



INVESTMENT Cases for Lesotho

Investment Forum | Rome, Italy | 15-17 October 2024

Overview of Lesotho and the Agricultural Sector

Demographic and Economic Indicators



Size: 30,355 km²

Government of Lesotho 2024



2,007,031

Bureau of Statistics Census 2016



Lower-middle income

World Bank Lesotho Country Partnership Framework 2023/8



Import-dependent

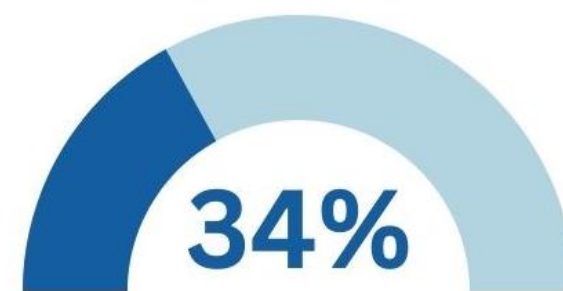
National Strategic Development Plan II, 2019-2023

Agricultural Sector



Population chronic food insecurity

World Bank - Poverty & Equity and Macroeconomics, Trade & Investment Global Practices 2024



Poverty Rate: International Poverty Line. US\$2.15/day/capita



GDP Contribution

CIAT; World Bank. 2018. Climate-Smart Agriculture in Lesotho



Livelihoods supported by agriculture

Bureau of Statistics Census 2016

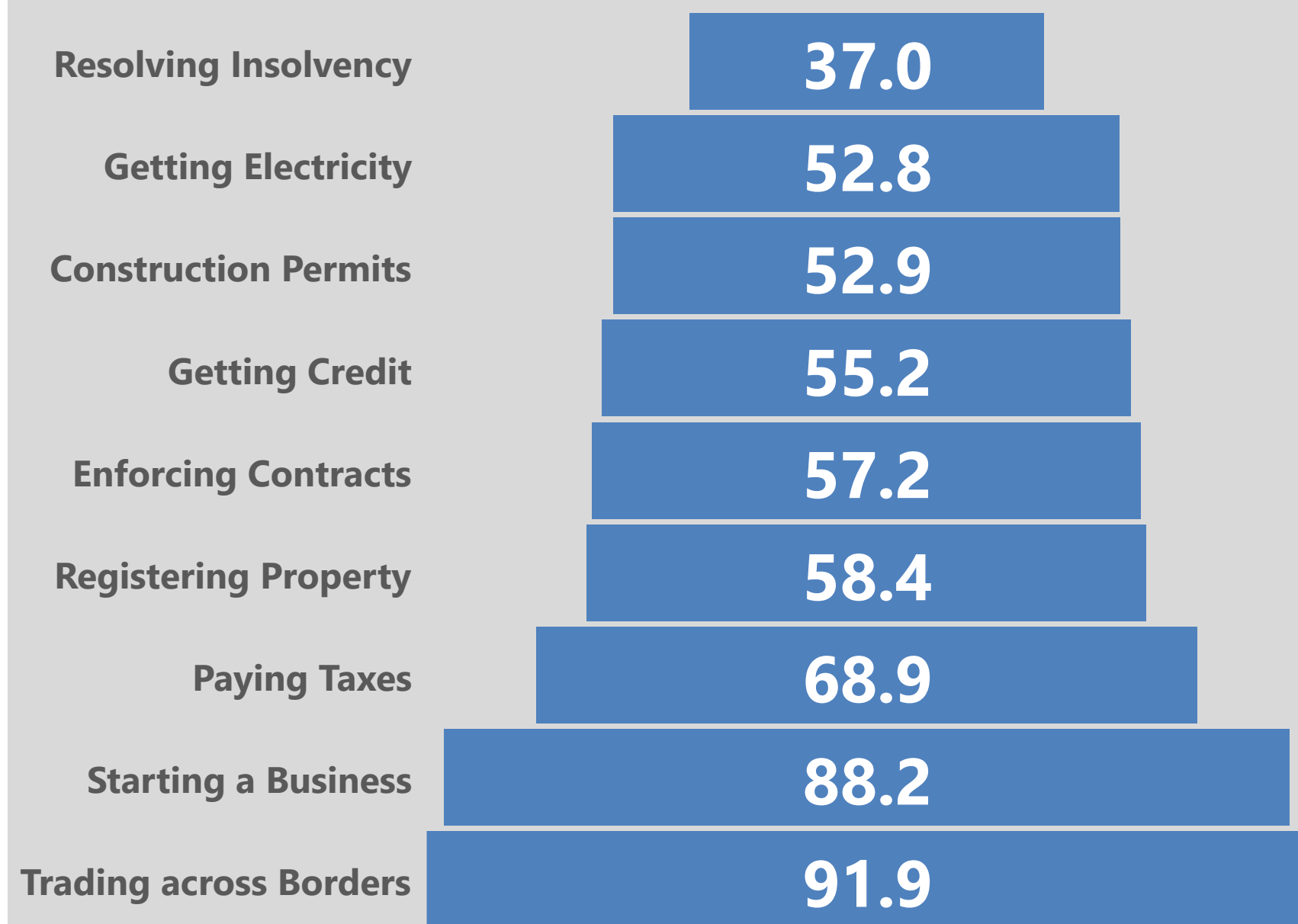


Overview of Lesotho and the Agricultural Sector

SECTOR CHALLENGES / BINDING CONSTRAINTS

- Low-production and productivity
- Soil erosion: 40 tons/ha/year
- Limited science, technology, innovation and research
- Vulnerability to climate change & Market forces
- Low access to credit & Investment for agribusiness

Lesotho ranked 15th in 2020 in Sub Saharan Africa in Ease of Doing Business



Source: Doing Business Legacy, 2020 World Bbank.org

Why Invest in Lesotho's Agricultural Sector?



