



We build industry

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.

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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.

Appointment of CEO at LNDC



held various high-level positions in trade relations, capacity building, strategic relationship building and global economic policy.

Addressing the staff of LNDC, Mr. Setipa emphasized transparency as the core principle by which he would want to manage

Mr. Joshua Setipa is the new broom at LNDC with effect from the 10th January, 2012.

Prior to his appointment as the Chief Executive Officer of LNDC, Mr. Setipa served as a senior advisor to the Director General of the World Trade Organisa-

tion (WTO) from 2005 to December 2011. He brings with him a wealth of experience gained at national, regional and international levels working on economic and developmental issues. He has

the Corporation. He appreciated that this would create an environment which would complement the LNDC 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".

A conducive working environment would assist the Corporation to achieve the high standard of performance that is necessary to meet the daunting challenges presented by the highly competitive arena of attracting investment into the country. Such challenges include, among others, the urgent need to diversify sources of investment, diversify export markets for Lesotho products and to diversify the product portfolio

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of Lesotho exports.

"The current sovereign debt crisis spreading across Europe and the recession in key markets, particularly in the US have made diversification an urgent issue. Furthermore, the creation of an enabling environment and accompanying policy instruments by LNDC to facilitate domestic entrepreneurship is also a key priority", Setipa said.

Mr. Setipa pointed out, "In order to meet the various challenges head on, we will have to be very creative and innovative in conducting our business. I will be interacting extensively with various divisions to learn more about the operations of LNDC and be in a position to map a realistic way forward". He expressed full confidence in the capacity of LNDC to meet the key challenges of job

creation, sustainable economic development and economic empowerment.

In closing, Mr. Setipa said, "I would like to thank Mr. Mokoaleli, the out-going Acting CEO for holding the fort and I commit myself to the betterment and future growth of the Corporation as a team with the staff of LNDC".

Mr. Setipa holds an MBA in international finance from Bradford UK, a Graduate Diploma in international relations and trade from the Australian National University and a Bachelor of Arts degree in political science and public administration from the National University of Lesotho.

His career track started in 1998 as Charge D'affaires, Mission of Lesotho to the United Nations in Geneva up to 2003. He then joined the Southern African Trade Hub in Gaborone, Botswana as a Regional Trade Policy Advisor until 2005 when he moved on to WTO. In all his previous postings, Mr. Setipa was actively involved in successful trade and investment negotiations. His familiarity and well-established network with regional and multilateral trade and investment institutions will indeed provide a sound base on which to fulfil the LNDC mandate of job creation and generation of wealth.

Mr. Setipa succeeds Mr. Peete Molapo whose term of office with LNDC ended on the 31st July, 2009 after five years of service. In the interim, Mr. Motebang Mokoaleli has been acting as the Chief Executive Officer of the Corporation.

From the CEO's Desk

The newly appointed CEO has hit the ground running and intends to implement some innovative ideas to take the Corporation to the next level.

Making a presentation at his first LNDC Board of Directors' meeting in March 2012, Mr. Joshua Setipa said, "Going forward, the Corporation will focus its activities on a number of key strategic areas in the immediate to medium term in order to enhance its performance".

"In particular, the following areas will take priority", Mr. Setipa said:

Review of LNDC Property Portfolio

A comprehensive review of the Corporation's property portfolio will be undertaken with a view to re-aligning it with the overall strategic direction of diversifying the investment portfolio.

The review will also include a comprehensive assessment of the performance of the current management of the property portfolio in order to enhance its performance.

Incentive Package for Domestic Investments

The Corporation will focus on the development of a comprehensive incentive package to mobilize domestic investments.

The key objective will be to increase the share of domestic investment in overall investment flow and the creation of an enabling environment to foster economic empowerment.

Promotion of Foreign Direct Investment

New investment promotion tools that will drive diversification of investment sources will be developed.

Among the new regions to be pursued will be Latin America. Investment promotion staff will also be required to learn French as one of the key international languages to facilitate communication with French-speaking potential investors during promotional campaigns.

Review of Strategic Relationships

Strategic relationships with both domestic and international partners will also be reviewed in order to align them with the strategic focus of the Corporation.

