



# ANNUAL REPORT

**2020-21**

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possible vision success

**SECTION 1**

## ABOUT THIS REPORT

As mandated by Section 19 (1) (C) of the LNDC Act 1967 and Section 43 of PFM Act of 2011, the Corporation is obliged to provide a yearly report detailing its affairs. In compliance with these legal obligations, the LNDC presents the Annual Report for the fiscal year April 1, 2020, to March 31, 2021. This report highlights the Corporation's undertakings, accomplishments, and obstacles encountered during this timeframe.

The report is composed of three (3) sections:

- Section 1 - Overview of the Corporation,
- Section 2 - Performance of the Corporation, and
- Section 3 - Financial performance of the Corporation.



## LNDC Act

The Lesotho National Development Corporation (LNDC) is a parastatal body established by the LNDC Act No. 20 of 1967. The Act was amended through the LNDC Act No. 13 of 1990 which became effective in June 1993, and further amended by LNDC (Amendment) Act No. 7 of 2000.

## LNDC Mandate

The essential mandate of the Corporation as stipulated in section 4 subsection 1 of the LNDC Act No. 13 of 1990 reads thus:

*"The purpose of the Corporation is to initiate, promote and facilitate the development of manufacturing and processing industries, mining and commerce in a manner calculated to raise the level of income and employment in Lesotho."*

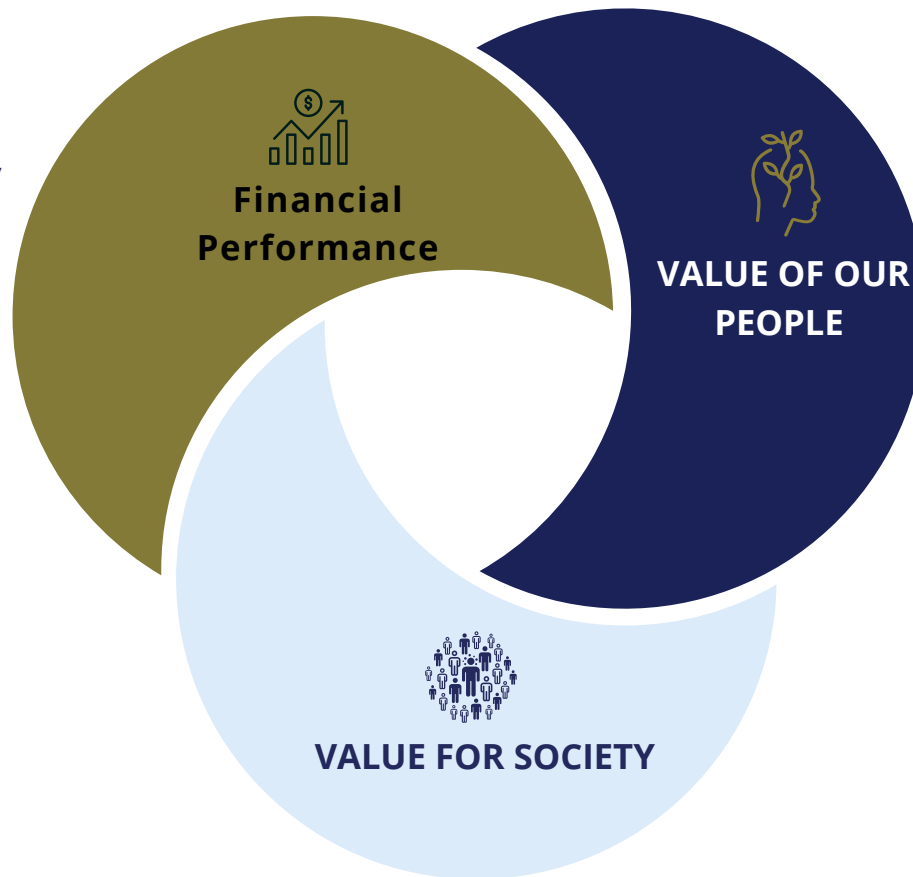
The Corporation's primary duty is to foster national economic progress and development. The LNDC executes this role by endorsing Lesotho as a desirable and favoured location for investment to both international and domestic investors. The LNDC provides an extensive array of services to support investment. These services encompass maintained industrial sites, factory infrastructures, business support, aftercare services, selective financial aid, and where feasible, limited equity investment in projects deemed strategically significant to the economy.

