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*The Right Honourable the Prime Minister, Pakalitha Mosisili (extreme left facing) and his entourage during his visit to Philips Lighting at Tikoe Industrial Estate. (Insets): Demonstration of an eco-friendly stove which uses only a few pieces of wood to bring a pot to the boil.*

***We build industry***

## Visit of the Rt. Hon. the Prime Minister to Philips Lighting

The Rt. Honourable the Prime Minister was given a guided tour of Philips Lighting in Maseru in preparation for his attendance at a UNIDO General Conference which focused on opportunities offered by "green industries" for developing countries in the current economic circumstances.

The conference highlighted the role of industry in finding solutions to emerging and global challenges faced by these countries in achieving their developmental objectives within a framework of environmental sustainability.

Philips is one of the environmentally conscious manufacturing plants that the Lesotho National Development Corporation has promoted to invest in the country. The light bulb plant produces energy saving fluorescent lamps for the Southern African market.

In addition to a tour of the factory operations at Philips Lighting, the Prime Minister and his entourage were treated to a demonstration of a highly fuel efficient wood stove designed

by Philips for the world's socially disadvantaged communities.

The General Manager of Philips, Mr. Stephen Walker explained that the wood stove uses 80% less fuel burning on wood, grass or cow dung. It means that fuel can be "found" rather than "purchased". Charcoal can also be used to fuel the stove.

This new generation portable improved wood stove comprises a stainless steel outer body with insulated handles on either side to make it easy to carry.

While Philips is traditionally known as a maker of Light Crystal Displays and Light Emitting Diodes (LCD's and LED's), they have also been cooking up other things such as this fuel efficient

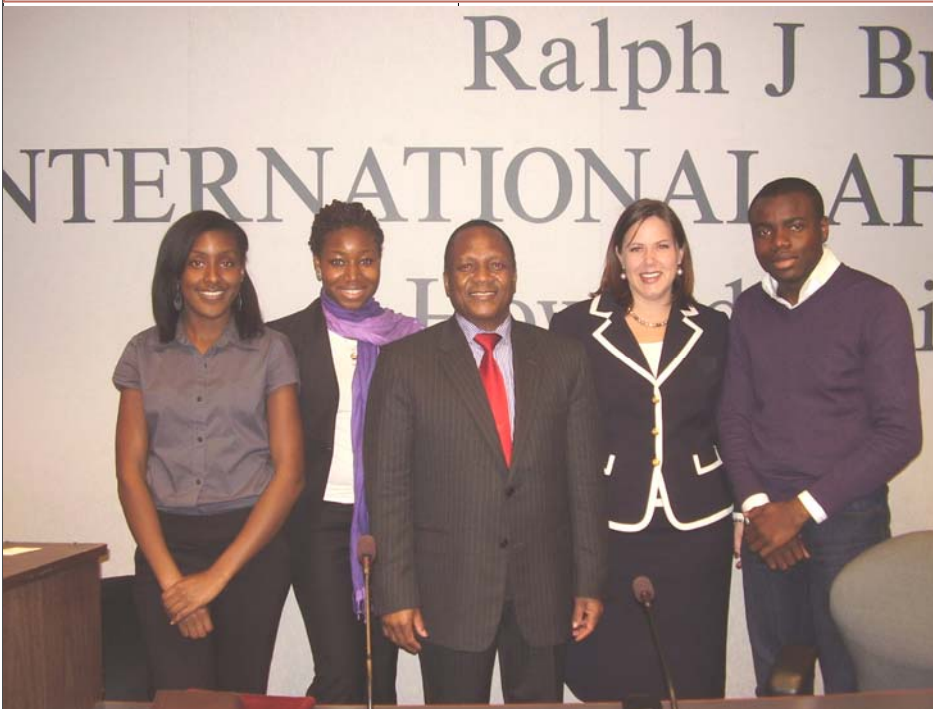
woodstove. According to Philips Research, "300 million families in the world's poorest regions burn wood for cooking. The stove cuts smoke and toxic emissions which are claimed to cause 1.6 million deaths a year; and when properly used, the woodstove typically reduces fuel consumption by up to 80% compared with traditional, three stone fires".

