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Left to Right: Mr. T. Holtman, CEO First National Bank; Mr. C.T. Poopa, Head Legal LNDC and Mr. M. Mokoaleli, Acting LNDC CEO signing the Risk Sharing Agreement

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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.

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.

We build industry

LNDC and FNB Roll out a M10 million Partial Credit Guarantee Scheme Risk Sharing Agreement

The Acting Chief Executive Officer of Lesotho National Development Corporation (LNDC), Mr. Motebang Mokoaleli and the Chief Executive Officer of First National Bank (FNB) in Lesotho, Mr. Trevor Holtman, signed a Partial Credit Guarantee Risk Sharing agreement on the 20th of July 2011 at the LNDC offices in Maseru. The signing was a culmination of more than six months of negotiations between the two institutions.

The LNDC Partial Credit Guarantee Scheme was established to provide loan guarantees to local business 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 has been capitalized to the tune of M10 million and covers facilities from M 500,000 to M 5 million.

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

In line with its mandate of supporting private sector development in Lesotho, the LNDC embarked on a study to examine various options



through which it could make positive and effective intervention to foster development of the private sector in Lesotho. Numerous studies which have previously been done in this regard have highlighted access to finance as one of the major inhibiting factors. The studies have shown that this problem persists despite the local banks being highly liquid.

At the signing ceremony, Mr. Mokoaleli said, "The signing of the agreement paves the way for support of the business sector to invest in priority industries that include tourism, manufacturing and agro processing". He said that FNB's positive response to LNDC's request for financial assistance to local businesses demonstrates its commitment to improve Lesotho's economy through sustainable business development. Mokoaleli appealed to other local financial institutions to take a cue from FNB in supporting the growth of entrepreneurship in the country.

The FNB CEO, Mr. Holtman assured the private sector that processing of the applications for financial assistance would take only a few days if the applicants have provided all the necessary requirements. "We appreciate the opportunity that this cooperation with LNDC has presented to enable FNB to contribute to Lesotho's economy", he said. Holtman mentioned that a major challenge faced by banks has always been that of non-repayment by borrowers; however, the risk-sharing agreement would minimize that challenge.

Interested local entrepreneurs are encouraged to submit their business proposals to FNB for evaluation and assistance. Negotiations are on-going with Nedbank and Standard Lesotho Bank to join the Scheme.

Real Estate Development in Partnership with Local Private Sector

LNDC has partnered with Lesotho Steel Products (Pty) Ltd. to develop Golf View Estate, a six unit up-market cluster residential project at New Europa, Maseru for sale to prospective buyers.



In terms of the partnership agreement, LNDC and Lesotho Steel established a development company, Devles Property Investments (Pty) Ltd. which will also serve as a development vehicle for similar future projects.

Funding for the Golf View Estate housing project was secured from Nedbank Lesotho.

The Management of LNDC conducted a guided tour of the completed residential estate for the Corporation's Board members on Wednesday, 27th July, 2011 prior to occupation by the owners of the houses. All six units have been purchased and occupation is expected by the end of October, 2011.



Construction in progress

Local Firm Signs MoU to Set up a US\$100 Million Water Bottling Plant



From left to right: Mr. Kou, Setleketseng Water Bottling; Mr. De Rycker, Your Health Holding and Mr. Mokoaleli, Acting LNDC CEO



Setleketseng Water Bottling, a company owned by Basotho, has signed a Memorandum of Understanding (MOU) with Your Health Holding Ltd, a company incorporated in Valletta, Malta to set up a US\$100 million water bottling plant in Lesotho.

The promoters of Your Health Holding Ltd. were introduced to LNDC by Her Excellency, Mamoruti Tiheli, Lesotho's Ambassador in Belgium. LNDC facilitated the joint venture project to promote positive linkages between



Mr. K.B.T. Kou, Director of Setleketseng Water Bottling and Mr. Raymond De Rycker, Director Your Health Holding Ltd. shaking hands after signing MoU

domestic and foreign investors. The MOU is a step in the right direction for the two parties to collaborate in the development of a water bottling plant that will export water across the globe. A local joint venture company, Your Health-Pristine Planet has already been registered in this regard.

