



We build industry

Inside this issue:

From the CEO's Desk	3
New Minister of Trade & Industry Visits the Nien Hsing Group	4
Fact finding mission to Costa Rica	6
Capacity building	6
Signing of MoUs to enhance trade and investment	7
LNDC enters into partnership with local farmers and a Chinese investor	8
M182 million contract for Tikoe Industrial Estate— Provision of smaller units to benefit local companies	9
LNDC internship program continues	10
Staff movements	10
"Why Lesotho"	11





Factory Buildings Wanted

Notice is hereby given to all interested Basotho who have suitable buildings that can be rented and used as factory shells by industrialists to register such buildings with the LNDC. The required buildings should conform to the **LNDC's standards and other legal requirements.**

When registering, the following features should be clearly stated:

- plot number, location, size (strictly 500m² or bigger), title deed, height, and available infrastructure such as installed electricity in kva, water in kilolitres, etc.

For further details, contact the office of the Head – Investment Services Division at LNDC, P/Bag A96, Maseru, 5th Floor, Block A, Development House, Kingsway Street, Maseru.

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LNDC Vision

By 2020, LNDC shall be a leading institution in industrial and commercial development in the SADC region, through expanded and diversified sustainable high quality investments that will create wealth and jobs for Basotho.

Mission Statement

To promote economic growth by facilitating the development of sustainable medium to large enterprises through promotion and establishment of domestic and foreign direct investment.

We build industry

From the CEO's Desk

In his second quarter as the LNDC CEO, Mr. Joshua Setipa, has been engaged in a marathon of stakeholder meetings to gauge perceptions about LNDC, discuss challenges and how best to address the identified challenges for the mutual benefit of all parties.

Fruitful meetings have been held with LNDC staff, committee members of the Lesotho Textiles and Exporters Association



Interacting with the Media



pointed out burning issues as well as ways of handling these issues going forward.



Briefing session with LTEA

The CEO and the stakeholders have agreed to hold regular meetings to ensure follow up on agreed action and constant flow of communication.

(LTEA), the Lesotho Industrial Employers Association (LIEA), the local Media, Trade Union leaders and representatives of tertiary institutions in the country.

These brainstorming sessions with some of the key stakeholders have opened up lines of communication and pin



Lesotho Industrial Employers Association Committee with LNDC Management

New Minister of Trade and Industry Visits the Nien Hsing Group



Hon. Minister and Acting PS talking to a factory worker at Nien Hsing denim manufacturing company



Source: Nien Hsing Group

During his tour, the Honourable **Temeki Tšolo** was accompanied by Mr. Hlompho Mpetla, Acting Principal Secretary in the Ministry of Trade and Industry, Cooperatives and Marketing; the LNDC CEO, Mr. Joshua Setipa and Mrs. Mathabo Klass, LNDC Head of Investment Services Division.

The Minister also met with Mr. John Chen, Chairman of Nien Hsing Textile Co. who is based in Taipei.

The Nien Hsing Group established its first jeans factory in Lesotho in 1989 followed by a denim and yarn mill as well as two additional jeans factories in 2003. In 2005 a corrugated paper sheet factory was established for packaging while in 2011

the yarn mill increased its spun yarn capacity. The jeans factories include laundries and a water recycling plant. Factories which make up the Group are Formosa Denim Fabric Mill, C & Y Garments, Nien Hsing Garments, Global Garments and Corrugated Paper Sheet.

All jeans are exported to the United States while the denim fabric is exported to Zambia, Zimbabwe, Mozambique and is also used for denim jeans manufacturing in Lesotho. The yarn is exported to Kenya and Ghana.

In total, the Nien Hsing Group investment in Lesotho is USD123 million. The factories occupy 420,000m² at Thetsane Industrial Estate in Maseru and have created 10,000 jobs.

Future plans for the Nien Hsing Group are to diversify its export market by developing the Southern African Customs Union (SACU) market, focusing on high margin products and vertical integration as well as practising green washing techniques to save water and minimize the impact on the environment through water recycling.



Nien Hsing Textile Co. also has plants in Cambodia/Vietnam, Taiwan and Mexico.

