



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.

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.

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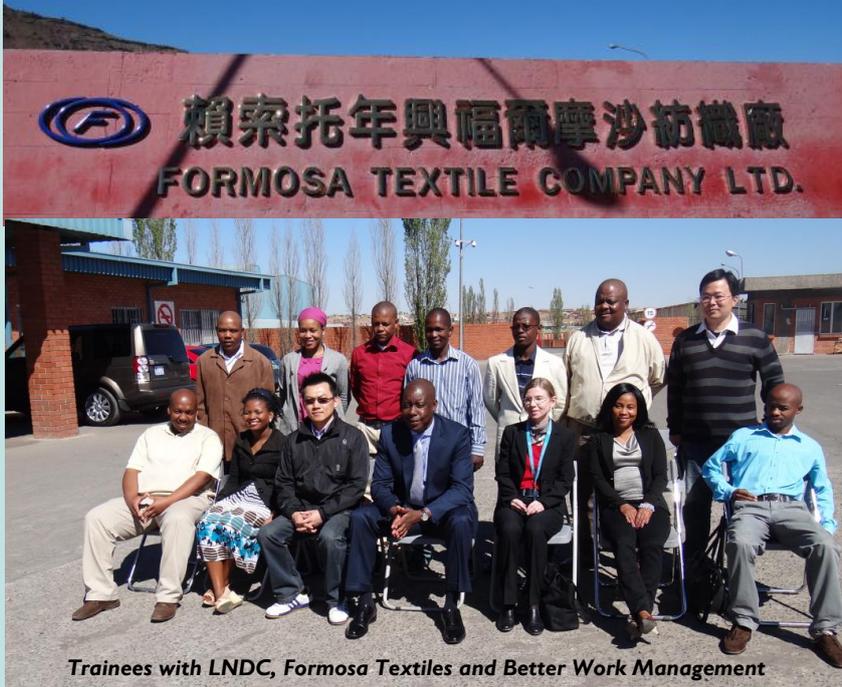
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LNDC and Formosa Textile Co. in a Joint Venture to Train Basotho Graduates into Textile Engineers

Following signature of a joint venture agreement between LNDC and Formosa Textiles (Pty) Ltd. to train Basotho graduates in textile engineering, the Industrial Attachment Programme was launched at Formosa Textiles factory on the 18th September, 2013.

Speaking at the launch, **Mr. Vincent Yuan, Managing Director of Formosa Textiles** said, "This two year training programme is an important milestone which will change the face of industry; instead of importing foreign experts, a local pool of requisite skills will be available to serve the garment industry". He said the trainees will receive instruction from professional, experienced engineers in the industry.



Trainees with LNDC, Formosa Textiles and Better Work Management

Formosa. One of the requirements for selection was an engineering background from a technical institution.

During the training period, LNDC and Formosa will jointly bear the costs of a subsistence allowance for the trainees.

"The industrial attachment scheme complements the LNDC in-house internship program by extending it to its industrial portfolio of companies in order to alleviate the current high unemployment rate among graduates", Setipa said. He said that the lack of or limited practical experience and skills of graduates is a major impediment

to their prospects for employment.

LNDC & Formosa Textile Management



Mr. Joshua Setipa, LNDC CEO went further to say, "This pilot project is an innovative public-private partnership/intervention aimed at training a new generation of engineers with advanced skills to take over supervisory and engineering positions in the textile industry".

Lesotho's model was cited by the US Department of Labour (USDOL) at a panel discussion titled "Inclusive Economic Growth and Sustainable Development Strategies: Labour Perspectives and Best Practices" during the AGOA Forum held

in Addis Ababa, Ethiopia in August this year. USDOL supports various labour compliance efforts as well as worker-training programs in Africa including the International Labour Organization (ILO) Better Work program in Lesotho. **Donna Chung, International Relations Officer of USDOL** says, "LNDC and Formosa's joint effort to build human capital is considered as an **innovative venture, a win-win situation** for business, workers and their communities".

Formosa committed to this partnership with LNDC and "Upon successful completion of the program, the trained candidates will be free to be recruited by any other companies operating in the country", Setipa said. A call for applications was made through advertisements in the local media and LNDC website. Ten trainees out of over 100 applicants were selected through a joint interview process by LNDC and

Setipa said that in addition to creation of employment opportunities, the Industrial Attachment Scheme will have other benefits such as equipping graduates with practical skills to prepare for the job market; support to the Government in curbing the ever increasing unemployment rate in the country; facilitation of the private sector's role in contributing towards skills development in partnership with LNDC.

