



**Lesotho Delegation at the Third Conclave on India-Africa Project
Partnership**

From left to right: Mr. M. Masoebe, Lesotho Embassy; Mr. T. Makara, Mohloli Chamber, Mr. P. Molapo, CEO LNDC; Ms. M. Rakhetla, Lesotho Embassy; His Excellency S. Peerbhai, Ambassador; Mr. M. Mokoaleli, LNDC; Ms. S. Mohapi, Mohloli Chamber; Mr. R. Theko, Mohloli Chamber

Inside this issue:

India—A Partner of Choice	2
Edun Donation to ALAFA	3
LNDC Woos Taiwanese Investors	5
Symposium on International Textile Trade	6
IDC/LNDC Cooperation	7
Investment Promotion Training	8
SCL Choir Trip to USA	9
LNDC Donation to Jewels of Hope	11
LNDC Community Activities	13
CEO's Xmas Message to LNDC Staff	14

We build industry



LNDC Headquarters

India—A Partner of Choice

Lesotho received an invitation through the Embassy of Lesotho in India to participate at the Third Conclave on India-Africa Project Partnership from 9—11 October, 2006 in New Delhi.

The delegation from Lesotho (comprising LNDC and the local private sector) had prepared tailored presentations and project profiles to solicit interest from potential Indian investors. These profiles were sent in advance so that potential investors were able to target projects that they were interested in and were ready for discussions when the delegates arrived.

The Lesotho delegation has commended the Lesotho Embassy in India on its competency in managing the logistics related to the event. The Embassy had organised a stall which Lesotho delegates used as an office to conduct meetings with Indian prospective investors.

LNDC was able to engage in meetings with 35 Indian investors who were keen to partner with the local private sector in various projects that were out-

lined on LNDC project proposals. Twenty-four (24) of these contacts were considered to be key prospects with a high probability of success in Lesotho. Discussions centred around possibilities of technology transfer and joint venture partnerships with LNDC and the local private sector. LNDC has already connected these prospects with appropriate Lesotho counterparts.

While in India, LNDC signed a Memorandum of Understanding (MOU) with a company wishing to explore business opportunities in brick making, food processing, furniture production, sandstone and diamond processing. The investor came on a site visit to Lesotho in November, 2006.

The Foreign and Domestic Investment Promotion Divisions of LNDC handled the visit as it had the potential for joint venture partnerships with Basotho.

The Third Conclave on India-Africa Project Partnership aimed to:

- ◆ *Discuss possibilities for Indian participation in African projects through technology transfers and joint venture arrangements;*
- ◆ *Promote interaction between Indian funding agencies and visiting African decision makers in order to facilitate project financing in Africa;*
- ◆ *Develop a medium term strategy for India and African countries for appropriate projects co-financing schemes and lines of credit;*
- ◆ *Facilitate matchmaking between Indian businesses wishing to invest in Africa and their African counterparts wishing to benefit from Indian technology and partnership arrangements.*

Another Indian investor has also come to Lesotho to discuss manufacture of toiletries for the domestic market. This was an independent visit initiated through the efforts of the Lesotho Embassy in India.

LNDC also made a presentation focussed on investment opportunities in Lesotho at one of the plenary sessions.

EDUN Donation to ALAFA



From left to right: Mr. Christian Kemp-Griffin, CEO of EDUN; The Honourable Mpho Malie, Minister of Trade & Industry, Cooperatives & Marketing; Mrs. Jennifer Chen, Chairman of Lesotho Textile Exporters' Association

The Apparel Lesotho Alliance to Fight Aids (ALAFA) received a financial boost when Irish rock star Bono's company, EDUN, made a donation of US\$276,330 (approx. M2 million). The ceremony was held at Hippo Knitting on the 17th November, 2006.

The cheque was presented to the Honourable Mpho Malie, Minister of Trade and Industry, Cooperatives and Marketing who is also the Chairman of ALAFA Project Advisory Council.

