

Invitation for interested foreign and local entities and individuals to invest in the Market Driven Irrigated Horticulture Project (MDIH) under the Lesotho Health and Horticulture Compact

Maseru, Lesotho

September, 2023

Summary

MCA Lesotho II is pleased to announce an exciting opportunity to invest in one of four purpose-built horticultural (vegetables and fruit) irrigation schemes in the Kingdom of Lesotho. Sponsored and supported by the governments of Lesotho and the United States, the irrigation schemes will offer investors secure and long-term tenure on fertile land, complete with irrigation infrastructure up to the investor's land (designed to meet investor requirements), along with the necessary water storage and pumping facilities. In addition, there will be up to USD100,000 grants for on-farm planting materials (e.g. fruit trees) and/or infrastructure for selected investors.

The irrigation schemes will offer highly competitive rates for land, water, and power, and are sited in a country with a skillful and cost-competitive English-speaking labor force. Investors will enjoy regionally competitive fiscal incentives, have access to a One-Stop Business Facilitation Centre (OBFC), and will have preferential access not only to the local and southern African markets, but also to Europe, the Far East, and the Americas. Finally, the governments of Lesotho and the United States have committed to ongoing agricultural development initiatives that will improve the quality and value of agricultural value chains in Lesotho, with a special emphasis on empowering small-scale enterprises to be reliable suppliers of product, inputs, and integrated cold chain (ICC) services for investors at the horticultural irrigation schemes and for the economy as a whole.

Interested investors are requested to submit a Letter of Intent that includes documentation of the investor's i) financial strength, ii) technical/managerial ability to produce, aggregate, and transport produce, and iii) ability to access local and/or international markets. Preference will be given to investors that plan to integrate their production with local farmers on the scheme, and who will provide technology transfer as appropriate to these farmers. An investor might be one that satisfies these three requirements, or be a group of investors with different specialties, but which together as a group meet the three requirements.

Investors whose replies to this Call for Investors are shortlisted will be invited to enter into discussions about materializing investments.

We encourage investors of all sizes to submit expressions of interest in the schemes, as in each scheme there is room for multiple investors to access land for horticultural production.

ANNEX 1 contains the necessary forms to submit a Letter of Intent, and the submission procedure.

ANNEX 2 contains detailed information on the investment opportunity, and the various activities of the governments of Lesotho and the United States to support agricultural development.

ANNEX 3 contains the projected timeline for developing the horticultural irrigation schemes.

The Investment Opportunity

In May 2022, the U.S. Federal Government's Agency, the Millennium Challenge Corporation (MCC) signed a USD 300 million grant agreement with the Government of Lesotho (GoL). The agreement, known as the Compact, seeks to improve economic growth through three projects: the Lesotho Health Strengthening System (HSS), the Business Environment and Technical Assistance (BETA), and the Market Driven Irrigated Horticulture (MDIH). The latter project, MDIH, will develop the irrigation schemes, and also focuses on promoting market driven commercial horticulture production, large-scale irrigation, refrigeration, and logistics infrastructure, training for small holder commercial farmers, sustainable land management, and access to local and international markets for horticulture products. All three projects will be managed by the Millennium Challenge Account - Lesotho II (MCA Lesotho II) through early 2029.

Four (4) MDIH horticultural irrigation schemes will be developed in Lesotho. The selected sites are in prime agro-climatic areas, where investors will have a comparative advantage for commercial horticultural production in the Southern African region. Three (3) of them are in the northwestern district of Leribe; Likhakeng (100 ha), Manka (600 ha), and Tsoili Tsoili (760 ha). The fourth site will be in the southern district of Mohale's Hoek; Phamong (120 ha). See Annex 2 for more details on the irrigation schemes sites and programs supporting them.

The Project will fund key infrastructure on the horticultural irrigation schemes including administrative buildings and major irrigation infrastructure for water delivery to the investor's farm, as well as pump stations, water storage facilities and water distribution systems. The Project will supervise and fund the development of the local infrastructure (electricity, access roads, post-harvest infrastructure, and cold chain management (CCM) facilities), the securing of land tenure, and technical assistance to local small holder farmers and service providers to meet market requirements, and promote opportunity for participation of women smallholders in commercial horticulture. The project will also support governance and management structures for the irrigation schemes and support the GoL to promote a robust and inclusive investment climate.

The Project is also working with the GoL towards addressing issues of long-term tenure of agricultural land by outside investors. First, comprehensive consultations have been held with smallholder farmers on the irrigation schemes and in the surrounding communities since 2019, and there is great deal of interest and anticipation in the scheme's development, including the paramount role of investors. Second, the necessary legal and regulatory structures are being put into place to ensure that existing smallholders on the scheme land have secure tenure that will enable them to freely sub-lease to investors. Third, regulatory reforms are being led to strengthen the current water permitting system and to provide for self-governing water user associations¹ (WUAs) that will ensure investors have secure access to specified water requirements throughout their leasehold period. Finally, there are ongoing programs to ensure that the local community understands that they have a substantial, vested interest in the investor's long-term tenure and commercial success.

¹ These water user associations will be managed by their members as legal entities responsible for the management, operation, and maintenance of irrigation schemes.

Investor Requirements

Potential investors must meet some basic requirements:

- **First**, the investor should demonstrate access to sufficient financial resources, or the potential to attract financial resources to be a credible investor.
- **Second**, the investor needs to demonstrate that it has the technical and managerial ability to produce, aggregate and transport horticultural produce in a quality and value driven (market) manner to respond to market demands.
- **Third**, the investor must have a well-defined market for their production.

Government of Lesotho plans for Agricultural Development and Support for Investors

The MDIH irrigation schemes are developed in the context of Lesotho's second National Strategic Development Plan 2019-2028 (NSDP II), which identifies agriculture as a catalyst for economic growth. In recognition of the significant potential of the horticulture value chain as a driver of economic growth, the GoL with assistance from international partners is taking active measures to scale-up the production, processing, and marketing of horticulture products and services. These measures include:

- Coordinating regional research on commercial aspects of horticulture crops;
- Developing an accreditation program for Global Good Agricultural Practices (GlobalGAP), HACCP, ISO, and other globally recognized standards and building certified domestic testing and quality management infrastructure;
- Fine-tuning the coordinated and convenient business processes and permitting under one roof through the One-Stop Business Facilitation Centre (OBFC);
- Supporting investment and business development for local value chain actors interested in the horticulture markets sector;
- Providing equity, credit guarantees and business development services for processing and marketing infrastructure, through the Lesotho National Development Corporation (LNDC) in Lesotho.

In addition, the GoL has made great strides in attracting investment to the country through several financial instruments covering credit guarantees, equity, rental agreements, and co-investing. Most importantly, the GoL has designed a regionally competitive tax-incentives regime and has brokered preferential market access in the Southern African region, Europe, the Americas, the Far East, and the Pacific, through various cooperative agreements. Furthermore, Lesotho has a competitive wage rate with a well-educated, able-bodied workforce that can communicate in English, and the country is a burgeoning democracy that has demonstrated a commitment to principles of a free market-oriented economy.

