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LESOTHO COUNTRY FOCUS

IN THIS EDITION:

For Justice, Equity and Opportunity

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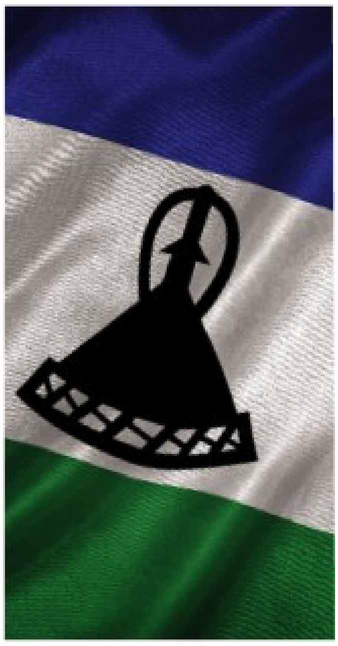

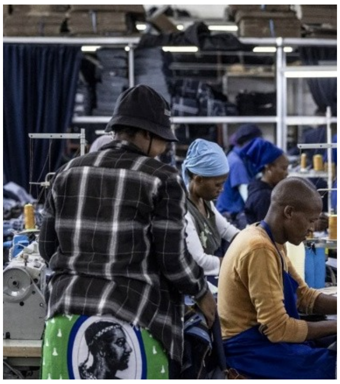

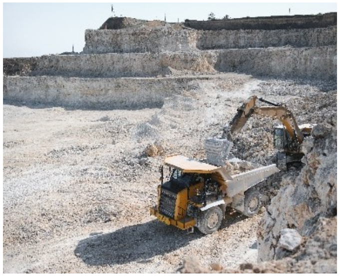

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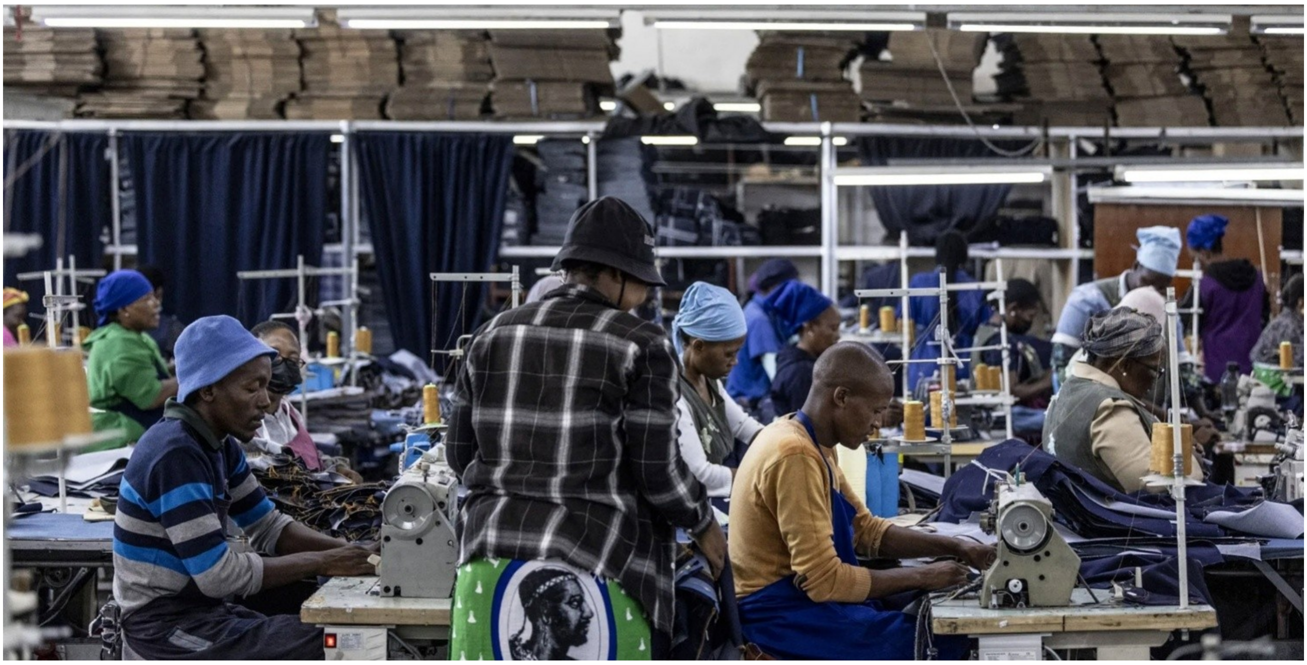
Lesotho Focus Story I



Threads of Lesotho

The Fight and Future of Lesotho's Textile Sector

Every morning at seven o'clock, crowds of women gather at the gates of garment factories in Maseru — Lesotho's capital — bundled against the sharp winter chill, hoping to be called in for a shift. But as NPR reported in its July 2025 coverage of the crisis, the gates of many factories remain firmly shut, and no one comes out.[1]

The human cost behind this trade policy shift is stark and immediate. As reported by the Business and Human Rights Resource Centre in January 2026, workers who once had steady factory incomes now make lower sums on a weekly basis doing occasional laundry jobs, unable to afford food, school fees, or basic sanitary supplies for their families.[2] Some have returned to rural villages, where subsistence farming offers little relief. Retrenched workers queue daily at factory gates from early morning hoping for sporadic shifts, while others have turned to informal jobs like street vending. Meanwhile, as NPR's on-the-ground reporting vividly captured, the garments these workers stitch are not intended for the local market — people in Lesotho have to buy them back second-hand, from markets full of the West's discarded clothing.[3] The same hands that sew garments for global brands cannot afford to own a pair.

These are the threads of Lesotho — not just the fabric stitched in its factories, but the human lives woven into every seam. And right now, those threads are being pulled apart.

The Current Landscape of Lesotho's Textile Industry

To understand the opportunity, we have to look at the current economic landscape. Lesotho is estimated to have 2.3 million people and a per capita GDP of $1,106.5 in 2024.[4] The economy is largely driven by exports, meaning international trade accounts for a significant share of its overall GDP. These export products include garments, diamonds, mining, and energy, among others.

According to the Lesotho National Development Corporation, this nation is one of the top four producers of textiles and garments in all of Africa, and it boasts a well-established footwear industry.[5] To put that scale into perspective, Lesotho's garment industry manufactures around 90 million knitted garments every single year, while the country's own consumption of knitted fabric is estimated to range between just 22,000 and 26,000 metric tons annually.

The textile industry is widely regarded as the largest private employer in the country. At its peak, the industry employed up to 50,000 workers, with between 80 and 95 percent of them women — most of whom were the primary breadwinners for their households.[6] It accounts for 20% of the country's GDP,[7] forming a massive part of its revenue. The major receivers of Lesotho's textile goods are South Africa and the USA. According to the Guardian, Lesotho sent about 20% of its $1.1 billion in total exports to the US in 2024.[8] Meanwhile, fabric and textile-related products worth $179.46 million were exported to South Africa in 2023,[9] a substantial share of the overall $444.96 million in goods exported there. Other destination countries include Eswatini, Canada, and Germany.

