

Lesotho-RSA Trade and Investment Road Show Launch ...
LNDC branding the nation

LNDC ADVERT



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

Factory Buildings-Tikoe

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.

Tel: +266 22312012

Fax: +266 22310038

Email: info@lndc.org.ls

Contents

- 1 CEO's Desk
- 1 LNDC continues to celebrate 50 years of His Majesty King Letsie III
- 2 LNDC participates at the India - Africa conclave
- 3 Potential for linkages with Finland
- 4 LNDC reviews its partial credit guarantee scheme
- 5 Source Africa 2014
- 6 LNDC launches the Lesotho-RSA trade and investment roadshow
- 8 Investment opportunities: Invest, live and prosper in Lesotho!
- 8 LNDC Public Relations Manager retires
- 9 Opportunities brought by the Phase II of the Lesotho Highlands Water Project
- 10 Know your local investor
- 11 CADFUND and LNDC sign a memorandum of understanding
- 12 Lesotho-RSA roadshow in a nutshell
- 14 Why invest in Lesotho?



For more information:



**Lesotho National
Development Corporation**

P. Bag A96, Maseru 100

Tel: +266 22312012

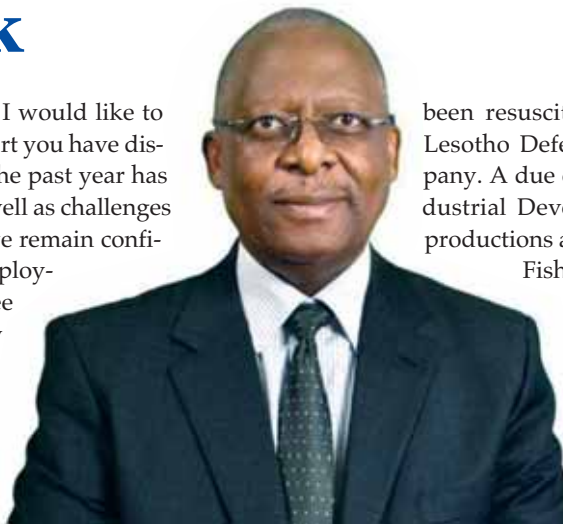
Fax: +266 22310038

Email: info@lndc.org.ls

Website: www.lndc.org.ls

CEO's Desk

As we conclude the financial year, I would like to thank you for the interest and support you have displayed towards our Corporation. The past year has seen a number of achievements as well as challenges here and there. Despite the odds, we remain confident and happy that the current employment numbers in the main three geographic locations in the country stand slightly above 40 000. The Board of the LNDC has also taken charge to strengthen the Corporation further, which demonstrates and pledges hope for the Nation and assured Investor Confidence going forward.



Mr Tseko A. Bohloa LNDC-CCEO

In welcoming the new financial year, the Corporation is mindful and planning towards complementing government efforts such as the contemplated job summit through comprehensive strategies of mobilizing the private sector to engage in economic activities that would absorb high numbers of the productive labour force. On its part, the Corporation has embarked on a massive diversification campaign. To mention a few; a new plastic hanger Manufacturing company by the name GTA Plastics has commenced operations with a staff complement of 25 and expected to rise to 100 at a later stage; The Basotho Fruit and Vegetable Canners operations have

been resuscitated with the collaboration with the Lesotho Defence Force and Obtala-a foreign company. A due diligence exercise by LNDC and the Industrial Development Corporation of RSA on the productions and processing of Trout Fish from Katse Fish Farms in Ha-Lejone is at an advanced stage; the 11 factory shells that are being constructed at the Tikoe Industrial Estate are expected to be complete by the end of this calendar year. All these shells have been earmarked for various investors. Initial efforts to lure investors in the automotive sector have also shown positive results.

The Corporation has just launched a major trade and investment road show in South Africa, with the aim of luring more investors to expand or establish presence and partnerships in Lesotho. The roadshow will roll across the year in different provinces of the RSA. As said earlier, let us embrace the new financial year 2014/2015 and tighten our seatbelts wherever we are to ensure that journey to 2015 bears us the much desired fruits.