Development Objectives of the Irrigation Schemes

The GoL is aware that successful commercialization of horticulture in Lesotho requires attracting established commercial investors with the adequate skills, experience and capital to effect this transformation.

With the aim of achieving the goals of job creation, local empowerment, and inclusive economic growth that includes the rural communities, the GoL wants to especially encourage investors that are interested in developing out-grower or contract farming systems for at least

part of their planned production, especially those that include the participation of women and youth.

In addition to what the MDIH project will do directly for smallholders, investors will be encouraged, supported, and incentivized by the project to provide the following support:

- i. Technical support in good agricultural practices for smallholder farmers on the irrigation schemes, including input supply and modern technology to improve yields, timing, and quality to ensure that production meets market standards.
- ii. Technical support, and capacity building to local logistics and other service providers to ensure that adequate post-harvest quality, and cold-chain management are available to the horticultural irrigation schemes.

The investor may utilize different partnership options between themselves and smallholder farmers, and these partnership options will be facilitated by the project to maximize benefit to both parties. Some examples of partnership options that can be developed include:

- i. Land Subleasing – formal agreement where smallholder farmers within the irrigation schemes aggregate land for sublease to the investor;
- ii. Out-Grower/Contract Farming – contracts or agreements between the investor and smallholder farmers for the supply of commodities of a specified amount and quality;
- iii. Equity Partnership/Joint Venture – where a legally organized grouping of smallholder farmers acquire an ownership interest in the investor’s business and profits.

Next Steps for Submitting a Letter of Intent

MCA Lesotho II invites both foreign and local entities (e.g., companies, joint ventures, individuals) to invest in the irrigation schemes.

This is the first Call for Investors that will be opened and there are first mover advantages in participating in this first round. Investors interested in exploring this opportunity further should submit a Letter of Intent by **November 30, 2023**, together with the forms in Annex 1, which include:

1. Investor Details;
2. Investor Experience in Horticultural Sector;
3. Outline of Investor’s Proposed Investment;
4. Projected Sources of Finance;
5. Critical Issues for Realization of Investment; and
6. Investor References.

Replies to this Call for Investors will be shortlisted based on a review of investors’ submissions and against the previously outlined investor requirements. Those investors whose Letters of Intent are shortlisted will be invited to enter into discussions with MCA Lesotho II about their investment in the MDIH schemes.

Investors are encouraged to visit Lesotho and one or more of the sites for the horticultural irrigation schemes before answering to this Call for Investors. To arrange for a visit,

please contact Palesa Motleleng of the MCA Lesotho II at motlelengp@mcalesotho.org.ls
or call +266 22317017

Yours Sincerely,

.....
‘Mannana Phalatse (Mrs.)
Interim Chief Executive Officer
MCA Lesotho II

NON-DISCLOSURE STATEMENT

The Millennium Challenge Account - Lesotho II (MCA Lesotho II), an entity registered in Lesotho with offices at 5th Floor, Post Office Building, Maseru, Lesotho, (hereinafter referred to as the **Recipient**) undertakes not to use the Confidential Information for any other purpose except than the Purpose of this Call for Investors, without first obtaining the written agreement of the **Potential Investor** expressing intent (hereinafter referred to as the **Discloser**).

The Discloser intends to disclose information (the Confidential Information) to the Recipient through a Letter of Intent and other associated documents in response to the “*Invitation for interested foreign and local entities and individuals to invest in the Market Driven Irrigated Horticulture Project (MDIH) under the Lesotho Health and Horticulture Compact*” (the **Purpose**).

The Recipient undertakes not to use the Confidential Information for any other purpose except than the Purpose, without first obtaining the written agreement of the Discloser.

The Recipient undertakes to keep the Confidential Information secure and not to disclose it to any third party (except to MCA Lesotho II employees and professional advisers) who need to know the same for the Purpose, who know they owe a duty of confidence to the Discloser and who are bound by obligations equivalent to those in paragraph 3 above and this paragraph 4.

The undertakings above apply to all of the information disclosed by the Discloser to the Recipient, regardless of the way or form in which it is disclosed or recorded but they do not apply to:

- a. any information which is or in future comes into the public domain (unless as a result of the breach of this Non-Disclosure Statement); or
- b. any information which is already known to the Recipient and which was not subject to any obligation of confidence before it was disclosed to the Recipient by the Discloser.

Nothing in this Statement will prevent the Recipient from making any disclosure of the Confidential Information required by law or by any competent authority.

The Recipient will, on request from the Discloser, return all copies and records of the Confidential Information to the Discloser and will not retain any copies or records of the Confidential Information.

Neither this Statement nor the supply of any information grants the Recipient any license, interest or right in respect of any intellectual property rights of the Discloser except the right to copy the Confidential Information solely for the Purpose.

The undertakings in this Statement will continue in force for ten (10) years from the date of issuance of the Call for Investors.

ANNEX 1

Format and templates for replying to this Call for Investors

A. Letter of Intent

B. Additional information forms:

1. Investor Details
2. Investor Experience in Horticultural Sector
3. Outline of Proposed Investment in the MDIH Irrigation schemes
4. Projected Source(s) of Finance
5. Critical Issues for Realization of Investment
6. References

A. Sample Letter of Intent

[This form must be signed when submitted]

**Mannana Phalatse (Mrs)
Chief Executive Officer
MCA Lesotho II**

Re: "Commercial Production Investment in the Market Driven Irrigated Horticulture (MDIH) Schemes in Lesotho"

Ref: MCA Lesotho II/_____

[Location, Date]

Dear Madam,

On behalf of my firm, *[insert name of applicant, firm or JV entity, if applicable]*, I, the undersigned, offer to explore investing in the above-mentioned irrigation scheme in accordance with your Call for Investors, dated _____, 2023

I am hereby submitting my firm's "Qualifications" including an outline of the initial investment concept, potential source of investment(s), and references with complete contact details.

I hereby declare that all the information and statements made in this document are true and correct to the best of my knowledge. I accept that any misrepresentation contained herein can lead to the firm's disqualification.

The firm undertakes, if Letter of Intent is shortlisted, to enter into discussion with MCA Lesotho II with a view to invest in the MDIH irrigation scheme.

We understand that you are not bound to accept any submissions that you may receive.

Yours Sincerely,

(Authorized Signatory)
(Name and Title of Signatory)
(Name and Address of Firm)

(Printed Name and Signature)

(Letters can be issued by the investor's chartered accountant, auditor, or attorney, and signed accordingly).

B. Additional Information forms

Part 1. Investor Details

If the Applicant (Potential Investor) has multiple relevant enterprises, this section can be copied and completed for each relevant enterprise presented.