Clean energy
 Hydropower energy generation, no smog, no acid mine drainage



Temperature
 Cool conditions favour production of trout, salmon, potatoes

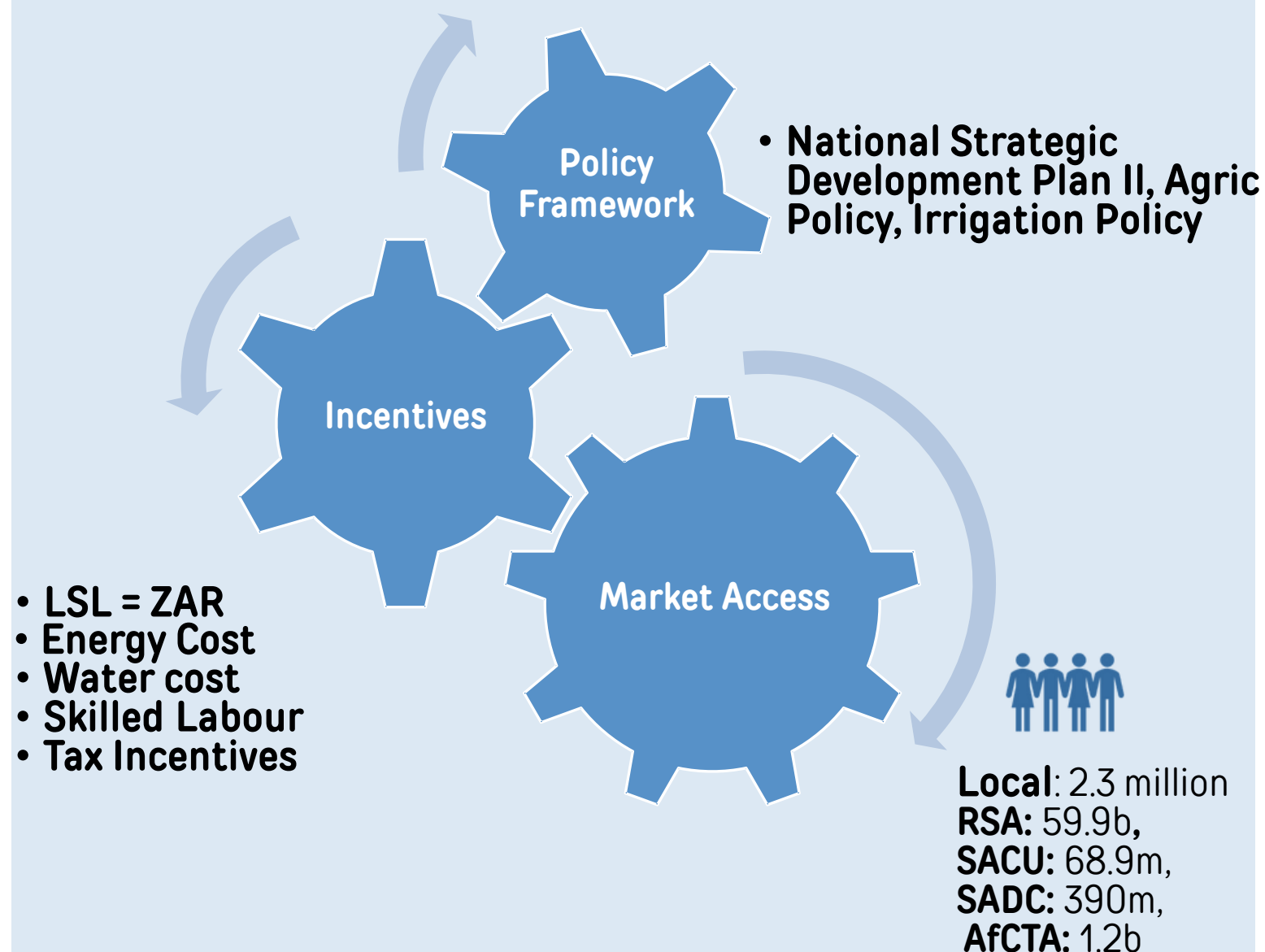
Water
 High quality, abundant, untapped

Natural Endowments

High altitude
 >1000m above sea level elevation



Enabling Business for the Agricultural Sector





Supportive Policy Framework and Services

NSDP II: 2023-2028 National Strategic Development Plan

- ❑ Promote inclusive, **sustainable economic growth** and **private sector-led job creation**.
- ❑ **Agriculture** is a **priority** productive sector alongside manufacturing, tourism and mining.
- ❑ Transform subsistence to **Sustainable Commercial agriculture**.

CNAP: 2022-2028 Comprehensive National Agriculture Policy

- ❑ Develop **value chains in agrifood systems** and enhance agricultural markets.
- ❑ Use **technology and build sustainable infrastructure** for agriculture.
- ❑ Improve access to **finance and risk sharing** in agriculture.
- ❑ Improve **management of natural resources and climate resilience**.

