



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.



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



vision for the Corporation. Progress in some of his strategic projects include:

LNDC-IDC MoU

Three site visits to IDC were conducted for familiarization with IDC's operations on research, management of a delinquent register as well as management of an equity fund. IDC hosted three LNDC officials for training on due diligence in October.

Terms of reference (TOR's) for a consultancy to develop a fully fledged research division and those for the development of an LNDC managed equity fund have been developed. The IDC also carried out a due diligence of LNDC in preparation for providing a credit line.

Business Processes

Having almost completed a calendar year of service at LNDC, the CEO, Mr. Joshua Setipa, has made inroads in the advancement of his

All divisions undertook a review of their business processes during the

quarter. Consolidation and documentation of these business processes is on-going and these will be further enhanced to form the basis for activities within the approved organization structure.

Promotion of a Knit Fabric Mill

LNDC has intensified efforts to promote the establishment of a Knit Fabric Mill. Two potential investments are at advanced stages of negotiation. Another hot prospect, has given positive signals and is currently in the process of moving its CMT (cut, make and trim) operations to Lesotho as the first phase of its investment. Substantive discussions with this company are underway with regard to a knit fabric mill investment.

LNDC Industrial Attachment Program

A working group has been established comprising LNDC, industrialists and academic institutions. Consultations with these stakeholders are on-going and Terms of Reference for their engagement are being developed.

Construction Projects Undertaken in 2012

PROJECT NAME	BUILDING SIZE	LOCATION	VALUE	STATUS
Construction of 3000m ² and 1000m ² factory shells for Peter Blond and Jonsson	3000 m ² 1000 m ²	Nyenye Industrial Estate	M25 million	Project complete
Construction of infrastructure and factory shells at Tikoe Industrial Estate	2.0 Km roads, facilities and 30 000m ² factory space	Tikoe Industrial Estate	US\$6 – BADEA US\$6 – OFID US\$8.4 – GOL Total:\$20.4m	Ongoing and work commenced in June 2012 and completion is expected in December 2013
Construction of factory shells for local entrepreneurs	3000 m ²	Tikoe Industrial Estate	M18 million	Design team appointed to prepare tender documents and oversee construction
Construction of factory buildings and infrastructure for Mountain Wool	8600 m ²	Botha-Bothe Industrial Estate (Ha Belo)	M65 million	Design and supervision team appointed

Standard Lesotho Bank Joins the LNDC Partial Credit Guarantee Scheme



The Lesotho National Development Corporation Chief Executive Officer, Mr. Joshua Setipa and Managing Director of Standard Lesotho Bank, Mr. Mpho Vumbukani, signed a Partial Credit Guarantee Risk Sharing agreement on the 19th November 2012 at the LNDC offices in Maseru.

Speaking at the signing, Mr. Vumbukani said that his bank's mission was to uplift Basotho; in this case,



working together with LNDC. He however, cautioned those who would benefit from the scheme to commit themselves to repaying the loans. **"If a culture of repayment can be inculcated and maintained, the nation will also develop as more people will be able to access finance and the scheme will grow from strength to strength", he said. "Remember, the money that is in the bank belongs to the public and it should work for everyone", he added.**

Mr. Setipa agreed and announced that in the next 12 months the ceiling of M5 million would be increased to a higher figure to accommodate slightly bigger projects. **"The intention is to level the playing field by facilitating access to finance in support of local business and ensure its growth",** he said. In his remarks at a business breakfast meeting in September this year,

Setipa said, **"Without the participation of the banking sector, there is no private sector".** It was encouraging, therefore, to get such a positive response from all three retail banks in the country towards the LNDC PCG Scheme.

The agreement provides for the sharing of financial risks between LNDC and Standard Lesotho Bank

(Continued from page 4)

Limited for the benefit of the local private sector. A similar agreement has already been signed with Nedbank Lesotho Limited and First National Bank of Lesotho Limited.

The Scheme has been capitalised to the tune of M10 Million and will provide guarantees to loans from M200, 000.00 to M5 million.

Projects that qualify under the scheme are strategic in priority sectors that include manufacturing and tourism, among others.

To date, three projects in manufacturing of aluminium doors, pharmaceutical products and a wholesale have collectively qualified for M1.8 million assistance through First National Bank.

Since the signing of the agreement with Standard Lesotho Bank, the Domestic Investment Promotion Division of LNDC has been inundated with enquiries from local entrepreneurs to find out if they qualify to access the guarantee scheme.