Review of Administrative and Financial Systems

Concluding his presentation, Mr. Setipa said, "All the above activities will be underpinned by a robust review of the Corporation's administrative and financial systems.

This review will ensure a proper re-alignment of the Corporation's human resources and efficient management of its finances".

LNDC Board Approvals

At its 165th ordinary Board meeting, the LNDC Board of Directors approved initiatives which will have a positive impact on businesses and tertiary students/graduates.

Review of Partial Credit Guarantee (PCG) Guidelines

The Board has approved a review of the M500,000 threshold to a lower limit of M200,000 to widen the pool of beneficiaries to the PCG Scheme. The upper limit will remain capped at M5 million.

In 2011 the Corporation signed Risk Sharing Agreements with the First National Bank initially, and later with Nedbank Lesotho to facilitate easy access to finance by local entrepreneurs. In terms of the agreements, LNDC and the banks will provide loan guarantees (on a 50/50 risk sharing basis) to entrepreneurs who wish to start or expand medium to large businesses but do not have sufficient collateral/security to support facilities provided by the banks.

The decision to review the threshold was taken based on an influx of project applications which were rejected because they were below the required threshold of M500,000. During the 7 months that the PCG scheme has been operational, only one project has qualified for appraisal.

The LNDC CEO, Joshua Setipa says, "PCG was intended to create a sustainable financial support structure for Basotho-owned business; and LNDC does not want to implement a

program which is not accessible to the very people for whom it was intended; hence the review of the threshold downwards".

Industrial Attachment Policy and Guidelines

The Corporation has extended its in-house Internship Program to its industrial portfolio of companies in order to alleviate the current high unemployment rate among graduates. One of the major causes of this situation is the limited practical experience and skills of graduates which would enhance their prospects for employment.

The LNDC Industrial Attachment Scheme will create employment opportunities, through the LNDC assisted portfolio of companies and will also have the following additional benefits:

- Students and young graduates will gain the requisite practical skills in preparation for their entry into the job market after completion of their studies;
- Support to the Government in curbing the ever increasing unemployment rate;
- Facilitation of the private sector's role in contributing towards skills development in partnership with LNDC;
- Promotion of good citizenship;
- Acquisition of operational skills which will contribute towards building a strong entrepreneurial culture among Basotho graduates;
- Exposure of Basotho graduates to opportunities within the various industrial sectors in the country in support of the national economic empowerment policy.

Mr. Setipa says, "While the selection of candidates will rest with their respective learning institutions,

LNDC will however urge the institutions to develop strong merit-based selection criteria that also takes into consideration gender balance."

"We will develop an incentive scheme in order to reward companies which will participate in this exercise as LNDC's partners", he says.

On completion of their attachment, the students/graduates will be required to complete an assessment report which will assist LNDC to evaluate and monitor the impact of the program.

Rental Freeze to Ease Financial Pressure

The business environment continues to deteriorate and signs of the US economic recovery are slow, making it very difficult for manufacturers, especially exporters to the US, to operate and sustain their factory operations.

In order to provide much needed financial relief to these companies, the Corporation will once again waive the annual 7.5% rental escalation across the board and forego rental to the tune of M4,3 million in 2012/2013 for both industrial and commercial tenants.

LNDC is also extending this concession to all its commercial tenants who are also under financial pressure from general effects of the slow global economy. The rental concession will be effective from 1st April, 2012.

Korean Delegation Explores Investment Opportunities in Lesotho

LNDC hosted a delegation of 14 businessmen from Korea on the 20th January, 2012. The delegation visited Lesotho under the coordination of Total Energy Solutions (TES) International from Korea and a South African based company, 360 Africa, to get first-hand information on the business climate, opportunities and incentives for investment purposes.

At the meeting, the Chief Executive Officer, Mr Joshua Setipa welcomed the delegation and expressed a positive expectation of fruitful discussions and a relationship with the Korean business community going forward. An introduction to LNDC and Lesotho as an investment destination of choice, was made through a presentation on the investment climate, investment opportunities in Lesotho as well as services offered by the LNDC to facilitate investment.

