



**Ulandssekretariatet**  
LO/FTF Council

Danish Trade Union  
Council for International  
Development Cooperation

# Swaziland

## Labour Market Profile

### 2013

*This Labour Market Profile brings a broad overview of the labour market's situation and development. The report is based on the latest data available and following trends. Each section has also accesses to the sources' links that can be used to go more in-depth on selected themes.*



# Swaziland – Labour Market Profile 2013

## Executive Summary

### Main Issues on the Labour Market

- Economic fundamentals and the structure of the labour market are in many ways much better developed in Swaziland than most other Sub-Saharan African countries: GDP per capita is higher, the informal sector is smaller, agriculture is not the dominant sector, exports are diversified, the education level is higher and Swaziland has status as a middle income country. In many other ways, Swaziland has the characteristics of a low income country: The minimum wage is at a similar level, inequalities are high, many are poor, the middle class is small, unemployment and youth unemployment is high, and female employment rates are low.
- Swaziland has the highest HIV/AIDS prevalence and lowest life expectancies in the world. Results on the labour market is that child labour is common, an average wage earner may support an average of six dependents in extended families, several sectors experience shortages of workers and a third of children are orphans or vulnerable children. Cash transfers for elderly were expanded in 2009, as many have lost their family support.
- Swaziland has a long list of trade union violations and violations of workers' rights. Apart from the lack of democratic voice, it can even be seen in lower occupational safety and health standards, as unions have little leverage to improve working conditions.

### Labour Market Developments

- Swaziland is an absolute monarchy, where opposition parties are banned. Trade unions are allowed, though only just tolerated and have therefore been an outlet for pro-democratic forces. In May the two trade union federations and a large teachers union merged into a single national organisation, TUCOSWA. TUCOSWA was subsequently banned by the government and protests have been met with violent crackdowns. In February 2013, the Industrial Court ruled in favour of the government, keeping TUCOSWA illegal.
- The government is in a severe fiscal crisis, caused by falling tariff revenues, poor economic management and spending by the royal family. The crisis has increased poverty, unemployment and reduced the formal sector. Public employees have had their wages reduced and schools and health clinics have been closed. Growth and new investments have dropped.
- The government announced in 2012 that the pension fund for formal workers SNPF is to be reformed into a National Pension Scheme by 2013. The scheme is to become continued payment instead of a onetime lump-sum. The scheme will also introduce insurance for unemployment benefit.

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## Trade Unions

Trade unions in Swaziland (2012)	
Number of trade unions	26
Dues (median)	N/A
Members of trade unions	84,904
Trade union members share of labour force	20 %
Trade union members to waged workers (without CIEAS)	14.3 %
Female member share of trade unions	28 %
Number of CBAs	103
Workers covered by CBAs	130,000
Share of labour force covered by CBAs	30.6 %
Labour force (2011) <sup>1</sup>	425,000
<i>Calculation of waged workers is based on ILO data on percentage of waged workers from 1997 to employed workers in 2011, and should be read as such.</i>	

### (TUCOSWA) Trade Union Confederation of Swaziland

TUCOSWA is a newly formed merger of the two largest trade union centers in Swaziland, Swaziland Federation of Trade Unions (SFTU) and Swaziland Federation of Labour (SFL), as well as the Swaziland National Association of Teachers (SNAT). It represents around 34,904 members, is led by Secretary General Vincent Ncongwane and is an affiliate of ITUC. TUCOSWA was formed in March 2012. Only a month later the government de-registered TUCOSWA, making it illegal.<sup>2</sup> Therefore it cannot legally represent workers, engage in collective bargaining, be part of

tripartite bodies etc. Protests against this move have been cracked down by the government.<sup>3</sup> The trade union movement is challenging the de-registration at the courts, where the process is ongoing. The official reason is that the labour law cannot accommodate the merger, but it is more likely because of the trade union movement's political involvement.<sup>4</sup> TUCOSWA stated on its founding congress that it would only support multi-party elections, and work to boycott the coming elections.<sup>5</sup>

On 26 February 2013, the Industrial Court ruled in favour of the government's decision taken in April 2012 to de-register and declare TUCOSWA illegal. The Court ruled that TUCOSWA was improperly registered according to the terms of the amended Industrial Relations Act 2000.<sup>6</sup>

Political parties are officially banned in Swaziland and gross violations of human and trade union rights are daily occurrences in the labour market and civil society. Trade unions are one of the few civil society organisations that can still operate legally and thus have been an outlet for the strengthening of the democratisation process in the labour market and civil society as a whole in Swaziland. Trade unions was only permitted after American trade unions lobbied the US government to halt trade with Swaziland unless trade unions were permitted, after which the Swazi government legally allowed trade unions. Trade unions are therefore only just tolerated.

