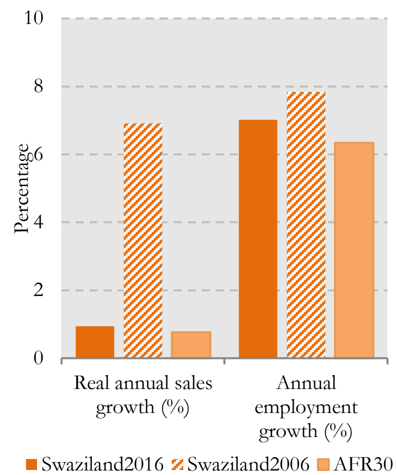
COUNTRY HIGHLIGHTS SWAZILAND 2016

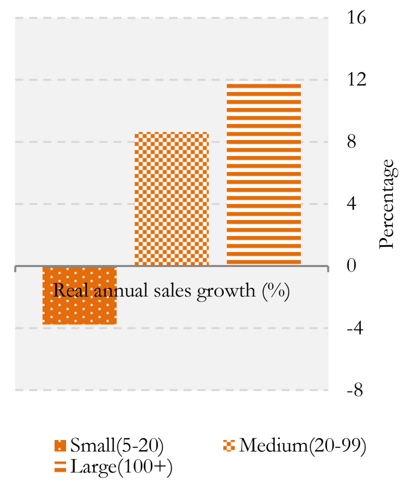
WORLD BANK GROUP

The World Bank Group conducted face-to-face interviews with top managers and business owners of 150 enterprises in Swaziland from August 2016 through November 2016. The Enterprise Survey (ES) sample is representative of Swaziland's formal private sector. The ES covers several aspects of business environment along with measures of firm performance. Below are the main highlights from the survey.

Swaziland firms experienced a drastic decline in real annual sales growth

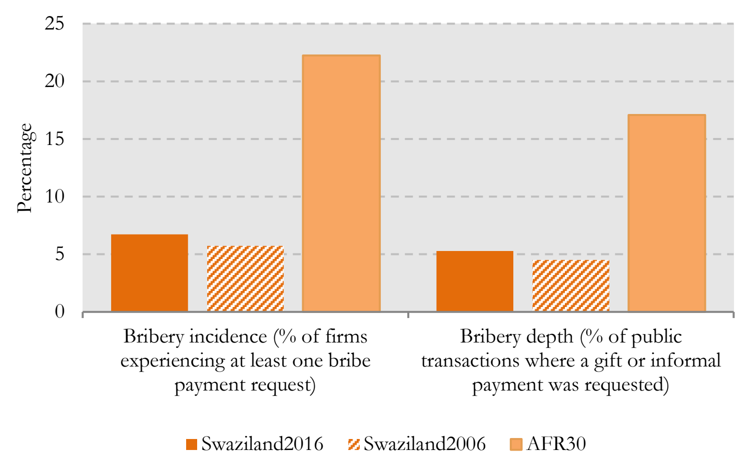
Swaziland's private sector fared considerably worse than it did in 2006 in real annual sales growth. Between 2013 and 2015, real annual sales growth in Swaziland fell by almost 85% (6.9% in 2009 to 0.9% in 2016) but was still higher than the average of 0.8% for the 30 Sub-Saharan African countries with ES data ("AFR30"). The annual employment growth, on the contrary, was almost stable and outperformed the regional average of 6.3%. Small firms (5 – 20 employees) experienced -3.8% real annual sales growth while medium firms (20-99 employees) and large firms (more than 100 employees) experienced growth of 8.6% and 11.9%, respectively.