The presentation highlighted the main areas of opportunity for investment in agro industry, electronics, construction and infrastructure development, resource based projects such as brick making and sandstone mining, green industries and renewable energy.

Investments in these sectors are encouraged in both Foreign Direct Investment and Joint Venture models with preference towards joint ventures for sustainability and developmental purposes.

The Korean delegation also delivered presentations from three different companies, namely, Shinsung Group, Architecture Development Design Group (ADD Group) and Mokmin Industries, dealing with renewable energy (solar), property development solutions as well as agro industry development through hydroponic technologies respectively.



They also expressed interest in the Basotho Fruits and Vegetable Cannery which they visited after the meeting accompanied by LNDC personnel.

In his closing remarks, the CEO acknowledged the relevance of these potential investments to Lesotho and agreed to have a series of follow up meetings and interactions to pursue these projects further.



LNDC Presents Investment/ Business Opportunities to Irish Delegation

LNDC took advantage of an invitation by the Ministry of Tourism, Environment and Culture to present business opportunities in Lesotho to a group of business people from Ireland at a breakfast meeting held at Maseru Sun Cabanas on 17th February 2012.

The potential investors were members of Action Ireland Trust, an Irish delegation of 60 people who were in Lesotho to implement a five-year integrated development program in the areas of education and health. The visit of the group was facilitated by the Lesotho Embassy in Ireland.

LNDC, in conjunction with Lesotho Tourism Development Corporation (LTDC), jointly made presentations on business opportunities in the manufacturing and tourism sectors. LNDC's presentation was on general investment opportunities, the investment climate, as well as services offered by the LNDC to facilitate establishment of businesses in Lesotho.

The investors showed specific interest in the tourism, construction, health and agricultural sectors and, opportune-



LNDC and LTDC Officials at a breakfast meeting with potential investors from Action Ireland Trust

these are some of Lesotho's priority sectors currently being promoted by the two Corporations. Specific information on the pharmaceutical company was provided as well as opportunities that exist in the health care and pharmaceutical sector in general.

Promotional material was distributed to the investors for further details on the business environment and processes entailed in doing business in Lesotho. Necessary follow up by both LTDC and LNDC will be done in pursuit of possible investments.

Two New Companies Set Up Operations

The LNDC CEO, Joshua Setipa has welcomed the recent establishment of two non-clothing companies as LNDC is aggressively focusing towards diversification of products and markets.

Subsequent to the closure of Kiota Electronics in October, 2011 a new television assembly company Lefase Lesotho Manufacturing (Pty) Ltd. has set up operations in the premises previously occupied by Kiota Electronics at Thetsane Industrial Estate.

The company assembles television sets for the local and RSA markets. Employment is currently 17 but will increase to 36 at full production of Phase 1 which is exclusively television assembly. Phase 2 will expand the production line to assembly of consumer electronics and increase employment to 120.

The company has employed former employees of Kiota Electronics and will continue to do so as it expands its operations. The parent company is a joint venture of promoters origi-

nating from Hong Kong and the Republic of South Africa.

The second company, Hong Yun (Pty) Ltd., is located at Maseru Industrial Estate and produces steel and wooden products such as kitchen cabinets and toilets for the local market.

Current employment at the company is 21; expected to increase to 500 at full production. The promoters of the company originate from the People's Republic of China.

Turning Sludge into Bricks

LNDC has facilitated signature of a land mark Memorandum of Understanding (MoU) between Loti Brick and Lesotho Denim Industry—LDI —(comprising Nien Hsing Group and CGM Group) to turn primary sludge produced by the two industries and their sister companies into bricks (update from July—September, 2011 newsletter).

Mr. Semetho Raleche, Acting Head Domestic Investment Promotion says, "LNDC has been in the forefront to ensure



From L to R: S. Raleche, LNDC; M. Motseko, Loti Brick; J. Ntshangu, CGM Group and D. Bu, Nien Hsing Group



Effluent Treatment Plant at Nien Hsing Group

that the local industrial waste is properly managed by facilitating several studies to propose alternative use of sludge".



