by declines in FDI due to South Africa's emergence from apartheid. The average annual growth rate of GDP in the 1990s was still over three percent, but went under two percent in 2000 and 2001 (Table 1). A temporary recovery took place during 2002, but preliminary figures for 2003 indicate again a slump.

I.3. The contribution of manufacturing sector to GDP increased from 16 percent in 1985 to 36 percent in 1995, and stabilised at 38 percent in 2001 and 2002. Agriculture remains important, both directly and indirectly through agro-processing industries. Export earnings in 2002 amounted to 800 million US\$, to which agricultural and forestry products contributed about half, in particular sugar and wood pulp. Swaziland has strong commercial and financial links with South Africa, which is the destination for 70 percent of Swaziland's exports and the origin or transit port of 90 percent of imports. The rate of inflation in Swaziland tends to follow trends in South Africa due to its close monetary and trade relationships. Inflation fluctuated between 6 and 10 percent from 1996 to 2001, rose to almost 12 percent in 2002 and gradually dropped to levels around 4 percent in 2004.

Table 1: Macro-economic Indicators

Annual percentage change unless otherwise stated	1998	1999	2000	2001	2002
GDP growth, at constant prices(%)	3.3	3.6	1.9	1.7	3.6
Consumer Price Index (CPI) inflation, period average(%)	7.5	5.9	9.9	7.5	11.9
Unemployment rate(%)	30.0	31.4	31.3	31.3	30.0
Prime lending rate, end of period(%)	19.5	17.4	14.0	13.3	15.3
Central government balance, including grants (percentage of GDP)	0.5	-1.5	-1.4	-3.1	-4.6
GDP in current prices (millions of Emalangeni)	7,449	8,41	9,629	10,845	12,437
Overall balance of payments (millions of US\$)	51	21	-6	-57	-29
Net official international reserves (in months of imports)	2.9	3.0	2.6	2.2	2.2
Total external debt (millions of US\$)	288	319	358	288	377
External debt (percentage of GDP)	21.2	23.2	25.7	22.6	31.9

Source: IMF 2004. Note: Figures do not tally exactly with GOS official statistics

I.4. Although Swaziland is classified as a Lower Middle Income country, a large proportion of its population is poor, as an estimated 66 percent of the population lives below the poverty line (defined at US\$1 per day). The average per capita income of the poorest 40 percent of the population is less than US\$230, and 43 percent of total income goes to only ten percent of the population. Formal employment in 1999 was estimated at 89,015 (GOS–Central Statistical Office, 2003). The majority live in farm households located on communal areas engaged in subsistence farming. The widespread poverty in Swaziland’s rural areas is due to the low productivity of rainfed crop farming and animal rearing on communal land. These agricultural practices have failed to provide the majority of the rural households with an adequate source of livelihood, thereby inducing them to survive with the help of non–agricultural employment and remittances from family members working in South Africa or the urban centres of Swaziland. Even then, there is widespread rural poverty, food insecurity and malnutrition. This is aggravated by the high incidence of HIV/AIDS. The rural economy’s reliance on subsistence agriculture is exacerbated by the low incentives to invest on communal *Swazi Nation Land* (SNL), which accounts for about 74 percent of all land, and the related but distinct issue of limited availability of commercial credit to finance such investments.

B. The Agricultural and Rural Sector

I.5. **Contribution to the Economy.** The agricultural sector’s share of GDP decreased from about one–third at independence to 8.5 percent in 2002. However, agriculture remains an important source of livelihood for over 70 percent of the population and most households derive a substantial part of their income from agriculture, either as small–scale producers or as employees of the medium– and large–scale farms and estates. The sector, including agro–based industries, is also an important foreign exchange earner, accounting for about 45 percent of the value of national exports. Sugar cane accounts for 60 percent of agriculture’s contribution to GDP. The growth of real per capita GDP fell from six percent in 1990 to a negative rate in 1991/92 during a severe drought. Another drought in 2001/02 resulted in a drop of 42 percent in maize production from the average.

Table 2: Agro–ecological Zones of Swaziland

Agro–ecological Zone Altitude & % of total land area	Dominant Landform & Geology	Climate, Annual rainfall (mm) * Thermal zone	Inherent Vegetation	Land Degradation
Highveld 900–1400m 33%	Dissected escarpment, basins and plateaux (Granite)	Subhumid 850–1400 (700–1200) Moderately cool	Short grassland with forest patches	30% serious erosion 40% poor range conditions
Upper Middleveld 600–800m 14%	Medium & low hills, basins & plateau remnants (Granodiorite/Granite)	Subhumid 800–1000 (650–850) Moderately warm	Tall grassland with scattered trees & shrubs	50% serious erosion 70% poor range conditions
Lower Middleveld 400–600m 14%	Rolling plain with low hills (Gneiss)	Moist semi–arid 650–800 (500–700) Moderately warm	Broad leaved savanna	20% serious erosion 25% poor range conditions
Western Lowveld 250–400m 20%	Undulating plain (Sandstone/Claystone)	Dry semi–arid 625–725 (425–550) Moderately warm	Mixed savanna	10% serious erosion 60% poor range conditions
Eastern Lowveld 200–300m 11%	Gently undulating plain (Basalt)	Dry semi–arid 550–625 (400–500) Moderately warm	Acacia savanna	5% serious erosion 40% poor range conditions
Lubombo Range 250–600m 8%	Undulating and dissected cuesta plateau (Ignimbrite)	Moist semi–arid 700–825 (500–750) Moderately warm	Hillside bush and plateau savanna	5% serious erosion 5% poor range conditions

Source: IMF 2004. Note: Figures do not tally exactly with GOS official statistics.

I.6. **Agro–ecological Zones.** Swaziland has a landmass of approximately 17 364 square kilometres and is divided into six agro–ecological zones based on elevation, topography, climate, geology and soils: Highveld, Upper and Lower Middleveld, Western and Eastern Lowveld and Lubombo Range. Table 2 presents an overview of the main characteristics of the six agro–ecological zones. The AEZ Map shows the spatial distribution of the zones. Going from high to low (West to East), the landscapes vary from the plateaus and steeply dissected slopes of the Highveld via the hilly Upper Middleveld and footslopes of the Lower Middleveld to the undulating plains of the Lowveld. The Lubombo Range borders Mozambique and consists of a series of ridges, made up by a tilted and eroded plateau. Climatic conditions range from sub–humid and temperate in the Highveld to semi–arid and warm in the Lowveld. Summers in the Lowveld are hot and drought occurs frequently. Only the Highveld and Upper Middleveld have sufficient rainfall for reliable rainfed crop production, however still with irregular occurrence of drought. The inherent vegetation still characterises a substantial proportion of the country, although large areas have changed as a result of cultivation and other human interference. Erosion and land degradation is most severe in the Upper Middleveld, and relatively minor in the Lowveld and Lubombo. The most serious erosion is found on communal rangelands, and the same applies to the occurrence of deteriorated range conditions (FAO/MOAC, 1994).



I.7. **Land Use and Suitability of Soils.** The main land use in Swaziland is extensive grazing, of which communal extensive grazing covers approximately 50 percent of the country and commercial ranching 19 percent (FAO/MOAC, 1994). Grazing takes place on natural grasslands, savannas and woodlands, which areas are also used for community forestry. Small–scale subsistence rainfed agriculture including grass–strips, homesteads and other infrastructure covers about 12 percent, whereas large–scale irrigated and rainfed crop production cover approximately 4 and 2 percent respectively. The latter is variable due to increases and decreases in cotton farming. In most years, a considerable part of the total arable land is fallow or temporarily unused. Plantation forestry – including mills, tracks, firebreaks and other infrastructure – covers about 8 percent, and the remaining 5 percent is made up of national parks and urban areas. Soils suitable for crop production occur in all agro–ecological zones, but distribution and soil types vary strongly, depending on slope and other terrain conditions. Suitable soils in Highveld and Upper Middleveld are found in basins and other relatively level parts. The soils of the Eastern Lowveld are generally more suitable for irrigated crop production than the soils of the Western Lowveld. Crop production in the Lubombo Range is restricted to the non–eroded plateau remnants.