Enjoy reading this issue.

Tseko A. Bohloa

Caretaker Chief Executive Officer - LNDC

LNDC continues to celebrate 50 years of His Majesty King Letsie III

With the trend of challenges facing the nation, and the desire to respond to the development aspect of the Corporation's Mission, LNDC continues to fully engage in Corporate Social Investment. As part of the efforts to raise funds for the extension and refurbishment of Scott Hospital; the birth place of the Monarch, in celebration of the 50th birthday anniversary of His Majesty King Letsie III, LNDC together with Metropolitan Lesotho, Standard Lesotho Bank and Letšeng Diamonds hosted a Jazz concert by NNENNA FREELON in December. Phase one of the project estimated at M15 million, covers the following components: 24 bed ward Maternity Ward, 10 bed Labour Ward including, 6 Cot Nursery Units, 4 bed Lactating Mothers, 1 Feeding room, 18 bed General Female Ward, 12 bed TB Female Ward, 4 bed MDR Rooms, Associated and support facilities.



His Majesty King Letsie III

LNDC participates at the India – Africa Conclave



Prime Minister Tom Thabane Addresses India Conclave

The Lesotho National Development Corporation participated in the 10th CII-EXIM Bank Conclave on India Africa Project Partnership. Lesotho's Prime Minister the Right Honourable Dr. Motsoahae Thomas Thabane addressed the inaugural session of the Conclave in New Delhi on the 9th, March 2014, with the theme 'Accelerating Economic Growth through Innovation, Transformation, Inclusion and Governance'

In his keynote address, Dr. Thabane said that India's development model was the most appropriate to African economies, citing education and training, science and technology, infrastructure development and agriculture and food security as the areas that offer immense scope for India-Africa partnerships."

He said that while the concessional lines of credit extended by the Government of India to Africa have played a key role in the continent's development, there was a need for innovative ways to fully utilise these lines of credit to meet Africa's future development needs.

Dr. Thabane also said that the lines of credit should be structured according to the development stage of each recipient country, and urged India to increase the grant element and extend the repayment period.

The essence of the CII Conclave has been to encourage Indian exporters to access African countries and increase their presence in the region. Increasing participation level at the event and the number of MOUs signed and the value of projects that are discussed, reportedly worth USD 172.25 billion over the past 9 editions of the Conclave; attest to the success of the assembly.

India has committed over \$10bn to Africa for infrastructural and development projects since the holding of the first and second India-Africa Forum meetings which took place between 2008 and 2011. The first CII – EXIM Bank Conclave on India Africa Project Partnership was held in 2005. Over the past nine years, it has served as a platform to build partnerships and enhancing the economic engagement between the two regions.



Potential for linkages with Finland

The Honorary Consul of Finland to Lesotho, H.E Harri Mannilla and his spouse Mrs Sirpa Manilla made a familiarisation tour to Lesotho in February 2014. The pair was received by the LNDC Caretaker Chief Executive Officer Mr. Tseko Bohloa and Heads of Divisions of Investment Promotion, Investment Services as well as Planning, Research and Information Technology.

Mr Manilla was presented with the investment climate and opportunities for investment in Lesotho. It emerged from his presentation of the investment climate in Finland that there is room for linkages with Basotho entrepreneurs aspiring to invest at a large scale, particularly through the employment of tools such as the LNDC Partial Credit Guarantee Scheme.

Finland rapidly industrialized after the Second World War, achieving GDP per capita levels equal to that of Japan or the UK in the beginning of 1970s. Initially, most development was based on two broad groups of export-led industries, the "metal industry" and "forest industry".