The U.S. imposition of steep tariffs — initially set at 50 percent, the highest applied to any country globally at the time — caused immediate chaos in the sector. Even after negotiations reduced the rate to 15 percent, buyer uncertainty, order cancellations, and hesitation over the future of the African Growth and Opportunity Act (AGOA) led to widespread disruption across the industry. As IndustriALL Global Union documented in its March 2026 analysis, factories have closed, downsized, or moved operations to countries with lower tariffs, leaving thousands of workers without income or prospects. Ever Unison Garments, which once employed more than 2,000 workers, reopened with only 200 after shifting production to Kenya and Eswatini. Tai Yuan Garments closed, affecting 1,500 workers. TZICC Clothing Manufacturers shut down, leaving another 700 jobless. Precious Garments, which employed about 4,000 workers producing for global brands including Reebok, has also laid off its entire workforce.

Following this disruption, the country declared a state of disaster and is actively seeking new buyers from Asian countries and beyond.[10] And yet — this crisis, as severe as it is, does not erase Lesotho's structural advantages. If anything, the urgency of the moment has created a more motivated government, a more flexible industry, and a wider window for the right investors to enter.

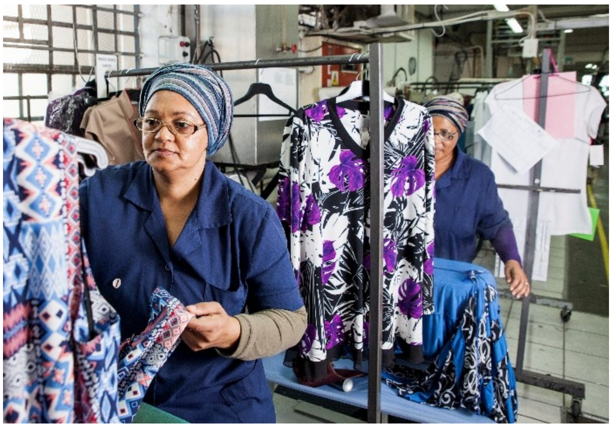
How To Navigate the Textile Industry

The Lesotho government is highly motivated right now and is actively seeking ways to draw investors into the country. If you are looking to enter this space, there are a few important things you should note to successfully navigate the industry.

First, Lesotho is a member of key regional economic blocs, including the Southern African Customs Union (SACU), which is the oldest customs union in the world and guarantees duty-free access to Botswana, Namibia, South Africa, and Eswatini. As a member of the SACU Common Monetary Area, investors enjoy the benefit of free currency convertibility.[11] Under this system, Lesotho's currency, the loti, is functionally equivalent to the South African rand, which is also accepted as legal tender. Additionally, Lesotho is a member of the Southern African Development Community (SADC) and joined the African Continental Free

Trade Area (AfCFTA) in November 2020. AfCFTA is one of the world's largest free trade areas, connecting more than 1.3 billion people across Africa with a combined GDP exceeding $3 trillion. The nation is also party to a free trade agreement with the European Free Trade Association (EFTA), holds a preferential trade agreement with MERCOSUR, and has an Economic Partnership Agreement (EPA) with the European Union that has been effective since October 2016.[12] In 2023, the government ratified the COMESA-EAC-SADC Tripartite Free Trade Area Agreement, aimed at establishing a single market that facilitates the free movement of goods and services while promoting economic and social development.[13]

From a corporate and regulatory standpoint, to start a company dealing in the textile industry, it must be officially registered with the Registrar of Companies and the Revenue Services Lesotho. You must decide on a legal structure and submit the incorporation documents to the Registrar, which operates under the Ministry of Trade, Industry and Business Development. The Revenue Services Lesotho is then responsible for setting up a Tax Identification Number for your company so it can readily access tax benefits.



Speaking of taxes, the standard company income tax is set at 25%, which is relatively low compared to southern counterparts (South Africa is at 27%, and Namibia stands at 31%). However, a heavily reduced rate is offered specifically for the manufacturing sector, which includes textiles, bringing that tax burden down to just 10%. To ease the process for new companies, the Business Licensing and Registration Act of 2019 was made effective. This Act aims to modernize and automate the business registration and licensing system, promoting the easy integration of enterprises into the formal sector. It includes efficient provisions for online license applications, electronic payment of fees, and mandates a maximum processing period of just five business days. For external companies looking to set up a branch in Lesotho, they are required to register within 10 days of establishing their place of business.[14] Furthermore, the Land Act of 2010 allows foreign investors to hold land titles, provided that local investors own at least 20% of the enterprise.[15] If the activities of your enterprise are likely to have an actual or potential environmental impact, an Environmental Impact Assessment (EIA) must be carried out and approved by the National Environmental Secretariat.

Logistics have also been streamlined for modern trade. In 2022, the Lesotho National Single Window (LNSW) was launched, serving as a comprehensive online portal used for the issuance of cross-border permits, certificates, and licenses. It allows businesses — especially importers and exporters — to seamlessly submit documentation, apply for permits, make payments online, and perform other related processes, centralizing the entire workflow. Lastly, export manufacturers are entitled to a full refund of customs duties paid on any imported inputs used in the production of goods destined for markets outside the SACU.

Conclusion

Ultimately, despite the reduction of the initial 50% U.S. tariffs down to 15%, the current rate remains undeniably challenging for the textile sector. As the Daily Maverick reported in August 2025, factory owners and trade officials have warned that even a small tariff disadvantage relative to competitors is consequential — and that Lesotho needs to reach tariff parity with rivals like Kenya, Eswatini, and Ethiopia to remain genuinely competitive.[16] Lesotho's Minister of Trade has stated publicly that negotiations with U.S. trade representatives are ongoing, with the government committed to pushing for a further reduction.

Recognizing the urgency, the government is actively exploring new initiatives, such as the project at the established Tikoe Estate in Maseru and the developing Belo Estate in Butha Buthe. Strategic partnerships with local firms can also significantly boost productivity for new entrants.

When you look at the whole picture, Lesotho offers major competitive advantages — relatively low labor, electricity, and communication costs — all of which heavily support investment in the sector. Behind every statistic is a shared human reality: women who have spent decades mastering their craft, who have put children through school on factory wages, and who — as NPR's reporting captured — take deep pride in the quality of what they produce.[17]

That pride, and the resilience behind it, is ultimately what Lesotho's textile sector is built on. Combined, these factors create a highly supportive ecosystem for the growth of the textile and garment industry, cementing Lesotho's position as a viable, lucrative hub for both regional and international trade. ■