Apart from faster and more convenient cooking, this energy efficiency means the stove can save the cost of the time needed to gather fuel, and should also slow deforestation as it preserves energy resources.





## 'PURCHASE FOR AFRICA' EMPOWERING AFRICA THROUGH SOCIALLY-CONSCIOUS BUYING



*His Excellency Mohlomi Rantekoa during his presentation on Lesotho at the Purchase for Africa Howard University's Yard Fest in Washington D.C. From left to right: Student Volunteer Co-ordinators; H.E. Rantekoa; Dr. Elka Stevens, Art Professor at Howard University and Mr. Ami Bellow, Purchase for Africa Fellow, The Whitaker Group*

Participants in the "Purchase For Africa" initiative seek to increase the amount of apparel that Americans buy from Africa and persuade other like-minded universities and retailers to source more African apparel.

In his presentation at the Howard University Homecoming Yard Fest, His Excellency, Mohlomi Rantekoa said Purchase for Africa was being launched in Lesotho and would expand to other African countries. He outlined the benefits that the initiative would have, citing that one million t-shirts "made in Lesotho" per month would increase employment in the garment industry.

Ambassador Rantekoa advocated for action through Purchase for Africa and the following U.S. policy changes and programs (as stated in the box below):



At the Howard University Homecoming event, Lesotho's Ambassador to the United States, His Excellency Mohlomi Rantekoa, joined in the collective to empower more Africans through socially-conscious buying in America.

In an attempt to re-define community service to Africa, Howard's Africa Business Club students have joined with the Kingdom of Lesotho toward setting a new trend among African-American consumers through the "Purchase for Africa" initiative.

"Purchase for Africa" is a coalition

of NGOs, businesses and universities. Key member organisations include the Whitaker Group, Apparel Lesotho Alliance to Fight Aids (ALAFAs) and Howard University.

- ⇒ *Extension of the third country fabric provision of African Growth and Opportunity Act (AGOA) far beyond 2012 (Africa does not produce enough fabric to satisfy demand in the downstream apparel assembly industry. Without access to this provision, the industry faces collapse in 2012).*
- ⇒ *Ensuring that Sub-Saharan African countries' margin of tariff preference is maintained as progress is achieved on the WTO Doha Development Agenda.*
- ⇒ *Allowing new privileges for apparel made with African produced textiles.*
- ⇒ *Enactment of new investment incentives to encourage vertical integration of the textile and apparel industry in LDC AGOA beneficiary countries.*

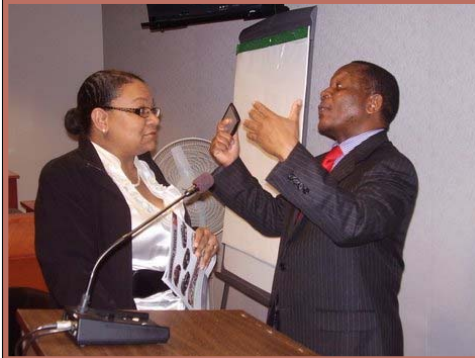
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Lesotho serves as one of the best case studies in how U.S. policy makers have utilized trade preferences to encourage economic development abroad. AGOA is the key reason that Lesotho has enjoyed such growth and success in the apparel sector. Thirty-seven (37) percent of Lesotho's exports, mostly apparel, are destined for the U.S. market and the clothing and textile sector employs close to 40,000 factory workers.

The Ambassador re-emphasized that the collapse of nascent

textile and apparel industries in sub-Saharan African least developed countries such as Lesotho would result in the loss of thousands of jobs in the world's poorest region.



It would also mean the unraveling of much of the progress

achieved by AGOA and other preferential trade programs aimed at encouraging development through trade in Africa.

In conclusion, he said that the Government of Lesotho welcomed the continued support from the US to facilitate trade development in Africa and the opportunity to work with investors and other international partners in trade to facilitate investment in Lesotho's textile and apparel sector.