In terms of the agreement, Loti Brick will collect dried primary sludge from LDI and use it to manufacture bricks over a trial period of three months. In addition, Loti Brick will also have access to ash, a component of the brick making process, that is produced by the industries.

In February 2011, the MFA Forum Lesotho Working

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Group approached WSP Environmental (Pty) Ltd. to assess primary and secondary sludge

Sub-Committee on Environmen-

Loti Brick, CGM and Nien Shing Signing the MoU



tal Issues in textiles and clothing industries to

by the textile and clothing industry.

generated by LDI in terms of alternative use and mono disposal. One of the recommendations was that the sludge should be used for brick manufacturing.

draw up plans for waste management. The role of the

The signing of the MoU is the culmination of discussions between

Loti Brick and the Lesotho Denim industry with regard to the manufacture of bricks on a trial basis using primary sludge.

Effluent Treatment Plant at CGM Group



Realizing the environmental challenges posed by the industrial sludge, the Government invited LNDC to participate in a Special Ad-hoc

Raleche says, "While this arrangement with the textile industries will not entirely eliminate the existence of



committee is to explore sustainable solutions towards management of waste produced

sludge, it will alleviate the disposal of the primary sludge and turn it into productive use. In the interim, the secondary sludge will continue to be collected for safe disposal in the Republic of South Africa by Maseru Municipal Council until such time that the land fill at Tšoeneng has been completed".

New Director Joins the LNDC Board

The Honourable Minister of Trade and Industry, Dr. L. Ketso has appointed Mr. Liteboho Mofubetsoana to serve on the LNDC Board of Directors with effect from 5th December, 2011.

Mr. Mofubetsoana is currently the Acting Principal Secretary in the Ministry of Agriculture and Food Security. He replaces Mr. Mohale Sekoto (May His Soul Rest in Peace) on the LNDC Board following the latter's untimely death in 2011.



The appointment is made in line with the amended LNDC Act 1990 which provides for representation of the Ministry of Agriculture and Food Security on the LNDC Board of Directors. The duration of the appointment will be commensurate with the remaining period of all other current LNDC Board members which is until the 20th August, 2013.

"I wish you success in your assumption of this national responsibility and it is my expectation and hope that you will make a meaningful contribution towards the advancement of the objectives of LNDC", the Honourable Minister said.

Factory Buildings Wanted

Notice is hereby given to all interested Basotho who have suitable buildings that can be rented and used as factory shells by industrialists to register such buildings with the LNDC. The required buildings should conform to the LNDC's standards and other legal requirements.

When registering, the following features should be clearly stated: plot number, location, size (strictly 500m² or bigger), title deed, height, and available infrastructure such as installed electricity in kva, water in kilolitres, etc.

For further details, contact the office of the Head – Investment Services Division at LNDC, P/Bag A96, Maseru, 5th Floor, Block A, Development House, Kingsway Street, Maseru.