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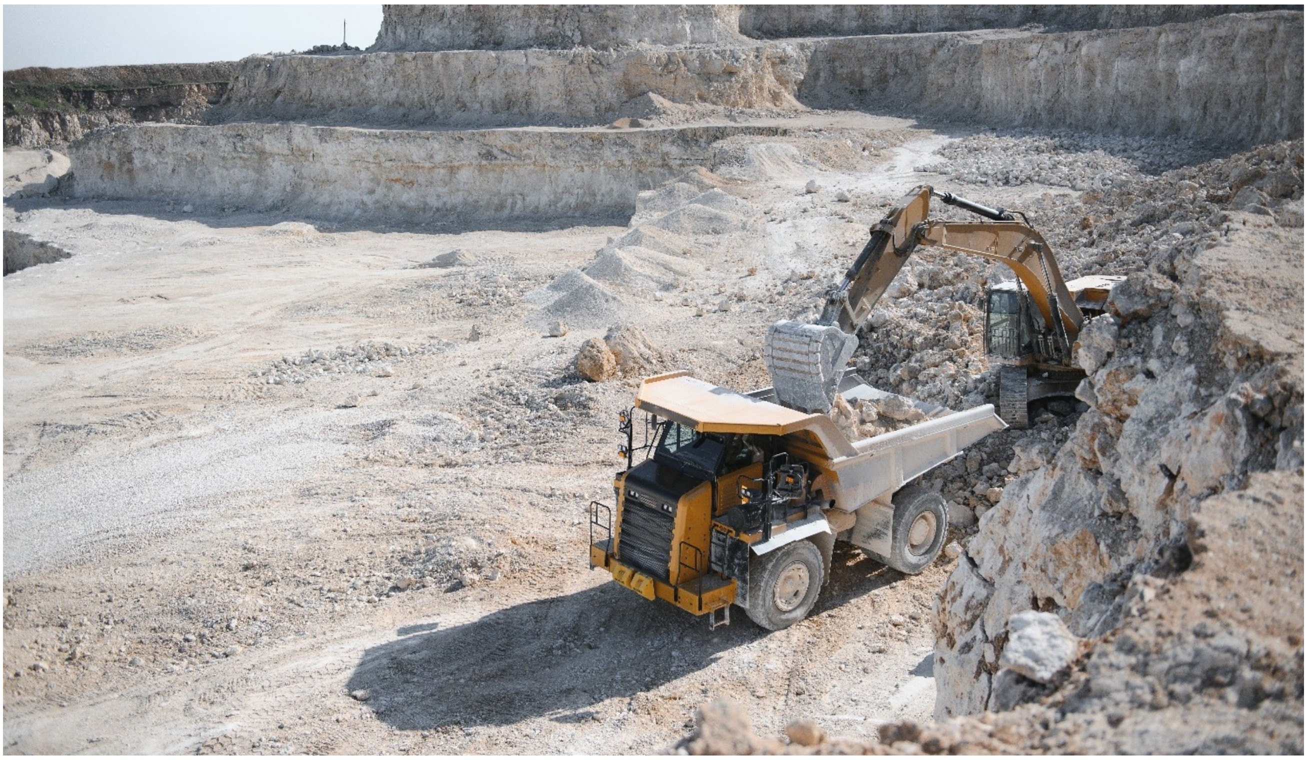
Zambia



Zambia's New Mining Law:

Legal Shifts and their Implications for Investors

Copper is the metal the world cannot transition without. Every electric vehicle requires roughly four times the copper of a conventional car. Every offshore wind turbine consumes several tonnes of it. Every kilometre of upgraded electricity grid depends on it. And as the global energy transition accelerates, the arithmetic is becoming stark: the International Energy Agency's Global Critical Minerals Outlook 2025 projects a potential 30 percent copper supply shortfall by 2035, driven by surging demand from electrification, declining ore grades, rising project costs, and a decade of underwhelming new discoveries.[1] Against that backdrop, Zambia — where copper accounts for roughly 15 percent of GDP and over 70 percent of total exports — occupies a position of rare and growing strategic importance.[2]

The scale of Zambia's ambition matches the moment. In 2025, the country produced 890,346 metric tonnes of copper — an 8 percent increase on the prior year and the second consecutive year of growth — as Mopani and Konkola Copper Mines ramped up output following years of dispute and underperformance.[3] The government has set its sights considerably higher: a National Strategy targeting three million metric tonnes of annual production by 2031, which would make Zambia one of the world's top copper producers alongside Chile, the DRC, and Peru.[4] Major international names — Anglo American, First Quantum Minerals, Barrick Gold, and AI-driven explorer KoBold Metals — are already deploying capital across the Copperbelt and emerging frontiers in Central and North-Western Zambia. Zambia's economy grew by 4 percent in 2024 despite a historic drought, driven by the mining sector recovery, and growth is estimated to have reached 5.2 percent in 2025.[5]

It is into this charged environment that Zambia's most significant mining law reform in nearly a decade has arrived. In December 2024, the Minerals Regulation Commission Act (MRCA) was officially enacted, repealing and replacing the Mines and Minerals Development Act of 2015 — a law long criticized for regulatory fragmentation, licensing delays, and overlapping institutional mandates. The MRCA does more than tidy up administrative arrangements. It establishes a single independent regulator, the Minerals Regulation Commission, consolidating functions previously distributed across multiple government departments and ministries. It introduces tighter eligibility standards, strengthened environmental responsibility and rehabilitation requirements, clearer company accountability obligations, and a new licensing architecture designed to give both Zambian citizens and foreign investors a more predictable pathway into the sector. Existing licences remain valid until expiry, but renewals are subject to the new regime — meaning the MRCA is already operative for any investor planning beyond the short term.

For investors, legal advisors, and policymakers, understanding the MRCA is not a formality — it is the foundation of any serious engagement with Zambia's mining sector. This article maps the key reforms introduced by the Act, examines their practical implications for licensing, taxation, compliance, and investment protection, and identifies the risk areas that require the most careful navigation. In a sector where the commercial stakes are rising rapidly and the regulatory ground has just shifted, legal preparedness is the most important competitive advantage an investor can have.

Overview of Zambia's Mining Industry

According to the Extractive Industries Transparency Initiative (EITI), Zambia is Africa's second-largest producer of copper, and copper is a significant revenue source for the government, underscoring its importance to the national economy.[6] Navigating this sector as a key player therefore requires regulatory and licensing knowledge, an understanding of taxation, royalties, and the fiscal regime, as well as legal expertise in environmental and social compliance, local employment obligations, corporate governance, and related matters.

Mining can be traced back to the pre-colonial era, after which the British carried on extensive mineral exploration upon colonisation. The industry was then nationalised upon independence and remained in government control for a period of twenty-four years. However, production levels declined sharply, and unemployment skyrocketed as the mines began to underperform due to mismanagement. Eventually, the sector was privatised and remains so as of the time of this article.[7]

Minerals Regulation Commission Act: Key Reforms

The MRCA introduces several significant new provisions, discussed in detail as follows:

Minerals Regulation Commission (MRC): The Commission is established in Section 5 of the MRCA. The MRC is a corporate entity with perpetual succession and a common seal, possessing the capacity to sue and be sued in its own name, and authorised, subject to the provisions of the Act, to exercise all powers and perform all acts that a body corporate is lawfully permitted to undertake.[8] The functions of the Commission include: ensuring compliance, the grant, suspension and revocation of licences, monitoring of mining activities, prevention of illegal activities, and advising the government on matters concerning the mining sector.[9] The Commission is governed by a board that appoints the Director-General. In comparison with the previous Act, the MRCA has removed the provisions for directors, the mining licensing committee, honorary inspectors, and the mining cadastre office.[10]