**Purchase for Africa website:**  
[www.purchaseforafrica.com](http://www.purchaseforafrica.com)

## Appointment of New LNDC Board of Directors

Seven new Directors were appointed to replace outgoing members whose term of office had expired. These seven joined the other three Directors who were already in office. There are currently ten Board Directors while the LNDC Act provides for eleven members. The new Board held its first meeting on the 18th March, 2010.

Appointments were also made for the Board Committees of Construction, Remuneration, Audit & Risk Management and Investment.

### LNDC Board of Directors



**T. J. Ramotsoari, Chairman**



**R. J. Elias**



**R. Theko**



**M. Sekoto**



**K. Mapepesa**



**K. Khabele**



**L. Lefosa**



**T. Bohloa**



**M. V. Dalvi**



**R. Nkhahle**

## LOCAL REAL ESTATE MANAGER FOR LNDC PROPERTY PORTFOLIO

@

its Special Board sitting

on Thurs-  
day, 1<sup>st</sup>  
April, 2010,  
the Leso-  
tho Na-  
tional De-  
velopment  
Corpora-  
tion Board

of Directors approved LNDC  
Management's recommendation  
to appoint the preferred bidder,  
Morai-Maseela & Company, to  
provide real estate management  
services to the Corporation's  
property  
portfolio  
for three  
(3) years  
effective  
from 1st  
April 2010.

The com-  
pany was appointed on the basis  
that it best met all the condi-  
tions of the "Request for Pro-  
posals" that also included LNDC  
policy direction issued after the  
termination of the previous ser-

vice provider, JHI Real Estate  
Limited, in September, 2009.

aimed at building local capacity  
in Real Estate Management.



**NYENYE INDUSTRIAL ESTATE**

In order to facilitate the proc-  
ess of take-on, in the months  
preceding the appointment of  
the new Real Estate Manager,  
the Corporation established a  
Transition Task Team to spear-

commercial outlets, 6 office  
blocks and 7 industrial estates.  
138 factory shells have been  
built on these industrial estates  
and land is also leased out to  
industrialists who want to build

LNDC's  
property  
portfolio  
consists of  
8 residen-  
tial proper-  
ties, 3  
shopping  
centers, 9

their own  
factory  
shells on  
the es-  
tates.

In addition  
there are  
two indus-

trial estates at Ha Belo and  
Berea which are not yet ser-  
viced.



**THETSANE INDUSTRIAL ESTATE**

head a smooth hand over of the  
LNDC property portfolio to a  
local property management com-  
pany. The appointment of a local  
company was a strategic decision

**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 build-ings 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 500m<sup>2</sup> 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 Ser-vices Division at LNDC, P/Bag A96, Maseru, 5<sup>th</sup> Floor, Block A, Development House, Kingsway Street, Maseru.**

**Tel. : +266 22312012**

**Fax: +266 22310038**

**email: [info@lndc.org.ls](mailto:info@lndc.org.ls)**



## Infrastructure Development and Construction of Factory Shells at Tikoe Industrial Estate

The provision of industrial infrastructure and factory shells is an essential requirement for economic development and creation of employment through the attraction of investment into Lesotho.