Accepting this generous donation, Minister Malie pointed out that there was now a collective effort to fight the pandemic. He encouraged the workers to practice safe sex, "It is as easy as ABC", the Minister said.

The money was raised through the sale of the ONE t-shirt manufactured under the EDUN label in a clothing factory located in the Butha-Buthe district of Lesotho. For every ONE t-shirt sold, an amount of US\$10 (about M70) is donated to ALAFA.

EDUN is a socially conscious clothing company created by Ali Hewson and Bono with New York clothing designer, Rogan Gregory. The company aims to bring the issue of sustainable employment to the world of catwalks and high fashion through conscious consumerism.

ONE is an initiative by Americans to rally other Americans—ONE by ONE—to fight the emergency of global AIDS and extreme poverty. ONE also calls for debt cancellation, trade

(Continued on page 4)

(Continued from page 3)

reform and anti-corruption measures in a comprehensive package to help Africa and the poorest nations to beat AIDS and extreme poverty.



ALAFA was launched by Bono during the MFA Forum which was held in Maseru in May this year. The project was designed by ComMark Trust and funded by the Department for International Development (DFID). ComMark Trust is a regional development agency which, in partnership with LNDC, provides the apparel industry in Lesotho with technical assistance and operates a co-financing training scheme.

ALAFA is aimed at addressing the scourge of the HIV and AIDS pandemic in the textile and clothing industries in Lesotho. It is an alliance that includes the participation of government ministries, service providers, industrialists, labour, brands and retailers, donors and multinational organizations.

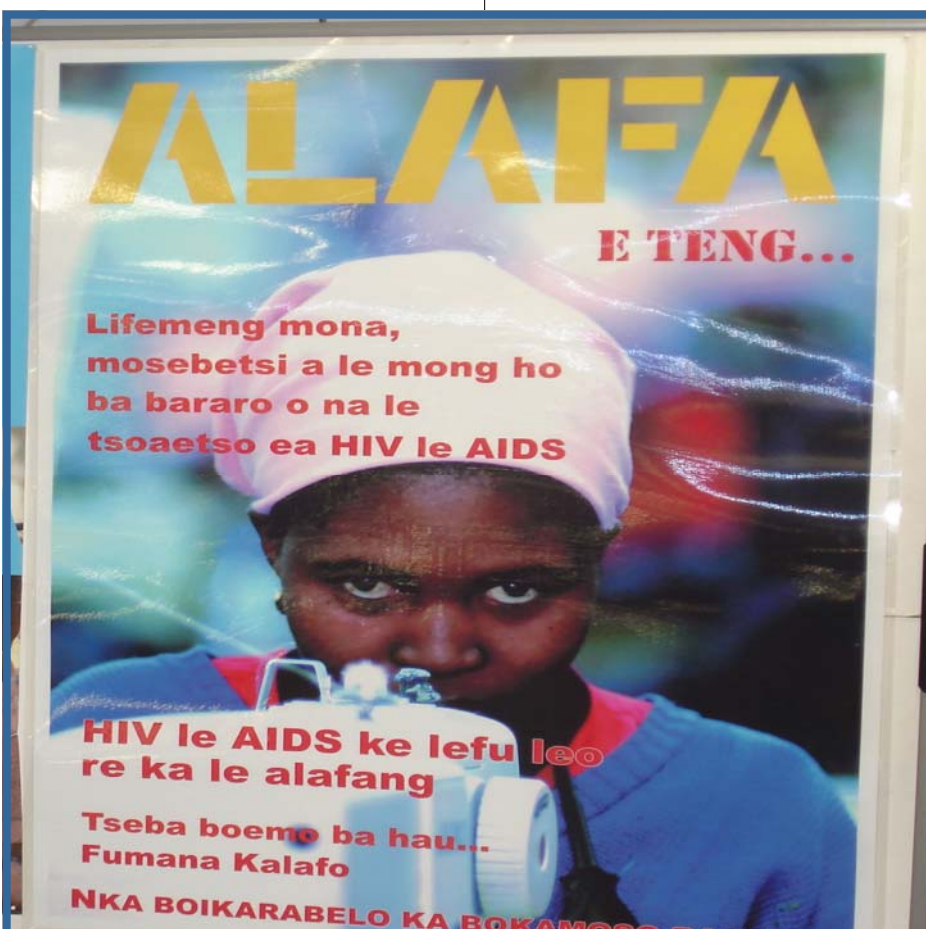
Lesotho's textile and apparel industry currently employs over 47,000 workers and is playing a crucial role in providing cash income to Lesotho's poor with over US\$70 million (M490 million) annual wage bill.