Licensing: Before applying for a licence or permit, it is important to note that no person may conduct exploration, mining, or mineral processing activities without first obtaining approval of the relevant environmental impact assessment from the Zambia Environmental Management Agency, in accordance with the Environmental Management Act, 2011.[11] The rights provided under the Act include the exploration licence and mining licence as mining rights, while non-mining rights include a mineral processing licence, gold panning certificate, mineral trading permit, mineral import permit, and mineral export permit. The applicant for an exploration licence must submit a proposal for the exploration work programme. Mining rights for an area exceeding 6.86 to 1,000 hectares will be awarded only to a citizen-influenced company, citizen-empowered company, or a citizen-owned company.[12] However, there are no ownership restrictions for exploration, large-scale mining, mineral processing, or mineral import and export permits — meaning these rights can be granted to both Zambian and foreign entities. The conditions for these rights are largely preserved from the prior Act, but the MRCA introduces the additional requirement for a valid tax clearance certificate issued by the Commissioner-General.[13]

Application Process: Section 20 of the MRCA governs the licensing process and sets out its specifications. Artisanal mining can only be carried out by a Zambian citizen or a cooperative made up entirely of citizens, and small-scale mining is limited to companies that are citizen-owned, citizen-influenced, or citizen-empowered. A licence for artisanal or small-scale mining cannot be issued for radioactive minerals.[14] Any company seeking a partnership with the holder of a mining licence must obtain permission from the Commission before carrying out any activity. The requirements before the grant of a licence are provided under Section 21(3) of the MRCA. Where an application has been submitted, the Commission shall notify the applicant within forty-five days of its grant or rejection. If rejected, the applicant will be informed in writing of the reason. The duration of a mining licence differs: three years for artisanal mining, ten years for small-scale mining, and twenty-five years for large-scale mining. The holder of the licence may choose to defer the commencement of the licence under the Act. Similar procedures are provided for the mineral processing licence,[15] gold panning certificate,[16] minerals trading permit,[17] and mineral import and export permit.[18]

The documents required for licensing include: a duly completed Form I with geographical coordinates of the area of interest fitting the predefined cadastral grid; an environmental commitment and management plan (where applicable); a proposed programme of mining or exploration operations; proposals for employment and training of Zambian citizens; proposals for the promotion of local business development; a valid tax clearance certificate;[19] and any other documents required by the Commission.

Taxation and Fiscal Regime

The MRCA operates alongside the Zambia Income Tax Act and the mineral royalty framework. The Commissioner-General appointed under the Zambia Revenue Authority is responsible for carrying out the provisions of the MRCA in relation to mineral royalty. All persons with a mining licence must pay royalties depending on what they mine. For base metals such as zinc or lead, the rate is 5 percent of the norm value, except for copper, cobalt, and vanadium, which are treated differently. For energy or industrial minerals such as coal or limestone, the rate is 5 percent of the gross value. For gemstones such as emeralds or amethyst, the rate is 6 percent of the gross value, while precious metals such as gold or silver attract a rate of 6 percent of the norm value.[20] A mineral royalty may be paid in advance; however, the timeframe for payment is fourteen days after the end of the month in which the sale of minerals is made.[21]

Under the Income Tax Act of Zambia, the standard company income tax is 30 percent, but there is no withholding tax on dividends declared by a mining company. If a mining company with a large-scale mining licence mines base metals and makes a financial loss each year, it is only allowed to carry that loss forward for tax purposes for up to ten years after the year the loss occurred — after which the loss can no longer be carried forward.[22] In the same vein, companies with large-scale mining licences for base metals are only allowed to deduct indexed losses, and deductions for mining expenditure (available only for assets brought into use).

Under the Property Transfer Tax Act No. 27 of 2024, property transfer tax is chargeable as follows: 10 percent of the realised value in respect of a mining right for a mining licence; 8 percent of the realised value in respect of a mining right for an exploration licence; and 10 percent of the realised value in respect of a mineral processing licence.

Key Risk Areas for Investors

Investors operating in or entering Zambia's mining sector should be attentive to three principal risk categories:

Licensing and Permit Risk: This includes uncertainty over the interpretation of MRCA and residual Mines and Minerals Development Act provisions, restrictions on foreign ownership in small-scale and artisanal mining sectors, and bureaucratic delays in the licensing process. The transition to the new regulatory regime also introduces a period of interpretive ambiguity that investors should plan for.

Fiscal Volatility: Changes in royalty rates, taxes, or export duties without prior notice remain a live concern. Complexities in calculating royalties based on gross value or norm value of minerals can give rise to disputes. Investors should also note that the recent Statutory Instrument No. 68 of 2025 now mandates that investors reserve 20 percent of their procurement budget for local suppliers initially, rising to 40 percent within five years — a requirement that will materially affect project cost modelling.

Environmental and Social Compliance: The MRCA imposes heavy liability for environmental damage, community disputes, or non-compliance with land rehabilitation rules. Critically, Section 65 of the MRCA potentially extends liability for environmental damage beyond the corporate body to the directors and officers if found guilty — a provision that significantly elevates personal risk for senior management and warrants close attention during due diligence.

Investment Protection and International Obligations

Zambia has entered into a number of bilateral and multilateral treaties. It has bilateral investment treaties with France, Germany, Italy, Mauritius, the United Arab Emirates, the United Kingdom, Turkey, the Netherlands, and Switzerland, and has agreements with most member states of both the Common Market for Eastern and Southern Africa (COMESA) and the Southern African Development Community (SADC). Zambia is also a contracting state to the Convention on the Settlement of Investment Disputes Between States and Nationals of Other States (ICSID). The country has duty-free and quota-free access to EU markets under the "Everything but Arms" programme for the world's Least-Developed Countries.[23] Zambia also ratified the African Continental Free Trade Agreement (AfCFTA) in February 2021.

Recommendations

The evolving legal and regulatory landscape of Zambia's mining sector presents both opportunities and challenges for investors, lawyers, and policymakers, as Zambia is poised to become a major player in the global mining sector.

For **investors**, thorough due diligence must be carried out, including an audit of the supply chain. It is also advisable to invest in training programmes for local suppliers in order to build a trusted supply chain. Implementing robust compliance and risk management strategies is essential to safeguard commercial interests. Mining investors must additionally conduct enhanced due diligence on local partners to confirm substantive participation and to mitigate the risk of fronting, particularly in licence holding and procurement arrangements.

For **policymakers**, it is recommended to reconsider the 40 percent local procurement quota or, alternatively, to strengthen local suppliers through targeted fiscal and capacity-building incentives that enable them to adequately meet industry demand. Policymakers should also clarify the regulatory treatment of critical minerals to prevent uncertainty and investor concerns arising from potential export restrictions, and ensure that implementation of such measures is predictable, transparent, and consistent. ■

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Egypt

Egypt's Legal Landscape in Infrastructure Development

Egypt occupies a position in the global economy that few countries can match. Straddling the intersection of Africa, the Arab world, and Europe, it controls the Suez Canal — one of the world's most consequential arteries of trade, through which approximately 12 to 15 percent of global shipping tonnage passes in a normal year. With a population exceeding 114 million,[1] it is Africa's third-largest economy and one of the continent's most strategically significant markets. For infrastructure investors, legal advisors, and policymakers, Egypt presents something relatively rare: a country of genuine continental scale, actively engaged in one of the most ambitious infrastructure build-outs anywhere in the world, and doing so within a legal and regulatory framework that is rapidly modernising to accommodate it.