## Trade Unions in Swaziland<sup>6</sup>

Members, Dues, Collective Bargaining Agreements (CBA) and Occupational Safety and Health committees

Trade Union / Trade Union Centre	Affiliation To national trade union centre	Total Members (2010)	Female Members	Dues (share of salary)	Number of CBAs	Workers covered by CBAs	Number of OSH committees at workplaces
<b>TUCOSWA</b> Trade Union Confederation of Swaziland		34,904 (2012)	-	-	N/A	70000	25%
<b>SPRAWU</b> Swaziland Processing, Refining & Allied Workers Union	TUCOSWA	4,200	-	-	10	6800	15%
<b>CAWUSWA</b> Commercial and Allied Workers Union of Swaziland	TUCOSWA	4,000	46	-	8	724	N/A
<b>SWASAWU</b> Swaziland Water Supply Services & Allied Workers Union	TUCOSWA	1,100	100	-	1	360	100%
<b>SESMAWU</b> Swaziland Electricity Supply, Maintenance & Allied Workers Union	TUCOSWA	700	-	-	1	750	100%
<b>SMAPISA</b> Swaziland Manufacturing & Processing In-Staff Association	TUCOSWA	83	-	-	3	1800	-
<b>SSGAWU</b> Swaziland Security Guards & Allied Workers Union	TUCOSWA	4,000	-	-	5	3000	-
<b>CWUS</b> Construction Workers Union of Swaziland	TUCOSWA	3,500	-	-	4	6000	-
<b>WUSTC</b> Workers Union of Swaziland Town Councils	TUCOSWA	1,200	-	-	3	2000	-
<b>SUNASHI</b> Swaziland Union of Non-Academic Staff of Higher Learning Institutions	TUCOSWA	340	184	-	4	2000	-
<b>SHCAWU</b> Swaziland Hotel Catering & Allied Workers Union	TUCOSWA	1,500	221	-	10	1800	-
<b>SAPWU</b> Swaziland Agriculture & Plantation Workers Union	TUCOSWA	12,000	5211	-	20	160000	15%
<b>USCW</b> Union of Swaziland Conservation Workers	TUCOSWA	345	25	-	1	400	-
<b>SMEPAWU</b> Swaziland Media, Publishing & Allied Workers Union	TUCOSWA	800	-	-	1	300	-
<b>MQAWUS</b> Mining, Quarrying & Allied Workers Union	TUCOSWA	890	4	-	2	900	-
<b>SATU</b> Swaziland Amalgamated Trade Union	TUCOSWA	1,300	300	-	10	3500	-
<b>P&amp;PTWU</b> Public & Private Sector Transport Workers Union	TUCOSWA	200	-	-	1	220	-
<b>STAWU</b> Swaziland Transport & Allied Workers Union	TUCOSWA	560	-	-	10	1000	-
<b>SNA</b> Swaziland Nurses Union	TUCOSWA	801	600	-	4	1500	-
<b>NAPSAWU</b> National Public Servants Allied Workers Union	TUCOSWA	6,000	-	-	2	12000	-
<b>SUFIWU</b> Swaziland Union of Financial Institutions and Workers	TUCOSWA	1100	-	-	3		-
<b>CIEAS</b> Coalition of Informal Economy Associations of Swaziland	Non-affiliated	50,000	-	-	-	60000	-

## Employers' Organisations

### FSE&CC<sup>7</sup>

FSE&CC was formed in 2003 as a merger between the Federation of Swaziland Employers and Chamber of Commerce and Industry. The Federation of Swaziland Employers was formed in 1964 and the Chamber of Commerce in 1916. The mandate of FSE&CC is to advance the interests of employers, to foster trade and industry, to be representative of employers in

various bodies, to disseminate information and to negotiate in industrial disputes.

It has about 300 affiliated enterprises as members, in various industries and both small, medium and large enterprises. It provides various services to members, and is represented in most relevant national boards and commissions. FSE&CC is headed by the President mr. Tineyi Mawocha.

## Central Tripartite Structures

### Mediation and Arbitration

Individual and collective industrial disputes are governed by the Industrial Relations Act. Claims and complaints may be lodged at the Industrial Court by or against employers, employees, trade unions and the Commissioner of Labour. The Industrial Court consists of a President Judge, as many judges as the president considers necessary, and two members each nominated by the employees' and employers' federations.

### Labour Advisory Board<sup>11</sup>

The Labour Advisory Board is chaired by the Commissioner of Labour, four members each of employers' organisations and trade unions, and five government officials. The board gives advice to the labour minister on initiatives affecting employment including legislation on labour, industrial relations, occupational safety and health and questions arising from the International Labour Organisation. The minister has to consult the board on changes to labour legislation.

### Other bi/tripartite organs<sup>8</sup>

- Minimum Wage Councils.
- OSS Tripartite Committee of experts.
- Tripartite Training and Vocational Board
- ILO social dialogue forum
- NCA
- HIV/AIDS National Board.
- Tax Advisory Committee
- Swaziland Environmental Authority
- Central Tender Board
- Swaziland National Provident Fund
- Sales Tax (Customs and Excise Advisory Committee)
- Training and Localisation Committee
- SWAZIMED
- Statistical Committee
- Swaziland Energy Policy, Fuel Pricing Committee
- Swaziland Coalition of Concerned Civic Organisations
- Swaziland Human Development Forum
- Swaziland National Trade Negotiation Team
- Swaziland Road Safety Council

## National Labour Legislation

### **Constitution<sup>9</sup>**

The Constitution from 2005 establishes Swaziland as an absolute monarchy with executive, legislative and judicial power vested in the monarchy. The monarchy rules by decree and can therefore introduce legislation without challenge from other bodies.

