



The Board of Directors and Management of Lesotho National Development Corporation with SADC Development Finance Resource Centre Trainers during a Corporate Governance Workshop

Inside this issue:

Corporate Governance Training for LNDC Board and Management	2
LNDC Working Together with the Private Sector	3
Lesotho-South Africa Business Linkages for Sustainable Economic Growth	4
Lesotho-RSA Ministers of Trade & Industry Visit Philips Lighting	7
EXPO 2010 Investment Promotion Mission	8
LNDC Rewards Excellent Academic Performance by Students	9
Group Training for LNDC Management in Construction Contract Law	11
UNIDO LNDC Investor Survey	12
New Faces at LNDC	13

We build industry

Corporate Governance Training Program for LNDC Board and Management

The Board and Management of LNDC attended a customized SADC-Development Finance Resource Centre (DFRC) Corporate Governance Training Program held at Lesotho Sun on the 13th

and Management to appreciate their duties, rights and responsibilities within the context of DFIs in order to contribute more effectively to the good governance and long term viability of LNDC as well as the fulfillment of its mandate.

accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It also ensures that corruption is minimized or eliminated".

The Programs Manager of SADC-DFRC, Dr. Mpuku said the program had been developed with the assistance of the Global Corporate Governance Forum (GCGF) following a training needs analysis to identify skills gaps of SADC national DFIs in order for them to be effective players in national and regional development finance. Corporate governance was identified as one of the areas which required intervention.

LNDC, as a member of the SADC DFI network has previously benefited from capacity building programs organized by the DFRC.



Participants at the Corporate Governance Workshop

and 14th September, 2010.

The training program was part of an induction for the newly appointed LNDC Board aimed at enhancing their skills and knowledge as Board members of a Development Finance Institution (DFI). The attendance of senior management at the same time as the Board sets the stage for a common understanding and creation of harmony in decision making.

In his opening remarks, the Honourable Minister of Trade and Industry, Cooperatives and Marketing impressed upon the Board

"Good corporate governance has eight characteristics. It is participatory, consensus-oriented,



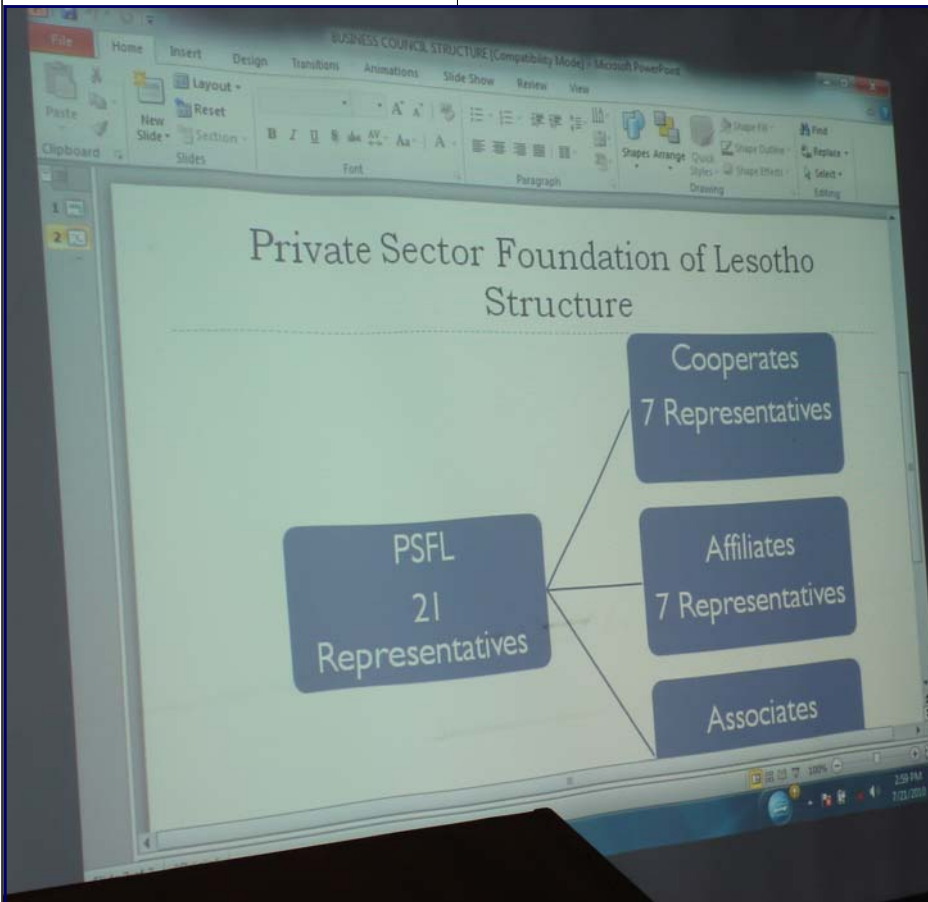
Certificates were awarded to all participants