The scale of what Egypt is building is difficult to overstate. Between 2023 and 2025 alone, reported infrastructure investments totalled approximately $106 billion,[2] spanning roads, ports, railways, industrial zones, energy networks, and 14 new smart cities mandated for development by the New Urban Communities Authority. According to Knight Frank's Egypt Construction Landscape 2025 report, the country's future project pipeline stands at $565.5 billion — the third-largest in the Middle East and North Africa — with approximately $120 billion worth of projects currently under active execution.[3] Fitch Solutions projects the construction sector will grow at an average annual rate of 6.3 percent through to 2035, with infrastructure projects accounting for nearly 34.5 percent of total construction value, equivalent to around $166.6 billion.[4] Looking further ahead, Egypt's energy ambitions alone are transformational: the government plans to commission 32 green hydrogen plants by 2030 at a combined investment of $107.2 billion, and to raise the share of renewables in the electricity mix from 11.5 percent in 2024 to 42 percent by 2040.[5]

International capital has taken notice. The landmark $35 billion Ras El Hekma investment agreement with the United Arab Emirates — the largest foreign direct investment deal in Egypt's history — marked a turning point in investor confidence, and was followed by a surge in portfolio inflows estimated at $38 billion as of March 2025. Egypt's project finance pipeline of $515 billion is the largest on the African continent and the third largest across the entire MENA region, representing 12 percent of the region's unawarded projects.[6] Gulf sovereign capital, European development finance institutions, and multilateral lenders are all increasing their exposure to Egyptian infrastructure — drawn by the country's demographic weight, its geographic position, and a government that has demonstrated, through successive legal reforms, a serious commitment to private-sector participation.

That commitment is visible in the statute book. Over the past fifteen years, Egypt has systematically restructured the legal architecture governing infrastructure development — enacting the Public-Private Partnership Law (Law No. 67/2010), reforming it three times to sharpen procurement discipline and concession clarity, and layering on the State General Planning Law No. 18/2022, the Investment Law No. 72/2017 with its landmark Golden Licence mechanism, and most recently the National Property ID Law No. 88/2025, which is expected to digitise and unify land registration across the country. The result is an investment environment that is increasingly transparent, increasingly competitive, and — for those who navigate it with proper legal preparation — genuinely rewarding. It is also an environment that remains complex: regulatory overlap among ministries, ambiguities around asset ownership in newer infrastructure categories, and macroeconomic pressures including exchange-rate volatility are realities that any serious investor must plan around.

This guide is designed to provide exactly that preparation. It maps the core legislative instruments governing Egypt's infrastructure sector, the regulatory bodies that oversee them, the permitting and licensing processes that structure project delivery, and the tax and incentive regime that defines the commercial terms of investment. It then turns to the compliance risks and reform trajectory that will shape the environment over the coming years, before closing with strategic recommendations for investors, policymakers, and legal advisors. For anyone looking to participate in one of the most consequential infrastructure stories in the developing world, understanding Egypt's legal landscape is not optional — it is the essential starting point.

Sector and Country Overview

Egypt remains a pivotal economic centre in Africa and the MENA region, with a population exceeding 114 million and one of the region's fastest-growing infrastructure markets.[7] Over the past decade, the state has invested intensively in roads, ports, industrial zones, digital infrastructure, and urban expansion.[8]

Legal intelligence is essential in this landscape because Egypt's infrastructure sector is transitioning from a state-driven system to a model anchored in PPPs, investor-led funding, transparency reforms, and modernized planning and land-use regulation. This shift introduces both opportunity and complexity, making regulatory clarity and compliance critical for business success.

Regulatory Framework

Below is a list of core legislative instruments which have allowed the reform of infrastructure development to take place, including without limitation:

Public-Private Partnership (PPP) Law — Law No. 67/2010 (as amended)[9]: This law establishes rules for planning, procurement, contracting, risk allocation, and monitoring of PPP projects. It provides a transparent competitive tender regime and long-term concession guidance.[10]

State General Planning (Planning) Law No. 18/2022: It introduces a participatory approach to spatial planning, reinforcing coordination between national, regional, and local authorities.[11]

Unified Building Law No. 119/2008[12]: Governs construction permits, zoning, land-use control, and urban-development planning standards.

National Property ID Law No. 88/2025: Expected to create a unified digital registry for property identification to improve land transparency, reduce fraud, and streamline project acquisition once implemented fully.[13]

Mineral Resources Law No. 198/2014[14] and **Water Resources & Irrigation Law No. 147/2021**[15]: Regulate sustainable resource use, crucial for infrastructure projects in energy, mining, and water-management sectors.[16]

Regulatory Bodies Overseeing Development and Investments

- **Ministry of Finance, Central Unit for Public-Private Partnerships:** Identifies PPP projects, conducts feasibility studies, and manages procurement.

- **General Authority for Investment and Free Zones (GAFI):** Oversees investments and company registration, handles Golden Licence applications.

- **Ministry of Housing, Utilities & Urban Communities:** Construction permits, new-city development.

- **Ministry of Transport:** Oversight of transport and logistics infrastructure.

- **Egyptian Environmental Affairs Agency (EEAA):** Environmental compliance and impact assessment.

Permit and Licensing Processes for Infrastructure Projects

The implementation of large-scale infrastructure projects in Egypt is governed by an intricate regulatory process designed to ensure transparency, environmental protection, and alignment with national development and urban-planning standards.

Public-Private Partnership (PPP) Projects

The regulatory foundation for PPP projects in Egypt is provided by Public-Private Partnership Law No. 67 of 2010 (and its subsequent amendments and executive regulations). This law establishes a distinct legal regime for PPPs separate from traditional public procurement, utilities concessions, and older concession laws, thereby governing the structure, bidding, and post-award phases of PPP contracts.[17]

The procurement process under this law is designed as a structured, multi-stage process. In practice, PPP tenders typically begin with a feasibility study and project screening, followed by a prequalification phase in which only technically and financially capable investors are shortlisted.[18]

The shortlisted ("prequalified") bidders are then invited to submit full proposals under a formal Request for Proposals (RFP), incorporating detailed technical, financial, and contractual offers.[19]

Once proposals are evaluated, the grantor (public authority) enters concession negotiations with the preferred bidder to finalise the contract, including key terms such as risk-sharing, financing structure, performance obligations, and long-term operation or maintenance.

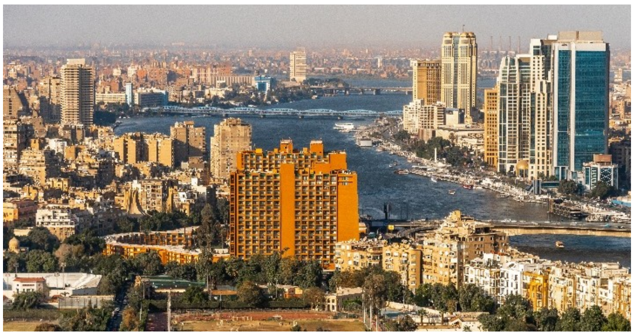
Throughout this process, the PPP Central Unit (or other relevant public entity) supervises project screening, tendering, selection, and post-award monitoring, ensuring institutional oversight across all phases of PPP procurement and implementation.[20]

This clear, phased approach helps attract qualified private-sector participation, promotes competition and transparency, and tends to strengthen both investor confidence and public accountability.

