

PRODUCT UP-SCALING SUPPORT – FACTSHEET

Product Up-scaling Support	2017-08: Reaching out to rural and agricultural clients with tailored lending products
Country / Region	Tunisia
Partner Financial Institution	Advans Tunisie
Grantee	Advans International (endorsed by SDC)
Overall Budget	CHF 128'060 (43% self-contribution)
SCBF Contribution	CHF 73'176
Date of Approval	28.3.2017 & 30.6.2017
Duration	8.2017 until 12.2018, extended until 4.2019
Context	<p>The financial sector has faced one major development since 2011 and the revolution: the new microfinance regulation which opened the microfinance market to limited liability companies, for credit activities only and capped to 20 000 TND. As of June 2017, 6 companies received their license. A survey performed in 2015, shows the situation of financial inclusion in Tunisia: a market of close to 1.6 million for microfinance with still limited outreach to low-income people and informal businesses.</p> <p>Given the increasing competition, the outreach in urban areas is on the rise. Developing MFIs' capacity to efficiently serve rural areas with both agricultural and non-agricultural products remains a strong challenge. Advans aims at driving innovation on the market by pioneering new delivery channels through the present program.</p>
Current Status of the MFI	<p>As at June 2017, Advans Tunisie has 4,670 active borrowers, for a total loan portfolio of 18.7 M TND (CHF 7.3 million). Loans are delivered through 9 branches, in Tunis (4), Zaghouan, Sousse, Kairouan, Beja, and Jendouba. The MFI also offers life insurance products to its borrowers. Advans Tunisie has a dedicated management team and a board consisting of shareholder representatives and an independent administrator which meets every quarter. Advans Tunisie is only in its third year of operation, so is not yet sustainable, but has cumulated losses under those initially budgeted. Advans Tunisie's ambition is to become the privileged financial partner for MSMEs, including in rural areas.</p>
Objective and Main Activities	<p>Advans Tunisie aims to expand its outreach and impact in rural areas via the expansion or launch of two types of lending services:</p> <ol style="list-style-type: none"> 1- Rural Lending through Alternative Delivery Channels: Advans Tunisie aims to extend its current lending offer, to rural MSME customers, in rural secondary cities and villages 30-50km around its branches. To that aim, Advans Tunisie will provide clients with innovative solutions for repayment, offering a co-branded mastercard with La Poste Tunisienne and the option to pay their loan installments either at their local post office or through a mobile banking platform. The MFI will also have dedicated mobile rural teams. 2- Agri-lending with farmer and value chain centric approach: Advans Tunisie will design agri-lending products and prepare a pilot in order to specifically address farmers' needs. The MFI will conduct in depth market studies, design products and methodology, train client officers and supervisors, monitor the new portfolio with appropriate tools. <p>Upon project completion (at the end of the funding period in December 2018), Advans Tunisie should be in a position to serve 500 rural clients and 113 agricultural clients, for a total amount of TND 2,500,000 (CHF 1,102,000), representing 5% of the lending portfolio.</p> <p>By December 2020 (i.e. 3 years after the first rural disbursements under the project) Advans Tunisie will serve at least 3,000 rural and agricultural clients. The alternative delivery channels put in place will also enable the institution to reach out to a wider number of clients in urban areas so the impact of the project on outreach will be higher than 3,000 (Advans Tunisie will have 20,361 clients overall in 2020).</p>