The project provides the workers and their families with education and prevention, voluntary testing and counselling using private sector service providers as well as funding the management of HIV and AIDS through Lesotho's network of private doctors.

Research shows that one in three workers in the apparel sector is infected with HIV and many of these are developing

the symptoms of full blown AIDS. In most cases these workers are the sole breadwinners in their families. It is therefore, important to keep the workers healthy so that they may remain economically active for a significantly longer time enabling them to provide for their families until their children become independent.

ALAFA is now in the process of rolling out prevention programmes in all Lesotho's textile and apparel factories. A healthy workforce is a productive workforce. The suffering that opportunistic diseases cause workers whose immune defences have been diminished by the HIV virus has a marked effect on worker performance. Disease management and treatment have



One of the posters designed for the factory pilot project

(Continued on page 5)

(Continued from page 4)

been piloted in one of Maseru's largest factories and are currently being expanded to a limited number of factories in other areas. This expansion will be extended to all factories as funds allow.

The donation by EDUN will enable ALAFA to reach more workers with treatment that will help them to prolong their lives. This creates a real and visible link between consumers in the western world and the workers who produce the products that they buy.

ONE t-shirts can be purchased on the EDUN website



At the handover ceremony from left to right: Mr. S. Mphaka, LNDC; Mr. C. Kemp-Griffin, EDUN; Hon. M. Malie, MTICM; Mr. T. Weaver, DIFID

www.edun.ie

LNDC Woos Taiwanese Investors

The Chief Executive Officer of LNDC, Mr. Peete Molapo and the Head of Foreign Investment Promotion Division, Mr. Motebang Mokoaleli, attended the Africa Taiwanese Chamber of Commerce Annual Conference held in Taiwan from the 3rd to 7th October, 2006.

This presented an opportunity for LNDC to promote Lesotho as a destination of choice to Taiwanese businessmen who were attending the conference.

One to one discussions were held with a company which manufactures medicinal drugs. The company has already established itself in North Africa, the United States and Europe. It

has expressed interest to site visit soon.

Presentations were also made to associations and representatives of electronic security systems companies.

LNDC took the opportunity to hold discussions with the Chairman and Management of Nien Hsing on topics of mutual interest, especially in relation to the company's existing denim fabric mill in Lesotho, Formosa.



Formosa
Denim Mill

国际纺织品贸易研讨会 THE SYMPOSIUM ON INTERNATIONAL TEXTILE TRADE



1st Row in the Middle: Honourable Mpho Malie, Minister of Trade and Industry, Cooperatives and Marketing (MTICM)

1st Row Second from Right: Mr. Mohlomi Rantekoa, Principal Secretary MTICM

The Honourable Mpho Malie led a delegation from Lesotho to the Symposium on Textile Integration held in Beijing, Peoples' Republic of China from 30th—7th November, 2006. The Minister also proceeded to the Beijing Summit on China Africa Cooperation Forum where the Lesotho delegation was led by the Right Honourable, Prime Minister Pakalitha Mosisili.

Speaking at the Symposium on Textile Integration, the Minister outlined the challenges facing the global textile and clothing sector as a result of the expiry of the Multi Fibre Agreement (MFA).