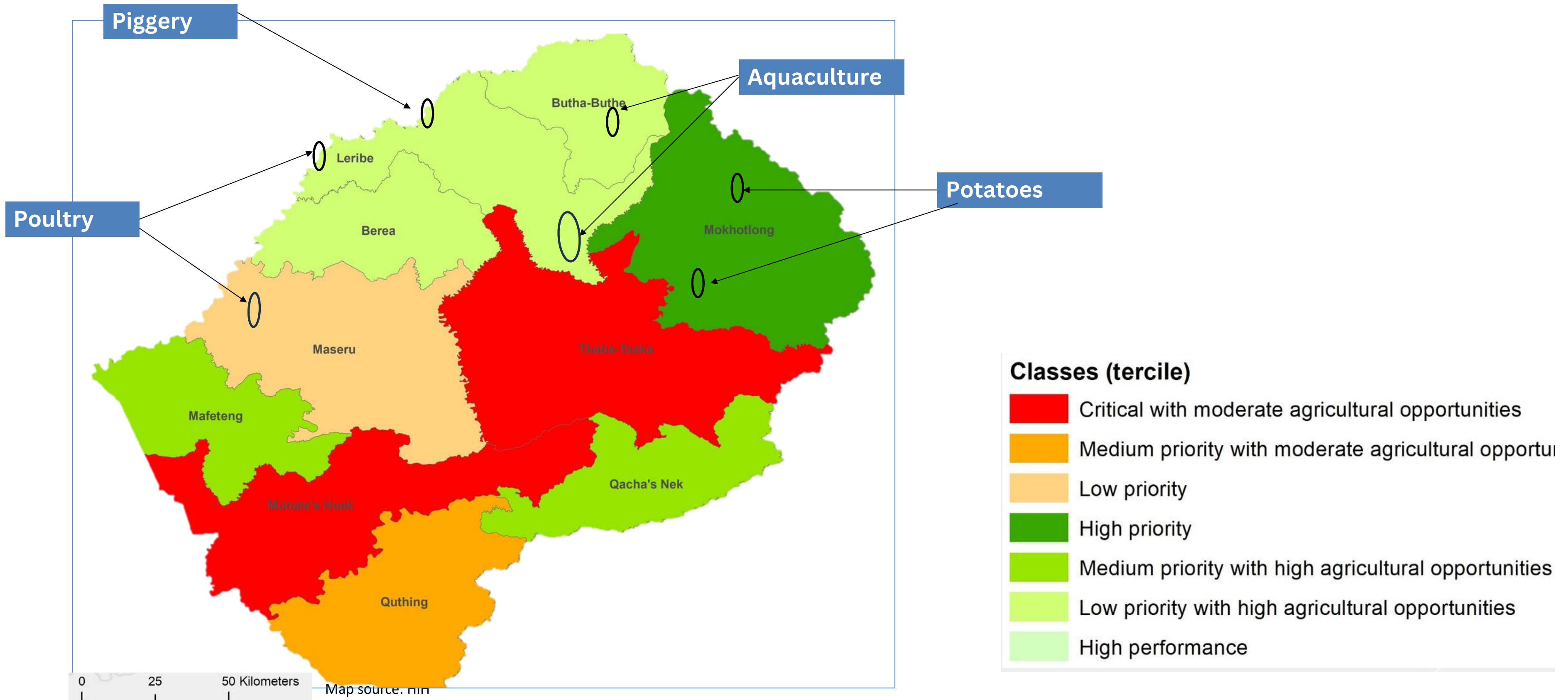
CNAP: 2022-2028 Comprehensive National Agriculture Policy

- ❑ **Increase yields** of major staple crops by a factor of 2.5.
- ❑ **Double** income of smallholder farmers.
- ❑ **Increase agricultural exports** by a factor of 2.5.
- ❑ **Reduce agricultural greenhouse gas emissions** by 25%.
- ❑ **Reduce livestock emissions intensity** by 25%.

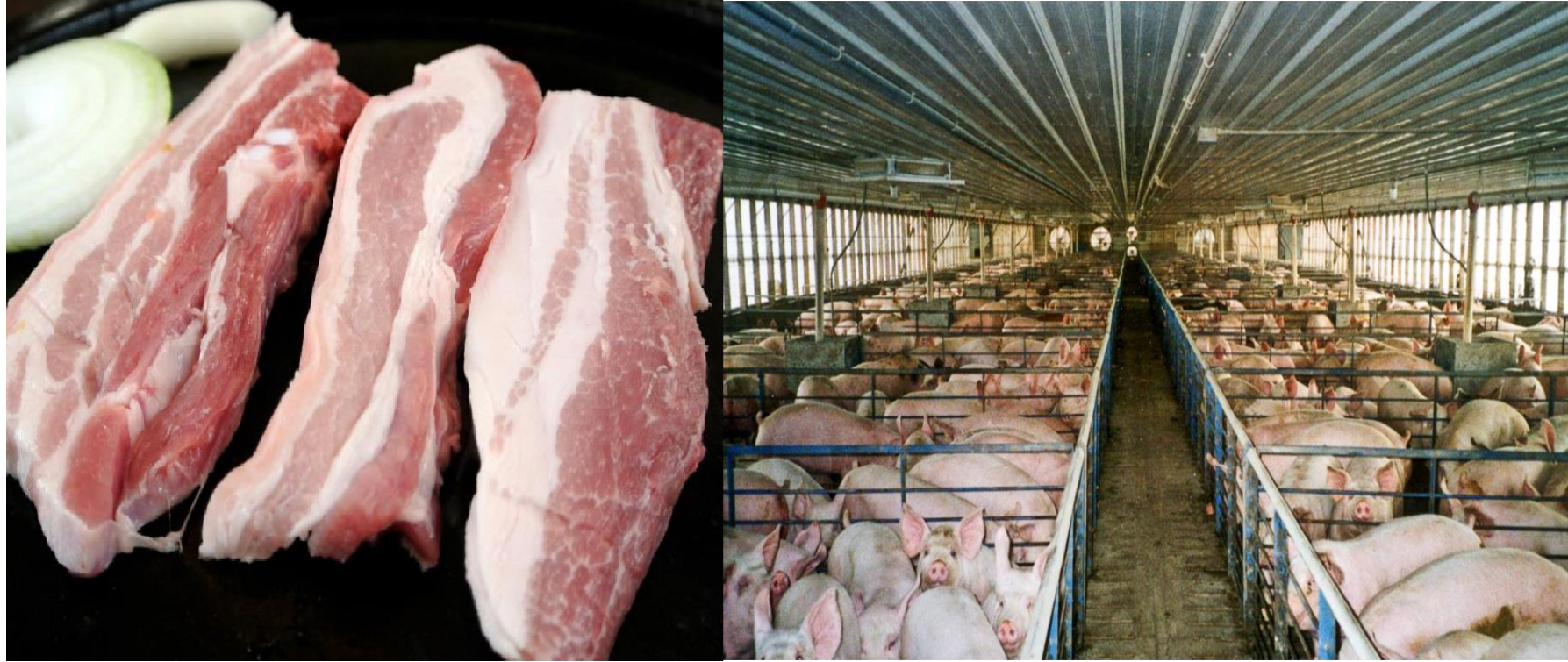
LNDC National Investment Promotion Agency