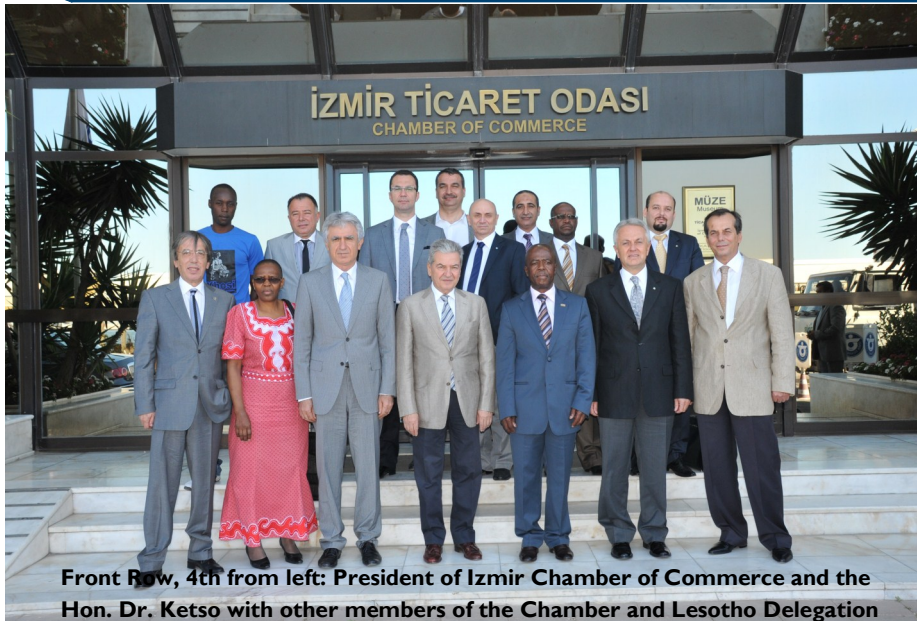
The Acting CEO of LNDC, Motebang Mokoaleli says, "As LNDC, we encourage entrepreneurs to venture into strategic priority sectors which have a huge potential for growth and utilise local raw materials".

During regular site visits over a three-year period, the investors met with some local entrepreneurs to identify companies that had water rights of a high yield spring. Setleketseng Water Bottling proved to have a reliable mineral water resource producing 8 million litres in 24 hours. The mineral water spring is located at Molimo Nthuse.

Construction of the water bottling plant, scheduled to take about 18 months, is expected to start early in 2012 about a kilometre from the location of the spring. The first phase of the project will employ approximately 250–300 and create more than 500 jobs at full production.

During the initial 5-year period, the plant will produce 40 million litres of bottled water per month after which production will be increased. The bottled water will be exported mainly to the European and African markets.

Investment Promotion Mission to Turkey



Front Row, 4th from left: President of Izmir Chamber of Commerce and the Hon. Dr. Ketso with other members of the Chamber and Lesotho Delegation

Key points to note from the visit are that:

- ⇒ The Government of Turkey through its Ministry of Science, Industry and Technology has invited His Majesty or the Rt. Hon. The Prime Minister to Turkey along with relevant Ministers for signature of a cooperation agreement between Lesotho and Turkey. Formal invitations will be sent through appropriate channels.
- ⇒ The Turkish Chamber of Commerce is preparing for a delegation of Turkish business people to visit Lesotho in 2012 as a follow up to the investment forum held in Izmir and to interact directly with the Lesotho business community for investment purposes.
- ⇒ The Izmir private sector has proposed to build a multiracial school in Lesotho that starts from pre-school to college.
- ⇒ Turkey has invited Lesotho to participate in EXPO 2020 which will be held in Izmir. All costs of participation for Lesotho's delegation will be borne by Turkey. In return, Turkey has requested Lesotho's vote towards confirmation of Turkey as a host for the EXPO. Turkey is facilitating

The Honourable Minister of Trade and Industry, Cooperatives and Marketing; Dr. Leketekete Ketso, led Lesotho's delegation to the 80th Izmir International Fair and concurrent Investment Promotion Mission in Izmir, Turkey from the 8th to 18th September, 2011.

The Hon. Dr. Ketso appreciated the invitation by his counterpart, Hon. Nihat Ergun, Minister of Industry, Science and Technology and he tabled Lesotho's areas of interest for cooperation with Turkey including, among others, the following:

- ⇒ Establishment of a trade and investment office in Turkey
- ⇒ High value added textiles
- ⇒ Agriculture and food security
- ⇒ Technological transfer and skills development
- ⇒ Education and training projects

Minister Ketso went to state, "The main purpose of my meeting is to pursue the long-standing proposed cooperation between our two coun-

tries, to entice Turkish businessmen to invest in Lesotho and trigger increased business among our people".