Traditional Infrastructure and Real-Estate Projects: Multi-Agency Permits and Licensing

- Landmark regulations governing urban development and construction require developers to secure land allocation or lease rights before undertaking major projects. In many cases, land remains state-owned until formally allocated; for example, large plots in desert areas managed by New Urban Communities Authority (NUCA) or by governorate bodies are only leased or sold after official approval.[21]
- Upon land allocation or lease, projects must often obtain a masterplan or subdivision approval, especially for larger developments, ensuring compatibility with urban/regional plans, zoning, road access, utilities, and other conditions.[22]
- Before construction starts, applicants must secure a building permit from the relevant local authority (municipality or city council), under the supervision of the Ministry of Local Development and the Ministry of Housing, Utilities and Urban Communities (MHUUC).[23]
- The building-permit review is multi-layered: required submissions include proof of ownership or valid lease, approved architectural and structural plans (stamped by a licensed engineer), zoning certificates, soil tests (for large/multi-storey buildings), utility clearance certificates, and possibly environmental clearance or other risk assessments, depending on location and project scale.[24]
- For industrial, utility, or large infrastructure projects (e.g. private-sector industrial zones or energy/transport/utility works), additional environmental licensing and social-impact approval under Egyptian Environmental Affairs Agency (EEAA) guidelines is usually mandatory. The process may involve Environmental Impact Assessments (EIA), compliance with environmental and social safeguards, and follow-up monitoring.[25]
- Finally, depending on the sector (e.g. energy, water, transport), developers may require sector-specific operating licences or technical certifications, pursuant to sector laws or regulatory authorities outside the standard urban-planning and building permit regime.[26]

Altogether, this multi-step and multi-agency licensing framework — from land allocation through zoning, planning permission, building permits, environmental clearance, to sector licences — ensures that infrastructure and real-estate projects are developed in line with urban-planning norms, environmental standards, and sector regulations. But it also means that successful project delivery often requires early regulatory planning, coordination between multiple agencies, and comprehensive compliance documentation.



Tax, Investment, and Incentives

Egypt continues to refine its investment landscape through a blend of legislative clarity and targeted incentives. Under the Investment Law No. 72/2017,[27] investors benefit from streamlined approvals such as the Golden Licence, which consolidates multiple permits into a single fast-tracked process for national and strategic projects. Priority sectors, including renewable energy, logistics, manufacturing, and large-scale infrastructure, enjoy enhanced incentives designed to attract long-term capital and promote export-oriented growth. Special Economic Zones further bolster this environment by offering reduced customs procedures, favourable tax treatment, simplified licensing, and more predictable land-allocation mechanisms. Foreign ownership is broadly permitted across most sectors, with limitations only in sensitive areas such as defence, certain utilities, and a narrow category of real estate assets. Most notably, foreign ownership of land in the Sinai Peninsula is specifically prohibited under Law No. 14 of 2012 — a critical restriction that foreign infrastructure investors must account for when evaluating land acquisition in Egypt's eastern border region.

Compliance and Risk Analysis

While Egypt's regulatory environment is becoming more investment-friendly, several risks remain relevant to project developers and financiers. Regulatory overlap among ministries and local authorities can slow down approvals, while persistent ambiguities around asset ownership — particularly in digital and transport infrastructure — may complicate financing arrangements and end-of-term obligations in PPP projects. Procurement processes, although modernising, still experience administrative bottlenecks and potential renegotiation risks. Macroeconomic pressures, including exchange-rate volatility and import controls, continue to influence project timelines and cost structures. These challenges are often compounded by institutional capacity constraints, which may affect the execution of large-scale programmes.

Common pitfalls include misalignment with broader regional or master-planning frameworks, underestimating the time required for land-use and environmental approvals, and insufficient engagement with local authorities and communities during project structuring. Enforcement trends show a noticeable shift towards greater transparency, stricter environmental compliance, and closer scrutiny of PPP procurement rules.

Policy Developments and Reform Outlook

Reform momentum remains strong. Current initiatives are geared toward better aligning PPP regulations with sector-specific laws to minimise fragmentation and improve consistency across infrastructure sectors. The rollout of Egypt's new Property ID system is expected to digitise and unify land-registration processes, reducing historical inefficiencies in land verification. Planned procurement reforms aim to improve competitive tendering and streamline administrative steps across government entities.

Regionally, Egypt continues to deepen its integration with AfCFTA,[28] which is expected to enhance cross-border trade and logistics competitiveness. The country is also expanding bilateral cooperation with Gulf and European partners, particularly in renewable energy, transport infrastructure, and new urban development.

Overall, the policy trajectory is positive, and most proposed reforms are likely to advance given Egypt's ongoing commitment to an investment-driven development model.

Strategic Recommendations

For investors, early and comprehensive legal due diligence remains essential, particularly on land, permissions and approvals by relevant authorities, and asset-ownership structures. Engaging proactively with the PPP Central Unit and GAFI helps streamline project structuring and facilitates access to the Golden Licence regime. Investors should also build currency-risk and regulatory-change protections into their commercial agreements to safeguard long-term projects.

Policymakers may wish to focus on further harmonising planning, procurement, and PPP laws while strengthening decentralised capacity at the governorate and municipal levels, since this would help expedite approvals and limit delays. Accelerating the digital integration of property, environmental, and permitting systems would greatly enhance transparency and improve investor confidence.

For legal advisors, close monitoring of the implementation of the Property ID Law and ongoing PPP regulatory updates is crucial. Advisors should guide clients through multi-agency approval pathways, develop robust dispute-resolution strategies, and stay abreast of emerging rules governing digital infrastructure, especially asset ownership and classification.

Conclusion

Egypt is entering a defining phase in its infrastructure development. The evolution of its legal framework demonstrates a firm commitment to modernization and attracting sustainable investment. The legal foundations have become more robust; however, success depends on navigating the intersection of law, policy, and economic realities. Remaining informed and adaptable to Egypt's evolving legal landscape will be essential to unlocking the full potential of its infrastructure ambitions. ■

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Lesotho Focus Story II

Understanding Lesotho's Mining Regulations

Few countries of Lesotho's size punch as far above their weight in the global mining arena. Ranked seventh in the world by diamond value in 2019,[1] the mountain kingdom has built its reputation on producing some of the largest and most extraordinary rough diamonds ever recorded — stones that routinely command prices per carat that dwarf those achieved by producers elsewhere on the continent.

