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Official Opening of Crabtree Electrical Accessories (Pty) Ltd.

We build industry



LNDC Headquarters

Crabtree Electrical Accessories

The Honourable Minister of Trade and Industry, Cooperatives and Marketing officially opened Crabtree (Pty) Ltd. on the 26th November, 2007 at the Maseru Industrial Estate.

Crabtree (Pty) Ltd. started operations in Lesotho in July, 2007 in a 1806 m² factory building.

It is championed by Crabtree South Africa and the initial investment in the company is estimated at M5 million with 85 Basotho currently employed. The company manufactures electrical accessories such as plugs, sockets and extension cords etc. for export to the SADC market.

Speaking at the official launch, Honourable Lebesa said, "I am very pleased that this project which we are launching today addresses our export product and market diversification strategy, by manufacturing non-apparel products and exporting them to markets other than the United States of America." He said the company had also provided an avenue for skills and technology transfer to



Centre: The Hon. P. Lebesa viewing one of the Crabtree manufactured products.



Basotho. Apart from hiring and training ordinary workers, graduates from local institutions such as the Lerotholi Polytechnic would find a convenient place for apprenticeship and employment.

Crabtree - An Overview

The steady growth of Crabtree Electrical Accessories in the building and construction sector over recent decades has made the company a dominant regional player, as well as a leading electrical accessories manufacturer in sub-Saharan Africa.

Crabtree Electrical Accessories SA first opened its doors in 1947, as a subsidiary of a UK parent company. From those early days, the Crabtree motto has been to strive to be a company that meets the high demands of its customers through the provision of a technically advanced product, unrivalled service and superior support as well as back-up infrastructure.

By the time Eveready South Africa bought the company in 1972, Crabtree had already been established as a leader in the field of electrical accessories and, nine years later, the company was sold to Hanson Trust, a UK com-

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pany. It was, however, in 1989 that Crabtree finally came into its own and became a truly South African company when it was sold to Powertech, which also owned Litemaster. These two companies were amalgamated and the Crabtree brand was retained.

The company's world-class technical abilities are well recognised. Crabtree has won several technological awards for its ever-expanding range of modern products that continue to add value and quality to Southern African homes. By keeping pace with the rapidly changing demands of the consumer, Crabtree thus ensures that it remains a market leader.

Its manufacturing plant in Wadeville, Germiston directly employs over 500 people while the new assembly facility in Maseru, Lesotho provides employment to 85 Basotho. At full production, employment is projected at 120.

Crabtree has also created a solid national distribution network, becoming a significant local exporter by supplying electrical accessories to SADC countries. With the introduction of a regional manufacturing presence,



Crabtree is entrenching the company's commitment to the regional market and people. It also produces safe and reliable quality products which conform to the most stringent SABS standards, measured to be in line with European standards.



LNDC Interacts with Local Private Sector



LNDC CEO, Mr. Peete Molapo briefing local business on 27th November, 2007

The JBCC Implementation

LNDC has been mandated by the Private Sector to coordinate its activities under the JBCC. In this regard the Corporation with selected private sector institutions is arranging for a Lesotho-South Africa Business Forum and is also establishing a Lesotho private sector driven body that will coordinate the activities of the JBCC for the private sector.

The European Union (EU) delegate who attended the meeting informed the private sector about a range of services which the EU offers to business through CDE, EIB and Proinvest. He invited interested participants to visit his office to learn more about these services.

The representative from Nedbank disclosed that the bank had established an SME (small to medium enterprises) section. However, a major constraint was that the majority of project proposals submitted were not well presented. He urged LNDC to consider assisting the private sector on project proposal development. The Corporation responded that these services would be provided under the earlier mentioned Enterprise Development Facility.

Lndc held a half-day workshop for local businesses and manufacturing industrialists on the 27th November, 2007 to provide feedback on issues which were discussed previously in August, 2006.

The LNDC Chief Executive Officer, Peete Molapo gave feedback on progress made so far:

Promotion of the Local Private Sector

Over 40 companies have been exposed to opportunities such as agro processing, natural resource-based projects etc. Ten projects have been sent to external funding agencies and another ten will be exposed to joint venture partnerships through the EU-SADC Investment Promotion Programme (ESSIP) by May 2008. Plans are also being developed for training of sandstone masons.