In his response the Hon. Nihat Ergun pledged full support for Lesotho in the proposed areas of cooperation. He expressed concern that Africa has not, for decades, been treated fairly and; as a result, has not received its rightful share in the world's economy. It was noted that finalization of the proposed cooperation between Lesotho and Turkey was crucial to facilitate a framework under which all other issues would fall.



ing Lesotho's membership for the Bureau of International Exhibitions (BIE) so that Lesotho can qualify to vote.

General Performance of the Manufacturing Sector

Generally, despite the fact that there are companies which have orders throughout the year, most companies are affected by the decline in the economy and; as a result, are not doing well in terms of employment and procurement of orders.

In particular, the garment manufacturing sector; the largest in Lesotho, has been hard hit by the on-going global downturn; especially, companies which export to the United States of America. These companies are the most vulnerable and they are consistently in financial distress due to dwindling and erratic orders from their buyers.

While some of these companies have orders which will sustain their operations until the end of the 2011 calendar year, the majority of them are struggling with orders and as a result their employees are adversely affected due to retrenchments and closures.

The situation is made worse by buyers who cancel their orders without prior notice and create uncertainty in respect of continuity of business with affected companies. It is worth noting that com-

panies which supply the South African market are stable and their order books are full.

In value terms Lesotho is still the number one clothing and textiles exporter under the African Growth and Opportunity Act (AGOA) but the volume of its exports to the United States (US) is declining. The **value** of exports from Lesotho to the US from January to July 2011 was USD165.465 million; 14.49% higher than USD144.518 million exported to the US during the same period last year. However, in comparing the two periods, the **volume** of exports from Lesotho had declined by 0.91% making Lesotho the second highest exporter at 37.876 million square meters (msme) after Kenya's 41.205 msme.

The lack of orders has resulted in the loss of Lesotho's one and only television assembly company, Kiota Electronics. The company had to issue termination notices to all its 275 employees in September, 2011— three of these employees had been with the company when it established in Lesotho 23 years ago. All employees have, however been paid all due separation benefits as well as pro-rated bonuses.

LNDC has already identified a new company which will assemble liquid crystal display (LCD) television sets as well as other electronic products such as kettles and irons for the domestic and regional market. The company is relocating to Lesotho and has already registered a company to occupy the factory buildings which were previously allocated to Kiota Electronics at the Thetsane Industrial Estate. Lesotho's central position in relation to South Africa's seaports makes it an ideal location for the company to set up its business and produce international brands such as Conti, JVC, Nu-Tec, Toshiba, Samsung, Sanji, Panasonic and Telefunken. The company has already secured a large order which needs to be exported by the end of 2011 calendar year.

Furthermore, during the last 12 months LNDC has established six new companies creating 871 jobs. These figures will increase at full production. It is also worth noting that five of these companies are producing for the local and South African markets. While these markets are not as large as the US market, they are also not as volatile. Total employment in the manufacturing sector is currently 40,974.

From Sludge to Bricks



Textile sludge from the Lesotho Denim Industry (LDI) comprising the Nien Hsing Group and CGM Group, will soon be put to good use by manufacturing bricks for construction.

Loti Brick and the textile companies are due to sign an MoU whereby bricks will be manufactured from primary sludge produced by the denim factories.

The MFA Forum Lesotho Working Group commissioned the study by WSP Environmental (Pty) Ltd. to assess primary and secondary sludge generated by LDI in terms of alternative use and mono-disposal.

The scope of work entailed:

- Desktop study to identify possible uses for the sludge based on existing industries within Lesotho;
- Collection of primary and secondary sludge from each of the LDI factories;
- Submission of samples for physical and chemical characterization analyses;
- Confirmation of potential uses of the sludge identified during the desktop study;
- Identification of possible hazards based on sludge exposure during manufacturing and use;
- Assessment of the sludge in terms of mono-

disposal;

- Assessment of existing brick product manufactured using the sludge and;
- Recommendation of appropriate uses based on associated hazards.

Ten (10) samples were collected and subjected to physical and chemical property testing. No human and environmental risks were identified with regards to the handling and temporary storage of the sludge during the manufacturing process;

Sixty (60) prototype bricks manufactured by the LDI were tested by the South African Bureau of Standards (SABS) according to their construction and building material standards. Of the four tests undertaken only warpage (uneven finish) was failed. If the bricks are finished more evenly, they will pass the SABS certification as being fit for building;

The chemical characteristics of the manufactured brick were found to present no toxicological risks to humans and the natural environment.