# THE VALUE CREATED

Revenue was M145.8million  
down by **11.5%**

Profit was M42.6million down by  
**35.6%**

Total assets were M2.1billion up  
by **17%**



There were internal job offers for **11 employees** who resumed new positions. Staff members at all levels were trained on job grading system of Paterson.

Employment decline of **6,064 people**  
A total of **45,261 people** were still employed  
**M65.2m** Value of Loans - 75 enterprises supported

# CORPORATE VISION

## OUR VISION

A catalyst for a diversified, global competitive economy, underpinned by manufacturing and high-tech agro-processing industries.

## OUR MISSION

We commit to deliver excellent and speedy services to our clientele as we partner to achieve inclusive and sustainable economic growth.

## CORPORATE GOALS

### GOAL 1

1

**BUILDING CUSTOMER-CENTRIC CULTURE**

### GOAL 2

2

**INSTITUTIONALISE SUSTAINABLE AND IMPACT INVESTING WITHIN THE CORPORATION**

### GOAL 3

3

**DIVERSIFY LESOTHO'S INDUSTRIAL OUTPUT AND MARKET DESTINATIONS**

### GOAL 4

4

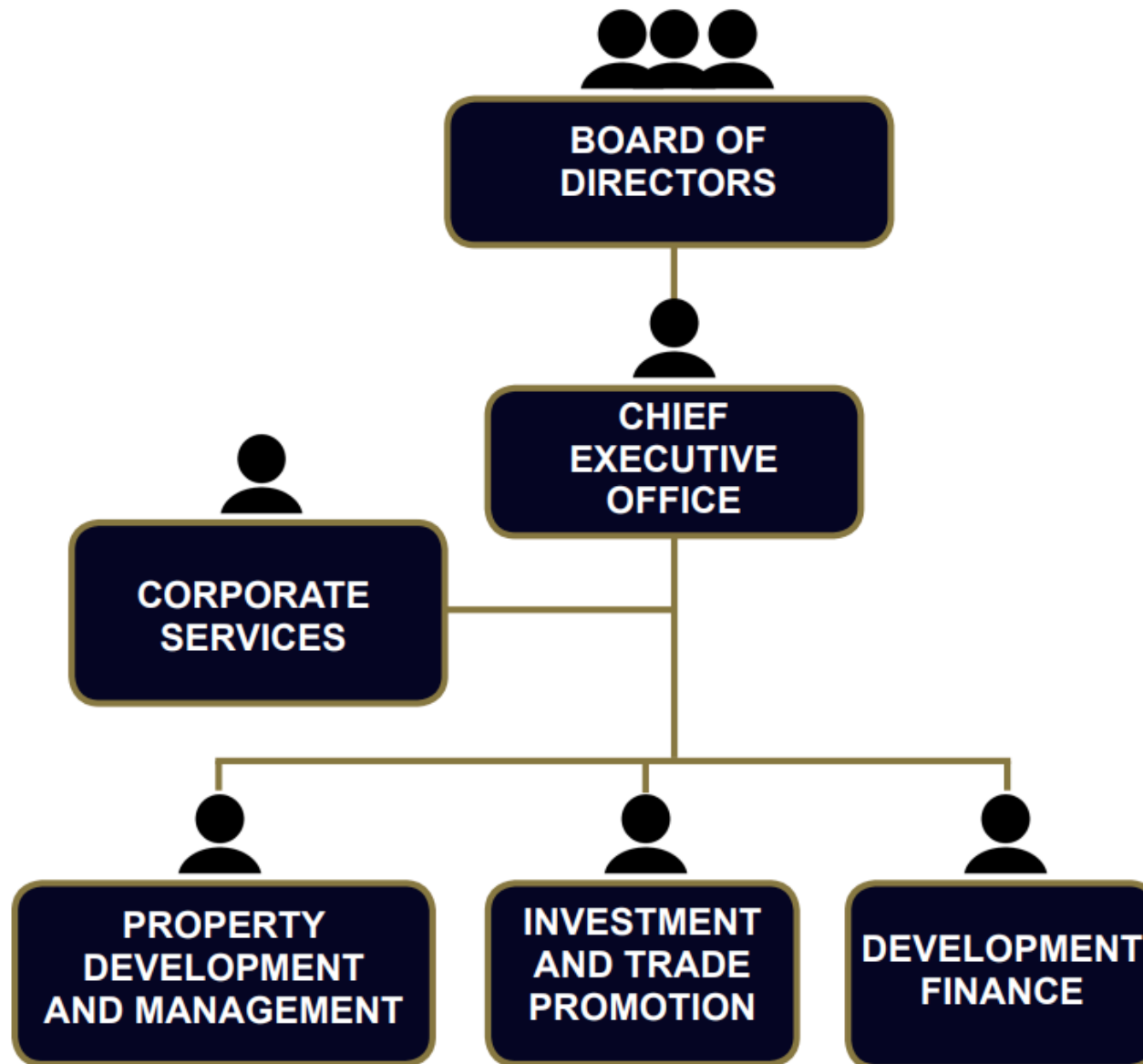
**MOBILISE FUNDING FOR ECONOMIC DIVERSIFICATION**

### GOAL 5

5

**DEVELOP THE RIGHT TALENT TO DRIVE ECONOMIC DIVERSIFICATION**

# ORGANIZATIONAL STRUCTURE



# STATEMENT BY THE CHAIRMAN



## Delivering Results in a Challenging Environment

It is my pleasure, on behalf of the Board of Directors, to present the Annual Report for the financial year 2020/21.

## Financial Performance and Job Creation

The LNDC delivered a commendable performance in 2020/21, generating revenue of M145 million and achieving a profit of M42.6 million. The Corporation's overall financial position strengthened by 17% compared to the previous year.

Staying true to its core mandate of employment creation, the LNDC supported creation of 45,261 jobs within the manufacturing sector. Additionally, nine (9) new companies commenced operations during the year.

