



We build industry

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.

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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From the CEO's Desk



For the next quarter, the Corporation's activities will be targeted at achieving deliverables in a number of key areas, some of which are already on going while others are new activities.

Property Development, Management and Infrastructure Development

Consolidation of the Corporation's capacity to manage and implement rental collection will continue. Work towards contracting local construction companies to undertake regular maintenance work of the various properties will be finalised and implemented.

In addition, progress towards implementing the various on-going development projects and initiation of new ones will be fast tracked.

Key among these will be the on-going feasibility work for Ha Belo Industrial Estate and the finalisation of the concept for the development of former Sanlam Centre, former Fairways and the Race Course properties.

Work towards rehabilitation of LNDC Centre and Development House will begin during the next reporting period.

Recruitment and Policy Review

A recruitment drive to fill existing vacancies within the Corporation will be undertaken urgently to support the implementation of the strategic projects that the Corporation has embarked upon.

Furthermore, a review process of the Corporation's personnel policies will be initiated with a view to strengthening them to ensure consistency with present day corporate realities.

Investment Strategies

The Corporation will complete its review of current short term investment strategies for the Corporation aimed at ensuring that the Corporation continues to realise adequate return on its short term investments.

The on-going consultations with the Industrial Development Corporation and the African Development Bank will be finalised to secure lines of credit to finance new investment projects for the Corporation and also to capitalise a new equity financing scheme for local entrepreneurs. This is central to the Corporation's support program for local industrialists and SMEs.

Risk Management

The Corporation will implement its risk management capacity and among the new innovations will be a periodic report to the Board on risk mitigation that will be based on a risk log to be developed. This risk log will be updated periodically and adjusted to reflect assessment of emerging risks to the Corporation's operations.

Investment Promotion

Investment promotion activities will focus on concluding a number of on-going key activities. Among these will be the finalisation of negotiations for the establishment of a knit fabric mill at Ha Belo Industrial Estate and the establishment of an automotive components manufacturing plant. In addition, the Corporation is facilitating the construction of an up-market hotel by a South African/ Lesotho group.

Furthermore, work will continue towards the establishment of a mining sector supplier park at Ha Belo Estate.

Corporate Governance

The Corporation will continue supporting the work of the Board aimed at strengthening its oversight capacity and to develop innovative approaches towards corporate governance. Efforts will continue to secure additional capacity building support to the Board.

As part of this initiative, LNDC sponsored members of its Board to attend a business breakfast on Corporate Governance in May 2013.



The Management and Staff
Of
Lesotho National Development Corporation
Extend their Heartfelt Congratulations
To
His Majesty King Letsie III
On His
50th Birthday
May He Live a Long, Healthy and Prosperous Life!!!

Khotso! Pula! Nala!

His Majesty King Letsie III Leads Investment Promotion Missions to Austria and Germany

His Majesty King Letsie III invited Austrian businesses to come to Lesotho and see for themselves that Lesotho is open for business. Speaking at the official opening of



Lesotho Austria Business Forum in Vienna on the 25th April, 2013, His Majesty presented an overview of Lesotho as an investor friendly country; highlighting its improved performance in the World Bank's "Doing Business Indicators". "This survey, seen by many as a benchmark for rating the world's best business environments;



tracked Lesotho as one of the top performers in 2012", His Majesty said. Lesotho moved up from No. 136 in 2012 to No. 79 in 2013 just below South Africa at No. 55.

He urged Austrian businesses to join hands with Basotho businessmen, eight (8) of whom had accompanied him to Austria. Business to business meetings were held between the 8 Basotho companies and 10 Austrian companies to discuss projects in tourism, automotive, aviation, construction and mining sectors.



His Majesty held discussions with a number of Austrian businessmen during the networking session before proceeding to other State engagements.