Verbatim: "The most crucial benefit is also that of equipping the graduates with operational skills which will contribute towards building a strong entrepreneurial culture among Basotho graduates", says Setipa. "This is where the future of a strong, robust private sector lies", he stressed. "And lastly, exposure of these young people to opportunities within the various industrial sectors in the country will result in strengthening the government's National Economic Empowerment Policy".



AGOA FORUM 2013

The Minister of Trade and Industry, Cooperatives and Marketing, Honourable Temeki Tšolo led the country's delegation made up of the Ambassadors of Lesotho in the United States, Switzerland and

The 2013 AGOA Forum highlighted progress achieved since the Act's inception in 2000 and launched a dialogue on the future of US/Sub-Saharan Africa trade and economic cooperation.

Running parallel to senior officials meetings, were sessions on topics such as Inclusive Economic Growth and Sustainable Development Strategies; the Role of African Women Entrepreneurs for



Ethiopia, officials of the Trade Ministry, the Lesotho National Development Corporation as well as the private sector; to the AGOA 2013 Forum, held in Ethiopia in August.

The Ministerial Forum comprised senior US government officials and Ministers of the 39 African states eligible for participation in AGOA. The African Growth and Opportunity Act enables eligible sub-Saharan African countries to export most products duty-free to the United States.

The continuity of AGOA, which will end two years from now in 2015, has brought some uncertainty to eligible countries including Lesotho. The forum has therefore, recommended enhanced political dialogue between US and Africa, the re-authorization of AGOA for at least another 15 years, capacity-building to generate private sector engagement, increased trade and market access, encouragement of US investment in Africa and to uphold AGOA preferences for items exported from Africa.

Sustainable Transformation in Trade Opportunities; Financing for Sustainable Energy Development; **Regional Integration through Trade Facilitation**; Agriculture: Creating an Enabling Environment for Scaling up Innovative Agriculture Technologies; and the Rise of Africa's Digital Economy: Entrepreneurship and Innovation in the ICT Sector.

These sessions came to conclude that SMEs, micro entities and



Lesotho's Delegation at the AGOA Forum

(Continued from page 4)



Joshua Setipa in a panel discussion

women entrepreneurs need to be encouraged to grow and develop to be able to benefit from AGOA. Emphasis was made on the need to sensitize the diaspora to participate more in the AGOA program while on the other hand, countries doing well on AGOA exports would be used as a good example for others to emulate and help foster regional integration. All the sessions highly stressed that there was need to increase and expand the diversity of AGOA-eligible exports to the US and to extend the AGOA preferences to other African countries that are not benefiting from AGOA.

LNDC CEO's Intervention in a discussion on "Regional Integration through Trade Facilitation"

On a panel chaired by **Dr. Donald Kaberuka**, President of the African Development Bank; **Mr. Joshua Setipa**, LNDC CEO along with **Mr. Xavier Carim**, Deputy Director General of International Trade and Economic Development at the South African Department of Trade and Industry; COMESA Secretary General, **Mr. Sindiso Ngwenya** exchanged views on integrating Africa.

Mr. Setipa said "Sub-Saharan Africa has one of the best infrastructures in the whole world but we still have problems. Perhaps we need to invest more in automation of systems. There is no reason to source outside the continent while there are competitive suppliers in Africa. We need to focus more on private sector integration; our logistics are also intolerably costly. Tariffs are important but for integration to succeed; tariffs amongst us must be reduced because they undermine intra-Africa trade. Our value chains are key; however, we should have market information in place to ensure we match suppliers with buyers. We do have policies, but they are not functional."

Are changes to the AGOA legislation an Option?

The forum also benefitted from the **United Nations Economic Commission for Africa's Report** on a study of how changes to the AGOA legislation could affect trade patterns as well as how changes in

the global trading environment could affect U.S. - Africa trade and African economies.

The study analyses the following five scenarios.

Discontinuing AGOA; Expanding Product Eligibility under AGOA; Revising Country Eligibility under AGOA; Revising the Structure of AGOA as well as AGOA within a Different Trading Environment.