Tel. : +266 22312012 Fax: +266 22310038

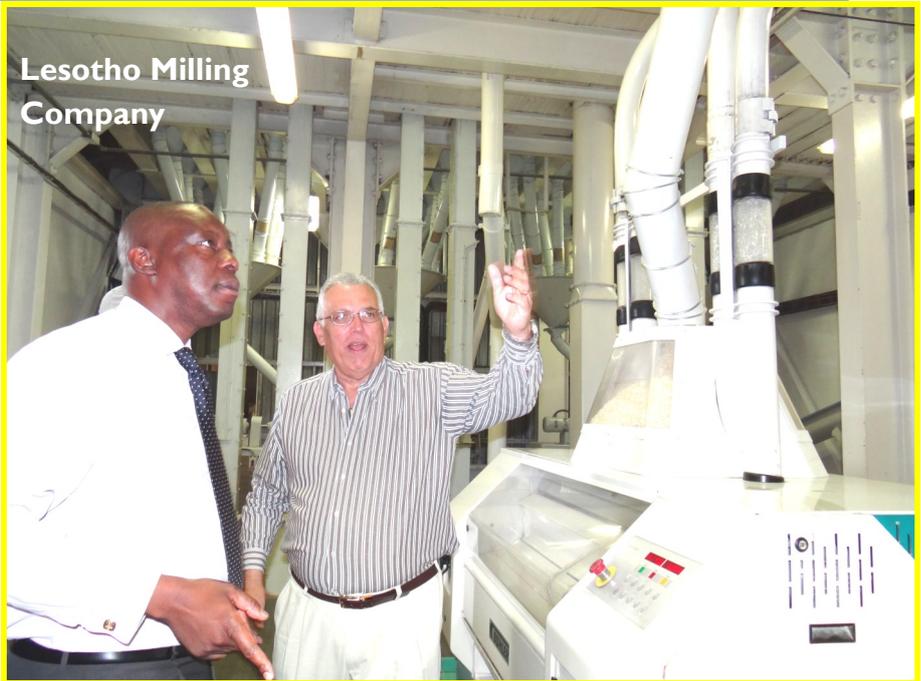
Email: info@lndc.org.ls

CEO Visits LNDC Portfolio of Companies

The newly appointed CEO, Mr. Joshua Setipa, has started his familiarisation tour of all LNDC subsidiaries including other manufacturing companies.

During the visits, the CEO and management of the companies discussed operations in general and exchanged ideas aimed at improving business as well as areas where LNDC's intervention is required.

The CEO started his tour with LNDC subsidiaries and associate companies because these



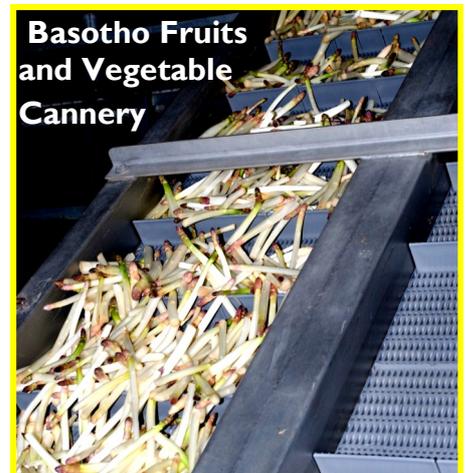
Lesotho Milling Company

Basotho Fruits and Vegetable Cannery, Loti Brick, Cashbuild and Shoprite.



Maluti Mountain Brewery

Thereafter, he will visit the leasehold portfolio of companies and others which have been assisted by LNDC to set up operations in the country.



Basotho Fruits and Vegetable Cannery

are companies in which LNDC has shareholding. They are Sun International, Lesotho Milling Company, Maluti Mountain Brewery,



Cashbuild



Loti Brick

SACU DFIs Discuss Cross Border Collaboration

As the recession in key markets continues and new threats emerge, the Southern African Customs Union (SACU) Development Finance Institutions (DFIs) are rallying around to formulate a SACU Industrial Development Policy which will address cross border collaboration to deepen regional industrial development.

LNDC, represented by Mrs. Marina Bizabani, Acting Head of Foreign Investment Promotion, attended a workshop on SACU Development Financial Institutions held in Johannesburg on the 13th to 14th March, 2012.

A total of nine DFIs attended the workshop and presented their services and projects of a cross border nature to inform in-depth discussions on how the respective DFIs could assist and contribute to the regional industrial development process. In this regard, eight priority sectors have

been identified as follows:

- * Agro processing
- * Renewable energy
- * Textile, clothing and apparel
- * Mineral beneficiation and processing
- * Leather and leather products
- * Arts and crafts
- * Automotive including components
- * Support services i.e. ICT, financial, skills development, infrastructure, engineering, transport and logistics.

LNDC presented the following projects from Lesotho which qualify for regional collaboration:

Basotho Fruit and Vegetable Cannery

The project can be integrated regionally by sourcing inputs in the region to

be processed in Lesotho for both local and international markets.

Lesotho Highlands Power Project

A renewable energy joint venture between Lesotho, China and RSA to generate electricity to supply RSA and the region.

Knits Fabric Mill

A regional approach will be the establishment of a fabric mill in one of the SACU countries that already has sufficient support infrastructure. The fabric mill will then supply textile companies in the region to support the garment industry qualification under AGOA if the 3rd country fabric sourcing expires.