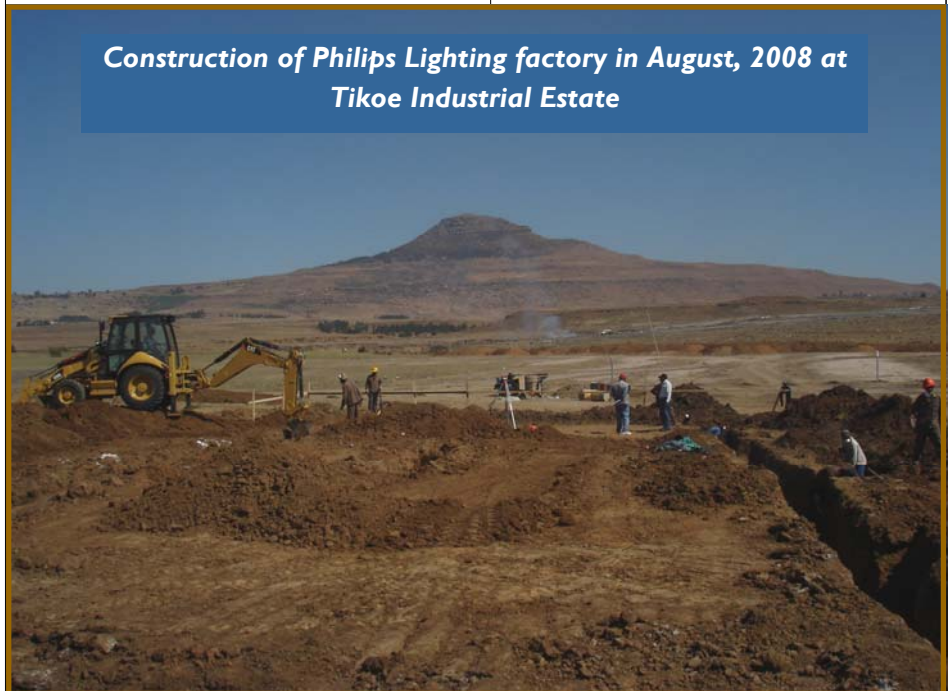
LNDC as the Government's executing arm in industrial development has therefore been allocated land on which industrial estates are constructed. Currently these estates are located at Ha Nyenye, Maputsoe, Maseru West, Thetsane, Mafeteng, Mophale's Hoek, Tikoe, Berea and Ha Belo. The last two industrial estates are not yet serviced, while Tikoe is only partially serviced.

An appraisal mission from the Arab Bank for Development (BADEA) visited Lesotho to appraise Tikoe Industrial Estate for further infrastructure development and construction of factory shells. Subsequent to this appraisal it was decided that financing of the project would be undertaken by BADEA, OFID (Opec Fund for International Development) and the Government of Lesotho to the tune of US \$18 million.

The loans of BADEA and OFID will be taken by the Government of Lesotho through signature of

financing agreements. The repayment period will be 25 years including a grace period of five years at an annual interest rate of 2%. BADEA and Lesotho Gov-

This phase involves construction of 30,000 m<sup>2</sup> of industrial shells as part of the 67,000 m<sup>2</sup> area referred to above and the remaining 37000 m<sup>2</sup> will remain for lease or



**Construction of Philips Lighting factory in August, 2008 at Tikoe Industrial Estate**

ernment have already signed the loan agreement while processes for signature of the loan from OFID are on-going.

Tikoe Industrial Estate is located around 10 km south-east of the center of the capital city, Maseru. The project includes the civil works and ancillaries for the construction of roads and storm water, utilities infrastructure for a total area of 270,000 m<sup>2</sup> of which a net area of 67,000 m<sup>2</sup> shall become available for construction of industrial shells for rental.

further construction of factory buildings as demand and finance become available. In addition, the project consists of consultancy services for design, review and construction supervision.

The only factory operating from Tikoe Industrial Estate at present is Philips Lighting Maseru which manufactures energy saving light bulbs.

LNDC has compiled a healthy pipeline of definite projects which are ready to take up occupation of the new factory shells as soon

## Investment Promotion Mission to World EXPO 2010



*Lesotho's unique pavilion in China is generating a lot of interest*

**@** preliminary mission including two LNDC Investment Promotion Officials traveled to Shanghai, China from 1st to 7th May, 2010 to prepare for an investment forum which will run within the World EXPO 2010 in August, 2010.

The delegation also included officials of the Lesotho Business Council and the Ministry of Trade and Industry.

The theme of the EXPO

2010, "Better City, Better Life" represents the common wish of humankind for better living in future Urban Environments.

The advance mission made contact with Chinese Business Community Umbrella Bodies which will assist in the screening and invitation of relevant bona fide companies that fall within Lesotho's strategic investment target sectors.

The team was also given lo-

gistical support by both the Embassy of Lesotho in China and a privately owned-Basotho company, Kobeli Business Services, which is based in China.

