

Livelihood Basix Inc. 1st Annual Report | 2013



Message from the Chair

I take pride in bringing you the 1st Annual report of Livelihood BASIX Inc. (LBI). We were incorporated on the 5th April 2012 under the New York State Law as a nonprofit Company. We applied and received tax exempt status from the IRS during the year. In its first year of existence, LBI has taken small steps towards achieving its stated goal of improving the lives of the unreached and under-reached to have an opportunity to work and earn their livelihoods.

In our first year, the Board deliberated several times and evolved the following mission statement:

The mission of Livelihood BASIX is to enable market-based economic development that results in enterprise and livelihood creation, builds and strengthens local capacity and supports institutions.

We thank our partners for the first year for achieving our goals for the year. The BASIX Social Enterprise Group of India has provided us with the necessary knowledge and expertise to embark boldly on our quest for improving livelihoods around the world. They have also provided us with a small fee income from our endeavors to raise funds for them, for our operational expenses during the first few months of our incorporation. This income has been included in our unrestricted income for the year and will be used for our charitable purposes.

The Swiss Agency for Development Cooperation, the Swiss government's international development agency, through PAMIGA, a France based development network working in Africa, provided us with our first grant to undertake a feasibility study for implementing a livelihood promotion strategy, adapted to the local context in Cameroon, Mozambique and Tanzania. PAMIGA, which is linked to CIDR, a French NGO working for over 50 years in Africa, and BASIX shared their knowledge and experiences and also partnered with us to complete the feasibility studies that resulted in a Project Document that has been approved by the SDC. The implementation of this project will start from April 2013. The grant is for Swiss Francs (CHF) 5.2 million until 2015.

The Ford Foundation, Southern Africa provided us with a grant to conduct a scoping study to improve delivery of financial services through the livelihood model, in Mozambique. These grants and the work entailed in delivering them have enriched our knowledge about the three countries and led to intervention strategies that are likely to show high impact during the next three years.

The eminent members of our Board were carefully selected for diversity and representation. We are thankful to them for joining, guiding and participating actively in the proceedings during the year. The full list and brief bios of our Board members may be found [here](#).

I must end by acknowledging the contribution of Mr Sanjay Behuria, whose brief bio may be found [here](#), who has played the role of the Executive Director in not only achieving the



numerous requirements linked to the incorporation of LBI and receiving an IRS 501(c)(3) tax exempt status, but also participating very actively in the program development and delivery in Africa. The Board members join me in acknowledging Sanjay's contribution to LBI.

Accomplishments during the Year:

During the year we successfully accomplished a study for initiating the Africa Livelihoods Partnership (ALPs) with our partners, with funding from SDC. ALPs began as an ambitious idea, originated by the BASIX Social Enterprise Group – founded and headed by Vijay Mahajan – and was presented initially to their long-time partner, the Swiss Agency for Development and Cooperation (SDC), to promote the concept of South-South co-operation in development. Such an ambitious project needed the experience of other participants in the field of development with deep knowledge of Africa and its developmental challenges. BASIX thus reached out to CIDR in France, their associate PAMIGA network in Africa, MIFED in Cameroon, K-Rep in Kenya, PRIDE RFW in Tanzania, and GAPI in Mozambique, and its own affiliates, The Livelihood School (TLS) in India and Livelihood BASIX Inc (LBI, a non-profit incorporated in the USA) to work together to evolve a strategy to achieve the goal of supporting livelihoods for the poor, to ensure more inclusive growth in Africa. The Project Document of this program has been approved by the SDC. We will be launching the program in April 2013.

The overall goal of ALPs is to enhance livelihoods of the poor in a select number of African countries in a sustainable, scalable and innovative manner, based on the practical experience of BASIX and its strategic partners. The scope of ALPs can be defined along the following terms: (i) Segmental (ii) Thematic and (iii) Geographical.

In terms of vulnerable segments of the population, ALPs will work with:

- smallholder farmers including pastoralists and fishermen, as needed;
- women – as smallholders, micro-entrepreneurs and homemakers; and
- youth – aspiring but jobless, seeking employment.

ALPs believes that it can best make a difference in the lives of the target segments – smallholders, women and youth -- by catalyzing transformational changes in the following areas:

- Within Financial Services, help smallholders, women, agro-enterprises and youth get access to savings, payments, insurance and credit. For smallholders, the focus is on crop and livestock insurance and value chain finance. For women, the focus is on savings, mitigating financial risks through health and life insurance and accessing credit both for income generating micro-enterprise and also for improving quality of life such as loans for home lighting systems or for water and sanitation. For youth, the focus is on savings and on micro-equity or participatory finance for start-up enterprises.
- Within Agriculture and Rural Development, the focus is smallholder productivity enhancement and linking them to agricultural value chains. Smallholder farmers are currently stuck in a vicious cycle of low output and low productivity, little disposable income, and thus low ability to invest in increasing output or productivity. The focus of ALPs

will be increasing the output and productivity of smallholders, mitigating their risks and helping them participate in value chains of commodities they produce.