LNDC Working Together with the Private Sector

LNDC and the Private Sector are forging ahead to position the Lesotho Private Sector to take full advantage of business opportunities either individually or in joint venture partnerships.

PSFL, Lesotho Tourism Development Corporation (LTDC), Lesotho Highlands Water Commission (LHWC) and the Ministry of Trade and Industry, Cooperatives and Marketing (MTICM) was established to:

- ⇒ Unpack investment and business opportunities accruing from the Phase II of the Lesotho Highlands Water Project.
- ⇒ Develop and implement a strategy to ensure that 50% of Phase II budget is fully in the hands of Lesotho companies.
- ⇒ Coordinate the Lesotho private sector participation in Phase II
- ⇒ Identify post project opportunities and position Basotho businesses to invest.



The LNDC Domestic Investment Division shall serve as the Project Unit to execute the country strategy on behalf of the Coordinating Committee.

The Private Sector Foundation of Lesotho (PSFL) Sub-Committee made a presentation to LNDC and Basotho Enterprises Development Corporation (BEDCO) to introduce themselves and explore avenues for future cooperation, in particular, Phase II of the Lesotho Highlands Water Project.

A team comprising LNDC,

- ⇒ Plan for the South African President's state visit to Lesotho in August 2010.



Lesotho-South Africa Business Linkages for Sustainable Economic Growth

The Lesotho-South Africa Business and Investment Forum was successfully held on the 13th August, 2010 at Lesotho Sun in Maseru during the state visit of His Excel-

lency President Jacob Zuma of South Africa.

Both His Excellencies President Jacob Zuma and the

ness people, both South Africans and Basotho.

The program for the Forum included a tour of exhibits showing the various sectors that the Lesotho private sector intended to promote to South African businesses as well as intense presentations on the Lesotho Investment Climate and Investment Op-

portunities by LNDC and Lesotho Tourism Development Corporation (LTDC). The core focus here was to promote some of the key investment opportunities to both Basotho and South African businesses in an effort to forge strategic partnerships. The climax of the forum was the presentations by the Private Sector Foundation of Lesotho (PSFL) and Business Unity South Africa (BUSA) on the topic "Business Link-

ages for Sustainable Economic Growth : Lesotho-South Africa Private Sector Win-Win Initiative". The two institutions challenged each other and engaged in robust discussions on trade and investment challenges experienced in both countries and

on strategies to facilitate establishment of partnerships on key strategic sectors. Financial institutions from both Lesotho and South



Right Honourable Pakalitha Mosisili officially opened the Business Forum which was attended by over 300 busi-

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on strategies to facilitate establishment of partnerships on key strategic sectors. Financial institutions from both Lesotho and South

Africa delivered presentations on financing options.

(Continued on page 5)

(Continued from page 4)

The Forum was jointly hosted by LNDC, PSFL and Business Council of Lesotho, LTDC, Ba-

as the Ministry of Foreign Affairs and International Relations.

The Business Forum was aimed at establishing business-to-business linkages between Lesotho and South Africa private sectors under the auspices of PSFL and BUSA. The business linkages



In the middle: His Excellency, President Zuma and his entourage

sotho Enterprises Development Corporation (BEDCO),



Hon. P. Lebesa, Lesotho Minister of Trade & Industry

the Ministry of Trade and Industry, Cooperatives and Marketing (MTICM) as well



Mr. T. Ramotsoari P.S. Min. of Trade & Industry



Hon. P. Sekatle

Mr. T. Sekhahmane, Govt. Secretary

are expected to mark the



LNDC CEO Mr. M. Mokoaleli

birth of a long awaited win-win business relationship with the South African economy.