- ❑ Provides **serviced industrial land and buildings** for manufacturing
- ❑ Avails **serviced industrial and commercial sites** at competitive rentals
- ❑ Facilitates **industrial relations** and aftercare service
- ❑ Provides **development finance**

Lesotho Typologies: Showing Agricultural Potential to Support Data-driven Investment Decisions



Investment Plan 1: Piggery



Demand per annum
14,139 tonnes

Local production per annum
5,998 tonnes

Pork imports per annum
8,141 tonnes

Target production per annum
7,488 tonnes

Shortfall per annum
653 tonnes

Investment Plan 1: Piggery

Products

- Pork carcasses
- Bacon, Polony, sausages

Market potential

- Pork imports – USD 45 million

Key Bottlenecks

1. **High cost of feed** contributes to high cost of pork production.
2. **Sub-optimal pig breeds** among smallholder farmers.
3. **No Certified Abattoirs & Processing Facilities.**

Investment Needed

1. Invest in **feed mill and food storage @ USD2.0 million. (Private Sector – Public Sector).**
2. Invest in bulk purchase feedstuff in the first year @ **USD16.0 million (Private Sector – Public Sector).**
3. Invest in high-quality breeding stock @ **USD 600 000** by pig breeders **(Private Sector – Public Sector).**
4. Establish an abattoir and Processing facility @ **USD8.39 Million (Private Sector – Foreign investor).**
5. Extension services for farmer support @ **USD400 000 (Government of Lesotho).**

Risks and Mitigation

1. **Reliance on costly feed imports.**
Bulk purchase of raw feed and procuring silos & feed mill.
2. **High genetic variability within local pig breeds and low breed performance.**
Improved breeding of high-quality stock to enhance productivity and performance.
3. **Lack of traceability or minimum standards.**
Establish minimum- standards to ensure traceability, food safety and biosecurity.

Investment Plan 1: Piggery



Investment: 27.39mn (USD)