Fact Finding Mission to Costa Rica

Following on his commitment from the last quarter to explore Latin America, the LNDC CEO led a fact finding mission to Costa Rica to find out more about their investment promotion techniques **to enhance Lesotho's existing investment attraction practices.**

Costa Rica is among a few investment destinations which is considered a centre of excellence with close similarities to Lesotho in terms of industrial development path.

In the past 20 years Costa Rica, just like Lesotho, depended on the textile and garment sector to drive economic growth. Competition for investment was also fierce for the country among its

neighbouring economies which had advantages of infrastructure and resources. However, through strategic interventions, Costa Rica is now a highly skilled and efficient production hub of high tech value products.

The key factors for the country's success lie in the synergy between the industry and the education system which is designed to produce critical skills to service the demands of the industry. This customization of skills to support industry has resulted in creation of better high quality jobs through attraction of good investments.

While LNDC is already engaging in some of the investment attraction techniques, a more concerted and structured system is necessary to achieve enhanced performance which prevails in Costa Rica.

On its part, LNDC is already merging education with industry through the LNDC Industrial Attachment programme for tertiary students and graduates which is due to start soon. Also in the pipeline, is training on-the-job for factory workers to learn more advanced skills and improve productivity and marketability of exports from Lesotho. LNDC has proposed to industrialists that that each factory shift should be extended by one hour which will be dedicated to this specialised training. Funding for the extra hour will be borne by both LNDC and the industries.

It is planned that a follow up visit to Costa Rica with specific focus on trade and investment policy framework will be arranged for the Honourable Minister of Trade and Industry, Cooperatives and Marketing.

Capacity building is one of the key strategies that is being used to enhance the performance of LNDC's human resources.

Staff in core divisions are being exposed to best practices through focused training to address challenges facing the Corporation.

Two officials of LNDC, Mr. M. Makumane and Mrs. M. Raphuthing from the Investment Services Division and Foreign Investment Promotion Division (Research) respectively, attended a Seminar on Business Investment and Risk Management for Developing Countries which was held in Beijing, China from 10th—30th May 2012. Twenty-three

developing countries attended.

One of the lessons learned was that the Chinese government

is embarking on an intensive program of supporting its private sector to invest abroad and partner with businesses in the developing world. This presents an **opportunity for Lesotho's private sector** to form joint ventures



with Chinese companies which have relevant expertise and financial backing from their government.

LNDC will follow up with the China Chamber of Commerce to attract investors to Lesotho.

Signing of MoUs to Enhance Trade and Investment

Lesotho National Development Corporation (LNDC) and its counterpart Trade and Investment Limpopo (TIL) have signed a Memorandum of Understanding (MoU) to mark the beginning of a formal relationship which will see the two organisations cooperating in many areas of mutual interest.

At the same signing ceremony, a second MoU was signed between Lesotho Chamber of Commerce and Industry (LCCI), the National African Federated Chamber of Commerce (NAFCOC) and the Foundation for African Business and Consumer Services (FABCOS). The MoU will enable the three organizations to work together and enhance cooperation in the areas of agriculture, mining and tourism under the facilitation of LNDC and TIL.



TIL and LNDC CEOs

sive basis so as to promote greater levels of awareness of business opportunities in the respective territories. A committee of officials from LNDC and TIL will be established to implement the MoU.



Chambers of Commerce and Industry

LNDC also renewed its MoU with the Industrial Development Corporation (IDC) and hosted a delegation of five Executives from IDC on the 6th June, 2012 to fine tune the terms of reference and make preparations for implementation of the MoU.

In terms of the MoU, the two organizations will specifically focus on areas such capacity building, technical assistance, economic research, project financing, co-investment in projects and exchange of information for strategic cooperation regarding delegation visits and business symposiums.

The Limpopo delegation which visited Lesotho from 1st—4th April 2012 was led by Mr. Motalane Monakedi, Chief Executive Officer of TIL.

This partnership by the two development agencies will effectively transform Lesotho's economic fortunes by addressing industrial priorities which have been identified in Lesotho's Industrial Policy Plan.

In terms of the MoUs, the institutions will assist each other in the provision of relevant information required by business people in South Africa's Limpopo Province and Lesotho with regard to promoting trade and investment in various sectors in their respective areas.