Principle Owner(s) & Shareholders of Primary Business	Legal Entity – Name of Business, Address & Contact details	Business Registration Number & Date of Registration	Country of Business Registration/ Operation
Name(s) Principle: 1. 2. 3.	Name of Business: 	Registration No.: Date of Registration:	Country(ies):
Shareholders: 1. 2. 3.	Address: Telephone: Cell: E-Mail:		

Part 2: Outline of Investor Experience in Horticulture Sector

Company History: (Incorporation, Legal form, Size of Operation, Area of Operation(s), years in business, annual reports if available):

Market Access:

Domestic (Crops Grown, Quantity, Area and Distribution Channels):

Export (Crops Grown, Quantity, Country(ies) and Distribution Channels):

Future Expansion Plans (Domestic and Foreign, Size of Potential Investment):

Experience working with smallholder farmers (SHF) e.g., as suppliers, contract farmers, etc.:

Part 3: Outline of Proposed Investment in the MDIH Irrigation scheme

MDIH Irrigation scheme, Block and Hectarage required for leasehold:

Production and Marketing Estimates:

Annual on-farm production plan by crop (specify commodity, hectares, estimated production)

Annual outsourced produce required (specify crop, volume, farmgate value) from other commercial or smallholder farmers

Annual sales volume and value by crop and market

Planned Investment

I. Assets

The outline of assets required for the proposed capital investment should be provided in the form of a projected asset register. MCA Lesotho II recognizes that this will be a first order, provisional estimate that will be refined in a business plan to be submitted as a full proposal, should the investor be short-listed.

Please provide a description of each type of investment, with estimated value.

Capital Equipment

- Irrigation Equipment and related Machinery (e.g., generators for pumping)
- Agricultural Machinery and Equipment (e.g., tractors, mechanization equipment, etc.)
- Other movable equipment
- Buildings
- Civil Works
- Other

Working Capital

- Agricultural Inputs (planting materials, fertilizer, crop-protection chemicals, etc.)
- Labor and transport costs
- Irrigation costs (electricity, water, etc.)
- Other (please specify):

II. Cash Flow

Provide projected estimated disaggregated five-year cash-flow statement.

MCA Lesotho II recognizes that this will be a first order, provisional cash -flow statement that will be further refined in a business plan to be submitted as a full proposal, should the investor be short-listed.

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Irrigation Type & Estimated Water Needed/Hectare/Crop Cycle:

Type of Irrigation Envisioned (e.g., center pivot, drip, etc.)	
Estimated Water Needed per Hectare annually (mm per ha)	
Estimated Water Needed per Crop Cycle (mm per ha)	
If applicable - no. of Crop Cycles per Year	

Part 4: Projected Source(s) of Finance for Investment in the MDIH Scheme

Type of Finance	Source (Financial Institution, Investor, etc.)	Amount
Debt		
Equity		
Other Types of Finance (please specify as relevant)		

Part 5: Critical Issues for Realization of Investment

	Details
Anticipated break- even point for investment (month/year)	
Minimum lease-holding period required for the investment (in years)	
Additional Finance Requested (specify type and nature of financing)	
Additional Technical Inputs/Services Requested	
Other Requirements for Investment	

Part 6: References

The Investor shall provide references that can provide insight into investor operations, reputation, experience in working with smallholder farmers, etc.

MCA Lesotho II reserves the right to contact other sources as well as the references provided.

If the Letter of Intent is submitted by a joint-venture business entity or a private company, all parties of the joint venture shall submit under this form the contact information for references for their firm/entity. The information should be submitted in the order of the associate's significance in the joint venture, greatest to least.

References		
Contact Name	Relation to Firm/Investor	Organization, Address, Telephone No., Cellular No., E-mail address

Procedure for Electronic Submission of Letter of Intent and other documents

1. The Letter of Intent and other documents shall be submitted via email only to motlelengp@mcalesotho.org.ls or molapos@mcalesotho.org.ls.
2. The Letter of Intent and other documents shall be submitted in pdf(s) or word(s) formats.
3. Monetary amounts in these documents may be provided in either US dollars, South African rand, or Lesotho loti.
4. This Call for Investors shall expire by **11:59pm South Africa Standard Time, on November 30, 2023.**
5. The entire submission (Letter of Intent and other documents) shall be submitted by the Call for Investors submission deadline. Documents received after this date will not be considered.
6. The Investor shall use the filenames framework for the Letter of Intent and other documents as follows:

[Investor's Name] _ Letter of Intent in the MDIH Scheme

[Investor's Name] _ Part 1_Investor Details

[Investor's Name] _ Part 2_Investor Experience in Horticultural Sector

[Investor's Name] _ Part 3_Outline of Proposed Investment in the MDIH Irrigation scheme

[Investor's Name] _ Part 4_ Projected Source(s) of Finance

[Investor's Name] _ Part 5_Critical Issues for Realization of Investment

[Investor's Name] _ Part 6_References

ANNEX 2

Detailed information for prospective investors in the Market Driven Irrigated Horticulture (MDIH) Irrigation Schemes

1. Introduction

Lesotho is a democratic, sovereign and independent country within Southern Africa. It is landlocked within the Republic of South Africa (RSA). The country has a land area of approximately 30 355 km², roughly the size of Belgium or Taiwan. Located at the southern tip of Africa, Lesotho is completely outside the tropics and enjoys a cool, Mediterranean-like temperate climate. Lesotho's central position in the heart of one of Africa's most developed economies; that of the RSA, is well served by air, rail and road links to all its major centers. Roughly 80% of the country lies more than 1,800 meters above sea level; with the lowest point is in the Senqu Valley in the Quthing district, at 1,338 meters, and the highest, Thabana Ntlenyana in the Mokhotlong district, is at 3,482 meters. Lesotho has four distinct agro-ecological zones, namely the lowlands, highlands, foothills, and the Senqu River Valley. The four potential irrigation sites are located in the lowlands and Senqu River Valley, in the rural areas of Leribe and Mohale's Hoek districts.

Lesotho has a population of 2.01 million people, with females constituting 51.1% of the entire population, while males representing 48.9%. Lesotho's population is relatively young, with 39.6% of the population between the ages of 15 and 35.

The capital, Maseru, is only 600 km away from South Africa's busiest harbor, Durban, while the northern districts have several border posts that are 450 km from Durban. Lesotho's international airport, Moshoeshoe I, is located 100 km and 230 km respectively from the northern and southern MDIH Irrigation scheme sites . Bloemfontein, in the RSA is just under a two-hour's drive from Maseru, and also has an airport connecting to Cape Town, Durban and Johannesburg. Lesotho is accessible to Johannesburg by air (a 45-minute flight), alternatively five hours by road.

The country's Gross Domestic Product (GDP) was estimated at USD 2.64 billion in 2017 (World Bank 2019). Lesotho's economy is based primarily on textiles and apparel exports (40%), diamonds (30%), wool and mohair, and water exports. The country has also begun to expand its export base with a focus on agribusiness. Some export products, mainly in the agriculture sector, include fresh fruits, dried fruits, dried rosehip, trout, and indigenous plants for pharmaceutical purposes.

2. Background

In July 2007, the Millennium Challenge Corporation (MCC) of the United States Government (USG) signed a USD 362.5 million Compact with the Government of Lesotho (GoL) designed to increase economic growth and reduce poverty. The Compact funded work with other international donor agencies on one of the major infrastructure improvement projects in Lesotho's history, the Metolong Dam, as well as work with the President's Emergency Plan for

AIDS Relief (PEPFAR). The five-year Compact, commenced in 2008, and ended in September 2013. Having successfully completed the first compact, Lesotho was selected to develop a second compact which was signed in May 2022.