When Lesotho accepted an invitation from the Government of China to participate in the World EXPO 2010 to be held in Shanghai, China the Ministry of Trade and Industry, Cooperatives and Marketing was mandated to take the lead in preparing for

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Lesotho's successful participation in the event.

To this end, Lesotho has organized an Investment Promotion Mission to run parallel to the EXPO in order to take advantage of the platform provided by this event. The high powered investment mission will be led by the Right Honourable the Prime Minister during the month of August, 2010. This is a strategic move as the Chinese business community attaches a lot of weight and credibility to business missions which are led by reputable and high profile personalities.



Lesotho's pavilion has already been erected and it showcases some locally-made handicrafts, diamonds, cosmetics made from aloe as well

as models wearing Basotho hats and blankets.

## *Advanced Project Management In-House Training*

One of the more effective and cost saving vehicles for education programmes in the work place, is in-house delivery of training. This form of training provides the flexibility of selecting the course content that directly relates to an organization's needs. It can be adapted to draw from examples in an organization and typically use a "case study" project that can be applied as an actual work product.

It is in the above context that the 2010/2011 LNDC

Training Plan focuses more on group in-house training so that all trainees are exposed to common presentations and can interact on the same level under the guidance of a facilitator.

In order to address the challenges of managing projects with financial efficiency and timely delivery, 13 LNDC officials attended a three-day interactive in-house training on Advanced Project Management in April this year.

Explaining the need for this

particular training, the CEO (a.i.), Mr. Motebang Mokoaleli said, "Poor project planning, faulty definition of project scope and inadequate consultation with clients, often open up organizations to significant project and reputation risks".

The training was successfully concluded and all participants felt they had benefited from time-tested and proven best practices that serve as a strong foundation on which to learn new as well as build additional project management skills and knowledge.



## Lesotho Woos Malaysian Investors

The Minister of Trade and Industry, Cooperatives



Honourable  
Popane Lebesa

and Marketing led a delegation to a Business and Investment Seminar which was jointly organized by the Lesotho High Commission in Kuala Lumpur, Malaysia and the Malaysian Industrial Development Authority (MIDA) on the 29th June, 2010.

The delegation from Lesotho comprised officials from the Ministry of Trade and Industry, Lesotho National Development Corporation (LNDC) and Lesotho Tourist Development Corporation (LTDC) as well as 5 members of the private sector.

The primary objective of the seminar was to brief and link Basotho and Malaysian investors to take advantage of investment opportunities in Lesotho. In consultation with LNDC and LTDC, priority sectors for promotion of sustainable investments were identified and distributed to MIDA to invite Malaysian

businesses which would be willing to invest in those sectors. In particular, the following sectors were given priority:

**Tourism:** tourism development, hotels, lodges, skiing, canoeing and high altitude facilities;

**Food processing:** dairy processing, vegetables and fruit canning, refreshments;

Y. Bhg. Dato'  
Wahap Hamid

MIDA



**Electronics and electrical appliances:** cell phones and computer assembly;

**Integration of the garment sector:** fabric mill, garment finishing accessories. e.g. zips;

**Building materials:** clay bricks, steel products, aluminium products;

**Construction:** residential and commercial housing.

Ninety-five (95) Malaysian businesses from various Chambers of Commerce, Banks, and individual business people attended the seminar. Other groups of investors were visited separately at various venues.

At a meeting with his Malaysian counterpart, Minister Datuk Mustapa Mohamed, Hon. Lebesa proposed a pact with Malaysia to protect in-

vestments made by companies from the two countries. He also proposed double taxation with Malaysia to make it more attractive to invest in either country.

The Minister delivered a key note address at the seminar highlighting Lesotho's investment opportunities followed by LNDC, LTDC and Lesotho private sector presentations. A testimonial "**Malaysian Experience on Doing Business in Lesotho**" was presented by an existing Malaysian investor in Lesotho, Professor Emeritus Tan Sri Dato' Sri Dr. Lim Kok

Prof. Emeritus Tan Sri  
Dato' Dr. Lim Kok  
Wing



Wing of Lim Kok Wing University. His presentation included a DVD of the official opening of the Lim Kok Wing University in Lesotho.