Opposition parties and assemblies are banned, but trade unions and employers' organisations are allowed. Several rights of workers are enshrined in the constitution, such as collective bargaining, safe and healthy working conditions, equal pay for equal work and reasonable working hours.

### **Employment Act<sup>10</sup>**

The Act of 1980 regulates individual employment relationships, such as hiring, firing, protection of wages. It establishes the Labour Commissioner, labour inspectorate and the Labour Advisory Board.

### **Industrial Relations Act<sup>11</sup>**

The Industrial Relations Act from 2000, was amended in 2010 to accommodate ILO comments. It regulates industrial disputes, has a HIV/AIDS policy, and also sets several conditions for strikes. It establishes the Labour Advisory board and the Industrial Court.

### **Occupational Safety and Health Act<sup>12</sup>**

The act from 2001 sets powers of labour inspectors, duties of employers and employees, regulates safety and health committees.

Several other legislations exists which regulates and sets standards and restrictions for the labour market.<sup>13</sup>

## ILO Conventions

Ratified ILO Conventions <sup>14</sup>		
Subject and/or right	Convention	Ratification date
<b>Fundamental Conventions</b>		
<b>Freedom of association and collective bargaining</b>	C087 - Freedom of Association and Protection of the Right to Organise, 1948	1978
	C098 - Right to Organise and Collective Bargaining Convention, 1949	1978
<b>Elimination of all forms of forced labour</b>	C029 - Forced Labour Convention, 1930	1978
	C105 - Abolition of Forced Labour Convention, 1957	1979
<b>Effective abolition of child labour</b>	C138 - Minimum Age Convention, 1973	2002
	C182 - Worst Forms of Child Labour Convention, 1999	2002
<b>Elimination of discrimination in employment</b>	C100 - Equal Remuneration Convention, 1951	1981
	C111 - Discrimination (Employment and Occupation) Convention, 1958	1981
<b>Governance Conventions</b>		
<b>Labour inspection</b>	C081 - Labour Inspection Convention, 1947	1981
	C129 - Labour Inspection (Agriculture) Convention, 1969	Not ratified
<b>Employment policy</b>	C122 - Employment Policy Convention, 1964	Not ratified
<b>Tripartism</b>	C144 - Tripartite Consultation (International Labour Standards) Convention, 1976	1981
<b>Up-to-date Conventions</b>		
<b>Working time</b>	C014 - Weekly Rest (Industry) Convention, 1921	1978
<b>Wages</b>	C094 - Labour Clauses (Public Contracts) Convention, 1949	1981
	C095 - Protection of Wages Convention, 1949	1978
	C131 - Minimum Wage Fixing Convention, 1970	1981
<b>Labour Administration</b>	C160 - Labour Statistics Convention, 1985	1992
<p>Fundamental Conventions are the eight most important ILO conventions that cover four fundamental principles and rights at work. Equivalent to basic human rights at work.</p> <p>Governance Conventions are four conventions that the ILO has designated as important to building national institutions and capacities that serve to promote employment. In other words, conventions that promotes a well-regulated and well-functioning labour market.</p> <p>In addition, there are 71 conventions, which ILO considers "up-to-date" and actively promotes.</p>		

## Trade Union Rights Violations

In the ITUC Annual Survey,<sup>15</sup> Swaziland has a long list of violations of trade union rights: Leaders of the country's national trade union centres faced continual harassment, including repeated arrests and raids on their homes. The authorities stalled the registration of the new national TUCOSWA that will merge the two principal organizations SFLU and SFL. At a meeting to prepare for the merger, ten trade unionists were arrested and detained. Three leaders were also arrested at an HIV/AIDS workshop, and many arrests were made during the pro-democracy demonstrations, including two visiting trade unionists from South Africa. Trade unions face a harsh legal environment. The Suppression of Terrorism Act was renewed in 2010, and is used to target trade unions. The construction industry had a particularly high accident rates, and unions were often unable to reach and affect the safety standards.

ILO had an active case from May 2012 in the Committee of Freedom of Association concerning TUCOWAS.<sup>14</sup>

According to the U.S. Annual Human Rights Report:<sup>16</sup> The law permits strikes; however, the right to strike was strictly regulated. Strikes and lock-outs are prohibited in essential services, while the minister has the power to modify the list of these essential services. The logistical requirements involved in registering a legal strike makes striking difficult in practice. In practice workers who attempted to exercise the rights to organize and bargain collectively faced difficulties or risks due to a harsh legal environment imposed by many provisions in the labour and the security laws. Antiunion discrimination continued to occur. Allegations of antiunion discrimination were most common in the mostly foreign-owned textile and apparel industry.