“We strongly believe that convening of this symposium has come at an opportune time when major clothing and textile producers are looking at strategies to ameliorate the impact of the shocks experienced as a result of the MFA, and to work towards sustainable development and integration of the sector”, Malie said.

During the same visit, the Chief Executive Officer of LNDC, Mr. Peete Molapo met with Chinese businessmen at the China Africa Business Conference.

Chinese investors were encouraged to get involved in strategic

sectors such as:

- ◆ Fabric production
- ◆ Dyeing and finishing facilities
- ◆ Waste water treatment and disposal
- ◆ Backward and forward linkages to address supply side constraints
- ◆ Training, skills and technology transfer

IDC/LNDC Cooperation

Subsequent to signing a Co-operation Agreement in November 2005, LNDC and IDC have begun to implement some of the features of the Agreement.

As a follow up and after extensive consultations, the IDC Risk Management Department (IDC-RM) made a presentation to the Management of LNDC on its assessment of the major risk factors in LNDC and offered suggestions on how to mitigate the identified risks.

The presentation was made by a team of Executives from IDC on the 28th November, 2006. The IDC team comprised Mr. Thakhani Makhuvha, Senior Risk Manager; Mr. Gordon Glass, Head Risk Management



Industrial Development Corporation

**LESOTHO NATIONAL
DEVELOPMENT CORPORATION**

**Risk Assessment
And
Suggested Mitigating Controls**

Thakhani Makhuvha - Senior Risk Manager
Gordon Glass - Head: Risk Management
Maseru, Lesotho
28 November 2006

as well as Mr. Thokoane Ts'olo, Head of Africa Unit.

Other areas key focus areas covered by the Cooperation Agreement are: training in project due

diligence as well as capacity building and strengthening of the economic research capacity of LNDC.

IDC has operated as a development finance institution since 1940 and therefore has significant expertise, skills and facilities to assist LNDC in achieving its mandate and fulfilling its role of employment and wealth creation for Basotho.

From left to right: Mr. G. Glass, IDC; Mr. T. Makhuvha, IDC; Mr. P. Molapo, CEO LNDC and Mr. T. Ts'olo, IDC



Investment Promotion Training



Mrs. Marina Bizabani,
Investment Promotion
Officer, LNDC

Mrs. Marina Bizabani, Investment Promotion Officer in the Foreign Investment Division (FID) at LNDC, attended a training programme on Strategic Investment Promotion and Building Competitiveness held in Dublin, Ireland from the 13th to 17th November, 2006.

The training is an annual programme facilitated by the International Development Ireland (IDI) in collaboration with Enterprise Ireland to

draw on the experiences of Ireland in its growth through the attraction of foreign direct investment (FDI).

The programme is designed to assist Investment Promotion Agencies (IPAs) to build their capacity in skills necessary for attracting FDI into their respective countries.

The training covered topics that were of direct relevance to LNDC's business. It was also observed that the LNDC FID

was on the right track concerning best practices in investment promotion; most of the practices that were discussed were already being applied at LNDC.

However, market and product diversification were identified as areas that needed to be urgently addressed. In this regard, LNDC is already undertaking aggressive investment promotion in other sectors other than the traditional clothing and textile sector.

SCL CHOIR TRIP TO THE USA



Following the launch of the Apparel Lesotho Alliance to Fight Aids (ALAFa) in May 2006, factory choirs in the four major industrial areas were asked to compose a song about ALAFa, a project geared towards helping factory workers in the fight against HIV/Aids.

Thirteen (13) choirs from the Maseru West, Thetsane and Mafeteng Industrial Estates participated in a one-day competition on the 14th May, 2006.

The first prize of M3,000 went to the Shinning Century Limited (SCL) Chorale Choir while the

Shinning Century Gospel Choir won the second prize of M2,000 and the third prize of M1,000 went to Hinebo Men's Choir.

The Government Secretary, Mr. Tlohang Sekhamane presented the SCL Chorale choir with the first prize at a Gala dinner that was held on the 16th May, 2006 at Lesotho Sun Hotel in the presence of the Right Honourable the Prime Minister of Lesotho; Cabinet Ministers; Irish Rock Star, Bono and other distinguished guests.