The report, presented by Dr. Stephen Karingi, UNECA Representative says that African exports would be stimulated if the more sensitive US imports from AGOA-eligible countries were also granted duty free, quota free access. It warns that should AGOA preferences be discontinued or extended to non-African Least Developed Countries (LDCs), AGOA-eligible countries will register significant trade losses. The report also states that graduating Middle Income Countries (MICs) from the AGOA preference should not be considered an option as it would have devastating impact to their economies and inter-Africa trade. Lastly, the report suggests that African countries should consider deeper regional integration as a priority to maximize trade gains; which would help to stimulate intra-African trade and industrialization.



LNDC Explores Commercial Aquaculture with Katse Fish Farms

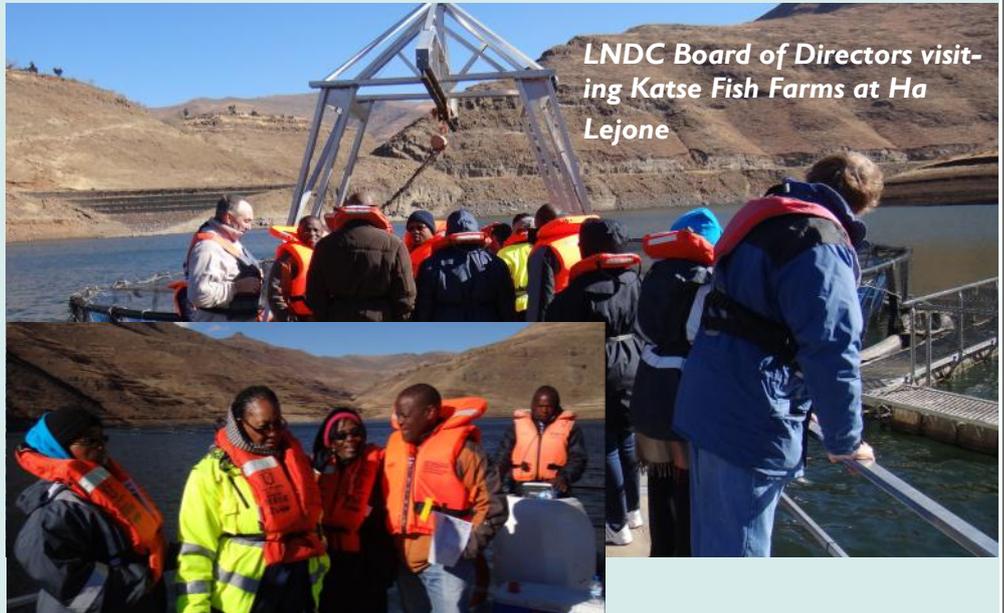
Studies indicate that aquaculture is the fastest growing food industry in the world and its production is anticipated to surpass wild capture fisheries within a decade, with most of the growth happening in Africa and before 2015.

The Lesotho National Development Corporation is exploring prospects of investing in fish farming. The LNDC Board took a site visit of the Katse Fish Farms at Ha-Lejone on the 27th of June, and complemented the tour with an appreciation trip to the hatchery and processing plant at the ‘Three Streams Farm’ in Franschhoek, Cape Town on the 27th of July 2013.

Semethe Raleche, LNDC’s Domestic Investment Manager says “This is a strategic project for Lesotho. We are working towards diversification of our investment portfolio. This tour and presentation will inform the LNDC Board’s decision-making.”

Katse Fish Farms in the Mountain Kingdom is Lesotho’s first-ever trout farm that was piloted seven years ago. The farm has ten cages, and produces 300 tonnes of fish yearly. However, Katse Fish Farms imports eggs from the United States and hatching happens in Cape-Town. Fingerlings are transported from Cape Town to the highland waters of Lesotho where they are grown into a 1.5 gram big fish for 18 months before harvest.

Currently, Katse Fish Farms sells 80% of processed trout to Woolworths in the Southern African region and also exports to the United Arab Emirates, Zimbabwe, Ghana, Namibia and Botswana. But is this project worth buying into? Studies suggest that it is not easy to diversify into the aquaculture industry because of changing temperatures and the only possibility lies in trout farming. This is asserted by Mr. Gregory Stubbs, CEO of The Three Streams Farm and holder of MSc Aquaculture.