## Enhancing Access to Finance

The Partial Credit Guarantee (PCG) scheme continued to be a vital tool for fostering business growth. The LNDC facilitated guarantees for M65.2 million worth of loans, benefiting 75 enterprises. This program unlocks investment opportunities and empowers Basotho businesses.

## Investing in Our People

The Board recognises the importance of a skilled and capable workforce. Initiatives such as job grading training and a skills and competency audit were implemented to assess staff expertise and identify areas for development.

Additionally, eleven new employees were recruited to bolster the workforce and improve operational efficiency.

## Risk Management and Strategic Focus

The Board maintains a vigilant approach to risk management. Continuous loss of revenue was identified as a key strategic risk requiring close monitoring. One contributing factor is the high vacancy rate in LNDC properties, impacting the Corporation's liquidity.

# A Way Forward

“The Board remains committed to providing strong strategic oversight, ensuring the LNDC fulfils its dual role as a commercial entity and a development institution. We are grateful for the unwavering support of the LNDC Management team, the Government, and our development partners. Your contributions have been instrumental in achieving the progress highlighted in this report. This annual report provides a detailed account of our accomplishments in 2020/21. We are determined to build upon this foundation and navigate future challenges to unlock Lesotho's full economic potential.”



.....  
**Mr. Thabo Moleko**  
**Board Chairman**





## Building Back Better: Resilience, Recovery, and Renewal

The 2020/21 financial year presented ongoing challenges due to the lingering effects of COVID-19 restrictions. While we saw some company closures and downsizing, the LNDC remained a steadfast champion for Lesotho's economic recovery.