All the above presentations generated considerable interest from Malaysian businesses and they actively participated in the question and answer session.

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The Lesotho private sector met one-to-one with 52 Malaysian businesses out of which 12 expressed keen interest to invest in Lesotho. Some of these contacts also requested additional information about Lesotho and the tour packages that they can sell as part of a tour of Southern Africa.



The event was extensively covered by the Malaysian print and electronic media resulting in new enquiries to the High Commission about investment opportunities in



Lesotho. The High Commis-



One-to-One Meeting



One-to-One Meeting



One-to-One Meeting



One-to-One Meeting



Interactive Session



M. Rametse  
Private Sector



Exchange of Gifts



M. Makara  
Private Sector



Her Excellency N. Kokome with an investor



M. Mokoaleli  
LNDC

sion, LNDC and LTDC will follow up on all participants and issue an invitation to visit Lesotho. **Seeing is Believing!**



## Freezing Rental Escalations to Reduce the Cost of Doing Business

**T**he prevailing unfavourable economic climate has once again made it imperative for LNDC to continue reducing the cost of doing business for existing industrialists in order to alleviate financial distress for the companies and save much needed jobs for Basotho.

At its sitting in March, 2010 the LNDC Board of Directors approved an incentive for industrialists across the board to retain rentals at the 2009/2010 rates. Rental is escalated at the rate of 7.5% on the 1<sup>st</sup> April of every year.

Over a period of the last four years since 2007/08 LNDC has foregone over M7 million in rental escalations in an endeavour to lighten the financial burden on manufacturing companies in the country.

A combination of factors has contributed to the increase in operating costs, the major causes being:

⇒ the uplifting of quotas in the world apparel markets which came into effect from the beginning of 2005 after the expiry of the Multi Fibre Agreement and opening up the market to stiff competition

from major and cheaper producers such as China, Cambodia and others;

- ⇒ the expiry of the Duty Credit Certificates,
- ⇒ the unfavourable Rand/Dollar exchange on local costs; and
- ⇒ ever increasing costs of transport and utilities, in particular water and electricity.

Consequent to the continued adverse effect of these factors, a total of approximately 10,000 jobs have been lost due to retrenchments and company closures since 2005.

## Skills Development for the Garment Industry

**T**he Maputsoe and Maseru Skills Development Centres continue to yield positive results for the garment industry.

Both centres have jointly trained a total 431 people in Basic Sewing.

The Centres also offer on-the-job training courses that are tailor made to specific needs of firms. By the end of March this year, 529 workers had undergone tailor-made training and of

**Skills Training Session in Progress**



this number, 341 machinists were absorbed by garment manufacturing companies.



## DEVELOPING BUSINESS THROUGH



## SPORT

The first LNDC Golf Day was held at the Maseru Golf Club on the 26th March, 2010. The theme of the event "Developing Business through Sport", brought busi-



ness and LNDC management together in a relaxed envi-



counterparts such as the Trade & Investment Limpopo in South Africa.

The treasurer of Maseru Golf Club, Mr. Thabang Khabo, who is also a member of the LNDC Management

The Head of Domestic Investment Promotion, Mr. Mokhethi Shelile, made a presentation to create



awareness of business opportunities provided by LNDC for the local private sector as well as twinning opportuni-

explained the reason for selecting golf among other sport codes, "Golf is a relaxed sport which provides a lot of interaction during the game; it is during such mo-

ronment to facilitate networking and establishment of strategic business alliances.

ties with LNDC regional





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ments that people can share business ideas that enhance development”.

Fifty golfers turned up to play and compete for prizes on offer by LNDC.

The prize giving ceremony and presentation of existing opportunities were done in the evening.



## 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

- 52 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](http://www.lndc.org.ls)

Block A, Development House  
Kingsway Street  
Private Bag A96  
Maseru 100, Lesotho

Phone: +266 22312012  
Phone: +266 52000214  
Phone: +266 52312012  
Fax: +266 22310038

E-mail: [info@lndc.org.ls](mailto:info@lndc.org.ls)