Finnish Honorary Consul and Spouse

The "metal industry" includes shipbuilding, metalworking, car industry, engineered products such as motors and electronics, and production of metals (steel, copper and chromium). The world's biggest cruise ships are built in Finnish shipyards. The "forest industry" includes forestry, timber, pulp and paper, and is a logical development based on Finland's extensive forest resources (77% of the area is covered by forest, most of it in renewable use).

The Finnish economy has reportedly diversified, with expansion into fields such as electronics (e.g. Nokia), metrology, transport fuels, chemicals, engineering consulting, and information technology and is no longer dominated by the two sectors of metal and forest industry.



Finnish Honorary Consul visits LNDC

LNDC reviews its Partial Credit Guarantee Scheme

At its sitting on the 23rd January, 2014 the LNDC Board approved modifications to the policy guidelines of the LNDC Partial Credit Guarantee Scheme to accommodate a wider spectrum of sectors including retail and service sectors with effect from the 29th January, 2014.

Speaking on behalf of the Board, the LNDC Caretaker Chief Executive Officer, Mr. Tseko Bohloa announced that, "Firstly, priority sectors as they appear in the policy guidelines have been removed and the scheme shall support all forms of businesses considered legal by law and are approved for financing by participating commercial banks. Secondly, the lower limit of M200,000.00 as set out in the PCG guidelines has also been removed to allow banks to

lend even smaller amounts. However, the upper limit cap of M5 million shall remain as is and lastly; The Construction Industry's Bid Securities and Performance Guarantees shall be supported by providing 50% guarantee."

Removal of the restrictions on sectors and type of projects shall increase uptake of the scheme by opening access to many local entrepreneurs who have so far been excluded. The lower limit will also broaden access by small businesses.

"The Corporation has undertaken training seminars for local participating banks to ensure their understanding on how to implement the Scheme", Mr. Bohloa said. So far, seven projects have been supported by the Scheme through an amount of over M7 million.

The Lesotho National Development Corporation (LNDC) launched the pilot Partial Credit Guarantee Scheme facility in June 2011. The first PCG agreement was signed with First National Bank, while NEDBANK Lesotho and Standard Lesotho Bank signed in December 2011 and June 2012 respectively.

The objective of the pilot PCG scheme is to create a sustainable support structure for the development and growth of Basotho majority-share owned businesses in Lesotho. This is achieved by providing local banks with a 50% guarantee on behalf of qualifying local enterprises to access funding.

PCG Training at Smart Partnership Hub by LNDC



Source Africa 2014

LNDC will once again lead and represent Lesotho at the Source Africa 2014, facilitated by USAID Southern Africa Trade Hub. The event will take place at the Cape Town International Convention Centre from June 18 - 20 and will include a trade show, networking events and business seminars designed to boost sales and investment in the sector. Last year's inaugural event attracted 1,401 visitors, 170 exhibitors and 26 top buyers from local and international retailers.

Source Africa is designed to demonstrate that African suppliers and manufacturers can compete on price, quality and standards and is the only pan-African footwear, textiles and apparel event of its kind. The trade show brings together manufacturers from across the continent in one major integrated event, enabling buyers to examine a wide array of products in one efficient trip.

The trade show also encourages African buyers and suppliers to do business with each other and capitalize on tariff advantages and shorter distances to market by bringing suppliers from 20 different countries to the event.

LNDC's Investment Promotion Officer promoting the event; Ms Phomotso Sematlane says "Lesotho has maintained top position as the highest exporter of garments to the US in value terms. Through the AGOA; our textile and apparel sector has attracted major international brands, creating significant employment in Lesotho. Lesotho still needs to tap into the EU market through the duty and quota free access and the remaining AGOA period needs to be used to strengthen the sec-



Source Africa Logo

tor's competitiveness for exports to compete without preferential treatment."

Miss Sematlane says last year, Lesotho 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.