## Progress on Key Projects

- **Infrastructure Investments:** We're pleased to report significant progress on infrastructure projects in Belo and Tikoe, with completion rates of 94% and 45% respectively, thanks to continued government funding. These projects will create much-needed space for businesses to grow.
- **Fresh Produce Market Takes Root:** The Fresh Produce Market Centre is now operational with an appointed operator, providing a vital platform for Basotho farmers to connect with buyers and markets.

## Empowering Lesotho's Agricultural Sector

Aligned with our strategic plan's focus on agriculture, the LNDC prioritized empowering local producers. We facilitated WRAP and FDA certification for 12 companies, connecting them with potential buyers.

We also championed an increase in the Partial Credit Guarantee (PCG) cover from 50% to 75%, giving businesses greater access to financing for their operations.

## Policy Advocacy and Knowledge Sharing

We remain committed to advocating for policies that support business growth. We facilitated the review of the National Trade Information Portal (LTIP), a valuable resource for businesses navigating Lesotho's regulatory environment and export procedures.

Additionally, with the support of the African Development Bank (AfDB), we commissioned a feasibility study on Agriculture Insurance. This study will inform legislative reforms aimed at bolstering agricultural industrialization.

## A Word of Thanks

The LNDC extends its sincere appreciation to the Board, government, and development partners for their unwavering support. Through collaboration, we are building a more resilient and prosperous future for Lesotho.

This report details these achievements and outlines our ongoing commitment to fostering economic recovery and renewal.



.....  
**Mr. Molise Ramaili**  
**Interim Chief Executive Officer**



## SECTION 2





# OUR STRATEGY

## GOALS AND STRATEGIC OBJECTIVES

### **BUILDING CUSTOMER-CENTRIC CULTURE**

- 1.1 Strategic Objective: Improve accessibility of the Corporation's products/services to investors/business community.
- 1.2 Strategic objective: Improve the speed and quality of decision-making (service delivery)
- 1.3 Strategic Objective: Improve the Corporation's and national image/brand to national and global stakeholders.

### **INSTITUTIONALISE SUSTAINABLE AND IMPACT INVESTING WITHIN THE CORPORATION**

- 2.1 Strategic Objective: Reduce negative environmental impact of LNDC's investments
- 2.2 Strategic Objective: Deepen social impact in LNDC's investments
- 2.3 Strategic Objective: Enhance the Corporation's financial sustainability

### **DIVERSIFY LESOTHO'S INDUSTRIAL OUTPUT AND MARKET DESTINATIONS**

- 3.1 Strategic Objective: Initiate, promote and facilitate major investments into manufacturing and high-tech agro processing industries and related supply chains.
- 3.2 Strategic objective: Expand productive capacities of both domestic and foreign export-oriented firms
- 3.3 Strategic Objective: Strengthen the market access for both domestic and foreign export-oriented firms

### **MOBILISE FUNDING FOR ECONOMIC DIVERSIFICATION**

- 4.1 Strategic Objective: Design and set up special financial facilities/instruments to facilitate economic diversification
- 4.2 Strategic objective: Expand financial assistance to organizations and projects in furtherance of the Vision of the Corporation

### **DEVELOP THE RIGHT TALENT TO DRIVE ECONOMIC DIVERSIFICATION**

- 5.1 Strategic Objective: Develop the managerial and technical talent to facilitate the Corporation's diversification initiatives



**A**

**P**

**R**

**ANNUAL**

**PERFORMANCE**

**REPORT**



# INVESTMENT AND TRADE PROMOTION DIVISION

The Investment and Trade Promotion (ITP) business unit continued to facilitate for implementation of projects initiated within its investment promotion pipeline. These included:

## Notable Milestones Achieved

<b>Maluti Fresh Produce</b>	An operating company appointed Training of Fresh Produce Agents
<b>Agri Insurance</b>	Feasibility study completed
<b>Compendium of Investments</b>	Report on Compendium of Investment and Trade opportunities completed.
<b>Trade Promotion</b>	With Support from USAID-Trade Hu- 12 Companies assisted with certification (WRAP and FDA) & Linked with Buyers
<b>Investment Expansions</b>	<ul style="list-style-type: none"> <li>• <b>11</b> requiring 46,000 sqm factory space advanced towards implementation.</li> <li>• <b>15</b> agriculture investments</li> <li>• <b>3</b> manufacturing prospects at different development stages.</li> </ul>
<b>AGOA Strategy</b>	The strategy completed and rolled out.

## INVESTMENT PERFORMANCE

Covid-19 lockdown restrictions negatively affected orders thus affecting employment negatively

**45,261**  
Jobs

**89**  
companies

**9**  
new companies

**6,064**  
lost Jobs

**6,001**  
textile&clothing  
jobs lost

**5**  
Company Closures

**-16%**  
Apparel Exports to the US Volume

**-15%**  
Apparel Exports to the US Value

**496**  
Workers placed on Short Time



# DEVELOPMENT FINANCE DIVISION

## PARTIAL CREDIT GUARANTEE (PCG)

The Scheme was modified in April 2020 to respond to the COVID-19 pandemic and covers up to 75% of the loan amount. The Government has committed to open a blocked bank account with the Central Bank of Lesotho (CBL) to deposit M350 million to capitalize C-PCG from an initial 50% to 75%. Eligibility has been expanded to include all locally registered businesses irrespective of nationality.

### Aggregated Performance of the Scheme from 2011 to March 2021



**M65.2m**  
Value of Loans



**89**  
Number of Loans



**75**  
Enterprises Supported



**1652**  
Jobs



**28**  
Guarantees

- Trained relevant bank staff on the new C-PCG
- Completed nationwide district road shows sensitize the general public about the new financial instruments

# PROPERTY MANAGEMENT DIVISION

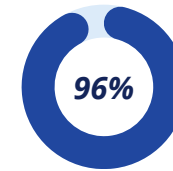
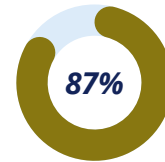
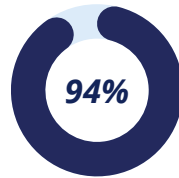
## Major Projects Progress

PHYSICAL

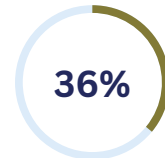
CONTRACTOR  
EXPENDITURE

SUPERVISING CONSULTANT  
EXPENDITURE

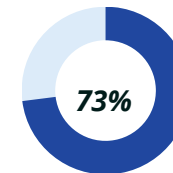
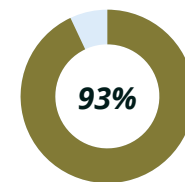
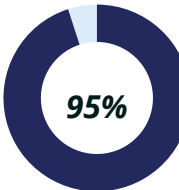
Belo



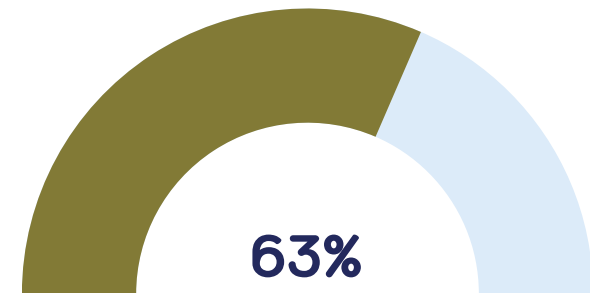
Tikoe Phase 3



Devcourt



## Maintenance Expenditure



# PLANNING, RESEARCH AND INFORMATION MANAGEMENT DIVISION

## The Division Facilitates:

- ✓ Strategic plan development, coordination for implementation of the strategy and corporate performance assessment and reviews
- ✓ Research services that assist the Corporation to make optimal decisions which sustain the Corporation in the long run and create value for the shareholder
- ✓ Management of all LNDC information assets, including the provision of information and communication technology (ICT) infrastructure in terms of hardware and software.

