



Lesotho Enterprise Assistance Program (L.E.A.P.) Explanatory Note

1. This note explains what LEAP is, and what grant support LEAP can offer enterprises in Lesotho. After reading this note, you can decide if a) you are eligible for matching grant support from LEAP and b) you wish to prepare an application for LEAP assistance. Please check that activities included in your application are eligible for LEAP support (see 'eligible activities' below).
2. If you decide to make an application, please pick up an application form at the LEAP office at: LNDC Centre, 4th Floor, P.O. Box 747, Maseru 100, Lesotho. Tel: 2231 5100. Please complete the application form (Parts 1 and 2). Part 1 provides basic information on your enterprise, and Part 2 is an outline 'action plan' showing your sales/revenue growth projections for the next five years. Part 2 also includes your request for LEAP assistance directly relevant to your action plan. All applications must be prepared and signed by an authorized manager of the enterprise or association on whose behalf the application is being made. Applications will not be accepted that are prepared or signed by third parties who are not management of the applicant enterprise.
3. If your enterprise's eligibility and the eligibility of your proposed action plan appear to be in order, a LEAP contact person will arrange an appointment to discuss your plan. You may be asked to provide additional information.
4. At your initial meeting, the LEAP contact person will discuss the proposed action plan with you in detail. If service providers/consultants are to be employed as part of your action plan, LEAP requires you to source three competitive bids for such service(s). **You should also ensure that each of your proposed service providers gives you the names and contact details of at least two recent references. Those references will be contacted by LEAP staff to ensure that the proposed service provider has the relevant recent experience and competence to complete the assignment on your behalf.**
5. Where appropriate, you and your LEAP contact person will, together, finalise your action plan. He/she will then process it for approval by the external LEAP approvals authority. A visit to your factory or place of business will be an essential part of this process.
6. The decision of the LEAP approvals authority will be communicated in writing to you as quickly as possible.
7. If your action plan is approved, you will receive a letter of agreement to sign. This commits LEAP to pay your grant on a reimbursement basis, i.e. after the agreed action plan has been implemented and paid for by you. Payment of the grant by LEAP will be against your provision of proofs of plan implementation ("deliverables") and corresponding payments. Any changes in the approved action plan will require prior notification and prior written agreement with LEAP. (See "mode of grant payment" below)
8. On successful completion of your agreed LEAP plan, you may submit a further plan for continued development of your enterprise's competitiveness.
9. All information received by LEAP shall be treated as confidential, and shall not be communicated to other companies or agencies save as may be required for processing or verification purposes, or unless such information is already in the public domain.

Introduction to the Lesotho Enterprise Assistance Program (LEAP)

What is LEAP?

LEAP is a scheme launched by the Government of Lesotho with IDA/World Bank credit to help Basotho Private Enterprises improve their competitiveness in domestic and export markets. LEAP will help qualifying enterprises to purchase consultant and other services that will help them to diversify and expand their product lines and their domestic and export markets.

For whom is LEAP intended?

Grants under the LEAP are available to:

- Privately owned Basotho producers of goods and services (Tourism, printing, distribution, etc), and
- Local business associations such as trade associations and chambers of commerce.

Objectives of LEAP

LEAP has been established to assist the Basotho private sector manufacturers and entrepreneurs to build greater competitiveness through the use of quality external business development services and through planned, intensive, marketing development.

Benefits

LEAP manufacturing/entrepreneur clients will benefit by becoming more competitive and by increasing domestic and export sales through product development and market diversification. Clients will benefit by (a) choosing the best business development services to build their competitiveness for domestic and export markets, (b) refining their export or expansion plans, and (c) executing the approved plans.

LEAP encourages prospective clients to grow by agreeing to reimburse them up to an agreed percentage of eligible costs in an approved market diversification/development plan or service development plan.

Client Eligibility

Prospective clients eligible for participation in LEAP grants are private firms who are current producers, exporters, providers of tourism or other value-added services.

Prospective clients also include trade associations, chambers of commerce, and properly-constituted professional bodies (accountants, engineers, etc).

Market/Sales Revenue Development Plans

LEAP support will be accessed through the submission of draft action plans that provide information on the enterprise's proposed future action plan. The application should be made on the LEAP application form that includes a 5 year enterprise business development plan, with attachments as appropriate.

Eligible and Ineligible Activities/Costs for LEAP Support

Eligible activities are a wide range of professional services and their support costs, as well as travel expenses for export and development activities agreed by LEAP, aimed at creating a greater ability to compete domestically and internationally; - see table below.