## Working Conditions

<b>Wages and earnings</b>			
Monthly average and legal minimum wages			
	Source	Current emalangeni	2011 US Dollar
<b>Minimum wage</b> unskilled worker (2011)	United States Human Rights Report <sup>16</sup>	420	60
<b>Minimum wage</b> domestic worker (2011)		532	77
<b>Minimum wage</b> skilled worker (2011)		600	87
<b>% minimum wage to value added per worker (2012)</b>	Doing Business <sup>17</sup>	2.1 %	
<b>Growth of real minimum wage</b> skilled worker (2002-2011)	Global Wage Database <sup>18</sup>	- 41 %	
<i>% of minimum wage to value added per worker denotes the minimum wage share of labour productivity. Reported as ratio of minimum wage to value added per worker in the Doing Business Report.<sup>17</sup></i>			

In 2011, the minimum wage was 420 emalangeni for an unskilled in worker, 532 for a domestic worker and 600 for a skilled worker. The minimum wage was 568 emalangeni in 2002 for a skilled manufacturing worker and 600 in 2011, which constitutes a real minimum wage decrease of 41% since 2002.

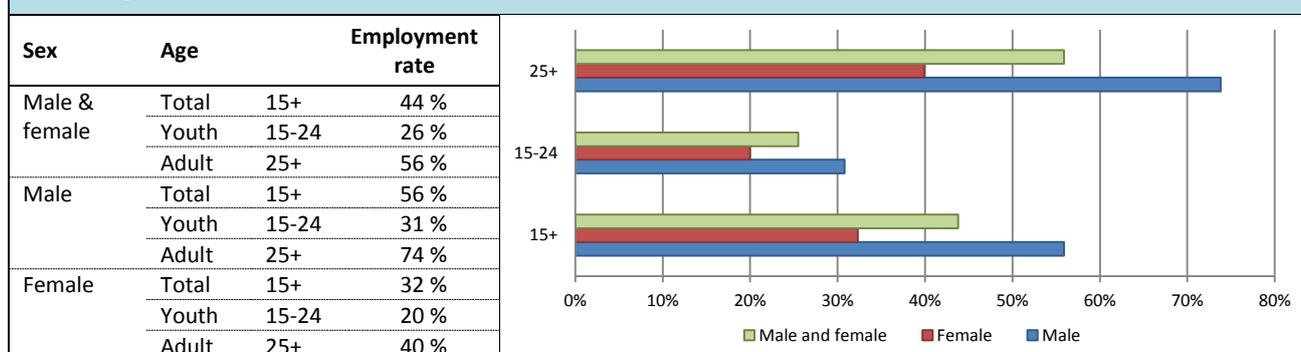
HIV/AIDS at workplaces was a very serious in Swaziland, and shortages of workers were a growing problem. The epidemic means that an average wage earner may support an average of six dependents in extended families. HIV/AIDS responses at workplaces are a component in ILO's Decent Work Country Programme.<sup>19</sup>

According to the U.S. Annual Human Rights Report,<sup>16</sup> the minimum wage applied to all workers in the formal sector, but not the informal where many work. Delayed payment of wages occurred, particular in the garment sector.

## Workforce

### Employment rates<sup>1</sup>

(2011), Age and Sex distribution



Both traditional and legal rights promote the role for women outside the labour market,<sup>16</sup> which is clearly reflected in the low employment numbers for women, where only 32% of women are employed compared to 56% of men.

At 44%, the overall employment rate is very low. Mostly because over 28% are unemployed, but also because few women participate on the labour market, many Swazi are in education and also likely because the HIV/AIDS epidemic draws people out of the labour market as caretakers for orphaned children.

The latest data for working poverty in Swaziland is from 2001, and therefore outdated. Swaziland had about the same level of working poor as Sub-Saharan Africa.

The middle class in Swaziland is smaller than in Sub-Saharan Africa, with only 11% living for \$2-4 a day and 9% for \$4-20 a day, compared to Sub-Saharan Africa where 14% lived for \$2-4 a day and 10% for \$4-20 a day.<sup>20</sup>

The rates of working poor and middle class are consistent with a picture of Swaziland where the general real economy fares much better than other Sub-Saharan countries, but where the majority of the population have not benefitted from this.

### Working Poor<sup>1</sup>

Age 15+

Region	Share of workers in total employment	
	1.25 USD a day	2 USD a day
Swaziland (2001)	51 %	66 %
Sub-Saharan Africa (2001)	55 %	75 %
Sub-Saharan Africa (2011)	44 %	67 %

*Working poor measures employed people living for less than US\$1.25 and US\$2 a day, as proportion of total employment in that group*

### Unemployment

Official statistics from 2010 estimates unemployment at 29%. Unemployment is higher in rural areas (51%) than in urban (24%), and also higher among women (31%) than men (26%). Unemployment has been increasing for women and decreasing for men.<sup>21</sup>

Youth unemployment is extremely high at 53%, and youth unemployment among the highly educated is increasingly common.<sup>22</sup> Like many other African countries many young people enter the labour force each year. It is estimated that of the over 10.000 school leavers that join the labour market every year, only about 2.000 are absorbed into the formal job market.<sup>6</sup> Swaziland is a more industrialised country with a smaller informal sector, so the unemployment is higher because it is less masked by job searchers,

who involuntarily support themselves through work in the informal sector. However the high unemployment chief cause is that job creation has been impeded by low growth rates and the government's fiscal crisis.<sup>22</sup>