- Within Human Resource Development, given the demographics, the focus is on young men and women. ALPs will focus on promoting youth entrepreneurship and self-employment through agro-enterprises and franchises after vocational education and training.

Geographically, ALPs works in each of the three regions:

- Western-Central: Cameroon
- Eastern: Tanzania
- Southern: Mozambique

Mozambique Study on livelihoods: The Ford Foundation Southern Africa office provided us with a grant to undertake a Scoping Study in Mozambique on the Financial Service providers for Livelihood Promotion and provide recommendations to improve access to finance to small holder farmers under an inclusive business model.

The summary of our report is provided here. A full report may be found [here](#). To increase farm productivity for the smallholder farmer, employability of the youth through vocational skills and economic activity of the rural women it is important that a livelihood approach be taken to meet the constraints that are blocking the way for an improved life for the poor in Mozambique. There is an immediate need to augment their skills, provide business development services and introduce risk mitigation measures such as insurance. But all this will result in higher transaction costs, which can be lowered by aggregating them through producer groups and institution building mechanisms. The livelihood opportunities for the people of Mozambique could be increased through forward-backward linkages, providing green skills and vocational training, access to information and extension services, etc.

Provision of credit plus services through enhancing livelihoods requires a proper institutional mechanism in place both at community level and also at the service provider level. These organizations need capacity building support in the areas of attitude, knowledge and skills that will need to be built over a period of time. An integrated approach like the BASIX Livelihood Triad Model (BLTM) could be adopted so that the service providers not only provide access to financial services but also provide institution and business development services that lead to a holistic approach for enhancing the quality of life at the BoP level.

Thanks for reading,



Sanjay Behuria

Executive Director

Our Services

Development Program Management:

This is one of the important services provided by LBI. Program Management Services include conceptualizing, formulating and executing the program. LBI partners with suitable institutions across the globe to execute programs mainly focusing on livelihood promotion services. LBI also firmly believes in quality assurance and effective implementation of programs and has developed a strong monitoring and quality assurance system. Innovation is one of the criteria we follow while conceptualizing programs. We try to make our programs innovative by focusing on demand based activities, adapted to the context. LBI draws from close to two decades of on-the-ground experience of BASIX Small Enterprise Group (BASIX SEG) in managing diverse innovative programs.

Institutional Capacity Building Services:

LBI intends to reach a large number of underserved poor populations. It's very important to work closely with institutions from different parts of the world so that they serve better and attain professional excellence while providing livelihood services to the bottom of the pyramid. LBI will strive to provide institution development services to different sets of institutions like International NGOs, Local NGOs, People's Institutions (CBOs), Govt. Promoted Institutions & Programs and Bilateral Agencies. LBI leverages from the experience of BASIX Social Enterprise Group as an affiliate in the area of Institution Development Services. The IDS services range consists of all possible customized services from the inception stage of the institution to building the institution on a self sustaining basis within a stipulated time frame.

Advisory Services and Policy Work:

LBI provides advisory services in the form of sector and policy research; feasibility and evaluation studies; product and program development; specific strategic advisory services at institutional and sector levels; and handholding support to institutions. LBI will closely work with the bilateral agencies and the government bodies so that policy and programs are formulated in most effective and sustainable way. LBI will also conduct and participate in policy dialogues so that the programs and policies are well formulated.

Knowledge Management:

The two pronged strategy of the Knowledge Management services in LBI is *Knowledge Building* and *Knowledge Dissemination*. The *Knowledge Building* services include action research, workshops for mutual sharing and learning, consulting and research studies, developing implementable and scalable models, framework and tools. The *Knowledge Dissemination* services include training programs, developing knowledge materials, practitioner manuals, e-learning platforms, workshops and dialogue, etc. LBI in partnership with several institutions including The Livelihood School of BASIX SEG will provide Knowledge Management Services to enrich the livelihood promotion initiatives across the globe.

Program 1

Youth Entrepreneurship and Self-Employability in Tanzania



Figure 1 Village Meeting



Figure 2 Youth engaged in Rice Milling in Dakawa, Tanzania

Under the ALPs program we are focused on providing opportunities to the Youth, especially women for entrepreneurship and self-employability. We are working in close partnership with the Ministry of Youth, Information Culture and Sports to enhance the capacity of District youth Development Officers and Community Development Officers to guide the youth in establishing successful enterprises.