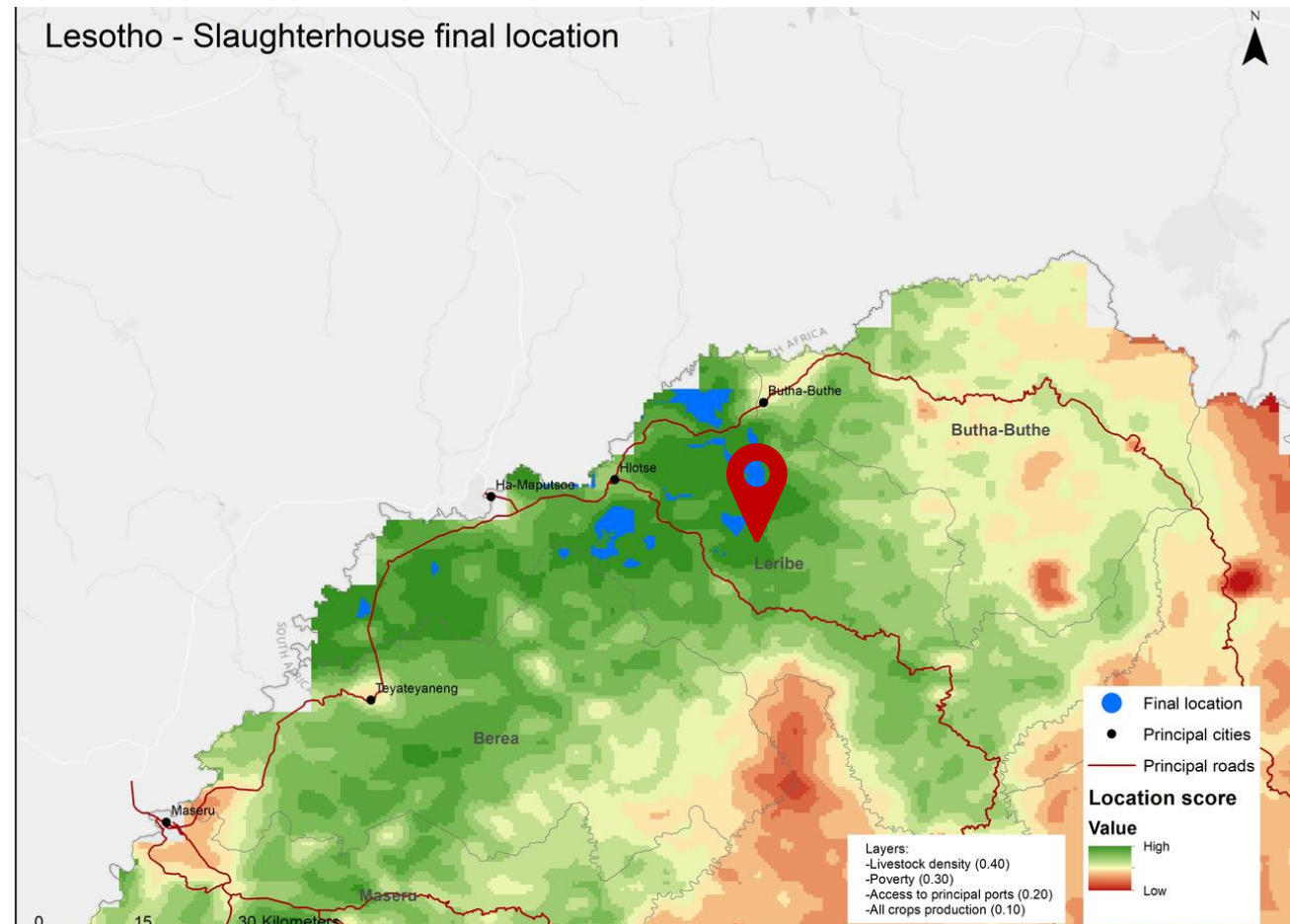
Target District: Leribe



Direct Beneficiaries: 12070



Indirect Beneficiaries: 60350



Map source: HiH

Piggery: Investment and Returns (20 years)

Intervention	Investment	NPV	IRR
Production	27.39 Million USD	6.5 Million USD	25.9%

Social Impact

- Increase in income per capita – **USD 1033.04**
- Employment creation (12070 direct jobs & additional indirect jobs)
- Development of rural livelihood
- Economic development
- Enhancement of food security and nutrition

Environmental Impact

- Enhanced soil fertility
- Reduction in chemical usage

Investment Plan 2: Poultry (Broilers)



Demand per annum
21,902 tonnes

Local production per annum
1,902 tonnes

Poultry imports per annum
20,000 tonnes

Target production per annum
10,568 tonnes

Shortfall per annum
9,431 tonnes

Per capita consumption
10.5kg

Investment Plan 2 : Poultry

Products

- Whole chicken
- Chicken portions
- Polony

Market potential

- Pork imports – USD 45 million

Key Bottlenecks

1. **High cost of feed imported** from the Republic of South Africa.
2. **Lack of parent stock and hatcheries.**
3. **Lack of abattoir and processing facility.**

Investment Needed

- Investment of an Integrated Poultry farming business (USD35m): **Private Sector – Public Sector).**
 - Feed Mill – **USD 4.37**
 - Cost of feed materials – **USD9.4m**
 - Rearing and breeding Houses – **USD2.54m**
 - Hatchery – **USD1.89m**
 - Broiler Houses – **USD7.99**
 - Abattoir and Processing plant – **USD7.45**
 - Supporting Infrastructure – **USD9.46**
 - Water and electricity – **USD0.975m**
 - Road Infrastructure – **USD1.13m**
 - Land – **USD0.370**
 - Vehicles – **USD4.69**
 - Ablution and access control – **USD2.29**

Risks and Mitigation

1. **Market Price volatility ; changes in prices can impact profitability.**
Bulk purchase of feed stuff and other supplements as raw material for local feed processing.
2. **Cost of imported Day Old Chicks may be cheaper than local hatcheries.**
Production efficiency, quality of Day Old Chicks and scale of production must be enhanced to be competitive.
3. **Inadequate quality standards and lack of proper certification.**
Implement standardized quality control measures and promote certification.

Investment Plan 2: Poultry (Broilers)



Investment: 43mn (USD)



