

# Lesotho

## Invest, live and prosper



Letseng Legacy  
493 C.T.



### Profile of Lesotho

Lesotho is a democratic, sovereign and independent country within Southern Africa. It is landlocked within the Republic of South Africa (RSA). The name Lesotho translates into "the land of the people who speak Sotho".

Formerly a British protectorate until she gained independence in October 1966, the Kingdom of Lesotho is one of the three remaining monarchies in Africa.

The country has a land area of approximately 30 355 km<sup>2</sup>, roughly the size of Belgium or Taiwan, or the American state of Maryland. Located at the southern tip of Africa, Lesotho is completely outside the tropics and enjoys a cool, temperate climate. Often referred to as the "Switzerland of Africa", it is blessed with a beautiful, often snow-capped range of mountains, the Maluti. The Kingdom's central position in the heart of Africa's most developed economy; that of South Africa, is well served by air, rail and road links to all its major centres.

The capital, Maseru, is only 600 km away from South Africa's busiest harbour, Durban, and is one-hour's drive from Bloemfontein, a judicial and academic centre. It is also only 45 minutes by air or four hours by road from Johannesburg, in the Republic of South Africa.

The Kingdom is home to the largest and most ambitious civil engineering project in the whole of Africa, the Lesotho Highlands Water Project (LHWP), which has harnessed and commercialised her upstream surplus water resources – often referred to by Basotho as their "White Gold".

For more information:



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# Facts about Lesotho



Size: 30 335 sq. km  
Altitude: Lowest 1 400m (above sea level)  
Highest 3 400m (above sea level)  
Capital city: Maseru  
Population Country: 1.9 million  
Population (Maseru): 393 000  
Languages: Sesotho & English  
Monetary Unit: Loti, plural Maloti;  
at par with South African Rand (ZAR)  
Measuring System: Metric system  
G.D.P. Growth: 7.1% (2010), 2.9% (2011),  
6.5% (2012), 3.0% (2013 est.)

## Distance Table (To nearest RSA business hubs)

Maseru to Durban	600 km
Maseru to East London	583 km
Maseru to Port Elizabeth	738 km
Maseru to Cape Town	1 165 km
Maseru to Johannesburg	455 km
Maseru to Pretoria	630 km

## The Lesotho economy

### GDP composition by industry (2013)

Primary:	14%
Secondary:	27%
Tertiary:	60%

## Why invest in Lesotho

Lesotho offers investors a dynamic business environment complemented by a healthy Government administered incentive regime which includes:

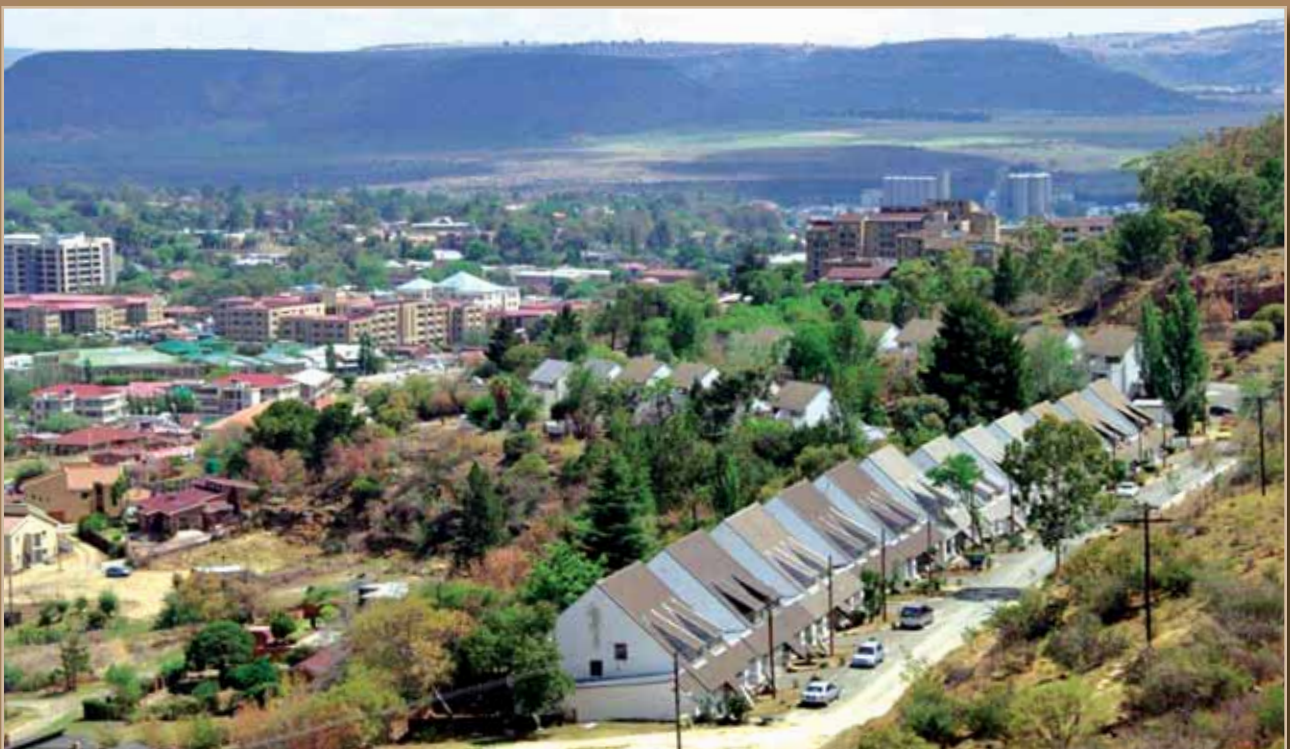
### Stability

A stable social and political environment which is investor friendly.

A free enterprise and free market economic system, which forms the basis for sustained development and growth.

### Labour

Young, abundant, predominantly English speaking, literate, well motivated labour force with a tradition of manual dexterity at competitive wage rates.



## Market Access

Lesotho is part of the Southern African Customs Union (SACU) comprising Botswana, Lesotho, Namibia, Swaziland and South Africa. There are about 55 million consumers in the region.

Duty free and quota free access provided by the regional trade and investment block of the Southern African Development Community (SADC) – (14 countries comprising 260 million consumers).

Duty free access for a large list of products except for dairy, poultry and egg products granted by Canada (34 million consumers) under the GSP system.

A preferential treatment agreement between SACU and MERCOSUR (comprising Argentina, Brazil, Paraguay, and Uruguay (385 million consumers) grants trade preferences on specific products originating from Lesotho as member of SACU.

The SACU EFTA gives SACU originating industrial and fish products duty free and quota free access to Switzerland, Norway, Iceland and Liechtenstein.

Lesotho can also export all products to the European Union (500 million consumers) duty free provided under SACU EPA Agreement.

Lesotho benefits from the lucrative American market (310

million consumers) provided by the African Growth Opportunity Growth (AGOA).

## Tax Incentives

10% corporate tax on manufacturing profit generated from exporting manufactured goods outside of the Southern African Customs Union (SACU).

A manufacturing corporate tax rate of 10% on profits for intra-SACU trade.

No withholding tax on dividends distributed by manufacturing firms to local or foreign shareholders.

No advanced corporation taxes are paid by companies on the distribution of manufacturing profits.

Training costs are allowable at 125% for tax purposes.

Payments made in respect of external management skills and royalties related to manufacturing operations are subject to withholding tax of 10%.

Easy repatriation of manufacturing profits.

A VAT rate of 14% (ensuring harmonisation with the RSA). Furthermore, the Lesotho Revenue Authority has introduced flexible VAT payment systems, to tax compliant firms, to ease cash flows.



## WHAT LNDC CAN DO FOR YOU

LNDC is the first point of contact for investors who intend to set up projects in the manufacturing and processing industries in Lesotho.