The Lesotho pavilion collectively registered a significant number of business meetings and secured a substantial number of leads for both categories of manufacturers; local and FDI that took part in the trade fair. "The Trade Hub has engaged renowned industry experts to recruit buyers from the USA, Asia and Africa's key regional retailers such as TFG, Pepkor, Mr.Price, Woolworths, Truworths, Cape Union Mart, Queenspark, PnP Clothing, Shoprite and Naartjie who are making efforts to increase sourcing from the region. Buyers are actually looking forward to Lesotho's participation as the industry leader within the Southern African region," says Ms Sematlane.



Source Africa Phomotso Sematlane and Pusetso Makhakhe of the Investment Promotion and Investment Services Divisions

LNDC launches the Lesotho-RSA Trade and Investment Roadshow



Road Show Launch - Tshepo Tshola graces the evening

In efforts to attract investment into Lesotho, the Lesotho National Development Corporation launched a trade and investment roadshow in Johannesburg on Monday, the 24th of March, under the stewardship of the Ministry of Trade and Industry, Cooperatives and Marketing, with partnership from Private Sector Competitiveness Project, Enhanced Integrated Framework (EIF), Lesotho Tourism Development Corporation (LTDC) as well as the Basotho Enterprise Development Corporation (BEDCO).

Promotion efforts have in the past achieved success mostly in the textile and garments sector, leading to the garment industry that is also predominantly owned by foreign companies to dominate the manufacturing sector. However, in the recent past, investments from other key subsectors such as electronics, plastic products have been established.

The road show was aimed at selling opportunities in the sectors of Light Engineering and Automotive components, Agro processing and Financial Services, whilst also bringing to the attention of the South African business community; some business opportunities available within the planned Lesotho Highlights Water Project.

Business Unity South Africa (BUSA), as well as the Progressive Business Forum (PBF) embraced the move to explore possibilities of growth in trade and investment between the two countries.

The main launch event in Johannesburg comprised a beautiful gala diner branding event on Monday, a Business forum on Tuesday as well as a roundtable with development partners on Wednesday Morning.

In the heart of the promotional event, our delegation will take time to engage the Lesotho diaspora in talks.

Officially breaking the news to the nation shortly before the launch, the Minister of Trade and Industry, Cooperatives and Marketing, Hon. Sekhulumi Ntsoale said "It is our hope that our local private sector will seize and identify opportunities for linkages. Efforts such as this one are a step towards realising the Joint Bilateral Commission of Corporation, JBCC that was recently renewed by the Governments of Lesotho and the Republic of South Africa."

The launch of the road show was performed by the Rt.Hon. the Prime Minister of Lesotho, Dr. Motsoahae Thomas Thabane.

Full coverage of this event is on Lesotho National Development Corporation Social Media Channels of You Tube, Flickr and Facebook.



Road Show Launch Minister of Development Planning - Dr. Moeketsi Majoro



Road Show Launch by The Rt. Hon the Prime Minister



*Road Show Launch Mr. Thokoane Ts'olo
IDC Head of Africa Unit*



*Road Show Launch HE Mrs 'Malejaka Letooane-
High Commissioner of Lesotho to the RSA*



*Road Show Launch by The Rt. Hon the Prime Minister
Dr. Motsoahae Thomas Thabane*



Road Show Launch LNDC Branding the Nation

Investment opportunities:

Invest, live and prosper in Lesotho!

Sub-sector	Examples of product clusters for further development
Manufacturing	
Textile and Garments	<ul style="list-style-type: none"> – High Value Garments – Fabric Mill – accessories e.g zippers, buttons, – home textiles
Automotive components	<ul style="list-style-type: none"> – leather car seats – wire harnesses
Consumer electrical and electronic appliances	<ul style="list-style-type: none"> – Electronic assembly – Chip assembly – Circuit breakers – Energy saving products
Plastic products	<ul style="list-style-type: none"> – Plastic tubes for irrigation and construction – Plastic covers for car batteries
Mining	<ul style="list-style-type: none"> – Sandstone mining – Diamonds
	<ul style="list-style-type: none"> – Diamond polishing and cutting – Mining supplier park
Power Generation	<ul style="list-style-type: none"> – Hydro, wind and solar power – Bio energy
Construction	<ul style="list-style-type: none"> – Lesotho Highlands Water project – Industrial Infrastructure (factory shells)
Services	
ICT infrastructure development	<ul style="list-style-type: none"> – National broadband Network – Innovation Hub – Call Centre services (outbound and inbound)
ICT services	<ul style="list-style-type: none"> – Shared Services centres
Creative services	<ul style="list-style-type: none"> – Fashion designing – Graphic designs – Media technologies
Tourism	<ul style="list-style-type: none"> – Tourism facilities e.g. Hotels, Recreation Centres, Theme Parks