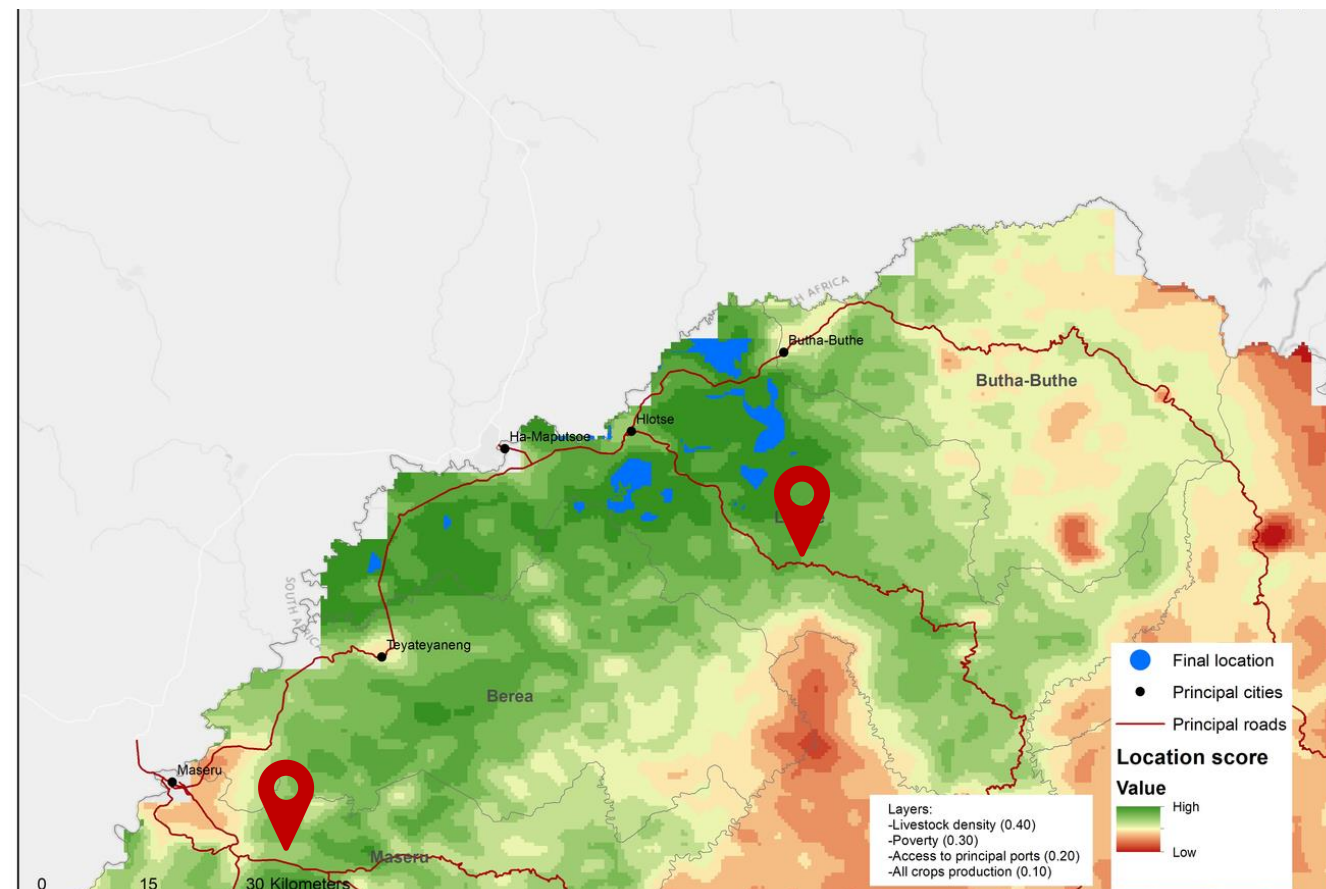
Target Districts: Maseru and Leribe



Direct Beneficiaries: 1200



Indirect Beneficiaries: 12000



Map source: HiH

Poultry: Investment and Returns (15 years)

Intervention	Investment	NPV	IRR
Production	43,095 Million USD	19.70 Million USD	29.9%

Social Impact

- Increase in Income per capita - **USD339.60**
- Employment creation (1200 direct jobs and additional indirect jobs)
- Development of rural livelihood
- Economic development
- Enhancement of food and nutrition security

Environmental Impact

- Manure can be used as fertilizer
- Reduction in chemical usage
- Maintain biodiversity

Investment Plan 3: Aquaculture



Export value

8 tonnes (2001), 1,000 USD

Export value

1501 tonnes (2021), 5,279 USD million

Target production per annum

7500 tonnes (2500 Trout, 5000 Salmon)

World highest annual growth

28.31%

2nd largest producer in SADC

Source: WAPI Factsheet, 2024

Investment Plan 3: Aquaculture

- Products**
- Salmon
 - Highlands Trout

Market potential

- A. Export Market:** SACU, EU, Japan, Middle East
B. Domestic Off takers: Supermarkets, Hotels, Food stores

Key Bottlenecks

- **Frys and fingerlings for Rainbow trout are imported from abroad.**
- **High cost of infrastructure for offshore rearing of fish.**

Investment Needed

- Establishment of **Salmon Farms** at 'Muela Dam, **USD 27 million**. 50% private funding and 50% public co-financing.
- Expand commercial trout operations in Katse and Mohale dams
 - Hatchery - **USD8million**
 - Grow-out system (floating cages)- **USD13 million.**
- Establish critical Infrastructure for processing, distribution and marketing **USD5 million.**

Risks and Mitigation

1. **Salmon is an exotic species and its adaptability to Lesotho not tested.** Feasibility for sustainability for production shall be piloted and tested in 'Muela Dam.
2. **Lack of frys and fingerlings locally for fish farming**
Develop facility for production of frys and build the right infrastructure for grow-out (floating cages) and processing facilities.
3. **Discharged organic waste contaminates the waters and sediments beneath the cages.** Periodic water and sediment sampling and chemical analysis and apply safety measures as appropriate.

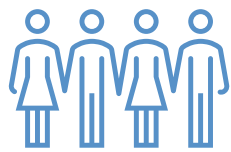
Investment Plan 3: Aquaculture



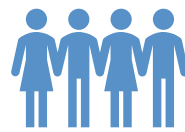
Investment: 53mn (USD)