The Corporation's mandate is to initiate, promote and facilitate the development of manufacturing and processing industries, mining and commerce in a manner calculated to raise the level of income and employment in Lesotho.



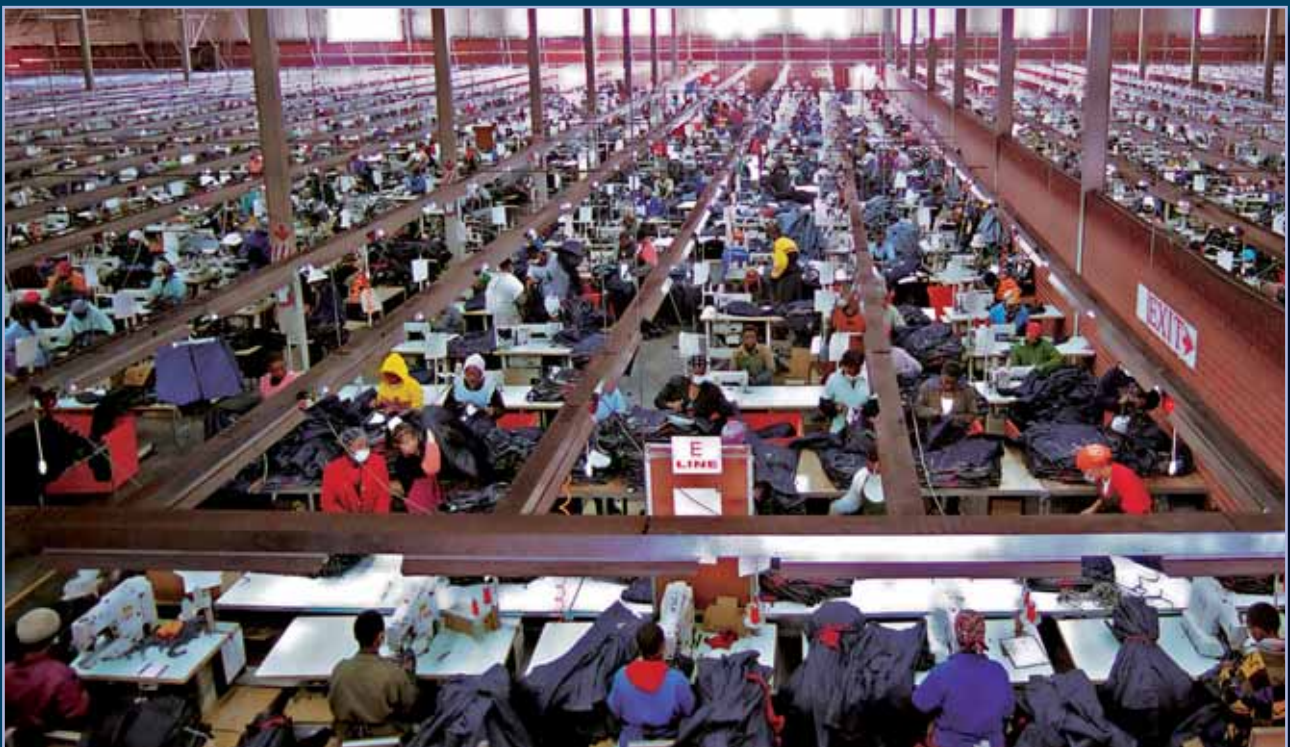
### Investment promotion and industrial development

The Lesotho National Development Corporation (LNDC) is a development institution created by an Act of Parliament. It is a statutory body and a quasi Government institution which seeks to facilitate economic growth and development in Lesotho.