Mr. Raleche attending to enquiries on the PCG Scheme



Mr. Mokhele Shelile who is the Head in the division says, “This is the first time in the 15-year history of this division that we have experienced **such an influx of enquiries.**” He said this was a **good sign as it aligns well with the CEO’s vision** of working together with the banking industry to implement the local economic empowerment agenda.



Discussing PCG with the Hon. Mrs. 'Mats'epo Ramakoa, Deputy Minister of Finance



Mr. Semethe Raleche, LNDC Domestic Investment Promotion Officer addressing members of Moliko Finance Trust on the PCG Scheme

LNDC Partial Credit Guarantee Scheme

What is the LNDC Partial Credit Guarantee Scheme?

The LNDC Partial Credit Guarantee Scheme was established to give access to finance to people who wish to start or expand medium to large size businesses but do not have sufficient collateral / security to support facilities provided by participating banks. The scheme provides 50% guarantee on loans ranging from M200,000 to M5 million.

Who qualifies?

- Business activity must be situated in Lesotho.
- Business must be conducted with a profit motive and be economically viable.
- The borrower must be able to repay the bank facility.
- Individual or person holding a controlling interest must be a citizen of Lesotho.
- Borrower must have proven and sufficient entrepreneurship, knowledge, skills and experience directly related to the nature of the business.
- The promoter of the project must provide own contribution towards a start-up or expansion of the business.

Sectors Supported by the Scheme

- Agro— processing
- Mining (except diamond mining) and quarrying
- Minerals beneficiation (e.g. mineral water bottling)
- Tourism (infrastructure)

- Information technology/Consumer electronics
- Franchising
- Construction
- Manufacturing

How do I access finance?

As an owner or potential owner of a business, you can approach any of the following retail financial institutions:

Participating Financial Institutions

First National Bank Ltd

NEDBANK Lesotho

Standard Lesotho Bank

You may also choose to approach LNDC for assistance with a business plan development and/or advice on which institution supports the scheme. The financial institution will assess the business plan and facilitate application in terms of its lending criteria.

Once the application has been approved, the financial institution will approach LNDC for indemnity cover and a mentor may be appointed to help with implementation of the business plan, setting up operational systems and general business management. The financial institution manages the facility and collects payments for the duration of the facility. The full payment of the facility remains the responsibility of the applicant.

For enquiries contact:

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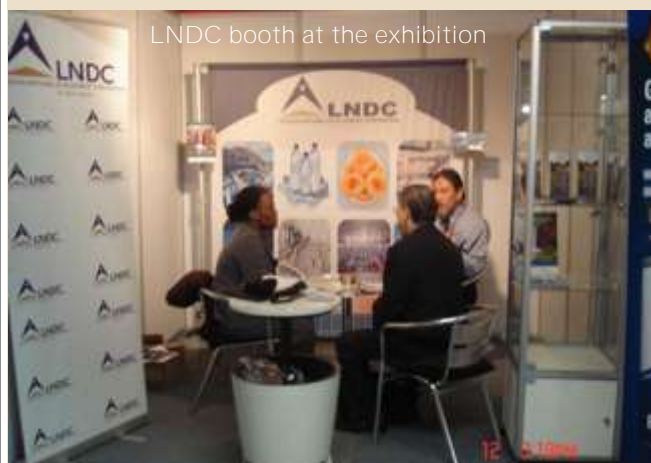
LNDC Woos Investors in the Automotive Sector

In October 2012, Lesotho National Development Corporation participated at the South African Automotive Week, hosted by the city of Port Elizabeth, in the Eastern Cape Province.

About 300 exhibitors participated at the trade show of innovation, products and capabilities of manufacturers and related auto-service providers from South Africa, China, India, Turkey, Korea and high powered trade delegates from Eastern Europe, the United States and the United Kingdom. The fair registered over 5000 visitors.



Display of cars at the South African Automotive Week



LNDC booth at the exhibition

While investing in the automotive sector is an opportunity for foreign companies considering expansion of services or relocation to Lesotho, the same opportunity applies for Basotho entrepreneurs.

For instance, some newly established South African firms, as small as 38 staff; manufacturing car seat covers for well-established car manufacturers, also attended the show in a bid to seek more market for their products. This could be a tip for local entrepreneurs to aspire towards claiming a share in the value chain.

“With the abundance of a well experienced labour force from the textile industry, a manufacturer of leather seat covers will find a trained labour force ready to start production,” Ms Phomotso Sematlane of the LNDC Investment Promotion Division says.