Lesotho Highlands Water Project Phase II

The project is already regional in that it is a joint venture between Lesotho and South Africa to supply RSA with water.

Once it is fully operational, regional collaboration on industrial development will accelerate LNDC's diversification efforts, both of products and markets.

Investors' Roadmap Lesotho

The Southern African Trade Hub (SATH) in collaboration with LNDC held a validation workshop to discuss the draft Investors' Road Map for Lesotho which was initiated in July, 2011 during which a two-week assessment mission was undertaken by SATH. The workshop was held in Maseru on 29th March 2012 for all stakeholders.

Presenting the Roadmap, Mr. Tomasz Iwanow, SATH Trade Economist, said that it is a tool which will support the government's efforts in undertaking critical reforms that can spur entrepreneurs' investments in the economy of Lesotho. He went further to say that the Roadmap examines the indi-

vidual procedures that represent the critical path to business start up and operations. It also creates a series of action plans to eliminate the red tape that imposes costs on investments.



LNDC CEO (middle) with SATH Team and M. Bizabani, (extreme left) Foreign Investment Promotion Division, LNDC

According to the report, foreign direct investment (FDI) flows into Lesotho have declined from US\$96 million in 2007 to US\$55 million in 2010. In order to improve the investment climate in Lesotho and raise the levels of investment the roadmap identified several constraints spanning from administrative to procedural issues. In this regard, the

Roadmap benchmarked Lesotho against her FDI competitors.

The Roadmap was prepared by Tomasz Iwanow, Trade Economist and Reginald Selelo, Investment Promotion/FDI Specialist from SATH. The team also used the services of Morabo Morojele, Senior Consultant at Sechaba Consulting.

LNDC Internship Program Continues

LNDC continues to assist tertiary students and new graduates to gain work experience through its internship programme which commenced during the winter vacation in 2011.

Recently, Ms. Mabela Mahao joined the Corporation as an intern in the Legal and Corporate Governance Division with effect from 28th February, 2012 for a period of 4 weeks. Ms. Mahao graduated in 2009 with an LLB degree from the National University of Lesotho.

"I find this internship very helpful and challenging as I



never had a chance to practise what I learned while I was doing my degree", Mabela says.

During her internship Ms. Mahao will be involved in drafting and filing of court papers, setting of court dates as well as researching and writing of Heads of Arguments. She will also draft and file registrable deeds as well as undertake a lease survey. In addition

her duties will extend to contract management — drawing an inventory of all available contracts, re-filing of the same and computation of essential dates to facilitate efficient management of the contracts.

Ms. Mahao will be the sixth intern to be engaged since the programme was implemented last year. The Corporation is already gearing itself for another intake of interns in its selected fields of study i.e. *Business Management, Economics, Accounting, Statistical Research, Built Environment, Information Technology as well as volunteer services*. The interns will undergo a selection process by their tertiary institutions which will then recommend successful candidates to LNDC.

LNDC Lends a Helping Hand to HOPE

LNDC donated an amount of M20,000.00 through a fund raising event organized by HOPE (Helping Other People to Excel) which was held at Maseru Cabanas on the 10th February, 2011.

HOPE is an organization which raises funds to assist disadvantaged children as well as to finance the establishment and running of Early Childhood Care Development Centres.

At the charity dinner, the founder of HOPE, Mrs. 'Maleseli Mothae, showed

the work that HOPE has done over the years as testimony to how the funds contributed by various donors have been used.

In addition to its contribution, LNDC also hosted several organizations to the event to assist in promoting HOPE.

Staff Movements at LNDC



Mamoiloa Raphuthing—*Planning and Research Officer with effect from 1st February, 2012.*



Malira Sekonyela—*Foreign Investment Promotion Officer, with effect from 1st February, 2012. Ms. Sekonyela was internally transferred from the Investment Services Division where she held the position of Projects Officer.*



Phomotso Sematlane—*Foreign Investment Promotion Officer with effect from 1st February, 2012.*



Mabatho Thejane—*Personal Assistant in the Legal and Corporate Governance Division with effect from 1st March, 2012.*

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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