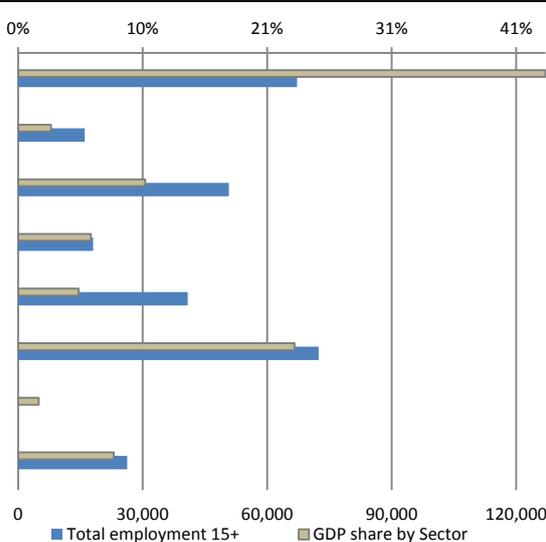
Interpretation of the open unemployment and employment rates as indicators of a well-functioning labour market is problematic in developing countries. When unemployment is not an option where a person

can survive, work of some sort has to be found, often casual and informal work. Unemployment should therefore be understood in relation to the strength of social safety nets, the prevalence of informal employment and how much of informal employment is underemployment due to few formal employment possibilities. See Kucera & Roncolate (2008) for a discussion on unemployment and informal employment in developing countries.<sup>23</sup>

### Sectoral employment

**Employment (2007)<sup>24</sup> & GDP share (2010)<sup>22</sup>**  
Sector distribution

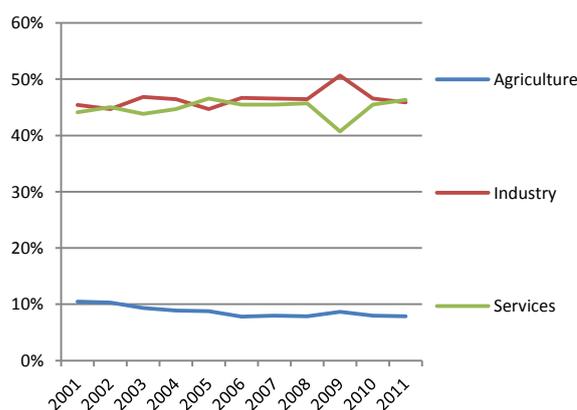
Sector	Total Employment	GDP share per sector
Mining, Manufacturing and Electricity	67,160	43.5 %
Construction	16,060	2.7 %
Trade, restaurants and hotels	50,808	10.5 %
Transport and communication	18,104	6.0 %
Finance, real estate and business services	40,880	5.0 %
Public administration, education, health and other community services	72,416	22.8 %
Other services	N/A	1.7 %
Agriculture	26,280	7.9 %



With a small agricultural sector, larger public sector and a dominant manufacturing sector, Swaziland is a more industrialised nation than many other Sub-Saharan African countries. Over 50% are usually employed in subsistence agriculture in Sub-Saharan countries, but it is only 9% in Swaziland. The mining, manufacturing and electricity industries is second only to the public sector in employment, and constitutes the bulk of GDP, with manufacturing alone contributing with 42%. The large manufacturing sector is mainly in export oriented textile production. The public sector is also relatively large in Swaziland employing 13% and contributing with 23% to GDP.

The sector distribution has been stable over the last decade with little indication of sectoral shifts, except a small reduction in agriculture.

**Sectors Share of GDP<sup>25</sup>**



## Migration

At 1.4% of GDP, Swaziland receives fewer remittances than the Sub-Saharan average, but this is also because Swaziland has a high average GDP. Many migrate out of Swaziland. With a net migration rate at 1 out of 861 inhabitants, more than double the other Sub-Saharan countries.

The top three destinations for migrants are South Africa, Mozambique and the United Kingdom.<sup>26</sup>

Many Swazi work in South Africa, and worker remittances from South Africa is an important part of the domestic income.<sup>45</sup>

Migration <sup>39</sup>		
Net migration (2006-2010)	Swaziland	- 6,000
Net migration to average population per year (2006-2010)	Swaziland	- 1 : 861 inhabitants
	Sub-Saharan Africa	- 1 : 2,048 inhabitants
Personal transfers i.e. remittances received, % of GDP (2011)	Swaziland	1.4 %
	Sub-Saharan Africa	2.6 %

## Informal Economy

The informal sector accounts for only 17.7% of employment, which is a very small share as most other Sub-Saharan African countries employ between 80% and 95% of workers in the informal sector. The informal sector is however expected to grow as more households shift from farming to non-farming small and medium enterprises.<sup>19</sup>

A rapid decline in the formal sector jobs has already occurred due to the effects of HIV/AIDS, retrenchments, outsourcing, closure of companies and privatization. Informal employment is in the diverse

sectors of street vendors, hawkers, music, arts, transport, freelance journalists, and subsistence farmers. The latter alone account for 75% of the informal labour force.<sup>6</sup> The growing informal sector is therefore also addressed in ILO's Decent Work Country Programme.<sup>19</sup>

CIEAS is a coalition of informal economy associations. It is not affiliated to a trade union federation, but has had cooperation with SFTU. With around 50,000 members it is a very large workers' organisation.