Farewell Lesa

LNDC Public Relations Manager retires

LNDC's longest serving employee was bid farewell in the most special way after serving the Corporation for 38 years. Mrs. Lesa Makhoalibe was hailed for good sense of humour, dedication, excellence in delivery, passion for work, outstanding time management and superb work ethic by colleagues. The Caretaker Chief Executive Officer, Mr Tseko Bohloa wished her well in plans for her retirement life.

Opportunities brought by the Phase II of the Lesotho Highlands Water Project

His Majesty King Letsie III and President Jacob Zuma led the ground-breaking ceremony of Phase II of the Lesotho Highlands Water Project on the 27th March 2014.

The Lesotho Highlands Water Project has been in operation for over 22 years and supplies South Africa with approximately 780 million cubic meters of water per annum. When fully operational, Phase II of the Project will substantially increase the volume of water supplied to South Africa. Phase II of the Project is expected to increase the volume of water transferred to South Africa by 50%.

Bilateral cooperation between South Africa and Lesotho spans a wide range of areas including trade and investment, security, energy, transport, agriculture, tourism, water, as well as environment. South African companies have a significant presence in Lesotho and are involved in various sectors such as housing, food and beverages, construction, retail, hotels and leisure, banking, and medical services.

South Africa remains Lesotho's main trading partner where approximately 84 per cent of Lesotho's external trade is with South Africa.

LNDC continues to encourage entrepreneurs to interrogate and scrutinise thoroughly, all benefits that come with the ambitious project; seek advice and assistance where there is need. Below, is an inconclusive list of Opportunities of the Polihali Dam Project.



His Majesty King Letsie III and President Zuma Launch the Highlands Water Project Phase 2

Pre-Construction	Construction	Post-Construction
<ul style="list-style-type: none"> * Planning and Design of Advanced infrastructure * Construction of Advanced infrastructure (roads, works camps) * Consultancy / Feasibility Studies (EIAs, Legal studies, geo-technical studies, architectural, Monitoring, Rehabilitation & Compensation) * Aquaculture (fishery) and Agri-business. * Plant hire 	Construction (Advanced infrastructure, Dam Construction, Property development, Minor works (Subcontracts), Supervision of construction works, Supply of goods and services (Catering Services, Protective Clothing, Supply of Cement, Supply of Steel, Supply of Crasher stone,)), Mining (Aggregate Material, Crasher Plant), Electricity Generation (Pump Storage, Hydro-power generation), Financial Services,	Operations and Maintenance, Water treatment works, Ownership of facilities, Tourism Activities (Accommodation facilities, Hotels, Entertainment, Golf Course, Water sport)
Small and Medium: Freight and logistics, transport, Bed and Breakfast, Catering, food supplies, security services, cafes, taverns, bars, traditional entertainment, financial services, Agri-business (Irrigation, Poultry, Dairy, Piggery, Vegetables production)	Small and Medium: Catering, health services, food vendors, mini markets, shopping centres, entrainment, private schools, legal services, food vendors, Tourism (Bed and Breakfast, Guesthouses), Health Sector (Specialised Clinics), Health Services, Petroleum (supply of fuel), Education sector.	Small and Medium: Fish Farms, Water Sport, Tourism, Canoeing, Kayaking, Cruises, Ferries with restaurant, irrigation, agricultural activities,

Know your local investor



*Johane Garments Intern
from Limkokwing
University of Creative
Technology*

Johane Garments; a small but fast growing operation by five young Basotho graduates of the National University of Lesotho as well as the Limkokwing University of Creative Technology was established by a diverse group of male and female entrepreneurs who studied Fashion and Apparel Design, Business Administration and Information Technology.

