

THE KINGDOM



OF SWAZILAND

INDUSTRIAL DEVELOPMENT POLICY



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Period 2015 - 2022



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1. Introduction

This policy sets out what the Kingdom of Swaziland intends to achieve (the vision, mission, objectives, policy interventions and strategies) in the area of industrial and trade development towards attainment of Vision 2022 targets. Swaziland has had no industrial policy before; and, over the past decade, economic growth, investment, and exports have slowed down, while the business environment has at best stagnated, unemployment has risen, production and exports have not diversified. Furthermore, given that the fiscal base remains vulnerable to external shocks, Swaziland appears to have been drifting from its own potential development path.

1.1 Overview

The contribution of manufacturing to GDP in Swaziland accounted for 44% in 2013. The manufacturing sector which is a third of the GDP is projected to have grown by 1.3% in 2014 compared to 1.9% of 2013. The country's manufacturing sector is concentrated on low-value added products, mainly related to agriculture. The main manufacturing products currently being exported are sugar, confectionery, soft drinks, textiles, canned fruit, refrigerators, and forestry products.

Given Swaziland's objective of attaining its National Vision 2022 of the National Development Strategy (NDS), it will be important for the country to reinvigorate its industrial sector. This can be achieved by creating value chains in the various sectors to ensure the structural and economic transformation hence the need for an Industrial Policy.

2. Industrial Development Policy: Vision, Mission, Objectives and Principles

2.1 Vision

To achieve structural change in Swaziland's growth path through value addition and diversification for a globally competitive industrial base by 2022.

2.2 Mission

To create a vibrant, sustainable, resilient and competitive economy through promotion of viable industrial sectors, diversification and long term intensification



INDUSTRIAL DEVELOPMENT POLICY

of Swaziland's industrialisation process in which local natural and human resources are sufficiently captured in line with Swaziland's dynamic comparative advantages.

2.3 Objectives

The objectives of the Industrialization are supportive of the Vision 2022.

- a) To enhance manufacturing and services sectors contribution to GDP to be above 50% and increase manufactured exports by 5%.
- b) **To promote diversification of the country's industrial activities and increase employment in the manufacturing sector by 5% per year.**
- c) To increase utilisation and beneficiation of local and regional raw materials in the production of goods for domestic and export markets by 50%.
- d) To promote broad based industrialization path by increasing the participation of SMMEs in the manufacturing sector by 10%.

3. Principles for Industrialisation

The Industrial Development Policy (IDP) is guided by the following principles;

- a) Ensuring a stable and supportive macroeconomic and regulatory environment.
- b) Ensuring human resource based industrialisation with particular emphasis on skills development.
- c) Supporting industrialization models, paths and interventions through complementary use of market forces and of government intervention.
- d) Ensuring appropriate infrastructure for industrial development.
- e) Ensuring efficient and sustainable energy for industrialisation.
- f) Ensuring effective industrial development support systems and institutional strengthening to ensure policy implementation.
- g) Strengthening industrial competitiveness through information, technology and communication.
- h) Ensuring coordination between government departments and ministries and coherence of industrial policy with sectoral, national and regional policies and programmes.
- i) Ensuring a sustainable environment for industrial development.



INDUSTRIAL DEVELOPMENT POLICY

4.1 Value addition and beneficiation of primary products (resource based-industrialisation)

Policy

The Government of the Kingdom of Swaziland will promote value addition and beneficiation of local primary products into high value processed products and the development of national, regional and global value chains in key sectors.

Strategies

- a) Undertaking value chains analysis and diagnostics of priority sectors such as agro-processing, mining and mineral beneficiation and pharmaceuticals and other economic sectors to determine key areas for the development of value chain and how they can contribute optimally to promoting Swaziland's industrialisation, creation of employment opportunities and economic growth.
- b) Providing incentives and promoting investment directed towards processing of local raw materials into finished products in the value chain.
- c) Supporting diversification of products produced from local raw materials to high value niche products.
- d) Supporting cross-border linkages into regional and global value chains.

4.2 Human capacity and skills development

Policy

The Government of the Kingdom of Swaziland will increase and strengthen human capacity and skills development for industrialisation.