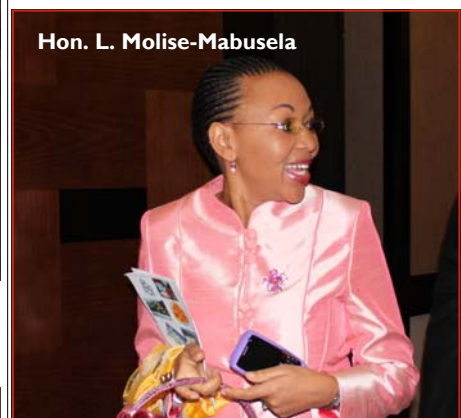


RSA High Commissioner to Lesotho, His Excellency H.H.L. Mahlangu



Hon. T. Chakela

Hon. S. Sekatle



Hon. L. Molise-Mabusela



Mr. M. Shelile, LNDC Domestic Investment Promotion

(Continued on page 6)

(Continued from page 5)

A key opportunity and platform for partnership involving the private sectors of the two countries is Phase II of the Lesotho Highlands Water

Project—the focus of President Zuma's visit to Lesotho. The LNDC Domestic



tunities arising out of Phase II as well as to identify post business opportunities.



Some of the exhibits at the Lesotho-RSA Forum

Investment Promotion



Division is the Project Unit which will assist Lesotho companies to position themselves to take full advantage of the business oppor-

So far three projects from South Africa, two in food processing and one in fishing, are already under discussion as a result of contacts made during the business forum.

Lesotho-RSA Ministers of Trade and Industry Visit Philips Lighting

The Lesotho and South African Ministers of Trade and Industry took the opportunity during the Lesotho-RSA Business Forum on 13th August 2010 to visit one of the flagship LNDC industries, Philips Lighting Maseru.

Philips is one of the environmentally conscious manufacturing plants that LNDC has promoted to invest in the country. The light bulb plant produces energy saving fluorescent lamps for the Southern African market.



Hon. Rob Davies (extreme left) and Hon. Popane Lebesa (extreme right)

It is also a pioneer industry in a 5,000m² factory shell at the new Tikoe Industrial Estate which will soon be populated with other factory buildings to the extent of 30,000m² in early



The project currently employs 350 Basotho.



2011.



EXPO 2010 Investment Promotion Mission

The Honourable Minister of Trade and Industry, Cooperatives and Marketing led a delegation of both the private sector and officials to an investment promotion mission in Shanghai, Hangzhou and Hong Kong on the 23rd to the 26th August 2010. He was accompanied by the Honourable Minister of Tourism, Environment and Culture.

The delegation from Lesotho comprised officials from the Ministry of Trade and Industry, Lesotho National Development

and in Hangzhou, private sector networking sessions, site visits and briefing sessions with the Chinese commerce and industry officials.

The forum in Shanghai was attended by 130 Chinese businesses including Chinese dignitaries such as the Vice-president of the Shanghai Federation of Commerce and Industry. The Chinese business community was made up of a wide variety of business sectors including mining, transport and railway, communications, food processing, infrastructure, im-

Bank of China to discuss financing opportunities for Chinese businesses investing in Africa. Meetings were held with a metals company and the Chint Group of companies which deals with low voltage electrical products, power transmission and distribution industries. Site visits and one-to-one meetings were also conducted.

The Hong Kong Trade Development Council provided information on services that the Council offers under its overseas promotion department. Services of particular interest to the Lesotho delegation were:

Provision of pre-screened business partners with a confirmed interest;

Obtaining full profiles of potential partners recommended by business matching specialists;

Meetings with interested business partners through appointment services.

The mission was a success and presentations were made to over 100 Chinese potential investors. Some of the private sector representatives from Lesotho are reporting successful networking and follow up visits to China to pursue investment leads.

LNDC will develop a follow-up plan to pursue investment leads and solicit site visits from Chinese potential investors.