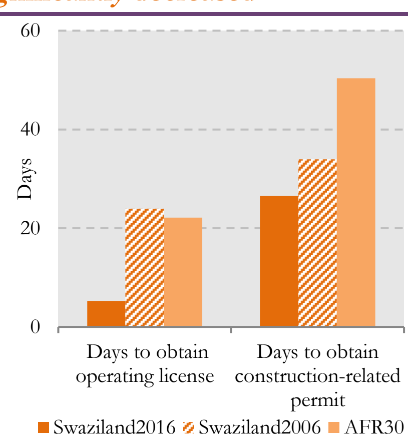
Levels of corruption are still substantially lower than regional comparators

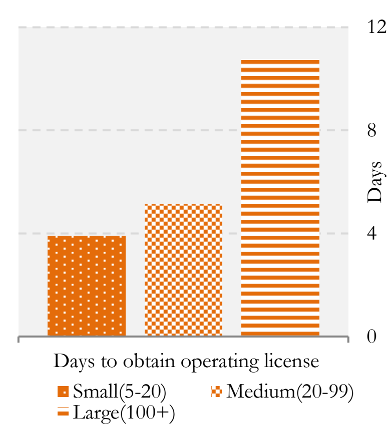
Firms in Swaziland still face significantly lower levels of corruption compared to the average firm in the sub-Saharan Africa region. In 2016, almost 7% of Swazi firms experienced at least one bribe request across six transactions dealing with access to utilities, permits, licenses, and taxes. The average for regional comparators is 22%. Similarly, the bribery depth index -the percentage of public transactions involving a bribe request- is lower in Swaziland, as bribes were requested or expected in about 5% of the transactions, compared to 17% of transactions in regional comparators.



Wait times to obtain an operating license has significantly decreased

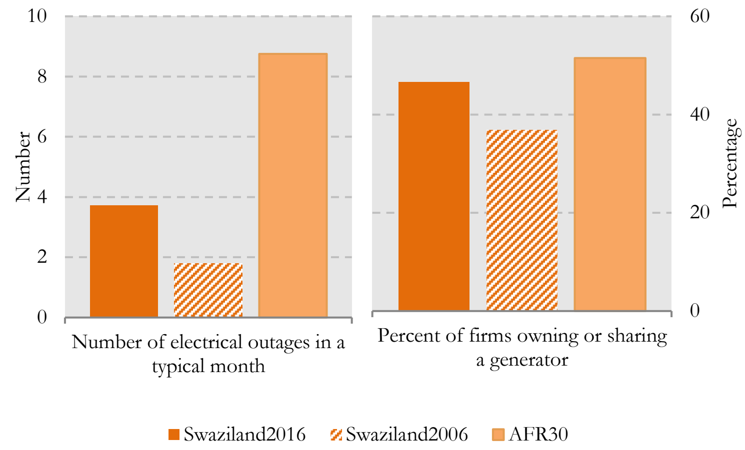
The time it takes for a firm in Swaziland to obtain an operating license is substantially shorter than in 2006. The wait time to obtain operating license has drastically decreased to 6 days compared to 24 days in 2006. Additionally, the wait for construction permits has also decreased from 34 days in 2006 to 27 days in 2016. Swaziland similarly outperforms the regional averages of 23 days for an operating license and 51 days for construction-related permits. Interestingly, it takes larger firms longer to obtain operating license than smaller firms.





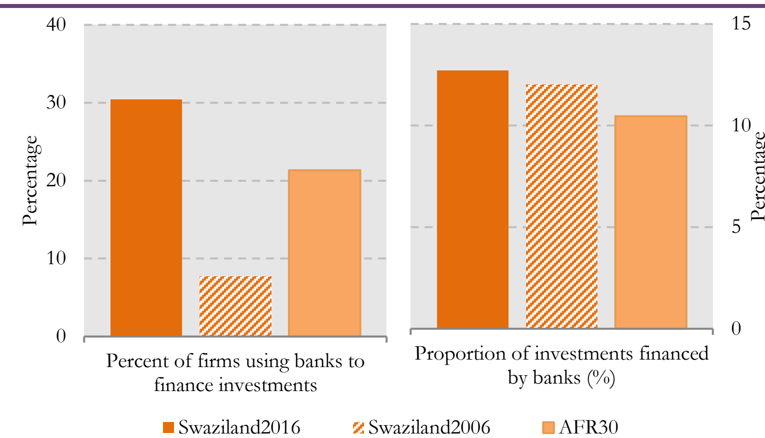
The supply of electricity has deteriorated slightly