LNDC Board of Directors visiting Katse Fish Farms at Ha Lejone



Processing of fish at Three Streams Farm in Franschhoek



Preparing fish for packaging

because of changing temperatures and the only possibility lies in trout farming. This is asserted by Mr. Gregory Stubbs, CEO of The Three Streams Farm and holder of MSc Aquaculture.



Packaged fish ready for dispatch

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“Trout farming in Lesotho has more chances of success than in South Africa, or any other Southern African state. The highlands water allows for a 12-month farming, while other countries can only farm for up to six months a year”, he says.



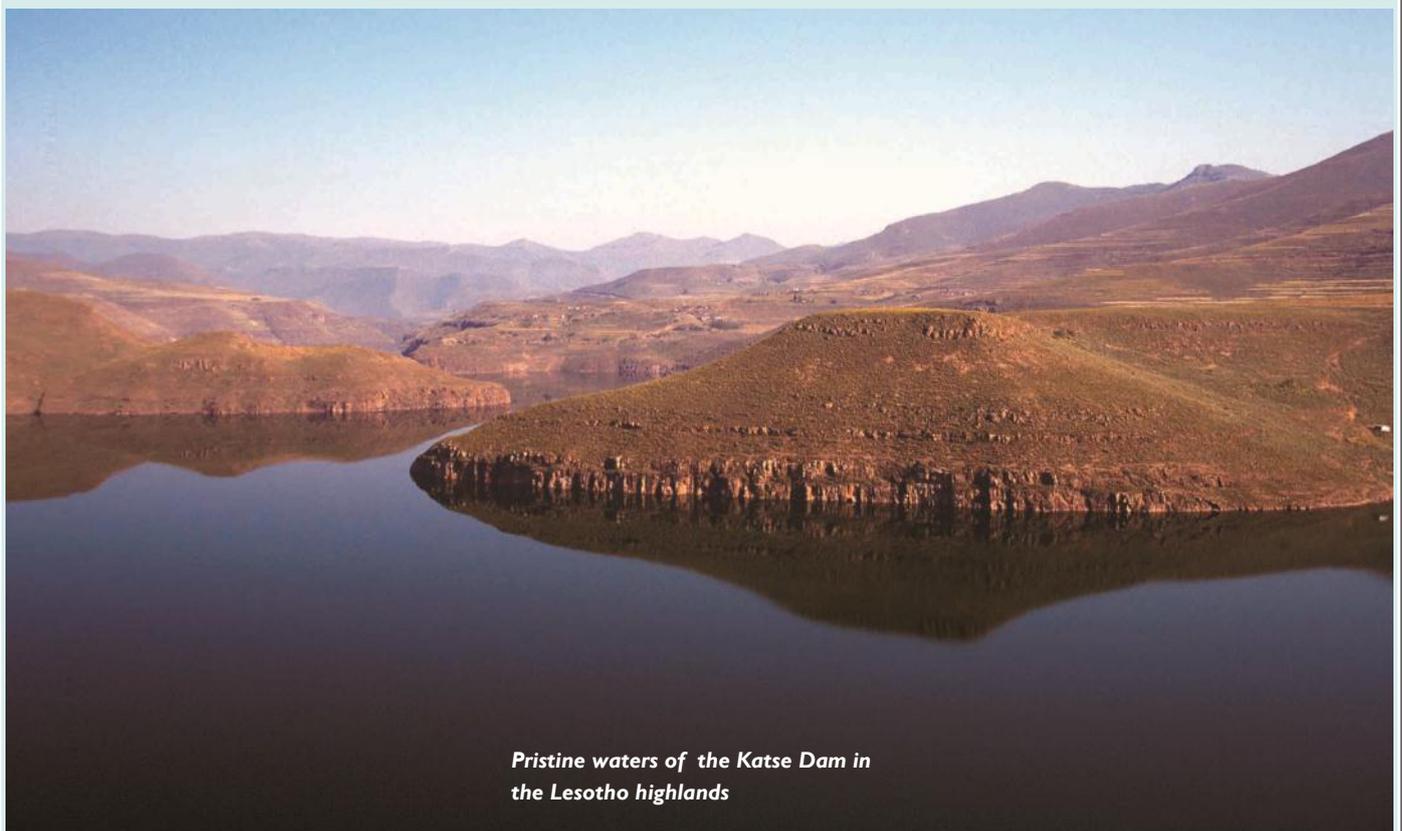
A fish farming pond at Three Streams Farm in Franschhoek

Royale Highlands Trout, is one of the brands that sell the country across borders and overseas. The brand represents a trout fish farm originating from the mountains of Lesotho, a place called Ha-Lejone, where studies were made in 2002, while negotiations to put the project to a test were made in 2003. The leasing agreement was signed between the Katse Fish Farms and the Lesotho Highlands Development Authority. Farming began

in 2006 and the pilot project has proven that large-scale fish farming on the Katse Lake is commercially viable and environmentally suitable.