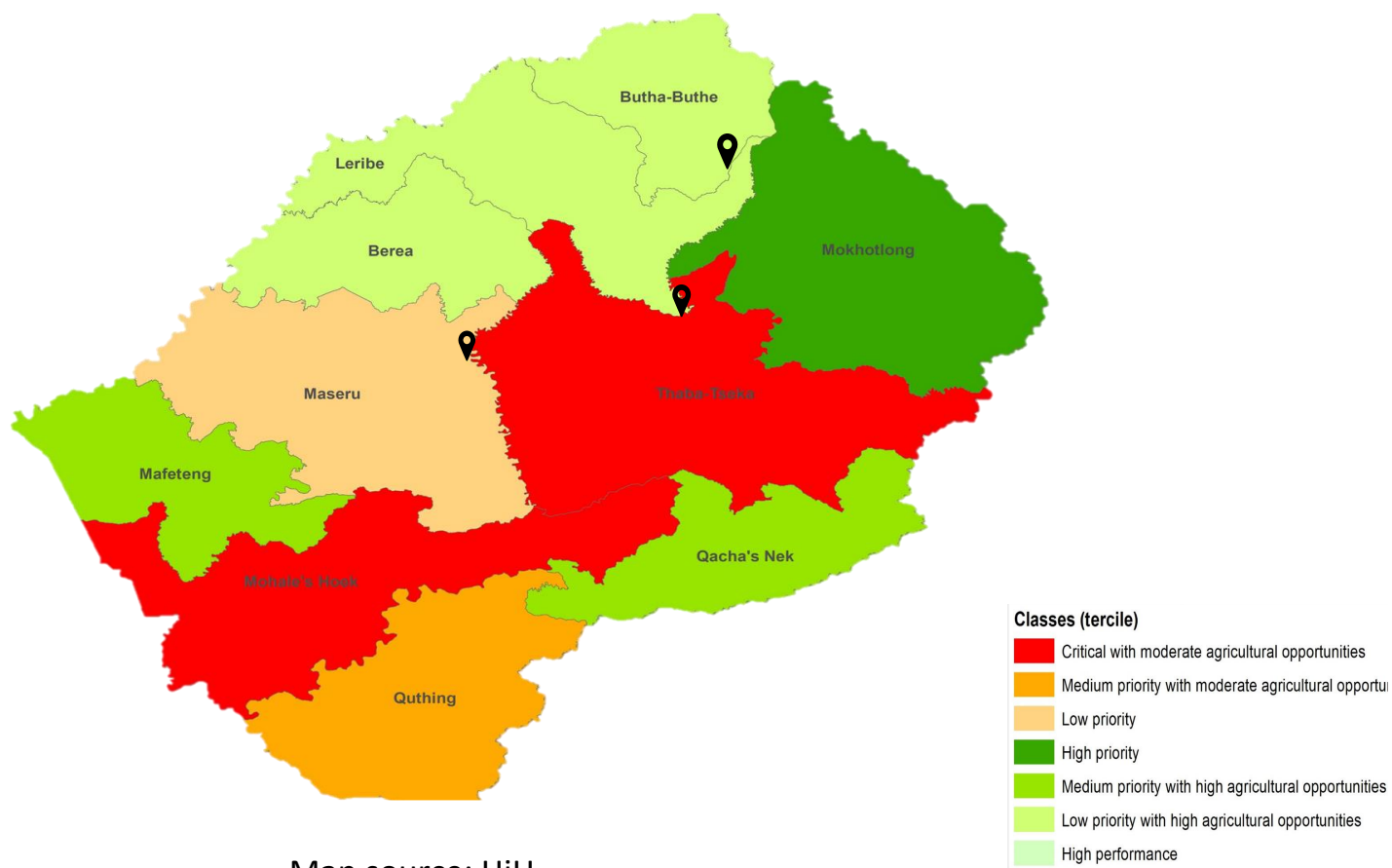
Target Locations: LHWP Dams: Katse, 'Muela



**and Mohale
Direct Beneficiaries: 1100**



Indirect Beneficiaries: 15230



Map source: HiH

Investment for food security and job creation

Intervention	Investment	NPV	IRR
Production	53 Million USD	31.5 Million USD	23.8%

Social Impact

- Increase in Income per capita- **USD549.00**
- Employment creation (1,100 person-days/year)
- Development of rural livelihood with about 99% workers coming from the local area.
- Economic development
- Aquaponic ensures food security and nutrition, hence frees some funds for other exigencies

Environmental Impact

- Responsible water usage
- Biodiversity Enhancement
- Maintain biodiversity

Investment Plan 4: Seed Potato



Demand per annum
29,590 tonnes

Local production per annum
11,250 tonnes

Potato imports per annum
18,340 tonnes

Target production per annum
16,230 tonnes

Shortfall per annum
2,110 tonnes



Investment Plan 4: Seed Potatoes

Products

- Seed potatoes

Market potential

Domestic Off takers

Local farmers in the identified Highlands of Lesotho (Thaba-Putsoa Plateau)

Key Bottlenecks

1. Obsolete tissue culture laboratory, inadequate quality control and limited space /derelict greenhouse facilities.
2. Lack of improved locally selected disease-free potato
3. Lack of post-harvest handling, grading and cold storage technologies and facilities for seeds

Investment Needed

Private Sector – fiscal enablers

1. Upgrade tissue culture laboratory and greenhouse propagation facilities for production of disease – free mini tubers –**USD4.9 million.**
2. Screening and commercial multiplication of disease-free and locally adapted potato varieties. Production inputs, machinery and equipment – **USD4.6 million.**
3. Invest in post-harvest technologies and infrastructure: handling, grading and cold storage – **USD2.6 million.**

Risks and Mitigation

1. **Reliance on imported seed and Disease outbreaks**

Upgrade tissue culture laboratory and greenhouse facilities for production of locally suitable and disease varieties.

2. **Small fragmented production units and increased vulnerability to recurrent drought.**

Consolidation of production units, security of long-term lease and development of irrigation infrastructure.

3. **Financial losses and or potato seed physical damage during storage ascribed to power outage or disruptions.**

Installation of power backup units and continuous monitoring and inspection of seed during storage..