P.S. Trade & Industry, Mr. T. Ramotsoari

Second Row: Mrs. Ncholu and Mrs. Motsamai, Min. of Trade & Industry

Corporation (LNDC) and Lesotho Tourist Development Corporation (LTDC), Lesotho Embassy in China as well as the Business Council of Lesotho.

The program comprised two investment forums in Shanghai

port/export, tourism, printing works, health and financial services.

In Hangzhou the Lesotho delegation met with the President of the Department of Commerce and Industry and visited EXIM

LNDC REWARDS EXCELLENT PERFORMANCE BY STUDENTS

Miss Kekeletso Motsamai receiving a lap top student award from LNDC Public Relations Manager, Mrs. Lesa Makhoolibe in the presence of the Registrar and other members of the Academic Staff



The Lesotho National Development Corporation Stu-

dent Awards were presented to two students, Ms. Kekeletso Motsamai and Ms.

2009/2010 academic year.

Ms. Motheba 'Matli receiving a lap top from Mr. Thabang Khabo acting on behalf of the Chief Executive Officer



Motheba 'Matli from the Lerotholi Polytechnic and the National University of Lesotho respectively. The students were rewarded for their excellent academic performance during the

Miss Kekeletso Motsamai received a lap top for best performance in the School of the Built Environment at the Lerotholi Polytechnic on the 4th September, 2010. The Director of Studies in the School of the Built Environment, Mr. T. Mokaloba and the Registrar, Mr. M. Ntsala expressed their appreciation to the LNDC on behalf of Lerotholi Polytechnic and Ms. Motsamai for the award.

(Continued on page 10)

(Continued from page 9)

Ms. Motheba 'Matli also excelled in her area of study, BA Economics, having proceeded with distinctions from the first year throughout her four-year degree at the National University of Lesotho.

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

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



Ms. M. 'Matli

Mr. T. Khabo

ria", Mr. Khabo said.

"So far this year, the Corporation has presented awards to two students from Lerotholi Polytechnic and the National University of Lesotho".

The Centre for Accounting Studies will soon be holding its graduations and it will also be included in this corporate social responsibility program that LNDC has embarked on in relation to recognition of excellent academic achievements by students.

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

the best of their capacity thereby improving student pass rates and the spirit of competitiveness which is crucial for survival in the dog-eat-dog outside world.

On behalf of LNDC Management and Staff, I wish to congratulate Ms. Kekeletso Motsamai and Ms. Motheba 'Matli".

Ms. Motsamai, Mr. Ntsala the Registrar and Mrs. Makhoalibe



Group Training for LNDC Management in Construction Contract Law

The Management of LNDC is meeting the challenges presented by the day-to-day functions of their respective divisions by building up capacity and acquiring appropriate skills for effective and efficient decision-making and delivery.

The Acting Chief Executive Officer of LNDC, Mr. Motebang Mokoaleli said, "The Corporation is engaged in a number of infrastructure projects that require vigilant monitoring under tremendous pressure to satisfy the demands of investors who have made commitments to invest in Lesotho and are awaiting factory shells.

In order to work together as a team, group training in Construction Law was identified

as a skills gap that needed to be addressed immediately".

A two-day course in Construction Contract Law was held on the 14th and 15th July, 2010 for the Management team. "A contract affects our daily lives and existence, whether we are a gov-

Construction Contract Law training in progress



ernment institution, local authority, commercial entity or an individual", Mokoaleli said.

In addition to on-going construction projects, the Corporation is due to undertake a massive exercise of populating the Tikoe Industrial

Estate with construction of 30,000m² of factory shells starting in early 2011.

The training enabled attendees to understand and appreciate the basic principles applicable on a contract, various types of contracts, rights and liabilities of parties to a contract, termination of a contract, damages claimable, disputes and the forum to resolve the disputes.

Going forward, LNDC will develop and enhance its existing processes, systems and controls to address issues of construction delays and related matters. It is also planned that the Construction Committee of Board members should also be equipped with knowledge and skills in respect of construction projects in order to enhance their decision making.

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.

UNIDO LNDC Investor Survey

LNDC is collaborating with the United Nations Industrial Development Organization (UNIDO) through the Africa Investment Promotion Agency Network (AfrIPANet) to carry out a study to assess the impact of foreign direct investment (FDI) on domestic investment.