I.8. **Land Tenure and Structure of Sector.** The land tenure system in Swaziland can be divided into two categories: communal land held in trust by the King, called *Swazi National Land* (SNL), which amounts to about 74 percent of the area; and land under Title Deed (TDL), accounting for the remaining 26 percent (FAO/MOAC, 1994). However, not all SNL is communally used: the *Ministry of*

Agriculture and Co-operatives (MOAC), parastatals and leasing companies control about 25 percent of SNL. About two thirds of SNL is used for non–commercial extensive communal grazing, with subordinate other activities such as community forestry. Less than seven percent of all SNL is planted to rainfed crops, with maize as the most important crop, followed by cotton, groundnuts, pumpkins, and sweet potatoes. Irrigated sugarcane is the only important commercial crop on SNL. The TDL area is located mainly in the Highveld and Eastern Lowveld, where it covers 30 and 40 percent respectively. The TDL area is mainly used for commercial forestry and livestock production (ranching), as well as for the cultivation of sugarcane, citrus, pineapple, vegetables and fodder crops. Sugarcane completely dominates the irrigated agriculture sector; in 2002 covering more than 46 000 ha of the approximate total of 50 000 ha of irrigated land.

I.9. **Arable Land Statistics.** Table 3 shows land statistics selected from the wide range of available data on cultivated and arable land in the agro–ecological zones of Swaziland (in most statistics the two Middleveld zones are combined, as are the two Lowveld zones). In 1994, the total net arable land was estimated by remote sensing as 236,000 ha (FAO, 1994) and 219,000 ha (GOS–Central Statistical Office, 2003), of which 41,000 ha lay fallow. Later estimates are significantly lower: 191,000 ha (IFAD, 2001) and 182,000 ha (FAO–CASP, 2003). Actually cultivated areas derived from statistical records show generally much lower coverage than these general land use data. The total cultivated rainfed Swazi Nation Land (SNL) in 2002 is estimated at about 80,000 ha, including about 1,000 ha of fruit trees. The areas of irrigated SNL and rainfed TDL are relatively minor.⁵ Almost all crop production on TDL is irrigated, of which in 2002 about 46,500 ha was sugarcane, including 3,000 ha of out–growers (SSA, 2004), and about 2,500 ha citrus. The total cultivated land in 2002 is estimated at about 131,000 ha, which is significantly less than statistical estimates in the 1980s and 1990s with highest values of about 160,000 ha. The large proportion of current fallow and abandoned land explains the shortfall. The area used for cotton alone is 20–30,000 ha less compared to previous peak levels.

Table 3: Arable and cultivated land in Swaziland (ha)

Agro–ecological Zone (AEZ)	Total area	Estimated net arable area		Rainfed 2002 (<i>mainly SNL</i>)	Irrigated 2002 (<i>mainly TDL</i>)	Total cultivated 2002
		FAO1994	FAO 2003	[Statistics]	[Stats/SSA]	[Statistics]
Highveld	555,200	28,000	27,800	26,500	400	27,000
Middleveld	486,100	67,000	58,300	28,700	5,500	34,000
Lowveld	538,200	127,000	80,700	21,600	44,500	66,000
Lubombo	156,500	14,000	15,400	3,700	100	4,000
Total	1,736,000	236,000	182,000	80,500	50,500	131,000

Sources: FAO/MOAC 1994; FAO–CASP 2003; GOS–Central Statistical Office 2004; Swaziland Sugar Association 2004

I.10. **Livestock Statistics.** Cattle dominate the livestock sector in Swaziland. The number of cattle has always fluctuated as a result of drought, but gradually increased to a peak of 753,000 in 1992. They have since decreased, and have stabilised in recent years at around 600 000. The stocking rate on SNL is more than two times larger than on TDL. Goat is the main small stock, but from 1995 goat numbers have decreased by one third to about 300,000 in 2002. The numbers of sheep, pig and equine are low. Poultry numbers are increasing strongly (FAO–CASP, 2003). Table 4 gives the distribution per AEZ

⁵ The irrigated area of SNL in 2002 according to statistical figures is 1,700 ha, but this seems a low estimate, as the out–growers area under sugarcane is already significantly larger, namely about 3,000 ha (SSA, 2004). The remaining irrigated SNL area (small–scale and micro non–sugarcane) is estimated at no more than 1,500 ha (Lankford, 2001). The total of rainfed crops (cotton, pineapple, tobacco) on TDL is less than 1,000 ha (some 400ha of pineapple in the Middleveld and 400 ha of cotton in the Lowveld).

of the two grazing types — ranching and extensive communal — and the recommended carrying capacity with the actual deviation from the optimal numbers. Extensive communal grazing is highest (67 percent) in the Upper Middleveld and just above the country average of 50 percent in the Highveld, Lower Middleveld and Lubombo. Ranching is highest in the combined Lowveld (about 30 percent), and also high in the Lower Middleveld and Lubombo. In the Middleveld and Lowveld the livestock density is much higher than the recommended carrying capacity, which has resulted in overgrazing and range degradation.

Table 4: Distribution of grazing type per agro–ecological zone and carrying capacity with actual deviation from the optimal

Agro–ecological Zone (AEZ)	TDL Ranching		SNL Communal		Total Grazing		Carrying Capacity	
	ha	%	ha	%	ha	%	ha/TLU*	Deviation
Highveld	50,000	8.7	302,000	56.7	352,000	65.4	2.4	-43%
Upper Middleveld	28,000	11.6	161,000	66.9	189,000	78.5	2.9	+30%
Lower Middleveld	58,000	23.9	130,000	53.6	188,000	77.5	2.9	+30%
Western Lowveld	100,000	29.4	128,000	37.5	228,000	66.9	3.7	+63%
Eastern Lowveld	64,000	32.5	46,000	23.5	110,000	56.0	3.7	+63%
Lubombo Range	33,000	22.1	80,000	54.3	113,000	67.4	2.9	-38%
Total	332,000	19.2	866,000	50.0	1,198,000	69.2	3.0	+27%

Source: FAO/MOAC 1994, FAO–CASP 2003

I.11. **Institutions.** Swaziland’s major institutions for agricultural development are the *Ministry of Agriculture and Cooperatives* (MOAC), its parastatals, and a number of non–governmental organisations. Private sector companies largely supply agricultural inputs. The objectives of MOAC are to: (i) formulate policy and administer all legislation related to agriculture and organisation and management of cooperative societies; (ii) develop and implement plans in pursuit of the agricultural development policy, especially in the areas of rural development and subsistence farming; and (iii) provide executive direction and common services for the Ministry, including administration, planning, finance and publicity. MOAC includes the *Department of Agriculture and Extension*, the *Department of Veterinary Services and Livestock Production*, the *Department of Cooperatives Development*, the *Economic Planning and Analysis Section*, the *Agricultural Research Division*, the *Forestry Section*, the *Fisheries Section* and the *Land Use Planning Section*. NAMBOARD is the parastatal responsible for agricultural marketing. Other important ministries are the *Ministry of Natural Resources and Energy* (MNRE), and the *Ministry of Tourism, Environment and Communications* (MTEC). The *Swaziland Komati Project Enterprise* (SKPE) was established in 1999 as a parastatal organization, with MNRE as its ‘parent ministry’ (though MOAC is a co–signatory to its founding ‘Memorandum of Association’). The original brief was to plan and implement the downstream development of the *Komati Basin Project*, but its role has been expanded to cover all river basin development in Swaziland and is now particularly relevant to the *Lower Usuthu Smallholder Irrigation Project* (LUSIP). Other major agriculture implementers include several active NGOs such as the *Lutheran Development Services* (LDS), *Swaziland Farmers Development Foundation* (SFDF), *World Vision*, *African Cooperative Action Trust* (ACAT), and the EU Micro Projects Programme.