### MONITORING AND EVALUATION

Based on the Corporate Strategic Plan

- Division facilitated quarterly performance monitoring.
- Bi-annual performance reviews.

### RESEARCH

- Quarterly Industry Status Reports
- Benchmarking reports were also generated as a measure of Lesotho's competitiveness in doing business.
- Implementation of the reviewed National Trade Information Portal commenced.
- Agric insurance study
- The study on: "Impact of COVID-19 Lockdown Restriction on the Manufacturing Industry"

### INFORMATION COMMUNICATION AND TECHNOLOGY

Additional firewalls procured and installed. For better Corporate cyber security

# HUMAN RESOURCES AND ADMINISTRATION



## Consultancy

The HR Consultant was engaged to facilitate phase 4 of realignment exercise, Skills and competency audit.



## Trainings

Staff at all levels were trained on job grading system of Paterson.



## Recruitment

There were internal job offers for **11 employees** who resumed new positions

## Employee Engagement Initiatives

The Corporation did not participate in employees' engagement initiatives geared towards maintaining high staff motivation and integration with other sister companies due to national lockdown, and restriction of movements due to covid-19 pandemic.

## PUBLIC RELATIONS (PR)

LNDC through its PR office facilitated the following branding and publicity activities:

### Publicity

- Lesotho Review
- SADC Telephone and online directory
- Best of Lesotho Volume 1
- Lesotho White and Yellow pages

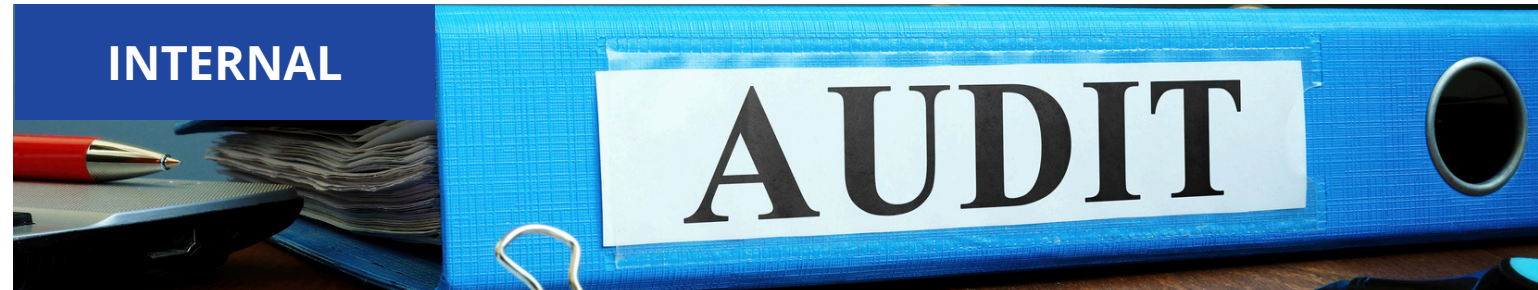
LNDC through PR continues to release press statements on important corporate developments and facilitates for display of branded materials for information sharing and publicity of key corporate achievements.



# INTERNAL AUDIT & RISK MANAGEMENT

## RISK MANAGEMENT

The risk profile of the Corporation is focused on four (4) key strategic areas, namely revenue enhancement, capital projects under development, capacity to deliver on the mandate and the credit risk. Therefore, the summary of risks associated with these key strategic areas has been assessed to include continuous loss of rental revenue, accumulated to M7 million, high property vacancy rate, and escalating challenge to LNDC liquidity.



- Internal Audit completed the Management Letter 2020/21 follow-up Audit.
- Outstanding lease agreements and differences noted between the lease rental schedules and the lease agreements registered progress.
- Non-Confirmation of receivables balances to be corrected by including a clause in the leases that will make this a requirement.
- The DevCourt Refurbishment Audit was finalised in the current reporting period.