In August 2012, Lesotho’s Prime Minister, Dr. Motsoahae Thomas Thabane performed a sod turning, marking the construction of infrastructure and 11 factory shells, together with six smaller units that would be at the disposal of local entrepreneurs. Dr. Thabane emphasised the need and importance for local entrepreneurs’ integration with large companies through linkages.

While investment in the automotive sector will be new in Lesotho, it presents great potential for both foreign and the local investors to diversify **Lesotho’s products and markets.**



LNDC staff meet with potential investors

UNIDO and LNDC launch an Investment Monitoring Platform

The United Nations Industrial Development Organisation (UNIDO), in partnership with LNDC, launched an Investment Monitoring Platform (IMP) on 22nd November 2012 in Maseru.

IMP is a web-based database application that enables users to interactively analyze survey results and generate detailed information on foreign investors and domestic enterprises in 19 surveyed countries in sub-Saharan Africa, including Lesotho.

Speaking at the launch, Mr. Moahloli Mphaka, Principal Secretary of the Ministry of Trade and Industry, Cooperatives and Marketing, said that constant interaction with other investment promotion stakeholders, facilitated by IMP will ensure that capacity building interventions are effective and focused. He emphasized that this interaction will also assist in policy advocacy which depends on a strong partnership among stakeholders and a listening Government. **"Where we are is because of the choices we make, we should also plan where we want to be in the next 5 years", he said.**

In 2010/11 UNIDO supported LNDC in conducting an investor survey, which was simultaneously carried out in 19 countries in Sub-Saharan Africa. The main purpose of the survey was to collect

empirical data that will guide and support the activities of Investment Promotion Agencies in Africa. In Lesotho, more than 200 valid questionnaires from private sector companies have been received and analyzed.

The data available on the Investment Monitoring Platform will support the LNDC and other interested institutions to monitor trends in investment flows, measure their impact on the local economy, and therefore identify relevant types of investors and target quality investors, as well as advocate on evidence-based interventions and policy proposals.

The platform is expected to usher in a shift from the traditional IPA (Investment Promotion Agency) role of "marketing the coun-

try" as an investment location towards making institutions, such as LNDC, true agents in the development process. The IMP will make it easier for LNDC to attract quality investment in productive sectors and support investors through an innovative set of support services.

The launch was aimed at presenting the IMP's various functionalities and potential

benefits to interested institutions and companies. It will be followed by three days of hands-on practical training to ensure its effective use by LNDC and other stakeholders.

Another important milestone is the next survey which is starting in all programme countries. The private sector, both domestic and foreign is encouraged to participate in the coming survey. In addition to being given the opportunity to be heard by policy makers their participation in the survey affords them an opportunity to showcase their products and their needs to potential investors and collaborators in the programme countries and worldwide on the Business Network component of the IMP. This extensive visibility is at no cost to the participating companies.



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Mrs. Ruth Nyakotey,
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Lesotho Improves on Doing Business

Lesotho is the most improved country in Southern Africa, according to the International Finance Corporation and the World Bank report on Doing Business 2013.

The report puts Lesotho at position 136 out of the 185 countries, while last year, she was ranked position 143. It says Lesotho has improved in two areas of regulation — starting a business and protecting investors.

“The country made it easier to start a business by enacting and implementing the new Companies Act passed in May 2012, establishing a One Stop Business Facilitation Centre, and making provisions to protect investors,” the report said.

Commenting on the report, the Lesotho National Development Corporation (LNDC) Chief Executive Officer, Joshua Setipa said **“This significant improvement in the ranking of Lesotho on the WB/IFC Ease of doing Business Index represents a major step in the right direction.”**

“It’s a recognition that the measures the government of Lesotho has recently put in place are beginning to bear fruit. The creation of a sustainable conducive business climate is a key prerequisite for increased investment flows and long term economic growth.”

Setipa said that addressing trade facilitation challenges was an important step and should result in consolidating Lesotho’s position as a competitive destination for investments.



The report indicates that African economies are making consistent progress in improving business regulation. Of the 50 economies making the most improvement in business regulation for domestic firms since 2005, 17 are in sub-Saharan Africa.

It says from June 2011 to June 2012, 28 of 46 governments in the Sub-Saharan region had implemented at least one regulatory reform making it easier to do business.

New Face on the Block



Mr. Ts'epo Mothibeli has joined the Corporation as a Legal Officer with effect from the 1st November, 2012.