The President of the Austrian Federal Economic Chamber, Mr. Christoph Leitl welcomed His Majesty's delegation as well as more than 75 Austrian companies who attended the Business Forum with the theme "Unlocking the Potential for Investment in the Kingdom in the Sky". Introductory remarks were also made by The Honourable Temeki Ts'olo, Minister of Trade and Industry as well as The Honourable 'Mamahele Radebe, Minister of Tourism, Environment and Culture; followed by presentations by Chief Executive Officers of LNDC and Lesotho Tourism Development Corporation.

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The Honorary Consul of Lesotho to Austria, Mr. Roderich Urschler who is also an investor in Lesotho made a presentation on the success of his investment, Afri Ski Mountain Resort at Mahlasela in the Mokhotlong district.



Other presenters included the Managing Director, Austrian Development Agency, Ms. Brigitte Öppinger-Walchshofer; and Mr. Brian Portelli, Investment and Technology Unit, UNIDO.

Site visits were arranged to a hydro power plant, the Tourism College MODUL and MODUL University to show case trainees in preparation for entry into the tourism industry.



Visit to Tourism College MODUL



Following the business forum, one Austrian company has been to Lesotho for further discussion with a local counterpart in the construction industry. Other expected site visits are in the automotive and cable car sector.



His Majesty continued with his trip to Berlin, Germany from Austria where he addressed 14 German companies and business associations at a breakfast meeting. He invited them to play an active role in the LHWP Phase II construction projects in partnership with Basotho. He also invited a highly recognised German automotive brand to favour-



ably consider returning to Lesotho.

His Majesty was accompanied to the meeting by the Hon. Minister of Foreign Affairs, Hon. Minister of Trade and Industry, the Principal Secretary Trade and Industry,



Hon. Temeki Ts'olo with Mr. Thomas Kraneis, Vice President German African Business Association on his left

the LNDC CEO, government officials and one Mosotho businessman who was already engaged in advanced discussions with a German company.

LNDC and LDF in a Joint Venture to Resuscitate Agriculture



The Lesotho National Development Corporation signed a Memorandum of Understanding (MoU) with the Lesotho Defence Force (LDF), in an effort to resuscitate agriculture and enhance performance of the Basotho Fruit and Vegetable Canners (BFVC), a wholly-owned subsidiary of LNDC.

The agreement was signed by **Mr. Joshua Setipa**, LNDC CEO and **Lt. Gen. Tlali Kamoli**, Commander of the Lesotho Defence Force on Friday the 17th May, 2013.

Mr. Setipa says, "The deterioration in agricultural production and inputs, particularly for the Cannery, needs a special approach, hence the engagement of the armed forces. Formalizing a relationship with the LDF is a breakthrough not only for the country, but for us as the LNDC, as we encourage investments in agro-processing. This relationship will certainly assist in raising the production and capacity levels of the Cannery; while at the same time it will enable the Army to cover its own basic needs in addition to income generation".



Lt. Gen. Kamoli said that the Army was already deployed in the ten



districts of Lesotho to engage in agricultural activities, and "Now all that needs to happen is that the capacity of those units will be increased to accommodate this initiative with LNDC", he said.

BFVC produces canned organic peaches, apricots and asparagus for the European, South African and Lesotho markets. It also produces fruit nectars/juices and canned vegetable salad. At full capacity, it produces 500 (4.5kg) cans of peaches and 1,000 (410kg) cans of asparagus per day.

The actual field work is expected to commence in September 2013. The Army will be



responsible for the planting and production of asparagus, beans and other crops that can be processed by the Cannery. LDF officially engaged in agricultural production in 2005. LNDC's collaboration with the Army is the first trial ever.

In terms of the MoU, LNDC is obliged to provide arable land, funding, seeds any other farming implements and machinery while the LDF will provide manpower.



LNDC and Formosa Textile in a Joint Venture to Train Basotho Graduates in Textile Engineering

LNDC signed a joint venture agreement with Formosa Textiles (Pty) Ltd. to mark the launch of a two-year training program for young Basotho graduates in the field of textile engineering. The agreement was signed by Mr. Joshua Setipa, LNDC CEO and Mr. Vincent Yuan, Managing Director of Formosa Textiles on 18th April, 2013.