Strategies

- a) Conducting a study to assess skills requirements and potential training institutions to provide artisanal, light manufacturing and specialised skills in order to address skills gaps in the economy for industrialization.
- b) The curricula of colleges, schools and training programmes to be reoriented towards industrial skills needs.
- c) Promoting collaboration between industries and vocational training institutions for human resources and skills based industrialization.
- d) Increasing investment and pursue demand driven skills development program and promoting entrepreneurial education and practice.



INDUSTRIAL DEVELOPMENT POLICY

- e) Improving the quality of technical and TVET from supply to demand driven approach.

4.3 Standards, technical regulations and quality infrastructure. Regulatory and Quality Infrastructure (Standards, Metrology, Quality Assurance, Accreditation and Technical Regulations.

Policy

The Government of the Kingdom of Swaziland will ensure industrial support in the Regulatory and Quality Infrastructure areas, i.e. Standardisation, Metrology, Quality Assurance, Accreditation and Technical Regulations for a competitive industrial development.

Strategies

- a) Promotion and implementation of **Standards** to ensure goods and services characteristics meet international requirements.
- b) Promotion and implementation of **Metrology** to ensure goods and services that pertains to weights and measures meet international requirements.
- c) Promotion and implementation of **Technical Regulations** to ensure that goods and services do not cause harm to people, and the environment; and meet international requirements.
- d) Promotion and compliance to **conformity assessment standards** to ensure competent conformity assessment services in the country.

4.4 Promoting industrial upgrading through innovation, technology transfer and research & development

Policy

The Government of the Kingdom of Swaziland will promote R&D and innovation to increase the manufacturing base.

Strategies

- a) Develop a R&D strategy targeting the industrial sector.
- b) Provide tax incentives for companies engaged in R&D.
- c) Creating opportunities that empower the industrial sector to mobilize resources for R&D and streamline administrative procedure to facilitate access to funding.



INDUSTRIAL DEVELOPMENT POLICY

- d) Protecting industries through the regulatory frameworks of intellectual property rights.
- e) Utilizing the Biotechnology Park and the Royal Science and Technology Park for industrial development.
- f) Mapping of the technology available in the country and develop centres of excellence liaising with tertiary institutions in the country.
- g) Enhancing good practices and protection of Indigenous Knowledge Systems (IKS).

4.5 Liberalization of trade in services to accelerate industrialization

Policy

The Government of the Kingdom of Swaziland will liberalise the trade in services sector for economic transformation.

Strategy

- a) Mapping of the trade in services sector to identify performance, constraints, and gaps.
- b) Develop needs of the sector and its impact to industrialization.

4.6 Industrial cluster development

Policy

The Government of the Kingdom of Swaziland will form cluster and sector driven industrialisation, through agglomeration of interlinked production activities.

Strategies

- a) Establishing Special Economic Zones (SEZ).
- b) Identifying sectors for developing industrial clusters.



INDUSTRIAL DEVELOPMENT POLICY

4.7 Industrial financing

Policy

The Government of the Kingdom of Swaziland will increase opportunities for access to finance for domestic investors within the industrial sector.

Strategies

- a) Supporting the development of capital markets in particular the local stock exchange as a vehicle to mobilise portfolio investments (equity shares and bonds).
- b) Strengthening and recapitalising the National Industrial Development Corporation of Swaziland (NIDCS) to enable it to provide medium and long-term funding to the productive sectors of the economy.
- c) Enhancing the export credit guarantee scheme.
- d) Government to explore and utilize industrial funding opportunities from Regional Economic Communities (RECs).

4.8 Industrial infrastructure development programme

Policy

The Government of the Kingdom of Swaziland will continue the development of quality infrastructure to support industrialization.

Strategies

- a) Continuing the implementation of the Industrial Estate Development Masterplan.
- b) Continuing to provide industrial factory shells in the industrial estates through pursuing a demand driven approach.
- c) Promoting public private partnership in the development of industrial estates, and factory shells.
- d) Ensuring the implementation of the SADC Infrastructure Development Master Plan and projects.



INDUSTRIAL DEVELOPMENT POLICY

4.9 Investment promotion

Policy

The Government of the Kingdom of Swaziland will improve the investment climate to encourage both domestic and foreign investment.