MCC and the GoL, through the MCA Lesotho II, have designed the Compact to address lingering issues around policy planning, coordination, and execution across three key sectors: health, agriculture, and access to finance. The Compact aims to spur private sector growth by increasing workforce productivity through improved health outcomes, investing in the emerging and largely underdeveloped horticulture sector, and supporting the creation and viability of private businesses. The Compact's investments are also designed to target structurally disadvantaged populations, particularly the poor, women, and youth. The Compact's signatories expect that a stronger, more robust, and organized private sector constituency will be able to demand more effective and efficient goods and services from the government. In turn, a more effective and efficient government can provide the public with the goods and services necessary to stimulate and sustain private-sector-led, poverty-reducing growth.

The agricultural sector has been identified as one of the priority sectors in Lesotho's second National Strategic Development Plan 2019-2023 (NSDP II), now extended for a further five years, ending in 2028. Within the agricultural sector, the horticulture value chain occupies a strategic role for Lesotho's development. The agriculture sector is seen to have the highest growth potential in Lesotho, having the potential to increase food security, reduce poverty and generate employment opportunities.

The GoL has identified that a key component in commercializing horticulture in the country will be attracting commercial farmers with the skills, experience, and capital to effect this transformation. The GoL endeavors to support these commercial entities, and to encourage the development of various private sector models including but not limited to out-grower/contract farming irrigation schemes. The GoL believes such a strategy, in conjunction with other current initiatives such as research and extension support, cold chain, value chain and market development, innovative finance, and elevating advantageous policies and regulations around investment, infrastructure development and trade, will collectively work towards the goals of job creation, local empowerment and exponentially increasing growth that also affects the rural economy.

The MCC Compact, through the MDIH project, has been designed specifically to address this growth potential in horticulture, through making a catalytic investment in irrigation, refrigeration, and post-harvest management of infrastructure, in partnership with commercial investors, providing local capacity building and technical assistance, and supporting reforms in land, water, and gender with the expectation that these interventions will spur sustainable and inclusive private sector growth and investment in the horticulture sector.

The GoL is specifically undertaking several initiatives, in addition to the MCC Compact (see below), to support high value horticulture commercialization in the country, including;

- i. The Agricultural Productivity Programme for Southern Africa (APPSA) – establishing Regional Centers of Leadership (RCoLs) on specific horticulture commodities Lesotho can specialize in for regional trade and collaboration through research, technology dissemination and training.

- ii. The Maluti Fresh Produce Market (MFPM), a one-stop marketing and product handling facility, conceived of and managed through the Lesotho National Development Corporation (LNDC), the main parastatal of the GoL charged with the implementation of the country's industrial development policies and investment promotion. The MFPM aims to empower locally registered farmers by facilitating their access to markets and finance.
- iii. LNDC together with UNDP, Standard Lesotho Bank (SLB) are implementing Lesotho Supplier Development Programme (LSDP) which is also managing a Global Good Agricultural Practices (GGAP) programme, providing accreditation to 50 local experts who oversee compliance on regulations and requirements for GGAP certification of commercial actors in the horticulture and livestock sector.
- iv. The Ministry of Trade, Industry, Business Development and Tourism (MoTIBDT) is spearheading the development of the Southern African Development Community Accreditation Services (SADCAS) accredited Lesotho Standards Institute (LSI) Laboratory, which will focus on certification services for water bottling, fresh fruits and vegetables (FFV), food fortification, and the health and safety sectors. The National University of Lesotho also manages an accredited standard and testing laboratory that provides testing services to businesses in need of certification.
- v. The Private Sector Competitiveness and Economic Diversification Project (PSCEDP) and its current follow-up project, the Competitiveness and Financial Inclusion (CAFI), both under the MoTIBDT, are facilitating private sector investments, specifically in horticulture, through improving the business regulatory and policy environment, increasing access to business support services and creating innovative financial products targeting entrepreneurs.
- vi. The Smallholder Agriculture Development Project (SADP I & II), managed under the Minister of Agriculture and Food Security and Nutrition (MAFSN) has been supporting farmers in Lesotho in their transition to market-oriented production across critical commodity value chains, through increased access to finance, inputs, extension and markets.

a) Description of the proposed Market Driven Irrigated Horticulture (MDIH) component of the MCC Compact

The main objectives of the MDIH Project are to establish a sustainable and inclusive model to increase rural incomes related to commercial horticulture, including for women, youth, and the rural poor, and establish a sustainable and inclusive model of irrigation, water resource, and land management.

The MDIH Project is composed of three activities, the Institutional Reforms Activity, Integrated Horticulture Support Services, and the Irrigation Infrastructure Development Activity.

Institutional Reforms Activity

The MDIH Project aims to ensure that strong legal and policy frameworks are in place in Lesotho to support the growth of high valued commercial agriculture, irrigation development and advantageous trade throughout the country in an equitable and sustainable manner. The MDIH project intends to achieve this goal by improving the capacity of Government and other

institutions to deliver and sustain the policies, regulations, and services necessary for inclusive growth in irrigated horticulture. The Project includes three reform sub-activities in Land, Water, and Inclusive Service Delivery.

(i) Rural Land Registration Reform Sub-Activity: MCC Funding supports interventions aimed at improving Lesotho's entire Rural Land Registration System (RLRS) so that rural land market participants, including land allottees of irrigable land, can obtain registered land leases in an efficient and cost-effective manner and be able to use their land securely for whatever purposes they see fit; whether this be selling, co-investing, sub-leasing or other strategies. This activity will ensure that the investors and their investment within the MDIH Schemes will be fully protected by law.

Interventions will be carried out in the Community Council jurisdictions where the Schemes are located, and potentially in other jurisdictions where the GoL foresees future irrigation investments as set forth in its National Irrigation Master Plan (NIMP). Local government authorities, and national-level institutions such as the Land Administration Authority (LAA), the Ministry of Local Government and Chieftainship, and the Ministry of Law and Justice will be active participants in the reforms.

(ii) Irrigation and Water Reform Sub-Activity: This sub-activity assists the GoL to reform the laws, policies, and regulations governing Lesotho's irrigation sector and the institutions that oversee, administer, and implement them. Technical assistance will be given to key GoL Ministries such as the Ministry of Water Affairs (MoWA) and the MoAFSN to expand, improve, and strengthen the legal and regulatory framework for irrigated agriculture and formalize the roles within these agencies to support improved governance of the irrigated agriculture and integrated water resources management sectors.

(iii) Capacity Support for Inclusive Horticulture Services Sub-Activity: This sub-activity builds capacity in the MAFSN to provide services that respond to the needs of women, youth, and the economically disadvantaged in general, enabling them to succeed in commercial horticulture. Priority areas include budgeting, data disaggregation and use, training methodologies and content, information dissemination and technology, and support for farmer's organizations and aggregation. The sub-activity will build capacity within the Ministry of Gender, Youth, Sports and Recreation (MoGYSR) to carry out its role in supporting gender and youth programming in other ministries with roles in supporting the horticulture sector beyond the Compact Term.