Afterwards, Gap Inc., headquartered in the USA, invited the winning choir to the USA to

participate in the launch of GAP (PRODUCT) RED. The choir performed in New York on the 12 September, 2006 at an event co-hosted by Vanity Fair, a US magazine, to celebrate a book launch of *"Individuals: Portraits from the Gap Collection"* and Gap's partnership with PRODUCT (RED). Proceeds from the sale of this book will go to the Global Fund to fight HIV/Aids in Africa.

The SCL choir also performed at a Gap Inc. sponsored reception on Capitol Hill, Washington D.C., hosted by the Black Congressional Caucus and Congressman Bill Thomas.

(Continued on page 10)

(Continued from page 9)

In addition to the two official performances, the SCL choir was kept busy with sightseeing and other activities, including:

- ◆ Attending and performing for the Harlem United Pentecostal Church congregation.
- ◆ Participating in a Gap Inc. "Volunteer" Day to do community work in Harlem and the Bronx.
- ◆ Performing for Gap Inc. employees at the New York offices.
- ◆ Sight seeing in both Washington D.C. and New York.
- ◆ Visiting "Ground Zero", the place where the twin towers stood before the unfortunate events of September 11, 2001.
- ◆ Seeing a Broadway show.
- ◆ Cruise dinner on the Hudson River with close views of the Statue of Liberty.
- ◆ And of course, time was made for shopping.

The SCL choir expresses its heartfelt gratitude to their employer, Mrs. Jennifer Chen, Managing Director of Shinning Century Limited (SCL) for allowing them time-off for the trip, all the sponsors for their contributions and most of all to Gap Inc. for arranging, funding and making the trip a most enjoyable success.

Shinning Century Limited was established in 1997. The company manufactures t-shirts for



export to the United States of America and currently employs 1,536 factory workers.

*Cheers from
Washington D.C.*



The SCL Chorale Choir singing their hearts out

LNDC Donation to Jewels of Hope

For the second year running, LNDC has once again given hope to the children of Jewels of Hope by donating M5,000 for the purchase of beads to make jewellery.

The cheque was presented by the LNDC Chief of Corporate Services, Mr. Sam Mphaka on the 8th December, 2006 at the children's home cell at Ha Abia, Maseru.

The project was launched in September, 2005 with money obtained through a fund raising dinner. Aids orphans, abused and abandoned children are trained to make jewels out of beads to earn money to support themselves. The project started with the training of 10 children and two trainers at Ha Abia.

Since then, the project has expanded to 40 children trainees and 4 adult trainers. Four of the older children's work was of such good quality that they have now been trained to train other children.

Handing over the donation, Mr. Mphaka praised the founders of the project for such a rapid expansion which would ensure that more children's lives are changed from dependency to self-sufficiency.

From left to right: Mr. Sam Mphaka, LNDC Chief of Corporate Services with Mrs. Leticea Estie, Jewels of Hope



"As the LNDC strives to diversify Lesotho's products and markets, it is gratifying that this project is contributing to this strategy, albeit in a small way", Mr. Mphaka said.

Markets have been established for the jewellery overseas in America, Sweden, Ireland and New Zealand. The jewellery is packaged as

"Boxes of Hope" containing 35 items each.



The children get paid monthly in cash depending on how many items they have made and how much money has been realized from sales.

With future growth in sales, the project has the potential to pay each participating child who made their full quota a sum of

(Continued on page 12)

(Continued from page 11)

M400 a month.

Anita Rushton, the founder of Jewels of Hope is relentlessly marketing the project in the United States hoping to broaden the market and improve sales in order to sustain the project's future.

During LNDC's visit, the children were still sad and mourning the loss of one of their own, Tebello Majara, who passed away after a short illness. Tebello was part of a child-headed household and is survived by a brother and sister.