In this regard, six local enumerators have been trained and are currently collecting data from a pre-selected sample of domestic and foreign investors. The collection of data will cover all the ten districts of Lesotho and the work is expected to be concluded by the end of November 2010. Lesotho is one of 22 African countries in which the survey is being conducted.

LNDC is a member of AfrIPANet, a UNIDO program aimed at providing African Investment Promotion Agencies (IPAs) with up-to-date and accurate investor survey information for them to re-adjust investment promotion interventions in areas expected to bring the most impact in terms of linking domestic investment to FDI.

The survey will shed light on the diversity of foreign investors in terms of dynamism, impact on local economies with respect to employment, value addition creation, perception of risks and location factors.

The collected data will be consolidated on a web-based interactive "Investment Monitoring Platform" to which all investment promotion stakeholders will have access. The Monitoring Platform will provide detailed information on foreign investors and domestic enterprises in more than 20 countries in Africa inclusive of Lesotho. It will facilitate cross-country comparisons for companies to be able to obtain information on the operating performance of other enterprises in different countries, based upon which they can compare and re-assess their own investment strategies.

LNDC and other participating institutions will be able to use the findings of the Investor Survey to monitor trends in investment flows, evaluate the effectiveness of interventions and policies on investor behaviour as well as target and support quality investors.

In addition, IPAs will be able to spur regional and institutional twinning among AfrIPANet members in order to develop regional public-private sector dialogue as well as to promote regional initiatives for investment and inter-enterprise co-operation agreements.

The coverage of both domestic and foreign investors provides a basis for mutually beneficial linkages between the two groups. This has been an emerging challenge in Africa and has also been an acute problem in Lesotho.

UNIDO's intervention and its capacity to reach out to a wider community of investors, should provide LNDC with information on the plans of the private sector to deepen their participation in the economy and on their expectations in terms of the kind of support and assistance which they need.

The UNIDO Regional program on Investment Promotion was launched at the fourth AfrIPANet meeting in 2008. It is made up of three components:

⇒ Surveys and establishment of the Investment

(Continued on page 13)

(Continued from page 12)

Monitoring Platform.

- ⇒ *Capacity building of relevant public-private sector institutions at country level to design effective investment promotion strategies on the basis of the empirical evidence from the survey.*
- ⇒ *The third component is a Subcontracting and Partnership Exchange Program (SPX) which seeks to leverage FDI as a vehicle for upgrading domestic enterprises in terms of their capacity to become competitive suppliers and subcontractors. The platform's unique supplier-benchmarking tool will enable local*

suppliers to see where they need to upgrade to meet buyer requirements. The SPX centers set up by UNIDO at the country level, will match domestic suppliers with international buyers. The methodology will apply the tools to assist local enterprises in upgrading their practices and performance and link them up with international buyers.

The program expands the UNIDO surveys of investors in Africa that have been conducted bi-annually since 2001.

About AfrIPANet

AfrIPANet is an organization of African national institutions which have the principal

responsibility for promoting investments. It was launched in 2001 with the basic objective of bringing African Investment Promotion Agencies (IPA's) together on a common platform to learn and share best practice experiences and move towards better co-operation among African countries.

AfrIPANet is a response by UNIDO to the needs expressed by its 38 member IPAs in Africa for technical assistance and other forms of support to help them to confront the challenges of globalization and the intense competition for foreign direct investment.

New Faces at LNDC

The LNDC Investment Services Division has been staffed with two new recruits with effect from August, 2010. The Division is responsible for:

- ⇒ Providing after-care service to LNDC leasehold and equity portfolio of companies;
- ⇒ ensuring maintenance of industrial peace and stability within the LNDC portfolio of companies and
- ⇒ monitoring market sen-

timent for the leasehold portfolio and providing strategic and proactive advice.



Mr. Motebang Mphi joined the Corporation as Projects Officer on the 2nd August, 2010.



Mrs. 'Malira Sekonyela also joined the Corporation as Projects Officer on the 2nd August, 2010.

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

- 52 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 are 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

E-mail: info@lndc.org.ls