# DIRECTORS' REPORT

The directors have pleasure in submitting their report on the financial statements of Lesotho National Development Corporation and its associates for the year ended 31 March 2021.

## 1. REVIEW OF ACTIVITIES

### Main business and operations

The Corporation is engaged in initiating, promoting, and facilitating the development of manufacturing and processing industries, mining, commerce and operating principally in Lesotho.

The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the LNDC Act of 1990 (as amended). The accounting policies have been applied consistently compared to the prior year..

## 2. EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any matter or circumstance arising since the end of the financial year.

## 3. AUTHORISED AND ISSUED SHARE CAPITAL

There were no changes in the authorised or issued share capital of the Corporation during the year under review.

## 5. SECRETARY & CHIEF EXECUTIVE OFFICER

### Acting Chief Executive Officer

Mr Theko Bereng

### The Secretary of the Corporation

Mr. Selebalo Ntepe

## 4. DIRECTORS'

The directors of the Corporation during the year :

Name	Nationality
Mr. Maile Masoebe-Chairperson	Mosotho
Mr. Sello Tsukulu	Mosotho
Ms. Puleng Lekholoane	Mosotho
Mr. Nchakha Makara	Mosotho
Adv Mpaiphele Maqutu	Mosotho
Mr. Sehlabaka Ramafikeng	Mosotho
Mr. Nkareng Letsie	Mosotho
Mr. Thabang Mothibeli	Mosotho
Adv Jafta Thamae	Mosotho
Mrs Mamotake Matekane	Mosotho

## 6. AUDITORS

PKF Chartered Accountants on behalf of Office of the Auditor General

The background features a collage of financial data visualizations. In the upper left, there is a blue bar chart with several bars of varying heights. To its right is a green pie chart divided into several segments. Below these, a line graph with three data series (blue, red, and green) is plotted against an x-axis labeled with numbers 4 through 13. The lines show fluctuating trends. In the lower right, a stack of US coins is shown, with the top coin being a quarter featuring the Statue of Liberty. The text 'SECTION 3' is centered in a dark blue box with a thin yellow border.

## SECTION 3

# STATEMENT OF FINANCIAL POSITION

## Statement of Financial Position as at 31 March 2021

Figures in Loti	Note(s)	2021	2020
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	2	33 366 702	33 486 858
Investment property	3	1 535 254 278	1 294 161 326
Investments in subs	4	204 774 778	213 285 165
Investments in assocs	5	72 469 462	67 118 351
Other Investments	6	36 980 893	30 680 630
Long term receivables		4 800 000	4 800 000
		<b>1 887 646 113</b>	<b>1 643 532 328</b>
<b>Current Assets</b>			
Short term investments		86 136 794	90 724 029
Trade and other receivables	7	130 920 237	56 150 961
Cash and cash equivalents	8	16 578 033	21 996 188
		<b>233 635 064</b>	<b>168 871 178</b>
<b>Total Assets</b>		<b>2 121 281 177</b>	<b>1 812 403 506</b>

# STATEMENT OF FINANCIAL POSITION CON'T

## Equity and Liabilities

### Equity

Share capital	9	128 000 000	128 000 000
Reserves		1 150 567 311	890 549 641
Retained income		498 370 038	454 391 580
		<b>1 776 937 349</b>	<b>1 472 941 221</b>

### Liabilities

#### Non-Current Liabilities

Long term borrowing- Current portion	10	250 031 699	249 821 985
Other current liabilities		1 521 176	2 492 494
Retirement benefit obligation		-	4 927 136
		<b>251 552 875</b>	<b>257 241 615</b>

#### Current Liabilities

Trade and other payables	11	87 290 280	74 579 997
Long term borrowing- Current portion	10	2 160 000	5 000 000
Other current liabilities		3 340 673	2 640 673
		<b>92 790 953</b>	<b>82 220 670</b>