Support to improve the Enabling environment for Horticultural Investment (through MDIH as well as the companion Business Environment and Technical Assistance (BETA) Project

Strengthening of the investment climate policies and regulations will ensure legal protection for investors (foreign and domestic), stronger women and youth inclusion, access to water and energy resources, security of land tenure, full participation in the growth of the economy, and assurances of full legal enterprise protection and security. The Compact aims to assist the GoL

to strengthen the investment climate to align with investor expectations and the principles of international investment law and international best practice.

Both the MDIH project and the BETA Project have a mandate to promote inclusive and sustainable private sector growth in Lesotho. This will be done by creating a robust environment for business development support and to facilitate a public-private dialogue between the private sector and Government to ensure the development of inclusive pro-business and investment policies and regulations are enacted and fairly enforced. It will concentrate specifically on developing a Public Private Dialogue and assisting the government to reform and/or strengthen institutions, policies and regulations directly affecting the horticulture sector and the business investment climate. Specifically targeting the following institutional development needs and regulations;

(i) Investment protection mechanisms: The compact will work with the GoL to establish the Public Private Dialogue (PPD) for communication and engagement between the Project, public sector entities, and private sector entities, to identify and address critical barriers to business formation and growth.

(ii) Improved investment climate: The compact will endeavor to work with the MoTIBDT to revise the Investment Act to provide optimal support towards domestic and foreign investment.

(iii) Quality standards for fresh produce: The compact will assist the GoL to identify policy and legislative gaps relating to food safety and quality standards in order to ensure Lesotho is fully compliant and able to undertake accreditation and certification services for the horticulture industry and its terminal markets to meet globally recognized standards. The compact will also support the GoL to capacitate the Lesotho Standards Institute (LSI) as the apex body for accreditation and regulation in Lesotho, as well as the certification and development of private sector laboratories and market related agents. The development and adoption of globally recognized food safety and food quality standards also creates a positive impact in the healthcare arena of Lesotho.

(iv) Adoption and updating of the irrigation, water use, contract farming and other horticulture related policies and regulations: The compact will assist in guiding the Ministry of Natural Resources and the MAFSN in facilitating the adoption of the new Draft Irrigation Policy and Law, and the Draft Water and Sanitation Policy and Bill. The compact will also assist the GoL with Contract-Farming Policies as well as other relevant commercial horticulture development affected policies and regulations. These policies will ensure investors that the GoL has a protective and balanced approach towards the needs and interests of key participants in the horticulture sector.

(v) Free movement of capital: MCC will assist Lesotho in its continued participation in the Common Monetary Area (CMA) discussions on common exchange control arrangements, with the aim to advocate for the removal of the current restrictions on the free movement of capital into and out of CMA, in order to further ease investments in economic development schemes with investment partners, such as the MDIH Schemes.

(vi) Border coordination and management: The compact, in conjunction with the National Trade Facilitation Committee (NTFC) will advocate for greater cooperation and coordination with border management, in the interests of continually addressing trade-logistic efficiencies, costs and cross-border trade facilitation. Efforts will also extend to expedite Lesotho and South African border agencies standardization and harmonization plans for cross-border requirements and processes. The end goal will be the establishment of a one-stop-border post, akin to those in other SADC countries.

Irrigated Horticulture Support Services Activity

The Irrigated Horticulture Support Services activity consists of three sub-activities that support development of a sustainable, market-driven commercial irrigated horticulture sector in Lesotho anchored on empowerment of smallholder farmers, inclusive of women, youth, and local value chain actors. The sub-activities comprise:

(i) Land Rights Formalization Sub-Activity: This activity is intended to work in tandem with the Rural Land Registration sub-activity (above) under the Institutional Reform Activity. The aim of this sub-activity is to support landholders within the MDIH Irrigation scheme perimeters in obtaining land rights through registered Leases, the strongest form of landholding in Lesotho. Issuance of registered titles to land will help landholders on MDIH Schemes to conclude land transactions with investors by demonstrating they have secure title to their land.

(ii) MDIH Irrigation scheme Management and Capacity Building Sub-Activity: The compact will support the design and establishment of the governance structures necessary to successfully manage, operate, and maintain the irrigation schemes, inclusive of investment and cooperation irrigation schemes, water users' associations (WUAs), and irrigation scheme governance boards.

The compact and its development partners will design and implement the training and capacity building required by smallholders and their investment partners and will establish on-site support teams to ensure the management and capacity building goals are fully realized. This sub-activity will also guide SHFs to contribute towards the GoL nutrition, food quality, food safety, and food security goals and ensure social and behavior change methodologies, including that gender transformative approaches, are used to promote the participation of women and youth in the commercial horticulture opportunities.

(iii) Financial Assistance Program Sub-Activity: is intended to lower the immediate- and short-term barriers to participation in irrigated commercial horticulture and market systems for smallholder farmers and small- to medium-sized commercial entities (e.g., costs of mechanized equipment, recurrent costs for inputs, maintenance or repair of equipment, cost of pre-cooling and refrigerated management for produce, on-farm connections to main irrigation systems, quality standards, etc.). This sub-activity, coupled with the BETA activities described below, will ensure the SHFs within the Irrigation scheme and other local value chain actors access finance necessary to ensure that they will meet the demands of the AFIs end markets and thus fully and sustainably contribute to the growth of the sector.

Irrigation Infrastructure Development Activity

MCC Funding will be used to construct and develop the irrigation and logistics infrastructure on 1,580 hectares of land at four sites in Lesotho carefully selected for their agro-climatic and geophysical potential. The feasibility study and preliminary engineering design work has been completed and the Millennium Challenge Account - Lesotho II (MCA Lesotho II) is currently refining the land parcel details, inclusive of the Irrigation scheme's environmental and social sustainability.

Project Sites and Components

MCA Lesotho II completed a screening and site identification process of an initial 50,000 ha of agricultural land in Lesotho, using criteria regarding the availability and quality of water resources with respect to projected peak irrigation demand, soil suitability and agronomic assessments, amplitude of potential climate change impacts, as well as topographic and geotechnical surveys.

This due diligence screening resulted in a narrowing of the list of proposed projects to four (4) potential irrigation sites: Likhakeng, Manka, Tsoili-Tsoili in the north-western Leribe District and Phamong in the southern Mohale's Hoek District, with a total gross area of over 7,000 ha. The selected sites are prime agro-climatic areas, where Lesotho would have a comparative advantage for specific, desirable, commercial crop production in the Southern African region.