Mr. Stephen Phakisi, a Mosotho businessman, shareholder and Managing Director at the Fish Farm says though the current production is low and does not allow the farm to open a hatchery or a processing plant, he is confident that the pilot project has been a success. He is grateful to have received an extension of a working period so that he can expand the farm and bring lots of benefits to the Kingdom. “The **Katse Fish Farm** is an essential component of the ‘**Three Streams**’ strategy to build the foremost aquaculture group in Southern Africa. Our objective is to build the KFF capacity from its 300 tonnes per annum to 1,200 tonnes over the next three years,” Mr. Phakisi said.

The Board of the LNDC expressed strong interest in pursuing the project and bringing the hatchery and the processing plant to Lesotho. Successful implementation of this project will translate into creation of approximately 300 jobs, transfer of technology and enhanced capacity building for the Katse Dam community.



Pristine waters of the Katse Dam in the Lesotho highlands

Parliament Economic Cluster Committee Views Progress at Tikoe Industrial Estate



LNDC hosted 17 members of the Parliament Economic Cluster Committee to tour Tikoe Industrial Estate and



view progress after a year since the sod turning ceremony in August 2012.

Construction of three 4,000m², two 3000m² and six 2000m² factory shells is already in progress and at different stages of completion. Construction works are expected to be completed in October, 2013 and the overall construction cost is estimated at M182 million.

The factory shells under construction have already been allocated to companies which will manufacture products such as garments, electrical appliances, stationery, electronic components and construction materials. This is a range of new products which will be exported predomi-



nantly to regional markets thereby addressing both product and market diversification. In addition, economic activity within the estate will have a multiplier effect that will spur growth in other local industries such as transport sector, accommodation, cleaning and security services. Furthermore, there will be increased tax revenue, foreign exchange earnings resulting in improved balance of payments.

LNDC Press Seminar

The Management of LNDC hosted the local media through an in-house press seminar which lasted for two days at its headquarters and industrial estates in August this year.



The first day of the seminar comprised an interactive session at which LNDC Heads of Divisions made presentations and answered questions posed by the media.



The second day consisted of selected factory visits in Maputsoe, Ha Nyenye Industrial Estates as well as an overview of the undeveloped Botha-Bothe Industrial Estate at Ha Belo. The selected companies were Jonsson Manufacturing, Circuit Breaker Industries, Fantastic Clothing and Reflex Footwear.



Jonsson Manufacturing manufactures work wear, various uniforms and casual wear, currently for export to USA, EU, RSA and Australia.

In the years following its establishment in 2002, the company has become one of Africa's leading work wear brands with a team of close to 2500



employees at its ten Lesotho factories located at Nyenye Industrial Estate.



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Circuit Breaker Industries manufactures electrical components for export to Australia, Europe, Asia and Africa. The company set up operations in Lesotho in 2004 and employs 800 people at Nyenye Industrial Estate.



Fantastic Clothing is a newly established company manufacturing garments for SACU, Australia and Africa. Initial employment is 205, however more jobs are being created as the company continues to recruit more employees during the month of September.



Reflex Footwear was set up in 2000 and it manufactures footwear for export to RSA and Zimbabwe. The company has created 805 jobs.



Overlooking the soon-to-be developed 121 hectare Botha-Bothe Industrial Estate at Ha Belo



Harnessing Water Resources

“The second phase of the Highlands Water Project is a boundless opportunity for localisation of business and investment”, said Mrs. **'Mamoiloa Raphuthing, LNDC Planning and Research Officer**, while addressing stakeholders in the Water



Sector, at the National Seminar held in the capital Maseru during the Science and Technology Week in September 2013. The week was marked with the theme “Water Contribution and Opportunities for Entrepreneurial Development in Lesotho.”