Promotion of Access to Finance

LNDC has developed the Enterprise Development Facility (EDF) which will provide credit guarantees, equity financing, business support services and wholesale financing. The facility is expected to be functional by June 2008 as soon as the additional demand assessment and operations manual have been finalized.

Private Sector Competitiveness Project (PSC)

The project is aimed at improving the business environment and supporting economic diversification by strengthening linkages with the regional economy, especially South Africa; strengthening institutional support for employable skills and business management as well as improving productivity at the firm level. The role of LNDC within the PSC is provision of Procurement, Financial Management and Monitoring and Evaluation services as well as provision of office space and a training facility in Mafutsoe.

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A suggestion was made that the recently launched one-stop-shop should be decentralized to businesses in the districts.

LNDC was urged to facilitate the sourcing of manufacturing accessories locally. In response, LNDC indicated that it was already addressing this issue through its integration strategy which also promotes attraction of projects that manufacture accessories. However, there

were challenges in this regard due to the current lack of critical mass for users of these accessories in Lesotho.

The extension of LNDC business services including those of the EDF to the hospitality sector was noted. LNDC advised that it is currently partnering with the Brentel Foundation to develop the hospitality sector in collaboration with the Lesotho Tourism Development Corporation. The hospitality sector would also be developed under the World Bank Private Sector Development.

LNDC noted all suggestions made at the meeting and the various components have been included in its Divisional Work Plans for 2008/2009.

A request was made to LNDC to hold regular private sector meetings to facilitate timely dissemination of vital information. The Corporation undertook to hold smaller sessions regularly from 2008 which will focus on topical issues and will be facilitated by knowledgeable resource people.

Conscience Consumerism Pays off for Lesotho Apparel Workers

As World AIDS Day approached, an innovative US and European initiative was paying off for apparel workers in Lesotho. The Minister of Labour and Employment, Honourable M. R. Masemene accepted a US\$310,000 from EDUN presented to ALAFA, an HIV and AIDS programme being rolled out in the Lesotho's textile and apparel industry.

The hand-over ceremony was held on Monday, November 19th, 2007 at Wonder Garments in Maseru Industrial Area.



Second from left: Honourable M. R. Masemene receiving the cheque on behalf of ALAFA

This was the second cheque that ALAFA has received from the sale of EDUN ONE T-shirts, made in Lesotho using African cotton. The first

cheque for an amount of US\$276,330 was handed over by representatives of EDUN in November, 2006.

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EDUN ONE T-Shirt Factory
in Lesotho

The ONE T-shirt is a partnership between clothing range EDUN, owned by U2 frontman and activist Bono; his wife, Ali Hewson and ONE: The Campaign to Make Poverty History. The EDUN ONE T-shirt is being sold to raise awareness of the ONE campaign and to raise funds. For each T-shirt sold, EDUN donates \$10 to ALAFA. Tens of thousands of EDUN ONE T-shirts have been sold since 2006.

The ALAFA initiative will help 46,000 Lesotho apparel workers, 85% of whom are women, more than one third of whom are estimated to be infected with HIV.

Since 2006, ALAFA has put in place prevention programmes that are now reaching more than 23, 000 workers. Eleven thousand (11,000) workers have access to testing, treatment and anti-retrovirals. More than 220 peer educators have been

trained to make workers more aware of how they can protect themselves and others against the danger of HIV.

World AIDS Day on December 1st, 2007 focused on global attention on the devastating impact of the AIDS epidemic. ALAFA is a story of how consumers and socially responsible sourcing by retailers and brands in the West are making a difference across the world for people working in the Lesotho apparel factories.

Following the success of the 2006 EDUN ONE T-shirt campaign, the ONE Campaign and EDUN have come together for a second year to launch the ONE.org T-shirt by EDUN and US retailer Nordstrom. The special-edition shirt will again be 100% African, made in Lesotho from 100% African cotton. The T-shirt costs \$40, of which \$10 will be donated to ALAFA. In addition, Nordstrom will match the \$10 donation for every T-shirt sold in the US, up to \$100 000.

Celebrities who have endorsed the ONE campaign and are helping promote the ONE T-shirt include Ben Affleck, Ellen Pompeo, Laila Ali, Courtney Love, Gwyneth Paltrow, Josh Hartnett, Liv Tyler and Julianne Moore.