Table 1. Irrigation Scheme Perimeters

Proposed Irrigation Schemes	Approximate Irrigation area (ha)	Current average land holding (ha)	Estimated number of SHF landholders
Tsoili-Tsoili	760	1.4	615
Manka	600	2.2	292
Likhakeng	100	1.5	75
Phamong	120	1.4	99
Total	1,580	Not applicable	1,081

MCA Lesotho II has also completed full feasibility studies and preliminary designs for the necessary infrastructure to be developed on the MDIH irrigation schemes, including the entire irrigation infrastructure (water retention, weirs, pump stations, seasonal water storage dams) and on farm infrastructure (filtration and water control systems, distribution pipelines and water delivery points), the auxiliary infrastructure (roads and power supply) and the proposed complementary infrastructure (post-harvest, pre-cooling and refrigerated service centers, demonstration plots, experimental sites and training centers).

Other studies were conducted to learn more about the barriers to growth of the horticulture sector as well as what legal support the project might require, such as regulations regarding access to water and the management of water in the irrigation scheme, land, the ability of commercial investors to invest (e.g., access to finance, regulations around foreign investment), and for smallholder farmers to participate (e.g., also access to finance, inputs, skills, etc.). These feasibility studies are available on the MCA Lesotho II website.

Each irrigation scheme will have its own WUA in accordance with the Lesotho national irrigation policy and irrigation act that are currently being developed. Every WUA will be a special type of non-profit, self-governing, legal entity established based on the irrigation act that will be responsible for the management, operation, and maintenance of an irrigation scheme. Each irrigation scheme built under the project will be transferred to the relevant WUA based on a 20-year use right. Each WUA will also have the necessary legal powers to require landholder compliance with its irrigation rules and to require payment of irrigation fees irrespective of the farming models selected.

Business Environment and Technical Assistance (BETA) Project

The BETA project is a private sector focused activity that seeks to address the obstacles faced by entrepreneurs and micro-, small- and medium enterprises (MSMEs) in Lesotho, which hinder development and investment in the private sector. The objective of the BETA project is to stimulate an increase in the firm level growth and employment generation for smallholder farmers (SHFs) and local value chain actors within the horticulture ecosystem.

The BETA Project has three activity areas:

- (i) Pipeline development:** Under the pipeline development component, existing and new high potential, horticulture farmers and value chain adjacent enterprises

will be identified and supported through direct technical assistance and business development service (BDS) in order to improve their profitability, reliability, and sustainability. The activity will further provide grants to selected investors/anchor farmers and smallholder farmers that could contribute to capital and operating expenditures for implementation of the MDIH irrigation scheme. Additional grants may be provided to integrated cold chain and post-harvest handling firms as well as qualifying women and youth MSMEs to facilitate business plan implementation. The grants will further be used to incentivize the incubators and accelerators to set up and operate in Lesotho.

(ii) Strengthening business ecosystem: This activity is aimed at increasing private sector participation in public-sector decision-making processes in order to improve the delivery of public goods and services to the horticulture sector. The Project will support the establishment of a Public Private Dialogue (PPD) mechanism for coordinating such dialogue. The project will also aim to strengthen the business ecosystem in support of developing a resilient commercial horticulture sector. Furthermore, the project will support the Lesotho Standards Institute to ensure that quality assurance mechanisms are in place to meet the end market needs for domestic consumption and export markets.

(iii) Strengthening financial ecosystem: This component of the BETA Project will work to increase financing options for both commercial and smallholder farmers and adjacent value chain horticulture firms. The project will support financial institutions to structure financial instruments to address the financing needs of different sized firms across the sector. Capacity building will be provided by the project for actors across the financial sector (including the insurance sector), to nurture growth, development and facilitate financial product innovation to grow the commercial horticulture sector in Lesotho.

3. The Anchor Farmer Investment Opportunity in the Market Driven Irrigated Horticulture (MDIH) Scheme

The Project is dependent upon identifying commercial anchor farmer investors (AFIs) who will collaborate with the MDIH project management and SHFs to improve and sustain best practices in horticulture in order to meet the rigorous demands of the established AFI market channels. The project will ensure that there is a financially viable path for all Project stakeholders to remain active in commercial horticulture production in Lesotho after the end of the five-year Compact in 2029.

Desirable AFI's will have (1) ample access to financial resources, and (2) the capacity to aggregate, quality manage and deliver sufficient agricultural product to respond to market demands, as well as (3) have access to a market or an off taker for their partner farmers' product. An AFI may be an investor that satisfies these three requirements, or be a group of investors with different specialties, but which together as a group meet the three requirements.

As a condition to the MCC grant funding for construction of a scheme, it is essential that at least 50 percent of the scheme is committed for use by commercial agriculture. This includes land leased by the investor, other investors, as well as land being used by smallholder farmers to supply the investor through contract farming.

Fulfillment of the above condition is likely to result in a sequencing of the work in each irrigation scheme based on the expressed demand from AFIs. Thus, the schemes in which there is a written commitment from AFIs that meet the conditions of the investment outline, will be prioritized for construction.

Investors of all sizes are encouraged to submit responses to the calls for investment. MCA Lesotho II will work with multiple investors to identify available land in the schemes such that the commitment to occupy 50 percent of the scheme is met and construction of the irrigation infrastructure moves forward in a timely manner.

a) Incentives targeting anchor farmer investment in the MDIH Project funded by the MCC compact:

Infrastructure

The MDIH infrastructure will include the following components:

- **Main System Infrastructure (MSI)**, to be funded by the Project - river abstraction water intakes and river pump station on the Mohakare (Caledon) River and Senqu (Orange) River, to extract water from the river; (except in Likhakeng) where force main pipeline will convey water from the river pumps to the seasonal water storage dam and reservoir, to be constructed on the river tributaries at higher elevations to catch the water flowing down to the main rivers; The river pump stations will reinforce the water supply to the seasonal water storage reservoirs by pumping from the main rivers during the high flows in the rainy season; pump station at the downstream side of the dam to feed the Irrigation Distribution Network.
- **Irrigation Distribution Network (IDN)**, to be funded by the Project - main irrigation control head (automatic gravel and screen filters, water meters, different valves, and control and protection appurtenances); water distribution pipelines and appurtenances, hydrants on tertiary pipelines (spaced at about 400 m between tertiaries and 100 m along the tertiary); secondary irrigation control head and valve clusters (automatic filter, flow and pressure regulating valves, water meter, distribution valves, etc.).
- **Infield Irrigation** - will include submain pipelines and, depending on the crops and AFIs preferences, may include drip irrigation, micro-sprinkler and / or sprinkler irrigation.²

Ancillary infrastructure

The AFI will benefit from post-harvest infrastructure which will be developed in each MDIH scheme and be designed by the MCC technical team in close collaboration with the AFI. Access roads and a reliable electric grid will also be built for each MDIH scheme. The details are below;

- Service Centre: This facility includes storage facilities for inputs and produce, post-

Infield irrigation will be the responsibility of the Anchor Farmer Investor with design support from the Design-Build Contractor

harvest handling and pre-cooling and cold-chain facilities, garage, tractors and agro-mechanical equipment, infrastructure spare parts and machinery. Experimental stations will allow anchor farmers to guide the crop extension, technology transfer and development process providing input on varietal testing and other crucial field experiments.

- Electrical power supply to the pump stations, training center and service center;
- Access roads to the pump stations, dams, Service Center, Training Center, and field roads connecting to the interstate roads network.