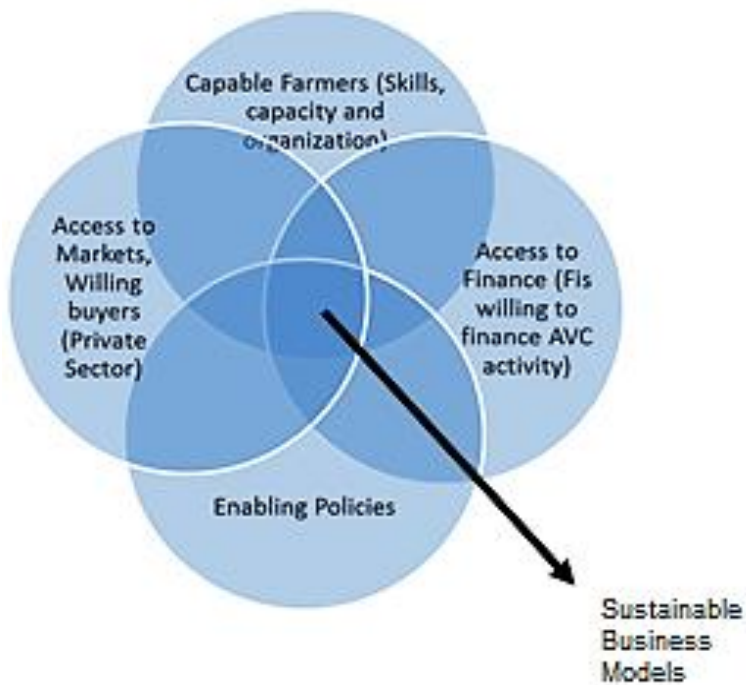
Program 2

Linking Agricultural Value Chains in an Inclusive Business Model:



Figure 3 Agriculture in Mozambique

In Mozambique we are working with our partner Gapi – a Development financial Institution to link small holder farmers with markets for inputs and outputs in an inclusive value chain framework as shown by the figure below.



Program 3

Inclusive Financial Services in Cameroon:

We are working with our partners MIFED and PAMIGA in Cameroon to provide access to finance to the rural communities. Our objectives are to provide savings, credit, insurance and easy transfer of money. UNCDF's Microlead program won by the BASIX and PAMIGA consortium is conjoined with the ALPs program to increase the impact of both the programs. We are working with local institutions to enhance their capacity to deliver financial services to the poor and unreached.



Figure 4 Mobile Financial Services



Figure 5 Small Business Finance

Program Impact

It is too early to talk of the impact of LBI. But our flagship program, the African Livelihoods Partnership (ALPs) is envisaged to have the following outcomes of the program at the end of six years:

- (1) Financial institutions in the three countries have achieved an increased depth of outreach to target segments - smallholders, women and youth - and breadth by offering a wider range of financial services, in a sustainable and responsible manner.
- (2) Incomes of smallholder farmers, male and female, have increased and see less variation.
- (3) Young men and women have set up enterprises in agriculture and growing economic sectors and while at least 10% have become entrepreneurs and all others have become self-employed after vocational training.
- (4) Leaders of relevant institutions in the three thematic areas adopt ALPs offerings to transform themselves into effective developmental institutions, evidenced by them adopting more pro-poor, pro-women and pro-youth policies, processes and products, and practice good governance and achieve sustainability.
- (5) ALPs would be institutionalized as a legal entity in one of the African countries and have its own Board.
- (6) ALPs becomes operational and sustainable beyond SDC support and has set up an investment vehicle – the African Livelihood Investment Fund (ALIF) for developmental enterprises to contribute equity, debt and guarantees to value chain and service enterprises.

This Work Needs Your Help

While we had a good first year, the next year is full of challenges. We will be implementing the ALPs program. We plan to start an innovation fund to provide access to finance to entrepreneurs. Our objective is to make the company self-sustainable through internal accruals and fees for delivering services that enhances the lives and livelihoods of the people at the BoP. This will not happen very quickly. Our projection is that we may be sustainable in a period of 5 to 7 years. Until then, we need your generous donations and grants to keep going towards an inclusive society where the rewards of labor are equitably distributed.

Looking Forward

Programs: We have received a new grant to implement the ALPs program. This will be elaborated in our next year's Annual Report. We continue to look for opportunities to contribute the livelihoods of the poor in Africa, as a focus continent for the next few years.

Finance: We expect to increase our unrestricted assets to USD 350,000, 10% of which will go to seed our innovation fund.

Resources and Financial Management

Revenues and Expenses, for the period ending March 31, 2013

<i>Revenues USD</i>		<i>Expenses USD</i>		<i>Net increase in assets</i>
<i>Grants</i>	306456	<i>Program services</i>	70425	
<i>Fees</i>	62078	<i>Program travel</i>	55458	
<i>Interest</i>	68	<i>Retainer</i>	24000	
<i>Contributions</i>	105	<i>Administration</i>	39039	
<i>Total</i>	368707	<i>Total</i>	188922	179785

Balance Sheet Period ending March 31, 2013

<i>Assets USD</i>		<i>Liabilities and Net Assets USD</i>	
<i>Cash</i>	107261	<i>Accrued expenses and payables</i>	7908
<i>Investments</i>		<i>Grants - unspent balances</i>	
<i>Prepaid expenses and receivables</i>	80432	<i>Other liabilities</i>	
<i>Other assets</i>		<i>Net Assets</i>	179785
<i>Total</i>	187693	<i>Total</i>	187693

Statement of Changes in Net Assets , USD

<i>Opening balance</i>	0
<i>Unrestricted Assets</i>	179785
<i>Temporarily Restricted</i>	
<i>Permanently Restricted</i>	
<i>Total net assets as on Mar 31, 2013</i>	179785