Joshua Setipa, CEO at LNDC says, "Given the IDC's long history and pedigree in the area of development finance, LNDC saw in it the most appropriate partner from which we could leverage our efforts and capacity in our quest to support and promote economic development in Lesotho".

This will create an enhanced, strong and interpersonal channel of communication to facilitate a two-way flow of business information and establish contacts between Lesotho and Limpopo province business people.

Other areas of cooperation will include exploration of additional measures and joint programs such as business seminars, trade fairs and exhibitions as well as conferences on a non- exclu-



LNDC and IDC Management

LNDC enters into partnership with local farmers and a Chinese investor

LNDC has signed a Memorandum of Understanding (MoU) with Lesotho National Wool and Mohair Growers' Association and Ningbo ETDZ Holdings Ltd, a state-owned Chinese government enterprise towards a joint establishment of a M25 million Wool Scouring Plant in Lesotho during 2012.

Mr. Joshua Setipa, signed on behalf of LNDC, Mr. Lefu Lehloba signed on behalf of the Wool and Mohair Growers' Association while Mr. Albert Li signed on behalf of Ningbo ETDZ Holdings. In terms of the MoU, a company in which the three partners will take shareholding of 55% by Ningbo, 26% by LNDC and 19% by the wool and mohair growers, is in the process of being registered.

Ningbo has already sent sketches for the factory building layout to LNDC and is going ahead with procurement of machinery for the project. LNDC is about to finalize a detailed agreement and start preparations for construction of the factory shell.

CEO Joshua Setipa says, **“Lesotho does not fully benefit from its wool and mohair production due to lack of capacity to process the greasy wool to high quality raw material required by the textile industry in world markets”**. The wool scouring processing plant will remove grease, weeds, soil and other impurities from the greasy wool produced by the growers leaving it clean for further industrial use.



“This project will adopt the most advanced raw wool scouring machine in the market with the ability to process 8000 tons of greasy wool annu-

ally using appropriate techniques and advanced technology”, Setipa says.

The impact of the project on sustainable economic development of locals will be realized through job creation at the factory and spin-off jobs from quality sheep breeding, increased quantity of wool and mohair as well as skills development.

About NINGBO ETDZ HOLDINGS:

It is a state-owned Chinese government enterprise founded in 1986. It has been ranked among 500 largest import and export enterprises in China for consecutive years since its establishment.

About LESOTHO NATIONAL WOOL & MOHAIR GROWERS' ASSOCIATION:

The Association was registered in 2001 and produces wool and mohair for export to Port Elizabeth in South Africa. It has a membership of 27,130 wool and mohair growers.

M182 million Contract for Tikoe Industrial Estate— Provision of Smaller Units to benefit local companies

LNDC and Unik Construction Engineering (Pty) Ltd signed a contract for M182 million on the 23rd May, 2012 to mark the start of construction of infrastructure and factory shells at Tikoe Industrial Estate.

Tikoe Industrial Estate project was prepared by LNDC, appraised by Arab Bank for Economic Development in Africa (BADEA) and is being financed by BADEA, Opec Fund for International Development (OFID) and the Government of Lesotho to the tune of US \$18 million.

The 80 hectare Tikoe Industrial estate is located about 6 kilometers from the Maseru City Centre and phase 1 of its development will cover 27 hectares into a fully serviced estate with roads, water and electricity as well as provision of factory shells with a total rentable space of 30,000m². At full capacity the companies which will occupy this space will employ over 5000 people.

LNDC CEO, Joshua Setipa says, **“The local private sector is also being considered for doing business in this estate through construction of 6 small factory units of 500m² each”, Setipa says. “I believe that the close proximity of small and large companies will encourage and make it easier to integrate the two through linkages”.**



“Local companies can approach LNDC to find out what linkages would be suitable for industries which will be allocated factory shells in the estate. And, from now onwards, this is the trend that will prevail in all LNDC estates to empower the local businesses”, he says

Provision of industrial infrastructure and factory shells is an essential requirement for economic development and job creation through the attraction of diversified investments in Lesotho.