Technical Assistance

The AFI's local partners' will be well supported with both international expertise and proper extension infrastructure as well as coordinated services for the AFI to interface with the smallholders on the scheme and other partners, such as the cold chain practitioners. The MCC will also be ensuring that post-harvest logistical support will be given to local actors in the value chain in order to meet the tight demands of the AFIs envisioned value chain. This support is detailed below;

- Horticulture, Training, Gender, and Social Development (HTGSD): Each of the four MDIH Schemes will have an on-site support team of agricultural, business and social specialists, managed by a dedicated, on-site, Horticulture, Training, Gender, and Social Development (HTGSD) consultant, which will design and implement training programs for small holder farmers, supported by other technical specialists. HTGSD will have to coordinate and align their activities within and between the IFUs in an Irrigation Scheme (perimeter), and will play a liaison role between the Scheme, the local government, the MAFSN through their District Office and other key role players. HTGSD will also support the transaction advisor in the intermediary role between the anchor farmers and the smallholder farmers. The HTGSD on-site support team will facilitate and mentor the scheme participants to operate and manage, together with the AFIs, the irrigation schemes themselves or set up the necessary arrangements with a private sector focus where required.
- Training and Capacity Building Facility (inclusive of Demonstration Plot and Experimental Site): The HTGSD consultant and the Design-Build contractor will operate the demonstration farms linked to the training and capacity building program and facility. The anchor farmer investors will be able to influence the training program to meet the training and research needs of their target commodities and markets. The locations proposed for the Demonstration Plot and Experimental Site will be central, and close enough to the water resources to allow the early provision of water through temporary bulk water supply infrastructure.
- Cold Chain Development: Prior to full implementation of the project, MCC will initiate a "Cold Chain Challenge" (CCC) to identify mobile, climate-smart, energy-efficient, and affordable pre-cooling solutions that could be used in Lesotho to bring down field temperature of the vegetables and fruits immediately after harvest and, hence, preventing value reduction of the produce and increasing its shelf life. The Challenge will be held in two phases:

Phase 1, the proof of concept, will identify up to five participants to move forward and is scheduled to take place before the full roll-out of the project;

Phase 2, developing model for manufacturing, with the winner(s) making the technology available in Lesotho for use at the Training and Capacity Building Facilities, and later in farmers' fields.

Beside the challenge that addresses the pre-cooling phase, all other links in integrated cold chain (cold storage, refrigerated trucks, etc..) will be available at the service centers located in all the irrigation schemes to preserve the value of the produce from the farm gate to the consumer, including ICC, and CCM training through HTGSD.

- Funding for some anchor farmers to receive technical assistance, business development services and grants to implement their business plans (i.e., feasibility studies, studies related to bridging information gaps and strengthening priority sector value chains, etc.).

Legal/Governance Support

MCC is prioritizing key policy and regulation reforms in irrigation and water use as well as the general investment climate to provide confidence to the AFI that their approved plans will move forward unimpeded with full support by the GoL. The MCC is also ensuring that land allocation will be transparent and formalized to ensure the landowners and the AFI will have legally binding lease holdings; all of which are detailed below.

- Surety of irrigation water supply, to supply peak irrigation water requirements as well as the total water requirements throughout the year for vegetables and orchards, and soil conservation through catchment management initiatives.
- Reforms to water and irrigation policies and regulations that allow for long term water permits and self-governing water user associations, which will be responsible for the management, operation, and maintenance of the irrigation infrastructure.
- Assist landholders/allottees to make decisions on land use that will facilitate the consolidation of land for commercial agriculture purposes.
- Funding of the cost of determining landholder's resettlement and compensation, and securing tenure to irrigated parcels through issuance of registered leases to land.
- Facilitation of deals/contracts between formalized bargaining units (consolidated groups of landholders to ensure contiguous pieces of land are parceled for large scale investment) and investors.
- Support for reforms in the investment climate, irrigation and water sectors.
- Legal and administrative reforms to ensure women's land rights, so that women small holders can enter into contracts with secure land rights.

b) Incentives targeting anchor farmer investment in the MDIH Scheme Offered Through the Lesotho National Development Corporation (LNDC)

The LNDC is the government parastatal mandated to "initiate, promote and facilitate investment in manufacturing and processing industries, mining, and commerce, including agriculture production and its value chains." To this end, LNDC is committed to working with AFIs through extending credit facilities, promoting their initiatives and even investing in their activities, as detailed below;

- Development Finance Services;
The Partial Credit Guarantee Scheme (PCGS or C-PCG): The PCGS was developed to promote the export business model, labor intensive and thus

employment generating projects, facilitate the transfer of technology and skills and develop capacity towards diversifying the economy. This scheme covers 75% of a loan amount a business borrows from commercial banks and has expanded eligibility to all locally registered businesses irrespective of nationality or sector of the economy. All four commercial banks in Lesotho are subscribed to the scheme. The PCGS has approved funding to the total value of M350 million which has come solely from the government of Lesotho. The upper bound of the guaranteed amount for any single loan is M8 million, application and guarantee fees are waived, and the collateral value currently stands at 7.5%.

Project Preparation Facility (PPF): The PPF is designed using a trust fund model, where the GoL/LNDC will contribute funding, together with external partners, and the LNDC will act as the administrator. Unless otherwise agreed with funding partners, the PPF funds will be disbursed as a pure grant (although the grantee is expected to contribute 20% of the costs) to eligible projects with expected high development effects, subject to project size, preparation needs and fund capitalization. The PPF is offered as a grant to finance feasibility assessments and financial due diligence. Standard projects will involve investments with an average size of M150,000, while large projects will have an average size of M1,000,000.

Equity Fund: LNDC also has an equity finance product currently only available to support strategic, National Strategic Development Plan (NSDP) II aligned projects initiated or promoted through the LNDC, although potential anchor farmer investors could approach LNDC to become a client investor as horticulture is an integral part of the NSDP II. Private sector entities are free to approach the LNDC with project proposals where they deem fit.

- Investment and trade promotion services;
- Serviced industrial and commercial sites at competitive rental fees;
- Investment facilitation services, industrial relations & aftercare.

c) General Incentives for Investment in Lesotho

Tax & Business Incentives

The GoL promises AFIs that Lesotho has a relatively stable social and political environment which is investor friendly and a free enterprise and free market economic system, which forms the basis for sustained development and growth. The GoL has ensured investors will pay a low corporate income tax (10%), and will not be burdened with a withholding tax on dividends distributed by AFIs to local or foreign shareholders. The government also ensures that all training costs are allowable at 125% for tax purposes.