I.12. **Financing.** Table 5 shows government budget allocations to agriculture and related rural development against total annual budget. For purposes of calculating the agricultural sector budget the following budget components were used: (i) all the recurrent budget of the MOAC; and (ii) budgets of all capital projects falling under sector “A”, that is “agriculture, forestry and fisheries” in the *Government’s Estimates Book* (GOS, 2004). In recent years, sector “A” would also include budgets for the downstream development components of the two major irrigation projects currently undertaken by the government. These are the *Komati Downstream Development Project* (KDDP) and the LUSIP.

Although these projects are agricultural in nature, administratively they are handled by the SKPE, which falls under the MNRE.

Budget	00/01	01/02	02/03	03/04	04/05
a) Total Annual Government Budget	3,104,072	3,536,484	3,893,969	4,386,436	5,333,037
b) Growth in budget		14.0%	10.1%	12.7%	21.6%
c) MOAC recurrent budget	89,744	109,290	115,809	132,519	146,510
d) Total agricultural sector capital budget:	98,193	138,199	112,368	95,961	92,221
d1) Total MOAC capital budget	32,428	54,259	72,861	70,449	110,219
d2) Downstream LUSIP & KDDP under MNRE	0	25,580	45,442	38,912	39,462
d3) 75% of Upstream LUSIP & KDDP under MNRE	61,500	71,940	27,507	19,512	29,002
e) Total agricultural sector budget (c + d)	187,937	247,489	228,177	228,480	238,731
f) Agriculture budget as % of total budget	6.1%	7.0%	5.9%	5.2%	4.5%
g) Growth in agricultural sector (e)		31.7%	-7.8%	0.1%	4.5%

Source: Government of Swaziland Estimates 2004–2007, and previous

C. The Strategic Framework

(i) Government Objectives and Strategy

I.13. **National Development Strategy (NDS).** Swaziland has prepared a long-term development strategy (NDS 1997–2022), which provides a framework for poverty elimination, employment creation and gender equity (GOS, 1999). Under the NDS, agriculture has been identified as one of the key sectors for achieving the strategic objectives, and is being taken care of within the government's *National Development Plan (NDP)*. The NDP is elaborated in annual 3-year rolling plans and sets out the government's public investment programme. The agricultural development strategy is based on the consideration that Swaziland has a comparative advantage in agricultural production because of its good soils, good climatic conditions, potential for quality agricultural research and competitive wage rates. A large portion of the population will be still deriving its livelihood from agriculture over the next twenty-five years. It, therefore, makes good economic sense to select agricultural development as one of the major areas of strategic thrust. Important elements are (i) food security at the household and community levels; (ii) commercialisation of agriculture on Swazi Nation Land; (iii) efficient water resource management and usage; and (iv) rational land allocation and utilization. A selection of the most relevant agricultural, land use and rural development strategies as identified in the NDS are given in Annex 3. Important strategies are covered under the following intervention areas: food security, employment, legislation, marketing, trade, land use, land tenure, livestock, and empowerment and community participation in rural development.

I.14. **Poverty Reduction Strategy.** The formulation of a *Poverty Reduction Strategy (PRS)* was seen as a vital part of implementing the NDS. The World Bank, in consultation with the government, produced a *Poverty Policy Overview Report* (World Bank, 2000) that recommended a number of key interventions required to improving the living standards of the poor. One of the four main interventions was smallholder agricultural development through land tenure reform, sustainable cattle management, and the introduction of small-scale savings and credit mechanisms in rural areas. The *Prioritised Action Programme on Poverty Reduction (GOS-MEPD, March 2002)* formulates the action plan of the government's PRS. A revised *PRS Action Programme* is developed in 2004. The current programme identifies three major strategies: (i) rapid acceleration of economic growth based on broad based participation; (ii) empowering the poor to generate income through economic restructuring; and (iii) equitable distribution of the benefits of growth through public spending. It

elaborates on a number of topics and presents a comprehensive list of prioritised projects with a total cost of US\$64,512,125. The identified projects are listed according to topic or sector, with almost 60 percent of the total budget earmarked for education and about 20 percent for agriculture and food security (see Annex 2). Rural development, development of small and medium enterprises (SMEs) and increased agricultural production on SNL are seen as key elements in reducing unemployment and poverty. The poverty reduction strategy in agriculture seeks to improve incomes and achieve food security in the rural sector from a combination of own grown food, proper food storage and cash generated from other activities. Several of the plans in the PRS relate to the activities under the five pillars of CAADP.⁶ Due to the lack of integration of the PRS proposed projects into the sector budgets, not much of the programme could be implemented in the past two years. The prospects for the PRS's budgetary integration and implementation in future years also seem limited.

I.15. **Agricultural and other policies.** Despite the importance of agriculture, Swaziland does not yet have a *Comprehensive Agricultural Sector Policy (CASP)* that embraces the crop and livestock sub-sectors and which takes account of the important complementarities between these two sub-sectors. A first draft of a CASP for Swaziland was discussed at a stakeholder workshop in December 2003 and the policy should be finalized in 2004. Since poverty is widespread in Swaziland, the focus of the draft CASP is on poverty reduction and food security. Its main objective is to improve the livelihoods of Swaziland's poor across the board. Other policies and strategies that relate to agricultural development in general and the CAADP pillars in particular, include the *Livestock Development Policy* (1995), the *National Forest Policy & National Forestry Programme* (2002), the *Swaziland Environment Action Plan* (1997), the draft *National Environmental Policy* (2002), the draft *National Biodiversity Strategy & Action Plan* (2000), the *National Physical Development Plan* (1996), the *National Rural Resettlement Policy* (2003), the *National Energy Policy* (2002), the draft *Tourism Policy* (2002) and the draft *Water Policy* (1999). A *National Land Policy* (2000) has been drafted, designed to regulate important land tenure and land use matters.⁷ Under the World Bank funded *Urban Development Project (UDP)*, an initiative has been undertaken whereby the definition of SNL was reinterpreted to allow for 99-year leases to be held on SNL (within the Project Area).⁸

(ii) Major Co-operating Partners' Strategy

I.16. **Overall assistance.** The total external assistance to Swaziland by bilateral and multilateral co-operating partners has been decreasing over the last decade and is now below five percent of the GDP. The main reasons for this decrease are a shift of interest to other countries, concerns about the Kingdom's governance, Swaziland's Lower Middle Income Less Indebted status, low government capacity, and slow implementation of development programmes. The government has designed an *Aid Policy Statement (APS)* on external assistance to provide a framework for effective resource mobilisation and to ensure consistency with national and sector priorities.

I.17. **European Union (EU).** The EU is one of the key co-operating partners in Swaziland. The three main objectives of EU co-operation are to foster sustainable economic and social development, to integrate developing countries into the world economy, and to reduce poverty. Since 1976, the three main sectors of support have been rural development, human resource development (HRD) and private

⁶ See Preface.

⁷ At present the draft *National Land Policy* is held up with the *Swazi National Council (SNC)* and progress seems unlikely until the draft constitution is accepted and implemented.

⁸ This innovation occurred in 1998 and was aimed at enabling project beneficiaries to have secure tenure of their plots to promote realisable investments. In these instances the plots are registered with the *Deeds Office* and the informal system gives way to the legal approach that prevails on TDL. The *Ministry of Housing & Urban Development (MHUD)* has an ongoing initiative to expand the application of this concept.

sector support. The fundamental priority of EU–Swaziland cooperation will be HDR through support to the education sector. Outside this focal area, support will be given to the Lower Usuthu Smallholder Irrigation Project and to a participatory and decentralised poverty reduction programme. Gender equality, HIV/AIDS, decentralisation, capacity building and environmental management are important crosscutting issues.⁹

I.18. *United Nations (UN)*. Through its agencies the UN is an important multilateral co–operating partner. The agencies include the *United Nations Development Fund (UNDP)*, the *United Nations Children’s Fund (UNICEF)*, the *World Health Organization (WHO)*, the *joint United Nations Programme on HIV/AIDS (UNAIDS)*, the *United Nations Population Fund (UNFPA)*, and the *United Nations High Commissioner for Refugees (UNHRC)*. The *Food and Agriculture Organization (FAO)* is active in Swaziland with support to the formulation of the CASP and the *National Irrigation Policy*.