Joshua Setipa, says “Currently the Corporation is inundated with numerous demands for factory shells from new investors as well as existing investors who want to expand their operations”. LNDC has compiled a healthy pipeline of definite projects which have made firm commitments to take up occupation of the new factory shells as soon as they become available.

“Given this demand for industrial accommodation, the construction

of 30,000 m² of factory buildings is therefore a welcome relief to address the prevailing shortage of factory buildings for investors. Actual construction of infrastructure and factory shells is expected to **take 18 months”, he says.**

LNDC, as the Government’s executing arm in industrial development, has been allocated land on which industrial estates are constructed. Currently these estates are located at Ha Nyenye, Maputsoe, Maseru West, Thetsane, **Mafeteng, Mohale’s Hoek, Tikoe, Berea and Butha-Buthe.** The last two industrial estates are not yet serviced, while Tikoe is only partially serviced and currently accommodates the Philips Lighting Maseru factory which manufactures energy saving light bulbs.

In addition, two textile companies of 4,000 m² and 2,000 m² have recently been completed at Tikoe Industrial Estate through funding provided by the Government of Lesotho. Construction costs for the two amounted to M25 million.

LNDC Internship Program Continues

The LNDC internship programme has absorbed another new graduate to gain work experience and improve her chances for employment.

Ms. Mateboho Makara joined the Corporation as a Planning and Research intern in the Foreign Investment Promotion Division. She is a BA Economics graduate of the National University of Lesotho and will be at LNDC for a period of 4 months with effect from 11th April, 2012.

During her internship Ms. Makara will transform the Research Library, develop a comprehensive research profile, collect data and other relevant information.



Ms. Makara will be the seventh intern to be engaged since the programme was implemented last year in 2011. The Corporation is already gearing itself for another intake of interns in its selected fields of study i.e. *Business Management, Economics, Accounting, Statistical Research, Built Environment, Information Technology as well as volunteer services*. The interns will undergo a selection process by their tertiary institutions which will then recommend successful candidates to LNDC.

Staff Movements

Ms. Thakanyane Matsimane resigned from the Corporation with effect from 1st May, 2012 after nine years of service. She initially occupied the position of Research Officer in the division which was known as Investment Promotion Centre (IPC).

In 2006, after the Corporation's refocusing and re-engineering exercise, IPC was renamed Foreign Investment Promotion Division and she assumed the position of Foreign Investment Promotion Officer in that division until her resignation.



Why Lesotho?

Political 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

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

Market Access

- 55 million consumers in Southern African Customs Union (SACU).
- Preferential access to 260 million consumers in the Southern African Development Community (SADC) market.
- Duty and quota-free access to the United States market (310 million consumers) through the African Growth and Opportunity Act, (AGOA).
- Export of all Lesotho-made products to the EU (500 million consumers) duty free under SACU EPA Agreement.
- Preferential trade agreements between SACU and MERCOSUR (Argentina, Brazil, Paraguay and Uruguay) as well as SACU EFTA (Iceland, Liechtenstein, Norway and Switzerland)
- Lesotho also enjoys preferential market access, duty and quota free in countries such as Australia, Canada, Japan, New Zealand, Turkey and Nordic countries.

Tax / Financial Incentives

- 0% corporate tax on profits earned by manufacturing companies exporting outside SACU.

- Corporate tax rate of 10% on profits earned on exports within SACU.
- No withholding tax on dividends distributed by manufacturing companies to local or foreign shareholders.
- Unimpeded access to foreign exchange.
- Easy repatriation 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%.
- Import VAT credit facility that provides for an input tax credit upon importation and local purchasing of raw materials and capital goods.
- Bank administered foreign currency accounts are permissible.
- Double taxation agreements with R.S.A. and U. K.

Industrial Infrastructure

- Serviced industrial and commercial sites, factory shells and commercial buildings are available for rental at competitive rates.
- Special incentives for construction of investor-financed factory buildings.
- Easy access to Gauteng and the Durban harbour.
- Full government support on trade and investment issues.
- Backstopping services from the Lesotho National Development Corporation in relation to procurement of all permits, licenses, and company registration.

We are on the Web!
www.lndc.org.ls

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