Investment Plan 4: Seed Potato



Investment: 13.9mn (USD)



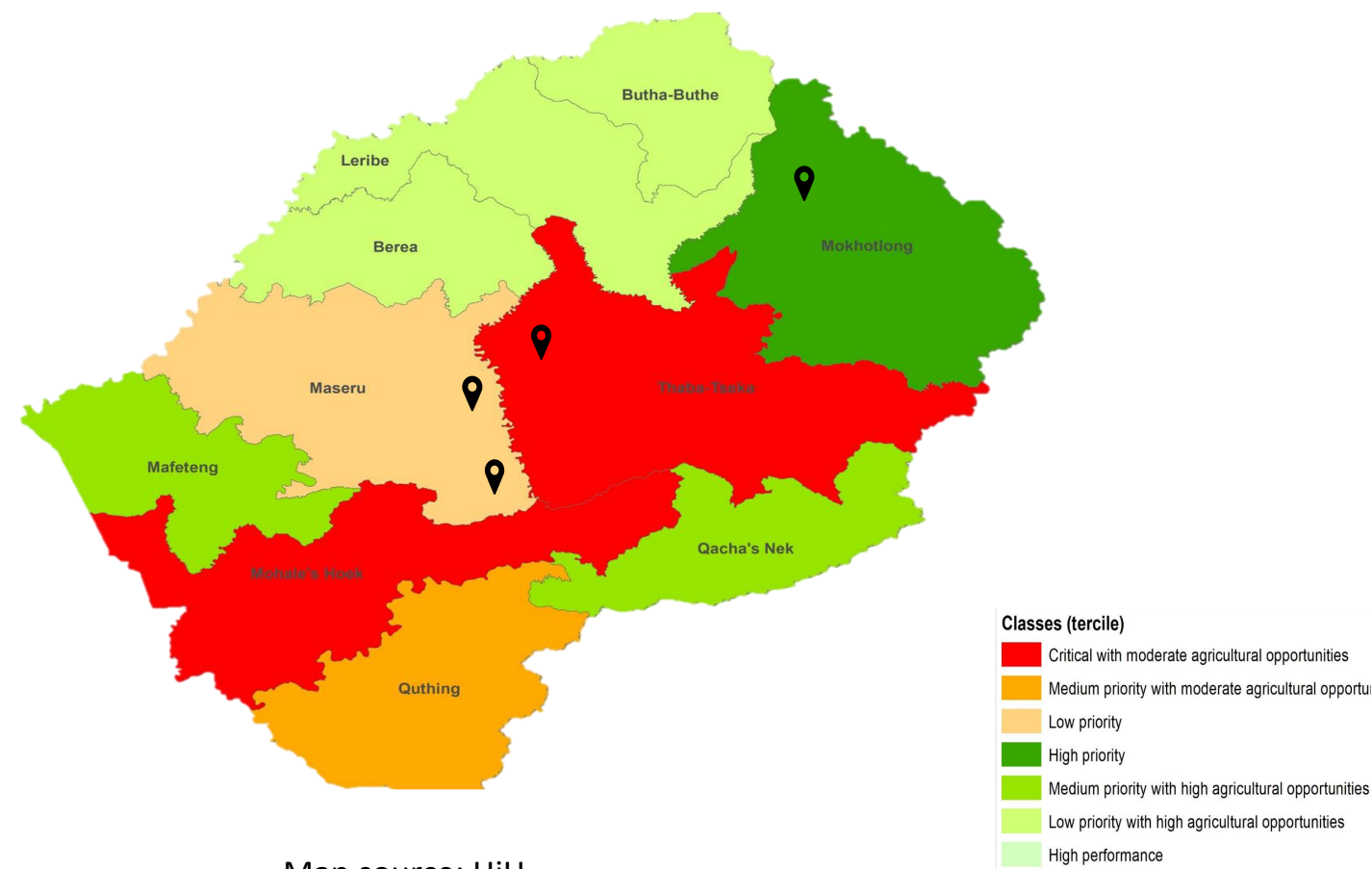
Target Locations: Semonkong, Thaba-Putsoa, Mapholaneng and Mants'onyane



Direct Beneficiaries: 2250



Indirect Beneficiaries: 20350



Map source: HiH

Seed Potato: Investment and Returns (15 years)

Intervention	Investment	NPV	IRR
Production	13.9 million USD	6.9 Million USD	24%

Social Impact

- Increase in income per capita- **USD340.00**
- Employment creation (2,250 person-days/year)
- Develop rural livelihood with about 99% local workers.
- NUL partner with tissue culture facilities.
- Improve trade balance as seed and ware potato import volumes decline.

Environmental Impact

- Positive impact on economy; more people engaged in productive activities; less harm on the environment.
- Maintain biodiversity

Summary of Investment Plans

Total Investment US\$ 137.90 M	25.9% Overall Average IRR	64.6 Total NPV	16,620 Direct Beneficiaries	107,930 Indirect Beneficiaries	US\$565.41 average Income increase per capita	295 500 tCO2-eq Carbon balance over 20 years
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Piggery

Cost (USD)

27.39 M

IRR (%) 25.9%

NPV

6.5 M USD

Govt co-financing

3.9 M USD

Income Increase/capita

USD 1033.04

Sustainability Benefits

Direct Beneficiaries: 12,070
Indirect Beneficiaries: 60,350
Carbon Balance: 112,498 tCO2-eq

Poultry

Cost (USD)

43,095 M

IRR (%) 29.9%

NPV

19.70 M USD

Govt co-financing

1.13 M USD

Income Increase/capita

USD 339.60

Sustainability Benefits

Direct Beneficiaries: 1,200
Indirect Beneficiaries: 12,000
Carbon Balance: 64,097 tCO2-eq

Aquaculture

Cost (USD)

53.0 M USD

IRR (%) 23.8%

NPV

31.5 M

Govt co-financing

13.5 M USD

Income Increase/capita

USD 549

Sustainability Benefits

Direct Beneficiaries: 1,100
Indirect Beneficiaries: 15,230
Carbon Balance: 126,900 tCO2-eq

Potato

Cost (USD)

13.9 M

IRR (%) 24%

NPV

6.9 M USD

Income Increase/capita

USD 340

Sustainability Benefits

Direct Beneficiaries: 2,250
Indirect Beneficiaries: 20,350
Carbon Balance: -7,995 tCO2-eq

INVESTMENT

Cases for Lesotho