I.19. The *African Development Bank (AfDB)* and the *International Fund for Agricultural Development (IFAD)* lending is focused primarily on public works and agriculture. The World Bank is also involved in the Kingdom in the aforementioned loan–financed UDP, and more recently providing grant support to combat HIV/AIDS.¹⁰

I.20. The main bilateral co–operating partner in Swaziland is the Republic of China (Taiwan), mainly in the form of technical assistance and equipment through grants and loans. The sectors involved are agriculture, roads, handicrafts, rural electrification, computerisation, and health. Others include Japan through the *Japan International Co–operation Agency (JICA)*; food production, medical equipment, poverty reduction and water supply) and Egypt (provision of medical personnel).

I.21. Among the EU member states, the United Kingdom (through DFID) has been one of Swaziland’s main co–operating partners since independence. In previous years, support has been focused on public sector reform and education, enterprise development, protection and better management of the environment, and community–level development in rural areas. At present DFID are now focusing only on poverty reduction and HIV/AIDS alleviation. Other EU member states’ interventions are relatively small, and include Denmark (forestry and energy policy, and solid waste management), Germany (vocational training and provision of medical doctors), Italy (health sector reform and HIV/AIDS), and Sweden (feasibility study of rural electrification, training and some NGO activities).

(iii) Pipeline Projects

I.22. Information on activities proposed by government for agricultural development are shown in Annex 2, Table 11, with the linkages between the proposed policy thrusts and the five pillars of the *Comprehensive Africa Agriculture Development Programme (CAADP)* of NEPAD (*New Partnership for Africa’s Development*). The activities and interest of various co–operating partners and their linkages to the pillars are shown in Annex 2, Table 12. The pillars are briefly described in the *Preface*.

⁹ European Community: *Country Strategy Paper (CSP)* and *Indicative Programme* for the period 2002–2007.

¹⁰ The first ever such World Bank grant to a Lower Middle Income country.

(iv) *Conclusion*

I.23. The interest of co–operating partners to participate in agricultural programmes has continuously decreased since the 1980s. At present the only grant support in a major agricultural development programme is that of the EU in the LUSIP.¹¹

II. CONSTRAINTS AND OPPORTUNITIES

II.1. *Macro–economic.* Economic reforms are central to government policy, but progress is slow and implementation patchy. Economic policy is broadly aimed at promoting macroeconomic stability, attracting foreign investment, generating employment, improving public expenditure management and improving the administration and collection of revenue. The openness and the small size of the economy make it vulnerable to exogenous shocks and also limit autonomy, particularly in monetary policy. Long–term challenges upon which the government is working include improving fiscal discipline and policy — including budgetary planning — broadening the tax base, and restraining overall government expenditure. In addition, the full fiscal and economic impact of the HIV/AIDS pandemic is yet to be felt in the Kingdom. Swaziland’s debt/GDP and debt/service ratios are very low by developing country standards (the debt stock is currently about 31 percent of GDP), and the Kingdom has never defaulted nor required IMF intervention. It is unlikely that government will contract any additional external debt (beyond that associated with LUSIP and the Mbabane bypass road) in the medium–term.

II.2. *Natural Resource/Environmental.* Swaziland’s six AEZ have rather limited areas suitable for cultivation due to terrain conditions and type and quality of soils. Smallholder farming in Swaziland is characterized by unsustainable cultivation and soil management practices which have resulted in depletion of organic matter and nutrients. This has a negative effect on soil fertility, and also compromises the water holding capacity of the soil. The total grazing land extends over more than 1,100,000 ha and unimproved natural pasture grasses and natural browse trees and shrubs dominate the plant cover. With increased pressure and without proper range management, the productivity of these forages is commonly low because they degrade as a result of overexploitation and open up to soil erosion and weed encroachment. Forests and woodlands cover about 45 percent of Swaziland’s total area, but these largely natural resources are being rapidly degraded.

II.3. The water that Swaziland can extract from its five main river basins is limited by agreements with South Africa and Mozambique. The availability of groundwater is constrained by the physical characteristics of the aquifers, and virtually all irrigation in Swaziland is based on surface water. Several opportunities exist for improving soil fertility and moisture retention, for instance by expanding or renovating the grass–strip terraces, and planting of trees and shrubs for organic manure and fodder. Application of lime and gypsum would neutralize the effects of low soil pH and aluminium toxicity of some of the highly weathered soils of the Highveld and Upper Middleveld. The main opportunities to reduce range degradation are better management of the communal grazing areas and better use of animal feed resources on the individual farms. An obvious way to reduce the risks associated with unreliable rainfall is to develop irrigation and apply efficient irrigation methods. Other options include application of soil moisture conservation technologies and cultivation of drought tolerant crops.

¹¹ The African Development Bank (AfDB), the Arab Bank for Economic Development in Africa (BADEA), the Development Bank of South Africa (DBSA), the European Investment Bank (EIB), the International Cooperation and Development Fund (ICDF) and IFAD are all providing loan/credit finance for this project.

II.4. **Rural Infrastructure.** Swaziland has a good network of roads, and the main road to South Africa has been upgraded to dual carriageway standard. There are plans to improve an existing gravel road in the northern part of the country to establish an important link with the Johannesburg – Maputo highway. Swaziland Railways is one of the few profitable railways in Africa. Telecommunications are relatively poor by South African standards, but the mobile phone network has grown rapidly. Although the electricity grid has been extended to most areas, most rural households depend heavily on fuel wood, petroleum products and coal for their energy needs. Swaziland currently produces a small amount of goods suitable for freight, but there are several international airports in the proximity. Based on existing infrastructure, the country would be well equipped if it were to pursue crop diversification.

II.5. **HIV/AIDS.** The occurrence of HIV/AIDS is very high in Swaziland. It is estimated that at the end of 2002 38.6 percent of Swazis aged 15–49 years were affected (UNAIDS, 2003). The demographic change and resultant impact in labour force will have significant effects on the society and economy. The numbers of HIV cases are still increasing and the number of AIDS deaths is expected to rise to a peak in 2008. Subsistence agriculture and food security are very seriously threatened by HIV/AIDS (GOS–MOAC *et al.*, 2002).

II.6. **Agricultural Production.** The main problems facing agricultural production in Swaziland are limited investment, low inputs, marketing, land degradation, HIV/AIDS, drought, and limited processing industries. Opportunities exist to develop the significant agricultural potential. Irrigation can be expanded and crop diversification towards more high value crops could be achieved, thereby creating opportunities for increased farmers' incomes. Past efforts to promote diversification have not been very successful, and it is felt that future efforts should not be limited to the introduction of improved production technologies, but should also focus on developing markets, marketing channels and rural infrastructure. The present rainfed farming practised in the SNL, which is characterised by low productivity, also provides ample scope for improving the efficiency of the bulk of the farmers producing in this area.

II.7. **Arable Land.** The overall cultivated area on SNL has decreased since the early 1990s. It has always fluctuated as a result of drought and variable interest in growing cotton, but in good years it used to be well over 100,000 ha. The last year with more than 100,000 ha of cultivated SNL was 1990/91, with a total of about 120,000 ha, of which maize covered 99,000 ha and cotton 17,000 ha. Average totals of SNL cultivated from 1992 till 2002 are about 80,000 ha, of which 60,000 ha planted to maize with an average yield of 1.6 t/ha. Estimated overall figures of arable land are much higher, which indicates that the proportion of fallow land is always high, particularly in drought years. The other effect is the fluctuation of the land under cotton, which again in the last few years has dramatically decreased. As a result of HIV/AIDS and the diminishing rural labour force, the percentage fallow and semi–abandoned land is expected to further increase. The current trend indicates that in principle sufficient land is available for development, although there may be certain restrictions with respect to land tenure.