## SERVICES OFFERED BY LNDC

The LNDC offers a host of supportive services which include the following:

- Serviced industrial and commercial sites at competitive rentals.
- Provision of industrial and commercial buildings at competitive rentals;
- Financial assistance to investors on a selective basis;
- Investment facilitation services;
- Assistance to procure all permits and licenses;
- Assistance in company registration;
- Assistance in industrial relations issues;
- Appraisal of investment projects;



# Leisure

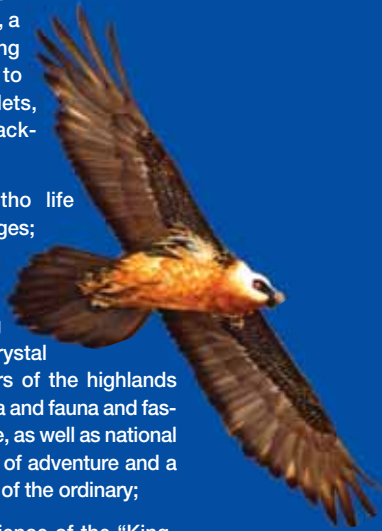
With the vast potential of Lesotho's Tourism industry yet to be fully exploited and being ranked an impressive 6th out of 181 countries for travel and tourism growth potential during 2012 by the World Travel & Tourism Council;

Lesotho boasts a unique range of tourism resources that can be packaged over a few hours to a week of adventure including, a good choice of accommodation, ranging from sophisticated hotels and casinos to luxurious lodges, comfortable chalets, B&B's, self-catering cottages and backpacker's hotels;

A choice to experience real Basotho life through home-stays in traditional villages;

Unique African-cum-alpine experience unmatched in Southern Africa; towering Maloti and Drakensburg mountain ranges; surging waterfalls; crystal clear streams and man-made wonders of the highlands water; nature conservation with rich flora and fauna and fascinating prehistoric and cultural heritage, as well as national parks are a gift for travellers in search of adventure and a destination which offers something out of the ordinary;

Winding mountain road and an experience of the "King-



dom in the Sky" and the "Switzerland of Africa" with the highest mountain in Southern Africa, Thabana-Ntlenyana.

Travelling further into the highlands, the dramatic "Roof of Africa" route unfolds down into the valley below;

Variety of sites of geological, historical and archeological importance, including rock art in the highlands and dinosaur footprints embedded in the sandstones of the lowlands; Lesotho's mountain ranges are home to about 280 different varieties of birds with Sani Pass area ranking as one of the top ten birding spots in Southern Africa;

Africa's highest ski resort in Lesotho attracts around 12000 visitors annually with activities for the whole family between June and August;

Biking tours are organised over three to five days in March, April, September and December;



# Education

Lesotho's literacy levels are among the highest on the continent, with an adult literacy rate of 89.7 percent (UNDP, 2011), and female adult literacy around twice that of the Sub-Saharan African average;

Encouraging educational advances remains a focal point of Lesotho's fiscal policy;

Free Primary Education (FPE) programme that was introduced by the Government in 2000 in line with Millennium Development Goal (MDG) of universal primary education and was enacted in 2010 after a proven success record which will certainly meet the target date of 2015;

Lesotho's education system is all encompassing supported by well-established Pre-School, Primary, Secondary, Non-Formal & Special, Higher Level as well as Technical & Vocational Training facilities and institutions;

College, Technical & Vocational Education presently provide basic, pre-service teacher education to the diploma level for teaching in primary schools and the first three years of

secondary school; Certificate and Diploma level in agriculture and its mechanisation, home economics, forestry and natural resource management and diploma level in Civil, Mechanical and Electrical Engineering as well as Business Administration;

The National University of Lesotho is the first in Lesotho and historically attached to the Southern African region currently with approximately 11000 national and international students in its seven faculties comprising Agriculture, Education, Health Sciences, Humanities, Science and Technology, Law and Social Science, as well as Institute of Extra Mural Studies;

The second of the two universities in the country, Limkokwing University of Creative Technology (LUCT) has brought about a new dimension to promote invention, innovation and creative thinking through hi-tech learning environment, where students have access to the latest in digital technology;

The Centre for Accounting Studies has consistently produced professional accounting qualification for both private and public sectors from the Technical to the Chartered Accounting levels.