### Total Liabilities

### Total Equity and Liabilities

**344 343 828**      **339 462 285**

**2 121 281 177**      **1 812 403 506**

# STATEMENT OF COMPREHENSIVE INCOME

## Statement of Profit or Loss and Other Comprehensive Income

Figures in Loti	Note(s)	2021	2020
Revenue	12	61 210 600	77 873 265
Other operating income	13	12 475 627	17 611 715
Other operating expenses		(101 455 293)	(118 545 488)
<b>Operating loss</b>		<b>(27 769 066)</b>	<b>(23 060 508)</b>
Investment income	16	72 134 618	90 323 638
Finance costs	17	(1 725 399)	(1 078 553)
<b>Total comprehensive income (loss) for the year</b>		<b>42 640 153</b>	<b>66 184 577</b>

# STATEMENT OF CHANGES IN EQUITY

## Statement of Changes in Equity

Figures in Loti	Share capital	Reserves	Retained income	Total equity
<b>Balance at 01 April 2019</b>	<b>128 000 000</b>	<b>727 358 931</b>	<b>392 084 000</b>	<b>1 247 442 931</b>
<b>Total comprehensive income for the year</b>	-	-	<b>66 184 577</b>	<b>66 184 577</b>
Prior year adjustment	-	-	3 876 997	3 876 997
Grants received	-	156 462 997	-	156 462 997
Revaluation surplus	-	6 727 713	-	6 727 713
<b>Total contributions by and distributions to owners of company recognised directly in equity</b>	-	<b>163 190 710</b>	<b>3 876 997</b>	<b>167 067 707</b>
<b>Balance at 01 April 2020</b>	<b>128 000 000</b>	<b>890 549 641</b>	<b>454 391 582</b>	<b>1 472 941 223</b>
<b>Total comprehensive income for the year</b>	-	-	<b>42 640 153</b>	<b>42 640 153</b>
Grants received	-	257 656 683	-	257 656 683
Prior year adjustment	-	5 698 552	1 338 303	7 036 855
Revaluation surplus	-	(3 337 565)	-	(3 337 565)
<b>Total contributions by and distributions to owners of company recognised directly in equity</b>	-	<b>260 017 670</b>	<b>1 338 303</b>	<b>261 355 973</b>
<b>Balance at 31 March 2021</b>	<b>128 000 000</b>	<b>1 150 567 311</b>	<b>498 370 038</b>	<b>1 776 937 349</b>
Note(s)	9			



# STATEMENT OF CASH FLOW

## Statement of Cash Flows

Figures in Loti	Note(s)	2021	2020
<b>Cash flows from operating activities</b>			
Cash used in operations	18	184 637 050	175 769 189
Interest income		6 835 741	10 717 520
Dividends received (trading)		65 298 877	79 606 118
Finance costs		<u>(1 725 399)</u>	<u>(1 078 553)</u>
<b>Net cash from operating activities</b>		<b><u>255 046 269</u></b>	<b><u>265 014 274</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	(2 283 807)	(3 054 668)
Sale of property, plant and equipment	2	4 500	5 724 210
Purchase of investment property	3	(254 790 955)	(375 554 128)
Movement in short term investment		(763 876)	78 043 261

# STATEMENT OF CASH FLOW CON'T

<b>Net cash from investing activities</b>		<b>(257 834 138)</b>	<b>(294 842 325)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		<u>(2 630 287)</u>	<u>8 151 433</u>
<b>Net cash from financing activities</b>		<b><u>(2 630 287)</u></b>	<b><u>8 151 433</u></b>
<b>Total cash movement for the year</b>		<b>(5 418 155)</b>	<b>(21 676 619)</b>
Cash at the beginning of the year		<u>21 996 188</u>	<u>43 672 807</u>
<b>Total cash at end of the year</b>	<b>8</b>	<b>16 578 033</b>	<b>21 996 188</b>



## CONTACT INFORMATION



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Maseru, Lesotho, 100



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