II.8. **The Use of SNL as Collateral.** The current draft Constitution provides that, as in the 1968 Constitution, SNL cannot be used as collateral to obtain loans –. This may be considered as one of the main contributing factors to the current impoverished condition of the rural populace. Furthermore, it is contrary to the intention of the government to introduce 99–year leases in urban, peri–urban and rural contexts, which are being introduced specifically with a right to mortgage in mind. The draft National Land Policy has recommended its repeal, but if the restriction under section 94(2) will continue to apply, it means that mortgaging of leases — that is, the use of land as collateral — will remain unconstitutional. As far as commercial production is concerned, it places any producer on SNL at a market disadvantage with other competitors. By not allowing the use of land as collateral, finance

for any proposed development projects can only be obtained at either a high, or a subsidized low, interest rate. In neither case is the project likely to be sustainable in the long term, thereby limiting the confidence for current investment. In the case of high interest rates, the produce will have to be priced to service the loan, making it, other things being equal, non-competitive with produce priced to service lower interest rate repayments, or none. If the need to market produce is a need for a bankable project, there is a need to attract loans at interest that allow the producer to market competitively. No collateral dramatically reduces that possibility. Further, when a person improves land on TDL, there is a double benefit of cash flow and asset growth, but when a person improves land on SNL, there is only a single benefit of cash flow. Therefore, other things being equal, one would always invest on TDL in preference to SNL, which is one of several major reasons for the lack of potential for bankable projects on SNL.

II.9. ***Irrigation Development and Potential.*** With support from FAO, a national irrigation policy and strategy is being formulated, and expected to be completed in 2004. Such a comprehensive irrigation policy would support the NMTIP, and in particular CAADP pillar 1. Information on the irrigation potential in Swaziland is essential for the NMTIP. Different estimates are found in the literature, often without reference to the original source. FAO Aquastat (2004) provides estimates of 200,000 and 90,000 ha of irrigated potential, which figures are respectively based on the availability of land alone and land and water together. These data are most likely based on a study commissioned by UNDP (1970) that identified an additional irrigation development potential of 195,000 ha, in addition to the approximate 20,000 ha already irrigated at that time. The larger part of the potential was found in the river basins of the Komati, Lower Usuthu, Mbuluzi and Ngwavuma. By far the largest area was identified in the Lowveld (132,000 ha), followed by the Middleveld (42,000 ha) and Highveld (22,000 ha). These data are quoted in the *National Physical Development Plan* (GOS–MHUD, 1996). The NPDP also summarizes findings of a study by the Omaha Corps of Engineers (U.S. Govt/Army Dept., 1981), which indicate that sufficient water and land is available to irrigate an additional 68,900 ha in the four main river basins. Since 1981 about 25,000 ha has already been developed: this leaves more than 40,000 ha of suitable land still available for irrigation. The earlier estimate suggests a substantially larger area still available. Currently, more than 15,000 ha of irrigation are planned for the remainder of the KDDP, and the LUSIP that has still to be started. It should be noted that current planning focuses on smallholder development, on the basis of growing sugarcane. If the scenario is changed to another crop, e.g. cotton, there will be a different situation with respect to water requirements and land area that can be irrigated.

II.10. ***Changes in Cultivated Land.*** Table 6 gives an indication of the variability in the area of cultivated land — extreme drought years excluded — over the past 20 years and a likely trend for the next 10 years, based on the interpretation of past and current developments in policy, population change, labour availability and investment. The land area under irrigation is gradually but continuously increasing, with 1–2,000 ha annually. The KDDP and LUSIP projects alone will account for an addition of more than 15,000 ha of irrigated land. Land under cotton is at the most variable use; at the moment it is very low (probably less than 5,000 ha), but at peak levels over 35,000 ha, equally divided between TDL and SNL. SNL maize production is gradually but continuously decreasing. The annual total SNL cultivated is strongly dependent on the occurrence of drought. With an optimistic scenario 70,000 ha of SNL may still be cultivated in the near future, but with a less positive and probably more realistic scenario, the average cultivated SNL may further decrease to an average of 60,000, 50,000 or even 40,000 ha. The two main reasons for the decrease are the reduced labour input caused by HIV/AIDS and reduced growing periods through Climate Change. Also the transition of rainfed SNL into irrigated land (KDDP and LUSIP, but also smaller schemes) will have an effect. It is estimated (GOS–MOAC *et al.*, 2002) that in households affected by death through AIDS both the area of cultivated land and the yield may decrease by as much as 50 percent. Under the negative scenario

and without intervention, it is very likely that within ten years there will be more irrigated than rainfed land and that a large proportion of the total arable land will be not cultivated.

Main category	Past 20 years (1983–2003)	Next 10 years (2004–2014)
Irrigated – mainly sugarcane	35,000–55,000	55,000–75,000
Rainfed TDL – mainly cotton	5,000–15,000	1,000–15,000
Rainfed SNL – mainly maize	80,000–120,000	40,000–70,000
Overall variability	130,000–180,000	100,000–150,000

II.11. **Livestock Production.** Although the number of cattle has decreased from around 750,000 in the early 1990s to about 600,000 in recent years, stocking levels are still too high — in particular on SNL — and deterioration of the rangelands is continuing. The major constraints to livestock production have been identified as diseases, breeds and breeding practices, inadequate feed resources, lack of range management and water shortages, under–utilization of market infrastructure, lack of adaptive research, lack of proper livestock census and lack of capital for improved technologies necessary for animal development. Opportunities are: (i) increased off–take of cattle, poultry and dairy production to meet market demand and reduce imports; (ii) improved range management and rehabilitation to prevent overgrazing and to control degradation; (iii) improved livestock quality and condition through proper breeding and selection and improved supplementary feed preparation; (iv) more effective livestock marketing through better marketing facilities and information; (v) strengthening livestock extension activities under the *Veterinary Department* and upgrading of *Veterinary and Stock Farmer Training* to cover basic production extension technology; and (vi) better control of tick and tick–borne and other diseases, and provision of basic data for livestock development, veterinary, public health and animal health promotion through livestock and veterinary research.

II.12. **Institutions.** Two main actors within MOAC are *Agricultural Research Division (ARD)* and *Department of Agriculture & Extension (DAE)*. The ARD has many sections, but has no director with executive powers since 1990. This has disadvantaged its operations and reduced its visibility. The DAE has over twenty sections and units that perform unrelated functions, and which lack synergy and complementarities. The weak linkage has resulted in low development and delivery of technologies and information to farmers. Appropriate policies and mandates for both research and extension need to be developed. Other opportunities exist by which MOAC forms partnerships with NGOs and the private sector.

II.13. **Legal and Regulatory Framework.** The legal framework related to agriculture, forestry and fisheries is fragmented and largely outdated. Most of the Acts on agricultural policy and practices are more than 30 years old.¹² New Acts include the *Flora Protection Act* of 2001, the *Swaziland Environmental Management Act* of 2003, and the *Water Act* of 2003. New bills on Resettlement, Forestry and Co–operations are currently being prepared.

¹² Animal Diseases Act, 7/1965; Cane Growers Act, 12/1967; Canning Control Act, 69/1961; Cattle Dipping Charges Act, 46/1950; Cattle Export and Slaughter Tax, 32/1968; Cattle Routes Act, 15/1918; Citrus Act, 22/1967; Control of Cereals Act, 28/1959; Control of Milling Charges, 150/1942; Control of Tree Planting Act, 7/1972; Cotton Act, 26/1967; Cruelty to Animals Act, 43/1962; Dairy Act, 28/1968; Grass Fires Act, 44/1965; Land and Agricultural Loan Fund Act, 34/1929; Locust Destruction Act, 44/1924; Noxious Weeds Act, 19/1929; Pineapple Act, 8/1967; Plant Protection Act, 10/1958; Private Forests Act, 3/1951; Protection of Fresh Water Fish Act, 75/1937; Regulation of Pedigree Livestock Act, 11/1921; Sale of Wool Act, 29/1942; Stock Theft Act, 6/1904; Tobacco Act, 52/1944; Transfer of Assets and Liabilities of the Swaziland Livestock Producers; Wattle Bark Control Act, 38/1960; Wild Mushroom Control Order, 31/1973.