Mr. Mothibeli graduated with an LLB from the National University of Lesotho in 2007 and has five years working experience.

LNDC supports Mountain Bike Racing

LNDC, has for the first time this year, sponsored Lesotho Sky, the most spectacular Mountain Bike Race in the Southern Hemisphere. The race runs in 6 stages, 450km with 11, 500m of climbing.

In its second year, the competition took place around the dramatic scenery of the Roma Trading Post, Molengoane Lodge (Nazareth), Ramabanta Trading Post as well as Malealea Lodge locations. Participation also grew by 50% with 32 contestants from South Africa, Israel, Austria and Lesotho.



The LNDC CEO, Mr. Joshua Setipa congratulated the winner and all participants for rising up to the challenge. He

said said, "Cycling is traditionally not a big sport yet, but it is certainly growing. It has a significant double appeal, firstly as a sport/leisure activity but also as transport".

"It's green, it keeps riders fit and it takes off some of the strain of overburdened or under-resourced public transport. It's sociable and encourages for longer rides and discovery



of the scenic local countryside", he added.

In return, Lesotho Sky facilitated the participation of six local teams in the

event through sponsor kits, upgrading of bicycles and equipment where necessary, coaching about stage racing, correct bike setup as well as provision of 5 bicycles and mechanical training to develop business skills, sportsmanship and attract

tourists to communities.

In an afterword published in 'Lebelo 2012', an album of this year's race, LNDC's CEO commended the business sector of Lesotho for

extending a helping hand to ensure the growth of this sport in 2012. "We also salute 'Team Lesotho Sky' for this ground-breaking initiative. It would be an added advantage if this

surge of popularity continued and pushed for establishment of proper investment in the cycling infrastructure such as **cycling paths, dedicated signage and parking for bicycles,**" Setipa said.



Mr. Setipa advised that in preparation for Lesotho Sky 2013, all parties should bear in mind

that innovation is crucial for the growth of Lesotho saying, "Lesotho is a destination of choice for investment, tourism

and sports development, therefore all initiatives taken to promote this country are essential".



Meanwhile, LNDC regrets the passing on of Liepollo Rantekoa, former Team Lesotho Sky Member, on the third day of the race, in a car accident: May Her Soul Rest in Peace. In her memory, the Corporation has pledged not only to continue supporting the initiative, but to expand the partnership to ensure that the passion and dedication Liepollo had for this country and for this sport are kept alive.



Donation of Furniture to AAMA

LNDC donated used office equipment comprising a filing cabinet, office desk, four chairs and a fridge to the Albino Aid Multipurpose Association on the 13th, November 2012.

LNDC CEO, Mr. Joshua Setipa said the donation was modest but pledged further support at a later stage.

“We would like to get a sense of how big the Albino society is. Once we have established the scale, we will make an informed decision on appropriate interventions”, he said.



LNDC’s modest contribution has enabled the newly registered association to kick-start its operations. The Association’s President, Mr. Motlatsi Mosaase says Albinos are faced with numerous **challenges in society.** **“We would like our people to appreciate Albinos and the challenges facing them,” he said.**

The Albino Aid Multipurpose Association was established in April 2012 to educate Basotho people about albinism, enhance the self-esteem of people with albinism; enable and support parents as well as caretakers in care facilities; create socially acceptable conditions for people with albinism and ultimately ed-

ucate the nation about albino rights.

LNDC Rewards Excellence

Best performing graduates in 2012 received LNDC Awards after graduations at tertiary institutions. The award recipients are Napo Mosola, BSc in Computer Science from the National University of Lesotho; Tumelo Lepota, Chartered Accounting—Centre for Accounting Studies; Sipho Mochochoko, Diploma in Architectural Technology—Lerotholi Polytechnic as well as **‘Manthoba Polilane who graduated in Business Management from the Limkokwing University of Creative Technology.**



Speaking at the ceremony, Mr. Setipa appreciated work done by the institutions of higher learning in Lesotho. He congratulated

the award recipients and also announced that from

January 2013, LNDC would introduce a two-year attachment program in collaboration with manufacturing industries. **“Initial intake will be about ten graduates with an Engineering and Information Technology background”, he said.**

The interns will be trained in Textile Engineering. **“For us to succeed in our business, we need about 100 engineers, which will not happen if we don’t invest in education,” he said.**

He added that the country needed to

acquire and invest in highly skilled personnel saying, “In order for LNDC to compete effectively and continue to attract high-value investments, Lesotho must have the skills to host those investments”.



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.

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