The Letšeng mine, operating at an altitude of over 3,100 metres in the Maluti Mountains, is widely regarded as the world's highest-value diamond mine by average price per carat, and has yielded a remarkable number of stones exceeding 100 carats. Yet diamonds, for all their lustre, represent only the surface of what Lesotho's geology has to offer. The country's known mineral endowment also includes base metals, dimension stone, coal, bituminous shale, and potential uranium deposits — a resource base that has, until recently, remained largely underexplored and underexploited.[2]

The most compelling emerging opportunity lies in critical minerals. As S&P Global reported in September 2025, research published in the Journal of the Southern African Institute of Mining and Metallurgy has confirmed the presence of rare earth elements in Lesotho's Late Triassic coal deposits — resources previously considered of little commercial value that are now attracting serious scientific and investor interest.[3] Rare earth elements are essential inputs for electric vehicles, renewable energy systems, and the broader digital economy, and global demand for them is accelerating sharply. Speaking at the Africa Down Under conference in Perth, Lesotho's Prime Minister framed this discovery as a strategic inflection point, stating that the country now has the possibility to become a reliable source of critical minerals that the world urgently needs for the green energy transition and digital economy.[4] Beyond rare earths, the country holds prospective resources in shale gas, oil, copper, and gold — all at early stages of exploration, and precisely the kind of ground-floor opportunity that rewards early-moving investors.

The Lesotho government is actively positioning the country to capture this opportunity. The 2025/26 national budget prioritizes economic diversification and private-sector development, and the government has moved to lower barriers to entry for artisanal and small-scale mining licensing. In June 2025, Lesotho and South Africa signed bilateral agreements to boost trade and investment, including value chains in mining-linked sectors, with cooperation being pursued specifically in mineral beneficiation, energy, and infrastructure development.[5] A digital cadastral system is being introduced to make geological data more accessible to investors, and licensing procedures are being streamlined to reduce administrative friction. The overarching message from Maseru is clear: Lesotho is open for mining investment, and it is building the institutional infrastructure to back that invitation up.

For any investor looking to enter this space — whether in diamonds, critical minerals, coal, or emerging resource categories — understanding the regulatory framework is the essential first step. Lesotho's mining governance system is structured, tiered, and increasingly reform-oriented. What follows is a comprehensive guide to that framework: who oversees it, how licenses are issued and maintained, what environmental and social obligations apply, and how the country's tax and royalty regime is structured. Taken together, these rules define both the pathway into Lesotho's mining sector and the terms on which its considerable mineral wealth can be responsibly and profitably accessed.

Overview of Lesotho's Mining Sector

The Kingdom of Lesotho is most widely known for its diamonds, which are consistently among the world's most valuable. Measured by value, Lesotho was ranked seventh in the world in terms of diamond production in 2019.[6] It is heavily sought after by luxury jewelry markets. The country's mining history has evolved over the years, starting from its initial role as a primary labour supplier for South Africa's gold mines.[7] Lesotho was even titled the Granary of the Goldfields when gold was first discovered in South Africa. Local diamond discovery later began in the 1950s, but most large-scale operations often failed, leading to closures.[8] The industry successfully restarted around the year 2000, with a focus on high-value diamonds.

The Lesotho Legend, a 910-carat diamond recovered in January 2018 at the Letšeng Diamond Mine at Letšeng-la-Terae, Mokhotlong, Lesotho.

Source:
Lschefa - Own work, CC BY-SA 4.0,
https://commons.wikimedia.org/w/index.php?curid=103452018

Currently, the Letšeng Mine is one of Lesotho's greatest assets. It stands as one of the country's most productive and prestigious mining operations for high-value diamonds. That is not to say that diamonds are the only thing Lesotho is known for. Beyond diamonds, the country possesses other valuable minerals, including but not limited to base metals, sand, gravel, clay, dimension stone, and potential uranium deposits.

Letšeng Diamond Mine

Source: Lschefa - Own work, CC BY-SA 4.0, https://commons.wikimedia.org/w/index.php?curid=103453178

The mining sector plays a crucial role in Lesotho's economy by contributing significantly to export earnings and employment. The mining industry also aims to maximize the economic utility of the citizens of the Basotho nation.[9] Mining laws require mineral right holders to give preference to qualified Lesotho citizens in employment and to conduct necessary training programs to promote local skill development and reduce reliance on foreign expertise.[10]

Legal and Regulatory Framework

The fundamental legal principle regarding resource extraction is embodied in the country's Constitution, which establishes that all resource ownership rights are vested solely in the Basotho nation.[11] The primary legislation governing the sector is the Mines and Minerals Act (MMA) 2005. The Act governs the exploration and exploitation of minerals and other related matters such as environmental protection.[12] Under the MMA, the rights and obligations of license holders are highlighted. Consequently, no person, whether foreign or domestic, may mine minerals except in accordance with the specific procedures provided by law. Older legislation, such as the Precious Stones Order (1970) and the Mine Safety Act (1981), still applies in certain areas for mineral rights and operational safety. The MMA is complemented primarily by the Environmental Act 2008 and the Land Act 2010.

Environmental concerns related to mining activities fall under the purview of the Department of Environment. The department regulates and ensures compliance with the Environmental Act 2008. The Act itself stipulates the environmental standards and procedures that must be adhered to.[13] For instance, mining, quarrying, and open-cast extraction are explicitly listed as activities requiring environmental consent.[14] Matters relating to surface use, land tenure, and resettlement are governed separately by the Land Act 2010. The Land Act confirms the constitutional vesting of land in the Basotho Nation but clarifies that this does not apply to any rights to mines, minerals, coal, mineral oil, or gas conferred by other legislation.[15] Therefore, while all land in Lesotho legally belongs to the Basotho Nation and is held in trust by the King, this ownership does not automatically include the minerals beneath the land — such minerals are regulated by other laws, particularly the Mines and Minerals Act.

As instanced above, the legal regime is multifaceted, due to its reliance on several different statutes to control different aspects of mining activity. This is an area for improvement for the Lesotho government. Efforts should be made to consolidate all mining laws to ensure consistency and uniformity, especially for investors.[16]

Institutional Oversight

The Ministry of Mining manages Lesotho's mineral resources to boost national revenue and the local processing of minerals.[17] As established earlier, ownership of mineral rights vests in the Basotho Nation. For an individual to acquire mining rights, a mineral agreement must exist with the government. This constitutional mandate dictates that the exploitation of mineral resources must be carried out for the public good, efficiently and responsibly, under the supervision of the Minister.[18] The Minister, supported by the Commissioner of Mines and the Mining Board, holds the authority to issue mineral rights to both local and foreign investors.

Licensing, Compliance, and Environmental Standards

The MMA establishes the Mining Board,[19] which is central to the licensing process.[20] The Board requires applicants to satisfy criteria based on financial resources, technical competence, and the adequacy of proposed environmental protection measures.[21] The Board then makes recommendations to the Minister, who holds the final authority to approve, issue, renew, or suspend licenses. Licensees are bound by obligations outlined in the MMA and associated regulations.

The MMA specifies three primary categories of mineral rights, based on scale and duration. The **Reconnaissance License** is for initial regional evaluation, typically used for general geological mapping and is valid for up to one year. The **Prospecting License** confers the right to carry out excavations and the drilling of boreholes, and also the erection of temporary structures.[22] Prospecting licenses are valid for a maximum of two years and may be renewed for a single further period not exceeding one year. Where minerals are discovered, licensees must obtain written consent from the Commissioner of Mines before removal.