II.14. **Conclusions.** The opportunities identified above indicate that several realistic options for agricultural development and investment exist. Sufficient land of good quality is available to further develop irrigated agriculture; however water resources may no longer be sufficient to irrigate as much land as identified 20 years ago. For that reason, attention has also to be given to rainfed crop production, with special care for the vulnerable dryland part of Swaziland where poverty is more severe than in the high rainfall areas. Livestock production, forestry and fisheries offer interesting opportunities — provided these are linked with community management development. The demographic change and effect on the labour force as a result of HIV/AIDS will have a significant impact on rural development. The position of SNL as collateral is an issue of concern, and this may have a negative effect on the competitiveness of commercial development on SNL.

III. INVESTMENT PROGRAMME OUTLINE

A. Priority areas for Investment

III.1. The priority areas for investment within the agricultural sector are outlined by the *National Development Strategy* (NDS), which sets out the vision 2022 and identifies key macro strategic areas, which include economic empowerment, agricultural development and environmental management. The prioritisation of the sector strategies of the NDS is worked out in medium–term development plans and guided by specific policies, action programmes and legislation, of which the most relevant with respect to agricultural development include the *Millennium Action Programme* of 2003, the *Poverty Reduction Strategy* of 2002, the *Swaziland Environment Action Plan* of 1997, the *Water Act* of 2002, the *Draft Comprehensive Agricultural Sector Policy* of 2004, the *Draft Irrigation Policy* of 2004, the *Drylands Development Programme* of 2002, the *Rural Resettlement Policy* of 2003, the *Small and Medium Enterprises Policy* of 2003 and the *National Forestry Programme* of 2002. These programmes contain the main thrust of the government agricultural strategy.

III.2. The priority areas for agricultural investment are based upon Swaziland’s need for food security, in particular for the poor and vulnerable sections of the population. The programmes and strategies mentioned in the previous section have been designed to contribute towards the overall goal of poverty reduction. The most relevant programmes have been prioritised in Table 7, taking into consideration the NDS framework and also previous and current co–operating partner interests. The selected list is arranged according to the five pillars of CAADP and has been screened against unrealistic or low priority programmes.

III.3. The CAADP–NMTIP Steering Committee and Stakeholders Workshop have established high and medium priorities following a full appraisal. A number of the programmes are crosscutting to other pillars. An important general crosscutting issue that should be recognised in several of the identified programmes is the need to strengthen linkages between the public and private sector.

Table 7: Priority programmes in agriculture and rural development

Pillar	Programme Goal	Priority
1	Development of a strategic rural water development plan	High
	Practical multipurpose rural water development (irrigation, domestic)	High
	Planning for expansion of irrigated agriculture	Medium
	Development and improvement of small–holder irrigated agriculture	High
	Development and improvement of crop production in areas with reliable rainfall	Medium
	Development of crop production in dryland areas	High

Table 7: Priority programmes in agriculture and rural development

Pillar	Programme Goal	Priority
2	Improvement of rural infrastructure	High
	Rural trade improvement	Medium
	Policy and legislative support for rural communities to facilitate trade	Medium
	Expansion of trade and improvement market access	High
	Expansion and improvement of livestock marketing	High
3	Increasing food supply focusing on nutritious food production at household level	High
	Promotion of value–adding activities in agriculture	High
	Decreasing vulnerability through alternative livelihoods from rural entrepreneurship and industrialisation	High
	Decreasing vulnerability through support to drought preparedness and mitigation strategy	High
	Efficient emergency relief	Medium
4	Establishment of efficient and integrated research service	Medium
	Reorientation of farming systems approach to research and extension in both crops and livestock research	Medium
5	Introduction of sustainable natural resource and land management through community Natural Resource Management Committees (NRMCS)	Medium
	Conserving biodiversity through community management	High
	Combating desertification and land degradation	High
	Development of community forestry and sustainable exploitation of natural forests and woodlands	Medium
	Promotion and development of agro–forestry	Medium
	Improvement of communal and commercial management of woodlots, wattle forest and out–grower schemes	Medium
	Integration of fisheries into agricultural development	Medium
	Degradation control and improving range management	High
	Promotion of sustainable feed and fodder production and utilisation	High
	Improving animal quality and health	High
	Commercialisation of livestock industry	High
	Mainstreaming environmental sustainability	Medium

B. Project Selection Criteria

III.4. One major project selection criterion, used in the identification of the above investment programme priorities (Table 7), is government priority. Important national priorities of the Government of Swaziland are poverty reduction, food security, and environmental protection. Together with co–operating partner interest, these have been used in selecting the proposed investment areas above. In the context of identified priorities, specific projects for investment will be selected in accordance with the following additional criteria:

- **Technical feasibility and sustainability.** This is the crucial test of whether the proposal makes technical sense and can be seen as sustainable in terms of resource utilization. Examples of previous projects or projects in similar areas, which have proved their technical viability, are useful indicators in this respect. This criterion also covers likely effects upon the environment. Proposals indicating the scope for synergy between various interventions will receive favourable consideration.
- **Financial and economic feasibility.** At the early stage of project identification, it is difficult to obtain more than a vague idea of the financial and economic viability of a project, but enough information should be included to justify continuation of the project preparation process. Indicative agricultural budgets can suggest whether a particular technical process is financially viable in the current pricing and marketing context, e.g. a rough idea of irrigation investment costs per hectare in comparison with returns from the crop(s) likely to be grown

will give an indication of the financial viability. Wherever possible, a preliminary comparison of the benefits with the costs of the project should be made, possibly using a simple cost/benefit ratio in financial terms.

- ***Social and environmental feasibility.*** Social and environmental criteria have, to some extent, already been applied as part of standard government procedures to the Priority Programmes in Table 7. However, it is important reconsidering such criteria after or during the economic feasibility analysis, at the point when information on the social and environmental impact has become available, also in terms of cost. In particular the social conditions that will have an impact on the implementation process should be assessed.
- ***Ease of implementation.*** Experience indicates that projects with complicated implementation mechanisms have difficulty in attaining their objectives in a timely fashion. For this reason, priority will be given to projects with well–designed implementation mechanisms, suitable to the proposed activities, with clear demarcation of responsibilities.

C. Identification of Projects for Development with FAO Assistance

III.5. The *National Medium–Term Investment Programme* (NMTIP) will be supported by an investment portfolio of bankable project profiles (BIPPs)¹³ relevant to the five pillars of CAADP. The aim will be to assist the Government of Swaziland (GOS) in transforming proposals/ideas into bankable projects as expeditiously as possible. Such projects will include proposals that could be financed by loans or grants from international finance institutions (IFI), grants from bilateral co–operating partners, food for aid development as well as GOS own resources.

III.6. The selection of the projects is presented below, based on initial screening of the list of programmes in Table 7 following the above selection criteria and appraisal by the Stakeholders Workshop and the CAADP–NMTIP Steering Committee. The relevant project profiles, developed by a national team of experts, are presented in separate documents.

III.7. ***Bankable Project 1 – Practical multipurpose rural water development (related to CAADP Pillar 1, and crosscutting to Pillars 2 and 3).*** The *Multipurpose Earth Dams Construction and Rehabilitation Project* (US\$3,145,000) is a new project that builds on from previous similar projects implemented by MOAC with funding support from the EU and others from 1989 to 2000. The project seeks to construct or rehabilitate 20 dams per year over the three–year project duration. Over 50 dam sites with potential for irrigation development have already been identified in the Lower Middleveld and Lowveld AEZ regions of the country.

III.8. ***Bankable Project 2 – Promotion of Value–adding Activities in Agriculture (related to CAADP Pillar 3, and crosscutting to Pillars 2 and 5).*** This project (US\$2,502,000) aims at supporting the expansion of the food processing industry in the country both as a value–adding strategy to agriculture produce and as a market outlet. To achieve this goal, substantial institutional development is required. The project will therefore build capacity within the *Home Economics Section* of MOAC (who are expected to drive the process, especially at cottage industry level); support the *University of Swaziland (UNISWA) Home Economics Department* to produce more quality food science graduates; and support the setting–up of an efficient food safety, hygiene and standards regulatory framework in the country.

¹³ See *Preface*.