LNDC continues to encourage entrepreneurs to interrogate and scrutinise thoroughly, all benefits that come with the ambitious project; seek advice and assistance where necessary. Mrs Raphuthing says exploitation of the benefits begins now, at the pre-construction phase of the Polihali Dam Project.

“Entrepreneurs should prepare and compete for opportunities. Basotho will have their fair share and South Africans likewise. However, we have to show capability that we can do it; otherwise the opportunity will pass on to the international market,” said Mrs. Raphuthing.



She added that Basotho can approach the LNDC to inquire about how they could benefit from programmes such as the Partial Credit Guarantee Scheme, Selective Equity Participation, and Financial Support from various financiers as well as Business Support Services. She also reconfirmed that investment in Water Bottling is still a priority project that the Corporation strongly encourages.

Inconclusive list of Opportunities of the Polihali Dam Project

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 <p>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)</p>	<p>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 crushed stone,), Mining (aggregate material, Crusher plant), Electricity generation (Pump storage, Hydro-power generation), Financial services,</p> <p>Small and Medium: Catering, Health services, Food vendors, Mini markets, Shopping centres, Entrainment, Private schools, Legal services, Tourism (bed and breakfast, guest-houses), Health sector (specialised clinics), Health services, Petroleum (supply of fuel), Education sector.</p>	<p>Operations and maintenance, Water treatment works, Ownership of facilities, Tourism activities (Accommodation facilities, Hotels, entertainment, Golf course, Water sport)</p> <p>Small and Medium: Fish farms, Water sport, Tourism, Canoeing, Kayaking, Cruises, Ferries with restaurants, Irrigation, Agricultural activities,</p>

Industrial and Supplier Park to support the Mining Sector

As a step towards development and diversifying investment into mining, the LNDC held a workshop on the development of an Industrial and Supplier Park in support of the mining sector in Lesotho. The workshop took place on the 22nd July 2013 in the capital Maseru.

The mandate of the LNDC whose role is to promote Lesotho as an attractive investment location for both foreign and indigenous investors, includes the promotion and facilitation of development of manufacturing and processing industries, mining and commerce.

The mining sector is one of the primary economic drivers contributing to the economy of Lesotho. LNDC Manager, Domestic Investment, Mr. Semethe Raleche says "The supplier park is meant to benefit the mines by reducing inventory carrying and storage costs; reducing lead times and improving operational efficiencies."

Officially announcing LNDC plans to build a supplier park for the mining industry in Botha-Bothe, LNDC CEO, Mr. Joshua Setipa said, "With the number of mines we have in the country, we should be able to benefit from the services involved. The total procurement of the mining sector today is almost a billion Maloti a year and almost 100% of those services are supplied from South Africa."

The CEO says the facility to be built in Botha-Bothe will be able to accommodate all suppliers, which will also result in more jobs being created for the economy of the district. "But more importantly, for the industry; it will mean that at any point in time, a supplier is less than an hour away from his client. It does not make sense that all the suppliers are in Ficksburg, but they make over M800 million a year from our local mines here in Lesotho," says Mr. Setipa.



Drilling at Lets'eng Diamond Mine

Photo courtesy of Lets'eng Diamonds

The workshop was attended by mining companies operating in Lesotho, relevant government ministries, Lesotho Electricity Company as well as the Water and Sewerage Company.



LNDC Interacts with High School Pupils at a Spring Carnival Career Guidance Fair

Mr. Semethe Raleche, Investment Promotion Manager and Mrs. Mamoiloa Raphuthing, Research Officer at LNDC outlined career and investment/entrepreneurial opportunities to a group of high school pupils who attended the Spring Carnival Career Guidance Fair organised by Molula-Q'hoora Consultancy at Maseru Mall on 27th September, 2013.

Raleche said "This is the right time for you to know the various options available so that you can make informed decisions at tertiary level to prepare for your future".