The manufacturing facility housed at an old, worn out and leaking house; unsuitable-most particularly on bad weather days; has one cutting room, a production line comprising 16 machines and employs 30 people on full-time basis, working on two shifts per day. The firm trains its own staff. Johane Garments manufactures every type of

clothing but have commenced with overalls, freezer suits, combats, work wear, chef and lab coats.

Despite the challenges, the group opened a manufacturing facility at ha-Thet-sane in June 2013, while the retail shop was opened near Lesotho Work Camps in December 2013.

Johane Garments Manager, Mr. Tšepo Johane says they aspire to be an example of a working job creation model. "We have all always had a passion and our diverse skills complement one another. All we need is a better housing condition for us to prove that we can make it." Mr Johane says they hope to employ about 200 people in the coming two years.

The firm is currently in talks with the Limkokwing University to formalise a working relationship in terms of students' attachment as part of their assessment and already has one intern pursuing a qualification in Fashion and Apparel Design at the same University.

On his tour of the manufacturing facility, the LNDC Caretaker Chief Executive Mr. Tseko Bohloa said "I was captured by your dream. I am glad that you invited us to appreciate your work. It is really commendable and we shall explore possibilities for assistance."



Johane Garments Retail Shop



*Johane Garments Team with LNDC
Head-Investment Promotion*

The Head of Investment Promotion, Mr. Mokhethi Shelile who also toured the retail shop, advised Johane Garments to take advantage of the Partial Credit Guarantee Scheme to realise growth of their facility.



Johane Garments Manufacturing facility tour by LNDC CCEO & Head-Investment Promotion



China Africa Development Fund hosted by LNDC

CADFUND and LNDC sign a Memorandum of Understanding

Following a site visit by the China-Africa Development Fund in Lesotho where the LNDC presented opportunities for collaboration with the fund, the two parties signed a Memorandum of Understanding at the CADFUND offices in Johannesburg on the 24th of March 2014. CADFUND and LNDC have identified the potential for their provision of both financial and non-financial assistance to one another; for their mutual development.

The LNDC Caretaker CEO, Mr. Tseko Bohloa says “the intention is to collaborate together in identifying Greenfield projects and investment opportunities in the Kingdom of Lesotho.” Mr Bohloa says the MoU seeks to co-invest in partnership with both Basotho and Chinese investors in the Kingdom of Lesotho.



China Africa Development Fund and LNDC sign MoU.



China Africa Development Fund hosted by LNDC Head of Planning, Research and Information Management and Investment Promotion Managers



LNDC Board Member Ms Makalle Makara and former LNDC CEO Mr Pako Petlane



Diaspora Committee



Hon Sekhulumi Ntsoale - Lesotho Minister of Trade and Industry, Cooperatives and Marketing



LNDC Personal Assistants



LNDC CCEO, LTDC CEO and PBF representative addressing the Business Forum

Lesotho-RSA roadshow in a nutshell



PSFL CEO Mr Thabo Qhesi and LNDC Officials



Roundtable with Donors and Development Partners



LNDC Officials



LNDC Head Human Resources Ms Lucy Mataboe with officials



CAD FUND & LNDC enter into Partnership



Enhanced Integrated Framework hosts a roundtable with Donors and Development Partners



LTDC CEO Mr. Mpaiphele Maqutu addresses the business forum



PS - MTICM addresses the Business Forum in Johannesburg



Members of the Executive Committee



Master of Ceremonies Mr. Majakathata Mokoena poses with guests



Why invest in 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

10% 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.