III.9. **Bankable Project 3 – Sustainable natural resource management through community empowerment (related to CAADP Pillar 5, and crosscutting to Pillar 3).** The *Community–Based Natural Resource and Land Management Project* (US\$2,540,000) for the sustainable utilisation of natural resources and improved land management and agricultural productivity is aimed at sustained poverty reduction, improved agricultural productivity, capacity building of communities and improved local governance through empowering communities and local authorities, to improve natural resource and ecosystem management, and to raise levels of health, education and food security, thereby stimulating economic growth. These goals will be achieved through local–level capacity–building efforts and implementation of demand–driven micro–projects that would contribute to a more sustainable utilisation of both land and natural resource use.

III.10. **Bankable Project 4 – Support to sustainable fodder production on degraded communal land (related to CAADP Pillar 5).** The *Promotion of Sustainable Feed and Fodder Production and Utilisation* project (US\$1,973,000) will support the production of feed (mainly hay) starting at three government farms (200 ha) and spreading to communities. At full development 1,000 ha of land will be set aside for growing hay. There is also a component that will support rehabilitation of degraded land. Communities will be assisted setting up a hay growing enterprise with the aim to rehabilitate degraded communal land. With a good supply of fodder, secondary enterprises such as dairy and feed–lotting can be started within the community. Another small component aims at developing research into ways of reducing the cost of feed, especially feed for pigs and chickens.

III.11. **Bankable Project 5 – Support to the poultry industry (related to CAADP Pillar 5).** The *Resuscitation of the Mfumbaneni Hatchery Project* (US\$1,589,000) aims to revive the hatchery that closed down in the early 1990s. The hatchery is an essential link in the otherwise strong local poultry production system and reduces dependence from South Africa. The project is therefore seen as an example of local empowerment. Donor funding is to be used mainly to hire a Transactions Advisor who will mobilise a Public–Private Partnership (PPP). The form of the resulting PPP will depend on the response from the public: e.g. a government lease or a joint venture with government owning some shares.

IV. FINANCING GAP

IV.1. At the Maputo Summit of July 2003, Heads of State and Government pledged themselves to commit “... *allocating at least 10 percent of national budgetary resources for [the] implementation of [CAADP] ... and sound policies for agricultural and rural development within five years*”. Swaziland is striving to reach this target within the next five years, i.e. by 2009.¹⁴

IV.2. The total public resources allocated to agricultural and rural development comprise the budget MOAC, as well as the budgets of other ministries for activities related to agriculture and rural development. However, for this purpose only the budget of MOAC and part of the capital estimates¹⁵ of the MNRE have been included. Other resource allocation that may relate to agriculture and rural development are not included, such as rural roads (MPWT) and environmental protection (MTEC).

IV.3. Estimation of the resources required to reach the target of 10 percent by 2008/09 is given in the tables below. Existing projections of government expenditure as contained in the *Budget Outlook Paper* (BOP; GOS, 2003) only exist up to 2006/07 (i.e. for the next two financial years). These

¹⁴ The 10 percent target relates to the national budget, including domestically–funded and loan and grant–funded resources.

¹⁵ Only the part related to the upstream (for 75%) and downstream development of irrigation projects.

projections are only at the broader category level of recurrent and capital expenditure and do not show sector or ministry allocations. For the years 2005/06 and 2006/07, BOP projections were used. For the years thereafter, i.e. up to 2008/09, the government stated policy of not allowing any real increase in spending was used. Therefore, the 2007/08 to 2008/08 projected assumed spending would only increase to compensate for inflation. The RSA Reserve Bank target is to keep inflation between 3 and 6 percent. Correspondingly, the upper band of 6 percent was used as Swaziland’s anticipated inflation rate. Projected government spending on agriculture and agriculture related rural development was assumed to grow in line with overall government spending. Therefore the same approach used in projecting growth in the overall government budget (already described above) was used. The row “Percent Actual” will then be the estimates for the agricultural programme forecast’s share of the total budget. The row “Percent Requirements” should gradually increase to become 10 percent in 2008/09. The row “Agricultural Programme Requirement” will then be the above percentage of the total budget. The gap will then be the difference between the agricultural programme requirement and the agricultural programme forecast.

Table 8: Swaziland: Agricultural Financing Gap (million Emalangen)

	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009
Agriculture Programme Requirement	292	344	365	438	547
Agriculture Programme Forecast	239	236	219	231	245
Gap	53	108	146	207	302
Total Budget	5,333	5,291	4,864	5,156	5,465
% Actual	4.5	4.5	4.5	4.5	4.5
% Requirements (proposed path growth)	5.5	6.5	7.5	8.5	10.0

Table 9: Swaziland: Agricultural Financing Gap (million US\$)

	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009
Agriculture Programme Requirement	50	59	63	76	94
Agriculture Programme Forecast	41	41	38	40	42
Gap	9	17	25	36	53
Total Budget	919	912	837	889	942
% Actual	4.5	4.5	4.5	4.5	4.5
% Requirements (proposed path growth)	5.5	6.5	7.5	8.5	10.0

Rate used: 1 US\$ = E5,80 (5 December 2004)

V. MONITORING AND EVALUATION

V.1. The monitoring of the NMTIP for Swaziland will be undertaken within the overall MOAC/MEPD monitoring and evaluation framework. The overall monitoring and evaluation of the NMTIP will incorporate the production of quarterly and annual reports that will be made available to all key stakeholders. The monitoring of NMTIP will mainly focus on the agricultural sector. The key indicators to be considered will be derived from the programme documents and could include:

- Number of smallholder farmers with access to financial services;
- Contribution agricultural sector to overall economic growth broken down by sub–sector;
- Contribution of the agricultural sector to annual GDP broken down by sub–sector;
- Number of new dams/boreholes constructed or rehabilitated;
- Km of irrigation canals built/rehabilitated;
- Area (ha) irrigated;

- Production and yield levels of major crops;
- Number of livestock produced or treated;
- Incidences of livestock diseases;
- Number of farmer associations trained;
- Number of extension workers trained;
- Number of special financial “windows” created for smallholder farmers;
- Number of studies on agricultural finance undertaken; and
- Specialist agricultural lending institution.

V.2. The indicators will be measured against data collected from a number of institutions. This will include baseline data and data contained in annual progress reports. A deliberate effort will be made to clearly define responsibilities for monitoring of the NMTIP activities. MOAC will monitor agricultural activities, whilst other line Ministries will be responsible for monitoring activities that fall under their mandate.

ANNEXES

- Annex 1: Government Linkages to CAADP**
- Annex 2: Poverty Reduction Strategy Projects: Prioritised Action Programme**
- Annex 3: National Development Strategies for Agriculture (*extract*)**
- Annex 4: Reference List**

Annex 1: Linkages to CAADP

Relevant government investment programmes have been selected from the following documents: Development Plan 1998/99 – 2000/01 (GOS–MEPD, 1998), the Millennium Action Programme 2003 (GOS–Public Policy Coordinating Unit, 2003), Medium Term Budget Review (GOS–MOF, 2003), Government of Swaziland Estimates 2004–2007 (GOS, 2004), and MOAC Sectoral Development Programme (GOS–MOAC, 2004). The following tables show an overview of government investment programmes and the main activities and interests of co–operating partners.