## Child Labour

Unlike many other indicators where Swaziland shows signs of higher development than the Sub-Saharan average, Swaziland has a very high rate of child labourers of 41%.

The main factor leading to child labour in Swaziland is the many children who have lost a parent or are orphaned due to the HIV/AIDS epidemic.

Child labour is higher in rural (46%) than urban (20%) areas. Girls (44%) were slightly more likely than boys (41%) to be engaged in child labour. Child labour is also more common among the poorest quintile of households (54%) than the richest (12%).

Swaziland's child labour is concentrated in the age group 5-11 where 57% are engaged in child labour, compared to only 2.4% in the age group 12-14. The concept of child labour includes all working children in the age group 5-11, whereas it only includes children working more than 14 hours in the age group 12-14.

It therefore appears that even though child labour is widespread in Swaziland it is uncommon for children to work more than 14 hours per week.

Only 5.6% of age group 5-11 and 8.3% in the age group 12-14 work outside their household.

Working children			
Proportion of all children in age group			
Region	Year	Type	Proportion
Swaziland <sup>27</sup> (age 5-14)	2010	Children in employment	62 %
		Child labourers	41 %
Sub-Saharan Africa <sup>28</sup> (age 5-17)	2008	Children in employment	28 %
		Child labourers	25.4 %
		Hazardous work	12.7 %
Children in employment includes all children who conduct some kind of work, whereas child labourers is a narrower term without mild forms of work. Hazardous work is the worst form of child labour as defined in ILO C182.			

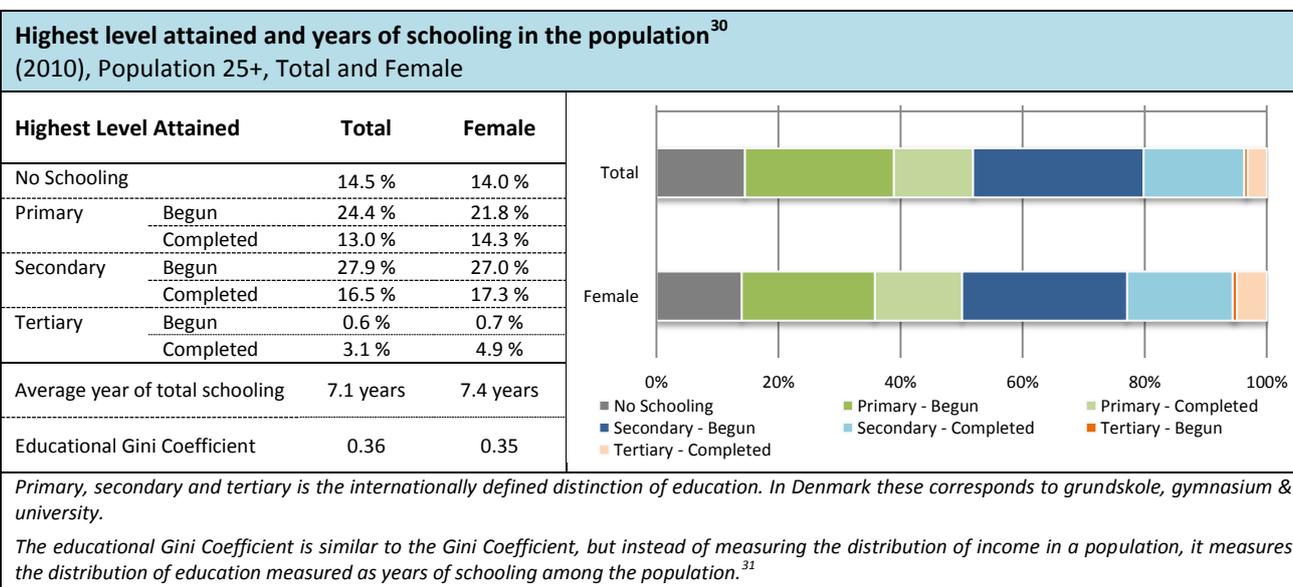
## Gender

As noted elsewhere in this report: Both traditional and legal rights promote the role for women outside the labour market, and there are very large differences in male and female employment rates. Women have higher unemployment rates and they are increasing. Slightly more girls are also engaged in child labour than boys. Swazi women do however have more

education, and they have higher enrolment rates in all types of education, which is rather uncommon.

An Enterprise Survey from the World Bank in 2006 reported that 49% of temporary workers were women, much more than the Sub-Saharan average at 28%<sup>29</sup>

## Characteristics of the Working Age Population



With an average 7.2 years of schooling per capita, Swaziland has a very well educated population compared to other Sub-Saharan African countries.

