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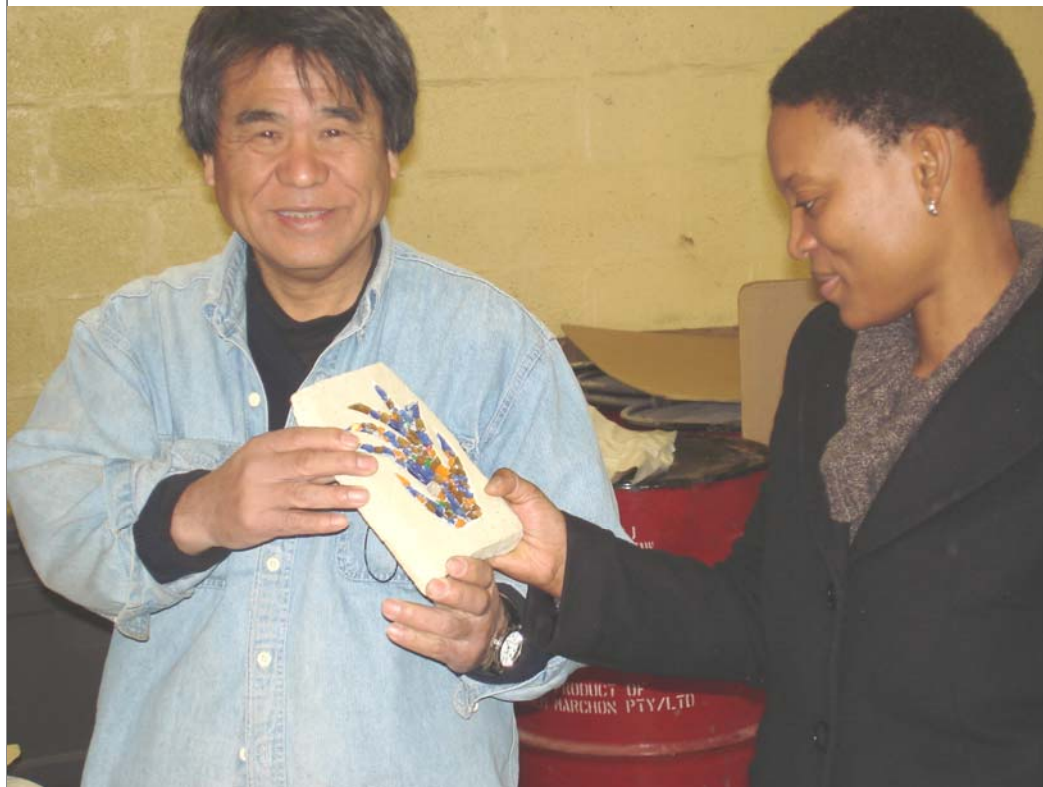
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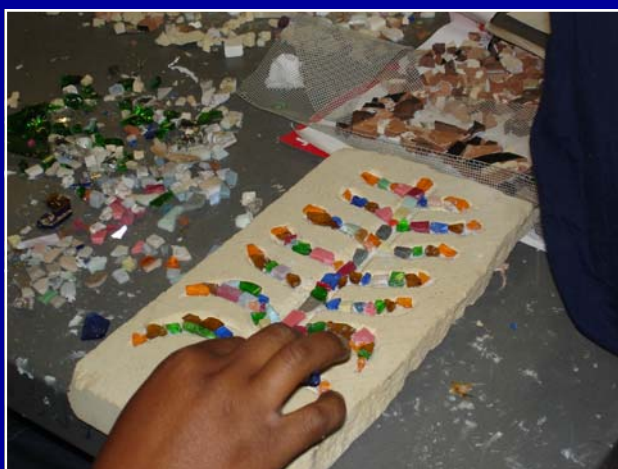
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Dr. Takaaki Hashida, Eco-block Assistance Association and Mrs. T. Matsimane, LNDC Investment Promotion Officer examining the mosaic work done on a sandstone block by Lesotho trainees



We build industry

Lesotho-Japan Friendship Association Promotes Financial Independence for HIV/AIDS Patients

LNDC followed up on an enquiry from the Lesotho-Japan Association and facilitated a pilot project to produce eco-block mosaic work using local building materials such as sandstone.



Sandstone mosaic blocks produced during the trials in Lesotho

Initial contact with the Association was made by the Lesotho Ambassador to Japan, His Excellency M. Likate in October, 2008. The project is aimed at promoting social independence in people who are slightly intellectually challenged as well as those with HIV/AIDS.

The founder of the project, Dr. Takaaki Hashida visited Lesotho in June, 2009 to conduct a preliminary survey and trial production run. LNDC got in touch with the Lesotho Network of People Living With HIV & AIDS (LENEPWAHA) to provide a small number of workers.



A group of eight people were engaged over a two-week period for the trial production run. The mosaic blocks were dispatched to Japan for further feasibility assessment. A follow-up visit is planned in October, 2009.