# Culture



Lesotho is in the course of establishing itself to showcase its rich and diverse culture and talent;

Recently inaugurated by the United Nations Educational Scientific and Cultural Organisation (UNESCO), the International Jazz Day was celebrated for the first time in Lesotho on the 30th April 2012, which marked an addition to the already existing annual events;

Held annually in September or October, the Morija Arts and Cultural Festival is the Lesotho's premier cultural event, attracting corporate sponsorship. It is focused on reviving various aspects of Basotho culture through music, art and dance and boosting the small scale business sector demonstrating immense growth in terms of activities, participants and visitors;

Moshoeshoe Day is held in March, in which the founder of the Basotho Nation, King Moshoeshoe I, who was a staunch defender of the language, art and culture of Lesotho- the main event takes place in the capital city, Maseru, where visitors can witness the richness of local traditions;

In the same month of March an annual hardcore walk, from Menkhoaneng (the birthplace of Moshoeshoe I) to Thaba-Bosiu (fortress of refuge) is held to commemorate the historic journey held by the founder of Basotho nation, King Moshoeshoe I- the journey has become popular both locally and internationally attracting a total of up to 200 people in 2013 as opposed to first one with 40 people in 2007.

December is the month of music festivals that include African Melodies Festival and the Tourism Jazz Festival, both held in Maseru.

Morija Museum & Archive presenting valuable historical material and museum collections supported by heritage and community-based tourism initiatives;

Thaba- Bosiu Cultural Village is an authentic replica built using the materials and methods of antiquity resembling the originality of the constituent tribes of the early Basotho along with Stone Age cave-dwellers and the arrival of the Colonial forces;

Lesotho has a rich heritage to be explored and presents a strong potential for investment in documentary;



# Sport



Sports development in Lesotho aims to provide opportunities to both male and females, at all levels and of all ages, backgrounds and abilities, through the four stages of development namely; Foundation, Participation, Performance and Excellence;

Summer marathons are organised between November and December to experience the challenging and exciting route 3000 meters above sea level over asphalt and gravel roads through the pristine Maloti Mountains.

There is a great nine hole golf course located in

Maseru, called Maseru Golf Club. The course is home to the Mohokare Classic tournament every year; Lesotho experiences more than 300 days of sun per year, making anytime a great time to golf -the rains that do fall make the course shine;

Trout fishing, mountain climbing and pony trekking on sure-footed Basotho ponies; dinosaur footprints hunting are some of the outdoor activities that the sunny Lesotho climate permits;



Lesotho is host to the popular "Roof of Africa" car rally which follows the hairpin bends in the in the Maloti Mountains to Maseru;

Most accommodation facilities have sporting facilities for swimming, tennis and squash; horse racing, netball, basketball and football facilities are also available.





# Investment

Lesotho's focus is on diversifying its FDI and domestic investment portfolio in the various identified sub-sectors in which it has a comparative advantage;

Investment Climate in Lesotho continues to improve demonstrating commitment towards policy reform;



Agriculture, horticulture and aquaculture present opportunities for investment in fish and livestock farming as well as food processing;

Existing production capacity leaves a huge demand gap that provides a local and regional market for food products;

Trade flows indicate that Lesotho has a revealed comparative advantage in certain food products;

Opportunities in textiles and garments lie in integration of the industry projects such as manufacture of zips, buttons and other accessories as well as the establishment of a knit fabric mill to supply an industry that produces over 70 million knitted garments a year to service the US and SACU markets.

More investment opportunities include manufacturing of automotive components, consumer electronics and electronic appliances and plastic input products for irrigation and construction;



Beneficiation is an opportunity in the mining industry as a result investments are welcome for more value added activities;

Lesotho has a renewable power generation capacity that can serve the local and regional markets and this area is the fastest growing opportunity in Africa;



The nation has a good command of English language and educated labour for call centres;

There is a huge supply gap in ICT services to be utilised by the growing industry.

The Lesotho Highlands Water Project presents opportunities for joint venture establishments between the Lesotho and RSA businesses and the local manufacturing of the relevant materials will attract a cost-competitive position for Lesotho.