LNDC Rewards Best Performing Graduates

The Lesotho National Development Corporation presented best performance awards to three graduates, Ms. 'Mantsoa Ntseno Molefi, Ms. Alice Khetheng and Mr. Lehlohonolo Mosaase from Limkokwing University of Creative Technology, Lerotholi Polytechnic and the National University of Lesotho respectively on 28th September, 2011. The graduates were rewarded for their excellent academic performance during the 2010/2011 academic year.

All three graduates received lap tops as a token of recognition for their dedication to achieve high scores.



Miss Molefi received an award for best performance in Associate Degree in Information Technology at Limkokwing, Ms. Khetheng for best

performance in the School of the Built Environment at the Lerotholi Polytechnic and; lastly, Mr. Lehlohonolo Mosaase for best performance in Statistics at the National University of Lesotho.

In his remarks, Mr. Thabang Khabo, who was acting on behalf of the Chief Executive Officer said, "The Corporation is targeting tertiary institutions which offer pre-selected fields that are compatible with the operations of LNDC". These fields are in Finance and Accountancy, Built Environment, Economics, Information Technology and Statistics.



He went further to say, "I'm sure the awards will provide an incentive and motivation to other students to perform



three graduates and wish them the best in all their future undertakings".

Mr. Mosaase thanked LNDC on

behalf of all graduates and encouraged other students to work hard and reap the rewards.



Regarding her future plans, Ms. Molefi commented, "My sleepless nights have indeed been rewarded as I am also one of the graduates who have been selected to study further at the Limkokwing University in Malaysia in January 2012. My scholarship will enable me to continue with Honors in Information Technology. I am very grateful for this opportunity".

Alice Khetheng is also keen to further her studies saying, "I intend to go for further education in

Project Management and Quantity Surveying. I can only hope that I will get funding to continue my studies. I

also wish to thank everyone who has played a role in my accomplishments. Even though it has not been an easy journey, the finish line oozes with honour and glory".



Qualifying Categories for LNDC Awards

Economics

Accounting

Information Technology

Built Environment

Statistical Research

"However, the actual selection of best performing students is done by the tertiary institutions themselves according to their own criteria", Mr. Khabo said.

LNDC Contributes Candle Making Equipment to Train Visually Impaired Persons

LNDC has contributed candle making equipment to the tune of M20,000.00 to train visually impaired persons at the Mohloli oa Bophelo Rehabilitation and Training Centre at Ha Tsosane in Maseru.

The donation was a result of consultations with the Lesotho National League of the Vis-

quality of life".

"Instead of buying candles, the Corporation has



Candle moulds, wicks and wax for making candles



Mr. T. Khabo, LNDC and Ms. L. Molibeli, LNLVIP

chosen to empower the beneficiaries with skills to be self-sufficient by manufacturing a product that will provide much needed income for their day-to-day lives".

The candle-making equipment will be distributed to all LNLVIP training centres in the ten districts of Lesotho in order to bring the training benefits closer to all visually impaired Basotho.



ually Impaired Persons (LNLVIP) to find out how some of their needs can be met.

Speaking on behalf of the LNDC Chief Executive Officer, Mr. Thabang Khabo said, "We at LNDC recognize that disability does not mean inability. We, therefore, decided that our newly adopted Vision should also extend to Visually Impaired Persons by providing them with skills to engage in sustainable income generating projects that will improve their

LNDC appeals to other organizations to recognize and empower

people with disabilities in general and provide them with opportunities to contribute to the country's development. This will help them to lead normal, dignified and productive lifestyles in order to reduce their dependence on their families and the society. Visually impaired people are taught daily living skills, orientation, mobility and braille; among others, at the Rehabilitation and Training Centre.



Standing: Mr. Tseliso Leisa, Secretary General LNLVIP thanking LNDC



LNLVIP Choir

On-going Construction Projects

Project Name	Building Size	Location	Value	Status
Re-development of House No. 32	6 units of 428m ²	Maseru CBD	M17 million	Project scheduled for completion in September 2011
Construction of Tikoe Advance Infrastructure	2 km	Tikoe Industrial Estate	M21 million	Project has reached practical completion stage
JEE Clothing Extension	500m ²	Nyenye Industrial Estate	M3.7 million	Almost completed
Construction of Infrastructure and factory shells at Tikoe Industrial Estate	2 km roads, and 30,000m ² factory space	Tikoe Industrial Estate	US\$6 m - BADEA US\$6m - OFID US\$6m - GOL	Design reviews are complete and tendering will commence in October 2011

New Face at LNDC

During the period July to September 2011, LNDC engaged one staff member, Mr. Sekantši Tšehla who joined the Corporation on the 1st

of September as a driver.



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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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!
www.lndc.org.ls

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