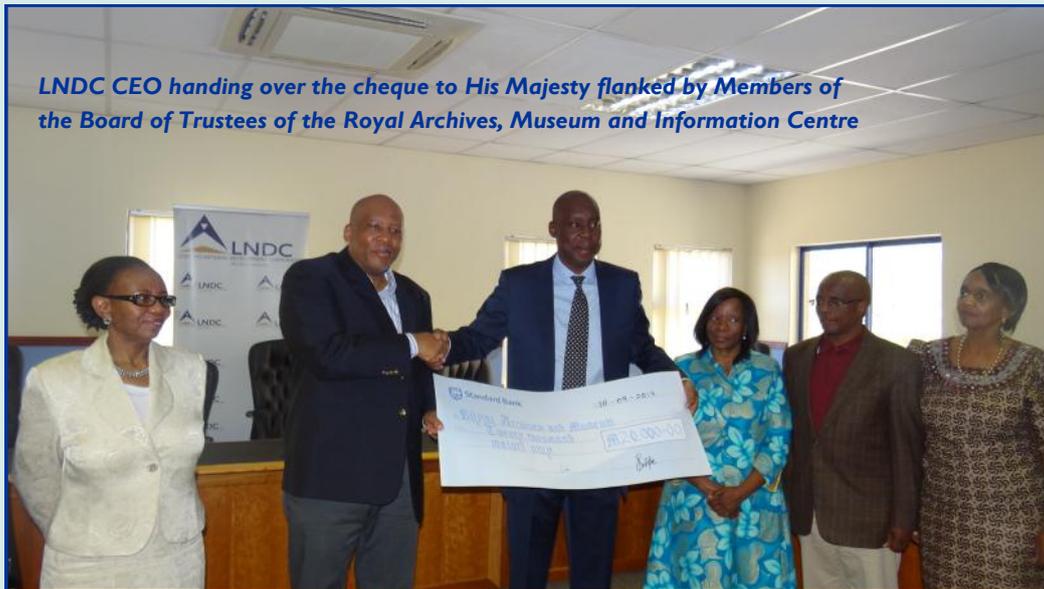
LNDC Boosts the Royal Archives, Museum and Information Centre

In commemoration of the 50th birthday of His Majesty King Letsie III, LNDC presented a cheque for **M20,000.00** to His Majesty at the Royal Palace on Monday, 30th September, 2013 in support of the Royal Archives, Museum and Information Centre, a non-governmental organization which was established in 2008.

Speaking at the ceremony the LNDC CEO, Joshua Setipa said, “Your Majesty it is my pleasure to present this token on behalf of LNDC to mark your 50th birthday and at the same contribute to preservation of our national heritage through the Royal Archives, Museum and Information Centre”.

In response, His Majesty said every contribution was important, however little, because preserving Lesotho’s royal history and culture was a mammoth task which requires dedication and endless resources. “I would, therefore, like to extend my heartfelt gratitude to the Board, Management and Staff of LNDC for

LNDC CEO handing over the cheque to His Majesty flanked by Members of the Board of Trustees of the Royal Archives, Museum and Information Centre



taking part through their generous contribution”, he said. The organisation is administered, on behalf of the Royal Family, by a 10 member Board of Trustees; all of whom are volunteers, experts and professionals in fields related to anthropology, cul-

tural, historical and library studies, archives and museum as well as architecture.

The Centre is located in one of the historical buildings in Matsieng and its overall purpose is to contribute to Lesotho’s sustainable development through the promotion of her rich royal history and culture.

It contributes to a broad range of direct and indirect beneficiaries such as the Royal Family, Basotho in general, learners, researchers, tourists and local communities through the creation of micro enterprises and reception centres.

The donation will be received by His Majesty accompanied

by the Board of Trustees of the Royal Archives, Museum and Information Centre.



Staff Movements

LNDC bid farewell to **Mr. Lebohang Mofammere, Head Property Management** who joined the Corporation on the 14th January, 2002 and left for early retirement on 31st July, 2013. The LNDC CEO, Joshua Setipa and other colleagues wished him well for the future.



During the same quarter, **Mr. Hlalele Mokenela** was engaged as a **Leasing Officer** in the Property Management Division with effect from 2nd September, 2013. His main duties will be monitoring occupancy of tenants, inspection of properties, issuing of sublease agreements to new tenants and responding to general tenant-related issues.



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Four other employees were permanently engaged during this period in the Finance Division with effect from the 16th September, 2013. All officers were previously employed on a temporary basis during a transitional period since expiry of the Real Estate Manager's contract in March 2013.



Khotso Lesapo
Credit Controller



Motebang Ts'ola
Credit Controller



Khahliso 'Meko-Molapo
Cashier



Khopotso Letsie
Credit Controller

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.

We are on the Web!
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