Ineligible expenses for LEAP cost sharing are isolated activities that do not form part of an agreed action plan, capital costs (equipment, buildings etc), working capital and general operating costs, recurrent costs, maintenance costs, bank interest or bank charges, and other costs not included in an approved enterprise action plan; also see table below.

Maximum Reimbursements

For a qualifying firm, the grant support for approved activities under an agreed action plan will be up to 80% of costs. It is anticipated that most grants will be under \$10,000 equivalent. The maximum aggregate amount of grant support for any one enterprise shall not exceed \$50,000 equivalent.

For qualifying trade associations, chambers of commerce or professional bodies, the grant support for approved activities will be up to 75% of costs. Assistance for such bodies usually takes the form of appropriate training for association staff.

Where a firm or association is already receiving grant support for specific activities, no LEAP grant can be given for the same activity. It's clear that any development plans submitted for approval and any grant assistance requested must be in proportion to the firm's or association existing activities, and their financial ability to complete the approved plan.

Mode of Grant Payment

Payment of the agreed LEAP grant is by reimbursement and direct payment to service providers made after the LEAP client has paid their contribution to the entire cost and submitted proofs of activity completion (the "deliverables") and of payment of approved costs. The other (non-LEAP portion) of costs must be borne by the client.

Eligible Activities for LEAP Support

Allowable Categories	Eligible Activities	Eligible Costs
Enterprise export or expansion planning	<input type="checkbox"/> Export or expansion plan preparation <input type="checkbox"/> Approved workshops and seminars	<input type="checkbox"/> Consultancy fees <input type="checkbox"/> Training expenses <input type="checkbox"/> Airfares ¹ , inland travel and per diem expenses
Management	<input type="checkbox"/> Installation of Quality Management Systems <input type="checkbox"/> Export Sales and Marketing <input type="checkbox"/> Financial and Accounting Systems <input type="checkbox"/> Management Information System (MIS) <input type="checkbox"/> Management and Technical Capacity Building Systems or Training	<input type="checkbox"/> Consultancy fees, ISO 9000 etc. <input type="checkbox"/> Training expenses <input type="checkbox"/> Airfares ¹ , inland travel and per diem expenses <input type="checkbox"/> Training materials
Production	<input type="checkbox"/> Assistance in diagnosing production/efficiency problems <input type="checkbox"/> Improved quality control procedures <input type="checkbox"/> More efficient production management and layout <input type="checkbox"/> New sources of raw materials	<input type="checkbox"/> Consultancy fees (normally up to 6 months) <input type="checkbox"/> Training expenses <input type="checkbox"/> Airfares, inland travel and per diem expenses
Market research	<input type="checkbox"/> Export market research <input type="checkbox"/> Domestic market surveys <input type="checkbox"/> Product and prototype testing concepts, labels, taste, smell, etc.	<input type="checkbox"/> Consultancy fees <input type="checkbox"/> Purchase of samples for evaluation <input type="checkbox"/> Purchase of market and/or database information <input type="checkbox"/> Airfares, inland travel and per diem expenses ¹
Product research, development & testing	<input type="checkbox"/> Prototype design & construction	<input type="checkbox"/> Consultancy fees <input type="checkbox"/> Prototype construction <input type="checkbox"/> Technical consultancy
Consumer market testing and launch in domestic or export markets	<input type="checkbox"/> Product testing and sampling <input type="checkbox"/> Survey of competing products <input type="checkbox"/> Purchase of samples for evaluation	<input type="checkbox"/> Consultancy fees <input type="checkbox"/> Design <input type="checkbox"/> In-store testing

¹ In all cases based on available economy excursion fares

Eligible Activities for LEAP Support (CTD.)