Table 10: Overview of the Government Investment Programmes

Sector/Policy/Activity	Potential Relevance to CAADP Pillars				
	1	2	3	4	5
Lower Usuthu Small–holder Irrigation Development (MOAC & MNRE)	X				
Komati Downstream Development (MOAC & MNRE)	X				
Lavumisa Irrigation Development & Expansion (MOAC)	X				
Dairy Development Programme (MOAC) (proposed)			X		X
Poultry Breeding and Hatchery (MOAC) (planned)			X		X
Piggery Development Programme (MOAC)					X
Community Natural Resources Management Committees (MOAC)					X
Research into suitable Maize Varieties & Leguminous Crops (MOAC)				X	
Rehabilitation and Expansion of Government Facilities (MOAC)				X	
Micro–projects & Small–scale Development Projects (MEPD)			X		
National Water Master Plan & Water Management Authority (MNRE)	X				
Rural Water Supply Phase 12, including Sanitation (MNRE)			X		
Road Upgrading with special emphasis on Rural Areas (MPWT)		X			
Tourism Development in Chiefdoms in Rural Areas (MTEC)			X		X
Biodiversity Conservation and Participatory Development (MTEC)					X

Table 11: Activities/Interest of Major Co–operating partners

Co–operating partner	Area of Interest/Project	Potential Relevance to CAADP Pillars				
		1	2	3	4	5
European Union	Human resource development & education			X		
	Lower Usuthu Smallholder Irrigation Project (LUSIP)	X				
	Micro–community projects, incl. irrigation	X		X		
	Private sector/tourism/trade/economic integration		X	X		
	Environmental and conservation support					X
United Nations	Food security			X		
	Dryland development & environmental protection	X				X
	Food production at household level/organic production	X		X		
	Good governance/policy support					X
Republic of China (Taiwan)	Agriculture	X				
	Roads & rural development		X			
	Small enterprises			X		
United Kingdom	Education & enterprise development			X		
	Environmental protection and management					X
	Community development in rural areas			X		X
Japan	Rural water supply			X		

NEPAD – Comprehensive Africa Agriculture Development Programme
Swaziland: National Medium–Term Investment Programme (NMTIP)

Annex 2: Poverty Reduction Strategy Projects – Prioritised Action Programme

Project Title	Estimated Cost (US\$)	Related CAADP Pillar
A. HIV/AIDS AND POVERTY	300,000	
Assessment of the nature and magnitude of the effects of HIV/AIDS on the vulnerable	300,000	
B. AGRICULTURAL PRODUCTION AND FOOD SECURITY	10,886,250	
Inkhundla–level Tractor Support Scheme	2,200,000	3
Promotion of Traditional Foods and Open Pollinated Seed Varieties	191,250	3
Promotion of Organic Production Methods	350,000	3
Small–scale Irrigation Development Programme	3,125,000	1 & 3
Government Farms–Employment Creation Project	98,750	1
Promotion of SNL Sharecropping	145,000	3
Food Storage Technology Improvement Project	500,000	3
Food Processing Promotion Project	342,500	3
Open Market Infrastructure Project	800,000	2
Study for the Commercialisation of Goats and Free–range Chickens	37,500	4 & 5
Project for the Production and Marketing of Goats	244,375	5
Project for the Production and Marketing of Free–range Chickens	194,375	5
Environmental Rehabilitation Programme at the Chiefdom Level	1,612,500	1
Diptank Level Pilot Sustainable Grazing Management Project	1,045,000	1 & 5
C. EMPLOYMENT	3,420,000	
Employment–Focused Investment Programme	300,000	
Small and Medium–Sized Enterprise (SME) Development Project	240,000	
Employment Re–training Programme	380,000	
Informal Sector Support Programme	500,000	
Rural Industrialisation Policy Project	1,360,000	(2)
Rural Enterprise Development Programme	640,000	(3)
D. BASIC NEEDS	7,787,500	
Improving Food Security among the vulnerable	2,300,000	3
Support for Basic Needs	837,500	
Development of skills for the income generating projects	1,650,000	(3)
Support for Orphans	3,000,000	
E. EDUCATION AND ILLITERACY	37,863,500	
Improving the Quality of Basic Education in Rural Areas	20,000,000	
Study for the Implementation of Universal Primary Education	55,000	
Introduction of Practical Arts in Basic Education	2,063,500	
Equipping Schools with Equipment for Practical Arts (100 schools with 2 labs each)	14,000,000	
Strengthening of the Rural Education Centres	1,700,000	
Development of a Geographical Information System	45,000	
F. HEALTH AND POVERTY	1,200,000	
Review of Public Health	1,200,000	
G. INSTITUTIONAL ARRANGEMENTS AND CO–ORDINATION	3,054,875	
Setting up of a monitoring and evaluation mechanism	1,765,000	
Institutional Capacity Building	1,289,875	
TOTAL	64,512,125	

Annex 3: National Development Strategies for Agriculture (*extract*)

Food Security

- Promote production of crops and livestock for domestic and international markets by both small and large–scale farmers.
- Encourage diversification of agricultural production whilst intensifying production of high valued crops and stock.
- Promote food management, processing and storage techniques at both national and household level and facilitate optimal distribution of food within households, communities and regions.
- Monitor progress of government food security programmes, evaluate their impacts, and revise programmes according to agricultural production.
- Participate in the development of a food security risk mapping, identify vulnerable areas and promote appropriate packages for the different areas.

Employment and Legislation

- Promote labour–intensive over capital–intensive solutions to technical problems in agriculture where possible, so as to expand the number of employment opportunities.
- Establish and expand agro–processing plants to enhance value added and employment in agro–based products.
- Reduce the level of risk associated with farming by promoting agricultural insurance.
- Develop irrigation infrastructure in support of all commercially grown irrigated crops and charge for the water at cost–recovery levels.
- Re–organise national services such as agricultural research, early warning system, extension with a view of making these services more accessible and responsive.
- Enhance private sector involvement in uplift of SNL farmers from subsistence to commercial farming whilst maintaining economic efficiency in production.
- Increase the access of agricultural producers to credit.
- Review and update all agriculturally related legislation to be compatible with international conventions and policy requirements.

Marketing and Trade

- Promote production and marketing of horticultural crops, livestock including small ruminants.
- Promote rural markets, assembly markets and produce collection points, whilst developing capacity for local expertise to produce finished goods for sale in the domestic, regional and international markets.
- Improve market infrastructure to provide market information and facilitate its dissemination.
- Define roles of the different structures involved in marketing, handling and storage of food crops and animal products and strengthen institutions to be more effective.

- Monitor and harmonise livestock commodity markets: their availability, efficiency and accessibility by livestock producers.
- Formulate policies regarding importation and exportation of agro–based and agricultural products in order to assure a safe balance of domestic supply and demand.
- Facilitate the construction of communication infrastructure and networks and develop one–stop centres for exporters where they can obtain all relevant information.
- Develop export opportunities, particularly in the Southern African region.
- Regulate the importation and exportation of livestock and their products in order to assure a safe balance of domestic supply and demand.

Land Use and Tenure

- Develop a land allocation policy that will ensure that both men and women have equal access and ownership opportunities especially on SNL.
- Formulate an effective mechanism for settling land disputes on Swazi Nation Land.
- Re–orient agricultural production in accordance with the agro–ecological zones.
- Strengthen the afforestation and reforestation programmes with particular emphasis on addressing fuel deficit areas and degraded landscapes.
- Address with greatest urgency the necessary institutional arrangements in order to eliminate the negative aspects directly affecting land use.
- Bring about land use changes for highly eroded land and land with arable potential currently under grazing or forest.
- Intensify the efforts to modify the land tenure system such that it is consistent with increased production and employment.
- Provide solutions for a more rational use of the land in the rural sector and guide the irreversible shift from rural to urban land use by an appropriate land policy.
- Develop a land use policy giving considerations to economic, environmental, demographic and social concerns.
- Revise and consolidate conservation legislation.

Livestock

- Streamline livestock marketing activities so as to relieve the pressure on land.
- Determine livestock activities to be carried out in the different ecological zones on the basis of climatic conditions. Discontinue grazing in Highveld and Upper Middleveld where there is a bigger potential for crop production and shift grazing to areas with low crop production potential (Lower Middleveld and Lowveld).
- Promote proper livestock management and facilitate the commercialisation of the livestock sector, especially on SNL.
- Encourage adequate livestock and pasture research.
- Promote group livestock community groups so as to internalise the social costs of using land.

Empowerment and Community Participation in Rural Development

- Increase the budget allocation for rural development.
- Include community participation as a primary component in natural resource management and provide support.
- Explore possibilities of smallholder game farming, agro–tourism, eco–tourism and cultural–tourism.
- Promulgate legislation to encourage investment on SNL.
- Design effective methods to support members of the special groups to gain access to income generating opportunities.
- Develop entrepreneurship and enhance access to special credit programmes and equity financing to facilitate small business start up in rural areas.
- Integrate gender issues into mainstream research and policy initiatives in the field of rural development.
- Attract direct investment in rural areas and ensure that there is no urban bias in the provision of infrastructure.
- Improve and decentralise administrative powers and authority between local government and central government

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