A **Mining Lease** is granted for commercial mining. The licensee is granted the right to extract minerals, build permanent facilities, sell the minerals, and continue exploration within the leased area.[23] A mining lease is valid for a maximum of ten years and may be renewed for a further ten years, subject to application at least one year before expiry and Ministerial approval. In addition, there is a special permit issued for small-scale mining operations — the **Artisanal and Small-Scale Mining (ASM) Permit** or Mineral Permit — for mining operations over an area not exceeding 100m², typically excluding precious stones (diamonds) unless specified. It is pertinent to note that diamond mining, regardless of the size of the operation, remains subject to the large-scale mines licensing regime.

To be granted a license, applicants must first comply with the requirements of the Environmental Act 2008, submitting an Environmental Project Brief and, in some cases, a full Environmental Impact Study depending on the project's size and location. Other requirements range from land restoration to pollution and safety standards, as well as community resettlement and funding for mine closure. Before starting a project, licensees must handle community resettlement under the Land Act 2010 and Resettlement Regulations 2012, ensuring proper consultation, fair compensation, and shared benefits. The CSR Regulations require companies to put aside a percentage of their profit for the upliftment of host communities.[24] The Commissioner of Mines and the Department of Environment handle monitoring and enforcement. Unlicensed mining or prospecting is a serious crime, punishable by fines of at least M50,000, a minimum one-year jail term, or both. Repeated violations can lead to the Minister revoking the mining license.[25]

Taxation

At the core of Lesotho's fiscal regime for mining is the royalty structure, encapsulated under the MMA.[26] The holder of a mineral concession is liable to pay royalties to the government through the Ministry of Natural Resources, imposed on any mineral obtained by the licensee in the exercise of rights and course of duties. Lesotho imposes ad valorem royalties on the gross market value of minerals, with diamonds taxed at 10% due to their high value, while other minerals or mineral products are taxed at a lower rate of 3%. Where a licensee fails to pay any royalty due on or before the due date, the Minister can prohibit the sale or disposal of such mineral until all outstanding royalties have been paid, and non-compliance constitutes an offence attracting a fine of not less than M50,000 or imprisonment of not less than one year.

Alongside royalties, mining companies are subject to a 25% corporate income tax rate.[27] This is comparatively lower than tax rates in many neighbouring countries. However, the present tax framework also allows mining companies to carry forward their losses indefinitely, meaning most companies only begin paying corporate income tax once they have accumulated enough profit to offset all previous losses. This arrangement significantly reduces the government's tax revenue and can also limit dividend earnings from mines in which the state holds shares.

Although loss carry-forward rules are designed to encourage investment by reducing taxation risks, the system in its current form may be overly generous and vulnerable to misuse.[28] A more balanced approach would be to introduce a time limit on loss carry-forward — a reform that would still recognize the high start-up costs and long investment recovery periods associated with mining, while ensuring that companies eventually contribute to national revenue within a reasonable timeframe.

Recent Policy Developments

Lesotho's mining sector is undergoing major reform based on diversification and a need to reduce overreliance on diamonds. Recently, the diamond market has become volatile due to weakening demand. Lesotho's biggest mine, Letšeng, has laid off a fifth of its workforce due to low demand for diamonds in the global market.[29] To reposition the industry more advantageously, the government is updating the 2005 Mines and Minerals Act and simplifying licensing procedures. There is also increased support for Artisanal and Small-Scale Mining to enable small-scale miners to operate legally.[30] Additionally, Lesotho is working with South Africa, Botswana, and Zimbabwe to harmonize mining laws and derive more value from African resources.

Alongside legal reform, digitisation is underway through the introduction of a digital cadastral system and online geological data platforms. The government is creating an online digital system to map minerals and share geological information with investors, which would help attract international companies.[31] These reforms are geared toward discovering and commercializing alternative resources, including coal, rare earth elements, copper, gold, oil, and shale gas. The country is also eager to explore renewable energy solutions such as wind, solar, and hydropower.

The government aims to improve investment conditions by allowing quick business registration and taking advantage of its proximity to South African export routes. However, despite these positive developments, exploration challenges persist due to difficult terrain and limited deep-level geoscientific technology, prompting calls for partnerships with technology firms.[32]

Strategic Recommendations for Lesotho's Mining Industry

Lesotho's mining sector remains an important contributor to the national economy. However, it is currently facing challenges that threaten its growth, stability, and long-term sustainability. The country has over-relied on diamond exports and is now in a crisis as the global diamond market has taken a significant downturn. Diamond mines have been forced to scale down production and let go of members of the workforce — the Letšeng mine in 2025 released approximately 20% of its workers.[33] This unhealthy dependence has made the entire industry vulnerable to market volatility. In the same vein, there is little diversification into other minerals, with overdependency on diamonds and a simultaneous neglect of other resources, which could be explored to boost the economy. Although there are emerging opportunities in coal, rare earth minerals, and shale gas, exploration and development of these resources remains slow. It is recommended that the country aggressively diversifies and explores these other mineral resources, which are underdeveloped or underexplored, with a sense of urgency.[34] It can be noted that under the recent policy developments covered in this article, this is being worked on with the new availability of a coal mining license.[35]

Additionally, limited skills and technological capacity hold the sector back.[36] Most diamonds leave the country without being processed locally, and many mining operations rely heavily on foreign expertise because the local workforce does not yet have the specialist skills and technology needed. This places a limit on available jobs for citizens and increases operational costs for investors. It is recommended that local skills are developed through training programmes. A partnership may even be worked out with foreign operators to build knowledge in mining and geology — creating a win-win scenario for both investors and locals. Making skills development a requirement of mining licenses would help close the existing capacity gap.

Regulation is also one of the major challenges in Lesotho's mining industry. The country struggles with weak enforcement of its mining laws, especially when dealing with informal mining and illegal diamond trading. Many current laws are outdated, and monitoring systems are not strong enough to stop illicit activities. This not only leads to the loss of valuable government revenue but also increases the risk of environmental harm, as several mines operate near rivers and major water sources, posing a danger to nearby communities and people living downstream.

Regulatory reform is therefore essential. Updating mining laws, improving supervision, and creating clear rules for artisanal mining would help reduce illegal extraction and protect public income. Stronger environmental oversight would also help prevent long-term damage to water systems in local communities. Strengthening regulation would thus support both economic growth and environmental sustainability in the mining sector.

Conclusion

Mining remains one of Lesotho's greatest assets and a source of national prosperity. It is impressive to see a country that aims to strike a balance between wealth, profit, and the welfare of its people — enforcing environmental standards to ensure the land does not deteriorate, while at the same time creating a source of wealth for the nation. Furthermore, the country greatly cares for the economic utility of its people, creating employment for its citizens through the mining industry rather than relying solely on foreign expertise.

Lesotho's mining regulations reflect a bold commitment to turning natural wealth into lasting national benefit. From mandatory environmental assessments to strict resettlement and CSR requirements, these rules redefine what sustainable mining looks like in Africa. By embedding environmental care, community welfare, and accountability into law, the country ensures that mining is not just profitable but responsible.

The challenges facing the sector today — declining diamond prices, workforce reductions, and the urgent need for diversification — are real and pressing. But they also present an opportunity. With the right regulatory reform, targeted investment, and a commitment to skills development, Lesotho has everything it needs to evolve from a single-commodity economy into a diversified, resilient, and genuinely sustainable mining nation. ■

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