Allowable Categories	Eligible Activities	Eligible Costs
Trade fairs	<ul style="list-style-type: none"> <input type="checkbox"/> Space use <input type="checkbox"/> Stand design and construction <input type="checkbox"/> Catalogue entry <input type="checkbox"/> Display of sampler 	<ul style="list-style-type: none"> <input type="checkbox"/> Space rental and construction <input type="checkbox"/> Airfares, inland travel and per diem expenses <input type="checkbox"/> Banners and other stand material <input type="checkbox"/> Catalogues & Brochures <input type="checkbox"/> Transport of samples
Packaging and presentation materials for export markets	<ul style="list-style-type: none"> <input type="checkbox"/> Market research <input type="checkbox"/> Testing <input type="checkbox"/> Prototype design 	<ul style="list-style-type: none"> <input type="checkbox"/> Consultancy fee <input type="checkbox"/> Testing <input type="checkbox"/> Plate making and/or separations <input type="checkbox"/> Photograph and design <input type="checkbox"/> Airfares, inland travel and per diem expense
Advertising and promotion in export or domestic markets	<ul style="list-style-type: none"> <input type="checkbox"/> Advertising and promotion <input type="checkbox"/> Brand promotion <input type="checkbox"/> Public relations and press campaigns <input type="checkbox"/> Point-of-sale material <input type="checkbox"/> In-store display and demonstration <input type="checkbox"/> Direct mail campaigns <input type="checkbox"/> Design origination <input type="checkbox"/> Artwork, photography <input type="checkbox"/> Brochures and other sales literature <input type="checkbox"/> Promotional tools <input type="checkbox"/> Development of websites 	<ul style="list-style-type: none"> <input type="checkbox"/> Consultancy fees <input type="checkbox"/> Advertising design <input type="checkbox"/> Translation <input type="checkbox"/> In-store demonstrations <input type="checkbox"/> Audio visual production <input type="checkbox"/> Artwork, photography <input type="checkbox"/> Video production <input type="checkbox"/> Product brochures or catalogues <input type="checkbox"/> Website design and one year's maintenance (max. supported cost M 5 000.00 equivalent)* <p>Note: Actual advertising media costs are not covered</p>
Establishment of distribution in export markets	<ul style="list-style-type: none"> <input type="checkbox"/> Identify/appoint sales representation <input type="checkbox"/> Development of new agency <input type="checkbox"/> Contracts 	<ul style="list-style-type: none"> <input type="checkbox"/> Consultancy fees, inc. initial sales rep. fees <input type="checkbox"/> Translation of brochures <input type="checkbox"/> Airfares, inland travel and per diem expenses <input type="checkbox"/> Local language brochures
Expansion/building where this is linked to business expansion and growth of revenue	<ul style="list-style-type: none"> <input type="checkbox"/> Design, working drawings 	<ul style="list-style-type: none"> <input type="checkbox"/> Architect's fees, but not construction costs
Employee health	<ul style="list-style-type: none"> <input type="checkbox"/> HIV testing 	<ul style="list-style-type: none"> <input type="checkbox"/> Cost of HIV education, testing and counseling (but not treatment)
Inward buyers from export markets	<ul style="list-style-type: none"> <input type="checkbox"/> Travel 	<ul style="list-style-type: none"> <input type="checkbox"/> Airfares, inland travel and per diem expenses
Joint venture searches/seeking investment for export expansion	<ul style="list-style-type: none"> <input type="checkbox"/> Investor search <input type="checkbox"/> Equity search 	<ul style="list-style-type: none"> <input type="checkbox"/> Consultancy fees <input type="checkbox"/> Airfares, inland travel and per diem expenses <input type="checkbox"/> License agreement costs

*Website/portal design for industry groupings of ten members or more may, where justified, exceed this maximum

Ineligible Activities for LEAP Support

- Isolated activities (that are not part of an integrated plan approved by LEAP)
- Business Plans/ activities that do not support diversification into new products, new markets or expanded sales
- Business Plans/Strategic Reviews that are generalized and of low value, and are consultant-driven rather than genuinely demand-driven
- Salaries/fees of staff
- Activities subsidized by another service or agency
- Activities completed before the application is approved

Ineligible Categories	Non Allowable Activities & Related Costs
Capital expenditure, "hardware"	<ul style="list-style-type: none"> <input type="checkbox"/> Purchase of vehicles, equipment, land and or the construction of buildings <input type="checkbox"/> Architect's fees for infrastructure projects or replacement works <input type="checkbox"/> Stocks of goods <input type="checkbox"/> Computers, peripherals, software, office supplies, most printed products, etc.
Working capital	Any and all operating expenses and overdraft or bank interest costs
Recurrent expenses	<ul style="list-style-type: none"> <input type="checkbox"/> Office cleaning, security services and building maintenance <input type="checkbox"/> Transportation services for goods and staff and delivery services <input type="checkbox"/> Book-keeping services, auditing services and tax advisory services <input type="checkbox"/> Contract computing services for pay roll, inventory, etc. <input type="checkbox"/> Accounts, secretarial services, temporary manpower services, etc. <input type="checkbox"/> Royalty fees
Maintenance costs	<input type="checkbox"/> Plant and equipment upkeep
The use of "one-off" support, and normal business costs	<ul style="list-style-type: none"> <input type="checkbox"/> Legal services, debt collection services <input type="checkbox"/> Real estate agency services, architectural services <input type="checkbox"/> Office and factory building services <input type="checkbox"/> Printing and graphic design for regular ongoing business requirements <input type="checkbox"/> Pollution control activities <input type="checkbox"/> Employment regulations, zoning requirements, performance fees, etc.
Advertising	<input type="checkbox"/> Recurrent costs for existing advertising activities