Speaking at the signing ceremony, Mr. Setipa, said, "This is the first group of 10 graduates whom we will engage on an annual basis to address the serious skills deficit that we face in this industry. At the end of their two-year training program, the graduates will be qualified textile engineers". He added that the program is part of LNDC's strategy aimed at building national expertise as a step towards ensuring the continued sustainability of the industry beyond the current cycle of investments.

"This innovative program is a demonstration of Formosa's commitment to Lesotho and I would like to call upon other investors to follow this example", Setipa said. The Industrial Attachment Program is an extension of the LNDC in-house internship program aimed at building a strong skills base while at the same time, alleviating the current high unemployment rate among youths. Mr. Setipa said that the lack of or limited practical experience and skills of graduates is a major impediment to their prospects for employment.



The LNDC Chief believes that the training will contribute towards building a strong entrepreneurial culture among Basotho graduates and result in strengthening the government's National Economic Empowerment Policy.

Formosa's Human Resource Officer, Mr. Bereng Molapo, expressed his company's commitment to assist Lesotho create more meaningful employment opportunities by training locals in textile engineering.

"Like Lesotho, the Taiwanese started without skills and the industrialized countries came to their country to import labor, but eventually they trained the locals on supervision and management", he said. "The Taiwanese are now investors in their own country and beyond, this is also possible for Basotho," he added.

According to the signed agreement LNDC will contribute 70% of the total remuneration package of the trainees. The first batch of ten trainees will be engaged in 2013 and upon completion of the two year programme, successful candidates may be considered for a contract of service with the factory as supervisors or technicians. The three-phased training will comprise specialized training from Chinese instructors, practical applications on managerial and administration skills as well as quality control skills.

Formosa Textile Co is part of the Nien Hsing Group which has created at least 10,000 jobs with an investment worth USD 123 million in Lesotho. Formosa fabric mill manufactures denim fabric and cotton yarn for both export and local use.

Ministry of Foreign Affairs Forges Harmony between Chinese and Basotho Businesses

LNDC Head of Investment Promotion, Mr. Mokhethe Shelile presented on the role of the LNDC, as well as investment opportunities to the business community at the Lesotho-China Business forum in Leribe.



The forum was organised and led by the Ministry of Foreign Affairs and International Relations with the aim of promoting networking and harmonious relations between Basotho and Chinese businessmen.





Lesotho has benefitted from the first African Textile, Apparel and Footwear Trade Event held in Cape Town on 9-12th April, 2013.



The trade fair provided a platform for establishment of business relationships; generation of trade and securing additional markets for African manufacturers.

LNDC CEO, Joshua Setipa says 20 exhibitors comprising, foreign and local manufacturers, Better

Work Lesotho, Apparel Lesotho Alliance to Fight Aids (ALAFa) have successfully sold Lesotho as an ethical and reliable sourcing destination to industry leaders and decision makers from across Africa, Europe and the United States.

“Our exhibitors effectively and efficiently showed off the quality, creativity, reliability and sophistication of textiles and apparel manufacturing to a global audience of buyers, industry professionals and service providers. Our pavilion collectively registered a significant number of business meet-

ings and we have secured a substantial number of leads for both categories of manufacturers that took part in the trade fair,” said Mr. Setipa. He added that some industrial firms received retailers for site visits immediately after the exhibition,



which is a sign of achievement. Local manufacturers commended LNDC for exposing them to a high level trade fair. Mr. Mojalefa Rasephehi, of the Mazenod Tannery says, “it has been a great learning experience and platform for generation of business leads.”

On the other hand, Lesotho industrialists say the event has undoubtedly surpassed expectations. “We had no idea if we would generate interest but the match-making program was very useful. We expect visits from local buyers as well as Canada. It is good to have new buyers. Lesotho will be happy”, said Mrs Loida Castro, Manager at TZICC Clothing Manufacturers.