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LINKS AND CONTACTS

<http://www.edunonline.com>

<http://www.nordstrom.com>

<http://www.ONE.org>

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ABOUT ALAFA

Launched in May, 2006, ALAFA stands for the **Apparel Lesotho Alliance to Fight AIDS**. It is an industry-wide programme providing education and prevention, voluntary testing and counselling and management of AIDS through the roll-out of health management and treatment for HIV-positive workers.

The project is part of the move to make the Lesotho apparel industry more robust, and enhance its reputation as a socially responsible and ethical source of clothing. ALAFA donors include EDUN, Nordstrom, Gap Inc., Levi Strauss Foundation and the Wal-Mart Foundation.

ABOUT EDUN

EDUN is a socially conscious clothing company launched in 2005 by Ali Hewson and Bono with New York clothing de-

signer Rogan Gregory. The company applies the principles of corporate social responsibility and is committed to improving the lives of the workers in its supply chain.

In 2005, EDUN launched the edun LIVE brand of blank tee shirts. This range enables EDUN to drive trade into Africa through high-volume sales direct to the wholesale market. The T-shirts are 100% African produced, from the fields where the cotton is picked, to the factory where the final sewing of the garment happens. The EDUN ONE T-shirt is being sold to raise awareness of the ONE campaign and funds for ALAFA. The ONE T-shirts are made at a factory in Lesotho, thereby also creating jobs in Lesotho.

ABOUT LESOTHO APPAREL INDUSTRY

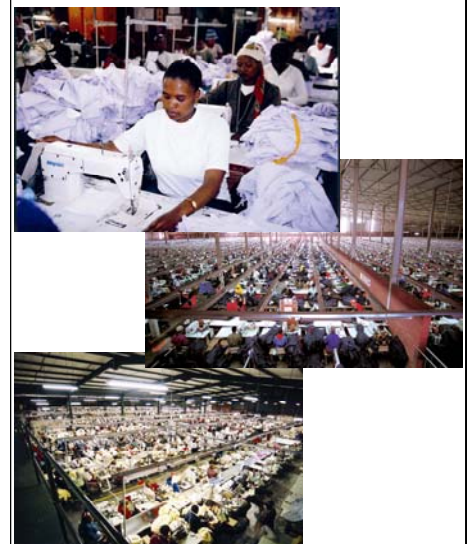


Over the past seven years the Lesotho clothing industry has grown from a marginal contributor to the country's economy to a globally-integrated industry producing garments for some of the best-known brands in the world, such as Gap and Levi Strauss. This growth has been built on the preferential

trade opportunities created by the US African Growth & Opportunity Act (AGOA) and a partnership between the government, private sector, labour and donors to take advantage of this market.

At the time of reporting the apparel industry alone employed just over 41, 000 workers and is still the largest employer in the country, surpassing the civil service. Workers earn a total of \$70-million a year, and this income circulates through the local economy, stimulating a plethora of small businesses. The apparel factory owners are working to ensure that the industry is regarded as a destination of ethical choice - and are working to raise the bar of labour and environmental compliance.

It is estimated that Lesotho's apparel firms make 90-million knitted garments and 26-million pairs of jeans a year.



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

- 50 million consumers in Southern African Customs Union (SACU).
- Preferential access to 260 million consumers in the Southern African Development Community (SADC) market.
- The Cotonou Agreement gives access to more than 480 million consumers in the European Union (EU) market.
- Duty and quota-free access to the United States market through the African Growth and Opportunity Act, (AGOA).
- Preferential access (quota and duty-free) to the lucrative Canadian market of all eligible goods manufactured in Lesotho.
- Highly concessionary Generalised System of Preferences (GSP) to: Japanese, Nordic and other developed markets.

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.
- Export finance facility.
- 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%.
- No exchange controls on the repatriation of profits.
- 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.
- A duty credit is a rebate of the duty of the importation of specified products into the Customs Area. The duty credit is an absolute value by which import duty can be reduced. Exporters of specified textile and clothing products may earn credits based on the value of exports of the specified products.

Industrial Infrastructure

- Serviced industrial sites and factory shells 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.

We're on the Web!
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