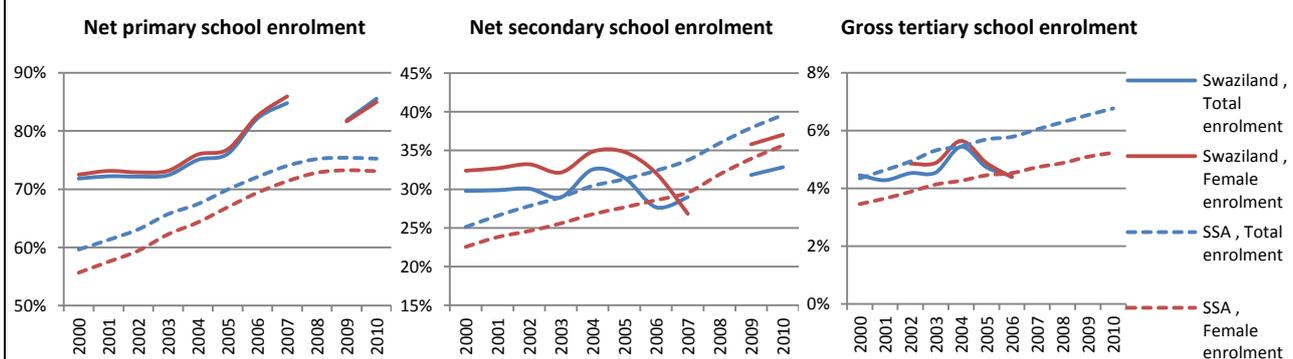
Few Swazi's have no schooling and most have progressed into secondary education.

It is also rather unique that women have higher levels of education than men.

The graph above shows the educational attainment of all Swazi's above 25 years, therefore gives a glance of the human capital of the labour force.

### Enrolment in Primary, Secondary and Tertiary schools (2000-2010)<sup>39</sup>

Total and Female, Swaziland and Sub-Saharan Africa



Net enrolment is the ratio of children of official school age, who are enrolled in school to the population of the corresponding official school age. Gross enrolment is the ratio of total enrolment, regardless of age, to the population of the corresponding official school age. Gross primary enrolment is therefore sometimes higher than 100%.

Enrolment into primary education is higher in Swaziland than the rest of Sub-Saharan Africa. Enrolment into secondary and tertiary education is about the same levels as the Sub-Saharan average. Women also have higher enrolments into secondary and tertiary education.

Universal primary education has been operating since 1985, though the education system has been suffering lately due to the HIV/AIDS epidemic.

Like many other African countries, too few jobs are created to absorb young jobseekers. At the same time skill shortages and mismatches between young peoples' skills and employers' demands are reported. Youth unemployment among the highly educated is increasingly common.<sup>22</sup>

## Social Protection

The main social security system for workers is the Swaziland National Provident Fund (SNPF). Established in 1976, it is compulsory for formal employers in the private sector and voluntary for other employers. The scheme is fully contributory, with the employer and employee each paying 5% of earnings to the fund. It provides old age pensions at age 50 (45 if covered employment ceases), invalidity, emigration and survivor benefit.<sup>32</sup> With 70,000 members, the SNPF covered 21% of the labour force in 2010.<sup>33</sup>

The government announced in 2012 that the SNPF is to be reformed into a National Pension Scheme by 2013. One of the announced reforms is to make the scheme into a continued payment instead of a onetime lump-sum. The scheme will also introduce insurance for unemployment benefit, which is rare in an African country.<sup>34</sup>

The Public Service Pension grants old age pensions to civil servant above the age of 60. In 2009 there were

35,285 members of the scheme. Contributions are 5% of earnings for the employee and 15% for the employer.<sup>35</sup>

Swaziland has two large cash-based social assistance programmes, the Old-Age Grant (OAG) and the Public Assistance Grant (PAG). The OAG targets poor persons over 60 years, granting 600 lilangeli (\$67) to some 60,000 persons in 2009. The OAG was launched because HIV/AIDS epidemic has left many elderly without support from their family.<sup>36</sup> The PAG provides a grant to persons with no other source of income, 7,000 were recipient in 2006.<sup>37</sup>

The ILO convention 183 on maternity leave protection has not been ratified. Following the employment act, maternity leave is at 12 weeks in Swaziland, with six weeks compulsory leave. Two weeks are paid by employers while the rest of the leave is unpaid.<sup>38</sup>

## General Economic Performance

Key Facts (2011)				
GDP <sup>39</sup>	GDP per capita <sup>39</sup> (PPP)	GNI <sup>39</sup>	Human Development Index <sup>40</sup>	Gini Coefficient (2001) <sup>39</sup>
3.98 billion USD	6,099 USD 119 of 201 countries	3.9 billion USD	0.522 140 of 187 countries	0.51 133 of 156 countries

Doing business <sup>41</sup>	Control of corruption <sup>42</sup>	Government effectiveness <sup>42</sup>	Rule of Law <sup>42</sup>
124 of 183 countries	-0.27 106 of 212 countries	-0.69 152 of 212 countries	-0.74 156 of 212 countries

Swaziland is a small country of only 1.2 million people. It is a low middle income country with a high average GDP per capita measured in Purchasing Power Parity. At the same time, over 60% of the population lives for under \$2 a day,<sup>39</sup> showing the vast inequality in Swaziland, where the royal house lives in luxury in the last absolute monarchy in Africa. The latest Gini coefficient is from 2001, and has likely increased since then.