Strategies

- a) Improve the investment climate through implementation of the Investor Road Map.
- b) Developing an investment strategy that will increase both domestic and foreign investment in manufacturing, especially in the non-conventional sectors.
- c) Improving institutional and regulatory framework to attract FDI.
- d) Promoting investment in modern technology and innovation.

4.10 Small Medium and Micro Enterprise development and inclusive growth

Policy

The Government of the Kingdom of Swaziland will create an enabling environment to support development of small medium and micro enterprises.

Strategies

- a) Encourage partnerships and linkages between local SMMEs and large firms.
- b) Improving coordination and cooperation of service providers and relevant government departments in support of SMMEs programmes.
- c) Enhancing the capacity of institutions providing business training to SMMEs.
- d) Enhancing flow of capital into SMEs sector especially increasing the access to SMMEs financing.
- e) Empowering local entrepreneurs to utilise the latest technology.



INDUSTRIAL DEVELOPMENT POLICY

4.11 Inclusive Industrial Development

Policy

The Government of the Kingdom of Swaziland will create an enabling environment for the participation of women, youth, and people living with disabilities.

Strategies

- a) Create a conducive environment for the participation of women, youth, and people living with disabilities in manufacturing.
- b) Develop empowerment schemes to capacitate the marginalized to play a role in industrialisation.

4.12 Sustainable Industrial Development

Policy

The Government of the Kingdom of Swaziland will create a sustainable environment for industrialisation.

Strategies

- a) Develop a green industry strategy.
- b) Provide incentives to promote green industries.
- c) Assess the impact of climate change on industrialisation.

4.13 Competition

Policy

The Government of the Kingdom of Swaziland will encourage fair competition to enhance both efficient and cost effective marketing.

Strategies

- a) Strengthening the Swaziland Competition Commission (SCC) and sector regulators namely Swaziland Energy Regulatory Authority, Swaziland Communication Commission and Financial Services Regulatory Authority to implement their mandate.



INDUSTRIAL DEVELOPMENT POLICY

- b) Enhancing compliance with Competition Act and sector regulations by strengthening competition law, fair trading law and consumer protection laws as well as increasing advocacy.
- c) Enhancing close co-operation with regional competition authorities and sector regulators to control anticompetitive trade practices.
- d) Continuously monitor existing and proposed policies and laws governing businesses and ensure harmonisation with the Competition Act to create a competition culture and maximise the benefits of competition law in Swaziland.

4.14 Trade for Industrialisation

Policy

The Government of the Kingdom of Swaziland will support the liberalization of goods and services.

Strategy

- a) Securing the market access for the export of goods and services to promote value chains.
- b) Ensure that liberalization does not hinder policy space for industrial development.

4.15 Harmonisation and mainstreaming of industrial policy

For a successful industrial development, the Government recognises the importance of harmonising policies through aligning the industrial policy and mainstreaming it into other sectoral, national and regional programmes. Swaziland industrial development is intrinsically linked to the regional industrial programmes of SACU, SADC, COMESA, COMESA EAC SADC Tripartite and African Union of which Swaziland is a member.

5. Guidelines for Implementation of National Industrial Policy

5.1 Institutional Framework and Coordination

The Industry Department is responsible for formulation and coordination of the Industrial Policy. The implementation of Industrial policy does not lie within a single



INDUSTRIAL DEVELOPMENT POLICY

government agency as it requires the coordination across a range of public sector and civil society including the private sector. This will be achieved through;

- a) Establishing a National Industrial Committee which will comprise of the private and public sectors and the civil society to address industrial development.
- b) Assessing the structure of the Industry Department and restructure the Industry Department to strengthen the human resource through creation of relevant posts for the coordination of the Industrial Policy.

5.2 Implementation Plan and Strategy

An Implementation Plan and Strategy will be developed to guide the implementation of the Industrial Policy.

5.3 Monitoring and Evaluation

Develop a monitoring and evaluation tool to assess the implementation of the Industrial Policy. The Industry Department is responsible for the Monitoring and Evaluation as well as review of the Industrial Policy. The Industrial Policy will be reviewed every five years.

The End