Collectively, African manufacturers annually export US\$2 billion of apparel products while Lesotho remains the largest textile and apparel exporter in terms of value to the United States of America in sub-Saharan Africa.



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Popularly known as volume manufacturers of jeans and t-shirts, Lesotho garment manufacturers have also begun to widen their range of products in response to retailers' needs.



LNDC prepares local Private Sector to benefit from Africa's largest water transfer scheme: LHWP

LNDC has kick-started a series of capacity-building programmes for the local private sector in preparation for the second phase of the Lesotho Highlands Water Project (LHWP). Through this exercise, the LNDC aims to enhance Lesotho's economic growth by ensuring optimum participation of Basotho businesses in the activities of the subsequent phase of the ambitious highlands water project, its spin-offs and beyond.

On the 30th May 2013, Investment Promotion Manager in charge of the domestic investment issues, Mr. Semethe Raleche addressed a consortium of 20 Basotho contractors, taking them through opportunities available in the LHWP. The Lesotho Consortium of Contractors was registered in 2013 but has not satisfactorily harnessed opportunities brought by the water project. Mr Raleche said lessons learnt from the first phase of the project compelled the Corporation to assist in sensitizing the local private sector on the macro and micro-economic impact of the project on Lesotho.

His presentation laid emphasis on ensuring optimum participation before, during and post-dam construction. According to the Draft Report on Private Sector Strategy on Phase II of the LHWP, "Basotho companies continued to win small contracts in both construction and non-construction activities such as construction of houses, roads, bridges and those that involved supply of furniture and equipment. Firms that were able to secure contracts were those that had either gained experience in Phase IA of the LHWP or had competency."

Verbatim "We want to diversify investment into strategic areas throughout Phase II and beyond." Mr Semethe Raleche, Investment Promotion Manager at Lesotho National Development Corporation

Mr. Raleche urged that opportunities should not end with the completion of the construction of the dam. "It is imperative for our society to realise that there is a great opportunity waiting to be exploited in the value chain," Raleche said. He encouraged partnerships and consortiums to get



organised on time. "If we join forces, we may be able to get somewhere. This is an international project that gives platform and opportunity not only to Basotho but to international companies as well. We should work towards, and be able to enhance our skills in organisational management, creativity

and innovation."

The LHWP is an on-going water supply project with a hydropower component, developed in partnership between the governments of Lesotho and South Africa. It comprises a system of several large dams and tunnels throughout Lesotho and South Africa. In Lesotho, it involves the rivers Malibamatso, Matsoku, Senqunyane and Senqu. In South Africa, it involves the Vaal River.

The purpose of the project is to provide Lesotho with a source of income in exchange for the provision of water to the South African central Gauteng province where the majority of industrial and mining activity occurs, as well as to generate hydroelectric power for Lesotho.

People on the Move

LNDC has bid farewell to one of its staff members, Mr. Motebang Mphi who was engaged as a Projects Officer in the Investment Services Division on the 2nd August in 2010. He terminated his employment with LNDC with effect from 31st May, 2013.

The LNDC CEO, Mr. Joshua Setipa wished him well in his future undertakings.



LNDC Celebrates International Secretaries' Day

Secretaries celebrated their day through community events, social gatherings, and individual corporate activities recognizing support staff with gifts.

LNDC's Jeanett Notsi, PA to Head Investment Services was one the personal assistants hailed by Managers for excellence in service, at a gala dinner organised to honour the administrative support professionals on May 11, 2013 at Maseru Sun Cabanas.

Well-done MaJeans!!

Lesotho Sun Hotel and Casino will spoil Jeanett with a weekend of luxury at her convenience!

The Administrative Professionals Day, also known as Secretaries' Day or Admin Day, is an unofficial secular holiday observed in several countries to recognize the work of secretaries, administrative assistants, receptionists, and other administrative support professionals.

LNDC at Secretaries' Day



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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