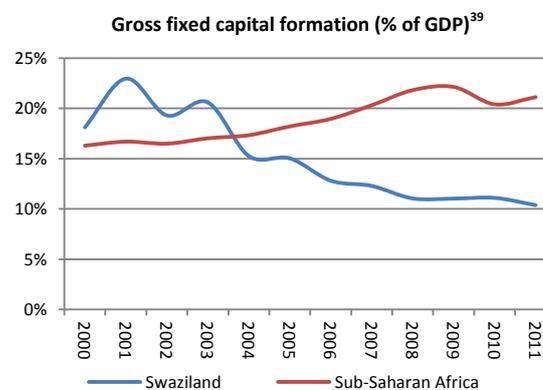
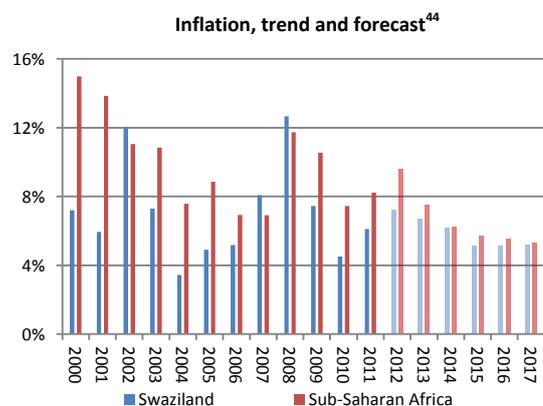
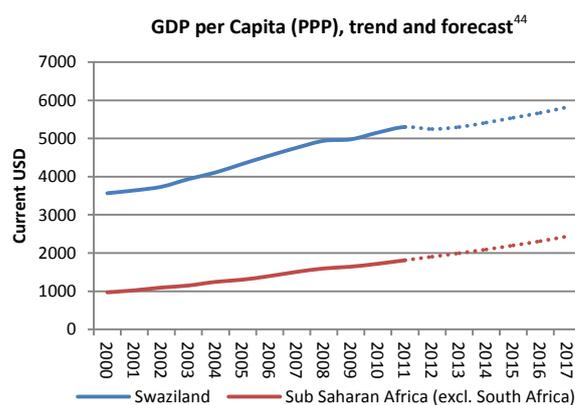
The largest challenges to the economy is an ongoing fiscal crisis of the government budget, caused by falling revenues from the South African Customs Union and spending by the royal family. Swaziland also has the highest HIV/AIDS prevalence and lowest life expectancies in the world, crippling the country's working population and meaning that one third of Swaziland's children are orphans or vulnerable children.<sup>43</sup>

The economy of Swaziland is otherwise well diversified into several sectors, though growth has stagnated in later years. Capital formation has also stagnated to well below the Sub-Saharan average, meaning fewer investments are made in new productive equipment and assets.

The doing business indicator ranks Swaziland at medium to low at 124 out of 183 countries. Reflecting the complex regulation and the absolute monarchy's ability to make arbitrary decisions. A high ranking

means the regulatory environment is more conducive to the start-up and operation of a local firm.

Relative to other governance indicators, corruption is at a reasonable level, whereas government effectiveness and rule of law is considerably worse.



## Trade

Trade and Foreign Direct Investment			
Exports <sup>45</sup> (2011)	Imports <sup>45</sup> (2011)	FDI flow <sup>46</sup> (average 2006-10)	FDI Stock <sup>45</sup>
2 billion USD 52 % of GDP	2.1 billion USD 54 % of GDP	0.088 billion USD 2.3 % of GDP	N/A

Trade plays a very large role in Swaziland's economy, the balance of trade is much better than most Sub-Saharan African countries and the export sector is diversified despite the size of Swaziland. Almost all trade is with South Africa, which accounts for 90% of Swaziland's imports and 64% of exports.<sup>47</sup>

### Trade agreements

Trade plays a major role in Swaziland's economy, with exports at 52% and imports at 54%, which also gives the country a good balance of trade. Swaziland has especially exported sugar to EU and textiles to USA. The sugar export sector has grown massively under EU trade preferences, which are now being outpaced, and the textiles sector is increasingly in competition with East Asian exports.<sup>39</sup>

Swaziland's government is highly dependent on customs duties from the South African Customs Union,

which tends to have large fluctuations from year to year.<sup>22</sup>

Swaziland is in the 2000 Cotonou Agreement on development cooperation between EU and African, Caribbean and Pacific (ACP) countries, which reaffirms commitment to ILO's Fundamental Conventions and includes provisions on cooperation on various labour and social issues.<sup>48</sup>

Since 2001, Swaziland has benefitted from the United States' African Growth and Opportunity Act (AGOA), which is a Generalised System of Preferences. It allows duty and quota free access for some products. Swaziland can be removed from AGOA, if the United States deems that Swaziland among other human rights issues do not seek to uphold the ILO Core Labour Standards and have acceptable minimum wages, hours of work and occupational safety and health.<sup>49</sup>

### Export Processing Zones

According to ITUC,<sup>15</sup> Workers in the Export Processing Zone are banned from forming unions, workers who strike are fired, and some employers use physical punishment of employees.

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