The number of electrical outages faced by firms slightly increased in Swaziland between 2006 and 2016. Efficiency in the operation of the private sector requires a reliable supply of electricity. Inadequate electricity provision supply can increase costs, and reduce profitability. In 2016, firms experienced approximately 3.7 electrical outages in a typical month, compared to 1.8 outages per month in 2006. However, Swaziland performs better than its regional comparators (9 outages in a typical month). Also, the percentage of Swazi firms that indicate they own or share a generator is noticeably larger in 2016 (47%) than in 2006 (37%).



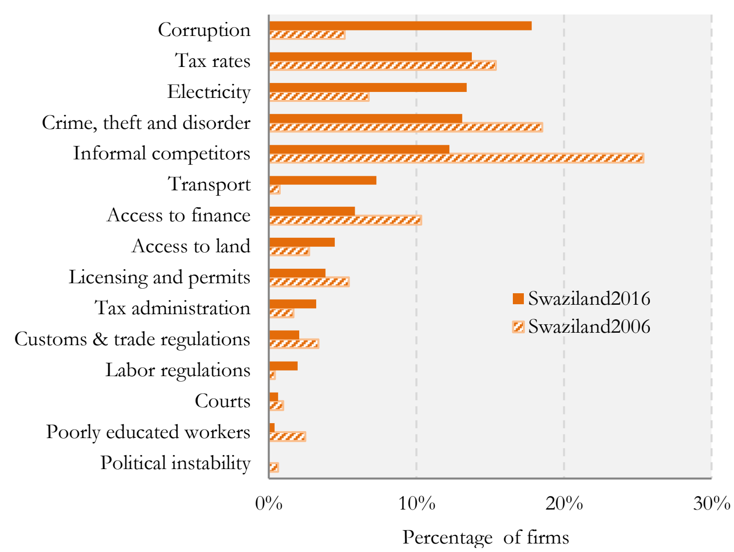
Investment financing by banks has improved

In Swaziland, investment financing by banks has increased since 2006; with the incidence of bank financing (the percentage of firms using banks for investment financing) increasing almost fourfold. In 2016, 30% of firms used banks to finance their investments compared to 8% in 2006 and higher than the regional average (21%). Further, the intensity of bank financing (proportion of investment financed by banks) has also slightly increased (13% in 2016 compared to 12% in 2006) and comparable to the regional average (11%).



Corruption, tax rates and electricity are the biggest obstacles to a firm's operation

Among 15 areas of the business environment, 18% of firms in Swaziland indicated corruption as the biggest obstacle to their daily operations. Interestingly, as noted above there has been a slight uptick in the level of corruption since 2006. Tax rates is ranked second (cited by 14% of firms) and electricity is ranked 3rd by 13% of firms. Access to finance, which was the second highest ranked obstacle in 2006, is not included in the five highest ranked obstacles in 2016. This is consistent with the firms' experience presented above which indicates that investment financing by banks has improved since 2006.



The Enterprise Analysis Unit is a joint World Bank and IFC team of economists, survey experts specialized in private sector development. Surveys implemented by the team reveal what businesses and firms experience across the world by interviewing representative samples of the formal, non-agricultural, non-extractive, private sector with 5 employees or more. The resulting globally comparable firm-level data is used to construct business environment indicators and measure firm performance. The findings and recommendations help policy makers identify, prioritize, and implement policy reforms that support efficient private economic activity.

For more information on the survey visit http://www.enterprisesurveys.org

Generated using Enterprise Survey data as of September 11, 2017