May Your Soul
Rest in Peace,
Tebello



The children singing "Rea u leboha, Molimo oa Rona" (We thank you ,Our Lord)

LNDC Staff Community Activities

The Management and Staff of LNDC discharged their social responsibility by planting trees at Ha Mosalla, Thaba Bosiu on 8th December, 2006.

LNDC joined hands with the community of Ha Mosalla to plant 3,000 trees.



embarking on a number of strategies such as active participation in developmental and sustainable community projects”, Molapo said. “This close collaboration will create awareness about LNDC and set an example for the communities on how they can benefit by undertaking self-help projects”, he said

Addressing the gathering at the tree planting site, the Chief Executive of LNDC, Mr. Peete Molapo expressed his gratitude to the Ministry of Forestry and Land Reclamation for facilitating the participation of all parties. He also thanked the Chairman and members of the Qiloane A01 Local Council for their co-operation.

“In the quest to restore and maintain its image, LNDC is



LNDC Staff Dressed to Commemorate World Aids Day on 1st December, 2006



COMPLIMENTS OF THE SEASON TO ALL LNDC STAFF !

Wishing you all a

Merry Christmas and a Prosperous 2007!

Special New Year Message from the CEO's Desk

"Have faith in your abilities

**Without a humble but reasonable confidence in your own powers,
you cannot be successful or happy;**

**Formulate and stamp indelibly on your mind, a mental picture of
yourself succeeding;**

**Hold this picture tenaciously, never permit it to fade, your mind
will seek to develop the picture;**

Do not build obstacles in your imagination

**Put your shoulders to the wheel and meet the New Year head on and
aim to succeed in everything that you do;**

THE SKY IS THE LIMIT

LET US BUILD INDUSTRY TOGETHER AS A TEAM".

Peete Molapo

Chief Executive Officer

Lesotho National Development Corporation

Why Lesotho?

Political Stability

- A stable social and political environment which is investor friendly.
- A free enterprise and free market economic system which forms the basis for sustained development and growth.

Labour

- A young abundant predominantly English speaking, literate and well motivated labour force with a tradition of manual dexterity at competitive wage rates.

Market Access

- 50 million consumers in Southern African Customs Union (SACU).
- Preferential access to 260 million consumers in the Southern African Development Community (SADC) market.
- The Cotonou Agreement gives access to more than 480 million consumers in the European Union (EU) market.
- Duty and quota-free access to the United States market through the African Growth and Opportunity Act, (AGOA).
- Preferential access (quota and duty-free) to the lucrative Canadian market of all eligible goods manufactured in Lesotho.
- Highly concessionary Generalised System of Preferences (GSP) to: Japanese, Nordic and other developed markets.

Tax / Financial Incentives

- 0% corporate tax on profits earned by manufacturing companies exporting outside SACU.
- Corporate tax rate of 10% on profits earned on exports within SACU.
- No withholding tax on dividends distributed by manufacturing

companies to local or foreign shareholders.

- Unimpeded access to foreign exchange.
- Export finance facility.
- Training costs are allowable at 125% for tax purposes.
- Payments made in respect of external management skills and royalties related to manufacturing operations are subject to withholding tax of 10%.
- No exchange controls on the repatriation of profits.
- Import VAT credit facility that provides for an input tax credit upon importation and local purchasing of raw materials and capital goods.
- Bank administered foreign currency accounts are permissible.
- Double taxation agreements with R.S.A. and U. K.
- A duty credit is a rebate of the duty of the importation of specified products into the Customs Area. The duty credit is an absolute value by which import duty can be reduced. Exporters of specified textile and clothing products may earn credits based on the value of exports of the specified products.

Industrial Infrastructure

- Serviced industrial sites and factory shells are available for rental at competitive rates.
- Special incentives for construction of investor-financed factory buildings.
- Easy access to Gauteng and the Durban harbour.
- Full government support on trade and investment issues.
- Backstopping services from the Lesotho National Development Corporation.

We're on the Web!
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