Labor

AFIs will have access to a young, abundant, predominantly English speaking, literate, and well-motivated labor force at competitive wage rates. Unskilled labor rates currently are M2,000 to M2,200 per month or M110 to M125 per day, depending on the amount of time spent with the employer.³

³ <https://gazettes.africa/archive/ls/2023/ls-government-gazette-dated-2023-02-24-no-13.pdf>

Market Access

Lesotho has strived to ensure wide regional and international market access on very favorable terms. The AFI will see strategic benefit in accessing the following markets;

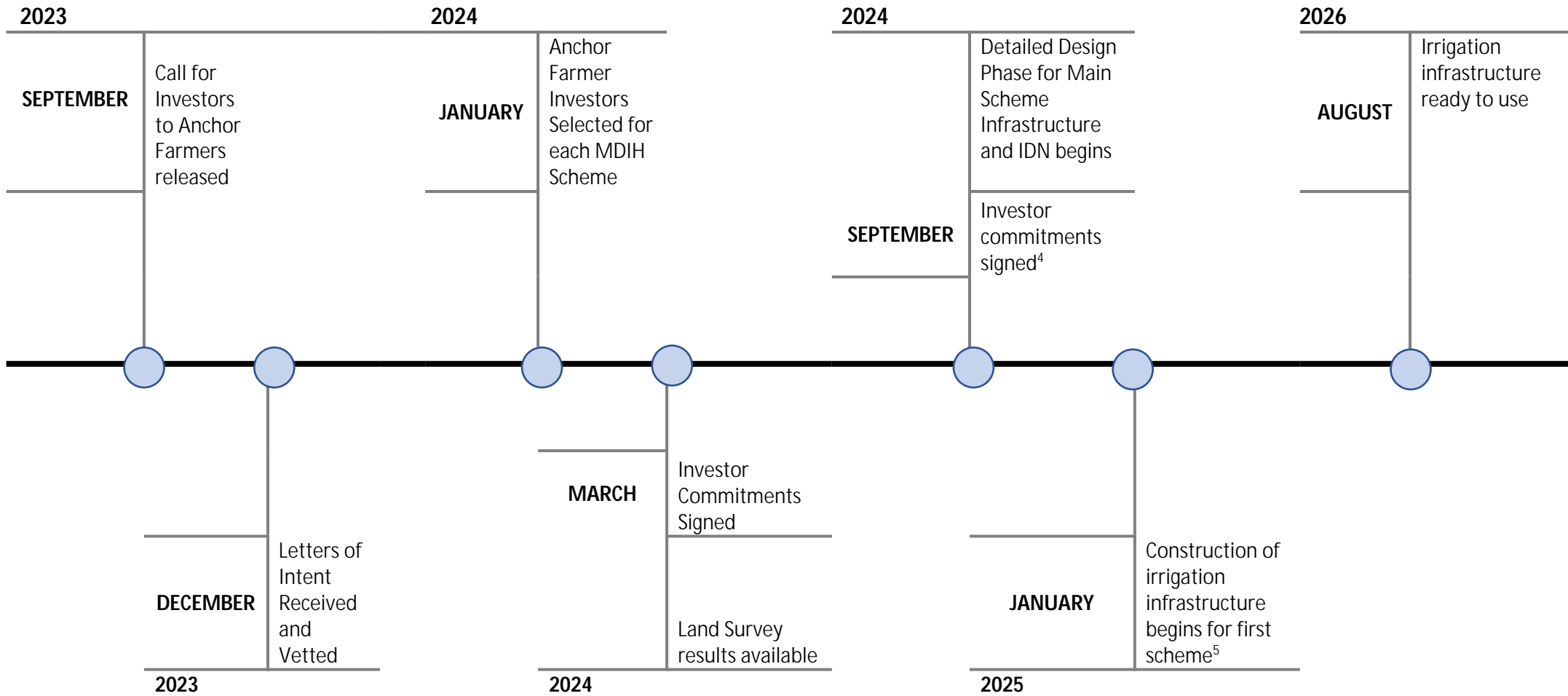
- Duty free and quota free access of Lesotho made products to a market of 55 million consumers within the Southern African Customs Union (SACU) comprising Botswana, Lesotho, Namibia, Eswatini and South Africa.
- The Southern African Development Community (SADC) – (16 countries comprising 260 million consumers).
- Preferential market access of Lesotho originating products into the Australian market (22 million consumers), affording them duty free access or reduced rates of duty.
- Duty-Free Access for a large list of products except for dairy, poultry and egg products granted by Canada (34 million consumers) under the General System of Preferences (GSP) system.
- A preferential treatment agreement between SACU and MERCOSUR (comprising Argentina, Brazil, Paraguay, and Uruguay (385 million consumers) grants trade preferences on specific products originating from Lesotho as a member of SACU.
- Lesotho can also export all products to the European Union (500 million consumers) duty free provided under SACU Economic Partnership Agreement (EPA)
- Lesotho benefits from the lucrative American market (310 million consumers) provided by the African Growth Opportunity Growth (AGOA).

List of Acronyms

AFI	Anchor Farmer Investor
AGOA	African Growth Opportunity Growth
APPSA	Agricultural Productivity Programme for Southern Africa
BDS	business development service
BETA	Business Environment and Technical Assistance
CAFI	Competitiveness and Financial Inclusion
CCC	Cold Chain Challenge
CCM	Cold Chain Management
CMA	Common Monetary Area
FFV	Fresh Fruits and Vegetables
GDP	Gross Domestic Product
GGAP	Global Good Agricultural Practices
GoL	Government of Lesotho
HACCP	Hazard Analysis and Critical Control Points
HTGSD	Horticulture, Training, Gender, and Social Development
ICC	Integrated Cold Chain
IDN	Irrigation Distribution Network
IFU	Independent Farming Unit
ISO	International Standards Organization
LAA	Land Administration Authority
LNDC	Lesotho National Development Corporation
LSDP	Lesotho Supplier Development Programme
LSI	Lesotho Standards Institute
MAFSN	Ministry of Agriculture, Food Security and Nutrition
MCA Lesotho II	Millennium Challenge Account - Lesotho II
MCC	Millennium Challenge Corporation
MDIH	Market Driven Irrigated Horticulture (project)
MFPM	Maluti Fresh Produce Market
MoGYSR	Ministry of Gender, Youth, Sports, and Recreation
MoTIBDT	Ministry of Trade, Industry, Business Development & Tourism
MoWA	Ministry of Water Affairs
MSI	Main System Infrastructure
MSMEs	Micro, Small- and Medium Enterprises
NIMP	National Irrigation Master Plan
NSDP	National Strategic Development Plan
NSDP II	National Strategic Development Plan 2019-2023
NTFC	National Trade Facilitation Committee
OBFC	One-Stop Business Facilitation Centre

PCGS	Partial Credit Guarantee Scheme
PPD	Public Private Dialogue
PPF	Project Preparation Facility
PSCEDP	Private Sector Competitiveness and Economic Diversification Project
RCoLs	Regional Centers of Leadership
RLRS	Rural Land Registration System
RSA	Republic of South Africa
SACU	Southern African Customs Union
SADC	Southern African Development Community
SADCAS	Southern African Development Community Accreditation Services
SADP I & II	Smallholder Agriculture Development Project
SHF	Smallholder Farmers
SLB	Standard Lesotho Bank
USG	United States Government
WFLO	World Foods Logistics Organization
WUAs	Water Users' Associations

ANNEX 3 – Timeline



⁴ If investor wants to participate in design of irrigation scheme.

⁵ Sequencing of construction will be based on demand from AFIs.