The art pieces are used to create mosaic pavements, parks and wall construction projects.



Dr. Hashida supervises production of the mosaic blocks



LNDC Plans to Acquire Equity Stake in CGM



Signing from left to right: Mr. Adrian Chang, Director CGM Group and Mr. Peete Molapo, LNDC CEO

A Memorandum of Understanding was signed between LNDC and China Garment Manufacturers (CGM) Group (Pty) Limited on 21st July, 2009 in an effort to restructure the operations of the CGM Group and turn it into a sustainable, financially and economically viable business venture.



The Government of Lesotho, through LNDC, advanced an interest free loan of M30 million to the company to be converted into equity at the end of CGM's financial year in 2009, subject to fulfilment

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of the terms and conditions laid out in the turnaround plan that was submitted to LNDC by CGM in November, 2008. The turnaround plan was formulated from a business review study conducted by Piet Badenhorst Consultants in September, 2008.

In terms of the on-going turnaround plan, CGM has embarked on cost control measures, appointed key management, improved internal systems and carried out an aggressive marketing plan to source more orders.

The company's performance is already showing signs of improvement as a result of cost cutting measures such as reduction of expatriate staff from 240 to 110 including retrenchment of some factory workers. However, some of these workers were re-absorbed into the company in April this year, bringing the total workforce to 4,000.

The revamping of the company's key management and marketing campaign have also yielded successful results and targeted production limits have been exceeded.

According to the Chief Executive of CGM, Mr. Madhav Dalvi, there are plans to re-open one of the factories, United Clothing, which had been mothballed due to financial problems. The factory will create more than 1,000 local jobs and will be operational as soon as qualified machine operators have been recruited.

It is expected that the final agreement between LNDC and CGM will be signed by the end of this year.

Arab Bank for Economic Development in Africa (BADEA) Approves Loan for Tikoe Infrastructure Development

The Arab Bank for Economic Development in Africa (BADEA) has approved a US\$6.0 million loan for the construction of infrastructure and factory shells at Tikoe Industrial Estate.

Total funding required for the infrastructure development as well as construction of factory shells and related professional fees is approximately US\$18.0 million. The funding requirements will be shared equally by the Lesotho Government, BADEA and the Overseas Fund for International Development (OFID). The latter is currently in the

Tikoe Industrial Estate



process of approving its US\$6.0 million contribution.

The loan will be repaid in 25 years including a grace period

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of five years at an annual interest rate of 2%.

The demand for industrial space and factory shells is continuously increasing and the development of infrastructure at the 80 hectare Tikoe Industrial Estate will

address the current influx of investors who require factory buildings and greatly enhance LNDC's investment promotion efforts.

Collaboration with Limpopo to Explore Investment Opportunities

LNDC facilitated a delegation of the private sector and the Basotho Enterprises Development Corporation to visit the Limpopo Trade and Investment as well as the Limpopo Business Support Agency in May, 2009.

The delegation discussed collaboration on investment opportunities and agreed that a business delegation from Limpopo should visit Lesotho to engage their counterparts in joint venture partnerships. The visit is planned for October, 2009.



Lesotho Delegation to Limpopo on a Guided Tour of Projects



Mr. Motebang Mokoaleli, LNDC Head Foreign Investment Promotion making a presentation on "Investing in Lesotho"

Private Sector Competitiveness and Economic Diversification Project

Improving the Business Environment

The draft Company Registration Bill has been reviewed and a meeting will be convened to incorporate the Attorney General's comments on the Bill by July, 2009.

Improving Access to Finance

LNDC has prepared a document on a Partial Credit Guarantee Scheme which is not yet operational due to lack of capital. Attempts are being made to solicit funding from potential donors.

Horticulture Out-grower Scheme

Three farmers from Thuathe, Mahobong and Qo-qolosing have been selected for fruit tree crop pilot project.

Up to 10,000 seedlings of six types of fruit trees (peaches, apples, cherries, apricots, plums and blue berries) have been procured and planted over an area of approximately 10 hectares at the targeted pilot areas. Fencing material

and hail netting equipment have also been installed.

An agreement has been signed with a technical partner to provide technical assistance to the pilot project.

Two study tours were organized for both targeted and non-targeted farmers to Denmar Estates for familiarization with intensive fruit production.

Supporting Economic Diversification

Two skills development centres have been established in



Maputsoe and Maseru. Both centres had trained 196 people by the end of June, 2009 in the categories of manager, supervisor, sewing and entrepreneur.



Skills Training in Session

Recruitments and Resignations



Mrs. Mpine Moleko, a Personal Assistant in the Investment Services Division, joined the Corporation in January, 1988 and resigned in June, 2009.



Mr. Mosebetsi Makumane assumed duties on the 1st June, 2009 as a Project Officer.



Wanted: Factory Buildings for Rent

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 the LNDC, P/Bag A96, Maseru, Development House, Block A, 5th Floor.

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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 are on the Web!

www.lndc.org.ls

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